Outokumpu interim report January–March 2021

Contents

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Strong start to the year – adjusted EBITDA increased to EUR 177 million

Highlights in January–March 2021

- Stainless steel deliveries were 608,000 tonnes (Q1/2020: 588,000 tonnes)[1].
- Adjusted EBITDA was EUR 177 million (EUR 106 million).
- EBITDA was EUR 177 million (EUR 106 million).
- Operating cash flow was EUR 27 million (EUR -32 million).
- Net debt was EUR 1,073 million (December 31, 2020: EUR 1,028 million).
- Gearing was 43.7% (December 31, 2020: 43.6%).

Group key figures		Q1/21	Q1/20	Q4/20	2020
Sales	EUR million	**1,673**	1,615	1,350	5,639
EBITDA	EUR million	**177**	106	30	191
Adjusted EBITDA 1)	EUR million	**177**	106	78	250
EBIT	EUR million	**116**	45	-33	-55
Adjusted EBIT 1)	EUR million	**116**	45	15	4
Result before taxes	EUR million	**101**	22	-57	-151
Net result for the period	EUR million	**82**	22	-39	-116
Earnings per share	EUR	**0.20**	0.05	-0.09	-0.28
Diluted earnings per share	EUR	**0.19**	0.05	-0.09	-0.28
Return on capital employed	%	**0.5**	2.3	-1.4	-1.4
Net cash generated from operating activities	EUR million	**27**	-32	112	322
Net debt at the end of period	EUR million	**1,073**	1,249	1,028	1,028
Debt-to-equity ratio at the end of period	%	**43.7**	48.0	43.6	43.6
Capital expenditure 2)	EUR million	**47**	58	35	180
Stainless steel deliveries	1,000 tonnes	**608**	588	523	2,121
Personnel at the end of period, full-time equivalent 3)		**9,256**	9,996	9,602	9,602

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

2) In Q4/2020, Outokumpu changed its capital expenditure definition from accrual-based to cash-based capital expenditure. Comparative information is presented accordingly.

3) In Q1/2021, Outokumpu changed its main personnel amount measure from headcount to full-time equivalent personnel. Comparative information is presented accordingly.

[1] Figures in parentheses refer to the corresponding period for 2020, unless otherwise stated.

President & CEO Heikki Malinen

We have had a strong start to the year. Outokumpu's adjusted EBITDA increased to EUR 177 million in the first quarter and all business areas improved their performance compared to the previous quarter. Demand for stainless steel strengthened, which resulted in 16% higher stainless steel deliveries. A strong market environment and positive impacts from raw materials supported our profitability in the first quarter while in parallel we also determinedly executed our strategic measures.

After launching the new strategy in November 2020 to de-risk the company, we have kept our focus on its rigorous implementation. Our target is to achieve a EUR 200 million EBITDA run-rate improvement by the end of 2022 and net debt to EBITDA below 3.0. We are executing our strategy systematically and we have achieved an annualized run-rate improvement of EUR 84 million so far. We are building a solid foundation for our business, outlined in the actions taken, and continue the diligent execution as planned.

Business area Europe's adjusted EBITDA amounted to EUR 78 million. Stainless steel deliveries increased by 13% compared to the fourth quarter and higher prices supported profitability.

Business area Americas significantly improved its performance as stainless steel deliveries increased by 19% compared to the fourth quarter. Adjusted EBITDA amounted to EUR 54 million in the first quarter, which is now the sixth consecutive quarter of positive adjusted EBITDA. I am very pleased to see the results of the turnaround measures we have taken there during the past two years.

Import penetration into Europe increased to 27% in the first quarter and followed the same pattern as last year. For Europe, it is important to ensure a level playing field and a sustainable future for the stainless steel industry, and this requires trade enforcement tools to be applied in full.

Sustainability is at the core of Outokumpu. Therefore, we have just launched an updated and more ambitious sustainability strategy. Our vision is to be the customer's first choice in sustainable stainless steel.

Despite the challenging COVID-19 situation, I am proud to share that our own safety performance has remained strong. We delivered the best first-quarter safety results in years and the total recordable injury frequency rate (TRIFR) improved to 1.4. I want to thank all of our teams for their continued contribution in this important work. Such a great performance proves to me that we have managed to establish a culture in which health and safety are our priority. We will continue our focused safety work.

We are well on track to meet our current environmental targets, including 20% emission reduction by 2023 and carbon neutrality by 2050. As we aim to be the stainless steel industry benchmark, we have decided to commit to the Business Ambition for 1.5ºC and this will take us towards our vision.

De-risking the company remains our key strategic priority during the first phase of the strategy 2021–2022. We will continue our determined strategy execution and strengthen our competitiveness as the sustainability leader in the stainless steel industry.

Outlook for Q2 2021

Stainless steel deliveries in the second quarter are expected to increase by 0–5% compared to the first quarter.

