Rautaruukki Oyj

Interim Report
January – March 2008
RTRKS

RAUTARUUKKI CORPORATION'S INTERIM REPORT FOR JANUARY-MARCH 2008

CONTINUED GOOD DEMAND, OUTLOOK UNCHANGED

Summary of first quarter 2008 results (comparable figures for 2007)

- Net sales EUR 939 million (comparable 927, reported 950)
- Operating profit EUR 143 million (comparable 179, reported 178)
- Return on capital employed 28.5 per cent (32.6, excluding impact of Ovako capital gain)
- Earnings per share (diluted) EUR 0.77 (0.95)
- Comparable net sales growth is expected to meet the target and exceed 10 per cent.
- Operating profit in 2008 is expected to be higher than in 2007.

KEY FIGURES	Q1/ 2008	Q1/ 2007*	Q1/2007	Q4/ 2007	2007
Net sales, EUR m	939	927	950	982	3 876
Operating profit, EUR m	143	179	178	120	637
as % of net sales	15.2	19.3	18.7	12.2	16.4
Profit before taxes, EUR m	140		177	109	621
Earnings per share, diluted, EUR	0.77		0.95	0.57	3.31
Return on capital employed, %	28.5		32.6**		29.6
Gearing ratio, %	-3.6		-1.4		1.4
Personnel, average	14 622		13 258		14 715

* The comparable figures exclude the Ruukki Betonstahl GmbH and Ruukki Welbond BV units, which were part of the Group until November 2007.
** Excluding Ovako capital gain.

First quarter 2008 highlights:

- Good demand continued for non-residential construction in Northern Europe, Russia, Ukraine and Poland during the first quarter. Demand for infrastructure construction also continued good for road and railway construction and foundation construction.
- Significant contracts to deliver steel structures and solutions in Russia and the Nordic countries.
- The order books of engineering customers have remained strong. The demand was brisk especially in the energy industry.
- Ruukki Engineering launched a profitability improvement programme aimed at improving the division's operating profit by around EUR 20 million in 2008.
- Good demand for steel products. Driven by strong demand, special products continued to form an increasing share of Ruukki Metals' net sales to account for 28 per cent (23).

President & CEO Sakari Tamminen comments on the first quarter results:

-The favourable market situation in the company's core market areas and main customer industries continued during the first three months of the year. Demand for non-residential construction was good, albeit a colder winter than a year earlier in Central Eastern Europe decreased sales volumes in this market area year on year. Residential construction slowed in the Nordic countries and Baltics. The order books of engineering customers are strong and this was also reflected in the demand within Ruukki Engineering. There was good demand for steel products, especially for plate and special steel products.

Ruukki Construction and Ruukki Engineering increased their share of the company's net sales year on year as a result of investments and acquisitions. Strong demand for special products clearly increased the percentage of net sales of these products within Ruukki Metals. We will continue to invest to enhance the delivery capacity of special products.

Rautaruukki has launched extensive investments to increase production capacity in the rapidly growing Russian and Central Eastern European markets. This will strengthen our position in non-residential construction. The building of new production lines and growing headcount added to costs during the first quarter. The company's operating profit decreased compared to strong performance year on year, but improved compared to the last quarter of 2007.

Higher than expected increases in the price of raw materials on the world market will add considerably to our own steel production costs during the current year. To offset growing costs, price increases will be implemented and cost-efficiency improved.

Brisk demand in the company's main customer industries and a strong balance sheet provide us with a good platform to grow our business in our core market area both through investments and acquisitions. We expect comparable net sales growth to meet the target and to exceed 10 per cent. Operating profit in 2008 is expected to be higher than in 2007.

Press conference

Rautaruukki will hold a conference for analysts and the press on the first quarter results on 23 April 2008 at 10.30am at Ruukki, Suolakivenkatu 1, 00810 Helsinki.

Webcast and conference call

The English webcast and conference call for investors and analysts can be viewed live on the company's website at www.ruukki.com/investors, today 23 April 2008 at 14.00 Finnish time.

To attend the conference call, please call +44 (0) 20 7162 0025, password: Rautaruukki, about 5-10 minutes before the conference starts. The replay can be heard until 28 April on +44 (0) 20 7031 4064, access code: 792282.

The first quarter 2008 results may be viewed on the company's website at www.ruukki.com/investors.

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Rautaruukki Corporation

Anne Pirilä
SVP, Corporate Communications and Investor Relations

Rautaruukki supplies metal-based components, systems and integrated systems to the construction and engineering industries. The company has a wide selection of metal products and services. Rautaruukki has operations in 24 countries and employs 14,600 people. Net sales in 2007 totalled EUR 3.9 billion. The company's share is quoted on the OMX Nordic Exchange Helsinki (Rautaruukki Oyj: RTRKS). The Corporation uses the marketing name Ruukki.

