Rautaruukki Corporation

Interim Report
January – September 2008
RTRKS

Rautaruukki corporation's interim report for january-september 2008

Continued favourable market situation in key customer industries

Summary of results for first nine months of 2008 (reference period Q1-Q3/2007)

- Net sales EUR 3,004 million (2,895), comparable EUR 2,981 million (2,784)
- Operating profit EUR 505 million (518), comparable EUR 511 million (516)
- Return on capital employed 29.6 per cent (33.2**)
- Earnings per share (diluted) EUR 2.65 (2.74)
- Comparable consolidated net sales growth during the current year is expected to remain somewhat below the 10 per cent target announced earlier.
- Operating profit in 2008 is expected to be higher than in 2007.

KEY FIGURES	Q1-Q3/08	Q1-Q3/07	Q3/2008	Q3/2007	2007
Net sales, EUR m	3 004	2 895	996	935	3 876
Net sales, EUR m, comparable	2 981	2 784	996	899	3 744
Operating profit, EUR m	505	518	197	162	637
Operating profit, EUR m comparable	511	516	197	162	635
Operating profit as % of net sales	16.8	17.9	19.7	17.3	16.4
Operating profit as % of net sales, comparable	17.1	18.5	19.7	18.0	17.0
Profit before taxes, EUR m	503	512	195	159	621
Profit before taxes, EUR m, comparable	508	510	195	162	619
Earnings per share, diluted, EUR	2.65	2.74	1.00	0.85	3.31
Return on capital employed, % *	29.6	33.2**			29.8
Gearing ratio, %	7.8	10.1			1.4
Personnel, average *	15 086	14 225	15 285	15 056	14 326

The comparable figures exclude the business operations of Ruukki Betonstahl GmbH, Ruukki Welbond BV and Carl Froh GmbH, which have been divested.

* Based on previous 12 months and reference periods restated in accordance with the new accounting principle.
** The comparable figure excludes a capital gain of EUR 100 million on the divestment of Ovako.

First nine months of 2008 in brief:

Comparable consolidated net sales for the first nine months of 2008 grew by 7 per cent to EUR 2,981 million (2,784). Comparable operating profit was EUR 511 million (516), equating to 17.1 per cent (18.5) of net sales. Comparable operating profit for the third quarter improved year on year to EUR 197 million (EUR 162 million Q3/2007).

- The solutions businesses - Ruukki Construction and Ruukki Engineering - increased their share of consolidated net sales to 46 per cent (43) during the report period.

- Ruukki Construction's net sales rose on the back of strengthened demand for non-residential construction, higher sales prices and, due to new capacity, increased frame and project business in Russia, Romania and Poland. Demand and sales volumes within infrastructure construction continued at a good level. A slow down in residential construction reduced sales of roofing components in the Baltics.

- The market situation was favourable in Ruukki Engineering's customer industries, especially in the energy industry. Sales volumes within the lifting, handling and transportation equipment industry also grew year on year.

- Good demand for steel products. Special products continued to account for a growing share, 28 per cent (23) of Ruukki Metals' net sales.

President & CEO Sakari Tamminen comments on the results for the first nine months of 2008:

- The uncertainty in the global economy had no major affect on our customer industries during the report period. Except in residential construction, where the market slowed particularly in the Baltics, demand was good in our main customer industries and core market areas. In the Nordic countries, the focus has shifted from new to renovation construction. Uncertainty has increased in the non-residential construction markets as the year goes on.

In the engineering industry, the order books and demand of customers in the lifting, handling and transportation equipment industry remained good, likewise in the wind power and shipbuilding industries. There was continued good demand also for steel products.

During the current year, we have enhanced our operations by restructuring production and centralising operations. Actions to further improve profitability, increased sales volumes and higher sales prices improved our operating profit during the report period. An extensive investment programme to increase non-residential construction delivery capability in Central Eastern Europe is on track to completion and is already partly being reflected in a growth in Ruukki Construction’s net sales, although the costs of building the organisation and sales network in association with the programme still affected the division’s earnings performance.

The company’s organic growth was as expected during the report period. However, general economic uncertainty is expected to slow the company’s growth outlook for the rest of the year in galvanised products delivered to the automotive industry. Net sales growth is also affected by stainless steel trading prices, which are lower than in 2007. We expect comparable consolidated net sales growth during the current year to remain somewhat below the 10 per cent target announced earlier. Operating profit in 2008 is expected to be higher than in 2007.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Press conference: Rautaruukki will hold a press conference for analysts and the media on 22 October 2008 at 10.30 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 22 October 2008 at 14.00 Finnish time. A replay of the webcast can be viewed on the same site from about 18.00 Finnish time. To attend the conference call, please call +44 (0)20 7162 0025, password: Rautaruukki, about 5-10 minutes before the conference starts. A recording of the conference call can be heard until 25 October 2008 on +44 (0)20 7031 4064, access code: 813344

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 26 countries and employs 15,000 people. Net sales in 2007 totalled EUR 3.9 billion. The company's share is quoted on NASDAQ OMX Helsinki (Rautaruukki Oyj: RTRKS). The Corporation uses the marketing name Ruukki.
www.ruukki.com

The market situation in Rautaruukki's core markets and main customer industries was good throughout the report period.

Demand for non-residential construction was at a good level across the market area during the third quarter. There was also continued good demand for infrastructure construction. The residential construction market slowed, especially in the Baltics.

The order books of engineering customers continued to show strength and this was reflected in good demand also during the third quarter. Demand continued to grow especially in the lifting, handling and transportation equipment industry and in the energy industry.

Overall demand for steel products was still at a good level, with further growth in demand especially for special steel and plate products during the third quarter.

