Interim Review Q2 2006

July 26, 2006
• Strategy Moving Ahead
• Recent Structural Changes
• Business Environment
• Financials 1-6/2006
• Near-term Outlook
• Summary
Strategy Moving Ahead
Ruukki today

- Ruukki supplies metal-based products, components, systems and integrated systems
- Customer industries in focus:
  - construction
  - mechanical engineering
- Net sales in 2005 EUR 3.7 billion
- In 2005 approx. 12,000 employees in 23 countries
Ruukki supplies products, components and systems according to customers’ needs.
Our vision: the most desired solution supplier for chosen customer segments

2003 Reliable steel producer

2008-2010 The most desired solution supplier
Recent Structural Changes
Acquisition and Divestments

Acquired companies and their net sales:

- Velsa ~50 Me engineering
- Metalplast ~65 Me construction
- PPTH ~100 Me construction and engineering
- Weibulls ~50 Me engineering
- Ruukki Engineering – sale of Halikko unit about -10 Me
- Ruukki Metals – Froh Housetech -10 Me
- Steel-Mont ~25 Me construction
- Ventall ~110(e) Me construction

Divested companies and their net sales:

- divestment of Ovako*
- Ruukki Metals – sale of Duisburg Service Center
- Ruukki Construction – sale of Metalplast Systems ~9 Me
- divestment* of reinforcing steel ~330 Me
- Mar 2006, Ruukki Metals – sale of Duisburg Service Center
- May 2006, Ruukki Metals – sale of Duisburg Service Center
- Apr 2006, divestment* of reinforcing steel ~330 Me
- Nov 2004, restructuring of long products about -600 Me
- Velsa ~50 Me engineering
- Metalplast ~65 Me construction
- PPTH ~100 Me construction and engineering
- Weibulls ~50 Me engineering
- Ruukki Engineering – sale of Halikko unit about -10 Me
- Ruukki Metals – Froh Housetech -10 Me
- Steel-Mont ~25 Me construction
- Ventall ~110(e) Me construction

*) agreements awaiting for regulatory approvals
Ventall Acquisition strengthens our delivery capabilities in Russia and Ukraine

- Ventall designs, manufactures and supplies steel frame structures and sandwich elements
- Key figures in 2005
  - Net sales EUR 110 million (2006e)
  - EBIT EUR 15.5 million
  - Employees 1,238
- Most of the EUR 30 million expansion program completed
  - Triples production capacity and enables significant growth
Commercial construction growing considerably in Russia

- Russian steel construction market estimated at about EUR 700 million
  - Ventall’s market share about 7 per cent
  - in sandwich elements Ventall’s market share about 15 per cent
- Ventall more than doubles Ruukki’s net sales in Russia (EUR 70 million in 2005)

Source: Euroconstruct, VTT, Buildcon
Divestment of Ovako

- Rautaruukki, Wärtsilä and SKF signed an agreement to sell Ovako in July 2006
- Purchasers:
  - holding company owned by Hombergh Holdings, WP de Pundert Ventures BV and Pampus Industrie Beteiligungen CmbH & Co
- Expected to close in September 2006
- Enterprise value appr. 700 M€
- Deal structure:
  - 660 M€ price for the shares
    - 535 paid in cash
    - 110 M€ vendor note from sellers in 3-6 years
    - 15 M€ deferred payment 2 years
Divestment of Ovako – Main effects on Rautaruukki

- Shares: 311 M€
- Tax free profit: appr. 100 M€ (shown as financial income)
- Cash in 2006: 250 M€
- Cash in 2008: 7M€
- Vendor note paid within 3-6 years from closing, cash effect 52 M€
Rationale for divestment of long steel business

• Only limited synergy with Ruukki Metals’ other products
• More exposure to standard steel price fluctuation
• Lot of capital tied in long steel business
• Not related to solutions in engineering and construction businesses

• More stable business structure
• Funds available to invest in profitable growth in selected business areas
• More focus on selected solutions businesses:
  – construction
  – engineering
  – special products
Divestment of long steel business – Financial effects

• Expected cash effects, 470 M€:
  – Ovako shareholders loan in Q2/2006, 38M€ (already booked)
  – sale of reinforcing steel in Q3/2006, 123 M€ (incl. dividends)
  – sale of Ovako
    • during 2006, 250 M€
    • deferred payment in 2008, 7M€
    • vendor note in 3-6 years, 52 M€

• Tax free profit 100 M€, expected in 2006
Demand continued good

• Demand in **construction** at good level
  – strong growth in industrial and commercial construction
  – demand in core market areas (central eastern Europe, Russia and Ukraine) continued strong

