



RUUKKI | GROUP

Ruukki Group Plc
Interim Report
1 January – 30 June 2008

5 August 2008

Important Notice

The information contained in this presentation is proprietary. It is intended solely for the recipient to whom it is presented by Ruukki Group Plc (the "Company").

This presentation is for background purposes only. It is therefore subject to updating and amendment. The Company has prepared this presentation in good faith belief of its accuracy, using Company's own information as well as third party information. However, it has not been verified independently and the Company does not warrant, or accept any liability of, the accuracy or completeness of the information contained herein.

This presentation is not intended to provide a basis for an investment decision. It is not intended to be, and should not be considered as, a recommendation by the Company to the recipient of this presentation, or an offer of, or invitation to acquire, any shares or other securities in the Company. It should not in any part be relied upon as a promise or representation as to the future.

Content

- **Key Events during the Review Period**
- **Financial and Operational Development**
- **Shares and Shareholders**
- **Summary**
- **Appendix**



Key Events during the Review Period

Mergers and acquisitions during review period

- **Acquisition of majority stake (51 %) in Junnikkala group**
 - » Junnikkala has sawmill and further processing operations in Kalajoki and Oulainen
 - » Annual sawmill capacity currently at about 200,000 m³
 - investment program going on with target capacity at about 400,000 m³
 - » Option to increase ownership to 100 % in 2010/2011

- **Care Services segment divested**
 - » The agreement was entered into at the end of June, transaction finalised in early July
 - » All the shares of Mikeva Oy, the parent company of the Care Services business were sold
 - » Disposal to DF-Care Oy, owned by a fund administered by Intera Equity Partners
 - » The net gain on disposal is estimated to be about EUR 12 million

- **Pan-Oston Oy sale implemented during January 2008 as agreed in December 2007**

Russian Investment Projects

- **Cancellation of Kostroma investment projects**
 - » Surveys on alternative sites continued, primary focus on areas situated west of Ural
 - » Target to accomplish forest industry integrate in Russia, sawmill and pulp mill
 - » The machinery and equipment for the sawmill planned to be constructed in Russia ordered, warehoused temporarily in Finland

- **Opportunities to reduce operational costs being assessed**
 - » In the short-term emphasis on scaling down the Russian project-specific costs
 - » The Russian investment project will be continued - for the sawmill as previously planned and for the pulp mill adjusted
 - » During the review period significant non-recurring expenses recognised related to Russian investment projects and their preparation

Strategy redefinition

■ Expansion into Minerals Business

- » Goal to increase and maximise the return on the Group's significant balance sheet potential
- » Expansion both in geographic and industry terms
- » Focus initially on opportunities in the chrome and ferro chrome sector

■ Preliminary agreement about potential acquisition into minerals business

- » A preliminary agreement with Kermas Limited to acquire Kermas Limited's chrome ore operations in Turkey and related sales operations in Malta
- » Based on the actual operating performance of the acquisition target as well as on ferrochrome market prices and on currency exchange rates prevailing in early June, the annualised revenue of the acquisition target totals about EUR 140 million
- » According to the preliminary agreement, the initial purchase price is EUR 200 million
- » The completion of the transaction is, inter alia, conditional upon approval by the shareholders' meeting of Ruukki Group Plc, which is expected to be finalised late September at the earliest
- » The Board of Directors of Ruukki Group Plc will obtain a fairness opinion of the purchase price, while the transaction is to be done with a related party; HBSC elected for that role

Strategy redefinition

- **Additional chrome opportunity offered**
 - » Kermas Limited has offered Ruukki Group the opportunity to acquire all the shares in MOGALE
 - » The South African based smelter operation can produce annually 150,000 metric tons of various grades of charge chrome
 - » The independent board members of Ruukki Group will assess the MOGALE opportunity in the near future

Overall Financial Performance

- **Situation on global sawn timber market deteriorated**
 - » Development in the wood-processing business segments very unsatisfactory, especially in Sawmill Business
 - » End-product demand and market prices trending down
 - » Situation in both input and output markets expected to remain demanding in the latter half of 2008

- **The Russian Investment Project's impact on performance**
 - » During the review period altogether EUR 7.3 million expenses related to Russian investment projects and their preparation recognised
 - » These include about EUR 2.5 million impairment on assets

Development by Segment

■ Sawmill Business

- » Sawn timber market prices considerably declined compared to the end of 2007
- » Profitability clearly below previous year's level
- » Stumpage prices of raw material and related transportation costs have not decreased to the extent that sales prices have trended down

■ Furniture Business

- » The operating profitability of the second quarter 2008 excluding one-off items negative due to production inefficiencies
- » Segment currently reviewing various ways to enhance the efficiency and profitability of its operations
 - Potential impact on the future role of its current production facilities and their output
- » The liquidity remained fair

■ House Building

- » The second quarter revenue about one fourth lower than during Q1/2008 or Q2/2007
- » The demand expected to decrease, number of granted building permits declining

Changes in Group Management and Board

- Managing Director Matti Vikkula and the company agreed to terminate the service agreement of Mr. Vikkula effective as of 31 July 2008
- The Board of Directors currently reviewing how the group management structure will be organised in the future
- From 2 August onwards, after Tom Borman's resignation, the Board of Directors having four members:

