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There was almost nothing positive to report about the global economy last year. The financial crisis in Europe calmed down or seemed to have remained in place, even though actions by the European Central Bank have eased risks in the banking sector - at least for the moment. Industrial competitiveness in Europe has further weakened and development would have been even worse without the strong input by Germany. The weakening in competitiveness is visible in the form of a low level of capacity in the manufacturing industry. In addition, construction activity slowed clearly towards the end of the year. In the steel industry, the "new normal" in Europe is reflected as considerably weakened demand and an estimated steel overcapacity of some twenty million tonnes. This is attributable not only to the prolonged crisis in Europe, but also to the slowdown in economic growth in China towards the end of the year. We at Ruukki need to find our position and niche and to identify growth areas in this business environment of permanent low demand. We consider the best growth opportunities to be in construction, especially in residential roofing products, and in products and solutions that improve energy efficiency. In the steel business, special steel products provide the best future outlook as regards both profitability and growth.

At EUR 2,789 million, comparable consolidated net sales for 2012 were almost at the same level as a year earlier. Net sales dipped slightly in the construction business and remained at the same level as a year earlier in the steel business. As regards market areas, growth was up in Russia and in certain special steel markets outside Europe. Profitability was weak in a difficult business environment and comparable operating profit was negative at -EUR 65 million. The decrease in operating profit year on year was due to the loss posted by the steel business. Order intake was up 3 per cent year on year at EUR 2,767 million. At year-end 2012, the order book was 17 per cent higher in the construction business and 6 per cent lower in the steel business than a year earlier. We were somewhat more successful with cash flow. Operative cash flow was good at EUR 172 million, which was a clear improvement compared to the previous year.

Permanent cost competitiveness through our EUR 100 million efficiency programme

The past year at Ruukki was strongly marked by adjusting operations to prevailing market conditions and improving long-term cost efficiency. Working together with the personnel, February saw us initiate an extensive study to improve operating efficiency and to achieve cost savings in our steel business. The aim is for profitable business also when production capacity is running at 80 per cent, which is low for the steel industry. In the spring, we also initiated an efficiency programme in our construction business because profitability in construction is still not on a sufficiently good footing. During the year, we also implemented other changes to improve profitability, especially in the loss-making project business. These changes included withdrawal from windpower deliveries.

We have progressed as planned with these extensive efficiency programmes. Last year, we achieved around EUR 20 million of our total savings target of EUR 100 million. Regrettably, also redundancies and temporary layoffs were required to ensure future operating conditions. I believe that these actions have given us a stronger foundation on which to succeed even in challenging market conditions and also made us more cost competitive than earlier. In today's business environment, we need to continue work on improving operating efficiency and focusing on those businesses where we have a competitive edge.

Our future focus is on the construction and steel businesses

Besides efficiency programmes, we also found it necessary to focus on those businesses where we

are able to build a competitive edge and future profitable growth. These strategic choices have also involved divestments. Over the past couple of years, we actively pursued a solution to develop our engineering business, Ruukki Engineering. In October, we agreed with CapMan funds to combine units of Komasa and Ruukki Engineering to form a stronger player, Fortaco. This arrangement took place during the last few days of 2012. The success of the new company is important for us both because of the development of sales of steel volumes and the expected return on invested capital.

I would like to thank all our shareholders, customers and business partners for their continued trust, confidence and cooperation over the past year. I also express my thanks particularly to all Ruukki's people for their great work in a tough business environment.

Our growth potential is in energy-efficient construction solutions and special steels

In 2013, we will be building on a new, more focused business structure. In future, our focus will be on developing the construction and special steels businesses. We still need to further improve our profitability, competitiveness and position in all our chosen business areas. Last year, energy efficiency was upgraded to one of three important areas of responsibility along with competence and safety. I am convinced that products and solutions that improve energy efficiency will provide the foundation on which we can build future profitable growth, because there is a growing demand for these in many of our market areas.

In construction, the focus is on residential roofing products, the Nordic markets and Russia, which is still on the growth track. Renewable energy and through it energy-efficient construction solutions form the basis for the longer term future. During the past year, we launched many new energy-efficient products such as Ruukki energy and Life panels for commercial and industrial construction. In Finland, for example, energy panels already account for one in four façade panels sold in certain thicknesses.

In the steel business, our focus is strongly on the growth of special steel products. Sales and expanding our distribution system are key to development on this front. The focus areas are on increasing the share of special products, which already have a good market share and strong position, and on expanding our distribution and partnership network in the emerging markets. The mining industry, heavy mechanical engineering, the automotive industry and construction are our main customer industries. In the steel business, success in constantly improving cost efficiency and in the Nordic markets is also important.

The global economic outlook continues to be uncertain. Neither can we expect any significant help for growth from a pick-up in the market. However, my expectations for 2013 are cautiously positive and I believe the business choices we have made and especially our actions to improve efficiency will pave the way for a clear improvement in profitability.

Sakari Tamminen
President & CEO
Rautaruukki Corporation

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RUUKKI IN 2012



Ruukki specialises in steel and steel construction. We provide customers with energy-efficient steel solutions for better living, working and moving. We have around 9,000 employees and an extensive distribution and dealer network across some 30 countries including the Nordic countries, Russia and elsewhere in Europe and the emerging markets, such as India, China and South America. Net sales in 2012 totalled €2.8 billion.

Our vision is to be an innovative and acknowledged provider of energy-efficient steel solutions to build a better living environment together with our customers.

Ruukki Construction

provides lifecycle- and energy-efficient steel structure solutions for commercial, office and industrial construction and port and transport infrastructure construction. In addition, we provide roofing products and services for single-family homes.

Ruukki Metals

provides special steel products, including high-strength, wear-resistant and special-coated products for demanding, energy-efficient applications. Steel service centres supply steel products and related prefabrication, logistics and storage services.

Financial Performance 2012



Steel business made a loss in a difficult market environment, clear improvement in consolidated cash flow.

Strategy



Ruukki's strategic focus is on construction and developing the special steels business.

Market Environment



Global economic growth slowed in 2012.

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VALUES

Ruukki's values describe our way to work and the things that are important to us. Values guide our choices and decision-making.

We take responsibility

- We are worth our customers' trust
- We keep our promises
- We work safely and responsibly



We work honestly and responsibly as individuals

We succeed together

We succeed together with our customers
We deliver results
We trust each other
We benefit from our multicultural expertise

We challenge tomorrow

We understand our customers' future needs
We are curious about new things
We quickly take action
We encourage continuous renewal and learning

We publish our annual report in electronic format only. You can download the Financial statements as pdf and the key figures as excel documents from our annual report material bank. Earlier reports are available in our annual report archive.

Our Corporate Responsibility report for 2012 has been published on our website at www.ruukki.com > Corporate responsibility.

The company's official name in English is Rautaruukki corporation (in Finnish: Rautaruukki Oyj). Rautaruukki uses the marketing name Ruukki. The company's share is quoted on NASDAQ OMX Helsinki (Rautaruukki Oyj, RTRKS).

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FINANCIAL PERFORMANCE



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Steel business made a loss in a difficult market environment, clear improvement in consolidated cash flow

January-December 2012 (2011)

- Net cash from operating activities was EUR 172 million (114)
- Order intake was up 3% at EUR 2,767 million (2,675)
- Comparable net sales were EUR 2,789 million (2,797)
- Comparable operating profit was -EUR 65 million (56), equating to -2% of net sales
- Comparable result before taxes was -EUR 103 million (22), equating to -4% of net sales

Dividend proposal

The Board of Directors proposes payment of a dividend of EUR 0.20 per share (0.50), to make a total dividend payout of EUR 28 million (69).

Estimate of the financial outlook for 2013

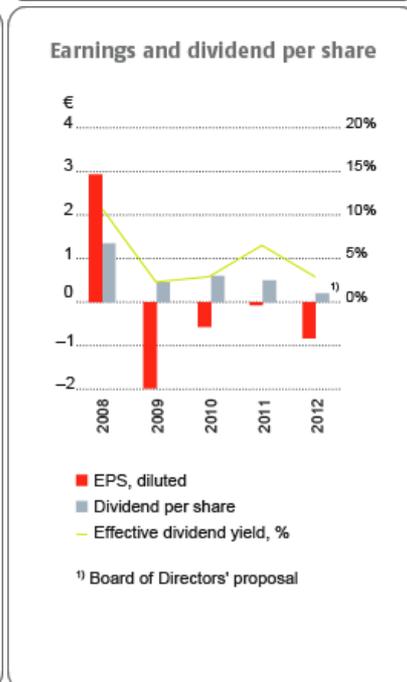
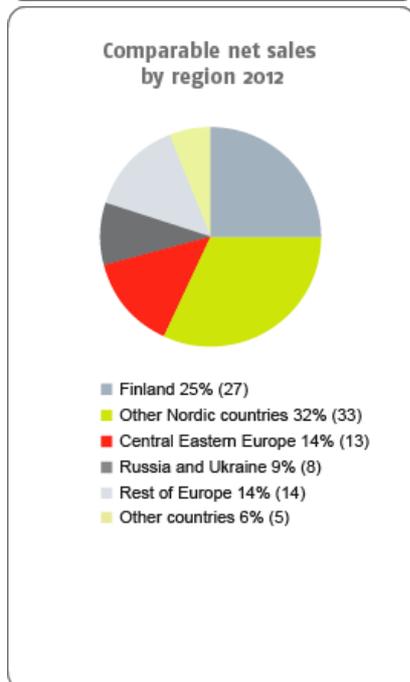
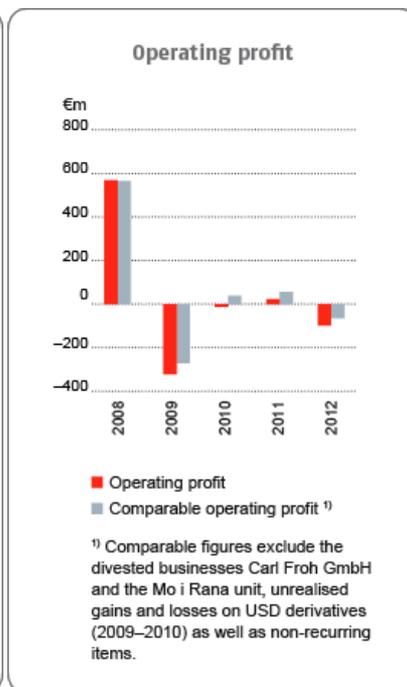
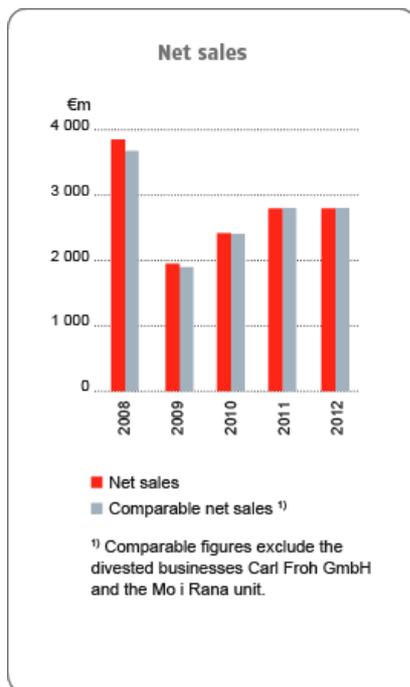
Comparable net sales in 2013 are estimated to be at the same level as in 2012. Comparable operating profit is estimated to improve compared to 2012 and to be positive.

