Rautaruukki Oyj

Interim Report
January – June 2007
RTRKS

RAUTARUUKKI CORPORATION INTERIM REPORT JANUARY-JUNE 2007

The good market in the Group's core market areas and main customer industries has been maintained throughout the first half of the year. There was continued brisk construction activity in the Nordic countries, the Baltics, Central Eastern Europe and Russia. The order books of engineering customers, especially those in the lifting, handling and transportation equipment industry and energy industry are still strong and this has had a positive effect also on Rautaruukki's deliveries. Likewise, demand for standard and special steel products has continued at the good level in Northern Europe throughout the report period.

Net sales and result for January-June 2007 (comparable figures for Jan-June 2006)

The Group's net sales in January-June 2007 increased by 10 per cent to EUR 1,960 million (1,784). The increase in net sales was 20 per cent on comparable net sales of EUR 1,634 million for January-June 2006. The comparable figures exclude the Nordic Reinforcing units, which were part of the Group until 31 July 2006. Ruukki Construction's net sales grew by 50 per cent to EUR 471 million (315). Ruukki Engineering's net sales were EUR 330 million (274) and Ruukki Metals' EUR 1,159 million (1,195).

The solutions businesses - Ruukki Construction and Ruukki Engineering - accounted for 41 per cent (33) of net sales during the report period. Of net sales, 82 per cent (79) came from Rautaruukki's core market areas: 31 per cent (32) from Finland, 32 per cent (34) from the other Nordic countries and 19 per cent (13) from Central Eastern Europe, Russia and Ukraine. The rest of Europe accounted for 16 per cent (19) of net sales and other countries for 2 per cent (2).

Operating profit for the report period was EUR 356 million (222), which is 18 per cent (12) of net sales and EUR 148 million more than the comparable operating profit of EUR 208 million reported last year. The solutions businesses accounted for 37 per cent (34) of the Group's operating profit. Ruukki Construction's operating profit rose to EUR 73 million (29), Ruukki Engineering's to EUR 58 million (46) and Ruukki Metals' to EUR 236 million (164).

Net finance expense amounted to EUR 6 million (13). A marked decrease in net indebtedness caused the net interest expense to decrease from EUR 10 million last year to EUR 4 million.

The share of associates' profits was EUR 3 million (29, of which Ovako accounted for EUR 26 million).

Profit before taxes was EUR 353 million (237).

Group taxes were EUR 91 million (53), including a decrease in deferred taxes of EUR 11 million (an increase of 2). The effective tax rate was 26 per cent (24).

Profit for the report period was EUR 262 million (184).

Diluted earnings per share were EUR 1.89 (1.33).

The return on capital employed over the past 12 months was 36.3 per cent (24.1) and the return on equity was 34.9 per cent (25.5). Excluding the impact of the capital gain arising from the divestment of Ovako, the return on capital employed was 31.6 per cent and the return on equity was 28.9 per cent over the same period.

Balance sheet

The consolidated balance sheet total increased by EUR 40 million compared to 30 June 2006. Since year-end 2006, the balance sheet total has decreased by EUR 77 million to EUR 2,948 million.

Shareholders' equity at 30 June 2007 was EUR 1,801 million (1,519) and net interest-bearing liabilities were EUR 233 million (538).

Cash flow and financing

Cash flow from operating activities was EUR 163 million (139) and cash flow after investing activities was EUR 69 million (18).

Net interest-bearing liabilities at 30 June 2007 were EUR 233 million (538), compared to EUR 22 million at year-end 2006. Working capital increased by EUR 153 million (18) during January-June 2007. EUR 37 million of this increase was attributable to a rise in trade and other receivables and the remainder to inventories.

The equity ratio was 62.6 per cent (53.2) and net gearing 12.9 per cent (35.4). At 30 June 2007, the Group had liquid assets of EUR 116 million and a total of EUR 300 million unused revolving credit facilities with banks. At 30 June 2007, shareholders' equity stood at EUR 1,801 million (1,519), or EUR 13.00 per share (11.12). In April, Rautaruukki paid to its shareholders EUR 207 million in dividends and an additional dividend of EUR 69 million out of the capital gain arising from the divestment of Ovako.

Personnel

During the first six months of 2007, the Group employed an average of 14,607 people (12,645). At 30 June 2007, the headcount was 15,297 (14,952), an increase of 345 persons compared to the end of June 2006.

