

October 23, 2007 at 1.00 p.m.

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OUTOKUMPU THIRD QUARTER 2007 INTERIM REPORT – SUBSTANTIAL NICKEL-RELATED INVENTORY LOSSES HIT PROFITABILITY, UNDERLYING OPERATIONAL RESULT POSITIVE

Third quarter highlights

- Nickel-related inventory losses in the order of EUR 280 million turned operating profit EUR 256 million negative, underlying operational result EUR 35 million positive.
- End-user demand for stainless steel continued strong, distributors kept on de-stocking.
- Weak demand for stainless steel standard products and seasonality dropped deliveries to a very low level of 238 000 tons.
- The main reference transaction price fell by 17% from the previous quarter.
- Demand started to pick-up in late September.
- EUR 299 million released from working capital, cash flow from operations EUR 161 million.
- The second phase in Outokumpu's strategic development started. New investments totaling EUR 880 million approved in September and October.

Group key figures

		III/07	II/07	III/06	2006
Sales	EUR million	1 227	2 092	1 447	6 154
Operating profit	EUR million	-256	406	231	824
Non-recurring items in operating profit	EUR million	-11	25	-	1
Profit before taxes	EUR million	-277	652	214	784
Non-recurring items in financial income	EUR million	-	252	-	-
Net profit for the period from continuing operations	EUR million	-210	553	166	606
Net profit for the period	EUR million	-214	565	172	963
Earnings per share from continuing operations	EUR	-1.17	3.04	0.91	3.34
Earnings per share	EUR	-1.19	3.11	0.94	5.31
Return on capital employed	%	-22.3	35.5	24.3	20.7
Net cash generated from operating activities	EUR million	161	132	-24	-35
Capital expenditure, continuing operations	EUR million	47	75	45	187
Net interest-bearing debt at end of period	EUR million	1 016	1 119	1 560	1 300
Debt-to-equity ratio at end of period	%	29.8	30.8	66.4	42.3
Stainless steel deliveries	1 000 tons	238	399	393	1 815
Stainless steel base price ¹⁾	EUR/ton	na.	1 518	1 572	1 470
Personnel at the end of period, continuing operations		8 049	8 783	8 215	8 159

¹⁾ Stainless steel: CRU - German base price (2 mm cold rolled 304 sheet). As of July 2007, CRU has not reported base prices separately.

SHORT-TERM OUTLOOK

Underlying demand for stainless steel is holding firm. End-user demand and demand for special grades and project deliveries continues healthy. Distributor inventories are on a declining trend. Outokumpu's order intake for standard products began to pick-up in late September and the order book has been gradually improving. The price of nickel was more stable in July-September, and the alloy surcharge will clearly decline in October and November before the expected increase in December.

Outokumpu Oyj
Corporate Management

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The pick-up in demand for standard products will increase Outokumpu's delivery volumes and improve profits in the fourth quarter. Prices for stainless steel standard products are stabilizing and even some price increases have been achieved. On the other hand, nickel-related inventory losses continue to impair results in the fourth quarter due to lower alloy surcharge. At the current nickel price level the losses due to the timing differences between the alloy surcharge and inventory turnover, are expected to be in the order of EUR 100 million. However, Outokumpu's underlying operational result in the fourth quarter, excluding nickel-related inventory losses and non-recurring items, is expected to be better than in the third quarter. The decline in nickel prices will continue to release working capital and generate strong cash flow during the fourth quarter resulting in clearly better full-year cash flow from operations in 2007 than in 2006.

Strike by the Union of Salaried Employees in Finland started on October 22, 2007. Some 400 salaried employees in Tornio are involved. This industrial action will lead to cessation of production of stainless steel at Outokumpu's Tornio Works in a few days. The duration of the strike is today not known, but if continued, will have a negative impact on the fourth quarter result.

The Group's underlying operational result for 2007 is estimated to be better than the about EUR 650 million reached in 2006. However, due to significant nickel-related inventory losses during the latter part of 2007, Outokumpu's operating profit for the whole year 2007 is expected to be lower than in 2006.

CEO Juha Rantanen:

"The steep decline in the price of nickel during the summer causes a major hit on Outokumpu's profitability in the second half of 2007. Distributors froze their orders of stainless steel ahead of declining transaction prices which resulted in very low delivery volumes. The nickel-related inventory losses that we were forced to book in the third quarter were as dramatic as we had feared in our worst expectations.

Outokumpu announced recently an adjustment in our pricing mechanism, which means that transaction prices of stainless steel will reflect changes in nickel price with shorter delay than today. In our view, this will result in less volatile market behavior.

Right now the distributor market is coming back as we were anticipating earlier and the end-user demand continues to be strong. This strengthens our confidence to continue to invest in the business. The recently announced investments to move more into special grades and closer to end-users will contribute to achieving a more stable and profitable business model in the future, a target that we now see more important than ever in the light of the third-quarter results."

The attachments present Management analysis of the third quarter operating result and the Interim review by the Board of Directors for January-September 2007, the accounts and notes to the interim accounts. This interim report is unaudited.

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News conference and live webcast today at 2.30 pm

A combined news conference, conference call and live webcast concerning the third-quarter 2007 results will be held on October 23, 2007 at 2.30 p.m. Finnish time (7.30 a.m. US EST, 12.30 p.m. UK time, 1.30 p.m. CET) at Hotel Kämp, conference room Akseli Gallen-Kallela, Pohjoisesplanadi 29, 00100 Helsinki, Finland.

To participate via a conference call, please dial in 5-10 minutes before the beginning of the event:

UK	+44 20 7162 0025
US & Canada	+1 334 323 6201
Password	Outokumpu

The news conference can be viewed live via Internet at www.outokumpu.com.

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 October 23, 2007 at around 6.00 p.m.

An instant replay service of the conference call will be available until Friday, October 26, 2007 on the following numbers:

UK replay number	+44 20 7031 4064, access code: 769371
US & Canada replay number	+1 954 334 0342, access code: 769371

OUTOKUMPU OYJ
Corporate Management

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MANAGEMENT ANALYSIS - THIRD-QUARTER OPERATING RESULT

Group key figures

EUR million	I/06	II/06	III/06	IV/06	2006	I/07	II/07	III/07
Sales								
General Stainless	1 013	1 066	1 130	1 561	4 770	1 700	1 670	879
Specialty Stainless	650	638	614	821	2 723	1 003	1 028	687
Other operations	87	93	97	85	361	64	63	53
Intra-group sales	-342	-405	-394	-560	-1 700	-638	-669	-391
The Group	1 408	1 392	1 447	1 907	6 154	2 129	2 092	1 227
Operating profit								
General Stainless	43	91	166	236	536	245	188	-224
Specialty Stainless	22	65	81	171	338	182	196	-51
Other operations	2	-8	-13	-16	-35	1	19	8
Intra-group items	-0	1	-3	-13	-15	-4	2	11
The Group	67	149	231	378	824	424	406	-256

Stainless steel deliveries

1 000 tons	I/06	II/06	III/06	IV/06	2006	I/07	II/07	III/07
Cold rolled	286	239	200	211	936	220	186	117
White hot strip	104	103	80	103	390	94	94	49
Quarto plate	44	44	35	39	162	39	41	30
Tubular products	20	20	16	18	74	20	17	13
Long products	14	15	14	16	59	16	15	10
Semi-finished products	43	47	47	58	195	40	46	21
Total deliveries	510	467	393	445	1 815	430	399	238

