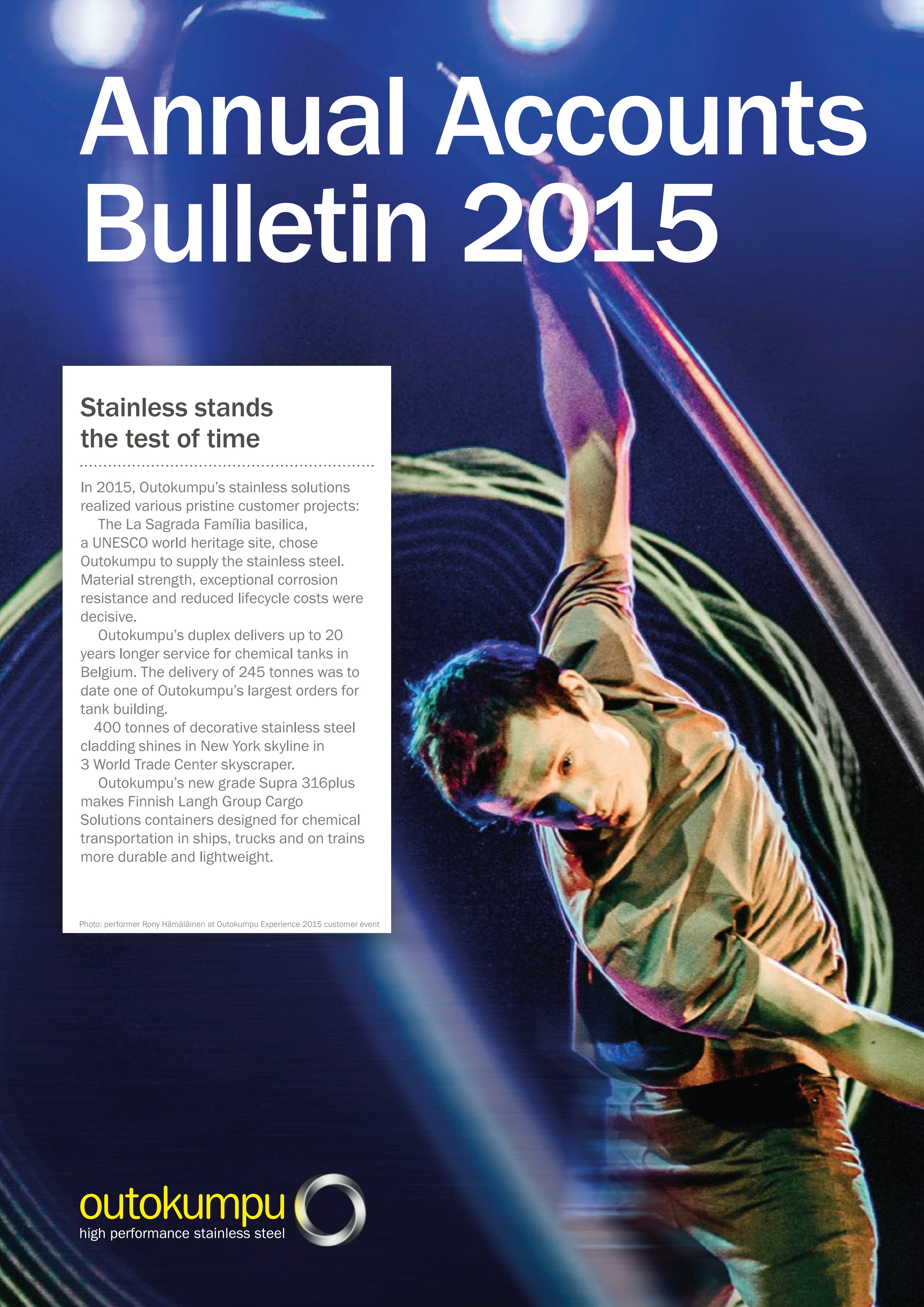


Annual Accounts Bulletin 2015

Stainless stands the test of time

In 2015, Outokumpu's stainless solutions realized various pristine customer projects:

The La Sagrada Família basilica, a UNESCO world heritage site, chose Outokumpu to supply the stainless steel. Material strength, exceptional corrosion resistance and reduced lifecycle costs were decisive.

Outokumpu's duplex delivers up to 20 years longer service for chemical tanks in Belgium. The delivery of 245 tonnes was to date one of Outokumpu's largest orders for tank building.

400 tonnes of decorative stainless steel cladding shines in New York skyline in 3 World Trade Center skyscraper.

Outokumpu's new grade Supra 316plus makes Finnish Langh Group Cargo Solutions containers designed for chemical transportation in ships, trucks and on trains more durable and lightweight.

Photo: performer Rony Hämäläinen at Outokumpu Experience 2015 customer event

outokumpu
high performance stainless steel

CONTENTS

Underlying EBIT of EUR -11 million in the fourth quarter. Balance sheet strengthened significantly in 2015.

Highlights in the fourth quarter 2015

Outokumpu's underlying EBIT was EUR -11 million, compared to EUR -67 million in the third quarter. The improvement was driven by Coil EMEA. EBIT was EUR 341 million and net debt EUR 1.6 billion, both significantly supported by the divestment of Shanghai Krupp Stainless Co., Ltd. (SKS).

- Stainless steel deliveries were stable at 574,000 tonnes[1] (III 2015: 570,000 tonnes).
- Underlying EBITDA[2] was EUR 50 million (III 2015: EUR 13 million) and underlying EBIT[3] was EUR -11 million (III 2015: EUR -67 million). As delivery volumes remained stable and prices under pressure, the reduction in losses was mostly due to improved cost management. Furthermore, extension of the useful life of property, plant and equipment was implemented in the quarter.
- EBIT was EUR 341 million (III 2015: EUR -77 million). EBIT includes non-recurring items of EUR 381 million (III 2015: EUR -2 million). These comprise of a EUR 409 million capital gain, excluding taxes, on the divestment of SKS, redundancy provisions of EUR -23 million and impairments of EUR -6 million in Coil EMEA, and EUR 2 million insurance compensation in Coil Americas. The net effect of raw material-related inventory and metal derivative gains/losses was EUR -29 million (III 2015: EUR -8 million).
- Operating cash flow was EUR 2 million (III 2015: EUR 67 million).
- Net debt decreased to EUR 1,610 million (Sept 30, 2015: EUR 2,012 million) and gearing was 69.1% (Sept 30, 2015: 96.5%).
- On October 26, Outokumpu announced the appointment of Roeland Baan as President and CEO of Outokumpu as of January 1, 2016.
- In December 2015, Outokumpu divested its entire 60% share in SKS in China following its strategy to differentiate in the APAC region with specialty grades and tailored solutions. Likewise, the divestment of Fischer Mexicana was concluded.
- Following the divestments, Outokumpu prepaid and cancelled EUR 100 million of its EUR 900 million revolving credit facility and signed an amendment and extension for the remaining amount.

[1] Metric ton = 1,000 kg
[2] EBITDA excluding non-recurring items, raw material-related inventory gains/losses and metal derivative gains/losses
[3] EBIT excluding non-recurring items, raw material-related inventory gains/losses and metal derivative gains/losses

Highlights of 2015

- Global stainless steel real demand in 2015 grew by only 0.9% compared to 2014. Deceleration was driven by slowing economies in emerging markets, notably China, general weakness in global manufacturing, and the deteriorated nickel price. Demand in the APAC region grew by 1.1%, in Americas by 0.9% and in the EMEA region by 0.2%. The average nickel price for the year was 11,808 USD/tonne, 30.0% lower than in 2014.
- According to CRU, European transaction prices were most resilient, with a decrease of 3.3% from 2014. Transaction prices in the US were down 17.8% and in China 20.4%. In Europe, most of the decline in transaction prices came from the alloy surcharge (-4.1%), whereas the base price was down by 2.4% from 2014. The US base price eased by 3.4% and the alloy surcharge by 29.4%.
- Average imports into the EU are estimated to have declined to 24.7% of the total consumption from 30.6% in 2014. In the NAFTA region, imports are expected to have risen to around 23.7% versus 19.5% in 2014.
- Outokumpu's stainless steel deliveries for the full year declined by 6.8% and were 2,381,000 tonnes (2014: 2,554,000 tonnes). The decline was most prominent in Coil EMEA and Coil Americas, while the overall product mix continued to improve with less semi-finished products delivered.
- Sales declined by 6.7% to EUR 6,384 million (2014: EUR 6,844 million).
- Outokumpu closed the Synergy and P250 savings programs at the end of 2015 with full achievements. The EMEA restructuring program continues into 2017 as planned. Likewise, the P400 program to release cash from net working capital was completed. As Outokumpu's performance remains unsatisfactory, new savings and efficiency measures are planned.
- EBIT improved significantly to EUR 228 million and earnings per share was EUR 0.23 driven by the divestment of SKS (2014: EUR -243 million and EUR -1.24).
- Excluding net non-recurring items of EUR 360 million (2014: EUR -186 million) and raw material-related inventory effects of EUR -31 million (2014: EUR 31 million), the underlying EBIT was EUR -101 million (2014: EUR -88 million).
- Operating cash flow was negative at EUR -34 million (2014: EUR -126 million).
- The balance sheet was strengthened through divestments: net debt was reduced from EUR 1,974 million to EUR 1,610 million and gearing from 92.6% to 69.1%.

