

Financial Review 2006

February 7, 2007

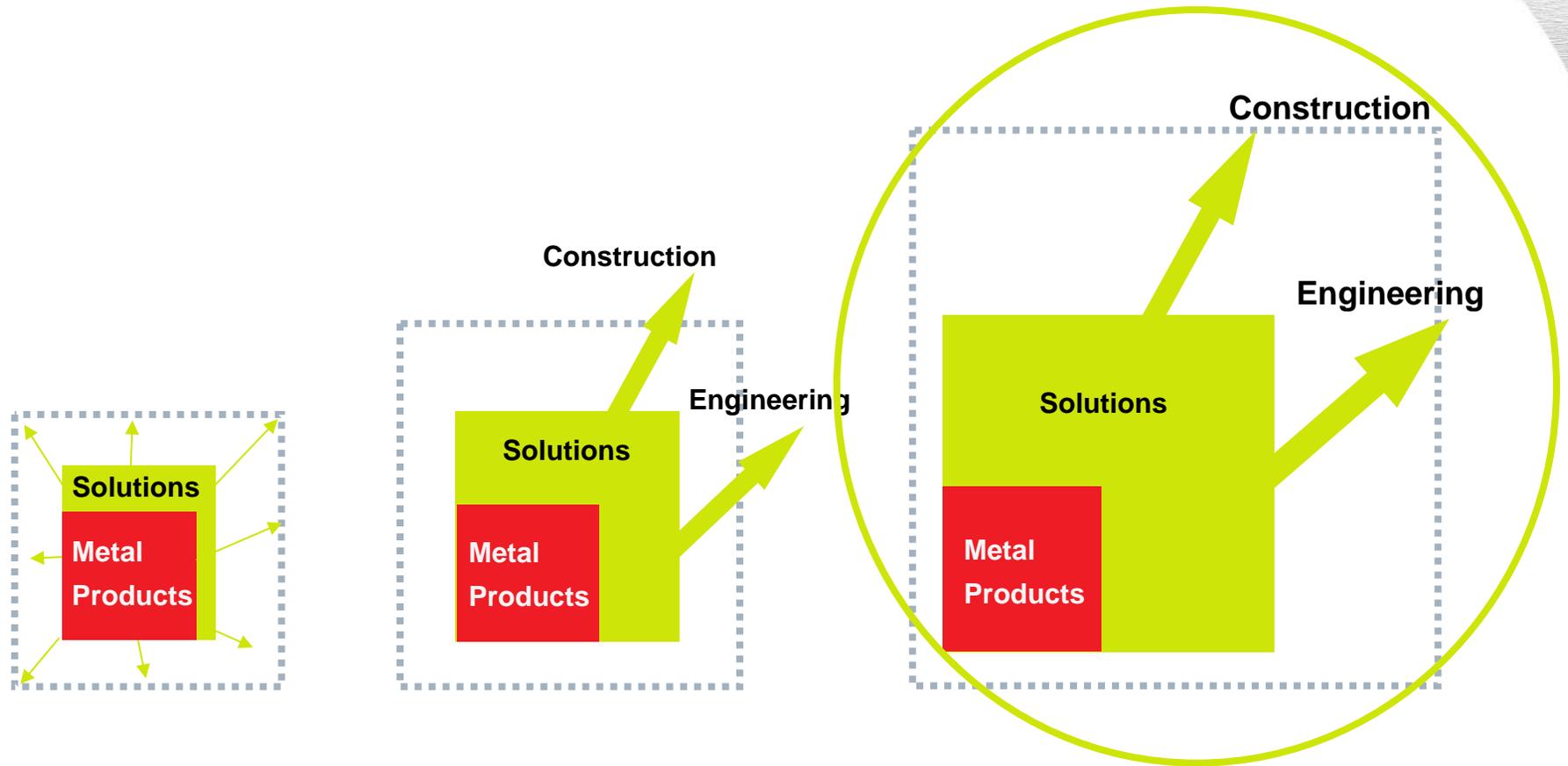
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- **Ruukki is ready for profitable growth**
 - **Building Eastern-Europe**
 - **2006 by customer division**
 - **Business Environment 2006**
 - **Financials 2006**
 - **Near-term Outlook**
 - **Summary**

**Ruukki is ready for
profitable growth**

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Ruukki's vision: The most desired solution supplier



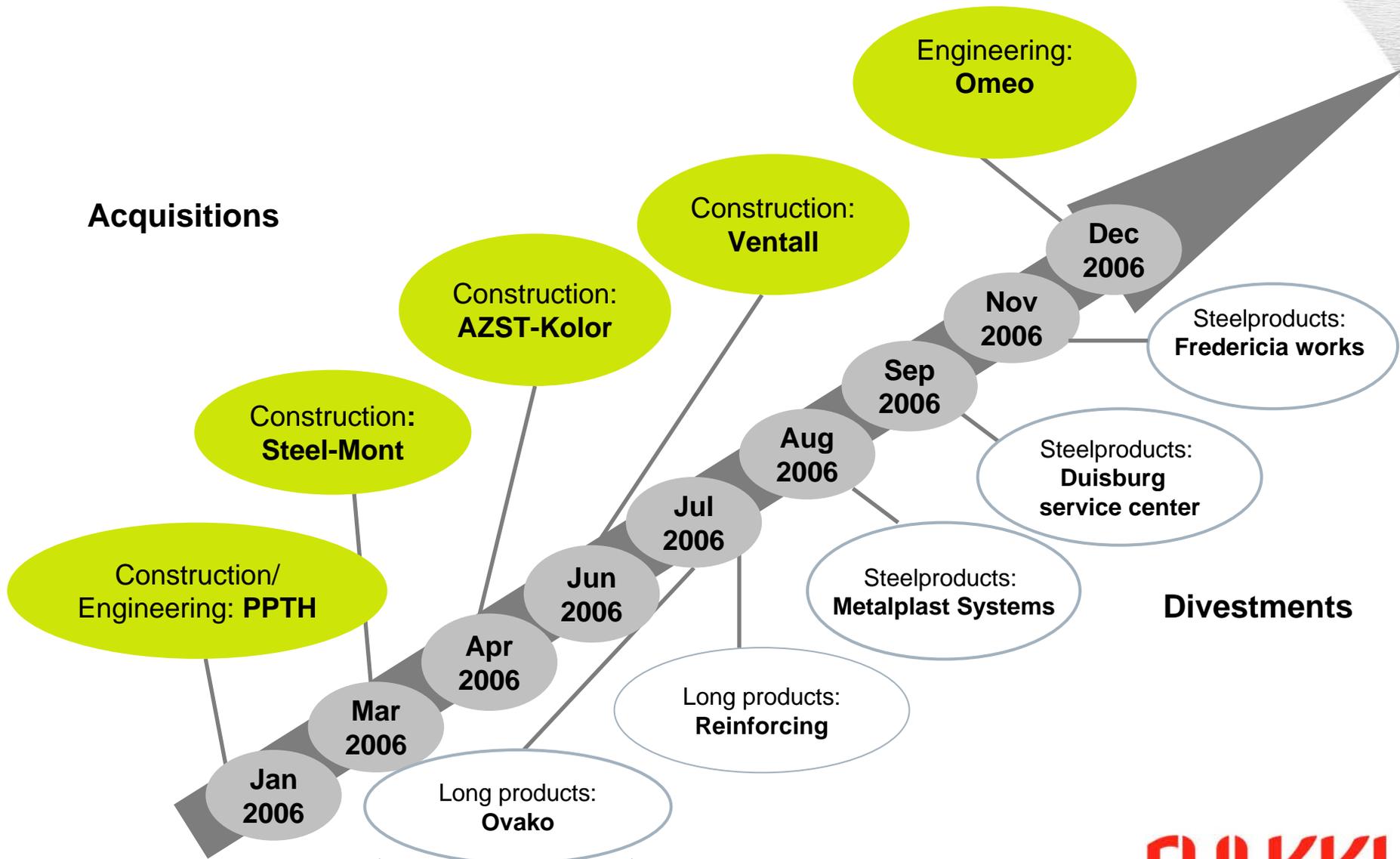
2003
Reliable steel producer



2008-2010
The most desired solution supplier

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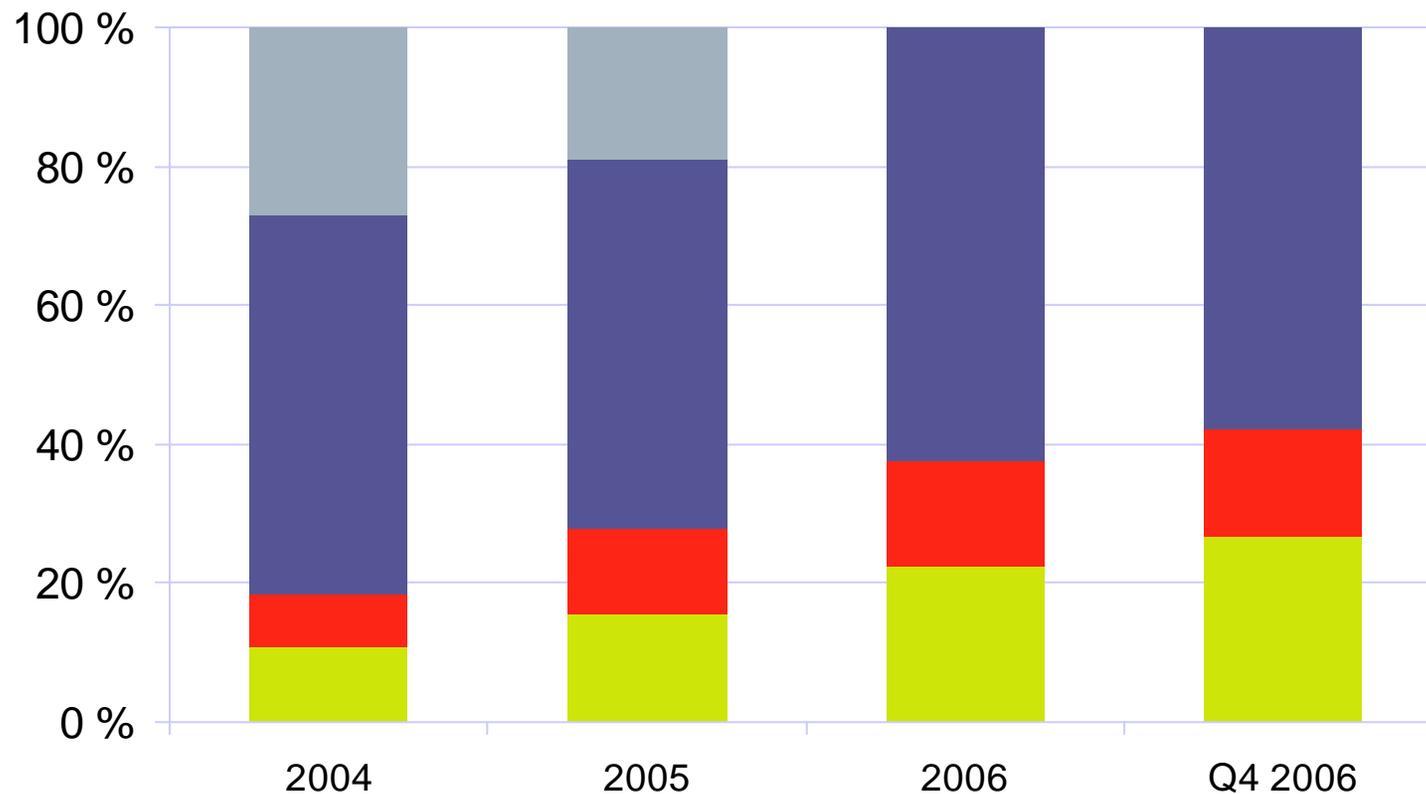
Acquisitions and divestments



Structure has changed

Share of net sales

■ Construction ■ Engineering ■ Metals ■ Long Products



Drivers for growth and better sustainable profitability

- Divesting or closing of unprofitable and non-core operations
 - Fundia (Ovako, Nordic reinforcing)
 - Unprofitable sales in Central Europe
- Main businesses focus on high growth markets
 - Increasing growth in Central Eastern Europe, Russia and Ukraine
 - Good market development also in the Nordic area
- Healthy margins before volumes
- Increasing sales of value-added parts, components and systems
- Unified corporate structure brings cost efficiency

New financial targets and dividend policy

	earlier	next three years
Top-line growth		> 10 % p.a.
Operating profit % (EBIT)	> 7 %	> 12 %
Return on capital employed % ROCE	> 15 %	> 20 %
Gearing	< 80 %	< 60 %

Rautaruukki's dividend policy is to pay a yearly dividend of 40 % to 60 % of net profit. The company aims at a steadily increasing dividend that takes into account the requirements for business growth.

