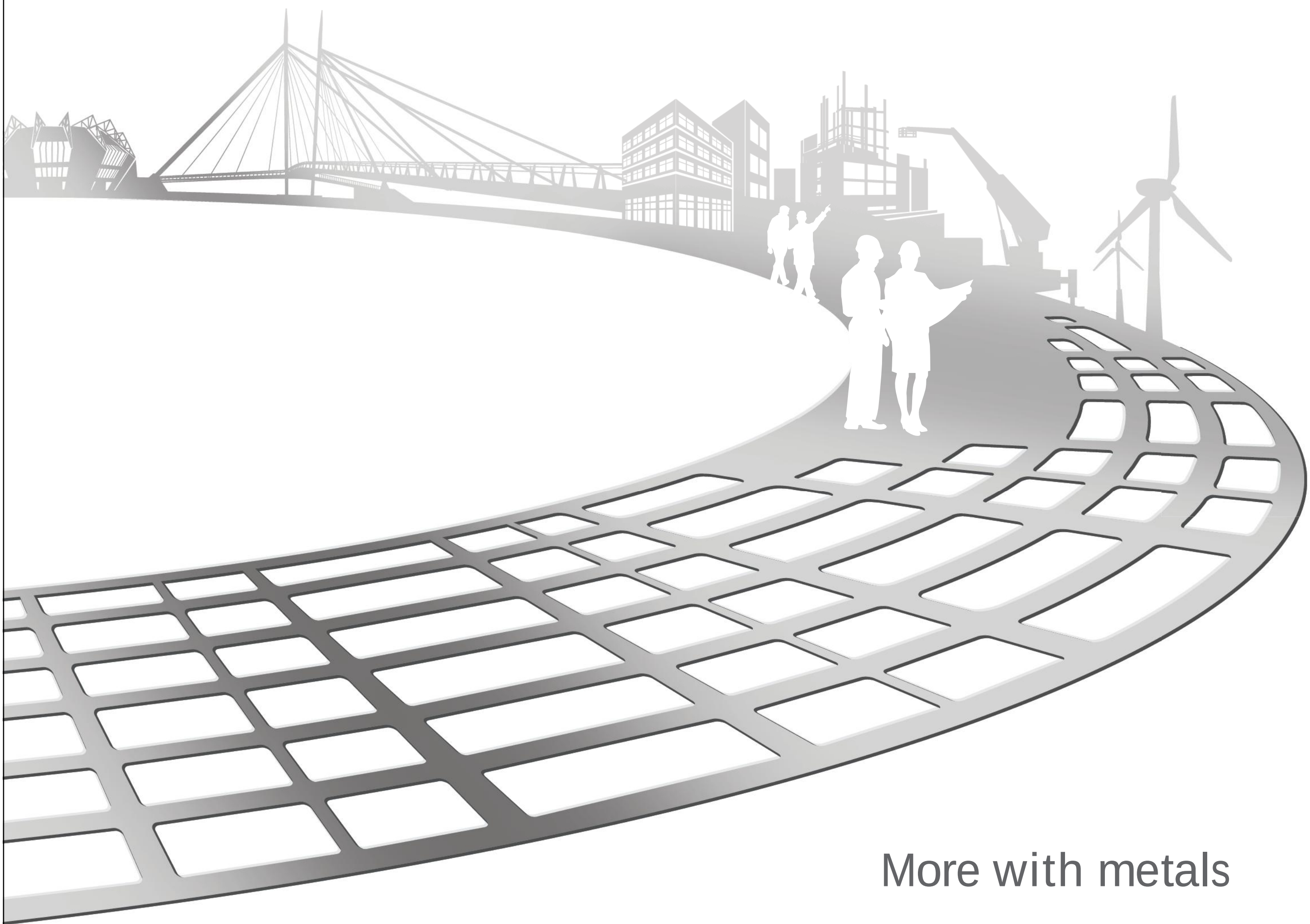
2010

Rautaruukki Corporation

Financial Statement Bulletin
1 January–31 December 2010
RTRKS

3 February 2011



More with metals

Rautaruukki Corporation Financial statement bulletin 3 February 2011 at 9am EET

Rautaruukki Corporation: Profitability improved significantly, but was still unsatisfactory. Growth of 20-25 per cent in net sales and clear improvement in profitability anticipated for 2011.

October - December 2010 (Q4/2009)
- Order intake was EUR 647 million (43% growth).
- Comparable net sales were EUR 641 million (515).
- Comparable operating profit was -EUR 5 million (-32).
- Comparable result before income taxes was -EUR 12 million (-39).

January - December 2010 (2009)
- Order intake was EUR 2,326 million (34% growth).
- Comparable net sales were EUR 2,403 million (1,901).
- Comparable operating profit was EUR 38 million (-272).
- Comparable result before income taxes was EUR 8 million (-303).

Dividend proposal
The Board of Directors proposes payment of a dividend of EUR 0.60 per share (0.45), which makes a total dividend payout of EUR 83 million (62).

Estimate of the financial outlook for 2011
Consolidated net sales in 2011 are estimated to grow 20-25 per cent year on year. Profitability is estimated to clearly improve compared to 2010.

KEY FIGURES

	Q4/10	Q4/09	2010	2009
Comparable figures				
Comparable net sales, EUR m	641	515	2 403	1 901
Comparable operating profit, EUR m	-5	-32	38	-272
Comparable operating profit as % of net sales	-0.7	-6.2	1.6	-14.3
Comparable result before income tax, EUR m	-12	-39	8	-303
Reported figures				
Reported net sales, EUR m	641	521	2 415	1 950
Reported operating profit, EUR m	-3	-39	-12	-323
Reported result before income tax, EUR m	-11	-46	-74	-359
Net cash flow before financing activities, EUR m	-19	78	-226	30
Earnings per share, EUR	-0.21	-0.33	-0.57	-1.98
Dividend per share, EUR			0.60*	0.45
Return on capital employed, %			-0.3	-14.2
Gearing ratio, %			44.7	22.3
Equity ratio, %			55.3	59.9
Personnel on average	11 384	11 913	11 693	12 664

* Board of Directors' proposal

President & CEO Sakari Tamminen:

"In 2010, the economy grew, especially in the emerging markets. Growth in Europe remained slower than in the rest of the world, although the market environment improved towards the end of the year.

For Ruukki, 2010 marked a turn for the better. We received a third more orders than during the previous year. Orders grew in all our business areas, with the strongest growth in the steel business and, towards the end of the year, in the engineering business. Geographically, fastest growth was in Sweden and in our new markets for special steel products in Brazil, China and Turkey.

In the construction business, demand remained quiet in commercial and industrial construction. Delivery volumes rose in residential roofing products and in infrastructure construction, where we strengthened our position in road and railway construction in the Nordic countries. Sales of the new roofing products we successfully launched on the residential construction market were brisk, especially in Central Eastern Europe and Ukraine.

In the engineering business, market conditions improved in most of our customer segments compared to the previous year and order volumes grew mostly from manufacturers of materials handling, construction and mining industry equipment. Strongest order growth was during the fourth quarter. Order volumes for the wind power industry and other energy equipment manufacturers decreased sharply. Market conditions remained weak in the shipbuilding industry.

Our steel business recovered from the deep downswing of the previous year and demand grew in a number of main customer segments, such as the heavy engineering industry and automotive industry. Sales of special steel products developed especially well and doubled compared to the previous year. During the past year, we expanded our distribution network for special steel products particularly in the emerging markets, such as Brazil and China.

Profitability improved significantly year on year, but our reported result was still negative. The comparable result before taxes, however, already turned positive due to increased delivery volumes of steel products, improved capacity utilisation in steel production, growth in the sales of special steel products and higher selling prices. Profitability of the solutions businesses - construction and engineering - was still weak. Profitability of the construction business was weakened by low capacity utilisation in commercial and industrial construction and the weak profitability of certain projects. Also the engineering business suffered from low capacity utilisation, on top of which its profitability was adversely affected by the low price level of components, especially in early 2010, and by small delivery volumes to equipment manufacturers in the energy industry.

Last year, we made significant strategy outlines to take the company forward. The cornerstones of our strategy are increased specialisation, strengthening our market position and capitalising on the growth potential of the emerging markets. We have set ourselves ambitious targets, but we have now a strong base to achieve them. We will continue developing our solutions businesses - construction and engineering - with the aim of increasing their share of our consolidated net sales from a current figure of 34 per cent to 60 per cent. Our good production and sales network, special-steel-based components, scalable products and concepts - especially in the construction business - will help us to grow our solutions businesses.

In 2010, the emerging markets accounted for approximately a quarter of our consolidated net sales. We aim to increase this share to 50 per cent during the next few years. We are looking to increase the share of special steel products from a current figure of 27 per cent to 60 per cent of net sales in our steel business. We aim to do this by, among other things, increasingly targeting sales of special steels to the emerging markets, where demand is growing faster than in other markets. On the Nordic steel product market, we intend to strengthen our market position by further improving delivery accuracy and the quality of our products and services throughout the supply chain.

The basis for 2011 is clearly better than for the previous year. Compared to 2010, industrial investments are forecast to grow in all our main market areas. According to our estimates, increased activity in our customers' industries will improve demand for our products in the construction and engineering businesses and in the steel business, especially with regard to special steel products. As a result of increased demand, we estimate the company's capacity utilisation rate, especially in the solutions businesses, will be higher in 2011 than in 2010. We expect selling prices of steel products to rise during 2011 due to improving demand and higher raw material prices. We have improved operational efficiency corporate wide and our cost competitiveness is now clearly better than in previous years. Our main objectives for the current year are to clearly strengthen cash flow and to return our construction and engineering businesses to profitability.

Consolidated net sales in 2011 are estimated to grow 20-25 per cent year on year. Profitability is estimated to clearly improve compared to 2010."

Rautaruukki Corporation's full financial statement is attached to this bulletin.

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A presentation in English for analysts and the media will be held on 3 February 2011 at 10.30am EET at Ruukki, Suolakivenkatu 1, 00810 Helsinki.

A live webcast of the event may be followed online starting from 10.30am on the company's website at www.ruukki.com/investors. The event can also be attended through a **conference call**. To attend the conference call, please call the number below 5-10 minutes before the scheduled start time: +44 (0)20 7162 0125, access code: 886 231.

A replay of the webcast can be viewed on the company's website on 3 February 2011 from about 4pm EET onwards. An encore replay of the conference call can be heard until 8 February 2011 at +44 (0)20 7031 4064, access code: 886 231.

The annual report and financial statements for 2010 will be published in full during week 9.

