Rautaruukki Corporation Stock exchange release 23 October 2012 at 9am EEST

Rautaruukki Corporation Interim report Q1-Q3/2012:
Third-quarter loss due to the steel business – comparable operating profit for the second half of the year estimated to be weaker than for the first. Cash flow improved clearly.

July-September 2012 (Q3/2011)
- Order intake was down 1 per cent at EUR 675 million (678).
- Comparable net sales were EUR 674 million (674).
- Comparable operating profit was -EUR 18 million (1), equating to -3 per cent of comparable net sales.
- Comparable result before income taxes was -EUR 29 million (-4).
- Net cash from operating activities was EUR 44 million (-62).

January-September 2012 (Q1-Q3/2011)
- Order intake was up 5 per cent at EUR 2,116 million (2,024).
- Comparable net sales were up 2 per cent at EUR 2,113 million (2,079).
- Comparable operating profit was -EUR 26 million (96), equating to -1 per cent of comparable net sales.
- Comparable result before income taxes was -EUR 55 million (72).
- Net cash from operating activities was EUR 93 million (-49).

Guidance for 2012 changed: Revised guidance: Net sales in 2012 are estimated to remain at the same level as the previous year. Comparable operating profit for the second half of the year is estimated to be weaker than for the first half. Cash flow for the whole year is expected to be clearly better than the previous year. **Earlier guidance:** Net sales in 2012 are estimated to remain at the same level as the previous year. Comparable operating profit for the second half of the year is estimated to remain at the same level as for the first half. This means negative comparable operating profit for the whole year. Cash flow for the whole year is expected to improve on the situation at the end of June and to be clearly better than the previous year.

KEY FIGURES

	Q3/12	Q3/11	Q1-Q3/12	Q1-Q3/11	2011
Comparable figures					
Comparable net sales, EUR m	674	674	2,113	2,079	2,797
Comparable operating profit, EUR m	-18	1	-26	96	56
Comparable operating profit as % of net sales	-2.7	0.1	-1.2	4.6	2.0
Comparable result before income tax, EUR m	-29	-4	-55	72	22
Reported figures					
Reported net sales, EUR m	675	675	2,119	2,080	2,798
Reported operating profit, EUR m	-20	-24	-41	69	22
Reported result before income tax, EUR m	-31	-29	-70	45	-12
Net cash from operating activities, EUR m	44	-62	93	-49	114
Net cash before financing activities, EUR m	20	-119	22	-182	-57
Earnings per share, EUR	-0.21	-0.15	-0.43	0.22	-0.07
Return on capital employed (rolling 12 months), %			-3.9	3.3	1.3
Return on capital employed (annualised), %			-3.8	4.5	1.3
Gearing ratio, %			71.4	68.2	60.4
Equity ratio, %			45.6	47.5	48.5
Personnel on average	11,345	12,111	11,462	11,930	11,821

President & CEO Sakari Tamminen:

The global economic outlook darkened during the third quarter. The uncertainty resulting from the European sovereign debt crisis continued and economic growth slowed in China. A downgrading of global economic growth forecasts has reduced confidence in the economy and fuelled uncertainty. At Ruukki, this was reflected especially in the fall in investment-decision-driven demand. As regards Ruukki's important market areas, economic growth in Russia is likely to continue to be favourable also for the rest of the year. Likewise, economic growth also in Ruukki's home markets, the Nordic countries, is expected to remain relatively stronger than in many European countries.

Ruukki posted a loss for the third quarter mainly because of weak performance in the steel business, but also the results of our other business areas were below those reported a year earlier. Comparable operating profit during the previous quarter became a EUR 18 million operating loss during the third quarter. However, on a brighter note, cash flow from operations was good and showed clear improvement year on year at EUR 93 million and was EUR 22 million positive after capital expenditure. Consolidated net sales were at the same level as a year earlier.

Order intake was practically at the same level as a year earlier, but was 11 per cent down compared to the previous quarter. This was due to a weakening of the growth outlook also in the main construction market areas during the third quarter. We have also focused on higher margin orders in building projects, which has been reflected in lower order volumes.

In the prevailing uncertain market environment, the past quarter clearly shows the necessity of the efficiency improvement projects we initiated earlier in the year in our steel and construction businesses. The projects have continued to progress somewhat better than we previously anticipated and we currently expect to achieve the targeted savings of around EUR 100 million through efficiency actions. On top of the efficiency programme already underway, we have initiated analyses to improve efficiency also in corporate administration.

We now estimate the new supply contracts for raw materials will result in cost benefits totalling over EUR 30 million, instead of EUR 20 million as stated earlier. These cost benefits will be reflected in full during the second half of the year. During the third quarter, however, the benefits were still minor.

Whereas the downgrading of economic growth was reflected in commercial and industrial construction, which depends on investment decisions, this was not the case in residential construction, which depends on consumer demand. Order intake and net sales of our roofing products were up 16 per cent year on year. The decrease in building permits granted in Finland and Sweden during the spring was visible as a clear fall in infrastructure construction orders and deliveries. This had a negative impact also on the profitability of our construction business. Order intake in the commercial and industrial construction project business was strong during the first half of the year and the margin level in new orders shows a clear improvement compared to a year earlier. However, this is not yet visible in the figures for the third quarter because delivery of most of these projects is scheduled to begin during the fourth quarter of this year and the first quarter of next.

After the July-August holiday period, buyers have traditionally returned to the steel market and as a result delivery volumes have picked up. This has not been the case in this year's very uncertain market environment and with falling prices of raw materials, and thus customers were mostly destocking. Selling prices were slightly down compared to the second quarter of the year. Weak market conditions and normal seasonality meant that production and delivery volumes were below those seen during the second quarter. Especially as far as standard steels are concerned, customer's order behaviour continued to be uncertain and order times remained very short. Because of weakened market conditions and normal July maintenance shutdowns, the capacity utilisation rate in our steel business averaged 76 per cent.

As we announced in our stock exchange release last week, in future we intend to focus on developing our construction and special steels businesses. Our agreement with CapMan to combine units in our engineering business with Komas to form a new company, Fortaco, was a natural step for us. Engineering industry sub-suppliers are expected to provide increasingly stronger cost-competitiveness in component deliveries as well as specialised know-how. This new combination will have efficient component production units located near the customers' markets. It will be Europe's leading actor in its field. For us, success of the new company is important as regards both the development in steel volumes and the expected return on invested capital.

The construction market offers substantial growth potential, especially in Russia and in Eastern Europe. We also see good business opportunities in residential roofing and the construction of energy-efficient buildings, particularly in Northern Europe. In the special steels business, we will continue to expand our international distribution and service network.

Our guidance for the current year has been changed. Net sales in 2012 are estimated to remain at the same level as the previous year. Comparable operating profit for the second half of the year is now estimated to be weaker than for the first half. Cash flow for the whole year is expected to be clearly better than the previous year.

Rautaruukki Corporation's full interim report for January-September 2012 is attached to this release.

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News conference for analysts and the media

A joint news conference in English both for analysts and the media will be hosted on Tuesday 23 October at 10.30am at Ruukki, Suolakivenkatu 1, 00810 Helsinki.

A live **webcast** of the event and the presentation by the company's President & CEO Sakari Tamminen may be followed online on the company website at www.ruukki.com/Investors starting at 10.30am EEST. This event can also be attended through a **conference call** by dialling the number below 5-10 minutes before the scheduled time:
+44 20 7162 0077 (calls outside Finland)
+358 9 2313 9201 (calls inside Finland)
Access code: 914151

A replay of the webcast can be viewed on the company website at approximately 4pm EEST. A replay of the conference call will be available until 30 October 2012 at:
+44 20 7031 4064 (calls outside Finland)
+358 9 2314 4681 (calls inside Finland)
Access code: 914151

Rautaruukki Corporation
Taina Kyllönen
SVP, Marketing and Communications

Ruukki provides its customers with energy-efficient steel solutions for better living, working and moving. Ruukki operates in some 30 countries and employs around 11,800 people. Net sales in 2011 totalled EUR 2.8 billion. The company's share is quoted on NASDAQ OMX Helsinki (Rautaruukki Oyj: RTRKS).