Alwyn Smit, chairman

Esa Hukkanen, member

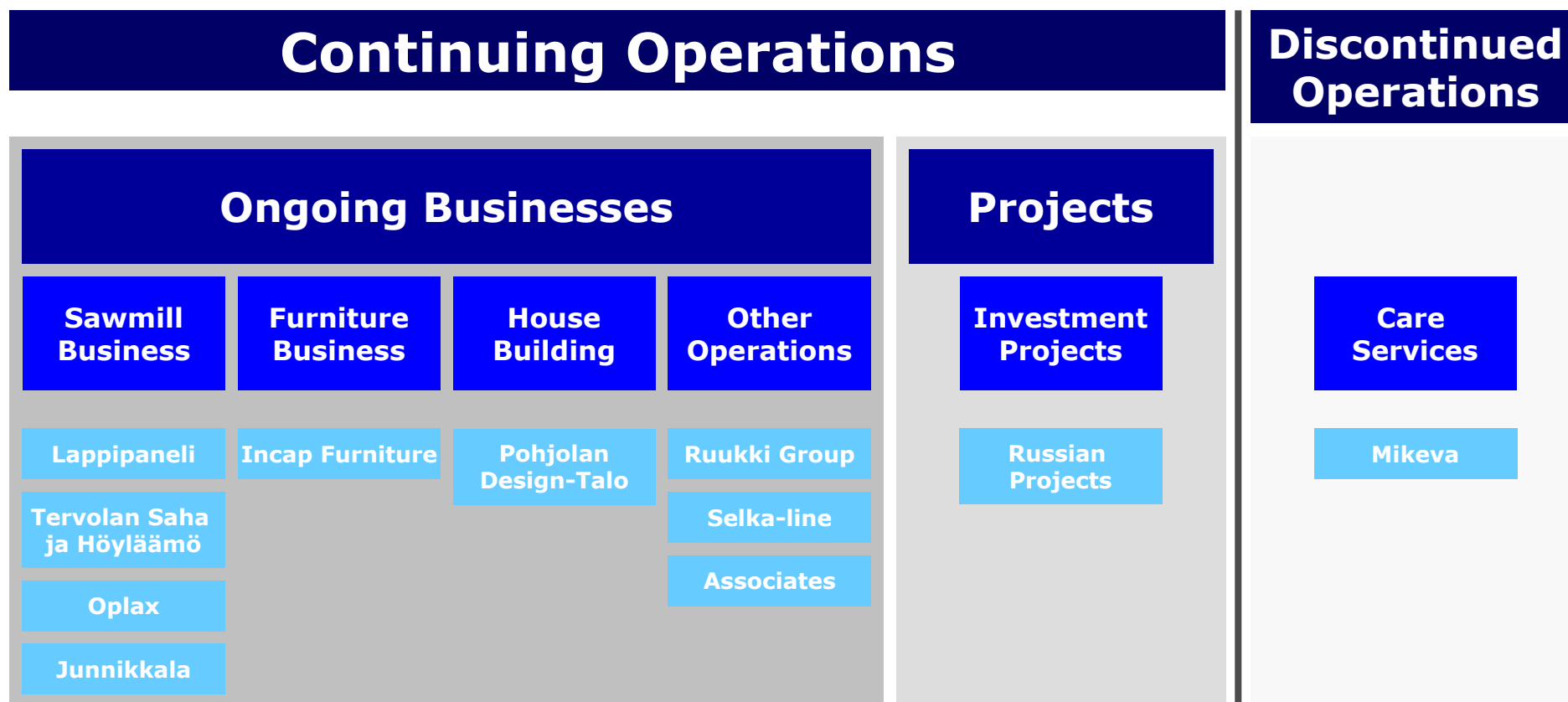
Markku Kankaala, member

Jelena Manojlovic, member



Financial and Operational Development

Group / Reporting Structure

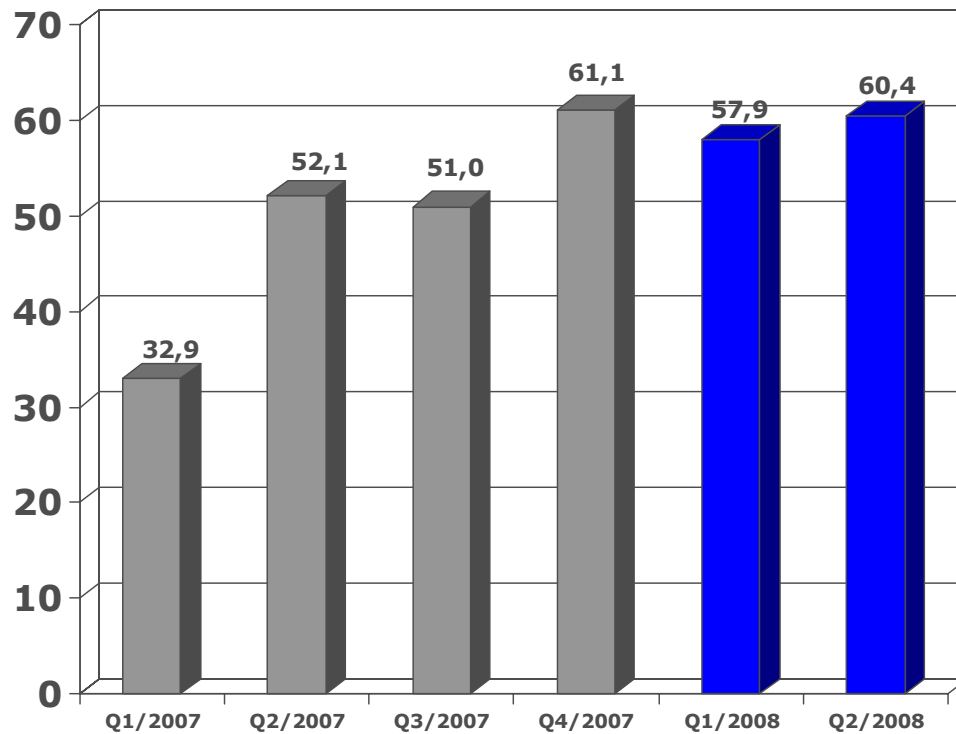


Group Income Statement

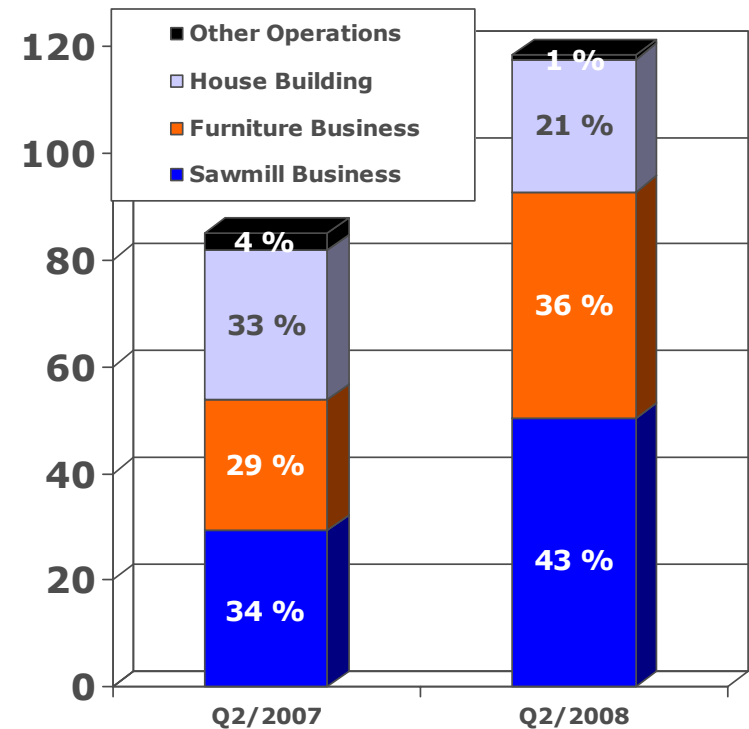
EUR '000	1 Jan - 30 Jun 2008 6 months	1 Jan - 30 Jun 2007 6 months	1 Apr - 30 Jun 2008 3 months	1 Apr - 30 Jun 2007 3 months	1 Jan - 31 Dec 2007 12 months
Continuing operations					
Revenue	118 369	85 009	60 440	52 074	197 093
Other operating income	2 667	1 789	960	1 294	6 841
Operating expenses	-117 200	-76 789	-61 647	-47 225	-179 743
Depreciation and amortisation	-5 454	-3 143	-2 883	-1 947	-7 134
Share of profit of associates	207	-657	27	79	-623
Impairment	-2 646	-1 149	-1 905	-1 149	-1 034
Operating profit	-4 057	5 060	-5 008	3 127	15 400
Financial income and expense	5 765	-454	3 111	-388	3 715
Profit before tax	1 708	4 606	-1 896	2 739	19 115
Income tax	-1 501	-2 612	-87	-1 425	-5 381
Net profit from continuing operations	207	1 994	-1 983	1 315	13 734
Discontinued operations					
Net profit from discontinued operations	325	107	-72	43	-54
Net profit	532	2 101	-2 055	1 358	13 680
Profit attributable to equity shareholders	228	1 574	-2 212	1 070	12 651
minority interests	303	527	158	288	1 030
Total	532	2 101	-2 055	1 358	13 680

Revenue from continuing operations, (EUR million)

QUARTERLY REVENUE Q1/2007 – Q2/2008



REVENUE BY BUSINESS

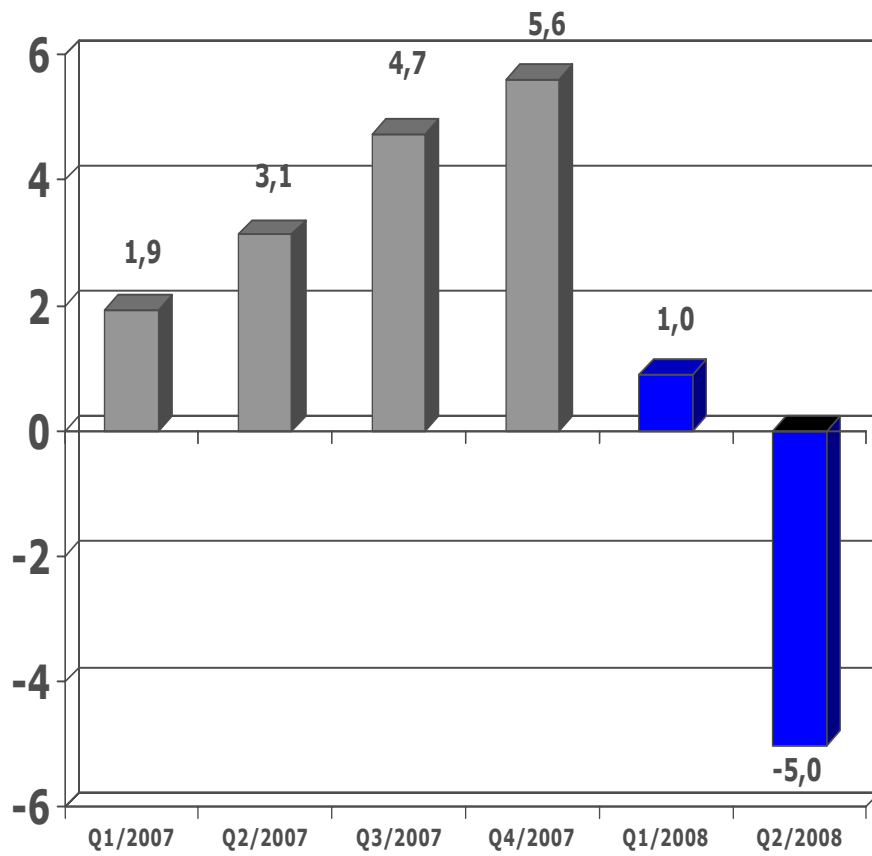


Acquisitions: Junnikkala Q1/2008

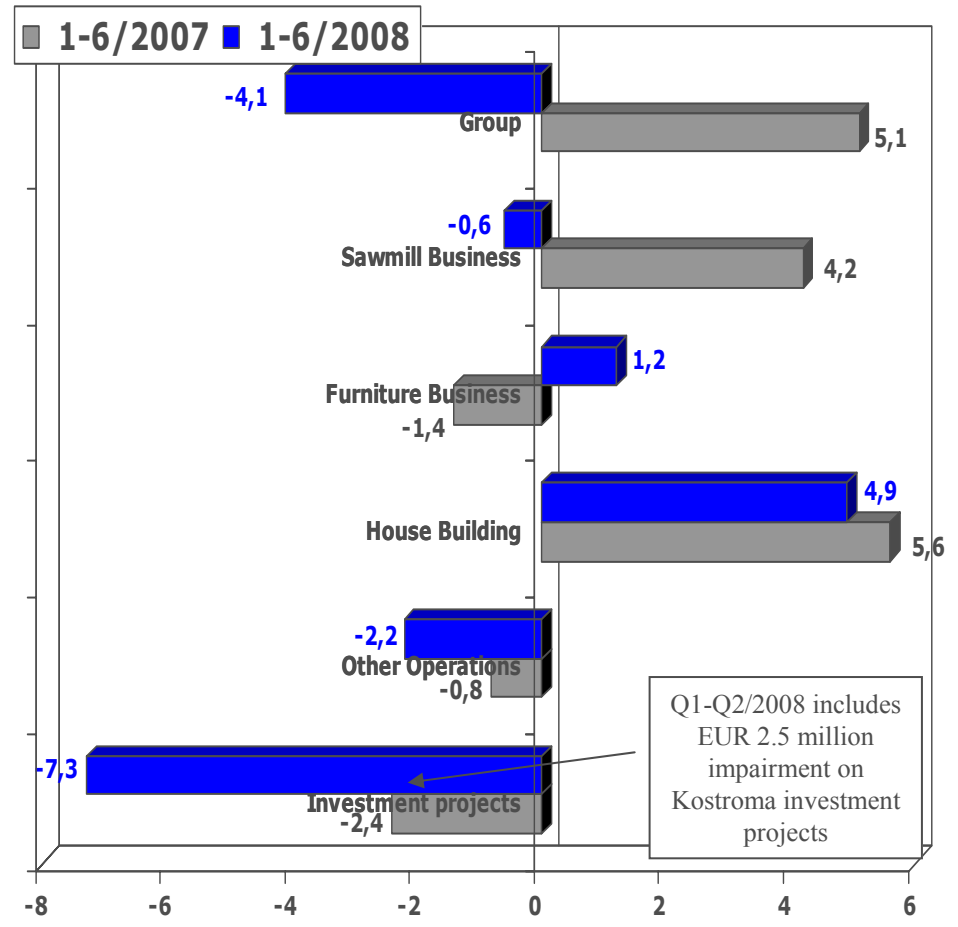
Design-Sähkö Q2/2007, Oplax Q1/2007, Incap Furniture Q1/2007

