



Ruukki Group Plc
RCS-TMS-EWW transaction
Presentation by the Board
EGM, 28 Oct 2008



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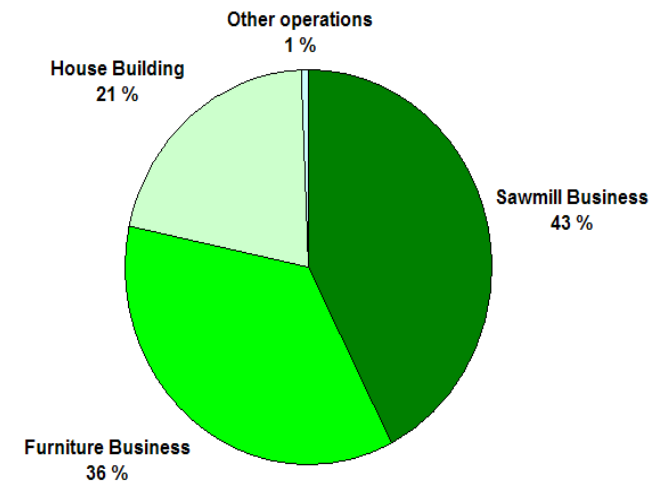
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1.1. Existing Businesses

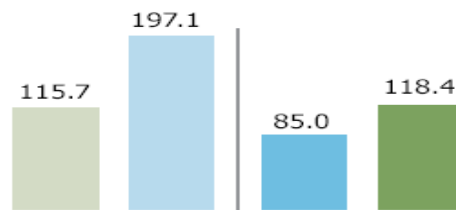
- **Wood-processing** industries currently main business line, all units located in Finland
 - » **House Building:** strong position in Finland, ready-to-move-in segment, potential in Russia
 - » **Sawmills:** focus on Northern Finland with special raw material, sawmill project in Russia actively developed
 - » **Furniture:** weaker market conditions, rationalisation process on-going

Revenue split by segment, 1-6/2008

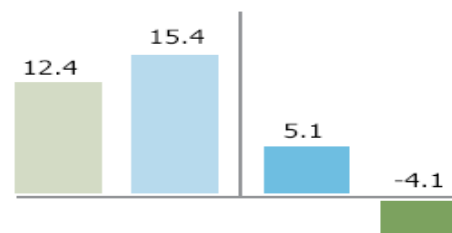


■ 2006 ■ 2007 ■ 2007 (6 months) ■ 2008 (6 months)

Revenue, EUR million



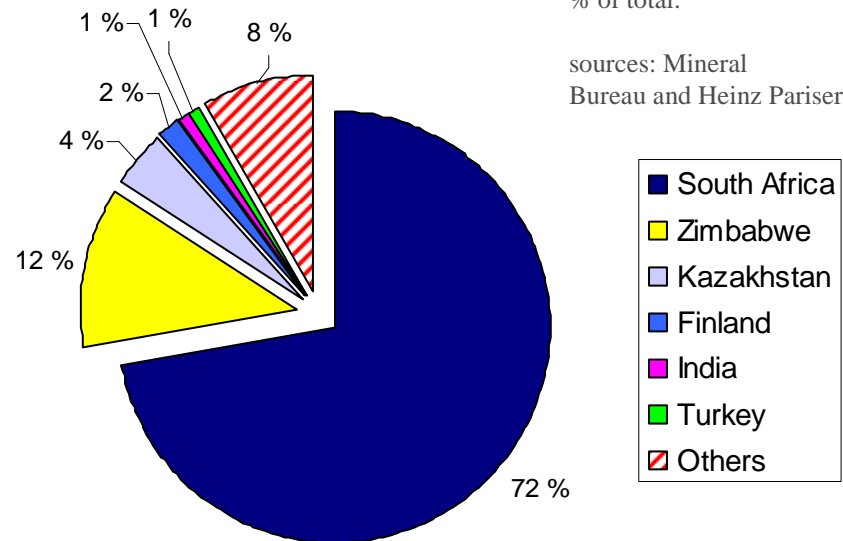
EBIT, EUR million



Consolidated financials

1.2. Vision on Future

- **Minerals/alloys** business selected by the Board as new business area to be entered into by proposed acquisition, with add-on future acquisitions to be implemented
- **Group strategy changed Q2/2008**
 - » **Emphasis on niche markets in minerals and alloys, with initial focus on ferrochrome business**
 - » **Globally South Africa having majority of known chrome ore reserves**
 - » **Integrated mining-refining-sales chain targeted in order to maximise value added**
 - » **Vision is to have niche high-margin businesses with diversification into other speciality minerals and alloys (e.g. manganese, platinum)**
- **On the transaction HSBC Bank plc has acted project coordinator and has given fairness opinion**



1.2. Vision on Future

- Geographical location of businesses (based on production sites)

- current

Finland: sawmill/
house building/
furniture

- proposed
(EGM 28Oct2008)

Turkey: mining
Germany: refining
(FeCr)
Malta: sales



- potential future

Russia: sawmill/
pulp mill/
house building

South Africa:
minerals

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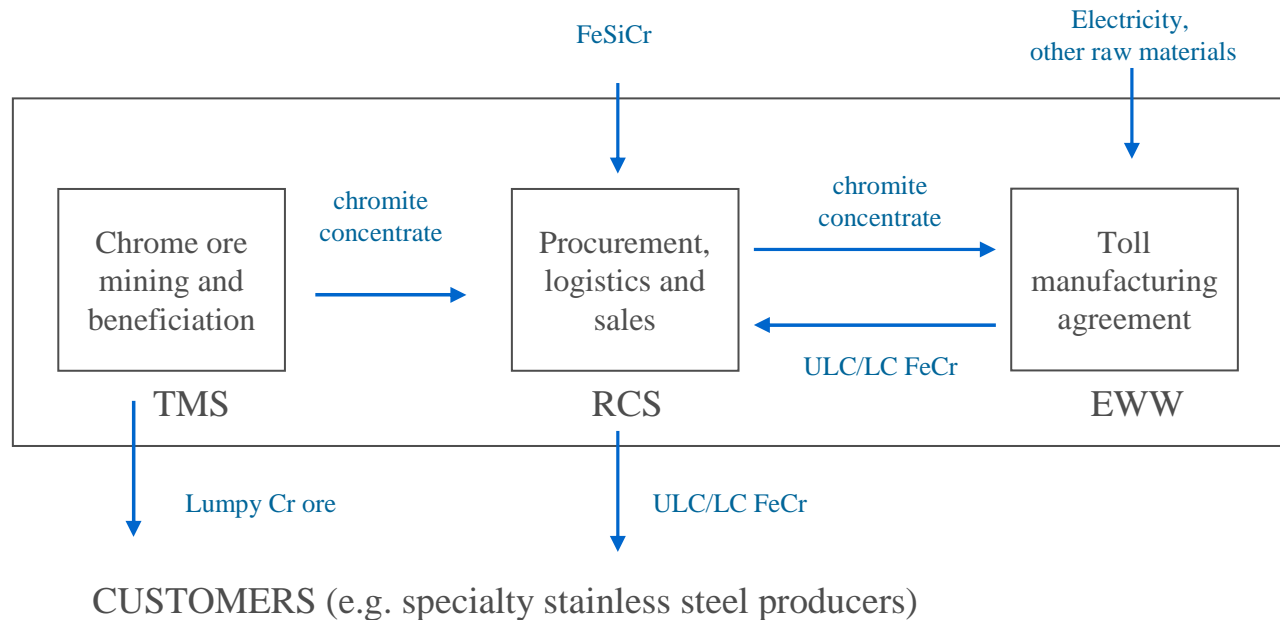
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2.1. General Business Description

