

October 22, 2009
at 9.00 am EET

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OUTOKUMPU'S THIRD QUARTER 2009 INTERIM REPORT – FINANCIAL PERFORMANCE ON IMPROVING TREND IN WEAK MARKETS

Third quarter 2009 highlights

- Operating loss EUR 65 million (II/2009: EUR -94 million), underlying operational result EUR -82 million (II/2009: EUR -94 million)
- Stainless steel deliveries at 238 000 tons (II/2009: 268 000 tons)
- Cash flow slightly negative, balance sheet continues to be strong (gearing 41%)
- Uncertainty about short-term demand for stainless steel, no major improvement in underlying demand
- Several investment projects completed, decision not to proceed with the Avesta melt-shop expansion project

Group key figures

		III/09	II/09	III/08	2008
Sales	EUR million	587	617	1 270	5 474
Operating profit	EUR million	-65	-94	-66	-63
Non-recurring items in operating profit	EUR million	-15	-	-66	-83
Profit before taxes	EUR million	-81	-105	-82	-134
Non-recurring items in financial income and expenses	EUR million	-	-	-	-21
Net profit for the period from continuing operations	EUR million	-55	-85	-73	-110
Net profit for the period	EUR million	-56	-87	-74	-189
Earnings per share from continuing operations	EUR	-0.30	-0.47	-0.41	-0.61
Earnings per share	EUR	-0.31	-0.48	-0.41	-1.05
Return on capital employed	%	-7.6	-11.1	-6.3	-1.6
Net cash generated from operating activities	EUR million	-12	23	242	656
Capital expenditure, continuing operations	EUR million	55	45	317	544
Net interest-bearing debt at end of period	EUR million	1 014	926	1 096	1 072
Debt-to-equity ratio at end of period	%	41.4	37.1	35.0	38.4
Stainless steel deliveries	1 000 tons	238	268	323	1 423
Stainless steel base price ¹⁾	EUR/ton	1 307	1 117	1 143	1 185
Personnel at the end of period, continuing operations		7 699	7 985	8 711	8 471

¹⁾ Stainless steel: CRU - German base price (2 mm cold rolled 304 sheet).

Outokumpu Oyj
Corporate Management

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SHORT-TERM OUTLOOK

Uncertainty in stainless steel markets continues. In the third quarter there was minor restocking by distributors due to rising raw material prices. There is however no major improvement in underlying demand for stainless. Inventory levels at distributors in Europe are estimated as still being below normal. Volatility in the nickel price is having an impact on the purchasing behaviour of distributors in the short-term, making them hesitant about building inventories.

Delivery times are fairly normal and Outokumpu is currently selling standard grades for deliveries in December. Deliveries of stainless steel in the fourth quarter are expected to be at the same level as in the second quarter (268 000 tons). Compared to the average for the third quarter, Outokumpu's average base prices for all flat products in the fourth quarter are expected to increase by 50-100 EUR/t. There is currently temporary pressure on prices but Outokumpu expects prices to remain rather stable during the remaining of the fourth quarter.

Outokumpu's underlying operational result in the fourth quarter is expected to improve from the third quarter as a result of increased base prices, improved delivery volumes and tight cost management. With current metal prices, raw-material related inventory gains are expected to be at the same level as in the third quarter, which might take the operating profit close to break-even. The main risks of fourth-quarter financial performance are connected with delivery volumes.

CEO Juha Rantanen:

"Stainless steel markets have not seen any major improvement. Underlying demand continues to be weak and the purchasing behavior of steel distributors is very much driven by short-term developments in nickel price. Outokumpu's delivery volumes in the third quarter were low. On a positive note, our financial performance is on an improving trend and both prices and volumes are expected to increase in the fourth quarter. Our priorities in the current market are to balance short-term cost and cash flow management with longer term strategy implementation. We have not given up our ambition of reaching break-even operating profit towards the end of the year."

The attachments present the Management analysis for the third quarter 2009 operating result and the Interim review by the Board of Directors for January-September 2009, the accounts and notes to the interim accounts. This report is unaudited.

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News conference and live webcast today at 1.00 pm EET

A combined news conference, conference call and live webcast concerning the third-quarter 2009 results will be held on October 22, 2009 at 1.00 pm EET (12.00 pm CET, 6.00 am US EST, 11.00 am UK time) at Hotel Kämp, conference room Akseli Gallen-Kallela, address 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 3043 2436
US & Canada	+1 866 458 4087
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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.

An on-demand webcast of the news conference will be available at www.outokumpu.com as of October 22, 2009 at around 3.00 pm EET.

OUTOKUMPU OYJ

Outokumpu is a global leader in stainless steel. Our vision is to be the undisputed number one in stainless, with success based on operational excellence. Customers in a wide range of industries use our stainless steel and services worldwide. Being fully recyclable, maintenance-free, as well as very strong and durable material, stainless steel is one of the key building blocks for sustainable future. Outokumpu operates in some 30 countries and employs some 8 000 people. The Group's head office is located in Espoo, Finland. Outokumpu has been listed on the NASDAQ OMX Helsinki since 1988.

www.outokumpu.com

MANAGEMENT ANALYSIS – THIRD QUARTER OPERATING RESULT

Group key figures

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	II/09	III/09	
Sales									
General Stainless	1 304	1 222	933	687	4 147	476	501	496	
Specialty Stainless	786	778	630	512	2 705	371	278	258	
Other operations	64	63	69	62	258	66	58	56	
Intra-group sales	-465	-514	-362	-295	-1 636	-233	-220	-224	
The Group	1 689	1 549	1 270	966	5 474	679	617	587	
Operating profit									
General Stainless	81	125	-35	-177	-6	-157	-52	-38	
Specialty Stainless	42	44	-63	-123	-101	-82	-37	-21	
Other operations	-20	4	29	25	38	-12	-5	-4	
Intra-group items	-3	1	3	4	6	2	0	-3	
The Group	100	174	-66	-271	-63	-249	-94	-65	
Stainless steel deliveries									
1 000 tons	I/08	II/08	III/08	IV/08	2008	I/09	II/09	III/09	
Cold rolled	228	192	177	141	739	133	145	124	
White hot strip	120	94	64	51	330	59	69	66	
Quarto plate	33	35	27	25	120	19	18	14	
Tubular products	19	19	16	16	70	16	13	12	
Long products	15	15	15	11	55	10	9	11	
Semi-finished products	34	35	25	16	109	10	14	12	
Total deliveries	449	391	323	261	1 423	247	268	238	
Market prices and exchange rates									
	I/08	II/08	III/08	IV/08	2008	I/09	II/09	III/09	
Market prices¹⁾									
Stainless steel									
Base price	EUR/t	1 243	1 307	1 143	1 045	1 185	925	1 117	1 307
Alloy surcharge	EUR/t	1 702	1 888	1 582	1 293	1 616	893	634	923
Transaction price	EUR/t	2 945	3 195	2 725	2 338	2 801	1 818	1 751	2 229
Nickel									
	USD/t	28 957	25 682	18 961	10 843	21 111	10 471	12 920	17 700
	EUR/t	19 335	16 440	12 599	8 227	14 353	8 036	9 478	12 375
Ferrochrome (Cr-content)									
	USD/lb	1.21	1.92	2.05	1.85	1.76	0.79	0.69	0.89
	EUR/kg	1.78	2.71	3.00	3.09	2.63	1.34	1.12	1.37
Molybdenum									
	USD/lb	33.81	33.40	33.75	17.29	29.56	9.15	9.41	15.36
	EUR/kg	49.77	47.14	49.45	28.92	44.31	15.49	15.22	23.67
Recycled steel									
	USD/t	393	565	465	181	401	207	199	236
	EUR/t	262	361	309	138	273	159	146	165
Exchange rates									
EUR/USD		1.498	1.562	1.505	1.318	1.471	1.303	1.363	1.430
EUR/SEK		9.400	9.352	9.474	10.234	9.615	10.941	10.781	10.424
EUR/GBP		0.757	0.793	0.795	0.839	0.796	0.909	0.879	0.872