Market prices and exchange rates

		I/06	II/06	III/06	IV/06	2006	I/07	II/07	III/07
Market prices ¹⁾									
Stainless steel									
Base price	EUR/t	1 127	1 342	1 572	1 840	1 470	1 930	1 518	na.
Alloy surcharge	EUR/t	844	1 020	1 437	2 064	1 341	2 277	2 913	2 967
Transaction price	EUR/t	1 971	2 362	3 009	3 904	2 811	4 207	4 432	3 677
Nickel	USD/t	14 810	19 925	29 154	33 129	24 254	41 440	48 055	30 205
	EUR/t	12 318	15 836	22 878	25 707	19 317	31 619	35 646	21 983
Ferrochrome (Cr-content)	USD/lb	0.63	0.70	0.75	0.78	0.72	0.77	0.82	1.00
	EUR/kg	1.16	1.23	1.30	1.33	1.26	1.30	1.34	1.60
Molybdenum	USD/lb	23.38	25.01	26.47	25.56	25.10	26.69	30.97	31.97
	EUR/kg	42.86	43.82	45.79	43.73	44.08	44.90	50.65	51.30
Recycled steel	USD/t	200	238	243	239	230	278	287	271
	EUR/t	167	189	191	185	183	212	213	197
Exchange rates									
EUR/USD		1.202	1.258	1.274	1.289	1.256	1.311	1.348	1.374
EUR/SEK		9.352	9.298	9.230	9.135	9.254	9.189	9.257	9.264
EUR/GBP		0.686	0.688	0.680	0.673	0.682	0.671	0.679	0.680

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. As of July 2007, CRU has not reported base prices separately.

Nickel: London Metal Exchange (LME) cash quotation

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

Molybdenum: Metal Bulletin - Molybdenum oxide - Europe

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

Collapse in nickel price led to weak demand for stainless steel standard products

Global apparent consumption of stainless steel flat products was 4% lower than in the previous quarter, and in Europe the decrease was 17%, partly as a result of seasonal effects. In Europe, mills suffered from low demand for standard grades as distributors continued to reduce inventories in expectation of lower transaction prices following the marked decline in nickel prices that began in late June. Both end-user demand and demand for special grades and project deliveries remained firm, suffering only from seasonality due to the holiday period and maintenance breaks. The high and volatile nickel prices have resulted in consumers attempting, where technically feasible, to move away from grades with high nickel content. To meet this demand, Outokumpu is gradually increasing production of both ferritic and low-nickel grades.

The alloy surcharge continued to increase and peaked at 3 365 EUR/ton in July before turning into decline in August. According to CRU, the average alloy surcharge for 304 cold rolled stainless steel sheet in Germany was 2 967 EUR/ton in the third quarter, 2% higher than in the previous quarter. Stainless steel base prices were therefore under intense pressure and declined month-on-month during the period. Due to very thin stainless market activity and temporary use of a total price instead of base price plus alloy surcharge for stainless steel standard products, CRU has not been reporting base prices from July onwards. The average transaction price in the quarter was 3 677 EUR/ton, down by 17% from the previous quarter. The difference in price between Chinese and European stainless steel continued to narrow in the period, and Chinese imports to the European market continued the decline that was evident in II/2007.

Among the alloying elements, the price of nickel peaked at 54 200 USD/ton in mid-May but fell sharply in the period and was at its lowest in mid-August at around 25 000 USD/ton. The average price in the third quarter was 30 205 USD/ton, down by 37% on II/2007 but still 4% higher than in III/2006. In October, the price has been around 31 000 USD/ton. Demand for ferrochrome was down by 15% compared to the previous quarter and markets were oversupplied. The average price, however, rose by 22% to 1.00 USD/lb. The supply of molybdenum was slightly constrained in the period and the average price increased by 3% to 31.97 USD/lb. The price of recycled steel fell by 6% to 271 USD/ton.

Nickel-related inventory losses and low delivery volumes adversely affected results

Group sales in the third quarter totaled EUR 1 227 million, 41% down on II/2007. Deliveries were down by 40% to 238 000 tons (II/2007: 399 000 tons). Weak demand for stainless steel standard products due to the de-stocking resulted in further production cuts, and these together with the holiday season and maintenance breaks, were the main reasons behind the significant drop in delivery volumes.

The operating loss for the period totaled EUR 256 million. This figure includes some EUR 280 million nickel-related inventory losses resulting from the steep and rapid fall in nickel prices, and EUR 11 million net non-recurring costs related to the restructuring at Thin Strip in the UK. Even though there was a significant reduction in delivery volumes, Outokumpu's underlying operational result for the third quarter was some EUR 35 million positive.

The majority of nickel-related inventory losses comprised write-downs of inventories in addition to losses due to timing differences between the alloy surcharge and inventory turnover. Part of standard products were temporarily sold at base price plus a lower forward alloy surcharge, and this also contributed to nickel-related losses.

The steep decline of the nickel price that started in June resulted in a dramatic drop in the orders for stainless steel standard products by distributors and thus exceptionally low delivery volumes in the third quarter. Consequently raw material and process inventory turnover slowed down substantially. The nickel tied up in the inventories was and will be sold as part of deliveries at a significantly lower value. To the extent the selling prices of these deliveries are not expected to cover corresponding total

production costs, a write-down to net realizable value was made at the end of the third quarter. Additionally, as the alloy surcharge in the fourth quarter reflects a lower nickel price than the original purchase price of the nickel, losses due to timing differences will still adversely affect fourth quarter results.

Net cash generated from operating activities totaled EUR 161 million. EUR 299 million was released from working capital primarily due to the decline in nickel prices.

General Stainless' sales fell by 47% to EUR 879 million and deliveries were 43% lower than in II/2007. In addition to weak demand, extensive production cuts, as well as the holiday season and maintenance breaks decreased delivery volumes. Operating loss totaled EUR 224 million (II/2007: profit EUR 188 million), of which Tornio Works posted EUR 195 million (II/2007: profit EUR 143 million). Nickel-related inventory losses totaled some EUR 200 million. Declining base prices and low delivery volumes turned the underlying operational result negative.

Specialty Stainless' sales totaled EUR 687 million, down by 33% compared to the previous quarter. Deliveries fell by 34%. Specialty Stainless' operating loss totaled EUR 51 million (II/2007: profit EUR 196 million), including some EUR 80 million nickel-related inventory losses and EUR 11 million net non-recurring costs related to the Thin Strip restructuring. The underlying operational result achieved by Specialty Stainless was clearly positive.

In September, plans were announced to streamline and concentrate the UK Thin Strip operations to the Meadowhall site in Sheffield, and to cease production of martensitic stainless steel strip for razor, scalpel and cutlery applications at Stocksbridge. These changes will take place at the end of March 2008 and will result in the closure of operations at Stocksbridge with the loss of approximately 50 jobs. Consultation with local trade union representatives has commenced.

Second phase in Outokumpu's strategic development began with major investment decisions

Outokumpu is entering the next development phase in its strategy to become the undisputed number one in stainless with success based on operational excellence, aiming at delivering a more stable and profitable business model whilst also addressing the most attractive growth opportunities. This entails an increase in the proportion of direct end-user and project sales from the current figure of 35% to at least 50% over the next five years. It will also include expansion of capacity in value-added special products, while maintaining cost leadership in standard grade volume production.

