

Interim Report Q2 2007

1 August 2007

RUUKKI

January-June 2007: Strong profitable growth

- Comparable net sales up 20% to €1,960 million (1,634)
- Operating profit €356 million (208), 18% of net sales (12%)
- ROCE (12-month rolling) 36.3% (24.1%)
- Earnings per share (diluted) €1.89 (1.33)

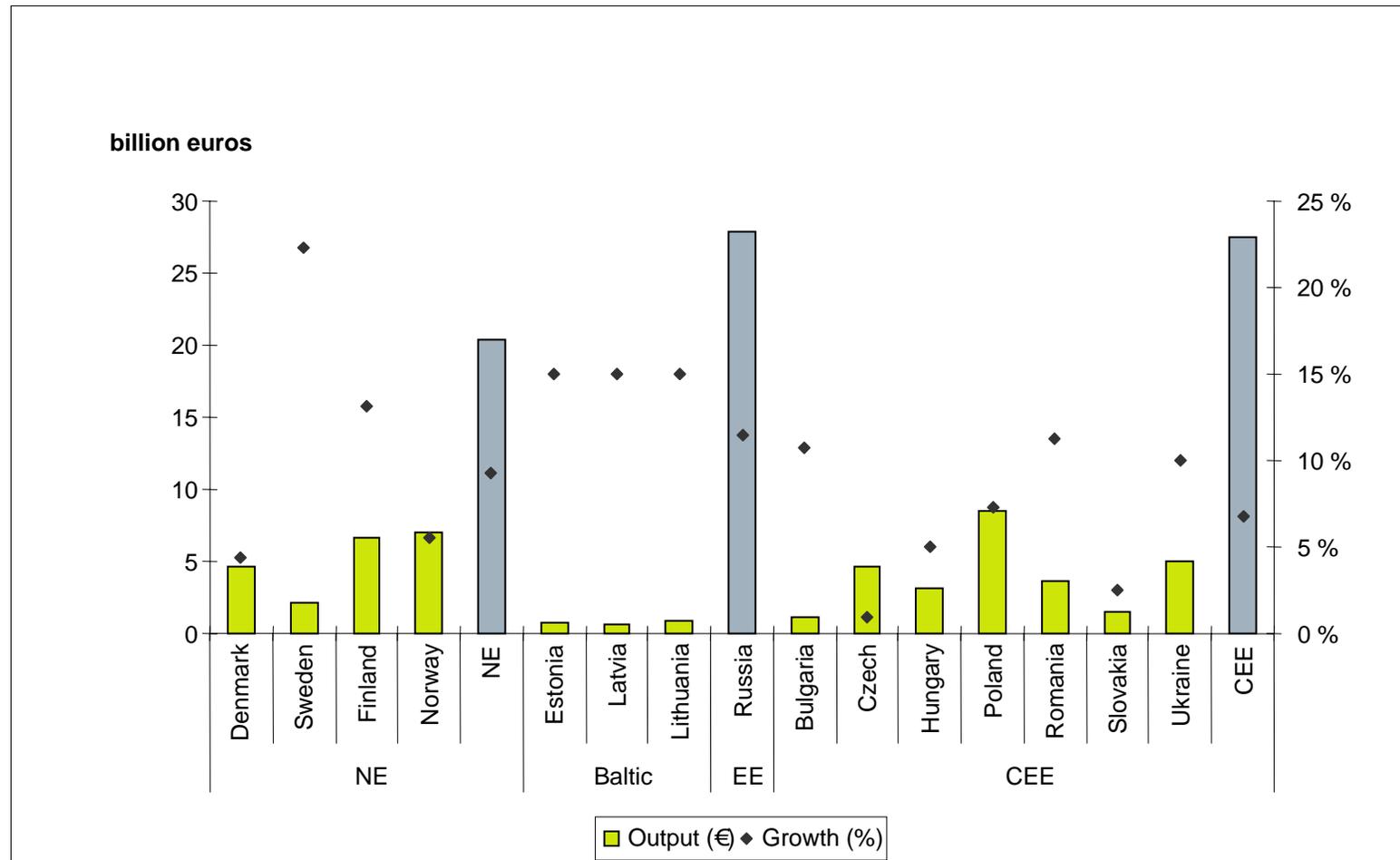
Business environment

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Business environment

- Continued good market in Ruukki's core market areas and main customer industries
- Brisk construction activity in the Nordic countries, Baltics, Central Eastern Europe and Russia
- Order books of engineering customers are strong
 - especially within the lifting, handling and transportation industry and the energy industry
- Continued good demand for standard and special steel products in core market areas

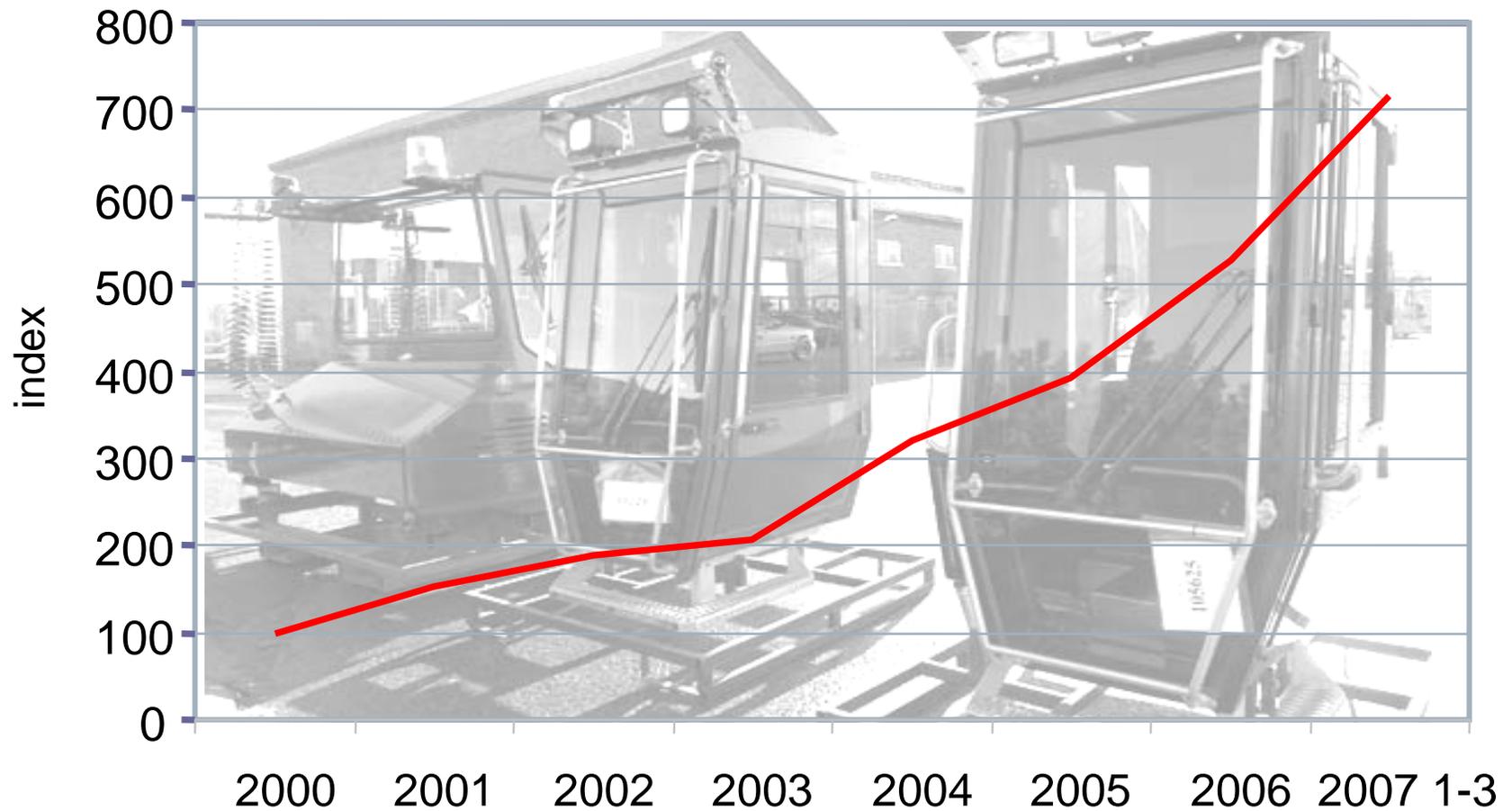
Market for new, non-residential construction (forecast 2007)



Source: Buidecon, Euroconstruct, VTT



Strong increase in customers' order books



Source: Compiled order book data of lifting, handling and transportation equipment industry players within Ruukki's market

Growth continues in industrial production and investment

Change since 2006, %	Industrial production	Change since previous forecast	Investment	Change since previous forecast
Finland	3.2		3.7	
Germany	5.0		8.5	
Sweden	4.8		8.2	
Norway	3.4		6.5	
USA	1.9		3.4	

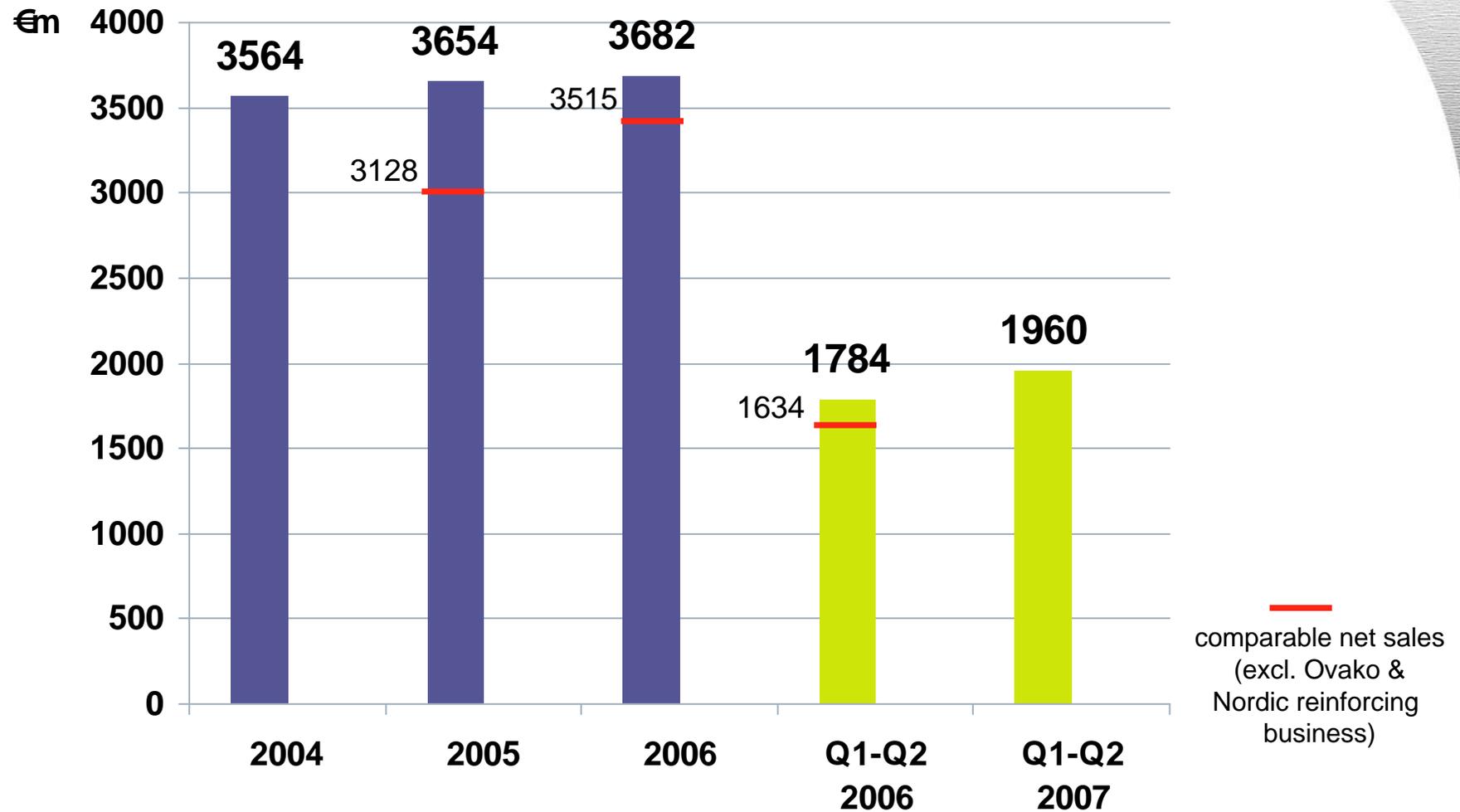
Change since 2006, %	Industrial production	Change since previous forecast	Investment	Change since previous forecast
Poland	11.9		18.7	
Czech R.	9.5		4.9	
Slovakia	11.9		7.3	
Romania	6.5		13.3	
Russia	5.4		14.6	