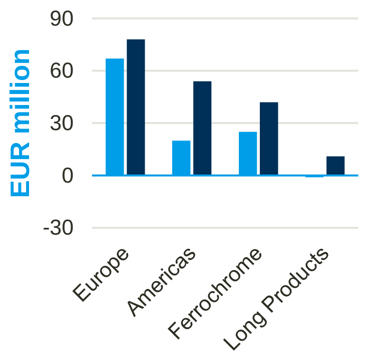
European ferrochrome benchmark price increased to USD 1.56/lb for the second quarter.

Planned maintenance costs are expected to increase by approximately EUR 10 million compared to the first quarter.

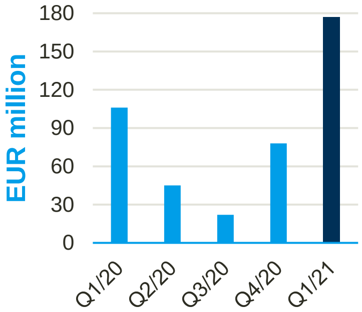
Raw material prices have recently been very volatile. With the current prices, the significant level of raw material-related inventory and metal derivative gains in the first quarter are not expected to be of the same magnitude in the second quarter.

Adjusted EBITDA in the second quarter of 2021 is expected to be on a similar or higher level compared to the first quarter.

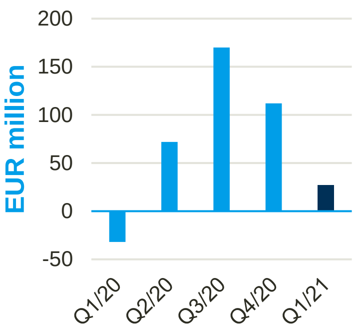
Adjusted EBITDA per business area



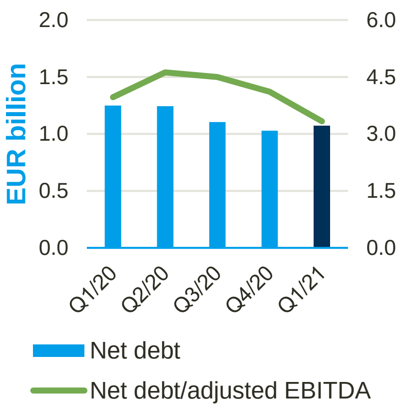
Group adjusted EBITDA



Operating cash flow



Net debt and leverage



Results

Q1 2021 compared to Q1 2020

Outokumpu's sales amounted to EUR 1,673 million in the first quarter of 2021 (EUR 1,615 million). Adjusted EBITDA increased to EUR 177 million (EUR 106 million) and stainless steel deliveries were 3% higher compared to the reference period. Realized prices were at a weaker level but lower costs supported profitability. Also some one-off provision and accrual reversals reduced costs. Raw material-related inventory and metal derivative gains amounted to EUR 42 million (losses of EUR 22 million), mainly due to positive timing impacts. Other operations and intra-group items' adjusted EBITDA was EUR -8 million (EUR -6 million).

EBIT was EUR 116 million (EUR 45 million) and the net result amounted to EUR 82 million (EUR 22 million) in January-March 2021.

Q1 2021 compared to Q4 2020

Outokumpu's sales increased significantly compared to the previous quarter and amounted to EUR 1,673 million (Q4/2020: EUR 1,350 million). Adjusted EBITDA increased to EUR 177 million (Q4/2020: EUR 78 million) and total stainless steel deliveries grew by 16%. Profitability was supported by higher realized prices, especially in Europe, and fixed costs were at a lower level. Raw material-related inventory and metal derivative gains increased significantly from the previous quarter and amounted to EUR 42 million (gains of EUR 15 million), mainly due to positive timing impacts. Other operations and intra-group items' adjusted EBITDA was EUR -8 million (EUR -10 million).

Strategy execution

Outokumpu launched a new strategy in November 2020. The financial targets set by the end of 2022 are a EUR 200 million EBITDA run-rate improvement and reducing net debt to EBITDA ratio to below 3.0. The strategy has three key focus areas: a Lean & Agile organization, Cost & Capital discipline and Commercial excellence.

Our Transformation Office was established to govern and coordinate the execution of over 2,000 initiatives across the entire organization. All initiatives are executed through harmonized governance and followed up in a program management tool to ensure transparency in implementation on all levels.

Outokumpu started implementing the new strategy immediately after its launch. Determined actions have continued throughout the first quarter and the first outcomes of the strategy execution have been positive. The annualized EBITDA run-rate improvement amounted to EUR 84 million at the end of the first quarter. A major part of the positive impact came from Lean & Agile organization and Cost & Capital discipline initiatives. As part of Lean & Agile, we have been able to delayer at all levels of the organization with minimal impact on our operational shift model. In Cost & Capital we have seen great improvements in melt shop operations and maintenance execution.

Financial position and cash flow

Operating cash flow amounted to EUR 27 million in the first quarter of 2021 (EUR -32 million). Net working capital increased by EUR 79 million, compared to an increase of EUR 106 million in the reference period. The net working capital increase includes EUR 10 million of payments on the 2020 VAT deferral in Finland. Inventories amounted to EUR 1,336 million at end of March (December 31, 2020: EUR 1,177 million).

