Interim statement

Q1 2017

Stainless reinforced highway bridge

Outokumpu supplies 1,600 tonnes of stainless rebar for the building of the Sheikh Jaber al-Ahmad Al-Sabah project in Kuwait. Outokumpu's customer is the main contractor of the causeway project, Huyndai Engineering and Construction. This 36-kilometer long causeway is built across the Bay of Kuwait, between Kuwait City and the Subiyah area, and it is one of the largest infrastructure projects in the region.

Stainless steel is the ideal material for infrastructure projects such as this causeway project, since it has high corrosion resistance and low life-cycle costs. The grade chosen for this project is Forta DX 2304 duplex grade.

outokumpu

high performance stainless steel

Contents

Strong start to the year, Group adjusted EBITDA at EUR 294 million

Highlights in the first quarter 2017

Outokumpu’s adjusted EBITDA was EUR 294 million, compared to EUR 29 million in the first quarter of 2016. The improved performance was a result of successful continuation of productivity and efficiency improvement measures, supported by strong market fundamentals and higher ferrochrome prices. Operating cash flow of EUR -53 million was negatively impacted by an increase in net working capital of EUR 280 million.

- Stainless steel deliveries were 639,000 tonnes (610,000 tonnes)[1].
- Adjusted EBITDA[2] was EUR 294 million (EUR 29 million).
- EBITDA was EUR 309 million (EUR 46 million).
- Adjusted EBIT[3] was EUR 238 million (EUR -29 million).
- EBIT was EUR 252 million (EUR -12 million).
- Operating cash flow was EUR -53 million (EUR 74 million).
- Net debt increased to EUR 1,376 million (Dec 31, 2016: EUR 1,242 million).
- Gearing was 55.0% (Dec 31, 2016: 51.4%).
- Return on capital employed (ROCE) was 9.4% (5.3%).

[1] Figures in parentheses refer to the corresponding period for 2016, unless otherwise stated.
[2] EBITDA excluding items classified as adjustments. Adjustments are material income and expense items such as restructuring costs, and gains or losses on sale of assets or businesses.
[3] EBIT excluding items classified as adjustments.

Group key figures

		I/17	I/16	IV/16	2016
Sales	EUR million	**1,757**	1,386	1,506	5,690
EBITDA	EUR million	**309**	46	128	355
Adjusted EBITDA [1)]	EUR million	**294**	29	98	309
EBIT	EUR million	**252**	-12	69	103
Adjusted EBIT [2)]	EUR million	**238**	-29	38	57
Result before taxes	EUR million	**224**	-47	43	-13
Net result for the period	EUR million	**182**	-41	192	144
Earnings per share	EUR	**0.44**	-0.10	0.46	0.35
Diluted earnings per share	EUR	**0.42**	-0.10	0.46	0.35
Return on capital employed	%	**9.4**	5.3	2.6	2.6
Net cash generated from operating activities	EUR million	**-53**	74	199	389
Net debt at the end of period	EUR million	**1,376**	1,551	1,242	1,242
Debt-to-equity ratio at the end of period	%	**55.0**	69.6	51.4	51.4
Capital expenditure	EUR million	**19**	32	61	164
Stainless steel deliveries [3)]	1,000 tonnes	**639**	610	596	2,444
Personnel at the end of period		**10,420**	10,920	10,600	10,600

[1)] Adjusted EBITDA = EBITDA – Items classified as adjustments.

[2)] Adjusted EBIT = EBIT – Items classified as adjustments.

[3)] Excludes ferrochrome deliveries.

Business and financial outlook for the second quarter of 2017

Underlying stainless steel demand is expected to remain robust in both Europe and the US in the second quarter and stainless steel base prices are expected to continue to improve. Outokumpu's second-quarter stainless steel deliveries of both business area Europe and the Americas are expected to remain at the same level as in the first quarter.

For the second quarter, Outokumpu expects further strengthening performance from the stainless business supported by higher base prices. This however, will be more than offset by lower ferrochrome contract price and lower ferrochrome deliveries as a result of technical issues experienced in March. Consequently, Outokumpu expects its second-quarter adjusted EBITDA to be somewhat lower than in the first quarter of 2017.

CEO Roeland Baan:

"Outokumpu had a very strong start to the year. Our adjusted EBITDA improved significantly from last year and amounted to EUR 294 million. While the strong market had a notable impact on our result, I am particularly happy that our own productivity and efficiency improvement measures have resulted in higher delivery volumes and considerable cost benefits.

All business areas delivered black numbers. Europe's adjusted EBITDA more than tripled to EUR 257 million compared to the first quarter of 2016 due to strong demand in all our customer segments and higher prices. In the Americas, adjusted EBITDA improved by over EUR 60 million to EUR 29 million. The reported numbers clearly demonstrate the ongoing turnaround of the Americas' business area, a result of the decisive measures and determination to succeed by the Americas team. The solid performance of the Group was further supported by Long Products. The business area's deliveries increased by 50% as a result of strong demand both in Europe and the US market leading to adjusted EBITDA of EUR 9 million.

While strongly improved base and raw material prices supported our results significantly, the flip side of the coin was the increase in working capital, specifically for receivables and the value of inventories. As a result, the operating cash flow for the quarter was EUR -53 million. Cash flow was further impacted by the payment of dividend and the share purchases during the quarter.

