

October 23, 2006 at 1.00 pm

1 (22)

## OUTOKUMPU'S THIRD-QUARTER 2006 INTERIM REPORT – SOARING BASE PRICES AND NICKEL RELATED INVENTORY GAINS BOOSTED PROFITS

Outokumpu's sales for July-September 2006 increased to EUR 1 447 million (II/2006: EUR 1 392 million). Operating profit improved substantially to EUR 231 million (II/2006: EUR 149 million). Net profit for the period was EUR 172 million (II/2006: EUR 133 million) and earnings per share EUR 0.94. Working capital increased by EUR 312 million as a result of higher nickel prices and consequently net cash generated from the Group's operating activities was EUR 24 million negative. Following the sale of Outokumpu Technology's shares in early October, Outokumpu Oyj's holding in the company was reduced to 12%. Outokumpu Technology has in this interim report been classified as a discontinued operation and comparative income statement figures have been restated. Proceeds and capital gain from the sale will be recorded in the Outokumpu Group's fourth quarter results.

Group key figures		July-Sept 2006	April-June 2006	July-Sept 2005	Jan-Dec 2005
Sales	EUR million	1 447	1 392	1 063	5 016
Operating profit	EUR million	231	149	(26)	57
Non-recurring items in operating profit	EUR million	-	-	10	(129)
Profit before taxes	EUR million	214	141	(45)	(8)
Net profit/(loss) for the period from continuing operations	EUR million	166	112	(36)	(24)
Net profit/(loss) for the period	EUR million	172	133	(36)	(363)
Earnings per share from continuing operations	EUR	0.91	0.62	(0.20)	(0.14)
Earnings per share	EUR	0.94	0.73	(0.20)	(2.01)
Net cash generated from operating activities	EUR million	(24)	33	132	459
Net interest-bearing debt at end of period	EUR million	1 560	1 509	1 744	1 537
Debt-to-equity ratio at end of period	%	66.4	69.5	77.9	74.5
Return on capital employed	%	24.3	16.5	(2.6)	1.3
Capital expenditure, continuing operations	EUR million	45	34	37	164
Stainless steel deliveries	1 000 tonnes	393	467	333	1 647
Average personnel for the period, continuing operations		8 665	8 822	9 877	9 579

Following the sale of Outokumpu Technology shares comparative figures have been restated.

### THE THIRD QUARTER IN BRIEF

- Strong demand for stainless steel continued in Europe despite the holiday season. Base prices rose primarily because of good end-user demand. According to CRU, the German base price for cold rolled 304 sheet rose by 205 EUR/tonne from June and stood at 1 640 EUR/tonne at the end of September.
- The price of nickel, the most expensive alloying material in stainless steel, rose substantially during the third quarter and reached a new all time high closing quotation at 34 750 USD/tonne in late August. The average price during the quarter was 29 154 USD/tonne, up 46% from the preceding quarter.

Outokumpu Oyj  
Corporate Management

Riihitontuntie 7 B, P.O. Box 140, FI-02201 Espoo, Finland  
Tel. +358 9 4211, Fax +358 9 421 3888, www.outokumpu.com  
Domicile Espoo, Finland, Business ID 0215254-2, VAT FI02152542

- Outokumpu's annual maintenance breaks in August and September were completed as planned. Total stainless steel deliveries of 393 000 tonnes were 16% lower than during the second quarter. Available capacity has been fully utilized and order backlogs of the units are high.
- Operating profit increased substantially from the previous quarter to EUR 231 million. The improvement in profit resulted from higher than expected base price increases achieved and even more from nickel related inventory gains. The performance improvement programs continued to progress well. Return on capital employed was 24.3%.
- The Group's net cash generated from operating activities was EUR 24 million negative. EUR 312 million was tied up in working capital primarily because of high raw material prices and partly because of the slight increase in inventory volumes due to maintenance breaks. However, due to the good result gearing improved further to 66.4%.
- The offering of shares in Outokumpu Technology commenced on September 26, 2006 and ended on October 9, 2006. As a result of the offering Outokumpu Oyj sold 36 960 001 shares and Outokumpu Oyj's remaining holding in Outokumpu Technology decreased to 12%. In this interim report Outokumpu Technology has therefore been classified as a discontinued operation and reported separately from the continuing operations. Net proceeds from the sale amounted to some EUR 450 million and capital gain from the sale to some EUR 330 million. The transaction will be recorded in the Group's fourth quarter results.

### **SHORT-TERM OUTLOOK**

Demand for stainless steel continues strong. The Group's order backlog is firm and Outokumpu is currently selling for deliveries in February. Good demand and supply constraints have been the main drivers for base price increases for the fourth quarter deliveries. For example in Germany, Outokumpu's base price for cold rolled 304 sheet for December is 200-250 EUR/tonne higher than it was in September. Further small base price increases have been achieved also for January and February deliveries in Europe. The record high nickel prices will increase alloy surcharges substantially during the coming months. This will result in the highest ever stainless steel transaction prices, which may cause uncertainty in the market.

All of Outokumpu's mills continue to run at full load. With higher deliveries and base prices Outokumpu's operational profitability for the fourth quarter is expected to clearly exceed that achieved in the third quarter. In addition to improving operational result, further inventory gains are estimated to be recognized in the fourth quarter as a result of rapid rise in nickel prices in August and September.

#### **CEO Juha Rantanen:**

"I am very pleased with our performance in the third quarter. Stainless markets are strong and our internal improvement initiatives are starting to deliver their benefits. Also an important milestone was achieved with the successful listing of Outokumpu Technology. That frees both managerial and financial resources to develop our core stainless business further."