Structural changes

To strengthen its expertise in the manufacture and installation of bridge structures, Rautaruukki acquired the entire share capital of Norwegian steel bridge supplier Scanbridge AS for a debt-free purchase price of around EUR 6 million. The acquisition was completed on 2 April 2007 and Scanbridge has been accounted for in Rautaruukki's consolidated financial statements as of 1 April 2007. Scanbridge had net sales of some EUR 9 million in 2006 and employs 75 persons.

In May, Rautaruukki moved further ahead with the implementation of its growth strategy in the lifting, handling and transportation equipment customer segment by acquiring an 80.7 per cent share in Hungarian company Aprítógépgyár Zrt. (AGJ). The transaction was closed on 29 May 2007 and AGJ has been accounted for in Rautaruukki's consolidated financial statements as of 1 June 2007. Acquisition of AGJ brings the company new customers and business potential, and adds to its manufacturing network in Central Eastern Europe. AGJ had net sales of some EUR 43 million in 2006 and employs around 740 persons.

Further progress was made with simplifying the Group's legal structure. The merger of TOP-Teräs Oy, Rautaruukki International Oy and Kiinteistö OY Pakilantie 61-63 with the parent company was entered in the Finnish Trade Register on 4 June 2007. In addition, the merger of Teräsportti Oy is pending and is expected to be completed by 1 November 2007.

Capital expenditure

Cash flow from investing activities during the report period was EUR 94 million (121).

Investments in tangible and intangible assets totalled EUR 73 million (59) during January-June 2007. The largest investments were in increasing Ruukki Construction's capacity and in strengthening the company's capability to deliver special products. During the report period, disposals of property plant and equipment amounted to EUR 4 million (4).

EUR 40 million was spent on M&A arrangements during the report period. Property, plant and equipment obtained through acquisitions increased by EUR 18 million and goodwill by EUR 3 million. These arrangements had no material impact on the amount of working capital.

Additionally, divestments taking place last year resulted in a positive cash flow of EUR 15 million during the report period.

Gross investments in tangible and intangible assets are expected to exceed EUR 200 million during 2007. (This figure excludes any acquisitions or divestments.)

Shares and share capital

During the first six months of 2007, Rautaruukki Oyj shares were traded for a total of EUR 3,956 million (2,732) on the OMX Nordic Exchange Helsinki. The highest price quoted was EUR 48.97 in June and the lowest was EUR 27.38 in January. The volume weighted average share price was EUR 37.48. At 30 June 2007, the share closed at EUR 47.57 and the company had a market capitalisation of EUR 6,668 million (3,280).

The company's registered share capital at 30 June 2007 was EUR 238.3 million distributed across 140,172,984 shares.

Employee warrants based on the 2003 bond loan with warrants have been publicly traded on the OMX Nordic Exchange Helsinki since 24 May 2006. One warrant entitles the holder to subscribe one Rautaruukki share at a price of EUR 1.70. By 30 June 2007, warrants had been exercised to subscribe a total of 1,286,539 shares. The outstanding warrants entitle subscription to a total of 113,461 shares. The subscription period expires on 23 May 2009.

The Board of Directors is authorised to purchase a maximum of 12,000,000 of the company's shares (8.56 per cent of the total number of shares issued). This authorisation is valid for 18 months from the decision of the Annual General Meeting on 20 March 2007. The Board of Directors has not exercised this authorisation during the first six months of 2007.

Likewise, the Board of Directors is authorised to dispose of a maximum of 13,785,381 treasury shares. The authorisation is valid until the close of the 2009 Annual General Meeting. On 20 March 2007, under the Board of Directors' authorisation, the company transferred 84,000 treasury shares to persons covered by the Group's share bonus scheme 2004. Subsequent to this, the company has 1,701,381 treasury shares, which had a market value of EUR 80.9 million at 30 June 2007.

At the end of the report period, the Board of Directors had no valid authorisation to issue convertible bonds or bonds with warrants or to increase the company's share capital.

Environmental issues

The company's Raahe Works and the steam boilers at the Hämeenlinna Works in Finland come under the European Union's emissions trading scheme. In 2006, the Raahe Works accounted for 99.2 per cent of Rautaruukki's carbon dioxide emissions falling within the scope of emissions trading. The steel section mill in Mo i Rana, Norway, comes under a similar Norwegian emissions trading scheme.