Key figures

		2012	2011	2010	2009	2008
Net sales	€m	2 796	2 798	2 415	1 950	3 851
Operating profit	€m	-99	22	-12	-323	568
% of net sales	%	-3.5	0.8	-0.5	-16.6	14.7
Result before taxes	€m	-137	-12	-74	-359	548
% of net sales	%	-4.9	-0.4	-3.1	-18.4	14.2
Result for the period	€m	-116	-10	-79	-275	406
% of net sales	%	-4.1	-0.4	-3.3	-14.1	10.5
Return on capital employed	%	-4.8	1.3	-0.3	-14.2	25.6
Return on equity	%	-9.9	-0.8	-5.4	-15.9	20.7
Equity ratio	%	45.5	48.5	55.3	59.9	65.9
Gearing ratio	%	71.4	60.4	44.7	22.3	7.9
Net interest-bearing liabilities	€m	765	770	621	336	155
Net cash from operating activities	€m	169	114	-64	182	382
Gross capital expenditure *	€m	97	179	173	161	229

% of net sales	%	3.5	6.4	7.2	8.2	6.2
Research and development	€m	26	29	27	29	27
% of net sales	%	0.9	1.0	1.1	1.5	0.7
Net interest costs	€m	35	32	29	26	11
% of net sales	%	1.2	1.1	1.2	1.3	0.3
Total assets	€m	2 381	2 657	2 539	2 532	2 983
Personnel on average		11 214	11 821	11 693	12 664	14 953

* Gross investments in tangible and intangible assets



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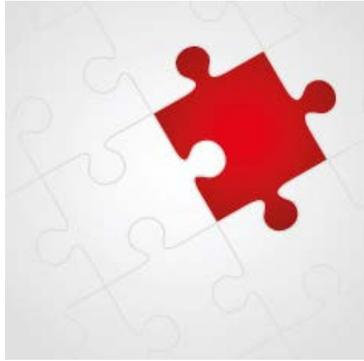
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STRATEGY



Vision

Our vision is to be an innovative and acknowledged provider of energy-efficient steel solutions to build a better living environment together with our customers.

Ruukki's strategic focus is on construction and developing the special steels business. We are pursuing growth in specialisation and emerging markets.

Focus areas

- cost competitiveness
- focus in the steel business on special steel products
- growth in the construction business – especially in Russia and roofing products
- growth focus on emerging markets
- strengthened competitive position
- product repeatability and balanced business structure
- innovations

Ruukki and funds managed by CapMan agreed in October to combine units of Komasa and units of Ruukki Engineering division to form a new company, Fortaco. The arrangement was finalised at the end of 2012. The formation of Fortaco means that Ruukki's strategic direction is now more focused than before.

The global economic outlook is uncertain. At Ruukki, economic uncertainty has been reflected especially in the fall in investment-decision-driven demand. However, in many of Ruukki's important market areas, such as Russia and the Nordic countries, economic growth is expected to remain relatively stronger than in many other European countries.

The construction market offers growth potential, especially in Russia and elsewhere in Central Eastern Europe. Growth is being pursued especially in residential roofing products and in the Russian market. Demand for Ruukki's residential roofing products is consumer driven and based mostly on renovation construction, the demand for which is significantly less dependent on economic business cycles than new construction is. The outlook for residential construction in Ruukki's most important markets is relatively good. Ruukki's strengths in roofing products also include a strong brand and product portfolio, and an own distribution network. In Russia, the location of Ruukki's production facilities in the immediate proximity of the Moscow expansion area is a major advantage. The plan is to further develop distribution and service concepts. Good business opportunities are also seen in energy-efficient construction, especially in northern Europe.

The main focus points in Ruukki's steel business are specialisation and strengthening market position in the Nordic countries. Strengthening our own international distribution and service network and our network of certified partners as well as growing our portfolio of special steels are key in the special steels business. Demand growth for special steels is outpacing that for standard steels both in the emerging and developed markets. The profitability of special steels is also better than that of standard grades. In the Nordic countries and Baltic states, the aim is to further strengthen the company's good market position. This is where steel service centres and prompt service have a key role.

Strengths

- focused range of products and services
- extensive sales and manufacturing network

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- strong foothold in emerging markets, especially in Russia and Central Eastern Europe
- energy-efficient solutions
- strong market position in the Nordic countries

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MARKET ENVIRONMENT



Ruukki Construction

Main market areas: Nordic countries, Russia, Central Eastern Europe and the Baltic states. Ruukki has a strong market position in all segments (commercial and industrial construction, residential construction and infrastructure construction) in Scandinavia and also in roofing products in Central eastern Europe.

Ruukki Metals

Strong position in core markets in the Nordic countries and Baltic states. Global, cutting-edge manufacturer of special steel products. Diverse range of services in steel service centres in Finland, Sweden, Norway, Poland and Russia.

Ruukki Engineering

Ruukki and funds managed by CapMan agreed in October 2012 to combine units of Komax and units of Ruukki Engineering division to form a new company, Fortaco. The transaction was finalised at the end of 2012.

With the Fortaco arrangement, Ruukki will in future focus on the construction and special steels businesses.

Competitive edges and competitors

Ruukki Construction

Competitive edges

- lasting customer relationships and a strong market position in the Nordic countries and Baltic states
- good foothold in growing markets in Central Eastern Europe and Russia
- Europe-wide production network
- innovative, energy-efficient products, solutions and services
- well-known brand, especially in residential roofing products
- strong project management expertise (design, project management and installation)
- infrastructure construction solutions, products and strong project competence that stand out from the competition
- strong materials know-how

We are pursuing a cutting edge by innovating new lifecycle- and energy-efficient solutions that promote safety and speed up and rationalise construction. We serve designers, investors and construction companies locally with a range of products and services based on international steel construction know-how. We focus on lasting customer relationships.

Competitors

- system suppliers such as Linda and LLENTAB
- steel frame suppliers such as Normek, Contiga and Polimex Mostostal
- component suppliers such as Kingspan, Trimo, Lindab, Weckman Steel, Metall Profil, Balex Metal and Blachy Pruszyński
- construction business of global steel companies
- small, local companies
- alternative construction materials

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Ruukki Metals

Competitive edges in special steels

- strong, growing customer base in Europe
- strong technology and materials expertise
- modern production capacity
- strong partner and distribution network

Competitive edges in the Nordic countries

- strong market position
- comprehensive prefabrication and processing services
- extensive, flexible distribution network
- steel products tailored to meet customer-specific needs

We help our customers to develop optimal end-products and work with customers to design new applications for steel.

Competitors

- manufacturers of special steel products such as SSAB, Dillinger Hütte and Salzgitter
- Nordic steel suppliers such as BE Group, Tibnor, Kontino and Norsk Stål
- international steelmakers such as ArcelorMittal, ThyssenKrupp and Tata Steel Europe

Business environment in 2012

Global economic growth slowed in 2012 largely because of the prolonged European debt crisis and a slowdown in economic growth in China. Economic activity weakened across the eurozone, especially towards the end of the year, and growth forecasts for Ruukki's important economies, such as the Nordic countries, were revised downwards during the course of the year. Many central banks introduced broad measures to stimulate economic recovery and these began to take effect during the second half of 2012. This was visible especially in a pick-up in the activity of economies outside Europe. Even though the weak economic climate in Europe was also reflected in the emerging markets, these markets shored up global economic growth. The driver of economic growth in Europe continued to be Germany, where the economic situation remained more stable than elsewhere in Europe. The economies grew in countries in Ruukki's main market areas outside the eurozone, such as Russia. Progress was made in managing the eurozone crisis during the second half of the year and yields on European countries' debt auctions fell as a sign of confidence gradually being restored in the financial markets.

Construction activity in Europe declined year on year as a result of the negative impact of the European debt crisis on investment demand. Also in Finland, construction volumes were lower than a year earlier, but moderate construction growth was seen in the other Nordic countries. Construction in Russia continued to grow briskly especially during the first half of the year, but the pace of growth slowed during the third quarter because of fewer international investments. Nevertheless, this slowdown in the pace of growth had no significant impact on growth at the annual level. Residential construction was up in Ruukki's markets in Sweden, Norway and Russia. Market activity in commercial and industrial construction was up in Ruukki's markets in Russia, Sweden, Norway and the Czech Republic. Driven by good order intake earlier in the year, Ruukki Construction's orders rose 5 per cent year on year.

In the engineering business, the markets in Ruukki's major customer segments remained at a good level during the first half of the year, with increased demand especially for mining industry machines and for equipment in the offshore industry. Likewise, demand for materials handling equipment was at a good level. However, during the second half of the year, orders in many of Ruukki's customer segments began to tail off and demand in Ruukki Engineering showed a clear downturn compared to the same period a year earlier.

Despite positive development in the early part of the year, apparent demand for steel products in the EU-27 region was down clearly compared to 2011. The prolonged European debt crisis, and especially growing concerns during the second quarter about slowing economic growth in China, gave rise to a sharp fall in the prices of iron ore and coking coal, the main raw materials used in steel production. The fall in prices did not level off until the end of the third quarter. Increased economic growth uncertainty coupled with the sharp fall in raw material prices resulted in steel end-customers and steel wholesalers destocking. This was reflected in a clear decline in demand for steel, especially during the second half of the year.

Market prices of steel products in Europe followed the price development of the main raw materials with a slight delay throughout the year. Inventory levels of steel wholesalers in Europe remained more or less at the same level as in 2011 during the first six months, but began to fall in July. Compared to sales, inventory levels fell during the fourth quarter of 2012 to a lower level than a year earlier.

During the fourth quarter, Ruukki Metals had to sell low-margin products outside its main market areas due to weakened demand. This was reflected in lower average selling prices compared both to the first nine months of the year and to the previous year. Order intake value in the steel business was down 4 per cent during the second half of the year compared to the first half. Nevertheless, order intake value in the steel business for the whole year was up 5 per cent. Because of contracts signed with raw materials suppliers and normal inventory turnaround, there is typically a delay of around one quarter before lower raw materials prices are reflected in Ruukki's production costs. This explains why the fall in market prices of the main raw materials did not begin to be reflected as lower costs in Ruukki's steel business until the fourth quarter.

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BUSINESS AREAS



Ruukki Construction

provides lifecycle- and energy-efficient steel structure solutions for commercial, office and industrial construction and port and transport infrastructure construction. In addition, we provide roofing products and services for single-family homes.



Ruukki Metals

provides special steel products, including high-strength, wear-resistant and special-coated products for demanding, energy-efficient applications. Steel service centres supply steel products and related prefabrication, logistics and storage services.



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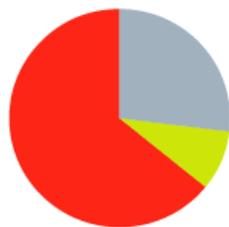
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Share of consolidated comparable net sales 2012



- Ruukki Construction 27% (27)
- Ruukki Engineering 9% (9)
- Ruukki Metals 64% (64)

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RUUKKI CONSTRUCTION



Lifecycle- and energy-efficient steel structure solutions for commercial, office and industrial construction, single-family houses, port and infrastructure construction. We offer customers the best end-result by combining competitive products and cost-efficient production with strong design and product management excellence. Our products are fast and safe to install and we provide services ranging from design support to installation.

Ruukki Construction employs around 3,300 people.

- solutions for single- and multi-storey commercial, office and industrial construction, including foundation, frame, roof and wall components
- system halls
- construction components such as sandwich panels, load-bearing sheets and façade claddings
- steel roofs, rainwater and roof safety systems and foundations for residential construction
- bridges, noise barriers and safety barriers
- piles, retaining wall structures and foundations for harbour construction

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Core business segments

- Commercial and industrial construction
- Residential construction
- Infrastructure construction

Customers, end-users and decision-makers

Investors in commercial, industrial, agricultural, logistics, office and sports centre premises, as well as energy companies, designers, architects, installation companies and contractors, residential roofing dealers, roofers and consumers.

Strategic choices

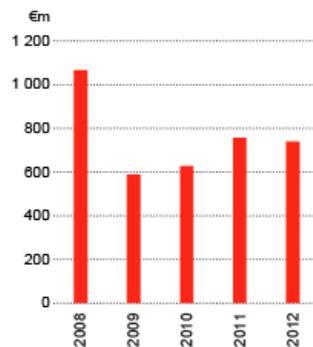
- Further improved efficiency in the construction process through energy-efficient solutions in commercial, office and industrial construction driven by end-user needs
- Strengthened market position with the aim of achieving market leadership or 2# position in core business areas
- Balance business cyclicity by growing in the areas of residential and infrastructure construction
- Growth in the Russian market

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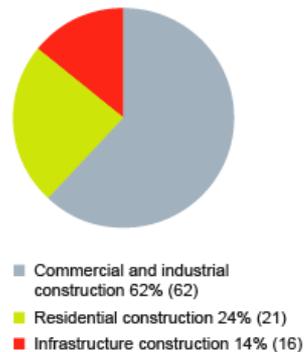
Comparable net sales Ruukki Construction



Net sales by region 2012 Ruukki Construction



Net sales by product group 2012 Ruukki Construction



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RUUKKI METALS



Ruukki is an internationally operating manufacturer of special steel products, with a portfolio that includes high-strength, wear-resistant and special-coated products. We are one of the leading manufacturers and suppliers of steel products in the Nordic countries and Baltic states. Our steel service centres in the Nordic countries, Russia, Poland and China ensure prompt, accurate deliveries, as well as the prefabrication of products to meet customer-specific needs.