In Q4/2020, Outokumpu changed its capital expenditure definition from accrual-based to cash-based capital expenditure. Comparative information is presented accordingly. In the first quarter of 2021, capital expenditure amounted to EUR 47 million (EUR 58 million).

Net debt increased to EUR 1,073 million during the first quarter of 2021 (December 31, 2020: EUR 1,028 million) and gearing amounted to 43.7% (December 31, 2020: 43.6%). Net financial expenses were EUR 21 million (EUR 23 million) and interest expenses amounted to EUR 18 million (EUR 19 million).

Outokumpu has successfully managed its liquidity through the COVID-19 pandemic. Cash and cash equivalents amounted to EUR 330 million on March 31, 2021 (December 31, 2020: EUR 376 million) and the overall liquidity reserves were over EUR 1.0 billion (December 31, 2020: EUR 1.0 billion). In addition to these reserves, Outokumpu has an unutilized EUR 76 million short-term portion of the syndicated facility available and a EUR 34 million financing facility, which can be used to finance a certain part of the Kemi mine investment.

The outstanding amount of commercial papers totaled EUR 207 million at the end of March. After the reporting period in April, Outokumpu successfully extended the maturity of its SEK 1,000 million revolving credit facility by one year until May 2023. The facility is currently fully unutilized.

Market development

According to CRU's latest estimates (February 2021), global apparent consumption of stainless steel flat products increased by 16.5% in first quarter compared to the same period last year. APAC contributed with growth of 23.5%, while demand in the EMEA grew by 1.0% and Americas shrank by 5.4%, respectively.

In the first quarter of 2021, global apparent consumption of stainless steel flat products decreased by 3.1% compared to the fourth quarter of 2020. EMEA apparent consumption increased by 10.8% and Americas by 6.6%, while APAC shrank by 6.5%.

In the second quarter of 2021, global apparent consumption of stainless steel flat products is expected to increase by 3.3% compared to the first quarter, driven by an increase of 4.9% and 0.5% in APAC and Americas, while EMEA apparent consumption is assumed to decrease by 2.9% as a consequence of an extraordinarily strong recovery in the first quarter.

Compared to last year's second quarter, where markets were heavily hit by the COVID-19 pandemic, apparent consumption is expected to grow by 20.0% driven by an increase of 27.3% in Americas, 19.6% in EMEA and 19.3% in APAC.

In 2021, total global apparent consumption of flat products is estimated to grow by 10.5% compared to 2020.

Business area Europe

Europe key figures		Q1/21	Q1/20	Q4/20	2020
Stainless steel deliveries	1,000 tonnes	**401**	391	356	1,440
Sales	EUR million	**1,025**	1,025	834	3,568
Adjusted EBITDA	EUR million	**78**	67	36	142
Adjustments					
Restructuring costs	EUR million	**-**	-	-46	-47
EBITDA	EUR million	**78**	67	-11	95
Operating capital	EUR million	**1,633**	1,878	1,573	1,573

Results

Q1 2021 compared to Q1 2020

Sales remained at the level of the reference period and amounted to EUR 1,025 million (EUR 1,025 million). Adjusted EBITDA increased to EUR 78 million (EUR 67 million).

- Stainless steel deliveries increased by 3%.
- Realized prices decreased significantly.
- Lower cost level supported profitability.
- Raw material-related inventory and metal derivative gains were EUR 18 million compared to losses of EUR 13 million in Q1/2020.

Q1 2021 compared to Q4 2020

Sales amounted to EUR 1,025 million (EUR 834 million). Adjusted EBITDA increased to EUR 78 million (EUR 36 million).

- Stainless steel deliveries increased by 13%, and were impacted by the typical seasonality.
- Realized prices were at a higher level.
- Profitability was supported by lower costs.
- Raw material-related inventory and metal derivative gains amounted to EUR 18 million compared to gains of EUR 12 million in Q4/2020.

Market

- During Q1/2021, apparent consumption in EMEA increased by 1% compared to Q1/2020, whereas there was an increase of 10.8% compared to Q4/2020.
- EU cold-rolled imports from the third countries were at a level of 25% in Q1/2021, slightly above the level of 24% in Q4/2020 (Source: EUROFER, April 2021).
- Distributor inventories were below the long-term average level in March.

Business area Americas

Americas key figures		Q1/21	Q1/20	Q4/20	2020
Stainless steel deliveries	1,000 tonnes	**176**	168	148	588
Sales	EUR million	**384**	359	294	1,195
Adjusted EBITDA	EUR million	**54**	20	18	55
Restructuring costs	EUR million	**-**	-	-	-2
EBITDA	EUR million	**54**	20	18	53
Operating capital	EUR million	**874**	957	801	801

Results

Q1 2021 compared to Q1 2020

Sales amounted to EUR 384 million (EUR 359 million).
Adjusted EBITDA increased to EUR 54 million (EUR 20 million).

- Stainless steel deliveries increased by 5%.
- Product mix improved.
- Positive raw material impacts supported profitability.
- Raw material-related inventory and metal derivative gains were EUR 20 million compared to losses of EUR 3 million Q1/2020.

