


Interim Review Q2 2006

July 26, 2006

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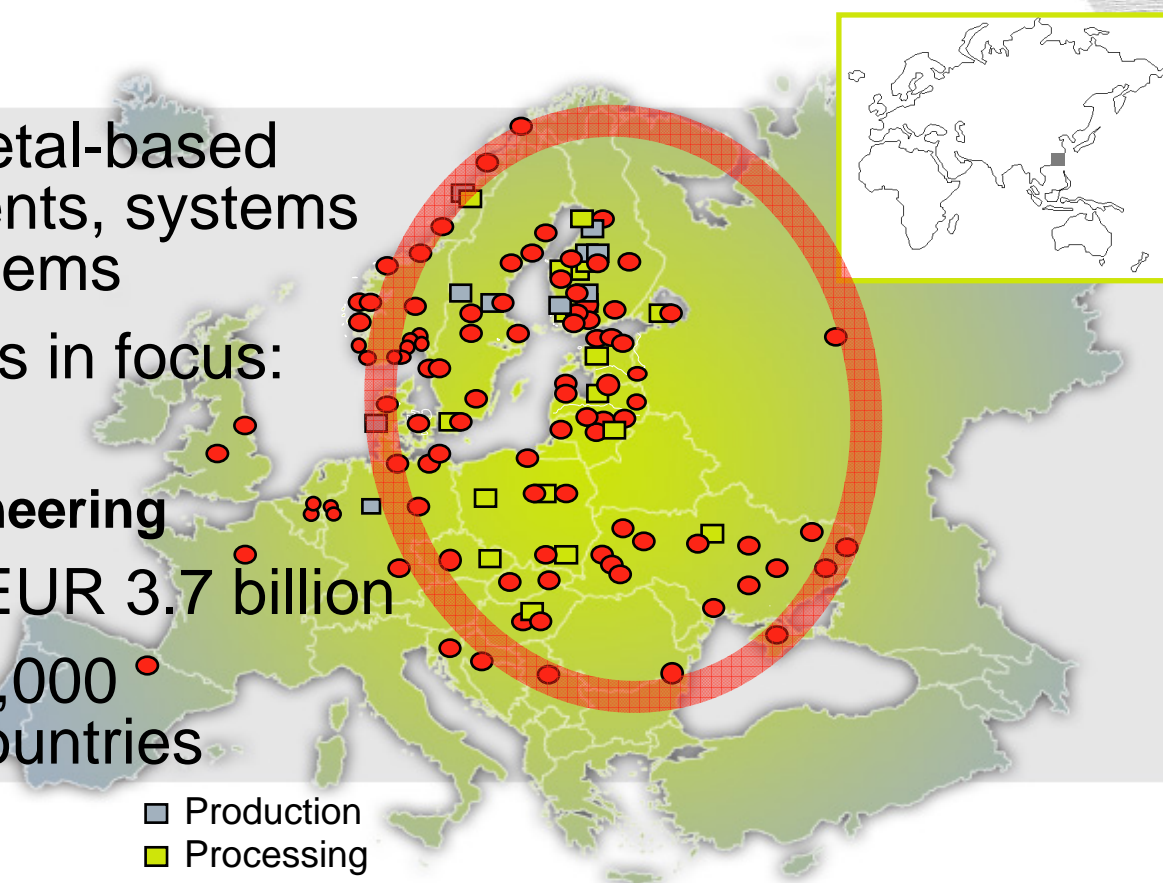
- 
- **Strategy Moving Ahead**
 - **Recent Structural Changes**
 - **Business Environment**
 - **Financials 1-6/2006**
 - **Near-term Outlook**
 - **Summary**

Strategy Moving Ahead

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Ruukki today

- Ruukki supplies metal-based products, components, systems and integrated systems
- Customer industries in focus:
 - **construction**
 - **mechanical engineering**
- Net sales in 2005 EUR 3.7 billion
- In 2005 approx. 12,000 employees in 23 countries



■ Production
■ Processing
● Sales and service

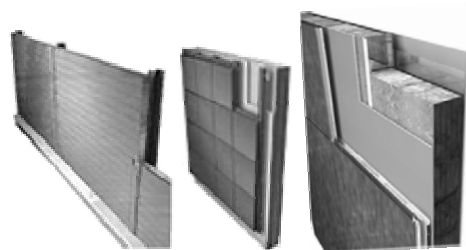
Ruukki supplies products, components and systems according to customers' needs

Metal-based products parts and components

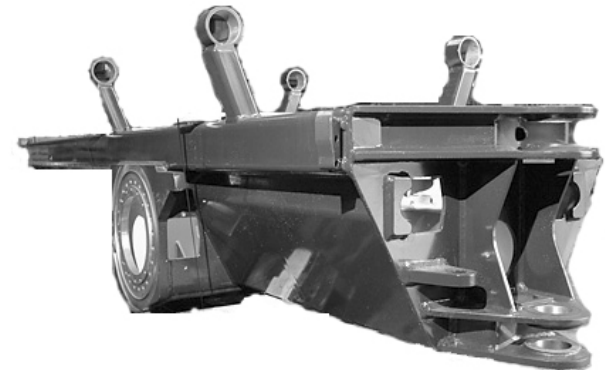


Components, systems and integrated systems used in

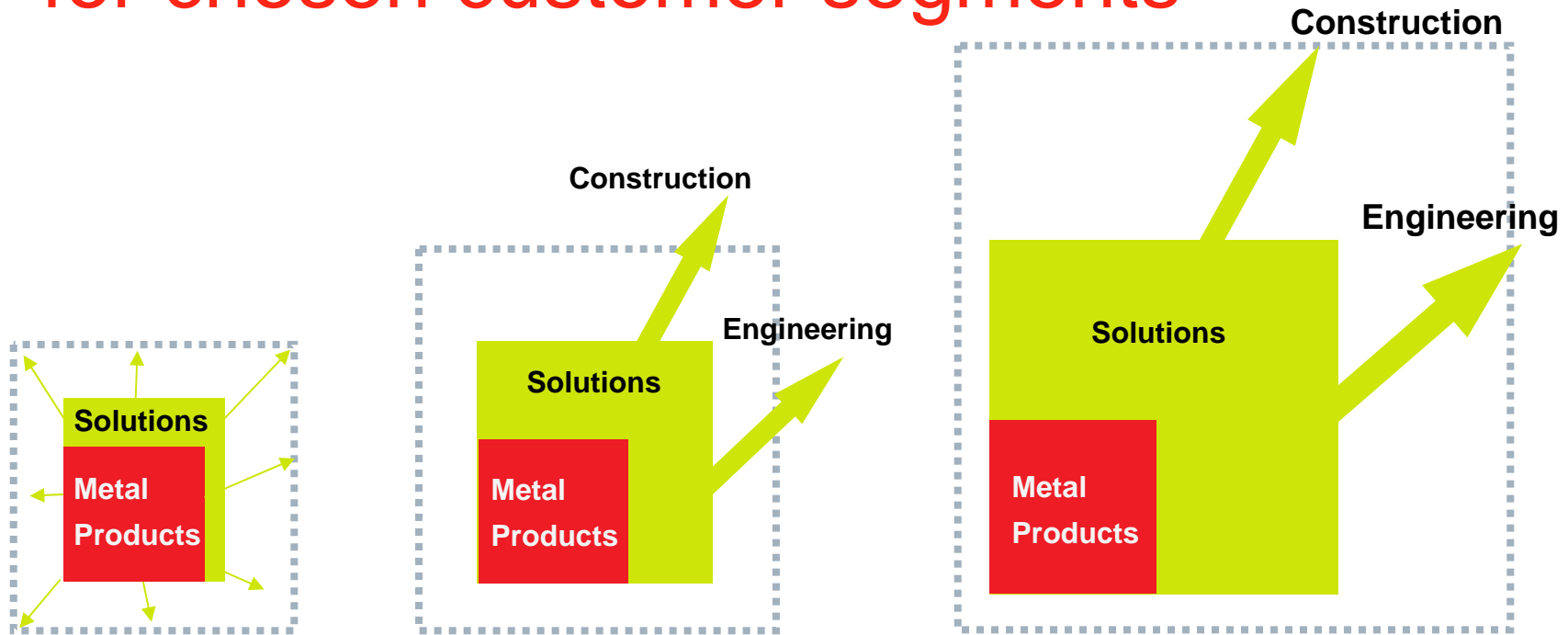
Construction



Engineering



Our vision: the most desired solution supplier for chosen customer segments



2003
Reliable steel producer



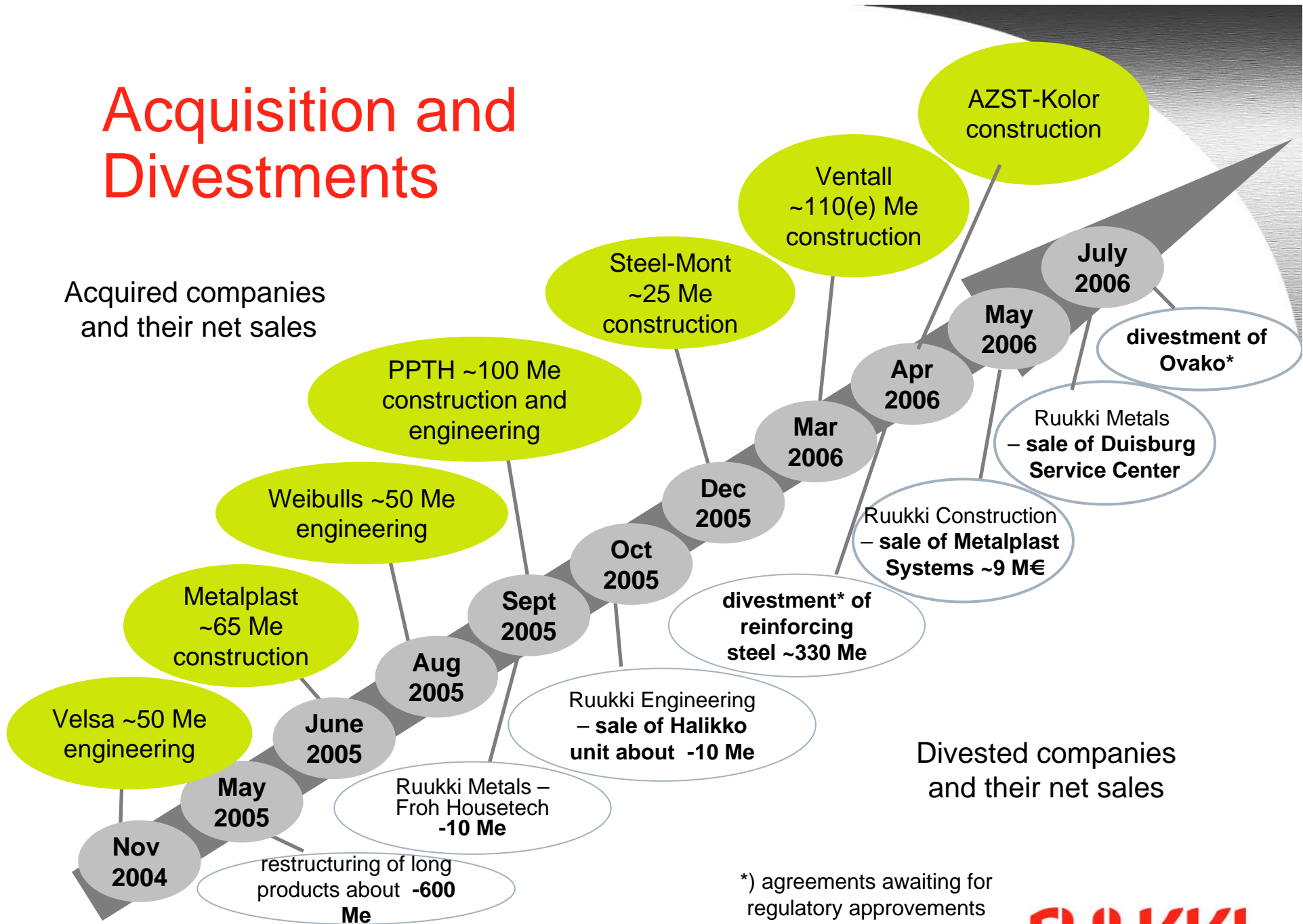
2008-2010
The most desired solution
supplier

