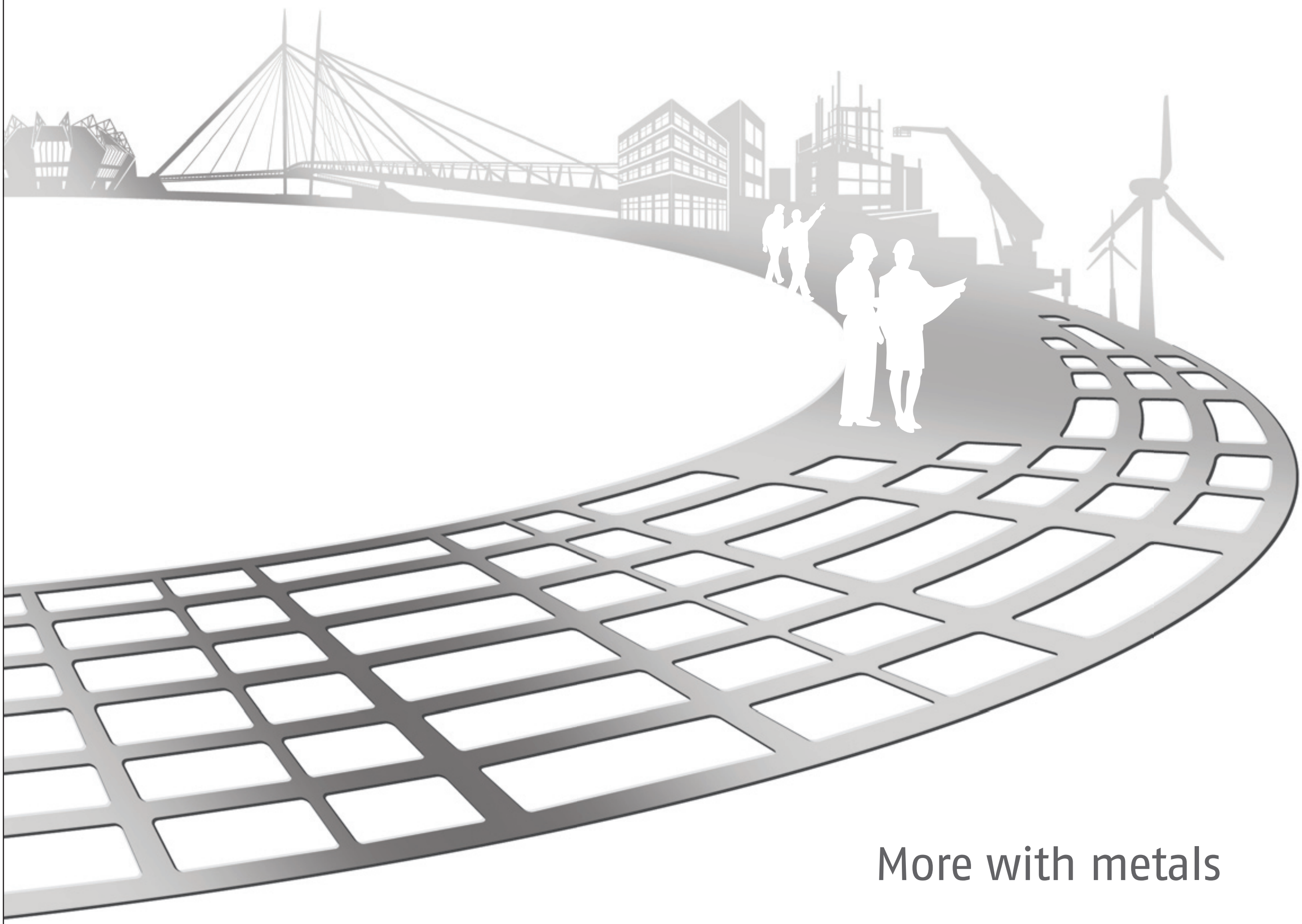
Q3

Rautaruukki Corporation

Interim Report
1 January–30 September 2010
RTRKS

22 October 2010



More with metals

Rautaruukki Corporation Interim report 22 October 2010 at 9.00 EEST

Rautaruukki Corporation: Interim report for Q1-Q3/2010
Clear growth in order intake, profitability improved significantly on previous year

July-September 2010 in brief
- Order intake was EUR 576 million (up by around 40 per cent year on year).
- Comparable net sales were EUR 615 million (475).
- Comparable operating profit was EUR 41 million (-49), equating to 6.6 per cent of net sales (-10.3).
- Comparable result before income tax was EUR 31 million (-59),
equating to 5.1 per cent of net sales (-12.3).

January-September 2010 in brief
- Order intake was EUR 1,679 million (up by around 30 per cent year on year).
- Comparable net sales were EUR 1,762 million (1,387).
- Comparable operating profit was EUR 42 million (-241), equating to 2.4 per cent of net sales (-17.4).
- Comparable result before income tax was EUR 20 million (-266),
equating to 1.1 per cent of net sales (-19.2).

Estimate of the full-year financial performance
Net sales in 2010 are estimated to grow 25-30 per cent year on year. Profitability is expected to improve significantly compared to the previous year and the full-year comparable result before income tax is estimated to be positive. Due to non-recurring items and unrealised gains and losses arising from USD derivatives, which are used to hedge purchases of raw materials, the full-year reported result before income tax is estimated to be negative.

The company earlier estimated consolidated net sales in 2010 to grow 25-30 per cent year on year. Profitability was earlier expected to improve significantly compared to the previous year and the full-year result before income tax was estimated to be positive.

KEY FIGURES

	Q3/10	Q3/09	Q1-Q3/10	Q1-Q3/09	2009
Comparable figures					
Comparable net sales, EUR m	615	475	1 762	1 387	1 901
Comparable operating profit, EUR m	41	-49	42	-241	-272
Comparable operating profit as % of net sales	6.6	-10.3	2.4	-17.4	-14.3
Comparable result before income tax, EUR m	31	-59	20	-266	-303
Reported figures					
Reported net sales, EUR m	614	485	1 774	1 429	1 950
Reported operating profit, EUR m	-6	-54	-8	-284	-323
Reported result before income tax, EUR m	-48	-64	-63	-313	-359
Net cash flow before financing activities, EUR m	-83	-42	-208	-48	30
Earnings per share, EUR	-0.26	-0.32	-0.35	-1.65	-1.98
Return on capital employed (rolling 12 mths), %			-2.1	-10.0	-14.2
Gearing ratio, %			42.9	26.4	22.3
Personnel on average	11 923	12 413	11 796	12 914	12 664

President & CEO Sakari Tamminen:
Our order intake during July-September showed year-on-year growth of around 40 per cent and the order flow amounted to approximately EUR 580 million. Demand for our products slowed seasonally quarter on quarter, but towards the end of the report period customer activity began to pick up in nearly all our businesses.

The value of our order intake in the construction business during the third quarter was up by almost 30 per cent year on year and by almost 10 per cent quarter on quarter. Order volumes for residential roofing products grew in nearly all market areas. In Russia, the order flow in commercial and industrial construction picked up clearly, and signs of an increase in demand also began to be visible in Poland and the Czech Republic. However, overall order intake in commercial and industrial construction still remained low. Good order flow continued in infrastructure construction despite a slight decline quarter on quarter.

Our orders in the engineering industry showed clear growth during the first half of the year and demand continued picking up also in the third quarter, especially in the manufacture of mining and forest machinery and materials handling equipment. A delay in new wind farm projects has clearly weakened demand in the manufacture of equipment for the wind power industry. Market conditions remained weak in the shipbuilding industry.