Source: Consensus Economics, June 2007 forecasts

Key figures

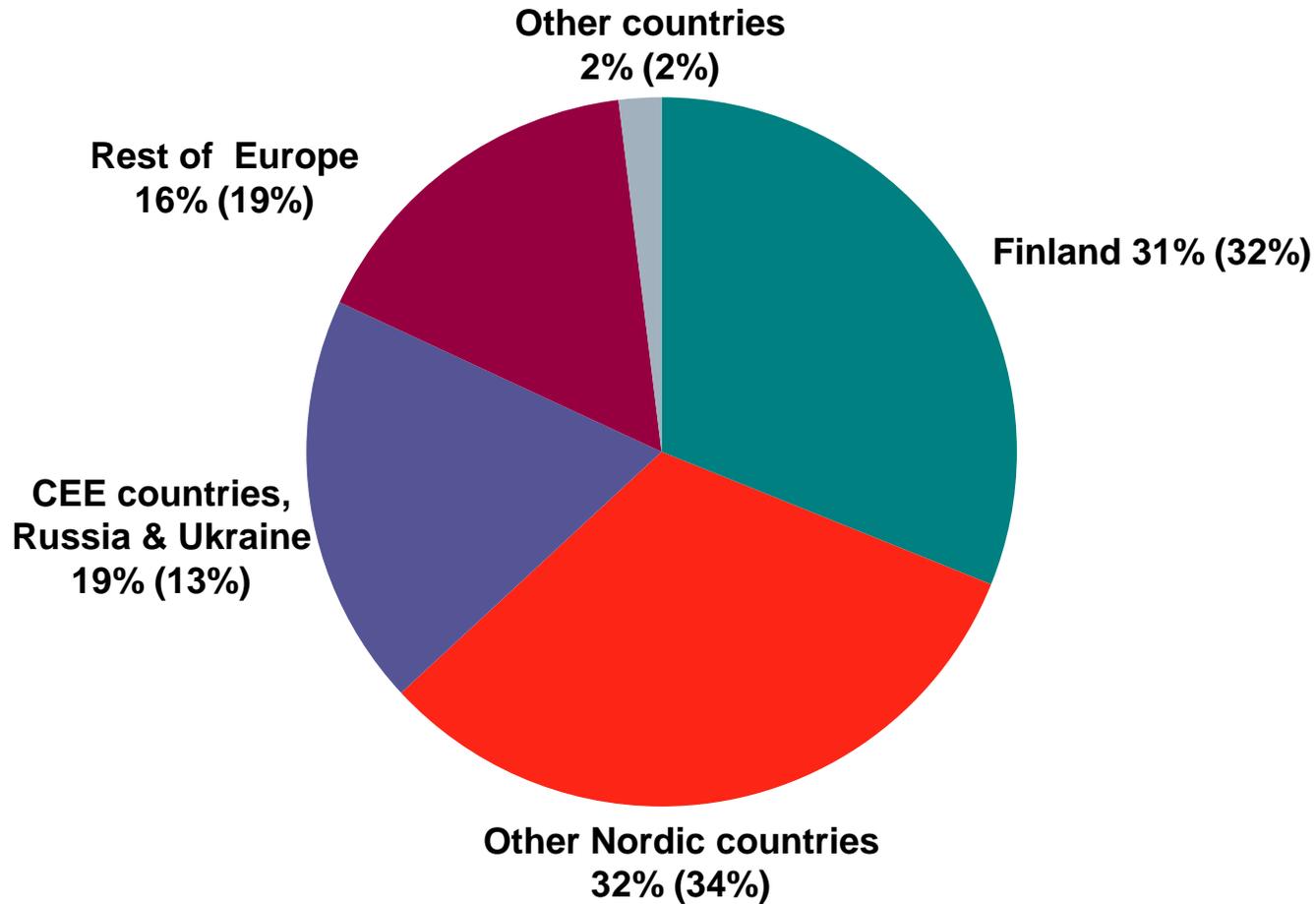
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Growth of 20% in comparable consolidated net sales

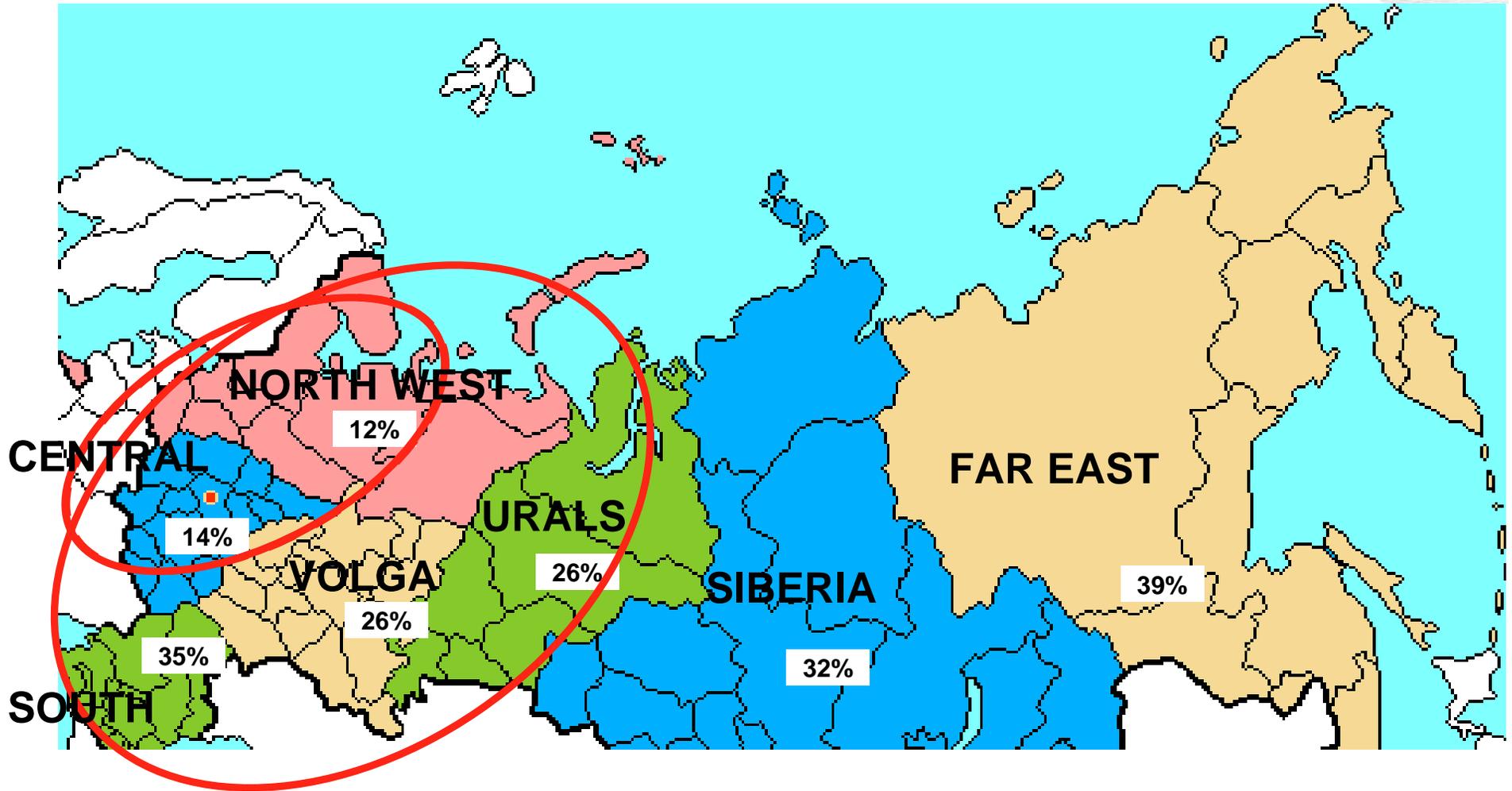


Strongest growth in Central Eastern Europe and Russia

Net sales by region Q1-Q2/2007 (Q1-Q2/2006)



