Outokumpu financial statements release 2019

Contents

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Significant reduction of net debt to EUR 1,155 million

Highlights in Q4 2019

- Stainless steel deliveries were 458,000 tonnes (534,000 tonnes)[1].
- Adjusted EBITDA was EUR 73 million (EUR 89 million).
- EBITDA was EUR 90 million (EUR 92 million).
- Operating cash flow was EUR 143 million (EUR 43 million).
- Net debt was EUR 1,155 million (September 30, 2019: EUR 1,336 million).
- Gearing was 45.1% (September 30, 2019: 51.4%).

Highlights in 2019

- Stainless steel deliveries were 2,196,000 tonnes (2,428,000 tonnes).
- Adjusted EBITDA was EUR 263 million (EUR 485 million).
- EBITDA was EUR 266 million (EUR 496 million).
- Operating cash flow was EUR 371 million (EUR 214 million).
- Net result was EUR -75 million (EUR 130 million).
- Return on capital employed (ROCE) was 0.8% (7.0%).
- The Board of Directors proposes a dividend of EUR 0.10 per share for 2019.

Group key figures		Q4/19	Q4/18	Q3/19	2019	2018
Sales	EUR million	**1,398**	1,586	1,590	**6,403**	6,872
EBITDA	EUR million	**90**	92	45	**266**	496
Adjusted EBITDA [1)]	EUR million	**73**	89	45	**263**	485
EBIT	EUR million	**30**	38	-13	**33**	280
Adjusted EBIT [1)]	EUR million	**13**	35	-13	**30**	279
Result before taxes	EUR million	**6**	20	-30	**-41**	175
Net result for the period	EUR million	**-15**	27	-27	**-75**	130
Earnings per share	EUR	**-0.04**	0.07	-0.06	**-0.18**	0.32
Diluted earnings per share	EUR	**-0.04**	0.07	-0.06	**-0.18**	0.32
Return on capital employed	%	**0.8**	7.0	1.0	**0.8**	7.0
Net cash generated from operating activities	EUR million	**143**	43	12	**371**	214
Net debt at the end of period	EUR million	**1,155**	1,241	1,336	**1,155**	1,241
Debt-to-equity ratio at the end of period	%	**45.1**	45.1	51.4	**45.1**	45.1
Capital expenditure	EUR million	**65**	104	56	**221**	260
Stainless steel deliveries	1,000 tonnes	**458**	534	533	**2,196**	2,428
Personnel at the end of period		**10,390**	10,449	10,507	**10,390**	10,449

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

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019 using the modified retrospective approach. Comparative information has not been restated.
More information on the changes to Outokumpu's accounting principles and transition impacts is presented in the end of this report.

[1] Figures in parentheses refer to the corresponding period for 2018, unless otherwise stated.

President & CEO Roeland Baan

In 2019, the European steel industry continued to suffer from the surge of imports and unprecedented price pressure caused by the US steel tariffs. It is evident that the EU needs to implement stronger safeguards and other trade defense measures to ensure a level playing field for all market participants.

In this harsh market environment, we kept our focus on enhancing our operational efficiency and securing our competitiveness. Our ongoing operational excellence efforts delivered a 4% productivity improvement in 2019. Furthermore, we were able to release almost EUR 220 million from net working capital, and most importantly we reduced our net debt to EUR 1,155 million.

I am also very proud of our constantly improving safety performance and organizational health. The latter is now only a notch away from the international top benchmark. Our latest customer survey tells a similar story: 72% of our customers are highly satisfied with our products and services which confirms our leading market position.

Outokumpu’s full-year adjusted EBITDA amounted to EUR 263 million, strongly affected by exceptionally low deliveries across all business areas. In the fourth quarter, profitability was positively impacted by improved raw material efficiency. Deliveries were low mainly due to distributor destocking in the US, high import penetration in Europe and low activity in the global automotive industry. These effects were further exacerbated by low prices in Europe. Given these challenging market conditions, business area Europe delivered a fair result demonstrating the resilience of our business model. In the Americas, underlying performance continued to improve, supported by commercial efforts and better product mix. The investment in ferritics production in Calvert is on track and expected to start production in the fourth quarter of 2020.

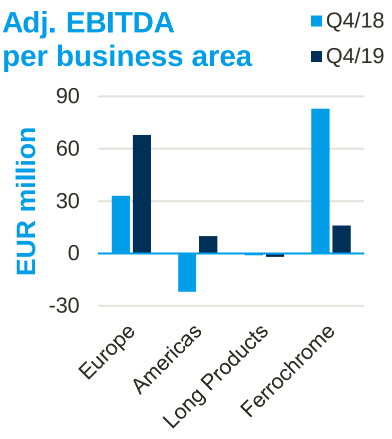
The dynamics in the stainless steel market have shifted as a result of trade wars and intensified Asian competition. Furthermore, there is an increased demand for organizations to reduce their carbon footprint and contribute to climate change mitigation. These are key targets also for Outokumpu. The high recycled content of 90% in our stainless steel production, continuous energy efficiency improvements and decreasing CO2 emissions support our position as a frontrunner in sustainable stainless steel manufacturing. We are confident that through pursuing our must-win battles with a highlighted focus on sustainability, customer orientation and efficiency, 2020 will be another year of continuing progress for Outokumpu.

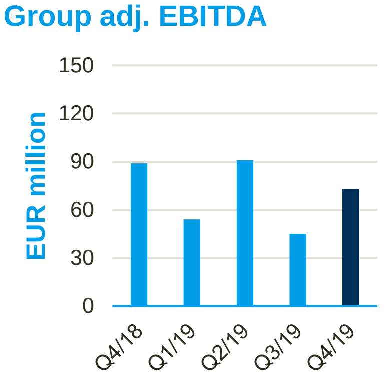
Outlook for Q1 2020

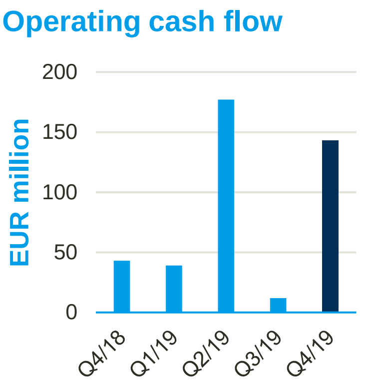
The stainless steel market is expected to strengthen during the first quarter, supported by typical seasonality.

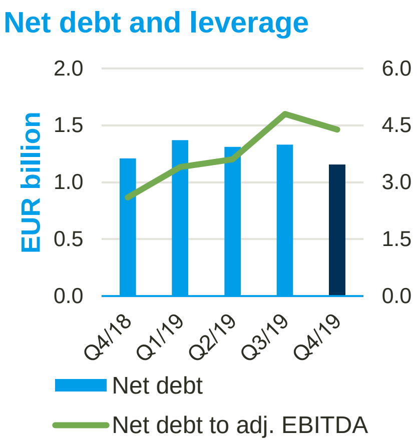
Outokumpu expects its stainless steel deliveries to increase from the fourth quarter of 2019 in all business areas.

