Interim report

Q1

Outokumpu stainless steel supports natural gas cables in Australia

Outokumpu supplies cable management specialist Vantrunk stainless steel for cable trays and ladders that support cable in the Gorgon natural gas project, the largest construction project ever undertaken in Australia. The material ensures up to 20-year service life in a temperature range from -50 to +450 °C. “At Vantrunk, we are committed to delivering the hightest-quality cable management solutions designed to thrive in extreme environments,” comments Vantrunk. “Outokumpu plays a key role in helping us to deliver on our customer promise.”

OUTO KUMPU

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Unsatisfactory result in a weaker than expected market environment

Highlights of the first quarter 2013

The first quarter 2013 closed with lower underlying EBIT losses versus the fourth quarter 2012 despite the challenging environment and weaker than anticipated seasonality support.

- During the first quarter of 2013, global stainless steel demand declined by 1.2% compared to Q1 2012. European stainless steel base prices increased by 3% and the average nickel price was up by 2% for the quarter compared to Q4 2012. On a year-on-year basis the average transaction price declined by 5.6%.
- Outokumpu's stainless steel external deliveries reached 703,000 tonnes (Q4 2012: 644,000 tonnes, Q1 2012: 758,000 tonnes). Sequential growth was driven by seasonality while the year-on-year reduction highlights the weak economic environment and the price increases implemented by Outokumpu during the first quarter.
- Outokumpu was able to increase stainless steel prices in Europe despite the weak market, even if not to the full extent targeted.
- The underlying EBIT for the first quarter 2013 improved to EUR -77 million (Q4 2012: EUR –162 million). Reduced losses were mainly driven by overall higher deliveries, somewhat higher prices, cost savings and the Ferrochrome ramp-up. The profitability improved in all Business Areas compared to Q4 2012 with main improvements in High Performance Stainless and Alloys (HPSA) and Stainless Coil EMEA (EMEA). Compared to Q1 2012 the underlying EBIT decreased (Q1 2012: EUR -21 million).
- Including non-recurring items of EUR -2 million (Q4 2012: EUR -142 million) and raw material-related inventory effects of EUR -3 million (Q4 2012: EUR -3 million), the EBIT was EUR -82 million (Q4 2012: EUR -307 million).
- Operating cash flow was negative at EUR 46 million (Q4 2012: comparable data not available) mainly driven by the Calvert melt shop ramp-up related working capital increase.
- Net interest-bearing debt increased to EUR 2,891 million (December 31, 2012: EUR 2,620 million), leading to a gearing of 103.3% (December 31, 2012: 88.8%).

During the first quarter Outokumpu continued the divestment process of the Terni operations and related assets as required by the European Commission. Following an ongoing dialogue and consultation with the Commission, the timeline for the transaction has been extended to accommodate the required EU regulatory process. Outokumpu expects to release further information during the second quarter of 2013.

Business outlook for the second quarter of 2013

Outokumpu reiterates its expectations of a soft first half year with improvements in underlying EBIT during the second half of 2013.

For the second quarter Outokumpu expects sequentially flat or slightly lower delivery volumes, weaker product mix and increased uncertainties from the nickel price development. These developments are expected to be partly compensated by the positive effects of the Ferrochrome and Calvert ramp-ups.

Therefore, we expect the second quarter underlying EBIT loss to be equal or slightly worse than in the first quarter. Outokumpu's operating result in the second quarter could be impacted by non-recurring items associated with the Group's on-going cost-cutting programs.

Note: This report contains comparisons to both Outokumpu stand alone as well as comparable figures for the combined entity based on management estimates. Tables that are marked as 'comparable' show the combined entity comparisons. In the text itself only comparable numbers are stated and analyzed. Terni is reported as a discontinued operation.

Group key figures

		I/13	IV/12	I/12	2012
				Restated [1]	
Sales	EUR million	**2,221**	1,004	1,304	4,538
EBITDA	EUR million	**12**	-67	61	-50
Adjustments to EBITDA [2]	EUR million	**5**	59	-1	121
Underlying EBITDA	EUR million	**17**	-9	60	71
EBIT	EUR million	**-82**	-220	3	-385
Adjustments to EBIT [3]	EUR million	**5**	145	-1	217
Underlying EBIT	EUR million	**-77**	-76	2	-168
Result before taxes	EUR million	**-140**	-269	7	-524
Net result for the period from continuing operations	EUR million	**-139**	-309	12	-536
excluding non-recurring items	EUR million	**-137**	-170	24	-336
Net result for the period	EUR million	**-152**	-309	12	-536
Earnings per share [4]	EUR	**-0.07**	-0.21	0.04	-0.46
excluding non-recurring items [4]	EUR	**-0.07**	-0.11	0.09	-0.29
Return on capital employed	%	**-5.8**	-19.4	0.4	-8.2
excluding non-recurring items	%	**-5.7**	-7.1	1.7	-4.0
Net cash generated from operating activities	EUR million	**-46**	45	116	266
Capital expenditure, continuing operations [5]	EUR million	**82**	2,885	79	3,155
Net interest-bearing debt at the end of period [6]	EUR million	**2,891**	2,620	1,495	2,620
Debt-to-equity ratio at the end of period [6]	%	**103.3**	88.8	80.0	88.8
External deliveries	1,000 tonnes	**721**	351	418	1,495
Stainless steel external deliveries [7]	1,000 tonnes	**703**	337	399	1,428
Stainless steel base price [8]	EUR/tonne	**1,177**	1,167	1,185	1,172
Personnel at the end of period, continuing operations		**15,705**	16,649	7,968	16,649

[1] Figures for 2012 have been restated due to change in accounting principle of defined benefit plans and other long-term employee benefits, and adoption of revised IAS 19 standard.

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

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

[4] 2012 figures calculated based on the rights-issue-adjusted weighted average number of shares.

[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] March 31, 2012 adjusted to exclude the effect of the rights issue. Debt-to-equity ratio, including the effect of the rights issue, on March 31, 2012 was 67.8%.

[7] Excludes ferrochrome deliveries, includes high performance alloy deliveries.

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

Raw material-related inventory gains or losses

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.

Group key figures, comparable

		I/13	IV/12	I/12	2012
Sales	EUR million	**2,221**	2,067	2,648	9,458
EBITDA	EUR million	**12**	-117	73	-176
Adjustments to EBITDA [1)]	EUR million	**5**	59	-5	203
Underlying EBITDA	EUR million	**17**	-58	68	27
EBIT	EUR million	**-82**	-307	-58	-692
Adjustments to EBIT [2)]	EUR million	**5**	145	37	344
Underlying EBIT	EUR million	**-77**	-162	-21	-348
Capital expenditure, continuing operations [3)]	EUR million	**82**	254	181	821
External deliveries	1,000 tonnes	**721**	658	777	2,853
Stainless steel external deliveries [4)]	1,000 tonnes	**703**	644	758	2,786
Personnel at the end of period, continuing operations		**15,705**	16,649	17,351	16,649

[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 include acquisition-related finance leases and asset purchases of EUR 79 million.

[4)] Excludes ferrochrome deliveries, includes high performance alloy deliveries.

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CEO Mika Seitovirta:

"The first quarter of 2013 was marked by the start of the combined entity after Outokumpu's acquisition of Inoxum took effect on December 28, 2012. Integration of the new Outokumpu has progressed well and we are implementing the new strategy with full speed. Importantly we have been able to maintain a high level of customer service and satisfaction during the first months of the combined entity.

The stainless steel market remained challenging during the quarter, mainly driven by the continued economic weakness in Europe and partially also in the US. The first quarter is typically supported by strong seasonality but this year the seasonality had a more muted effect than previous years. This resulted in lower than targeted stainless steel base price increases during the quarter. We will continue to aim for higher prices during 2013 in order to support the turnaround of Outokumpu.

On the positive side, results of our High Performance Stainless and Alloys, specifically specialty stainless, and EMEA units clearly improved from the fourth quarter 2012 – driven by volume growth, price increases, cost savings, and the Ferrochrome production ramp-up. Acquisition-related synergy savings amounted to EUR 16 million and we are well on target to reach the planned EUR 50 million synergy savings this year. However, overall profitability remained at an unsatisfactory level and we are taking decisive actions to turn Outokumpu back to profitability.

During the quarter, our operating cash flow turned negative, mainly driven by the planned ramp-up of the Calvert, US melt shop. Our focus is on working capital management and improved financial performance and operating cash flow for the remainder of the year.

The P150 savings program is progressing as planned and we expect to achieve EUR 30-50 million savings in 2013 and to reach the planned annual EUR 150 million savings in full by end of 2014. As part of the synergy and P150 savings programs, we have today announced further details on planned headcount reductions to significantly reduce our operating expenses. With the new planned actions, we expect the global headcount reduction to reach 2,500 by 2017.

Outokumpu's transformation requires tough decisions but I am confident that the chosen strategy and actions will enable us to turn to profitability and maximize the opportunities we have as the global leader in stainless steel and high performance alloys."

Update on strategic initiatives

Inoxum integration under way – synergy savings on track

This was the first quarter of the fully combined operation of the new Group. Integration started with the closing of the Inoxum transaction on December 28, 2012 and was a major focus during the first quarter. The new organizational set-up was completed and the new structure implemented throughout the organization.

Synergy savings are well on track and the targets of EUR 50 million for 2013 and EUR 200 million overall by 2017 remain unchanged.

Synergy savings achieved in Q1 2013 versus targets

EUR million	Q1 2013	Target 2013	Target 2017
Total Synergies	16	50	200
of which: Production optimization	13%	~35%	
of which: Procurement	84%	~45%	
of which: Sales & Admin	3%	~20%	

The table above shows the good progress achieved within the first 90 days of the combined entity. The fast ramp-down of the Krefeld melt shop has aided this process as well as the procurement savings. On the other hand, some challenges have been identified: for example, in business areas Americas and HPSA. Overall, the achievement of the EUR 50 million synergy savings for 2013 are well under way and will be achieved.