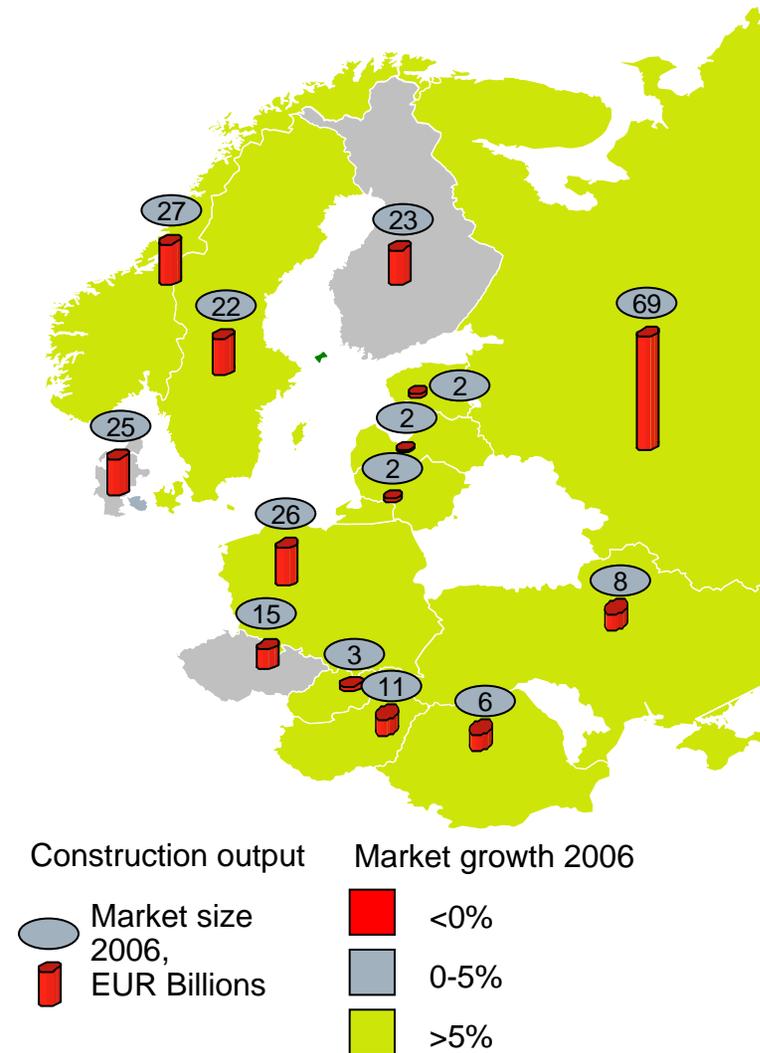
Building Eastern-Europe

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Ruukki's target market is ~10 EUR billions

Market size and growth 2006

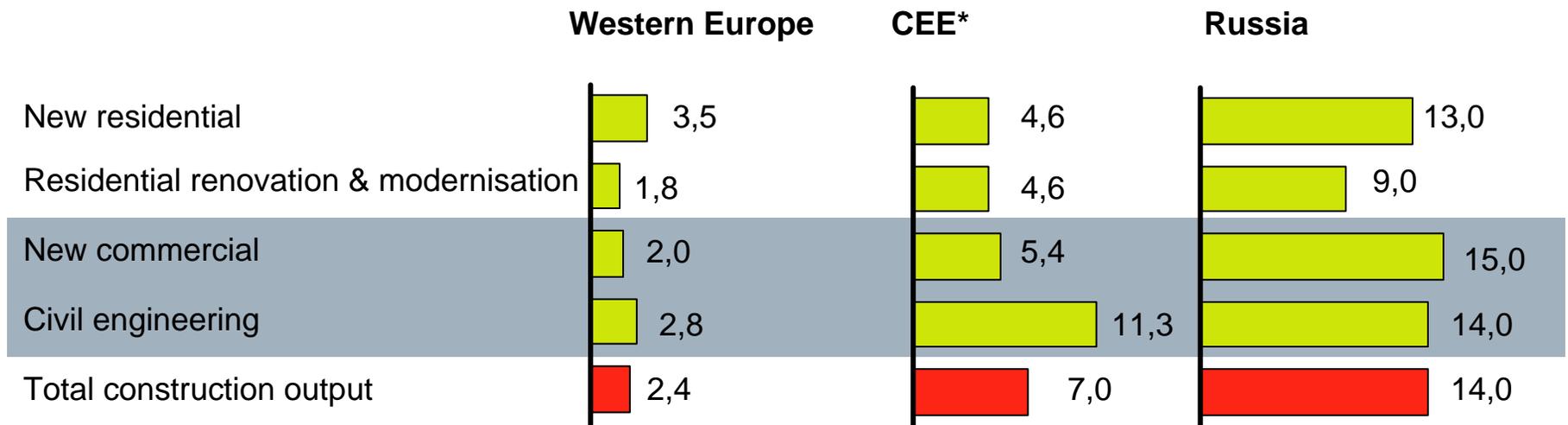
- Market for products and solutions **EUR 10 billions**
- Average market growth is **7 %**
- The growth is strongest in **CEE, Russia and Ukraine**
- Market growth equals to size of **Ruukki Construction**



Sources: Euroconstruct, BuildEcon, VTT

Strong growth in targeted segments

Annual change (% by volume) 2006

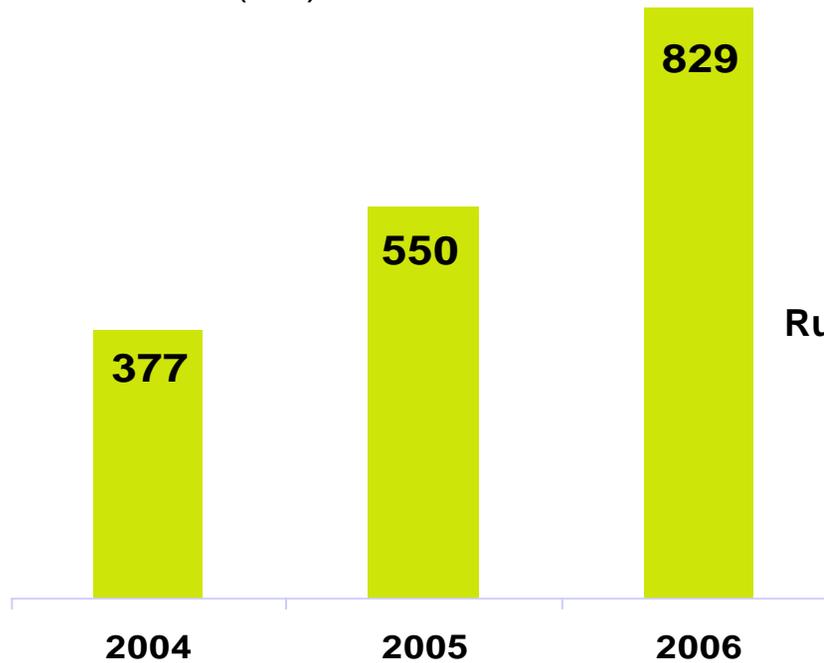


* Poland, Czech republic, Slovakia, Hungary

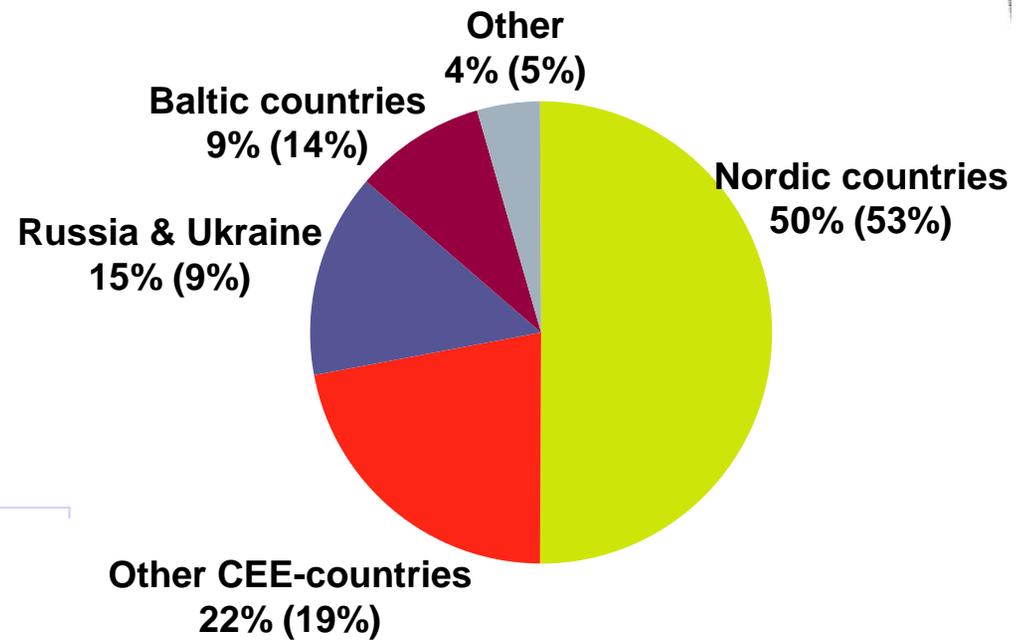
Sources: Euroconstruct, BuildEcon

Strong growth in Ruukki Construction

Net sales (M€)



Net sales by country (%)



2006 by customer divisions

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Ruukki Construction – speed and quality in metal construction

- **Acquisitions add to delivery capacity in Central Eastern Europe**
 - Broader construction design and project know-how - PPTH
 - Added strategically important steel structure production and installation capacity - Steel-Mont
 - New colour coating line safeguards sourcing of high-quality raw materials in Russia and Ukraine - AZST-Kolor
 - New factory in Hungary for construction components
- **Strengthening our position in the dynamically growing Russian markets - Ventall**
 - Customer contacts and significant market share
 - Local manufacturing of steel structures and sandwich panels
- **Investments worth EUR 50 million in Romania and Ukraine**
 - Strengthening our delivery capacity in components and integrated systems

Ruukki Engineering – growth in LHT and energy industries

- Lifting, handling and transportation equipment industry
 - New cabin assembly plant in Kurikka, Finland
 - Cabin frame production launched in Poland
 - Strengthening position as a supplier of frames and booms – acquisition of Omeo Mekaniska Verkstad in Sweden
- Energy industry
 - Components to power plants
 - Parts and components for wind farms
- Offshore industry
 - Customers' strong order books

Ruukki Metals – strong supplier in core markets

- Strengthening good market position and customer focused logistics in core markets
 - Strengthening the delivery capacity of St Petersburg service centre with app. EUR 20 million investment
 - Developing our service centers in the Nordic countries
- Special products provide growth and platform for future profitability
 - Investments in high-strength steel grades
 - Both for home market and other parts of Europe
- Divestment of non-core businesses
 - Sale of Nordic reinforcing steel business
 - Sale of Duisburg service centre, upgrading sheet products

Business environment 2006

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Continued good demand

- Construction demand strong in core markets
 - Growth in integrated systems for commercial and industrial construction in Eastern Europe
 - Good demand in commercial and industrial construction in Nordic countries
 - Strong demand in infrastructure construction
- Customers in lifting, handling and transportation equipment industry saw sizeable increase in order books
- Strong order books in shipbuilding and offshore industry
- Growth in demand for wind farm components
- Demand for standard and special steel grades in our core market areas remained good and the market was in balance

