

Ruukki Group Plc

Interim Report Q2/2007

1.1. - 30.6.2007

Major developments during and after Q2/2007

- Share issue finalised in 06/2007 and 07/2007
 - a total of 149.5 million shares issued
 - net proceedings of EUR 337 million received in cash
 - the funds to be primarily used for the partial financing of Kostroma investments

- 70.1 % majority of Pohjolan Design-Sähkö Oy acquired in 06/2007 (house building segment)

- Top management resources strengthened both at the Ruukki Group Plc and at the subsidiaries

Major developments during and after Q2/2007

- Planned forest industry investments in Kostroma
 - Preparations ongoing according to plan
 - Investment agreements on Kostroma saw mill, pulp mill and harvesting rights enlarged; registered in 06/2007
 - New investment agreements enabling Ruukki Group to invest into 800,000-ton BKP mill
 - During the first half of 2007, approximately EUR 2.4 million expenses for the preparations and studies of the planned Russian business operations
 - City of Manturovo selected as the site for the mills

Essential Financials, Group Total (in million EUR)

	1-6/2007	1-6/2006	1-12/2006
Revenue	93.0	60.8	125.5
EBIT	5.4	5.4	13.0
EBIT-%, % of revenue	5.8 %	8.8 %	10.4 %
EPS (fully diluted)	0.01	0.02	0.06
Equity Ratio	81.9 %	43.5 %	60.1 %
Average Personnel	777	490	570
Balance Sheet Total	451.8	136.7	116.1
Cash at hand	308.0	27.0	24.8
Market cap	697.2	104.8	163.2
Share price range, in EUR	1.18 – 2.80	0.64 – 0.91	0.64 – 1.23

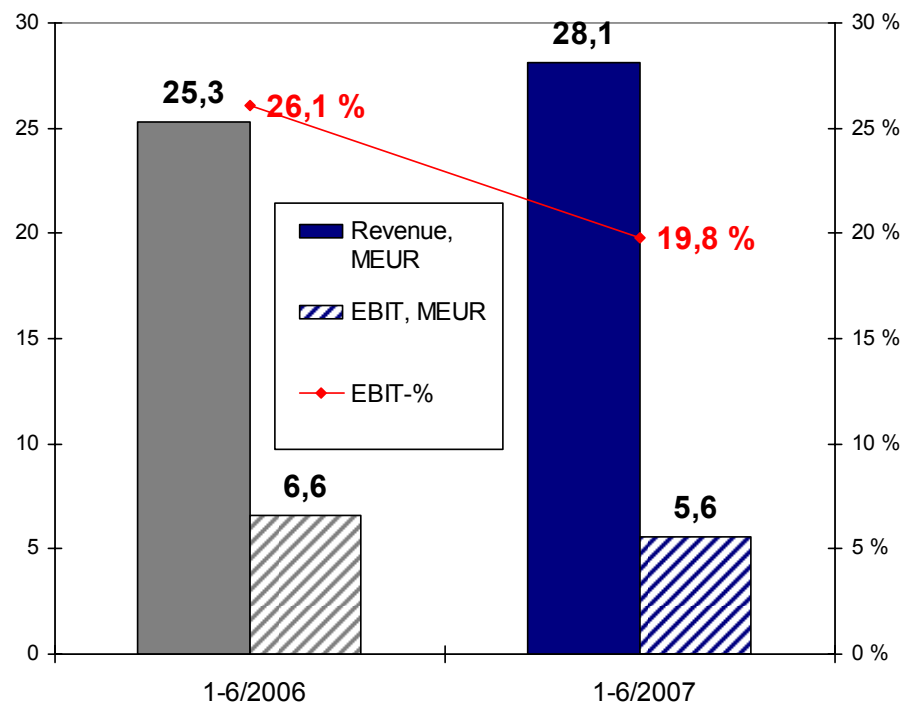
Essential Financials by segment (in EUR million)

<u>Revenue</u>	1-6/2007	1-6/2006
House Building	28,1	25,3
Sawmilling	29,2	12,8
Furniture	24,5	14,5
Care Services	8,0	4,0
Other	3,2	4,2
Group Total	93,0	60,8
<u>EBIT</u>		
House Building	5,6	6,6
Sawmilling	4,0	0,7
Furniture	-1,4	-1,3
Care Services	0,3	0,4
Other	-3,1	-1,1
Group Total	5,4	5,4
<u>EBIT-%</u>		
House Building	19,8 %	26,1 %
Sawmilling	13,8 %	5,7 %
Furniture	-5,9 %	-8,7 %
Care Services	4,1 %	9,8 %
Other	-95,0 %	-25,8 %
Group Total	5,8 %	8,8 %

House Building

Business and activities:

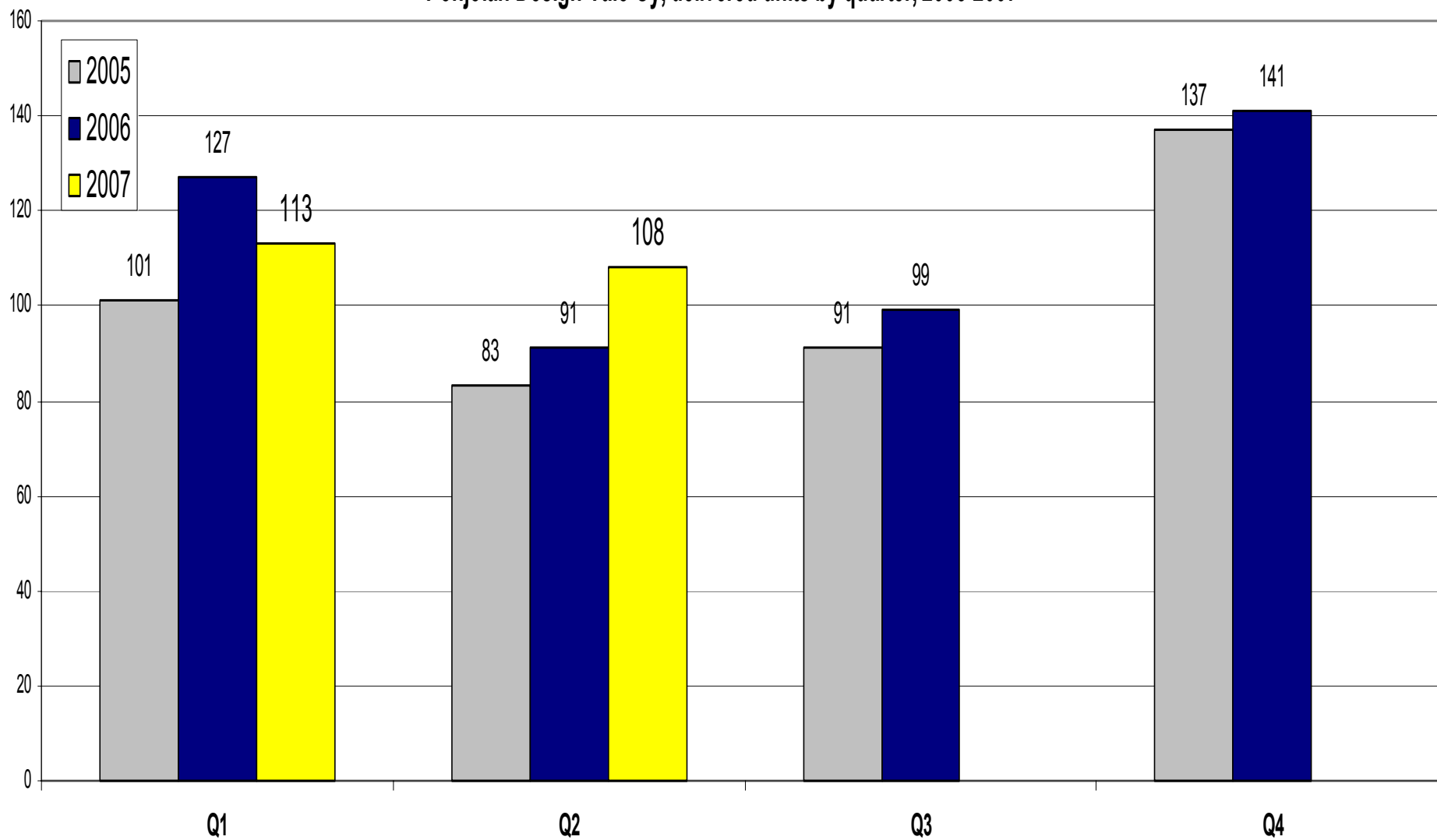
- Pohjolan Design-Talo, founded 1989 and based in Oulunsalo, designs and builds ready-to-move-in house packages in Finland.
- Manages the total process from house design to delivery subcontracting much of the sales, manufacturing and construction work.
- No 2 in ready-to-move-in house packages in Finland with a 20% market share (RTS 3/2007). Delivered 458 houses in 2006 (412 houses in 2005).
- Competitors Älvsbyhus Ab and Finndomo Oy.