## MANAGEMENT ANALYSIS OF THE THIRD-QUARTER OPERATING RESULT

### Group key figures

EUR million	I/05	II/05	III/05	IV/05	2005	I/06	II/06	III/06
<b>Sales</b>								
General Stainless	1 286	1 158	813	816	4 073	1 013	1 066	<b>1 130</b>
Specialty Stainless	785	819	584	552	2 739	650	638	<b>614</b>
Other operations	55	71	70	76	272	87	93	<b>96</b>
Intra-group sales	(732)	(605)	(404)	(328)	(2 068)	(342)	(405)	<b>(394)</b>
The Group	1 394	1 442	1 063	1 117	5 016	1 408	1 392	<b>1 447</b>
<b>Operating profit</b>								
General Stainless	71	93	(55)	(170)	(62)	43	91	<b>166</b>
Specialty Stainless	55	65	14	(23)	110	22	65	<b>81</b>
Other operations	9	(3)	10	(8)	8	2	(8)	<b>(13)</b>
Intra-group items	(6)	3	5	(1)	1	(0)	1	<b>(3)</b>
The Group	129	157	(26)	(202)	57	67	149	<b>231</b>

### Stainless steel deliveries

1 000 tonnes	I/05	II/05	III/05	IV/05	2005	I/06	II/06	III/06
Cold rolled	233	226	195	212	867	286	239	<b>200</b>
White hot strip	135	126	61	68	391	104	103	<b>80</b>
Other	117	106	77	89	390	121	125	<b>113</b>
Total deliveries	485	459	333	370	1 647	510	467	<b>393</b>

### Market prices and exchange rates

		I/05	II/05	III/05	IV/05	2005	I/06	II/06	III/06
<b>Market prices <sup>1)</sup></b>									
Stainless steel									
Base price	EUR/t	1 332	1 217	1 113	1 035	1 174	1 127	1 342	<b>1 572</b>
Alloy surcharge	EUR/t	875	956	1 012	923	942	844	1 020	<b>1 437</b>
Transaction price	EUR/t	2 207	2 173	2 125	1 958	2 116	1 971	2 362	<b>3 009</b>
Nickel									
	USD/t	15 348	16 411	14 567	12 649	14 744	14 810	19 925	<b>29 154</b>
	EUR/t	11 704	13 031	11 941	10 644	11 851	12 318	15 836	<b>22 878</b>
Ferrochrome (Cr-content)									
	USD/lb	0.78	0.78	0.73	0.68	0.74	0.63	0.70	<b>0.75</b>
	EUR/kg	1.31	1.37	1.32	1.26	1.32	1.16	1.23	<b>1.30</b>
Molybdenum									
	USD/lb	32.02	35.62	31.74	30.66	32.51	23.38	25.01	<b>26.47</b>
	EUR/kg	53.84	62.35	57.37	56.89	57.61	42.86	43.82	<b>45.79</b>
Steel scrap									
	USD/t	221	193	208	193	204	200	238	<b>243</b>
	EUR/t	169	153	170	162	164	167	189	<b>191</b>
<b>Exchange rates</b>									
EUR/USD		1.311	1.259	1.220	1.188	1.244	1.202	1.258	<b>1.274</b>
EUR/SEK		9.074	9.208	9.366	9.473	9.282	9.352	9.298	<b>9.230</b>
EUR/GBP		0.694	0.679	0.683	0.680	0.684	0.686	0.688	<b>0.680</b>

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

### **Strong demand in the stainless steel market continued**

Favorable development in global stainless steel markets continued in the third quarter. Demand remained at a high level. It seems that customer inventories have increased only moderately closer to normal levels. Mainly due to the holiday season in Europe, global apparent consumption of stainless steel flat products decreased by some 3% from the previous quarter, but was 17% higher compared to the third quarter in 2005. The supply of stainless steel in Europe continued to be affected by production constraints and base prices rose strongly. According to CRU, the base price for 304 cold rolled stainless steel sheet in Germany rose by a total of 205 EUR/tonne during the period. The average German base price was 1 572 EUR/tonne, up by 17% from the previous quarter.

Prices for the main alloying materials used in manufacturing stainless steel; nickel, ferrochrome and molybdenum continued to be high. The price of nickel reached another new record and the average price was 29 154 USD/tonne, an increase of 46% from the previous quarter. Nickel prices have remained above 30 000 USD/tonne in October. Markets for ferrochrome continued to be undersupplied. The average price of ferrochrome was 0.75 USD/lb, up by 7% from the previous quarter. The price of molybdenum rose by 6% from the previous quarter to 26.47 USD/lb. The price of stainless steel scrap increased by 2%. The alloy surcharge has increased month-on-month throughout 2006. According to CRU, the alloy surcharge for 304 cold rolled stainless steel sheet in Germany was 1 620 EUR/tonne in September and it is expected to exceed 1 900 EUR/tonne in October and 2 000 EUR/tonne in November. This together with soaring base prices will result in the highest ever stainless steel transaction prices during the fourth quarter.

### **Performance improvement programs progressing well**

A total of sixteen plants are currently involved in the production excellence program: five are in the preparation phase, eight are in the pilot phase and all three melt shops are in the expansion phase. Two more plants will join the program this year. The results achieved are encouraging and units have already recognized and implemented a multitude of improvement actions in the production processes. In the commercial excellence program a common pricing methodology and tools are being developed. Training of key account managers continues. The combined benefits from these long-term operational enhancement programs will be achieved 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.

The annual profit improvement resulting from the closure of Coil Products Sheffield, which was completed at the end of April, will be some EUR 50 million.

The fixed cost reduction program progresses according to plan with the annual savings target of EUR 100 million. The reduced fixed cost running rate has started to materialize during the third quarter and full effect will materialize in 2007.