Due to seasonal fluctuation, the market for steel products is typically quieter during the third quarter of the year than during the second and this was reflected in delivery volumes also this year. On the Nordic markets, demand for steel products continued to be good in Sweden, but was still fairly quiet in Finland, even though it picked up towards the end of the third quarter. Demand for our special steel products continued growing in a number of industries, such as in the manufacture of equipment for the mining industry, and the share of special steel products of our steel business increased. We have expanded our distribution network for special steel products in new market areas, such as Brazil and China. Sales in these new areas have grown significantly.

Our net sales for January-September grew and our result clearly improved year on year, although profitability was still unsatisfactory in our construction and engineering businesses. Our comparable operating profit for July-September was at the level of the previous quarter.

Net sales in 2010 are estimated to grow 25-30 per cent year on year. Profitability is expected to improve significantly compared to the previous year and the full-year comparable result before income tax is estimated to be positive. Due to non-recurring items and unrealised gains and losses arising from USD derivatives, which are used to hedge purchases of raw materials, the full-year reported result before income tax is estimated to be negative.

The company earlier estimated consolidated net sales in 2010 to grow 25-30 per cent year on year. Profitability was earlier expected to improve significantly compared to the previous year and the full-year result before income tax was estimated to be positive.

Specialisation and emerging markets are growth drivers
Earlier this month, we announced our strategy outlines for the next few years. This means a big step forward for us in developing the business. Our strategic focuses are specialisation, strengthening our market position and capitalising on growth in the emerging markets. We are continuing work on the strong development of the solutions businesses - construction and engineering. The focus in the steel business is on special steel products, where we can capitalise on synergies with our engineering business. We will concentrate on launching new, scalable products and business concepts and on developing our expertise in special steels. On top of this, we will also focus on strengthening sales, marketing and customer service, both in countries where we already have operations and especially in the emerging markets.

Based on the strategy, we also set new targets for our businesses:
- Growth in the share of emerging markets to 50 per cent of consolidated net sales
- Growth in the share of the solutions businesses - construction and engineering - to 60 per cent of consolidated net sales
- Increase in the share of special steel products to 60 per cent of the company's steel business
- Strengthened market position in all core businesses

In the same context, we made changes to the responsibilities of members of the Corporate Executive Board to accelerate and boost implementation of our growth strategy.

From 1 November 2010, the Corporate Executive Board will comprise the following members:
- Sakari Tamminen, President & CEO and chairman of the Corporate Executive Board
- Mikko Hietanen, Executive Vice President, Business Development (deputy to the President & CEO)
- Tommi Matomäki, Executive Vice President, Ruukki Construction
- Marko Somerma, Executive Vice President, Ruukki Engineering
- Olavi Huhtala, Executive Vice President, Ruukki Metals
- Saku Sipola, Executive Vice President, Marketing, Technology and Supply Chain Management
- Markku Honkasalo, CFO

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Mikko Hietanen, CFO, tel. +358 20 592 9030

A presentation in English for analysts and the media will be held on 22 October 2010 at 10.30 EEST at Ruukki, Suolakivenkatu 1, 00810 Helsinki.

A live webcast of the event may be followed online on the company's website at www.ruukki.com/investors at 10.30. This event can also be attended through a **conference call**. To attend the conference call, please call the number below 5-10 minutes before the scheduled start time: +44 (0) 20 7162 0125, access code: 877430.

A replay of the webcast can be viewed on the company website on 22 October 2010 from approximately 16.00 EEST. An encore replay of the conference call will be available until 29 October 2010 at: +44 (0) 20 7031 4064, access code: 877430.

Rautaruukki Corporation
Anne Pirilä
SVP, Communications and Investor Relations

Rautaruukki supplies metal-based components, systems and integrated systems to the construction and engineering industries. The company has a wide selection of metal products and services. Rautaruukki has operations in 27 countries and employs 11,800 people. Net sales in 2009 totalled EUR 2.0 billion. The company's share is quoted on NASDAQ OMX Helsinki (Rautaruukki Oyj: RTRKS). The Corporation uses the marketing name Ruukki.

Distribution:
NASDAQ OMX Helsinki
Main media
www.ruukki.com

RAUTARUUKKI CORPORATION’S INTERIM REPORT FOR JANUARY-SEPTEMBER 2010

KEY FIGURES

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Business environment

Recent more positive signals have allayed fears of a double-dip recession in the global economy even though news of weaker-than-expected economic development in the United States and China triggered concern on the markets during the third quarter. Fading export demand has, however, also been reflected in Europe, where the growth rate during July-September appears to have levelled off after a strong second quarter. This is also the case in Finland, where the spurt of growth witnessed during the second quarter seems to have been followed by a phase of slightly more moderate growth.

Growth in industrial production continued in the third quarter, even though production levels were still far below those seen before the financial crisis. Except in residential construction, private investment demand still remained modest.

A low level of investments still kept demand for commercial and industrial construction fairly quiet. However, in some of Ruukki’s market areas, especially Russia, commercial and industrial construction activity continued picking up during the third quarter. Positive development in residential construction continued. In line with normal seasonal fluctuation, demand was higher during the quarter ended than earlier during the year. Activity in road and railway construction in the Nordic countries continued at a good level.

In the engineering industry, there was notable growth in the order intake of Ruukki’s main customers during the first half of the year. Market conditions, especially in the manufacture of mining and forest machinery and materials handling equipment, continued to improve also in the third quarter. A delay in new wind farm projects has weakened demand in the manufacture of equipment for the wind power industry. Market conditions remained weak in the shipbuilding industry.

In line with normal seasonal fluctuation, apparent demand for steel in Europe fell somewhat during the third quarter compared to the second quarter. Average monthly crude steel production in the EU-27 region was some 15 per cent lower during July and August than during the second quarter. Nevertheless, year-on-year production volumes were clearly higher, although consumption of steel in Europe remains far short of the level in 2007 and 2008. Demand for steel products still continued to be slower in Finland than in most of Ruukki’s other market areas, even though it picked up towards the end of the third quarter.

Order intake and backlog

The company's order intake during the third quarter was EUR 576 million, which is around 40 per cent higher year on year and slightly lower quarter on quarter. Order intake grew year on year in all business areas, with highest relative growth in the engineering business. Group order flow was up in all market areas, with strongest growth in Russia, Sweden and in Ruukki's new markets for special steel products in Brazil, China and Turkey. Quarter on quarter, order flow dipped in the steel business in line with normal seasonal fluctuation, yet grew in other business areas.

Group order intake during January-September was EUR 1,679 million, which is about 30 per cent up year on year.

Order backlog at the end of the report period was somewhat higher year on year and roughly at the same level as at the end of June 2010.

Net sales

Unless otherwise stated, the figures in brackets refer to the same period a year earlier.

Consolidated comparable net sales for the third quarter were EUR 615 million (475), up 29 per cent year on year. Higher comparable net sales were attributable especially to larger delivery volumes of steel products. Reported net sales were EUR 614 million (485). The impact of the Mo i Rana unit in Norway has been eliminated from comparable net sales.

Consolidated comparable net sales for January-September 2010 were EUR 1,762 million (1,387) and reported net sales EUR 1,774 million (1,429). The solutions businesses - Ruukki Construction and Ruukki Engineering - accounted for 34 per cent (48) of consolidated comparable net sales. Special steel products accounted for 26 per cent (19) of Ruukki Metals' net sales for January-September.

