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Financial results still unsatisfactory but continued strong positive operating cash flow

Highlights in the fourth quarter 2013

Note: In the following report Terni remedy assets, the VDM business and certain service centers are reported as discontinued operations. All commentary in this report thus refers to Outokumpu's continuing operations. Please find more information in the Notes to the condensed financial statements in this release.

Outokumpu posted a fourth-quarter underlying EBIT loss of EUR 90 million and operating cash flow was positive at EUR 223 million. Good progress in synergies, cost saving and the ongoing ramp-ups of the Ferrochrome and Calvert operations were partially offset by lower deliveries.

- Stainless steel deliveries declined by 2.4% and were 620,000 tonnes[1] (III 2013: 635,000 tonnes).
- The underlying EBITDA was EUR -1 million compared to EUR -34 million in the third quarter and the underlying EBIT was EUR -90 million (III 2013: EUR -118 million). The operational performance was in line with the third quarter due to somewhat positive price and mix effect while the delivery volumes were down. The result also includes a EUR 20 million refund of the renewable energy charge for continuing operations in Germany and about EUR 5 million in gains on the sale of non-core assets and positive impact from derivatives.
- Including non-recurring items of EUR -29 million (III 2013: EUR -1 million) and raw material-related inventory gains of EUR 1 million (III 2013: EUR -15 million), the EBIT was EUR -118 million for the fourth quarter of 2013 (III 2013: EUR -134 million).
- Operating cash flow was positive at EUR 223 million (III 2013: EUR 43 million), mainly driven by a strong release of working capital.
- Net interest-bearing debt[2] decreased to EUR 3,556 million (September 30, 2013: EUR 3,861 million), and gearing rose to 188.0% (September 30, 2013: 170.7%).
- Comprehensive actions to significantly strengthen Outokumpu's financial position: The sale of the Terni remedy assets, the VDM business and certain service centers has been agreed with ThyssenKrupp in exchange for the EUR 1.3 billion loan note. Additionally extensive financial package, including renewing the debt portfolio and a proposed rights issue of approximately EUR 650 million.

Highlights of 2013

- During 2013, global stainless steel demand increased by 5.6% compared to 2012. In the Americas and APAC regions, consumption rose by 4.0% and 7.9% respectively. Consumption in EMEA remained weak. The European stainless steel base price declined by 2.8% and nickel price came down by 18.2% during the year.
- Stainless steel deliveries for the full year declined by 5.3% to 2,585,000 tonnes (2012: 2,723,000).
- Sales were EUR 6,745 million, down by 15% (2012: EUR 7,961 million). Underlying EBITDA was EUR -32 million (2012 EUR -66 million) and underlying EBIT amounted to EUR -377 million (2012: EUR -412 million).
- Including non-recurring items of EUR -78 million (2012: EUR -308 million) and raw material-related inventory effects of EUR -56 million (2012: EUR -33 million), the EBIT was EUR -510 million (2012: EUR -754 million).
- Operating cash flow was positive at EUR 34 million.

1) metric ton = 1,000 kg, 2) Net interest-bearing debt as per new definition announced in January 2014: Long-term debt and current debt less cash and cash equivalents.

Note: This report contains comparisons to both Outokumpu stand alone as well as comparable figures for the combined entity based on management estimates for 2012. Tables that are marked with 'comparable' show the combined entity comparisons for 2012. In the text itself, only comparable numbers will be stated and analyzed. No verbal analysis is done based on the official financial statements 2012 since it presents Outokumpu stand alone and such analysis would not be meaningful. Terni remedy assets, the VDM business and certain service centers are reported as discontinued operations. Quarterly 2013 profit or loss figures including related key figures have been restated for this reason. All comparable 2012 figures as well as restated quarterly 2013 figures are unaudited.

Group key figures, comparable

		IV/13	III/13	IV/12	2013	2012
Sales	EUR million	**1,531**	1,609	1,742	**6,745**	7,961
EBITDA	EUR million	**-29**	-50	-131	**-165**	-267
Adjustments to EBITDA [1]	EUR million	**29**	16	58	**133**	201
Underlying EBITDA	EUR million	**-1**	-34	-73	**-32**	-66
EBIT	EUR million	**-118**	-134	-313	**-510**	-754
Adjustments to EBIT [2]	EUR million	**29**	16	144	**133**	342
Underlying EBIT	EUR million	**-90**	-118	-169	**-377**	-412
Result before taxes	EUR million	**-232**	-207	n/a	**-822**	n/a
Net result for the period from continuing operations	EUR million	**-260**	-197	n/a	**-832**	n/a
excluding non-recurring items	EUR million	**-181**	-196	n/a	**-706**	n/a
Net result for the period	EUR million	**-364**	-238	n/a	**-1,003**	n/a
Earnings per share	EUR	**-0.17**	-0.11	n/a	**-0.48**	n/a
excluding non-recurring items	EUR	**-0.14**	-0.11	n/a	**-0.42**	n/a
Return on capital employed	%	**-9.9**	-9.8	n/a	**-10.3**	n/a
excluding non-recurring items	%	**-7.4**	-9.8	n/a	**-8.7**	n/a
Net cash generated from operating activities, continuing oper.	EUR million	**223**	43	n/a	**34**	n/a
Net interest-bearing debt at the end of period	EUR million	**3,556**	3,861	n/a	**3,556**	n/a
Debt-to-equity ratio at the end of period	%	**188.0**	170.7	n/a	**188.0**	n/a
Capital expenditure, continuing operations [3]	EUR million	**45**	40	231	**183**	763
Stainless steel deliveries, continuing operations [4]	1,000 tonnes	**620**	635	631	**2,585**	2,723
Stainless steel base price [5]	EUR/tonne	**1,057**	1,043	1,167	**1,103**	1,172
Personnel at the end of period, continuing operations		**12,561**	12,798	14,073	**12,561**	14,073

[1] Non-recurring items, other than impairments; and inventory gains/losses, unaudited.

[2] Non-recurring items and inventory gains/losses, unaudited.

[3] Oct 1–Dec 31 ,2012 and Jan 1–Dec 31, 2012 excludes Inoxum acquisition of EUR 2,720 million.

[4] Excludes ferrochrome deliveries.

[5] Stainless steel: CRU - German base price (2 mm cold rolled 304 sheet).

<u>Raw material-related inventory gains or losses:</u> The realized timing gain or loss per tonne of stainless steel is estimated based on the difference between the purchase price and invoice price of each metal in EUR per tonne times the average metal content in stainless steel. The unrealized timing impact consists of the change in net realizable value — NRV during each quarter. If there is a significant negative change in metal prices during the quarter, inventories are written down to NRV at the end of the period to reflect lower expected transaction prices for stainless steel in the future. As this timing impact is expected to be realized in the cash flow of Outokumpu only after the raw material has been sold, it is referred to as being unrealized at the time of the booking.

Business and financial outlook for the first quarter of 2014

Outokumpu expects modest improvement in the underlying market demand for the first quarter. The company estimates sequentially higher delivery volumes and some improvement in base prices. The progress in the cost efficiency initiatives and synergies is estimated to be steady.

For the first quarter of 2014, Outokumpu estimates that the underlying EBIT will be better than in the fourth quarter, but still a loss. Operating cash flow is expected to be negative during the first quarter of 2014, driven by an increase in inventories related to anticipated higher deliveries. At current metal prices, marginal raw material-related timing gains are expected, if any. Outokumpu's operating result in the first quarter 2014 could be impacted by non-recurring items associated with the Group's ongoing restructuring programs.

This outlook reflects the current scope of continuing operations of Outokumpu.

CEO Mika Seitovirta:

"The year 2013 marked the beginning of the new Outokumpu after the acquisition of Inoxum at the end of 2012. Through the acquisition we gained not only significant cost savings potential and a stronger market share in all the key markets, but also a truly global position with a more diverse and balanced customer base and the broadest range of products in the industry.

However, our journey started in strong headwinds. The demand for stainless steel remained even weaker than expected, particularly in Europe. Nickel price declined by over 18% from beginning of 2013 till year end, which negatively affected our financial performance. Furthermore, we were burdened by the remedy requirement of the European Commission that dictated the divestiture of the stainless steel operations in Terni, Italy and additional European service centers. The Terni remedy requirement did not only tie our time and resources, but also significantly hampered the ramp-up of the Calvert stainless steel mill in Alabama, USA.

Despite these obstacles, we took decisive action to restructure our business back to profitability and to strengthen our balance sheet. We made good progress with synergy and cost savings measures, and the combined savings for 2013 reached EUR 199 million. We were also able to release EUR 351 million cash from our working capital during 2013 mostly due to inventory reductions. All in all, our losses got smaller last year but financial performance remained clearly unsatisfactory.

During the fourth quarter, our sales developed slightly better than planned, especially in Europe. The ramp-up of the Calvert mill in the US progressed in line with expectations, and we were able to continue reducing the losses. End of November, we also announced comprehensive measures to strengthen our financial position: the divestment of the Terni remedy assets, the VDM business and certain service centers to ThyssenKrupp, the renewal of our debt portfolio and a planned rights issue of about EUR 650 million to strengthen our financial position.

This year has started with an expectation of a gradual economic improvement and this has also meant somewhat higher stainless steel demand compared to the slow fourth quarter of last year. The coming months will show whether this is driven by the typical industry seasonality or whether there is a more fundamental improvement under way. We have clear operational priorities for this year which include implementation of the savings programs, finalization of the Calvert ramp-up and improvement in customer satisfaction through enhanced delivery reliability. I am confident that we will continue to make significant progress in all key areas to return Outokumpu to sustainable profitability."

Update on strategic initiatives

Divestment of Terni and VDM to ThyssenKrupp and comprehensive measures to strengthen balance sheet

On November 30, 2013, Outokumpu announced plans to deleverage and strengthen its balance sheet, and to divest Terni and VDM. Outokumpu has signed a binding agreement with ThyssenKrupp whereby Outokumpu will sell the Terni remedy assets, the VDM business and certain service centers to ThyssenKrupp. Outokumpu's loan note to ThyssenKrupp will be used as a consideration for the transaction (Dec. 31, 2013: the loan note value was EUR 1,283 million). The transaction is subject to approval by the European Commission as well as other relevant regulatory approvals. The transaction will also constitute final settlement of all remedy-related obligations between Outokumpu and ThyssenKrupp.

Financial package and rights issue

As a result of the transaction to sell Terni and VDM, Outokumpu's net debt is expected to decrease by approximately EUR 1.3 billion and gearing to decrease by approximately 68 percentage points (Dec. 31, 2013: gearing of 188.0%). Balance sheet and liquidity will be further strengthened by a planned rights issue, new liquidity facility of EUR 500 million and extensions of existing loans and credit facilities. Please see "Events after the end of the reporting period" for more information.

An Extraordinary General Meeting will be held on February 14, 2014 to decide on the proposed authorization to the Board of Directors to undertake the share issue. The rights issue is planned to be carried out immediately after the closing of the sale of Terni and VDM to ThyssenKrupp, which is expected to take place during the first quarter of 2014.

In relation to the planned approximately EUR 650 million rights issue, Outokumpu has received irrevocable commitments to subscribe for their respective allocation of the rights issue from shareholders representing 52.8% of all its shares, with the remaining 47.2% of the rights issue being underwritten by Outokumpu's core banks, subject to customary terms and conditions.

Outokumpu management is confident that the conditions for the closing of the transaction will be met and closing will take place during the first quarter of 2014.

New industrial plan in Europe

On October 1, 2013, Outokumpu announced plans for further structural changes in its European operations aimed at improving its financial performance and efficiency, and ultimately returning the company to profitability. Specifically, the planned changes include:

- Acceleration of the Bochum melt shop closure in Germany to achieve more efficient production structure and higher capacity utilization rates.
- Reduction of annealing and pickling capacity by 200,000 tonnes in Finland and cold rolling capacity by 300,000–350,000 tonnes in Germany to increase capacity utilization and lower costs.
- Optimization of the company's service center network by closing service center in Langenhagen, Germany.
- Further cost savings through leaner overheads and organization at all sites, functions and activities across European operations.

The planned structural changes are expected to result in up-to 1,000 additional job reductions in Europe, bringing the total planned global reduction up-to 3,500 jobs compared to 2012. The industrial plan is expected to result in additional savings of more than EUR 100 million and the overall savings programs are expected to result in annual savings of EUR 380 million in 2015 and EUR 450 million in 2017, compared to the 2012 level.

Outokumpu and the respective unions in Germany have continued discussions regarding the new industrial plan in Europe, including the planned acceleration of the Bochum melt shop closure. Outokumpu expects to find a solution with the unions that will enable the implementation of the new industrial concept.

Synergy savings clearly exceeded target for 2013

The ongoing integration work and the related synergies are proceeding successfully. The year 2013 ended with savings of EUR 95 million (IV 2013: EUR 26 million) and therefore clearly exceeded the forecast of EUR 75 million for 2013. The main reason was good performance in raw material procurement savings, especially stainless scrap. The Krefeld melt shop ramp-down and the headcount reductions contributed as well to the overall achievement. Outokumpu expects cumulative synergy savings in 2014 of more than EUR 170 million, with a larger relative share coming from production optimization. The target of EUR 200 million of synergy savings by the end of 2017 remains unchanged.

Achieved synergy savings versus target

EUR million	I/13	II/13	III/13	IV/13	2013	Forecast 2014	Target 2017
Total Synergies	16	23	30	26	95	>170	200
of which: Production optimization	13%	31%	26%	22%	24%		
of which: Procurement	84%	59%	64%	63%	66%		
of which: Sales & Admin	3%	10%	10%	14%	10%		

Krefeld melt shop ramp-down completed

According to the agreed timeline, the Krefeld melt shop in Germany has been ramped-down completely; the last day of operations was December 6, 2013. The closure was announced in January 2012 in connection with the Outokumpu and Inoxum merger as part of the original synergy saving plan and leads to a cut in Outokumpu's melt capacity by 600,000 tonnes. From 2014 onwards, this will contribute EUR 50 million annually of savings to the overall planned efficiency measures. In 2013, cost savings related to the Krefeld melt shop closure amounted to EUR 15 million.

Ongoing value-enhancing and cost-saving projects

Ferrochrome production ramp-up

The ramp-up of new capacity at the Ferrochrome operations in Finland has progressed as planned in 2013, with ferrochrome production of 434,000 tonnes (2012: 230,000 tonnes). The full technical production capacity of 530,000 tonnes is expected to be reached in 2015. During the fourth quarter of 2013, ferrochrome production amounted to 119,000 tonnes, which was a new quarterly record (III 2013: 106,000 tonnes).

Calvert ramp-up

The integrated stainless steel mill in Calvert, USA, continues to trend positively with improvements over the third quarter, although overall the ramp-up is running behind original targets. The ramp-up of the cold rolling mill is proceeding with an expanded product portfolio to match customer needs. The production covers both standard austenitic and ferritic grades as well as widths ranging from 36 to 72 inches wide. Product quality is improving as the ramp up progresses, and delivery reliability remains a key. Additionally, the melt shop ramp-up continues with a record melt achieved in October, 2013. Melt shop operations are aligned with the higher production levels of 2014. The Calvert melt shop supplies steel to both the Calvert cold rolling mill and Outokumpu's cold rolling mill in San Luis Potosi, Mexico (Mexinox). Previously, Mexinox received the majority of its hot rolled coil from Europe. With the increase in Calvert's supply to Mexinox, fourth quarter shipments from Europe have decreased significantly and are expected to end within the first quarter of 2014, recognizing Outokumpu's "melted in America" advantage.

P150 beats its target for 2013

Outokumpu introduced its P150 cost reduction program in the beginning of 2013. The aim of this program is to reduce Outokumpu's annual costs by EUR 150 million by the end of 2014 on top of the synergy measures. The main drivers of the program are savings in procurement, IT, operational costs as well as in general and administration costs, including headcount reductions. During 2013, EUR 104 million of cost savings were reached, exceeding the latest expectation of more than EUR 75 million. The fourth quarter contributed EUR 38 million. The main reasons were good performance in raw material procurement savings, especially stainless scrap, as well as savings on operational costs, for example by improved metal recovery and optimized material usage. The original target of EUR 150 million of savings by the end of 2014 remains unchanged. However, Outokumpu is working on identifying and implementing further cost saving potential.

P300 exceeds 2013 expectations

In February 2013, Outokumpu announced a two-year working capital reduction program, P300. The program target is a net working capital reduction of EUR 300 million to be achieved through active inventory, accounts receivable and accounts payable management. After a difficult second quarter due to the ramp-up of Calvert which led to an increase in working capital, good progress has been made in all business areas.

