Interim report
January – June 2009

17 July 2009
Summary first-half results for 2009

- Exceptionally weak market conditions continued throughout the report period
- Comparable consolidated net sales were down 52% year on year
- Operating profit was clearly negative
  - demand was weak and delivery volumes low
  - prices were down in a number of product groups
  - low steel production capacity utilisation rate had an impact of around €160 million on costs
  - unwinding of stocks produced at high raw material prices weakened profitability still during the second quarter
- Clearly positive cash flow from operating activities
  - €215 million released from working capital
- Strong financial position
Business environment and financial performance
Market conditions still very difficult

- Exceptionally weak global economic development continued
  - The first signs of economic development levelling off were, however, seen towards the end of the report period
- Customers are cautious in investment decisions
- De-stocking has taken longer than expected
- Delivery volumes from steel companies remained much lower than end-customer demand
- Global capacity utilisation rate in the steel industry remained record low
First-half consolidated net sales down 52% year on year

Comparable net sales
H1/09 vs H1/08:
- Ruukki Construction: -45%
- Ruukki Engineering: -49%
- Ruukki Metals: -57%

Comparable net sales based on the company’s internal accounting
Change in comparable net sales, %
Breakdown of net sales H1/2009

Net sales by region
H1/2009 (H1/2008)

- Rest of Europe: 14% (14%)
- Central Eastern Europe, Russia and Ukraine: 17% (18%)
- Other Nordic countries: 33% (33%)
- Finland: 32% (32%)
- Other countries: 4% (3%)

Ruukki Metals
€467m (€1,105m) 49% (55%)

Ruukki Construction
€278m (€509m) 29% (25%)

Ruukki Engineering
€200m (€394m) 21% (20%)

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

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

Comparable operating profit margin excluding non-recurring items, %

Operating profit margin *)

H1/09:
• Ruukki Construction: -8%
• Ruukki Engineering: +1%
• Ruukki Metals: -43%

Low steel production capacity utilisation rate had a negative impact of around €160m on costs
Quarterly net sales and operating profit

Net sales *) , €m

Operating profit **) , €m

*) Comparable net sales
**) Comparable, excluding non-recurring items
Clearly positive operating cash flow

- Cash flow from operating activities
- Cash flow before financing activities
- Cash flow before financing activities, incl. funds from divestment of Ovako

€215 million released from working capital
Capital expenditure for 2009 expected to remain below €170 million

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Capex</th>
<th>Net Capex</th>
<th>Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>108 €m</td>
<td>84 €m</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>103 €m</td>
<td>87 €m</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>156 €m</td>
<td>119 €m</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>147 €m</td>
<td>148 €m</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>172 €m</td>
<td>155 €m</td>
<td>153 €m</td>
</tr>
<tr>
<td>H1/08</td>
<td>229 €m</td>
<td>221 €m</td>
<td></td>
</tr>
<tr>
<td>H1/09</td>
<td>146 €m</td>
<td>73 €m</td>
<td>88 €m 79 €m 72 €m</td>
</tr>
</tbody>
</table>

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

Return on equity, %

Return on capital employed, %

- 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>233</td>
<td>1,497</td>
<td>341</td>
</tr>
<tr>
<td>2006</td>
<td>102</td>
<td>1,825</td>
<td>22</td>
</tr>
<tr>
<td>2007</td>
<td>28</td>
<td>1,960</td>
<td>1</td>
</tr>
<tr>
<td>2008</td>
<td>8</td>
<td>1,948</td>
<td>8</td>
</tr>
<tr>
<td>30.6.08</td>
<td>6</td>
<td>1,847</td>
<td>6</td>
</tr>
<tr>
<td>30.6.09</td>
<td>23</td>
<td>1,587</td>
<td>23</td>
</tr>
</tbody>
</table>
Headcount by region *)

Personnel at 30 June 2009: 12,855
(30 June 2008: 15,655)

