

OUTOKUMPU'S FIRST QUARTER 2006 INTERIM REPORT – UPTURN IN MARKET CONDITIONS, PROFITS IMPROVING

Outokumpu's sales for January-March 2006 increased by 18% from the previous quarter and amounted to EUR 1 548 million. Operating profit amounted to EUR 71 million (IV/2005: EUR 179 million negative, including EUR 164 million of non-recurring expenditure). Net profit for the period was EUR 56 million (IV/2005: EUR 180 million negative) and earnings per share EUR 0.31. Net cash generated from the Group's operating activities totaled EUR 37 million.

Group key figures		Jan-March	Oct-Dec	Jan-March	Jan-Dec
		2006	2005	2005	2005
Sales	EUR million	1 548	1 317	1 456	5 552
Operating profit	EUR million	71	(179)	121	83
Non-recurring items in operating profit	EUR million	-	(164)	25	(129)
Profit/(loss) before taxes	EUR million	66	(191)	108	22
Net profit/(loss) for the period from continuing operations	EUR million	46	(165)	89	(3)
Net profit/(loss) for the period	EUR million	56	(180)	(244)	(363)
Earnings per share from continuing operations	EUR	0.26	(0.91)	0.49	(0.02)
Earnings per share	EUR	0.31	(0.99)	(1.35)	(2.01)
Net cash generated from operating activities	EUR million	37	206	70	459
Net interest-bearing debt at end of period	EUR million	1 483	1 537	1 695	1 537
Debt-to-equity ratio at end of period	%	73.0	74.5	75.0	74.5
Return on capital employed	%	8.0	(18.8)	10.9	1.9
Capital expenditure, continuing operations	EUR million	35	57	37	174
Stainless steel deliveries	1 000 tonnes	510	370	485	1 647
Average personnel for the period, continuing operations		10 554	11 013	11 475	11 517

THE FIRST QUARTER IN BRIEF

- During the first quarter the stainless steel market experienced a strong increase in demand after heavy de-stocking during the second half of 2005. Good end-user demand and re-stocking drove the improved development in demand. Base prices have been on the rise in both Europe and the US and prices also improved in Asia. According to CRU, the German base prices for cold rolled 304 sheet rose from the very low level of 1 030 EUR/tonne in December to 1 180 EUR/tonne at the end of March.
- The expanded capacity for finished products at Tornio has been running at full load with good manufacturing performance.
- The performance improvement initiatives - commercial and production excellence programs, closure of Coil Products Sheffield and the fixed cost reduction program - are proceeding according to plan.
- The Group's stainless steel deliveries increased by 38% from the previous quarter and by 5% compared to the first quarter of 2005. Sales rose by 18% from the previous quarter to EUR 1 548 million. The increase in sales was more modest than the increase in deliveries because of the very low prices for deliveries at the beginning of the year.

- Operating profit was EUR 71 million. The EUR 179 million negative operating result in the fourth quarter of 2005 included EUR 164 million of non-recurring expenditure. Higher volumes together with base price increases contributed to the good development in profits.
- Outokumpu Technology's sales almost tripled compared to the first quarter of 2005 and totaled EUR 170 million. The earlier seasonally weak performance during the first quarter turned into a solid operating profit of EUR 5 million (1/2005: EUR 7 million negative).
- Net cash generated from operating activities totaled EUR 37 million. At the end of March, net interest-bearing debt stood at EUR 1 483 million and gearing improved further to 73.0%.
- In February, Outokumpu and The Meade Corporation of the UK signed and closed an agreement by which Outokumpu sold Outokumpu Copper MKM Ltd, its brass rod mill in Aldridge, in the UK, to the Meade Corporation. The total consideration for the transaction was some EUR 20 million.

SHORT-TERM OUTLOOK

Strong demand for stainless steel, attributable to both healthy end-user demand and re-stocking is continuing in the second quarter. Outokumpu's order backlog is firm and all mills are running at full capacity for finished products. In Europe gradual base price increases have been attained for the second quarter deliveries, for example, the base price in Germany for cold rolled 304 sheet for June is around 200 EUR/tonne higher compared to March.

The usually seasonally weaker third quarter is approaching with still a good order intake. Some price increases have also been achieved for July and August deliveries. Continuously high and volatile nickel prices together with increased base prices are boosting stainless steel transaction prices during the third quarter, which may cause some uncertainty in the market. Visibility beyond the summer period is still weak.

Higher base prices will improve profits, and Outokumpu's operating profit for the second quarter of 2006 will be substantially better than in the first quarter. Operating profit for the first half of the year, however, is expected to be lower than in the corresponding period last year due to low base price levels at the beginning of this year.

CEO Juha Rantanen:

"I regard the first-quarter development as encouraging. We are experiencing positive market sentiment, which confirms the long-term growth prospects for stainless steel demand. At the same time, our internal development programs are progressing well; our cost-cutting initiatives are on track and the excellence programs are beginning to show their potential. In the cyclical stainless steel business our internal measures will ensure that Outokumpu is able to meet its financial goals even in a tougher market environment."