In September, as the first step in increasing the Group's capacity in value-added special products, Outokumpu decided on an investment of EUR 550 million, over the next three years, in expanding stainless steel special grades capacity at Avesta Works in Sweden. This investment will raise finished products capacity at Avesta from the current level of 250 000 tons to some 650 000 tons in mainly duplex grades, with the additional capacity operational in 2010.

In October, the Board of Directors approved plans to expand the Group's capacity to produce quarto plate in Degerfors, Sweden and in New Castle (IN) in the US by 80 000 tons and 20 000 tons respectively. Following the EUR 220 million investments the total quarto plate capacity will increase from 160 000 tons to 260 000 tons in 2010.

The transformation towards increased end-user and project sales also requires investment in the Group's service capabilities. To this end, Outokumpu has decided to establish a new business, Outokumpu Solutions, dedicated to provide value-added stainless steel solutions to the architecture, building and construction (AB&C) sector. Initially, Outokumpu Solutions will focus on architectural and facade applications in connection with which Outokumpu will provide a full service offering including the design, fabrication, installation, maintenance and renewal of the facades.

To increase sales and enhance customer service further, the Group's service center network is being amended and expanded. In September, a decision was made to invest some EUR 70 million in restructuring the Group's service center in Italy, increasing its capacity from the current 40 000 tons to some 110 000 tons with effect from 2010. A new service center is also to be built near Shanghai in China. This facility, which represents an investment of some EUR 20 million, will have the capacity to stock and process some 30 000 tons of mainly special grades from 2010 onwards.

A decision was made in October to upgrade the Group's service center in Willich, Germany. With an investment of EUR 18 million, its capacity will increase from some 60 000 tons to 110 000 tons in 2009.

The total estimated EUR 880 million cash outflow of these new investments decided in September and October, is preliminarily estimated to materialize as follows: EUR 10 million in 2007, EUR 275 million in 2008, EUR 325 million in 2009, EUR 170 million in 2010, EUR 80 million in 2011 and EUR 20 million in 2012.

Operational Excellence programs to be expanded

Both the Production Excellence and Commercial Excellence programs are proceeding at full speed delivering this year at least the planned EUR 40 million benefits. The estimated benefits to be achieved in 2008 are EUR 80 million.

The excellence initiatives are being expanded into supply chain management. The first phase of the Supply Chain Excellence program will concentrate on procurement. Addition of this new initiative into the Operational Excellence programs will increase the existing target of EUR 160 million in benefits for the year 2009 to EUR 200 million, and the target from 2010 onwards will be increased to some EUR 300 million.

INTERIM REVIEW BY THE BOARD OF DIRECTORS – JANUARY-SEPTEMBER 2007
(Unaudited)

High stainless steel transaction prices

The strong increase in demand that characterized stainless steel markets during 2006 slowed during 2007, however, global apparent consumption of stainless steel flat products was during the first nine months in 2007 still 6% higher than in I-III/2006. According to CRU, the German transaction price for 304 2mm sheet rose strongly during the first half of 2007, but declined steeply from July onwards. The average transaction price in the third quarter was 3 677 EUR/ton, 17% down on the previous quarter. The average transaction price for January-September was 4 105 EUR/ton, 68% higher than in the corresponding period in 2006.

Good profitability, significant non-recurring gains in financial income

Group sales for January-September 2007 totaled EUR 5 448 million (I-III/2006: EUR 4 247 million), up by 28% on the previous year. The increase in sales was a result of significantly higher transaction prices. Stainless steel deliveries declined by 22% to 1 067 000 tons (I-III/2006: 1 371 000 tons). Falling but still high nickel prices weakened demand for stainless steel standard products from June onwards. Distributor sectors' de-stocking continued over the summer period resulting in low demand. Production cuts at mills producing standard products, reduced the Group's delivery volumes.

Operating profit totaled EUR 574 million (I-III/2006: EUR 446 million). This good figure resulted from high base prices during the first half of 2007 and internal improvement measures. Operating profit also included EUR 14 million net of positive non-recurring items, an EUR 25 million gain from the sale of the Hitura mine and EUR 11 million net non-recurring costs related to the restructuring of the Thin Strip operations in the UK.

Financial income included a EUR 142 million non-recurring gain from the sale of Outotec Oyj shares and a EUR 110 million gain recognized in the Talvivaara transaction. Net financial expenses, excluding non-recurring gains, totaled EUR 39 million (I-III/2006: EUR 35 million). Net profit for the period from continuing operations totaled EUR 653 million (I-III/2006: EUR 320 million) and net profit from discontinued operations was EUR 5 million (I-III/2006: EUR 40 million). Earnings per share from continuing operations totaled EUR 3.59 and from discontinued operations EUR 0.03. Return on capital employed rose to 17.4% (I-III/2006: 15.8%).

Net cash generated from operating activities totaled EUR 377 million (I-III/2006: EUR 47 million). EUR 266 million was tied up in working capital during January-September primarily as a consequence of high nickel prices. Net interest-bearing debt fell by EUR 284 million to EUR 1 016 million (Dec. 31, 2006: EUR 1 300 million). Gearing improved to 29.8% (Dec. 31, 2006: 42.3%).

Decisions on major investments support Group strategy

Capital expenditure totaled EUR 147 million (I-III/2006: EUR 113 million). Capital expenditure for the whole year 2007 is estimated to be about EUR 240 million.

Outokumpu has now launched the second phase in the Group's strategy development towards being the undisputed number one in stainless. In this phase, the focus is on developing and securing a more stable and profitable business model to balance the effects of volatility in the market for stainless steel standard products, and growth prospects related to both the size and geographical coverage of the Group will also be addressed. This entails increasing the proportion of direct end-user and project sales from the current figure of 35% to at least 50% in the next five years. It also includes expansion of capacity in value-added special products, while maintaining cost leadership in standard grade volume production.

Increasing the Group's capacity in value-added special products will include a broadening of the range of grades manufactured and an increase in the production of low-nickel duplex grades. Growth targets also include a scaling up of production capacity in ferritic grades to help reduce the earnings cyclicity driven by volatile nickel prices.

Production at the EUR 55 million expansion in Kloster, Sweden, was ramped up in the beginning of 2007. The investment increased the mill's annual capacity in special products from 25 000 tons to 45 000 tons and enabled the production of thinner (0.12 mm) and wider (1 050 mm) products.

In Tornio, a EUR 13 million investment in batch annealing furnaces enabling annual production of 60 000 tons of ferritic stainless steel, has been completed. The first deliveries took place during II/2007.

Replacement of one of the five annealing and pickling lines at Tornio Works will provide additional production capacity for 75 000 tons of cold rolled products. It will also improve the Group's ability to produce brighter ferritic steel grades and enhances Outokumpu's flexibility in meeting customer needs. The new line will increase Tornio Works' nominal annual cold rolling capacity to more than 1 250 000 tons by the end of 2009. The total investment at Tornio is EUR 90 million, spread over three years.

At Thin Strip Nyby in Sweden, EUR 27 million will be invested in equipment for surface grinding and automatic storage and retrieval. This investment will increase the proportion of special grade sales at the expense of standard grade products and will result in annual special grades capacity in cold rolled stainless steel products being scaled up from 34 000 to 64 000 tons by the end of 2008.