Group key figures

		IV/15	III/15	IV/14	2015	2014
Sales	EUR million	**1,435**	1,487	1,674	**6,384**	6,844
EBITDA	EUR million	**408**	3	45	**531**	104
EBITDA excl. non-recurring items	EUR million	**21**	6	73	**165**	263
Underlying EBITDA [1)]	EUR million	**50**	13	72	**196**	232
EBIT	EUR million	**341**	-77	-36	**228**	-243
EBIT excl. non-recurring items	EUR million	**-40**	-74	-9	**-132**	-57
Underlying EBIT [2)]	EUR million	**-11**	-67	-9	**-101**	-88
Result before taxes	EUR million	**352**	-113	-75	**127**	-459
Net result for the period	EUR million	**308**	-115	-56	**86**	-439
Earnings per share [3)]	EUR	**0.74**	-0.27	-0.13	**0.23**	-1.24
Return on capital employed	%	**34.5**	-7.6	-3.5	**5.8**	-5.8
Net cash generated from operating activities	EUR million	**2**	67	122	**-34**	-126
Net debt at the end of period	EUR million	**1,610**	2,012	1,974	**1,610**	1,974
Debt-to-equity ratio at the end of period	%	**69.1**	96.5	92.6	**69.1**	92.6
Capital expenditure	EUR million	**65**	29	54	**154**	127
Stainless steel deliveries [4)]	1,000 tonnes	**574**	570	568	**2,381**	2,554
Stainless steel base price [5)]	EUR/tonne	**1,057**	1,060	1,053	**1,056**	1,082
Personnel at the end of period		**11,002**	11,560	12,125	**11,002**	12,125

[1)] EBITDA excluding non-recurring items, other than impairments; raw material-related inventory gains/losses and metal derivative gains/losses, unaudited.

[2)] EBIT excluding non-recurring items, raw material-related inventory gains/losses and metal derivative gains/losses, unaudited.

[3)] 2014 figures calculated based on the rights-issue-adjusted weighted average number of shares.

[4)] Excludes ferrochrome deliveries.

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

Business and financial outlook for the first quarter of 2016

The year 2016 has started with downward revisions to economic growth outlooks and pressure in the materials sector. Outokumpu estimates no meaningful pick up in the stainless steel markets for the first quarter, and while distributor stocks have come to more normalized levels, the low nickel price continues to curtail distributor buying activity. On the positive note, demand among end-customers outside of Oil & Gas has remained healthy. In both Coil EMEA and Coil Americas order intake levels are on track for the ongoing quarter and the lead-times from the mills are competitive.

Market uncertainties warrant prudence in the outlook statement. Outokumpu estimates first-quarter delivery volumes to remain at a similar level as in the fourth quarter of 2015 and the Group's underlying EBIT to be still negative. With current prices, the net impact of raw material-related inventory and metal derivative gains/losses on profitability is expected to be approximately EUR 30 million negative.

Outokumpu is finalizing plans for new savings from operational improvements and working capital optimization. The scale, details and time frame for these will be communicated in the next couple of months. Outokumpu expects that already in the first quarter continued cost streamlining will mitigate some of the current downward pressure on base prices as well as increase in scrap costs.

This outlook reflects the current scope of operations. Outokumpu's operating result may be impacted by costs associated with restructuring programs.

CEO Roeland Baan:

"For the last quarter of 2015, Outokumpu posted an underlying EBIT loss of EUR 11 million. The divestments in Mexico and China reduced the net debt significantly; pushing Outokumpu's gearing to a more robust level of 69 percent and improving our financial stability. These transactions also helped us to reach a positive net result for the full year.

At the end of the year, we closed the synergy and P250 programs as planned, achieving the targeted EUR 470 million of savings since the merger with Inoxum. While Outokumpu has now successfully implemented the industrial restructuring and established a strong presence in both Europe and Americas, the current unsatisfactory financial performance shows that these improvements are not enough. We need to become much more resilient in our operational performance to safeguard our financial stability regardless of external conditions.

After a thorough analysis of the company's operations, we are confident about what needs to be done to improve the financial performance and competitiveness of Outokumpu both short and long term.

On an immediate term, we will take swift and precise measures to address three particular areas: overhead costs, general procurement and working capital. We are targeting a substantial reduction in our sales, general and administrative (SG&A) costs as well as in general procurement. In working capital reduction the focus will be specifically in inventory management, because despite the earlier efforts our level of inventories is still too high. The scale, details and time frame for the savings and working capital reduction will be communicated in the next couple of months.

To drive long-term competitiveness, we will have a renewed vigor in manufacturing excellence, because there is significant potential to increase efficiency and lower our production costs. Outokumpu has made a huge effort to form a strong, well-balanced industrial footprint. Now, we will take a very systematic approach to make the most of this competitive advantage: improve the efficiency of our manufacturing processes and bring the operational capability and productivity to a world class level. This will also further enhance our commercial capability through improved quality and delivery reliability, thus enabling differentiation through superior customer experience.

Our outlook for the first quarter reflects the current market realities: nickel price is at a 12-year low, with a 44% drop year-on-year. The economic growth expectations across the globe are minimal, with commodity markets and prices under pressure. There is little reason to expect the stainless steel market to be any better, but Outokumpu must and will be. We expect Coil EMEA to further benefit from the new industrial set-up and a gradual profitability improvement in Coil Americas. The measures we will take across the entire company to improve cost efficiency and reduce working capital are geared towards further reducing our debt.

During the first weeks as the Outokumpu CEO, I have visited all our main sites, and what I have witnessed has only strengthened my belief in this company. The competence and passion of our people, and their will to succeed are a strong foundation to build upon. The quality and capabilities of our mills can compete with the best that I have seen in the metals industry: modern, well maintained equipment with a high level of automatization. We will now move ahead from the merger and integration phase into an era of strong customer orientation and steady operational improvements with a lean, efficient cost structure. This will give us the power to successfully compete and perform in any market condition, and enable us to create solid, long-term value to our shareholders."

Update on profitability improvement programs

Since the merger with Inoxum at the end of 2012, Outokumpu has implemented significant profitability improvement programs to restructure the company' asset base, reduce costs and improve efficiencies. Two of these programs, Synergies and P250, were closed at the end of 2015 following the achievement of the targeted savings. Likewise, the P400 program which aimed to release cash from net working capital, was completed at the end of 2015. The ongoing EMEA restructuring plan continues as planned and targets EUR 100 million in savings by the end of 2017.

By the end of 2015, EUR 217 million out of the estimated EUR 220 million of the one-time initial cash costs (excluding capital expenditure and impairments) for all three savings programs had been recorded as provisions (Sept 30, 2015: EUR 194 million). The cash outflow of the provisions was EUR 94 million in 2015 (2014: EUR 36 million), and the estimated impact for 2016 is EUR 50 million.

Synergy savings

Cumulative synergy savings achieved the target of EUR 200 million at the end of 2015. In the fourth quarter, synergy savings amounted to EUR 1 million. The majority of the total savings related to production optimization since the start of the program in 2013, and a significant part of the total savings came from raw material and general procurement. The Krefeld melt shop closure at the end of 2013 and the headcount reductions also contributed to the overall achievement.

P250 savings

When the program was launched at the beginning of 2013, the initial target was to achieve savings of EUR 150 million. In 2014, the program was expanded to EUR 250 million by the end of 2015. The P250 program achieved the targeted total cumulative savings of EUR 250 million at the end of 2015. The savings in the fourth quarter amounted to EUR 5 million. The savings were mainly driven by the Coil EMEA and Coil Americas business areas and are derived from procurement, IT and operational costs, as well as general and administration costs including headcount reductions.

EMEA restructuring savings

Cumulative savings from the EMEA restructuring program amounted to EUR 20 million by the end of 2015 with EUR 10 million achieved in the fourth quarter. The majority of the EMEA restructuring savings came from the Bochum melt shop closure at the end of June 2015. The next milestones will be the Benrath site closure in 2016 and the completion of the investment in ferritic stainless steel capacity in Krefeld by 2017. An additional savings of EUR 60 million are expected for 2016, with the full cumulative savings of EUR 100 million by the end of 2017.

Cumulative savings from corporate programs

EUR million	2014	I/15	II/15	III/15	**2015**	2016f	2017t
Total cumulative savings	385	420	433	454	**470**	530	550
of which: Synergies	185	195	198	199	**200**	200	200
of which: P250	200	225	235	245	**250**	250	250
of which: EMEA restructuring	-	-	-	10	**20**	80	100

f = forecast

t = target

Net working capital reduction

Outokumpu achieved its target of releasing EUR 400 million in cash from the net working capital reduction by the end of 2015 versus the 2012 level in the P400 program. During the fourth quarter, net working capital decreased by EUR 69 million and the cumulative cash release reached EUR 574 million at the end of 2015. The majority of the cash release during 2015 was driven by lower metal prices as there was no reduction in absolute inventory amount in tonnes. P400 tracks change in accounts payables, accounts receivables and inventories and differs from the change in working capital as presented in the cash flow statement which also includes provisions.

