



Interim report Q1/2012

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Overview of Q1/2012

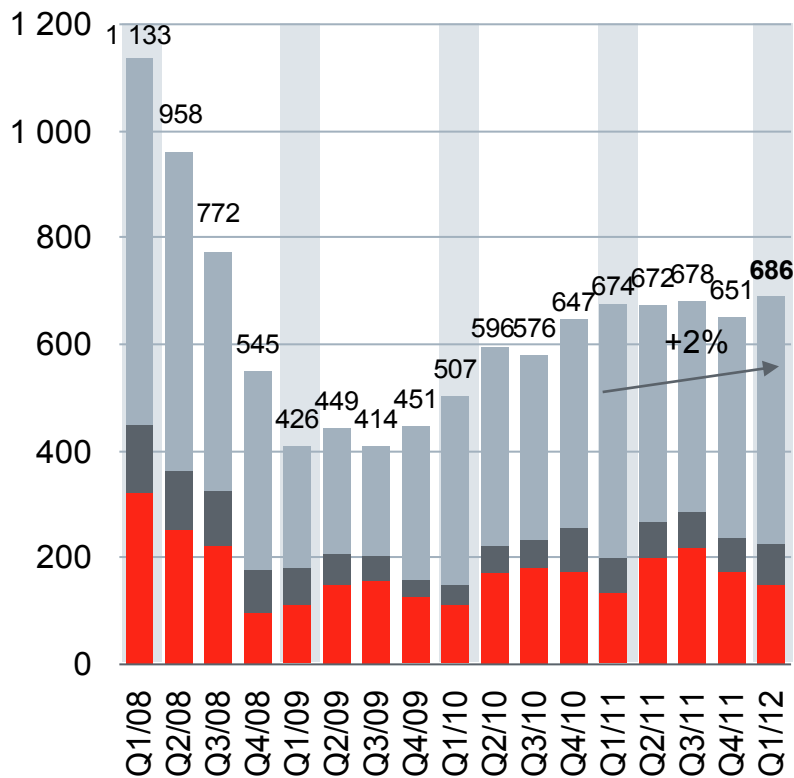
- The first quarter had a positive start, but uncertainty returned towards the end of the report period
- Order intake up 5% q-o-q at €686 million
- Comparable net sales up 4% y-o-y at €699 million
- Comparable operating profit -EUR 15 million following weaker y-o-y profitability of the steel business and due to the seasonality of the construction business
- €51 million freed up from working capital resulted in strong cash flow during the report period
- Gearing ratio 68% following dividend payout

Financial performance

Order intake up 2% year-on-year

Up 5% quarter-on-quarter

Quarterly order intake (€m)

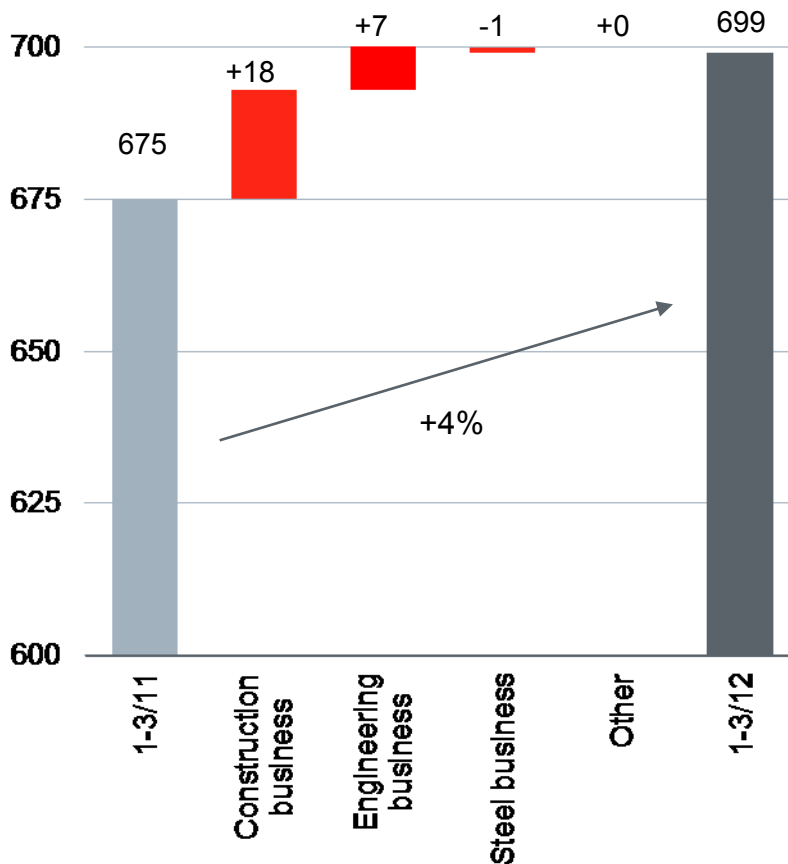


■ Construction business ■ Engineering business
■ Steel business

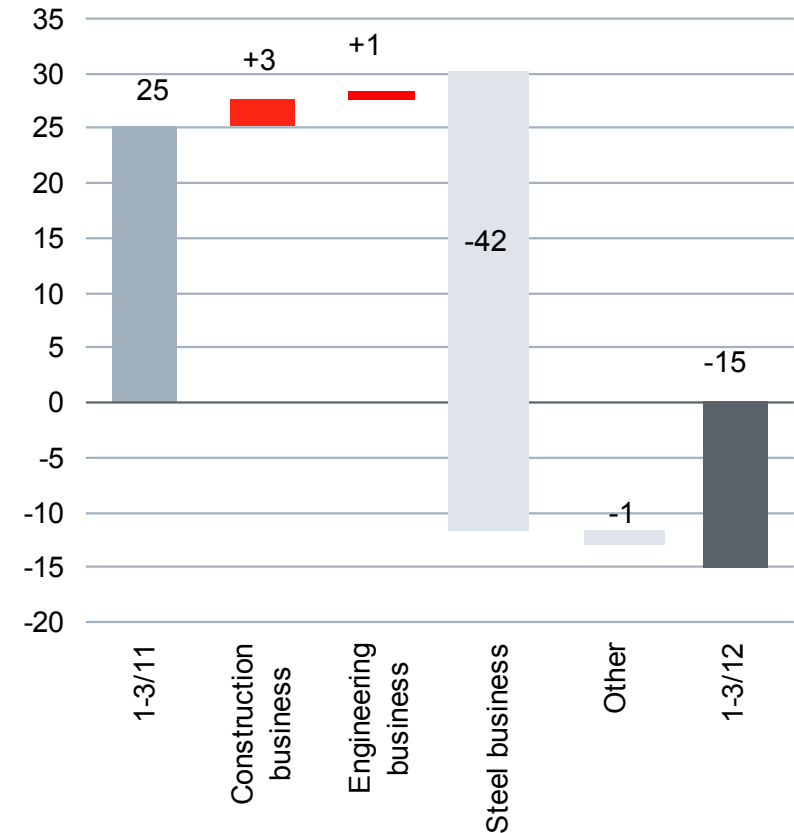
- Up 5% quarter-on-quarter
- Order intake in the construction business down 15% q-o-q, mainly due to normal seasonality
- Engineering business up 25%, steel business up 11% q-o-q

Net sales up 4% but profitability remained at an unsatisfactory level

Change in net sales by business area (€m) 1-3/11 vs. 1-3/12 *)

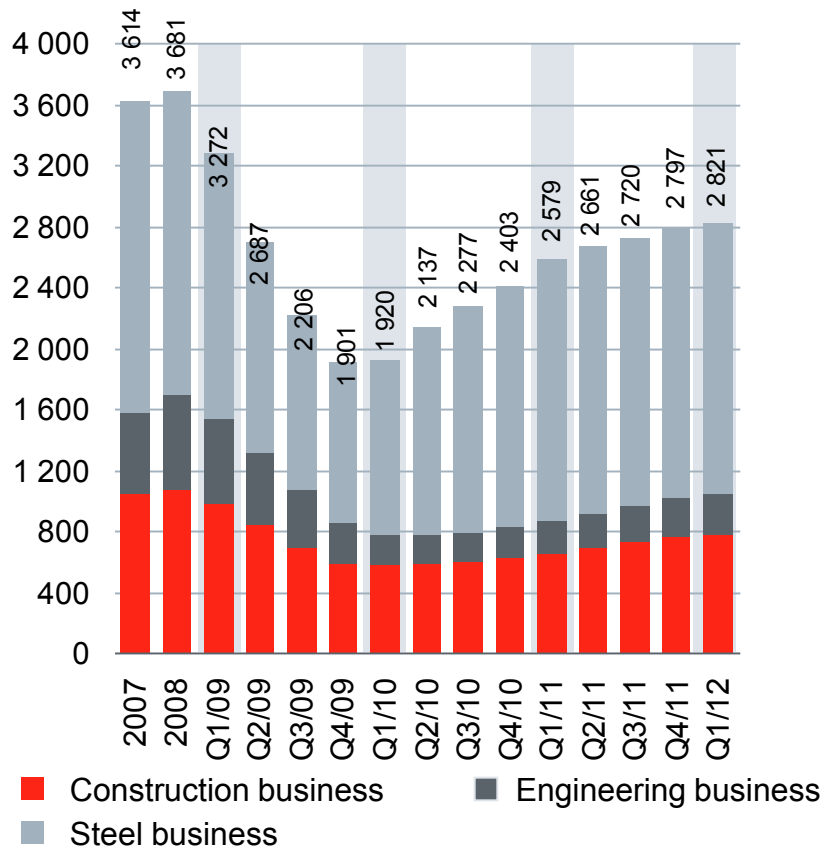


Change in operating profit by business area (€m) 1-3/11 vs. 1-3/12 *)



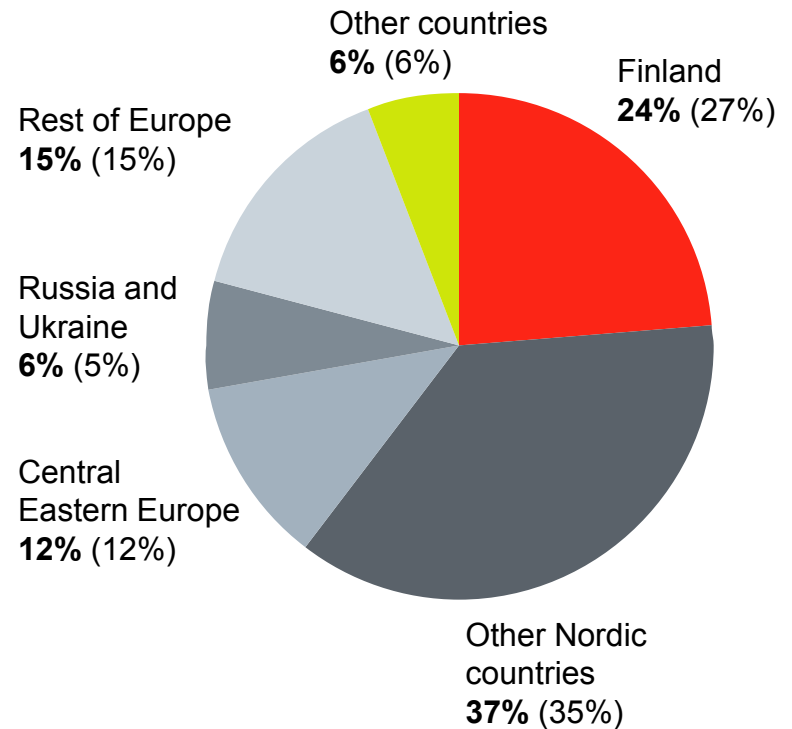
Strongest growth in Nordic countries, Russia and Ukraine