First-quarter adjusted EBITDA is expected to be higher compared to the fourth quarter of 2019 (Q4/19: EUR 73 million).









Results

Q4 2019 compared to Q4 2018

Outokumpu's sales decreased to EUR 1,398 million (EUR 1,586 million) and adjusted EBITDA to EUR 73 million (EUR 89 million). Stainless steel deliveries decreased by 14% from Q4/18. Lower deliveries and higher nickel price had a significant impact on profitability. Raw material-related inventory and metal derivative losses were EUR 9 million (losses of EUR 15 million). Business area Ferrochrome's profitability was negatively impacted by lower ferrochrome benchmark price as well as lower production. Other operations and intra-group items' adjusted EBITDA was EUR -19 million (EUR -4 million) due to higher costs in various areas. The real estate sale in Benrath had a positive impact of EUR 70 million on the fourth-quarter result. Outokumpu booked EUR 53 million provision in its fourth-quarter results related to the restructuring in Germany. The cash impact of the provision will materialize as of 2020. Both the gain on the real estate sale and provision are reported as adjustments to EBITDA.

Q4 2019 compared to Q3 2019

Outokumpu's sales decreased to EUR 1,398 million compared to EUR 1,590 million in the third quarter of 2019. Adjusted EBITDA increased to EUR 73 million compared to EUR 45 million in the third quarter. Stainless steel deliveries in the fourth quarter were 14% lower, but profitability was positively impacted by lower costs across the Group and business area Europe's improved raw material mix. Raw material-related inventory and metal derivative losses in the fourth quarter were EUR 20 million lower than in Q3/19.

2019 compared to 2018

In 2019, Outokumpu's sales decreased to EUR 6,403 million (EUR 6,872 million). Adjusted EBITDA decreased to EUR 263 million (EUR 485 million). Stainless steel deliveries were 10% lower compared to 2018, but product mix was significantly better in 2019 for both business area Europe and business area Americas. Business area Ferrochrome's profitability was suffering from lower ferrochrome benchmark price, but production was above 2018 level. Raw material-related inventory and metal derivative losses were EUR 64 million, significantly higher than the losses of EUR 16 million in 2018. Other operations and intra-group items' adjusted EBITDA amounted to EUR -15 million (EUR 7 million). Other operations and intra-group items' result includes a EUR -14 million expense related to a settlement between Outokumpu and Thyssenkrupp regarding a tax consolidation claim in Italy, as well as other earlier claims from the merger between Outokumpu and Inoxum, which are reported as an adjustment to EBITDA.

EBIT amounted to EUR 33 million (EUR 280 million) and net result amounted to EUR -75 million (EUR 130 million). The net result does not include any material previously unrecognized deferred tax assets (EUR 34 million).

Financial position and cash flow

Operating cash flow amounted to EUR 143 million in the fourth quarter (EUR 43 million). Net working capital decreased by EUR 66 million, compared to a decrease of EUR 15 million in the fourth quarter of 2018. Inventories decreased to EUR 1,424 million (EUR 1,555 million). Fourth-quarter cash flow from investing activities includes EUR 90 million proceeds from real estate sale in Benrath, Germany.

Capital expenditure amounted to EUR 65 million in the fourth quarter (EUR 104 million). For the full-year 2019, capital expenditure amounted to EUR 221 million (EUR 260 million). The ongoing investments include the Kemi mine expansion and the digital transformation project Chorus, including the ERP renewal.

Net debt amounted to EUR 1,155 million at the end of the year, improved from EUR 1,336 in September 2019 and EUR 1,241 million at the end of 2018. Gearing decreased to 45.1% during the fourth quarter (September 30, 2019: 51.4%; December 31, 2018: 45.1%).

Net financial expenses were EUR 27 million in the fourth quarter (EUR 19 million) and EUR 80 million in 2019 (EUR 107 million). Interest expenses were EUR 22 million for the fourth quarter (EUR 17 million) and EUR 76 million for 2019 (EUR 70 million). Cash and cash equivalents were at EUR 325 million at the end of the year (EUR 68 million) and the total liquidity reserves were EUR 1.0 billion (EUR 0.7 billion). In addition to these reserves, EUR 78 million of the EUR 120 million Kemi mine financing is unutilized. Outokumpu has drawn the EUR 400 million term loan in the fourth quarter.

Market development

According to SMR's latest estimates (January 2020), global apparent stainless steel consumption decreased by 0.8% in the fourth quarter compared to the same period last year. EMEA contributed with a growth of 5.2% while demand in the Americas and APAC shrank by 2.8% and 1.9%, respectively. In 2019, global apparent consumption increased by 2.7% compared to the previous year. APAC contributed with a growth of 5.3% while EMEA and Americas shrank by 3.6% and 5.7%.

Global real demand for stainless steel products amounted to 43.8 million tonnes in 2019, an increase of 1.5% from 43.2 million tonnes in 2018. The annual demand growth was strongest in the ABC & Infrastructure segment, increasing by 5% from prior year. Demand in the Consumer Goods & Medical and Industrial & Heavy Industries grew by 3% and 1%, respectively. Meanwhile demand in the Chemical, Petrochemical and Energy segment remained at the same levels as 2018, whereas demand in Automotive & Heavy Transport segment shrank by 7%.

In the first quarter of 2020, global real demand is expected to decrease by 0.6% compared to the fourth quarter of 2019, driven by decrease of 1.1% in APAC, while EMEA and the Americas is expected to grow by 1.2% and 0.3%. Compared to last year's first quarter, real demand is expected to grow by 3.1% driven by an increase of 5.0% in APAC. Meanwhile, demand in EMEA and the Americas is expected to decrease by 2.5% and 1.2%, respectively. In 2020, total global demand is estimated to grow by 2.6% compared to 2019.

Business area Europe

Europe key figures		Q4/19	Q4/18	Q3/19	2019	2018
Stainless steel deliveries	1,000 tonnes	**297**	341	356	**1,459**	1,547
Sales	EUR million	**862**	970	1,006	**4,089**	4,267
Adjusted EBITDA	EUR million	**68**	33	33	**216**	248
Adjustments						
Gain on the sale of real estate in Benrath, Germany	EUR million	**70**	-	-	**70**	-
Restructuring costs in Germany	EUR million	**-53**	-	-	**-53**	-
Gain on the sale of PPE and release of provisions related to EMEA restructuring	EUR million	**-**	3	**-**	**-**	10
EBITDA	EUR million	**85**	36	33	**233**	259
Operating capital	EUR million	**1,901**	1,934	1,990	**1,901**	1,934

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019. Comparative information has not been restated.