The total inventory days, Outokumpu's key metric for inventory efficiency, went down to 96 days in the fourth quarter compared to 106 in the third quarter. Outokumpu reports inventory days by comparing the current inventories with deliveries planned in following three months.

Outokumpu's management has identified significant further potential to improve working capital and inventory efficiency, and that is one of the key priorities during 2016.

Ongoing ramp-ups

Calvert

Outokumpu is making progress in bringing its new integrated stainless steel mill in Calvert, Alabama, US to full commercial capability over the coming years, with 2018 being the first year of steady-state operations. The technical ramp-up of the Calvert mill was completed at the end of 2014. All production steps have been tested and capabilities proven for both austenitic and ferritic grades as well as widths ranging from 36 to 72 inches.

Production in both the melt shop and the cold-rolling lines is showing good quality, and operational performance was running largely according to plan throughout 2015. All the cold-rolling lines have been back in production since the beginning of 2015 following the earlier technical issues. Lower utilization rates following the weak order intake in the early part of the year have helped to reduce the late order backlog, and both delivery performance and yields are improving.

Since the summer, Coil Americas has taken decisive measures to improve volumes and profitability. A more active approach in the market has resulted in improved order intake and delivery volumes have increased during the past two quarters. Under the current challenging market conditions, including intense price pressure, the profitability improvement of Coil Americas is estimated to be gradual in 2016.

Degerfors

The EUR 100 million investment project to expand capacity to 150,000 tonnes and to enhance the offering in tailored and standard quarto plate was completed in Degerfors, Sweden in 2014. The expanded capacity will be taken into use over the coming years. Due to current weak market conditions, the pace of the ramp-up has been slower than anticipated pushing out the targeted returns of the investment.

Production at the Degerfors mill ran largely according to plan in the fourth quarter. Quarterly delivery volumes remained largely unchanged at about 22,000 tonnes. In 2015, volumes in Degerfors grew 16% and reached 87,000 tonnes compared to 75,000 tonnes a year earlier. An additional 10% growth in Degerfors delivery volumes is targeted for 2016 with an increasing share of standard grades.

Strengthening of the financial position

Outokumpu took decisive steps to strengthen its financial stability and balance sheet towards the end of the year by completing two divestments: the sale of 60% in Shanghai Krupp Stainless Co., Ltd. (SKS) and 50% in Fischer Mexicana. The line-by-line impact in the income statement is:

- reported EBIT EUR 409 million (gain on the sale of SKS, excluding withholding taxes),
- share of result from associated companies and joint ventures EUR 49 million (gain on sale of Fischer Mexicana, excluding withholding taxes),
- income taxes EUR -26 million (withholding taxes of EUR -20 million relating to SKS and EUR -6 million relating to Fischer Mexicana),
- net result for the period EUR 432 million.

Following its strategy to differentiate in the APAC region with specialty grades and tailored solutions, Outokumpu decided to divest its shareholding in SKS in China. SKS was a joint venture between Outokumpu (60%) and Baosteel (40%), operating a cold rolling mill in Shanghai with over 450 employees. SKS focused on the most common stainless steel grades and business had been under severe pressure over the past years.

On December 10, 2015, Outokumpu completed the divestment of 55% of shares in SKS in China to Lujiazui International Trust Co., Ltd. (LTC) in China. After the reporting period on February 2, 2016, Outokumpu announced that it has agreed with LTC on a Put-and-Call-Option upon which LTC is entitled to acquire and Outokumpu is entitled to sell its remaining 5% in SKS. In parallel, the Board of Directors of SKS made a decision to stop the operations of SKS due to ongoing losses and extreme pressure in commodity stainless steel products in China. In total, Outokumpu recorded a non-recurring capital gain of EUR 389 million (net of taxes) for the sale of the entire 60% share in SKS in the fourth quarter 2015 result. Please see Notes section, page 45 for further details.

The divestment of SKS enabled significant debt reduction and extension of the credit facilities and balancing of the debt maturity profile. On December 14, Outokumpu announced that it had prepaid and cancelled EUR 100 million of its EUR 900 million revolving credit facility and signed an amendment and extension agreement relating to the remaining EUR 800 million. The amended facility includes a new EUR 655 million tranche that matures in February 2019, and the remaining EUR 145 million matures in February 2017. In addition, Outokumpu cancelled and prepaid some EUR 240 million of its bilateral loans, including pension loans, and extended two bilateral facilities by a total amount of EUR 120 million to February 2019. With these financing transactions, Outokumpu’s annual financing costs are estimated to decrease by some EUR 20 million. The key credit facilities are covered by the same security package as earlier, and the syndicated revolving credit facility includes two financial covenants, one based on gearing and the other on liquidity.

On December 15, 2015, Outokumpu completed the divestment of its stake in Fischer Mexicana, a joint venture between F.E.R. Fischer Edelstahlrohre GmbH and Outokumpu in Mexico. In the transaction, Outokumpu divested its 50% stake in the joint venture for EUR 57 million. Please see Notes section, page 45 for further details.

Market development

Stainless steel demand

In 2015, global apparent stainless steel consumption[4] declined by 1.1% compared to 2014. The decrease was particularly strong in the Americas with the decline of 7.3%, while EMEA saw a decrease of 2.8% and APAC an increase of 0.2%. The apparent consumption was impacted by destocking as a result of very low nickel price.

In the fourth quarter of 2015, global apparent consumption increased by 1.3% compared to seasonally weak third quarter. The consumption in the Americas region grew at 7.7%, while consumption in APAC increased by 1.0%. In the EMEA region, apparent consumption shrank by 0.6%, amid declining nickel prices and destocking by the distributors sector.

According to research institute SMR, global real demand for stainless steel products reached 37.7 million tonnes in 2015, a modest increase of 1.6% from 37.1 million tonnes in 2014. Slowing economies in emerging markets, notably China, broad-based weakness in global manufacturing, and deteriorated nickel prices resulted in weaker consumption growth in 2015 compared to 2011-2014 which saw average annual demand growth of about 8%. The deceleration was most pronounced in the APAC region where growth slowed down to 2.4%, substantially below the average rates of the past years, and in the Americas region, where demand shrank by 1.4%. Real demand for stainless steel products in the EMEA region grew at a rate of 0.2% in 2015 compared with 2014.

During the fourth quarter of 2015, global real demand grew by just 0.9% from the seasonally weak third quarter and reached 9.5 million tonnes. The Americas and APAC regions were showing growth of 4.9% and 0.8%, respectively, whereas demand in the EMEA region shrank by 0.4% compared to the third quarter of 2015.

Market development of total stainless steel real demand

Million tonnes	IV/15	III/15	IV/14	2015	2014	y-o-y	q-o-q
EMEA	1.8	1.8	1.6	7.2	7.2	0.2 %	-0.4 %
Americas	0.9	0.9	0.9	3.6	3.7	-1.4 %	4.9 %
APAC	6.8	6.7	7.2	26.9	26.3	2.4 %	0.8 %
Total	9.5	9.4	9.7	37.7	37.1	1.6 %	0.9 %

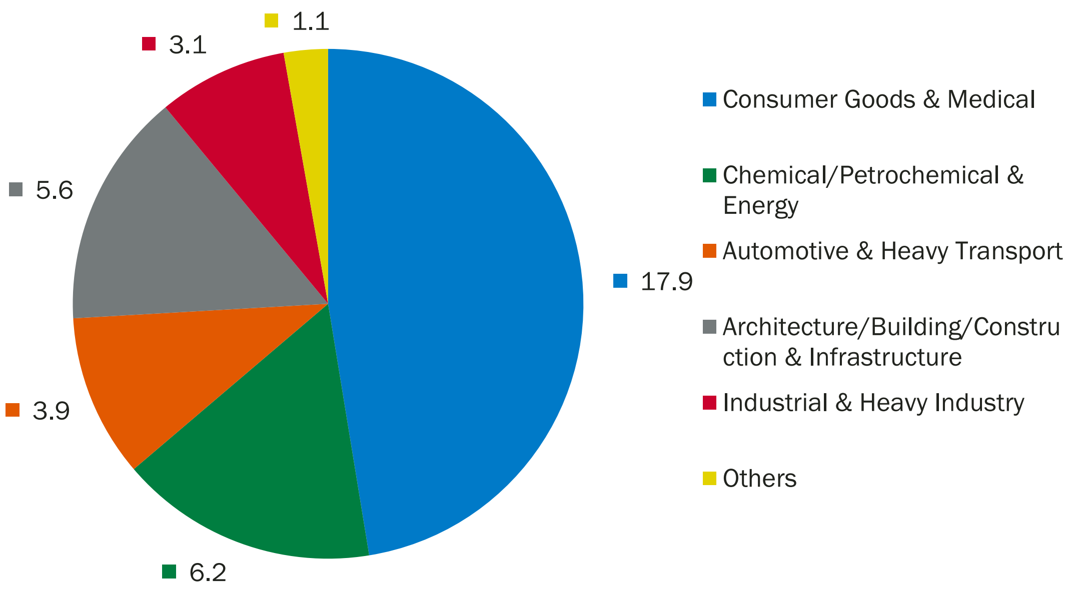
Source: SMR February 2016

e = estimate

Consumer Goods & Medical and Automotive & Heavy Transport outperformed the other end-use segments in 2015, with real demand growing by 3.1% and 2.5%, respectively, compared to 2014. The Chemical, Petrochemical and Energy segment was the weakest performer with demand declining by 2.2% amid retreating oil prices. Real demand in the ABC & Infrastructure and Industrial & Heavy Industries segments grew at 1.6% and 0.6% respectively in 2015.

