2009

Rautaruukki Corporation

Financial Statements Bulletin
1 January–31 December 2009
RTRKS

3 February 2010

ruukki

Financial statement bulletin 2009: In very difficult market conditions - weak result. Good cash flow, balance sheet remained strong

Summary results for 2009 (reference period 2008)

- Consolidated net sales EUR 1,950 million (EUR 3,829 million comparable)
- Consolidated reported negative operating profit was -EUR 323 million and negative operating profit excluding non-recurring items was -EUR 306 million (EUR 584 million comparable, excluding non-recurring items)
- Result before income tax was -EUR 359 million (548)
- Gearing ratio was 22.3 per cent (7.9)
- Cash flow from operating activities was EUR 182 million (382) and cash flow before financing activities was EUR 30 million (169)
- Return on capital employed (rolling 12 months) -14.2 per cent (25.6)
- Earnings per share were -EUR 1.98 (2.93)
- Board of Directors' dividend proposal EUR 0.45 per share (EUR 1.35)
- The company estimates a 15-20 per cent year-on-year growth in net sales in 2010. Profitability is expected to improve significantly compared to the previous year and the full-year result before income tax is estimated to be positive.

KEY FIGURES

	2009	2008	Q4/09	Q4/08
Net sales, EUR m	1 950	3 851	521	847
Net sales, comparable, EUR m	1 950	3 829	521	847
Operating profit, EUR m	-323	568	-39	62
Operating profit, comparable, excluding non-recurring items, EUR m	-306	584	-27	74
Operating profit as % of net sales	-16.6	14.7	-7.5	7.3
Operating profit as % of net sales, comparable, excluding non-recurring items	-15.7	15.3	-5.2	8.7
Result before income tax, EUR m	-359	548	-46	45
Cash flow before financing activities, EUR m	30	169	78	27
Earnings per share, EUR	-1.98	2.93	-0.33	0.27
Return on capital employed (rolling 12 mths), %	-14.2	25.6		
Gearing ratio, %	22.3	7.9		
Personnel, average	12 664	14 953	11 913	14 555

2009 in brief:

- Business activity in commercial and industrial construction was low throughout the report period. Net sales of infrastructure construction declined clearly less than those of other construction sectors. Market conditions for residential roofing products during 2009 were much weaker than in earlier years.

- Delivery volumes in the engineering industry fell sharply, especially in the lifting, handling and transportation equipment industry. Except for the fourth quarter, deliveries to equipment manufacturers in the energy industry, both in wind and diesel power plants, continued at a good level compared to other customer groups.

- End-customer demand for steel products was weak and delivery volumes were exceptionally low. Sales of colour-coated and galvanised strip products were better than those of plate products. Sales of special steel products decreased more than those of other product groups because of low activity in the main industrial sectors that use these products, such as the heavy engineering industry.

- The operational excellence programme, Boost, progressed faster than planned and the company's cost structure improved noticeably. The largest single benefits were achieved from the centralisation of steel service centre operations in the Nordic countries, improved supply chain efficiency and from efficiency programmes in the construction business in Russia and Poland. The annualised impact of efficiency projects initiated during 2009 is around EUR 90 million.

- Working capital of EUR 317 million was released and the consolidated balance sheet remained healthy.

President & CEO Sakari Tamminen:

”During the past year we faced major negative changes both as regards market conditions and Ruukki. The company’s profitability was very weak, even though it did improve towards the year-end. Weak performance was due mainly to lower sales volumes and selling prices. In addition, the low capacity utilisation rate, especially in steel production, had a major negative impact on the result for the first half of the year, on top of high raw material costs.

We focused on strengthening cash flow and managed to maintain our balance sheet healthy by releasing working capital and cutting capex. We also successfully managed to clearly improve our operating efficiency corporate-wide and Boost, the three-year operational excellence programme initiated in autumn 2008, progressed faster than planned. The company’s cost competitiveness is now fundamentally better than at the start of 2009.

We have reviewed the focus of our businesses to strengthen the company’s core businesses and to reduce the impact of fluctuations in the economic cycle. Our focus is now much stronger than earlier on products and business concepts that we can replicate from one country to another. Such products include, for example, cabins for mobile machines, as well as roofing products. Transferring our competence from one country or unit to another will enable us to serve our customers with standardised products and services in different market areas. Besides a presence on the Eastern European markets, we are increasing our presence also on the Western European markets. We are also increasing the share of businesses that are less exposed to market cyclicality. Such businesses include, among others, infrastructure and renovation construction, as well as residential construction products, where we already have strong expertise.

During the past few years we have built a strong manufacturing and sales network to serve our construction and engineering customers in the emerging markets in Central Eastern Europe, Russia and China. In addition, we have also made investments to increase the manufacturing capacity of special steel products. Utilisation of these investments provides us with good potential to strengthen our foothold in future growth markets.

The basis for 2010 is much better than for the previous year as market conditions in a number of our customer industries have levelled off and in some businesses there are already signs of improved demand. However, no fast recovery of market conditions can be seen.

We estimate a 15-20 per cent year-on-year growth in net sales in 2010. Profitability is expected to improve significantly compared to the previous year and the full-year result before income tax is estimated to be positive.”

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Rautaruukki has published a Corporate Governance Statement 2009, which is appended to this release. The Statement may also be read on the company's website at www.ruukki.com.

Press conference
A press conference, in Finnish, for analysts and the media will be held on Wednesday 3 February 2010 at 2.30pm at Ruukki, Suolakivenkatu 1, 00810 Helsinki.

The English webcast and conference call for investors and analysts will begin at 4.30pm EET. The webcast can be viewed live on the company's website at www.ruukki.com/investors. A replay of the webcast can be viewed on the same site from about 8pm Finnish time. To attend the conference call, please call the following number 5-10 minutes before the conference begins: +44 (0)20 7162 0125, password: Rautaruukki

A recording of the conference call can be heard until 8 February 2010 at the following number:
+44 (0)20 7031 4064, access code: 856309

Rautaruukki Corporation
Anne Pirilä
SVP, Corporate 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 around 11,700 people. Net sales in 2009 were approximately 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

Business environment

The year 2009 stood out also from an historical perspective. The economic downturn triggered by the financial markets during the latter part of 2008 resulted in a contraction in the global gross national product for the first time since 1946. The far-reaching impact of the downturn on the real economy clearly gathered momentum during the first half of the year. As an export-driven country, the collapse in world trade hit Finland harder than most other countries. Industrial production shrank noticeably and market conditions were extremely difficult. General uncertainty and caution in investment and financing decisions prevailed throughout the earlier part of the year. An appreciable weakening against the euro of many currencies in Eastern European and the Nordic countries eroded the competitiveness of the eurozone, but increased the interest of eurozone-actors in local manufacturing in Central Eastern Europe and Russia.

The first signs of economic development levelling off began to be seen towards the end of the second quarter and the pace of decline in the global economy slowed during the course of the third quarter. However, there was continued caution in investment decisions despite the strengthening of a number of confidence indicators. Even though stocks of finished goods decreased considerably, industrial orders remained well below the level a year earlier. The worst of the crisis was over in the latter part of the year and the global economy and world trade began to show signs of a recovery. Also Finnish exports to Sweden and Germany began to gradually recover. However, the recovery of economic development is partly due to public-sector stimulus packages and partly to stock cycles. The situation is also improving on the financial markets.

Growing uncertainty as a result of the economic downturn and the poor functioning of the financial markets were reflected in the difficulty of customers in arranging funding, which in turn weakened demand especially for construction solutions and products. Growth in seasonal demand in construction during the summer months was far below that of earlier years. However, continued good activity in renovation construction boosted demand for residential roofing products, which was brisker than expected. A severe, early winter swept across most of Europe and brought the construction season to a slightly earlier end than in previous years. Road and railway construction continued to be good throughout the year.

Deliveries to engineering industry customers decreased during the early part of the year, especially in the lifting, handling and transportation equipment industry. High stock levels throughout the supply chain weakened demand. Deliveries to equipment manufacturers in the energy industry, both in wind and diesel power plants remained good in the early part of the year, but tailed off towards the end of the year when equipment manufacturers in the wind power industry rescheduled or cancelled some projects. Customers' stocks decreased considerably during the second half of the year, but order intake showed hardly any improvement. Market conditions remained weak throughout the year in shipbuilding and there were very few new orders. The trend within the engineering industry to pursue further cost efficiency by transferring production to lower cost countries strengthened during the past year.

Delivery volumes in the steel industry fell sharply in all customer sectors. Demand for plates in particular was weak. High stock levels also partly contributed to lower delivery volumes. De-stocking took much longer than expected. Almost all actors in the steel industry adjusted production considerably and the global capacity utilisation rate in the steel industry averaged just 70 per cent and was even much lower in the EU-27 region. Global crude steel production grew during the final months of the year compared to the previous year, but production figures for 2009 as a whole still fell far short of those for 2008. Crude steel production in the EU-27 region was around 30 per cent less than during the previous year.

Prices of steel products fell noticeably during the year. International agreements on the prices of the main raw materials - coal and iron ore - were signed during the spring and early summer. These agreements to some extent steadied the fall in the prices of steel products as uncertainty about raw material costs faded. Selling prices in some product groups rose slightly during the fourth quarter, although the picture mellowed again towards the end of the year.

Net sales for 2009

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

Consolidated net sales for 2009 were EUR 1,950 million (EUR 3,851 million reported and EUR 3,829 million comparable).

The solutions businesses - Ruukki Construction and Ruukki Engineering - accounted for 46 per cent (48) of consolidated net sales in 2009. Finland accounted for 30 per cent (31) of consolidated net sales, the other Nordic countries 31 per cent (31) and Central Eastern Europe, Russia and Ukraine for 19 per cent (20). The rest of Europe accounted for 14 per cent (15) of consolidated net sales and other countries for 6 per cent (3).

