Outokumpu interim statement

Q1/18

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high performance stainless steel

Contents

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Outokumpu first quarter interim statement

Operationally solid first quarter. Group adjusted EBITDA at EUR 133 million.

Highlights in the first quarter of 2018

- Stainless steel deliveries were 644,000 tonnes (639,000 tonnes)[1].
- Adjusted EBITDA was EUR 133 million (EUR 294 million).
- EBITDA was EUR 140 million (EUR 309 million).
- Operating cash flow was EUR 39 million (EUR -53 million).
- Net debt decreased to EUR 1,086 million (Dec 31, 2017: EUR 1,091 million).
- Gearing was 40.9% (Dec 31, 2017: 40.1%).
- Return on capital employed (ROCE) was 7.2% (Dec 31, 2017: 11.3%).

Group key figures		I/18	I/17 restated	IV/17 restated	2017 restated
Sales	EUR million	1,671	1,756	1,463	6,356
EBITDA	EUR million	140	309	82	663
Adjusted EBITDA 1)	EUR million	133	294	82	631
EBIT	EUR million	90	252	30	445
Adjusted EBIT 1)	EUR million	83	238	30	414
Result before taxes	EUR million	70	224	0	327
Net result for the period	EUR million	49	182	128	392
Earnings per share	EUR	0.12	0.44	0.31	0.95
Diluted earnings per share	EUR	0.12	0.42	0.29	0.90
Return on capital employed	%	7.2	9.4	11.3	11.3
Net cash generated from operating activities	EUR million	39	-53	104	328
Net debt at the end of period	EUR million	1,086	1,376	1,091	1,091
Debt-to-equity ratio at the end of period	%	40.9	55.0	40.1	40.1
Capital expenditure	EUR million	37	19	84	174
Stainless steel deliveries	1,000 tonnes	644	639	561	2,448
Personnel at the end of period		10,111	10,420	10,141	10,141

Outokumpu has adopted to IFRS 15 – Revenue from Contracts w ith Customers retrospectively. Comparable financial figures for 2017 have been restated accordingly.

Further information on changes to Outokumpu's accounting principles and restatement impacts can be found in Financial Information section of this Interim Statement.

1) Adjusted EBITDA or EBIT = EBITDA or EBIT – Items classified as adjustments.

[1] Figures in parentheses refer to the corresponding period for 2017, unless otherwise stated.

President & CEO Roeland Baan

"Our operational performance in the first quarter was solid – delivery volumes were healthy, order intake was strong, and our adjusted EBITDA amounted to EUR 133 million. In Europe, our operational performance was robust, whereas development in the Americas was disappointing due to low realized pricing.

Despite a seasonal increase in working capital, we maintained our net debt level below EUR 1.1 billion in the first quarter.

The US steel tariffs are expected to come into force in the beginning of May. As negotiations around the effective implementation are still underway, markets have been roiled by the uncertainty this brings. One of the tangible effects has been an 8% increase of steel imports into Europe year on year. Consequently, the European Commission has started investigations on safeguard measures to protect the European steel market. In the US, steel tariffs have already led to higher base prices benefitting our business in the Americas going forward.

In 2018, we are continuing to execute on our six must-win battles with a special focus on improving our delivery performance and efficiency. Despite the current uncertainty in the markets, the demand for stainless steel is expected to stay at healthy levels. With our strong product portfolio, solid balance sheet and dedicated workforce, we are confident that we will reach our 2020 vision."

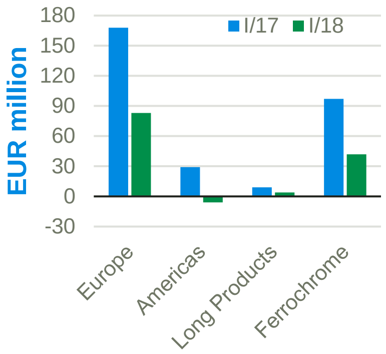
Outlook for Q2 2018

Underlying stainless steel demand is expected to remain healthy. Base prices are trending upward in the US, supported by steel import tariffs, whereas in Europe, higher Asian imports are expected to result in further pressure on base prices.

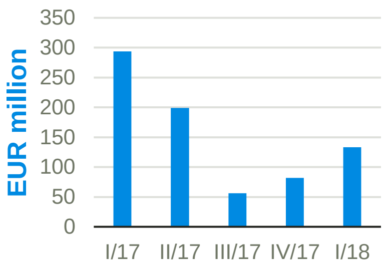
The benefits from the higher ferrochrome price will be partly offset by a planned maintenance shutdown of one ferrochrome furnace.