[4] Real demand + stock change

Stainless steel demand by customer segments in 2015, million tonnes



Source: SMR February 2016

EU cold-rolled imports from third countries are expected to have reached a level of 24.7% of total consumption in 2015, clearly down from the average of 30.6% in 2014. The decline was driven by substantially lower volumes from China and Taiwan, after the imposition of anti-dumping duties by the European Commission in March 2015. Meanwhile, imported volumes from other countries, namely South Korea, India, South Africa, Turkey and some other Asian countries, increased. In the fourth quarter of 2015, EU imports are expected to have reached a level of 25.0%, down from 27.8% in the third quarter of 2015. (Source: Eurofer and Foreign Trade Statistics January 2016)

NAFTA cold-rolled imports from third countries are expected to have reached a level of 23.7% of total consumption in 2015, higher than the average of 19.5% in 2014. Imports from Asia, namely from South Korea, Taiwan and China, as well as from Brazil, South Africa and Turkey rose. Meanwhile, total imports from Europe decreased. In the fourth quarter of 2015, imports are expected to have reached a level of 20.7%, slightly up from 20.4% in the third quarter of 2015. (Source: Foreign Trade Statistics, January 2016)

Stainless steel transaction prices

According to CRU, average transaction prices for stainless steel decreased in all regions in 2015 compared to 2014. In Europe, transaction prices were most resilient, partly as a result of the weaker EUR against the USD, with a decrease of 3.3% from 2014 in EUR terms. In the US and China, transaction prices were down by 17.8% and 20.4%, respectively, in USD terms. In Europe, most of the decline in transaction prices came from the alloy surcharge (-4.1%), whereas the base price was down by 2.4% from 2014. In the US, the base price eased by 3.4% and the alloy surcharge by 29.4% in USD terms on the back of weaker prices of alloying metals across the board.

Price development of alloying metals

Nickel prices[5] trended lower during the year as slowing demand, from the stainless steel sector predominantly, weighed down prices. Also, the rapidly strengthening US dollar in the first half of the year, growing stocks, and mounting concerns over the Chinese economy and its metals demand were eroding

[5] Nickel Cash LME Daily Official Settlement USD per tonne

prices, which hit 12-year lows of 8,160 USD/tonne in late November. The average price of the year of 11,808 USD/tonne was 30.0% lower than 16,864 USD/tonne in 2014.

The European benchmark price[6] for ferrochrome fell from 1.15 USD/lb in the fourth quarter of 2014 to 1.08 USD/lb in the first quarter of 2015. The price rolled over at 1.08 USD/lb for the second and third quarter and eased further to 1.04 USD/lb for the fourth quarter on soft demand and deflated production costs. For the first quarter of 2016, the price decreased further to 0.92 USD/lb.

Molybdenum prices[7] weakened during the year and the average price in 2015 was down by 41.8%, to 6.67 USD/lb from 11.45 USD/lb in 2014. Soft demand, especially from the Oil and Gas sector together with ample supply weighed down prices during the year.

Market prices

			IV/15	III/15	IV/14	2015	2014	y-o-y	q-o-q
Stainless steel									
Europe	Base price	EUR/t	1,057	1,060	1,053	1,056	1,082	-2.4 %	-0.3 %
	Alloy surcharge	EUR/t	996	1,162	1,335	1,191	1,241	-4.1 %	-14.3 %
	Transaction price	EUR/t	2,053	2,222	2,389	2,247	2,322	-3.3 %	-7.6 %
USA	Base price	USD/t	1,257	1,330	1,411	1,349	1,396	-3.4 %	-5.5 %
	Alloy surcharge	USD/t	903	1,149	1,755	1,227	1,738	-29.4 %	-21.4 %
	Transaction price	USD/t	2,160	2,479	3,166	2,576	3,135	-17.8 %	-12.9 %
China	Transaction price	USD/t	1,632	1,822	2,364	1,929	2,425	-20.4 %	-10.4 %
Nickel		USD/t	9,412	10,552	15,783	11,808	16,864	-30.0 %	-10.8 %
Ferrochrome (Cr-content)		USD/lb	1.04	1.08	1.15	1.07	1.19	-10.1 %	-3.7 %
Molybdenum		USD/lb	4.84	5.83	9.33	6.67	11.45	-41.8 %	-17.0 %
Recycled steel		USD/t	169	208	293	221	333	-33.7 %	-18.8 %

Sources:
Stainless steel: CRU April 2015, 2mm cold rolled 304 stainless steel sheet
Nickel: London Metal Exchange (LME) settlement quotation
Ferrochrome: Metal Bulletin - Quarterly contract price, Ferrochrome lumpy chrome charge, basis 52% chrome
Molybdenum: Metal Bulletin - Molybdenum oxide - Europe
Recycled steel: Metal Bulletin - Ferrous Scrap Index HMS 1&2 (80:20 mix) fob Rotterdam

[6] Ferro-chrome Contract: Ferro-chrome Lumpy CR charge basis 52% Cr quarterly major European destinations USD per lb Cr
[7] Metal Bulletin - Molybdenum Drummed molybdic oxide Free market $ per lb Mo in warehouse

Business areas

Coil EMEA

The key focus of Coil EMEA is to maintain and expand Outokumpu's strong European stainless steel position through customer service and product leadership. A clear target is to improve financial performance and to drive cost efficiency by increasing capacity utilization levels and by leveraging the company's own chrome mine and expanded ferrochrome production. To this end, the successful completion of the industrial plan to restructure the company's European operations will be essential.

Coil EMEA key figures

		IV/15	III/15	IV/14	2015	2014
Stainless steel deliveries	1,000 tonnes	**377**	374	369	**1,577**	1,666
Sales	EUR million	**944**	973	1,055	**4,134**	4,520
EBIT	EUR million	**1**	-5	13	**100**	-86
EBIT excl. non-recurring items	EUR million	**30**	-3	19	**131**	78
Underlying EBIT	EUR million	**34**	2	21	**107**	62
Operating capital	EUR million	**2,183**	2,333	2,405	**2,183**	2,405

Please see business area key figure tables on page 50 for additional information

Overall, stainless steel markets in the EMEA region were challenging in 2015. End-customer demand remained relatively healthy, but the decline in the nickel price to historically low levels in the second half of the year had an impact on stainless demand in the region. This resulted in continued destocking as distributors held back orders. In addition, fluctuating imports to Europe impacted demand balances during the year. While imports from China and Taiwan decreased significantly compared to the previous year as a result of the antidumping duties, they were partly replaced by import material from other countries.

In the fourth quarter, end-customer demand remained stable and destocking continued as distributors remained cautious about placing new orders. Under the difficult market conditions, Coil EMEA was able to keep its stainless steel deliveries at 377,000 tonnes, a similar level to the third quarter (III 2015: 374,000 tonnes). Coil EMEA's average base price in deliveries decreased by about EUR 15/tonne in the fourth quarter. Fourth-quarter sales amounted to EUR 944 million (III 2015: EUR 973 million), down mainly as a result of lower transaction prices.

Deliveries for the full year 2015 declined by 5.3% to 1,577,000 tonnes (2014: 1,666,000 tonnes) and sales were EUR 4,134 million (2014: EUR 4,520 million). For the full year, Coil EMEA's average base price in deliveries decreased by about EUR 20/tonne.

Ferrochrome production for the fourth quarter ran largely according to plan and amounted to 126,000 tonnes. The full-year ferrochrome production was 457,000 tonnes, below the initial target mainly due to maintenance work in the second quarter.

Coil EMEA's fourth-quarter underlying EBIT amounted to EUR 34 million (III 2015: EUR 2 million). Stronger performance was mainly a result of successful cost control and lower depreciation charge. There was no major maintenance in the fourth quarter, whereas seasonal maintenance was carried out in the third quarter. Non-recurring items of EUR -29 million were recognized in the fourth quarter related to personnel reductions and impairments under the EMEA restructuring program (III 2015: non-recurring items due to personnel reductions of EUR -2 million). The net effect of raw material-related inventory and metal derivative gains/losses was EUR -4 million (III 2015: EUR -5 million).

