Year 2009 in brief

• Very difficult market conditions throughout the year
• Consolidated net sales nearly halved year on year
  – Net sales rose and result improved clearly in Q3 and Q4
• Positive cash flow
  – €317 million released from working capital
• Strong financial position
• Boost programme had impact of €72 million on profitability
  – Annualised impact of around €90 million
• Board of Directors’ dividend proposal: €0.45 per share
Business environment and financial performance
Weak market conditions

- Industrial production and investments shrank noticeably
- General uncertainty and caution in investment and financing decisions
  - affected demand especially for construction and engineering solutions
- Clear decrease in order intake of main customers in engineering industry
- Almost all actors in steel industry adjusted production considerably
  - global capacity utilisation rate in steel industry averaged around 70%
  - even lower in EU-27 region
Net sales nearly halved year on year

Comparable net sales 2009 vs 2008:
- Ruukki Construction: -45%
- Ruukki Engineering: -59%
- Ruukki Metals: -47%

Comparable net sales based on the company’s internal accounting
Change in comparable net sales, %
Breakdown of net sales 2009

Net sales by region 2009 (2008)

- Rest of Europe 14% (15%)
- Central Eastern Europe, Russia and Ukraine 19% (20%)
- Finland 30% (31%)
- Other Nordic countries 31% (31%)
- Other countries 6% (3%)

100% = €1,950m (€3,851m)

Net sales by division 2009 (2008)

- Ruukki Metals €1,050m (€2,019m) 54% (52%)
- Ruukki Construction €589m (€1,067m) 30% (28%)
- Ruukki Engineering €312m (€765m) 16% (20%)
- Price-sensitive steel products
- Stainless steel and aluminium
- Customised steel products
- Special steel products

100% = €1,950m (€3,851m)
Two thirds of negative operating profit due to low capacity utilisation rate in steel production

Low capacity utilisation rate in steel production had impact of -€215m on costs

Comparative operating profit margin excluding non-recurring items, %

- 2005: Ruukki Construction: -8%
- 2006: Ruukki Engineering: -5%
- 2007: Ruukki Metals: -22%
- 2008: -15.7%
- 2009: -323

*) Excluding non-recurring items
Net sales rose and result improved clearly in Q3 and Q4

Net sales *) €m

Operating profit **) €m

*) Comparable
**) Comparable, excluding non-recurring items

Operating profit **) Q4/09:
• Ruukki Construction: -€22m
• Ruukki Engineering: -€11m
• Ruukki Metals: +€10m
Positive cash flow, €317 million released from working capital

Cash flow before financing activities, incl. funds from divestment of Ovako
Capex around a third lower than in 2008

Capex in 2010 estimated to be in region of €180 million

- €m
- 2005: Gross capex) 103, Net capex) 87
- 2006: Gross capex) 147, Net capex) 119
- 2007: 172, 155, 153
- 2008: 229, 221, 146
- 2009: 161, 144, 146

*) In tangible and intangible assets
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>2005</td>
<td>341</td>
<td>1497</td>
<td>23</td>
</tr>
<tr>
<td>2006</td>
<td>22</td>
<td>1825</td>
<td>1</td>
</tr>
<tr>
<td>2007</td>
<td>28</td>
<td>1960</td>
<td>1</td>
</tr>
<tr>
<td>2008</td>
<td>155</td>
<td>1948</td>
<td>8</td>
</tr>
<tr>
<td>2009</td>
<td>336</td>
<td>1507</td>
<td>22</td>
</tr>
</tbody>
</table>
Actions to improve operational efficiency
Operational excellence programme Boost progresses faster than planned

2009
Impact of programme on consolidated profitability in 2009 was around €72 million

Annualised
Annualised impact on profitability of actions initiated during 2009 is around €90 million

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

- Corporate-wide workforce reductions of around 2,400 persons
  - around 680 in Finland
- Around 700 persons subject to temporary layoff measures at year-end
  - around 240 in Finland
- In addition, around 400 persons in Central Eastern Europe and the Baltics are working a four-day week until further notice

