Rautaruukki Corporation

Interim Report January–September 2006

RTRKS

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This Interim Report has been prepared in accordance with IAS 34 in conformity with the accounting policies published in the financial statements.

Net sales and result for January-September 2006 (comparative figures for January-September 2005)

Consolidated net sales in January-September 2006 were EUR 2,669 million (2,764). Net sales decreased by 3 per cent. Comparative net sales in January-September 2006 totalled EUR 2,502 million (2,314), up 8 per cent thanks to the acquisitions that were made and the good sales trend of the solutions businesses. The comparable net sales figure does not include Oy Ovako Ab, which was removed from financial reporting as from 1 May 2005, or the Nordic reinforcing steel business, which was removed on 1 August 2006.

Demand in the construction industry has remained buoyant and deliveries of integrated systems have accounted for an increased share of Rautaruukki's sales. The good order books of customer industries have also boosted Rautaruukki's deliveries to the engineering industry. Demand for standard and special steel products in the most important customer industries has held up well. The solutions businesses accounted for 36 per cent of net sales in the report period (27). On a like-for-like basis, the figure was 38 per cent (30). Deliveries of steel products declined by 19 per cent compared with the same period a year earlier. Comparable delivery volumes declined by 4 per cent. Prices of steel products rose further in the third quarter. Average prices in January-September were on a par with the same period a year earlier.

Net sales derived from the core market areas increased to 78 per cent of total net sales (70), with 31 per cent coming from Finland (29), 32 per cent from the other Nordic countries (30) and 15 per cent from central eastern Europe (11). The proportion coming from the rest of Europe fell to 20 per cent (27) and other countries made up 2 per cent of net sales (3).

Operating profit for the report period was EUR 362 million (495). Comparable operating profit was EUR 348 million (422). Higher costs of raw materials used in steel manufacture cut into operating profit. The share of the Group's operating profit attributable to the solutions businesses rose to 39 per cent (28). Foreign exchange differences included in operating profit were EUR 8 million negative (+12). The average exchange rate of the US dollar strengthened by about 2 per cent compared with the same period of 2005. The total effect of the US dollar on consolidated operating profit, including exchange rate changes and hedging, was approximately EUR 24 million negative compared with the same period a year ago. The costs of equity bonus schemes booked to the report period came to about EUR 15 million (28).

Net financial expenses amounted to EUR 19 million (24). Net interest expenses were EUR 16 million (24).

The share of associated companies' profit was EUR 35 million (20), of which Ovako accounted for EUR 32 million (17). In the third quarter, the share of Ovako's profit was EUR 6 million, which is included in the capital gain of about EUR 100 million that will be booked on the Ovako shares.

The result before taxes was EUR 378 million (491).

The Group's taxes amounted to EUR 89 million, including an increase in deferred tax of EUR 11 million. In the same period of last year, the Group's taxes were EUR 130 million, including a decrease in deferred taxes of EUR 11 million.

Net profit for the report period was EUR 288 million (362).

Diluted earnings per share were EUR 2,09 (2.64).

The return on capital employed over the past twelve months was 26.2 per cent (35.7) and the return on equity was 25.3 per cent (38.4).

Balance sheet

The Group's total assets at the end of September stood at EUR 2,785 million (2,694). Total assets increased by EUR 91 million from the end of September of last year and by EUR 84 million from the end of 2005. OOO Ventall, which was purchased in June, accounted for EUR 148 million of total assets at the acquisition date.

Cash flow and financing

Cash flow from operations was EUR 205 million (461) and cash flow after investments was EUR 143 million (380). The main factors affecting the change in cash flows in the first part of the year were the dividend payout of EUR 191 million, tax arrears for 2005 of EUR 67 million and the EUR 99 million paid for acquiring Ventall. The net effect in the Group's cash and cash equivalents of divesting the Nordic reinforcing steel business is about EUR 105 million of which EUR 15 million will be received after the reporting period.

Interest-bearing net debt at the end of September totalled EUR 410 million (477). At the end of 2005, interest-bearing net debt amounted to EUR 341 million. In January-September, working capital increased by EUR 95 million (57), due mainly to the increase in trade receivables.