For the full year 2015, Coil EMEA recorded an underlying EBIT of EUR 107 million compared to EUR 62 million in 2014. The financial performance improved despite clearly lower deliveries year-on-year as the restructuring measures together with improved optimization between production facilities developed well.

Particularly, the good progress in the savings programs and improved utilization rates in Tornio and Avesta contributed to the improvement in profitability.

Coil Americas

Coil Americas' key target is to build a strong position in the Americas market by focusing on product quality, technical service and delivery reliability. Improvement in Coil Americas' financial performance is a priority and is driven by the ramp-up of the Calvert facility. Following the completion of the technical ramp-up at Calvert in 2014, the implementation of the commercial ramp-up will continue over the coming years with 2018 being the first year of steady-state operations. In addition, Coil Americas is focusing on ensuring the continued growth and performance improvements of the Mexican operations.

Coil Americas key figures

		IV/15	III/15	IV/14	**2015**	2014
Deliveries	1,000 tonnes	**138**	134	126	**509**	541
Sales	EUR million	**272**	276	297	**1,111**	1,158
EBIT	EUR million	**-52**	-49	-22	**-215**	-104
EBIT excl. non-recurring items	EUR million	**-54**	-49	-0	**-198**	-82
Underlying EBIT	EUR million	**-41**	-44	6	**-163**	-93
Operating capital	EUR million	**1,229**	1,193	1,195	**1,229**	1,195

Please see business area key figure tables on page 50 for additional information

The operating environment for Coil Americas was difficult overall in 2015. Stainless steel imports into the NAFTA region peaked at close to 30% in the first half of the year resulting in intense competition and strongly declining base prices for the entire year. While the import pressure eased towards the year-end, there was little incentive for distributors to replenish their stocks as the nickel price remained historically low and destocking continued. Coil Americas' average base prices in deliveries declined by about USD 50/tonne in the fourth quarter compared to the third quarter, and the base price dropped about USD 260/tonne since the beginning of 2015.

The stock levels among distributors have come down recently. Outokumpu has announced a base price increase of about USD 160/tonne for deliveries as of January 2016. The announced price increase is for transactional business which accounts for majority of Coil Americas' volumes. At the moment, the amount of effective price increase cannot be evaluated.

Outokumpu has since the summer implemented decisive measures to improve Coil Americas' volumes and profitability, and delivery volumes have grown during the past two quarters. Fourth-quarter deliveries were at 138,000 tonnes, a similar level as in the third quarter. However, full year 2015 deliveries of 509,000 tonnes remained 5.9% below the levels reached in 2014 mostly due to weak order intake which was also partly affected by the earlier cold rolling technical issues at Calvert in 2014. Sales in 2015 declined to EUR 1,111 million (2014: EUR 1,158 million), mostly due to lower transaction prices.

Coil Americas' financial performance remained at heavy loss: fourth-quarter underlying EBIT was EUR -41 million (III 2015: EUR -44 million). While cost improvements are being implemented, the benefits were offset by intense price pressure. During the fourth quarter, insurance compensation of EUR 2 million was recognized related to earlier technical issues in the cold rolling lines and reported as a non-recurring item. Discussions with the insurer on the final settlement of the Calvert business interruption continue. The net effect of inventory and metal derivative gains/losses was EUR -13 million in the fourth quarter (III 2015: EUR -5 million).

For the full year 2015, the financial performance of Coil Americas deteriorated as a result of lower volumes and intense price pressure. Underlying EBIT for 2015 was EUR -163 million (2014: EUR -93 million).

APAC

The APAC business area's key focus is on selected customer and product segments in which the Outokumpu offering is differentiated from its competitors in the APAC region. Following the divestment of SKS, the APAC business area consists of service centers in China and Australia, as well as warehouses and sales offices in various Asian countries. SKS is included in the APAC figures up to the closing of the divestment in December 2015.

APAC key figures

		IV/15	III/15	IV/14	2015	2014
Deliveries	1,000 tonnes	**33**	51	54	**197**	220
Sales	EUR million	**65**	97	114	**403**	444
EBIT	EUR million	**-4**	-8	1	**-20**	-6
EBIT excl. non-recurring items	EUR million	**-4**	-8	1	**-20**	-6
Underlying EBIT	EUR million	**-3**	-9	0	**-18**	-6
Operating capital	EUR million	**38**	174	184	**38**	184

Please see business area key figure tables on page 50 for additional information

The overall market situation in the APAC region remained tough throughout 2015, as economic growth slowed down, the nickel price declined strongly and stainless demand continued to erode. The continued weakness in the stainless market was also reflected in commodity stainless steel prices which have been under severe pressure for the past 1.5 years in the region. While overcapacity remains and demand growth estimates for the coming years have been revised downwards, APAC is the fastest-growing region according to research institute SMR with 3-5% demand growth rates for 2016-2017.

APAC's delivery volumes were 33,000 tonnes in the fourth quarter of 2015 (III 2015: 51,000 tonnes). The delivery volumes in October and November remained relatively stable, but the figure for the whole quarter was lower due to the divestment of the SKS business. For the full year 2015, deliveries were 197,000 tonnes, compared to 220,000 tonnes in 2014.

The underlying EBIT for the fourth quarter was EUR -3 million (III 2015: EUR -9 million). For the full year 2015, underlying EBIT was EUR -18 million, significantly weaker than the EUR -6 million in 2014. The decline in profitability was mostly driven by external pressures on the SKS business, including the narrowing spread between the locally sourced hot band raw material and transaction price in China which has been under continuous pressure.

Quarto Plate

The Quarto Plate business area is a global leader in tailored quarto plate material, with key operations in Degerfors in Sweden and in New Castle, Indiana in the US. Both mills produce quarto plate in standard and special stainless steel grades for use in projects and by the process industry. Outokumpu also operates a European plate service center network that provides further services such as cutting to customer requirements. Quarto plate products are used in heavy industry and construction, and consumption is related to the global investment cycle.

A clear priority for the Quarto Plate business area is to grow the business following the recent investment in Degerfors, and to leverage its expanded manufacturing capability in both tailored and standard plate. Simultaneously, cost reduction and efficiency improvement measures are being implemented to improve profitability.

Quarto Plate key figures

		IV/15	III/15	IV/14	2015	2014
Deliveries	1,000 tonnes	**24**	24	24	**105**	98
Sales	EUR million	**99**	104	120	**459**	450
EBIT	EUR million	**-4**	-14	-9	**-19**	-26
EBIT excl. non-recurring items	EUR million	**-4**	-14	-9	**-19**	-26
Underlying EBIT	EUR million	**-3**	-16	-6	**-23**	-30
Operating capital	EUR million	**209**	204	218	**209**	218

Please see business area key figure tables on page 50 for additional information

The operating environment for Quarto Plate remained extremely difficult in the fourth quarter as industrial investment activity continued subdued. Customers were hesitant to place new orders on the back of the low nickel price and postponements in Oil and Gas related projects continued as a result of the low oil price. Prices for quarto plate products remained under pressure both in Europe and the US.

Fourth-quarter deliveries were flat at 24,000 tonnes with sales of EUR 99 million (III 2015: 24,000 tonnes and EUR 104 million). For the full year 2015, deliveries grew 7.0% reflecting progress in the Degerfors investment ramp-up. However, the pace of growth decelerated throughout the year as the market situation became weaker and the nickel price continued to slide.

Underlying EBIT for the fourth quarter was EUR -3 million (III 2015: EUR -16 million, including a customer claim of EUR -4 million). The reduced losses were mostly driven by lower raw material costs and a better product mix. While annual delivery volumes grew and cost take-out measures started to gain traction towards year-end, they were not enough to compensate for the negative impacts from low demand and intense price pressure. The Quarto Plate business area remained at a loss for the full year 2015, with underlying EBIT of EUR -23 million compared to EUR -30 million a year earlier.

Long Products

The Long Products business area focuses on specialty stainless long products, with production operations in Sheffield in the UK and Degerfors in Sweden, as well as Richburg and Wildwood in the US. Long Products produces wire rod, rod coil, bar, rebar, billet and other long products that are used in a wide range of industries, such as transportation, consumer durables, metal processing, chemical, energy, and construction. Long Products' melt shop in Sheffield, UK has an important role in Outokumpu's production platform, as it is one of the suppliers of feedstock to Outokumpu's Quarto Plate and Coil EMEA businesses, in addition to supplying the Long Products' downstream units and external customers.

Long Products key figures

		IV/15	III/15	IV/14	2015	2014
Deliveries	1,000 tonnes	**42**	58	43	**213**	248
Sales	EUR million	**100**	142	129	**551**	651
EBIT	EUR million	**-8**	1	11	**2**	33
EBIT excl. non-recurring items	EUR million	**-8**	1	11	**2**	33
Underlying EBIT	EUR million	**-3**	3	12	**7**	32
Operating capital	EUR million	**146**	163	167	**146**	167

Please see business area key figure tables on page 50 for additional information

Overall demand for long products was weak throughout 2015. The declining nickel price had a negative impact on the order intake and the low oil price kept Oil & Gas sector subdued, resulting in decreased project activity. Prices were under pressure in Europe since the beginning of the year, and prices also deteriorated in the US in the summer. During the second half of the year, tightening competition in standard grades and increasing imports added further pressure to prices.