### **Operating profit boosted**

The Group's sales in the review period totaled EUR 1 447 million, 4% higher than in the previous quarter due to higher transaction prices. Order intake for all of the Group's units continued strong. The annual maintenance breaks were successfully completed in August and September and reduced total stainless steel deliveries to 393 000 tonnes, 16% lower than in the second quarter. Operating profit increased by 55% to EUR 231 million. Solid rise in base prices and even more so substantial nickel related inventory gains contributed to the significant profit improvement in spite of the lower deliveries. These inventory gains resulted from timing differences between the alloy surcharge and inventory turnover especially in Specialty Stainless. In principle, the alloy surcharge mechanism offers the stainless steel producer a hedge tool against the fluctuations in the prices of alloying materials. Strong and rapid changes in raw material prices may, however, cause substantial inventory gains or losses even if timing differences are small.

## General Stainless – profiting from price increases

### General Stainless

EUR million	I/05	II/05	III/05	IV/05	2005	I/06	II/06	III/06
Sales	1 286	1 158	813	816	4 073	1 013	1 066	<b>1 130</b>
of which Tornio Works	699	657	476	467	2 299	652	740	<b>781</b>
Operating profit	71	93	(55)	(170)	(62)	43	91	<b>166</b>
of which Tornio Works	59	74	(36)	(48)	49	37	70	<b>120</b>
Operating capital at the end of period	2 920	2 901	2 820	2 484	2 484	2 397	2 404	<b>2 602</b>
Deliveries of main products (1 000 tonnes)								
Cold rolled	210	183	162	179	734	246	206	<b>172</b>
White hot strip	102	89	41	53	284	74	85	<b>62</b>
Other	238	192	105	97	631	128	144	<b>126</b>
Total deliveries of the division	550	463	307	329	1 649	448	434	<b>360</b>

Sales by General Stainless totaled EUR 1 130 million, an increase of 6% compared to the previous quarter. Higher transaction prices boosted sales while deliveries were 17% lower than in the previous quarter due to annual maintenance breaks and the holiday season. Operating profit increased to EUR 166 million. The strong result improvement is attributable to higher stainless steel base prices. In General Stainless, inventory turnover is close to the determination period used for the alloy surcharge and, therefore, inventory gains due to the timing differences between the alloy surcharge and inventory turnover were quite moderate.

Tornio Works posted an excellent operating profit of EUR 120 million for the review period. Annual maintenance breaks in August-September were completed as planned.

## Specialty Stainless – support from inventory gains

### Specialty Stainless

EUR million	I/05	II/05	III/05	IV/05	2005	I/06	II/06	III/06
Sales	785	819	584	552	2 739	650	638	<b>614</b>
Operating profit	55	65	14	(23)	110	22	65	<b>81</b>
Operating capital at the end of period	1 248	1 358	1 310	1 161	1 161	1 173	1 240	<b>1 350</b>
Deliveries of main products (1 000 tonnes)								
Cold rolled	44	54	43	47	188	56	54	<b>39</b>
White hot strip	57	43	30	30	160	49	41	<b>33</b>
Other	148	148	89	71	455	76	79	<b>67</b>
Total deliveries of the division	249	245	162	148	803	182	173	<b>139</b>

Sales by Specialty Stainless were slightly lower than in the previous quarter and totaled EUR 614 million. Deliveries were 20% lower than in the second quarter. Operating profit increased by 25% and totaled EUR 81 million. The main contributors to the improved profit were higher prices and inventory gains. The prices of project related and special products are more stable than those of standard products. Therefore, profit improvement following base price increases materializes in Specialty Stainless slightly slower than in General Stainless. In Specialty Stainless, the inventory turnover is slower than in big volume standard products due to the more specialised production with longer lead-times. Consequently, Specialty Stainless' units are more sensitive to inventory gains and losses.

The EUR 53 million investment in the Thin Strip cold rolling mill in Kloster, Sweden is coming close to completion and production will commence during the first quarter of 2007.

## Other operations

### Other operations

EUR million	I/05	II/05	III/05	IV/05	2005	I/06	II/06	III/06
Sales	55	71	70	76	272	87	93	<b>96</b>
Operating profit	9	(3)	10	(8)	8	2	(8)	<b>(13)</b>
Operating capital at the end of period	34	43	37	139	139	134	240	<b>188</b>

Other operations consists of activities outside the Group's primary businesses as well as industrial holdings. Business development costs and expenses associated with Group functions that are not allocated to the businesses are also reported under Other operations.

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](mailto:kari.lassila@outokumpu.com)

Eero Mustala, SVP – Corporate Communications, tel. +358 9 421 2435  
[eero.mustala@outokumpu.com](mailto: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 third-quarter interim report will be held on October 23, 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 0125 (UK) or +1 334 323 6203 (US & Canada). The password is Outokumpu.

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

An on-demand webcast of the news conference will be available at [www.outokumpu.com](http://www.outokumpu.com) as of October 23, 2006 at around 6.00 pm. An instant replay service of the conference call will be available until Thursday, October 26, 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 722 974.

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](mailto:ingela.ulfves@outokumpu.com)  
[www.outokumpu.com](http://www.outokumpu.com)

## **INTERIM REVIEW BY THE BOARD OF DIRECTORS – JANUARY-SEPTEMBER 2006**

### **Strong demand for stainless steel**

During January-September, global apparent consumption of stainless steel was 7% higher than in the comparable period in the previous year. Demand for stainless steel has been strong and both base prices and transaction prices have risen month-on-month. According to CRU, the average German base price for 304 2mm cold rolled sheet was 1 347 EUR/tonne, 10% higher than in January-September 2005. At the end of September 2006, the base price was 1 640 EUR/tonne, an increase of 59% compared to 1 030 EUR/tonne at the end of 2005. Also raw material prices have increased strongly during 2006. The average nickel price in January-September was 21 296 USD/tonne, 38% higher than in 2005. In mid-August the price of nickel exceeded 30 000 USD/tonne and stood at 31 500 USD/tonne at the end of September.