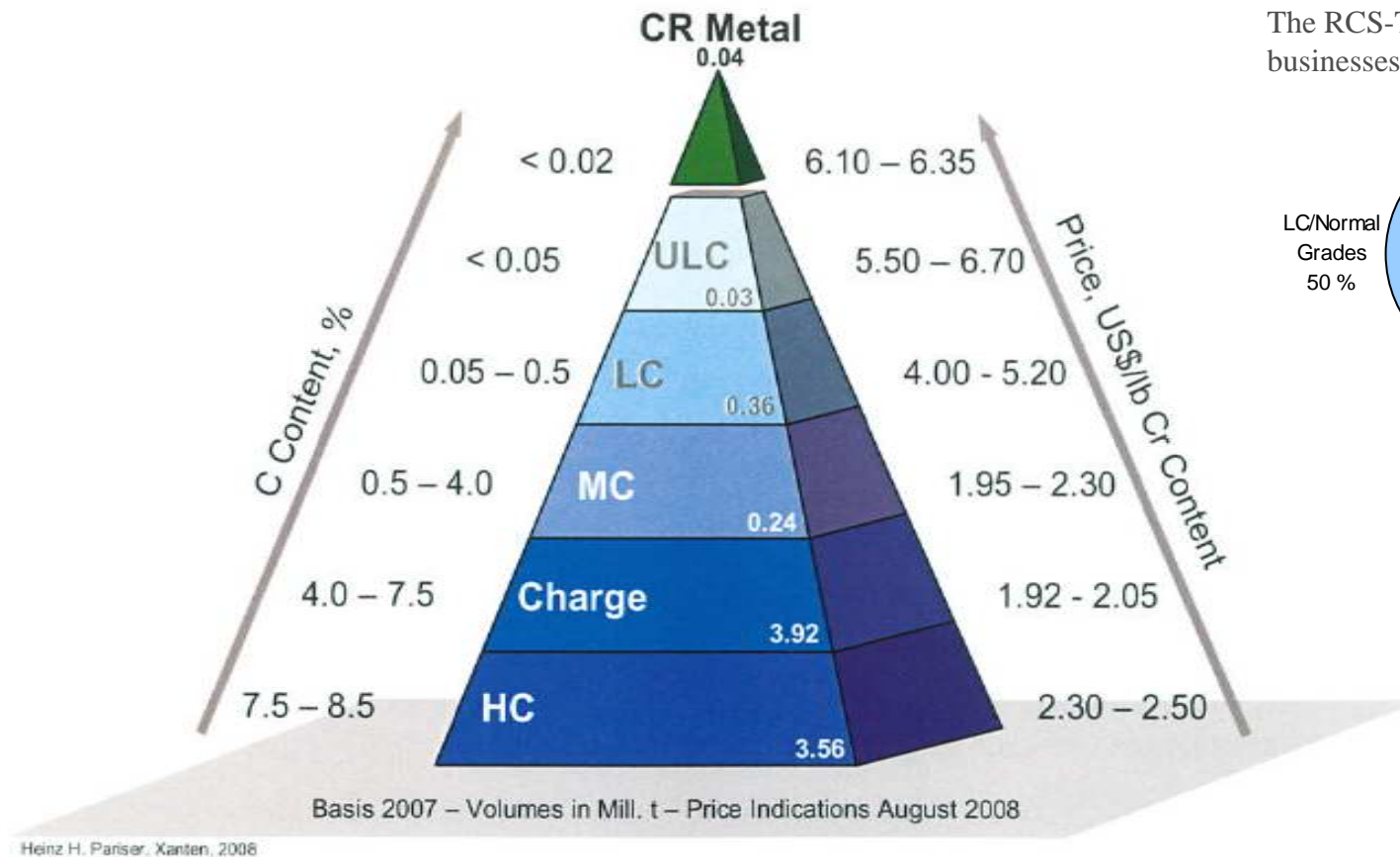


- **Ferrochrome is a compound which includes mainly iron and chrome in a metallic form**
- **Percentage of chrome ranges among others due to the qualities of the used ore**
- **Ferrochrome is used as raw material in the manufacturing of stainless steel where ferrochrome improves the corrosion tolerance of steel**
- **The acquisition target specialises in ultra-low carbon ferrochrome (ULC FeCr), used for specialty stainless steel grades**

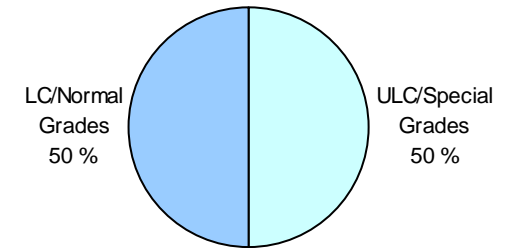


2.1. General Business Description

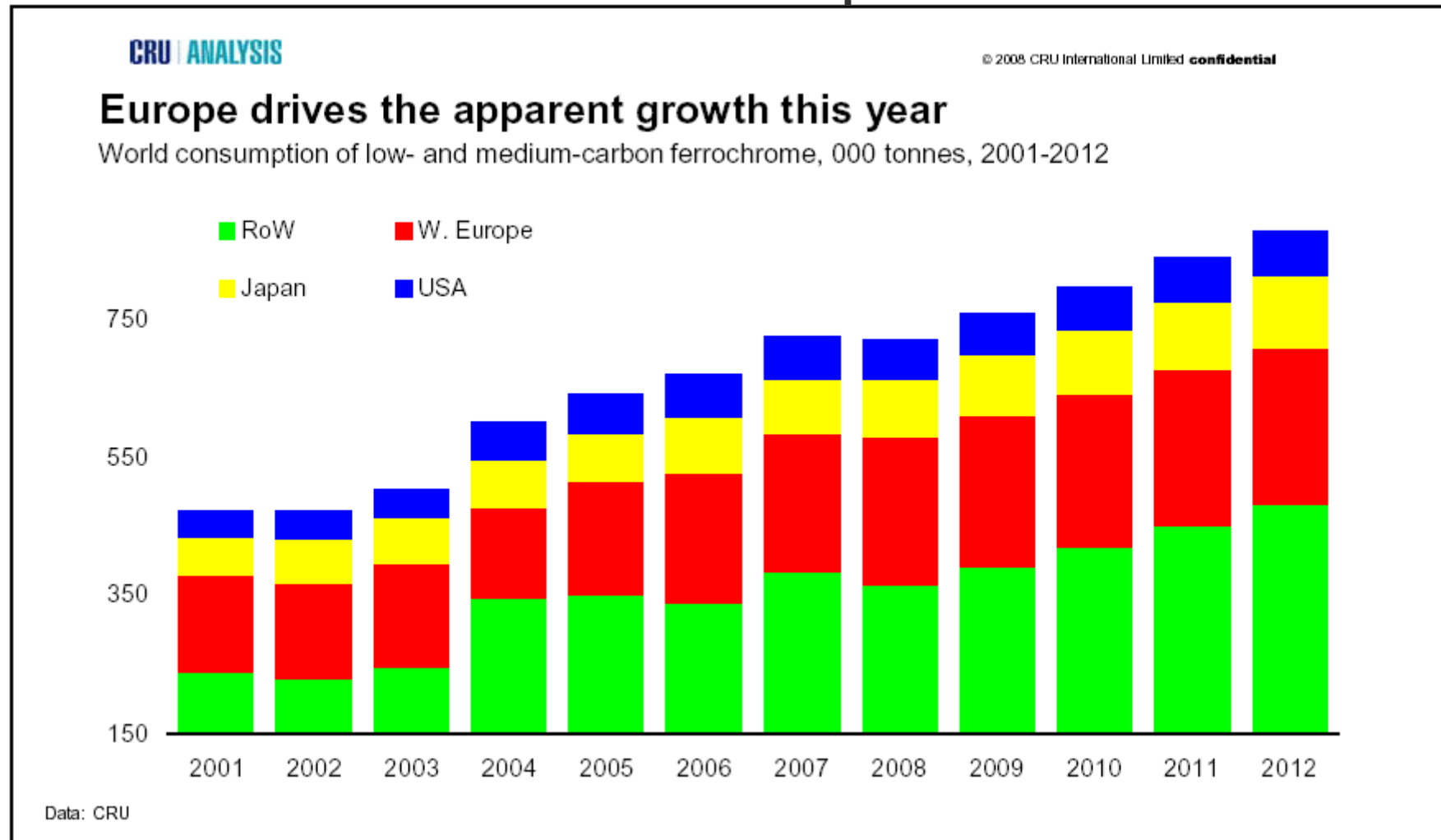
Value Added Structure of Chromium Alloys



