

Interim Review Q1 2005

April 27, 2005

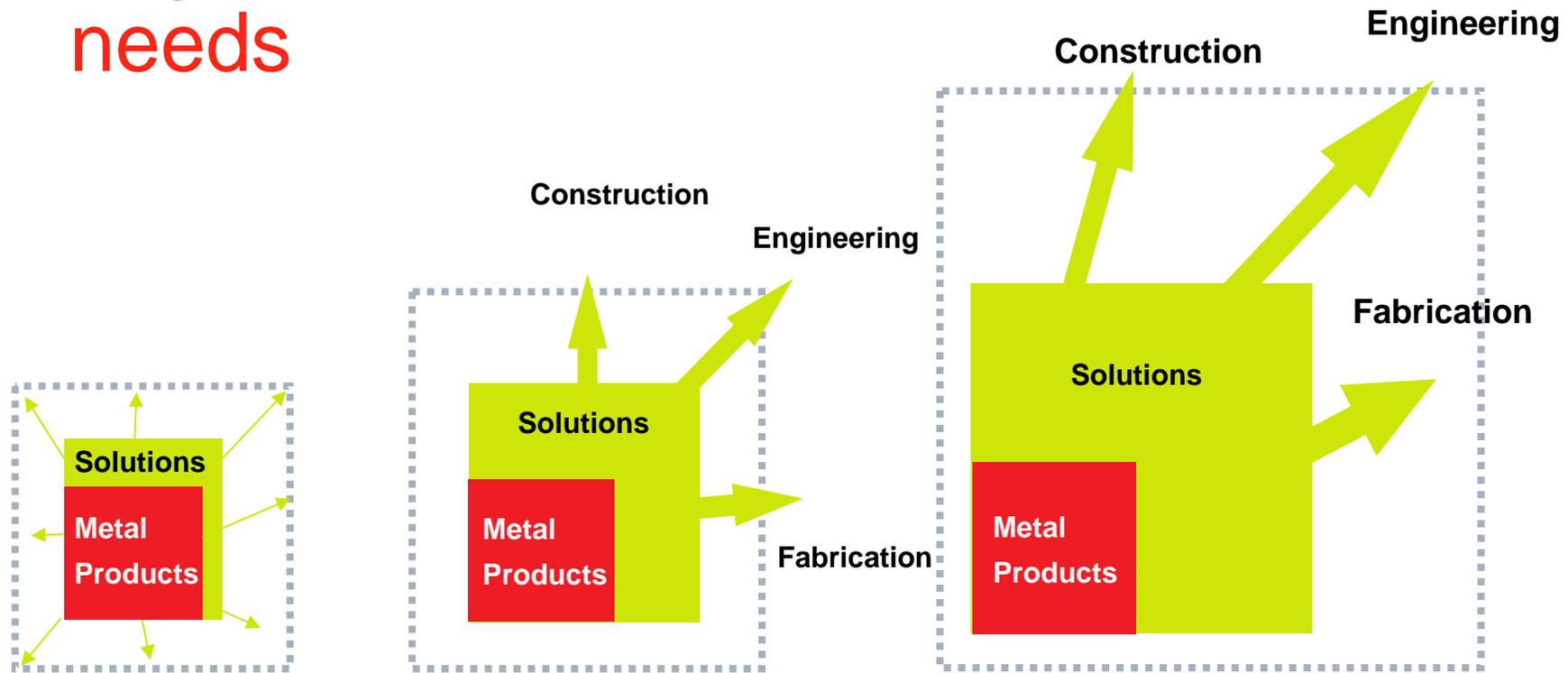
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- **Strategy Going Forward**
- **Business Environment**
- **Financials Q105**
- **IFRS**
- **Emissions Trading**
- **Near-term Outlook**
- **Summary**

Strategy Going Forward

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Our vision: solutions for specific segments based on customer needs



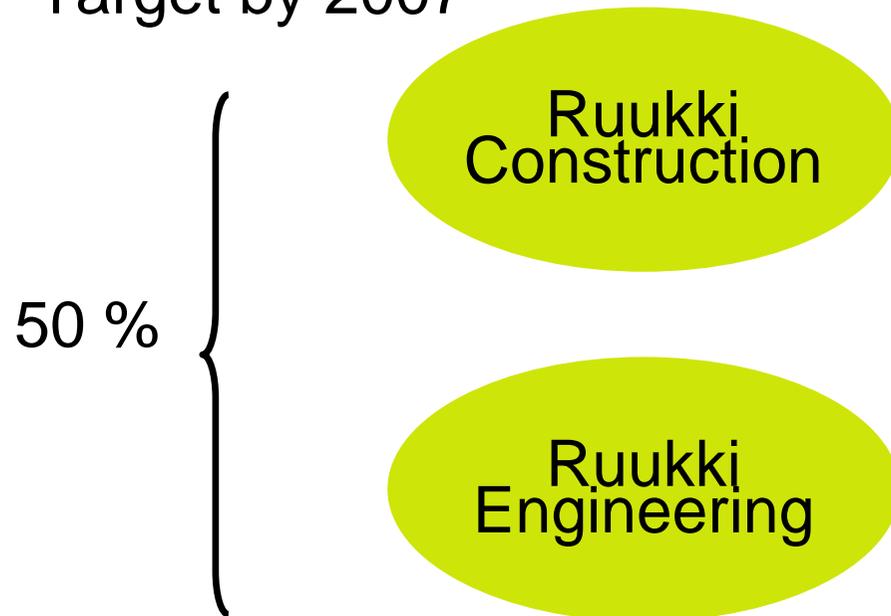
2003
Reliable steel producer



2008-2010
The most desired solution supplier

Strategy implementation

Target by 2007



Actions taken by now

- Metalplast in early 2005
- Velsa in 2004
- Preesteel in 2004
- Long steel business restructuring/NewCo in early 2005

Strategy will be further supported by acquiring

- Financially sound, growing businesses
 - for components and systems
 - to strengthen market position especially in CEE
 - for low cost assembly capacity in CEE area
- Expertise in
 - construction project management, metal construction and structural design
 - engineering with focus on Lifting, Handling and Transportation

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

Financial targets

	Short-term	Longer-term
Return on capital employed % (ROCE)	12%	15%
Operating profit % (EBIT)	5-7%	7%
Gearing	< 80%	

- Long-term ROCE target is based on the less capital intensive businesses
- Reduced exposure to steel business cycles is expected to improve and stabilize the EBIT-% level
- Gearing target enables growth by acquisitions