### **Solid improvement in financial result**

The Group's sales in January-September totaled EUR 4 247 million (I-III/2005: EUR 3 899 million), an increase of 9%. Stainless steel deliveries increased by 7% to 1 371 000 tonnes.

The Group's operating profit rose to EUR 446 million (I-III/2005: EUR 260 million). In the comparison period in 2005, operating profit included a non-recurring gain of EUR 35 million from the sale of Boliden shares. Increased deliveries and higher base prices together with substantial inventory gains due to timing differences between the alloy surcharge and inventory turnover were the main contributors to the significant improvement in profit. The Group's performance improvement programs continued to progress according to plan.

Net financial expenses totaled EUR 35 million (I-III/2005: EUR 54 million) and included net market price gains of EUR 13 million (I-III/2005: EUR 3 million losses). Net profit for the period from continuing operations totaled EUR 320 million (I-III/2005: EUR 160 million) and net profit from discontinued operations totaled EUR 40 million (I-III/2005: EUR 343 million negative). Earnings per share from continuing operations rose to EUR 1.76 and from discontinued operations to EUR 0.22. Return on capital employed improved to 15.8% (I-III/2005: 7.8%).

### **Capital expenditure and cash flow**

Capital expenditure for January-September totaled EUR 113 million (I-III/2005: EUR 112 million). The Group's capital expenditure limit for the 2006-2007 period has been set at an annual level of EUR 175 million.

Net cash generated from operating activities totaled EUR 47 million (I-III/2005: EUR 253 million). It is estimated that the Group has excess working capital of some EUR 400 million as a result of the extremely high nickel prices compared to 2005 year-end prices. Outokumpu strives to keep inventory volumes low, especially when raw material prices are high and volatile.

Net interest-bearing debt totaled EUR 1 560 (Dec. 31, 2005: EUR 1 537 million). Gearing has improved throughout 2006 and stood at 66.4% at the end of September (Dec. 31, 2005: 74.5%). Net assets in discontinued operations are classified as interest-bearing assets in the calculation of gearing.

### **Sale of Outokumpu Technology shares**

In June 2006, the Board of Directors of Outokumpu Oyj decided to start evaluating the possibility of listing Outokumpu Technology Oyj on the Helsinki Stock Exchange. On September 25, 2006, the Board decided to commence the offering of shares in Outokumpu Technology. The offering structure was a sale of shares and the offering commenced on September 26, 2006 and ended on October 9, 2006. As a result of the offering, Outokumpu Oyj sold 36 960 001 shares at EUR 12.50 per share and

Outokumpu Oyj's remaining holding in Outokumpu Technology is 12%. As a consequence, Outokumpu Technology has been classified as a discontinued operation in this interim report and reported separately from the Group's continuing operations. Net proceeds from the sale amounted to some EUR 450 million and the capital gain totaled some EUR 330 million. The sale of shares and fair valuation of the remaining stake in Outokumpu Technology will increase the total equity and reduce the net interest-bearing debt of Outokumpu Group by some EUR 380 million. The increase in Outokumpu's total equity consists of the capital gain resulting from the sale of the shares and fair valuation of the remaining shares, recognised directly in the total equity. The transaction will be recorded in the Group's fourth quarter results.

Outokumpu Technology Oyj is a global leader in designing, developing and supplying tailored plants, processes and equipment for the minerals and metals processing industries worldwide. Outokumpu Technology has 1 800 employees and generated sales of EUR 556 million in 2005. The net assets related to Outokumpu Technology in the Group's balance sheet at the end of September totaled EUR 84 million.

### **Other discontinued operations - Outokumpu Copper Tube and Brass**

The profitability improvement program in Outokumpu Copper Tube and Brass continues. In January-September 2006, the copper tube and brass business posted an operating profit of EUR 33 million, this figure includes the gain from the sale of Outokumpu Copper MKM Ltd and inventory gains. Operating capital at the end of September was EUR 174 million.

The fabricated copper products business that was sold in 2005 comprised among others Outokumpu Copper (USA), Inc. The company has been served with several complaints in cases filed in federal district courts and state courts in US by various plaintiffs. The complaints allege claims and damages under US antitrust laws and purport to be class actions on behalf of all direct and indirect purchasers of copper plumbing tubes and ACR tubes in the US. Outokumpu believes that the allegations in these cases 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 these class actions.

### **Environment, health and safety**

Actual 2005 carbon dioxide emissions have been reported and pertinent allowances submitted to the local authorities. In 2005, the plants in Finland and Sweden had surplus allowances due to lower production volumes and better than estimated energy efficiency. During January-September 2006 Outokumpu has sold 285 000 tonnes of excess allowances and the proceeds from the sale totaled EUR 5 million. New allowances for 2006 were distributed in February. Preparations to apply for allowances in the 2008-2012 Kyoto-period are underway.

Emissions and discharges were within permitted limits at the majority of the Group's sites.

The lost time injury frequency rate (i.e lost time accidents per million working hours) in the Group's continuing operations was 16 (I-III/2005:18). The Group's target is less than 14 lost time accidents per million working hours in 2006 and less than five in 2009. No major accidents were reported during January-September 2006. The Group's annual safety seminar was held in September. Avesta Works received the Outokumpu Safety Award 2006. This annual award is given to one of Outokumpu's units as a recognition for the systematic development of safety management and for good safety performance.

## Personnel

During January-September 2006 the Group's continuing operations employed an average of 8 620 people (I-III/2005: 9 785) and there were 8 215 employees at the end of September (Dec. 31, 2005: 8 963).