Net sales during January-September

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

The company reported net sales of EUR 3,004 million for the first nine months of 2008, up by EUR 109 million compared to last year (2 895). Comparable net sales for the first nine months of the year were EUR 2,981 million, up by EUR 197 million or 7 per cent on the comparable figure of EUR 2,784 million a year earlier. The comparable figures exclude Ruukki Betonstahl GmbH and Ruukki Welbond BV, which were part of the Group until November 2007, and Carl Froh GmbH, which was part of the Group until June 2008. Acquisitions had no significant impact on consolidated net sales growth during the report period.

Ruukki Construction's net sales during January-September rose to EUR 818 million (749) and Ruukki Engineering's net sales to EUR 578 million (487). Ruukki Metals reported net sales of EUR 1,608 million (1 658) and comparable net sales of EUR 1,585 million (1,547).

The solutions businesses - Ruukki Construction and Ruukki Engineering - increased their share of the company's net sales to 46 per cent (43) during the report period. Finland accounted for 32 per cent (32) of consolidated net sales, the other Nordic countries for 31 per cent (30) and Central Eastern Europe, Russia and Ukraine for 21 per cent (21). The rest of Europe accounted for 13 per cent (15) of net sales and other countries for 3 per cent (2).

Ruukki Construction's net sales rose on the back of strengthened demand for non-residential construction, higher sales prices and, due to new capacity, increased frame and project business in Russia, Romania and Poland.

Ruukki Engineering increased net sales as a result of the continuing favourable market situation in the wind power and shipbuilding industries, which in turn meant higher sales volumes. In addition, net sales rose due to increased deliveries to the lifting, handling and transportation equipment industry.

Ruukki Metals increased the share of special products of the division's net sales to 28 per cent (23).

Net sales during the third quarter

Reported consolidated net sales during the third quarter rose to EUR 996 million (935). Comparable net sales during the third quarter were EUR 996 million (899), up by 11 per cent year on year.

Ruukki Construction's net sales during the third quarter rose to EUR 309 million (EUR 278 million Q3/2007) due to growth in the project business and improved sales prices.

Ruukki Engineering's net sales during the third quarter rose due to good demand in particular for windmill components. The division's net sales rose to EUR 184 million (EUR 157 million Q3/2007).

Ruukki Metals net sales for the third quarter rose to EUR 503 million due to improved sales prices (the comparable figure over the same period a year earlier was EUR 464 million).

Operating profit for January-September

The company reported operating profit of EUR 505 million (518), equating to 17 per cent (18) of net sales for the report period. Foreign currency hedging had a positive impact of EUR 9 million (-12) on operating profit during the report period.

The share of the solutions businesses rose to 43 per cent (40) of consolidated operating profit during January-September. Ruukki Construction's operating profit was EUR 115 million (125), Ruukki Engineering's EUR 101 million (84) and Ruukki Metals' operating profit was EUR 309 million (329). Ruukki Metals' comparable operating profit for January-September was EUR 314 million (327).

Ruukki Construction improved operating profit for the report period on the back of business growth and higher sales prices. However, operating profit was affected due to the start-up costs of an extensive investment programme in Central Eastern Europe, building the associated organisation and sales network, and higher steel material costs.

Ruukki Engineering improved operating profit throughout the report period on the back of continued strong demand, improved sales prices and the profitability improvement programme.

Ruukki Metals improved operating profit throughout the report period on the back of higher sales prices and an increase in the share of special steel products of the division's sales. However, the operating profit on stainless steel was lower than for the reference period.

Operating profit for the third quarter

Consolidated operating profit for the third quarter rose to EUR 197 million (162) or 20 per cent of net sales. Foreign currency hedging during the third quarter had a positive impact of EUR 29 million (-11) on operating profit.

Ruukki Construction's operating profit for the third quarter rose to EUR 56 million (EUR 51 million Q3/2007). Ruukki Engineering's operating profit for July-September rose to EUR 34 million, reflecting a year-on-year increase of 38 per cent (25). Ruukki Metals' operating profit for the third quarter rose to EUR 112 million (96).

Financial items and profit for January-September

Net finance expense and exchange rate differences relating to financing totalled EUR 6 million (10).

Group taxes were EUR 134 million (132), which include a decrease of EUR 7 million (decrease of 10) in deferred tax. The Group's effective tax rate was 27 per cent (26).

Profit for the report period was EUR 368 million (379).

Diluted earnings per share were EUR 2.65 (2.74).

Balance sheet and key indicators

The consolidated balance sheet total was EUR 152 million higher at EUR 2,987 million than at year-end 2007 and EUR 94 million higher than at 30 September 2007 (2,893). Equity at the end of the report period was EUR 1,997 million (1,886).

Return on capital employed over the past 12 months was 29.6 per cent (33.2) and return on equity was 23.0 per cent (28.1). Comparable figures exclude the impact of the capital gain on Ovako, which was divested in 2006.

Cash flow and financing

Cash flow from operating activities rose to EUR 284 million (244). Cash flow after investing activities was EUR 142 million (108). The largest change was in working capital, which rose by EUR 179 million during the first nine months of 2008, compared with a rise of EUR 208 million during the reference period.

Net interest-bearing debt was EUR 155 million (190) at 30 September. At year-end 2007, net interest-bearing debt was EUR 28 million.

The equity ratio was 68.0 per cent (67.1) and gearing 7.8 per cent (10.1). At 30 September, the Group had liquid assets of EUR 50 million and undrawn revolving credit facilities totalling EUR 300 million. Shareholders' equity at 30 September was EUR 1 997 million (1 886) or EUR 14.39 per share (13.63). In April, Rautaruukki paid its shareholders dividends amounting to EUR 277 million.