Net sales by business area, rolling 12 mths, €m *)



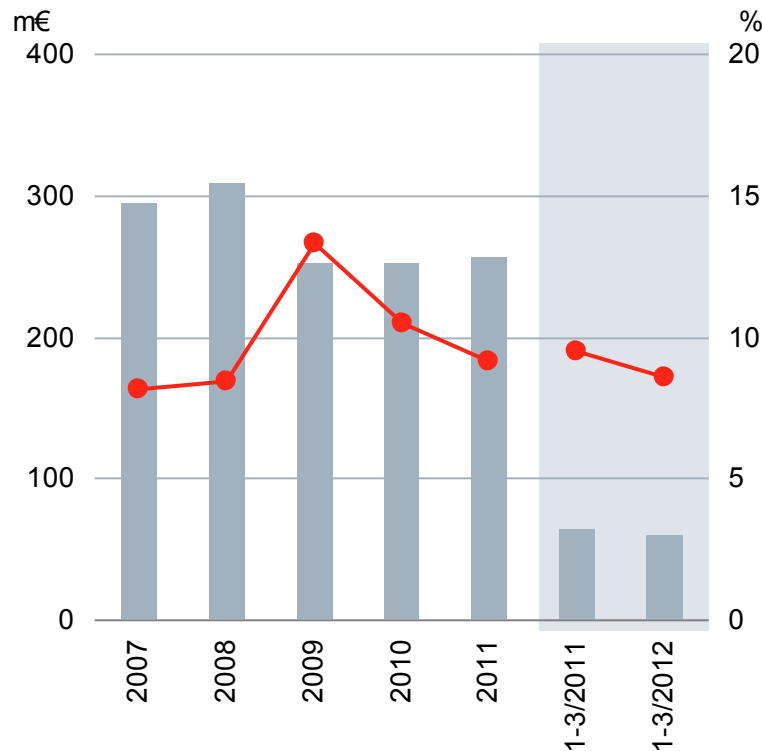
Net sales by market area 1-3/12 (1-3/11) *)

100% = €699m (€675m)



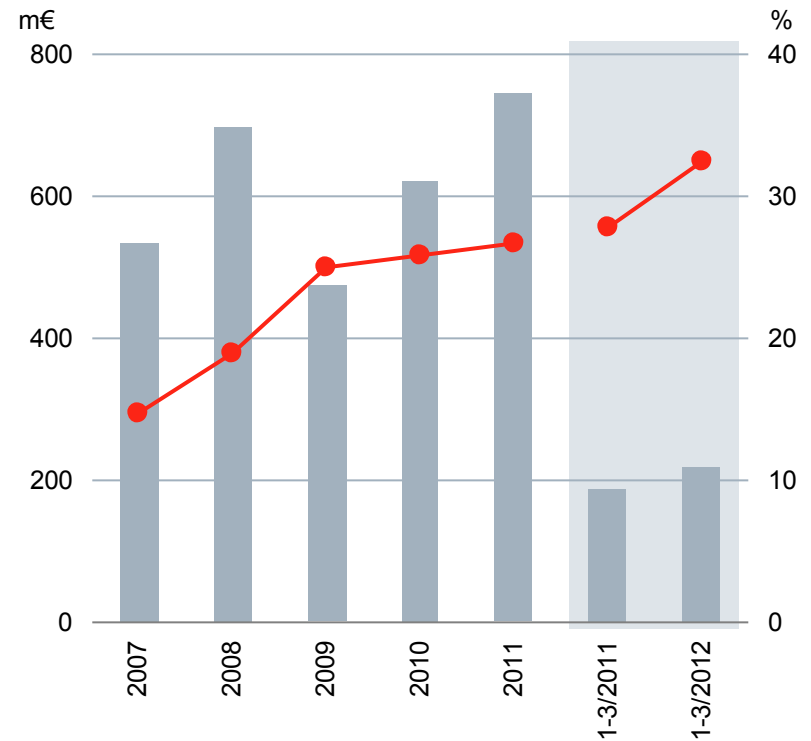
SGA costs at same level despite growth in net sales

Development of SGA costs



■ Selling, administrative and general costs
 ● As % of comparable net sales

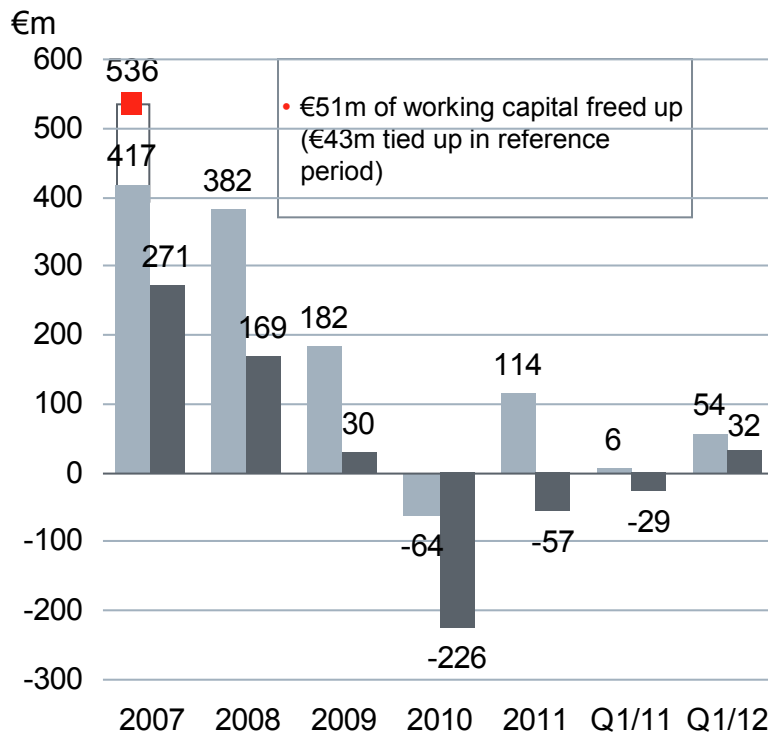
Development of raw material costs



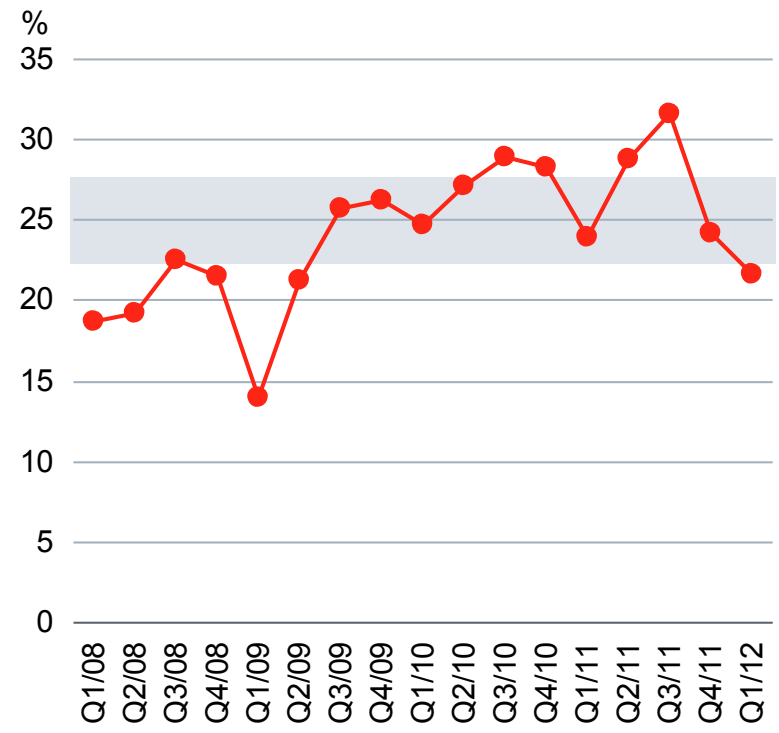
■ Cost of raw materials used in steel production
 ● As % of comparable net sales

Successful freeing-up of working capital resulted in strong cash flow

Net cash from operating activities and net cash before financing activities



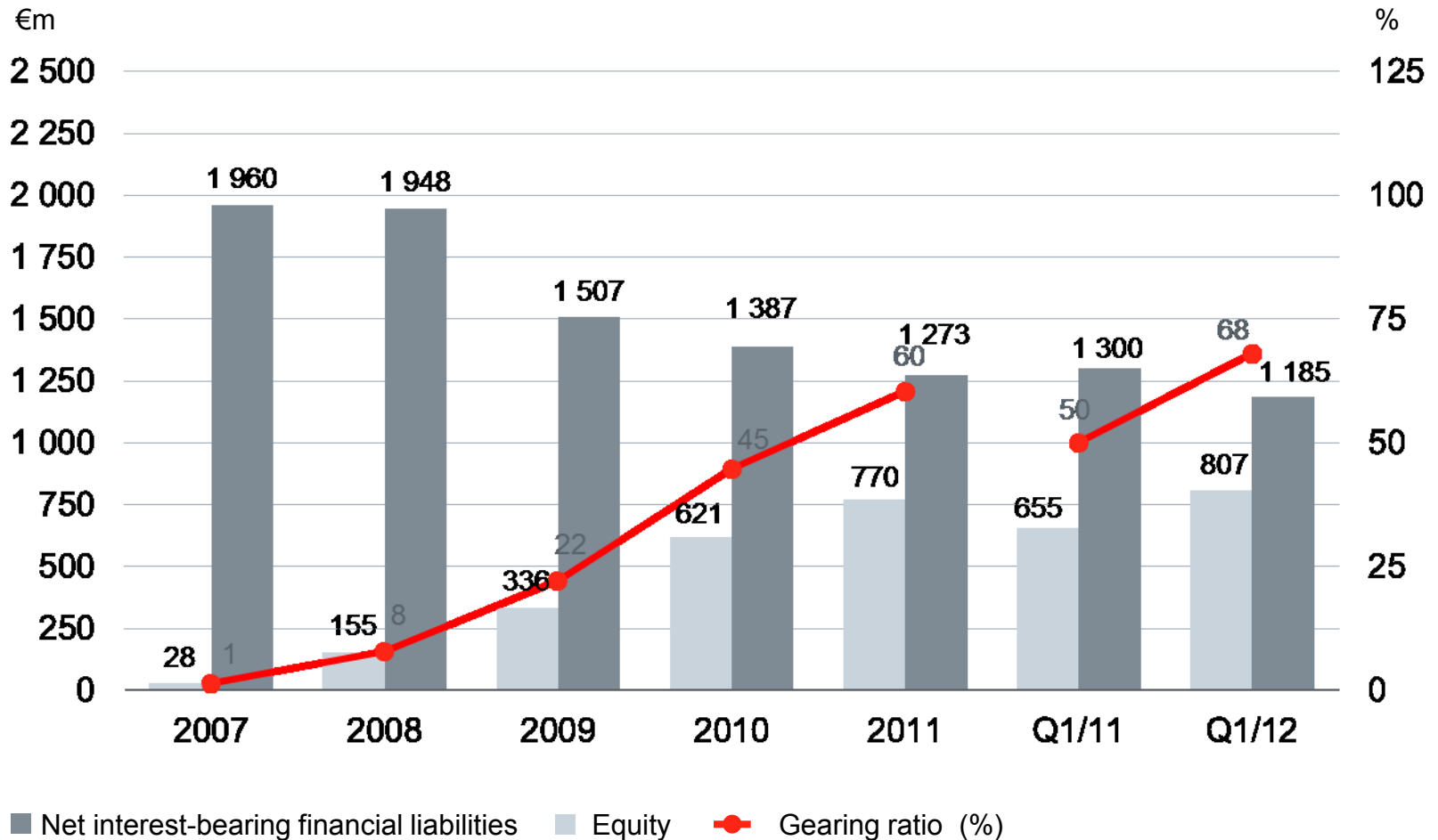
Net working capital as % of comparable 12-month rolling net sales