The remedy sale is continuing and Outokumpu is currently evaluating the bids. Following an ongoing dialogue and consultation with the European Commission, the timeline for the transaction has been extended to accommodate the required EU regulatory process. Outokumpu expects to release further information during Q2 2013.

Ongoing value-enhancing and new cost-saving projects

Ferrochrome production ramp-up

The ramp-up of new capacity has progressed as planned during the first three months of 2013, with expected ferrochrome production of approximately 400,000 tonnes unchanged for 2013 (2012: 230,000 tonnes) and full production capacity of 530,000 tonnes in 2015. During the first quarter 2013 work was progressing slightly ahead of schedule and ferrochrome production of 97,000 tonnes was reached.

Calvert integrated mill ramp-up progressing as planned

The Calvert melt shop ramp-up is proceeding ahead of plans. The melt shop has progressed from its first melt in November 2012 to produce a range of austenitic as well as ferritic slabs. The melt shop made good progress in all widths, producing all sizes, from 36 inch to 72 inch wide. The produced slabs and black hot band will be used in the Calvert mill and delivered to the mill in Mexico, thereby reducing the imports from Europe to North America and improving the ability to deliver to the customers with shorter delivery times. The hot rolling mill is performing in line with expectations and the ramp-up is proceeding well. The focus going forward will remain on delivery performance and a ‘first time right’ approach.

The new P150 is progressing well

Outokumpu continues its strict focus on cost management with the new P150 cost reduction program introduced earlier this year. 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. This is in addition to the EUR 60 million still to affect the bottom line from last year’s P100 program. Under the new P150 program, EUR 30-50 million is expected to be effective in 2013. The main drivers of the program are further head count and general and administration cost reductions, and savings in IT and in procurement. This applies to the corporate functions and the Business Areas.

P300 program shows first positive effects

In February 2013 Outokumpu announced a new cash flow and working capital management reduction program, P300. Finalization of this program is expected by the end of 2014. The first quarter of 2013 was used for planning and establishment of a combined data basis. The program target is a net working capital reduction of EUR 300 million (approx. EUR 150 million during 2013) to be achieved through inventory reduction, accounts receivable, and accounts payable management. In the first quarter of 2013, inventory levels increased as anticipated mainly due to effects related to the ramp-up of the integrated mill in Calvert, USA.

Tubinoxia becomes majority shareholder in the OSTP tubular joint venture

On January 18, 2013, Outokumpu announced that Tubinoxia S.r.l., Outokumpu’s partner in the OSTP tubular joint venture, had exercised its call option and thus increased its stake in OSTP from 36% to 51%. The OSTP joint venture was formed in July 2011 when Outokumpu decided to exit the tubular business as part of its restructuring program. Outokumpu maintains a non-controlling interest of 49% in the company. Both the consideration and the impact of the transaction on Outokumpu's financial statements were marginal.

Market development

Continued growth in global demand for stainless steel in APAC, decline in Europe and Americas

Global real demand for stainless steel products totaled 7.6 million tonnes in the first quarter of 2013, down by 1.2% compared to the first quarter of 2012. In EMEA and Americas regions consumption levels decreased by 2.8% and 5.4% respectively year-on-year, while consumption in APAC remained flat. Compared to the fourth quarter 2012, global demand for total stainless steel increased by 0.7% mainly driven by increased consumption in APAC.

Market development for real demand total stainless steel products in Q1 2013

Million tonnes	2012	Q1 2012	Q4 2012	Q1 2013	Δ y-o-y	Δ q-o-q
EMEA	6.8	1.7	1.7	1.6	-2.8%	-3.7%
Americas	3.4	0.8	0.8	0.8	-5.4%	-2.8%
APAC	20.7	5.2	5.1	5.2	0.0%	2.7%
Total	**30.8**	**7.7**	**7.6**	**7.6**	**-1.2%**	**0.7%**

Source: SMR April 2013

In the Consumer Goods & Medical, Automotive and Metal Processing segments demand decreased in the first quarter by 1.7%, 3.6% and 6.4%, respectively, compared to the first quarter of 2012. On the other hand, growth was seen in the segments Chemical/Petrochemical & Energy and Architecture/Building & Construction with year-on year growth rates of 2.5% and 1.7%, respectively.

The imports into EU reached 22% of the total consumption in the first quarter of 2013 which is above the average level of 18% in 2012. The largest countries in terms of imports to the EU included China, South Korea, India, South Africa, Taiwan, and the USA. Average imports to the NAFTA region in January 2013 are estimated to represent approximately 17% of total demand in the NAFTA region, slightly below the average level of 19% in 2012. (Source: Eurofer April 2013).

Stainless steel transaction prices

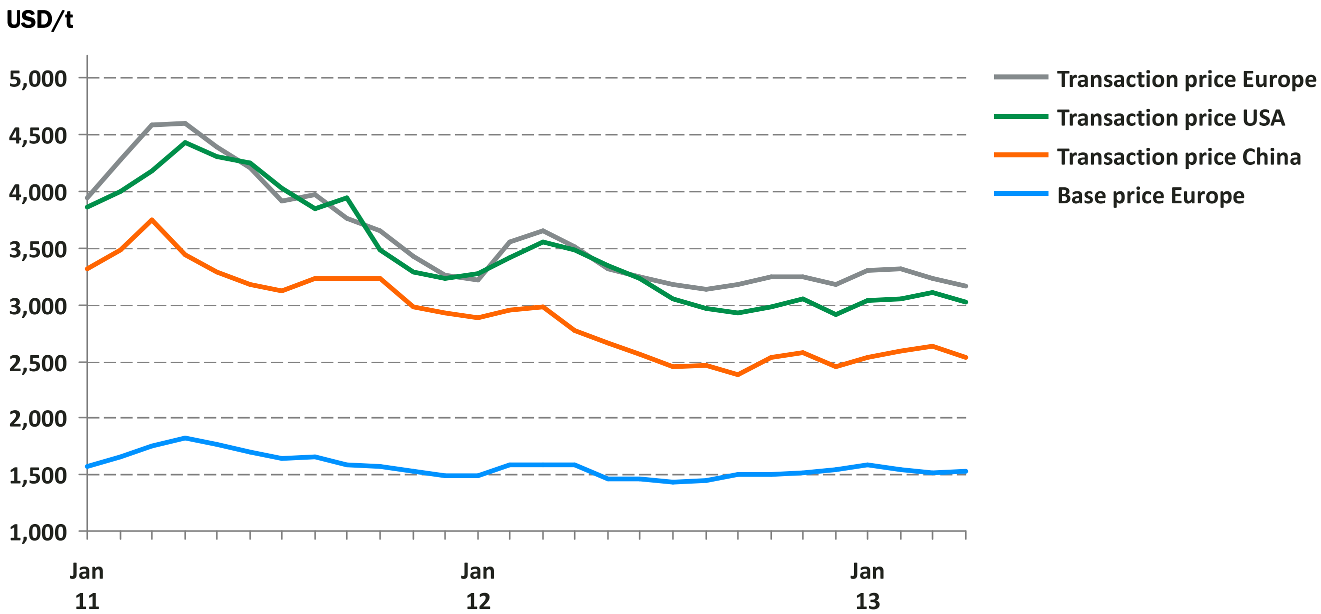
Average transaction prices (base price plus alloy surcharge) for 2mm cold-rolled 304 stainless steel sheet in Europe, the USA, and China recovered slightly in the first quarter of 2013 compared to the fourth quarter of 2012. In Europe, the base price increased by roughly 3%, whereas the alloy surcharge remained practically flat. In the USA the increase in the alloy surcharge by 4% was the main price driver quarter-on-quarter. Transaction price differences between Europe and China remained stable compared to the fourth quarter 2012. Despite the recent increase, average transaction price levels still remained significantly under the levels of last year's first quarter with a decline by 10.2% and 12.0% in the USA and China respectively and a drop of 5.6% in Europe.

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

USD/t		2012	Q1 2012	Q4 2012	Q1 2013	Δ y-o-y	Δ q-o-q
Europe	Base	1,508	1,554	1,513	1,554	0.0%	2.7%
	Alloy	1,797	1,922	1,707	1,730	-10.0%	1.3%
	Transaction price	3,304	3,477	3,220	3,283	-5.6%	2.0%
USA	Base	1,340	1,367	1,301	1,323	-3.2%	1.7%
	Alloy	1,841	2,046	1,680	1,742	-14.9%	3.7%
	Transaction price	3,182	3,413	2,981	3,064	-10.2%	2.8%
China	Transaction price	2,641	2,940	2,523	2,587	-12.0%	2.5%

Source: CRU April 2013

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



Source: CRU (up to and including April 2013)

Price development of alloying metals

The nickel price[1] started to strengthen in late January upon signs of an improved global economy and expectations on stainless re-stocking, and hit its highest level for the quarter of 18,600 USD/tonne in early February. Concerns over Chinese metals demand and the global economy resulted in the price declining from early February until the end of the month, when it reached 16,425 USD/tonnes, its lowest level for the quarter. The average nickel price in the quarter was 17,310 USD/tonne, 2% higher than 16,967 USD/tonne in the fourth quarter of 2012.

The European benchmark price[2] for ferrochrome rose to 1.125 USD/lb in the quarter, up from 1.10 USD/lb in the fourth quarter 2012, driven by expectations of improved demand for stainless steel and the reduced South African ferrochrome supply due to power availability constraints of the national electricity supplier. For the second quarter of 2013 the quarterly benchmark price for ferrochrome settled at 1.27 USD/lb.

The ferro-molybdenum price[3] hit its highest level for the quarter at 29.5 USD/kg in early January, after which it declined to its lowest level for the quarter at 26.8 USD/kg at the end of March. The average price for the quarter was 28.2 USD/kg, up by 2% from 27.7 USD/kg in the fourth quarter 2012.

