Interim report Q1/2013
Sakari Tamminen, President & CEO
Rautaruukki Corporation
25 April 2013
Agenda

• Q1 in brief, key figures
• Financial performance
• Business area performance
• Business environment
• Key actions in 2013, near-term outlook and guidance
Q1/2013 in brief

- Comparable operating profit rose to €5 million (-15).
- Clear improvement in profitability of steel business, which posted an operating profit of €17 million
- Comparable operating profit also improved y-o-y in construction business
- Net sales in construction business down 7% y-o-y
- Net sales in steel business down 5% y-o-y
- Good progress made with efficiency projects and around €18 million of total savings target of €100 million was achieved during Q1
- Gearing was 72% at the end of the report period
## Key figures Q1/2013

<table>
<thead>
<tr>
<th></th>
<th>Q1/2013</th>
<th>Q1/2012</th>
<th>Q4/2012</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structurally comparable order intake **</td>
<td>€m</td>
<td>590</td>
<td>634</td>
<td>624</td>
</tr>
<tr>
<td>Net sales *</td>
<td>€m</td>
<td>590</td>
<td>699</td>
<td>676</td>
</tr>
<tr>
<td>Operating profit *</td>
<td>M€</td>
<td>5</td>
<td>-15</td>
<td>-39</td>
</tr>
<tr>
<td>as % of net sales *</td>
<td>%</td>
<td>0.8</td>
<td>-2.2</td>
<td>-5.8</td>
</tr>
<tr>
<td>Result before income taxes</td>
<td>€m</td>
<td>-3</td>
<td>-25</td>
<td>-48</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>€</td>
<td>-0.03</td>
<td>-0.15</td>
<td>-0.41</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>€m</td>
<td>22</td>
<td>54</td>
<td>79</td>
</tr>
<tr>
<td>Gearing ratio</td>
<td>%</td>
<td>72.4</td>
<td>67.9</td>
<td>71.4</td>
</tr>
</tbody>
</table>

* Comparable  ** The reference figures for order intake have been restated to reflect the present corporate structure

- Capacity utilisation rate in steel production averaged 80%
- €15 million was tied up in working capital (freed up €51 million)
Financial performance
Order intake
Orders up 4% in construction and down 10% in steel business

Structurally comparable order intake* (€m)

Order intake 2009-2012 (€m)

* The reference figures for Q1/12 have been restated to reflect the present corporate structure

- Construction business
- Steel business
- Engineering business
Net sales
Net sales down 7% in steel business and 5% in construction business

Quarterly net sales (€m)

Net sales by market area
Q1/2013 (Q1/2012)
100% = €590m (€699m)

Rest of Europe 14% (15%)
Russia and Ukraine 8% (7%)
Central Eastern Europe 13% (12%)
Finland 27% (24%)
Other Nordic countries 33% (37%)
Other countries 5% (6%)
Operating profit €5 million
Steel business made €17 million operating profit, also construction business improved operating profit

Quarterly operating profit (€m)

Operating profit by business area (€m)
Q4/12 vs. Q1/13

- Construction business
- Steel business
- Engineering business, until end of 2012
Good progress with efficiency projects

• Cost benefits achieved:
  – €20 million in 2012
  – €18 million in Q1/2013

• Annualised cost impact of around €70 million of projects underway at end of March

• Good progress made with projects and current estimates indicate the savings target of €100 million will be achieved

• Improved earnings performance is expected to be visible in full from Q3 of the current year onwards
Free cash flow €22 million
€15 million tied up in working capital

Net cash from operating activities and before financing activities (€m)

Net working capital as % of comparable 12-month rolling net sales

Q1/2013 €15m was tied up in working capital, (Q1/2012 freed up €51m)
Major investments completed, net debt turning around

Capex is expected to be around €90 million in 2013
Business area performance
Construction: order intake up 4%

Growth in commercial and industrial construction in Russia and Sweden

Order intake, (€m)

Q1/2013 vs. Q1/2012
- Commercial and industrial construction + 11%, growth especially in Russia and Sweden
- Residential roofing products at same level as previous year, growth in Finland and Sweden
- Infrastructure construction down 4%, up in Sweden, down in Finland and Norway
Construction: net sales down 5%
Growth in residential roofing products, net sales down in commercial & industrial and infrastructure construction