## Annual General Meeting 2006

The Annual General Meeting (AGM) of March 30, 2006 approved a dividend of EUR 0.45 per share for 2005. Dividends totaling EUR 81 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 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 October 23, 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

Demand for stainless steel continues strong. The Group's order backlog is firm and Outokumpu is currently selling for deliveries in February. Good demand and supply constraints have been the main drivers for base price increases for the fourth quarter deliveries. For example in Germany, Outokumpu's base price for cold rolled 304 sheet for December is 200-250 EUR/tonne higher than it was in September. Further small base price increases have been achieved also for January and February deliveries in Europe. The record high nickel prices will increase alloy surcharges substantially during the coming months. This will result in the highest ever stainless steel transaction prices, which may cause uncertainty in the market.

All of Outokumpu's mills continue to run at full load. With higher deliveries and base prices Outokumpu's operational profitability for the fourth quarter is expected to clearly exceed that achieved in the third quarter. In addition to improving operational result, further inventory gains are estimated to be recognized in the fourth quarter as a result of rapid rise in nickel prices in August and September.

Espoo, October 23, 2006

Board of Directors

**CONSOLIDATED FINANCIAL STATEMENTS** (unaudited)

**Condensed income statement**

EUR million	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
<b>Continuing operations:</b>			
<b>Sales</b>	<b>4 247</b>	3 899	5 016
Other operating income	<b>52</b>	60	83
Costs and expenses	<b>(3 836)</b>	(3 695)	(4 947)
Other operating expenses	<b>(18)</b>	(5)	(94)
<b>Operating profit</b>	<b>446</b>	260	57
Share of results in associated companies	<b>3</b>	1	1
Financial income and expenses			
Net interest expenses	<b>(51)</b>	(52)	(65)
Market price gains and losses	<b>13</b>	(3)	(1)
Other financial income and expenses	<b>3</b>	0	0
<b>Profit before taxes</b>	<b>415</b>	207	(8)
Income taxes	<b>(95)</b>	(47)	(16)
<b>Net profit/(loss) for the period from continuing operations</b>	<b>320</b>	160	(24)
<b>Discontinued operations:</b>			
<b>Net profit/(loss) for the period from discontinued operations</b>	<b>40</b>	(343)	(339)
<b>Net profit/(loss) for the period</b>	<b>360</b>	(183)	(363)
<b>Attributable to:</b>			
Equity holders of the Company	<b>359</b>	(185)	(364)
Minority interest	<b>1</b>	2	1
<b>Earnings per share for profit attributable to the equity holders of the Company:</b>			
Earnings per share, EUR	<b>1.98</b>	(1.02)	(2.01)
Diluted earnings per share, EUR	<b>1.98</b>	(1.02)	(2.01)
<b>Earnings per share from continuing operations attributable to the equity holders of the Company:</b>			
Earnings per share, EUR	<b>1.76</b>	0.87	(0.14)
<b>Earnings per share from discontinued operations attributable to the equity holders of the Company:</b>			
Earnings per share, EUR	<b>0.22</b>	(1.89)	(1.87)

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	Sept 30 2006	Sept 30 2005	Dec 31 2005
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	496	589	578
Property, plant and equipment	2 037	2 217	2 125
Non-current financial assets			
Interest-bearing	270	249	262
Non interest-bearing	42	42	45
	<b>2 845</b>	<b>3 097</b>	<b>3 009</b>
<b>Current assets</b>			
Inventories	1 518	1 414	1 186
Current financial assets			
Interest-bearing	69	46	37
Non interest-bearing	1 026	832	841
Cash and cash equivalents	98	257	212
	<b>2 711</b>	<b>2 549</b>	<b>2 277</b>
<b>Assets held for sale</b>	<b>678</b>	<b>201</b>	<b>221</b>
<b>Total assets</b>	<b>6 233</b>	<b>5 846</b>	<b>5 507</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to the equity holders of the Company	2 334	2 221	2 047
Minority interest	16	16	15
	<b>2 350</b>	<b>2 237</b>	<b>2 062</b>
<b>Non-current liabilities</b>			
Interest-bearing	1 365	1 779	1 624
Non interest-bearing	329	387	319
	<b>1 694</b>	<b>2 166</b>	<b>1 943</b>
<b>Current liabilities</b>			
Interest-bearing	890	637	556
Non interest-bearing	880	725	857
	<b>1 770</b>	<b>1 362</b>	<b>1 413</b>
<b>Liabilities related to assets held for sale</b>	<b>420</b>	<b>80</b>	<b>89</b>
<b>Total equity and liabilities</b>	<b>6 233</b>	<b>5 846</b>	<b>5 507</b>