Ruukki Metals - our steel business - is responsible for the manufacture of Ruukki's steel products and for associated prefabrication, logistics and storage services. The main focuses in the steel business are development of the special steel product business, cost efficiency and strengthening the market position in the Nordic countries and Baltic states.

In special steel products, Ruukki has both strong technological know-how and modern manufacturing capacity.

Wear-resistant steels prolong the useful life and lighten the structure of end-products, whilst reducing lifecycle costs. Applications include excavator buckets, cutting edges for earthmoving machines, wearing parts for mining machines, concrete mixers and wood processing machines, various base structures, feeders and funnels.

High-strength steels enable lighter, longer-lasting end-products, increased safety, lower fuel consumption and higher payloads. Applications include various vehicles, transportation equipment, tipper bodies, lifting equipment booms and containers.

We aim to grow the share of special steels to account for 60 per cent of the steel business during the next few years. Europe is our core market area, although we are also pursuing growth in the rapidly emerging markets such as China, Brazil, India and Turkey. The growth of, for example, construction and the mining industry in these markets will accelerate the demand for special steels.

In the Nordic markets, our strength lies in our extensive service centre network to ensure prompt accurate deliveries, as well as the prefabrication of products to meet customer-specific needs. We are strengthening our position by continuously developing our processes, further improving our customer service, delivery accuracy and the quality of our products and services throughout the supply chain.

Ruukki is a technological leader in its field. We have been working hard for a number of years to improve energy efficiency and reduce emissions. In recognition of our work on this front, we consistently rank highly in two Dow Jones Sustainability indexes (DJSI World and DJSI Europe). The indexes include top companies that are committed to sustainable development. Since 2000, Ruukki has developed direct quenching technology to enable efficient, high-quality production of high-strength and wear-resistant steel grades. Today, Ruukki is one of the world's leading users of direct quenching technology in steel production.

Ruukki Metals employs a total of around 5,400 people.

Products and services

Special steel products

- high-strength structural steels (Ruukki Optim)
- wear-resistant steels (Ruukki Raex)
- special-coated steels (Ruukki Litec, Ruukki Pural, Ruukki Purex, PVDF)
- protection steels (Ruukki Ramor)

Steel products

- hot- and cold-rolled steel products
- metal- and colour-coated steels
- tubes, bars, beams and profiles

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Other products and services

- stainless steel and aluminium sold as trading products
- product-related prefabrication, parts processing, logistics and storage services
- mineral products generated as by-products in steelmaking

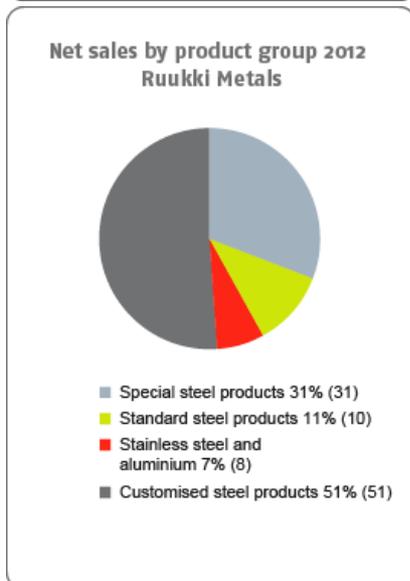
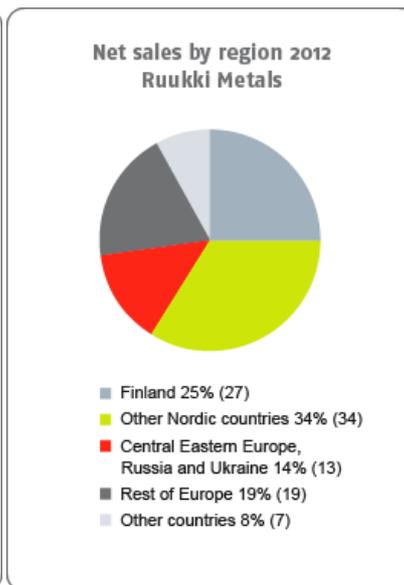
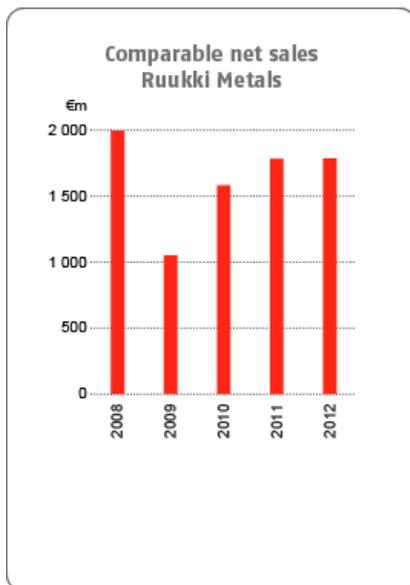
[Read more about our products and solutions](#)

Customers

- companies in the construction, engineering, transportation equipment and white goods industries
- steel suppliers

Strategic choices

- international development of sales and distribution of special steel products
- strengthened market position in the Nordic countries
- continuous improvement in cost efficiency



2012 ANNUAL REPORT

RUUKKI ENGINEERING



Ruukki and funds managed by CapMan agreed in October to combine units of Komatsu and units of Ruukki Engineering division to form a new company, Fortaco. The transaction was finalised at the end of 2012.

With the Fortaco arrangement, Ruukki will in future focus on the construction and special steels businesses.

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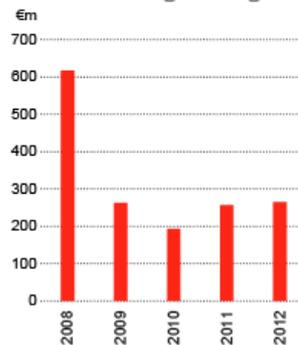
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Comparable net sales
Ruukki Engineering



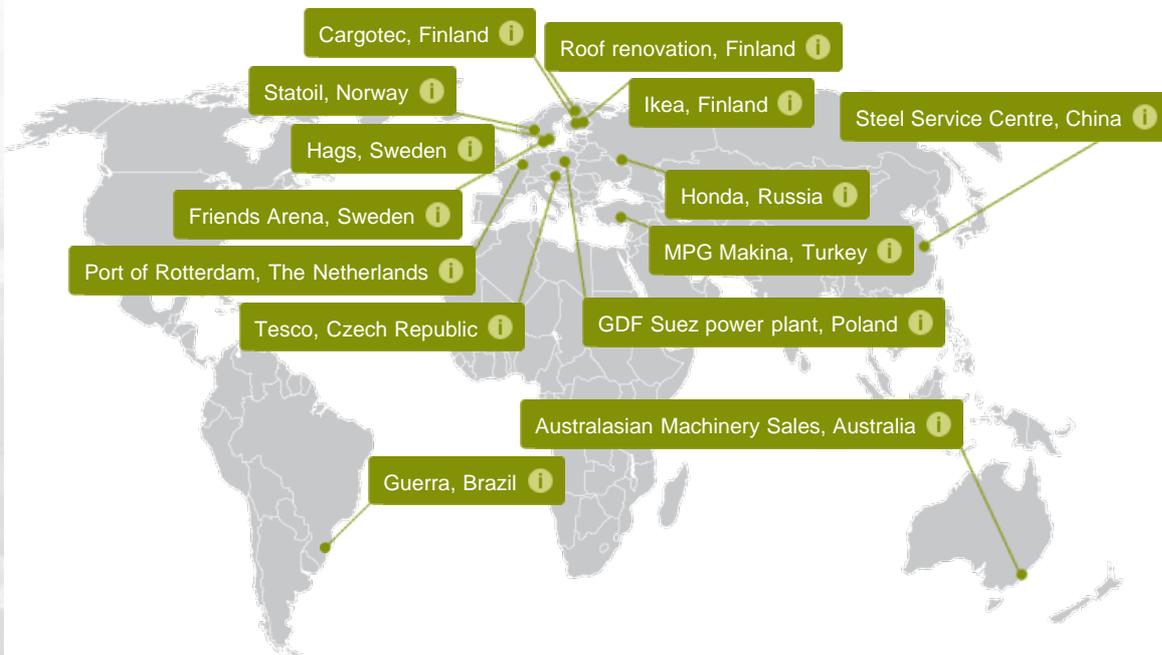
Net sales by customer segment 2012
Ruukki Engineering



- Manufacture of materials handling equipment 30% (36)
- Manufacture of construction and mining industry equipment 15% (15)
- Energy and Offshore 35% (21)
- Shipbuilding 6% (11)
- Other 13% (18)

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CARGOTEC'S TECHNOLOGY AND COMPETENCE CENTRE

Cargotec has built a new technology and competence centre in Tampere, Finland. The design stage sought to minimise the environmental impacts of the building, which ranks among the most energy-efficient office buildings in Finland. Airtight construction reduces running costs, improves energy class and also cuts carbon dioxide emissions.

The outside wall of the technology and competence centre is a mosaic of Ruukki energy panels in 13 different colours covering a total of 5,000 square metres. Whilst the use of energy panels is cost efficient, the solution chosen in this case required more planning compared to a single-coloured façade because colouring had to be taken into account at many stages in the construction process. The process involved careful consideration of production shifts, transport and installation sequence, for example. The energy panels were made at Ruukki's plant in Alajärvi, Finland. Delivery also included services such as preparing element design and installation diagrams.

Ruukki guarantees the airtightness of its energy panels. Cooperation with other construction workers, such as roof and frame installers, is required to ensure airtightness. Only authorised installation firms may install energy panels.



A RUUKKI ROOF IS WORRY-FREE

Heavy snowfall during the past few winters has revealed all kinds of problems and faults in the roofs of old, single-family houses. Artturi Mäki decided to make sure his roof was sound once and for all. He and his family moved into the house, which was built in 1964, four years ago. The house still had the original roof.

Buying a Ruukki roof couldn't be easier and you don't need to be a master builder. When the salesperson came to measure up the size of Artturi Mäki's roof, he left a printed quote to repair the roof. All the structural solutions, scope of delivery and extra work were detailed and gone through at the quotation stage. The installation date and price were also agreed together.

Since roof renovation is much more than just replacing steel, Ruukki's professionals also suggested extra ventilation and new ducts in the structures. The roof was completely replaced and restored to its original colour. Ruukki's installation service took care of the whole process from quotation to final clean-up.



IKEA IN KUOPIO

Ikea's new store in Kuopio, Finland has been designed to withstand the passage of time and to save energy. Ruukki energy panels, naturally in Ikea blue, were delivered to clad the walls of the building. Ruukki has also played a part in the construction of other Ikea home furnishing stores, but the Ikea in Kuopio is the first to use Ruukki energy panels. Thanks to energy panels, the airtightness of a building is four times greater than the minimum requirements of the National Building Code of Finland.

The consumption of heating energy decreases and the carbon dioxide emissions resulting from building use are lower than normal. Energy consumption is around 30 per cent less than in other similar buildings. Lower energy requirements mean the outlay on energy panels can be recouped in between six months and two years.

Energy panels are prefabricated airtight elements, the airtightness of which is based on the joints of the panels and building parts. An installation firm certified by Ruukki is needed for installation. More LEED and BREEAM credits can be achieved using Ruukki energy panel system. Ruukki takes responsibility for airtightness, which is tested once the building has been completed. Source: [Inline magazine](#)



RUUKKI'S STEEL SERVICE CENTRE

Ruukki opened a steel service centre in Shanghai, China to provide Chinese customers with even better service than earlier. The service centre has a range of products to meet the needs of the local market.

The role of steel service centres is to supply customised prefabricated products or to make prefabricated steel parts. Ruukki has six steel service centres in Finland, as well as a steel service centre in Halmstad in Sweden, Oslo in Norway, Oborniki in Poland and St Petersburg in Russia.

The centres provide a range of various prefabrication and processing services including cutting, welding, bending and surface treatment. Steel service centres do away with the need for customers to invest in cutting equipment or to store material, thus enabling customers to free up capital and premises for their core business. This also saves time since the customer has fewer processing stages and cutting quality and precision improve. A steel service centre assumes responsibility for a certain part of the customer's supply chain and delivers ready-to-weld parts or components to the customer's schedule.

These centres provide a wide range of prefabrication services and upgrading processes for Ruukki's products to customer wishes by, for example, making components from metal parts for use in prefabricated machines and equipment.

Ruukki presented its special steels and the product range of the new service centre at the Bauma China trade fair in Shanghai in November 2012.