The total reduction of net working capital during 2013 was EUR 351 million or 27%. The main driver has been the reduction of inventories leading to a significant improvement in all key metrics, such as in inventory tonnes, days and value.

In 2014, Outokumpu will continue to tightly manage net working capital and inventories in line with the anticipated market demand. The target for working capital efficiency measured in inventory days for the continuing operations is 91 (2013: actual 88). Special focus will be on accounts receivable and accounts payable.

Divestment of non-core assets

Luvata loan receivable

As part of the measures to strengthen its financial position and liquidity, Outokumpu continued to divest its non-core assets during 2013. In December, Outokumpu sold its loan receivable from Luvata Fabrication Ltd for a cash consideration of USD 157 million to Proventus Capital Management AB. The loan receivable related to the divestiture of fabricated copper products business to Nordic Capital in 2005, in which the long-term subordinated vendor note of some USD 123 million was part of the overall consideration. The divestment had a direct cash flow effect of EUR 114 million and Outokumpu booked EUR 49 million as a non-recurring financial expense in the fourth quarter.

Electricity distribution network at Tornio

In December, Outokumpu sold the electricity distribution network at the Tornio site in Finland to InfraVia European Fund II. With the transaction, five Outokumpu employees transferred to a new industrial electricity distribution company established by InfraVia II that will continue to operate the network at the Tornio site. The cash consideration of the transaction was EUR 63 million. In the financial reporting the transaction is recognized as a sale and leaseback resulting in a finance lease.

Market development

Stainless steel demand down in all markets, most notably in Europe

Global real demand for stainless steel products increased by 5.6% from 31.2 million tonnes in 2012 to 32.9 million tonnes in 2013. In the Americas and APAC regions, consumption rose by 4.0% and 7.9%, respectively year-on-year. Consumption in EMEA remained weak during 2013, with a decrease of 0.7%.

During the fourth quarter of 2013, demand in all three regions decreased compared to the third quarter of 2013.

Market development of total stainless steel real demand in 2013

Million tonnes	2011	2012	I/13	II/13	III/13	IV/13e	2013e
EMEA	6.8	6.9	1.8	1.9	1.6	1.6	6.8
Americas	3.1	3.3	0.8	0.9	0.9	0.8	3.4
APAC	20.0	21.0	5.4	5.6	5.9	5.8	22.7
Total	29.9	31.2	8.1	8.4	8.3	8.1	32.9

Source: SMR February 2014
e = estimate

Global demand for stainless steel products in 2013 was split among the segments: Consumer Goods & Medical (45.2%), Chemical/Petrochemical & Energy (17.3%), Automotive & Heavy Transport (11.0%), Architecture/Building/Construction & Infrastructure (15.2%), Industrial & Heavy Industry (8.5%) and Others (2.9%). The main drivers for the demand increase in 2013 were the Consumer Goods & Medical (+7.7%), Architecture/Building/Construction & Infrastructure (+6.3%) and Industrial & Heavy Industries (+4.3%). In the Chemical/Petrochemical & Energy, Automotive & Heavy Transport and Others segments demand increased in 2013 by 2.9%, 1.9% and 5.2%, respectively.

Imports into the EU are expected to reach 23.6% of total consumption in 2013, which is higher than the average level of 18.6% in 2012. This mainly reflects a further increase in Asian imports during 2013. The largest countries in terms of imports to the EU included China, Taiwan, South Korea, the USA, South Africa, India and Japan. In the fourth quarter of 2013, imports into the EU are expected to reach a level of 23.0%, compared to 24.8% in the third quarter.

Average imports into the NAFTA region are expected to reach 13.4% of the total consumption in 2013, below the average level of 18.6% in 2012. Import levels have been constantly declining since the fourth quarter of 2012, mainly due to anti-dumping cases against other countries and the ramp-up of Outokumpu's integrated stainless steel mill in Calvert. In the fourth quarter of 2013, imports remained roughly at the same level than in the third quarter of about 12.7%.

Stainless steel transaction prices

According to CRU, average transaction prices in 2013 for 2mm cold rolled 304 stainless steel sheet in Europe, the USA and China remained significantly below the previous year's levels. In Europe, the total decline of 8.8% in the transaction price was the result of a drop in the base price by 2.8% and a decrease in the alloy surcharge by 13.7%. In the US, the fall in the alloy surcharge by 15.6% was the main price driver year-on-year for the 8.8% decline in the transaction price. The Chinese transaction price dropped by 10.3% in 2013 compared to 2012.

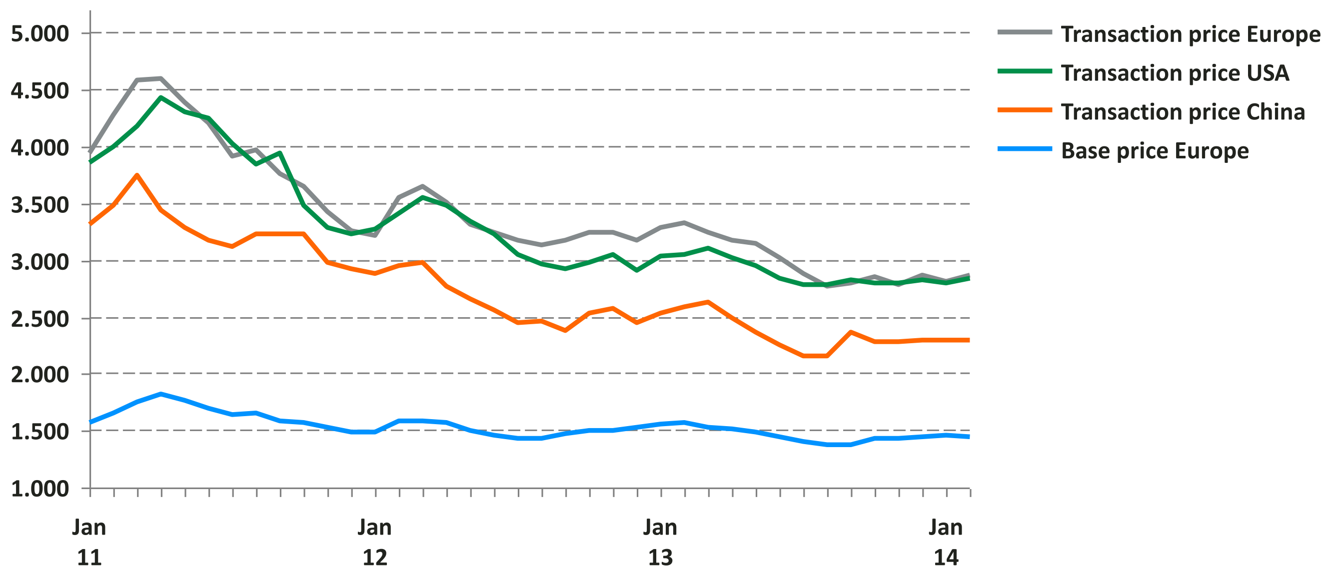
Average transaction prices for 2 mm cold rolled 304 stainless steel sheet

USD/t		2011	2012	I/13	II/13	III/13	IV/13	2013
Europe	Base	1,645	1,507	1,554	1,485	1,382	1,438	1,465
	Alloy	2,356	1,796	1,730	1,634	1,439	1,397	1,550
	Transaction price	3,998	3,304	3,287	3,119	2,818	2,835	3,015
USA	Base	1,400	1,340	1,323	1,323	1,367	1,382	1,348
	Alloy	2,505	1,841	1,742	1,613	1,434	1,426	1,554
	Transaction price	3,905	3,182	3,064	2,936	2,801	2,808	2,902
China	Transaction price	3,264	2,641	2,586	2,373	2,232	2,287	2,370

Source: CRU February 2014

Regional developments in the transaction price for stainless steel flat cold-rolled 304 2mm sheet

USD/t



Source: CRU February 2014

Price development of alloying metals

The average nickel price[1] came down strongly in 2013, by 14.3%, and was 15,012 USD/tonne (2012: 17,511 USD/tonne). The London Metal Exchange (LME) cash price for nickel declined by 18.2% since the beginning of the year. A growing surplus on the markets put pressure on prices, especially during the first half of the year. The price hit the year low of 13,160 USD/tonne in early July. The average nickel price in the fourth quarter of 2013 was 13,914 USD/tonne (III 2013: 13,922 USD/tonne). Some signs of improvement were seen in December due to improved demand from the stainless steel industry and an anticipated Indonesian nickel ore export ban. Since the beginning of 2014 nickel price has been in the region of 13,365–14,645 USD/tonne.

The European average benchmark price[2] for ferrochrome in 2013 was 1.16 USD/lb., down 3.8% from 1.21 USD/lb. in 2012. The price rose in the first half of the year, driven by expectations of improved demand for stainless steel and reduced South African ferrochrome supply due to a power buy-back program from the national electricity supplier. For the second half of the year, the price decreased due to increased ferrochrome supply from South Africa and weak stainless steel demand, to a level of 1.125 USD/lb. for both the third and fourth quarters. For the first quarter of 2014, the benchmark price rose to a level of 1.18 USD/lb.

The molybdenum average price[3] in 2013 was 10.35 USD/lb., down 19.0% from 12.78 USD/lb. in 2012. The price declined during the first half of the year and was mainly stagnant during the second half. The quarterly average price was 9.66 USD/lb. in the fourth quarter (III 2013: 9.47 USD/lb.).

1) Nickel Cash LME Daily Official Settlement, USD per tonne
2) Ferro-chrome Contract: Ferro-chrome Lumpy CR charge basis 52% Cr quarterly major European destinations USD per lb. Cr
3) MetalBulletin – Molybdenum Drummed molybdic oxide Free market USD per lb. Mo in warehouse

Business areas

Following the planned divestment of the Terni remedy assets, VDM business and certain service centers to ThyssenKrupp, Outokumpu has changed the names of its business areas to be:

- Stainless EMEA
- Stainless Americas
- Stainless APAC
- Specialty Stainless

Stainless EMEA

The key focus of Stainless EMEA is to maintain and expand Outokumpu’s strong European stainless coil position through customer and product leadership, to improve financial performance and to drive cost efficiency by leveraging the company's own chrome mine and expanded ferrochrome production. The successful implementation of Outokumpu’s industrial plan targeting to restructure the company’s operations in Europe, introduced in October 2013, will be key in returning the company to profitability.

As expected, Stainless EMEA’s fourth–quarter stainless steel deliveries decreased to 352,000 tonnes, compared to 365,000 tonnes in the third quarter, due to the continued weak market and traditionally lower demand towards the end of the year. In addition, some volumes continued to be rerouted to Avesta in Sweden and Bochum in Germany in the fourth quarter due to the production disturbances at the Tornio hot rolling mill in September. Ferrochrome ramp-up continued in line with the plans: in the fourth quarter, production was 119,000 tonnes, compared to 106,000 tonnes in the third quarter. The Krefeld melt shop was closed as planned in December 2013.

Deliveries for the full year 2013 declined by 8.7% year-on-year.

Stainless EMEA key figures, comparable

		I/12	II/12	III/12	IV/12	2012	I/13	II/13	III/13	**IV/13**	**2013**
Stainless steel deliveries	1,000 tonnes	466	453	404	404	1,725	457	402	365	**352**	**1,575**
Ferrochrome deliveries, continuing oper.	1,000 tonnes	19	21	14	14	68	28	65	57	**62**	**212**
Sales	EUR million	1,558	1,575	1,330	1,276	5,738	1,340	1,111	943	**874**	**4,267**
EBITDA	EUR million	49	-58	-12	-24	-45	19	-4	8	**5**	**28**
Non-recurring items in EBITDA	EUR million	-	-62	-3	-5	-70	-	-32	-0	**-22**	**-55**
EBIT	EUR million	-40	-113	-60	-68	-281	-28	-49	-37	**-44**	**-158**
Non-recurring items in EBIT	EUR million	-42	-71	-6	-5	-125	-	-32	-0	**-22**	**-55**

The fourth-quarter EBIT was EUR -44 million and included non-recurring items of EUR -22 million due to an increase in provisions for the headcount reductions and to a smaller extent also some inventory write-downs. Excluding non-recurring items, EBIT improved quarter-on-quarter from EUR -37 million to EUR -22 million. The fourth-quarter result also includes the EUR 20 million refund of the renewable energy charge for the EMEA entities in Germany as announced in December 2013. Taking into account this exceptional positive item, the underlying financial performance was at roughly the same level as in the third quarter. The positive impact of price and mix as well as a positive contribution from the Ferrochrome business was offset by higher maintenance costs as well as freight and other costs related to internal hire work done at the Avesta works, which is part of the Specialty Stainless business area.

For the full year 2013, Stainless EMEA's EBIT was EUR -158 million, compared to EUR -281 million in the previous year. Non-recurring items accumulated to EUR -55 million (2012: EUR -125 million) and related primarily to headcount reductions announced in spring 2013. The reduction in operational losses was mainly driven by savings related to the closure of the Krefeld melt shop and headcount reductions, savings from the P150 program, as well as the focus on high-quality products with better margins. This partly compensated for the lower deliveries.

Stainless Americas

Stainless Americas' key focus is to build up a strong position in the Americas market by focusing on superior product quality, technical service, and delivery reliability. Improvement in Stainless Americas' financial performance is a priority and this is driven by the ramp-up of the Calvert facility. The aim is to finalize the Calvert technical ramp-up during 2014 and implement the full commercial ramp-up into 2016. In addition, Stainless Americas focuses on ensuring performance of the Mexican operations.

Stainless Americas key figures, comparable

		I/12	II/12	III/12	IV/12	2012	I/13	II/13	III/13	**IV/13**	**2013**
Deliveries	1,000 tonnes	102	90	102	105	400	102	116	129	**119**	**465**
Sales	EUR million	253	246	217	207	923	202	231	251	**223**	**906**
EBITDA	EUR million	-19	-39	-31	-44	-134	-38	-70	-50	**-43**	**-201**
Non-recurring items in EBITDA	EUR million	-1	-	-	-	-1	-	-	-	**-8**	**-8**
EBIT	EUR million	-29	-51	-44	-59	-182	-54	-87	-68	**-60**	**-270**
Non-recurring items in EBIT	EUR million	-1	-	-	-	-1	-	-	-	**-8**	**-8**

Stainless Americas continued to improve its operational performance during the fourth quarter. Deliveries of 119,000 tonnes (III 2013: 129,000 tonnes) were down from the previous quarter due to seasonality. Outokumpu base prices in the US improved slightly in the fourth quarter as expected. For the first quarter prices are expected to remain flat.

Deliveries for 2013 totaled 465,000 tonnes, compared to 400,000 tonnes in 2012.

The fourth-quarter EBIT improved to EUR -60 million (III 2013: EUR -68 million). That includes non-recurring items of EUR -8 million related to inventory write-downs. Excluding non-recurring items, EBIT improved from EUR -68 million to EUR -52 million. The improvement in profitability is due to higher contribution margins from increasing usage of own melted production, which benefits from, for example, lower raw material costs.

The EBIT for 2013 was EUR -270 million (2012: EUR -182 million). The main drivers for the unsatisfactory performance during the year were the inventory-related losses in connection with falling nickel prices during the first half, production issues and high production unit costs due to low utilization rates during the Calvert ramp-up.

The high inventory levels at the beginning of the year were to a large degree caused by the continued deliveries of stainless steel from Terni. The shipments of the material from Europe to Stainless Americas will end in the first quarter of 2014 and this is estimated to have a positive impact on financial performance. Inventory levels were brought down during the second half of 2013 and are now well aligned with the anticipated delivery volumes of about 530,000 tonnes for 2014.

Stainless APAC

Stainless APAC's key focus is to contribute to the growth of Outokumpu by establishing a profitable foothold in the APAC region and to focus on selected customer and product segments in which the Outokumpu offering is differentiated from its competitors.

During the fourth quarter of 2013, the APAC market and investment activity did not change significantly compared to the third quarter. Outokumpu's order intake slowed down a bit from the peak level in the third quarter. However, some recovery in the project business was seen towards the end of the year.

