OUTOKUMPU'S SECOND QUARTER 2009 INTERIM REPORT – DIFFICULT MARKET WITH SOME SIGNS OF IMPROVEMENT, OPERATING LOSS DECLINING

Second quarter 2009 highlights

- Operating loss EUR 94 million (I/2009: EUR -249 million), no major raw-material related inventory gains or losses (I/2009: EUR -110 million)

- Stainless steel deliveries improved to 268 000 tons (I/2009: 247 000 tons)

- Slightly positive cash flow, balance sheet remained strong

- Some recovery in order intake, production capability in Tornio to be increased accordingly

- Cost saving programmes progressing ahead of schedule, annual savings target pushed to EUR 150 million

Group key figures

		II/09	I/09	II/08	2008
Sales	EUR million	**617**	679	1 549	5 474
Operating profit	EUR million	**-94**	-249	174	-63
Non-recurring items in operating profit	EUR million	**-**	-5	-	-83
Profit before taxes	EUR million	**-105**	-252	166	-134
Non-recurring items in financial income and expenses	EUR million	**-**	-	-	-21
Net profit for the period from continuing operations	EUR million	**-85**	-188	130	-110
Net profit for the period	EUR million	**-87**	-187	56	-189
Earnings per share from continuing operations	EUR	**-0.47**	-1.04	0.72	-0.61
Earnings per share	EUR	**-0.48**	-1.04	0.31	-1.05
Return on capital employed	%	**-11.1**	-27.5	17.2	-1.6
Net cash generated from operating activities	EUR million	**23**	301	103	656
Capital expenditure, continuing operations	EUR million	**45**	62	56	544
Net interest-bearing debt at end of period	EUR million	**926**	825	939	1 072
Debt-to-equity ratio at end of period	%	**37.1**	32.3	29.1	38.4
Stainless steel deliveries	1 000 tons	**268**	247	391	1 423
Stainless steel base price [1)]	EUR/ton	**1 117**	925	1 307	1 185
Personnel at the end of period, continuing operations		**7 985**	8 253	8 884	8 471

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

Outokumpu Oyj
Corporate Management

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SHORT-TERM OUTLOOK

During the second quarter, Outokumpu's order intake from both distributors and end-users of stainless steel has increased somewhat from the earlier very low levels. The reduction of inventories by distributors and end-users seems to have ended and the increase in the nickel price has triggered some purchasing activity. There is, however, no major improvement in underlying demand for stainless steel. Inventory levels at distributors in Europe are estimated to be below normal.

Outokumpu is currently selling standard grades for deliveries in October. Due to temporary production constraints, maintenance breaks and seasonality of demand, delivery volumes in the third quarter are estimated to be somewhat below the level in the first quarter (247 000 tons). Outokumpu's average base prices for all flat products for the third quarter are expected to increase by 100-150 EUR/t compared to the average in the second quarter. The intention is to continue to increase base prices in the fourth quarter.

Outokumpu's underlying operational result in the third quarter is estimated to be at the same level or somewhat better than in the second quarter as the positive impact of higher prices will be offset by the decline in delivery volumes. With current metal prices, raw-material related inventory gains are expected to have a slightly positive impact on the operating result in the third quarter. Outokumpu estimates that better prices and mix and slowly recovering delivery volumes will gradually improve underlying profitability towards the end of the year.

CEO Juha Rantanen:

"Despite the continued rather heavy operating loss, the second quarter brought some signs of improvement. During the quarter we saw a slight increase in the order intake for stainless steel and we were able to increase base prices. The recovery in demand is a function of destocking coming to an end and there is no major improvement in the underlying demand for stainless steel from end-users. Outokumpu's management will continue to maintain a tight focus on cash flow, sales and cost-saving actions. This will have an increasing impact in late 2009. It is our ambition to reach a break-even operating profit towards the end of the year."

The attachments present the Management analysis for the second quarter 2009 operating result and the Interim review by the Board of Directors for January-June 2009, the accounts and notes to the interim accounts. This report is unaudited.

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News conference and live webcast today at 13.00 pm EET

A combined news conference, conference call and live webcast concerning the second-quarter 2009 results will be held on July 23, 2009 at 13.00 pm Finnish time (12.00 pm CET, 6.00 am US EST, 11.00 am UK time) at Hotel Kämp, conference room Akseli Gallen-Kallela, address Pohjoisesplanadi 29, 00100 Helsinki, Finland.

To participate via the conference call, please dial in 5-10 minutes before the beginning of the event:

UK	+44 20 3043 2436
US & Canada	+1 866 458 4087
Sweden	+46 8 505 598 53
Password	Outokumpu

The news conference can be viewed live via Internet at www.outokumpu.com. Stock exchange release and presentation material will be available before the news conference at www.outokumpu.com/Investors

An on-demand webcast of the news conference will be available at www.outokumpu.com as of July 23, 2009 at around 15.00 pm.

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MANAGEMENT ANALYSIS – SECOND QUARTER OPERATING RESULT

Group key figures

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	**II/09**
Sales							
General Stainless	1 304	1 222	933	687	4 147	476	**501**
Specialty Stainless	786	778	630	512	2 705	371	**278**
Other operations	64	63	69	62	258	66	**58**
Intra-group sales	-465	-514	-362	-295	-1 636	-233	**-220**
The Group	1 689	1 549	1 270	966	5 474	679	**617**
Operating profit							
General Stainless	81	125	-35	-177	-6	-157	**-52**
Specialty Stainless	42	44	-63	-123	-101	-82	**-37**
Other operations	-20	4	29	25	38	-12	**-5**
Intra-group items	-3	1	3	4	6	2	**0**
The Group	100	174	-66	-271	-63	-249	**-94**

Stainless steel deliveries

1 000 tons	I/08	II/08	III/08	IV/08	2008	I/09	**II/09**
Cold rolled	228	192	177	141	739	133	**145**
White hot strip	120	94	64	51	330	59	**69**
Quarto plate	33	35	27	25	120	19	**18**
Tubular products	19	19	16	16	70	16	**13**
Long products	15	15	15	11	55	10	**9**
Semi-finished products	34	35	25	16	109	10	**14**
Total deliveries	449	391	323	261	1 423	247	**268**

Market prices and exchange rates

		I/08	II/08	III/08	IV/08	2008	I/09	**II/09**
Market prices [1]								
Stainless steel								
Base price	EUR/t	1 243	1 307	1 143	1 045	1 185	925	**1 117**
Alloy surcharge	EUR/t	1 702	1 888	1 582	1 293	1 616	893	**634**
Transaction price	EUR/t	2 945	3 195	2 725	2 338	2 801	1 818	**1 751**
Nickel	USD/t	28 957	25 682	18 961	10 843	21 111	10 471	**12 920**
	EUR/t	19 335	16 440	12 599	8 227	14 353	8 036	**9 478**
Ferrochrome (Cr-content)	USD/lb	1.21	1.92	2.05	1.85	1.76	0.79	**0.69**
	EUR/kg	1.78	2.71	3.00	3.09	2.63	1.34	**1.12**
Molybdenum	USD/lb	33.81	33.40	33.75	17.29	29.56	9.15	**9.41**
	EUR/kg	49.77	47.14	49.45	28.92	44.31	15.49	**15.22**
Recycled steel	USD/t	393	565	465	181	401	207	**199**
	EUR/t	262	361	309	138	273	159	**146**
Exchange rates								
EUR/USD		1.498	1.562	1.505	1.318	1.471	1.303	**1.363**
EUR/SEK		9.400	9.352	9.474	10.234	9.615	10.941	**10.781**
EUR/GBP		0.757	0.793	0.795	0.839	0.796	0.909	**0.879**

[1] Sources of market prices:

Stainless steel: CRU - German base price, alloy surcharge and transaction price (2 mm cold rolled 304 sheet), estimates for deliveries during the period.

