

ANNUAL REPORT 2004



Message from the President



2004 turned out to be as difficult as predicted in my comments in last year's "message from the President". The steep cost increases we experienced during the fourth quarter of 2003 were just a "mild breeze" compared to the development during 2004. In a business where the tradition had been contracts covering several years with fixed prices with our larger customers, the situation became very dangerous. We were therefore forced in early 2004 to approach our customers and demand surcharges. Most of our customers understood the seriousness of the situation and agreed to scrap and alloy surcharges, for which we honour them.

We carried through the structural changes that we announced last year namely;

- To close the manufacturing in Åkers Belgium and transfer the product range to other units in France. The closure was finalized during the 2nd quarter of 2005.
- The sendzimir rolls that were made in the Fraisses unit were transferred to Söderfors and Ravne.
- We closed the foundry in Åkers France Berlaimont in July 2004. The Berlaimont unit is now specialized in heat treatment and finish machining of forged back-up rolls and cast work rolls for roughing and plate mills.
- We installed a large spin caster in Åkers Sweden for plate mill rolls and roughers.

The order inflow has been very strong during 2004 and we enter into 2005 with the best order backlog ever.

The price erosion the industry has experienced during several years is now changing into a situation of increased prices, driven by the strong cost increase of raw materials.

Other major events/topics that were executed during 2004;

- The creation of Åkers Marketing & Sales, which is a consolidation of the sales units in Sweden, Belgium, France, England, Brazil and Slovenia.
- The establishment of a representative office in Shanghai, China, to secure further growth in the Chinese market
- The acquisition of the remaining 20% stake in Åkers Valji Ravne, Slovenia.
- A pilot project in Åkers Sweden with the aim to increase productivity and throughput. The project will be finalized during the third quarter of 2005 and serve as a reference for further roll out in other manufacturing units.
- The shares in Karlskoga Hård & Slip AB were sold to the local management on March 31, 2005.

We believe that 2005 will be a better year than 2003 and 2004 as we now have the new organizational structure in place. We also expect the market demand to be stable on the current level and we expect continued high costs for raw materials.


Anders Hallberg
President & CEO

THE ÅKERS GROUP

KEY FIGURES

(amounts in SEK million)	2004	2003	2002	2001	2000
Net sales	2.081	2.004	2.089	2.228	2.279
Operating profit/loss *)	-41	-33	41	70	136
Items affecting comparability	-2	-215	-6	-26	-72
Equity	289	369	594	629	523
Balance sheet total	1.957	1.747	2.022	2.225	2.229
Investments	97	67	114	104	135
Number of employees	1.444	1.451	1.492	1.579	1.772
Equity ratio	14.8%	21.2%	29.4%	28.3%	23.5%
Equity ratio, incl. loans from parent company	24.5%	21.2%	29.4%	28.3%	23.5
Return on capital employed	Neg.	Neg.	3.7%	4.2%	7.1%
Return on equity	Neg.	Neg.	3.0%	2.6%	7.6%

*) Operating profit before items affecting comparability

INCOME STATEMENT

(amounts in SEK million)	2004	2003	2002	2001	2000
Net sales	2,081	2,004	2,089	2,228	2,279
Operating expenses	-2,024	-1,909	-1,901	-1,999	-2,001
Depreciation of tangible and intangible assets	-98	-129	-147	-159	-142
Items affecting comparability	-2	-215	-6	-26	-72
Operating profit /loss	-43	-249	35	44	64
Result from financial income and expenses	-29	-22	-16	-29	-26
Profit/loss after financial items	-72	-271	19	15	38
Tax on profit for the year	-	3	-8	21	-20
Minority shares in profit	-	-	-	-	-1
Net profit for the year	-72	-268	11	36	17

BALANCE SHEET

(amounts in SEK million)	2004	2003	2002	2001	2000
ASSETS					
Intangible assets	17	24	26	30	38
Land, buildings and machinery	529	445	578	716	889
Financial assets	102	104	104	105	47
Inventories	582	504	581	623	560
Receivables	611	528	544	670	610
Cash and bank balances	116	142	189	81	85
Total assets	1,957	1,747	2,022	2,225	2,229
EQUITY AND LIABILITIES					
Shareholders' equity	289	369	594	630	523
Minority interest	-	2	-	-	82
Provisions	300	347	238	281	262
Long-term liabilities	252	443	538	309	355
Current liabilities	1,116	586	652	1,005	1,007
Total shareholders' equity and liabilities	1,957	1,747	2,022	2,225	2,229

Head quarters

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Cast rolls

Åkers Sweden AB
Åkers Styckebruk, Sweden

Åkers France S.A., Berlaimont
Berlaimont, France

Åkers France S.A., Sedan
Sedan, France

Åkers National Roll Co.
Avonmore, USA

Forged rolls

Åkers Specialty Rolls AB
Söderfors, Sweden

Åkers France S.A., Fraisses
Fraisses, France

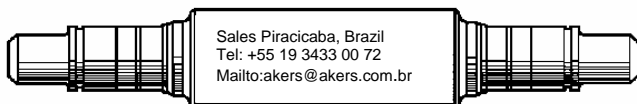
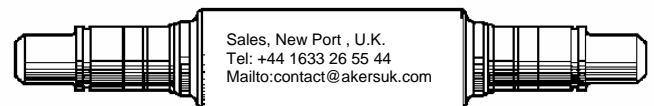
Åkers France S.A., Thionville
Thionville, France

Åkers Valji Ravne d.o.o.
Ravne, Slovenia

Repair of mill components

Vertical Seal Division
Pleasantville, USA

Åkers Marketing & Sales



Representatives in more than 50 countries