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 - Quarterly contract price, Ferrochrome lumpy chrome charge, basis 52% chrome

Molybdenum: Metal Bulletin - Molybdenum oxide - Europe

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

Slight recovery in demand and further increases in prices in the third quarter

In the third quarter, global market conditions for stainless steel experienced a moderate improvement. European and global apparent consumption of flat products is estimated to have increased by 7% from the previous quarter. Compared to the third quarter of 2008, apparent consumption is estimated to have fallen by 22% in Europe and by 7% globally but was up by almost 35% in China. Third-quarter production of stainless steel is estimated to have risen by 18% in Europe and by 13% globally from the second quarter of 2009. Compared to the third quarter of 2008, production of stainless is estimated to have been down by 10% in Europe but to have grown by 6% globally, with the increase in China being 47%.

According to CRU, the average base price for 2mm cold rolled 304 stainless steel sheet in Germany increased to 1 307 EUR/ton in the third quarter (II/2009: 1 117 EUR/ton). As a consequence of rising metal prices, the alloy surcharge increased in the third quarter and was on average 923 EUR/ton (II/2009: 634 EUR/ton). The average transaction price during the quarter was 2 229 EUR/ton (II/2009: 1 751 EUR/ton). The price difference between Europe and Asia widened during the review period. (CRU)

Among the alloying elements, markets for nickel continued to improve in the third quarter as a result of higher stainless steel production. Demand for nickel increased, mainly in China, and was up by 13% compared to the previous quarter. Supplies of nickel market were constrained as a result of production difficulties and strikes, and production in the third quarter was down by 12% compared to the second quarter. The nickel price rose from a level of 16 000 at the beginning of July to 21 000 USD/ton in mid-August and then fell back to a level of 17 000 USD/ton by the end of the September. The average nickel price in the quarter was 17 700 USD/ton (II/2009: 12 920 USD/ton). In October 2009, the price of nickel has been in the range 17 200 – 19 400 USD/ton. Demand for ferrochrome also continued to improve, especially in China, and global production increased in the third quarter. The quarterly contract price for ferrochrome in the third quarter was 0.89 USD/lb (II/2009: 0.69 USD/lb) and has preliminarily been settled at 1.03 USD/lb for the fourth quarter. The price of molybdenum rose markedly and averaged 15.36 USD/lb (II/2009: 9.41 USD/lb) in the review period. The price of recycled steel was 236 USD/ton in the third quarter (II/2009: 199 USD/ton).

Smaller operating loss with lower delivery volumes

Group sales in the third quarter totalled EUR 587 million (II/2009: EUR 617 million). Deliveries of stainless steel were down by 11% and totalled 238 000 tons (II/2009: 268 000 tons). Capacity utilization in the third quarter was 50-55%. The main causes of the decline in delivery volumes were temporary production constraints, annual maintenance breaks and seasonality of demand resulting from the European holiday season.

Operating loss in the third quarter totalled EUR 65 million (II/2009: EUR -94 million). This includes some EUR 32 million of raw material-related inventory gains (II/2009: no major gains/ losses), mainly resulting from the increase in the nickel price. Operating loss also includes EUR 15 million of non-recurring costs related to write-downs resulting from the decision not to proceed with the melt-shop investment in Avesta, Sweden. Consequently, underlying operational loss improved to EUR 82 million (II/2009: EUR -94 million). However, lower delivery volumes partly offset the impact of higher base prices. Outokumpu's realized average base prices for flat products in the third quarter increased by 130 EUR/ton but were lower than the base prices reported by CRU for German 304 sheet.

The Outokumpu cost-saving programmes, initiated in December 2008, are proceeding according to plan. Outokumpu estimates that fixed-cost savings achieved in 2009 will total EUR 150 million.

Return on capital employed in the third quarter was -7.6% (II/2009: -11.1%). Earnings per share totalled EUR -0.31 (II/2009: EUR -0.48).

Outokumpu's gearing at the end of the third quarter was higher than in the previous quarter but continued to be at the good level of 41.4% (June 30, 2009: 37.1%), well below the target of below 75%. net interest-bearing debt totalled EUR 1 014 million (June 30, 2009: EUR 926 million) at the end of the third quarter.

Net cash from operating activities was slightly negative, at EUR -12 million (II/2009: EUR 23 million positive). Even though raw material prices were higher, EUR 55 million of cash was released from working capital.

Capital expenditure in the third quarter totalled EUR 55 million (II/2009: EUR 45 million).

Sales by General Stainless in the third quarter totalled EUR 496 million (II/2009: EUR 501 million), and deliveries totalled 221 000 tons (II/2009: 248 000 tons). Operating loss was EUR 38 million (II/2009: EUR -52 million) of which the Tornio Works posted a loss of EUR 44 million (II/2009: EUR -33 million). The majority of the raw material-related inventory gains of EUR 32 million were posted by General Stainless.

Sales by Specialty Stainless in the third quarter totalled EUR 258 million (II/2009: EUR 278 million), and deliveries totalled 75 000 tons (II/2009: 82 000 tons). Operating loss was EUR 21 million (II/2009: EUR -37 million).

Other operations posted an operating loss of EUR 4 million (II/2009: EUR -5 million) in the third quarter.

Personnel adjustments

In late June, Outokumpu announced that it would be increasing its production capability as the order intake for deliveries after the summer holiday season period was showing some degree of recovery. In Tornio in Finland, production was started at the idled melt-shop and working shifts on steel production lines were increased at the beginning of September. Some 700 employees who had been laid off on a temporary basis were therefore called back one month earlier than planned. In August, Outokumpu announced that the remaining part-time temporary layoffs at Tornio Works (about 900 employees in maintenance and support functions) would end at the end of September. Currently, Outokumpu's production capability is 60-70% of total capacity and the Group is adjusting its production according to demand.

The fixed-period temporary layoffs for some 250 employees at the Kemi Mine and Ferrochrome Works have ended as planned and ferrochrome production began at the beginning of October.

In Sweden, most of the temporary layoffs have been terminated by the end of September. Since the beginning of this year, some 430 jobs in total have been permanently reduced in Sweden.