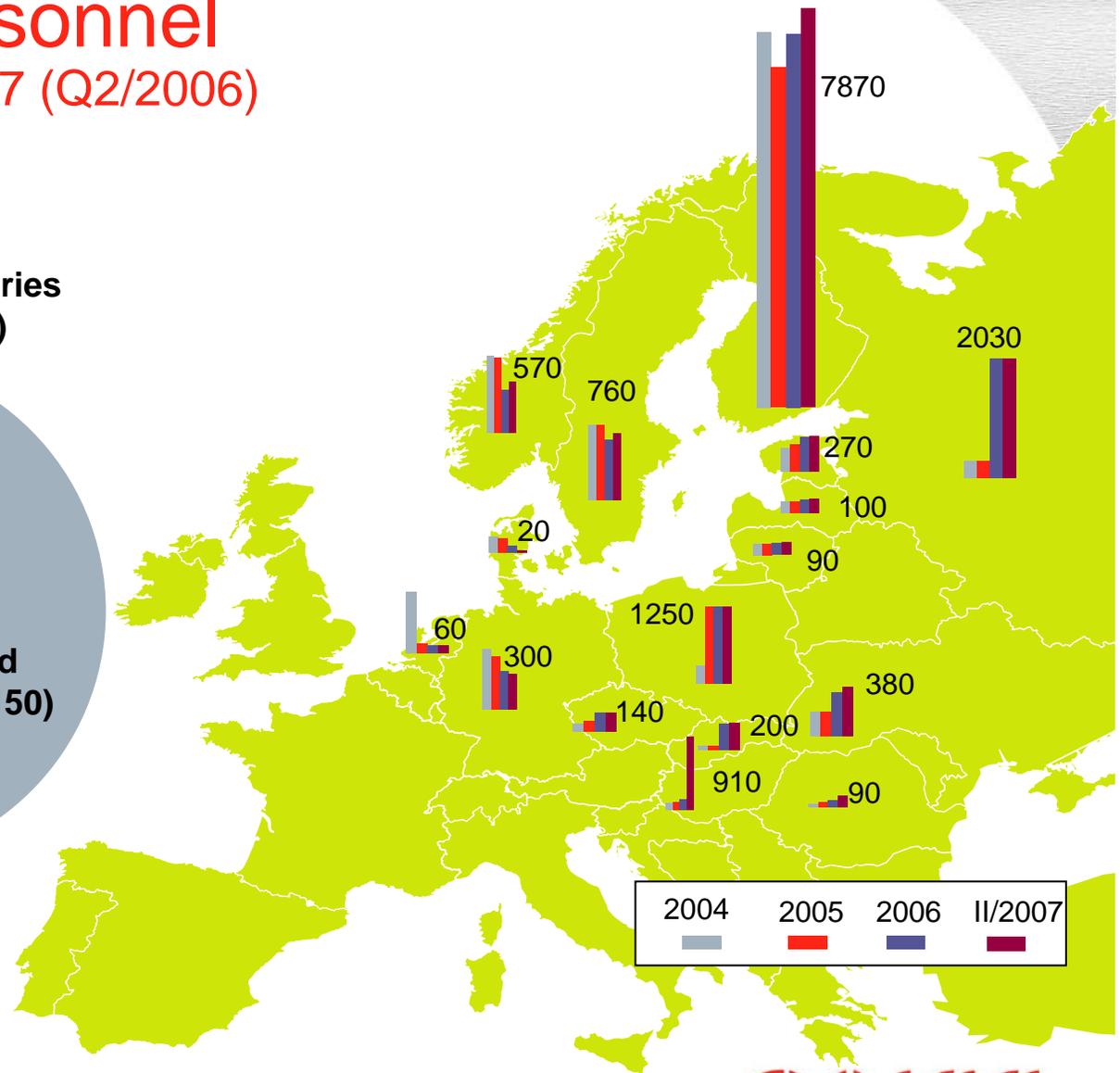
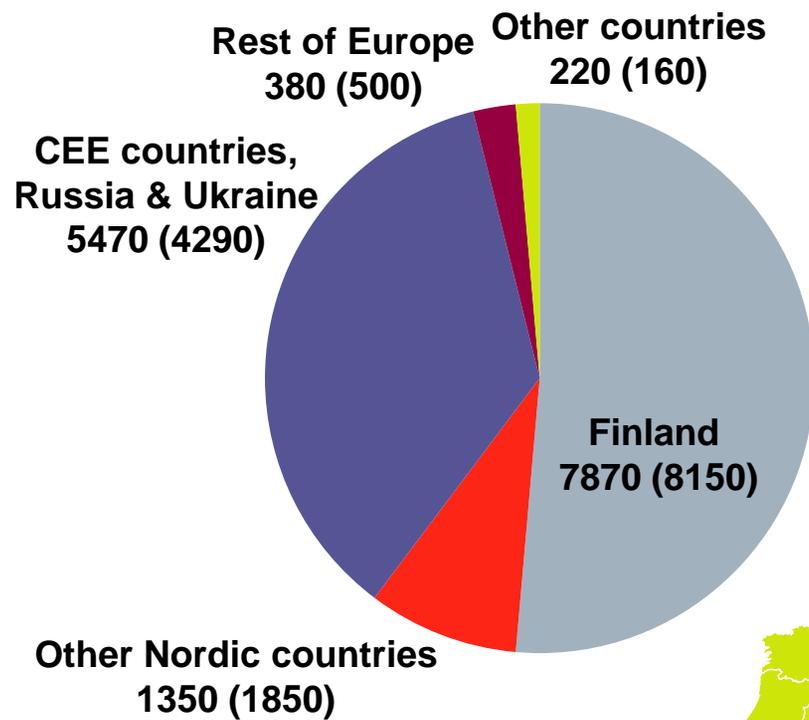
Our business in Russia is expanding



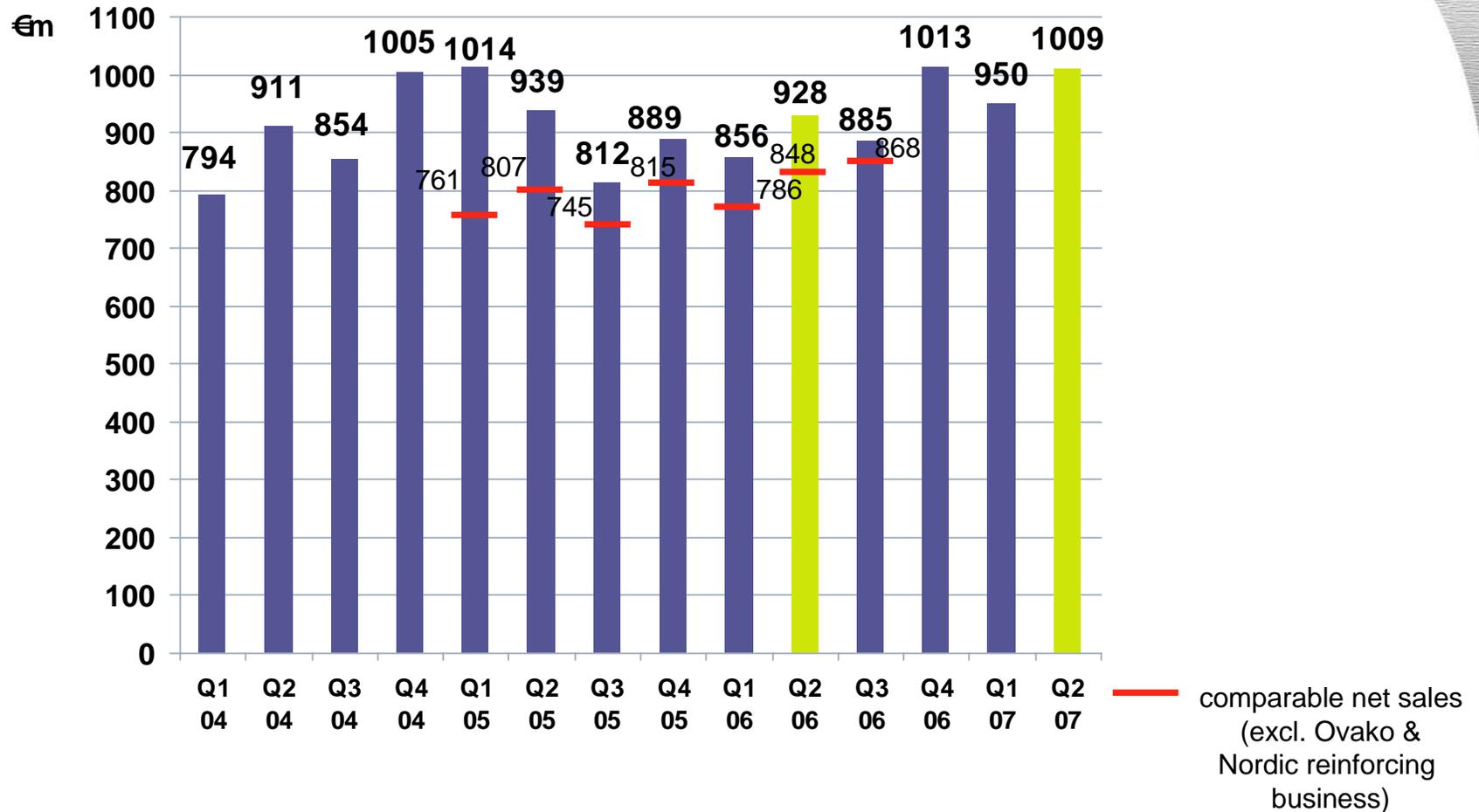
14% Average Market Growth in Metal Construction , %

Growth in Eastern Europe and Russia also visible in personnel

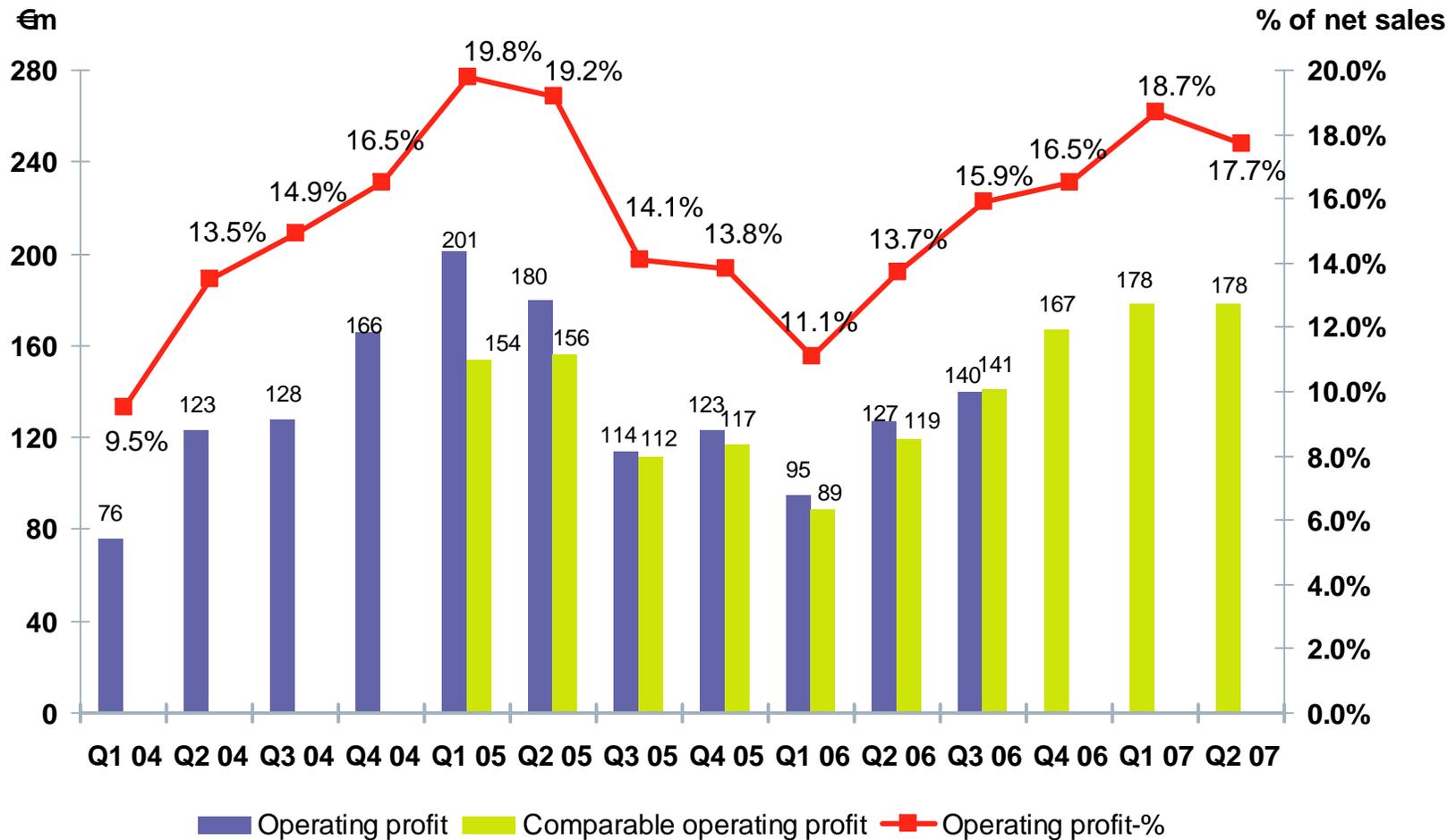
Personnel by region Q2/2007 (Q2/2006)