DISTRIBUTION:
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RAUTARUUKKI CORPORATION INTERIM REPORT FOR JANUARY-SEPTEMBER 2012

Business environment

During the report period, the global economic outlook darkened as the euro crisis continued and economic growth slowed in China. As regards Ruukki's home markets during the third quarter, Sweden, in particular, downgraded its economic growth outlook. Central banks continued efforts initiated earlier in the year to aid recovery both in the emerging markets and developed markets alike. Even though the fallout of the European crisis was also reflected in the economic development of the emerging markets, these markets continued to sustain global economic growth. The driver of economic growth in Europe continued to be the region's largest economy, Germany, where the economic situation remained steady. As regards the Ruukki's main market areas outside the eurozone, economic growth continued in Russia, but slowed in Poland. Downgrading of the global economic growth forecast increased uncertainty and economic confidence continued to decline also during the third quarter.

In Ruukki's construction business, strong growth in orders for residential roofing products continued also during the third quarter in many market areas, especially in Finland, Sweden and Norway. Demand for commercial and industrial construction continued to grow in Russia, albeit more moderately than earlier in the year. Orders for building components in particular, showed good development in Russia and also in Poland, the Baltic states and Central Eastern Europe. However, increasing uncertainty as regards economic growth was reflected during the report period, especially in the decline of project orders, which are dependent on investment decisions. Also infrastructure construction orders were clearly down compared to the previous year.

As regards Ruukki's customer segments in the engineering industry, strong demand continued in the offshore market. Likewise, there was continued good demand for power plants in the energy industry, but the risk of pushing back investments grew during the report period. In the wake of falling raw materials prices, the mining industry cancelled investment programmes already announced and strong demand continued in only a few individual product segments within the mining industry and materials handling equipment. Demand for construction machinery and equipment fell, which was reflected in the production volumes of corporate customers especially in Europe. Similarly, demand declined in the paper and pulp industry during the report period.

A fall in the global market prices of coking coal and iron ore, the main raw materials used in steel production, put downward pressure on the prices of steel products in the EU-27 region during the report period. Also there was a decline quarter on quarter in average prices of order intake in Ruukki's steel business. In the uncertain market environment, steel business customers destocked and pushed back orders. This was reflected in a 2 per cent decrease in order intake compared to the previous quarter. Inventory levels of steel wholesalers in Europe declined quarter on quarter, but continued to be at a normal level compared to sales. Prices of the main raw materials used in steel production fell significantly during the third quarter. The global market price of iron ore fell sharply until the beginning of September when it began to rise somewhat. The global market price of coking coal fell throughout the quarter, but levelled off towards the end of September. There is typically a delay of around one quarter before lower raw materials prices are reflected in Ruukki's production costs. This is because of contracts signed with raw materials suppliers and the normal inventory turnaround. As a result of weakened market conditions and normal July maintenance shutdowns, the capacity utilisation rate in Ruukki's steel business averaged around 76 per cent compared to around 84 per cent during the previous quarter.

Order intake and order book

ORDER INTAKE BY BUSINESS AREA					
EUR million	Q3/12	Q3/11	Q1-Q3/12	Q1-Q3/11	2011
Order intake					
Ruukki Construction	193	216	586	549	721
Ruukki Engineering	46	68	185	200	263
Ruukki Metals	436	394	1,346	1,275	1,691
Others					
Order intake, total	675	678	2,116	2,024	2,675

Unless otherwise stated, the figures in brackets refer to the same period a year earlier.

Order intake during the third quarter was EUR 675 million (678). Order intake grew in the steel business. Demand grew in all market areas except for the Nordic countries.

Order intake during the first nine months of the year was up 5 per cent year on year at EUR 2,116 million (2,024).

At the end of the report period, the order book was 5 per cent lower year on year and 1 per cent lower than at the end of June.

Net sales

NET SALES BY BUSINESS AREA					
EUR million	Q3/12	Q3/11	Q1-Q3/12	Q1-Q3/11	2011
Comparable net sales					
Ruukki Construction	208	219	560	554	757
Ruukki Engineering	63	59	204	184	257
Ruukki Metals	406	396	1,354	1,341	1,783
Others	-3	0	-4	0	0
Comparable net sales, total	674	674	2,113	2,079	2,797
Items affecting comparability included in reported net sales	1	0	6	0	1
Reported net sales	675	675	2,119	2,080	2,798

Comparable net sales for the third quarter were EUR 674 million (674) and reported net sales were EUR 675 million (675). The solutions businesses - Ruukki Construction and Ruukki Engineering - accounted for 40 per cent (41) of net sales. Special steel products accounted for 32 per cent (32) of Ruukki Metals' sales in July-September.

During the third quarter, net sales grew in Russia, Ukraine, Central Eastern Europe and in new market areas, including China. As regards the Nordic countries, net sales were down in Finland, Sweden and Denmark, but up in Norway.

Comparable net sales for the first nine months of the year were EUR 2,113 million (2,079) and reported net sales were EUR 2,119 (2,080). The emerging markets accounted for 29 per cent (27) of comparable net sales. Ruukki Construction and Ruukki Engineering accounted for 36 per cent (35) of net sales. Special steel products accounted for 32 per cent (33) of Ruukki Metals' net sales in January-September.

NET SALES BY REGION

EUR million	Q3/12	Q3/11	Q1-Q3/12	Q1-Q3/11	2011
Comparable net sales					
Finland	177	190	542	576	761
Other Nordic countries	192	204	693	687	914
Central Eastern Europe	107	104	286	275	363
Russia and Ukraine	84	67	195	158	223
Rest of Europe	74	76	268	266	388
Other countries	39	32	129	116	148
Comparable net sales, total	674	674	2,113	2,079	2,797
Items affecting comparability included in reported net sales	1	0	6	0	1
Reported net sales	675	675	2,119	2,080	2,798

Operating profit

OPERATING PROFIT BY BUSINESS AREA

EUR million	Q3/12	Q3/11	Q1-Q3/12	Q1-Q3/11	2011
Comparable operating profit					
Ruukki Construction	8	11	2	3	-3
Ruukki Engineering	0	1	-1	-3	-7
Ruukki Metals	-18	-9	-8	108	80
Others	-7	-3	-18	-11	-14
Comparable operating profit, total	-18	1	-26	96	56
Items affecting comparability included in reported operating profit	-2	-25	-15	-27	-34
Reported operating profit	-20	-24	-41	69	22

Comparable operating profit for the third quarter was negative at -EUR 18 million (1), equating to -3 per cent of net sales. Operating profit decreased mostly because of a weaker price level for steel products and higher raw materials costs.

Reported operating profit for the third quarter was negative at -EUR 20 million (-24). Reported operating profit includes non-recurring costs of EUR 2 million that impact on comparability. These non-recurring costs relate to the closure of Ruukki Construction’s units in Fredrikstad, Norway and Dortmund, Germany.

Comparable operating profit for the first nine months of the year was negative at -EUR 26 million (96), equating to -1 per cent (5) of net sales. Operating profit decreased mostly because of a lower capacity utilisation rate, a weaker price level for steel products and higher raw materials costs. Reported operating profit was negative at -EUR 41 million (69). Non-recurring costs impacting on comparability relate mainly to the closure of Ruukki Engineering’s unit in Shanghai and Ruukki Construction’s units in Fredrikstad, Norway and Dortmund, Germany, fires at the steel mill in Raahe, Finland and disposal of the property in Mo i Rana, Norway.