Financials 2006

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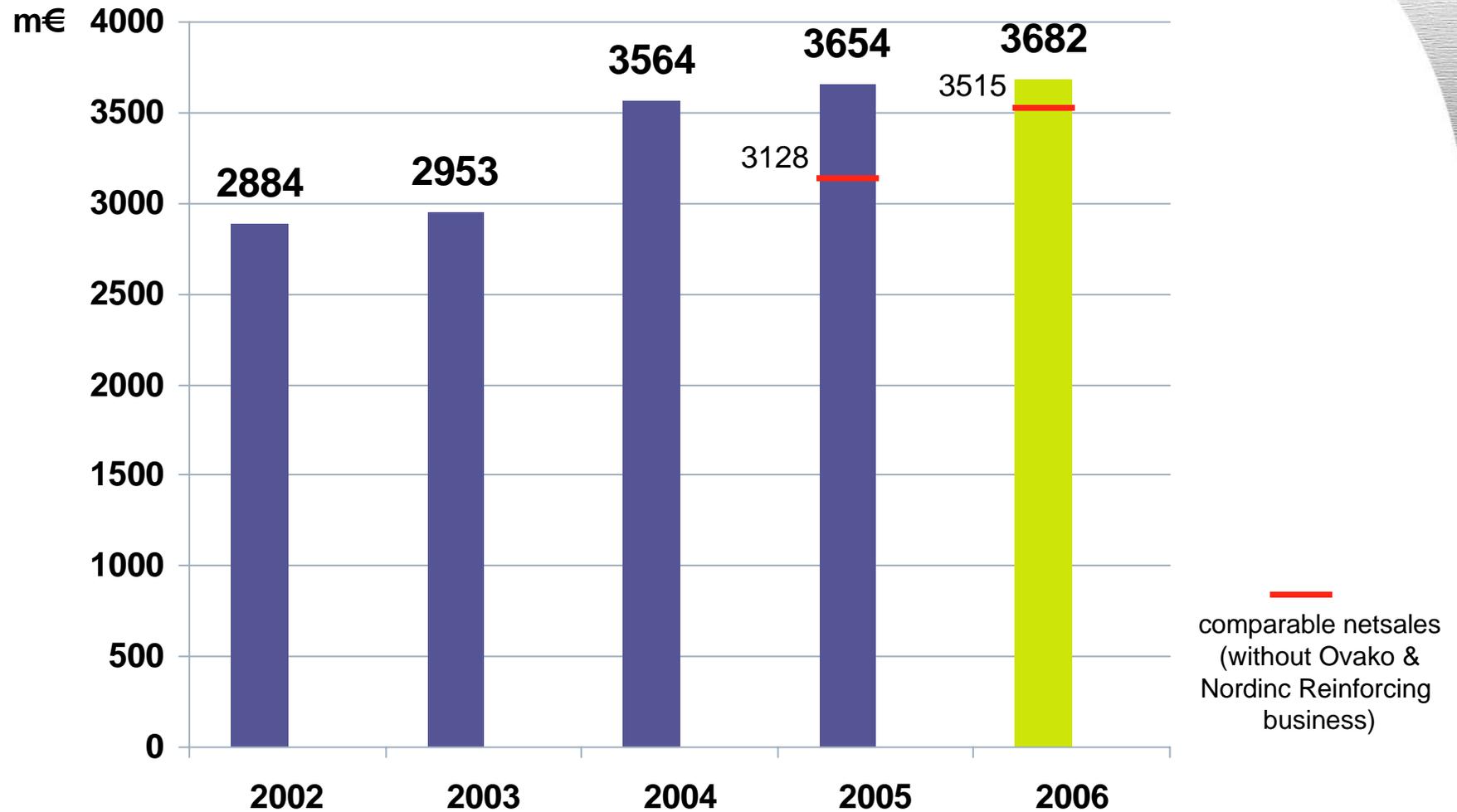
Financial highlights 2006

- Comparable net sales increased 12 percent into EUR 3 515 million (3 128)
- Comparable operating margin was 15 % (17 %)
- Earnings per share (diluted) was EUR 3.65 (3.31)
- The share of solution business in Group's
 - net sales was 38 % (28 %)
 - operating profit was 39 % (29 %)
- Gearing was 1.2 percent (22.8)

Financial highlights for Q4 2006

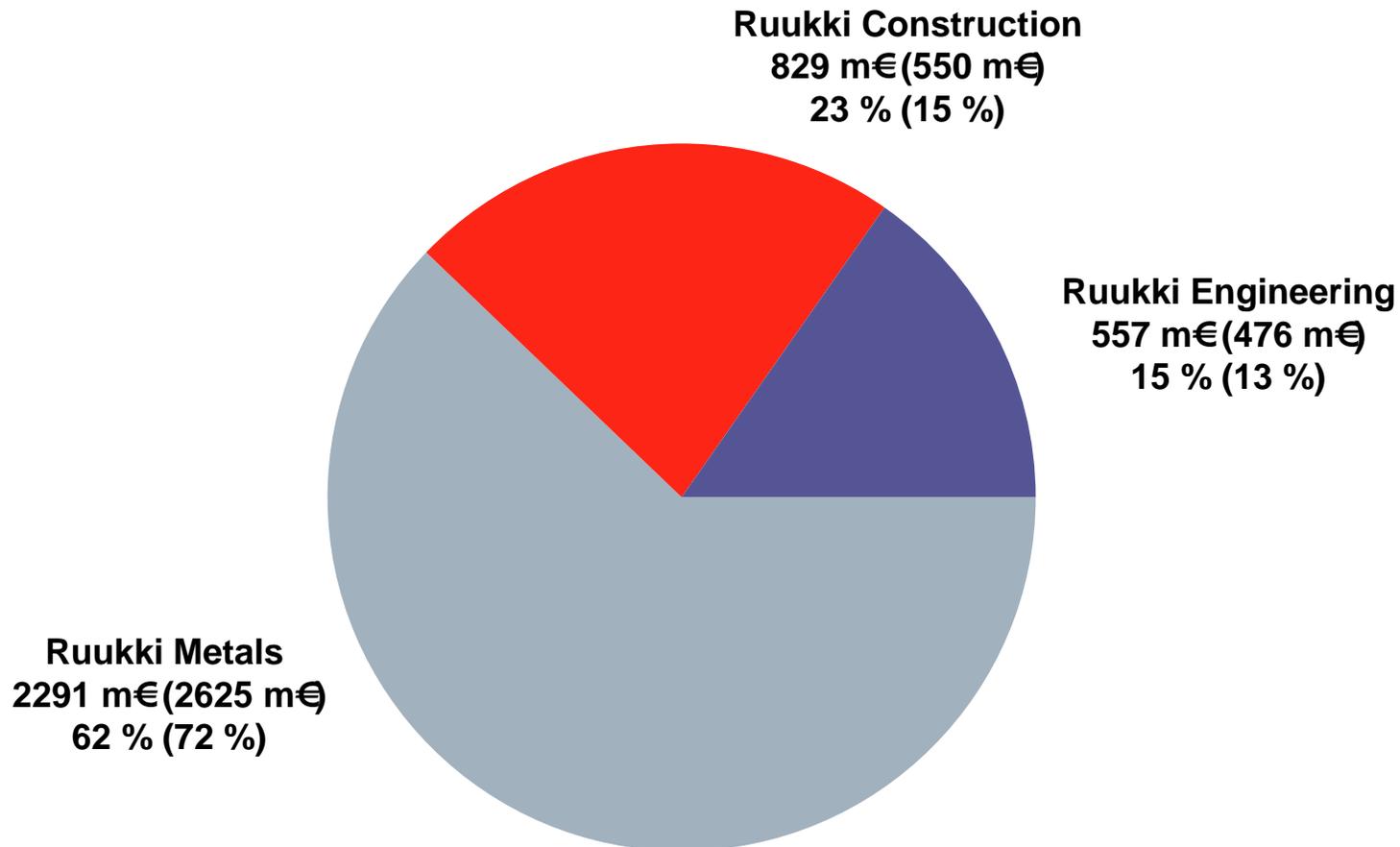
- Ruukki Construction
 - Development measures clearly improved PPTH's profitability
 - Deliveries increased in all market areas
- Ruukki Engineering
 - Strong demand continued
 - Strengthening our delivery capability of booms (Omeo)
- Ruukki Metals
 - Further rise in product selling prices
- Ruukki Production
 - Record high steel production, 744 000 t, at Raahe Works (2,853,000 for whole of 2006)
 - Output of plates and colour coated products ran at full capacity

Net sales, Group total

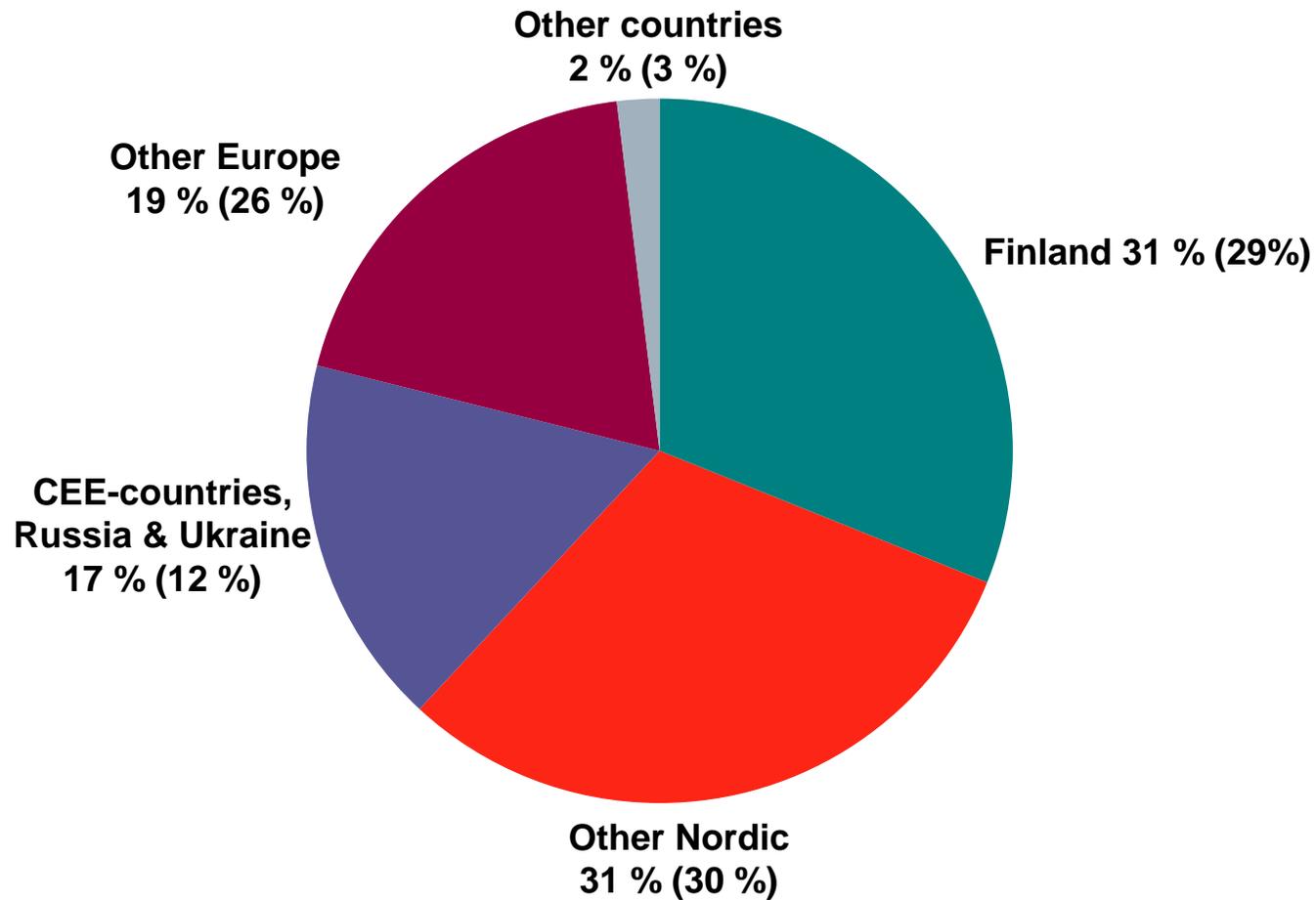


Years 2002 – 2003 according to FAS and from 2004 according to IFRS.