Stainless APAC key figures, comparable

		I/12	II/12	III/12	IV/12	2012	I/13	II/13	III/13	**IV/13**	**2013**
Deliveries	1,000 tonnes	23	26	25	30	104	36	29	56	**62**	**184**
Sales	EUR million	74	75	67	79	294	85	74	111	**117**	**388**
EBITDA	EUR million	4	3	-1	-2	4	4	3	4	**-3**	**9**
Non-recurring items in EBITDA	EUR million	-	-	-	-6	-6	-	-	-	**-0**	**-0**
EBIT	EUR million	0	-2	-7	-6	-14	0	-1	0	**-7**	**-7**
Non-recurring items in EBIT	EUR million	-	-	-	-6	-6	-	-	-	**-0**	**-0**

Deliveries increased to 62,000 tonnes in the fourth quarter, up from 56,000 tonnes in the third quarter. As the increase was mainly attributed to lower-margin products sold by SKS, this did not contribute significantly to the profitability of Stainless APAC.

In 2013, deliveries increased from 104,000 tonnes to 184,000 tonnes, mainly driven by SKS business.

The fourth quarter EBIT was EUR -7 million and was impacted by a weaker mix as well as continuous price pressure and oversupply in the Asian market.

For the full year 2013, the EBIT was EUR -7 million compared to EUR -14 million in 2012.

Specialty Stainless

Following the planned divestment of the VDM business to ThyssenKrupp, Outokumpu presents VDM as discontinued operations and has restated its financial figures. The following table and commentary reflect the key business area figures without the VDM business.

The key focus of Specialty Stainless is to identify new customers and sales opportunities to drive profitability. In addition, Specialty Stainless is finalizing its ongoing investments for example, in Degerfors, Sweden, and continuing several cost reduction and efficiency improvement initiatives.

In the fourth quarter of 2013, underlying demand and prices continued to be subdued. Although the project business seemed to pick up a bit, this has not yet materialized in the order intake.

Specialty Stainless key figures, comparable

		I/12	II/12	III/12	IV/12	2012	I/13	II/13	III/13	IV/13	2013
Deliveries	1,000 tonnes	161	141	115	122	539	143	116	109	**121**	**490**
Sales	EUR million	576	510	417	418	1,921	490	420	336	**372**	**1,619**
EBITDA	EUR million	36	18	-7	-21	27	25	1	-12	**13**	**27**
Non-recurring items in EBITDA	EUR million	-	-	-	-7	-7	-	-	-0	**-0**	**-0**
EBIT	EUR million	18	0	-26	-126	-133	9	-14	-27	**-1**	**-33**
Non-recurring items in EBIT	EUR million	-	-	-	-93	-93	-	-	-0	**-0**	**-0**

Deliveries in the fourth quarter of 2013 increased by 11.0% to 121,000 tonnes quarter-on-quarter. The main drivers were a seasonal recovery of volumes from the very low third-quarter level, and the growth was driven by all business lines except for Long Products.

In 2013, deliveries in Specialty Stainless declined by 9.1% to 490,000 tonnes, compared to 539,000 tonnes in the previous year.

EBIT for the fourth quarter improved to close to break-even level, primarily due to the increase in deliveries, the better mix as well as lower negative nickel price impact than in the third quarter. Also, the hire work done at Avesta for Tornio had a positive impact on the financial performance.

The EBIT loss for the full year 2013 decreased to EUR 33 million, compared to a loss of EUR 133 million in 2012. EBIT in 2012 included non-recurring items of EUR -93 million. Excluding non-recurring items, EBIT improved year-on-year from EUR -40 million to EUR -33 million in 2013. Despite the lower deliveries, profitability improved thanks to a better mix as well as a streamlined cost base.

Financial performance

Total deliveries were down from the third quarter and underlying EBITDA was EUR -1 million (III 2013: EUR -34 million). Underlying EBIT amounted to EUR -90 million (III 2013: EUR -118 million). The decrease in losses versus the third quarter was mostly due to a slight increase in base prices and a positive mix impact due to a larger share of higher margin deliveries of Specialty Stainless. Other positive items for the quarter's performance included, for example, the EEG refund of EUR 20 million, about EUR 5 million in gains on asset sales and positive impacts from derivatives. Operating cash flow was positive at EUR 223 million (III 2013: 43 million).

Outokumpu's financial performance for 2013 as a whole was unsatisfactory although losses were reduced. Stainless steel deliveries were down by 5.1% to 2,585,000 tonnes (2012: 2,723,000 tonnes), underlying EBITDA was EUR -32 million (2012: EUR -66 million), and underlying EBIT was EUR -377 million (2012: EUR -412 million). The main drivers for reduced losses were the improved performance of the Ferrochrome business as well as decreased overall cost levels thanks to ongoing cost takeout initiatives. On the other hand, the significantly lower deliveries and lower base prices had a major negative impact on performance.

Note: This report contains comparisons to both Outokumpu stand alone as well as comparable figures for the combined entity based on management estimates for 2012. Tables that are marked with 'comparable' show the combined entity comparisons for 2012. In the text itself, only comparable numbers will be stated and analyzed. No verbal analysis is done based on the official financial statements 2012 since it presents Outokumpu stand alone and such analysis would not be meaningful. Terni remedy assets, the VDM business and certain service centers are reported as discontinued operations. Quarterly 2013 profit and loss figures including related key figures have been restated for this reason. All comparable 2012 figures as well as restated quarterly 2013 figures are unaudited.

Lower deliveries in the fourth quarter and in 2013

Stainless steel deliveries in the fourth quarter of 2013 were down by 15,000 tonnes or 2.4% and totaled 620,000 tonnes (III 2013: 635,000 tonnes). The main reasons were lower deliveries in Stainless EMEA as well as in Stainless Americas due to the overall sluggish market and continued low nickel prices.

For the full year 2013, deliveries decreased by 138,000 or 5.1% tonnes to 2,585,000 tonnes (2012: 2,723,000 tonnes).

Average capacity utilization of the Outokumpu facilities declined during the year: starting at 75–80% in the first quarter, 70–75% in the second quarter and reaching a low level at 65–70% for the second half of the year.

Continuing operations deliveries, comparable

1,000 tonnes	I/12	II/12	III/12	IV/12	2012	I/13	II/13	III/13	**IV/13**	**2013**
Cold rolled	518	458	461	454	1,890	480	456	483	**460**	**1,879**
White hot strip	129	112	98	97	436	103	94	81	**92**	**370**
Quarto plate	26	23	21	19	88	23	19	16	**18**	**77**
Long products	16	14	14	13	59	15	17	16	**15**	**62**
Semi-finished products	58	104	58	54	274	92	116	94	**96**	**398**
Stainless steel [1]	39	83	44	40	206	64	51	38	**33**	**186**
Ferrochrome	19	21	14	14	68	28	65	57	**62**	**212**
Tubular products	14	11	9	9	44	6	3	2	**2**	**12**
Total deliveries	760	724	661	645	2,791	719	705	692	**682**	**2,797**
Stainless steel deliveries	742	703	647	631	2,723	691	640	635	**620**	**2,585**

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

Sales and earnings declined in sluggish markets

Group key figures, comparable

EUR million	I/12	II/12	III/12	IV/12	2012	I/13	II/13	III/13	**IV/13**	**2013**
Sales										
Stainless EMEA	1,558	1,575	1,330	1,276	5,738	1,340	1,111	943	**874**	**4,267**
Stainless Americas	253	246	217	207	923	202	231	251	**223**	**906**
Stainless APAC	74	75	67	79	294	85	74	111	**117**	**388**
Specialty Stainless	576	510	417	418	1,921	490	420	336	**372**	**1,619**
Other operations	157	165	107	137	565	100	114	166	**158**	**538**
Intra-group sales	-358	-412	-337	-374	-1,480	-350	-212	-198	**-214**	**-974**
Sales	2,259	2,159	1,801	1,742	7,961	1,867	1,738	1,609	**1,531**	**6,745**
Underlying EBITDA [1]	45	-8	-30	-73	-66	5	-2	-34	**-1**	**-32**
Non-recurring items in EBITDA	-13	-85	-15	-55	-168	-2	-46	-1	**-29**	**-78**
Raw material-related inventory gains/losses, unaudited	18	-23	-25	-3	-33	-3	-38	-15	**1**	**-56**
EBITDA	50	-116	-70	-131	-267	0	-86	-50	**-29**	**-165**
Underlying EBIT [2]	-38	-91	-115	-169	-412	-82	-87	-118	**-90**	**-377**
Non-recurring items in EBIT	-55	-95	-18	-141	-308	-2	-46	-1	**-29**	**-78**
Raw material-related inventory gains/losses, unaudited	18	-23	-25	-3	-33	-3	-38	-15	**1**	**-56**
EBIT	-75	-208	-158	-313	-754	-87	-171	-134	**-118**	**-510**

[1] EBITDA excluding raw material-related inventory gains/losses and non-recurring items, unaudited.

[2] EBIT excluding raw material-related inventory gains/losses and non-recurring items, unaudited.

Outokumpu sales in the fourth quarter of 2013 decreased by 4.8% to EUR 1,531 million compared to EUR 1,609 million in the third quarter. The decline in sales was driven by lower deliveries in EMEA and Americas.

For Outokumpu, the base prices increased by about 10–20 EUR/tonne during the fourth quarter. According to CRU, the average base price[1] for the fourth quarter 2013 was 1,057 EUR/tonne, compared to 1,043 EUR/tonne in the third quarter 2013.

In 2013, Outokumpu sales decreased by 15.3% to EUR 6,745 million due to low overall demand for stainless steel and Outokumpu products, lower base prices and a 14.3% decline in average nickel price.

EBITDA for the fourth quarter of 2013 amounted to EUR -29 million (III 2013: EUR -50 million), including non-recurring items of EUR -29 million (III 2013: EUR -1 million). Non-recurring items were mainly related to redundancy provisions and inventory write-downs in connection with the efficiency programs.

Raw material-related inventory gains were EUR 1 million in the fourth quarter (III 2013: inventory loss of EUR 15 million). Adjusted for non-recurring items and raw material-related inventory gains/losses underlying EBITDA was EUR -1 million, up from EUR -34 million in the third quarter of 2013. The decrease in losses versus the third quarter was mostly due to a slight increase in base prices and a positive mix impact due to a larger share of higher margin deliveries of Specialty Stainless. Other positive items for the quarter's performance included, for example, the EEG refund of EUR 20 million, some EUR 5 million in gains on asset sales and positive impacts from derivatives. The fourth quarter underlying EBIT was EUR -90 million (III 2013: EUR -118 million).

In 2013, the underlying EBITDA improved from EUR -66 million to EUR -32 million, and the underlying EBIT from EUR -412 million to EUR -377 million. For the full year the non-recurring items amounted to EUR -78 million and raw material-related inventory effect of EUR -56 million adding up to total adjustments to EBIT of EUR -133 million during 2013.

1) Global average base price for 2 mm cold rolled 304 stainless steel sheet

The main drivers for the reduced losses were the improved performance of the Ferrochrome business as well as decreased overall cost levels thanks to ongoing cost takeout initiatives. On the other hand, the significantly lower deliveries and lower base prices had a major negative impact on performance.

Non-recurring items in EBIT, comparable

EUR million	IV/13	IV/12	2013	2012
Redundancy provisions	**-20**	-	**-54**	-3
Inventory write-downs related to efficiency programs	**-12**	-18	**-12**	-18
Carrier settlement	**-**	-	**-11**	-
Costs related to Inoxum transaction	**2**	-35	**-1**	-64
Nyby and Kloster impairments	**-**	-86	**-**	-86
Losses from divestment of the Group's Brass operations	**-**	-	**-**	-18
Impairment of stock locations divestment	**-**	-	**-**	-10
Non-recurring items in Inoxum [1)]	**-**	-3	**-**	-110
	-29	-141	**-78**	-308

[1)] Non-recurring items in Inoxum mainly consist of provisions and impairment relating to the closure of the Krefeld melt shop.

Higher financial expenses

Net financial income and expenses in the fourth quarter totaled EUR -115 million (III 2013: EUR -72 million), including the loss of EUR 49 million of the Luvata receivable sold to Proventus Capital Partners as announced in December 2013. Interest expenses for the fourth quarter were EUR 58 million (III 2013: EUR 56 million). The financial income and expense for the full year 2013 amounted to EUR -310 million, and of that interest expenses amounted to EUR 210 million. Market price losses decreased from EUR -64 million in 2012 to EUR -37 million in 2013.

Financial expenses in the fourth quarter include a fair value change of EUR -3 million (III 2013: EUR -6 million) for the remaining 16% stake in Talvivaara Sotkamo Ltd due to the decline in the share price of Talvivaara Mining Company Plc during the quarter. For 2013, the Talvivaara fair valuation effect adds up to EUR -41 million, with a remaining fair value of EUR 13 million at the end of the year.

Negative net result for the period

The net result for the fourth quarter of 2013 was EUR -364 million (III 2013: EUR -238 million), of which EUR -260 million (III 2013: EUR -197 million) was related to continuing operations and EUR -103 million (III 2013: EUR -41 million) to discontinued operations, showing the results of the Terni remedy assets, VMD business and certain service centers. The result from discontinued operations also includes non-recurring items of EUR -27 million in connection with the Terni/VDM transaction. Earnings per share of the continuing operations were EUR -0.12 (III 2013: EUR -0.09).

For the full year, the net result was EUR -1,003 million (2012 Outokumpu stand alone: EUR -536 million) and earnings per share of continuing operations was EUR -0.40 (2012 Outokumpu stand alone: EUR -0.46).

Positive operating cash flow driven by decrease in working capital

Operating cash flow continued to be positive during the fourth quarter and reached EUR 223 million after EUR 43 million in the third quarter.

Summary of cash flows

EUR million	**Oct–Dec 2013**	July–Sept 2013 restated [1]	Oct–Dec 2012	**Jan–Dec 2013**	Jan–Dec 2012
Net result for the period [2]	**-364**	-238	-309	**-1,003**	-536
Non-cash adjustments [2]	**354**	154	287	**844**	478
Change in working capital	**254**	152	76	**297**	394
Dividends received	**-**	2	-	**2**	0
Interests received	**2**	1	1	**3**	3
Interests paid	**-20**	-27	-12	**-106**	-72
Income taxes paid	**-2**	0	2	**-3**	-1
Net cash from operating activities	**223**	43	45	**34**	266
Subsidiaries acquired, net of cash	**-**	-	-915	**-**	-915
Purchases of assets	**-43**	-39	-70	**-287**	-302
Proceeds from the sale of assets	**187**	0	0	**186**	20
Other investing cash flow	**0**	0	-0	**-7**	1
Net cash from investing activities	**143**	-39	-984	**-108**	-1,196
Cash flow before financing activities	**367**	4	-939	**-74**	-929
Net cash from financing activities	**-199**	113	-12	**459**	994
Net change in cash and cash equivalents	**168**	118	-951	**385**	65

[1] Figures for July–Sept 2013 have been restated due to presentation discontinued operations.

[2] Figures for 2012 have been restated due to adoption of revised IAS 19 *Employee Benefits* standard.

Cash flows of 2013 are presented for continuing operations.

The positive cash flow development was driven by a EUR 254 million release of working capital with a strong contribution from all Business Areas.

Non-cash adjustments increased by EUR 200 million to EUR 354 million quarter-on-quarter, mainly driven by higher tax expenses, the loss on the sale of the Luvata receivable as well as the increase in provisions in relation to non-recurring redundancy costs.

The net cash from investing activities was EUR 143 million (III 2013: EUR -39 million), reflecting the cash contribution of the Luvata receivable sale and the Tornio grid sale. This led to positive cash flow before financing activities during the fourth quarter of EUR 367 million.

Net cash from financing activities was EUR -199 million in the fourth quarter, reflecting movements in net interest-bearing debt.

For the full year 2013, net cash from operating activities was positive as well at EUR 34 million, mainly driven by the release of working capital of EUR 297 million since the beginning of the year.

Capital expenditure

Capital expenditure for continuing operations declined significantly during 2013 and amounted to EUR 183 million (2012: EUR 763 million). This was mainly spent on the new production facility in Calvert, USA, the doubling of the ferrochrome production in Tornio, Finland, the quarto plate project in Degerfors, Sweden as well as to maintenance-related investments. In the fourth quarter of 2013, the capital expenditure was EUR 45 million (III 2013: EUR 40 million).

