Interim report

Q3 2015

Duplex delivers up to 20 years longer service life

Outokumpu delivered to date one of the largest orders for tank building, 245 tonnes of lean duplex stainless steel for the construction of three big oil storage tanks at the Antwerp harbour in Belgium. Outokumpu's Forta LDX 2101 is the material of choice for long lasting tanks: the expected service life is 50 to 60 years compared to 30 to 40 years in the past.

"More and more duplex stainless steels are chosen because of the very good price-performance ratio. Duplex has a similar corrosion resistance as the austenitic stainless steels which are normally used, but offer an advantage to optimize plate thickness due to higher strengths without diminishing the total tank integrity", says Chief Technical Officer Jan Jochems from Ivens Construction.

outokumpu
high performance stainless steel

CONTENTS

Underlying EBIT of EUR -67 million. Weak profitability in difficult markets, strong operating cash flow

Highlights in the third quarter 2015

Outokumpu's underlying EBIT was EUR -67 million, compared to EUR -25 million in the second quarter of 2015. The decline in profitability was driven by weak markets and lower deliveries particularly in Coil EMEA, while Coil Americas' profitability showed some improvement. Operating cash flow was EUR 67 million, and net debt was reduced by EUR 104 million.

- Stainless steel deliveries were 570,000 tonnes[1] (II 2015: 616,000 tonnes).
- Underlying EBITDA[2] was EUR 13 million (II 2015: EUR 57 million) and underlying EBIT[2] was EUR -67 million (II 2015: EUR -25 million). The decline was driven by lower delivery volumes, downward pressure on base prices and higher scrap costs.
- EBIT was EUR -77 million (II 2015: EUR -26 million). The net effect of raw material-related inventory and metal derivative gains/losses was EUR -8 million (II 2015: EUR -1 million). EBIT includes non-recurring items of EUR -2 million in the third quarter (II 2015: no non-recurring items).
- Operating cash flow was EUR 67 million (II 2015: EUR -41 million).
- Net debt decreased to EUR 2,012 million (June 30, 2015: EUR 2,116 million) and gearing was 96.5% (June 30, 2015: 96.4%).
- On September 30, Outokumpu announced the divestment of 50% stake in Fischer Mexicana joint venture for USD 63 million. The closing is expected in the fourth quarter of 2015.
- After the review period on October 19, Outokumpu announced the divestment of 55% of SKS shares in China. The cash value of the transaction is about EUR 370 million. Fischer Mexicana and SKS divestments combined are estimated to reduce Outokumpu's net debt by about EUR 460 million and gearing by 37 percentage points in the fourth quarter.
- After the review period on October 26, Outokumpu announced the appointment of Roeland Baan as President and CEO of Outokumpu as of January 1, 2016. Mika Seitovirta stepped down from the CEO position with immediate effect, and Reinhard Florey, Outokumpu CFO is now the interim CEO until Baan joins the company.

1 Metric ton = 1,000 kg
2 EBIT/EBITDA excluding non-recurring items, raw material-related inventory gains/losses and metal derivative gains/losses

Group key figures

		III/15	II/15	III/14	2014
Sales	EUR million	1,487	1,694	1,799	6,844
EBITDA	EUR million	3	55	67	104
EBITDA excl. non-recurring items	EUR million	6	55	79	263
Underlying EBITDA [1)]	EUR million	13	57	48	232
EBIT	EUR million	-77	-26	-9	-243
EBIT excl. non-recurring items	EUR million	-74	-26	3	-57
Underlying EBIT [2)]	EUR million	-67	-25	-28	-88
Result before taxes	EUR million	-113	-65	-73	-459
Net result for the period	EUR million	-115	-62	-77	-439
Earnings per share [3)]	EUR	-0.27	-0.14	-0.18	-1.24
Return on capital employed	%	-7.6	-2.5	-0.8	-5.8
Net cash generated from operating activities	EUR million	67	-41	23	-126
Net debt at the end of period	EUR million	2,012	2,116	2,068	1,974
Debt-to-equity ratio at the end of period	%	96.5	96.4	96.4	92.6
Capital expenditure	EUR million	29	35	25	127
Stainless steel deliveries [4)]	1,000 tonnes	570	616	634	2,554
Stainless steel base price [5)]	EUR/tonne	1,060	1,057	1,110	1,082
Personnel at the end of period, excluding summer trainees [6)]		11,560	11,665	12,385	12,125

[1)] EBITDA excluding non-recurring items, other than impairments; raw material-related inventory gains/losses and metal derivative gains/losses, unaudited.

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

[3)] 2014 figures calculated based on the rights-issue-adjusted weighted average number of shares.

[4)] Excludes ferrochrome deliveries.

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

[6)] On June 30, 2015 Group employed in addition some 800 summer trainees.

Business and financial outlook for the fourth quarter of 2015

Outokumpu estimates the current subdued stainless steel market situation to continue for the rest of the year, even though the end-user demand outside the Oil & Gas sector is expected to remain healthy. Stock levels among distributors are expected to gradually decrease, but there is no significant rebound in buying activity short-term with the nickel price remaining low and distributors typically curtailing their buying and managing their inventories towards year-end. Import pressure in both Europe and USA is likely to persist.

While Outokumpu expects continued progress in the ongoing profitability improvement programs, market uncertainties warrant prudence in the outlook statement. Outokumpu estimates fourth-quarter delivery volumes to be at a similar level as in the third quarter. The Group's underlying EBIT for the fourth quarter is estimated to be still at a loss. With current prices, the net impact of raw material-related inventory and metal derivative gains/losses on profitability is expected to be approximately EUR 40-50 million negative. This outlook reflects the current scope of operations without the announced divestments and includes the change in estimated useful lives of property, plant and equipment with a positive impact of approximately EUR 7 million on underlying EBIT in the fourth quarter. For additional details on the change see page 19.

The divestments of the Fischer Mexicana joint venture stake and the 55% share in SKS are planned to be completed in the fourth quarter. The one-time positive impact of these transactions on the Group net result is estimated to be about EUR 360 million in total.

Outokumpu's operating result may be impacted by non-recurring items associated with the ongoing restructuring programs.

Reinhard Florey, Outokumpu CFO and interim CEO:

“The stainless steel market was very difficult in the third quarter. In addition to the normal seasonal weakness, the market suffered from the extremely low nickel price: the 9,500 USD/tonne in August was the lowest in six years, and it has continued to trade around 10,000 USD/tonne since then. This showed as weak demand and continued destocking among distributors, even though the underlying end-customer demand has remained healthy in both Europe and the Americas. While destocking is expected to continue for the rest of the year, the strength of underlying demand gives us confidence in the eventual turn of the stock cycle.

Our third-quarter operational performance was a clear disappointment. Due to the weak market and low volumes, Coil EMEA fell behind the targets. Coil Americas improved, but in the challenging market conditions the turnaround is slow. In Quarto Plate the pace of profitability improvements has not been sufficient at all. As a Group, we recorded an underlying EBIT loss of EUR -67 million compared to EUR -25 million in the second quarter. We estimate that the subdued market conditions will prevail for the rest of the year. Against this backdrop we estimate that the fourth-quarter delivery volumes will be on a similar level as in the third quarter, and the underlying EBIT to be still at a loss.

Despite the challenging operating environment, we have decisively continued to streamline our costs, improve our operational efficiency and strengthen our financial position. We achieved a positive EBITDA and cash flows during the quarter. Our net debt came down to EUR 2.0 billion, gearing was stable at 96.5% and liquidity amounted to EUR 1.3 billion. All these are important for Outokumpu’s financial stability.

As part of our deleveraging efforts, we continued to divest non-core assets. We have signed two agreements: one to divest our joint venture stake in Fischer Mexicana and the other to divest the 55% of our shares in the SKS mill in China. We expect to complete these transactions by the year-end and thereby significantly reduce our net debt and enhance financial stability further.

We are entering the next phase of development with a new leader: Roeland Baan has been appointed as the President and CEO of Outokumpu as of January 1, 2016. In the meantime, we continue to serve our customers in core markets with increased efforts, and determinedly drive the ongoing efficiency measures and cost savings to improve the financial performance of the company.”

Profitability improvement programs

Synergy savings

Synergy savings amounted to EUR 1 million in the third quarter, bringing the cumulative synergy savings to EUR 199 million since the beginning of 2013. While a significant part of the total savings come from raw material and general procurement, the Krefeld melt shop closure at the end of 2013 and the headcount reductions have also contributed to the overall achievement. Outokumpu expects cumulative synergy savings to reach the target of EUR 200 million in 2015, with the majority of the total savings coming from production optimization.

P250 savings

The P250 program achieved additional savings of EUR 10 million in the third quarter, leading to total cumulative savings of EUR 245 million since the beginning of 2013. These savings were mainly driven by Coil EMEA and Coil Americas. Savings under the P250 program derive from procurement, IT and operational costs, as well as general and administration costs including headcount reductions. Outokumpu estimates cumulative savings of over EUR 250 million in 2015 from the P250 program since the beginning of 2013.

EMEA restructuring savings

EMEA restructuring program started to have an impact, with roughly EUR 10 million savings in the third quarter following the Bochum melt shop closure at the end of June. The next milestones will be the Benrath site closure in 2016 and the completion of the investment in ferritic stainless steel capacity in Krefeld by 2017. An additional EUR 60 million is expected for 2016, with the full cumulative savings of EUR 100 million by the end of 2017.

Cumulative savings from corporate programs

EUR million	2014	I/15	II/15	III/15	2015f	2016f	2017t
Total cumulative savings	385	420	433	**454**	470	530	550
of which: Synergies	185	195	198	**199**	200	200	200
of which: P250	200	225	235	**245**	250	250	250
of which: EMEA restructuring	-	-	-	**10**	20	80	100

f = forecast

t = target

Net working capital reduction

Outokumpu is targeting a EUR 400 million cash release from the net working capital reduction by the end of 2015 versus the 2012 level. During the third quarter, net working capital decreased by EUR 107 million, mainly as a result of successful inventory and accounts receivables management. Cumulative cash release from the P400 program reached EUR 506 million. The total inventory days, Outokumpu's key metric for inventory efficiency, went down to 106 days compared to 111 in the second quarter (originally reported 102 days, adjusted to reflect realized deliveries).

Outokumpu continues its tight control over net working capital and inventories in line with the anticipated market demand. The key actions are active inventory, accounts receivable and accounts payable management.

Ongoing ramp-ups

Calvert

The technical ramp-up of the Calvert integrated stainless steel mill in Calvert, US was completed at the end of 2014. All production steps have been tested and capabilities proven for both austenitic and ferritic grades as well as widths ranging from 36 to 72 inches. The technical issues on the cold rolling lines during the second half of 2014 have been solved, and all the lines have been back in production since the beginning of 2015. The Calvert mill is targeted to reach full commercial capability over the coming years, with 2018 being the first year of steady-state operations.

Production in both the melt shop and the cold rolling lines is showing good quality and operational performance was running largely according to plan in the third quarter. Lower utilization rates during this year have helped to reduce late order backlog, and both delivery performance and yields are improving. Melt shop production was running at about 56,000 tonnes per month in the third quarter with high scrap ratios. The current lead time from the Calvert mill is about three to four weeks.