Financial items and result

Consolidated net finance costs for January-September totalled EUR 31 million (26). Net interest costs were EUR 26 million (22).

Group taxes for January-September were EUR 11 million positive (-EUR 13 million negative).

The result for January-September was -EUR 59 million (31).

Earnings per share were -EUR 0.43 (0.22).

Balance sheet, cash flow and financing

Total assets at 30 September 2012 were EUR 2,544 million (2,801). Equity at 30 September 2012 was EUR 1,143 million (1,314), equating to EUR 8.23 per share (9.46). Equity has decreased by EUR 129 million since the end of 2011. This was because of the EUR 69 million dividend payment made in March and the consolidated net loss made.

The equity ratio at 30 September 2012 was 45.6 per cent (47.5) and the gearing ratio was 71.4 per cent (68.2). Net interest-bearing liabilities at the end of September were EUR 818 million (897).

Return on equity for the past 12 months was -8.2 per cent (0.1) and return on capital employed was -3.9 per cent (3.3).

Net cash from operating activities for January-September was EUR 93 million (-49) and net cash flow before financing activities was EUR 22 million (-182).

Successful capital management at Ruukki resulted in the freeing up of EUR 61 million from working capital during the first nine months of the year (January-September 2011: EUR 207 million tied up).

At the end of September, the group had liquid funds of EUR 16 million (54) and undrawn committed credit facilities of 475 million (425).

Capital expenditure

Net cash used in investing activities during January-September was -EUR 72 million (-133). Maintenance investments accounted for EUR 50 million (110) and development investments for EUR 22 million (28). Depreciation and impairments during January-September amounted to EUR 114 million (108).

Investments in tangible and intangible assets during 2012 are expected to be in the region of EUR 100 million.

Personnel

PERSONNEL BY REGION	30 Sep 2012	30 Sep 2011	31 Dec 2011
Finland	6,109	6,482	6,369
Other Nordic countries	601	617	622
Central Eastern Europe	2,010	2,162	2,130
Russia and Ukraine	1,832	1,994	1,845
Rest of Europe	68	71	70
Other countries	134	351	346
Total	10,754	11,677	11,382

The group employed an average of 11,462 persons (11,930) during January-September and at 30 September the headcount was 10,754 (11,677). At the end of the report period, 57 per cent (56) of Ruukki's personnel worked in Finland.

Safety measured in terms of accidents per million working hours for January-September was 7 (8).

BUSINESS AREAS

RUUKKI CONSTRUCTION

- Strong growth in orders for residential roofing products continued also during the third quarter in many market areas, especially in Finland, Sweden and Norway.
- Increasing economic growth uncertainty was reflected during the report period, especially in the clear decrease year on year in project and infrastructure construction orders.
- Profitability weakened year on year.

Ruukki Construction

EUR million	Q3/12	Q3/11	Q1-Q3/12	Q1-Q3/11	2011
Order intake	193	216	586	549	721
Net sales	208	219	560	554	757
Comparable operating profit	8	11	2	3	-3
Expenses related to restructuring	-2	-2	-2	-2	-3
Reported operating profit	6	10	0	0	-6
Comparable operating profit as % of net sales	3.8	5.2	0.3	0.5	-0.4
Personnel at end of period			3,456	3,756	3,538

Order intake and order book

The value of order intake during the third quarter was down 11 per cent year on year at EUR 193 million (216). Increasing economic growth uncertainty was reflected during the third quarter especially in the clear decline in project and infrastructure construction orders. Order intake was down 22 per cent compared to the previous quarter, when order flow included a significant single project in Sweden.

Ruukki has focused on developing its own distribution channel for residential roofing products and order volumes continued to grow year on year in almost all market areas. Orders in residential construction were up 16 per cent year on year. Order flow of roofing products showed particularly good development in Sweden, Finland, Poland and Russia. Compared to the previous quarter, orders in residential construction grew by 25 per cent.

In commercial and industrial construction, order intake during the third quarter was down clearly year on year and quarter on quarter. Order intake in Russia remained at the same level as a year earlier, but showed clear growth compared to the previous quarter. Orders for building components in particular developed well in Russia. The slowdown in construction growth in most other market areas was reflected in a decline in project orders, which were down both year on year and quarter on quarter in all market areas. In addition to the slowdown in construction growth, Ruukki's focus on fewer countries and especially on projects yielding higher margins was reflected in order intake volume. In commercial and industrial construction, orders for building components picked up, however, in Poland, the Baltics and Central Eastern Europe, for example.

Ruukki Construction has improved its cost competitiveness in the project business because the relative share of production of the units in Eastern Europe has grown and productivity has increased. In addition, the project business has now been focused on fewer countries and on projects yielding higher margins.

In infrastructure construction, order intake was down clearly compared to the previous year.

Ruukki Construction's order intake in January-September was up 7 per cent year on year at EUR 586 million (549).

The order book at the end of September was 2 per cent higher year on year and 6 per cent lower than at the end of June.

Net sales

Ruukki Construction’s net sales for the third quarter were down 5 per cent year on year at EUR 208 million (219). The decrease in net sales was mainly due to the start of project deliveries received in the first half of the year being geared towards the fourth quarter of this year and early 2013 and a clear decrease in infrastructure construction deliveries.

Sales of residential roofing products in July-September were up 16 per cent compared to the previous year. Delivery volumes grew in most market areas, with particularly good net sales development in Finland, Sweden and Russia.

Net sales in industrial and commercial construction were down 6 per cent year on year during the third quarter. However, net sales growth continued to be strong in Russia, where sales of concept buildings showed good development. In the project business, sales were clearly weaker year on year in Finland, Sweden and Norway. Project sales grew in the Baltic states and the Czech Republic. Net sales in building components was slightly down compared to the previous year, but showed clear growth in Russia and Ukraine.

In infrastructure construction, net sales in the third quarter were down year on year in all market areas.

Ruukki Construction’s net sales for January-September were up 1 per cent year on year at EUR 560 million (554). The construction business accounted for 26 per cent (27) of comparable consolidated net sales. Relatively greatest net sales growth was in residential roofing products and, in Russia, commercial and industrial construction. In infrastructure construction, net sales were down compared to a year earlier.

Commercial and industrial construction accounted for 64 per cent (62) of Ruukki Construction’s net sales for January-September. Residential roofing products accounted for 23 per cent (21) and infrastructure products for 13 per cent (17) of net sales over the same period.

Operating profit

Ruukki Construction’s comparable operating profit for the third quarter was EUR 8 million (11). Operating profit rose quarter on quarter, mostly as a result of normal seasonality, but was down year on year. Operating profit decreased mainly due to the decline in the relative share of infrastructure construction of net sales and the weakened profitability of commercial and industrial construction components. Compared to the previous year, the profitability of building projects improved in line with expectations, but the capacity utilisation rate remained low during the report period.

Reported operating profit for the third quarter was EUR 6 million (10). Non-recurring costs related to closure of the units in Fredrikstad, Norway and Dortmund, Germany.

Operating profit for January-September was EUR 2 million (3).

Actions to improve profitability and other operational development

Ruukki Construction initiated a project across the division to improve profitability, aiming at a permanent improvement of EUR 20 million in earnings performance. This will be achieved by, for example, optimising the production-distribution process and material flows, as well as by improving the efficiency of sales and marketing and support operations. Some of the actions, such as withdrawal from unprofitable markets in Central Eastern Europe and redefining the business model in the project business, are already under way. By the end of the report period, actions to improve earnings performance by EUR 20 million had been identified. These actions are expected to result in earnings improvement of EUR 9 million by the end of 2012.