Balance sheet shows higher gearing

Summary of statement of financial position

EUR million	**31 Dec 2013**	30 Sept 2013 Restated [1]	31 Dec 2012 Restated [1] [2]
ASSETS			
Non-current assets	**3,944**	4,520	4,655
Current assets	**2,679**	3,371	3,757
Assets held for sale	**2,200**	1,162	1,276
TOTAL ASSETS	**8,823**	9,053	9,688
EQUITY AND LIABILITIES			
Equity	**1,891**	2,262	2,952
Non-current liabilities	**3,791**	3,930	3,622
Current liabilities	**2,093**	2,283	2,327
Liabilities directly attributable to assets held for sale	**1,048**	578	786
TOTAL EQUITY AND LIABILITIES	**8,823**	9,053	9,688

[1] Figures for Sept 30, 2013 and Dec 31, 2012 have been restated due to completing the acquisition accounting.

[2] Figures for 2012 have been restated as a result of adoption of the revised IAS 19 *Employee Benefits* standard.

On November 30, 2013, Outokumpu announced the divestment of Terni remedy assets, the VDM business and certain service centers to ThyssenKrupp. Outokumpu presents the businesses to be divested as discontinued operations separately from the continuing operations 2013 result. In the statement of financial position, the additional reclassifications to assets held for sale are shown in the December 31, 2013 figures. In comparison periods, only original Terni remedy assets are classified to assets held for sale, and the additional reclassifications are included in the figures on each line. The ThyssenKrupp loan note which will be used as a consideration for the divestment is presented in long-term debt and will be derecognized at closing of the divestment in the first quarter of 2014.

Outokumpu has finalized the accounting related to the Inoxum transaction of 2012 based on the final valuation of the identifiable asset and liabilities. The completion of the accounting did not materially change the provisional valuation and did not have a material impact on the 2013 income statement or financial position.

During 2013, total assets decreased by EUR 865 million to EUR 8,823 million (Dec 31, 2012: EUR 9,688 million), to a large degree driven by a reduction in current assets by EUR 1,078 million to EUR 2,679 million (Dec 31, 2012: EUR 3,757 million). The main reason for this decline was focused and successful inventory management throughout the company: Inventories came down by EUR 1,112 million to EUR 1,216 million, (Dec 31, 2012: EUR 2,328 million). Approximately half of the inventory reduction was attributable to continuing operations and the other half reflects the reclassification of assets to assets held for sale and also the actual inventory decrease in those units.

Cash and cash equivalents increased by EUR 385 million to EUR 607 million at the end of 2013 (Dec 31, 2012: EUR 222 million) and it was mostly related to the continuing operations.

Total non-current assets decreased by EUR 711 million from EUR 4,655 million to EUR 3,944 million during 2013. The largest changes were recognized in property, plant and equipment, which decreased by EUR 462 million to EUR 3,254 million (Dec 31, 2012: EUR 3,716 million). Approximately EUR 200 million of the reduction in property, plant and equipment was attributable to continuing operations reflecting mainly capital expenditure, depreciation and smaller disposals. The rest reflects the reclassification of assets to assets held for sale, but also the actual decrease in property, plant and equipment in those units.

The change in non-current trade and other receivables of EUR 161 million was primarily related to the sale of the Luvata receivable.

The goodwill was EUR 465 million at the end of 2013 (Dec 31, 2012: EUR 477 million).

Assets held for sale increased by EUR 924 million to EUR 2,200 million, mostly due to the reclassification of VDM and certain service centers, compared to EUR 1,276 million at the end of 2012, when only the Terni remedy assets were included. Liabilities directly attributable to these assets increased by EUR 262 million to EUR 1,048 million (Dec 31, 2012: EUR 786 million). These figures combine to a net value of EUR 1,152 million for the assets held for sale on the balance sheet.

Equity decreased by EUR 1,039 million, mainly reflecting the net loss of EUR 1,003 million of Outokumpu Group in 2013.

Non-current liabilities increased by EUR 169 million mainly driven by higher long-term debt of EUR 3,270 million, compared to EUR 2,935 million at the end of the previous' year. The increase in long-term debt was mostly driven by continuing operations and related to the committed revolving credit facility of EUR 900 million signed in July. Long-term debt also includes the total amount of the ThyssenKrupp loan note of EUR 1,283 million (Dec 31, 2012: EUR 1,229 million).

Current liabilities went down by EUR 234 million to EUR 2,093 million (Dec 31, 2012: EUR 2,327 million), primarily because of the decline in trade and other payables by EUR 407 million to EUR 1,140 million (Dec 31, 2012: EUR 1,547 million). Continuing operations contributed some EUR 170 million to this decline and discontinued operations the rest, reflecting the reclassification of liabilities to liabilities directly attributable to assets held for sale as well as the actual decrease of trade and other payables in those units.

Net interest-bearing debt at the end of December 2013 totaled EUR 3,556 million, up by EUR 125 million compared to the end of 2012 (Dec 31, 2012: 3,431 million). After the end of September, net debt declined by EUR 305 million (Sept 30, 2013: EUR 3,861 million), mostly due to positive cash flow driven by working capital release during the fourth quarter. Gearing at the end of December 2013 was 188.0%, compared to 170.7% at the end of September 2013 and to 116.2% at the end of December 2012. The planned divestiture of the Terni and VDM businesses to ThyssenKrupp in exchange for the EUR 1.3 billion loan note is expected to be reduce gearing by 68 percentage points compared to the end of 2013.

Financing

Cash and liquidity reserves

Cash increased from EUR 439 million at the end of the third quarter of 2013 to EUR 607 million at the end of the fourth quarter of 2013, while the overall liquidity reserves are in excess of EUR 1,000 million (Sept 30, 2013: approx. EUR 900 million). The increase was driven by the positive free cash flow during the fourth quarter.

Refinancing

During the year Outokumpu took decisive steps to refinance its loan portfolio. In July, Outokumpu Oyj signed a EUR 900 million committed revolving credit facility with a maturity in June 2015. The facility replaced the EUR 750 million facility that had been put to place in June 2011 and the EUR 250 million facility that became effective in December 2012. At the end of 2013, EUR 590 million of the EUR 900 million revolving credit facility had been drawn. The EUR 900 million revolving credit facility includes two financial covenants, one based on gearing and the other on liquidity. There have been no breaches of financial covenants in 2013.

At the end of November, Outokumpu announced comprehensive plans to strengthen the company's balance sheet, including renewal and maturity extension of the loan portfolio, new liquidity facility and a planned rights issue of approximately EUR 650 million. See "Events after the end of the reporting period" for the most recent update.

People

Outokumpu's headcount for continuing operations decreased by 1,512 and totaled 12,561 at year end (2012: 14,073). The average number of employees was 13,150 during the year. The decrease in the number of employees was mainly related to the sale of the majority in OSTP tubular joint venture in January 2013 as well as to the ongoing integration and cost reduction programs. The lost-time injury rate (lost-time accidents per million working hours) during the fourth quarter as well as for the full year 2013 was 4.5 and in line with the Outokumpu target. This rate represents an all-time low level of lost time injuries. There was one serious accident, which was investigated and follow-up actions implemented. Outokumpu's overall target for safety for 2014 will be 4.0 lost-time accidents for million hours worked.

In response to the difficult market situation, Outokumpu initiated actions to reduce costs and enable the Group to achieve sustainable profitability. In connection with the P150 cost savings program, headcount reduction measures as announced in April 2013 are currently being implemented. Additional reduction of up-to 1,000 jobs is expected in Europe by the planned structural changes as per the new EMEA industrial plan, bringing the total planned global reduction to 3,500 jobs. The planned reductions are related to capacity reductions in Europe as well as streamlining all overlapping activities in sales, production, supply chain and support functions.

Total wages and salaries in 2013 amounted to EUR 583 million (2012: EUR 340 million and 2011 EUR 379 million). Indirect employee costs totaled EUR 222 million (2012: EUR 133 million and 2011 EUR 150 million).

Personnel at the end of reporting period, comparable

	31 Dec 2013	30 Sept 2013	31 Dec 2012
Stainless EMEA	**6,890**	7,087	7,476
Stainless Americas	**2,006**	1,998	1,974
Stainless APAC	**630**	643	662
Specialty Stainless	**2,650**	2,676	2,741
Other operations	**385**	394	1,220
Continuing operations	**12,561**	12,798	14,073

Market and business outlook

Market outlook

Global real demand for total stainless steel products is estimated to total 32.9 million tonnes in 2013 and forecasted to reach 34.6 million tonnes and 36.4 million tonnes in 2014 and 2015, respectively. Between 2013 and 2015, global consumption is expected to increase at an annual growth rate of 5.1%, while growth is forecasted to be mainly driven by increased consumption in APAC (+5.7%) and in the Americas (+3.8%). In EMEA, total stainless steel demand is estimated to increase by 3.8% from 2013 to 2015.

For the first quarter of 2014, the latest forecasts provided by Steel & Metals Market Research (SMR) see some improvement in the European market to the level of 1.8 million tonnes compared to the very low level of 1.6 million tonnes in the fourth quarter of 2013. Demand in APAC is estimated to remain flat at the level of 5.8 million tonnes and the Americas market is expected to grow from 0.8 million tonnes to 0.9 million tonnes during the first quarter of 2014.

Market development for total stainless steel real demand between 2010 and 2015

Million tonnes	2010	2011	2012	2013e	2014f	2015f
EMEA	6.4	6.8	6.9	6.8	7.1	7.3
Americas	2.5	3.1	3.3	3.4	3.5	3.7
APAC	18.5	20.0	21.0	22.7	24.0	25.3
Sum	27.3	29.9	31.2	32.9	34.6	36.4

Source: SMR February 2014
e = estimate, f = forecast

The long-term outlook for stainless steel demand remains positive. Key global megatrends such as urbanization, modernization, and increased mobility combined with growing global demand for energy, food, and water are expected to support the future growth of stainless steel demand. According to SMR, growth in stainless steel consumption between 2013 and 2015 will mainly be attributable to increased demand from the Automotive & Heavy Transport (+6.0%), Architecture/Building/Construction & Infrastructure (+5.9%) and Industrial & Heavy Industries (+5.3%) segments. The Consumer Goods & Medical and Chemical/Petrochemical & Energy segments are expected to grow at average annual growth rates of 4.9% and 4.5%, respectively.

Sources: SMR February 2014

Business and financial outlook for the first quarter of 2014

Outokumpu expects modest improvement in the underlying market demand for the first quarter. The company estimates sequentially higher delivery volumes and some improvement in base prices. The progress in the cost efficiency initiatives and synergies is estimated to be steady.

For the first quarter of 2014, Outokumpu estimates that the underlying EBIT will be better than in the fourth quarter, but still a loss. Operating cash flow is expected to be negative during the first quarter of 2014, driven by an increase in inventories related to anticipated higher deliveries. At current metal prices, marginal raw material-related timing gains are expected, if any. Outokumpu's operating result in the first quarter of 2014 could be impacted by non-recurring items associated with the Group's ongoing restructuring programs.

This outlook reflects the current scope of continuing operations of Outokumpu.

Key targets updated

- Capital expenditure to be below EUR 200 million in 2014 (2013: EUR 183 million).
- Net working capital management remains high on the agenda. The original target of EUR 300 million reduction in net working capital is expected to be exceeded by the end of 2014. The target for working capital efficiency measured in inventory days for the continuing operations is 91.
- Cumulative synergy savings connected with the Inoxum integration expected to reach EUR 170 million during 2014 (2013: EUR 95 million).
- The P150 program is expected to reach cumulative savings of EUR 150 million in 2014 as originally planned (2013: EUR 104 million).
- The European industrial plan expected to result in additional savings of more than EUR 100 million in 2017.
- Everything combined Outokumpu's overall savings programs are expected to result in annual savings of approximately EUR 320 million in 2014, EUR 380 million in 2015, EUR 440 million in 2016 and EUR 450 million in 2017.
- Ferrochrome production is targeted to be approximately 490,000 tonnes in 2014 (2013: 434,000 tonnes). Once fully ramped up in 2015 (technical capacity of 530,000 tonnes), annual ferrochrome deliveries will range between 500,000 and 530,000 tonnes depending on maintenance activities.
- Continued progress in the Calvert operational ramp-up is expected in the coming months. We estimate EBITDA in Stainless Americas to break-even for the full year 2014 and delivery volumes of about 530,000 tonnes.

Risks and uncertainties

Outokumpu operates in accordance with the risk management policy approved by the Board of Directors. This policy defines the objectives, approaches and areas of responsibility in risk management activities. In addition to supporting Outokumpu's strategy, the aim of risk management is identifying, evaluating and mitigating risks from the perspective of shareholders, customers, suppliers, personnel, creditors and other stakeholders.

Outokumpu has defined "risk" as anything that could have an adverse impact on achieving the Group's objectives. Risks can therefore be threats, uncertainties or lost opportunities for the company's current or future operations. The risk management process is an integral part of overall management processes and is divided into four stages: risk identification, risk evaluation, risk prioritization and risk mitigation.

One of the main focus areas during 2013 was to monitor and strengthen Outokumpu's financial position, as low profitability and a stretched balance sheet led to increased risk of financial distress for Outokumpu. Financing measures initiated during the fourth quarter will help to reduce refinancing risk, strengthen liquidity and improve significantly Outokumpu's financial position. There was one major realized operational risk: a machinery breakdown loss at the Tornio hot rolling mill, which also had significant business interruption impacts. Outokumpu was able to mitigate the losses to a large extent.

Strategic and business risks

The key strategic and business risks currently include: risks related to Outokumpu's ability to achieve the anticipated synergy savings from the acquisition of Inoxum, reduction of cost and release of cash from working capital; risks related to the ramp-up of production in Calvert, USA, and uncertainties related to the subsequent, profitable market entry for stainless steel volumes generated from the project; risks and uncertainties in implementing the announced new industrial plan in Europe; risks related to Outokumpu's ability to expand the Group's business in growth markets; risks related to structural overcapacity and continued weak markets for stainless steel; risks related to stainless steel market developments and competitor actions, including the possible impact of Nickel Pig Iron (NPI) technology on the competitive situation; the risk of litigation or adverse political action affecting trade or changes that have an impact on environmental legislation, and risks and uncertainties related to the Fennovoima project.

Operational risks

Operational risks include inadequate or failed internal processes, employee actions, systems, or events such as natural catastrophes and misconduct or crime. Risks of these types are often connected with production operations, logistics, financial processes, major investment projects, other projects or information technology and, should they materialize, can lead to personal injury, liability, loss of property, interrupted operations or environmental impacts. Outokumpu's operational risks are partly covered by insurance. Key operational risks for Outokumpu are: a major fire or accident; IT dependency; project implementation risks and personnel related risks. To minimize possible damage to property and business interruptions which could result from a fire occurring at some of its major production sites, Outokumpu has systematic fire and security audit programs in place.

Financial risks

Key financial risks for Outokumpu include: changes in the price of nickel, molybdenum, electricity and fuels; currency risks associated with the euro, the US dollar and the Swedish krona; interest rate risks connected with the euro, the US dollar and Swedish krona; risks related to Talvivaara's share price; risks and uncertainties related to taxation; risks and uncertainties related to the announced divestment of Terni remedy assets and VDM to ThyssenKrupp in exchange for the ThyssenKrupp loan note; risks and uncertainties related to the implementation of financing measures; Outokumpu's ability to maintain adequate liquidity and capital structure; increases in the prices of metals and other raw material, which may tie excessive amounts of cash to working capital and reduce cash flow; and continued low stainless steel prices, which would further weaken cash flow and the profitability of Outokumpu.

Outokumpu evaluates both liquidity and refinancing risks related to its capital management as well as major investment decisions. The nickel price remained quite stable during the second half of the year; however, the price decline earlier in the year continued to have a negative impact on Outokumpu's profitability. Outokumpu changed its nickel hedging policy in 2013 to cover a higher ratio of hedging of inventory-related exposures. In addition, the amount of debt and the margins increased by the end of the year. Continuing reductions in the value of the Group's stake in Talvivaara Sotkamo Ltd had a negative impact on earnings and on the balance sheet.

Short-term risks and uncertainties

Outokumpu is exposed to the following risks and uncertainties in the short term: risks and uncertainties in implementing the new industrial plan in Europe, the risk related to possible failures or delays in or inadequate profitability of ramping up the stainless steel mill in Calvert, USA; risks related to stainless steel market developments and competitor actions; risks and uncertainties, related to the announced divestment of Terni remedy assets and VDM to ThyssenKrupp in exchange for the ThyssenKrupp loan note; risks and uncertainties related to the implementation of financing measures; risks related to Outokumpu's ability to maintain adequate liquidity and capital structure; major failures or delays in achieving the anticipated synergy benefits, reduction of cost and release of cash from working capital; risks and uncertainties related to the Fennovoima project; the risk of increases in metals and other raw material prices, which may tie excessive amounts of cash to working capital and reduce cash flow; and the risk of continued low stainless steel prices, which would further weaken cash flow and the profitability of Outokumpu in the short term. A further reduction in the nickel and other alloying metals prices presents a risk for Outokumpu, for example by causing inventory-related losses and other adverse business impacts. Possible adverse changes in the global economic environment, which would impact the stainless steel industry, are risks for Outokumpu. These kinds of adverse developments may weaken the Group's financial position further and also have an impact on Outokumpu's customers' payment behavior and increase default rates.