1) Nickel Cash LME Daily Official USD per tonne
2) Ferro-chrome Lumpy CR charge basis 52% Cr quarterly major European destinations USD per lb Cr
3) Ferro-molybdenum according to average of high and low price published by Metal Bulletin twice a week

Business areas

The new Outokumpu is organized into the following Business Areas (BA) with responsibility for sales, profitability, production, and supply chain management:

- Stainless Coil EMEA (including Ferrochrome)
- Stainless Coil Americas
- Stainless APAC
- High Performance Stainless and Alloys

Stainless Coil EMEA

Stainless Coil EMEA (EMEA) produces high-volume and tailored stainless steel grades and is the largest of Outokumpu's Business Areas. The whole spectrum of stainless steel grades – produced in a variety of surfaces by EMEA – are primarily used in the automotive, heavy transport, white goods, building and construction, and in process industries. Outokumpu's operations in Stainless Coil EMEA include stainless steel production in: Tornio, Finland; Krefeld, Bochum, Dillenburg, Dahlerbrück, and Benrath, Germany; a finishing unit in Terneuzen, the Netherlands; and an extensive sales network across the EMEA region. As part of the EMEA, the Group also operates its own chromite mine in Kemi and ferrochrome operations in Tornio, both in Finland.

The key focus of EMEA in 2013 is to maintain and expand Outokumpu's strong European Stainless Coil position through customer, product, and operational leadership, to increase capacity utilization through closure of the Krefeld melt shop, and to drive cost efficiency by leveraging the new company's own chromite mine and ferrochrome production.

The first quarter of 2013 was dedicated to the integration of Inoxum into Outokumpu and the development of a cost-effective industrial platform as well as ensuring a continued high level of customer service. The step-wise ramp-down of the Krefeld melt shop has led to increased volumes for both Tornio and Bochum. Continuous work is being carried out to ensure the smooth progress of additional products being moved from Krefeld to Tornio as Krefeld melt shop is closing down fully by year end thereby reducing installed melting capacity by 600,000 tonnes.

Stainless Coil EMEA key figures, comparable

		I/12	II/12	III/12	IV/12	2012	**I/13**
Total deliveries	1,000 tonnes	507	484	435	442	1,867	**498**
Stainless steel deliveries	1,000 tonnes	474	461	409	408	1,752	**447**
Sales	EUR million	1,630	1,642	1,379	1,331	5,982	**1,397**
EBITDA	EUR million	55	-58	-14	-19	-35	**20**
Non-recurring items in EBITDA	EUR million	-	-62	-3	-7	-71	**-**
EBIT	EUR million	-35	-114	-63	-65	-276	**-28**
Non-recurring items in EBIT	EUR million	-42	-71	-6	-7	-126	**-**

EMEA closed the first quarter with an EBITDA of EUR 20 million, which was improved from EUR -19 million in Q4 2012 but reduced from Q1 2012 which was EUR 55 million. The main reason for the overall deterioration compared to Q1 2012 was the weaker market environment and lower seasonality support.

EBIT amounted to EUR -28 million – a clear improvement compared to the EUR -65 million in Q4 2012. This was achieved partly by increased stainless steel deliveries of 447,000 tonnes versus 408,000 tonnes in Q4 2012 that enabled improvement in capacity utilization. In addition, lower fixed and variable costs (especially in scrap procurement) as a result of the synergy savings and the concluded P100 program contributed to reduced losses.

The higher base prices for stainless steel mainly affected our distributor sales as these are more spot-price driven, while the end-customer sales operate more on a fixed/longer-term contract basis, which were to a large degree agreed in Q4 2012.

The better than expected first quarter performance of EMEA was also due to the smooth ramp-up of the ferrochrome production. Ferrochrome production during the first quarter was in line with targets reaching volumes of 97,000 tonnes at the three Electric Arc Furnaces, with the new Electric Arc Furnace 3 reaching in March roughly two thirds of the targeted full capacity. The project and the production ramp-up is proceeding well with normal modifications and fine-tuning to machinery and equipment on-going.

Stainless Coil Americas

Stainless Coil Americas (Americas) has production units located in Mexico and the USA, as well as a service center in Argentina. With sales offices located in the USA, Mexico, and Brazil, Stainless Coil Americas services a variety of customer segments, including distributors, automotive and transport, appliance, oil & gas, chemical & petrochemical, food & beverage processing, and construction industries.

Americas' key focus for 2013 is to build up a strong market position in the Americas market by focusing on superior product quality, technical service, and delivery reliability. Ramp-up of the Calvert integrated mill is in a central role among the 2013 priorities. In addition, Americas will focus on continuing the strong performance of the Mexican operations.

The focus for the first quarter of 2013 was the ramp-up of the Calvert plant and developing the customers market in the Americas. The Calvert melt shop ramp-up is proceeding ahead of plans. The melt shop has progressed from its first melt in November 2012 to the production of a range of austenitic as well as ferritic slabs. The melt shop made good progress in all widths, producing all sizes, from 36 inch to 72 inch wide. The produced slabs and black hot band will be both used in the Calvert mill and delivered to the mill in Mexico, thereby reducing the imports from Europe and improving the ability to deliver to the customers with shorter delivery times. The hot rolling mill is performing in line with expectations and the ramp-up is proceeding well. In addition, the cold rolling ramp-up has shown a major increase in volume in relation to Q4 2012. The focus going forward will remain on delivery performance and a 'first time right' approach.

Stainless Coil Americas key figures, comparable

		I/12	II/12	III/12	IV/12	2012	**I/13**
Deliveries	1,000 tonnes	102	90	102	105	400	**102**
Sales	EUR million	253	246	217	207	923	**202**
EBITDA	EUR million	-19	-39	-31	-44	-134	**-38**
Non-recurring items in EBITDA	EUR million	-1	-	-	-	-1	**-**
EBIT	EUR million	-29	-51	-44	-59	-182	**-55**
Non-recurring items in EBIT	EUR million	-1	-	-	-	-1	**-**

Americas improved its EBITDA in line with expectations by EUR 7 million from EUR -44 million in Q4 2012 to EUR -38 million in Q1 2013. Compared with Q1 2012 the performance deteriorated due to higher fixed cost in Calvert with only gradually increasing volumes.

EBIT improved by EUR 4 million from EUR -59 million in Q4 2012 to EUR -55 million in Q1 2013. This was mainly due to the gradual ramp-up of the Calvert facility as well as an improved performance versus Q4 2012 at the cold rolling plant in Mexico.

Stainless APAC

Stainless APAC (APAC) has the mission of strengthening the new Outokumpu's presence in the region with profitable growth, especially in demanding applications. The BA includes local manufacturing of cold-rolled stainless steel through the 60% stake in the SKS Shanghai mill and wholly-owned service centers in China and Australia; a wide product portfolio, especially in high-performance stainless and alloys; and an expanded network of sales offices, service centers, and localized stock locations.

APAC's key focus for 2013 is to contribute to the growth of Outokumpu by establishing a profitable foothold in APAC and by focusing on selected customer and product segments in which the Outokumpu offering is differentiated and adds value compared to its competitors.

Stainless APAC key figures, comparable

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

For APAC the EBITDA as well as the EBIT stayed unchanged compared to both Q4 2012 and Q1 2012 when taking into account the inventory write-down of EUR 6 million in Q4 2012.

This was on back of a stable SKS[1] performance (with an increase of own material sales vis-à-vis hire-rolling) and a still soft Chinese market leading to lower volumes and a deteriorated product mix.

1) SKS: Shanghai Krupp Stainless, Outokumpu's cold rolling mill in China.

High Performance Stainless and Alloys (HPSA)

Combining Inoxum's high-performance alloys VDM business and Outokumpu's specialty stainless activities creates a very strong actor in the market. Outokumpu now has an excellent portfolio of high-performance stainless and alloys products, which can be used in the most demanding applications, offering attractive business opportunities. Materials solutions include special grades such as duplex, high-performance austenitic, and heat-resistant stainless grades, as well as nickel, titanium, cobalt, and zirconium alloys. These materials are tailored to customer specifications to build long-lasting solutions that can withstand the harshest conditions. Production facilities of high-performance stainless include Avesta and Nyby (Special Coil), Kloster (Thin Strip), and Degerfors (Special Plate) in Sweden; Sheffield (Long products) in the UK, and New Castle (Special Plate), Wildwood, and Richburg (Long Products) in the USA. Outokumpu's VDM high-performance alloys are produced in Werdohl, Altena, Siegen, Essen, and Unna in Germany, and in Florham Park and Reno in the USA.

The key focus of High Performance Stainless and Alloys in 2013 is to identify new customers and sales opportunities to drive profitability higher, and to identify opportunities for synergy benefits in the high-performance stainless and alloys businesses.

The ongoing investment programs at the Degerfors quarto plate production facility in Sweden and at different VDM sites proceeded according to plan in the first quarter of 2013.

High Performance Stainless and Alloys key figures, comparable

		I/12	II/12	III/12	IV/12	2012	**I/13**
Deliveries	1,000 tonnes	176	157	130	134	597	**159**
Sales	EUR million	915	851	771	689	3,226	**798**
EBITDA	EUR million	61	37	25	-9	114	**35**
Non-recurring items in EBITDA	EUR million	-	-0	-1	-7	-8	**-**
EBIT	EUR million	37	14	-1	-120	-70	**14**
Non-recurring items in EBIT	EUR million	-	-0	-1	-93	-94	**-**

HPSA improved its performance sequentially with an EBITDA of EUR 35 million (Q4 2012: EUR -9 million). This was achieved by 18% higher deliveries, increased prices and reduced fixed cost. The first quarter performance stayed below the comparable quarter in 2012 with a 10% lower delivery volume due to weaker project activity and the tough competitive environment. Q1 2013 stayed below Q1 2012 which had an EBITDA of EUR 61 million.

EBIT improved to EUR 14 million (Q4 2012: EUR -120 million). Next to the reduction in NRI, this was to a large degree due to a turnaround at the special coil operations with higher deliveries and a better product mix, showing the success of the restructuring efforts of the past. Positive contributions came also from special plate as well as long products.