In June, the European Commission adopted Finland's national allocation plan for emissions allowances in the EU emissions trading scheme for the 2008-2012 trading period. The Commission cut Finland's allowances by 2 million tonnes. In Finland's proposal, Rautaruukki's Finnish operations received emissions allowances in the initial free allocation based on its needs for 2008-2012, less a matching coefficient of 5 per cent. The need was assessed using production capacity in 2007 and specific emissions for 1998-2002 under Finland's Emissions Trading Act. Because the Commission further cut Finland's emissions allowances, the exact allowances will not be known until after an amendment that must be made to the Act.

From the business aspect, the company is not expected to incur significant costs as a result of buying emissions allowances during the current three-year trading period 2005-2007.

Improvement in cost-effectiveness

Ruukki United, the company's programme to harmonise ways of working and improve efficiency, aims to achieve cost savings, compared with 2004 levels, of around EUR 150 million by year-end 2008. EUR 62 million of this target had been achieved by the end of the report period.

The Ruukki United programme also seeks to permanently free up some EUR 150 million of capital by year-end 2008. EUR 81 million of this target had been achieved by the end of the report period.

Impacts of the programme on staffing levels are ascertained on a project-specific basis and any reductions are expected to be made mostly through retirement and relocation.

Events after the report period

The Board of Directors decided on 31 July 2007 to transfer 225,194 treasury shares to persons covered by the final incentive period 2004-2006 of the share bonus scheme 2000. The shares will be transferred on 3 August 2007.

Near-term outlook

The good market in the Group's core market areas and in key customer industries is expected to continue. Construction activity is expected to remain brisk across the entire market area. It is anticipated the construction market in Eastern Europe will grow at a faster rate than in other areas. Demand from engineering industry customers is likely to remain strong in the lifting, handling and transportation equipment industry, as well as in the energy, shipbuilding and offshore sectors. The market for steel products in the Group's 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.

This interim report is unaudited.

Helsinki, 1 August 2007

Rautaruukki Corporation

Board of Directors

DIVISIONS

Ruukki Construction

EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07
Net sales	133	181	244	271	829	213	258
Operating profit	8	21	33	39	101	33	40
as % of net sales	6	12	14	14	12	15	15

During January-June 2007, Ruukki Construction had net sales of EUR 471 million (315), up by 50 per cent on the corresponding figure a year earlier. Operating profit increased to EUR 73 million (29). The division accounted for 24 per cent (18) of the Group's net sales. Higher net sales and operating profit were due to good prices for total deliveries, systems and components, as well as to an increase in deliveries. Net sales were up particularly in Russia and Finland.

Strong demand and the good market situation are expected to continue across Ruukki Construction's core market and in all product groups, despite increasing competition on the Eastern European market.

Total deliveries continued to account for an increasing percentage of sales. Demand for commercial and office construction and total deliveries grew in the Russian and Central Eastern European markets. Deliveries of industrial halls increased the average size of deliveries. The number of total deliveries continued to grow strongly in the Nordic countries. Likewise, deliveries of construction components were brisk in all market areas.

In May, Ruukki Construction launched a new solutions package, which comprises many construction technology innovations to increase the speed and efficiency of multi-storey office and commercial construction and at the same time to improve on-site safety. A pilot construction project based on a total delivery which includes the first new type of pile foundation base, as well as frame and façades, has already started in Helsinki in June.

Geographic expansion of Rautaruukki's market area in Russia continued and already 40 per cent of deliveries are supplied to outside Central Russia. Ongoing investments in Romania, Ukraine, Finland, Poland and Russia will markedly strengthen Rautaruukki's capability, in part already during the current year, to deliver frame structures, sandwich panels and profiled products in these rapidly growing markets.

There was continued good demand for harbour, road and railway construction and for building foundation solutions. Several significant transport infrastructure projects are under way in the Nordic countries. These projects include the E18 road project in Finland, for which Rautaruukki is supplying extensive pile and guard rail systems, as well as bridge structures. Integration of the Norwegian company Scanbridge AS, acquired in April 2007, was completed during the report period. As a result, Rautaruukki has markedly strengthened its position as a total supplier of demanding bridge projects in the Nordic countries.