We have seen continued benefits from our self-help measures with further improvement in variable costs per tonne in all business areas. Although operationally we have been performing well in general, our ferrochrome operations have been hampered by instability in one of our three furnaces. Corrective maintenance is ongoing to return the furnace to normal performance during the second quarter. Despite these issues and lower ferrochrome prices, we expect strong financial performance to continue in the second quarter. Thanks to our world-class assets, comprehensive product portfolio and solid balance sheet, we are able to drive top-line growth and efficiency through our must-win battles, and remain well on track to fulfil our 2020 vision."

Market development

Stainless steel demand

Global apparent stainless steel consumption[4] increased by 8.7% in the first quarter of 2017 compared to the same period last year. APAC contributed with a growth of 10.7% followed by growth of 6.7% in Americas and 2.8% in EMEA. Global real demand for stainless steel products increased by 8.1% year-on-year, driven by growth of 10.5% in APAC, 3.5% in Americas, and 1.8% in EMEA.

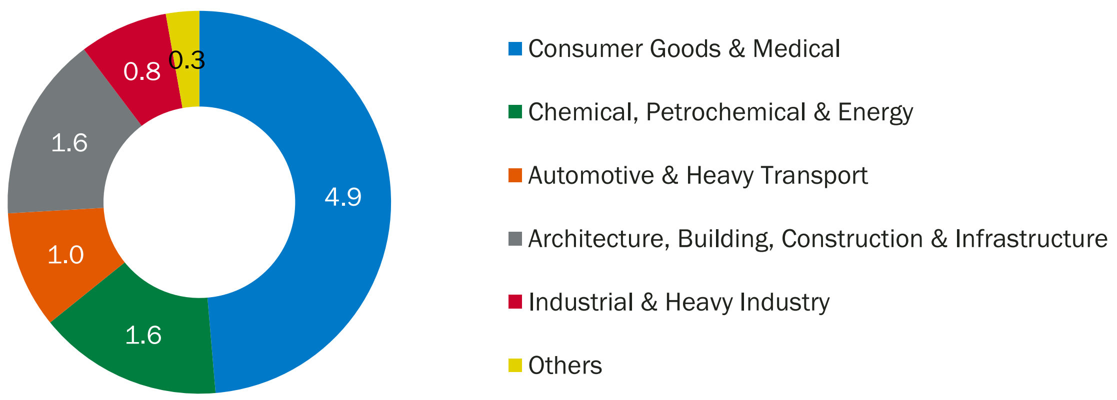
Demand increase was most prominent in Consumer Goods & Medical and ABC & Infrastructure segments with growth of 9.6% and 9.4% year-on-year, respectively. Meanwhile, demand increased by 6.7% at Chemical, Petrochemical & Energy, by 4.1% at Industrial & Heavy Industries and by 4.0% at Automotive & Heavy Transport segments.

Market development of total stainless steel real demand

Million tonnes	I/17	I/16	IV/16	2016	y-o-y	q-o-q
EMEA	1.9	1.9	1.8	7.4	1.8 %	10.2 %
Americas	0.9	0.9	0.9	3.5	3.5 %	4.1 %
APAC	7.2	6.5	7.1	27.6	10.5 %	2.1 %
Total	10.1	9.3	9.7	38.5	8.1 %	3.7 %

Source: SMR March 2017

Stainless steel demand by customer segment in the first quarter 2017, million tonnes
(Total: 10.1 million tonnes)



Source: SMR March 2017

EU cold-rolled imports from third countries are expected to have reached a level of 24.2% of total consumption in January-February of 2017, down from the average of 25.3% in the same period last year. Average cold rolled imports into the US reached 23.0% of the total consumption in January, up from 21.1% in the same month last year. (Source: Eurofer and Foreign Trade Statistics, March & April 2017)

[4] Apparent consumption = real demand + stock change

Price development of alloying metals

The nickel price decreased in the beginning of the quarter, largely as a result of the decision by Indonesia to partially lift its nickel ore export ban, and hit the lowest level of the quarter of USD 9,380/tonne in late January. Subsequently, prices recovered to USD 11,045/tonne, the highest level of the quarter, predominantly driven by the news of the mine closures in the Philippines. Prices retreated again at the end of the quarter primarily driven by further news on supply developments in Indonesia and the Philippines. The average price of the quarter amounted to USD 10,273/tonne, 20.8% higher than the USD 8,504/tonne in the previous year's first quarter.

The European benchmark price for ferrochrome increased from USD 1.10/lb in the fourth quarter of 2016 to USD 1.65/lb in the first quarter of 2017 as a result of weakened availability of chrome ore and strong ferrochrome demand in China. For the second quarter of 2017, the benchmark price decreased to 1.54/lb driven by improved ferrochrome availability in China.