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RAUTARUUKKI CORPORATION INTERIM REPORT JANUARY-MARCH 2008

The good market situation in the Group's core market areas and main customer industries continued during the first quarter.

Demand for non-residential construction was good in Northern and Eastern Europe. A colder winter than a year earlier weakened demand for non-residential construction in the Central Eastern European market. Good demand for infrastructure construction continued across the company's market area.

The order books of engineering customers have remained strong and this has been reflected in higher demand. There was good demand both for standard and special steel products in the company's most important customer industries.

Net sales during January-March

Unless otherwise stated, the comparable figures in brackets refer to the same period a year earlier.

The Group's net sales during January-March 2008 increased by EUR 12 million to EUR 939 million (927). The comparable figures exclude Ruukki Betonstahl GmbH and Ruukki Welbond BV, which were part of the Group until November 2007. The Group reported net sales of EUR 950 million for January-March 2007. The solutions businesses - Ruukki Construction and Ruukki Engineering - increased their share of the company's net sales to 44 per cent (41) during the report period.

Ruukki Construction's net sales grew by 6 per cent to EUR 225 million (213) on the comparable figure and Ruukki Engineering's by 13 per cent to EUR 188 million (167). Ruukki Metals' net sales were EUR 525 million (547).

Of net sales, 83 per cent (83) came from Rautaruukki's core market areas: 33 per cent (31) from Finland, 32 per cent (34) from the other Nordic countries and 18 per cent (18) from Central Eastern Europe, Russia and Ukraine. The rest of Europe accounted for 15 per cent (16) of net sales and other countries for 3 per cent (2).

Operating profit for January-March

Operating profit for the report period was EUR 143 million (178), which is 15 per cent (19) of net sales.

Since the beginning of 2008, the accounting principle for segment information has been revised so that Ruukki Metals division is responsible for the costs arising from the unutilised capacity of Rautaruukki's own steel production. The comparable segment information for 2007 has been adjusted to comply with the new accounting principle.

The solutions businesses accounted for 37 per cent (37) of the company's operating profit: Ruukki Construction's operating profit was EUR 21 million (34) and Ruukki Engineering's EUR 32 million (32). Ruukki Metals' operating profit was EUR 97 million (119).

For Ruukki Construction, the first quarter of the year is typically the quietest. A colder winter than during the previous year in Central Eastern Europe meant less construction. This explains the year-on-year decrease in sales volumes in this market area. The division's first quarter results were also affected by an investment programme to expand capacity. This led to higher costs from start-up operations and building the organisation. The investments will be completed in stages during the course of 2008-2009.

Ruukki Engineering's operating profit was similar to the comparable figure in 2007 but improved compared to the previous quarter. Higher sales prices and the strong market situation in the energy industry contributed to profitability during the report period. The impact of the division's profitability improvement programme, launched in February, will be seen in the form of improved performance during the second half of the year.

Within Ruukki Metals, special products continued to account for a growing share of net sales and add to profitability. Stocks of standard steel products were back to normal at the start of the report period.

Net finance expense and exchange rate differences totalled EUR 4 million (2).

The share of associates' results was EUR 1 million (1).

The company's profit before taxes was EUR 140 million (177).

Group taxes were EUR 34 million (45), which include a change of EUR 2 million in deferred tax (-4). The Group's effective tax rate was 26 per cent (26).

Profit for the report period was EUR 106 million (131).

Diluted earnings per share were EUR 0.77 (0.95).

Return on capital employed over the past 12 months was 28.5 per cent (32.6) and return on equity was 23.2 per cent (29.7). The comparable figures exclude the impact of the capital gain on the divestment of Ovako.

Balance sheet

The consolidated balance sheet total was EUR 3,034 million, which is EUR 80 million lower than at 31 March 2007 and EUR 172 million higher than at year-end 2007. The rise was attributable to higher cash and cash equivalents and trade receivables, and an increase in non-current assets.

Shareholders' equity at 31 March 2008 was EUR 2,078 million (1,663) and net debt EUR -75 million (-23).

Cash flow and financing

Cash flow from operating activities was EUR 152 million (71) and cash flow after investing activities was EUR 103 million (45). Working capital decreased by EUR 7 million during January-March (increased EUR 100 million).

Net interest-bearing liabilities at 31 March 2008 were EUR -75 million (-23) Net interest-bearing liabilities at year-end 2007 were EUR 28 million.

The equity ratio was 69.6 per cent (54.5) and net gearing -3.6 per cent (-1.4). At 31 March, the Group had liquid assets of EUR 293 million and undrawn committed revolving credit facilities totalling EUR 300 million. Shareholders' equity at 31 March 2008 was EUR 2,078 million (1,663) or EUR 15.0 per share (12.0).