MANAGEMENT ANALYSIS OF THE FIRST QUARTER OPERATING RESULT
Group key figures

EUR million	I/05	II/05	III/05	IV/05	2005	I/06	
Sales							
General Stainless	1 286	1 158	813	816	4 073	1 013	
Specialty Stainless	785	819	584	552	2 739	650	
Technology	65	158	144	223	590	170	
Other operations	55	64	58	60	237	61	
Intra-group sales	(736)	(610)	(408)	(335)	(2 088)	(346)	
The Group	1 456	1 589	1 191	1 317	5 552	1 548	
Operating profit							
General Stainless	71	93	(55)	(170)	(62)	43	
Specialty Stainless	55	65	14	(23)	110	22	
Technology	(7)	4	6	23	26	5	
Other operations	9	(3)	9	(7)	8	2	
Intra-group items	(6)	3	5	(1)	1	(0)	
The Group	121	161	(20)	(179)	83	71	
Stainless steel deliveries							
1 000 tonnes	I/05	II/05	III/05	IV/05	2005	I/06	
Cold rolled	233	226	195	212	867	286	
White hot strip	135	126	61	68	391	104	
Other	117	106	77	89	390	121	
Total deliveries	485	459	333	370	1 647	510	
Market prices and exchange rates							
	I/05	II/05	III/05	IV/05	2005	I/06	
Market prices ¹⁾							
Stainless steel							
Base price	EUR/t	1 332	1 217	1 113	1 035	1 174	1 127
Alloy surcharge	EUR/t	875	956	1 012	923	942	844
Transaction price	EUR/t	2 207	2 173	2 125	1 958	2 116	1 971
Nickel							
	USD/t	15 348	16 411	14 567	12 649	14 744	14 810
	EUR/t	11 704	13 031	11 941	10 644	11 851	12 318
Ferrochrome (Cr-content)							
	USD/lb	0.78	0.78	0.73	0.68	0.74	0.63
	EUR/kg	1.31	1.37	1.32	1.26	1.32	1.16
Molybdenum							
	USD/lb	32.02	35.62	31.74	30.66	32.51	23.38
	EUR/kg	53.84	62.35	57.37	56.89	57.61	42.86
Steel scrap							
	USD/t	221	193	208	193	204	200
	EUR/t	169	153	170	162	164	167
Exchange rates							
EUR/USD		1.311	1.259	1.220	1.188	1.244	1.202
EUR/SEK		9.074	9.208	9.366	9.473	9.282	9.352
EUR/GBP		0.694	0.679	0.683	0.680	0.684	0.686

1) Sources of market prices:

Stainless steel: CRU - German base price, alloy surcharge and transaction price (2 mm cold rolled 304 sheet), estimates for deliveries during the period

Nickel: London Metal Exchange (LME) cash quotation

Ferrochrome: Metal Bulletin - Ferrochrome lumpy chrome charge, basis 52% chrome

Molybdenum: Metal Bulletin - Molybdenum oxide - Europe

Steel Scrap: Metal Bulletin - Steel scrap HMS 1&2 fob Rotterdam

Upturn in the stainless steel market

Global economic growth continued favorable during the first quarter. Growth in China was some 10%, growth in the US was 3% and growth in Europe accelerated to 2%. Stainless steel markets improved considerably during the period. Underlying demand continued to grow and the earlier de-stocking of stainless steel turned into a re-stocking phase. Global apparent consumption of stainless steel flat products increased by some 10% from the previous quarter. In Europe, orders for stainless steel increased by 15-20% in the period. European base prices turned upwards in January for the first time since May 2004. The base price in German markets rose by a total of 150 EUR/tonne during the period. The average German base price was 1 127 EUR/tonne, up by 9% from the previous quarter, but still 15% below the first quarter of 2005.

Order intake was strong for Outokumpu's stainless steel coil and sheet products as well as for hot rolled plate. The European market for tubular products picked up and prices have risen together with markedly increased demand. Demand for long products and thin strip products was good but price development has been rather tepid. The Group's stainless steel order backlog is firm and delivery times are extended. All mills are running at full capacity for finished products to fulfill orders.

Prices of alloying materials for stainless steel remained high in the period due to increased demand from stainless steel producers. The average price of nickel was 14 810 USD/tonne, an increase of 17% from the previous quarter. Nickel prices have continued to rise and exceeded 18 000 USD/tonne in mid-April. Oversupply in the ferrochrome market moved close to balance. The average price of ferrochrome in the period was 0.63 USD/lb, down 7% from the previous quarter. Towards the end of the period, spot prices for ferrochrome began to recover and the contract price for the second quarter of 2006 was agreed at 0.70 USD/lb. The price of molybdenum declined by 24% from the previous quarter. The price of steel scrap increased by 3%. After falling in January, the alloy surcharge has increased month-on-month from February to May.

Improvement actions and excellence programs proceeding well

The closure of Coil Products Sheffield proceeded ahead of schedule and the majority of the employees have left the company by the end of March. The annual profit improvement resulting from the closure is expected to be some EUR 50 million from the second half of 2006 onwards.

The fixed cost reduction program progressed according to plan, the annual savings target is EUR 100 million. As announced earlier, the reduced fixed cost running rates will be in place during the second half of 2006 with full effect in 2007. Targeted savings are divided 50/50 between personnel and non-personnel related costs.

The commercial excellence program is focusing on improving Outokumpu's understanding on its customers and seeking ways of deepening relationships. In order to facilitate this, training of key account managers has been started. In the production excellence program the first pilot projects covering the melt shops were completed in March and implementation in the Group's cold rolling operations has begun. As announced earlier, realization of the combined benefits from these long-term operational enhancement programs are expected in future years and are expected to total EUR 40 million in 2007, EUR 80 million in 2008 and EUR 160 million on an annual basis thereafter.

A Strategic Leadership Program (SLP) started at the end of March with 62 global managers as participants. The main target of this program is to develop Outokumpu's leadership behavior to support the execution of the Group's strategy. SLP is an action-learning program based on Outokumpu's newly defined leadership principles with focus on learning to lead people in ways that help, for example, the excellence programs succeed and achieve sustainable improvements.

Operating profit improved markedly

The Group's sales totaled EUR 1 548 million, 18% higher than in the fourth quarter of 2005. Stainless steel deliveries increased by 38% to 510 000 tonnes. Sales by General Stainless and Specialty Stainless were boosted by higher volumes, but low transaction prices at the start of the year partly mitigated the increase.