Import penetration to the NAFTA stainless steel market decreased by 6.0 percentage points in July-August but remained at high level. In the US, average import penetration in July-August was 22.9% with Chinese imports going down to 6.1% compared to the second quarter penetration of 32.2% and 13.3%, respectively. Due to the low nickel price, distributor sector has been on destocking mode putting additional pressure on stainless steel prices. Difficult market conditions are expected to continue for the rest of the year.

Coil Americas has launched decisive measures to improve volumes and profitability. More active approach in the market resulted in improved order intake and delivery volumes increased by 21% to 134,000 tonnes in the third quarter. Coil Americas' delivery volumes are estimated to be about 500,000 tonnes in 2015.

Degerfors

The EUR 100 million investment project to expand capacity to 150,000 tonnes and to enhance the offering in tailored and standard quarto plate was completed in Degerfors, Sweden in 2014. The expanded capacity will be taken into use over the coming years.

While the technical ramp-up is progressing according to the plans, subdued market conditions have been impacting the order intake. Thus, the delivery volumes from the Degerfors mill declined by about 20% to 20,000 tonnes in the third quarter (II 2015: 25,000 tonnes). The Degerfors volume estimate for the full year 2015 has been revised down to 85,000 tonnes compared to the earlier 95,000 tonnes (2014: 75,000 tonnes).

Divestments and acquisitions

On August 5, 2015 Outokumpu announced its decision to increase its share in the Fennovoima nuclear power plant project by 1.8 percentage points to 14%. With this 14% stake, Outokumpu's share of the investment is about EUR 250 million. Annual capital expenditure related to the project is about EUR 10-20 million in the coming years, and approximately half of the investment is expected to be realized only at the end of the construction phase in 2022–2023.

On September 30, 2015 Outokumpu announced the divestment of its stake in Fischer Mexicana, a joint venture between F.E.R. Fischer Edelstahlrohre GmbH and Outokumpu. In the transaction Outokumpu divests its 50% stake in the joint venture for USD 63 million. The closing of the transaction is expected to take place in the fourth quarter of 2015, and the positive cash impact will reduce Outokumpu's indebtedness.

See additional divestments in the section "Events after the reporting period".

Market development

Stainless steel demand

Apparent stainless steel consumption[3] declined by 1.6% globally. Decrease was particularly strong in EMEA with the decline of 7.2% during the third quarter. The apparent consumption was impacted by destocking as a result of very low nickel price. Global real demand for stainless steel products reached 9.6 million tonnes in the third quarter of 2015, up slightly by 0.3% compared to the second quarter of 2015. Demand increased in APAC by 1.5% and in the Americas by 1.3% quarter-on-quarter. In EMEA, demand shrank by 4.7% quarter-on-quarter and amounted to approximately 1.8 million tonnes.

Market development of total stainless steel real demand

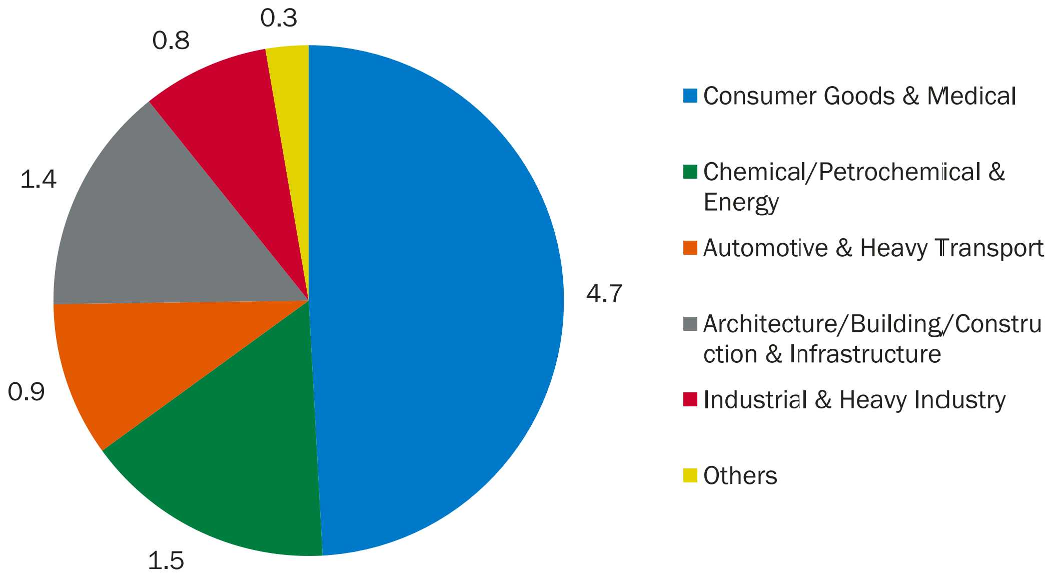
Million tonnes	III/15	II/15	III/14	2014	y-o-y	q-o-q
EMEA	1.8	1.9	1.8	7.2	1.1 %	-4.7 %
Americas	0.9	0.9	0.9	3.7	2.9 %	1.3 %
APAC	6.9	6.8	6.3	26.2	9.3 %	1.5 %
Total	9.6	9.5	8.9	37.1	7.1 %	0.3 %

Source: SMR September 2015

The Consumer Goods & Medical segment was the only customer segment showing robust demand growth with a 5.6% increase quarter-on-quarter. The demand was seasonally slowing down particularly in the Automotive & Heavy Transport segment, which saw a decline of 9.5%, followed by Chemical/Petrochemical & Energy, with a decrease of 5.2%. Demand in Industrial & Heavy Industries and ABC & Infrastructure shrank by 3.3% and 0.5% respectively quarter-on-quarter. However, compared to the third quarter of 2014, demand was growing in all customer segments except for Chemical/Petrochemical & Energy.

[3] Real demand + stock change

Stainless steel demand by customer segments in the third quarter 2015, million tonnes



Source: SMR September 2015

Imports of cold rolled stainless steel products into the EU rose to 28.0% of total consumption in the third quarter compared to an average of 22.9% in the second quarter of 2015. Despite the increase, imports were lower than the 30.6% recorded for the full year 2014. While the share of imports from China decreased further in from the second quarter, the monthly average volumes from other Asian countries, especially from South Korea, were increasing. Also imports from countries such as Brazil and South Africa were up compared to the second quarter.

Average cold rolled imports into the NAFTA region were down to 20.7% of the total consumption in July–August from 27.6% in the second quarter. Imports retreated in July and August, in particular from China and other Asian countries, compared to the second quarter of 2015. However, import penetration remains above 19.5% recorded for the full year 2014.

Stainless steel transaction prices

According to CRU, average transaction prices in the third quarter of 2015 for 2mm cold-rolled 304 stainless steel sheet declined in all regions compared to the previous quarter. While average base prices remained relatively stable in Europe and were slightly up quarter-on-quarter, average alloy surcharges decreased driven by significantly lower nickel price. In the US, the 11.6% decrease in the alloy surcharge was the main price driver, and the base price came down by 4.7% in the quarter. The current base price level in Europe is 4.5% lower compared to the same period in 2014 and in the US base prices are down by 5.7%. The Chinese transaction price declined by 10.4% quarter-on-quarter. Average transaction prices in Europe were 11.3% lower versus the third quarter a year ago, whereas prices in the US and China declined 26.6% and 28.9%, respectively.

Price development of alloying metals

The nickel price[1)] was close to six-year lows of ~9,500 USD/tonne in August on soft demand, high stocks and concerns over the Chinese economy. The price stabilized in September and was trading sideways at around ~10,000 USD/tonne during the rest of the quarter. The average price in the quarter was 10,552 USD/tonne, 18.9% lower than the 13,015 USD/tonne in the second quarter of 2015 and 43.2% below the same period a year ago.

The European benchmark price[2)] for ferrochrome for the third quarter was rolled-over at 1.08 USD/lb from the second quarter. For the fourth quarter, the benchmark price was reduced to 1.04 USD/lb, on declining demand and higher production costs.

The average molybdenum price[3)] for the third quarter was 5.83 USD/lb, down by 23.2% from 7.60 USD/lb in the second quarter of 2015.

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

Market prices

			III/15	II/15	III/14	2014	y-o-y	q-o-q
Stainless steel								
Europe	Base price	EUR/t	1,060	1,057	1,110	1,082	-4.5 %	0.3 %
	Alloy surcharge	EUR/t	1,162	1,290	1,395	1,241	-16.7 %	-9.9 %
	Transaction price	EUR/t	2,222	2,347	2,505	2,322	-11.3 %	-5.3 %
USA	Base price	USD/t	1,330	1,396	1,411	1,396	-5.7 %	-4.7 %
	Alloy surcharge	USD/t	1,149	1,301	1,966	1,738	-41.5 %	-11.6 %
	Transaction price	USD/t	2,479	2,697	3,377	3,135	-26.6 %	-8.1 %
China	Transaction price	USD/t	1,822	2,034	2,563	2,425	-28.9 %	-10.4 %
Nickel		USD/t	10,552	13,015	18,576	16,864	-43.2 %	-18.9 %
Ferrochrome (Cr-content)		USD/lb	1.08	1.08	1.19	1.19	-9.2 %	0.0 %
Molybdenum		USD/lb	5.83	7.60	12.80	11.45	-54.4 %	-23.2 %
Recycled steel		USD/t	208	253	349	333	-40.3 %	-17.7 %

Sources:

Stainless steel: CRU April 2015, 2mm cold rolled 304 stainless steel sheet

Nickel: London Metal Exchange (LME) settlement quotation

Ferrochrome: Metal Bulletin - Quarterly contract price, Ferrochrome lumpy chrome charge, basis 52% chrome

Molybdenum: Metal Bulletin - Molybdenum oxide - Europe

Recycled steel: Metal Bulletin - Ferrous Scrap Index HMS 1&2 (80:20 mix) fob Rotterdam

Business areas

Coil EMEA

The key focus of Coil EMEA is to maintain and expand Outokumpu's strong European stainless steel position through customer service and product leadership. A clear target is to improve financial performance and to drive cost efficiency by increasing capacity utilization levels and by leveraging the company's own chrome mine and expanded ferrochrome production. To this end, the successful completion of the industrial plan to restructure the company's European operations will be essential.

Coil EMEA key figures

		III/15	II/15	III/14	I-III/15	I-III/14	2014
Stainless steel deliveries	1,000 tonnes	374	415	395	1,200	1,298	1,666
Sales	EUR million	973	1,090	1,134	3,190	3,465	4,520
EBIT	EUR million	-5	56	27	99	-99	-86
EBIT excl. non-recurring items	EUR million	-3	56	38	101	59	78
Underlying EBIT	EUR million	2	42	15	72	41	62
Operating capital	EUR million	2,333	2,362	2,535	2,333	2,535	2,405

Please see business area key figure tables on page 37 for additional information

Coil EMEA's stainless steel deliveries amounted to 374,000 tonnes, 10% down compared to the second quarter. The seasonally slow period was further negatively impacted by continued destocking as distributors held back orders due to the very low nickel price. Coil EMEA delivery volumes were also negatively affected by earlier hot rolling bottlenecks in Tornio as well as a production shutdown related to a nation-wide, political demonstration in Finland on September 18, 2015. The planned maintenance breaks in key production sites were completed successfully.