Business Environment

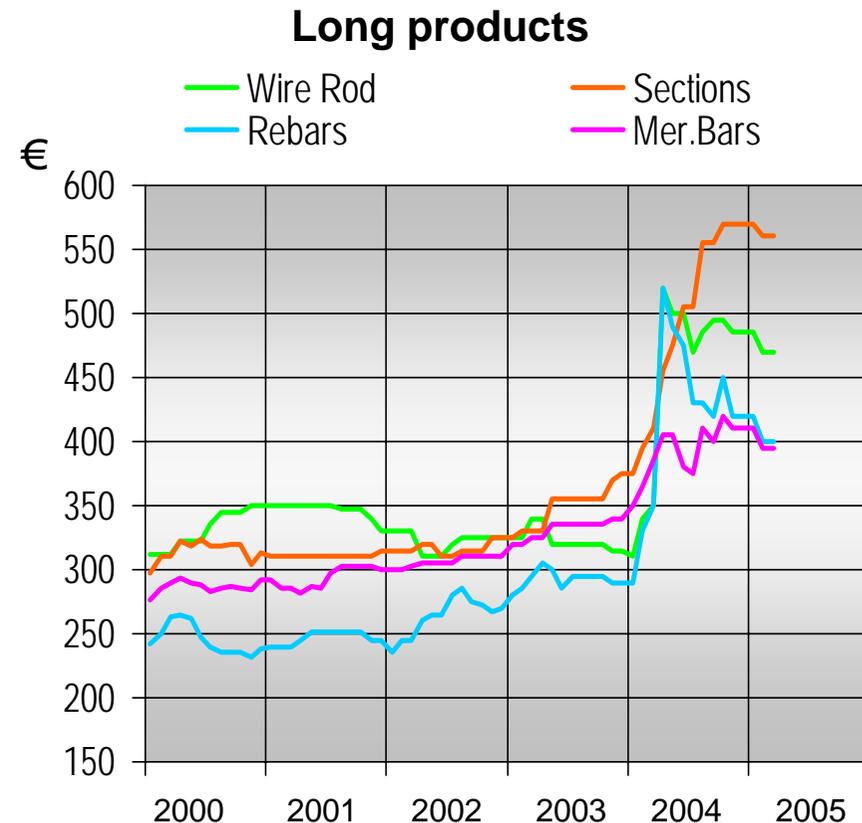
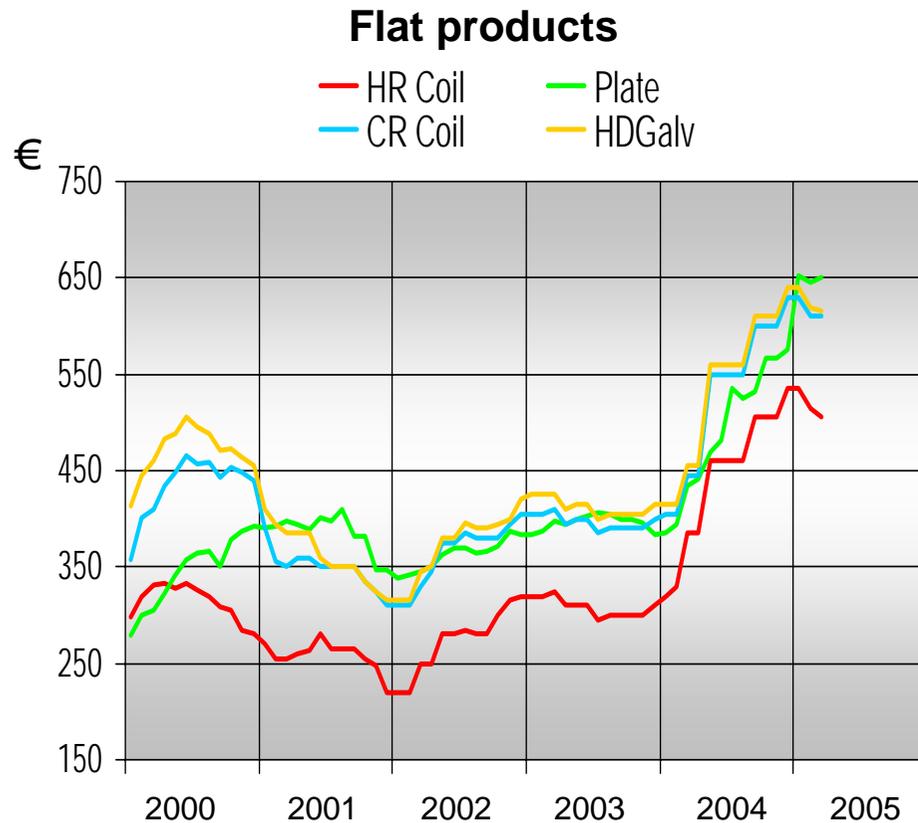
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Healthy market conditions in major customer businesses

- Good construction activity during Q1 compared with both last year and the season
- Solid order backlog in the engineering industry
- Positive general economic development in core market areas
- Continued good underlying demand for steel products
- Strong economic growth in China during Q1

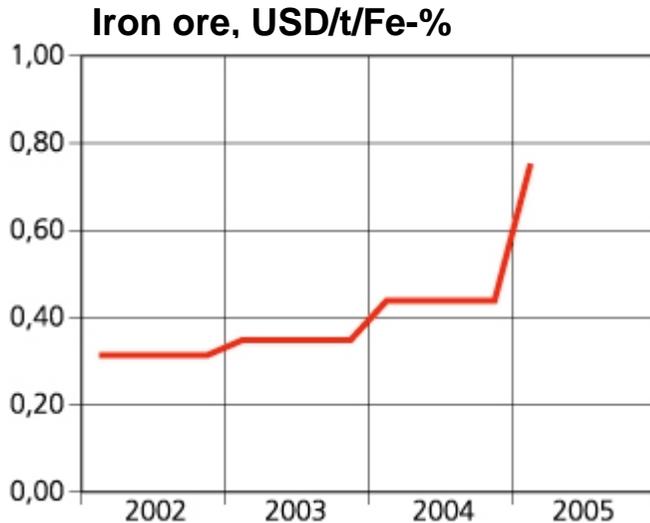
Benchmark prices for steel products stayed at a high level

European steel prices (Germany)