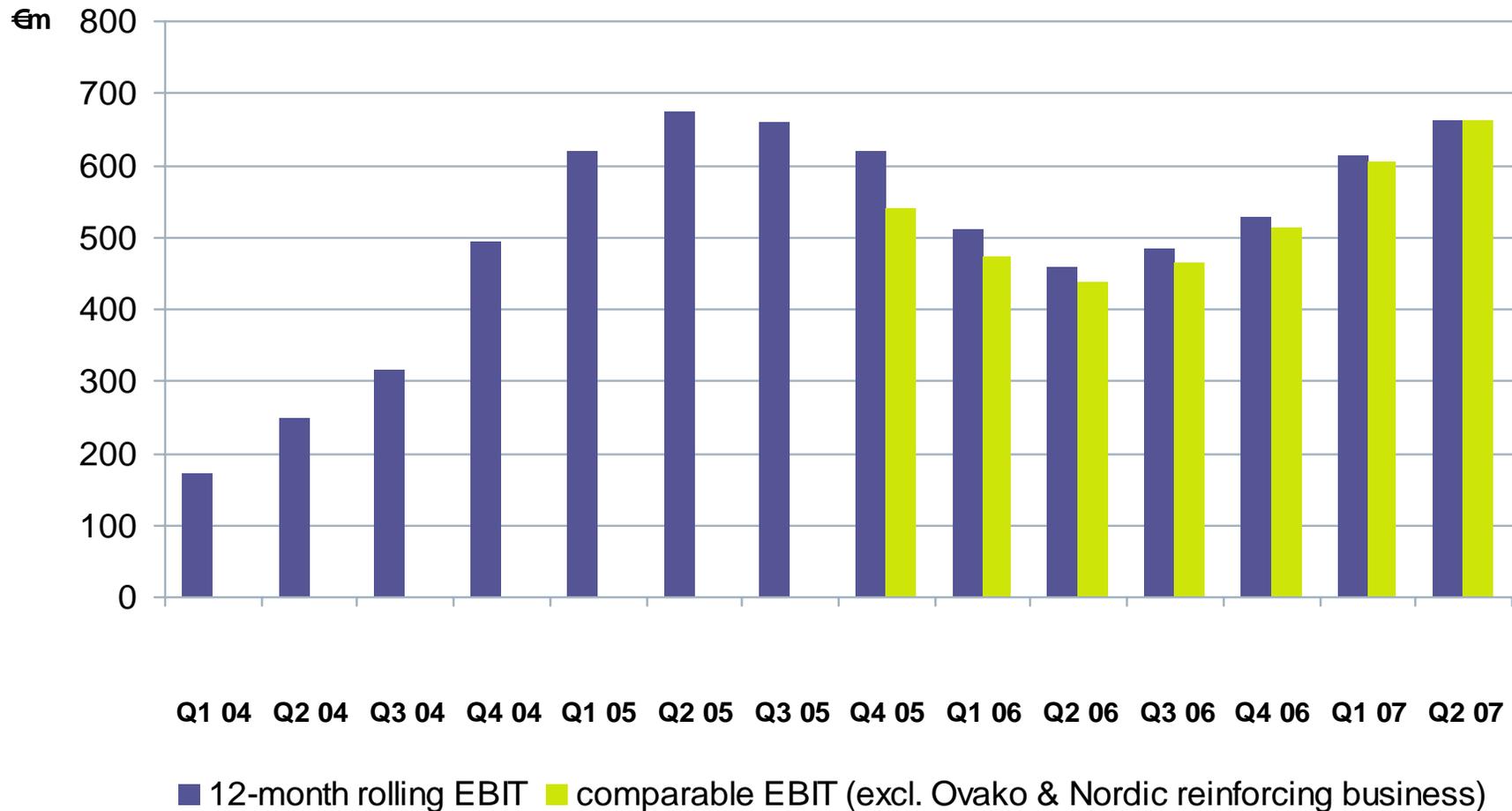
Comparable net sales in Q2 up by 19%



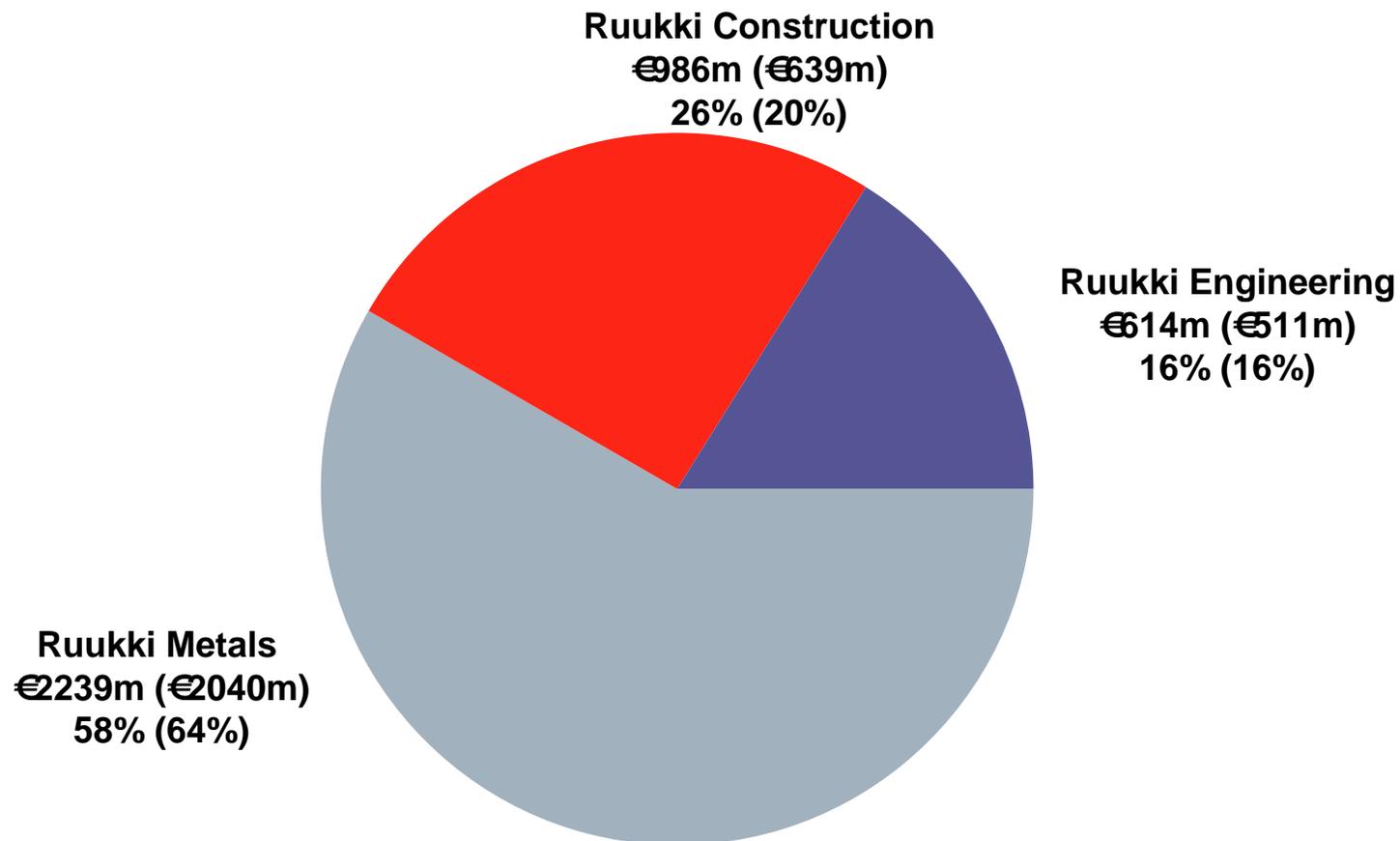
Aiming for steady, strong growth in profitability



12-month rolling EBIT 2004-Q2/2007



12-month rolling comparable net sales by division



Progress in structural change

Share of net sales

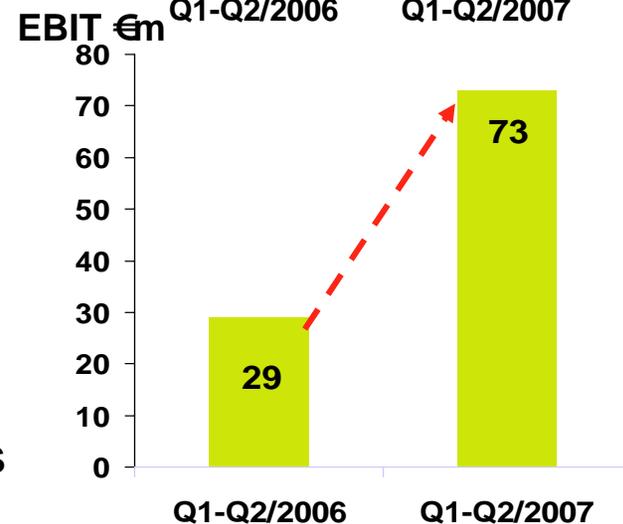
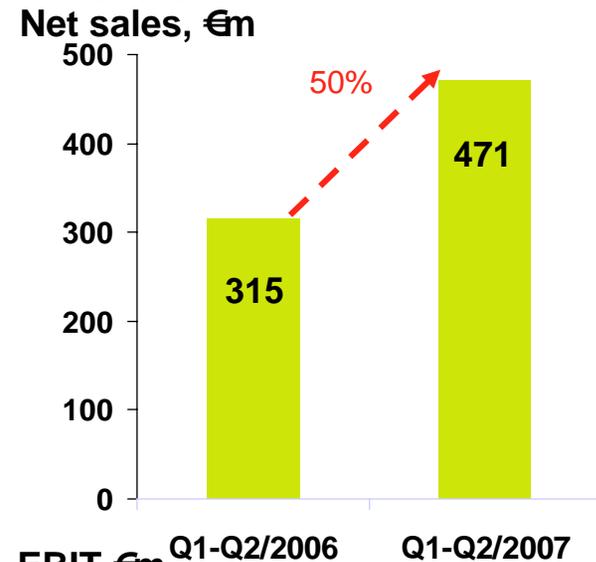