Headcount increased by 10 per cent

During the first three months of 2008, the Group employed an average of 14,622 (13,258) people. At 31 March, the headcount was 14,706 (13,348). Personnel numbers grew especially in Central Eastern Europe.

Changes in Group structure

Acquisition of German engineering company Wolter Metallverarbeitung GmbH:n (Wolter) in February 2008 supports Rautaruukki's growth strategy in the lifting, handling and transportation equipment industry. Acquisition of Wolter has expanded Rautaruukki's range of products with telescopic booms for mobile crane manufacturers and with booms for special heavy cranes used in the installation of windmill towers.

Capital expenditure

Capital expenditure on tangible and intangible assets in January-March amounted to EUR 49 million (26). During the report period, divestments of property, plant and equipment amounted to EUR 1 million (3). Capital expenditure in 2008 is expected to exceed EUR 250 million.

A decision was taken in January to strengthen delivery capability in the Nordic and Baltic non-residential construction markets by building a new sandwich panel plant in Finland. The total investment is worth around EUR 20 million and includes a new production plant, which, when completed in autumn 2009, will double panel output in Finland to over 2 million square metres.

New finishing capacity for special steel products will come on stream in stages during 2008. In the second quarter of the year, a plasma cutting machine and for high-strength plate products in particular, as well as the commissioning of the first stage of a new steel ladle treatment unit, will increase the production capacity of high-strength and wear-resistant steels and components. These investments are worth around EUR 23 million in total.

During the report period, EUR 2 million was spent on M&A arrangements. Through acquisitions, property plant and equipment obtained increased by EUR 4 million and goodwill by EUR 2 million.

Annual General Meeting 2008

Rautaruukki Corporation held its Annual General Meeting in Helsinki on 2 April 2008.

The Meeting approved the payment of a dividend for 2007 of EUR 1.70 and an additional dividend, from funds freed from the divestment of the long steels business, of EUR 0.30 per share to make a total dividend of EUR 2.00 per share. The total dividend payout of EUR 277 million was paid on 16 April 2008.

The Annual General Meeting reappointed Mr Jukka Viinanen and Mr Reino Hanhinen as chairman and deputy chairman respectively of the Board of Directors. President and CEO Maarit Aarni-Sirviö, CEO Christer Granskog, Pirkko Juntti LLM, Undersecretary of State Kalle J. Korhonen and Chairperson of the Board Liisa Leino were all reappointed to the Board for a further term of office. The Board of Directors elected members to its committees from among its members. Pirkko Juntti was elected as chairperson of the Audit Committee and Christer Granskog, Kalle J. Korhonen and Liisa Leino as Committee members. Jukka Viinanen was elected as chairman of the Compensation Committee and Maarit Aarni-Sirviö and Reino Hanhinen as Committee members. The term of office of the Board of Directors ends at the close of the following Annual General Meeting.

The Annual General Meeting appointed Marjo Matikainen-Kallström MP as the new chairperson of the Supervisory Board and Inkeri Kerola MP as the new deputy chairperson. Heikki Allonen Msc (Tech), Turo Bergman, Political Secretary, Miapetra Kumpula-Natri MP, Petteri Orpo MP, Jouko Skinnari MP, Markku Tynkkynen, Executive Vice President, Resources, and Tapani Tölli MP were all appointed as members of the Supervisory Board. The term of office of the Supervisory Board ends at the close of the following Annual General Meeting.

The Annual General Meeting elected Authorised Public Accountants firm KPMG Oy Ab as the company’s new auditor, with Mauri Palvi APA as the principal auditor.

The Annual General Meeting authorised the Board of Directors to resolve to acquire a maximum of 12,000,000 of the company’s own shares. This authorisation supersedes the Board of Directors’ authorisation, granted by the Annual General Meeting of 20 March 2007, to acquire a similar number of shares. The authorisation is valid for 18 months from the decision of the Annual General Meeting.

The Annual General Meeting decided to establish a shareholders’ Nomination Committee to prepare proposals for the following Annual General Meeting regarding the composition of the Board of Directors and directors’ fees.

Shares and share capital

During the first three months of 2008, Rautaruukki Oyj shares were traded for a total of EUR 1,853 million (1,896) on the OMX Nordic Exchange Helsinki. The highest price quoted was EUR 30.98 in March and the lowest was EUR 22.37 in January. The volume weighted average share price was EUR 27.16. At 31 March 2008, the share closed at EUR 30.57 and the company had a market capitalisation of EUR 4,286 million (4,887).

The company’s registered share capital at 31 March 2008 was EUR 238.4 million and there were 140,209,778 shares issued.