Recent Structural Changes

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Acquisition and Divestments

Acquired companies and their net sales



Divested companies and their net sales

*) agreements awaiting for regulatory approvals



Ventall Acquisition strengthens our delivery capabilities in Russia and Ukraine

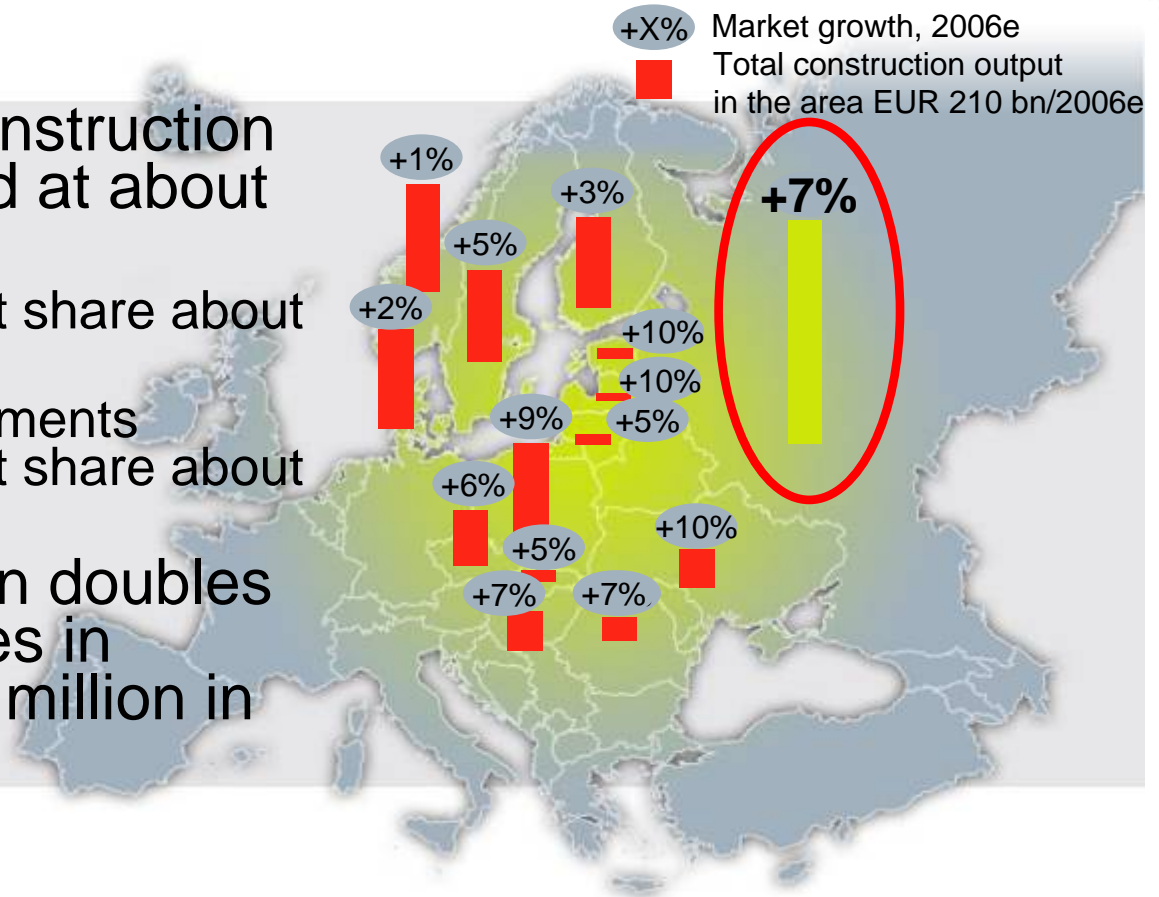
- Ventall designs, manufactures and supplies steel frame structures and sandwich elements
- Key figures in 2005
 - Net sales EUR 110 million (2006e)
 - EBIT EUR 15.5 million
 - Employees 1,238
- Most of the EUR 30 million expansion program completed
 - Triples production capacity and enables significant growth



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Commercial construction growing considerably in Russia

- Russian steel construction market estimated at about EUR 700 million
 - Ventall’s market share about 7 per cent
 - in sandwich elements Ventall’s market share about 15 per cent
- Ventall more than doubles Ruukki’s net sales in Russia (EUR 70 million in 2005)



Source: Euroconstruct, VTT, Buildecon

Divestment of Ovako

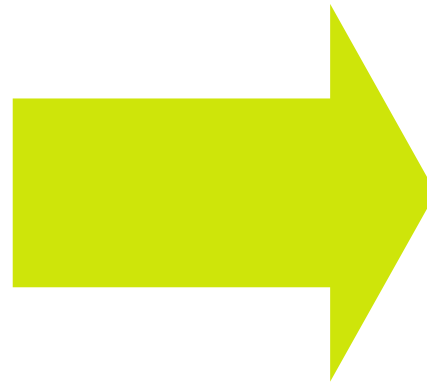
- Rautaruukki, Wärtsilä and SKF signed an agreement to sell Ovako in July 2006
- Purchasers:
 - holding company owned by Hombergh Holdings, WP de Pundert Ventures BV and Pampus Industrie Beteiligungen CmbH & Co
- Expected to close in September 2006
- Enterprise value appr. 700 M€
- Deal structure:
 - 660 M€ price for the shares
 - 535 paid in cash
 - 110 M€ vendor note from sellers in 3-6 years
 - 15 M€ deferred payment 2 years

Divestment of Ovako – Main effects on Rautaruukki

- Shares: 311 M€
- Tax free profit: appr. 100 M€ (shown as financial income)
- Cash in 2006: 250 M€
- Cash in 2008: 7M€
- Vendor note paid within 3-6 years from closing, cash effect 52 M€

Rationale for divestment of long steel business

- Only limited synergy with Ruukki Metals' other products
- More exposure to standard steel price fluctuation
- Lot of capital tied in long steel business
- Not related to solutions in engineering and construction businesses



- More stable business structure
- Funds available to invest in profitable growth in selected business areas
- More focus on selected solutions businesses:
 - construction
 - engineering
 - special products

Divestment of long steel business – Financial effects

- Expected cash effects, 470 M€:
 - Ovako shareholders loan in Q2/2006, 38M€ (already booked)
 - sale of reinforcing steel in Q3/2006, 123 M€ (incl. dividends)
 - sale of Ovako
 - during 2006, 250 M€
 - deferred payment in 2008, 7M€
 - vendor note in 3-6 years, 52 M€
- Tax free profit 100 M€, expected in 2006

Business Environment

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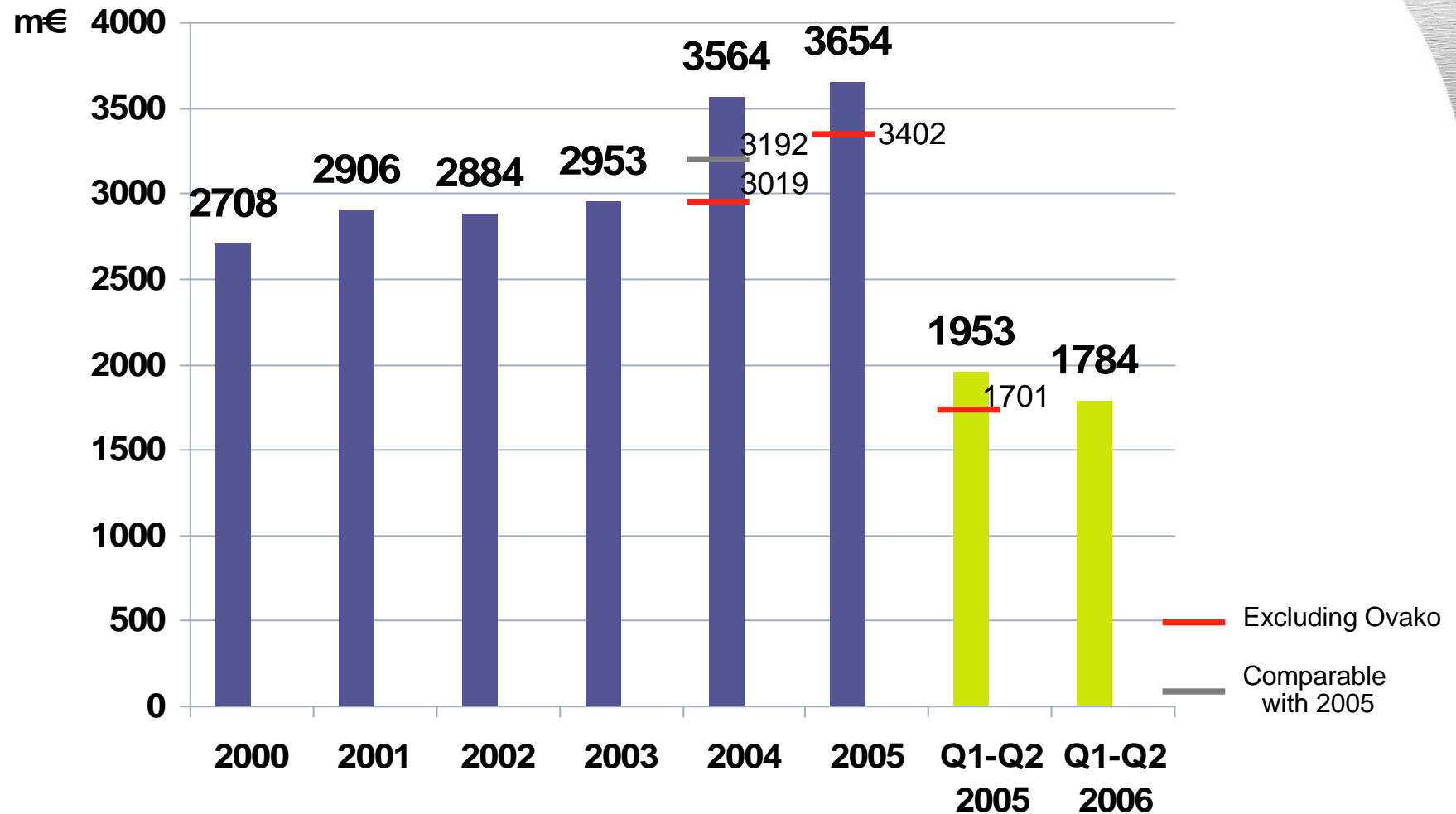
Demand continued good