Results

Q4 2019 compared to Q4 2018

Sales amounted to EUR 862 million (EUR 970 million).
Adjusted EBITDA amounted to EUR 68 million (EUR 33 million).

- Stainless steel deliveries decreased by 13% due to higher imports and weak demand.
- Realized base prices were lower.
- Profitability was positively impacted by improved product mix, higher nickel price and lower costs.
- Planned maintenance at the Tornio stainless steel mill had a negative impact of EUR 15 million on the result.
- Raw material-related inventory and metal derivative gains were EUR 6 million (losses of EUR 11 million)
- The reference period's adjusted EBITDA includes a gain of EUR 11 million resulting from an amendment of Outokumpu's pension plan in Germany.

Q4 2019 compared to Q3 2019

Adjusted EBITDA increased to EUR 68 million (Q3/19: EUR 33 million).

- Stainless steel deliveries were 17% lower due to weaker underlying demand.
- Better raw material mix and efficiency as well lower input costs had a positive impact on margins.
- Planned maintenance at the Tornio stainless steel mill had a negative impact of EUR 15 million on the result in the fourth quarter.
- Raw material-related inventory and metal derivative gains were EUR 6 million compared to losses of EUR 17 million in Q3/19.

2019 compared to 2018

Sales amounted to EUR 4,089 million (EUR 4,267 million).
Adjusted EBITDA amounted to EUR 216 million (EUR 248 million).

- Stainless steel deliveries decreased by 6%.
- Realized base prices were lower due high import pressure, but the negative impact was partly offset by significantly improved product mix and better raw material mix.
- The positive impact from lower costs was partly offset by negative currency impacts.
- Raw material-related inventory and metal derivative losses were EUR 19 million (losses of EUR 26 million).

Market

- Real demand in EMEA increased by 1% compared to Q4/18 and 4% compared to Q3/19. In 2019, real demand in EMEA decreased by 4.3% compared to 2018.
- EU cold-rolled imports from the third countries were at a level of 30% in Q4/19, down from 33% in Q3/19. In 2019, EU cold-rolled imports were at 29.2%, slightly down from 29.7% in 2018. (Source: EUROFER, January 2020).
- Distributor inventories were above the long-term average levels at the end on November 2019.

Business area Americas

Americas key figures		Q4/19	Q4/18	Q3/19	2019	2018
Stainless steel deliveries	1,000 tonnes	**134**	148	154	**601**	762
Sales	EUR million	**302**	351	337	**1,346**	1,715
Adjusted EBITDA	EUR million	**10**	-22	-11	**-27**	-5
EBITDA	EUR million	**10**	-22	-11	**-27**	-5
Operating capital	EUR million	**914**	1,084	956	**914**	1,084

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019. Comparative information has not been restated.

Results

Q4 2019 compared to Q4 2018

Sales amounted to EUR 302 million
(EUR 351 million).
Adjusted EBITDA amounted to EUR 10 million
(EUR -22 million).

- Stainless steel deliveries decreased by 9% following the normal seasonality and partly due to the decision to terminate low-value export sales.
- Realized base prices were lower.
- Profitability was positively impacted by higher nickel price, lower costs and improved raw material efficiency.
- Raw material-related inventory and metal derivative losses were EUR 8 million (gains of EUR 0 million).

Q4 2019 compared to Q3 2019

Adjusted EBITDA amounted to EUR 10 million
(Q3/19: EUR -11 million).

- Stainless steel deliveries decreased by 13%.
- Better customer mix and lower electrode and other input costs positively impacted the result.
- Raw material-related inventory and metal derivative losses were EUR 8 million compared to losses of EUR 15 million in Q3/19.

2019 compared to 2018

Sales amounted to EUR 1,346 million
(EUR 1,715 million).
Adjusted EBITDA amounted to EUR -27 million
(EUR -5 million).

- Stainless steel deliveries decreased by 21%.
- Input costs were higher, but the impact was partly offset by significantly improved product mix and lower freight costs, both supported profitability.
- Raw material-related inventory and metal derivative losses were EUR 40 million (gains of EUR 20 million).

Market

- In the fourth quarter of 2019, real demand shrank by 7.7% compared to Q4/18. In 2019, real demand decreased by 10% compared to the previous year.
- Cold-rolled imports into the US decreased by 23% in November 2019 compared to November 2018. For the full year 2019, cold-rolled imports decreased to 14% from 18% in 2018. (Source: American Iron & Steel Institute, January 2020).
- Distributor inventories were above average level during the year with a decreasing tendency over the last three months of 2019. (Source: Metals Service Center Institute, January 2020).

Business area Long Products

Long Products key figures		Q4/19	Q4/18	Q3/19	2019	2018
Stainless steel deliveries	1,000 tonnes	**44**	64	47	**226**	285
Sales	EUR million	**135**	185	137	**642**	740
Adjusted EBITDA	EUR million	**-2**	-1	-9	**-7**	25
EBITDA	EUR million	**-2**	-1	-9	**-7**	25
Operating capital	EUR million	**157**	179	203	**157**	179

Fagersta Stainless included in stainless steel deliveries, sales, adjusted EBITDA, and EBITDA as of July 1, 2018 and in operating capital as of June 30, 2018.

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019. Comparative information has not been restated.

Results

Q4 2019 compared to Q4 2018

Sales amounted to EUR 135 million
(EUR 185 million).
Adjusted EBITDA amounted to EUR -2 million
(EUR -1 million).

- Stainless steel deliveries decreased by 32% due to lower external deliveries and internal deliveries to business area Europe.
- Realized base prices were lower.
- The negative impact from lower volumes was partly offset by better product mix and lower costs.
- Raw material-related inventory and metal derivative losses were EUR 0 million (gains of EUR 1 million).
- The reference period’s adjusted EBITDA includes a loss of EUR 3 million resulting from an interpretation change related to guaranteed minimum pensions in the UK.

Q4 2019 compared to Q3 2019

Adjusted EBITDA increased to EUR -2 million
(Q3/19: EUR -9 million).

- Stainless steel deliveries decreased by 8%.
- External deliveries increased slightly but internal deliveries to business area Europe were lower.
- Better product mix and lower costs of input materials supported profitability.
- Raw material-related inventory and metal derivative losses were EUR 0 million (losses of EUR 6 million).

2019 compared to 2018

Sales amounted to EUR 642 million
(EUR 740 million).
Adjusted EBITDA amounted to EUR -7 million
(EUR 25 million).

- Stainless steel deliveries decreased by 20% due to lower external and internal deliveries.
- Realized base prices were lower.
- Raw material-related inventory and metal derivative losses were EUR 9 million compared to EUR 0 million in 2018.
- The reference period’s adjusted EBITDA includes a gain of EUR 4 million resulting from a change in terms of Outokumpu’s defined benefit medical plan in the US and a loss of EUR 3 million resulting from an interpretation change related to guaranteed minimum pensions in the UK.