Net sales by product group, (€m) *

* Comparable
Construction: net sales by market area

Net sales down in most market areas, growth in Sweden in commercial and industrial construction

Net sales by market area
Q1/2013 (Q1/2012) *

- Other Nordic countries 31% (29%)
- Russia and Ukraine 19% (20%)
- Central Eastern Europe 24% (24%)
- Rest of Europe 2% (2%)
- Finland 23% (25%)

Q1/2013 vs. Q1/2012

+ Growth in residential roofing products in Sweden, Finland and Central Eastern Europe
+ Within commercial and industrial construction, growth in project deliveries in Sweden
- Overall net sales were down in almost all market areas

* Comparable
Construction: comparable operating profit improved year on year

EBITDA and EBIT (€m) *

Comparable EBIT -€7 million (-10)

- Improved relative profitability of residential roofing products
- Improved relative profitability of infrastructure construction
- Efficiency projects improved profitability
- Profitability of project and component business was still not at a satisfactory level

• Efficiency project: €8m of the €20m earnings improvement target was achieved during 2012 and around €5m during the first quarter of 2013.
Steel business: order intake
Orders for special steel products were up 15% quarter on quarter

Structurally comparable order intake, (€m)*

Q1/2013 vs. Q1/2012
- Order intake for special steel products slightly up
- Order intake for other product groups clearly down
- Order intake down in most market areas, especially the Nordic countries

Q1/2013 vs. Q4/2012
- Order intake unchanged q-o-q
- 15% growth in order intake for special steel products
- Growth in Finland, Central Eastern Europe and new market areas

* The reference figure for Q1/12 and 2012 have been restated to reflect the current corporate structure
Steel business: net sales

Net sales of special steel products down 7% y-o-y, up 13% q-o-q

Net sales by product group, (€m)

- Special steel products
- Strip and flat products
- Tubes and profiles
- Stainless steel and aluminium

Q1/12 vs Q1/13

-7% down
-18% down
-13% down
-3% down

2009-2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Special steel</th>
<th>Strip and flat</th>
<th>Tubes and profiles</th>
<th>Stainless steel and aluminium</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1050</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td>1581</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td>1783</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>1787</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Share of special steels rose to account for 32% of net sales in the steel business

% of net sales in the steel business *

* The share of special steel products for Q1/13 excludes the net sales of the Engineering units transferred to Ruukki Metals
Metals: Net sales by market area
Net sales grew in Finland and Russia

Net sales by market area
Q1/2013 (Q1/2012)

- Finland 29% (24%)
- Other Nordic countries 33% (38%)
- Central Eastern Europe 9% (9%)
- Russia and Ukraine 4% (3%)
- Rest of Europe 18% (19%)
- Other countries 7% (7%)

Net sales development

Q1/2013 vs. Q1/2012
+ Finland +9%
- Other Nordic countries -19%

Q1/2013 vs. Q4/2012
+ Finland +30%
+ Other Nordic countries +8%
+ Central Eastern Europe +14%
- Rest of Europe -22%
Steel business improved profitability
Operating profit clearly up both y-o-y and q-o-q

EBITDA and EBIT (€m)

Operating profit €17m (0)

- Improved operating profit y-o-y was mainly due to cost savings achieved, low prices of raw materials and optimum use of raw materials
- EBITDA was €43m

• Efficiency project: the programme generated earnings improvement of around €10 million during 2012 and a further €11 million during Q1/2013.
Steel business: operating profit up €51m quarter on quarter

Operating profit (€m) Q1/13 vs. Q4/12*

- Impact of change in product mix and prices totalled +€28m
- Impact of raw material costs and efficiency programmes +€21m
- Delivery volumes up 15 thousand tonnes, i.e. 3% quarter on quarter
- Utilisation rate around 80% or unchanged q-o-q

* Comparable
Capacity utilisation rate in steel production around 80% during first quarter

- Steel production during Q1 down 6% year on year at 565 thousand tonnes
- Capacity utilisation rate in steel production during Q1 was around 80%
Business environment
Residential construction at low level in 2013
Market environment more favourable already in 2014

Growth in residential construction 2013 *)