The Group's operating profit improved markedly to EUR 71 million. The EUR 179 million negative operating profit in the fourth quarter of 2005 included EUR 164 million of non-recurring expenditure consisting of EUR 130 million costs related to the closure of Coil Products Sheffield and EUR 34 million costs related to the fixed cost reduction program. Increased deliveries of stainless steel and higher base prices were the main contributors to the positive turnaround.

General Stainless – significant increase in deliveries and profits

General Stainless

EUR million	I/05	II/05	III/05	IV/05	2005	I/06
Sales	1 286	1 158	813	816	4 073	1 013
of which Tornio Works	699	657	476	467	2 299	652
Operating profit	71	93	(55)	(170)	(62)	43
of which Tornio Works	59	74	(36)	(48)	49	37
Operating capital at the end of period	2 920	2 901	2 820	2 484	2 484	2 397
Deliveries of main products (1 000 tonnes)						
Cold rolled	210	183	162	179	734	246
White hot strip	102	89	41	53	284	74
Other	238	192	105	97	631	128
Total deliveries of the division	550	463	307	329	1 649	448

General Stainless' deliveries increased by 36% in spite of the closure of Coil Products Sheffield. Sales totaled EUR 1 013 million, an increase of 24% compared to the fourth quarter of 2005. Operating profit was EUR 43 million. Operating result for the previous quarter included EUR 138 million of non-recurring costs related to the closure of Coil Products Sheffield and the fixed cost reduction program.

Tornio Works posted an operating profit of EUR 37 million. Operating result for the previous quarter included EUR 8 million of non-recurring costs. A new record for finished products deliveries was achieved in March. Manufacturing performance was good and Tornio Works is running at full current finished products capacity. Together with continuing base price increases, this will improve the profit in the second quarter.

The closure of Coil Products Sheffield has proceeded ahead of schedule and the majority of the employees have left the company. A separate closure team is in place to prepare and perform closing activities at the site.

Specialty Stainless – higher volumes and improved profits from special products

Specialty Stainless

EUR million	I/05	II/05	III/05	IV/05	2005	I/06
Sales	785	819	584	552	2 739	650
Operating profit	55	65	14	(23)	110	22
Operating capital at the end of period	1 248	1 358	1 310	1 161	1 161	1 173
Deliveries of main products (1 000 tonnes)						
Cold rolled	44	54	43	47	188	56
White hot strip	57	43	30	30	160	49
Other	148	148	89	71	455	76
Total deliveries of the division	249	245	162	148	803	182

Specialty Stainless' deliveries increased by 23% and sales totaled EUR 650 million, an increase of 18% compared to the fourth quarter of 2005. Operating profit was EUR 22 million. Operating result for the previous quarter included EUR 21 million of non-recurring expenditure related to operational capacity adjustments at Avesta and the fixed cost reduction program.

The Kloster Thin Strip cold rolling mill investment in Sweden is proceeding according to plan. This investment will expand the mill's overall capacity from 25 000 tonnes to 45 000 tonnes per year and will also allow the production of thinner and wider products.

Specialty Stainless' products are used in industries such as oil and gas, desalination, building and construction as well as pulp and paper, where investment activity has been solid and is expected to continue strong. The prices of project related and special products are more stable than those of more standard products and therefore Specialty Stainless' profit improvement materializes slightly slower than General Stainless'.

Outokumpu Technology – solid first quarter profits

Technology

EUR million	I/05	II/05	III/05	IV/05	2005	I/06
Sales	65	158	144	223	590	170
Operating profit	(7)	4	6	23	26	5
Operating capital at the end of period	40	31	58	(7)	(7)	2
Order backlog at the end of period	490	520	525	596	596	634

Outokumpu Technology's sales totaled EUR 170 million, down by 24% compared to the previous quarter, but almost triple the level in the first quarter of 2005. The earlier seasonally weak performance during the first quarter turned into a solid operating profit of EUR 5 million. Operating capital was EUR 2 million and working capital was EUR 102 million negative due to advance payments received.

In 2005, Technology succeeded in mastering the business momentum by receiving several large projects. This continued in the first quarter with order intake totaling EUR 186 million. Technology's order backlog strengthened further and stood at EUR 634 million at the end of March. In the first quarter the order intake for grinding mills continued to be strong. The biggest grinding mill order was for LKAB Kiruna plant. The other orders included ball mill orders for Compania Minera del Pacifico's Atama iron ore project in Chile and Nkomati nickel plant in South Africa. Strong growth in Brazil

continued and Technology booked an order for basic and detail engineering for Minerações Brasileiras Reunidas iron ore pellet operation, owned by CVRD and Mitsui, to deliver a pelletizing plant. Technology booked an USD 20 million contract with Codelco for a sulphuric acid plant expansion in its Caletones copper smelter in Chile. Technology announced its third contract for the new Direct-to-Blister flash smelting technology for Konkola Copper Mines in Zambia. This technology for copper production reduces the number of process steps and improves the environmental and safety performance of copper smelters.

Metal prices have continued to strengthen and investment activity within the metals and mining industry has been robust in both ferrous and non-ferrous markets. Technology has a strong order backlog and the outlook for 2006 is favorable, indicating that Technology's profitability will improve compared to the previous year and that strategic objectives set in 2005 can be met. Outokumpu Technology has outlined its vision of being the leading technology partner in the minerals and metals production industries. It has also announced its target of generating EUR 50 million profit before taxes by 2008 under the current business concept.

Other operations

Other operations

EUR million	I/05	II/05	III/05	IV/05	2005	I/06
Sales	55	64	58	60	237	61
Operating profit	9	(3)	9	(7)	8	2
Operating capital at the end of period	34	44	37	139	139	134

Other operations consists of activities outside the Group's primary businesses as well as industrial holdings. Business development costs and group functions' expenses that are not allocated to the businesses are also reported under Other operations. The result posted by Other operations in the last quarter of 2005 included EUR 3 million of non-recurring costs related to the fixed cost reduction program and a EUR 3 million write-down of an IT-system related to the closure of Coil Products Sheffield.