Ruukki Engineering

EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07
Net sales	132	142	127	157	557	167	163
Operating profit	25	21	28	33	106	32	27
as % of turnover	19	15	22	21	19	19	16

During January-June 2007, Ruukki Engineering had net sales of EUR 330 million (274), up by 20 per cent on the corresponding figure a year earlier. Higher net sales were attributable to the continued extremely strong market, the acquisition of Omeo Mekaniska Verkstad AB, completed in January, and the acquisition of Hungarian company Aprítógépgyár Zrt. (AGJ), completed in May. The division accounted for 17 per cent (15) of the Group’s net sales. Operating profit for January-June 2007 was EUR 58 million (46). The operating margin was weaker compared to the previous quarter primarily because of the different sales structure.

Order books remained strong in all Ruukki Engineering’s customer sectors. Whereas systems deliveries to customers in the lifting, handling and transportation equipment industry earlier consisted mostly of cabins for mobile machinery, orders are now rising for deliveries of ready-to-install booms for materials handling equipment. There has been an increase in deliveries to the energy industry of components such as the steel crane grids used in nacelles in wind power plants. Demand in the paper and wood processing industry has remained strong. Likewise, order books in the shipbuilding and offshore sectors are extremely healthy.

The acquisition of Aprítógépgyár Zrt. (AGJ) completed in May supports Rautaruukki’s growth strategy especially in the lifting, handling and transportation equipment customer segment. AGJ’s production units in Hungary add to Rautaruukki’s manufacturing network in Central Eastern Europe. AGJ has enabled Rautaruukki to start delivering components to new customers, including leading Western European manufacturers of earthmoving machinery and materials handling equipment.

Ruukki Metals

EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07
Net sales	591	604	514	583	2 291	570	588
Operating profit	77	87	89	111	364	119	117
as % of net sales	13	14	17	19	16	21	20

During January-June 2007, Ruukki Metals had net sales of EUR 1,159 million (1,195), up by 11 per cent against the comparable figure of EUR 1,044 million a year earlier. The comparable figures exclude the Nordic Reinforcing units, which were part of the business until 31 July 2006. Operating profit was up by 44 per cent to EUR 236 million (164). Comparable operating profit for the corresponding period a year earlier was EUR 150 million. Greater profitability was attributable to stronger sales prices and a change in the sales structure. Special products continue to make up an increasing share of sales. The division accounted for 59 per cent (67) of consolidated net sales.

Demand has held up well in the division’s core market areas and customer industries. There was particularly good demand for hot-rolled plates and colour-coated products. Due to strong demand, delivery times are still long for certain products. Prices of steel products have further strengthened.

To strengthen the capability to deliver special products, this autumn the Hyvinkää service centre in Finland will begin using laser cutting technology to cut heavy-duty tubes and cold-formed sections used in the engineering industry and construction. Laser technology will enable a new type of design for heavy structures.

Rautaruukki has progressed with a project to improve customer service and delivery accuracy in Finland. As part of this project, work has started on improving small batch deliveries at the Hyvinkää, Järvenpää and Naantali service centres.

Ruukki Production

1000 tonnes	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07
Steel production	888	860	725	744	3 217	703	672
Steel production in Raahe	709	693	705	744	2 853	703	672

Production ran normally at all works. Steel output during January-June 2007 was 1,375,000 tonnes. The comparable figure for 2006, excluding the Mo i Rana reinforcing steel production divested, was 1,402,800 tonnes.

There was good demand for the colour-coated and tube products used in construction and more of these products were manufactured than a year ago. Demand for heavy plates was good and plate production operated at full capacity.

Prices of raw materials and energy during the first six months of 2007 were at the same level as those a year ago. The cost of raw materials has been agreed until the end of the year through annual agreements. Hedging agreements level out fluctuations in the world market prices of zinc and electricity. Overall, the cost of raw materials in steel production in 2007 is expected to be at the same level as in 2006.

Deliveries from Kostamuksha in Russia of iron ore pellets used as a raw material in iron production at the Raahe Works in Finland ceased at the end of March. Rautaruukki and LKAB of Sweden signed a long-term contract for the supply of iron ore pellets in January 2007. Since 1 April 2007, LKAB has supplied all the iron pellets used at Raahe. The pellets come from Northern Sweden.

Good progress was made with investments to enhance the delivery capability of special products. A direct quenching unit is being installed in the plate mill in Raahe in August. This unit will enable Ruukki Metals to considerably expand the range and increase manufacturing volumes of high-strength steels. Investments to increase the delivery capability of high-strength steels support Ruukki Engineering's business in the growing lifting, handling and transportation equipment industry and also enable Ruukki Metals to increase the share of sales of high-strength steels. Several development projects relating to new types of coating and coating production are also under way. These projects particularly support Ruukki Construction's business.