Rautaruukki Corporation
Anne Pirilä
SVP, Communications and Investor Relations

Rautaruukki supplies metal-based components, systems and integrated systems to the construction and engineering industries. The company has a wide selection of metal products and services. Rautaruukki has operations in 27 countries and employs around 11,700 people. Net sales in 2010 totalled around EUR 2.4 billion. The company's share is quoted on NASDAQ OMX Helsinki (Rautaruukki Oyj: RTRKS). The Corporation uses the marketing name Ruukki.

DISTRIBUTION:
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www.ruukki.com

RAUTARUUKKI CORPORATION FINANCIAL STATEMENT BULLETIN FOR 2010

Business environment in 2010

Recovery of the global economy from the economic crisis began in late 2009 and continued during 2010 and was supported especially by growing demand on the emerging markets. However, economic growth showed regional differences and was slower in Europe than in the rest of the world. The Finnish economy is largely dependent on export demand for capital goods and so growth was slower in Finland than in many other European countries.

Normalisation of the financial markets continued in 2010 even though the rapid indebtedness of certain states in Europe increased market uncertainty. In particular, the culmination of sovereign debt problems in Greece, during the second quarter, and in Ireland, during the fourth quarter, fuelled uncertainty. However, the impact of these debt problems remained contained during the report period because bailout packages from euro-zone countries and the International Monetary Fund, together with austerity programmes announced by the indebted countries, calmed the markets.

Strong growth in Asia and in other emerging economies during the first half of 2010 supported a recovery of industrial production also in Europe. However, investment demand remained sluggish and there was much unused capacity. Industrial production continued growing during the second half of the year, although production levels were still far short of those preceding the financial crisis.

Exceptionally severe weather conditions affected construction activity in Ruukki's main market areas in early 2010. The impact was clearly visible in both commercial and industrial construction and in residential construction. Residential construction activity was better during the second and third quarters. Commercial and industrial construction activity remained quiet due to weak investment demand. Signs of investment picking up began to be seen in Russia during the second quarter and at Ruukki this was reflected in increased tendering activity. Demand in Russia picked up further during the third and fourth quarters. Road and railway construction in the Nordic countries continued at a good level throughout the year.

In the engineering industry, order intake from Ruukki's main customers grew during the early part of the year, even though orders were still at a fairly low level compared to previous years. Demand continued to pick up throughout the year, especially in the manufacture of mining and forest machines and materials handling equipment. There was also positive development in demand for heavy cargo handling equipment. In the wind power industry, difficulties in funding new wind farm projects significantly reduced demand. Market conditions were weak in the shipbuilding industry in Europe.

In the steel industry, demand continued to recover in Europe during 2010. However, steel use in Europe still lagged far behind the levels seen in 2007 and 2008, and steel producers have scaled down production to meet demand. In Finland, a large share of total steel use is geared towards capital goods. This, compared to many other countries, slowed growth in domestic demand. Crude steel production in the EU-27 region rose by almost 25 per cent from an exceptionally low level a year earlier. Stock levels of steel wholesalers in Europe remained normal in relation to sales throughout the year.

Price hikes, at the start of the year, in the main raw materials used in steel production - iron ore and coking coal - resulted in the market prices of steel products beginning to rise towards the end of the first quarter. Selling prices peaked during the third quarter and showed a slight fall during the fourth quarter, before expectations of higher prices again gathered momentum at the very end of the year.

Order intake and order book

<u>Order intake in Q4 2010</u>

Group order intake in the fourth quarter of 2010 was EUR 647 million, which is more than 40 per cent higher year on year. Order intake increased in all business areas, with the strongest relative growth in the engineering business. Growth in demand was strongest in Central Eastern Europe and the Nordic countries, particularly in Sweden. Quarter on quarter, order intake was up by over 10 per cent. Order volumes increased in all business areas except construction, where the early onset of winter lowered demand in almost all market areas.

Order intake in 2010

Order intake in 2010 was EUR 2,326 million, an increase of 34 per cent year on year. Compared to the previous year, order intake grew in all business areas, especially in the steel business, which showed growth of 52 per cent. Order intake improved in all market areas, with strongest relative growth in Sweden and in Ruukki's new markets for special steel products in Brazil, China and Turkey. Orders developed well also in Western Europe during the fourth quarter.

The order book at the end of 2010 was 30 per cent up year on year and 10 per cent up quarter on quarter.

Net sales

NET SALES BY BUSINESS AREA

EUR million	Q4/10	Q4/09	2010	2009
Comparable net sales				
Ruukki Construction	172	147	628	589
Ruukki Engineering	56	42	193	263
Ruukki Metals	413	325	1 581	1 050
Other	0	0	1	0
Comparable net sales, total	641	515	2 403	1 901
Items affecting comparability included in reported net sales	0	6	12	49
Reported net sales	641	521	2 415	1 950

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

Net sales for Q4 2010

Consolidated net sales for the fourth quarter of 2010 were EUR 641 million (EUR 515 million comparable and EUR 521 million reported), which is 25 per cent up on a comparable basis year on year. Compared to the previous year, net sales rose particularly as a result of higher delivery volumes of steel products. Net sales in the engineering business also developed well. Consolidated net sales in the fourth quarter were up year on year in all market areas, with strongest relative growth in Central Eastern Europe and the Nordic countries. Larger delivery volumes of steel products and residential roofing products boosted net sales in Central Eastern Europe. Net sales grew uniformly in all business areas in the Nordic countries.

Net sales for 2010

Consolidated comparable net sales for 2010 were EUR 2,403 million (1,901), up 26 per cent year on year. Higher comparable net sales were attributable especially to larger delivery volumes of steel products. Net sales in the construction business area were also up year on year, particularly on the back of the growth in delivery volumes in residential and infrastructure construction. Net sales in the engineering business area dipped year on year. This was largely due to smaller delivery volumes to manufacturers of equipment for the wind power industry and other equipment for the energy industry.

Consolidated comparable net sales for 2010 rose year on year in all market areas, with the Nordic countries, especially Sweden, showing the strongest growth. Strongest relative sales growth was in Western Europe and the emerging markets, where larger delivery volumes of special steel products in particular increased net sales. In Finland, net sales growth was smaller for the year than in other market areas and Finland accounted for 27 per cent (31) of consolidated comparable net sales in 2010. The emerging markets accounted for 23 per cent of comparable net sales.

The solutions businesses - Ruukki Construction and Ruukki Engineering - accounted for 34 per cent (45) of consolidated comparable net sales during the report period. Special steel products accounted for 27 per cent (19) of Ruukki Metals' net sales.

Reported net sales for 2010 were EUR 2,415 million (1,950). The Mo i Rana unit in Norway has been transferred from Ruukki Engineering to Businesses available-for-sale and is reported under Other group also for the reference periods.

NET SALES BY REGION

EUR million	Q4/10	Q4/09	2010	2009
Comparable net sales				
Finland	173	144	651	586
Other Nordic countries	206	155	756	592
Central Eastern Europe	89	60	290	231
Russia and Ukraine	51	42	188	141
Rest of Europe	86	78	360	241
Other countries	36	36	157	110
Comparable net sales, total	641	515	2 403	1 901
Items affecting comparability included in reported net sales	0	6	12	49
Reported net sales	641	521	2 415	1 950

Operating profit

OPERATING PROFIT BY BUSINESS AREA

EUR million	Q4/10	Q4/09	2010	2009
Comparable operating profit				
Ruukki Construction	-13	-24	-45	-44
Ruukki Engineering	-6	-8	-28	4
Ruukki Metals	19	3	126	-219
Other	-4	-3	-15	-13
Comparable operating profit, total	-5	-32	38	-272
Items affecting comparability included in reported operating profit	1	-7	-49	-51
Reported operating profit	-3	-39	-12	-323

Operating profit for Q4 2010

Consolidated comparable negative operating profit for the fourth quarter was -EUR 5 million (-32), equating to -0.7 per cent of net sales (-6.2). Higher comparable operating profit year on year was mainly attributable to larger delivery volumes than earlier, increased sales of special steel products and higher selling prices. Operating profit remained negative because of weak profitability of the construction and engineering businesses.

Reported negative operating profit for the fourth quarter was -EUR 3 million (-39).

Operating profit for 2010

Consolidated comparable operating profit for 2010 was EUR 38 million (-272), equating to 1.6 per cent of net sales (-14.3). Higher comparable operating profit year on year was especially attributable to larger delivery volumes of steel products than earlier, better capacity utilisation rate in steel production, an increased share of special steel products of delivery volumes and higher selling prices. Profitability was weakest during the first quarter of the year, when delivery volumes in the construction business were exceptionally low because of adverse weather conditions.

Consolidated reported negative operating profit for 2010 was -EUR 12 million (-323). Items affecting the comparability of operating profit have been separated from the reported figures to ensure a better understanding and comparability of the company’s operating activities and their result. The largest items affecting comparability during the report period were the cost of the low capacity utilisation rate as a result of blast furnace 1 modernisation at the Raahe Steel Works in Finland and unrealised gains and losses on

USD derivatives. The company uses derivatives to hedge purchases of raw materials denominated in US dollars.

All items affecting comparability included in reported operating profit are detailed by quarter in the table at the end of the Summary financial statement and notes section.

Financial items and result

Consolidated net finance costs during 2010 totalled EUR 66 million (36). Net interest costs were EUR 29 million (26).

During the third quarter of 2010, the company booked a writedown of around EUR 33 million on its vendor note from Oy Ovako Ab. Rautaruukki divested its share in Ovako in 2006. In August 2010, private equity investor Triton signed an agreement under which it acquired the entire share capital of the Bar, Bright Bar and Tube and Ring companies, which were part of Ovako. On the basis of the announcement, Ruukki announced it was to waive the vendor note in return for security entitling it to ownership of around 2.2 per cent in Ovako. The writedown is included in net finance costs.

Group taxes for 2010 were -EUR 4 million (EUR 84 million positive).

The result for 2010 was -EUR 79 million (-275).

Earnings per share were -EUR 0.57 (-1.98).

Balance sheet, cash flow and financing

Total assets at 31 December 2010 were EUR 2,539 million (2,532). Equity at year-end 2010 was EUR 1,387 million (1,507), equating to EUR 9.99 per share (10.85). Equity decreased by EUR 120 million since the end of 2009 because of the loss for the year and the dividend payout in April.

The equity ratio at 31 December 2010 was 55.3 per cent (59.9) and the gearing ratio was 44.7 per cent (22.3). Net interest-bearing liabilities at the end of December were EUR 621 million (336).

Return on equity for 2010 was -5.4 per cent (-15.9) and return on capital employed was -0.3 per cent (-14.2).