Market

- Long products market was subdued in 2019. In Europe, demand continued weak in the fourth quarter due to inventory destocking and a decrease in end-user demand, especially in the automotive segment.
- Demand in the US remained stable.

Business area Ferrochrome

Ferrochrome key figures		Q4/19	Q4/18	Q3/19	2019	2018
Ferrochrome production	1,000 tonnes	**112**	135	131	**505**	497
Sales	EUR million	**104**	143	104	**461**	542
Adjusted EBITDA	EUR million	**16**	83	19	**96**	210
EBITDA	EUR million	**16**	83	19	**96**	210
Operating capital	EUR million	**692**	640	686	**692**	640

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Results

Q4 2019 compared to Q4 2018

Sales decreased to EUR 104 million (EUR 143 million).
Adjusted EBITDA decreased to EUR 16 million (EUR 83 million).

- Ferrochrome production was 17% lower.
- Ferrochrome benchmark price was USD 0.22/lb. lower having a negative impact on sales price.
- Profitability was negatively impacted by higher costs, including maintenance costs.
- The reference period's adjusted EBITDA includes a gain of EUR 32 million from insurance compensation related to property damage and business interruption in Tornio.

Q4 2019 compared to Q3 2019

Adjusted EBITDA decreased to EUR 16 million (Q3/19: EUR 19 million).

- Ferrochrome production decreased by 15%.
- Ferrochrome benchmark price was USD 0.02/lb. lower.
- Higher costs in Q4/19 were partly offset by lower electricity costs and positive currency impacts.

2019 compared to 2018

Sales amounted to EUR 461 million (EUR 542 million).
Adjusted EBITDA amounted to EUR 96 million (EUR 210 million).

- Ferrochrome operations were stable with a record-high production, and deliveries were also higher.
- Average ferrochrome benchmark price was USD 0.21/lb. lower having a negative impact on sales price.
- Profitability was negatively impacted by higher costs, mainly related to the mine.
- 2018 adjusted EBITDA was positively impacted by EUR 32 million insurance compensation.

Market

- The European benchmark price for ferrochrome decreased USD 0.02/lb to USD 1.02/lb. from USD 1.04/lb. in Q3/19.
- For Q1/20, the benchmark price has decreased marginally to USD 1.01/lb.

Safety and people

The total recordable injury frequency rate (TRIFR) was 3.2 in 2019 (4.1 in 2018) against the target of less than 3.5. The TRIFR decreased by 22% compared to the previous year and the target was reached.

Outokumpu's headcount decreased by 59 compared to the end of 2018 and totaled 10,390 at the end of 2019 (10,449). The restructuring measures in Germany will lead to further headcount reductions.

Shares

On December 31, 2019, Outokumpu's share capital was EUR 311 million, and the total number of shares was 416,374,448. At the end of the fourth quarter, Outokumpu held 4,599,733 treasury shares. The average number of shares outstanding was 411,435,811 for the fourth quarter and the average number of shares outstanding in 2019 was 411,198,002.

Risks and uncertainties

The main realized risks in 2019 were related to the distortion of the stainless steel markets, originally caused by the US steel tariffs, which continued to have a negative impact on stainless steel base prices and deliveries in Europe throughout the year. Additionally, the fluctuation of the nickel price during the year led to significant volatility (positive and negative impacts) on Outokumpu's quarterly financials. Furthermore, inadequate profitability of business area Americas, mainly due to low deliveries, remained to be a realized risk in 2019. During the reporting year, the fair value of investment in Fennovoima declined significantly, which had an adverse impact on Group's equity.

Short-term risks and uncertainties

Outokumpu is exposed to the following risks and uncertainties in the short term: risks and uncertainties in implementing the announced vision, including measures to implement new IT systems and processes, especially related to implementation of new ERP systems, improve operational reliability, drive competitiveness and further improve financial performance; the risk of permanent safeguard measures initiated by EU not being effective; risks and uncertainties related to global overcapacity in stainless steel, as well as to market development in stainless steel, ferrochrome and competitor actions; dependencies on certain critical suppliers; changes in the prices of ferrochrome, nickel, electrical power and carbon emissions; currency developments affecting the euro, US dollar, Swedish krona, and British pound; changes in interest margins applied for Outokumpu; risks related to the fair value of shareholdings, e.g. investment in the Fennovoima project; project and investment implementation risks, including the ongoing project in the Kemi mine; IT dependency and cyber security risks; refinancing risks; counterparty risks related to customers and other business partners, including suppliers and financial institutions.

Possible adverse changes in the global political and economic environment, including a severe global economic downturn, may have a significant negative impact on Outokumpu's overall business and access to financial markets. Outokumpu also considers recent events in its risk assessments, such as: slowing economic growth in our main market Europe, particularly in Germany; the UK's decision to leave the EU and possible risks related to trade relations; the possible effect of the rapidly evolving coronavirus situation on global trade flows and capital markets.

Board of Directors' proposal for profit distribution

According to Outokumpu's dividend policy, the dividend pay-out ratio throughout a business cycle shall be in a range of 30-50 per cent of net income. According to the parent company's financial statements on December 31, 2019 distributable funds totaled EUR 2,287 million, of which retained earnings were EUR 164 million.

The Board of Directors is proposing to the Annual General Meeting to be held on March 31, 2020 that a dividend of EUR 0.10 per share is paid for 2019.

Helsinki, February 5, 2020

Outokumpu Oyj
Board of Directors

Financial information

Condensed statement of income (EUR million)	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
Sales	**1,398**	1,586	**6,403**	6,872
Cost of sales	**-1,382**	-1,534	**-6,108**	-6,398
Gross margin	**16**	52	**295**	474
Other operating income	**88**	59	**107**	99
Sales, general and administrative costs	**-71**	-70	**-292**	-275
Other operating expenses	**-2**	-2	**-77**	-19
EBIT	**30**	38	**33**	280
Share of results in associated companies and joint ventures	**3**	1	**6**	3
Interest expenses	**-22**	-17	**-76**	-70
Net other financial income and expenses	**-5**	-2	**-4**	-37
Total financial income and expenses	**-27**	-19	**-80**	-107
Result before taxes	**6**	20	**-41**	175
Income taxes	**-21**	7	**-33**	-45
Net result for the period	**-15**	27	**-75**	130
Earnings per share for result attributable to the equity holders of the Company				
Earnings per share, EUR	**-0.04**	0.07	**-0.18**	0.32
Diluted earnings per share, EUR	**-0.04**	0.07	**-0.18**	0.32

Statement of comprehensive income (EUR million)	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
Net result for the period	**-15**	27	**-75**	130
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations				
Change in exchange differences	**-19**	8	**25**	24
Reclassification adjustments from other comprehensive income to profit or loss	**3**	-	**3**	-
Cash flow hedges				
Fair value changes during the financial year	**2**	2	**12**	4
Reclassification adjustments from other comprehensive income to profit or loss	**-1**	-1	**-1**	-4
Reclassification adjustments from other comprehensive income to inventory	**2**	-	**-2**	-
Income tax relating to cash flow hedges	**-1**	-0	**-1**	-0
Items that will not be reclassified to profit or loss:				
Remeasurements on defined benefit obligation plans				
Changes during the accounting period	**-7**	4	**-43**	-7
Income tax relating to remeasurements	**-2**	2	**10**	-1
Financial assets at fair value through other comprehensive income	**-1**	0	**-54**	2
Share of other comprehensive income in associated companies and joint ventures	**0**	0	**-0**	-0
Other comprehensive income for the period, net of tax	**-24**	15	**-49**	18
Total comprehensive income for the period	**-39**	42	**-124**	148

Net result for the period and total comprehensive income for the period are fully attributable to the equity holders of the company.