**Consolidated statement of changes in equity**

	Attributable to the equity holders of the Company								Total equity
	Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Cumulative translation differences	Retained earnings	Minority interest	
EUR million									
<b>Equity on December 31, 2004</b>	<b>308</b>	<b>700</b>	<b>13</b>	<b>15</b>	<b>(5)</b>	<b>(59)</b>	<b>1 496</b>	<b>38</b>	<b>2 506</b>
Cash flow hedges	-	-	-	5	-	-	-	-	5
Fair value gains on available-for-sale financial assets	-	-	-	0	-	-	-	-	0
Net investment hedges	-	-	-	-	-	0	-	-	0
Change in translation differences	-	-	-	-	-	19	-	1	20
Items recognised directly in equity	-	-	-	5	-	19	-	1	25
Net loss for the period	-	-	-	-	-	-	(185)	1	(184)
<b>Total recognised income and expenses</b>	-	-	-	5	-	19	(185)	1	(160)
Dividend distribution	-	-	-	-	-	-	(91)	-	(91)
Management stock option program:									
value of received services	-	-	-	-	-	-	2	-	2
Transfer of treasury shares	-	1	-	-	3	-	-	-	4
Effect of the sale of the fabricated copper products business	-	-	-	-	-	-	-	(24)	(24)
Other changes	-	-	(1)	-	-	-	-	-	(1)
<b>Equity on September 30, 2005</b>	<b>308</b>	<b>701</b>	<b>11</b>	<b>20</b>	<b>(2)</b>	<b>(39)</b>	<b>1 222</b>	<b>16</b>	<b>2 237</b>
<b>Equity on December 31, 2005</b>	<b>308</b>	<b>701</b>	<b>11</b>	<b>23</b>	<b>(2)</b>	<b>(38)</b>	<b>1 044</b>	<b>15</b>	<b>2 062</b>
Cash flow hedges	-	-	-	5	-	-	-	-	5
Fair value gains on available-for-sale financial assets	-	-	-	9	-	-	-	-	9
Net investment hedges	-	-	-	-	-	(1)	-	-	(1)
Change in translation differences	-	-	-	-	-	(5)	-	0	(5)
Items recognised directly in equity	-	-	-	14	-	(6)	-	0	8
Net profit for the period	-	-	-	-	-	-	359	1	360
<b>Total recognised income and expenses</b>	-	-	-	14	-	(6)	359	1	368
Dividend distribution	-	-	-	-	-	-	(81)	-	(81)
Management stock option program:									
value of received services	-	-	-	-	-	-	1	-	1
<b>Equity on September 30, 2006</b>	<b>308</b>	<b>701</b>	<b>11</b>	<b>37</b>	<b>(2)</b>	<b>(44)</b>	<b>1 323</b>	<b>16</b>	<b>2 350</b>

**Condensed statement of cash flows**

EUR million	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
Net profit/(loss) for the period	<b>360</b>	(183)	(363)
Adjustments			
Depreciation and amortization	<b>176</b>	176	232
Impairments	<b>6</b>	88	168
Loss on the sale of the fabricated copper products business	<b>-</b>	245	252
Other adjustments	<b>141</b>	120	92
(Increase)/decrease in working capital	<b>(525)</b>	(85)	202
Dividends received	<b>7</b>	7	7
Interests received	<b>12</b>	12	21
Interests paid	<b>(69)</b>	(79)	(93)
Income taxes paid	<b>(63)</b>	(47)	(58)
<b>Net cash from operating activities</b>	<b>47</b>	253	459
Purchases of assets	<b>(127)</b>	(184)	(245)
Proceeds from the sale of subsidiaries	<b>20</b>	482	489
Proceeds from the sale of shares in associated companies	<b>9</b>	290	290
Proceeds from the sale of other assets	<b>9</b>	10	13
Net cash from other investing activities	<b>1</b>	24	18
<b>Net cash from investing activities</b>	<b>(88)</b>	622	565
<b>Cash flow before financing activities</b>	<b>(41)</b>	875	1 024
Borrowings of long-term debt	<b>181</b>	108	136
Repayment of long-term debt	<b>(277)</b>	(300)	(454)
Increase/(decrease) in current debt	<b>191</b>	(510)	(600)
Dividends paid	<b>(81)</b>	(91)	(91)
Other financing cash flow	<b>(2)</b>	(39)	(22)
<b>Net cash from financing activities</b>	<b>11</b>	(833)	(1 032)
Adjustments	<b>0</b>	(0)	2
<b>Net change in cash and cash equivalents</b>	<b>(30)</b>	42	(6)
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>212</b>	211	211
Foreign exchange rate effect	<b>(6)</b>	4	7
Net change in cash and cash equivalents	<b>(30)</b>	42	(6)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>176</b>	257	212

**Key figures**

EUR million	Jan-Sept 2006	Jan-Sept 2005	Jan-Dec 2005
Operating profit margin, %	10.5	6.7	1.1
Return on capital employed, %	15.8	7.8	1.3
Return on equity, %	21.8	(10.3)	(15.9)
Return on equity from continuing operations, %	19.3	9.0	(1.1)
Capital employed at end of period	3 910	3 981	3 599
Net interest-bearing debt at end of period	1 560	1 744	1 537
Equity-to-assets ratio at end of period, %	37.7	38.7	38.2
Debt-to-equity ratio at end of period, %	66.4	77.9	74.5
Earnings per share, EUR	1.98	(1.02)	(2.01)
Earnings per share from continuing operations, EUR	1.76	0.87	(0.14)
Earnings per share from discontinued operations, EUR	0.22	(1.89)	(1.87)
Average number of shares outstanding, in thousands <sup>1)</sup>	181 032	181 027	181 031
Fully diluted earnings per share, EUR	1.98	(1.02)	(2.01)
Fully diluted average number of shares, in thousands <sup>1)</sup>	181 754	181 149	181 140
Equity per share at end of period, EUR	12.89	12.27	11.31
Number of shares outstanding at end of period, in thousands <sup>1)</sup>	181 032	181 032	181 032
Capital expenditure, continuing operations	113	112	164
Depreciation, continuing operations	169	154	207
Average personnel for the period, continuing operations	8 620	9 785	9 579

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 Group's financial statements.

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 Group's 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 September 30, 2006. Outokumpu Oyj held 218 603 treasury shares on September 30, 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 September 30, 2006.

Trading with Outokumpu Oyj's stock options 2003A has commenced on the main list of the Helsinki Stock Exchange as of September 1, 2006. Outokumpu has issued a total of 1.700.000 stock options 2003A. The Stock options have been allocated as part of the Group's incentive programs to key personnel of Outokumpu. Currently a total of 659 302 Outokumpu Oyj shares can be subscribed for with the 2003A stock options. The remaining 1.040.698 stock options have been annulled and removed from the Finnish book-entry system. The share subscription period for the 2003A stock options is September 1, 2006 - March 1, 2009. The current amounts that Outokumpu Oyj shares could be subscribed for with the 2003B and 2003C stock options are as follows: 2003B 1 032 570 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 3 024 932 and the number of shares by a maximum of 1 779 372 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, currently a total of 397 400 shares, their shareholding obtained via the program would amount to 0.2% of the Company's shares and voting rights.