Q1 2021 compared to Q4 2020

Sales amounted to EUR 384 million (EUR 294 million).
Adjusted EBITDA increased to EUR 54 million (EUR 18 million).

- Stainless steel deliveries increased by 19% due to strong demand.
- Improved product mix and slightly higher realized prices supported profitability.
- Raw material-related inventory and metal derivative gains amounted to EUR 20 million compared to gains of EUR 2 million in Q4/2020.

Market

- During Q1/2021, US real demand decreased by 3% compared to Q1/2020 and increased by 6% compared to Q4/2020.
- Cold-rolled imports into the US reduced by 12% in Q1/2021 compared to Q1/2020 and increased by 10% compared to Q4/2020. (Source: American Iron & Steel Institute, April 2021).
- Distributor inventories in Q1/2021 were below the average and Q1/2020 level. (Source: Metals Service Center Institute, April 2021).

Business area Ferrochrome

Ferrochrome key figures		Q1/21	Q1/20	Q4/20	2020
Ferrochrome production	1,000 tonnes	**131**	136	127	498
Sales	EUR million	**121**	112	119	411
Adjusted EBITDA	EUR million	**42**	25	34	91
Restructuring costs	EUR million	**-**	-	-1	-1
EBITDA	EUR million	**42**	25	32	90
Operating capital	EUR million	**793**	736	766	766

Results

Q1 2021 compared to Q1 2020

Sales amounted to EUR 121 million (EUR 112 million).
Adjusted EBITDA increased to EUR 42 million (EUR 25 million).

- Ferrochrome production decreased by 4%.
- Costs were significantly lower.
- Higher ferrochrome sales price impacted positively on profitability.

Q1 2021 compared to Q4 2020

Sales amounted to EUR 121 million (EUR 119 million).
Adjusted EBITDA increased to EUR 42 million (EUR 34 million).

- Ferrochrome production increased by 3%.
- Costs were at a lower level.
- Profitability was impacted positively by higher ferrochrome sales price.

Market

- For Q1/2021, the European benchmark price for ferrochrome was settled at USD 1.175/lb.
- For Q2/2021, the European benchmark price for ferrochrome increased significantly to USD 1.56/lb.
- Due to the increase in stainless steel demand and ferrochrome capacity reductions, Chinese ferrochrome spot market prices have significantly increased during Q1/2021. Recently, Chinese ferrochrome spot market prices have decreased.

Business area Long Products

Long Products key figures		Q1/21	Q1/20	Q4/20	2020
Stainless steel deliveries	1,000 tonnes	**65**	61	43	175
Sales	EUR million	**184**	170	115	493
Adjusted EBITDA	EUR million	**11**	-1	0	-8
Restructuring costs	EUR million	**-**	-	3	-3
EBITDA	EUR million	**11**	-1	3	-11
Operating capital	EUR million	**131**	172	133	133

Results

Q1 2021 compared to Q1 2020

Sales amounted to EUR 184 million (EUR 170 million).
Adjusted EBITDA increased to EUR 11 million (EUR -1 million).

- Stainless steel deliveries increased by 7%.
- Product mix was better.
- Costs were at a significantly lower level.
- Raw material-related inventory and metal derivative gains were EUR 4 million compared to losses of EUR 5 million in Q1/2020.

Q1 2021 compared to Q4 2020

Sales amounted to EUR 184 million (EUR 115 million).
Adjusted EBITDA increased to EUR 11 million (EUR 0 million).

- Stainless steel deliveries increased by 53%.
- Positive impact from utilization efficiencies.
- Raw material-related inventory and metal derivative gains amounted to EUR 4 million compared to gains of EUR 1 million in Q4/2020.

Market

- Broad-based recovery in the majority of the traditional customer segments during Q1/2021.
- While there was some restocking, the continued strong order intake through the whole of Q1/2021 together with indications from end-use customers provide evidence of some recovery in underlying demand.

Sustainability

Outokumpu's vision is to be customer's first choice in sustainable stainless steel. Sustainability at Outokumpu is based on three aspects: environmental, economic and social, which all need to be in balance. The company is a signatory of the United Nations Global Compact. Outokumpu is committed to the United Nations' Sustainable Development Goals with a focus on the following six goals: clean water and sanitation, affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure, responsible consumption and production, and climate action.

Outokumpu is globally the only stainless steel producer that publishes its stainless steel carbon footprint including all direct (scope 1) and indirect (scope 2, electricity) emissions as well as emissions from the production of raw materials (scope 3) and transportation (scope 3). Outokumpu is also the only stainless steel company to have an approved Science Based Target with the aim of reducing greenhouse gas emissions by 20% per tonne of stainless steel in 2023. Outokumpu is well on track to achieve this target.

Outokumpu's long-term target is to reach carbon neutrality by 2050 in scope 1 and 2 emissions. Outokumpu's other sustainability targets include improved organizational health, improved safety, increased energy efficiency, zero environmental incidents and high material recycling. All Outokumpu production sites are certified according to ISO 14001.