Nickel: London Metal Exchange (LME) cash quotation

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

Molybdenum: Metal Bulletin - Molybdenum oxide - Europe

Recycled steel: Metal Bulletin - Steel scrap HMS 1&2 fob Rotterdam

Slightly recovering demand and increasing prices during the second quarter

Global market conditions for stainless steel improved slightly during the second quarter of 2009. Apparent consumption of stainless flat products is estimated to have increased by 13% in Europe and by 13% globally compared to the weak first quarter of 2009. Compared to the second quarter of 2008, apparent consumption is estimated to have declined by 33% in Europe and by 25% globally. During the quarter, some recovery in demand was seen and mill's order intake increased from the extremely low levels of the previous quarters. This was mainly attributable to increasing metal prices, restricted levels of production and the end of destocking. Compared to the first quarter of 2009, production of stainless steel was down by 2% in Europe but increased by some 6% globally. Compared to the second quarter of 2008, production fell by 47% in Europe and by 29% globally.

The average base price for 2mm cold rolled 304 stainless steel sheet in Germany increased to 1 117 EUR/ton in the second quarter (I/2009: 925 EUR/ton). At the end of June, the base price was 1 170 EUR/ton. Mainly as a consequence of the clearly lower price of ferrochrome, the alloy surcharge continued to fall and was on average 634 EUR/ton (I/2009: 893 EUR/ton) in the review period. The average transaction price during the quarter was 1 751 EUR/ton (I/2009: 1 818 EUR/ton). Currently, there is no major difference in prices between Europe and Asia. (CRU)

Among the alloying elements, nickel markets were almost in balance during the second quarter. A cautious increase in demand was witnessed in the quarter, up by 5% from the first quarter, but production was still cut globally, down by 6%. The nickel price increased during the second quarter and averaged 12 920 USD/ton (I/2009: 10 471 USD/ton). Nickel traded in the range 9 400 – 16 000 USD/ton during the quarter. Since the end of June, the price of nickel has been 15 – 16 000 USD/ton. Ferrochrome markets also started to improve in the second quarter and demand increased, mainly in China. The quarterly contract price for ferrochrome in the second quarter was 0.69 USD/lb (I/2009: 0.79 USD/lb) and has preliminary been settled at 0.89 USD/lb for the third quarter. The price of molybdenum increased slightly and averaged 9.41 USD/lb (I/2009: 9.15 USD/lb) in the quarter. The price of recycled steel was 199 USD/ton in the second quarter (I/2009: 207 USD/ton).

Smaller operating loss as stainless steel markets begin to recover

Group sales in the second quarter declined by 9% to EUR 617 million (I/2009: EUR 679 million) mainly as a result of the lower metal prices reflected in the alloy surcharge. Deliveries of stainless steel were up by 9% and totalled 268 000 tons (I/2009: 247 000 tons). Outokumpu continued to cut back production at all of the Group's production units. Capacity utilization was approximately 60% in the second quarter.

Operating loss totalled EUR 94 million (I/2009: EUR -249 million). There were no major raw material-related inventory gains or losses during the quarter (I/2009: EUR 110 million losses). Underlying operational loss was, however, smaller than in the first quarter as both delivery volumes and base prices recovered and cost-saving actions began to have an impact. Due to product and market mix in the second quarter, Outokumpu's realized average base prices for flat products were somewhat lower than the base prices reported by CRU for German 304 sheet.

Outokumpu's cost-saving programmes, initiated in December 2008 are proceeding ahead of schedule. Including the actions taken most recently, Outokumpu currently estimates that total fixed-cost savings in 2009 will total EUR 150 million half of which has already been achieved during the first six months of 2009.

Return on capital employed was -11.1% (I/2009: -27.5%). Earnings per share totalled EUR -0.48 (I/2009: EUR -1.04).

Outokumpu's gearing continued to be at a good level and was 37.1% at the end of the second quarter (March 31, 2009: 32.3%), well below the target of being below 75%. At the end of the quarter, net interest-bearing debt totalled EUR 926 million (March 31, 2009: EUR 825 million).

Net cash from operating activities was slightly positive at EUR 23 million (I/2009: EUR 301 million). Cash release from working capital was EUR 153 million due to lower inventory levels.

Capital expenditure in the second quarter totalled EUR 45 million (I/2009: EUR 62 million).

Sales by General Stainless totalled EUR 501 million (I/2009: EUR 476 million) in the second quarter, and deliveries totalled 248 000 tons (I/2009: 210 000 tons). Operating loss was EUR 52 million (I/2009: EUR -157 million) of which the Tornio Works posted a loss of EUR 33 million (I/2009: EUR -129 million).

Sales by Specialty Stainless in the second quarter totalled EUR 278 million (I/2009: EUR 371 million), and deliveries totalled 82 000 tons (I/2009: 92 000 tons). Operating loss was EUR 37 million (I/2009: EUR -82 million).

Operating loss posted by Other operations in the second quarter was EUR 5 million (I/2009: EUR -12 million).

Personnel adjustments

In March, temporary layoffs for most employees at Tornio Works were implemented because of the low order load. Some 330 employees at the Group's Kemi Mine, at the Ferrochrome Works and in one of the melt-shops were temporarily laid off for a fixed period. Approximately 1 500 employees working on other steel production lines, maintenance and support functions were temporarily laid off in sequences until further notice.

At the end of June, Outokumpu announced an increase in production capability as the order intake for deliveries following the summer vacation period was showing some recovery. The currently idled melt-shop will begin production one month earlier than planned, with employees back at work from the beginning of September and working shifts at steel production lines increased. Temporary layoffs for some 700 employees at Tornio Works will be adjusted accordingly. The temporary fixed-period layoffs for personnel employed at Kemi Mine and the Ferrochrome Works will continue as planned until October. The temporary part-time layoffs of employees on maintenance and support functions will be implemented as planned with the need for these actions reviewed on a quarterly basis.

In Sweden, agreements were made with personnel representatives on temporary layoffs for white collar staff at almost all Group sites. For blue collar staff, temporary layoffs are on-going at some sites, and there have been notices of permanent layoffs at other sites. Related negotiations will resume in August. The extent of the temporary layoffs is dependent on the order load at each site.

