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OUTOKUMPU'S FIRST QUARTER 2010 – DEMAND FOR STAINLESS RECOVERING, RETURN TO PROFIT IN SIGHT

Highlights

- Operating profit EUR -22 million, underlying operational result some EUR -32 million
- Improving demand, deliveries increased 35% from the first quarter of 2009
- Second quarter operational result expected to be positive
- Ferrochrome investment study reinitiated, Finnish Government positive on Fennovoima nuclear power initiative

Group key figures, EUR million	I/10	I/09	IV/09
Sales	916	679	728
Operating profit	-22	-249	-29
Profit before taxes	-33	-252	-36
Net profit for the period	-21	-187	-6
Earnings per share, EUR	-0.12	-1.04	-0.04
Net cash generated from operating activities	-86	295	-108
Stainless steel deliveries, 1000 tons	333	247	277
Stainless steel base price, EUR/t ¹⁾	1 235	925	1 297
Stainless steel transaction price, EUR/t	2 329	1 818	2 346

¹⁾ CRU: German base price (2mm cold rolled 304 sheet)

The demand for standard grades of stainless steel has recovered to some degree in 2010 compared to late 2009. The good order intake from the beginning of the year has continued. The increased demand reflects both increase in distributors' inventories and improved demand from end-users. There are also initial signs of increased activity in investment-driven customer-segments, but this has not yet materialised in major orders.

Outokumpu's deliveries of stainless steel increased by 35% to 333 000 tonnes in the first quarter compared to the first quarter of 2009. Also prices have recovered strongly. Base prices increased on average by 34% and transaction prices, which also include raw material costs, were 28% higher. Raw material prices have soared from their year-ago levels, nickel was on average 91% higher and ferrochrome 28%. As a result, Outokumpu's sales grew 35% to EUR 916 million in the first quarter.

Despite the positive development, Outokumpu's delivery volumes were still clearly lagging its full production capacity. Capacity utilisation was approximately 75%. Higher volumes and recovered base prices did however reduce the Group's underlying operational loss from EUR 134 million in the first quarter of 2009 to EUR 32 million in the first quarter of this year. Operating loss was reduced even more from EUR 249 million to EUR 22 million as this year's first-quarter includes EUR 10 million of raw-material related inventory gains compared to losses of EUR 110 million the year before.

Outokumpu is now gradually increasing its production and delivery volumes in the second quarter are expected to be at the same level or somewhat higher than in the first quarter. Outokumpu's underlying operational result in the second quarter is expected to be somewhat positive.

In late March Outokumpu made a decision to update the feasibility study on an investment that would double its ferrochrome production capacity in Tornio, Finland to 530 000 tonnes. This EUR 420 million investment project was originally announced in June 2008, but was postponed in December of the same year due to the financial crisis and market uncertainty.

The Finnish Government has announced its support for the Fennovoima nuclear power initiative. Outokumpu has about 10% ownership in Fennovoima, which would enable the Group to get electricity at production cost according to its ownership. Fennovoima's plan is to have the nuclear reactor in operation by 2020. Final decision on the licence to build the reactor will be made by the Finnish Parliament later this year.

CEO Juha Rantanen:

"After a very difficult period we can finally see a clear change for the better. Even though there was no improvement in profits in the first quarter, demand and delivery volumes were up. The profit improvement will follow in the second quarter. This recovery gives us the confidence to begin reconsidering our investment projects. Expanding our ferrochrome production was a very attractive project which the financial crisis forced us to put on hold. As the worst of the crisis is behind us and ferrochrome markets have become attractive again, it is time to take a new look at this investment. The Finnish Government's position on the Fennovoima nuclear power initiative is favourable to the overall investment consideration."

This press release is a summary of Outokumpu's official first quarter 2010 report.

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OUTOKUMPU OYJ

Outokumpu is a global leader in stainless steel with the vision to be the undisputed number one. Customers in a wide range of industries use our stainless steel and services worldwide. Being fully recyclable, maintenance-free, as well as very strong and durable material, stainless steel is one of the key building blocks for sustainable future. Outokumpu employs some 7 500 people in more than 30 countries. The Group's head office is located in Espoo, Finland. Outokumpu is listed on the NASDAQ OMX Helsinki. www.outokumpu.com