Personnel

During the first nine months of 2008, the Group employed an average of 15,086 (14,225) people. At 30 September, the headcount was 14,956 (14,727).

Changes in Group structure

Through M&A, property, plant and equipment increased by EUR 7 million and goodwill by EUR 2 million during the report period.

To strengthen its position among customers within the lifting, handling and transportation equipment industry, the company acquired, in February, the German company Wolter Metallverarbeitung GmbH, which makes booms for telescopic and special cranes. To expand its special product expertise in laser and laser-hybrid welding, Rautaruukki acquired, in April, the business operations of Finnish company Hybri-Steel Oy. In June, Rautaruukki divested its German unit Carl Froh GmbH, which makes precision tubes and components for the automotive industry.

Capital expenditure

Net cash flow from investing activities was EUR 142 million (136). Capital expenditure on tangible and intangible assets totalled EUR 158 million (113). During the report period, cash flow of EUR 21 million (16) was realised from investing activities, of which EUR 14 million (13) were derived from divestments of plant, property and equipment and a subsidiary. EUR 6 million (40) was spent on M&A during the report period. Capital expenditure on plant, property and equipment during the current year is expected to exceed EUR 250 million.

Ruukki Construction has a major investment programme under way to increase delivery capacity in Central Eastern Europe and Russia. A decision was taken in January to invest around EUR 20 million on building a new sandwich panel plant in Finland. In April, a decision was taken to invest around EUR 13 million to build a steel service centre in Russia. In addition, a total of around EUR 44 million is being spent during the current year on gradually increasing new finishing capacity for special steel production.

Shares and share capital

During the first nine months of 2008, Rautaruukki Oyj shares were traded for a total of EUR 4,639 million (6,608) on NASDAQ OMX Helsinki. The highest price quoted was EUR 34.77 in June and the lowest was EUR 12.90 in September. The volume weighted average share price was EUR 26.06. At 30 September 2008, the share closed at EUR 13.92 and the company had a market capitalisation value of EUR 1,952 million (5,957).

The company's registered share capital at 30 September 2008 was EUR 238.4 million and there were 140,215,328 shares issued. A total of 14,101 Rautaruukki Oyj shares were subscribed between 27 June and 16 September 2008 with warrants based on the 2003 bond loan with warrants. The share capital was increased by EUR 23,971.70 accordingly and the increase was entered in the Trade Register on 2 October 2008.

The Board of Directors is authorised to acquire a maximum of 12,000,000 of the company’s own shares. The authorisation is valid for a period of 18 months from the resolution of the Annual General Meeting on 2 April 2008. The Board of Directors did not exercise the authorisation to buy own shares during the report period.

The Board of Directors is also authorised to transfer a maximum of 13,785,381 treasury shares retained by the company. The authorisation is valid until the close of the 2009 Annual General Meeting.

At 30 September 2008, the company had 1,466,937 treasury shares, which at that date had a market value of EUR 20.4 million and an accountable par value of EUR 6.3 million. Treasury shares account for a relative percentage of 1.05 per cent of the total number of shares and votes.

Employee warrants based on the 2003 bond with warrants have been publicly traded on NASDAQ OMX 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 1,342,984 shares by 30 September 2008. The remaining warrants entitle holders to subscribe a total of 57,016 shares. The subscription period expires on 23 May 2009.

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

Environmental and energy issues

In early September, the Raahe Works in Finland received a new environmental permit by decision of the Supreme Administrative Court. The new permit contains stricter limits than earlier as regards emissions to air and waterways.

The new permit terms and conditions require investments estimated at over EUR 70 million. These investments will be completed by 2012.

On 4 September 2008, Rautaruukki was selected for inclusion in the Dow Jones Sustainability World (DJSI World) index and, for the second year running, in the Dow Jones STOXX Sustainability (DJSI STOXX) index. These indexes include the top companies in their sector that are committed to sustainable development. Ruukki ranks among the world's six best steel companies on the DJSI World list.

Ruukki United profitability improvement programme

Ruukki United, Rautaruukki's programme to harmonise ways of working and improve efficiency, aims to cut annual costs and permanently free up capital, compared with 2004 levels, by the end of the current year.

The company estimates that by the end of 2008, annual cost savings of EUR 130 million will be achieved (target: EUR 150 million) and EUR 125 million in capital will be freed up (target: EUR 150 million).

New operational excellence programme - Boost

In October, after the report period, the company launched a corporate-wide operational excellence programme "Boost", which aims at operational efficiency and further improving Rautaruukki's competitive edge and profitability. The Boost programme aims at a EUR 150 million improvement in the company's operating profit by year-end 2011, compared to the 2008 level.

Other events taking place after 30 September 2008

Rautaruukki's annual Capital Market Day for investors and analysts was held in Vaasa, Finland in October. At the event, the company announced it was to upgrade its EBIT margin target from 12 per cent to 15 per cent. The company's other financial targets and dividend policy remain unchanged. Also at the Capital Market Day, Rautaruukki described the focus areas of business growth for the next few years: Ruukki Construction's focus will be on the non-residential construction market in Central Eastern Europe and CIS countries, Ruukki Engineering will focus on OEM customers in the lifting, handling and transportation equipment industry and in the energy industry. Ruukki Metals will focus on special steels.

Rautaruukki announced in October that it is to improve the production efficiency and optimise production capacity and logistics of its Ruukki Construction division in Central Eastern Europe. These actions aim at an annual improvement of more than EUR 3 million in Ruukki Construction's operating profit in these units starting in 2009.

