



Interim report Q1 2010

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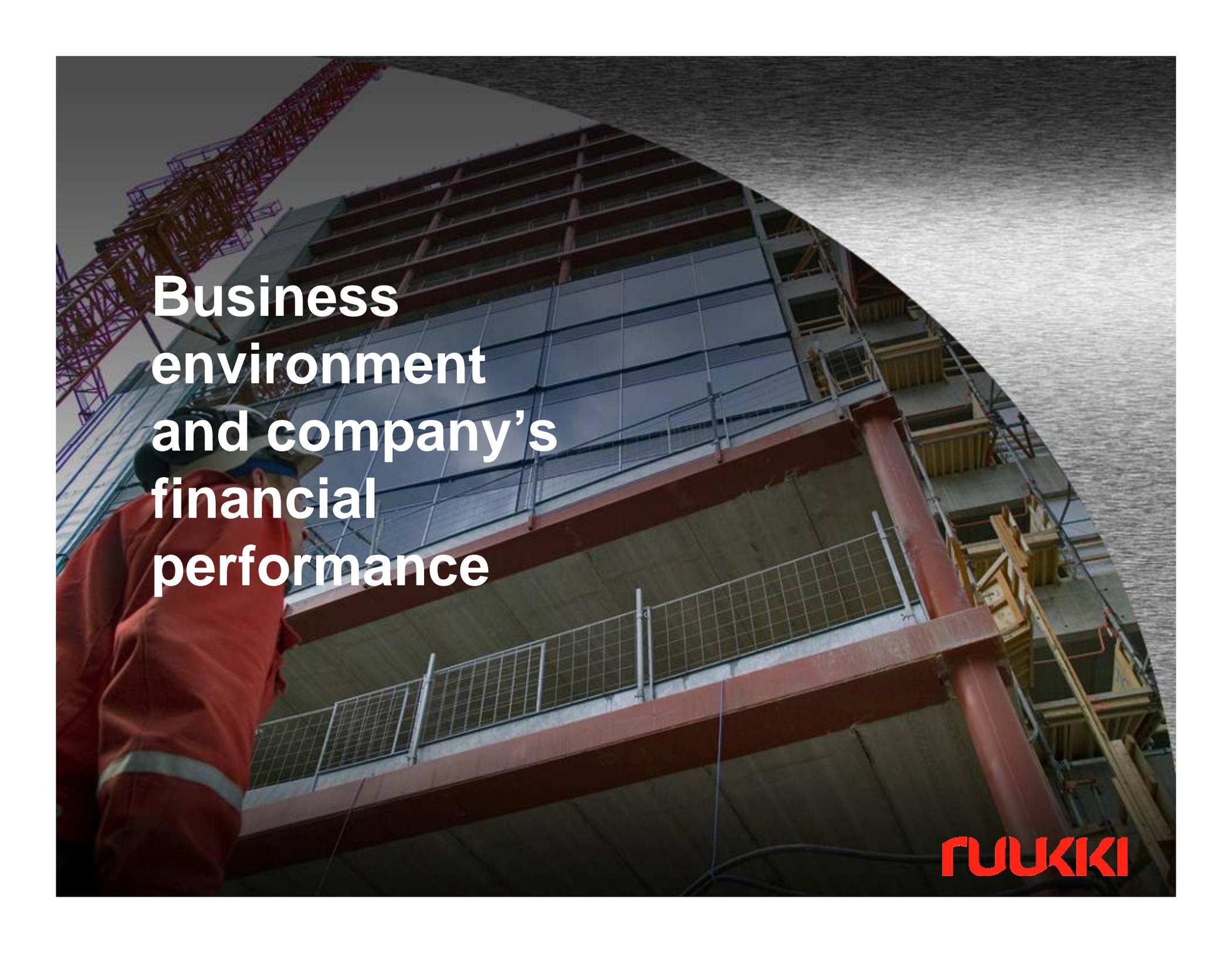
22 April 2010

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Summary of the report period

Q1 2010

- Cautious recovery of global economy continued
- Net sales for report period at last year's level
- Clear improvement in operating profit, although remained negative
 - annualised impact of Boost programme estimated at €142 million
- Strong financial position
- Monthly order intake in March at its highest since October 2008
- Group order backlog at end of March:
 - about 45 per cent higher than exceptionally low backlog last year
 - over 20 per cent higher than at year-end 2009



**Business
environment
and company's
financial
performance**

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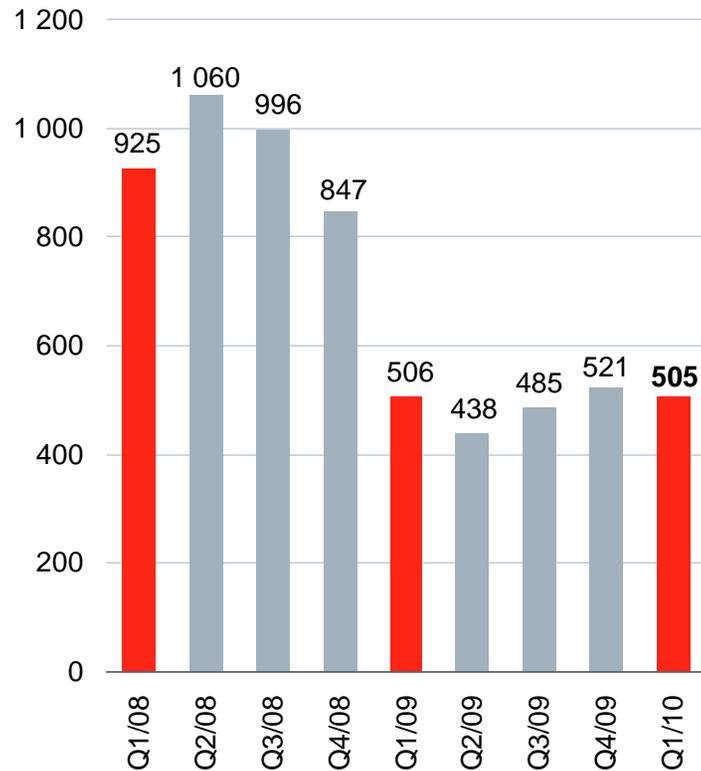
Cautious market recovery continued

- Regional differences in recovery
 - Economic growth in Europe slower than in rest of world
- Caution in investment decisions continues to affect especially commercial and industrial construction
- Order flows of engineering industry customers have stabilised, but at fairly low level
- Demand for steel products continued to recover and prices started to rise
 - In Finland, recovery was slow as capital goods account for a large share of overall steel consumption



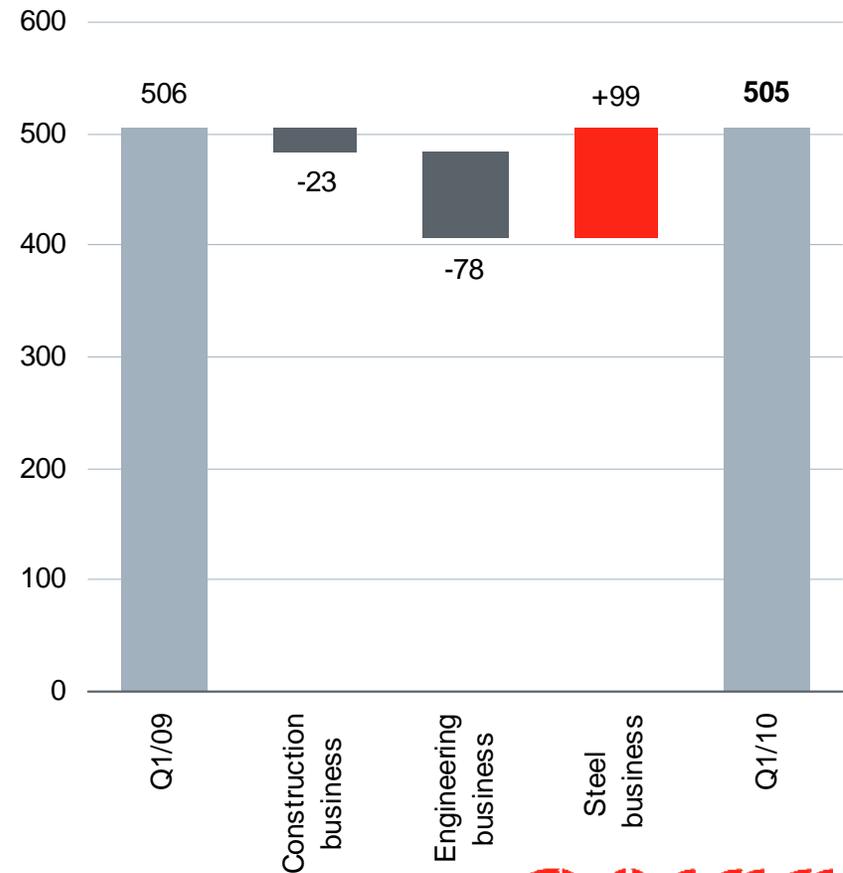
Net sales at last year's level

Quarterly net sales,
€m *)