- Finland 6,699 (8,146)
- Western Europe 2,427 (3,182)
- Russia and other CIS countries 2,223 (2,565)
- Central Eastern Europe, 2,427 (3,182)
- Other Nordic countries 1,152 (1,359)
- China 273 (311)

*) Headcount at end of reporting period
Divisions
Construction: breakdown of net sales

Breakdown of net sales by product group H1/2009 (H1/2008)
- Residential construction: 15% (11%)
- Infrastructure construction: 15% (12%)
- Commercial and industrial construction: 70% (77%)

Breakdown of net sales by region H1/2009 (H1/2008)
- Russia and Ukraine: 17% (21%)
- Central Eastern Europe: 19% (16%)
- Baltic states: 6% (7%)
- Other countries: 3% (2%)
- Other Nordic countries: 23% (23%)
- Finland: 33% (31%)
Construction: H1/2009

Net sales, €m

Operating profit *), €m

- Net sales decreased due to:
  - growing caution in investment decisions and customers’ difficulties in arranging funding
    - reflected especially in continued weak demand in commercial and industrial construction
  - weakening of a number of sales currencies against the euro
- Infrastructure construction net sales decreased less than those for commercial and industrial construction

- Operating profit decreased due to:
  - lower sales volumes
  - lower selling prices, especially in Central Eastern Europe
    - fall in prices levelled off towards the end of Q2
  - high costs still unable to be fully aligned to lower sales
  - use of own steel produced at high raw material prices and use of high-cost external material in stock

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

Breakdown of net sales by customer segment H1/2009 (H1/2008)

- Energy: 35% (19%)
- Shipbuilding: 21% (27%)
- Offshore: 4% (6%)
- Paper and wood: 4% (3%)
- Lifting, handling and transportation equipment industry: 36% (45%)

Breakdown of net sales by customer location H1/2009 (H1/2008)

- Finland: 27% (28%)
- Western Europe: 23% (15%)
- Other Nordic countries: 40% (44%)
- Central Eastern Europe, Russia and Ukraine: 2% (6%)
- Other countries: 7% (7%)
Engineering: H1/2009

Net sales, €m

Operating profit *), €m

- Net sales decreased due to:
  - weak order books due to de-stocking, which resulted in fewer orders and lower delivery volumes
    - especially to equipment manufacturers in the lifting, handling and transportation industry
  - few deliveries to shipbuilding and offshore customers
- Deliveries to equipment manufacturers in the energy industry, both in wind and diesel power plants, continued at good level

- Operating profit decreased due to:
  - lower sales volumes
  - lower selling prices, especially for plate products and parts
    - in these products also the use of steel produced at high raw material prices

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

Breakdown of net sales by product group H1/2009 (H1/2008)

- Stainless steel and aluminium: 11% (12%)
- Price-sensitive steel products: 10% (12%)
- Special steel products: 19% (27%)
- Customised steel products: 60% (49%)

Breakdown of net sales by region H1/2009 (H1/2008)

- Western Europe and other countries: 22% (23%)
- Finland: 34% (34%)
- Central Eastern Europe, Russia and Ukraine: 9% (10%)
- Other Nordic countries: 35% (33%)
Metals: H1/2009

- Net sales decreased due to:
  - continued weak demand for steel products
    - de-stocking affected delivery volumes
  - low level of activity in the lifting, handling and transportation equipment industry reduced sales of special steel products in particular
  - fall in sales of stainless steel and aluminium sold as trading products

- Operating profit decreased due to:
  - low steel production capacity utilisation rate
    - cost impact of around -€160m (Q1: -€90m and Q2: -€70m)
  - continued sluggish demand
  - poor price development
  - unwinding of stocks produced at high raw material prices
  - strikes and stock writedowns of around €11m during Q2

*) Comparable net sales
**) Comparable, excluding non-recurring items
Steel production: H1/2009