- Demand in **construction** at good level
 - strong growth in industrial and commercial construction
 - demand in core market areas (central eastern Europe, Russia and Ukraine) continued strong
- Strong order books in **engineering** industry
 - demand in Lifting, Handling and Transportation very strong
 - strong order books in Marine and Offshore
- Standard steel product market still strong
 - demand of steel products improved, especially in plates and colour coated products
 - steel product prices increased compared to Q1/2006
 - wholesalers' stock levels normal/low

Financials 1-6/2006

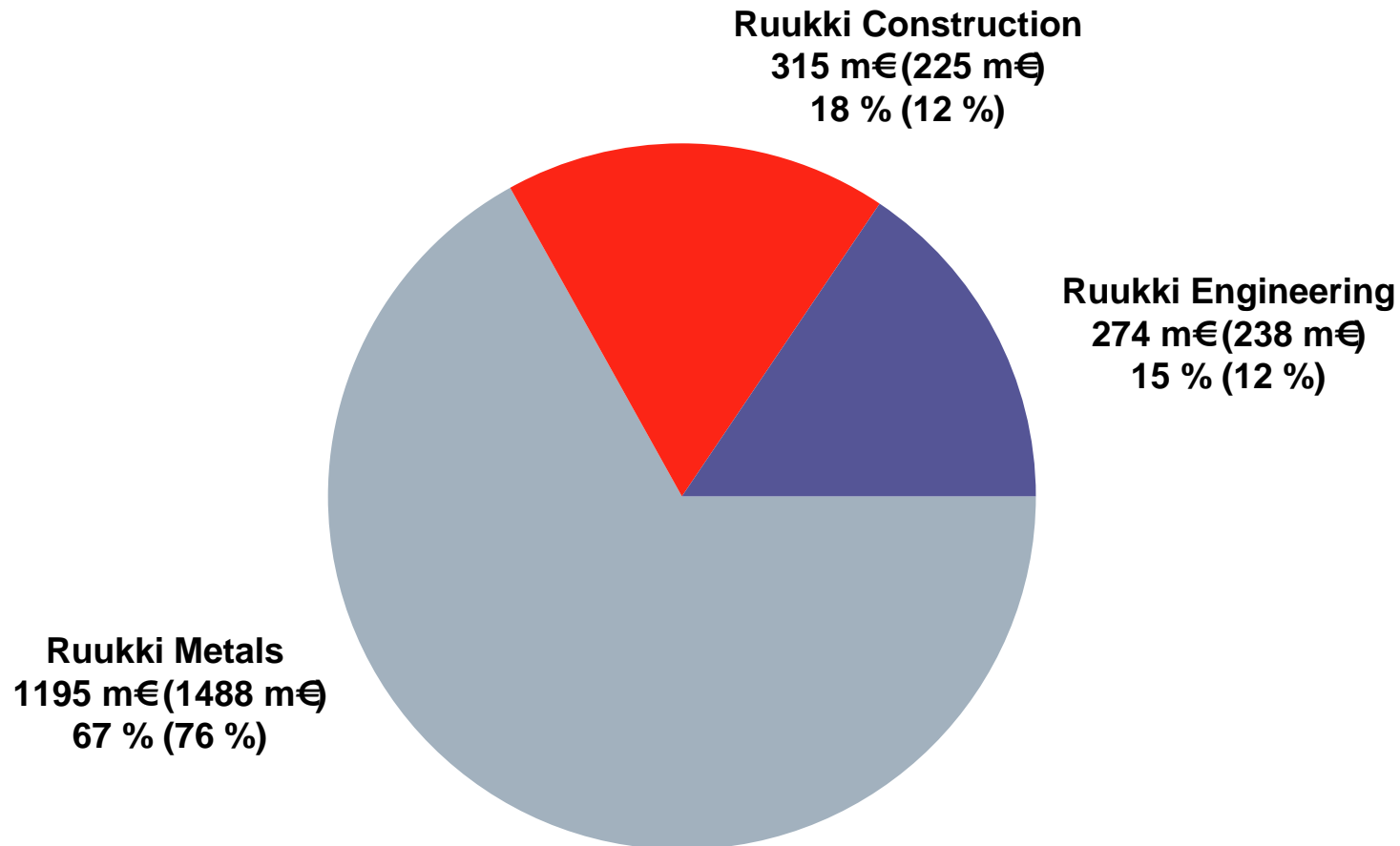
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Net sales, Group total