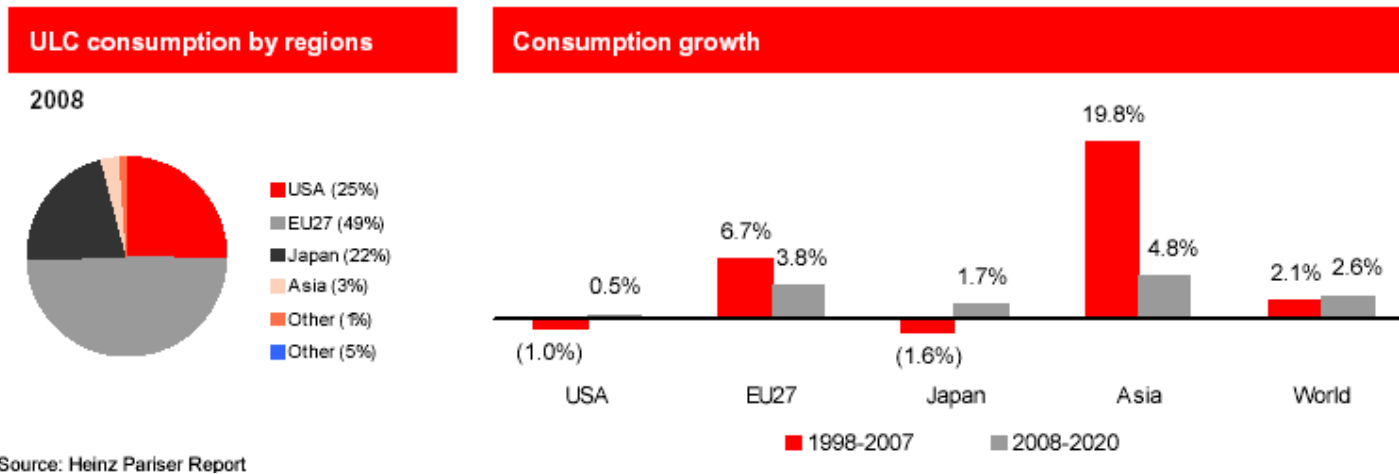
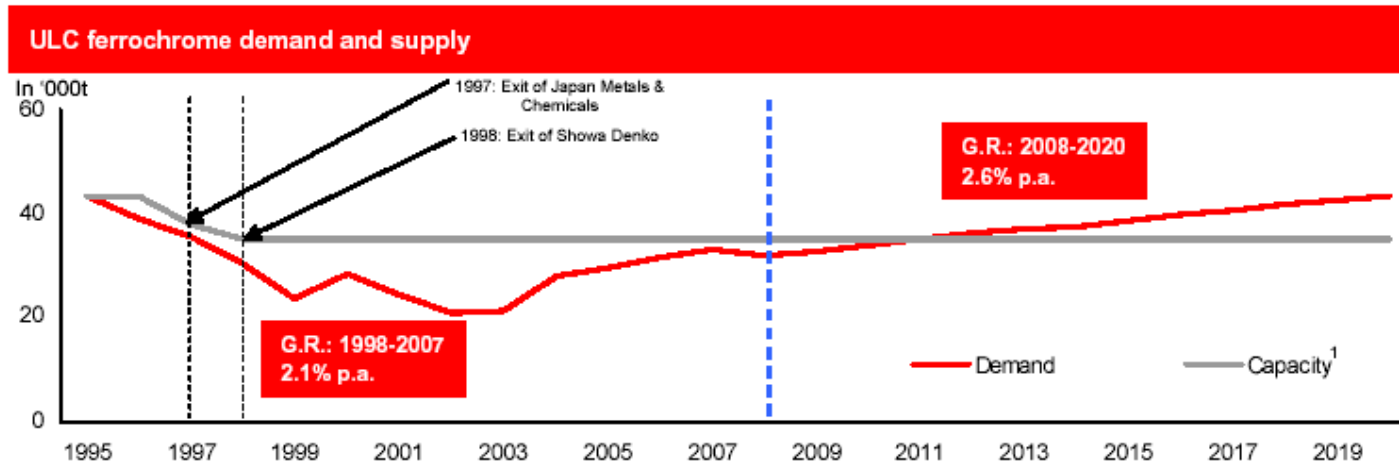
The RCS-TMS-EWW businesses' 2008 actual output split:



2.1. General Business Description



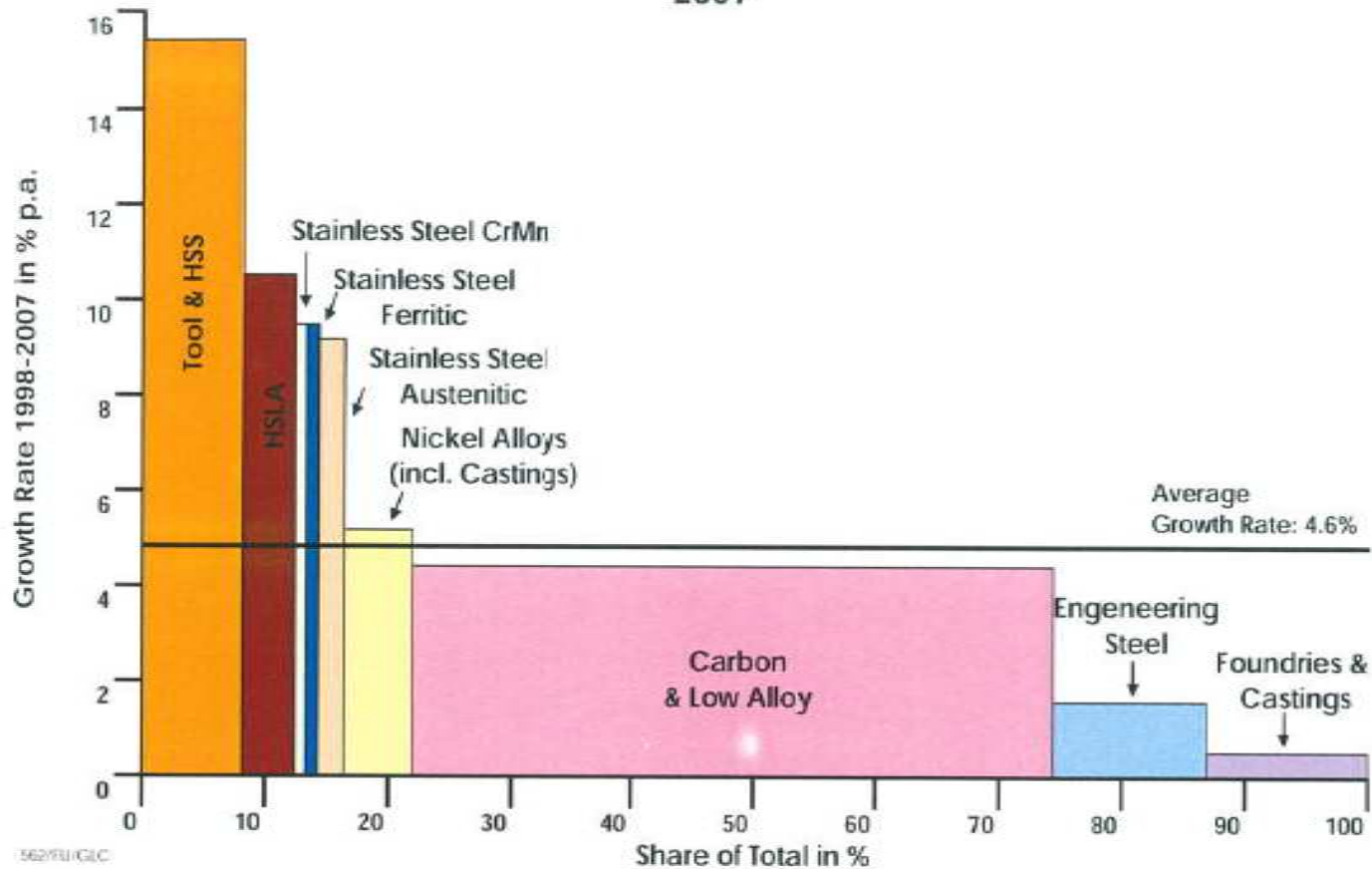
2.1. General Business Description



Source: Heinz Pariser Report

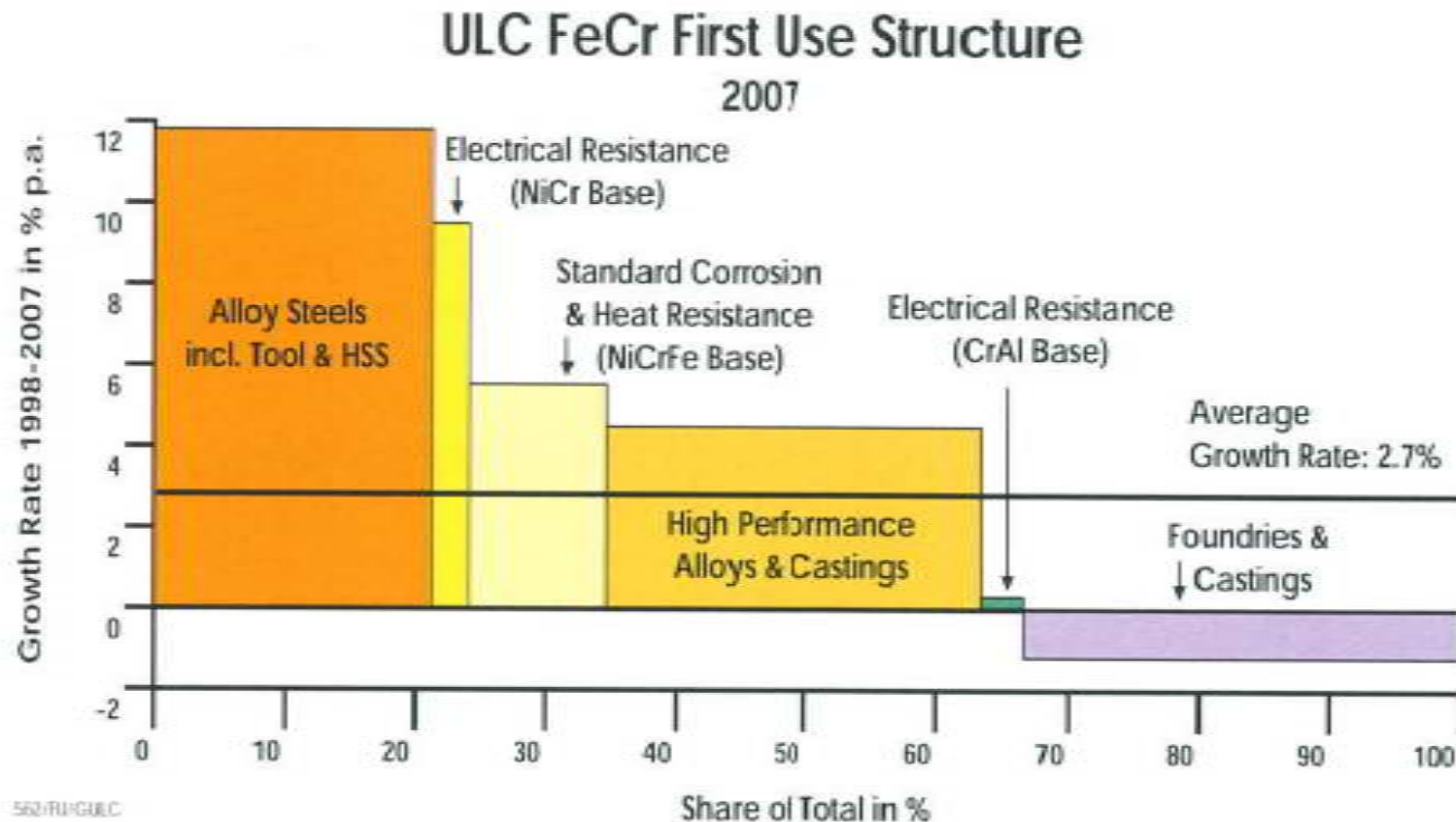
2.1. General Business Description

LC FeCr First Use Structure
2007



Source: Heinz H. Pariser

2.1. General Business Description



Source: Heinz H. Pariser

Ruukki Group Plc, RCS-TMS-EWW transaction, proposed by the Board to the EGM to be held on 28 October 2008

2.1. General Business Description

ULC First Use Structure

- Alloy steels incl. Tool and HSS (High speed steel)
 - Growing in China & Russia
 - Expected growth of 4-5%
- Electrical resistance (NiCr)¹
 - Stable market
 - Growth at GDP growth rate

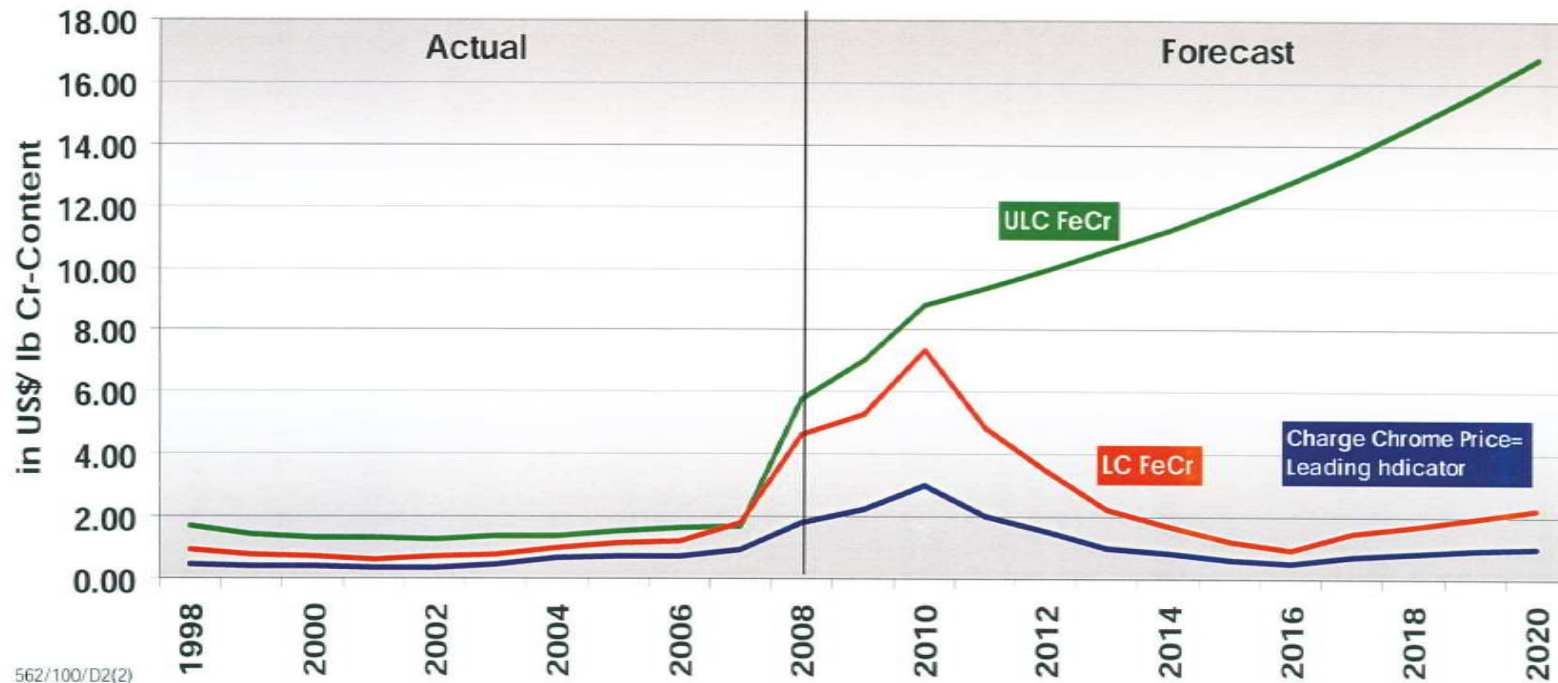
- Standard corrosion and heat resistance¹
 - Growth at industrial growth rate
- High Performance Alloys and Castings¹
 - Earlier called Super Alloys
 - Growth linked to power turbines, aircraft industry
 - High growth in recent past
 - Cyclical, effect exhibited with a lag

- Electrical resistance (CrAl)
 - Carrier for Pt in catalytic converters
 - Growth linked to automobiles, GDP
- Foundries & Castings
 - Dying industry, though some sub-segments are healthy e.g. tube and blades, turbochargers

