

Financial Review 2005

February 8, 2006



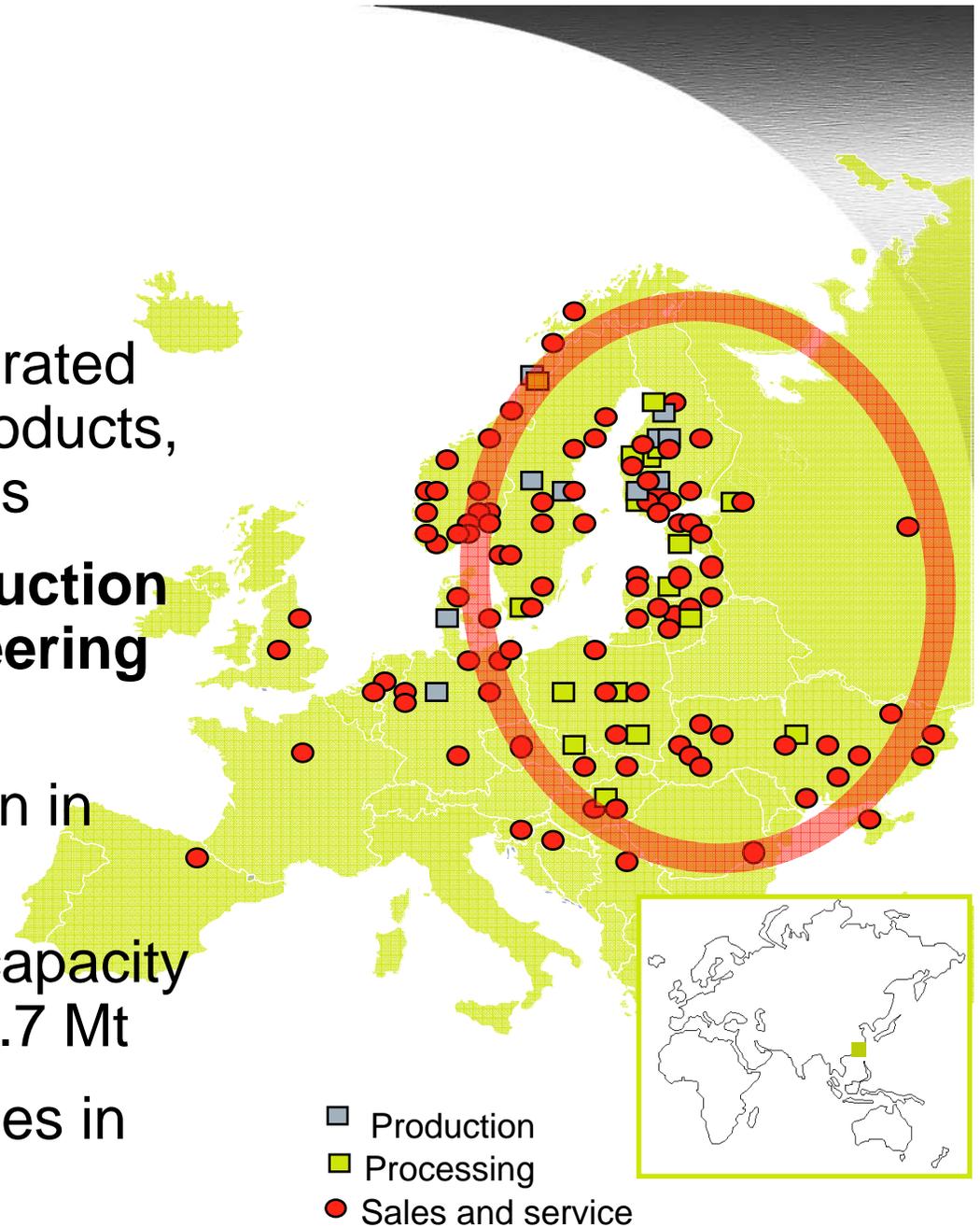
- **Ruuki in Brief**
- **Strategy Moving Ahead**
- **Business Environment**
- **Financials 2005**
- **Dividend Proposal**
- **Near-term Outlook**
- **Summary**

Ruukki in Brief

RUUKKI

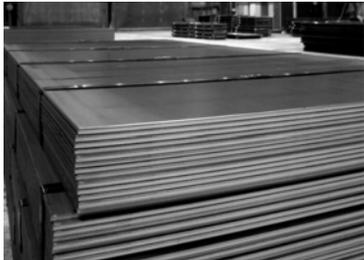
Ruukki today

- Ruukki supplies an integrated range of metal-based products, components and systems
- Special focus on **construction** and **mechanical engineering** industries
- Net sales EUR 3.7 billion in 2005
- Crude steel production capacity 3.5 Mt; rolling capacity 3.7 Mt
- Approx. 12,000 employees in 23 countries



Ruukki's products and services

Metals



Sheets



Coils

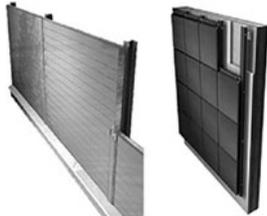


Parts

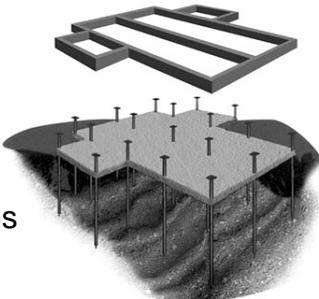
Construction



Frames and other load-bearing structures, roofs



Facades and prefabricated walls



Piling and foundations

Engineering



Customized cabins for mobile machines



Cabins, actuators and frames for forest machines

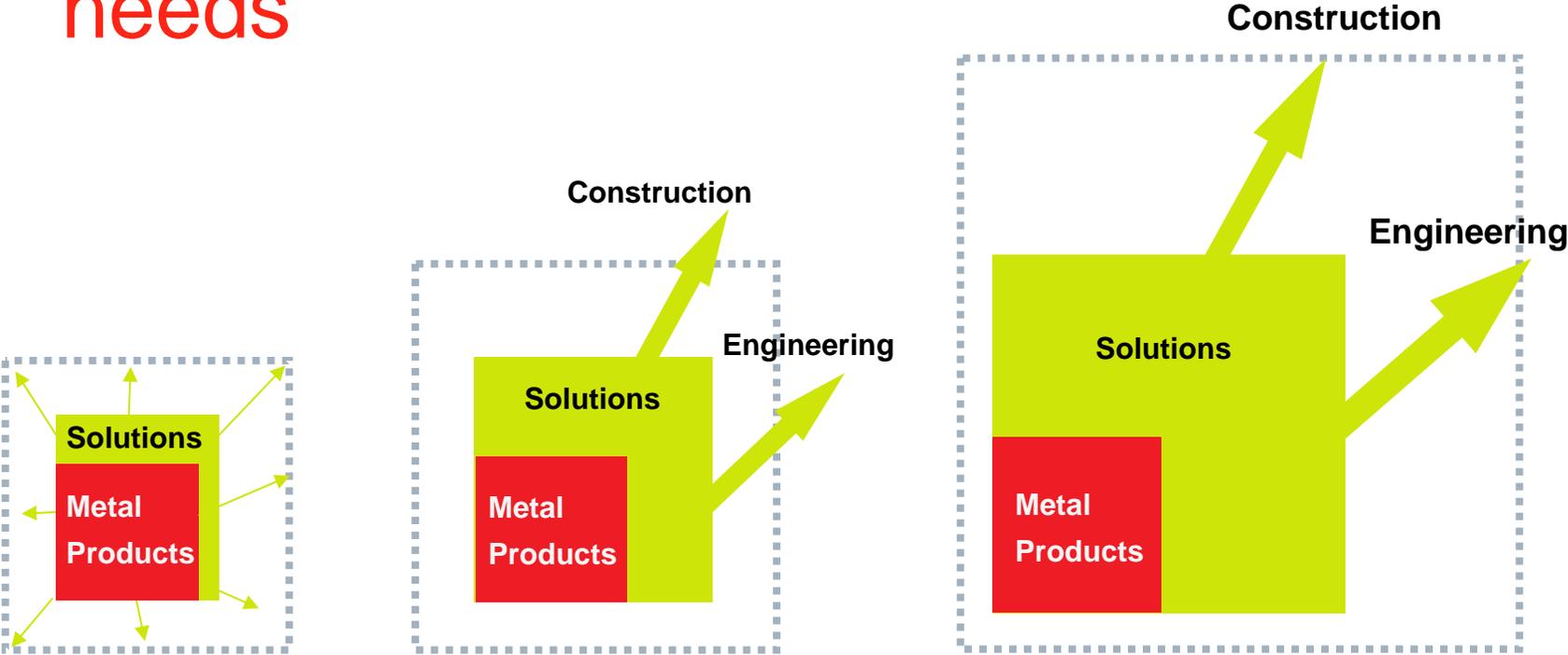


Frames, masts, booms and cabins for material handling equipment

Strategy Moving Ahead

RUUKKI

Our vision: solutions for specific segments based on customer needs



2003
Reliable steel producer



2008-2010
The most desired solution
supplier

Strategic intent

A leading
metal based
CONSTRUCTION
solution provider
in Nordic & CEE
countries

A leading
solution provider
for specific
ENGINEERING
customers in
Northern Europe

Leading
METAL PRODUCTS
supplier
in Nordic & Baltic
countries



Potential in customer industries

CONSTRUCTION

- Increasing demand for integrated systems
- Strong growth in CEE, Russia and Ukraine
- Metal based market about EUR 7.5 bn

ENGINEERING

- Customers going downward in value chain and outsourcing operations
- Major opportunities in Lifting, Handling and Transportation (LHT)
- LHT target market about EUR 1.4 bn

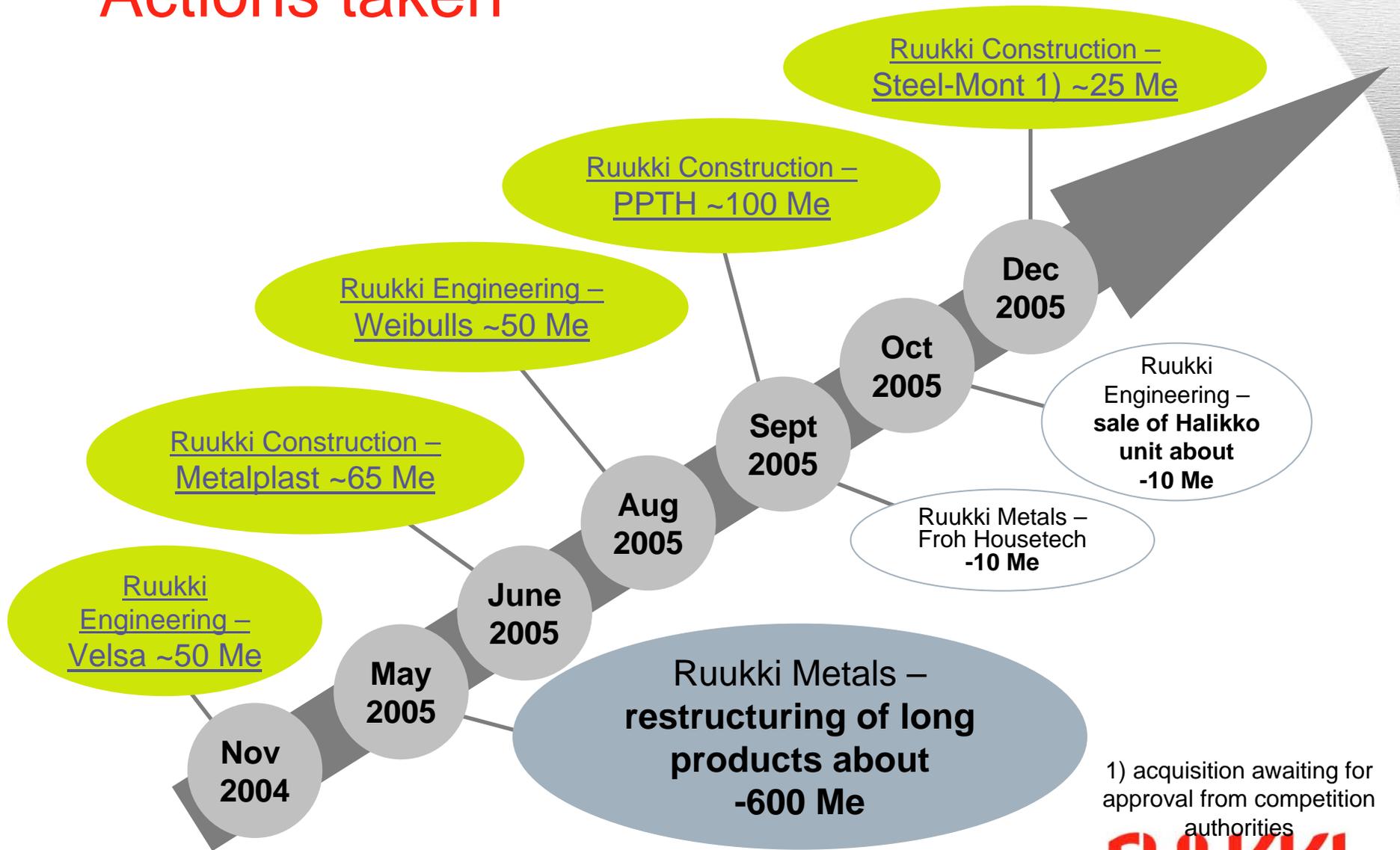
METALS

- Solid market position in Scandinavia
- Expanding service centre activities
- More vertical value adding
- Share of special products (i.e. extra high strength steel) increasing