Market prices

			I/17	I/16	IV/16	2016	y-o-y	q-o-q
Stainless steel								
Europe	Base price	EUR/t	1,123	1,050	1,090	1,063	7.0 %	3.1 %
	Alloy surcharge	EUR/t	1,393	875	1,108	966	59.1 %	25.7 %
	Transaction price	EUR/t	2,516	1,925	2,198	2,028	30.7 %	14.5 %
USA	Base price	USD/t	1,367	1,227	1,323	1,286	11.4 %	3.3 %
	Alloy surcharge	USD/t	1,335	725	960	831	84.2 %	39.1 %
	Transaction price	USD/t	2,702	1,952	2,283	2,117	38.4 %	18.4 %
China	Transaction price	USD/t	2,027	1,524	1,900	1,684	33.0 %	6.7 %
Nickel		USD/t	10,273	8,504	10,858	9,600	20.8 %	-5.4 %
Ferrochrome (Cr-content)		USD/lb	1.65	0.92	1.10	0.96	79.3 %	50.0 %
Molybdenum		USD/lb	7.80	5.32	6.67	6.52	46.6 %	17.0 %
Recycled steel		USD/t	253	177	234	216	43.1 %	8.0 %

Sources:
Stainless steel: CRU January 2017, 2mm cold rolled 304 stainless steel sheet
Nickel: London Metal Exchange (LME) settlement quotation
Ferrochrome: Metal Bulletin - Quarterly contract price, Ferrochrome lumpy chrome charge, basis 52% chrome
Molybdenum: Metal Bulletin - Molybdenum oxide - Europe
Recycled steel: Metal Bulletin - Ferrous Scrap Index HMS 1&2 (80:20 mix) fob Rotterdam

Market outlook

In the second quarter of 2017, global real demand is expected to decrease by 0.7% compared to the first quarter, driven by decreases of 1.4% in EMEA and 4.7% in Americas. Compared to last year's second quarter, demand is expected to grow by 1.0%, as a result of growth of 1.2% in EMEA, 2.1% in Americas and 0.9% in APAC. Total global demand for 2017 is estimated to grow by 3.6% compared to 2016.

Market development for real demand total stainless steel products between 2015 and 2020

Million tonnes	2015	2016f	2017f	2018f	2019f	2020f
EMEA	7.3	7.4	7.5	7.7	7.8	8.0
Americas	3.5	3.5	3.6	3.7	3.8	3.9
APAC	26.5	27.6	28.8	30.0	31.2	32.6
Total	37.4	38.5	39.8	41.3	42.8	44.5

Source: SMR March 2017

f = forecast

Business areas

Europe

Europe key figures

		I/17	I/16	IV/16	2016
Stainless steel deliveries	1,000 tonnes	**415**	421	395	1,625
Sales	EUR million	**1,225**	988	1,034	3,927
Adjusted EBITDA	EUR million	**257**	82	110	374
Adjustments					
Redundancy costs	EUR million	**-**	-	3	-22
Restructuring provisions, other than redundancy	EUR million	**-**	-8	-	-8
Changes to the UK pension scheme	EUR million	**-**	-	4	4
EBITDA	EUR million	**257**	74	117	348
Operating capital	EUR million	**2,546**	2,636	2,419	2,419

Certain activities were transferred from Other operations to Europe in 2017. Comparable figures for 2016 are presented accordingly.

The European coil products market was robust in the first quarter. The stainless steel demand was strong in all end customer segments, particularly in consumer demand driven industries. Supported by strong demand, the CRU reported European average base price for the first quarter increased to EUR 1,123/tonne, EUR 73/tonne higher than in the first quarter of 2016 (EUR 1,050/tonne). Distributor inventories increased during the quarter and were slightly above long-term averages, primarily driven by typical seasonal restocking. Import volumes to Europe were slightly lower than in the first quarter of 2016.

Business area Europe’s stainless steel deliveries amounted to 415,000 tonnes. The deliveries decreased from the first quarter of 2016 (421,000 tonnes) which included deliveries of 32,000 tonnes from the Benrath mill that was closed in 2016. The average base price in business area Europe’s coil product deliveries was EUR 100/tonne higher compared to the first quarter of 2016.

Ferrochrome operations were positively impacted by increased ferrochrome contract price and higher ferrochrome deliveries in the first quarter. Ferrochrome production, however, was impacted by technical issues and a breakdown in one of the ferrochrome furnaces in March resulting in a lower production volume of 104,000 tonnes in the first quarter compared to 132,000 tonnes in the first quarter of 2016.

Business area Europe’s sales increased to EUR 1,225 million (EUR 988 million), driven by higher prices. The first-quarter adjusted EBITDA increased to EUR 257 million (EUR 82 million). The improved profitability was a result of higher ferrochrome prices and increased base prices, as well as further improvement in productivity and cost efficiency, both from variable costs per tonne and SG&A costs.

Americas

Americas key figures

		I/17	I/16	IV/16	2016
Deliveries	1,000 tonnes	**182**	161	167	690
Sales	EUR million	**416**	301	342	1,325
Adjusted EBITDA	EUR million	**29**	-37	1	-27
Adjustments					
Net insurance compensation and costs related to technical issues in Calvert	EUR million	**-**	25	-	24
Redundancy costs	EUR million	**-**	-	-	-3
EBITDA	EUR million	**29**	-12	1	-6
Operating capital	EUR million	**1,245**	1,211	1,127	1,127

The American stainless steel market was strong in the first quarter as demand remained solid in all customer segments. However, the favorable market environment also attracted higher import volumes to the region. Base prices continued to increase in the US market with the CRU reported market base price amounting to USD 1,367/tonne (USD 1,227/tonne). Distributor inventory levels continued to increase and were above the long-term averages at the end of the quarter.

Business area Americas' first-quarter stainless steel deliveries were at 182,000 tonnes, clearly higher than in the first quarter of 2016 (161,000 tonnes). The average base price in the business area Americas' coil product deliveries was USD 170/tonne higher compared to the first quarter of 2016. Sales increased to EUR 416 million (EUR 301 million), driven by higher deliveries and higher prices.

