• Ruukki is ready for profitable growth
• New Financial Targets
• Business Environment
• Financials 1-9/2006
• Near-term Outlook
• Summary
Ruukki is ready for profitable growth
Growth potential in customer segments

- **Construction**
  - Strong growth in CEE, Russia and Ukraine
    - Metal based market about EUR 10 bn
  - Increasing demand for integrated systems

- **Engineering**
  - Customers outsourcing operations
    - Major opportunities in Lifting, Handling and Transportation (LHT)
    - LHT target market about EUR 5 bn

- **Metals**
  - Solid market position in Nordic Countries
    - Expanding service centre activities
  - Share of special products increasing
Strong growth in construction solutions in CEE, Russia and Ukraine
Strong growth in targeted segments

Annual change (% by volume) 2006

<table>
<thead>
<tr>
<th>Segment</th>
<th>Western Europe</th>
<th>CEE*</th>
<th>Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td>New residential</td>
<td>3,5</td>
<td>4,6</td>
<td>13,0</td>
</tr>
<tr>
<td>Residential renovation &amp; modernization</td>
<td>1,8</td>
<td>4,6</td>
<td>9,0</td>
</tr>
<tr>
<td>New commercial</td>
<td>2,0</td>
<td>5,4</td>
<td>15,0</td>
</tr>
<tr>
<td>Civil engineering</td>
<td>2,8</td>
<td>11,3</td>
<td>14,0</td>
</tr>
<tr>
<td>Total construction output</td>
<td>2,4</td>
<td>7,0</td>
<td>14,0</td>
</tr>
</tbody>
</table>

Ruukki’s growth is leveraged by
- **GDP growth** as the main driver for construction activity
- **Growth in construction activity** drives demand for construction solutions and materials
- **Market share of steel** vs other materials is driving demand for Ruukki’s solutions

* Poland, Czech republic, Slovakia, Hungary
Sources: Euroconstruct, BuildEcon
Simplify and shorten the construction process

Customer's needs

- Finding out customer needs
- Utilising standard components in planning
- Manufacturing and/or sourcing of materials
- Total delivery

Benefits for customer:

- Fewer parties minimise the process risk
- Industrial prefabrication speeds up construction and improves quality

Extensive component range for:

- foundations
- external walls & facades
  - roofs
  - frames

100% ready:

- one-storey buildings
- multi-storey buildings
- noise barriers
Complete one- and multi-storey commercial buildings
Ruukki’s target market is ~10 EUR billions

Market size and growth 2006

- Market for Ruukki’s products and solutions **EUR 10 billions**
- Average **market growth is 7 %** in Ruukki’s focus markets
- Market growth equals to size of **Ruukki Construction**
- The growth is strongest in **CEE, Russia and Ukraine**

Sources: Euroconstruct, BuildEcon, VTT
Russian cities with over half million inhabitants
Ruukki Construction: Strong organic growth expected to continue

**Net sales** (EUR millions)

- **2004**: 377
- **2005**: 550
- **2006**: 798
- **2007**: (current year)
- **2008**: (current year)
- **2009**: (current year)

* Sum of last 4 quarters, including PPTH, Steelmont, Ventall pro forma
High value added systems to engineering customers
Engineering business areas

Lifting, Handling & Transportation (LHT)
- Cranes & Material handling
- Construction & Mining
- Forest machines
- Agriculture

Paper, Wood & Energy

Marine & Offshore

Systems
Components
Parts
Standard and special steel products

Components
Parts
Standard and special steel products
Ruukki’s potential market in LHT is ~ 5 EUR billions

- Cranes & Material handling estimated growth ~5 %
- Forest machines estimated growth ~6 %
- Agriculture estimated growth ~ 4%
- Construction & Mining estimated growth ~2%

- The annual market growth is estimated ~ 4 %.
- Current market using high strength steel products is estimated at 800 MEUR.
Ruukki has competitive edge in solutions