In the first quarter of 2021, Outokumpu was awarded the following recognitions for its sustainability efforts: S&P Global Sustainability yearbook, Carbon Disclosure Project (CDP) rating B and supplier engagement leader status. CO2 emissions were in line with the Science Based Target's reduction goal, energy-efficiency improved, which led to reductions in direct emissions, and recycled content remained at a high level, well above 90%. After the reporting period, in April, Outokumpu was selected as a World Steel Sustainability Champion. This was the first time a stainless steel company was selected.

Outokumpu is participating in a R&D consortium TOCANEM (Towards Carbon Neutral Metals) which is a joint project for Finnish metal producers, Finnish universities and research centers that aims to reduce CO2 emissions in metal manufacturing industries. The consortium is supported by Business Finland.

In the first quarter of 2021, there were no major environmental incidents. However, Outokumpu had five medium level environmental incidents, of which three were permit breaches – all incidents were reported to the authorities.

Outokumpu's supply chain monitoring was criticized in a report published by Finnwatch, a Finnish NGO, in February. The report was taken seriously at Outokumpu and the company has been investigating allegations with relevant stakeholders. Outokumpu decided to perform an independent third party audit of the supplier in question and has initiated actions to incorporate the United Nations Guiding Principles on Business and Human Rights in its operating principles. Outokumpu will further develop its supply chain monitoring and increase the transparency of sourcing.

Safety performance remained strong. The total recordable injury frequency rate (TRIFR) was 1.4 in the first quarter of 2021 (Q1/2020: 2.5) against the target of 2.2. This proved to be Outokumpu's strongest start to a year on record with only eight recordable accidents occurring.

During the first quarter, the sites have been working on the quarterly safety theme "Hands are not Tools" where the aim has been to implement the successful hand safety program from the company's Mexinox business which dramatically reduced hand injuries locally. The plans created from this theme will be worked out throughout the year. In the second quarter, the theme will be "Contractor Management", where the aim is to develop methods of contractor and sub-contractor management to ensure an internal standard and expectations are implemented and third party accidents will be reduced.

Outokumpu continues to take numerous measures to protect the health and safety of its employees and to mitigate the negative impacts of the global COVID-19 pandemic. These actions include remote work when feasible, limited visitor access to all sites, a travel ban, social distancing as well as an enhanced focus on cleanliness and hygiene at all sites.

The COVID-19 pandemic has now moved into second and third waves of infections in most of the countries in which Outokumpu operates. The benefits of the full vaccination programs are awaited in each country in order to return to a level of normality. Outokumpu continues to operate under strict rules and continuously reviews the COVID-19 instructions issued by the local governments to protect its employees.

Personnel

In Q1/2021, Outokumpu changed its main personnel number measure from headcount to full-time equivalent personnel. Headcount also continues to be reported. Outokumpu's full-time equivalent personnel was reduced by 346 during the first quarter, totaling 9,256 at the end of March (December 31, 2020: 9,602), and headcount was 9,639 on March 31, 2021 (December 31, 2020: 9,915). Outokumpu is aiming for a full-time equivalent number of personnel of below 9,000 during 2022.

Shares

On March 31, 2021, Outokumpu's share capital was EUR 311 million, and the total number of shares was 416,374,448. At quarter-end, Outokumpu held 4,313,421 of treasury shares. The average number of shares outstanding was 412,029,006 in the first quarter. The closing share price at the end of the period, on March 31, was EUR 4.94.

Risks and uncertainties

Outokumpu continues to focus on mitigating its exposure to economic and political risks which present uncertainties to its business and operations, including but not limited to: impacts from the COVID-19 pandemic; environmental-social-governance risk; cyber security and information technology including risks related to the roll-out of a new ERP system in Sweden; risk of business interruption at Outokumpu's production and distribution locations; other temporary business interruptions; weakened outlook in demand for stainless steel and consequently Outokumpu's expected product deliveries; delays or failures in Outokumpu's supply chain, such as impacts on personnel resources at critical suppliers; dependencies on certain critical suppliers; overall price and availability of critical raw materials and supplies; impacts on payment terms with suppliers due to Outokumpu's credit rating; increased overdues and the realization of credit losses from customer receivables; liquidity and refinancing risks; changes in the prices of ferrochrome, nickel, electrical power and CO2 emission allowances; currency developments affecting the euro, US dollar, Swedish krona, and British pound; negative impacts on the amount of defined pension benefit assets and liabilities; changes in interest margins applied for Outokumpu; risks related to the fair value of shareholdings, such as investment in the Fennovoima project as well as general project and investment implementation risks, including the ongoing project in the Kemi mine.

Possible further adverse changes in the global political and economic environment, including severe and lengthened impacts from the vaccine deployment process with slower than expected recovery may have an impact on Outokumpu's overall business and access to financial markets.