- Net cash from operating activities
- Net cash before financing activities
- Net cash flow before financing activities incl. funds from divestment of Ovako

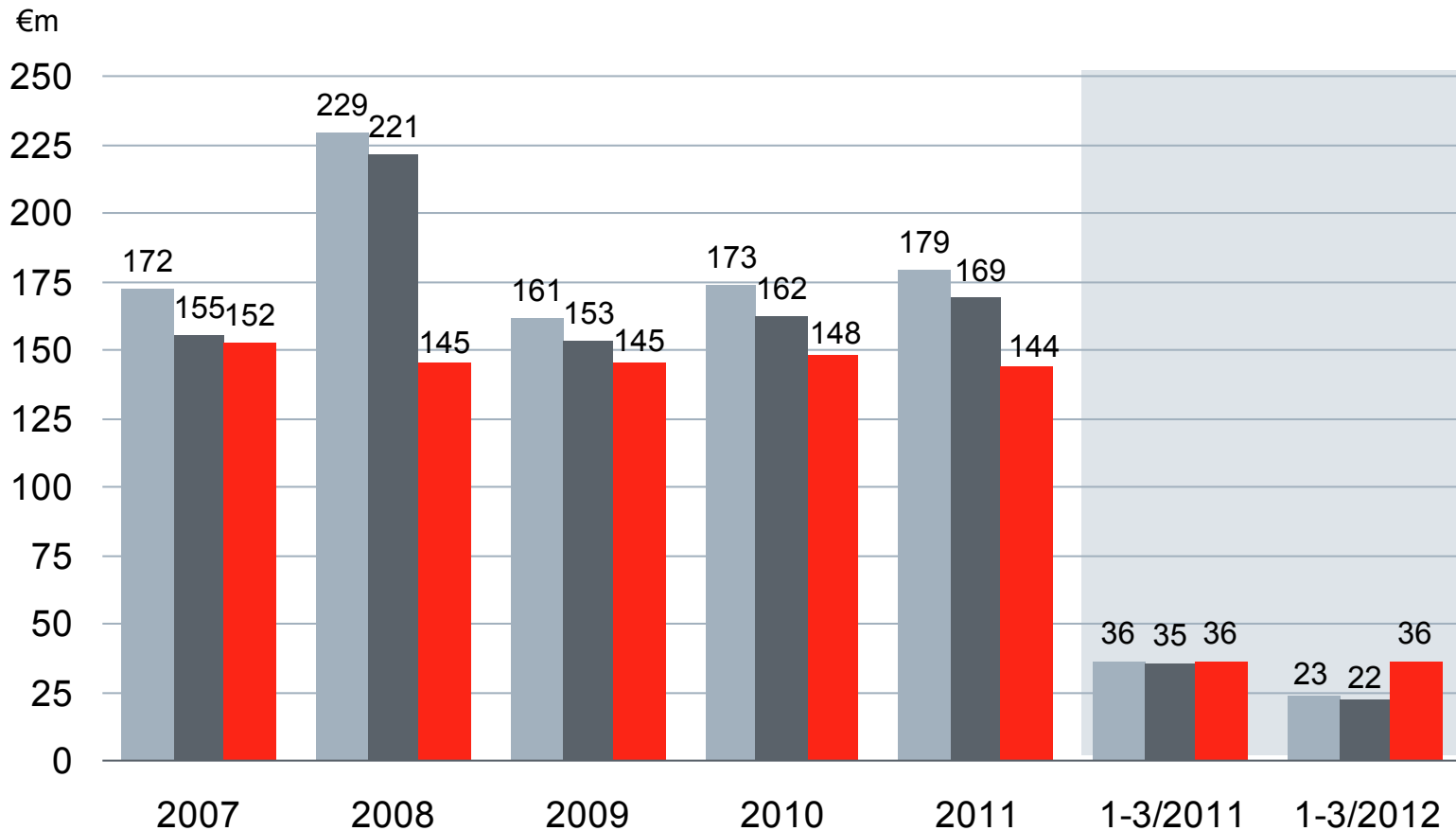
- Net working capital, as % of comparable 12-month rolling net sales

Dividend payment already during the first quarter took gearing ratio to 68%



Large investments completed

Capex appr. €100m p.a. from 2012 onwards



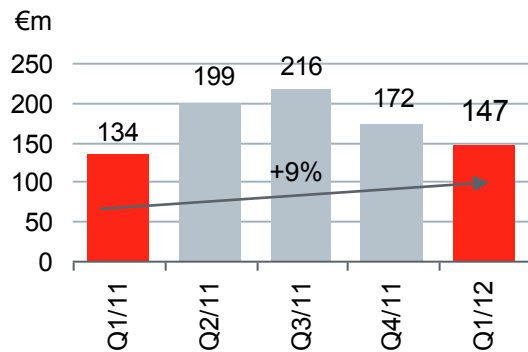
■ Gross capex *) ■ Net capex *) ■ Depreciation

*) In tangible and intangible assets

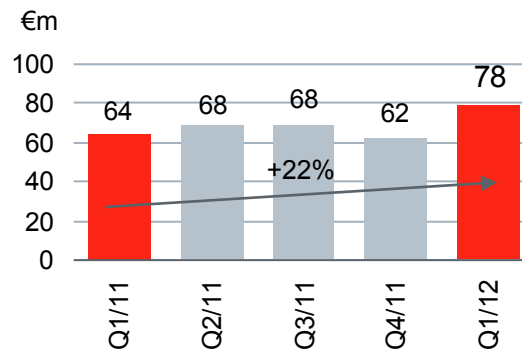
Business areas

Order intake up 5% quarter-on-quarter

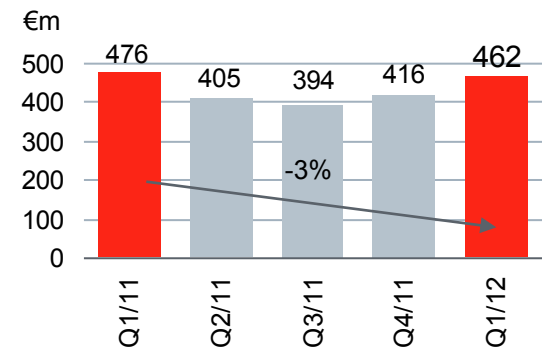
Construction



Engineering



Steel



Compared to previous year

- + Residential construction in almost all market areas, especially Finland
- + Commercial and industrial construction components in the Baltics and Sweden
- + Piles used in foundations in infrastructure construction
- Decision-making on projects dependent on public funding delayed in Russia due to presidential election

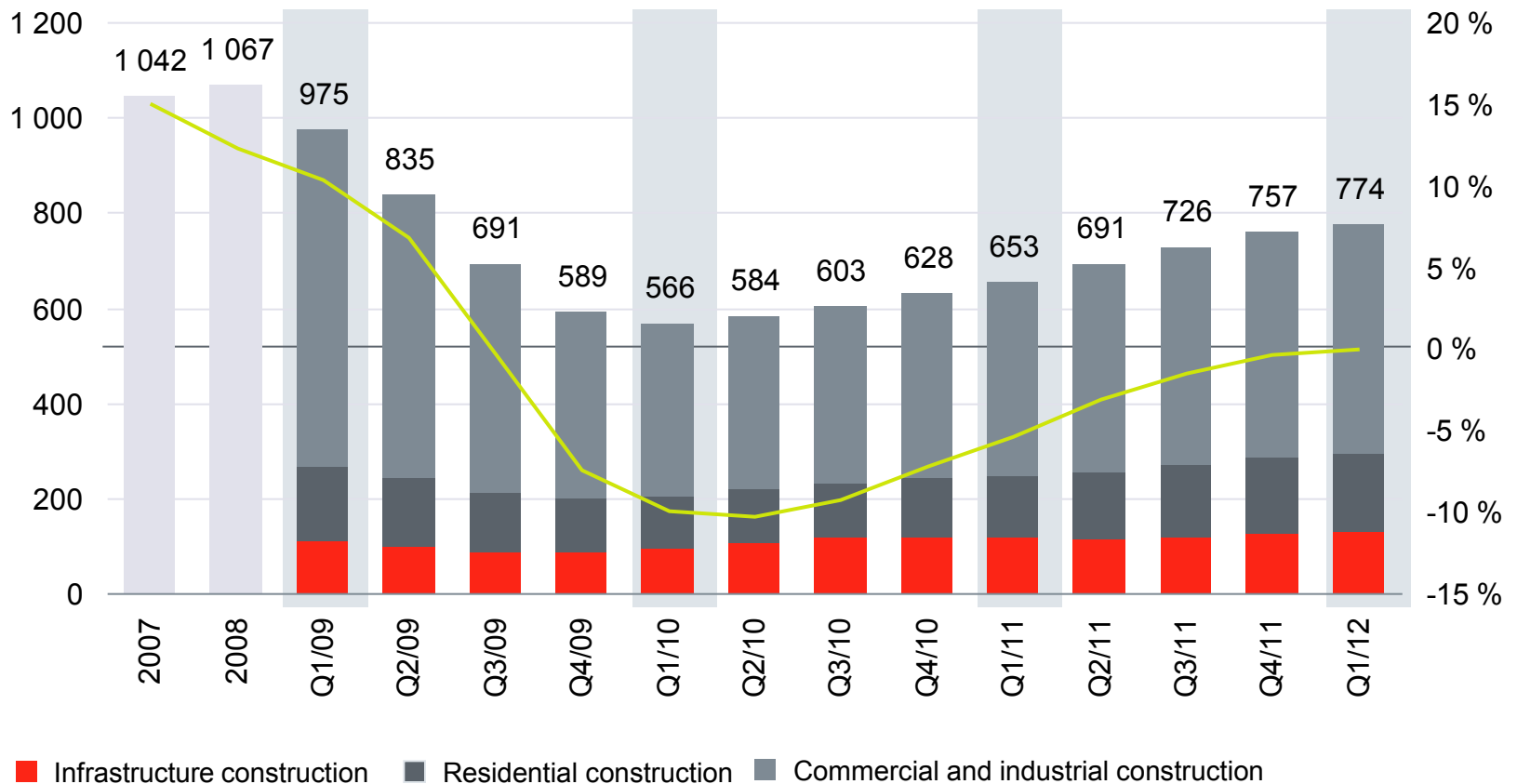
- + Growth in almost all customer sectors
- + Best order development in orders from materials handling equipment manufacturers and from construction and mining industry equipment manufacturers
- + Single larger project in the Offshore business during the first quarter

