Interim report
Q1 2010

Sakari Tamminen
President & CEO, Rautaruukki Corporation
22 April 2010
Summary of the report period
Q1 2010

- Cautious recovery of global economy continued
- Net sales for report period at last year’s level
- Clear improvement in operating profit, although remained negative
  - annualised impact of Boost programme estimated at €142 million
- Strong financial position
- Monthly order intake in March at its highest since October 2008
- Group order backlog at end of March:
  - about 45 per cent higher than exceptionally low backlog last year
  - over 20 per cent higher than at year-end 2009
Business environment and company’s financial performance
Cautious market recovery continued

• Regional differences in recovery
  – Economic growth in Europe slower than in rest of world

• Caution in investment decisions continues to affect especially commercial and industrial construction

• Order flows of engineering industry customers have stabilised, but at fairly low level

• Demand for steel products continued to recover and prices started to rise
  – In Finland, recovery was slow as capital goods account for a large share of overall steel consumption
Net sales at last year’s level

Quarterly net sales, €m *)

Change in net sales by business area Q1/09 vs. Q1/10, €m

*) Comparable
Finland’s share of net sales decreased

Net sales by business area, rolling 12 months, €m *

- Construction business
- Engineering business
- Steel business

Net sales by region
Q1/2010 (Q1/2009)

- Finland 28% (32%)
- Central Eastern Europe, Russia and Ukraine 14% (15%)
- Rest of Europe 20% (14%)
- Other Nordic countries 32% (33%)
- Other countries 6% (5%)

100% = €505m (€506m)

Finland’s share of net sales decreased...
Clear improvement in operating profit year on year

Quarterly operating profit, €m *)

Change in operating profit by business area Q1/09 vs. Q1/10, €m

*) Comparable, excluding non-recurring items
Cash flow:
- €19 million tied up in working capital vs. €114 million released year earlier

Net cash flow from operating activities
Net cash flow before financing activities
Net cash flow before financing activities, incl. funds from divestment of Ovako
Capex at last year’s level
- Capex in 2010 estimated to be in the region of €180m
Strong financial position
- Dividend payout of €62m booked from equity during report period
Actions to improve operational efficiency
Operational excellence programme
Boost progresses faster than planned

Since start of programme to end of March 2010
Impact of programme on group profitability €97 million

Annualised
Annualised impact of actions initiated estimated at €142 million

Aim: annualised improvement of €150 million in operating profit
Headcount by region *)

Personnel, March 2010: 11,476
(March 2009: 13,253)

- Western Europe: 6,096 (6,443)
- Other countries: 255 (327)
- Russia and other CIS countries: 2,088 (2,374)
- Central Eastern Europe: 2,057 (2,753)
- Other Nordic countries: 901 (1,262)

*) Headcounts at end of report period
Business areas
Construction business:
- Brisk activity in Nordic road and railway construction projects increased Nordic countries’ share of net sales

Net sales by product group, rolling 12 months, €m

Net sales by region Q1/2010 (Q1/2009)

- Central Eastern Europe 15% (18%)
- Russia and Ukraine 18% (17%)
- Baltic states 4% (6%)
- Other countries 2% (3%)
- Other Nordic countries 32% (25%)
- Finland 30% (31%)

Construction business:
- Brisk activity in Nordic road and railway construction projects increased Nordic countries’ share of net sales
Construction business:
- Severe winter weakened demand

Key points of report period
- Severe winter affected particularly order volumes of residential roofing products
- Net sales were down y-on-y in all market areas in commercial and industrial construction
- Infrastructure construction continued at good level; net sales up 45% y-on-y
- Order backlog at end of report period somewhat higher than a year earlier
- Cost savings resulted in operating profit remaining at same level as for previous quarter despite clear fall in net sales

*) Excluding non-recurring items
Engineering business:
- Delivery volumes declined especially in manufacture of equipment for wind power industry and in shipbuilding

Net sales by customer segment, rolling 12 months, €m

Breakdown of net sales by customer location Q1/2010 (Q1/2009)