Stainless steel deliveries are expected to be relatively flat compared to the first quarter in all business areas. Outokumpu expects its second-quarter adjusted EBITDA to be at a similar level to the first quarter (Q1/18: EUR 133 million).

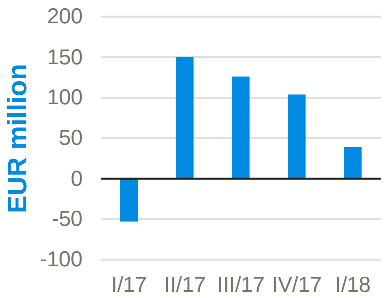
Adj. EBITDA
per business area



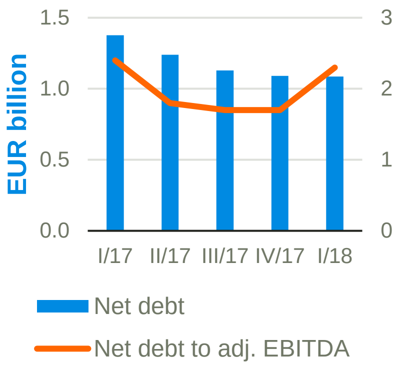
Group adj. EBITDA



Operating cash flow



Net debt and
net debt to adj. EBITDA



First-quarter results

Q1 2018 compared to Q1 2017

Outokumpu's first quarter adjusted EBITDA of EUR 133 million was significantly lower compared to EUR 294 million in the first quarter of 2017. Profitability declined primarily due to the lower ferrochrome price and lower realized base prices in both Europe and the Americas. In addition, higher graphite electrode and other input costs of approximately EUR 20 million had a negative impact on profitability. The large negative impacts were partly offset by better cost efficiency, particularly lower SG&A costs. Other operations and intra-group items' adjusted EBITDA of EUR 10 million (EUR -9 million) includes a EUR 12 million gain from emission allowance derivatives. Raw material-related inventory and metal derivative losses were EUR 5 million (gains of EUR 33 million).

Q1 2018 compared to Q4 2017

In the first quarter, Outokumpu's adjusted EBITDA increased from the fourth quarter (Q4/17: EUR 82 million), primarily as a result of higher stainless steel deliveries and lower maintenance costs, as well as improved result from Other operations. These positive impacts were partly offset by decreased realized base prices in both Europe and the Americas, and a lower ferrochrome contract price. Higher graphite electrode and other input costs of approximately EUR 11 million had a negative impact on profitability. Raw material-related inventory and metal derivative losses were EUR 5 million compared to gains of EUR 6 million in the fourth quarter of 2017.

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Financial position and cash flow

Operating cash flow amounted to EUR 39 million in the first quarter (EUR -53 million). The increase in working capital was EUR 61 million, compared to the increase of EUR 280 million in the first quarter of 2017.

Capital expenditure was EUR 37 million in the first quarter (EUR 19 million). Capital expenditure increased as a result of the ongoing investments in Kemi mine and digital transformation project Chorus including the ERP renewal.

Net debt continued to decrease and amounted to EUR 1,086 million on March 31, compared to EUR 1,091 million at the end of 2017. Gearing increased to 40.9% (Dec 31, 2017: 40.1%).

Net financial expenses were EUR 22 million in the first quarter (EUR 32 million). Interest expenses were at EUR 18 million (EUR 24 million). Cash and cash equivalents were at EUR 297 million at the end of March (Dec 31, 2017: EUR 112 million) and the overall liquidity reserves were above EUR 0.9 billion (Dec 31, 2017: EUR 0.8 billion). The overall liquidity reserves increased mainly due to improved profitability and increased utilization of the commercial paper program.

Market development

According to SMR's latest estimates, global apparent stainless steel consumption increased by 10.3% in the first quarter compared to the same period last year. APAC contributed with a growth of 9.9% followed by growth of 16.7% in the Americas and 8.6% in EMEA. Global real demand for stainless steel products increased by 7.8% year-on-year to 10.9 million tonnes (10.1 million tonnes).

The real demand growth year-on-year was strongest in Industrial & Heavy Industries end-user segment at 12.3%, followed by Chemical, Petrochemical & Energy and Consumer Goods & Medical at 8.3% and 7.9%, respectively. Meanwhile, ABC & Infrastructure and Automotive & Heavy Transport achieved growth of 6.9% and 5.1%, respectively.

In the second quarter of 2018, global real demand is expected to decrease by 1.1% compared to the first quarter, driven by decreases of 5.7% in the Americas and 1.4% in APAC, while demand in EMEA is expected to increase by 2.0%. Compared to last year's second quarter, demand is expected to grow by 9.4% due to the growth of 5.6% in EMEA, 5.0% in the Americas and 11.1% in APAC. Total global demand for 2018 is estimated to grow by 5.0% compared to 2017.