Ruukki Construction's net sales for 2009 were EUR 589 million (1,067) and Ruukki Engineering's net sales were EUR 312 million (765). Ruukki Metals' net sales were EUR 1,050 million (EUR 2,019 million reported and EUR 1,997 million comparable).

Ruukki Construction's net sales fell mostly because of weak demand. Business activity in commercial and industrial construction in particular was low throughout the report period. There was continued caution in investment decisions and noticeably fewer new construction projects were started than in previous years. Net sales of infrastructure construction declined noticeably less than those of other construction sectors due to the good level of activity in road and railway construction projects in the Nordic countries. Lower net sales in this segment were largely attributable to continued low demand for piles used in building foundations. Market conditions for residential roofing products during 2009 were much weaker than in earlier years. However, a significant share of renovation construction meant that sales volumes in this segment contracted much less than in commercial and industrial construction.

Ruukki Engineering's delivery volumes fell sharply compared to 2008. Low end-customer demand and de-stocking decreased order intake and net sales for the year were down in all customer segments. The sharpest fall in net sales was in shipbuilding and in the lifting, handling and transportation equipment industry. Deliveries to equipment manufacturers in the energy industry, both in wind and diesel power plants, continued at a good level compared to other customer groups for the first three quarters, but there was a marked fall in deliveries, especially in the wind power industry, during the fourth quarter. Selling prices also contracted during the year. A large number of the division's annual contracts expired during the summer and prices under new contracts were noticeably lower than for the previous term of contract. This contributed to weaker net sales during the second half of the year.

Ruukki Metals' delivery volumes of steel products remained exceptionally low throughout the year. End-customer demand was weak and de-stocking by customers led to a decrease in delivery volumes during the first three quarters of the year. Sales volume development in colour-coated and galvanised strip products was clearly better than in plate products. Sales of special steel products decreased more than those of other product groups during the year because of continued low activity in the main industrial sectors that use these products, such as the heavy engineering industry. Special steel products accounted for 19 per cent (27) of Ruukki Metals' net sales during the year. Prices of steel products fell noticeably during the first half of the year. The fall in prices in a number of product groups bottomed out during the third quarter and in some market areas selling prices showed a light rise towards the end of the quarter.

Fourth quarter net sales 2009

Consolidated net sales for the fourth quarter were EUR 521 million (847).

Ruukki Construction's fourth quarter net sales were EUR 147 million (248). Caution in investment decisions also continued during the fourth quarter and there was a low level of activity in commercial and industrial construction. Supported by good activity in road and railway projects in the Nordic countries, fourth quarter net sales in infrastructure construction remained at the same level as last year. Many transport infrastructure projects were announced during the second half of the year, but the impact of these on net sales was still not significant during the period. An early winter sweeping in across almost the whole of Europe brought the construction season to a slightly earlier end than in previous years and demand weakened towards the end of the fourth quarter.

Ruukki Engineering's fourth quarter net sales were EUR 49 million (187). Lower delivery volumes and selling prices meant net sales were down during the fourth quarter. The fall in delivery volumes to customers in the lifting, handling and transportation equipment industry bottomed out during the fourth quarter and delivery volumes to forest and mining machine customers picked up slightly compared to the third quarter. Delivery volumes in wind power were noticeably down. The fall in selling prices bottomed out during the fourth quarter.

Ruukki Metals' fourth quarter net sales were EUR 325 million (412), which is 21 per cent less year on year, but 26 per cent quarter on quarter. Compared to the third quarter, delivery volumes rose slightly as customers replenished their stocks. Deliveries of plate products continued low. Sales of trading products - stainless steel and aluminium - were to some extent better than during the first three quarters. A slight rise in selling prices of steel products in certain market areas towards the end of the third quarter reflected positively in fourth quarter net sales.

Operating profit 2009

Consolidated reported negative operating profit for the period was -EUR 323 million (568), which equates to -17 per cent of net sales (15). Negative operating profit excluding non-recurring items was -EUR 306 million (comparable operating profit excluding non-recurring items was EUR 584 million), which equates to -16 per cent of net sales (15 per cent comparable, excluding non-recurring items). The impact of efficiency and cost-savings measures was evident in the company's cost structure, gaining strength towards the end of the report period.

Ruukki Construction's negative operating profit was -EUR 49 million (128 reported and 132 excluding non-recurring items). Ruukki Engineering's reported negative operating profit was -EUR 33 million (126) and negative operating profit excluding non-recurring items was -EUR 16 million (128). Ruukki Metals' negative operating profit was -EUR 228 million (EUR 338 million reported and EUR 350 million comparable, excluding non-recurring items).

Ruukki Construction's operating profit fell as a result of lower sales volumes and selling prices. Selling prices decreased in all market areas during the first half of the year as a result of lower steel material prices and tougher competition. Even though the fall in selling prices levelled off during the course of the third quarter, delivery contracts signed at lower selling prices in both components and projects weakened operating profit, especially during the fourth quarter. The use of own steel material produced at high raw material prices, together with the use of high-cost external material in stock, weakened profitability, particularly during the first half of the year.

Ruukki Engineering's operating profit was weakened by lower delivery volumes, lower selling prices and, during the first half of the year, the use of steel material produced at high raw material prices. Owing to sluggish demand in the shipbuilding industry, profitability has been particularly poor in the company's Mo i Rana plant in Norway, which posted a negative operating profit of -EUR 30 million for 2009. Operations were reorganised at the Mo i Rana plant in July, but owing to continued difficult market conditions, a decision was taken in December to study the options for the future of the unit. Options include possible discontinuation of operations at the unit until further notice. Non-recurring items include a EUR 5 million charge from discontinuing operations at the Hässleholm and Oskarstöm units in Sweden and stock writedowns and credit loss provisions of EUR 12 million at the Mo i Rana plant in Norway. The non-recurring charges relating to the Swedish units were recognised during the second quarter and the items relating to Mo i Rana during the fourth quarter of the year.

Ruukki Metals' negative operating profit was mainly due to the continued sluggish demand for steel products and to poor price development in the early part of the year. The low steel production capacity utilisation rate during the first half of the year increased costs per unit of steel produced. The cost impact of low utilisation in steel production was around -EUR 215 million for the whole year. Due to the low steel production capacity utilisation rate, emissions allowances remained unused and were sold on the market for EUR 34 million (5), of which EUR 31 million was scheduled during the fourth quarter. During the second half of the year, costs per unit of steel produced fell as a result of a higher capacity utilisation rate and lower prices of coal and iron ore - the main raw materials used in steel production. The full impact of lower raw material costs has been reflected in the company's cost structure since towards the end of the third quarter. The operating profit on stainless steel and aluminium was slightly negative in 2009.

Group writedowns on stocks totalled EUR 32 million and credit losses and credit loss provisions were EUR 9 million during 2009.

Fourth quarter operating profit 2009

Consolidated negative operating profit for the fourth quarter was -EUR 39 million (62), equating to -8 per cent (7) of net sales. Negative operating profit excluding non-recurring items was -EUR 27 million (comparable operating profit, excluding non-recurring items was EUR 74 million), equating to -5 per cent of net sales (9 per cent comparable, excluding non-recurring items).

Ruukki Construction's negative operating profit for the fourth quarter was -EUR 22 million (EUR 13 reported and EUR 17 million excluding non-recurring items). Ruukki Engineering's reported negative operating profit was -EUR 23 million (26) and negative operating profit excluding non-recurring items was -EUR 11 million (27). Non-recurring items consist of stock writedowns and a credit loss provision in respect of the Mo i Rana plant. Ruukki Metals' operating profit for the fourth quarter was EUR 10 million (EUR 29 million reported and EUR 36 million comparable, excluding non-recurring items).

Financial items and result for 2009

Net finance expense and exchange rate differences relating to finance totalled EUR 36 million (23), including an arrangement fee of around EUR 5 million, paid in June, for a revolving credit facility. Net interest costs totalled EUR 26 million (11).

Group taxes were -EUR 84 million (142), which includes an increase of EUR 84 million (23) in deferred tax assets.

The result for the period was -EUR 275 million (406).

Earnings per share were -EUR 1.98 (2.93).

Balance sheet, cash flow and financing

The balance sheet total at year-end 2009 was EUR 2,532 million (2,983). Equity was EUR 1,507 million (1,948) equating to EUR 10.85 per share (14.04). The decrease in equity during the period was mainly attributable to the consolidated negative result and to dividends of EUR 187 million paid to shareholders in April.

The equity ratio at 31 December 2009 was 59.9 per cent (65.9) and the gearing ratio 22.3 per cent (7.9). Net interest-bearing financial liabilities at year-end 2009 were EUR 336 million (155). Net interest-bearing liabilities increased by EUR 181 million during the year.

Return on equity in 2009 was -15.9 per cent (20.7) and return on capital employed was -14.2 per cent (25.6).

Fixed assets at year-end 2009 were EUR 1,336 million, up by EUR 26 million during the year. Acquisitions accounted for EUR 10 million of this increase. Goodwill rose by EUR 5 million to EUR 103 million.

Cash flow from operating activities during 2009 was EUR 182 million (382) and cash flow before financing activities was EUR 30 million (169). EUR 317 million was released from net working capital during the period. Despite a negative result, cash flow from operating activities during the fourth quarter was EUR 113 million, which was largely due to the release of net working capital.

At year-end 2009, the group had liquid assets of EUR 261 million and undrawn committed revolving credit facilities of EUR 350 million. Repayments totalling EUR 96 million of non-current interest-bearing debt is due in 2010.
In June, the company signed a revolving credit facility of EUR 350 million. The loan replaced a credit facility of EUR 300 million signed in April 2005. The new facility has a maturity of three years and can be used flexibly for general corporate purposes. In November, the company issued a EUR 150 million domestic bond targeted at institutional investors. The five-year bond carries an annual fixed-rate coupon of 5.25 per cent and is the first tranche of a EUR 300 million tap issue.

