

Outokumpu's third-quarter result seasonally weak Market outlook cautiously positive

Net sales in the third quarter amounted to EUR 1 464 million (II/2003: EUR 1 439 million) and operating profit was EUR 29 million (II/2003: EUR 25 million). Profit before extraordinary items turned positive. Earnings per share were EUR 0.01 (II/2003: EUR -0.07). Cash flow from operating activities was EUR 73 million (II/2003: EUR -62 million). The Group's earnings development is expected to improve in the fourth quarter due to higher delivery volumes and an improved product mix within stainless steel, in particular.

THIRD QUARTER IN BRIEF

- The Group's third-quarter operating profit remained weak in a generally slow market. The operating profits of Stainless Steel and Copper declined compared with the second quarter, whereas Zinc and Technology reported slightly improved profits. The Group's third-quarter cash flow from operating activities turned clearly positive.
- Outokumpu and Boliden are negotiating a major zinc and copper restructuring, whereby Outokumpu will sell its zinc mining & smelting and copper smelting & refining assets to Boliden and Outokumpu will acquire Boliden's copper fabrication and technology sales business.
- At the end of the third quarter the Group's gearing ratio was 156%. Gearing is expected to decrease by 40-50 percentage points following the completion of the Boliden transaction by the end of the year.
- Divestment of non-core assets has progressed well. During the quarter, Outokumpu sold its 49% stake in Arctic Platinum Partnership, recording a capital gain of EUR 26 million. Furthermore, in October Outokumpu sold its shareholding in Inmet Mining and signed a final agreement to sell the remaining precious metals assets to Dragon Mining.
- The expansion of stainless steel operations at Tornio is moving ahead and the new RAP5 line produced first cold rolled products for customers in August. The share of higher-margin cold rolled products is gradually increasing, with a target to reach the entire expanded capacity by the end of 2004 as planned.
- The Group's earnings trend is expected to improve during the fourth quarter thanks to higher delivery volumes and a better product mix at the Tornio works, recovery in base metals prices and improved profitability of technology sales. However, due to the weak market conditions and poor financial performance over the first nine months, the Group's full-year operating profit and profit before extraordinary items will remain below last year's levels.

CEO Jyrki Juusela comments:

“Apart from a weak economic background, our profits were affected by the low season, with maintenance and holiday breaks in our key customer industries. However, there are some signs of a gradual pick-up in the market and sentiment has improved. During the past few months, we have put significant effort into improving our position as a leading metals and technology Group. The transaction with Boliden will free up significant financial resources for Outokumpu and marks a clear move forward in the metals value chain with a focus on growing stainless steel and selected value-added copper and technology businesses. Furthermore, the recent divestments of non-core assets support our goal. I'm positive that Outokumpu is well poised to produce good profits once the recovery starts“.

OUTOKUMPU OYJ
Corporate Management

Riihitontuntie 7 B, P.O. Box 140, FIN-02201 Espoo, Finland
Tel. + 358 9 4211, Fax + 358 9 421 3888
Domicile: Espoo, Finland. Business ID: 0215254-2

ADDING VALUE
TO METALS

MANAGEMENT ANALYSIS OF THE THIRD-QUARTER OPERATING RESULT
The Group's comparable operating profit was weak due to the holiday season

The following table presents the Group's net sales and comparable operating profit (i.e. operating profit excluding inventory gains or losses as well as one-off items) by business.

Group key figures

EUR million	I/02	II/02	III/02	IV/02	2002	I/03	II/03	III/03
Net sales								
Stainless Steel	769	823	671	739	3 002	876	851	849
Copper	409	452	392	416	1 669	409	402	404
Zinc	99	120	101	98	418	93	95	98
Technology	71	114	90	124	399	88	81	98
Other operations	89	90	65	92	336	87	99	101
Intra-group sales	(61)	(68)	(59)	(78)	(266)	(70)	(89)	(86)
The Group	1 376	1 531	1 260	1 391	5 558	1 483	1 439	1 464
Comparable operating profit								
Stainless Steel	75	83	20	21	184	49	36	9
Copper	15	22	15	8	60	2	8	(1)
Zinc	3	1	1	(0)	5	5	2	4
Technology	(8)	5	(1)	8	4	(9)	(4)	(1)
Other operations	(4)	9	(15)	(25)	(35)	(23)	(17)	(13)
Intra-group items	(0)	(1)	5	1	5	1	(1)	1
The Group	81	119	25	13	223	25	24	(1)
Items affecting comparability, businesses	14	53	(20)	2	64	3	1	30
Items affecting comparability, the Group	-	(21)	1	-	(20)	-	-	-
The Group, official operating profit	95	151	6	15	267	28	25	29

Growth in the demand for metals slowed further down during the quarter in spite of strong growth in China. The Group's net sales increased slightly compared with the previous quarter, mainly due to the higher sales volume for Technology. The Group's comparable operating profit fell as a result of the lack-luster demand for the Group's main products during the European holiday season. The operating profits of the Stainless Steel and Copper business areas declined compared with the second quarter, whereas the Zinc and Technology divisions reported slightly improved financial results.

In July-September, the euro weakened by 2% against the US dollar compared with the previous quarter, but appreciated by as much as 14% on the same quarter of 2002. The Group's cash flow from operating activities turned clearly positive.