While the European antidumping measures continued to keep the Chinese and Taiwanese imports reined in, imports from other countries were on the rise. This resulted in higher overall import penetration into Europe compared to the first half of the year. Due to the growing imports together with continued downward trend in nickel price, the increase in the stainless steel base price remained modest. Coil EMEA's average base price in deliveries increased by about EUR 20/tonne in the third quarter while the benchmark market price for the standard 304 grade was relatively flat (CRU). Third-quarter sales amounted to EUR 973 million (II 2015: EUR 1,090 million), down mainly as a result of lower deliveries.

Ferrochrome production for the quarter rose to 125,000 tonnes compared to 90,000 tonnes in the second quarter, which was affected by the planned maintenance break. The full-year production estimate remains unchanged at about 460,000 tonnes.

Coil EMEA's third-quarter underlying EBIT amounted to EUR 2 million (II 2015: EUR 42 million). The weak performance was a result of lower stainless steel deliveries in the difficult market conditions and the very low nickel price resulting in further pressure on base prices and scrap costs. Non-recurring items of EUR -2 million were booked in the third quarter related to an adjustment to earlier restructuring bookings (II 2015: no non-recurring items). The net effect of raw material-related inventory and metal derivative gains/losses was EUR -5 million (II 2015: EUR 14 million).

The Bochum melt shop closure at the end of June yielded savings of about EUR 10 million in the third quarter. The savings from the closure are estimated at about EUR 20 million by the end of 2015 and a full benefit of over 30 million annually from 2016 onwards. These savings are part of the EMEA restructuring savings of EUR 100 million by the end of 2017.

Coil Americas

Coil Americas' key target is to build a strong position in the Americas market by focusing on product quality, technical service and delivery reliability. Improvement in Coil Americas' financial performance is a priority and is driven by the ramp-up of the Calvert facility. Following the completion of the technical ramp-up at Calvert in 2014, the implementation of the commercial ramp-up will continue over the coming years with 2018 being the first year of steady-state operations. In addition, Coil Americas is focusing on ensuring the continued growth and performance improvements of the Mexican operations.

Coil Americas key figures

		III/15	II/15	III/14	I-III/15	I-III/14	2014
Deliveries	1,000 tonnes	**134**	111	137	**371**	415	541
Sales	EUR million	**276**	255	316	**839**	861	1,158
EBIT	EUR million	**-49**	-65	-29	**-163**	-82	-104
EBIT excl. non-recurring items	EUR million	**-49**	-65	-29	**-144**	-82	-82
Underlying EBIT	EUR million	**-44**	-50	-33	**-122**	-98	-93
Operating capital	EUR million	**1,193**	1,289	1,170	**1,193**	1,170	1,195

Please see business area key figure tables on page 37 for additional information

Coil Americas' operating environment continued to be very difficult during the third quarter. The distributor sector remained in destocking mode as the nickel price was very low. Competition was tough and prices under severe pressure despite import penetration in the NAFTA region easing off to an average of 23% in July–August compared to 29% in the second quarter. Coil Americas' base prices in deliveries were down by 135 USD/tonne quarter-on-quarter, the base price has dropped 225 USD/tonne since the beginning of 2015. The benchmark market price for the standard 304 grade (CRU) is 66 USD/tonne lower compared to the previous quarter.

Outokumpu launched decisive measures to improve Coil Americas' volumes and profitability. A more active approach in the market resulted in improved order intake and delivery volumes increased by 21% to 134,000 tonnes (II 2015: 111,000 tonnes). This was the main contributor to higher sales of EUR 276 million (II 2015: EUR 255 million) as transaction prices were down.

Coil Americas' third-quarter underlying EBIT was EUR -44 million compared to EUR -50 million in the second quarter. The improved financial performance was mainly a result of higher volumes and utilization rates combined with cost improvements largely offset by difficult market conditions and low stainless steel prices. The net effect of raw material-related inventory and metal derivative gains/losses was EUR -5 million in the third quarter (II 2015: EUR -15 million).

APAC

The APAC business area's key focus is to contribute to the growth of Outokumpu by establishing a profitable foothold in the Asia-Pacific region and to focus on selected customer and product segments in which the Outokumpu offering is differentiated from its competitors. The APAC business area operates the SKS cold rolling mill in Shanghai, China and service centers in China and Australia, as well as warehouses and sales offices in various Asian countries.

APAC key figures

		III/15	II/15	III/14	I-III/15	I-III/14	2014
Deliveries	1,000 tonnes	51	61	60	164	166	220
Sales	EUR million	97	129	124	339	330	444
EBIT	EUR million	-8	-5	-2	-16	-6	-6
EBIT excl. non-recurring items	EUR million	-8	-5	-2	-16	-6	-6
Underlying EBIT	EUR million	-9	-4	-2	-15	-6	-6
Operating capital	EUR million	174	183	200	174	200	184

Please see business area key figure tables on page 37 for additional information

The overall market situation in the APAC region continues to be weak, as stainless steel demand has slowed down in the region. Stainless steel prices in APAC continued to go further down during the third quarter. The operating environment is expected to remain challenging towards the end of the year as overcapacity in the region and slow demand growth remain.

APAC's delivery volumes declined to 51,000 tonnes in the third quarter of 2015 (II 2015: 61,000 tonnes). The lower deliveries were mainly impacted by reduced order intake in the SKS mill in China due to the limited availability of attractively priced raw materials. The underlying EBIT declined to EUR -9 million (II 2015: EUR -4 million) as a result of weaker profitability in SKS and lower margins in trader business. In addition, the weak euro had a negative impact on the competitiveness of imported material from Outokumpu's mills in Europe.

Quarto Plate

The Quarto Plate business area is a global leader in tailored quarto plate material, with key operations in Degerfors in Sweden and in New Castle, Indiana in the US. Both mills produce quarto plate in standard and special stainless steel grades for use in projects and by the process industry. Outokumpu also operates a European plate service center network that provides further services such as cutting to customer requirements. Quarto plate products are used in heavy industry and construction, and consumption is related to the global investment cycle.

A clear priority for the Quarto Plate business area is to ramp up the recent investment in Degerfors, and to leverage its position in both tailored and standard plate. Post-investment, cost reduction and efficiency improvement initiatives remain a focus to deliver a step change improvement in profitability.

Quarto Plate key figures

		III/15	II/15	III/14	I-III/15	I-III/14	2014
Deliveries	1,000 tonnes	24	31	24	81	73	98
Sales	EUR million	104	133	113	359	330	450
EBIT	EUR million	-14	-2	-5	-15	-17	-26
EBIT excl. non-recurring items	EUR million	-14	-2	-5	-15	-17	-26
Underlying EBIT	EUR million	-16	-4	-11	-20	-24	-30
Operating capital	EUR million	204	228	251	204	251	218

Please see business area key figure tables on page 37 for additional information

Operating environment for Quarto Plate was extremely difficult in the third quarter. Investment climate has continued subdued and customers have been hesitant to place new orders. Some of the customers in the Oil & Gas sector have been delaying their projects, largely driven by low oil prices and reduced investment activity. Prices for quarto plate products continued under pressure both in Europe and the US.

Difficult market together with a seasonally slow third quarter resulted in 23% lower deliveries of 24,000 tonnes compared to 31,000 tonnes in the second quarter. Quarto Plate business area's underlying EBIT deteriorated to EUR -16 million (II 2015: EUR -4 million) driven by lower deliveries and weak prices. Furthermore, a customer claim had a negative impact of EUR 4 million on underlying EBIT.

Long Products

The Long Products business area focuses on specialty stainless long products, with production operations in Sheffield in the UK and Degerfors in Sweden, as well as Richburg and Wildwood in the US. Long Products produces wire rod, rod coil, bar, rebar, billet and other long products that are used in a wide range of industries, such as transportation, consumer durables, metal processing, chemical, energy, and construction. Long Products' melt shop in Sheffield, UK has an important role in Outokumpu's production platform as it is one of the suppliers of feedstock to Outokumpu's Quarto Plate and Coil EMEA businesses, in addition to supplying the Long Products' downstream units and external customers.

Long Products key figures

		III/15	II/15	III/14	I-III/15	I-III/14	2014
Deliveries	1,000 tonnes	58	62	60	172	205	248
Sales	EUR million	142	159	171	451	523	651
EBIT	EUR million	1	5	8	9	23	33
EBIT excl. non-recurring items	EUR million	1	5	8	9	23	33
Underlying EBIT	EUR million	3	4	6	10	19	32
Operating capital	EUR million	163	163	151	163	151	167

Please see business area key figure tables on page 37 for additional information

Overall demand for long products continued to be weak in the third quarter. Low nickel prices and subdued Oil & Gas -related project activity together with import pressure have kept prices for long products under pressure in both Europe and the US. Competition in standard grades has also been tightening.

Long Products' third-quarter total deliveries were 58,000 tonnes, down from 62,000 tonnes in the second quarter. The decrease was a result of the difficult market environment and seasonal impacts, partly offset by further increased internal slab deliveries. Despite lower deliveries Long Products' underlying EBIT remained relatively stable at EUR 3 million (II 2015: EUR 4) million as a result of an improved product mix.

Financial performance

Deliveries

Outokumpu's third-quarter external stainless steel deliveries declined by 7.5% to 570,000 tonnes (II 2015: 616,000 tonnes). While Coil Americas' delivery volumes rose by 20.7%, deliveries were lower in all other business areas mainly due to the seasonally weak market and low nickel price.

In the third quarter, Outokumpu's average utilization rate in melting was 85% and in cold rolling 70% (II 2015: 80% and 75%). Overall, capacity utilization rates have improved from previous years as a result of the restructuring of the company's production set-up, reflecting for example the closure of the Krefeld and Bochum melt shops and the progress in the Calvert ramp-up. In 2013–2014, melting utilization increased from 65% to 80% and in cold rolling from 70% to 75%.

Deliveries

1,000 tonnes	III/15	II/15	III/14	I-III/15	I-III/14	2014
Cold rolled	433	449	479	1,340	1,455	1,880
White hot strip	79	88	85	260	295	373
Quarto plate	23	31	22	78	67	89
Long products	18	16	15	50	49	64
Semi-finished products	44	52	62	146	195	271
Stainless steel [1]	16	29	29	71	112	138
Ferrochrome	29	23	33	74	83	133
Tubular products	2	3	3	7	7	9
Total deliveries	599	640	667	1,881	2,069	2,686
Stainless steel deliveries	570	616	634	1,807	1,985	2,554

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

Sales and profitability

Outokumpu's sales in the third quarter of 2015 declined by 12.2% to EUR 1,487 million (II 2015: EUR 1,694 million) driven by lower delivery volumes and lower prices.