The attachments present the interim review by the Board of Directors, the accounts and notes to the interim accounts.

This interim report is unaudited.

For further information, please contact:

Kari Lassila, SVP – IR and Communications, tel. +358 9 421 2555
kari.lassila@outokumpu.com

Vesa-Pekka Takala, SVP – Corporate Controller, tel. +358 9 421 4134
vesa-pekka.takala@outokumpu.com

Eero Mustala, SVP – Corporate Communications, tel. +358 9 421 2435
eero.mustala@Outokumpu.com

News conference and live webcast today at 3.00 pm

A combined news conference, conference call and live webcast concerning the first-quarter interim report will be held on April 25, 2006 at 3.00 pm Finnish time (8.00 am US EST, 1.00 pm UK time, 2.00 pm CET) at Hotel Kämp, conference room Mirror Room, Pohjoisesplanadi 29, 00100 Helsinki, Finland.

To participate via a conference call, please dial in 5-10 minutes before the beginning of the event: +44 20 7162 0025 (UK) or +1 334 323 6201 (US & Canada). The password is Outokumpu.

The news conference can be viewed live via Internet at www.outokumpu.com. The stock exchange release and presentation material will be available before the news conference at www.outokumpu.com -> Investors -> Downloads.

An on-demand webcast of the news conference will be available at www.outokumpu.com as of April 25, 2006 at 6.00 pm. An instant replay service for the conference call will be available until Friday, April 28, 2006 on the following numbers: +44 20 7031 4064 (UK replay number) or +1 954 334 0342 (US & Canada replay number). The access code is 701159.

OUTOKUMPU OYJ
Corporate Management

Ingela Ulfves
Vice President - Investor Relations
tel. + 358 9 421 2438, mobile +358 40 515 1531, fax +358 9 421 2125
e-mail: ingela.ulfves@outokumpu.com
www.outokumpu.com

INTERIM REVIEW BY THE BOARD OF DIRECTORS

Stainless steel market conditions clearly improved during the first quarter

During the first quarter of 2006, global apparent consumption of stainless steel increased by 10% compared to the previous quarter, but was 2% lower than in the first quarter of 2005. Demand picked up significantly in all markets following the year-end. Although both base prices and transaction prices rose during the first quarter, they were still below the levels in the corresponding period in 2005. The average German base price for 304 2mm sheet was 1 127 EUR/tonne, 15% below the price of 1 332 EUR/tonne in the first quarter of 2005.

Financial result improving but still lagging behind 2005

The Group's sales for the first quarter totaled EUR 1 548 million (I/2005: EUR 1 456 million), an increase of 6%. Stainless steel deliveries increased by 5% but the effect on sales was mitigated by lower transaction prices. Outokumpu Technology's first quarter was very strong with sales totaling EUR 170 million, almost triple the level in the first quarter of 2005.

Operating profit was EUR 71 million (I/2005: EUR 121 million). In the first quarter of 2005, operating profit included a non-recurring gain of EUR 25 million from the sale of Boliden shares. Stainless steel base prices were substantially lower than in the first quarter of 2005, and operating profit consequently remained below the good level achieved in the previous year. Outokumpu Technology posted an operating profit of EUR 5 million compared with an operating loss of EUR 7 million in the corresponding period last year.

Net financial expenses totaled EUR 5 million (I/2005: EUR 12 million). Net profit for the period from continuing operations totaled EUR 46 million (I/2005: EUR 89 million) and net profit from discontinued operations totaled EUR 10 million (I/2005: EUR 333 million negative). Earnings per share from continuing operations was EUR 0.26 and from discontinued operations EUR 0.06. Return on capital employed was 8.0% (I/2005: 10.9%).

The Group's performance improvement initiatives are proceeding well. The commercial excellence program is focusing on improving Outokumpu's understanding on its customers and seeking ways of deepening relationships. In order to facilitate this, training of key account managers has been started. In the production excellence program the pilot projects in the melt shops were completed and the program will now be expanded to the cold rolling mills. The closure of Coil Products Sheffield has proceeded ahead of schedule and the majority of the employees have left the company by the end of March. The Group's fixed cost reduction program is progressing according to plan.

Tight limits on capital expenditure

Capital expenditure for the first quarter totaled EUR 35 million (I/2005: EUR 37 million). The Group's capital expenditure limit for 2006-2007 has been set at an annual EUR 175 million. In 2006, however, delayed phasing and rollovers from 2005 mean that capital expenditure is expected to be higher, but will not exceed the annual depreciation level of EUR 210 million.

Net cash generated from operating activities was EUR 37 million (I/2005: EUR 70 million). Net interest-bearing debt fell by EUR 54 million to EUR 1 483 million (Dec. 31, 2005: EUR 1 537 million) and gearing improved to 73.0% (Dec. 31, 2005: 74.5%).

Discontinued operations - brass rod mill in the UK sold

On February 27, 2006, Outokumpu and The Meade Corporation of the UK signed and closed a sales and purchase agreement according to which Outokumpu sold Outokumpu Copper MKM Ltd, its brass rod mill located in Aldridge in the UK, to The Meade Corporation. The total consideration for the

transaction was some EUR 20 million. Production capacity at Outokumpu Copper MKM Ltd is some 40 000 tonnes of brass rod and sales in 2005 totaled about EUR 70 million. The company employs 320 people.

Outokumpu is currently implementing a vigorous improvement project in its existing copper tube and brass business. In the first quarter, the copper tube and brass business posted an operating profit of EUR 12 million, including the gain from the sale of Outokumpu Copper MKM Ltd and inventory gains. Operating capital at the end of March totaled EUR 133 million.