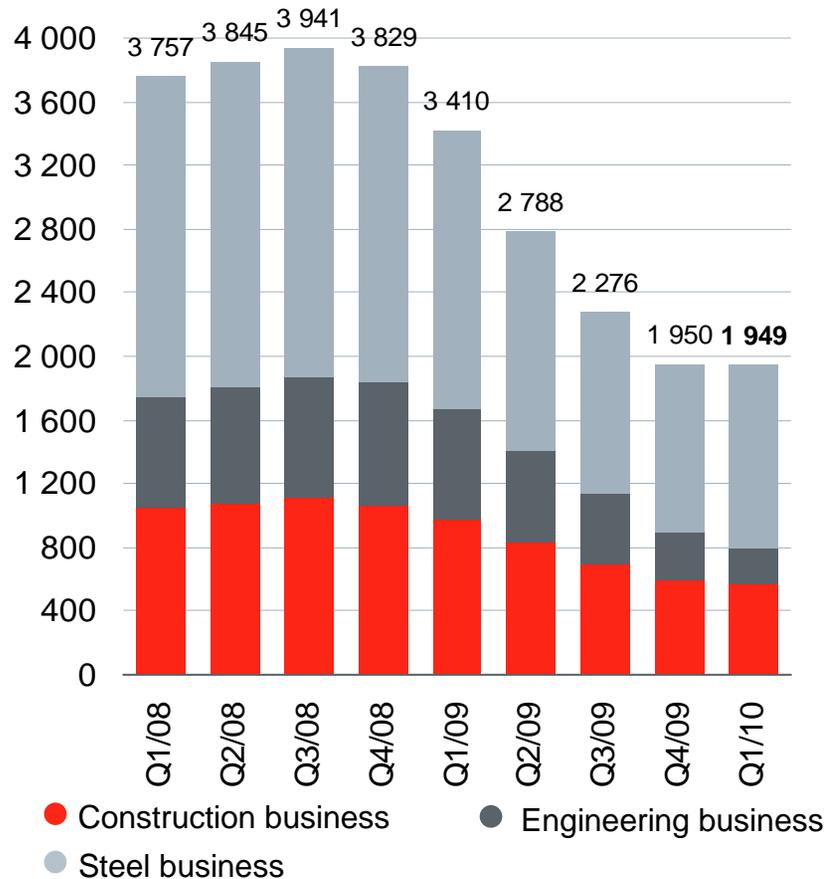
*) Comparable

Change in net sales by business area
Q1/09 vs. Q1/10, €m

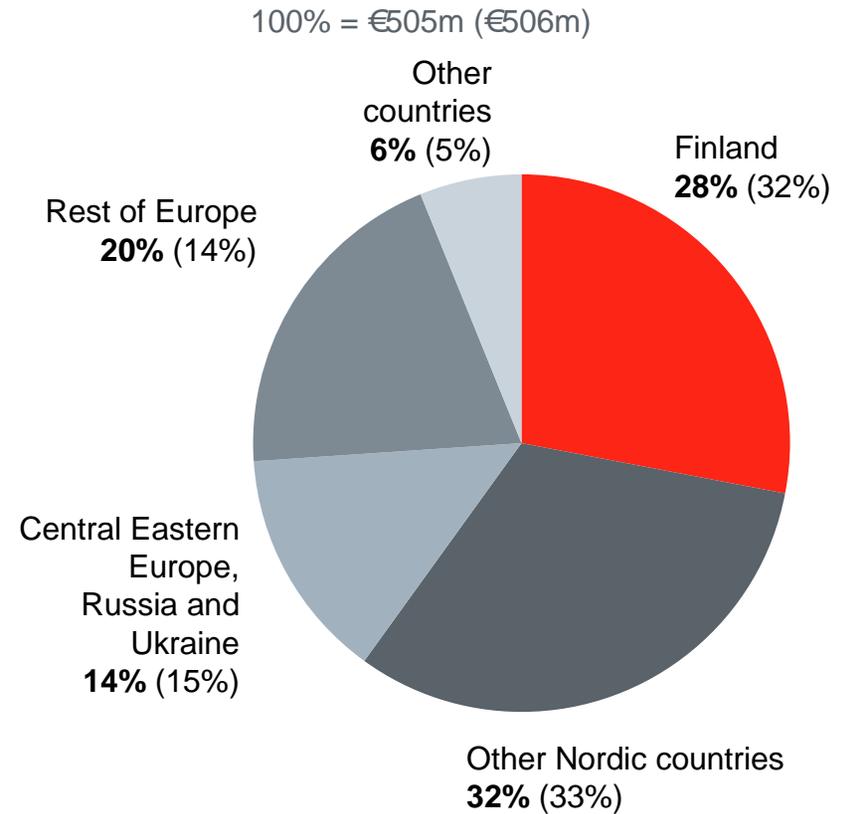


Finland's share of net sales decreased

Net sales by business area, rolling 12 months, €m *)

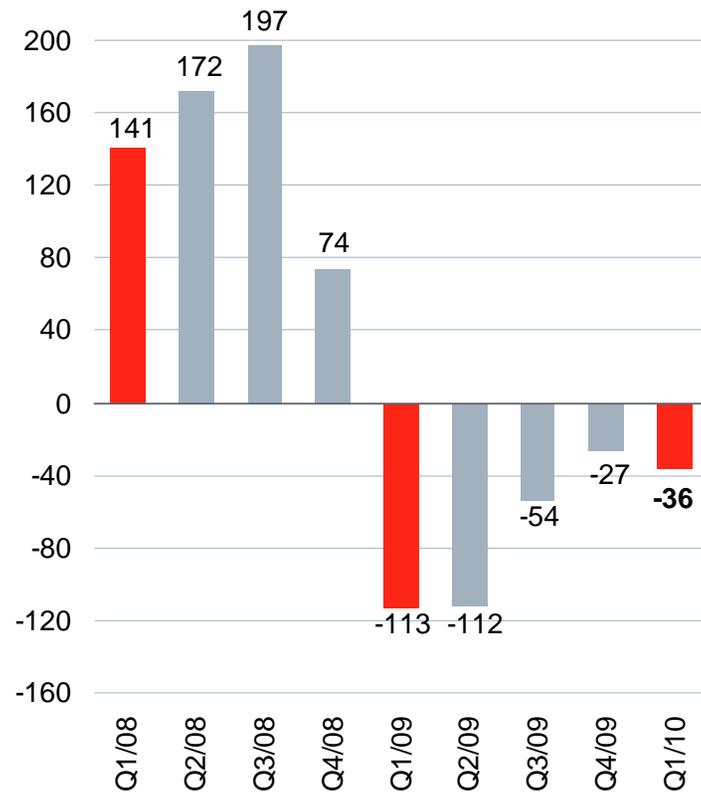


Net sales by region
Q1/2010 (Q1/2009)



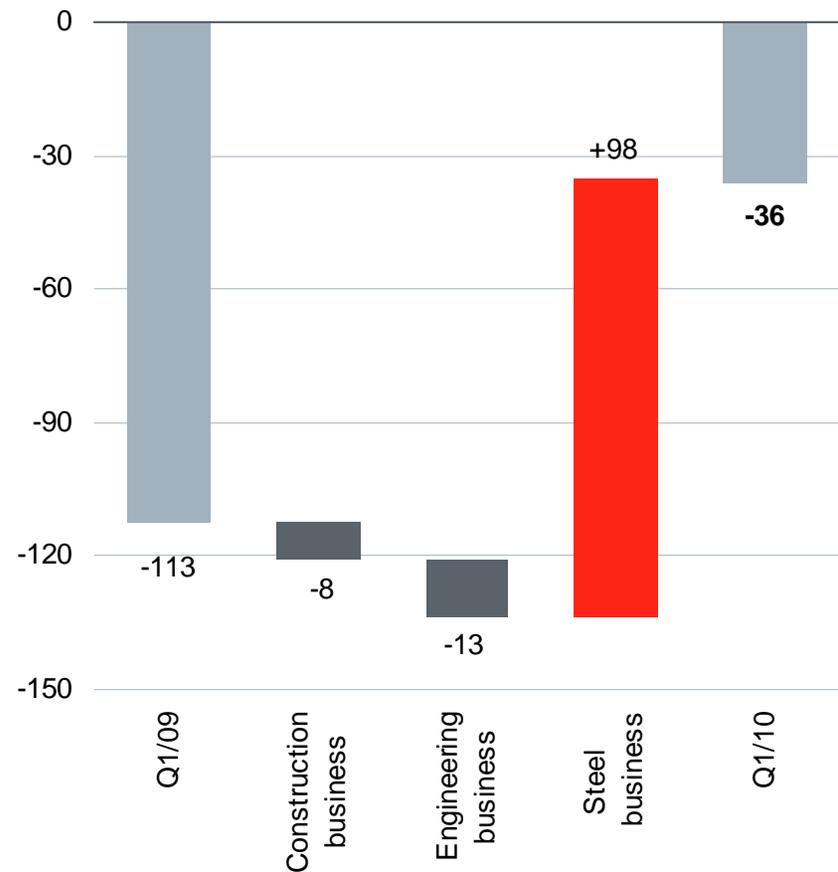
Clear improvement in operating profit year on year

Quarterly operating profit, €m *)



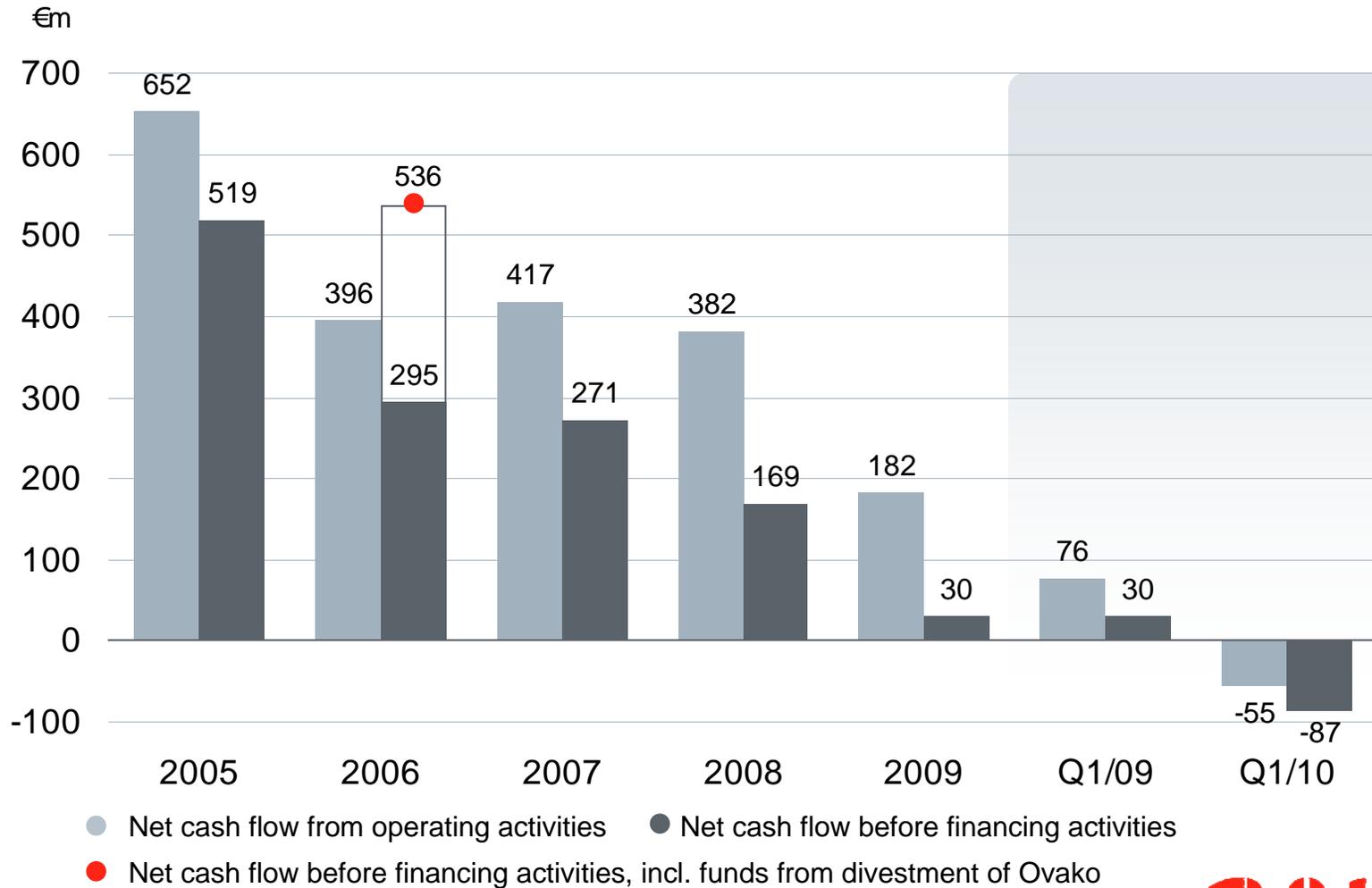
*) Comparable, excluding non-recurring items