CUSTOMERS

RUUKKI

Actions taken



1) acquisition awaiting for approval from competition authorities

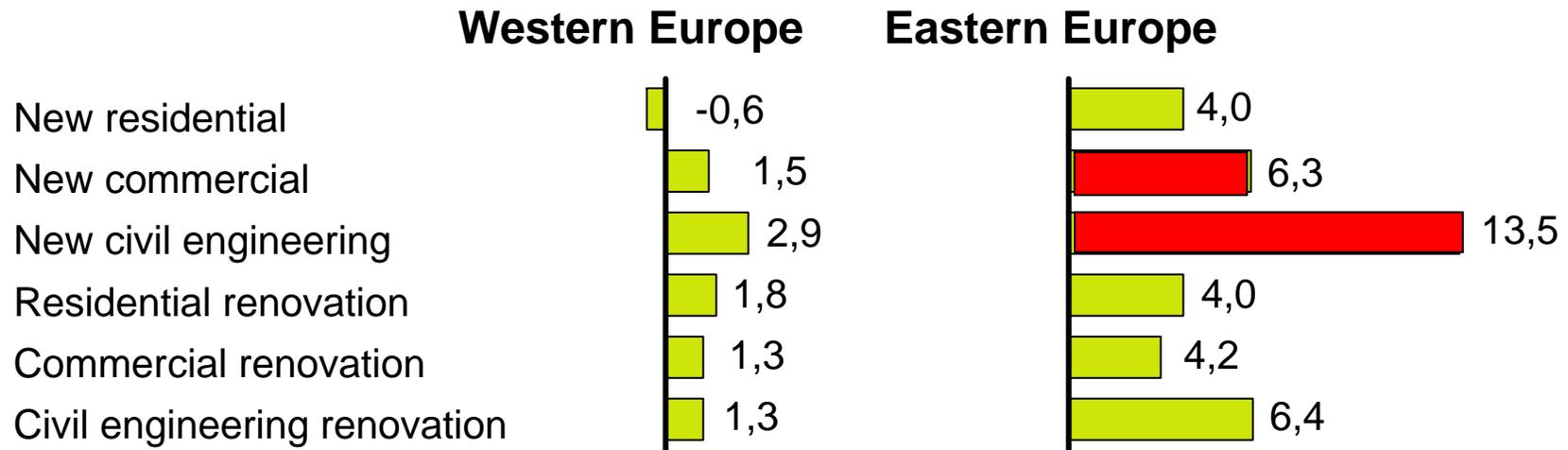


Integrated systems for construction



Focus on growing eastern European commercial construction

Annual change (% by volume) 2006e



Source: Euroconstruct

Service centers and processing units



Processing / Components & parts

DE Sundern
SE Anderslöv
RU StPeterburg



Prefabrication / Flat rolled products

FI Järvenpää, Naantali
SE Halmstad
NO Fredrikstad
PL Zyrardow
DE Duisburg



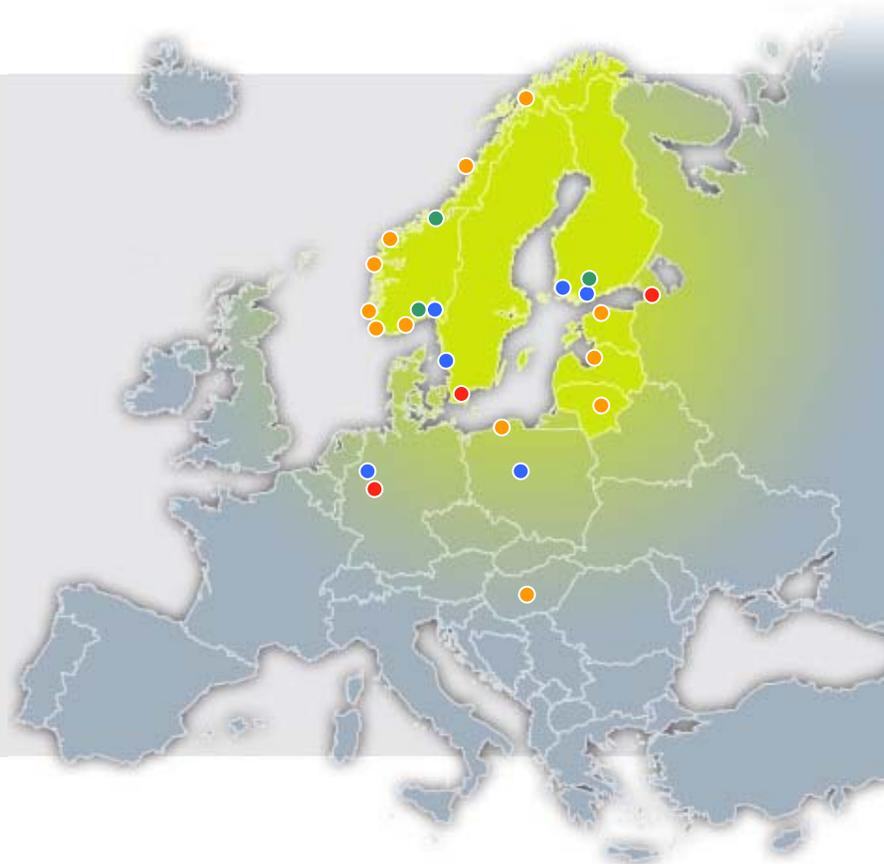
Prefabrication / Long products

FI Hyvinkää
NO Oslo, Trondheim



Stocking, with lim. prefabrication

EE Tallinn
LV Riga
LT Vilnius
PL Gdansk
HU Biatorbagy
NO Bergen, Bryne, Fauske, Kopervik,
Porsgrunn, Tromsø, Ørsta



Role of service centers and processing



PROCESSING UNITS

- additional services compared to service centres
- contract manufacturing



Components and complete deliveries

- cabinets for electronic industry
- panels for household appliances
- airbag components
- parts for light engineering industry



SERVICE CENTRES

Flat rolled products

- cutting to length, slitting
- re-coiling, bending
- laser- and plasma cutting (alu, stainless)



Tailor made semi-finished products

from own production and external suppliers

Supported by:

- mill deliveries
- standard materials from stock
- excellent customer service



Long products

- sawing, laser cutting
- shot blasting, priming



STOCKS

- comprehensive product assortment
- effective logistics



Standard products

- assortment matched to local market and specific customers
- local presence supported by mill deliveries

Special Products

- Special products are less price-sensitive than standard products
- Main line of businesses:
 - heavy engineering outside Nordi
 - Electronics and Automotive subcontractors
- Long-term customer relationships
- Examples of special products:
 - High- and ultrahigh strength tubes and flats
 - Organic coatings for roofing+facades, dirt resistant applications, anti-bacterial applications
 - Abrasion resistant steels



Business Environment

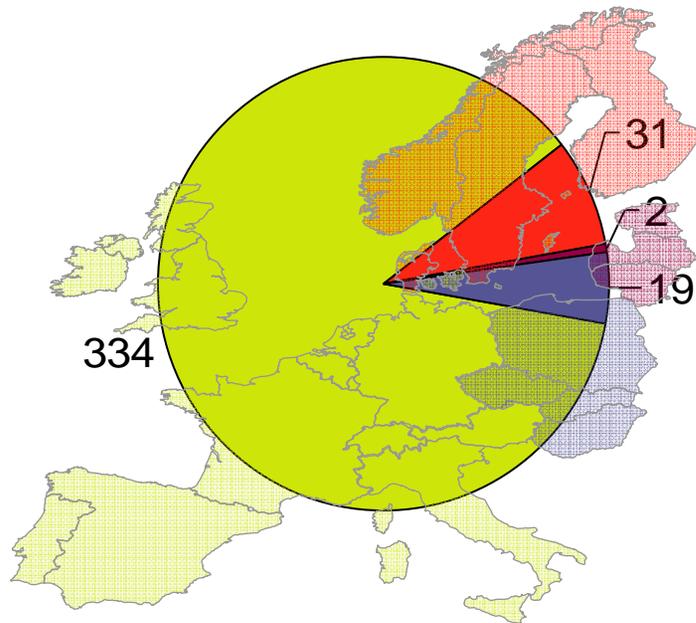
RUUKKI

Overall demand in 2005 was good

- Good demand continued in construction and engineering industries
 - construction activity high in the main markets
 - commercial construction
 - infrastructure construction
 - continued strong order books in engineering
 - Lifting, Handling and Transportation
 - Offshore and Marine
- Steel product markets showed signs of strengthening towards the end of the year
 - Market disturbances decreased apparent demand for standard steel products especially during the summer months
 - Steel industry adjusted output according to apparent demand

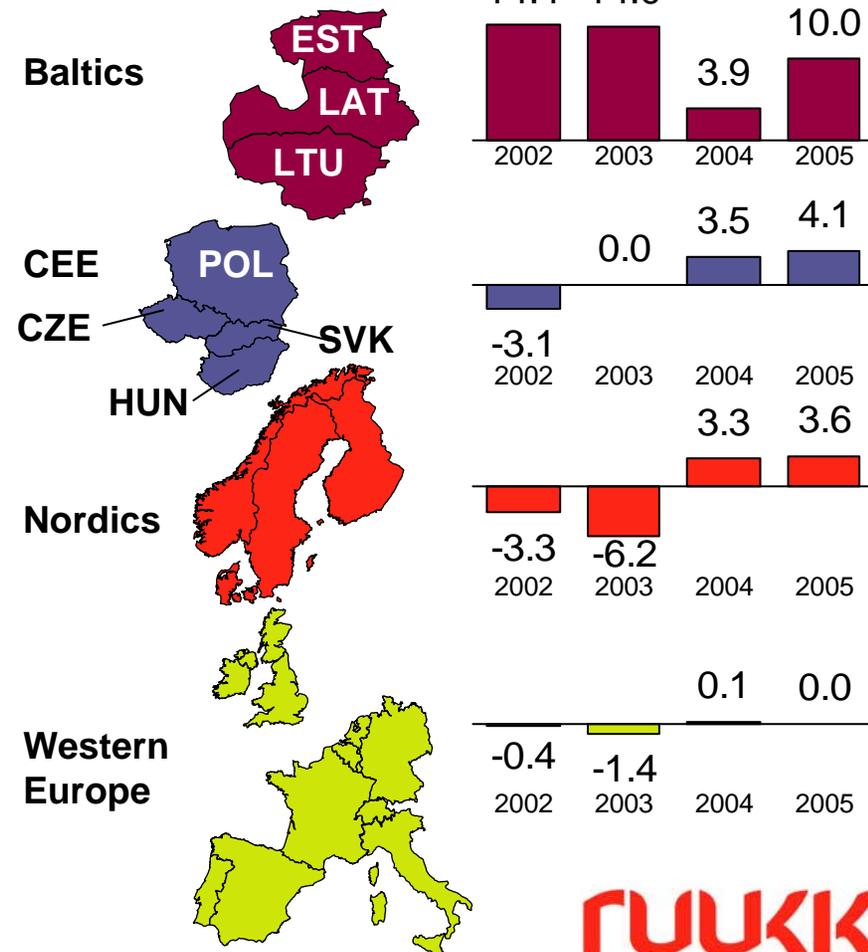
Commercial construction* activity has been strong in CEE and Baltics