- Western Europe: 22% (25%)
- Other Nordic countries: 31% (40%)
- Other countries: 8% (6%)
- Other Nordic countries: 31% (40%)
- Finland: 35% (27%)

Engineering business:
- Delivery volumes declined especially in manufacture of equipment for wind power industry and in shipbuilding

- Lifting, handling and transportation equipment industry
- Energy equipment industry
- Shipbuilding
- Offshore
- Paper and wood
**Engineering business:**
- Low capacity utilisation rate and small delivery volumes weakened operating profit year on year

**Key points of report period**

- Delivery volumes clearly down y-on-y, no major change compared to previous quarter
  - Slight growth in equipment manufacture for mining and forest industries continued
  - Further fall in delivery volumes to equipment manufacturers in wind power industry
- Selling prices during report period much lower y-on-y, mostly at same level q-on-q
- Operations at under-performing Mo i Rana unit in Norway to be discontinued until further notice
Engineering business strengthens cabin manufacture

- Finland, Kurikka
  - Centre of excellence: product development
  - Deliveries to Nordic countries

- Slovakia, Holic
  - Deliveries to Central and Eastern Europe

- China, Shanghai
  - Deliveries to Asia

Ruukki Engineering – cabin manufacture
Ruukki Engineering – other unit
Steel business:
- Overall demand improved

Net sales by product group, rolling 12 months, €m

Net sales by region
Q1/2010 (Q1/2009)

- **Finland**
  - 27% (35%)

- **Western Europe**
  - 25% (15%)

- **Central Eastern Europe, Russia and Ukraine**
  - 8% (8%)

- **Other Nordic countries**
  - 32% (34%)

- **Other countries**
  - 8% (7%)

- **Stainless steel and aluminium**
- **Special steel products**
- **Price-sensitive steel products**
- **Customised steel products**

- Steel business:
  - Overall demand improved
Steel business:
- Net sales up 40% year on year

Key points of report period
- Continued recovery in demand and clear growth in delivery volumes during report period
- Sales of special steel products improved somewhat better than other product groups
  - Distribution agreements i.a. in Brazil, Turkey and China
- Selling prices were clearly lower y-on-y and at roughly the same level as during Q4/2009
- Order backlog at end of report period more than double that a year earlier

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

Q4/09 and Q1/10 excl. emissions allowance trading ***)

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

***) Emissions allowance trading: Q4/09: €31m, Q1/10: €4m
Good utilisation rate in steel production

- Steel production in Q1 was 611k tonnes (269)
- In early April, one of the two blast furnaces at the Raahe Steel Works was shut down for modernisation
  - the blast furnace will be idle for about two months and is expected to take between four and six weeks from start-up to return to normal production
Looking ahead
### Improved outlook for 2010 in Finland, Russia, CEE and USA

Industrial production and gross fixed investment growth forecasts
- Forecast for 2010 in March/April 2010

<table>
<thead>
<tr>
<th>Country</th>
<th>Industrial production, % change from 2009</th>
<th>Change since December 2009 forecast *)</th>
<th>Fixed investment % change from 2009</th>
<th>Change since December 2009 forecast *)</th>
<th>Industrial production, % change from 2009</th>
<th>Change since December 2009 forecast *)</th>
<th>Fixed investment % change from 2009</th>
<th>Change since December 2009 forecast *)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>2.9</td>
<td>+0.8</td>
<td>-2.7</td>
<td>+1.6</td>
<td>5.2</td>
<td>+0.9</td>
<td>2.0</td>
<td>+0.8</td>
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<td>1.4</td>
<td>-1.0</td>
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<td>-2.0</td>
<td>-0.3</td>
<td>6.2</td>
<td>+1.5</td>
<td>2.8</td>
<td>0.0</td>
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<tr>
<td>Norway</td>
<td>2.4</td>
<td>-0.5</td>
<td>-2.0</td>
<td>-1.3</td>
<td>3.5</td>
<td>+0.9</td>
<td>1.7</td>
<td>-0.3</td>
</tr>
<tr>
<td>USA</td>
<td>4.9</td>
<td>+0.8</td>
<td>1.6</td>
<td>+2.0</td>
<td>5.6</td>
<td>+0.4</td>
<td>5.2</td>
<td>+0.2</td>
</tr>
</tbody>
</table>