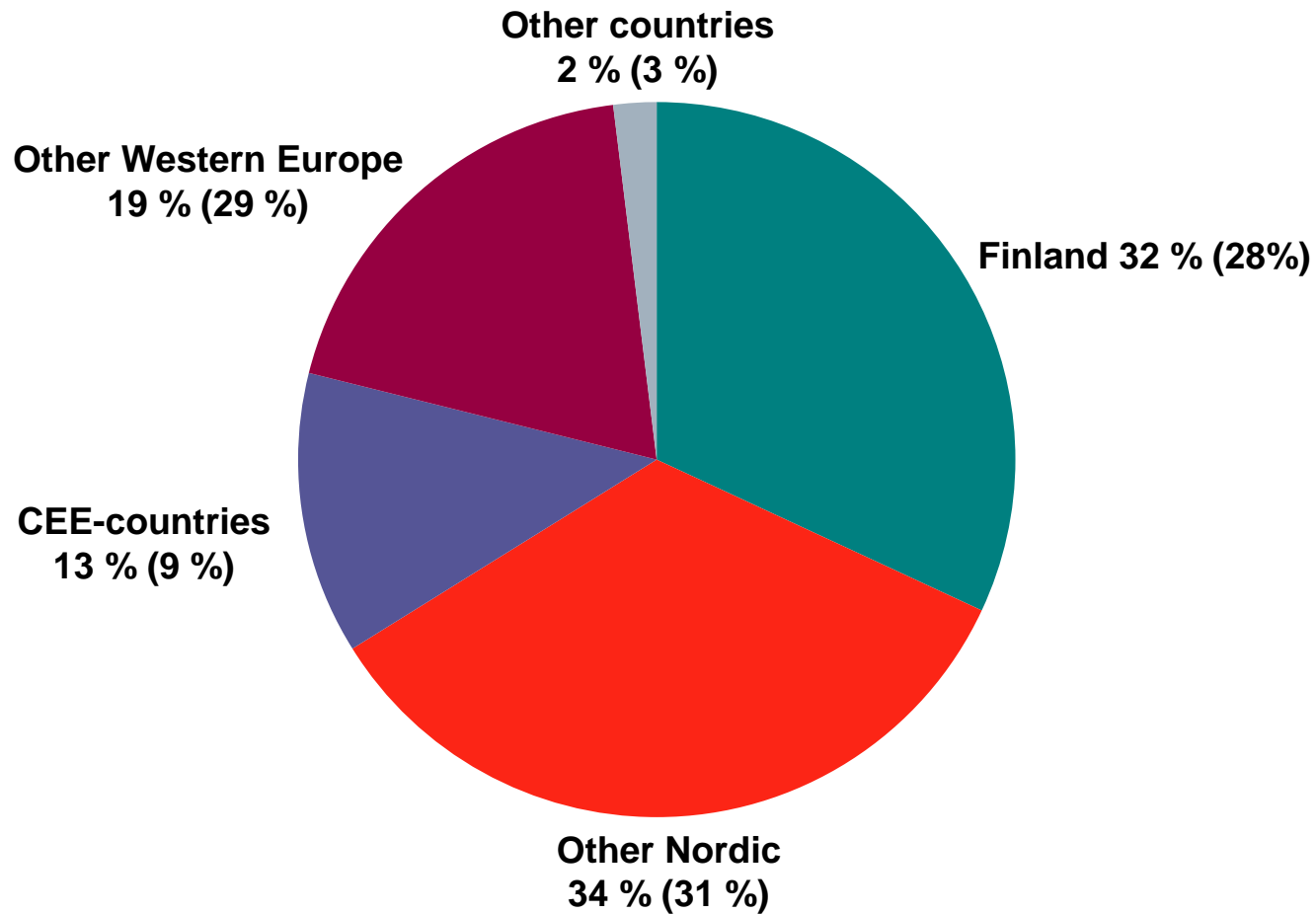


Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

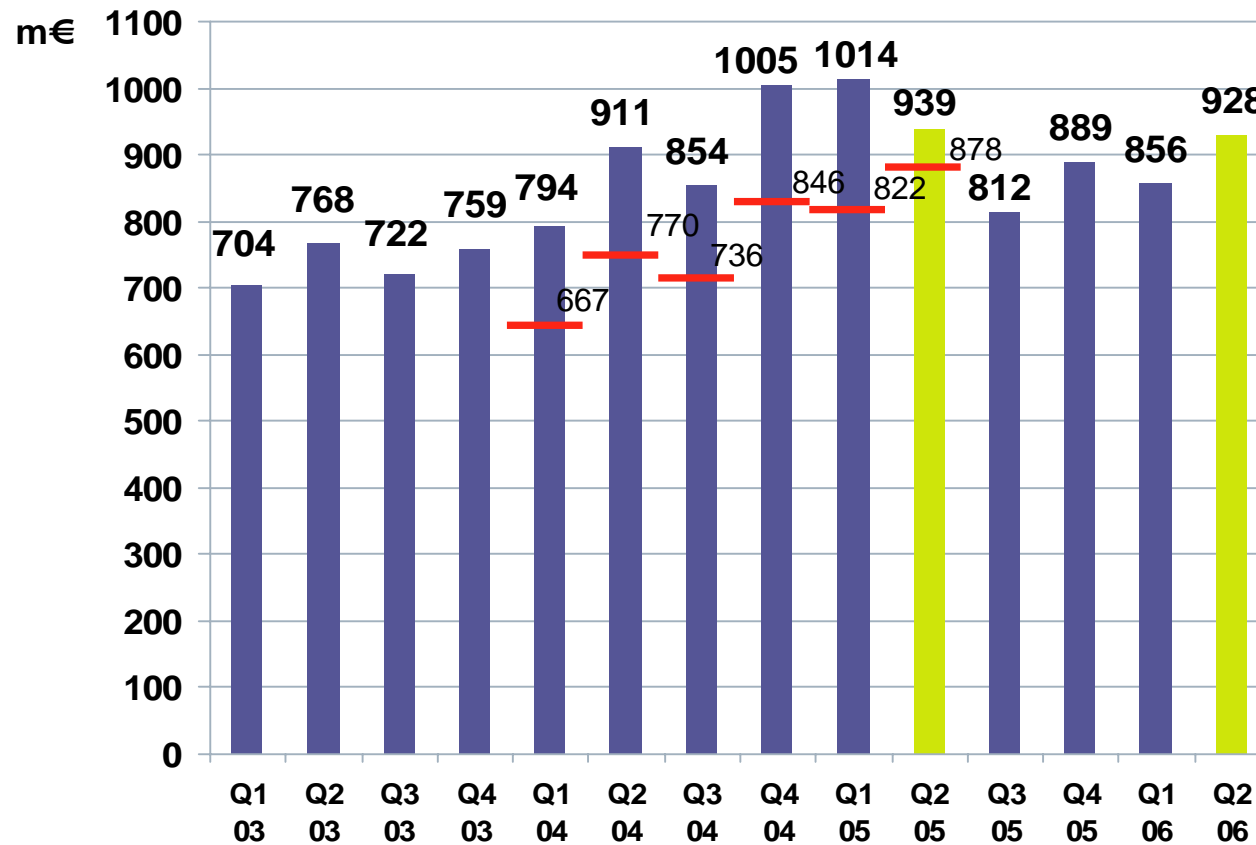
Group net sales by division Q1-Q2/2006 (Q1-Q2/2005)



Group net sales by area Q1-Q2/2006 (Q1-Q2/2005)



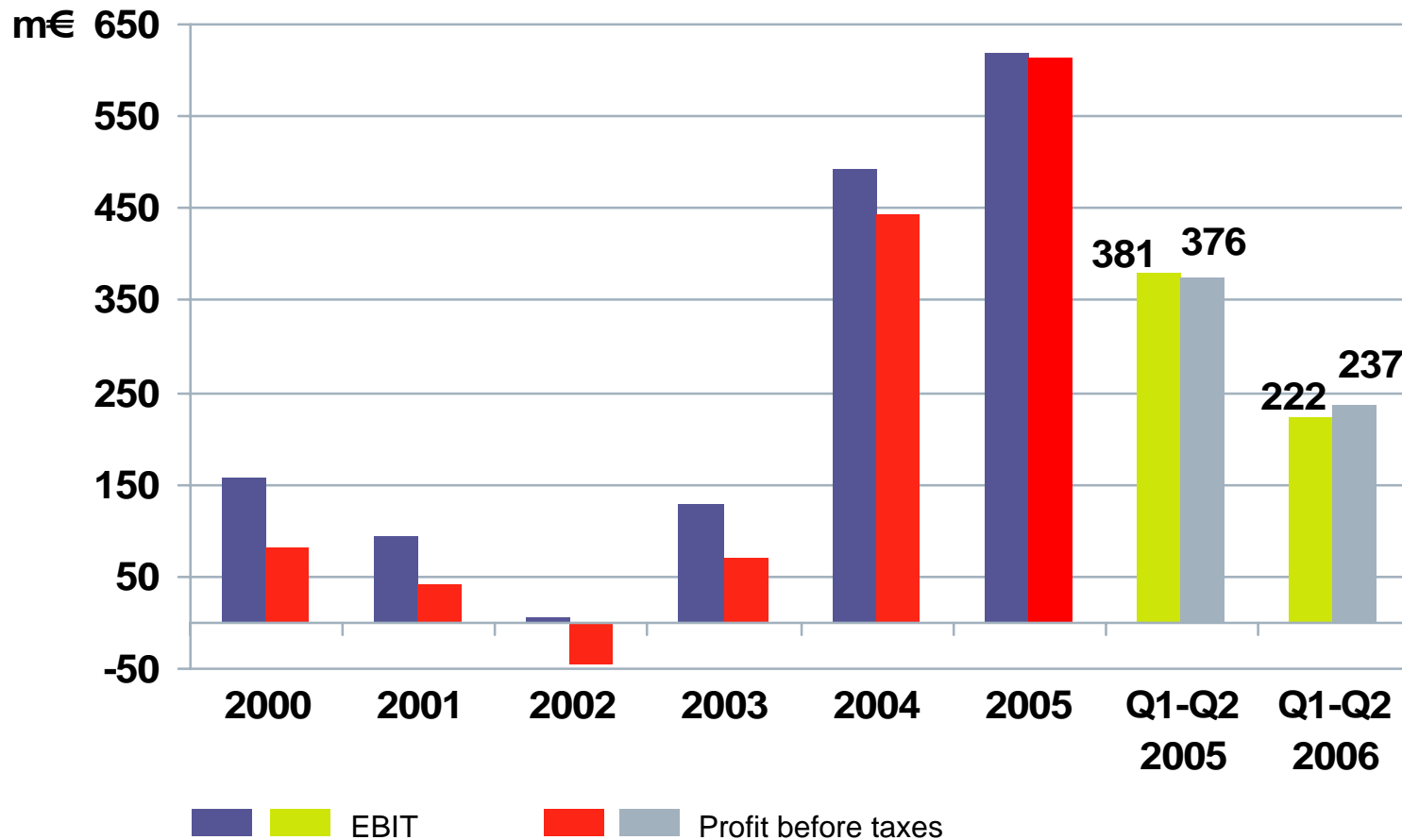
Quarterly net sales, Group total



— without Ovako

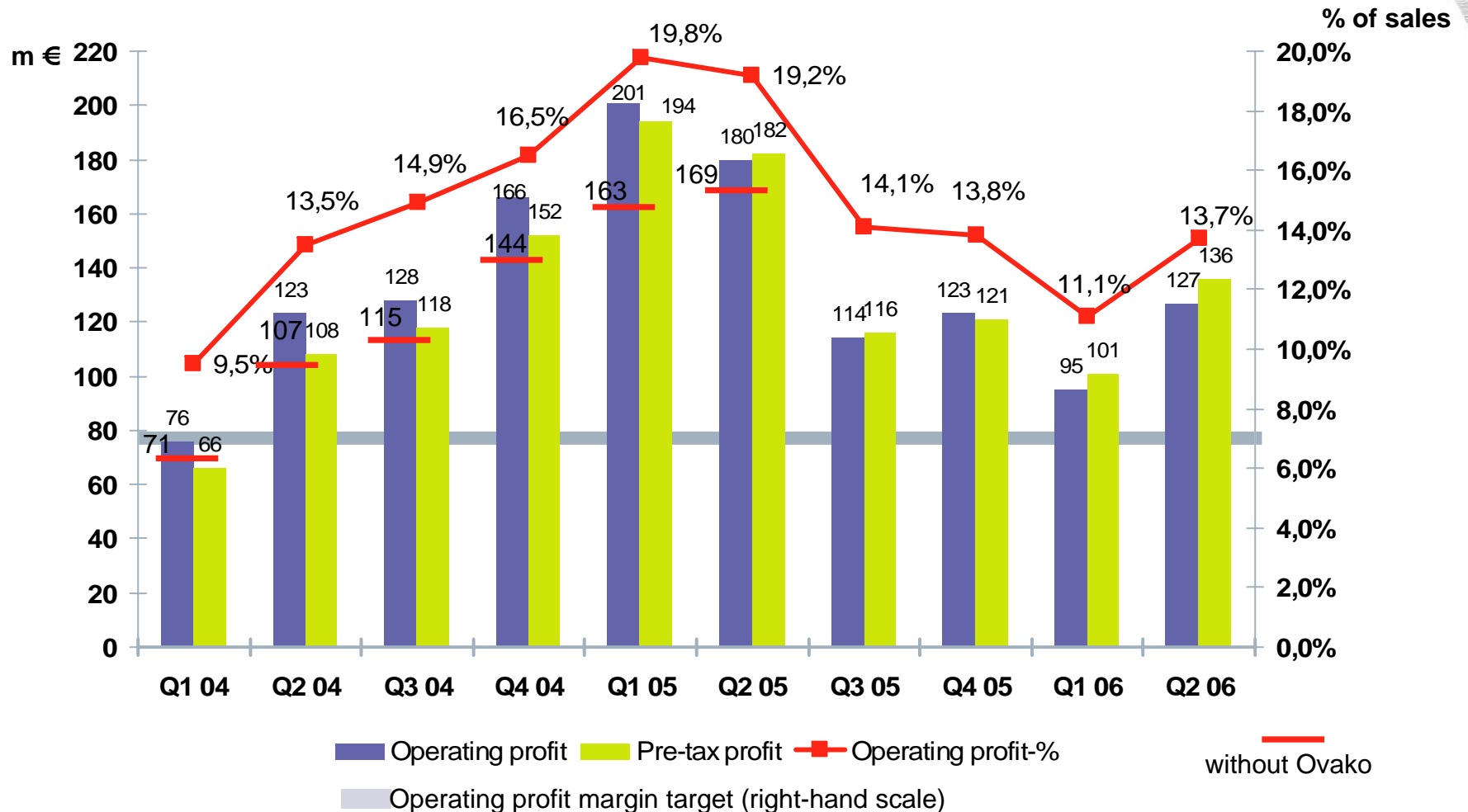
Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