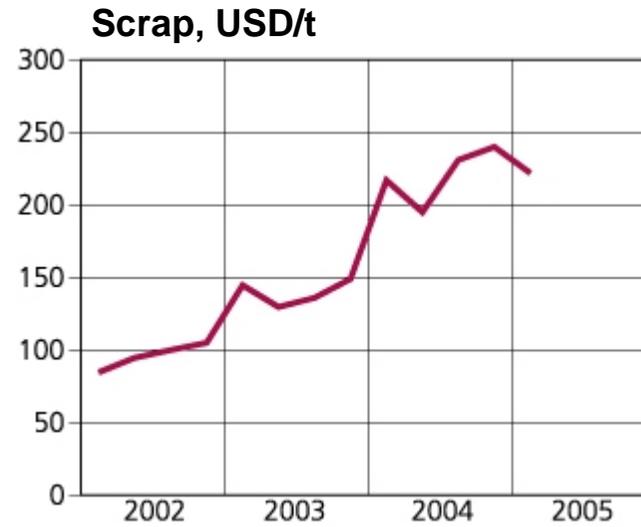


Source: CRU, Basis transaction prices, March 2005

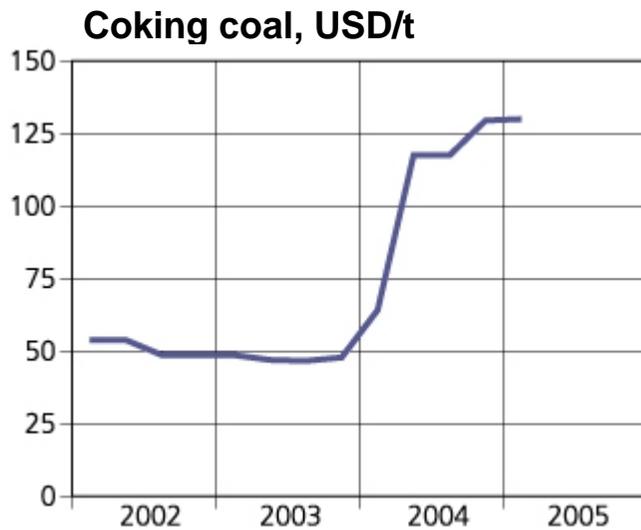
Raw material prices still rising



Source: Metal Bulletin, Kiruna KBF



Source: Metal Bulletin, HMS 1 fob Rotterdam



Source: Coal Week International, Australia Queensland

Financials Q1 2005

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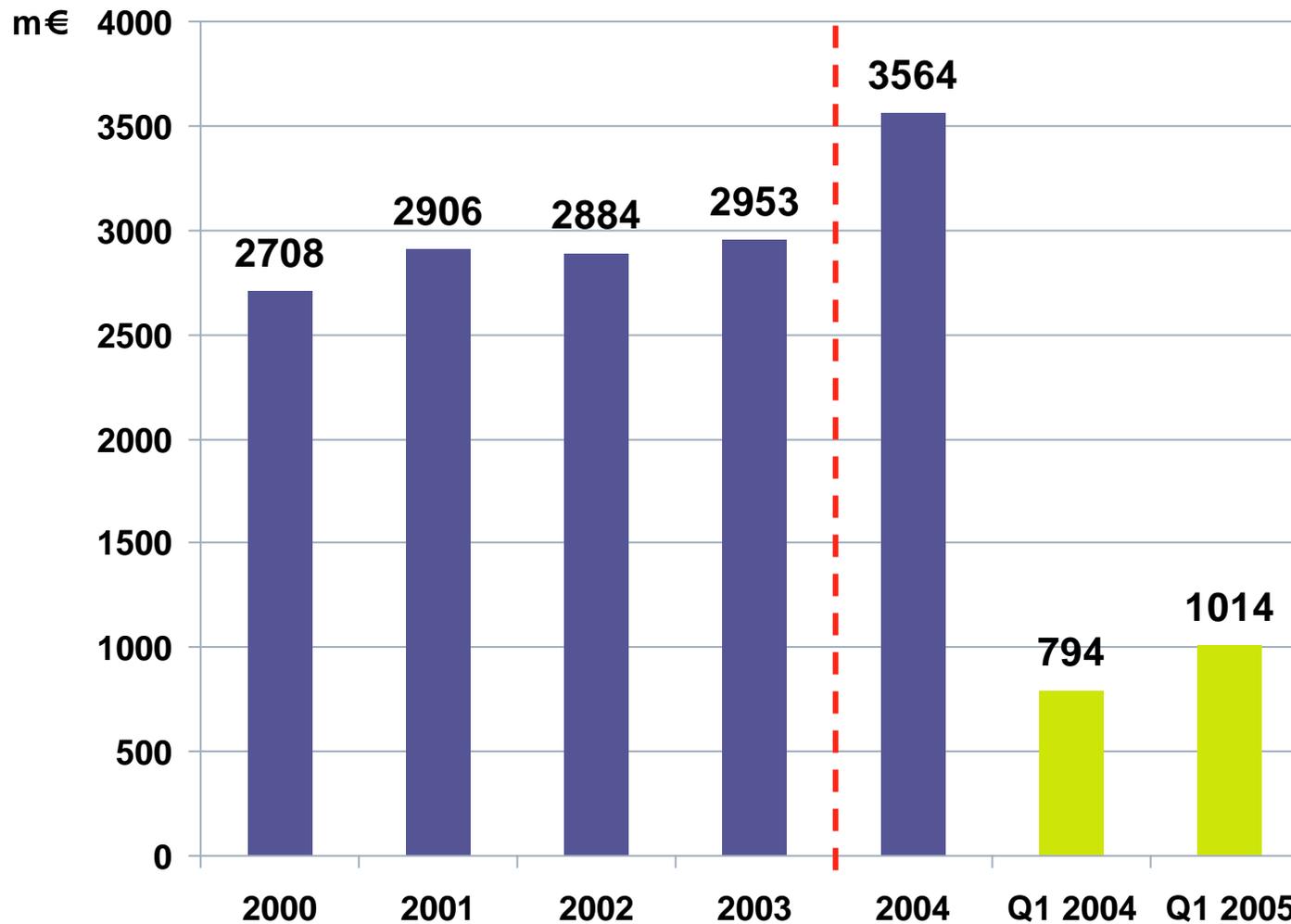
Good profitability based on favorable market conditions and new business model

- Focus on profitability, key customer segments and core market areas
- Improved cost efficiency
- Prices for steel products at a clearly higher level than one year ago
- Production running smoothly
- Fixed costs under control

First quarter highlights vs. Q4/04

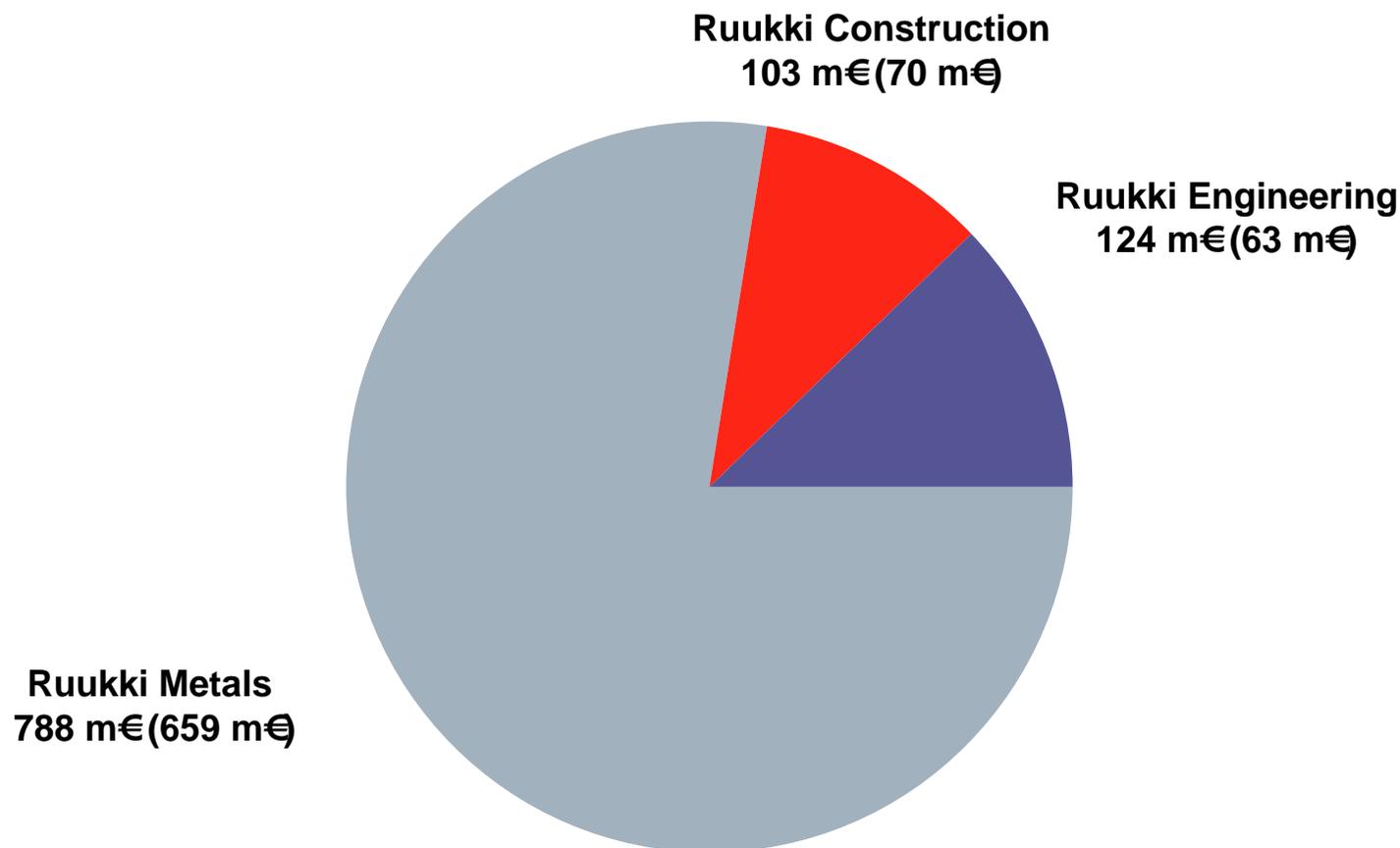
- Strong underlying demand continued
- Slight increase in net sales
- Higher average sales prices
- Improved sales structure and cost efficiency
- Weak US dollar improved EBIT by 5 m€ vs. Q1/04
- Net effect of free emissions allowances on Q1 EBIT was 8 m€ negative
- Gearing 52%