Financial performance

Supported by seasonal effects, Outokumpu's first quarter stainless steel external deliveries increased by 9% to 703,000 tonnes compared to the fourth quarter of 2012. Despite the overall lackluster market demand during Q1 2013, the underlying EBIT was reduced from EUR -162 million in Q4 2012 to EUR -77 million in Q1 2013. The main contributing factors were an improved performance of EMEA with increased deliveries, improved HPSA deliveries, and a reduction of the loss in Americas. Compared to Q1 2012 the performance deteriorated due to the weak market environment and weaker seasonality support.

The Calvert ramp-up and the subsequent working capital increase was the main reason for a negative operating cash flow of EUR 46 million leading to a higher gearing of 103.3% (December 31, 2012: 88.8%).

Note: This report contains comparisons to both Outokumpu stand alone as well as comparable figures for the combined entity based on management estimates. Tables that are marked with 'comparable' show the combined entity comparisons. In the text itself only comparable numbers will be stated and analyzed. Terni is reported as discontinued operation.

Slight increase in stainless steel deliveries

External deliveries of stainless steel in the first quarter of 2013 were up by 9% and totaled 703,000 tonnes (Q4 2012: 644,000 tonnes). Demand in Europe was negatively affected by declining metal prices after a good start in January and less support of restocking than usual in the first quarter. External ferrochrome deliveries totaled 18,000 tonnes in the first quarter (Q4 2012: 14,000 tonnes). Total external deliveries amounted to 721,000 tonnes representing an increase of 10% compared to 658,000 tonnes in the fourth quarter of 2012.

Capacity utilization of Group operations in the first quarter 2013 improved to 75-80% (revised 2012 average: 70-75%). This is in line with expectations for a first quarter.

Group external deliveries, comparable

1,000 tonnes	I/12	II/12	III/12	IV/12	2012	**I/13**
Cold rolled	525	465	466	458	1,914	**483**
White hot strip	126	109	97	96	428	**101**
Quarto plate	26	23	21	19	88	**23**
Long products	16	16	14	13	59	**14**
Semi-finished products	70	116	70	64	320	**93**
Stainless steel [1)]	51	95	56	50	252	**75**
Ferrochrome	19	21	14	14	68	**18**
Tubular products	14	12	9	9	44	**6**
Total external deliveries	777	741	677	658	2,853	**721**
Stainless steel external deliveries	758	720	663	644	2,786	**703**

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

Sales and earnings increased in a challenging environment

Group sales in the first quarter of 2013 increased by 7.5% to EUR 2,221 million compared to the fourth quarter 2012 of EUR 2,067 million based on higher delivery volumes and slightly increased prices but stayed 16% below the previous year's first quarter of EUR 2,648 million.

Group key figures, comparable

EUR million	I/12	II/12	III/12	IV/12	2012	**I/13**
Sales						
Stainless Coil EMEA	1,630	1,642	1,379	1,331	5,982	1,397
Stainless Coil Americas	253	246	217	207	923	202
Stainless APAC	74	75	67	79	294	85
High Performance Stainless and Alloys	915	851	771	689	3,226	798
Other operations	158	166	108	137	569	101
Intra-group sales	-382	-430	-350	-376	-1,537	-362
Sales	2,648	2,551	2,192	2,067	9,458	2,221
EBITDA	73	-91	-40	-117	-176	**12**
Underlying EBITDA [1)]	68	17	0	-58	27	**17**
Non-recurring items in EBITDA	-13	-85	-15	-56	-170	**-2**
EBIT	-58	-190	-137	-307	-692	**-82**
Underlying EBIT [2)]	-21	-72	-93	-162	-348	**-77**
Non-recurring items in EBIT	-55	-95	-18	-142	-310	**-2**

[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.

In the first quarter of 2013, Outokumpu was able to increase stainless steel prices despite the overall weak demand, even if not to the full extent targeted. The base price was below the base prices reported by CRU for German 304 sheet. The average base price by CRU for Q1 2013 was 1,177 EUR/tonne compared to the average price 2012 of 1,172 EUR/tonne.

The higher level of sales had a positive impact on EBITDA, which improved to EUR 12 million during the first quarter of 2013 (Q4 2012: EUR -117 million, Q1 2012: EUR 73 million). Adjusted for NRI and raw material-related inventory gains/losses EBITDA was EUR 17 (Q4 2012: EUR -58 million, Q1 2012: EUR 68 million). Depreciation and amortization was EUR 89 million in Q1 (Q4 2012: EUR 94 million).

The first quarter underlying EBIT was EUR -77 million (Q4 2012: EUR -162 million). The improvement was due to the better performance of EMEA with increased deliveries and somewhat higher prices, the ferrochrome ramp-up as well as reduced cost as a result of synergy savings and the P100 program concluded last year. Special coils were also much improved, leading to HPSA contributing positively after a loss in Q4 2012 with higher deliveries and reduced fixed cost. Last, the continuing ramp-up of Calvert also contributed to the overall improvement with reduced losses.

Non-recurring items in EBIT, comparable

EUR million	**Jan 1–March 31, 2013**	Jan 1–March 31, 2012	Jan 1–Dec 31, 2012
Costs related to Inoxum transaction	**-2**	-13	-64
Nyby and Kloster impairments	**-**	-	-86
Aged inventory write-downs	-	-	-19
Losses from divestment of the Group's Brass operations	-	-	-18
Impairment of stock locations divestment	**-**	-	-10
Redundancy provisions	-	-	-3
Non-recurring items in Inoxum [1)]	-	-43	-111
	-2	-55	-310

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

Non-recurring items of EUR -2 million for the first quarter 2013 are related to the Inoxum transaction. Including raw material-related inventory effects of EUR -3 million (Q4 2012: EUR -3 million), total adjustments to EBIT amounted to EUR -5 million in the first three months of 2013.

Financial expenses higher due to increased debt

Net financial income and expenses in the first quarter totaled EUR -59 million (Q4 2012: not available). Included are market price gains and losses of EUR -14 million in Q1 2013 (Q4 2012: not available). The financial expenses for Q1 2013 are affected by increased interest expense of EUR 45 million (Q4 2012: not available) due to the higher debt level.

Financial expenses in the first quarter include a negative change of EUR 17 million (Q4 2012: EUR -28 million) for the EUR 37 million remaining 16% stake in Talvivaara Sotkamo Ltd due to the decline in the share price of Talvivaara Mining Company Plc during the quarter.

Negative net result for the period

The net result for the first quarter of 2013 was EUR -152 million (Q4 2012: not available) of which EUR -139 million was related to the continuing operations and EUR -13 million to the discontinued operations. The results for the discontinued operations show the results of Terni.
Earnings per share based on continuing operations was EUR -0.07 (Q4 2012: not available).

Negative operating cash flow driven by Calvert ramp-up

Operating cash flow was negative at EUR 46 million (Q4 2012: not available) mainly due to net working capital increase at Calvert.

Summary of cash flows

EUR million	Jan–March 2013	Oct–Dec 2012	Jan–March 2012	Jan–Dec 2012
Net result for the period [1)]	**-152**	-309	12	-536
Non-cash adjustments [1)]	**145**	287	32	478
Change in working capital	**-22**	76	87	394
Dividends received	**-**	-	-	0
Interests received	**0**	1	1	3
Interests paid	**-16**	-12	-15	-72
Income taxes paid	**-1**	2	-	-1
Net cash from operating activities	**-46**	45	116	266
Subsidiaries acquired, net of cash	-	-915	-	-915
Purchases of assets	**-178**	-70	-65	-302
Proceeds from the sale of assets	**-1**	-	1	20
Other investing cash flow	**-7**	0	0	0
Net cash from investing activities	**-186**	-984	-64	-1,196
Cash flow before financing activities	**-232**	-939	51	-929
Net cash from financing activities	**295**	-12	-35	994
Net change in cash and cash equivalents	**63**	-951	16	65

[1)] Figures for 2012 have been restated due to change in accounting principle of defined benefit plans and other long-term employee benefits and adoption of revised IAS 19

Cash flows of 2013 are presented for continuing operations.

Net cash from operating activities in the first quarter totaled EUR -46 million (Q4 2012: not available). This was driven by the negative operating result and increased net working capital by EUR 22 million. Calvert contributed most to the increased net working capital requirements while EMEA was releasing working capital.

The net cash from investing activities was EUR -186 million and in addition to the Q1 capital expenditure it included ending of project supplier finance of EUR 70 million and EUR 25 million of cash payments related to capital expenditure for Q4 2012 and paid in Q1 2013 related to the Inoxum transaction.

Net interest-bearing debt at the end of March 2013 totaled EUR 2,891 million, an increase of EUR 270 million compared to the end of 2012 (December 31, 2012: EUR 2,620 million). The increase was driven by the losses of the first quarter as well as the negative cash flow due to working capital changes and cash flow from investing activities. Outokumpu's gearing was 103.3% on March 31, 2013 (December 31, 2012: 88.8%), above the Group's target maximum of 75%.

Capital expenditure still driven by Calvert and ferrochrome ramp-up

Capital expenditure totaled EUR 82 million in the first quarter of 2013 (Q4 2012: EUR 254 million). This was mainly spent on mandatory & maintenance, the finalization of the Calvert integrated mill (spent in Q1 2013 EUR 22 million), the ferrochrome project, VDM as well as the quarto plate project in Degerfors.

Balance sheet shows higher gearing

Summary of statement of financial position

EUR million	31 March 2013	31 March 2012 Restated [1]	31 Dec 2012
ASSETS			
Non-current assets	**4,689**	2,899	4,658
Current assets	**3,985**	2,612	3,687
Assets held for sale	**1,334**	-	1,326
TOTAL ASSETS	**10,008**	5,511	9,671
EQUITY AND LIABILITIES			
Equity	**2,799**	2,204	2,952
Non-current liabilities	**3,643**	1,444	3,611
Current liabilities	**2,773**	1,863	2,321
Liabilities directly attributable to assets held for sale	**793**	-	786
TOTAL EQUITY AND LIABILITIES	**10,008**	5,511	9,671

[1] Figures for 2012 have been restated due to change in accounting principle of defined benefit plans and other long-term employee benefits and adoption of revised IAS 19 standard.

