Interim report
January–September 2009

22 October 2009
Report period in brief
Q1-Q3/2009

• No significant change in market conditions
• Consolidated net sales were down 52% year on year
• Third quarter loss halved compared to Q2 and Q1, on operating profit level
  – Operating profit for the whole report period clearly negative
• Positive cash flow from operating activities and strong financial position
• Cost savings under the operational efficiency programme Boost amounted to around €46 million
  – Estimate for savings in 2009 revised upwards from €50 million to over €60 million
Business environment and financial performance
No significant change in market conditions

- Pace of decline in the global economy slowed during the third quarter
- Continued caution in investment decisions
- Customers’ stocks have decreased considerably
- Hardly any improvement in order intake volume
- With the exception of China and some other Asian countries, the global capacity utilisation rate in the steel industry remained low
Net sales down year on year

- Comparable net sales based on the company’s internal accounting
- Change in comparable net sales, %

- Ruukki Construction: -46%
- Ruukki Engineering: -55%
- Ruukki Metals: -54%
Breakdown of net sales Q1-Q3/2009

Net sales by region

Rest of Europe 13% (13%)
Central Eastern Europe, Russia and Ukraine 19% (19%)
Finland 31% (32%)
Other countries 5% (3%)
Other Nordic countries 31% (32%)

Net sales by division

Ruukki Metals €724m (€1,608m)
31% (54%)

Ruuikki Construction €442m (€818m)
31% (27%)

Ruukki Engineering €263m (€578m)
18% (19%)

Price-sensitive steel products
Stainless steel and aluminium
Customised steel products
Special steel products
Operating profit clearly negative

Low capacity utilisation rate in steel production had a negative effect of around €190m on costs

Operating profit margin *)
Q1-Q3/09:
- Ruukki Construction: -6%
- Ruukki Engineering: -2%
- Ruukki Metals: -33%

Comparable operating profit, excluding non-recurring items, based on the company’s internal accounting

Comparative operating profit margin excluding non-recurring items, %

*) Excluding non-recurring items
Loss in Q3 halved compared to Q1 and Q2

Net sales*) €m

Operating profit **) €m

*) Comparable
**) Comparable, excluding non-recurring items
Positive operating cash flow

- €222 million released from working capital

- Cash flow from operating activities
- Cash flow before financing activities
- Cash flow before financing activities, incl. funds from divestment of Ovako
Capex for 2009 estimated to remain below €170 million

<table>
<thead>
<tr>
<th>Year</th>
<th>€m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>108</td>
</tr>
<tr>
<td>2005</td>
<td>103</td>
</tr>
<tr>
<td>2006</td>
<td>119</td>
</tr>
<tr>
<td>2007</td>
<td>148</td>
</tr>
<tr>
<td>2008</td>
<td>221</td>
</tr>
<tr>
<td>Q1-Q3/08</td>
<td>158</td>
</tr>
<tr>
<td>Q1-Q3/09</td>
<td>108</td>
</tr>
</tbody>
</table>

---

- **Gross capex** *)
- **Net capex** *)
- **Depreciation**

*) In tangible and intangible assets
Return on equity and capital employed

Return on equity, %

2004 2005 2006 2007 2008

-11

Return on capital employed, %

2004 2005 2006 2007 2008

-10

- Including capital gain on Ovako
- ROCE target >20%
Strong financial position

<table>
<thead>
<tr>
<th>Year</th>
<th>Net debt (€m)</th>
<th>Equity (€m)</th>
<th>Gearing ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>761</td>
<td>1,126</td>
<td>68</td>
</tr>
<tr>
<td>2005</td>
<td>341</td>
<td>1,497</td>
<td>23</td>
</tr>
<tr>
<td>2006</td>
<td>22</td>
<td>1,825</td>
<td>1</td>
</tr>
<tr>
<td>2007</td>
<td>28</td>
<td>1,960</td>
<td>1</td>
</tr>
<tr>
<td>2008</td>
<td>155</td>
<td>1,948</td>
<td>8</td>
</tr>
<tr>
<td>30.9.08</td>
<td>155</td>
<td>1,997</td>
<td>8</td>
</tr>
<tr>
<td>30.9.09</td>
<td>410</td>
<td>1,553</td>
<td>26</td>
</tr>
</tbody>
</table>
Construction: breakdown of net sales


- Residential construction: 19% (15%)
- Infrastructure construction: 14% (11%)
- Commercial and industrial construction: 67% (73%)