Source: Consensus Economics, April 2010 (USA, Germany and Nordics) and March 2010 (Poland, Czech R., Slovakia, Romania and Russia)

*) Change since December forecast, direction and change in percentage units
Worst of construction market downturn is over

Construction markets *)
2005=100

Source: Global Insight 3/2010
*) In value terms, includes both renovation and new construction
Order intake of main engineering customers stabilised

Order intake of main customers
Q1/04-Q4/09

Index

Sources: Company reports - Konecranes, Cargotec (Hiab, MacGregor, Kalmar), Metso Minerals, Wärtsilä, Andritz Pulp & Paper, Atlas Copco Construction & Mining Equipment
Steel use in Europe forecast to grow by around 14% in 2010

Apparent steel use in EU-27 region
2008-2011F

Source: Worldsteel, April 2010
Price rise of raw materials used in steel production and possible change in pricing mechanism

- No new price agreements have yet been made regarding main raw materials used in steel production
- Clear rise in prices is expected
- Higher costs will be offset by increasing selling prices and improving cost-efficiency
- There is a possibility of a shift from annual pricing to quarterly or even spot pricing
  - such a change would increase fluctuation in the company’s raw material costs in steel production
  - and volatility in the whole supply chain

Annual change in iron ore benchmark price, 1992-2009, %

Source: Financial Times 31 March 2010
Near-term outlook (1/2)

Ruukki Construction

• Worst of construction market downturn is thought to be over
• Construction activity in Nordic countries and in several countries in Central Eastern Europe is expected to stabilise
  – but to further decline in the Baltic states and Hungary
• It is believed residential construction will grow in Nordic countries and Russia
• Difficult market conditions persist in commercial and industrial construction in nearly all market areas
• Good infrastructure construction activity in Nordic countries is expected to continue

Ruukki Engineering

• Market conditions still challenging, no significant change is yet expected in Q2
• Demand in lifting, handling and transportation machinery and equipment has stabilised at low level
  – Minor positive development in mining and forest machines and in demand for heavy cargo handling equipment
• Good long-term market outlook in equipment for energy industry
  – Demand is expected to recover from its current level during this year
• Demand in shipbuilding is expected to decline compared to previous year

Ruukki Metals

• It is believed delivery volumes and selling prices in the steel business will continue rising
  – Recovery of demand and rise in raw material costs support pricing
• Demand is expected to improve in heavy engineering industry and to continue to be good in automotive industry
• Delivery volumes of special steel products are estimated to increase compared to previous year
  – Expansion of company’s distribution network in i.a. China and Turkey and into Brazil will support sales
Near-term outlook (2/2)

• Prices of main raw materials used in steel production are expected to rise clearly
  – prices have yet to be agreed
• Thanks to actions initiated under the Boost programme to permanently improve operational efficiency, the company’s cost competitiveness is significantly better than in previous years
  – actions initiated since the start of the programme are estimated to have an annualised impact on the company’s profitability of EUR 142 million
• Low utilisation rate caused by modernisation of blast furnace 1 begun in April is expected to have a cost impact of around €20 million for Q2

Assessment of expected performance

• The company estimates a 15-20 per cent 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
Summary

- Recovery of global economy expected to continue
- Clear growth in delivery volumes in steel business
  - it is believed delivery volumes and selling prices will rise further
- Severe winter weakened demand for construction, infrastructure construction continued at good level
- Clear decrease year on year in delivery volumes in engineering business
  - minor positive development in mining and forest machines and in demand for heavy cargo handling equipment
- Group order intake in March highest since October 2008
- Company’s cost competitiveness significantly better than in previous years
- Strong financial position
Appendix
# Key figures Q1/2010