Business areas

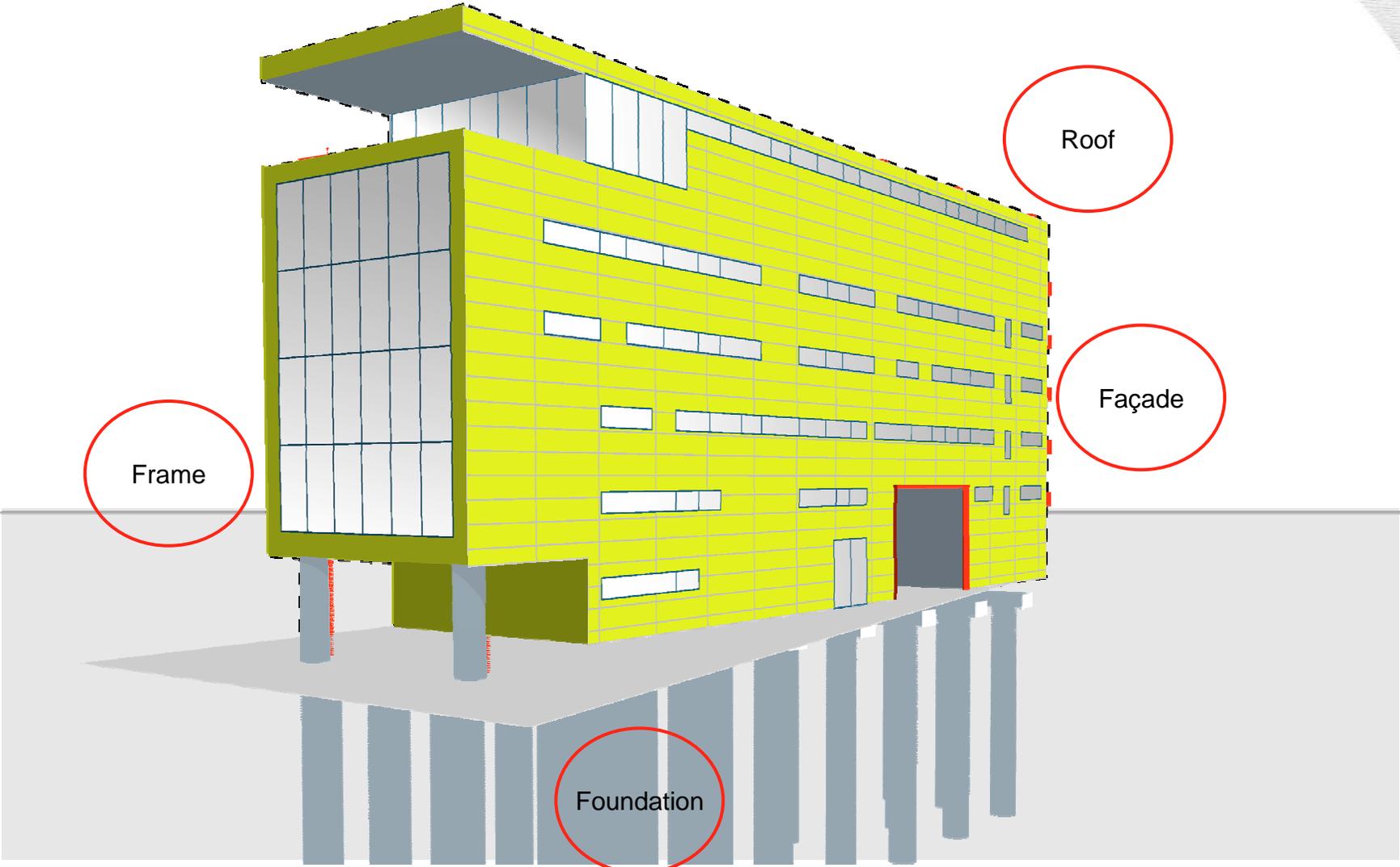
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Ruukki Construction – strong growth

- Net sales increased, especially in Russia and Finland. Operating profit more than doubled
- Total deliveries accounting for growing share of sales
 - strong growth in demand in Russia and Central Eastern Europe
 - record high total deliveries in Nordic countries
- Geographic expansion of market area in Russia and Central Eastern Europe in progress
- Investments of over €100 million to expand capacity in Russia, Poland, Romania, Ukraine, Hungary and Estonia (excl. acquisitions)
- Personnel doubled in two years to around 5000 employees
- Good demand for harbour, road and railway construction and for building foundation solutions



Complete single- and multi-storey commercial buildings

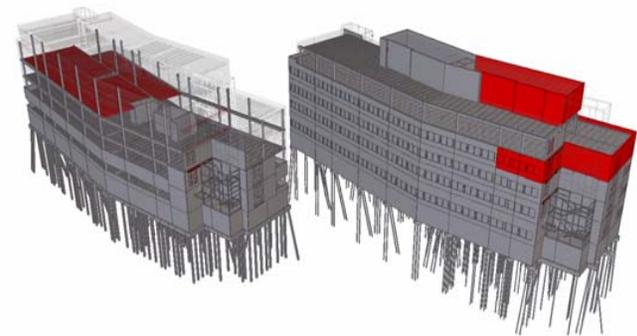


Construction time for multi-storey office and commercial buildings shortened by a fifth

A new solutions package launched in Finland in May (7 new patent applications) comprising foundations, frame and façades that considerably shortens construction time for multi-storey office and commercial buildings

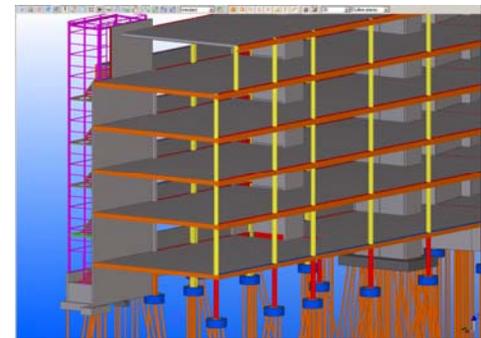
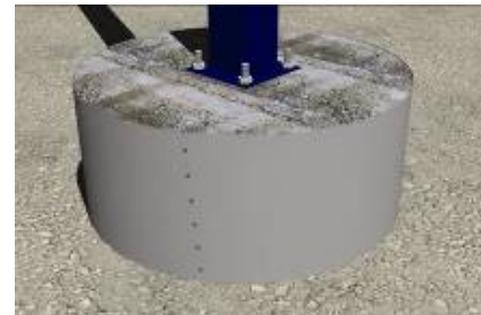
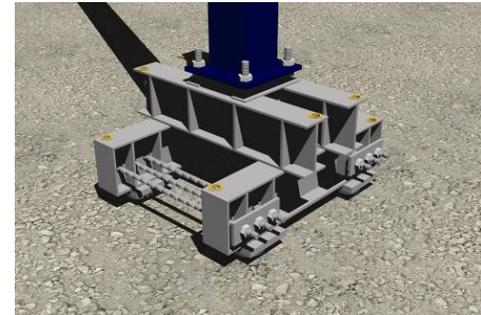
- For developers and investors: earlier occupation of quality premises
- For construction companies: more effective use of resources and lower operative, financial, quality and safety risks
- For designers: ready-made tools and technical support

According to calculations, time savings of 20% can be achieved in the construction of foundation, frame and envelope structures of a normal-size office building



New technical solutions enable innovation

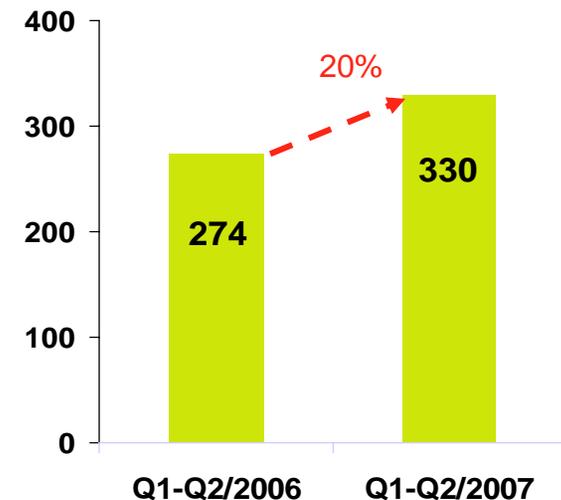
- Pile and rock foundation systems
 - fast installation phase, less blasting in rock construction
 - frame installation work can begin immediately, concrete casting can be done later
- WQ composite beam and edge tray beam system
 - fast installation of hollow core slabs
 - safety rails fastened on the ground and removed after façade installation
 - edge casting and façade installation made simpler



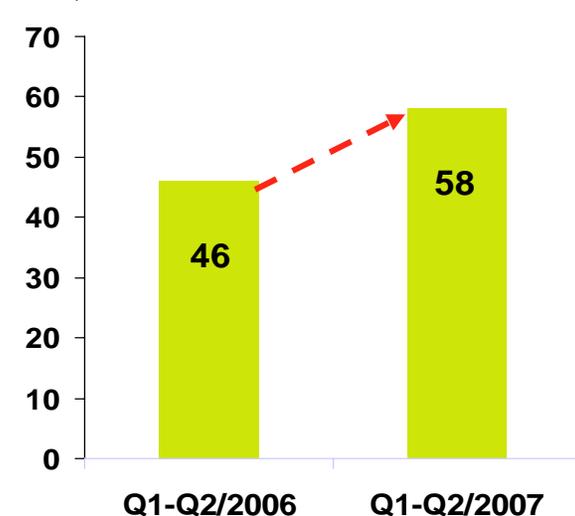
Ruukki Engineering continues on growth track

- Order books remain strong in all customer sectors
- Ready-to-install booms complement systems deliveries within the lifting, handling and transportation equipment industry
 - acquisition of Hungarian company Aprítógépgyár Zrt. in May
- Increased component deliveries to the energy industry, e.g. to wind power plants
- Continued good demand in the shipbuilding and offshore sectors
- Operating profit grew 26 per cent compared to previous year
 - operating margin was weaker during the second quarter than in the first quarter mainly due to different sales structure

