

## OUTOKUMPU OYJ – DEMAND FOR STAINLESS RECOVERING, RETURN TO PROFIT IN SIGHT

### First-quarter 2010 highlights

- Operating loss EUR 22 million (IV/2009: EUR -29 million) including some EUR 10 million (IV/2009: none) of raw material-related inventory gains, underlying operational result some EUR -32 million (IV/2009: -29 million).
- EBITDA EUR 34 million (IV/2009: EUR 26 million), operational cash flow EUR -86 million (IV/2009: EUR -108 million).
- Improving demand from both distributors and end-users, deliveries at 333 000 tonnes (IV/2009: 277 000 tonnes).
- Ferrochrome investment study reinitiated, Finnish Government positive on Fennovoima nuclear power initiative.

### Group key figures

		I/10	IV/09	I/09	2009
Sales	EUR million	<b>916</b>	728	679	2 611
Operating profit	EUR million	<b>-22</b>	-29	-249	-438
EBITDA	EUR million	<b>34</b>	26	-198	-212
Non-recurring items in operating profit	EUR million	-	-	-5	-20
Profit before taxes	EUR million	<b>-33</b>	-36	-252	-474
Net profit for the period from continuing operations	EUR million	<b>-21</b>	-4	-188	-332
Net profit for the period	EUR million	<b>-21</b>	-6	-187	-336
Earnings per share from continuing operations	EUR	<b>-0.12</b>	-0.03	-1.04	-1.83
Earnings per share	EUR	<b>-0.12</b>	-0.04	-1.04	-1.86
Return on capital employed	%	<b>-2.4</b>	-3.3	-27.5	-11.7
Net cash generated from operating activities <sup>1)</sup>	EUR million	<b>-86</b>	-108	295	198
Capital expenditure, continuing operations	EUR million	<b>28</b>	82	62	245
Net interest-bearing debt at end of period	EUR million	<b>1 293</b>	1 183	825	1 183
Debt-to-equity ratio at end of period	%	<b>53.5</b>	48.2	32.3	48.2
Stainless steel deliveries	1 000 tonnes	<b>333</b>	277	247	1 030
Stainless steel base price <sup>2)</sup>	EUR/tonne	<b>1 235</b>	1 297	925	1 161
Personnel at the end of period, continuing operations		<b>7 597</b>	7 606	8 253	7 606

<sup>1)</sup> Cash flows presented for continuing operations.

<sup>2)</sup> Stainless steel: CRU - German base price (2 mm cold rolled 304 sheet).

## SHORT-TERM OUTLOOK

Demand for standard grades of stainless steel has recovered to some degree in 2010 compared to late 2009. The good order intake from the beginning of the year has continued. The increased demand reflects both restocking as a result of increasing metal prices, and improved demand from end-users. There are also initial signs of increased activity in investment-driven customer-segments, but this has not yet materialised in major orders. Inventories among distributors in Europe are estimated to be at normal levels.

Lead times on mill-deliveries for standard grades are normal at 6-8 weeks. Outokumpu is gradually increasing its production volumes and Tornio Works will have full production capability by June. The Group's delivery volumes in the second quarter are expected to be at the same level or somewhat higher than in the first quarter (333 000 tonnes). Delivery volumes are strongly dependent on distributors' short-term buying behaviour, and this is impacted by developments in raw-material prices, especially nickel. Base prices have been increasing recently and Outokumpu's average base prices for flat products in the second quarter of 2010 are estimated to be 50-100 EUR/tonne higher than the average in the first quarter. The contract price for ferrochrome in the second quarter increases significantly, this will begin to have a positive impact on the Group's profits from May.

Outokumpu's underlying operational result<sup>\*)</sup> in the second quarter is expected to be somewhat positive. At current metal price levels, raw material-related gains are expected to be in excess of EUR 50 million. Cash flow is expected to be negative as mainly higher metal prices will increase working capital.

\*) Underlying operational result= Operating profit +/- raw material related inventory gains and losses and non-recurring items.

### CEO Juha Rantanen:

“After a very difficult period we can finally see a clear change for the better. Even though there was no improvement in profits in the first quarter, demand and delivery volumes were up. The profit improvement will follow in the second quarter. This recovery gives us the confidence to begin reconsidering our investment projects. Expanding our ferrochrome production was a very attractive project which the financial crisis forced us to put on hold. As the worst of the crisis is behind us and ferrochrome markets have become attractive again, it is time to take a new look at this investment. The Finnish Government's position on the Fennovoima nuclear power initiative is favourable to the overall investment consideration.”

The attachments present the Management analysis for the first quarter operating result and the Interim review by the Board of Directors for January-March 2010, 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**

A combined news conference, conference call and live webcast concerning the first-quarter 2010 results will be held on April 27, 2010 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
Sweden	+46 8 505 598 53
Password	Outokumpu

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

An on-demand webcast of the news conference will be available at [www.outokumpu.com](http://www.outokumpu.com) as of April 27, 2010 at around 3.00 pm.

OUTOKUMPU OYJ  
 Corporate Management

**MANAGEMENT ANALYSIS – FIRST QUARTER OPERATING RESULT**
**Group key figures**

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	
<b>Sales</b>							
General Stainless	476	501	496	592	2 065	<b>754</b>	
Specialty Stainless	371	278	258	332	1 239	<b>367</b>	
Other operations	66	58	56	62	243	<b>89</b>	
Intra-group sales	-233	-220	-224	-259	-935	<b>-295</b>	
The Group	679	617	587	728	2 611	<b>916</b>	
<b>Operating profit</b>							
General Stainless	-157	-52	-38	-12	-259	<b>-2</b>	
Specialty Stainless	-82	-37	-21	-10	-149	<b>-21</b>	
Other operations	-12	-5	-4	-9	-31	<b>2</b>	
Intra-group items	2	0	-3	2	1	<b>-1</b>	
The Group	-249	-94	-65	-29	-438	<b>-22</b>	
<b>Stainless steel deliveries</b>							
1 000 tonnes	I/09	II/09	III/09	IV/09	2009	I/10	
Cold rolled	133	145	124	143	545	<b>171</b>	
White hot strip	59	69	66	69	263	<b>82</b>	
Quarto plate	19	18	14	16	67	<b>21</b>	
Tubular products	16	13	12	12	53	<b>13</b>	
Long products	10	9	11	10	40	<b>13</b>	
Semi-finished products	10	14	12	27	63	<b>33</b>	
Total deliveries	247	268	238	277	1 030	<b>333</b>	
<b>Market prices and exchange rates</b>							
	I/09	II/09	III/09	IV/09	2009	I/10	
<b>Market prices<sup>1)</sup></b>							
<b>Stainless steel</b>							
Base price	EUR/t	925	1 117	1 307	1 297	1 161	<b>1 235</b>
Alloy surcharge	EUR/t	893	634	923	1 049	875	<b>1 094</b>
Transaction price	EUR/t	1 818	1 751	2 229	2 346	2 036	<b>2 329</b>
Nickel	USD/t	10 471	12 920	17 700	17 528	14 655	<b>19 959</b>
	EUR/t	8 036	9 478	12 375	11 860	10 507	<b>14 433</b>
Ferrochrome (Cr-content)	USD/lb	0.79	0.69	0.89	1.03	0.85	<b>1.01</b>
	EUR/kg	1.34	1.12	1.37	1.54	1.34	<b>1.61</b>
Molybdenum	USD/lb	9.15	9.41	15.36	11.76	11.42	<b>16.19</b>
	EUR/kg	15.49	15.22	23.67	17.54	18.05	<b>25.81</b>
Recycled steel	USD/t	207	199	236	250	223	<b>323</b>
	EUR/t	159	146	165	169	160	<b>234</b>
<b>Exchange rates</b>							
EUR/USD		1.303	1.363	1.430	1.478	1.395	<b>1.383</b>
EUR/SEK		10.941	10.781	10.424	10.351	10.619	<b>9.946</b>
EUR/GBP		0.909	0.879	0.872	0.905	0.891	<b>0.888</b>