Net sales, Group total

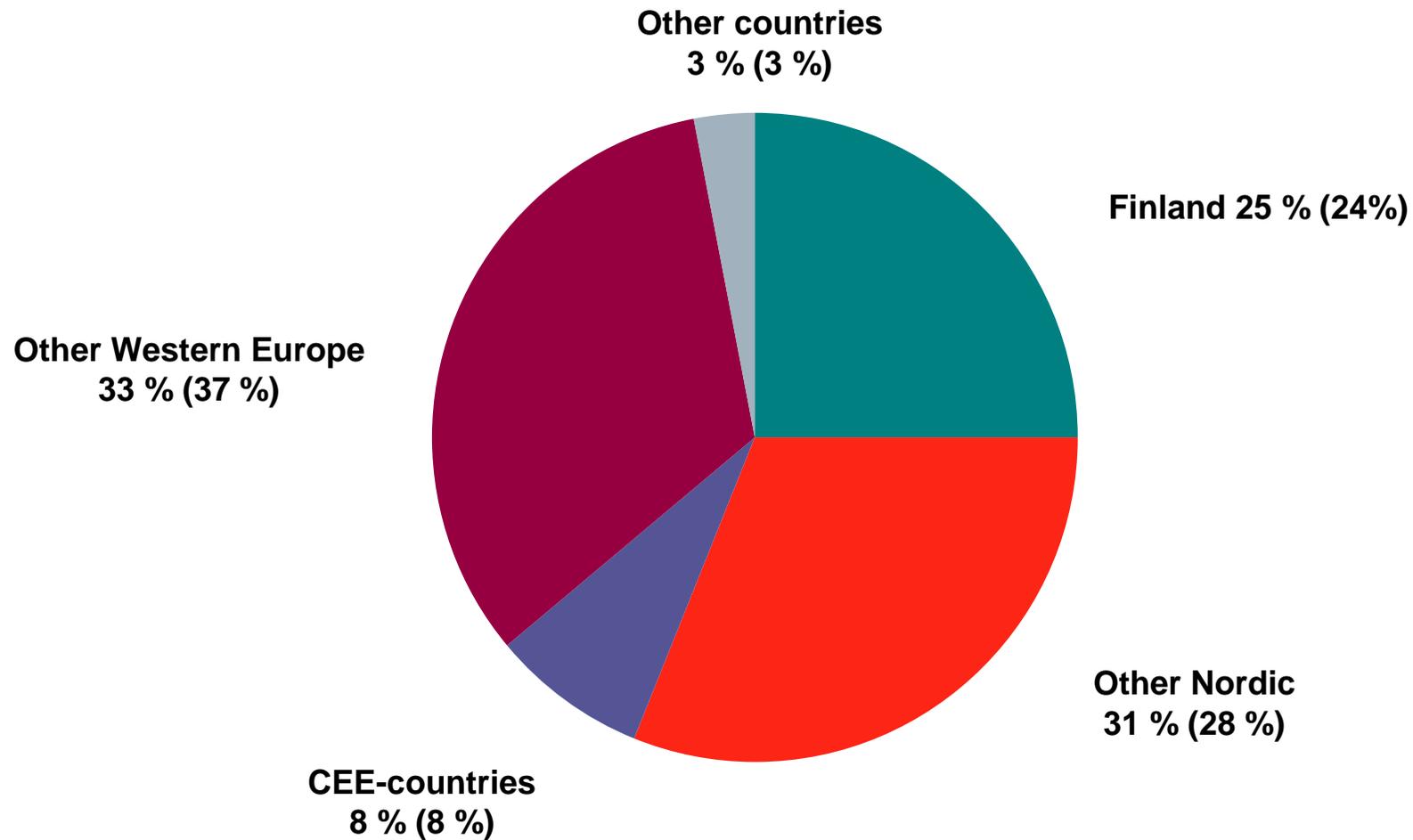


Year 2000 – 2003 according to FAS and from 2004 according to IFRS.

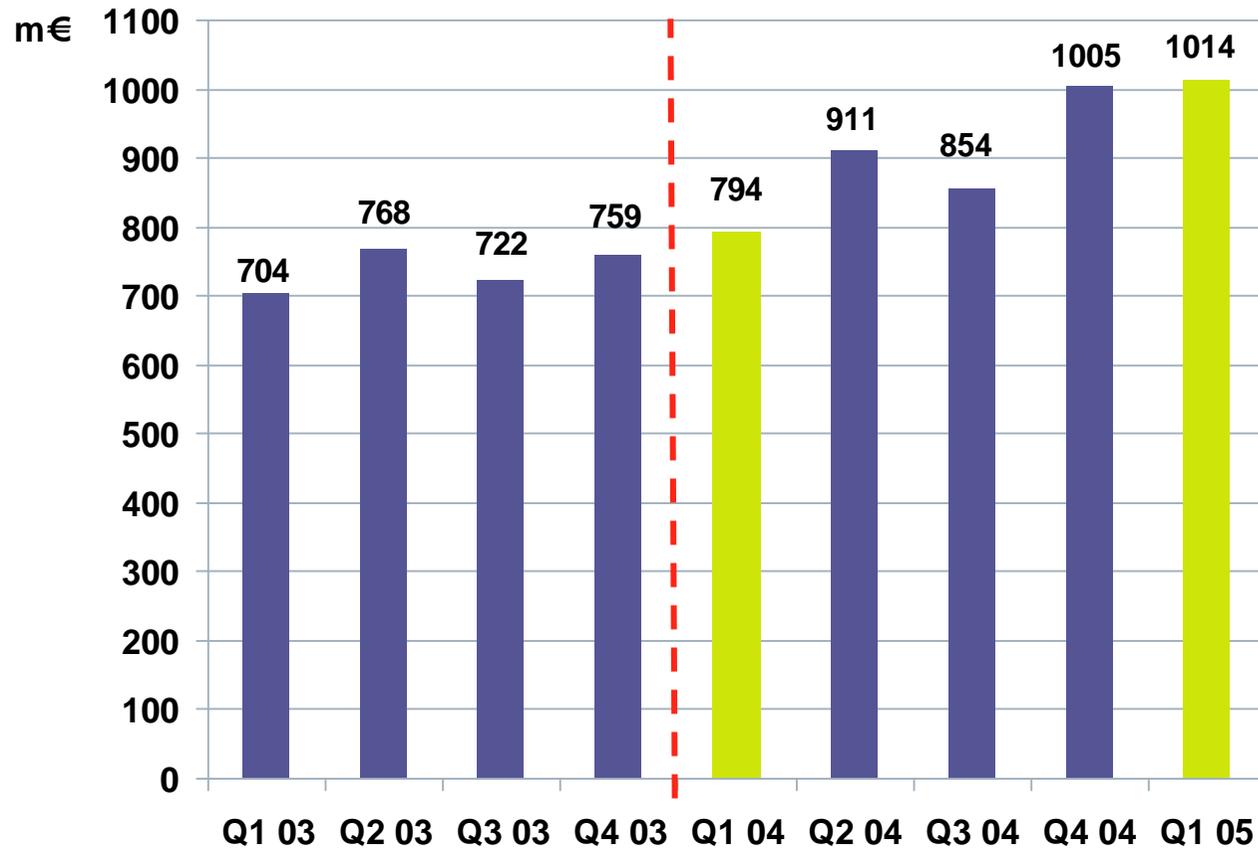
Group net sales by division Q1 2005 (Q1 2004)