EBIT from continuing operations (EUR million)

QUARTERLY EBIT Q1/2007 – Q2/2008

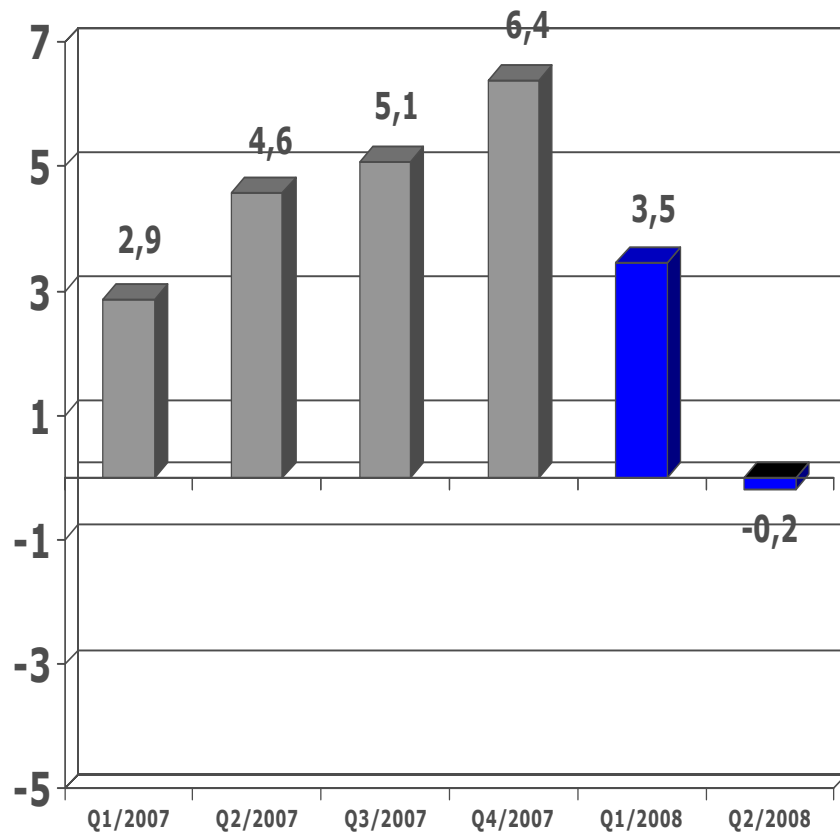


EBIT BY BUSINESS

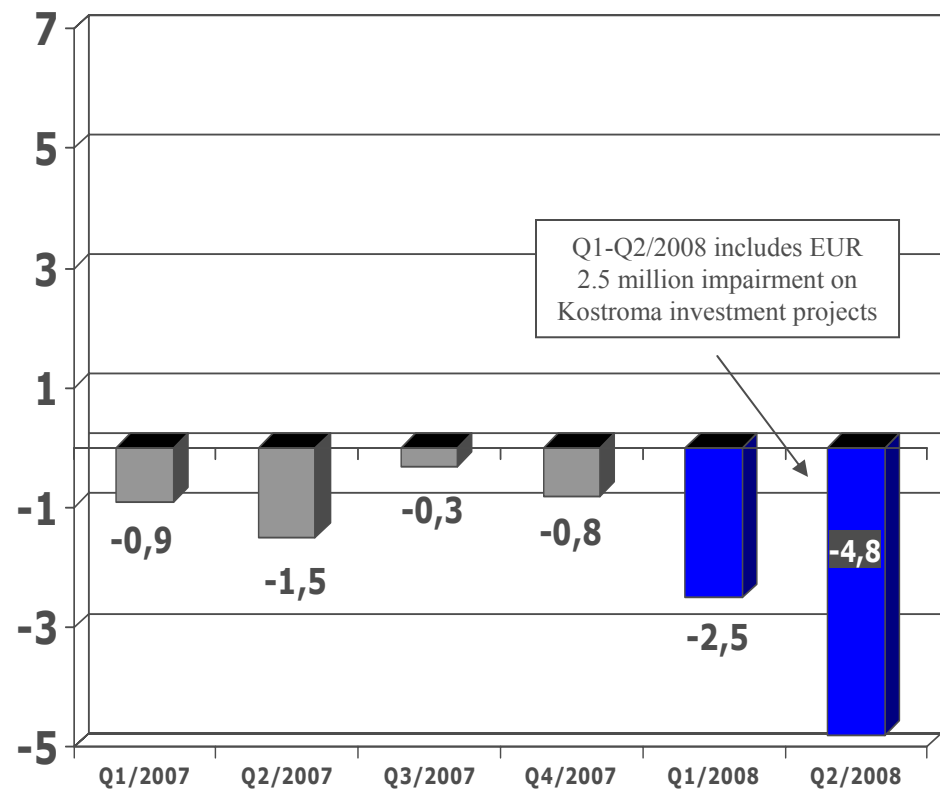


EBIT from continuing operations (EUR million)