Net cash flow from operating activities for the report period was -EUR 64 million (182) and net cash flow before financing activities was -EUR 226 million (30). EUR 147 million was tied up in working capital (EUR 317 million released) during the year.

During the second quarter, the company signed new long-term loan agreements. A loan of EUR 50 million was agreed with the Nordic Investment Bank (NIB) and a loan of EUR 140 million with the European Investment Bank (EIB), of which the company took EUR 70 million at the beginning of December. These loans are being used to finance the investments to modernise the blast furnaces at the Raahe Steel Works in Finland and the environmental investments being made in the same context.

In January 2011, after the report period, the company signed bilateral credit limit contracts totalling EUR 425 million. These agreements replace the EUR 350 million overdraft facility signed in 2009. A total of EUR 24 million non-current interest-bearing liabilities mature during 2011.

At 31 December 2010, the group had liquid assets of EUR 53 million and untapped committed credit limits of EUR 420 million.

Actions to improve operational efficiency

In October 2008, Ruukki initiated its corporate-wide Boost programme to enhance operational efficiency and permanently improve the company's competitive edge and profitability. The programme originally aimed at an annualised improvement of EUR 150 million in the company's operating profit by the end of 2011. Boost has progressed much faster than originally planned and the annualised impact of actions initiated was estimated to be EUR 178 million at the end of the report period. Even though the target has been exceeded, projects under Boost are continuing as planned.

The largest single benefits have been achieved from the centralisation of steel service centre operations in the Nordic countries and improved efficiency in the supply chain and construction business.

The company will no longer report separately on the progress of Boost in 2011.

Capital expenditure

Net cash used in investing activities during the report period was -EUR 162 million (-153).

Investments in tangible and intangible assets totalled EUR 173 million (161), of which maintenance investments accounted for EUR 123 million (76) and development investments EUR 50 million (86). Net cash inflow from investing activities was EUR 10 million (17).

Depreciation was EUR 162 million (146).

Capital expenditure on tangible and intangible assets in 2011 is expected to be in the region of EUR 180 million.

Personnel

PERSONNEL BY REGION

	31 Dec 2010	31 Dec 2009
Finland	6 150	5 905
Other Nordic countries	659	1 023
Central Eastern Europe	2 020	2 163
Russia and Ukraine	2 062	2 214
Rest of Europe	69	79
Other countries	326	264
Total	11 286	11 648

The group employed an average of 11,693 persons (12,664) during 2010 and at year-end, the headcount was 11,286 (11,648). At 31 December 2010, 54 per cent (51) of Ruukki's personnel worked in Finland.

During 2010, safety measured in terms of accidents per million hours worked improved to 7 compared to the previous year (8).

Salaries and other employee benefits paid to the personnel totalled EUR 379 million (371). Nearly all the group's personnel belong to the profit sharing scheme. Because the group posted a loss for 2010, no expenses were booked in respect of profit sharing (2009: no expenses).

No expenses (2009: no expenses) were booked in respect of the earning period 2010 of the valid 2008-2010 share ownership plan. At year-end 2010, the scheme covered 97 executives or other key personnel.

In December 2010, the company's Board of Directors decided to launch a new share-based incentive plan. The plan includes three one-year earning periods, which are the calendar years 2011, 2012 and 2013. Furthermore, the plan includes one three-year earning period, 1 January 2011-31 December 2013. The company's Board of Directors will decide on the earning criteria and the targets to be established for them at the beginning of each earning period. Any bonus for the earning period 2011 will be based on Rautaruukki's consolidated net sales growth and return on capital employed (ROCE) and, for the earning period 2011-2013, on corporate strategic targets. The plan covers about 100 persons. The company has operated share-based incentive plans for key employees since 2000.

BUSINESS AREAS

RUUKKI CONSTRUCTION

- Order intake during the fourth quarter was up 35 per cent year on year
- Profitability for the fourth quarter improved year on year, but was still negative
- Commercial and industrial construction net sales in Russia in 2010 were up more than 20 per cent year on year

EUR million	Q4/10	Q4/09	2010	2009
Net sales	172	147	628	589
Comparable operating profit	-13	-24	-45	-44
Unrealised gains and losses on USD derivatives		2	2	-4
Reported operating profit	-13	-22	-43	-49
Comparable operating profit as % of net sales	-7.8	-16.3	-7.2	-7.5
Personnel at end of period			3 791	4 235

Order intake and order book

Order intake in Q4 2010

Order intake in the fourth quarter of 2010 was up by 35 per cent year on year. Order volumes in residential roofing products were up in nearly all market areas, especially in Central Eastern Europe. In Russia, there was a clear increase in order volumes of concept buildings in commercial and industrial construction. Also demand for components in the Nordic countries was up compared to the previous year. Order intake in infrastructure construction remained at a relatively good level during the fourth quarter. During October-December, order volumes were down quarter on quarter mostly because of the seasonal lull in residential construction.

Order intake in 2010

The value of order intake was 16 per cent higher in 2010 compared to 2009. Orders during the first quarter of the year were smaller year on year because the severe winter impacted particularly on the demand for residential roofing products. Order intake rose year on year in all other quarters. Orders in commercial and industrial construction remained at a very low level overall compared to previous years, although rose clearly in Russia during the report period. Likewise, demand in Poland and the Czech Republic began to show signs of picking up. Order volumes in infrastructure construction remained at a good level throughout the report period.

The order book in the construction business at the end of 2010 was 16 per cent higher year on year.

Net sales

Net sales for Q4 2010

Ruukki Construction's net sales for the fourth quarter of 2010 were up 17 per cent year on year at EUR 172 million (147).

Sales of residential roofing products during the fourth quarter were clearly higher year on year. Delivery volumes were up in all countries in Central Eastern Europe, with particularly good sales in Poland and Ukraine. Deliveries of roofing products were down quarter on quarter in all market areas due to the onset of an early winter with plenty of snow.

Delivery volumes in commercial and industrial construction during the fourth quarter were up year on year and at the same level quarter on quarter. Compared to the previous year, project and component deliveries in Norway and Sweden showed strongest development. In Russia, delivery volumes of concept buildings in particular showed clear growth compared to the previous year.

In infrastructure construction, net sales for the fourth quarter were up by almost 10 per cent year on year. However, net sales dipped during the third quarter particularly due to the fall in delivery volumes of small piles used for building construction. Deliveries for road and railway construction projects in the Nordic countries remained at a good level.

<u>Net sales for 2010</u>

Ruukki Construction's net sales for 2010 were up 7 per cent year on year at EUR 628 million (589). The construction business accounted for 26 per cent (31) of consolidated comparable net sales. Compared to the previous year, net sales rose because of larger delivery volumes in infrastructure construction in the Nordic countries and increased delivery volumes of residential roofing products, especially in Central Eastern Europe and Ukraine. The renewed range of roofing products grew sales year on year. New products, such as the Decorrey steel roof, have sold well in Central Eastern Europe. In infrastructure construction, especially sales of small piles used in building construction rose year on year. Ruukki's share of bridge projects in the Nordic countries increased.

In commercial and industrial construction, delivery volumes remained comparatively low during the first half of the year. In Russia, deliveries began to grow during the second quarter. Net sales in commercial and industrial construction in Russia were up by more than 20 per cent in 2010 compared to the previous year. Sales of concept buildings, including those for agricultural purposes, developed particularly well, but during the second half of the year also the construction of light industrial and logistics buildings picked up. Net sales in commercial and industrial construction rose 7 per cent in the Nordic countries in 2010 and were more or less at the same level as the previous year in Central Eastern Europe.

Residential roofing products accounted for 20 per cent (19) of Ruukki Construction's net sales for 2010 and infrastructure construction products for 19 per cent (15).

Operating profit

<u>Operating profit for Q4 2010</u>

Ruukki Construction's operating profit improved for the fourth quarter year on year, but profitability weakened compared to the third quarter. Negative operating profit for October - December was -EUR 13 million (-EUR 24 million comparable and -EUR 22 million reported). Operating profit improved year on year due to higher delivery volumes - especially in residential roofing products and pile structures used in residential construction - more efficient operations and higher selling prices. Compared to the third quarter, operating profit was adversely affected by the seasonal decline in delivery volumes and a lower capacity utilisation rate, as well as by the weak profitability of certain commercial and industrial construction projects.

<u>Operating profit for 2010</u>

Comparable negative operating profit for 2010 was -EUR 45 million (-44). The operating loss for the report period was mainly due to small delivery volumes and a low capacity utilisation rate. Profitability was especially weak during the first quarter, when delivery volumes were exceptionally small in all product groups as a result of adverse weather conditions.

Reported negative operating profit for 2010 was -EUR 43 million (-49).

New products and other operational development

In late 2009, Ruukki launched Ruukki Finnera, a completely new steel roof solution. Ruukki Finnera is a logistically efficient, modular roofing solution that is sold on a ready-to-install basis straight from distributor stocks. Sales of Finnera have got off to an excellent start. Consequently, Ruukki decided to build another production line at Vimpeli, Finland to make Finnera products for the following season. Work on installing the line started during the fourth quarter. The line will come on stream during the first quarter of 2011.

During the report period, work continued on centralising manufacturing operations in the construction business on increasingly larger units. Steel structure production at the Holic unit in Slovakia was transferred to Ruukki's other units in Central Eastern Europe during the first quarter. The Holic unit focuses on cabin production for the engineering business. During the third quarter, work started on transferring the production of profiled construction components from Anderslöv in Sweden to Vimpeli in Finland and Zyrardow in Poland. This move was completed during the fourth quarter.

In January 2011, the company decided to divest its Sandnessjoen production unit in Norway to improve the capacity utilisation rate in its production network. The unit mostly makes steel bridge structures. Ruukki will continue steel bridge structure contracting in Norway and the manufacture of structures at its other units.

Major orders

During the first quarter of the year, Ruukki Construction signed delivery contracts for two extensive construction projects in Norway; the new head office of financial services group DnB NOR to be built in Oslo and a new concert hall to be built in Stavanger. Deliveries for the head office project started in May and for the concert hall project in April 2010. The contracts are worth a total of around EUR 8 million.

During the second quarter, Ruukki signed a steel structure contract to deliver the foundation piles for the new Pekkala bridge to be built in Joensuu, Finland. In addition, Ruukki is supplying the pipe piles for a total of ten bridges and underpasses. Deliveries of the foundation piles began in April. Fabrication of the load-bearing structures began in the summer and installation started in autumn 2010. The deliveries were worth about EUR 2.5 million. Ruukki was chosen as the steel structure contractor for an extensive production facility in Sweden. In June, Ruukki agreed a number of steel pipe pile deliveries for harbour projects in the Netherlands, France and the UK. One of the largest projects is an enlargement of the Port of Rotterdam, for which Ruukki delivered the ready-to-install pile components. Deliveries for all these harbour projects took place mainly during the summer and autumn of last year. The contracts were worth a total of almost EUR 8 million.