• Strong order books in **engineering** industry
  – demand in Lifting, Handling and Transportation very strong
  – strong order books in Marine and Offshore

• Standard steel product market still strong
  – demand of steel products improved, especially in plates and colour coated products
  – steel product prices increased compared to Q1/2006
  – wholesalers’ stock levels normal/low
Net sales, Group total

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.
Group net sales by division
Q1-Q2/2006 (Q1-Q2/2005)

- **Ruuikki Metals**
  - 1195 m€ (1488 m€)
  - 67 % (76 %)

- **Ruuikki Construction**
  - 315 m€ (225 m€)
  - 18 % (12 %)

- **Ruuikki Engineering**
  - 274 m€ (238 m€)
  - 15 % (12 %)
Group net sales by area
Q1-Q2/2006 (Q1-Q2/2005)

- Finland: 32% (28%)
- Other Nordic: 34% (31%)
- CEE-countries: 13% (9%)
- Other Western Europe: 19% (29%)
- Other countries: 2% (3%)
Quarterly net sales, Group total

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

without Ovako
EBIT and profit before taxes

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-%
Operating profit margin target (right-hand scale)
without Ovako

Q1 04 Q2 04 Q3 04 Q4 04 Q1 05 Q2 05 Q3 05 Q4 05 Q1 06 Q2 06

m € 220
200
180
160
140
120
100
80
60
40
20
0

% of sales
20,0%
18,0%
16,0%
14,0%
12,0%
10,0%
8,0%
6,0%
4,0%
2,0%
0,0%

9,5% 13,5% 14,9% 16,5% 20,1 19,4 180 182 14,1% 13,8% 11,1% 13,7%
13,5% 19,8% 19,2% 11,1% 13,7% 14,1% 13,8% 11,1% 13,7%

m €
Profit comparison (H1/2006 vs. H1/2005)

- **Ruukki Construction**
  - the price of raw materials (zinc) has not yet fully been transferred to product prices
  - PPTH has not yet reached the targeted profitability level
- **Ruukki Engineering**
  - due to long-term contracts the product price increases have not yet compensated the rise in raw material costs
- **Ruukki Metals**
  - average sales prices lower and raw material costs higher than in 2005
  - prices expected to increase in the latter part of the year
  - production volumes have somewhat restricted deliveries
12-Month rolling EBIT 2000-2006

€m

Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2
00 00 00 00 01 01 01 01 02 02 02 02 03 03 03 03 04 04 04 04 05 05 05 05 06 06

-40

12-month rolling EBIT excl. Ovako

www.ruukki.com
12-Month rolling PTP 2000-2006

Pre-tax Profit

m€
12-Month rolling ROCE 2000-2006
Earnings per share

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

€ | 1,10 | 1,00 | 0,90 | 0,80 | 0,70 | 0,60 | 0,50 | 0,40 | 0,30 | 0,20 | 0,10 | 0,00

Q1 04 | Q2 04 | Q3 04 | Q4 04 | Q1 05 | Q2 05 | Q3 05 | Q4 05 | Q1 06 | Q2 06

0,35 | 0,69 | 0,60 | 0,76 | 1,06 | 0,97 | 0,61 | 0,68 | 0,56 | 0,77

www.ruukki.com
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.
Cash flow in 2006

• In the first half of the year cash flow was affected by:
  – dividends -191 M€
  – taxes from 2005 -67 M€
  – Ventall acquisition -99 M€

• In the second half of the year cash flow is expected to enhance remarkably by:
  – sales of reinforcing business +123 M€
  – sale of Ovako +250 M€
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.

*Allocation of goodwill not completed
Profitability was at a good level

- Rolling 12-month’s ROCE 24.1 % (35.2%)
- Operating profit 1-6/2006 222 M€ (332 M€ comparable)
  - operating profit of net sales 12.4% (19.5%)
- Pretax profit 237 M€ (376 M€)
  - pretax profit of net sales 13.3% (19.2%)
- EPS 1.33 (2.02)
Near-term Outlook
Near-term outlook

- Demand is expected to remain firm within construction and engineering industries.
- Prices of steel products are set to strengthen further over the latter half of the year and raw material costs estimated to remain at the level seen in the second half of 2005.
- Full-year net sales in 2006 are expected to increase on the comparable net sales in 2005.
- Cash flow is expected to improve remarkably in the second half of 2006.
- The second half EBIT estimated to be clearly better compared with the same period in 2005.
Summary
Summary

• Divestment of long steel business completed
• Ventall deal closed: strong base in the growing Russian construction markets
• Strong demand expected to continue in the main customer industries and steel prices strengthening
• Cash flow is expected to enhance remarkably in the second half of 2006
• The second half EBIT estimated to be clearly better compared with the same period in 2005