The fabricated copper products business that was sold in 2005 comprised among others Outokumpu Copper (USA), Inc. In 2005, the company was served with a complaint in a case filed in a federal district court in Memphis, Tennessee, US by the plaintiff American Copper & Brass, Inc. The complaint alleges claims and damages under US antitrust laws and purports to be a class action on behalf of all direct purchasers of copper plumbing tubes in the US from 1988 to March 31, 2001. Outokumpu believes that the allegations in this case are groundless and will defend itself in any such proceeding. In connection with the transaction to sell the fabricated copper products business to Nordic Capital, Outokumpu has agreed to indemnify and hold harmless Nordic Capital with respect to this class action.

Environment, health and safety

The Tornio site and the steel making and casting plants at Avesta and Degerfors are participating in the EU Emissions Trading System (ETS). The actual 2005 carbon dioxide emissions have been reported to the local authorities and emissions have been verified by Inspecta in Finland and DNV in Sweden. Allowances for 2006 were distributed in February. In the UK, the melt shop used the opt-out possibility for the period 2005 – 2007 and this has now been granted. Preparations to apply for allowances in the 2008-2012 Kyoto-period have begun. The first allocation plans will be submitted to the European Commission by the end of June 2006.

At most of the stainless steel sites the emissions and discharges were below permission levels.

The accident rate in the Group's continuing operations was 17 per million man-hours (1/2005:15). No major accidents were reported during the first quarter.

Annual General Meeting of March 30, 2006

The Annual General Meeting (AGM) approved a dividend of EUR 0.45 per share for 2005. Total dividends of EUR 81.5 million were paid on April 11, 2006.

The AGM authorized the Board of Directors for one year to increase the Company's share capital with a total maximum of EUR 30 800 000 by issuing new shares or convertible bonds. Accordingly, an aggregate maximum of 18 117 647 shares, having the account equivalent value of EUR 1.70 each, may be issued. The AGM authorized the Board of Directors for one year to repurchase and transfer the Company's own shares. The maximum number of shares to be repurchased and the maximum number of shares to be transferred is 18 000 000. The number of own shares in the Company's possession may not exceed 10 % of the total amount of the Company's shares. By April 25, 2006, the authorizations had not been exercised.

The AGM decided on the number of the Board members, including the Chairman and Vice Chairman, to be eight (previously ten). For the term expiring at the close of the following AGM, Mr. Evert Henkes, Mr. Jukka Härmälä, Mr. Ole Johansson, Mr. Juha Lohiniva, Ms. Anna Nilsson-Ehle, Ms. Leena Saarinen and Ms. Soili Suonoja were re-elected as members of the Board of Directors, and Mr. Taisto Turunen was elected as a new member. Mr. Jukka Härmälä was elected Chairman of the Board of Directors and Mr. Ole Johansson Vice Chairman. The AGM also resolved to form a Shareholders' Nomination Committee to prepare proposals on the composition and remuneration of the Board of Directors for presentation to the next AGM.

KPMG Oy Ab, Authorized Public Accountants, was elected as the Company's new auditor for the term ending at the close of the next AGM.

At its first meeting, the Board of Directors appointed two permanent committees consisting of board members. Mr. Ole Johansson (Chairman), Ms. Leena Saarinen and Mr. Taisto Turunen were elected as members of the Board Audit Committee. Mr. Jukka Härmälä (Chairman), Mr. Evert Henkes and Ms. Anna Nilsson-Ehle were elected as members of the Board Nomination and Compensation Committee.

Short-term outlook

Strong demand for stainless steel, attributable to both healthy end-user demand and re-stocking is continuing in the second quarter. Outokumpu's order backlog is firm and all mills are running at full capacity for finished products. In Europe gradual base price increases have been attained for the second quarter deliveries, for example, the base price in Germany for cold rolled 304 sheet for June is around 200 EUR/tonne higher compared to March.

The usually seasonally weaker third quarter is approaching with still a good order intake. Some price increases have also been achieved for July and August deliveries. Continuously high and volatile nickel prices together with increased base prices are boosting stainless steel transaction prices during the third quarter, which may cause some uncertainty in the market. Visibility beyond the summer period is still weak.

Higher base prices will improve profits, and Outokumpu's operating profit for the second quarter of 2006 will be substantially better than in the first quarter. Operating profit for the first half of the year, however, is expected to be lower than in the corresponding period last year due to low base price levels at the beginning of this year.

Espoo, April 25, 2006

Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Condensed income statement

EUR million	Jan-March 2006	Jan-March 2005	Jan-Dec 2005
Continuing operations:			
Sales	1 548	1 456	5 552
Other operating income	12	23	84
Costs and expenses	(1 488)	(1 357)	(5 460)
Other operating expenses	(1)	(1)	(94)
Operating profit	71	121	83
Share of results in associated companies	(0)	(1)	0
Financial income and expenses			
Net interest expenses	(14)	(14)	(62)
Market price gains and losses	10	4	(0)
Other financial income and expenses	(1)	(2)	1
Profit before taxes	66	108	22
Income taxes	(20)	(20)	(24)
Net profit/(loss) for the period from continuing operations	46	89	(3)
Discontinued operations:			
Net profit/(loss) for the period from discontinued operations	10	(333)	(360)
Net profit/(loss) for the period	56	(244)	(363)
Attributable to:			
Equity holders of the Company	56	(245)	(364)
Minority interest	(0)	1	1
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share, EUR	0.31	(1.35)	(2.01)
Diluted earnings per share, EUR	0.31	(1.35)	(2.01)
Earnings per share from continuing operations attributable to the equity holders of the Company:			
Earnings per share, EUR	0.26	0.49	(0.02)
Earnings per share from discontinued operations attributable to the equity holders of the Company:			
Earnings per share, EUR	0.06	(1.84)	(1.99)