Material and welding know-how, high-strength steels
Planning, R&D and design
Reliability and resources to support customer
Assembly and delivery

Customer

Supplier 1: Assembly
Supplier 3: Frames
Supplier 4: Parts
Supplier 2: Planning
Supplier 5: Booms
Supplier 6: Parts

Assembly
Cabins
Booms
Frames
Parts
Standard & Special Products
Ruukki co-operates with a supporting network

Supporting network managed by Ruukki

- Material and welding know-how, high strength steels
- Planning, R&D and design
- Reliability and resources to support customer
- Assembly and delivery
Ruukki is a strategic system supplier

Services
- sourcing of parts and components
- design
- manufacturing
- assembly
More value to customers with special steel products
Steel industry playground is changing

### Drivers

**Trends in supply:**
- Consolidation
- Globalisation
- Up-streaming
- Service for volume markets

**Opportunities for big global players**

**Main players in Europe**
- Arcelor Mittal 62.2 bEUR 115 mt
- Corus 14.8 bEUR 18 mt
- ThyssenKrupp Steel 14.8 bEUR 17 mt

**Trends in customer demand:**
- Down-streaming
- Outsourcing
- Product specialization
- New application segments

**New business niches emerge**
- Voestalpine 6.4 bEUR 6.4 mt
- Rautaruukki 3.7 bEUR 3.8 mt
- SSAB 3.0 bEUR 4.0 mt
Ruukki Metals: Special products in focus

<table>
<thead>
<tr>
<th>Customer benefit</th>
<th>Segments</th>
<th>Special steel products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lighter structures</td>
<td>Lifting equipment</td>
<td>• high strength</td>
</tr>
<tr>
<td>Lower maintenance costs</td>
<td>Material handling and transport equipment</td>
<td>• abrasive resistant</td>
</tr>
<tr>
<td>Longer lifetime</td>
<td>Automotive components</td>
<td>• selected coated</td>
</tr>
<tr>
<td>Improved designs</td>
<td>Construction components</td>
<td></td>
</tr>
</tbody>
</table>
Case: Material handling and transport equipment

- Increased payload and improved functionality
- Longer lifecycle of the product
- High strength wear resistant steel, that is formable
- Accurate logistics and in-time deliveries
- Simplified manufacturing process
- Mechanical, machining and surface properties
Expansion of St. Petersburg Service Center

• Ruukki invests some EUR 20 million to expand its service center operations in St. Petersburg, Russia.
  – Growth in this business requires strong local operations

• Russia is a large and growing market having no serious competition in service center operations, which forms right timing for Ruukki’s expansion.

• Western customers coming into market are used to have materials and services from service centres in order to avoid investments in prefabrication.

• Service center serves Western customers entering Russian market as well as local Russian customers.
Key themes for growth in Ruukki
### Key themes for growth in Ruukki

| **Construction** | - Utilise momentum and **SPEED-UP GROWTH** especially in Eastern Europe  
|                  | - Develop new products and services to industrialise construction process |
| **Engineering**  | - Speed-up growth in Lifting, Handling & Transportation (LHT)  
|                  | - Build **EFFICIENT MANUFACTURING NETWORK** in CEE and Russia |
| **Metals**       | - Strengthen leading position in Nordic  
|                  | - Structural change from standard to **SPECIAL PRODUCTS** |
| **Production**   | - Develop flexibility and efficiency via **INTEGRATED STEEL SUPPLY CHAIN**  
|                  | - Invest in modern technology to achieve leading edge in special products |
Structure has changed

Share of net sales

- Construction
- Engineering
- Metals
- Other
- Long Products


- 0%
- 20%
- 40%
- 60%
- 80%
- 100%
New financial targets
Drivers for growth and better sustainable profitability

• Divesting or closing of unprofitable and non-core operations
  – Fundia (Ovako, Nordic reinforcing)
  – Unprofitable sales in Central Europe