- 70.1 % majority of Pohjolan Design-Sähkö Oy acquired in June 2007; the acquired company is a long-term electricity services supplier and partner of Design-Talo
- Material costs increasing significantly affecting short-term profitability; average sales price has been rising compared to previous year, but EBIT margin has declined; no major changes vs. current situation are not expected in the short future
- General situation within building branch, as well as regional changes can affect the business in the future

House Building

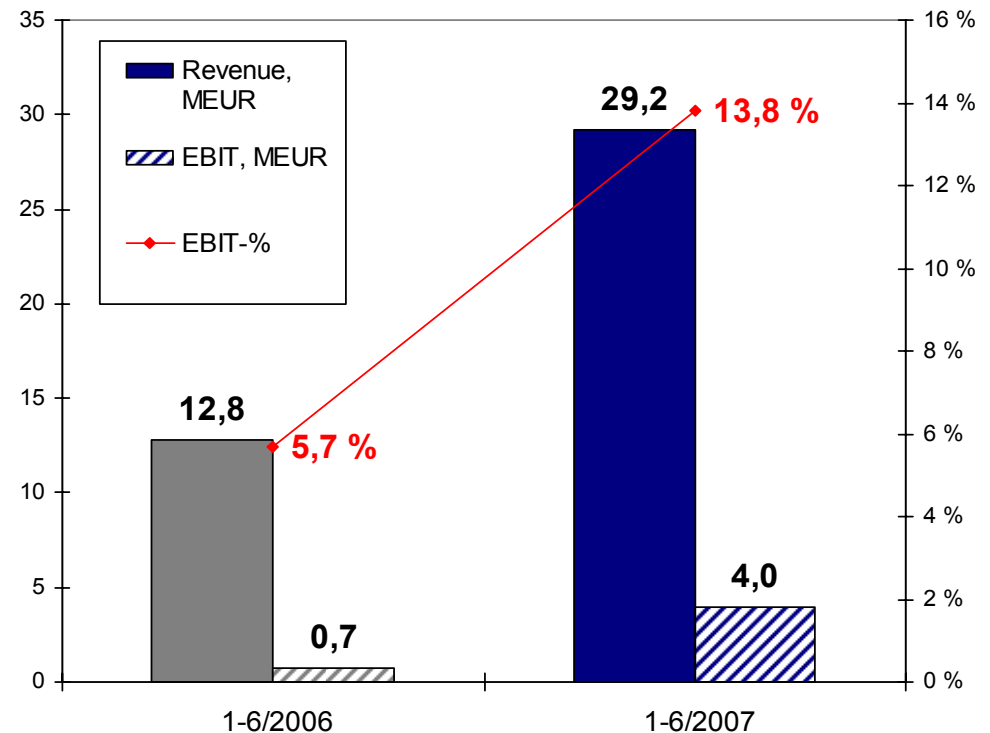
Pohjolan Design-Talo Oy, delivered units by quarter, 2005-2007



Sawmill business

Business and activities:

- Lappipaneli Oy (pine), Tervolan Saha ja Höyläämö Oy (spruce) and VK Timber Oy (pine) produce sawn timber in Northern Finland; Oplax Oy is a pallet producer
- Sawmills' output capacity 200.000 m³
- The two groups specialise in the efficient utilisation of Nordic pinewood and spruce. The key customer group includes companies serving the international construction business - for instance, the Japanese building beam markets - and house building factories in Finland.
- Oplax produces annually about one million pallets

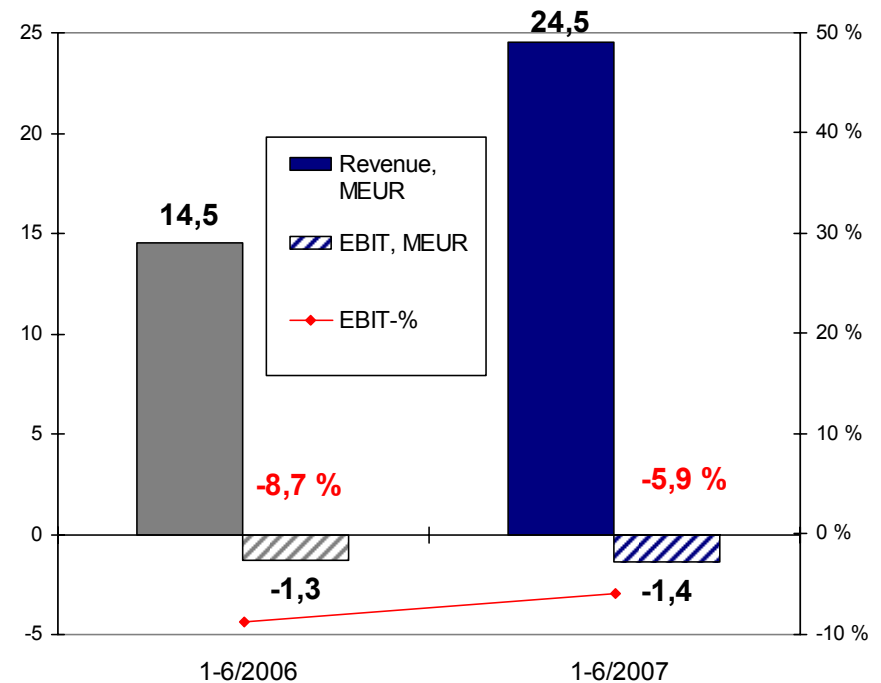


- Positive market and price development continued even though log purchase prices risen rapidly, sawmill business group's profitability increased, stumpage prices stabilising
- Investment agreements in Kostroma enlarged, the planned saw mill capacity 300,000 m³ or larger; the target timetable such that ground works for Kostroma saw mill should start in 2007
- The relative profitability in the latter half of 2007 might be somewhat lower.

Furniture Business

Business and activities:

- The new Incap Furniture Group is one of the world's largest contract manufacturers of wood furniture. IF's customers are large, international furniture chains and manufacturers.
- More than 90% of sales goes to export.
- Currently production in 4 sites in Finland after the ongoing rationalisation programme.