The Board of Directors is authorised to transfer a maximum of 13,785,381 treasury shares held by the company. The authorisation is valid until the close of the 2009 Annual General Meeting. Pursuant to the authorisation, on 28 March 2008, the company transferred 11,594 shares held by the company to persons participating in the Group’s Share Ownership Plan. After the transfer, Rautaruukki holds 1,465,343 treasury shares, which, at 31 March 2008, had a market value of EUR 45 million and a book value of EUR 6.3 million. Treasury shares account for a relative percentage of one per cent of the total number of shares and votes.

The Annual General Meeting authorised the Board of Directors to resolve to acquire a maximum of 12,000,000 of the company's own shares. The authorisation supersedes the Board of Directors' authorisation, granted by the Annual General Meeting of 20 March 2007, to acquire a similar number of shares.

The Board of Directors did not exercise this authorisation during the first quarter of 2008.

Employee warrants based on the 2003 bond with warrants have been publicly traded on the OMX Nordic Exchange Helsinki since 24 May 2006. One warrant entitles the holder to subscribe one share at an issue price of EUR 1.70. Warrants had been exercised to subscribe a total of 1,323,333 shares by 31 March 2008. The remaining warrants entitle holders to subscribe a total of 76,667 shares. The subscription period expires on 23 May 2009.

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

Environmental and energy issues

In the free allocation for the second period 2008-2012 of the EU Emissions Trading Scheme, the Raahe Works received emissions allowances corresponding to 91 per cent and the steam boilers at the Hämeenlinna Works allowances corresponding to 86 per cent of their needs at maximum capacity. This makes a total of 23.5 million emissions allowances.

During the report period, Rautaruukki made a decision to close down sinter plant operations at the Raahe Works by the end of 2011. The company will switch over to using iron pellets only instead of sinter as a raw material in the iron-making process. Closing the sinter plant will reduce the present level of carbon dioxide emissions by 10 per cent or 500,000 tonnes. It will also significantly reduce dust and sulphur dioxide emissions at the works and cut energy consumption.

Improvement in cost-efficiency

Ruukki United, Rautaruukki's programme to harmonise ways of working and improve efficiency, aims to achieve annual cost savings, compared with 2004 levels, of around EUR 150 million by the end of the current year. EUR 103 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 84 million of this figure had been achieved by the end of the report period.

Events taking place after 31 March 2008

The company is to further enhance delivery capacity of special products through deployment of a new cut-to-length line at the Raahe Works in Finland. The new line will serve engineering industry customers who use cut-to-length sheets in lifting, handling and loading equipment. The investment is worth a total of around EUR 23 million and will come on stream by the end of 2009. (Release 2 April 2008)

The company is to increase the capacity of its steel service centre in St Petersburg to meet growing demand in Russia. A new cut-to-length line will start up at the steel service centre in autumn 2008. Cut-to-length and slitting services will enable the company in particular to serve light engineering industry customers. (Release 9 April 2008)

Rautaruukki's acquisition of the business operations of Hybri-Steel Oy strengthens its special product expertise. Based in Uusikaupunki, Finland, Hybri-Steel's core business is laser-welded sandwich panels and laser and laser-hybrid welding. (Release 17 April 2008)

Rise in prices of steel raw materials in 2008

Prices of raw materials (iron ore, coal, filler materials and alloying elements) for 2008 have risen sharply on the global market. It is estimated the higher cost of raw materials will add more than EUR 200 million to company's own steel production costs in 2008 compared to 2007. Around one third of the rise in costs will be realised during the first half of the year and two thirds during the second half. To offset growing costs, price increases will be implemented and cost-efficiency improved. The size and timing of price rises will vary according to product and market area.

Risks

In weak market conditions, Rautaruukki is prepared to scale back sales and steel production in line with profitable demand. This might cause short-term fluctuations in the company's profitability.

Exchange rate fluctuations can have significant impact on the company's performance. The company's largest purchasing currency is the US dollar. In sales, the Group is exposed to a foreign currency risk mainly in Swedish kronor, Norwegian kroner, the Russian rouble, Polish zloty and the currencies of the Baltic states.

Long-term delivery contracts ensure the availability of raw materials. Hedging contracts are used to manage the price risks of zinc and electricity.

As its spreads, the US credit crisis and other factors of uncertainty in the global economy might affect demand for the company's products. However, the company believes the impact of these factors will have less impact to in its core market areas, the Nordic countries, Central Eastern Europe and especially in Russia and Ukraine.

Increasingly tighter environmental regulations might cause additional costs and investments. Since delivery accuracy is an increasingly critical factor, disruptions in production and the labour market have an increasingly greater financial impact.

Near-term outlook

Good demand for Rautaruukki's products is expected to continue in key customer industries.

In construction the first quarter of the year is typically the quietest. Good demand for non-residential and infrastructure construction is expected to continue in all market areas.