• Main businesses focus on high growth markets
  – Increasing growth in Central Eastern Europe, Russia and Ukraine
  – Good market development also in the Nordic area

• Healthy margins before volumes

• Increasing sales of value-added parts, components and systems

• Unified corporate structure brings cost efficiency
New financial targets and dividend policy

<table>
<thead>
<tr>
<th></th>
<th>earlier</th>
<th>next three years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top-line growth</td>
<td></td>
<td>&gt; 10 % p.a.</td>
</tr>
<tr>
<td>Operating profit % (EBIT)</td>
<td>&gt; 7 %</td>
<td>&gt; 12 %</td>
</tr>
<tr>
<td>Return on capital employed %</td>
<td>&gt; 15 %</td>
<td>&gt; 20 %</td>
</tr>
<tr>
<td>ROCE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gearing</td>
<td>&lt; 80 %</td>
<td>&lt; 60 %</td>
</tr>
</tbody>
</table>

**Rautaruukki’s dividend policy** is to pay a yearly dividend of 40 % to 60% of net profit. The company aims at a steadily increasing dividend that takes into account the requirements for business growth.
Ruukki is ready for the profitable growth

Financial Platform in place
Streamlined corporate structure
Funding potential > 1 billion €

Growth areas
Promising growth prospects:
1. Construction solutions in Eastern Europe
2. Selected engineering customers
3. Special steel products

Focus on profitable growth
Organic growth and selected acquisitions
Ruukki United internal development programs

Financial growth targets
Top-line growth >10 % p.a.
EBIT > 12 %
ROCE > 20 %
Gearing < 60 %
Dividend 40-60 % of EPS
Business Environment
Demand continued good

- Demand in Ruukki’s market area was good
  - Deliveries of integrated systems and good demand increased sales in Construction
  - Good order books of customer industries boosted Engineering
  - Demand for standard and speciality steel products held up well

- Average prices in 1-9/2006 were at the same level as 2005
Financials 1-9/2006
Financial highlights for Q3 2006

• Comparable net sales increased by 17 per cent to EUR 868 million in Q3 2006 compared with EUR 745 million in 2005.

• Net sales were boosted by
  – clearly higher average sales prices over Q3/2005 and
  – acquisitions made (e.g. PPTH, Steel-Mont)

• Operating margin was 16.2 % (15 %).

• Earnings per share (diluted) was EUR 0.76 (0.61)

• The share of solution business in Group’s
  – net sales was 42 % (33 %)
  – operating profit was 44 % (54 %)

• Sale of the Nordic reinforcing steel business was closed
Net sales, Group total

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

without Ovako & Nordinc Reinforcing business
Group net sales by division

- Ruukki Metals
  - 1708 m€ (2029 m€)
  - 64 % (73 %)

- Ruukki Engineering
  - 400 m€ (339 m€)
  - 15 % (12 %)

- Ruukki Construction
  - 558 m€ (395 m€)
  - 21 % (14 %)
Group net sales by area

- Finland: 31% (29%)
- Other Nordic: 32% (30%)
- CEE-countries: 15% (11%)
- Other Western Europe: 20% (27%)
- Other countries: 2% (3%)
Quarterly net sales, Group total

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

without Ovako & Nordinc Reinforcing business
EBIT and profit before taxes

m€

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.
Quarterly EBIT and profit before taxes, Group total

Operating profit
Pre-tax profit
Operating profit-%

Q1 04 | Q2 04 | Q3 04 | Q4 04 | Q1 05 | Q2 05 | Q3 05 | Q4 05 | Q1 06 | Q2 06 | Q3 06
---|---|---|---|---|---|---|---|---|---|---
76 | 66 | 123 | 108 | 128 | 118 | 166 | 152 | 154 | 201 | 194
19.8% | 19.2% | 16.5% | 14.9% | 14.1% | 13.8% | 12.0% | 10.0% | 11.1% | 13.7% | 15.9%