In September, as a major step in increasing the Group's capacity in value-added special products, Outokumpu decided on an investment of EUR 550 million, over the next three years, in expanding stainless steel special grades capacity at Avesta Works in Sweden. This investment will increase finished products capacity at Avesta from the current 250 000 tons to some 650 000 tons with mainly duplex grades, with the additional capacity operational in 2010.

The transformation towards increased end-user and project sales requires investment into the Group's service capabilities. To this end, Outokumpu's service center network is being upgraded and expanded.

In March, a new service center for plate and tubular products was opened on the Group's site at Sheffield in the UK. The plate service centers in Jyväskylä in Finland and in Eskilstuna in Sweden will be revamped and expanded during 2007.

The Group's service center in Italy is to be restructured and expanded. This EUR 70 million investment will increase this service center's capacity from the current level of 40 000 tons to some 110 000 tons from 2010 onwards.

To serve the growing markets in Eastern Europe better, a new stainless steel service center is being established near Katowice in the south of Poland. This EUR 20 million investment in a combined coil and plate facility is scheduled to be operational by the end of 2008.

To establish presence in growing Asian markets, a new service center with an annual capacity to stock and process some 50 000 tons of stainless steel coil, will be built in the western part of India. The investment totals EUR 30 million and the service center is scheduled to be operational in the first half of 2009. A new service center will also be built near Shanghai in China. This facility, an investment of EUR 20 million, will have the capacity to stock and process some 30 000 tons of mainly special grades from 2010 onwards.

To widen the Group's geographical coverage, in addition to the above mentioned service centers, Outokumpu is currently conducting a feasibility study on the building of a 250 000 ton stainless steel

cold rolling mill in India. Finalization of the study is expected in 1/2008. The possibility of utilizing some equipment from the Group's cold rolling mill in Sheffield, which was closed in 2006 is being evaluated.

Acquisitions and divestments

In March, OSTP (Outokumpu Stainless Tubular Products) sold its flange business in order to focus on pipes, tubes, butt-welded and threaded fittings. The purchaser is a subsidiary of Shree Ganesh Forgings Ltd, an Indian company. This divestment had no significant impact on Group results.

In April, Outokumpu sold its remaining 12% shareholding in Outotec Oyj to institutional investors. The net proceeds from the sale totaled EUR 158 million and a tax-free non-recurring gain of EUR 142 million was recognized in the Group's financial income.

In May, Outokumpu acquired Swedish Sandvik's 11.6% minority shareholding in OSTP for EUR 22 million. Full ownership in OSTP enables Outokumpu to further develop the business in line with its strategy of increasing the proportion of special products with higher added value.

Outokumpu divested the Talvivaara exploration project in 2004 as part of its Exit Mining program, and held an option to subscribe for shares with a 20% discount in a possible initial public offering (IPO), representing up to 5% ownership in the company. The IPO of Talvivaara Mining Company Ltd. was carried out and the company's shares were listed on the London Stock Exchange on May 30, 2007. Outokumpu subscribed for 10.9 million shares for a total consideration of EUR 32 million, representing a 4.9% holding in the company. Outokumpu also exercised its option, part of the divestment agreement, to acquire a 20% stake in the Talvivaara nickel mining project company (Taltivaara Project Ltd.) owned by Talvivaara Mining Company Ltd., for a total consideration of one euro. The fair valuation of Outokumpu's 20% stake resulted in a tax-free non-recurring gain of EUR 110 million, which has been recognized in financial income.

In June, Outokumpu sold the Hitura nickel mine in Finland to Belvedere Resources Ltd. of Canada. Hitura produces some 2 200 tons of nickel in concentrate annually and employs 90 people. Outokumpu recognized a non-recurring gain of EUR 25 million on this transaction. The Hitura mine was the last remaining asset in Outokumpu's Exit Mining program.

In June, Outokumpu announced its participation in a new Finnish power company Fennovoima Oy, a consortium consisting of Outokumpu, Boliden, Rauman Energia, Katternö and E.ON. Fennovoima's aim is to construct a new 1 000 - 1 800MW nuclear power plant to meet Finland's increasing need for electricity. Operation of the plant is planned to start between 2016 and 2018. By participating in Fennovoima, Outokumpu's aim is to secure a significant portion of its electricity needs in years to come.

Environment, health and safety

In September, the Sustainable Asset Management Group (SAM) announced the results of the annual review carried out for the Dow Jones Sustainability Indexes (DJSI). Outokumpu retained its position in the Pan-European Dow Jones STOXX Sustainability Index (DJSI STOXX) and was also accepted for the first time into the Dow Jones Sustainability World Index (DJSI World).

The Carbon Disclosure Project (CDP) published the results of the fifth CDP request in September. The first Nordic Report was also released this year. Outokumpu was one of the 125 listed Nordic companies which answered the questionnaire and was for the first time included in the Climate Disclosure Leadership Index (CDLI). Among all carbon intensive companies, Outokumpu was ranked number eight and was the best of the Nordic Metals and Mining companies.

In the European Union, preparations for emissions trading in the Kyoto- period 2008-2013 are ongoing, and the Group's operations in Sheffield are now also in the European Union's emissions trading

system. The national allocation of allowances in the UK has already been settled and it appears that the allowances for the Sheffield operation are adequate. The European Commission cut Swedish allowances by 9.5% and Finnish allowances by 5.2%. The national reallocations have not yet been finalized. In November, applications for emission permits are to be sent to authorities in Sweden. The units in Finland and the UK have already filed their applications.

At Outokumpu sites, emissions to air and discharges to water in the review period mostly remained within permitted limits and the breaches that occurred were temporary, were identified quickly and caused only minimal environmental impact.

During January-September 2007, the lost-time injury rate (i.e. lost-time accidents per million working hours) was 11 (I-III/2006: 16). The annual target is less than 12 in 2007. No major accidents were reported during the review period.

Personnel

During January-September 2007, the Group's continuing operations employed an average of 8 310 people (I-III/2006: 8 620) and there were 8 049 employees at the end of September (Dec. 31, 2006: 8 159). The average number of employees was boosted by some 800 summer trainees employed in the Group's units during June-August.

Customs investigation of exports to Russia by Outokumpu Tornio Works

In March, the Finnish Customs authorities initiated a criminal investigation into the Group's Tornio Works' export practices to Russia. The preliminary investigation is connected with another preliminary investigation concerning a forwarding agency based in south-eastern Finland. It is suspected that defective and/or forged invoices have been prepared at the forwarding agency as regards export of stainless steel to Russia. The preliminary investigation is focusing on possible complicity by Outokumpu Stainless Oy in the preparation of defective and/or forged invoices by the forwarding agency in question. The investigation is expected to last until the end of 2007.

Directly after the Finnish Customs authorities started their investigations, Outokumpu initiated its own investigation into the trade practices connected with stainless steel exports from Tornio to Russia. In June, after carrying out its investigation, the leading Finnish law firm Roschier Attorneys Ltd., concluded that it had not found evidence that any employees of Tornio Works or the company had committed any of the crimes alleged by the Finnish Customs.

Class actions related to the divested fabricated copper products business

The fabricated copper products business sold in 2005, comprised among others Outokumpu Copper (USA), Inc. This company has been served with several complaints in cases filed in federal district courts and state courts in the 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.

Appointments in Corporate Management

Bo Annvik has been appointed Executive Vice President – Specialty Businesses and a member of Outokumpu's Group Executive Committee as of June 1, 2007. Mr. Annvik's portfolio includes supervision of Avesta Works, Hot Rolled Plate, Thin Strip and OSTP business units.