Change in operating profit by business area Q1/09 vs. Q1/10, €m



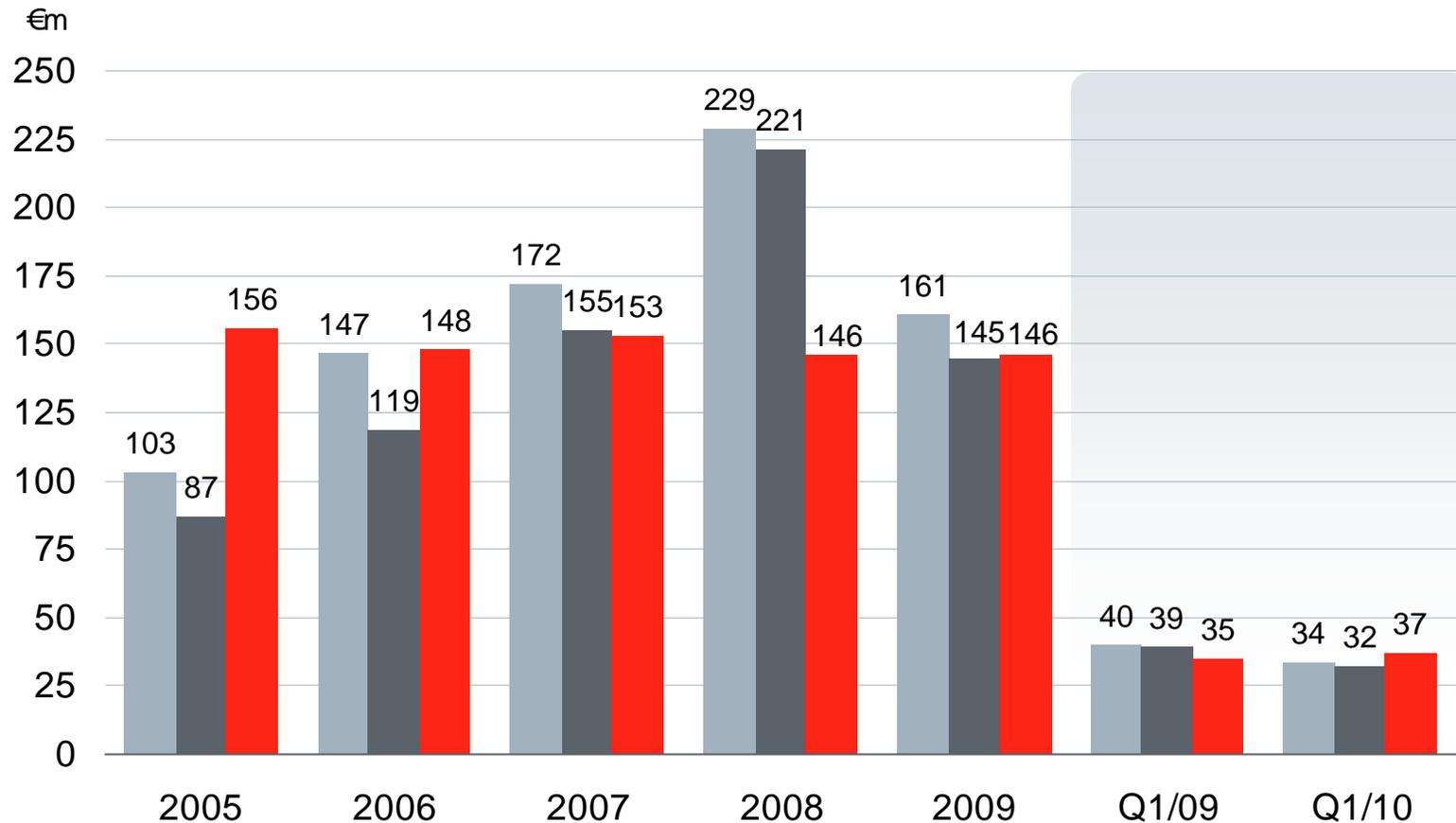
Cash flow:

- €19 million tied up in working capital vs. €114 million released year earlier



Capex at last year's level

- Capex in 2010 estimated to be in the region of €180m

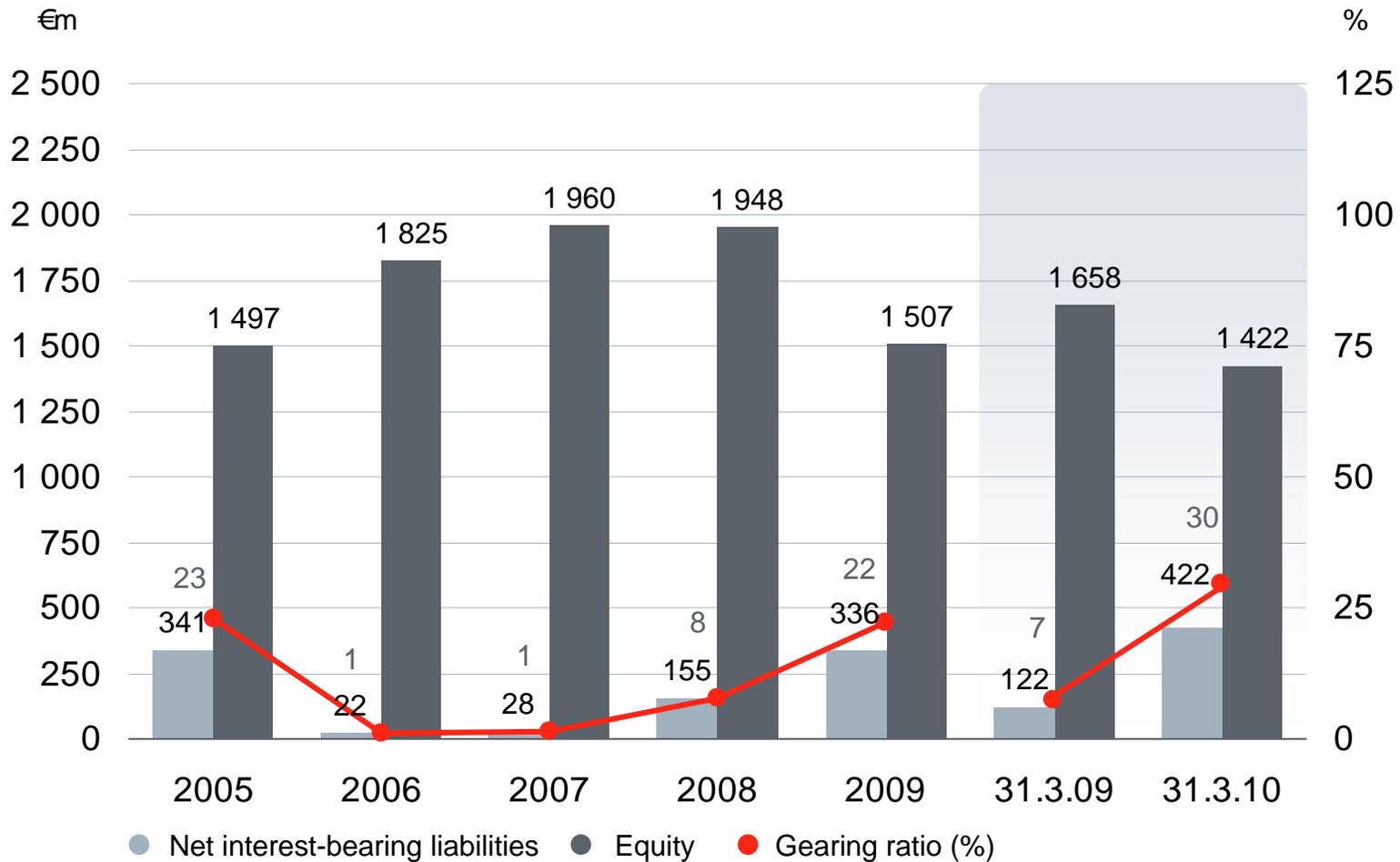


● Gross capex *) ● Net capex *) ● Depreciation

*) In tangible and intangible assets

Strong financial position

- Dividend payout of €62m booked from equity during report period

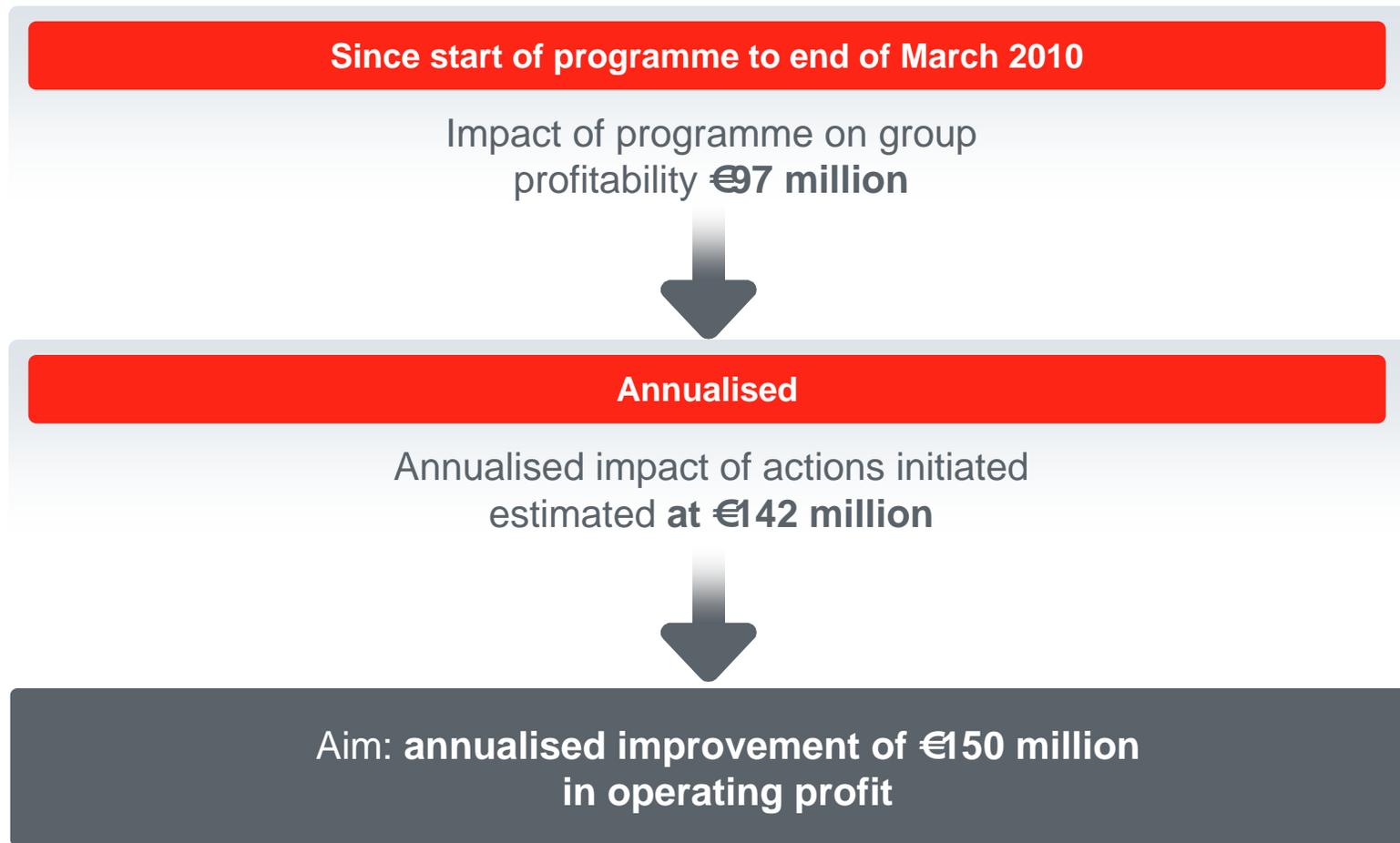




**Actions to
improve
operational
efficiency**

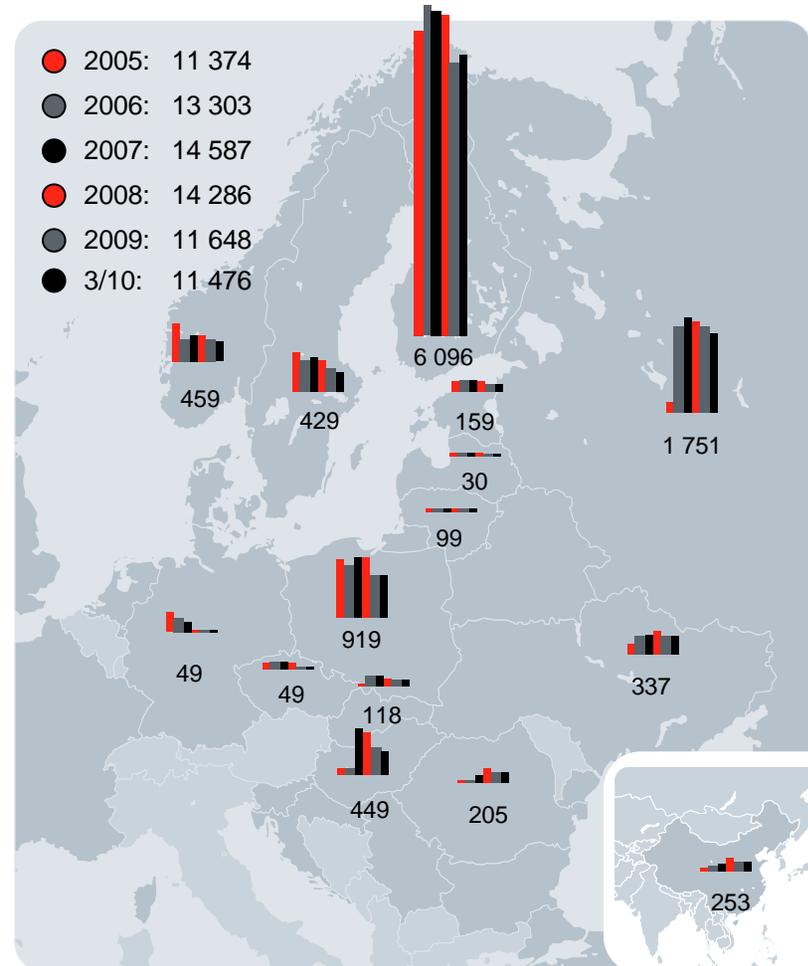
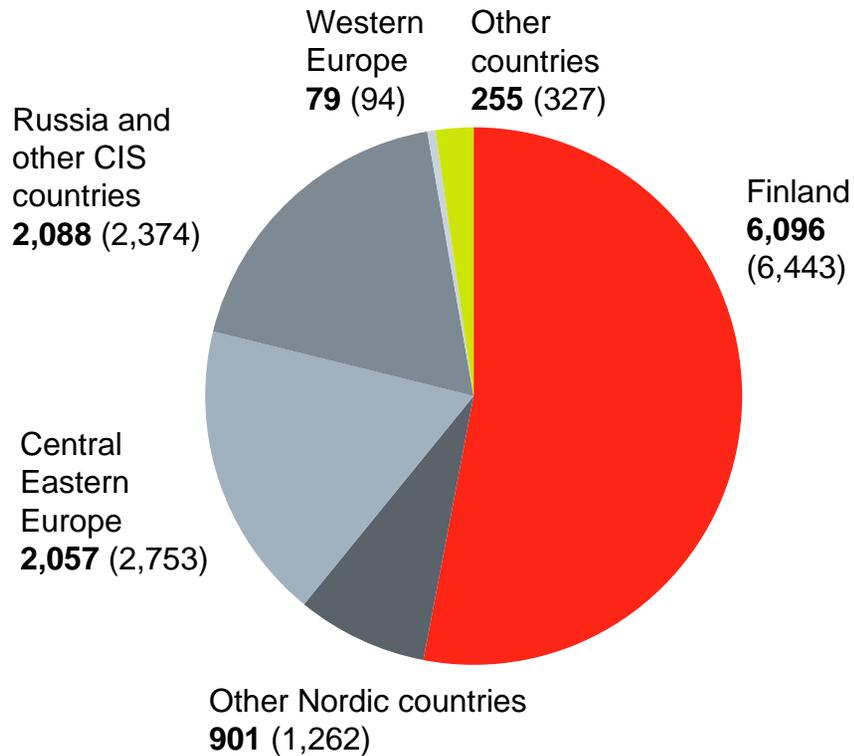
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Operational excellence programme Boost progresses faster than planned



Headcount by region *)

Personnel, March 2010: 11,476
(March 2009: 13,253)



*) Headcounts at end of report period

Business areas

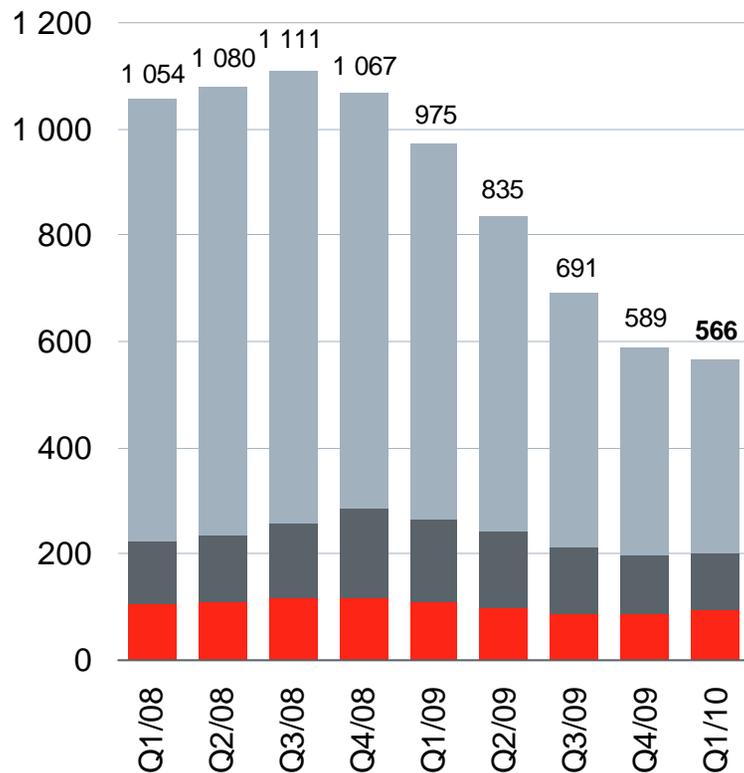


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Construction business:

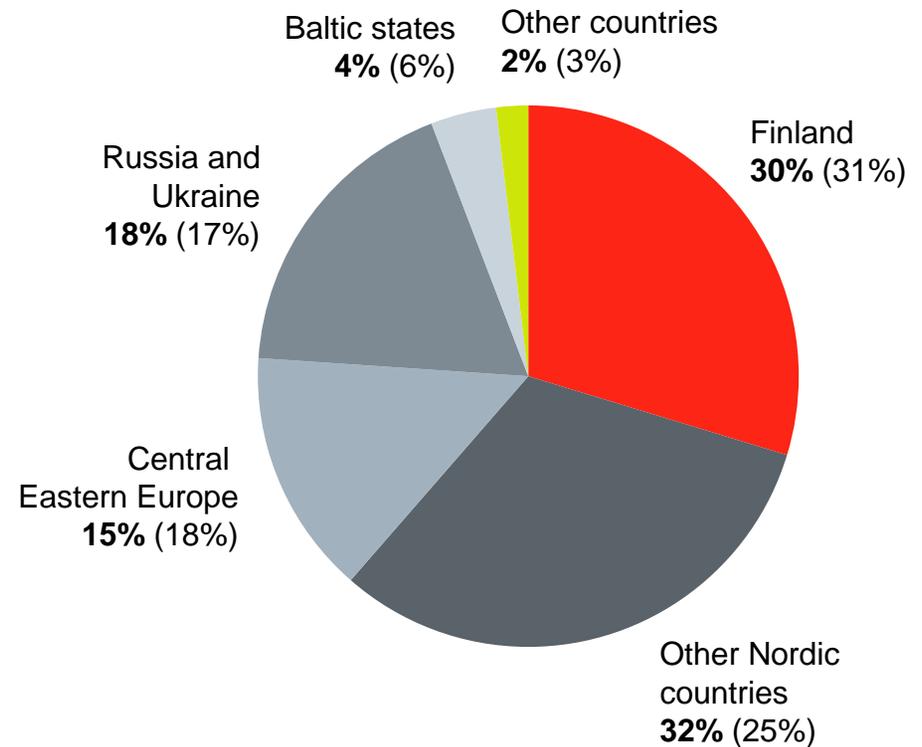
- Brisk activity in Nordic road and railway construction projects increased Nordic countries' share of net sales