Group net sales by area Q1 2005 (Q1 2004)

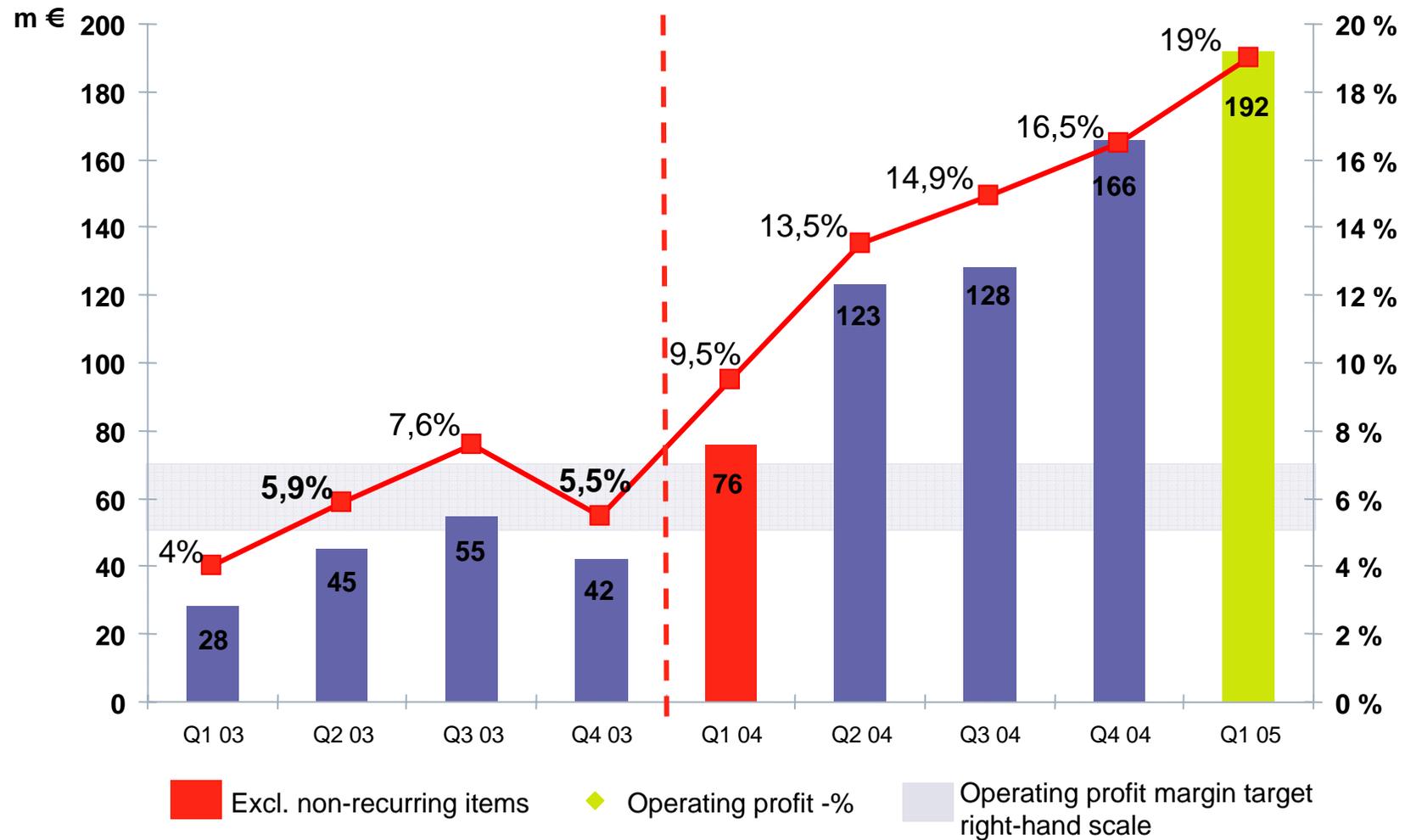


Quarterly net sales, Group total

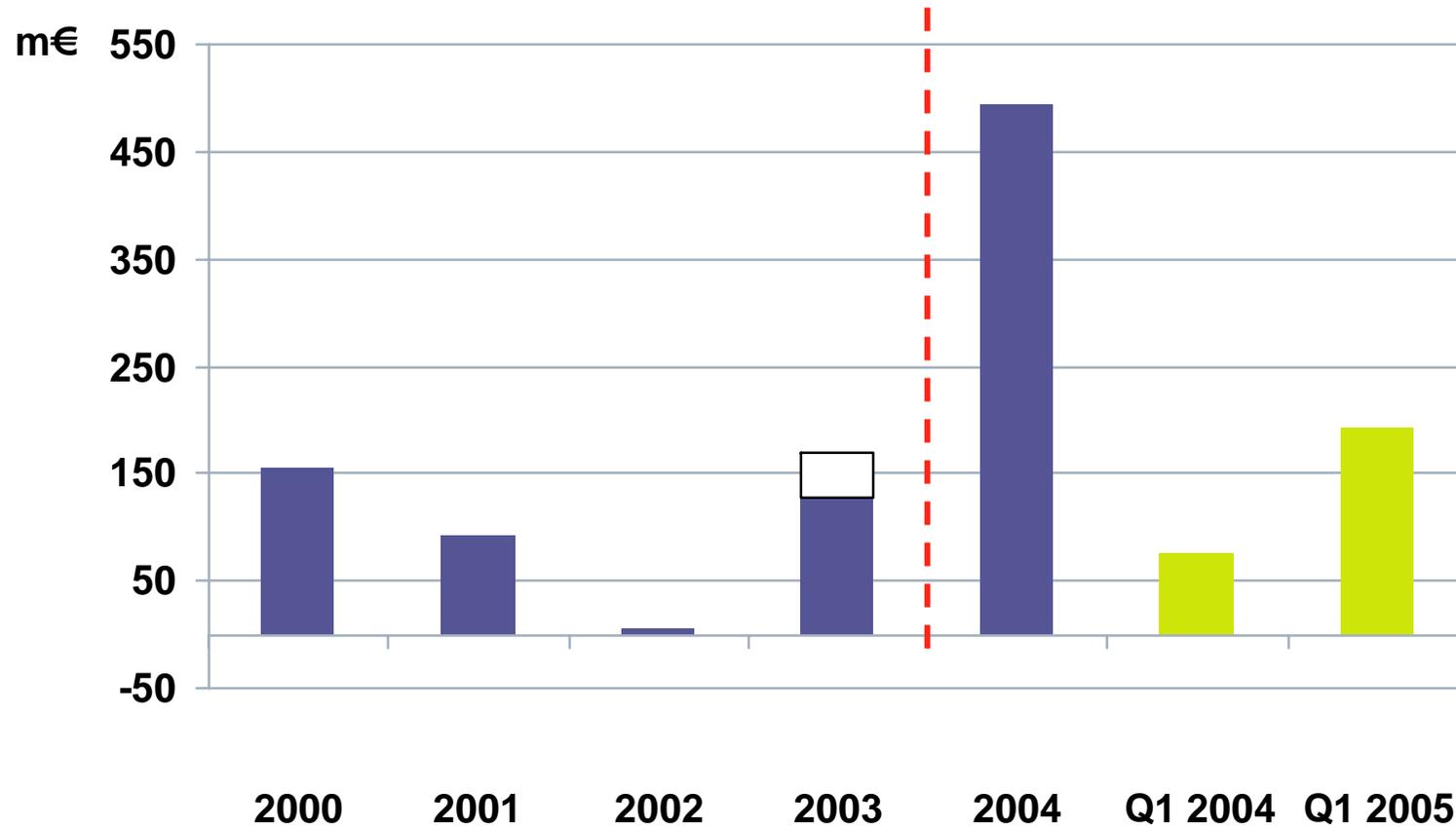


Year 2000 – 2003 according to FAS and from 2004 according to IFRS.