In the fourth quarter, the market environment continued to be difficult and prices in all regions were under pressure. Long Products' fourth-quarter total deliveries were 42,000 tonnes, clearly down from 58,000 tonnes in the third quarter. The decrease was a result of significantly lower internal slab deliveries while deliveries to end-customers increased by 5.0%. As a result of lower total deliveries, Long Products' underlying EBIT declined to EUR -3 million (III 2015: EUR 3) in the fourth quarter.

Deliveries for the full year 2015 declined to 213,000 tonnes (2014: 248,000 tonnes). The full-year underlying EBIT of EUR 7 million was clearly lower compared to EUR 32 million in 2014 reflecting the difficult market environment, subdued Oil & Gas sector and low prices for long products.

Financial performance

Outokumpu posted an underlying EBIT of EUR -11 million in the fourth quarter compared to EUR -67 million in the third quarter. The reduction in losses was mostly due to improved cost management while deliveries remained stable and base prices declined in both Europe and the US. Furthermore, the extension of useful life of property, plant and equipment was implemented during the quarter. EBIT for the period was EUR 341 million, boosted by the capital gain on the SKS divestment. Operating cash flow was positive at EUR 2 million. Corresponding cash flow after investing activities was negative at EUR -54 million before divestments

Outokumpu's financial performance weakened in 2015 mainly as a result of lower delivery volumes, downward pressure on base prices as well increase in scrap costs. While demand among end-users remained solid, distributors held back orders and destocking continued particularly during the second half of the year. Continued good progress in Outokumpu's savings programs, including headcount reductions, was not enough to offset the negatives from the weak market. In Coil EMEA, restructuring measures together with improved optimization between the mills developed well and profitability improved. Coil Americas, in turn, was suffering from earlier cold rolling issues, which together with weaker demand resulted in lower delivery volumes, and profitability deteriorated significantly.

Outokumpu's balance sheet strengthened significantly in 2015 as a result of divestments of non-core assets, shares in the SKS and Fischer Mexicana. Outokumpu also continued to strengthen and diversify its funding base by issuing a convertible bond, extending its revolving credit facility as well as rearranging some of its bilateral loans.

Deliveries

Outokumpu's external stainless steel deliveries were stable at 574,000 tonnes in the fourth quarter (III 2015: 570,000 tonnes). Both Coil EMEA's and Coil Americas' deliveries increased slightly whereas Long Products deliveries came down clearly, and APAC deliveries were impacted by the divestment of SKS.

For the full year 2015, delivery volumes decreased from the previous year by 6.8% to 2,381,000 tonnes (2014: 2,554,000 tonnes). The decline was mostly driven by weak demand among distributor customers as the nickel price plummeted to 12-year lows. As Coil EMEA and Coil Americas have significant sales to stainless steel distributors, these business areas were strongly affected, with deliveries declining by 5.3% and 6.1%, respectively. Deliveries in APAC declined partly as a result of the divestment of SKS, while Long Products volumes were impacted by weak demand. Quarto Plate was able to grow its delivery volumes by 7.0% as the ramp up in Degerfors progressed. The full-year ferrochrome production was at 457,000 tonnes.

About 75% of the stainless steel products Outokumpu delivers to customers are cold rolled products, and the share of semi-finished products in delivery mix continued to decrease in 2015.

Deliveries

1,000 tonnes	IV/15	III/15	IV/14	2015	2014
Cold rolled	**426**	433	425	**1,767**	1,880
White hot strip	**85**	79	78	**346**	373
Quarto plate	**24**	23	22	**102**	89
Long products	**13**	18	14	**63**	64
Semi-finished products	**77**	44	75	**222**	271
Stainless steel [1]	**23**	16	27	**95**	138
Ferrochrome	**54**	29	49	**128**	133
Tubular products	**2**	2	2	**9**	9
Total deliveries	**627**	599	617	**2,509**	2,686
Stainless steel deliveries	**574**	570	568	**2,381**	2,554

[1] Black hot band, slabs, billets and other stainless steel products

In the fourth quarter, Outokumpu's average utilization rate in melting was 80% and in cold rolling 75% (III 2015: 85% and 70%). For the full year 2015, the utilization rate in melting was 85% and in cold rolling 75% (2014: 80% and 75%). Overall, capacity utilization rates have improved in recent years as a result of the restructuring of the company's production set-up, reflecting the closure of the Krefeld and Bochum melt shops and the progress in the Calvert mill ramp-up. In 2013–2015, melting utilization has increased from 65% to 85% and in cold rolling from 70% to 75%.

Sales and profitability

Outokumpu's sales in the fourth quarter decreased by 3.5% to EUR 1,435 million (III 2015: EUR 1,487 million), driven by lower delivery volumes and transaction prices.

For Outokumpu, the fourth-quarter average base price change in deliveries was slightly negative (III 2015: slightly negative) as base prices in both Europe and the US were down. According to CRU, the European average base price for the fourth quarter 2015 decreased to EUR 1,057/tonne (III 2015: EUR 1,060/tonne). In the Americas, the respective CRU market base price came down by USD 73/tonne and the alloy surcharge by 21%.

Sales for the full year 2015 amounted to EUR 6,384 million, compared to EUR 6,844 million in 2014. Global real demand for stainless steel grew by only 0.9% in 2015 with slowing markets during the second half of the year and heavy destocking among distributors. The 6.7% decline in sales was a result of both lower deliveries as well as lower prices. More than 76% of Outokumpu sales are generated by Coil EMEA while Coil Americas accounts for 20% of the sales. Stainless steel benchmark transaction price for austenitic 304 grade in Europe decreased by 3.3% and in the US by 17.8%, driven mostly by low nickel price and alloy surcharge.

Outokumpu's average base price in deliveries decreased slightly in 2015 compared to 2014 driven mostly by the pricing pressure in the US, as well as in Europe. The CRU benchmark base price for austenitic 304 grade in Europe declined by 2.4% and in the US by 3.4%.

Sales

EUR million	IV/15	III/15	IV/14	2015	2014
Coil EMEA	**944**	973	1,055	**4,134**	4,520
Coil Americas	**272**	276	297	**1,111**	1,158
APAC	**65**	97	114	**403**	444
Quarto Plate	**99**	104	120	**459**	450
Long Products	**100**	142	129	**551**	651
Other operations	**158**	157	184	**663**	689
Intra-group sales	**-203**	-262	-224	**-938**	-1,068
	1,435	1,487	1,674	**6,384**	6,844

While remaining at loss on underlying EBIT basis in the fourth quarter, the reported profitability was strengthened by the completion of the divestment of SKS. Non-recurring items of EUR 381 million were recognized in the fourth quarter, including a gain of EUR 409 million, excluding taxes, on the SKS divestment, redundancy costs of EUR -23 million and impairments of EUR -6 million related to EMEA restructuring, as well as EUR 2 million in insurance compensation income related to the earlier cold rolling line technical issues in Calvert (III 2015: EUR -2 million).

The net effect of raw material-related inventory and metal derivative gains/losses was EUR -29 million (III 2015: EUR -8 million).

Profitability

EUR million	IV/15	III/15	IV/14	2015	2014
Underlying EBIT [1)]	**-11**	-67	-9	**-101**	-88
Adjustments to EBIT					
Non-recurring items in EBIT	**381**	-2	-27	**360**	-186
Net of raw material-related inventory and metal derivative gains/losses, unaudited	**-29**	-8	0	**-31**	31
EBIT	**341**	-77	-36	**228**	-243

[1)] EBIT excluding non-recurring items, raw material-related inventory gains/losses and metal derivative gains/losses, unaudited.

Non-recurring items in EBITDA and EBIT

EUR million	IV/15	III/15	IV/14	2015	2014
EBITDA					
Gain on the SKS divestment	**409**	-	-	**409**	-
Redundancy provisions	**-23**	-2	-6	**-25**	-113
Environmental provisions related to site closures	**-**	-	-	**-**	-25
Net costs related to technical issues in Calvert	**2**	-	-21	**-17**	-21
Non-recurring items in EBITDA	**388**	-2	-27	**367**	-159
of which in gross margin	**-22**	-2	-39	**-39**	-167
Additionally in EBIT					
Impairments related to EMEA restructuring	**-6**	-	-	**-6**	-27
Non-recurring items in EBIT	**381**	-2	-27	**360**	-186

The reduction in underlying loss was mostly due to improved cost management while deliveries remained stable and base prices declined in both Europe and the US. Furthermore, the extension of useful life of property, plant and equipment was implemented during the quarter. EBIT improved significantly to EUR 341 million boosted by the capital gain on the SKS divestment.