Stainless Steel's ramp-up progressing
Stainless Steel key figures

EUR million	I/02	II/02	III/02	IV/02	2002	I/03	II/03	III/03	
Net sales									
Coil Products	599	628	517	584	2 328	682	667	624	
Special Products	325	375	299	312	1 311	349	327	273	
North America	71	72	60	64	267	64	59	64	
Others	(226)	(252)	(205)	(221)	(904)	(219)	(202)	(112)	
Stainless Steel total	769	823	671	739	3 002	876	851	849	
Comparable operating profit									
Coil Products	54	60	16	32	162	45	35	(1)	
Special Products	9	11	1	(8)	13	0	2	(7)	
North America	1	3	1	(2)	3	(1)	0	4	
Others	11	9	8	6	34	12	6	20	
AvestaPolarit total	75	83	26	28	212	56	43	16	
Amortization of positive goodwill	-	-	(6)	(7)	(28)	(7)	(7)	(7)	
Stainless Steel total	75	83	20	21	184	49	36	9	
Market valuation provision in inventories	-	-	-	0	0	1	0	(1)	
Amortization of positive goodwill arising from the acquisition of the AvestaPolarit minority interest ¹⁾	-	-	-	(15)	-	-	-	-	
Insurance compensation	-	20	-	-	20	-	-	-	
Stainless Steel, official operating profit	75	103	20	6	204	50	36	8	
Operating capital at the end of period	1 992	2 154	2 819	3 038	3 038	3 204	3 355	3 392	
Production of main products (1 000 tonnes)									
Coil Products									
Steel slabs	411	411	337	435	1 594	494	500	411	
- of which Long Product's share	130	147	109	115	501	110	93	64	
Cold rolling mill production									
- cold rolled	205	222	179	201	807	204	207	180	
- white hot strip	102	104	75	104	385	112	125	103	
Special Products									
Ferrochrome	63	63	59	63	248	63	62	62	
Tubes	18	19	14	17	68	20	18	14	
Quarto plate	25	26	19	25	95	27	32	25	
Long products ²⁾	40	54	33	53	180	54	52	40	
Precision strip	5	5	6	5	21	5	7	5	
North America									
Quarto plate, bar and tubes	19	21	17	17	74	20	20	18	
Development of market prices ³⁾									
Stainless steel									
Transaction price	EUR/kg	1.54	1.75	1.82	1.76	1.72	1.77	1.78	1.71
Base price	EUR/kg	1.31	1.41	1.45	1.44	1.41	1.43	1.39	1.34
Conversion margin	EUR/kg	0.88	0.98	1.03	1.00	0.97	0.98	0.93	0.87
Nickel									
	USD/lb	2.81	3.15	3.10	3.22	3.07	3.78	3.80	4.25
	EUR/kg	7.08	7.56	6.95	7.11	7.16	7.77	7.36	8.33
Ferrochrome (Cr-content)									
	USD/lb	0.29	0.30	0.32	0.35	0.31	0.36	0.41	0.46
	EUR/kg	0.72	0.72	0.72	0.77	0.73	0.74	0.80	0.90

1) In the fourth quarter of 2002, an EUR 15 million amortization of positive goodwill not belonging to the period was made so that the total amount corresponds to the annual amortization level.

2) Other than slabs.

3) Sources: Stainless steel: CRU - German conversion margin (2 mm cold rolled 304 sheet), price estimate for deliveries during the period. Nickel: London Metal Exchange (LME) cash quotations converted into USD/lb and EUR/kg. Ferrochrome: CRU - US imported high carbon 50-55% Cr.

Demand for stainless steel slowed down in Europe during the third quarter, partly as a result of the normal seasonal effect with maintenance and holiday breaks in customer industries. Towards the end of the quarter, the rising nickel price began to feed through into increased demand for stainless steel as consumers topped up their inventories in expectation of further price increases in raw materials. The market remained weak in the US, while China continued to drive demand growth. Global stainless steel production slowed down in the third quarter due to production cuts. In spite of this, pressure on the base price continued in Europe, resulting partly from increased imports. According to CRU, average base prices fell by 4% and conversion margins by 6% compared with the second quarter. Demand for quarto plate remained below normal levels and the overcapacity in the European long products market continued to put pressure on prices. Demand for precision strip was weaker, but prices remained relatively stable. Prices of tubes decreased slightly, though prices of fittings were quite stable.

The Stainless Steel business area's third-quarter net sales were EUR 849 million, on a par with the second quarter because increased deliveries compensated for the fall in transaction prices. Despite the seasonally slow period, deliveries of cold rolled products were only slightly below the previous quarter. The comparable operating profit declined to EUR 9 million as a result of the lower base price of cold rolled products. Higher fixed costs, attributable mainly to the ramp-up of the Tornio expansion, continued to have an adverse effect on operating profit. The Degerfors melt shop in Sweden was closed on September 26, 2003, and billet and bloom melting is continuing at the Sheffield melt shop in Britain, as planned. The Special Products and North America divisions continued to suffer from weak markets and low prices.

A serious accident took place during the third quarter in Tornio. The explosion at the new melt shop on September 19, 2003, took the life of three persons. Investigations are in progress to find out the cause of this accident, and everything will be done to avoid such incidents in the future. This accident did not have a significant effect on the financial result nor the ramp-up plans of the Tornio expansion.

The growth in stainless steel demand is expected to be modest in the last quarter of 2003 even if the recent increase in the price of nickel has strengthened short-term demand. However, the erosion in the base price of European cold rolled stainless steel in the third quarter has now come to a halt and some price increases have been introduced in certain markets. The production cuts during the third quarter indicate that producers are more willing to cut volume than to reduce price. The fourth quarter ferrochrome price negotiations are still pending but an increase seems likely.

The key factor for Stainless Steel's profitability, apart from market conditions, continues to be the successful ramp-up of the Tornio expansion. The full benefit from these investments will be achieved once full capacity has been reached by the end of 2004. Stainless Steel's profitability in the fourth quarter is expected to improve on the seasonally slow third quarter due to improved product mix and higher deliveries from the Tornio works.

Copper still suffering from low conversion margins

Copper key figures

EUR million	I/02	II/02	III/02	IV/02	2002	I/03	II/03	III/03
Net sales								
Americas	90	93	81	76	340	74	66	63
Europe	142	144	120	120	526	112	109	109
Automotive Heat Exchangers	61	74	63	58	256	59	62	62
Appliance Heat Exchangers & Asia	73	92	85	101	351	121	128	111
Harjavalta Metals	96	103	87	105	391	93	88	111
Others	(53)	(54)	(44)	(44)	(195)	(50)	(51)	(52)
Copper total	409	452	392	416	1 669	409	402	404