TABLES

This interim report has been prepared in accordance with IAS 34 and is in conformity with the accounting policies published in the annual financial statements.

Individual figures and totals appearing in the tables have been rounded to the nearest full million of euros. This means that they will not always tally when added together or subtracted. The figures given in tables are unaudited.

SUMMARY CONSOLIDATED INCOME STATEMENT					
EUR million	**Q2/07**	**Q2/06**	**Q1-Q2/07**	**Q1-Q2/06**	**2006**
Net sales	1 009	928	1 960	1 784	3 682
Other operating income	5	6	9	10	32
Operating expenses	-799	-770	-1 538	-1 499	-3 037
Depreciation, amortisation and impairment losses	-38	-37	-75	-74	-148
Operating profit	178	127	356	222	529
Finance income and expense	-4	-7	-6	-13	-22
Share of results of associated companies	2	16	3	29	129
Profit before taxes	176	136	353	237	635
Taxes	-46	-29	-91	-53	-134
Profit for the period	130	106	262	184	501
Attributable to:					
Equity shareholders of the parent	130	106	261	184	501

Minority interests	0	0	1	0	0
Diluted earnings per share, EUR	0.93	0.77	1.89	1.33	3.65
Basic earnings per share, EUR	0.94	0.78	1.89	1.35	3.66
Operating profit as % of net sales	17.7	13.7	18.2	12.4	14.4

SUMMARY CONSOLIDATED BALANCE SHEET	**30 Jun**	**30 Jun**	**31 Dec**
EUR million	**2007**	**2006**	**2006**
ASSETS			
Non-current assets	1 473	1 549	1 454
Current assets			
Inventories	693	499	586
Trade and other receivables	666	595	624
Cash and cash equivalents	116	46	361
Non-current assets available for sale*	0	218	0
	2 948	2 908	3 026
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent	1 801	1 519	1 832
Minority interests	3	1	1
Non-current liabilities			
Interest-bearing	207	334	218
Other	214	215	226
Current liabilities			
Interest-bearing	141	271	164
Trade payables and other liabilities	582	501	584
Liabilities related to non-current assets available for sale*	0	66	0
	2 948	2 908	3 026
* In the comparable information for 2006, the Group has classified the Nordic reinforcing steel business as assets available for sale. In April 2006, Rautaruukki signed an agreement to sell this business.			

SUMMARY CASH FLOW STATEMENT			
EUR million	**Q1-Q2/07**	**Q1-Q2/06**	**2006**
Profit for the period	262	184	501
Adjustments	170	111	168
Cash flow before change in working capital	431	295	669
Change in working capital	-153	-18	-76
Financing items and taxes	-116	-138	-197
Cash flow from operating activities	163	139	396
Cash flow from investing activities	-94	-121	140
Cash flow before financing activities	69	18	536
Dividends paid*	-276	-191	-191
Other net cash flow from financing activities	-38	83	-147
Change in cash and cash equivalents	-245	-91	198
*) Dividends paid in 2007 include an extra dividend totalling EUR 69 million out of the capital gain arising from the divestment of Ovako.			

KEY FIGURES	**Q1-Q2/07**	**Q1-Q2/06**	**2006**
Net sales, EUR m	1 960	1 784	3 682
Operating profit, EUR m	356	222	529
as % of net sales	18.2	12.4	14.4
Profit before taxes, EUR m	353	237	635
as % of net sales	18.0	13.3	17.3
Profit for the period, EUR m	262	184	501
as % of net sales	13.3	10.3	13.6

Return on capital employed*, %	36.3	24.1	31.5
Return on equity*, %	34.9	25.5	30.1
Equity ratio, %	62.6	53.2	61.6
Gearing ratio, %	12.9	35.4	1.2
Net interest-bearing liabilities, EUR m	233	538	22
Equity per share, EUR	13.00	11.12	13.26
Personnel on average	14 607	12 645	13 121
Number of shares	140 172 984	138 886 445	139 957 418
- excluding treasury shares	138 471 603	136 584 748	138 172 037
- diluted, average	138 410 652	137 853 798	137 144 515
* Based on previous 12 months			