The State of Finland and Solidium Oy notified Rautaruukki Corporation of an exemption issued by the Finnish Financial Supervision Authority (FIN-FSA) on 21 October 2008. The decision applies to an exemption, pursuant to Chapter 6 of the Securities Markets Act, granted to Solidium Oy from the obligation to launch a bid to other shareholders of Rautaruukki Corporation when the number of Rautaruukki Oyj shares to be transferred to Solidium exceeds three tenths of the total number of shares issued. The Finnish government has decided to propose to the Parliament of Finland that the state's shares in eight non-strategic listed companies are transferred as a capital contribution to Solidium Oy, a company wholly owned by the State of Finland. The shares to be transferred include all the 55,656,699 Rautaruukki Oyj shares, 39.69 per cent of all the shares issued, owned by the state.

Rise in prices of steel raw materials in 2008

Prices of raw materials have risen sharply on the global market during the current year. It is estimated the higher cost of raw materials will add around EUR 220 million to the company's own steel production costs in 2008 compared to 2007.

It is estimated higher raw material costs can be offset in full by increasing sales prices and by improving cost efficiency. The size and timing of price increases will vary according to product and market area.

Risks and risk management

Risk management at Rautaruukki is part of an integrated management system. The risk management policy adopted by the company's Board of Directors sets out the principles and process of corporate risk management. Rautaruukki has disclosed its risk management in detail in the company's 2007 annual report.

There were no significant changes in Rautaruukki's strategic, operative, hazard and financial risks or in risk management during the report period.

The global credit crunch might hamper the ability of Rautaruukki's customers to fund their business and thus affect demand for the company's products.

Exchange rate fluctuations can have significant impact on the company's performance. The company's largest purchasing currency is the US dollar. The annual deficit in US dollars is estimated to be around EUR 770 million, of which, at the end of September, some 7 months' deficit was hedged using currency derivatives. In sales, the Group is exposed to a foreign currency risk mainly in Swedish, Norwegian and Danish crowns, the pound sterling, Russian rouble, Polish zloty and Baltic currencies.

Outlook for the rest of the year

Demand is expected to continue mostly good in Rautaruukki's key customer industries. The credit crunch, which has spread from the United States, might hamper the ability of Rautaruukki's customers to fund their business and thus affect demand for the company's products. However, the company believes the possible impact of the credit crunch will be less in its core market areas - the Nordic countries, Central Eastern Europe, Russia and Ukraine - than in Western Europe.

Demand for non-residential construction has remained good, despite increased uncertainty in the market. The construction markets in Central Eastern Europe and Russia are expected to show further growth. Good demand is expected to continue in infrastructure construction. Residential construction activity in the Baltics and in the Nordic countries is expected to slow down.

Continued good demand for the company's products is expected from engineering industry customers. Order books of customers in the lifting, handling and transportation equipment industry are strong and demand is expected to remain at a good level. Continued strong demand is expected in the energy industry - especially within the wind power sector - and in the shipbuilding industry.

Demand for steel products is expected to continue mostly good. Demand for plate and special steel products for the engineering industry is still showing growth. Increasing uncertainty in demand within the automotive industry is expected to be reflected in sales of galvanised products. Net sales of stainless steel are expected to be below the 2007 level.

Comparable consolidated net sales growth during the current year is expected to remain somewhat below the 10 per cent target announced earlier. Operating profit in 2008 is expected to be higher than in 2007.

This report is unaudited.

Helsinki, 22 October 2008

Rautaruukki Corporation

Board of Directors

DIVISIONS

Since the beginning of 2008, the accounting principle for segment information has been revised as follows: Ruukki Metals division is responsible for the costs or income arising when steel production diverges from normal capacity utilisation. 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	Q2/08	Q3/08
Net sales	213	258	278	292	1 042	225	285	309
Operating profit	34	40	51	38	163	21	38	56
as % of net sales	16	16	18	13	16	9	13	18

Ruukki Construction's net sales during January-September 2008 rose to EUR 818 million (749), up by 9 per cent on the reference period a year earlier. The division accounted for 27 per cent (26) of consolidated net sales. Net sales during the third quarter rose to EUR 309 million (EUR 278 million Q3/2007).

Higher net sales were attributable to strengthened demand for non-residential construction, improved sales prices and growth in the frame and project business in Russia, Romania and Poland due to the completion of new capacity. Infrastructure construction demand and sales volumes in road and railway construction continued to be at a good level in all market areas, especially in major road, railway and bridge projects in the Nordic countries and in harbour projects in the Nordic countries and Baltics. Demand for pile structures for building construction slowed towards the end of the report period. There was continued good demand for roofing components in residential construction in the Nordic countries, Central Eastern Europe and Russia. In the Nordic countries, the focus has shifted from new to renovation construction. Demand in residential construction in the Baltics was slower than during the reference period.

Ruukki Construction's operating profit for the first nine months of 2008 was EUR 115 million (125). The division's operating profit for the third quarter increased to EUR 56 million (EUR 51 million Q3/2007). The costs of starting up the extensive investment programme in Central Eastern Europe and building the associated organisation and sales network, as well as higher steel material costs - which were still not fully reflected in sales prices during the report period - affected the division's earnings performance for January-September.

Major new orders and solutions

In July, the company signed a contract worth EUR 9 million to deliver steel superstructures for the Partihallsförbindelsen bridge project in Gothenburg, Sweden. In August, a contract worth EUR 10 million was signed to deliver steel structures for the enlargement of a shopping centre in Samara, Volga region in Russia.

Ruukki Construction continued to launch new technology solutions on the market. In September, the division's effective solution to speed up the construction of single-storey construction was presented in Romania. Since its launch in spring 2008, contracts for deliveries based on the single-storey construction concept have been signed for a total of 15 projects in Central Eastern Europe. The concept is based on software developed by the company to considerably shorten the initial stage in a project and ensure the choice of compatible building components. The solution includes building design, foundations, frame and envelope structures.