Net sales by product group, rolling 12 months, €m



● Infrastructure construction ● Residential construction
● Commercial and industrial construction

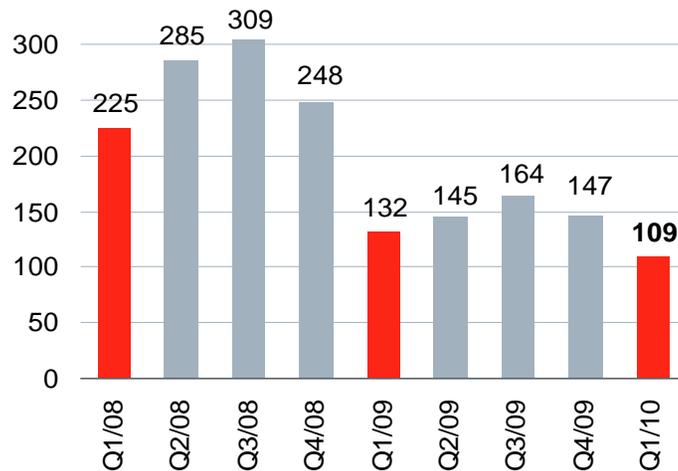
Net sales by region Q1/2010 (Q1/2009)



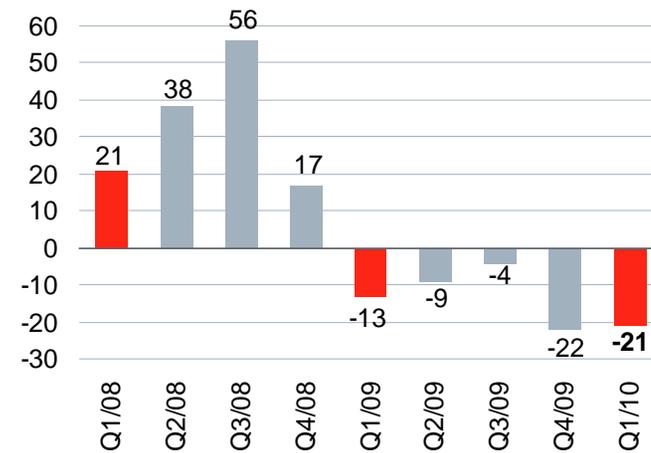
Construction business:

- Severe winter weakened demand

Net sales, €m



Operating profit ^{*)}, €m



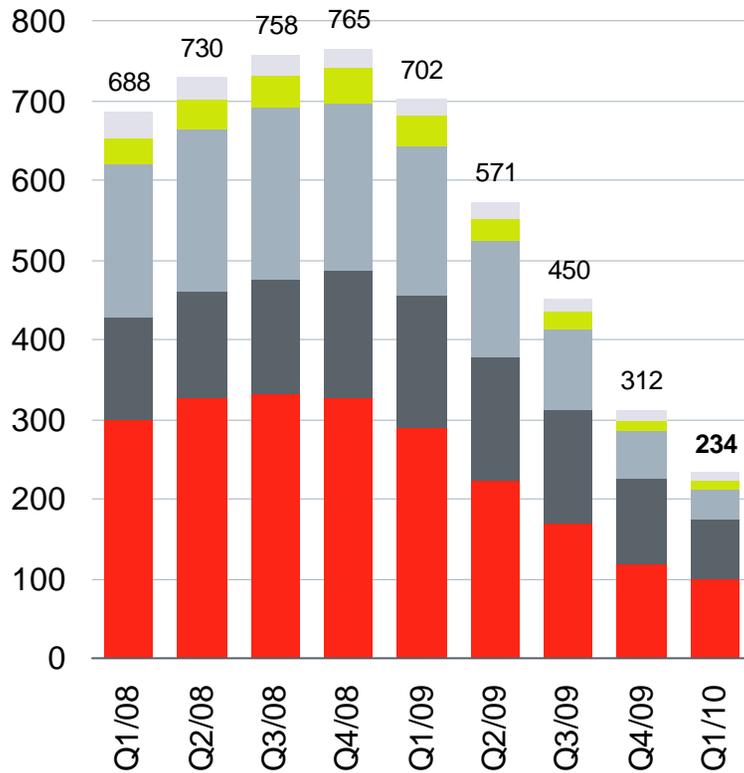
Key points of report period

- Severe winter affected particularly order volumes of residential roofing products
- Net sales were down y-on-y in all market areas in commercial and industrial construction
- Infrastructure construction continued at good level; net sales up 45% y-on-y
- Order backlog at end of report period somewhat higher than a year earlier
- Cost savings resulted in operating profit remaining at same level as for previous quarter despite clear fall in net sales

Engineering business:

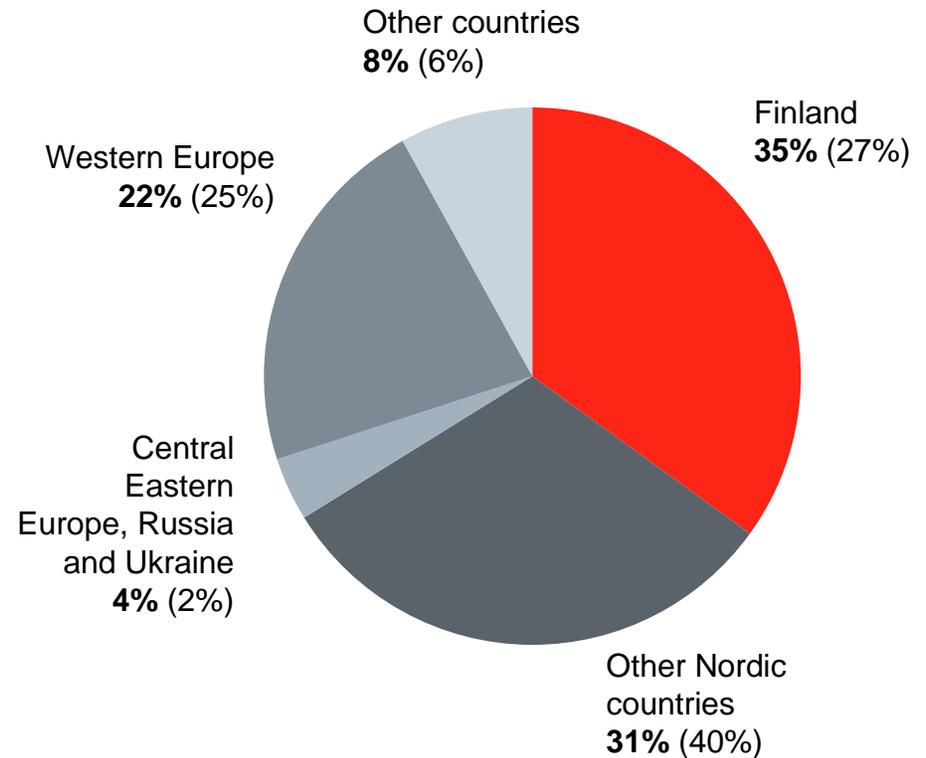
- Delivery volumes declined especially in manufacture of equipment for wind power industry and in shipbuilding

Net sales by customer segment, rolling 12 months, €m



- Lifting, handling and transportation equipment industry
- Energy equipment industry
- Shipbuilding
- Offshore
- Paper and wood

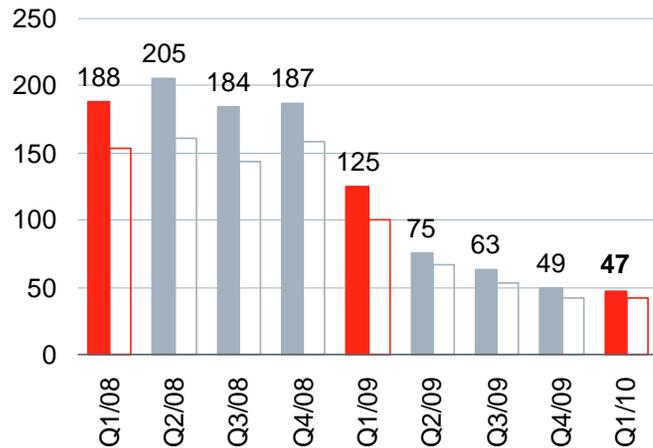
Breakdown of net sales by customer location Q1/2010 (Q1/2009)



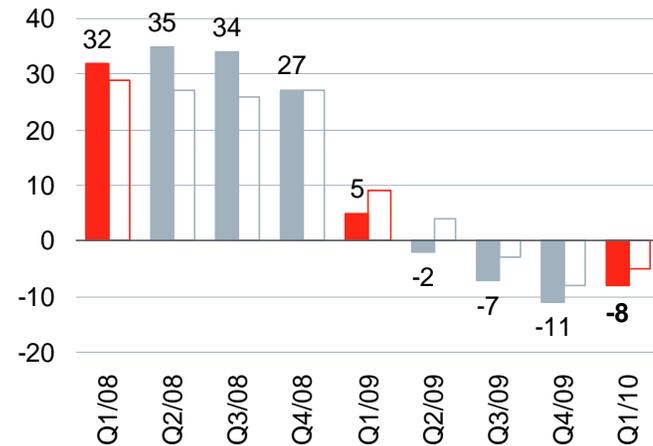
Engineering business:

- Low capacity utilisation rate and small delivery volumes weakened operating profit year on year