Total assets increased slightly by 3.5% to EUR 10,008 million, out of which EUR 3,985 million were current assets, consisting to a large degree of inventories with EUR 2,368 million. The increase of current assets of 8% stems from trade and other receivables with +18%. The reason for this increase is the seasonally higher increased deliveries versus Q4. Cash is up from EUR 222 million per year end to EUR 290 million.

Assets held for sale and liabilities related to these assets, including the remedy assets and related liabilities, are EUR 1,334 million (December 31, 2012: EUR 1,326 million) and EUR 793 million (December 31, 2012: EUR 786 million), respectively. These figures combine to a net value of EUR 542 million (December 31, 2012: EUR 539 million) for Terni and Willich on the balance sheet.

Goodwill is unchanged at EUR 480 million (including the Inoxum transaction goodwill of EUR 7 million).

Equity decreased by 5% to EUR 2,799 million (December 31, 2012: EUR 2,952 million) after adjustment for net losses for the period. Short-term interest-bearing liabilities increased by EUR 310 million to EUR 1,073 million, and consist mainly of commercial papers (EUR 324 million, short-term loans from financial institutions EUR 198 million and the current portion of long-term debt EUR 447 million). The debt increased due to the operating losses, the increase in working capital mainly due to the Calvert ramp-up as well as the capital expenditure during the first quarter. Financing was also provided by a EUR 143 million increase in short-term trade and other payables.

Outokumpu has 12 months from the closing of the Inoxum transaction for further Purchase Price Allocation adjustments to the opening balance sheet.

Financing

Cash and liquidity reserves

Cash increased from EUR 222 million to EUR 290 million, while the overall liquidity reserves are now at approximately EUR 1 billion (December 31, 2012: EUR 1.5 billion). This decrease was driven by the maturity structure of the facilities and the negative cash flow before financing in the first quarter. Additionally, Outokumpu has some short-term facilities available, which mature within 360 days and are therefore not calculated as liquidity reserves.

Refinancing project

Outokumpu is currently in negotiations to refinance the EUR 250 million revolving credit facility maturing in June 2013 and the EUR 750 million revolving credit facility (maturing in May 2014).

People

At the end of the first quarter 2013, Outokumpu's headcount for continued operations totaled 15,705 (December 31, 2012: 16,649) and averaged 15,966 during the first three months of the year. The increase in the number of employees compared to the first quarter of 2012 was related to the integration of Inoxum employees. The lost-time injury rate (lost-time accidents per million working hours) in Q1 for own personnel was 5.0 (Q1 2012: 5.9), and the Group's 2013 target of less than 4.5 was not achieved. Common safety reporting has been implemented through the combined company.

In response to the challenging market situation, Outokumpu initiated further actions to reduce costs and enable the Group to achieve sustainable profitability. In connection with the new P150 cost savings program, further headcount reductions are being discussed.

Personnel at the end of reporting period, comparable

	I/13	IV/12	I/12	2012
Stainless Coil EMEA	7,795	7,977	8,394	7,977
Stainless Coil Americas	2,020	1,974	1,842	1,974
Stainless APAC	654	662	647	662
High Performance Stainless and Alloys	4,776	4,764	4,987	4,764
Other operations	460	1,272	1,481	1,272
Continuing operations	15,705	16,649	17,351	16,649

Market and business outlook

Market outlook

Global real demand for total stainless steel products totaled 7.6 million tonnes in the first quarter of 2013. For the second, third, and fourth quarters of 2013, expected real demand levels are 7.8, 8.3, and 8.4 million tonnes, respectively. Total global real demand for 2013 is estimated at 32.1 million tonnes, up by 4% compared to 2012. Growth in 2013 is forecasted to be mainly driven by increased consumption in APAC (5.9% compared to 2012) and in Americas (2.4% compared to 2012). In EMEA, total stainless steel demand is estimated to decline slightly (-1.0% compared to 2012).

Market development for real demand total stainless steel products in 2013

Million tonnes	2012	Q1	Q2[1)]	Q3[1)]	Q4[1)]	2013[1)]
EMEA	6.8	1.6	1.7	1.6	1.8	6.7
Americas	3.4	0.8	0.9	0.9	0.9	3.4
APAC	20.7	5.2	5.3	5.7	5.8	22.0
Total	30.8	7.6	7.8	8.3	8.4	32.1

Source: SMR April 2013
[1)] 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. SMR forecasts an average annual growth rate of 4.8% for global stainless steel consumption between 2012 and 2015, with growth mainly attributable to increased demand from the Chemical/Petrochemical & Energy (6.1%), Metal Processing (5.6%), and Architecture/Building & Construction (5.6%) segments. Between 2012 and 2015, the Heavy Industries, Automotive and Consumer Goods & Medical segments are expected to grow at average annual growth rates of 5.5%, 4.1%, and 4.1%, respectively.

Sources: SMR April 2013

Business outlook for the second quarter of 2013

Outokumpu reiterates its expectations of a soft first half year with improvements in underlying EBIT during the second half of 2013.

For the second quarter Outokumpu expects sequentially flat or slightly lower delivery volumes, weaker product mix and increased uncertainties from the nickel price development. These developments are expected to be partly compensated by the positive effects of the Ferrochrome and Calvert ramp-ups.

Therefore, we expect the second quarter underlying EBIT loss to be equal or slightly worse than in the first quarter. Outokumpu's operating result in the second quarter could be impacted by non-recurring items associated with the Group's on-going cost-cutting programs.

Key targets:

The previously stated targets for 2013 remain largely unchanged:

- Stronger performance during the second half of the year expected as a result of improved financial performance by both ferrochrome operations and the Stainless Coil Americas Business Area, synergy cost savings and targeted price increases.
- Capital expenditure is expected to decline to approximately EUR 350 million in 2013 (FY 2012: approximately EUR 821[1] million).
- Synergy savings connected with the Inoxum integration expected to reach EUR 50 million during 2013.
- Savings from the P100 program to reach EUR 100 million in 2013 (out of which approximately EUR 40 million reflected in 2012 financials).
- Savings from the P150 program is expected to reach EUR 30-50 million in 2013; and to reach the full targeted EUR 150 million level for full year 2015.
- Ferrochrome production targeted to grow to approximately 400,000 tonnes in 2013 (FY 2012: 230,000 tonnes).
- A clear reduction in losses at the Calvert, US integrated mill operations is expected in 2013. EBIT for the Stainless Coil Americas Business Area is targeted to be positive for 2014.

[1] Includes EUR 79 million asset purchase and finance lease done in 2012 by former Inoxum entities.

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. As well as supporting Outokumpu's strategy, risk management aims to identify, evaluate, and mitigate risks from the perspective of shareholders, customers, suppliers, personnel, creditors, and other stakeholders. Risks can be either external or internal and they are divided into three main categories: strategic and business risks, operational risks, and financial risks. Key risks are assessed and updated on a regular basis.

Strategic risks are related to the business portfolio, strategic decisions, and investment processes. Business risks are defined as risks for an entity's business landscape, such as changes in business environment, customer behavior, economic outlook, and regulatory risks. The key strategic and business risks currently include: the Group's ability to achieve the anticipated synergy savings from the acquisition of Inoxum, uncertainties in executing the remedy commitments required by European Commission, and optimization of production capacity after the divestments; risks related to the ramp-up of projects in Calvert, USA, and Tornio, Finland, and uncertainties related to the subsequent market entries for stainless steel and ferrochrome volumes generated from both of the projects; risks related to Outokumpu's ability to implement its strategy and business plan as an integrated company; Outokumpu's ability to expand the Group's business in growth markets; structural overcapacity and continued weak markets for stainless steel; the risk of litigation or adverse political actions affecting trade or changes that have an impact on environmental legislation.

Operational risks include inadequate or failed internal processes, employee actions, systems, or events such as natural catastrophes and misconduct or crime. Key operational risks for Outokumpu are: a major fire or accident, IT-dependence risk and a lack of harmonized IT architecture, and personnel-related risks. No significant operational risks were realized during the first quarter.

Key financial risks for Outokumpu include changes in the price of nickel, molybdenum, electricity, and fuels; currency risks associated with the euro, the Swedish krona, and the US dollar; interest rate risks connected with the euro, US dollar, and Swedish krona; risks related to Talvivaara and certain other equity prices; risks associated with a loan receivable from Luvata; other credit risks; limitations on financial flexibility and the risk of financial distress.

Short term risks and uncertainties

During the first quarter in 2013 Outokumpu has faced new challenges in trying to achieve sustainable profitability, as the new Outokumpu started its operations after the completion of the Inoxum transaction, which was completed year-end 2012. The new Outokumpu is exposed to the following risks and uncertainties in the short term: uncertainties in executing the remedy commitments required by the European Commission during Q2 2013 (e.g. the anticipated ways of completion, the terms and the price of the remedy deal); major failures or delays in achieving the anticipated synergy benefits or in cost and working capital reduction programs currently being implemented; the risks related to stainless steel market developments and competitor actions; Outokumpu's ability to refinance its syndicated loans and maintain adequate liquidity; failures or delays in ramping-up the projects in Calvert, USA, and Tornio, Finland; the risk of increase 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 Group during 2013.

From the beginning of the first quarter, the nickel price continued to increase until the start of February and remained rather stable until the end of the reporting period. A higher nickel price may eventually lead to an increase in working capital. The continuing reduction in the value of the Group's stake in Talvivaara Sotkamo Ltd since year-end had a negative impact on earnings and on the balance sheet. The possible worsening of the European debt crisis is still a clear risk, with potential negative impacts on both European markets for stainless steel and the overall business environment in Europe, including loan and debt capital markets. These adverse developments may also begin to have an impact on Outokumpu's customers' payment behavior and default rates.

Significant legal proceedings

Outokumpu published its annual report 2012 on February 25, 2013, in which it gives detailed information on pending legal proceedings. Below are additions and changes to the descriptions in the annual report.