Group net sales by division 2006 (2005)

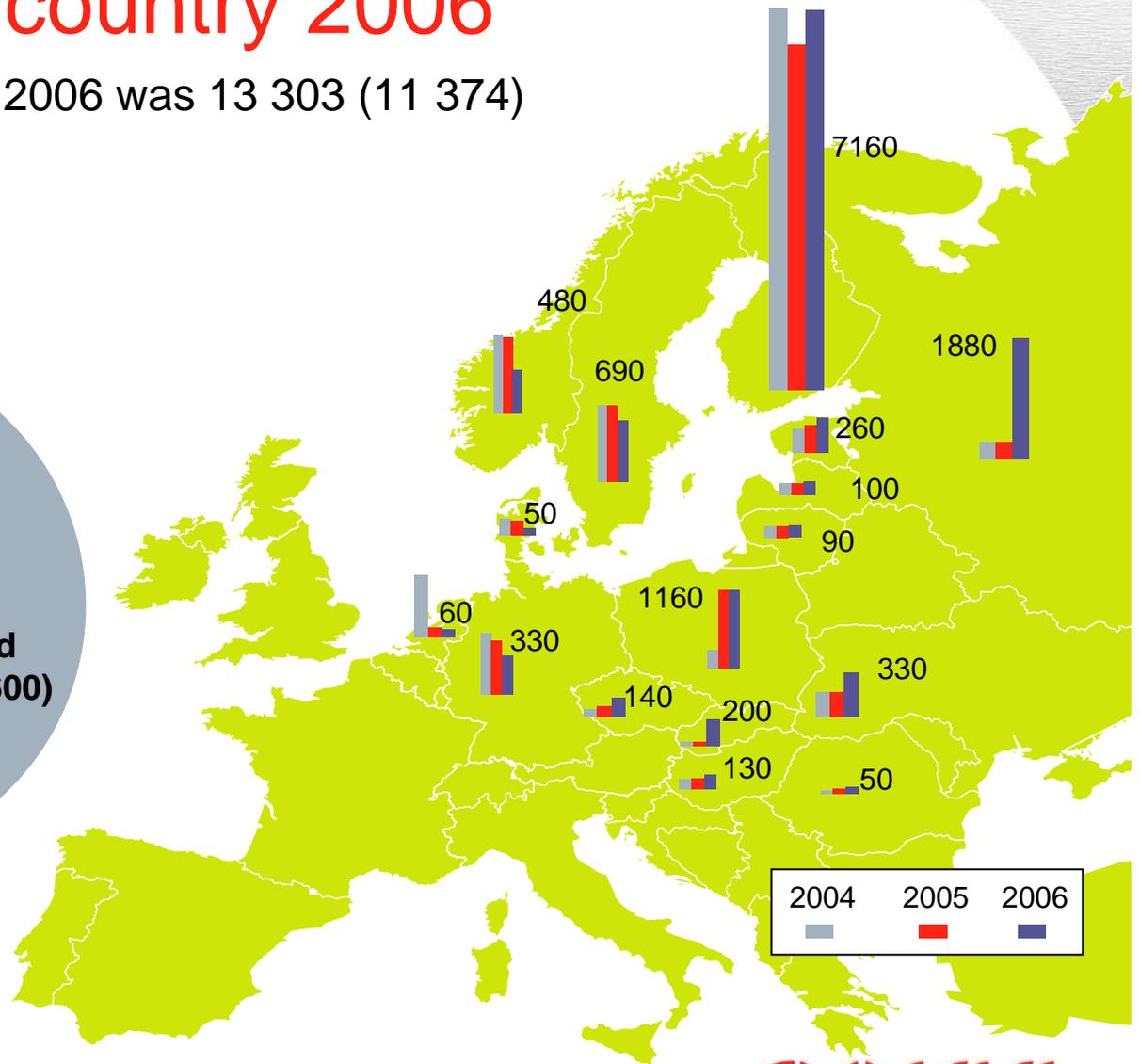
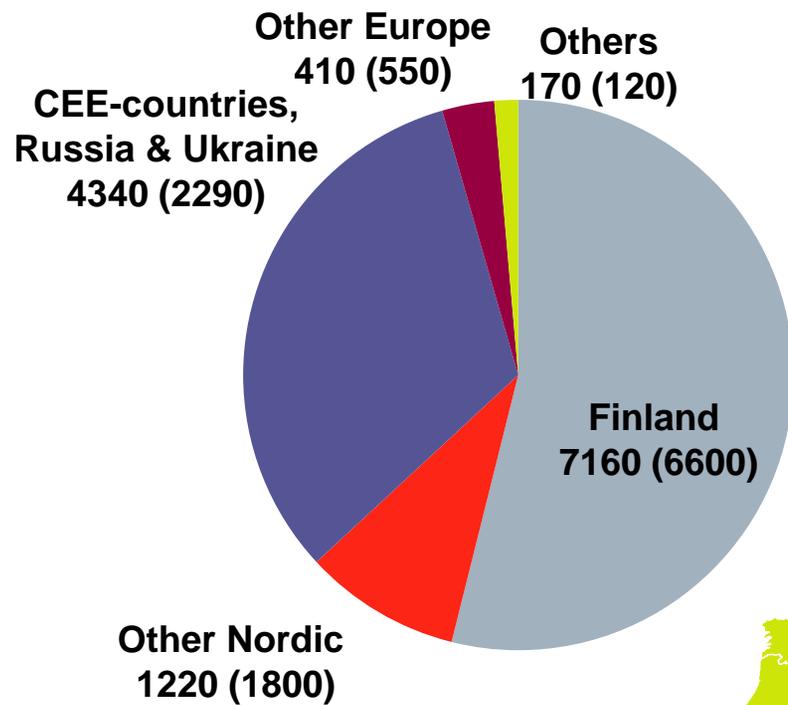


Group net sales by region 2006 (2005)