In order to increase its risk tolerance, Outokumpu has initiated significant financing measures including for example a new liquidity facility of EUR 500 million, maturity extensions of a debt portfolio of about EUR 1.5 billion and a planned rights issue of approximately EUR 650 million in connection with the announced sale of the Terni and VDM operations. All these measures will significantly de-risk Outokumpu in 2014 by improving liquidity, strengthening the balance sheet, reducing variations in free cash flow and decreasing exposure to operational risks.

Closing the sale of the Terni and VDM assets as well as the completion of the financing measures will significantly reduce Outokumpu's financial and operational risks. This is expected to return risk tolerance to acceptable level and enable the execution of Outokumpu's restructuring measures back to sustainable profitability.

Significant legal proceedings

The following is an update on pending legal proceedings. All legal disputes and litigations related to the Terni remedy assets, the VDM business and certain service centers will move over to ThyssenKrupp once the asset sale transaction with ThyssenKrupp is completed. Due to the contractual agreements between ThyssenKrupp and Outokumpu, there will be no further liability risk for Outokumpu resulting from these legal disputes.

European Commission cartel investigation in the industrial copper tube sector

In connection with the industrial copper tubes EU cartel investigation, completed in May 2009, Outokumpu has, since 2004, been in the process of addressing civil action related to the cartel investigations raised by Carrier Corporation ("Carrier") in the United States and in the UK against Outokumpu and its former fabricated copper products business in the United States and Europe (see the 2012 annual report for further details of the case). In April 2013, Outokumpu and Carrier signed a settlement agreement that covers all damage suits against Outokumpu by Carrier in the US and UK. The total settlement amount, including cost reimbursement, is EUR 11 million. The settlement also covers all former Outokumpu subsidiaries included in the claims. According to the settlement agreement, all damage suits by Carrier against Outokumpu are now rescinded. The settlement amount has been booked as a non-recurring item in the second quarter 2013.

Dispute over invention rights

In January 2013, Outokumpu and Outotec entered into a legal dispute over invention rights. In August 2013, Outotec submitted another application for summons at the District Court of Helsinki regarding another patent relating to the invention. The ferrochrome-nickel production method is developed by Outokumpu and it has filed the patent applications related to this invention. Outotec claims it has rights to the inventions. Outokumpu finds these allegations to be completely without merit.

Lawsuits regarding a fire in AST's Turin facility

In December 2007, a fire on line 5 at AST's production facility in Turin, Italy, caused the death of seven AST employees. In May 2008, the public prosecutor of Turin brought charges against AST and six of its employees. In April 2011, the court announced its verdict, under which all of the individual defendants were found guilty and given prison sentences ranging from ten years and ten months to 16 years and six months. Proceedings in the appellate court commenced in November 2012, and in February 2013 the court issued the operative part of its judgment, in which the sentences of the individuals were reduced to a range from seven years to ten years. All defendants and AST have filed an appeal to the Corte di Cassazione in Rome. The first hearings are expected to take place in April 2014.

Rejection of exemption from renewable energy charges for German plants

On July 8, 2013, Nirosta and VDM received rejections from the competent authority Bundesamt für Wirtschaft und Ausfuhrkontrolle (“BAFA”) with respect to their applications for an exemption from the German Renewable Energy Charge. Nirosta and VDM both filed complaints against the decision of BAFA. Since then, Nirosta and VDM have been able to reach an agreement with BAFA by which the exemption for 2013 was still granted. The renewable energy charge reduction resulted in a EUR 25 million refund on energy costs for the entities in Germany for 2013 (EUR 20 million related to continuing operations). The complaint has therefore become redundant. On December 18, 2013, the EU Commission initiated a state aid procedure against Germany in connection with the Renewable Energy Charge system and the exemptions for energy-intensive industries. While Nirosta and Outokumpu will still receive such benefits in 2014, it cannot be excluded that such benefits are endangered by that state aid procedure for 2015.

U.S. antidumping order on stainless steel strip and sheet from Mexico, Germany and Italy

On July 27, 1999, the U.S. Department of Commerce (the “USDOC”) issued antidumping duty orders on imports of stainless steel strip and sheet from Mexico, Germany and Italy, among other countries. The antidumping duty orders on stainless steel strip and sheet from Mexico, Germany and Italy were revoked effective July 25, 2011 due to a negative determination by the United States International Trade Commission (USITC). The U.S. petitioners in the antidumping case appealed the USITC’s determination to the U.S. Court of International Trade in New York with regard to the revocation of the antidumping duty order on imports from Mexico. On November 15, 2012, the court dismissed the appeal by the plaintiffs. A complaint by the plaintiffs against that court order was rejected by the U.S. Court of Appeals on January 9, 2014. The revocation of the duty orders on stainless steel imports have therefore become legally binding as the plaintiffs have no further means of challenging the decision by the USITC.

Environment

Emissions into the air and discharges into water remained within permitted limits at the Outokumpu sites and the breaches that occurred were temporary, were identified and had only a minimal impact on the environment. Outokumpu is not a party in any significant juridical or administrative proceeding concerning environmental issues, nor is it aware of any realized environmental risks that could have a material adverse effect on Outokumpu’s financial position. This conclusion was made also in internal environmental audits which were performed at each production site during 2013.

Despite the start of the new EU CO_2 Emission Trading period 2013–2020, the authorities have not yet allocated the final amounts of CO_2 emissions allowances for all Outokumpu European production units. However, our operations under the EU Emissions Trading Scheme (ETS) will continue to receive free emissions allocations according to efficiency-based benchmarks and historical activity. The coming allocation is foreseen to be sufficient for the operations this year. During 2013, Outokumpu sold in total 600,000 emissions allowances (EUA’s) to external markets.

Due to the increased electricity price caused by EU ETS, the UK government is paying national compensation to electricity-intensive industry. Outokumpu’s SMACC melt shop in Sheffield, UK will get a compensation of about EUR 1 million annually.

In 2013, Outokumpu maintained its membership in the DJSI World Index for the seventh consecutive year and it was also recognized by CDP (also known as the Carbon Disclosure Project).

Outokumpu’s sustainability report will be published together with the 2013 annual report in March 2014.

Research and development

Research and development work at Outokumpu aims to ensure the company's future competitiveness, profitability and growth. R&D work is focused on technical market and application development, product development and process development. Outokumpu has three research centers, located in Avesta, Sweden, in Krefeld and Benrath, Germany and in Tornio, Finland, and R&D work is also carried out at Outokumpu production sites globally. The research centers employed total of around 230 people. In 2013, Outokumpu's R&D expenditure for continuing operations totaled EUR 26 million which is 0.4% of sales.

The highlights of Outokumpu's new product launches in 2013 include new formable duplex steels FDX 25™ and FDX 27™, the high-strength, corrosion-resistant austenitic grade Outokumpu 4420, the high-chromium ferritic grade Outokumpu 4622, and EDX 2304™, an enhanced duplex grade 2304 developed for offshore industry. Other examples of new product innovations include the GritLine surface finish and austenitic grades H500, H800 and H1000 for lightweight applications.

Share development and shareholders

Outokumpu's share capital did not change during 2013 and was EUR 311 million at the end of the year. As of December 31, 2013, the total number of Outokumpu shares was 2,078,081,348, and Outokumpu held 975,888 of its own shares.

The following table sets out the largest shareholders as per December 31, 2013 and December 31, 2012.

Shareholders

%	Dec 31 2013	Dec 31 2012
Foreign investors	41.7	43.2
Finnish corporations	26.1	25.2
Finnish private households	22.1	14.4
Finnish public sector institutions	6.6	11.3
Finnish financial and insurance institutions	2.5	4.7
Finnish non-profit organizations	1.0	1.2
Shareholders with over 5% of shares and voting rights		
ThyssenKrupp AG	29.9	29.9
Solidium Oy (owned by the Finnish State)	21.8	21.8

Information regarding shares and shareholders is updated daily on Outokumpu's website at http://www.outokumpu.com/en/investors/share-info/Pages/default.aspx.

In connection with the agreed sale of the Terni remedy assets, the VDM business and certain service centers to ThyssenKrupp, ThyssenKrupp has entered into an agreement to divest its 29.9% shareholding in Outokumpu to a group of institutional investors, to comply with the buyer suitability requirements of the European competition rules. In connection with the divestment by ThyssenKrupp, Solidium has agreed to acquire a part of the shares resulting in an increase of its ownership in Outokumpu from its current level of 21.8% to 29.9%. Similarly, Ahlström Capital has agreed to acquire shares representing 5.0% of all shares in Outokumpu.

Management shareholdings and share based incentive programs

As of December 31, 2013, the members of the Board of Directors and the members of the Outokumpu Leadership Team (OLT) held altogether 943,452 shares or 0.05% of the total shares outstanding.

Outokumpu has established share-based incentive programs for the OLT members and for selected managers and key employees. In 2013, 40,000 reward shares have been paid out based on the restricted shares program 2010 in relation to the end of the retention period. The reward shares were paid with treasury shares in the company's possession. Due to the payment of the reward shares, the number of treasury shares held by Outokumpu decreased to 975,888 at the end of 2013 (Dec 31, 2012: 1,015,888).

For the earning period 2010–2012, no shares have been paid out because the targets set for this period have not been met.

More details on the share-based incentive programs can be found on the Outokumpu web page.

Share information

		Jan–Dec 2013	Jan–Dec 2012
Fully paid share capital at the end of the period	EUR million	311.1	311.1
Number of shares at the end of the period		2,078,081,348	2,078,081,348
Average number of shares outstanding [1]		2,077,080,035	1,130,421,112
Average number of shares outstanding, rights-issue-adjusted [1]		2,077,080,035	1,156,005,029
Number of shares outstanding at the end of the period [1]		2,077,105,460	2,077,065,460
Number of treasury shares held at the end of the period		975,888	1,015,888
Share price at the end of the period [2]	EUR	0.41	0.79
Average share price [2]	EUR	0.53	0.97
Highest price during the period [2]	EUR	0.85	2.10
Lowest price during the period [2]	EUR	0.35	0.64
Market capitalization at the end of period	EUR million	845	1,650
Share turnover [3]	million shares	1,564.5	1,297.7
Value of shares traded [3]	EUR million	835.1	1,773.9

Source of share information: NASDAQ OMX Helsinki (only includes OMX Helsinki trading)

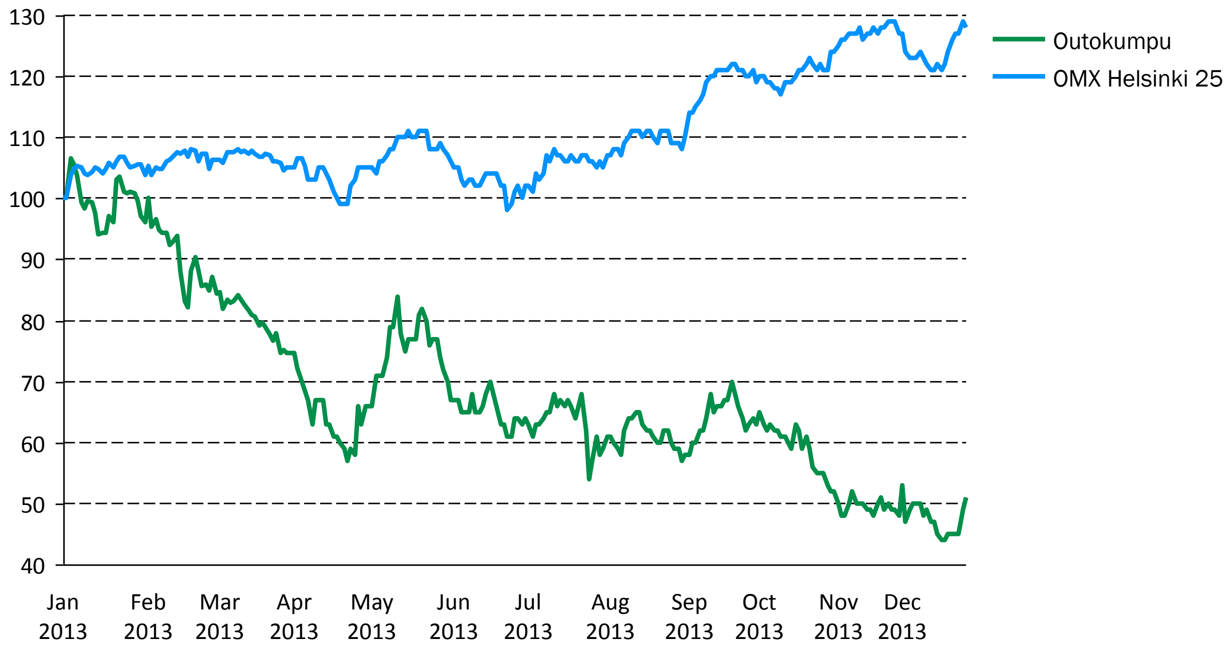
[1] The number of own shares repurchased is excluded. There are currently no programs with diluting effect in place.

[2] Comparative share prices adjusted regarding the effect of the rights issue.

[3] Jan–Dec 2012 figures include the effect of share subsciption rights traded during March 15–28, 2012.

The continued losses of Outokumpu in 2013, the weak stainless steel market development as well as uncertainty related to the divestment of the Terni remedy assets were reflected in Outokumpu share price. The Outokumpu share price declined by 48% and was EUR 0.41 on the last trading day of 2013 (EUR 0.79 on December 28, 2012). During 2013, the price of the Outokumpu share peaked at EUR 0.85 and was EUR 0.35 at its lowest (2012 high/low: EUR 2.10/EUR 0.64). At the end of 2013, the company's market capitalization was EUR 845 million, compared to EUR 1,650 million at the previous year's end.

The following graph sets out the indexed daily closing price of the Outokumpu share in 2013.



For details on relate party transactions, please see notes to the financial statements on page 45.

Changes to the leadership team

As announced on July 24, 2013, Outokumpu appointed Reinhard Florey as Executive Vice President and Chief Financial Officer as of November 1, 2013. Reinhard Florey took on the role from Esa Lager, whose intention to leave the position by the end of 2013 was announced on February 14, 2013.

Pekka Erkkilä was appointed Chief Technology Officer and a member of the Outokumpu Leadership Team as of September 1, 2013. Pekka Erkkilä has over 30 years of experience in stainless steel and mining industries and was employed by Outokumpu during 1983–2010. He is responsible for Outokumpu's global production, technology and R&D strategy as well as capital investments optimization.

Annual General Meeting

The Annual General Meeting (AGM) was held on March 18, 2013, in Helsinki. In accordance with a proposal by the Board of Directors, the AGM decided that no dividend shall be paid for the financial year 2012. The AGM authorized the Board of Directors to decide to repurchase the Group's own shares. The maximum number of shares to be repurchased is 200,000,000. Outokumpu held 975,888 of its own shares at the end of 2013.

The AGM also authorized the Board of Directors to decide on the issuance of shares as well as other special rights entitling it to shares. The AGM authorized the Board of Directors to resolve to issue a maximum of 400,000,000 shares through one or several share issues and/or by the granting special rights entitling to shares, excluding option rights granted to the company's management and personnel under incentive plans. Pursuant to this authorization, the maximum number of new shares to be issued through any share issue and/or by granting special rights entitling to shares is 200,000,000, and, in addition, the maximum number of treasury shares to be transferred is 200,000,000.

These authorizations are valid until the end of the next AGM, but no longer than May 31, 2014. To date the authorizations have not been used.

The AGM decided to increase the number of Board members, including the Chairman and Vice Chairman, to eight. The Annual General Meeting decided to re-elect Olli Vaartimo, Harri Kerminen, Guido Kerkhoff, Heikki Malinen, Elisabeth Nilsson and Siv Schalin of the current members and elect Markus Akermann and Jorma Ollila as new members, for the following term. The Annual General Meeting elected Jorma Ollila as the Chairman and Olli Vaartimo as the Vice Chairman of the Board of Directors.