Outokumpu signed a EUR 900 million revolving credit facility

In June, Outokumpu signed a three-year EUR 900 million revolving credit facility. This is a committed credit facility to be used for general corporate purposes and it replaces the five-year EUR 1 billion facility signed in June 2005.

INTERIM REVIEW BY THE BOARD OF DIRECTORS – JANUARY-JUNE 2009
(Unaudited)

Weak stainless steel markets with markedly lower prices for stainless steel

Demand for stainless steel was very weak during the first half of 2009 and markets were oversupplied. Demand started to recover somewhat during the second quarter as destocking came to an end and both distributors and end-users increased their buying activity as a result of increasing metal prices and restricted levels of supply. Compared to the first half of 2008, demand for stainless steel was significantly lower in 2009. Apparent consumption of stainless steel in Europe was down by 33% and down by 25% globally. The average German base price for 2mm 304 cold rolled sheet was 1 021 EUR/ton in I-II/2009, 20% lower than in I-II/2008. The transaction price for stainless steel averaged 1 784 EUR/ton in I-II/2009, 42% lower than in I-II/2008. (CRU)

Prices of most alloying materials were at clearly lower levels than in the previous year. During the first six months of 2009, the nickel price averaged 11 696 USD/ton (I-II/2008: 27 320 USD/ton) and fluctuated in the range 9 400 – 16 000 USD/ton. The average quarterly contract price for ferrochrome during the first half of 2009 was 0.74 USD/lb (I-II/2008: 1.57 USD/lb). The average price of molybdenum was 9.28 USD/lb (I-II/2008: 33.60 USD/lb). The price of recycled steel averaged 203 USD/ton in the first six months of 2009 (I-II/2008: 479 USD/ton).

Significant operating loss but strong cash flow

Group sales in the first half of 2009 declined by 60% to EUR 1 296 million (I-II/2008: EUR 3 238 million) due to lower transaction prices and depressed delivery volumes. Stainless steel deliveries totalled 515 000 tons (I-II/2008: 840 000 tons), down by 39%. Outokumpu cut production heavily and operated at 55-60% capacity utilization in the first half of 2009.

Operating loss for the first half of 2009 totalled EUR 343 million (I-II/2008: EUR 274 million profit). The primary causes were low delivery volumes, low base price levels and raw-material related inventory losses of some EUR 110 million compared to losses of some EUR 40 million in I-II/2008. Loss before taxes totalled EUR 357 million (I-II/2008: EUR 247 million profit).

Net financial income and expenses in the first six months of 2009 was EUR 10 million negative excluding non-recurring items (I-II/2008: EUR 16 million negative excluding non-recurring gains). In I-II/2008, an impairment loss of EUR 12 million was booked in Other financial expenses due to the decline in the share price of Belvedere Resources Ltd, classified as available-for-sale financial asset.

Net loss for the period from continuing operations totalled EUR 272 million (I-II/2008: EUR 191 million profit). Earnings per share totalled EUR -1.52 (I-II/2008: EUR 0.66) and earnings per share from continuing operations EUR -1.50 (I-II/2008: EUR 1.06). The return on capital employed for I-II/2009 was -18.8% (I-II/2008: 13.2%).

Net cash generated from operating activities totalled EUR 324 million (I-II/2008: EUR 209 million) as a result of the release of working capital due to declining metal prices and an efficient reduction in inventory levels throughout the supply chain. Net interest-bearing debt totalled EUR 926 million at the end of June (June 30, 2008: EUR 939 million). Outokumpu's gearing at the end of June was 37.1% (June 30, 2008: 29.1%).

Capital expenditure

Capital expenditure including maintenance totalled EUR 107 million in the first half of 2009. The largest investments were related to the replacement of the No. 2 annealing and pickling line in Tornio, expansion of the service center in Willich, Germany, and the doubling of special grades' production capacity at Nyby, Sweden. Total capital expenditure in 2009 is estimated to be below EUR 250 million rather than the previously announced EUR 300 million.

Risks and uncertainties

Outokumpu operates in accordance with the risk management policy approved by its Board of Directors. This policy defines the objectives, approaches and areas of responsibility in risk management. Risks and uncertainties may, if they materialize, have a substantial impact on earnings and cash flows. Key risks are assessed and updated on a regular basis.

Important strategic and business risks include structural overcapacity in stainless steel production, competition in stainless steel markets and Eurocentricity. To mitigate risks related to structural overcapacity and fierce competition in stainless steel markets, Outokumpu aims to maintain the cost efficiency of its operations, broaden the Group's product offering and increase sales to end-users by, for example, developing distribution channels. This strategy is supported by the Group Sales and Marketing function, which ensures that customers are served in an optimal way. To mitigate any possible impacts of Eurocentricity, Outokumpu is also aiming to grow outside Europe.

During the first quarter of 2009, stainless steel markets continued to weaken due to the global financial crisis that began in 2008. Outokumpu responded with production cuts and personnel adjustments. With some adjustments, these arrangements continued during the second quarter.

Operational risks arise as a consequence of inadequate or failed internal processes, employee actions, systematic or other events such as natural catastrophes, misconduct or crime. Key operational risks include a major fire or accident, variations in production performance, failures in project implementation and the inability to work according to a one-company approach. These risks are mitigated through insurances and a variety of preventive or corrective actions and initiatives. To minimize damage to property and business interruptions that could be caused by fire at some of the Group's major production sites, Outokumpu has implemented systematic fire and security audit programmes.

Financial risks include exposure to market prices and default risk as well as the ability to maintain adequate liquidity and low refinancing risk. Due to the global financial crisis, credit risk related to sales and to certain loan-receivable was added to the Group's key risks' list during the first half of 2009. In addition to these, the most important financial risks are variations in the price of nickel, variations in the exchange rate between the Swedish krona and the euro, the value of the US dollar and the capability to maintain adequate liquidity and low refinancing risk. Outokumpu is also exposed to equity and debt security prices.

Liquidity and refinancing risks are taken into account in capital management decisions and, when necessary, in making investment and other business decisions. To secure the necessary liquidity, Outokumpu signed a three-year revolving credit facility of EUR 900 million in June 2009 to replace the previous five-year facility of EUR 1 billion. During the first half of 2009, some additional currency hedging was carried out in relation to local costs in Sweden.

Outokumpu is closely monitoring the turbulence in global financial markets. If the market situation remains difficult, Outokumpu is prepared to take additional action to improve the Group's profitability.

Environment, health and safety

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

Carbon dioxide emissions under EU Emission Trading Scheme were at a very low level in the second quarter due to reduced levels of production, approximately 110 000 tons. Outokumpu's total amount of carbon dioxide allowances in the UK, Sweden and Finland are expected to be sufficient for the Group's planned production. Outokumpu did not buy or sell any emission allowances during the second quarter.