Net sales, €m



Operating profit ^{*)}, €m

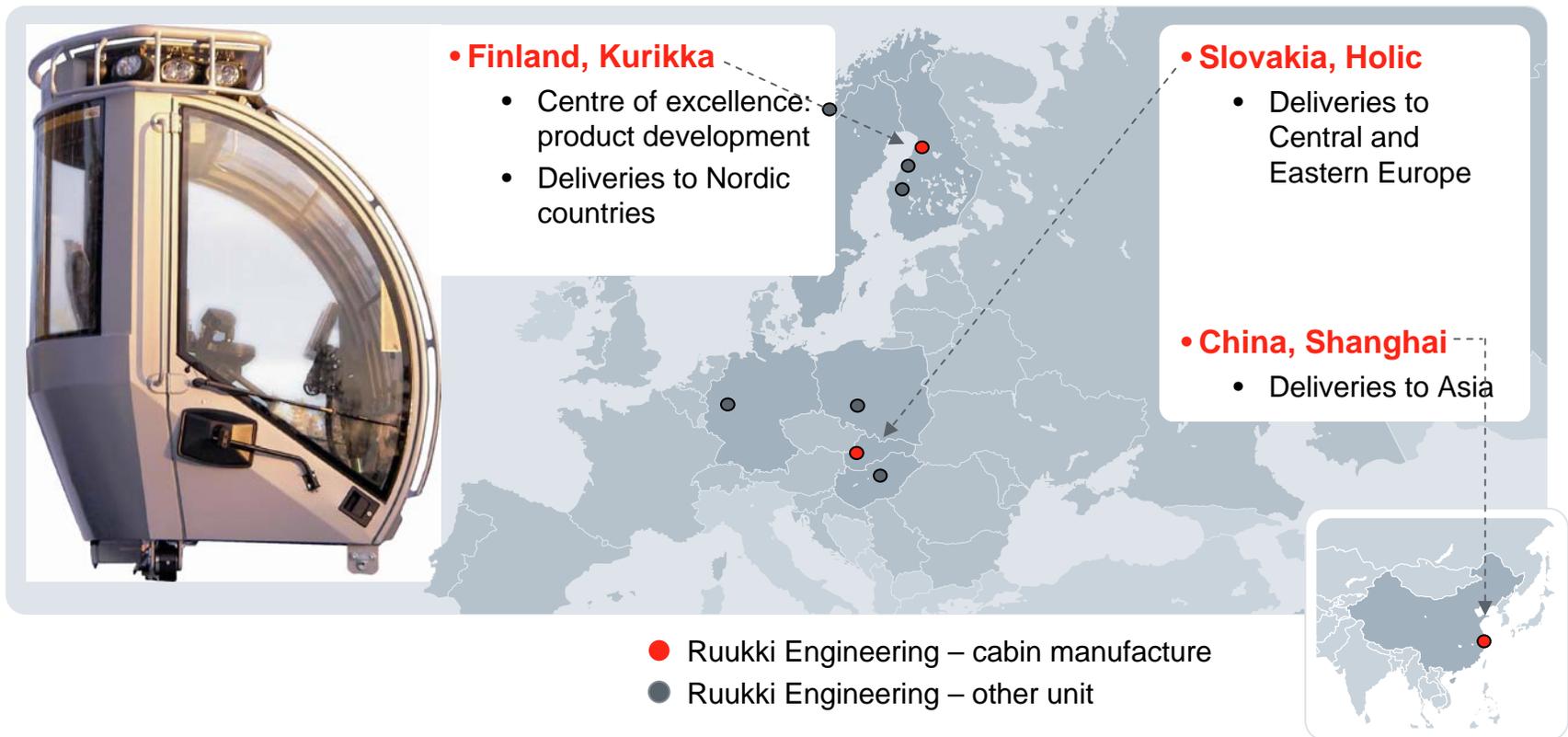


- Ruukki Engineering
- Ruukki Engineering excluding Mo i Rana unit

Key points of report period

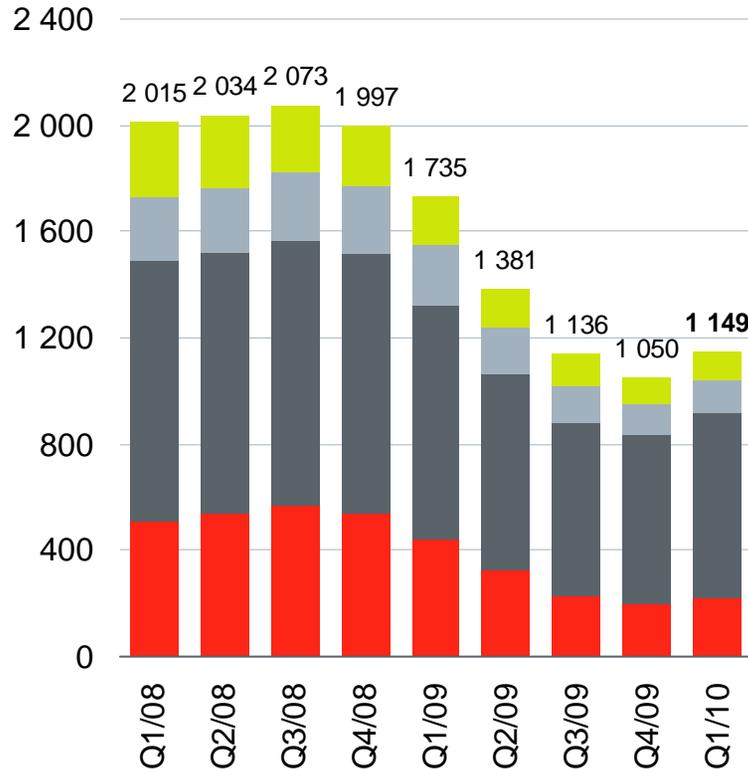
- Delivery volumes clearly down y-on-y, no major change compared to previous quarter
 - Slight growth in equipment manufacture for mining and forest industries continued
 - Further fall in delivery volumes to equipment manufacturers in wind power industry
- Selling prices during report period much lower y-on-y, mostly at same level q-on-q
- Operations at under-performing Mo i Rana unit in Norway to be discontinued until further notice

Engineering business strengthens cabin manufacture



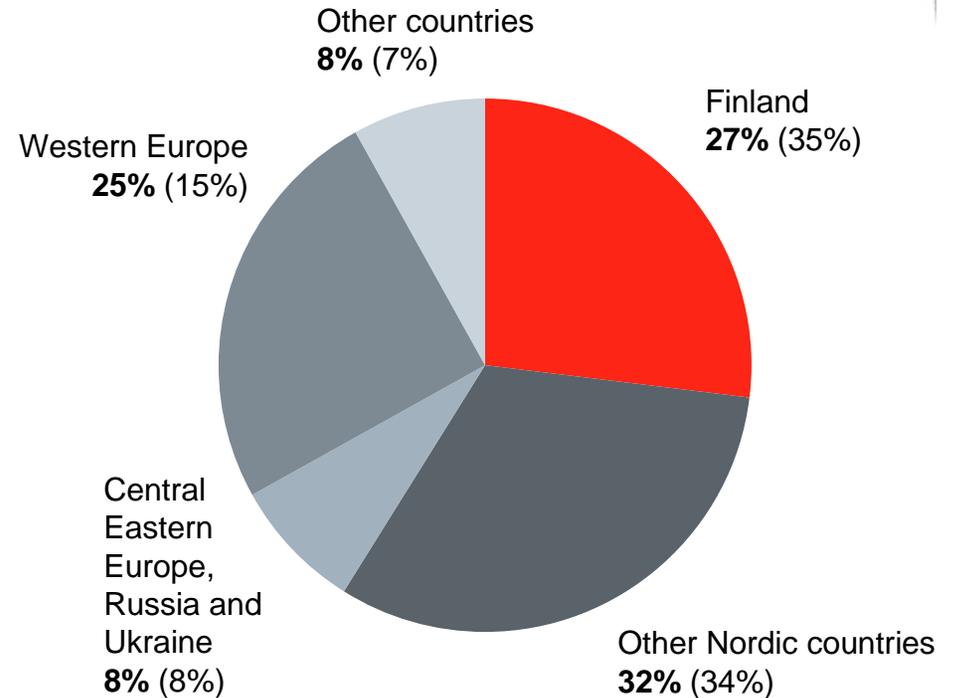
Steel business: - Overall demand improved

Net sales by product group,
rolling 12 months, €m



- Special steel products
- Customised steel products
- Price-sensitive steel products
- Stainless steel and aluminium

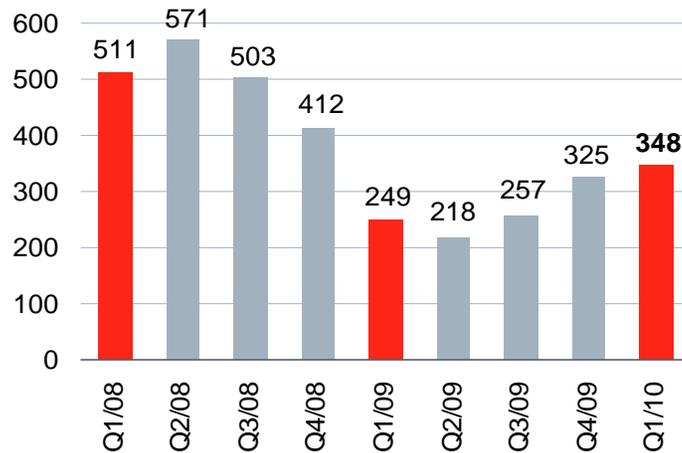
Net sales by region
Q1/2010 (Q1/2009)



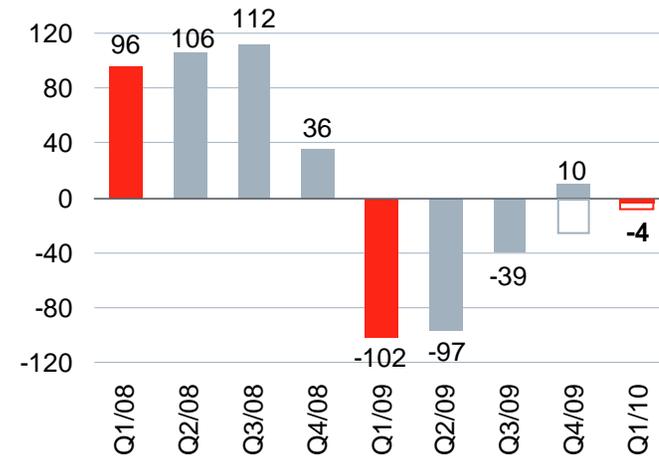
Steel business:

- Net sales up 40% year on year

Net sales ^{*)}, €m



Operating profit ^{**)}, €m



Key points of report period

- Continued recovery in demand and clear growth in delivery volumes during report period
- Sales of special steel products improved somewhat better than other product groups
 - Distribution agreements i.a. in Brazil, Turkey and China
- Selling prices were clearly lower y-on-y and at roughly the same level as during Q4/2009
- Order backlog at end of report period more than double that a year earlier