Source: Heinz H. Pariser

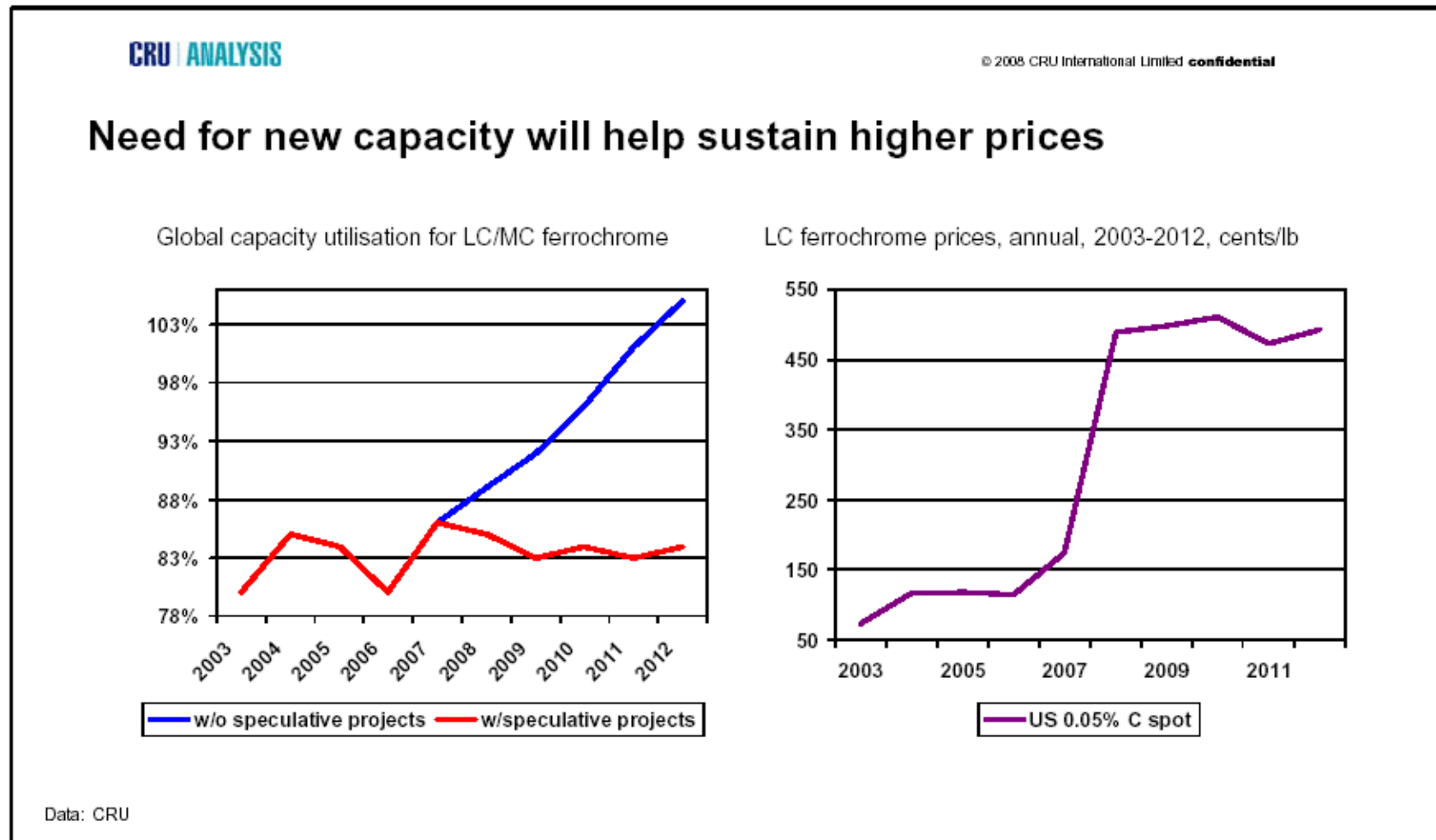
2.1. General Business Description

Comparison Charge, LC & ULC FeCr Prices
1998 - 2020



Source: Heinz H. Pariser

2.1. General Business Description



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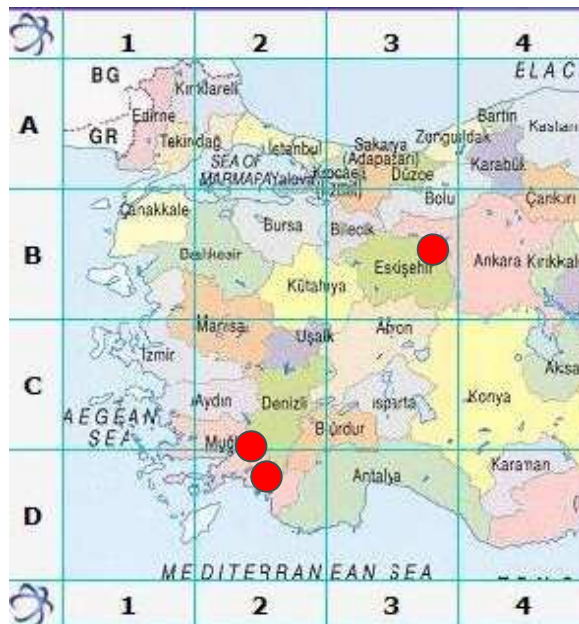
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2.2.1. Target Companies

Türk Maadin Sirketi (TMS),
Turkey



● Location of Turkish mining operations



Long mining and beneficiation history, chrome ore mining sites, both open pit and underground

Employees:

→ about 330

Ore reserves, based on DAMA Engineering AS and Istanbul Technical University reports:

- tailings, surface contained (Kavak) 3,4 million tn
- tailings, surface contained (Tavas) 0.4 million tn
- underground reserves, not proven, but being mined for tens of years

2.2.1. Target Companies, TMS historical financials

| Turk Maadin Sirketi A.S. (Turkey) established 1918 | EUR '000 | | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| | 1-8/2008 unaudited (8 months) | 1-12/2007 audited (12 months) | 1-12/2006 audited (12 months) |
| INCOME STATEMENT | | | |
| EUR/TRY (Bank of Finland, average 1-8/2008; 2007; 2006) | 1.877175 | 1.7865 | 1.8089 |
| Revenue | 5,783 | 7,009 | 5,413 |
| COGS | -3,727 | -6,227 | -5,555 |
| Fixed expenses | -1,144 | -650 | -216 |
| EBITDA | 913 | 133 | -358 |
| % of revenue | 15.8 % | 1.9 % | -6.6 % |
| Depreciation and amortisation | -60 | -91 | -122 |
| EBIT | 852 | 42 | -479 |
| % of revenue | 14.7 % | 0.6 % | -8.9 % |
| Net finance expense | -1 | -2 | -2 |
| EBT | 851 | 40 | -481 |
| % of revenue | 14.7 % | 0.6 % | -8.9 % |
| Income taxes | 0 | 0 | 0 |
| Net Income | 851 | 40 | -481 |
| % of revenue | 14.7 % | 0.6 % | -8.9 % |

| Turk Maadin Sirketi A.S. (Turkey) | 31 Aug 2008 unaudited | 31 Dec 2007 audited | 31 Dec 2006 audited |
|---|--------------------------|------------------------|------------------------|
| BALANCE SHEET | | | |
| EUR/TRY (Bank of Finland 31 Aug 2008; 31 Dec 2007, 31 Dec 2006) | 1.7415 | 1.7170 | 1.8640 |
| ASSETS | | | |
| Tangible assets | 2,354 | 1,919 | 1,842 |
| Intangible assets | 0 | 0 | 4 |
| Other non-current assets | 37 | 190 | 168 |
| Non-current assets total | 2,392 | 2,108 | 2,013 |
| Inventory | 1,543 | 1,435 | 1,719 |
| Accounts receivable | 738 | 648 | 257 |
| Other current assets | 982 | 841 | 276 |
| Current assets total | 3,262 | 2,923 | 2,252 |
| Cash and cash equivalents | 476 | 226 | 100 |
| Assets total | 6,131 | 5,257 | 4,365 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 117 | 118 | 109 |
| Retained earnings | 4,073 | 4,09 | 3,767 |
| Equity total | -1,63 | -2,361 | -1,959 |
| Equity total | 2,56 | 1,848 | 1,917 |
| Appropriations | 1,072 | 1,087 | 815 |
| Long-term liabilities total | 1,072 | 1,087 | 815 |
| Short-term interest-bearing liabilities | 95 | 0 | 0 |
| Accounts payable | 1,034 | 899 | 1,208 |
| Other short-term liabilities | 1,371 | 1,424 | 424 |
| Short-term liabilities total | 2,499 | 2,323 | 1,632 |
| Equity and liabilities total | 6,131 | 5,257 | 4,365 |

2.2.1. Target Companies

Elektrowerk Weisweiler (EWW),
Germany



Global leader in special grade
Ferrochrome production

Under toll manufacturing to
Provide for a 10-year period
Production and refining services

Ruukki Group to have, after 5
years, a call option



2.2.1. Target Companies, EWW historical financials

| Elektrowerk Weisweiler GmbH (Germany) EUR '000 | | | |
|---|---------------|---------------|---------------|
| EWW in its current legal form from 2003 merger | 1.8.2008 | 1.12.2007 | 1.12.2006 |
| INCOME STATEMENT | unaudited | audited | audited |
| | (8 months) | (12 months) | (12 months) |
| Revenue | 56,142 | 52,943 | 55,643 |
| COGS | -42,585 | -34,88 | -35,348 |
| Fixed expenses | -11,223 | -15,236 | -15,769 |
| EBITDA | 2,334 | 2,827 | 4,526 |
| % of revenue | 4.2 % | 5.3 % | 8.1 % |
| Depreciation and amortisation | -89 | -206 | -206 |
| EBIT | 2,245 | 2,622 | 4,32 |
| % of revenue | 4.0 % | 5.0 % | 7.8 % |
| Net finance expense | 4 | -1 624 | -174 |
| EBT | 2,249 | 998 | 4,146 |
| % of revenue | 4.0 % | 1.9 % | 7.5 % |
| Income taxes | -760 | -1,084 | -1,378 |
| Net Income | 1,489 | -86 | 2,768 |
| % of revenue | 2.7 % | -0.2 % | 5.0 % |

| Elektrowerk Weisweiler GmbH (Germany) EUR '000 | | | |
|---|---------------|---------------|---------------|
| BALANCE SHEET | 31 Aug 2008 | 31 Dec 2007 | 31 Dec 2006 |
| | unaudited | audited | audited |
| ASSETS | | | |
| Tangible assets | 1,297 | 1,32 | 1,325 |
| Intangible assets | 2 | 7 | 4 |
| Other non-current assets | 601 | 1,201 | 2,755 |
| Non-current assets total | 1,900 | 2,528 | 4,084 |
| Inventory | 1,995 | 15,474 | 17,964 |
| Accounts receivable | 12,535 | 8,536 | 5,34 |
| Other current assets | 11,573 | 1,436 | 311 |
| Current assets total | 26,103 | 25,446 | 23,615 |
| Cash and cash equivalents | 912 | 244 | 139 |
| Assets total | 28,915 | 28,218 | 27,837 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 100 | 100 | 100 |
| Retained earnings | 400 | 400 | 400 |
| | 7,297 | 5,807 | 6,4 |
| Equity total | 7,797 | 6,307 | 6,9 |
| Appropriations | 10,659 | 10,659 | 10,205 |
| Long-term liabilities total | 10,659 | 10,659 | 10,205 |
| Short-term interest-bearing liabilities | | | |
| Accounts payable | 3,214 | 3,857 | 3,73 |
| Other short-term liabilities | 6,638 | 6,124 | 4,033 |
| Short-term liabilities total | 607 | 1,271 | 2,969 |
| Equity and liabilities total | 10,466 | 11,252 | 10,732 |
| ASSETS | 28,915 | 28,218 | 27,837 |