- + Best growth in Baltics and Poland
- + Service centre orders remained at a good level
- + Steady rise in average prices during the quarter
- Demand for special steels at low level in China

Construction business:

Strongest growth in commercial and industrial construction

Net sales by product group (€m) and operating profit %, rolling 12 mths *)

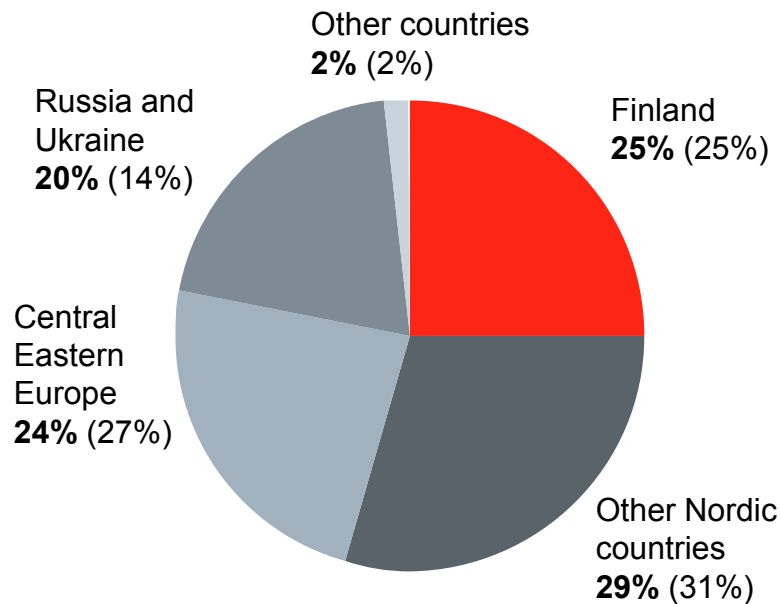


■ Infrastructure construction ■ Residential construction ■ Commercial and industrial construction

— Operating profit %

Construction business: Strongest growth in Russia and Ukraine

Net sales by market area
1-3/12 (1-3/11) *)



Net sales development

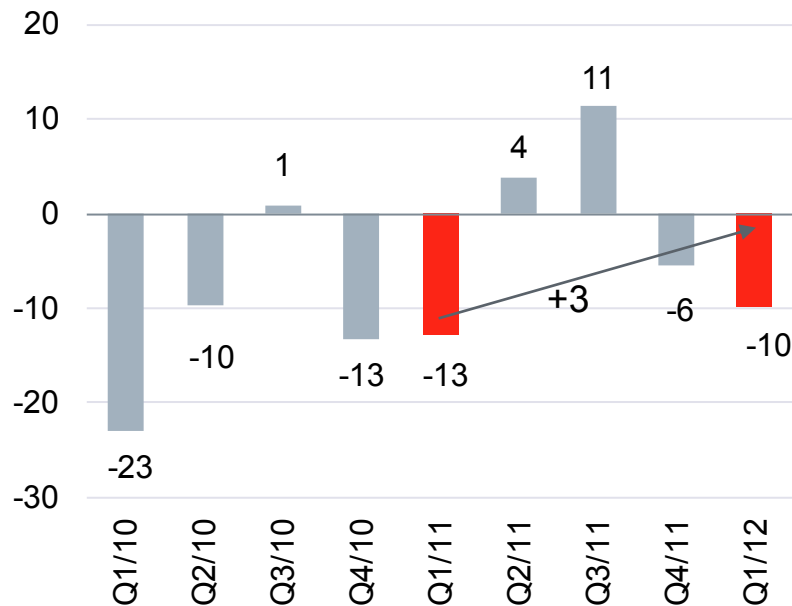
Compared to previous year:

- + Russia and Ukraine +61%
- + Finland +12%
- + Other Nordic countries +7%
- + Other countries +4%
- Central Eastern Europe -2%

Construction business:

Operating profit improved €3 million year-on-year

Operating profit (€m) *)



Operating profit development

Compared to previous year:

- + Operating profit improved slightly due to efficiency actions completed in 2011 and increased deliveries
- Operating profit improvement slow despite volume growth

Compared to previous quarter:

- Operating profit decreased q-o-q due to normal seasonality

- Profitability still at an unsatisfactory level
- Ruukki Construction to initiate a project across the division to improve competitiveness which aims at a permanent improvement of €20 million in earnings performance

Ruukki Construction's project to improve competitiveness:

Targeting €20 million permanent annual improvement in earnings performance

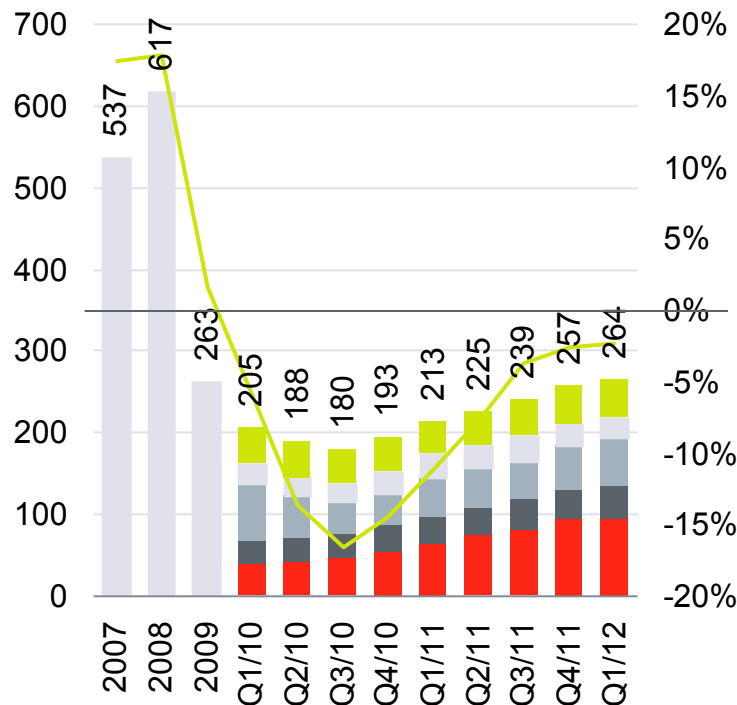
- Improvement in earnings performance will be achieved by, among other things, optimising the supply chain process and material flows, as well as by improving the efficiency of sales and marketing and support operations
- Some of the actions are already under way:
 - including withdrawal from unprofitable operations in Central Eastern Europe and
 - defining the business model in project business

Engineering business:

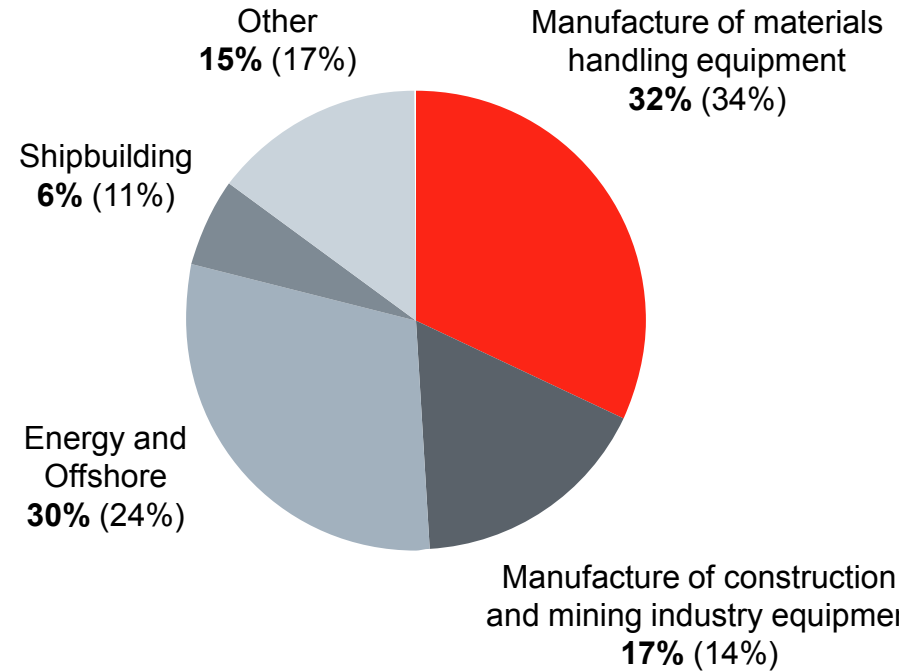
Strongest growth in deliveries to construction and mining industry equipment manufacturers

Net sales by customer segment (€m) and operating profit %, rolling 12 mth^{*)}

Net sales by customer segment 1-3/12 (1-3/11)^{*)}



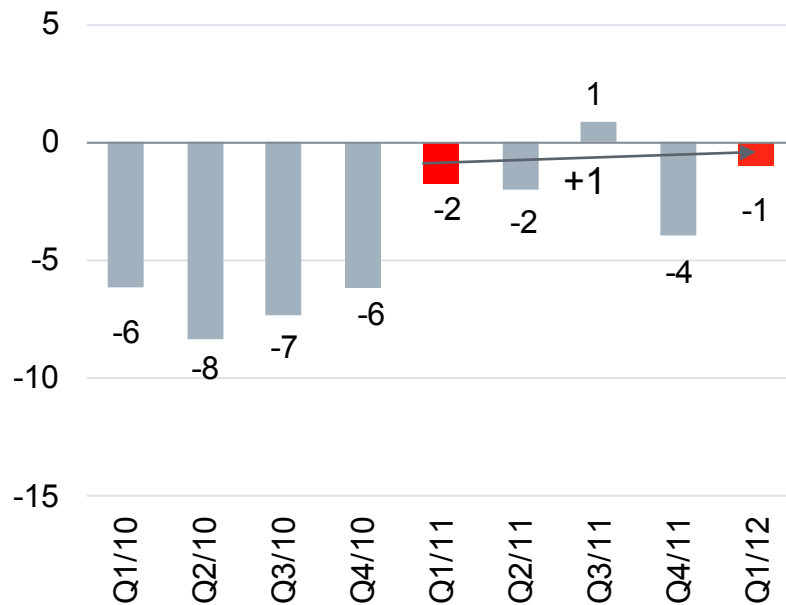
- Manufacture of materials handling equipment
- Manufacture of construction and mining industry equipment
- Energy and Offshore
- Shipbuilding
- Other
- Operating profit %



