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# Q2 INTERIM REPORT 1 Jan–30 Jun 2013 RTRKS

8 August 2013 RAUTARUUKKI CORPORATION

ruukki

Energy-efficient steel solutions for better LIVING. WORKING. MOVING.

Rautaruukki Corporation Stock exchange release 8 August 2013 at 9am EEST

# Rautaruukki Corporation Interim report H1/2013: PROFITABILITY IMPROVED, NET SALES DOWN WITH LOWER MARKET PRICES

## April-June 2013 (Q2/2012)

- Net cash from operating activities was EUR 54 million (-5).
- Order intake was down 9% at EUR 644 million (711).
- Comparable net sales were down 8% at EUR 633 million (688).
- Comparable operating profit was EUR 17 million (10).
- Comparable result before taxes was EUR 6 million (2).

## January-June 2013 (H1/2012)

- Net cash from operating activities was EUR 77 million (49).
- Order intake was down 8% at EUR 1,235 million (1,343).
- Comparable net sales were down 9% at EUR 1,222 million (1,339).
- Comparable operating profit was EUR 21 million (-1).
- Comparable result before taxes was EUR 2 million (-19).

## Guidance for 2013 remains unchanged

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.

Net sales and operating profit for 2012 have been restated for reasons of structural comparability. Part of Ruukki Engineering's business was divested at the end of 2012. The units excluded from the arrangement have been part of Ruukki Metals since the start of 2013. Ruukki Engineering units transferred to Fortaco and other Ruukki Engineering units have been eliminated from comparable figures.

**KEY FIGURES**

| | Q2/13 | Q2/12 | Q1-Q2/13 | Q1-Q2/12 | 2012 |
|---|---|---|---|---|---|
| **Comparable figures** | | | | | |
| Comparable net sales, EUR m | 633 | 688 | 1 222 | 1 339 | 2 597 |
| Comparable operating profit, EUR m | 17 | 10 | 21 | -1 | -50 |
| Comparable operating profit as % of net sales | 2,6 | 1,5 | 1,7 | -0,1 | -1,9 |
| Comparable result before income tax, EUR m | 6 | 2 | 2 | -19 | -88 |
| | | | | | |
| **Reported figures** | | | | | |
| Reported net sales, EUR m | 633 | 742 | 1 223 | 1 444 | 2 796 |
| Reported operating profit, EUR m | 16 | -6 | 20 | -22 | -101 |
| Reported result before income tax, EUR m | 5 | -14 | 1 | -40 | -139 |
| | | | | | |
| Net cash from operating activities, EUR m | 54 | -5 | 77 | 49 | 172 |
| Net cash before financing activities, EUR m | 31 | -30 | 38 | 2 | 78 |
| Earnings per share, EUR | -0,01 | -0,08 | -0,03 | -0,22 | -0,85 |
| Return on capital employed (rolling 12 months),% | | | -3,0 | -4,1 | -4,9 |
| Return on capital employed (annualised), % | | | 2,1 | -1,9 | -4,9 |
| Gearing ratio, % | | | 74,2 | 71,5 | 71,2 |
| Equity ratio, % | | | 43,6 | 46,0 | 45,6 |
| Personnel on average | 9 271 | 11 692 | 9 074 | 11 521 | 11 214 |

## President & CEO Sakari Tamminen:

“Economic development was weak in the eurozone also during the second quarter of the year and Europe was in recession. Economic development continued to show regional differences. The situation in Europe is difficult and it is hard to see any basis for growth during the second half of the year either. The emerging markets and the United States are forecast to continue maintaining global growth despite growing uncertainty, especially with regard to China’s ability to achieve its growth forecasts. Concerning Ruukki’s most important markets, Sweden and Russia are expected to show better development than other markets. The situation in Finland gives particular cause for concern because we have lost much export manufacturing industry and the change is structural rather than a question of business cycles.

Ruukki’s second quarter largely reflected the market situation described above. Order intake was down 9% and comparable net sales were down 8% year on year. This was in particular attributable to weaker market prices for standard steel products driven by overcapacity in the steel industry in Europe and declining prices of the main steelmaking raw materials. Current market conditions for steel products are better reflected, however, by delivery volumes of our steel products, which remained unchanged year on year. Given market conditions, demand was good in the Ruukki Building Products and Ruukki Building Systems business areas.

Comparable operating profit was up both year on year and quarter on quarter at EUR 17 million. During the second quarter, cash flow from operating activities was EUR 54 million. Better cash flow was achieved through improved earnings performance as net working capital to sales was practically unchanged compared to the previous quarter. Despite the dividend payout made during the second quarter, net debt was at the same level as during the first quarter. We achieved the targets we set for our efficiency projects initiated during the first half of last year and, at the end of June, the annualised impact of these projects on earnings improvement was slightly over EUR 100 million.

Ruukki Building Products improved operating profit year on year, mostly as a result of the efficiency programme and better gross margin. Order intake for residential roofing products was at the previous year’s level and in line with general growth expectations. A positive note in current market conditions was that order intake for building components was up 5% year on year. Orders and net sales for infrastructure construction were down clearly year on year, which is consistent with the trend in building permits granted and low investment activity in the Nordic countries.

Ruukki Building Systems successfully achieved its aim to reduce the operating loss year on year. This was mainly achieved as a result of the efficiency programme. We are heading in the right direction, but need to accelerate the speed in the change process for the rest of the year. Except for a single order worth more than EUR 30 million received in spring last year, order intake was at the same level as a year earlier. Order intake was up especially in agricultural concept buildings in Russia. The order book at the end of the report period was 4% higher than a year earlier.

Ruukki Metals’ operating profit was lower than for the previous quarter. This was because of disruptions to production and higher raw material costs. In terms of tonnes, delivery volumes were down, but the product mix improved. Sales of special steel products rose quarter on quarter to account for 34% (32%) of comparable net sales in our steel business. Net sales of special steel products were up 10% quarter on quarter. Compared to a year earlier, Ruukki Metals’ total order intake was down 7% in terms of value, but order volumes showed slight growth. The value of order intake of special steel products was at the same level as a year earlier, but order volumes were up clearly. This underpins our strategy to considerably grow the volume of special steel products and our target to achieve sales of special steels of EUR 850 million in 2015. Special steel products are notably more profitable than standard products and their prices fluctuate less during business cycles. We are not aiming to increase our total steel output through increased sales of special steels, but as the share of special steels grows the goal is to scale down sales volumes of less profitable, underperforming standard steel.

We do not expect any significant change in demand for steel products in Europe during second half of the year compared to the second quarter. The prevailing overcapacity in the steel industry in Europe means that price development for the whole year, especially with regard to standard steel products, depends not just on demand, but also on the price development of main raw materials. There are good prospects for Ruukki to grow its share of special steels because our product portfolio and standard of quality, together with the investment this year in our sales and distribution network, provide a strong platform for growth. We aim to further grow the special steel business through new customers and applications, our entry into new market areas and product launches is progressing well. This was already slightly reflected in order volumes during the second quarter.

The Building Products business area has a good market position and is seeking growth especially from energy-efficient products and residential roofing products. We are also focusing on repeatable products and processes, and seeking new business opportunities for our good infrastructure construction products to improve profitability. In Ruukki Building Systems, our main aim is to turn the business back to profitability by the end of the year.

My expectations for 2013 are somewhat optimistic thanks to our actions to improve efficiency and the business choices we have made, even though we still cannot expect any significant help from a pick-up in the market. 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."

Rautaruukki Corporation's full interim report for January-June 2013 is attached to this release.

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Markku Honkasalo, CFO, tel. +358 20 592 8840

**News conference for analysts and the media**
A joint news conference in English both for analysts and the media will be hosted on Thursday 8 August at 10.30 am at Ruukki's head office, Suolakivenkatu 1, 00810 Helsinki.

A live webcast of the event and the presentation by the company's President & CEO Sakari Tamminen may be followed online on the company website at www.ruukki.com/Investors starting at 10.30 am EEST. This event can also be attended through a conference call by dialling the number below 5-10 minutes before the scheduled time:
+44 207 1620 177 (calls outside Finland)
+358 9 2313 9202 (calls inside Finland)
Access code: 934316

A replay of the webcast can be viewed on the company's website from approximately 4pm EEST.
A replay of the conference call will be available until 16 August 2013 at:
+44 20 7031 4064 (calls outside Finland)
+358 9 2314 4681 (calls inside Finland)
Access code: 934316

Rautaruukki Corporation
Taina Kyllönen
SVP, Marketing and Communications

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. The company's share is quoted on NASDAQ OMX Helsinki (Rautaruukki Oyj: RTRKS). www.ruukki.com

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# RAUTARUUKKI CORPORATION’S INTERIM REPORT FOR JANUARY-JUNE 2013

## Business environment

The second quarter of the year brought no change to the weak economic situation in the eurozone and the recession persisted. Growth expectations remained low and regionally unbalanced. As regards Ruukki’s most important economies, economic growth in Sweden and Norway outperformed that of other countries, whereas the situation in Finland was weakened by a contraction in exports and private consumption. Also economic growth in Russia continued to be more modest than in recent years. Domestic demand peaked, especially in Poland. In the United States, growth continued to be brisker than in the eurozone despite slowing slightly since the first quarter. As regards the emerging markets, especially China, economic development was more modest than expected.

Construction activity was at a low level across Europe. The business environment in Finland remained weak and fewer building permits were granted than a year earlier. Construction growth was stronger in Sweden and Norway. Construction activity in Poland began to weaken during the second half of 2012 and has continued. The weak demand environment was reflected in both of Ruukki’s building business areas in the form of lower order intake in most market areas, especially in the project business and infrastructure construction. However, increased year-on-year order intake for building components was a positive note.

Recession in Europe and weakened economic outlook in China slowed growth in the global steel market during the second quarter of the year. Apparent use of steel in Europe declined year on year and the second quarter showed no sign of a seasonal pick-up in demand. Inventory levels of steel wholesalers were at a fairly low level during the second quarter. New order intake both from steel wholesalers and end users was somewhat lower than a year earlier. Market prices of iron ore and coking coal, the main raw materials in steel production, showed a clear fall during the quarter as the outlook in the Chinese steel market weakened. Average market prices for steel products in Europe still showed a slight rise in April, but the fall in the prices of raw materials has exerted downward pressure on selling prices since May. The weak demand environment in Ruukki’s steel business continued to be reflected in customer caution and a fall in the value of order intake. The fall in order intake year on year was attributable to clearly lower average selling prices. The value of order intake in the steel business was down 1% quarter on quarter and down 7% year on year. Average capacity utilisation rate in steel production was down slightly compared to the previous quarter at about 77%.

Demand for special steel products developed well in many market areas and was at a good level especially in Russia, the United States, South America and Australia. Net sales of Ruukki’s special steels grew in these market areas both year on year and quarter on quarter. In China on the other hand, demand was clearly weaker, especially in the lifting, handling and transportation industry, which is one of the main customer segments for special steels. This was reflected in a decrease in orders and sales of Ruukki’s special steels on the Chinese market. As regards customer segments, growth in the mining industry slowed slightly year on year, although demand was fairly strong in some markets such as Australia, Brazil and Peru. This was reflected positively also in orders and net sales of Ruukki’s special steels.

## Order intake and order book

Order intake has been restated for reasons of structural comparability. Part of Ruukki Engineering's business was divested at the end of 2012. The units excluded from the arrangement have been part of Ruukki Metals since the start of 2013. Order intake of the Ruukki Engineering units transferred to Fortaco and of other Ruukki Engineering units has been eliminated from order intake.

| ORDER INTAKE BY BUSINESS AREA | | | | | |
|---|---|---|---|---|---|
| EUR million | **Q2/13** | **Q2/12** | **Q1-Q2/13** | **Q1-Q2/12** | **2012** |
| Order intake | | | | | |
| Ruukki Building Products | 120 | 121 | 198 | 211 | 443 |
| Ruukki Building Systems | 94 | 125 | 168 | 182 | 313 |
| Ruukki Metals | 431 | 465 | 868 | 950 | 1,850 |
| Order intake, total | 644 | 711 | 1,235 | 1,343 | 2,605 |

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

### April-June 2013

Order intake in April-June was down 9% year on year at EUR 644 million (711). Compared to a year earlier, order intake was down 1% in Ruukki Building Products, 25% in Ruukki Building Systems and 7% in Ruukki Metals.

Compared to the previous quarter, order intake was up 52% in Ruukki Building Products and 26% in Ruukki Building Systems. This growth was partly due to the seasonal pick-up in construction. Order intake in Ruukki Metals was down 1% quarter on quarter.

At the end of June, order book was down 3% year on year and up 5% quarter on quarter.

### January-June 2013

Order intake in January-June was down 8% year on year at EUR 1,235 million (1,343).

Compared to a year earlier, order intake was down 6% in Ruukki Building Products, 8% in Ruukki Building Systems and 9% in Ruukki Metals.