2.2.1. Target Companies, RCS historical financials

| RCS Limited (Malta) | | EUR '000 |
|--|--|---------------|
| established 2008, operations started 03/2008 | | 3.8.2008 |
| INCOME STATEMENT | | unaudited |
| | | (6 months) |
| EUR/USD (Bank of Finland, average 3-8/2008) | | 1.5522 |
| Revenue | | 62,311 |
| COGS | | -37,222 |
| Fixed expenses | | -488 |
| EBITDA | | 24,600 |
| % of revenue | | 39.5 % |
| Depreciation and amortisation | | 0 |
| EBIT | | 24,600 |
| % of revenue | | 39.5 % |
| Net finance expense | | -340 |
| EBT | | 24,261 |
| % of revenue | | 38.9 % |
| Income taxes | | -8,491 |
| Net Income | | 15,769 |
| % of revenue | | 25.3 % |

| RCS Limited (Malta) | | 31 Aug 2008 |
|---|--|---------------|
| BALANCE SHEET | | unaudited |
| EUR/USD (Bank of Finland, 31 Aug 2008) | | 1.4735 |
| ASSETS | | |
| Tangible assets | | 2 |
| Intangible assets | | 0 |
| Other non-current assets | | 211 |
| Non-current assets total | | 214 |
| Inventory | | 8,829 |
| Accounts receivable | | 8,777 |
| Other current assets | | 15,917 |
| Current assets total | | 33,523 |
| Cash and cash equivalents | | 5,999 |
| Assets total | | 39,736 |
| EQUITY AND LIABILITIES | | |
| Share capital | | 1 |
| Retained earnings | | 16,612 |
| Equity total | | 16,613 |
| Appropriations | | 0 |
| Long-term liabilities total | | 0 |
| Short-term interest-bearing liabilities | | 104 |
| Accounts payable | | 13,934 |
| Other short-term liabilities | | 9,084 |
| Short-term liabilities total | | 23,122 |
| Equity and liabilities total | | 39,736 |

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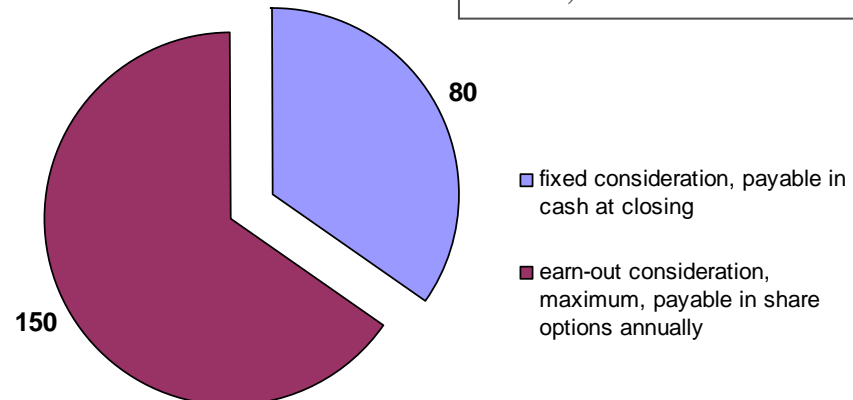
RUUKKI PAYS

- **At closing**
 - » Fixed, **EUR 80 million**, in **cash**
- **Over 5-year period**
 - » Earn-out, **capped at EUR 150 million**, in Ruukki Group Plc **share options**, with **strike price of EUR 2.30 per share with dividend adjustment**
 - » **50 % of RCS + TMS combined net profit for FY 2009 – 2013**
 - » **Payable annually**

RUUKKI GETS (E.G.)

Net assets (RCS+TMS)
 Ore reserves (TMS)
 Customers (RCS)
 Toll manufacturing (EWW)
 Call option (EWW)
 Seller's lock-up in RG shares

50 % of net income 2009-2013, and 100 % thereafter



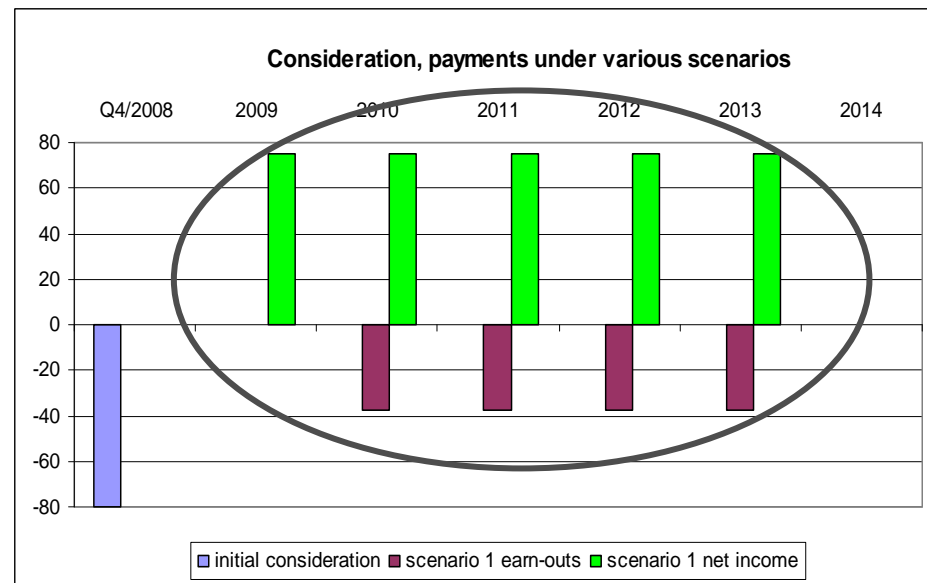
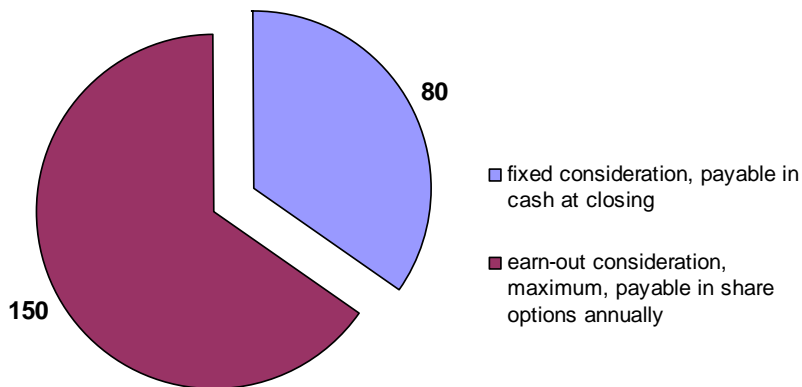
*Note: the target companies (RCS+TMS+EWW)
 CAPEX estimated to be about EUR 5million/year*

2.2.2. Purchase Consideration

- Simulation of total purchase consideration
- Scenario 1: NET INCOME = MEUR 75/a for 5 years

- net income = RCS + TMS combined
 - excluding transaction expenses
 - cash = EUR 80m, options = all earn-outs

| scenario 1 | EUR million | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------------|-------------|---------------|-------|--------------|----------------------------------|-------|------|
| Net Income | | | 75,0 | 75,0 | 75,0 | 75,0 | 75,0 |
| 50% earn-out | | | -37,5 | -37,5 | -37,5 | -37,5 | cap |
| initial consideration | | -80,0 | | | | | |
| earn-outs | | -150,0 | | | | | |
| total consideration, nominal | | -230,0 | | | | | |
| | | | | 150,0 | accumulated net income, RG share | | |