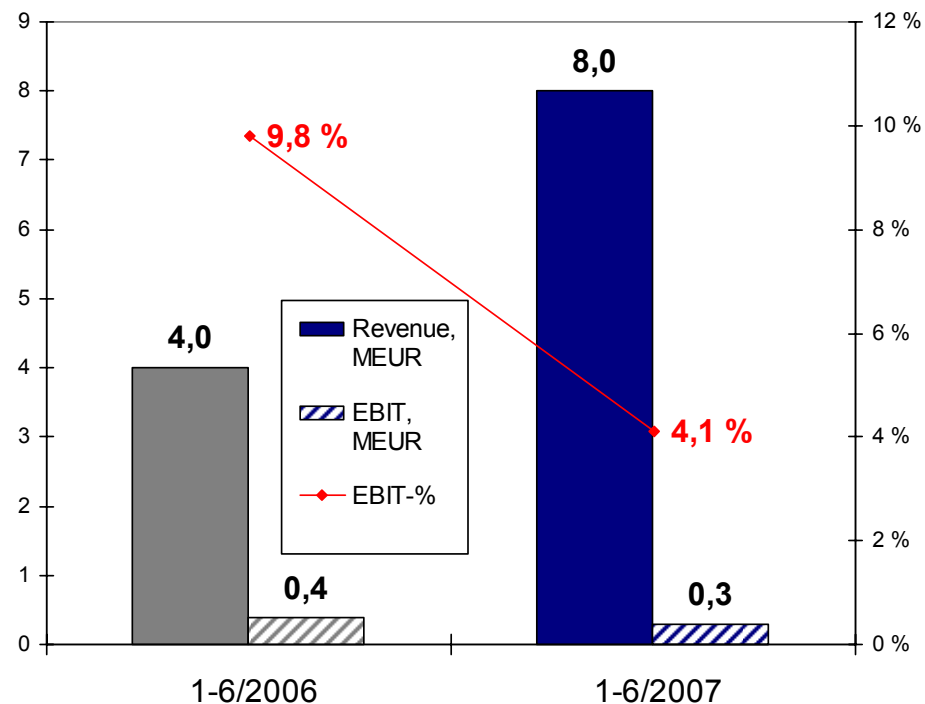
Incap Furniture consolidated as group company for 3-6/2007 and 5-6/2006, and as associate for 1-2/2007 and 2-4/2006

- Profitability has been inferior, but Q2/2007 losses lower than in Q1/2007, liquidity has been tight, which have been improved by new financing packages
- In June a fire in Lestijärvi factory destroying most of the facility; production moved to subcontractors
- Negotiations ongoing to shift production and components purchases abroad, especially into Russia, co-operation negotiations with Stora Enso Timber
- Incap Furniture's top management changed; in relation to these changes a subsidiary of Incap Furniture Oy has for temporary possession acquired few shares in Incap Furniture thereby effectively increasing Ruukki Group's share from 70.3 % to 71.0 %.

Care Services

Business and activities:

- Leading private care services provider in Finland with approximately 480 bed service capacity in 20 locations. Services are provided mainly to municipal customers.
- The care service areas include: child welfare, mental health services, elderly care and services for the chronically disabled.
- Main competitor is the public sector. Private competing operators (in south of Finland especially): Carema Hoivapalvelut, Medivire Hoiva and Esperio Hoiva offer similar care services as Mikeva.



- New units opened in the beginning of 2007 working in full rate.
- Competitions carried out by municipalities ongoing, new units expected to be opened by the last half of 2007.
- Rapid growth and increased competition affecting relative profitability.
- An intra-group merger finalised where three subsidiaries merged into the subgroup parent from the beginning of July.

Future Outlook

- Development of all operations to be continued
- Wood processing industry more important focus area in the future, especially larger scale business operations in Russia targeted
- If carried out and realised, the planned investment projects in Kostroma should result in major investments and business in Russia in the coming years
- Emphasis on both acquisitions and organic growth
- Estimate on full year group financials for 2007:
 - Revenue close to EUR 200 million
 - EBIT above 2006 level (EUR 13.0 million) when the Kostroma related expenses are excluded

Kostroma



Kostroma

- Enlarged investment agreements registered in June to the investment register of Kostroma region, agreed following:
 - Ruukki Group to build a saw mill of production capacity 300,000 m³ per annum (pine and spruce); further processed products under consideration
 - Ruukki Group to build 300,000 – 500,000 tn BCTMP pulp mill or 800,000 tn chemical BKP pulp mill
 - Ruukki Group is entitled to 6.0 million m³ annual harvesting rights during the 49-year lease period
 - The details of the agreements will be specified during 2007
 - Total capital expenditure with BKP mill is expected to be at EUR 1.1 billion
 - The acts stipulating the new Russian Forex Codex, as well as decisions by the Russian Federation related to priority investor status probably to be settled within the short future

Kostroma

- Rental agreement signed in Manturovo for a land plot to be used for both the planned sawmill and pulp mill
- Letter of intent signed with Heinolan Sahakoneet Oy for the delivery and assembly of the equipment of the planned Kostroma sawmill
- Mr. Tapio Särkkä, M. Sc. (Eng.), elected as the project director for the Kostroma project; he will start in Russia on 1 September 2007