NET SALES BY BUSINESS AREA

EUR million	Q3/10	Q3/09	Q1-Q3/10	Q1-Q3/09	2009
Comparable net sales					
Ruukki Construction	184	164	456	442	589
Ruukki Engineering	45	53	137	220	263
Ruukki Metals	386	257	1 168	724	1 050
Other	0	0	1	0	0
Comparable net sales, total	615	475	1 762	1 387	1 901
Items affecting comparability included in reported net sales	0	10	12	43	49
Reported net sales	614	485	1 774	1 429	1 950

Consolidated comparable net sales for the third quarter rose year on year in almost all market areas. Russia, Ukraine and Other Nordic countries showed the strongest relative improvement in net sales. In Russia, good demand for colour-coated steel products and higher delivery volumes in commercial and industrial construction boosted net sales. Net sales growth in Other Nordic countries was particularly attributable to improved demand for steel products in Sweden.

NET SALES BY REGION

EUR million	Q3/10	Q3/09	Q1-Q3/10	Q1-Q3/09	2009
Comparable net sales					
Finland	171	138	478	442	586
Other Nordic countries	197	132	551	437	592
Central Eastern Europe	87	67	201	171	231
Russia and Ukraine	60	42	138	99	141
Rest of Europe	71	58	274	163	241
Other countries	30	38	120	74	110
Comparable net sales, total	615	475	1 762	1 387	1 901
Items affecting comparability included in reported net sales	0	10	12	43	49
Reported net sales	614	485	1 774	1 429	1 950

Operating profit

Consolidated comparable operating profit for the third quarter was EUR 41 million (-49), equating to 6.6 per cent of net sales (-10.3). Higher comparable operating profit year on year was mainly attributable to larger delivery volumes of steel products, growth in the share of special steel products of delivery volumes and increased selling prices.

Items affecting the comparability of operating profit have been separated from the reported figures to ensure a better understanding and comparability of the company's operating activities and their result. In the third quarter, unrealised gains and losses relating to USD derivatives were added to items affecting the comparability of operating profit. These derivatives are used to hedge the group's purchases of raw materials. Information for reference periods has been restated accordingly since the start of 2009. Items affecting the comparability of the reported operating profit by quarter are detailed in the table at the end of the Summary financial statement and notes section.

Reported negative operating profit for the third quarter was -EUR 6 million (-54). Reported operating profit for July-September was weakened by unrealised losses of EUR 40 million on USD derivatives (Q2/10: EUR 15 million gains). The third-quarter negative operating profit of the Mo i Rana unit in Norway was -EUR 7 million, which includes a writedown of EUR 8 million on property, plant and equipment.

Comparable consolidated operating profit for January-September was EUR 42 million (-241), equating to 2.4 per cent of net sales (-17.4) and reported negative operating profit was -EUR 8 million (-284).

OPERATING PROFIT BY BUSINESS AREA

EUR million	Q3/10	Q3/09	Q1-Q3/10	Q1-Q3/09	2009
Comparable operating profit					
Ruukki Construction	1	-4	-32	-20	-44
Ruukki Engineering	-7	-3	-22	12	4
Ruukki Metals	51	-38	107	-223	-219
Other	-4	-3	-11	-10	-13
Comparable operating profit, total	41	-49	42	-241	-272
Items affecting comparability included in reported operating profit	-47	-6	-50	-43	-51
Reported operating profit	-6	-54	-8	-284	-323

Financial items and result

Consolidated net finance costs during January-September totalled EUR 57 million (29). Net interest costs were EUR 21 million (19).

The divestment of Rautaruukki Corporation's associated company Oy Ovako Ab was completed in November 2006. Rautaruukki had a 47 per cent holding in the company. As part of the transaction, Rautaruukki received an interest-bearing vendor note from Ovako. In August 2010, private equity investor Triton signed an agreement under which it acquired the entire share capital of the Bar, Bright Bar and Tube and Ring companies, which were part of Ovako. On the basis of the arrangement, Rautaruukki waived the vendor note in return for a security entitling it to ownership of around 2.2 per cent in Ovako. Consequently, Rautaruukki wrote down around EUR 33 million, which is included in net finance costs for the third quarter.

Group taxes for January-September were EUR 14 million positive (84), which includes a positive change of EUR 24 million (80) in deferred tax.

The result for January-September was -EUR 49 million (-229).

Earnings per share were -EUR 0.35 (-1.65).

Balance sheet, cash flow and financing

Total assets at 30 September were EUR 2,604 million (2,497). Equity at 30 September 2010 was EUR 1,405 million (1,553), equating to EUR 10.12 per share (11.18). Equity has decreased by EUR 102 million since the end of 2009 mainly because of the dividend payout in April.

The equity ratio at 30 September 2010 was 54.6 per cent (62.7) and the gearing ratio was 42.9 per cent (26.4). Net interest-bearing liabilities at 30 September 2010 were EUR 603 million (410).

Return on equity for the past twelve months was -6.4 per cent (-10.8) and return on capital employed was -2.1 per cent (-10.0).

Net cash flow from operating activities during January-September was -EUR 87 million (69) and net cash flow before financing activities was -EUR 208 million (-48). EUR 161 million was tied up in net working capital (EUR 222 million released) during the first nine months of the year.

At 30 September 2010, the group had liquid assets of EUR 72 million and untapped committed credit limits and credit facilities of EUR 490 million.

Actions to improve operational efficiency

In October 2008, Ruukki initiated its corporate-wide Boost programme, which aims at enhancing operational efficiency and at permanently improving the company’s competitive edge and profitability. The programme originally aimed at an annualised improvement of EUR 150 million in the company’s operating profit by the end of 2011. The programme has progressed much faster than originally planned and the annualised impact of actions was estimated to be EUR 174 million at the end of the report period.

The largest single benefits have been achieved from the centralisation of steel service centre operations in the Nordic countries and improved efficiency in the supply chain and construction business.

Even though the EUR 150 million target in the Boost operational excellence programme has already been achieved, projects will continue as planned. The focus of the programme is shifting away from production, sourcing and logistics projects to especially the sales, marketing and technology fronts.

Capital expenditure

Net cash used in investing activities during January-September was -EUR 121 million (-117).

Capital expenditure on tangible and intangible assets during the first nine months of the year totalled EUR 129 million (121), of which maintenance investments accounted for EUR 95 million (52). Other net cash flow from investing activities was EUR 8 million positive (4).

Depreciation was EUR 120 million (108).

Group capital expenditure on tangible and intangible assets in 2010 is expected to be in the region of EUR 180 million.

Investments to modernise the blast furnaces and change the feedstock base total around EUR 210 million and environmental investments being made in the same context will total a further EUR 60 million. Around EUR 115 million of the total investments are expected to be scheduled for 2010, around EUR 100 million for 2011 and around EUR 10 million for 2012. EUR 46 million of the investments were made during 2009.

Personnel

The group employed an average of 11,796 persons (12,914) during January-September and at 30 September 2010, the headcount was 11,621 (12,204). At 30 September 2010, 53 per cent (51) of Ruukki's personnel worked in Finland.

PERSONNEL BY REGION

	30 Sep 2010	30 Sep 2009	31 Dec 2009
Finland	6 207	6 173	5 905
Other Nordic countries	792	1 123	1 023
Central Eastern Europe	2 048	2 283	2 163
Russia and Ukraine	2 154	2 274	2 214
Rest of Europe	88	77	79
Other countries	332	274	264
Total	11 621	12 204	11 648

During the first nine months of 2010, safety measured in terms of accidents per million hours worked was 7 (8), a slight improvement year on year.