As a result of higher stainless steel base prices and increased deliveries, the business area Americas' first-quarter profitability was solidly positive with adjusted EBITDA of EUR 29 million (EUR -37 million). The earnings were also supported by improved productivity and product mix, as well as further reduction in variable costs per tonne. The raw material-related inventories and metal derivatives had a positive net impact on the result.

Long Products

Long Products key figures

		I/17	I/16	IV/16	2016
Deliveries	1,000 tonnes	**75**	50	65	245
Sales	EUR million	**173**	100	134	487
Adjusted EBITDA	EUR million	**9**	-4	2	-1
Adjustments					
Changes to the UK pension scheme	EUR million	**-**	-	21	21
Redundancy costs	EUR million	**-**	-	-0	-2
EBITDA	EUR million	**9**	-4	23	18
Operating capital	EUR million	**165**	136	139	139

Long products markets were healthy in the first quarter. Demand was robust in both Europe and the US, driven by all customer segments. Automotive and Aerospace sectors were strong; and the Oil&Gas related business recovered in the first quarter. The long products base prices increased particularly in Europe, whereas the price increases in the US market were more limited due to high level of long products imports.

Business area Long Products' order intake was strong in the first quarter, and the deliveries increased significantly to 75,000 tonnes (50,000 tonnes). External deliveries were supported by healthy markets, and internal slab deliveries increased mainly to business area Europe.

As a result of higher deliveries and increased prices, the Long Product's adjusted EBITDA increased to EUR 9 million (EUR -4 million). The profitability was also positively impacted by improved product mix, as well as reduced variable costs per tonne as Sheffield operations benefitted from increased utilization rates. The raw material-related inventories and metal derivatives had a positive net impact on the result.

Financial performance

Deliveries

Deliveries

1,000 tonnes	**I/17**	I/16	IV/16	2016
Cold rolled	**445**	440	415	1,731
White hot strip	**112**	103	104	425
Quarto plate	**22**	28	27	100
Long products	**18**	15	15	65
Semi-finished products	**84**	57	64	247
Stainless steel [1)]	**42**	24	34	121
Ferrochrome	**42**	33	30	126
Tubular products	**0**	0	0	1
Total deliveries	**681**	643	626	2,570
Stainless steel deliveries	**639**	610	596	2,444

[1)] Black hot band, slabs, billets and other stainless steel products

Outokumpu's stainless steel deliveries increased by 4.7% to 639,000 tonnes (610,000 tonnes). The increase was driven by significantly higher deliveries in the Americas and Long Products, whereas Europe's deliveries decreased slightly.

Sales and profitability

Outokumpu's sales in the first quarter of 2017 increased by 26.8% to EUR 1,757 million (EUR 1,386 million) as a result of higher prices and deliveries.

Profitability

EUR million	**I/17**	I/16	IV/16	2016
Adjusted EBITDA	**294**	29	98	309
Adjustments				
Gain on the quarto plate mill divestment	**15**	-	-	-
Redundancy costs	**-**	-	3	-30
Gain on the SKS divestment	**-**	-	2	28
Changes to the UK pension scheme	**-**	-	26	26
Net insurance compensation and costs related to technical issues in Calvert	**-**	25	-	24
Restructuring provisions, other than redundancy	**-**	-8	-	-8
Gain on the Guangzhou divestment	**-**	-	-	6
EBITDA	**309**	46	128	355

As of beginning of 2017 raw material-related inventory and metal derivative gains/losses are no longer classified as an adjustment. Comparable figures for 2016 are presented accordingly.

Outokumpu's first-quarter adjusted EBITDA was EUR 294 million, compared to EUR 29 million in the first quarter of 2016. The improved performance was a result of successful continuation of productivity and efficiency improvement measures, supported by strong market fundamentals and higher ferrochrome prices. The result includes raw material-related inventory and metal derivative net gains of EUR 33 million (EUR -9 million). Other operations' adjusted EBITDA improved to EUR -1 million (EUR -11 million), primarily due to an increase in net gains from derivatives. Adjustments to EBITDA included a gain of EUR 15 million on the quarto plate mill divestment in New Castle, IN, US.

The net result for the first quarter of 2017 was EUR 182 million (EUR -41 million) and earnings per share was EUR 0.44 (EUR -0.10).

Cash flow

Summary of cash flows

EUR million	**Jan–March 2017**	Jan–March 2016	Oct–Dec 2016	Jan–Dec 2016
Net cash from operating activities	**-53**	74	199	389
Net cash from investing activities	**21**	-17	-67	-81
Cash flow before financing activities	**-32**	57	133	308
Net cash from financing activities	**-91**	-76	-144	-291
Net change in cash and cash equivalents	**-123**	-19	-11	17

Outokumpu's operating cash flow was EUR -53 million in the first quarter (EUR 74 million), negatively impacted by a change in working capital of EUR -280 million (EUR 99 million). Trade and other receivables rose to EUR 924 million (Dec 31, 2016: EUR 687 million), due to increased stainless steel base prices, higher raw material prices, and timing impacts as a significant amount of deliveries shipped at the end of the quarter. Inventories increased to EUR 1,335 million (Dec 31, 2016: EUR 1,232 million), primarily as a result of higher ferrochrome prices.

The first-quarter net cash from investing activities was EUR 21 million (EUR -17 million), positively impacted by EUR 38 million remaining proceeds from the SKS divestment and EUR 27 million proceeds from the quarto plate mill divestment.

The cash flow from financing activities includes the payment of dividends of EUR 41 million and treasury share purchases of EUR 20 million.