Annual General Meeting 2021

Outokumpu's Annual General Meeting 2021 was held on March 31, 2021, at the company's head office in Helsinki, Finland, under special arrangements due to the COVID-19 pandemic. 324 shareholders representing 164,276,592 shares and votes were represented at the meeting. The Annual General Meeting supported all the Board of Directors' and the Shareholders' Nomination Board's proposals and approved the company's remuneration report in an advisory vote. The Annual General Meeting approved the financial statements and discharged the management of the company from liability for the financial year 2020. The Annual General Meeting also approved the proposals of the Shareholders' Nomination Board regarding the members of the Board of Directors and their remuneration

The Annual General Meeting decided in accordance with the proposal by the Nomination Board that the Board of Directors consists of eight (8) members. The Annual General Meeting re-elected the current members of the Board of Directors Kati ter Horst, Kari Jordan, Eeva Sipilä, Vesa-Pekka Takala, Pierre Vareille and Julia Woodhouse and elected Heinz Jörg Fuhrmann and Päivi Luostarinen as new members for the term of office ending at the end of the next Annual General Meeting. Kari Jordan was re-elected as the Chairman and Eeva Sipilä re-elected as the Vice Chairman of the Board of Directors.

Dividend

The Annual General Meeting decided that no dividend will be paid for the financial year that ended on December 31, 2020 and authorized the Board of Directors to repurchase the company's own shares and to decide on the issuance of shares as well as special rights entitling to shares.

Helsinki, May 6, 2021

Outokumpu Oyj
Board of Directors

Financial information

Condensed statement of income (EUR million)	Jan–March 2021	Jan–March 2020	Jan–Dec 2020
Sales	**1,673**	1,615	5,639
Cost of sales	**-1,510**	-1,495	-5,403
Gross margin	**163**	120	236
Other operating income	**17**	3	22
Sales, general and administrative costs	**-59**	-71	-285
Other operating expenses	**-5**	-8	-28
EBIT	**116**	45	-55
Share of results in associated companies	**6**	1	2
Interest expenses	**-18**	-19	-78
Net other financial income and expenses	**-3**	-4	-20
Total financial income and expenses	**-21**	-23	-98
Result before taxes	**101**	22	-151
Income taxes	**-19**	0	34
Net result for the period	**82**	22	-116
Earnings per share for result attributable to the equity holders of the Company			
Earnings per share, EUR	**0.20**	0.05	-0.28
Diluted earnings per share, EUR	**0.19**	0.05	-0.28

Statement of comprehensive income (EUR million)	Jan–March 2021	Jan–March 2020	Jan–Dec 2020
Net result for the period	**82**	22	-116
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations			
Change in exchange differences	**49**	10	-86
Cash flow hedges			
Fair value changes during the financial year	**-6**	-1	-8
Reclassification adjustments from other comprehensive income to profit or loss	**5**	-9	-5
Reclassification adjustments from other comprehensive income to inventory	**1**	1	4
Income tax relating to cash flow hedges	**2**	0	0
Items that will not be reclassified to profit or loss:			
Remeasurements on defined benefit obligation plans			
Changes during the accounting period	**2**	44	-12
Income tax relating to remeasurements	**-2**	-9	4
Equity investments at fair value through other comprehensive income	**-38**	-16	4
Share of other comprehensive income in associated companies	**-0**	-0	-0
Other comprehensive income for the period, net of tax	**13**	21	-101
Total comprehensive income for the period	**95**	44	-217

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

Condensed statement of financial position (EUR million)	March 31 2021	March 31 2020	Dec 31 2020
ASSETS			
Non-current assets			
Intangible assets	**610**	611	610
Property, plant and equipment	**2,660**	2,753	2,631
Investments in associated companies	**44**	39	38
Other financial assets	**22**	27	54
Deferred tax assets	**253**	215	264
Defined benefit plan assets	**65**	96	64
Trade and other receivables	**1**	2	1
Total non-current assets	**3,654**	3,744	3,663
Current assets			
Inventories	**1,336**	1,360	1,177
Other financial assets	**76**	44	44
Trade and other receivables	**724**	660	537
Cash and cash equivalents	**330**	411	376
Total current assets	**2,466**	2,475	2,134
TOTAL ASSETS	**6,120**	6,219	5,797
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company	**2,455**	2,605	2,360
Non-current liabilities			
Non-current debt	**1,160**	1,287	1,153
Other financial liabilities	**1**	0	-
Deferred tax liabilities	**6**	12	7
Defined benefit and other long-term employee benefit obligations	**316**	315	329
Provisions	**69**	82	84
Trade and other payables	**33**	28	45
Total non-current liabilities	**1,584**	1,724	1,618
Current liabilities			
Current debt	**244**	374	251
Other financial liabilities	**41**	22	32
Provisions	**16**	24	31
Trade and other payables	**1,780**	1,468	1,505
Total current liabilities	**2,081**	1,889	1,820
TOTAL EQUITY AND LIABILITIES	**6,120**	6,219	5,797

