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OUTOKUMPU STEPS UP ITS SERVICE CAPABILITY BY ACQUIRING ITALIAN STAINLESS STEEL DISTRIBUTOR SOGEPAR

Outokumpu has today signed an agreement whereby it will acquire the SoGePar Group, an Italian distributor of stainless steel from its current owners, the Borromeo family. Outokumpu will pay EUR 195 million in cash and take on debt in the company in the amount of EUR 140 million. The transaction is expected to be completed by the end of the second quarter after regulatory clearances and satisfaction of other customary closing conditions.

SoGePar operates stainless steel service centers in Castelleone in Italy and in Rotherham in the UK. Additionally SoGePar has stock operations in Italy, the UK, Belgium, Finland, France and Ireland, as well as a commercial office in Germany and a representative office in Turkey. Sales of the SoGePar Group in 2007 amounted to EUR 560 million, operating profit to EUR 44 million and deliveries to 134 000 tons.

Says Deputy CEO **Karri Kaitue**, "This transaction enables Outokumpu to better serve its customers through the expanded service center network, expand its customer base and positively develop end-user and project sales which in turn should bring more stability. The acquisition is a determined step towards Outokumpu's strategic ambition of building a more stable and profitable business model for the Group."

Furthermore, the acquisition of SoGePar will significantly strengthen Outokumpu's position in stainless steel distribution in Italy, which, together with Germany, is the largest market for stainless steel in Europe.

Says **Vitaliano Borromeo**, the Managing Director of SoGePar Group, "We believe that this transaction gives significant new opportunities for us and our customers as we become a part of a strong and integrated stainless steel group. Outokumpu's high technological know-how and expertise in special grades are an added attraction."

As a result of this transaction the earlier announced EUR 70 million investment to expand Outokumpu's current stock and processing operations in Italy can now be avoided. The SoGePar operations will eventually be integrated with Outokumpu's service center network. The current SoGePar operational management will continue in their posts.

Due to this acquisition Outokumpu's Stock & Processing capacity in Italy and the UK will be in excess of 240 000 tons. In total, with the SoGePar acquisition and the service center investments announced recently, Outokumpu's global annual stock and processing capacity will increase from the current 300 000 tons to in excess of 740 000 tons by 2010.

SUMMA Corporate Finance is a financial advisor of Outokumpu in the transaction.

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