Major owners

TOP 20 OWNERS, AS OF 31 JULY 2007

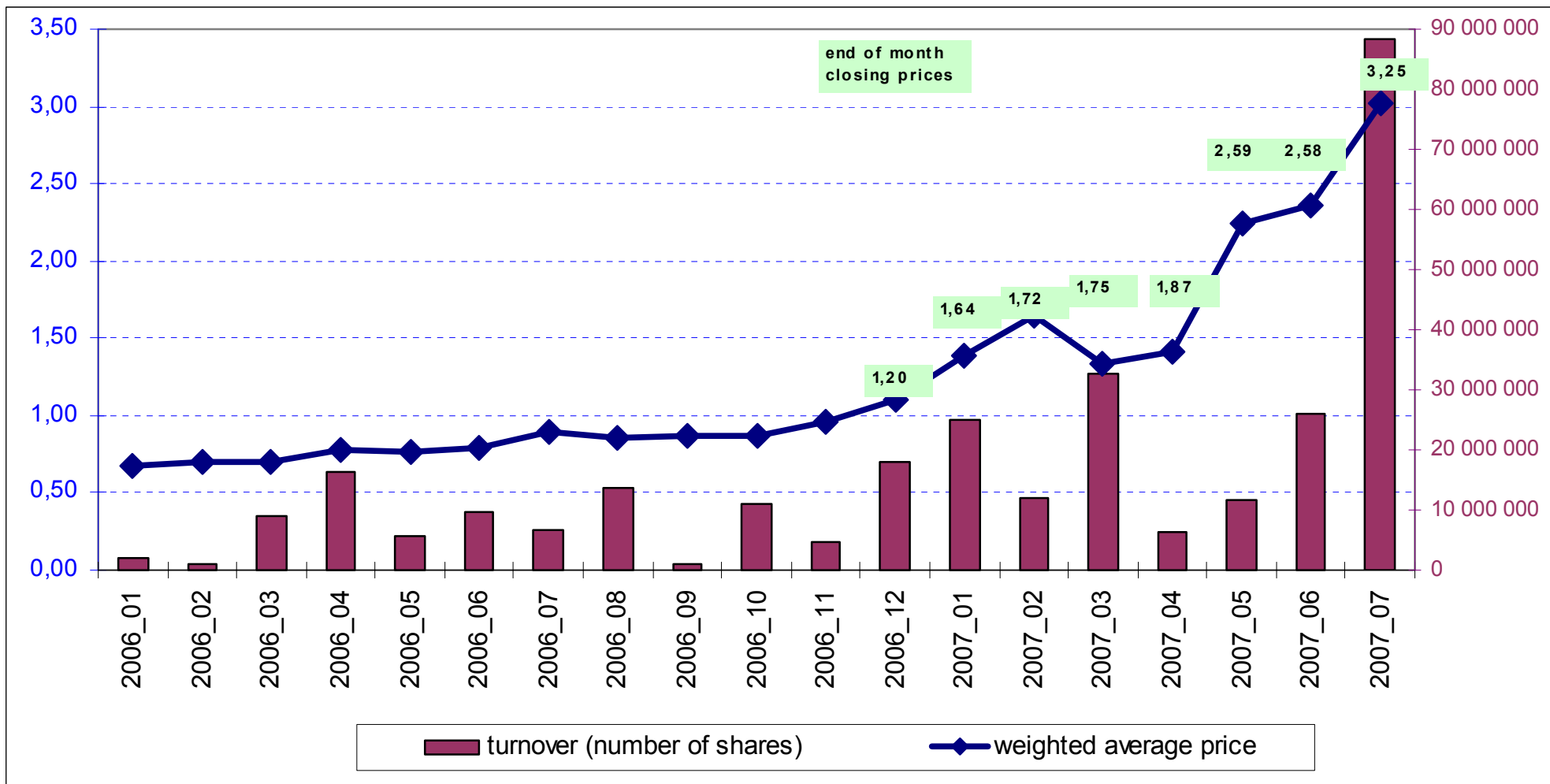
of owners 4 547

	Owner	Shares	% of all shares	accumulated %
1	NORDEA PANKKI SUOMI OYJ	66 438 399	22,91 %	
2	NORDEA PANKKI SUOMI OYJ	63 782 853	21,99 %	
3	OY HERTTAKAKKONEN AB	41 075 297	14,16 %	
4	SKANDINAVISKA ENSKILDA BANKEN	40 234 794	13,87 %	
5	EVLI PANKKI OYJ	10 323 041	3,56 %	
6	SVENSKA HANDELSBANKEN AB (PUBL), FILIALVVERKSAMHE	9 948 155	3,43 %	
7	KANKAALA MARKKU	9 449 259	3,26 %	
8	HUKKANEN ESA VEIKKO	5 007 500	1,73 %	
9	PROCOMEX S.A.	4 629 215	1,60 %	
10	MONCHEUR & CIE	2 795 489	0,96 %	87,47 %
11	RAUSANNE OY	2 567 807	0,89 %	
12	OKO PANKKI OYJ	2 528 975	0,87 %	
13	KESKINÄINEN VAKUUTUSYHTIÖ ELÄKE-FEN	2 195 791	0,76 %	
14	AJANTA OY	1 952 974	0,67 %	
15	EVLI PANKKI OYJ	1 507 801	0,52 %	
16	OP-DELTA -SIJOITUSRAHASTO	1 479 000	0,51 %	
17	IRISH LIFE INTERNATIONAL	1 050 000	0,36 %	
18	EVLI PANKKI OYJ	851 046	0,29 %	
19	VISCOUNT MANAGEMENT LTD	820 500	0,28 %	
20	TUOVINEN HANNU PEKKA	770 337	0,27 %	92,89 %

source: Suomen Arvopaperikeskus Oy

Share market price

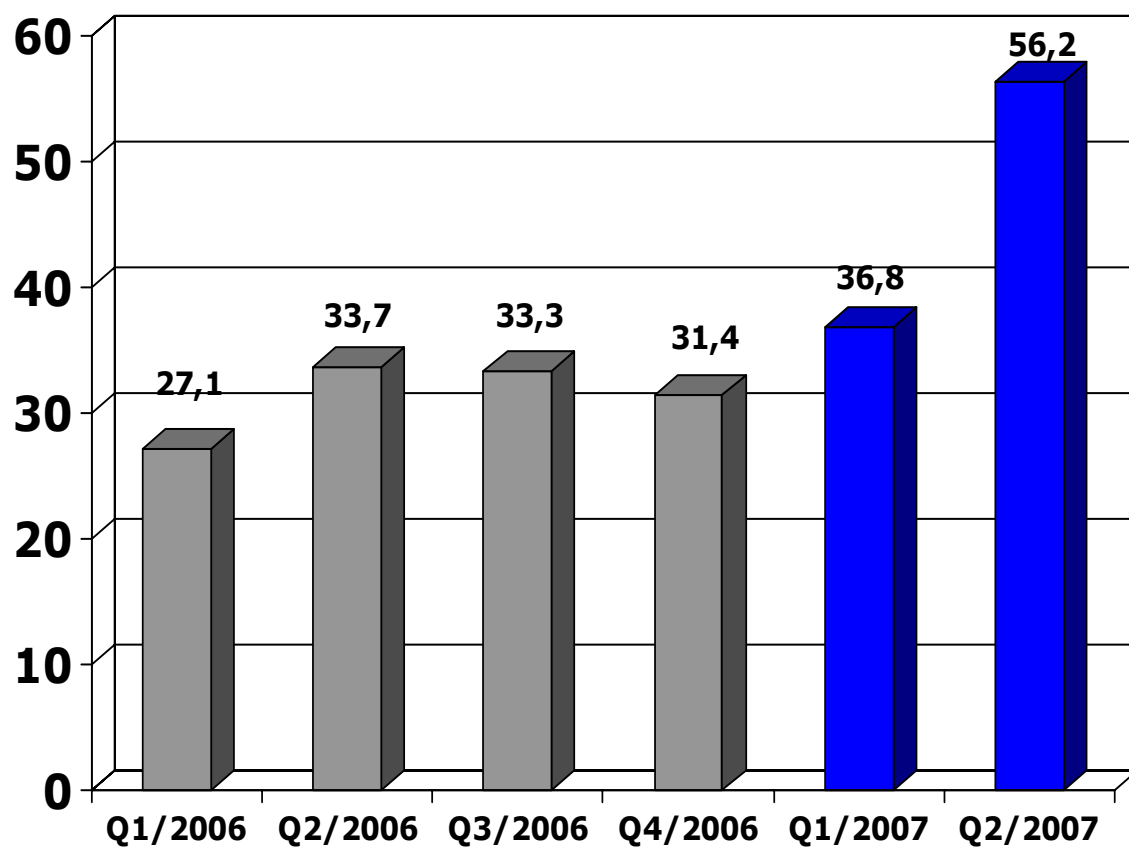
Weighted average share price and turnover 01/2006 – 07/2007