Occupational safety continues to be a major focus area within the Group and Outokumpu has a separate safety function responsible for safety management and development. In I-II/2009, the lost-time injury rate (i.e. lost-time accidents per million working hours) was six (I-II/2008: 10). In 2009, the target is less than five. No severe accidents were reported in the second quarter.

Corporate Responsibility

In March 2009, Outokumpu was selected to be a member of the Kempen/SNS Smaller Europe SRI Universe, a concept launched by Kempen Capital Management. Membership is only offered to companies with the very highest standards and codes of practice in the three areas of business ethics, human resources and the environment.

In 2008, Outokumpu launched a competition to combat climate change as part of its Corporate Responsibility Theme year 2008. Outokumpu decided to invest EUR 5 million in an environmental target to be identified through this Group-wide competition. Proposed innovations were required to reduce direct or indirect carbon dioxide emissions caused by the use of fuels, or to replace the use of virgin resources by recycling and utilizing Outokumpu's by-products. Outokumpu's internal jury decided that the EUR 5 million will be divided among the three best initiatives. The winning proposal - a project investing in wind power generation to reduce carbon dioxide emissions and further increase the amount of electricity obtained from renewable sources – includes the suggestions that Outokumpu should provide the stainless steel for the turbines. Outokumpu's primary source of energy for its operations is electricity with renewable sources providing some 50%.

Personnel

The Group's continuing operations employed an average of 8 184 people during January-June 2009 (I-II/2008: 8 362). At the end of June, Outokumpu had 7 985 employees (June 30, 2008: 8 884).

Class actions regarding the sold fabricated copper products business

The fabricated copper products business sold in 2005, comprised, among others, Outokumpu Copper (USA), Inc. This company has been served with one individual damage claim for ACR Tubes under US antitrust laws. Outokumpu believes that the allegations in this case are groundless and will defend itself in any proceedings. In connection with the transaction to sell the fabricated copper products business to Nordic Capital, Outokumpu has agreed to indemnify and hold harmless Nordic Capital with respect to this claim.

The European Commission's fine for Outokumpu related to copper air-conditioning tube cartel remains unchanged

In 2003, the European Commission issued its judgment on Outokumpu's participation in a European price-fixing and market-sharing cartel regarding copper air-conditioning tubes during 1988-2001. A fine of EUR 18 million was imposed on the Group for its participation. In 2004, Outokumpu made an appeal to the Court of First Instance for Europe regarding the basis for the calculation and the amount of the fine. According to decision issued by the Court in May 2009, the amount of the fine remains unchanged. Outokumpu exited from the copper fabrication business by divesting a major part of the business in 2005 and the remainder in April 2008.

Customs investigation of exports to Russia by Outokumpu Tornio Works

In March 2007, Finnish Customs authorities initiated a criminal investigation into the Group's Tornio Works' export practices to Russia. It was suspected that a forwarding agency based in south-eastern Finland had prepared defective and/or forged invoices regarding the export of stainless steel to Russia. The preliminary investigation focused on possible complicity by Outokumpu Tornio Works in the preparation of defective and/or forged invoices by the forwarding agent.

In June 2009, the Finnish Customs completed its preliminary investigation and forwarded the matter for consideration of charges to the prosecuting authorities. According to initial estimates, the consideration of charges will be completed by the end of 2009.

Immediately after the Finnish Customs authorities began their investigations in 2007, Outokumpu initiated its own investigation into the trade practices connected with stainless steel exports from Tornio to Russia. In June 2007, after carrying out its own investigation, a leading Finnish law firm Roschier Attorneys Ltd., concluded that it had not found evidence that any employees of Tornio Works or the Group had committed any of the crimes alleged by the Finnish Customs.

Acting under instructions from Outokumpu, Roschier has subsequently examined the preliminary investigation material produced by the Finnish Customs' and concluded that it contains no evidence that any employees of Outokumpu committed forgery or the accounting offence alleged by the Finnish Customs. Outokumpu's Auditor, KPMG Oy Ab, has also stated that suspicions related to the making of false financial statements are groundless.

Outokumpu has stated that neither the Group nor its personnel have committed any of the crimes alleged by the Finnish Customs.

Organizational change and appointments

Mr Andrea Gatti, former EVP – Group Sales and Marketing at Outokumpu, has assumed the role of Corporate Vice President outside the Executive Committee from February 24, 2009. He will work on strategic corporate projects and report to Karri Kaitue, Deputy CEO. Bo Annvik, EVP – Specialty Stainless, has assumed Mr. Gatti's duties for an interim period.

Shares and shareholders

According to the Nordic Central Securities Depository, Outokumpu's largest shareholders by group at the end of the second quarter were Finnish corporations (33.88%), foreign investors (31.93%), Finnish public sector institutions (16.56%), Finnish private households (9.98%), Finnish financial and insurance institutions (5.12%), and Finnish non-profit organizations (2.53%). The list of largest shareholders is updated regularly on Outokumpu's Internet pages: www.outokumpu.com/Investors

Shareholders that have more than 5% of the shares and votes in Outokumpu Oyj are Solidium Oy (owned by the State of Finland) (31.01%) and the Finnish Social Insurance Institution (8.05%).

At the end of June, Outokumpu's closing share price was EUR 12.29 (II/2008: EUR 22.25). The average share price during the first half of 2009 was EUR 10.37 (I-II/2008: EUR 25.86) with EUR 14.68 (I-II/2008: EUR 33.99) as the highest traded price and EUR 7.72 (I-II/2008: EUR 17.20) as the lowest. At the end of June, the market capitalization of Outokumpu Oyj shares totalled EUR 2 224 million (June 30, 2008: EUR 4 010 million). Share turnover on the Nasdaq OMX Helsinki exchange during the first half of 2009 amounted to 204.5 million (I-II/2008: 260.6 million) shares. The total value of shares traded during the first six months was EUR 2 119.9 million (I-II/2008: EUR 6 738.9 million).

Outokumpu's fully paid-up share capital at the end of June totalled EUR 309.4 million and consisted of 182 004 266 shares. The number of shares outstanding at the end of the second quarter was 180 963 378 excluding treasury shares.

Annual General Meeting 2009

The Annual General Meeting (AGM) approved a dividend of EUR 0.50 per share for 2008. Dividends totalling EUR 90 million were paid on April 3, 2009.

The AGM authorized the Board of Directors to decide to repurchase the Group's own shares and to issue shares and grant special rights entitling to shares. These authorizations are valid 12 months or until the next AGM, but no longer than May 31, 2010. To date, the authorizations have not been used.

The AGM decided on the number of the Board members, including the Chairman and Vice Chairman, to be eight. The members of the Outokumpu Board of Directors are: Evert Henkes, Ole Johansson (Chairman), Jarmo Kilpelä, Victoire de Margerie, Anna Nilsson-Ehle, Jussi Pesonen, Leena Saarinen and Anssi Soila (Vice Chairman).