Also transferring management of the statutory pensions liability under the Finnish Employees Pensions Act (TyEL) from the pension foundation to a pension insurance company gives Ruukki greater flexibility to arrange funding by enabling the re-borrowing of around EUR 360 million of funds.

Actions to improve operational efficiency and adjust operations

In October 2008, Ruukki initiated its corporate-wide Boost programme, which aims at further operational efficiency and at permanently improving the company's competitive edge and profitability. The programme aims at an improvement of EUR 150 million in the company's operating profit by the end of 2011. The programme has progressed faster than originally planned and had an impact of EUR 72 million on consolidated profitability in 2009. The annualised impact of actions initiated during 2009 is around EUR 90 million.

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

Ruukki Construction has improved operational efficiency by centralising production on increasingly larger units in Finland, Estonia, Poland and Romania. Correspondingly, sites have been closed in, among other places, Latvia, Lithuania and the Czech Republic. The manufacture of construction products at Biatorbagy in Hungary has also been discontinued until further notice.

Centralising operations has strengthened engineering competence in Central Eastern Europe and China. Component production was discontinued at the Hässleholm and Oskarström units in Sweden and, during the latter part of the year, was transferred mostly to Poland. In addition, a decision was made to study the options for the future of the Mo i Rana plant in Norway. Options include discontinuing operations at the plant until further notice.

Ruukki Metals' efficiency measures include centralising parts processing on the steel service centres in Raahe and Seinäjoki, closure of the Tampere steel service centre and merging the two steel service centres in Järvenpää, Finland.

In addition to the operational excellence programme, Boost, temporary adjustment measures are also under way across the company as a result of difficult market conditions. Employer-employee negotiations relating to actions to improve efficiency and to adjust operations resulted in a corporate-wide workforce reduction of around 2,400 employees during the year. Around 680 of these reductions were in Finland. At year-end, a total of some 700 employees (1,450 at the end of September), of which 240 in Finland, were subject to temporary layoff measures. In addition, around 400 people in Central Eastern Europe and the Baltic states are working a four-day week until further notice. Cost savings from temporary adjustment measures totalled around EUR 25 million in 2009.

Personnel

The group employed an average of 12,664 (14,953) persons during 2009. At year-end, the headcount was 11,648 (14,286), which was spread as follows: 5,905 in Finland, 1,023 in the other Nordic countries, 2,163 in Central Eastern Europe, 2,214 in Russia and other CIS countries, 79 in Western Europe and 264 in other countries.

Staff salaries and other employee benefits were EUR 371 million (464). Nearly all the group's personnel belong to the profit sharing scheme. Since the group posted a negative result for 2009, no costs in respect of profit sharing were booked in 2009 (2008: EUR 3 million).

No expenses (2008: EUR 1 million) in respect of the 2009 earning period of the valid 2008-2010 share ownership plan were booked in 2009. Ninety-six executives and other key personnel belong to the share ownership plan.

Positive progress was made with safety in 2009 and lost time accident frequency improved to 8 (11) per million hours worked.

Changes in group structure

The manufacture of steel products (Ruukki Production) was merged with Ruukki Metals as of 1 February 2009. The merger has improved efficiency and supply chain management in the steel business. The group now comprises two business areas - Ruukki Construction and Ruukki Engineering - specialising in the solutions business and Ruukki Metals, which focuses on the steel business. The group’s segment reporting remains unchanged.

February saw the completion of the acquisition of the entire share capital of Skalles Eiendomsselskap AS, one of Norway’s leading steel frame suppliers. This acquisition has strengthened Ruukki’s foothold as a local actor in the Nordic steel construction market. Skalles’ total deliveries include the design, manufacture and installation of steel structures.

Capital expenditure

Net cash flow from investing activities in 2009 was -EUR 153 million (-213).

Capital expenditure on tangible and intangible assets during the period was EUR 161 million (229), of which maintenance investments accounted for EUR 76 million (76). A total of EUR 7 million (9) was spent on acquisitions. Other shares increased by EUR 3 million (1). Cash inflows of EUR 17 million (25) from investing activities during the period were mainly generated by divestments of fixed assets.

Depreciation of fixed assets during the period was EUR 146 million (146).

A decision was made in April to modernise blast furnace 1 at the Raahe Steel Works in Finland. Modernisation is planned to begin in April 2010. The company is also planning to modernise blast furnace 2 during 2011. Blast furnace modernisation is a necessary maintenance investment. Both blast furnaces will be shut down in turn for around two months during the maintenance break. It is expected to take between four and six weeks after start-up for the blast furnaces to return to normal production levels.

In connection with blast furnace modernisation, the company will switch over to using iron ore pellets instead of sinter as the sole raw material in the iron-making process. The sinter plant currently in use will be closed down by the end of 2011.

The investments planned for 2009-2011 to modernise the blast furnaces and change the feedstock base total around EUR 220 million, in addition to which environmental investments of some EUR 60 million are planned. Some EUR 46 million of the investments were made by the end of 2009. Some EUR 125 million of investments are expected to be scheduled for 2010 and EUR 110 million for 2011.

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

Annual General Meeting 2009

Rautaruukki Corporation’s Annual General Meeting was held in Helsinki on 24 March 2009.

Under the company's Articles of Association, the Annual General Meeting elects the chairman, deputy chairman and members of the Board of Directors. The Annual General Meeting decides on any amendments to the Articles of Association usually by a two thirds majority decision. The Board of Directors appoints the company's CEO.

The Annual General Meeting decided on the payment of a dividend for 2008 of EUR 1.35 per share to make a total dividend payout of EUR 187 million. The dividend was paid on 8 April 2009.

The Annual General Meeting confirmed that the Board of Directors is to have seven members. Reino Hanhinen, Maarit Aarni-Sirviö, Christer Granskog, Pirkko Juntti, Kalle J. Korhonen and Liisa Leino were all re-elected to the Board. Hannu Ryöppönen was elected as a new member to the Board. Reino Hanhinen was appointed as chairman of the Board of Directors and Christer Granskog as deputy chairman.

The Annual General Meeting confirmed that the Supervisory Board is to have nine members. Marjo Matikainen-Kallström and Inkeri Kerola were re-elected as chairperson and deputy chairperson of the Supervisory Board respectively. Heikki Allonen, Turo Bergman, Miapetra Kumpula-Natri, Petteri Orpo, Jouko Skinnari and Tapani Tölli were all re-elected to the Supervisory Board. Hans Sohlström was a new appointment to the Board.

The Annual General Meeting re-appointed KHT audit firm KPMG Oy Ab as the company’s auditor. Pekka Pajamo KHT acts as Rautaruukki’s principal auditor.

The Annual General Meeting resolved to amend Article 4 §3 of the company’s Articles of Association by deleting the right of the Ministry of Trade and Industry (Ministry of Employment and the Economy since 1 January 2008) to appoint a member to the Supervisory Board, and to amend

Article 11 §1 so that notice of the Annual General Meeting shall be sent no later than 21 days (earlier 17 days) before the Meeting and is also to be published on the company's website.

The 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 for 18 months from the date of the resolution of the Annual General Meeting and supersedes the authority granted by the Annual General Meeting held on 2 April 2008 to acquire 12,000,000 shares.

The 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. The authority applies to a maximum of 15,000,000 shares in total. The Board of Directors has the right to disapply the pre-emption rights of existing shareholders in a private placement. 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 Annual General Meeting decided to establish a Nomination Committee to prepare proposals regarding the composition and remuneration of the Board of Directors to be elected at the following Annual General Meeting. Representatives of the three largest shareholders as at 2 November 2009 were appointed to the Nomination Committee. These representatives are Kari Järvinen, Managing Director, Solidium Oy; Timo Ritakallio, Deputy Chief Executive Officer, Ilmarinen Mutual Pension Insurance Company; Matti Vuoria, President and CEO, Varma Mutual Pension Insurance Company. Reino Hanhinen, Chairman of Rautaruukki's Board of Directors, and Hannu Ryöppönen, who was appointed by the Board of Directors, serve as the Nomination Committee's expert members.

At its organisation meeting on 24 March 2009, the Board of Directors elected members to its committees from among its members. Hannu Ryöppönen was elected as chairman and Liisa Leino and Kalle J. Korhonen as members of the Audit Committee. Reino Hanhinen was elected as chairman and Maarit Aarni-Sirviö and Christer Granskog as members of the Remuneration Committee.

Changes in executive management

The merger of Ruukki Metals and Ruukki Production resulted in changes to the composition of the Corporate Management Board and Extended Management Board. As of 1 February 2009, Rautaruukki's Corporate Management Board comprises Sakari Tamminen, President & CEO and chairman of the Management Board; Mikko Hietanen, CFO and deputy to the CEO; Saku Sipola, President, Ruukki Construction; Tommi Matomäki, President, Ruukki Engineering; Olavi Huhtala, President, Ruukki Metals and Marko Somerma, Chief Strategy Officer.

As of 1 March 2009, the Extended Management Board comprises, in addition to members of the Corporate Management Board, Eija Hakakari, SVP Human Resources; Olli Huuskonen, SVP General Counsel; Sakari Kallo, SVP Production, Ruukki Metals; Markku Koljonen, Chief Technology Officer; Taina Kyllönen, SVP Marketing; Petteri Laaksomo, SVP Supply Chain Management; Anne Pirilä, SVP Corporate Communications and Investor Relations and Ismo Platan, Chief Information Officer.