<sup>1)</sup> 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

## Recovery in stainless steel demand with rising metal prices

Stainless steel markets began to recover from the beginning of 2010. Compared to the fourth quarter of 2009, apparent consumption of flat products is estimated to have increased by 13% in Europe and by 7% globally in the first quarter of the year. In China, apparent consumption was up by 17%. First-quarter production of stainless steel is estimated to have been 11% higher than in the preceding quarter in Europe and 8% higher globally. In China, stainless production was up by 5%.

According to CRU, the average base price for 2mm cold rolled 304 stainless steel sheet in Germany declined slightly and was 1 235 EUR/tonne in the first quarter (IV/2009: 1 297 EUR/tonne). The alloy surcharge increased somewhat to 1 094 EUR/tonne (IV/2009: 1 049 EUR/tonne) in the review period. The average transaction price during the first quarter was 2 329 EUR/tonne (IV/2009: 2 346 EUR/tonne). The price difference between Chinese and European transaction prices declined markedly in the first quarter. (CRU)

Among alloying elements, the average nickel price increased by 14% in the first quarter compared to the fourth quarter of 2009. The main cause for this price rise was improved demand for stainless steel and continuing constraints on production as a result of strikes and production-related problems. Nickel inventories at the London Metals Exchange (LME) have started declining slowly from historically high levels. Nickel traded in the range 17 000 – 25 000 USD/tonne in the first quarter and stood at 25 000 USD/tonne at the end of March. The average nickel price in the first quarter was 19 959 USD/tonne (IV/2009: 17 528 USD/tonne). The nickel price increased further and has been closer to 27 000 USD/tonne in most recent weeks. As a result of the improved demand for stainless steel, markets for ferrochrome were tight in the first quarter. Global production was up by 5%. The quarterly contract price for ferrochrome in the first quarter was 1.01 USD/lb and has preliminarily been settled at 1.36 USD/lb for the second quarter. Molybdenum was introduced to the LME in February. Its price increased during the first quarter and averaged 16.19 USD/lb (IV/2009: 11.76 USD/lb). The price of recycled steel also rose and averaged 323 USD/tonne in the first quarter (IV/2009: 250 USD/tonne).

## Small operating loss in the first quarter

Group sales in the first quarter totalled EUR 916 million (IV/2009: EUR 728 million). Deliveries of stainless steel rose by 20% to 333 000 tonnes (IV/2009: 277 000 tonnes). Capacity utilisation at Group operations was still somewhat restricted at approximately 75% during the first quarter.

Operating loss in the first quarter totalled EUR 22 million (IV/2009: EUR -29 million). This included some EUR 10 million of raw material-related inventory gains as a result of higher metal prices. Consequently, the underlying operational result in the first quarter was EUR -32 million (IV/2009: EUR -29 million). The positive impact of higher delivery volumes was partly offset by lower base prices. Outokumpu's average base prices for flat products realised in the first quarter declined by 80 EUR/tonne and were below base prices reported by CRU for German 304 sheet.

Return on capital employed in the first quarter was -2.4% (IV/2009: -3.3%). Earnings per share totalled EUR -0.12 (IV/2009: EUR -0.04).

Net cash from operating activities in continuing operations was negative at EUR -86 million (IV/2009: EUR -108 million). In the first quarter, EUR 43 million of cash was tied up in working capital mainly as a result of higher metal prices.

Compared to the level at the end of the preceding quarter, Outokumpu's gearing at the end of the first quarter increased to 53.5% (Dec 31, 2009: 48.2%), well below the target of <75%. Net-interest bearing

debt increased to EUR 1 293 million (Dec 31, 2009: EUR 1 183 million). Current non-interest bearing liabilities include the dividend payout of EUR 64 million.

Capital expenditure totalled EUR 28 million (IV/2009: EUR 82 million) in the first quarter.

Sales by General Stainless in the first quarter totalled EUR 754 million (IV/2009: EUR 592 million), and deliveries increased to 304 000 tonnes (IV/2009: 250 000 tonnes). Operating loss totalled EUR 2 million (IV/2009: EUR -12 million) of which the loss posted by Tornio Works totalled EUR 7 million (IV/2009: EUR 22 million profit). The operating loss of General Stainless was reduced by positive impact from the ferrochrome production.

Sales by Specialty Stainless in the first quarter totalled EUR 367 million (IV/2009: EUR 332 million) and deliveries totalled 111 000 tonnes (IV/2009: 87 000 tonnes). Operating loss was EUR 21 million (IV/2009: EUR -10 million).

Other operations posted an operating profit of EUR 2 million (IV/2009: EUR -9 million) in the first quarter.

### **Strike by Finnish stevedores**

The strike of the Finnish stevedores' (AKT) in March did not have any material impact on Outokumpu's deliveries of stainless steel to customers or on the importation of raw materials. During the strike, Outokumpu was able to operate the private section of the Røyttä harbour in Tornio, which serves only the Group's Tornio Works. The financial impact of this strike on Outokumpu was marginal.

### **Outokumpu to re-evaluate the ferrochrome expansion project**

Outokumpu announced a EUR 420 million investment project to double its ferrochrome production capacity at Tornio in Finland to 530 000 tons in June 2008. The financial crisis and market uncertainty resulted in this investment project being postponed in December 2008.

In March 2010, Outokumpu made a decision to update the feasibility study on this investment. This study will include an updated financial evaluation and technical specifications with detailed budgets and timetables. An investment decision based on the study will be made by the end of June 2010.

### **100 years of Outokumpu**

March 16, 2010 marked the centenary of the discovery of a rich copper ore deposit in Outokumpu in eastern Finland. The discovery led to the establishment of Outokumpu Oy and a booming mining industry in Finland. Over the years, Outokumpu has undergone a major transformation, evolving from a mining and multi-metal company into one of the world's leading producers of stainless steel.