Legal dispute over invention rights

On January 24, 2013, Outokumpu and Outotec entered into a legal dispute over invention rights related to a ferrochrome production method. Outokumpu came up with the invention and has filed the patent applications related to this invention regarding the production of ferrochrome nickel. Outotec claims it has rights to the invention and has submitted an application for summons at the District Court of Helsinki. Outokumpu finds these allegations to be completely without merit.

Lawsuits regarding a fire in ThyssenKrupp Acciai Speciali Terni S.p.A's (AST) Turin production 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 10 years and 10 months to 16 years and 6 months. The 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 lowered to a range from 7 years to 10 years. The judgment is not final as the defendants still have a right to appeal.

Environment

Outokumpu published its sustainability report together with its annual report 2012; both are available in electronic format.

Emissions into the air and discharges into water remained within permitted limits and the breaches that occurred were temporary, were identified, and caused only minimal environmental impact. Outokumpu is not a party to any significant legal or administrative proceedings concerning environmental issues, nor is it aware of any realized environmental risks that could have a material adverse effect on the company's financial position.

Despite a binding EU directive and the start of the new CO_2 Emission Trading period 2013-2020 the authorities have not yet allocated the final amounts of CO_2 emission allowances for European production units. However, Outokumpu's operations under the EU Emission Trading Scheme (ETS) will continue to receive free emissions allocations according to efficiency-based benchmarks and historical activity. Outokumpu has 13 production sites operating under ETS. The coming allocation is seen as sufficient for our operations during 2013. No external trading of emission allowances (EUA's) was carried out during Q1.

Share development and shareholders

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

Shareholders

%	March 31 2013	March 31 2012
Foreign investors	42.2	26.9
Finnish corporations	25.5	34.5
Finnish private households	16.4	21.6
Finnish public sector institutions	10.6	13.0
Finnish financial and insurance institutions	4.1	1.9
Finnish non-profit organizations	1.1	2.2
Shareholders with over 5% of shares and voting rights		
ThyssenKrupp AG	29.90	-
Solidium Oy (owned by the Finnish State)	21.84	30.84
The Social Insurance Institution of Finland	3.01	8.01

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

Share information

		Jan–March 2013	Jan–March 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 [1]		2,078,081,348	183,018,749
Average number of shares outstanding [2]		2,077,065,460	181,986,652
Average number of shares outstanding, rights-issue-adjusted [2]		2,077,065,460	280,551,686
Number of shares outstanding at the end of the period [1] [2]		2,077,065,460	182,002,861
Number of treasury shares held at the end of the period		1,015,888	1,015,888
Share price at the end of the period [3]	EUR	0.59	1.57
Average share price [3]	EUR	0.72	1.55
Highest price during the period [3]	EUR	0.85	2.10
Lowest price during the period [3]	EUR	0.59	1.29
Market capitalization at the end of period	EUR million	1,232	1,074
Share turnover [4]	million shares	373.3	267.8
Value of shares traded [4]	EUR million	268.7	864.7

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

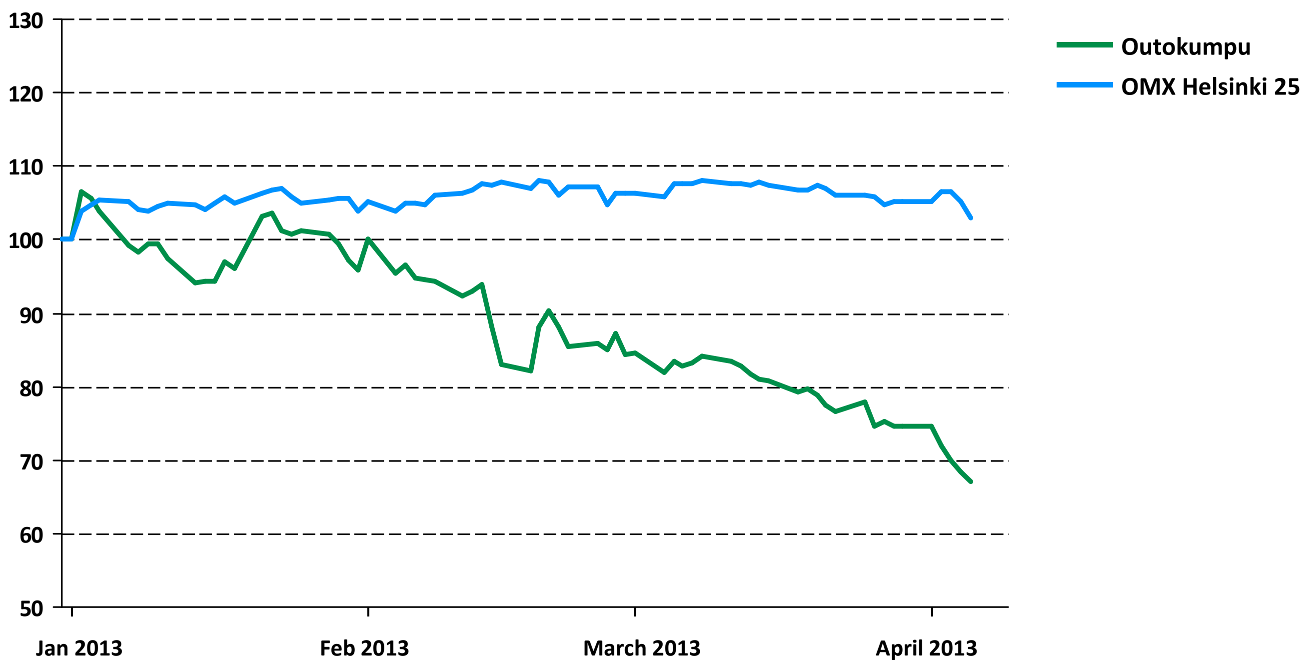
[1] The rights-issue-adjusted number of shares on Mar 31, 2012 is 281 592 561 shares of which 280 576 673 shares are outstanding.

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

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

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

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



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. Based on earlier authorizations Outokumpu currently holds 1,015,888 of its own shares.

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 current Chairman of the Board, Ole Johansson, has given notice that he is no longer available for re-election as Chairman of the Board of Directors. 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 Finlandis 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 will be purchased within two weeks from the release of the company's interim report January 1 - March 31, 2013. The shares will be 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.

Events after the end of the reporting period

Outokumpu proceeds with synergy savings and efficiency measures

As part of its intention to significantly reduce its operating expenses and return the company to profitability, Outokumpu has announced today plans that are expected to result in personnel reductions. All in all, Outokumpu expects to reduce up to 2,500 jobs between 2013 and 2017. In 2013, company plans to reduce up to 770 jobs globally. The planned reductions are related to the capacity reductions in Europe, particularly the closure of Krefeld melt shop by the end of 2013, as well as streamlining all overlapping activities in sales, production, supply chain and support functions.

Espoo, April 24, 2013

Board of Directors

Condensed consolidated financial statements

Condensed income statement

EUR million	Jan–March 2013	Oct–Dec 2012	Jan–March 2012 Restated [1]	Jan–Dec 2012
Continuing operations:				
Sales	**2,221**	1,004	1,304	4,538
Cost of sales	**-2,184**	-1,030	-1,231	-4,503
Gross margin	**37**	-25	74	35
Other operating income	**21**	3	6	23
Costs and expenses	**-127**	-98	-76	-315
Other operating expenses	**-12**	-100	-0	-128
EBIT	**-82**	-220	3	-385
Share of results in associated companies	**1**	0	0	-0
Financial income and expenses				
Interest income	**6**	3	3	13
Interest expenses	**-45**	-21	-19	-80
Market price gains and losses	**-14**	-30	22	-64
Other financial income	**0**	2	0	2
Other financial expenses	**-6**	-3	-2	-10
Result before taxes	**-140**	-269	7	-524
Income taxes	**1**	-41	5	-12
Net result for the period from continuing operations	**-139**	-309	12	-536
Net result for the period from discontinued operation	**-13**	-	-	-
Net result for the period	**-152**	-309	12	-536
Attributable to:				
Equity holders of the Company	**-151**	-308	11	-534
Non-controlling interests	**-1**	-2	0	-2
Earnings per share for result attributable to the equity holders of the Company, EUR [2] :				
Earnings per share, continuing operations (basic and diluted)	**-0.07**	-0.21	0.04	-0.46
Earnings per share, discontinued operation (basic and diluted)	**-0.01**	-	-	-
Earnings per share (basic and diluted)	**-0.07**	-0.21	0.04	-0.46

[1] Figures for 2012 have been restated due to change in accounting principle of defined benefit plans and other long-term employee benefits and adoption of revised IAS 19 standard.

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

Statement of comprehensive income

EUR million	**Jan–March 2013**	Oct–Dec 2012	Jan–March 2012	Jan–Dec 2012
		Restated 1)		
Net result for the period	**-152**	-309	12	-536
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	**8**	-10	-5	-6
Available-for-sale financial assets				
Fair value changes during the period	**1**	-3	-2	-5
Reclassification adjustments from other comprehensive income to profit or loss	**-0**	-1	-	-1
Income tax relating to available-for-sale financial assets	**-0**	1	1	1
Cash flow hedges				
Fair value changes during the period	**6**	-5	3	14
Reclassification adjustments from other comprehensive income to profit or loss	**-1**	-1	-1	-3
Income tax relating to cash flow hedges	**-1**	-11	5	-3
Items that will not be reclassified to profit or loss:				
Remeasurements on defined benefit obligation plans				
Changes during the accounting period	**2**	29	-8	-44
Income tax relating to remeasurements	**-0**	-10	2	11
Other comprehensive income for the period, net of tax	**12**	-12	-6	-36
Total comprehensive income for the period	**-140**	-321	6	-571
Attributable to:				
Equity holders of the Company	**-140**	-319	5	-569
Non-controlling interests	**0**	-2	-0	-2

1) Figures for 2012 have been restated due to change in accounting principle of defined benefit plans and other long-term employee benefits and adoption of revised IAS 19 standard.