Investment projects

Outokumpu has completed the expansion of its stock and processing capacity at the Group's service center in Willich, Germany. Based on an investment decision in 2007, this project consisted of expanding the site area, doubling the size of the service center building and installing new cut-to-length and slitting lines. The annual capacity of the service center has been increased from 60 000 tons to 125 000 tons. The investment totalled EUR 27 million.

In Degerfors in Sweden, the building of a new dispatch hall with fully-automated storage and integrated packaging and dispatch facilities was completed at the end of September. In Nyby in Sweden, the investment to double annual production capacity in special grades from 34 000 tons to more than 70 000 tons has been finalized. A new grinding line with an automated intermediate storage and an entry

section to the annealing and pickling line was taken into operation at the beginning of October. These investments totalled some EUR 65 million.

In December 2008, Outokumpu decided to postpone almost its entire investment program for at least 12 months. Continuation of any project is subject to a separate decision based on an updated feasibility study. Announced in September 2007, the investment at Avesta in Sweden, to expand melt-shop capacity from 500 000 tons to 750 000 tons, will not proceed in the foreseeable future as there is no need for additional melting capacity in the medium-term. Write-downs of EUR 15 million connected with this investment have been booked in the third quarter operating loss. As originally planned, this investment would have totalled to some EUR 200 million. Further decisions regarding other postponed investments will be made by the end of 2010.

INTERIM REVIEW BY THE BOARD OF DIRECTORS – JANUARY-SEPTEMBER 2009 (Unaudited)

Weak stainless steel markets with lower prices for stainless steel

During the first nine months of 2009, demand for stainless steel was weak and all producers restricted their production. During the first six months of 2009 demand was also reduced by distributors' destocking activity. As the destocking came to an end during the summer, purchasing activity among distributors recovered somewhat because of increasing metal prices and restricted output. Apparent consumption of stainless is estimated to have declined by 38% in Europe and by 22% globally compared to I-III/2008 but to have increased by 10% in China. Compared to the same period in 2008, production in I-III 2009 is estimated to have been down by 34% in Europe and by 17% globally, but to have increased by 17% in China. The average German base price for 2mm 304 cold rolled sheet was 1 116 EUR/ton in I-III/2009, 9% lower than in I-III/2008. The transaction price for stainless steel averaged 1 933 EUR/ton in I-III/2009, 35% lower than in I-III/2008. (CRU)

During the review period, prices of most alloying materials were clearly at lower levels than in the corresponding period in the previous year. During the first nine months of 2009, the nickel price averaged 13 697 USD/ton (I-III/2008: 24 533 USD/ton) and fluctuated in the range 9 400 – 21 000 USD/ton. The average quarterly contract price for ferrochrome was 0.79 USD/lb (I-III/2008: 1.73 USD/lb) during the first nine months. The average price of molybdenum was 11.31 USD/lb (I-III/2008: 33.66 USD/lb). The price of recycled steel averaged 214 USD/ton in the first nine months of 2009 (I-III/2008: 474 USD/ton).

Significant operating loss and low delivery volumes due to very weak demand

Group sales in the first nine months of 2009 were down by 58% to EUR 1 883 million (I-III/2008: EUR 4 508 million) due to lower transaction prices and reduced delivery volumes. Stainless steel deliveries totalled 753 000 tons (I-III/2008: 1 163 000 tons), down by 35%. Outokumpu cut production heavily and operated at 55-60% capacity utilization in I-III/2009.

Operating loss for the first nine months of 2009 totalled EUR 409 million (I-III/2008: EUR 208 million profit). The primary causes were low delivery volumes, low base prices and raw-material related inventory losses of some EUR 78 million (I-III/2008: losses of some EUR 140 million). Operating loss included non-recurring costs of EUR 20 million related to provisions for permanent layoffs and write-downs in Sweden. Operating profit in I-III/2008 included EUR 66 million of non-recurring provisions and underlying operational result in I-III/2009 was at loss of EUR 311 million (I-III/2008: EUR 60 million profit). Loss before taxes totalled EUR 438 million (I-III/2008: EUR 165 million profit).

Net financial income and expenses in the first nine months of 2009 totalled EUR -21 million (I-III/2008: EUR -42 million excluding non-recurring items). In I-III/2008, an impairment loss of EUR 12 million was booked in Other financial expenses due to the decline in the share price of Belvedere Resources Ltd, classified as available-for-sale financial asset.

Net loss for the review period from continuing operations totalled EUR 328 million (I-III/2008: EUR 118 million profit). Earnings per share totalled EUR -1.82 (I-III/2008: EUR 0.25) and earnings per share from continuing operations EUR -1.81 (I-III/2008: EUR 0.65). The return on capital employed for I-III/2009 was -14.9% (I-III/2008: 6.6%).

Net cash generated from operating activities totalled EUR 312 million (I-III/2008: EUR 451 million) as a result of the release of working capital due to declining metal prices and an effective reduction in inventory levels throughout the supply chain. Net interest-bearing debt totalled EUR 1 014 million at the

end of September (September 30, 2008: EUR 1 096 million). Outokumpu's gearing at the end of September was 41.4% (September 30, 2008: 35.0%).

Capital expenditure

Capital expenditure including maintenance totalled EUR 163 million in I-III/2009. The largest investments were related to the replacement of the No. 2 annealing and pickling line in Tornio, expansion of the service center in Willich, Germany, establishing of a service center in China and the doubling of production capacity in special grades at Nyby, Sweden. Total capital expenditure by the Group in 2009 is estimated to be below EUR 250 million.

In December 2008, Outokumpu decided to postpone almost its entire investment program for at least 12 months. Continuation of any project is subject to a separate decision based on an updated feasibility study. Announced in September 2007, the investment to expand melting capacity at Avesta in Sweden, will not be continued in the foreseeable future as there is no need for additional melting capacity in the medium-term. Further decisions on other postponed investments will be made by the end of 2010.

Risks and uncertainties

Outokumpu operates in accordance with the risk management policy approved by its Board of Directors. This policy defines the objectives, approaches and areas of responsibility in risk management. Risks and uncertainties may, if they materialize, have a substantial impact on earnings and cash flows. Key risks are assessed and updated on a regular basis.

Important strategic and business risks include structural overcapacity in stainless steel production, competition in stainless steel markets and Euro-centricity. To mitigate risks related to structural overcapacity and fierce competition in stainless steel markets, Outokumpu aims to maintain the cost efficiency of its operations, broaden the Group's product offering and increase sales to end-users by, for example, developing distribution channels. This strategy is supported by the Group Sales and Marketing function, which ensures that customers are served in an optimal way. To mitigate any possible impacts of Euro-centricity, Outokumpu is also aiming to grow outside Europe.

Operational risks arise as a consequence of inadequate or failed internal processes, employee actions, systematic or other events such as natural catastrophes, misconduct or crime. Key operational risks include a major fire or accident, variations in production performance, failures in project implementation and the inability to work according to a one-company approach. These risks are mitigated through insurances and a variety of preventive or corrective actions and initiatives. To minimize damage to property and business interruptions that could be caused by fire at some of the Group's major production sites, Outokumpu has implemented systematic fire and security audit programmes.