Business area Europe

Europe key figures		I/18	I/17 restated	IV/17 restated	2017 restated
Stainless steel deliveries	1,000 tonnes	412	415	371	1,582
Sales	EUR million	1,087	1,119	973	4,156
Adjusted EBITDA	EUR million	83	168	37	404
Adjustments					
Gain on the sale of PPE and release of environmental provisions in Sweden	EUR million	8	-	-	-
EBITDA	EUR million	90	168	37	404
Operating capital	EUR million	1,894	1,893	1,848	1,848

Ferrochrome has been reported separately as of Jan 1, 2018. Comparable figures are presented accordingly.

Comparable financial figures restated due to IFRS 15 adoption.

Results

Q1 2018 compared to Q1 2017

Q1 adjusted EBITDA declined to EUR 83 million (EUR 168 million).

- Realized base price declined clearly.
- Raw material-related inventories and metal derivatives had a negative impact of EUR 5 million on the result compared to a positive impact of EUR 10 million in Q1/17.
- Graphite electrode and other input costs were approx. EUR 15 million higher.

Q1 2018 compared to Q4 2017

Q1 adjusted EBITDA increased to EUR 83 million compared to EUR 37 million in Q4/17.

- Profitability was boosted by increased deliveries of 41,000 tonnes.
- The Q4/17 earnings were negatively impacted by extraordinary maintenance costs.
- Raw material-related inventories and metal derivatives had a negative impact of EUR 5 million on the result (Q4/17: EUR -4 million).
- Realized base price declined slightly.
- Graphite electrode and other input costs were approx. EUR 6 million higher.

Market

- Real demand grew by 6.7% compared to Q1/17.
- EU cold rolled imports from third countries are expected to have reached a level of 28.5% in Q1/18, up from 25.2% in Q1/17. While imports were growing across the board, the growth was most pronounced by imports from Taiwan (Source: EUROFER, April 2018).
- Distributor inventories were slightly below the long-term average level.
- CRU reported average EU base price for Q1/18 decreased by EUR 23/tonne compared to Q1/17 and amounted to EUR 1,100/tonne. Compared to Q4/17, the average base price declined by EUR 27/tonne.

Business area Americas

Americas key figures		I/18	I/17 restated	IV/17 restated	2017 restated
Stainless steel deliveries	1,000 tonnes	214	182	171	742
Sales	EUR million	413	416	345	1,546
Adjusted EBITDA	EUR million	-6	29	-0	21
EBITDA	EUR million	-6	29	-0	21
Operating capital	EUR million	1,032	1,245	1,072	1,072

Comparable financial figures restated due to IFRS 15 adoption.

Results

Q1 2018 compared to Q1 2017

Q1 adjusted EBITDA declined to EUR -6 million (EUR 29 million).

- Deliveries increased by 32,000 tonnes.
- Raw material-related inventories and metal derivatives had a negative impact of EUR 1 million compared to a positive impact of EUR 19 million in Q1/17.
- Realized base price declined.
- Graphite electrode and other input costs were approx. EUR 2 million higher.
- Mexinox restructuring costs had a negative impact of EUR 2 million.

Q1 2018 compared to Q4 2017

Q1 adjusted EBITDA decreased to EUR -6 million compared to EUR -0 million in Q4/17.

- Deliveries increased by 43,000 tonnes.
- Raw material-related inventories and metal derivatives had a negative impact of EUR 1 million compared to a positive impact of EUR 9 million in Q4/17.
- Realized base price declined in Q1 as the majority of the Q1 sales were committed in the latter part of 2017 when base prices were at clearly lower levels. Prices were also negatively impacted by increased competition in the US and higher imports into Mexico.
- Graphite electrode and other input costs were approx. EUR 4 million higher.
- Mexinox restructuring costs had a negative impact of EUR 2 million.

Market

- Real demand grew by 5.6% compared to Q1/17
- Cold-rolled imports into the US decreased significantly to approx. 19% in Q1 compared to 23% in Q1/17 in response to steel tariffs (Source: American Iron & Steel Institute, Feb. 2018).
- Distributor inventories were at a long-term average level.
- CRU reported average US base price for Q1/18 was USD 29/tonne higher compared to Q1/17 and amounted to USD 1,396/tonne. The average base price increased by USD 22/tonne from Q4/17.

Business area Long Products

Long Products key figures		I/18	I/17 restated	IV/17 restated	2017 restated
Stainless steel deliveries	1,000 tonnes	76	75	70	264
Sales	EUR million	165	173	149	591
Adjusted EBITDA	EUR million	4	9	3	16
EBITDA	EUR million	4	9	3	16
Operating capital	EUR million	122	165	113	113

Comparable financial figures restated due to IFRS 15 adoption.