Value of commercial construction
Europe 2005, Eur billions



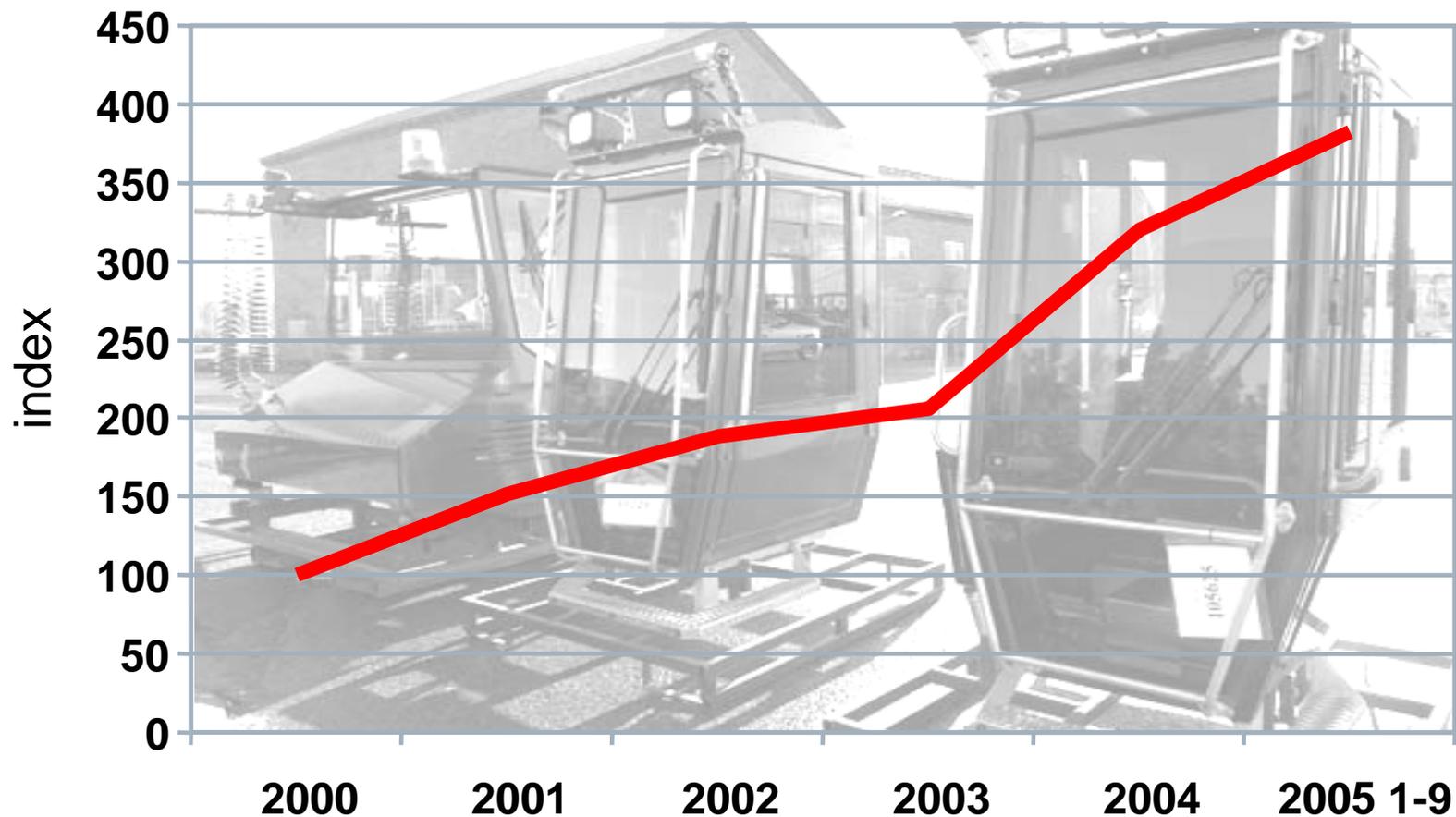
* Includes new construction and renovation

Growth in commercial construction
Europe 2002-2005e, percent



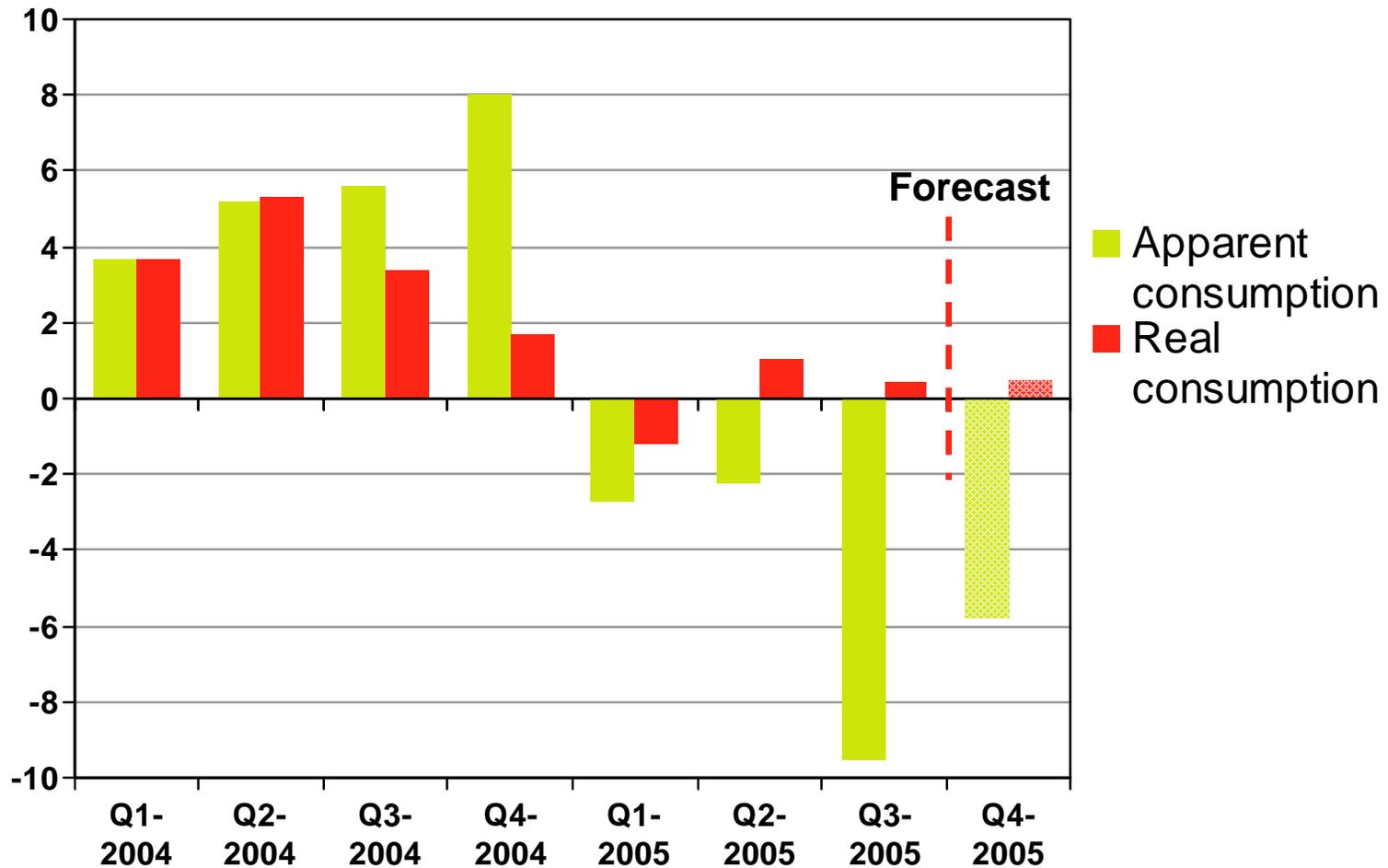
Source: Euroconstruct, VTT

Strong increase in LHT players' order books



Source: Compiled order book data of some LHT players within Ruukki's market

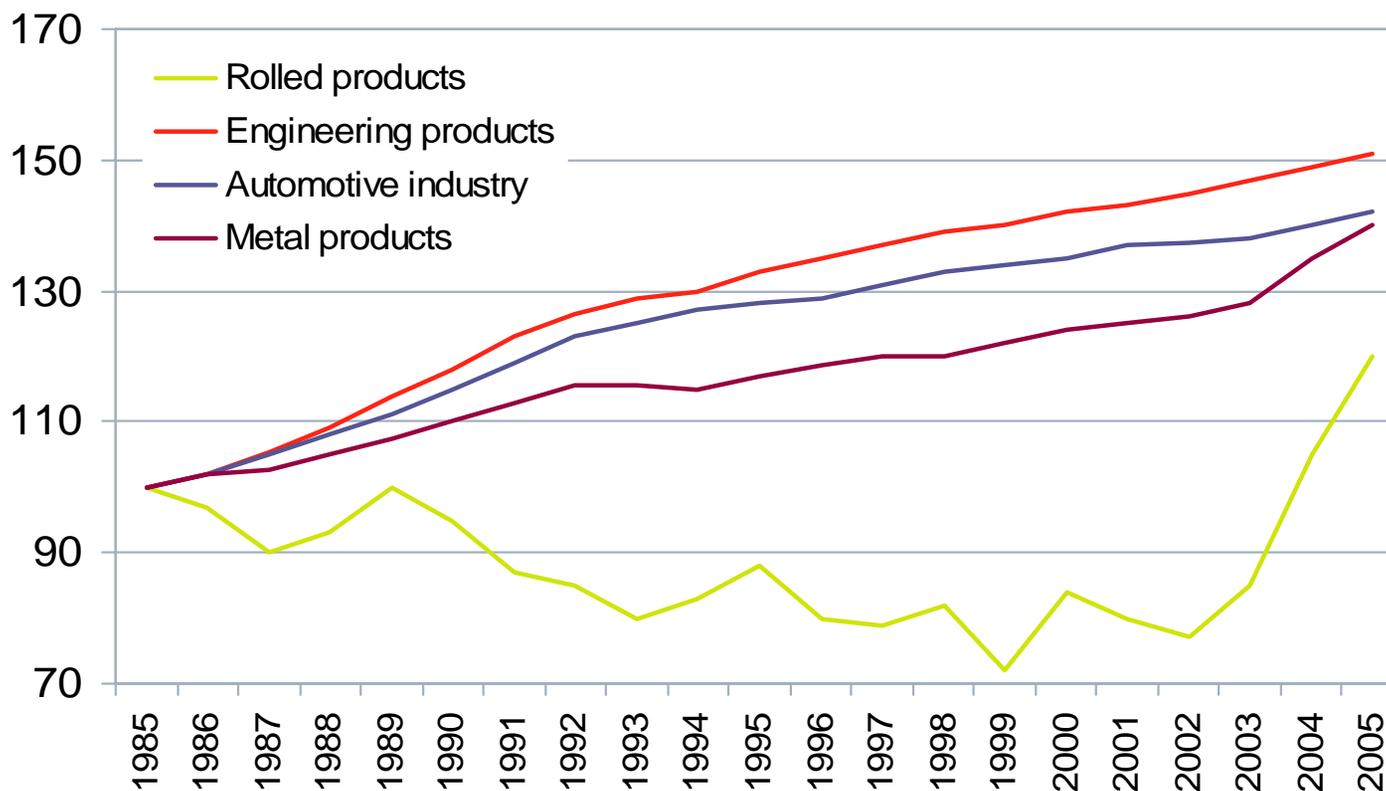
Apparent and Real Steel Consumption in EU, %-change quarter on quarter



Source: Eurofer, January 2006

Product price development in Germany

1985 index = 100



Source: Statistisches Bundesamt, Germany

Financials 2005

RUUKKI

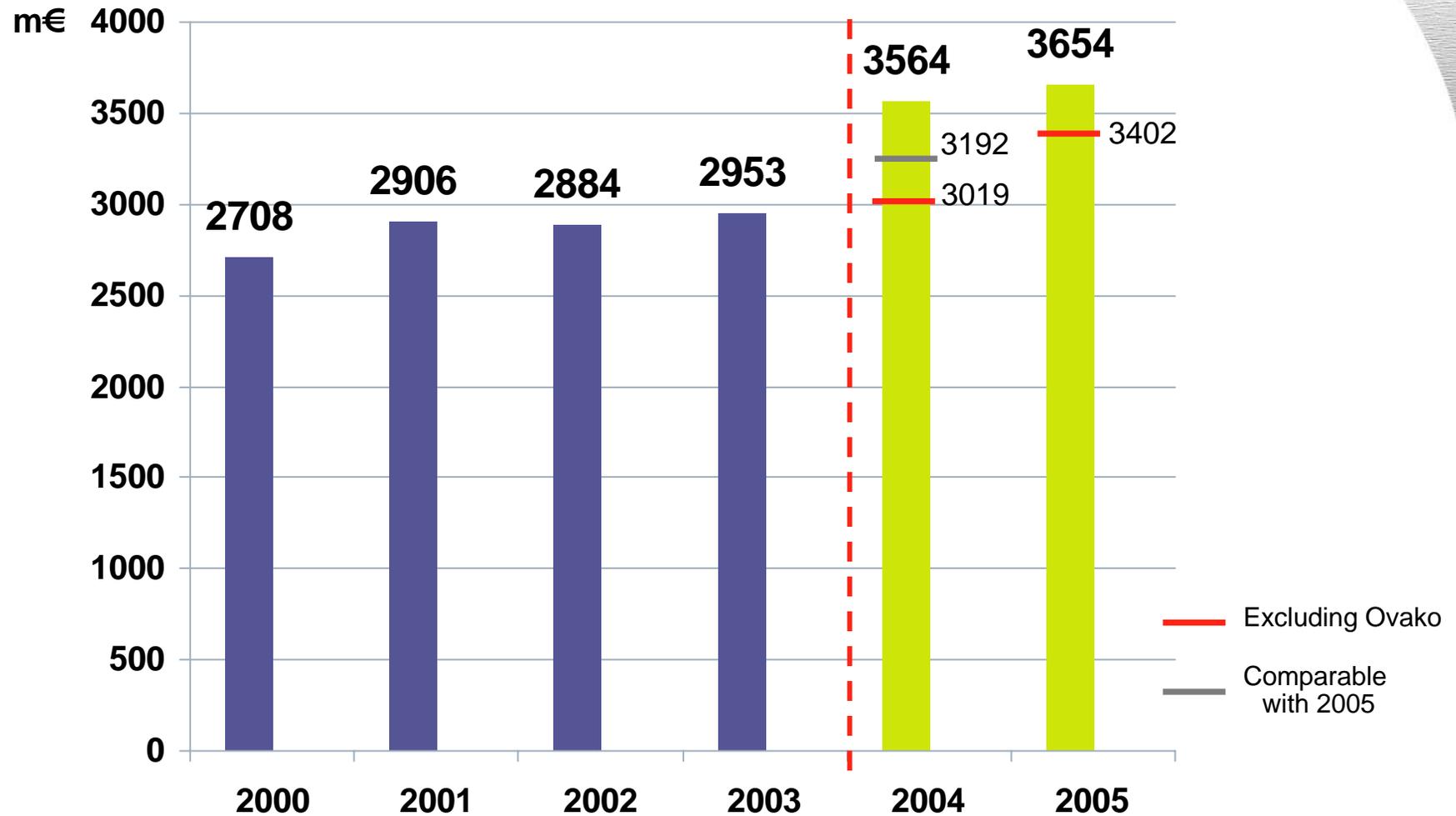
Full year 2005

- Comparable net sales increased by 14 %
 - the share of the solution businesses increased to 28 % of net sales (21 % of 2004 comparable net sales)
- Profitability at a high level
 - active measures to improve the sales structure
 - positive price development
- Deliveries decreased by 7 % on comparable basis
 - production was adjusted according to profitable demand
- Balance sheet structure strengthened further
 - gearing 22.8 % at the year end