### **Events after the review period**

The Finnish Government has announced its support for the Fennovoima nuclear power initiative. Outokumpu has about 10% ownership in Fennovoima, which would enable the Group to get electricity at production cost according to its ownership. Fennovoima's plan is to have the nuclear reactor in operation by 2020. Final decision on the licence to build the reactor will be made by the Finnish Parliament later this year.

## INTERIM REVIEW BY THE BOARD OF DIRECTORS – JANUARY-MARCH 2010

(Unaudited)

### Improving stainless steel markets with rising metal prices

Stainless steel markets began to recover from the beginning of 2010 and improved significantly compared to the beginning of 2009. Compared to the first quarter of 2009, apparent consumption of flat products is estimated to have been 53% higher in Europe and 43% higher globally in the first quarter of the year. First-quarter 2010 production of stainless steel is estimated to have increased by more than 52% in Europe and by 48% globally compared to the first quarter of 2009. The average base price for 2mm cold rolled 304 stainless steel sheet in Germany rose to 1 235 EUR/tonne in the first quarter (I/2009: 925 EUR/tonne) and the average transaction price during the review period was 2 329 EUR/tonne (I/2009: 1 818 EUR/tonne). (CRU)

Prices of all alloying elements were significantly higher in the first quarter of 2010 than they were in the same period in 2009. The nickel price averaged 19 959 USD/tonne in the first quarter (I/2009: 10 471 USD/tonne). The quarterly contract price for ferrochrome was 1.01 USD/lb (I/2009: 0.79 USD/lb). The average price of molybdenum was 16.19 USD/lb (I/2009: 9.15 USD/lb) and the price of recycled steel was 323 USD/tonne (I/2009: 207 USD/tonne).

### Small operating loss in recovering markets for stainless steel

Group sales in the first quarter increased by 35% to EUR 916 million (I/2009: EUR 679 million) mainly as a result of higher delivery volumes and clearly higher metal prices. Deliveries of stainless steel increased by 35% and totalled 333 000 tonnes (I/2009: 247 000 tonnes). Capacity utilisation in the Group's operations was approximately 75% in the first quarter of 2010.

Operating loss was significantly reduced at EUR 22 million (I/2009: EUR -249 million). This figure included EUR 10 million of raw material-related inventory gains (I/2009: losses of EUR -110 million), resulting from higher metal prices. The underlying operational result consequently improved to EUR -32 million (I/2009: EUR -134 million) with the main reasons for the improvement being higher delivery volumes and higher base prices. Loss before taxes totalled EUR 33 million (I/2009: EUR -252 million).

Net financial income and expenses totalled EUR -4 million (I/2009: EUR 0 million). Net loss for the period from continuing operations totalled EUR 21 million (I/2009: EUR -188 million) and earnings per share totalled EUR -0.12 (I/2009: EUR -1.04). Return on capital employed in the first quarter was -2.4% (I/2009: -27.5%).

Net cash generated from operating activities was somewhat negative at EUR -86 million (I/2009: EUR 295 million positive). Some EUR 43 million was tied up in working capital as a result of higher metal prices. Net interest-bearing debt increased by EUR 468 million to EUR 1 293 million in the first quarter (March 31, 2009: EUR 825 million) and gearing was 53.5% (March 31, 2009: 32.3%), still well below the target of <75%. Current non-interest bearing liabilities include the dividend payout of EUR 64 million.

### Capital expenditure and investment projects

Capital expenditure totalled EUR 28 million (I/2009: EUR 62 million) in the first quarter.

Outokumpu announced a EUR 420 million investment project to double its ferrochrome production capacity at Tornio in Finland to 530 000 tons in June 2008. The financial crisis and market uncertainty resulted in this investment project being postponed in December 2008.

In March 2010, Outokumpu made a decision to update the feasibility study on this investment. This study will include an updated financial evaluation and technical specifications with detailed budgets and timetables. An investment decision based on the study will be made by the end of June 2010.

Capital expenditure by the Group in 2010 is expected to be below EUR 200 million excluding decisions on any new or postponed investment projects. This figure includes annual capital expenditure on maintenance and the finalising of some ongoing investment projects.

## 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 materialise, 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 and competition in stainless steel markets, the Euro-centricity of Group operations and weak market conditions affecting utilisation of the Group's stainless steel production capacity. 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 resulting from Euro-centricity, Outokumpu is also aiming to grow outside Europe.

Stainless steel markets were improving during the early part of 2010. Outokumpu is monitoring the situation continuously and will adjust its operations in response to possible changes in market sentiment.

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. Operational risks also include different issues related to leadership, organisational efficiency and corporate culture. Key operational risks are a major fire or accident and variations in production performance. These risks are mitigated through insurances and a variety of preventive or corrective actions and initiatives. To minimise damage to property and business interruptions that could be caused by fire at the Group's major production sites, Outokumpu has implemented systematic fire and security audit programmes.

During the first quarter, prices of alloying metals were rising. While this has a positive impact on earnings, the impact on cash-flow is negative as the rising metal prices increase working capital. Molybdenum futures contracts were launched on the London Metal Exchange (LME) in February. Outokumpu is prepared for the hedging of molybdenum prices using similar principles to those applied when hedging nickel price risks.

The US dollar and Swedish krona strengthened during the review period. A strong dollar has a positive impact especially on ferrochrome-related revenues while a stronger krona increases Group production costs in Sweden. Part of the Swedish krona-related cash flow risk has been hedged. Outokumpu is also exposed to changes in interest rates, certain equity security prices and credit risk related to receivables. No new interest rate hedges were made in the first quarter. The Group's liquidity position has remained at a good level.

## 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.

Emissions trading activities have been conducted in accordance with obligations, agreed procedures and the Group's financial risk policy. Emissions under the EU Emission Trading Scheme during the first quarter totalled approximately 188 000 tonnes (I/2009: 172 000 tonnes). No external trading of emission allowances was carried out in the first quarter. Outokumpu's carbon dioxide allowances in the UK, Sweden and Finland proved adequate for the Group's planned production.

In the first quarter of 2010, the lost-time injury rate (i.e. lost-time accidents per million working hours) was 6.3 (I/2009: 5.5), not meeting the Group's 2010 target of less than four.

Outokumpu is participating in the construction of a wind farm in Tornio, Finland. The Group is a shareholder in Rajakiiri Oy, a company specialising in wind power technology. Rajakiiri has made a decision to invest in a 30 MW wind farm at Røyttä, on the coast of the Baltic Sea near the Tornio Works site and Outokumpu has been allocated 20% of the electrical energy that will be produced. This new wind power project will meet approximately 0.5% of Outokumpu's total energy needs. As part of its energy strategy, Outokumpu is investigating the possibilities to increase the proportion of wind power in the energy mix.