○ Q4/09 and Q1/10 excl. emissions allowance trading ^{***)}

^{*)} Comparable ^{**)} Comparable, excluding non-recurring items

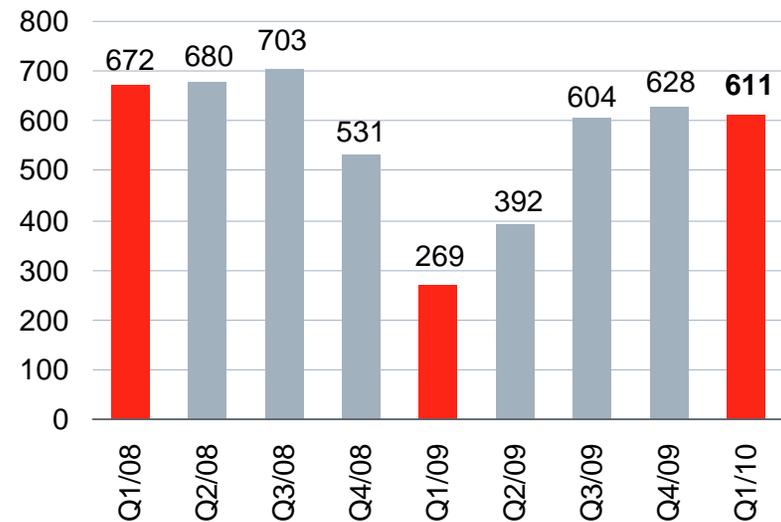
^{***)} Emissions allowance trading: Q4/09: €31m, Q1/10: €4m

Good utilisation rate in steel production

- Steel production in Q1 was 611k tonnes (269)
- In early April, one of the two blast furnaces at the Raahe Steel Works was shut down for modernisation
 - the blast furnace will be idle for about two months and is expected to take between four and six weeks from start-up to return to normal production

Steel production

1,000 tonnes



Looking ahead



Improved outlook for 2010 in Finland, Russia, CEE and USA

Industrial production and gross fixed investment growth forecasts
- Forecast for 2010 in March/April 2010

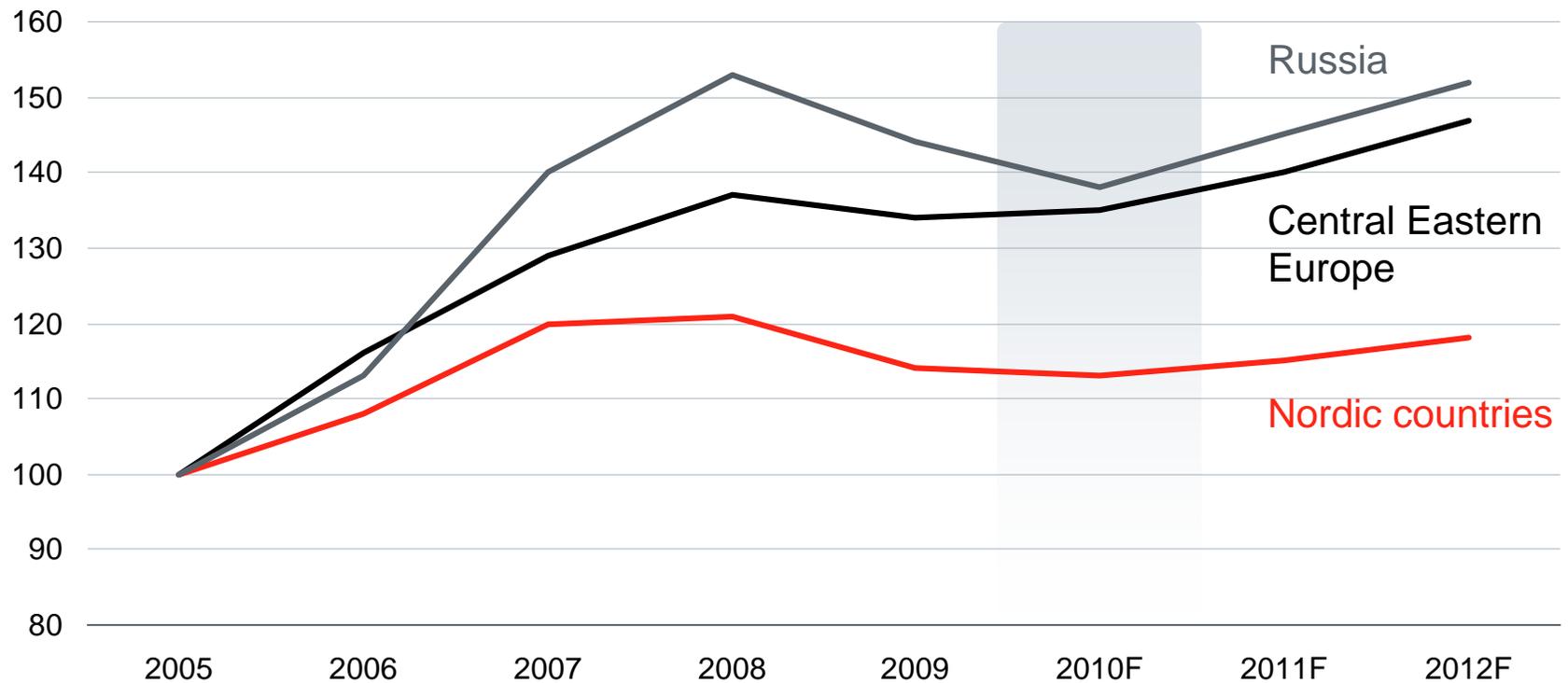
	Industrial production, % change from 2009	Change since December 2009 forecast *)	Fixed investment %-change from 2009	Change since December 2009 forecast *)		Industrial production, % change from 2009	Change since December 2009 forecast *)	Fixed investment %-change from 2009	Change since December 2009 forecast *)
Finland	2.9	+0.8	-2.7	+1.6	Poland	5.2	+0.9	2.0	+0.8
Germany	4.6	-0.4	1.4	-1.0	Czech R.	3.9	+0.1	-0.2	-0.1
Sweden	4.4	-0.4	-2.0	-0.3	Slovakia	6.2	+1.5	2.8	0.0
Norway	2.4	-0.5	-2.0	-1.3	Romania	3.5	+0.9	1.7	-0.3
USA	4.9	+0.8	1.6	+2.0	Russia	5.6	+0.4	5.2	+0.2

Source: Consensus Economics, April 2010 (USA, Germany and Nordics) and March 2010 (Poland, Czech R., Slovakia, Romania and Russia)