Financial position

Cash and cash equivalents were at EUR 81 million at the end of the first quarter of 2017 (Dec 31, 2016: EUR 204 million) and the overall liquidity reserves were approximately EUR 0.8 billion (Dec 31, 2016: EUR 1.0 billion). The overall liquidity reserves were impacted by an increase in working capital, dividend payment, as well as share repurchases.

Debt information

EUR million	**March 31 2017**	March 31 2016	Dec 31 2016
Bonds	**496**	398	496
Convertible bonds	**222**	212	219
Long-term loans from financial institutions	**79**	493	84
Pension loans	**141**	165	165
Finance lease liabilities	**150**	202	155
Short-term loans from financial institutions	**23**	-	5
Commercial paper	**346**	246	321
	1,457	1,717	1,445

Net debt increased to EUR 1,376 million compared to the end of 2016 (EUR 1,242 million) driven by negative operating cash flow, payment of dividends and treasury share purchases. Gearing increased to 55.0% (Dec 31, 2016: 51.4%).

Net financial expenses were EUR 32 million in the first quarter (EUR 34 million). Interest expenses decreased to EUR 24 million (EUR 26 million).

Capital expenditure

Capital expenditure was EUR 19 million in the first quarter, lower than EUR 32 million in the first quarter of 2016 as Krefeld ferritics optimization investment was completed in 2016.

Safety and people

Safety

The total recordable incident frequency (TRIFR) was 4.5 in the first quarter of 2017 (9.7), against the target of less than 8.0 for 2017. There were two serious incidents during the first quarter. A contractor suffered a burn in an accident involving a gas cutting torch in Calvert, and a contractor had a near miss in Avesta when he opened a high pressurized 300 bar line. Both of these incidents were investigated thoroughly and corrective actions were implemented.

People

Personnel at the end of the reporting period

	March 31 2017	March 31 2016	Dec 31 2016
Europe	**7,374**	7,749	7,464
Americas	**2,106**	2,263	2,219
Long Products	**645**	656	628
Other operations	**295**	252	289
	10,420	10,920	10,600

Certain activities were transferred from Other operations to Europe in 2017. Comparable figures for 2016 are presented accordingly.

Outokumpu's headcount decreased by 500 compared to the first quarter of 2016 and totaled 10,420 at the end of March 2017 (10,920). The decrease was driven mainly by the continued restructuring and efficiency measures. All in all, Outokumpu plans to reduce its personnel to a level of 9,300 in the coming years.

Shares and shareholders

On March 31, 2017, Outokumpu's share capital was EUR 311 million, and the total number of shares was 416,374,448. At the end of the first quarter, Outokumpu held 4,209,530 treasury shares. The average number of shares outstanding was 412,866,133 for the first quarter of 2017.

Outokumpu's market capitalization was EUR 3,806 million at the end of March (EUR 1,427 million). The share price averaged EUR 9.10 in the first quarter, closed the quarter at EUR 9.14, and was up by 7.4% compared to the end of 2016. At its highest, the share price closed at EUR 10.05, while at its lowest, the price was EUR 8.07. The share turnover was 235.8 million shares, compared to 283.4 million shares in the first quarter of 2016.

Risks and uncertainties

There were no realized material risks in the first quarter. Other risks included production related issues in ferrochrome operations in Tornio. The majority of the global insurances were renewed from April onwards: Outokumpu chose to have somewhat higher risk retention levels as the Group's improved profitability has increased risk tolerance.

Short-term risks and uncertainties

Outokumpu is exposed to the following risks and uncertainties in the short-term: risks and uncertainties in implementing the announced vision, including measures to drive competitiveness and further improve the financial performance; risks and uncertainties related to market development in stainless steel and in ferrochrome as well as competitor actions; vulnerability to business interruptions due to high capacity utilization and improved price levels; risk of material changes in metal prices impacting cash flow and availability of financing; risks and uncertainties in implementing the new organizational structure, and the loss of key personnel; changes in the prices of electrical power, fuels, nickel and molybdenum; currency developments affecting the euro, US dollar, Swedish krona and British pound; counterparty risk related to customers and other business partners, including financial institutions. Possible changes in the global political and economic environment, including trade and fiscal policies, may have a significant adverse impact on Outokumpu's overall business and access to financial markets.

Corporate governance

Annual General Meeting

The Annual General Meeting of Outokumpu Oyj was held on March 21, 2017. The Meeting approved the financial statements and discharged the management of the company from liability for the financial year 2016. The Meeting decided that a dividend of 0.10 euro per share be paid for 2016. The Board of Directors was authorized to repurchase the company's own shares and decide on the issuance of shares as well as special rights entitling to shares. The Meeting also approved the amendments in the articles of association and the proposals of the Nomination Board regarding the members of the Board of Directors and their remuneration.

The Annual General Meeting decided that the Board of Directors would consist of eight members. Markus Akermann, Roberto Gualdoni, Kati ter Horst, Heikki Malinen, Saila Miettinen-Lähde, Jorma Ollila and Olli Vaartimo of the previous members of the Board of Directors were re-elected, and Eeva Sipilä was elected as a new member for the term of office ending at the end of the next Annual General Meeting. The Annual General Meeting re-elected Jorma Ollila as the Chairman and Olli Vaartimo as the Vice Chairman of the Board of Directors.