- Norway: 6.2%
- Finland: -2.8%
- Sweden: 2.2%
- Russia: -3.1%
- Poland: -1.9%
- Western Europe: -0.2%

Growth in residential construction 2013 *)

*) Includes new and renovation construction
Source: Global Insight 03/2013

In a challenging market environment, Ruukki is supported by:
- Strong market shares
- Strong brand and extensive product portfolio
- Expansion of Ruukki Express network
- Less volatile seasonality in renovation construction than in new construction

Includes new and renovation construction
Source: Global Insight 03/2013
Roof renovation markets show steady growth despite economic fluctuations

Example – roof installation in Finland

![Graph showing roof renovation markets growth](chart.png)

Source: Rakennustutkimus RTS Oy

Example – roof installation in Finland

![Graph showing roof renovation markets growth](chart.png)

Source: Rakennustutkimus RTS Oy
Growth in industrial and commercial construction especially in Sweden and Russia

Growth is forecast also for other main market areas in 2014

Growth in commercial and industrial construction in 2013 *)

- Norway: 1.3%
- Sweden: 4.5%
- Russia: 2.8%
- Poland: 0.1%
- Western Europe: -0.2%

In a challenging market environment, Ruukki is supported by:
- Strong market shares
- Strong brand and extensive product portfolio
- Energy-efficient solutions
- Good location in Russia – proximity to Moscow

*) The figures for Romania, Ukraine, Bulgaria and Russia also include renovation construction

Source: Global Insight 03/2013
Apparent steel use in Europe at same level as previous year

Growth stronger in Ruukki’s main markets for special steels

Apparent steel use in EU-27

<table>
<thead>
<tr>
<th>Year</th>
<th>Steel sheet products</th>
<th>Total steel market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>-35%</td>
<td>-35%</td>
</tr>
<tr>
<td>2010</td>
<td>+22%</td>
<td>37%</td>
</tr>
<tr>
<td>2011</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>2012e</td>
<td>-10%</td>
<td>-17%</td>
</tr>
<tr>
<td>2013f</td>
<td>-1%</td>
<td>1%</td>
</tr>
<tr>
<td>2014f</td>
<td>3%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Growth rate of steel sheet markets in different regions

<table>
<thead>
<tr>
<th>Year</th>
<th>Americas</th>
<th>Asia</th>
<th>CIS</th>
<th>EU-27</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>-15%</td>
<td>-17%</td>
<td>1%</td>
<td>6%</td>
</tr>
<tr>
<td>2012</td>
<td>-15%</td>
<td>+22%</td>
<td>-10%</td>
<td>-6%</td>
</tr>
<tr>
<td>2013</td>
<td>-10%</td>
<td>+5%</td>
<td>-10%</td>
<td>3%</td>
</tr>
<tr>
<td>2014</td>
<td>-1%</td>
<td>2%</td>
<td>+5%</td>
<td>6%</td>
</tr>
<tr>
<td>2015</td>
<td>2%</td>
<td>-1%</td>
<td>2%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Main raw materials in steel production
Average market price of both iron ore and coking coal rose during the first quarter of 2013

Monthly average spot price of iron ore *) USD/t

Average monthly spot price of coking coal **) USD/t

Source: CRU  * C&F China (63.5% Fe)  ** FOB Australia

- Ruukki has yet to agree a price for most of its pellet purchases for which the existing agreement expired at the end of the first quarter.
Key actions in 2013, near-term outlook and guidance
Ruukki to significantly grow its special steels business and to reorganise its construction business

<table>
<thead>
<tr>
<th>Ruukki Metals</th>
<th>Ruukki Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Specialisation strategy in the steel business has proven to be effective and successful</td>
<td>• Construction is to be split into two new business areas:</td>
</tr>
<tr>
<td>• Focus more strongly on special steels</td>
<td>- Ruukki Building Products</td>
</tr>
<tr>
<td>- Better profitability and smaller price fluctuation</td>
<td>- Ruukki Building Systems</td>
</tr>
<tr>
<td>- Good market position and strong product brands</td>
<td>• To improve profitability and growth</td>
</tr>
<tr>
<td></td>
<td>• To provide better manageability, transformation pace and transparency</td>
</tr>
</tbody>
</table>
Standard steels business being more strongly turned into a special steels business