Quarterly EBIT, Group Total



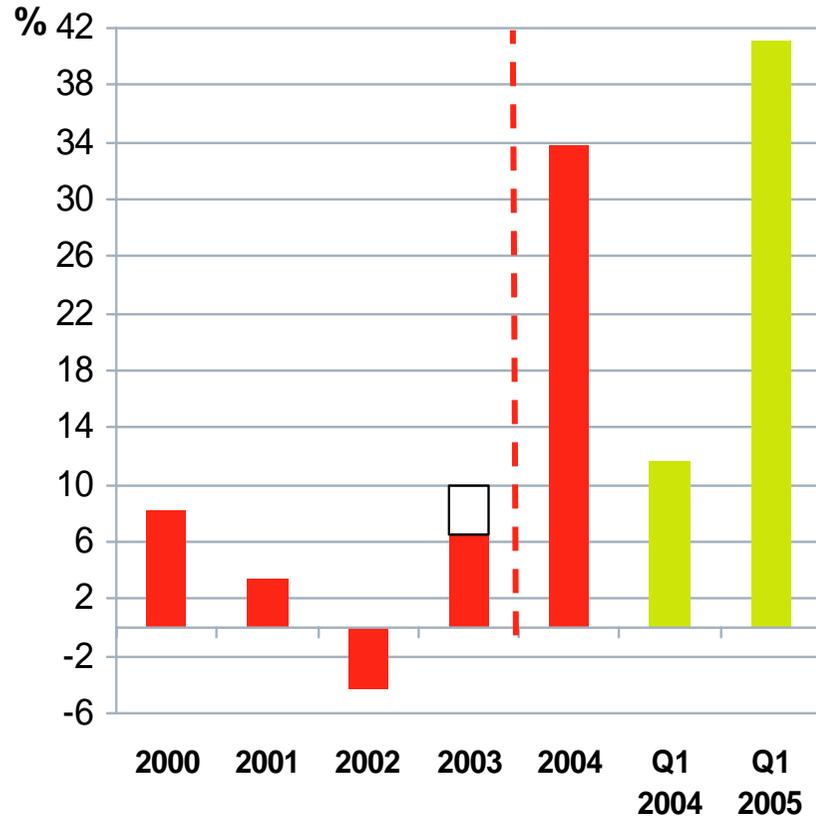
Financial performance (EBIT) 2000 – Q1/2005