Financial risks include market price, credit, liquidity and refinancing risks. The Group's liquidity position has remained strong despite recent increases in the prices of alloying metals. To secure the necessary liquidity, Outokumpu signed a three-year revolving credit facility of EUR 900 million in June 2009 to replace the previous five-year facility of EUR 1 billion. As a consequence of the global economic crisis, credit losses related to sales have increased somewhat, but much of these losses are covered by credit insurance. A weak Swedish krona has been beneficial for the Group because of the significant quantity of krona-denominated fixed and variable costs.

Changes in the price of nickel and the value of the US dollar may have a significant impact on Group earnings, cash flows and the balance sheet. Outokumpu is also exposed to changes in interest rates, credit risk related to a certain loan receivable and risks related to equity security prices. Liquidity and refinancing risks are taken into account in capital management decisions and, when necessary, in making investment and other business decisions.

Environment, health and safety

Emissions to air and discharges to water remained within permitted limits and the breaches that occurred were temporary, were identified and caused only minimal environmental impact. Outokumpu is not a party in any significant juridical or administrative proceeding concerning environmental issues, nor is it aware of any realised environmental risks that could have a material adverse effect on the Group's financial position.

Carbon dioxide emissions under EU Emission Trading Scheme were at a very low level during the first nine months of 2009 due to reduced levels of production, approximately 367 000 tons (I-III/2008: 630 000 tons). Outokumpu estimates that total emissions in 2009 will be below 600 000 tons (2008: 871 000 tons). Outokumpu's carbon dioxide allowances in the UK, Sweden and Finland are expected to be sufficient for the Group's planned production.

Occupational safety continues to be a major focus area within the Group and Outokumpu has a separate safety function responsible for safety management and development. In I-III/2009, the lost-time injury rate (i.e. lost-time accidents per million working hours) was six (I-III/2008: nine). In 2009, the target is less than five. No severe accidents have been reported in 2009.

Corporate Responsibility

In March 2009, Outokumpu was selected as a member of the Kempen/SNS Smaller Europe SRI Universe, a concept launched by Kempen Capital Management. Membership is only offered to companies with the very highest standards and codes of practice in three areas: business ethics, human resources and the environment.

In September, the results of the annual review carried out for the Dow Jones World and Dow Jones STOXX Sustainability indexes by the Sustainable Asset Management Group (SAM) were published. Outokumpu retained its membership in both indices and received the highest possible score in two sustainability criteria: environmental reporting and occupational health and safety.

Personnel

The Group's continuing operations employed an average of 8 047 people during January-September 2009 (I-III/2008: 8 529). At the end of September, Outokumpu had 7 699 employees (September 30, 2008: 8 711).

Class actions regarding the sold 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 one individual damage claim for ACR Tubes under US antitrust laws. Outokumpu believes that the allegations in this case are groundless and will defend itself in any proceedings. In connection with the transaction to sell the fabricated copper products business to Nordic Capital, Outokumpu has agreed to indemnify and hold harmless Nordic Capital with respect to this claim.

Copper tube cartel investigation

In 2003, the European Commission issued its judgment on Outokumpu's participation in a European price-fixing and market-sharing cartel regarding copper air-conditioning tubes during 1988-2001. A fine of EUR 18 million was imposed on the Group. In 2004, Outokumpu lodged an appeal with the Court of First Instance for Europe regarding the basis for the calculation and the level of the fine. According to decision issued by this court in May 2009, the amount of the fine remains unchanged.

In the cartel investigation concerning sanitary copper tubes, the European Commission issued its judgement in September 2004 and imposed a fine of EUR 36 million to Outokumpu Group due to participation in cartel activities. Outokumpu lodged an appeal with the Court of First Instance for Europe in 2004 regarding the level of the fine. In August 2009, Outokumpu paid the fine of EUR 36 million in advance. The final decision from the Court of First Instance concerning the sanitary tubes is expected to be made during the fourth quarter of 2009.

Interest totalling EUR 9 million has been paid for both of these cases. In 2003, Outokumpu booked provisions for both of these fines.

Outokumpu exited the copper fabrication business by divesting a major part of the business in 2005 and the remainder in April 2008.

Customs investigation of exports to Russia by Outokumpu Tornio Works

In March 2007, Finnish Customs authorities initiated a criminal investigation into the Group's Tornio Works' export practices to Russia. It was suspected that a forwarding agency based in south-eastern Finland had prepared defective and/or forged invoices regarding the export of stainless steel to Russia. The preliminary investigation focused on possible complicity by Outokumpu Tornio Works in the preparation of defective and/or forged invoices by the forwarding agent.

In June 2009, the Finnish Customs completed its preliminary investigation and forwarded the matter for consideration of possible charges to the prosecuting authorities. According to initial estimates, the process of considering possible charges will be completed by the end of 2009.

Immediately after the Finnish Customs authorities began their investigations in 2007, Outokumpu initiated its own investigation into the trade practices connected with stainless steel exports from Tornio to Russia. In June 2007, after carrying out its own investigation, a leading Finnish law firm Roschier Attorneys Ltd. concluded that it had not found evidence that any employees of Tornio Works or the Group had committed any of the crimes alleged by the Finnish Customs.

Roschier has subsequently, at Outokumpu's request, examined the preliminary investigation material produced by the Finnish Customs' and concluded that it contains no evidence that any Outokumpu employees committed forgery or the accounting offences alleged by the Finnish Customs. Outokumpu's Auditor, KPMG Oy Ab, has also stated that suspicions related to the making of false financial statements are groundless.

Outokumpu has stated that neither the Group nor its personnel have committed any of the crimes alleged by the Finnish Customs.

Organizational changes and appointments

Mr Pekka Erkkilä, EVP – General Stainless, took over management of the Tornio Works in addition to his current duties with effect from September 15, 2009.

Mr Andrea Gatti, former EVP – Group Sales and Marketing at Outokumpu, assumed the role of Corporate Vice President outside the Executive Committee from February 24, 2009. He is working on strategic corporate projects and reports to Karri Kaitue, Deputy CEO. Mr Gatti's duties have been assumed by Bo Annvik, EVP – Specialty Stainless for an interim period.

Shares and shareholders

According to the Nordic Central Securities Depository, Outokumpu's largest shareholders by group at the end of the third quarter were Finnish corporations (34.35%), foreign investors (30.10%), Finnish public sector institutions (16.02%), Finnish private households (12.05%), Finnish financial and insurance institutions (5.08%), and Finnish non-profit organizations (2.41%). The list of largest shareholders is updated regularly on Outokumpu's Internet pages: www.outokumpu.com/Investors

Shareholders that have more than 5% of the shares and votes in Outokumpu Oyj are Solidium Oy (owned by the State of Finland) (31.01%) and the Finnish Social Insurance Institution (8.05%).