Fourth quarter versus third quarter: Highlights

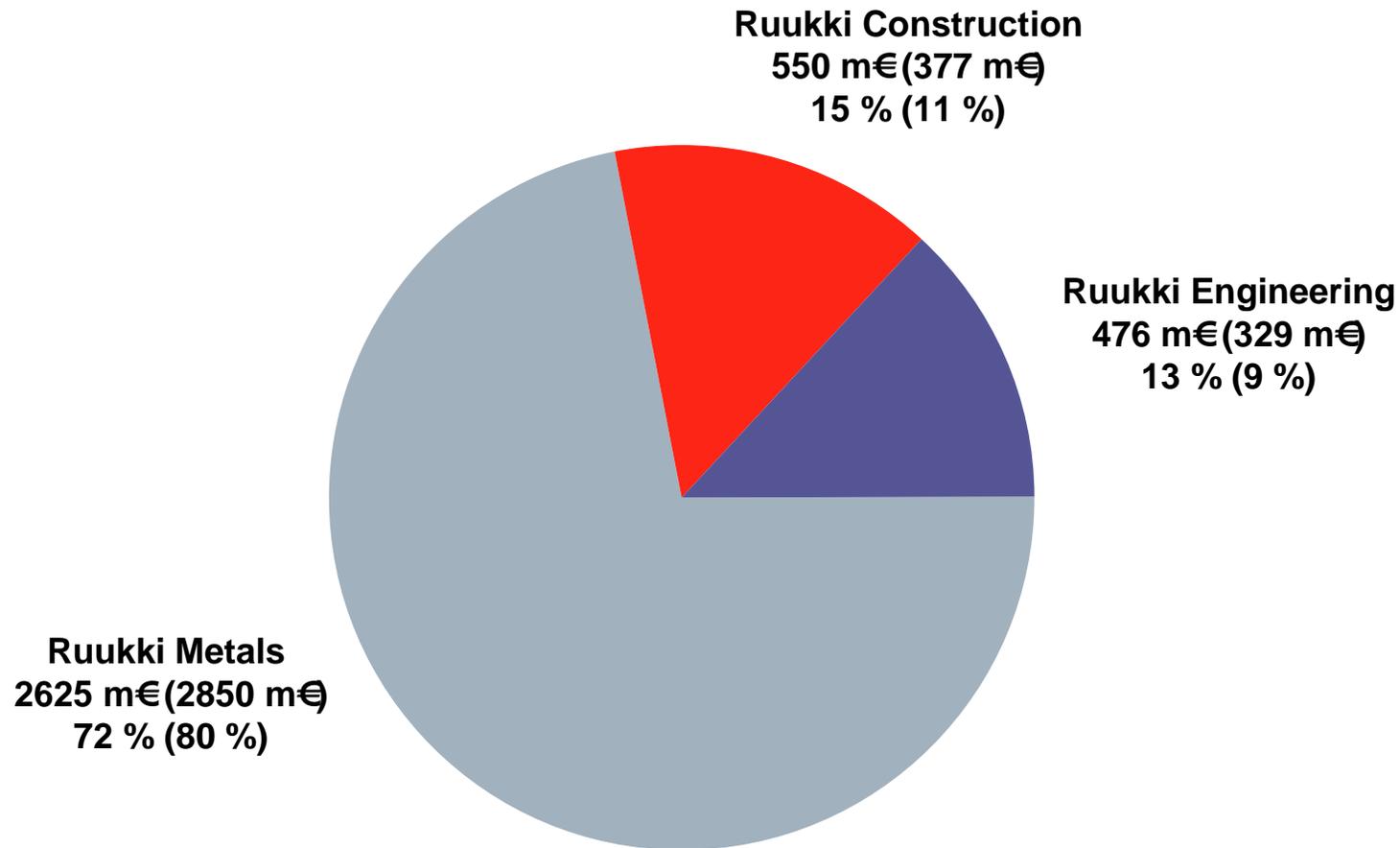
- Group net sales and deliveries increased from third quarter
 - + seasonally strong quarter in engineering and Syneco consolidated in Ruukki Engineering
 - + improving market activity in steel products
 - low season in construction
- EBIT increased from third quarter
 - + profitability at a good level
 - + active measures to improve sales structure were continued
 - steel product prices decreased somewhat
- Share of Ovako profit was affected by one-off costs
 - total Ovako one-off costs amounted to EUR 25 million in Q4

Net sales, Group total

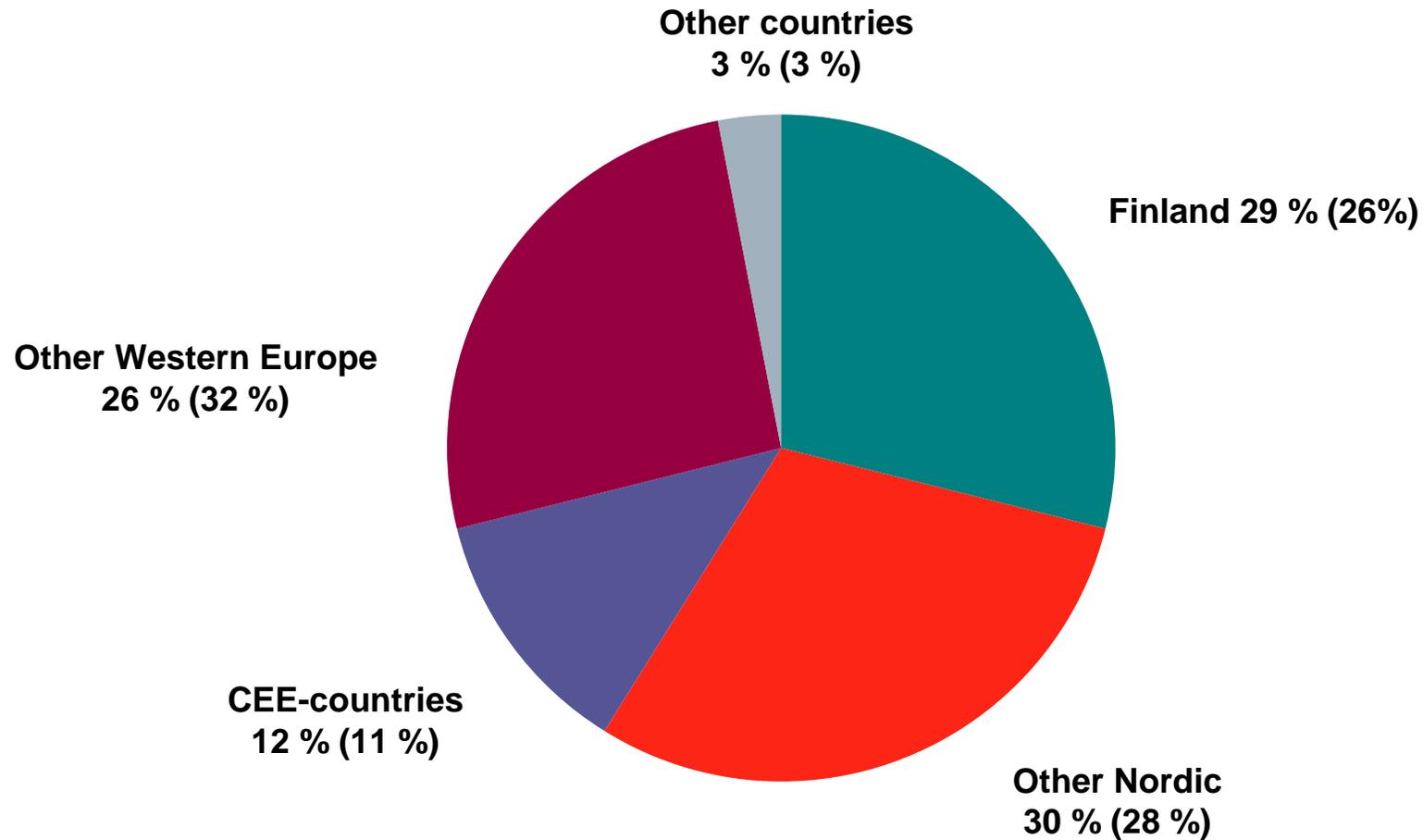


Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

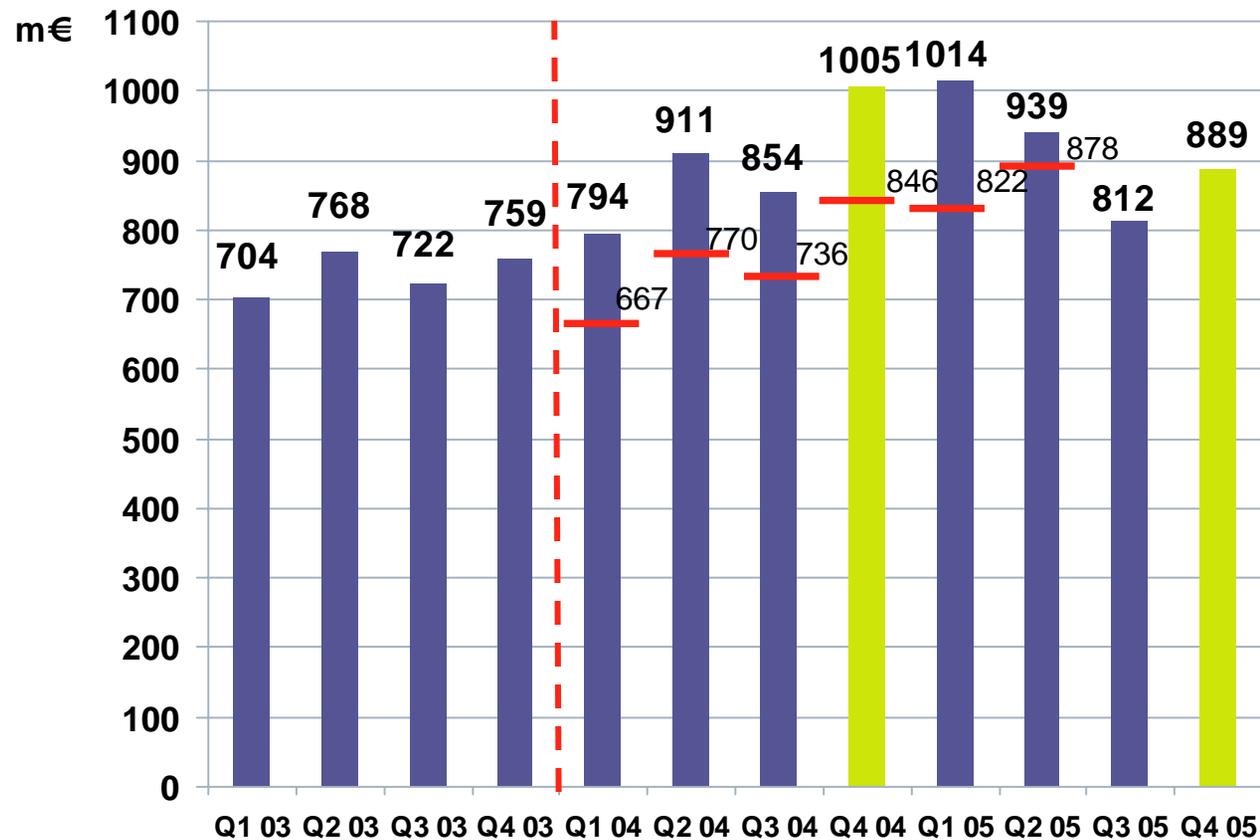
Group net sales by division 2005 (2004)



Group net sales by area 2005 (2004)