CHANGES IN EQUITY Q1-Q2/2007							
EUR million							
	Attributable to equity shareholders of the parent						
	Share cap-ital	Share prem. act.	Fair value and other re-serves	Trans-lation diff.	Ret-ained earn-ings	Total	Min-ority int.
EQUITY AT 1 JAN	238	220	44	-3	1 333	1 832	1
Cash flow hedging							
Transferred to equity			-24			-24	
Deferred taxes			6			6	
Change in translation difference							
Cost of share-based payments							
Disposal of treasury shares			-2		3	1	
Dividend distribution					-276	-276	
Profit for the period					261	261	2
EQUITY AT 30 JUNE	238	220	25	-3	1 321	1 801	3

CHANGE IN EQUITY Q1-Q2/2006							
EUR million							
	Attributable to equity shareholders of the parent						
	Share cap-ital	Share prem. act.	Fair value and other re-serves	Trans-lation diff.	Ret-ained earn-ings	Total	Min-ority int.
EQUITY AT 1 JAN	236	220	31	-5	1 016	1 497	1
Cash flow hedging							
Transferred to equity			32			32	
Deferred taxes			-8			-8	
Cost of share-based payments			2			2	
Disposal of treasury shares			-3		2	0	
Change in translation difference				4		4	
Dividend distribution					-191	-191	
Profit for the period					184	184	
EQUITY AT 30 JUNE	236	220	55	-1	1 009	1 519	1

NET SALES BY DIVISION			
EUR million	**Q1-Q2/07**	**Q1-Q2/06**	**2006**
Ruukki Construction	471	315	829
Ruukki Engineering	330	274	557
Ruukki Metals	1 159	1 195	2 291
Group management and other units	0	2	4
Consolidated net sales	1 960	1 784	3 682

OPERATING PROFIT BY DIVISION			
EUR million	**Q1-Q2/07**	**Q1-Q2/06**	**2006**
Ruukki Construction	73	29	101
Ruukki Engineering	58	46	106
Ruukki Metals	236	164	364
Group management and other units	-10	-17	-42
Consolidated operating profit	356	222	529

QUARTERLY NET SALES						
EUR million	**Q1/06**	**Q2/06**	**Q3/06**	**Q4/06**	**Q1/07**	**Q2/07**
Ruukki Construction	133	181	244	271	213	258
Ruukki Engineering	132	142	127	157	167	163
Ruukki Metals	591	604	514	583	570	588
Group management and other units	0	1	0	2	0	0
Consolidated net sales	856	928	885	1 013	950	1 009

QUARTERLY OPERATING PROFIT						
EUR million	**Q1/06**	**Q2/06**	**Q3/06**	**Q4/06**	**Q1/07**	**Q2/07**
Ruukki Construction	8	21	33	39	33	40
Ruukki Engineering	25	21	28	33	32	27
Ruukki Metals	77	87	89	111	119	117
Group management and other units	-15	-2	-9	-16	-6	-5
Consolidated operating profit	95	127	140	167	178	178

QUARTERLY NET SALES (PRO FORMA) EXCLUDING NORDIC REINFORCING UNITS						
EUR million	**Q1/06**	**Q2/06**	**Q3/06**	**Q4/06**	**Q1/07**	**Q2/07**
Ruukki Construction	133	181	244	271	213	258
Ruukki Engineering	132	142	127	157	167	163
Ruukki Metals	521	523	497	583	570	588
Group management and other units	0	1	0	2	0	0
Consolidated net sales	786	848	868	1 013	950	1 009

QUARTERLY OPERATING PROFIT (PRO FORMA) EXCLUDING NORDIC REINFORCING UNITS						
EUR million	**Q1/06**	**Q2/06**	**Q3/06**	**Q4/06**	**Q1/07**	**Q2/07**
Ruukki Construction	8	21	33	39	33	40
Ruukki Engineering	25	21	28	33	32	27
Ruukki Metals	71	79	90	111	119	117
Group management and other units	-15	-2	-9	-16	-6	-5
Consolidated operating profit	89	119	141	167	178	178

NET SALES BY REGION			
as % of net sales	**Q1-Q2/07**	**Q1-Q2/06**	**2006**
Finland	31	32	31
Other Nordic countries	32	34	31
Central Eastern Europe, Russia and Ukraine	19	13	17
Rest of Europe	16	19	19
Other countries	2	2	2