Shares and share capital

During the first nine months of the year, 145 million (152) Rautaruukki Oyj shares (RTRKS) were traded on NASDAQ OMX Helsinki for a total of EUR 2,142 million (2,203). The highest price quoted was EUR 17.44 in January and the lowest was EUR 11.62 in July. The volume weighted average price was EUR 14.75. The share closed at EUR 15.16 (16.40) at 30 September 2010 and the company had a market capitalisation of EUR 2,127 million (2,301).

Rautaruukki's share is also traded on multilateral trading facilities (MTF). According to information received by the company, a total of 33 million Rautaruukki shares were traded on multilateral trading facilities during January-September for a total of EUR 484 million.

The company's registered share capital at 30 September 2010 was EUR 238.5 million and there were 140,285,425 shares issued.

At 30 September 2010, the company held 1,421,575 treasury shares, which had a market capitalisation of EUR 21.6 million and an accountable par value of EUR 2.4 million. Treasury shares accounted for 1.01 per cent of the total number of shares and votes.

The 2009 Annual General Meeting granted the Board of Directors the authority to decide on a share issue, which includes the right to issue new shares or to transfer treasury shares held by the company. This authority applies to a maximum of 15,000,000 shares in total. The Board of Directors has the right to disapply the pre-emption right of existing shareholders. The authority also includes the right to decide on a bonus issue. The authority is valid until the close of the 2011 Annual General Meeting. The Board of Directors had not exercised this authority by the end of September 2010.

The 2010 Annual General Meeting granted the Board of Directors the authority to acquire a maximum of 12,000,000 of the company's own shares. The authority is valid until the close of the following Annual General Meeting. The Board of Directors had not exercised this authority by the end of the report period.

At the end of the report period, the Board of Directors had no valid authority to issue options or other special rights providing entitlement to shares.

Energy and the environment

In September, Oekom Research ranked Ruukki as one of the world's best companies in its industry as regards corporate responsibility. The Prime status awarded to Ruukki means that the company meets industry-specific responsibility requirements. In addition, Ruukki was chosen for inclusion on the ASPI Eurozone (Advanced Sustainable Performance Indices), which represents the top 120 European companies in sustainable development and corporate social responsibility.

Other events

In September, Ruukki announced the donation, based on the authority of the Annual General Meeting, of a total of EUR 900,000 to university activities in Finland. Aalto University, Tampere University of Technology and Lappeenranta University of Technology are the beneficiaries of the donation. The newly formed Aalto University receives EUR 750,000 of the donation.

BUSINESS AREAS

RUUKKI CONSTRUCTION

- Good demand in residential roofing products and infrastructure construction
- Clear pick-up in demand in commercial and industrial construction in Russia, overall market conditions still weak
- Clear quarter-on-quarter improvement in profitability

EUR million	Q3/10	Q3/09	Q1-Q3/10	Q1-Q3/09	2009
Net sales	184	164	456	442	589
Comparable operating profit	1	-4	-32	-20	-44
Unrealised gains and losses on USD derivatives		0	2	-6	-4
Reported operating profit	1	-4	-30	-26	-49
Comparable operating profit as % of net sales	0.4	-2.4	-7.0	-4.6	-7.5
Personnel at end of period			4 003	4 368	4 235

Order intake and backlog

Ruukki Construction's order intake during the third quarter of the year was up by almost 30 per cent year on year and by almost 10 per cent quarter on quarter. Order volumes in residential roofing products were up in nearly all market areas. In Russia, the order flow in commercial and industrial construction picked up clearly. Signs of an increase in demand began to be visible also in Poland and the Czech Republic. However, overall order intake in commercial and industrial construction remained low. Good order flow continued in infrastructure construction despite a slight decline quarter on quarter.

The order backlog in the construction business at the end of September was about 15 per cent higher year on year and at a similar level to that in June this year.

Net sales

Ruukki Construction's net sales for the third quarter were up 12 per cent year on year at EUR 184 million (164).

Good sales of residential roofing products continued during the third quarter and delivery volumes were up in almost all market areas both year on year and quarter on quarter. Sales developed particularly well in Central Eastern Europe partly because of the renewed range of roofing products. New products, such as the Decorrey steel roof, have sold well in Central Eastern Europe.

Delivery volumes in commercial and industrial construction grew slightly year on year and quarter on quarter. Delivery growth was strongest in Russia, where the construction of especially agricultural buildings, continued to pick up, as did the construction of light industrial, commercial and logistics buildings. Market conditions remained weak in a number of market areas such as Finland and the Baltic states.

In infrastructure construction, net sales for the third quarter were up by more than 40 per cent year on year. Net sales grew on the back of continued brisk deliveries for Nordic road and railway projects and on growing delivery volumes of pile structures for building construction.

Selling prices in July-September were somewhat higher than during the second quarter.

Ruukki Construction's net sales for January-September were slightly up year on year at EUR 456 million (442). The construction business accounted for 26 per cent (32) of consolidated comparable net sales. Net sales rose year on year due to good development in the infrastructure construction business and to sales growth in residential roofing products, especially in Central Eastern Europe. In Russia, commercial and industrial construction net sales for January-September were up year on year. In other market areas, net sales in commercial and industrial construction were down.

Residential roofing products accounted for 20 per cent (19) of net sales in the construction business for January-September and infrastructure construction products accounted for 20 per cent (14).

Operating profit

Ruukki Construction posted an operating profit for July-September of EUR 1 million (-4), which was a clear improvement quarter on quarter. Improved operating profit was due to higher delivery volumes, especially in residential roofing products. A greater share of deliveries including own design also contributed to improved profitability. More efficient operations and higher selling prices also increased operating profit year on year.

Comparable negative operating profit for January-September was -EUR 32 million (-20). Negative operating profit was largely due to a low capacity utilisation rate. Operating profit year on year was particularly weakened by exceptionally low delivery volumes during the first quarter. Reported negative operating profit for January-September was -EUR 30 million (-26).

Operational development

In May, Ruukki announced it was to improve the efficiency of its operations by reorganising production at Anderslöv in Sweden. During the third quarter, work started on transferring the production of profiled construction components from Anderslöv to Vimpeli in Finland and Zyrardov in Poland. Employer-employee negotiations initiated at the Anderslöv plant as a result of these planned efficiency measures have now ended. The negotiations will result in the loss of around 50 jobs.

In late 2009, Ruukki launched a new steel roof solution, Ruukki Finnera, which is a logistically efficient, modular roofing solution that is sold on a ready-to-install basis straight from distributor stocks. Sales of Finnera have got off to an excellent start. Consequently, Ruukki decided to build another production line at Vimpeli to make Finnera products for the following season. Work on installing the line will start in early 2011. The line will come on stream during the second quarter of 2011.

Major orders

In July, Ruukki announced a number of commercial and industrial construction contracts in Central Eastern Europe. Ruukki is to deliver the steel frame structures and foundations, including installation, for the new boiler plant and auxiliary buildings of a new power plant unit at Polaniec in Poland. The contract is worth nearly EUR 13 million.

A delivery contract for a construction project to build a factory making television and LCD monitors in Poland includes the design, manufacture and installation of the steel frame, façade and roofing system for the factory. Ruukki also agreed the delivery of the roof structures for the logistics centre of a supermarket chain in Romania.

In September, Ruukki announced it had agreed the delivery and installation of steel structures for a bridge to be built at Motala in Sweden. The contract is worth over EUR 10 million. In addition to delivering the structures, Ruukki will take part in design solutions for the bridge in collaboration with the main contractor and designer. Ruukki's deliveries are scheduled for 2011 and 2012 and the bridge will open for traffic in 2013.