ONGOING BUSINESS

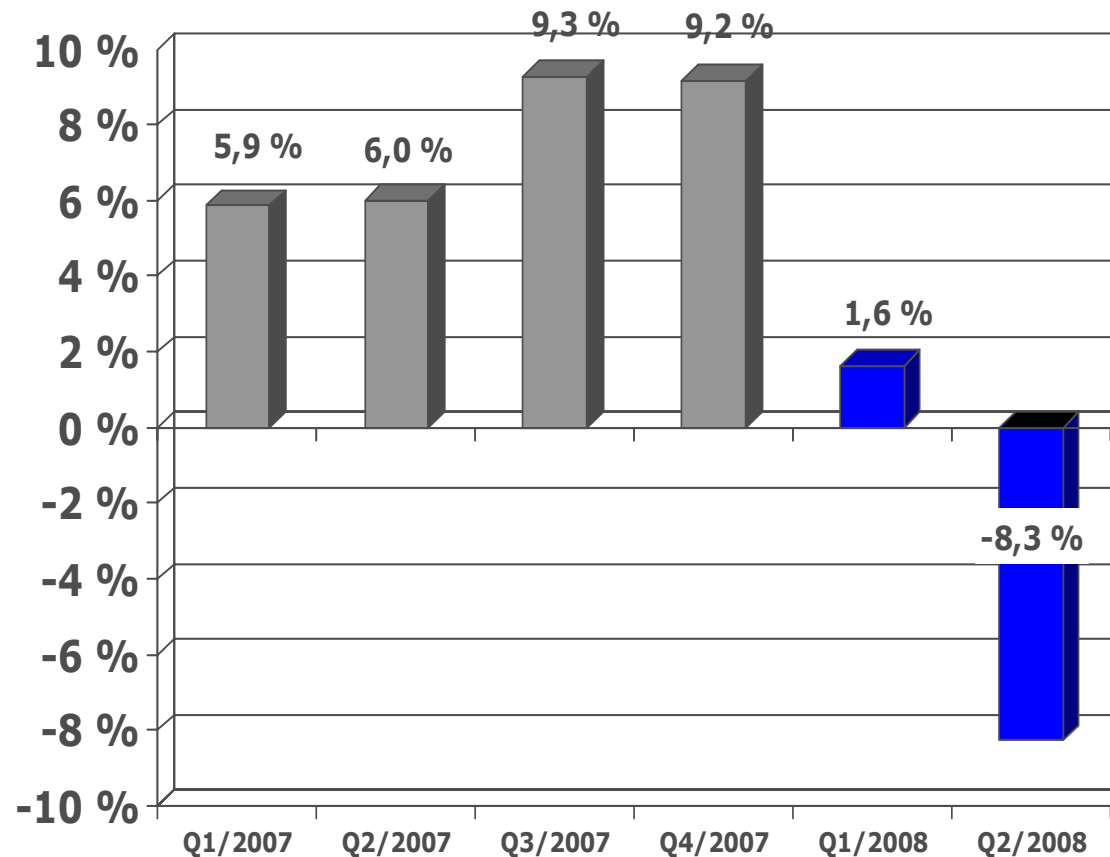


INVESTMENT PROJECTS



EBIT-% (% of revenue) from continuing operations

QUARTERLY EBIT-% Q1/2007 – Q2/2008

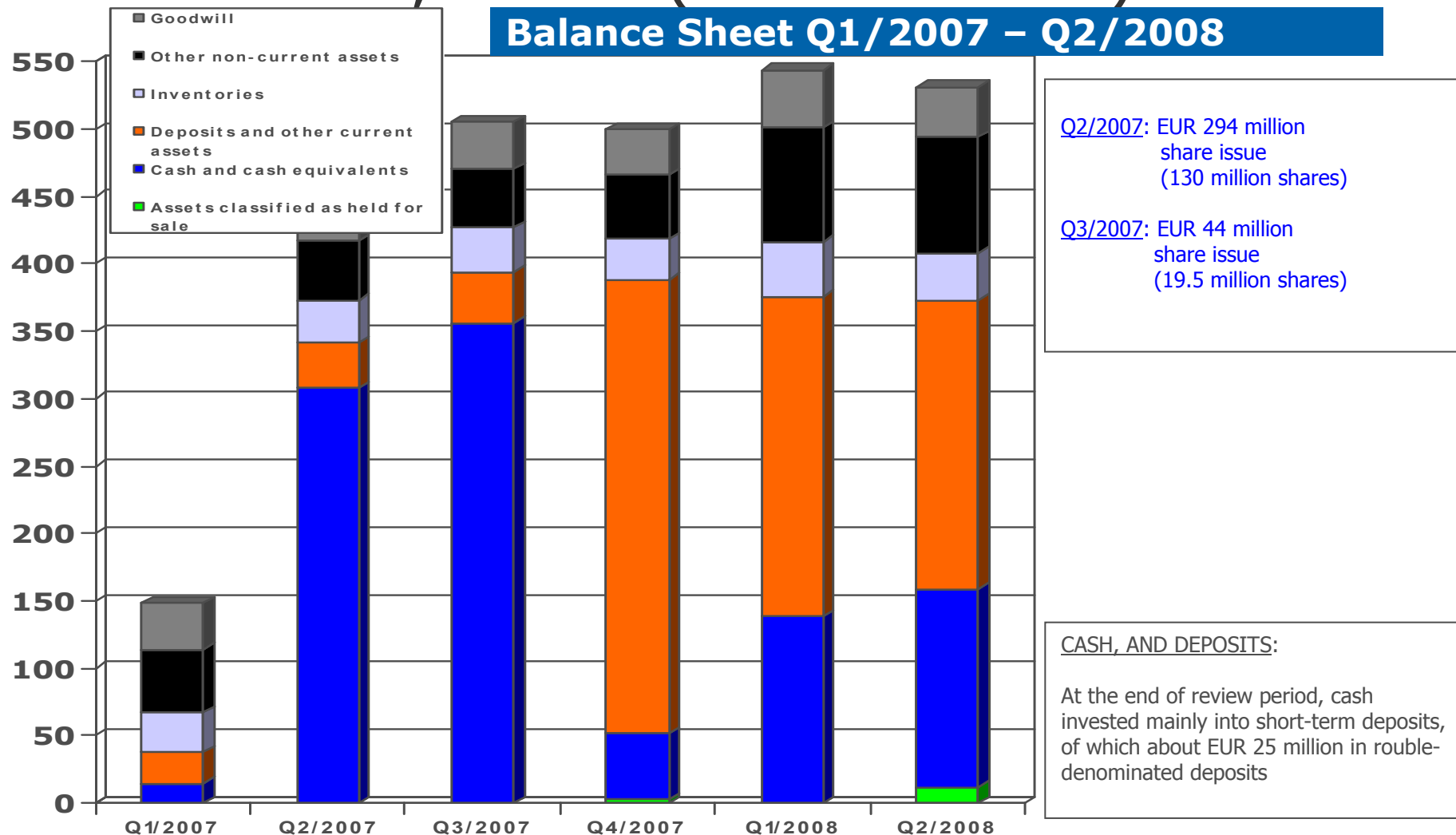


Group Balance Sheet

EUR '000	30 Jun 2008	30 Jun 2007	31 Dec 2007
ASSETS			
Non-current assets			
Investments and intangible assets			
Goodwill	37 193	34 829	33 422
Investments in associates	1 846	1 671	1 702
Other intangible assets	7 160	6 689	5 807
Investments and intangible assets total	46 198	43 190	40 931
Property, plant and equipment	73 567	34 633	37 516
Other non-current assets	3 069	825	3 209
Non-current assets total	122 834	78 647	81 656
Current assets			
Inventories	35 054	31 243	29 635
Receivables	40 261	26 457	29 955
Held to maturity investments	170 750		131 212
Other investments	1 283	7 518	176 112
Cash and cash equivalents	146 720	307 892	48 527
Current assets total	394 068	373 111	415 440
Assets held for sale	11 395		2 893
Total assets	528 297	451 758	499 990

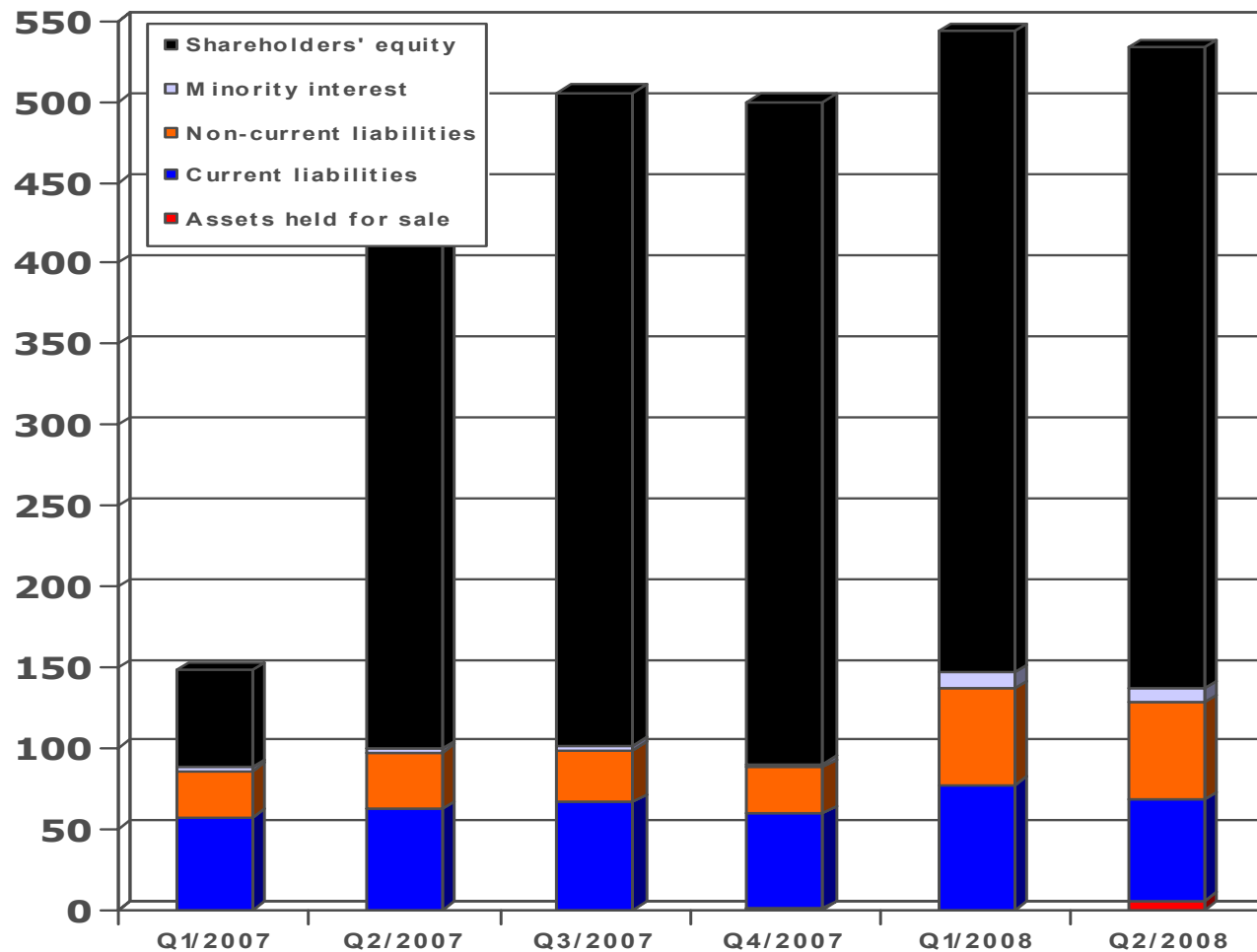
EUR '000	30 Jun 2008	30 Jun 2007	31 Dec 2007
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	23 642	23 642	23 642
Share premium reserve	25 740	25 740	25 740
Revaluation reserve	969	757	969
Fair value reserve	0	17	0
Paid-up unrestricted equity reserve	340 690	295 104	340 690
Retained earnings	6 267	7 200	18 614
Shareholders' equity	397 308	352 460	409 655
Minority interest	8 832	2 302	1 995
Total equity	406 140	354 762	411 650
Liabilities			
Non-current liabilities	58 540	34 634	29 188
Current liabilities			
Prepayments	13 663	18 625	16 481
Other current liabilities	44 207	43 737	42 086
Current liabilities total	57 870	62 362	58 566
Liabilities classified as held for sale	5 748		585
Total liabilities	122 157	96 996	88 340
Total equity and liabilities	528 297	451 758	499 990

Balance sheet, Assets (in EUR million)



Balance Sheet, Equity and Liabilities (in EUR m.)