Net sales, €m

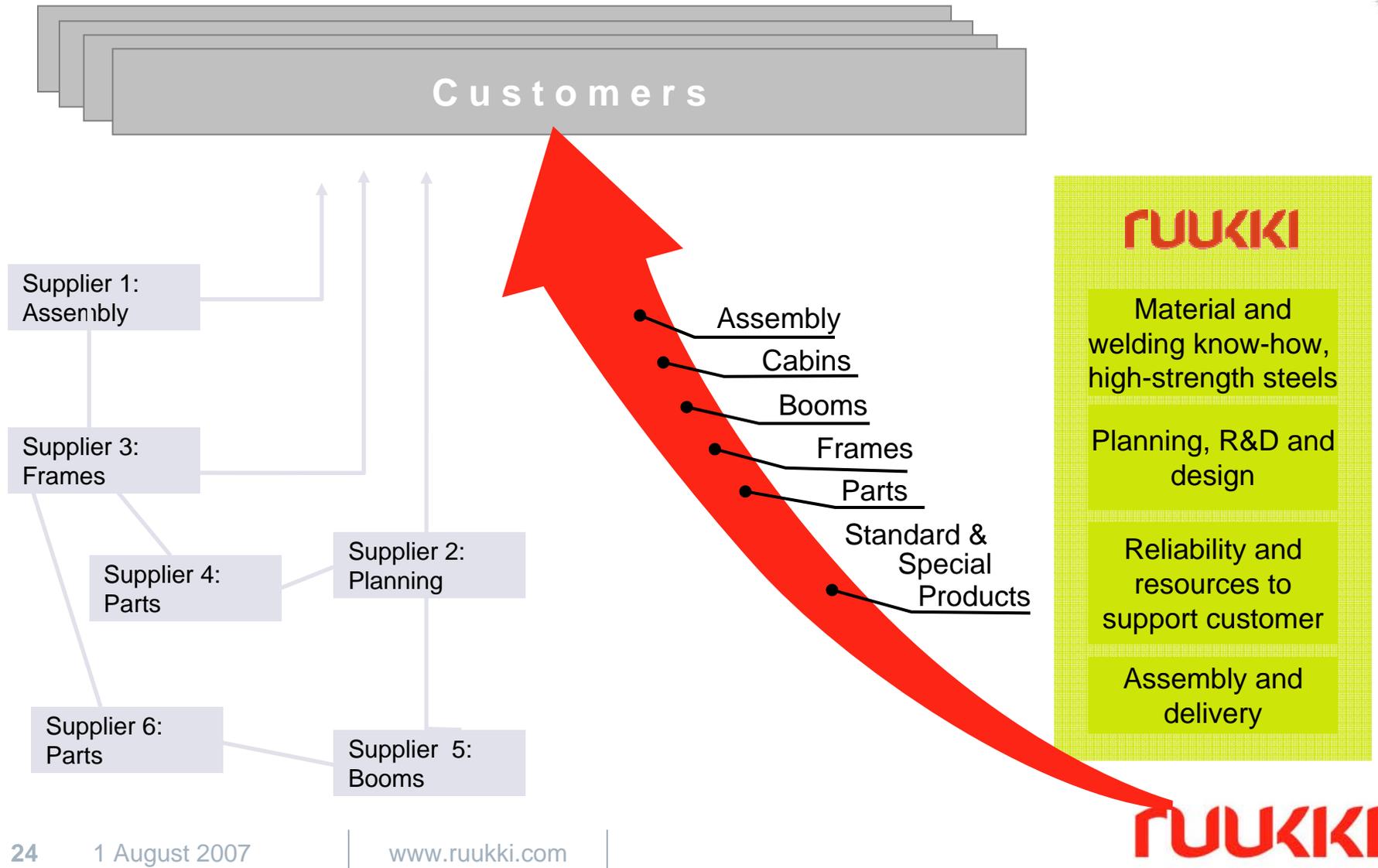


EBIT, €m



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Ruukki Engineering: well-timed total deliveries to key customers



Ruukki Engineering: rationalisation of boom manufacture

Present situation



Planned situation



Shanghai

Benefits

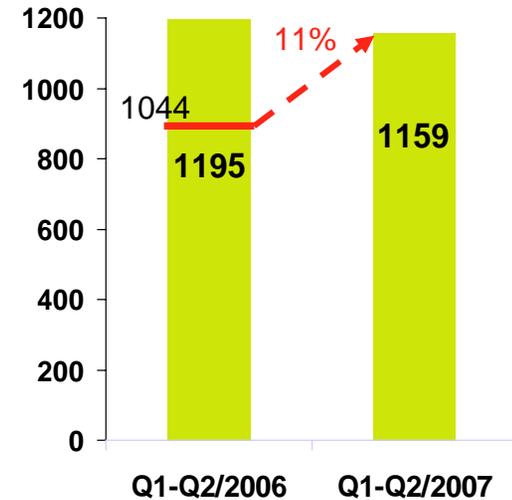
- Improved delivery accuracy and shortened lead times
- Lower transportation costs and smaller stocks
 - e.g. a boom going to Sweden now travels 5000 km, in future it will travel around 1/3 of the distance
- Product manufacture can be centralised and production automated



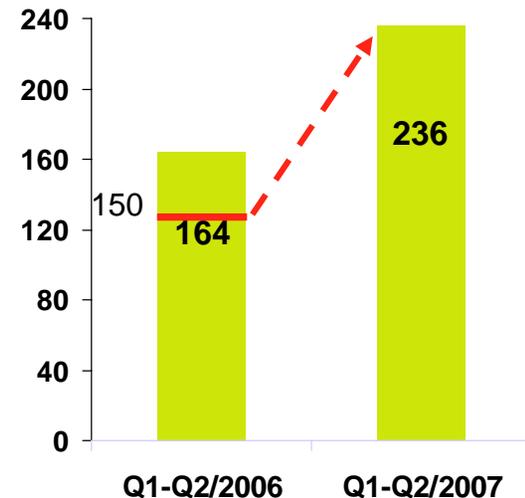
Ruukki Metals' profitability improved

- Change in sales structure
 - growing share of special products
 - growth in direct deliveries to end customers
- and strengthened prices improved profitability, operating profit up 44%
- Good demand for steel products in main market areas and customer segments
 - Especially good demand for heavy plates and colour-coated products
 - Capability to deliver special products will be improved
 - Delivery channels and the entire supply chain will be further strengthened

Net sales, €m



EBIT, €m



— comparable net sales
(excl. Nordic reinforcing business)

Steel production

- Steel production during January-June was 1,375,000 tonnes (1,402,800). Production ran normally.
- Production of colour-coated products and heavy plates operated at full capacity
- Installation of a direct quenching unit in August will expand the range and increase manufacturing volumes of high-strength steels
- Raw material costs of steel production were at the same level as a year ago
- Final emissions allowances for 2008-2012 will be known after an amendment that must be made to the Emissions Trading Act

New structure, more effective business

1. Ruukki United-efficiency programme

- Aims to achieve permanent cost savings of €150 million by year-end 2008
 - €62 million achieved to date
- Aims to permanently free up €150 million of capital by year-end 2008
 - €81 million achieved to date

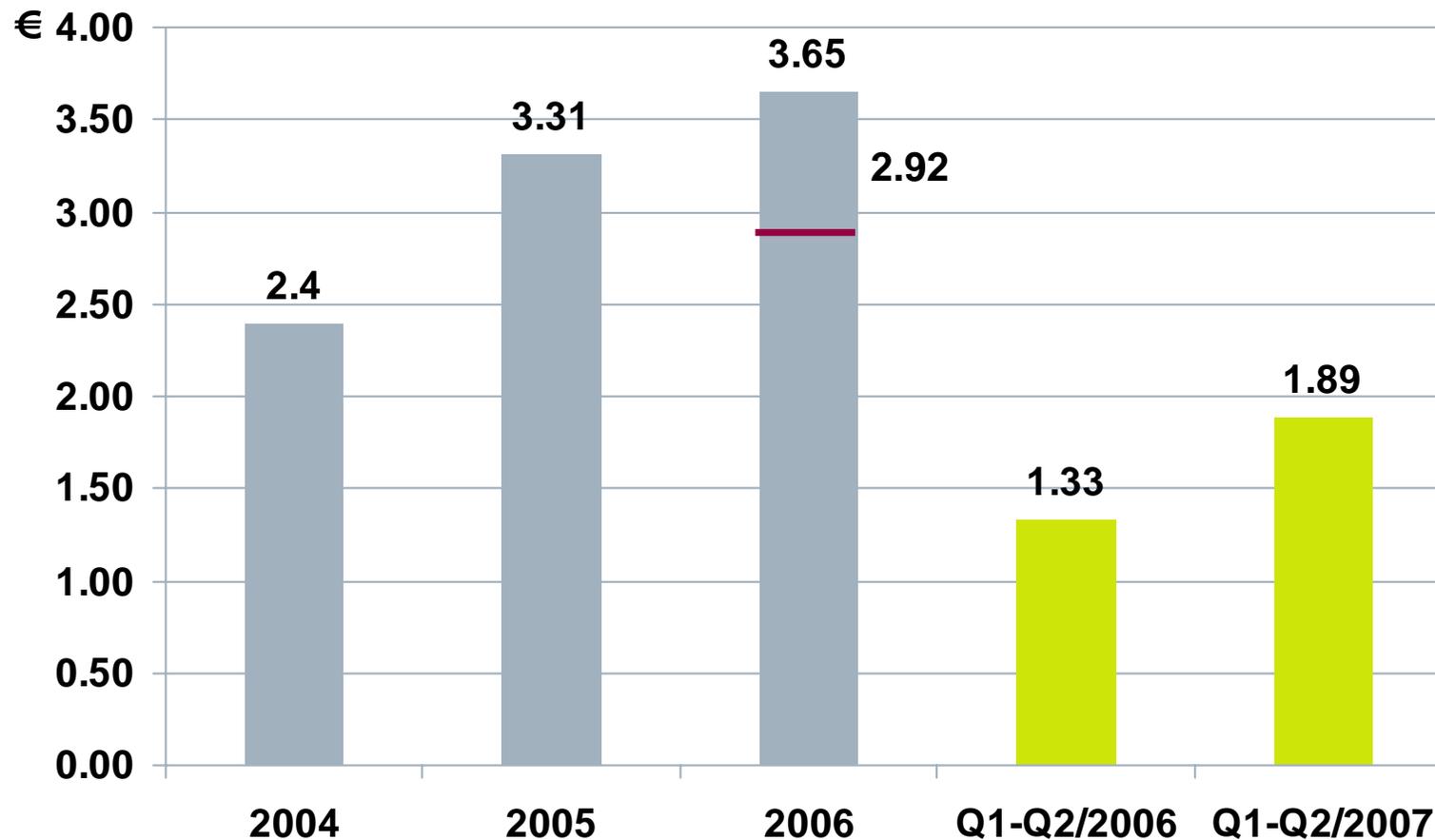
2. Divestment of long steel products

- Sale of Nordic reinforcing steel business for €125 million
- Divestment of Ovako for €310 million