- Sales growth in special steels to be accelerated up globally
  - Expansion and diversification of distribution
  - Significant strengthening of the sales organisation
  - Establishing a presence in new markets
  - Strong focus on identifying new customers and applications
- In standard products focus is to optimise the product portfolio and to downsize the underperforming part as share of special steels grows

High-strength, wear-resistant and special coated steels (32%)
Construction is to be divided into two new business areas

**Building products:**
Sales €478m, EBIT €18m*

- Roofing, sandwich panel, foundation and infrastructure products, including services
- In roofing products the aim is to increase market share especially in Russia, Poland and Nordics by:
  - strengthening own distribution and partnership network
  - expanding installation
  - launching new products and services
- In panels and piles:
  - Strengthen sales of sandwich panels, especially energy panels, and piles in the Nordic countries
  - Actively pursue new markets
  - Focus on rapid development and commercialisation of new, energy-efficient products

**Building systems:**
Sales €262m, EBIT -€17m *

- Project business, operations in Russia and the new energy-efficient and functional buildings development unit
- The project business will be turned around during 2013
- Withdrawal from bridge projects
- Production capacity will be optimised
- Potential for profitable growth in Russia; sales and the product portfolio will developed further
- The new developing unit aims to create a foundation for future growth by integrating the best of Ruukki’s products and know-how

* comparable in 2012
Ruukki Building Products

**Building products: Net sales €478m, operating profit €18m***

<table>
<thead>
<tr>
<th>Roofing products</th>
<th>Panel products</th>
<th>Foundation and infrastructure products</th>
</tr>
</thead>
<tbody>
<tr>
<td>such as steel roofs, rainwater and safety systems</td>
<td>such as sandwich panels, load-bearing sheets, façade claddings</td>
<td>Foundations, piles, noise barriers, guard rails</td>
</tr>
</tbody>
</table>

* comparable in 2012

Installation, Finland

25 April 2013
Ruukki Building Systems

Building systems: Net sales €262m, operating profit -€17m *

<table>
<thead>
<tr>
<th>Buildings, Russia</th>
<th>Buildings, Nordics &amp; CEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept building, deliveries of materials without installation</td>
<td>Design, manufacture and installation of frames and envelopes</td>
</tr>
</tbody>
</table>

Agriculture

Commercial construction

New development unit

Single-storey construction

Sports centre construction

* comparable in 2012

25 April 2013
Near-term outlook

Continued uncertain economic outlook, no significant pick-up expected

### Construction business

- Construction activity at 2012 level or slightly lower
- Commercial and industrial construction growing in Russia and Sweden
- Residential roofing products forecast to outperform market growth

### Steel business

- Service centre sales at good level
- Demand from mill customers remains uncertain
- Good potential to increase share of special steel products
Guidance for 2013 unchanged

- Comparable net sales in 2013 are estimated to be at the same level as in 2012.
- Comparable operating profit is estimated to improve compared to 2012 and to be positive.
Appendices
# Key figures

<table>
<thead>
<tr>
<th>Metric</th>
<th>Q1/2013</th>
<th>Q1/2012</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales *)</td>
<td>€m</td>
<td>590</td>
<td>699</td>
</tr>
<tr>
<td>Operating profit *)</td>
<td>€m</td>
<td>5</td>
<td>-15</td>
</tr>
<tr>
<td>as % of net sales *)</td>
<td></td>
<td>0.8</td>
<td>-2.2</td>
</tr>
<tr>
<td>Result before income taxes *)</td>
<td>€m</td>
<td>-3</td>
<td>-25</td>
</tr>
<tr>
<td>Result for the period</td>
<td>€m</td>
<td>-4</td>
<td>-20</td>
</tr>
<tr>
<td>Earnings per share, diluted, €</td>
<td></td>
<td>-0.03</td>
<td>-0.15</td>
</tr>
<tr>
<td>Return on capital employed (rolling 12 months) %</td>
<td></td>
<td>-4.1</td>
<td>-0.7</td>
</tr>
<tr>
<td>Gearing ratio</td>
<td>%</td>
<td>72.4</td>
<td>67.9</td>
</tr>
<tr>
<td>Gross capex **)</td>
<td>€m</td>
<td>23</td>
<td>17</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>€m</td>
<td>22</td>
<td>54</td>
</tr>
<tr>
<td>Net cash before financing activities</td>
<td>€m</td>
<td>7</td>
<td>32</td>
</tr>
<tr>
<td>Personnel (average)</td>
<td></td>
<td>8 876</td>
<td>11 350</td>
</tr>
</tbody>
</table>