Sales

EUR million	III/15	II/15	III/14	I-III/15	I-III/14	2014
Coil EMEA	973	1,090	1,134	3,190	3,465	4,520
Coil Americas	276	255	316	839	861	1,158
APAC	97	129	124	339	330	444
Quarto Plate	104	133	113	359	330	450
Long Products	142	159	171	451	523	651
Other operations	157	167	193	505	506	689
Intra-group sales	-262	-241	-253	-735	-844	-1,068
	1,487	1,694	1,799	4,949	5,170	6,844

For Outokumpu, the third-quarter average base price change in deliveries was slightly negative (II 2015: relatively flat) as higher base prices in Europe were more than offset by the declining base price in the US. According to CRU, the European average base price for the third quarter 2015 increased slightly to 1,060 EUR/tonne (II 2015: 1,057 EUR/tonne), however, remaining 4.8% below same period a year ago. In Americas, the market base price came down by USD 66/tonne and the alloy surcharge by 11.6%.

Profitability

EUR million	III/15	II/15	III/14	I-III/15	I-III/14	2014
Underlying EBIT [1)]	-67	-25	-28	-90	-78	-88
Adjustments to EBIT						
Non-recurring items in EBIT	-2	-	-12	-21	-159	-186
Net of raw material-related inventory and metal derivative gains/losses, unaudited	-8	-1	31	-3	31	31
EBIT	-77	-26	-9	-113	-207	-243

[1)] EBIT excluding non-recurring items, raw material-related inventory gains/losses and metal derivative gains/losses, unaudited.

Outokumpu's financial performance weakened in the third quarter, driven by low delivery volumes particularly in Coil EMEA and weak market impacted by low nickel price. Non-recurring items of EUR -2 million were booked (II 2015: no non-recurring items) in the third quarter related to an adjustment to earlier restructuring bookings.

The net effect of raw material-related inventory and metal derivative gains/losses in the third quarter of 2015 was EUR -8 million (II 2015: EUR -1 million).

Non-recurring items in EBITDA and EBIT

EUR million	III/15	II/15	III/14	I-III/15	I-III/14	2014
EBITDA						
Redundancy provisions	-2	-	-12	-2	-107	-113
Environmental provisions related to site closures	-	-	-	-	-25	-25
Net costs related to technical issues in Calvert	-	-	-	-19	-	-21
Non-recurring items in EBITDA	-2	-	-12	-21	-132	-159
of which in gross margin	-2	-	-9	-17	-128	-167
Additionally in EBIT						
Impairments related to EMEA restructuring	-	-	-	-	-27	-27
Non-recurring items in EBIT	-2	-	-12	-21	-159	-186

Underlying EBIT

EUR million	III/15	II/15	III/14	I-III/15	I-III/14	2014
Coil EMEA	2	42	15	72	41	62
Coil Americas	-44	-50	-33	-122	-98	-93
APAC	-9	-4	-2	-15	-6	-6
Quarto Plate	-16	-4	-11	-20	-24	-30
Long Products	3	4	6	10	19	32
Other operations and intra-group items	-3	-14	-4	-15	-10	-52
	-67	-25	-28	-90	-78	-88

Outokumpu's third-quarter underlying EBIT was EUR -67 million compared to EUR -25 million in the second quarter of 2015. The decline was driven by lower delivery volumes, downward pressure on base prices and higher scrap costs.

Corporate management costs under Other operations were relatively stable during the third quarter. Additionally, gains from disposals of property, plant and equipment were recorded in the third quarter contributing to the underlying EBIT.

Financial expenses

Net financial income and expenses decreased to EUR -35 million (II 2015: EUR -39 million). Interest expenses were relatively flat at EUR 31 million during the quarter. Market price gains/losses were positive at EUR 1 million in the third quarter.

Net result for the period

The net result for the third quarter of 2015 was EUR -115 million (II 2015: EUR -62 million). Earnings per share were EUR -0.27 (II 2015: EUR -0.14).

Cash flow

Outokumpu's operating cash flow was EUR 67 million in the third quarter (II 2015: EUR -41 million). The change in working capital for the third quarter was EUR 91 million (II 2015: EUR -67 million), of which EUR -16 million was related to provisions and pension obligations (II 2015: EUR -39 million). The third-quarter net cash from financing activities included a capital contribution of EUR 41 million from Baosteel, non-controlling interest holder of SKS, covering their unpaid share of SKS's share capital.

Summary of cash flows

EUR million	July-Sep 2015	April-June 2015	July-Sept 2014	Jan–Sept 2015	Jan–Sept 2014	Jan–Dec 2014
Net result for the period	-115	-62	-77	-222	-383	-439
Non-cash adjustments	128	120	67	244	400	471
Change in working capital	91	-67	54	38	-176	-50
Dividends received	-	0	-	0	3	3
Interests received	1	1	1	2	2	2
Interests paid	-31	-33	-22	-91	-92	-111
Income taxes paid	-6	-1	0	-7	-2	-2
Net cash from operating activities	67	-41	23	-36	-248	-126
Purchases of assets	-35	-36	-20	-102	-90	-144
Other investing cash flow	20	2	7	23	-34	-19
Net cash from investing activities	-15	-34	-13	-80	-124	-162
Cash flow before financing activities	52	-75	10	-116	-372	-289
Net cash from financing activities	-31	-18	225	149	171	-116
Net change in cash and cash equivalents	21	-93	235	33	-201	-404

Capital expenditure

Capital expenditure amounted to EUR 29 million and was mainly related to maintenance and smaller projects in Coil EMEA (II 2015: EUR 35 million).

Balance sheet

Total assets at the end of September 2015 decreased to EUR 6,210 million (June 30, 2015: EUR 6,566 million). Non-current debt decreased to EUR 1,494 million compared to EUR 1,576 at the end of June, driven by repayment of debt. Current debt amounted to EUR 743 million (June 30, 2015: EUR 747 million). Provisions were stable at EUR 136 million, consisting mostly of restructuring provisions related to site closures and environmental provisions (June 30, 2015: EUR 134 million).

Net debt at the end of September 2015 totaled EUR 2,012 million (June 30, 2015: EUR 2,116 million). Gearing remained stable at 96.5% compared to 96.4% as of June 30, 2015 as the positive net debt development was offset by decrease in equity.

Financing

Cash and cash equivalents were at EUR 225 million at the end of the third quarter of 2015 (June 30, 2015: EUR 207 million), and the overall liquidity reserves were approx. EUR 1.3 billion (June 30, 2015: approx. EUR 1.2 billion). The overall liquidity position was somewhat improved as cash flow was positive.

Debt information

EUR million	Sept 30 2015	June 30 2015	Sept 30 2014	Dec 31 2014
Bonds	397	397	547	547
Convertible bonds	208	206	-	-
Non-current loans from financial institutions	709	764	1,118	856
Pension loans	195	206	204	192
Non-current finance lease liabilities	216	238	247	244
Other non-current loans	0	0	0	0
Current loans from financial institutions	91	88	108	83
Commercial paper	419	424	244	243
Other current loans	0	0	0	0
	2,237	2,323	2,468	2,165

People

Outokumpu's headcount decreased by 105 during the third quarter of 2015 and totaled 11,560 at the end of September 2015 (June 30, 2015: 11,665). The decrease in the number of employees was mainly related to the closure of the Bochum melt shop as well as other headcount reductions in Coil EMEA.

Overall, Outokumpu plans to reduce up to 3,500 jobs globally in 2013–2017, in connection with its efficiency improvement programs. The reductions are related to site closures and restructurings in Europe, as well as streamlining all overlapping activities in sales, production, supply chain and support functions. To date, Outokumpu has reduced about 1,770 jobs since the beginning of the programs.

Personnel at the end of the reporting period

	Sept 30 2015	June 30 2015	Sept 30 2014	Dec 31 2014
Coil EMEA	7,092	7,177	7,831	7,582
Coil Americas	2,146	2,149	2,141	2,128
APAC	579	577	617	602
Quarto Plate	782	792	781	838
Long Products	660	668	653	651
Other operations	301	302	362	324
	11,560	11,665	12,385	12,125

On June 30, 2015 Group employed in addition some 800 summer trainees.

The lost-time injury rate (lost-time accidents per million working hours) during the third quarter was 2.2 against the target of less than 2.5. The cumulative rate for the first nine months of 2015 is at 2.8. There were no serious accidents in the third quarter.

Change in accounting estimate of useful lives of property, plant and equipment

During 2015, Outokumpu has reviewed the useful lives of its property, plant and equipment and concluded that its maintenance and operating practices call for a change in the useful lives of machinery and equipment. As certain existing machinery and equipment have been and will be used for longer than previously anticipated, the estimated useful lives of these assets have been lengthened. For heavy machinery and equipment, the useful life estimate has been changed to 15–30 years compared to the previous 15–20 years. The new accounting estimate will be applied prospectively from October 1, 2015 onwards.

The reduction of Group annual depreciation charge is estimated to be approximately EUR 75 million, of which EUR 35 million is estimated for Coil EMEA, EUR 35 million for Coil Americas, EUR 3 million for Quarto Plate, and EUR 1 million for Long Products. In the fourth quarter 2015, the positive impact on the Group's underlying EBIT is estimated to be about EUR 7 million as part of the lower depreciation impact is still captured within the inventory value and will realize fully only in 2016.

Market and business outlook

Market outlook

In the fourth quarter of 2015, global demand for stainless steel is expected to decline by 1.2% from the third quarter to 9.5 million tonnes. Demand in EMEA is expected to be at the same levels as the previous quarter, whereas demand in the Americas is expected to show only modest growth of 0.2%. In the APAC region, demand is estimated to decline by 1.7%. Total global demand for 2015 is estimated at 37.7 million tonnes, up by 1.6% compared to 2014, driven by increases in APAC at 2.4% and EMEA at 0.1%. Meanwhile, demand in the Americas is expected to slow down by 0.4% in 2015 compared with 2014.

Global stainless steel apparent consumption is forecast to reach 9.4 million tonnes in the fourth quarter of 2015, up by 0.4% compared to the third quarter as a result of typical seasonality in the consumption. Compared to the fourth quarter of 2014, the stainless steel apparent consumption is expected to increase by 0.9% driven by growth in the EMEA region.

Market development for real demand total stainless steel products between 2013 and 2017

Million tonnes	2013	2014	2015f	2016f	2017f
EMEA	7.0	7.2	7.2	7.3	7.5
Americas	3.5	3.7	3.6	3.7	3.8
APAC	24.5	26.2	26.9	28.0	29.3
Total	35.0	37.1	37.7	39.1	40.7

Source: SMR September 2015

f = forecast

The long-term outlook for stainless steel demand remains positive. Key global megatrends, such as urbanization, modernization, and increased mobility, combined with growing global demand for energy, food, and water, are expected to support the future growth of stainless steel demand. Growth in stainless steel consumption between 2015 and 2018 is expected be relatively well-balanced between the end-use segments. SMR forecast segment growth rates of 4.4% in Automotive & Heavy Transport, 4.2% in Architecture/Building/Construction & Infrastructure, 3.9% in Industrial & Heavy Industries, 3.6% in Chemical/Petrochemical & Energy, and 3.8% in Consumer Goods & Medical.

Business and financial outlook for the fourth quarter of 2015

Outokumpu estimates the current subdued stainless steel market situation to continue for the rest of the year, even though the end-user demand outside the Oil & Gas sector is expected to remain healthy. Stock levels among distributors are expected to gradually decrease, but there is no significant rebound in buying activity short-term with the nickel price remaining low and distributors typically curtailing their buying and managing their inventories towards year-end. Import pressure in both Europe and USA is likely to persist.