The equity ratio was 59.5 per cent (52.3) and the gearing ratio 25.3 per cent (34.1). At the end of September the Group's liquid funds amounted to EUR 38 million and it had a total of EUR 300 million of committed unused revolving credit facilities with banks. Shareholders' equity stood at EUR 1,619 million at the end of September (1,399), or EUR 11.85 per share (10.27). Total dividends of EUR 191 million that were declared by a resolution of the Annual General Meeting held in March were paid out on 4 April 2006.

Personnel

The average number of personnel employed by the Group in the January-September period was 13,063 (11,800) people. At the end of September the total number of employees was 13,129 (11,086). The change in the number of employees was an increase of 2,043 people. The increase in personnel strength resulting from the acquisitions carried out by the end of September 2006 was about 2,200 employees. The divestment of the steel reinforcement business resulted in a decrease in personnel of 749 employees. In 2005, 1,900 Rautaruukki staff transferred to the employ of Ovako and 1,600 people were added to the Group payroll via acquisitions.

Structural changes in the Group

The acquisitions made in the report period rounded out Rautaruukki's capabilities for carrying out integrated deliveries to the construction industry and strengthened the company's project know-how.

The acquisition of PPTH Steelmanagement Oy, the leading steel constructor in the Nordic countries, was seen to completion in January 2006. The deal raised Rautaruukki's holding in the company from 20 per cent to 100 per cent. The shares were bought for a price of about EUR 7 million. As part of the deal, Rautaruukki assumed EUR 24 million of interest-bearing liabilities. PPTH was included in Rautaruukki's consolidated financial statements as from 1 January 2006.

The purchase of the Slovak steel constructor Steel-Mont a.s. was completed in March. The shares were bought for a price of about EUR 10 million. The company was debt-free. Steel-Mont was consolidated within Rautaruukki's accounts as from 1 April 2006.

In May, Rautaruukki purchased AZST-Kolor CJSC, which operates a colour coating line in Ukraine. The shares were bought for a price of EUR 5 million. The company was debt-free. AZST-Kolor was consolidated within Rautaruukki's accounts as from 1 June 2006. The acquisition means that Rautaruukki has a competitive source of ensuring its delivery reliability and the availability of high-quality raw materials, especially in Russia and Ukraine.

In June, Rautaruukki completed the acquisition of the Russian steel constructor OOO Ventall, thereby strengthening the Group's position in the fast-growing Russian market. Ventall was included in Rautaruukki's consolidated financial statements as from 30 June 2006. The shares were bought for a price of EUR 99 million. The company was debt-free. Under the terms of the agreement, a provision for a possible additional purchase price which is dependent on earnings in 2006 and is a maximum of EUR 27.5 million was recorded on the acquisition cost. The company brings Rautaruukki a strong position in Russia's growing construction market as well as a local manufacturing presence within steel structures and sandwich panels.

The disengagement from the manufacture of long steel products moved ahead in the report period. The divestment of long steel products will generate cash flow and free up resources that can be invested in profitable growth in the solutions businesses, particularly in central eastern Europe and Russia.

In July, Rautaruukki Corporation, AB SKF and Wärtsilä Corporation signed an agreement on the sale of the operating companies owned by Oy Ovako Ab to a company owned by Hombergh Holdings BV's shareholders, WP de Pundert Ventures BV and Pampus Industrie Beteiligungen GmbH & Co. KG. Rautaruukki's holding in Ovako is 47 per cent and the company's proportion of the purchase price for the shares is EUR 311 million. In

October, Rautaruukki announced that the regulatory approvals connected with the divestment of Oy Ovako Ab were still being processed and that the deal was expected to close during the latter part of 2006. The tax-free capital gain on the transaction and the share of Oy Ovako Ab's result generated after 30 June 2006 will furthermore be stated as part of the result of associate companies, which is estimated to total about EUR 100 million.

The sale of the Nordic reinforcing steel business to BT Norway AS closed in August. The steel reinforcing business has been part of the Ruukki Metals division and it included the Fundia Armeringsstål AS melt shop and rolling mill in Mo i Rana, Norway, and the companies specialised in steel reinforcement prefabrication and distribution: Fundia Betoniteräkset Oy in Finland; Fundia Armering AB in Sweden; Fundia Armering AS in Norway and Fundia Armering A/S in Denmark. The purchase price was about EUR 125 million, including the dividend paid to Rautaruukki. The purchase price corresponds to the book value of the companies sold.