EUR million	I/02	II/02	III/02	IV/02	2002	I/03	II/03	III/03	
Comparable operating profit									
Americas	4	5	5	5	19	2	1	0	
Europe	2	7	0	0	9	(6)	(0)	(5)	
Automotive Heat Exchangers	4	8	6	5	23	3	4	5	
Appliance Heat Exchangers & Asia	2	4	0	(7)	(1)	1	6	(2)	
Harjavalta Metals	8	(1)	2	5	14	3	(2)	3	
Others	(5)	(1)	2	0	(4)	(1)	(1)	(2)	
Copper total	15	22	15	8	60	2	8	(1)	
Market price adjustments to inventories	7	(1)	(9)	2	(1)	2	1	5	
Pension provision (the US)	-	-	-	(6)	(6)	-	-	-	
Copper, official operating profit	22	21	6	4	53	4	9	4	
Operating capital at the end of period	1 008	933	991	935	935	947	945	915	
Deliveries of fabricated products (1 000 tonnes)									
Americas	24	25	25	24	98	24	23	20	
Europe	36	40	34	35	145	35	35	34	
Automotive Heat Exchangers	21	24	22	21	88	22	23	23	
Appliance Heat Exchangers & Asia	22	28	21	19	90	26	30	24	
Internal deliveries	(1)	(2)	(2)	(1)	(6)	(1)	(1)	1	
Total deliveries	102	115	100	98	415	106	110	102	
Order backlog at the end of period (1 000 tonnes)	67	61	60	60	60	67	64	51	
Production of Harjavalta Metals (1 000 tonnes)									
Blister copper	43	34	41	43	161	43	34	43	
Cathode copper	29	28	27	31	115	31	32	31	
Price development									
Conversion margin of copper products, change on the previous period, % ¹⁾	3	(3)	(7)	(3)	(4)	(4)	(5)	1	
Copper TC/RC, change on the previous period, % ²⁾	(8)	(2)	(8)	7	(8)	(9)	(15)	(13)	
Price of copper ³⁾									
	USD/lb	0.71	0.73	0.69	0.70	0.71	0.75	0.74	0.80
	EUR/kg	1.78	1.85	1.54	1.55	1.65	1.55	1.44	1.56

1) The average conversion margin of Outokumpu's copper products. Includes changes in the product mix.

2) Combined treatment and refining charges received by Outokumpu.

3) London Metal Exchange (LME) cash quotation.

Demand for fabricated copper products remained moderate in Asia, but was very poor in the US and Europe. Although US business confidence indicators are promising some improvement, the actual US demand showed only some weak signs of picking up. The high level of housing starts supported copper tube and alloy wire business. US industrial production fell, commercial construction was slow and the electronics sector faces tough competition from abroad. As a result, US demand for copper products was low and the pressure on margins continued. In Europe, the German construction industry was about 10% below year-ago levels and European industrial production declined further. Overcapacity and the tight copper cathode and scrap market aggravated the difficulties of European producers. Demand for copper products in China continued strong. In Japan, the economic recovery resulted in a significant increase in demand from the automotive industry. The Japanese electronics and construction sector continued to improve.

The global year-on-year demand for copper metal increased by about 2% in the third quarter. US demand dropped 6%, while European demand was flat. Asia was the region where demand was growing, with Chinese demand for copper up 13%. Japanese demand recovered strongly, by 8%. The copper market was close to balance during the third quarter, but it is forecast to fall into deficit in the last quarter. The tightness of the copper concentrate market started to ease somewhat towards the end of the period. The concentrate market is forecast to balance gradually following some mine reactivations. In the near-

term, however, treatment and refining charges are estimated to remain historically low due to excess smelting capacity.

In July-September, the Copper business area's net sales remained close to the level of the previous quarter. The comparable operating profit for the third quarter slipped into a loss of EUR 1 million, mainly due to severe price pressure and a weak product mix. The decline in operating profit compared with the previous quarter was also attributable to the holiday season in customer industries, resulting in lower delivery volumes.

Orders for fabricated copper products received during the third quarter decreased by some 7% on the previous quarter. The demand for fabricated copper products is not estimated to change markedly in the near future. However, faint signals of a market recovery have been detected, particularly in Asia. Since neither prices nor the product mix are expected to improve noticeably during the last quarter of the year, operating profit for the full year will be clearly down on last year.

Slight improvement in the performance of Zinc

Zinc key figures

EUR million	I/02	II/02	III/02	IV/02	2002	I/03	II/03	III/03	
Net sales	99	120	101	98	418	93	95	98	
Comparable operating profit	3	1	1	(0)	5	5	2	4	
Market price adjustments to inventories	1	(0)	(1)	2	2	(0)	0	(0)	
Write down of reactors at Kokkola	-	-	(4)	-	(4)	0	-	-	
Zinc, official operating profit	4	1	(4)	2	3	5	2	4	
Operating capital at the end of period	416	383	378	361	361	353	347	354	
Production of zinc (1 000 tonnes)	103	81	94	102	380	97	103	100	
Price development									
Zinc TC, change on the previous period, % ¹⁾	(4)	(6)	(9)	(2)	(20)	(9)	(7)	7	
Price of zinc ²⁾	USD/lb	0.36	0.35	0.35	0.35	0.35	0.36	0.35	0.37
	EUR/kg	0.91	0.85	0.78	0.77	0.82	0.73	0.68	0.73

1) Zinc TC received by Outokumpu. Includes so-called free zinc.

2) London Metal Exchange (LME) cash quotation.

The zinc market remained weak in the third quarter and global year-on-year demand grew by just 1.5%. Demand dropped in Europe and in the US due to the weakness in commercial construction and the stagnant automotive sector. Only in Asia did consumption grow. The metal market was oversupplied and prices rose only modestly. Mine production of zinc increased by 4% in the period and the concentrate market moved closer to balance. This led to a slight rise in treatment charges from their record low levels.

Both of Outokumpu's zinc production facilities operated satisfactorily in spite of minor production difficulties at Odda. The Zinc division's net sales and operating profit remained low owing to a weak market. However, the comparable operating profit of EUR 4 million improved slightly from the previous quarter as a result of slightly higher treatment charges. The weak US dollar against the euro and the Norwegian krone had a minimal adverse effect on the division's financial result thanks to currency hedging measures.

The short-term outlook for zinc remains gloomy. The strength of the euro against the US dollar has contributed to a significant cut in the revenues of European producers and the rationalization of supply is

likely to continue. The recovery in demand and further production cuts are essential for a better zinc market. By contrast, the slightly higher zinc treatment charges and zinc prices suggest some improvement in the Zinc division's operating profit in the fourth quarter.