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

## Non-current assets held for sale and discontinued operations

### Outokumpu Technology

In June, the Board of Directors of Outokumpu Oyj decided to start evaluating the possibility of listing Outokumpu Technology Oyj on the Helsinki Stock Exchange. On September 25, 2006, the Board decided to commence the offering of shares in Outokumpu Technology. The offering structure was sale of shares and the offering commenced on September 26, 2006 and ended on October 9, 2006. As a result of the offering Outokumpu Oyj sold 36 960 001 shares at EUR 12.50 per share and Outokumpu Oyj's remaining holding in Outokumpu Technology is 12%. Consequently Outokumpu Technology has been classified as a discontinued operation according to IFRS 5 "Non-current assets held for sale and Discontinued operations" and reported separately from the continuing operations in this interim report. The receivables and liabilities related to assets held for sale include 100% of Outokumpu Technology. The remaining 12 % share of Outokumpu Technology will be reported in the fourth quarter interim report as available-for-sale investment in accordance with IAS 39 and the fair valuation of the shares will be recognized directly in equity.

Net proceeds from the sale amounted to some EUR 450 million and the capital gain from the sale to some EUR 330 million. The sale of shares and fair valuation of the remaining stake in Outokumpu Technology will increase the total equity and reduce the net interest-bearing debt of Outokumpu Group by some EUR 380 million. The increase in the total equity of Outokumpu consists of the capital gain from the sale of the shares and the fair valuation of the remaining shares. The transaction will be recorded in the Group's fourth quarter results.

Outokumpu Technology Oyj is a global leader in designing, developing and supplying tailored plants, processes and equipment for the minerals and metals processing industries worldwide. Outokumpu Technology has 1 800 employees and generated sales of EUR 556 million in 2005. Outokumpu Technology posted an operating profit of EUR 31 million in January-September and the net assets related to Outokumpu Technology at the end of September totaled EUR 84 million.

### Outokumpu Copper Tube and Brass

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 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. The production capacity of Outokumpu Copper MKM Ltd is some 40 000 tonnes of brass rod and its sales in 2005 amounted to some EUR 70 million. It employs 320 people.

In July 2006 Outokumpu sold two minor companies with insignificant effect on Outokumpu Copper Tube and Brass' result.

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

In the following tables, Outokumpu Technology is referred as OT, Outokumpu Copper Tube and Brass as TB and Outokumpu Copper as OC.

**Specification of non-current assets held for sale and discontinued operations**
**Income statement**

EUR million	Jan-Sept 2006			Jan-Sept 2005			Jan-Dec 2005		
	Total	OT	TB	Total	OT	OC	Total	OT	OC
Sales	1 014	501	513	1 144	349	795	1 477	556	921
Expenses	(946)	(470)	(476)	(1 146)	(347)	(799)	(1 458)	(531)	(927)
Operating profit	68	31	37	(2)	2	(4)	19	25	(6)
Net financial items	0	5	(5)	(5)	3	(8)	(8)	3	(10)
Profit/(loss) before taxes	68	36	32	(7)	6	(12)	11	28	(16)
Taxes	(18)	(14)	(4)	(9)	(4)	(5)	(13)	(9)	(4)
Profit/(loss) after taxes	50	22	28	(15)	2	(17)	(1)	19	(20)
Impairment loss recognized on the fair valuation of the Tube and Brass division's assets and liabilities	(4)	-	(4)	(83)	-	(83)	(86)	-	(86)
Loss on the sale of the fabricated copper products business	-	-	-	(245)	-	(245)	(252)	-	(252)
Costs related to initial public offering of Outokumpu Technology	(6)	(6)	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-
After-tax loss recognized on the measurement of assets and liabilities of the disposal group	(9)	(6)	(4)	(328)	-	(328)	(338)	-	(338)
Minority interest	0	0	-	(1)	0	(1)	(1)	(0)	(1)
Net profit/(loss) for the period from discontinued operations	40	16	25	(343)	2	(346)	(339)	19	(360)

**Balance sheet**

EUR million	Sept 30 2006			Sept 30 2005			Dec 31 2005		
	Total	OT	TB	Total	OT	TB	Total	OT	TB
<b>Assets</b>									
Intangible and tangible assets	106	101	6	9	-	9	9	-	9
Other non-current assets	23	19	4	4	-	4	4	-	4
Inventories	190	60	130	90	-	90	113	-	113
Current interest-bearing assets	79	79	-	-	-	-	-	-	-
Other current non interest-bearing assets	280	159	121	98	-	98	95	-	95
	678	418	260	201	-	201	221	-	221
<b>Liabilities</b>									
Provisions	6	0	6	3	-	3	7	-	7
Non-current interest-bearing liabilities	4	4	-	-	-	-	-	-	-
Other non-current non interest-bearing liabilities	41	33	8	24	-	24	17	-	17
Current interest-bearing liabilities	0	0	-	-	-	-	-	-	-
Trade payables	100	43	57	36	-	36	49	-	49
Other current non interest-bearing liabilities	269	253	15	16	-	16	17	-	17
	420	334	86	80	-	80	89	-	89

**Cash flows**

EUR million	Jan-Sept 2006	Jan-Sept 2005	Jan-Dec 2005
Operating cash flows	(13)	(70)	(6)
Investing cash flows	(11)	(74)	(83)
Financing cash flows	24	129	132
Total cash flows	1	(16)	42