All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

Condensed balance sheet

EUR million	March 31 2006	March 31 2005	Dec 31 2005
ASSETS			
Non-current assets			
Intangible assets	574	606	578
Property, plant and equipment	2 101	2 247	2 125
Non-current financial assets			
Interest-bearing	290	161	262
Non interest-bearing	57	51	45
	3 021	3 065	3 009
Current assets			
Inventories	1 059	1 324	1 186
Current financial assets			
Interest-bearing	67	229	37
Non interest-bearing	1 040	937	841
Cash and cash equivalents	165	147	212
	2 331	2 637	2 277
Receivables related to assets held for sale	201	729	221
Total assets	5 553	6 431	5 507
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company	2 016	2 243	2 047
Minority interest	14	15	15
	2 030	2 258	2 062
Non-current liabilities			
Interest-bearing	1 554	1 934	1 624
Non interest-bearing	342	383	319
	1 896	2 317	1 943
Current liabilities			
Interest-bearing	584	932	556
Non interest-bearing	974	828	857
	1 559	1 760	1 413
Liabilities related to assets held for sale	68	95	89
Total equity and liabilities	5 553	6 431	5 507

Consolidated statement of changes in equity

	Attributable to equity holders of the Company							Mino- rity inte- rest	Total equity
	Share capital	Share premium fund	Other reserves	Fair value reserves	Trea- sury shares	Cumu- lative trans- lation diffe- rences	Re- tained earnings		
EUR million									
Equity on December 31, 2004	308	700	13	15	(5)	(59)	1 496	38	2 506
Cash flow hedges	-	-	-	6	-	-	-	-	6
Fair value gains on available-for-sale financial assets	-	-	-	3	-	-	-	-	3
Net investment hedges	-	-	-	-	-	1	-	-	1
Change in translation differences	-	-	-	-	-	19	-	0	19
Items recognised directly in equity	-	-	-	9	-	20	-	0	29
Net loss for the period	-	-	-	-	-	-	(364)	1	(363)
Total recognised income and expenses	-	-	-	9	-	20	(364)	1	(334)
Dividends paid	-	-	-	-	-	-	(91)	-	(91)
Management stock option program: value of received services	-	-	-	-	-	-	3	-	3
Transfer of treasury shares	-	1	-	-	3	-	-	-	4
Effect of the sale of the fabricated copper products business	-	-	-	-	-	-	-	(24)	(24)
Other changes	-	-	(1)	-	-	-	-	-	(1)
Equity on December 31, 2005	308	701	11	23	(2)	(38)	1 044	15	2 062
Cash flow hedges	-	-	-	4	-	-	-	-	4
Fair value gains on available-for-sale financial assets	-	-	-	2	-	-	-	-	2
Net investment hedges	-	-	-	-	-	1	-	-	1
Change in translation differences	-	-	-	-	-	(12)	-	0	(12)
Items recognised directly in equity	-	-	-	5	-	(11)	-	0	(6)
Net profit for the period	-	-	-	-	-	-	56	0	56
Total recognised income and expenses	-	-	-	5	-	(11)	56	0	50
Dividends	-	-	-	-	-	-	(81)	-	(81)
Management stock option program: value of received services	-	-	-	-	-	-	1	-	1
Equity on March 31, 2006	308	701	11	28	(2)	(49)	1 019	14	2 030

Condensed statement of cash flows

EUR million	Jan-March 2006	Jan-March 2005	Jan-Dec 2005
Net profit/(loss) for the period	56	(244)	(363)
Adjustments			
Depreciation and amortization	53	53	232
Impairments	1	83	168
Loss from the sale of the fabricated copper products business	-	238	252
Other adjustments	25	(35)	92
Increase (decrease) in working capital	(38)	9	202
Dividends received	0	0	7
Interest received	4	9	21
Interest paid	(21)	(19)	(93)
Income tax paid	(42)	(24)	(58)
Net cash from operating activities	37	70	459
Purchases of assets	(44)	(46)	(245)
Proceeds from the sale of subsidiaries	20	520	489
Proceeds from the sale of shares in associated companies	-	109	290
Proceeds from sale of other assets	3	0	13
Change in other investing activities	(0)	(39)	18
Net cash from investing activities	(21)	544	565
Cash flow before financing activities	16	614	1 024
Borrowings of long-term debt	46	286	136
Repayments of long-term debt	(69)	(311)	(454)
Decrease in current debt	(22)	(115)	(600)
Dividends paid	-	-	(91)
Change in other financing activities	(16)	(540)	(22)
Net cash from financing activities	(61)	(679)	(1 032)
Adjustments	(0)	5	2
Net change in cash and cash equivalents	(45)	(61)	(6)
Cash and cash equivalents at the beginning of the financial year	212	211	211
Foreign exchange rate effect on cash and cash equivalents	(3)	(4)	7
Net change in cash and cash equivalents	(45)	(61)	(6)
Cash and cash equivalents at the end of the financial year	165	147	212

Key figures

EUR million	Jan-March 2006	Jan-March 2005	Jan-Dec 2005
Operating profit margin, %	4.6	8.3	1.5
Return on capital employed, %	8.0	10.9	1.9
Return on equity, %	11.0	(41.0)	(15.9)
Return on equity from continuing operations, %	9.0	14.9	(0.1)
Capital employed at end of period	3 513	3 953	3 599
Net interest-bearing debt at end of period	1 483	1 695	1 537
Equity-to-assets ratio at end of period, %	37.4	35.5	38.2
Debt-to-equity ratio at end of period, %	73.0	75.0	74.5
Earnings per share, EUR	0.31	(1.35)	(2.01)
Earnings per share from continuing operations, EUR	0.26	0.49	(0.02)
Earnings per share from discontinued operations, EUR	0.06	(1.84)	(1.99)
Average number of shares outstanding, in thousands ¹⁾	181 032	180 901	181 031
Fully diluted earnings per share, EUR	0.31	(1.35)	(2.01)
Fully diluted average number of shares, in thousands ¹⁾	181 431	181 080	181 140
Equity per share at end of period, EUR	11.14	12.39	11.31
Number of shares outstanding at end of period, in thousands ¹⁾	181 032	181 032	181 032
Capital expenditure, continuing operations	35	37	174
Depreciation, continuing operations	53	53	216
Average personnel for the period, continuing operations	10 554	11 475	11 517

1) The number of own shares repurchased is excluded.