EBIT and profit before taxes 2000 – Q2/2006



Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

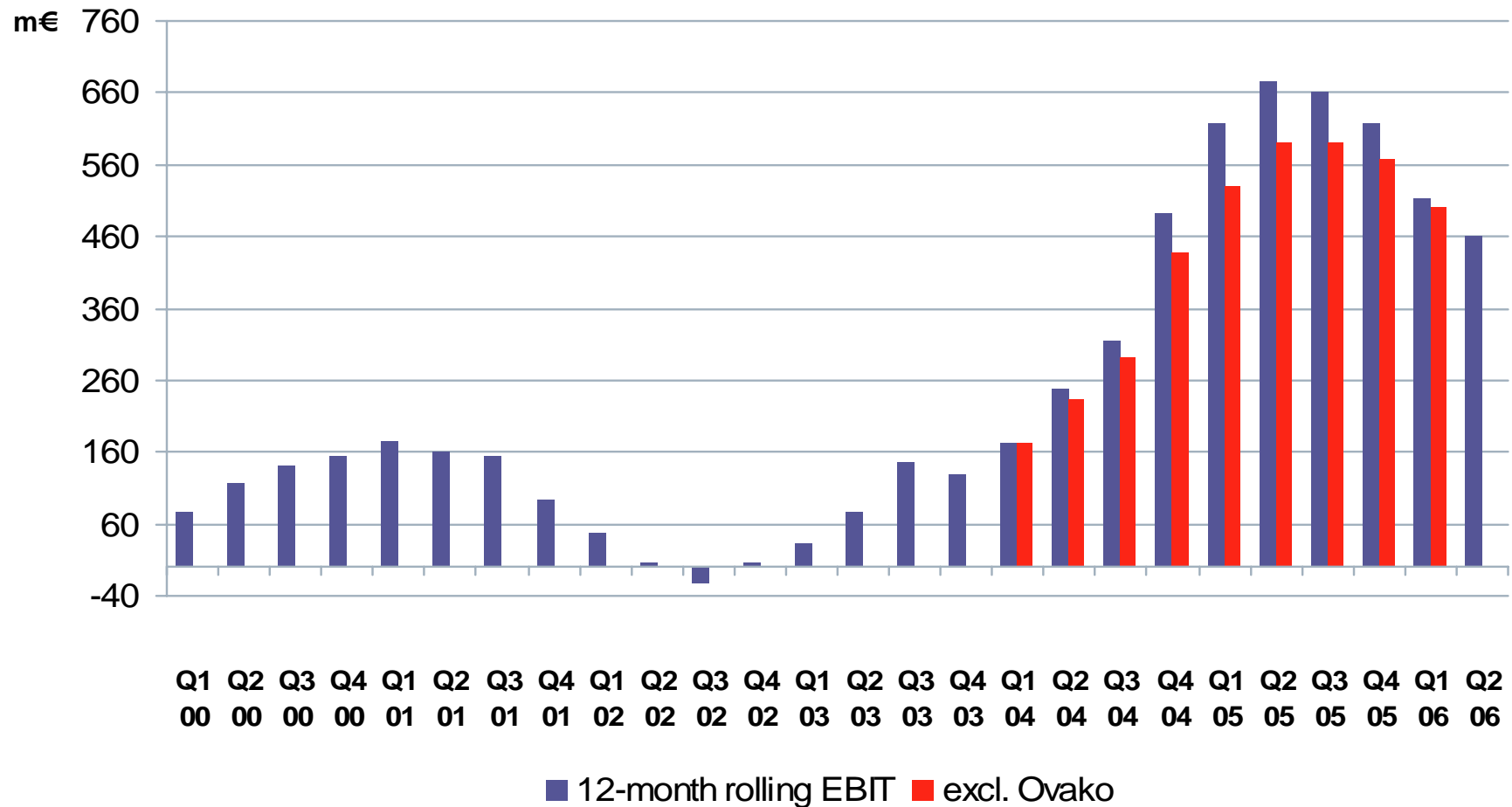
Quarterly EBIT and profit before taxes, Group total



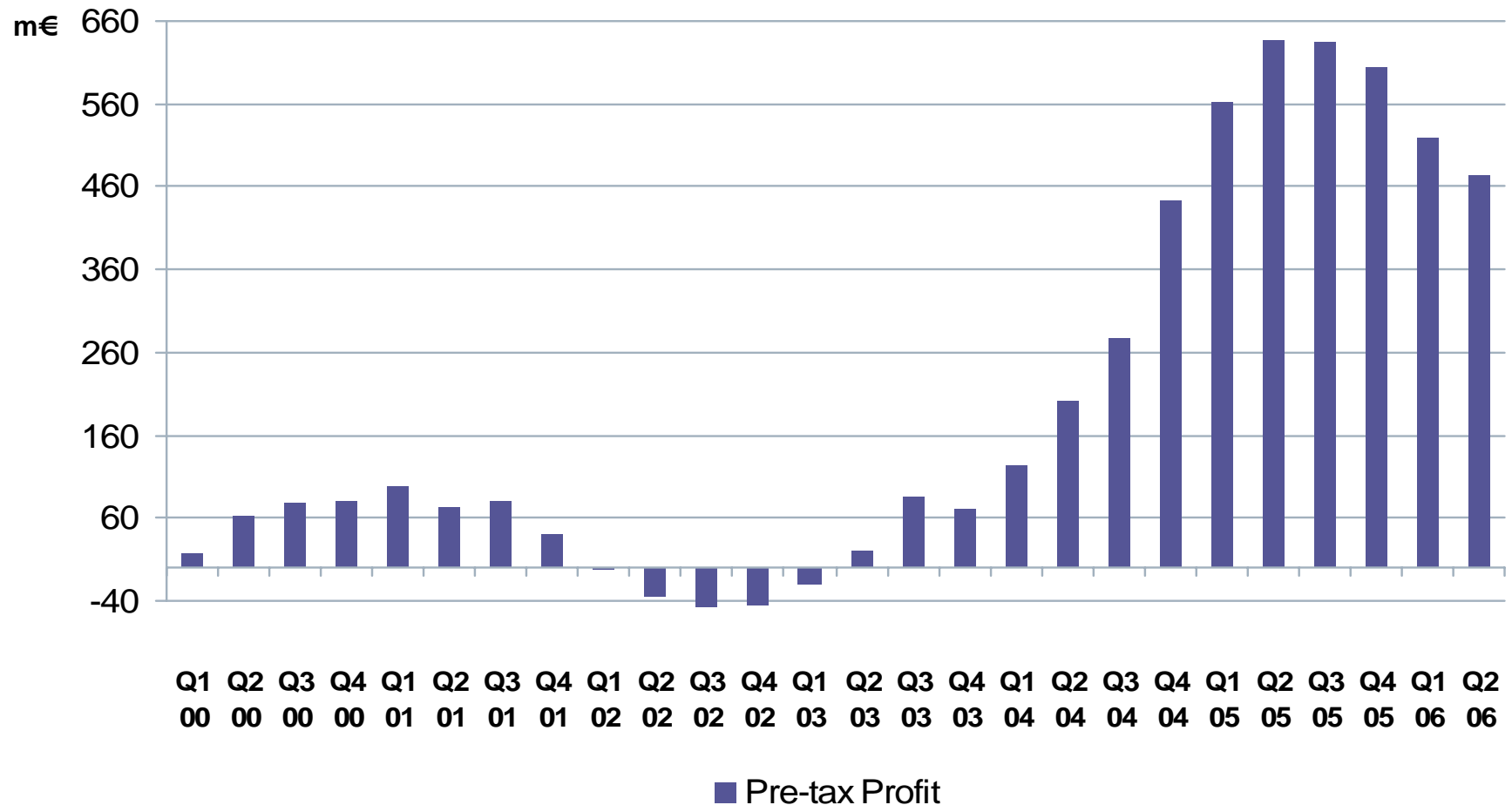
Profit comparison (H1/2006 vs. H1/2005)

- Ruukki Construction
 - the price of raw materials (zinc) has not yet fully been transferred to product prices
 - PPTH has not yet reached the targeted profitability level
- Ruukki Engineering
 - due to long-term contracts the product price increases have not yet compensated the rise in raw material costs
- Ruukki Metals
 - average sales prices lower and raw material costs higher than in 2005
 - prices expected to increase in the latter part of the year
 - production volumes have somewhat restricted deliveries