Condensed statement of financial position

EUR million	31 March 2013	31 March 2012 Restated [1]	31 Dec 2012 Restated [1]
ASSETS			
Non-current assets			
Intangible assets	**630**	546	629
Property, plant and equipment	**3,694**	2,033	3,697
Loan receivables and other interest-bearing assets	**268**	220	234
Other receivables	**6**	20	8
Deferred tax assets	**91**	80	89
Total non-current assets	**4,689**	2,899	4,658
Current assets			
Inventories	**2,368**	1,275	2,308
Loan receivables and other interest-bearing assets	**102**	308	121
Trade and other receivables	**1,224**	848	1,037
Cash and cash equivalents	**290**	181	222
Total current assets	**3,985**	2,612	3,687
Assets held for sale	**1,334**	-	1,326
TOTAL ASSETS	**10,008**	5,511	9,671
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company	**2,788**	2,190	2,926
Non-controlling interests	**12**	14	26
Total equity	**2,799**	2,204	2,952
Non-current liabilities			
Interest-bearing liabilities	**3,019**	1,270	2,974
Deferred tax liabilities	**89**	25	90
Defined benefit and other long-term employee benefit obligations	**424**	77	434
Provisions	**102**	20	109
Trade and other payables	**8**	52	5
Total non-current liabilities	**3,643**	1,444	3,611
Current liabilities			
Interest-bearing liabilities	**1,073**	935	763
Provisions	**34**	30	36
Trade and other payables	**1,665**	898	1,522
Total current liabilities	**2,773**	1,863	2,321
Liabilities directly attributable to assets held for sale	**793**	-	786
TOTAL EQUITY AND LIABILITIES	**10,008**	5,511	9,671

[1] Figures for 2012 have been restated due to change in accounting principle of defined benefit plans and other long-term employee benefits and adoption of revised IAS 19 standard.

Statement of changes in equity

	Attributable to the owners of the parent										
EUR million	Share capital	Share 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
Restated equity on Jan 1, 2012 1)	**311**	**714**	**-**	**7**	**19**	**-76**	**-42**	**-25**	**1,127**	**14**	**2,050**
Result for the period	-	-	-	-	-	-	-	-	11	0	12
Other comprehensive income	-	-	-	-	5	-5	-6	-	-	-0	-6
Total comprehensive income for the period	-	-	-	-	5	-5	-6	-	11	0	6
Share issues 2)	-	-	148	-	-	-	-	-	-	-	148
Share-based payments	-	-	-	-	-	-	-	-0	0	-	0
Equity on March 31, 2012 1)	**311**	**714**	**148**	**7**	**24**	**-82**	**-47**	**-25**	**1,139**	**14**	**2,204**
Restated equity on Jan 1, 2013 1)	**311**	**714**	**1,462**	**7**	**22**	**-81**	**-75**	**-25**	**591**	**26**	**2,952**
Result for the period	-	-	-	-	-	-	-	-	-151	-1	-152
Other comprehensive income	-	-	-	-	4	6	2	-	-	1	12
Total comprehensive income for the period	-	-	-	-	4	6	2	-	-151	0	-140
Share-based payments	-	-	-	-	-	-	-	-	0	-	0
Disposal of subsidiary	-	-	-	-	-	-	3	-	-3	-15	-15
Equity on March 31, 2013	**311**	**714**	**1,462**	**7**	**26**	**-75**	**-71**	**-25**	**438**	**12**	**2,799**

1) Figures for 2012 have been restated due to change in accounting principle of defined benefit benefit plans and other long-term employee benefits and adoption of revised IAS 19 standard. Restatement of equity Jan 1, 2013 due to adoption of revised IAS 19 standard was immaterial.

2) Shares issued in the Outokumpu rights issue in March–April 2012 in connection with the Inoxum acquisition.

Condensed statement of cash flows

EUR million	**Jan–March 2013**	Oct–Dec 2012	Jan–March 2012	Jan–Dec 2012
Net result for the period [1]	**-152**	-309	12	-536
Adjustments				
Depreciation, amortization and impairments	**94**	153	58	336
Other non-cash adjustments [1]	**51**	134	-26	142
Change in working capital	**-22**	76	87	394
Dividends received	**-**	-	-	0
Interests received	**0**	1	1	3
Interests paid	**-16**	-12	-15	-72
Income taxes paid	**-1**	2	-	-1
Net cash from operating activities	**-46**	45	116	266
Subsidiaries acquired, net of cash	**-**	-915	-	-915
Purchases of assets	**-178**	-70	-65	-302
Proceeds from the sale of assets	**-1**	-	1	20
Other investing cash flow	**-7**	0	0	0
Net cash from investing activities	**-186**	-984	-64	-1,196
Cash flow before financing activities	**-232**	-939	51	-929
Rights issue	**-**	-1	148	972
Borrowings of long-term debt	**300**	95	96	611
Repayment of long-term debt	**-26**	-54	-51	-396
Change in current debt	**19**	-53	-81	-188
Other financing cash flow	**2**	2	-147	-3
Net cash from financing activities	**295**	-12	-35	994
Net change in cash and cash equivalents	**63**	-951	16	65
Cash and cash equivalents at the beginning of the period	**222**	1,178	168	168
Foreign exchange rate effect	**-1**	-4	-3	-11
Discontinued operations net change in cash effect	**5**	-	-	-
Net change in cash and cash equivalents	**63**	-951	16	65
Cash and cash equivalents at the end of the period	**290**	222	181	222

[1] Figures for 2012 have been restated due to change in accounting principle of defined benefit plans and other long-term employee benefits and adoption of revised IAS 19 standard.

Cash flows of 2013 are presented for continuing operations.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

This interim report 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.

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: According to the revised standard, all actuarial gains and losses are immediately recognized in other comprehensive income and the so-called corridor approach has been eliminated. In addition, finance costs are calculated on a net funding basis. Outokumpu already eliminated the corridor approach in 2012. Therefore, the impact of the new standard is limited to the restatement of the expected return on assets assumption. Also, all past service costs are recognized immediately and are no longer amortized.

- 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.

- Annual Improvements: Minor improvements that affected total of five standards.

- 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.

- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine: The interpretation provides guidance to the accounting treatment of stripping costs in the production phase of a surface mine, when benefit from the stripping activity is realized either in the form of mineral ores to the production of inventory or in the form of improved access to further quantities of material that will be mined in future periods.

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 and stock option programs

The Board has approved the commencement of the second plan of Performance Share Plan 2012, plan 2013–2015 and its participants. Performance Share Plan 2012 is part of the remuneration and commitment program for the key management of Outokumpu Group and it consists of annually commencing individual Plans. Plan 2013–2015 commences at the beginning of 2013 and the share rewards possibly to be delivered based on Plan 2013–2015 will be delivered in the spring 2016. The earning criteria applied in Plan 2013–2015 are EBITDA, Outokumpu share-price adjusted with dividends and achievement of Inoxum transaction related synergies. The Board has approved 164 managers and key employees to participate in Plan 2013–2015. The Restricted Share Pool is a part of the remuneration and commitment program for selected key resources of Outokumpu Group. It consists of annually commencing individual Plans, each with a three-year vesting period after which the allocated share rewards will be delivered to the participants provided that their employment with Outokumpu continues uninterrupted throughout the duration of the Plan, until the shares are delivered. The first Plan 2012–2014 of the Restricted Share Pool program commenced at the beginning of 2012 and the share rewards to be delivered based on this first Plan will be delivered in the spring 2015.

The targets set for the earnings period 2010–2012 under the current share-based incentive scheme 2009–2013 were not met. Therefore, no reward was paid to participants for this earnings period. The EBIT criterion previously applied in the on-going earning period 2011–2013 of the share-based incentive scheme 2009–2013 and in the on-going first Plan 2012–2014 of Performance Share Plan 2012 is for the year 2013 replaced with the EBITDA criterion to be in line with the above earning criteria applied in the second Plan 2013–2015 of Performance Share Plan 2012.

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

Discontinued operations and divestment assets

Following the European Commission's demand for an industrial remedy related to the Inoxum transaction, Outokumpu committed to the divestiture of the Inoxum stainless steel mill in Terni, Italy, and selected European service centers (divestment assets).

In 2013, Terni is reported as discontinued operation and therefore, its result is separately presented in the consolidated statement of income as one line item. In the statement of financial position, Terni's assets and related liabilities are presented on lines "Assets held for sale" and "Liabilities directly attributable to assets held for sale", respectively.

Additionally, the assets held for sale and liabilities directly attributable to assets held for sale include property, plant & equipment of EUR 29 million, other non-current assets of EUR 7 million, inventories of EUR 36 million, current receivables of EUR 15 million, non-current liabilities of EUR 23 million and current liabilities of EUR 5million related to Outokumpu's stainless steel service center in Willich, Germany (Divestment assets).

In 2013, there are EUR - 4 million cumulative net income and expenses related to discontinued operations and divestment assets included in other comprehensive income. They are mainly due to remeasurements of defined benefit pension plans.

The recognition of depreciation is discontinued regarding all property, plant and equipment classified as assets held for sale.

Outokumpu's ownership in OSTP decreased to 49%

On January 18, 2013 Outokumpu's partner in the OSTP tubular joint venture, Tubinoxia S.r.l. exercised its call option and acquired additional 15% of the joint venture'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.

Events after the end of the reporting period

As part of its intention to significantly reduce its operating expenses and return the company to profitability, Outokumpu has announced today plans that are expected to result in personnel reductions. All in all, Outokumpu expects to reduce up to 2,500 jobs between 2013 and 2017. In 2013, company plans to reduce up to 770 jobs globally. The planned reductions are related to the capacity reductions in Europe, particularly the closure of Krefeld melt shop by the end of 2013, as well as streamlining all overlapping activities in sales, production, supply chain and support functions.