Outokumpu Leadership Team

Outokumpu Chief Technology Officer Pekka Erkkilä decided to retire from his position, and thereby stepped down from the Outokumpu Leadership Team as of February 2, 2017. He will continue to support the company in select key areas and represent Outokumpu's interest in for example Fennovoima and the Association of Finnish Steel and Metal Producers.

In March 2017, Reeta Kaukiainen joined Outokumpu serving as Executive Vice President, Communications and Investor Relations and member of the Outokumpu Leadership Team. Reeta joined Outokumpu from Accenture, where she has led its communications and marketing activities in Finland.

Helsinki, April 27, 2017

Board of Directors

Financial information

Condensed income statement

EUR million	Jan–March 2017	Jan–March 2016	Jan–Dec 2016
Sales	**1,757**	1,386	5,690
Cost of sales	**-1,435**	-1,309	-5,298
Gross margin	**322**	76	392
Other operating income	**21**	26	88
Sales, general and administrative costs	**-87**	-104	-331
Other operating expenses	**-4**	-11	-46
EBIT	**252**	-12	103
Share of results in associated companies and joint ventures	**3**	-1	5
Financial income and expenses			
Interest expenses	**-24**	-26	-105
Net other financial expenses	**-8**	-8	-15
Result before taxes	**224**	-47	-13
Income taxes	**-41**	6	156
Net result for the period	**182**	-41	144
Earnings per share for result attributable to the equity holders of the Company			
Earnings per share, EUR	**0.44**	-0.10	0.35
Diluted earnings per share, EUR	**0.42**	-0.10	0.35

Statement of comprehensive income

EUR million	Jan–March 2017	Jan–March 2016	Jan–Dec 2016
Net result for the period	**182**	-41	144
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations			
Change in exchange differences	**-7**	-30	-3
Reclassification adjustments from other comprehensive income to profit or loss	**-7**	-	-2
Available-for-sale financial assets	**-2**	-0	-0
Cash flow hedges	**0**	-1	-4
Items that will not be reclassified to profit or loss:			
Remeasurements on defined benefit obligation plans			
Changes during the accounting period	**-19**	-29	-63
Income tax relating to remeasurements	**0**	0	20
Share of other comprehensive income in associated companies and joint ventures	**-1**	0	0
Other comprehensive income for the period, net of tax	**-36**	-59	-53
Total comprehensive income for the period	**146**	-101	91

Net result for the period and total comprehensive income for the period are fully attributable to the equity holders of the company.

Condensed statement of financial position

EUR million	**March 31 2017**	March 31 2016	Dec 31 2016
ASSETS			
Non-current assets			
Intangible assets	**503**	496	504
Property, plant and equipment	**2,826**	2,924	2,874
Investments in associated companies and joint ventures	**69**	62	67
Other financial assets	**52**	45	54
Deferred tax assets	**163**	22	204
Defined benefit plan assets	**28**	47	45
Trade and other receivables	**2**	36	2
Total non-current assets	**3,642**	3,632	3,750
Current assets			
Inventories	**1,335**	1,147	1,232
Other financial assets	**35**	45	50
Trade and other receivables	**924**	694	687
Cash and cash equivalents	**81**	166	204
Total current assets	**2,375**	2,052	2,173
Assets held for sale	**-**	-	67
TOTAL ASSETS	**6,017**	5,684	5,990
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company	**2,502**	2,229	2,416
Non-current liabilities			
Non-current debt	**1,010**	870	987
Other financial liabilities	**4**	9	4
Deferred tax liabilities	**22**	16	22
Defined benefit and other long-term employee benefit obligations	**354**	388	356
Provisions	**103**	111	118
Trade and other payables	**36**	48	37
Total non-current liabilities	**1,530**	1,442	1,525
Current liabilities			
Current debt	**447**	848	458
Other financial liabilities	**14**	38	63
Provisions	**21**	17	15
Trade and other payables	**1,502**	1,111	1,471
Total current liabilities	**1,984**	2,014	2,007
Liabilities directly attributable to assets held for sale	**-**	-	43
TOTAL EQUITY AND LIABILITIES	**6,017**	5,684	5,990

Condensed statement of cash flows

EUR million	**Jan–March 2017**	Jan–March 2016	Jan–Dec 2016
Net result for the period	**182**	-41	144
Adjustments			
Depreciation, amortization and impairments	**57**	58	252
Other non-cash adjustments	**30**	32	-118
Change in working capital	**-280**	99	307
Provisions, and defined benefit and other long-term employee benefit obligations paid	**-18**	-40	-94
Dividends and interests received	**0**	1	1
Interests paid	**-21**	-28	-94
Income taxes paid	**-2**	-5	-9
Net cash from operating activities	**-53**	74	389
Acquisition of businesses, net of cash	**-**	-	-9
Purchases of assets	**-45**	-40	-156
Proceeds from the disposal of subsidiaries, net of cash and tax	**62**	17	72
Proceeds from the sale of assets	**0**	6	8
Other investing cash flow	**4**	-	4
Net cash from investing activities	**21**	-17	-81
Cash flow before financing activities	**-32**	57	308
Dividends paid	**-41**	-	-
Treasury share purchase	**-20**	-	-7
Borrowings of non-current debt	**50**	33	369
Repayment of non-current debt	**-85**	-17	-685
Change in current debt	**44**	-93	-13
Other financing cash flow	**-39**	0	45
Net cash from financing activities	**-91**	-76	-291
Net change in cash and cash equivalents	**-123**	-19	17
Cash and cash equivalents at the beginning of the period	**204**	186	186
Foreign exchange rate effect	**0**	-1	1
Net change in cash and cash equivalents	**-123**	-19	17
Cash and cash equivalents at the end of the period	**81**	166	204