Order books in the engineering industry are strong in all customer sectors. Further growth in demand is expected in the lifting, handling and transportation equipment industry. Demand in the energy industry is expected to continue very good. The shipbuilding industry has firm order books.

Good demand for steel products is expected to continue in all product groups. There is strong growth especially in the demand for plate and special steel products.

Comparable net sales growth is expected to meet the target and exceed 10 per cent. Operating profit in 2008 is expected to be higher than in 2007.

This report is unaudited.

Helsinki, 23 April 2008

Rautaruukki Corporation
Board of Directors

DIVISIONS

Since the beginning of 2008, the accounting principle for segment information has been revised so that Ruukki Metals division is responsible for the costs arising from the unutilised capacity of Rautaruukki's own steel production. The comparable segment information for 2007 has been adjusted to comply with the new accounting principle.

Ruukki Construction

EUR million	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08
Net sales	213	258	278	292	1 042	225
Operating profit	34	40	51	38	163	21
as % of net sales	16	16	18	13	16	9

The figures are comparable pro forma figures.

Net sales up by 6 per cent

January-March is typically the quietest quarter of the year in construction. Ruukki Construction's net sales were up by 6 per cent and reached EUR 225 million (213). The division accounted for 24 per cent (23) of consolidated net sales.

A harsher winter than a year earlier in Central Eastern Europe reduced construction during the first quarter. This explains the decrease in Ruukki Construction's sales volumes in this market area compared to the figure a year earlier. Good demand for non-residential construction continued during January-March in Northern Europe, Russia, Ukraine and Poland.

Delivery volumes of roofing components declined in the Nordic countries and Baltics as a result of an overall slow down in the residential construction market. Roofing products account for some 10 per cent of the division's net sales.

Infrastructure construction demand and deliveries continued good both in road and railway construction and foundation building. Demand was especially good in Sweden.

The division's operating profit declined to EUR 21 million (34). Ruukki Construction's first quarter results weakened due to decreased construction activity in Central Eastern Europe and decreased demand for roofing products in Finland, Estonia and Latvia. The division has embarked on an extensive investment programme to expand capacity and this has led to higher costs from start-up operations and building the organisation. The investments will be completed in stages during the course of 2008-2009. These investments will support the division's target of achieving annual net sales of EUR 1.5 billion by the end of 2010 (excluding acquisitions).

Compared to a year earlier, the product range was geared more towards project deliveries, whose relative profitability is, to some extent, lower than that of component deliveries.

To offset higher raw material costs, sales prices will be increased. Within Ruukki Construction, sales prices are negotiated on a project- and country-specific basis.

Major new orders and solutions

Rautaruukki further strengthened its position as a leading solutions supplier in steel construction in Russia and the Nordic countries. In Russia, the company signed a major contract worth EUR 100 million to deliver steel structures for the new Zenit football stadium to be built in St Petersburg. The customer has specified that deliveries are to start in July-August.

In addition, the company signed contracts in Russia and the Nordic countries for total deliveries of industrial and logistics buildings for customers such as Samsung and Rosneft. During the report period, an agreement was also signed for total delivery of a maintenance and office building to be constructed at Helsinki-Vantaa Airport using Rautaruukki's new rock foundation system. In Sweden, the company will supply steel structures for the bridge crossing the Hudälven river and foundations for the Henriksdalhamn landfill site in Stockholm.

Ruukki Construction continued to launch new technologies onto the market. In March, the division presented in Hungary its effective solution to speed up the construction of single-storey buildings. The solution includes the design, manufacture and installation of foundation, frame and sandwich panels.

Product development spawned planning, visualisation and offer software that considerably shortens the initial stage in a project and ensures the choice of compatible building components. The solutions package will also be launched onto other markets in Central Eastern Europe during the spring.

Capital expenditure

Construction of a new sandwich panel plant in Finland will strengthen delivery capability in the Nordic, Baltic and Northwestern Russian non-residential construction markets. The total investment is worth around EUR 20 million. It will be completed in autumn 2009 and will particularly increase delivery capacity to industrial and commercial customers in the Nordic countries and Baltics.

In addition, Ruukki Construction has an investment programme of around EUR 120 million under way to expand production capacity in Central Eastern Europe, Finland and Russia. Investments will especially strengthen frame and sandwich panel delivery capability. In addition, profile production is being increased in Romania and Ukraine. New frame structure production lines will start up in Poland and Romania and expansion investments in Russia will begin during the second and third quarters. The sandwich panel lines in Romania and Ukraine will enter production during the second half of the year. Profile production at the plant in Ukraine will get under way this summer. A new sandwich panel line will be built in Russia in autumn 2009.

Ruukki Engineering

EUR million	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08
Net sales	167	163	157	180	667	188
Operating profit*	32	27	25	18	103	32
as % of turnover	19	17	16	10	15	17

* The figures are comparable pro forma figures.