Results

Q1 2018 compared to Q1 2017

Q1 adjusted EBITDA decreased to EUR 4 million (EUR 9 million).

- Raw material-related inventories and metal derivatives had a negative impact of EUR 1 million compared to a positive impact of EUR 3 million in Q1/17.
- Graphite electrode, electricity and other input costs were approx. EUR 2 million higher.
- Profitability was positively impacted by improved base prices in both Europe and the US.

Q1 2018 compared to Q4 2017

Q1 adjusted EBITDA increased to EUR 4 million compared to EUR 3 million in Q4/17.

- Deliveries increased by 6,000 tonnes.
- Raw material-related inventories and metal derivatives had a negative impact of EUR 1 million on the result (Q4/17: EUR 0 million).
- Graphite electrode, electricity and other input costs were approx. EUR 1 million higher.

Market

- Underlying long products demand was strong in the first quarter both in Europe and in the US.
- Base prices increased in Europe and the US supported by the strong demand and longer lead times.
- Asian imports to Europe remained relatively unchanged compared to average levels in 2017.

Business area Ferrochrome

Ferrochrome key figures		I/18	I/17 restated	IV/17 restated	2017 restated
Ferrochrome production	1,000 tonnes	124	104	121	415
Sales	EUR million	131	198	152	610
Adjusted EBITDA	EUR million	42	97	56	217
EBITDA	EUR million	42	97	56	217
Operating capital	EUR million	655	666	648	648

Comparable financial figures restated due to IFRS 15 adoption.

Results

Q1 2018 compared to Q1 2017

Q1 adjusted EBITDA decreased to EUR 42 million (EUR 97 million).

- Ferrochrome contract price declined significantly from USD 1.65/lb in Q1/17 to USD 1.18/lb in Q1/18.
- Result was further negatively affected by the weaker US dollar.
- Ferrochrome production was 20,000 tonnes higher. Production in the reference period was negatively impacted by technical issues.

Q1 2018 compared to Q4 2017

Q1 adjusted EBITDA decreased to EUR 42 million compared to EUR 56 million in Q4/17.

- Q1 ferrochrome contract price was clearly lower than the contract price of USD 1.39/lb in Q4/17.
- Result was further negatively affected by weaker US dollar.
- Higher coke and electricity prices had a negative impact.
- The negative impacts were partly offset by clearly higher ferrochrome deliveries.

Market

- The European benchmark price for ferrochrome followed the Chinese spot prices down to USD 1.18/lb in Q1.
- For Q2, the ferrochrome price increased to USD 1.42/lb, supported by the improved spot prices in China.

Safety and people

The total recordable injury frequency rate (TRIFR) was 5.4 for the first quarter of 2018 against the target of less than 4.0 for 2018. Outokumpu has continued its safety strategy including ongoing work standardizing its systems and practices.

Outokumpu's headcount decreased by 309 compared to the first quarter of 2017 and totaled 10,111 at the end of March 2018 (10,420). The decrease was driven primarily by 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

On March 31, 2018, 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 3,276,864 treasury shares. The average number of shares outstanding was 412,813,561 for the first quarter.

Risks and uncertainties

Identified risks during the quarter include the recently announced sanctions on Russia which may have an impact on Outokumpu and the stainless steel industry globally. Steel tariffs in the US (Section 232) have both positive and negative implications for Outokumpu. Business area Europe and business area Long Products are expected to have negative impacts on their profitability while business area Americas is expected to benefit from the tariffs.

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 implement new IT systems and processes, improve operational reliability, drive competitiveness and further improve financial performance; risks and uncertainties related to market development in stainless steel, ferrochrome and competitor actions; availability and price of certain critical supplies; dependencies on certain critical suppliers; the risk of changes in metal prices impacting cash tied up in working capital; changes in the prices of electrical power, fuels, ferrochrome, nickel, iron and molybdenum; currency developments affecting the euro, the US dollar, the Swedish krona, and the British pound; fair value of shareholdings; project implementation risks; IT dependency and cyber security risks; risks due to fragmented system environment; counterparty risks related to customers and other business partners, including suppliers and financial institutions. Possible adverse changes in the global political and economic environment 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 22, 2018. The Meeting approved the financial statements and discharged the management of the company from liability for the financial year 2017. The Meeting decided that a dividend of 0.25 euros per share shall be paid for 2017. 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 proposals of the Nomination Board regarding the members of the Board of Directors and their remuneration.