## Net sales

Net sales have been restated for reasons of structural comparability. Part of Ruukki Engineering's business was divested at the end of 2012. The units excluded from the arrangement have been part of Ruukki Metals since the start of 2013. Net sales of the Ruukki Engineering units transferred to Fortaco and of other Ruukki Engineering units have been eliminated from comparable consolidated net sales.

| NET SALES BY BUSINESS AREA | | | | | |
|---|---|---|---|---|---|
| EUR million | **Q2/13** | **Q2/12** | **Q1-Q2/13** | **Q1-Q2/12** | **2012** |
| Comparable net sales | | | | | |
| Ruukki Building Products | 112 | 125 | 190 | 208 | 452 |
| Ruukki Building Systems | 76 | 74 | 143 | 144 | 288 |
| Ruukki Metals | 439 | 490 | 882 | 988 | 1,859 |
| Others | 5 | -2 | 6 | -2 | -3 |
| Comparable net sales, total | 633 | 688 | 1,222 | 1,339 | 2,597 |
| Items affecting comparability included in reported net sales | 0 | 54 | 1 | 105 | 199 |
| Reported net sales | 633 | 742 | 1,223 | 1,444 | 2,796 |

### April-June 2013

Comparable net sales for April-June were down 8% year on year at EUR 633 million (688). Reported net sales for April-June were EUR 633 million (742). Reported net sales for the second quarter of the previous year include the net sales of Ruukki Engineering, which was divested at the end of December 2012.

Ruukki Building Products' comparable net sales were down 10%. Ruukki Building Systems' comparable net sales were up 2%. Ruukki Metals' net sales were down 10% year on year. Ruukki Metals' net sales decreased due to lower average selling prices compared to a year earlier. Ruukki Metals' delivery volumes were up slightly.

Compared to a year earlier, comparable net sales for the second quarter were down in most market areas, most of all in Finland and the other Nordic countries. Net sales were down also in Russia, Ukraine and the rest of Europe. Net sales were almost unchanged year on year in Central Eastern Europe and grew somewhat in countries outside Europe.

Compared to the previous quarter, comparable net sales were up 7%, which was due to seasonally higher delivery volumes in Ruukki Building Products and Ruukki Building Systems. Ruukki Metal's comparable net sales were down 1% quarter on quarter.

Compared to the previous quarter, net sales grew in most market areas, with particularly strong growth in Russia, Ukraine, Central Eastern Europe and in certain market areas outside Europe. Net sales were almost at the same level as the previous quarter in Finland and the other Nordic countries, but were down somewhat in the rest of Europe.

The emerging markets accounted for 28% (28) of comparable consolidated net sales for the second quarter of 2013. Special steels accounted for 34% (33) of Ruukki Metals' comparable net sales.

## January-June 2013

Comparable net sales for January-June were down 9% year on year at EUR 1,222 million (1,339). Reported net sales for January-June were EUR 1,223 million (1,444). Reported net sales for the first half of the previous year include the net sales of Ruukki Engineering, which was divested at the end of December 2012.

Ruukki Building Products comparable net sales were down 8%, Ruukki Building Systems 1% and Ruukki Metals 11% year on year. Ruukki Metals' net sales decreased due mostly to lower average selling prices compared to a year earlier. Also Ruukki Metals' delivery volumes were down slightly.

Compared to a year earlier, comparable net sales for the first half of the year were down in all other market areas except countries outside Europe, where net sales were up slightly. Net sales decreased most in Finland and the other Nordic countries.

The emerging markets accounted for 26% (25) of comparable consolidated net sales for the first half of 2013. Special steels accounted for 32% (31) of Ruukki Metals' comparable net sales.

**NET SALES BY REGION**

| EUR million | **Q2/13** | **Q2/12** | **Q1-Q2/13** | **Q1-Q2/12** | **2012** |
|---|---|---|---|---|---|
| Comparable net sales | | | | | |
| Finland | 158 | 187 | 319 | 356 | 676 |
| Other Nordic countries | 194 | 213 | 386 | 441 | 790 |
| Central Eastern Europe | 94 | 95 | 170 | 175 | 366 |
| Russia and Ukraine | 59 | 66 | 106 | 111 | 262 |
| Rest of Europe | 75 | 81 | 159 | 176 | 356 |
| Other countries | 52 | 45 | 82 | 80 | 146 |
| Comparable net sales, total | 633 | 688 | 1,222 | 1,339 | 2,597 |
| Items affecting comparability included in reported net sales | 0 | 54 | 1 | 105 | 199 |
| Reported net sales | 633 | 742 | 1,223 | 1,444 | 2,796 |

## Operating profit

Operating profit has been restated for reasons of structural comparability. Part of Ruukki Engineering's business was divested at the end of 2012. The units excluded from the arrangement have been part of Ruukki Metals since the start of 2013. Operating profit of the Ruukki Engineering units transferred to Fortaco and of other Ruukki Engineering units has been eliminated from comparable operating profit.

| OPERATING PROFIT BY BUSINESS AREA | | | | | |
|---|---|---|---|---|---|
| EUR million | **Q2/13** | **Q2/12** | **Q1-Q2/13** | **Q1-Q2/12** | **2012** |
| Comparable operating profit | | | | | |
| Ruukki Building Products | 10 | 8 | 10 | 4 | 22 |
| Ruukki Building Systems | -2 | -4 | -8 | -10 | -21 |
| Ruukki Metals | 8 | 13 | 24 | 16 | -31 |
| Others | 0 | -7 | -4 | -11 | -20 |
| Comparable operating profit, total | 17 | 10 | 21 | -1 | -50 |
| Items affecting comparability included in reported operating profit | -1 | -16 | -1 | -21 | -51 |
| Reported operating profit | 16 | -6 | 20 | -22 | -101 |

### April-June 2013

Operating profit for April-June was EUR 17 million (10). Reported operating profit was EUR 16 million (-6). Reported operating profit for 2013 includes items of -EUR 1 million affecting the comparability of net sales. Reported operating profit for the second quarter of 2012 includes items of -EUR 16 million affecting the comparability of net sales. Of these items, -EUR 9 million is the operating loss posted by the Ruukki Engineering units transferred to Fortaco at the end of 2012. The other items are the operating loss of EUR 3 million of the divested Mo i Rana unit in Norway, the costs of EUR 3 million arising from a fire at the Raahe Works and a retroactive adjustment of EUR 1 million arising from the amendment to IAS 19.

Ruukki Building Products' comparable operating profit was up EUR 3 million year on year. This was mostly attributable to the efficiency programme initiated during 2012 and better gross margin. Relative profitability of all product groups within Ruukki Building Products improved year on year. Relative profitability of Ruukki Building Systems improved and the operating loss decreased EUR 2 million year on year. This was mainly attributable to the efficiency programme initiated during 2012. Ruukki Metals' comparable operating profit was down EUR 5 million year on year. Operating profit fell year on year due to lower average selling prices and disruptions to production, which resulted in a low capacity utilisation rate in steel production. At the same time, cost savings generated by the efficiency projects and lower raw material costs resulted in improved operating profit.

Comparable operating profit was up EUR 12 million quarter on quarter. Ruukki Building Products and Ruukki Building Systems' operating profit showed clear improvement quarter on quarter partly because of seasonality and also because of restructuring and savings programmes completed. Ruukki Metals' comparable operating profit was down EUR 9 million quarter on quarter. This was mostly due to higher costs of raw materials and to disruptions to production, which resulted in a low capacity utilisation rate in steel production.

### January-June 2013

Comparable operating profit for January-June was EUR 21 million (-1). Reported operating profit was EUR 20 million (-22), which includes items of -EUR 1 million affecting the comparability of operating profit. Reported operating profit for the first half of 2012 includes items of -EUR 21 million affecting the comparability of operating profit. Of these items, EUR 13 million is the operating loss posted by the Ruukki Engineering units transferred to Fortaco at the end of 2012. The other items are the operating loss of EUR 3 million of the divested Mo i Rana unit in Norway, the costs of EUR 3 million arising from a fire at the Raahe Works and a retroactive adjustment of EUR 1 million arising from the amendment to IAS 19.

Ruukki Building Products’ comparable operating profit was up year on year. This was mostly attributable to the efficiency programme initiated during 2012 and better gross margin. The relative profitability of all product groups improved year on year. Relative profitability of Ruukki Building Systems improved and the operating loss decreased EUR 2 million year on year. This was mainly attributable to the efficiency programme initiated during 2012. Ruukki Metals’ comparable operating profit was up EUR 8 million year on year. The increase in operating profit was mainly attributable to cost savings generated by development projects and lower costs of raw materials. A number of development projects were completed during the year to optimise production and to use raw materials more efficiently. Manufacturing costs have been successfully cut as a result of these projects. The fall in the average selling prices of steel products and disruptions to production during the second quarter, which resulted in a low capacity rate in steel production, impacted negatively on operating profit growth.

## Financial items and result

Consolidated net finance costs in the first half of the year totalled EUR 18 million (20). Net interest costs were EUR 14 million (17).

Group taxes were -EUR 6 million (9). Taxes for the period include discharge of a -EUR 5 million tax charge made in 2012 and which has no effect on cash flow.

The result for the period was -EUR 5 million (-31).

Earnings per share were -EUR 0.03 (-0.22).

## Balance sheet, cash flow and financing

Total assets at the end of June were EUR 2,378 million (2 586). Equity at 30 June 2013 was EUR 1,021 million (1,171), equating to EUR 7.35 per share (8.43). Equity has decreased EUR 50 million since the end of 2012. This was mainly because of the dividend payment of EUR 28 million paid in April and a change in translation differences.

The equity ratio at the end of the report period was 43.6% (46.0) and the gearing ratio was 74.2% (71.5). Net interest-bearing liabilities at the end of June were EUR 760 million (839).

Return on equity for the past 12 months was -8.3% (-7.4) and return on capital employed was -3.0% (-4.1). The annualised return on capital employed was 2.1% (-1.9).

Net cash from operating activities in the first half of the year was EUR 77 million (49) and net cash before financing activities was EUR 38 million (2). EUR 6 million was freed up in working capital during the report period (freed up EUR 20 million).

At the end of June, the group had liquid assets of EUR 65 million (16) and undrawn committed credit facilities of EUR 475 million (475), EUR 425 million of which were long-term.

## Capital expenditure

Net cash used in investing activities during the first half of the year was -EUR 38 million (-47).

Investments in tangible and intangible assets totalled EUR 40 million (47), of which maintenance investments accounted for EUR 32 million (31) and development investments EUR 8 million (16). Cash inflow from other investing activities was EUR 2 million (0).

Depreciation and impairments in the first half of the year amounted to EUR 67 million (76).

Investments in tangible and intangible assets during 2013 are estimated to be in the region of EUR 90 million.

## Personnel

| PERSONNEL BY REGION | 30 Jun 2013 | 30 Jun 2012 | 31 Dec 2012 |
|---|---|---|---|
| Finland | 6,104 | 7,055 | 5,547 |
| Other Nordic countries | 544 | 645 | 580 |
| Central Eastern Europe | 1,114 | 2,047 | 1,106 |
| Russia and Ukraine | 1,658 | 1,841 | 1,686 |
| Rest of Europe | 51 | 68 | 63 |
| Other countries | 38 | 250 | 52 |
| Total | 9,509 | 11,906 | 9,034 |

The group employed an average of 9,074 persons (11,521) during the first half of the year and at the end of June, the headcount was 9,509 (11,906). The Fortaco deal completed at the end of 2012 resulted in a decrease of 1,334 in Ruukki's personnel numbers. At the end of the report period, 64% (59) of Ruukki's personnel worked in Finland.

The headcount in Finland increased since the end of 2012 mostly because of temporary summer employees, which numbered 831 (854) at the end of June. Most of the summer jobs provided by Ruukki were intended for university and vocational college students of technology and commerce. The majority of the summer workers were hired by Ruukki's largest production sites in Raahe and Hämeenlinna.

Safety measured in terms of accidents per million working hours was 8 (6).

# BUSINESS AREAS
# RUUKKI BUILDING PRODUCTS

Ruukki Construction has been split into two business areas - Ruukki Building Products and Ruukki Building Systems - since the start of the second quarter 2013. All residential roofing products, commercial, office and industrial construction components, and foundation, harbour and infrastructure construction components are reported under Ruukki Building Products.

- Order intake in the second quarter was almost at the same level as a year earlier.
- Net sales for the second quarter were down 10% year on year, mostly because of weak demand on the Polish and Ukraine markets and in infrastructure construction.
- Operating profit improved slightly year on year on the back of benefits generated by cost savings programmes in processing units and better gross margin.
- The total impact on earnings improvement achieved through efficiency projects in Ruukki Building Products and Ruukki Building Systems during the first half of 2013 was around EUR 8 million, of which around EUR 4 million was in Building Products.
- The total annualised impact on earnings improvement of actions completed and ongoing in Ruukki Building Products and Ruukki Building Systems during the second quarter of 2013 was EUR 24 million, of which around EUR 12 million was in Building Systems.

| RUUKKI BUILDING PRODUCTS | | | | | |
|---|---|---|---|---|---|
| EUR million | **Q2/13** | **Q2/12** | **Q1-Q2/13** | **Q1-Q2/12** | **2012** |
| Order intake | 120 | 121 | 198 | 211 | 443 |
| | | | | | |
| Net sales | 112 | 125 | 190 | 208 | 452 |
| Comparable operating profit | 10 | 8 | 10 | 4 | 22 |
| Comparable operating profit as % of net sales | 9.3 | 6.2 | 5.1 | 1.9 | 4.9 |
| Items affecting comparability included in reported operating profit | | | | | -3 |
| Reported operating profit | 10 | 8 | 10 | 4 | 19 |
| Reported operating profit as % of net sales | 9.3 | 6.2 | 5.1 | 1.9 | 4.1 |
| | | | | | |
| Personnel at end of period | | | 1,214 | 1,337 | 1,179 |

## Order intake

### April-June

The value of order intake in the April-June was down 1% year on year at EUR 120 million (121).