Shares and share capital

During 2009, Rautaruukki Oyj shares (RTRKS) were traded for a total of EUR 2,752 million (5,530) on NASDAQ OMX Helsinki. The highest price quoted was EUR 18.14 in September and the lowest was EUR 11.06 in January. The volume weighted average price during the year was EUR 14.53. The share closed at EUR 16.14 on the year and the company had a year-end market capitalisation of EUR 2,264 million (1,706).

In addition to NASDAQ OMX Helsinki, Rautaruukki's share is also traded on multilateral trading facilities (MTF). According to information received by the company, Rautaruukki shares were traded on multilateral trading facilities in 2009 for a total of EUR 284 million.

The company's registered share capital at 31 December 2009 was EUR 238.5 million and there were 140,285,425 shares issued. The company has one series of shares, with each share conveying one vote. Under the company's Articles of Association, a voting restriction applies whereby the votes of an individual shareholder are restricted to 80 per cent of the total number of votes carried by shares at the meeting.

During the course of the year, the share capital was increased by 29,946 shares or EUR 50,908.20 as a result of subscriptions exercised under the 2003 bond loan with warrants. The bond loan with warrants, which was issued on 26 May 2003 and targeted at the personnel and Rautaruukki's Personnel Fund, entitled holders to subscribe a maximum aggregate of 1,400,000 shares between 24 May 2006 and 23 May 2009. Warrants were exercised to subscribe a total of 1,398,980 shares (99.9 per cent) and the share capital was increased by EUR 2,378,266.00 accordingly.

At year-end 2009, the company held 1,421,575 treasury shares, which had a market value of EUR 22.9 million and an accountable par value of EUR 2.4 million. Treasury shares account for 1.01 per cent of the total number of shares and votes.

Until the close of the 2009 Annual General Meeting, the Board of Directors was authorised to transfer a maximum of 13,785,381 treasury shares held by the company. Under this authority, on 20 March 2009, the company transferred, a total of 48,052 treasury shares under the terms and conditions of the share ownership plan 2008-2010, to the 77 employees covered by the plan's first earning period, 2008. A total of 2,690 shares were returned to the company.

The 2009 Annual General Meeting granted the Board of Directors the authority to decide on a share issue and to acquire own shares. These authorities are detailed under the section Annual General Meeting 2009. During 2009, the Board of Directors did not exercise its authority to issue shares or the authorities to acquire the company's own shares. The treasury shares held by the company and the maximum number of own shares that can be acquired under the valid authority equates to 9.6 per cent of the total number of shares issued.

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

An analysis of shareholdings in the company by sector and size, the company's largest shareholders and the interests of governing bodies and the Corporate Management Board are disclosed in more detail in the Annual Report 2009 and on the company's website.

Disclosure notifications

During 2009, the company received one disclosure notification under Chapter 2, Section 9 of the Finnish Securities Markets Act concerning the portion of holdings. On 28 January 2009, Capital Research and Management Company notified that the aggregate holding of Rautaruukki's shares and votes by the funds it manages had, as at 26 January 2009, decreased to below 5 per cent.

After the report period, on 14 January 2010, the company received a disclosure notification, under Chapter 2, Section 9 of the Finnish Securities Markets Act, from Capital and Research Management Company (CRMC) that the aggregate holding in Rautaruukki shares for the funds it manages had, as at 12 January 2010, increased to above five (5) per cent. The number of Rautaruukki Oyj shares notified by CRMC is 7,297,852 shares, which equate to 5.20 per cent of Rautaruukki's share capital and votes.

Research and development

The company used EUR 29 million (27) on research and development in 2009. This equates to 2 per cent (1) of net sales. The thrust of R&D was on projects quickly delivering revenues or savings, as well as on strategically important long-term development programmes. Compared to the previous year, the company launched almost twice as many new products and solutions resulting from R&D.

The push for optimal energy efficiency is playing a key role in the company's research and development activities. The company is pursuing energy efficiency by among other things making lighter structures, developing construction components and prefabrication technologies and by designing solutions to benefit from renewable energy. In production process development, the thrust was on cost efficiency and new production technologies.

The company launched a number of new products on the construction market in 2009. These products included the Decorrey steel roof, which was launched on the Eastern European market, and the sound insulated Classic Premium steel roof. In infrastructure construction, the company launched an improved RD drilled pile system which, thanks especially to its advanced jointing technology, considerably improves piling work efficiency.

The engineering business focused on cabin product development, with the main thrust on process development aimed at migrating to project-driven production flow - combining the supply chain, manufacturing and technical design expertise.

Product development in the steel business focused on utilising direct quenching technology in strip and plate products. The technology was used to increase the dimensional ranges of a number of special steels and to develop completely new products.

In 2009, Ruukki was actively involved in establishing and launching the activities of national Strategic Centres for Science, Technology and Innovation (CSTI) in Finland. Ruukki is a shareholder in three CSTI companies - the Finnish Metals and Engineering Competence Cluster (FIMECC Ltd), the Cluster for Energy and Environment (CLEEN Ltd) and the built environment cluster (RYM Ltd) - that are consistent with the company's strategic objectives. FIMECC's first research programmes began in autumn 2009 and Ruukki is currently participating in four five-year projects.

Energy and the environment

In 2009, environmental management highlighted the company's commitment to a continuous improvement in energy efficiency. The principles of environmental management are described in the company's environmental policy, under which energy efficiency is important to the company from the aspect of the environmental impacts of products and production.

Development of environmental matters takes place at the corporate level with the help of shared environmental objectives and aims. Site-specific impact assessments are considered when setting environmental objectives at each site. Management reviews regularly track the achievement of objectives at sites and at the corporate level. Production sites operate in conformance with certified ISO 14001:2004 environmental management and ISO 9001:2000 quality management systems. Certified systems covered 98 per cent (98) of production and 87 per cent (80) of employees in 2009.

The company's sites in Raahe and Hämeenlinna, Finland come under the EU's Emissions Trading Scheme and the Mo i Rana plant in Norway comes under the Norwegian emissions trading scheme. At the start of 2009, the Norwegian authority announced a continuation of Norway's national allocation plan under which the Mo i Rana plant received 46 654 annual emissions allowances for the period 2008-2012. In 2009, emissions allowances trading generated income of EUR 34 million (5).

In April, the company continued to manage its carbon balance by investing EUR 10 million in GreenStream Network Plc's Climate Opportunity Fund, a vehicle purchasing carbon emissions reductions. The emissions reductions generated can be used in emissions trading in 2013-2020.

Environmental investments of around EUR 60 million are planned in conjunction with blast furnace modernisation. Closure of the sinter plant in the same context will cut carbon dioxide emissions by 10 per cent or 500,000 tonnes a year, dust emissions by 37 per cent and sulphur dioxide emissions by 64 per cent. Likewise, energy consumption at the Raahe Steel Works will decrease by 8 per cent or 1.16 million megawatt hours a year. This energy saving equates to the annual energy consumption of around 60,000 single-family homes.

Environmental investments in 2009 totalled EUR 21 million (12).

During the course of 2009, Ruukki received a number of recognitions for its work on the corporate responsibility front. In September, the company was chosen for inclusion in the Dow Jones Sustainability World (DJSI World) index for the second year running and in the Dow Jones STOXX Sustainability (DJSI STOXX) index for the third year running. Ruukki ranks among the world's seven best steel companies on the DJSI World list. In July, the World Steel Association awarded the company a Climate Action certificate for 2009-2010 for fulfilling its commitment to take part in the worldsteel Climate Action recognition programme against climate change, which is part of the steel industry's commitment to reduce carbon dioxide emissions.

More information about environmental matters can be found in the Annual Report 2009, in the environmental reports for the Raahe and Hämeenlinna works and on the company's website.

Litigation and other pending legal actions

The European Commission continued investigations during 2009 into suspected price collusion relating to the manufacture of prestressing steel between 1996 and 2001 by Ruukki's former subsidiary, Fundia. The Commission is investigating dozens of European companies and Fundia's comparatively minor prestressing steel business is not at the centre of the investigation. In February 2009, Rautaruukki took part in an oral hearing of the matter under investigation and in March, June and October, Ruukki replied to the European Commission's requests for information about the company's financial position. The Commission is continuing to investigate but at this stage of the proceedings it is difficult to weigh up possible sanctions.

In August, the Ministry for Economic Development and Trade of the Russian Federation issued its draft resolution concerning the anti-dumping of colour-coated products to the Government of the Russian Federation. According to the Ministry's draft resolution, no legal requirements exist to impose import duties. Since the Government of the Russian Federation did not react to the draft resolution within the deadline, the decision is final. If import duties had been introduced, they would have affected exports of colour-coated products to Russia.

In 2009, criminal proceedings were instigated in Sweden in respect of a case concerning safety at work in which, as the result of a fatal accident at the Kista Galleria construction site in Solna, Sweden in 2008, the prosecutor demanded that one of Ruukki's employees be sentenced and that Ruukki Sverige AB be ordered to pay a corporate fine. The judgment given by the court of first instance on 15 January 2010 dismissed the claims against the company's employee and Ruukki Sverige AB. Settlement of the loss and costs attributable to the accident is still going on between the parties and insurance companies are still completing claims processing.

Other events

Management of the statutory pensions liability under the Finnish Employees Pensions Act (TyEL) of Rautaruukki's Pension Foundation was transferred to Varma Mutual Pension Insurance Company on 31 December 2009. The pension liabilities transferred by Rautaruukki's Pension Foundation at year-end 2009 totalled around EUR 485 million. Transferring management of the Pension Foundation to Varma gives Ruukki greater flexibility to arrange funding by enabling the re-borrowing of funds. A surplus of around EUR 52 million accrued by the Foundation will be refunded to the company in conjunction with the transfer. Around EUR 27 million of this was scheduled for December 2009 and the refund of the remaining sum of around EUR 25 million is scheduled for 2010. The transfer had no material impact through profit and loss.