At the end of September 2009, Outokumpu's closing share price was EUR 12.86 (III/2008: EUR 11.06). The average share price during the first nine months of 2009 was EUR 11.26 (I-III/2008: EUR 22.65) with EUR 15.67 (I-III/2008: EUR 33.99) as the highest traded price and EUR 7.72 (I-III/2008: EUR 10.42) as the lowest. At the end of September 2009, the market capitalization of Outokumpu Oyj shares was EUR 2 327 million (September 30, 2008: EUR 1 993 million). Share turnover of Group shares on the Nasdaq OMX Helsinki exchange during the first nine months of 2009 amounted to 279.6 million (I-III/2008: 382.8 million). The total value of Group shares traded during the first nine months of 2009 was EUR 3 149.4 million (I-III/2008: EUR 8 671.0 million).

Outokumpu's fully paid-up share capital at the end of September 2009 totalled EUR 309.4 million and consisted of 182 004 266 shares. Excluding treasury shares, the number of shares outstanding at the end of the third quarter was 180 963 378.

Annual General Meeting 2009

The Annual General Meeting (AGM) approved a dividend of EUR 0.50 per share for 2008. Dividends totalling EUR 90 million were paid on April 3, 2009.

The AGM authorized the Board of Directors to decide to repurchase the Group's own shares and to issue shares and grant special rights entitling to shares. These authorizations are valid 12 months or until the next AGM, but no longer than May 31, 2010. To date, the authorizations have not been used.

The AGM decided on the number of the Board members, including the Chairman and Vice Chairman, to be eight. Members of the Outokumpu Board of Directors are: Evert Henkes, Ole Johansson (Chairman), Jarmo Kilpelä, Victoire de Margerie, Anna Nilsson-Ehle, Jussi Pesonen, Leena Saarinen and Anssi Soila (Vice Chairman).

SHORT-TERM OUTLOOK

Uncertainty in stainless steel markets continues. In the third quarter there was minor restocking by distributors due to rising raw material prices. There is however no major improvement in underlying demand for stainless. Inventory levels at distributors in Europe are estimated as still being below normal. Volatility in the nickel price is having an impact on the purchasing behaviour of distributors in the short-term, making them hesitant about building inventories.

Delivery times are fairly normal and Outokumpu is currently selling standard grades for deliveries in December. Deliveries of stainless steel in the fourth quarter are expected to be at the same level as in the second quarter (268 000 tons). Compared to the average for the third quarter, Outokumpu's average base prices for all flat products in the fourth quarter are expected to increase by 50-100 EUR/t. There is currently temporary pressure on prices but Outokumpu expects prices to remain rather stable during the remaining of the fourth quarter.

Outokumpu's underlying operational result in the fourth quarter is expected to improve from the third quarter as a result of increased base prices, improved delivery volumes and tight cost management.

With current metal prices, raw-material related inventory gains are expected to be at the same level as in the third quarter, which might take the operating profit close to break-even. The main risks of fourth-quarter financial performance are connected with delivery volumes.

In Espoo, October 22, 2009
Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Income statement

EUR million	Jan-Sept 2009	Jan-Sept 2008	July-Sept 2009	July-Sept 2008	Jan-Dec 2008
Continuing operations:					
Sales	1 883	4 508	587	1 270	5 474
Other operating income	17	20	16	25	57
Costs and expenses	-2 284	-4 285	-652	-1 329	-5 552
Other operating expenses	-25	-35	-16	-31	-42
Operating profit	-409	208	-65	-66	-63
Share of results in associated companies	-8	-1	-6	-2	-2
Financial income and expenses					
Interest income	13	15	4	5	20
Interest expenses	-29	-53	-6	-20	-74
Market price gains and losses	-4	-1	-3	1	-2
Other financial income	4	11	0	0	11
Other financial expenses	-5	-14	-5	0	-24
Profit before taxes	-438	165	-81	-82	-134
Income taxes	110	-47	26	9	24
Net profit for the period from continuing operations	-328	118	-55	-73	-110
Discontinued operations:					
Net profit for the period from discontinued operations	-3	-73	-1	-1	-79
Net profit for the period	-330	45	-56	-74	-189
Attributable to:					
Owners of the parent	-329	45	-55	-74	-189
Non-controlling interests	-1	-	-0	-	-0
Earnings per share for profit attributable to the owners of the parent:					
Earnings per share, EUR	-1.82	0.25	-0.31	-0.41	-1.05
Diluted earnings per share, EUR	-1.82	0.25	-0.31	-0.41	-1.04
Earnings per share from continuing operations attributable to the owners of the parent:					
Earnings per share, EUR	-1.81	0.65	-0.30	-0.41	-0.61
Earnings per share from discontinued operations attributable to the owners of the parent:					
Earnings per share, EUR	-0.01	-0.41	-0,00	-0.01	-0.44
Statement of other comprehensive income					
EUR million	Jan-Sept 2009	Jan-Sept 2008	July-Sept 2009	July-Sept 2008	Jan-Dec 2008
Net profit for the period	-330	45	-56	-74	-189
Other comprehensive income:					
Exchange differences on translating foreign operations	26	-26	-6	3	-75
Available-for-sale financial assets					
Fair value changes during the period	25	-8	8	-18	-37
Reclassification adjustments from equity to profit	-	5	-	0	5
Income tax relating to available-for-sale financial assets	-9	3	-1	5	8
Cash flow hedges					
Fair value changes during the period	20	-16	18	-17	-65
Reclassification adjustments from equity to profit	-	-5	-	-3	-5
Income tax relating to cash flow hedges	-5	5	-5	5	18
Net investment hedges					
Fair value changes during the period	1	4	-0	3	13
Income tax relating to net investment hedges	-0	-1	0	-1	-3
Share of other comprehensive income of associated companies	9	-	-9	-	-
Other comprehensive income for the period, net of tax	66	-38	5	-22	-140
Total comprehensive income for the period	-264	7	-51	-96	-329
Attributable to:					
Owners of the parent	-263	7	-51	-96	-329
Non-controlling interests	-1	-	-0	-	-0

