



RUUKKI | GROUP



**Q2 & H1 2012
Interim Results**

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16 August 2012

Overview

- Outlook for 2012 improved mainly due to more stable market conditions
- Positive operating cash flow and strong increase in y-o-y EBITDA
 - Improved cost efficiency and favourable exchange rates
- Group's increased focus on niche, higher margin speciality alloy products starting to show results
 - Ruukki is weathering challenging market conditions well, demonstrating robustness of our business model
 - Places the Group in a strong position for when the markets begin to recover
- Committed to growth; initiatives targeted to further strengthen Ruukki's position as one of the leading producer of speciality alloy products used by various industries

Group Financial Performance

- Revenue decreased, impacted by Eskom's electricity buyback programme at Mogale
- Strong increase in EBITDA
- Cash flow from operations was positive at EUR 13.5 (Q2/2011: -5.8) million
- Liquid funds at 30 June were EUR 45.0 (30 June 2011: 81.8) (31 March 2012: 65.1) million

(EUR millions)	Q2 2012	Q2 2011	H1 2012	H1 2011	FY2011
Revenue	31.3	44.5	78.0	79.3	159.1
EBITDA	3.9	1.7	6.7	5.1	1.4
EBITDA margin	12.5%	3.8%	8.6%	6.5%	0.9%
EBIT	-2.6	-5.4	-6.8	-9.0	-26.5
EBIT margin	-8.4%	-12.1%	-8.7%	-11.3%	-16.6%
Profit for the period, continuing operations	-2.3	-3.9	-4.3	-7.0	-18.4
Profit for the period, discontinued operations	0.0	4.1	0.0	47.1	41.1
Profit for the period	-2.3	0.3	-4.3	40.1	22.7

Sales & Global Market Review

- Ferrochrome prices were impacted by negative sentiment surrounding Europe and declining demand.
- South African ferrochrome production suspended due to Eskom buyback programme
 - Chinese ferrochrome producers compensated for this by increasing capacity, thereby negating any predicted supply demand imbalance
- Chrome ore imports into China were up 5% Q-o-Q, taking advantage of the low chrome ore prices, although down by 13% on a Y-o-Y comparison
- In the speciality alloys sector underlying demand remained reasonably robust, although prices for low carbon ferrochrome were impacted by de-stocking ahead of the European summer
- Silico Manganese alloy prices under pressure amid seasonally weaker steel production & adequate supply in the market

Processing (tonnes)	Q2 2012	Q2 2011	H1 2012	H1 2011	FY2011
Speciality Alloys	8,143	7,082	17,725	12,722	24,292
FerroAlloys	4,624	24,066	27,856	47,139	82,663
Total	12,767	31,148	45,581	59,862	106,955

Speciality Alloys Performance

- TMS production impacted by bad weather conditions
- EWW able to operate at near full capacity due to stockpiles

Production (tonnes)	Q2 2012	Q2 2011	H1 2012	H1 2011	FY2011
Mining*	17,729	20,631	36,983	40,630	82,154
Processing	7,484	7,209	14,225	14,090	25,908
Total	25,213	27,840	51,208	54,720	108,062

* Mining includes both chromite concentrate and lumpy ore production.

Speciality Alloys Performance

- Revenue increased by 5.9%
- EBITDA increased substantially, up 27.5% due to increase in sales volumes & change in product mix of speciality alloys, Ultra Low Carbon and Low Carbon.
- EBIT was positive

(EUR millions)	Q2 2012	Q2 2011	H1 2012	H1 2011	FY2011
Revenue	22.3	21.1	43.6	41.3	83.6
EBITDA	4.5	3.5	7.7	8.6	13.8
EBITDA margin	20.2%	16.8%	17.6%	20.8%	16.5%
EBIT	0.4	-1.0	-0.9	-0.3	-3.8
EBIT margin	1.6%	-4.7%	-2.1%	-0.8%	-4.6%

FerroAlloys Performance

- Stellite mine operated according to plan, new reef opened up to improve flexibility
- Processing volumes down due to Eskom's electricity buyback offer
- Buyback programme now finished and furnaces being restarted at Mogale

Production (tonnes)	Q2 2012	Q2 2011	H1 2012	H1 2011	FY2011
Mining*	38,144	35,669	93,377	67,657	159,455
Processing	10,824	29,340	20,762	58,282	86,445
Total	48,968	65,009	114,139	125,939	245,900

*Mining includes both chromite concentrate and lumpy ore production.

FerroAlloys Performance

- Revenue decreased substantially due to weak chrome ore market & subsequent impact on production
- Eskom buyback programme compensated for loss in profits
- EBITDA impacted by provision of a rehabilitation contingency relating to the opening up a new reef at Stellite

(EUR millions)	Q2 2012	Q2 2011	H1 2012	H1 2011	FY2011
Revenue	9.0	23.5	34.5	38.1	75.4
EBITDA	1.3	0.1	2.7	0.1	-3.9
EBITDA margin	14.4%	0.3%	7.7%	0.3%	-5.2%
EBIT	-1.1	-2.5	-2.2	-5.0	-14.0
EBIT margin	-12.2%	-10.5%	-6.3%	-13.2%	-18.6%

Outlook

- After a period of very high fluctuations on the ferroalloy market it is now expected to be less volatile going forward.
- The Group remains prepared for price fluctuations and will continue to adapt its production levels and product mix accordingly.
- The market for speciality alloy products is estimated to be more stable, although some uncertainty remains.
- Ruukki expects its financial performance for the full year 2012 to be better than 2011
 - More stable market conditions, improved cost efficiency across the operations, and favourable exchange rates
 - Due to the seasonal nature of the business, the Company's performance for Q3 2012 is not expected to be as positive as Q2 2012