Risks and risk management

Risk management at Ruukki seeks to underpin the company's strategy, achievement of targets and to ensure business continuity. Risk management is guided by the operating principles and process of corporate risk management defined in the risk management policy approved by the company's Board of Directors. Risk management is an integrated part of the management system.

The global recession and ensuing rapid change in the business environment is adversely affecting the business of Ruukki and its customers and is thus impacting on demand for the company's products. It is difficult to predict how soon market conditions will be restored and how fast the economy will return to the growth track. Ruukki is taking uncertain and rapidly changing market conditions into account by securing its financial position and by aligning production and costs to demand.

Rapidly changed market conditions showed the demand drivers for Ruukki's businesses to be very similar, with an emphasis on new industrial investments. The solutions businesses - construction and engineering - and special steel products still do not account for a sufficiently large share of consolidated net sales to balance the impacts of global recession. Balancing the group's business structure geographically (emerging vs mature markets) and in relation to the factors driving demand (investment- vs consumer-driven demand) is one of the company's strategic intents. Achieving this intent is taken into account, for example, in expansion of the sales and distribution network and in possible acquisitions.

Finland and the other Nordic countries account for most of the company's net sales. The company's business might be adversely affected by a major change in the competitive situation on the company's home markets or, for example, by customers relocating to lower cost countries owing to weak market conditions. Ruukki has prepared for trends of this kind by building its own production capacity in Eastern Europe and China, by developing an international distribution network for special steel products and by securing its market share in the home market.

International comparison shows the company's steel production to be competitive, but small in terms of volume. Crude steel production takes place using two blast furnaces integrated into one production unit. This means that steel production has limited flexibility compared to large competitors, who have a number of production units and who can optimise production between several units. The company has prepared for this risk by improving cost efficiency and production flexibility.

The availability, price and freight charges of iron ore, coal and other main raw materials used in steel production are determined on the world market. This can make the price of raw materials very volatile. Derivatives are used to manage the price risk of electricity and zinc. Availability risks are managed through long-term contracts to source the main materials and energy used in steel production. The group generates almost half of the electricity it uses by utilising the gases released in production processes. The main raw materials used in steel production are priced in US dollars. This exposes the group to a currency risk because the group has only very minor sales denominated in US dollars. Derivatives are used to hedge against the currency risk.

The additional costs brought about by increasingly stricter environmental regulations and carbon emissions trading impact on the company's investments and competitiveness, especially if the same requirements do not apply equally to all players in the field. The company has taken thorough steps to anticipate and actively track changes in environmental legislation.

Information about the company's risk management is detailed in the Annual Report 2009.

Near-term outlook

Market conditions in almost all customer segments and market areas have stabilised and demand is picking up in some segments. There has been a clear improvement in the availability of funding. However, in certain market areas, such as Russia and some parts of Central Eastern Europe, high interest rates continue to impede the start-up of investments. Likewise, the low industrial capacity utilisation rate might impact on the demand for investment-driven products.

The worst of the construction market downturn is over. Construction activity in the Nordic countries and a number of countries in Central Eastern Europe is expected to level off and in Poland, for example, to show slight growth. Infrastructure construction activity is expected to continue to be good in the Nordic countries and especially in Poland, the Czech Republic and Russia to grow compared to the previous year. Difficult market conditions persist in commercial and industrial construction. If the price of oil remains at its present level or rises, this is expected to some extent to boost construction in Russia. A further decline in construction activity in the Baltic states and Hungary is expected during 2010.

No significant change is expected in market conditions in the engineering industry during the first half of the year. The long-term market outlook in equipment for the energy industry is good and demand is expected to recover noticeably from its present level during the course of 2010. Demand in the lifting, handling and transportation equipment industry has stabilised at a low level. Order intake volumes have started to grow in mining and forest machines. Demand in the shipbuilding industry is expected to decline compared to the previous year.

Except for selling prices, the basis for the steel business is much better for 2010 than it was for last year. It is believed there will be an increase in delivery volumes compared to the exceptionally low level experienced in 2009. Worldsteel forecasts growth of more than 12 per cent in apparent steel use in the EU-27 region in 2010. Good demand in the automotive industry is estimated to continue and demand is expected to begin to improve in the heavy engineering industry. Delivery volumes of special steel products are estimated to increase compared to the previous year as demand picks up in these industries. An expansion of the distribution network into China and Turkey also supports sales of special steel products.

Modernisation of blast furnace 1 beginning in April 2010 will reduce the steel production capacity utilisation rate. The company has prepared for a two-month disruption to production by building up its slab stocks to safeguard customer deliveries. The low capacity utilisation rate during blast furnace maintenance is expected to have a cost impact of around -EUR 25 million during the second quarter. Prices for the main raw materials used in steel production have not yet been agreed for the current year.

Thanks to actions initiated during 2009 to permanently improve efficiency, the company's cost structure is significantly lighter than in previous years. The annualised impact on profitability of actions initiated is around EUR 90 million. The operational excellence programme continues until the end of 2011 and aims at an improvement of EUR 150 million in operating profit.

Based on the above factors, the company estimates a 15-20 per cent year-on-year growth in net sales in 2010. Profitability is expected to improve significantly compared to the previous year and the full-year result before income tax is estimated to be positive.

Board of Directors' proposal for the disposal of distributable funds

The parent company's distributable equity at 31 December 2009 was EUR 698 million.

The Board of Directors has decided to propose to the Annual General Meeting to be held on 23 March 2010 that a dividend of EUR 0.45 per share (1.35) be paid for 2009. Under the proposal, the total amount of dividend payable is EUR 62 million. It is proposed to pay the dividend on 8 April 2010.

The figures for the report period contained in this financial statement bulletin have been audited.

Helsinki, 3 February 2010

Rautaruukki Corporation

Board of Directors

BUSINESS AREAS

Ruukki Construction

EUR million	Q1/08	Q2/08	Q3/08	Q4/08	2008	Q1/09	Q2/09	Q3/09	Q4/09	2009
Net sales	225	285	309	248	1 067	132	145	164	147	589
Operating profit *	21	38	56	17	132	-13	-9	-4	-22	-49
as % of net sales *	9	13	18	7	12	-10	-6	-3	-15	-8

* Excluding non-recurring items.

Net sales

Ruukki Construction's net sales for 2009 were 45 per cent down year on year at EUR 589 million (1,067). The construction business accounted for 30 per cent (28) of consolidated net sales. Fourth quarter net sales were EUR 147 million (248).

Net sales fell mostly because of weak demand. Business activity in commercial and industrial construction in particular was low throughout the report period. Caution in investment decisions also continued during the fourth quarter and noticeably fewer construction projects were started than in previous years. The start of projects has been delayed in a number of market areas and, in some countries in Central Eastern Europe, Russia and Ukraine, projects were even discontinued. In Russia, and partly also in other market areas, publicly funded projects, such as the construction of sports facilities and agricultural buildings, accounted for a noticeably higher share of the division's net sales. In Russia, deliveries for construction projects in the energy industry continued to be brisker than for those in other industrial sectors.

Fourth quarter net sales in infrastructure construction remained at the previous year's level, but were down for the period as a whole. Lower net sales were largely attributable to continued low demand for piles used in building foundation construction. There was a good level of activity in road and railway projects in the Nordic countries. Many transport infrastructure projects were announced during the second half of the year, but the impact of these on net sales was still not significant during the report period. Infrastructure construction products accounted for 15 per cent (11) of Ruukki Construction's net sales in 2009.

Market conditions for residential roofing products were noticeably weaker in 2009 than in earlier years. However, sales volumes in this segment declined much less than in commercial and industrial construction because of the significant share of renovation construction in this segment and Ruukki's new product launches. An early winter sweeping in across almost the whole of Europe brought the construction season to a slightly earlier end than in previous years and demand weakened towards the end of the fourth quarter. Residential roofing products accounted for 19 per cent (16) of Ruukki Construction's net sales in 2009.

Operating profit

Ruukki Construction's negative operating profit was -EUR 49 million (EUR 128 million reported and EUR 132 million excluding non-recurring items) for 2009 and fourth quarter negative operating profit -EUR 22 million (EUR 13 million reported and EUR 17 million excluding non-recurring items). Operating profit fell as a result of lower sales volumes and selling prices. Selling prices decreased in all market areas during the first half of the year as a result of lower steel material prices and tougher competition. Even though the fall in selling prices levelled off during the course of the third quarter, delivery contracts signed at lower selling prices in both components and projects weakened operating profit, especially during the fourth quarter. Selling price development differed greatly between product groups.

The use of own steel material produced at high raw material prices, together with the use of high-cost external material in stock, impacted on profitability, particularly during the first half of the year.

Major orders

Ruukki Construction signed a number of major delivery contracts during 2009. The biggest contract was for the manufacture and installation of steel structures and roofing elements for a new multi-purpose stadium to be built in Stockholm, Sweden. Other major contracts included the steel structures and fire protection design for a new sports centre in the Salmisaari district of Helsinki; design, manufacture and installation of the steel structures for production premises to be built near Bergen, Norway; the steel structures, including installation, and steel piles for the foundations for Kråkeröy bascule bridge in Fredrikstad, Norway and the manufacture and installation of the steel frame, together with the design, manufacture and installation of envelope structures for a boiler plant to be built in Kuopio, Finland.

In addition, a number of other significant delivery contracts, mostly for transport infrastructure projects, were agreed during the fourth quarter. October saw the agreement of a contract for the delivery and installation of steel structures for a bridge over the Kyrönsalmi strait in Savonlinna, Finland. In November, Ruukki signed a contract to deliver steel structures for three road bridges and a railway bridge for the E6 road project in Sweden, contracts to deliver components for bridge projects in Vladivostok, Russia and Warsaw, Poland and a contract for the delivery and installation of steel structures for the Lövö bridge project in southwest Finland. December saw the company agree contracts for the steel structures and delivery of foundation piles for the Särkijärvi bridge in Tampere, Finland and for the delivery of steel pipe piles for the foundations for more than 20 bridges in the highway 5 improvement project in Kuopio, Finland.