SHORT-TERM OUTLOOK

During the second quarter, Outokumpu's order intake from both distributors and end-users of stainless steel has increased somewhat from the earlier very low levels. The reduction of inventories by distributors and end-users seems to have ended and the increase in the nickel price has triggered some purchasing activity. There is, however, no major improvement in underlying demand for stainless steel. Inventory levels at distributors in Europe are estimated to be below normal.

Outokumpu is currently selling standard grades for deliveries in October. Due to production constraints, maintenance breaks and seasonality of demand, delivery volumes in the third quarter are estimated to be somewhat below the level in the first quarter (247 000 tons). Outokumpu's average base prices for all flat products for the third quarter are expected to increase by 100-150 EUR/t compared to the average in the second quarter. The intention is to continue to increase base prices in the fourth quarter.

Outokumpu's underlying operational result in the third quarter is estimated to be at the same level or somewhat better than in the second quarter as the positive impact of higher prices will be offset by the decline in delivery volumes. With current metal prices, raw-material related inventory gains are expected to have a slightly positive impact on the operating result in the third quarter. Outokumpu estimates that better prices and mix and slowly recovering delivery volumes will gradually improve underlying profitability towards the end of the year.

In Espoo, July 23, 2009
Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Income statement

EUR million	**Jan-June 2009**	Jan-June 2008	**April-June 2009**	April-June 2008	Jan-Dec 2008
Continuing operations:					
Sales	**1 296**	3 238	**617**	1 549	5 474
Other operating income	**12**	2	**1**	1	57
Costs and expenses	**-1 633**	-2 956	**-708**	-1 373	-5 552
Other operating expenses	**-19**	-11	**-4**	-4	-42
Operating profit	**-343**	274	**-94**	174	-63
Share of results in associated companies	**-3**	1	**-0**	1	-2
Financial income and expenses					
Interest income	**9**	10	**5**	5	20
Interest expenses	**-23**	-34	**-9**	-18	-74
Market price gains and losses	**-0**	-2	**-5**	5	-2
Other financial income	**3**	11	**0**	1	11
Other financial expenses	**-0**	-14	**-1**	-1	-24
Profit before taxes	**-357**	247	**-105**	166	-134
Income taxes	**84**	-56	**20**	-36	24
Net profit for the period from continuing operations	**-272**	191	**-85**	130	-110
Discontinued operations:					
Net profit for the period from discontinued operations	**-2**	-72	**-2**	-74	-79
Net profit for the period	**-274**	119	**-87**	56	-189
Attributable to:					
Owners of the parent	**-274**	119	**-87**	56	-189
Non-controlling interests	**-1**	-	**-0**	-	-0
Earnings per share for profit attributable to the owners of the parent:					
Earnings per share, EUR	**-1.52**	0.66	**-0.48**	0.31	-1.05
Diluted earnings per share, EUR	**-1.52**	0.66	**-0.48**	0.31	-1.04
Earnings per share from continuing operations attributable to the owners of the parent:					
Earnings per share, EUR	**-1.50**	1.06	**-0.47**	0.72	-0.61
Earnings per share from discontinued operations attributable to the owners of the parent:					
Earnings per share, EUR	**-0.01**	-0.40	**-0.01**	-0.41	-0.44

Statement of other comprehensive income

EUR million	**Jan-June 2009**	Jan-June 2008	**April-June 2009**	April-June 2008	Jan-Dec 2008
Net profit for the period	**-274**	119	**-87**	56	-189
Other comprehensive income:					
Exchange differences on translating foreign operations	**32**	-29	**15**	3	-75
Available-for-sale financial assets					
Fair value changes during the period	**17**	10	**17**	-1	-37
Reclassification adjustments from equity to profit	**-**	5	**-**	0	5
Income tax relating to available-for-sale financial assets	**-8**	-2	**-5**	0	8
Cash flow hedges					
Fair value changes during the period	**2**	1	**6**	8	-65
Reclassification adjustments from equity to profit	**-**	-2	**-**	-3	-5
Income tax relating to cash flow hedges	**-1**	0	**-2**	-1	18
Net investment hedges					
Fair value changes during the period	**1**	0	**0**	1	13
Income tax relating to net investment hedges	**-0**	-0	**-0**	-0	-3
Share of other comprehensive income of associated companies	**18**	-	**-**	-	-
Other comprehensive income for the period, net of tax	**61**	-16	**32**	6	-140
Total comprehensive income for the period	**-213**	103	**-55**	62	-329
Attributable to:					
Owners of the parent	**-213**	103	**-55**	62	-329
Non-controlling interests	**-0**	-	**-0**	-	-0

Statement of financial position

EUR million	**June 30 2009**	June 30 2008	Dec 31 2008
ASSETS			
Non-current assets			
Intangible assets	**574**	469	584
Property, plant and equipment	**2 051**	1 971	2 027
Investments in associated companies [1]	**177**	164	156
Available-for-sale financial assets [1]	**87**	133	67
Derivative financial instruments [1]	**8**	36	9
Deferred tax assets	**20**	25	37
Trade and other receivables			
Interest-bearing [1]	**130**	121	132
Non interest-bearing	**62**	54	55
Total non-current assets	**3 111**	2 974	3 067
Current assets			
Inventories	**879**	1 605	1 204
Available-for-sale financial assets [1]	**9**	9	8
Derivative financial instruments [1]	**25**	39	92
Trade and other receivables			
Interest-bearing [1]	**32**	15	25
Non interest-bearing	**501**	1 146	701
Cash and cash equivalents [1]	**218**	77	224
Total current assets	**1 663**	2 892	2 252
Receivables related to assets held for sale [1]	**13**	30	22
TOTAL ASSETS	**4 787**	5 895	5 341
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company			
Share capital	**309**	308	308
Premium fund	**705**	702	702
Other reserves	**22**	86	-13
Retained earnings	**1 733**	2 012	1 984
Net profit for the financial year	**-274**	119	-189
	2 496	3 227	2 794
Non-controlling interests	**1**	-	1
Total equity	**2 497**	3 227	2 795
Non-current liabilities			
Long-term debt [1]	**975**	976	1 170
Derivative financial instruments [1]	**51**	13	48
Deferred tax liabilities	**132**	245	216
Pension obligations	**65**	57	64
Provisions	**32**	34	28
Trade and other payables	**1**	2	2
Total non-current liabilities	**1 256**	1 327	1 529
Current liabilities			
Current debt [1]	**555**	514	501
Derivative financial instruments [1]	**22**	29	54
Income tax liabilities	**4**	55	5
Provisions	**28**	29	48
Trade and other payables			
Interest-bearing [1]	**15**	22	26
Non interest-bearing	**402**	683	378
Total current liabilities	**1 027**	1 332	1 012
Liabilities related to assets held for sale [1]	**7**	9	6
TOTAL EQUITY AND LIABILITIES	**4 787**	5 895	5 341

[1] Included in net interest-bearing debt.