3. Improved sales structure

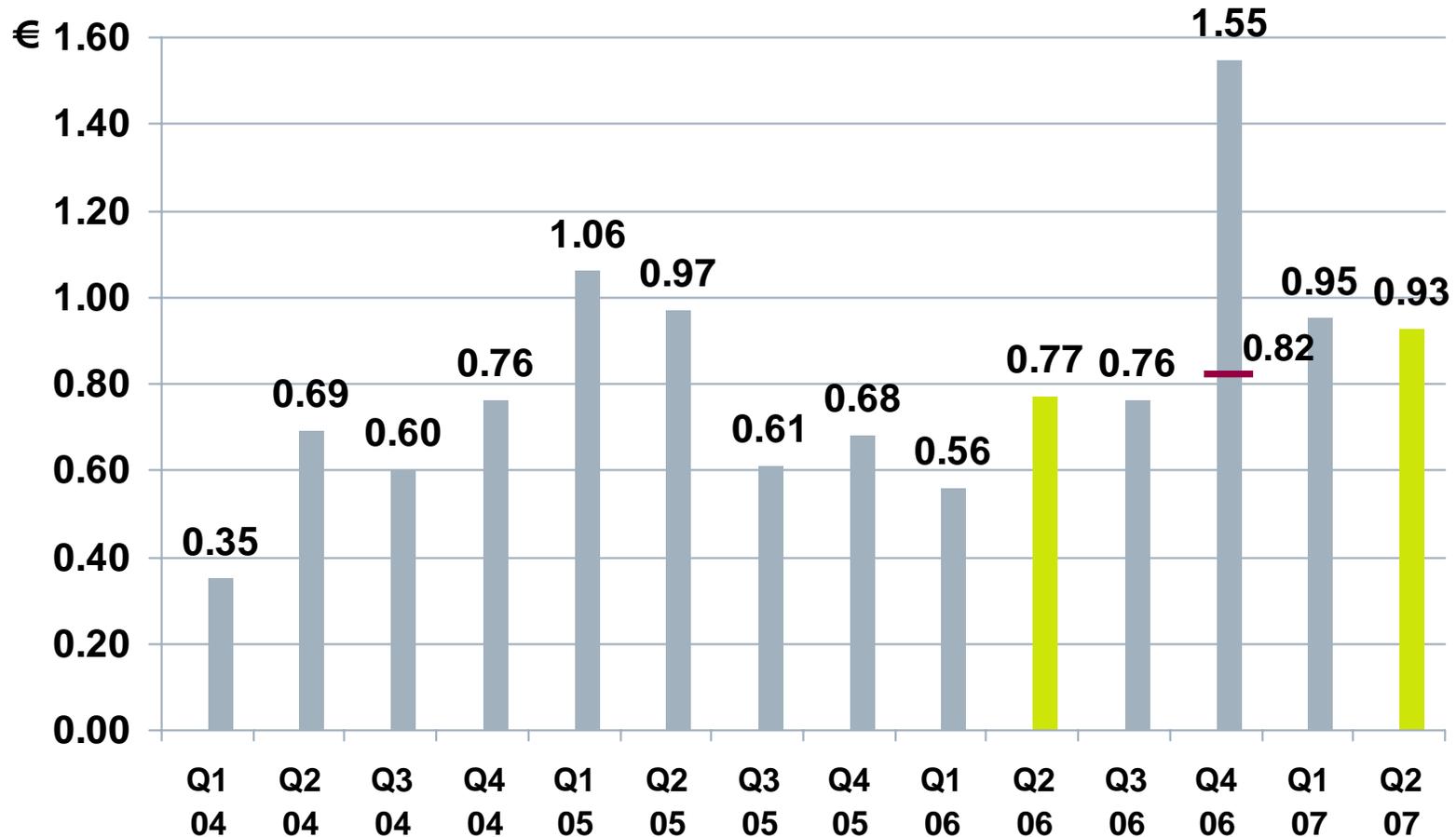
4. Disposals of poorly performing businesses

Earnings per share



— excl. capital gain on the divestment of Ovako

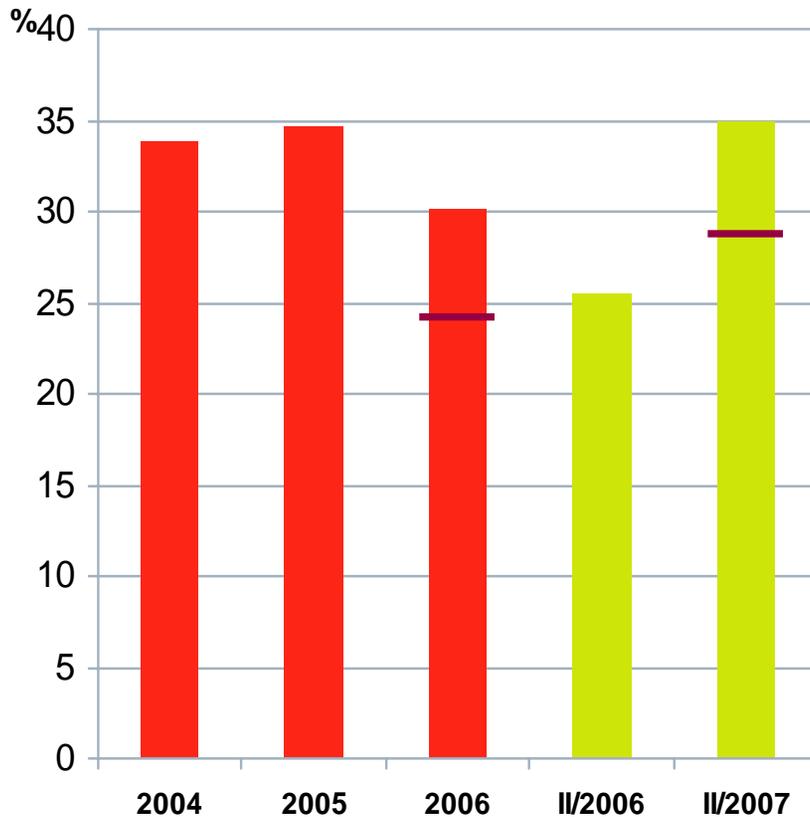
Quarterly earnings per share



— excl. capital gain on the divestment of Ovako



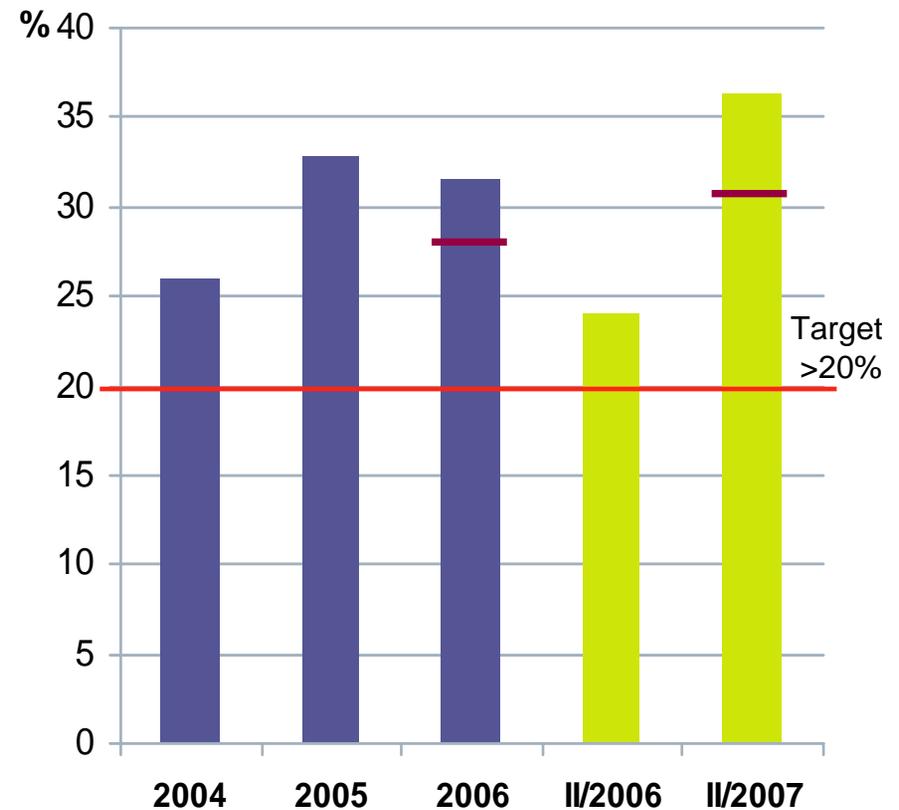
Return on equity*



* rolling 12 months

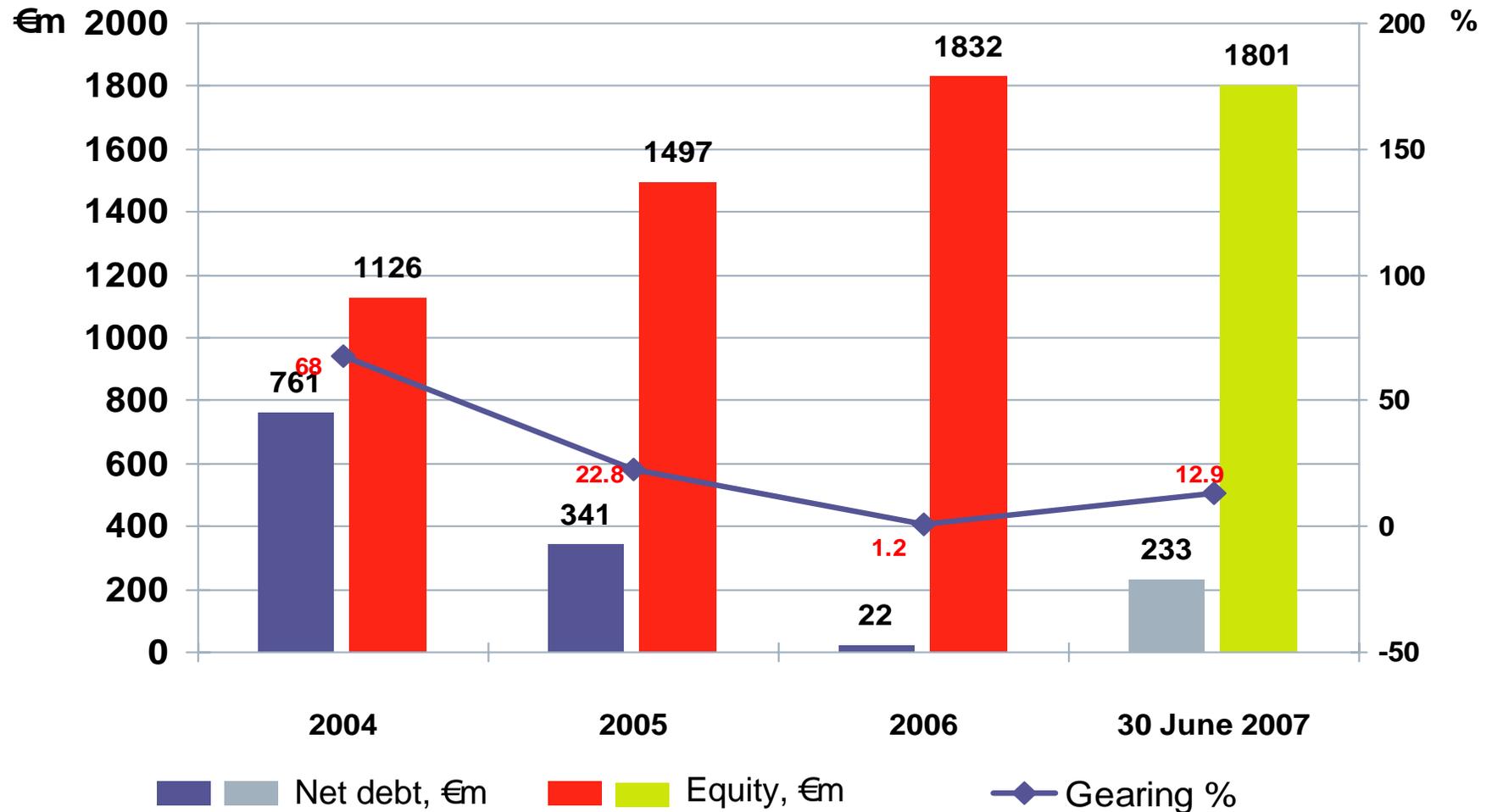
— excl. capital gain on the divestment of Ovako