RUUKKI ENGINEERING

- Clear growth in order intake
- Cabin production started at the Holic unit
- Capacity utilisation rate still low during third quarter

EUR million	Q3/10	Q3/09	Q1-Q3/10	Q1-Q3/09	2009
Net sales	45	53	137	220	263
Comparable operating profit	-7	-3	-22	12	4
Expenses related to closure of Hässleholm, Oskarström and Dortmund units			-1	-5	-5
Unrealised gains and losses on USD derivatives		0	1	-3	-3
Reported operating profit	-7	-3	-22	4	-4
Comparable operating profit as % of net sales	-16.3	-6.2	-16.0	5.4	1.5
Personnel at end of period			1 774	1 683	1 604

The Mo i Rana unit in Norway has been transferred from Ruukki Engineering to businesses for sale and is reported as part of the corporation's Other group, also with respect to reference periods.

Order intake and backlog

Order intake in the engineering business during the third quarter of the year was up more than 50 per cent from an exceptionally low level year on year. Order flow was up almost 20 per cent quarter on quarter. Order volumes especially of cabins, booms and frames for equipment manufacturers for the mining and forest machine industries and for manufacturers of materials handling equipment grew year on year. Orders from manufacturers of equipment for the wind power industry were notably lower than a year earlier, but to some extent higher quarter on quarter.

The order backlog in the engineering business was almost 30 per cent up year on year and nearly 20 per cent higher than at the end of June 2010.

Net sales

Ruukki Engineering's net sales for the third quarter were down both year on year and quarter on quarter at EUR 45 million (53).

Compared to a year earlier, the decline in net sales in the business area was mostly attributable to lower delivery volumes for the manufacture of equipment for the wind power industry and the manufacture of other equipment for the energy industry. Delivery volumes of cabins and booms rose, especially for the manufacture of equipment for the mining and forestry industries, as did deliveries to manufacturers of materials handling equipment. Because of sluggish demand during the holiday season, cabin delivery volumes in July-September were slightly down quarter on quarter. However, there was continued growth in deliveries of booms.

On the back of higher steel prices, selling prices rose also in engineering business deliveries during the third quarter.

Ruukki Engineering's net sales for January-September were EUR 137 million (220) and accounted for 8 per cent (16) of consolidated comparable net sales. The decline in net sales was mainly due to smaller delivery volumes for the manufacture of equipment for the wind power industry and for the manufacture of other equipment for the energy industry.

Manufacturers of lifting, handling and transportation equipment accounted for 59 per cent (42) of net sales of the engineering business during January-September and equipment manufacturers for the energy industry accounted for 19 per cent (35).

Operating profit

Ruukki Engineering posted a negative operating profit for July-September of -EUR 7 million (-3). Operating profit was burdened by low capacity utilisation rates at a number of units and by the start-up of cabin production at the Holic unit in Slovakia. Higher selling prices and improved efficiency resulted in a slight improvement in the profitability of the business area quarter on quarter.

Comparable negative operating profit for January-September was -EUR 22 million (12). The comparable operating loss was mainly due to low capacity utilisation rate and small delivery volumes. Lower selling prices during the first half also weakened operating profit year on year. Reported negative operating profit for January-September was -EUR 22 million (4).

Operational development

In April, Ruukki announced it is to strengthen its cabin production network in Central Eastern Europe and China. Cabin production start-up began at Holic in Slovakia in the second quarter and cabin manufacture commenced in the third quarter. Deliveries from the Holic unit are mainly destined for the Central and Eastern European markets.

In June, Ruukki announced it is to improve the efficiency of its manufacturing network by further concentrating boom manufacturing. This means switching boom manufacturing at the Dortmund unit in Germany to other Ruukki units which already make booms for mobile machines. Actions on this front are progressing to plan and will result in closure of the Dortmund unit at the end of October this year.

RUUKKI METALS

- Order intake up over 40 per cent year on year
- Continued good sales of special steel products
- Steel production capacity utilisation rate at good level

EUR million	Q3/10	Q3/09	Q1-Q3/10	Q1-Q3/09	2009
Net sales	386	257	1 168	724	1 050
Comparable operating profit	51	-38	107	-223	-219
Expense caused by low utilisation rate related to blast furnace modernisation			-18		
Unrealised gains and losses on USD derivatives	-40	-1	-19	-15	-9
Reported operating profit	11	-39	71	-238	-228
Comparable operating profit as % of net sales	13.3	-14.7	9.2	-30.8	-20.9
Personnel at end of period			5 335	5 430	5 226

Order intake and backlog

Order intake during the third quarter was up more than 40 per cent year on year, but, in line with normal seasonal fluctuation, down by around 10 per cent quarter on quarter. However, order volumes rose towards the end of the third quarter.

Order flows grew year on year in all product groups. Demand was much brisker for strip products than for plate products. Orders received from Sweden, Russia and new markets for special steel products in China, Turkey and Brazil showed strongest relative growth.

The order backlog in the steel business at the end of the report period was somewhat higher year on year, but slightly lower than at the end of June this year.

Net sales

Ruukki Metals' net sales for July-September were EUR 386 million (257) or 50 per cent higher year on year.

Delivery volumes of steel products decreased quarter on quarter during July-September in line with normal seasonal fluctuation. Deliveries to the heavy engineering industry and to subcontractors in the heavy vehicle and automotive industries remained at a good level. Deliveries to the construction industry declined slightly quarter on quarter as seasonal demand slowed towards the end of the report period. Demand for steel products in Sweden continued to be better than demand in the other Nordic countries. Delivery volumes in Finland were still relatively small, but increased towards the end of the third quarter.

During July-September, sales of special steel products developed better than other product groups. Growth in demand continued in a number of sectors - such as the manufacture of equipment for the mining industry - that use special steel products. Demand for machines in the construction industry also began to improve. This year has seen an expansion and strengthening of the distribution network for special steel products in new market areas such as Brazil and China. This has resulted in clear sales growth in these countries.

Selling prices of steel products rose during the course of the third quarter, although this trend levelled off towards the end of the quarter. A higher share of special steel products of net sales supported positive development of average selling prices.

Ruukki Metals' net sales for January-September were EUR 1,168 million (724) and accounted for 66 per cent (52) of consolidated comparable net sales. Higher delivery volumes, particularly in Sweden and Western Europe, and an increased share of special steel products of deliveries improved net sales year on year. Special steel products accounted for 26 per cent (19) of Ruukki Metals' net sales for the first nine months of the year. Net sales of stainless steel and aluminium, which are sold as trading products, were up 22 per cent year on year at EUR 95 million (78).

Operating profit

Ruukki Metals' comparable operating profit for the third quarter was EUR 51 million (-38), which shows a clear improvement year on year. Comparable operating profit weakened slightly quarter on quarter because higher raw material prices were fully reflected in product costs during July-September. Also delivery volumes during the third quarter were lower quarter on quarter.

Reported operating profit for the third quarter was EUR 11 million (-39). Reported operating profit was weakened by unrealised losses of EUR 40 million arising from USD derivatives, which are used to hedge purchases of raw materials (Q2/10: EUR 15 million gains).

Comparable operating profit for January-September was EUR 107 million (-223) and reported operating profit was EUR 71 million (-238). Good operating profit development compared to the previous year was mainly due to increased delivery volumes of steel products, improved utilisation rates in production and to efficiency actions carried out.

Operating profit for January-September from stainless steel and aluminium, which are sold as trading products, was up year on year at EUR 7 million (-5).