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019 using the modified retrospective approach. Comparative information has not been restated.
More information on the changes to Outokumpu's accounting principles and transition impacts is presented in the end of this report.

Condensed statement of financial position (EUR million)	Dec 31 2019	Dec 31 2018
ASSETS		
Non-current assets		
Intangible assets	**607**	585
Property, plant and equipment	**2,767**	2,659
Investments in associated companies and joint ventures	**38**	53
Other financial assets	**36**	88
Deferred tax assets	**229**	247
Defined benefit plan assets	**68**	72
Trade and other receivables	**2**	2
Total non-current assets	**3,747**	3,706
Current assets		
Inventories	**1,424**	1,555
Other financial assets	**28**	28
Trade and other receivables	**514**	640
Cash and cash equivalents	**325**	68
Total current assets	**2,291**	2,292
TOTAL ASSETS	**6,038**	5,998
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the Company	**2,562**	2,750
Non-current liabilities		
Non-current debt	**1,053**	798
Other financial liabilities	**-**	1
Deferred tax liabilities	**12**	12
Defined benefit and other long-term employee benefit obligations	**335**	318
Provisions	**85**	65
Trade and other payables	**29**	35
Total non-current liabilities	**1,514**	1,229
Current liabilities		
Current debt	**427**	511
Other financial liabilities	**17**	20
Provisions	**25**	5
Trade and other payables	**1,493**	1,483
Total current liabilities	**1,962**	2,019
TOTAL EQUITY AND LIABILITIES	**6,038**	5,998

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019 using the modified retrospective approach. Comparative information has not been restated.

More information on the changes to Outokumpu's accounting principles and transition impacts is presented in the end of this report.

Condensed statement of cash flows (EUR million)	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
Net result for the period	**-15**	27	**-75**	130
Adjustments				
Depreciation, amortization and impairments	**60**	53	**233**	216
Other non-cash adjustments	**55**	-16	**97**	96
Change in working capital	**66**	15	**218**	-112
Provisions, and defined benefit and other long-term employee benefit obligations paid	**-14**	-19	**-53**	-59
Dividends and interests received	**6**	0	**12**	2
Interests paid	**-16**	-15	**-56**	-54
Income taxes paid	**1**	-2	**-5**	-5
Net cash from operating activities	**143**	43	**371**	214
Acquired businesses, net of cash	**-3**	-	**-3**	-10
Purchases of assets	**-54**	-86	**-190**	-245
Proceeds from the disposal of subsidiaries, net of cash	**9**	-	**9**	-
Proceeds from the sale of assets	**93**	11	**109**	22
Other investing cash flow	**1**	-	**10**	4
Net cash from investing activities	**44**	-75	**-65**	-229
Cash flow before financing activities	**187**	-32	**306**	-14
Dividends paid	**-**	-	**-62**	-103
Treasury share purchase	**-**	-	**-**	-17
Borrowings of non-current debt	**441**	80	**515**	329
Repayment of non-current debt	**-30**	-28	**-110**	-245
Change in current debt	**-396**	-132	**-396**	7
Other financing cash flow	**-0**	-3	**3**	1
Net cash from financing activities	**14**	-82	**-49**	-29
Net change in cash and cash equivalents	**201**	-114	**256**	-43
Cash and cash equivalents at the beginning of the period	**123**	182	**68**	112
Net change in cash and cash equivalents	**201**	-114	**256**	-43
Foreign exchange rate effect	**0**	0	**0**	-1
Cash and cash equivalents at the end of the period	**325**	68	**325**	68

Statement of changes in equity
(EUR million)

	Attributable to the equity holders of the parent										
	Share capital	Premium fund	Invested unrestricted equity reserve	Other reserves	Fair value reserve from financial assets at fair value through OCI	Fair value reserve from derivatives	Cumulative translation differences	Remeasurements of defined benefit plans	Treasury shares	Other retained earnings	Total equity
Equity on Jan 1, 2018	**311**	**714**	**2,103**	**3**	**3**	**-3**	**-81**	**-72**	**-26**	**-225**	**2,728**
Net result for the period	-	-	-	-	-	-	-	-	-	130	130
Other comprehensive income	-	-	-	-	2	0	24	-8	-	-0	18
Total comprehensive income for the period	-	-	-	-	2	0	24	-8	-	130	148
Transactions with equity holders of the Company											
Contributions and distributions											
Dividend distribution	-	-	-	-	-	-	-	-	-	-103	-103
Share-based payments	-	-	-	-	-	-	-	-	3	-8	-5
Treasury shares acquired	-	-	-	-	-	-	-	-	-17	-	-17
Equity on Dec 31, 2018	**311**	**714**	**2,103**	**3**	**5**	**-3**	**-56**	**-80**	**-40**	**-207**	**2,750**
Net result for the period	-	-	-	-	-	-	-	-	-	-75	-75
Other comprehensive income	-	-	-	-	-54	9	29	-33	-	-0	-49
Total comprehensive income for the period	-	-	-	-	-54	9	29	-33	-	-75	-124
Transactions with equity holders of the Company											
Contributions and distributions											
Dividend distribution	-	-	-	-	-	-	-	-	-	-62	-62
Share-based payments	-	-	-	-	-	-	-	-	7	-9	-3
Other	-	-	-	-	-	-	-	-3	-	3	-
Equity on Dec 31, 2019	**311**	**714**	**2,103**	**3**	**-49**	**6**	**-27**	**-116**	**-33**	**-350**	**2,562**

Adjustments to EBITDA and EBIT (EUR million)	Q4/2019	Q4/2018	2019	2018
Gain on the sale of real estate in Benrath, Germany	**70**	-	**70**	-
Restructuring costs in Germany	**-53**	-	**-53**	-
Settlement with ThyssenKrupp	**-**	-	**-14**	-
Gain on the sale of PPE and release of provisions related to EMEA restructuring	**-**	3	**-**	10
Adjustments to EBITDA	**17**	3	**3**	10
Impairment related to Group's digital transformation project	**-**	-	**-**	-10
Adjustments to EBIT	**17**	3	**3**	0