The Annual General Meeting decided in accordance with the proposal by the Nomination Board that the Board of Directors would consist of six members. Kati ter Horst, Heikki Malinen, Eeva Sipilä and Olli Vaartimo were re-elected, and Kari Jordan and Pierre Vareille were elected as new members for the term of office ending at the end of the next Annual General Meeting. Kari Jordan was elected as the Chairman and Olli Vaartimo as the Vice Chairman of the Board of Directors.

Helsinki, April 26, 2018

Outokumpu
Board of Directors

Financial information

Condensed income statement (EUR million)	Jan–March 2018	Jan–March 2017 restated	Jan–Dec 2017 restated
Sales	**1,671**	1,756	6,356
Cost of sales	**-1,516**	-1,435	-5,627
Gross margin	**155**	320	729
Other operating income	**11**	23	58
Sales, general and administrative costs	**-72**	-87	-307
Other operating expenses	**-4**	-4	-35
EBIT	**90**	252	445
Share of results in associated companies and joint ventures	**2**	3	9
Interest expenses	**-18**	-24	-92
Net other financial expenses	**-4**	-8	-34
Net financial expenses	**-22**	**-32**	-127
Result before taxes	**70**	224	327
Income taxes	**-21**	-41	65
Net result for the period	**49**	182	392
Earnings per share for result attributable to the equity holders of the Company			
Earnings per share, EUR	**0.12**	0.44	0.95
Diluted earnings per share, EUR	**0.12**	0.42	0.90

Statement of comprehensive income (EUR million)	Jan–March 2018	Jan–March 2017 restated	Jan–Dec 2017 restated
Net result for the period	**49**	182	392
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations			
Change in exchange differences	**-12**	-7	-83
Reclassification adjustments from other comprehensive income to profit or loss	**-**	-7	-3
Available-for-sale financial assets	**-**	-2	0
Cash flow hedges	**-3**	0	-1
Items that will not be reclassified to profit or loss:			
Remeasurements on defined benefit obligation plans			
Changes during the accounting period	**0**	-19	18
Income tax relating to remeasurements	**0**	0	37
Financial assets at fair value through other comprehensive income	**-1**	-	-
Share of other comprehensive income in associated companies and joint ventures	**-0**	-1	-1
Other comprehensive income for the period, net of tax	**-16**	-36	-32
Total comprehensive income for the period	**33**	146	359

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 2018	March 31 2017 restated	Dec 31 2017 restated
ASSETS			
Non-current assets			
Intangible assets	**542**	503	535
Property, plant and equipment	**2,583**	2,826	2,633
Investments in associated companies and joint ventures	**74**	69	73
Other financial assets	**68**	52	69
Deferred tax assets	**268**	163	295
Defined benefit plan assets	**75**	28	70
Trade and other receivables	**1**	2	1
Total non-current assets	**3,612**	3,642	3,675
Current assets			
Inventories	**1,452**	1,335	1,380
Other financial assets	**84**	35	60
Trade and other receivables	**769**	925	660
Cash and cash equivalents	**297**	81	112
Total current assets	**2,602**	2,377	2,212
TOTAL ASSETS	**6,213**	6,018	5,887
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company	**2,655**	2,502	2,721
Non-current liabilities			
Non-current debt	**691**	1,010	698
Other financial liabilities	**2**	4	3
Deferred tax liabilities	**10**	22	10
Defined benefit and other long-term employee benefit obligations	**333**	354	337
Provisions	**73**	103	79
Trade and other payables	**35**	36	34
Total non-current liabilities	**1,144**	1,530	1,160
Current liabilities			
Current debt	**692**	447	505
Other financial liabilities	**33**	14	37
Provisions	**11**	21	14
Trade and other payables	**1,679**	1,503	1,449
Total current liabilities	**2,415**	1,986	2,005
TOTAL EQUITY AND LIABILITIES	**6,213**	6,018	5,887

Condensed statement of cash flows (EUR million)	Jan–March 2018	Jan–March 2017	Jan–Dec 2017
Net result for the period [1)]	**49**	182	392
Adjustments			
Depreciation, amortization and impairments	**50**	57	219
Other non-cash adjustments [1)]	**32**	30	41
Change in working capital	**-61**	-280	-180
Provisions, and defined benefit and other long-term employee benefit obligations paid	**-18**	-18	-60
Dividends and interests received	**0**	0	3
Interests paid	**-11**	-21	-78
Income taxes paid	**-2**	-2	-8
Net cash from operating activities	**39**	-53	328
Purchases of assets	**-36**	-45	-186
Proceeds from the disposal of subsidiaries, net of cash and tax	**-**	62	90
Proceeds from the sale of assets	**3**	0	33
Other investing cash flow	**-**	4	0
Net cash from investing activities	**-33**	21	-63
Cash flow before financing activities	**6**	-32	264
Dividends paid	**-**	-41	-41
Treasury share purchase	**-**	-20	-20
Borrowings of non-current debt	**-**	50	190
Repayment of non-current debt	**-3**	-85	-607
Change in current debt	**180**	44	162
Other financing cash flow	**2**	-39	-37
Net cash from financing activities	**179**	-91	-353
Net change in cash and cash equivalents	**186**	-123	-89
Cash and cash equivalents at the beginning of the period	**112**	204	204
Net change in cash and cash equivalents	**186**	-123	-89
Foreign exchange rate effect	**-0**	0	-3
Cash and cash equivalents at the end of the period	**297**	81	112

