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

### Highlights

- Operating loss EUR 65 million
- Profitability improved due to higher prices, deliveries declined
- No major improvement in underlying demand for stainless

<b>Group key figures, EUR million</b>	<b>III/09</b>	<b>II/09</b>	<b>III/08</b>
Sales	<b>587</b>	617	1 270
Operating profit	<b>-65</b>	-94	-66
Profit before taxes	<b>-81</b>	-105	-82
Net profit for the period	<b>-56</b>	-87	-74
Earnings per share, EUR	<b>-0.31</b>	-0.48	-0.41
Net cash generated from operating activities	<b>-12</b>	23	242
Stainless steel deliveries, 1000 tons	<b>238</b>	268	323
Stainless steel base price, EUR/t <sup>1)</sup>	<b>1 307</b>	1 117	1 143
Stainless steel transaction price, EUR/t <sup>2)</sup>	<b>2 229</b>	1 751	2 725

<sup>1)</sup> CRU: German base price (2mm cold rolled 304 sheet)

<sup>2)</sup> CRU: German transaction price (2mm cold rolled 304 sheet)

Uncertainty in stainless steel markets continued and there is no major improvement in the underlying demand. Inventories held by steel distributors increased slightly in the third quarter, but they are hesitant to build up inventories and short-term purchasing behaviour is impacted by the changes in the nickel price.

Outokumpu continued to cut back production during the third quarter. Additionally, annual maintenance breaks and seasonality of demand reduced deliveries for the period. Capacity utilization was 50-55% with total deliveries of stainless steel at 238 000 tons, 26% lower than a year ago. Base prices have continuously improved this year and the average in the third quarter was higher than in 2008. Transaction prices, which also include raw material costs, were still below 2008 levels. Average nickel price was 7% lower than a year ago and ferrochrome price 57% lower. Due to lower deliveries and lower transaction prices Outokumpu's sales declined 54% to EUR 587 million compared to the third quarter of 2008.

Outokumpu's operating loss totalled EUR 65 million. The operating loss includes EUR 32 million of raw material-related inventory gains and EUR 15 million of non-recurring write-downs. The underlying operational result was negative at EUR 82 million. The underlying profitability improved from the second quarter due to higher base prices and continued cost control. It was, however, weaker than in the third quarter of 2008 (positive at EUR 60 million) due to lower delivery volumes. Operating profit in the third quarter of 2008 included nickel-related inventory losses of EUR 60 million and non-recurring provisions and write-downs of EUR 66 million.

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Outokumpu has now decided not to proceed with its investment project to expand the melting capacity in Avesta, Sweden in the foreseeable future as there is no need for additional melting capacity in the medium-term. This project was part of the investment programme that was launched in 2007-2008 and almost totally postponed in December 2008. Further decisions on the other postponed investments will be made by the end of 2010.

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

**CEO Juha Rantanen:**

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

This press release is a summary of Outokumpu's official third quarter 2009 interim report.

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

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