Order intake for residential roofing products was up 1% year on year. Order intake growth was strongest in Sweden, where the Ruukki Express distribution chain was added to through the acquisition of Plåtleverantören i Stockholm AB in the second quarter of 2012. Order intake in Finland showed slight growth. As regards the main markets, order intake was down in Poland, the Baltic states and Ukraine. Order flow was up year on year in some countries in Central Eastern Europe and in Russia.

Order intake for building components was up 5% year on year. As regards the main markets, order intake was up clearly in Sweden and Norway. Order intake in Finland was down slightly year on year, as was the case in Poland and Ukraine. Order intake for components were also up somewhat in the Czech Republic and Lithuania, but down in the other Baltic states.

Order intake for infrastructure construction was down 15% year on year. Orders showed slight growth in Sweden and Norway, whereas in Finland order intake was at a clearly lower level than a year earlier.

Compared to the previous quarter, Ruukki Building Products' order intake was up 52% due to seasonality. Order intake was up 108% for residential roofing products and 34% for building components. Order intake in infrastructure construction was up 22% quarter on quarter.

### January-June

The value of order intake January-June was down 6% year on year at EUR 198 million (211).

Order intake for residential roofing products was up 1% year on year. Order intake growth was strongest in Sweden, where the Ruukki Express distribution chain was added to through the acquisition of Plåtleverantören i Stockholm AB in the second quarter of 2012. Order flow was also up in Finland and in some countries in Central Eastern Europe and in Russia. As regards the main roofing markets, order intake was down in Poland, Ukraine and the Baltic states.

Order intake for building components was down 2% year on year. As regards the main markets, order intake growth was strong in Sweden. Order intake was also up in Norway, the Czech Republic and Latvia, but down somewhat in the other Baltic states. Order intake in Finland was down slightly year on year. Order flow in Poland and Ukraine was clearly lower than a year earlier.

Order intake for infrastructure construction was down 20% year on year. However, orders grew somewhat in Sweden, where orders were up for pile products, etc. Order intake was down clearly in Finland and Norway.

## Net sales

### April-June

Ruukki Building Products' net sales for April-June were down 10% year on year at EUR 112 (125). Net sales were up in Norway, but down in Finland and Sweden. Net sales were also up in Russia, which is an important growth market especially for residential roofing products. As regards the main markets, net sales were also down in Ukraine and Poland.

Compared to the previous quarter, Ruukki Building Products' net sales were up 45%. This was attributable to seasonality. Net sales rose in almost all market areas.

### January-June

Ruukki Building Products' net sales for January-June were down 8% year on year at EUR 190 million (208). Net sales were up in Norway, but down in Finland and Sweden. Net sales were also up in Russia, which is an important growth market especially for residential roofing products. As regards the main markets, net sales were also down in Ukraine and Poland.

| RUUKKI BUILDING PRODUCTS NET SALES BY PRODUCT GROUP | | | | | |
|---|---|---|---|---|---|
| EUR million | **Q2/13** | **Q2/12** | **Q1-Q2/13** | **Q1-Q2/12** | **2012** |
| **Reported net sales** | | | | | |
| Residential roofing products | 44 | 47 | 67 | 69 | 174 |
| Building components | 45 | 50 | 82 | 88 | 189 |
| Infrastructure construction | 23 | 28 | 42 | 51 | 89 |
| Others | 0 | | 0 | | |
| **Reported net sales, total** | **112** | **125** | **190** | **208** | **452** |

## Residential roofing products

*April-June*
Net sales of residential roofing products for April-June were down 6% year on year at EUR 44 million (47). Highest sales growth was in Sweden, where the Ruukki Express distribution chain was added to through the acquisition of Plåtleverantören i Stockholm AB in the second quarter of 2012. Net sales were also up in Russia. Net sales in Finland were down slightly year on year. Net sales were down also in Central Eastern Europe, where market demand in Poland and Ukraine, among others, was clearly weaker than a year earlier. Compared to the previous quarter, sales of roofing products were up, 101% in total, on a seasonal basis in all market areas.

*January-June*
Net sales of residential roofing products for January-June were down 3% year on year at EUR 67 million (69). Highest sales growth was in Sweden, where the Ruukki Express distribution chain was added to through the acquisition of Plåtleverantören i Stockholm AB in the second quarter of 2012. Net sales were also up in Russia. Net sales in Finland were at the same level as a year earlier. Net sales were down in Central Eastern Europe, where demand on the main markets of Poland and Ukraine, among others, was clearly weaker than a year earlier.

## Building components

*April-June*
Net sales of building components for April-June were down 9% year on year at EUR 45 million (50). As regards the main markets, net sales were down in most market areas, including Finland, Sweden, Ukraine, Poland and Estonia. Net sales were up clearly year on year in Norway. Compared to the previous quarter, net sales of building components were up, 24% in total, on a seasonal basis in almost all market areas.

*January-June*
Net sales of building components for January-June were down 7% year on year at EUR 82 million (88). As regards the main markets, net sales were down in most market areas, including Finland, Sweden, Ukraine and Estonia. In Poland, net sales remained at the same level as a year earlier. Net sales were up clearly in Norway.

## Infrastructure construction

*April-June*
Net sales in infrastructure construction for April-June were down 19% year on year at EUR 23 million (28). As regards the main market areas, net sales were down in Finland, Sweden and Norway. Compared to the previous quarter, net sales were up, 17% in total, in most markets. However, net sales in Sweden were down quarter on quarter.

*January-June*
Net sales in infrastructure construction for January-June were down 18% year on year at EUR 42 million (51). Net sales were down in all main market areas, i.e. Finland, Sweden and Norway.

## Operating profit

### April-June

Ruukki Building Products' operating profit for the second quarter of the year was EUR 10 million (8). Operating profit showed a slight improvement year on year mostly on the back of the efficiency programme initiated in 2012 and better gross margin. Operating profit growth compared to a year earlier was also helped by a more favourable geographical spread in sales of residential roofing products and more effective sales steering of building components. The relative profitability of all product groups improved year on year. The clear improvement in operating profit compared to the previous quarter was attributable to seasonality.

### January-June

Ruukki Building Products' operating profit for the first half of the year was EUR 10 million (4). Operating profit improved year on year mostly on the back of the efficiency programme initiated in 2012 and better gross margin. Operating profit growth compared to a year earlier was also helped by a more favourable geographical spread in sales of residential roofing products and more effective sales steering of building components. The relative profitability of all product groups improved year on year.

## Actions to improve profitability

During the second quarter of 2012, former Ruukki Construction division initiated a programme across the division to improve profitability and aimed at a permanent improvement of EUR 20 million in earnings performance. The programme has continued within Ruukki Building Products. Within the limits of this programme, the production-distribution process and material flows were optimised and the efficiency of sales, marketing and support functions has been improved.

Around EUR 8 million of the total earnings improvement target in the construction business was achieved during 2012. The total impact on earnings improvement achieved through efficiency projects in Ruukki Building Products and Ruukki Building Systems during the first half of 2013 was around EUR 8 million, of which around EUR 4 million was in Building Products. The total annualised impact on earnings improvement of actions completed and ongoing in Ruukki Building Products and Ruukki Building Systems during the second quarter of 2013 was EUR 24 million, of which around EUR 12 million was in Building Products.

## Product development and major delivery contracts

### Ruukki's energy panels first in Finland to receive VTT Technical Research Centre of Finland certification

Ruukki's energy panel system was the first in Finland to receive VTT Technical Research Centre of Finland certification. Certification makes it easier and faster to design the energy efficiency of a building and is tribute to the consistent high quality of Ruukki's energy panel system products and installation. Ruukki's energy panel system increases air tightness and thus improves a building's energy efficiency. A building can now be given greater airtightness without the need for separate verification. Ruukki launched energy panels in 2011 and has since developed them into a complete energy panel system. Product development has met customer demands and increasingly stricter regulations.

### Ruukki delivered energy-saving panels for new Krambua shopping centre in Sarpsborg, Norway

A new shopping centre to be opened in Sarpsborg, Norway is the first construction project in Norway to use Ruukki life panels and Ruukki's energy panel system. The single-storey, 6 300 m2 centre will house shops, health and keep-fit facilities. The investor in the project is Frigaard Eiendom. Ruukki life energy panels have been used in the façade of the new shopping centre. The airtight energy panel results in considerable savings in heating costs and significantly reduces a building's carbon dioxide emissions. Ruukki life panel improves construction ecology since it is made of recycled raw materials. Energy panels are made at Ruukki's plant in Alajärvi, Finland and their main market area is Finland, Norway, Sweden and the rest of northern Europe.

### Ruukki obtained CE marking rights ahead of deadline

Ruukki's building products have obtained pan-European CE marking rights before compulsory marking entered into force on 1 July this year. Since product standards have been harmonised, CE marking makes it easier to compare different manufacturers. For developers, CE-marked products mean certification is valid across the European Union and in European Economic Area countries. Harmonised standards are particularly important for developers with operations in more than one country. CE marking replaces local certificates. In construction, Ruukki has CE marking rights in, among others, the following product groups: sandwich panels, steel frame structures, load-bearing sheets, steel piles used in foundations and guard rails for roads. In building projects, Ruukki has CE marking rights for welded steel structures. CE marking is also in use in some residential roofing products.

### Ruukki launches energy panels that produce solar energy

Ruukki launches Ruukki solar panel, which produces solar power. Part of Ruukki's energy panel system, the panel is installed on walls and converts sunlight into electricity. Ruukki's energy panel system has resulted in significant savings in energy consumption compared to conventional sandwich panels. Ruukki is the only manufacturer whose energy panel system comes with an airtightness guarantee. Ruukki's panel system has VTT Technical Research Centre of Finland certification. In spring 2013, Ruukki became the first company in the world to launch a roof designed for an ordinary single-family home to harness solar thermal energy to generate energy both for domestic hot water and for heating the building itself.

# RUUKKI BUILDING SYSTEMS

Ruukki Construction has been split into two business areas - Ruukki Building Products and Ruukki Building Systems - since the start of the second quarter 2013. All project business in the Nordic countries, Central Eastern Europe and Russia, together with the entire business unit in Romania are reported under Ruukki Building Systems. Building Systems includes the design, manufacture and installation of foundation, frame and envelope structures.

- Order intake in the second quarter was down 25% year on year, which was partly attributable to a large single project received a year earlier. Order intake includes an order of around EUR 30 million for complete building solutions for Poultry Akashevskaya's new facility in Russia.
- Order book at the end of June was up 4% year on year.
- Net sales for the second quarter were up 2% year on year, with growth particularly in agricultural concept building projects in Russia.
- Operating loss decreased mainly as a result of the efficiency programme initiated during 2012.
- The total impact on earnings improvement achieved through efficiency projects in Ruukki Building Products and Ruukki Building Systems during the first half of 2013 was around EUR 8 million, of which around EUR 4 million was in Building Systems.
- The total annualised impact on earnings improvement of actions completed and ongoing in Ruukki Building Products and Ruukki Building Systems during the second quarter of 2013 was EUR 24 million, of which around EUR 12 million was in Building Systems.

| RUUKKI BUILDING SYSTEMS | | | | | |
|---|---|---|---|---|---|
| EUR million | Q2/13 | Q2/12 | Q1-Q2/13 | Q1-Q2/12 | 2012 |
| Order book | | | 153 | 147 | 133 |
| Order intake | 94 | 125 | 168 | 182 | 313 |
| Net sales | 76 | 74 | 143 | 144 | 288 |
| Comparable operating profit | -2 | -4 | -8 | -10 | -21 |
| Comparable operating profit as % of net sales | -2.3 | -4.9 | -5.9 | -7.0 | -7.3 |
| Items affecting comparability included in reported operating profit | | | | | -7 |
| Reported operating profit | -2 | -4 | -8 | -10 | -28 |
| Reported operating profit as % of net sales | -2.3 | -4.9 | -5.9 | -7.0 | -9.8 |
| Personnel at end of period | | | 2,048 | 2,236 | 2,087 |

## Order intake and order book

### April-June

The value of Ruukki Building Systems’ order intake in April-June was down 25% year on year at EUR 94 million (125).

Order intake in Russia showed strong growth and was 83% higher compared to a year earlier. Order intake in Russia showed strong growth particularly in agricultural concept building projects. Order intake includes an order of around EUR 30 million for complete building solutions for Poultry Akashevskaya's new facility.

Order intake in the Nordic countries was down 60%, a sharp fall compared to a year earlier. Order intake was down in Finland and Sweden. The fall in order intake in Finland was attributable to slow demand. The fall in order intake in Sweden was mostly attributable to a large shopping centre project secured a year earlier. In Norway, order intake for projects was significantly higher than a year earlier.