[1)] Comparable financial figures restated due to IFRS 15 adoption.

Statement of changes in equity (EUR million)	Attributable to the equity holders of the parent									
	Share capital	Premium fund	Invested unrestricted equity reserve	Other reserves	Fair value reserves	Cumulative translation differences	Remeasurements of defined benefit plans	Treasury shares	Other retained earnings	Total equity
Equity on Dec 31, 2016	**311**	**714**	**2,103**	**2**	**1**	**3**	**-135**	**-19**	**-564**	**2,416**
IFRS 15 restatement	-	-	-	-	-	-	-	-	-0	-0
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										
Dividend distribution	-	-	-	-	-	-	-	-	-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**
Equity on Dec 31, 2017	**311**	**714**	**2,103**	**3**	**0**	**-81**	**-72**	**-26**	**-232**	**2,721**
IFRS 2 restatement	-	-	-	-	-	-	-	-	7	7
IFRS 9 restatement	-	-	-	-	-	-	-	-	-1	-1
Equity on Jan 1, 2018	**311**	**714**	**2,103**	**3**	**0**	**-81**	**-72**	**-26**	**-225**	**2,728**
Net result for the period	-	-	-	-	-	-	-	-	49	49
Other comprehensive income	-	-	-	-	-3	-12	0	-	-0	-16
Total comprehensive income for the period	-	-	-	-	-3	-12	0	-	49	33
Transactions with equity holders of the Company										
Contributions and distributions										
Dividend distribution	-	-	-	-	-	-	-	-	-103	-103
Share-based payments	-	-	-	-	-	-	-	1	-4	-2
Equity on March 31, 2018	**311**	**714**	**2,103**	**3**	**-3**	**-93**	**-71**	**-24**	**-284**	**2,655**

Adjustments to EBITDA and EBIT (EUR million)	I/18	I/17	2017
Gain on the sale of PPE and release of environmental provisions in Sweden	**8**	-	-
Gain on the quarto plate mill divestment	**-**	15	15
Gain on the sale of land in Sheffield	**-**	-	9
Gain on the pipe plant divestment	**-**	-	7
Adjustments to EBITDA and EBIT	**8**	15	31

Group key figures		I/18	I/17 restated	2017 restated
Scope of activity				
Capital employed at the end of period	EUR million	**3,854**	4,075	3,929
Capital expenditure	EUR million	**37**	19	174
Depreciation and amortization	EUR million	**-50**	-55	-216
Impairments	EUR million	**-**	-1	-2
Personnel at the end of period		**10,111**	10,420	10,141
- average for the period		**10,118**	10,507	10,485
Profitability				
Adjusted EBITDA	EUR million	**133**	294	631
Adjustments	EUR million	**8**	15	31
EBITDA	EUR million	**140**	309	663
Earnings per share	EUR	**0.12**	0.44	0.95
Diluted earnings per share	EUR	**0.12**	0.42	0.90
Adjusted average number of shares [1)]	1,000 shares	**412,814**	412,866	412,363
Return on equity	%	**10.0**	16.0	15.4
Return on capital employed	%	**7.2**	9.4	11.3
Financing and financial position				
Non-current debt	EUR million	**691**	1,010	698
Current debt	EUR million	**692**	447	505
Cash and cash equivalents	EUR million	**-297**	-81	-112
Net debt at the end of period	EUR million	**1,086**	1,376	1,091
Net debt to Adjusted EBITDA		**2.3**	2.4	1.7
Equity-to-assets ratio at the end of period	%	**42.8**	41.6	46.3
Debt-to-equity ratio at the end of period	%	**40.9**	55.0	40.1
Equity per share at the end of period	EUR	**6.43**	6.07	6.59

[1)] Excluding treasury shares.