Engineering business:

Operating profit improved, but was still negative

Operating profit (€m) *)



Operating profit development

Compared to previous year:

- + Operating profit improved slightly y-o-y
- Improvement in operating profit was modest compared to volume growth

Compared to previous quarter:

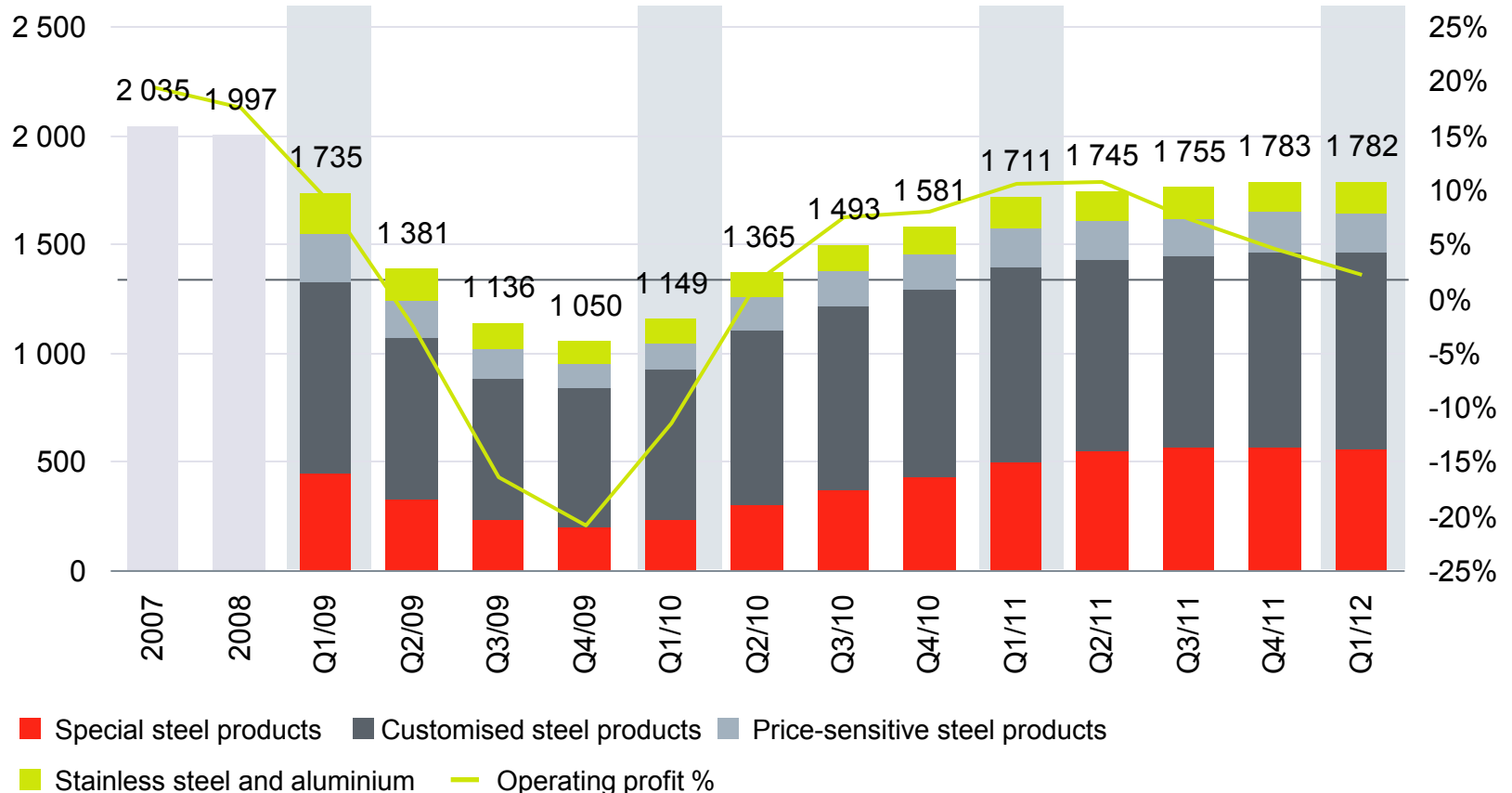
- + Clear improvement in operating profit q-o-q, when operating profit was burdened by a cost booked on a single project

- It was decided, after the report period, to discontinue cabin and component manufacturing in Shanghai by the end of the third quarter 2012

Steel business:

Special steel products 30% of sales, average capacity utilisation rate approximately 85%

Net sales by product group (€m) and operating profit %, rolling 12 mths *)



Steel business:

Operating profit improved quarter-on-quarter, mainly due to increased delivery volumes

Net sales by product group (€m) and operating profit % *)

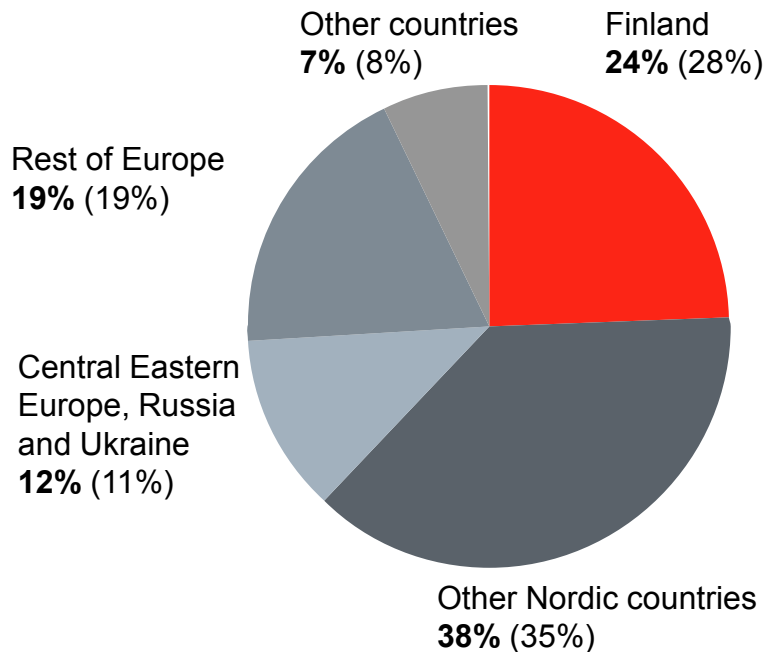


Steel business:

Strongest growth in Central Eastern Europe, Russia and Ukraine

Net sales by market area

1-3/12 (1-3/11) *)



Net sales development

Compared to previous year:

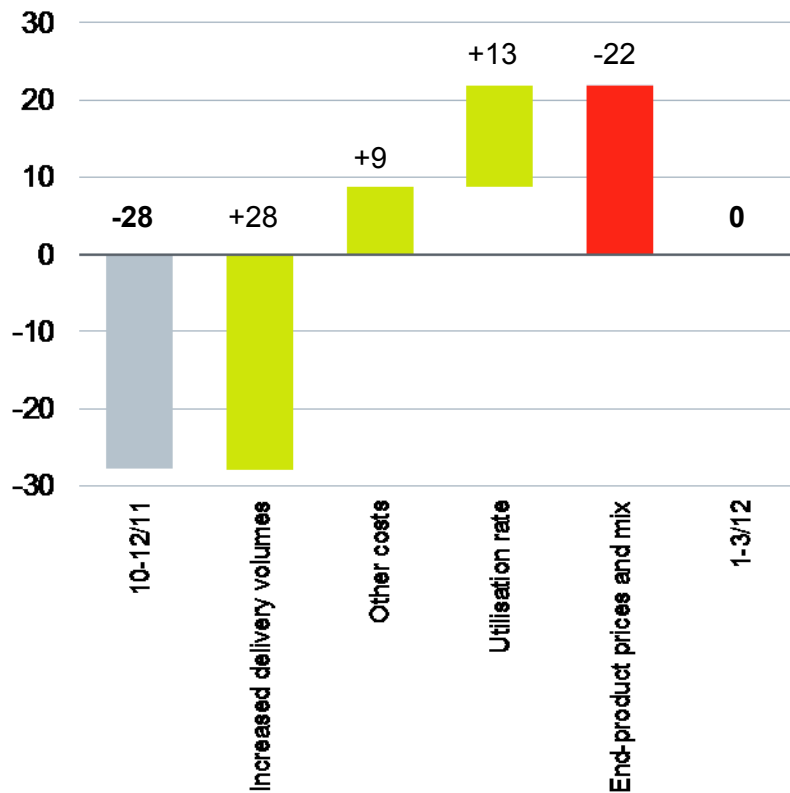
- + Other Nordic countries +8%
- + Central Eastern Europe, Russia and Ukraine +11%
- Other countries -8%
- Finland -13%

Compared to previous quarter:

- + Finland +5%
- + Other Nordic countries +24%
- + Central Eastern Europe, Russia and Ukraine +11%
- + Other countries +37%
- Rest of Europe -17%

Operating profit bridge of steel business

Operating profit (€m) 10-12/11 vs. 1-3/12 *)

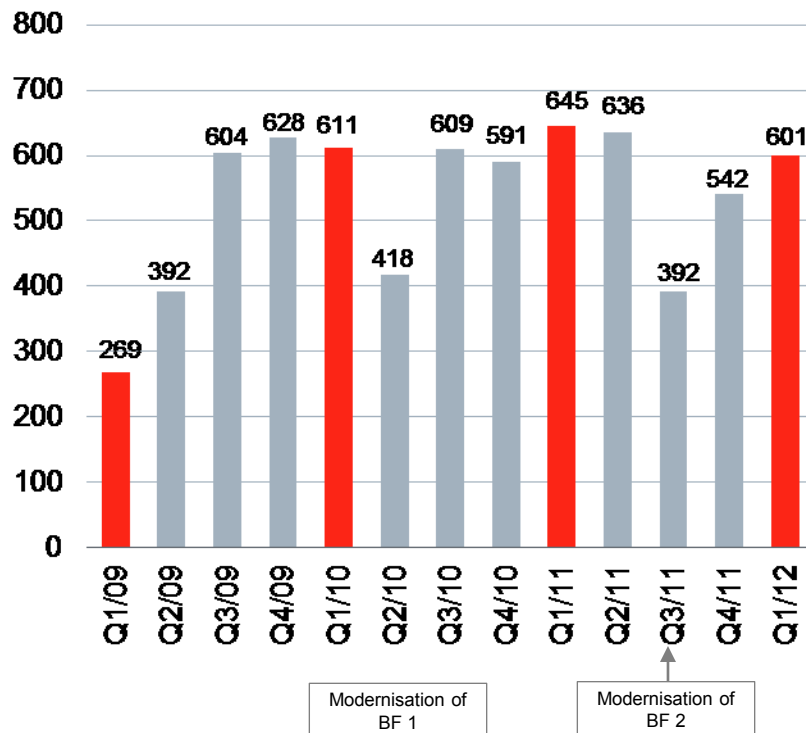


- Comparable operating profit in the steel business rose from -€28m in Q4/2011 to €0m in Q1/2012
 - Impact of increased delivery volumes +€28 million
 - Impact of other costs +€9 million
 - Impact of higher utilisation rate +€13 million
 - Impact of end-product prices and mix -€22 million

