



RUUKKI | GROUP



**Q3 2012
Interim Results**

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Overview

- Successfully resolved dispute with Vendors of Mogale Alloys in October
- Annual maintenance shutdowns impacted production
- Global macroeconomic environment continued to stagnate which continued to exert downward pressure for chrome-related products
 - Lowest European Benchmark Price for Ferrochrome for past 3 years
 - We do not expect any improvements during Q4 2012 as customers maintain tight control over their stock levels
- We remain disciplined and won't compromise our sales prices or margins
- We continue to be firm believers in the long-term demand growth
 - Ideally placed to take advantage of the move from investment-led demand to consumption-led demand in emerging economies
 - Growing urbanised populations will want chrome-related products as they improve their living standards

Group Financial Performance

- Revenue decreased as sales adjusted to meet weak demand
- Key focus on preservation of price & margins
- Cash flow from operations was EUR -3.2 (Q3/2011: -5.4) million
- Liquid funds at 30 September were EUR 40.4 (30 Sept 2011: 74.2) (30 June 2012: 45.0) million

| (EUR millions) | Q3 2012 | Q3 2011 | Q1-Q3 2012 | Q1-Q3 2011 | FY2011 |
|--|---------|---------|------------|------------|--------|
| Revenue | 28.1 | 42.4 | 106.1 | 121.8 | 159.1 |
| EBITDA | -1.8 | -2.7 | 4.9 | 2.5 | 1.4 |
| EBITDA margin | -6.5% | -6.3% | 4.6% | 2.0% | 0.9% |
| EBIT | -8.9 | -9.6 | -15.7 | -18.5 | -26.5 |
| EBIT margin | -31.8% | -22.5% | -14.8% | -15.2% | -16.6% |
| Profit for the period, continuing operations | -6.2 | -6.5 | -10.5 | -13.5 | -18.4 |
| Profit for the period, discontinued operations | 0.0 | -0.2 | 0.0 | 46.9 | 41.1 |
| Profit for the period | -6.2 | -6.7 | -10.5 | 33.4 | 22.7 |

Sales & Global Market Review

- Global macroeconomic situation continued to stagnate
- European Benchmark Price for Ferrochrome reached lowest level in 3 years
- Labour disputes across South Africa mining industry disrupted chrome supplies, however did not impact price levels
- Several large producers are chasing price over quantity as they focus on reducing their stocks before year end
- Customers closely monitoring their stock levels ahead of year end as credit remains tight

| Processing (tonnes) | Q3 2012 | Q3 2011 | Q1-Q3 2012 | Q1-Q3 2011 | FY2011 |
|---------------------|---------|---------|------------|------------|---------|
| Speciality Alloys | 5,251 | 5,955 | 22,775 | 18,677 | 24,292 |
| FerroAlloys | 5,800 | 19,488 | 33,656 | 66,627 | 82,663 |
| Total | 11,051 | 25,443 | 56,432 | 85,304 | 106,955 |

Speciality Alloys Performance

- TMS operated at normal levels
- EWW production lower due to prolonged planned maintenance shutdown to address some vital preventative work

| Production (tonnes) | Q3 2012 | Q3 2011 | Q1-Q3 2012 | Q1-Q3 2011 | FY2011 |
|---------------------|---------|---------|------------|------------|---------|
| Mining* | 19,066 | 21,958 | 56,049 | 62,588 | 82,154 |
| Processing | 5,166 | 5,247 | 19,390 | 19,337 | 25,908 |
| Total | 24,231 | 27,205 | 75,439 | 81,925 | 108,062 |

* Mining includes both chromite concentrate and lumpy ore production.

Speciality Alloys Performance

- Revenue decreased to EUR 17.9 (21.9) million
- EBITDA decreased to EUR 1.8 (2.0) million
- Decrease in revenue was due to lower sales volumes, which in spite of slightly higher sales prices was not enough to compensate for reduced sales volumes

| (EUR millions) | Q3 2012 | Q3 2011 | Q1-Q3 2012 | Q1-Q3 2011 | FY2011 |
|----------------|---------|---------|------------|------------|--------|
| Revenue | 17.9 | 21.9 | 61.4 | 63.2 | 83.6 |
| EBITDA | 1.8 | 2.0 | 9.5 | 10.5 | 13.8 |
| EBITDA margin | 10.1% | 9.0% | 15.4% | 16.7% | 16.5% |
| EBIT | -2.8 | -2.4 | -3.7 | -2.8 | -3.8 |
| EBIT margin | -15.4% | -11.2% | -6.0% | -4.4% | -4.6% |

FerroAlloys Performance

- South African operations unaffected by labour unrest in South Africa
- Production at Stellite mine was down substantially compared to Q3 2011 in response to lower chrome ore prices & oversupply in global chrome ore market
- Mogale operated at normal levels outside planned annual maintenance shutdown
- Work has started at Mecklenburg

| Production (tonnes) | Q3 2012 | Q3 2011 | Q1-Q3 2012 | Q1-Q3 2011 | FY2011 |
|---------------------|---------|---------|------------|------------|---------|
| Mining* | 22,783 | 46,006 | 116,161 | 113,663 | 159,455 |
| Processing | 15,404 | 13,189 | 36,166 | 71,471 | 86,445 |
| Total | 38,187 | 59,195 | 152,327 | 185,134 | 245,900 |

*Mining includes both chromite concentrate and lumpy ore production.

FerroAlloys Performance

- Revenue decreased to EUR 10.2 (20.5) million, negatively impacted by substantial decline in demand for Charge Chrome & Silico Manganese
- Inventory levels were increased rather than compromise margins & lower sales prices
- EBITDA decreased to EUR -2.2 (-2.1) million

| (EUR millions) | Q3 2012 | Q3 2011 | Q1-Q3 2012 | Q1-Q3 2011 | FY2011 |
|----------------|---------|---------|------------|------------|--------|
| Revenue | 10.2 | 20.5 | 44.7 | 58.6 | 75.4 |
| EBITDA | -2.2 | -2.1 | 0.4 | -2.0 | -3.9 |
| EBITDA margin | -21.9% | -10.3% | 1.0% | -3.4% | -5.2% |
| EBIT | -4.7 | -4.6 | -6.9 | -9.6 | -14.0 |
| EBIT margin | -46.5% | -22.3% | -15.5% | -16.4% | -18.6% |

Successful Resolution of Mogale Dispute

- Successful settlement of dispute with Vendors of Mogale Alloys
- Key terms include:
 - Payment to Vendors an aggregate cash amount of ZAR 175 million (approx. EUR 15 million) & share issue, in aggregate, up to 16,000,000 new shares
 - Awaiting receipt of South African Reserve Bank approval for share issue to Vendors which is expected to take up to 90 days
 - Vendors will transfer their entire remaining shareholding in Mogale to Ruukki, increasing ownership from 84.9% to 90.0%
- Overall positive impact on Ruukki's balance sheet:
 - Debt will decrease by approximately EUR 51 million
 - Cash will decrease by approximately EUR 15 million
 - Goodwill will decrease by approximately EUR 25 million
 - Other receivables will decrease by approximately EUR 4 million
 - Equity will increase by approximately EUR 6 million

Outlook

- Global economic outlook continues to be challenging, causing uncertainty in our target markets
- Financial performance for the full year 2012 expected to be better than in 2011
- Decision has been taken to remain disciplined in the pricing of products
- Revenue for the full year 2012 expected to be lower than in 2011 with increase in the finished goods inventory levels