HONDA CAR CENTRE

Economic growth in Russia has fuelled demand for Ruukki's quality system hall solutions for car showrooms, logistics premises and agricultural buildings. Ruukki's Spider-V hall is market leader in Russia. The concept has been on the market for a number of years and has been constantly developed to respond to customer needs. System halls have quickly grown into one of Ruukki's leading businesses. A simple structure makes it easier to modify the length of a hall.

The Spider model combines speed and simplicity. Modern solutions make for short delivery times and low transport costs. Ruukki is not only able to erect various halls, but can also provide added value and comprehensive service. Environmental aspects and energy efficiency are also highlighted. A hall can easily be taken down if required and the steel recycled.

Ruukki's own sandwich panel plant makes airtight panels to promote energy efficiency whilst ensuring the high quality indoor air. Ruukki has long-term plans to expand exports of Spider-V halls outside Russia and already has a number of customers in Belarus and Kazakhstan.

Use of Ruukki's Spider-V system hall solution enabled Honda to quickly and efficiently erect a car centre in the city of Kursk, in Russia.



MPG MAKINA - HIGH STRENGTH STEELS IN MOBILE CRANES

The Turkish company MPG Makina İmalat San. Ve Tic. A.Ş (MPG) has been making farming machinery and cranes in the city of Konya since 1994. Recent years have seen the company rapidly expand sales both in Turkey and worldwide. Quality is MPG's most important criterion in all operations.

To be able to establish a foothold on the Russian market, MPG needed quality, optimum materials for its products. High-strength steels with excellent impact strength are required to withstand the harsh Russian climate. Also required is a reliable supplier with sound logistics and capable of providing really lasting materials. Ruukki was chosen as the steel supplier.

MPG uses high-strength Ruukki Optim 700 MC Plus and easy-to-weld Ruukki Optim 700 QL steels in its machinery. The mechanical and cold-forming properties of high-strength Ruukki Optim steels allow the manufacture of lighter and more energy-efficient products suited for high loads.



BIOMASS BOILER PLANT

GDF Suez Energia Polska's new power plant completed in Polaniec, Poland at the turn of the year is one of the world's largest power plants fuelled by biomass. The new power plant unit is around 2,500 square metres and, at a height of 67 metres, is almost as tall as a 20-storey building.

The new unit is an extension to what is already the largest power plant in southeast Poland and produces green energy alongside GDF Suez Energia Polska's coal-fired plant already in operation on the same site. The entire power plant has an annual output of over 7 TWh of energy, enough to supply over 2 million households with electricity.

Ruukki supplied the steel structures and foundations, including installation, for the boiler house and auxiliary buildings. Designing and manufacturing industrial plants is always a challenge because the structures must be able to withstand heavy loads. In this project, the exceptionally tight schedule provided an additional challenge. Design expertise and project management also play an important role in choosing the most effective solution to give the customer best overall value for money.



AMS'S TRAILERS

It's not worth using just any material for demanding transport applications as Australasian Machinery Sales (AMS), a maker of trailers and trailer equipment, can testify. The company chose Ruukki Raex wear-resistant steel for its products. To remain competitive, trailer manufacturers must be able to increase the payload of their products and cut fuel and operating costs. Use of Raex wear-resistant steel enables AMS to prolong the useful life, lighten the structures, increase the payloads and lower the fuel costs of its trailers.

Ruukki Raex has more resistance to wear than the steels normally used to make trailers. Use of wear-resistant steel means lighter trailers, which translates into cost savings for end customers. In addition, Ruukki's special steels are easily machinable, very wear-resistant and come with an excellent finish.

Ruukki's special steels are in demand even as far away as Australia and Ruukki's sales office in Melbourne serves customers in both Australia and New Zealand.



GUERRA'S TIPPER BODIES

The Brazilian company Guerra is one of the largest manufacturers of tipper bodies in Latin America. The company has around 100,000 customers and exports products to some 16 countries. Guerra and Ruukki have been working together since 2007. Guerra uses Optim 700 MC high-strength steel in the chassis structure and reinforcements of its tipper bodies and Raex 300 wear-resistant steel in the cargo boxes of its trains. Ruukki's high-strength and wear-resistant steels increase the durability and useful life of the end products.

Weight is an important cost factor in the haulage industry: the lighter a tipper body, the lower the fuel consumption. Use of Ruukki's steels enables Guerra to make lighter products that can carry up to 4% higher payloads on each trip compared to earlier. When payloads increase, the number of trips can be reduced and thus fuel consumption decreases.



TESCO RETAIL STORE BUILDING

The British retailer Tesco wanted a new look for its stores in Central Europe. The first building to get a facelift was the Čelákovice shopping centre. Tesco wanted to give the building an architectural facelift because the old corrugated outside wall materials made it look like an industrial hall. A new elegant look was achieved using Ruukki's RSP Liberta Grande rainscreen panels with a stiffened backing. The standard depth and vertical and horizontal joints of the panels are 25 millimetres.

Ruukki was also involved in three other Tesco shopping centre refurbishment projects in the Czech Republic by installing supermarket roofs and wall panels, which improved the buildings' energy efficiency. Tesco's buildings not only now have a new look, but also exceed the requirements of building regulations in the Czech Republic.



PORT OF ROTTERDAM ENLARGEMENT

The Port of Rotterdam has now been enlarged by reclaiming 2,000 hectares of land from the North Sea. Ruukki delivered ready-to-install pile components for two combi walls to BAVO Kadenmuren, which was responsible for building the quay walls.

Delivery included large diameter primary piles fitted with factory-welded interlocks for the combi walls. Delivery was made to a tight schedule. The decision to use high-strength steels not only reduced the amount of steel required for the project, but also significantly cut overall project costs.



SWEDEN'S NEW NATIONAL STADIUM

Friends Arena in Stockholm, Sweden is one of the largest multipurpose stadiums in Northern Europe and capable of seating up to 65,000 people. Thanks to its retractable roof and interchangeable arena floor, Friends Arena can be transformed to host a wide range of diverse events throughout the year. Ruukki delivered the steel pipe piles, was responsible for the manufacture and installation of the load-bearing steel structures and for the delivery and installation of the roofing elements for the arena.

Ruukki Optim high-strength special steels, among others, were used to manufacture the load-bearing truss structures of the arena. Use of special steels considerably reduced the steel requirement and thus resulted in clear cost savings. Sweden's new national stadium is in Solna, in the suburbs of Stockholm, where the largest shopping centre in Scandinavia, Mall of Scandinavia, will be completed in autumn 2015. Ruukki is providing the steel structures for the shopping centre.



HAGS CLIMBING FRAMES

The Swedish company Hags has designed its climbing frames to please the eye and to provide a profusion of challenges for young climbers of all levels. The company uses Ruukki's steel in its playground systems because it can be bent and lengthened to give Hags endless opportunities to make new ideas a reality. Over a tonne of high-strength, galvanised precision tubes, structural tubes and cold-formed sections are used each year to make the frames. Tube machinability is second to none because good elongation values means the tubes can be strongly bent.

Hags' engineers and designers work closely with Ruukki's specialists. The importance of teamwork is underscored at the product development stage. A long-standing partner results in the right materials quickly being found for various products and applications. Hags climbing frames are known around the world and used by children in over 60 countries.



STATOIL'S OFFICE IN FORNEBU

Statoil's new regional office is nearing completion at Fornebu on the outskirts of Oslo, the Norwegian capital. The steel trusses for this massive building were made at Ruukki's sites in Ylivieska and Oulainen in Finland and were transported by lorry to Oslo.

The new building has nine storeys and is a unique piece of architecture. The building consists of five separate rectangular wings that form a star. Weighing in at 1,250 tonnes, the largest mobile crane in the Nordic countries was required to install the structures.

The prefabricated steel elements were welded together on site before being lifted into place. The welds were challenging and checked using ultrasound. The project was a challenging one because of the sheer size of the structures. Skanska AS, the customer, was very pleased with the solutions Ruukki chose because they speeded up the construction process and also saved costs. With demanding construction projects such as this, it's important for Ruukki to become involved already in the early stages to ensure innovative solutions to meet customer needs.

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CORPORATE RESPONSIBILITY IN 2012



The objective of corporate responsibility is to ensure long-term business conditions from the financial, social and environmental aspects. The promotion of energy efficiency and the continuous development of competence and safety are focus areas of corporate responsibility at Ruukki. The achievement of financial targets and compliance with the Code of Conduct create a platform for corporate responsibility work around our focus areas.

Ruukki is publishing a separate [Corporate responsibility report 2012](#).

We see energy-efficient operations and products, together with competence and safety, as increasingly important business aspects. We have received recognition on this front and rank among the top companies in our industry committed to sustainability.

Ruukki is pursuing a strong market position in its business areas. This imposes high standards on, for example, competent people and the development of energy-efficient products. We strive to continuously improve various aspects of our operations in line with our values: we take responsibility, we succeed together and we challenge tomorrow.

We reviewed the materiality analysis of responsibility

Our work on the responsibility front is driven by our own people, customers and partners and on the expectations of our owners and stakeholders.

In 2012, we reviewed the materiality analysis of corporate responsibility. The most important aspects of our corporate responsibility work are energy efficiency, competence and safety. In addition, we developed stakeholder analysis around these focus areas.

Main objectives of corporate responsibility at Ruukki

Main objectives by focus area

Some of our achievements in 2012

Energy efficiency

- Business support by providing solutions to customers' environmental challenges
- Improved energy efficiency in own operations

- New Ruukki energy panel system improves the airtightness of customers' buildings and enables 30% savings in heating costs. Already a quarter of the sandwich panels sold in Finland are energy panels.
- Energy efficiency actions at Ruukki's sites helped to save €1.7 million by cutting energy consumption by 67 GWh and by rationalising processes.

Competence

- Increased product development and manufacturing technology competence in special steels
- Strengthened sales skills
- Effective, extensive on-line training of our own people and partners increased training coverage – 282 persons from 19 countries took part in updated product training in autumn 2012.
- Extensive sales training in Russia, a strategically important market area for Ruukki, considerably improved sales results and successfully doubled the number of customer visits.

Safety

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- Decrease in total number of injuries
- Creation of a better safety culture than earlier at each site
- 101 fewer injuries at work (424 -> 323). Adoption of a new safety indicator, total recordable injury frequency, which better describes occupational safety since it includes all injuries requiring professional medical attention.
- Accident-free Ruukki workshops held at different sites focused on the personal importance of safety and made an accident-free Ruukki a common goal.

How responsibility is managed

In practice, all our different business areas, support functions and sites work are involved in corporate responsibility at Ruukki. This ensures that corporate responsibility is a key element of Ruukki's everyday business activities.



Our operations are driven by:

- Our values
- Corporate governance
- Code of Conduct
- Corporate strategy

Ruukki's revised Code of Conduct entered into force at the start of 2012.

Responsible business activities are also driven by:

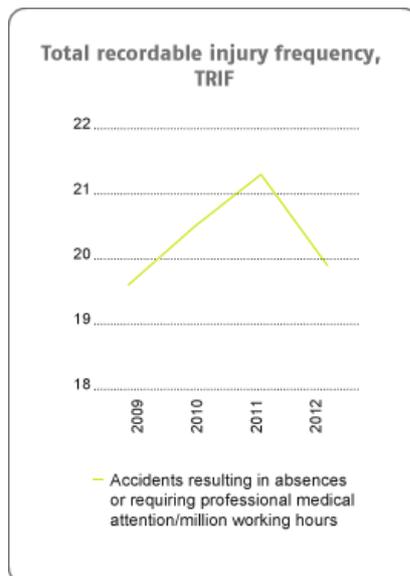
- Safety management principles
- Environmental policy
- Quality policy

The company's production sites operate in compliance with certified ISO 14001:2004 environmental management and ISO 9001:2000 quality management systems, which cover 99 per cent of production.

Significant recognitions and events in 2012

In 2012, Ruukki continued to rank among the world's top steel companies committed to sustainable development in the Dow Jones Sustainability index. Ruukki's innovation received a number of awards. Energy efficiency was strongly profiled in both brand renewal and in new products alike. Ruukki promoted green building by joining the Nordic sustainable building programme and by holding a steel structure design contest.

[Read more about significant recognitions and events in 2012](#)



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CORPORATE GOVERNANCE

Good governance supports business

Rautaruukki Corporation's Corporate Governance Statement has been prepared in compliance with the Finnish Corporate Governance Code 2010 and with the Securities Markets Act. The Statement also covers other core areas of governance and is issued separately from the report of the company's Board of Directors.