Technology's market situation improving

Technology key figures

EUR million	I/02	II/02	III/02	IV/02	2002	I/03	II/03	III/03
Net sales	71	114	90	124	399	88	81	98
Official operating profit	(8)	5	(1)	8	4	(9)	(4)	(1)
Operating capital at the end of period	33	36	26	35	35	28	32	12
Order backlog at the end of period	392	401	370	370	370	359	294	410

The market outlook for technology sales improved markedly during the third quarter. Customers activated their investment plans particularly in emerging markets. Technology's order backlog increased to EUR 410 million at the end of the third quarter due to very successful order intake.

The most significant contracts in the quarter included aluminium technologies worth EUR 55 million, consisting of agreements with Alunorte and Alcoa in Brazil, Balco in India, Henan in China, Alba in Bahrain and Alro in Romania, ferrous technologies worth EUR 38 million, consisting of a chromite pellet plant for Kazchrome in Kazakhstan and a titania project for Tata Steel in India, a copper plant for Lane Xang Minerals in Laos worth EUR 32 million, and a sulphuric acid plant modernization for Bagfas in Turkey, worth EUR 23 million. During the quarter, there was a noteworthy increase in the number of smaller mineral processing orders. In addition to closed deals, other major contracts were in the pipeline.

Technology's third-quarter operating loss amounted to EUR 1 million, primarily as a result of still low sales volumes. The financial result improved, however, markedly over previous quarters. Given the typical seasonality of technology sales, it is estimated that the bulk of this year's operating profit will again be generated in the last quarter. Financial performance is expected to improve substantially during 2004 thanks to better market conditions.

Other operations supported by capital gain

Other operations key figures

EUR million	I/02	II/02	III/02	IV/02	2002	I/03	II/03	III/03
Net sales	89	90	65	92	336	87	99	101
Comparable operating profit	(4)	9	(15)	(25)	(35)	(23)	(17)	(13)
Gain on the sale of								
Arctic Platinum Partnership (49%)	-	-	-	-	-	-	-	26
Gain on the sale of the real estate in Espoo	-	-	-	13	13	-	-	-
Refund of actuarial surplus	-	-	-	4	4	-	-	-
Refund of pension surplus from Henki-Sampo	-	-	-	2	2	-	-	-
Final settlement on the sale								
of the Harjavalta nickel refinery	-	-	(6)	-	(6)	-	-	-
Capital gain on AvestaPolarit Oyj Abp shares	-	34	-	-	34	-	-	-
Gain on the sale of the Pyhäsalmi mine	6	-	-	-	6	-	-	-
Other operations, official operating profit	2	43	(21)	(6)	18	(23)	(17)	13
Operating capital at the end of period	147	223	100	209	209	228	248	289
Mine production (1 000 tonnes)								
Zinc in concentrates, the Tara mine	-	-	7	42	49	43	41	51

The official third-quarter operating profit of Other operations includes an unusual gain of EUR 26 million arising from the sale of Outokumpu's 49% holding in Arctic Platinum Partnership. The Tara mine accounted for one third of the comparable operating loss in the third quarter. Tara's losses declined, however, compared with previous quarters in step with the rising zinc price and improved efficiency. The cost base of Other operations also covers Corporate Management and certain business development expenses, which are not allocated to the business areas or divisions.

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

For further information, please contact:

Kari Lassila, SVP - Investor Relations and Corporate Development, tel. +358 9 421 2555,
kari.lassila@outokumpu.com

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

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

Press conference today at 3.00 pm and conference call at 5.00 pm

Outokumpu CEO Jyrki Juusela will host a press conference **today at 3.00 pm Finnish time** at the Hotel Kämp, conference room Akseli Gallen-Kallela, Pohjoisesplanadi 29, 00100 Helsinki, Finland. The presentation will be delivered in Finnish.

Later today CEO Jyrki Juusela will host a conference call **today at 5.00 pm Finnish time** (10.00 am US EST, 3.00 pm UK time, 4.00 pm CET). The language of the conference call is English. Those wanting to participate are kindly asked to call in the numbers +44 20 7162 0195 (Europe) or +1 334 323 6203 (the US and Canada) 5-10 minutes before the opening of the conference call. The password for the conference call is "Outokumpu".

For those who are not able to participate, there will be an instant reply service available until Saturday October 25, 2003. The numbers for instant reply are +44 20 8288 4459 (Europe), +1 334 323 6222 (the US and Canada). The access code for both is 385 922.

OUTOKUMPU OYJ
Corporate Management



Johanna Sintonen
Manager - Investor and Media Relations
tel. +358 9 421 2438, mobile +358 40 530 0778, fax +358 9 421 2429
e-mail: johanna.sintonen@outokumpu.com
www.outokumpu.com

INTERIM REVIEW BY THE BOARD OF DIRECTORS**Profits down markedly on the previous year**

Outokumpu's business environment has been difficult in 2003. The markets for copper, zinc and technology sales have been lackluster, although these markets started to recover slightly towards the end of the period. The stainless steel market held up moderately well, but capacity utilization rates have been low. The Group's net sales in January-September rose 5% on the corresponding period of last year, to EUR 4 386 million (I-III/2002: EUR 4 167 million). The increase was primarily attributable to higher transaction prices and higher delivery volumes of stainless steel.

Apart from the poor market situation, Outokumpu's January-September profits were adversely affected by costs relating to the commissioning of major investment programs and restructuring measures as well as to lower-than-expected margins from the product mix during the ramp-up of the capacity enhancement program in Tornio. Owing to these factors, operating profit in January-September dropped sharply to EUR 82 million (I-III/2002: EUR 252 million). Operating profit for the first nine months includes a capital gain of EUR 26 million on the sale of Outokumpu's 49% stake in Artic Platinum Partnership and a EUR 21 million amortization of goodwill on consolidation relating to the acquisition of the AvestaPolarit minority interest (I-III/2002: EUR 6 million). The comparison period of last year included unusual gains of EUR 30 million, for which a breakdown can be found in the notes to the financial statements.

In January-September, the euro strengthened against the US dollar by 19% compared with the corresponding period a year ago. However, the adverse effect was largely offset by the Group's hedging measures. The Group's net financial expenses increased to EUR 73 million (I-III/2002: EUR 22 million) primarily due to the increase in interest expenses resulting from higher net interest-bearing debt. In the comparison period, the parent company had recorded exchange gains as a result of hedging measures. The Group's hedging position against the weakening of the US dollar relative to the euro is currently less than twelve months, and the average exchange rate for forward contracts is now becoming less favorable.