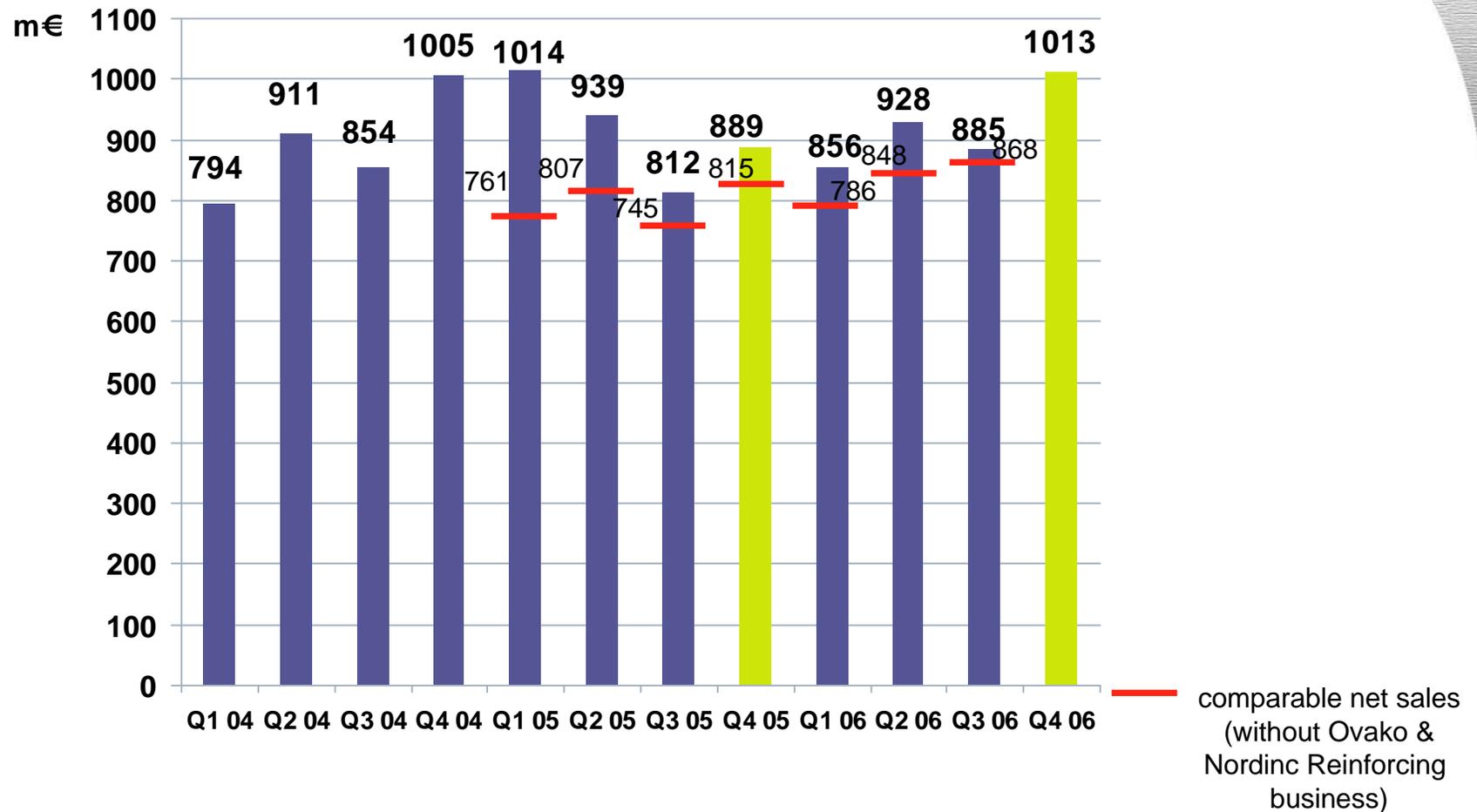


Personnel by country 2006

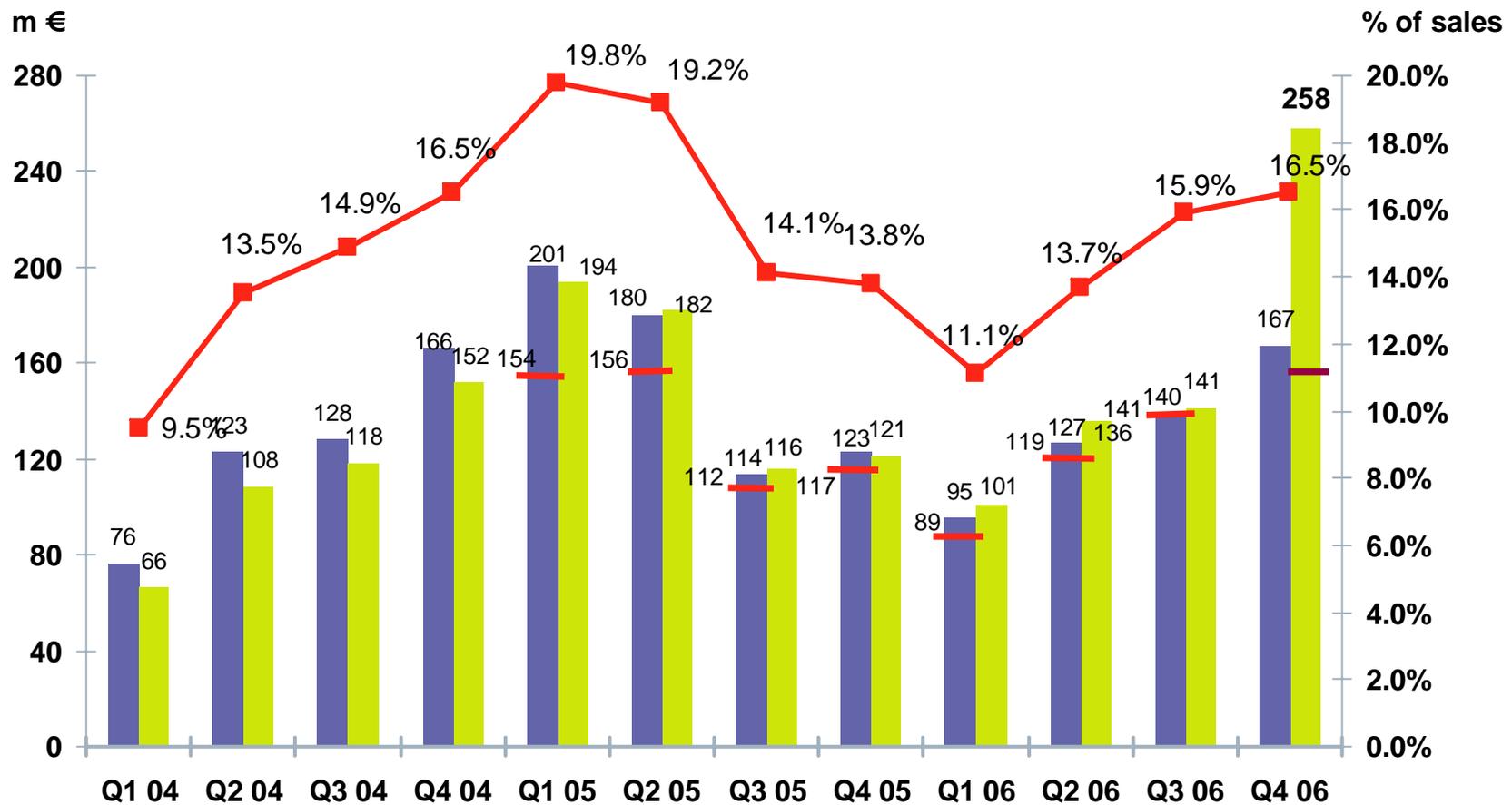
- Personnel in the end of 2006 was 13 303 (11 374)



Quarterly net sales, Group total



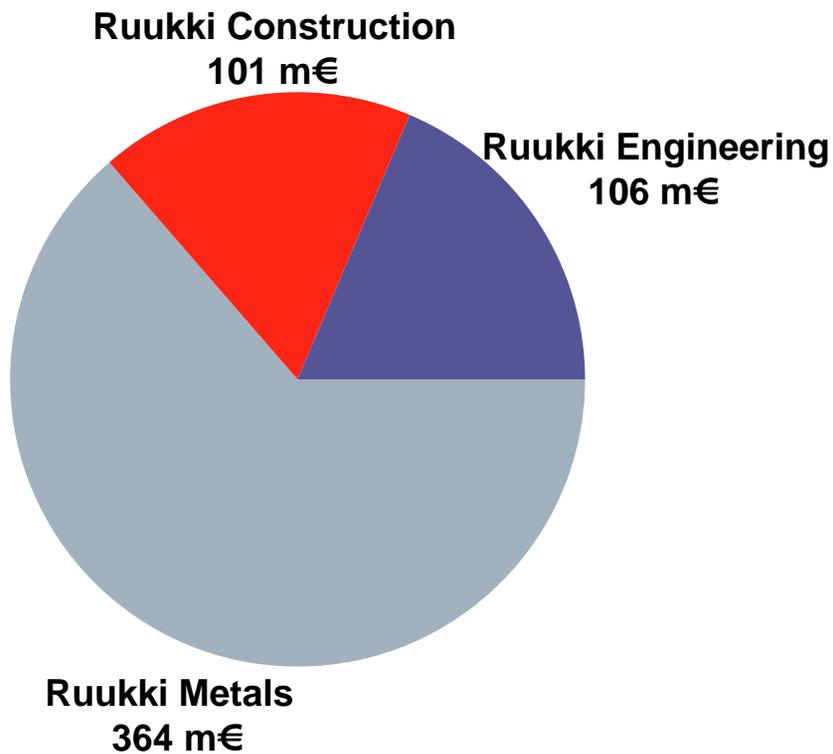
Quarterly EBIT and profit before taxes, Group total



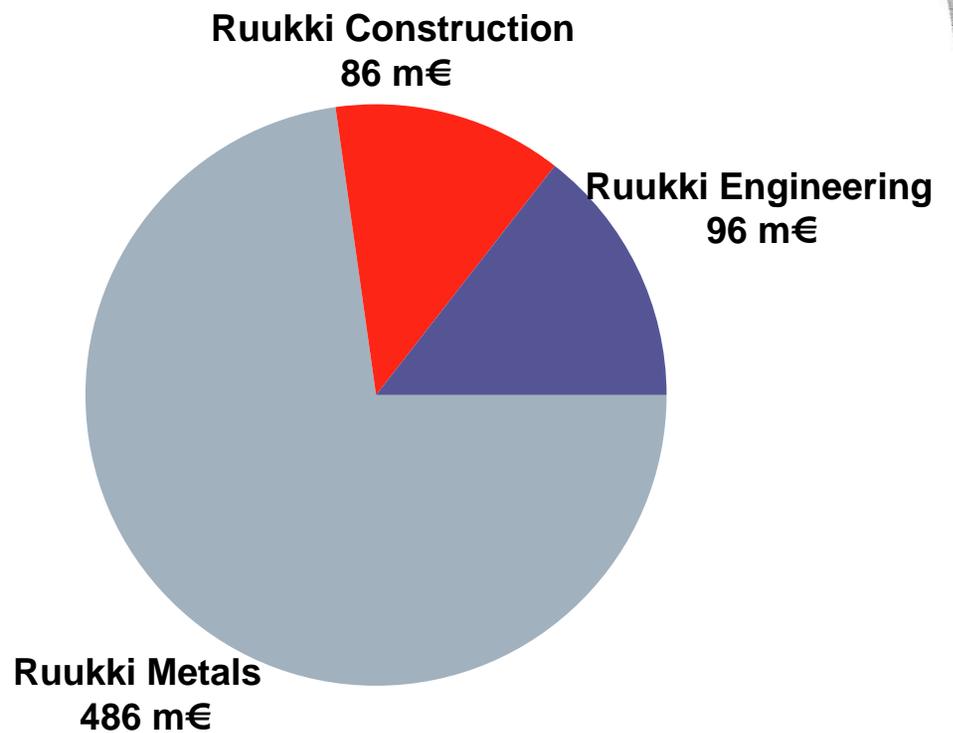
■ Operating profit
 ■ Pre-tax profit
 ■ Operating profit-%
— without capital gain on the divestment of Ovako
 — comparable EBIT (without Ovako & Nordinc Reinforcing business)

EBIT by division 2006 (2005)

2006*



2005*



*without corporate headquarter costs

New structure, more effective business

1. Ruukki United-efficiency programme

- Aims to achieve permanent cost savings of EUR 150 million by year-end 2008
 - EUR 43 million achieved to date
- Aims to permanently free up some EUR 150 million of capital by year-end 2008
 - EUR 59 million achieved to date