Major orders and product development

In July, contracts were signed to deliver the envelope structures for the boiler house of a power plant in Klado, Czech Republic and to deliver the steel frame structures for the soda boiler house at a pulp mill in Paskov, also in the Czech Republic. The contracts are worth a total of around EUR 3 million.

During the report period, Ruukki launched a new shopping centre concept. Shopping centres built according to the concept can adapt to changes in demand for commercial premises. This in turn enables a high occupancy rate and thus high rental income. Besides frame and piles, the concept includes Ruukki energy panels for airtight wall structures to create an energy-efficient shopping centre.

RUUKKI ENGINEERING

- Third quarter net sales up 5 per cent year on year, mainly due to a single project.
- Decrease in investment demand in the wake of global economic uncertainty reflected clearly in fall in order intake.
- After the report period, the decision was taken to combine most of Ruukki Engineering's units with Komas to form a new contract manufacturer, known as Fortaco, in the engineering industry.

Ruukki Engineering

EUR million	Q3/12	Q3/11	Q1-Q3/12	Q1-Q3/11	2011
Order intake	46	68	185	200	263
Net sales	63	59	204	184	257
Comparable operating profit	0	1	-1	-3	-7
Expenses related to restructuring		0	-7	0	0
Cost of strike					0
Reported operating profit	0	1	-8	-3	-7
Comparable operating profit as % of net sales	-0.8	1.5	-0.4	-1.6	-2.7
Personnel at end of period			1,584	1,928	1,914

Order intake and order book

The value of order intake in the engineering business in the third quarter was down 33 per cent year on year at EUR 46 million (68). Orders from all customer segments were down, especially from manufacturers in the paper industry.

Ruukki Engineering's order intake during January-September was down 8 per cent year on year at EUR 185 million (200).

The order book at the end of September 2012 was 44 per cent lower than a year earlier and 29 per cent lower than at the end of June. The smaller order book is due largely to the approaching completion of deliveries for a single large project won in the offshore sector in the fourth quarter of 2010 and to weakened demand in the paper industry.

Net sales

Ruukki Engineering's net sales for the third quarter were up 5 per cent year on year at EUR 63 million (59).

Compared to the third quarter a year earlier, the increase in net sales was attributable to higher delivery volumes to manufacturers of construction and mining industry equipment. Also deliveries to the offshore industry rose considerably thanks to a single project. Sales to materials handling equipment manufacturers were at the same level as the previous year. Sales to the shipbuilding industry were down considerably compared to a year earlier.

Ruukki Engineering's net sales for January-September were EUR 204 million (184) and accounted for 10 per cent (9) of comparable consolidated net sales. Compared to a year earlier, the increase in net sales was mainly attributable to higher delivery volumes to equipment manufacturers in the construction, mining and offshore industries.

Operating profit

Ruukki Engineering's comparable operating profit for the third quarter was EUR 0 million (1). Reported operating profit was EUR 0 million (1).

Reported operating profit for January-September was negative at -EUR 8 million (-3), which included EUR 6 million booked in costs during the second quarter related to closing down production at the Shanghai unit.

Actions to improve profitability and other operational development

A decision was taken in April that Ruukki Engineering would discontinue the manufacture of cabins and components in Shanghai. Cabin and component manufacture at the Shanghai unit will be gradually wound down by the end of the year. This will not significantly affect Ruukki Engineering's net sales, but will improve profitability. The Shanghai unit posted a loss of EUR 7 million for 2011. In relation to closing down production, costs of EUR 6 million were booked during the second quarter.

In 2011, work started on a EUR 3 million investment in a new surface treatment line mainly to serve cabin customers at the Holic unit in Slovakia. This line became operational during the third quarter.

RUUKKI METALS

- Average prices of order intake fell in line with market price development compared to the previous quarter.
- Delivery volumes decreased quarter on quarter due to normal seasonality and weakened demand.
- Share of special steel products of net sales during the third quarter was 32 per cent, the same level as a year earlier.

Ruukki Metals

EUR million	Q3/12	Q3/11	Q1-Q3/12	Q1-Q3/11	2011
Order intake	436	394	1,346	1,275	1,691
Net sales	406	396	1,354	1,341	1,783
Comparable operating profit	-18	-9	-8	108	80
Expense caused by modernisation of blast furnaces		-23		-25	-25
Cost of fire at Raahe steel works			-3		
Cost of strike					-5
Income from sale of shares					2
Reported operating profit	-18	-32	-11	83	52
Comparable operating profit as % of net sales	-4.5	-2.3	-0.6	8.0	4.5
Deliveries (1 000 tonnes)	389	364	1,343	1,266	1,721
Personnel at end of period			5,278	5,523	5,450

Order intake and order book

The value of order intake in the third quarter was up 11 per cent year on year at EUR 436 million (394). Compared to the same period a year earlier, orders were up in all market areas. Relatively strongest growth was seen in North America, Russia and Central Eastern Europe.

In an uncertain market environment, customers have destocked and pushed back their orders. This was reflected in a 2 per cent fall in order intake compared to the previous quarter. The fall in the global market prices of coking coal and iron ore - the main raw materials used in steel production – has put downward pressure on the market prices of steel products and also the average prices of Ruukki's order intake declined quarter on quarter.

Order volumes of special steel products grew in a number of important market areas such as Russia and Poland. Also in the Nordic countries and Germany, order volumes of special steel products were up slightly year on year, but were down compared to earlier in the year. Orders for special steel products also showed good development in North America. Demand from manufacturers of mining industry and construction machinery and equipment slowed slightly since the start of the year, but was still at a higher level than a year earlier. Orders for special products decreased from customers in the automotive industry.

Ruukki Metals' order intake in January-September was up 6 per cent year on year at EUR 1,346 (1,275).

The order book at the end of September 2012 was 4 per cent higher year on year and 15 per cent higher than at the end of June.

Net sales

Ruukki Metals' net sales for the third quarter were up 3 per cent year on year at EUR 406 million (396). Compared to the same period a year earlier, average selling prices of steel products were down slightly, but delivery volumes were up 7 per cent. Special steel products accounted for 32 per cent (32) of sales. Compared to the second quarter of the current year, selling prices were slightly down, but production and delivery volumes failed to reach the level of the second quarter. Especially for standard grades, customers' order behaviour continued to be uncertain and order times remained short. Net sales were down 14 per cent quarter on quarter.

Compared to the same period a year earlier, highest growth in sales of steel products was seen in Russia, North America, China and Belarus. Sales of steel products in Finland and Norway remained roughly at the same level as a year earlier, but were slightly down in the other Nordic countries and Germany. Sales of special steel products during the third quarter were up around 2 per cent year on year.

Ruukki Metals' net sales for January-September were EUR 1,354 million (1,341) and accounted for 64 per cent (65) of comparable consolidated net sales. Delivery volumes for the first nine months of the year were higher year on year, but average selling prices were lower than a year earlier. Best growth in net sales was seen in Russia and CIS countries, Norway, Denmark and North America. Net sales decreased most in Finland, Sweden and Germany.

Special steel products accounted for 32 per cent (33) of net sales during the first nine months of the year. Net sales of stainless steel and aluminium, which are sold as trading products, were down around 7 per cent year on year at EUR 101 million (108) during January-September.

Operating profit

Ruukki Metals' comparable operating profit for the third quarter was negative at –EUR 18 million (-9). Comparable operating profit weakened year on year mainly because of a weaker price level for steel products and higher raw materials costs. Compared to the previous quarter, the impact on comparable operating profit was mostly attributable to decreased delivery volumes and a lower capacity utilisation rate, which together had a negative impact of EUR 31 million. End product prices and mix had a negative impact of EUR 2 million on comparable operating profit quarter on quarter, whereas other cost savings had a positive impact of EUR 5 million.