Balance Sheet Q1/2007 – Q2/2008



Group Cash Flow Statement

EUR '000

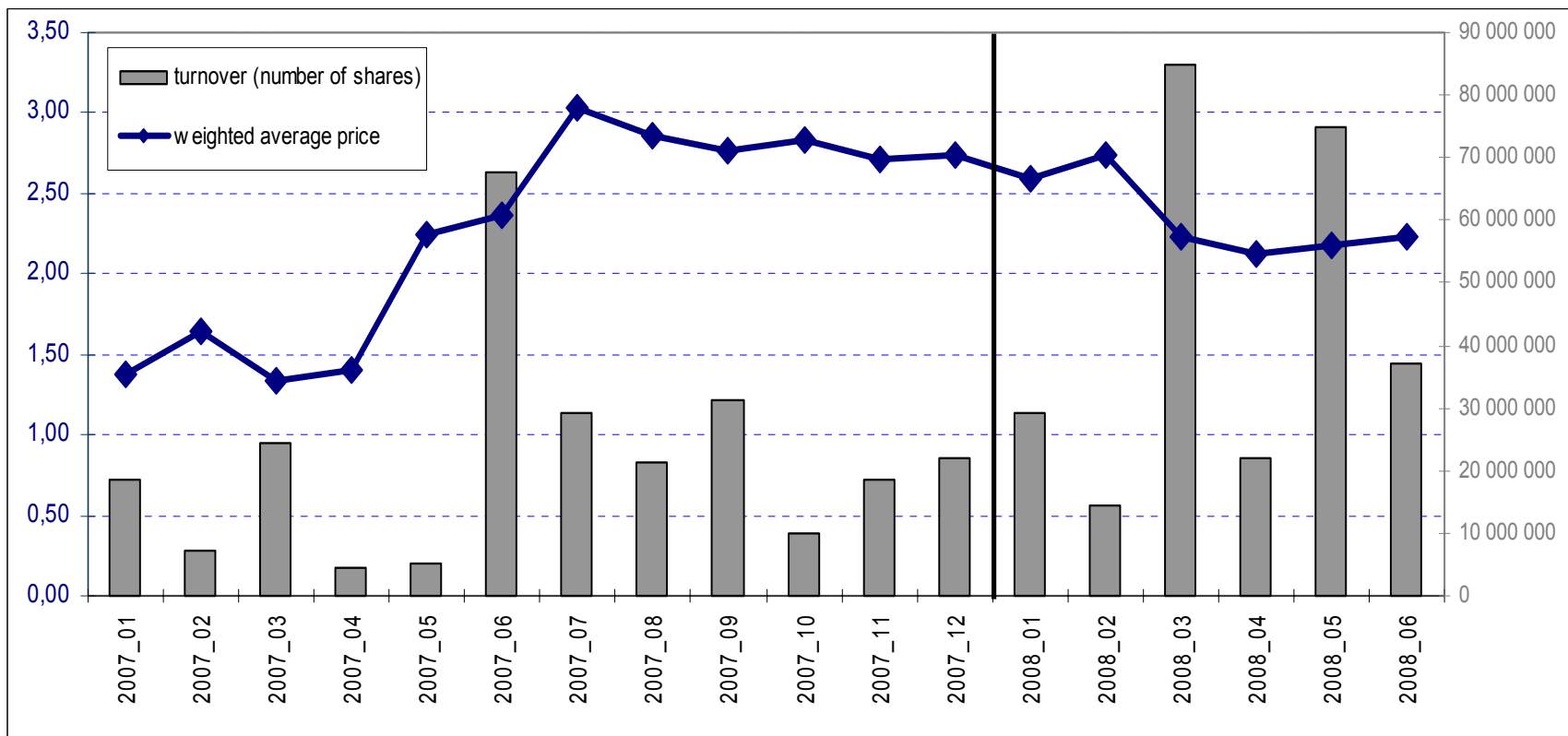
	1 Jan - 30 Jun 2008	1 Jan - 30 Jun 2007	1 Jan - 31 Dec 2007
Net profit attributable to equity holders	229	1 574	12 651
Adjustments to net profit	1 749	6 048	7 161
Changes in net working capital	-7 987	-6 249	-14 029
Net cash from operating activities	-6 010	1 373	5 783
Acquisition of subsidiaries and associates	-7 702	-5 543	-6 487
Payment of earn-out liabilities and exercises of call options related to acquisitions	-114	-7 167	-8 358
Disposal of subsidiaries and associates	2 689	2 361	7 068
Capital expenditures and other investing activities	-17 380	-2 651	-6 337
Net cash used in investing activities	-22 507	-13 000	-14 114
Share issues	0	293 967	337 609
Dividends paid	-12 699	-5 154	-5 493
Deposits	-36 833		-133 851
Other investments	173 056		-173 360
Interest received from financing activities	3 273		3 940
Proceeds from borrowings	8 713	7 064	10 630
Repayment of borrowings, and other financing activities	-7 932	-1 142	-7 386
Net cash used in financing activities	127 578	294 734	32 089
Net increase in cash and cash equivalents	99 061	283 107	23 758



Shares and Shareholders

Share Price Development

Volume weighted average share price and turnover Jan/2007 – Jun/2008



Source: NCSD

Flagging Notices

INVESTOR

CHANGE IN OWNERSHIP

JSC VTB Bank

26 Mar 2008 → over 10 % 21 May 2008 → below 5 %

Hanwa Co., Limited

20 May 2008 → over 10 %

RCS Trading Corporation Ltd

20 Mar 2008 → over 5 % 31 Mar 2008 → over 10 %
 21 May 2008 → over 25 %

Kermas Limited and RCS Trading

Potential ownership → over 30 %

Oy Herttakakkonen Ab

20 Mar 2008 → below 20 % 28 Mar 2008 → below 15 %
 5 Jun 2008 → below 10 %

Procomex S.A. and Helsingin Mekaanikontalo

20 Mar 2008 → below 20 % 21 May 2008 → below 10 %

Major Shareholders, 31 July 2008

Shareholder	Shares	%
1 Nordea Pankki Suomi Oyj	76 566 562	26,4
2 Nordea Pankki Suomi Oyj nominee-registered	55 117 283	19,0
3 Danske Bank As Helsinki Branch	38 201 000	13,2
4 Hanwa Company Limited	30 000 000	10,3
5 Svenska Handelsbanken Ab nominee-registered	24 608 414	8,5
6 Glitnir Pankki Oy	14 359 591	5,0
7 Kankaala Markku	9 698 890	3,3
8 Oy Herttaässä Ab	7 380 199	2,5
9 Hukkanen Esa	5 010 100	1,7
10 Evli Pankki Oyj	4 486 974	1,5
Total	265 429 013	91,5
Other Shareholders	24 605 009	8,5
Total shares registered	290 034 022	100,0



Summary

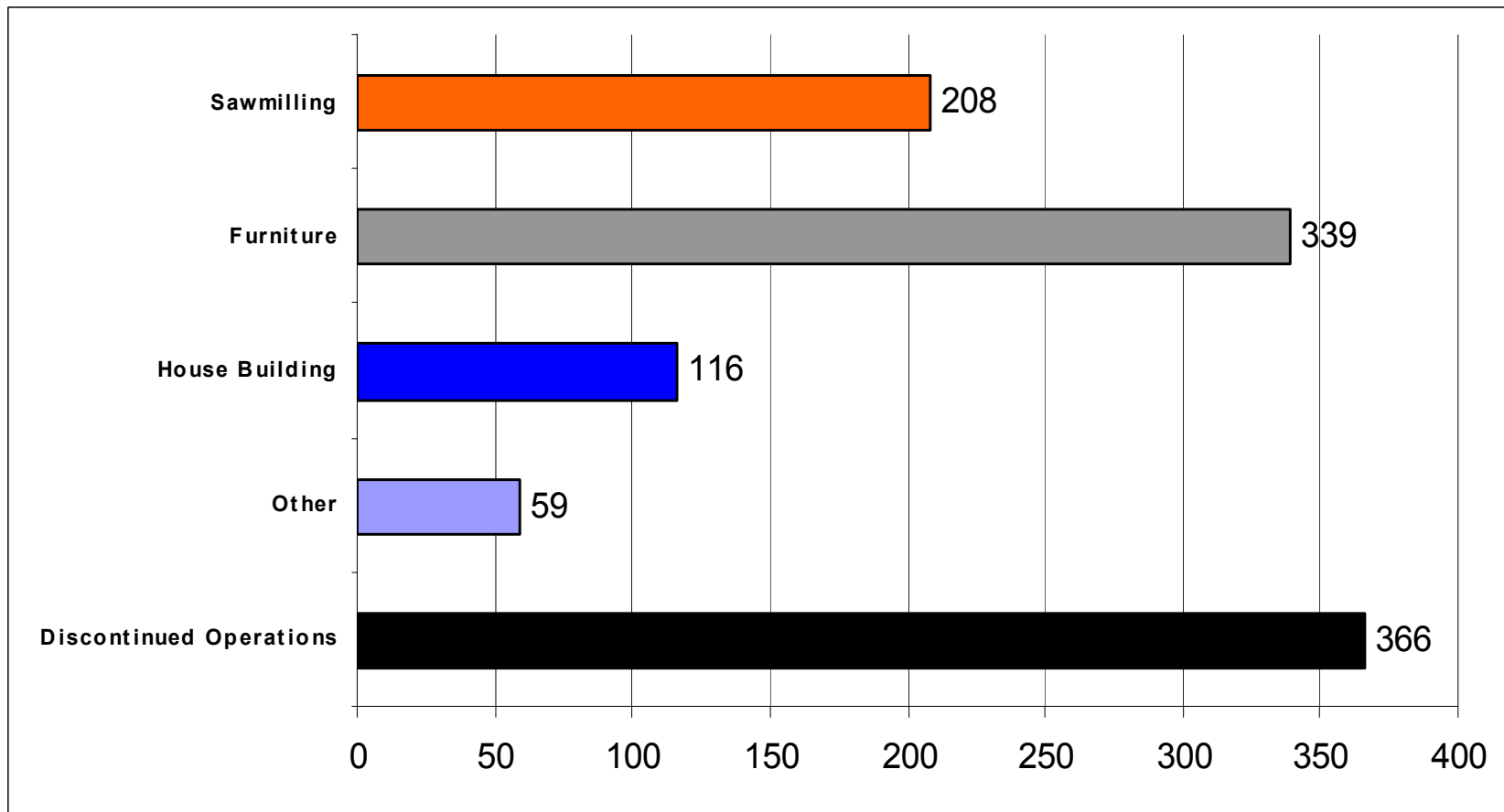
Summary Q2/2008

- 1 Expansion into Minerals Business being evaluated and surveyed**
- 2 Challenging market conditions in domestic wood-processing businesses, expected to continue in the short future**
- 3 Russian Investment Projects had negative impact on earnings, cost saving action implemented**