Condensed statement of cash flows (EUR million)	Jan–March 2021	Jan–March 2020	Jan–Dec 2020
Net result for the period	**82**	22	-116
Adjustments			
Depreciation, amortization and impairments	**61**	61	246
Other non-cash adjustments	**12**	20	93
Change in working capital	**-79**	-106	247
Provisions, and defined benefit and other long-term employee benefit obligations paid	**-34**	-12	-71
Dividends and interests received	**0**	0	2
Interests paid	**-13**	-13	-69
Income taxes paid	**-3**	-5	-10
Net cash from operating activities	**27**	-32	322
Purchases of assets	**-47**	-58	-180
Proceeds from the sale of assets	**0**	0	15
Other investing cash flow	**-**	-	-10
Net cash from investing activities	**-47**	-58	-175
Cash flow before financing activities	**-21**	-90	147
Borrowings of non-current debt	**5**	319	496
Repayment of non-current debt	**-8**	-381	-721
Change in current debt	**-23**	239	130
Net cash from financing activities	**-26**	178	-94
Net change in cash and cash equivalents	**-47**	88	53
Cash and cash equivalents at the beginning of the period	**376**	325	325
Net change in cash and cash equivalents	**-47**	88	53
Foreign exchange rate effect	**0**	-1	-1
Cash and cash equivalents at the end of the period	**330**	411	376

Statement of changes in equity
(EUR million)

	Attributable to the equity holders of the parent										
	Share capital	Premium fund	Invested unrestricted equity reserve	Misc. other reserves	Fair value reserve from equity investments 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, 2020	**311**	**714**	**2,103**	**3**	**-49**	**6**	**-27**	**-116**	**-33**	**-350**	**2,562**
Net result for the period	-	-	-	-	-	-	-	-	-	22	22
Other comprehensive income	-	-	-	-	-16	-8	10	35	-	-0	21
Total comprehensive income for the period	-	-	-	-	-16	-8	10	35	-	22	44
Transactions with equity holders of the Company											
Contributions and distributions											
Share-based payments	-	-	-	-	-	-	-	-	0	-1	-0
Equity on March 31, 2020	**311**	**714**	**2,103**	**3**	**-65**	**-2**	**-17**	**-81**	**-32**	**-329**	**2,605**
Equity on Jan 1, 2021	**311**	**714**	**2,103**	**3**	**-45**	**-4**	**-113**	**-124**	**-31**	**-454**	**2,360**
Net result for the period	-	-	-	-	-	-	-	-	-	82	82
Other comprehensive income	-	-	-	-	-38	2	49	0	-	0	13
Total comprehensive income for the period	-	-	-	-	-38	2	49	0	-	82	95
Transactions with equity holders of the Company											
Contributions and distributions											
Share-based payments	-	-	-	-	-	-	-	-	1	-1	0
Equity on March 31, 2021	**311**	**714**	**2,103**	**3**	**-83**	**-2**	**-65**	**-124**	**-30**	**-372**	**2,455**

Adjustments to EBITDA and EBIT (EUR million)	Q1/2021	Q1/2020	2020
Restructuring costs	**-**	-	-59
Adjustments to EBITDA and EBIT	**-**	-	-59

Group key figures		Q1/2021	Q1/2020	2020
Scope of activity				
Capital employed at the end of period	EUR million	**3,701**	4,006	3,543
Capital expenditure [1]	EUR million	**47**	**58**	180
Depreciation and amortization	EUR million	**-59**	-61	-243
Impairments	EUR million	**-2**	-	-3
Personnel at the end of period, full-time equivalent [2]		**9,256**	9,996	9,602
- average for the period		**9,393**	10,015	10,000
Personnel at the end of period, headcount		**9,639**	10,315	9,915
Profitability				
Adjusted EBITDA	EUR million	**177**	106	250
Adjustments to EBITDA	EUR million	**-**	-	-59
EBITDA	EUR million	**177**	106	191
Earnings per share	EUR	**0.20**	0.05	-0.28
Diluted earnings per share	EUR	**0.19**	0.05	-0.28
Adjusted average number of shares [3]	1,000 shares	**412,029**	411,793	411,824
Return on equity	%	**-2.3**	-0.5	-4.7
Return on capital employed	%	**0.5**	2.3	-1.4
Financing and financial position				
Non-current debt	EUR million	**1,160**	1,287	1,153
Current debt	EUR million	**244**	374	251
Cash and cash equivalents	EUR million	**-330**	-411	-376
Net debt at the end of period	EUR million	**1,073**	1,249	1,028
Net debt to Adjusted EBITDA		**3.3**	4.0	4.1
Equity-to-assets ratio at the end of period	%	**40.2**	42.0	40.8
Debt-to-equity ratio at the end of period	%	**43.7**	48.0	43.6
Equity per share at the end of period [3]	EUR	**5.96**	6.33	5.73

[1] In Q4/2020, Outokumpu changed its capital expenditure definition from accrual-based to cash-based capital expenditure.
Comparative information is presented accordingly.

[2] In Q1/2021, Outokumpu changed its main personnel amount measure from headcount to full-time equivalent personnel.
Comparative information is presented accordingly.

[3] Excluding treasury shares.