Reported operating profit for the third quarter was negative at -EUR 18 million (-32). Reported operating profit for the previous year included a cost item of EUR 23 million due to the low utilisation rate in steel production as a result of modernisation of blast furnace 2 at the Raahe Steel Works.

Comparable operating profit for January-September was negative at -EUR 8 million (108). Weaker comparable operating profit was due to a lower capacity utilisation rate, higher costs of the raw materials used in steel production and weaker average selling prices. Reported operating profit for the first nine months of the year was negative at -EUR 11 million (83), which includes a cost item of EUR 3 million relating to fires at the Raahe Steel Works. Reported operating profit a year earlier included a cost item of EUR 25 million due to the low utilisation rate in steel production as a result of modernisation of blast furnace 2 at the Raahe Steel Works.

Steel production

Steel production

1 000 tonnes	Q3/12	Q3/11	Q1-Q3/12	Q1-Q3/11	2011
Steel production	540	392	1,734	1,672	2,215

Steel production during the third quarter was 540 thousand tonnes (392) and the utilisation rate averaged 76 per cent due to weakened market conditions and normal July maintenance shutdowns. During the first nine months of 2012, steel production was 1,734 thousand tonnes (1,672).

Modernisation of the blast furnaces at the Raahe Steel Works in Finland was completed in 2011. Total investment in the modernisation of blast furnaces 1 and 2, completed in 2010 and 2011 respectively, was around EUR 265 million, which included environmental investments of some EUR 50 million. It is estimated that about EUR 8 million of the blast furnace modernisation investments will be allocated to 2012. The investment requirement in the coming years will be significantly lower than in 2010 and 2011.

Raw materials used in steel production

Prices of the main raw materials used in steel production fell significantly during the third quarter. The global market price of iron ore fell sharply until the beginning of September when it began to rise again. The global market price of coking coal fell throughout the quarter, but levelled off towards the end of September. The sharp fall in raw materials prices is thought to have now levelled off and prices are expected to remain at the same level or to show a slight rise during the fourth quarter. However, raw materials prices are still clearly higher than in 2009. There is typically a delay of around one quarter before changes in raw materials prices are reflected in Ruukki's production costs. This is because of contracts signed with raw materials suppliers and the normal turnaround of inventories.

In May, a three-year contract for supplies of coking coal and iron pellets was signed with the Russian company Severstal Resources. The contract enables Ruukki to reduce its dependency on distant coking coal, the associated price risk related to winter inventory and to balance purchases of raw materials. The contract signed covers around 20 per cent of Ruukki's coking coal and iron pellet requirement at full delivery volume. Pellet deliveries began in May and coking coal deliveries began in July. Ruukki has four main coking coal suppliers in: the United States, Canada, Australia and Russia.

During the second quarter, it was estimated that these new contracts would deliver cost benefits of EUR 20 million during the second half of the year, compared to costs during the first half of the year. Around half, or EUR 10 million, of these cost benefits were achieved during the third quarter. New iron ore prices were negotiated during the third quarter and these are expected to deliver cost benefits of a further EUR 14 million during the fourth quarter.

Operational development

Ruukki Metals reorganised its sales organisation so that from 1 October 2012, sales is divided into four product lines with profit accountability: Special steels, Flat steels, Tubes and profiles, and Stainless and aluminium. The product lines are supported by two regional organisations - Nordic Sales and International Sales - in practical sales work.

Early September saw the opening of a new containerisation terminal in the Lapaluoto area of the Port of Raahe at Ruukki's Raahe Works. The new terminal enables the fast, smooth packing of shipping containers and thus improves export efficiency. The terminal is part of long-term work to develop the Port of Raahe and to improve Ruukki's logistics in line with the company's special steels strategy. The terminal is the first automatic containerisation terminal fitted with modern systems in the Bay of Bothnia.

Ruukki Metals' project to improve profitability

On 1 February, Ruukki Metals initiated a project aimed at improving competitiveness. The aim was to achieve a permanent annual improvement of EUR 50 million in earnings performance. To date, points for efficiency improvement of EUR 50 million have been identified in sales and marketing, financial and HR administration, other support functions, production, the use of raw materials, prefabrication, distribution and materials use, and in maintenance and other services purchased. EUR 9 million of the cost benefits of the efficiency project are expected to be achieved during the current year. It is estimated that most of the improvement in earnings performance will be visible during the first quarter of 2013 and that the improvement will be visible in full from the third quarter of next year onwards.

Environmental matters at the company

Ruukki continues to rank among the world's top steel companies in the Dow Jones Sustainability World Index, where it was included for the fifth year running. Out of a total of forty assessed, Ruukki was one of four steel companies included in the index. Dow Jones is one of the best-known indexes that guides ethical investment and which highlights good examples of corporate responsibility in different industries. DJSI indexes have been measuring efforts within the corporate sector to improve sustainability since 1909. Corporate sustainability performance is analysed each year by an independent assessment party, SAM Research AG. Analysis evaluates corporate financial, social and environmental responsibility. Index companies are also subject to continuous tracking.

Shares and share capital

During the first nine months of the year, a total of 117 million (115) Rautaruukki shares (RTRKS) were traded on NASDAQ OMX Helsinki for a total of EUR 809 million (1,674). The highest price quoted was EUR 9.49 in February and the lowest was EUR 4.60 in July. The volume-weighted average price was EUR 6.89. The share closed at EUR 4.90 (7.58) at 30 September and the company had a market capitalisation of EUR 687 million (1,063).

Rautaruukki's share in addition to NASDAQ OMX Helsinki is also traded on multilateral trading facilities (MTF). According to information received by the company, a total of 31 million (35) Rautaruukki shares were traded on MTFs for a total of EUR 208 million (493) during the first nine months of the year.

The company's registered share capital at 30 September 2012 was EUR 238.5 million and there were 140,285,425 shares outstanding.

The 2012 Annual General Meeting granted the Board of Directors the authority to purchase the company's own shares subject to a maximum of 12,000,000. The authority is valid until the following Annual General Meeting.

The 2011 Annual General Meeting granted the Board of Directors the authority to decide on a share issue, which includes the right to issue new shares and/or to transfer treasury shares held by the company. The authority applies to a maximum of 28,000,000 shares. The Board of Directors has the right to disapply the pre-emption rights of existing shareholders in a directed issue. The authority also includes the right to decide on a bonus issue. The authority is valid for a period of two years following the date of decision of the Annual General Meeting.

By 30 September 2012, the Board of Directors had not exercised its authority to issue shares or to purchase the company's own shares. At the end of the report period, the Board of Directors had no valid authority to issue options or other special rights providing entitlement to shares.

Information about the company's shareholder structure by sector and size of holding, the largest shareholders and Board of Director and Corporate Executive Board interests can be found on the company's website at www.ruukki.com.

Events after the report period

As reported in the stock exchange release published on 17 October 2012, Ruukki and CapMan have agreed to combine units of Komas and units of Ruukki Engineering division to form a new company. The name of the new company will be Fortaco and it will be Europe's largest actor in its field.
Ruukki's ownership in the company to be formed will be 19.0 per cent, and in addition Ruukki will receive a cash payment of around EUR 25 million and equity-linked securities worth around EUR 81 million in the company - totalling around EUR 114 million, which corresponds to the total value of assets which Ruukki will transfer to the new company. Completion of the transaction is subject to approval from the competition authorities and is expected to be finalised by early December 2012. The transaction will not affect Ruukki's financial reporting before the arrangement is finalised.