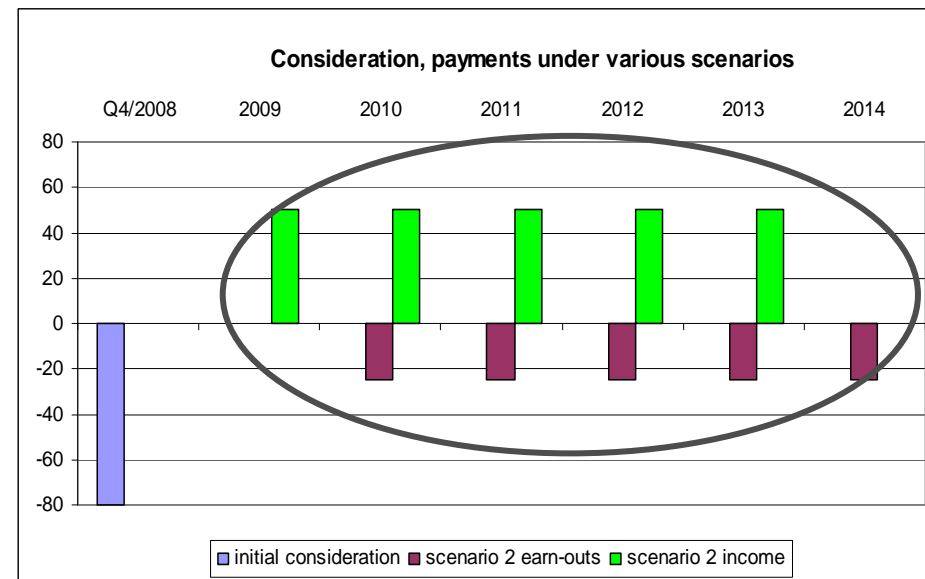
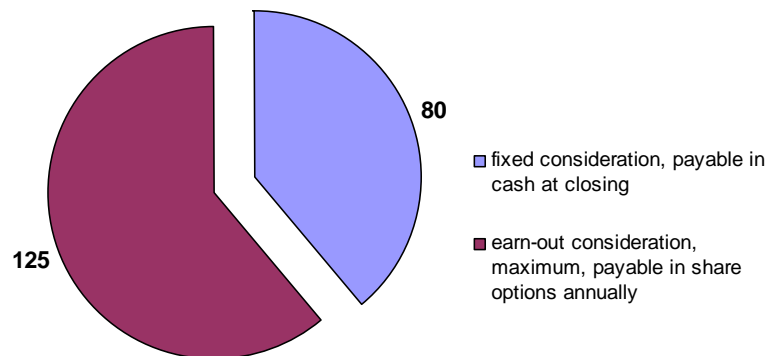
2.2.2. Purchase Consideration

- Simulation of total purchase consideration
- Scenario 2: NET INCOME = MEUR 50/a for 5 years

- net income = RCS + TMS combined
 - excluding transaction expenses
 - cash = EUR 80m, options = all earn-outs

| scenario 2 | EUR million | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------------|-------------|---------------|-------|-------|-------|-------|-------|
| Net Income | | | 50,0 | 50,0 | 50,0 | 50,0 | 50,0 |
| 50% earn-out | | | -25,0 | -25,0 | -25,0 | -25,0 | -25,0 |
| initial consideration | | -80,0 | | | | | |
| earn-outs | | -125,0 | | | | | |
| total consideration, nominal | | -205,0 | | | | | |

125,0 accumulated net income, RG share



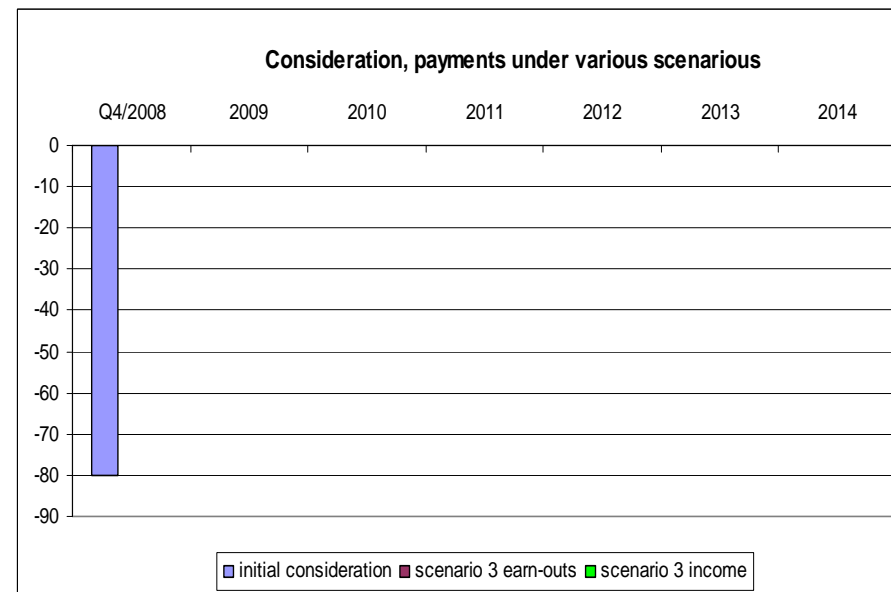
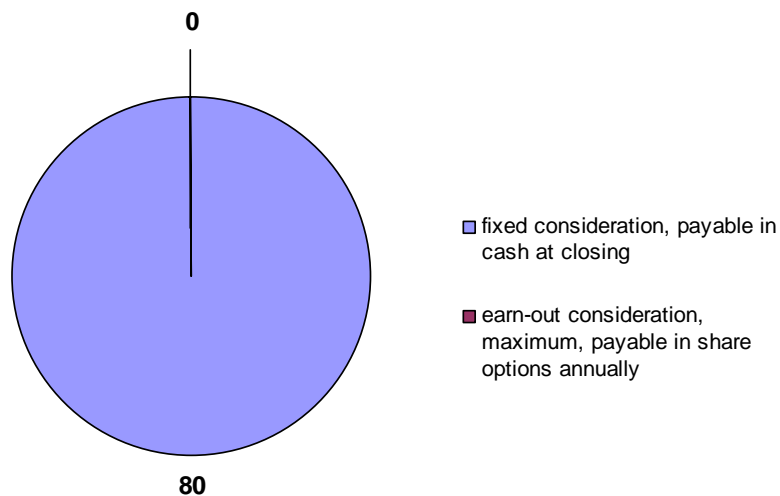
2.2.2. Purchase Consideration

- Simulation of total purchase consideration
- Scenario 3: NET INCOME = MEUR 0/a for 5 years

- net income = RCS + TMS combined
 - excluding transaction expenses
 - cash = EUR 80m, options = all earn-outs

| scenario 3 | EUR million | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------------|-------------|--------------|------|------------|------|------|------|
| Net Income | | | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 50% earn-out | | | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| initial consideration | | -80,0 | | | | | |
| earn-outs | | 0,0 | | | | | |
| total consideration, nominal | | -80,0 | | | | | |
| | | | | 0,0 | | | |

accumulated net income, RG share



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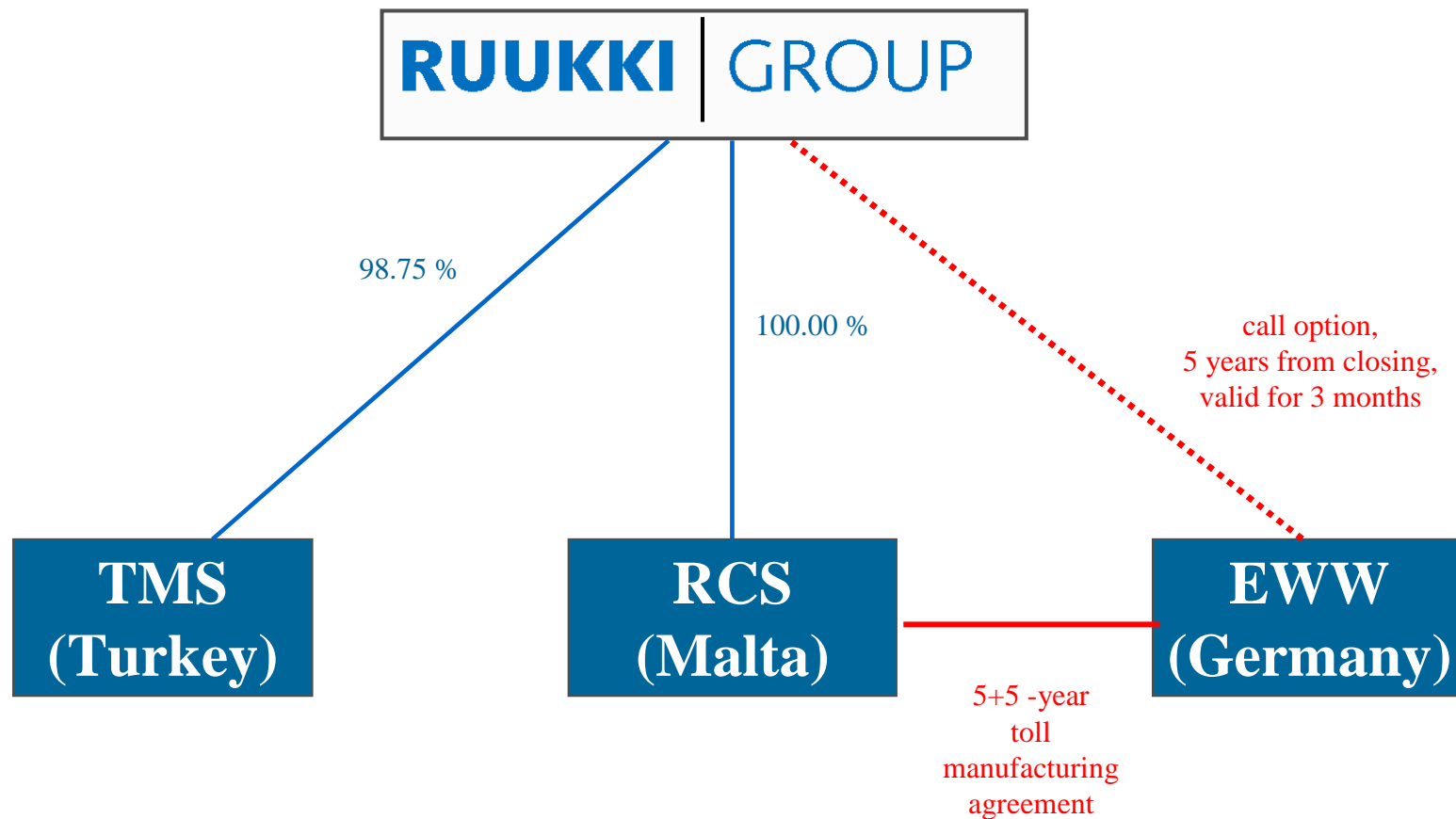
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3. Ruukki Group Post-Transaction