*The Life Cycle Inventory Study on Stainless Steel Production in the EU* shows that Outokumpu's stainless steel products have the smallest carbon footprint, 10–20% smaller than the EU average. This good result has been achieved through improved processes and by optimising the use of recycled steel and by actively pursuing a low-carbon electricity mix. To further develop the Group's operations in the area of sustainability, Outokumpu has published a new *Energy and Low-carbon Programme*. In the last ten years, Outokumpu has managed to reduce the Group's direct carbon dioxide (CO<sub>2</sub>) emissions by 25% per tonne of stainless steel produced and the target is a further 20% reduction by 2020. Outokumpu's carbon profile consists of direct emissions from production operations, indirect emissions from purchased electricity, emissions resulting from the transportation of products, and business travel.

## Corporate responsibility

In 2010, for the second time, Outokumpu was awarded 'Sector Mover' status for having the largest proportional annual improvement in sustainability (corporate responsibility) performance within the steel industry compared to the previous year. Each year, 2 500 of the world's largest companies are assessed by Sustainable Asset Management (SAM) on their economic, environmental and social responsibilities including areas such as corporate governance, labour practices, talent attraction and retention, and the quality of reporting on environmental and social issues.

Outokumpu Oyj has qualified for the OMX GES Sustainability Nordic index. Calculated by NASDAQ OMX in cooperation with GES Investment Services, this is a benchmark sustainability index which consists of 50 leading companies listed on the NASDAQ OMX Copenhagen, Helsinki, Stockholm and Oslo Bors exchanges. The index criteria are based on international guidelines for environmental, social and governance (ESG) issues.

## Personnel

The Group's continuing operations employed an average of 7 601 people during January-March 2010

(I/2009: 8 336). Outokumpu had 7 597 employees at the end of March (March 31, 2009: 8 253).

### **Civil actions regarding the sold fabricated copper products business**

In 2003, the European Commission issued its judgment on Outokumpu's participation in a European price-fixing and market-sharing cartel involving industrial copper tubes during 1988-2001. In the investigation concerning the sanitary copper tube sector, Outokumpu has lodged an appeal with the Court of First Instance for Europe regarding the level of the fine. The final decision from the Court of First Instance regarding sanitary tubes is expected during 2010. Outokumpu paid the fines imposed by the Commission for both cases in 2009.

In connection with the industrial tubes cartel investigation, Outokumpu Oyj has since 2004 been in the process of addressing several civil complaints raised in the US against the company and its former fabricated copper products business in the US. The majority of those complaints have been concluded, but two civil actions are still pending in the US. The first of these is a class action brought in the federal court of Tennessee on behalf of certain indirect purchasers of industrial copper tubing. Outokumpu believes that this class action lacks merit and is attempting to reach a favourable resolution. The second pending complaint in the US, an individual action filed in 2006 in the federal district court in Memphis, Tennessee seeks an unstated amount of damages related to an alleged world-wide price-fixing and market allocation cartel. The court dismissed this complaint in 2007, and it is the appeal against that dismissal which is currently pending. In 2010, a third civil action was brought in the UK courts against Outokumpu Oyj (and two other defendant groups) by the same claimant group as that in the Memphis suit. The claimants allege that they suffered loss across Europe as a result of the cartel and are seeking to recover from the three main defendant groups either jointly or jointly and severally. The claimants' initial claim for alleged losses (between the three defendant groups) is some GBP 20 million excluding interest. Outokumpu will be challenging the jurisdiction of the UK courts to hear this claim. In any event, Outokumpu believes that the allegations regarding damages caused by the cartel are groundless and, if pursued, Outokumpu will defend itself in any proceedings. No provisions have been booked on these claims.

### **Customs investigation of exports to Russia by 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. The process of considering possible charges is expected to be completed in June 2010.

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, based on 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 would have 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 would have committed either forgery or any accounting offences as 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.

### **Organisational changes and appointments**

At the beginning of April, Mr Pekka Erkkilä, EVP – General Stainless, left Outokumpu Oyj and joined Outotec Oyj. Mr Hannu Hautala, SVP – Tornio Works, took up his duties as head of Tornio Works at the beginning of April.

Mr Kari Parvento, EVP – Group Sales and Marketing, and a member of Outokumpu's Executive Committee, took up his position at Outokumpu Oyj at the beginning of April.

### **Shares and shareholders**

According to the Nordic Central Securities Depository, Outokumpu's largest shareholders by group at the end of the first quarter of 2010 were the State of Finland through its holding in Solidium Oy (30.9%), foreign investors (26.2%), Finnish public sector entities (17.3%), Finnish households (12.3%), Finnish financial and insurance institutions (7.3%), Finnish corporations (3.4%) and Finnish non-profit organisations (2.6%). The list of largest shareholders is updated daily on Outokumpu's Internet pages: [www.outokumpu.com/Investors](http://www.outokumpu.com/Investors).

Shareholders that hold more than five percent of the shares and votes in Outokumpu Oyj are Solidium Oy (30.9%) and the Finnish Social Insurance Institution (8.0%).

At the end of March, the market capitalisation of Outokumpu Oyj shares was EUR 2 973 (March 31, 2009: EUR 1 485 million). At the end of the first quarter, the closing share price was EUR 16.25 (I/2009: EUR 8.16) and the average share price for the quarter was EUR 13.78 (I/2009: EUR 8.94) with EUR 16.74 (I/2009: EUR 11.18) as the highest share price and EUR 12.03 (I/2009: EUR 7.72) as the lowest share price. In the first quarter, share turnover at the Nasdaq OMX Helsinki LTD exchange totalled 94.4 million shares (I/2009: 108.2 million shares). The total value of shares traded in the first quarter was EUR 1 300.9 million (I/2009: EUR 967.4 million).

Outokumpu's fully paid share capital at the end of March totalled EUR 311.0 million and consisted of 182 938 249 shares. Excluding treasury shares, the average number of shares outstanding during the review period was 181 244 775.

### **Annual General Meeting 2010**

The 2010 Annual General Meeting (AGM) approved a dividend of EUR 0.35 per share for 2009. Dividends totalling EUR 64 million were paid on April 13, 2010.

The AGM authorised the Board of Directors to decide to repurchase the Group's own shares. The maximum number of shares to be repurchased is 18 000 000, currently representing 9.89% of the total number of registered shares. Based on earlier authorisations Outokumpu currently holds 1 040 888 of its own shares. The AGM authorised the Board of Directors to decide to issue shares and to grant special rights entitling to shares. The maximum number of new shares to be issued through the share issue and/or by granting special rights entitling to shares is 18 000 000, and, in addition, the maximum number of treasury shares to be transferred is 18 000 000. The authorisation includes the right to

resolve upon directed share issues. These authorisations are valid 12 months or until the next AGM, however no longer than May 31, 2011. To date the authorisations have not been used.

The 2010 Annual General Meeting also decided that Outokumpu would make a donation to the Aalto University Foundation. The maximum aggregate amount of Outokumpu Group's donations to the Aalto University Foundation in 2010 is EUR 1 million.