Steel production

1 000 tonnes	Q3/10	Q3/09	Q1-Q3/10	Q1-Q3/09	2009
Steel production	609	604	1 638	1 265	1 892

The company's steel production was 609 thousand tonnes (604) during the third quarter and 1,638 thousand tonnes (1,265) during the first nine months of 2010.

Blast furnace 1 at the Raahe Steel Works in Finland was modernised in the second quarter. The blast furnace was restarted towards the end of May and reached its target utilisation rate in June, since when the utilisation rate in steel production has been about 90 per cent, slightly lower in plate products.

It is planned to shut down blast furnace 2 in late June 2011 for similar modernisation, which will take about two months. Before the blast furnace is shut down, slab stockpiles will be increased to safeguard customer deliveries during the modernisation shut-down.

Operational development

Expansion of the distribution network for special steel products is one of the main focus areas in the steel business during the current year. During the first part of the year, Ruukki strengthened its distribution network by signing agreements on distribution cooperation in Brazil. Likewise, the sales network in China and Turkey has been further expanded through new agreements on distribution cooperation. Work continued on developing the distribution network during the third quarter by, among other things, opening a distribution warehouse for special steel products in Shanghai, China. The warehouse was opened in Ruukki's existing premises.

In September, Ruukki announced it was to launch a double grade structural tube on the steel construction market. Ruukki is the first company in Europe to launch such a tube. Developed together with customers, the double grade tube will significantly reduce material costs, improve the price competitiveness of steel structures compared to other materials and decrease the adverse environmental impacts arising from the manufacture and use of materials.

Events taking place after the report period

In October, after the report period, the company announced it had outlined its strategy for the next few years. Geographically, the focus of expansion is strongly on the emerging markets. Work continues on strong development of the solutions businesses - construction and engineering. The focus in the steel business is on special steel products, where synergies can be capitalised on with the company's engineering business.

Based on the strategy, Ruukki has set new targets for its businesses:
- Growth in the share of emerging markets to 50 per cent of consolidated net sales
- Growth in the share of the solutions businesses - construction and engineering - to 60 per cent of consolidated net sales
- Increase in the share of special steel products to 60 per cent of the company's steel business
- Strengthened market position in all core businesses

In connection with the strategy outlined, changes will be made to the responsibilities of the Corporate Executive Board, which as of 1 November 2010 will comprise the following members:
- Sakari Tamminen, President & CEO and chairman of the Corporate Executive Board
- Mikko Hietanen, Executive Vice President, Business Development (deputy to the President & CEO)
- Tommi Matomäki, Executive Vice President, Ruukki Construction
- Marko Somerma, Executive Vice President, Ruukki Engineering
- Olavi Huhtala, Executive Vice President, Ruukki Metals
- Saku Sipola, Executive Vice President, Marketing, Technology and Supply Chain Management
- Markku Honkasalo, CFO

The company is keeping its financial targets unchanged:
- Growth in comparable net sales > 10% p.a.
- Comparable operating profit > 15% of net sales
- Return on capital employed > 20%
- Gearing ratio ~ 60%
- Dividend payout 40-60% of profit for the period

Near-term business risks

The company has detailed business risks and risk management in the Annual Report 2009. The company does not consider any material changes to have taken place during the report period in the risks and factors of uncertainty presented in the Annual Report 2009.

Near-term outlook

Positive economic development in Ruukki’s main market areas is expected to continue. Strong consumer confidence and low interest rates are supporting household demand, especially in the Nordic countries. Investment activity in industry is still growing slowly.

Good infrastructure construction activity is expected to continue in the Nordic countries. Commercial and industrial construction, especially in Finland and the Baltics, is still negligible. On the other hand, private investments in commercial and industrial construction in Russia have clearly picked up and market conditions are expected to improve also in Poland and the Czech Republic.

In the engineering business, market conditions are improving. Order volumes - especially for cabins, booms and frames for mining and forest machines - are growing. Also demand for heavy cargo handling equipment and construction machinery and equipment is improving. In the manufacture of equipment for the energy industry, demand in the wind power sector is not yet expected to significantly grow during the end of the year from its present level. Shipbuilding activity in Europe is at a low level.

Worldsteel forecasts growth of around 19 per cent in the apparent demand for steel in the EU-27 region in 2010 compared to 2009. In the steel business, demand is expected to continue to improve in the heavy vehicle industry and to remain stable in the heavy engineering industry and car manufacturing. Supported by good activity in these industries, delivery volumes of special steel products are expected to continue at a good level. An expansion of the company's distribution network into China and Turkey and Brazil, for example, also supports sales of special steel products.

Net sales in 2010 are estimated to grow 25-30 per cent year on year. Profitability is expected to improve significantly compared to the previous year and the full-year comparable result before income tax is estimated to be positive. Due to non-recurring items and unrealised gains and losses arising from USD derivatives, which are used to hedge purchases of raw materials, the full-year reported result before income tax is estimated to be negative.

The company earlier estimated consolidated net sales in 2010 to grow 25-30 per cent year on year. Profitability was earlier expected to improve significantly compared to the previous year and the full-year result before income tax was estimated to be positive.

This interim report is unaudited.

Helsinki, 22 October 2010

Rautaruukki Corporation

Board of Directors

SUMMARY FINANCIAL STATEMENTS AND NOTES

This interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and, with the exception of the changes in presentation listed below, is in conformity with the accounting polices published in the 2009 financial statements.

The consolidated financial statements are affected by the following IFRS standards and interpretations thereof entering into force on 1 January 2010:

- Revised IFRS 3 *Business combinations*
- Amended IAS 27 *Consolidated and Separate Financial Statements*

The revised and amended standards referred to above had no impact on this interim report.

Use of estimates
The preparation of interim reports in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the reporting of contingent assets and liabilities and the reported amounts of income and expense. Even though these estimates are based on management's best judgment at the time, actual results may ultimately differ from these estimates.

Operative capital employed of business segments
The interim report for the second quarter switched over from reporting segment assets to reporting segment operative capital employed because this is the indicator that is reported to management and which management monitors. Operative capital employed is defined as follows:

+ Tangible and intangible assets
+ Available for sale financial assets
+ Inventories
+ Trade receivables
- Trade payables
- Advances received
Figures for the reference period are similarly stated

Disposal group - Mo i Rana unit in Norway
In December 2009, Rautaruukki announced it was to launch a study to reorganise operations at its Mo i Rana unit in Norway, which made shipbuilding profiles and flange profiles for wind turbine towers. The unit was part of the Ruukki Engineering segment. The unit had net sales of EUR 49 million in 2009 and posted a negative operating profit of -EUR 30 million. It was decided to study the options, including the partial or entire closure of operations, available to correct the plant's financial performance. In this connection, worker consultation with the around 110 persons affected was initiated.

Based on a decision made in September, the plant is to be disposed of and the relating assets and liabilities are disclosed in the balance sheet separately from other assets and liabilities. The assets and liabilities of Mo i Rana unit were measured at 30 September 2010 at the carrying amount or at fair value less costs to sell, whichever is the lower. In the same context, the unit was classified as being in the disposal group. The impairment of EUR 8 million booked on property, plant and equipment in this connection is shown under depreciation and impairments. At the end of September, the unit had assets of EUR 3 million and liabilities of EUR 8 million. The unit represents neither a major line of business nor a geographical area of operations and so does not satisfy the conditions of discontinued operations.

Rautaruukki has initiated the sale of the business in Mo i Rana and negotiations have been held with several potential buyer candidates.