The Group's loss before extraordinary items in January-September was EUR 1 million and the loss for the period EUR 16 million (I-III/2002: profit before extraordinary items of EUR 225 million and profit for the period of EUR 149 million). However, both profit before extraordinary items and profit for the period turned positive during the third quarter. Earnings per share contracted to EUR -0.09 (I-III/2002: EUR 1.09). The return on capital employed was also markedly lower than in the corresponding period last year, 2.4% (I-III/2002: 9.2%).

Capital structure to be restored

Following the adverse market conditions and increased working capital, cash flow from operating activities remained negative during the first nine months and was EUR -11 million (I-III/2002: EUR 392 million), although cash flow turned positive in the third quarter. The Group's net interest-bearing debt was EUR 2 847 million at the end of the period (Dec. 31, 2002: EUR 2 385 million) as a result of the weak cash flow and the ongoing major capital expenditure programs.

The Group's capital structure has, as expected, weakened below the target level due to the acquisition of the AvestaPolarit minority interest last year. At the end of the third quarter, the equity-to-assets ratio was 28.2% and the debt-to-equity ratio 155.9% (Dec. 31, 2002: 31.1% and 122.6%). The Boliden transaction is expected to take gearing down by 40-50 percentage points by the end of 2003. The target for the gearing ratio is less than 75% by the end of 2004. Also the Group's cash flow is planned to turn positive

in 2004 following the massive investment and construction phase that started some three years ago and is now nearing completion.

Outokumpu and Boliden in a major zinc and copper restructuring

On September 8, 2003 Outokumpu and Boliden of Sweden announced negotiations on a major industry restructuring whereby Outokumpu will sell its Zinc division, comprising Outokumpu Zinc Commercial in the Netherlands, the Kokkola smelter in Finland and the Odda smelter in Norway, the Tara zinc mine in Ireland, and Harjavalta Metals, comprising the Harjavalta copper smelter and the Pori refinery in Finland to Boliden. These assets represent about 10% of the external net sales of the Outokumpu Group and some 12% of capital employed. At the same time Outokumpu will acquire Boliden's copper fabrication and technology sales business.

Based on due diligence completed by the parties in August, the Outokumpu assets to be sold to Boliden are valued at EUR 736 million, of which Outokumpu will receive EUR 373 million in cash and EUR 56 million in the form of a subordinated note. The remaining EUR 307 million will be paid in New Boliden shares. This results in a 49% holding for Outokumpu, and thus makes New Boliden an associated company of the Outokumpu Group. The capital employed in the assets to be transferred to Boliden was EUR 552 million on January 1, 2003. The transaction value will be adjusted on closing and any changes in capital employed will be taken into account. It is estimated that Outokumpu will book a capital gain from the transaction and the Group's gearing will be reduced by some 40-50 percentage points.

This transaction will make New Boliden one of the world's leading mining and smelting companies, with increased financial and operational flexibility. The pro-forma net sales of New Boliden in 2003 are estimated to be some EUR 1.6 billion and it employs 4 800 people. Annual synergies, relating primarily to raw materials and commercial optimization, are estimated at EUR 25-30 million. Furthermore, New Boliden will be able to benefit from investment synergies in the future.

Outokumpu will acquire from Boliden its copper fabrication units in Sweden, Belgium, the Netherlands and Britain, and Boliden Contech, a technology sales business. In 2002, these businesses generated net sales of around EUR 270 million. As consideration for the above-mentioned assets, Boliden will receive 5 000 000 shares in Outokumpu Oyj, giving it a 2.8% interest. Outokumpu and Boliden have also agreed on extensive technology and R&D cooperation.

After the transaction, New Boliden is also planning to arrange a EUR 150 million rights issue. Outokumpu is committed to participate in the rights issue.

The parties are proposing that the Board of Directors of New Boliden will initially comprise four Outokumpu nominees, three nominees of the present Boliden shareholders, the CEO as well as personnel representatives. There will be no shareholders' agreement between Outokumpu, Boliden or its shareholders.

The parties are aiming to sign a final sale and purchase agreement in October and the transaction as a whole is to be fully completed by the end of 2003.

Tornio ramp-up advancing towards full capacity by end 2004

Capital expenditure in January-September amounted to EUR 418 million (I-III/2002: EUR 1 743 million). It is estimated that capital expenditure for the full year will exceed EUR 600 million, with the Tornio expansion accounting for the bulk of the overall expenditure. Capital expenditure in 2004 is estimated to decrease compared with 2003, but it will nevertheless exceed the level of depreciation.

The EUR 1 billion expansion program at Tornio is moving ahead well, although the new cold rolling mill has proceeded somewhat behind schedule. Deliveries of cold rolled material started in August. The expansion to increase the hot rolling capacity at Tornio to 1.7 million tonnes is moving ahead as planned. The integration of the quarto plate business of ThyssenKrupp Nirosta, acquired in February, is proceeding well and the related investments in Degerfors were carried out successfully during the third quarter. The Kemi chromium underground mine was commissioned at the beginning of September. The increase in long products capacity in the US is developing as planned.

The EUR 88 million modernization program being carried out at the Odda zinc plant in Norway is progressing in line with the planned cost estimate and schedule. The project will be completed in the fall of 2004.

Divestment strategy moves ahead

On September 11, 2003, Gold Fields of South Africa exercised its pre-emptive right to acquire Outokumpu's 49% stake in Arctic Platinum Partnership and paid Outokumpu USD 23 million in cash and USD 8 million in Gold Fields shares, which Outokumpu sold immediately. A capital gain of EUR 26 million was entered as an unusual item in the third quarter financial results of Other operations.

In October 2003, Outokumpu signed the final agreement with Dragon Mining NL of Australia to sell its wholly owned precious metals mining assets to Dragon, including the Orivesi gold mine and the Vammala concentrator, as well as certain exploration assets, most of which are located in Finland. The total consideration will be about EUR 11 million, comprising EUR 5.5 million in cash and the balance in Dragon Mining shares or cash. Closing of the transaction is scheduled for early November 2003. A capital gain of EUR 7 million will be entered as an unusual item in the fourth quarter financial results of Other operations.