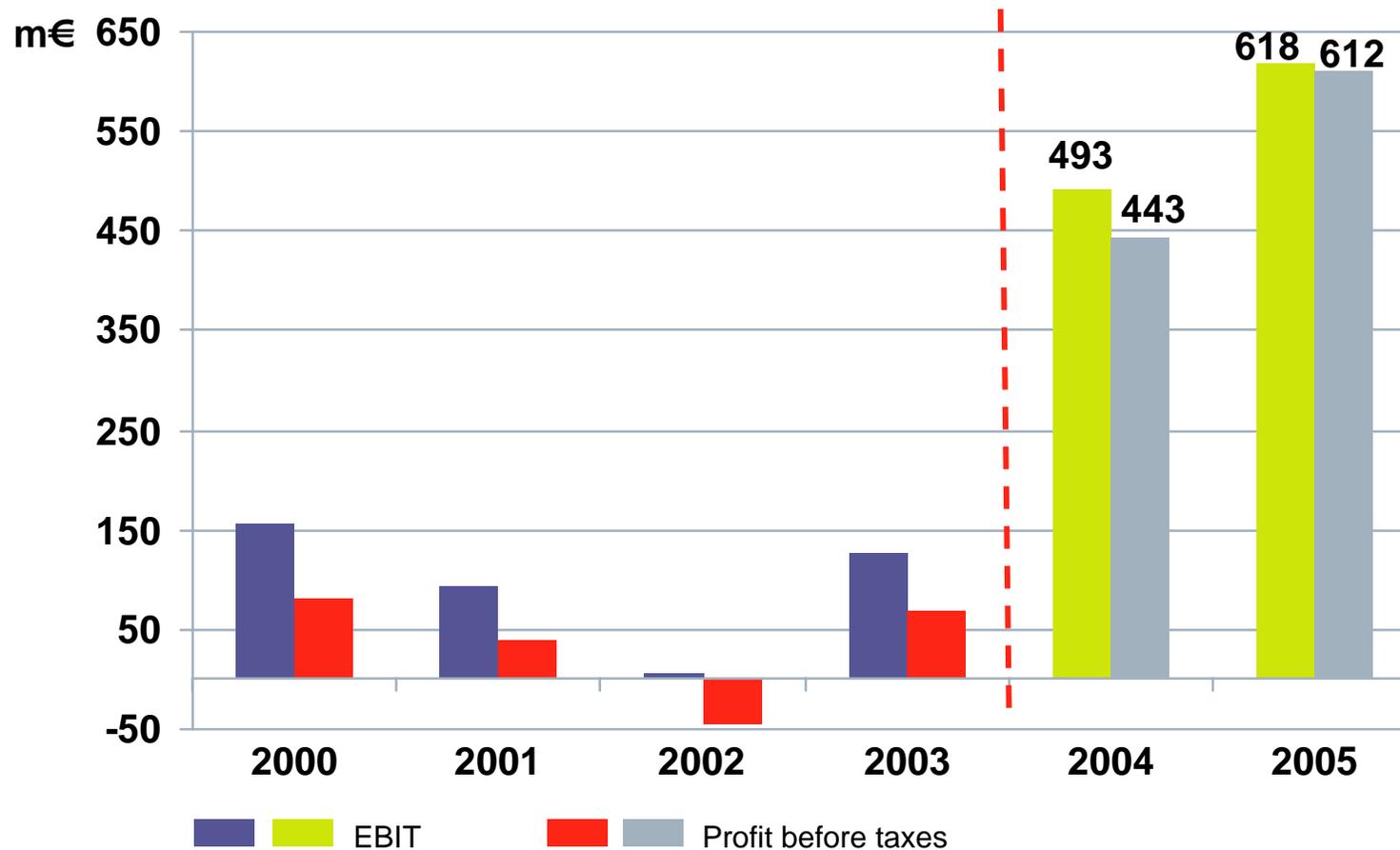
Quarterly net sales, Group total



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

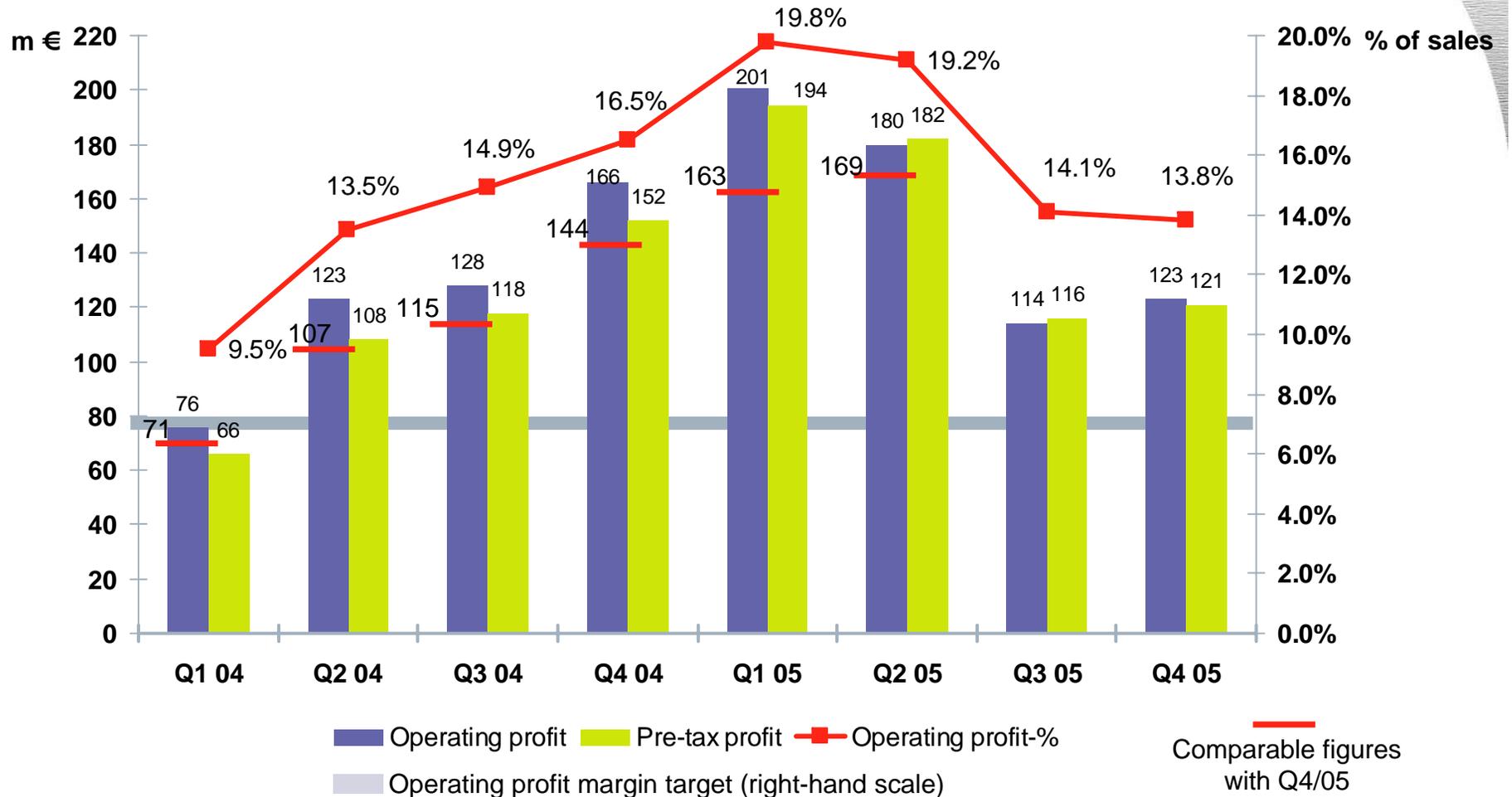
—
Comparable figures
with Q4/05

EBIT and profit before taxes 2000 – 2005

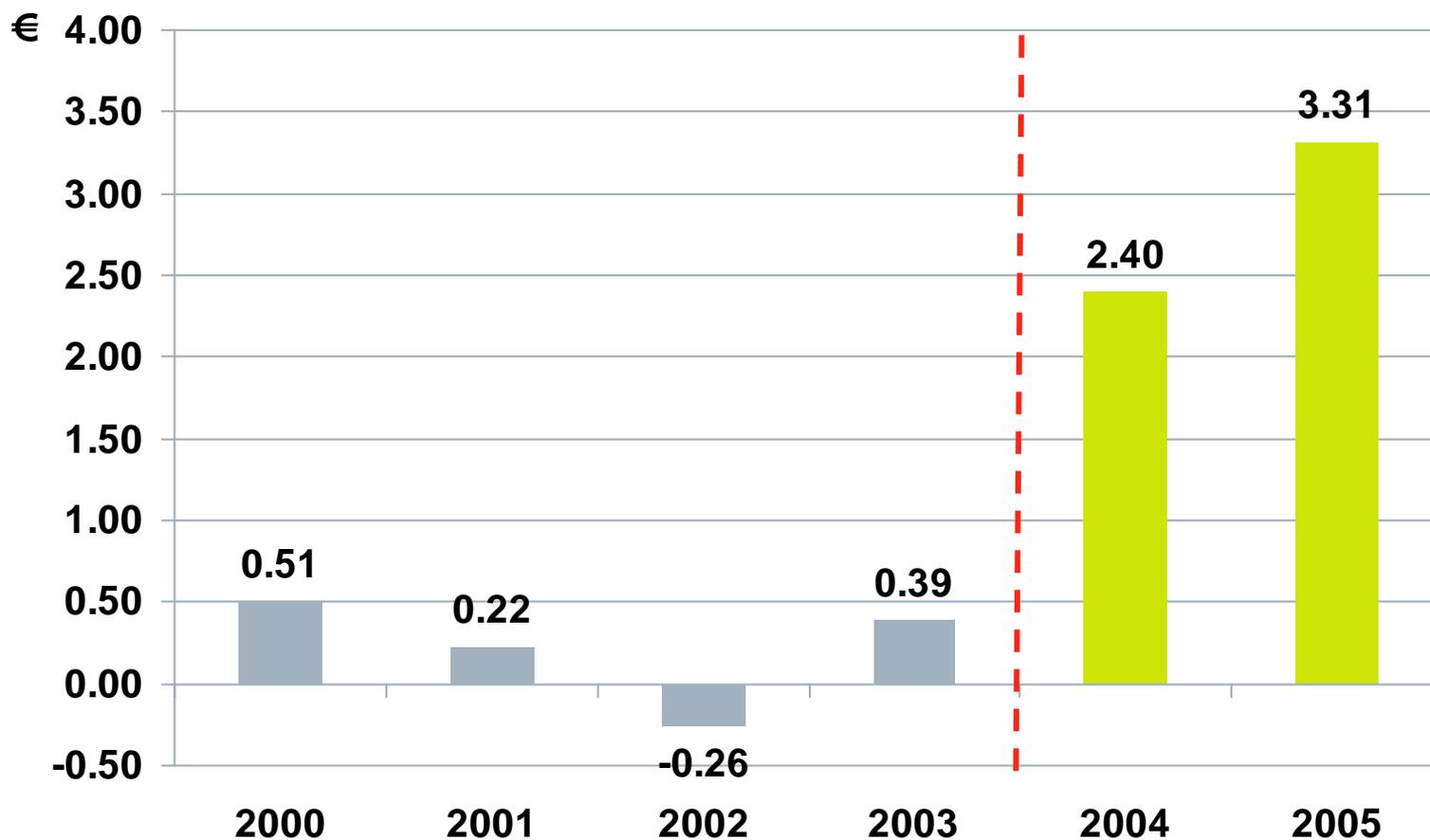


Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

Quarterly EBIT and profit before taxes, Group total