Ruukki Metals will concentrate on selling special products in the markets of central and southern Europe, and will develop distribution channels that support this. As part of the development of the business model, Rautaruukki sold the steel service centre business which is located in Duisburg, Germany, and mainly prefabricates strip products as well as the property, plant and equipment and inventories connected with the business. The steel service centre and the approximately 75 people on its payroll were transferred to the purchaser's employ on 1 September 2006.

Capital expenditure

Investments in tangible and intangible assets in January-September totalled EUR 90 million (69). Disposals of property, plant and equipment during the report period amounted to EUR 15 million (10). Capital expenditure on the replacement of production equipment in 2006 is estimated to come to about EUR 80 million and outlays on special products and expanding processing capacity will be about EUR 60 million.

In January-September, EUR 120 million was spent on acquisitions. The acquisitions increased the Group's interest-bearing net debt by EUR 27 million. Via the acquisitions, property, plant and equipment increased by EUR 63 million, working capital by EUR 14 million and goodwill by EUR 99 million.

In the report period, it was decided to launch investment projects in Ukraine and Romania requiring an outlay of about EUR 50 million. When the investments are completed, Rautaruukki will be able to increase significantly its deliveries of components and integrated solutions for commercial and industrial construction, thereby expanding its services to customers in Ukraine, Romania and Bulgaria.

Shares and share capital

The trade volume of the Rautaruukki Corporation share on the Helsinki Stock Exchange in January-September was EUR 3,537 million (1,510). The share registered a high of EUR 33.31 in March and a low of EUR 19.00 in June. The volume-weighted average price was EUR 25.40. The price of the share at the end of the report period on 30 September 2006 was EUR 22.65 and the company had a market capitalisation of EUR 3,150 million (2,596).

Rautaruukki Corporation's share capital was increased by EUR 312,885.00 as a consequence of subscriptions made through the exercise of warrants under the bond loan issued in 2003. A total of EUR 55,215.00 was transferred to the share premium account. The increase in the share capital was entered in the Trade Register on 8 August 2006. Following the increase, Rautaruukki's share capital is EUR 236,419,841.50 and the total number of shares is 139,070,495. The figure includes the treasury shares in the company's possession.

The warrants of the bond loan directed at Rautaruukki's personnel in 2003 were admitted to public trading on the Helsinki Stock Exchange as from 24 May 2006. There are a total of 1,400,000 share option warrants and each warrant confers the right to subscribe for one share in the company. The subscription period for the shares will end no later than on 23 May 2009.

Rautaruukki Corporation's Annual General Meeting held on 23 March 2006 authorised the Board of Directors to decide on buying back a maximum of 11,000,000 of the company's own Series K shares (7.92 per cent of the shares outstanding). The Annual General Meeting furthermore authorised the Board of Directors to decide on transferring a maximum of 13,592,697 Series K treasury shares. During the report period the company has transferred a total of 810,316 of its own Series K shares (treasury shares) to persons covered by the Group's share bonus system. On 30 September 2006 the company had a total of 1,785,381 treasury shares in its possession, and their market value was 40 million.

In addition to the above, the Board of Directors does not have a valid authorisation to issue convertible bonds and/or bonds with warrants or to increase the company's share capital.

Environmental compliance

The EU's internal emissions trading scheme, which was launched in 2005, includes the following Rautaruukki sites: in Finland, the Raahe Steel Works and the steam boilers of the Hämeenlinna Works. In Norway, a similar system has been developed, and it covers the steel profile rolling mill located in Mo i Rana. In the initial allocation of free emission rights, Rautaruukki received a total of 18.6 million emission rights, of which 3.2 million were transferred to Oy Ovako Ab as part of the M&A transactions carried out in 2005, with 0.2 million being transferred to BT Norway AS in connection with the sale of the steel reinforcement business in the Nordic countries.

The confirmed volume of carbon dioxide emissions for 2005, excluding Ovako, was 4.83 million tonnes, of which the share for the businesses transferred to BT Norway AS was 0.05 million tonnes. Last year the company's steel production was adjusted in line with profitable demand, thereby also lowering carbon dioxide emissions. EUR 2 million of emission rights were sold during the report period. The difference between emission rights according to the initial allocation and actual emissions as well as other resultant effects will be determined finally only after the close of the three-year period from 2005 to 2007.