Appendix

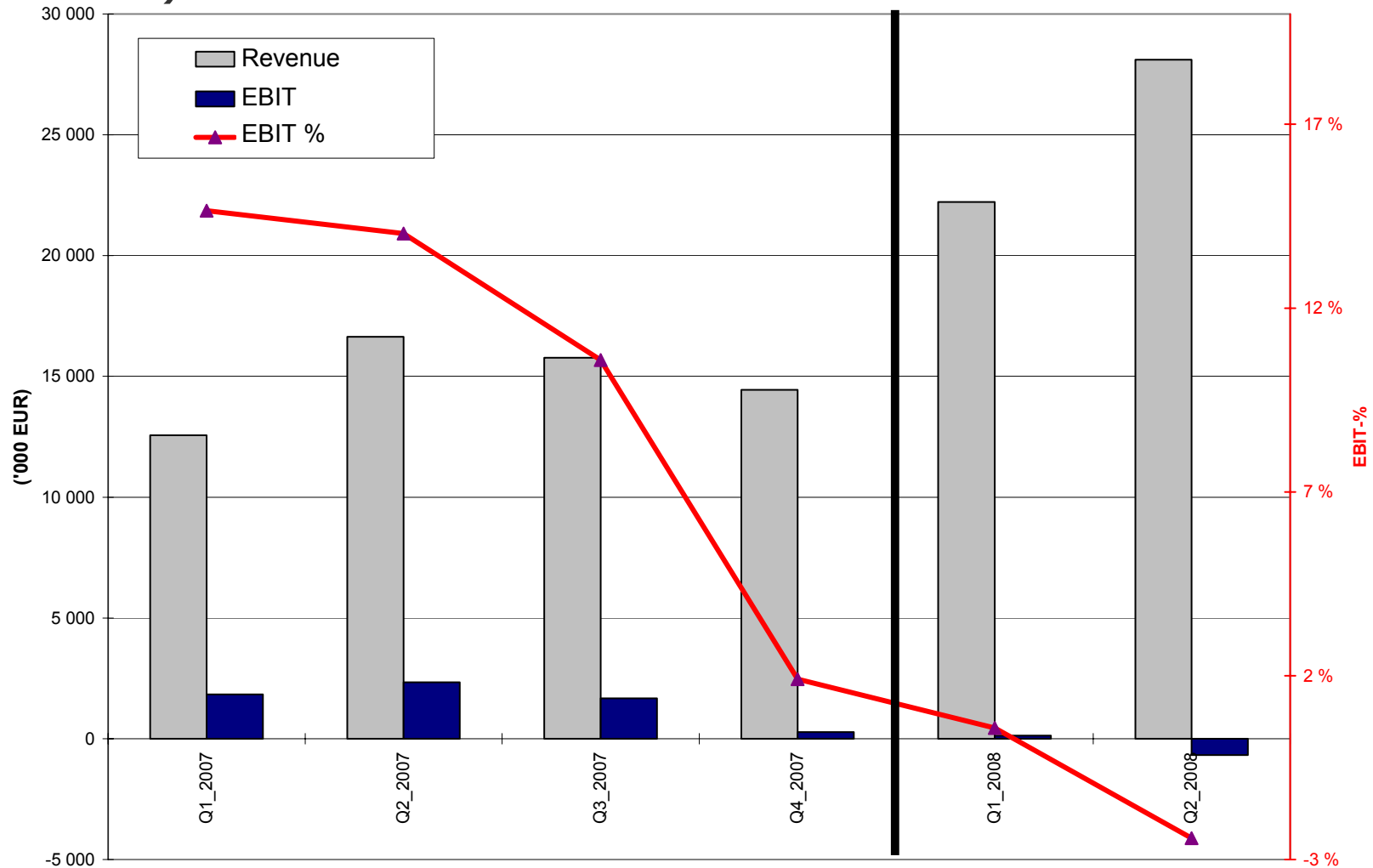
Personnel by segment, 30 Jun 2008



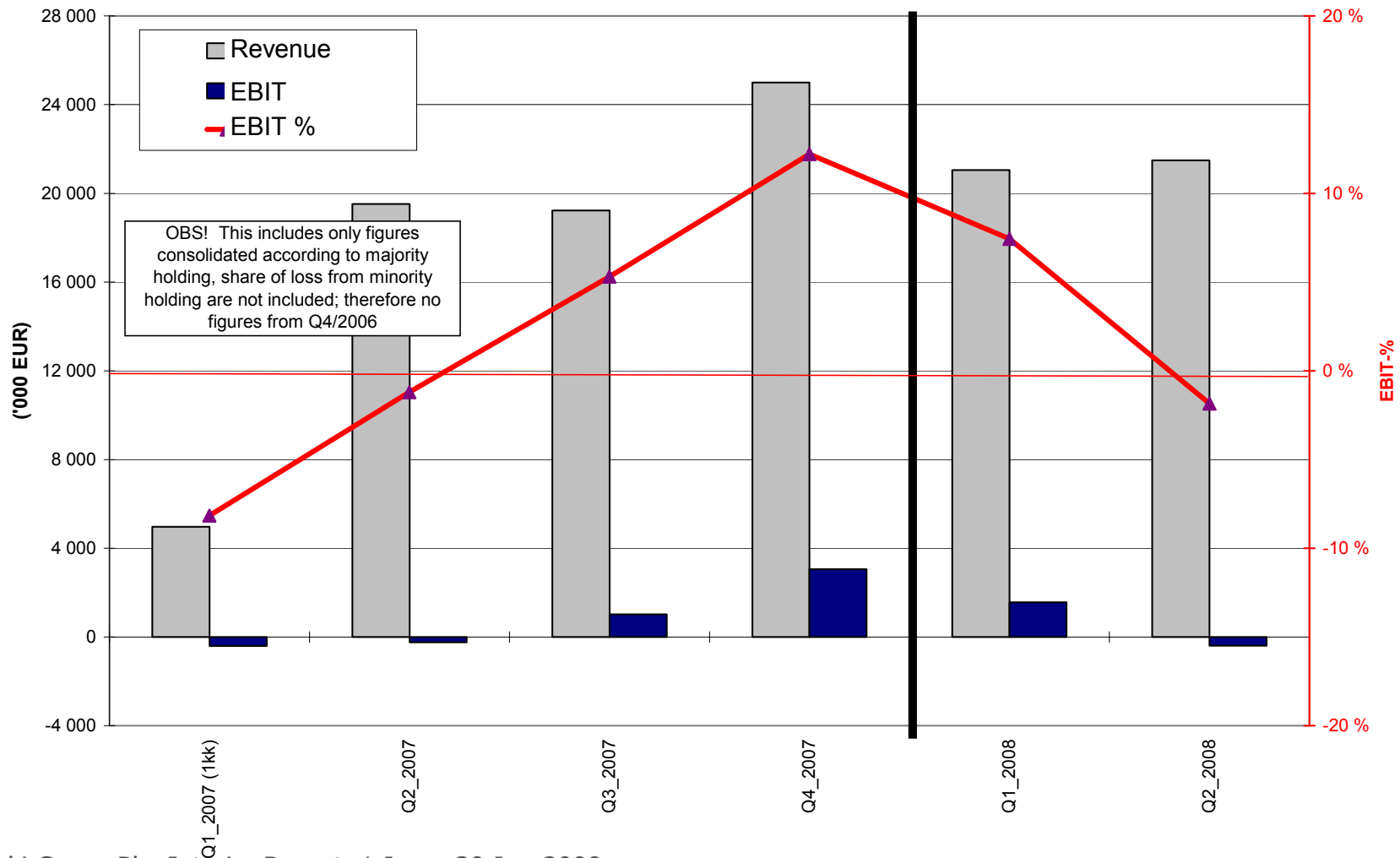
Quarterly Revenue and EBIT, Sawmill Business, 2007 - 2008

('000 EUR)