NOTES TO THE INCOME STATEMENT AND BALANCE SHEET

This interim financial report is prepared in accordance with IAS 34 (Interim Financial Reporting).

Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Accounting estimates are employed in the financial statements to determine reported amounts, including the realizability of certain assets, the useful lives of tangible and intangible assets, income taxes, provisions, pension obligations, impairment of goodwill and other items. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates.

Amended and new International Financial Reporting Standards (IFRS) as of January 1, 2006

Outokumpu has adopted the following amended and new standards as of January 1, 2006:

IAS 39 Financial Instruments: Recognition and Measurement: Amendments after March 31, 2004:

- Cash flow hedges of forecast intra group transactions, issued on April 14, 2005, effective date January 1, 2006.
- Fair value option, issued on June 16, 2005, effective date January 1, 2006.
- Financial guarantee contracts, issued on August 18, 2005, effective date January 1, 2006.

The adoption of these amendments has not had material effect on the first quarter financial statements.

IFRS 6 Exploration for and Evaluation of Mineral Resources, issued on December 9, 2004, effective date January 1, 2006.

This standard is not applicable for Outokumpu.

Amendment to IAS 19 Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures, issued on December 16, 2004, effective date January 1, 2006. The amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts.

IFRIC 4 Interpretation: Determining whether an Arrangement contains a Lease, issued on December 2, 2004, effective date January 1, 2006. The adoption of this interpretation has not had material effect on the first quarter financial statements.

Shares and share capital

The total number of Outokumpu Oyj shares was 181 250 555 and the share capital amounted to EUR 308.1 million on March 31, 2006. Outokumpu Oyj held 218 603 treasury shares on March 31, 2006 with a total account equivalent value of EUR 0.4 million. This corresponded to 0.1% of the share capital and the total voting rights of the Company on March 31, 2006.

The current amounts that Outokumpu Oyj shares could be subscribed for with the option 2003 program for management are as follows: 2003A 666 090 shares, 2003B 1 058 820 shares and 2003C 87 500 shares. As a result of the share subscriptions with the 2003 stock options, Outokumpu Oyj's share capital may be increased by a maximum of EUR 3 081 097 and the number of shares by a maximum of 1 812 410 shares. This corresponds to 1.0% of the Company's shares and voting rights.

Outokumpu's Board of Directors confirmed on February 2, 2006 a share-based incentive program for years 2006-2010 as part of the key employee incentive and commitment system of the Company. If persons to be covered by the first earning period 2006-2008 of the program were to receive the number of shares in accordance with the maximum reward, a total of 387 000 shares, their shareholding obtained via the program would amount to 0.2% of the Company's shares and voting rights.

Detailed information of the 2003 option program and of the share-based incentive program for 2006-2010 are presented in the annual report 2005 of Outokumpu Oyj.

Discontinued operations and assets held for sale

On April 5, 2005 Outokumpu and Nordic Capital signed a sales and purchase agreement according to which Outokumpu sold its fabricated copper products business to Nordic Capital. The sale was finalized on June 7, 2005. The scope of the transaction comprised the following businesses of the former Outokumpu Copper business area: Americas, Europe, Automotive Heat Exchangers, Appliance Heat Exchanger & Asia, including 100% of Outokumpu Heatcraft, and the Forming equipment businesses. Sales in 2004 by the divested businesses totaled EUR 1 684 million and the number of personnel was 6 400 at the year-end. Outokumpu Copper Tube and Brass business was excluded from the transaction and comprises European sanitary and industrial tubes, including air-conditioning and refrigeration tubes in Europe, as well as brass rod.

On February 27, 2006 Outokumpu and The Meade Corporation of the UK signed and closed a sales and purchase agreement whereby Outokumpu sold its brass rod mill, Outokumpu Copper MKM Ltd, located in Aldridge in the UK, to The Meade

Corporation. The total consideration of the transaction was some EUR 20 million. Sales by Outokumpu Copper MKM Ltd in 2005 amounted to some EUR 70 million. It employs 320 people.

The assets and liabilities of Outokumpu Copper Tube and Brass are presented as held for sale. Outokumpu is currently implementing a vigorous improvement project in its existing copper tube and brass business and Outokumpu has stated its intention to divest the tube and brass business.