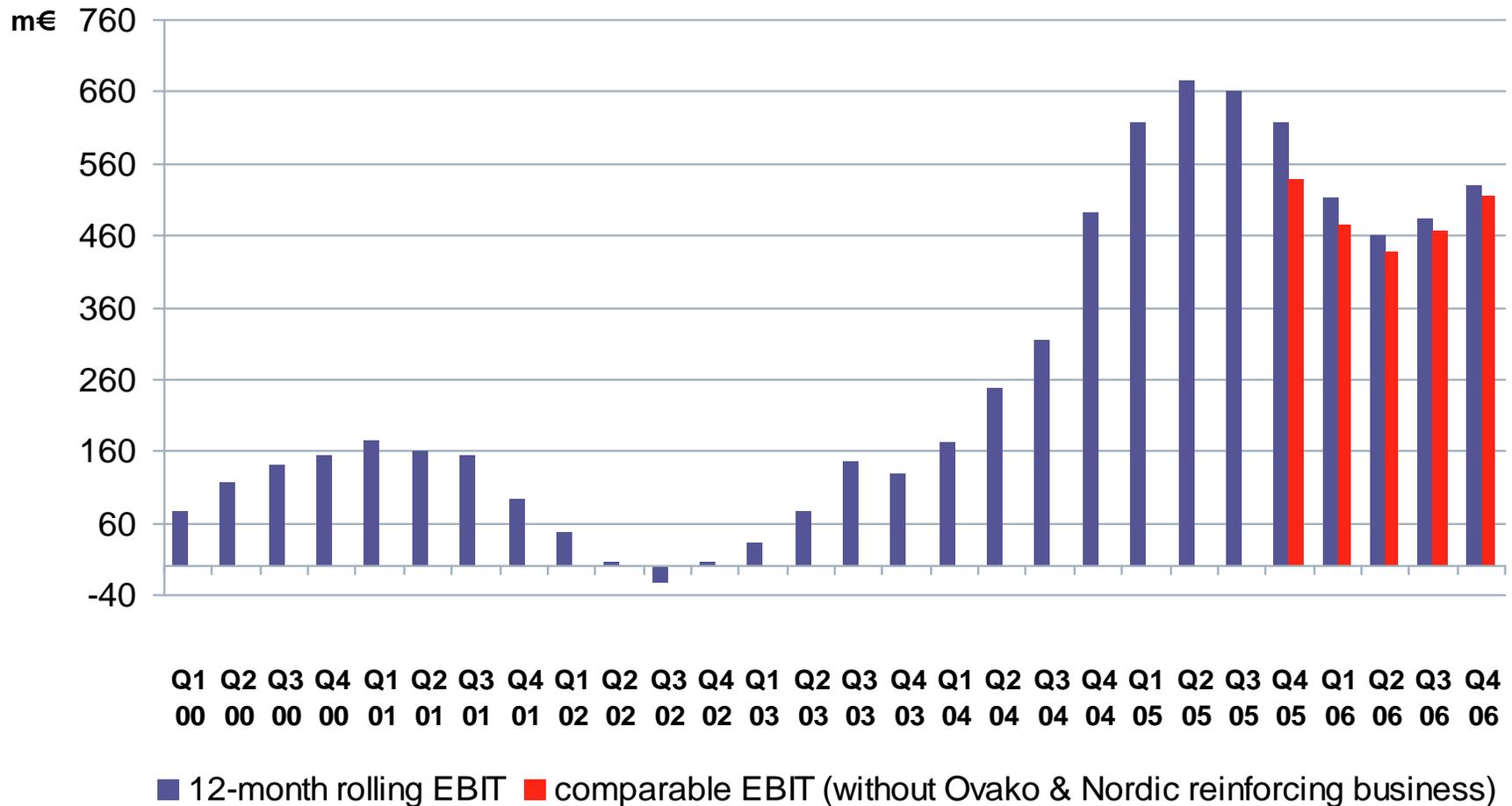
2. Divestment of long steel products

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

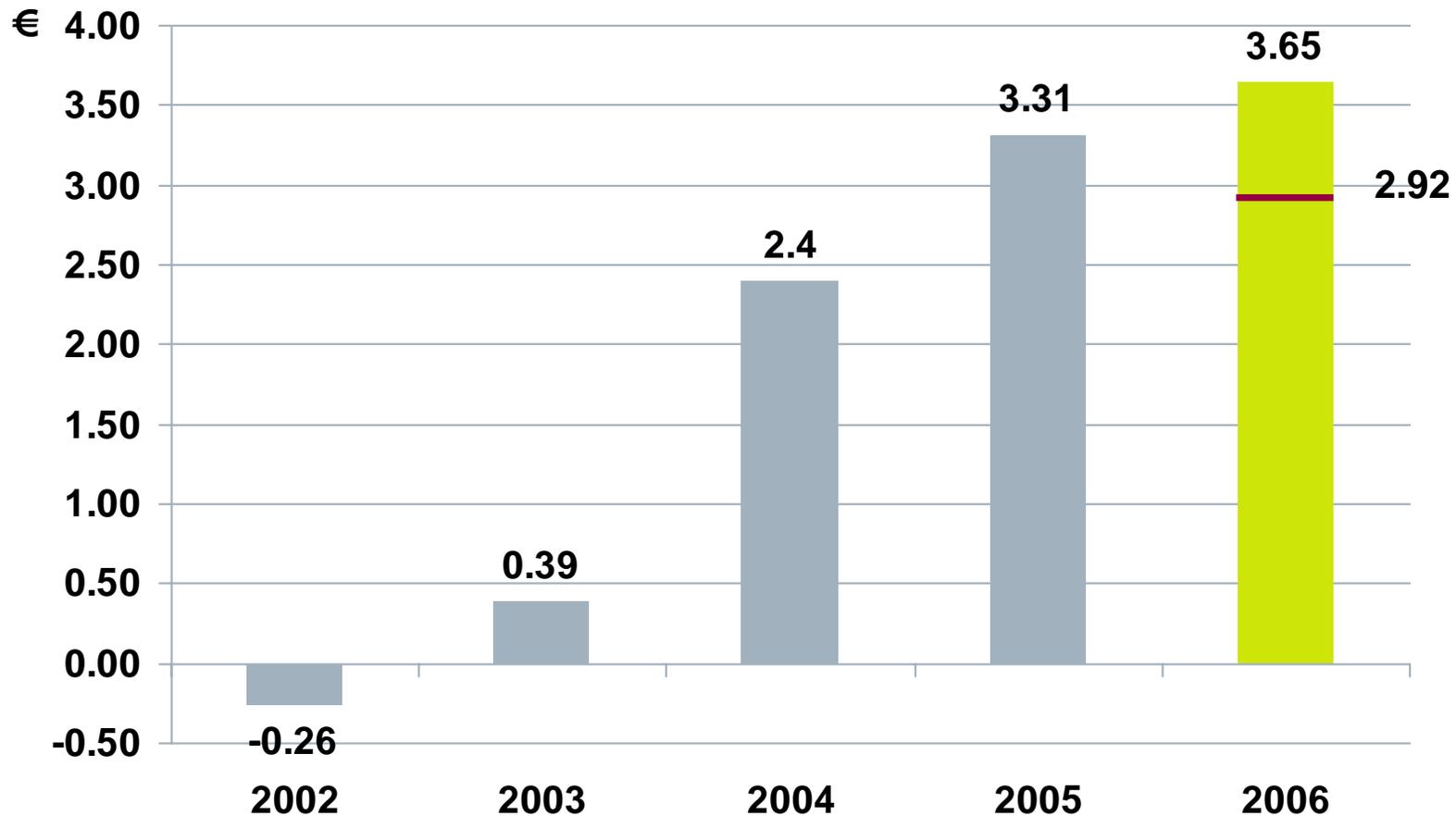
3. Improved sales structure

4. Disposals of poorly performing businesses

12-Month rolling EBIT 2000-2006



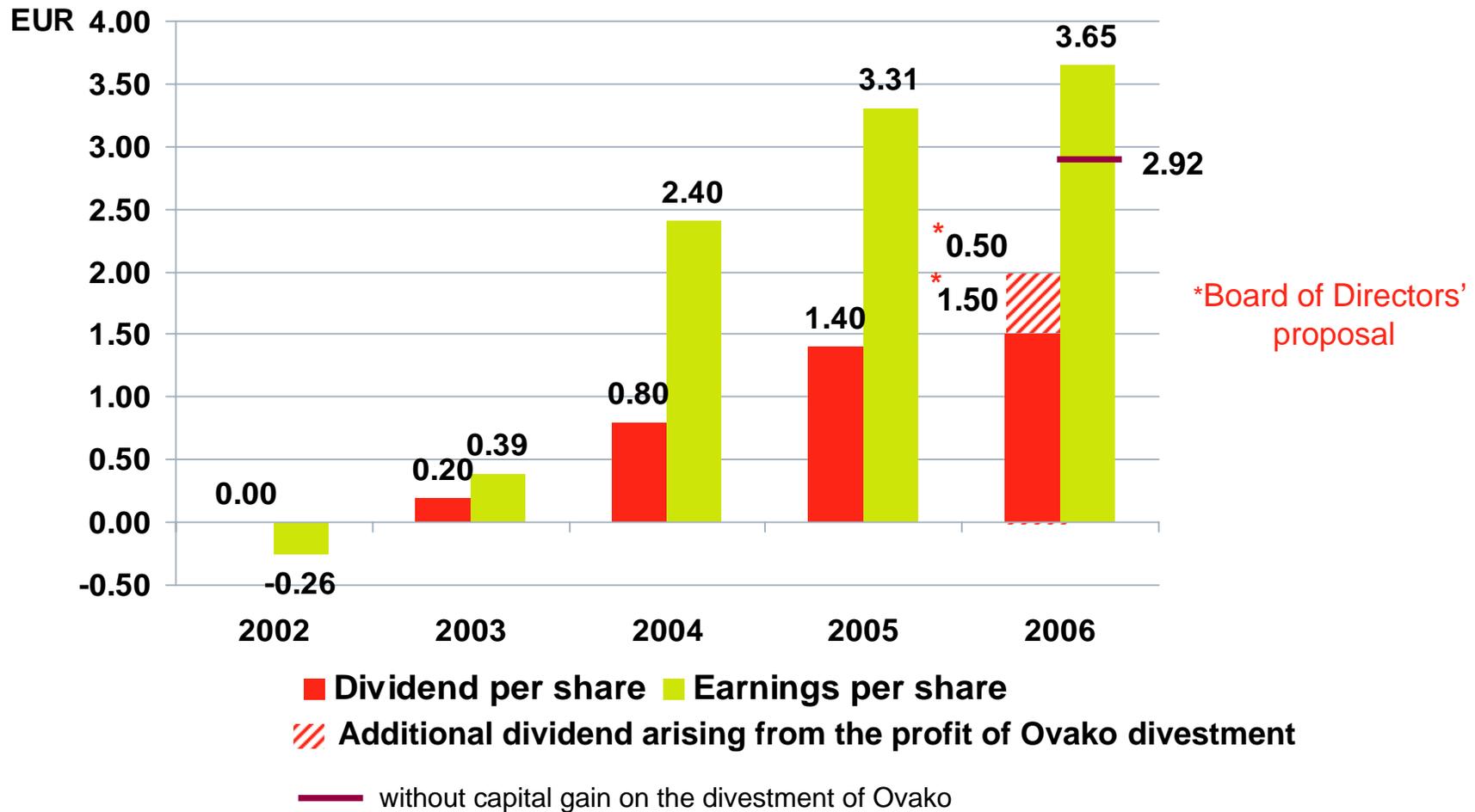
Earnings per share



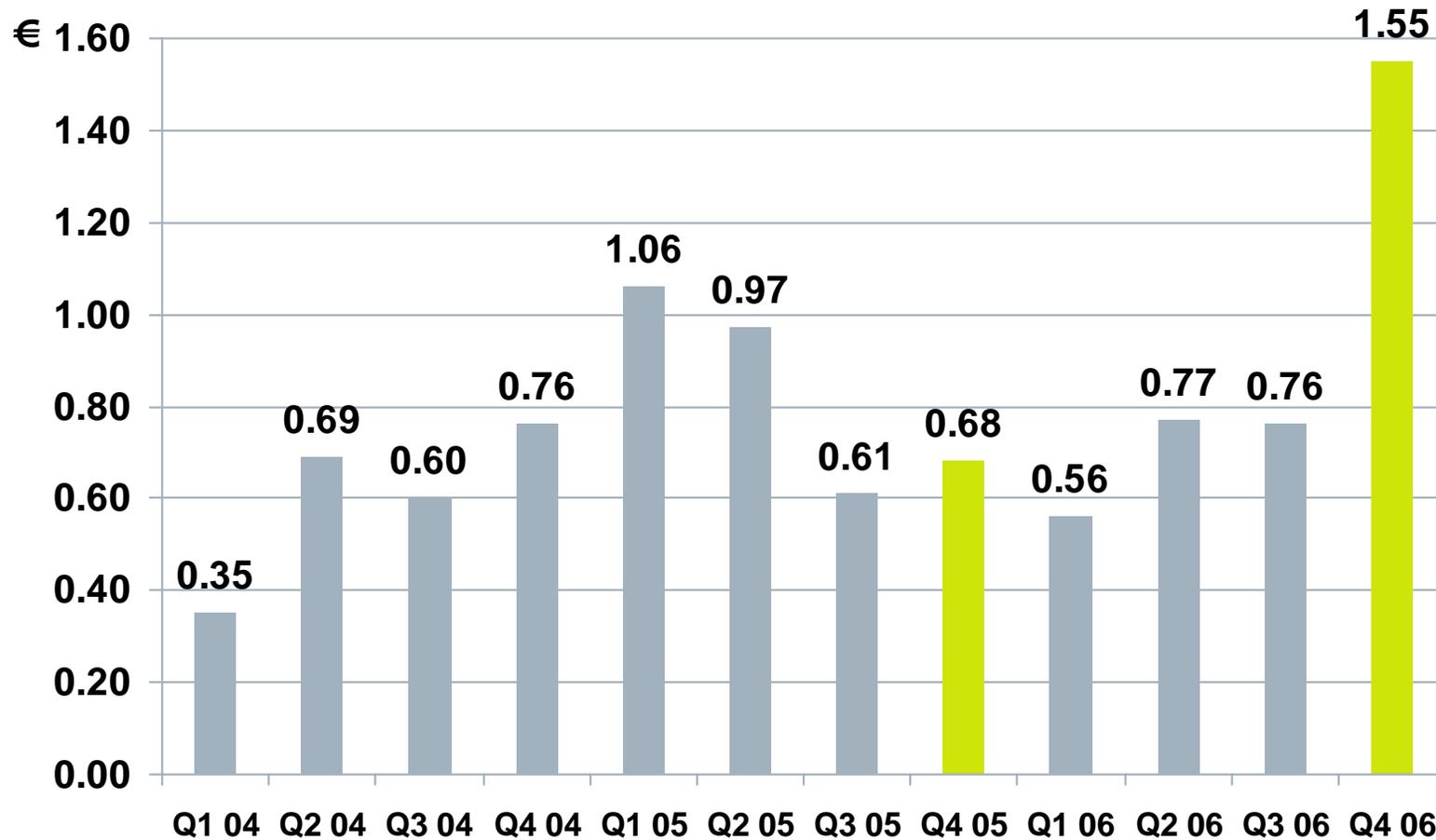
Years 2002 – 2003 according to FAS and from 2004 according to IFRS.