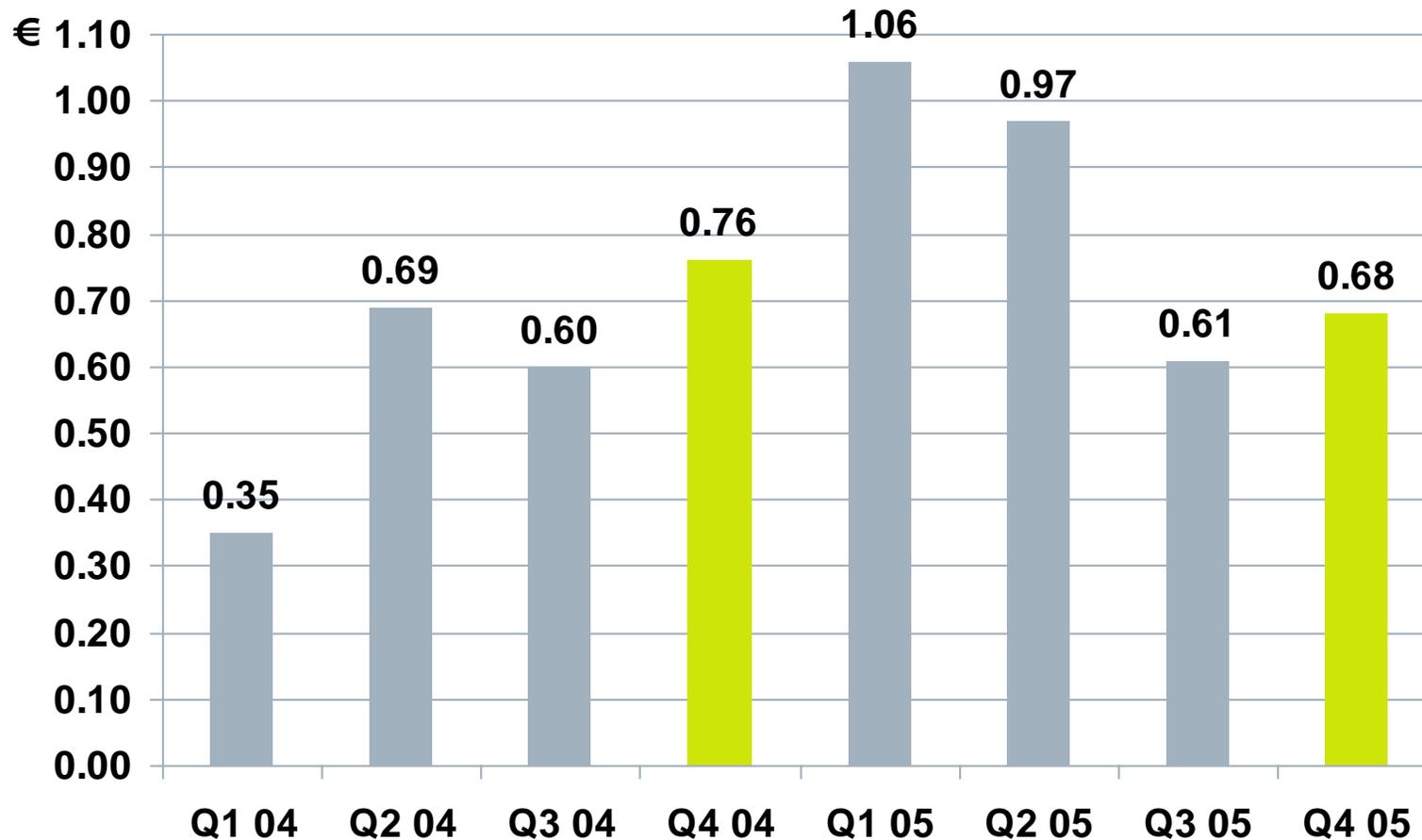


Earnings per share

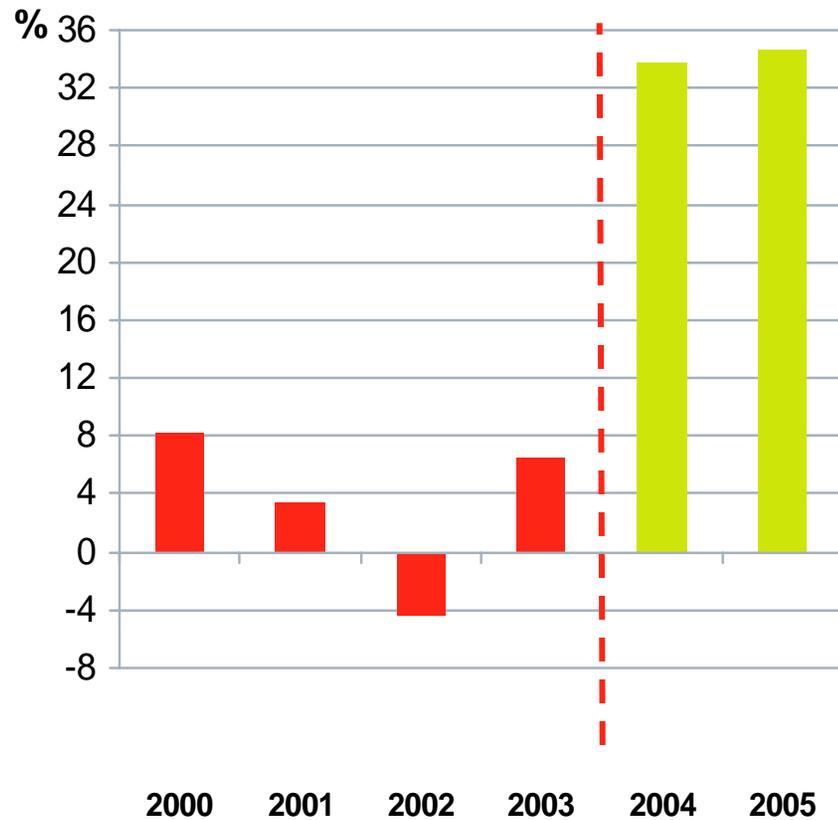


Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

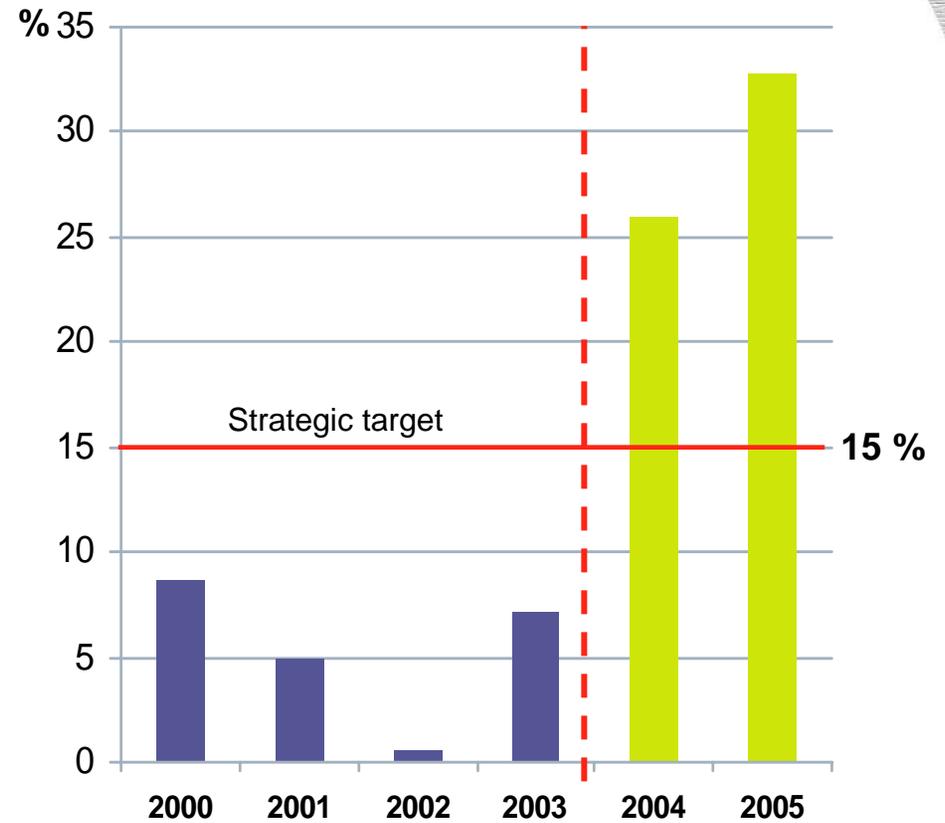
Quarterly earnings per share



Return on equity

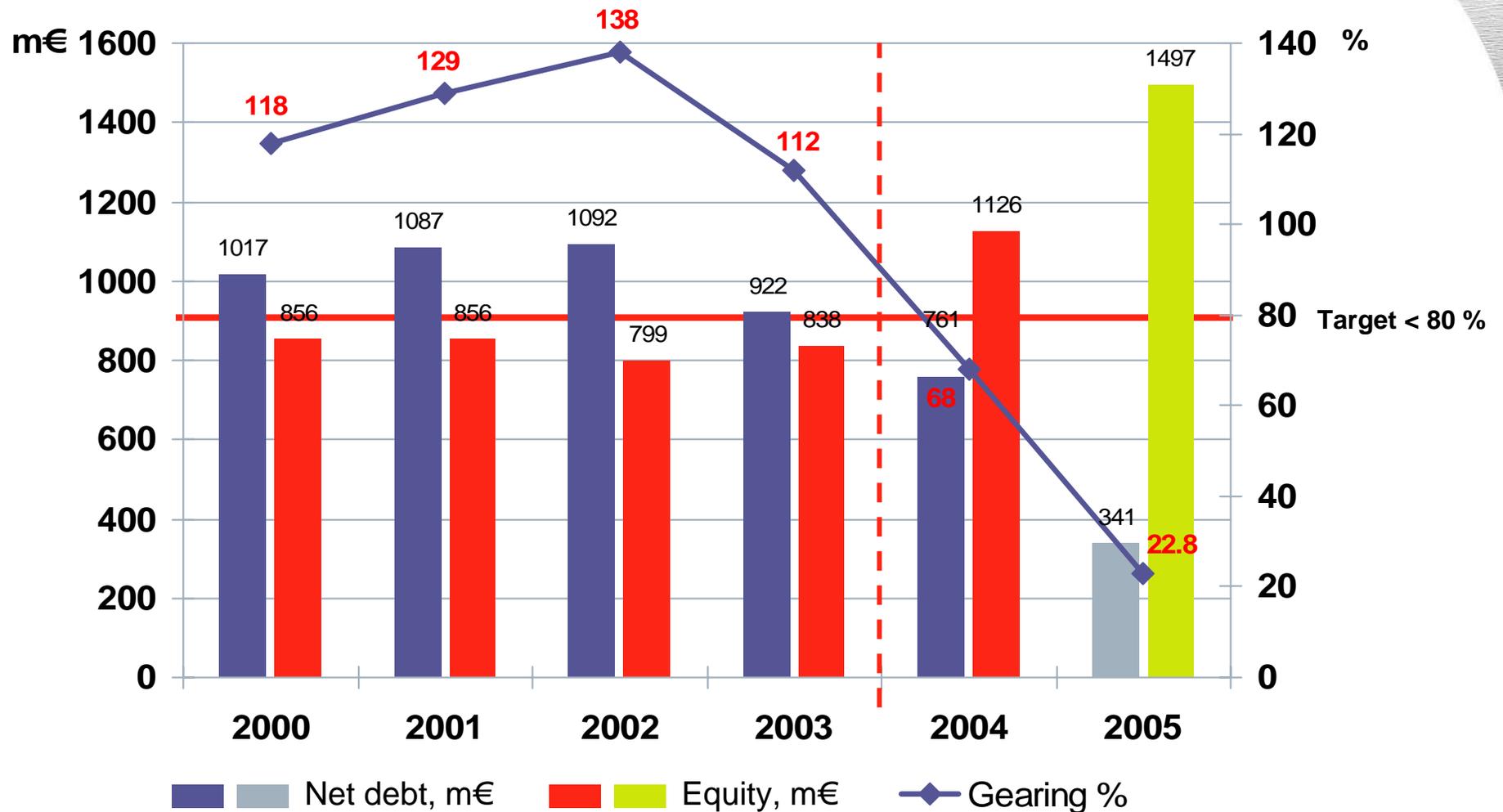


ROCE



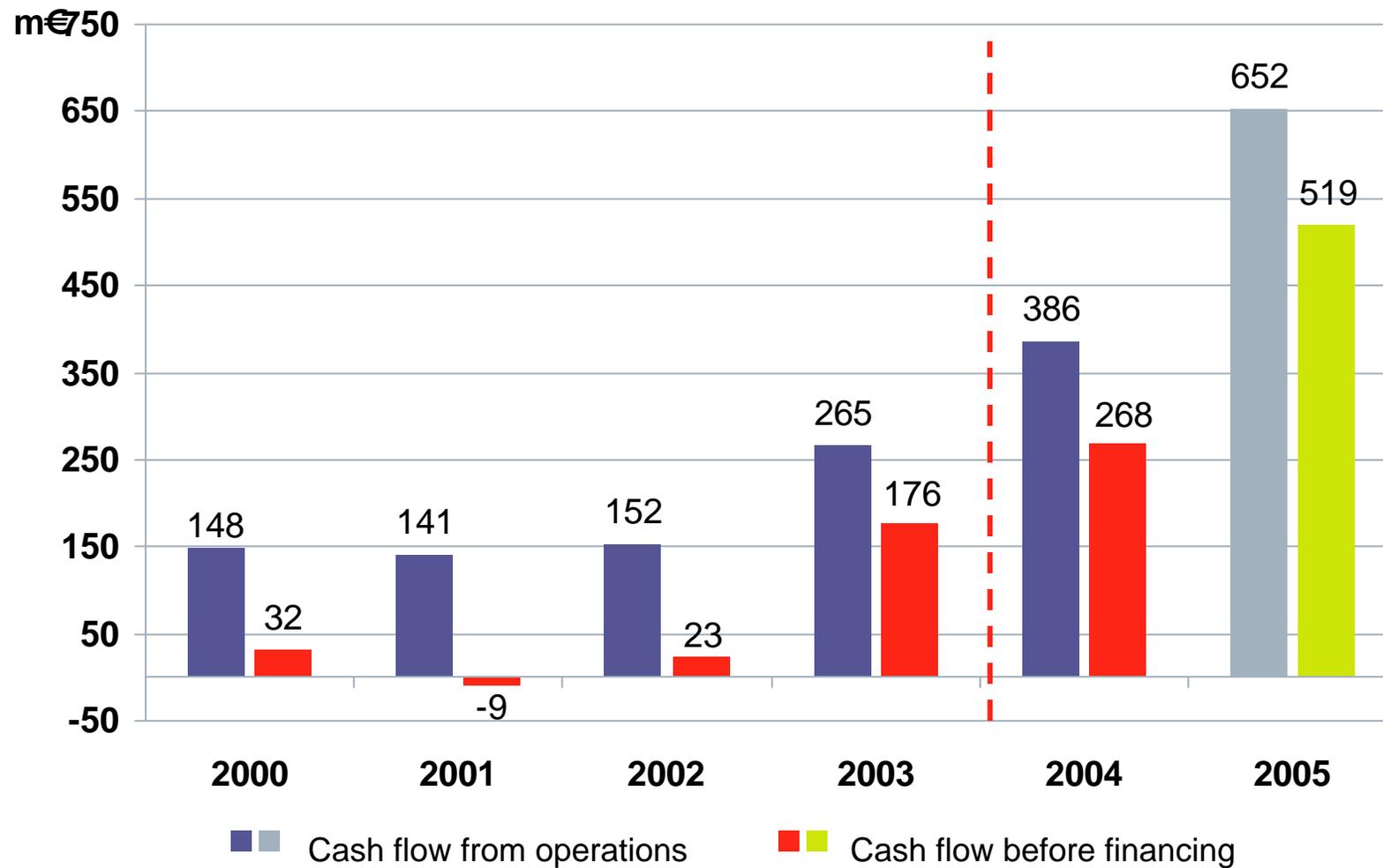
Year 2000 – 2003 according to FAS and from 2004 according to IFRS.