Improvements in cost-effectiveness

The aim of Ruukki United, Rautaruukki's project for harmonising and enhancing ways of working is to achieve a permanent reduction in the level of costs of about EUR 150 million by the end of 2008. Of these cost savings, EUR 39 million had been implemented by the end of the report period.

The objective of the Ruukki United programme is also to free up permanently about EUR 150 million of capital by the end of 2008. EUR 62 million of the programme to reduce tied-up capital had been realised by the end of the report period.

The effects which the programmes will have on staffing levels are to be ascertained on a project-specific basis, and the reductions are expected to be made primarily by way of retirement and relocation.

Events after the close of the report period

The Board of Directors of Rautaruukki Corporation has decided on the company's new financial targets for the coming three years, and at the same time has revised the company's dividend policy.

An annual target of 10 per cent has been set for growth in Rautaruukki's net sales. The operating profit target has been raised from 7 per cent to 12 per cent of net sales.

The target for return on capital employed has been raised from the previous figure of 15 per cent to 20 per cent. The target set for gearing is to keep it below 60 per cent instead of the previous 80 per cent.

Rautaruukki's dividend policy is to pay a dividend of 40 - 60 per cent of the result for the fiscal year. The goal is a steadily increasing dividend that takes into account the requirements for growth in the business.

Rautaruukki has decided to expand its service centre business in St. Petersburg by an capital expenditure of some EUR 20 million in order to respond to western and local customers' growing demand of materials and prefabrication services.

The share options of the bond loan with warrants directed at Rautaruukki's personnel in 2003 were exercised to subscribe for a total of 194,751 Series K shares during 9 August–18 October 2006. Rautaruukki Corporation's Board of Directors approved the subscriptions made, which resulted in an increase in share capital of EUR 331,076.70.

Near-term outlook

Economic growth in the Group's core market areas has remained strong and the market situation in the main customer industries is good. The high season in the construction industry is in the summer months, but demand is expected to hold up well also in the latter part of the year. Customers in the engineering industry have reported a good order intake, and the outlook is for stable demand. Within steel products as well, demand is anticipated to remain robust, with prices estimated to strengthen further in the fourth quarter. Costs of the raw materials used in steel manufacture are expected to remain at the level seen in the second half of 2005.

Full-year consolidated net sales in 2006 are estimated to exceed EUR 3.5 billion. The Ovako transaction is expected to be completed during the latter part of the year, and the capital gain on it will be booked to the last quarter. The company's cash flow is estimated to improve significantly in the latter part of the year thanks to good profitability and the Ovako transaction. Fourth-quarter operating profit is estimated to improve markedly compared with the same period last year and the Group is well positioned to start the year 2007.

This Interim Report has not been audited.

Helsinki, 1 November 2006

Rautaruukki Corporation
Board of Directors

DIVISIONS

Ruukki Construction

EUR million	I/2005	II/2005	III/2005	IV/2005	2005	I/2006	II/2006	III/2006
Net sales	88	137	170	155	550	133	181	244
Operating profit	9	22	39	17	86	8	21	33
- % of net sales	10	16	23	11	16	6	12	14

Ruukki Construction's net sales in January-September 2006 totalled EUR 558 million (395). Net sales increased by more than 40 per cent on the same period of last year driven largely by the effect of the acquisitions and the rise in the proportion of integrated deliveries. The division's share of consolidated net sales was 21 per cent (14). Operating profit was EUR 62 million (70). The division's profitability improved towards the end of the report period, but measured against the same period of last year, profitability was weakened by the rise in the price of zinc, which is used in colour-coated products. The development measures started at the beginning of the year have not yet risen the profitability of PPTH to the targeted level.

There was brisk activity in the construction industry during the second and third quarters. There was good demand for components, systems and integrated systems alike, and deliveries increased in all market areas. In the Nordic countries and the Baltic area, sales of components have held up well and integrated deliveries have grown in volume. Deliveries for infrastructure projects in the Nordic countries have likewise shown continued strength. There has been buoyant growth in central eastern Europe, especially for integrated deliveries, bolstered in large measure by the acquisitions and new capital expenditure projects that have been carried out. In Russia and Ukraine, systems and integrated deliveries represent an increased share of sales, alongside growing sales of components.