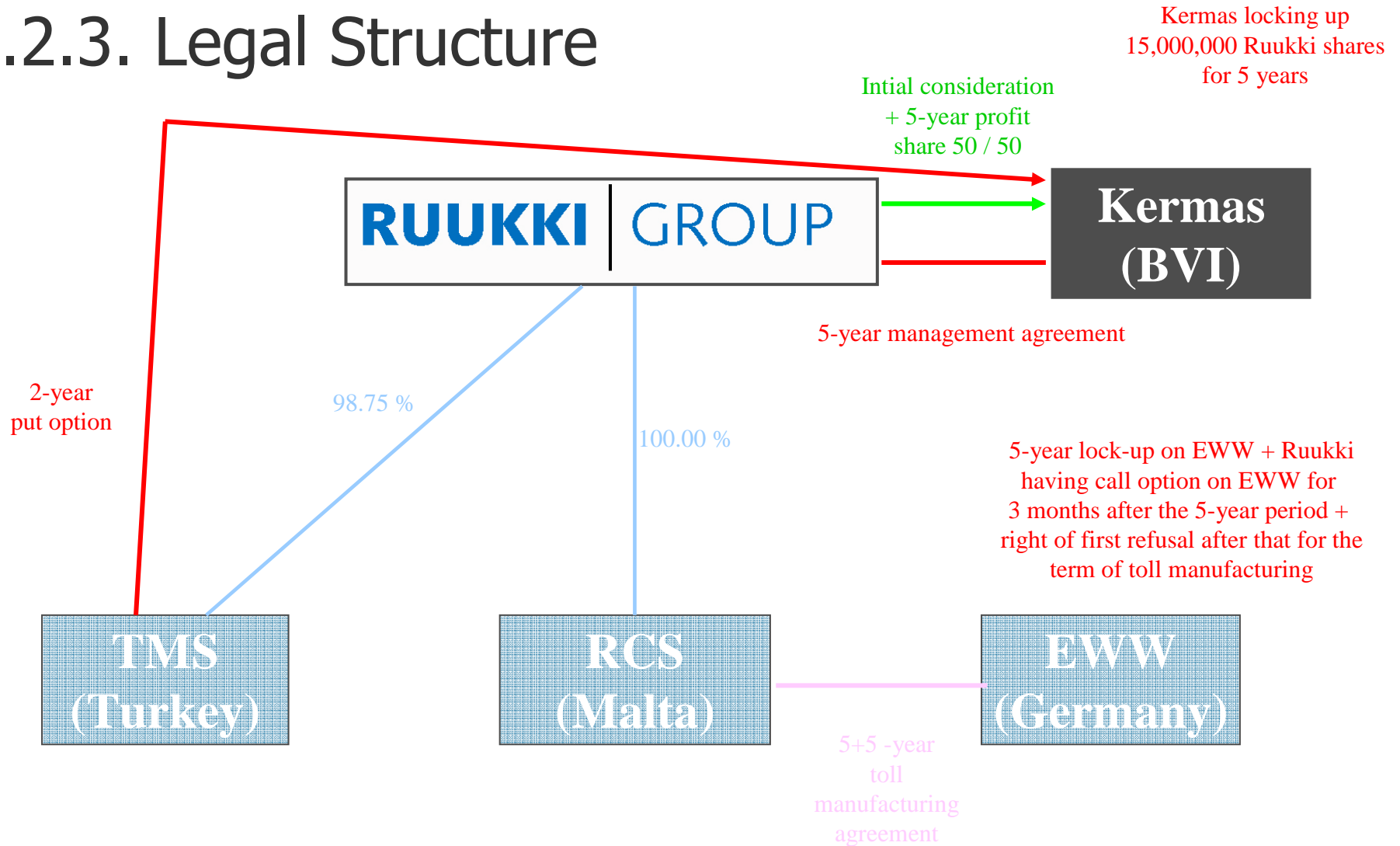
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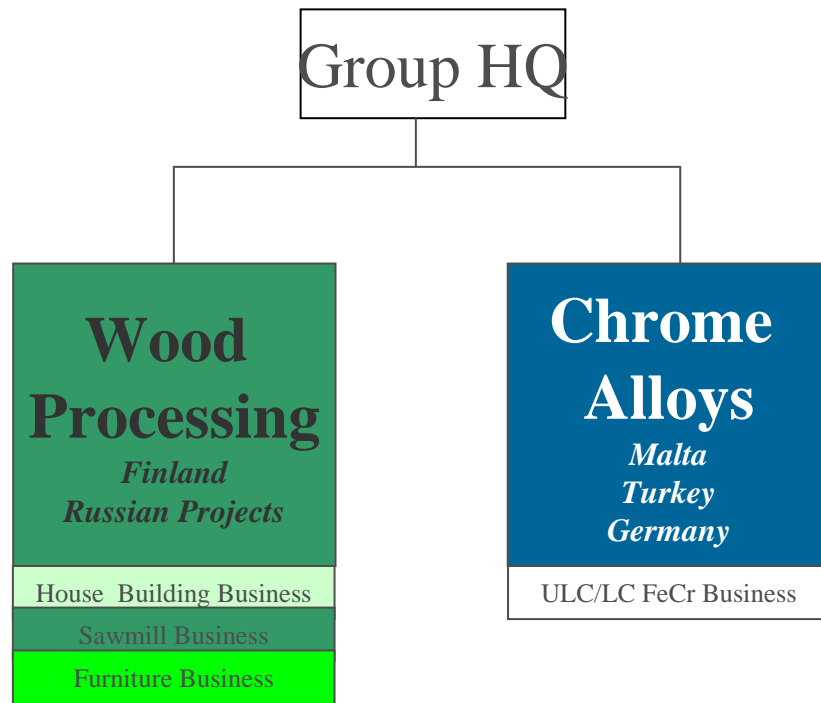
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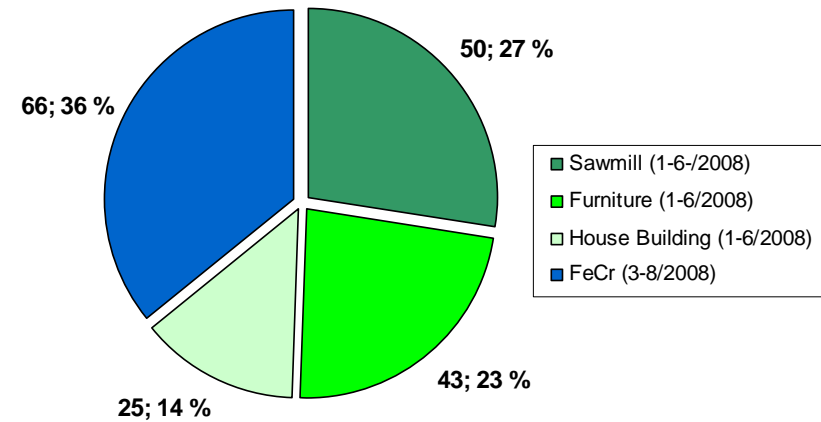
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3. Ruukki Group, Post-Transaction



Simulated revenue for 6 month based on historicals:

wood processing = IFRS, 1-6-/2008
 FeCr = local GAAP, 3-8/2008



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- **Integrated mining(TMS)-refining(EWW)-sales and procurement(RCS) operation to be acquired on going concern basis with long-term historical background**
- **Niche market (ULC/LC FeCr), sold products used in specialty stainless steel**
- **Purchase consideration: EUR 80 million in cash + maximum EUR 150 million in options**
- **HSBC Bank plc has given fairness opinion on transaction**
- **Ruukki Group to enter new business area and new geographical areas**

Appendix

Advisors used by Ruukki Group in transaction preparation:

Project coordination & fairness opinion



Legal due diligence & agreements



Financial and tax due diligence



Market analysis and technical due diligence



Technical due diligence commissioned by the Seller

DAMA Engineering AS,
Ankara, Turkey



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