Cost savings from temporary adjustment measures in 2009 were around €25 million
Headcount by region *)

Personnel 2009: 11,648
(2008: 14,286)

- Western Europe: 79 (94)
- Other countries: 264 (382)
- Russian and other CIS countries: 2,214 (2,473)
- Central Eastern Europe: 2,163 (3,065)
- Other Nordic countries: 1,023 (1,317)
- Finland: 5,905 (6,955)
- Western Europe: 79 (94)
- Other countries: 264 (382)
- Russia and other CIS countries: 2,214 (2,473)
- Central Eastern Europe: 2,163 (3,065)
- Other Nordic countries: 1,023 (1,317)
- Finland: 5,905 (6,955)

*) Headcount at end of period
Business areas
Construction business: breakdown of net sales

Breakdown of net sales by product group 2009 (2008)

- Residential construction: 19% (16%)
- Commercial and industrial construction: 66% (74%)
- Infrastructure construction: 15% (11%)

Breakdown of net sales by region 2009 (2008)

- Finland: 31% (29%)
- Russia and Ukraine: 18% (22%)
- Central Eastern Europe: 20% (19%)
- Other Nordic countries: 22% (21%)
- Baltic states: 6% (7%)
- Other countries: 2% (2%)
- Other Nordic countries: 22% (21%)

Other countries: 2% (2%)
Construction business 2009

Key points of the report period

- Weak demand especially in commercial and residential construction
- Net sales declined less in infrastructure construction and residential roofing products
  - good level of activity in road and railway projects in Nordic countries
  - renovation construction accounts for significant share of residential construction segment
- Selling prices decreased in all market areas
  - delivery contracts made at lower prices weakened operating profit especially in Q4

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

Breakdown of net sales by customer segment 2009 (2008)

- Lifting, handling and transportation equipment industry: 38% (43%)
- Shipbuilding: 19% (28%)
- Offshore: 5% (6%)
- Paper and wood: 4% (3%)
- Energy equipment industry: 35% (21%)
- Industry: 29% (28%)
- Other Nordic countries: 39% (40%)
- Central Eastern Europe, Russia and Ukraine: 3% (5%)
- Other countries: 7% (7%)
- Western Europe: 22% (22%)
- Finland: 29% (26%)
- Other countries: 7% (7%)

Breakdown of net sales by customer location 2009 (2008)
Key points of the report period

- Delivery volumes fell sharply – net sales fell most in shipbuilding and in lifting, handling and transportation equipment industry
- Deliveries to equipment manufacturers in energy industry continued at good level for first three quarters, but declined in Q4, especially to wind power industry
- Selling prices declined
- Profitability has been extremely weak at Mo i Rana plant in Norway
  - unit posted a negative operating profit of -€30 million for 2009
  - decision taken in December to study options for future of unit
Steel business: breakdown of net sales

Breakdown of net sales by product group 2009 (2008)

- Customised steel products: 61% (50%)
- Price-sensitive steel products: 11% (13%)
- Stainless steel and aluminium: 10% (11%)
- Special steel products: 19% (27%)

Breakdown of net sales by region 2009 (2008)

- Finland: 30% (34%)
- Western Europe and other countries: 26% (23%)
- Central Eastern Europe, Russia and Ukraine: 9% (10%)
- Other Nordic countries: 34% (33%)
Steel business 2009

Key points of the report period

- Delivery volumes remained exceptionally low
- Prices fell noticeably during first two quarters, but showed a slight rise towards end of Q3
- Low capacity utilisation rate in steel production had an impact of -€215m on costs (Q4/09: -€25m)
  - partly compensated by selling unused emissions allowances for €34 million (Q4/09: €31m)
Steel production 2009

- Steel production in 2009 was 1,892 thousand tonnes (2,585)
- Capacity utilisation rate during H1 when one blast furnace was idle was <50%
- Utilisation rate has averaged around 85% since mid-June
  - Build-up of reserve stocks in preparation especially for disruption to production in 2010 due to maintenance work