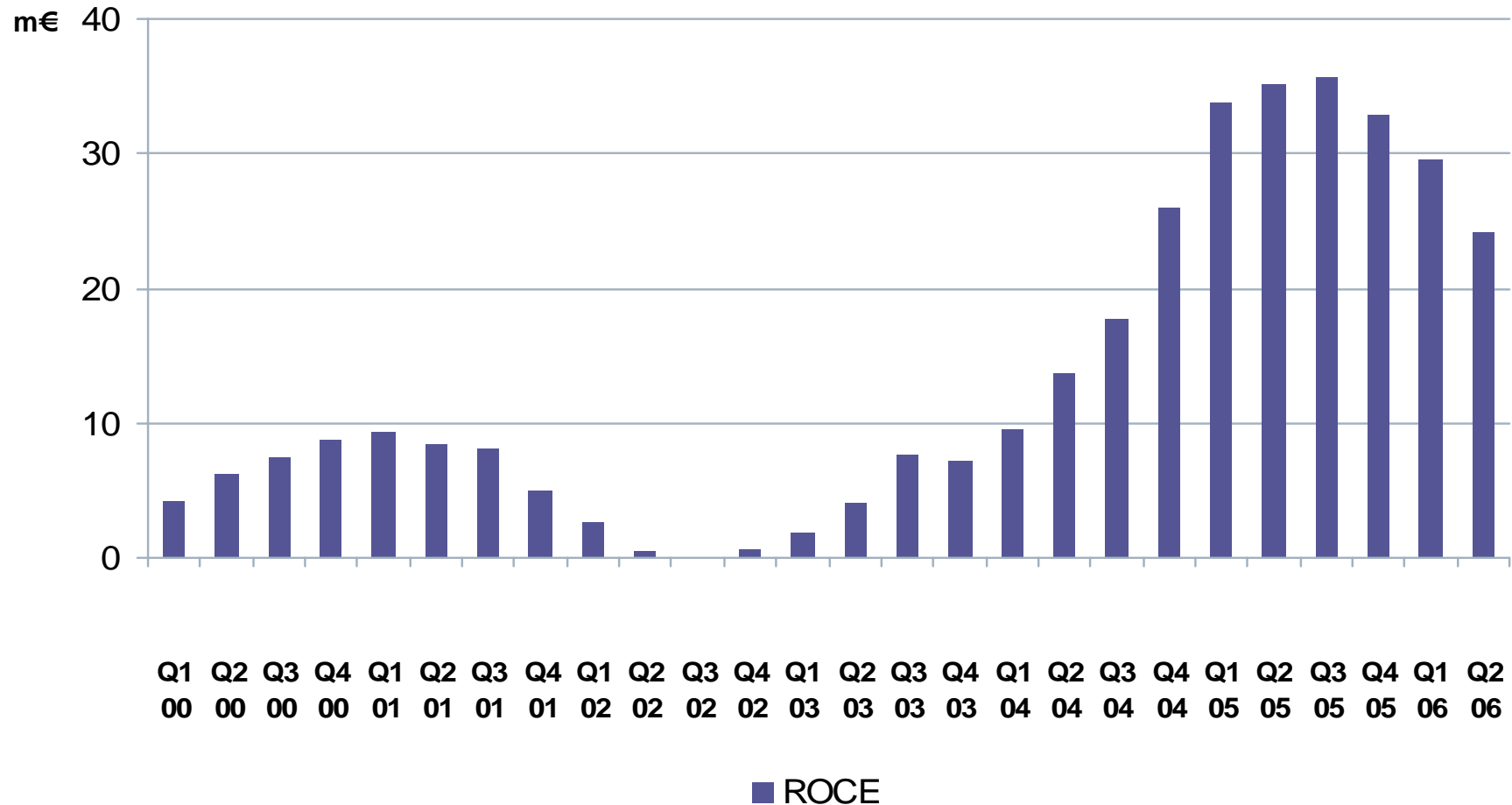
12-Month rolling EBIT 2000-2006



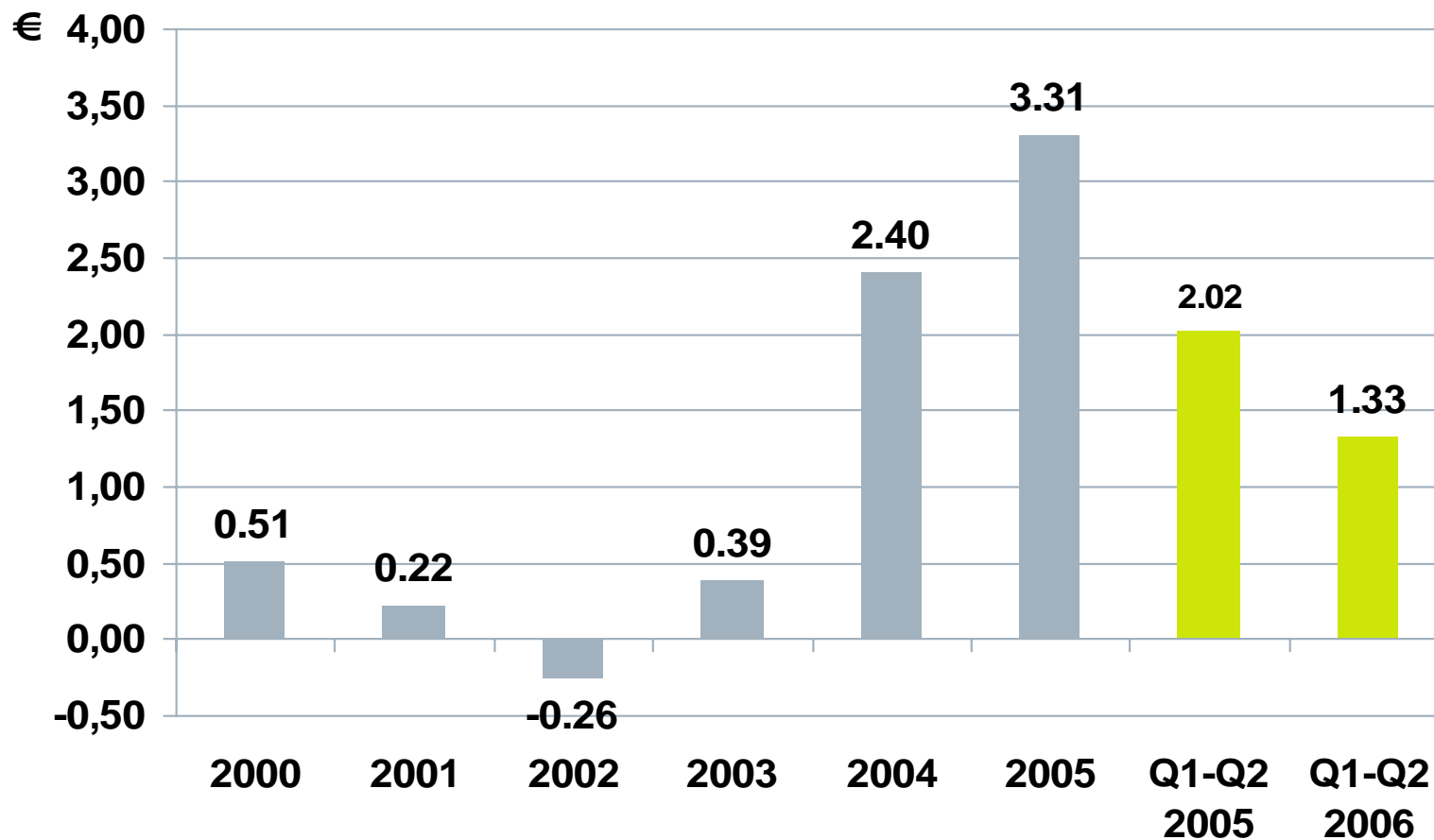
12-Month rolling PTP 2000-2006



12-Month rolling ROCE 2000-2006

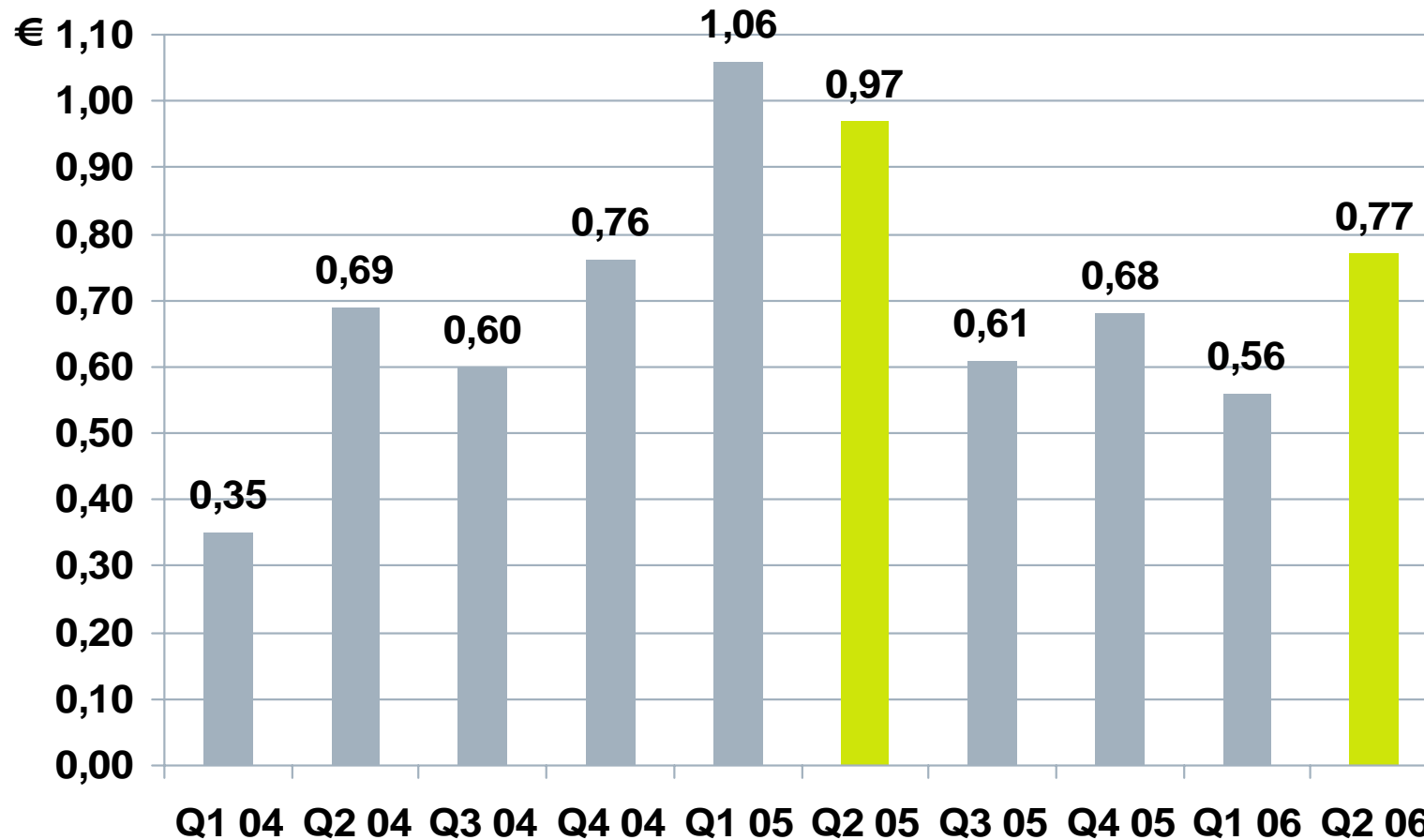


Earnings per share

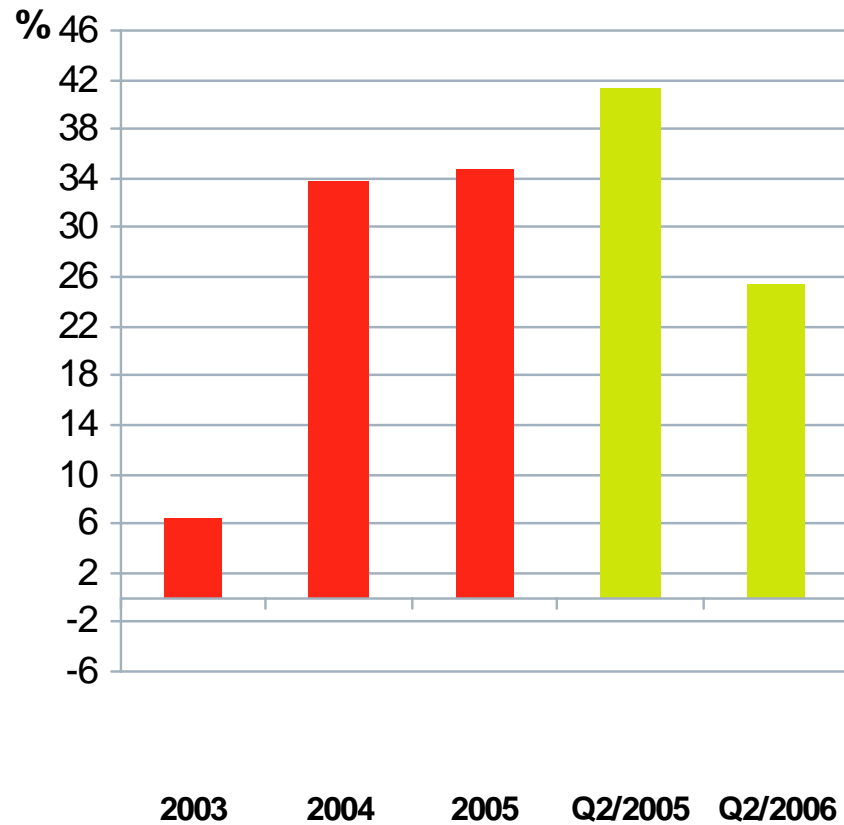


Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

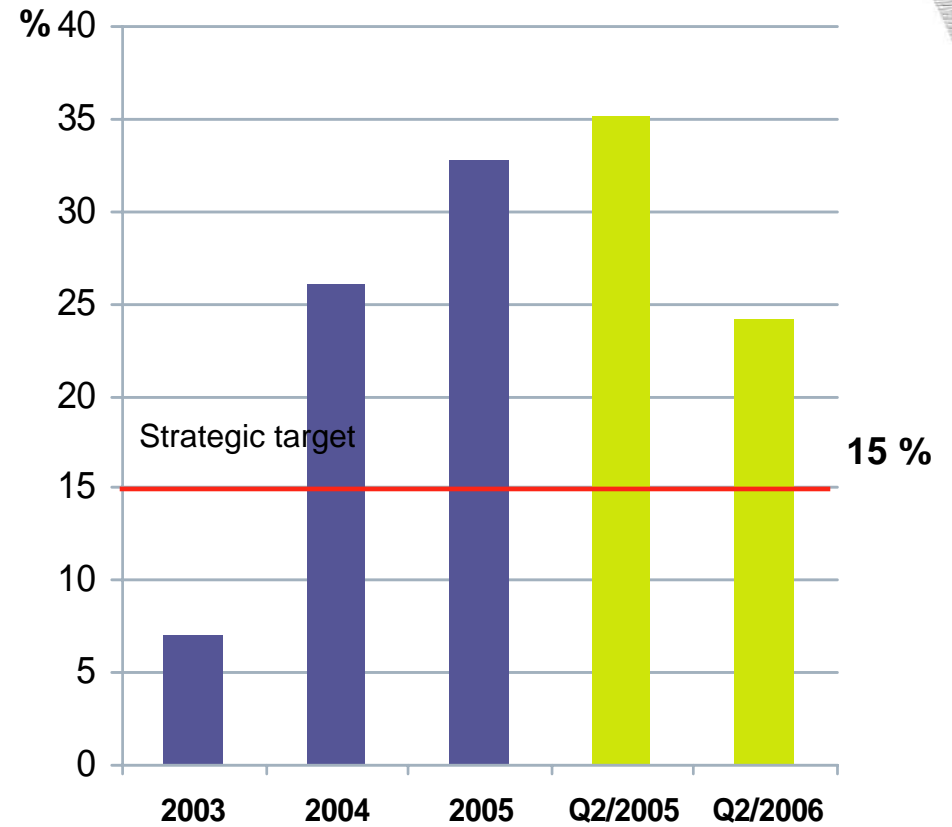
Quarterly earnings per share



Return on equity

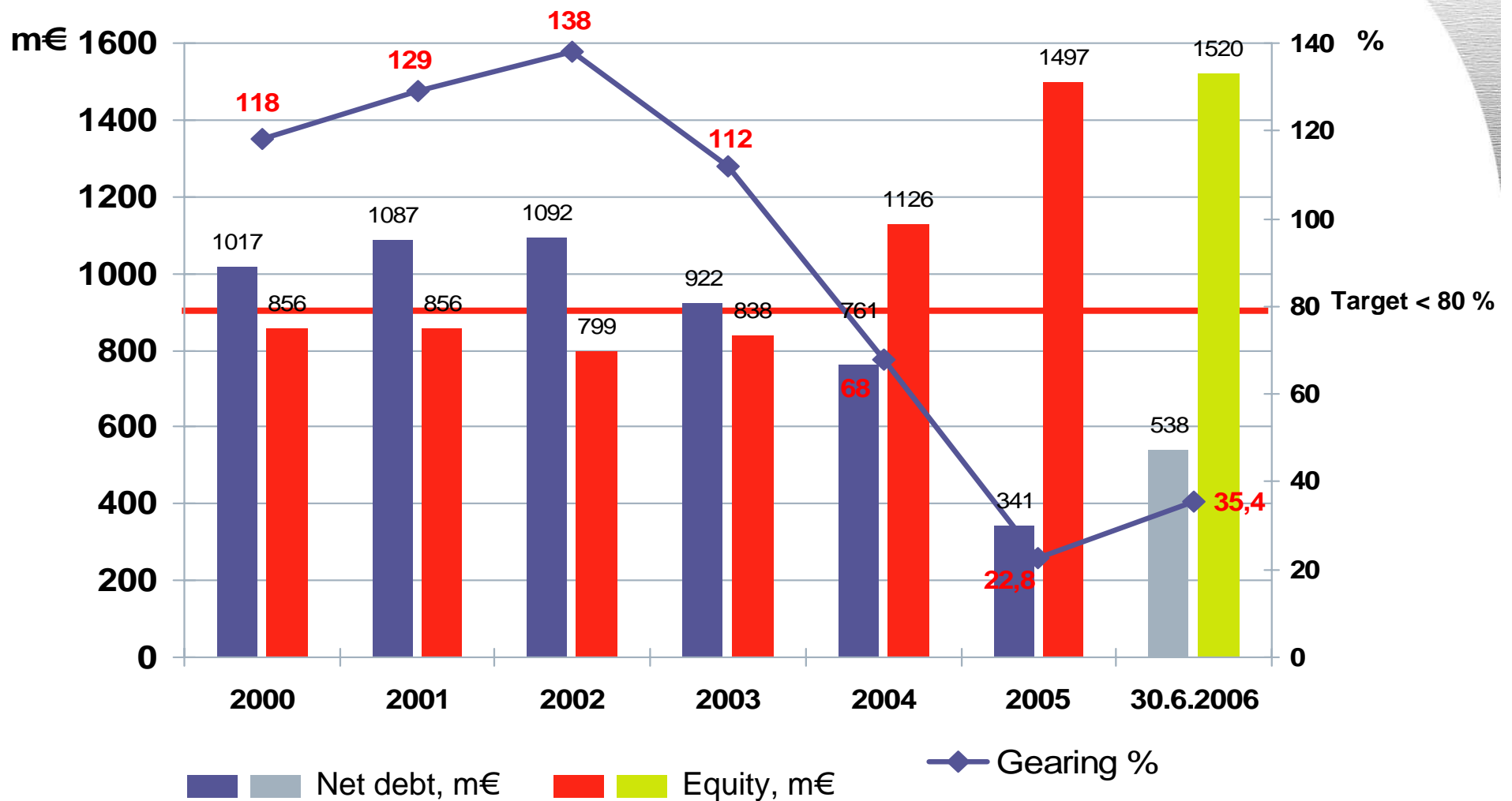


ROCE



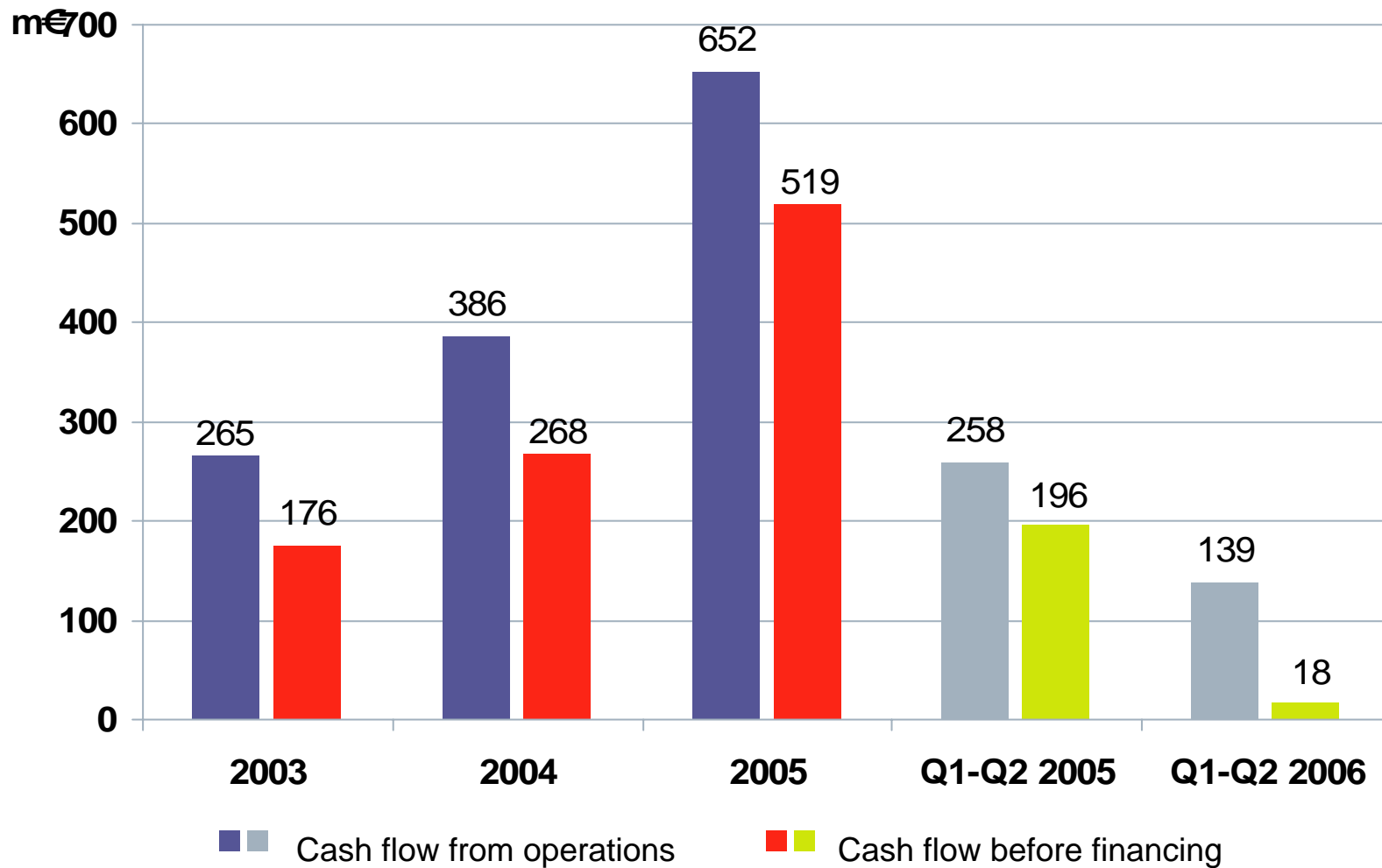
Year 2000 – 2003 according to FAS and from 2004 according to IFRS.