During the third quarter, Ruukki announced a number of commercial and industrial construction contracts in Central Eastern Europe. Ruukki delivered the steel frame structures and foundations, including installation, for the new boiler plant and auxiliary buildings of a new power plant unit at Polaniec in Poland. The contract was worth nearly EUR 13 million. Contracts were also signed for a construction project to build a factory making television and LCD monitors in Poland and for the delivery of the roof structures for the logistics centre of a supermarket chain in Romania. In September, Ruukki announced it had agreed the delivery and installation of steel structures for a bridge to be built at Motala in Sweden. The contract is worth over EUR 10 million. In addition to delivering the structures, Ruukki will take part in design solutions for the bridge in collaboration with the main contractor and designer. Ruukki's deliveries are scheduled for 2011 and 2012 and the bridge will open for traffic in 2013.

During the fourth quarter, Ruukki signed a steel structure contract worth over EUR 8 million for Statoil’s new regional head office to be built near Oslo, Norway. Ruukki has a key role also in one of the largest construction projects ever in Bergen. Helleren is Norway’s new national swimming complex and Ruukki will deliver the steel structures, including installation. The contract is worth around EUR 7 million.

RUUKKI ENGINEERING

- Major single contract tripled order intake year on year during fourth quarter
- Fourth quarter net sales were up 32 per cent year on year
- Utilisation rate was low during 2010 and operating profit was negative

EUR million	Q4/10	Q4/09	2010	2009
Net sales	56	42	193	263
Comparable operating profit	-6	-8	-28	4
Expenses related to closure of Hässleholm, Oskarström and Dortmund units	-3		-5	-5
Unrealised gains and losses on USD derivatives		0	1	-3
Reported operating profit	-9	-8	-32	-4
Comparable operating profit as % of net sales	-10.9	-18.7	-14.5	1.5
Personnel at end of period			1 763	1 604

Order intake and order book

Order intake in Q4 2010

Order intake in the engineering business in the fourth quarter was three times higher year on year. Order volumes for cabins, booms and frames rose, especially from manufacturers of materials handling equipment. A major contract for an offshore wind farm project in the North Sea had the biggest impact on orders during the fourth quarter. Deliveries of steel structures for the wind farm project will take place over a period of about 12 months starting from the second quarter of 2011. Orders were up by about 60 per cent quarter on quarter.

Order intake in 2010

Order intake in the report period was 17 per cent higher than in 2009. Orders grew quarter on quarter throughout the year, but were still rather low during the first half of the year. Orders from customers in the mining and forest machinery sector were the first to improve, followed gradually by the transportation equipment industry and equipment manufacturers in construction and materials handling. Order volumes rose year on year, especially for cabins, booms and frames. Orders from customers in the shipbuilding industry were very few compared to previous years. The value of orders from equipment manufacturers in the wind power industry fell to below half the figure for the previous year. Orders during the fourth quarter roughly tripled year on year on the back of a large order from the offshore sector, which was booked in order intake during October-December.

The order book in the engineering business at year-end 2010 was about 140 per cent higher than a year earlier.

Net sales

Net sales for Q4 2010

Ruukki Engineering's net sales for the fourth quarter of 2010 were 32 per cent up year on year at EUR 56 million (42) and 23 per cent up quarter on quarter.

Compared to the previous year, the increase in net sales for the fourth quarter was attributable to larger delivery volumes, particularly of cabins, booms and frames to manufacturers of equipment for the mining industry and to manufacturers of materials handling equipment. Deliveries to equipment manufacturers of forest machines also grew. In addition, due to a few single orders, delivery volumes of steel plates for shipbuilding were noticeably higher compared to the first three quarters of the year and were almost double compared to a year earlier. Delivery volumes for the manufacture of equipment for the wind power industry declined year on year and quarter on quarter.

Net sales for 2010

Ruukki Engineering's net sales for 2010 were EUR 193 million (263) and accounted for 8 per cent (14) of consolidated comparable net sales. Net sales for the report period were down 26 per cent compared to the previous year. This was mainly due to lower delivery volumes for the manufacture of equipment for the wind power industry and other equipment for the energy industry. Also, delivery volumes to shipbuilding and the offshore industry decreased. However, there was clear growth in deliveries of cabins, booms and frames during the year. Deliveries to equipment manufacturers of forest machines began to grow towards the end of 2009 and remained at a good level throughout the report period. Delivery volumes for the manufacture of equipment for the mining industry and construction showed steady growth from one quarter to the next and net sales generated by these industrial sectors in 2010 were over 60 per cent higher year on year. Deliveries to manufacturers of materials handling equipment grew particularly during the fourth quarter.

In 2010, manufacturers of lifting, handling and transportation equipment accounted for 59 per cent (44) of net sales of the engineering business and equipment manufacturers for the energy industry accounted for 18 per cent (33).

The Mo i Rana unit in Norway has been transferred from the Ruukki Engineering to Businesses available-for-sale and is reported under the Other group also for reference periods.

Operating profit

Operating profit for Q4 2010

Ruukki Engineering's negative comparable operating profit for the fourth quarter was -EUR 6 million (-8). Operating profit showed a slight improvement year on year and quarter on quarter. This was mainly due to higher delivery volumes and a better capacity utilisation rate. Operating profit for the fourth quarter was, however, burdened by the start-up of production and extra costs relating to the deployment of new operating systems.

Reported negative operating profit for the fourth quarter was -EUR 9 million (-8).

Operating profit for 2010

Comparable negative operating profit for 2010 was -EUR 28 million (4). The comparable operating loss was mainly due to low capacity utilisation rate and small delivery volumes. Profitability was also burdened by the start-up of cabin production at the Holic unit in Slovakia. Lower selling prices during the first half of the year also weakened operating profit compared to last year. A few long-term contracts in the shipbuilding industry were loss-making during the second quarter because of higher steel material costs. However, most of these contracts expired at the end of June.

Reported negative operating profit for 2010 was -EUR 32 million (-4), which included costs of EUR 5 million arising from closure of the Dortmund unit in Germany.

Operational development

In February, Ruukki announced its decision to discontinue operations at the Mo i Rana unit in Norway, where shipbuilding profiles and flange profiles for wind turbine towers were made. Operations ended as planned in May 2010. Because of subdued demand in the shipbuilding industry, profitability of the Mo i Rana unit was weak and also deliveries for the manufacture of equipment for the wind power industry had declined noticeably during the year.

In April, the company announced it is to strengthen its global cabin manufacturing network in Central Eastern Europe and China. Cabin production started up at the Holic unit in Slovakia during the second quarter and manufacture began during the third quarter. The first cabins were delivered to customers in October 2010. Cabins manufactured in Holic are mainly destined for the Central and Eastern European markets. The Kurikka unit in Finland became a centre of excellence, where cabin product development and tool design are focused. The Kurikka unit also continues to make cabins, especially for the Nordic markets.

In April, Ruukki strengthened its position in the wind power industry through acquisition of the lattice wind turbine tower design, erection and maintenance operations of the German company SeeBa Technik GmbH. In November, the wind turbine tower business was transferred to Ruukki Construction, where the infrastructure business has synergies with the wind turbine tower business in areas of project management and foundation solutions.

In June, Ruukki announced it is to improve the efficiency of its manufacturing network by further concentrating boom manufacturing. Boom manufacturing at the Dortmund unit in Germany was transferred to other Ruukki units which already make booms for mobile machines. The Dortmund unit was closed as planned in October 2010.

Major orders

In May, Ruukki and Cargotec strengthened cabin cooperation and signed a contract to start manufacturing and supplying cabins from Ruukki's units in Central Eastern Europe and China. The first cabins from the Holic unit in Slovakia were delivered at the beginning of October. In May, Ruukki signed an agreement with Aker Solutions in Norway to supply 24 suction anchors and offshore steel plates. The deliveries were mainly scheduled for September.

In June, Ruukki signed a letter of intent with the Norwegian company Aker Verdal AS to deliver steel structures for the Nordsee Ost wind farm project to be built in the North Sea. The letter of intent was booked in order intake and the order book during the fourth quarter and deliveries are scheduled to take place over 12 months starting from the second quarter of 2011.

During the fourth quarter, Ruukki announced it had significant deliveries of plates and profiles for the world's largest cruise ship, Allure of the Seas. Ruukki's deliveries accounted for around 70 per cent of the steel used in the vessel.

RUUKKI METALS

- Order intake in fourth quarter was up 35 per cent year on year
- Profitability improved significantly
- Sales of special steel products in 2010 doubled year on year

EUR million	Q4/10	Q4/09	2010	2009
Net sales	413	325	1 581	1 050
Comparable operating profit	19	3	126	-219
Expense caused by low utilisation rate related to blast furnace modernisation			-18	
Unrealised gains and losses on USD derivatives	6	6	-13	-9
Cost of production test runs for change in feedstock base	-2		-2	
Reported operating profit	22	10	93	-228
Comparable operating profit as % of net sales	4.5	1.1	8.0	-20.9
Personnel at end of period			5 291	5 226

Order intake and order book

Order intake in Q4 2010

Order intake in the fourth quarter of 2010 was up 35 per cent year on year. Orders received from the emerging markets, especially China and Brazil, showed strongest relative growth. In Central Eastern Europe and Russia, orders received were also clearly up. Compared to the previous year, order volumes of special steel products and hot-rolled strip showed strongest development. Order intake rose 14 per cent quarter on quarter. Order volumes were up in all market areas except in Russia and Central Eastern Europe, where the seasonal lull in residential construction weakened demand.

Order intake in 2010

Order intake in 2010 was up 52 per cent year on year. Strongest relative growth in order intake was in the emerging markets - such as China, Turkey and Brazil - and Russia and Central Eastern Europe, especially Poland. Orders from Finland, the other Nordic countries - especially Sweden - and Western Europe showed the strongest growth in terms of euros. Order volumes of special steel products grew, especially in the emerging markets. Towards the end of the year, orders of special steel products improved also from developed markets. Order volumes of colour-coated and galvanised products were especially high during the second and third quarters because of good seasonal demand in construction.

The order book in the steel business at the end of the report period was 28 per cent higher than a year earlier.

Net sales

Net sales for Q4 2010

Ruukki Metals' net sales for the fourth quarter of 2010 were EUR 413 million (325), up 27 per cent year on year. Net sales also grew compared to the third quarter.