Order intake in Central Eastern Europe was down by a total of 61% compared to a year earlier.

Compared to the previous quarter, Ruukki Building Systems' order intake was up 26%.

### January-June

The value of Ruukki Building Systems' order intake for January-June was down 8% year on year at EUR 168 million (182).

Order intake in Russia showed strong growth and was 69% higher compared to a year earlier. Order intake in Russia was up in concept building and steel structure projects. Particularly strong growth in order flow was seen in agricultural concept buildings. Order intake includes an order of around EUR 30 million for complete building solutions for Poultry Akashevskaya's new facility received during the second quarter.

Order intake in the Nordic countries was down 41% year on year. Order intake was down clearly in Finland and Sweden. The fall in order intake in Finland was attributable to slow demand. The fall in order intake in Sweden was mostly attributable to a large shopping centre project secured a year earlier. In Norway, order intake for projects was significantly higher than a year earlier.

Order intake in Central Eastern Europe was down 53% compared to a year earlier.

At the end of June, Ruukki Building Systems' order book was 4% higher year on year and 10% higher than at the end of March.

## Net sales

### April-June

Ruukki Building Systems' comparable net sales for April-June were up 2% year on year at EUR 76 million (74).

Compared to the previous quarter, Ruukki Building Systems' net sales were up 12%. This was mostly attributable to seasonality.

### January-June

Ruukki Building Systems' comparable net sales for January-June were down 1% year on year at EUR 143 million (144).

Ruukki Building Systems' net sales are reported by market area from the second quarter of 2013 onwards. The market areas are Russia, the Nordic countries and Central Eastern Europe.

| RUUKKI BUILDING SYSTEMS NET SALES BY AREA | | | | | |
|---|---|---|---|---|---|
| EUR million | Q2/13 | Q2/12 | Q1-Q2/13 | Q1-Q2/12 | 2012 |
| **Reported net sales** | | | | | |
| Russia | 28 | 29 | 52 | 55 | 118 |
| Nordic countries | 29 | 26 | 56 | 55 | 96 |
| Central Eastern Europe | 19 | 19 | 35 | 35 | 73 |
| **Reported net sales, total** | **76** | **74** | **143** | **144** | **288** |

## Russia

### April-June
Ruukki Building Systems’ net sales in Russia for April-June were down 6% year on year at EUR 28 million (29). Sales were up especially in concept building projects in the agricultural sector.

### January-June
Ruukki Building Systems’ net sales in Russia for January-June were down 6% year on year at EUR 52 million (55). Sales were up especially in concept building projects in the agricultural sector.

## Nordic countries

### April-June
Ruukki Building Systems’ net sales in the Nordic countries for April-June were up 10% year on year at EUR 29 million (26). Net sales growth came from shopping centre and energy plant projects in Sweden. Net sales in Finland and the other Nordic countries were down somewhat compared to a year earlier.

### January-June
Ruukki Building Systems’ net sales in the Nordic countries for January-June were up 4% year on year at EUR 56 million (55). Net sales were up clearly in Sweden and Norway, but down in Finland. Net sales growth in Sweden came from shopping centre and energy plant projects.

## Central Eastern Europe

### April-June
Ruukki Building Systems’ net sales in Central Eastern Europe for April-June were up 2% year on year at EUR 19 million (19). Net sales were down in many market areas.

### January-June
Ruukki Building Systems’ net sales in Central Eastern Europe for January-June were up 1% year on year at EUR 35 million (35). Net sales were down in many market areas.

## Operating profit

### April-June

Ruukki Building Systems' operating profit for April-June was negative at -EUR 2 million (-4). Operating loss decreased and relative profitability improved year on year. This was mainly attributable to the efficiency programme initiated during 2012.

### January-June

Ruukki Building Systems' operating profit for January-June was negative at -EUR 8 million (-10). Operating loss decreased and relative profitability improved year on year. This was mainly attributable to the efficiency programme initiated during 2012.

## Actions to improve profitability

During the second quarter of 2012, former Ruukki Construction -division initiated a programme across the division to improve profitability and aimed at a permanent improvement of EUR 20 million in earnings performance. The programme has continued within Ruukki Building Systems.

Ruukki Building Systems' main aim is to turn the business back to profitability by the end of 2013. The business has underperformed mostly because of unprofitable individual project deliveries, loss-making bridge deliveries, unused capacity and excessive sales, general and administrative expenses. Profitability is to be restored through strengthening and improving the efficiency of project management, optimising production capacity and completing the efficiency programme currently under way in accordance with targets. In addition to this, Ruukki has already withdrawn from bridge projects. Construction in Russia offers significant prospects for profitable growth, especially within commercial construction and agriculture. Work in Russia will continue on developing sales and the product portfolio on the basis of customer needs, as well as on improving supply chain efficiency.

Around EUR 8 million of the total earnings improvement target in the construction business was achieved during 2012. The total impact on earnings improvement achieved through efficiency projects in Ruukki Building Products and Ruukki Building Systems during the first half of 2013 was around EUR 8 million, of which around EUR 4 million was in Building Systems. The total annualised impact on earnings improvement of actions completed and ongoing in Ruukki Building Products and Ruukki Building Systems during the second quarter of 2013 was EUR 24 million, of which around EUR 12 million was in Building Systems.

## Product development and major delivery contracts

### Order for Ruukki worth around EUR 30 million for complete building solutions in Russia

After the reporting period it was announced that Ruukki has signed an additional contract to deliver buildings for Poultry Akashevskaya's new poultry meat facility in the Mari El Republic in Russia. The contract received is worth a total of around EUR 30 million. Ruukki's delivery includes the frames, structures, wall panels and steel roofs for the buildings. The delivery consists of almost 200 individual buildings, most of which will be delivered during the current year. The order received is a continuation of earlier deliveries to Poultry Akashevskaya's production facilities. The previous order was received in spring this year. Poultry Akashevskaya Agroholding is one of the largest poultry companies in Russia. The order is included in order intake during the reporting period.

# RUUKKI METALS

- Comparable operating profit down year on year, which was attributable to lower average selling prices and disruptions to production.
- Order intake down 7% year on year. This was due to lower average prices for order intake as order volumes increased slightly.
- Net sales of special steel products showed clear growth compared to previous quarter, but were down 8% year on year.
- Improved earnings totalling EUR 21 million were generated by efficiency programmes during first half of 2013.
- Annualised impact on earnings improvement of actions completed and ongoing in Ruukki Metals during the second quarter totalled EUR 70 million, which is on target.

| RUUKKI METALS | | | | | |
|---|---|---|---|---|---|
| EUR million | Q2/13 | Q2/12 | Q1-Q2/13 | Q1-Q2/12 | 2012 |
| Order intake | 431 | 465 | 868 | 950 | 1,850 |
| | | | | | |
| Comparable net sales | 439 | 490 | 882 | 988 | 1,859 |
| Items affecting comparability included in reported net sales | | -20 | | -40 | -72 |
| Reported net sales | 439 | 470 | 882 | 948 | 1,787 |
| Comparable operating profit | 8 | 13 | 24 | 16 | -31 |
| Comparable operating profit as % of net sales | 1.8 | 2.7 | 2.8 | 1.6 | -1.7 |
| Items affecting comparability included in reported operating profit | | -6 | | -9 | -22 |
| Reported operating profit | 8 | 7 | 24 | 7 | -53 |
| Reported operating profit as % of net sales | 1.8 | 1.5 | 2.8 | 0.7 | -2.9 |
| | | | | | |
| Deliveries (1 000 tonnes) | 451 | 448 | 932 | 955 | 1,809 |
| Personnel at end of period | | | 5,906 | 6,047 | 5,203 |

## Order intake and order book

### April-June

The value of Ruukki Metals' order intake in April-June was down 7% year on year at EUR 431 million (465). Average prices of order intake decreased compared to a year earlier, but order volumes showed a slight increase.

Compared to the same period a year earlier, Ruukki Metals' order intake was down clearly in Finland, but was up slightly in the other Nordic countries. Besides Finland, order intake was down in Russia and Ukraine. Order intake showed clear growth in Western Europe, Central Eastern Europe and in certain market areas outside Europe, such as the United States and South American markets.

Order intake for special steel products during the second quarter was at a similar level as a year earlier. Orders for special steel products were up clearly in Russia, Poland and Turkey. Order intake was also up in in the South American markets and in Australia. Order intake for strip and flat products was down year on year. Orders showed a clear decline in Finland and Russia, but were up in other Nordic countries and in some markets in Central Eastern Europe and Western Europe. Order intake for tube and profile products was down somewhat, whereas order intake for aluminium and stainless steels, which are sold as training products, showed a slight increase compared to a year earlier.

Compared to the previous quarter, order intake was down 1%. Average prices of order intake were down slightly and order volumes were up slightly quarter on quarter.

Compared to the previous quarter, Ruukki Metals' order intake was down in Finland, but showed clear growth in the other Nordic countries. Order growth also came from market areas outside Europe and from Russia. Order intake showed a slight decline quarter on quarter in the markets in Central Eastern Europe and Western Europe.

Order intake for special steel products was down slightly quarter on quarter. However, demand for special steel products showed clear growth in, for example, Russia, Turkey, the South American markets and in Australia. Order intake for strip and flat products was up quarter on quarter. Orders were down in Finland and Russia, but up in other Nordic countries and in some markets in Central Eastern Europe and Western Europe. Order intake for tube and profile products was down, whereas order intake for aluminium and stainless steel, which are sold as training products, showed a slight increase compared to the previous quarter.

At the end of June, Ruukki Metals' order book was 12% lower year on year and 4% higher than at the end of March 2013.

### January-June

The value of Ruukki Metals' order intake in January-June was down 9% year on year at EUR 868 million (950). Average prices of order intake and order volumes decreased compared to a year earlier. Order intake for special steel products was up slightly year on year. Orders for special steels showed growth especially in in Russia and on certain markets in Central Eastern Europe, such as Poland and the Czech Republic. Order intake for strip and flat products, tube and profile products, and aluminium and stainless steels were down compared to the early part of the year a year earlier.

Compared to the same period a year earlier, Ruukki Metals' total order intake was down in Finland, the other Nordic countries and in Russia. Order intake from market areas outside Europe showed slight growth, as did orders from Western Europe and Central Eastern Europe.

## Net sales

### April-June

Ruukki Metals' comparable net sales for April-June were down 10% year on year at EUR 439 million (490). The decrease in net sales was attributable to lower average selling prices of steel products compared to a year earlier. Delivery volumes showed slight growth. Comparable net sales for 2012 include the net sales of the Ruukki Engineering units that were not divested. Reported net sales were EUR 439 million (470).

Net sales were down in most market areas compared to the second quarter a year earlier, with Finland and the other Nordic countries showing the most marked decline. Net sales were up in Central Eastern Europe, but down in Russia and Ukraine. As regards market areas outside Europe, net sales were up clearly in the United States, South American markets and in Australia. Net sales were down in China. Delivery volumes were up in most market areas. However, delivery volumes were down clearly in the Nordic countries, except in Finland. Net sales decreased in all product groups, except for the Stainless steel and aluminium product group, where net sales were up 3% year on year.

Compared to the previous quarter, Ruukki Metals' net sales were down 1%. This was attributable to lower delivery volumes. Average selling prices for steel products rose slightly compared to the previous quarter. Net sales were up clearly in Russia and the United States. Net sales growth also came from Central Eastern Europe. Net sales were down clearly in Finland and Western Europe and to some extent also in the other Nordic countries.

As regards the product groups, special steel products showed good net sales development, growing 10%. Net sales of stainless steel and aluminium products were up 14% and tubes and profiles 3%. Net sales of strip and flat products were down 11% quarter on quarter.

### January-June

Ruukki Metals' comparable net sales for January-June were down 11% year on year at EUR 882 million (988). The decrease in net sales was attributable to lower average selling prices of steel products compared to a year earlier. Also delivery volumes were down slightly. Net sales were down in all market areas, especially in the Nordic countries. However, net sales were up in, for example, Russia, Belarus, the United States and in the South American markets. Net sales were down in China. Net sales decreased in all product groups compared to the first half of last year. Comparable net sales for 2012 include the net sales of the Ruukki Engineering units that were not divested. Reported net sales were EUR 882 million (948).

| RUUKKI METALS NET SALES BY PRODUCT GROUP | | | | | |
|---|---|---|---|---|---|
| EUR million | Q2/13 | Q2/12 | Q1-Q2/13 | Q1-Q2/12 | 2012 |
| **Reported net sales** | | | | | |
| Special steel products | 147 | 160 | 281 | 304 | 551 |
| Strip and flat steel products | 194 | 206 | 413 | 433 | 854 |
| Tubes and profiles | 63 | 70 | 124 | 140 | 253 |
| Stainless steel and aluminium products | 35 | 34 | 65 | 71 | 129 |
| **Reported net sales, total** | **439** | **470** | **882** | **948** | **1,787** |

## Special steel products

*The following strip and plate products are reported in the special steel products product group: wear-resistant, high-strength, and specially coated steels. Ruukki's trademarks include Raex, Optim, Laser, Ramor, Pural, Purex, PVDF and Litec.*

### *April-June*

Net sales in the special steel products product group for April-June were down 8% year on year at EUR 147 million (160). Average selling prices of special steel products were down compared to a year earlier. The fall in average selling prices was largely due to a change in the product mix, i.e. strip products accounted for a higher share of special steel deliveries, whereas the share of flat products fell. Delivery volumes were also down slightly.