Group key figures		Q4/2019	Q4/2018	2019	2018
Scope of activity					
Capital employed at the end of period	EUR million	**3,904**	4,086	**3,904**	4,086
Capital expenditure	EUR million	**65**	104	**221**	260
Depreciation and amortization	EUR million	**-59**	-52	**-230**	-204
Impairments	EUR million	**-1**	-1	**-3**	-12
Personnel at the end of period		**10,390**	10,449	**10,390**	10,449
- average for the period		**10,445**	10,459	**10,645**	10,468
Profitability					
Adjusted EBITDA	EUR million	**73**	89	**263**	485
Adjustments to EBITDA	EUR million	**17**	3	**3**	10
EBITDA	EUR million	**90**	92	**266**	496
Earnings per share	EUR	**-0.04**	0.07	**-0.18**	0.32
Diluted earnings per share	EUR	**-0.04**	0.07	**-0.18**	0.32
Adjusted average number of shares [1)]	1,000 shares	**411,436**	410,103	**411,198**	411,066
Return on equity	%	**-2.8**	4.8	**-2.8**	4.8
Return on capital employed	%	**0.8**	7.0	**0.8**	7.0
Financing and financial position					
Non-current debt	EUR million	**1,053**	798	**1,053**	798
Current debt	EUR million	**427**	511	**427**	511
Cash and cash equivalents	EUR million	**-325**	-68	**-325**	-68
Net debt at the end of period	EUR million	**1,155**	1,241	**1,155**	1,241
Net debt to Adjusted EBITDA		**4.4**	2.6	**4.4**	2.6
Equity-to-assets ratio at the end of period	%	**42.5**	45.9	**42.5**	45.9
Debt-to-equity ratio at the end of period	%	**45.1**	45.1	**45.1**	45.1
Equity per share at the end of period [1)]	EUR	**6.22**	6.70	**6.22**	6.70

[1)] Excluding treasury shares.

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019. Comparative information has not been restated.

Sales by segment (EUR million)	Q4/2019	Q4/2018	2019	2018
Europe total	**862**	970	**4,089**	4,267
of which intra-group	**21**	18	**66**	97
Americas total	**302**	351	**1,346**	1,715
of which intra-group	**0**	2	**3**	45
Long Products total	**135**	185	**642**	740
of which intra-group	**20**	40	**137**	220
Ferrochrome total	**104**	143	**461**	542
of which intra-group	**72**	68	**293**	345
Other operations total	**178**	135	**653**	587
of which intra-group	**71**	70	**290**	273
Group total sales	**1,398**	1,586	**6,403**	6,872

Adjusted EBITDA by segment (EUR million)	Q4/2019	Q4/2018	2019	2018
Europe	**68**	33	**216**	248
Americas	**10**	-22	**-27**	-5
Long Products	**-2**	-1	**-7**	25
Ferrochrome	**16**	83	**96**	210
Other operations and intra-group items	**-19**	-4	**-15**	7
Group total adjusted EBITDA	**73**	89	**263**	485

Adjustments to EBITDA and EBIT by segment (EUR million)	Q4/2019	Q4/2018	2019	2018
Europe	**17**	3	**17**	10
Americas	**-**	-	**-**	-
Long Products	**-**	-	**-**	-
Ferrochrome	**-**	-	**-**	-
Other operations	**-0**	-	**-14**	-
Group total adjustments in EBITDA	**17**	3	**3**	10
Other operations	**-**	-	**-**	-10
Group total adjustments in EBIT	**17**	3	**3**	0

EBITDA by segment (EUR million)	Q4/2019	Q4/2018	2019	2018
Europe	**85**	36	**233**	259
Americas	**10**	-22	**-27**	-5
Long Products	**-2**	-1	**-7**	25
Ferrochrome	**16**	83	**96**	210
Other operations and intra-group items	**-19**	-4	**-29**	7
Group total EBITDA	**90**	92	**266**	496

Adjusted EBIT by segment (EUR million)	Q4/2019	Q4/2018	2019	2018
Europe	**33**	-0	**82**	134
Americas	**-5**	-35	**-84**	-56
Long Products	**-4**	-3	**-16**	18
Ferrochrome	**8**	75	**67**	179
Other operations and intra-group items	**-20**	-1	**-19**	4
Group total adjusted EBIT	**13**	35	**30**	279

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019. Comparative information has not been restated.

EBIT by segment (EUR million)	Q4/2019	Q4/2018	2019	2018
Europe	**50**	3	**99**	144
Americas	**-5**	-35	**-84**	-56
Long Products	**-4**	-3	**-16**	18
Ferrochrome	**8**	75	**67**	179
Other operations and intra-group items	**-20**	-1	**-34**	-6
Group total EBIT	**30**	38	**33**	280

Depreciation and amortization by segment (EUR million)	Q4/2019	Q4/2018	2019	2018
Europe	**-35**	-32	**-134**	-114
Americas	**-14**	-13	**-56**	-51
Long Products	**-2**	-2	**-8**	-6
Ferrochrome	**-7**	-8	**-29**	-30
Other operations	**-1**	3	**-4**	-3
Group total depreciation and amortization	**-59**	-52	**-230**	-204

Capital expenditure by segment (EUR million)	Q4/2019	Q4/2018	2019	2018
Europe	**14**	39	**44**	76
Americas	**6**	9	**20**	18
Long Products	**2**	6	**18**	30
Ferrochrome	**31**	30	**103**	79
Other operations	**13**	19	**35**	57
Group total capital expenditure	**65**	104	**221**	260

Operating capital by segment (EUR million)	Q4/2019	Q4/2018	2019	2018
Europe	**1,901**	1,934	**1,901**	1,934
Americas	**914**	1,084	**914**	1,084
Long Products	**157**	179	**157**	179
Ferrochrome	**692**	640	**692**	640
Other operations and intra-group items	**23**	15	**23**	15
Group total operating capital	**3,687**	3,851	**3,687**	3,851

Personnel at the end of period by segment	Q4/2019	Q4/2018	2019	2018
Europe	**6,753**	6,806	**6,753**	6,806
Americas	**1,934**	1,991	**1,934**	1,991
Long Products	**883**	892	**883**	892
Ferrochrome	**472**	441	**472**	441
Other operations	**348**	319	**348**	319
Group total personnel at the end of period	**10,390**	10,449	**10,390**	10,449

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019. Comparative information has not been restated.

Geographical information – Sales by destination (EUR million)	Jan–Dec 2019	Jan–Dec 2018
Finland	**264**	230
Other Europe	**3,598**	3,951
North America	**1,573**	1,820
Asia and Oceania	**506**	440
Other countries	**462**	431
Group total sales	**6,403**	6,872

Sales to other countries include the parent company's nickel warrant sales.