In September, Ruukki Construction presented a new total solution for performance-based fire design to improve the fire safety of steel buildings. The solution can be used to ensure the fire safety of buildings and to choose the most financially most efficient method of fire protection in each case.

Rautaruukki expanded its business eastwards and opened a sales office in Kazakhstan in July. In October, after the report period, Rautaruukki opened a sales office in Belarus.

Capital expenditure

Ruukki Construction has an investment programme of around EUR 120 million under way to expand production capacity in Central Eastern Europe, Russia and Finland. The sandwich panel line in Romania, profile production and sandwich panel line at the Ukraine plant and expansion investments in Russia will start up later this year. In addition, new sandwich panel lines will be completed in Russia and Finland in autumn 2009.

Ruukki Engineering

EUR million	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08	Q2/08	Q3/08
Net sales	167	163	157	180	667	188	205	184
Operating profit	32	27	25	18	103	32	35	34
as % of net sales	19	17	16	10	15	17	17	19

Ruukki Engineering's net sales during January-September 2008 were up by 19 per cent year on year to EUR 578 million (487). The division accounted for 19 per cent (17) of consolidated net sales. Net sales during the third quarter rose to EUR 184 million (EUR 157 million Q3/2007).

Higher net sales were attributable to continued good demand, and thus larger sales volumes, in the energy industry - especially in the wind power sector -and in the shipbuilding industry. In addition, growth in the component business and increased deliveries to the lifting, handling and transportation equipment industry likewise contributed to increased net sales. Growth in demand in the forest sector has now stabilised and the demand for booms for small earthmoving machinery has somewhat declined.

Ruukki Engineering's operating profit for January-September 2008 rose to EUR 101 million (84). The division's operating profit for the third quarter rose to EUR 34 million (EUR 25 million Q3/2007). Profitability improved as a result of continued strong demand, increases in sales prices implemented during the year and the division's profitability improvement programme currently under way. Ruukki Engineering has been able to compensate for the higher costs of raw materials, with the exception of customers on an annual contract basis. These customers account for around 25 per cent of the division's sales.

Integration of the units acquired by the division in Germany and Hungary will be completed by the end of this year.

Profitability improvement programme

In February, Ruukki Engineering launched a profitability improvement programme aimed at improving the division's operating profit by around EUR 20 million during the current year. Progress has been made to plan.

To improve profitability, the division's operations have been streamlined by restructuring production and reorganisation. In this context, July saw the completion of employer-employee negotiations at the division's Ruukki Tisza unit in Hungary and with senior salaried employees in Helsinki, Tampere and Hämeenlinna in Finland. In Hungary, agreement was reached to cut the number of white-collar jobs by 190. In Finland, negotiations resulted in the loss of 17 jobs in division administration. The outcome of the negotiations includes retirement agreements and the termination of seven contracts.

Capital expenditure

Ruukki Engineering is investing in new manufacturing technology to boost production and further improve product quality and delivery reliability. Welding operations are being automated at Wrocław in Poland and Peräseinäjoki in Finland. Machining operations are undergoing further development at the Sepänkylä and Kurikka plants in Finland and at the Jászberény unit in Hungary. The new equipment will be used in the manufacture of components for the energy industry and lifting, handling and transportation equipment industry. The investments are worth around EUR 13 million.

Ruukki Metals

EUR million	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08	Q2/08	Q3/08
Net sales	531	552	464	488	2 035	511	571	503
Operating profit	116	115	96	68	395	96	106	112
as % of net sales	22	21	21	14	19	19	19	22

All figures are comparable and exclude Ruukki Betonstahl GmbH, Ruukki Welbond BV and Carl Froh GmbH.

Good demand for steel products continued across all Ruukki Metals' market areas and customer industries. The division reported net sales of EUR 1,608 million (1,658) for January-September 2008. Comparable net sales during January to September amounted to EUR 1,585 million (1,547). Higher net sales were attributable to sales growth of special products and increased sales prices. The division accounted for 54 per cent (57) of consolidated net sales during the report period.

Net sales during the third quarter rose to EUR 503 million (Q3 2007: EUR 500 million reported and EUR 464 million comparable). Stainless steel and aluminium accounted for EUR 184 million (237) of the division's net sales during January-to September and for EUR 51 million (68) during the third quarter.

Ruukki Metals' reported operating profit for January-September 2008 was EUR 309 million (329). The comparable operating profit for the same period was EUR 314 million (327). Higher sales prices and an increase in the share of special products improved profitability, although the operating profit on stainless steel was EUR 23 million lower than during the reference period. The division's operating profit for the third quarter rose to EUR 112 million (EUR 96 million Q3/2007).

Ruukki Metals is making good progress with its strategy to increase its share of special products. Special products continued to account for a growing share of the division's net sales, representing 29 per cent (25) during the third quarter.

Ruukki Metals continued implementing price increases during the report period. Price increases are expected to fully cover the higher costs of raw materials.

Capital expenditure

The machinery at the St Petersburg steel service centre in Russia was modernised during the report period and a new cut-to-length line will start up in St Petersburg during the fourth quarter. The new steel service centre in Oborniki, Poland started up in August and commissioning will continue during the fourth quarter.

In August, the company decided on a EUR 12 million investment in Ruukki Metals' steel service centres. In addition, steel service centre operations are being centralised and the division of work reorganised between the units. The steel service centres in Naantali and Järvenpää in Finland and in Halmstad in Sweden are specialising to further improve delivery accuracy, cost-efficiency and profitability.