Net sales up by 13 per cent

Ruukki Engineering's net sales during January-March 2008 were up by 13 per cent year-on-year to EUR 188 million (167). Net sales rose on the back of continuing favourable market conditions and the acquisition made last year in Hungary. The division accounted for 20 per cent (18) of consolidated net sales.

The division's operating profit for January-March was EUR 32 million, about the same as a year earlier (32). Price increases in annual contracts and favourable market conditions, especially in the energy industry, improved the division's profitability during the first quarter. Twenty-five per cent of customers are on an annual contract basis. It is uncertain whether or not higher raw materials costs can be passed on to sales prices in respect of these contracts during the course of 2008. Raw material problems in Norway have been solved and deliveries to wind turbine customers are now running to plan.

Growth strategy progressing to plan

Acquisition of German company Wolter Metallverarbeitung GmbH in February complements the division's growth strategy in the lifting, handling and transportation equipment industry, which accounted for 45 per cent of the division's net sales. Wolter's main products are telescopic booms for leading globally operating European crane customers. The acquisition gave the division a new product range and broader customer base.

Integration into Rautaruukki of units acquired in Germany and Hungary is progressing to plan and will be completed during 2008.

During the report period, Ruukki Engineering launched a division-wide profitability improvement programme aimed at improving the division's operating profit by around EUR 20 million in 2008. In the same context, the division adopted a new organisation and management model to support growth and profitability. Productivity will be improved by boosting production and increasing capacity to meet growing demand and the division's broader customer base.

Ruukki Metals

EUR million	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08
Net sales	547	567	478	501	2 093	525
Operating profit*	119	116	96	69	400	97
as % of net sales	22	21	20	14	19	19

* The figures are comparable pro forma figures.

Special products accounted for greater share of sales

Ruukki Metals' net sales during January-March 2008 were EUR 525 million (547). The division accounted for 56 per cent (59) of consolidated net sales. Special products continued to form an increasing share of sales to account for 28 per cent (23) during the first quarter of 2008.

End-customer demand was good in almost all the division's main market areas and customer industries. Demand for special products was extremely good in Western Europe. Excellent demand for plates, hot strip and hollow sections meant longer than normal delivery times. However, demand in the Baltics was quieter than anticipated. Sales of colour-coated products decreased due to seasonal fluctuation. Destocking by wholesalers and a decrease in imports from outside Europe have strengthened demand for steel products.

The division's operating profit for January-March was down 18 per cent to EUR 97 million (119) compared to exceptionally strong performance during the same quarter a year earlier. Trading margins on stainless steel were EUR 11 million lower than during the comparable period. Unutilised capacity during the report period was around EUR 4 million higher than during the comparable period a year earlier. Sales volumes and prices of galvanised products were somewhat lower year-on-year. Stocks of galvanised products had normalised compared to the previous quarter and there was a clear improvement in demand.

To offset higher costs of raw materials in steel production, sales price increases will be implemented during the second and third quarters. It is estimated these increases will compensate for the higher costs of raw materials.

The division made good progress with work started in 2007 to improve the business model and service network and small batch deliveries are being focused on the Hyvinkää service centre in Finland. Flame cutting operations have got off to a good start at the panel and steel structure plant in Oborniki, Poland. This will improve the delivery capability of special products and parts, especially to customers in the heavy engineering industry.

New finishing capacity for special steel products will come on stream in stages during 2008. In the second quarter of the year, a plasma cutting and packing unit for high-strength plate products in particular, as well as the commissioning of the first stage of a new steel ladle treatment unit, will increase the production capacity of high-strength and wear-resistant steels and components. These investments are worth around EUR 23 million in total.

Ruukki Production

1000 tonnes	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08
Steel production	703	672	610	561	2 546	672

Rautaruukki's steel production during January-March was 672 000 tonnes (703 000). Technically, production ran well and capacity utilisation was normal.

Prices of raw materials (iron ore, coal, filler materials and alloying elements) for 2008 have risen sharply on the global market. It is estimated that the higher cost of raw materials will add more than EUR 200 million to company's own steel production costs in 2008 compared to 2007. Around one third of the rise in costs will be realised during the first half and two thirds during the second half of the year.

A strike at the Raahe Works by employees belonging to a trade union branch stopped hot-rolling for about 48 hours and steel production ran at half capacity. The strike had a negative impact of around EUR 3 million on the company's operating profit for the first quarter.

A decision was taken in March to close the sinter plant at the Raahe Works by the end of 2011. Rautaruukki will switch over entirely to using iron pellets, for which it has a long-term supply contract with Swedish company LKAB. The decision to close the sinter plant will add EUR 1.9 million per year to the company's depreciation between 2008 and 2011.