- Russia and Ukraine: 18% (22%)
- Central Eastern Europe: 20% (18%)
- Baltic states: 6% (7%)
- Other countries: 2% (2%)
- Other Nordic countries: 22% (22%)
- Finland: 32% (30%)

Net sales, €m

<table>
<thead>
<tr>
<th>Q1/07</th>
<th>Q2/07</th>
<th>Q3/07</th>
<th>Q4/07</th>
<th>Q1/08</th>
<th>Q2/08</th>
<th>Q3/08</th>
<th>Q4/08</th>
<th>Q1/09</th>
<th>Q2/09</th>
<th>Q3/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>213</td>
<td>258</td>
<td>278</td>
<td>292</td>
<td>285</td>
<td>309</td>
<td>248</td>
<td>132</td>
<td>145</td>
<td>164</td>
<td></td>
</tr>
</tbody>
</table>

Operating profit *), €m

<table>
<thead>
<tr>
<th>Q1/07</th>
<th>Q2/07</th>
<th>Q3/07</th>
<th>Q4/07</th>
<th>Q1/08</th>
<th>Q2/08</th>
<th>Q3/08</th>
<th>Q4/08</th>
<th>Q1/09</th>
<th>Q2/09</th>
<th>Q3/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>-34</td>
<td>40</td>
<td>51</td>
<td>38</td>
<td>38</td>
<td>56</td>
<td>17</td>
<td>-13</td>
<td>-9</td>
<td>-4</td>
<td></td>
</tr>
</tbody>
</table>

Key points of the report period

- Continued weak demand particularly in commercial and industrial construction
- Net sales in infrastructure construction declined less than in commercial and industrial construction
- Seasonal demand for residential roofing products was reasonably good
- Selling prices fell, the fall in prices levelled off during the course of Q3

*) Excluding non-recurring items

- Energy equipment industry: 36% (19%)
- Shipbuilding: 19% (28%)
- Offshore: 5% (6%)
- Paper and wood: 4% (3%)
- Lifting, handling and transportation equipment industry: 36% (43%)


- Finland: 27% (28%)
- Western Europe: 23% (15%)
- Other Nordic countries: 41% (44%)
- Central Eastern Europe, Russia and Ukraine: 2% (6%)
- Other countries: 7% (7%)
**Engineering: Q1-Q3/2009**

**Net sales, €m**

<table>
<thead>
<tr>
<th>Q1/07</th>
<th>Q2/07</th>
<th>Q3/07</th>
<th>Q4/07</th>
<th>Q1/08</th>
<th>Q2/08</th>
<th>Q3/08</th>
<th>Q4/08</th>
<th>Q1/09</th>
<th>Q2/09</th>
<th>Q3/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>167</td>
<td>163</td>
<td>157</td>
<td>180</td>
<td>188</td>
<td>205</td>
<td>184</td>
<td>187</td>
<td>125</td>
<td>75</td>
<td>63</td>
</tr>
</tbody>
</table>

**Operating profit *), €m**

<table>
<thead>
<tr>
<th>Q1/07</th>
<th>Q2/07</th>
<th>Q3/07</th>
<th>Q4/07</th>
<th>Q1/08</th>
<th>Q2/08</th>
<th>Q3/08</th>
<th>Q4/08</th>
<th>Q1/09</th>
<th>Q2/09</th>
<th>Q3/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>27</td>
<td>25</td>
<td>18</td>
<td>32</td>
<td>35</td>
<td>34</td>
<td>27</td>
<td>5</td>
<td>-2</td>
<td>-7</td>
</tr>
</tbody>
</table>

### Key points of the report period

- Delivery volumes fell sharply - most within the lifting, handling and transportation segment
- Deliveries to equipment manufacturers in the energy industry remained at a good level compared to other customer industries
- Selling prices were down, especially for plate products
- Profitability was particularly poor in the company’s unit in Mo i Rana, Norway
  - Unit’s operating profit was -€13 million in Q1-Q3
  - Restructuring of operations was initiated in August

*) Excluding non-recurring items
Metals: breakdown of net sales

- Customised steel products: 60% (49%)
- Stainless steel and aluminium: 11% (11%)
- Price-sensitive steel products: 11% (12%)
- Special steel products: 19% (28%)

- Finland: 32% (34%)
- Western Europe and other countries: 25% (22%)
- Central Eastern Europe, Russia and Ukraine: 9% (10%)
- Other Nordic countries: 34% (33%)

Key points of the report period

- Delivery volumes remained exceptionally low
  - Lower stocks to some extent led to an increase in order intake during Q3
- Prices fell noticeably during H1, the fall in prices levelled off in a number of product groups during Q3
- Low capacity utilisation rate in steel production had an effect of around -€190 million on costs for Q1-Q3
  - During Q3 the cost impact was around -€30 million