Net debt, equity, gearing



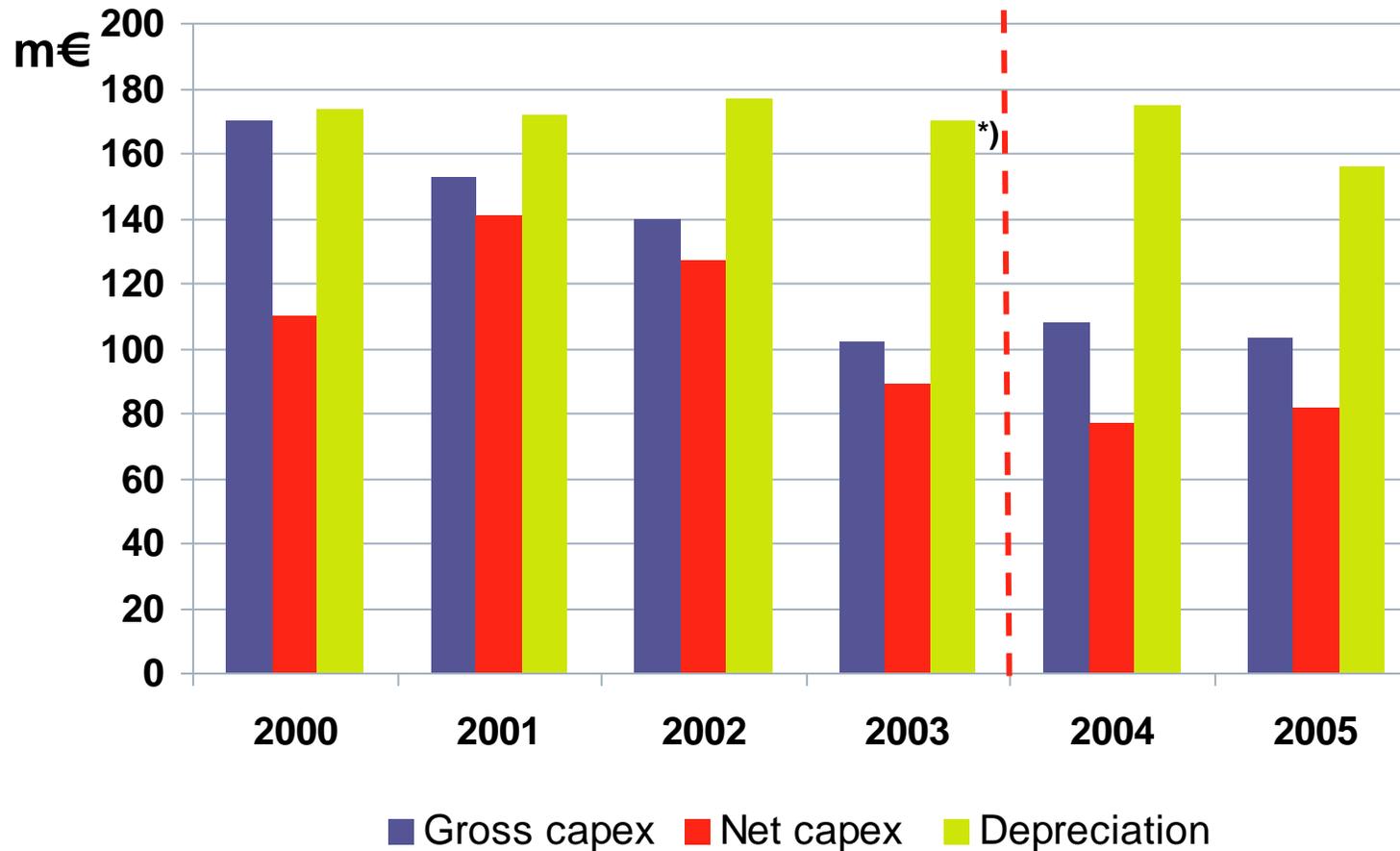
Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

Cash flow



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

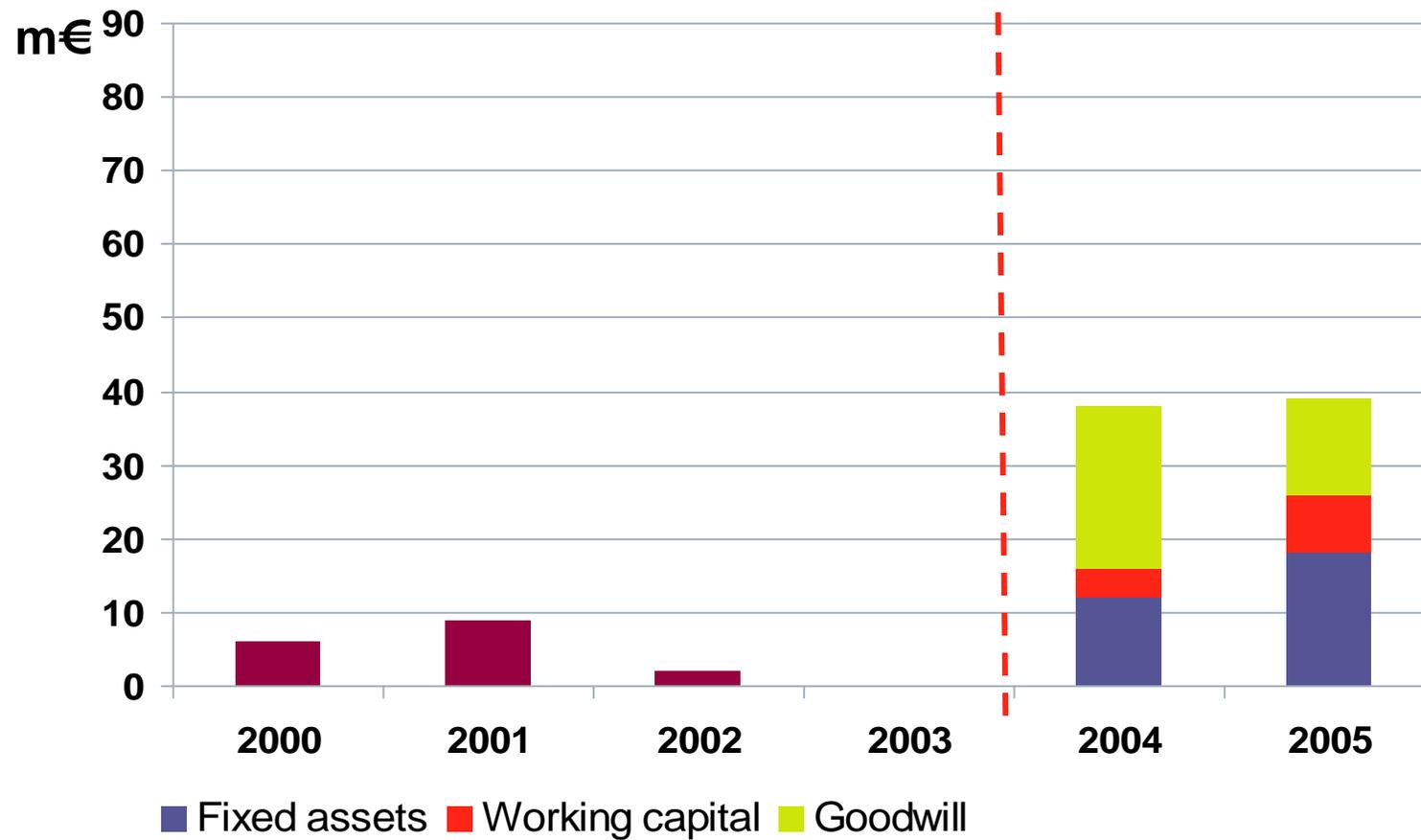
Capex vs. depreciation



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

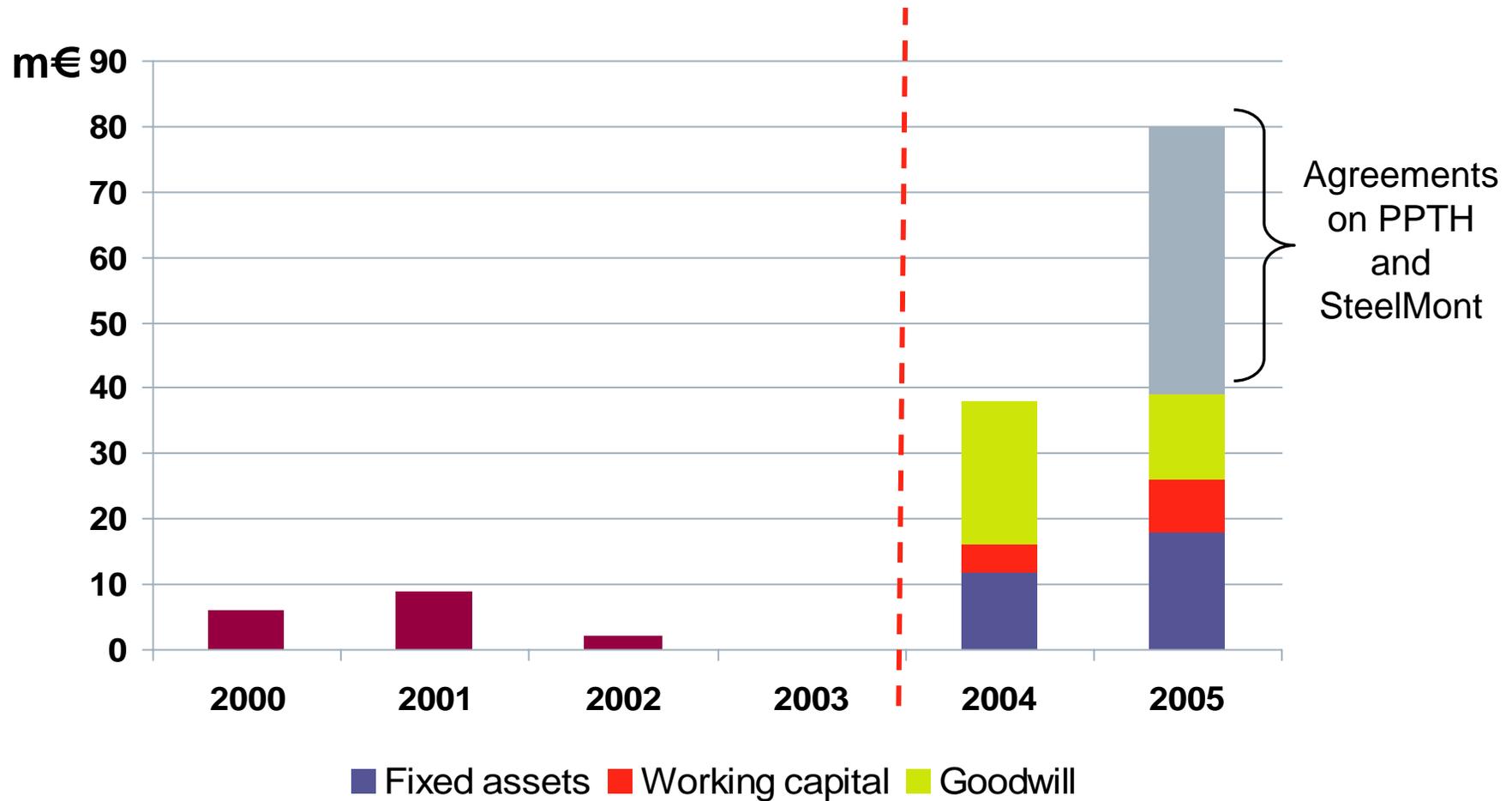
*) Excl. value reductions 33 m€

Acquisitions



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

Acquisitions



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

Ovako

RUUKKI

Ovako's first period of operation successful, 1 May – 31 Dec, 2005

- Net sales: EUR 869 million
- Operating profit (EBIT): EUR 58 million
 - Q4 operating profit includes one-off costs of EUR 25
- Pre-tax profit: EUR 39 million
- Strong cash flow
- Gearing ratio: 23 %
- The demand for long steel products was very good during the first half of 2005. Prices decreased somewhat during the latter half of the year due to weaker demand and lower prices of scrap. Demand is expected to improve somewhat during 2006.