[Corporate Governance Statement 2012 \(pdf, 0.53MB\)](#)
[Remuneration report](#)
[Board of Directors](#)
[Corporate Executive Board](#)
[Risk management](#)

Regulatory environment

Rautaruukki Corporation is a Finnish limited company and the responsibilities and obligations of its management bodies are provided by the law of Finland, the company's Articles of Association and principles of corporate governance determined by the company's Board of Directors.

Corporate governance and decision-making at Rautaruukki are in compliance with the Limited Liability Companies Act - Finland, other similar legislation, other rules applying to publicly listed companies, the company's Articles of Association and rules and regulations applying to listed companies issued by NASDAQ OMX Helsinki Ltd and the Financial Supervisory Authority (FIN-FSA). In addition, Rautaruukki complies with the Finnish Corporate Governance Code 2010 published by the Securities Market Association.

An unofficial English translation of the Finnish Corporate Governance Code is in the public domain and may be viewed on the Securities Market Association website at www.cgfinland.fi.

Rautaruukki's Board of Directors' Audit Committee and Board of Directors have considered the Corporate Governance Statement. The company's auditor, KHT audit firm KPMG Oy Ab, has checked that the statement has been issued and that the main features of the internal control and risk management systems relating to the financial reporting process in it are consistent with the company's financial statements.

Rautaruukki prepares consolidated financial statements and interim reports in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU, the Finnish Securities Markets Act, as well as the Finnish Supervisory Authority's standards and the stock exchange rules of NASDAQ OMX Helsinki Ltd. The Board of Directors' report and the parent company's financial statements are prepared in compliance with the Finnish Accounting Act and the opinions and guidelines of the Finnish Accounting Board.

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REMUNERATION REPORT

Remuneration at Rautaruukki is based on motivating the personnel to achieve the financial and operational targets in line with the company's strategy. The company aims to provide a competitive remuneration package to attract, motivate and retain talented key resources.

The remuneration of Rautaruukki's management is based on a monthly salary, benefits, a short-term performance incentive bonus and a long-term share-based incentive plan.

Decision-making

The Board of Directors decides the principles of remuneration and the remuneration of the company's President & CEO. The Board of Directors' Remuneration and HR Committee is responsible for management remuneration plans and the remuneration of the Corporate Executive Board. Remuneration reflects the company's financial performance and remuneration levels for similar positions in peer companies.

The Annual General Meeting decides the fees paid to members of the Board of Directors.

Remuneration of the President & CEO and other management

The remuneration of the President & CEO and other management consists of a fixed monthly salary, benefits (car, cell phone and, in some cases, housing benefit), an annual performance bonus and long-term incentive plans such as pension benefits and share-based incentive plans.

Performance bonuses – short-term incentive plans

The company's short-term incentive plan, the bonus plan, supports the achievement of corporate strategic and financial targets. The Board of Directors confirms the plan and its bonus conditions and criteria annually on the recommendation of the Remuneration and HR Committee.

Any bonuses payable to management depend on the financial targets - either corporate and/or divisional financial performance - set in the programme, as well as on the achievement of their team and personal targets. The maximum annual bonus is 50% of taxable annual salary, excluding performance bonus, for the CEO & President and 40% for other top management. Payment of a bonus is based on evaluation of the achievement of the targets set. The Board of Directors' Remuneration and HR Committee evaluates, and the Board of Directors confirms, the performance of the President & CEO. The direct supervisor evaluates the performance of other management, which his or her supervisor confirms.

Share bonuses – long-term incentive plans

The Board of Directors decides long-term share-based incentive plans and the Annual General Meeting decides the authorities regarding the purchase and transfer of own shares related to the programmes. Share ownership plans seek to align the objectives of shareholders and key employees to increase shareholder value and to commit key persons to the company.

Rautaruukki has had long-term share ownership plans as long-term performance incentive plans for management and key employees since 2000.

Share-based incentive plan 2011–2013

In December 2010, the Board of Directors decided to launch a new share-based incentive plan for 2011–2013. The plan aims to align the objectives of shareholders and key employees to enhance the value of the company, commit key employees to the company and to offer them a competitive reward plan based on ownership of shares in the company. The plan is targeted at 100 key employees.

The plan includes three one-year earning periods, which are the calendar years 2011, 2012 and 2013. Furthermore, the plan includes one three-year earning period, 1 January 2011–31 December 2013. The company's Board of Directors will decide on the earning criteria and the targets to be established for them at the beginning of each earning period. The bonus for the earning period 2012 was based on Rautaruukki's earnings per share (EPS) and return on capital employed (ROCE) and, for the earning period 2011–2013, on corporate strategic targets.

Any bonuses for the earning period 2011–2013 will be paid in 2014. The proportion to be paid in cash will cover taxes and tax-related costs arising from the bonus. The bonus payable on the basis of the plan during three years will not exceed three years' gross salary of the key person concerned.

The shares may not be transferred during the restriction period, which will end three years after the end of the earning period. Should a key person's employment or service in a group company end during the restriction period, he or she must return, gratuitously, the shares received to the company.

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Members of the Corporate Executive Board must hold shares also after the restriction period such that the total value of their shareholding corresponds to the value of their gross annual salary. Such number of shares must be held for as long as their employment or service in a group company continues.

The net sales growth for the year 2011 entitled the participants to 11.5% of the maximum reward, and therefore the key personnel received in spring 2012 in total 30,984 shares and the related taxes and other costs were covered. The bonuses awarded on the basis of the plan for the earning periods 2011 and 2011-2013 will equate to the value of a maximum aggregate of approximately 1,200,000 Rautaruukki Oyj shares, including also the proportion to be paid in cash. No share bonuses have been paid for 2012.

Persons covered by the share-based incentive plan do not participate in the employee profit sharing scheme.

Option programmes

Rautaruukki has no option programmes in effect.

Pension arrangements – long-term plans

The company's Finnish management comes under the Finnish Employees' Pension Act (TyEL) scheme, which provides for pension security based on years of service and earnings as stipulated by law. Under the Finnish earnings-based pension system, base salary, including taxable benefits, and bonuses are considered as earnings, but income from share ownership plans is not. The age of retirement is between the ages of 63 and 68 according to own choice.

The President & CEO is entitled to retire at the age of 60. He is additionally, at the age of 60, entitled to a defined benefit supplementary pension of 60% of average salary calculated during the past three years. Everyone covered by Section A of Rautaruukki's Pension Fund who has opted for a reduced retirement age retires at the age of 60. One member of the Corporate Executive Board belongs to this group. The amount of supplementary pension paid by the Pension Fund depends on the number of earning years and is generally between 30-60% of retirement pay. No new defined benefit supplementary pension plans have been introduced in the company since 2006.

Two members of the Corporate Executive Board have a defined contribution supplementary pension plan and one member has individual pension insurance. The defined contribution pension plan does not guarantee the level of future pensions, which depend on the pension insurance contributions made and the return on investments. The Board of Directors decides annually the supplementary insurance premium to the defined contribution plan as a percentage of annual salary.

The supplementary pension cost of the President & CEO amounted to €342,250 in 2012 (475 548). In addition, the President & CEO has an agreed severance pay package under which he is entitled to total severance pay equal to 24 months' salary if his contract is terminated by the company.

Remuneration paid to the President & CEO and to the rest of the Corporate Executive Board*)

The Corporate Executive Board had a total of 9 members, including the President & CEO, during 2012.

2012	Regular salary and benefits	Performance bonuses	Share bonuses	Supplementary pension premiums	Total €
President & CEO	656 406	78 750	37 228	342 250	1 114 634
Other Corporate Executive Board members	1 590 861	194 462	112 416	330 070	2 227 809
Total	2 247 267	273 212	149 644	672 320	3 342 443

2011	Regular salary and benefits	Performance bonuses	Share bonuses	Supplementary pension premiums	Total €
President & CEO	652 810	50 000	0	475 548	1 178 358
Other Corporate Executive Board members	1 376 268	153 000	0	63 725	1 592 993
Total	2 029 078	203 000	0	539 273	2 771 351

Fees and benefits paid to the Board of Directors

The Annual General Meeting decides each year the fees paid to the Board of Directors for one term of office at a time. The 2012 Annual General Meeting approved the following annual fees to the Board of Directors:

Annual fee in €	
Chairman	72 000
Deputy Chairman	44 000
Members	34 000

In addition, an attendance fee of €600 per meeting is paid for Board and Board Committee meetings. Travel expenses are reimbursed according to the company's travel rules.

In accordance with the resolution of the Annual General Meeting, 40 per cent of the annual fees are to be paid in the form of Rautaruukki Oyj shares which, under the resolution, must be purchased on the market within two weeks of publication of the company's interim report for the first quarter of 2012.

Fees paid to the Board of Directors	2012¹	2011²
Chairman	81 600	81 000
Deputy Chairman	54 800	52 400
Other members of the Board	220 400	211 400
Total	356 800	344 800

¹ 40% of the annual fees for 2011 was paid in the form of the company's shares on 28 April 2011, some of fees for the period of office are allocated to 2012.

² 40% of the annual fees for 2012 was paid in the form of the company's shares on 2 May 2012, some of fees for the period of office are allocated to 2013.

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BOARD OF DIRECTORS



Kim Gran

Chairman

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Hannu Ryöppönen

Deputy Chairman

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Pertti Korhonen

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Liisa Leino

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Matti Lievonen

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Saira Miettinen-Lähde

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Jaana Tuominen

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Kim Gran

Chairman

b. 1954

Chairman of Rautaruukki's Board (2012-)

Chairman of the Remuneration and HR Committee (2012-)

Independent member of the Board

BSc (Econ)

Nokian Tyres Plc, President and CEO (2000-)

Previous main occupations:

Nokian Tyres Plc, Car and Van Tyres, Vice President (1995-2000)

Pechiney Cebal (UK), Managing Director (1992-1995)

Cebal-Printal (UK), Plant Director (1988-1995)

Printal Oy-Huhtamäki, Marketing Director (1987-1988)

Gran-Transport Ltd, Director (1985-1987)

Other elected positions:

Ilmarinen Mutual Pension Insurance Company, Supervisory Board member (2006-2012),

Board member (2012-)

YIT Corporation, Board member (2008-)

Chemical Industry Federation of Finland, Vice Chairman of the Board (2007-)

Finnish-Russian Chamber of Commerce (FRCC), Board member (2006-)

Nokian Tyres Plc, Board member (2002-)

The Rubber Manufacturers' Association, Chairman of the Board (2001-)

Previous elected positions:

Konecranes Plc, Board member (2007-2012)

M-Real Plc, Chairman of the Audit Committee (2004-2008)

Rautaruukki shares:

1 January 2012: -

31 December 2012: 4,033



Hannu Ryöppönen

Deputy Chairman

b. 1952

Member of Rautaruukki's Board (2009-)
 Chairman of the Audit Committee (2009-)
 Independent member of the Board

BSc (Econ)

Previous main occupations:

Stora Enso Corporation, Deputy CEO (2008-2009)
 Stora Enso Corporation, Deputy CEO and CFO (2007-2008) and
 Senior Executive Vice President and CFO (2005-2007)
 Royal Ahold (the Netherlands), Executive Vice President and CFO
 (2003-2005)
 Industri Kapital Group (UK), Finance Director (1999-2003)
 Ikea Group (Denmark), Executive Vice President (1985-1999)

Other elected positions:

BillerudKorsnäs AB, Chairman of the Board (2012-)
 Hakon Invest AB, Chairman of the Board (2012-)
 Citigroup Inc., Nordic Advisory Board, member (November 2010-)
 Altor Fund III GP, Chairman of the Board (2009-)
 Amer Sports Corporation, Board member (2009-)
 Neste Oil Corporation, Board member (2009-)
 Novo Nordisk AS, Board member (2009-)
 Altor 2003 GP Limited and Altor Fund II GP Limited, Chairman of
 the Board (2005-)
 Value Creation Investments Limited, Board member (2003-)

Previous elected positions:

Korsnäs AB, Board member (2010-2012)
 Tiimari Plc, Chairman of the Board (2009-2011), Board member
 (2011-2012)

Rautaruukki shares:

1 January 2012: 2,053
 31 December 2012: 4,517



Pertti Korhonen

b. 1961

Member of Rautaruukki's Board (2010-)
 Member of the Remuneration and HR Committee (2010-)
 Independent member of the Board

MSc (Electronics Engineering)

Outotec Oyj, President and CEO (2010-)

Previous main occupations:

Outotec Oyj, Chief Operating Officer (1 October - 31 December 2009)

Elektrobit Corporation Plc, CEO (2006-2009)

Nokia Group, Executive Board member (2002-2006)

Nokia Corporation, Chief Technology Officer, Nokia Technology Platforms, Executive Vice President (2004-2006)

Nokia Mobile Software, Executive Vice President (2001-2003)

Various management positions in Nokia Mobile Phones (Senior Vice President, Global Operations, Logistics and Sourcing; Vice President, Manufacturing Europe; Project Executive; Vice President, R&D (1990-2001)

Micronas Oy, Vice President, Product Development (1990)

Nokia-Mobira, Design Manager (1988-1990)

Mobira, Design Engineer (1987-1988)

Other elected positions:

International Chamber of Commerce ICC Finland, Board member (2012-), Vice Chairman (2013-)

Finland Central Chamber of Commerce, Board member (2012-)

Foundation for Pediatric Research, Supervisory Board member (2012-)

Finland's External Economic Relations, Steering Group member (2012-)

The Federation of Finnish Technology Industries, Board member (2012-)

Ahlström Corporation, Vice Chairman of the Board (2011-)

International Chamber of Commerce, member of the Finnish Council (2010-)

Association of Finnish Steel and Metal Producers. Member of the

Association of Finnish Steel and Metal Producers, member of the Board (2010-)

Previous elected positions:

Finnish Defence Forces, Member of the Advisory Board (2007-2012)

Elisa Corporation, Board member (2008-2011)

Veho Group Oy, Board member (2007-2011)

QPR Software Oy, Board member (2001-2003)

Rosettanet, EC Board member (2000-2001)

Finnish Quality Award, Member of the Jury (1997-1998)

Rautaruukki shares:

1 January 2012: 1,585

31 December 2012: 3,489



Liisa Leino

b. 1960

Member of Rautaruukki's Board (2007-)
 Member of the Remuneration and HR Committee (2012-)
 Independent member of the Board

MSc (Nutrition)

Leinovalu Ltd, CEO (2011-)

Previous main occupations:

Nurmi Group & Perkko Oy, Managing Director (2003-2004)
 Sitra, Business Director (2002-2003)
 Gillette Central East Europe, Business Director (1999-2002)
 Gillette Braun Finland Oy, Managing Director (1996-1999)
 Nestlé Finland Ltd, various key positions in marketing (1989-1996)

Other elected positions:

Elomatic Ltd, Board member (2011-)
 Varma Mutual Pension Insurance Company, Supervisory Board member (2007-2010), Deputy member of the Board (2011-)
 The Federation of Finnish Technology Industries, Board member (2011-)
 Finnish Business and Policy Forum EVA, Supervisory Board member (2010-)
 Metsä Board Corporation, Board member (2009-)
 Leinovalu Oy, Chairman of the Board (2006-)

Previous elected positions:

Confederation of Finnish Industries EK, Board member (2011-2012)
 Alko Inc., Board member (2009-2012)

Rautaruukki shares:

1 January 2012: 2,585
 31 December 2012: 4,489



Matti Lievonon

b. 1958

Member of Rautaruukki's Board (2010-)
 Member of the Remuneration and HR Committee (2011-)
 Independent member of the Board

BSc (Eng), eMBA

Neste Oil Corporation, President and CEO (2008-)

Previous main occupations:

UPM-Kymmene, President of Fine and Speciality Papers Division (2004-2008); Executive Vice President, Business & Technology Optimization (2002-2003) and other senior positions at UPM (1986-2002).

Member of UPM Executive Team (2002-2008)

Other elected positions:

EUROPIA – European Petroleum Industry Association, Board member (2012-)

The Finnish Fair Corporation, Supervisory Board member (2012-)

Chemical Industry Federation of Finland, Board member (2009-2010), Deputy Chairman of the Board (2011-2012), Chairman (2013-)

Ilmarinen Mutual Pension Insurance Company, Supervisory Board member (2008-2011), Chairman of the Supervisory Board (2012-)

National Emergency Supply Agency, Member of Advisory Board (2010-)

Excellence Finland, Chairman of Advisory Board (2009-)

Previous elected positions:

Finnish Oil and Gas Federation, Board member (2009-2010)

The Confederation of European Paper Industries, Deputy Chairman of the Board (2004-2008)

Oy Keskuslaboratorio - Centrallaboratorium Ab, Deputy member of the Board (2003-2008)

Rautaruukki shares:

1 January 2012: 1,585

31 December 2012: 3.489



Saira Miettinen-Lähde

b. 1962

Member of Rautaruukki's Board (2012-)
 Member of the Audit Committee (2012-)
 Independent member of the Board

MSc (Engineering)

Talvivaara Mining Company Plc, Chief Financial Officer (2005-)
 and Deputy CEO (2012-)

Previous main occupations:

SIDOS Partners Oy, Founding Partner (2004-2005)
 Carnegie Investment Bank, Director (2000-2004)
 Orion Pharma, Vice President, Business Development (2000)
 Sitra, Director (1998-1999)
 Leiras Oy, various managerial positions (1993-1998)
 Tekes/Office of Industry and Technology (UK), Assistant Industrial
 Attaché (1992-1993)
 Tampere University of Technology, Scientist (1989-1991)

Other elected positions:

Biohit Oyj, Board member (2011-)
 Talvivaara Management Oy, Board member (2010-)
 Valuecode Oy, Board member (2008-)
 Jyrso Oy, Board member 2003-)

Previous elected positions:

Talvivaara Mining Company Plc, Board member (2007-2012)

Rautaruukki shares:

1 January 2012: -
 31 December 2012: 1,904



Jaana Tuominen

b. 1960

Member of Rautaruukki's Board (2010-)
 Member of the Audit Committee (2010-)
 Independent member of the Board

MSc (Chemical Engineering)

Paulig Group, CEO (2008-)

Previous main occupations:

GE Healthcare (former Instrumentarium Corporation), General Manager, Monitoring Solutions and Managing Director, GEHC Finland Oy (2002-2008)

NAF Oy and NAF AB, Managing Director of NAF Oy and NAF Industries Oy and Director, Sales and Marketing, NAF AB (1998-2002)

Instrumentarium Oy/Datex-Ohmeda, Marketing Manager, Product Manager (1993-1998)

Valmet Automation AB, Area Sales Manager (1989-1993)

Other elected positions:

The Finnish Fair Corporation, Supervisory Board member (2012-)
 Finnish Food and Beverage Industries' Federation, Board member (2009-)

Several Paulig Group companies, Chairman of the Board (2008-)

Previous elected positions:

Paulig Group companies, Chairman of the Board (2008-2009)

GE Healthcare group companies, Chairman of the Board and Board member (2002-2008)

NAF group companies, Chairman of the Board and Board member (1998-2002)

Rautaruukki shares:

1 January 2012: 1,585

31 December 2012: 3,489

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CORPORATE EXECUTIVE BOARD



Sakari Tamminen

President and CEO

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Markku Honkasalo

Chief Financial Officer

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Tommi Matomäki

EVP, Ruukki Construction

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Marko Somerma

EVP, Ruukki Engineering and CSO, Ruukki Corporation

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Olavi Huhtala

EVP, Ruukki Metals

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Eija Hakakari

Senior Vice President, HR

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Toni Hemminki

SVP, Technology, Energy and Environment

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Ismo Platan

SVP, IT, SCM and Opex

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Taina Kyllönen

SVP, Marketing and Communications

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Sakari Tamminen

Chairman

b. 1953
MSc (Econ)

President and CEO

Joined the company in 2003
Corporate Executive Board member since 2003

Previous main occupations:

Metso Corporation, Executive VP and CFO, Deputy to the President and CEO (1999-2003)
Rauma Corporation, Executive VP and CFO, Deputy to the President and CEO (1991-1999)

Elected positions:

Eurofer, Board member (2004-), Vice President (2012-)
Registered Association Finnish-Russian Chamber of Commerce, Board member (2012-)
Association of Finnish Metal and Steel Producers, Board member (2009-), Chairman of the Board (2011-)
TT Foundation, Board member (2008-), Chairman of the Board (2011-)
Sanoma Corporation, Board member (2003-), Deputy Chairman of the Board (2009-)
Finnish Business and Policy Forum EVA and Research Institute of the Finnish Economy ETLA, Board member (2009-)
Varma Mutual Pension Insurance Company, Supervisory Board member (2004-2007), Board member (2008-), Chairman of the Board (2009-)
Finnish Fair Cooperative, Supervisory Board member (2004-)
Federation of Finnish Technology Industries, Board member (2004-)
World Steel Association, Board member (2004-)

Previous elected positions:

Technology Industries of Finland Centennial Foundation, Board member (2007-2012)
Finnish Foundation for Share Promotion, Board member (2003-

2012)

Technology Academy Finland, Board member (2009-2011)

Confederation of Finnish Industries EK, Board member (2006),

Chairman of the Board (2009-2010)

Lemminkäinen Corporation, Board member (2003-2009)

Rautaruukki shares:

1 January 2012: 76,938

31 December 2012: 79,526



Markku Honkasalo

b. 1964
LLM, eMBA

Chief Financial Officer

Joined the company in 2009
Corporate Executive Board member since 2010

Previous main occupations:

Rautaruukki Corporation, Vice President, Financing (2009-2010)
Myllykoski Corporation, Director, Legal and Administration (2003-2009)
Nordea Group, number of management positions within financing (1989-2003)

Rautaruukki shares:

1 January 2012: 500
31 December 2012: 1,535



Tommi Matomäki

b. 1967
MSc (Tech)

Executive Vice President, Ruukki Construction

Joined the company in 2008
Corporate Executive Board member since 2008

Previous main occupations:

Ruukki Engineering, President (2008-1010)
Technip Offshore Finland Oy, Managing Director (2003-2008)
Metso Works Oy (1995-2002)

Elected positions:

Leinovalu Oy, Board member (2010-)

Rautaruukki shares:

1 January 2012: 1,640
31 December 2012: 2,934



Marko Somerma

b. 1966
LicSc (Tech)

Executive Vice President, Ruukki Engineering and Chief Strategy Officer, Rautaruukki Corporation

Joined the company in 2004
Corporate Executive Board member since 2005

Previous main occupations:

Rautaruukki Corporation, Chief Strategy Officer (2004-2010)
Instrumentarium Ltd, Chief Process & Information Technology Officer (2002-2004)
Gustav Paulig Ltd, Business Development Director (1997-2002)

Rautaruukki shares:

1 January 2012: 19,190
31 December 2012: 20,484



Olavi Huhtala

b. 1962
BSc (Eng)

Executive Vice President, Ruukki Metals

Joined the company in 1987
Corporate Executive Board member since 2003

Previous main occupations:

Ruukki Fabrication, President (2003-2004)
Rautaruukki Metform, marketing and executive duties (2000-2003)

Rautaruukki shares:

1 January 2012: 33,596
31 December 2012: 34,890



Eija Hakakari

b. 1961
MSc (Educ)

Senior Vice President, HR

Joined the company in 2008
Corporate Executive Board member since 2011

Previous main occupations:

Rautaruukki Corporation, Senior Vice President, HR (2009-)
Rautaruukki Corporation, Ruukki Engineering, HR Director (2008)
Virvo Oy/Partner, HR Advisor/China (2004-2008)
Setec, HR Director (2000-2004)
KPMG, HR Director (1997-2000)
Itella, management positions within HR, HRD and Sales (1987-1997)

Elected positions:

Aalto University Executive Education Ltd, Board member (2012-)

Rautaruukki shares:

1 January 2012: 400
31 December 2012: 1,148



Toni Hemminki

b. 1975
MSc (Tech)

Senior Vice President, Technology, Energy and Environment

Joined the company in 2001
Corporate Executive Board member since 2011

Previous main occupations:

Rautaruukki Corporation, VP, Energy and Environment (2007-2011)
Rautaruukki Corporation, specialist and management responsibilities, energy and environment (2001-2007)

Elected positions:

Fennovoima Oy, Deputy member of the Board (2012-)
FIMECC Ltd, Deputy member of the Board (2012-)
Voimaosakeyhtiö SF Oy, Deputy member of the Board (2011),
Board member (2012-)
Finnish Business & Society Ry, Board member (2011-)
Suomen ElFi Oy, Deputy member of the Board (2007), Board
member (2008-),
Chairman of the Board (2009-2011)
Rajakiiri Oy, Board member (2008-)

Rautaruukki shares:

1 January 2012: 328
31 December 2012: 903



Taina Kyllönen

b. 1967
MSc (Econ)

Senior Vice President, Marketing and Communications

Joined the company in 2004
Corporate Executive Board member since 2011

Previous main occupations:

Rautaruukki Corporation, SVP, Marketing (2007-2011)
Rautaruukki Corporation, VP, Corporate Communications and Branding (2004-2007)
Metso Corporation/Rauma Corporation, VP, Investor Relations (1996-2004)
Aktia Securities, Equity Analyst (1994-1996)
Jaakko Pöyry Consulting Group, Market and Financial Analyst (1989-1994)

Rautaruukki shares:

1 January 2012: 11,191
31 December 2012: 11,939



Ismo Platan

b. 1953
BSc (IT)

Senior Vice President, IT, SCM and Opex

Joined the company in 2003
Corporate Executive Board member since 2011

Previous main occupations:

Rautaruukki Corporation, CIO (2003-2011)
Metso Corporation, CIO (1999-2003)
Rauma Corporation, CIO (1993-1999)
Neles-Jamesbury, IT Director (1980-1993)

Rautaruukki shares:

1 January 2012: 19,669
31 December 2012: 20,417

2012 ANNUAL REPORT

RISK MANAGEMENT

- **Long-term risk management is used to identify and evaluate risks and to ensure business continuity**
- **Further progress was made with developing strategic and proactive risk management in 2012**

Ruukki has defined risk as an external or internal uncertainty that could prevent the company from carrying out its strategy, achieving its targets or continuing its business.