Employer-employee negotiations - held at Ruukki Metals' units in Järvenpää, Naantali and Halmstad in the context of streamlining and reorganising steel service centre operations - ended in August. The negotiations resulted in the loss of 18 jobs.

The Ministry for Economic Development and Trade of the Russian Federation continues its investigation concerning the anti-dumping of colour-coated products. If introduced, import duties would apply from 2009 to exports of colour-coated products to Russia. Rautaruukki manufactures and exports around EUR 30 million of these products to Russia each year.

Ruukki Production

1000 tonnes	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08	Q2/08	Q3/08
Steel production	703	672	610	561	2 546	672	680	703

Rautaruukki's steel production during January-September increased slightly to 2,054 thousand tonnes, compared to 1,985 thousand tonnes during the reference period a year earlier.

The steel production capacity utilisation rate was normal during the report period. Annual maintenance was mostly carried out during July.

Prices of raw materials have risen sharply on the global market during the current year. It is estimated higher raw material costs will add around EUR 220 million to the company's own steel production costs in 2008 compared to 2007. Around one third of the rise in costs was realised during the first half of the year.

A total of around EUR 44 million will be spent during the year to increase special steel production capacity. During the report period, the production capacity of high-strength and wear-resistant steels and components for use in the lifting, handling and transportation equipment industry was increased by a new plasma cutting and packaging unit, as well as by the commissioning of the first stage of a new ladle treatment unit. The second half of the year will see the start up of a cold leveller at the plate mill and an increase in plasma cutting capacity. Work to upgrade the automation on a colour-coating line at Antratsyt in Ukraine will be completed in November, when the line will start up. The line's products are used mainly in construction.

There was a clear improvement in the division's accident frequency rate compared to a year earlier. The accident frequency rate was 13 (19) per million hours worked during the first nine months of 2008.

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. The figures given in the tables are unaudited.

Rautaruukki changed the accounting principle for pension and disability pension liabilities from 1 January 2008. The change in accounting principle decreased equity by EUR 58 million, including the tax effect, and decreased balance sheet assets by EUR 73 million as at 1 January 2008. Further information about the change in accounting principle is given at the end of this release.

SUMMARY CONSOLIDATED INCOME STATEMENT					
EUR million	Q3/08	Q3/07	Q1-Q3/08	Q1-Q3/07	2007
Net sales	996	935	3 004	2 895	3 876
Other operating income	5	6	18	16	26
Operating expenses	-769	-741	-2 408	-2 279	-3 111
Depreciation, amortisation and impairment losses	-36	-39	-109	-114	-153
Operating profit	197	162	505	518	637
Finance income and expense	-2	-4	-6	-10	-20
Share of results of associated companies	1	1	3	3	3
Profit before taxes	195	159	503	512	621
Taxes	-56	-41	-134	-132	-162
Profit for the period	139	118	368	380	459
Attributable to:					
Equity shareholders of the parent	139	117	368	379	458
Minority interests	0	0	0	1	1
Diluted earnings per share, EUR	1.00	0.85	2.65	2.74	3.31
Basic earnings per share, EUR	1.00	0.85	2.65	2.74	3.31
Operating profit as % of net sales	19.7	17.3	16.8	17.9	16.4

SUMMARY CONSOLIDATED BALANCE SHEET			
EUR million	30 Sep 2008	30 Sep 2007	31 Dec 2007
ASSETS			
Non-current assets	1 444	1 454	1 447
Current assets			
Inventories	747	738	614
Trade and other receivables	745	660	579
Cash and cash equivalents	50	41	196
	2 987	2 893	2 835
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent	1 997	1 886	1 960
Minority interests	2	3	3
Non-current liabilities			
Interest-bearing	132	201	138
Other	177	200	189
Current liabilities			
Interest-bearing	74	31	86
Trade payables and other liabilities	605	573	461
	2 987	2 893	2 835

SUMMARY CASH FLOW STATEMENT *			
EUR million	Q1-Q3/08	Q1-Q3/07	2007*
Profit for the period	368	379	458

Adjustments	214	230	290
Cash flow before change in working capital	583	609	749
Change in working capital	-179	-208	-112
Financing items and taxes	-120	-158	-219
Cash flow from operating activities	284	244	417
Cash inflow from investing activities	21	16	70
Cash outflow from investing activities	-164	-152	-217
Cash flow from investing activities, total	-142	-136	-146
Cash flow before financing activities	142	108	271
Dividends paid	-277	-276	-276
Change in debt	-13	-146	-155
Other net cash flow from financing activities	4	-6	-6
Change in cash and cash equivalents	-145	-320	-166
* Changes in the classification of items and in working capital have been made in cash flow. Figures for the reference periods have been restated accordingly.			

KEY FIGURES	Q1-Q3/08	Q1-Q3/07	2007
Net sales, EUR m	3 004	2 895	3 876
Operating profit, EUR m	505	518	637
as % of net sales	16.8	17.9	16.4
Profit before taxes, EUR m	503	512	621
as % of net sales	16.7	17.7	16.0
Profit for the period, EUR m	368	379	459
as % of net sales	12.3	13.1	11.8
Return on capital employed, % *	29.6	37.9	29.8
Return on equity, % *	23.0	33.8	24.2
Equity ratio, % *	68.0	67.1	70.1
Gearing ratio, % *	7.8	10.1	1.4
Net interest-bearing liabilities, EUR m	155	190	28
Equity per share, EUR *	14.39	13.63	14.13
Personnel on average *	15 086	14 225	14 326
Number of shares	140 215 328	140 194 524	140 198 128
- excluding treasury shares	138 748 391	138 717 587	138 721 191
- diluted, average	138 788 490	138 495 687	138 566 355
Return on capital employed and return on equity are based on the previous 12 months. * The reference periods have been restated in accordance with the new accounting principle.			