*) Change since December forecast, direction and change in percentage units

Worst of construction market downturn is over

Construction markets *)
2005=100

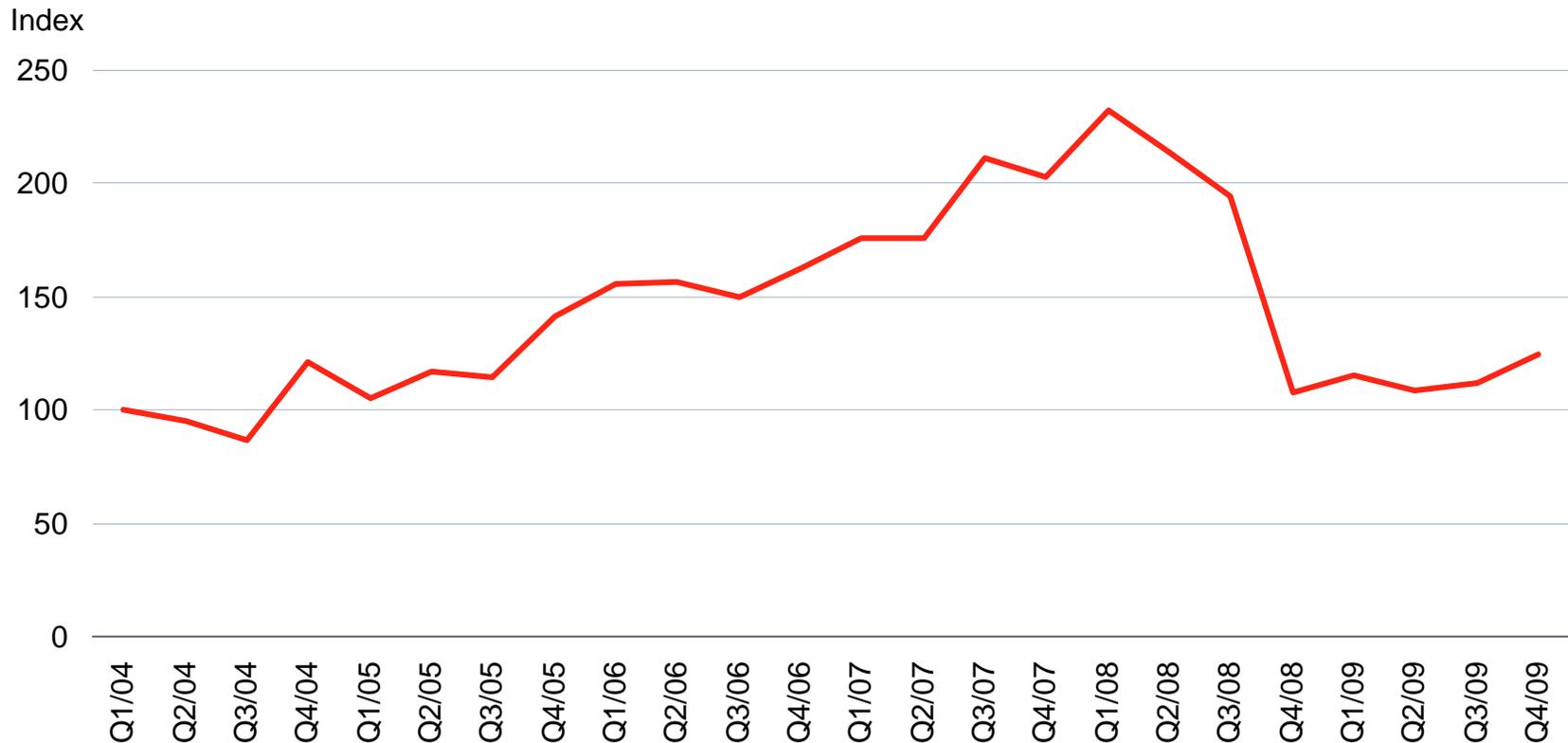


Source: Global Insight 3/2010

*) In value terms, includes both renovation and new construction

Order intake of main engineering customers stabilised

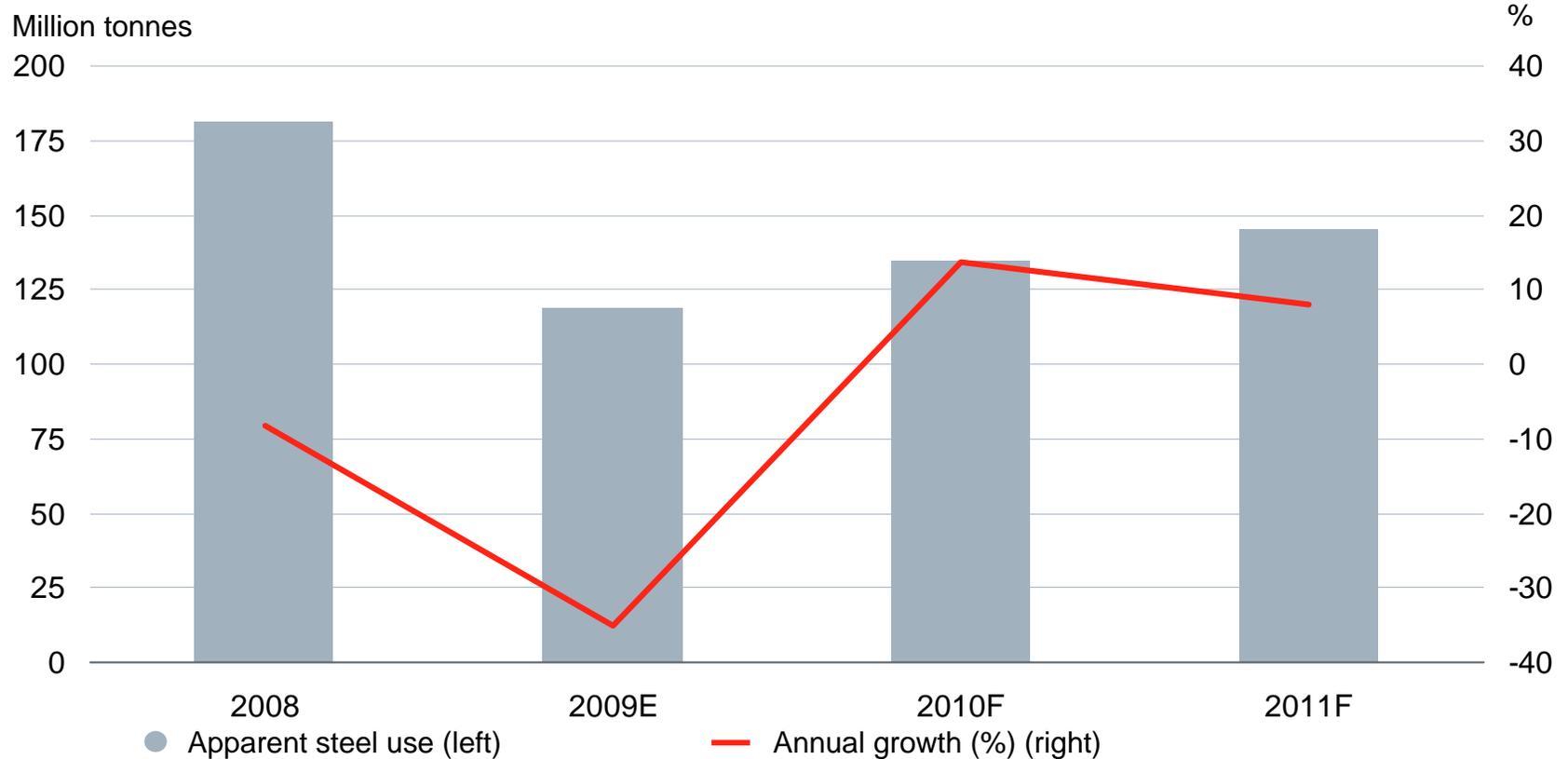
Order intake of main customers
Q1/04-Q4/09



Sources: Company reports - Konecranes, Cargotec (Hiab, MacGregor, Kalmar), Metso Minerals, Wärtsilä, Andritz Pulp & Paper, Atlas Copco Construction & Mining Equipment

Steel use in Europe forecast to grow by around 14% in 2010

Apparent steel use in EU-27 region
2008-2011F

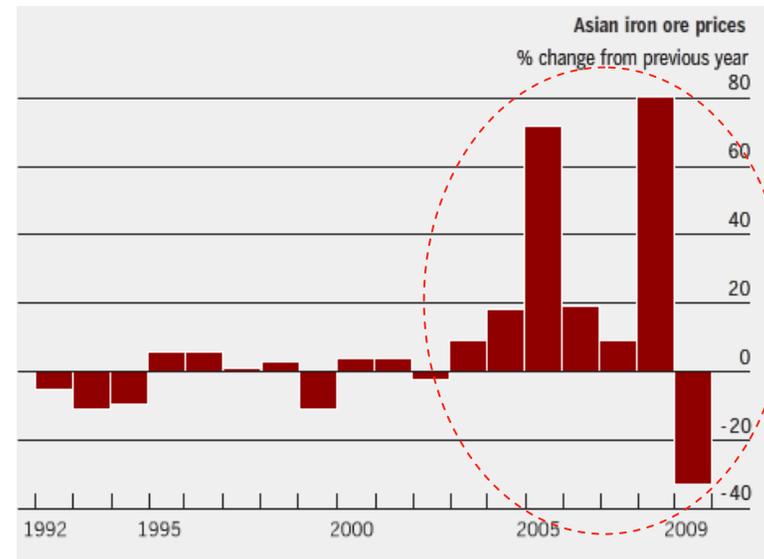


Source: Worldsteel, April 2010

Price rise of raw materials used in steel production and possible change in pricing mechanism

- No new price agreements have yet been made regarding main raw materials used in steel production
- Clear rise in prices is expected
- Higher costs will be offset by increasing selling prices and improving cost-efficiency
- There is a possibility of a shift from annual pricing to quarterly or even spot pricing
 - such a change would increase fluctuation in the company's raw material costs in steel production
 - and volatility in the whole supply chain

Annual change in iron ore benchmark price, 1992-2009, %



Source: Financial Times 31 March 2010

Near-term outlook (1/2)

BUSINESS AREAS

Ruukki Construction

- Worst of construction market downturn is thought to be over
- Construction activity in Nordic countries and in several countries in Central Eastern Europe is expected to stabilise
 - but to further decline in the Baltic states and Hungary
- It is believed residential construction will grow in Nordic countries and Russia
- Difficult market conditions persist in commercial and industrial construction in nearly all market areas
- Good infrastructure construction activity in Nordic countries is expected to continue

Ruukki Engineering

- Market conditions still challenging, no significant change is yet expected in Q2
- Demand in lifting, handling and transportation machinery and equipment has stabilised at low level
 - Minor positive development in mining and forest machines and in demand for heavy cargo handling equipment
- Good long-term market outlook in equipment for energy industry
 - Demand is expected to recover from its current level during this year
- Demand in shipbuilding is expected to decline compared to previous year

Ruukki Metals

- It is believed delivery volumes and selling prices in the steel business will continue rising
 - Recovery of demand and rise in raw material costs support pricing
- Demand is expected to improve in heavy engineering industry and to continue to be good in automotive industry
- Delivery volumes of special steel products are estimated to increase compared to previous year
 - Expansion of company's distribution network in i.a. China and Turkey and into Brazil will support sales

Near-term outlook (2/2)

COSTS

- Prices of main raw materials used in steel production are expected to rise clearly
 - prices have yet to be agreed
- Thanks to actions initiated under the Boost programme to permanently improve operational efficiency, the company's cost competitiveness is significantly better than in previous years
 - actions initiated since the start of the programme are estimated to have an annualised impact on the company's profitability of EUR 142 million
- Low utilisation rate caused by modernisation of blast furnace 1 begun in April is expected to have a cost impact of around €20 million for Q2

Assessment of expected performance

- **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**

Summary

- Recovery of global economy expected to continue
- Clear growth in delivery volumes in steel business
 - it is believed delivery volumes and selling prices will rise further
- Severe winter weakened demand for construction, infrastructure construction continued at good level
- Clear decrease year on year in delivery volumes in engineering business
 - minor positive development in mining and forest machines and in demand for heavy cargo handling equipment
- Group order intake in March highest since October 2008
- Company's cost competitiveness significantly better than in previous years
- Strong financial position



NUIKKI
50 years
1960-2010

The logo features the word "NUIKKI" in a bold, red, stylized font. Below it, the number "50" is written in a large, red, serif font, with the word "years" in a smaller, red, sans-serif font to its right. At the bottom, the years "1960-2010" are written in a small, red, sans-serif font. The entire logo is set against a bright yellow background that curves into a dark, textured grey area on the right side.

Appendix

Key figures Q1/2010

€m	Q1/10	Q1/09	2009
Net sales	505	506	1,950
Operating profit (EBIT) *)	-36	-113	-306
as % of net sales *)	-7.2	-22.2	-15.7
Result before income tax *)	-44	-122	-342
Result for the period	-33	-90	-275
Earnings per share, diluted, €	-0.24	-0.65	-1.98
Return on capital employed, % **)	-11.5	14.5	-14.2
Gearing ratio, %	29.6	7.4	22.3
Gross capex ***)	34	40	161
Net cash flow before financing activities	-87	30	30
Personnel on average	11,525	13,460	12,664

*) Excluding non-recurring items, **) Rolling 12 months, ***) In tangible and intangible assets

Quarterly net sales and operating profit

€m	Q1/09	Q2/09	Q3/09	Q4/09	Q1/10
Net sales					
Ruukki Construction	132	145	164	147	109
Ruukki Engineering	125	75	63	49	47
Ruukki Metals	249	218	257	325	348
Corporate management	0	0	0	0	0
Consolidated net sales	506	438	485	521	505
Operating profit (EBIT) *)					
Ruukki Construction	-13	-9	-4	-22	-21
Ruukki Engineering	5	-2	-7	-11	-8
Ruukki Metals	-102	-97	-39	10	-4
Corporate management	-3	-4	-3	-3	-4
Consolidated operating profit	-113	-112	-54	-27	-36

*) Excluding non-recurring items

Ruukki Engineering: Mo i Rana unit

€m	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10
Net sales	25	8	10	6	49	5
Operating profit (EBIT)*)	-3	-6	-4	-3	-17	-2

*) Excluding non-recurring items

Exceptional items Q1/2010

€m	Q1/10
Writedown of stocks	-2
Actuarial losses related to employee benefit accounting (IFRS)	-2
Total	-4