The accident frequency rate was 12 per million working hours, a marked decrease compared to figure (21) for the comparable period a year earlier.

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	Q1/08	Q1/07	2007
Net sales	939	950	3 876
Other operating income	5	4	26
Operating expenses	-764	-739	-3 111
Depreciation, amortisation and impairment losses	-37	-38	-153
Operating profit	143	178	637
Finance income and expense	-4	-2	-20
Share of results of associated companies	1	1	3
Profit before taxes	140	177	621
Taxes	-34	-45	-162
Profit for the period	106	131	459
Attributable to:			
Equity shareholders of the parent	106	131	458
Minority interests	0	0	1
Diluted earnings per share, EUR	0.77	0.95	3.31
Basic earnings per share, EUR	0.77	0.95	3.31
Operating profit as % of net sales	15.2	18.7	16.4

SUMMARY CONSOLIDATED BALANCE SHEET	31 Mar	31 Mar	31 Dec
EUR million	2008	2007	2007
ASSETS			
Non-current assets	1 493	1 449	1 473
Current assets			
Inventories	615	644	614
Trade and other receivables	633	622	579
Cash and cash equivalents	293	399	196
	3 034	3 114	2 861
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent	2 078	1 663	1 984
Minority interests	3	1	3
Non-current liabilities			
Interest-bearing	136	212	138
Other	190	209	191
Current liabilities			
Interest-bearing	83	163	86
Trade payables and other liabilities	544	865	461
	3 034	3 114	2 861

SUMMARY CASH FLOW STATEMENT			
EUR million	Q1/08	Q1/07	2007
Profit for the period	106	131	458
Adjustments	82	81	324
Cash flow before change in working capital	189	212	782
Change in working capital	7	-100	-128
Financing items and taxes	-44	-41	-219
Cash flow from operating activities	152	71	435
Cash flow from investing activities	-49	-26	-165
Cash flow before financing activities	103	45	270
Dividends paid	0	0	-276
Change in debt	-5	-7	-160
Other net cash flow from financing activities	-1	0	0
Change in cash and cash equivalents	98	38	-166

KEY FIGURES	Q1/08	Q1/07	2007
Net sales, EUR m	939	950	3 876
Operating profit, EUR m	143	178	637
as % of net sales	15.2	18.7	16.4
Profit before taxes, EUR m	140	177	621
as % of net sales	14.9	18.6	16.0
Profit for the period, EUR m	106	131	459
as % of net sales	11.3	13.8	11.8
Return on capital employed*, %	28.5	37.8	29.6
Return on equity*, %	23.2	36.2	24.0
Equity ratio, %	69.6	54.5	70.4
Gearing ratio, %	-3.6	-1.4	1.4
Net interest-bearing liabilities, EUR m	-75	-23	28
Equity per share, EUR	15.0	12.0	14.3
Personnel on average	14 622	13 258	14 715
Number of shares	140 209 778	140 073 340	140 198 128
- excluding treasury shares	138 744 435	138 371 959	138 721 191
- diluted, average	138 796 771	138 426 183	138 566 355
* Based on previous 12 months			

CHANGES IN EQUITY Q1/2008							
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	9	-6	1 521	1 984	3
Cash flow hedging							
Booked to equity			-12			-12	
Deferred taxes			3			3	
Change in translation difference				-3		-3	
Profit for the period					106	106	0
Cost of share-based payments							
Disposal of treasury shares							
Dividend distribution							
EQUITY AT 31 MAR	238	220	0	-9	1 629	2 078	3

CHANGE IN EQUITY Q1/2007							
EUR million							
	Attributable to equity shareholders of the parent						
	Share capital	Share prem.act.	Fair value and other reserves	Translation diff.	Retained earnings	Total	Minority int.
EQUITY AT 1 JAN	238	220	44	-3	1 333	1 832	1
Cash flow hedging							
Booked to equity			-29			-29	
Deferred taxes			8			8	
Change in translation difference				-4		-4	
Profit for the period					131	131	
Cost of share-based payments							
Disposal of treasury shares			-2		2	0	
Dividend distribution					-276	-276	
EQUITY AT 31 MAR	238	220	21	-7	1 191	1 663	1

NET SALES BY DIVISION					
EUR million	Q1/08	Q1/07	2007	Q1/07 pro forma	2007 pro forma
Ruukki Construction	225	213	1 042	213	1 042
Ruukki Engineering	188	167	667	167	667
Ruukki Metals	525	570	2 168	547	2 093
Group management and other units	1	0	0	0	0
Consolidated net sales	939	950	3 876	927	3 802
Pro forma = excluding Ruukki Betonstahl GmbH and Ruukki Welbond BV					