At the beginning of October 2003, Outokumpu and Inmet agreed on removing the lock-up period for the Inmet shares held by Outokumpu. Outokumpu had received the shares as a partial payment for the sale of the Pyhäsalmi Mine to Inmet in 2002. Outokumpu sold the shares through a broker on the Toronto Stock Exchange and received about EUR 23 million, net of costs. The acquisition price of the shares was around EUR 13 million. A capital gain of EUR 10 million will be entered as an unusual item in the fourth quarter financial results of Other operations.

EU Commission's Statements of Objections regarding manufacturers of copper tubes

Outokumpu has received two Statements of Objections from the European Commission concerning alleged participation by Outokumpu's copper tube business in a cartel. The first statement concerned air-conditioning and refrigeration (ACR) tubes and the second related to sanitary tubes. Both Statements of Objections are related to an investigation that was initiated by the Commission in March 2001, and Outokumpu has cooperated with the European Commission in the investigation. The company has submitted its written reply on the first Statement of Objections and will submit the other one in due course. The combined net sales of copper ACR and sanitary tubes manufactured by Outokumpu in Europe account for some 4% of the Outokumpu Group's total net sales.

Towards a strong, united Outokumpu corporate brand

Outokumpu has decided to align all its businesses under the Outokumpu brand, for which a renewed communications concept as well as a new visual identity will be developed. The goal is to launch the renewed brand in January 2004. Among the implications of the decision is that all the business areas and divisions within the Outokumpu Group will also adopt a uniform name structure. The uniformity will help bring together all the strengths of the businesses to form a strong, united Outokumpu brand, and enable all the Group's businesses to leverage the combined strength.

Market outlook cautiously positive

Economic growth remained weak during the third quarter. Growth of global industrial production and industrial investments was very slow. In Europe, the economic growth was close to zero during the third quarter. Germany, France and Italy fell technically into recession. The US economy grew by about 3% during the quarter. The depreciation of the US dollar against the euro together with low interest rates and tax cuts are supporting a faster US economic upturn. Furthermore, the US business and consumer confidence indices indicate a recovery during the next few months. The boom continued unabated in China at a spectacular growth rate of 8%. The outlook for Japan improved too. China and other Asian countries are likely to remain the leading growth regions in the near future.

The metal markets suffered from slow growth in industrial activity and growth in the demand for metals remained weak, with only the Chinese market showing strong growth. For stainless steel markets, excess capacity and high stock levels resulted in production cuts and lower capacity utilization rates. Base prices and conversion margins remained stagnant in the third quarter. Looking ahead, the continuing weakness in underlying demand will remain a problem for the stainless steel market during the last quarter of 2003. However, the improving economic background, and better prospects for business investment in particular, suggest that underlying demand should be strengthening by the early months of 2004. Next year is also expected to see a marked slowdown in the start-up of new stainless capacity. This implies that average utilization rates will rise modestly as the year 2004 progresses, providing a more supportive background for prices. Furthermore, base metal prices and treatment charges started to recover during the third quarter and sentiment has improved. The general market outlook for Outokumpu's key products is thus cautiously positive.

Outokumpu's management believes that the Group's earnings trend will improve during the fourth quarter due to higher delivery volumes and a better product mix at the Tornio works, recovery in base metals prices and improved profitability of technology sales. However, due to the weak market conditions and poor financial performance during the first nine months, the Group's full-year operating profit and profit before extraordinary items will remain below last year's levels.

Espoo, October 23, 2003

The Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

INCOME STATEMENT	Jan-Sep	Jan-Sep	Jan-Dec
EUR million	2003	2002	2002
Net sales	4 386	4 167	5 558
Costs and expenses	(4 335)	(3 956)	(5 332)
Unusual items	26	30	49
Other operating income and expenses	8	(4)	(6)
Amortization of positive and negative goodwill	(3)	15	(2)
Operating profit	82	252	267
Equity earnings in associated companies	(10)	(5)	(7)
Financial income and expenses			
Net interest expenses	(75)	(46)	(75)
Exchange gains and losses	(2)	15	15
Other financial income and expenses	4	9	13
Profit (loss) before extraordinary items	(1)	225	213
Extraordinary items	-	-	-
Income taxes	(15)	(72)	(53)
Minority interest in earnings	0	(4)	(1)
Profit (loss) for the financial period	(16)	149	159

BALANCE SHEET	Sep 30	Sep 30	Dec 31
EUR million	2003	2002	2002
Fixed assets and other long-term investments			
Intangible assets	449	373	373
Property, plant and equipment	3 143	2 962	3 088
Long-term financial assets			
Interest-bearing	143	175	157
Non interest-bearing	86	98	105
	3 821	3 608	3 723
Current assets			
Inventories	1 342	1 132	1 235
Receivables			
Interest-bearing	41	54	76
Non interest-bearing	1 153	1 084	1 067
Marketable securities	14	12	31
Cash and bank	181	214	195
	2 731	2 496	2 604
Total assets	6 552	6 104	6 327
Shareholders' equity	1 789	1 615	1 906
Minority interest	38	52	40
Long-term liabilities			
Interest-bearing	1 827	1 162	1 493
Non interest-bearing	456	456	463
	2 283	1 618	1 956
Current liabilities			
Interest-bearing	1 398	1 707	1 352
Non interest-bearing	1 044	1 112	1 073
	2 442	2 819	2 425
Total shareholders' equity and liabilities	6 552	6 104	6 327

STATEMENT OF CASH FLOWS

EUR million	Jan-Sep 2003	Jan-Sep 2002	Jan-Dec 2002
Income financing	164	381	450
Increase in working capital	(145)	31	(100)
Other adjustments	(30)	(20)	(16)
Cash provided by operating activities	(11)	392	334
Capital expenditure	(418)	(1 743)	(2 042)
Other investing activities	(7)	23	73
Cash flow before financing activities	(436)	(1 328)	(1 635)
Cash provided by financing activities	391	1 279	1 569
Adjustments	14	(10)	7
Decrease in cash and marketable securities	(31)	(59)	(59)