Global steel production

- Global steel production in 2009 contracted 8.0% year on year to 1,220 million tonnes
  - EU: -29.7% (139m tonnes)
  - North America: -33.9% (82m tonnes)
  - Asia: +3.5% (795m tonnes), of which China: +13.5% (568m tonnes)

Source: World Steel Association
Looking ahead
# Effects of financial crisis reflected on strategic approach

## Key lessons

- Solutions businesses not yet sufficiently big or profitable enough
- Share of special steel products not yet big enough
- Long term business drivers and end-customer segments too similar between different business areas
- Good stability in energy equipment and infrastructure & residential construction businesses

## Strategic needs

- **Build scalability in core businesses**
- **Balance business structure**
Focus on replicable products and business concepts

Aspects of scalability:

- Replicable products and business concepts
- Standardised production and processes
- Accumulation of knowledge and competences

Examples:

- Managing business as product business
- Transferring business concepts from one country or unit to another
- Building model factories with standardised processes and copying best practices to other factories and countries
- Systematic competence development from manufacturing to sales
Effects of demand volatility counterweighted by balancing business structure

Aspects of balancing:

<table>
<thead>
<tr>
<th>Demand driver</th>
<th>Degree of cyclicality</th>
<th>Geography</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment-driven demand</td>
<td>Highly cyclical</td>
<td>Emerging markets</td>
</tr>
<tr>
<td>VS</td>
<td>VS</td>
<td>VS</td>
</tr>
<tr>
<td>Consumer driven demand</td>
<td>Less cyclical</td>
<td>Western Europe</td>
</tr>
</tbody>
</table>

Examples:

- Increasing share of residential construction, white goods & automotive
- Increasing share of infrastructure construction & renovation
- Increasing exposure to Western Europe: slower growth but less volatility
More emphasis on product based operating model

**Construction business**
- Commercial and industrial construction
- Infrastructure, renovation and residential construction
- Nordic countries, Central Eastern Europe, Russia and Ukraine

**Engineering business**
- Cabins
- Booms
- Equipment for energy industry
- Welded structures

**Steel business**
- Special steel products
  - wear-resistant,
  - high-strength and
  - coated steels
- Nordic countries
Outlook gloomy a year ago

Industrial production and gross fixed investment growth forecasts
- Forecast for 2009 in December 2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Industrial production %-change from 2008</th>
<th>Change from previous month's forecast *)</th>
<th>Fixed investment %-change from 2008</th>
<th>Change from previous month's forecast *)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>-0.1</td>
<td>-2.5</td>
<td>Finland</td>
<td>-2.4</td>
</tr>
<tr>
<td>Germany</td>
<td>-3.8</td>
<td>-5.5</td>
<td>Germany</td>
<td>-7.7</td>
</tr>
<tr>
<td>Sweden</td>
<td>-1.9</td>
<td>-2.4</td>
<td>Sweden</td>
<td>-5.5</td>
</tr>
<tr>
<td>Norway</td>
<td>-2.3</td>
<td>-3.9</td>
<td>Norway</td>
<td>-4.2</td>
</tr>
<tr>
<td>USA</td>
<td>-4.3</td>
<td>-7.7</td>
<td>USA</td>
<td>-3.0</td>
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</tbody>
</table>

Source: Consensus Economics, December 2008

*) Change from previous forecast, direction
Basis for 2010 is different

Industrial production and gross fixed investment growth forecasts
- Forecast for 2010 in December 2009