OPERATING PROFIT BY DIVISION					
EUR million	Q1/08	Q1/07	2007	Q1/07 pro forma	2007 pro forma
Ruukki Construction	21	34	163	34	163
Ruukki Engineering	32	32	103	32	103
Ruukki Metals	97	117	397	119	400
Group management and other units	-7	-6	-25	-6	-25
Consolidated operating profit	143	178	637	179	641
Pro forma = excluding Ruukki Betonstahl GmbH and Ruukki Welbond BV					

QUARTERLY NET SALES					
EUR million	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08
Ruukki Construction	213	258	278	292	225
Ruukki Engineering	167	163	157	180	188
Ruukki Metals	570	588	500	509	525
Group management and other units	0	0	0	0	1
Consolidated net sales	950	1 009	935	982	939

QUARTERLY OPERATING PROFIT					
EUR million	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08
Ruukki Construction	34	40	51	38	21
Ruukki Engineering	32	27	25	18	32
Ruukki Metals	117	115	96	68	97
Group management and other units	-6	-5	-10	-5	-7
Consolidated operating profit	178	178	162	120	143

QUARTERLY NET SALES (PRO FORMA) EXCLUDING RUUKKI BETONSTAHL GMBH AND RUUKKI WELBOND BV					
EUR million	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08
Ruukki Construction	213	258	278	292	225
Ruukki Engineering	167	163	157	180	188
Ruukki Metals	547	567	478	501	525
Group management and other units	0	0	0	0	1
Consolidated net sales	927	988	914	973	939

QUARTERLY OPERATING PROFIT (PRO FORMA) EXCLUDING RUUKKI BETONSTAHL GMBH AND RUUKKI WELBOND BV					
EUR million	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08
Ruukki Construction	34	40	51	38	21
Ruukki Engineering	32	27	25	18	32
Ruukki Metals	119	116	96	69	97
Group management and other units	-6	-5	-10	-5	-7
Consolidated operating profit	179	179	162	120	143

NET SALES BY REGION			
as % of net sales	Q1/08	Q1/07	2007
Finland	33	31	31
Other Nordic countries	32	34	30
Central Eastern Europe, Russia and Ukraine	18	18	21
Rest of Europe	15	16	15
Other countries	3	2	3

CONTINGENT LIABILITIES			
EUR million	Mar 08	Mar 07	Dec 07
Mortgaged real estates	24	26	24
Pledges given	5	3	5
Other guarantees given	45	32	41
Collateral			
Given on behalf of associates	0	0	0
Given on behalf of others	6	5	6
Leasing and rental responsibilities	154	107	154
Other financial liabilities	0	7	0

VALUES OF DERIVATIVE CONTRACTS AT 31 MARCH 2008, EUR million		
CASH FLOW HEDGES QUALIFYING FOR HEDGE ACCOUNTING		
	Nominal value	Fair value
Zinc derivatives		
Forward contracts *	45 000	-6
Electricity derivatives		
Forward contracts **	1 232	6
* tonnes		
** Gwh		
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING		
	Nominal value	Fair value
Foreign currency derivatives		
Forward contracts	534	-9
Options		
Bought	180	-2
Sold	180	-11

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	Q1/08	Q1/07	2007
Carrying value at start of period	1 076	1 043	1 043
Increase	45	23	157
Increase through acquisitions	0	1	18
Decrease	-1	-1	-11
Depreciation and value adjustments	-30	-30	-129
Exchange rate differences	-2	-1	-1
Carrying value at end of period	1 088	1 035	1 076

TRANSACTIONS WITH RELATED PARTIES			
EUR million	Q1/08	Q1/07	2007
Sales to associated companies	6	6	23
Purchases from associated companies	0	2	7
Trade and other receivables at 31 March	5	9	6
Trade and other creditors at 31 March	1	1	0
Transactions with Pension Foundation	1	1	6

INVESTMENT COMMITMENTS*	
EUR million	after 31 March 2008
Maintenance investments	137
Development investments and investments in special products	187
Total	324
*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
Assets and liabilities of acquired companies (carrying amount)		
Non-current assets	4	0
Current assets		
Inventories	0	0
Trade and other receivables	1	1
Cash and cash equivalents	0	0
Total assets	5	1
Non-current liabilities		
Interest-bearing	0	0
Other	1	0
Current liabilities		
Interest-bearing	0	0
Other	1	1
Total liabilities	2	1
Net assets	3	0
Acquisition cost	4	
- including conditional purchase price	2	
Goodwill	2	
Acquisition cost paid in cash	2	
Cash and cash equivalents of the acquired subsidiary	0	
Impact on cash flow	2	
Includes information about the acquisition of Wolter Metallverarbeitung GmbH. The acquisition has been recognised on a preliminary basis in the manner permitted by IFRS 3. Determination of the fair value of the company's assets and liabilities was still incomplete at the time the interim report was published.		