Päivi Lindqvist has been appointed Outokumpu's new SVP - IR and Communications as of October 1, 2007. Ms. Lindqvist reports to CEO Juha Rantanen.

Decisions by the Annual General Meeting

The Annual General Meeting (AGM), held on March 28, 2007, approved a dividend of EUR 1.10 per share for 2006 and dividends totaling EUR 199 million were paid on April 11, 2007.

The AGM authorized the Board of Directors to repurchase a maximum of 18 000 000 of the Company's own shares. The AGM authorized the Board of Directors to decide to issue shares and grant share entitlements for a maximum of 18 000 000 shares and, in addition, the maximum number of treasury shares to be transferred is 18 000 000. By October 23, 2007, these authorizations had not been exercised.

Evert Henkes, Jukka Härmälä, Ole Johansson, Anna Nilsson-Ehle, Leena Saarinen and Taisto Turunen were re-elected as members of the Board of Directors, and Victoire de Margerie and Leo Oksanen were elected as new members. Mr. Härmälä was re-elected as Chairman of the Board of Directors and Mr. Johansson was re-elected as Vice Chairman.

KPMG Oy Ab, Authorized Public Accountants, was elected as the company's auditor.

Events after the review period

The Board of Directors has today approved plans to expand the Group's capacity to produce quarto plate in Degerfors, Sweden and in New Castle (IN) in the US by 80 000 tons and 20 000 tons respectively. Following the EUR 220 million investments the total quarto plate capacity will increase from 160 000 tons to 260 000 tons in 2010.

The Group's service center in Willich, Germany, will be upgraded. With an investment of EUR 18 million, its capacity will increase from some 60 000 tons to 110 000 tons in 2009.

Strike by the Union of Salaried Employees in Finland started on October 22, 2007. Some 400 salaried employees in Tornio are involved, mainly at the stainless steel mill. This industrial action will lead to cessation of production of stainless steel at Outokumpu's Tornio Works in a few days. The duration of the strike is today not known.

Outokumpu announced on October 22, 2007 a change to the calculation method for the alloy surcharge in stainless steel pricing. Starting with stainless steel deliveries for January 2008, Outokumpu's alloy surcharge will be based on the 30-day average price of raw materials calculated back from the previous month's 20th day. The new method is expected to bring more stability to the stainless steel demand, however, the overall risk associated with the prices of alloying materials is estimated to increase. Outokumpu aims to reduce this risk by adjusting its business processes and by financial hedging, e.g. use of derivatives.

Outokumpu's Board of Directors has decided to start a repurchase of own shares based on the authorization of the Annual General Meeting of March 28, 2007. The maximum amount to be repurchased is 1 000 000 shares, representing some 0.55% of the company's share capital and voting rights. Outokumpu currently holds 218 603 treasury shares. The own shares are repurchased to be used in the company's share based incentive schemes. The shares will be acquired through public securities trading on the Helsinki stock exchange, at market price. The repurchase of own shares will commence on November 1, 2007, at the earliest.

Short-term outlook

Underlying demand for stainless steel is holding firm. End-user demand and demand for special grades and project deliveries continues healthy. Distributor inventories are on a declining trend. Outokumpu's order intake for standard products began to pick-up in late September and the order book has been gradually improving. The price of nickel was more stable in July-September, and the alloy surcharge will clearly decline in October and November before the expected increase in December.

The pick-up in demand for standard products will increase Outokumpu's delivery volumes and improve profits in the fourth quarter. Prices for stainless steel standard products are stabilizing and even some price increases have been achieved. On the other hand, nickel-related inventory losses continue to impair results in the fourth quarter due to lower alloy surcharge. At the current nickel price level the losses due to the timing differences between the alloy surcharge and inventory turnover, are expected to be in the order of EUR 100 million. However, Outokumpu's underlying operational result in the fourth quarter, excluding nickel-related inventory losses and non-recurring items, is expected to be better than in the third quarter. The decline in nickel prices will continue to release working capital and generate strong cash flow during the fourth quarter resulting in clearly better full-year cash flow from operations in 2007 than in 2006.

Strike by the Union of Salaried Employees in Finland started on October 22, 2007. Some 400 salaried employees in Tornio are involved. This industrial action will lead to cessation of production of stainless steel at Outokumpu's Tornio Works in a few days. The duration of the strike is today not known, but if continued, will have a negative impact on the fourth quarter result.

The Group's underlying operational result for 2007 is estimated to be better than the about EUR 650 million reached in 2006. However, due to significant nickel-related inventory losses during the latter part of 2007, Outokumpu's operating profit for the whole year 2007 is expected to be lower than in 2006.

Espoo October 23, 2007

Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Condensed income statement

EUR million	Jan-Sept 2007	Jan-Sept 2006	July-Sept 2007	July-Sept 2006	Jan-Dec 2006
Continuing operations:					
Sales	5 448	4 247	1 227	1 447	6 154
Other operating income	65	52	16	31	44
Costs and expenses	-4 917	-3 836	-1 486	-1 232	-5 364
Other operating expenses	-22	-18	-14	-14	-11
Operating profit	574	446	-256	231	824
Share of results in associated companies	5	3	-2	1	8
Financial income and expenses					
Interest income	18	16	6	5	26
Interest expenses	-63	-67	-20	-23	-88
Market price gains and losses	-2	13	-4	0	12
Other financial income	263	8	0	1	8
Other financial expenses	-4	-5	-1	-2	-5
Profit before taxes	791	415	-277	214	784
Income taxes	-138	-95	67	-48	-178
Net profit for the period from continuing operations	653	320	-210	166	606
Discontinued operations:					
Net profit for the period from discontinued operations	5	40	-4	5	357
Net profit for the period	658	360	-214	172	963
Attributable to:					
Equity holders of the Company	654	359	-214	171	962
Minority interest	4	1	-0	1	2
Earnings per share for profit attributable to the equity holders of the Company:					
Earnings per share, EUR	3.61	1.98	-1.19	0.94	5.31
Diluted earnings per share, EUR	3.59	1.98	-1.19	0.94	5.29
Earnings per share from continuing operations attributable to the equity holders of the Company:					
Earnings per share, EUR	3.59	1.76	-1.17	0.91	3.34
Earnings per share from discontinued operations attributable to the equity holders of the Company:					
Earnings per share, EUR	0.03	0.22	-0.02	0.03	1.97

Condensed balance sheet

EUR million	Sept 30 2007	Sept 30 2006	Dec 31 2006
ASSETS			
Non-current assets			
Intangible assets	481	496	493
Property, plant and equipment	2 006	2 037	2 069
Non-current financial assets			
Interest-bearing	446	270	375
Non interest-bearing	79	42	77
	3 013	2 845	3 014
Current assets			
Inventories	1 925	1 518	1 710
Current financial assets			
Interest-bearing	67	69	55
Non interest-bearing	942	1 026	1 314
Cash and cash equivalents	69	98	85
	3 003	2 711	3 164
Assets held for sale	224	678	235
Total assets	6 240	6 233	6 414
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company	3 405	2 334	3 054
Minority interest	0	16	17
	3 405	2 350	3 071
Non-current liabilities			
Interest-bearing	1 140	1 365	1 293
Non interest-bearing	333	329	337
	1 472	1 694	1 630
Current liabilities			
Interest-bearing	617	890	685
Non interest-bearing	680	880	955
	1 297	1 770	1 640
Liabilities related to assets held for sale	65	420	73
Total equity and liabilities	6 240	6 233	6 414