Net debt, equity, gearing



Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

Cash flow

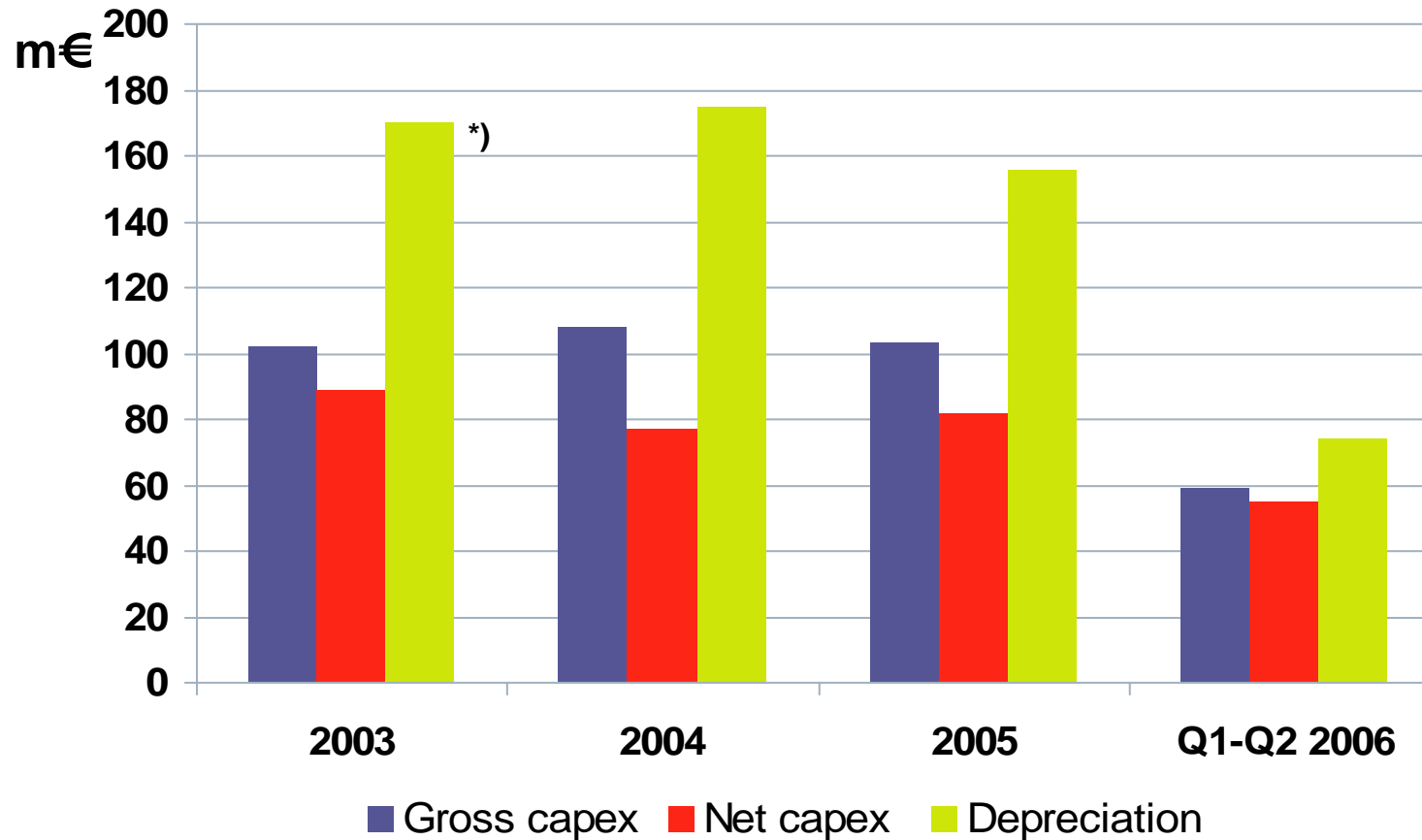


Year 2000 – 2003 according to FAS and from 2004 according to IFRS.

Cash flow in 2006

- In the first half of the year cash flow was affected by:
 - dividends -191 M€
 - taxes from 2005 -67 M€
 - Ventall acquisition -99 M€
- In the second half of the year cash flow is expected to enhance remarkably by:
 - sales of reinforcing business +123 M€
 - sale of Ovako +250 M€

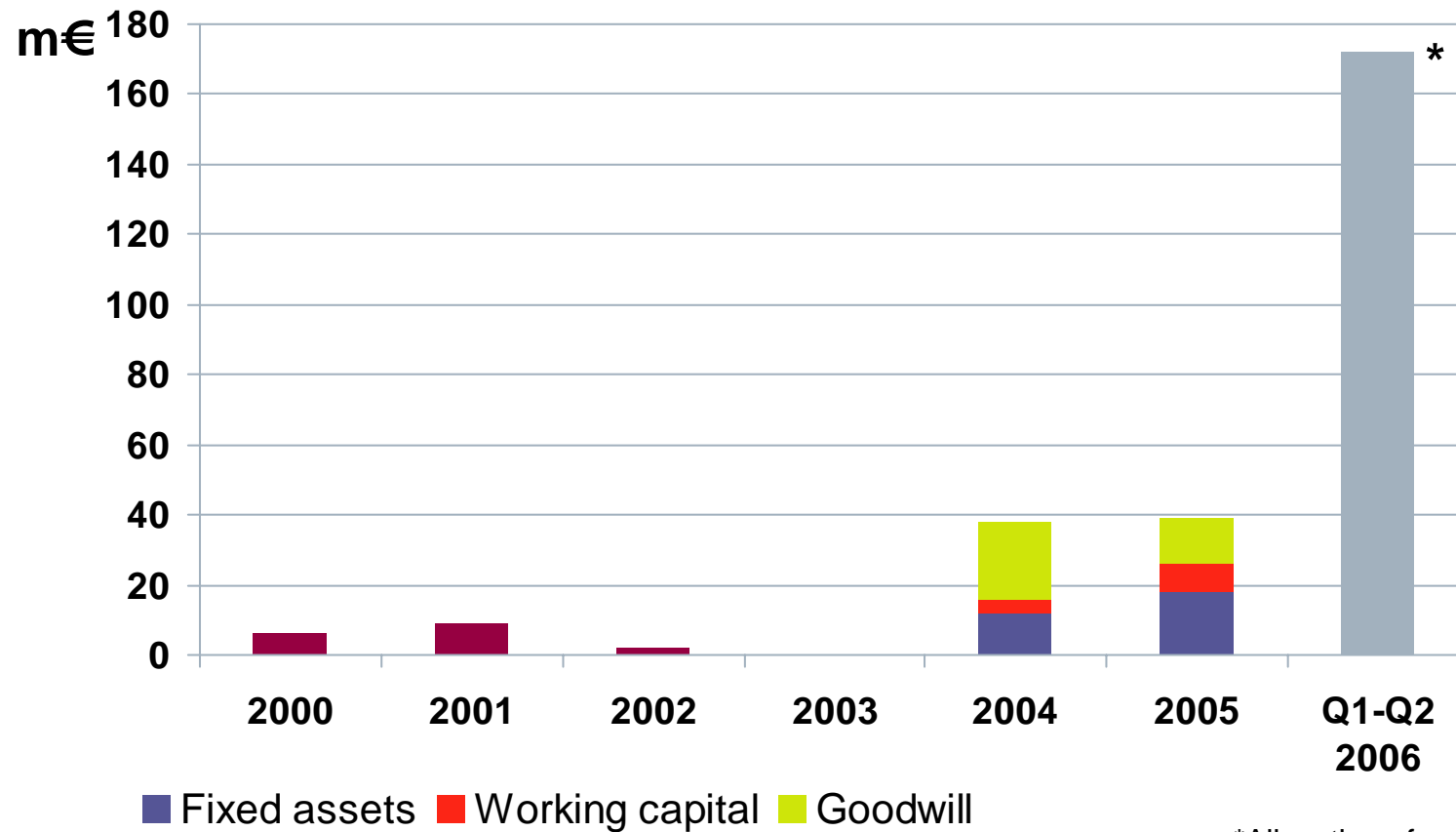
Capex vs. depreciation



Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

*) Excl. value reductions 33 m€

Acquisitions



*Allocation of goodwill not completed

Years 2000 – 2003 according to FAS and from 2004 according to IFRS.

Profitability was at a good level

- Rolling 12-month's ROCE 24.1 % (35.2%)
- Operating profit 1-6/2006 222 M€ (332 M€ comparable)
 - operating profit of net sales 12,4% (19,5%)
- Pretax profit 237 M€ (376 M€)
 - pretax profit of net sales 13,3% (19,2%)
- EPS 1,33 (2,02)

Near-term Outlook

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Near-term outlook

- Demand is expected to remain firm within construction and engineering industries
- Prices of steel products are set to strengthen further over the latter half of the year and raw material costs estimated to remain at the level seen in the second half of 2005
- Full-year net sales in 2006 are expected to increase on the comparable net sales in 2005
- Cash flow is expected to improve remarkably in the second half of 2006
- The second half EBIT estimated to be clearly better compared with the same period in 2005

Summary

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Summary

- Divestment of long steel business completed
- Ventall deal closed: strong base in the growing Russian construction markets
- Strong demand expected to continue in the main customer industries and steel prices strengthening
- Cash flow is expected to enhance remarkably in the second half of 2006
- The second half EBIT estimated to be clearly better compared with the same period in 2005



NUUKIKI

more with metals