Deliveries to the heavy engineering industry and to subcontractors in the heavy vehicle industry and automotive industry remained at a good level. Deliveries to the construction industry declined quarter on quarter due to the seasonal lull in demand towards the end of the year. There was continued brisk demand for steel products in Sweden. Delivery volumes grew also in Finland, but growth continued to be slower than in the other Nordic countries. Sales of special steel products continued to grow during October-December and accounted for 30 per cent of net sales for the fourth quarter.

Average selling prices for steel products were higher during the fourth quarter than a year earlier and were roughly at the same level quarter on quarter. There was a small downward pressure on prices in some market areas in the fourth quarter, but price levels stabilised towards the very end of the year.

Net sales for 2010

Ruukki Metals' net sales for 2010 were EUR 1,581 million (1,050) and accounted for 66 per cent (55) of consolidated comparable net sales. Net sales were 51 per cent up on the exceptionally low level experienced in 2009.

Compared to the previous year, higher net sales were largely attributable to higher delivery volumes. Also selling prices rose. Strongest relative growth was in Russia, Central Eastern Europe and the emerging markets - such as Brazil, China and Turkey. Sales grew also in Finland, but at a much slower rate than in the other Nordic countries. Deliveries grew, especially in the heavy engineering and construction industries. Delivery volumes to the construction industry rose mostly during the second and third quarters. During the first and fourth quarters, delivery volumes to construction industry customers remained relatively low because of adverse weather conditions. Deliveries to subcontractors in the automotive industry remained at a good level throughout the year.

Demand in 2010 was good in a number of sectors - such as the manufacture of equipment for the mining industry and the heavy vehicle industry - that use special steel products. During the course of the year, demand began to improve also in the manufacture of machines and equipment for the construction industry. The report period saw an expansion and strengthening of the distribution network for special steel products in a number of emerging markets, such as Brazil and China. This resulted in clear sales growth in these countries compared to the previous year. Likewise, special steel products also accounted for a noticeably higher share of deliveries in Western Europe.

Selling prices of steel products were lower year on year during the first and second quarters, but began to pick up towards the end of the first quarter and continued rising during the second and third quarters. Selling prices peaked during the third quarter and there was a small downward pressure on prices in some market areas during the fourth quarter. Price development levelled off towards the end of the year. Higher selling prices were driven by demand growth and increased costs of the raw materials used in steel production. Average selling prices rose also because special steel products accounted for a greater share of deliveries.

Special steel products accounted for 27 per cent (19) of Ruukki Metals' net sales in 2010. Net sales of stainless steel and aluminium, sold as trading products, were up 24 per cent year on year at EUR 129 million (104).

Operating profit

Operating profit for Q4 2010

Ruukki Metals' comparable operating profit for the fourth quarter of 2010 was EUR 19 million (3), which is a clear improvement year on year. Compared to the previous year, comparable operating profit improved largely on the back of increased sales of special steel products and higher average selling prices. Operating profit nevertheless dipped quarter on quarter because selling prices of steel fell slightly in some market areas during October - December. Also steel production costs were higher than during the previous quarter, partly because of higher energy costs. Production maintenance work was also scheduled for the end of the year and this in turn adversely impacted on profitability.

Reported operating profit for the fourth quarter of 2010 was EUR 22 million (10).

Operating profit for 2010

Comparable operating profit for 2010 was EUR 126 million (-219). Improved operating profit year on year was attributable to larger delivery volumes, increased sales of special steel products and a higher capacity utilisation rate in steel production. Steel product costs were still at a relatively low level during the first half of the year, but rose clearly during the second half of the year with the rise in costs of raw materials used in steel production. Actions to improve efficiency began in 2009 and were reflected in full in the cost structure during the report period.

Ruukki Metals’ reported operating profit for the report period was EUR 93 million (-228).

Operating profit for 2010 from stainless steel and aluminium, sold as trading products, rose year on year to EUR 9 million (-3).

Steel production

1,000 tonnes	Q4/10	Q4/09	2010	2009
Steel production	591	628	2 229	1 892

Steel production was 591 thousand tonnes (628) in the fourth quarter and 2,229 thousand tonnes (1,892) for the whole year.

Modernisation of blast furnace 1 at the Raahe Steel Works in Finland was carried out during the course of the second quarter. Preparations were made for the shutdown by building up the slab stockpile during the first quarter of the year. Because the blast furnace was idled for modernisation, the capacity utilisation rate in steel slab production during the second quarter was around 60 per cent. The blast furnace was restarted in late May and reached its target utilisation rate in June, since when the utilisation rate in steel production has been around 90 per cent.

Blast furnace 2 will be idled for about two months for similar modernisation towards the end of June 2011. Before the blast furnace is shut down, slab stockpiles will be built up to safeguard customer deliveries during modernisation work.

Investments to modernise the blast furnaces and change the feedstock total around EUR 215 million and the environmental investments being made in the same context total around EUR 50 million. EUR 96 million of the total investments were made in 2010. Around EUR 115 million is estimated to be realised in 2011 and around EUR 8 million in 2012. EUR 46 million of the investments were made in 2009.

Operational development

Expansion of the distribution network for special steel products was one of the main focus areas in the steel business during 2010. During the first part of the year, the company strengthened its distribution network by signing agreements on distribution cooperation in Brazil. Likewise, the sales network in China and Turkey was further expanded through new distribution cooperation agreements. Work continued on developing the distribution network during the third quarter by, among other things, opening a distribution warehouse for special steel products in Shanghai, China. The warehouse was opened in premises previously occupied by Ruukki.

Ruukki launched a number of new steel products during 2010. The start of the year saw the launch of Optim 960 QCW, a structural steel which is suited to applications where steel is subject to mechanical stress and exposed to weather conditions. Such applications include containers, cranes and booms. In April, Ruukki launched Optim 700 MC Plus, a high-strength steel with very good cold-forming properties. These properties can be utilised in, for example, the manufacture of cranes, bodies for trucks and other mobile machines, goods handling equipment, earthmoving, mining and waste handling equipment. In September, Ruukki launched a double grade structural tube on the steel construction market, the first company in Europe to do so. The double grade tube significantly reduces material costs, improves the price competitiveness of steel structures compared to other materials and decreases the adverse environmental impacts arising from the manufacture and use of materials. During the last quarter, Ruukki announced it had worked together with the French company Alstom Transport to develop a new solution for the assembly of side panels for train coaches.

Environmental matters at the company

Environmental matters are important to Ruukki from the aspect of production and energy-efficient products.

Environmental matters are improved using corporate and site environmental objectives and targets. Targets are regularly tracked at both corporate and site levels. Ruukki's production sites operate in compliance with certified ISO 14001 environmental management and ISO 9001 quality management systems. In 2010, these systems covered 99 per cent (98) of production.

In 2010, the company's carbon dioxide emissions were 4.1 million tonnes. In the free initial allocation of emissions allowances for the second period 2008-2012 of the EU Emissions Trading Scheme, the Raahe and Hämeenlinna Works in Finland received a total of 23.5 million emissions allowances. In 2010, emissions rights trading generated income totalling EUR 9 million. As part of managing its carbon dioxide emissions balance, Ruukki is a participant in the World Bank's Community Development Carbon Fund and GreenStream Network Oy's Fine Carbon and Climate Opportunity Funds.

In 2010, environmental investments at Ruukki totalled EUR 29 million, of which 97 per cent was directed towards reducing environmental impacts at the Raahe Works in Finland. The most significant environmental investments were made in conjunction with the modernisation of blast furnace 1 at the Raahe Works. These investments reduced particulate emissions and emissions of hydrogen sulphide and sulphur dioxide arising from the granulation process of blast furnace slag. Blast furnace 2 will be modernised during 2011. Closure of the sinter plant and the change in the feedstock base in the same context will further reduce emissions and energy consumption at the works.

Ruukki received a number of recognitions for its work on the environmental front during 2010. Ruukki is included in three Dow Jones Sustainability indexes: DJSI World, DJSI Europe and DJSI Nordic. The indexes include the top companies that are committed to sustainable development. Ruukki is included in the DJSI World Index for the third year running and in the European index for the fourth time. The new Dow Jones Sustainability Nordic index (DJSI Nordic) was announced in November 2010. The index tracks the top companies in the Nordic region with regard to sustainability and includes 29 companies.

In September, oekom research AG ranked Ruukki as one of the world's best companies in its sector and as the best steel company as regards sustainability. In addition, Ruukki was chosen for inclusion in the ASPI Eurozone index, (Advanced Sustainable Performance Indices), which represents the top 120 European companies in sustainable development and corporate social responsibility.

Ruukki actively tracks environmental regulations and seeks to anticipate changes in environmental legislation. During 2010, the company completed the pre-registration and actual registration required in compliance with the REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals).

In 2010, Ruukki and other leading European steel companies and steel construction organisations started working closer together by signing the Steel Network Sustainable Construction Charter. The charter seeks to create the conditions for sustainable, energy-efficient steel construction. Responsible construction was further developed by networking with the Green Building Council Finland, which brings together sustainable development expertise. At the end of 2010, Ruukki also joined the Cleantech Finland venture, which represents clean technology companies.

More information about environmental matters can be found in environmental product declarations, the environmental reviews of the Raahe and Hämeenlinna Works and on the company's website at www.ruukki.com.

Research and development

A total of EUR 27 million (29) was spent on research and development in 2010. This equates to one per cent (2) of the company's comparable net sales. The thrust of R&D was on specifying the special steel product strategy and in using special steel products in construction and engineering solutions. Boost, the operational excellence programme, was supported by projects that quickly delivered income or savings, without overlooking strategically important long-term development projects.

In 2010, Ruukki made further progress with improving energy efficiency supported by product development. Among other things, this means the development of lighter structures, construction components and prefabrication technologies, as well as designing solutions to utilise renewable energy sources.

Several new products were launched on the construction market during 2010, including the Ruukki Spaces online service rolled out in Poland in November. The service offers Ruukki's customers a web-based interface to support the design of system halls. A Ruukki Express sales and service outlet serving roofing professionals and consumers was opened in Lodz, Poland. This was the first Ruukki Express outlet to be opened in Central Eastern Europe. Energy efficiency, including the airtightness of sandwich panels and applications for energy piles and photovoltaic cells integrated into façade claddings were high on the product development agenda.

In the engineering business, the Kurikka unit in Finland became the centre of excellence in cabin products. The product management system was developed so as to serve the company's other cabin manufacturing units in Holic, Slovakia and Shanghai, China. Design and ergonomics was at the top of the agenda in cabin design in 2010. The component manufacturing strategy was revisited and products made from high-strength steels were chosen as the focus of development.