During the third quarter, the Mo i Rana unit was transferred from the Ruukki Engineering segment to the Other group, which also includes corporate management and non-allocated items. The unit's result is presented in the Other group and segment information for reference periods has been restated accordingly.

Items affecting comparability
Items affecting the comparability of operating profit have been separated from the reported figures to ensure a better understanding and comparability of Ruukki's operating activities and their result. Items affecting comparability are detailed by quarter in the table at the end of the Summary financial statement and notes section.

In the third quarter, unrealised changes in the fair value of USD derivatives used to hedge the group's future cash flows were added to items affecting the comparability of operating profit. Under IAS 39, these derivatives do not qualify for hedge accounting, Information for reference periods has been restated accordingly since the start of 2009.

Individual figures and totals appearing in the tables have been rounded to the nearest full million of euros.

The figures are unaudited.

CONSOLIDATED INCOME STATEMENT (IFRS)

EUR million	Q3/10	Q3/09	Q1-Q3/10	Q1-Q3/09	2009
Net sales	614	485	1 774	1 429	1 950
Cost of sales	565	485	1 604	1 531	2 027
Gross profit	49	-1	170	-102	-77
Other operating income	3	4	11	14	20
Selling and marketing expenses	24	24	77	82	113
Administrative expenses	34	34	112	113	151
Other operating expenses	0	0	1	1	2
Operating profit	-6	-54	-8	-284	-323
Finance income	12	17	52	72	81
Finance costs	55	27	109	101	117
Net finance costs	-42	-10	-57	-29	-36
Share of profit of equity-accounted investees	1	0	2	0	0
Result before income tax	-48	-64	-63	-313	-359
Income tax expense	12	19	14	84	84
Result for the period	-36	-45	-49	-229	-275
Attributable to:					
Owners of the company	-36	-45	-49	-229	-275
Non-controlling interest	0	0	0	0	0
Earnings per share, diluted, EUR	-0.26	-0.32	-0.35	-1.65	-1.98
Earnings per share, basic, EUR	-0.26	-0.32	-0.35	-1.65	-1.98
Operating profit as % of net sales	-1.0	-11.2	-0.5	-19.9	-16.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR million	Q3/10	Q3/09	Q1-Q3/10	Q1-Q3/09	2009
Result for the period	-36	-45	-49	-229	-275
Other comprehensive income:					
Effective portion of changes in fair value of cash flow hedges	9	8	-2	29	51
Translation differences	-10	5	14	1	-5
Defined benefit plan actuarial gains and losses	0	0	-2	0	-15
Tax on other comprehensive income	-2	-2	1	-8	-9
Other comprehensive income for the period, net of tax	-4	11	11	22	22
Total comprehensive income for the period	-40	-34	-38	-208	-253
Attributable to:					
Owners of the company	-40	-34	-38	-208	-253
Non-controlling interest	0	0	0	0	0

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

EUR million	30 Sep 2010	30 Sep 2009	31 Dec 2009
ASSETS			
Non-current assets	1 382	1 437	1 404
Deferred tax assets	50	42	39
Current assets			
Inventories	643	544	492
Trade and other receivables	454	385	335
Cash and cash equivalents	72	88	261
Assets held for sale	3		
Total assets	2 604	2 497	2 532
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the company	1 405	1 553	1 507
Non-controlling interest	2	2	2
Non-current liabilities			
Loans and borrowings	415	312	387
Non-interest bearing liabilities	52	50	61
Deferred tax liabilities	24	38	37
Current liabilities			
Loans and borrowings	260	187	209
Trade payables and other non-interest bearing liabilities	439	355	328
Liabilities held for sale	8		
Total equity and liabilities	2 604	2 497	2 532

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

EUR million	Q1-Q3/10	Q1-Q3/09	2009
Result for the period	-49	-229	-275
Adjustments	145	106	178
Cash flow before change in working capital	96	-123	-97
Change in working capital	-161	222	317
Financing items and taxes	-21	-30	-38
Net cash flow from operating activities	-87	69	182
Cash inflow from investing activities	9	13	17
Cash outflow from investing activities	-130	-131	-170
Net cash used in investing activities	-121	-117	-153
Net cash flow before financing activities	-208	-48	30
Dividends paid	-62	-188	-188
Proceeds from loans and borrowings	55	285	434
Repayments of loans and borrowings	-22	-248	-330
Change in current liabilities	51	53	76
Other net cash flow from financing activities	-7	-21	-18
Translation differences	3	1	1
Change in cash and cash equivalents	-189	-166	7

KEY FIGURES (IFRS)

	Q1-Q3/10	Q1-Q3/09	2009
Net sales, EUR m	1 774	1 429	1 950
Operating profit, EUR m	-8	-284	-323
as % of net sales	-0.5	-19.9	-16.6
Result before income tax, EUR m	-63	-313	-359
as % of net sales	-3.6	-21.9	-18.4
Result for the period, EUR m	-49	-229	-275
as % of net sales	-2.8	-16.0	-14.1
Net cash flow from operating activities, EUR m	-87	69	182
Net cash flow before financing activities, EUR m	-208	-48	30
Return on capital employed (rolling 12 mths), %	-2.1	-10.0	-14.2
Return on equity (rolling 12 mths), %	-6.4	-10.8	-15.9
Equity ratio, %	54.6	62.7	59.9
Gearing ratio, %	42.9	26.4	22.3
Net interest-bearing liabilities, EUR m	603	410	336
Equity per share, EUR	10.12	11.18	10.85
Personnel on average	11 796	12 914	12 664
Number of shares	140 285 425	140 285 425	140 285 425
- excluding treasury shares	138 863 850	138 864 817	138 863 850
- diluted, average	138 863 850	138 839 756	138 846 063

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

	Equity attributable to owners of the company							
EUR million	Share capital	Share premium	Fair value and other re-serves	Trans-lation diff-erences	Trea-sury shares	Re-tained earn-ings	Non-cont-rolling inter-est	Total equity
EQUITY 1 Jan 2009	238	220	-37	-36	-6	1 568	2	1 950
Result for the period						-229	0	-229
Other comprehensive income			21	1				22
Total comprehensive income for the period			21	1		-229	0	-208
Share issue	0							0
Dividend distribution						-188		-188
Share-based payments					0			0
EQUITY 30 Sep 2009	238	220	-15	-36	-6	1 152	2	1 554
EQUITY 1 Jan 2010	238	220	2	-41	-6	1 095	2	1 509
Result for the period						-49	0	-49
Other comprehensive income			-1	14		-1		11
Total comprehensive income for the period			-1	14		-50	0	-38
Dividend distribution						-62		-62
Share-based payments			0		0			0
EQUITY 30 Sep 2010	238	220	1	-28	-6	982	2	1 407

NET SALES BY REGION (IFRS)

As % of net sales	Q1-Q3/10	Q1-Q3/09	2009
Finland	27	31	30
Other Nordic countries	30	31	31
Central Eastern Europe	11	12	12
Russia and Ukraine	8	7	7
Rest of Europe	16	14	14
Other countries	7	6	6

CONTINGENT LIABILITIES (IFRS)

EUR million	30 Sep 2010	30 Sep 2009	31 Dec 2009
Mortgaged real estate	64	73	64
Pledged assets		0	
Other guarantees given	33	40	43
Collateral given on behalf of others	2	2	
Rental liabilities	85	110	114

DERIVATIVE CONTRACTS (IFRS)

