Interim report
Q1-Q3/2008

22 October 2008
Business environment and financial performance
Business environment

• Good market situation in core market areas and main customer industries throughout report period

• Good demand for non-residential construction during Q3. Continued good demand for infrastructure construction. Residential construction market slowed, especially in the Baltics

• Strong order books of engineering customers reflected in good demand also during Q3. Demand continued to grow especially in the lifting, handling and transportation equipment industry and in the energy industry

• Good overall demand for steel products, with further growth in demand especially for special steel and plate products during July-September
Consolidated net sales

Comparable net sales based on company's internal accounting (excluding Ovako, Nordic reinforcing steel business and Carl Froh)
Solutions businesses accounted for 50% of net sales in Q3

- Consolidated comparable net sales up 11% year on year
- Solutions businesses accounted for 50% (48%) of net sales
- Ruukki Construction increased net sales mostly as a result of the project business and improved prices
- Ruukki Engineering increased net sales especially as a result of good demand for windmill components
- Ruukki Metals’ comparable net sales reflect improved prices
Q1-Q3/2008: Breakdown of net sales

Net sales by region

- Western Europe 13% (15%)
- CEE, Russia & Ukraine 21% (21%)
- Other Nordic countries 31% (30%)
- Other countries 3% (2%)
- Finland 32% (32%)

Net sales by division

- Ruukki Metals €1,608m (€1,658m) 54% (57%)
- Ruukki Construction €818m (€749m) 27% (26%)
- Ruukki Engineering €578m (€487m) 19% (17%)

Price sensitive products
Stainless and alum.
Customised products
Special products
Consolidated operating profit

€m

Comparable net sales based on company's internal accounting (excluding Ovako, Nordic reinforcing steel business and Carl Froh)
Operating margin stood at 20% in Q3

- Solutions business was 45% (47%) of operating profit
- Growth in project and components businesses increased Ruukki Construction’s operating profit
- Continued strong demand and profitability improvement programme increased Ruukki Engineering’s operating profit
- Higher share of special products increased Ruukki Metals’ operating profit, but operating profit from stainless steel was lower compared to the reference period
- Comparable operating profit up 22% year on year
  - Foreign currency hedging had positive impact of €29 million (-11) on operating profit
Headcount and division by region

Personnel Q1-Q3/2008: 15,090
(Q1-Q3/2007: 14,230)

- CEE, Russia and Ukraine: 5,720 (4,960)
- Rest of Europe: 190 (390)
- Other countries: 320 (210)
- Finland: 7,510 (7,370)
- Other Nordic countries: 1,350 (1,300)
- Other countries: 320

1-9/08 Personnel: 7114 1343 5627
ROE and ROCE continued at good level

Return on equity, %

- Excluding Ovako capital gain
- Return on capital employed target >20%
Strong balance sheet

<table>
<thead>
<tr>
<th>Year</th>
<th>Net debt (€m)</th>
<th>Equity (€m)</th>
<th>Gearing ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>922</td>
<td>838</td>
<td>112</td>
</tr>
<tr>
<td>2004</td>
<td>761</td>
<td>68</td>
<td>1126</td>
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<td>2005</td>
<td>23</td>
<td>341</td>
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<td>2006</td>
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<td>1</td>
<td>1832</td>
</tr>
<tr>
<td>2007</td>
<td>28</td>
<td>1</td>
<td>1960</td>
</tr>
<tr>
<td>Q1-Q3/07</td>
<td>10</td>
<td>10</td>
<td>1886</td>
</tr>
<tr>
<td>Q1-Q3/08</td>
<td>8</td>
<td>8</td>
<td>1997</td>
</tr>
</tbody>
</table>

Legend:
- Net debt
- Equity
- Gearing ratio
Cash flow improved year on year

- Cash flow from operating activities
- Cash flow before financing activities
- Impact of Ovako capital gain

€m

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1-Q3/07</th>
<th>Q1-Q3/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>265</td>
<td>176</td>
</tr>
<tr>
<td>2004</td>
<td>386</td>
<td>268</td>
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<tr>
<td>2005</td>
<td>652</td>
<td>519</td>
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<tr>
<td>2006</td>
<td>536</td>
<td>396</td>
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<td>2007</td>
<td>417</td>
<td>271</td>
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<tr>
<td>2008</td>
<td>244</td>
<td>108</td>
</tr>
<tr>
<td>2009</td>
<td>284</td>
<td>142</td>
</tr>
</tbody>
</table>
Capital expenditure