Development of steel products focused on the use of direct quenching technology in the manufacture of high-strength wear-resistant steels and structural steels. The continuous improvement in quality of steel products was also a priority area. New product launches included Optim 700 MC plus, a special steel grade with excellent cold formability properties in its strength category. Product development resulted in Purex coating, a quality, cost-effective solution which was added to Ruukki's coating range of roofing products. The coating is used, for example, in modular Finnera steel roof solutions.

The main focus in the development of production processes was on cost-efficiency and new production technologies, especially the direct quenching method. Preparations were made in ironmaking for the change of feedstock base. During the fourth quarter of 2011, the company will switch over to using solely iron ore pellets instead of sinter in the ironmaking process.

Ruukki is a partner in three national Strategic Centres for Science, Technology and Innovation (CSTI companies): FIMECC Ltd, the Finnish Metals and Engineering Competence Cluster, CLEEN Ltd, the Cluster for Energy and Environment, and RYM Ltd, the Built Environment Innovation Cluster. Ruukki is currently actively participating in seven five-year research programmes, which among other things are developing energy- and eco-efficient steel manufacturing processes and light structural solutions, as well as pursuing new business opportunities.

Corporate governance 2010

Rautaruukki Corporation's Annual General Meeting was held in Helsinki on 23 March 2010.

Under the company's Articles of Association, the General Meeting elects the chairman, deputy chairman and members of the Board of Directors. The General Meeting decides on any amendments to the Articles of Association usually by a two thirds majority decision. The Board of Directors appoints the company's President & CEO.

The Annual General Meeting decided on the payment of a dividend of EUR 0.45 per share for 2009. A dividend payout of a total of EUR 62 million was paid on 8 April 2010.

The Annual General Meeting confirmed that the Board of Directors is to have seven members. Reino Hanhinen, Maarit Aarni-Sirviö, Liisa Leino and Hannu Ryöppönen were re-elected to the Board. Pertti Korhonen, Matti Lievonen and Jaana Tuominen were elected to the Board as new members. Reino Hanhinen was re-elected as chairman of the Board and Hannu Ryöppönen was elected as deputy chairman. All members of the Board are independent both of the company and of the company's major shareholders.

The Annual General Meeting resolved to abolish the Supervisory Board. The term of office of the Supervisory Board ended on 12 May 2010, when the resolution was entered in the Trade Register. The Annual General Meeting confirmed that the Supervisory Board is to have five members who were chosen until abolition. Marjo Matikainen-Kallström was re-elected chairwoman of the Supervisory Board and Inkeri Kerola as deputy chairwoman. Turo Bergman, Jouko Skinnari and Tapani Tölli were re-elected to the Supervisory Board. Abolition of the Supervisory Board required an amendment to the company's Articles of Association accordingly. This amendment was also resolved by the Annual General Meeting.

In addition, The Annual General Meeting resolved to amend Article 11 of the company's Articles of Association so that notice of the Annual General Meeting must be given no later than three weeks before the Meeting and at least nine days before the Annual General Meeting record date as referred to in the Finnish Limited Liability Companies Act.

The Annual General Meeting re-appointed KHT audit firm KPMG Oy Ab as the company's auditor, with KHT Pekka Pajamo as the principal auditor.

The Annual General Meeting granted the Board of Directors the authority to acquire the company's own shares. This authority is detailed in the section Shares and share capital.

The Annual General Meeting resolved to establish a Nomination Committee to prepare proposals for the following Annual General Meeting regarding the composition of the Board of Directors and directors' fees. Under the resolution, representatives of the three largest shareholders at 1 November 2010 were elected to the Nomination Committee. The representatives are: Kari Järvinen, Managing Director, Solidium Oy; Timo Ritakallio, Deputy CEO, Ilmarinen Mutual Pension Insurance Company; and Risto Murto, Executive Vice-President, Investments, Varma Mutual Pension Insurance Company. Reino Hanhinen, Chairman of Rautaruukki's Board of Directors, serves as the Nomination Committee's expert member.

In addition, the Annual General Meeting decided to grant the Board of Directors the authority to donate a sum of no more than EUR 900,000 from the company's distributable equity to support the activities of colleges and universities. In September, the company announced that, acting under the authority of the Board of Directors, the beneficiaries of the donation are the new Aalto University, Tampere University of Technology and Lappeenranta University of Technology. Aalto University received EUR 750,000 of the donation.

At its organisation meeting on 23 March 2010, the Board of Directors elected members to its committees from among its members. Hannu Ryöppönen was elected as chairman and Liisa Leino, Matti Lievonen and Jaana Tuominen as members of the Audit Committee. In addition, the Board of Directors elected Reino Hanhinen as chairman and Maarit Aarni-Sirviö and Pertti Korhonen as members of the Remuneration Committee.

Rautaruukki will publish its corporate government statement separately from the Report of the Board of Directors in 2010. After publication, the statement will be available on the company's website at www.ruukki.com.

Shares and share capital

During 2010, a total of 182.1 million (189.4) Rautaruukki Oyj shares (RTRKS) were traded on NASDAQ OMX Helsinki for a total of EUR 2,712 million (2 752). The highest price quoted was EUR 17.78 in December and the lowest was EUR 11.62 in July. The volume weighted average price was EUR 14.48. The share closed on the year at EUR 17.51 (16.14) and the company had a market capitalisation of EUR 2,456 million (2,264).

Rautaruukki's share is also traded on multilateral trading facilities (MTF). According to information received by the company, a total of 42.6 million shares were traded on MTFs for a total of EUR 629 million in 2010.

The company's registered share capital at 31 December 2010 was EUR 238.5 million and there were 140,285,425 shares outstanding. There were no changes in share capital in 2010. The company has one series of shares, with each share conveying one vote. Under the Articles of Association, a voting restriction applies whereby the votes of an individual shareholder are restricted to 80 per cent of the total number of votes conveyed by shares at a General Meeting.

At year-end 2010, the company held a total of 1,423,051 treasury shares, which had a market capitalisation of EUR 24.9 million and an accountable par value of EUR 2.4 million. Treasury shares account for 1.01 per cent of the total number of shares and votes.

The 2009 Annual General Meeting granted the Board of Directors the authority to decide on a share issue, which includes the right to issue new shares or to transfer treasury shares held by the company. This authority applies to a maximum of 15,000,000 shares in total. The Board of Directors has the right to disapply the pre-emption right of existing shareholders. The authority also includes the right to decide on a bonus issue. The authority is valid until the close of the 2011 Annual General Meeting. The Board of Directors had not exercised this authority by the end of 2010.

The 2010 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 2011 Annual General Meeting. The Board of Directors had not exercised this authority by the end of the report period.

At the end of the report period, the Board of Directors had no valid authority to issue options or other special rights providing entitlement to shares.

An overview of ownership in the company by sector and size of holding, the largest shareholders and the interests of the governing bodies and the Corporate Executive Board can be found on the company's website at www.ruukki.com.

Flagging notifications

On 14 January 2010, the company received a flagging notification from Capital and Research Management Company (CRMC) under Chapter 2, Section 9 of the Finnish Securities Markets Act that the aggregate holding in Rautaruukki shares for the funds it manages had, as at 12 January 2010, increased to above five per cent. The number of Rautaruukki shares notified by CRMC was 7,297,852 shares, which equated to 5.20 per cent of Rautaruukki's share capital and votes. The company received no other flagging notifications during the year.

Litigation and other pending legal actions

Judgment was reached on 15 January 2010 in proceedings instigated in Sweden in a case concerning safety at work as a result of a serious accident in 2008 at the Kista Galleria construction site. All the prosecutor's claims against the company's employee and Ruukki Sverige AB were dismissed. During the second quarter, the insurance company reached a claims settlement decision and agreement regarding costs was reached by the parties concerned. This had no significant impact on profit and loss.

On 30 June 2010, the European Commission completed its investigations into suspected price collusion relating to the manufacture of prestressing steel between 1996 and 2001 by Ruukki's former subsidiary, Fundia. In accordance with the Commission decision, a total of 17 European steel producers received fines for price collusion between competitors during the years 1984-2002. The Commission ordered fines totalling EUR 518 million on the companies involved. The prestressing steel business practised during 1997-2001 by Rautaruukki's former subsidiary, Fundia, was included in the investigation. Rautaruukki sold its interest in Fundia to Ovako in 2005-2006. Rautaruukki, Fundia's parent company at the time, was, jointly and severally with the Ovako companies concerned, ordered to pay a fine of EUR 4.7 million. At the end of September, the Commission re-calculated the fine to be EUR 4.3 million in respect of Rautaruukki.

Events taking place after the report period

There were no significant events taking place after the report period.

Implementation of the strategy in 2010 and changes in the company's strategic outlines

The strategic focus in 2010 was on improving operational efficiency and defining core businesses. Further progress was made with the operational excellence programme, Boost, initiated in 2008. Within the framework of the programme manufacturing operations continued to be centred on increasingly larger units in the Nordic countries and Central Eastern Europe. The programme has progressed well ahead of schedule and has exceeded its original target.

In October, Ruukki announced the strategic outlines it had defined for the next few years on the basis of strategy work. Geographically, the focus of growth is strongly on the emerging markets. Work continues on development of the solutions businesses - construction and engineering. The focus in the steel business is on special steel products, where synergies can be capitalised on with the company's engineering business.

Based on the strategy, Ruukki set new targets for its businesses:
- Growth in the share of the solutions businesses - construction and engineering - to 60 per cent of consolidated net sales
- Increase in the share of special steel products to 60 per cent of the company's steel business
- Growth in the share of emerging markets to 50 per cent of consolidated net sales
- Strengthened market position in all core businesses

For example, the steel business focused strongly on opening sales and distribution channels in new largely emerging markets. Sales of special steel products grew well and accounted for 27 per cent (19) of net sales in the steel business. The emerging markets accounted for 23 per cent of consolidated net sales in 2010.

The company kept its financial targets unchanged:
- Growth in comparable net sales > 10% p.a.
- Comparable operating profit > 15% of net sales
- Return on capital employed > 20%
- Gearing ratio ~ 60%
- Dividend payout 40-60% of profit for the period

Changes in corporate management

In connection with the strategy outlined, changes were made to the responsibilities of the Corporate Executive Board, which as of 1 November 2010 comprises the following members:
- Sakari Tamminen, President & CEO and chairman of the Corporate Executive Board
- Mikko Hietanen, Executive Vice President, Business Development (deputy to the President & CEO)
- Tommi Matomäki, Executive Vice President, Ruukki Construction
- Marko Somerma, Executive Vice President, Ruukki Engineering
- Olavi Huhtala, Executive Vice President, Ruukki Metals
- Saku Sipola, Executive Vice President, Marketing, Technology and Supply Chain Management
- Markku Honkasalo, CFO

Most significant risks and risk management

Risk management at Ruukki is an integrated part of the management system and seeks to support the company's strategy and achievement of targets and to ensure business continuity. The company is continuously improving its risk management by taking into account changes in its business environment and operating activities.