The M&A arrangements carried out during the report period have increased the Group's design and project know-how, delivery accuracy and the availability of high-quality raw materials, especially in the growing markets of central and eastern Europe. PPTH, the leading steel constructor in the Nordic countries, was made a part of Ruukki Construction as from 1 January 2006, and Slovakia's leading steel constructor, Steel-Mont, was added to the division on 1 April 2006. In May, Rautaruukki acquired AZST-Kolor's colour coating line in the city of Antratsit, Ukraine. The acquisition of OOO Ventall, Russia's leading steel constructer, was completed in June and Ventall was made a part of Ruukki Construction as from 30 June 2006. In June, the Group started up a new factory in Hungary to strengthen Rautaruukki's delivery and service capability for the main components used in construction when making integrated deliveries.

In September, Rautaruukki announced it was launching major investment projects with a total price tag of about EUR 50 million in central eastern Europe. The total investment in a factory to be built in Ukraine is estimated at EUR 15 million and production is scheduled for start-up in the first quarter of 2008. The factory to be built in Romania is estimated to have a total investment cost of EUR 35 million and production is slated for start-up towards the end of 2007. When the investments are completed, Rautaruukki will be able to increase significantly its deliveries of components and integrated systems for commercial and industrial construction to customers in Ukraine, Romania and Bulgaria.

Ruukki Engineering

EUR million	I/2005	II/2005	III/2005	IV/2005	2005	I/2006	II/2006	III/2006
Net sales	124	114	101	137	476	132	142	127
Operating profit	22	23	23	27	96	25	21	28
- % of net sales	18	21	23	20	20	19	15	22

In January–September 2006, Ruukki Engineering's net sales increased by 18 per cent on 2005 and were EUR 400 million (339). Comparable net sales in January-September 2005 amounted to EUR 311 million. Compared with this figure, growth in the first three quarters of 2006 was 29 per cent. The higher net sales were attributable both to the continued good market situation and the acquisition of Syneco Industri AB that was made towards the end of 2005. The division's share of consolidated net sales was 15 per cent (12; on a comparable basis: 11). Operating profit was EUR 74 million (69; on a comparable basis: 69).

Order books are strong in all of Ruukki Engineering's customer industries. Customers in the lifting, handling and transportation equipment industry had a strong order intake, and this was reflected in the good demand for deliveries by Engineering. Demand in the pulp and paper industry has held up well and there has been good growth in the wind power plant market. In the shipbuilding and offshore industry, the order intake is at a very good level.

Demand for parts, components and systems supplied by Ruukki Engineering has continued to grow. Manufacturing capacity is being beefed up in line with the increased demand and with an eye to boosting production efficiency. The new assembly hall for operator cabin production at the factory in Kurikka went into operation in the summer. Manufacturing capacity for operator cabins will increase by about a third. In addition, production at the factory in Wroclaw, Poland, will be expanded.

Demand for components and systems is enjoying buoyant growth, bringing in its wake a growing need for special steels. Quenching capacity for steel plates will be raised at the production units in order to ramp up deliveries of components made from high-strength steels.

Ruukki Metals

EUR million	I/2005	II/2005	III/2005	IV/2005	2005	I/2006	II/2006	III/2006
Net sales	802	686	541	596	2625	591	604	514
Operating profit	180	147	69	91	486	77	87	89
- % net sales	22	21	13	15	19	13	14	17

Ruukki Metals' net sales in January-September 2006 totalled EUR 1,708 million (2,029). Net sales decreased by 16 per cent. The decrease in net sales was largely attributable to the non-inclusion of the units transferred to Ovako in financial reporting as from 1 May 2005 and to the non-inclusion in reporting of the Nordic reinforcing steel business as from 1 August 2006. Comparable net sales in January-September amounted to EUR 1,541 million (1,606). The division's share of consolidated net sales was 64 per cent (73). The corresponding figure on a comparable basis was 62 (69). Operating profit was EUR 253 million (396). Comparable operating profit was EUR 239 million (324). The decline in profitability was attributable to the clear rise in raw material costs.

Demand for steel products has been buoyant in the main customer industries in all the core markets and across Europe. Wholesalers have topped up their stocks to the normal level. Prices of steel products rose further in the third quarter. Average prices in January-September were on a par with the same period a year earlier. Strong demand in the Nordic countries, accompanied by dips and peaks from product to product, has led to delivery difficulties for certain products. The surge in construction activity in central eastern Europe has particularly fuelled demand for colour-coated sheet and plate products. Special products made up an increased share of deliveries.