Ruukki Engineering units in Jaszbereny (Hungary), Wroclaw (Poland) and Holic (Slovakia) as well as Kurikka, Sepänkylä and the Kalajoki component business (Finland) will transfer to the new company. Net sales of the units contributed by Ruukki totalled EUR 158 million in 2011. Net sales of the Ruukki Engineering units excluded from the transaction totalled some EUR 100 million in 2011. These units will be integrated closely with Ruukki Metals.

Near-term business risks

The company's risks and risk management are detailed in the Annual Report 2011. The company does not consider there to have been any material changes during the report period in the risks and factors of uncertainty presented in the Annual Report.

Near-term outlook

In construction, growth outlook in many main market areas weakened after the summer and growth during the second half of 2012 is predicted to be more modest than during the early part of the year. Ruukki's focus on its own distribution channel for roofing products has been reflected in roofing products outperforming market growth during the first three quarters. It is thought that there is good potential for this to continue also during the fourth quarter. However, there is a seasonal slowdown in construction activity, especially in residential construction, towards the end of the year. As a result of the weakened economic outlook, increasing uncertainty in the market development of commercial and industrial construction is forecast to continue in the Nordic countries during the fourth quarter, but demand is expected to remain at a good level in Russia. It is anticipated that the capacity utilisation rate in the project business will show slight improvement compared to the third quarter, but that it will remain well below full capacity. Infrastructure construction orders are not expected to pick up during the rest of the year.

In the engineering business, the outlook has weakened in most customer sectors. Demand from mining industry machine and equipment manufacturers is estimated to remain at the same level as at the end of the third quarter or even to show a slight decrease, as is demand from heavy cargo handling and other materials handling equipment manufacturers. Demand in the energy industry in the baseload power generation market is forecast to remain good. Continued strong growth is forecast in the offshore sector.

In the steel business, service centre sales are expected to continue at a good level, but recession in Europe is, however, causing much uncertainty in demand from mill customers. Stocks of steel products in Europe are at a normal level compared to sales. It is estimated that there is still downward pressure on the prices of steel products due to considerably lower raw materials prices and weakened demand. However, it is thought that steel wholesalers will need to restock to some degree during the fourth quarter. Nevertheless, this depends on the price development of the main raw materials used in steel production. It is anticipated that the prices of raw materials used in steel production have now levelled off and that they will remain at their present level or even show a slight rise during the fourth quarter.

During the second quarter, it was estimated that new supply contracts for raw materials would deliver cost benefits of EUR 20 million during the second half of the year, compared to costs during the first half of the year. Around half, or EUR 10 million, of these cost benefits were achieved during the third quarter. New iron ore prices were negotiated during the third quarter and these are expected to deliver cost benefits of a further EUR 14 million during the fourth quarter.

The company's main focuses for 2012 include improving cost competitiveness and cash flow. Capital expenditure is estimated to be clearly lower than during the previous year, at about EUR 100 million.

Through the efficiency projects initiated, the goal is to further clearly improve the company's cost structure. This is a continuation of actions already completed earlier. The projects initiated earlier in the year have continued to progress somewhat better than we previously anticipated and we currently expect the target of around EUR 100 million pursued through efficiency actions to be achieved. In addition to the efficiency programme already underway, we have initiated analyses to improve efficiency also in corporate administration. Around EUR 20 million of the cost benefit from efficiency projects is expected to be achieved during the current year, with the steel and construction businesses each accounting for EUR 9 million of this figure and corporate functions for EUR 2 million. It is estimated that most of the improvement in earnings performance will be visible during the first quarter of 2013 and that the improvement will be visible in full from the third quarter of 2013 onwards.

Guidance for 2012 has been changed. **Revised guidance:** Net sales in 2012 are estimated to remain at the same level as the previous year. Comparable operating profit for the second half of the year is estimated to be weaker than for the first half. Cash flow for the whole year is expected to be clearly better than the previous year. **Earlier guidance:** Net sales in 2012 are estimated to remain at the same level as the previous year. Comparable operating profit for the second half of the year is now estimated to remain at the same level as for the first half. This means negative comparable operating profit for the whole year. Cash flow for the whole year is expected to improve on the situation at the end of June and to be clearly better than the previous year.

INTERIM REPORT AND NOTES

This interim report has been prepared in accordance with IAS 34 and, with the exception of the review of performance testing of the hedge accounting of electricity referred to below, is in conformity with the accounting policies published in the 2011 financial statements.

Amendments to and interpretations of IFRS standards entering into force on 1 January 2012 had no impact on the interim report.

The principles to test the effectiveness of the hedge accounting of electricity were revised during the first quarter of the year. This had a positive impact of EUR 2.8 million on the consolidated result and that of Ruukki Metals compared to the previous accounting practice. The corresponding similar cumulative impact for earlier periods was EUR 1.7 million and this has been booked directly in equity.

The Mo i Rana unit was transferred in 2010 from Ruukki Engineering to Assets and Liabilities held for sale. Disposal of the property in Mo i Rana was completed during the report period and resulted in costs of around EUR 3 million.

In April, a decision was taken whereby Ruukki Engineering would discontinue the manufacture of cabins and components in Shanghai. Discontinuation of cabin and component manufacturing at the Shanghai unit will not significantly affect Ruukki Engineering's net sales, but will improve profitability. The Shanghai unit posted a loss of EUR 7 million for 2011. The costs of the arrangement are around EUR 6 million and were booked during the second quarter.

On 16 October 2012, Rautaruukki Corporation and funds managed by CapMan agreed to combine units of Komas and Ruukki Engineering division to form a new company. The name of the company will be Fortaco and it will Europe's largest actor in its field.

Fortaco is expected to generate pro-forma net sales of approximately EUR 270 million in 2012 and will have a total of approximately 2,600 employees. The company will be formed from the compatible and complementary units of Ruukki and Komas. Ruukki Engineering units in Jaszbereny (Hungary), Wroclaw (Poland) and Holic (Slovakia) as well as Kurikka, Sepänkylä and the Kalajoki component business (Finland) will transfer to the new company. Net sales of the units contributed by Ruukki totalled EUR 158 million in 2011. Net sales of the Ruukki Engineering units excluded from the transaction totalled some EUR 100 million in 2011.

Ruukki's ownership in the company to be formed will be 19.0 per cent, and in addition Ruukki will receive a cash payment of around EUR 25 million and equity-linked securities worth around EUR 81 million in the company - totalling around EUR 114 million, which corresponds to the total value of assets which Ruukki will transfer to the new company. Completion of the transaction is subject to approval from the competition authorities and is expected to be finalised by early December 2012.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the reporting of contingent assets and liabilities and the reported amounts of income and expense. Even though these estimates are based on management's best judgment at the time, actual results may ultimately differ from these estimates.

Individual figures and totals appearing in the tables have been rounded to the nearest whole million of euros. The figures in this interim report period are unaudited.