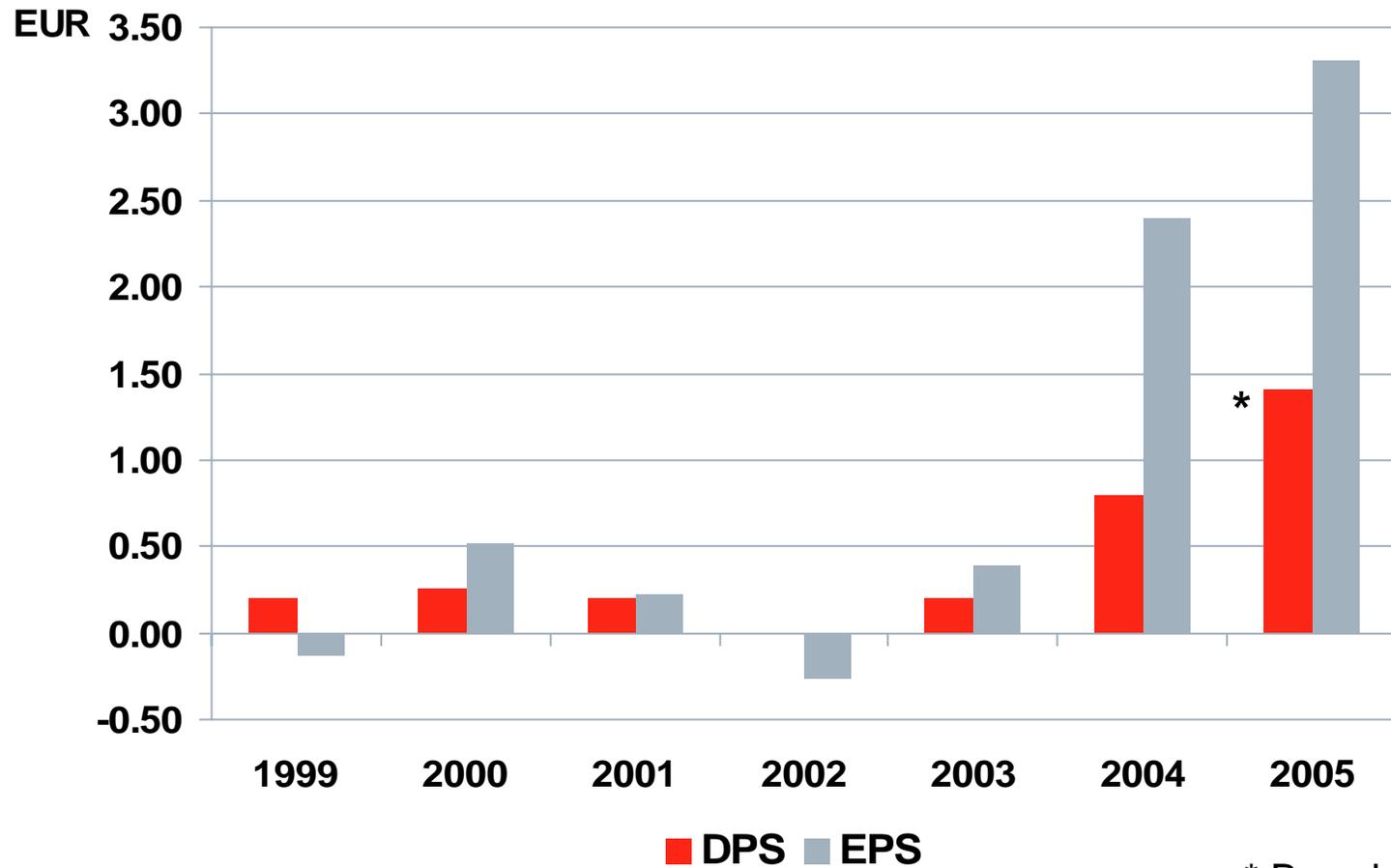
Dividend Proposal

RUUKKI

Dividend proposal

- The Board proposal for 2005 dividend:
 - EUR 1.40 per share (2004: EUR 0.80)
- Total dividend payment: EUR 191 million
- Dividend yield: 5.4 % (at 7 Feb share price EUR 26.11)
- Record date: 28 March 2006
- Dividend payment issued: 4 April 2006

Earnings and dividend per share 1999 - 2005

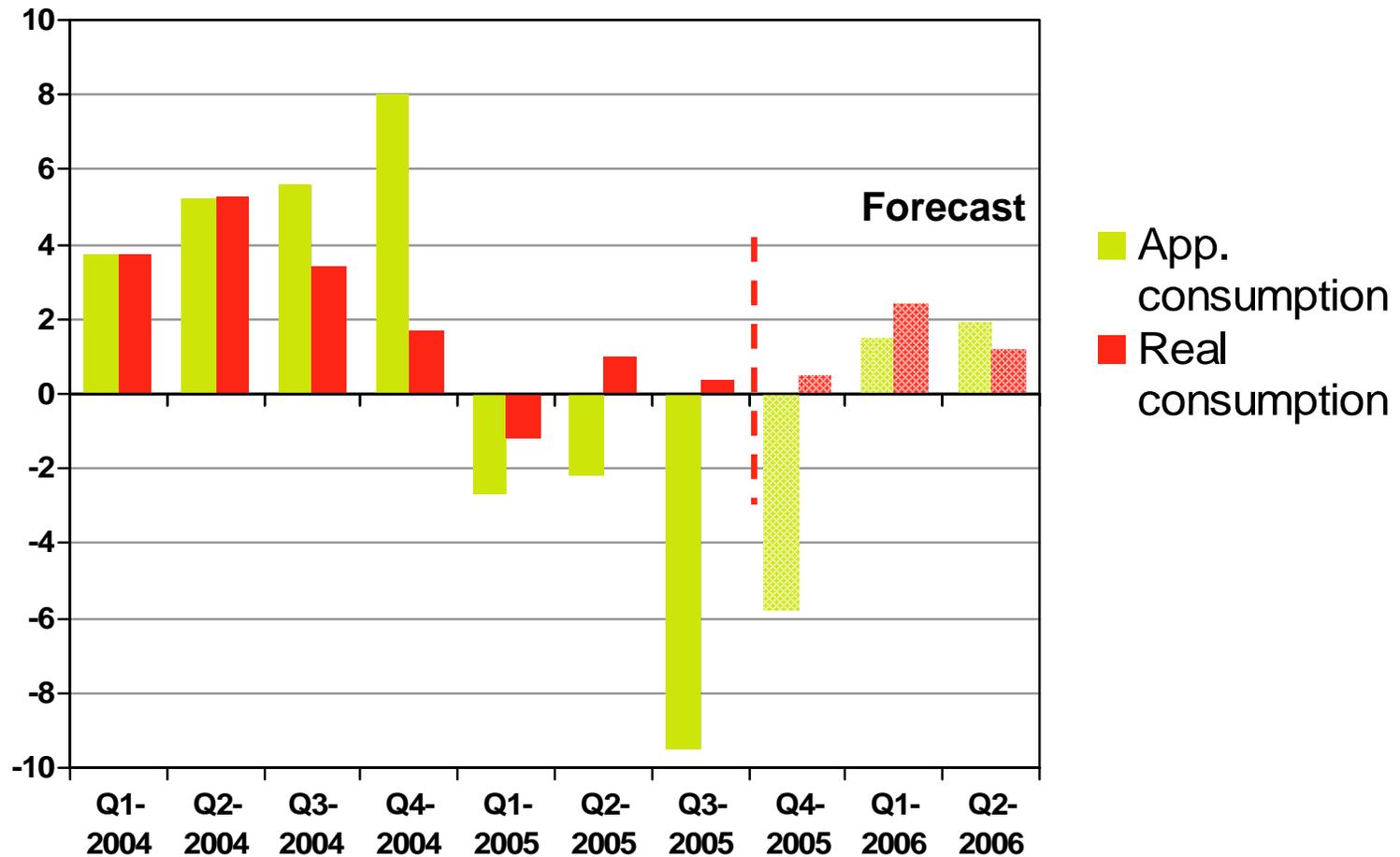


* Board proposal

Near-term Outlook

RUUKKI

Apparent and Real Steel Consumption in EU, %-change quarter on quarter

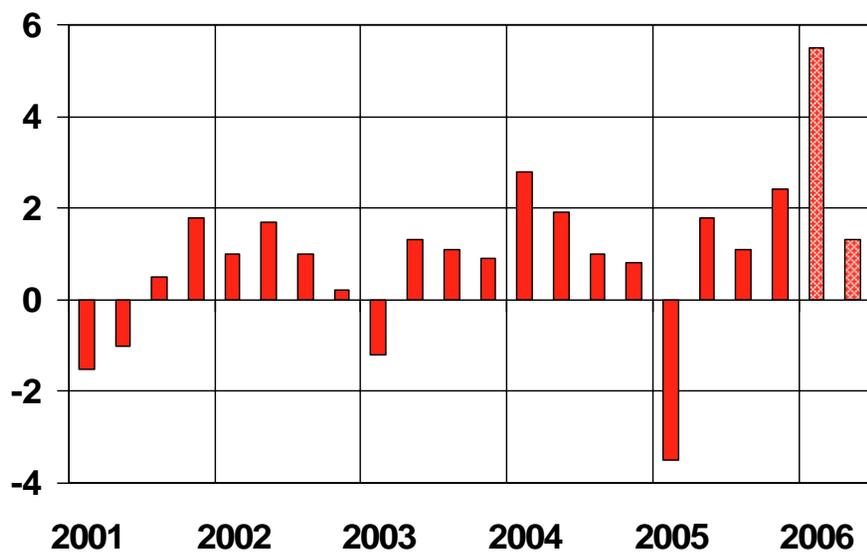


Source: Eurofer, January 2006

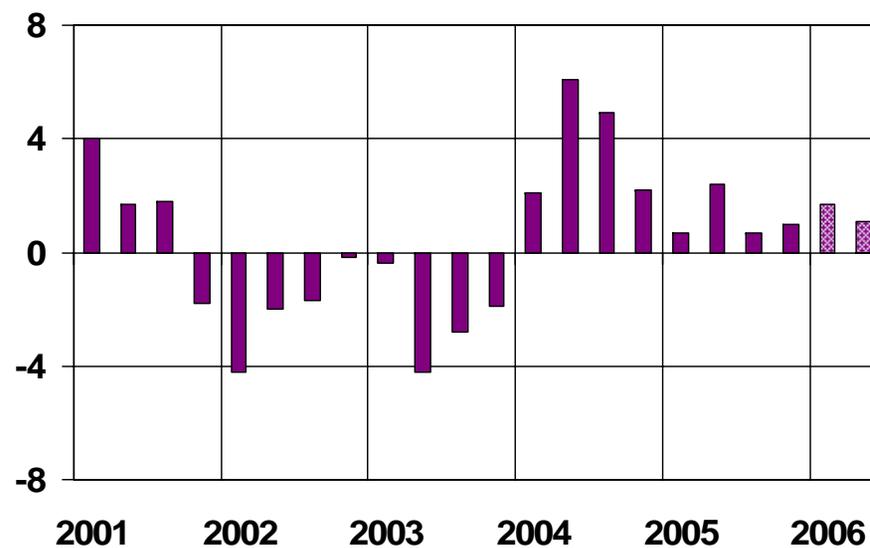
Industrial activity in EU

y-y change, %

Construction



Mechanical Engineering



Source: Eurofer

Near-term outlook

- Strong demand expected to continue in the main customer industries in the core markets
- Demand for steel products expected to grow more than in previous year and prices are expected to strengthen
- Full year 2006 net sales estimated to exceed 2005 comparable net sales
- First half 2006 EBIT estimated to be at the same good level as second half 2005 EBIT
- The biggest uncertainty lies in the market development of steel products in Asia and general development in the world economy

Summary

RUUKKI

Summary

- Strategic platform in place to strengthen the solution businesses through organic growth
- Balance sheet structure enables the strategy implementation
- Strong demand expected to continue in the main customer industries
- First half 2006 EBIT estimated to be at the same good level as second half 2005 EBIT



NUUKIKI

more with metals

Components and Systems for engineering

Fact box (Velsa):

- leading Nordic manufacturer of mobile cabins
- system deliveries with a network of subcontractors to leading mechanical engineering companies
- in-depth expertise also in other sub-units for mobile machines such as frames
- draws Ruukki closer to the customer in the value chain
- creating a strong platform for developing and expanding LHT business



Systems for construction

Fact box (Metalplast):

- sandwich panels for walls, roofs, cold storage and noise barriers
- no. 1 supplier in Poland, main export markets Russia and the Baltic States
- complements and strengthens Ruukki's position in construction panels supply



Engineering components

Fact box (Weibulls):

- frames, masts, steel cabins and rollover protective structures for mobile machine OEMs (commercial vehicle, material handling, construction equipment)
- strengthens Ruukki's relationship with core LHT customers and enables Ruukki to expand offering into e.g. assembly



Integration of systems for construction



foundations – frames - envelopes



- Fact box (PPTH):
- the leading Nordic constructor with steel
 - creates a solid knowledge-based platform for Ruukki's growth in construction solution business in Nordic, CEE, Russia and Ukraine



Steel structure manufacturing for construction

Fact box (Steel-Mont*):

- a leading Slovakian steel construction company focusing on construction of commercial property
- steel constructions are mainly offered together with services of general construction on a project management basis



* acquisition awaiting for approval from competition authorities