**Major non-recurring items in operating profit**

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

**Income taxes**

EUR million	Jan-Sept 2006	Jan-Sept 2005	Jan-Dec 2005
Current taxes	(61)	(30)	(63)
Deferred taxes	(34)	(17)	47
	(95)	(47)	(16)

**Commitments**

EUR million	Sept 30 2006	Sept 30 2005	Dec 31 2005
<b>Mortgages and pledges</b>			
Mortgages on land	129	86	94
Other pledges	4	0	8
<b>Guarantees</b>			
On behalf of subsidiaries			
For commercial commitments	137	124	77
On behalf of associated companies			
For financing	4	4	4
<b>Other commitments</b>	61	68	65
<b>Minimum future lease payments on operating leases</b>	119	122	120

**Fair values and nominal amounts of derivative instruments**

	Sept 30 2006	Sept 30 2006	Sept 30 2006	Dec 31 2005	Sept 2006	Dec 2005
EUR million	Positive fair value	Negative fair value	Net fair value	Net fair value	Contract amounts	Contract amounts
<b>Currency and interest rate derivatives</b>						
Currency forwards	9	6	3	(1)	2 179	1 796
Interest rate swaps	8	-	8	3	282	432
					<b>Tonnes</b>	<b>Tonnes</b>
<b>Metal derivatives</b>						
Forward and futures copper contracts	1	0	1	(1)	2 825	33 775
Forward and futures nickel contracts	4	1	3	1	1 812	1 608
Forward and futures zinc contracts	0	0	0	0	1 100	1 300
					<b>TWh</b>	<b>TWh</b>
<b>Electricity derivatives</b>						
Publicly traded electricity derivatives	1	0	1	1	0.0	0.1
Other electricity derivatives	53	20	33	13	4.5	4.6
	<b>76</b>	<b>27</b>	<b>49</b>	<b>15</b>		

**Income statement by quarter**

EUR million	I/05	II/05	III/05	IV/05	2005	I/06	II/06	III/06
<b>Continuing operations:</b>								
Sales	1 394	1 442	1 063	1 117	5 016	1 408	1 392	1 447
<b>Operating profit</b>	129	157	(26)	(202)	57	67	149	231
Share of results in associated companies	(1)	2	(0)	0	1	0	2	1
Financial income and expenses	(13)	(22)	(19)	(13)	(67)	(7)	(10)	(18)
<b>Profit/(loss) before taxes</b>	115	137	(45)	(215)	(8)	60	141	214
Income taxes	(19)	(37)	10	31	(16)	(18)	(29)	(48)
<b>Net profit/(loss) for the period from continuing operations</b>	96	99	(36)	(184)	(24)	41	112	166
<b>Net profit/(loss) for the period from discontinued operations</b>	(340)	(3)	(0)	4	(339)	15	20	6
<b>Net profit/(loss) for the period</b>	(244)	97	(36)	(180)	(363)	56	133	172
Attributable to:								
Equity holders of the Company	(245)	96	(36)	(179)	(364)	56	132	171
Minority interest	1	1	0	(1)	1	(0)	0	1

**Major non-recurring items in operating profit**

EUR million	I/05	II/05	III/05	IV/05	2005	I/06	II/06	III/06
General Stainless								
Coil Products Sheffield closure	-	-	-	(127)	(127)	-	-	-
Fixed cost reduction program	-	-	-	(11)	(11)	-	-	-
Specialty Stainless								
Fixed cost reduction program	-	-	-	(21)	(21)	-	-	-
Other operations								
Coil Products Sheffield closure	-	-	-	(3)	(3)	-	-	-
Fixed cost reduction program	-	-	-	(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	II/06	III/06
Operating profit margin, %	9.2	10.9	(2.4)	(18.1)	4.7	10.7	<b>16.0</b>
Return on capital employed, %	11.6	15.6	(2.6)	(21.4)	7.5	16.5	<b>24.3</b>
Return on equity, %	(41.0)	17.2	(6.4)	(33.5)	11.0	25.2	<b>30.4</b>
Return on equity, continuing operations, %	16.1	17.6	(6.3)	(34.2)	8.1	21.4	<b>29.4</b>
Capital employed at end of period	3 953	4 084	3 981	3 599	3 513	3 679	<b>3 910</b>
Net interest-bearing debt at end of period	1 695	1 822	1 744	1 537	1 483	1 509	<b>1 560</b>
Equity-to-assets ratio at end of period, %	35.5	37.2	38.7	38.2	37.4	38.4	<b>37.7</b>
Debt-to-equity ratio at end of period, %	75.0	80.6	77.9	74.5	73.0	69.5	<b>66.4</b>
Earnings per share, EUR	(1.35)	0.53	(0.20)	(0.99)	0.31	0.73	<b>0.94</b>
Earnings per share from continuing operations, EUR	0.53	0.54	(0.20)	(1.01)	0.23	0.62	<b>0.91</b>
Earnings per share from discontinued operations, EUR	(1.88)	(0.01)	(0.00)	0.02	0.08	0.11	<b>0.03</b>
Average number of shares outstanding, in thousands <sup>1)</sup>	180 901	181 032	181 032	181 032	181 032	181 032	<b>181 032</b>
Equity per share at end of period, EUR	12.39	12.41	12.27	11.31	11.14	11.91	<b>12.89</b>
Number of shares outstanding at end of period, in thousands <sup>1)</sup>	181 032	181 032	181 032	181 032	181 032	181 032	<b>181 032</b>
Capital expenditure, continuing operations	29	46	37	53	33	34	<b>45</b>
Depreciation, continuing operations	51	52	52	53	50	50	<b>68</b>
Average personnel for the period, continuing operations	9 645	9 973	9 877	9 186	8 746	8 822	<b>8 665</b>

<sup>1)</sup> The number of own shares repurchased is excluded.