Net sales of special steel products were down in most market areas compared to the second quarter a year earlier. However, net sales were up in Russia and Ukraine, the United States, the South American markets and in Central Eastern Europe. Net sales in China showed a clear decline compared to a year earlier because of weakened demand in, among others, the lifting, handling and transportation equipment industry. Sales of special steel in China have, to date, been weighted towards high-strength steels (Optim), but expanding the product portfolio to include wear-resistant steels (Raex), would provide added growth potential.

As regards, customer segments, sales of special steels to the lifting, handling and transportation equipment industry and to the automotive industry showed a clear decline. Also deliveries to steel wholesalers were down year on year.

Compared to the previous quarter, net sales of special steels showed good development and were up 10% because of clearly higher delivery volumes. Also average selling prices of special steel products were up slightly quarter on quarter as a result of the change in product mix. Deliveries were up in most market areas, especially in Russia, the United States and in the South American markets. Net sales in Finland and the other Nordic countries were down slightly compared to the previous quarter. Net sales were down also in China.

Special steel products accounted for 34% (33) of Ruukki Metals' net sales for the second quarter of the year. Investments in expansion and development of the sales and distribution network for special steel products were reflected positively in sales of certain special steel products.

### *January-June*

Net sales in the special steel products product group for January-June were down 7% year on year at EUR 281 million (304). Average selling prices of special steel products were down compared to a year earlier. The fall in average selling prices was largely due to a change in the product mix, i.e. strip products accounted for a higher share of special steel deliveries, whereas the share of flat products fell. Delivery volumes were also down slightly.

Net sales of special steel products were down in most market areas compared to the first half of 2012. However, net sales were up in Russia and Ukraine, the United States, the South American markets and in Central Eastern Europe. Net sales in China showed a clear decline compared to a year earlier because of weakened demand in, among others, the lifting, handling and transportation equipment industry. Sales of special steel in China have, to date, been weighted towards high-strength steels (Optim), but expanding the product portfolio to include wear-resistant steels (Raex), would provide added growth potential.

As regards, customer segments, sales of special steels to the lifting, handling and transportation equipment industry and to the automotive industry showed a clear decline. Deliveries to the construction industry increases somewhat compared to a year earlier. Likewise, deliveries to steel wholesalers were up.

Special steel products accounted for 32% (31) of Ruukki Metals' net sales for the first half of the year.

## Strip and flat steel products

*The following are reported in the strip and flat products product group: hot- and cold-rolled steels and coated standard steel products. Sales of the Engineering units remaining with Ruukki and of by-products and mineral products are also reported in this group.*

### *April-June*

Net sales in the strip and flat products product group for April-June were down 6% year on year at EUR 194 million (206). The fall in net sales was due to lower average selling prices Delivery volumes were slightly higher compared to a year earlier.

Net sales in the strip and flat products product group showed a clear decrease year on year in Russia and the Nordic countries, except for Finland, where net sales were only slightly down. Net sales showed clear growth in Central Eastern Europe and the United States.

As regards customer segments, sales to the shipbuilding and offshore industries showed clear growth year on year. This was attributable to deliveries made to Finnish shipyards. Net sales were down clearly in other customer segments, such as the construction industry and steel wholesalers.

Compared to the previous quarter, net sales in the strip and flat products product group were down 11% due to smaller delivery volumes. Average selling prices for strip and flat products rose slightly compared to the previous quarter.

### *January-June*

Net sales in the strip and flat products product group for January-June were down 5% year on year at EUR 413 million (433). Both delivery volumes and average selling prices were slightly lower compared to a year earlier.

Net sales in the strip and flat products product group were up year on year in Finland, but down clearly in the other Nordic countries. Net sales rose somewhat also in Western Europe and Central Eastern Europe. Overall net sales were down slightly in Russia, Ukraine and in market areas outside Europe. Net sales rose in the United States.

As regards customer segments, sales to the shipbuilding and offshore industries showed clear growth year on year. Net sales were down in most other customer segments.

## Tubes and profiles

*The following are reported in the tubes and profiles product group: structural hollow sections, precision tubes, profiles and line pipes.*

### *April-June*

Net sales in the tubes and profiles product group for April-June were down 10% year on year at EUR 63 million (70). The fall in net sales was attributable to lower delivery volumes year and slightly lower average selling prices compared to a year earlier.

Net sales were down in almost all market areas. Deliveries to most customer segments, including the building products industry, were down year on year.

Compared to the previous quarter, net sales of tubes and profiles were up 3%. This was attributable both to higher delivery volumes and slightly higher average selling prices. Net sales were up in all market areas except for Central Eastern Europe.

### *January-June*

Net sales in the tubes and profiles product group for the January-June were down 12% year on year at EUR 124 million (140). The fall in net sales was attributable mainly to clearly lower delivery volumes, but also selling prices were slightly lower.

Net sales were down in almost all market areas. Deliveries to most customer segments, including the building products industry, were down year on year.

## Stainless steels and aluminium products

*The following are reported in the stainless steels and aluminium products group: stainless steel and aluminium sold as trading products, coils, sheets, bars, profiles and tubes made of aluminium and delivered to customers in standard dimensions, prefabricated or as components.*

### *April-June*

Net sales in the stainless steels and aluminium products group for April-June were up 3% year on year at EUR 35 million (34). Stainless steels and aluminium products are sold as trading products. Average selling prices for the products were down slight compared to a year earlier, but delivery volumes were up slightly.

Net sales were down in Finland, but up in the other Nordic countries compared to a year earlier. Net sales were down in most customer segments, including the most important segments, steel wholesalers and the construction industry.

Compared to the previous quarter, net sales of stainless steels and aluminium products were up 14%. Delivery volumes were up, but average selling prices were down slightly quarter on quarter.

### *January-June*

Net sales in the stainless steels and aluminium products group for January-June were down 8% year on year at EUR 65 million (71). The fall in net sales was attributable both to lower delivery volumes and lower average selling prices compared to a year earlier. Net sales were down in all main market areas and customer segments.

## Operating profit

### April-June

Ruukki Metals' comparable operating profit for April-June was EUR 8 million (13). Reported operating profit was EUR 8 million (7). Comparable operating profit for the second quarter of 2012 includes EUR 3 million operating profit attributable to the units transferred from Ruukki Engineering. Reported operating profit for the second quarter of 2012 includes an item of -EUR 3 million affecting the comparability of net sales. This item arose due to a fire occurring at the Raahe Works.

Operating profit fell year on year because of lower average selling prices and disruptions to production, which resulted in a low capacity utilisation rate in steel production. At the same time, cost savings generated by the efficiency projects and lower raw material costs resulted in improved operating profit. A number of development projects were completed during the year to optimise production and to use raw materials more efficiently. Manufacturing costs have been successfully cut as a result of these projects.

Ruukki Metals' comparable operating profit was down EUR 9 million compared to the previous quarter. This was mainly attributable to higher costs of materials and disruptions to production, which resulted in a low capacity utilisation rate in steel production.

### January-June

Ruukki Metals' comparable operating profit for January-June was EUR 24 million (16). Reported operating profit was EUR 24 million (7). Comparable operating profit for the second quarter of 2012 includes EUR 6 million operating profit attributable to the units transferred from Ruukki Engineering. Reported operating profit for the second quarter of 2012 includes an item of -EUR 3 million affecting the comparability of net sales. This item arose due to a fire occurring at the Raahe Works.

Operating profit rose year on year mainly because of cost savings generated by the efficiency projects and lower raw material costs. A number of development projects were completed during the year to optimise production and to use raw materials more efficiently. Manufacturing costs have been successfully cut as a result of these projects.

Operating profit growth was negatively affected by lower average selling prices for steel products and disruptions to production during the second quarter, which resulted in a low capacity utilisation rate in steel production.

## Ruukki Metals' project to improve profitability

During the first quarter of 2012, an efficiency improvement programme was initiated with the aim of achieving a permanent annual improvement of EUR 70 million in earnings performance. A number of development projects to improve competitiveness and achieve savings have been completed, especially at various production sites. Some of the cost savings have been generated by efficiency actions already completed in operations and workforce reductions in production, sales, marketing and business support functions.

During 2012, the programme delivered around EUR 10 million in earnings improvement and a further EUR 21 million in the first half of 2013. The annualised impact on earnings improvement of actions completed and ongoing in Ruukki Metals during the second quarter totalled EUR 70 million, which is on target.

## Steel production

| STEEL PRODUCTION | | | | | |
|---|---|---|---|---|---|
| 1 000 tonnes | Q2/13 | Q2/12 | Q1-Q2/13 | Q1-Q2/12 | 2012 |
| Steel production | 535 | 594 | 1,100 | 1,194 | 2,299 |

### April-June

Steel production during the second quarter of the year was 535 thousand tonnes (594) and the utilisation rate was around 77%. Work continued on projects to boost the recycling rate of materials in steel production and to increase operating efficiency.

### January-June

Steel production during the first half of the year was 1,100 thousand tonnes (1,194) and the utilisation rate was around 79%. Work continued on projects to boost the recycling rate of materials in steel production and to increase operating efficiency.

## Raw materials and energy in steel production

Market prices of iron ore and coking coal - the main raw materials in steel production - rose compared to the end of 2012 during January-February, but fell in March. During the second quarter of the year, prices of the main raw materials showed a clear fall.

After the sharp fall earlier in the year, the movements in the global market prices of iron ore and coking coal are forecast to level out and to show an upward trend during the third quarter. At the end of the second quarter, Ruukki Metals signed a new contract to purchase iron ore pellets with the Swedish company LKAB. This new contract allows more flexibility with regard to fluctuations in market prices and was backdated to the beginning of the second quarter. There is typically a delay of around one quarter before movements in the prices of far materials are reflected in Ruukki's production costs. This is because of contracts signed with raw materials suppliers and the normal turnaround of inventories.

## Product and other operational development

### Ruukki to significantly expand its special steels global sales network

Ruukki is to expand its global sales network for special steels by opening new offices and by recruiting more than 40 experts to strengthen sales and technical services.

Ruukki aims to have its sales network covering all main market areas to support its existing effective network of partners. Ruukki will hire new people in the Americas, Africa, China, the Middle East, Southeast Asia and Australia. In Europe, Ruukki will recruit new sales professionals in almost all the countries it has operations in, including Germany, as well as Poland and other Eastern European countries.

During the current year, Ruukki aims to turn its steels business more strongly into a special steels business consisting of high-strength, wear-resistant and special-coated steels. At the same time, the company will accelerate global sales of special steels, which means expanding and diversifying the distribution network and significantly strengthening the sales organisation. This spring, Ruukki opened new sales offices in Toronto, Canada and in Santiago, Chile and an office in the United States in June.

### Ruukki’s high-strength and wear-resistant special steels now in tubes and hollow section form

Ruukki's special steels have been bringing benefits to equipment manufacturers for years already in plate and strip form. Now Ruukki has launched Raex 400 tubes and Optim 700 Plus MH structural hollow sections made of special steels. Raex wear-resistant steel enables a longer lifetime for wearing parts. Optim high-strength steel brings fuel savings through lighter vehicle structures.

### Ruukki launches new Raex steel product family for the mining industry

Ruukki can now supply steels for all applications requiring wear-resistant special steels. Ruukki Raex special steel can withstand wear and surface pressure and the range has now been expanded to include the thicker wear-resistant steels needed, for example, in the mining industry. Raex special steel is made in a range of thicknesses from 2 mm to 80 mm. Use of thick wear-resistant steels can reduce the maintenance frequency of mining industry machinery and equipment, enhance energy efficiency and thus boost cost efficiency. Global marketing of the steels has begun. Ruukki has engineered thick Raex wear-resistant steels under the Finnish Metals and Engineering Competence Cluster’s (FIMECC) DEMAPP (Wear corrosion, high-low temperatures, friction) programme.

### Ruukki’s steel service centres in Finland certified operations in accordance with EN 1090 ahead of time

Those Ruukki steel service centres in Finland that manufacture ready-to-install products and steel structural components for customers have now received product certification in accordance with standard EN 1090-1, (CE marking) ahead of time. Standard EN 1090-1 covers the fabrication of products and structural components at am approved production site. CE marking will become compulsory from 1 July 2014 onwards for steel structures to which the standard applies.

Ruukki's steel service centres in Hyvinkää, Seinäjoki, Uusikaupunki and Raahe manufacture ready-to-install steel products and steel structural components in sawing, cutting, bending, perforation and welding processes.

Ruukki's steel service centres in Järvenpää and Naantali make prefabricated products using slitting, sheet and mechanical cutting. These centres are not required to have certification, but they have nevertheless certified their operations in accordance with standard EN 1090-2/3 and been certified for prefabrication under a national certification scheme.