*) Comparable
**) Comparable, excluding non-recurring items
Steel production: Q1-Q3/2009

- Steel production during Q1-Q3 was 1,265 thousand tonnes (2,054)
- Capacity utilisation rate has been around 80-85 per cent since mid-June
  - Build-up of reserve stocks in preparation for disruption to production in 2010 due to maintenance work
Actions to improve efficiency
Operational excellence programme “Boost” progresses faster than expected

Cost savings under the Boost programme amounted to around €46 million during January-September

Actions under Boost are expected to deliver cost savings exceeding €60 million during 2009

Actions already initiated equate to cost savings of around €80 million at an annual level

Aim: permanent improvement of €150 million in operating profit by year-end 2011, compared to 2008 level
Corporate-wide adjustment measures

- Corporate-wide workforce reductions of around 1,900 persons
  - Around 500 in Finland
- Around 1,450 people are subject to temporary lay-off measures
  - Of which around 1,150 in Finland
- In addition, around 480 people in Central Eastern Europe are working a four-day week until further notice

It is estimated that adjustment measures initiated will deliver cost savings of around €30 million in 2009
Headcount by region *)

Personnel at 30 Sep 2009: 12,204
(30 Sep 2008: 14,956)

- Russia and other CIS countries 2,274 (2,676)
- Central Eastern Europe 2,283 (3,208)
- Other Nordic countries 1,123 (1,367)
- Western Europe 77 (95)
- Other countries 274 (375)
- Finland 6,173 (7,235)

*) Headcount at end of reporting period
Near-term outlook
Near-term outlook (1/2)

Ruukki Construction
• Residential construction in Finland and the other Nordic countries is estimated to be comparatively brisk compared to other construction sectors, even though seasonal demand slows towards the year-end
• No growth in activity in commercial and industrial construction is anticipated during the current year
• If the price of oil remains at its present level or even rises, this might to some extent boost commercial and industrial construction in Russia
• Thanks to public sector stimulus packages, infrastructure construction in the Nordic countries is expected to pick up somewhat from late 2009 onwards

Ruukki Engineering
• No noticeable improvement in deliveries, from the poor level experienced so far this year, is predicted for the rest of 2009 to equipment manufacturers in the lifting, handling and transportation sector
• Demand from equipment manufacturers in the energy industry is expected to continue good compared to other customer groups
  – Difficulties in securing funding might delay decisions relating to new wind farm projects
• There have been very few new orders in the shipbuilding industry throughout the year

Ruukki Metals
• Because stock levels in relation to sales are now almost normal, deliveries from steelmakers are expected to gradually pick up to correspond to steel use
• Sales volume development for plate products is expected to remain much weaker than that for strip products
• Sales price development has levelled off and prices in some product groups are showing a slight rise during the fourth quarter
Near-term outlook (2/2)

- The fall in prices of the raw materials used in steel production will be reflected in full in the company’s cost structure during the fourth quarter.
- The steel production capacity utilisation rate will remain unchanged on that for the third quarter:
  - This will increase operational efficiency and, compared to the first half of the year, considerably reduce the costs per unit of steel produced.
- The company estimates its operational excellence programme Boost and adjustment measures already initiated to deliver cost savings of more than €90 million for the year as a whole.

Assessment of expected performance

- The company estimates there will be a marked improvement in the result before taxes for the fourth quarter of the year, compared to the third quarter, but that the result might remain slightly negative.
Summary

- There was no significant change in market conditions
- Comparable consolidated net sales and operating profit were clearly down year on year
- Third quarter loss halved compared to Q2 and Q1, on operating profit level
- Positive cash flow from operating activities and strong financial position
- Cost efficiency is expected to improve based on:
  - efficiency actions and adjustment measures under way
  - the fall in prices of the raw materials used in steel production being reflected in full in the company’s cost structure during Q4
  - good capacity utilisation rate in steel production
- The company estimates there will be a marked improvement in the result before taxes for the fourth quarter of the year, compared to the third quarter, but that the result might remain slightly negative
Appendix
### Key figures: Q1-Q3/2009