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Capex</th>
<th>Net Capex</th>
<th>Depreciation and Impairment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>102</td>
<td>89</td>
<td>170</td>
</tr>
<tr>
<td>2004</td>
<td>108</td>
<td>84</td>
<td>175</td>
</tr>
<tr>
<td>2005</td>
<td>103</td>
<td>87</td>
<td>156</td>
</tr>
<tr>
<td>2006</td>
<td>119</td>
<td>147</td>
<td>148</td>
</tr>
<tr>
<td>2007</td>
<td>155</td>
<td>172</td>
<td>153</td>
</tr>
<tr>
<td>Q1-Q3/07</td>
<td>112</td>
<td>109</td>
<td>158</td>
</tr>
<tr>
<td>Q1-Q3/08</td>
<td>144</td>
<td>114</td>
<td>158</td>
</tr>
</tbody>
</table>
Rautaruukki Corporation

Ruukki Construction
Ruukki Construction: July-September

- Higher net sales especially as a result of growth of frame and project business in Russia, Romania and Poland
- Continued good demand for infrastructure construction
- Continued good demand for roofing components in Nordic countries, Central Eastern Europe and Russia
  - Shift in focus of demand from new to renovation construction in Nordic countries
  - Demand in Baltics weaker than during the reference period
- Operating profit affected by:
  - Growth in project business (+)
  - Investment programme under way (-)
  - Building of organisation and sales network in Central Eastern Europe (-)
Ruukki Construction - net sales performance

Net sales (€m)  
Rolling 12 months

Net sales by region Q1-Q3/2008  
(Q1-Q3/2007)

- Nordic countries 52% (48%)
- Central Eastern Europe 18% (20%)
- Russia & Ukraine 22% (21%)
- Baltics 7% (9%)
- Other countries 2% (2%)

Ruukki Construction - net sales performance

Net sales (€m)  
Rolling 12 months

Net sales by region Q1-Q3/2008  
(Q1-Q3/2007)

- Nordic countries 52% (48%)
- Central Eastern Europe 18% (20%)
- Russia & Ukraine 22% (21%)
- Baltics 7% (9%)
- Other countries 2% (2%)
Good demand for solutions for single-storey construction

- Since launch of the single-storey hall concept in March 2008, Ruukki has sold 15 halls with the tool:

<table>
<thead>
<tr>
<th>Location</th>
<th>Number of projects sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>5</td>
</tr>
<tr>
<td>Czech</td>
<td>2</td>
</tr>
<tr>
<td>Slovakia</td>
<td>2</td>
</tr>
<tr>
<td>Poland</td>
<td>6</td>
</tr>
</tbody>
</table>

- In September, the concept was also rolled out in Romania
New solution for performance-based fire design launched in September

- Combines structural analysis and the product model with fire simulation software used in building design
- Ensures safety for building users in all conditions
  - In addition, designers save time and investors and construction companies benefit financially
- Choosing optimal fire protection methods has a significant impact on the competitiveness of the structural solution
- Based on Ruukki’s own and commercial 3D design software

Safer buildings faster and more cost-efficiently
Ruukki Engineering
Ruukki Engineering: July-September

- Higher net sales attributable to:
  - continued good demand in wind power and shipbuilding industries
  - growth of components business
  - increased deliveries to the lifting, handling and transportation equipment industry
- Growth in demand in forest sector has stabilised and demand for booms for small earthmoving machinery has somewhat declined
- Continued strong demand, higher sales prices and profitability improvement programme under way improved profitability
- Ruukki Engineering has been able to compensate the higher costs of raw materials, except for annual contract customers, which account for around 25% of the division’s net sales
- Integration of units acquired by the division in Germany and Hungary will be complete by the end of the year
Rautaruukki Corporation

Ruuikki Engineering - net sales performance

Net sales (€m)
Rolling 12 months

Net sales by customer segment

Lifting, handling and transportation equipment industry 43% (40%)
Shipbuilding 27% (28%)
Offshore 6% (6%)
Paper & wood processing 5% (6%)
Energy 19% (19%)
Wind power shows strongest growth potential

Market growth in key customer segments, CAGR 2008-2011

Source: Freedonia (2006-2008), BTM (2008) and company analysis
Ruukki Metals
Ruukki Metals: July-September