Specification of discontinued operations and assets held for sale
Income statement

EUR million	Jan-March 2006	Jan-March 2005	Jan-Dec 2005
Sales	169	524	921
Expenses	(157)	(524)	(927)
Operating profit	12	0	(6)
Net financial items	(1)	(10)	(10)
Profit/(loss) before taxes	11	(10)	(16)
Taxes	(0)	(1)	(4)
Profit/(loss) after taxes	11	(11)	(20)
Impairment loss recognized on the fair valuation of the Tube and Brass division's assets and liabilities	(1)	(83)	(86)
Loss on the sale of the fabricated copper products business	-	(238)	(252)
Taxes	-	-	-
After-tax loss recognized on the measurement of assets and liabilities of the disposal group	10	(321)	(338)
Minority interest	(0)	(1)	(1)
Net profit/(loss) for the period from discontinued operations	10	(333)	(360)

Balance sheet

EUR million	March 31 2006	March 31 2005	Dec 31 2005
Assets			
Intangible and tangible assets	6	8	9
Other non-current assets	4	5	4
Inventories	90	100	113
Purchase money claim	-	520	-
Other current non-interest bearing assets	102	95	95
	201	729	221
Liabilities			
Provisions	6	3	7
Other non-current non-interest bearing liabilities	4	24	17
Trade payables	44	46	49
Other current non-interest bearing liabilities	14	22	17
	68	95	89

Cash flows

EUR million	Jan-March 2006	Jan-March 2005	Jan-Dec 2005
Operating cash flows	(13)	(53)	(88)
Investing cash flows	(2)	(11)	(70)
Financing cash flows	13	59	142
Total cash flows	(2)	5	(17)

Major non-recurring items in operating profit

EUR million	Jan-March 2006	Jan-March 2005	Jan-Dec 2005
Gain on the sale of the Boliden shares	-	25	35
Fixed cost reduction program	-	-	(34)
Coil Products Sheffield closure	-	-	(130)
	-	25	(129)

Income taxes

EUR million	Jan-March 2006	Jan-March 2005	Jan-Dec 2005
Current taxes	(10)	(16)	(67)
Deferred taxes	(10)	(4)	43
	(20)	(20)	(24)

Commitments

EUR million	March 31 2006	March 31 2005	Dec 31 2005
Mortgages and pledges			
Mortgages on land	128	96	94
Other pledges	4	11	8
Guarantees			
On behalf of subsidiaries			
For commercial commitments	88	40	77
On behalf of associated companies			
For financing	4	4	4
Other commitments	64	69	65
Minimum future lease payments on operating leases	119	109	120

Open derivative instruments

	March 31 2006	Dec 31 2005	March 31 2006	Dec 31 2005
EUR million	Net fair values		Contract amounts	
Currency and interest rate derivatives				
Currency forwards	(2)	(1)	1 876	1 796
Interest rate swaps	8	3	382	432
			Tonnes	Tonnes
Metal derivatives				
Copper forward and futures contracts	2	(1)	17 900	33 775
Nickel forward and futures contracts	1	1	1 446	1 608
Zinc forward and futures contracts	0	0	2 325	1 300
			TWh	TWh
Electricity derivatives				
Traded electricity forwards and futures	1	1	0.1	0.1
Other financial contracts	30	13	4.5	4.6

Income statement by quarter

EUR million	I/05	II/05	III/05	IV/05	2005	I/06
Continuing operations:						
Sales	1 456	1 589	1 191	1 317	5 552	1 548
Operating profit	121	161	(20)	(179)	83	71
Share of results in associated companies	(1)	2	(1)	0	0	(0)
Financial income and expenses	(12)	(19)	(18)	(13)	(61)	(5)
Profit/(loss) before taxes	108	144	(39)	(191)	22	66
Income taxes	(20)	(39)	8	26	(24)	(20)
Net profit/(loss) for the period from continuing operations	89	105	(31)	(165)	(3)	46
Net profit/(loss) for the period from discontinued operations	(333)	(8)	(5)	(14)	(360)	10
Net profit/(loss) for the period	(244)	97	(36)	(180)	(363)	56
Attributable to:						
Equity holders of the Company	(245)	96	(36)	(179)	(364)	56
Minority interest	1	1	0	(1)	1	(0)

Major non-recurring items in operating profit

EUR million	I/05	II/05	III/05	IV/05	2005	I/06
General Stainless						
Coil Products Sheffield closure	-	-	-	(127)	(127)	-
Fixed cost reduction program	-	-	-	(11)	(11)	-
Specialty Stainless						
Fixed cost reduction program	-	-	-	(21)	(21)	-
Technology						
-	-	-	-	-	-	-
Other operations						
Fixed cost reduction program	-	-	-	(3)	(3)	-
Coil Products Sheffield closure	-	-	-	(3)	(3)	-
Gain on the sale of the Boliden shares	25	-	10	-	35	-
	25	-	10	(164)	(129)	-

Key figures by quarter

EUR million	I/05	II/05	III/05	IV/05	I/06
Operating profit margin, %	8.3	10.1	(1.7)	(13.6)	4.6
Return on capital employed, %	10.9	16.0	(2.0)	(18.8)	8.0
Return on equity, %	(41.0)	17.2	(6.4)	(33.5)	11.0
Return on equity, continuing operations, %	14.9	18.6	(5.5)	(30.8)	9.0
Capital employed at end of period	3 953	4 084	3 981	3 599	3 513
Net interest-bearing debt at end of period	1 695	1 822	1 744	1 537	1 483
Equity-to-assets ratio at end of period, %	35.5	37.2	38.7	38.2	37.4
Debt-to-equity ratio at end of period, %	75.0	80.6	77.9	74.5	73.0
Earnings per share, EUR	(1.35)	0.53	(0.20)	(0.99)	0.31
Earnings per share from continuing operations, EUR	0.49	0.57	(0.17)	(0.91)	0.26
Earnings per share from discontinued operations, EUR	(1.84)	(0.04)	(0.03)	(0.08)	0.06
Average number of shares outstanding, in thousands ¹⁾	180 901	181 032	181 032	181 032	181 032
Equity per share at end of period, EUR	12.39	12.41	12.27	11.31	11.14
Number of shares outstanding at end of period, in thousands ¹⁾	181 032	181 032	181 032	181 032	181 032
Capital expenditure, continuing operations	37	41	39	57	35
Depreciation, continuing operations	53	54	54	55	53
Average personnel for the period, continuing operations	11 475	11 833	11 746	11 013	10 554

1) The number of own shares repurchased is excluded.