While Outokumpu expects continued progress in the ongoing profitability improvement programs, market uncertainties warrant prudence in the outlook statement. Outokumpu estimates fourth-quarter delivery volumes to be at a similar level as in the third quarter. The Group’s underlying EBIT for the fourth quarter is estimated to be still at a loss. With current prices, the net impact of raw material-related inventory and metal derivative gains/losses on profitability is expected to be approximately EUR 40-50 million negative. This outlook reflects the current scope of operations without the announced divestments and includes the change in estimated useful lives of property, plant and equipment with a positive impact of approximately EUR 7 million on underlying EBIT in the fourth quarter. For additional details on the change see page 19.

The divestments of the Fischer Mexicana joint venture stake and the 55% share in SKS are planned to be completed in the fourth quarter. The one-time positive impact of these transactions on the Group net result is estimated to be about EUR 360 million in total.

Outokumpu's operating result may be impacted by non-recurring items associated with the ongoing restructuring programs.

Key targets updated

- A key for Coil Americas' profitability improvement will be the progress of the Calvert mill ramp-up into full commercial capability over the coming years with 2018 being the first year of steady-state operations. Following delays in the original ramp up curve, Coil Americas has since July 2015 been implementing a turnaround plan that targets volume growth, operational efficiency improvements and cost reductions. Under the current challenging market conditions, profitability improvement is estimated to be gradual. Coil Americas delivery volumes are estimated to be about 500,000 tonnes in 2015.
- The Bochum melt shop closure at the end of June yielded savings of about EUR 10 million in the third quarter. The full benefit of over EUR 30 million annually will be visible from 2016 onwards. The next milestones in the EMEA restructuring, targeting savings of EUR 100 million, are the closure of the Benrath site in 2016 and the completion of the ferritics investment in Krefeld by 2017. This will enable clear product and customer roles for each mill and capacity utilization rates of above 90% in melting and above 85% in cold rolling.
- The Quarto Plate business area is targeting a step change in profitability over the coming years driven by the Degerfors investment ramp-up and streamlining of the cost structure. The Degerfors volume estimate for the full year 2015 has been revised down to 85,000 tonnes compared to the previous 95,000 tonnes (2014: 75,000 tonnes).
- Total targeted savings from Outokumpu's ongoing savings programs are EUR 470 million in 2015, EUR 530 million in 2016, and EUR 550 million in 2017 (all compared to 2012). Management believes that there is significant additional savings potential, and expects to announce additional measures in due course.
- Outokumpu is targeting a release of cash from net working capital in 2015 with the P400 program (i.e. a EUR 400 million cash release vs. 2012). Further NWC efficiency measures are planned for the coming years.
- Capital expenditure[4] is expected to be about EUR 160 million in 2015 (2014: EUR 127 million). Outokumpu's well-invested asset base allows moderate capex levels in the coming years.
- Once completed, the divestiture of the Fischer Mexicana JV stake and 55% of SKS shares will strengthen Outokumpu's balance sheet significantly; in total, these will reduce net debt by about EUR 460 million and gearing by about 37 percentage points. The completion of the transactions is estimated by the end of 2015.
- Outokumpu's target is to have net debt of below EUR 1.5 billion by the end of 2017. The target was set without significant M&A impacts and it is currently likely to be reached earlier.
- The financing cost for 2015 is estimated at EUR 160 million, out of which interest costs are EUR 120 million. The sale of the 55% share of SKS is estimated to reduce financing costs by about EUR 20 million.

4 Accounting capex

Risks and uncertainties

Outokumpu operates in accordance with the risk management policy approved by the Board of Directors that defines the objectives, approaches and areas of responsibility in risk management activities. In addition to supporting Outokumpu's strategy, the aim of risk management is identifying, evaluating and mitigating risks from the perspective of shareholders, customers, suppliers, personnel, creditors and other stakeholders. Key risks are assessed and updated on a regular basis. A detailed description of Outokumpu's risk management and risk profile can be found in the Annual Report for 2014, which is available at www.outokumpu.com.

The nickel price continued to decline during the third quarter, dropping to below 10,000 USD/tonne in September. Outokumpu's nickel hedging measures helped to mitigate part of the financial impacts of the nickel price decline.

Outokumpu's third-quarter stainless steel deliveries were lower compared to management's original expectations due to rapidly deteriorating market environment. This resulted in low order intake, further pressure on prices and scrap discounts. These realized risks had a clear negative impact on Outokumpu's delivery volumes and profitability during the third quarter.

Short-term risks and uncertainties

Outokumpu is exposed to the following risks and uncertainties in the short-term: risks and uncertainties in implementing the turnaround in the company profitability, including: major failures or delays in achieving the anticipated cost reductions, release of cash from working capital and the implementation of the Coil EMEA restructuring actions; risks related to failures, delays in and inadequate profitability of ramping up the Calvert mill; risks related to market development in stainless steel and ferrochrome as well as competitor actions; risk of changes in metal prices impacting amounts of cash tied up in working capital; changes in the prices of electrical power, fuels, nickel and molybdenum; currency developments affecting the euro, US dollar, Swedish krona and British pound; counterparty risk related to customers and other business partners, including financial institutions; risks related to refinancing and liquidity and a risk of breaching financial covenants or other relevant terms and conditions under any finance agreement, leading to an event of default. Possible adverse changes in the global political and economic environment may have significant adverse impact on Outokumpu's business.

Significant legal proceedings

There are no additions or changes in significant legal proceedings compared to the descriptions in the 2014 annual report available on www.outokumpu.com.

Environment

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

The EU Emissions Trading Scheme (ETS) is continuing by the third trading period 2013–2020. Outokumpu's operations under the EU ETS will continue to receive free emissions allocations according to efficiency-based benchmarks and historical activity. The allocation is sufficient for the Group's operations during 2015.

During the third quarter, Outokumpu had one external emission transaction where Outokumpu sold 500,000 EUAs in July 2015.

Outokumpu published its sustainability report together with the 2014 annual report in March 2015. Both are available on www.outokumpu.com.

Share development and shareholders

Shareholders

%	Sept 30 2015	Sept 30 2014
Foreign investors	27.0	34.0
Finnish corporations	31.7	31.7
Finnish private households	26.4	17.9
Finnish public sector institutions	10.6	10.2
Finnish financial and insurance institutions	3.6	5.6
Finnish non-profit organizations	0.7	0.7
Shareholders with over 5% of shares and voting rights		
Solidium Oy (owned by the Finnish State)	26.2	29.9

Share information

		Jan–Sept 2015	Jan–Sept 2014
Fully paid share capital at the end of the period	EUR million	311.1	311.1
Average number of shares outstanding [1), 2)]		415,489,308	311,950,342
Number of shares at the end of the period [3)]		416,374,448	416,374,448
Number of shares outstanding at the end of the period [2), 3)]		415,489,308	415,426,724
Number of treasury shares held at the end of the period		885,140	947,724
Share price at the end of the period [1), 3)]	EUR	2.06	5.52
Average share price [1), 3)]	EUR	5.00	6.96
Highest price during the period [1), 3)]	EUR	7.76	7.50
Lowest price during the period [1), 3)]	EUR	2.06	3.37
Market capitalization at the end of period	EUR million	858	2,298
Share turnover [3), 4)]	million shares	1,018.3	410.8
Value of shares traded [4)]	EUR million	5,063.9	2,337.6

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

[1)] 2014 figures presented as rights-issue-adjusted.

[2)] The number of own shares repurchased is excluded.

[3)] 2014 figures adjusted to reflect the reverse split in June 2014.

[4)] 2014 figures include the effect of share subscription rights traded during March 10–19, 2014.

Outokumpu's share price closed the quarter at EUR 2.06, down by 54.4% compared to the end of the second quarter. The share price averaged EUR 3.59 in the third quarter. At its highest, the share price closed at EUR 4.61, while at its lowest, the price was EUR 2.06. Outokumpu's market capitalization was EUR 857.7 million at the end of the third quarter (June 30, 2015: EUR 1,881 million). The share turnover was 381.0 million shares compared to 277.4 million shares in the second quarter.

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

Corporate governance

Annual General Meeting

The Annual General Meeting was held on March 26, 2015, in Espoo, Finland. The Meeting approved the financial statements and discharged the management of the company from liability for the financial year 2014. The Meeting decided that no dividend be paid for 2014 and approved the proposals regarding the authorization to the Board of Directors to repurchase the company's own shares and to decide on the issuance of shares as well as other special rights entitling to shares.

The number of Board members continues to be eight and the annual remuneration for the Board remains unchanged. Markus Akermann, Roberto Gualdoni, Stig Gustavson, Heikki Malinen, Elisabeth Nilsson, Jorma Ollila and Olli Vaartimo of the current members were re-elected to the Board and Saila Miettinen-Lähde was elected as new member for the term of office ending at the end of the next Annual General Meeting. Jorma Ollila was elected as the Chairman and Olli Vaartimo as the Vice Chairman of the Board of Directors.

All resolutions of the Annual General Meeting 2015 can be found on the company's website at www.outokumpu.com/en/Investors/General-meetings.

Events after the reporting period

Divestment of 55% of SKS shares

On October 19, 2015, Outokumpu announced the divestment of 55% of SKS shares to Lujiazui International Trust Co., Ltd. in China. The transaction cash value of the divestment of Outokumpu's 55% holding in SKS is about EUR 370 million. As a result of the transaction, Outokumpu's net debt is expected to decrease by approximately EUR 430 million and gearing by approximately 30 percentage points on a pro forma basis. Outokumpu expects to record a non-recurring capital gain of about EUR 330 million in the fourth quarter results. After the transaction, Outokumpu still holds a 5% share of SKS and continues to operate the cold-rolling mill. The closing of the transaction is expected by the end of November 2015 and is subject to customary regulatory approval in China. The profit contribution of SKS to Outokumpu has not been material.

Roeland Baan appointed new CEO

On October 26, 2015 Outokumpu announced that the Outokumpu Board of Directors had appointed Roeland Baan as President and CEO of Outokumpu and the Chairman of the Leadership Team as of January 1, 2016. Baan is currently the Executive Vice President and CEO of Aleris Europe and Asia. Aleris is a global leader in aluminum rolled products. Previously Baan has worked for Arcelor Mittal, Mittal Steel, SHV and Shell.

Mika Seitovirta left his position as President and CEO of Outokumpu and on the Outokumpu Leadership Team on October 26, 2015. Reinhard Florey, Chief Financial Officer and deputy to the CEO of Outokumpu, is acting as interim CEO of Outokumpu until Roeland Baan starts in the company.