- Continued good demand for steel products in all market areas and customer industries
- Higher net sales and operating profit were attributable to growth in sales of special products and increases in sales prices
- Further growth in share of special products of division's net sales to 29 per cent (25) during Q3
- Net sales of stainless steel and aluminium were €51 million (68) in Q3
- Operating profit on stainless steel was lower for Q3 than for reference period
- Price increases are expected to fully cover higher costs of raw materials
Ruukki Metals – net sales performance

Net sales (€m)  
Rolling 12 months

Net sales by region  

Western Europe 22% (24%)
Finland 34% (32%)
Eastern Europe 11% (10%)
Scandinavia 33% (34%)
Steel service centres also provide an extensive range of products not made by Ruukki
  - E.g. stainless steel and aluminium products

Supplied to customers in standard and prefabricated formats and as components
  - Part of Ruukki Metals’ comprehensive products and services portfolio

Stainless steel and aluminium accounted for €51 million (68) of division’s net sales during Q3
Ruukki Production: July-September

- Year-on-year steel output in Q3 grew to 703 thousand tonnes (610)
- Steel production capacity utilisation rate was normal
  - Annual maintenance was mostly carried out in July
- Sharp rise in cost of raw materials on global market during current year
  - Rising costs are expected to add around €220 million to the company’s own steel production costs compared to 2007
  - Around one third of the rise in costs was realised during the first half of the year
- Accident frequency rate improved and was 13 incidents (19) per million hours worked
Outlook for rest of the year
Outlook for rest of the year (1/2)

- Demand is expected to continue mostly good in Rautaruukki’s key customer industries
- The credit crunch, which has spread from the United States, might hamper the ability of Rautaruukki’s customers to fund their business and thus affect demand for the company’s products
  - However, the company believes any impact of the credit crunch will be less in its core market areas - the Nordic countries, Central Eastern Europe, Russia and Ukraine – than in western Europe
- Demand for non-residential construction has remained good, despite increased uncertainty in the market. The construction markets in Central Eastern Europe and Russia are expected to show further growth
- Good demand is expected to continue in infrastructure construction
- Residential construction activity in the Baltics and in the Nordic countries is expected to slow down
Outlook for rest of the year (2/2)

• Continued good demand for the company’s products is expected from engineering industry customers
  – Order books of customers in the lifting, handling and transportation equipment industry are strong and demand is expected to remain at a good level
  – Continued strong demand is expected in the energy industry - especially within the wind power sector - and in the shipbuilding industry.

• Demand for steel products is expected to continue mostly good
  – Demand for plate and special steel products for the engineering industry is still showing growth
  – Increasing uncertainty in demand within the automotive industry is expected to be reflected in sales of galvanised products
  – Net sales of stainless steel are expected to be below the 2007 level

• Comparable consolidated net sales growth during the current year is expected to remain somewhat below the 10 per cent net sales growth target announced earlier. Operating profit in 2008 is expected to be higher than in 2007.
Selected growth segments and boosting operational efficiency
Focusing on selected growth segments

<table>
<thead>
<tr>
<th>Ruukki Construction</th>
<th>Ruukki Engineering</th>
<th>Ruukki Metals</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEE CIS</td>
<td>LHT Energy</td>
<td>Special steels</td>
</tr>
</tbody>
</table>

**CEE = Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia and Slovenia**

**CIS = Russia and Ukraine**

**LHT = Lifting, handling and transportation equipment industry**

**Energy = e.g. wind and diesel energy generation**

**Special steels = Steels with exceptional properties, e.g. high-strength, wear-resistant and coated steels**
## Fundamental long-term growth drivers

<table>
<thead>
<tr>
<th>Segment</th>
<th>Long-term drivers</th>
<th>Evident in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction CEE &amp; CIS</td>
<td>• Growth in wealth of economies</td>
<td>• Lack of infrastructure</td>
</tr>
<tr>
<td></td>
<td>• Construction neglect</td>
<td>• Need for new construction and renovation of existing buildings</td>
</tr>
<tr>
<td>Engineering LHT</td>
<td>• Globalisation</td>
<td>• Steadily growing middle-class investing in residential housing</td>
</tr>
<tr>
<td></td>
<td>• Productivity development</td>
<td></td>
</tr>
<tr>
<td>Engineering Energy</td>
<td>• Need for energy</td>
<td>• Growth in industrial production and production capacity</td>
</tr>
<tr>
<td></td>
<td>• Renewable energies</td>
<td>• Build-up of new economies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increasing worldwide transportation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Modernisation of equipment to increase efficiency</td>
</tr>
<tr>
<td>Metals Special steels</td>
<td>• Productivity</td>
<td>• Growth and increase in number of wind farms</td>
</tr>
<tr>
<td></td>
<td>• Energy efficiency</td>
<td>• Growth in demand for technological solutions in new forms of energy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Need for robust, long-lasting and energy-efficient products</td>
</tr>
</tbody>
</table>