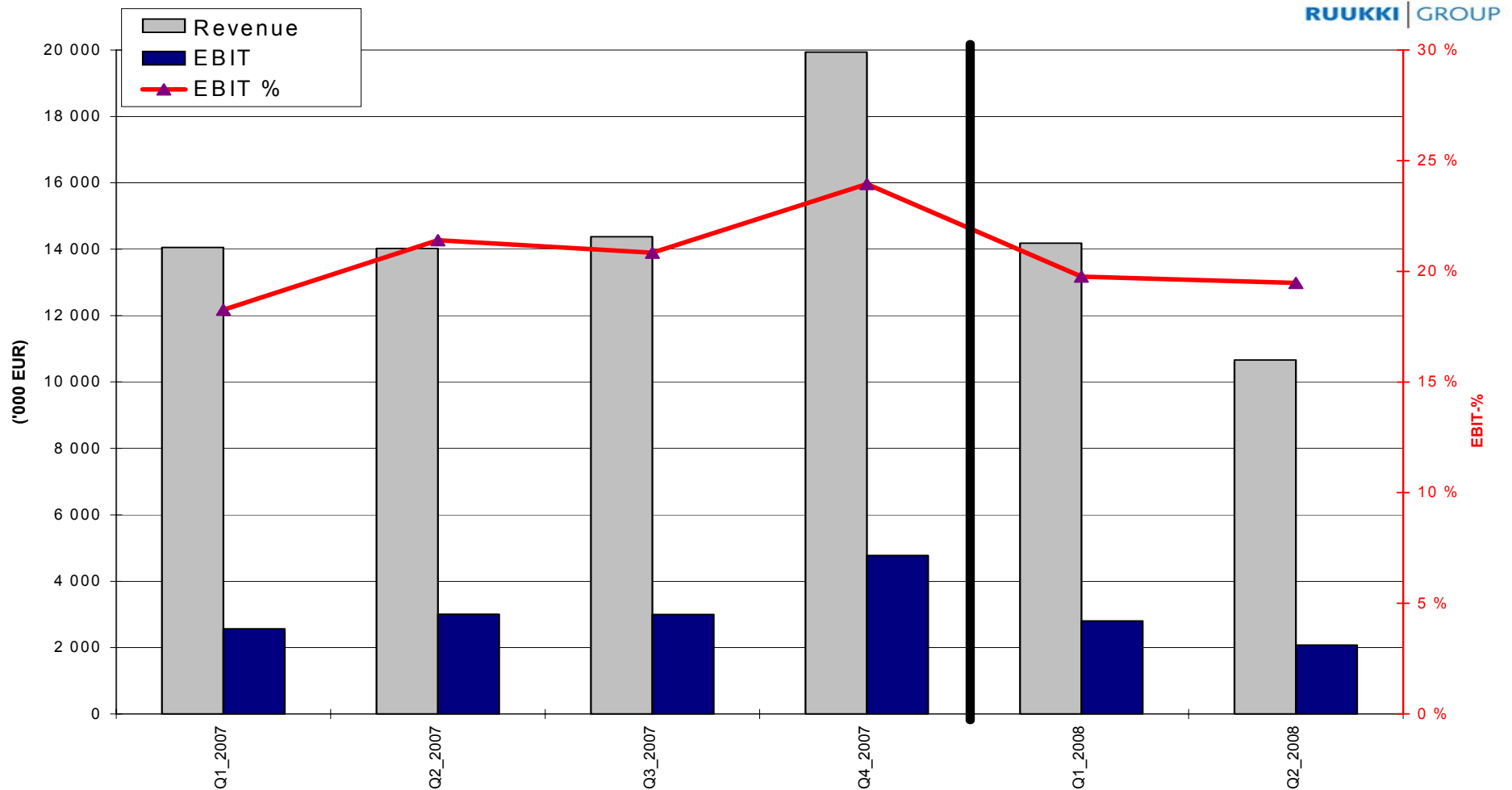
RUUKKI | GROUP



Quarterly Revenue and EBIT, Furniture Business, 2007 - 2008 (‘000 EUR)



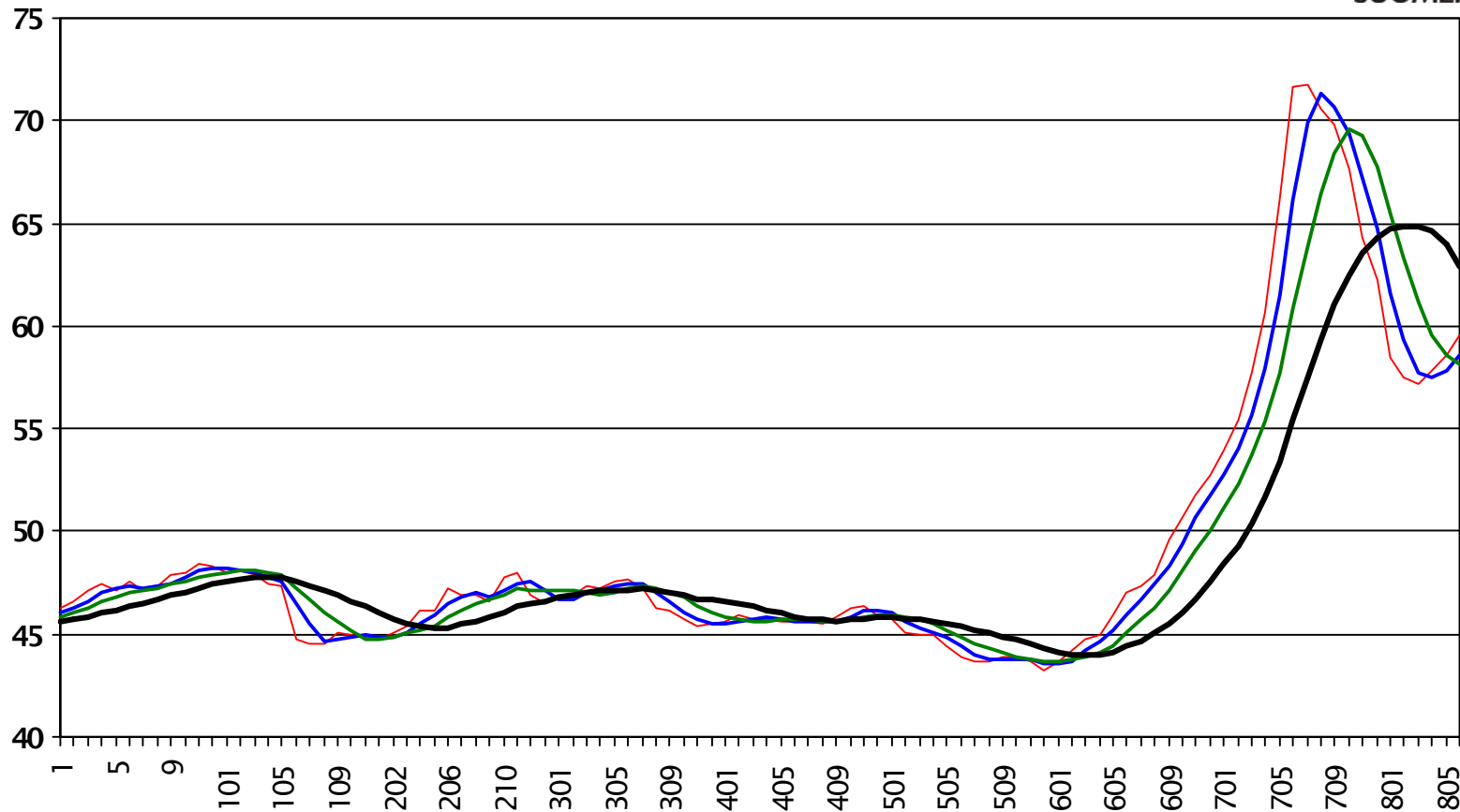
Quarterly Revenue and EBIT, House Building, 2007 - 2008 (‘000 EUR)