□ Excl. non-recurring items

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

Return on equity

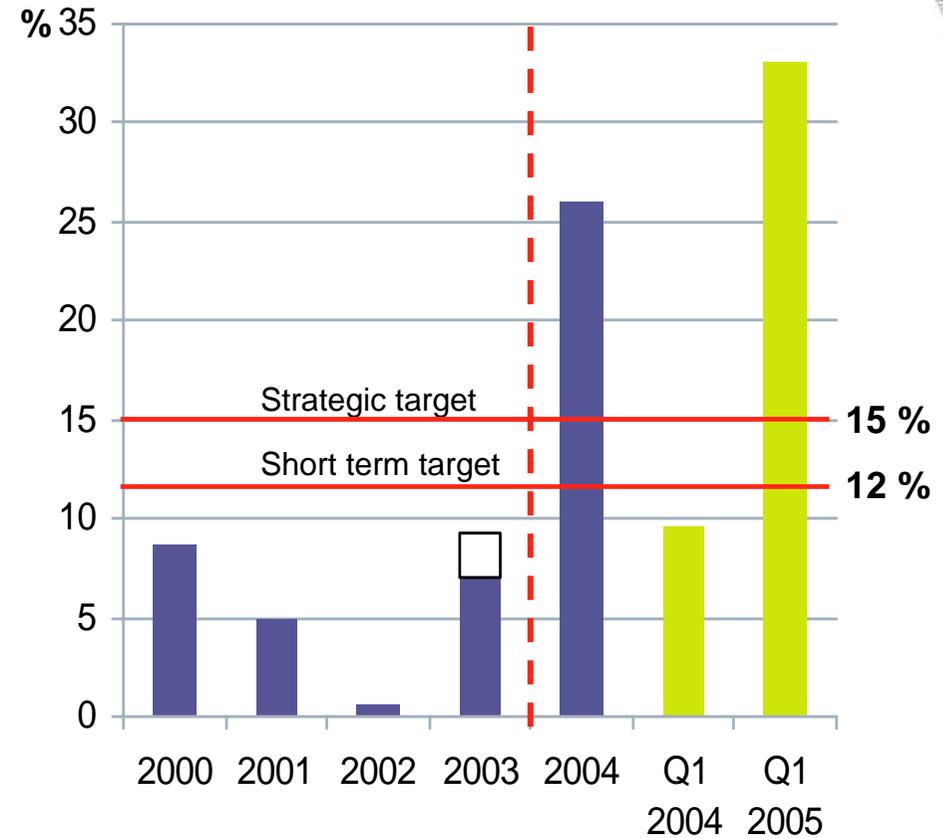


Rolling 12 months

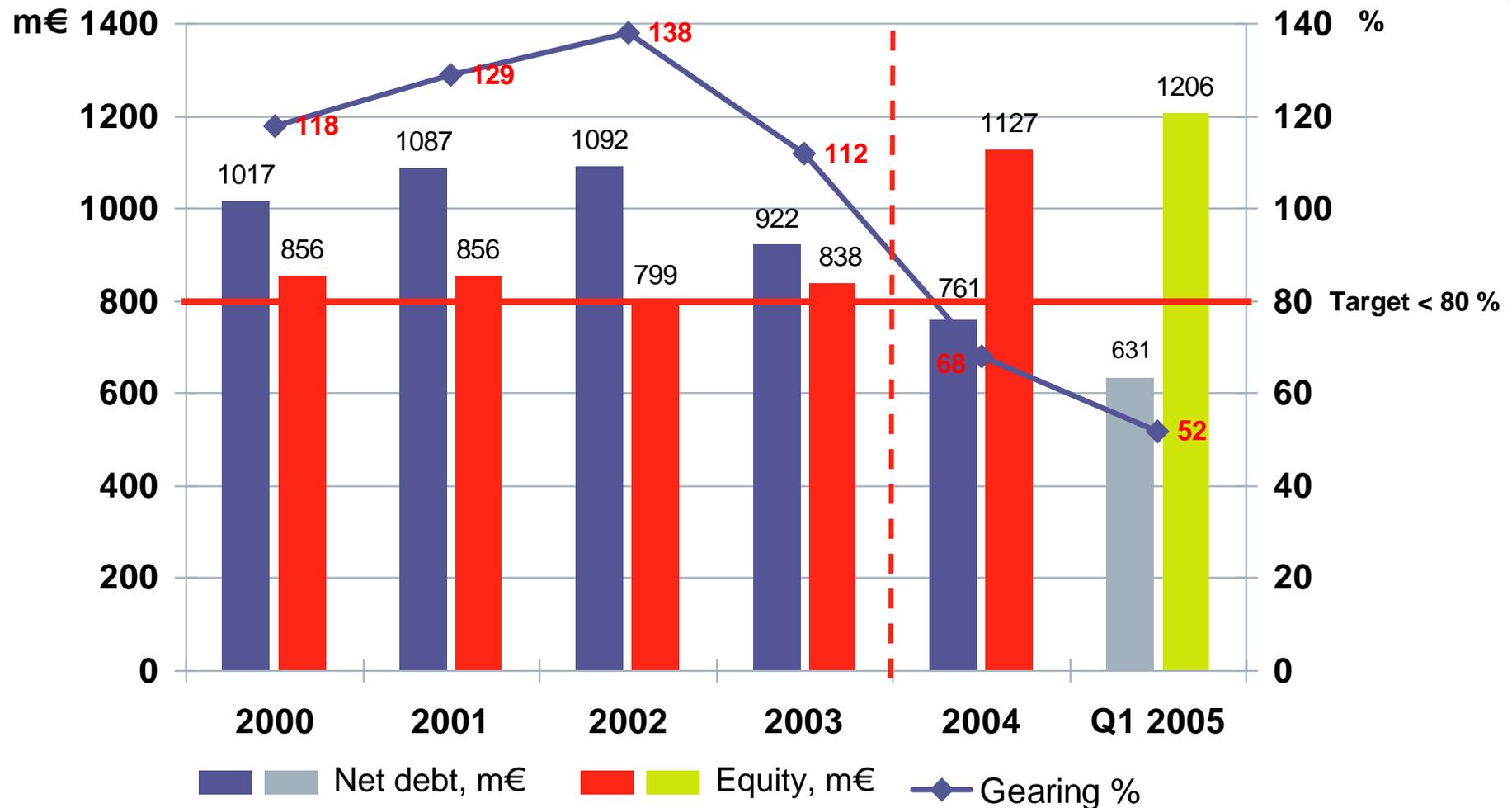
Excl. non-recurring

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

ROCE

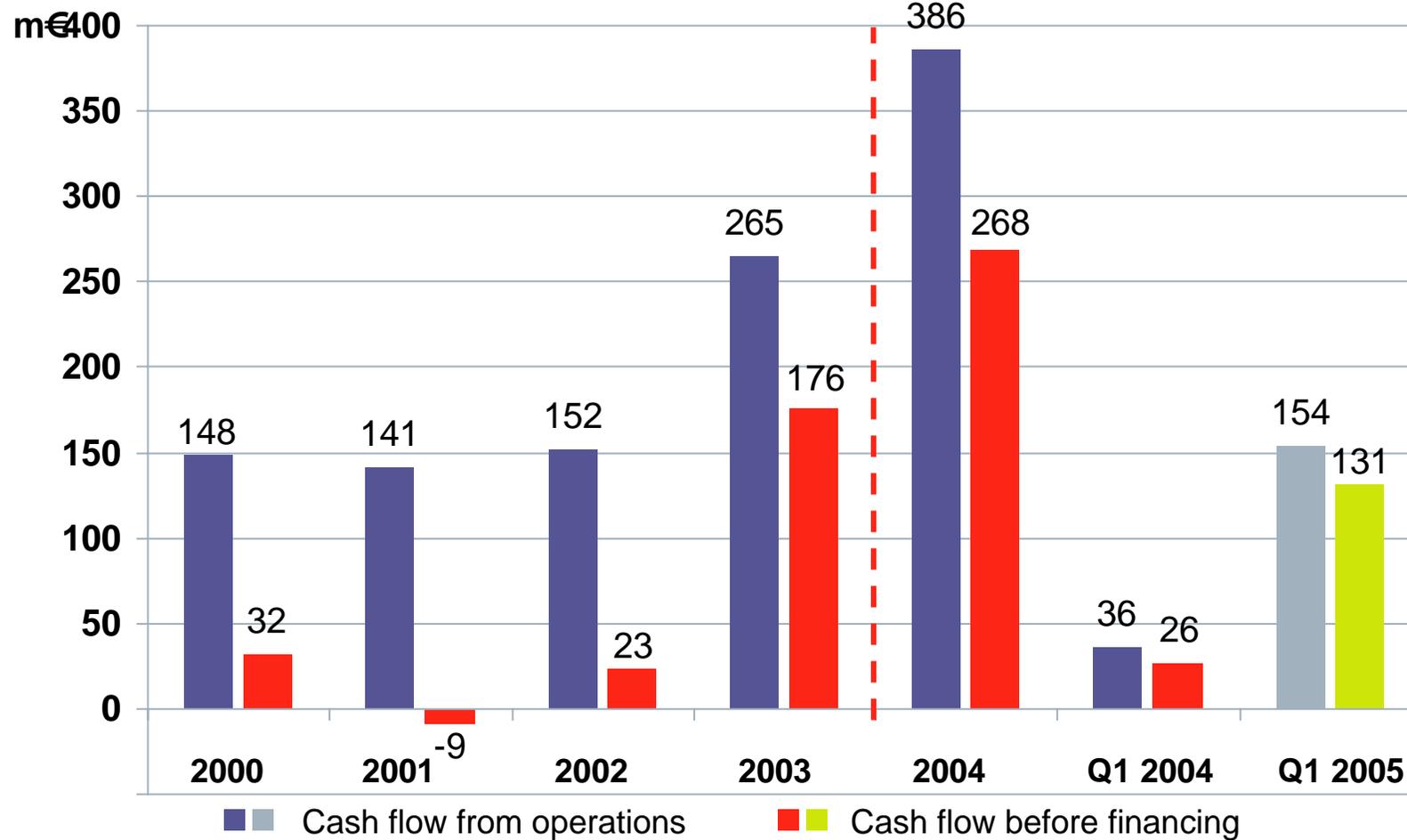


Net debt, equity, gearing



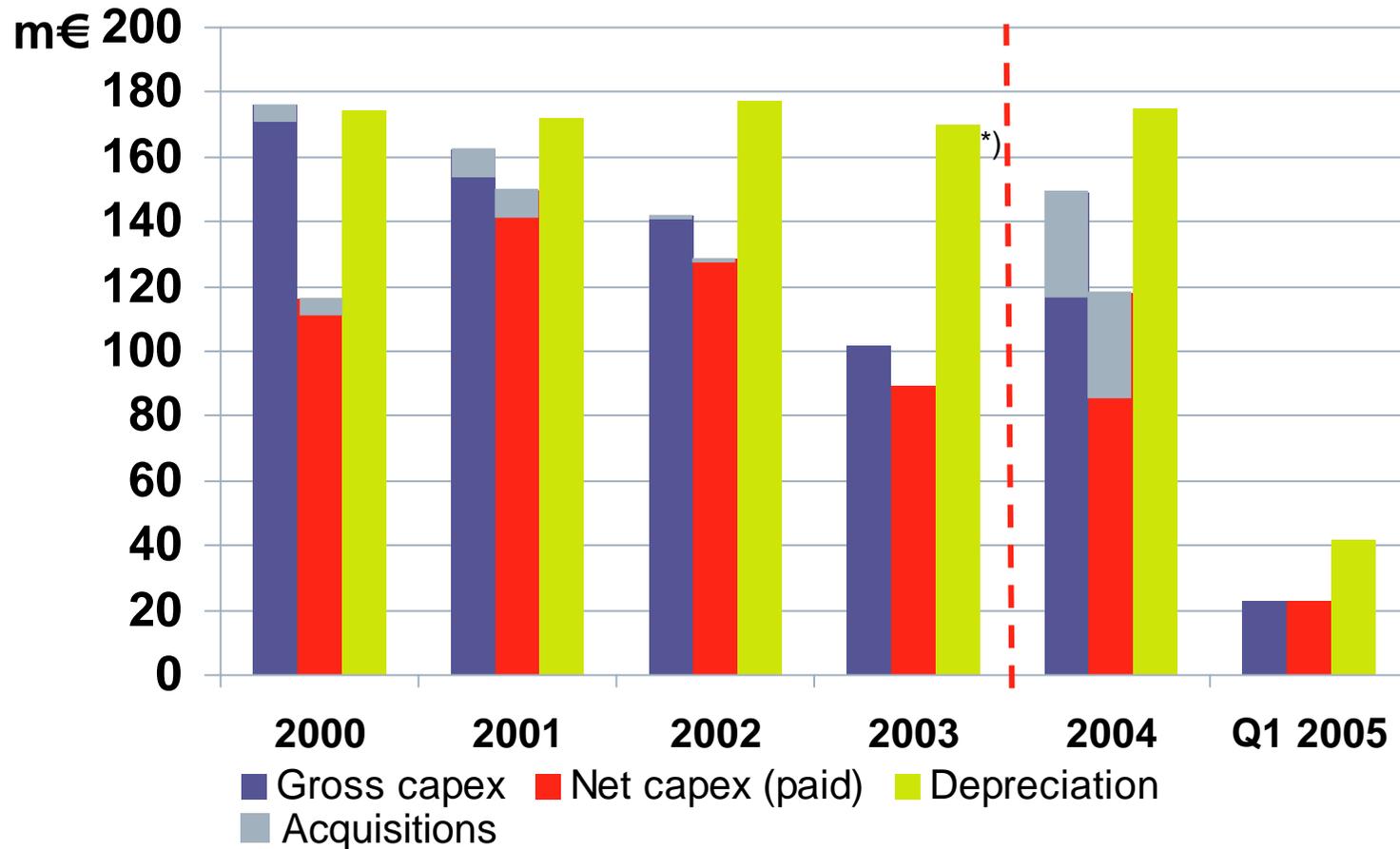
Year 2000 – 2003 according to FAS and from 2004 according to IFRS.

Cash flow



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

Capex vs. depreciation



*) Excl. value reductions 33 m€

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

IFRS

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Highlights of adopting IFRS

Balance sheet at 31 December, 2004

- Increase in total assets: 97 m€
- Increase in interest-bearing debt: 69 m€
- Reduction in shareholders' equity: 1 m€
- Increase of 5 percentage points in gearing
- Decrease of 1.3 percentage points in equity ratio
- Effect on 2004 P&L:
 - EBIT: +17 m€
 - PTP: +13 m€
 - Net Result: +16 m€

Detailed effects on Shareholder equity and P&L

	Shareholder equity	P&L/Net result
Employment benefits	+68 m€	+/-
Share-based benefits	+5 m€	+5 m€
Leasing agreements	-12 m€	+/-
Sale and leaseback	-19 m€	+2 m€
Goodwill	+6 m€	+6 m€
Income tax	-1 m€	+3 m€
Treasury shares	-14 m€	-
Revaluations	-32 m€	-
Associated companies	-	below EBIT

Emissions Trading

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EU emissions allowances in IFRS accounting

- Ruukki was allocated almost the full amount of emission allowances it requires during 2005 - 2007
- Free allowances were booked in the balance sheet as a state subsidy at 1.1.05 market price for EU emissions allowances
- Effect on Q1 EBIT due to difference between 1.1.05 and 31.3.05 market prices: 8 m€ negative
- Bookings related to free allowances will be cleared after a one-year period
- The accounting treatment of the emissions allowances increased the total assets by 86 m€

Near-term Outlook

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General market environment

- Demand expected to continue strong in
 - construction and engineering
 - Nordic, Baltic and CEE area
- Apparent demand for steel products in EU-15 expected to be modest
 - inventory cutbacks at wholesaler level
- Steel industry adjusting production to demand

Ruukki outlook for 2005

- Construction season starting
- Engineering customers report solid order backlogs
- Steel product prices expected to be stable or increase slightly in Q2/05
- Rolling production being adjusted according to demand
 - quantity of purchased slabs reduced
- Comparable net sales expected to be higher than in 2004
- Comparable EBIT expected to exceed last year's level
- The biggest uncertainty is in the demand on Asian markets and its effects on market prices of basic steel products

Summary

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Summary

- Strategy going forward
 - enabled by substantially strengthened balance sheet
- Q1 result supported by good market conditions and new business model