CONTINGENT LIABILITIES			
EUR million	**Jun 07**	**Jun 06**	**Dec 06**
Mortgaged real estates	25	34	26
Pledges given	16	18	5
Collateral			
Given on behalf of associates	0	0	0
Given on behalf of others	12	4	5
Leasing and rental responsibilities	99	135	100
Other financial liabilities	1	4	11

Subsequent to the divestment of the operating companies of Oy Ovako Ab, both Oy Ovako Ab and its subsidiary Ovako Svenska AB were put into voluntary liquidation and most of Oy Ovako Ab's assets were distributed to shareholders as a disbursement. The shareholders (Rautaruukki Corporation, AB SKF and Wärtsilä Corporation) have, as required under the Finnish Companies Act, submitted to the liquidator a directly enforceable guarantee as surety against payment of the disbursements.

VALUES OF DERIVATIVE CONTRACTS AT 30 JUNE 2007, EUR million		
CASH FLOW HEDGES INCLUDED IN HEDGE ACCOUNTING		
	Nominal value	**Fair value**
Interest rate derivatives		
Interest rate swaps	25	0.1
Zinc derivatives		
Forward contracts *	36 000	23.9
Electricity derivatives		
Forward contracts **	1 258	8.0
* tonnes		
** GWh		
DERIVATIVES NOT INCLUDED IN HEDGE ACCOUNTING		
	Nominal value	**Fair value**
Interest rate derivatives		
Interest rate swaps	25	0.2
Foreign currency derivatives		
Forward contracts	597	-7.5
Options		
Bought	80	-0.9
Sold	80	0.2
		-8.2

The unrealised result of cash flow hedges is recognised in equity to the extent the hedge is effective. Other changes in fair value are recorded through profit and loss.

CHANGES IN PLANT, PROPERTY AND EQUIPMENT			
EUR million	**Q1-Q2/07**	**Q1-Q2/06**	**2006**
Carrying value at start of period	1 043	1 033	1 033
Increase	66	52	130
Increase through acquisitions	14	42	71
Decrease	-2	-2	-19

Decrease through divestments	0	0	-42
Depreciation and value adjustments	-64	-68	-130
Exchange rate differences	1	0	-1
Carrying value at end of period	1 059	1 057	1 043

TRANSACTIONS WITH RELATED PARTIES (ASSOCIATED COMPANIES)			
EUR million	**Q1-Q2/07**	**Q1-Q2/06**	**2006**
Sales to associated companies	14	16	29
Purchases from associated companies	2	12	27
Non-current receivables at 30 June	0	0	0
Trade and other receivables at 30 June	7	8	10
Trade and other creditors at 30 June	1	9	2

INVESTMENT COMMITMENTS*	
EUR million	after 30 June 2007
Maintenance investments	66
Development investments and investments in special products	172
Total	239
*Investment commitments include the estimated costs of projects that have received permission to go ahead.	

INFORMATION ABOUT ACQUISITIONS*		
EUR million	Fair value	Acquired company's carrying amount
Acquisition cost	19	
- including conditional purchase price		
Assets and liabilities of acquired companies (carrying value)		
Non-current assets	20	14
Current assets		
Inventories	9	9
Trade and other receivables	11	11
Cash and cash equivalents	2	2
Total assets	42	36
Non-current liabilities		
Interest-bearing	4	3
Other	1	1
Current liabilities		
Interest-bearing	2	2
Other	18	16
Total liabilities	25	23
Net assets	17	13
Acquisition cost	19	
Goodwill	3	
Acquisition cost paid in cash	19	
Cash and cash equivalents of the acquired subsidiary	2	
Impact on cash flow	17	
*)Includes information about the following acquisitions: AB Omeo Mekaniska Verkstad, Scanbridge AS, Aprítógépgyár Zrt. and redemption of the shares of Teräsportti Oy		

FURTHER INFORMATION IS AVAILABLE FROM

Sakari Tamminen, President & CEO, tel. +358 20 592 9075
Mikko Hietanen, CFO, tel. +358 20 592 9030

Rautaruukki Corporation

Taina Kyllönen
VP, Corporate Communications

Rautaruukki supplies metal-based components, systems and integrated systems to the construction and mechanical engineering industries. The company has a wide selection of metal products and services. Rautaruukki has operations in 23 countries and employs 14,500 people. Net sales in 2006 totalled EUR 3.7 billion. The company's share is quoted on the OMX Nordic Exchange Helsinki (Rautaruukki Oyj: RTRKS). The Corporation has used the marketing name Ruukki since 2004.

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