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1-Q3/09</th>
<th>Q1-Q3/08</th>
<th>Q3/09</th>
<th>Q3/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1,429</td>
<td>2,981</td>
<td>485</td>
<td>996</td>
</tr>
<tr>
<td>Operating profit (EBIT) **)</td>
<td>-279</td>
<td>511</td>
<td>-54</td>
<td>197</td>
</tr>
<tr>
<td>as % of net sales **)</td>
<td>-19.5</td>
<td>17.1</td>
<td>-11.2</td>
<td>19.8</td>
</tr>
<tr>
<td>Result before taxes **)</td>
<td>-308</td>
<td>508</td>
<td>-64</td>
<td>195</td>
</tr>
<tr>
<td>Result for the period</td>
<td>-229</td>
<td>368</td>
<td>-45</td>
<td>139</td>
</tr>
<tr>
<td>Earnings per share, diluted, €</td>
<td>-1.65</td>
<td>2.65</td>
<td>-0.32</td>
<td>1.00</td>
</tr>
<tr>
<td>Return on capital employed, % ***)</td>
<td>-10.0</td>
<td>29.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gearing ratio, %</td>
<td>26.4</td>
<td>7.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross capex ****)</td>
<td>121</td>
<td>158</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow before financing activities</td>
<td>-48</td>
<td>142</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel (average)</td>
<td>12,914</td>
<td>15,086</td>
<td>12,413</td>
<td>15,285</td>
</tr>
</tbody>
</table>

*) Comparable, **) Comparable, excluding non-recurring items, ***) Rolling 12 months, ****) In tangible and intangible assets
Quarterly comparable net sales and operating profit

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1/08</th>
<th>Q2/08</th>
<th>Q3/08</th>
<th>Q4/08</th>
<th>Q1/09</th>
<th>Q2/09</th>
<th>Q3/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>*<em>Net sales <em>)</em></em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ruukki Construction</td>
<td>225</td>
<td>285</td>
<td>309</td>
<td>248</td>
<td>132</td>
<td>145</td>
<td>164</td>
</tr>
<tr>
<td>Ruukki Engineering</td>
<td>188</td>
<td>205</td>
<td>184</td>
<td>187</td>
<td>125</td>
<td>75</td>
<td>63</td>
</tr>
<tr>
<td>Ruukki Metals</td>
<td>511</td>
<td>571</td>
<td>503</td>
<td>412</td>
<td>249</td>
<td>218</td>
<td>257</td>
</tr>
<tr>
<td>Corporate management and other units</td>
<td>1</td>
<td>-1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Consolidated net sales</strong></td>
<td>925</td>
<td>1,060</td>
<td>996</td>
<td>847</td>
<td>506</td>
<td>438</td>
<td>485</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating profit (EBIT **)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ruukki Construction</td>
<td>21</td>
<td>38</td>
<td>56</td>
<td>17</td>
<td>-13</td>
<td>-9</td>
<td>-4</td>
</tr>
<tr>
<td>Ruukki Engineering</td>
<td>32</td>
<td>35</td>
<td>34</td>
<td>27</td>
<td>5</td>
<td>-2</td>
<td>-7</td>
</tr>
<tr>
<td>Ruukki Metals</td>
<td>96</td>
<td>106</td>
<td>112</td>
<td>36</td>
<td>-102</td>
<td>-97</td>
<td>-39</td>
</tr>
<tr>
<td>Corporate management and other units</td>
<td>-7</td>
<td>-7</td>
<td>-5</td>
<td>-6</td>
<td>-3</td>
<td>-4</td>
<td>-3</td>
</tr>
<tr>
<td><strong>Consolidated operating profit</strong></td>
<td>141</td>
<td>172</td>
<td>197</td>
<td>74</td>
<td>-113</td>
<td>-112</td>
<td>-54</td>
</tr>
</tbody>
</table>

*) Comparable, **) Comparable, excluding non-recurring items
### Exceptional items: Q1-Q3/2009

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1/09</th>
<th>Q2/09</th>
<th>Q3/09</th>
<th>Q1-Q3/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Writedown of stocks</td>
<td>-12</td>
<td>-8</td>
<td></td>
<td>-20</td>
</tr>
<tr>
<td>Strikes</td>
<td></td>
<td></td>
<td>-3</td>
<td>-3</td>
</tr>
<tr>
<td>Provision for non-recurring items</td>
<td></td>
<td>-5</td>
<td></td>
<td>-5</td>
</tr>
<tr>
<td>Actuarial gains related to pension liability accounting</td>
<td></td>
<td></td>
<td>+5</td>
<td>+5</td>
</tr>
<tr>
<td>Total</td>
<td>-12</td>
<td>-16</td>
<td>+5</td>
<td>-23</td>
</tr>
<tr>
<td>Arrangement fee for revolving credit facility *)</td>
<td></td>
<td></td>
<td>-5</td>
<td>-5</td>
</tr>
</tbody>
</table>

*) Financial item