% of sales

0.0% | 2.0% | 4.0% | 6.0% | 8.0% | 10.0% | 12.0% | 14.0% | 16.0% | 18.0% | 20.0%

Operating profit without Ovako & Nordinc Reinforcing business
Profit comparison

- Ruukki Construction
  - the price of raw materials (zinc) has not fully been transferred to product prices
  - PPTH has not yet reached the targeted profitability level
  - accrued depreciation of allocated goodwill in Q3
- Ruukki Engineering
  - long-term contracts renewed -> improved margin in Q3
- Ruukki Metals
  - further price increases in Q3, average sales prices in the same level as in 2005
  - raw material costs clearly over 2005
12-Month rolling EBIT 2000-2006

- 12-month rolling EBIT
- without Ovako & Nordic reinforcing business
12-Month rolling PTP 2000-2006

Pre-tax Profit

m€
Earnings per share

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.
Quarterly earnings per share
Return on equity

ROCE

Year 2000 – 2003 according to FAS and from 2004 according to IFRS.
Net debt, equity, gearing

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.
Cash flow

Year 2000 – 2003 according to FAS and from 2004 according to IFRS.
Capex vs. depreciation

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

*) Excl. value reductions 33 m€
Acquisitions

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

*) Ventall’s goodwill is not yet allocated
## Financial summary

<table>
<thead>
<tr>
<th>M€</th>
<th>Q3</th>
<th>Q1-Q3</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2005</td>
<td>2005</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- pro forma</td>
<td>885</td>
<td>812</td>
<td>2669</td>
</tr>
<tr>
<td></td>
<td>868</td>
<td>745</td>
<td>2502</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- % of net sales</td>
<td>140</td>
<td>114</td>
<td>362</td>
</tr>
<tr>
<td>- pro forma</td>
<td>141</td>
<td>112</td>
<td>348</td>
</tr>
<tr>
<td>- % of net sales</td>
<td>16.2</td>
<td>15.0</td>
<td>13.9</td>
</tr>
<tr>
<td><strong>Pre tax profit</strong></td>
<td>141</td>
<td>116</td>
<td>378</td>
</tr>
<tr>
<td><strong>EPS, €</strong></td>
<td>0.76</td>
<td>0.61</td>
<td>2.09</td>
</tr>
<tr>
<td><strong>ROCE rolling 12- months, %</strong></td>
<td>26.2</td>
<td>35.7</td>
<td>26.2</td>
</tr>
<tr>
<td><strong>Gearing, %</strong></td>
<td>25.3</td>
<td>34.1</td>
<td>25.3</td>
</tr>
</tbody>
</table>

**Year 2005**

- Net sales: 3654 M€
- EBIT: 618 M€
- Pre tax profit: 612 M€
- EPS: 3.31 €
- ROCE rolling 12-months: 32.8 %
- Gearing: 22.8 %
Near-term Outlook
Near-term outlook

• Economic growth in the Group’s core market areas has remained strong and the market situation in the main customer industries is good.

• Costs of the raw materials used in steel manufacture are expected to remain at the level seen in the second half of 2005.

• Full-year consolidated net sales in 2006 are estimated to exceed EUR 3.5 billion.

• The company’s cash flow is estimated to improve significantly in the latter part of the year thanks to good profitability and the Ovako transaction.

• Fourth-quarter operating profit is estimated to improve markedly compared with the same period last year and the Group is well positioned to start the year 2007.
Summary
Summary

• Ruukki is ready for profitable growth
  – strong financial platform and competent personnel
  – clear growth potential in CEE, Russia and Ukraine

• New financial targets in place

• Customer industries’ demand is expected to continue good and steel prices to strengthen further in last quarter

• Internally the focus is on continuous improvement of cost efficiency (Ruukki United)

• Full-year consolidated net sales in 2006 are estimated to exceed EUR 3.5 billion and fourth-quarter operating profit is estimated to improve markedly compared with the same period last year

• The Group is well positioned to start the year 2007