Sales by segment (EUR million)	I/18	I/17 restated	2017 restated
Europe total	**1,087**	1,119	4,156
of which intra-group	**22**	17	81
Americas total	**413**	416	1,546
of which intra-group	**6**	9	33
Long Products total	**165**	173	591
of which intra-group	**66**	56	186
Ferrochrome total	**131**	198	610
of which intra-group	**105**	138	483
Other operations total	**139**	140	503
of which intra-group	**66**	71	266
Group total sales	**1,671**	1,756	6,356

Adjusted EBITDA by segment (EUR million)	I/18	I/17 restated	2017 restated
Europe	**83**	168	404
Americas	**-6**	29	21
Long Products	**4**	9	16
Ferrochrome	**42**	97	217
Other operations and intra-group items	**10**	-9	-27
Group total adjusted EBITDA	**133**	294	631

Adjustments to EBITDA and EBIT by segment (EUR million)	I/18	I/17	2017
Europe	**8**	-	-
Americas	**-**	-	-
Long Products	**-**	-	-
Ferrochrome	**-**	-	-
Other operations	**-**	15	31
Group total adjustments	**8**	15	31

EBITDA by segment (EUR million)	I/18	I/17 restated	2017 restated
Europe	**90**	168	404
Americas	**-6**	29	21
Long Products	**4**	9	16
Ferrochrome	**42**	97	217
Other operations and intra-group items	**10**	6	5
Group total EBITDA	**140**	309	663

Adjusted EBIT by segment (EUR million)	I/18	I/17 restated	2017 restated
Europe	**55**	137	281
Americas	**-18**	15	-31
Long Products	**3**	7	10
Ferrochrome	**34**	89	187
Other operations and intra-group items	**9**	-11	-33
Group total adjusted EBIT	**83**	238	414

EBIT by segment (EUR million)	I/18	I/17 restated	2017 restated
Europe	**63**	137	281
Americas	**-18**	15	-31
Long Products	**3**	7	10
Ferrochrome	**34**	89	187
Other operations and intra-group items	**9**	4	-2
Group total EBIT	**90**	252	445

Depreciation and amortization by segment (EUR million)	I/18	I/17	2017
Europe	**-28**	-31	-123
Americas	**-12**	-13	-52
Long Products	**-1**	-2	-7
Ferrochrome	**-7**	-7	-29
Other operations	**-1**	-2	-6
Group total depreciation and amortization	**-50**	-55	-216

Capital expenditure by segment (EUR million)	I/18	I/17	2017
Europe	**10**	7	70
Americas	**1**	1	18
Long Products	**1**	3	8
Ferrochrome	**16**	3	34
Other operations	**9**	5	44
Group total capital expenditure	**37**	19	174

Operating capital by segment (EUR million)	I/18	I/17 restated	2017 restated
Europe	**1,894**	1,893	1,848
Americas	**1,032**	1,245	1,072
Long Products	**122**	165	113
Ferrochrome	**655**	666	648
Other operations and intra-group items	**-108**	-35	-36
Group total operating capital	**3,595**	3,934	3,645

Personnel at the end of period by segment	I/18	I/17	2017
Europe	**6,759**	6,952	6,748
Americas	**2,026**	2,106	2,094
Long Products	**595**	645	584
Ferrochrome	**433**	422	437
Other operations	**298**	295	278
Group total personnel at the end of period	**10,111**	10,420	10,141

Definitions of financial key figures

EBITDA	=	EBIT before depreciation, amortization and impairments
Adjustments to EBITDA or EBIT	=	Material income and expense items which affect the comparability between periods because of their unusual nature, size or incidence resulting for example from group-wide restructuring programs or disposals of assets or businesses.
Adjusted EBITDA or EBIT	=	EBITDA or 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 – financial assets at fair value through other comprehensive income – financial assets at fair value through profit or loss – investments in associated companies and joint ventures
Operating capital	=	Capital employed – net deferred tax asset
Return on capital employed (ROCE)	=	$\dfrac{\text{EBIT (4-quarter rolling)}}{\text{Capital employed (4-quarter rolling average)}} \times 100$
Return on equity (ROE)	=	$\dfrac{\text{Net result for the financial period (4-quarter rolling)}}{\text{Total equity (4-quarter rolling average)}} \times 100$
Net debt	=	Non-current debt + current debt – cash and cash equivalents
Equity-to-assets ratio	=	$\dfrac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$
Debt-to-equity ratio	=	$\dfrac{\text{Net debt}}{\text{Total equity}} \times 100$
Net debt to adjusted EBITDA	=	$\dfrac{\text{Net debt}}{\text{Adjusted EBITDA (4-quarter rolling)}}$
Earnings per share	=	$\dfrac{\text{Net result for the financial period attributable to the owners of the parent}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=	$\dfrac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$

Adoption of new and amended IFRS standards

IFRS 15 – Revenue from contracts with Customers

Outokumpu has adopted IFRS 15 retrospectively. The adoption had only minor impacts on Outokumpu revenue recognition and presentation of revenue in Outokumpu's consolidated financial statements.