Total external sales by segment		
Europe	**4,023**	4,169
of which to Finland	**254**	219
of which to other Europe	**3,277**	3,477
of which to North America	**96**	74
of which to Asia and Oceania	**349**	349
of which to other counties	**47**	50
Americas	**1,343**	1,670
of which to other Europe	**0**	40
of which to North America	**1,277**	1,551
of which to Asia and Oceania	**13**	12
of which to other counties	**52**	67
Long Products	**505**	521
of which to Finland	**1**	0
of which to other Europe	**265**	283
of which to North America	**200**	195
of which to Asia and Oceania	**39**	42
Ferrochrome	**168**	197
of which to Finland	**8**	10
of which to other Europe	**56**	150
of which to Asia and Oceania	**104**	37
of which to other counties	**1**	-
Other operations	**363**	314
of which to other countries	**363**	314
Group total sales	**6,403**	6,872

Sales of Other operations include the parent company's nickel warrant sales.

Property, plant and equipment (EUR million)	Jan–Dec 2019	Jan–Dec 2018
Carrying value at the beginning of the period	**2,659**	2,633
IFRS 16 transition impact	**131**	-
Translation differences	**15**	28
Additions	**205**	189
Acquired subsidiaries	**-**	9
Disposals	**-24**	-1
Disposed subsidiaries	**-1**	-
Reclassifications	**3**	-1
Depreciation and impairments	**-226**	-197
Other	**5**	-
Carrying value at the end of the period	**2,767**	2,659

Commitments (EUR million)	Dec 31 2019	Dec 31 2018
Mortgages	**3,192**	3,055
Other pledges	**13**	28
Guarantees		
On behalf of subsidiaries for commercial and other commitments	**27**	28
On behalf of associated companies for finaning	**4**	4
Other commitments	**14**	19
Minimum future lease payments on operating leases	-	90

Mortgages relate mainly to securing the Group's financing. A major part of Outokumpu's borrowings are secured partly by mortgage over the real property of the Group's main production plants. Mortgages include also a business mortgage note to secure a loan for the DeepMine project.

Outokumpu has provided a guarantee and a pledge of shares of a subsidiary as a security for the AvestaPolarit pension scheme.

Other pledges include Outokumpu's shares in Manga LNG Oy of EUR 13 million to secure certain liabilities of Manga LNG Oy. Outokumpu's total liability on Dec 31, 2019 amounted to EUR 29 million (Dec 31, 2018: EUR 33 million), and the part exceeding the share pledge and guarantee is presented under other commitments. Other commitments include also Outokumpu's liabilities for the net debt in Tornion Voima Oy.

Outokumpu’s share of the Fennovoima investment is appr. EUR 250 million, of which EUR 79 million has been paid by the end of the reporting period. Annual capital expenditure related to the project is expected to be on average around EUR 15–20 million in the coming years, and approximately half of the investment is expected to be paid at the end of the construction phase.

The Group's other off-balance sheet investment commitments totaled EUR 68 million on Dec 31, 2019 (Dec 31, 2018: EUR 106 million).

Related party transactions (EUR million)	Jan–Dec 2019	Jan–Dec 2018
Transactions and balances with related companies		
Sales and other operating income	**89**	100
Purchases	**-7**	-16
Dividends received	**10**	1
Trade and other receivables	**29**	24
Trade and other payables	**3**	3

Fair values and nominal amounts of derivative instruments (EUR million)	Dec 31 2019 Net fair value	Dec 31 2018 Net fair value	Dec 31 2019 Nominal amounts	Dec 31 2018 Nominal amounts
Currency and interest rate derivatives				
Currency forwards	**-3**	-4	**1,815**	2,289
Currency options, bought	**0**	-	**6**	-
Interest rate swaps	**5**	2	**200**	200
			Tonnes	Tonnes
Metal derivatives				
Forward nickel contracts, hedge accounted	**6**	-	**8,048**	-
Forward nickel contracts	**-6**	-5	**9,772**	12,266
Forward molybdenum contracts	**-0**	-0	**18**	34
Nickel options, bought	**0**	3	**5,500**	8,000
Nickel options, sold	**-**	-0	**-**	3,000
Propane derivatives	**-**	0	**-**	18,000
	3	-4		

Hierarchy of financial assets and liabilities measured at fair value on Dec 31, 2019 (EUR million)	Level 1	Level 2	Level 3	Total
Assets				
Investments at fair value through OCI	-	-	31	31
Investments at fair value through profit or loss	13	-	0	13
Derivatives	-	20	-	20
	13	20	31	64
Liabilities				
Derivatives	-	17	-	17

Reconciliation of changes on level 3 (EUR million)	Investments at fair value through other comprehensive income
Carrying value on Jan 1, 2019	86
Fair value changes	-55
Carrying balance on Dec 31, 2019	31

A major part of financial assets at fair value through other comprehensive income at hierarchy level 3 relate to investments in unlisted energy producing companies. Valuation model of energy producing companies is based on discounted cash flow model, which takes into account the market prices of electricity, discount rate, inflation rate, the estimated amount of electricity to be received and estimated production costs.

Additional parameters for Voimaosakeyhtiö SF valuation include e.g. expected purchase price of electricity under the Mankala principle, expected project completion date and cost of debt in Fennovoima Oy. The fair value of Voimaosakeyhtiö SF shares is highly sensitive to the valuation parameters and especially to long-term price of electricity, Fennovoima's capacity utilization rate, discount rates for cash flows and the terminal value, inflation rate, and project completion date. The reduction in fair value of Voimaosakeyhtiö SF is caused mainly due to decline in estimated long-term prices of electricity.

Long-term prices for electricity have been estimated by the management, and the estimate assumes an increase compared to the current price level. The long time period to complete the Fennovoima project and to operate the plant affect the reliability of such estimate, and reasonable changes in the electricity price estimate or in other valuation parameters can significantly impact the fair value of the investment. In general, the project risk is considered high with the estimated completion of the project in the early part of 2029, and the range of potential fair values is wide.

The fair value of non-current debt is EUR 1,068 million (carrying amount EUR 1,053 million). The fair value of the convertible bonds, which are reported as current debt, is EUR 251 million (carrying amount EUR 248 million) and it includes the value of the conversion rights. For other financial instruments the carrying amount is a reasonable approximation of fair value.

Definitions of financial key figures

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

Basis of preparation

This financial statement release is prepared in accordance with IAS 34 Interim Financial Reporting and the annual financial information in this release is based on audited IFRS figures. The same accounting policies and methods of computation have been followed when preparing the financial information as in the financial statements for 2018 except for the new IFRS 16 Leases standard that was adopted in the beginning of 2019. The transition impacts and related changes in accounting principles are described below.

All presented figures in this report have been rounded and consequently, the sum of individual figures can deviate from the presented figure. Key figures have been calculated using exact figures.

The sales, earnings and working capital of Outokumpu are subject to seasonal variations as result of for example industry demand, the number of working days and vacation periods.