The above contracts are testimony to Ruukki’s strong track record in road and railway projects in the Nordic countries.

Capital expenditure, business and product development

Ruukki Construction’s capital expenditure in 2009 totalled EUR 37 million (74). Acquisition of the entire share capital of Skalles Eiendomsselskap AS and construction of the new sandwich panel plant at Alajärvi, Finland were the most significant investments during the period.

Acquisition of Skalles, one of Norway’s leading steel frame suppliers, was completed in February and has strengthened Ruukki’s foothold as a local actor in the Nordic steel construction market. Skalles’ total deliveries include the design, manufacture and installation of steel structures.

The new sandwich panel plant at Alajärvi came on stream during the fourth quarter. Thanks to its high degree of automation, the plant will improve the cost competitiveness. The new line at the new plant will also ensure Ruukki’s ability to manufacture panels that comply with tougher energy regulations that entered into force at the start of 2010.

Construction of the sandwich panel line being built in Ukraine under an investment programme to increase production capacity in Russia and Eastern Europe is still incomplete. In the light of market conditions, the installation and start-up of the line have been pushed back and it is planned to complete the investment during spring 2010. The new panel plant investment under construction in Obninsk, Russia has been discontinued until further notice.

A number of new products were launched on the construction market in 2009. These products included the Decorrey steel roof, which was launched on the Eastern European market, and the sound insulated steel roof, Classic Premium. In infrastructure construction, the report period saw the launch of an improved RD drilled pile system which, especially thanks to its advanced jointing technology, considerably improves piling work efficiency.

Improved operational efficiency

Under the corporate-wide operational excellence programme, Boost, the division actioned a number of production arrangements between sites during the year. Operational efficiency has been improved by centralising production on increasingly larger units in Finland, Estonia, Poland and Romania. This has resulted in the closure of production sites in Latvia, Lithuania and the Czech Republic. The manufacture of construction products was discontinued at Kalajoki in Finland and since the second quarter of the year the plant has switched over to making components for the engineering industry. During the fourth quarter, production of roof and facade profiles at the Biatorbagy plant in Hungary was transferred to larger units in Poland and Romania. The manufacture of construction products at Biatorbagy has been discontinued until further notice. An efficiency programme was completed at Oborniki in Poland during the third quarter and a corresponding programme at Obninsk in Russia during the fourth quarter.

In December, a decision was made to further improve operational efficiency and adjust operations in Finland by streamlining the organisation and operating model and by improving production efficiency at the plants in Vimpeli, Alajärvi and Peräseinäjoki. Employer-employee negotiations initiated due to these actions ended in January 2010 and resulted in the loss of 52 jobs.

Other events during the report period

During the year, Ruukki received awards for steel construction in the Nordic countries. In May, the Swedish Institute of Steel Construction chose Swedbank Stadium as the Swedish steel construction of the year. Ruukki was responsible for the design, manufacture and installation of the steel structures for the stadium in Malmö, Sweden. The Swedish Institute of Steel Construction gives an award every other year for an innovatively constructed, architecturally impressive steel structured building.

The Ypsilon pedestrian bridge in Drammen, delivered by Ruukki, was chosen as the 2009 steel construction of the year in Norway. The award is made by the Norwegian Steel Association and Norwegian Structural Steel Association every other year for an innovatively constructed, architecturally impressive steel construction or structure. The Y-shaped bridge has previously received a Certificate of Nomination in the ECCS Awards for Steel Bridges.

Ruukki Engineering

EUR million	Q1/08	Q2/08	Q3/08	Q4/08	2008	Q1/09	Q2/09	Q3/09	Q4/09	2009
Net sales	188	205	184	187	765	125	75	63	49	312
Operating profit *	32	35	34	27	128	5	-2	-7	-11	-16
as % of net sales *	17	17	19	14	17	4	-3	-12	-23	-5

* Excluding non-recurring items.

Net sales

Ruukki Engineering’s net sales for 2009 were EUR 312 million (765), down by 59 per cent year on year. The engineering business accounted for 16 per cent (20) of consolidated net sales. Fourth quarter net sales were down considerably year on year at EUR 49 million (187).

Delivery volumes fell sharply compared to 2008. Low end-customer demand and de-stocking decreased order intake and net sales for the year were down in all customer segments. The sharpest fall in net sales in 2009 was in shipbuilding and in the lifting, handling and transportation equipment industry. The fall in delivery volumes to customers in the lifting, handling and transportation equipment industry bottomed out during the fourth quarter and delivery volumes to forest and mining machine customers picked up slightly compared to the third quarter.

Deliveries to equipment manufacturers in the energy industry, both in wind and diesel power plants, continued at a good level compared to other customer groups for the first three quarters, but there was a marked fall in deliveries, especially to the wind power industry, during the last quarter.

Selling prices also contracted. A large number of the division’s annual contracts expired during the summer and prices under new contracts were lower than for the previous term of contract. This contributed to weaker net sales during the second half of the year. The fall in selling prices levelled off during the fourth quarter.

Manufacturers of lifting, handling and transportation equipment accounted for 38 per cent (43) of Engineering’s net sales for 2009 and equipment manufacturers in the energy industry for 35 per cent (21).

Operating profit

Ruukki Engineering’s reported negative operating profit was -EUR 33 million (126) for 2009 and the negative operating profit excluding non-recurring items was -EUR 16 million (128). Ruukki Engineering’s fourth quarter reported negative operating profit was -EUR 23 million (26) and negative operating profit excluding non-recurring items was -EUR 11 million (27).

Operating profit for the period was weakened by lower delivery volumes, lower selling prices and, during the first half of the year, the use of steel material produced at high raw material prices.

Owing to sluggish demand in the shipbuilding industry, profitability was particularly poor in the company’s Mo i Rana plant in Norway, which posted a negative operating profit of -EUR 30 million for 2009. Operations were reorganised at the Mo i Rana plant in July, but owing to continued difficult market conditions, a decision was taken in December to study the options for the future of the unit. Options include possible discontinuation of operations at the plant until further notice.

Non-recurring items include a EUR 5 million charge from discontinuing operations at the Hässleholm and Oskarstöm units in Sweden and stock writedowns and credit loss provisions of EUR 12 million at the Mo i Rana plant in Norway. The non-recurring charges relating to the Swedish units were recognised during the second quarter and the items relating to Mo i Rana during the fourth quarter of the year.

Capital expenditure, business and product development

Ruukki Engineering's capital expenditure in 2009 totalled EUR 13 million (19). The division has systematically invested in new manufacturing technology to improve production efficiency, quality and delivery accuracy.

The report period saw the completion of a project to improve machining operations at the Sepänkylä unit in Finland and the new equipment was brought into use during the second quarter. In Finland, installation of two robot cells at the cabin assembly unit in Kurikka and a project to automate welding operations at the Peräseinäjoki site were completed during the third quarter. A machining investment at Jaszbereny in Hungary was completed during the fourth quarter.

Operations in Shanghai, China expanded into new premises during the first quarter. The new lines serve customers in the lifting, handling and transportation equipment industry and in equipment manufacturing for the energy industry. The first cabins rolled off the lines during the second quarter.

Product development focused on cabins, with the main thrust on process development aimed at migrating to project-driven production flow - combining the supply chain, manufacturing and technical design expertise.

In September, Ruukki Engineering received multi-site certification, which encompasses ISO 9001:2000 quality management certification, ISO 14001:2004 environmental management certification and ISO 3834-2 quality requirements for fusion welding of metallic materials. Multi-site certification covers all Ruukki Engineering's management systems and processes at both unit and divisional level.

Improved operational efficiency

Ruukki Engineering improved operational efficiency by transferring production lines and adjusting production. During the first quarter, production at the Hatvan site in Hungary was transferred to the Jaszbereny component plant. The plant at Kalajoki that earlier served construction customers was adapted to make components for the engineering industry.

The Hässleholm and Oskarström units in Sweden were closed during 2009 and the production equipment was transferred mostly to the company's plant in Poland. These actions were taken to centralise the company's operations and to strengthen its engineering competences in future growth areas, particularly in Central Eastern Europe and China.

In July, a decision was taken to reorganise operations at the plant in Mo i Rana, Norway due to weak demand in the shipbuilding industry. The workforce reductions arising from adjusting operations were implemented during the latter part of the year. Owing to continued difficult market conditions, a decision was taken in December to study the options for the future of the unit. Options include possible discontinuation of operations at the plant until further notice. In this connection, worker consultations with the around 110 persons affected were initiated.

In December, plans were announced to transfer the manufacture of engineering components at the Peräseinäjoki unit to Ruukki's other units. Employer-employee negotiations initiated in this context ended in January 2010.

Other events during the report period

Towards the end of the year, Ruukki decided to switch over from a customer-industry-based approach to a product-based approach. The main future focus areas in the engineering business are cabins, booms, equipment for the energy industry and medium-heavy and heavy welded structures. The company aims to strengthen its own design expertise in engineering industry products, such as cabins.

EUR million	Q1/08	Q2/08	Q3/08	Q4/08	2008	Q1/09	Q2/09	Q3/09	Q4/09	2009
Net sales	511	571	503	412	1 997	249	218	257	325	1 050
Operating profit *	96	106	112	36	350	-102	-97	-39	10	-228
as % of net sales *	19	19	22	9	18	-41	-44	-15	3	-22

All figures are comparable and exclude Carl Froh GmbH, which was divested.

* Excluding non-recurring items.

Net sales

Ruukki Metals' net sales were EUR 1,050 million (EUR 2,019 million reported and EUR 1,997 million comparable) and accounted for 54 per cent (52) of consolidated net sales. Ruukki Metals' fourth quarter net sales were EUR 325 million (412), which is 21 per cent less year on year, but 26 per cent higher quarter on quarter.