- The company’s steel production during H1/2009 was 661 thousand tonnes (1,352)
- Capacity utilisation rate remained low almost throughout the report period
- Blast furnace which had been idle since December 2008, at the Raahe Works in Finland, was restarted in early May
  - Reached its target capacity utilisation rate of about 80 per cent in mid-June
  - Restarted to build up reserve stocks to safeguard uninterrupted customer deliveries during production downtime whilst modernisation is carried out in 2010
Actions to improve efficiency
Operational excellence programme “Boost” progresses to plan

- Boost programme ensures sustainable development at Rautaruukki
- Cost savings under the Boost programme amounted to around €22 million during the first half of 2009
- Actions under Boost are expected to deliver cost savings of around €50 million during 2009

Aim: permanent improvement of €150 million in operating profit by year-end 2011, compared to 2008 level
Difficult market conditions have required significant adjustment measures

- Corporate-wide workforce reductions of around 1,800 persons
  - Around 500 in Finland, almost 300 of which are covered by pension arrangements
- Around 4,800 people are affected by temporary lay-offs
  - Of which around 4,400 in Finland
  - The time and duration of lay-offs varies according to site
  - In addition, around 800 persons in Central Eastern Europe have temporarily gone over to working a four-day week

It is estimated that Boost and other adjustment measures will deliver cost savings of **around 80 million** for the whole year
Business environment development
Business environment development

Construction

Construction market *)
Year-on-year growth 2006-2011E, %

- Signs of residential construction picking up in Finland and the other Nordic countries towards year-end
- National economies of Poland and Russia are expected to recover faster than those of, e.g., the Baltic states, Hungary or Ukraine when global economy returns to growth track
- Still a strong need for new and renovation construction in all Eastern European countries
  - Other construction needs created by major infrastructure projects partly support demand for commercial and industrial construction in these countries


*) Including both new and renovation construction
Many engineering companies are reviewing their manufacturing strategies:
  - some will increase insourcing, others outsourcing

This trend is expected to increase demand for local assembly and manufacturing in the Ruukki’s units in Poland and Hungary and, in future, possibly also in Russia
  - A weakening of the currencies in these areas is partly contributing to this change

However, this trend poses challenges for the near-term growth of Ruukki’s engineering business, especially in Finland and the other Nordic countries

Sources: Company reports (Konecranes, Cargotec (Hiab, MacGregor, Kalmar), Metso Minerals, Wärtsilä, Andritz Pulp & Paper, Atlas Copco Construction & Mining Equipment)
Business environment development

Steel business

Steel consumption in the EU-27
Year-on-year growth Q4/08-Q4/10E, %

- Once de-stocking is completed, ex-works deliveries of steel products are expected to pick up to meet end-customer demand
- Coal and iron ore price agreements signed are expected to support the price development of steel products during the second half of the year as the uncertainty concerning raw material costs fades
- Lower stock levels are also expected to contribute to price development

Source: EUROFER, 6/2009
*) deliveries from steel producers and importers
Near-term outlook
Near-term outlook (1/2)

Ruukki Construction

• Lower than normal growth in seasonal demand is expected for the current year
• No growth in the level of activity in commercial and industrial construction is anticipated during the current year
  – Demand is not expected to recover until the situation in the financial markets improves and customer confidence, as well as a willingness and ability to invest, is restored
• Infrastructure construction is expected to pick up somewhat
  – Public sector stimulus packages will foster demand in the Nordic countries starting from towards the end of 2009

Ruukki Engineering

• A fall in stock levels in the supply chain is expected to support demand in the company’s engineering division towards the end of the year
• Over the next few months no real improvement is expected in the poor level of demand witnessed during the second quarter in the manufacture of equipment in the lifting, handling and transportation industry
• Good demand from equipment manufacturers in the energy industry is expected to continue

Ruukki Metals

• No major improvement in the overall picture of demand is expected during the summer
• Once de-stocking is completed, direct ex-works deliveries are expected to increase to correspond to the level of end-customer demand
• Market conditions in plate products and components in the shipbuilding industry are weak and there are few new orders
Near-term outlook (2/2)