Return on capital employed*

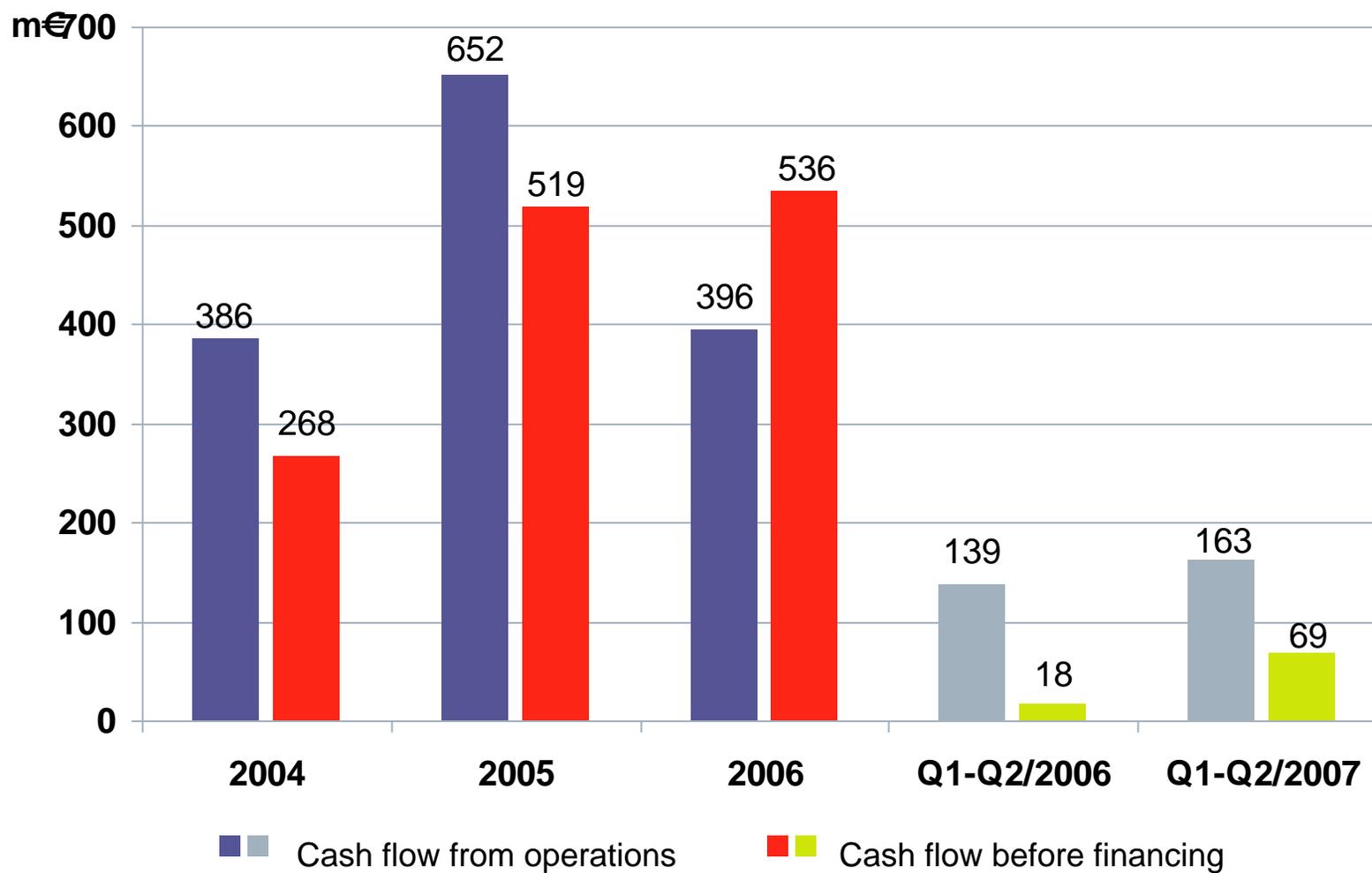


Target
>20%

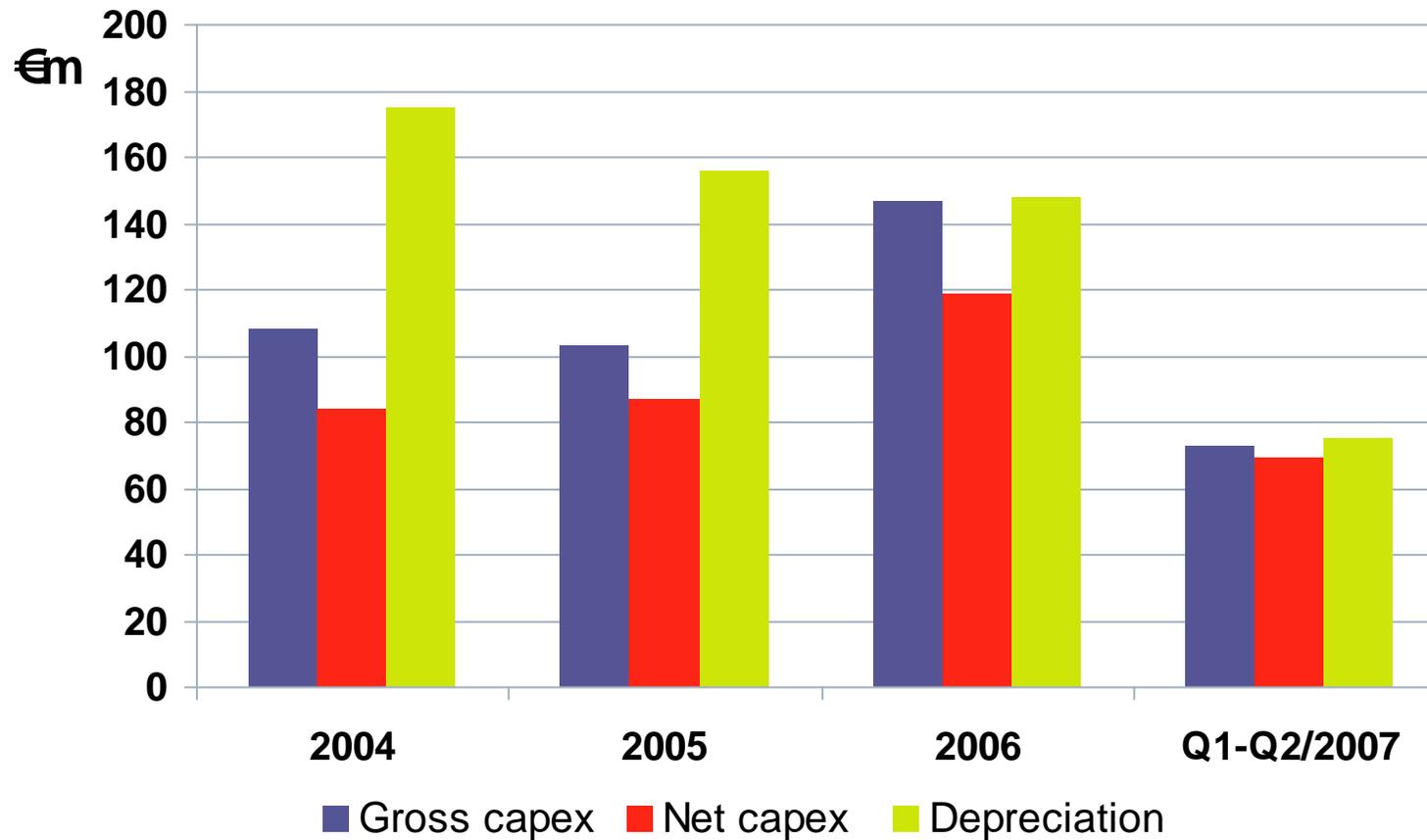
Strong balance sheet enables growth financing



Cash flow



Capex vs. depreciation



Near-term outlook

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Near-term outlook

- Construction activity is expected to remain brisk across the entire market area and to grow at a faster rate in Eastern Europe than in other areas.
- Demand from engineering industry customers is expected to remain strong in the lifting, handling and transportation equipment industry and in the energy, shipbuilding and offshore sectors.
- Market for steel products in core market areas is expected to remain firm.
- The most significant factors of uncertainty relate to overall development of the global economy.
- Comparable net sales in 2007 are expected to develop in line with growth targets set. Operating profit for 2007 is anticipated to markedly exceed the comparative figure for last year.

Summary

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Strong profitable growth

- Investments in increasing capacity and developing competences especially in Eastern Europe
- Good progress with geographical expansion in Russia
- New construction innovations speed up the construction of office and commercial buildings
- Ongoing integration of acquisitions create further potential to improve deliveries and profitability
- Enhanced capacity to deliver special products

Appendix

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Financial summary

	Q2		Q1-Q2		Year
€m	2007	2006	2007	2006	2006
Net sales	1009	928	1960	1784	3682
- pro forma	1009	848	1960	1634	3515
EBIT	178	127	356	222	529
- % of net sales	17.7	13.7	18.2	12.4	14.4
- pro forma	178	119	356	208	515
- % of net sales	17.7	14.0	18.2	12.7	14.7
Pre tax profit	176	136	353	237	635
EPS, €	0.93	0.77	1.89	1.33	3.65
ROCE rolling 12 months, %	36.3	24.1	36.3	24.1	31.5
Gearing, %	12.9	35.4	12.9	35.4	1.2



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more with metals