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<thead>
<tr>
<th>Country</th>
<th>Industrial production %-change from 2009</th>
<th>Change from previous month’s forecast *)</th>
<th>Fixed investment %-change from 2009</th>
<th>Change from previous month’s forecast *)</th>
<th>Industrial production %-change from 2009</th>
<th>Change from previous month’s forecast *)</th>
<th>Fixed investment %-change from 2009</th>
<th>Change from previous month’s forecast *)</th>
</tr>
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<tbody>
<tr>
<td>Finland</td>
<td>2.1</td>
<td>-4.3</td>
<td></td>
<td></td>
<td>4.3</td>
<td>1.2</td>
<td></td>
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<tr>
<td>Germany</td>
<td>5.0</td>
<td>2.4</td>
<td></td>
<td></td>
<td>3.8</td>
<td>-0.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>4.8</td>
<td>-1.7</td>
<td></td>
<td></td>
<td>4.7</td>
<td>2.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>2.9</td>
<td>-0.7</td>
<td></td>
<td></td>
<td>2.6</td>
<td>2.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>4.1</td>
<td>-0.4</td>
<td></td>
<td></td>
<td>5.2</td>
<td>5.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Consensus Economics, December 2009

*) Change from previous forecast, direction
Worst of construction market downturn is over

Construction markets (*)
2005=100

Sources: Global Insight 12/2009 (Nordic countries & Central Eastern Europe) and VTT 12/2009 (Russia)
(*) In value terms. Includes both renovation and new construction
Order intake of main engineering customers has declined

Order intake of main customers
Q1/04-Q3/09

Sources: Company reports - Konecranes, Cargotec (Hiab, MacGregor, Kalmar), Metso Minerals, Wärtsilä, Andritz Pulp & Paper, Atlas Copco (Construction & Mining Equipment)
Steel use in EU-27 region forecast to grow 12%

Apparent steel use in EU-27 region
2008-2010F

Source: Worldsteel, 10/2009
Near-term outlook
Near-term outlook (1/2)

Ruukki Construction

- Construction activity in the Nordic countries and a number of countries in Central Eastern Europe is expected to level off and e.g. in Poland to show slight growth
- Infrastructure construction activity is expected to continue good in the Nordic countries
  - and to grow in Poland, Czech Republic and Russia
- Difficult market conditions persist in commercial and industrial construction
  - If the price of oil remains at its present level or rises, this is expected to boost construction in Russia to some extent
- Further decline in construction activity is expected in Baltic states and Hungary

Ruukki Engineering

- No significant change in market conditions is expected in engineering industry during H1/2010
- Long-term market outlook in equipment for the energy industry is good and demand is expected to recover noticeably from its present level in 2010
- Demand in the lifting, handling and transportation equipment industry has stabilised at a low level
- Order intake volumes have started to grow in mining and forest machines
- Demand in shipbuilding industry is expected to decline compared to the previous year

Ruukki Metals

- Basis for steel business is much better for 2010 than it was for last year
- It is believed there will be an increase in delivery volumes compared to the exceptionally low level experienced in 2009
- Good demand in the automotive industry is estimated to continue and demand is expected to begin to improve in the heavy engineering industry
- Delivery volumes of special steel products are estimated to increase compared to the previous year as demand picks up in these industries
  - Expansion of the distribution network into China and Turkey also supports sales of special steel products
Near-term outlook (2/2)

- Thanks to actions initiated during 2009 to permanently improve efficiency, the company’s cost structure is significantly lighter than in previous years
  - Annualised impact on profitability of actions initiated is around €90 million
  - Operational excellence programme continues until the end of 2011 and aims at an improvement of €150 million in operating profit
- Prices for the main raw materials used in steel production have not yet been agreed for the current year
- Modernisation of blast furnace 1 beginning in April 2010 will reduce the steel production capacity utilisation rate, which is expected to have a cost impact of around -€25 million during Q2

Assessment of expected performance

- The company estimates a 15-20% year-on-year growth in net sales in 2010
- Profitability is expected to improve significantly compared to the previous year and the full-year result before income tax is estimated to be positive
Dividend proposal
Dividend proposal €0.45 per share *)
Summary

• A historically bad year is behind us, but
  – cost structure has clearly improved
  – balance sheet is healthy
  – cash flow was positive
  – demand is picking up in some segments