Delivery volumes of steel products remained exceptionally low throughout the year. End-customer demand was weak and de-stocking by customers led to a decrease in delivery volumes during the three first quarters of the year. Compared to the third quarter, delivery volumes rose slightly during the fourth quarter as customers replenished their stocks. Sales volume development in colour-coated and galvanised strip products was clearly better than in plate products. Delivery volumes of plate products remained low also during the fourth quarter.

Prices of steel products fell noticeably during the first half of the year. However, the fall in prices in a number of product groups bottomed out during the third quarter and in some market areas selling prices showed a light rise towards the end of the quarter. This had a positive impact on fourth quarter net sales.

Sales of special steel products decreased more than those of other product groups during the year because of continued low activity in the main industrial sectors that use these products, such as the heavy engineering industry. Special steel products accounted for 19 per cent (27) of Ruukki Metals' net sales during the year. Net sales of stainless steel and aluminium sold as trading products were also down year on year at EUR 104 million (224). However, sales of these products picked up somewhat towards the year end.

Operating profit

Ruukki Metals' negative operating profit was -EUR 228 million for 2009 (EUR 338 million reported and EUR 350 million comparable, excluding non-recurring items) and the operating profit for the fourth quarter of 2009 was EUR 10 million (EUR 29 million reported and EUR 36 million comparable, excluding non-recurring items).

Negative operating profit for the report period was mainly due to the continued sluggish demand for steel products and to poor price development in the early part of the year. The low steel production capacity utilisation rate during the first half of the year increased costs per unit of steel produced. The capacity utilisation rate rose during the second half of the year when both blast furnaces were in operation and the cost impact attributable to low capacity utilisation decreased significantly. The cost impact was -EUR 215 million for the entire year (Q1: -EUR 90 million; Q2: -EUR 70 million; Q3: -EUR 30 million and Q4: -EUR 25 million). Due to the low steel production capacity utilisation rate, emissions allowances remained unused and were sold on the market for EUR 34 million (5), of which EUR 31 million was scheduled in the fourth quarter. During the second half of the year, the fall in the price of coal and iron ore - the main raw materials used in steel production - also lowered costs per unit of steel produced. The full impact of this fall in prices has been reflected in the company's cost structure since towards the end of the third quarter.

The operating profit on stainless steel and aluminium - sold as trading products - was slightly negative in 2009. However, profitability improved towards the end of the year and the fourth quarter showed an operating profit. Profitability improved on the back of positive price development and improved operational efficiency.

Steel production

1000 tonnes	Q1/08	Q2/08	Q3/08	Q4/08	2008	Q1/09	Q2/09	Q3/09	Q4/09	2009
Steel production	672	680	703	531	2 585	269	392	604	628	1 892

The company’s steel production in 2009 was 1,892 thousand tonnes (2,585).

The blast furnace which had been idle since December 2008 at the Raahe Steel Works was restarted in early May and reached its target capacity utilisation rate of around 80 per cent in mid-June, since when it has operated at an average rate of around 85 per cent. Blast furnace start-up went as planned. The idle blast furnace was restarted to build up reserve stocks to safeguard uninterrupted customer deliveries during disruption to production for the period of downtime in 2010 whilst maintenance work is being carried out. The blast furnace will be idle for about two months and it is expected to take between four and six weeks from start-up before it returns to normal production levels. The capacity utilisation rate was below 50 per cent during the first half of the year, when blast furnace 1 was idle.

There were nine strikes in steel production during the year and two strikes by salaried employees. These strikes resulted in lost production and a deterioration in delivery accuracy.

Capital expenditure, business and product development

Ruukki Metals’ capital expenditure in 2009 totalled EUR 107 million (129).

A decision was made in April to modernise blast furnace 1 at the Raahe Steel Works in Finland. The company is also planning to modernise blast furnace 2 during 2011. Blast furnace modernisation is a necessary maintenance investment. Environmental investments are also planned in the same context. Modernisation of blast furnace 1 is planned to begin in April 2010. In connection with blast furnace modernisation, the company will switch over to using iron ore pellets instead of sinter as the sole raw material in the iron-making process. The sinter plant currently in use will be closed down by the end of 2011.

The investments planned for 2009-2011 to modernise the blast furnaces and change the feedstock base total around EUR 220 million, in addition to which environmental investments of some EUR 60 million are planned. Some EUR 46 million of the investments were made by the end of 2009. Some EUR 125 million of investments are expected to be scheduled for 2010 and EUR 110 million for 2011.

The company expanded its offering of special steel products during the second half of the year with the launch of Optim 1500 QC, the world’s strongest hot-rolled structural steel. This ultra high-strength steel is an ideal material for the structures of earth-moving machinery, for example. Optim 1500 QC steel is made using a direct quenching method developed by Ruukki.

In addition to product launches, the company also developed its special steel products business in 2009 by opening sales offices in Turkey and China. Expansion of the sales network also underpins Ruukki’s strategic intent of becoming one of the leading European providers of special steel products. It also improves customer service and shortens delivery times.

Improved operational efficiency

Ruukki Metals' efficiency measures in Finland included centralising parts processing on steel service centres in Raahe and Seinäjoki, and in this context, closure of the Tampere steel service centre. These measures were completed during the course of the second quarter. In December, it was announced that in Järvenpää, Finland, the Puurtajankatu steel service centre was to be merged with the Asponkatu steel service centre. The steel service centres in Seinäjoki and Raahe were merged to form one service centre organisation and operations at the Hyvinkää steel service centre were reorganised.

Operational efficiency was further improved by discontinuing the production of spiral-welded gas pipes at Oulainen, Finland. Production of these pipes is not part of the company's core business.

Other events during the report period

Ruukki Production, which was responsible for the manufacture of steel products, was merged with Ruukki Metals as of 1 February 2009. The merger streamlined the corporate structure and improved efficiency and supply chain management in the steel business.

TABLES

This financial statement bulletin has been prepared in accordance with IAS 34 and, with the exception of the following new and amended standards effective from 1 January 2009, is in conformity with the accounting policies published in the 2008 financial statements:

IAS 1 Presentation of Financial Statements. The revised standard aims to improve users' ability to analyse and compare the information presented in the financial statements by separating changes in equity of an entity arising from transactions with owners from other changes in equity.

IFRS 8 Operating Segments. This new standard requires the company to apply the "management approach" to reporting the financial performance of its operating segments. This means that the information disclosed must be based on the information management uses internally to evaluate segment performance. Adoption of the standard has not impacted on the group's segment structure.

IAS 23 Borrowing Costs. The amended standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The group applies the capitalisation rate to calculate the interest to be capitalised. The amended standard has had no material impact on the group.

IFRS 2 Share-based payments amendments to the standard - Vesting Conditions and Cancellations. The amendments clarify the accounting treatment of vesting conditions and provide that cancellations by the company or other parties receive similar accounting treatment.

Additionally, the Group has changed the presentation of the income statement from the "nature of expense" method to the "function of expense" method. The comparable figures have been restated accordingly.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	2009	2008	Q4/09	Q4/08
Net sales	1 950	3 851	521	847
Cost of sales	2 027	2 980	496	715
Gross profit	-77	872	25	132
Other income	20	31	6	13
Selling and marketing expenses	113	148	31	40
Administrative expenses	151	177	38	42
Other expenses	2	10	1	0
Operating profit	-323	568	-39	62
Finance income	81	98	9	50
Finance costs	117	121	16	68
Net finance costs	-36	-23	-7	-18
Share of profit of equity accounted investees	0	3	0	0
Result before income tax	-359	548	-46	45
Income tax expense	84	-142	0	-7
Result for the period	-275	406	-46	37
Attributable to:				
Owners of the Company	-275	406	-46	38
Non-controlling interest	0	-1	0	-1
Diluted, EUR	-1.98	2.93	-0.33	0.27
Basic, EUR	-1.98	2.93	-0.33	0.27
Operating profit as % of net sales	-16.6	14.7	-7.5	7.3

OTHER COMPREHENSIVE INCOME

EUR million	2009	2008	Q4/09	Q4/08
Result for the period	-275	406	-46	37
Other comprehensive income:				
Effective portion of changes in fair value of cash flow hedges	51	-62	23	-40
Translation differences	-5	-54	-6	-52
Actuarial gains and losses	-15	-62	-15	-15
Income tax on other comprehensive income	-9	32	-2	14
Other comprehensive income for the period, net of income tax	22	-146	0	-93
Total comprehensive income for the period	-253	261	-46	-55
Total comprehensive income attributable to:				
Owners of the Company	-253	261	-46	-54
Non-controlling interest	0	-1	0	-1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	31 Dec 2009	31 Dec 2008
ASSETS		
Non-current assets	1 444	1 442
Current assets		
Inventories	492	750
Trade and other receivables	335	536
Cash and cash equivalents	261	254
Total assets	2 532	2 983
EQUITY AND LIABILITIES		
Equity		
Attributable to equity holders of the Company	1 507	1 948
Non-controlling interest	2	2
Non-current liabilities		
Interest-bearing liabilities	387	276
Non-interest-bearing liabilities	98	158
Current liabilities		
Interest-bearing liabilities	209	133
Trade payables and other liabilities	328	466
Total equity and liabilities	2 532	2 983

SUMMARY CASH FLOW STATEMENT

EUR million	2009	2008
Result for the period	-275	406
Adjustments	178	250
Cash flow before change in working capital	-97	656
Change in working capital	317	-110
Financing items and taxes	-38	-164
Cash flow from operating activities	182	382
Cash inflow from investing activities	17	25
Cash outflow from investing activities	-170	-238
Total cash flow from investing activities	-153	-213
Cash flow before financing activities	30	169
Dividends paid	-188	-277
Change in interest-bearing liabilities	181	193
Other net cash flow from financing activities	-18	-4
Translation differences	1	-11
Change in cash and cash equivalents	7	70