### Ruukki provides eco-efficient metal components for Biofore concept car

Ruukki is participating in the development of the Biofore Concept Car being built by UPM and Helsinki Metropolia University of Applied Sciences. Ruukki will provide eco-efficient metal components for the concept car. These special steel components will be used in the front frame and rear axle of the car. The main aim of the project is to test the use of renewable biomaterials in the automotive industry. Eco-efficient solutions that reduce the overall carbon footprint are being pursued for all parts - including metal parts - of the Biofore Concept Car currently under development. Ruukki's Litec and Form special steels are ideal for this purpose. The European automotive industry is increasingly pursuing environmentally-aware solutions as regards both manufacturing and use. For reasons of cost and ecology, steel is the main structural material used in mass-produced cars. The automotive industry is the most important user of Ruukki's Litec steels.

## Environmental matters

The main focus area in Ruukki’s strategy is to develop energy-efficient steel solutions. The company is responding to growing customer interest by developing, innovating and manufacturing energy-efficient steel solutions to help keep energy costs down throughout the lifecycle of the end product.

Summer 2013 saw Ruukki launch the Ruukki Solar panel, which produces solar power. Part of Ruukki’s energy panel system, Ruukki Solar panel is installed on walls and converts sunlight into electricity. Thanks to its air tightness, Ruukki's energy panel system results in significant savings in customers' energy costs and the panels now also produce energy. In May, Ruukki’s energy panel system became the first in Finland to receive VTT Technical Research Centre of Finland certification. Certification makes it easier and faster to design the energy efficiency of a building and is tribute to the consistent high quality of Ruukki’s energy panel system products and installation. When determining the airtightness of a building, the energy efficiency coefficient can be used when calculating energy efficiency.

Ruukki Raex special steel can withstand wear and surface pressure and in the spring the range was expanded to include the thicker wear-resistant steels needed, for example, in the mining industry. Raex special steel is made in a range of thicknesses from 2 mm to 80 mm. The consistent quality of Raex steels significantly prolongs the lifetime of mining industry machinery and equipment. Products with a longer lifetime mean cost benefits and competitiveness for the end user. Choosing the optimum thickness of Raex wear-resistant steel in the manufacture of buckets and tipper bodies, for instance, can help to reduce the overall weight of the equipment itself and thus increase the payload, which in turn cuts fuel consumption.

Ruukki’s Corporate Responsibility Report may be viewed on the company’s website at www.ruukki.com/Corporate-responsibility. More information about environmental matters can also be found in product declarations and on the company’s website at www.ruukki.com. Ruukki’s share is included in many sustainability share indexes.

## Shares and share capital

| SHARES ON THE NASDAQ OMX HELSINKI STOCK EXCHANGE | | | | |
|---|---|---|---|---|
| **30 June 2013** | **Number of shares** | **Number of votes** | **Number of shares traded 1-6/2013** | **Value of shares traded 1-6/2013, EUR million** |
| RTRKS | 140,285,425 | 140,285,425 | 55,031,588 | 283 |

| **1 Jan - 30 Jun 2013** | **High** | **Low** | **VWAP*** | **Close** |
|---|---|---|---|---|
| Share price | 6.32 | 4.35 | 5.13 | 4.41 |

* Trade volume-weighted average price

| | **30.06.2013** | **30.06.2012** |
|---|---|---|
| Market capitalisation, EUR million | 619 | 696 |
| Foreign ownership, % | 12.9 | 15.0 |

During the first half of 2013, a total of 55 million (82) Rautaruukki shares (RTRKS) were traded on NASDAQ OMX Helsinki for a total of EUR 283 million (624). The highest price quoted was EUR 6.32 in January and the lowest was EUR 4.35 in June. The volume-weighted average price was EUR 5.13. The share closed at EUR 4.41 (4.96) at the end of the report period and the company had a market capitalisation of EUR 619 million (696).

Rautaruukki's share is also traded, in addition to NASDAQ OMX Helsinki, on multilateral trading facilities (MTF). According to information received by the company, a total of 18 million (19) Rautaruukki shares were traded on MTFs for a total of EUR 92 million (146) during the first half of 2013.

The company's registered share capital at 30 June 2013 was EUR 238.5 million (238.5) and there were 140,285,425 shares outstanding.

At the end of the report period, the company held a total of 1,392,470 treasury shares (1,392,240), which had a market value of EUR 6.1 million (6.9) and an accounting par value of EUR 2.4 million (2.4). Treasury shares accounted for 1% (1) of the total shares and votes

### Authority to acquire and transfer the company's own shares

The 2013 Annual General Meeting granted the Board of Directors the authority to acquire a maximum of 12,000,000 of the company's own shares. The authority is valid until the following Annual General Meeting. This authority supersedes the earlier authority granted by the 2012 Annual General Meeting to purchase 12,000,000 shares and which was valid until the 2013 Annual General Meeting.

The Annual General Meeting granted the Board of Directors the authority to decide on a share issue, which includes the right to issue new shares and/or to transfer treasury shares held by the company. The authority applies to a maximum of 14,000,000 shares. The Board of Directors has the right to disapply the pre-emption rights of existing shareholders in a directed issue. The authority also includes the right to decide on a bonus issue. The authority is valid for a period of one year following the date of decision of the Annual General Meeting.

As at 30 June 2013, the Board of Directors had not exercised its authority to issue shares or to purchase the company's own shares.

Information about the company's shareholder structure by sector and size of holding, the largest shareholders and Board of Director and Corporate Executive Board interests can be found on the company's website at www.ruukki.com.

## Litigation and other pending legal actions

On 30 April 2013, Rautaruukki and Ruukki Group Plc settled their name dispute in consequence of which Ruukki Group changed its name after the report period. Ruukki Group is to assign all its rights to the Ruukki trademark and Ruukki name to Rautaruukki.

A number of lawsuits, claims and disputes based on various grounds are pending against Rautaruukki around the world. Management believes that the outcome of these lawsuits, claims and disputes will not have a material adverse effect on Rautaruukki's financial position. Rautaruukki has itself also presented legal claims or is a plaintiff in disputes based on various grounds.

## Structure and management changes

Ruukki aims to accelerate its step change into a company specialising in steel construction and special steels. To this end, Ruukki reorganised its structure in the spring. Ruukki Construction was split into two new business areas: Ruukki Building Products and Ruukki Building Systems. Restructuring seeks to improve profitability and growth, as well as to improve manageability, the transformation pace and transparency.

From the second quarter onwards, the company has three reporting business areas:

Ruukki Building Products
Ruukki Building Systems
Ruukki Metals

### Corporate Executive Board appointments in conjunction with restructuring

Olavi Huhtala remains EVP, Ruukki Metals. Marko Somerma, formerly Chief Strategy Officer, was appointed EVP, Ruukki Building Products with effect from 1 May 2013. Tommi Matomäki, formerly EVP, Ruukki Construction, was appointed EVP, Ruukki Building Systems. Toni Hemminki was appointed Chief Strategy Officer and remains SVP, Technology, Energy and Environment. The above persons all continue being members of the Corporate Executive Board.

## Near-term business risks

The company's risks and risk management are detailed in the Annual Report for 2012. The company does not consider there to have been any material changes during the report period in the risks and factors of uncertainty presented in the Annual Report.

## Near-term outlook

Global economic forecasts were further downgraded as we entered the third quarter. Weakened growth forecasts were driven by slower economic growth than expected in the United States and in most emerging markets, together with the difficulties persisting in Europe. Growing unemployment and a further weakening of the international export markets have pushed back economic recovery in Europe. Economic growth is expected to be more modest than earlier in China, Brazil and Russia, and this has negative implications for export demand in Europe and the United States. As regards Ruukki's main markets, economic activity in Germany, Sweden and Norway is expected to continue to be stronger than in the rest of Europe also during the remainder of the year.

In construction, the growth outlook in most main market areas remained almost unchanged during the second quarter. The market environment of the Ruukki Building Products business area is weakened by a low level of residential construction activity, especially in Finland, Poland and Russia. However, brisker growth of commercial and industrial construction in Sweden, Norway and Russia is expected to accelerate demand in both construction business areas during the rest of the year. By comparison, demand for commercial and industrial construction in Finland is expected to remain weak during the remainder of the year. Likewise infrastructure construction activity in Finland is expected to remain weak, but prospects for the rest of the year in the other Nordic countries are brighter. Recovery in the main markets of both construction business areas is expected in 2014.

Within Ruukki Metals, service centre sales are expected to continue at roughly the same level as during the second quarter. However, recession in Europe still gives rise to considerable uncertainty as regards demand from mill customers. At the end of the report period, wholesalers' inventories were low after very moderate restocking during the first quarter. Overall, no significant changes are in sight in Ruukki Metals' demand environment compared to the second quarter. The holiday season in Europe, which takes place during the third quarter, may have a somewhat negative impact on demand.

Demand for special steels is expected to outstrip demand for standard products, especially in market areas outside Europe. The construction and mining industries among others provide significant growth prospects in many developed and emerging markets. Ruukki's aim to further grow the special steels business through new customers, applications and entry into new market areas is progressing well and was already reflected in slightly higher order volumes in the first half of the year. Work is under way on expanding the global distribution network and significantly further strengthening the sales organisation by opening new sales offices. The aim is for an extensive sales and partner network covering all main market areas. In the first half of the year, Ruukki opened new sales offices in Toronto, Canada, Santiago in Chile and in the United States. This translates into more flexible and even faster service close to the customer. Work is currently under way to recruit 40 sales and technical customer support experts. There is thus good scope for continued sales growth in special steels also during the second half of the year. The target is to achieve annual sales of special steel products of EUR 850 million in 2015 (2012: EUR 550 million).

Because of the overcapacity prevailing in the European steel industry, the price development of steel products for the whole year depends also on demand and on the price development of raw materials. In present market conditions, end customers and steel wholesalers alike track spot prices and this influences their buying behaviour. After the sharp fall earlier in the year, the movements in the global market prices of iron ore and coking coal are forecast to level out and to show an upward trend during the third quarter.

Efficiency projects initiated across Ruukki in 2012 delivered cost benefits of around EUR 20 million last year and around a further EUR 33 million during the first half of 2013. At the end of June, the annualised impact on earnings improvement of projects completed and ongoing was around EUR 100 million, which is on target.

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. Net sales and operating profit for 2012 have been restated for reasons of structural comparability.

# INTERIM REPORT AND NOTES

This interim report has been prepared in accordance with IAS 34 and, with the exception of the changes arising from amendments to IFRS standards that entered into force on 1 January 2013 and referred to below, is in conformity with the accounting policies published in the 2012 financial statements.

## IAS 1 Presentation of Financial Statements: amendment to Presentation of Items of Other Comprehensive Income

The amendment requires items of other comprehensive income to be grouped into items that can be reclassified subsequently to profit and loss and those that will not be reclassified to profit and loss. Also deferred taxes associated with these items are similarly presented.

- Items that can be reclassified subsequently to profit and loss are translation differences (reclassified to profit and loss when disposing of a foreign unit) and gains and losses realised on available-for-sale financial assets or cash flow hedges.
- Items that will not be reclassified subsequently to profit and loss are items arising from the remeasurement of defined benefit plans (IAS 19) and revaluation fund items (IAS 16 and IAS 38).

This interim report has also restated reference periods in accordance with the amended form of presentation.

## IFRS 13 Fair value measurement

The standard sets a single definition of fair value applicable to all IFRS standards and a single approach to measuring fair value. It does not amend regulation with regard to when a reporting entity should measure an asset or liability at fair value. The standard increases the information to be disclosed on the use of fair values and requires interim reports to also disclose information about financial assets and liabilities measured at fair value. This interim report includes a table of the hierarchy used in measuring the fair value of financial assets and liabilities. The measurement and valuation principles used are consistent with those presented in the financial statements for 2012.

## Amended IAS 19 Employee benefits

Most significant amendments:

- The so-called corridor method has been eliminated so that all actuarial gains and losses are recognised as they occur in items of other comprehensive income and the full net liability or asset arising from employee benefits is entered in the statement of financial position.
- Finance costs are determined on a net funding basis and the expected yield from funds is calculated by using the same discount rate as used to calculate the current value of the obligation.

Elimination of the corridor method does not result in any changes for Ruukki because Ruukki ceased using the corridor method as long ago as in 2008. Calculation of the yield of funds and present value of the obligation increased salaries and other employee benefits by EUR 2.4 million in 2012. The comparable figures and indicators have been restated accordingly.

Impacts of the amended standard on the consolidated statement of financial position and income statement in the reference period were as follows:

| STATEMENT OF FINANCIAL POSITION | | |
|---|---|---|
| EUR million | 1 Jan 2012 | 31 Dec 2012 |
| Deferred tax assets | -1.0 | -0.8 |
| Retained earnings | 3.1 | 3.1 |
| Total comprehensive income | | -0.8 |
| Defined benefit obligation | -4.1 | -3.1 |

| INCOME STATEMENT | |
|---|---|
| EUR million | 2012 |
| Employee benefits | -2.4 |
| Change in deferred taxes | 0,6 |
| Result for the period | -1.8 |
| | |
| Actuarial gains and losses | 1.3 |
| Tax on actuarial gains and losses | -0.3 |
| Total comprehensive income | -0.8 |

## Changes in corporate structure and segment reporting

Since 1 January 2013, the operations of the Ruukki Engineering units excluded from the Fortaco arrangement completed in December 2012 have been reported as part of Ruukki Metals' business. The Ruukki Engineering units transferred to Fortaco and the other Ruukki Engineering units have been eliminated from the comparable consolidated figures. Comparable figures for the reference periods have been restated accordingly.