Common corporate risk management practices were further established during 2010 and further positive progress was made in the level of risk management of hazard and operative risks. Particular attention was given among other things to the modernisation investments carried out at the Raahe Steel Works in Finland during the year and to the associated insurance cover and risk management. In addition, the functioning of insurance coverage and its suitability for the needs of Ruukki's different business activities was also high on the agenda. Development of corporate security is a new focus area that was begun during the year.

Western Europe and many other developed markets are experiencing slow economic growth. The company has prepared for this by switching the growth focus to emerging countries. The share of specialisation within the steel business will be increased, which will open up growth potential also in the emerging markets. The businesses will be balanced by increasing the share of those businesses - such as residential roofing products and infrastructure construction - that are less vulnerable to economic fluctuations.

Finland and the other Nordic countries account for most of the company’s net sales. A major change in the competitive situation in these markets or, for example, customers relocating to lower-cost countries might affect the company’s business. Ruukki has prepared for trends of this kind by, among other things, building its own production capacity in Central Eastern Europe and China, by developing an international distribution network for special steel products and by strengthening its market share in the Nordic market.

Trade liberalisation and the gradual opening of the European market to, for example, Russian and Ukrainian actors pose a risk. International comparison shows Ruukki’s steel production to be competitive, but small in terms of volume. Crude steel production takes place using two blast furnaces integrated into one production unit. This means steel production has limited flexibility compared to large competitors, who have a number of production units and who are thus able to optimise production between several units. The company has prepared for this risk by improving cost efficiency and production flexibility.

Raw materials account for a significant share of the value of steel products. The price and freight charges of iron ore, coking coal and other main raw materials used in steel production are determined on the global markets. This can make prices of these raw materials very volatile. An important part of risk management involves identifying alternative supply channels to ensure business continuity and to safeguard cost levels. Availability risks are managed through long-term contracts to source the main raw materials and energy used in steel production. The group generates almost half of the electricity it uses by utilising the process gases released in its own production.

Demand for steel and other metal products and especially prices for standard steel products fluctuate with economic cycles. Ruukki has prepared for cyclical fluctuations in steel prices by increasing the share of special steel products in its own steel output and by re-aligning production levels to market demand. The company sells its products mainly directly to end-users and is thus well-placed to identify customer needs.

Additional costs arising from increasingly stricter environmental regulations and carbon emissions trading impact on the company’s competitiveness and investments, especially if the same rules of play do not apply equally to all actors in the field. Ruukki’s works rank among the most carbon dioxide efficient and use almost the minimum coking coal possible in steel production using current process technology. The company has taken thorough steps to anticipate and actively track changes in environmental legislation. All the company’s main production sites operate in compliance with the ISO 14001:2004 environmental management system.

The company’s risks and risk management are detailed in the Annual Report 2010.

Near-term outlook

The economic outlook in Ruukki’s main market areas has remained favourable and the rate of growth in Central and Eastern Europe is expected to gradually improve. Compared to the previous year, industrial investments are estimated to pick up in all Ruukki’s main market areas in 2011. However, the sovereign debt problems of certain European countries cause uncertainty in the near-term outlook as it is difficult to estimate the total impact of these on economic development.

It is estimated commercial and industrial construction will return to growth in the Nordic countries during 2011. Growth in Sweden is estimated to be brisker than in the other Nordic countries. Investments in commercial and industrial construction in Russia have already picked up clearly. Modest growth in residential construction is forecast to continue in all main market areas. Infrastructure construction activity in the Nordic countries is expected to continue to be relatively good.

In the engineering business, market conditions are estimated to improve. Demand is increasing from manufacturers of heavy cargo and other materials handling equipment. Demand for construction machines and equipment and forest and mining industry machines is estimated to grow. Supported by the positive notes in these industrial sectors, order volumes, especially for cabins, booms and frames, are estimated to grow. In the manufacture of equipment for the energy industry, demand in the wind power sector is forecast to improve from the level in 2010. It is estimated shipbuilding activity in Europe will continue at a low level in 2011.

In the steel business, it is estimated that growing demand from the heavy engineering industry and the heavy automotive industry will support sales of special steel products in particular. This is also supported by an expansion of the company's distribution network into emerging markets and mining-intensive countries. It is estimated selling prices of steel products will rise during 2011 due to improving demand and higher raw material prices. Increased sales of special steel products strengthen positive development of average selling prices.

As a result of the operational excellence programme, Boost, the company's cost structure is better than in previous years. Growing demand is estimated to also improve the company's capacity utilisation rate in 2011, especially in the solutions businesses.

Based on the estimates given above, consolidated net sales in 2011 are estimated to grow 20-25 per cent year on year. Profitability is estimated to clearly improve compared to 2010.

Board of Directors' proposal for the disposal of distributable funds

The parent company's distributable equity at 31 December 2010 was EUR 565 million.

The Board of Directors is to propose to the Annual General Meeting to be held on 23 March 2011 that a dividend of EUR 0.60 per share (0.45) be paid for 2010. The total dividend payout under the proposal is EUR 83 million. The proposed dividend payment date is 6 April 2011.

The figures for the report period in this financial statement bulletin have been audited.

Helsinki, 3 February 2011

Rautaruukki Corporation

Board of Directors

SUMMARY FINANCIAL STATEMENTS AND NOTES

This financial statement bulletin has been prepared in accordance with IAS 34 and, with the exception of the changes in presentation listed below, is in conformity with the accounting policies published in the 2009 financial statements.

The consolidated financial statements are affected by the following IFRS standards and interpretations thereof entering into force on 1 January 2010:

- Revised IFRS 3 *Business combinations*
- Amended IAS 27 *Consolidated and Separate Financial Statements*

The revised and amended standards referred to above had no impact on this financial statement bulletin.

Use of estimates
The preparation of financial statements 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.

Operative capital employed of business segments
The interim report for the second quarter switched over from reporting segment assets to reporting segment operative capital employed because this is the indicator that is reported to management and which management monitors. Operative capital employed is defined as follows:

+ Tangible and intangible assets
+ Available-for-sale financial assets
+ Inventories
+ Trade receivables
- Trade payables
- Advances received

Figures for the reference periods are similarly stated.

Disposal group - Mo i Rana unit in Norway
In December 2009, Rautaruukki announced it was to launch a study to reorganise operations at its Mo i Rana unit in Norway, which made shipbuilding profiles and flange profiles for wind turbine towers. The unit was part of the Ruukki Engineering segment. The unit had net sales of EUR 49 million in 2009 and posted a negative operating profit of -EUR 30 million. It was decided to study the options, including the partial or entire closure of operations, available to correct the plant's financial performance. In this connection, worker consultation with the around 110 persons affected was initiated.

Based on a decision made in September, the plant is to be disposed of and the relating assets and liabilities are disclosed in the balance sheet separately from other assets and liabilities. The assets and liabilities of Mo i Rana unit were measured at 30 September 2010 at the carrying amount or at fair value less costs to sell, whichever is the lower. In the same context, the unit was classified as being in the disposal group. The impairment of EUR 8 million booked on property, plant and equipment in this connection is shown under depreciation and impairments. At the end of the report period, the unit had assets of EUR 15 million and liabilities of EUR 7 million. The unit represents neither a major line of business nor a geographical area of operations and so does not satisfy the conditions of discontinued operations.

Rautaruukki has initiated the sale of the business in Mo i Rana and negotiations have been held with several potential buyer candidate.

During the third quarter of 2010, the Mo i Rana unit was transferred from the Ruukki Engineering segment to the Other group, which also includes corporate management and non-allocated items. The unit's result is presented in the Other group and segment information for reference periods has been restated accordingly.

Items affecting comparability
Items affecting the comparability of operating profit have been separated from the reported figures to ensure a better understanding and comparability of Ruukki's operating activities and their result. Items

affecting comparability are detailed by quarter in the table at the end of the Summary financial statement and notes section.

In the third quarter of 2010, unrealised changes in the fair value of USD derivatives used to hedge the group's future cash flows were added to items affecting the comparability of operating profit. Under IAS 39, these derivatives do not qualify for hedge accounting. Information for reference periods has been restated accordingly since the start of 2009.

Individual figures and totals appearing in the tables have been rounded to the nearest full million of euros.

The figures for the report period have been audited.

CONSOLIDATED INCOME STATEMENT (IFRS)

EUR million	Q4/10	Q4/09	2010	2009
Net sales	641	521	2 415	1 950
Cost of sales	581	496	2 185	2 027
Gross profit	60	25	229	-77
Other operating income	5	6	15	20
Selling and marketing expenses	27	31	103	113
Administrative expenses	41	38	152	151
Other operating expenses	0	1	1	2
Operating profit	-3	-39	-12	-323
Finance income	13	9	65	81
Finance costs	21	16	131	117
Net finance costs	-9	-7	-66	-36
Share of profit of equity-accounted investees	1	0	3	0
Result before income tax	-11	-46	-74	-359
Income tax expense	-19	0	-4	84
Result for the period	-30	-46	-79	-275
Attributable to:				
Owners of the company	-30	-46	-79	-275
Non-controlling interest	0	0	0	0
Earnings per share, diluted, EUR	-0.21	-0.33	-0.57	-1.98
Earnings per share, basic, EUR	-0.21	-0.33	-0.57	-1.98
Operating profit as % of net sales	-0.5	-7.5	-0.5	-16.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR million	Q4/10	Q4/09	2010	2009
Result for the period	-30	-46	-79	-275
Other comprehensive income:				
Effective portion of changes in fair value of cash flow hedges	16	23	14	51
Translation differences	5	-6	18	-5
Defined benefit plan actuarial gains and losses	-7	-15	-9	-15
Tax on other comprehensive income	-2	-2	-1	-9
Other comprehensive income for the period, net of tax	11	0	22	22
Total comprehensive income for the period	-19	-46	-57	-253
Attributable to:				
Owners of the company	-19	-46	-57	-253
Non-controlling interest	0	0	0	0