The AGM decided on the number of the Board members, including the Chairman and Vice Chairman, should be eight. Evert Henkes, Ole Johansson, Victoire de Margerie, Anna Nilsson-Ehle, Jussi Pesonen, Leena Saarinen and Anssi Soila were re-elected as members of the Board of Directors, and Olli Vaartimo was elected as a new member. The AGM re-elected Ole Johansson as Chairman of the Board and Anssi Soila as Vice Chairman of the Board. The AGM also resolved to form a Shareholders' Nomination Committee to prepare proposals on the composition and remuneration of the Board of Directors for presentation to the next AGM.

At its first meeting, the Board of Directors of Outokumpu appointed two permanent committees consisting of Board members. Olli Vaartimo (Chairman), Anna Nilsson-Ehle, Victoire de Margerie and Jussi Pesonen were elected as members of the Board Audit Committee. Ole Johansson (Chairman), Evert Henkes, Leena Saarinen and Anssi Soila were elected as members of the Board Nomination and Compensation Committee.

KPMG Oy Ab, Authorised Public Accountants, was re-elected as the Company's auditor for the period ending at the close of the next AGM.

### **Events after the review period**

The Finnish Government has announced its support for the Fennovoima nuclear power initiative. Outokumpu has about 10% ownership in Fennovoima, which would enable the Group to get electricity at production cost according to its ownership. Fennovoima's plan is to have the nuclear reactor in operation by 2020. Final decision on the licence to build the reactor will be made by the Finnish Parliament later this year.

### **SHORT-TERM OUTLOOK**

Demand for standard grades of stainless steel has recovered to some degree in 2010 compared to late 2009. The good order intake from the beginning of the year has continued. The increased demand reflects both restocking as a result of increasing metal prices, and improved demand from end-users. There are also initial signs of increased activity in investment-driven customer-segments, but this has not yet materialised in major orders. Inventories among distributors in Europe are estimated to be at normal levels.

Lead times on mill-deliveries for standard grades are normal at 6-8 weeks. Outokumpu is gradually increasing its production volumes and Tornio Works will have full production capability by June. The Group's delivery volumes in the second quarter are expected to be at the same level or somewhat higher than in the first quarter (333 000 tonnes). Delivery volumes are strongly dependent on distributors' short-term buying behaviour, and this is impacted by developments in raw-material prices, especially nickel. Base prices have been increasing recently and Outokumpu's average base prices for flat products in the second quarter of 2010 are estimated to be 50-100 EUR/tonne higher than the average in the first quarter. The contract price for ferrochrome in the second quarter increases significantly, this will begin to have a positive impact on the Group's profits from May.

Outokumpu's underlying operational result<sup>\*)</sup> in the second quarter is expected to be somewhat positive. At current metal price levels, raw material-related gains are expected to be in excess of EUR 50 million. Cash flow is expected to be negative as mainly higher metal prices will increase working capital.

\*) Underlying operational result= Operating profit +/- raw material related inventory gains and losses and non-recurring items.

In Espoo, April 26, 2010

Board of Directors

***Outokumpu** is a global leader in stainless steel with the vision to be the undisputed number one. 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 employs some 7 500 people in more than 30 countries. The Group's head office is located in Espoo, Finland. Outokumpu is listed on the NASDAQ OMX Helsinki.*

[www.outokumpu.com](http://www.outokumpu.com)

## CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

## Statement of comprehensive income

## Condensed income statement

EUR million	Jan-March 2010	Jan-March 2009	Jan-Dec 2009
<b>Continuing operations:</b>			
<b>Sales</b>	<b>916</b>	679	2 611
Other operating income	7	10	28
Costs and expenses	<b>-942</b>	-924	-3 044
Other operating expenses	<b>-3</b>	-15	-32
<b>Operating profit</b>	<b>-22</b>	-249	-438
Share of results in associated companies	<b>-7</b>	-3	-12
Financial income and expenses			
Interest income	<b>4</b>	5	17
Interest expenses	<b>-10</b>	-13	-38
Market price gains and losses	<b>6</b>	5	-2
Other financial income	<b>2</b>	3	5
Other financial expenses	<b>-6</b>	0	-6
<b>Profit before taxes</b>	<b>-33</b>	-252	-474
Income taxes	<b>12</b>	64	142
<b>Net profit for the period from continuing operations</b>	<b>-21</b>	-188	-332
<b>Discontinued operations:</b>			
<b>Net profit for the period from discontinued operations</b>	<b>0</b>	0	-4
<b>Net profit for the period</b>	<b>-21</b>	-187	-336
<b>Attributable to:</b>			
Owners of the parent	<b>-21</b>	-187	-336
Non-controlling interests	<b>-0</b>	-0	-0
<b>Earnings per share for profit attributable to the owners of the parent:</b>			
Earnings per share, EUR	<b>-0.12</b>	-1.04	-1.86
Diluted earnings per share, EUR	<b>-0.12</b>	-1.04	-1.86
<b>Earnings per share from continuing operations attributable to the owners of the parent:</b>			
Earnings per share, EUR	<b>-0.12</b>	-1.04	-1.83
<b>Earnings per share from discontinued operations attributable to the owners of the parent:</b>			
Earnings per share, EUR	<b>0.00</b>	0.00	-0.02

## Statement of other comprehensive income

EUR million	Jan-March 2010	Jan-March 2009	Jan-Dec 2009
<b>Net profit for the period</b>	<b>-21</b>	-187	-336
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations	<b>14</b>	17	29
Available-for-sale financial assets			
Fair value changes during the period	<b>11</b>	-1	34
Income tax relating to available-for-sale financial assets	<b>-2</b>	-3	-9
Cash flow hedges			
Fair value changes during the period	<b>18</b>	-4	23
Reclassification adjustments from other comprehensive income to profit	<b>-0</b>	-	1
Income tax relating to cash flow hedges	<b>-5</b>	1	-6
Net investment hedges			
Fair value changes during the period	<b>-</b>	1	1
Income tax relating to net investment hedges	<b>-</b>	-0	-0
Share of other comprehensive income of associated companies	<b>4</b>	18	5
<b>Other comprehensive income for the period, net of tax</b>	<b>41</b>	29	77
<b>Total comprehensive income for the period</b>	<b>20</b>	-158	-259
<b>Attributable to:</b>			
Owners of the parent	<b>20</b>	-158	-259
Non-controlling interests	<b>-0</b>	-0	-1

