

RUUKKI | GROUP



Ruukki Group – Q2/2009 Interim Report



Alwyn Smit, 6 August 2009

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EBITDA

Wood Processing EBITDA 1-6/2009 totalling EUR 4.5 million, full year guidance revised up

Minerals business EBITDA for first half of 2009 low, partially due to transaction related costs expensed into income statement based on IFRS3 standard changes applied for future transaction, but general market conditions recovering, and second half expected to be better

CASH FLOW

When excluding one-off Mogale related incentives advance payment, both Minerals and Wood segment cash flow from operations positive, but non-segment operations performing worse than originally anticipated;

ACQUISITIONS

Sylvania Resources acquisition progressing
Mogale Alloys acquisition concluded

RESTRUCTURING

Processes targeted to split the Group in two demerged segments (Minerals and Wood) commenced
Jelena Manojlovic appointed as Chairman

Highlights

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EBITDA EUR million	Wood Processing	Minerals	Non- segments / eliminations	Group total
Actual 1-6/2009	4.5	1.3	-5.2	0.6
Guidance 1-12/2009				
original, announced 26 Feb 2009 in conjunction with 2008 financial statements review	5.0	10.0	-5.0	10.0
revised, announced 25 May 2009 in conjunction with Mogale acquisition	5.0	15.0	-5.0	15.0
revised, announced 6 Aug 2009 in conjunction with interim report Q2/2009	7.0	15.0	-7.0	15.0

EBITDA
GUIDANCE
1-12/2009

REVENUE

Group Revenue EUR 88.1 million (1-6/2008: EUR 75.8 million)

EBITDA

Group EBITDA EUR 0.6 (0.8) million, Wood Processing segment EBITDA EUR 4.5 (8.0) million, Minerals segment EBITDA EUR 1.3 million

CASH FLOW

Group's cash flow from operations equalling EUR -7.0 (-6.0) million, including a payment of EUR 6.5 million in Q2/2009 in relation to Mogale Alloys management incentives to be paid out of a trust during the next five years

NET CASH POSITION

Net cash position EUR 48.2 million on 30 June 2009 (EUR 213.1 million on 31 December 2008; and EUR 187.5 million on 31 March 2009), change in net cash position to major extent related to acquisitions of treasury shares and acquisition of the majority stake in Mogale Alloys

Recent Corporate Restructuring

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Operational/Legal Group Structure

Ruukki Group Plc

MINERALS

Chrome Segment

South Africa

Mogale Alloys (84.9%)

Southern Europe

Turk Maadin
Sirketi (98.75%)

RCS Limited

Elektowerk
Weisweiler (0%)

PGM Segment (if Sylvania acquired)

[Australia]/South Africa

Sylvania Resources
(100.0%)

SXM

GAU

WOOD PROCESSING

Wood Processing Segment

Finland

House Building

Sawmilling

Pallet Business

Russian Projects (non-segment)

NET CASH POSITION, MOVEMENT, EUR MILLION

31 Dec 2008 Net Cash Position **213.1**

Q1/2009 Operating Cash Flow	+ 3.8
Q1/2009 Share Buy-Backs	- 23.3
Q1/2009 Other, net	- 6.1

31 Mar 2009 Net Cash Position **187.5**

Q2/2009 Operating Cash Flow	- 7.0
Q2/2009 Capital redemption to shareholders	- 10.1
Q2/2009 Share buy-backs	- 20.5
Q2/2009 Mogale acquisition	- 99.3
Q2/2009 Other, net	- 2.4