Sales by segment (EUR million)	Q1/2021	Q1/2020	2020
Europe total	**1,025**	1,025	3,568
of which intra-group	**16**	32	83
Americas total	**384**	359	1,195
of which intra-group	**9**	0	1
Ferrochrome total	**121**	112	411
of which intra-group	**85**	81	260
Long Products total	**184**	170	493
of which intra-group	**47**	32	78
Other operations total	**183**	165	665
of which intra-group	**67**	71	271
Group total sales	**1,673**	1,615	5,639

Adjusted EBITDA by segment (EUR million)	Q1/2021	Q1/2020	2020
Europe	**78**	67	142
Americas	**54**	20	55
Ferrochrome	**42**	25	91
Long Products	**11**	-1	-8
Other operations and intra-group items	**-8**	-6	-29
Group total adjusted EBITDA	**177**	106	250

Adjustments to EBITDA and EBIT by segment (EUR million)	Q1/2021	Q1/2020	2020
Europe	**-**	-	-47
Americas	**-**	-	-2
Ferrochrome	**-**	-	-1
Long Products	**-**	-	-3
Other operations	**-**	-	-6
Group total adjustments	**-**	-	-59

EBITDA by segment (EUR million)	Q1/2021	Q1/2020	2020
Europe	**78**	67	95
Americas	**54**	20	53
Ferrochrome	**42**	25	90
Long Products	**11**	-1	-11
Other operations and intra-group items	**-8**	-6	-36
Group total EBITDA	**177**	106	191

Adjusted EBIT by segment (EUR million)	Q1/2021	Q1/2020	2020
Europe	**44**	33	-0
Americas	**40**	6	0
Ferrochrome	**34**	17	57
Long Products	**8**	-3	-19
Other operations and intra-group items	**-9**	-7	-34
Group total adjusted EBIT	**116**	45	4

EBIT by segment (EUR million)	Q1/2021	Q1/2020	2020
Europe	**44**	33	-47
Americas	**40**	6	-1
Ferrochrome	**34**	17	56
Long Products	**8**	-3	-21
Other operations and intra-group items	**-9**	-7	-40
Group total EBIT	**116**	45	-55

Depreciation and amortization by segment (EUR million)	Q1/2021	Q1/2020	2020
Europe	**-34**	-35	-140
Americas	**-13**	-14	-54
Ferrochrome	**-9**	-8	-34
Long Products	**-3**	-3	-10
Other operations	**-1**	-1	-4
Group total depreciation and amortization	**-59**	-61	-243

Capital expenditure by segment (EUR million)	Q1/2021	Q1/2020	2020
Europe	**8**	13	34
Americas	**1**	5	16
Ferrochrome	**28**	23	92
Long Products	**1**	1	3
Other operations	**9**	17	35
Group total capital expenditure	**47**	58	180

In Q4/2020, Outokumpu changed its capital expenditure definition from accrual-based to cash-based capital expenditure.
Comparative information is presented accordingly.

Operating capital by segment (EUR million)	Q1/2021	Q1/2020	2020
Europe	**1,633**	1,878	1,573
Americas	**874**	957	801
Ferrochrome	**793**	736	766
Long Products	**131**	172	133
Other operations and intra-group items	**24**	61	13
Group total operating capital	**3,454**	3,803	3,286

Personnel at the end of period by segment, full-time equivalent	Q1/2021	Q1/2020	2020
Europe	**5,886**	6,451	6,196
Americas	**1,805**	1,896	1,810
Ferrochrome	**479**	468	467
Long Products	**740**	848	784
Other operations	**347**	334	346
Group total personnel at the end of period	**9,256**	9,996	9,602

In Q1/2021, Outokumpu changed its main personnel amount measure from headcount to full-time equivalent personnel.
Comparative information is presented accordingly.

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 – equity investments at fair value through other comprehensive income – investments at fair value through profit or loss – investments in associated companies	
Operating capital	=	Capital employed – net deferred tax asset	
Capital expenditure	=	Purchases of property, plant and equipment and intangible assets, other than emission allowances; and investments in equity at fair value through other comprehensive income and in associated companies and acquisitions of businesses	
Return on capital employed (ROCE)	=	$\frac{\text{EBIT (4-quarter rolling)}}{\text{Capital employed (4-quarter rolling average)}}$	× 100
Return on equity (ROE)	=	$\frac{\text{Net result for the financial period (4-quarter rolling)}}{\text{Total equity (4-quarter rolling average)}}$	× 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 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	=	$\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$	
Personnel, full-time equivalent	=	Headcount adjusted to full-time equivalent number of personnel, excluding personnel on sick leave or parental leave of more than 6 month and excluding personnel whose employment has been terminated and who are on notice period without requirement to work	

Basis of preparation

This interim report is unaudited. It has been prepared on a going concern basis. The same accounting policies and methods of computation have been followed when preparing the financial information as in the financial statements for 2020, with the exception of new and amended standards applied from the beginning of 2021. These amendments did not have a material impact on Outokumpu's consolidated financial information or presentation.

All presented figures in this report have been rounded and, as a consequence, 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 a 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 IFRS 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.

As COVID-19 continues to impact the global economy and Outokumpu's operating environment, when estimating the future cash flows from impairment indication purposes, the management estimates include assumptions relating to the severity of the outbreak's impact on market and financial development as well as the timing and pace of the recovery.

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

Impairment of intangible assets and Property, Plant and equipment

Outokumpu's practice is to assess impairment indication on quarterly basis. As the Group's financial performance has strengthened, no impairment indications were identified during Q1 of 2021.