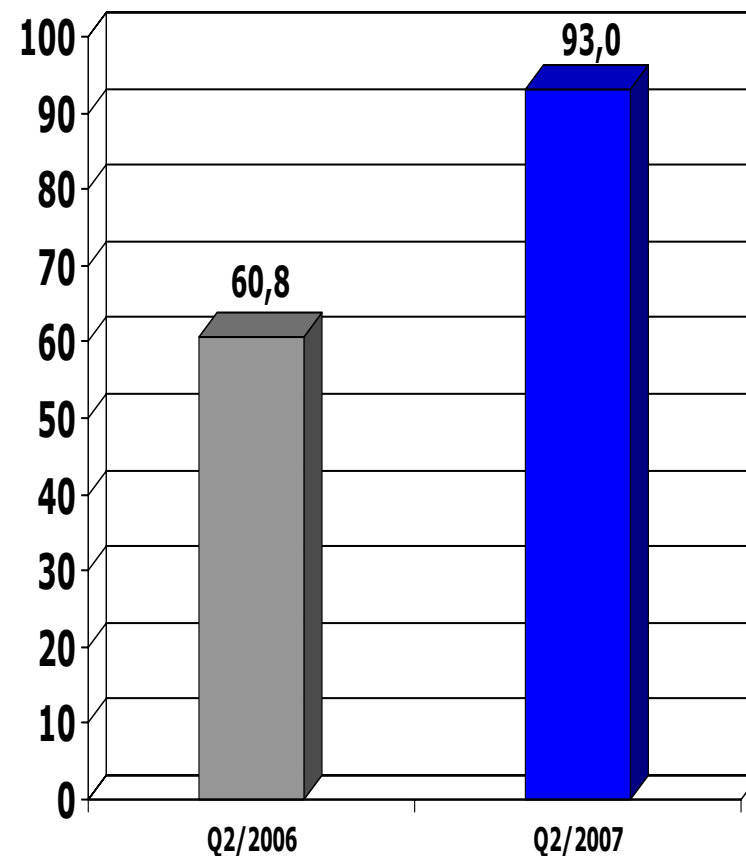
source: OMX

Quarterly Financials, Revenue, EUR million

QUARTERLY REVENUE Q1/2006 – Q2/2007

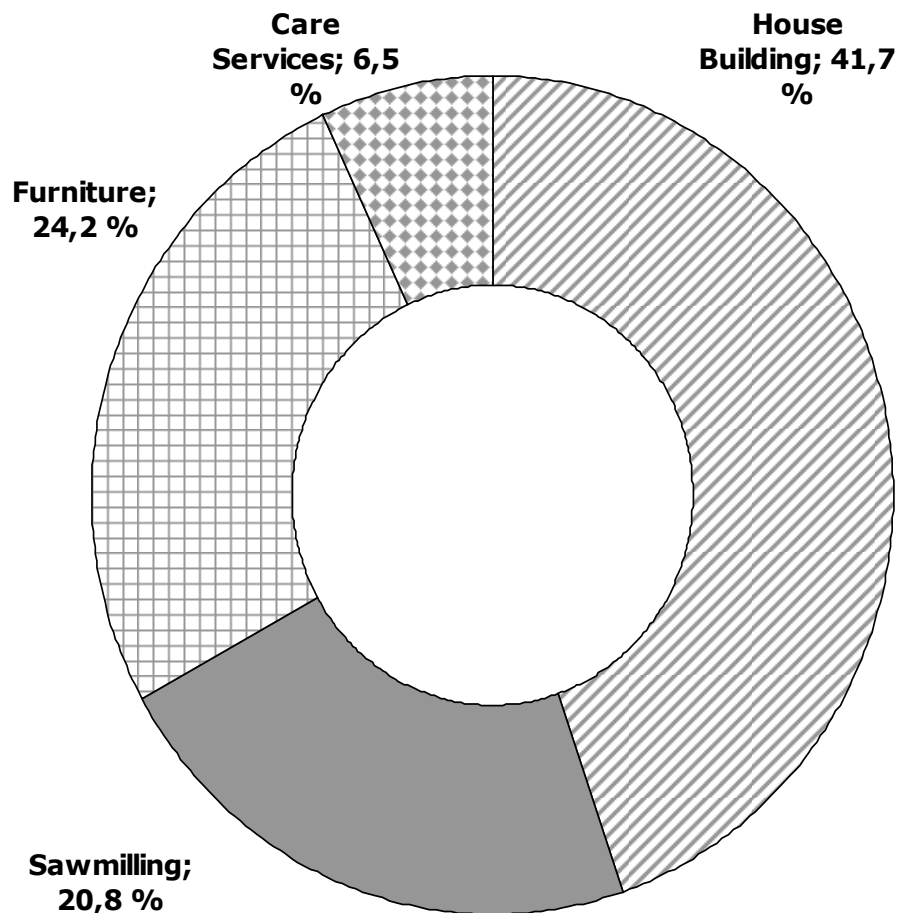


YTD REVENUE, 1-6

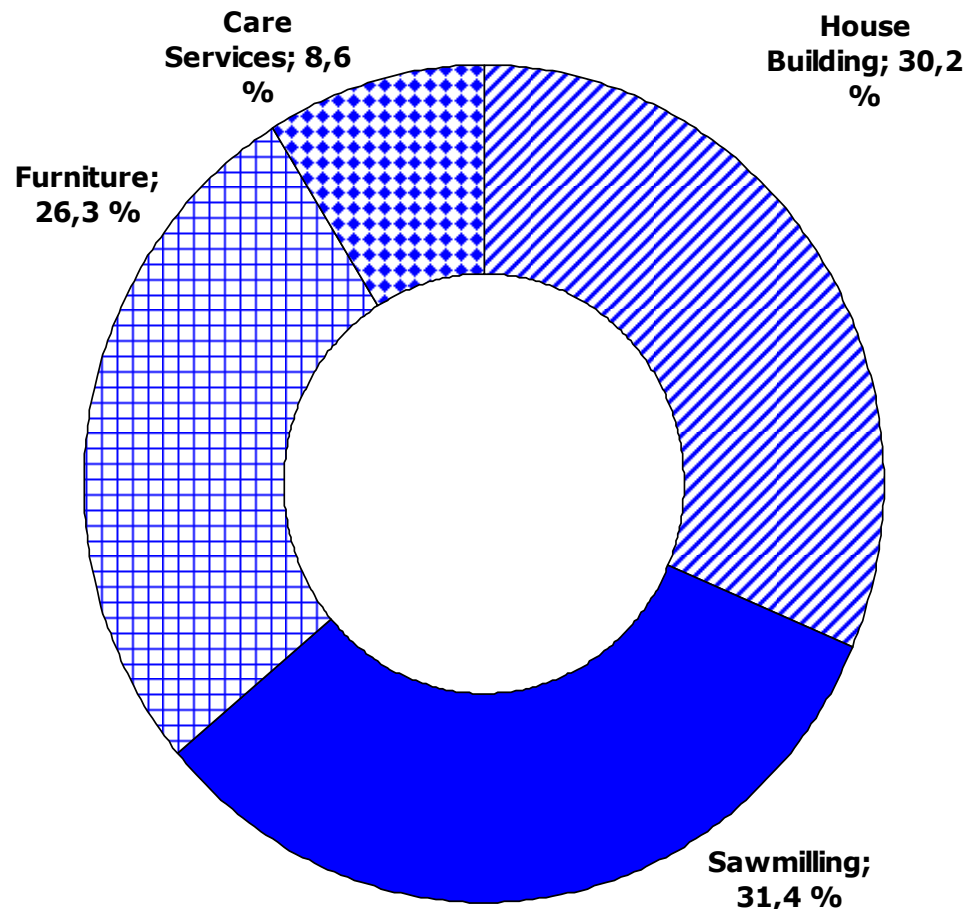


Quarterly Financials, Revenue by Segment, % of total

1-6/2006

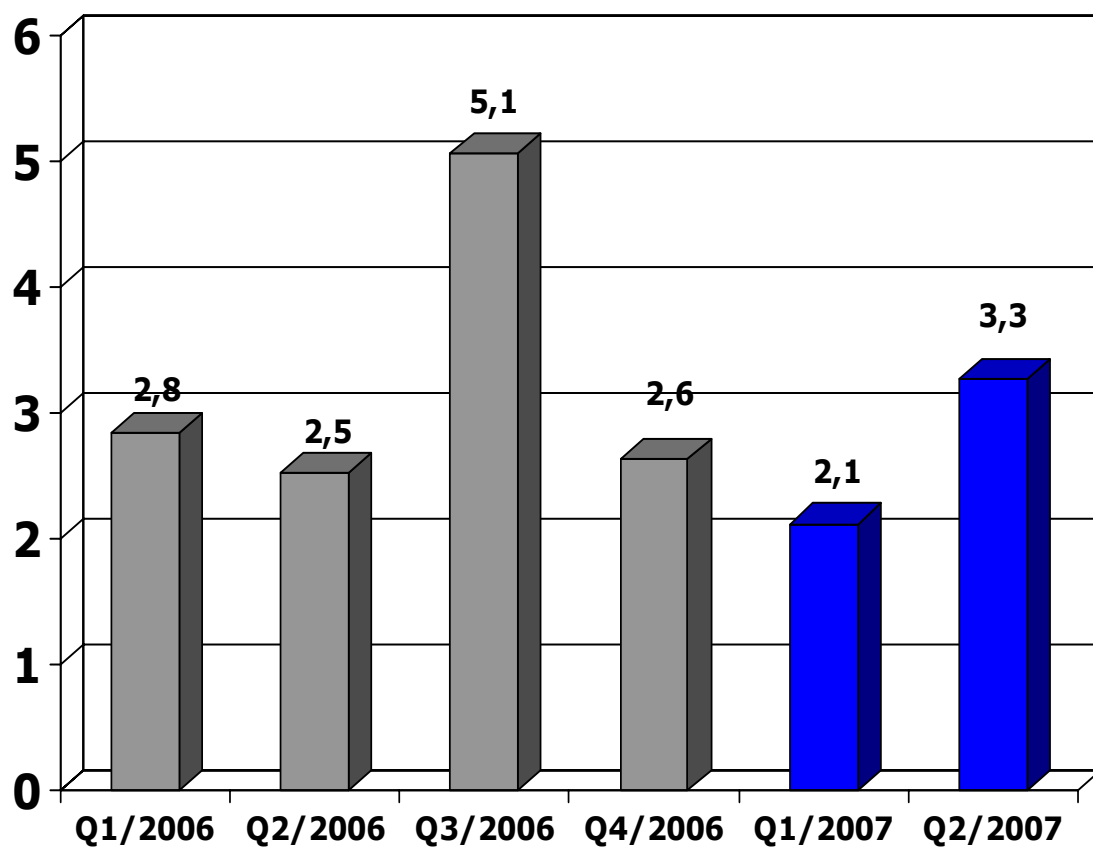