Espoo, November 4, 2015

Board of Directors

Condensed consolidated financial statements

Condensed income statement

EUR million	July-Sept 2015	April–June 2015	July-Sept 2014	Jan–Sept 2015	Jan–Sept 2014	Jan–Dec 2014
Continuing operations:						
Sales	1,487	1,694	1,799	4,949	5,170	6,844
Cost of sales	-1,476	-1,635	-1,747	-4,835	-5,089	-6,714
Gross margin	11	59	53	114	81	130
Other operating income	13	9	26	45	21	47
Costs and expenses	-95	-92	-85	-268	-261	-354
Other operating expenses	-6	-2	-3	-4	-48	-65
EBIT	-77	-26	-9	-113	-207	-243
Share of results in associated companies and joint ventures	-1	0	-1	2	7	7
Financial income and expenses						
Interest income	1	1	1	3	2	3
Interest expenses	-31	-33	-31	-96	-109	-141
Market price gains and losses	1	0	-13	1	-17	-15
Other financial income	1	0	0	2	1	2
Other financial expenses	-7	-8	-20	-23	-60	-70
Result before taxes	-113	-65	-73	-224	-383	-459
Income taxes	-2	3	-4	3	-10	8
Net result for the period from continuing operations	-115	-62	-77	-222	-393	-450
Net result for the period from discontinued operation	-	-	0	-	11	11
Net result for the period	-115	-62	-77	-222	-383	-439
Attributable to:						
Equity holders of the Company	-111	-60	-75	-214	-378	-434
Non-controlling interests	-4	-3	-2	-8	-5	-5
Earnings per share for result attributable to the equity holders of the Company (basic and diluted), EUR [1)]:						
Earnings per share, continuing operations	-	-	-0.18	-	-1.19	-1.27
Earnings per share, discontinued operation	-	-	0.00	-	0.03	0.03
Earnings per share	-0.27	-0.14	-0.18	-0.51	-1.16	-1.24

[1)] 2014 figures calculated based on the rights-issue-adjusted weighted average number of shares and adjusted to reflect the reverse split on June 20, 2014.

Statement of comprehensive income

EUR million	July-Sept 2015	April–June 2015	July-Sept 2014	Jan–Sept 2015	Jan–Sept 2014	Jan–Dec 2014
Net result for the period	-115	-62	-77	-222	-383	-439
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations	-27	-28	30	55	57	71
Available-for-sale financial assets						
Fair value changes during the period	-1	0	2	-1	2	3
Reclassification adjustments from other comprehensive income to profit or loss	-	-	0	-	3	3
Income tax relating to available-for-sale financial assets	0	-0	-0	0	-1	-1
Cash flow hedges						
Fair value changes during the period	-4	2	-4	-1	-4	-11
Reclassification adjustments from other comprehensive income to profit or loss	0	-0	-0	-0	-2	-2
Income tax relating to cash flow hedges	1	-0	-0	0	2	3
Share of other comprehensive income in associated companies and joint ventures	0	0	0	0	1	-0
Items that will not be reclassified to profit or loss:						
Remeasurements on defined benefit obligation plans						
Changes during the accounting period	-5	58	-44	35	-65	-14
Income tax relating to remeasurements	0	1	1	0	1	-12
Share of other comprehensive income in associated companies and joint ventures	0	0	-	-1	-	1
Other comprehensive income for the period, net of tax	-35	32	-16	88	-5	41
Total comprehensive income for the period	-150	-30	-93	-134	-388	-398
Attributable to:						
Equity holders of the Company	-146	-29	-91	-127	-384	-394
Non-controlling interests	-4	-1	-1	-7	-4	-4

Condensed statement of financial position

EUR million	Sept 30 2015	June 30 2015	Sept 30 2014	Dec 31 2014
ASSETS				
Non-current assets				
Intangible assets	567	572	569	567
Property, plant and equipment	3,061	3,138	3,142	3,138
Investments in associated companies and joint ventures	82	81	71	78
Other financial assets	38	35	26	29
Deferred tax assets	61	62	52	44
Defined benefit plan assets	38	40	-	36
Trade and other receivables	17	17	19	12
Total non-current assets	3,864	3,945	3,879	3,904
Current assets				
Inventories	1,413	1,552	1,621	1,527
Other financial assets	32	64	34	40
Trade and other receivables	676	798	851	749
Cash and cash equivalents	225	207	400	191
Total current assets	2,346	2,621	2,907	2,507
TOTAL ASSETS	6,210	6,566	6,785	6,411
EQUITY AND LIABILITIES				
Equity				
Equity attributable to the equity holders of the Company	2,051	2,197	2,143	2,132
Non-controlling interests	33	-3	0	0
Total equity	2,085	2,195	2,144	2,132
Non-current liabilities				
Non-current debt	1,494	1,576	1,852	1,597
Other financial liabilities	11	12	13	18
Deferred tax liabilities	38	39	44	31
Defined benefit and other long-term employee benefit obligations	335	332	379	372
Provisions	110	113	206	198
Trade and other payables	48	47	48	47
Total non-current liabilities	2,035	2,119	2,543	2,262
Current liabilities				
Current debt	743	747	616	569
Other financial liabilities	51	64	61	87
Provisions	26	21	35	26
Trade and other payables	1,270	1,420	1,386	1,335
Total current liabilities	2,090	2,252	2,098	2,016
TOTAL EQUITY AND LIABILITIES	6,210	6,566	6,785	6,411

Condensed statement of cash flows

EUR million	Jul-Sep 2015	April–June 2015	Jul-Sep 2014	Jan–Sep 2015	Jan–Sep 2014	Jan–Dec 2014
Net result for the period	-115	-62	-77	-222	-383	-439
Adjustments						
Depreciation, amortization and impairments	80	82	76	236	270	351
Other non-cash adjustments	48	38	-8	8	130	120
Change in working capital	91	-67	54	38	-176	-50
Dividends received	-	0	-	0	3	3
Interests received	1	1	1	2	2	2
Interests paid	-31	-33	-22	-91	-92	-111
Income taxes paid	-6	-1	0	-7	-2	-2
Net cash from operating activities	67	-41	23	-36	-248	-126
Purchases of assets	-35	-36	-20	-102	-90	-144
Proceeds from the disposal of subsidiaries, net of cash	-	-	-	-	-50	-50
Proceeds from the sale of assets	20	0	7	20	16	30
Other investing cash flow	0	2	-	2	0	1
Net cash from investing activities	-15	-34	-13	-80	-124	-162
Cash flow before financing activities	52	-75	10	-116	-372	-289
Rights issue	-	-	-	-	640	640
Capital contribution by the non-controlling interest holder	41	-	-	41	-	-
Borrowings of non-current debt	0	6	266	316	1,019	1,022
Repayment of non-current debt	-81	-158	-111	-389	-1,232	-1,505
Change in current debt	8	134	69	180	-257	-277
Other financing cash flow	1	0	1	1	-0	3
Net cash from financing activities	-31	-18	225	149	171	-116
Net change in cash and cash equivalents	21	-93	235	33	-201	-404
Cash and cash equivalents at the beginning of the period	207	298	161	191	607	607
Foreign exchange rate effect	-3	2	4	1	6	0
Discontinued operations net change in cash effect	-	-	-	-	-12	-12
Net change in cash and cash equivalents	21	-93	235	33	-201	-404
Cash and cash equivalents at the end of the period	225	207	400	225	400	191

2014 cash flows are presented for continuing operations.

Statement of changes in equity

EUR million	Share capital	Premium fund	Invested unrestricted equity reserve	Other reserves	Fair value reserves	Cumulative translation differences	Remeasurements of defined benefit plans	Treasury shares	Retained earnings	Non-controlling interests	Total equity
	Attributable to the owners of the parent										
Equity on Jan 1, 2014	311	714	1,462	7	9	-119	-65	-24	-410	4	1,891
Net result for the period	-	-	-	-	-	-	-	-	-378	-5	-383
Other comprehensive income	-	-	-	-	1	53	-61	-	1	1	-5
Total comprehensive income for the period	-	-	-	-	1	53	-61	-	-378	-4	-388
Transactions with owners of the Company											
Contributions and distributions											
Rights issue	-	-	640	-	-	-	-	-	-	-	640
Share-based payments	-	-	-	-	-	-	-	1	0	-	1
Changes in ownership interests											
Acquisition of a non-controlling interest	-	-	-	-	-	-	-	-	-0	-0	-1
Disposal of subsidiary	-	-	-	-1	-	-	4	-	-3	-0	-0
Other	-	-	-	-2	-	-	-	-	2	-	-0
Equity on Sept 30, 2014	311	714	2,103	5	11	-66	-122	-23	-789	0	2,144
Equity on Jan 1, 2015	311	714	2,103	5	5	-49	-89	-23	-846	0	2,132
Net result for the period	-	-	-	-	-	-	-	-	-214	-8	-222
Other comprehensive income	-	-	-	-	-2	54	35	-	-1	1	88
Total comprehensive income for the period	-	-	-	-	-2	54	35	-	-214	-7	-134
Transactions with owners of the Company											
Contributions and distributions											
Convertible bond	-	-	-	-	-	-	-	-	45	-	45
Capital contribution by the non-controlling interest holder [1)]	-	-	-	-	-	-	-	-	-	41	41
Share-based payments	-	-	-	-	-	-	-	2	-0	-	1
Equity on Sept 30, 2015	311	714	2,103	5	3	6	-54	-21	-1,013	33	2,085

[1)] Capital contribution by the non-controlling interest holder relates to full payment of the previously unpaid portion of share capital in SKS.

NOTES TO THE FINANCIAL STATEMENTS

Basis of preparation

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 2014 except for the new and revised IFRS standards adopted from January 1, 2015 and the principles related to the convertible bonds issue in February 2015.

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 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, 2015:

- IFRIC 21 Levies: The interpretation clarifies the accounting treatment of levies. A liability for a levy is recognized when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation is applicable to all levies other than income taxes, fines, penalties and outflows that are in scope of other standards. The interpretation did not have a significant impact on Outokumpu's consolidated financial statements.

- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions: The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. The amendments did not have an impact on Outokumpu's consolidated financial statements.

- Annual Improvements to IFRSs (2011–2013 cycle and 2010–2012 cycle): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments covered in total four (2011–2013 cycle) and seven (2010–2012 cycle) standards. Their impacts varied standard by standard but were not significant.

The following accounting principles were applied related to the convertible bonds:

The Group classifies convertible bonds as compound instruments. The component parts of the bonds are classified separately as financial liabilities and equity in accordance with the substance of the arrangement.

The liability component is recognized initially at fair value of a similar liability. The equity component is recognized initially at the difference between the fair value of the bond as a whole and the fair value of the liability component. Transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Equity component's initial carrying amount less the transaction costs was EUR 45 million and liability component's EUR 203 million in the consolidated statement of financial position. No deferred tax was recognized on the components due to the Group's tax position.

Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method. The equity component of the bond is not re-measured to initial recognition except on conversion or expiry.

When calculating diluted earnings per share for the period the convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. However, potential ordinary shares are only dilutive if the adjustments decrease the earnings per share ratio.

See Issue of convertible bond for further information on the bonds.

Managements' judgment and the 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, defined benefit and other long-term employee benefit obligations, impairments and derivative instruments. These are those financial statement items that are mostly affected by management judgments made. The management estimates and judgments are continuously monitored and they are based on prior experience and other factors, such as future expectations assumed to be reasonable considering the circumstances.

Although these estimates are based on management's best knowledge of the circumstances at the end of the reporting period, actual results may differ from the estimates and assumptions.

Share based payment plans

Outokumpu's share based payment programs include Performance Share Plan 2012 (Plans 2013–2015, 2014–2016 and 2015–2017) and Restricted Share Pool Program (Plans 2013–2015, 2014–2016 and 2015–2017).