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1/10</th>
<th>Q1/09</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>505</td>
<td>506</td>
<td>1,950</td>
</tr>
<tr>
<td>Operating profit (EBIT) *)</td>
<td>-36</td>
<td>-113</td>
<td>-306</td>
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<tr>
<td>as % of net sales</td>
<td>-7.2</td>
<td>-22.2</td>
<td>-15.7</td>
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<tr>
<td>Result before income tax *)</td>
<td>-44</td>
<td>-122</td>
<td>-342</td>
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<tr>
<td>Result for the period</td>
<td>-33</td>
<td>-90</td>
<td>-275</td>
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<tr>
<td>Earnings per share, diluted, €</td>
<td>-0.24</td>
<td>-0.65</td>
<td>-1.98</td>
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<tr>
<td>Return on capital employed, % **)</td>
<td>-11.5</td>
<td>14.5</td>
<td>-14.2</td>
</tr>
<tr>
<td>Gearing ratio, %</td>
<td>29.6</td>
<td>7.4</td>
<td>22.3</td>
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<tr>
<td>Gross capex ***</td>
<td>34</td>
<td>40</td>
<td>161</td>
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<tr>
<td>Net cash flow before financing activities</td>
<td>-87</td>
<td>30</td>
<td>30</td>
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<tr>
<td>Personnel on average</td>
<td>11,525</td>
<td>13,460</td>
<td>12,664</td>
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</table>

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

## Net sales

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1/09</th>
<th>Q2/09</th>
<th>Q3/09</th>
<th>Q4/09</th>
<th>Q1/10</th>
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<tbody>
<tr>
<td>Ruukki Construction</td>
<td>132</td>
<td>145</td>
<td>164</td>
<td>147</td>
<td>109</td>
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<td>Ruukki Engineering</td>
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<td>75</td>
<td>63</td>
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<td>47</td>
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<td>Ruukki Metals</td>
<td>249</td>
<td>218</td>
<td>257</td>
<td>325</td>
<td>348</td>
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<tr>
<td>Corporate management</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Consolidated net sales</td>
<td>506</td>
<td>438</td>
<td>485</td>
<td>521</td>
<td>505</td>
</tr>
</tbody>
</table>

## Operating profit (EBIT) *

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1/09</th>
<th>Q2/09</th>
<th>Q3/09</th>
<th>Q4/09</th>
<th>Q1/10</th>
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</thead>
<tbody>
<tr>
<td>Ruukki Construction</td>
<td>-13</td>
<td>-9</td>
<td>-4</td>
<td>-22</td>
<td>-21</td>
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<tr>
<td>Ruukki Engineering</td>
<td>5</td>
<td>-2</td>
<td>-7</td>
<td>-11</td>
<td>-8</td>
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<tr>
<td>Ruukki Metals</td>
<td>-102</td>
<td>-97</td>
<td>-39</td>
<td>10</td>
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<tr>
<td>Corporate management</td>
<td>-3</td>
<td>-4</td>
<td>-3</td>
<td>-3</td>
<td>-4</td>
</tr>
<tr>
<td>Consolidated operating profit</td>
<td>-113</td>
<td>-112</td>
<td>-54</td>
<td>-27</td>
<td>-36</td>
</tr>
</tbody>
</table>

*) Excluding non-recurring items
Ruukki Engineering: Mo i Rana unit

<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>
<th>Q1/10</th>
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</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>25</td>
<td>8</td>
<td>10</td>
<td>6</td>
<td>49</td>
<td>5</td>
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<tr>
<td>Operating profit (EBIT)*</td>
<td>-3</td>
<td>-6</td>
<td>-4</td>
<td>-3</td>
<td>-17</td>
<td>-2</td>
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</tbody>
</table>

*) Excluding non-recurring items

**Exceptional items Q1/2010**

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Writedown of stocks</td>
<td>-2</td>
</tr>
<tr>
<td>Actuarial losses related to employee benefit accounting (IFRS)</td>
<td>-2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-4</strong></td>
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