Consolidated statement of changes in equity

	Attributable to the equity holders of the Company								Minority interest	Total equity
	Share capital	Un-registered Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Cumulative translation differences	Retained earnings		
EUR million										
Equity on December 31, 2005	308	-	701	11	23	-2	-38	1 044	15	2 062
Cash flow hedges	-	-	-	-	5	-	-	-	-	5
Fair value changes										
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
Total recognised income and expenses	-	-	-	-	14	-	-6	359	1	368
Dividend distribution	-	-	-	-	-	-	-	-81	-	-81
Management stock option program: value of received services	-	-	-	-	-	-	-	1	-	1
Equity on September 30, 2006	308	-	701	11	37	-2	-44	1 323	16	2 350
Equity on December 31, 2006	308	0	701	11	144	-2	-35	1 927	17	3 071
Cash flow hedges	-	-	-	-	2	-	-	-	-	2
Fair value changes										
on available-for-sale financial assets	-	-	-	-	9	-	-	-	-	9
Available-for-sale financial assets recognised through P&L	-	-	-	-	-99	-	-	-	-	-99
Net investment hedges	-	-	-	-	-	-	2	-	-	2
Change in translation differences	-	-	-	-	-	-	-20	-	0	-20
Items recognised directly in equity	-	-	-	-	-88	-	-18	-	0	-106
Net profit for the period	-	-	-	-	-	-	-	654	4	658
Total recognised income and expenses	-	-	-	-	-88	-	-18	654	4	552
Transfers from unregistered share capital	0	-0	-	-	-	-	-	-	-	-
Transfers from retained earnings	-	-	-	4	-	-	-	-4	-	-
Dividend distribution	-	-	-	-	-	-	-	-199	-	-199
Shares subscribed with options	0	-	0	-	-	-	-	-	-	0
Management stock option program: value of received services	-	-	-	-	-	-	-	2	-	2
Purchase of minority in OSTP	-	-	-	-	-	-	-	-	-21	-21
Equity on September 30, 2007	308	-	701	15	56	-2	-53	2 380	0	3 405

Condensed statement of cash flows

EUR million	Jan-Sept 2007	Jan-Sept 2006	Jan-Dec 2006
Net profit for the period	658	360	963
Adjustments			
Depreciation and amortization	152	176	229
Impairments	3	6	12
Gain on the sale of Outotec shares	-142	-	-328
Gain on the Talvivaara transaction	-110	-	-
Other adjustments	318	141	215
Increase in working capital	-266	-525	-975
Dividends received	13	7	7
Interests received	7	12	17
Interests paid	-67	-69	-89
Income taxes paid	-189	-63	-87
Net cash from operating activities	377	47	-35
Purchases of assets	-106	-127	-183
Purchase of Talvivaara shares	-32	-	-
Purchase of the minority in OSTP	-22	-	-
Proceeds from the sale of subsidiaries	1	20	338
Proceeds from the sale of shares in associated companies	-	9	9
Proceeds from the sale of other assets	9	9	20
Net cash from other investing activities	3	1	14
Net cash from investing activities	-146	-88	198
Cash flow before financing activities	231	-41	163
Borrowings of long-term debt	151	181	174
Repayment of long-term debt	-301	-277	-380
Change in current debt	-54	191	3
Dividends paid	-199	-81	-81
The sale of the shares of Outotec	158	-	-
Other financing cash flow	-0	-2	-2
Net cash from financing activities	-246	11	-286
Adjustments	0	0	0
Net change in cash and cash equivalents	-15	-30	-123
Cash and cash equivalents at the beginning of the period	85	212	212
Foreign exchange rate effect	-1	-6	-5
Net change in cash and cash equivalents	-15	-30	-123
Cash and cash equivalents at the end of the period	69	176	85

Key figures

	Jan-Sept	Jan-Sept	Jan-Dec
EUR million	2007	2006	2006
Operating profit margin, %	10.5	10.5	13.4
Return on capital employed, %	17.4	15.8	20.7
Return on equity, %	27.1	21.8	37.5
Return on equity from continuing operations, %	26.9	19.3	23.6
Capital employed at end of period	4 421	3 910	4 371
Net interest-bearing debt at end of period	1 016	1 560	1 300
Equity-to-assets ratio at end of period, %	54.6	37.7	47.9
Debt-to-equity ratio at end of period, %	29.8	66.4	42.3
Earnings per share, EUR	3.61	1.98	5.31
Earnings per share from continuing operations, EUR	3.59	1.76	3.34
Earnings per share from discontinued operations, EUR	0.03	0.22	1.97
Average number of shares outstanding, in thousands ¹⁾	181 078	181 032	181 033
Fully diluted earnings per share, EUR	3.59	1.98	5.29
Fully diluted average number of shares, in thousands ¹⁾	182 100	181 754	181 758
Equity per share at end of period, EUR	18.81	12.89	16.87
Number of shares outstanding at end of period, in thousands ¹⁾	181 084	181 032	181 032
Capital expenditure, continuing operations	147	113	187
Depreciation, continuing operations	152	169	221
Average personnel for the period, continuing operations	8 310	8 620	8 505

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). The same accounting policies and methods of computation have been followed in the interim financial statements as in the annual financial statements for 2006.

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.

Shares and share capital

The total number of Outokumpu Oyj shares was 181 300 967 and the share capital amounted to EUR 308.2 million on September 30, 2007. Outokumpu Oyj held 218 603 treasury shares on September 30, 2007. This corresponded to 0.1% of the share capital and the total voting rights of the Company on September 30, 2007. The Annual General Meeting held in 2003 passed a resolution on a stock option program for management (2003 option program).

The stock options have been allocated as part of the Group's incentive programs to key personnel of Outokumpu. Trading with Outokumpu Oyj's stock options 2003A has commenced on the main list of OMX Nordic Exchange Helsinki as of September 1, 2006. On September 30, 2007 a total of 51 812 Outokumpu Oyj shares had been subscribed for on the basis of 2003A stock option program. An aggregate maximum of 607 490 Outokumpu Oyj shares can be subscribed for with the remaining 2003A stock options. In accordance with the terms and conditions of the option program, the dividend adjusted share price for a stock option was EUR 8.45 on September 30, 2007. The share subscription period for the 2003A stock options is September 1, 2006 - March 1, 2009.

Trading with Outokumpu Oyj's stock options 2003B has commenced on the main list of OMX Nordic Exchange Helsinki as of September 3, 2007. An aggregate maximum of 1 028 820 Outokumpu Oyj shares can be subscribed for with the remaining 2003B stock options. In accordance with the terms and conditions of the option program, the dividend adjusted share price for a stock option was EUR 11.51 on September 30, 2007. The share subscription period for the 2003B stock options is September 3, 2007 - March 1, 2010. The current amounts that Outokumpu Oyj shares could be subscribed for with the 2003C stock options are 100 500 shares. The subscription period for shares with stock option 2003C is from September 1, 2008 to March 1, 2011. 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 2 952 577 and the number of shares by a maximum of 1 736 840 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 and the second earning period 2007-2009 of the program were to receive the number of shares in accordance with the maximum reward, currently a total of 601 000 shares, their shareholding obtained via the program would amount to 0.3% 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 can be found in the annual report 2006.