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

EUR million	31 Dec 2010	31 Dec 2009
ASSETS		
Non-current assets	1 388	1 404
Deferred tax assets	26	39
Current assets		
Inventories	640	492
Trade and other receivables	417	335
Cash and cash equivalents	53	261
Assets held for sale	15	
Total assets	2 539	2 532
EQUITY AND LIABILITIES		
Equity		
Equity attributable to owners of the company	1 387	1 507
Non-controlling interest	2	2
Non-current liabilities		
Loans and borrowings	477	387
Non-interest bearing liabilities	50	61
Deferred tax liabilities	39	37
Current liabilities		
Loans and borrowings	198	209
Trade payables and other non-interest bearing liabilities	379	328
Liabilities held for sale	7	
Total equity and liabilities	2 539	2 532

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

EUR million	2010	2009
Result for the period	-79	-275
Adjustments	191	178
Cash flow before change in working capital	113	-97
Change in working capital	-147	317
Financing items and taxes	-30	-38
Net cash flow from operating activities	-64	182
Cash inflow from investing activities	10	17
Cash outflow from investing activities	-173	-170
Net cash used in investing activities	-162	-153
Net cash flow before financing activities	-226	30
Dividends paid	-62	-188
Proceeds from loans and borrowings	126	434
Repayments of loans and borrowings	-103	-330
Change in current liabilities	63	76
Other net cash flow from financing activities	-9	-18
Translation differences	4	1
Change in cash and cash equivalents	-207	7

KEY FIGURES (IFRS)

	2010	2009
Net sales, EUR m	2 415	1 950
Operating profit, EUR m	-12	-323
as % of net sales	-0.5	-16.6
Result before income tax, EUR m	-74	-359
as % of net sales	-3.1	-18.4
Result for the period, EUR m	-79	-275
as % of net sales	-3.3	-14.1
Net cash flow from operating activities, EUR m	-64	182
Net cash flow before financing activities, EUR m	-226	30
Return on capital employed, %	-0.3	-14.2
Return on equity, %	-5.4	-15.9
Equity ratio, %	55.3	59.9
Gearing ratio, %	44.7	22.3
Net interest-bearing liabilities, EUR m	621	336
Equity per share, EUR	9.99	10.85
Personnel on average	11 693	12 664
Number of shares	140 285 425	140 285 425
- excluding treasury shares	138 862 374	138 863 850
- diluted, average	138 863 722	138 846 063

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 2009	238	220	-37	-36	-6	1 569	2	1 950
Result for the period						-275	0	-275
Other comprehensive income			38	-5		-12		22
Total comprehensive income for the period			38	-5		-287	0	-253
Share issue	0							0
Dividend distribution						-188		-188
Share-based payments			0		0			1
EQUITY 31 Dec 2009	238	220	2	-41	-6	1 095	2	1 509
EQUITY 1 Jan 2010	238	220	2	-41	-6	1 095	2	1 509
Result for the period						-79	0	-79
Other comprehensive income			10	18		-7		22
Total comprehensive income for the period			10	18		-85	0	-57
Dividend distribution						-62		-62
Share-based payments			-1		0			-1
EQUITY 31 Dec 2010	238	220	11	-23	-6	946	2	1 389

NET SALES BY REGION (IFRS)

As % of net sales	2010	2009
Finland	27	30
Other Nordic countries	31	31
Central Eastern Europe	12	12
Russia and Ukraine	8	7
Rest of Europe	15	14
Other countries	7	6

CONTINGENT LIABILITIES (IFRS)

EUR million	31 Dec 2010	31 Dec 2009
Mortgaged real estate	64	64
Other guarantees given	26	43
Collateral given on behalf of others	2	
Rental liabilities	71	114

DERIVATIVE CONTRACTS (IFRS)

EUR million	31 Dec 2010 Nominal amount	31 Dec 2010 Fair value	31 Dec 2009 Nominal amount	31 Dec 2009 Fair value
CASH FLOW HEDGES QUALIFYING FOR HEDGE ACCOUNTING				
Zinc derivatives				
Forward contracts, tonnes	19 500	7	24 000	11
Electricity derivatives				
Forward contracts, GWh	1 659	7	1 827	-11
FAIR VALUE HEDGES QUALIFYING FOR HEDGE ACCOUNTING				
Interest rate derivatives	75	0	75	0
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING				
Foreign currency derivatives				
Forward contracts	544	-11	368	-3
Options				
Bought	138	1	150	-1
Sold	137	-3	150	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.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT (IFRS)

EUR million	2010	2009
Carrying amount at the beginning of period	1 159	1 124
Additions	157	167
Additions through acquisitions		5
Disposals	-4	-11
Disposals through divestments	-3	
Depreciation and impairment	-138	-125
Translation differences	9	-1
Carrying amount at the end of period	1 180	1 159

TRANSACTIONS WITH RELATED PARTIES (IFRS)

EUR million	2010	2009
Sales to equity-accounted investees	31	24
Purchases from equity-accounted investees	7	6
Transactions with Rautaruukki Pension Foundation	1	6

	31 Dec 2010	31 Dec 2009
Trade and other receivables from related parties	5	3
Trade and other payables to related parties	0	1

INVESTMENT COMMITMENTS (IFRS)

EUR million	After 31 Dec 2010	After 31 Dec 2009
Maintenance investments	137	100
Development investments and investments in special steel products	52	77
Total	189	177

SEGMENT INFORMATION

EUR million	2010	2009
Comparable net sales		
Ruukki Construction	628	589
Ruukki Engineering	193	263
Ruukki Metals	1 581	1 050
Other	1	0
Comparable net sales, total	2 403	1 901
Items affecting comparability included in reported net sales	12	49
Reported net sales	2 415	1 950
Comparable operating profit		
Ruukki Construction	-45	-44
Ruukki Engineering	-28	4
Ruukki Metals	126	-219
Other	-15	-13
Comparable operating profit, total	38	-272
Items affecting comparability included in reported operating profit	-49	-51
Reported operating profit	-12	-323
Net finance costs	-66	-36
Share of profit of equity-accounted investees	3	0
Result before income tax	-74	-359
Income tax expense	-4	84
Result for the period	-79	-275

EUR million	31 Dec 2010	31 Dec 2009
Operative capital employed		
Ruukki Construction	429	431
Ruukki Engineering	144	132
Ruukki Metals	1 547	1 320
Other	30	51
Operative capital employed, total	2 150	1 934

QUARTERLY SEGMENT INFORMATION

EUR million	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	Q2/10	Q3/10	Q4/10	2010
Comparable net sales										
Ruukki Construction	132	145	164	147	589	109	163	184	172	628
Ruukki Engineering	100	67	53	42	263	42	50	45	56	193
Ruukki Metals	249	218	257	325	1 050	348	434	386	413	1 581
Other	0	0	0	0	0	0	1	0	0	1
Comparable net sales, total	481	430	475	515	1 901	500	647	615	641	2 403
Items affecting comparability included in reported net sales	25	8	10	6	49	5	7	0	0	12
Reported net sales	506	438	485	521	1 950	505	655	614	641	2 415
Comparable operating profit										
Ruukki Construction	-11	-6	-4	-24	-44	-23	-10	1	-13	-45
Ruukki Engineering	10	6	-3	-8	4	-6	-8	-7	-6	-28
Ruukki Metals	-97	-88	-38	3	-219	-10	66	51	19	126
Other	-3	-4	-3	-3	-13	-4	-4	-4	-4	-15
Comparable operating profit, total	-100	-92	-49	-32	-272	-43	45	41	-5	38
Items affecting comparability included in reported operating profit	-12	-25	-6	-7	-51	7	-11	-47	1	-49
Reported operating profit	-113	-117	-54	-39	-323	-36	34	-6	-3	-12
Net finance costs	-9	-10	-10	-7	-36	-8	-6	-42	-9	-66
Share of profit of equity-accounted investees	0	0	0	0	0	0	1	1	1	3
Result before income tax	-122	-127	-64	-46	-359	-44	28	-48	-11	-74
Income tax expense	32	33	19	0	84	11	-9	12	-19	-4
Result for the period	-90	-94	-45	-46	-275	-33	20	-36	-30	-79

ITEMS AFFECTING COMPARABILITY OF REPORTED NET SALES

EUR million	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	Q2/10	Q3/10	Q4/10	2010
Other										
Net sales of Mo i Rana unit	25	8	10	6	49	5	7	0	0	12

ITEMS AFFECTING COMPARABILITY OF REPORTED OPERATING PROFIT

EUR million	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	Q2/10	Q3/10	Q4/10	2010
Ruukki Engineering										
Expenses related to closure of Hässleholm, Oskarström and Dortmund units		-5			-5		-1		-3	-5
Unrealised gains and losses on USD derivatives	-1	-2	0	0	-3	1				1
Ruukki Metals										
Expense caused by low utilisation rate related to blast furnace modernisation							-18			-18
Unrealised gains and losses on USD derivatives	-6	-8	-1	6	-9	6	15	-40	6	-13
Cost of production test runs for change in feedstock base									-2	-2
Ruukki Construction										
Unrealised gains and losses on USD derivatives	-2	-4	0	2	-4	2				2
Other										
Operating profit of Mo i Rana unit	-3	-6	-4	-16	-30	-2	-2	-7	0	-11
Provision for fine regarding price collusion in divested prestressing steel business							-5	0		-4
Items affecting comparability of reported operating profit, total	-12	-25	-6	-7	-51	7	-11	-47	1	-49

OTHER ITEMS AFFECTING COMPARABILITY OF REPORTED RESULT

EUR million	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	Q2/10	Q3/10	Q4/10	2010
Arrangement fee for revolving credit facility (financial item)		-5			-5					
Writedown of vendor note from Ovako (financial item)								-33		-33
Other items affecting comparability of reported result, total		-5			-5			-33		-33

Formulas for the calculation of key figures:

Return on capital employed, %	=	result before income tax + finance costs - exchange rate gains (rolling 12 months) -------------------------------------- total equity + loans and borrowings (average at beginning and end of period)	x100
Return on equity, %	=	result before income tax - income tax expense (rolling 12 months) -------------------------------------- total equity (average at beginning and end of period)	x100
Equity ratio, %	=	total equity -------------------------------------- total assets - advances received	x100
Gearing ratio, %	=	net interest-bearing financial liabilities -------------------------------------- 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 -------------------------------------- weighted average number of shares outstanding during the period	
Earnings per share (EPS), diluted	=	result for the period attributable to owners of the company -------------------------------------- weighted average diluted number of shares outstanding during the period	
Equity per share	=	equity attributable to owners of the company -------------------------------------- basic number of shares outstanding at the end of period	
Volume weighted average share price	=	total EUR trading of shares -------------------------------------- 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	

The interim report for the period January-March 2011
will be published on 21 April 2011.

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