Statement of changes in equity

	Attributable to the equity holders of the parent									
EUR million	Share capital	Premium fund	Invested unrestricted equity reserve	Other reserves	Fair value reserves	Cumulative translation differences	Remeasurements of defined benefit plans	Treasury shares	Retained earnings	Total equity
Equity on Jan 1, 2016	**311**	**714**	**2,103**	**5**	**6**	**8**	**-92**	**-21**	**-704**	**2,329**
Net result for the period	-	-	-	-	-	-	-	-	-41	-41
Other comprehensive income	-	-	-	-	-1	-30	-29	-	0	-59
Total comprehensive income for the period	-	-	-	-	-1	-30	-29	-	-41	-101
Transactions with equity holders of the Company										
Contributions and distributions										
Share-based payments	-	-	-	-	-	-	-	4	-4	0
Other	-	-	-	-0	-	-	-	-	0	-
Equity on March 31, 2016	**311**	**714**	**2,103**	**4**	**5**	**-23**	**-120**	**-17**	**-749**	**2,229**
Equity on Jan 1, 2017	**311**	**714**	**2,103**	**2**	**1**	**3**	**-135**	**-19**	**-564**	**2,416**
Net result for the period	-	-	-	-	-	-	-	-	182	182
Other comprehensive income	-	-	-	-	-2	-14	-19	-	-1	-36
Total comprehensive income for the period	-	-	-	-	-2	-14	-19	-	182	146
Transactions with equity holders of the Company										
Contributions and distributions										
Dividends paid	-	-	-	-	-	-	-	-	-41	-41
Share-based payments	-	-	-	-	-	-	-	7	-6	1
Treasury share purchase	-	-	-	-	-	-	-	-20	-	-20
Changes in ownership interests										
Quarto plate mill divestment	-	-	-	-	-	3	6	-	-8	-
Other	-	-	-	2	-	-	-	-	-2	-
Equity on March 31, 2017	**311**	**714**	**2,103**	**5**	**-0**	**-9**	**-148**	**-31**	**-441**	**2,502**

Key figures by quarters

EUR million	I/16	II/16	III/16	IV/16	2016	**I/17**
Adjustments						
Gain on the quarto plate mill divestment	-	-	-	-	-	**15**
Redundancy costs	-	-35	2	3	-30	**-**
Gain on the SKS divestment	-	26	-	2	28	**-**
Changes to the UK pension scheme	-	-	-	26	26	**-**
Net insurance compensation and costs related to technical issues in Calvert	25	-1	-	-	24	**-**
Restructuring provisions, other than redundancy	-8	-	-	-	-8	**-**
Gain on the Guangzhou divestment	-	6	-	-	6	**-**
Adjustments to EBITDA and EBIT	17	-3	2	31	47	**15**
EBIT margin, %	-0.9	0.4	2.8	4.6	1.8	**14.4**
Return on capital employed, %	5.3	6.2	9.3	2.6	2.6	**9.4**
Return on equity, %	4.1	6.0	11.9	6.4	6.4	**16.0**
Non-current debt	870	1,162	1,109	987	987	**1,010**
Current debt	848	478	500	458	458	**447**
Cash and cash equivalents	-166	-156	-213	-204	-204	**-81**
Net debt at the end of period	1,551	1,485	1,396	1,242	1,242	**1,376**
Capital employed at the end of period	3,973	3,905	3,815	3,816	3,816	**4,075**
Equity-to-assets ratio at the end of period, %	39.2	37.9	37.7	40.4	40.4	**41.6**
Debt-to-equity ratio at the end of period, %	69.6	69.1	65.3	51.4	51.4	**55.0**
Net debt to adjusted EBITDA	14.0	12.3	6.0	4.0	4.0	**2.4**
Earnings per share, EUR	-0.10	-0.05	0.03	0.46	0.35	**0.44**
Diluted earnings per share, EUR	-0.10	-0.05	0.03	0.46	0.35	**0.42**
Equity per share at the end of period, EUR	5.36	5.19	5.17	5.84	5.84	**6.07**
Deliveries, 1,000 tonnes						
Cold rolled	440	435	441	415	1,731	**445**
White hot strip	103	113	105	104	425	**112**
Quarto plate	28	25	21	27	100	**22**
Long products	15	19	15	15	65	**18**
Semi-finished products	57	72	54	64	247	**84**
Stainless steel [1)]	24	37	26	34	121	**42**
Ferrochrome	33	34	29	30	126	**42**
Tubular products	0	0	0	0	1	**0**
Total deliveries	643	664	637	626	2,570	**681**
Stainless steel deliveries	610	629	608	596	2,444	**639**
Average personnel for the period	10,955	11,142	11,167	10,699	10,977	**10,757**

[1)] Black hot band, slabs, billets and other stainless steel products.