EUR million	30 Sep 2010 Nominal amount	30 Sep 2010 Fair value	30 Sep 2009 Nominal amount	30 Sep 2009 Fair value
CASH FLOW HEDGES QUALIFYING FOR HEDGE ACCOUNTING				
Zinc derivatives				
Forward contracts, tonnes	22 500	5	29 500	-2
Electricity derivatives				
Forward contracts, GWh	1 730	-6	1 909	-20
FAIR VALUE HEDGES QUALIFYING FOR HEDGE ACCOUNTING				
Interest rate derivatives	75	1		
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING				
Zinc derivatives				
Forward contracts, tonnes			500	0
Foreign currency derivatives				
Forward contracts	542	-9	368	-11
Options				
Bought	175	-3	100	-2
Sold	175	-2	100	-1

The unrealised movements in the fair value of cash flow hedges are recognised in other comprehensive income items to the extent the hedge is effective. Other movements in fair value are recorded through profit and loss.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT (IFRS)

EUR million	Q1-Q3/10	Q1-Q3/09	2009
Carrying amount at the beginning of period	1 159	1 124	1 124
Additions	117	120	167
Additions through acquisitions	0	5	5
Disposals	-3	-10	-11
Disposals through divestments	-3	0	
Depreciation and impairment	-104	-92	-125
Translation differences	7	-3	-1
Carrying amount at the end of period	1 174	1 144	1 159

TRANSACTIONS WITH RELATED PARTIES (IFRS)

EUR million	Q1-Q3/10	Q1-Q3/09	2009
Sales to equity-accounted investees	24	17	24
Purchases from equity-accounted investees	5	5	6
Transactions with Rautaruukki Pension Foundation	0	4	6

	30 Sep 2010	30 Sep 2009	31 Dec 2009
Trade and other receivables from related parties	6	3	3
Trade and other payables to related parties	0	0	1

INVESTMENT COMMITMENTS (IFRS)

EUR million	After 30 Sep 2010	After 30 Sep 2009	After 31 Dec 2009
Maintenance investments	171	224	100
Development investments and investments in special steel products	38	108	77
Total	208	332	177

SEGMENT INFORMATION

EUR million	Q1-Q3/10	Q1-Q3/09	2009
Comparable net sales			
Ruukki Construction	456	442	589
Ruukki Engineering	137	220	263
Ruukki Metals	1 168	724	1 050
Other	1	0	0
Comparable net sales, total	1 762	1 387	1 901
Items affecting comparability included in reported net sales	12	43	49
Reported net sales	1 774	1 429	1 950
Comparable operating profit			
Ruukki Construction	-32	-20	-44
Ruukki Engineering	-22	12	4
Ruukki Metals	107	-223	-219
Other	-11	-10	-13
Comparable operating profit, total	42	-241	-272
Items affecting comparability included in reported operating profit	-50	-43	-51
Reported operating profit	-8	-284	-323
Net finance costs	-57	-29	-36
Share of profit of equity-accounted investees	2	0	0
Result before income tax	-63	-313	-359
Income tax expense	14	84	84
Result for the period	-49	-229	-275

EUR million	30 Sep 2010	30 Sep 2009	31 Dec 2009
Operative capital employed			
Ruukki Construction	467	441	431
Ruukki Engineering	154	132	132
Ruukki Metals	1 494	1 393	1 320
Other	33	73	51
Operative capital employed, total	2 148	2 038	1 934

QUARTERLY SEGMENT INFORMATION

EUR million	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	Q2/10	Q3/10
Comparable net sales								
Ruukki Construction	132	145	164	147	589	109	163	184
Ruukki Engineering	100	67	53	42	263	42	50	45
Ruukki Metals	249	218	257	325	1 050	348	434	386
Other	0	0	0	0	0	0	1	0
Comparable net sales, total	481	430	475	515	1 901	500	647	615
Items affecting comparability included in reported net sales	25	8	10	6	49	5	7	0
Reported net sales	506	438	485	521	1 950	505	655	614
Comparable operating profit								
Ruukki Construction	-11	-6	-4	-24	-44	-23	-10	1
Ruukki Engineering	10	6	-3	-8	4	-6	-8	-7
Ruukki Metals	-97	-88	-38	3	-219	-10	66	51
Other	-3	-4	-3	-3	-13	-4	-4	-4
Comparable operating profit, total	-100	-92	-49	-32	-272	-43	45	41
Items affecting comparability included in reported operating profit	-12	-25	-6	-7	-51	7	-11	-47
Reported operating profit	-113	-117	-54	-39	-323	-36	34	-6
Net finance costs	-9	-10	-10	-7	-36	-8	-6	-42
Share of profit of equity-accounted investees	0	0	0	0	0	0	1	1
Result before income tax	-122	-127	-64	-46	-359	-44	28	-48
Income tax expense	32	33	19	0	84	11	-9	12
Result for the period	-90	-94	-45	-46	-275	-33	20	-36

ITEMS AFFECTING COMPARABILITY OF REPORTED NET SALES

EUR million	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	Q2/10	Q3/10
Other								
Net sales of Mo i Rana unit	25	8	10	6	49	5	7	0

ITEMS AFFECTING COMPARABILITY OF REPORTED OPERATING PROFIT

EUR million	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	Q2/10	Q3/10
Ruukki Engineering								
Expenses related to closure of Hässleholm, Oskarström and Dortmund units		-5			-5		-1	
Unrealised gains and losses on USD derivatives	-1	-2	0	0	-3	1		
Ruukki Metals								
Expense caused by low utilisation rate related to blast furnace modernisation							-18	
Unrealised gains and losses on USD derivatives	-6	-8	-1	6	-9	6	15	-40
Ruukki Construction								
Unrealised gains and losses on USD derivatives	-2	-4	0	2	-4	2		
Other								
Operating profit of Mo i Rana unit	-3	-6	-4	-16	-30	-2	-2	-7
Provision for fine regarding price collusion in divested prestressing steel business							-5	0
Items affecting comparability of reported operating profit, total	-12	-25	-6	-7	-51	7	-11	-47

OTHER ITEMS AFFECTING COMPARABILITY OF REPORTED RESULT

EUR million	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	Q2/10	Q3/10
Arrangement fee for revolving credit facility (financial item)		-5			-5			
Write-down of vendor note from Ovako (financial item)								-33
Other items affecting comparability of reported result, total		-5			-5			-33

Formulas for the calculation of key figures:

Return on capital employed, %	=	result before income tax + finance costs - exchange rate gains (rolling 12 months) -------------------------------------- total equity + loans and borrowings (average at beginning and end of period)	x100
Return on equity, %	=	result before income tax - income tax expense (rolling 12 months) -------------------------------------- total equity (average at beginning and end of period)	x100
Equity ratio, %	=	total equity -------------------------------------- total assets - advances received	x100
Gearing ratio, %	=	net interest-bearing financial liabilities -------------------------------------- total equity	x100
Net interest-bearing financial liabilities	=	loans and borrowings - current financial assets and cash and cash equivalents	
Earnings per share (EPS)	=	result for the period attributable to owners of the company -------------------------------------- weighted average number of shares outstanding during the period	
Earnings per share (EPS), diluted	=	result for the period attributable to owners of the company -------------------------------------- weighted average diluted number of shares outstanding during the period	
Equity per share	=	equity attributable to owners of the company -------------------------------------- basic number of shares outstanding at the end of period	
Volume weighted average price	=	total EUR trading of shares -------------------------------------- total number of shares traded	
Market capitalisation	=	basic number of shares at the end of period x closing price at the end of period	
Personnel on average	=	total number of personnel at the end of each month divided by the number of months	

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