As part of the development of Ruukki Metals' business model, Rautaruukki sold the steel service centre business which is located in Duisburg, Germany, and mainly prefabricates thin sheet products as well as the property, plant and equipment and inventories connected with the business. The steel service centre and the approximately 75 people on its payroll were transferred to the purchaser's employ on 1 September 2006.

Investments in increasing the delivery capability for ultra high-strength steels are progressing according to plan. A new laser cutting line for large hollow sections will go into operation at the steel service centre in Hyvinkää by the end of 2007.

Ruukki Production

'000 tonnes	I/2005	II/2005	III/2005	IV/2005	2005	I/2006	II/2006	III/2006
Steel production	1176	982	765	888	3813	888	860	725
Steel production at Raahe	716	715	614	701	2746	709	693	705

Steel output in January–September was 2,473,000 tonnes. The reinforcing steel business that was sold to BT Norway AS in August was included in figures up to the end of July 2006, after which Rautaruukki has steel production operations only in Raahe. Steel output in Raahe during January–September amounted to 2,107,000 tonnes (2,045,000). The greatest demand was for heavy steel plates and colour-coated strip products, and production of them ran smoothly. Production of hot strip products fell short of targets.

The costs of raw materials used in iron manufacture were at the level seen in the second half of last year. The price of zinc, which is used for coating thin sheet, was double last year's price level. A cost trend that is more moderate than world market prices for zinc has been ensured by taking out long-term hedging contracts.

The production investments that were made increased the delivery capability for ultra high-strength steels. The second phase of the modernisation of the hot strip rolling mill's automation system was carried out in July. A new hot strip coiler went into operation at the rolling mill in September, enabling it to coil significantly thicker ultra high-strength steels. The building of direct quenching equipment for heavy plates is progressing according to plans and part of its commissioning was done in October. The entire equipment will be in operation in summer 2007.

The colour-coating line in Antratsit, Ukraine, that was purchased in May went into operation in July. Production has run in line with plans. In July-September, 2,700 tonnes of steel were colour-coated in Antratsit. Capacity for next year is estimated at 60,000 tonnes.

TABLES

Individual figures and grand totals presented in the tables have been rounded off to full millions of euros from exact figures, which mean that when added together or subtracted they will not always tally. The figures in the tables are unaudited.

CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONDENSED)

EUR million	7-9/06	7-9/05	1-9/06	1-9/05	2005
Net sales	885	812	2669	2764	3654
Other operating income	13	5	24	16	28
Operating expenses	-719	-665	-2218	-2168	-2908
Depreciation	-38	-37	-113	-118	-156
Operating profit	140	114	362	495	618
Financing income and expenses	-6	-5	-19	-24	-30
Share of results in associated companies	7	6	35	20	23
Profit before taxes	141	116	378	491	612
Taxes	-36	-31	-89	-130	-157
Net profit	105	84	288	362	455
Attributable to:					
Equity holders of the company	105	84	288	362	455
Minority interest	0	0	0	0	0
Diluted earnings per share, e	0,76	0,61	2,09	2,64	3,31
Basic earnings per share, e	0,76	0,62	2,11	2,66	3,35
Operating profit, % of net sales	15,9	14,1	13,6	17,9	16,9

CONSOLIDATED BALANCE SHEET (CONDENSED)	2006	2005	2005
EUR million	30 Sep	30 Sep	31 Dec
ASSETS			
Non-current assets	1562	1501	1476
Current assets			
Inventories	556	582	534
Trade and other receivables	629	528	528
Cash and cash equivalents	38	83	163
	2785	2694	2701
EQUITY AND LIABILITIES			
Equity			
Capital attributable to the Company's equity holders	1619	1399	1497
Minority interest	1	0	1
Non-current liabilities			
Interest bearing	220	412	372
Other	217	236	194
Current liabilities			
Interest bearing	228	149	132
Trade payables and other liabilities	501	498	505
	2785	2694	2701

CASH FLOW STATEMENT (CONDENSED)