KEY FIGURES

	2009	2008
Net sales, EUR m	1 950	3 851
Operating profit, EUR m	-323	568
as % of net sales	-16.6	14.7
Result before income tax, EUR m	-359	548
as % of net sales	-18.4	14.2
Result for the period, EUR m	-275	406
as % of net sales	-14.1	10.5
Return on capital employed (rolling 12 mths), %	-14.2	25.6
Return on equity (rolling 12 mths), %	-15.9	20.7
Equity ratio, %	59.9	65.9
Gearing ratio, %	22.3	7.9
Net interest-bearing liabilities, EUR m	336	155
Equity per share, EUR	10.85	14.04
Personnel, average	12 664	14 953
Number of shares	140 285 425	140 255 479
- excluding treasury shares	138 863 850	138 788 542
- diluted, average	138 846 063	138 773 118

STATEMENT OF CHANGES IN EQUITY

EUR million	Equity attributable to shareholders of parent						Non-controlling interest	Total equity
	Share capital	Share premium	Fair value and other reserves	Translation differences	Treasury shares	Retained earnings		
EQUITY 1 Jan 2008	238	220	9	-6	-6	1 505	3	1 963
Share issue	0							0
Dividend distribution						-277		-277
Share-based payments			0		0	0		0
Total comprehensive income			-46	-31		341	-1	261
EQUITY 31 Dec 2008	238	220	-37	-36	-6	1 569	2	1 950
EQUITY 1 Jan 2009	238	220	-37	-36	-6	1 569	2	1 950
Share issue	0							0
Dividend distribution						-188		-188
Share-based payments					0	0		1
Total comprehensive income			38	-5		-287	0	-253
EQUITY 31 Dec 2009	238	220	2	-41	-6	1 095	2	1 509

NET SALES BY REGION

As % of net sales	2009	2008
Finland	30	31
Other Nordic countries	31	31
Central Eastern Europe, Russia and Ukraine	19	20
Rest of Europe	14	15
Other countries	6	3

CONTINGENT LIABILITIES

EUR million	2009	2008
Mortgaged real estate	64	24
Pledged assets		5
Other guarantees given	43	45
Collateral given on behalf of others		2
Rental liabilities	114	132

VALUES OF DERIVATIVE CONTRACTS

CASH FLOW HEDGES QUALIFYING FOR HEDGE ACCOUNTING

EUR million	31 Dec 2009 Nominal amount	31 Dec 2009 Fair value	31 Dec 2008 Nominal amount	31 Dec 2008 Fair value
Zinc derivatives				
Forward contracts, tonnes	24 000	11	35 500	-34
Electricity derivatives				
Forward contracts, GWh	1 827	-11	1 903	-18

FAIR VALUE HEDGES QUALIFYING FOR HEDGE ACCOUNTING

EUR million	31 Dec 2009 Nominal amount	31 Dec 2009 Fair value	31 Dec 2008 Nominal amount	31 Dec 2008 Fair value
Interest rate derivatives	75	0		

DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING

EUR million	31 Dec 2009 Nominal amount	31 Dec 2009 Fair value	31 Dec 2008 Nominal amount	31 Dec 2008 Fair value
Zinc derivatives				
Forward contracts, tonnes			500	0
Foreign currency derivatives				
Forward contracts	368	-3	904	35
Options				
Bought	150	-1	120	9
Sold	150	1	120	2

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

EUR million	2009	2008
Carrying value at start of period	1 124	1 076
Additions	167	215
Additions through acquisitions	5	8
Disposals	-11	-8
Disposals through divestments		-22
Depreciation and impairment	-125	-119
Translation differences	-1	-26
Carrying value at the end of period	1 159	1 124

TRANSACTIONS WITH RELATED PARTIES

EUR million	2009	2008
Sales to associates	24	30
Purchases from associates	6	6
Transactions with Pension Foundation	6	6

	31 Dec 2009	31 Dec 2008
Trade and other receivables from associates	3	5
Trade and other payables to associates	1	0

INVESTMENT COMMITMENTS

EUR million	After 31 Dec 2009	After 31 Dec 2008
Maintenance investments	100	102
Development investments and investments in special products	77	113
Total	177	215

INFORMATION ON BUSINESS COMBINATIONS

EUR million	Fair values	Carrying values of acquired companies
Assets and liabilities of acquired companies		
Non-current assets	9	3
Current assets		
Inventories	1	1
Trade and other receivables	1	1
Cash and cash equivalents	4	4
Total assets	15	9
Non-current liabilities		
Non-interest-bearing	2	0
Current liabilities		
Interest-bearing	0	0
Other	3	3
Total liabilities	6	4
Net assets	9	5
Acquisition cost	13	
- including conditional purchase price	0	
Goodwill	4	
Acquisition cost paid in cash	11	
Cash and cash equivalents of acquired company	4	
Impact on cash flow	7	

The figures above include information about the acquisition of the Norwegian companies Skalles Eiendomsselskap AS and Pluss Stål AS. Rautaruukki acquired the entire share capital of Skalles Eiendomsselskap AS in February 2009. The acquisition strengthens Rautaruukki’s market position in the Nordic countries and particularly in Norwegian steel construction. Skalles' customer base and products complement Rautaruukki’s own. Skalles’ total deliveries include the design, manufacture and installation of steel structures. The company has some 50 employees and its net sales for 2008 were approximately EUR 16 million. Skalles is located in Fredrikstad, Norway. The acquisition calculation is provisional in accordance with IFRS 3. Pluss Stål AS was earlier an associated company (50%) of Rautaruukki, which acquired the remaining 50 per cent of the company’s shares from its other owner in June 2009. Pluss Stål AS has been consolidated as a subsidiary since 1 July 2009.

SEGMENT INFORMATION

EUR million	2009	2008
External net sales		
Ruukki Construction	589	1 067
Ruukki Engineering	312	765
Ruukki Metals	1 050	2 019
Corporate management	0	0
Consolidated net sales	1 950	3 851
Operating profit		
Ruukki Construction	-49	128
Ruukki Engineering	-33	126
Ruukki Metals	-228	338
Corporate management	-13	-25
Consolidated operating profit	-323	568
Net finance costs	-36	-23
Share of profit of equity accounted investees	0	3
Result before income tax	-359	548
Income tax expense	84	-142
Result for the period	-275	406

EUR million	31 Dec 2009	31 Dec 2008
Segment assets		
Ruukki Construction	718	761
Ruukki Engineering	253	411
Ruukki Metals	1 085	1 247
Corporate management	31	36
Undistributed assets	445	527
Total assets	2 532	2 983

QUARTERLY SEGMENT INFORMATION, COMPARABLE, EXCLUDING NON-RECURRING ITEMS

EUR million	Q1/08	Q2/08	Q3/08	Q4/08	2008	Q1/09	Q2/09	Q3/09	Q4/09	2009
External net sales										
Ruukki Construction	225	285	309	248	1 067	132	145	164	147	589
Ruukki Engineering	188	205	184	187	765	125	75	63	49	312
Ruukki Metals	511	571	503	412	1 997	249	218	257	325	1 050
Corporate management	1	-1	0	0	0	0	0	0	0	0
Consolidated net sales	925	1 060	996	847	3 829	506	438	485	521	1 950
Operating profit										
Ruukki Construction	21	38	56	17	132	-13	-9	-4	-22	-49
Ruukki Engineering	32	35	34	27	128	5	-2	-7	-11	-16
Ruukki Metals	96	106	112	36	350	-102	-97	-39	10	-228
Corporate management	-7	-7	-5	-6	-25	-3	-4	-3	-3	-13
Consolidated operating profit	141	172	197	74	584	-113	-112	-54	-27	-306
Net finance costs	-4	1	-2	-18	-23	-9	-10	-10	-7	-36
Share of profit of equity investees	1	1	1	0	3	0	0	0	0	0
Result before income tax	139	174	195	56	564	-122	-123	-64	-34	-342
Income tax expense	-34	-45	-56	-7	-142	32	33	19	0	84
Result for the period	105	129	139	49	422	-90	-89	-45	-34	-258

Formulas for the calculation of key indicators:

Return on capital employed, %

$$= \frac{\text{result before income tax + finance costs - exchange rate gains (rolling 12 months)}}{\text{total equity + interest-bearing financial liabilities (average at beginning and end of period)}} \times 100$$

Return on equity, %

$$= \frac{\text{result before income tax - income tax expense (rolling 12 months)}}{\text{total equity (average at beginning and end of period)}} \times 100$$

Equity ratio, %

$$= \frac{\text{total equity}}{\text{balance sheet total - advances received}} \times 100$$

Gearing ratio, %

$$= \frac{\text{net interest-bearing financial liabilities}}{\text{total equity}} \times 100$$

Net interest-bearing financial liabilities = interest-bearing financial liabilities - interest-bearing financial assets and other cash and cash equivalents

Earnings per share (EPS)

$$= \frac{\text{profit or loss attributable to equity holders of the parent company}}{\text{weighted average number of shares outstanding during the period}}$$

Earnings per share (EPS), diluted

$$= \frac{\text{profit or loss attributable to equity holders of the parent}}{\text{weighted average diluted number of shares outstanding during the period}}$$

Equity per share

$$= \frac{\text{equity attributable to equity holders of the parent company}}{\text{basic number of shares outstanding at the balance sheet date}}$$

Volume weighted average price

$$= \frac{\text{total EUR trading of shares}}{\text{total number of shares traded}}$$

Market capitalisation = basic number of shares at the end of the period x closing price at the end of the period

Personnel, average = average number of personnel at the end of each month during the period