Risk management seeks to underpin the achievement of Ruukki's strategy and targets and to ensure business continuity. Identifying and classifying risks consistently so as to enable comparison leads to effective risk management processes and the transparency required by good corporate governance.

Risk management is guided by the corporate risk management processes and actions defined in risk management policy approved by Ruukki's Board of Directors. Risk management takes into account international generic standards and methods such as SFS-ISO 31000. The insurance instruction and corporate security principles are annexed to the risk management policy. Ruukki's insurance instruction defines the strategy to manage and contain risks to ensure adequate and appropriate insurance cover for the personnel, operations, property and profitability. The roles and obligations relating to corporate security management are described in Ruukki's corporate security principles.

Enterprise risk management is part of the management system

Risk management at Ruukki is based on consistent risk identification, assessment and reporting across the company.

Risk management is organised as an integrated part of the management system and the risk aspect is incorporated into the everyday decision-making of all core business areas and business support processes.

The risks in each area are identified and evaluated each year in all Ruukki's operations and the associated risk management strategies are determined as part of business planning and leadership. The corporate risk management function assists with evaluation and compiles a summary risk report. The evaluation results and key risks are reported to corporate management and the Board of Directors. Implemented and planned corrective measures are also assessed in conjunction with the evaluation results.

Ruukki employs a continuous risk assessment programme

Ruukki's risk assessment programme combines an evaluation of hazard risks with an evaluation of strategic, operative and financial risks.

In 2012, over 20 risk assessments were performed at 14 different sites. These focused on assessing the level of risk management in hazard and operative risks. Risks were assessed using the bottom-up and top-down approaches.

Corporate management, business area management and persons responsible for sites, processes and business support functions took part in the assessments. More than 100 persons were interviewed in the process. Internal and external audit and insurance brokers and companies also took part. In addition, four external specialist organisations performed risk assessments for the company.

Risk classification helps identification and assessment

Risk assessment framework



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Ruukki divides risks into four main groups:

- strategic risks
- operative risks
- financial risks
- hazard risks

Classification in this way makes it easier to understand the nature of the risks and the potential ways of managing them.

In addition, Ruukki examines risks from a strategic aspect and classifies them into three groups:

1. risks that jeopardise strategy implementation and targets
2. external risks jeopardising business performance and over which the company has limited control
3. internal and external risks that threaten corporate operations and over which the company has significant control

Risks are assessed on the basis of their likelihood, seriousness, possible development, manageability and on the basis of various strategy scenarios. Risk assessments are performed systematically in Ruukki's units, within business areas and at the corporate level.

Risk management measures are aimed at risk avoidance, elimination or minimising the likelihood of them occurring. It is also important to contain the impact of risks and every effort is made to ensure continuity of operations if a risk materialises.

Key risks facing Ruukki

Key risks facing Ruukki

Risks jeopardising strategy achievement and targets

- An ability to quickly grow profitable special steel operations and to improve profitability of the construction business
- Major change in competitive position in the steel business in the home market or elsewhere in Europe
- Reputation risks

External risks which jeopardise business performance and over which the company has limited control

- Future market growth, falling demand and price fluctuation in main market areas
- Availability and prices of steel feedstock and critical services
- Increasing regulation gives rise to costs
- Financial risks
- Labour market disruptions

Internal and external risks that threaten corporate operations and over which the company has significant control

- Cost competitiveness and structural inflexibility of own steel production
- Major breakdown in production
- Contract and liability risks
- Product liability risks
- Injuries

1) Risks jeopardising strategy achievement and targets

An ability to grow the special steel businesses quickly and profitably and to improve the profitability of the construction business

Ruukki's strategic intent is profitable business growth in special steel products and construction solutions. In present market conditions, special emphasis is on improving profitability through cost efficiency to achieve this. Ruukki has restructured to respond to current conditions and administration has been made more effective. Management and control systems have been developed to respond to new needs. Also personnel competence has been particularly taken into account.

Major change in competitive position in the steel business in the home market or elsewhere in Europe

Ruukki sells most of its steel products in Finland and the other Nordic countries. Any major change in the competitive position in these markets or, for example, the relocation of customers to lower-cost countries, might affect the company's business.

Ruukki has prepared for such scenarios by, among other things, developing its international distribution network for special steel products and by securing its market share by improving distribution, delivery reliability and customer service in the Nordic countries. Ruukki is strongly focusing on products and segments where it can achieve a strong market position.

Reputation risks

A good corporate image based on facts and a positive image among stakeholders are important to Ruukki. Reputation risks faced by the company might result from various crisis situations or from unmanageable or negative media publicity. Corporate responsibility might also involve reputation risks. In consultation with the personnel, Ruukki has defined the values that form the basis for the company's ways of working. Risks to reputation are prevented also by performing comprehensive environmental and social responsibility audits and by improving safety at work. The company has prepared for any crisis situations by providing crisis communication guidelines and by regular training in crisis management and communication.

2) External risks jeopardising business performance and over which the company has limited control

Future market growth, falling demand and price fluctuation in main market areas

Economic growth has slowed and volatility has increased in the Western European and many other developed markets. Over-indebtedness of states creates significant problems for the financial markets and real economy, for the level of investments in particular.

Ruukki has prepared for this by, among other things, shifting its focus of growth to emerging countries – such as Russia. The share of specialisation in the steel business is being increased, which will open up growth potential also in the emerging markets. Efforts are being made to balance Ruukki's business structure by focusing on business segments - such as residential roofing products, concept buildings and special steels - that are less vulnerable to economic fluctuations. Ruukki's product and service distribution is being developed. Adequate financial reserves have been acquired as a precaution against business cyclicality. Costs are brought into alignment with business volumes.

Availability and prices of steel feedstock and critical services

Raw materials account for a significant part of the value of steel products. The prices of iron ore, coking coal and other main raw materials used in steel production, including freight charges, are determined on the global markets. This can cause the cost of raw materials to fluctuate greatly even at short notice. Ruukki's operations also depend on, for example, the availability and cost of icebreaking and logistics services.

Most of the company's sales contracts are based on quarterly or shorter pricing. This enables flexible pricing when the costs of raw materials change. To ensure business continuity and cost levels, the company has pursued alternative supply channels for raw materials. Ruukki ensures the availability of critical raw materials through long-term supply contracts. Particular attention has been given to ensuring the availability of icebreaking, logistics and other competitive infrastructure services.

Increasing regulation gives rise to costs

The company's competitiveness is affected by additional costs arising from increasingly stricter environmental legislation and carbon emissions trading, especially when the same rules of play do not apply equally all players on the field. A particular impact will be felt as a result of the Sulphur Directive entering into force across the European Union in 2015. Coking coal consumption in steel product at Ruukki is almost at the minimum possible using current processing technology and the company is one of the most carbon efficient in the world. To reduce emissions, Ruukki has switched over to using iron pellets instead of iron ore in steelmaking. The company has taken thorough steps to forecast and actively track changes in environmental legislation. All the company's main production sites operate in compliance with the ISO 14001:2004 environmental management standard. Ruukki is capitalising on new business opportunities spawned by increasing regulation by developing energy-efficient solutions, such as building-integrated solar and energy panels. Energy-efficient, sustainable construction is a key element in the development of Ruukki's construction business. Higher payloads are one of the ways customers can benefit from improved energy efficiency as a result of using Ruukki's special steels.

Financial risks

Ruukki's business is exposed among other things to risks caused by currency fluctuations. Business volatility requires adequate financial reserves to be maintained.

Ruukki's financing, financial and credit risk management is centralised at the parent company's Financing function in accordance with the financing and credit policy approved by the Board of Directors. Derivatives are used to hedge currency risks. The company has continuous access to undrawn committed credit limits and liquid assets to manage the liquidity risk. Ruukki's financial reserves are at an adequate level and the long-term maturity structure has been spread across different banks. It can be assumed that counterparty risk will also increase as the emerging markets account for a growing share of the company's business. Ruukki's customer credit risks are extensively monitored and the amount of credit losses compared to net sales has been very minor in recent years. The group's currency, interest rate, commodity, liquidity and credit risks are detailed in the notes to the financial statements.

Labour market disruptions

Delivery accuracy is becoming an increasingly critical competitive factor and delivery disruptions thus exert a growing economic impact. Labour market disruptions, especially illegal strikes, are one main cause of delivery disruption. These disruptions can be prevented proactively by improving supervisory work and leadership. Decision-making mechanisms are being clarified and the role and competence of work management are being strengthened. Emergency plans are drawn up in case of disruptions. The entire personnel has been set the goal of continuously improving delivery accuracy.

3) Internal and external risks that threaten corporate operations and over which the company has significant control

Cost competitiveness and structural inflexibility of own steel production

The opening of the European market to, for example, Russian and Ukrainian actors may increase disruption in Ruukki's main market area. International comparison shows Ruukki's steel production to be competitive, but small in terms of production volume. Crude steel production takes place in two blast furnaces integrated into one production unit. This means steel production has limited flexibility compared to large competitors, who have a number of production units enabling them to optimise production between units. Ruukki has prepared for this risk by improving cost efficiency and production flexibility. The company is improving its market position in main market areas by improving customer service and delivery accuracy. The portfolio of steel products is being expanded into special steels, where Ruukki's competitiveness is better than for standard products.

Major breakdown in production

There is a high risk of breakdown in the company's own steel production, especially upstream in the

process. This is why much attention has been given to risk management at the steel mill. Modern, systematic proactive maintenance of processes and systems is a key part of risk management and can help to prevent the occurrence of disruptions in production. Risks are also mitigated by setting up standard procedures to choose suppliers and other partners, and to ensure the quality of unfinished products in own production. From the business continuity aspect, it is important to ensure adequate operational readiness of core processes in all situations. The group has extensive property damage, business interruption and logistics insurance programmes.

Contract and liability risks

As the degree of upgrading in Ruukki's products and services rises, the liability of product and service functionality and the content of the contracts signed with customers become more important. The company reviews its own operational processes to eliminate the risk of quality and product liability. For larger deals, the company carries out systematic project reviews both at the start of and during deliveries. Contract risks are mapped in all business activities and contractual expertise is ensured for all significant deals. The company operates adequate quality management systems to avoid quality and product liability risks in its products and solutions and has appropriate liability insurance for its business. The company's integrated quality and environmental management system complies with ISO 9001:2000 and 14001:2004.

Injuries

Ruukki is pushing for a safe, accident-free working environment. This aim can be achieved by complying with common safety operating models. Safety has been integrated into the management system and everyday supervisory work. To avoid injuries, Ruukki is particularly focusing on personnel training and an extensive oversight of operations. Safety in the working environment is continuously monitored at all sites using a common reporting system and operating process. Best safety practices are pursued by comparing our operations with those of other companies.

Further progress with proactive risk management in 2012

Ruukki is continuously improving its risk management by taking into account the changes in its business environment and operating activities.

The focus in 2012 was on assessing the level of corporate risk management. The overall level of risk management was assessed as being good, which has enabled strong risk ownership and management in the business and good teamwork with the risk management function. The focus points identified as needing development relate to fire safety and corporate security and to the continuous development of crisis management and business continuity management. To assess and develop the level of this, the company also participated in programmes and training arranged by the National Emergency Supply Agency.