30 Jun 2009 Net Cash Position **48.2**

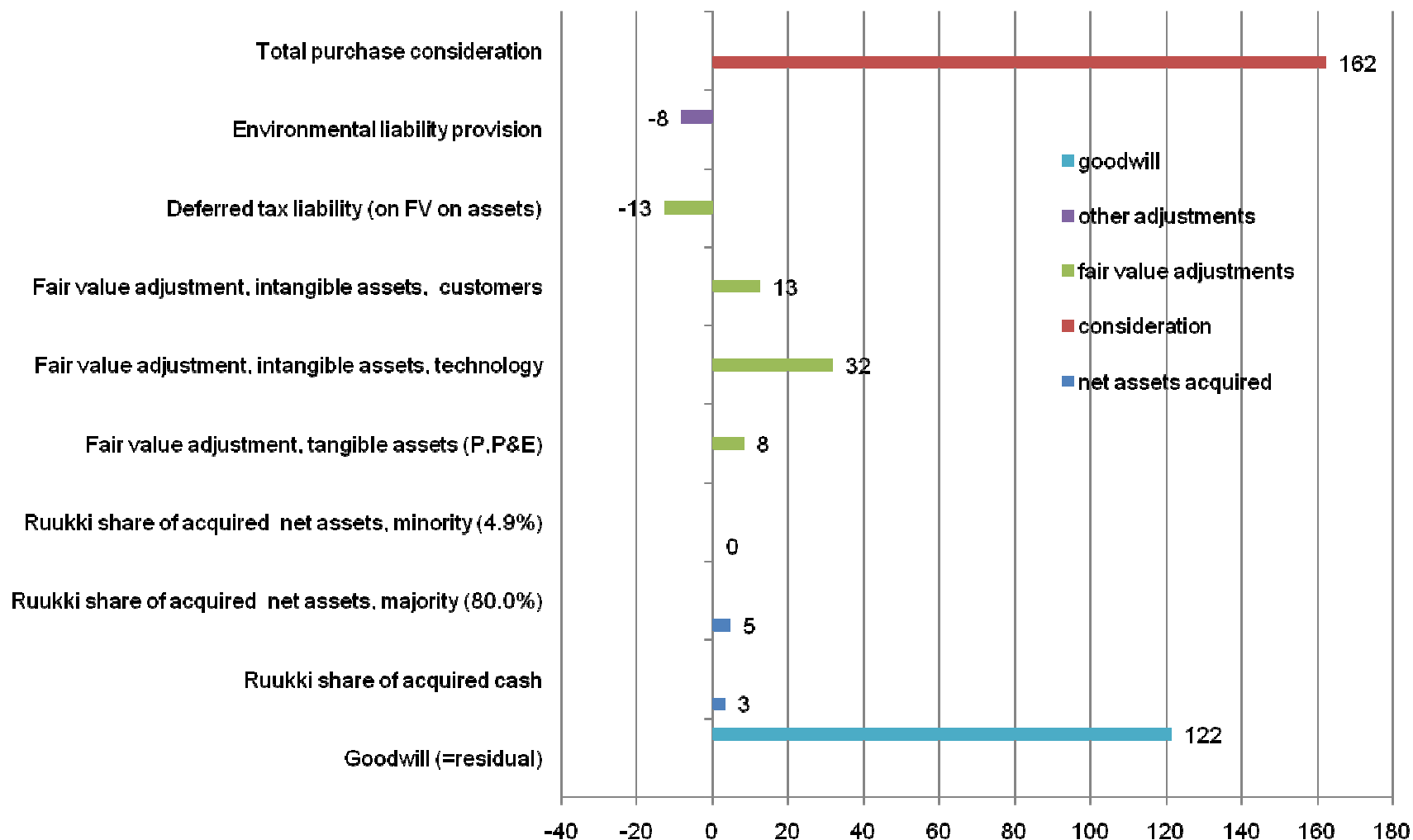
Acquisition of 84.9 % effective stake in Mogale Alloys (Pty) Ltd at the end of May

- Expansion geographically into South Africa
- Expansion and diversification of minerals portfolio into charge chrome (FeCr), silico manganese (SiMn) and stainless steel alloy (SSA)
- Access to 4 operational furnaces, of which 2 are DC technology and with 96 MVA total capacity => DC technology main asset (part of consideration allocated to it on Group IFRS balance sheet)
- Platform for future minerals expansion
- Total purchase consideration ZAR 1.85 billion and in addition ZAR 0.15 billion management incentive trust; ZAR 1.22 billion paid in cash in May



Recent Corporate Restructuring

Preliminary Purchase Price Allocation in relation to Mogale Alloys (EUR million)



Acquisition of all the shares of Sylvania Resources Limited

- Announced in June, target to finalise via an Australian law governed scheme of arrangement as soon as possible, at the latest 30 April 2010
- Expansion and diversification of minerals portfolio into platinum group metals (PGMs)
- Merger ratio: 1.81 Sylvania shares for 1.00 Ruukki share
- Unanimous recommendation by the independent directors of Sylvania
- Integrated Mine to Metals company with low cost high margin operations
- Utilisation of tailings dumps and UG2 material to have unique mix of both Cr and PGMs
- Sylvania pursuing SXM and GAU transactions that would give access to PGM resources

MARKET OUTLOOK

Minerals

- Stainless steel base demand quite stable, but destocking somewhat increased prices, pressures on ferrochrome costs, in particular due to South African electricity price hikes
- Short-term volumes to remain quite low, focus on specialty grades
- Relative profitability in FeCr expected to remain good

Wood

- Availability of logs key concern, short-term demand in sawmills expected to remain quite good due to strongly reduced industry supply
- House Building deliveries trending down