GROUP KEY FIGURES

	Jan-Sep 2003	Jan-Sep 2002	Jan-Dec 2002
Operating profit margin, %	1.9	6.1	4.8
Return on capital employed, %	2.4	9.2	7.0
Return on shareholders' equity, %	neg.	10.9	8.0
Capital employed at end of period, EUR million	4 673	4 083	4 331
Net interest-bearing debt at end of period, EUR million	2 847	2 414	2 385
Equity-to-assets ratio at end of period, % ¹⁾	28.2	27.7	31.1
Debt-to-equity ratio at end of period, %	155.9	144.7	122.6
Earnings per share (excluding extraordinary items), EUR	(0.09)	1.09	1.15
Earnings per share, EUR	(0.09)	1.09	1.15
Average number of shares outstanding, in thousands ²⁾	171 454	136 707	137 658
Fully diluted earnings per share (excl. extraordinary items), EUR	(0.09)	1.09	1.14
Fully diluted average number of shares, in thousands ²⁾	172 247	137 637	139 293
Shareholders' equity per share at end of period, EUR	10.42	11.78	11.14
Number of shares outstanding at end of period, in thousands ²⁾	171 613	137 168	171 111
Capital expenditure, EUR million ³⁾	418	1 743	2 042
Depreciation, EUR million ⁴⁾	225	193	264
Average personnel for the period	21 387	19 681	20 196

1) The negative goodwill is netted against assets.

2) The number of own shares repurchased is excluded.

3) The acquisition of AvestaPolarit shares is included.

4) The amortization of negative and positive goodwill is excluded.

NOTES TO THE INCOME STATEMENT AND BALANCE SHEET
Shares and share capital

The total number of Outokumpu Oyj shares was 172 736 938 and the share capital amounted to EUR 293.7 million on September 30, 2003. Outokumpu Oyj held a total of 1 123 440 treasury shares with total account equivalent value of EUR 1.9 million. This equals to 0.7% of the share capital and the total voting rights of the Company.

Bonds relating to the subordinated bond loan have been converted into 1 088 541 shares by September 30, 2003. The first subscriptions under the option warrants issued in 1998 were made in September 2003. Altogether 31 829 shares were subscribed for and the increase in share capital was entered into the Trade Register on October 14,

2003. The number of Outokumpu Oyj shares may be increased to a maximum of 176 294 565 following the share subscriptions under the convertible bonds to personnel and the 1998 management option program.

The Annual General Meeting of April 3, 2003 approved a stock option program for management. Under the terms and conditions of the stock option program, altogether 5 100 000 stock options will be issued entitling their holders to subscribe for 5 100 000 new shares in the Company during the years 2006 and 2011. As a result of the share subscriptions with the 2003 stock options, the share capital of Outokumpu Oyj may be increased by a maximum of EUR 8 670 000 and the number of shares by a maximum of 5 100 000 shares. The shares that can be subscribed with the 2003 stock options equal to 2.9% of the Company's shares and voting rights following the potential share capital increase.

In June 2003, the Board of Directors decided the earnings criteria on the basis of which stock options 2003A will be distributed to 118 key persons of the Outokumpu Group in spring 2004. The earnings criteria comprise the Group's earnings per share (EPS), share price development, and additionally gearing for the Group Executive Committee members. A total maximum of 1 700 000 Outokumpu Oyj shares can be subscribed for with the 2003A stock options between September 1, 2006 and March 1, 2009. The subscription price for a stock option will be the trading volume weighted average of the Outokumpu share on the Helsinki Exchanges between December 1, 2003 and February 29, 2004.

Authorizations of the Board of Directors

The Board of Directors has a valid authorization by the Annual General Meeting of April 3, 2003 to repurchase and transfer the Company's own shares. Shares may be repurchased through purchases in public trading on the Helsinki Exchanges at the market price prevailing at the time of the purchase. The maximum number of shares to be repurchased or transferred is 8 632 955, which equals 5% of the total number of shares of the Company registered on April 3, 2003. Own shares can be repurchased for improving the Company's equity structure or to be used as consideration when acquiring assets for the Company's business or as consideration in possible corporate acquisitions, in the manner and to the extent decided by the Board of Directors. Repurchased shares may also be used as a part of incentive and bonus schemes directed to the personnel of the Company. Authorizations to repurchase and transfer the Company's own shares are valid until AGM in 2004, however no longer than April 2, 2004. By October 23, 2003 the Board of Directors had not used these authorizations.

The Board of Directors has a valid authorization by the Annual General Meeting of April 3, 2003 to increase the share capital through an issue of new shares, stock options, option warrants and/or convertible bonds. The share capital may be increased by no more than EUR 29 352 050 and the aggregate maximum number of new shares shall not exceed 17 265 911 shares. This equals 10% of the share capital and voting rights of the Company registered on April 3, 2003. By October 23, 2003 the Board of Directors had not used this authorization.

EUR million	Jan-Sep 2003	Jan-Sep 2002	Jan-Dec 2002
Unusual items			
Gain on the sale of Arctic Platinum Partnership (49%)	26	-	-
Gain on the sale of the real estate in Espoo	-	-	13
Refund of actuarial surplus			
Outokumpu Oyj	-	-	3
Other companies	-	-	1
Refund of pension surplus from Henki-Sampo, Outokumpu Oyj	-	-	2
Final settlement on the sale of the Harjavalta nickel refinery	-	(6)	(6)
Write down of reactors at Kokkola	0	(4)	(4)
Capital gain on AvestaPolarit Oyj Abp shares	-	14	14
AvestaPolarit's insurance compensation	-	20	20
Restructuring provision of AvestaPolarit	-	(16)	(32)
Additional amortization of negative goodwill of AvestaPolarit	-	16	32
Gain on the sale of the Pyhäsalmi mine	-	6	6
	26	30	49
Income taxes			
Current taxes	(14)	(56)	(53)
Deferred taxes	(1)	(16)	0
	(15)	(72)	(53)
Commitments			
EUR million	Sep 30 2003	Sep 30 2002	Dec 31 2002
Mortgages and pledges			
To secure borrowings of Group companies	145	105	119
Guarantees			
On behalf of associated companies	16	8	7
On behalf of other parties	39	16	41
	55	24	48
Minimum future lease payments on operating leases	124	135	133

Open derivative instruments EUR million	Carrying value	Fair value	Contract amounts	
	Sep 30 2003	Sep 30 2003	Sep 30 2003	Dec 31 2002
Financial derivatives				
Forward foreign exchange contracts	27	27	1 630	1 100
Currency options				
Purchased	4	4	310	60
Written	(2)	(2)	240	60
Currency swaps	(2)	(2)	40	60
Interest rate swaps	(2)	(2)	217	70
Metal derivatives ¹⁾				
Forward and futures copper contracts	1	1	91 600	121 200
Forward and futures nickel contracts	0	0	3 600	2 200
Forward and futures zinc contracts	1	1	114 400	197 300
Zinc options				
Purchased	0	0	750	3 000
Written	0	0	750	3 000
Forward and futures aluminium contracts	0	0	2 425	1 300
Forward and futures gold contracts	(1)	(1)	78 400	63 400
Forward and futures silver contracts	0	0	455 400	529 300
Electricity derivatives ²⁾				
Traded electricity forwards and futures	-	0	0.1	0.2
Other financial contracts	-	11	2.9	4.5

1) Contract amounts of base metal derivatives in tonnes and precious metal derivatives in troy ounce.