The Annual General Meeting decided that the annual remuneration of the Board of Directors is increased and is as follows:

EUR	Annual remuneration	Meeting fee
Chairman	140,000	600
Vice Chairman	80,000	600
Other Board members	60,000	600/1,200[1)]

1) The meeting fee for the Board members residing outside Finland is EUR 1,200 per meeting.

40% of the annual remuneration will be paid in the form of shares in the company, and the remainder in money. The shares were purchased two weeks after the release of the company's interim report January 1--March 31, 2013. The shares have been acquired directly on behalf of the members of the Board of Directors, i.e. without the company first becoming the owner of the shares.

The AGM also resolved to amend the Articles of Association by removing a sentence from the first clause in Section 5 of the Articles of Association of the company according to which "A person who has reached the age of 68 years cannot be elected as a member of the Board of Directors."

In addition, the Annual General Meeting decided to amend the second clause in Section 8 of the Articles of Association so that the Board may authorize two persons to represent the company jointly instead severally, which is the current formulation, to read as follows: "The Board of Directors may also authorize other persons to represent the Company each severally or two jointly."

The Annual General Meeting also decided to amend Section 11 of the Articles of Association so that it also allows the notice to attend the general meeting be made through the company's website instead of one or more newspapers of the company's choice with wide circulation, to read as follows: "11 § INVITATION TO GENERAL MEETING The Board of Directors publishes an invitation to a General Meeting of shareholders in one or more newspapers of its choice with a wide circulation or on the company's website at the earliest three months and at the latest 21 days before the General Meeting, however, never later than 9 days before the record date of the General Meeting."

At its first meeting, the Outokumpu Board of Directors appointed two permanent committees consisting of Board members. Olli Vaartimo (Chairman), Markus Akermann, Heikki Malinen, and Siv Schalin were elected as members of the Board Audit Committee. Jorma Ollila (Chairman), Guido Kerkhoff, Elisabeth Nilsson, and Harri Kerminen were elected as members of the Board Remuneration Committee.

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

Nomination Board

Outokumpu's Annual General Meeting has established a Nomination Board to annually prepare proposals on the composition of the Board of Directors and director remuneration for the Annual General Meeting.

According to the Charter of the Nomination Board, the Nomination Board consists of the representatives of Outokumpu's four largest shareholders, registered in the Finnish book-entry system on October 1, who accept the assignment.

On October 1, 2013 the four largest shareholders of Outokumpu were ThyssenKrupp AG, Solidium Oy, The Social Insurance Institute of Finland and Varma Mutual Pension Insurance Company. They have appointed the following people as their representatives on the Nomination Board:

- Guido Kerkhoff, CFO at ThyssenKrupp AG and also member of the Outokumpu Board of Directors,
- Kari Järvinen, Managing Director at Solidium Oy,
- Tuula Korhonen, Investment Director at The Social Insurance Institute of Finland and
- Pekka Pajamo, CFO at Varma Mutual Pension Insurance Company.

The Nomination Board elected from among its members Kari Järvinen as Chairman. In addition, the Chairman of the Outokumpu Board of Directors Jorma Ollila serves as an expert member in the Nomination Board. Nomination Board has held its first meeting on October 16, 2013.

Changes to the Board of Directors and the Nomination Board

Guido Kerkhoff, CFO of ThyssenKrupp, stepped down from the Outokumpu Board of Directors as of November 30, 2013 and from the Nomination Board as of December 2, 2013. This decision was made in connection with the planned transaction to sell the Terni remedy assets and the VDM business to ThyssenKrupp. To comply with the buyer suitability requirements of the European competition rules, ThyssenKrupp has entered into an agreement to divest its 29.9% shareholding in Outokumpu to a group of institutional investors.

Board of Directors' proposal for profit distribution

In accordance with the Board of Directors' established dividend policy, the pay-out ratio over a business cycle should be at least one third of the Group's profit for the period, with the aim of having stable annual payments to shareholders. In its annual dividend proposal, the Board of Directors will, in addition to financial results, take into consideration the Group's investment and development needs.

According to the Group's financial statements on December 31, 2013 distributable funds of the parent company totaled EUR 1,504 million, of which retained earnings EUR 46 million.

The Board of Directors is proposing to the Annual General Meeting scheduled for April 14, 2014 that no dividend be paid from the parent company's distributable funds and that net result for the financial year 2013 be allocated to retained earnings.

Events after the end of the reporting period

EU Commission approves the Terni and VDM transaction

On February 12, the European Commission approved the sale of the Terni, VDM business and certain service centers to ThyssenKrupp. Most of the other regulatory approvals have also been obtained.

Update on financing plan

On January 27, 2014 Outokumpu told that it is proceeding with the comprehensive measures to strengthen the company's balance sheet as announced on November 30, 2013. The company has received commitments to, and signed a mandate letter for, a new EUR 900 million revolving credit facility maturing in February 2017. This facility will replace the facility for the same amount signed on July 12, 2013 and maturing in June 2015. Outokumpu has also made progress in extending and amending its bilateral loan portfolio of about EUR 600 million. Outokumpu has obtained the required consent from most lenders to extend the loan maturities until February 2017, and expects to complete this process in February 2014. Outokumpu and ThyssenKrupp have also agreed to amend and extend the outstanding credit facility in the amount of EUR 250 million granted by ThyssenKrupp. This facility will be settled at the closing of the sale of the Terni and VDM units to ThyssenKrupp to end all financing agreements between the two companies.

Outokumpu has also decided to grant a security package to secure its debt financing. As security, Outokumpu plans to pledge certain of its subsidiary shares for example in Finland, Sweden and the USA as well as certain other assets. The security package ensures financing on competitive prices and its benefits clearly surpass its costs, which are only marginal.

Since the granting of the proposed security package required the consent of the holders of the Outokumpu's notes maturing in 2015 and 2016 Outokumpu launched a consent solicitation process for the notes. In the noteholders' meetings held on February 7, 2014 in Helsinki the holders of the 2015 and 2016 notes resolved to approve the proposals relating to the granting of security and certain amendments of the terms and conditions of the respective notes and to certain authorization and waivers related to the subordination deed. Accordingly and except for certain limited circumstances, the consents and waivers became effective immediately after being sanctioned and the amendments to terms and conditions of the both notes will enter into force upon the completion of certain refinancing measures.

EGM called for February 14, 2014

On January 23, 2013 Outokumpu convened an Extraordinary General Meeting for February 14, 2014 in Espoo, Finland The Board of Directors proposes that the Extraordinary General Meeting authorizes the Board of Directors to undertake a share issue for consideration in which shareholders have the right to subscribe for new shares in proportion to their existing holdings of the shares of the company. The Board of Directors has the right to decide upon the offering to parties determined by the Board of Directors of any shares that may remain unsubscribed for pursuant to the shareholders' pre-emptive subscription right. The authorization is for a maximum of 65 billion new shares. The Board of Directors is authorized to determine the other terms and conditions of the share issue.

Strategic review of operations in Nyby, Kloster and Dahlerbrück concluded

In June 2013, Outokumpu announced a strategic review of its thin and precision strip operations in Kloster and Nyby, Sweden and in Dahlerbrück, Germany with the aim of reducing capacities and achieving cost savings through increased efficiencies. As a result of the review, the company plans to discontinue its operations in Kloster, Sweden. Outokumpu will continue the operations in Nyby, Sweden and in Dahlerbrück, Germany as before.

Proved ore reserves of the Kemi mine significantly larger after new drillings

As announced in January 2014, Outokumpu has updated its estimates on the proved ore reserves and mineral resources of the Kemi mine in Finland. The proved ore reserves have significantly increased compared to earlier estimates, and are now altogether 50.1 million tonnes instead of the earlier estimated some 33 million tonnes.

Espoo, February 12, 2014

Board of Directors

Condensed consolidated financial statements

Condensed income statement

EUR million	Oct–Dec 2013	July–Sept 2013 Restated [1)]	Oct–Dec 2012 Restated [2)]	Jan–Dec 2013	Jan–Dec 2012 Restated [2)]
Continuing operations:					
Sales	**1,531**	1,609	1,004	**6,745**	4,538
Cost of sales	**-1,564**	-1,663	-1,030	**-6,847**	-4,503
Gross margin	**-33**	-54	-25	**-102**	35
Other operating income	**13**	2	3	**24**	23
Costs and expenses	**-86**	-89	-98	**-400**	-315
Other operating expenses	**-13**	6	-100	**-31**	-128
EBIT	**-118**	-134	-220	**-510**	-385
Share of results in associated companies	**2**	-1	0	**-2**	-0
Financial income and expenses					
Interest income	**4**	3	3	**13**	13
Interest expenses	**-58**	-56	-21	**-210**	-80
Market price gains and losses	**-3**	-12	-30	**-37**	-64
Other financial income	**0**	0	2	**0**	2
Other financial expenses	**-58**	-7	-3	**-76**	-10
Result before taxes	**-232**	-207	-269	**-822**	-524
Income taxes	**-27**	10	-41	**-11**	-12
Net result for the period from continuing operations	**-260**	-197	-309	**-832**	-536
Net result for the period from discontinued operation	**-103**	-41	-	**-170**	-
Net result for the period	**-364**	-238	-309	**-1,003**	-536
Attributable to:					
Equity holders of the Company	**-361**	-237	-308	**-997**	-534
Non-controlling interests	**-3**	-1	-2	**-6**	-2
Earnings per share for result attributable to the equity holders of the Company, EUR [3)] :					
Earnings per share, continuing operations (basic and diluted)	**-0.12**	-0.09	-0.21	**-0.40**	-0.46
Earnings per share, discontinued operation (basic and diluted)	**-0.05**	-0.02	-	**-0.08**	-
Earnings per share (basic and diluted)	**-0.17**	-0.11	-0.21	**-0.48**	-0.46

[1)] Figures for July–Sept 2013 have been restated due to presentation discontinued operations and completing the Inoxum acquistion accounting.

[2)] Figures for 2012 have been restated as a result of adoption of the revised IAS 19 *Employee Benefits* standard.

[3)] Calculated based on the rights-issue-adjusted weighted average number of shares. Comparative figures adjusted accordingly.

Statement of comprehensive income

EUR million	Oct–Dec 2013	July–Sept 2013 Restated [1]	Oct–Dec 2012 Restated [2]	Jan–Dec 2013	Jan–Dec 2012 Restated [2]
Net result for the period	**-364**	-238	-309	**-1,003**	-536
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	**-5**	-16	-10	**-40**	-6
Available-for-sale financial assets					
Fair value changes during the period	**-2**	2	-3	**-2**	-5
Reclassification adjustments from other comprehensive income to profit or loss	**-**	-	-1	**-0**	-1
Income tax relating to available-for-sale financial assets	**0**	-0	1	**0**	1
Cash flow hedges					
Fair value changes during the period	**-4**	8	-5	**-11**	14
Reclassification adjustments from other comprehensive income to profit or loss	**-1**	-1	-1	**-4**	-3
Income tax relating to cash flow hedges	**2**	-0	-11	**4**	-3
Net investment hedges					
Income tax relating to net invesment hedges	**1**	-	-	**1**	-
Items that will not be reclassified to profit or loss:					
Remeasurements on defined benefit obligation plans					
Changes during the accounting period	**4**	-19	29	**15**	-44
Income tax relating to remeasurements	**-4**	5	-10	**-8**	11
Other comprehensive income for the period, net of tax	**-8**	-22	-12	**-44**	-36
Total comprehensive income for the period	**-371**	-260	-321	**-1,047**	-571
Attributable to:					
Equity holders of the Company	**-368**	-258	-319	**-1,040**	-569
Non-controlling interests	**-4**	-2	-2	**-7**	-2

[1] Figures for July–Sept 2013 have been restated due to completing the Inoxum acquistion accounting.

[2] Figures for 2012 have been restated as a result of adoption of the revised IAS 19 *Employee Benefits* standard.

Condensed statement of financial position

EUR million	Dec 31 2013	Sept 30 2013 Restated [1]	Dec 31 2012 Restated [1] [2]
ASSETS			
Non-current assets			
Intangible assets	**570**	597	607
Property, plant and equipment	**3,254**	3,570	3,716
Investments in associated companies and joint ventures	**66**	65	51
Other financial assets	**20**	21	19
Deferred tax assets	**24**	99	89
Trade and other receivables	**11**	169	172
Total non-current assets	**3,944**	4,520	4,655
Current assets			
Inventories	**1,216**	1,833	2,328
Other financial assets	**42**	71	118
Trade and other receivables	**813**	1,027	1,089
Cash and cash equivalents	**607**	439	222
Total current assets	**2,679**	3,371	3,757
Assets held for sale	**2,200**	1,162	1,276
TOTAL ASSETS	**8,823**	9,053	9,688
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company	**1,887**	2,254	2,926
Non-controlling interests	**4**	8	26
Total equity	**1,891**	2,262	2,952
Non-current liabilities			
Long-term debt [3]	**3,270**	3,289	2,935
Other financial liabilities	**15**	12	39
Deferred tax liabilities	**26**	86	92
Defined benefit and other long-term employee benefit obligatior	**317**	407	434
Provisions	**115**	128	119
Trade and other payables	**48**	7	5
Total non-current liabilities	**3,791**	3,930	3,622
Current liabilities			
Current debt	**893**	1,011	718
Other financial liabilities	**35**	32	24
Provisions	**25**	25	37
Trade and other payables	**1,140**	1,214	1,547
Total current liabilities	**2,093**	2,283	2,327
Liabilities directly attributable to assets held for sale	**1,048**	578	786
TOTAL EQUITY AND LIABILITIES	**8,823**	9,053	9,688

[1] Figures for Sept 30, 2013 and Dec 31, 2012 have been restated due to completing the Inoxum acquisition accounting.

[2] Figures for 2012 have been restated as a result of adoption of the revised IAS 19 *Employee Benefits* standard.

[3] Includes Outokumpu's loan note to ThyssenKrupp.

Condensed statement of cash flows

EUR million	**Oct–Dec 2013**	July–Sept 2013 Restated [1]	Oct–Dec 2012	**Jan–Dec 2013**	Jan–Dec 2012
Net result for the period [2]	**-364**	-238	-309	**-1,003**	-536
Adjustments					
Depreciation, amortization and impairments	**91**	84	153	**346**	336
Other non-cash adjustments [2]	**263**	70	134	**498**	142
Change in working capital	**254**	152	76	**297**	394
Dividends received	**-**	2	-	**2**	0
Interests received	**2**	1	1	**3**	3
Interests paid	**-20**	-27	-12	**-106**	-72
Income taxes paid	**-2**	0	2	**-3**	-1
Net cash from operating activities	**223**	43	45	**34**	266
Subsidiaries acquired, net of cash	**-**	-	-915	**-**	-915
Purchases of assets	**-43**	-39	-70	**-287**	-302
Proceeds from the sale of assets	**187**	0	0	**186**	20
Other investing cash flow	**0**	0	-0	**-7**	1
Net cash from investing activities	**143**	-39	-984	**-108**	-1,196
Cash flow before financing activities	**367**	4	-939	**-74**	-929
Rights issue	**-**	-	-1	**-**	972
Borrowings of long-term debt	**98**	561	95	**1,114**	611
Repayment of long-term debt	**-39**	-588	-54	**-708**	-396
Change in current debt	**-256**	139	-53	**52**	-188
Other financing cash flow	**-2**	1	2	**1**	-3
Net cash from financing activities	**-199**	113	-12	**459**	994
Net change in cash and cash equivalents	**168**	118	-951	**385**	65
Cash and cash equivalents at the beginning of the period	**439**	327	1,178	**222**	168
Foreign exchange rate effect	**-3**	-4	-4	**-11**	-11
Discontinued operations net change in cash effect	**4**	-1	-	**12**	-
Net change in cash and cash equivalents	**168**	118	-951	**385**	65
Cash and cash equivalents at the end of the period	**607**	439	222	**607**	222

[1] Figures for July–Sept 2013 have been restated due to presentation discontinued operations.

[2] Figures for 2012 have been restated as a result of adoption of the revised IAS 19 *Employee Benefits* standard.

Cash flows of 2013 are presented for continuing operations.