**Statement of financial position**

EUR million	March 31 2010	March 31 2009	Dec 31 2009
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	565	580	566
Property, plant and equipment	2 106	2 043	2 097
Investments in associated companies <sup>1)</sup>	151	177	152
Available-for-sale financial assets <sup>1)</sup>	113	72	98
Derivative financial instruments <sup>1)</sup>	3	9	7
Deferred tax assets	41	34	42
Trade and other receivables			
Interest-bearing <sup>1)</sup>	156	139	140
Non interest-bearing	56	57	55
<b>Total non-current assets</b>	<b>3 192</b>	<b>3 111</b>	<b>3 157</b>
<b>Current assets</b>			
Inventories	1 102	878	1 016
Available-for-sale financial assets <sup>1)</sup>	14	7	14
Derivative financial instruments <sup>1)</sup>	23	34	16
Trade and other receivables			
Interest-bearing <sup>1)</sup>	14	28	9
Non interest-bearing	646	521	508
Cash and cash equivalents <sup>1)</sup>	100	381	112
<b>Total current assets</b>	<b>1 900</b>	<b>1 849</b>	<b>1 674</b>
<b>Receivables related to assets held for sale <sup>1)</sup></b>	<b>24</b>	<b>16</b>	<b>20</b>
<b>TOTAL ASSETS</b>	<b>5 116</b>	<b>4 976</b>	<b>4 850</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the equity holders of the Company</b>			
Share capital	311	309	309
Premium fund	713	705	706
Other reserves	65	3	37
Retained earnings	1 347	1 719	1 735
Net profit for the financial year	-21	-187	-336
	2 416	2 550	2 451
<b>Non-controlling interests</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Total equity</b>	<b>2 417</b>	<b>2 551</b>	<b>2 451</b>
<b>Non-current liabilities</b>			
Long-term debt <sup>1)</sup>	1 059	1 152	997
Derivative financial instruments <sup>1)</sup>	40	55	41
Deferred tax liabilities	90	161	100
Pension obligations	67	66	65
Provisions	17	28	17
Trade and other payables	1	2	1
<b>Total non-current liabilities</b>	<b>1 275</b>	<b>1 464</b>	<b>1 221</b>
<b>Current liabilities</b>			
Current debt <sup>1)</sup>	717	422	652
Derivative financial instruments <sup>1)</sup>	56	27	45
Income tax liabilities	7	5	3
Provisions	23	44	26
Trade and other payables			
Interest-bearing <sup>1)</sup>	7	26	7
Non interest-bearing	603	432	437
<b>Total current liabilities</b>	<b>1 413</b>	<b>955</b>	<b>1 170</b>
<b>Liabilities related to assets held for sale <sup>1)</sup></b>	<b>12</b>	<b>6</b>	<b>8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5 116</b>	<b>4 976</b>	<b>4 850</b>

<sup>1)</sup> Included in net interest-bearing debt.

**Consolidated statement of changes in equity**

EUR million	Attributable to the owners of the parent							Non-controlling interests	Total equity
	Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Cumulative translation differences	Retained earnings		
<b>Equity on December 31, 2008</b>	<b>308</b>	<b>702</b>	<b>15</b>	<b>-28</b>	<b>-27</b>	<b>-138</b>	<b>1 961</b>	<b>1</b>	<b>2 795</b>
Total comprehensive income for the period	-	-	-	16	-	13	-187	0	-158
Dividends	-	-	-	-	-	-	-90	-	-90
Share-based payments	-	-	-	-	2	-	-1	-	0
Share options exercised	1	3	-	-	-	-	-	-	4
<b>Equity on March 31, 2009</b>	<b>309</b>	<b>705</b>	<b>15</b>	<b>-12</b>	<b>-25</b>	<b>-125</b>	<b>1 683</b>	<b>1</b>	<b>2 551</b>
<b>Equity on December 31, 2009</b>	<b>309</b>	<b>706</b>	<b>15</b>	<b>22</b>	<b>-25</b>	<b>-110</b>	<b>1 534</b>	<b>0</b>	<b>2 451</b>
Total comprehensive income for the period	-	-	-	28	-	13	-21	-0	20
Dividends	-	-	-	-	-	-	-64	-	-64
Share-based payments	-	-	-	-	-	-	0	-	0
Share options exercised	2	8	-	-	-	-	-	-	9
Other change	-	-	-	-	-	-	-	1	1
<b>Equity on March 31, 2010</b>	<b>311</b>	<b>713</b>	<b>15</b>	<b>50</b>	<b>-25</b>	<b>-97</b>	<b>1 449</b>	<b>1</b>	<b>2 417</b>

**Condensed statement of cash flows**

EUR million	<b>Jan-March 2010</b>	Jan-March 2009	Jan-Dec 2009
Net profit for the period	-21	-187	-336
Adjustments			
Depreciation and amortisation	56	52	211
Impairments	-	-	15
Other non-cash adjustments	-68	-69	-230
Change in working capital	-43	489	548
Dividends received	2	3	3
Interests received	1	2	8
Interests paid	-10	-14	-57
Income taxes paid	-3	20	36
<b>Net cash from operating activities</b>	<b>-86</b>	295	198
Purchases of assets	-43	-71	-232
Proceeds from the sale of assets	4	6	17
Net cash from other investing activities	1	-0	-2
<b>Net cash from investing activities</b>	<b>-38</b>	-65	-216
<b>Cash flow before financing activities</b>	<b>-124</b>	229	-19
Share options exercised	9	4	4
Borrowings of long-term debt	56	9	130
Repayment of long-term debt	-51	-9	-350
Change in current debt	101	-77	212
Dividends paid	-	-	-90
Proceeds from the sale of other financial assets	-	0	0
Other financing cash flow	-6	1	-1
<b>Net cash from financing activities</b>	<b>109</b>	-72	-97
<b>Net change in cash and cash equivalents</b>	<b>-15</b>	157	-115
<b>Cash and cash equivalents at the beginning of the period</b>	<b>112</b>	224	224
Foreign exchange rate effect	3	0	3
Discontinued operations' net change in cash effect	1	-0	0
Net change in cash and cash equivalents	-15	157	-115
<b>Cash and cash equivalents at the end of the period</b>	<b>100</b>	381	112

Cash flows presented for continuing operations.

**Key figures**

EUR million	<b>Jan-March 2010</b>	Jan-March 2009	Jan-Dec 2009
Sales	<b>916</b>	679	2 611
Operating profit	<b>-22</b>	-249	-438
Operating profit margin, %	<b>-2.4</b>	-36.7	-16.8
EBITDA	<b>34</b>	-198	-212
Return on capital employed, %	<b>-2.4</b>	-27.5	-11.7
Return on equity, %	<b>-3.4</b>	-28.1	-12.8
Return on equity, continuing operations, %	<b>-3.5</b>	-28.0	-12.7
Capital employed at end of period	<b>3 709</b>	3 376	3 634
Net interest-bearing debt at end of period	<b>1 293</b>	825	1 183
Equity-to-assets ratio at end of period, %	<b>47.3</b>	51.3	50.6
Debt-to-equity ratio at end of period, %	<b>53.5</b>	32.3	48.2
Earnings per share, EUR	<b>-0.12</b>	-1.04	-1.86
Earnings per share from continuing operations, EUR	<b>-0.12</b>	-1.04	-1.83
Earnings per share from discontinued operations, EUR	<b>0.00</b>	0.00	-0.02
Average number of shares outstanding, in thousands <sup>1)</sup>	<b>181 245</b>	180 413	180 826
Fully diluted earnings per share, EUR	<b>-0.12</b>	-1.04	-1.86
Fully diluted average number of shares, in thousands <sup>1)</sup>	<b>181 264</b>	180 413	180 970
Equity per share at end of period, EUR	<b>13.28</b>	14.09	13.54
Number of shares outstanding at end of period, in thousands <sup>1)</sup>	<b>181 897</b>	180 953	180 970
Capital expenditure, continuing operations	<b>28</b>	62	245
Depreciation, continuing operations	<b>56</b>	52	211
Deliveries, continuing operations, 1 000 tonnes	<b>333</b>	247	1 030
Average personnel for the period, continuing operations	<b>7 601</b>	8 336	7 941

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

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

This interim 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 2009, except for changes in IFRS-standards, which are applicable from the beginning of 2010. Of these, the most significant are in the following standards:

- IFRS 3 Business Combinations
- IAS 27 Consolidated and Separate Financial Statements

These changes have not had material impact on the interim financial statements.