2) Contract amounts of electricity derivatives in TWh.

The derivative transactions have been made for hedging purposes. The market value of derivatives indicates the result of those transactions if the deals were closed at the balance sheet date. The realized gains and losses of derivative instruments are booked in the income statement according to hedge accounting principle i.e. against the underlying transaction. The carrying amount of forward foreign exchange contracts, currency options and currency swaps include unrealized gains and losses relating to hedges of firm and anticipated commitments, which have been deferred.

KEY FINANCIAL INDICATORS BY QUARTER

EUR million	I/02	II/02	III/02	IV/02	I/03	II/03	III/03
Net sales							
Stainless Steel							
Coil Products	599	628	517	584	682	667	624
Special Products	325	375	299	312	349	327	273
North America	71	72	60	64	64	59	64
Others	(226)	(252)	(205)	(221)	(219)	(202)	(112)
Stainless Steel total	769	823	671	739	876	851	849
Copper							
Americas	90	93	81	76	74	66	63
Europe	142	144	120	120	112	109	109
Automotive Heat Exchangers	61	74	63	58	59	62	62
Appliance Heat Exchangers & Asia	73	92	85	101	121	128	111
Harjavalta Metals	96	103	87	105	93	88	111
Others	(53)	(54)	(44)	(44)	(50)	(51)	(52)
Copper total	409	452	392	416	409	402	404
Zinc	99	120	101	98	93	95	98
Technology	71	114	90	124	88	81	98
Other operations	89	90	65	92	87	99	101
Intra-group sales	(61)	(68)	(59)	(78)	(70)	(89)	(86)
The Group	1 376	1 531	1 260	1 391	1 483	1 439	1 464
Operating profit							
Stainless Steel							
Coil Products	54	60	16	32	45	35	(1)
Special Products	9	26	1	(8)	0	2	(8)
North America	1	3	1	(2)	(1)	0	4
Others	11	14	8	6	13	6	20
AvestaPolarit total	75	103	26	28	57	43	15
Amortization of positive goodwill			(6)	(22)	(7)	(7)	(7)
Stainless Steel total	75	103	20	6	50	36	8
Copper							
Americas	7	6	1	(0)	3	1	3
Europe	2	6	(2)	0	(7)	(0)	(2)
Automotive Heat Exchangers	4	7	5	5	4	4	5
Appliance Heat Exchangers & Asia	5	4	(2)	(6)	2	7	(1)
Harjavalta Metals	8	(1)	2	5	3	(2)	2
Others	(4)	(1)	2	0	(1)	(1)	(3)
Copper total	22	21	6	4	4	9	4
Zinc	4	1	(4)	2	5	2	4
Technology	(8)	5	(1)	8	(9)	(4)	(1)
Other operations	2	43	(21)	(6)	(23)	(17)	13
Intra-group items	0	(22)	6	1	1	(1)	1
The Group	95	151	6	15	28	25	29
Equity earnings in associated companies	(0)	(2)	(3)	(2)	(3)	(3)	(4)
Financial income and expenses	(11)	10	(21)	(25)	(29)	(28)	(16)
Profit (loss) before extraordinary items	84	159	(18)	(12)	(4)	(6)	9
Income taxes	(12)	(48)	(12)	19	(1)	(5)	(9)
Minority interest in earnings	(26)	(28)	50	3	0	(1)	1
Profit (loss) for the period	46	83	20	10	(5)	(12)	1

GROUP KEY FIGURES BY QUARTER	I/02	II/02	III/02	IV/02	I/03	II/03	III/03
Operating profit margin, %	6.9	9.9	0.5	1.0	1.9	1.8	2.0
Return on capital employed, %	11.4	17.7	0.7	1.3	2.5	2.2	2.4
Return on shareholders' equity, %	13.6	20.1	neg.	1.6	neg.	neg.	0.6
Capital employed at end of period, EUR million	3 393	3 443	4 083	4 331	4 528	4 687	4 673
Net interest-bearing debt at end of period, EUR million	1 207	1 229	2 414	2 385	2 624	2 873	2 847
Equity-to-assets ratio at end of period, % ¹⁾	42.2	41.2	27.7	31.1	29.9	28.3	28.2
Debt-to-equity ratio at end of period, %	55.3	55.5	144.7	122.6	137.8	158.3	155.9
Earnings per share (excluding extraordinary items), EUR	0.34	0.60	0.15	0.06	(0.03)	(0.07)	0.01
Earnings per share, EUR	0.34	0.60	0.15	0.06	(0.03)	(0.07)	0.01
Average number of shares outstanding, in thousands ²⁾	136 278	136 774	137 138	140 498	171 375	171 534	171 719
Shareholders' equity per share at end of period, EUR	11.87	11.70	11.78	11.14	10.86	10.34	10.42
Number of shares outstanding at end of period, in thousands ²⁾	136 278	137 082	137 168	171 111	171 534	171 540	171 613
Capital expenditure, EUR million ³⁾	146	194	1 403	299	178	124	116
Depreciation, EUR million ⁴⁾	67	64	62	71	75	75	75
Average personnel for the period	19 312	19 727	20 886	21 173	21 242	22 064	21 232

1) The negative goodwill is netted against assets.

2) The number of own shares repurchased is excluded.

3) The acquisition of AvestaPolarit shares is included.

4) The amortization of negative and positive goodwill is excluded.