CHANGE IN EQUITY Q1-Q3 / 2008							
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	9	-6	1 498	1 960	3
Cash flow hedges, net of tax			-17			-17	
Actuarial gains and losses, net of tax					-34	-34	
Change in translation difference				-2		-2	
Net income and expense recognised directly in equity	0	0	-17	-2	-34	-53	0
Profit for the period					368	368	0
Total income and expense recognised for the period	0	0	-17	-2	334	315	0
Share-based payments, net of tax			0			0	
Disposal of treasury shares			0		0	0	
Dividend distribution					-277	-277	0
EQUITY AT 30 SEP	238	220	-7	-8	1 555	1 997	2

CHANGE IN EQUITY Q1-Q3 / 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	1 326	1 825	1
Cash flow hedges, net of tax			-24			-24	
Actuarial gains and losses, net of tax					-12	-12	
Change in translation difference				-3	-3	-6	
Net income and expense recognised directly in equity	0	0	-24	-3	-15	-42	0
Profit for the period					379	379	1
Total income and expense recognised for the period	0	0	-24	-3	364	337	1
Share-based payments, net of tax			0		0	0	
Disposal of treasury shares			-3		3	0	
Dividend distribution					-276	-276	
EQUITY AT 30 SEP	238	220	17	-6	1 417	1 886	3

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE *			
EUR million	Q1-Q3/08	Q1-Q3/07	2007
Profit for the period	368	380	459
Cash flow hedges, net of tax	-17	-24	-33
Translation difference on net investments in subsidiaries	-2	-6	1
Defined benefit plan actuarial gains (losses), net of tax	-34	-12	-16
Net income and expense recognised directly in equity	-53	-42	-48
Total income and expense recognised for the period	315	337	411
Recognised income and expense attributable to minority interests during the period	0	1	1
Recognised income and expense attributable to shareholders during the period	315	337	410
Total income and expense recognised for the period	315	337	411
* The statement includes the profit for the period and gains and losses recognised directly in equity in accordance with IFRS standards.			

NET SALES BY DIVISION						
EUR million	Q1-Q3/08	Q1-Q3/07	2007	Q1-Q3/08 comparable	Q1-Q3/07 comparable	2007 comparable
Ruukki Construction	818	749	1 042	818	749	1 042
Ruukki Engineering	578	487	667	578	487	667
Ruukki Metals	1 608	1 658	2 168	1 585	1 547	2 035
Corporate management and other units	0	0	0	0	0	0
Consolidated net sales	3 004	2 895	3 876	2 981	2 784	3 744

Comparable = excluding Ruukki Betonstahl GmbH, Ruukki Welbond BV and Carl Froh GmbH.

OPERATING PROFIT BY DIVISION						
EUR million	Q1-Q3/08	Q1-Q3/07	2007	Q1-Q3/08 comparable	Q1-Q3/07 comparable	2007 comparable
Ruukki Construction	115	125	163	115	125	163
Ruukki Engineering	101	84	103	101	84	103
Ruukki Metals	309	329	397	314	327	395
Corporate management and other units	-19	-20	-25	-19	-20	-25
Consolidated operating profit	505	518	637	511	516	635
Comparable = excluding Ruukki Betonstahl GmbH, Ruukki Welbond BV and Carl Froh GmbH.						

QUARTERLY NET SALES							
EUR million	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08
Ruukki Construction	213	258	278	292	225	285	309
Ruukki Engineering	167	163	157	180	188	205	184
Ruukki Metals	570	588	500	509	525	580	503
Corporate management and other units	0	0	0	0	1	-1	0
Consolidated net sales	950	1 009	935	982	939	1 069	996

QUARTERLY OPERATING PROFIT							
EUR million	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08
Ruukki Construction	34	40	51	38	21	38	56
Ruukki Engineering	32	27	25	18	32	35	34
Ruukki Metals	117	115	96	68	97	100	112
Corporate management and other units	-6	-5	-10	-5	-7	-7	-5
Consolidated operating profit	178	178	162	120	143	166	197

QUARTERLY NET SALES (COMPARABLE) EXCLUDING RUUKKI BETONSTAHL, RUUKKI WELBOND and CARL FROH							
EUR million	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08
Ruukki Construction	213	258	278	292	225	285	309
Ruukki Engineering	167	163	157	180	188	205	184
Ruukki Metals	531	552	464	488	511	571	503
Corporate management and other units	0	0	0	0	1	-1	0
Consolidated net sales	911	973	899	960	925	1 060	996

QUARTERLY OPERATING PROFIT (COMPARABLE) EXCLUDING RUUKKI BETONSTAHL, RUUKKI WELBOND and CARL FROH							
EUR million	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08
Ruukki Construction	34	40	51	38	21	38	56
Ruukki Engineering	32	27	25	18	32	35	34
Ruukki Metals	116	115	96	68	96	106	112
Corporate management and other units	-6	-5	-10	-5	-7	-7	-5
Consolidated operating profit	177	178	162	119	141	172	197

NET SALES BY REGION			
As % of net sales	Q1-Q3/08	Q1-Q3/07	2007
Finland	32	32	31
Other Nordic countries	31	30	30
Central Eastern Europe,	21	21	21

Russia and Ukraine			
Rest of Europe	13	15	15
Other countries	3	2	3

CONTINGENT LIABILITIES			
EUR million	Sep 08	Sep 07	Dec 07
Mortgaged real estates	24	23	24
Pledges given	6	6	5
Other guarantees given	38	40	41
Collateral			
Given on behalf of associates	0	0	0
Given on behalf of others	6	5	6
Leasing and rental liabilities	142	114	154
Other financial liabilities	0	0	0