Statement of financial position

EUR million	Sept 30 2009	Sept 30 2008	Dec 31 2008
ASSETS			
Non-current assets			
Intangible assets	572	567	584
Property, plant and equipment	2 066	2 023	2 027
Investments in associated companies ¹⁾	160	160	156
Available-for-sale financial assets ¹⁾	98	112	67
Derivative financial instruments ¹⁾	5	22	9
Deferred tax assets	20	29	37
Trade and other receivables			
Interest-bearing ¹⁾	126	133	132
Non interest-bearing	60	60	55
Total non-current assets	3 108	3 106	3 067
Current assets			
Inventories	937	1 602	1 204
Available-for-sale financial assets ¹⁾	9	9	8
Derivative financial instruments ¹⁾	27	82	92
Trade and other receivables			
Interest-bearing ¹⁾	36	18	25
Non interest-bearing	472	1 037	701
Cash and cash equivalents ¹⁾	210	107	224
Total current assets	1 691	2 855	2 252
Receivables related to assets held for sale ¹⁾	16	27	22
TOTAL ASSETS	4 815	5 988	5 341
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company			
Share capital	309	308	308
Premium fund	705	702	702
Other reserves	36	55	-13
Retained earnings	1 723	2 021	1 984
Net profit for the financial year	-329	45	-189
	2 445	3 132	2 794
Non-controlling interests	0	-	1
Total equity	2 446	3 132	2 795
Non-current liabilities			
Long-term debt ¹⁾	959	1 117	1 170
Derivative financial instruments ¹⁾	44	20	48
Deferred tax liabilities	110	250	216
Pension obligations	65	61	64
Provisions	29	34	28
Trade and other payables	1	2	2
Total non-current liabilities	1 208	1 484	1 529
Current liabilities			
Current debt ¹⁾	638	562	501
Derivative financial instruments ¹⁾	46	33	54
Income tax liabilities	4	52	5
Provisions	25	60	48
Trade and other payables			
Interest-bearing ¹⁾	6	26	26
Non interest-bearing	434	630	378
Total current liabilities	1 154	1 364	1 012
Liabilities related to assets held for sale ¹⁾	8	8	6
TOTAL EQUITY AND LIABILITIES	4 815	5 988	5 341

¹⁾ Included in net interest-bearing debt.

Consolidated statement of changes in equity

EUR million	Attributable to the owners of the parent									Total equity
	Share capital	Unregistered share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Cumulative translation differences	Retained earnings	Non-controlling interests	
Equity on December 31, 2007	308	-	701	16	57	-27	-82	2 364	-	3 337
Total comprehensive income for the period	-	-	-	-	-17	-	-21	45	-	7
Dividends	-	-	-	-	-	-	-	-216	-	-216
Share-based payments	-	-	-	-	-	-	-	3	-	3
Share options exercised	0	-	1	-	-	-	-	-	-	1
Equity on September 30, 2008	308	-	702	16	40	-27	-103	2 196	-	3 132
Equity on December 31, 2008	308	-	702	15	-28	-27	-138	1 961	1	2 795
Total comprehensive income for the period	-	-	-	-	47	-	19	-329	-1	-264
Transfers within equity	-	-	-	2	-	-	-	-2	-	-
Dividends	-	-	-	-	-	-	-	-90	-	-90
Share-based payments	-	-	-	-	-	2	-	-1	-	1
Share options exercised	1	-	3	-	-	-	-	-	-	4
Equity on September 30, 2009	309	-	705	17	19	-25	-119	1 539	0	2 446

Condensed statement of cash flows

EUR million	Jan-Sept 2009	Jan-Sept 2008	July-Sept 2009	July-Sept 2008	Jan-Dec 2008
Net profit for the period	-330	45	-56	-74	-189
Adjustments					
Depreciation and amortization	156	152	52	52	206
Impairments	17	24	15	7	36
Other adjustments	-216	220	-64	74	321
Change in working capital	702	97	55	192	370
Dividends received	3	12	0	2	12
Interests received	4	5	0	1	5
Interests paid	-49	-53	-15	-15	-76
Income taxes paid	26	-50	1	3	-30
Net cash from operating activities	312	451	-12	242	656
Purchases of assets	-175	-200	-56	-95	-325
Purchase of subsidiaries	-	-197	-	-197	-204
Proceeds from the sale of subsidiaries	-	49	-	-	49
Proceeds from the sale of other assets	12	9	5	6	31
Net cash from other investing activities	0	0	0	0	0
Net cash from investing activities	-163	-340	-51	-286	-449
Cash flow before financing activities	149	112	-62	-44	207
Share options exercised	4	1	-	0	1
Borrowings of long-term debt	59	164	-	164	341
Repayment of long-term debt	-308	-198	-25	-53	-236
Change in current debt	170	162	79	-37	47
Dividends paid	-90	-216	-	-	-216
Proceeds from the sale of other financial assets	0	0	0	0	0
Other financing cash flow	1	-2	-0	0	-1
Net cash from financing activities	-165	-89	54	73	-64
Net change in cash and cash equivalents	-16	22	-8	30	143
Cash and cash equivalents at the beginning of the period	224	86	218	77	86
Foreign exchange rate effect	2	-1	1	-0	-5
Net change in cash and cash equivalents	-16	22	-8	30	143
Cash and cash equivalents at the end of the period	210	107	210	107	224

Key figures

EUR million	Jan-Sept 2009	Jan-Sept 2008	Jan-Dec 2008
Sales	1 883	4 508	5 474
Operating profit	-409	208	-63
Operating profit margin, %	-21.7	4.6	-1.2
Return on capital employed, %	-14.9	6.6	-1.6
Return on equity, %	-16.8	1.8	-6.2
Return on equity, continuing operations, %	-16.7	4.9	-3.6
Capital employed at end of period	3 459	4 228	3 867
Net interest-bearing debt at end of period	1 014	1 096	1 072
Equity-to-assets ratio at end of period, %	50.8	52.3	52.4
Debt-to-equity ratio at end of period, %	41.4	35.0	38.4
Earnings per share, EUR	-1.82	0.25	-1.05
Earnings per share from continuing operations, EUR	-1.81	0.65	-0.61
Earnings per share from discontinued operations, EUR	-0.01	-0.41	-0.44
Average number of shares outstanding, in thousands ¹⁾	180 779	180 169	180 185
Fully diluted earnings per share, EUR	-1.82	0.25	-1.04
Fully diluted average number of shares, in thousands ¹⁾	180 907	181 109	180 995
Equity per share at end of period, EUR	13.51	17.38	15.50
Number of shares outstanding at end of period, in thousands ¹⁾	180 963	180 228	180 233
Capital expenditure, continuing operations	163	415	544
Depreciation, continuing operations	156	152	206
<u>Average personnel for the period, continuing operations</u>	<u>8 047</u>	<u>8 529</u>	<u>8 551</u>

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). Mainly the same accounting policies and methods of computation have been followed in the interim financial statements as in the annual financial statements for 2008.

Outokumpu has applied the IFRS 8 – Operating segments as of January 1, 2009. According to IFRS 8, segment information should be based on management's internal reporting structure and accounting principles. As disclosed in the financial statement for 2008, Outokumpu's segment information has already been based on management reporting structure and therefore the operating segments are the same as they were previously, General Stainless and Specialty Stainless. Outokumpu has also applied amended standard IAS 1 – Presentation of financial statements as of January 1, 2009, which has changed the presentation of income statement and statement of changes in equity. These changes have impacted the presentation of financial statements.

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 182 004 266 and the share capital amounted to EUR 309.4 million on September 30, 2009. Outokumpu Oyj held 1 040 888 treasury shares on September 30, 2009. This corresponded to 0.6% of the share capital and the total voting rights of the Company on September 30, 2009.