Business Area key figures by quarters

Stainless steel deliveries 1,000 tonnes	I/16	II/16	III/16	IV/16	2016	**I/17**
Europe total	421	413	396	395	1,625	**415**
of which intra-group	5	4	5	3	16	**3**
Americas total	161	177	185	167	690	**182**
of which intra-group	0	0	3	0	3	**0**
Long Products total	50	70	59	65	245	**75**
of which intra-group	18	26	25	28	97	**30**
Group total deliveries	610	629	608	596	2,444	**639**

Sales EUR million	I/16	II/16	III/16	IV/16	2016	**I/17**
Europe total	988	958	946	1,034	3,927	**1,225**
of which intra-group	35	36	43	36	151	**61**
Americas total	301	311	372	342	1,325	**416**
of which intra-group	4	5	10	2	21	**9**
Long Products total	100	133	119	134	487	**173**
of which intra-group	27	38	40	48	153	**56**
Other operations total	134	131	159	144	567	**141**
of which intra-group	70	74	84	61	289	**72**
Group total sales	1,386	1,379	1,419	1,506	5,690	**1,757**

EBITDA EUR million	I/16	II/16	III/16	IV/16	2016	**I/17**
Europe	74	47	111	117	348	**257**
Americas	-12	-6	12	1	-6	**29**
Long Products	-4	-2	2	23	18	**9**
Other operations and intra-group items	-11	24	-5	-12	-5	**14**
Group total EBITDA	46	62	119	128	355	**309**

Adjusted EBITDA EUR million	I/16	II/16	III/16	IV/16	2016	**I/17**
Europe	82	76	107	110	374	**257**
Americas	-37	-3	12	1	-27	**29**
Long Products	-4	-1	2	2	-1	**9**
Other operations and intra-group items	-11	-6	-4	-15	-37	**-1**
Group total adjusted EBITDA	29	66	116	98	309	**294**

Adjustment to EBITDA and EBIT EUR million	I/16	II/16	III/16	IV/16	2016	**I/17**
Europe	-8	-29	4	7	-26	**-**
Americas	25	-3	-0	-	21	**-**
Long Products	-	-1	-	20	19	**-**
Other operations and intra-group items	-	30	-1	3	32	**15**
Group total adjustments to EBIT	17	-3	2	31	47	**15**

Certain activities were transferred from Other operations to Europe in 2017. Comparable figures for 2016 are presented accordingly.

EBIT

EUR million	I/16	II/16	III/16	IV/16	2016	**I/17**
Europe	33	7	48	76	164	**218**
Americas	-26	-19	-2	-13	-60	**15**
Long Products	-6	-4	-0	21	11	**7**
Other operations and intra-group items	-13	22	-6	-15	-12	**13**
Group total EBIT	-12	6	40	69	103	**252**

Adjusted EBIT

EUR million	I/16	II/16	III/16	IV/16	2016	**I/17**
Europe	40	36	44	68	190	**218**
Americas	-50	-16	-1	-13	-81	**15**
Long Products	-6	-3	-0	1	-8	**7**
Other operations and intra-group items	-13	-8	-5	-18	-44	**-2**
Group total adjusted EBIT	-29	9	38	38	57	**238**

Depreciation and amortization

EUR million	I/16	II/16	III/16	IV/16	2016	**I/17**
Europe	-41	-40	-40	-38	-158	**-38**
Americas	-13	-13	-13	-14	-54	**-13**
Long Products	-2	-2	-2	-2	-7	**-2**
Other operations	-1	-1	-1	-3	-7	**-2**
Group total depreciation and amortization	-58	-56	-56	-56	-226	**-55**

Capital expenditure

EUR million	I/16	II/16	III/16	IV/16	2016	**I/17**
Europe	25	23	28	25	101	**10**
Americas	0	2	5	10	17	**1**
Long Products	0	1	2	5	8	**3**
Other operations	6	2	8	20	37	**5**
Group total capital expenditure	32	28	43	61	164	**19**

Operating capital

EUR million	I/16	II/16	III/16	IV/16	2016	**I/17**
Europe	2,636	2,545	2,463	2,419	2,419	**2,546**
Americas	1,211	1,178	1,175	1,127	1,127	**1,245**
Long Products	136	132	139	139	139	**165**
Other operations and intra-group items	-16	39	22	-51	-51	**-21**
Group total operating capital	3,967	3,893	3,799	3,635	3,635	**3,934**

Certain activities w ere transferred from Other operations to Europe in 2017. Comparable figures for 2016 are presented accordingly.

Definitions of financial key figures

EBITDA	=	EBIT before depreciation, amortization and impairments
Adjusted EBITDA/EBIT	=	EBITDA/EBIT – items classified as adjustments
Capital employed	=	Total equity + net debt + net defined benefit and other long-term employee benefit obligations + net interest rate derivative liabilities + net accrued interest expenses – net assets held for sale – loans receivable – available-for-sale financial assets – investments at fair value through profit or loss – investments in associated companies and joint ventures
Operating capital	=	Capital employed – net deferred tax asset
Return on equity (ROE)	=	$\frac{\text{Net result for the financial period (4-quarter rolling)}}{\text{Total equity (4-quarter rolling average)}} \times 100$
Return on capital employed (ROCE)	=	$\frac{\text{EBIT (4-quarter rolling)}}{\text{Capital employed (4-quarter rolling average)}} \times 100$
Net debt	=	Non-current debt + current debt – cash and cash equivalents
Equity-to-assets ratio	=	$\frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$
Debt-to-equity ratio	=	$\frac{\text{Net debt}}{\text{Total equity}} \times 100$
Net debt to adjusted EBITDA	=	$\frac{\text{Net debt}}{\text{Adjusted EBITDA (4-quarter rolling)}}$
Earnings per share	=	$\frac{\text{Net result for the financial period attributable to the owners of the parent}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=	$\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$