EUR million	1-9/06	1-9/05	1-12/05
Net profit	288	362	455
Adjustments	179	265	333
Cash flow before working capital changes	467	627	788
Change in working capital	-95	-57	0
Financing items and taxes	-167	-109	-137
Cash flow from operations	205	461	652
Cash flow from investing activities	-62	-81	-133
Cash flow before financing	143	380	519
Dividends paid	-191	-109	-109
Other net cash flow from financing	-76	-247	-307
Change in cash and cash equivalents	-124	24	103

KEY FIGURES	1-9/06	1-9/05	1-12/05
Net sales, Me	2669	2764	3654
Operating profit, Me	362	495	618
- % of net sales	13.6	17.9	16.9
Profit before taxes, Me	378	491	612
- % of net sales	14.2	17.8	16.7
Net profit, Me	288	362	455
- % of net sales	10.8	13.1	12.5
Return on capital employed*, %	26.2	35.7	32.8
Return on equity *, %	25.3	38.4	34.7
Equity ratio, %	59.5	52.3	56.0
Gearing ratio, %	25.3	34.1	22.8
Interest-bearing net debt, Me	410	477	341
Equity per share, e	11.85	10.27	10.98
Personnel on average	13,063	11,800	11,684
Number of shares	139,070,495	138,886,445	138,886,445
- not counting own shares	136,768,798	136,293,748	136,293,748
- diluted, average	137,749,903	135,870,405	137,377,120

* Based on previous 12 months

STATEMENT OF CHANGES IN EQUITY 1-9/2006
Me

	Share capital	Share premium account	Fair value and other reserves	Translation differences	Retained earnings	Total	Minority interest
	Attributable to equity holders of the Company						
EQUITY 1.1.	236	220	31	-5	1016	1497	1
Cash flow hedging							
Increase (hedging reserve)			27			27	
Deferred taxes			-7			-7	
Share-based compensation			2			2	
Treasury shares disposal			-4		6	2	
Change in translation difference				1		1	
Dividend distribution					-191	-191	
Net profit					288	288	
EQUITY 30.9.	236	220	49	-4	1119	1619	1

STATEMENT OF CHANGES IN EQUITY 1-9/2005
Me

	Share capital	Share premium account	Fair value and other reserves	Translation differences	Retained earnings	Total	Minority interest
	Attributable to equity holders of the Company						
EQUITY 1.1	236	220	4	-2	670	1126	1
Cash flow hedging							
Increase (hedging reserve)			24			24	
Deferred taxes			-6			-6	
Share-based compensation			3			3	
Change in minority interest							-1
Change in translation difference				-2		-2	
Dividend distribution					-109	-109	
Net profit					362	362	
EQUITY 30.9.	236	220	25	-4	923	1399	0

NET SALES BY DIVISION

Me	1-9/06	1-9/05	1-12/05
Ruukki Construction	558	395	550
Ruukki Engineering	400	339	476
Ruukki Metals	1708	2029	2625
Group management and other units	2	2	3
Consolidated net sales	2669	2764	3654

OPERATING PROFIT BY DIVISION

Me	1-9/06	1-9/05	1-12/05
Ruukki Construction	62	70	86
Ruukki Engineering	74	69	96
Ruukki Metals	253	396	486
Group management and other units	-26	-39	-50
Consolidated operating profit	362	495	618

NET SALES BY QUARTER

Me	I/05	II/05	III/05	IV/05	I/06	II/06	III/06
Ruukki Construction	88	137	170	155	133	181	244
Ruukki Engineering	124	114	101	137	132	142	127
Ruukki Metals	802	686	541	596	591	604	514
Group management and other units	0	2	0	1	0	1	0
Consolidated net sales	1014	939	812	889	856	928	885

OPERATING PROFIT BY QUARTER

Me	I/05	II/05	III/05	IV/05	I/06	II/06	III/06
Ruukki Construction	9	22	39	17	8	21	33
Ruukki Engineering	22	23	23	27	25	21	28
Ruukki Metals	180	147	69	91	77	87	89
Group management and other units	-10	-12	-17	-11	-15	-2	-9
Consolidated operating profit	201	180	114	123	95	127	140

NET SALES BY QUARTER (PRO FORMA) EXCLUDING UNITS TRANSFERRED TO OVAKO AND NORDIC REINFORCING BUSINESS

Me	I/05	II/05	III/05	IV/05	I/06	II/06	III/06
Ruukki Construction	88	137	170	155	133	181	244
Ruukki Engineering	103	107	101	137	132	142	127
Ruukki Metals	571	561	474	522	521	523	497
Group management and other units	0	2	0	1	0	1	0
Consolidated net sales	761	807	745	815	786	848	868