Non-current assets held for sale and discontinued operations

Outokumpu Copper Tube and Brass

The assets and liabilities of Outokumpu Copper Tube and Brass are presented as held for sale. Outokumpu Copper Tube and Brass business comprises European sanitary and industrial tubes, including air-conditioning and refrigeration tubes in Europe, as well as brass rod. Outokumpu is implementing a vigorous improvement project in this business and it is Outokumpu's intention to divest the tube and brass business.

Outotec

In September 2006, Outokumpu Oyj sold 88% of Outotec (former Outokumpu Technology) by a sale of shares through an Initial Public Offering (IPO). In April 2007, Outokumpu sold its remaining 12% shareholding in Outotec Oyj to institutional investors. The net proceeds from the sale totaled EUR 158 million and a tax-free non-recurring gain of EUR 142 million was recognized in financial income.

In the following tables Outokumpu Tube and Brass is referred as TB and Outotec as OT.

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

EUR million	Jan-Sept	Jan-Sept			Jan-Dec		
	2007	2006		2006			
	TB	Total	OT	TB	Total	OT	TB
Sales	461	1 014	501	513	1 178	501	678
Expenses	-449	-946	-470	-476	-1 124	-470	-654
Operating profit	13	68	31	37	54	31	23
Net financial items	-5	0	5	-5	-2	5	-7
Profit before taxes	7	68	36	32	53	36	17
Taxes	-1	-18	-14	-4	-17	-14	-3
Profit after taxes	6	50	22	28	35	22	14
Gain on the sale of Outotec	-	-	-	-	328	328	-
Impairment loss recognized on the fair valuation of the Tube and Brass division's assets and liabilities	-1	-4	-	-4	-6	-	-6
Costs related to initial public offering of Outotec	-	-6	-6	-	-	-	-
Taxes	-	-	-	-	-	-	-
After-tax result from the disposal and impairment loss	5	-9	-6	-4	322	328	-6
Minority interest	-	0	0	-	0	0	-
Net profit for the period from discontinued operations	5	40	16	25	357	349	8

Balance sheet

EUR million	Sept 30	Sept 30	Dec 31
	2007	2006	2006
Assets			
Intangible and tangible assets	6	106	6
Other non-current assets	3	23	4
Inventories	112	190	122
Current interest-bearing assets	-	79	-
Other current non interest-bearing assets	103	280	104
	224	678	235
Liabilities			
Provisions	2	6	3
Non-current interest-bearing liabilities	-	4	-
Other non-current non interest-bearing liabilities	4	41	6
Current interest-bearing liabilities	-	0	-
Trade payables	44	100	46
Other current non interest-bearing liabilities	15	269	18
	65	420	73

Cash flows

EUR million	Jan-Sept	Jan-Sept	Jan-Dec
	2007	2006	2006
Operating cash flows	10	-13	-13
Investing cash flows	-2	-11	-145
Financing cash flows	-6	24	80
Total cash flows	2	1	-77

Acquisitions and disposals

Acquisitions

In May, Outokumpu acquired from Swedish Sandvik its 11.6% minority shareholding in OSTP for EUR 22 million. Goodwill of EUR 1 million was recognized from the acquisition. Full ownership in OSTP enables Outokumpu to develop the business further in line with its strategy to increase the share of the more value-added special products.

Outokumpu divested the Talvivaara exploration project in 2004 and held an option to subscribe shares with a 20% discount in a possible Initial Public Offering (IPO), representing up to 5% ownership in the company. The IPO of Talvivaara Mining Company Ltd. was carried out and the listing of the shares started on the London Stock Exchange on May 30, 2007. Outokumpu participated in the IPO by subscribing 10.9 million shares, resulting in a 4.9% ownership in the company on a fully diluted basis, with a total consideration of EUR 32 million. Outokumpu also exercised its option, part of the divestment agreement, to acquire a 20% stake in the Talvivaara nickel mining project company (Taltivaara Project Ltd.) owned by Talvivaara Mining Company Ltd., for a total consideration of one euro.

Taltivaara Project Ltd. will be consolidated in the Group's income statement as an associated company reflecting Outokumpu's 20% holding. The fair valuation of Outokumpu's 20% stake resulted in a tax-free non-recurring gain of EUR 110 million, which has been recognized in financial income. The shareholding in the listed Talvivaara Mining Company Ltd. has been classified as an available-for-sale financial asset with changes in fair value recognized directly in equity.

The purchase price allocation is preliminary and subject to finalization of the fair valuation of the ore reserves. The preliminary assumption is that the majority of the excess value will be allocated to the nickel ore reserves according to the fair value and amortized using the units-of-production method based on the depletion of ore reserves in Talvivaara. The Talvivaara mine is estimated to start production of nickel and other metals at the end of 2008. Its target is to gradually ramp up its nickel output to some 33 000 tons annually.

Disposals

In March, OSTP (Outokumpu Stainless Tubular Products) sold its flange business in order to focus on pipes, tubes, butt-welded and threaded fittings. The purchaser is a subsidiary of Shree Ganesh Forgings Ltd, an Indian company. The sale had no significant impact on the Group's results.

In June, Outokumpu sold the Hitura nickel mine in Finland to Belvedere Resources Ltd. of Canada. The Hitura mine was the last remaining asset in Outokumpu's Exit Mining program. Hitura produces some 2 200 tons of nickel in concentrate annually and employs 90 people. The total consideration from the sale, EUR 25 million, is in Belvedere shares and warrants entitling to subscribe for additional Belvedere shares, resulting in a maximum 19.2% ownership in Belvedere, on a fully-diluted basis. Outokumpu recognized a non-recurring gain of EUR 25 million on the transaction, which has been included in the operating profit. The shareholding in Belvedere is classified as an available-for-sale financial asset with changes in fair value recognized directly in equity and the warrants as derivative instruments with changes in fair value recognized in financial income and expenses.

Net assets of these disposed businesses totaled EUR 6 million. Net gain on the disposals totaled EUR 23 million and net cash flow EUR 1 million.

Major non-recurring items in operating profit

EUR million	Jan-Sept 2007	Jan-Sept 2006	Jan-Dec 2006
Gain on the sale of Hitura mine in Finland	25	-	-
Thin Strip restructuring in the UK	-11	-	-
Gain on the sale of real estate in the UK	-	-	9
OSTP Fagersta closure	-	-	-8
	14	-	1

Major non-cash items in operating profit comprise EUR 155 million write-down of inventories to net realizable value (NRV) during the third quarter, and EUR 11 million provision for the Thin Strip restructuring.

