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Strategy Moving Ahead
Our vision: solutions for specific segments based on customer needs

2003 Reliable steel producer

2008-2010 The most desired solution supplier
Target structure by 2007

50 %

Ruukki Construction

50 %

Ruukki Engineering

Current running rate 32 % incl. recent acquisitions/excl. Ovako

50 %

Ruukki Metals
Actions taken

- **Nov 2004**: Velsa
- **May 2005**: Metalplast
- **June 2005**: Weibulls
- **Aug 2005**: PPTH
- **Sept 2005**: Ruukki Construction – strengthening of know-how and integrated systems
- **Oct 2005**: Ruukki Engineering – sale of Halikko unit

- **Ruukki Metals – restructuring of long products**
- **Ruukki Construction – strengthening of systems offering**
- **Ruukki Engineering – platform for growth in LHT**
Strategy will be further supported by acquiring

- Financially sound, growing businesses
  - for components and systems
  - to strengthen market position especially in CEE
  - for low cost assembly capacity in CEE area
- Expertise in
  - construction project management, metal construction and structural design
  - engineering with focus on Lifting, Handling and Transportation
- Synergies and potential for organic growth
Ruukki United – one unified and cost-efficient company

- Strengthening profitability and cost-competitiveness also in weaker market conditions
- Full effects at hand by the end of 2008
  - up to EUR 150 million cost savings
    - order-to-cash, purchases, rationalisation about EUR 70 million
    - stepping up basic steel production efficiency about EUR 55 million
    - further identified potential about EUR 25 million
  - EUR 150 million capital release from inventory optimisation and more efficient working capital turnover
- Investments needed about EUR 30 million
- Effects on workforce will be clarified along the programme
  - handled mainly through pension arrangements and relocations
Business Environment
Destocking marked the third quarter activity

- Good demand continued in the main customer industries
- Apparent demand for steel products decreased due to destocking and holidays
- Somewhat lower prices in Q3
- Steel industry continued to adjust output according to apparent demand
- Stock situation normalised towards the end of the period
- Indications of strengthening market development
Steel products spot prices
European spot steel prices (Germany)

Source: CRU, Basis transaction prices, September 2005
Raw material prices

Iron ore, USD/t/Fe-%

Scrap, USD/t

Coking coal, USD/t

Source: LKAB, Kiiruna KBF
Source: Metal Bulletin, HMS 1&2 fob Rotterdam
Source: Coal Week International, Australia Queensland

Financials Q1-Q3 2005
Jan-Sept 2005 profitability at a very good level

• Actions to improve cost-efficiency and sales structure were continued
• Delivery volumes decreased by 18 % y-o-y
  – half of the decrease due to Ovako arrangement
  – production was adjusted according to profitable demand
• Overall price level is at a clearly higher level than a year ago
• Fixed costs under control
• Production running smoothly
Third quarter versus second quarter: Highlights

• EBIT on a par with Q3/04 on a comparable basis
• Ruukki Construction and Ruukki Engineering EBIT increased compared to Q2/05
• Apparent demand low due to holiday-season and destocking
• Sales prices decreased somewhat on Q2/05
• Strong cash flow in Q3, net working capital down by EUR 85 million
• Gearing 34.1 % down from 50.5 % at the end of June
• Agreements on Weibulls and PPTH
Net sales, Group total

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

Comparable figures with Q1-Q3/05
Group net sales by division
Q1-Q3 2005 (Q1-Q3 2004)

- Ruukki Metals: 2029 m€ (2063 m€)
- Ruukki Construction: 395 m€ (274 m€)
- Ruukki Engineering: 339 m€ (215 m€)
Group net sales by area
Q1-Q3 2005 (Q1-Q3 2004)

- Finland: 29% (26%)
- Other Nordic: 30% (28%)
- CEE-countries: 11% (11%)
- Other Western Europe: 27% (32%)
- Other countries: 3% (3%)
Quarterly net sales, Group total

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

Comparable figures with Q3/05
EBIT and profit before taxes
2000 – Q3/2005

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.
Quarterly EBIT and profit before taxes, Group total

Operating profit margin target (right-hand scale)

Comparable figures with Q3/05
Earnings per share

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.
Quarterly earnings per share

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 04</th>
<th>Q2 04</th>
<th>Q3 04</th>
<th>Q4 04</th>
<th>Q1 05</th>
<th>Q2 05</th>
<th>Q3 05</th>
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<td>0.60</td>
<td>0.76</td>
<td>1.06</td>
<td>0.97</td>
<td>0.61</td>
</tr>
</tbody>
</table>

€
Return on equity

* Rolling 12 months

Excl. non-recurring

Year 2000 – 2003 according to FAS and from 2004 according to IFRS.
Net debt, equity, gearing

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.
Cash flow

Year 2000 – 2003 according to FAS and from 2004 according to IFRS.
Capex vs. depreciation

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

*) Excl. value reductions 33 m€
Acquisitions

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.
Acquisitions

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

Agreements on Weibulls and PPTH
Near-term Outlook
Near-term outlook

• Good activity expected to continue in the main customer industries
• Inventory situation is normalised and standard steel product prices are expected to increase
• Full year 2005 net sales expected to exceed EUR 3.6 billion
• Q4 EBIT expected to be on a par with or exceed Q3
• Full year 2005 comparable EBIT exceeding clearly last year’s level
• Prospects good for entering 2006
• The biggest uncertainty lies in the demand on Asian markets and its effects on market prices of basic steel products
Summary
Summary

• Strategy implementation continues
  – Weibulls and PPTH

• Despite seasonal slowdown and destocking Q3 EBIT was at a very good level

• Standard steel product prices are expected to increase towards the end of the year

• Full year 2005 EBIT exceeding clearly the last year’s level

• Strong underlying demand expected to continue in the main customer industries

• Prospects good for entering 2006
Q & A

ruukki
more with metals