Management judgment and the use of estimates

The preparation of the financial statements in accordance with IFRSs requires management to make judgments, as well as 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. 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.

Adoption of IFRS 16 Leases

IFRS 16 Leases became effective for financial years beginning on or after January 1, 2019 and replaced the earlier IAS 17 standard and related interpretations.

Outokumpu has implemented IFRS 16 on January 1, 2019 using the modified retrospective approach, where comparative financial information is not restated, but the transition impacts are recognized to the statement of financial position of January 1, 2019.

IFRS 16 requires the lessees to recognize nearly all lease agreements as right-of-use assets and lease liabilities in the statement of financial position. The exceptions to this requirement cover short-term contracts with a lease term of 12 months or less and leases of low value items.

Lease liabilities are measured at the present value of lease payments that are not paid prior to the recognition. The lease payments are discounted with the rate implicit in the lease when available, or with incremental borrowing rate of the company. Lease payments are divided into interest expense and repayment of lease liability. Right-of-use assets are measured at the amount of lease liability and lease payments made in advance less depreciation and impairments. Outokumpu does not apply this accounting practice to short-term leases and leases of low value items and does not apply IFRS 16 to intangible assets.

Lease liabilities are presented in non-current and current debt in Outokumpu's statement of financial position. Right-of-use assets are presented in property, plant and equipment in Outokumpu's statement of financial position.

Payments related to short-term leases, leases of low value items, and variable leases are booked as expense in the profit or loss.

Transition impacts

In transition to IFRS 16, Outokumpu has recognized the following impacts in January 1, 2019 statement of financial position:

Transition impacts (EUR million)	Jan 1 2019	IFRS 16 impact	Dec 31 2018
Property, plant and equipment	2 790	131	2 659
Total assets	6 129	131	5 998
Non-current debt	899	101	798
Current debt	540	29	511
Total equity and liabilities	6 129	131	5 998

The weighted average discount rate applied to lease liabilities recognized to the statement of the financial position is 3.1%.

In transition, Outokumpu has used the following practical expedients allowed by the standard: (1) short-term leases with remaining lease term of 12 months or less on January 1, 2019 have been accounted as short-term leases, and thus excluded from the lease liability and right-of-use asset amounts recognized to the statement of financial position, and (2) initial direct costs of lease contracts already in place on December 31, 2018 have been excluded from the right-of-use asset value.

The transition to IFRS 16 affected the presentation of Outokumpu's consolidated statement of income, consolidated statement of cash flows and key financial figures, which in turn impacts the comparability of financial information between years 2019 and 2018. The following paragraph describes these differences and related comparability impacts. The figures differ from the figures included in the financial statements as the following paragraph includes only impacts from those contracts that were recognized to the consolidated statement of financial position in transition, and exclude contracts classified earlier as finance leases according to IAS 17 as the accounting treatment of those contracts is comparable between 2019 and 2018.

In the statement of income, the cost of leasing in 2019 is presented as depreciation of EUR 29 million in EBIT and as interest expense of EUR 4 million in finance expenses instead of rental and lease expenses of EUR 35 million in EBITDA. In the statement of cash flows, the repayments of lease liabilities of EUR 31 million in 2019 are presented in the cash flow from financing activities whereas interest payments of EUR 4 million remain in the cash flow from operating activities. Lease liabilities are reported as part of net debt.

The reconciliation between the operating lease payments of EUR 90 million reported in the 2018 financial statements and the recognized IFRS 16 transition impact of EUR 131 million is presented in the following table. The contracts not recognized as leases earlier under IAS 17 relate mainly to industrial gas supply contracts in the Group's facilities in Finland and Sweden and marine transportation contracts between Finland and the Netherlands.

Reconciliation of lease liabilities (EUR million)

Operating lease commitments on Dec 31, 2018	90
Contracts not classified as lease under IAS 17	80
Short-term and low value leases	-2
IFRS 16 transition impact before discounting	168
Discount impact	-37
IFRS 16 transition impact on Jan 1, 2019	**131**
Finance lease liabilities under IAS 17	85
Total lease liabilities on Jan 1, 2019	216

Share-based payments

Outokumpu's share-based payment programs include Performance Share Plan (Plans 2017–2019, 2018–2020 and 2019–2021), Restricted Share Plan (Plans 2017–2019, 2018–2020 and 2019–2021), Matching Share Plans for the CEO and other key management and Performance Share Plan for CEO.

The Performance Share Plan 2016–2018 ended and based on the achievement of the targets the participants received 645,783 shares after deductions for applicable taxes. Regarding the Restricted Share Plan 2016–2018, after deductions for applicable taxes in total 16,513 shares were delivered to the participants based on the conditions of the plan. Regarding Matching Share Plans, after deduction of applicable taxes, in total 185,077 shares were delivered to the CEO and 199,851 to other key management. In addition, 82,063 shares after deduction of taxes were delivered as rewards in 2019. Outokumpu used its treasury shares for the reward payments.

In December 2018, the Board of Directors approved the commencement of the new period (plan 2019–2021) of the Performance Share Plan as of the beginning of 2019. The maximum number of gross shares (taxes included) that can be allocated from the plan is 2,461,890 and at the end of the reporting period 134 key employees participated in the plan.

In February 2019, the Board of Directors approved the commencement of the new period (plan 2019–2021) of the Restricted Share Plan as of the beginning of 2019. The maximum number of gross shares (taxes included) that can be allocated from the plan is 207,900 and at the end of the reporting period 68 key employees participated in the plan.

In February 2019, the Board of Directors also approved the commencement of the new Matching Share Plan (MSP) 2019–2020 and Performance Share Plan (PSP) 2019–2020 for the CEO. The MSP matches the CEO's own investment of 56,296 shares on basis of three matching shares for each share of own investment, the total number of matching shares (taxes included) being 168,888. The delivery of the MSP will take place in December 2020 subject to a restriction that the CEO keeps his own investment to Outokumpu shares unchanged until the end of 2020. The maximum number of gross shares (taxes included) in the PSP that can be allocated is 120,000, and the delivery will take place in March 2021 if the performance criteria is met.

In December 2019, the Board of Directors approved the commencement of plan 2020–2022 of the Performance Share Plan and the Restricted Share Plan as of beginning of 2020.

Sale of real estate in Germany and a coil service center in Australia

In May 2019, Outokumpu signed an agreement regarding the sale of its real estate in Benrath, Germany for EUR 90 million. The sale was completed in the fourth quarter and resulted in a gain or EUR 70 million, which is excluded from adjusted EBITDA. Between signing and closing the transaction, the related assets were presented as assets held for sale in Outokumpu's financial reporting.

In December 2019, Outokumpu divested its coil service center Outokumpu Pty Ltd in Australia. The service center was part of the Europe segment. The divestments did not have any material impact on the consolidated statement of income or consolidated statement of financial position.