Capacity utilisation rate in steel production around 85% during first quarter

Quarterly steel production

1000 tonnes



- Growth in demand for steel increased order intake by 11% q-o-q
- Steel production in January-March 2012 was 601 thousand tonnes, some 11% higher q-o-q
- Capacity utilisation rate in January-March in steel production was approximately 85%

Ruukki Metals' project to improve profitability: Targeting €50 million permanent annual improvement in earnings performance

- To date, around €35 million in points for efficiency improvement have been identified in:
 - sales and marketing, financial and HR administration and other support functions, as well as
 - improving the efficiency of production, the use of raw materials and supplies and maintenance and other services purchased

→ actions having an impact of around €9 million are already ongoing
- The project will continue by reviewing points for improvement already identified and by among others improving the performance of prefabrication and distribution operations
- Decisions about all actions to be initiated will be made by mid-May and the target set is expected to be achieved

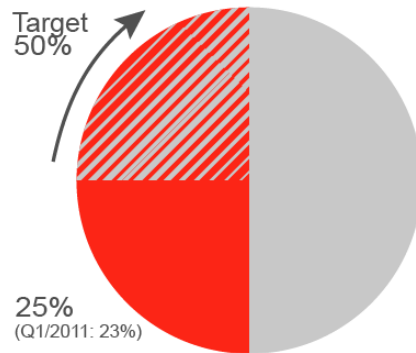


Business environment and near-term outlook

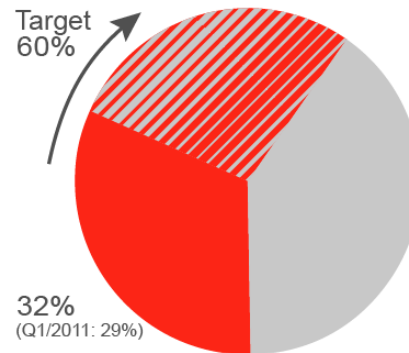
Targets for the current strategic period

Achievement of #1 or #2 or otherwise strong market position in chosen segments

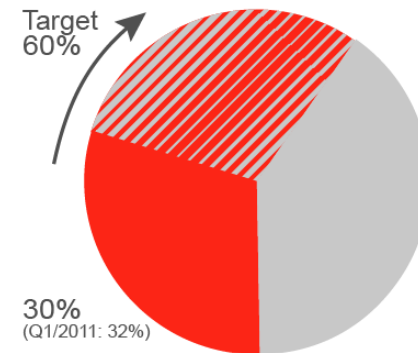
Share of emerging markets
of consolidated net sales in Q1/2012



Share of the solutions businesses
of consolidated net sales in Q1/2012



Share of special steel products
of steel business in Q1/2012



Key actions in 2012

- Focus on growth especially in Russia and Poland
- Launches of energy-efficient products
- Growth in market share of roofing products
- Steel service centre in China
- Expansion of sales channels for special steel products in the Americas and Australia

Moderate growth forecast for 2012

Industrial production and fixed investment forecasts for 2012 (3/2012)

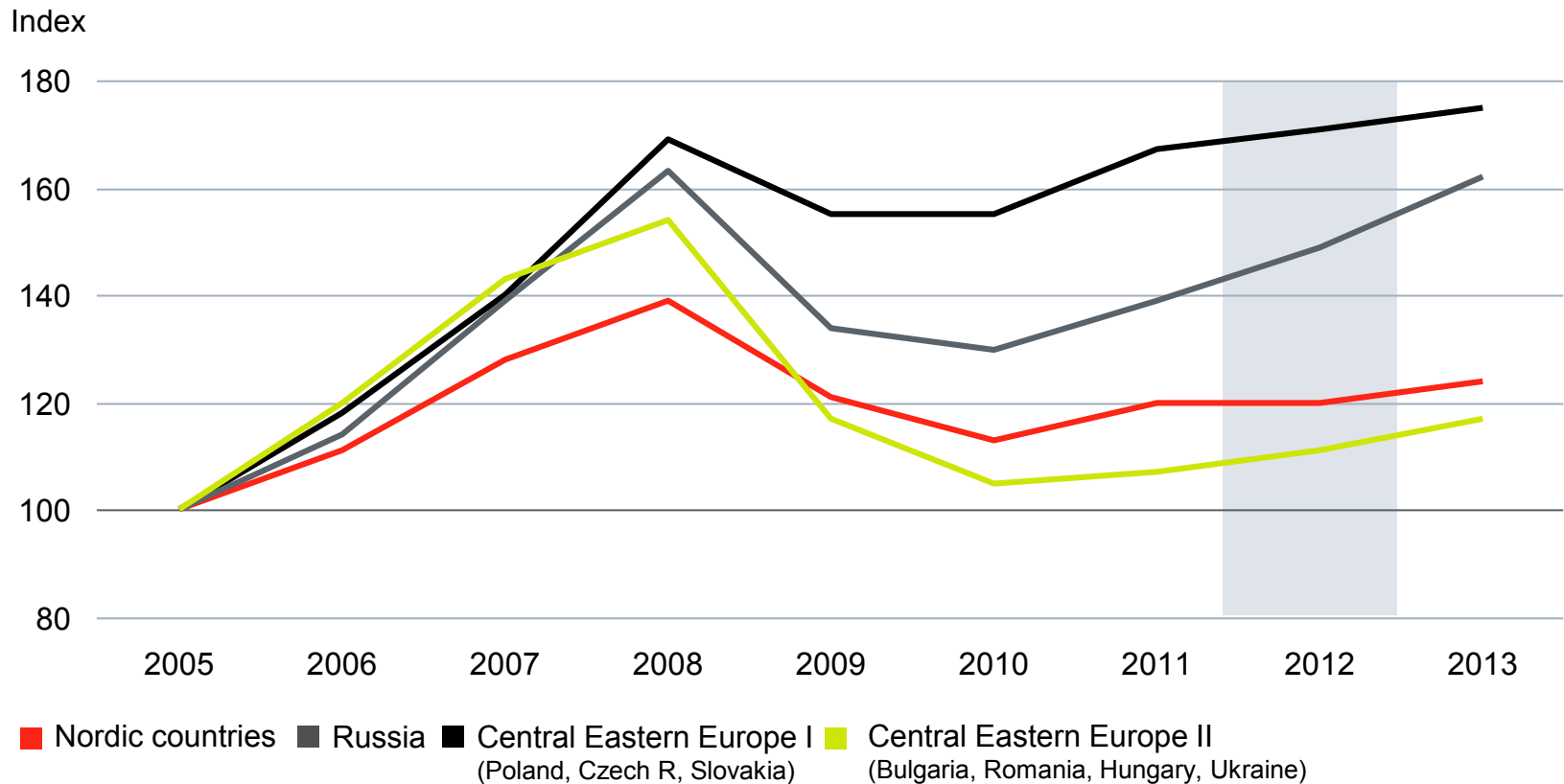
| | Industrial production % change since 2011 | Change from February 2012 forecast *) | Fixed investment % change since 2011 | Change from February 2012 forecast *) | | Industrial production % change since 2011 | Change from February 2012 forecast *) | Fixed investment % change since 2011 | Change from February 2012 forecast *) |
|----------------|---|---------------------------------------|--------------------------------------|---------------------------------------|-----------------|---|---------------------------------------|--------------------------------------|---------------------------------------|
| Finland | -1.0 | +1.2 | -0.9 | -0.4 | Slovakia | 3.3 | -0.1 | 1.3 | +0.3 |
| Germany | 0.6 | -0.1 | 1.7 | 0.0 | Romania | 3.2 | 0.0 | 3.7 | +0.5 |
| Norway | 1.5 | +0.4 | 5.3 | +0.3 | China | 11.6 | 0.0 | 8.8 | +0.2 |
| Sweden | 0.3 | +1.7 | 1.4 | 0.0 | India | 5.0 | 0.0 | 5.6 | 0.0 |
| Russia | 3.8 | +0.2 | 6.6 | +0.1 | Brazil | 0.5 | -1.3 | 4.2 | -0.1 |
| Poland | 4.8 | +0.9 | 5.1 | +0.9 | USA | 3.4 | +0.3 | 7.4 | 0.0 |
| Czech R | 1.3 | +0.1 | -0.6 | -0.4 | | | | | |

Source: Consensus Economics 3/2012, Citibank 3/2012 (China, India and Brazil) and recent key forecasts for Finland's investments. *) Change since forecast for previous month, direction and change in percentage units.

Construction business:

Russia is forecast to show best growth in commercial and industrial construction in 2012

Commercial, office and industrial construction, new construction *)



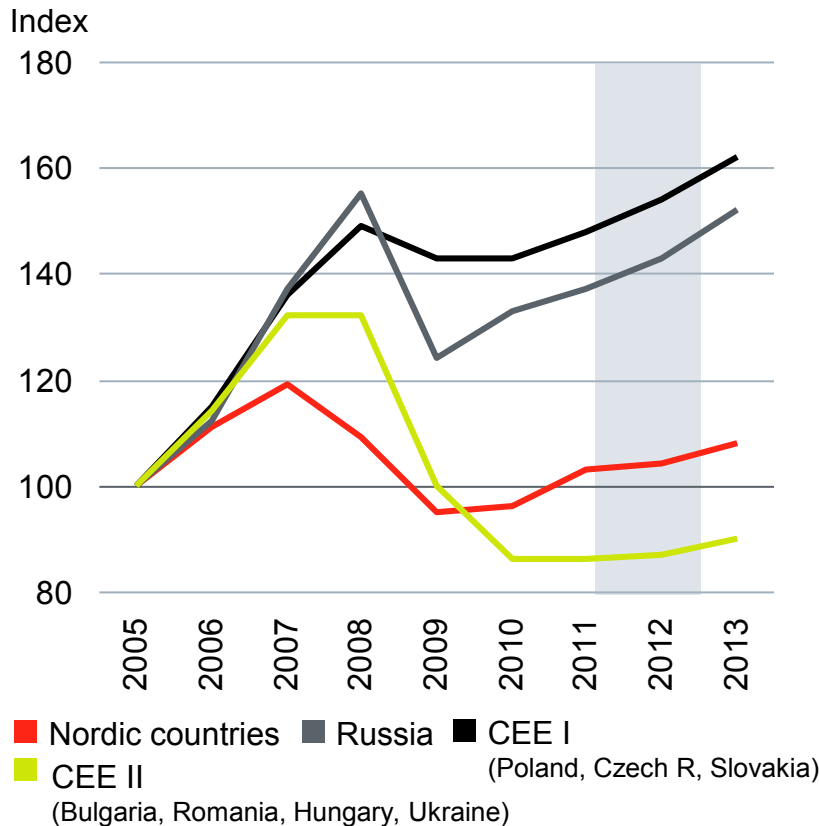
Source: Global Insight 3/2012, at constant prices