- Strong demand continues in key customer segments
- Inventory cutbacks at wholesaler level will be reflected in apparent demand for steel products
 - production adjusted to demand
- Full year comparable EBIT expected exceed last year's level

Appendices

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Ruukki Construction

EUR million	I/2004	II/2004	III/2004	IV/2004	2004	I/2005
Net sales	70	109	124	116	418	103
Operating profit	2	17	24	18	61	14
- % of net sales	2.2	16.0	19.8	15.5	14.7	13.7

- Good demand in Ruukki Construction's core market area
- The biggest increase in net sales was registered in commercial construction in central eastern Europe and eastern Europe.
- Within infrastructure construction, demand was good especially for foundation construction and traffic infrastructure in Finland and Sweden.
- The seasonality of construction showed up most clearly in residential building. The start of the season was postponed from the end of the first quarter to the start of the second quarter.
- Rautaruukki Corporation is increasing its holding in Metalplast, Poland's leading manufacturer of metal-based construction panels.

Ruukki Engineering

EUR million	I/2004	II/2004	III/2004	IV/2004	2004	I/2005
Net sales	63	78	74	113	329	124
Operating profit	9	15	10	19	53	22
- % of net sales	14.6	19.3	13.7	16.6	16.2	18.1

- Demand for mobile machine cabins has been very good in the first part of the year, and the business is heading for robust growth.
- The order books of European shipyards are at a very good level.
- In the pulp and paper and energy sectors solid demand during the report period.
- In the first part of the year, Ruukki Engineering made an agreement on materials and components to be delivered for the protective dome of the Olkiluoto nuclear power plant.

Ruukki Metals

EUR million	I/2004	II/2004	III/2004	IV/2004	2004	I/2005
Net sales	659	723	653	773	2809	788
Operating profit	72	107	104	136	420	166
- % of net sales	11.0	14.9	16.0	17.6	15.0	21.1

- The price level for steel products considerably higher than at the same time last year.
- Price fluctuations for recycled steel and the seasonal slow-down in construction impacted prices of reinforcement products in the report period, causing them to reduce slightly.
- Continued good demand for steel products in the main market area.
- Net sales growth centred on the division's core market areas in the Nordic countries and central eastern Europe.

Ruukki Production

1000 tonnes	I/2004	II/2004	III/2004	IV/2004	2004	I/2005
Steel production	1184	1198	985	1184	4549	1176

- Deliveries of the most important raw materials have been agreed with suppliers.
- The world market prices of iron ore, iron pellets and coking coal used in making steel rose significantly.
- The use of steel slabs purchased outside the company is forecast to come in this year at only about 40 per cent of the volume used last year.
- The new prices will begin to have an effect on earnings in the second quarter and the impact will show up in profits to the full extent beginning in the third quarter.



NUUKIKI

more with metals