*) Comparable

**) In tangible and intangible assets
**Quarterly comparable net sales, operating profit and deliveries**

<table>
<thead>
<tr>
<th></th>
<th>Q1/11</th>
<th>Q2/11</th>
<th>Q3/11</th>
<th>Q4/11</th>
<th>Q1/12</th>
<th>Q2/12</th>
<th>Q3/12</th>
<th>Q4/12</th>
<th>Q1/13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comparable net sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ruukki Construction</td>
<td>135</td>
<td>201</td>
<td>219</td>
<td>203</td>
<td>153</td>
<td>199</td>
<td>208</td>
<td>180</td>
<td>145</td>
</tr>
<tr>
<td>Ruukki Engineering</td>
<td>62</td>
<td>62</td>
<td>59</td>
<td>73</td>
<td>69</td>
<td>72</td>
<td>63</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>Ruukki Metals</td>
<td>478</td>
<td>467</td>
<td>396</td>
<td>442</td>
<td>477</td>
<td>470</td>
<td>406</td>
<td>434</td>
<td>444</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-2</td>
<td>-3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>675</td>
<td>730</td>
<td>674</td>
<td>718</td>
<td>699</td>
<td>740</td>
<td>674</td>
<td>676</td>
<td>590</td>
</tr>
</tbody>
</table>

|                      |       |       |       |       |       |       |       |       |       |
| **Comparable operating profit** | | | | | | | | | |
| Ruukki Construction  | -13   | 4     | 11    | -6    | -10   | 4     | 8     | -1    | -7    |
| Ruukki Engineering   | -2    | -2    | 1     | -4    | -1    | 0     | 0     | -3    |       |
| Ruukki Metals        | 42    | 75    | -9    | -28   | 0     | 10    | -18   | -34   | 17    |
| Other                | -3    | -6    | -3    | -3    | -4    | -7    | -7    | -2    | -4    |
| **Total**            | 25    | 71    | 1     | -40   | -15   | 7     | -18   | -39   | 5     |

| **Deliveries 1000 t, Ruukki Metals** | 487 | 415 | 364 | 455 | 507 | 448 | 389 | 466 | 481 |
### Three business areas as of Q2/2013

**Ruukki Building Products, Ruukki Building Systems and Ruukki Metals**

<table>
<thead>
<tr>
<th>CONSTRUCTION BUSINESS ACCORDING TO THE NEW REPORTING</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable net sales</td>
<td></td>
</tr>
<tr>
<td>Building products</td>
<td>478</td>
</tr>
<tr>
<td>Building systems</td>
<td>262</td>
</tr>
<tr>
<td>Comparable net sales, total</td>
<td>740</td>
</tr>
<tr>
<td>Items affecting comparability included in reported net sales</td>
<td></td>
</tr>
<tr>
<td>Reported net sales</td>
<td>740</td>
</tr>
<tr>
<td>Comparable operating profit</td>
<td></td>
</tr>
<tr>
<td>Building products</td>
<td>18</td>
</tr>
<tr>
<td>Comparable operating profit as % of net sales</td>
<td>3.7%</td>
</tr>
<tr>
<td>Building systems</td>
<td>-17</td>
</tr>
<tr>
<td>Comparable operating profit as % of net sales</td>
<td>-6.3%</td>
</tr>
<tr>
<td>Comparable operating profit, total</td>
<td>1</td>
</tr>
<tr>
<td>Comparable operating profit as % of net sales</td>
<td>0.1%</td>
</tr>
<tr>
<td>Items affecting comparability included in reported operating profit</td>
<td></td>
</tr>
<tr>
<td>Building products</td>
<td>-4.1</td>
</tr>
<tr>
<td>Building systems</td>
<td>-6.5</td>
</tr>
<tr>
<td>Reported operating profit</td>
<td>-10</td>
</tr>
</tbody>
</table>