Consolidated statement of changes in equity

EUR million	Share capital	Unregistered share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Cumulative translation differences	Retained earnings	Non-controlling interests	Total equity
	Attributable to the owners of the parent									
Equity on December 31, 2007	**308**	**-**	**701**	**16**	**57**	**-27**	**-82**	**2 364**	**-**	**3 337**
Total comprehensive income for the period	-	-	-	-	13	-	-29	119	-	103
Dividends	-	-	-	-	-	-	-	-216	-	-216
Share-based payments	-	-	-	-	-	-	-	2	-	2
Share options exercised	0	-	1	-	-	-	-	-	-	1
Equity on June 30, 2008	**308**	**-**	**702**	**16**	**70**	**-27**	**-111**	**2 269**	**-**	**3 227**
Equity on December 31, 2008	**308**	**-**	**702**	**15**	**-28**	**-27**	**-138**	**1 961**	**1**	**2 795**
Total comprehensive income for the period	-	-	-	-	33	-	28	-274	-0	-213
Transfers within equity	-	-	-	2	-	-	-	-2	-	-
Dividends	-	-	-	-	-	-	-	-90	-	-90
Share-based payments	-	-	-	-	-	-	-	1	-	1
Share options exercised	1	-	3	-	-	-	-	-	-	4
Equity on June 30, 2009	**309**	**-**	**705**	**17**	**6**	**-27**	**-110**	**1 596**	**1**	**2 497**

Condensed statement of cash flows

EUR million	**Jan-June 2009**	Jan-June 2008	**Apr-June 2009**	Apr-June 2008	Jan-Dec 2008
Net profit for the period	**-274**	119	**-87**	56	-189
Adjustments					
Depreciation and amortization	**103**	100	**52**	50	206
Impairments	**1**	17	**1**	1	36
Other adjustments	**-152**	145	**-84**	144	321
Change in working capital	**647**	-94	**153**	-73	370
Dividends received	**3**	11	**0**	0	12
Interests received	**3**	3	**2**	2	5
Interests paid	**-33**	-38	**-20**	-23	-76
Income taxes paid	**26**	-54	**6**	-56	-30
Net cash from operating activities	**324**	209	**23**	103	656
Purchases of assets	**-120**	-106	**-48**	-58	-325
Purchase of subsidiaries	**-**	-	**-**	-	-204
Proceeds from the sale of subsidiaries	**-**	49	**-**	49	49
Proceeds from the sale of other assets	**7**	3	**1**	2	31
Net cash from other investing activities	**0**	-0	**0**	-0	0
Net cash from investing activities	**-112**	-54	**-46**	-8	-449
Cash flow before financing activities	**212**	155	**-24**	95	207
Share options exercised	**4**	1	**0**	1	1
Borrowings of long-term debt	**59**	-	**50**	-	341
Repayment of long-term debt	**-283**	-145	**-274**	-137	-236
Change in current debt	**91**	199	**173**	229	47
Dividends paid	**-90**	-216	**-90**	-216	-216
Proceeds from the sale of other financial assets	**0**	0	**0**	0	0
Other financing cash flow	**1**	-2	**0**	-2	-1
Net cash from financing activities	**-219**	-163	**-141**	-124	-64
Net change in cash and cash equivalents	**-7**	-7	**-164**	-30	143
Cash and cash equivalents at the beginning of the period	**224**	86	**381**	107	86
Foreign exchange rate effect	**1**	-1	**1**	0	-5
Net change in cash and cash equivalents	**-7**	-7	**-164**	-30	143
Cash and cash equivalents at the end of the period	**218**	77	**218**	77	224

Key figures

EUR million	**Jan-June 2009**	Jan-June 2008	Jan-Dec 2008
Operating profit margin, %	**-26.5**	8.4	-1.2
Return on capital employed, %	**-18.8**	13.2	-1.6
Return on equity, %	**-20.8**	7.2	-6.2
Return on equity, continuing operations, %	**-20.6**	11.6	-3.6
Capital employed at end of period	**3 423**	4 166	3 867
Net interest-bearing debt at end of period	**926**	939	1 072
Equity-to-assets ratio at end of period, %	**52.2**	54.8	52.4
Debt-to-equity ratio at end of period, %	**37.1**	29.1	38.4
Earnings per share, EUR	**-1.52**	0.66	-1.05
Earnings per share from continuing operations, EUR	**-1.50**	1.06	-0.61
Earnings per share from discontinued operations, EUR	**-0.01**	-0.40	-0.44
Average number of shares outstanding, in thousands [1)]	**180 685**	180 142	180 185
Fully diluted earnings per share, EUR	**-1.52**	0.66	-1.04
Fully diluted average number of shares, in thousands [1)]	**180 736**	181 167	180 995
Equity per share at end of period, EUR	**13.79**	17.91	15.50
Number of shares outstanding at end of period, in thousands [1)]	**180 963**	180 222	180 233
Capital expenditure, continuing operations	**107**	97	544
Depreciation, continuing operations	**103**	100	206
Average personnel for the period, continuing operations	**8 184**	8 362	8 551

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

NOTES TO THE INCOME STATEMENT AND BALANCE SHEET

This interim financial report is prepared in accordance with IAS 34 (Interim Financial Reporting). Mainly the same accounting policies and methods of computation have been followed in the interim financial statements as in the annual financial statements for 2008.

Outokumpu has applied the IFRS 8 – Operating segments as of January 1, 2009. According to IFRS 8, segment information should be based on management's internal reporting structure and accounting principles. As disclosed in financial statement for 2008, Outokumpu's segment information has already been based on management reporting structure and therefore the operating segments are the same as they were previously, General Stainless and Specialty Stainless. Outokumpu has also applied amended standard IAS 1 – Presentation of financial statements as of January 1, 2009, which has changed the presentation of income statement and statement of changes in equity. These changes have impacted the presentation of financial statements.

Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Accounting estimates are employed in the financial statements to determine reported amounts, including the realizability of certain assets, the useful lives of tangible and intangible assets, income taxes, provisions, pension obligations, impairment of goodwill and other items. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates.

Shares and share capital

The total number of Outokumpu Oyj shares was 182 004 266 and the share capital amounted to EUR 309.4 million on June 30, 2009. Outokumpu Oyj held 1 040 888 treasury shares on June 30, 2009. This corresponded to 0.6% of the share capital and the total voting rights of the Company on June 30, 2009.

Outokumpu has a stock option programme for management (2003 option programme). The stock options have been allocated as part of the Group's incentive programmes to key personnel of Outokumpu. The option programme has three parts 2003A, 2003B and 2003C. On June 30, 2009 a total of 650 881 Outokumpu Oyj shares had been subscribed for on the basis of 2003A stock option programme, a total of 82 830 Outokumpu Oyj shares on the basis of 2003B stock option programme and a total of 20 000 Outokumpu Oyj shares on the basis of 2003C stock option programme. Share subscription period with the Outokumpu stock options 2003A ended on March 1, 2009. An aggregate maximum of 945 990 shares can be subscribed with the remaining 2003B stock options and 80 500 shares with the remaining 2003C stock options. In accordance with the terms and conditions of the option programme, the dividend adjusted share price for a stock option 2003B was EUR 9.81 and for stock option 2003C EUR 10.44 on June 30, 2009. As a result of the share subscriptions with the 2003 stock options, Outokumpu Oyj's share capital may be increased by a maximum of EUR 1 745 033 and the number of shares by a maximum of 1 026 490 shares. This corresponds to 0.6% of the Company's shares and voting rights.