— without capital gain on the divestment of Ovako

Dividend proposal: EUR 1.5 per share and additional EUR 0.5 per share

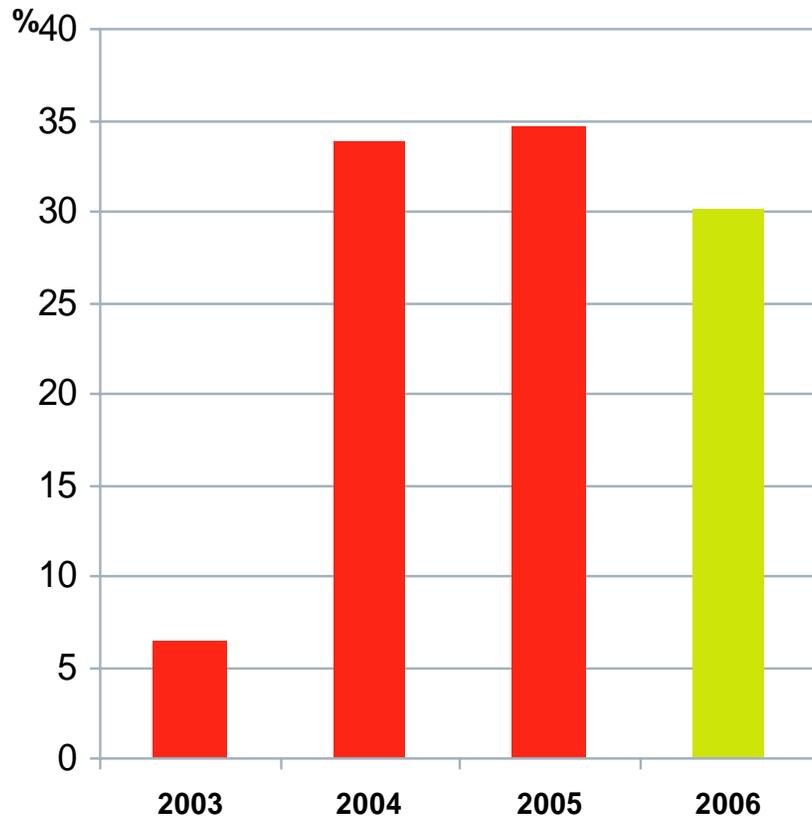


Quarterly earnings per share

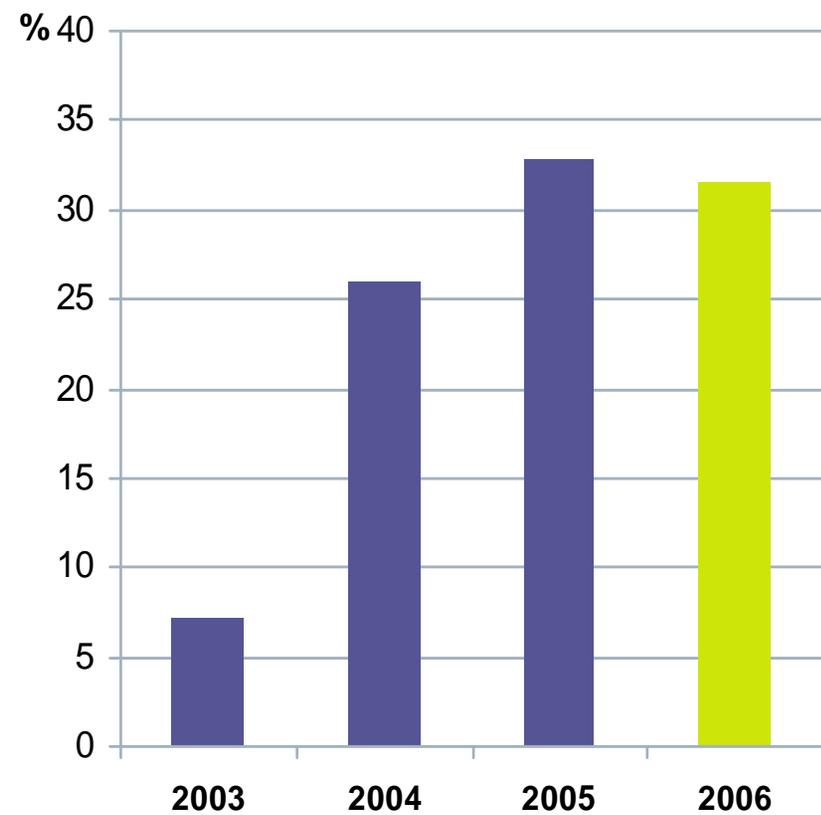


— without capital gain on the divestment of Ovako

Return on equity

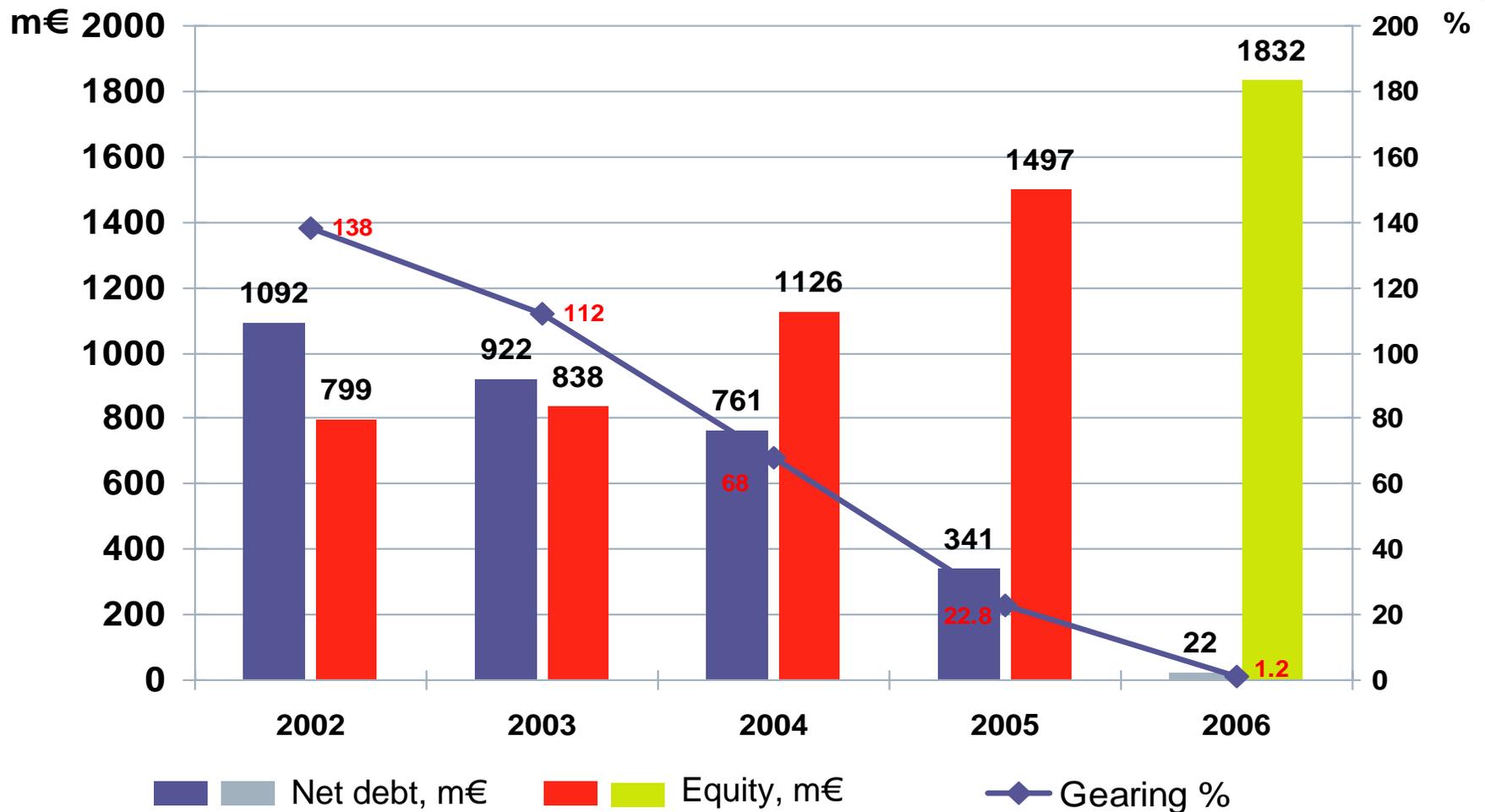


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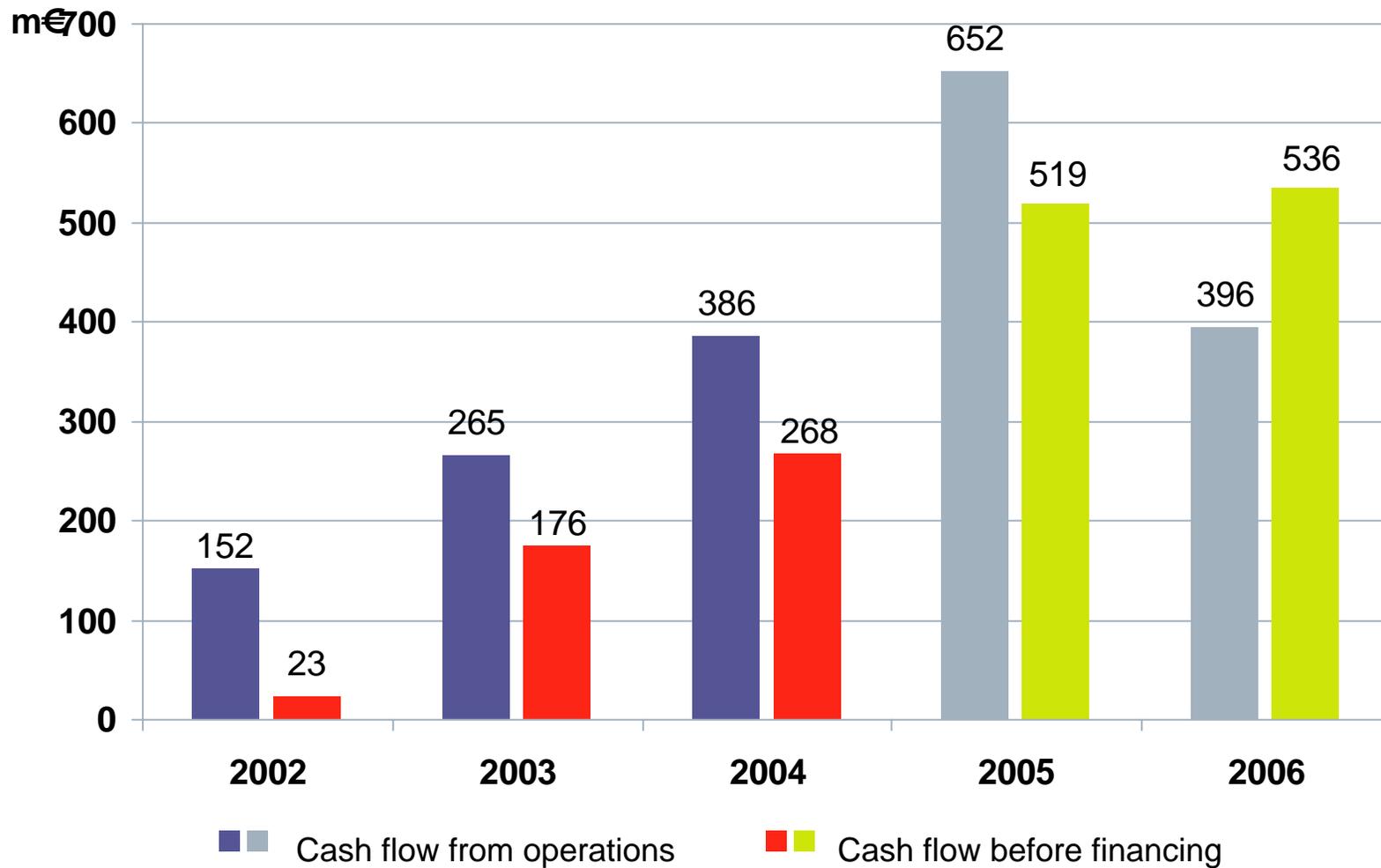
Year 2003 according to FAS and from 2004 according to IFRS.