The Performance Share Plan 2012–2014 ended and based on the achievement of the targets, the Board confirmed that the participants will receive 23.3% of the maximum number of shares as reward. After deductions for applicable taxes, altogether 48,234 shares will be delivered to 69 persons, subject to uninterrupted employment until the share delivery.

Regarding the Restricted Share Pool Program, plan 2012–2014, the Board of Directors approved that after deductions for applicable taxes in total 14,350 shares will be delivered to three participants based on the conditions of the plan.

Outokumpu uses its treasury shares for the reward payment, which means that the total number of shares of the company will not change.

In December 2014, the Board of Directors approved the commencement of the new plans (plan 2015–2017) regarding both Performance Share Plan 2012 and Restricted Share Pool Program 2012 as of the beginning of 2015. The maximum number of gross shares (taxes included) that can be allocated from the plans are 2,900,000 and 320,000, respectively. In total 143 persons participate in the 2015–2017 Performance share plan and its earnings criteria for the year 2015 are EBIT excluding non-recurring items and business cash flow, and return on capital employed (ROCE) ranking among peers in 2017.

The EBIT improvement criterion previously applied to the Performance share plans 2013–2015 and 2014–2016 was for the year 2015 replaced with the same EBIT excluding non-recurring items criterion as applied to the new plan 2015–2017. In addition, criterion on the return on capital employed in 2016 was added to the plan 2014–2016.

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

Issue of convertible bond

In February 2015, Outokumpu issued senior unsecured convertible bonds due February 2020 convertible into ordinary shares in Outokumpu. The principal amount of the bonds was EUR 250 million. Following the issue of the convertible bonds, Outokumpu canceled the remaining unutilized EUR 250 million of its EUR 500 million liquidity facility that was agreed in February 2014.

The bonds carry a coupon of 3.25% per annum payable semi-annually in arrears, with the first interest payment date being August 26, 2015. There will be a coupon step-up by 0.75 percentage points if Outokumpu's secured capital market indebtedness (excluding any existing secured notes indebtedness) exceeds EUR 250 million. The initial conversion price was at EUR 7.4268 and it will be subject to adjustments for any dividend as well as customary anti-dilution adjustments in accordance to the terms and conditions of the bonds. The bonds may be converted into maximum of 33,661,873 new ordinary shares in Outokumpu representing 8.1% of the outstanding shares prior to the issuance. The conversion period commenced April 8, 2015 and will end February 14, 2020.

Accounting principles related to the bond are explained under Basis of preparation.

Events after the end of the reporting period

In October 2015, Outokumpu announced the divestment of 55% of its 60% share of Shanghai Krupp Stainless Co., Ltd. (SKS) in China to Lujiazui International Trust. According to the agreement, Outokumpu still holds a 5% share of SKS and continues to operate the cold rolling mill. The transaction cash value is about EUR 370 million. As a result of the transaction, Outokumpu's net debt is expected to decrease by approximately EUR 430 million and gearing by approximately 30 percentage points on a pro forma basis. Outokumpu expects to record a non-recurring capital gain of about EUR 330 million in the fourth quarter results. The closing of the transaction is expected by the end of November 2015 and subject to customary regulatory approvals in China. The profit contribution of SKS to Outokumpu has not been material. Following the closing of the transaction, SKS will no longer be considered a subsidiary and Outokumpu ceases to consolidate SKS into its financial statements.

Property, plant and equipment

EUR million	Jan–Sept 2015	Jan–Sept 2014	Jan–Dec 2014
Carrying value at the beginning of the period	3,138	3,254	3,254
Translation differences	93	86	115
Additions	71	69	117
Disposals	-11	-9	-9
Reclassifications	-2	-3	-4
Depreciation and impairments	-228	-255	-333
Carrying value at the end of the period	3,061	3,142	3,138

Commitments

EUR million	Sept 30 2015	Sept 30 2014	Dec 31 2014
Mortgages and pledges			
Mortgages	3,556	3,634	3,593
Other pledges	-	-	-
Guarantees			
On behalf of subsidiaries for commercial commitments	28	27	27
On behalf of associated companies for financing	6	7	6
On behalf of other parties for financing	1	-	1
On behalf of other parties for commercial and other commitments	1	1	1
Other commitments	12	20	19
Minimum future lease payments on operating leases	70	65	63

Mortgages relate mainly to the refinancing measures which became effective on February 28, 2014. A major part of Outokumpu's borrowings are secured partly by security to the real property of the Group's main production plants and partly by share pledges over the shares in selected Group companies.

Certain guarantees issued by Outokumpu on behalf of the companies sold to ThyssenKrupp on February 28, 2014 have not yet been transferred to ThyssenKrupp as of September 30, 2015. These guarantees are presented as financing guarantees and commercial commitments on behalf of other parties.

Related to the Inoxum acquisition, one remaining guarantee issued by ThyssenKrupp on behalf of Inoxum companies has not yet been transferred to Outokumpu Oyj as of September 30, 2015. However, Outokumpu Oyj has given ThyssenKrupp a counter-guarantee for this commitment amounting to EUR 4 million.

Group's off-balance sheet investment commitments totaled EUR 81 million on September 30, 2015 (Sept 30, 2014: EUR 81 million, Dec 31, 2014: EUR 66 million).

Related party transactions

EUR million	Jan–Sept 2015	Jan–Sept 2014	Jan–Dec 2014
Transactions and balances with associated companies and joint ventures			
Sales	78	127	162
Purchases	-5	-6	-8
Trade and other receivables	36	52	41
Trade and other payables	1	2	1

In the first quarter of 2015 Outokumpu also sold property, plant and equipment with sales price of EUR 8 million to Manga LNG Oy, which is Outokumpu's associated company.

In 2014, the related party transactions included sales of EUR 56 million, purchases of EUR 20 million and interest expenses of EUR 10 million with ThyssenKrupp between January 1–February 28, 2014.

Fair values and nominal amounts of derivative instruments

EUR million	Sept 30 2015 Net fair value	Dec 31 2014 Net fair value	Sept 30 2015 Nominal amounts	Dec 31 2014 Nominal amounts
Currency and interest rate derivatives				
Currency forwards including embedded derivatives	-8	-34	2,116	1,778
Currency options, bought	-	0	-	16
Currency options, sold	-	-	-	-
Interest rate swaps	-9	-11	569	606
Interest rate options, bought	-	0	-	143
Interest rate options, sold	-	-1	-	43
			Tonnes	Tonnes
Metal derivatives				
Nickel options, bought	9	-	6,000	-
Nickel options, sold	-3		1,500	
Forward and futures nickel contracts	-9	4	48,970	51,094
Forward and futures molybdenum contracts	-3	-3	292	654
Emission allowance derivatives	3	1	2,400,000	1,900,000
Propane derivatives	-13	-22	67,500	89,000
			MMBtu	MMBtu
Natural gas derivatives	-1	-2	1,215,000	2,025,000
	-34	-68		

Hierarchy of financial assets and liabilities measured at fair value on September 30, 2015

EUR million	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	0	3	1	5
Investment at fair value through profit or loss	4	-	1	5
Derivatives	-	28	-	28
	4	30	2	37
Liabilities				
Derivatives	-	62	-	62

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, 2015	3	2
Fair value changes	-2	-1
Carrying balance on September 30, 2015	1	1

Available for sale financial assets at hierarchy level 3 relates to investments in energy producing companies. Valuation model of energy producing companies is based on discounted cash flow (model), which takes into account the future prices of electricity, discount rate, inflation rate, the estimated amount of electricity to be received and estimated production costs. The valuation is mainly driven by electricity price. +/- 10% change in electricity price leads to an increase of EUR 0 million or decrease of EUR 0 million in valuation.

The fair value of the non-current loan receivables is EUR 8 million (carrying amount EUR 8 million) and the fair value of long-term debt is EUR 1,484 million (carrying amount EUR 1,494 million). The fair value of the convertible bonds includes the value of the conversion rights. For other financial instruments the carrying amount is a reasonable approximation of fair value.

Key figures by quarters

EUR million	I/14	II/14	III/14	I–III/14	IV/14	2014	I/15	II/15	**III/15**	**I–III/15**
Non-recurring items										
Redundancy costs	-88	-7	-12	-107	-6	-113	-	-	**-2**	**-2**
Environmental provisions related to site closures	-25	-	-	-25	-	-25	-	-	**-**	**-**
Net costs related to technical issues in Calvert	-	-	-	-	-21	-21	-19	-	**-**	**-19**
Non-recurring items in EBITDA	-113	-7	-12	-132	-27	-159	-19	-	**-2**	**-21**
of which in gross margin	-113	-7	-9	-128	-39	-167	-15	-	**-2**	**-17**
Additionally in EBIT										
Impairments related to EMEA restructuring	-27	-	-	-27	-	-27	-	-	**-**	**-**
Non-recurring items in EBIT	-140	-7	-12	-159	-27	-186	-19	-	**-2**	**-21**
EBIT margin, %	-11.6	-0.6	-0.5	-4.0	-2.2	-3.6	-0.6	-1.5	**-5.2**	**-2.3**
Return on capital employed, %	-18.3	-1.0	-0.8	-6.6	-3.5	-5.8	-1.0	-2.5	**-7.6**	**-3.7**
Return on equity, %	-47.5	-10.3	-14.0	-25.3	-10.4	-21.8	-8.7	-11.3	**-21.5**	**-14.0**
Non-current debt	2,210	1,627	1,852	1,852	1,597	1,597	1,732	1,576	**1,494**	**1,494**
Current debt	404	602	616	616	569	569	600	747	**743**	**743**
Cash and cash equivalents	-880	-161	-400	-400	-191	-191	-298	-207	**-225**	**-225**
Net debt at the end of period	1,733	2,068	2,068	2,068	1,974	1,974	2,034	2,116	**2,012**	**2,012**
Capital employed at the end of period	3,958	4,208	4,149	4,149	4,072	4,072	4,208	4,212	**4,009**	**4,009**
Equity-to-assets ratio at the end of period, %	32.8	33.7	31.6	31.6	33.3	33.3	32.3	33.5	**33.6**	**33.6**
Debt-to-equity ratio at the end of period, %	75.9	92.5	96.4	96.4	92.6	92.6	91.5	96.4	**96.5**	**96.5**
Net debt to EBITDA	n/a	33.1	10.8	10.8	7.5	7.5	6.5	7.3	**9.3**	**9.3**
Earnings per share, EUR [1) 2)]	-1.66	-0.14	-0.18	-1.16	-0.13	-1.24	-0.10	-0.14	**-0.27**	**-0.51**
Equity per share at the end of period, EUR [2)]	5.49	5.38	5.16	5.16	5.13	5.13	5.35	5.29	**4.93**	**4.93**
Deliveries, 1,000 tonnes										
Cold rolled	487	489	479	1,455	425	1,880	458	449	**433**	**1,340**
White hot strip	103	107	85	295	78	373	93	88	**79**	**260**
Quarto plate	22	23	22	67	22	89	24	31	**23**	**78**
Long products	16	18	15	49	14	64	16	16	**18**	**50**
Semi-finished products	71	62	62	195	75	271	49	52	**44**	**146**
Stainless steel [3)]	46	37	29	112	27	138	27	29	**16**	**71**
Ferrochrome	25	25	33	83	49	133	22	23	**29**	**74**
Tubular products	2	2	3	7	2	9	2	3	**2**	**7**
Total deliveries	701	701	667	2,069	617	2,686	642	640	**599**	**1,881**
Stainless steel deliveries	676	675	634	1,985	568	2,554	620	616	**570**	**1,807**
Average personnel for the period [4)]	12,443	12,833	12,700	12,659	12,184	12,540	11,927	12,172	**11,879**	**11,993**

[1)] 2014 figures calculated based on the rights-issue-adjusted weighted average number of shares.