Major non-recurring items in financial income

EUR million	Jan-Sept 2007	Jan-Sept 2006	Jan-Dec 2006
Gain on the sale of Outotec shares	142	-	-
Gain on the Talvivaara transaction	110	-	-
	252	-	-

Income taxes

EUR million	Jan-Sept 2007	Jan-Sept 2006	Jan-Dec 2006
Current taxes	-124	-61	-156
Deferred taxes	-14	-34	-22
	-138	-95	-178

Property, plant and equipment

EUR million	Jan 1, 2007 - Sept 30, 2007	Jan 1, 2006 - Sept 30, 2006	Jan 1, 2006 - Dec 31, 2006
Historical cost at the beginning of the period	4 009	4 188	4 188
Translation differences	-35	11	37
Additions	93	105	179
Disposal of subsidiaries	-20	0	-0
Disposals	-3	-14	-299
Reclassifications	0	-8	-8
Discontinued operations	-	-88	-88
Historical cost at the end of the period	4 044	4 194	4 009
Accumulated depreciation at the beginning of the period	-1 939	-2 063	-2 063
Translation differences	21	-6	-21
Disposal of subsidiaries	19	0	0
Disposals	3	12	296
Reclassifications	0	8	8
Depreciation	-141	-155	-204
Impairments	-	0	-3
Discontinued operations	-	48	48
Accumulated depreciation at the end of the period	-2 037	-2 157	-1 939
Carrying value at the end of the period	2 006	2 037	2 069
Carrying value at the beginning of the period	2 069	2 125	2 125

Commitments	Sept 30	Sept 30	Dec 31
EUR million	2007	2006	2006
Mortgages and pledges			
Mortgages on land	132	129	126
Other pledges	0	4	0
Guarantees			
On behalf of subsidiaries			
For commercial commitments	84	137	97
On behalf of associated companies			
For financing	5	4	5
Other commitments	55	61	59
Minimum future lease payments on operating leases	59	119	93

Group's major off-balance sheet investment commitments totaled EUR 38 million on September 30, 2007 (Dec 31, 2006: EUR 15 million).

Fair values and nominal amounts of derivative instruments

EUR million	Sept 30	Sept 30	Sept 30	Dec 31	Sept	Dec
	2007	2007	2007	2006	2007	2006
	Positive	Negative	Net	Net	Nominal	Nominal
	fair value	fair value	fair value	fair value	amounts	amounts
Currency and interest rate derivatives						
Currency forwards	16	11	5	-9	1 940	2 139
Interest rate swaps	10	-	10	10	283	283
					Number of	Number of
					shares,	shares,
					million	million
Stock options						
Belvedere Resources Ltd.	1	-	1	-	3.7	-
					Tons	Tons
Metal derivatives						
Forward and futures copper contracts	1	0	1	-1	4 325	6 000
Forward and futures nickel contracts	10	11	-1	9	9 804	3 636
Forward and futures zinc contracts	0	0	-0	0	850	2 150
Forward and futures molybdenum contracts	-	-0	-0	-	10	-
Nickel options	2	-	2	-	3 804	-
Emission allowance derivatives	0	-	0	-	80 000	-
					TWh	TWh
Electricity derivatives						
Publicly traded electricity derivatives	-	-	-	-	-	0.0
Other electricity derivatives	22	9	13	8	2.8	4.1
	63	32	31	16		

Segment information
General Stainless

EUR million	I/06	II/06	III/06	IV/06	2006	I/07	II/07	III/07
Sales	1 013	1 066	1 130	1 561	4 770	1 700	1 670	879
of which Tornio Works	652	740	781	1 142	3 316	1 206	1 038	516
Operating profit	43	91	166	236	536	245	188	-224
of which Tornio Works	37	70	120	213	440	227	143	-195
Operating capital at the end of period	2 397	2 404	2 602	2 847	2 847	3 047	3 007	2 789
Average personnel for the period	3 926	3 940	3 857	3 529	3 735	3 506	3 794	3 807
Deliveries of main products (1 000 tons)								
Cold rolled	246	206	172	180	805	187	151	94
White hot strip	74	85	62	84	305	81	82	41
Semi-finished products	128	144	126	154	551	117	118	64
Total deliveries of the division	448	434	360	419	1 661	386	350	198

Specialty Stainless

EUR million	I/06	II/06	III/06	IV/06	2006	I/07	II/07	III/07
Sales	650	638	614	821	2 723	1 003	1 028	687
Operating profit	22	65	81	171	338	182	196	-51
Operating capital at the end of period	1 173	1 240	1 350	1 594	1 594	1 668	1 871	1 657
Average personnel for the period	4 317	4 377	4 329	4 201	4 289	4 146	4 188	4 185
Deliveries of main products (1 000 tons)								
Cold rolled	56	54	39	47	196	51	52	33
White hot strip	49	41	33	42	166	43	38	23
Quarto plate	44	44	36	39	162	41	43	30
Tubular products	20	20	16	18	74	20	17	12
Long products	14	15	14	16	59	16	15	11
Total deliveries of the division	182	173	139	162	656	170	164	109

Other operations

EUR million	I/06	II/06	III/06	IV/06	2006	I/07	II/07	III/07
Sales	87	93	97	85	361	64	63	53
Operating profit	2	-8	-13	-16	-35	1	19	8
Operating capital at the end of period	133	239	188	138	138	-125	101	184
Average personnel for the period	504	505	479	457	481	477	459	424

Key figures by quarter

EUR million	I/06	II/06	III/06	IV/06	I/07	II/07	III/07
Operating profit margin, %	4.7	10.7	16.0	19.8	19.9	19.4	-20.9
Return on capital employed, %	7.5	16.5	24.3	36.5	38.8	35.5	-22.3
Return on equity, %	11.0	25.2	30.4	89.0	39.3	66.2	-24.3
Return on equity, continuing operations, %	8.1	21.4	29.4	42.3	39.8	64.8	-23.9
Capital employed at end of period	3 513	3 679	3 910	4 371	4 377	4 753	4 421
Net interest-bearing debt at end of period	1 483	1 509	1 560	1 300	1 189	1 119	1 016
Equity-to-assets ratio at end of period, %	37.4	38.4	37.7	47.9	47.2	50.9	54.6
Debt-to-equity ratio at end of period, %	73.0	69.5	66.4	42.3	37.3	30.8	29.8
Earnings per share, EUR	0.31	0.73	0.94	3.33	1.69	3.11	-1.19
Earnings per share from continuing operations, EUR	0.23	0.62	0.91	1.58	1.71	3.04	-1.17
Earnings per share from discontinued operations, EUR	0.08	0.11	0.03	1.75	-0.02	0.07	-0.02
Average number of shares outstanding, in thousands ¹⁾	181 032	181 032	181 032	181 037	181 067	181 082	181 084
Equity per share at end of period, EUR	11.14	11.91	12.89	16.87	17.51	20.07	18.81
Number of shares outstanding at end of period, in thousands ¹⁾	181 032	181 032	181 032	181 032	181 082	181 082	181 084
Capital expenditure, continuing operations	33	34	45	74	25	75	47
Depreciation, continuing operations	50	50	68	52	51	50	51
Average personnel for the period, continuing operations	8 746	8 822	8 665	8 187	8 129	8 441	8 416

¹⁾ The number of own shares repurchased is excluded.

Definitions of key financial figures

Capital employed	=	Total equity + net interest-bearing debt
Operating capital	=	Capital employed + net tax liability
Return on equity	=	$\frac{\text{Net profit for the financial year}}{\text{Total equity (average for the period)}} \times 100$
Return on capital employed (ROCE)	=	$\frac{\text{Operating profit}}{\text{Capital employed (average for the period)}} \times 100$
Net interest-bearing debt	=	Total interest-bearing debt – total interest-bearing assets
Equity-to-assets ratio	=	$\frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$
Debt-to-equity ratio	=	$\frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$
Earnings per share	=	$\frac{\text{Net profit for the financial year attributable to the equity holders}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=	$\frac{\text{Equity attributable to the equity holders}}{\text{Adjusted number of shares at the end of the period}}$