1-6/2007

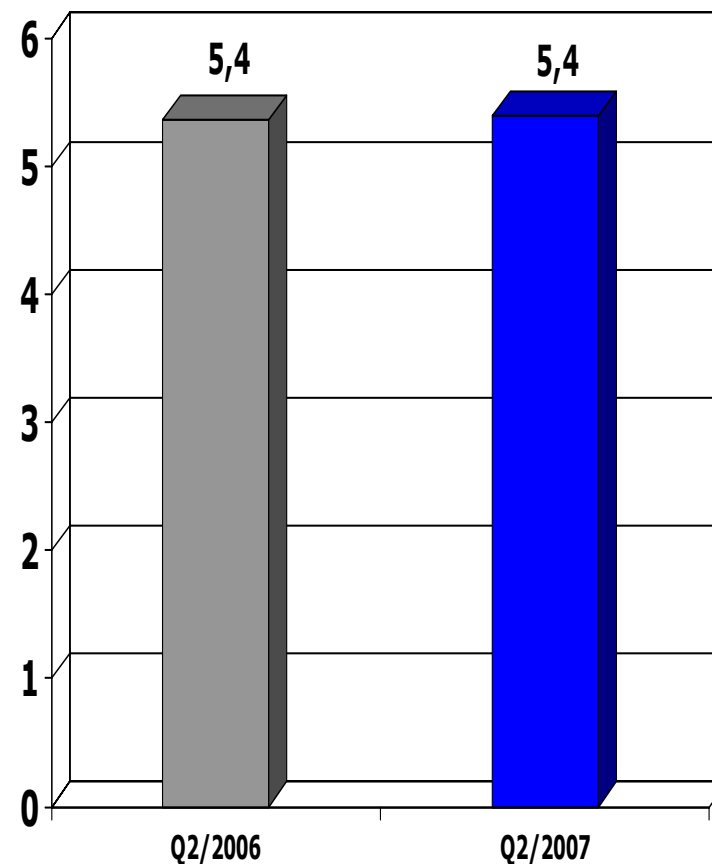


Quarterly Financials, EBIT, EUR million

QUARTERLY EBIT Q1/2006 – Q2/2007

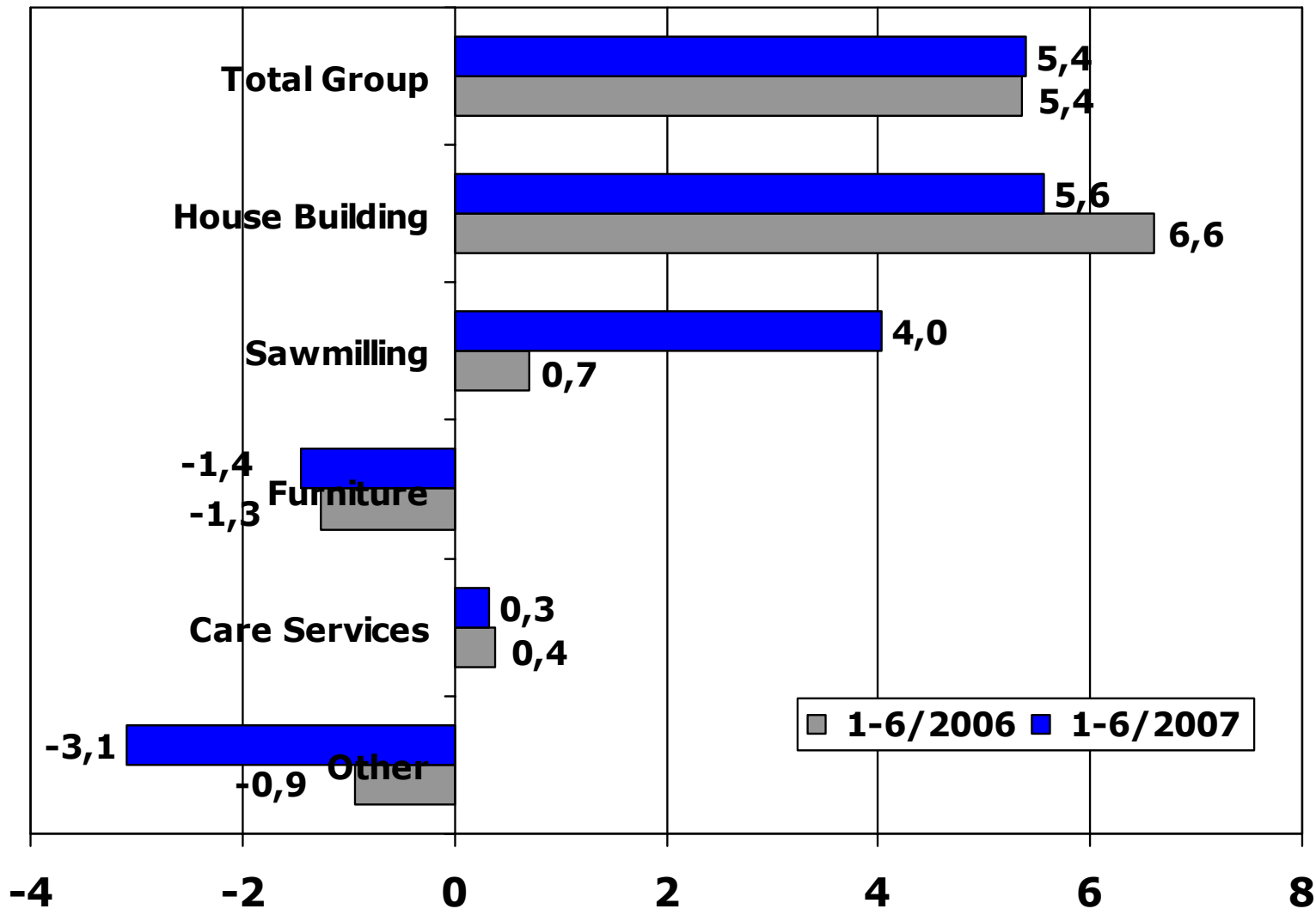


YTD EBIT, 1-6



Quarterly Financials, EBIT, by Segment, EUR million

YTD EBIT, 1-6



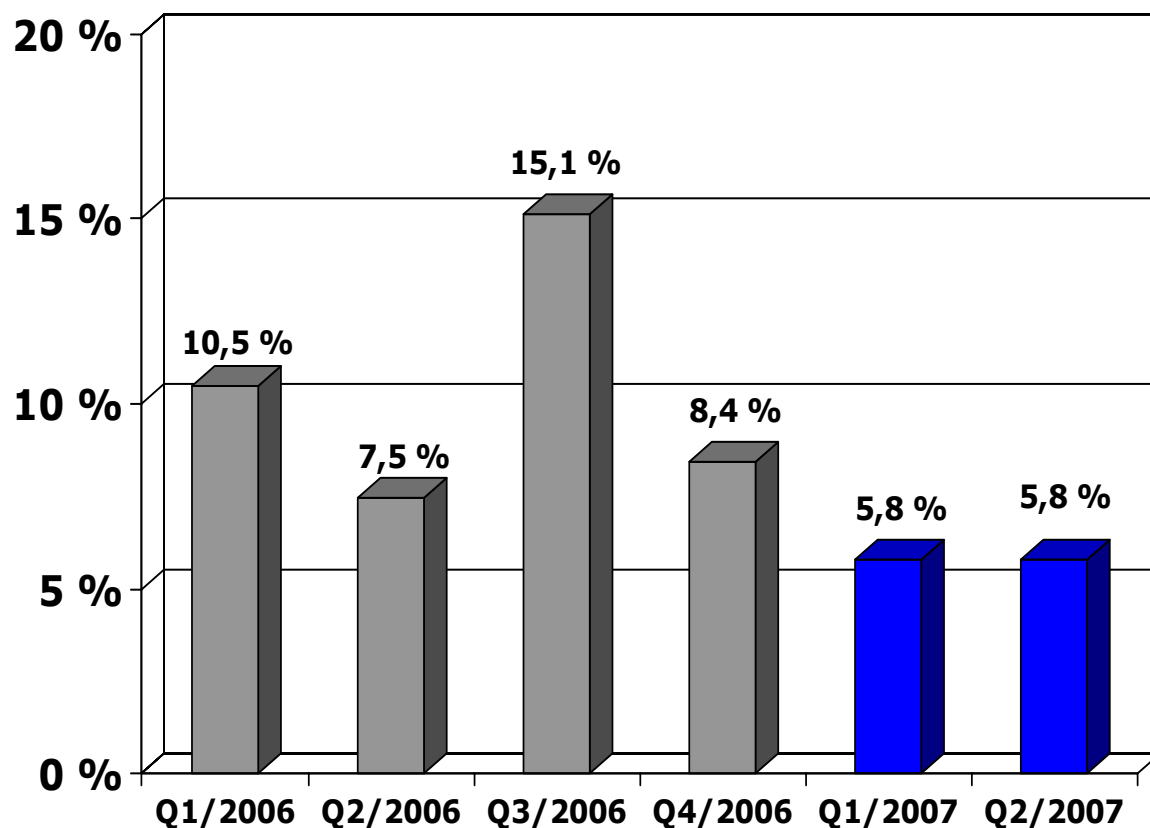
KOSTROMA COSTS:
 1-6/2007 = EUR 2.4m
 (1-6/2006 = EUR 0.0m)

FURNITURE:
 Only for part of the period consolidated as a group company; EBIT includes share of associate's profit

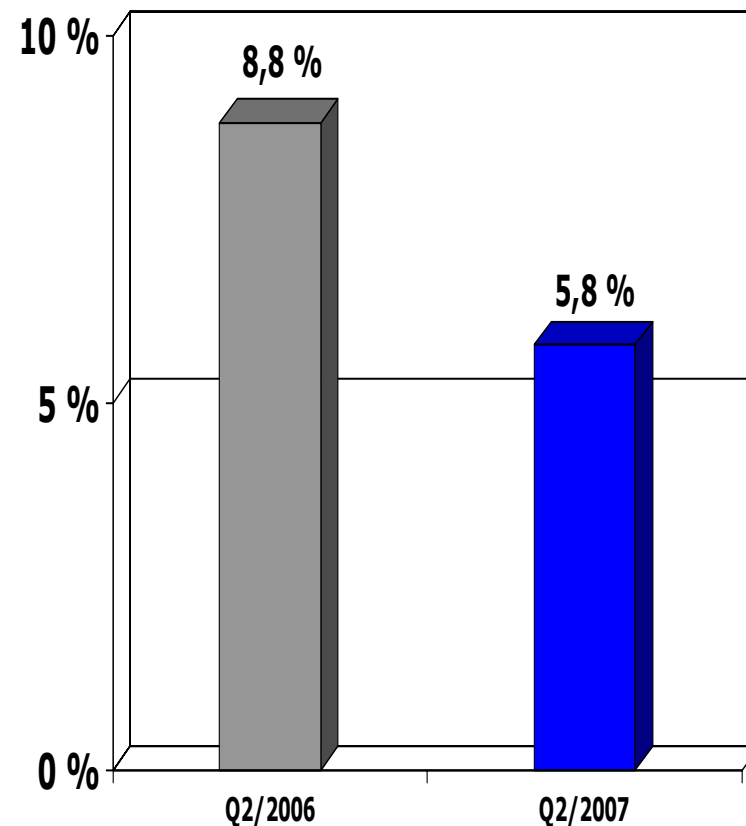
OTHER =
 Parent company (incl. majority of all Kostroma related costs)
 + Metal Industry
 + Group eliminations
 + Other non-segment items