- Restarting the idle blast furnace at the Raahe Works will increase the steel production capacity utilisation rate and clearly improve cost efficiency.
  - This will be evidenced in the company’s cost structure during the second half of the current year
- The fall in price of main raw materials used in steel production will be reflected in full in the company’s cost structure during the second half of the year
- The company expects cost savings through operational efficiency improvement actions and adjustment measures to impact in full during the second half of the year
  - Cost savings from the Boost programme and other adjustment measures already under way are expected to be in the region of €80 million for the whole year

Assessment of expected performance

- Based on efficiency improvement actions and adjustment measures under way, lower costs of raw materials used in steel production and improved cost efficiency in steel production, the company estimates there will be a marked improvement in the result before taxes for the second half of the year compared to the first half, but might remain slightly negative
Summary

• Exceptionally weak market conditions continued throughout the report period
• Comparable consolidated net sales and operating profit were clearly down year on year
• Clearly 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
  - expected lower costs of raw materials used in steel production
  - improved cost efficiency in steel production after restarting the blast furnace
• The company estimates there will be a marked improvement in the result before taxes for the second half of the year compared to the first half, but might remain slightly negative
more with metals
Appendix
## Exceptional items: H1/2009

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1/09</th>
<th>Q2/09</th>
<th>H1/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Writedown of stocks</td>
<td>-12</td>
<td>-8</td>
<td>-20</td>
</tr>
<tr>
<td>Strikes</td>
<td></td>
<td>-3</td>
<td>-3</td>
</tr>
<tr>
<td>Provision for non-recurring items</td>
<td>-5</td>
<td></td>
<td>-5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-12</strong></td>
<td><strong>-16</strong></td>
<td><strong>-28</strong></td>
</tr>
<tr>
<td>**Arrangement fee for revolving credit facility *<strong>)</strong></td>
<td>-5</td>
<td></td>
<td>-5</td>
</tr>
</tbody>
</table>

*) Financial item
Key figures: H1/2009

<table>
<thead>
<tr>
<th>€m</th>
<th>H1/09</th>
<th>H1/08</th>
<th>Q2/09</th>
<th>Q2/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales *)</td>
<td>944</td>
<td>1,985</td>
<td>438</td>
<td>1,060</td>
</tr>
<tr>
<td>Operating profit (EBIT) **)</td>
<td>-225</td>
<td>314</td>
<td>-112</td>
<td>172</td>
</tr>
<tr>
<td>as % of net sales **)</td>
<td>-23.8</td>
<td>15.8</td>
<td>-25.6</td>
<td>16.2</td>
</tr>
<tr>
<td>Result before taxes **)</td>
<td>-244</td>
<td>313</td>
<td>-123</td>
<td>174</td>
</tr>
<tr>
<td>Result for the period</td>
<td>-184</td>
<td>229</td>
<td>-94</td>
<td>123</td>
</tr>
<tr>
<td>Earnings per share, diluted, €</td>
<td>-1.33</td>
<td>1.65</td>
<td>-0.68</td>
<td>0.89</td>
</tr>
<tr>
<td>Return on capital employed, % ***)</td>
<td>1.9</td>
<td>28.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gearing ratio, %</td>
<td>22.9</td>
<td>5.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross capex ****)</td>
<td>88</td>
<td>103</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow before financing activities</td>
<td>-6</td>
<td>192</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel (average)</td>
<td>13,165</td>
<td>14,986</td>
<td>12,870</td>
<td>15,327</td>
</tr>
</tbody>
</table>

*) Comparable net sales, **) 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>
</tr>
</thead>
<tbody>
<tr>
<td>*<em>Net sales <em>)</em></em></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>
</tr>
<tr>
<td>Ruukki Engineering</td>
<td>188</td>
<td>205</td>
<td>184</td>
<td>187</td>
<td>125</td>
<td>75</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>
</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>
</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>
</tr>
</tbody>
</table>

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

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