VALUES OF DERIVATIVE CONTRACTS AT 30 SEPTEMBER 2008		
CASH FLOW HEDGES QUALIFYING FOR HEDGE ACCOUNTING		
	Nominal amount	Fair value EUR million
Zinc derivatives		
Forward contracts, tonnes	40 500	-22.9
Electricity derivatives		
Forward contracts, Gwh	1 348	12.3
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING		
	Nominal value EUR million	Fair value EUR million
Foreign currency derivatives		
Forward contracts	757	12.5
Options		
Bought	230	8.2
Sold	230	3.1
		11.3

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-Q3/08	Q1-Q3/07	2007
Carrying value at start of period	1 076	1 043	1 043
Additions	151	106	157
Additions through acquisitions	4	13	18
Disposals	-3	-5	-11
Disposals through divestments	-23	0	0
Depreciation and value adjustments	-90	-96	-129
Exchange rate differences	1	1	-1
Carrying value at end of period	1 116	1 061	1 076

TRANSACTIONS WITH RELATED PARTIES			
EUR million	Q1-Q3/08	Q1-Q3/07	2007
Transactions with associated companies			
Sales to associated companies	16	18	23
Purchases from associated companies	6	5	7
Trade and other receivables at 30 September	7	5	6
Trade and other creditors at 30 September	1	1	0
Transactions with Pension Foundation	4	4	6

INVESTMENT COMMITMENTS *	
EUR million	After 30 September 2008
Maintenance investments	133

Development investments and investments in special products	165
Total	297
* 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	7	0
Current assets		
Inventories	0	0
Trade and other receivables	1	1
Cash and cash equivalents	0	0
Total assets	8	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	6	0
Acquisition cost	8	
- including conditional purchase price	2	
Goodwill	2	
Acquisition cost paid in cash	6	
Cash and cash equivalents of the acquired subsidiary	0	
Impact on cash flow	6	
* Includes information about the acquisition of Wolter Metallverarbeitung GmbH and business of Hybri-Steel Oy.		

CHANGES IN ACCOUNTING PRINCIPLES

Until 2008, the company applied the "corridor method" to recognise actuarial gains and losses relating to its defined benefit pension plans. This meant that actuarial gains and losses were expensed over the assumed average remaining working lives of people in the plan.

From 1 January 2008, the company applies a revised interpretation of IAS 19 Employee Benefits, which allows all actuarial gains and losses to be recognised directly in equity in the period in which they occur instead of in the income statement. The comparable figures are also presented accordingly. The change in accounting principle decreased equity, net of tax, by EUR 24 million at 31 December 2007 (EUR 7 million at year-end 2006).

The company has changed the IFRS interpretation of the Finnish disability benefit from a defined contribution plan to a defined benefit plan with effect from 1 January 2008. This change will increase IFRS pension costs by an estimated EUR 6 million in 2008. The ensuing actuarial loss as a result of this change was recognised as a decrease in equity in accordance with the accounting practice referred to above. The change decreased equity, net of tax, by EUR 34 million. The change marks a shift to using the interpretation applied by the majority of companies on the market preparing financial statements in accordance with IFRS.

CONSOLIDATED BALANCE SHEET	31 Dec 2007	31 Dec 2007	1 Jan 2008
	published	amended*	amended**
ASSETS			
Non-current assets	1 473	1 447	1 400
Current assets			

Inventories	614	614	614
Trade and other receivables	579	579	579
Cash and cash equivalents	196	196	196
	2 861	2 835	2 789
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent	1 984	1 960	1 925
Minority interests	3	3	3
Non-current liabilities			
Interest-bearing liabilities	138	138	138
Other non-current liabilities	191	189	177
Current liabilities			
Interest-bearing liabilities	86	86	86
Trade payables and other liabilities	460	460	460
	2 861	2 835	2 789

* Change concerning the recognition of actuarial gains and losses.
** Change concerning the interpretation of disability.

Formulas for the calculation of key indicators:

Return on capital employed, % =

$$100 \times \frac{\text{profit before extraordinary items (FAS) / taxes (IFRS) + interest expense +/- exchange rate differences + other financial expense (excl. depreciation for short-term investments)}}{\text{[balance sheet total (2 - obligatory provisions and non-interest-bearing debt] (average during the year)}}$$

Return on equity, % =

$$100 \times \frac{\text{profit before extraordinary items (FAS) / taxes (IFRS) - taxes (1}}{\text{[capital and reserves (2 + minority interests] (average during the year)}}$$

Equity ratio, % =

$$100 \times \frac{\text{capital and reserves (2 + minority interests}}{\text{balance sheet total (2 - current advanced payments received}}$$

Gearing ratio, % =

$$100 \times \frac{\text{interest-bearing net debt}}{\text{capital and reserves (2 + minority interests}}$$

Net interest-bearing debt = interest-bearing debt - cash and other liquid current assets

Earnings per share =

$$\frac{\text{profit before extraordinary items (FAS) / taxes (IFRS) - minority interests - taxes (1}}{\text{adjusted average number of shares (2}}$$

Equity per share =

$$\frac{\text{equity attributable to shareholders of the parent (2}}{\text{adjusted number of shares at balance sheet date (2}}$$

Average share price =

$$\frac{\text{total EUR trading of shares}}{\text{average number of shares}}$$

Market capitalisation = number of shares x closing price at balance sheet date

1) Taxes have been stated without taxes related to extraordinary items.
2) Treasury shares held by the company are not included in the number of shares, shareholders' equity or total assets in the indicators.