Statement of changes in equity

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	Non-controlling interests	Total equity
	Attributable to the owners of the parent										
Restated equity on Jan 1, 2012 1)	**311**	**714**	**-**	**7**	**19**	**-76**	**-42**	**-25**	**1,127**	**14**	**2,050**
Result for the period	-	-	-	-	-	-	-	-	-534	-2	-536
Other comprehensive income	-	-	-	-	3	-5	-34	-	-	0	-36
Total comprehensive income for the period	-	-	-	-	3	-5	-34	-	-534	-2	-571
Transactions with owners of the Company											
Contributions and distributions											
Share issues 2)	-	-	1,462	-	-	-	-	-	-	-	1,462
Share-based payments	-	-	-	-	-	-	-	0	1	-	1
Changes in ownership interests											
OSTP reorganization	-	-	-	-	-	-	-	-	-4	4	-
Acquired non-controlling interests	-	-	-	-	-	-	-	-	-	11	11
Equity on Dec 31, 2012 1)	**311**	**714**	**1,462**	**7**	**22**	**-81**	**-75**	**-25**	**591**	**26**	**2,952**
Result for the period	-	-	-	-	-	-	-	-	-997	-6	-1,003
Other comprehensive income	-	-	-	-	-13	-38	8	-	-	-1	-44
Total comprehensive income for the period	-	-	-	-	-13	-38	8	-	-997	-7	-1,047
Transactions with owners of the Company											
Contributions and distributions											
Share-based payments	-	-	-	-	-	-	-	1	-1	-	1
Changes in ownership interests											
Disposal of subsidiary	-	-	-	-	-	-	3	-	-3	-15	-15
Equity on Dec 31, 2013	**311**	**714**	**1,462**	**7**	**9**	**-119**	**-65**	**-24**	**-410**	**4**	**1,891**

1) Figures for 2012 have been restated as a result of adoption of the revised IAS 19 *Employee Benefits* standard. Restatement of equity Jan 1, 2012 was immaterial.

2) Shares issued in the Outokumpu rights issue in March–April 2012 and in the directed share issue to ThyssenKrupp AG in connection with the Inoxum acquisition in Dec 2012.

NOTES TO THE FINANCIAL STATEMENTS

Basis of preparation

This annual account bulletin is unaudited and it is prepared in accordance with IAS 34 (Interim Financial Reporting). The same accounting policies and methods of computation have been followed in this interim report as in the financial statements for 2012 except for those new and revised IFRS standards adopted from January 1, 2013.

The consolidated financial statements of Outokumpu for 2013 have been prepared on a going concern basis.

Outokumpu has suffered from low profitability resulting to a stretched financial position. As a consequence, Outokumpu has taken industrial restructuring and efficiency measures to improve profitability. Also, Outokumpu has taken measures to strengthen its financial position, which include the divestment of the Terni remedy assets, the VDM business and certain service centers to ThyssenKrupp, the planned rights issue of EUR 650 million, a new liquidity facility of EUR 500 million and extensions of existing loans and credit facilities.

Outokumpu has signed a binding agreement with ThyssenKrupp to sell the Terni remedy assets, the VDM business and certain service centers to ThyssenKrupp. Outokumpu's loan note to ThyssenKrupp will be used as a consideration for the transaction, which will result to a strengthening of Outokumpu's financial position. The rights issue (subject to approval by Extraordinary General Meeting on February 14, 2014), the new liquidity facility of EUR 500 million and extensions of existing loans and credit facilities are all subject to the divestment. Outokumpu management is confident that the conditions for the closing of the transaction will be met and closing will take place during the first quarter 2014.

Strengthening of financial position will further enhance the execution of Outokumpu's strategy that decisively aims at sustainable profitability through industrial restructuring and efficiency measures. Outokumpu management is confident that the measures described above will mitigate the risks related to company's liquidity and capital structure.
All presented figures in this interim report have been rounded and consequently, the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

The net sales, profits and working capital of Outokumpu are subject to seasonal fluctuations as a result of industry demand, the number of working days, weather conditions and vacation periods. For example, production and shipment volumes with respect to stainless steel products are generally higher in the spring and fall seasons and generally lower in the winter and summer seasons. These seasonal fluctuations have a direct impact on the use of working capital and, therefore, also on net financial debt and cash flows of Outokumpu.

The following amendments to IFRS standards and interpretations were adopted from January 1, 2013 but had no material impact on the Group consolidated financial statements:

- Amendment to IAS 1 Presentation of Financial Statements: The key change is the requirement to group items of other comprehensive income by whether they will subsequently be reclassified through profit or loss if certain conditions are met. Outokumpu has presented the items of other comprehensive income accordingly in these interim financial statements.
- Amendment to IAS 19 Employee Benefits: Remeasurements of the net defined benefit liability, including all actuarial gains and losses, are immediately recognized in other comprehensive income, thus eliminating the so-called corridor approach. Finance costs are calculated on a net funding basis. In addition, all past service costs are immediately recognized income-effectively. Outokumpu waived the corridor approach already in the 2012 consolidated financial statements. Therefore the impact regarding the defined benefit pension plans is limited to the restatement of the expected return on assets assumption and recognition of the previously unrecognized past service cost. The amendment also resulted in additional disclosures.
- IFRS 13 Fair Value Measurement: IFRS 13 establishes a single source of all fair value measurements and disclosure requirements for use across IFRSs without extending the use of fair value accounting.
- Amendment to IFRS 7 Financial Instruments: Disclosures: The amendment requires the presentation of information that will allow evaluation of the effects of netting arrangements on the entity's financial position.
- Annual Improvements: Minor improvements that affected total of five standards.

Other new or amended standards and interpretations had no impact on Outokumpu's consolidated financial statements.

Restatements of financial statements

In 2013, Outokumpu adopted amended IAS 19 Employee Benefits standard. As Outokumpu had already adopted the amended standard requirement regarding waiving of the so-called corridor method in 2012, changes on Outokumpu's accounting policies were limited to the following: to immediately recognizing all past service costs, and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability. The resulting restatement had a minor impact on employee benefit expenses, interest income and interest expenses, and defined benefit and other long-term employee benefit obligations in the consolidated financial statements for 2012.

Outokumpu has finalized the accounting related to the Inoxum transaction in 2012 based on the final valuation of the identifiable asset and liabilities. Outokumpu had 12 months from the closing of the transaction to retrospectively adjust the provisional amounts that had been presented in detail in the note 4 of Outokumpu's financial statements 2012. The completion did not materially change the provisional fair values of assets acquired and liabilities assumed and did not have a material impact on the 2013 income statement. Final identifiable assets acquired and liabilities assumed, as well as goodwill arising from the acquisition are presented in the in this release.

Use of estimates

The preparation of the financial statements in accordance with IFRSs requires management to make judgments and make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and contingent liabilities at the reporting date, as well as the reported amounts of income and expenses during the reporting period. Accounting estimates are employed in the financial statements to determine reported amounts, including the realizability of certain assets, the useful lives of tangible and intangible assets, income taxes, inventories, provisions, pension obligations, share-based payments, impairments and derivative instruments. These are those financial statement items that are mostly affected by management judgments made. The management estimates and judgments are continuously monitored and they are based on prior experience and other factors, such as future expectations assumed to be reasonable considering the circumstances. Although these estimates are based on management's best knowledge of the circumstances at the end of the reporting period, actual results may differ from the estimates and assumptions.

Share based payment plans

Outokumpu's share based payment programs include Share-based incentive program 2009–2013; Performance Share Plan 2012 (Plans 2012–2014 and 2013–2015); Restricted Share Program 2010–2013; and Restricted Share Pool Program (Plans 2012–2014 and 2013–2015).

Regarding the Share based incentive program, the targets set for the earnings period 2010–2012 were not met and therefore no reward was paid to the participants in 2013.
The EBIT criterion previously applied in the on-going earnings period 2011–2013 of the Share-based incentive program and in the on-going Plan 2012–2014 of the Performance Share Plan was for the year 2013 replaced with the EBITDA criterion.

In 2013, the Board approved the commencement of the Plan 2013–2015 of the Performance Share Plan and its participants, 164 Outokumpu Group managers and key employees. The earning criteria applied in the plan are EBITDA, Outokumpu share-price adjusted with dividends and the achievement of Inoxum transaction related synergies. The share rewards possibly to be delivered based on the plan will be delivered in the spring 2016.

Under the Restricted Share Program 2010–2013 Outokumpu granted restricted shares to retain, reward and motivate selected key employees. In line with the terms and conditions of the program, in total 48 000 shares were rewarded to the program participants during 2013. In addition, the participants received cash equaling the taxes and social security charges imposed on the share award. No more shares will be granted based on this program.

Detailed information of the share-based incentive programs can be found in Outokumpu's home page www.outokumpu.com.

Outokumpu's ownership in OSTP decreased to 49%

On January 18, 2013 Outokumpu's partner in the OSTP tubular business Tubinoxia S.r.l. exercised its call option and acquired additional 15% of the company's shares from Outokumpu. Outokumpu therefore lost the control over OSTP and OSTP is thus consolidated as an associated company in these interim financial statements.

Outokumpu reached a settlement with Carrier regarding civil proceedings pursuant to EU industrial tube cartel decision

On May 2, 2013 Outokumpu Oyj and Carrier Corporation signed a settlement agreement that covers all damage suits against Outokumpu by Carrier in the US and UK pursuant to the European Commission's industrial tubes cartel decision of 2003. The total settlement amount was EUR 11 million. The settlement covered also all former Outokumpu subsidiaries included in the claims.

New credit facility agreement

Outokumpu signed on July 12, 2013 a EUR 900 million committed revolving credit facility having its maturity in June 2015, with an option to extend the facility by one year, subject to an approval by the banks. The new facility is used for general corporate purposes and it replaces the EUR 750 million facility signed in June 2011 and the EUR 250 million facility that became effective in December 2012. The new facility agreement includes two financial covenants, one based on gearing and the other on liquidity.

Sale of electricity network in Tornio, Finland

In December 2013, Outokumpu sold the electricity distribution network at the Tornio site in Finland to an investment fund managed by OFI InfraVia, an independent investment company based in France and specialized in the infrastructure sector. The cash consideration of the transaction was EUR 63 million. The transaction was recognized in the financial reporting as a sale and leaseback resulting in a finance lease asset and liability of EUR 63 million. The calculative gain on the transaction was recognized as a non-current liability and will be accrued to the profit or loss over the asset's useful life.

Sale of Luvata loan receivable

In December 2013, Outokumpu sold its loan receivable from Luvata Fabrication Ltd for a cash consideration of EUR 114 million. The loan receivable is related to the divestiture of fabricated copper products business to Nordic Capital in 2005, in which the long-term subordinated vendor note was part of the overall consideration. As the carrying value of the loan receivable from Luvata Fabrication Oy is currently approximately 164 million euros, Outokumpu recognized EUR 49 million as non-recurring financial expense in 2013.

Segment reporting

Following the planned divestment of the VDM business to ThyssenKrupp, Outokumpu has changed the names of its business areas, forming also the reportable segments, to be: Stainless EMEA, Stainless Americas, Stainless APAC, and Specialty Stainless.

Tax audit

Outokumpu Oyj is currently subject to a tax audit in Finland. Currently no information exists on the outcome of the audit. Preliminary tax audit report is expected to be issued in February–March 2014.

Events after the end of the reporting period

EU Commission approves the Terni and VDM transaction
On February 12, the European Commission approved the sale of the Terni, VDM business and certain service centers to ThyssenKrupp. Most of the other regulatory approvals have also been obtained.

Update on financing plan
On January 27, 2014 Outokumpu told that it is proceeding with the comprehensive measures to strengthen the company's balance sheet as announced on November 30, 2013. The company has received commitments to, and signed a mandate letter for, a new EUR 900 million revolving credit facility maturing in February 2017. This facility will replace the facility for the same amount signed on July 12, 2013 and maturing in June 2015. Outokumpu has also made progress in extending and amending its bilateral loan portfolio of about EUR 600 million. Outokumpu has

obtained the required consent from most lenders to extend the loan maturities until February 2017, and expects to complete this process in February 2014. Outokumpu and ThyssenKrupp have also agreed to amend and extend the outstanding credit facility in the amount of EUR 250 million granted by ThyssenKrupp. This facility will be settled at the closing of the sale of the Terni and VDM units to ThyssenKrupp to end all financing agreements between the two companies.

Outokumpu has also decided to grant a security package to secure its debt financing. As security, Outokumpu plans to pledge certain of its subsidiary shares for example in Finland, Sweden and the USA as well as certain other assets. The security package ensures financing on competitive prices and its benefits clearly surpass its costs, which are only marginal.

Since the granting of the proposed security package required the consent of the holders of the Outokumpu's notes maturing in 2015 and 2016 Outokumpu launched a consent solicitation process for the notes. In the noteholders' meetings held on February 7, 2014 in Helsinki the holders of the 2015 and 2016 notes resolved to approve the proposals relating to the granting of security and certain amendments of the terms and conditions of the respective notes and to certain authorization and waivers related to the subordination deed. Accordingly and except for certain limited circumstances, the consents and waivers became effective immediately after being sanctioned and the amendments to terms and conditions of the both notes will enter into force upon the completion of certain refinancing measures.

EGM called for February 14, 2014

On January 23, 2013 Outokumpu convened an Extraordinary General Meeting for February 14, 2014 in Espoo, Finland The Board of Directors proposes that the Extraordinary General Meeting authorizes the Board of Directors to undertake a share issue for consideration in which shareholders have the right to subscribe for new shares in proportion to their existing holdings of the shares of the company. The Board of Directors has the right to decide upon the offering to parties determined by the Board of Directors of any shares that may remain unsubscribed for pursuant to the shareholders' pre-emptive subscription right. The authorization is for a maximum of 65 billon new shares. The Board of Directors is authorized to determine the other terms and conditions of the share issue.

Strategic review of operations in Nyby, Kloster and Dahlerbrück concluded

In June 2013, Outokumpu announced a strategic review of its thin and precision strip operations in Kloster and Nyby, Sweden and in Dahlerbrück, Germany with the aim of reducing capacities and achieving cost savings through increased efficiencies. As a result of the review, the company plans to discontinue its operations in Kloster, Sweden. Outokumpu will continue the operations in Nyby, Sweden and in Dahlerbrück, Germany as before.

Proved ore reserves of the Kemi mine significantly larger after new drillings

As announced in January 2014, Outokumpu has updated its estimates on the proved ore reserves and mineral resources of the Kemi mine in Finland. The proved ore reserves have significantly increased compared to earlier estimates, and are now altogether 50.1 million tonnes instead of the earlier estimated some 33 million tonnes.

Finalized accounting for Inoxum transaction

The initial accounting for Inoxum acquisition was provisional on December 31, 2012, and the amounts recognized for identifiable assets acquired and liabilities assumed, goodwill and items of consideration were determined only provisionally. Based on the information obtained during the measurement period about facts and circumstances that existed as of the acquisition date, Outokumpu has retrospectively adjusted the provisional amounts on December 28, 2012 as presented in the tables below.

Identifiable assets acquired and liabilities assumed of Inoxum

EUR million	Final	Reported as provisional
Intangible assets	86	108
Property, plant and equipment	2,185	2,166
Deferred tax assets	160	160
Inventories	1,801	1,781
Trade receivables	549	549
Other assets	190	190
Cash and cash equivalents	84	84
	5,055	5,038
Interest-bearing liabilities	250	250
Employee benefit obligations	376	376
Deferred tax liabilities	89	87
Trade and other liabilities	1,612	1,601
	2,327	2,314

Identifiable assets acquired and liabilities assumed include the Terni remedy assets acquired as part of the Inoxum transaction on December 28, 2012.

Consideration and goodwill arising on Inoxum acquisition

EUR million	Final	Reported as provisional
Cash	1,000	1,000
Shares to ThyssenKrupp	491	491
Loan note issued to ThyssenKrupp	1,229	1,229
Total consideration transferred	2,720	2,720
Non-controlling interests, based on their proportionate interest in the recognized amounts of assets and liabilities of Inoxum	11	11
Fair value of identifiable net assets acquired	2,728	2,724
Goodwill arising on acquisition	4	7

Assets held for sale and discontinued operations

On November 30, 2013 Outokumpu announced its plans to divest the VDM business and the remedy assets which include Terni and certain service centers to ThyssenKrupp. The sale of VDM is the result of strategic review conducted of the business during 2013, and the divestment of Terni and certain European service centers aims to address the remedy requirements of the European Commission related to the Inoxum acquisition in 2012. Outokumpu's loan note to ThyssenKrupp will be used as a consideration for the transaction.