*) Figures for Romania, Ukraine, Bulgaria and Russia include renovation construction, but in these countries new construction accounts for 85-95% of the entire commercial, office and industrial construction market

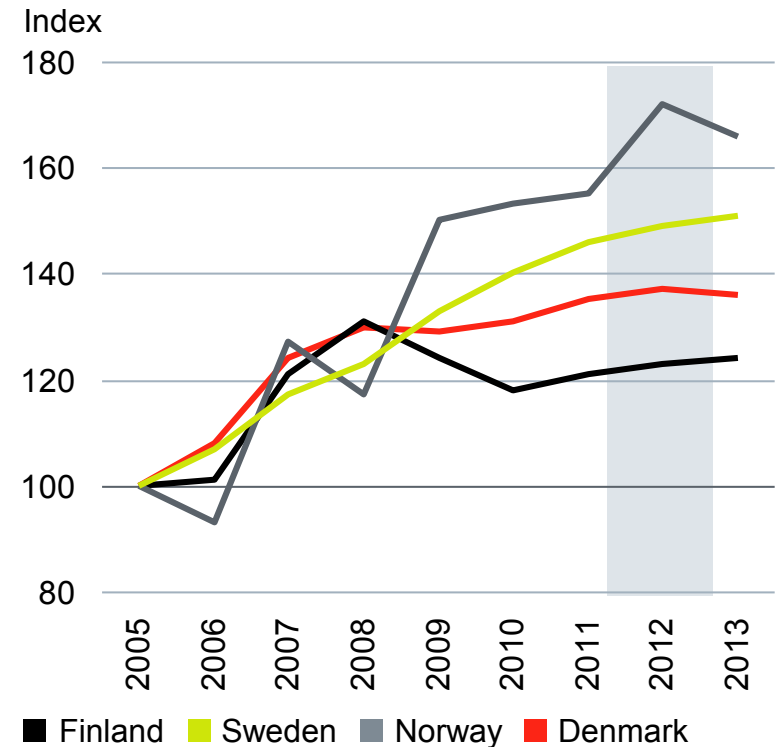
Construction business:

Residential construction is forecast to show most favourable development in Russia and CEE-I area

Residential construction, new and renovation construction



Transport infrastructure construction

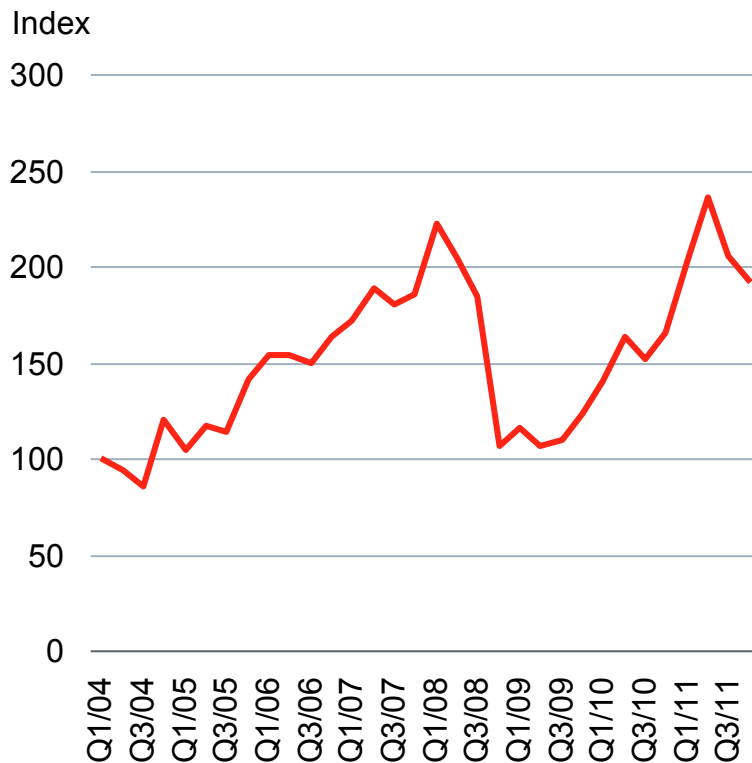


Source: Global Insight 3/2012, at constant prices

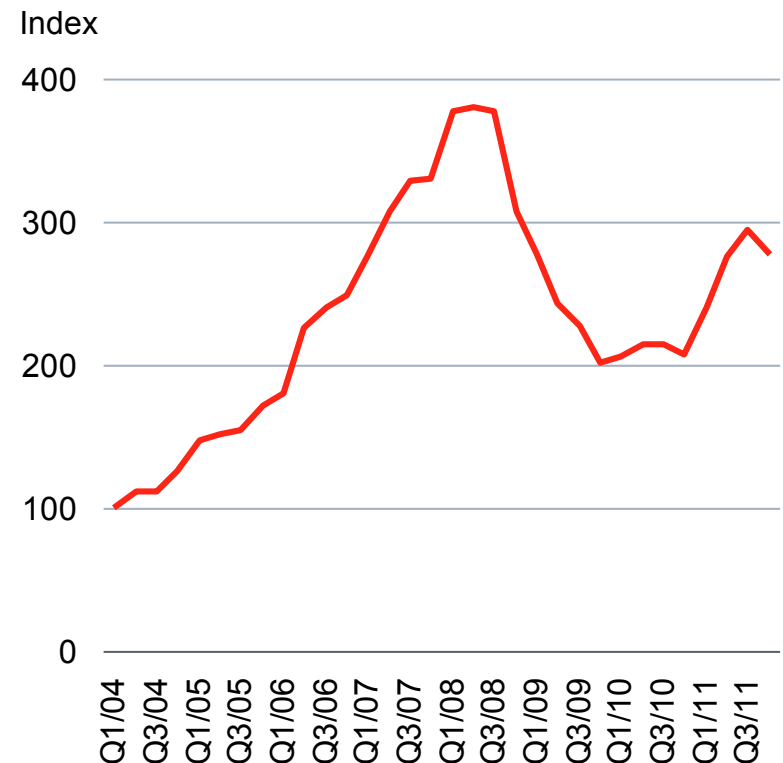
Engineering business:

Growth in customers' order intake and order books compared to previous year

Order intake of main customers, Q1/04-Q4/11



Order books of main customers, Q1/04-Q4/11

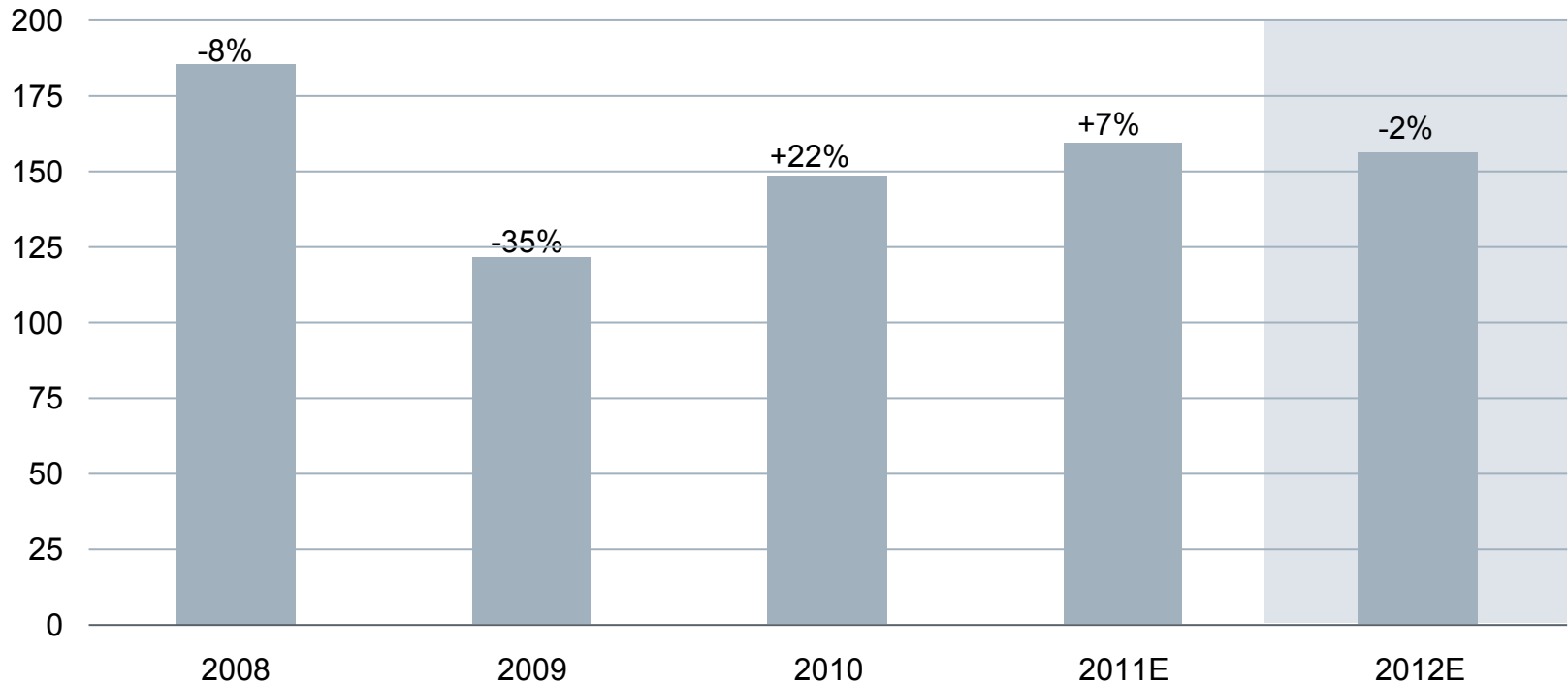


Sources: Company reports - Konecranes, Cargotec Industrial & Terminal, Metso Mining & Construction Technology, Wärtsilä, Andritz Pulp & Paper, Terex Group