For the full year 2015, underlying EBIT amounted to EUR -101 million, weaker against EUR -88 million a year ago. This was mostly a result of lower deliveries, downward pressure on base prices as well as increase in scrap costs. Continued good progress in Outokumpu's savings programs, including headcount reductions, was not enough to offset the negatives from the weak market. In Coil EMEA, restructuring measures together with improved optimization between the mills was developing well and profitability improved. Coil Americas, in turn, was suffering from earlier cold rolling issues, which together with weaker demand resulted in lower delivery volumes and the profitability deteriorated significantly.

On the other hand, EBIT for the full year improved significantly to EUR 228 million compared to EUR -243 million in 2014 as a result of the SKS divestment that yielded a significant capital gain of EUR 409 million, excluding taxes.

Underlying EBIT

EUR million	**IV/15**	III/15	IV/14	**2015**	2014
Coil EMEA	**34**	2	21	**107**	62
Coil Americas	**-41**	-44	6	**-163**	-93
APAC	**-3**	-9	0	**-18**	-6
Quarto Plate	**-3**	-16	-6	**-23**	-30
Long Products	**-3**	3	12	**7**	32
Other operations and intra-group items	**4**	-3	-42	**-11**	-52
	-11	-67	-9	**-101**	-88

Corporate management costs under Other operations were relatively stable during the fourth quarter.

Share of result from associated companies and joint ventures

The share of result from associated companies and joint ventures in 2015 includes the gain on the divestment of the Fischer Mexicana joint venture, amounting to EUR 49 million, excluding taxes.

Financial expenses

Net financial income and expenses remained stable quarter-on-quarter at EUR -36 million (III 2015: EUR -35 million). Interest expenses increased slightly to EUR -34 million during the quarter (III 2015: EUR -31 million). Market price gains were positive at EUR 3 million in the fourth quarter.

The net financial income and expenses for the full year 2015 decreased by EUR 71 million to EUR -149 million (2014: EUR -223 million). This was mainly due to decreased cost of committed credit facilities and a decrease in interest expenses to EUR -130 million (2014: EUR -141 million). The interest expenses declined as a result of reduction in debt and increased utilization of commercial paper program. Market price gains amounted to EUR 3 million compared to market price losses of EUR -15 in 2014.

Net result for the period

The net result for the fourth quarter was EUR 308 million (III 2015: EUR -115 million). Earnings per share was EUR 0.74 (III 2015: EUR -0.27). The significantly higher net result was driven by the divestments of SKS and Fischer Mexicana.

The net result for 2015 turned EUR 86 million positive driven by the divestments of SKS and Fischer Mexicana which combined had EUR 432 million positive impact on the net result for the period (2014: -439 million). Earnings per share was EUR 0.23 (2014: EUR -1.24).

Cash flow

Outokumpu's operating cash flow was EUR 2 million in the fourth quarter (III 2015: EUR 67 million). The change in working capital for the quarter was EUR 56 million (III 2015: EUR 91 million), of which EUR -13 million was cash payments related to provisions and pension obligations (III 2015: EUR -16 million). The net cash from investing activities in the fourth quarter amounted to EUR 319 million (III 2015: EUR -15 million). EUR 375 million was received from disposals of SKS and Fischer Mexicana, net of cash and taxes.

The operating cash flow in 2015 was EUR -34 million, compared to EUR -126 million in 2014. The change in working capital for 2015 was EUR 94 million (2014: EUR -50 million). The net cash from investing activities was EUR 239 million in 2015, compared to EUR -162 million in 2014.

Summary of cash flows

EUR million	**Oct–Dec 2015**	July–Sep 2015	Oct–Dec 2014	**Jan–Dec 2015**	Jan–Dec 2014
Net result for the period	**308**	-115	-56	**86**	-439
Non-cash adjustments	**-341**	128	71	**-96**	471
Change in working capital	**56**	91	126	**94**	-50
Dividends received	**-**	-	-	**0**	3
Interests received	**2**	1	0	**4**	2
Interests paid	**-20**	-31	-19	**-111**	-111
Income taxes paid	**-4**	-6	-0	**-11**	-2
Net cash from operating activities	**2**	67	122	**-34**	-126
Purchases of assets	**-48**	-35	-54	**-151**	-144
Proceeds from the disposal of subsidiaries, net of cash and tax	**375**	-	-	**375**	-50
Other investing cash flow	**-7**	20	15	**15**	31
Net cash from investing activities	**319**	-15	-39	**239**	-162
Cash flow before financing activities	**321**	52	83	**205**	-289
Net cash from financing activities	**-361**	-31	-286	**-213**	-116
Net change in cash and cash equivalents	**-40**	21	-203	**-8**	-404

Capital expenditure

Outokumpu continued to keep capital expenditure in rein and in 2015, it amounted to EUR 154 million (2014: EUR 127 million). The majority of the expenditure related to the maintenance and the ongoing investment into ferritic cold rolling capacity in Krefeld, Germany. The Krefeld investment as the main driver for the fourth-quarter capital expenditure which was EUR 65 million (III 2015: EUR 29 million).

Balance sheet

Total assets at the end of 2015 decreased to EUR 5,874 million, compared to EUR 6,210 million at the end of September 2015 and EUR 6,411 million at the end of 2014. The decrease was mainly a result of the SKS divestment.

Non-current debt decreased to EUR 1,249 million (September 30, 2015: EUR 1,494 and December 31, 2014: EUR 1,597 million), driven by scheduled repayment of debt as well prepayments following divestments. Current debt amounted to EUR 547 million (September 30, 2015: EUR 743 million and

December 31, 2014: EUR 569 million). Provisions were stable at EUR 136 million, compared to EUR 135 million at the end of third quarter, consisting mostly of restructuring provisions related to site closures and environmental provisions. However, provisions were clearly down from the EUR 224 million recorded on December 31, 2014, mainly as a result of payments related to restructuring provisions in the first quarter.

Net debt at the end of 2015 decreased significantly to EUR 1,610 million (September 30, 2015: EUR 2,012 million and December 31, 2014: EUR 1,974 million), mostly driven by the SKS divestment. Gearing decreased clearly to 69.1% compared to 96.5% on September 30, 2015 and 92.6% on December 31, 2014.

Financing

Cash and cash equivalents were at EUR 186 million at the end of the fourth quarter of 2015 (September 30, 2015: EUR 225 million and December 31, 2014: EUR 191 million), and the overall liquidity reserves were approximately EUR 1.1 billion (September 30, 2015: EUR 1.3 billion and December 31, 2014: EUR 1.4 billion). The overall liquidity position decreased as some of the liquidity facilities were cancelled in connection with the balancing of the debt maturity profile. In addition, utilization of commercial paper program decreased during the fourth quarter.

Debt information

EUR million	**Dec 31 2015**	Sept 30 2015	Dec 31 2014
Bonds	**398**	397	547
Convertible bonds	**210**	208	-
Non-current loans from financial institutions	**466**	709	856
Pension loans	**174**	195	192
Finance lease liabilities	**208**	216	244
Current loans from financial institutions	**0**	91	83
Commercial paper	**339**	419	243
	1,796	2,237	2,165

People

Outokumpu's headcount decreased by 558 during the fourth quarter of 2015 and totaled 11,002 at the end of the year (September 30, 2015: 11,560 and December 31, 2014: 12,125). The decrease in the number of employees was mainly related to the divestment of SKS.

For the full year 2015, Outokumpu's headcount continued to decrease. This was mostly due to restructuring in Coil EMEA that resulted in reduction of more than 570 people as well as reductions in Quarto Plate and other operations. The divestment of SKS reduced the Group's personnel by over 450.

Overall, Outokumpu plans to reduce up to 3,500 jobs globally in 2013–2017 in connection with its efficiency improvement programs. The reductions are related to site closures and restructurings in Europe, as well as streamlining all overlapping activities in sales, production, supply chain and support functions. To date, Outokumpu has reduced about 2,330 jobs since the beginning of the programs.

Total wages and salaries amounted to EUR 585 million in 2015 (2014: EUR 592 million). Indirect employee expenses totaled EUR 177 million in 2015 (2014: EUR 262 million).

Personnel at the end of the reporting period

	Dec 31 2015	Sept 30 2015	Dec 31 2014
Coil EMEA	**7,008**	7,092	7,582
Coil Americas	**2,150**	2,146	2,128
APAC	**112**	579	602
Quarto Plate	**773**	782	838
Long Products	**658**	660	651
Other operations	**301**	301	324
	11,002	11,560	12,125

The lost-time injury rate (lost-time accidents per million working hours) in 2015 was 3.0 (2014: 2.7) against the target of less than 2.5. The lost-time injury rate in the fourth quarter was 3.6. There were two serious incidents in 2015. In the first quarter, an operator became trapped in a coil stacking machine. The operator recovered and returned to work. The incident was fully investigated and corrective measures were put in place. Another serious incident occurred in the second quarter causing a fatality at the Mexinox mill. This incident was also fully investigated and corrective actions to avoid similar accidents in the future were implemented.