Pine log stumpage price 2000-2008
Suomen Sahat ry



SUOMEN SAHAT

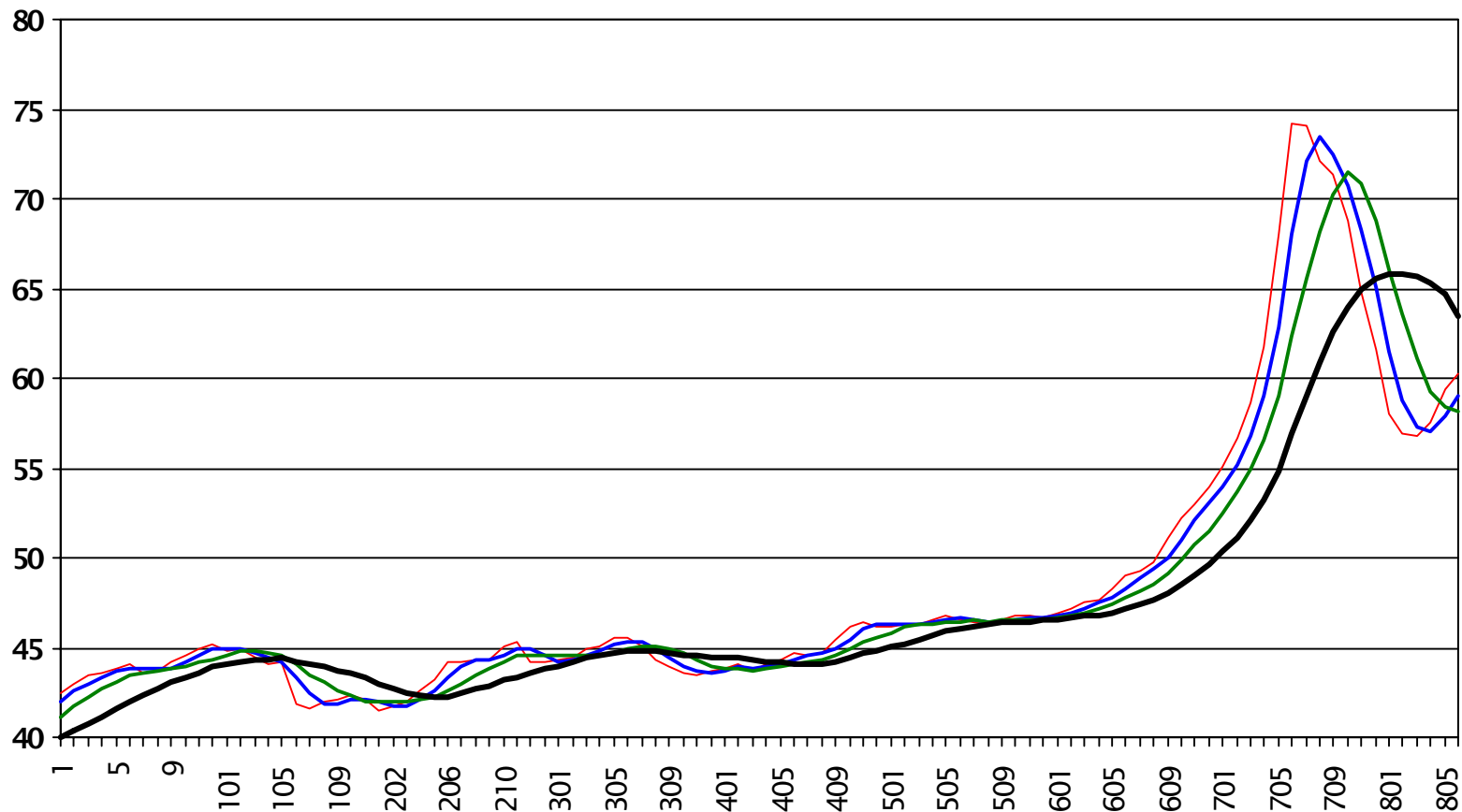


Source: Suomen Sahat ry — 1mnth — 3mnth — 6mnth — 12mnth mov. avg.

Spruce log stumpage price 2000-2008 Suomen Sahat ry



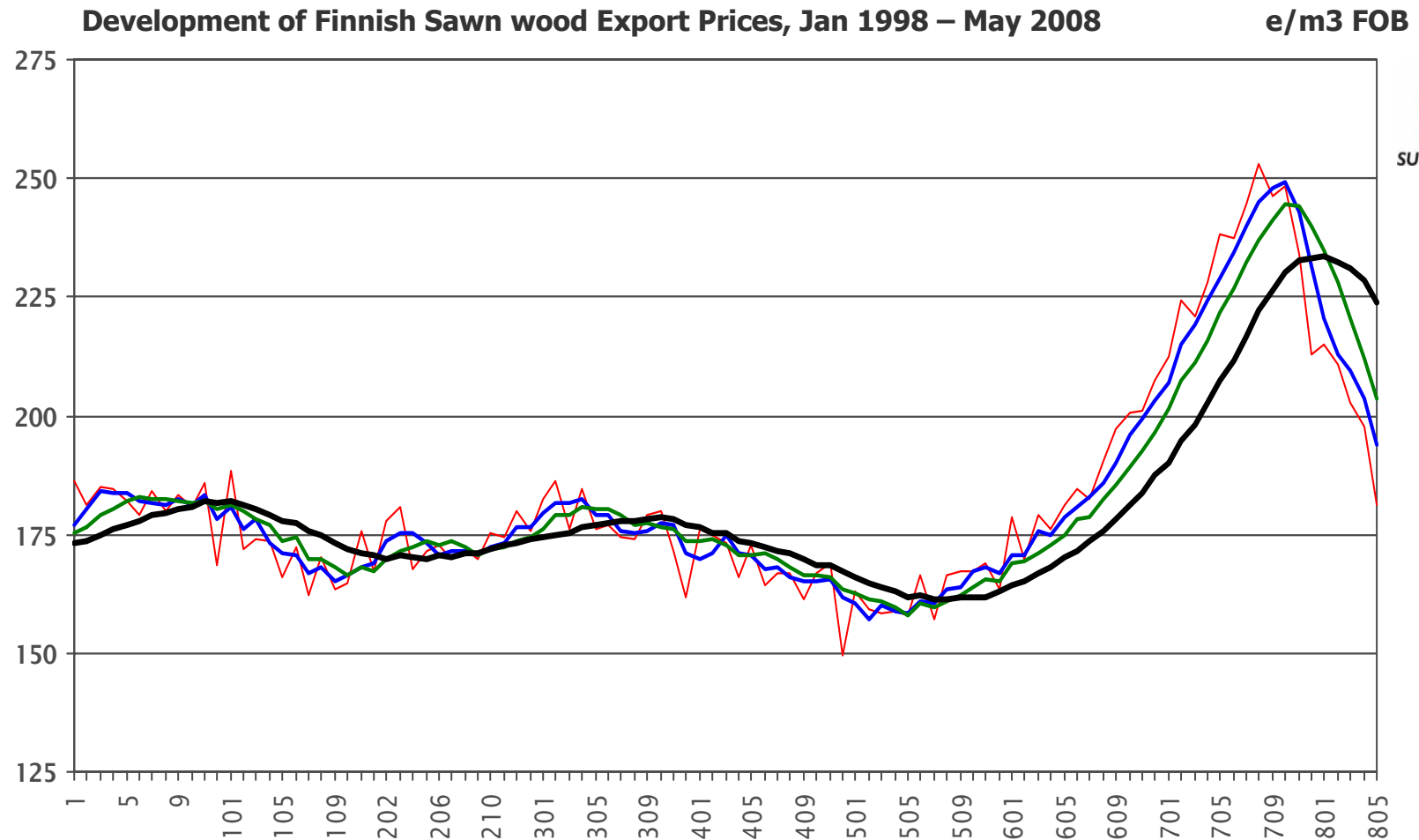
SUOMEN SAHAT



Source: Suomen Sahat ry



Development of Sawn wood Export Prices, Pine



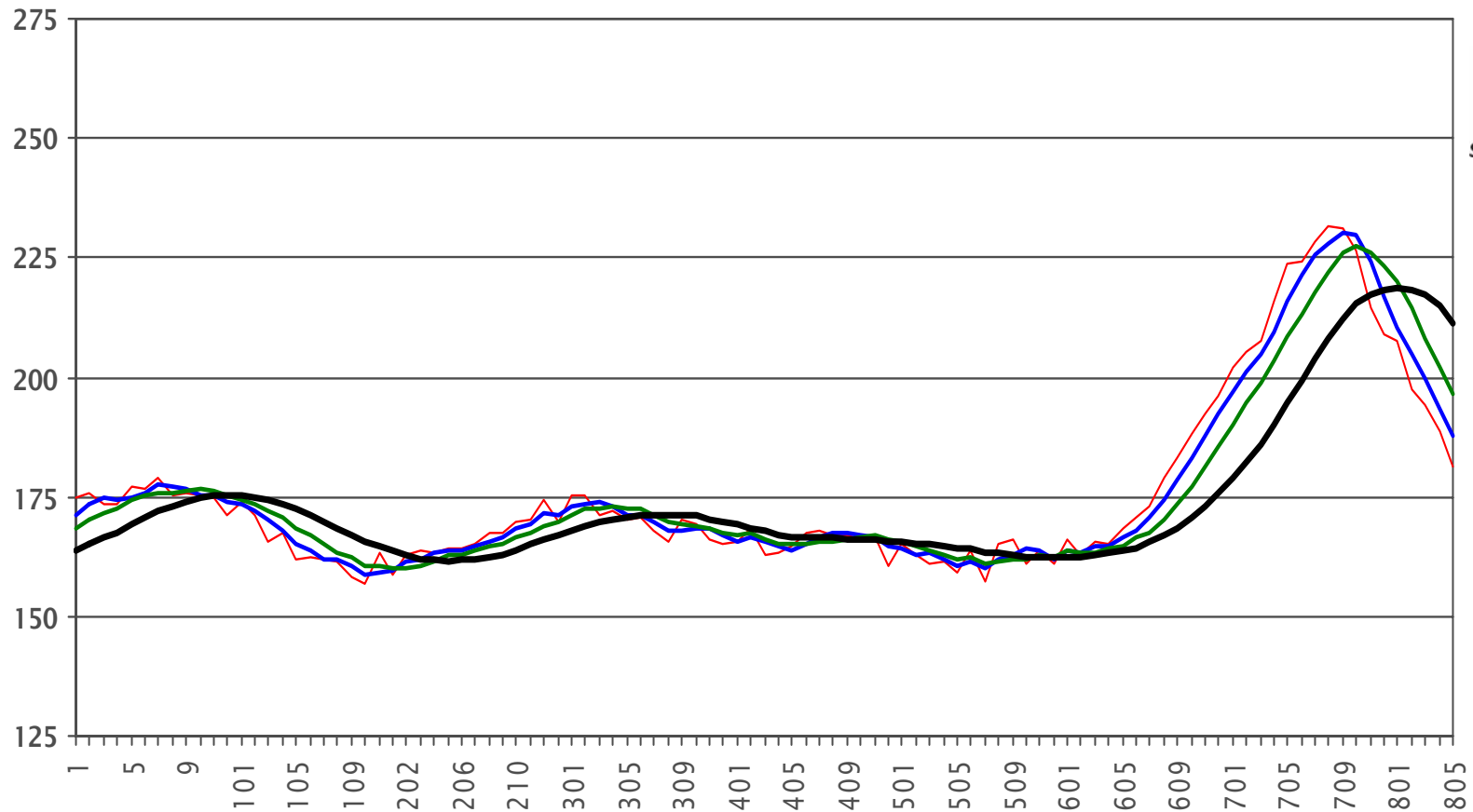
Source: Suomen Sahat ry

Ruukki Group Plc, Interim Report, 1 Jan – 30 Jun 2008

Development of Sawn wood Export Prices, Spruce

Development of Finnish Sawn wood Export Prices, Jan 1998 – May 2008

e/m³ FOB



Source: Suomen Sahat ry