Outokumpu generates revenue mainly from sales of stainless steel and ferrochrome. Outokumpu ships these goods to customers under variety of Incoterms, and considers the transfers of physical possession and risks and rewards related to the ownership of the goods accordingly. Consequently, the performance obligations related to sales of stainless steel and ferrochrome are satisfied at a point of time, and the IFRS 15 adoption did not lead to changes in revenue recognition practices in this area.

With customer deliveries following the "C" Incoterms, whereby the control of the goods transfers to the customer before the delivery, Outokumpu remains responsible for organizing the transportation of the goods to the customer. In these cases, the transportation service is a separate performance obligation, which is satisfied over time of the transportation. Before IFRS 15 adoption, the revenues were fully allocated to the goods sold and recognized at a point of time. The impact of the accounting principle change is only minor as the revenue and the related freight cost are recognized at the same time. Additionally, the transaction price allocated to the transportation service and the movement in the obligation to provide the transportation service from one period to another are not material. Outokumpu has concluded that it acts as a principal with regards to the transportation service performance obligation. In some cases, Outokumpu had earlier recognized the freights recharged from its customers as a credit to freight cost instead of sales. This accounting principle has been changed, the impact not being material.

Stainless steel and ferrochrome sales prices are fixed before delivery, and volume discounts estimated and accrued in the revenue recognition are the only variable component in pricing. The earlier volume discount accrual practices were in line with the IFRS 15 guidelines.

In transition to IFRS 15, Outokumpu has restated its Jan 1, 2017 consolidated statement of financial position with the following impacts: contract liability of EUR 1 million related to the unperformed transportation service, impacting line trade and other payables; and accrued receivable related to purchased transportation of EUR 1 million impacting line trade and other receivables. The net impact of these items (net of tax) is recognized to retained earnings. The movement in the restated items impacted the following lines in the consolidated income statement of 2017: sales (impact of EUR 0 million), cost of sales (impact of EUR -0 million), and income taxes (impact of EUR 0 million). The reclassification of recharged freights from cost of sales to sales amounted to EUR 1 million in 2017.

In connection to the IFRS 15 adoption, Outokumpu reviewed the presentation of its revenue items in general, and concluded that certain items not related to Outokumpu's operations as a stainless steel and ferrochrome producer should be presented in other operating income rather than in sales. Consequently, items such as rental income is presented as other operating income going forward. The comparable figures are presented accordingly with a EUR -8 million impact on sales and EUR 8 million impact on other operating income.

IFRS 9 – Financial instruments

Financial assets that were categorized as available for sale under IAS 39, have been classified as financial assets measured at fair value through other comprehensive income in the initial application of IFRS 9 on Jan 1, 2018. In this measurement category, the fair value changes are recognized in fair value reserve within equity. Gains or losses on disposal of these assets are not reclassified from equity to profit or loss. The financial assets in the category comprise mainly of Group's holdings in energy companies, including Voimaosakeyhtiö SF. According to IAS 39, Outokumpu valued this holding at cost as fair valuation had not been reliable due to early stage of the Fennovoima project. Outokumpu assesses the fair value measurement reliability topics alongside with the progress of the Fennovoima project. Depending on assumptions used, current management estimates result in a wide range for fair value, which can differ from the current fair value estimate based on cost.

Outokumpu applies simplified approach to analyze and recognize expected credit losses on trade receivables. The calculation model is based on overdue statistics and counterparty specific credit ratings linked with loss probabilities by rating. The new expected credit loss model resulted in an increase of allowance for impairment of trade receivables of EUR 1 million. This impact (net of tax) is recognized as a decrease of retained earnings on Jan 1, 2018. Comparable information for 2017 is not restated.

Regarding hedge accounting, the changes did not have material impact on Group's current hedge accounting program. However, Group will analyze the opportunities for a wider application of hedge accounting in the future.

Amendments to IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payment Transactions

The amendments to IFRS 2, among other things, clarify the classification of share-based payments settled net of tax withholdings. According to the amendment, Outokumpu's share-based payment plans are fully accounted as equity-settled, and consequently, the expense recognized over the vesting period is fully based on the grant date fair value. Earlier the plans have been divided into equity-settled and cash-settled portions.

In transition on Jan 1, 2018, the accrued liabilities for the cash-settled portion amounting to EUR 10 million on Dec 31, 2017 and the related deferred tax assets amounting to EUR 3 million have been recognized to retained earnings. Comparable figures for 2017 have not been restated.