Growth in wealth of economies, construction neglect, globalisation, productivity development, need for energy, renewable energies, productivity, energy efficiency, lack of infrastructure, need for new construction and renovation of existing buildings, steadily growing middle-class investing in residential housing, growth in industrial production and production capacity, build-up of new economies, increasing worldwide transportation, modernisation of equipment to increase efficiency, growth and increase in number of wind farms, growth in demand for technological solutions in new forms of energy, need for robust, long-lasting and energy-efficient products.
Growth evident in …

Construction pipeline in 2008-09, ‘000m²

- Czech
- Hungary
- Poland
- Romania
- Russia
- Slovakia
- Ukraine

Source: Jones Lang Lasalle 2008

Industrial production growth, % y-o-y

- USA
- eurozone
- Poland
- Russia
- China

Source: Consensus Economics September 2008, (CRU for China)

World primary energy demand, mto


Transport activity growth, 1990-2030

Source: European Commission, PRIMES
Introducing new operational excellence programme “Boost”

- Enablers of further operational efficiency and improved profitability:
  - ramping up of investments
  - optimising new manufacturing network
  - new technologies
  - recent investments in ERP and production automation
  - standardisation of internal processes

Programme is launched to ensure continuous improvement across Ruukki

Key in creating sustainable competitive advantage and improved profitability

Targeted EBIT improvement of €150 million by the end of 2011, compared to 2008 level
Ruukki’s raised EBIT margin target

• Due to:
  – Sustainable fundamentals
  – Efficient business structure
  – Chosen healthy growth segments
  – Successfully executed Ruukki United efficiency programme
  – New operational excellence programme “Boost”

• Other financial targets unchanged:
  – Top-line growth >10% p.a.
  – Return on capital employed >20%
  – Gearing ratio ~60%
Appendix
# Key figures

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Net sales *</td>
<td>2,981</td>
<td>2,784</td>
<td>996</td>
<td>899</td>
</tr>
<tr>
<td>Operating profit (EBIT) *</td>
<td>511</td>
<td>516</td>
<td>197</td>
<td>162</td>
</tr>
<tr>
<td>as % of net sales</td>
<td>17.1</td>
<td>18.5</td>
<td>19.7</td>
<td>18.0</td>
</tr>
<tr>
<td>Profit before taxes *</td>
<td>508</td>
<td>510</td>
<td>195</td>
<td>162</td>
</tr>
<tr>
<td>Earnings per share, €</td>
<td>2.65</td>
<td>2.74</td>
<td>1.00</td>
<td>0.85</td>
</tr>
<tr>
<td>Return on capital employed, %</td>
<td>29.6</td>
<td>33.2 **</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gearing ratio, %</td>
<td>7.8</td>
<td>10.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross capex</td>
<td>158</td>
<td>112</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow before financing activities</td>
<td>142</td>
<td>108</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel (average)</td>
<td>15,086</td>
<td>14,225</td>
<td>15,285</td>
<td>15,056</td>
</tr>
</tbody>
</table>

*) Comparable figures exclude business operations of Ruukki Betonstahl GmbH, Ruukki Welbond BV and Carl Froh GmbH, which have been divested

**) The figure excludes a capital gain of €100 million on the divestment of Ovako
## Extraordinary items

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strikes</td>
<td>-3</td>
<td>-5</td>
<td>0</td>
<td>-8</td>
</tr>
<tr>
<td>Loss on divestment of Carl Froh</td>
<td>0</td>
<td>-7</td>
<td>0</td>
<td>-7</td>
</tr>
<tr>
<td>Change in IFRS interpretation of disability benefit</td>
<td>0</td>
<td>-3</td>
<td>-2</td>
<td>-5</td>
</tr>
<tr>
<td>Extraordinary items, total</td>
<td>-3</td>
<td>-15</td>
<td>-2</td>
<td>-20</td>
</tr>
</tbody>
</table>