VDM develops high performance alloys for the use in extreme conditions, for example in high and low temperatures, high atmosphere and deep underground. Following the announcement, VDM assets and related liabilities were classified as held for sale on November 30, 2013 and reported as a discontinued operation. VDM assets classified as held for sale and related liabilities are measured at carrying values.

Terni is an integrated stainless steel production facility in Italy. Terni entities were classified as held for sale at the closing of Inoxum transaction in December 2012 together with a service center in Germany, which was included in remedy assets at that time. Following the announcement in November 2013 additional remedy assets to be divested, i.e. Tubificio di Terni and service centers in France, Spain and Turkey were also classified as held for sale. Remedy assets classified as held for sale and related liabilities are measured at carrying values. Remedy entities' results are reported under discontinued operations in the 2013 statement of income.

Result from discontinued operations

EUR million	**2013**
Sales and other operating income	3,279
Expenses	-3,369
Net financial expenses	-22
Result before tax	-112
Income tax	-58
Net result from discontinued operations	-170

EUR 1,090 million of the sales and other operating income and EUR 1,072 million of the expenses are attributable to VDM. EUR 2,212 million of the sales and other operating income and EUR 2,293 million of the expenses are attributable to Terni. In addition, the expenses include transaction costs relating to the sale of Terni and VDM of EUR 27 million.

Assets held for sale and liabilities directly attributable to assets held for sale

EUR million	**2013**
Intangible assets and property, plant and equipment	885
Other assets	147
Inventories	844
Trade and other receivables	325
	2,200
Interest-bearing debt	15
Employee benefit obligations	129
Other liabilities	112
Trade and other payables	792
	1,048

EUR 829 million of the total assets and EUR 323 million of the total liabilities are attributable to VDM. EUR 1,371 million of the total assets and EUR 725 million of the total liabilities are attributable to Terni.

Cash flows

EUR million	**2013**
Operating cash flow	115
Investing cash flow	-77
Financing cash flow	-26
	12

There are EUR -4 million cumulative net income and expenses included in other comprehensive income in 2013 (2012: EUR -4 million). They are mainly due to remeasurements of defined benefit pension plans and fair value changes of hedging instruments.

Non-recurring items in EBIT and financial income and expenses

EUR million	Jan 1–Dec 31, 2013	Jan 1–Dec 31, 2012
Redundancy provisions	-54	-3
Inventory write-downs related to efficiency programs	-12	-19
Carrier settlement	-11	-
Costs related to Inoxum transaction	-1	-64
Nyby and Kloster impairments	-	-86
Losses from divestment of the Group's Brass operations	-	-18
Impairment of stock locations divestment	-	-10
Total non-recurring items in EBIT	-78	-200

In 2013, a non-recurring loss of EUR 49 million on the sale of Luvata loan receivable is included in other financial expenses. In 2012, there were no non-recurring items in financial income and expenses.

Property, plant and equipment

EUR million	Jan 1–Dec 31, 2013	Jan 1–Dec 31, 2012
Carrying value at the beginning of the period	3,716	2,005
Translation differences	-57	17
Acquired subsidiaries [1)]	-	1,673
Additions	231	354
Disposals	-4	-0
Reclassifications	47	-1
Depreciation and impairments	-355	-297
Disposed subsidiaries	-28	-5
Reclassification to assets held for sale	-296	-29
Carrying value at the end of the period [1)]	3,254	3,716

[1)] Dec 31, 2012 Restated due to completing the Inoxum acquisition accounting.

Provisions

On December 31, 2012 Outokumpu reported restructuring provisions totaling EUR 91 million. Of these provisions, EUR 6 million was reversed as unused during January–December 2013.

Commitments

EUR million	Dec 31, 2013	Dec 31, 2012
Mortgages and pledges		
Mortgages on land	284	320
Other pledges	8	9
Guarantees		
On behalf of subsidiaries for commercial commitments	34	27
On behalf of associated companies for financing	7	0
Other commitments	28	32
Minimum future lease payments on operating leases	82	103

Group's off-balance sheet investment commitments totaled EUR 47 million on December 31, 2013 (December 31, 2012: EUR 163 million).

Certain guarantees issued by ThyssenKrupp on behalf of Inoxum companies have not yet been transferred to Outokumpu Oyj as of December 31, 2013. However, Outokumpu Oyj has given ThyssenKrupp a counter-guarantee for these commitments. The outstanding amount of guarantees to be transferred totals EUR 72 million as of December 31, 2013, including guarantees for commercial and financing. Part of the above mentioned guarantees has already been replaced by Outokumpu Oyj and Outokumpu aims to replace the remaining guarantees in near future.

Related party transactions

EUR million	Jan 1–Dec 31, 2013	Jan 1–Dec 31, 2012
Transactions and balances with ThyssenKrupp AG		
Sales	376	-
Purchases	-175	-
Interest expense	-62	-1
Trade and other receivables	23	31
Other financial assets	1	9
Trade and other payables	22	41
Loan note to ThyssenKrupp	1,283	1,230
Other interest-bearing debt	214	54
Other financial liabilities	3	8
Transactions and balances with associated companies and joint ventures		
Sales	161	0
Purchases	-6	-3
Trade and other receivables	44	8
Trade and other payables	1	0

On November 30, 2013 Outokumpu announced to have signed a binding agreement with ThyssenKrupp to sell the Terni remedy assets, the VDM business and certain service centers to ThyssenKrupp. Outokumpu's loan note to ThyssenKrupp will be used as a consideration for the transaction (Dec 31, 2013: loan note was EUR 1,283 million). The transaction is subject to approval by the European Commission as well as other relevant regulatory approvals. The transaction will also constitute final settlement of all remedy related obligations between Outokumpu and ThyssenKrupp. Closing of the transaction is expected for the first quarter 2014.

On December 31, 2012 the material related party transactions also included a purchase price receivable of EUR 2 million. The receivable related to the sale of 36% of the Outokumpu Stainless Tubular Products (OSTP) business to Tubinoxia, a company controlled by the managing director of OSTP. The receivable was paid in January 2013.

Segment information

EUR million	Jan 1–Dec 31, 2013	Jan 1–Dec 31, 2012
Sales by segment		
Stainless EMEA		
External sales	3,700	2,341
Internal sales	567	307
Stainless Americas		
External sales	884	-
Internal sales	23	2
Stainless APAC		
External sales	377	119
Internal sales	11	9
Specialty Stainless [1]		
External sales	1,528	1,764
Internal sales	90	173
Other operations [1]		
External sales	256	314
Internal sales	283	250
Eliminations [1]	-974	-742
Group sales	6,745	4,538
EBIT		
Stainless EMEA	-158	-112
Stainless Americas	-270	0
Stainless APAC	-7	-8
Specialty Stainless [1]	-33	-134
Reportable segments total [1]	-468	-254
Other operations [1]	-39	-130
Eliminations	-3	-1
Group EBIT	-510	-385
Operating capital at the end of the period [2] [3]		
Stainless EMEA	2,218	2,387
Stainless Americas	1,040	1,172
Stainless APAC	189	216
Specialty Stainless	743	854

[1] 2012 figures adjusted due to reallocation of R&D operations in Avesta, Sweden from Other operations to Specialty Stainless.

[2] Dec 31, 2012 restated due to completing the Inoxum acquisition accounting

[3] Dec 31, 2012 figures for EMEA and Specialty Stainless exclude companies classified to assets held for sale in Nov 30, 2013.

Fair values and nominal amounts of derivative instruments

EUR million	Dec 31, 2013 Net fair value	Dec 31, 2012 Net fair value	Dec 31, 2013 Nominal amounts	Dec 31, 2012 Nominal amounts
Currency and interest rate derivatives				
Currency forwards including embedded derivatives	-1	15	2,518	3,099
Currency options, bought	0	-	3	-
Currency options, sold	-0	-	3	-
Interest rate swaps	-9	-16	714	543
Cross-currency swaps	-15	-19	67	69
Interest rate options, bought	1	0	290	193
Interest rate options, sold	-3	-4	290	93
			Tonnes	Tonnes
Metal derivatives				
Forward and futures nickel contracts	-2	17	21,865	21,432
Forward and futures molybdenum contracts	-	-0	-	12
Forward and futures copper contracts	-	0	-	600
Forward and futures cobalt contracts	-	-0	-	16
Forward and futures aluminum contracts	-	0	-	50
Emission allowance derivatives	-1	-1	725,000	250,000
Propane derivatives	2	1	25,000	20,000
			MMBtu	MMBtu
Natural gas derivatives	0	-1	1,372,182	2,164,493
	-27	-8		

Hierarchy of financial assets and liabilities measured at fair value on December 31, 2013

EUR million	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	1	2	0	2
Investment at fair value through profit or losss	4	-	15	19
Derivatives	-	23	-	23
	5	25	15	45
Liabilities				
Derivatives	-	50	-	50

Reconciliation of changes on level 3

EUR million	Available-for sale financial assets	Investment at fair value through profit or loss
Carrying value on Jan 1	4	55
Fair value changes	-2	-41
Transfer to level 2	-2	-
Disposals	-0	-
Carrying balance on December 31	0	15

The fair value of the level three relates mostly to investments in Talvivaara Sotkamo Ltd. Valuation of the investment to Talvivaara Sotkamo Ltd is based on the share value of Talvivaara Mining Company Plc. Change of +/- 10% in the share price of Talvivaara Mining Company Ltd leads to an increase of EUR 1 million or decrease of EUR 1 million in the value. The ownership in energy producing companies is valued at fair value. Valuation model of energy producing companies is based on discounted cash flow model, which takes into account the future prices of electricity, discount rate, inflation rate, the estimated amount of electricity to be received and estimated production costs. The valuation model is very sensitive to electricity price, +/- 10% change in electricity price leads to an increase of EUR 1 million or decrease of EUR 0 million in valuation.

The fair value of the non-current trade and other receivables is EUR 11 million (carrying amount EUR 11 million) and the fair value of long-term debt is EUR 3,189 million (carrying amount EUR 3,270 million). For other financial instruments the carrying amount is a reasonable approximation of fair value.

Key figures by quarters

EUR million	I/12	II/12	III/12	IV/12	2012	I/13	II/13	III/13	IV/13	2013
	Restated [1]									
EBITDA	61	-12	-32	-67	-50	0	-86	-50	**-29**	**-165**
EBIT margin, %	0.3	-6.3	-9.1	-21.9	-8.5	-4.6	-9.8	-8.3	**-7.7**	**-7.6**
Return on capital employed, %	0.4	-8.7	-10.0	-19.3	-8.2	-6.1	-12.0	-9.8	**-9.9**	**-10.3**
Return on equity, %	2.2	-19.1	-16.4	-43.2	-21.4	-21.1	-37.6	-39.8	**-70.0**	**-41.4**
Return on equity, continuing operations, %	2.2	-19.1	-16.4	-43.2	-21.4	-20.1	-34.7	-32.9	**-50.0**	**-34.4**
Long-term debt	1,242	1,492	1,573	2,935	2,935	2,982	2,770	3,289	**3,270**	**3,270**
Current debt	881	701	649	718	718	979	1,415	1,011	**893**	**893**
Cash and cash equivalents	-181	-195	-1,178	-222	-222	-290	-327	-439	**-607**	**-607**
Net interest-bearing debt at the end of period [2]	1,941	1,998	1,045	3,431	3,431	3,671	3,859	3,861	**3,556**	**3,556**
Capital employed at the end of period	3,700	3,612	3,514	5,623	5,623	5,740	5,614	5,293	**4,265**	**4,265**
Equity-to-assets ratio at the end of period, %	40.0	46.7	45.8	30.5	30.5	28.0	26.2	25.0	**21.5**	**21.5**
Debt-to-equity ratio at the end of period, % [2]	88.1	69.0	37.7	116.2	116.2	131.1	152.9	170.7	**188.0**	**188.0**
Earnings per share, EUR [3]	0.04	-0.09	-0.08	-0.21	-0.46	-0.07	-0.12	-0.11	**-0.17**	**-0.48**
Earnings per share from continuing operations, EUR [3]	0.04	-0.09	-0.08	-0.21	-0.46	-0.07	-0.11	-0.09	**-0.12**	**-0.40**
Earnings per share from discontinued operation, EUR [3]	-	-	-	-	-	-0,00	-0.01	-0.02	**-0.05**	**-0.08**
Equity per share at the end of period, EUR [4]	11.22	1.98	1.89	1.41	1.41	1.34	1.21	1.09	**0.91**	**0.91**
Capital expenditure, continuing operations [5]	79	93	98	2,879	3,149	68	30	40	**45**	**183**
Depreciation and amortization, continuing operations	58	57	57	57	230	83	84	83	**82**	**332**
Average personnel for the period, continuing operations [6]	8,026	8,217	7,876	7,294	7,853	13,379	13,467	13,129	**12,625**	**13,150**

[1] Figures for 2012 have been restated as a result of adoption of the revised IAS 19 *Employee Benefits* standard and completion of the Inoxum acquisition accounting. Figures for Jan–Sept 2013 have been restated due to presentation of discontinued operation

[2] Definition for net interest-bearing debt has been changed. Figures for 2012 and Jan 1–Sept 30, 2013 net interest-bearing debt at the end of the period and debt-to-equity ratio at the end of the period adjusted accordingly.

[3] 2012 figures calculated based on the rights-issue-adjusted weighted average number of shares.

[4] March 31, 2012 adjusted to exclude the effect of the Outokumpu rights issue. June 30, 2012 and Sept 30, 2012 includes the shares offered and net proceeds raised in the rights issue. Dec 31, 2012 includes in addition the shares offered to ThyssenKrupp A

[5] Oct 1–Dec 31, 2012 and Jan 1–Dec 31, 2012 include Inoxum acquisition of EUR 2,720 million and acquisition-related finance leases and asset purchases of EUR 79 million.

[6] Oct 1–Dec 31, 2012 and Jan 1–Dec 31, 2012 do not include the personnel of the acquired Inoxum companies.

Market prices and exchange rates

		I/12	II/12	III/12	IV/12	2012	I/13	II/13	III/13	**IV/13**	**2013**
Market prices [1]											
Stainless steel											
Base price	EUR/t	1,185	1,182	1,155	1,167	1,172	1,177	1,137	1,043	**1,057**	**1,103**
Alloy surcharge	EUR/t	1,466	1,434	1,370	1,316	1,397	1,310	1,251	1,086	**1,026**	**1,168**
Transaction price	EUR/t	2,651	2,616	2,525	2,483	2,569	2,487	2,388	2,130	**2,083**	**2,272**
Nickel	USD/t	19,629	17,137	16,319	16,969	17,511	17,298	14,983	13,922	**13,914**	**15,012**
	EUR/t	14,991	13,385	12,741	13,206	13,641	13,107	11,457	10,510	**10,223**	**11,303**
Ferrochrome (Cr-content)	USD/lb	1.15	1.35	1.25	1.10	1.21	1.13	1.27	1.13	**1.13**	**1.16**
	EUR/kg	1.93	2.32	2.20	1.87	2.08	1.87	2.14	1.87	**1.83**	**1.93**
Molybdenum	USD/lb	14.26	13.80	11.87	11.17	12.78	11.39	10.92	9.47	**9.66**	**10.35**
	EUR/kg	23.97	23.72	20.93	18.97	21.93	19.01	18.45	15.75	**15.65**	**17.18**
Recycled steel	USD/t	414	394	362	362	381	375	342	344	**358**	**354**
	EUR/t	316	308	283	282	297	284	262	260	**263**	**267**
Exchange rates											
EUR/USD		1.311	1.281	1.250	1.297	1.285	1.321	1.306	1.324	**1.361**	**1.328**
EUR/SEK		8.853	8.913	8.435	8.623	8.704	8.497	8.565	8.680	**8.858**	**8.834**
EUR/GBP		0.835	0.810	0.792	0.807	0.811	0.851	0.851	0.855	**0.841**	**0.827**

[1] Sources of market prices:

Stainless steel: CRU - German base price, alloy surcharge and transaction price (2 mm cold rolled 304 sheet), estimates for deliveries during the period;

Nickel: London Metal Exchange (LME) 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

Definitions of key financial figures

EBITDA = Operating result before depreciation, amortization and impairments

Capital employed = Total equity + net interest-bearing debt

Operating capital = Capital employed + net tax liability

Return on equity = $\frac{\text{Net result for the financial period}}{\text{Total equity (average for the period)}} \times 100$

Return on capital employed (RO(= $\frac{\text{EBIT}}{\text{Capital employed (average for the period)}} \times 100$

Net interest-bearing debt = Long-term 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 = $\frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$

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 = $\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$