At the start of the second quarter of 2013, Ruukki Construction was split into two business areas with reporting responsibility: Ruukki Building Products and Ruukki Building Systems. Ruukki Building Products supplies roofing, sandwich panel, foundation and infrastructure products, including services. Ruukki Building Systems consists of the building project business, operations in Russia and the new energy-efficient and functional buildings development unit. Comparable figures for the reference periods have been restated accordingly.

## Use of estimates

The preparation of an interim report in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the reporting of contingent assets and liabilities and the reported amounts of income and expense. Even though these estimates are based on management's best judgment at the time, actual results may ultimately differ from these estimates.

Individual figures and totals appearing in the tables have been rounded to the nearest whole million of euros. This interim report is unaudited.

## CONSOLIDATED INCOME STATEMENT (IFRS)

| EUR million | Q2/13 | Q2/12 | Q1-Q2/13 | Q1-Q2/12 | 2012 |
|---|---|---|---|---|---|
| Net sales | 633 | 742 | 1,223 | 1,444 | 2,796 |
| Cost of sales | -563 | -684 | -1,096 | -1,343 | -2,656 |
| Gross profit | 70 | 59 | 127 | 100 | 140 |
| | | | | | |
| Other operating income | 2 | 3 | 4 | 6 | 13 |
| Selling and marketing expenses | -26 | -30 | -51 | -58 | -115 |
| Administrative expenses | -29 | -36 | -59 | -70 | -138 |
| Other operating expenses | 0 | 0 | -1 | 0 | 0 |
| Operating profit | 16 | -6 | 20 | -22 | -101 |
| | | | | | |
| Finance income | 10 | 12 | 25 | 25 | 45 |
| Finance costs | -20 | -21 | -42 | -44 | -85 |
| Net finance costs | -10 | -9 | -18 | -20 | -40 |
| | | | | | |
| Share of profit of equity-accounted investees | -1 | 1 | -1 | 2 | 2 |
| Result before income tax | 5 | -14 | 1 | -40 | -139 |
| Income tax expense | -6 | 3 | -6 | 9 | 22 |
| Result for the period | -1 | -11 | -5 | -31 | -117 |
| | | | | | |
| Attributable to: | | | | | |
| Owners of the company | -1 | -11 | -5 | -31 | -118 |
| Non-controlling interest | 0 | 0 | 0 | 0 | 0 |
| | | | | | |
| Earnings per share, diluted, EUR | -0.01 | -0.08 | -0.03 | -0.22 | -0.85 |
| Earnings per share, basic, EUR | -0.01 | -0.08 | -0.03 | -0.22 | -0.85 |
| Operating profit as % of net sales | 2.5 | -0.7 | 1.6 | -1.5 | -3.6 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

| EUR million | **Q2/13** | **Q2/12** | **Q1-Q2/13** | **Q1-Q2/12** | **2012** |
|---|---|---|---|---|---|
| Result for the period | -1 | -11 | -5 | -31 | -117 |
| Other comprehensive income: | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | |
| Defined benefit plan actuarial gains and losses | | | | | -11 |
| Tax on items that will not be reclassified to profit or loss | | | | | 2 |
| Total items that will not be reclassified to profit or loss | | | | | -9 |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Effective portion of changes in fair value of cash flow hedges | -10 | 3 | -3 | -8 | -11 |
| Cash flow hedges reclassified to profit and loss during the period | -2 | -2 | -2 | -7 | -8 |
| Translation differences | -11 | -7 | -14 | 5 | 9 |
| Translation differences reclassified to profit and loss during the period | | | | | -5 |
| Tax on items that may be reclassified subsequently to profit or loss | 3 | 0 | 1 | 4 | 5 |
| Total items that may be reclassified subsequently to profit or loss | -21 | -6 | -18 | -6 | -10 |
| Total comprehensive income for the period | -22 | -17 | -22 | -37 | -136 |
| Attributable to: | | | | | |
| Owners of the company | -22 | -17 | -23 | -38 | -137 |
| Non-controlling interest | 0 | 0 | 0 | 0 | 0 |

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

| EUR million | 30 Jun 2013 | 30 Jun 2012 | 31 Dec 2012 |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | 1,333 | 1,392 | 1,371 |
| Deferred tax assets | 49 | 42 | 46 |
| Current assets | | | |
| Inventories | 559 | 694 | 590 |
| Trade and other receivables | 372 | 441 | 353 |
| Cash and cash equivalents | 65 | 16 | 21 |
| Total assets | 2,378 | 2,586 | 2,380 |
| | | | |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity attributable to owners of the company | 1,021 | 1,171 | 1,072 |
| Non-controlling interest | 3 | 2 | 3 |
| Non-current liabilities | | | |
| Loans and borrowings | 539 | 560 | 533 |
| Other non-current liabilities | 71 | 54 | 70 |
| Deferred tax liabilities | 10 | 13 | 1 |
| Current liabilities | | | |
| Loans and borrowings | 285 | 295 | 253 |
| Trade payables and other current liabilities | 448 | 491 | 449 |
| Total equity and liabilities | 2,378 | 2,586 | 2,380 |

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

| EUR million | Q1-Q2/13 | Q1-Q2/12 | 2012 |
|---|---|---|---|
| Result for the period | -5 | -31 | -117 |
| Adjustments | 83 | 85 | 170 |
| Cash flow before change in working capital | 78 | 54 | 52 |
| Change in working capital | 6 | 20 | 173 |
| Financing items and taxes | -7 | -25 | -54 |
| Net cash from operating activities | 77 | 49 | 172 |
| Cash inflow from investing activities | 2 | 1 | 10 |
| Sale of subsidiaries less cash | | | -5 |
| Cash outflow from investing activities | -40 | -49 | -99 |
| Net cash used in investing activities | -38 | -47 | -94 |
| Net cash before financing activities | 38 | 2 | 78 |
| Dividends paid | -28 | -69 | -69 |
| Proceeds from non-current loans and borrowings | 35 | 30 | 30 |
| Repayments of non-current loans and borrowings | -19 | -13 | -27 |
| Change in current loans and borrowings | 22 | -8 | -63 |
| Other net cash flow from financing activities | -3 | -3 | -7 |
| Effect of exchange rate fluctuations | -2 | 1 | 1 |
| Change in cash and cash equivalents | 44 | -62 | -57 |

| KEY FIGURES (IFRS) | Q2/2013 | Q2/2012 | 2012 |
|---|---|---|---|
| Net sales, EUR m | 1,223 | 1,444 | 2,796 |
| Operating profit, EUR m | 20 | -22 | -101 |
| as % of net sales | 1.6 | -1.5 | -3.6 |
| Result before income tax, EUR m | 1 | -40 | -139 |
| as % of net sales | 0.1 | -2.8 | -5.0 |
| Result for the period, EUR m | -5 | -31 | -117 |
| as % of net sales | -0.4 | -2.2 | -4.2 |
| Net cash from operating activities, EUR m | 77 | 49 | 172 |
| Net cash before financing activities, EUR m | 38 | 2 | 78 |
| Return on capital employed (rolling 12 months), % (rolling 12 months), % | -3.0 | -4.1 | -4.9 |
| Return on equity (rolling 12 months), % | -8.3 | -7.4 | -10.0 |
| Equity ratio, % | 43.6 | 46.0 | 45.6 |
| Gearing ratio, % | 74.2 | 71.5 | 71.2 |
| Net interest-bearing liabilities, EUR m | 760 | 839 | 765 |
| Equity per share, EUR | 7.35 | 8.43 | 7.72 |
| Personnel on average | 9,074 | 11,521 | 11,214 |
| Number of shares | 140,285,425 | 140,285,425 | 140,285,425 |
| - excluding treasury shares | 138,892,955 | 138,893,185 | 138,892,955 |
| - diluted, average | 139,043,263 | 138,950,185 | 138,930,365 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

| | Equity attributable to owners of the company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| EUR million | Share capital | Share premium | Fair value and other re-serves | Trans-lation diff-erences | Trea-sury shares | Re-tained earn-ings | Non-cont-rolling inter-est | Total equity |
| EQUITY 1 Jan 2012 | 238 | 220 | 3 | -29 | -6 | 849 | 2 | 1,278 |
| Result for the period | | | | | | -31 | 0 | -31 |
| Other comprehensive income | | | -11 | 5 | | | | -6 |
| Total comprehensive income for the period | | | -11 | 5 | | -31 | 0 | -37 |
| Dividend distribution | | | | | | -69 | | -69 |
| Share-based payments | | | 0 | | 0 | | | 0 |
| Other change | | | 0 | | | 2 | | 2 |
| **EQUITY 30 Jun 2012** | **238** | **220** | **-8** | **-24** | **-6** | **750** | **2** | **1,173** |
| | | | | | | | | |
| EQUITY 1 Jan 2013 | 238 | 220 | -11 | -25 | -6 | 655 | 3 | 1,074 |
| Result for the period | | | | | | -5 | 0 | -5 |
| Other comprehensive income | | | -5 | -14 | | 0 | | -18 |
| Total comprehensive income for the period | | | -5 | -14 | | -4 | 0 | -22 |
| Dividend distribution | | | | | | -28 | | -28 |
| Share-based payments | | | 0 | | | | | 0 |
| Other change | | | 0 | | | | | 0 |
| **EQUITY 30 Jun 2013** | **238** | **220** | **-15** | **-38** | **-6** | **622** | **3** | **1,024** |

## NET SALES BY REGION (IFRS)

| As % of net sales | Q1-Q2/13 | Q1-Q2/12 | 2012 |
|---|---|---|---|
| Finland | 26 | 25 | 25 |
| Other Nordic countries | 32 | 35 | 32 |
| Central Eastern Europe | 14 | 12 | 14 |
| Russia and Ukraine | 9 | 8 | 9 |
| Rest of Europe | 13 | 13 | 14 |
| Other countries | 7 | 6 | 6 |

## CONTINGENT LIABILITIES (IFRS)

| EUR million | 30 Jun 2013 | 30 Jun 2012 | 31 Dec 2012 |
|---|---|---|---|
| Mortgaged real estate | 59 | 59 | 59 |
| Other guarantees given | 24 | 14 | 27 |
| Rental liabilities | 68 | 68 | 73 |
| Other commitments | 9 | 5 | 4 |

## DERIVATIVE CONTRACTS (IFRS)

| EUR million | 30 Jun 2013 Nominal amount | 30 Jun 2013 Fair value | 30 Jun 2012 Nominal amount | 30 Jun 2012 Fair value |
|---|---|---|---|---|
| **CASH FLOW HEDGES QUALIFYING FOR HEDGE ACCOUNTING** | | | | |
| Zinc derivatives | | | | |
| Forward contracts, tonnes | 13,000 | -1 | 13,500 | -2 |
| Heavy fuel oil derivatives | | | | |
| Forward contracts, tonnes | 42,000 | -1 | 47,000 | -3 |
| Electricity derivatives | | | | |
| Forward contracts, GWh | 1,976 | -18 | 1,715 | -14 |
| Foreign currency derivatives | | | | |
| Forward contracts | 133 | 0 | 241 | 8 |
| Options | | | | |
| Bought | 194 | 1 | 69 | 1 |
| Sold | 187 | -2 | 69 | -1 |
| Interest rate derivatives | 30 | 0 | 30 | 0 |
| | | | | |
| **DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING** | | | | |
| Foreign currency derivatives | | | | |
| Forward contracts | 338 | 4 | 477 | -1 |
| Options | | | | |
| Bought | 266 | -2 | 96 | 0 |
| Sold | 148 | 3 | 177 | -1 |

The unrealised movements in the fair value of cash flow hedges are recognised in other comprehensive income items to the extent the hedge is effective. Other movements in fair value are recorded through profit and loss.