Apparent use of steel in Europe forecast to decline 2% in 2012

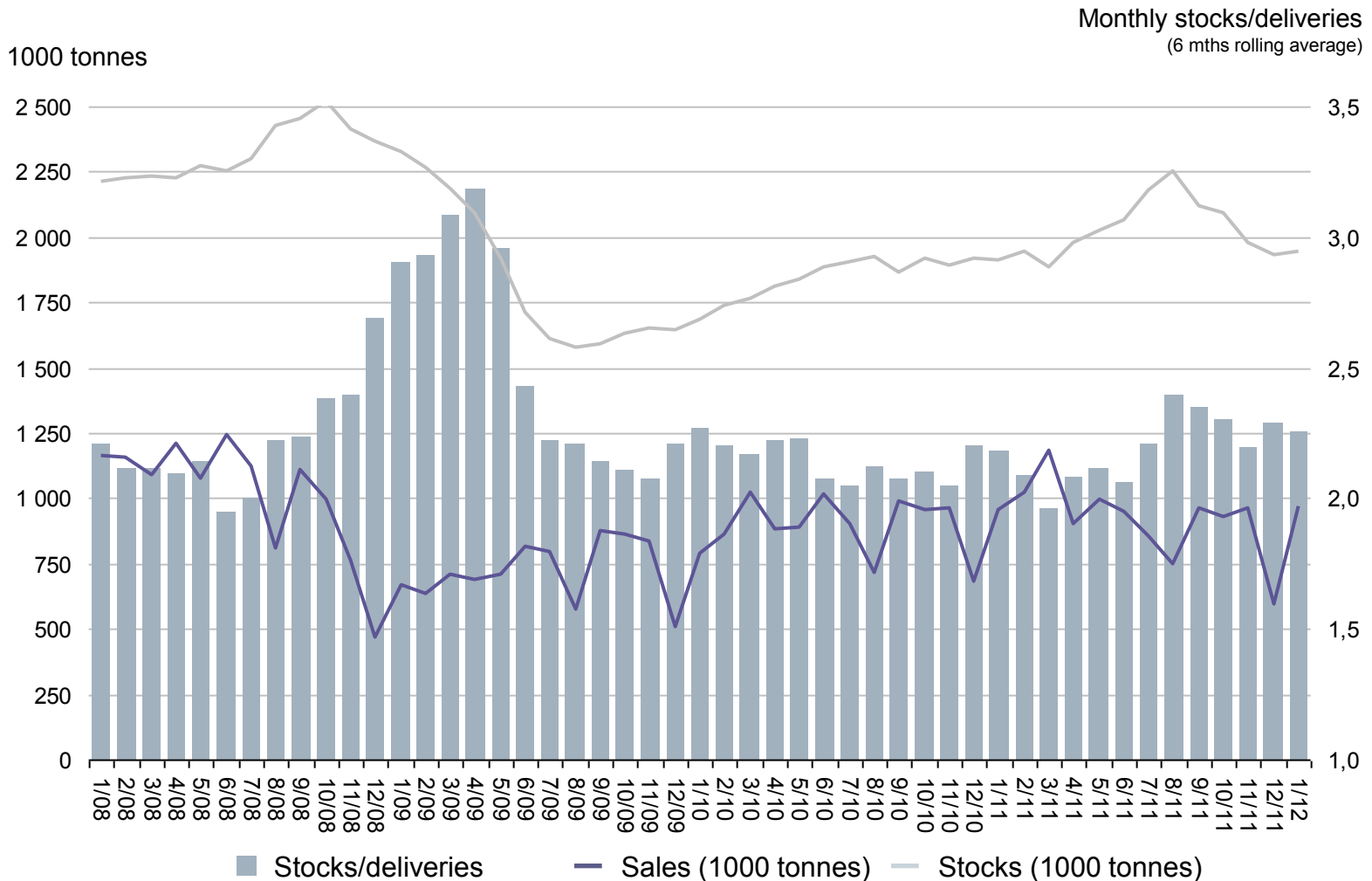
Steel demand in EU-27 region
2008-2012E

Million tonnes



Source: Eurofer 1/2012

Stock levels of steel wholesalers in Europe at normal level compared to sales

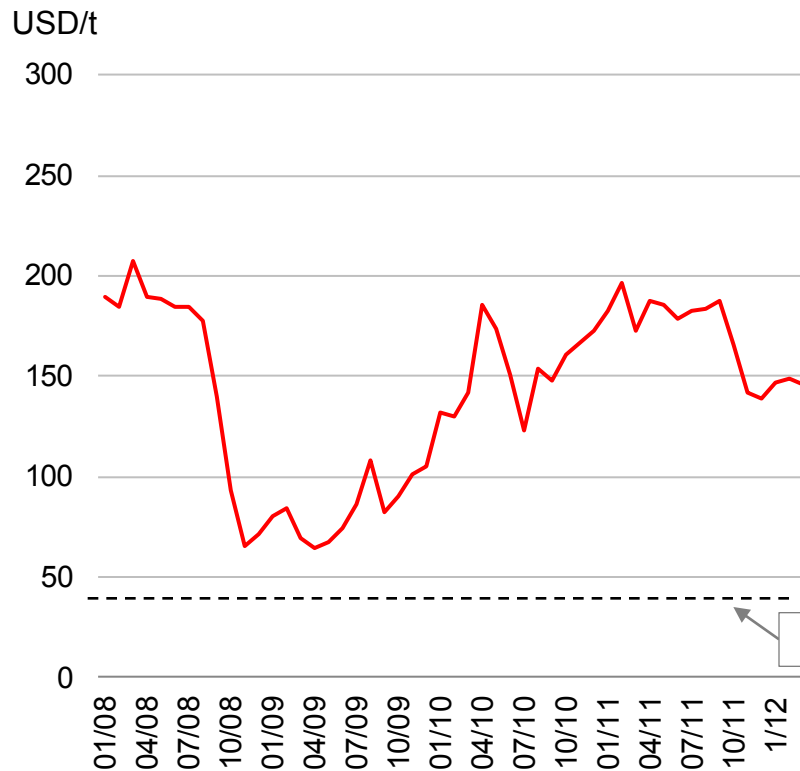


Source: EASSC (NB. Viewpoint of one source that does not reflect stock levels of all steel wholesalers in Europe)

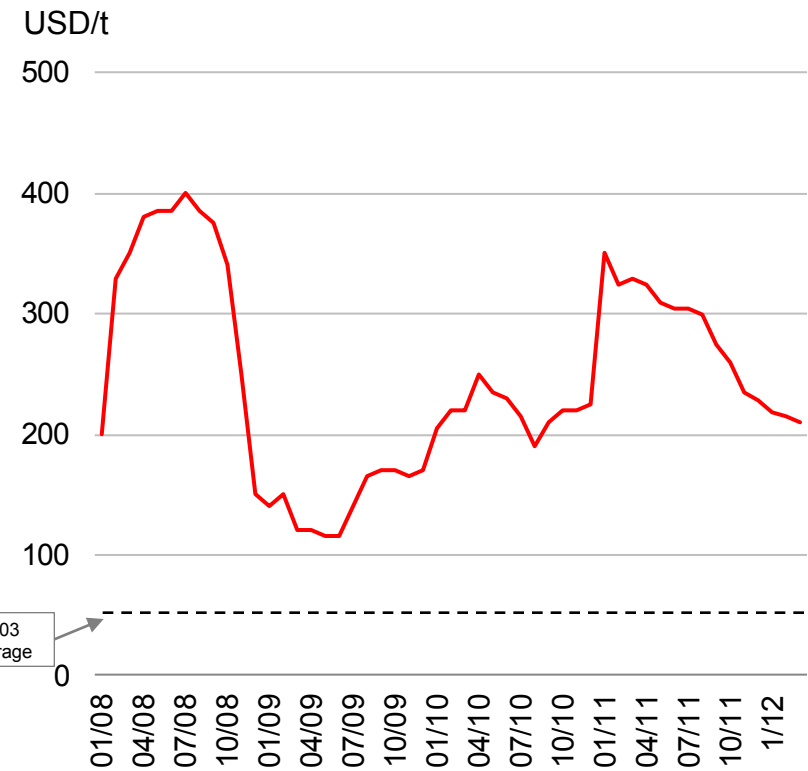
Raw materials:

Average price of iron ore at same level as previous quarter,
decrease in market price of coking coal

Spot price of iron ore *)



Spot price of coking coal **)



Source: CRU

*) C&F China (63.5% Fe) **) FOB Australia

Near-term outlook

Factors affecting net sales development

Construction

Modest market growth forecast for 2012

- Residential construction activity is forecast to be at a good level in all main market areas
- Market development in commercial and industrial construction includes uncertainty due to weakened economic outlook
 - Demand in Russia is forecast to be at a good level
- Infrastructure construction activity in the Nordic countries is forecast to remain stable

Engineering

Market is forecast to remain relatively good in 2012

- Demand from mining industry machinery and equipment manufacturers is estimated to be at a good level, likewise demand from heavy cargo handling equipment and other materials handling equipment manufacturers
- In the energy industry, demand on the baseload power generation market is estimated to remain good

Steel

Service centre sales are forecast to continue at a good level and demand from mill customers is estimated to pick up slightly

- Steel industry stocks at normal level in Europe
- Average selling prices of steel products are expected to show a modest rise
- However, the direct and indirect implications of the European sovereign debt crisis are causing uncertainty in the market development of the steel business

Focus areas for the rest of the year

- Implementation of efficiency projects in the construction and steel businesses
- Improving responsiveness in uncertain business environment
- Growth in construction especially in residential construction products, in Russia and in Poland
- Strengthening of special steel products' distribution network
- Generating strong cash flow by improving cost competitiveness and earnings performance, freeing up working capital and lowering capex

Near-term outlook

- Permanent improvement in earnings performance target increased from EUR 50 million to EUR 70 million:
 - will be visible starting 2012, but mainly during first quarter of 2013 and in full from third quarter onwards
- Priorities for 2012 are to improve cost competitiveness and cash flow
- The goal is also to further improve the company's cost structure, which, because of actions already completed and those ongoing, is already lighter than in previous years
- Capex is estimated to be clearly lower than during the previous year, at about €100 million

Guidance unchanged: Net sales in 2012 are estimated to grow about 5 per cent. Comparable operating profit is estimated to improve compared to 2011.



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Appendices

Key figures

| €m | 1-3/12 | 1-3/11 | 2011 |
|---|--------|--------|--------|
| Net sales *) | 702 | 675 | 2 797 |
| Operating profit *) | -15 | 25 | 56 |
| as % of net sales *) | -2.2 | 3.7 | 2.0 |
| Result before income tax *) | -25 | 14 | 22 |
| Result for the period | -20 | 8 | -10 |
| Earnings per share, diluted, € | -0.14 | 0.06 | -0.07 |
| Return on capital employed (rolling 12 months), % | -0.6 | 2.7 | 1.3 |
| Gearing ratio, % | 68.0 | 50.3 | 60.4 |
| Gross capex **) | 23 | 36 | 179 |
| Net cash from operating activities | 54 | 6 | 114 |
| Net cash before financing activities | 32 | -29 | -57 |
| Personnel (average) | 11 350 | 11 436 | 11 821 |

*) Comparable ***) In tangible and intangible assets

Comparable quarterly net sales and operating profit

| €m | 1-3/11 | 4-6/11 | 7-9/11 | 10-12/11 | 1-3/12 |
|------------------------------------|------------|------------|------------|------------|------------|
| Comparable net sales | | | | | |
| Ruukki Construction | 135 | 201 | 219 | 203 | 153 |
| Ruukki Engineering | 62 | 62 | 59 | 73 | 69 |
| Ruukki Metals | 478 | 467 | 396 | 442 | 477 |
| Other | 0 | 0 | 0 | 0 | 0 |
| Total | 675 | 730 | 674 | 718 | 699 |
| Comparable operating profit | | | | | |
| Ruukki Construction | -13 | 4 | 11 | -6 | -10 |
| Ruukki Engineering | -2 | -2 | 1 | -4 | -1 |
| Ruukki Metals | 42 | 75 | -9 | -28 | 0 |
| Other | -3 | -6 | -3 | -3 | -4 |
| Total | 25 | 71 | 1 | -40 | -15 |