[2)] Comparative figures adjusted to reflect the reverse split on June 20, 2014.

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

[4)] 2014 figures presented for continuing operations.

Business Area key figures by quarters

Stainless steel deliveries 1,000 tonnes	I/14	II/14	III/14	I–III/14	IV/14	2014	I/15	II/15	III/15	I–III/15
Coil EMEA total	464	438	395	1,298	369	1,666	411	415	374	1,200
of which intra-group	36	31	18	86	38	124	30	39	28	98
Coil Americas total	135	143	137	415	126	541	126	111	134	371
of which intra-group	3	3	1	7	1	8	-	-	12	12
APAC total	48	58	60	166	54	220	52	61	51	164
of which intra-group	-	-	-	-	-	-	-	-	-	-
Quarto Plate total	24	25	24	73	24	98	26	31	24	81
of which intra-group	1	1	1	2	1	3	1	1	1	3
Long Products total	65	80	60	205	43	248	52	62	58	172
of which intra-group	20	34	22	76	8	84	16	22	30	68
Group total deliveries	676	675	634	1,985	568	2,554	620	616	570	1,807

Sales EUR million	I/14	II/14	III/14	I–III/14	IV/14	2014	I/15	II/15	III/15	I–III/15
Coil EMEA total	1,169	1,161	1,134	3,465	1,055	4,520	1,127	1,090	973	3,190
of which intra-group	149	127	107	383	104	488	93	97	94	284
Coil Americas total	254	291	316	861	297	1,158	308	255	276	839
of which intra-group	3	12	7	22	5	27	8	4	20	32
APAC total	88	118	124	330	114	444	112	129	97	339
of which intra-group	2	2	3	7	3	10	3	3	1	8
Quarto Plate total	102	114	113	330	120	450	122	133	104	359
of which intra-group	12	17	16	45	19	63	17	18	12	47
Long Products total	149	203	171	523	129	651	149	159	142	451
of which intra-group	41	77	51	169	19	188	36	46	56	139
Other operations total	135	178	193	506	184	689	181	167	157	505
of which intra-group	73	77	68	218	74	292	75	71	79	225
Group total sales	1,617	1,753	1,799	5,170	1,674	6,844	1,768	1,694	1,487	4,949

EBIT

EUR million	I/14	II/14	III/14	I–III/14	IV/14	2014	I/15	II/15	III/15	I–III/15
Coil EMEA	-134	7	27	-99	13	-86	48	56	-5	99
Coil Americas	-36	-17	-29	-82	-22	-104	-49	-65	-49	-163
APAC	-5	1	-2	-6	1	-6	-2	-5	-8	-16
Quarto Plate	-2	-9	-5	-17	-9	-26	0	-2	-14	-15
Long Products	0	14	8	23	11	33	4	5	1	9
Other operations and intra-group items	-11	-6	-9	-25	-30	-55	-11	-15	-2	-27
Group total EBIT	-188	-10	-9	-207	-36	-243	-10	-26	-77	-113

EBIT excl. non-recurring items

EUR million	I/14	II/14	III/14	I–III/14	IV/14	2014	I/15	II/15	III/15	I–III/15
Coil EMEA	6	14	38	59	19	78	48	56	-3	101
Coil Americas	-36	-17	-29	-82	-0	-82	-30	-65	-49	-144
APAC	-5	1	-2	-6	1	-6	-2	-5	-8	-16
Quarto Plate	-2	-9	-5	-17	-9	-26	0	-2	-14	-15
Long Products	0	14	8	23	11	33	4	5	1	9
Other operations and intra-group items	-11	-6	-8	-24	-30	-54	-11	-15	-2	-27
Group total EBIT excl. non-recurring items	-48	-3	3	-48	-9	-57	8	-26	-74	-92

Underlying EBIT

EUR million	I/14	II/14	III/14	I–III/14	IV/14	2014	I/15	II/15	III/15	I–III/15
Coil EMEA	10	15	15	41	21	62	28	42	2	72
Coil Americas	-40	-25	-33	-98	6	-93	-28	-50	-44	-122
APAC	-5	1	-2	-6	0	-6	-2	-4	-9	-15
Quarto Plate	-4	-8	-11	-24	-6	-30	-0	-4	-16	-20
Long Products	2	11	6	19	12	32	3	4	3	10
Other operations and intra-group items	-8	1	-4	-10	-42	-52	1	-14	-3	-15
Group total underlying EBIT	-45	-6	-28	-78	-9	-88	2	-25	-67	-90

Non-recurring items in EBIT

EUR million	I/14	II/14	III/14	I–III/14	IV/14	2014	I/15	II/15	III/15	I–III/15
Coil EMEA	-140	-7	-11	-158	-6	-164	-	-	-2	-2
Coil Americas	-	-	-	-	-21	-21	-19	-	-	-19
APAC	-	-	-	-	-	-	-	-	-	-
Quarto Plate	-	-	-	-	-	-	-	-	-	-
Long Products	-	-	-	-	-	-	-	-	-	-
Other operations	-	-	-1	-1	-0	-1	-	-	-	-
Group total non-recurring items in EBIT	-140	-7	-12	-159	-27	-186	-19	-	-2	-21

EBITDA

EUR million	I/14	II/14	III/14	I–III/14	IV/14	2014	I/15	II/15	III/15	I–III/15
Coil EMEA	-54	58	74	79	63	142	95	104	42	240
Coil Americas	-19	1	-12	-30	-2	-33	-28	-44	-28	-99
APAC	-2	4	2	4	4	8	2	-1	-5	-5
Quarto Plate	2	-5	-1	-3	-4	-7	5	3	-9	-1
Long Products	2	16	10	27	12	40	5	8	3	16
Other operations and intra-group items	-8	-3	-6	-18	-27	-45	-15	-14	0	-28
Group total EBITDA	-78	70	67	59	45	104	65	55	3	123

EBITDA excl. non-recurring items

EUR million	I/14	II/14	III/14	I–III/14	IV/14	2014	I/15	II/15	III/15	I–III/15
Coil EMEA	59	66	85	210	68	278	95	104	44	243
Coil Americas	-19	1	-12	-30	19	-11	-9	-44	-28	-80
APAC	-2	4	2	4	4	8	2	-1	-5	-5
Quarto Plate	2	-5	-1	-3	-4	-7	5	3	-9	-1
Long Products	2	16	10	27	12	40	5	8	3	16
Other operations and intra-group items	-8	-3	-5	-17	-27	-44	-15	-14	0	-28
Group total EBITDA excl. non-recurring items	34	78	79	191	73	263	83	55	6	144

Underlying EBITDA

EUR million	I/14	II/14	III/14	I–III/14	IV/14	2014	I/15	II/15	III/15	I–III/15
Coil EMEA	63	67	62	192	71	263	75	90	49	214
Coil Americas	-23	-7	-16	-46	25	-22	-7	-28	-23	-58
APAC	-2	4	2	4	4	7	2	1	-6	-4
Quarto Plate	0	-4	-6	-10	-1	-11	5	1	-11	-6
Long Products	4	13	8	24	14	38	5	7	5	17
Other operations and intra-group items	-5	3	-1	-3	-40	-43	-3	-13	-1	-16
Group total underlying EBITDA	37	75	48	160	72	232	77	57	13	146

Depreciation and amortization

EUR million	I/14	II/14	III/14	I–III/14	IV/14	2014	I/15	II/15	III/15	I–III/15
Coil EMEA	-53	-51	-47	-151	-49	-200	-47	-47	-47	-141
Coil Americas	-17	-17	-17	-52	-19	-71	-21	-21	-21	-64
APAC	-3	-3	-3	-10	-4	-14	-4	-4	-3	-11
Quarto Plate	-5	-5	-5	-14	-5	-19	-5	-5	-5	-14
Long Products	-2	-2	-1	-5	-2	-6	-2	-2	-2	-6
Other operations	-2	-2	-2	-6	-2	-10	-1	-1	-1	-4
Group total depreciation and amortization	-82	-80	-76	-238	-81	-320	-80	-81	-80	-241

Capital expenditure

EUR million	I/14	II/14	III/14	I–III/14	IV/14	2014	I/15	II/15	III/15	I–III/15
Coil EMEA	9	19	18	45	22	67	19	16	18	53
Coil Americas	2	2	3	7	8	15	1	4	2	7
APAC	0	0	0	1	1	2	0	0	0	1
Quarto Plate	2	5	2	9	7	16	1	1	0	3
Long Products	1	2	2	5	2	6	1	0	1	2
Other operations	1	5	0	6	15	21	4	14	6	24
Group total capital expenditure	15	33	25	73	54	127	26	35	29	89

Operating capital

EUR million	I/14	II/14	III/14	I–III/14	IV/14	2014	I/15	II/15	III/15	I–III/15
Coil EMEA	2,492	2,575	2,535	2,535	2,405	2,405	2,364	2,362	2,333	2,333
Coil Americas	993	1,111	1,170	1,170	1,195	1,195	1,341	1,289	1,193	1,193
APAC	177	183	200	200	184	184	202	183	174	174
Quarto Plate	245	253	251	251	218	218	224	228	204	204
Long Products	126	153	151	151	167	167	174	163	163	163
Other operations and intra-group items	-72	-67	-164	-164	-110	-110	-113	-36	-82	-82
Group total operating capital	3,961	4,209	4,142	4,142	4,059	4,059	4,192	4,189	3,986	3,986

Definitions of key financial figures

EBITDA	=	EBIT before depreciation, amortization and impairments	
Capital employed	=	Total equity + net debt + net derivative liabilities + net accrued interest expenses – net assets held for sale – loans receivable – available-for-sale financial assets – investments at fair value through profit or loss – investments in associated companies and joint ventures	
Operating capital	=	Capital employed + net deferred tax liability	
Return on equity	=	$\frac{\text{Net result for the financial period}}{\text{Total equity (average for the period)}}$	× 100
Return on capital employed (ROCE)	=	$\frac{\text{EBIT}}{\text{Capital employed (average for the period)}}$	× 100
Net debt	=	Non-current debt + current debt – cash and cash equivalents	
Equity-to-assets ratio	=	$\frac{\text{Total equity}}{\text{Total assets – advances received}}$	× 100
Debt-to-equity ratio	=	$\frac{\text{Net debt}}{\text{Total equity}}$	× 100
Net debt to EBITDA	=	$\frac{\text{Net debt}}{\text{Cumulative EBITDA excl. non-recurring items of previous four quarters}}$	
Earnings per share	=	$\frac{\text{Net result for the financial period attributable to the owners of the parent}}{\text{Adjusted average number of shares during the period}}$	
Equity per share	=	$\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$	