## HIERARCHY USED IN MEASURING THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

| EUR million | Level 1 | Level 2 | Level 3 | Total 30 Jun 2013 |
|---|---|---|---|---|
| Assets measured at fair value | | | | |
| Foreign currency derivatives | | 8 | | 8 |
| Foreign currency derivatives (cash flow hedges) | | 2 | | 2 |
| Commodity derivatives (cash flow hedges) | | | | |
| Electricity | | 0 | | 0 |
| Heavy fuel oil | | 0 | | 0 |
| Zinc | | | | |
| Investments recognised at fair value through profit and loss | | | | |
| Loan receivables from equity-accounted investees | | | 71 | 71 |
| Available-for-sale financial assets | | | 15 | 15 |
| Assets total | | 10 | 86 | 96 |
| Liabilities measured at fair value | | | | |
| Foreign currency derivatives | | -3 | | -3 |
| Foreign currency derivatives (cash flow hedges) | | -2 | | -2 |
| Interest rate derivatives (cash flow hedges) | | 0 | | 0 |
| Commodity derivatives (cash flow hedges) | | | | |
| Electricity | | -18 | | -18 |
| Heavy fuel oil | | -1 | | -1 |
| Zinc | | -1 | | -1 |
| Liabilities total | | -25 | | -25 |

| EUR million | Level 1 | Level 2 | Level 3 | Total 31 Dec 2012 |
|---|---|---|---|---|
| Assets measured at fair value | | | | |
| Foreign currency derivatives | | 4 | | 4 |
| Foreign currency derivatives (cash flow hedges) | | 0 | | 0 |
| Commodity derivatives (cash flow hedges) | | | | |
| Electricity | | 0 | | 0 |
| Heavy fuel oil | | 0 | | 0 |
| Zinc | | 1 | | 1 |
| Investments recognised at fair value through profit and loss | | | | |
| Loan receivables from equity-accounted investees | | | 72 | 72 |
| Available-for-sale financial assets | | | 14 | 14 |
| Assets total | | 5 | 86 | 91 |
| Liabilities measured at fair value | | | | |
| Foreign currency derivatives | | -6 | | -6 |
| Foreign currency derivatives (cash flow hedges) | | -7 | | -7 |
| Commodity derivatives (cash flow hedges) | | | | |
| Electricity | | -13 | | -13 |
| Heavy fuel oil | | 0 | | 0 |
| Zinc | | 0 | | 0 |
| Liabilities total | | -26 | | -26 |

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT (IFRS)

| EUR million | Q1-Q2/13 | Q1-Q2/12 | 2012 |
|---|---|---|---|
| Carrying amount at the beginning of period | 1,122 | 1,214 | 1,214 |
| Additions | 41 | 42 | 92 |
| Additions through acquisitions | 0 | 0 | 0 |
| Disposals | -1 | 0 | -8 |
| Disposals through divestments | 0 | 0 | -50 |
| Depreciation | -59 | -61 | -125 |
| Impairment | 0 | -3 | -8 |
| Translation differences | -7 | 4 | 7 |
| Carrying amount at the end of period | 1,097 | 1,195 | 1,122 |

## TRANSACTIONS WITH RELATED PARTIES (IFRS)

| EUR million | Q1-Q2/13 | Q1-Q2/12 | 2012 |
|---|---|---|---|
| Sales to equity-accounted investees | 17 | 12 | 21 |
| Purchases from equity-accounted investees | 3 | 3 | 7 |
| Loan receivables from equity-accounted investees | 71 | | 72 |
| Transactions with Rautaruukki Pension Foundation | 0 | 0 | 0 |
| | | | |
| | 30 Jun 2013 | 30 Jun 2012 | 31 Dec 2012 |
| Trade and other receivables from related parties | 5 | 6 | 4 |
| Trade and other payables to related parties | 1 | 0 | 0 |

## INVESTMENT COMMITMENTS (IFRS)

| EUR million | After 30 Jun 2013 | After 30 Jun 2012 | After 31 Dec 2012 |
|---|---|---|---|
| Maintenance investments | 78 | 74 | 61 |
| Development investments and investments in special steel products | 16 | 15 | 13 |
| Total | 93 | 89 | 74 |

## SEGMENT INFORMATION

| EUR million | Q2/13 | Q2/12 | Q1-Q2/13 | Q1-Q2/12 | 2012 |
|---|---|---|---|---|---|
| Order intake | | | | | |
| Ruukki Building Products | 120 | 121 | 198 | 211 | 443 |
| Ruukki Building Systems | 94 | 125 | 168 | 182 | 313 |
| Ruukki Metals | 431 | 465 | 868 | 950 | 1 850 |
| Order intake, total | 644 | 711 | 1 235 | 1 343 | 2 605 |
| | | | | | |
| Comparable net sales | | | | | |
| Ruukki Building Products | 112 | 125 | 190 | 208 | 452 |
| Ruukki Building Systems | 76 | 74 | 143 | 144 | 288 |
| Ruukki Engineering | | | | | |
| Ruukki Metals | 439 | 490 | 882 | 988 | 1 859 |
| Others | 5 | -2 | 6 | -2 | -3 |
| Comparable net sales, total | 633 | | 1 222 | | |
| Items affecting comparability included in reported net sales | 0 | 54 | 1 | 105 | 199 |
| Reported net sales | 633 | | 1 223 | | |
| | | | | | |
| Comparable operating profit | | | | | |
| Ruukki Building Products | 10 | 8 | 10 | 4 | 22 |
| Ruukki Building Systems | -2 | -4 | -8 | -10 | -21 |
| Ruukki Engineering | | | | | |
| Ruukki Metals | 8 | 13 | 24 | 16 | -31 |
| Others | 0 | -7 | -4 | -11 | -20 |
| Comparable operating profit, total | 17 | | 21 | | |
| Items affecting comparability included in reported operating profit | -1 | -16 | -1 | -21 | -51 |
| Reported operating profit | 16 | | 20 | | |
| | | | | | |
| Net finance costs | -10 | -9 | -18 | -20 | -40 |
| Share of profit of equity-accounted investees | -1 | 1 | -1 | 2 | 2 |
| Result before income tax | 5 | | 1 | | |
| Income tax expense | -6 | 3 | -6 | 9 | 22 |
| Result for the period | -1 | | -5 | | |

| EUR million | 30 Jun 2013 | 30 Jun 2012 | 31 Dec 2012 |
|---|---|---|---|
| Operative capital employed | | | |
| Ruukki Building Products | 166 | 189 | 145 |
| Ruukki Building Systems | 223 | 257 | 241 |
| Ruukki Engineering | | 153 | 36 |
| Ruukki Metals | 1 382 | 1 511 | 1 409 |
| Others | 19 | 29 | 22 |
| Operative capital employed, total | 1 790 | 2 138 | 1 853 |

| QUARTERLY SEGMENT INFORMATION | | | | | | |
|---|---|---|---|---|---|---|
| EUR million | Q1/12 | Q2/12 | Q3/12 | Q4/12 | Q1/13 | Q2/13 |
| Order intake | | | | | | |
| Ruukki Building Products | 89 | 121 | 129 | 103 | 79 | 120 |
| Ruukki Building Systems | 58 | 125 | 63 | 67 | 75 | 94 |
| Ruukki Metals | 486 | 465 | 446 | 454 | 437 | 431 |
| Order intake, total | 633 | 711 | 638 | 624 | 590 | 644 |
| | | | | | | |
| Comparable net sales | | | | | | |
| Ruukki Building Products | 83 | 125 | 133 | 112 | 78 | 112 |
| Ruukki Building Systems | 70 | 74 | 75 | 69 | 68 | 76 |
| Ruukki Metals | 498 | 490 | 419 | 452 | 443 | 439 |
| Others | 0 | -2 | -3 | 2 | 1 | 5 |
| Comparable net sales, total | 651 | 688 | 624 | 634 | 589 | 633 |
| Items affecting comparability included in reported net sales | 51 | 54 | 51 | 43 | 1 | 0 |
| Reported net sales | 702 | 742 | 675 | 677 | 590 | 633 |
| | | | | | | |
| Comparable operating profit | | | | | | |
| Ruukki Building Products | -4 | 8 | 12 | 6 | -1 | 10 |
| Ruukki Building Systems | -7 | -4 | -4 | -7 | -7 | -2 |
| Ruukki Metals | 3 | 13 | -16 | -31 | 16 | 8 |
| Others | -4 | -7 | -7 | -2 | -4 | 0 |
| Comparable operating profit, total | -11 | 10 | -15 | -34 | 4 | 17 |
| Items affecting comparability included in reported net sales | -5 | -16 | -5 | -25 | -1 | -1 |
| Reported operating profit | -16 | -6 | -21 | -59 | 4 | 16 |
| | | | | | | |
| Net finance costs | -11 | -9 | -11 | -9 | -8 | -10 |
| Share of profit of equity-accounted investees | 1 | 1 | 0 | 0 | -1 | -1 |
| Result before income tax | -27 | -14 | -32 | -67 | -4 | 5 |
| Income tax expense | 6 | 3 | 2 | 11 | 1 | -6 |
| Result for the period | -20 | -11 | -30 | -57 | -4 | -1 |

| ITEMS AFFECTING COMPARABILITY OF REPORTED NET SALES | | | | | | |
|---|---|---|---|---|---|---|
| EUR million | **Q1/12** | **Q2/12** | **Q3/12** | **Q4/12** | **Q1/13** | **Q2/13** |
| Ruukki Engineering | | | | | | |
| Net sales of units transferred to Ruukki Metals | 21 | 20 | 13 | 18 | | |
| Net sales of other units | 48 | 52 | 49 | 42 | | |
| Ruukki Metals | | | | | | |
| Net sales of units transferred from Ruukki Engineering | -21 | -20 | -13 | -18 | | |
| Others | | | | | | |
| Net sales of Mo i Rana unit | 2 | 2 | 1 | 1 | 0 | 0 |
| Net sales of Kalajoki unit | | | | | 1 | 0 |
| Items affecting comparability of reported net sales, total | 51 | 54 | 51 | 43 | 1 | 0 |

| ITEMS AFFECTING COMPARABILITY OF REPORTED OPERATING PROFIT | | | | | | |
|---|---|---|---|---|---|---|
| EUR million | **Q1/12** | **Q2/12** | **Q3/12** | **Q4/12** | **Q1/13** | **Q2/13** |
| Ruukki Building Products | | | | | | |
| Expenses related to restructuring | | | -1 | -2 | | |
| Ruukki Building Systems | | | | | | |
| Expenses related to restructuring | | | -1 | -6 | | |
| Effect of change in discount rate on long service benefit costs | | | | 0 | | |
| Ruukki Engineering | | | | | | |
| Operating profit of units transferred to Ruukki Metals | 3 | 3 | 2 | 3 | | |
| Operating profit of other units | -4 | -9 | -3 | -8 | | |
| Impact of Fortaco deal | | | | 0 | | |
| Ruukki Metals | | | | | | |
| Operating profit of units transferred from Ruukki Engineering | -3 | -3 | -2 | -3 | | |
| Cost of fire at Raahe steel works | | -3 | | | | |
| Expenses related to restructuring | | | | -6 | | |
| Effect of change in discount rate on long service benefit costs | | | | -2 | | |
| Others | | | | | | |
| Operating profit of Mo i Rana unit | 0 | -3 | 0 | 0 | 0 | 0 |
| Operating profit of Kalajoki unit | | | | | 0 | 0 |
| Impact of Fortaco deal | | | | 2 | -1 | 0 |
| Expenses related to restructuring | | | | -2 | | |
| Restatement due to change of IAS19 | -1 | -1 | -1 | -1 | | |
| Effect of change in discount rate on long service benefit costs | | | | 0 | | |
| Items affecting comparability of reported operating profit, total | -5 | -16 | -5 | -25 | -1 | -1 |

| DELIVERIES, RUUKKI METALS | | | | | | |
|---|---|---|---|---|---|---|
| 1 000 tonnes | **Q1/12** | **Q2/12** | **Q3/12** | **Q4/12** | **Q1/13** | **Q2/13** |
| Deliveries | 507 | 448 | 389 | 466 | 481 | 451 |

## Formulas for the calculation of key figures

| | | | |
|---|---|---|---|
| Return on capital employed (rolling 12 months), % | = | result before income tax + finance costs (rolling 12 months)<br>--------------------------------------<br>total equity + loans and borrowings (average at beginning and end of period) | x100 |
| Return on capital employed (annualised), % | = | result before income tax + finance costs (annualised)<br>--------------------------------------<br>total equity + loans and borrowings (average at beginning and end of period) | x100 |
| Return on equity (rolling 12 months), % | = | result before income tax - income tax expense (rolling 12 months)<br>--------------------------------------<br>total equity (average at beginning and end of period) | x100 |
| Equity ratio, % | = | total equity<br>--------------------------------------<br>total assets - advances received | x100 |
| Gearing ratio, % | = | net interest-bearing financial liabilities<br>--------------------------------------<br>total equity | x100 |
| Net interest-bearing financial liabilities | = | loans and borrowings - current financial assets and cash and cash equivalents | |
| Earnings per share (EPS) | = | result for the period attributable to owners of the company<br>--------------------------------------<br>weighted average number of shares outstanding during the period | |
| Earnings per share (EPS), diluted | = | result for the period attributable to owners of the company<br>--------------------------------------<br>weighted average diluted number of shares outstanding during the period | |
| Equity per share | = | equity attributable to owners of the company<br>--------------------------------------<br>basic number of shares outstanding at the end of period | |
| Volume weighted average price | = | total EUR trading of shares<br>--------------------------------------<br>total number of shares traded | |
| Market capitalisation | = | basic number of shares at the end of period x closing price at the end of period | |
| Personnel on average | = | total number of personnel at the end of each month divided by the number of months | |

Helsinki, 8 August 2013
Rautaruukki Corporation
Board of Directors

CFI.001EN/08.2013/RUUKKI

**Ruukki provides its customers with energy-efficient steel solutions for better living, working and moving.**

**The interim report for the period January–September 2013 will be published on 23 October 2013.**

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