Outokumpu has 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. The option program has three parts 2003A, 2003B and 2003C. On September 30, 2009 a total of 650 881 Outokumpu Oyj shares had been subscribed for on the basis of 2003A stock option program, a total of 82 830 Outokumpu Oyj shares on the basis of 2003B stock option program and a total of 20 000 Outokumpu Oyj shares on the basis of 2003C stock option program. Share subscription period with the Outokumpu stock options 2003A ended on March 1, 2009. An aggregate maximum of 945 990 shares can be subscribed with the remaining 2003B stock options and 80 500 shares with the remaining 2003C stock options. In accordance with the terms and conditions of the option program, the dividend adjusted share price for a stock option 2003B was EUR 9.81 and for stock option 2003C EUR 10.44 on September 30, 2009. 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 1 745 033 and the number of shares by a maximum of 1 026 490 shares. This corresponds to 0.6% of the Company's shares and voting rights.

Outokumpu has also two share-based incentive programs for years 2006-2010 and 2009-2013 as part of the key employee incentive and commitment system of the Company.

The first earning period for 2006-2010 incentive program was ended on December 31, 2008. Based on the achievement of the targets, the Board confirmed that the participants would receive 50% of the maximum number of shares. Altogether 177 715 shares were distributed to 125 persons in March 2009. Outokumpu used its treasury shares for the reward payment, which means that the total number of shares of the company did not change.

On February 3, 2009, the Board of Directors of Outokumpu approved the second share-based incentive plan to be offered to the key management of Outokumpu for years 2009-2013. The Program will last five years, comprising three earning periods of three calendar years each. The earning periods commence on January 1,

2009, January 1, 2010 and January 1, 2011. The Board approves the number of participants, final allocations and performance criteria separately for each earning period. For earning period 2009-2011, the Board approved 139 employees to be in the scope of the Program. The amount of reward will be determined and paid to the participants on the basis of the achievement of performance targets after the financial statements of the last year of earning period have been prepared. The rewards to be paid on the basis of the program will correspond to a maximum of 1 500 000 Outokumpu shares. No new shares will be issued in connection with the program and therefore the incentive plan will have no diluting effect.

If persons covered by both share-based incentive programs were to receive the number of shares in accordance with the maximum reward, currently a total of 911 430 shares, their shareholding obtained via the program would amount to 0.5% of the Company's shares and voting rights.

The detailed information of the 2003 option program and of the share-based incentive programs can be found in the annual report of Outokumpu and from Outokumpu's Internet site www.outokumpu.com.

Non-current assets held for sale and discontinued operations

Outokumpu Brass produces brass rods for applications in the construction, electrical and automotive industries. The brass rod plant is located in Drünen in the Netherlands and the unit also has a 50% stake in a brass rod company in Gusum, Sweden. Outokumpu Brass employs some 150 employees. The assets and liabilities of brass rod business are presented as held for sale. Outokumpu intends to divest the brass rod business.

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

EUR million	Jan-Sept 2009	Jan-Sept 2008	Jan-Dec 2008
Sales	23	254	267
Expenses	-22	-252	-269
Operating profit	0	1	-2
Net financial items	-1	-3	-4
Profit before taxes	-1	-1	-6
Taxes	0	-1	-0
Profit after taxes	-1	-2	-6
Impairment loss recognized on the fair valuation of the Outokumpu Brass' assets and liabilities	-2	-6	-6
Loss on the sale of copper tube business	-	-66	-66
Taxes	-	-	-
After-tax result from the disposal and impairment loss	-2	-72	-73
Non-controlling interests	-	-	-
Net profit for the period from discontinued operations	-3	-73	-79

Statement of financial position

EUR million	Sept 30 2009	Sept 30 2008	Dec 31 2008
Assets			
Intangible and tangible assets	2	2	2
Other non-current assets	2	3	3
Inventories	7	13	9
Other current non interest-bearing assets	5	9	8
	16	27	22
Liabilities			
Provisions	2	1	2
Other non-current non interest-bearing liabilities	1	1	1
Trade payables	4	5	2
Other current non interest-bearing liabilities	1	0	1
	8	8	6

Cash flows

EUR million	Jan-Sept 2009	Jan-Sept 2008	Jan-Dec 2008
Operating cash flows	7	-8	-8
Investing cash flows	-2	-14	-16
Financing cash flows	-4	17	19
Total cash flows	0	-5	-5

Major non-recurring items in operating profit

EUR million	Jan-Sept 2009	Jan-Sept 2008	Jan-Dec 2008
Write-down of Avesta melt-shop investment	-15	-	-
Redundancy provisions	-5	-	-17
Thin Strip restructuring in the UK	-	-66	-66
	-20	-66	-83

Major non-recurring items in financial income and expenses

EUR million	Jan-Sept 2009	Jan-Sept 2008	Jan-Dec 2008
Impairment of Belvedere shares	-	-12	-21
	-	-12	-21

Income taxes

EUR million	Jan-Sept 2009	Jan-Sept 2008	Jan-Dec 2008
Current taxes	-4	-42	-6
Deferred taxes	114	-4	30
	110	-47	24

Property, plant and equipment

EUR million	Jan 1 - Sept 30, 2009	Jan 1 - Sept 30, 2008	Jan 1, - Dec 31, 2008
Historical cost at the beginning of the period	4 021	3 984	3 984
Translation differences	66	-53	-190
Additions	165	189	301
Acquisition of subsidiaries	-	44	36
Disposals	-14	-92	-108
Reclassifications	-2	-2	-2
Historical cost at the end of the period	4 235	4 070	4 021
Accumulated depreciation at the beginning of the period	-1 994	-2 004	-2 004
Translation differences	-35	32	115
Disposals	11	65	83
Reclassifications	0	0	-0
Depreciation	-137	-141	-188
Impairments	-15	-	-
Accumulated depreciation at the end of the period	-2 169	-2 047	-1 994
Carrying value at the end of the period	2 066	2 023	2 027
Carrying value at the beginning of the period	2 027	1 980	1 980

Commitments

EUR million	Sept 30 2009	Sept 30 2008	Dec 31 2008
Mortgages and pledges			
Mortgages on land	186	121	189
Other pledges	1	0	5
Guarantees			
On behalf of subsidiaries for commercial commitments	22	52	55
On behalf of associated companies for financing	5	5	5
Other commitments	54	59	59
Minimum future lease payments on operating leases	61	50	59

Group's off-balance sheet investment commitments totaled EUR 81 million on September 30, 2009 (September 30, 2008: EUR 231 million, Dec 31, 2008: EUR 93 million).