• Business is refined for future growth:
  – replicating products and business concepts
  – balancing business structure
  – strengthening sales and customer relationships

• Improved cost efficiency and a healthy balance sheet provide a good basis for developing business further
Appendix
# Key figures 2009

<table>
<thead>
<tr>
<th>€m</th>
<th>2009</th>
<th>2008</th>
<th>Q4/09</th>
<th>Q4/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales *)</td>
<td>1,950</td>
<td>3,829</td>
<td>521</td>
<td>847</td>
</tr>
<tr>
<td>Operating profit (EBIT) **)</td>
<td>-306</td>
<td>584</td>
<td>-27</td>
<td>74</td>
</tr>
<tr>
<td>as % of net sales **)</td>
<td>-15.7</td>
<td>15.3</td>
<td>-5.2</td>
<td>8.7</td>
</tr>
<tr>
<td>Result before income tax **)</td>
<td>-342</td>
<td>564</td>
<td>-34</td>
<td>56</td>
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<tr>
<td>Result for the period</td>
<td>-275</td>
<td>406</td>
<td>-46</td>
<td>37</td>
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<tr>
<td>Earnings per share, diluted, €</td>
<td>-1.98</td>
<td>2.93</td>
<td>-0.33</td>
<td>0.27</td>
</tr>
<tr>
<td>Return on capital employed, % ***</td>
<td>-14.2</td>
<td>25.6</td>
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<td></td>
</tr>
<tr>
<td>Gearing ratio, %</td>
<td>22.3</td>
<td>7.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross capex ****</td>
<td>161</td>
<td>229</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow before financing activities</td>
<td>30</td>
<td>169</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel (average)</td>
<td>12,664</td>
<td>14,953</td>
<td>11,913</td>
<td>14,555</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>
<th>Q4/09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td></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>
<td>147</td>
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<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>
<td>49</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>
<td>325</td>
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<tr>
<td>Corporate management and other units</td>
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<td>-1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<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>
<td>521</td>
</tr>
</tbody>
</table>

| **Operating profit (EBIT)** |       |       |       |       |       |       |       |       |
| Ruukki Construction       | 21    | 38    | 56    | 17    | -13   | -9    | -4    | -22   |
| Ruukki Engineering        | 32    | 35    | 34    | 27    | 5     | -2    | -7    | -11   |
| Ruukki Metals             | 96    | 106   | 112   | 36    | -102  | -97   | -39   | 10    |
| Corporate management and other units | -7    | -7    | -5    | -6    | -3    | -4    | -3    | -3    |
| **Consolidated operating profit** | 141   | 172   | 197   | 74    | -113  | -112  | -54   | -27   |

*) Comparable net sales  
**) Comparable, excluding non-recurring items
## Exceptional items 2009

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1/09</th>
<th>Q2/09</th>
<th>Q3/09</th>
<th>Q4/09</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Writedown of stocks</td>
<td>-12</td>
<td>-8</td>
<td>-12</td>
<td></td>
<td>-32</td>
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<tr>
<td>Credit losses and credit loss provisions</td>
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<td>-2</td>
<td>-2</td>
<td>-4</td>
<td>-9</td>
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<tr>
<td>Strikes</td>
<td></td>
<td>-3</td>
<td></td>
<td></td>
<td>-3</td>
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<td>Provision for non-recurring items</td>
<td>-5</td>
<td></td>
<td></td>
<td></td>
<td>-5</td>
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<tr>
<td>Actuarial gains related to employee benefit accounting (IFRS)</td>
<td></td>
<td></td>
<td>+5</td>
<td>+2</td>
<td>+7</td>
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<tr>
<td><strong>Total</strong></td>
<td>-13</td>
<td>-18</td>
<td>+3</td>
<td>-14</td>
<td>-42</td>
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<tr>
<td>Arrangement fee for revolving credit facility *)</td>
<td></td>
<td></td>
<td></td>
<td>-5</td>
<td>-5</td>
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</tbody>
</table>

*) Financial item