During 2012, work continued on developing corporate security, with a special focus on travel safety and the readiness of crisis action in situations of emergency.

In 2013, Ruukki will proceed further with developing strategic and proactive risk management with the business to minimise damages.

Responsibility for risk management	
Board of Directors	Responsible for the corporate risk management policy and oversees its implementation. Approves the risk management policy.
President & CEO	Responsible for the proper arrangement of risk management.
Executive Vice President, Business Development	Responsible for risk management model and reporting.
Corporate Executive Board	Participates in risk identification, assessments, accountability and control.
Heads of business areas and business support functions	Responsible for identifying and managing risks in their own area and for implementing and reporting risk management development measures.
Corporate Risk Manager	Responsible for supporting the business areas and other functions in risk management, developing risk management and for maintaining risk information.
Internal audit	Evaluates corporate risk management.
Each employee	Responsible for identifying and assessing work-related or any other risks and for reporting them to his or her supervisor.

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FINANCIAL STATEMENTS 2012

You can find the main sections of the 2012 financial statements on this page.

You can download annual report material in pdf and excel format from [the Annual report material bank](#).

Financial statements 2012 main sections

[Report of the Board of Directors \(pdf, 203KB\)](#)
[Consolidated income statement](#)
[Consolidated statement of financial position](#)
[Consolidated statement of changes in equity](#)
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CONSOLIDATED INCOME STATEMENT

€m	2012	2011
Net sales	2 796	2 798
Cost of sales	-2 655	-2 533
Gross profit	141	265
Other operating income	13	19
Selling and marketing expenses	-115	-118
Administrative expenses	-137	-144
Other operating expenses	0	0
Operating profit	-99	22
Finance income	45	55
Finance costs	-85	-91
Net finance costs	-40	-37
Share of profit of equity-accounted investees	2	3
Result before income tax	-137	-12
Income taxes	21	1
Result for the period	-116	-10
Attributable to		
Owners of the company	-116	-10
Non-controlling interest	0	0
Earnings per share:		
Basic, €	-0.83	-0.07
Diluted, €	-0.83	-0.07

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Consolidated statement of comprehensive income

€m	2012	2011
Result for the period	-116	-10
Other comprehensive income		
Cash flow hedges, net of tax	-7	-8
Cash flow hedges reclassified to profit and loss during the period, net of tax	-7	0
Translation differences	9	-6
Translation differences reclassified to profit and loss	-5	
Defined benefit plan actuarial gains and losses, net of tax	-10	-5
Total other comprehensive income, net of tax	-20	-19
Total comprehensive income	-135	-29
Attributable to		
Owners of the company	-135	-29
Non-controlling interest	0	0

2012 ANNUAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€m	31 Dec 2012	31 Dec 2011
ASSETS		
Non-current assets		
Property, plant and equipment	1 222	1 214
Goodwill	72	103
Other intangible assets	50	64
Equity-accounted investees	35	15
Available-for-sale financial assets	14	13
Other non-current receivables	79	5
Deferred tax assets	46	27
Total non-current assets	1 417	1 441
Current assets		
Inventories	590	720
Trade receivables	270	324
Other receivables	77	79
Income tax receivables	6	2
Financial assets	0	37
Cash and cash equivalents	20	41
Assets held for sale		14
Total current assets	964	1 217
Total assets	2 381	2 657
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	238	238
Share premium	220	220
Translation differences	-25	-29
Other reserves	-17	-3
Retained earnings	652	846
	1 069	1 273
Non-controlling interest	3	2
Total equity	1 072	1 275

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Non-current liabilities		
Loans and borrowings	533	551
Other non-interest-bearing liabilities	72	56
Provisions	2	2
Deferred tax liabilities	1	25
Total non-current liabilities	607	633
Current liabilities		
Loans and borrowings	253	297
Trade payables	246	246
Other non-interest-bearing liabilities	189	185
Provisions	9	8
Income tax liabilities	4	8
Liabilities held for sale		5
Total current liabilities	702	749
Total liabilities	1 308	1 382
Total equity and liabilities	2 381	2 657

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€m	Share capital	Share premium	Fair value and other reserves	Translation differences	Treasury shares	Retained earnings	Non-controlling interest	Total equity
EQUITY								
AT 1 JAN 2011	238	220	11	-23	-6	946	2	1 389
Total comprehensive income								
Result for the period						-10	0	-10
Other comprehensive income, net of tax								
Cash flow hedges			-8					-8
Defined benefit plan actuarial gains and losses						-5		-5
Translation differences				-6				-6
Total comprehensive income			-8	-6		-16	0	-29
Transactions with owners of the company								
Dividend distribution						-83		-83
Share based payments			0		0			0
Transactions with owners of the company			0		0	-83		-83
EQUITY								
AT 31 DEC 2011	238	220	3	-29	-6	846	2	1 275
Total comprehensive income								
Result for the period						-116	0	-116
Other comprehensive income, net of tax								
Cash flow hedges			-14					-14
Defined benefit plan actuarial gains and losses						-10		-10
Translation differences				4				4
Total comprehensive income			-14	4		-126	0	-135
Transactions with owners of the company								
Dividend distribution						-69		-69

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Consolidated statement of changes in equity - Ruukki

Share based payments			0			0			0
Other change							2		2
Transactions with owners of the company			0			0	-68		-69
EQUITY									
AT 31 DEC 2012	238	220	-11	-25	-6	652		3	1 072

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CONSOLIDATED STATEMENT OF CASH FLOWS

€m	2012	2011
Cash flows from operating activities		
Result for the period	-116	-10
Adjustments		
Adjustments to cash flows	147	142
Net finance costs	40	37
Income tax expense	-21	-1
Changes in working capital		
Change in trade and other receivables	52	17
Change in inventories	113	-80
Change in trade and other payables	8	53
Interest paid	-36	-33
Interest received	1	2
Dividends received	3	3
Other financing income and expenses	-6	-11
Income tax paid	-12	-5
Net cash from operating activities	172	114
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash at acquisition date	-2	
Divestment of subsidiaries, net of cash at divestment date	-5	
Investments in property, plant and equipment	-88	-164
Investments in intangible assets	-7	-16
Proceeds from sale of property, plant and equipment	10	9
Investments in loan receivables and other financial assets	-1	0
Net cash used in investing activities	-94	-171
Net cash flow before financing activities	78	-57

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Cash flows from financing activities		
Dividends paid	-69	-83
Proceeds from non-current loans and borrowings	30	130
Repayments of non-current loans and borrowings	-27	-57
Change in current loans and borrowings	-63	99
Other net cash flow from financing activities	-7	-8
Net cash from financing activities	-136	81
Change in cash and cash equivalents	-58	24
Cash and cash equivalents at the beginning of period	78	53
Effect of exchange rate fluctuations	1	1
Cash and cash equivalents at end of period	21	78

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INFORMATION FOR SHAREHOLDERS

Investor relations

The main principles guiding investor relations at Rautaruukki include providing consistent, adequate information impartially at the same time to all investor audiences in all situations. The company is also committed to honesty, transparency and good service. Rautaruukki's principal channel for investor relations is the [www.ruukki.com](#) website, which seeks to give updated information about the company's news and financial performance to determine the value of Rautaruukki's share. The website also features a comprehensive archive of the company's releases and other investor material. The company publishes its annual report, interim reports and other stock exchange releases in Finnish and English.

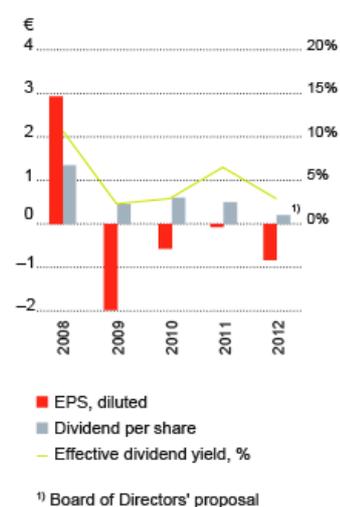
Annual General Meeting

Rautaruukki Corporation's Annual General Meeting will be held at Helsinki Fair Centre, Messuaukio 1, 00520 Helsinki starting at 12 noon on Thursday 21 March 2013. The meeting will be conducted in Finnish. Details of how to register for the meeting can be found in the Notice of the Annual General Meeting at [www.ruukki.com > Investors > Corporate Governance > Annual General Meeting 2013](#).

Share basics

Listing: NASDAQ OMX Helsinki
 Date of listing: 20 October 1989
 Trading currency: euro
 Sector: Materials
 Market cap segment: Mid Cap
 Trading ticker: RTRKS
 ISIN code: FI0009003552
 Trading lot: 1 share
 Reuters ticker: RTRKS.HE
 Bloomberg ticker: RTRKS FH

Earnings and dividend per share



Contact information

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LARGEST SHAREHOLDERS

Rautaruukki Corporation's largest shareholders at 31 December 2012		
	Number of shares	% of share capital
1 Solidium Oy*	55 656 599	39.67
2 Varma Mutual Pension Insurance Company	3 514 322	2.51
3 OP - Funds	2 471 910	1.76
4 Nordea - Funds	2 048 620	1.46
5 The State Pension Fund	1 980 000	1.41
6 Rautaruukki Corporation	1 392 470	0.99
7 Ilmarinen Mutual Pension Insurance Company	1 332 210	0.95
8 Rumtec Holding Oy	910 000	0.65
9 E & K Rannila Oy	910 000	0.65
10 SEB Gyllenberg - Funds	907 200	0.65
11 Odin - Funds	691 190	0.49
12 Mutual Insurance Company Pension-Fennia	596 200	0.42
13 Rautaruukin Henkilöstöraho HR	558 528	0.4
14 Sijoitusrahoisto Taalritehdas Arvo Markka Osake	500 000	0.36
15 The Local Government Pensions Institution	490 854	0.35
16 Danske Invest - funds	457 245	0.33
17 Mandatum Life Insurance Company Limited	455 227	0.32
18 ABN Amro - Funds	336 507	0.24
19 Oy Ingman Finance Ab	330 000	0.24
20 Norvestia plc	300 766	0.21

*Solidium Oy is fully owned by Finnish State

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SHARE-RELATED KEY FIGURES

PER SHARE DATA		2012	2011	2010	2009	2008
Earnings per share, EPS, basic	€	-0.83	-0.07	-0.57	-1.98	2.93
- diluted	€	-0.83	-0.07	-0.57	-1.98	2.93
Equity per share	€	7.70	9.17	9.99	10.85	14.04
Dividend per share **	€	0.20	0.50	0.60	0.45	1.35
Dividend per earnings **	%	neg.	neg.	neg.	neg.	46.1
Price per earnings, P/E	€	neg.	neg.	neg.	neg.	4.2
Share trading	1 000 shares	151 014	200 241	182 131	189 371	251 096
% of shares issued	%	108	143	129	136	181
Share trading	€m	991	2280	2712	2752	5530
Volume weighted average share price	€	6.54	11.23	14.48	14.53	22.03
Lowest price of share	€	4.60	5.91	11.62	11.06	9.51
Highest price of share	€	9.49	18.77	17.78	18.14	34.77
Average adjusted number of shares	1 000 shares	138 893	138 862	138 864	138 846	138 746
- diluted	1 000 shares	138 930	138 907	138 864	138 846	138 773
Adjusted number of shares at year-end	1 000 shares	140 285	140 285	140 285	140 285	140 255
- excluding treasury shares	1 000 shares	138 893	138 862	138 862	138 864	138 789
- diluted	1 000 shares	138 930	138 907	138 862	138 864	138 824
Closing price at period end	€	5.96	7.12	17.51	16.14	12.16
Market capitalisation at year-end	€m	836	998	2456	2264	1706
Effective dividend yield **	%	3.4	7.0	3.4	2.8	11.1

** Calculated in accordance with the Board of Directors' proposal for 2012

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FINANCIAL REPORTS IN 2013

Financial statements release 2012: Friday 15 February 2013

Annual report 2012: published in week 9 (www.ruukki.com website)

Interim report Q1/2013: Thursday 25 April 2013

Interim report Q2/2013: Thursday 8 August 2013

Interim Report Q3/2013: Wednesday 23 October 2013

Silent period

Rautaruukki observes a silent period of 21 days before the disclosure of results. During this period, the company does not meet capital market representatives, comment on the quarter concerned or report on matters relating to the company's performance.

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