Related party transactions
Transactions and balances with associated companies

EUR million	Sept 30 2009	Sept 30 2008	Dec 31 2008
Sales	0	0	0
Purchases	-5	-8	-13
Financial income and expenses	0	2	2
Loans and other receivables	7	9	7
Trade and other payables	1	0	0

Fair values and nominal amounts of derivative instruments

	Sept 30 2009	Sept 30 2009	Sept 30 2009	Dec 31 2008	Sept 30 2009	Dec 31 2008
	Positive	Negative	Net	Net	Nominal	Nominal
EUR million	fair value	fair value	fair value	fair value	amounts	amounts
Currency and interest rate derivatives						
Currency forwards	16	59	-43	0	1 581	1 920
Interest rate swaps	-	2	-2	2	199	200
Cross-currency swaps	4	12	-8	7	213	46
Currency options, bought	3	-	3	-	51	-
Currency options, sold	-	0	-0	-	53	-
					Number of shares, million	Number of shares, million
Stock options						
Belvedere Resources Ltd.	-	-	-	0	-	3.7
					Tons	Tons
Metal derivatives						
Forward and futures nickel contracts	-	0	-0	-0	92	4 729
Nickel options, bought	6	-	6	14	11 520	16 758
Nickel options, sold	-	4	-4	-14	11 520	11 478
Forward and futures copper contracts	0	0	0	-0	1 175	4 925
Forward and futures zinc contracts	0	0	0	-0	500	1 025
Emission allowance derivatives	2	0	2	1	558 000	270 000
					TWh	TWh
Electricity derivatives	1	13	-12	-11	0.7	1.3
	32	90	-58	-1		

Segment information

General Stainless

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	II/09	III/09
Sales	1 304	1 222	933	687	4 147	476	501	496
of which Tornio Works	905	833	567	396	2 701	270	300	303
Operating profit	81	125	-35	-177	-6	-157	-52	-38
of which Tornio Works	67	114	-22	-93	66	-129	-33	-44
Operating capital at the end of period	2 722	2 671	2 820	2 663	2 663	2 390	2 379	2 355
Average personnel for the period	3 578	4 000	4 163	3 989	3 933	3 917	3 848	3 820
Deliveries of main products (1 000 tons)								
Cold rolled	196	162	151	121	628	114	132	112
White hot strip	102	85	58	51	297	57	64	64
Semi-finished products	100	113	76	51	340	39	51	45
Total deliveries of the division	398	359	285	223	1 265	210	248	221

Specialty Stainless

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	II/09	III/09
Sales	786	778	630	512	2 705	371	278	258
Operating profit	42	44	-63	-123	-101	-82	-37	-21
Operating capital at the end of period	1 430	1 449	1 378	1 174	1 174	1 007	906	965
Average personnel for the period	4 115	4 096	4 192	4 103	4 127	3 892	3 656	3 433
Deliveries of main products (1 000 tons)								
Cold rolled	46	44	35	29	154	25	19	19
White hot strip	45	40	31	27	142	23	25	21
Quarto plate	35	37	28	27	126	20	19	15
Tubular products	19	18	14	15	66	14	12	10
Long products	14	14	14	10	52	9	8	10
Total deliveries of the division	161	153	121	106	541	92	82	75

Other operations

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	II/09	III/09
Sales	64	63	69	62	258	66	58	56
Operating profit	-20	4	29	25	38	-12	-5	-4
Operating capital at the end of period	-20	283	266	214	214	108	252	233
Average personnel for the period	447	487	507	525	492	527	526	521

Income statement by quarter

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	II/09	III/09
Continuing operations:								
Sales								
General Stainless	1 304	1 222	933	687	4 147	476	501	496
of which intersegment sales	284	337	216	157	993	97	100	107
Specialty Stainless	786	778	630	512	2 705	371	278	258
of which intersegment sales	124	120	85	78	407	75	67	64
Other operations	64	63	69	62	258	66	58	56
of which intersegment sales	57	57	61	61	235	5	52	52
Intra-group sales	-465	-514	-362	-295	-1 636	-233	-220	-224
Total sales	1 689	1 549	1 270	966	5 474	679	617	587
Operating profit								
General Stainless	81	125	-35	-177	-6	-157	-52	-38
Specialty Stainless	42	44	-63	-123	-101	-82	-37	-21
Other operations	-20	4	29	25	38	-12	-5	-4
Intra-group items	-3	1	3	4	6	2	0	-3
Total operating profit	100	174	-66	-271	-63	-249	-94	-65
Share of results in associated companies	0	1	-2	-1	-2	-3	-0	-6
Financial income and expenses	-20	-8	-14	-26	-69	0	-11	-11
Profit before taxes	80	166	-82	-298	-134	-252	-105	-81
Income taxes	-19	-36	9	71	24	64	20	26
Net profit for the period from continuing operations	61	130	-73	-228	-110	-188	-85	-55
Net profit for the period from discontinued operations	2	-74	-1	-5	-79	0	-2	-1
Net profit for the period	63	56	-74	-233	-189	-187	-87	-56
Attributable to:								
The owners of the parent	63	56	-74	-233	-189	-187	-87	-55
Non-controlling interests	-	-	-	-0	-0	-0	-0	-0

Major non-recurring items in operating profit

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	II/09	III/09
Specialty Stainless								
Write-down of Avesta melt-shop investment	-	-	-	-	-	-	-	-15
Redundancy provisions	-	-	-	-17	-17	-5	-	-
Thin Strip restructuring in the UK	-	-	-66	-	-66	-	-	-
	-	-	-66	-17	-83	-5	-	-15

Major non-recurring items in financial income and expenses

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	II/09	III/09
Impairment of Belvedere shares	-12	-	-	-9	-21	-	-	-
	-12	-	-	-9	-21	-	-	-

Key figures by quarter

EUR million	I/08	II/08	III/08	IV/08	I/09	II/09	III/09
Operating profit margin, %	5.9	11.2	-5.2	-28.1	-36.7	-15.3	-11.1
Return on capital employed, %	10.0	17.2	-6.3	-26.8	-27.5	-11.1	-7.6
Return on equity, %	7.7	7.0	-9.3	-31.5	-28.0	-13.8	-9.0
Return on equity, continuing operations, %	7.5	16.3	-9.2	-30.8	-28.1	-13.5	-8.9
Capital employed at end of period	3 899	4 166	4 228	3 867	3 376	3 423	3 459
Net interest-bearing debt at end of period	737	939	1 096	1 072	825	926	1 014
Equity-to-assets ratio at end of period, %	53.2	54.8	52.3	52.4	51.3	52.2	50.8
Debt-to-equity ratio at end of period, %	23.3	29.1	35.0	38.4	32.3	37.1	41.4
Earnings per share, EUR	0.35	0.31	-0.41	-1.30	-1.04	-0.48	-0.31
Earnings per share from continuing operations, EUR	0.34	0.72	-0.41	-1.27	-1.04	-0.47	-0.30
Earnings per share from discontinued operations, EUR	0.01	-0.41	-0.01	-0.03	0.00	-0.01	-0.00
Average number of shares outstanding, in thousands ¹⁾	180 112	180 172	180 223	180 231	180 413	180 955	180 963
Equity per share at end of period, EUR	17.56	17.91	17.38	15.50	14.09	13.79	13.51
Number of shares outstanding at end of period, in thousands ¹⁾	180 127	180 222	180 228	180 233	180 953	180 963	180 963
Capital expenditure, continuing operations	41	56	317	129	62	45	55
Depreciation, continuing operations	50	50	52	54	52	52	52
Average personnel for the period, continuing operations	8 140	8 583	8 862	8 617	8 336	8 031	7 774

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	=	$\frac{\text{Net profit for the financial period}}{\text{Total equity (average for the period)}} \times 100$
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	=	$\frac{\text{Net profit for the financial period attributable to the owners of the parent}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=	$\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$