Outokumpu has also two share-based incentive programmes for years 2006-2010 and 2009-2013 as part of the key employee incentive and commitment system of the Company.

The first earning period for 2006-2010 incentive programme was ended on December 31, 2008. Based on the achievement of the targets, the Board confirmed that the participants would receive 50% of the maximum number of shares. Altogether 177 715 shares were distributed to 125 persons in March 2009. Outokumpu used its treasury shares for the reward payment, which means that the total number of shares of the company did not change.

On February 3, 2009, the Board of Directors of Outokumpu approved the second share-based incentive plan to be offered to the key management of Outokumpu for years 2009-2013. The Programme will last five years, comprising three earning periods of three calendar years each. The earning periods commence on January 1, 2009, January 1, 2010 and January 1, 2011. The Board approves the number of participants, final allocations and performance criteria separately for each earning period. For earning period 2009-2011, the Board approved 139 employees to be in the scope of the Programme. The amount of reward will be determined and paid to the participants on the basis of the achievement of performance targets after the financial statements of the last year of earning period have been prepared. The rewards to be paid on the basis of the programme will correspond to a maximum of 1 500 000 Outokumpu shares. No new shares will be issued in connection with the programme and therefore the incentive plan will have no diluting effect.

If persons covered by the programmes were to receive the number of shares in accordance with the maximum reward, currently a total of 911 430 shares, their shareholding obtained via the programme would amount to 0.5% of the Company's shares and voting rights.

The detailed information of the 2003 option programme and of the share-based incentive programmes can be found in the annual report of Outokumpu and from Outokumpu's Internet site www.outokumpu.com.

Non-current assets held for sale and discontinued operations

Outokumpu Brass produces brass rods for applications in the construction, electrical and automotive industries. The brass rod plant is located in Drünen in the Netherlands and the unit also has a 50% stake in a brass rod company in Gusum, Sweden. Outokumpu Brass employs some 150 employees. The assets and liabilities of brass rod business are presented as held for sale. Outokumpu intends to divest the brass rod business.

Specification of non-current assets held for sale and discontinued operations

Income statement

EUR million	**Jan-June 2009**	Jan-June 2008	Jan-Dec 2008
Sales	**15**	241	267
Expenses	**-14**	-240	-269
Operating profit	**0**	1	-2
Net financial items	**-1**	-2	-4
Profit before taxes	**-1**	-1	-6
Taxes	**-0**	-1	-0
Profit after taxes	**-1**	-2	-6
Impairment loss recognized on the fair valuation of the Outokumpu Brass' assets and liabilities	**-1**	-5	-6
Loss on the sale of copper tube business	**-**	-66	-66
Taxes	**-**	-	-
After-tax result from the disposal and impairment loss	**-1**	-70	-73
Non-controlling interests	**-**	-	-
Net profit for the period from discontinued operations	**-2**	-72	-79

Statement of financial position

EUR million	**June 30 2009**	June 30 2008	Dec 31 2008
Assets			
Intangible and tangible assets	**2**	2	2
Other non-current assets	**2**	3	3
Inventories	**5**	14	9
Other current non interest-bearing assets	**4**	11	8
	13	30	22
Liabilities			
Provisions	**2**	1	2
Other non-current non interest-bearing liabilities	**1**	1	1
Trade payables	**3**	7	2
Other current non interest-bearing liabilities	**0**	0	1
	7	9	6

Cash flows

EUR million	**Jan-June 2009**	Jan-June 2008	Jan-Dec 2008
Operating cash flows	**8**	-9	-8
Investing cash flows	**-1**	-12	-16
Financing cash flows	**-6**	16	19
Total cash flows	**0**	-5	-5

Major non-recurring items in operating profit

EUR million	**Jan-June 2009**	Jan-June 2008	Jan-Dec 2008
Redundancy provisions	**-5**	-	-17
Thin Strip restructuring in the UK	**-**	-	-66
	-5	-	-83

Major non-recurring items in financial income and expenses

EUR million	**Jan-June 2009**	Jan-June 2008	Jan-Dec 2008
Impairment of Belvedere shares	**-**	-12	-21
	-	-12	-21

Income taxes

EUR million	**Jan-June 2009**	Jan-June 2008	Jan-Dec 2008
Current taxes	**-4**	-51	-6
Deferred taxes	**88**	-5	30
	84	-56	24

Property, plant and equipment

EUR million	**Jan 1 - June 30, 2009**	Jan 1 - June 30, 2008	Jan 1, - Dec 31, 2008
Historical cost at the beginning of the period	**4 021**	3 984	3 984
Translation differences	**23**	-28	-190
Additions	**109**	97	301
Acquisition of subsidiaries	**-**	-	36
Disposals	**-5**	-15	-108
Reclassifications	**-2**	-2	-2
Historical cost at the end of the period	**4 146**	4 036	4 021
Accumulated depreciation at the beginning of the period	**-1 994**	-2 004	-2 004
Translation differences	**-14**	19	115
Disposals	**3**	12	83
Reclassifications	**0**	0	-0
Depreciation	**-91**	-93	-188
Accumulated depreciation at the end of the period	**-2 095**	-2 065	-1 994
Carrying value at the end of the period	**2 051**	1 971	2 027
Carrying value at the beginning of the period	2 027	1 980	1 980

Commitments

EUR million	June 30 2009	June 30 2008	Dec 31 2008
Mortgages and pledges			
Mortgages on land	**189**	121	189
Other pledges	**1**	0	5
Guarantees			
On behalf of subsidiaries for commercial commitments	**19**	52	55
On behalf of associated companies for financing	**5**	5	5
Other commitments	**56**	61	59
Minimum future lease payments on operating leases	**62**	53	59

Group's off-balance sheet investment commitments totaled EUR 86 million on June 30, 2009 (June 30, 2008: EUR 70 million, Dec 31, 2008: EUR 93 million).