Strong, debt-free balance sheet



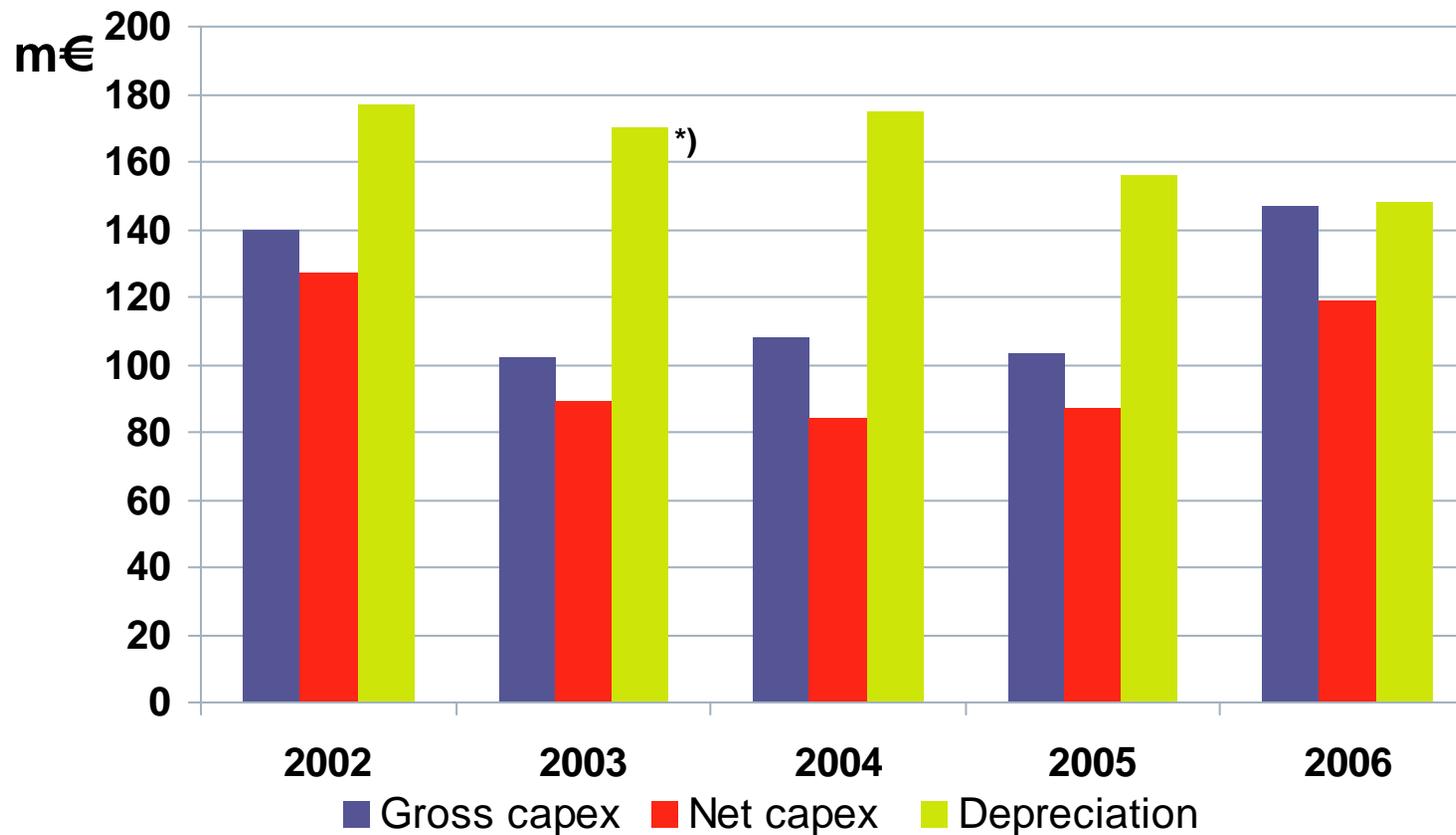
Years 2002 – 2003 according to FAS and from 2004 according to IFRS.

Strong cash flow



Years 2002 - 2003 according to FAS and from 2004 according to IFRS.

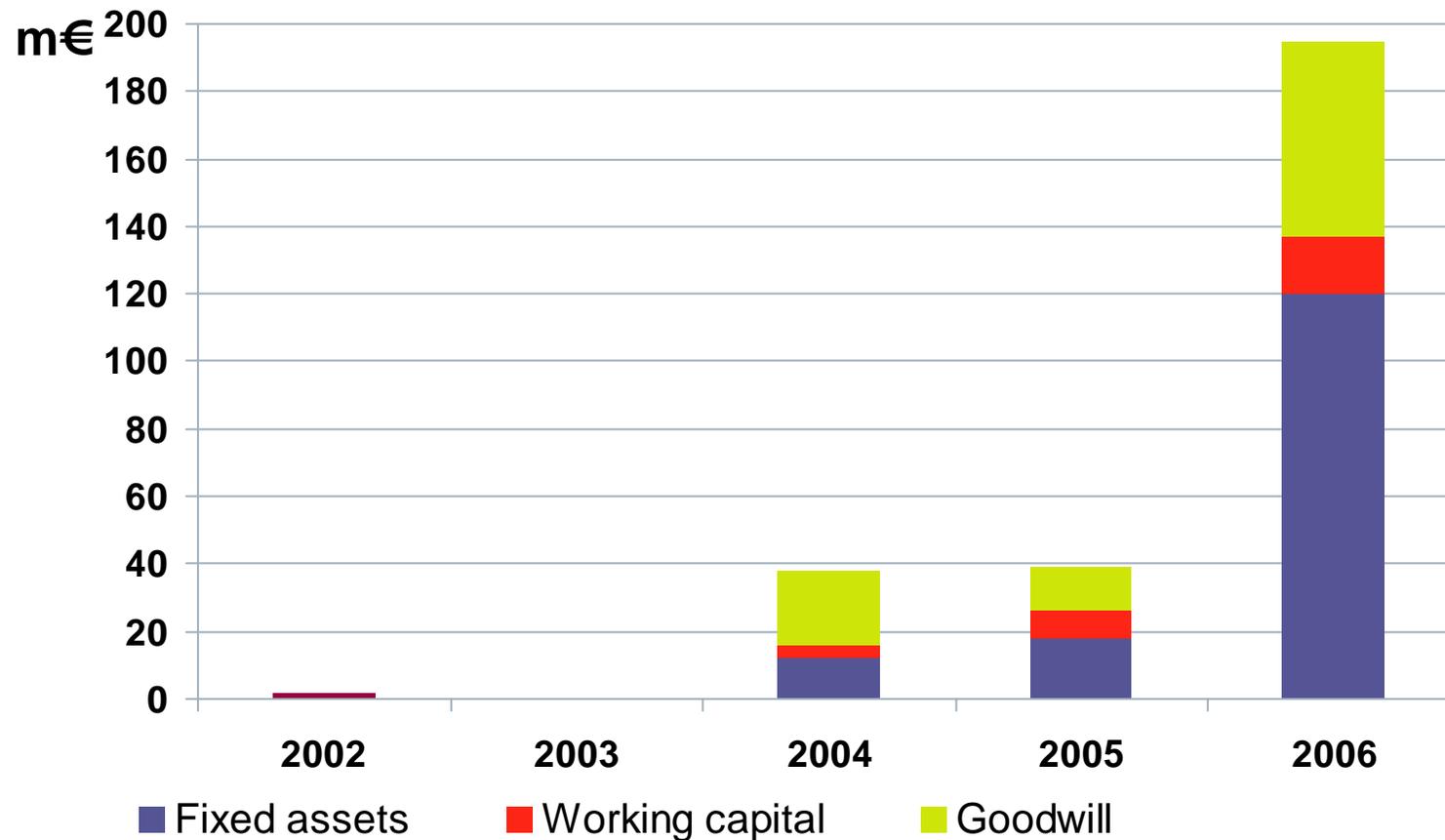
Capex vs. depreciation



^{*)} Excl. value reductions 33 m€

Years 2002 - 2003 according to FAS and from 2004 according to IFRS.

Acquisitions



Years 2002 – 2003 according to FAS and from 2004 according to IFRS.

Near-term Outlook

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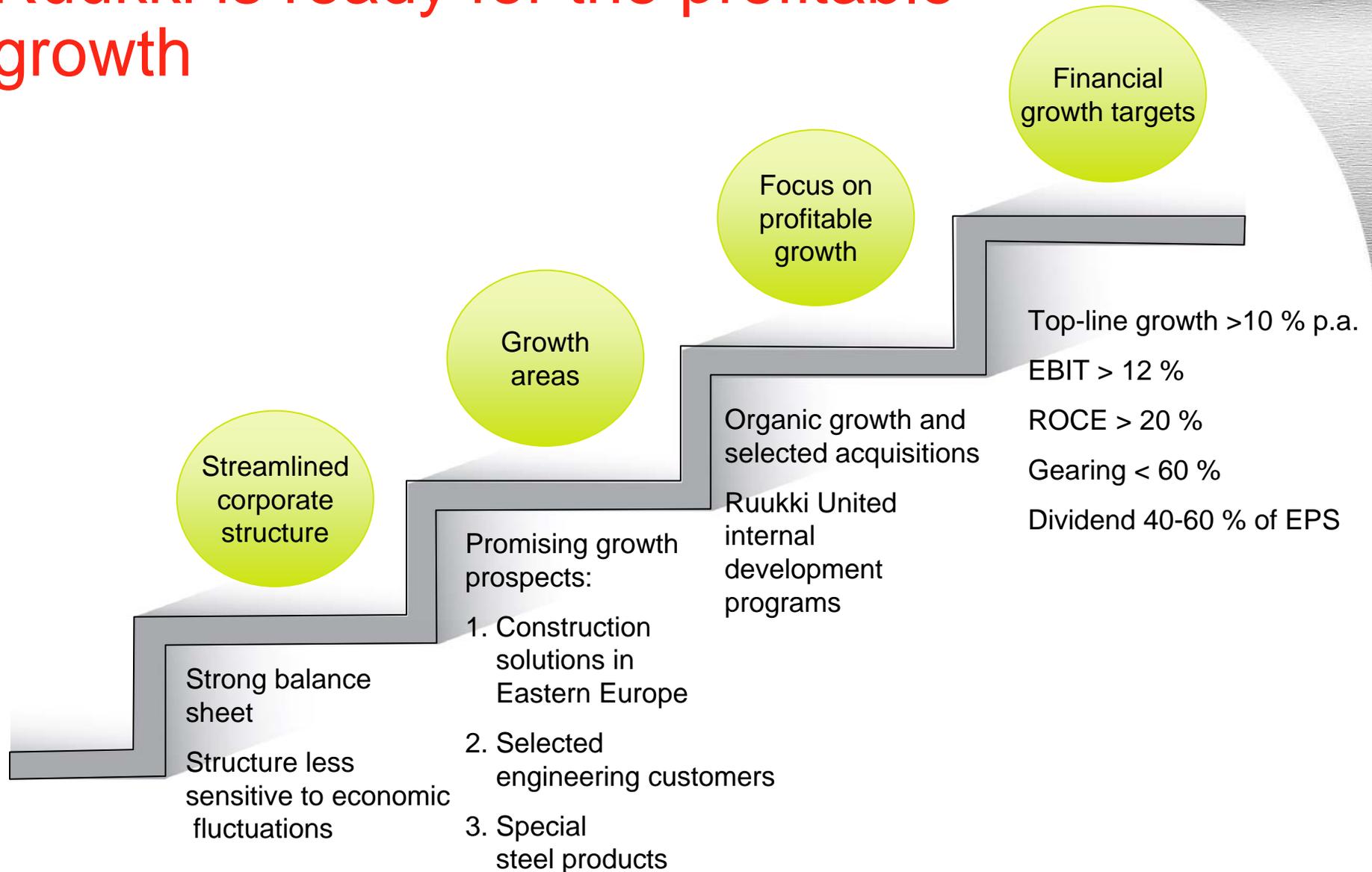
Near-term outlook

- Construction activity expected to remain good across our market area, especially in Eastern Europe
- Customers in the engineering industry have strong order books
- Good market for steel products is expected to continue in Rautaruukki's core market areas
- 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 comparable figure for last year

Summary

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Ruukki is ready for the profitable growth





NUUKIKI

more with metals

Appendix

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Financial summary

M€	Q4		Year	
	2006	2005	2006	2005
Net sales	1013	889	3682	3654
- pro forma	1013	815	3515	3128
EBIT	167	123	529	618
- % of net sales	16.5	13.8	14.4	16.9
- pro forma	167	117	515	539
- % of net sales	16.5	14.3	14.7	17.2
Pre tax profit	258	121	635	612
EPS, €	1.55	0.68	3.65	3.31
ROCE rolling 12-months, %	31.5	32.8	31.5	32.8
Gearing, %	1.2	22.8	1.2	22.8