All presented figures in this interim report have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

### 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, 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 realisability 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 182 938 249 and the share capital amounted to EUR 311.0 million on March 31, 2010. Outokumpu Oyj held 1 040 888 treasury shares on March 31, 2010. This corresponded to 0.6% of the share capital and the total voting rights of the Company on March 31, 2010.

Outokumpu has a stock option program for management. The stock options have been allocated as part of the Group's incentive programs to key personnel of Outokumpu. The option programme has three parts 2003A, 2003B and 2003C. On March 31, 2010 a total of 650 881 Outokumpu Oyj shares had been subscribed for on the basis of 2003A stock option program, a total of 1 016 813 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. On March 31, 2010, only stock options 2003C had remaining share subscription period and an aggregate maximum of 80 500 shares can be subscribed 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 2003C was EUR 10.44 on March 31, 2010. As a result of the remaining share options, Outokumpu Oyj's share capital may be increased by a maximum of EUR 136 850 and the number of shares by a maximum of 80 500 shares. This corresponds to 0.0% of the Company's shares and voting rights.

Outokumpu has also two share-based incentive programmes for years 2006-2010 and 2009-2013 as part of the key employee incentive and commitment system of the Company. The second earnings period for 2006-2010 incentive programme was ended on December 31, 2009. The set targets for the earnings period were not met and thus no reward was paid to the participants.

Outokumpu Board approved on February 2, 2010 134 employees to be in the scope of the share incentive programme 2009-2013 second earnings period (2010-2012). 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 earnings period have been prepared. 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 1 310 710 shares, their shareholding obtained via the program would amount to 0.7% of the Company's shares and voting rights.

Detailed information on the option programme and of the share-based incentive programmes can be found in the annual report of Outokumpu from <http://ar.outokumpu.com/2009>.

**Discontinued operations and assets held for sale**

EUR million	Jan-March 2010	Jan-March 2009	Jan-Dec 2009
Sales	13	8	31
Operating profit	1	1	-1
Net profit for the period from discontinued operations	0	0	-4
Assets			
Non-current	4	4	4
Current	21	11	16
Liabilities			
Non-current	3	3	3
Current	10	3	5
Operating cash flows	-0	6	3

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.

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

EUR million	Jan-March 2010	Jan-March 2009	Jan-Dec 2009
Write-down of Avesta melt-shop investment	-	-	-15
Redundancy provisions	-	-5	-5
	-	-5	-20

**Income taxes**

EUR million	Jan-March 2010	Jan-March 2009	Jan-Dec 2009
Current taxes	-6	-0	-4
Deferred taxes	18	64	146
	12	64	142

**Property, plant and equipment**

EUR million	Jan 1 - March 31, 2010	Jan 1 - March 31, 2009	Jan 1 - Dec 31, 2009
Historical cost at the beginning of the period	4 309	4 021	4 021
Translation differences	72	2	69
Additions	27	64	246
Disposals	-6	-2	-23
Reclassifications	0	-1	-4
Historical cost at the end of the period	<b>4 401</b>	4 083	4 309
Accumulated depreciation at the beginning of the period	-2 212	-1 994	-1 994
Translation differences	-38	-2	-38
Disposals	5	1	20
Reclassifications	0	0	0
Depreciation	-50	-45	-185
Impairments	-	-	-15
Accumulated depreciation at the end of the period	<b>-2 294</b>	-2 040	-2 212
<b>Carrying value at the end of the period</b>	<b>2 106</b>	2 043	2 097
Carrying value at the beginning of the period	<b>2 097</b>	2 027	2 027

**Commitments**

EUR million	March 31 2010	March 31 2009	Dec 31 2009
<b>Mortgages and pledges</b>			
Mortgages on land	229	189	185
Other pledges	1	5	1
<b>Guarantees</b>			
On behalf of subsidiaries for commercial commitments	35	37	22
On behalf of associated companies for financing	1	5	1
<b>Other commitments</b>	<b>50</b>	57	53
<b>Minimum future lease payments on operating leases</b>	<b>59</b>	55	62

Group's off-balance sheet investment commitments totaled EUR 62 million on March 31, 2010 (March 31, 2009: EUR 99 million, Dec 31, 2009: EUR 62 million).

**Related party transactions**

Outokumpu's ownership in Outokumpu Industriunderhåll AB (previously ABB Industriunderhåll AB) increased from 49% to 51% on March 1, 2010 and since then the company has been consolidated as a subsidiary. Non-controlling interest is presented separately from the net profit and disclosed as a separate item in the equity. The acquisition price for the 2% increase in the ownership was EUR 22 000.

The only remaining significant related party transactions are loan receivables totalling EUR 17 million (March 31, 2009: EUR 7 million, Dec 31, 2009: EUR 11 million).

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

	March 31 2010 Positive fair value	March 31 2010 Negative fair value	March 31 2010 Net fair value	Dec 31 2009 Net fair value	March 31 2010 Nominal amounts	Dec 31 2009 Nominal amounts
EUR million						
<b>Currency and interest rate derivatives</b>						
Currency forwards	16	44	-28	-42	1 865	1 784
Interest rate swaps	-	4	-4	-3	202	199
Cross-currency swaps	2	23	-21	-8	218	212
Currency options, bought	2	-	2	1	36	30
Currency options, sold	-	0	-0	-0	36	31
Interest options, bought	1	-	1	2	82	78
Interest options, sold	-	2	-2	-2	82	78
					<b>Tonnes</b>	<b>Tonnes</b>
<b>Metal derivatives</b>						
Forward and futures nickel contracts	4	-	4	-	1 380	-
Nickel options, bought	0	-	0	2	3 480	13 290
Nickel options, sold	-	12	-12	-4	3 480	13 290
Forward and futures copper contracts	0	0	-0	-0	2 100	1 275
Forward and futures zinc contracts	0	0	0	-0	1 375	400
<b>Emission allowance derivatives</b>	1	0	1	0	404 000	404 000
					<b>TWh</b>	<b>TWh</b>
<b>Electricity derivatives</b>	1	11	-10	-8	1.0	0.8
	26	97	-70	-63		