Related party transactions

Transactions and balances with associated companies

€ million	June 30 2009	June 30 2008	Dec 31 2008
Sales	**0**	0	0
Purchases	**-4**	-5	-13
Financial income and expenses	**0**	0	2
Loans and other receivables	**7**	9	7
Trade and other payables	**1**	1	0

Fair values and nominal amounts of derivative instruments

EUR million	June 30 2009 Positive fair value	June 30 2009 Negative fair value	June 30 2009 Net fair value	Dec 31 2008 Net fair value	June 30 2009 Nominal amounts	Dec 31 2008 Nominal amounts
Currency and interest rate derivatives						
Currency forwards	21	57	-36	0	1 504	1 920
Interest rate swaps	0	2	-2	2	240	200
Cross-currency swaps	7	2	5	7	207	46
Currency options, bought	2	-	2	-	70	-
Currency options, sold	-	1	-1	-	72	-
					Number of shares, million	Number of shares, million
Stock options						
Belvedere Resources Ltd.	-	-	-	0	-	3.7
					Tons	Tons
Metal derivatives						
Forward and futures nickel contracts	-	0	-0	-0	170	4 729
Nickel options, bought	-	-	-	14	-	16 758
Nickel options, sold	-	-	-	-14	-	11 478
Forward and futures copper contracts	0	0	0	-0	900	4 925
Forward and futures zinc contracts	0	0	-0	-0	850	1 025
Emission allowance derivatives	2	0	2	1	375 000	270 000
					TWh	TWh
Electricity derivatives	1	12	-10	-11	0.9	1.3
	33	74	-40	-1		

Segment information

General Stainless

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	**II/09**
Sales	1 304	1 222	933	687	4 147	476	**501**
of which Tornio Works	905	833	567	396	2 701	270	**300**
Operating profit	81	125	-35	-177	-6	-157	**-52**
of which Tornio Works	67	114	-22	-93	66	-129	**-33**
Operating capital at the end of period	2 722	2 671	2 820	2 663	2 663	2 390	**2 379**
Average personnel for the period	3 578	4 000	4 163	3 989	3 933	3 917	**3 848**
Deliveries of main products (1 000 tons)							
Cold rolled	196	162	151	121	628	114	**132**
White hot strip	102	85	58	51	297	57	**64**
Semi-finished products	100	113	76	51	340	39	**51**
Total deliveries of the division	398	359	285	223	1 265	210	**248**

Specialty Stainless

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	**II/09**
Sales	786	778	630	512	2 705	371	**278**
Operating profit	42	44	-63	-123	-101	-82	**-37**
Operating capital at the end of period	1 430	1 449	1 378	1 174	1 174	1 007	**906**
Average personnel for the period	4 115	4 096	4 192	4 103	4 127	3 892	**3 656**
Deliveries of main products (1 000 tons)							
Cold rolled	46	44	35	29	154	25	**19**
White hot strip	45	40	31	27	142	23	**25**
Quarto plate	35	37	28	27	126	20	**19**
Tubular products	19	18	14	15	66	14	**12**
Long products	14	14	14	10	52	9	**8**
Total deliveries of the division	161	153	121	106	541	92	**82**

Other operations

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	**II/09**
Sales	64	63	69	62	258	66	**58**
Operating profit	-20	4	29	25	38	-12	**-5**
Operating capital at the end of period	-20	283	266	214	214	108	**252**
Average personnel for the period	447	487	507	525	492	527	**526**

Income statement by quarter

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	**II/09**
Continuing operations:							
Sales							
General Stainless	1 304	1 222	933	687	4 147	476	**501**
of which intersegment sales	284	337	216	157	993	97	**100**
Specialty Stainless	786	778	630	512	2 705	371	**278**
of which intersegment sales	124	120	85	78	407	75	**67**
Other operations	64	63	69	62	258	66	**58**
of which intersegment sales	57	57	61	61	235	5	**52**
Intra-group sales	-465	-514	-362	-295	-1 636	-233	**-220**
Total sales	1 689	1 549	1 270	966	5 474	679	**617**
Operating profit							
General Stainless	81	125	-35	-177	-6	-157	**-52**
Specialty Stainless	42	44	-63	-123	-101	-82	**-37**
Other operations	-20	4	29	25	38	-12	**-5**
Intra-group items	-3	1	3	4	6	2	**0**
Total operating profit	100	174	-66	-271	-63	-249	**-94**
Share of results in associated companies	0	1	-2	-1	-2	-3	**0**
Financial income and expenses	-20	-8	-14	-26	-69	0	**-11**
Profit before taxes	80	166	-82	-298	-134	-252	**-105**
Income taxes	-19	-36	9	71	24	64	**20**
Net profit for the period from continuing operations	61	130	-73	-228	-110	-188	**-85**
Net profit for the period from discontinued operations	2	-74	-1	-5	-79	0	**-2**
Net profit for the period	63	56	-74	-233	-189	-187	**-87**
Attributable to:							
The owners of the parent	63	56	-74	-233	-189	-187	**-87**
Non-controlling interests	-	-	-	-0	-0	-0	**-0**

Major non-recurring items in operating profit

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	**II/09**
Specialty Stainless							
Redundancy provisions	-	-	-	-17	-17	-5	**-**
Thin Strip restructuring in the UK	-	-	-66	-	-66	-	**-**
	-	-	-66	-17	-83	-5	**-**

Major non-recurring items in financial income and expenses

EUR million	I/08	II/08	III/08	IV/08	2008	I/09	**II/09**
Impairment of Belvedere shares	-12	-	-	-9	-21	-	**-**
	-12	-	-	-9	-21	-	**-**

Key figures by quarter

EUR million	I/08	II/08	III/08	IV/08	I/09	**II/09**
Operating profit margin, %	5.9	11.2	-5.2	-28.1	-36.7	**-15.3**
Return on capital employed, %	10.0	17.2	-6.3	-26.8	-27.5	**-11.1**
Return on equity, %	7.7	7.0	-9.3	-31.5	-28.1	**-13.8**
Return on equity, continuing operations, %	7.5	16.3	-9.2	-30.8	-28.0	**-13.5**
Capital employed at end of period	3 899	4 166	4 228	3 867	3 376	**3 423**
Net interest-bearing debt at end of period	737	939	1 096	1 072	825	**926**
Equity-to-assets ratio at end of period, %	53.2	54.8	52.3	52.4	51.3	**52.2**
Debt-to-equity ratio at end of period, %	23.3	29.1	35.0	38.4	32.3	**37.1**
Earnings per share, EUR	0.35	0.31	-0.41	-1.30	-1.04	**-0.48**
Earnings per share from continuing operations, EUR	0.34	0.72	-0.41	-1.27	-1.04	**-0.47**
Earnings per share from discontinued operations, EUR	0.01	-0.41	-0.01	-0.03	0.00	**-0.01**
Average number of shares outstanding, in thousands [1)]	180 112	180 172	180 223	180 231	180 413	**180 955**
Equity per share at end of period, EUR	17.56	17.91	17.38	15.50	14.09	**13.79**
Number of shares outstanding at end of period, in thousands [1)]	180 127	180 222	180 228	180 233	180 953	**180 963**
Capital expenditure, continuing operations	41	56	317	129	62	**45**
Depreciation, continuing operations	50	50	52	54	52	**52**
Average personnel for the period, continuing operations	8 140	8 583	8 862	8 617	8 336	**8 031**

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

Definitions of key financial figures

Capital employed = Total equity + net interest-bearing debt

Operating capital = Capital employed + net tax liability

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

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

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

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

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

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

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