OPERATING PROFIT BY QUARTER (PRO FORMA) EXCLUDING UNITS TRANSFERRED TO OVAKO AND NORDIC REINFORCING BUSINESS

Me	I/05	II/05	III/05	IV/05	I/06	II/06	III/06
Ruukki Construction	9	22	39	17	8	21	33
Ruukki Engineering	21	24	23	27	25	21	28
Ruukki Metals	135	122	67	85	71	79	90
Group management and other units	-10	-12	-17	-11	-15	-2	-9
Consolidated operating profit	154	156	112	117	89	119	141

NET SALES BY AREA

% of net sales	1-9/06	1-9/05	1-12/05
Finland	31	29	29
Other Nordic countries	32	30	30
Central eastern Europe	15	11	12
Other western Europe	20	27	26
Other countries	2	3	3

CONTINGENT LIABILITIES	2006	2005	2005
Me	30 Sep	30 Sep	31 Dec
Mortgaged real estates	26	27	29
Given as pledges	5	0	19
Collateral given on behalf of			
associated companies	2	16	3
others	2	6	2
Leasing and rental liabilities	127	146	141
Other financial liabilities	9	1	4

VALUES OF DERIVATIVE CONTRACTS 30 Sep 2006

Me	Nominal value	Fair value
Cash flow hedges included in hedge accounting		
Interest rate derivatives		
Interest rate swaps	25	0.2
Zinc derivatives		
Forward contracts	34,875*	36.6
Electricity derivatives		
Forward contracts	1,597**	25.5
Derivatives not included in hedge accounting		
Interest rate derivatives		
Interest rate swaps	100	0.6
Foreign currency derivatives		
Forward contracts	372	-0.4
Options		
Bought	60	-0.3
Sold	60	0.8
	120	0.5

*   tonnes
** GWh

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Me	1-9/06	1-9/05	1-12/05
Book value at the beginning of the period	1033	1192	1192
Increases	79	57	84
Increases through acquisitions	51	9	19
Decreases	-8	-9	-15
Decreases through divestments	-42	-114	-105
Depreciation	-101	-110	-144
Exchange differences	-1	8	4
Book value at the end of the period	1011	1034	1033

TRANSACTIONS WITH RELATED PARTIES (ASSOCIATED COMPANIES)

Me	1-9/06	1-9/05	1-12/05
Sales to associated companies	21	39	59
Purchases from associated companies	66	47	56
Non-current receivables at the end of the period	0	39	39
Trade receivables and other receivables at the end of the period	6	12	13
Trade creditors and other liabilities at the end of the period	7	6	6

INVESTMENT COMMITMENTS* Me	after 30 Sep 2006
Maintenance investments	37
Development investments and outlays on special products	118
Total	155

*Investment commitments include the estimated costs of projects that have received a go-ahead permit.

INFORMATION ON ACQUISITIONS

Me	Fair values booked at acquisition	Book value before acquisition
Acquisition cost	149	149
including conditional purchase price	29	29
Acquired entities' assets and liabilities (book value)		
Non-current assets	63	44
Current assets		
Inventories	25	25
Trade receivables and other receivables	34	34
Cash and cash equivalents	8	8
Total assets	130	111
Non-current liabilities		
Interest-bearing	28	23
Other	2	2
Current liabilities		
Interest-bearing	7	7
Other	43	39
Total liabilities	79	71
Net assets	51	40
Acquisition cost	149	149
Goodwill	98	109
Acquisition cost paid in cash	120	120
Cash flow from acquired subsidiaries	8	8
Cash flow from acquisitions	112	112

Includes following acquisitions: PPTH Steelmanagement Oy, Steel-Mont a.s., AZST-Kolor CJSC and OOO Ventall.

The acquisitions have been recorded on a preliminary basis in the manner permitted under IFRS 3. The determination of OOO Ventall's fair value of assets and liabilities is still incomplete when the interim report is published.

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. The company has operations in 23 countries and employs 12,000 people. Net sales in 2005 totalled EUR 3.7 billion. The company's share is quoted on the Helsinki Exchanges (Rautaruukki Oyj: RTRKS). The Corporation has used the marketing name Ruukki since 2004.

www.ruukki.com