CONSOLIDATED INCOME STATEMENT (IFRS)

EUR million	Q3/12	Q3/11	Q1-Q3/12	Q1-Q3/11	2011
Net sales	675	675	2,119	2,080	2,798
Cost of sales	-642	-645	-1,985	-1,829	-2,533
Gross profit	33	30	134	251	265
Other operating income	4	4	9	11	19
Selling and marketing expenses	-26	-26	-84	-86	-118
Administrative expenses	-30	-32	-100	-107	-144
Other operating expenses	0	0	0	0	0
Operating profit	-20	-24	-41	69	22
Finance income	16	24	41	42	55
Finance costs	-27	-29	-72	-68	-91
Net finance costs	-11	-5	-31	-26	-37
Share of profit of equity-accounted investees	0	1	2	2	3
Result before income tax	-31	-29	-70	45	-12
Income tax expense	2	8	11	-13	1
Result for the period	-29	-21	-59	31	-10
Attributable to:					
Owners of the company	-29	-21	-60	31	-10
Non-controlling interest	0	0	0	0	0
Earnings per share, diluted, EUR	-0.21	-0.15	-0.43	0.22	-0.07
Earnings per share, basic, EUR	-0.21	-0.15	-0.43	0.22	-0.07
Operating profit as % of net sales	-3.0	-3.6	-1.9	3.3	0.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR million	Q3/12	Q3/11	Q1-Q3/12	Q1-Q3/11	2011
Result for the period	-29	-21	-59	31	-10
Other comprehensive income:					
Effective portion of changes in fair value of cash flow hedges	-1	7	-9	-10	-11
Cash flow hedges reclassified to profit and loss during the period	-2		-8	0	0
Translation differences	6	-12	11	-15	-6
Defined benefit plan actuarial gains and losses					-7
Tax on other comprehensive income	1	-2	4	3	5
Other comprehensive income for the period, net of tax	4	-7	-2	-22	-19
Total comprehensive income for the period	-25	-28	-61	9	-29
Attributable to:					
Owners of the company	-25	-28	-61	9	-29
Non-controlling interest	0	0	0	0	0

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

EUR million	30 Sep 2012	30 Sep 2011	31 Dec 2011
ASSETS			
Non-current assets	1,385	1,408	1,413
Deferred tax assets	44	29	27
Current assets			
Inventories	677	798	720
Trade and other receivables	423	500	405
Cash and cash equivalents	16	54	78
Assets held for sale		12	14
Total assets	2,544	2,801	2,657
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the company	1,143	1,314	1,273
Non-controlling interest	3	2	2
Non-current liabilities			
Loans and borrowings	548	606	551
Non-interest bearing liabilities	57	48	57
Deferred tax liabilities	8	42	25
Current liabilities			
Loans and borrowings	286	346	297
Trade payables and other non-interest bearing liabilities	500	441	447
Liabilities held for sale		4	5
Total equity and liabilities	2,544	2,801	2,657

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

EUR million	Q1-Q3/12	Q1-Q3/11	2011
Result for the period	-59	31	-10
Adjustments	132	154	177
Cash flow before change in working capital	73	186	167
Change in working capital	61	-207	-9
Financing items and taxes	-40	-28	-44
Net cash from operating activities	93	-49	114
Cash inflow from investing activities	2	6	9
Cash outflow from investing activities	-74	-139	-180
Net cash used in investing activities	-72	-133	-171
Net cash before financing activities	22	-182	-57
Dividends paid	-69	-83	-83
Proceeds from loans and borrowings	30	179	130
Repayments of loans and borrowings	-24	-52	-57
Change in current liabilities	-17	147	99
Other net cash flow from financing activities	-5	-7	-8
Translation differences	2	-1	1
Change in cash and cash equivalents	-62	1	24

KEY FIGURES (IFRS)

	Q1-Q3/12	Q1-Q3/11	2011
Net sales, EUR m	2,119	2,080	2,798
Operating profit, EUR m	-41	69	22
as % of net sales	-1.9	3.3	0.8
Result before income tax, EUR m	-70	45	-12
as % of net sales	-3.3	2.2	-0.4
Result for the period, EUR m	-59	31	-10
as % of net sales	-2.8	1.5	-0.4
Net cash from operating activities, EUR m	93	-49	114
Net cash before financing activities, EUR m	22	-182	-57
Return on capital employed (rolling 12 months), %	-3.9	3.3	1.3
Return on equity, %	-8.2	0.1	-0.8
Equity ratio, %	45.6	47.5	48.5
Gearing ratio, %	71.4	68.2	60.4
Net interest-bearing liabilities, EUR m	818	897	770
Equity per share, EUR	8.23	9.46	9.17
Personnel on average	11,462	11,930	11,821
Number of shares	140,285,425	140,285,425	140,285,425
- excluding treasury shares	138,893,185	138,862,374	138,862,374
- diluted, average	138,938,185	138,901,499	138,906,980

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

	Equity attributable to owners of the company							
EUR million	Share capital	Share premium	Fair value and other re-serves	Trans-lation diff-erences	Trea-sury shares	Re-tained earn-ings	Non-cont-rolling inter-est	Total equity
EQUITY 1 Jan 2011	238	220	11	-23	-6	946	2	1,389
Result for the period						31	0	31
Other comprehensive income			-7	-15				-22
Total comprehensive income for the period			-7	-15		31	0	9
Dividend distribution						-83		-83
Share-based payments			0		0			0
EQUITY 30 Sep 2011	238	220	4	-38	-6	895	2	1,316
EQUITY 1 Jan 2012	238	220	3	-29	-6	846	2	1,275
Result for the period						-60	0	-59

Other comprehensive income			-13	11				-2
Total comprehensive income for the period			-13	11		-60	0	-61
Dividend distribution						-69		-69
Share-based payments			0		0			0
Other changes			0			2		2
EQUITY 30 Sep 2012	238	220	-10	-18	-6	718	3	1,146

NET SALES BY REGION (IFRS)

As % of net sales	Q1-Q3/12	Q1-Q3/11	2011
Finland	26	28	27
Other Nordic countries	33	33	33
Central Eastern Europe	13	13	13
Russia and Ukraine	9	8	8
Rest of Europe	13	13	14
Other countries	6	6	5

CONTINGENT LIABILITIES (IFRS)

EUR million	30 Sep 2012	30 Sep 2011	31 Dec 2011
Mortgaged real estate	59	59	59
Other guarantees given	27	39	32
Collateral given on behalf of others			
Rental liabilities	75	61	85
Other commitments	5		6

DERIVATIVE CONTRACTS (IFRS)

EUR million	30 Sep 2012 Nominal amount	30 Sep 2012 Fair value	30 Sep 2011 Nominal amount	30 Sep 2011 Fair value
CASH FLOW HEDGES QUALIFYING FOR HEDGE ACCOUNTING				
Zinc derivatives				
Forward contracts, tonnes	11,500	1	12,000	-2
Heavy fuel oil derivatives				
Forward contracts, tonnes	60,000	1		
Electricity derivatives				
Forward contracts, GWh	1,782	-14	1,465	-6
Foreign currency derivatives				
Forward contracts	196	-4	265	10
Options				
Bought	141	0	88	4
Sold	133	-3	84	0

Interest rate derivatives	30	0		
FAIR VALUE HEDGES QUALIFYING FOR HEDGE ACCOUNTING				
Interest rate derivatives			75	1
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING				
Foreign currency derivatives				
Forward contracts	404	-4	306	14
Options				
Bought	86	0	75	2
Sold	142	-1	150	-1

The unrealised movements in the fair value of cash flow hedges are recognised in other comprehensive income items to the extent the hedge is effective. Other movements in fair value are recorded through profit
and loss.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT (IFRS)

EUR million	Q1-Q3/12	Q1-Q3/11	2011
Carrying amount at the beginning of period	1,214	1,180	1,180
Additions	66	137	173
Additions through acquisitions	0		
Disposals	-1	-2	-2
Depreciation and impairment	-97	-93	-128
Translation differences	8	-12	-9
Carrying amount at the end of period	1,189	1,210	1,214

TRANSACTIONS WITH RELATED PARTIES (IFRS)

EUR million	Q1-Q3/12	Q1-Q3/11	2011
Sales to equity-accounted investees	15	16	25
Purchases from equity-accounted investees	5	5	6
Transactions with Rautaruukki Pension Foundation	0	0	0