Non-recurring items in EBIT

EUR million	**Jan 1–March 31, 2013**	Jan 1–March 31, 2012	Jan 1–Dec 31, 2012
Costs related to Inoxum transaction	**-2**	-13	-64
Nyby and Kloster impairments	**-**	-	-86
Aged inventory write-downs	**-**	-	-19
Losses from divestment of the Group's Brass operations	**-**	-	-18
Impairment of stock locations divestment	**-**	-	-10
Redundancy provisions	**-**	-	-3
	-2	-13	-200

Property, plant and equipment

EUR million	**Jan 1–March 31, 2013**	Jan 1–March 31, 2012	Jan 1–Dec 31, 2012
Carrying value at the beginning of the period	**3,697**	2,005	2,005
Translation differences	**42**	1	17
Acquired subsidiaries	**-**	-	1,654
Additions	**73**	77	354
Disposals	**-0**	-0	-0
Reclassifications	**-0**	0	-30
Depreciation and impairments	**-86**	-50	-297
Disposed subsidiaries	**-31**	-	-5
Carrying value at the end of the period	**3,694**	2,033	3,697

Provisions

On December 31, 2012 Outokumpu reported restructuring provisions totaling EUR 91 million. Of these provisions, EUR 4 million was reversed as unused during January–March 2013.

Commitments

EUR million	**March 31, 2013**	March 31, 2012	Dec 31, 2012
Mortgages and pledges			
Mortgages on land	**322**	277	320
Other pledges	**8**	8	9
Guarantees			
On behalf of subsidiaries for commercial commitments	**28**	32	27
On behalf of associated companies for financing	**8**	0	0
Other commitments	**30**	37	32
Minimum future lease payments on operating leases	**99**	75	103

Group's off-balance sheet investment commitments totaled EUR 130 million on March 31, 2013 (March 31, 2012: EUR 181 million, 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 March 31, 2013. However, Outokumpu Oyj has given ThyssenKrupp a counter-guarantee for these commitments. The amount of guarantees to be transferred totals EUR 228 million, including guarantees for commercial and financing. Part of the above mentioned guarantees have already been replaced by Outokumpu Oyj and Outokumpu aims to replace the remaining guarantees in the near future.

Related party transactions

EUR million	**Jan 1–March 31, 2013**	Jan 1–March 31, 2012	Jan 1–Dec 31, 2012
Transactions and balances with ThyssenKrupp AG			
Sales	**116**	-	-
Purchases	**-66**	-	-
Interest expense	**-20**	-	-1
Trade and other receivables	**55**	-	31
Interest-bearing assets	**6**	-	9
Trade and other payables	**30**	-	41
Loan note to ThyssenKrupp	**1,242**	-	1,230
Other interest-bearing liabilities	**13**	-	62
Transactions and balances with associated companies and joint ventures			
Sales	**18**	0	0
Purchases	**-1**	-1	-3
Trade and other receivables	**44**	-	8
Interest-bearing assets	**7**	-	-
Trade and other payables	**2**	-	0
Interest-bearing liabilities	**10**	-	-

On December 31, 2012 and March 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–March 31, 2013**	Jan 1–March 31, 2012	Jan 1–Dec 31, 2012
Sales by segment			
Stainless Coil EMEA			
External sales	**1,143**	658	2,341
Internal sales	**254**	82	307
Stainless Coil Americas			
External sales	**196**	-	-
Internal sales	**6**	1	2
Stainless APAC			
External sales	**83**	32	119
Internal sales	**2**	2	9
High Performance Stainless and Alloys			
External sales	**768**	518	1,764
Internal sales	**30**	66	171
Other operations			
External sales	**31**	97	315
Internal sales	**71**	61	255
Eliminations	**-364**	-212	-743
Group sales	**2,221**	1,304	4,538
EBIT			
Stainless Coil EMEA	**-28**	6	-112
Stainless Coil Americas	**-55**	0	0
Stainless APAC	**0**	-0	-8
High Performance Stainless and Alloys	**14**	18	-135
Reportable segments total	**-68**	24	-255
Other operations	**-13**	-20	-129
Eliminations	**0**	-1	-1
Group EBIT	**-82**	3	-385
Operating capital at the end of the period			
Stainless Coil EMEA	**2,481**	2,329	2,510
Stainless Coil Americas	**1,301**	0	1,183
Stainless APAC	**220**	52	207
High Performance Stainless and Alloys	**1,461**	1,149	1,423

Fair values and nominal amounts of derivative instruments

EUR million	March 31, 2013 Net fair value	Dec 31, 2012 Net fair value	March 31, 2013 Nominal amounts	Dec 31, 2012 Nominal amounts
Currency and interest rate derivatives				
Currency forwards including embedded derivatives	-16	15	3,484	3,111
Interest rate swaps	-14	-16	746	543
Cross-currency swaps	-21	-19	70	69
Interest rate options, bought	0	0	196	193
Interest rate options, sold	-3	-4	96	93
			Tonnes	Tonnes
Metal derivatives				
Forward and futures nickel contracts	11	17	21,222	21,432
Forward and futures molybdenum contracts	-0	-0	12	12
Forward and futures copper contracts	-0	0	450	600
Forward and futures cobolt contracts	0	-0	18	16
Forward and futures aluminium contracts	0	0	200	50
Emission allowance derivatives	-1	-1	250,000	250,000
Propane derivatives	1	1	20,000	20,000
			MMBtu	MMBtu
Natural gas derivatives	-1	-1	1,756,415	2,164,493
	-43	-8		

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

EUR million	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	2	-	5	7
Investment at fair value through profit or losss	4	-	38	43
Derivatives	-	54	-	54
	7	54	43	104
Liabilities				
Derivatives	-	97	-	97

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	1	-17
Disposals	-0	-
Carrying balance on March 31	5	38

The fair value of the level three relates mostly to ownerships in energy producing companies and investments in Talvivaara Sotkamo Ltd. The valuation model of energy producing companies is based on discounted cash flow model, which takes into account the future prices of electricity, discount rate and 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 4 million or decrease of EUR 3 million in valuation. 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 4 million or decrease of EUR 4 million in the value.

The fair value of the non-current interest -bearing trade and other receivables is EUR 168 million (carrying amount EUR 170 million) and the fair value of long-term debt is EUR 2 941 million (carrying amount EUR 2 985 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
			Restated [1]			
EBITDA	61	-12	-32	-67	-50	**12**
EBIT margin, %	0.3	-6.3	-9.1	-21.9	-8.5	**-3.7**
Return on capital employed, %	0.4	-8.7	-10.0	-19.4	-8.2	**-5.8**
Return on equity, %	2.2	-19.1	-16.4	-43.2	-21.4	**-21.1**
Return on equity, continuing operations, %	2.2	-19.1	-16.4	-43.2	-21.4	**-19.3**
Long-term debt	1,242	1,492	1,573	2,935	2,935	**2,982**
Current debt	881	701	649	718	718	**979**
Other interest-bearing payables	17	9	10	21	21	**34**
Derivative financial instruments	34	16	14	8	8	**43**
Investments in associated companies	-39	-39	-40	-51	-51	**-70**
Available-for-sale financial assets	-22	-21	-26	-21	-21	**-22**
Investments at fair value through profit or loss	-274	-1,047	-89	-61	-61	**-43**
Other interest-bearing receivables	-162	-182	-172	-166	-166	**-180**
Net assets classified as held for sale	-	-17	-	-539	-539	**-542**
Cash and cash equivalents	-181	-195	-1,178	-222	-222	**-290**
Net interest-bearing debt at the end of period	1,495	716	742	2,620	2,620	**2,891**
Capital employed at the end of period	3,700	3,612	3,514	5,573	5,573	**5,690**
Equity-to-assets ratio at the end of period, %	40.0	46.7	45.8	30.6	30.6	**28.0**
Debt-to-equity ratio at the end of period, %	67.8	24.7	26.8	88.8	88.8	**103.3**
Earnings per share, EUR [1]	0.04	-0.09	-0.08	-0.21	-0.46	**-0.07**
Earnings per share from continuing operations, EUR [2]	0.04	-0.09	-0.08	-0.21	-0.46	**-0.07**
Earnings per share from discontinued operation, EUR [2]	-	-	-	-	-	**-0.01**
Equity per share at the end of period, EUR [3]	11.22	1.98	1.89	1.41	1.41	**1.34**
Capital expenditure, continuing operations [4]	79	93	98	2,885	3,155	**82**
Depreciation and amortization, continuing operations	58	57	57	57	230	**89**
Average personnel for the period, continuing operations [5]	8,026	8,217	7,876	7,294	7,853	**15,966**

1) Figures for 2012 have been restated due to change in accounting principle of defined benefit plans and other long-term employee benefits and adoption of revised IAS 19 standard.

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

3) 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 AG in the directed share issue in connection with the Inoxum acquisition.

4) 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

5) 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
Market prices [1]							
Stainless steel							
Base price	EUR/t	1,185	1,182	1,155	1,167	1,172	**1,177**
Alloy surcharge	EUR/t	1,466	1,434	1,370	1,316	1,397	**1,310**
Transaction price	EUR/t	2,651	2,616	2,525	2,483	2,569	**2,487**
Nickel	USD/t	19,651	17,146	16,319	16,967	17,526	**17,310**
	EUR/t	14,991	13,385	12,741	13,206	13,641	**13,107**
Ferrochrome (Cr-content)	USD/lb	1.15	1.35	1.25	1.10	1.21	**1.12**
	EUR/kg	1.93	2.32	2.20	1.87	2.08	**1.87**
Molybdenum	USD/lb	14.26	13.80	11.87	11.17	12.78	**11.39**
	EUR/kg	23.97	23.72	20.93	18.97	21.93	**19.01**
Recycled steel	USD/t	414	394	362	362	381	**375**
	EUR/t	316	308	283	282	297	**284**
Exchange rates							
EUR/USD		1.311	1.281	1.250	1.297	1.285	**1.321**
EUR/SEK		8.853	8.913	8.435	8.623	8.704	**8.497**
EUR/GBP		0.835	0.810	0.792	0.807	0.811	**0.851**

[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

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

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

Net interest-bearing debt = Total interest-bearing debt – total interest-bearing assets

$$\text{Equity-to-assets ratio} = \frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$$

$$\text{Debt-to-equity ratio} = \frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$$

$$\text{Earnings per share} = \frac{\text{Net result for the financial period attributable to the owners of the parent}}{\text{Adjusted average number of shares during the period}}$$

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