Quarterly Financials, EBIT, % of Revenue

QUARTERLY EBIT-% Q1/2006 – Q2/2007

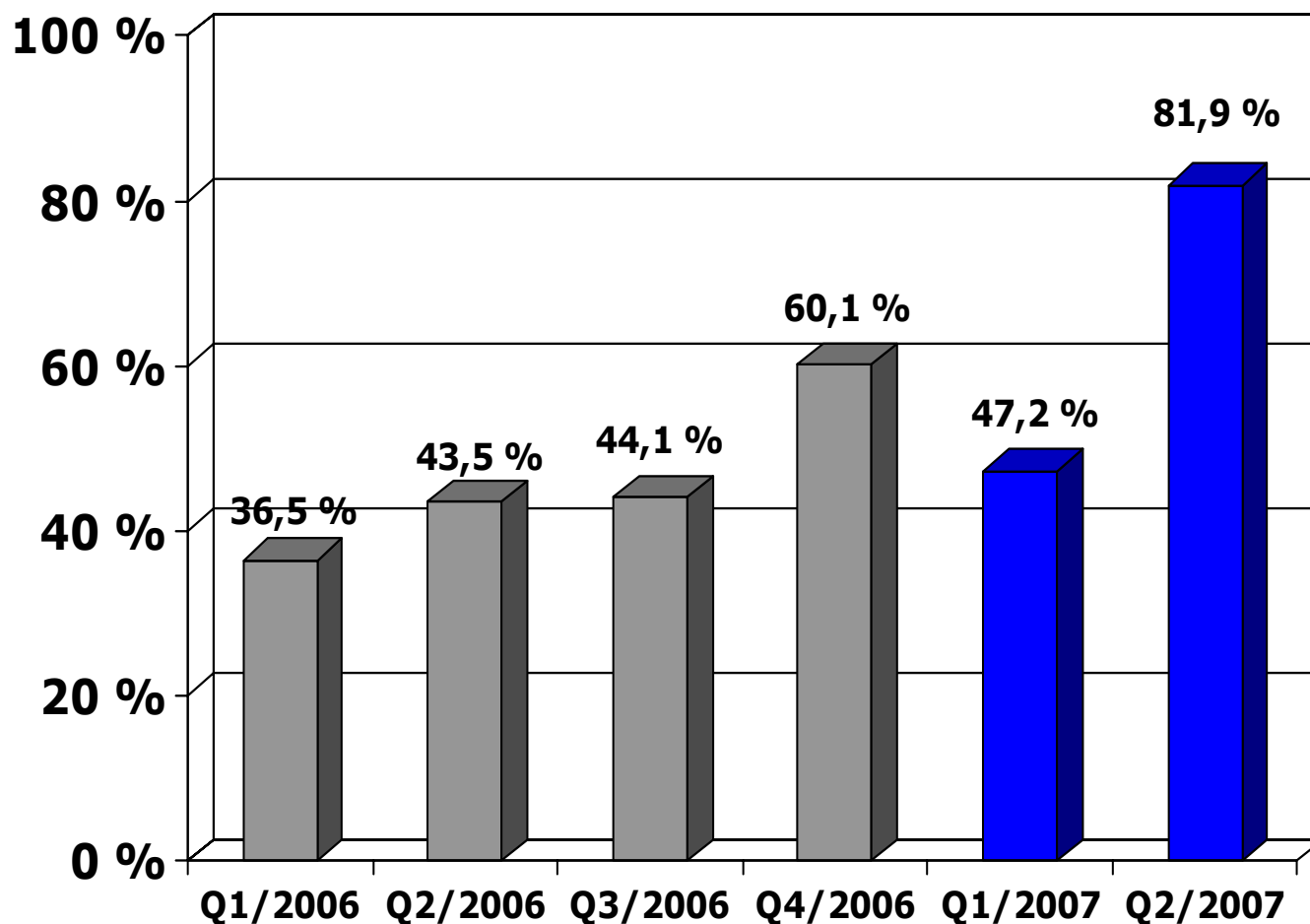


YTD EBIT-%, 1-6



Quarterly Financials, Equity Ratio, %

Equity Ratio Q1/2006 – Q2/2007

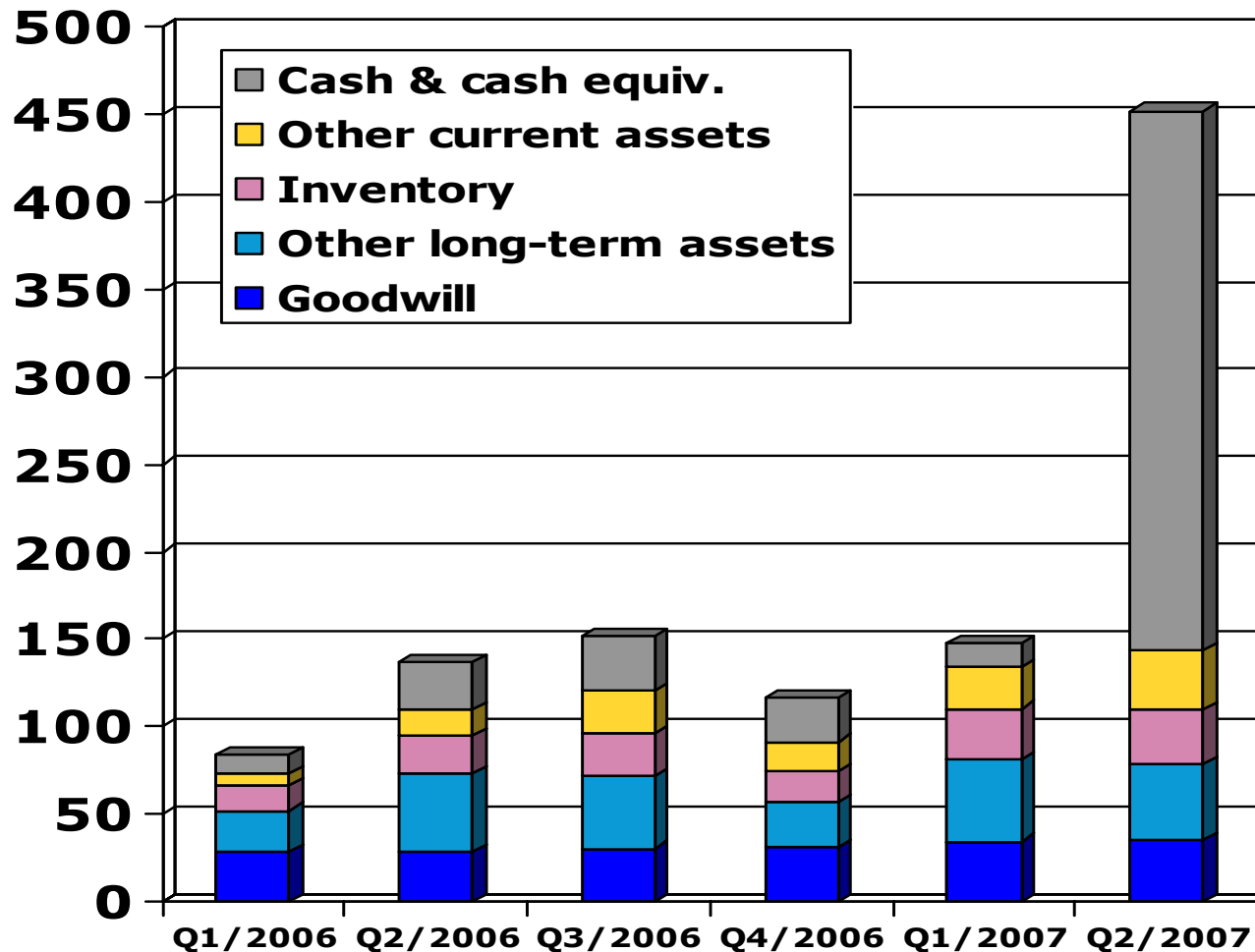


Q2/2006: EUR 21 million share issue (30 million shares)
Q2/2007: EUR 294 million share issue (130 million shares)

INCAP FURNITURE:
 Not consolidated as group company in Q1/2006 and Q4/2006 balance sheets

Quarterly Financials, Balance Sheet, EUR million

Balance Sheet Q1/2006 – Q2/2007



Q2/2006: EUR 21 million share issue (30 million shares)

Q2/2007: EUR 294 million share issue (130 million shares)

INCAP FURNITURE:

Not consolidated as group company in Q1/2006 and Q4/2006 balance sheets

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