	30 Sep 2012	30 Sep 2011	31 Dec 2011
Trade and other receivables from related parties	4	6	3
Trade and other payables to related parties	1	0	0

INVESTMENT COMMITMENTS (IFRS)

EUR million	After 30 Sep 2012	After 30 Sep 2011	After 31 Dec 2011
Maintenance investments	56	34	51
Development investments and investments in special steel products	17	31	60
Total	73	65	111

INFORMATION ON BUSINESS COMBINATIONS

EUR million	Fair values	Carrying values of acquired companies
Assets and liabilities of acquired companies		
Non-current assets		
Current assets	1	0
Inventories	1	1
Trade and other receivables	2	2
Cash and cash equivalents	0	0
Total assets	4	3
Non-current liabilities		
Interest-bearing	1	1
Other	0	0
Current liabilities		
Interest-bearing		
Other	2	1
Total liabilities	2	2
Net assets	2	1
Acquisition cost	2	
Goodwill	0	
Acquisition cost paid in cash	2	
Cash and cash equivalents of acquired company	0	
Impact on cash flow	2	

The above figures include information about the acquisition of the Swedish companies Plåtleverantören i Stockhom AB and its subsidiary Plåtleverantören i Södertälje AB. Rautaruukki acquired the share capital of Plåtleverantören i Stockhom AB in June 2012. The acquisition expands the Ruukki Express chain for professional builders in Sweden and seeks to improve the availability of roofing products and to develop cooperation with customers. Plåtleverantören has been selling steel and other roofing supplies for almost 20 years and is one of the leading distributors of steel roofing products in the Stockholm region. The company's net sales in 2011 was around EUR 7 million. This interim report includes the balance sheets of the two companies at the date of acquisition. The companies are consolidated as subsidiaries from 1 July 2012.

SEGMENT INFORMATION

EUR million	Q1-Q3/12	Q1-Q3/11	2011
Order intake			
Ruukki Construction	586	549	721
Ruukki Engineering	185	200	263
Ruukki Metals	1,346	1,275	1,691
Others			
Order intake, total	2,116	2,024	2,675
Comparable net sales			
Ruukki Construction	560	554	757
Ruukki Engineering	204	184	257

Ruukki Metals	1,354	1,341	1,783
Others	-4	0	0
Comparable net sales, total	2,113	2,079	2,797
Items affecting comparability included in reported net sales	6	0	1
Reported net sales	2,119	2,080	2,798
Comparable operating profit			
Ruukki Construction	2	3	-3
Ruukki Engineering	-1	-3	-7
Ruukki Metals	-8	108	80
Others	-18	-11	-14
Comparable operating profit, total	-26	96	56
Items affecting comparability included in reported operating profit	-15	-27	-34
Reported operating profit	-41	69	22
Net finance costs	-31	-26	-37
Share of profit of equity-accounted investees	2	2	3
Result before income tax	-70	45	-12
Income tax expense	11	-13	1
Result for the period	-59	31	-10

EUR million	30 Sep 2012	30 Sep 2011	31 Dec 2011
Operative capital employed			
Ruukki Construction	440	451	425
Ruukki Engineering	154	167	163
Ruukki Metals	1,467	1,689	1,568
Others	26	22	20
Operative capital employed, total	2,088	2,330	2,175

QUARTERLY SEGMENT INFORMATION

EUR million	Q1/11	Q2/11	Q3/11	Q4/11	Q1/12	Q2/12	Q3/12
Order intake							
Ruukki Construction	134	199	216	172	147	246	193
Ruukki Engineering	64	68	68	62	78	61	46
Ruukki Metals	476	405	394	416	462	447	436
Others							
Order intake, total	674	672	678	651	686	755	675
Comparable net sales							
Ruukki Construction	135	201	219	203	153	199	208
Ruukki Engineering	62	62	59	73	69	72	63
Ruukki Metals	478	467	396	442	477	470	406
Others	0	0	0	0	0	-2	-3
Comparable net sales, total	675	730	674	718	699	740	674
Items affecting comparability included in reported net sales		0	0	0	2	2	1

Reported net sales	675	730	675	718	702	742	675
Comparable operating profit							
Ruukki Construction	-13	4	11	-6	-10	4	8
Ruukki Engineering	-2	-2	1	-4	-1	1	0
Ruukki Metals	42	75	-9	-28	0	10	-18
Others	-3	-6	-3	-3	-4	-7	-7
Comparable operating profit, total	25	71	1	-40	-15	8	-18
Items affecting comparability included in reported operating profit	0	-2	-25	-6	-1	-13	-2
Reported operating profit	25	68	-24	-47	-16	-5	-20
Net finance costs	-11	-10	-5	-10	-11	-9	-11
Share of profit of equity-accounted investees	1	1	1	1	1	1	0
Result before income tax	14	59	-29	-56	-26	-13	-31
Income tax expense	-6	-15	8	15	6	3	2
Result for the period	8	44	-21	-41	-20	-10	-29

ITEMS AFFECTING COMPARABILITY OF REPORTED NET SALES

EUR million	Q1/11	Q2/11	Q3/11	Q4/11	Q1/12	Q2/12	Q3/12
Others							
Net sales of Mo i Rana unit		0	0	0	2	2	1

ITEMS AFFECTING COMPARABILITY OF REPORTED OPERATING PROFIT

EUR million	Q1/11	Q2/11	Q3/11	Q4/11	Q1/12	Q2/12	Q3/12
Ruukki Construction							
Expenses related to restructuring		-1	-2	-1			-2
Ruukki Engineering							
Expenses related restructuring			0	0	0	-6	
Cost of strike				0			
Ruukki Metals							
Expense caused by modernisation of blast furnaces		-2	-23				
Cost of fire at Raahe steel works						-3	
Cost of strike				-5			
Income from sale of shares				2			
Others							
Operating profit of Mo i Rana unit	0	0	0	-2	0	-3	0
Items affecting comparability of reported operating profit, total	0	-2	-25	-6	-1	-13	-2

DELIVERIES, RUUKKI METALS

1 000 tonnes	Q1/11	Q2/11	Q3/11	Q4/11	Q1/12	Q2/12	Q3/12
Deliveries	487	415	364	455	507	448	389

Formulas for the calculation of key figures:

Return on capital employed (rolling 12 months), %	=	result before income tax + finance costs - exchange rate differences (rolling 12 months) -------------------------------------- total equity + loans and borrowings (average at beginning and end of period)	x100
Return on capital employed (annualised), %	=	result before income tax + finance costs - exchange rate differences (annualised) -------------------------------------- total equity + loans and borrowings (average at beginning and end of period)	x100
Return on equity (rolling 12 months), %	=	result before income tax - income tax expense (rolling 12 months) -------------------------------------- total equity (average at beginning and end of period)	x100
Equity ratio, %	=	total equity -------------------------------------- total assets - advances received	x100
Gearing ratio, %	=	net interest-bearing financial liabilities -------------------------------------- total equity	x100
Net interest-bearing financial liabilities	=	loans and borrowings - current financial assets and cash and cash equivalents	
Earnings per share (EPS)	=	result for the period attributable to owners of the company -------------------------------------- weighted average number of shares outstanding during the period	
Earnings per share (EPS), diluted	=	result for the period attributable to owners of the company -------------------------------------- weighted average diluted number of shares outstanding during the period	
Equity per share	=	equity attributable to owners of the company -------------------------------------- basic number of shares outstanding at the end of period	
Volume weighted average price	=	total EUR trading of shares -------------------------------------- total number of shares traded	
Market capitalisation	=	basic number of shares at the end of period x closing price at the end of period	
Personnel on average	=	total number of personnel at the end of each month divided by the number of months	

Helsinki, 23 October 2012
Rautaruukki Corporation
Board of Directors