**Segment information**
**General Stainless**

EUR million	I/09	II/09	III/09	IV/09	2009	I/10
Sales	476	501	496	592	2 065	<b>754</b>
of which Tornio Works	270	300	303	420	1 292	<b>481</b>
Operating profit	-157	-52	-38	-12	-259	<b>-2</b>
of which Tornio Works	-129	-33	-44	22	-183	<b>-7</b>
Operating capital at the end of period	2 390	2 379	2 355	2 421	2 421	<b>2 484</b>
Average personnel for the period	3 917	3 848	3 820	3 752	3 834	<b>3 780</b>
Deliveries of main products (1 000 tonnes)						
Cold rolled	114	132	112	128	486	<b>151</b>
White hot strip	57	64	64	62	248	<b>84</b>
Semi-finished products	39	51	45	61	196	<b>70</b>
Total deliveries of the division	210	248	221	250	929	<b>304</b>

**Specialty Stainless**

EUR million	I/09	II/09	III/09	IV/09	2009	I/10
Sales	371	278	258	332	1 239	<b>367</b>
Operating profit	-82	-37	-21	-10	-149	<b>-21</b>
Operating capital at the end of period	1 007	906	965	1 035	1 035	<b>1 109</b>
Average personnel for the period	3 892	3 656	3 433	3 372	3 588	<b>3 319</b>
Deliveries of main products (1 000 tonnes)						
Cold rolled	25	19	19	24	86	<b>35</b>
White hot strip	23	25	21	24	92	<b>30</b>
Quarto plate	20	19	15	18	71	<b>21</b>
Tubular products	14	12	10	11	47	<b>12</b>
Long products	9	8	10	10	38	<b>13</b>
Total deliveries of the division	92	82	75	87	335	<b>111</b>

**Other operations**

EUR million	I/09	II/09	III/09	IV/09	2009	I/10
Sales	66	58	56	62	243	<b>89</b>
Operating profit	-12	-5	-4	-9	-31	<b>2</b>
Operating capital at the end of period	108	252	233	240	240	<b>172</b>
Average personnel for the period	527	526	521	497	518	<b>503</b>

**Income statement by quarter**

EUR million	I/09	II/09	III/09	IV/09	2009	I/10
<b>Continuing operations:</b>						
<b>Sales</b>						
General Stainless	476	501	496	592	2 065	<b>754</b>
of which intersegment sales	97	100	107	117	421	<b>138</b>
Specialty Stainless	371	278	258	332	1 239	<b>367</b>
of which intersegment sales	75	67	64	87	293	<b>91</b>
Other operations	66	58	56	62	243	<b>89</b>
of which intersegment sales	61	52	52	55	221	<b>65</b>
Intra-group sales	-233	-220	-224	-259	-935	<b>-294</b>
Total sales	679	617	587	728	2 611	<b>916</b>
<b>Operating profit</b>						
General Stainless	-157	-52	-38	-12	-259	<b>-2</b>
Specialty Stainless	-82	-37	-21	-10	-149	<b>-21</b>
Other operations	-12	-5	-4	-9	-31	<b>2</b>
Intra-group items	2	0	-3	2	1	<b>-1</b>
Total operating profit	-249	-94	-65	-29	-438	<b>-22</b>
Share of results in associated companies	-3	-0	-6	-3	-12	<b>-7</b>
Financial income and expenses	0	-11	-11	-4	-25	<b>-4</b>
<b>Profit before taxes</b>	<b>-252</b>	<b>-105</b>	<b>-81</b>	<b>-36</b>	<b>-474</b>	<b>-33</b>
Income taxes	64	20	26	32	142	<b>12</b>
<b>Net profit for the period from continuing operations</b>	<b>-188</b>	<b>-85</b>	<b>-55</b>	<b>-4</b>	<b>-332</b>	<b>-21</b>
<b>Net profit for the period from discontinued operations</b>	<b>0</b>	<b>-2</b>	<b>-1</b>	<b>-2</b>	<b>-4</b>	<b>0</b>
<b>Net profit for the period</b>	<b>-187</b>	<b>-87</b>	<b>-56</b>	<b>-6</b>	<b>-336</b>	<b>-21</b>
Attributable to:						
The owners of the parent	-187	-87	-55	-7	-336	<b>-21</b>
Non-controlling interests	-0	-0	-0	0	-0	<b>-0</b>

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

EUR million	I/09	II/09	III/09	IV/09	2009	I/10
Specialty Stainless						
Write-down of Avesta melt-shop investment	-	-	-15	-	-15	-
Redundancy provisions	-5	-	-	-	-5	-
	-5	-	-15	-	-20	-

**Key figures by quarter**

EUR million	I/09	II/09	III/09	IV/09	I/10
Sales	679	617	587	728	<b>916</b>
Operating profit	-249	-94	-65	-29	<b>-22</b>
Operating profit margin, %	-36.7	-15.3	-11.1	-4.0	<b>-2.4</b>
EBITDA	-198	-42	2	26	<b>34</b>
Return on capital employed, %	-27.5	-11.1	-7.6	-3.3	<b>-2.4</b>
Return on equity, %	-28.0	-13.8	-9.0	-1.0	<b>-3.4</b>
Return on equity, continuing operations, %	-28.1	-13.5	-8.9	-0.7	<b>-3.5</b>
Capital employed at end of period	3 376	3 423	3 459	3 634	<b>3 709</b>
Net interest-bearing debt at end of period	825	926	1 014	1 183	<b>1 293</b>
Equity-to-assets ratio at end of period, %	51.3	52.2	50.8	50.6	<b>47.3</b>
Debt-to-equity ratio at end of period, %	32.3	37.1	41.4	48.2	<b>53.5</b>
Earnings per share, EUR	-1.04	-0.48	-0.31	-0.04	<b>-0.12</b>
Earnings per share from continuing operations, EUR	-1.04	-0.47	-0.30	-0.03	<b>-0.12</b>
Earnings per share from discontinued operations, EUR	0.00	-0.01	-0.00	-0.01	<b>0.00</b>
Average number of shares outstanding, in thousands <sup>1)</sup>	180 413	180 955	180 963	180 963	<b>181 245</b>
Equity per share at end of period, EUR	14.09	13.79	13.51	13.54	<b>13.28</b>
Number of shares outstanding at end of period, in thousands <sup>1)</sup>	180 953	180 963	180 963	180 970	<b>181 897</b>
Capital expenditure, continuing operations	62	45	55	82	<b>28</b>
Depreciation, continuing operations	52	52	52	55	<b>56</b>
Deliveries, continuing operations, 1 000 tonnes	247	268	238	277	<b>333</b>
Average personnel for the period, continuing operations	8 336	8 031	7 774	7 621	<b>7 601</b>

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

**Definitions of key financial figures**

EBITDA	=	Operating profit before depreciation, amortisation and impairments
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	=	$\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$