Change in accounting estimate of useful lives of property, plant and equipment

During 2015, Outokumpu reviewed the useful lives of its property, plant and equipment and concluded that its maintenance and operating practices call for a change in the useful lives of machinery and equipment. As certain existing machinery and equipment had been, and were going to be used for longer than previously anticipated, the estimated useful lives of these assets were lengthened. For heavy machinery and equipment, the useful life estimate was changed to 15–30 years, compared to the previous 15–20 years. The new accounting estimate was applied prospectively from October 1, 2015 onwards.

The reduction of the Group’s annual depreciation charge is estimated to be approximately EUR 75 million, of which EUR 35 million is estimated for Coil EMEA, EUR 35 million for Coil Americas, EUR 3 million for Quarto Plate, and EUR 1 million for Long Products. In the fourth quarter 2015, the positive impact on the Group’s underlying EBIT was EUR 11 million.

Market and business outlook

Market outlook

In the first quarter of 2016, global real demand for stainless steel is expected to decrease by 2.1% from the fourth quarter of 2015 to 9.3 million tonnes. The decline is estimated to be most pronounced in the APAC region at 2.2% quarter-on-quarter, whereas the EMEA and the Americas are expected to shrink by 1.7% and 1.6%, respectively. Total global demand for 2016 is forecast at 38.0 million tonnes, an increase of 0.8% compared to 2015. The APAC region is expected to grow at 1.8%, whereas the demand in the Americas and the EMEA regions are expected to shrink by 2.1% and 1.5%, respectively.

Market development for real demand total stainless steel products between 2013 and 2017

Million tonnes	2013	2014	2015f	2016f	2017f	2018f
EMEA	7.0	7.2	7.2	7.1	7.2	7.3
Americas	3.5	3.7	3.6	3.5	3.6	3.7
APAC	24.5	26.3	26.9	27.4	28.4	29.6
Total	35.0	37.1	37.7	38.0	39.2	40.7

Source: SMR February 2016

f = forecast

The long-term outlook for stainless steel demand remains positive. Key global megatrends such as urbanization, modernization, and increased mobility combined with growing global demand for energy, food, and water, are expected to support the future growth of stainless steel demand. Growth in stainless steel consumption between 2016 and 2019 is expected be relatively well-balanced between the end-use segments. SMR forecast growth rates of 4.0% in Architecture/Building/Construction & Infrastructure, 3.6% in Consumer Goods & Medical, 3.3% in Automotive & Heavy Transport, and 1.3% in Industrial and Heavy Industries. Meanwhile, it expects Chemical/Petrochemical & Energy segment to shrink by 0.3% per year on average.

Business and financial outlook for the first quarter of 2016

The year 2016 has started with downward revisions to economic growth outlooks and pressure in the materials sector. Outokumpu estimates no meaningful pick up in the stainless steel markets for the first quarter, and while distributor stocks have come to more normalized levels, the low nickel price continues to curtail distributor buying activity. On the positive note, demand among end-customers outside of Oil & Gas has remained healthy. In both Coil EMEA and Coil Americas order intake levels are on track for the ongoing quarter and the lead-times from the mills are competitive.

Market uncertainties warrant prudence in the outlook statement. Outokumpu estimates first-quarter delivery volumes to remain at a similar level as in the fourth quarter of 2015 and the Group's underlying EBIT to be still negative. With current prices, the net impact of raw material-related inventory and metal derivative gains/losses on profitability is expected to be approximately EUR 30 million negative.

Outokumpu is finalizing plans for new savings from operational improvements and working capital optimization. The scale, details and time frame for these will be communicated in the next couple of months. Outokumpu expects that already in the first quarter continued cost streamlining will mitigate some of the current downward pressure on base prices as well as increase in scrap costs.

This outlook reflects the current scope of operations. Outokumpu's operating result may be impacted by costs associated with restructuring programs.

Key targets

Outokumpu has implemented significant industrial restructuring and established a strong presence in both Europe and Americas following the merger with Inoxum in 2012. While progress has been made and Outokumpu's financial stability restored, the current unsatisfactory financial performance shows that these improvements are not enough. Management is currently detailing the plans to take the company to the next level of competitiveness and performance with a two phased approach.

On an immediate term, Outokumpu is moving ahead with the Coil Americas turnaround as well as finalizing the European restructuring. Additionally, swift and precise measures to reduce selling, general and administration cost as well as general procurement costs and to reduce inventory levels are taken. The measures to improve cost efficiency and reduce working capital are geared towards further debt reduction. The scale, details and time frame for the savings and working capital reduction will be communicated in the next couple of months.

To drive long term competitiveness, Outokumpu will have renewed vigor in manufacturing excellence, because there is significant potential to increase efficiency and lower our production costs. Outokumpu has made a huge effort to form a strong, well-balanced industrial footprint. Now, a very systematic approach will be taken to make the most of this competitive advantage: improve the efficiency of the manufacturing processes and bring the operational capability and productivity to a world class level.

Risks and uncertainties

Outokumpu operates in accordance with the risk management policy approved by the Board of Directors which defines the objectives, approaches and areas of responsibility in risk management activities. In addition to supporting Outokumpu's strategy, the aim of risk management is to identify, evaluate and mitigate risks from the perspective of shareholders, customers, suppliers, personnel, creditors and other stakeholders.

Outokumpu has defined risks as anything that could have an adverse impact on achieving the Group's objectives. Risks can therefore be threats, uncertainties or lost opportunities for the company's current or future operations. The risk management process is an integral part of overall management processes, and it is divided into four stages: risk identification, risk evaluation, risk prioritization and risk mitigation. Key risks are assessed and updated on a regular basis.

The focus areas in risk management are aligned with Outokumpu's efforts to improve its profitability, the key topics in 2015 being: an increased focus on financial risk management, improved prevention of business interruptions within loss prevention audits, systematic operational risk management through a group-wide reporting tool, and detailed analysis of cyber-risk exposures. There were two serious accidents in 2015, one of them causing a fatality at the Mexinox mill.

In late 2015, Outokumpu strengthened its financial position with the divestments of SKS and Fischer Mexicana, resulting in significant proceeds from the divestments and a meaningful reduction in net debt. Additionally, Outokumpu's refinancing risk was further reduced by the extension of key loan facilities from 2017 to 2019 by a total amount of EUR 775 million.

Strategic and business risks

Outokumpu's key strategic and business risks currently include: risks and uncertainties in implementing reductions of costs and the release of cash from working capital as well as implementation of the EMEA restructuring actions; risks related to possible failures or delays in or inadequate profitability of ramping up the stainless steel mill in Calvert; risks related to developments in the stainless steel and ferrochrome market and competitor actions; the risk of changes in raw material and metal prices impacting Outokumpu's profitability and amounts of cash tied up in working capital; fluctuations of exchange rates affecting global competitive environment in stainless; and the risk of litigation or adverse political action affecting trade or changes that have an impact on environmental legislation.

Operational risks

Operational risks include inadequate or failed internal processes, employee actions, systems, or events such as natural catastrophes and misconduct or crime. Risks of these types are often connected with production operations, logistics, financial processes, major investment projects, other projects or information technology and, should they materialize, can lead to personal injury, liability, loss of property, interrupted operations or environmental impacts. Outokumpu's operational risks are partly covered by insurance. Key operational risks for Outokumpu are: a major fire or machinery breakdown and consequent business interruptions, environmental accidents; IT dependency and security risks; project implementation risks; risks related to compliance, crime and reputational harm; and personnel-related risks. To minimize possible damage to property and business interruptions that could result from a fire occurring at some of its major production sites, Outokumpu has systematic fire and security audit programs in place.

Financial risks

Key financial risks for Outokumpu include: changes in the prices of nickel, iron, molybdenum, power and fuels; currency developments affecting the euro, the US dollar, the Swedish krona and the British pound; interest rate changes connected with the US dollar, the euro and the Swedish krona; changes in levels of credit margins; counterparty risk related to customers and other business partners, including financial institutions; risks related to liquidity and refinancing; risk of breaching financial covenants or other loan conditions leading to an event of default; and risk related to prices of equities and fixed-income securities invested under defined benefit pension plans.

The nickel price decreased during 2015 from approximately 15,000 USD/tonne in January to a level of 8.500 USD/tonne by the end of the year. This price decline had a negative impact on Outokumpu's profitability, while nickel hedging helped to partly mitigate the negative financial impacts. The continued decline in fuel prices caused a negative result for Outokumpu's propane hedges, whereas the actual cost of fuels declined in 2015.

Outokumpu issued a convertible bond of EUR 250 million in February 2015 to actively diversify the funding base and reduce financing costs. In December 2015, Outokumpu took decisive measures in reducing debt levels and to strengthen Outokumpu's financial position with the divestments of SKS and Fischer Mexicana. Additionally, Outokumpu's refinancing risk was further reduced by extending the maturities of certain loan facilities from 2017 to 2019 by a total amount of EUR 775 million. Outokumpu evaluates both liquidity and refinancing risks in connection with capital management as well as in connection with major investment decisions. Outokumpu's liquidity reserves remained clearly above one billion euros at the end of each quarter during 2015.

Short-term risks and uncertainties

Outokumpu is exposed to the following risks and uncertainties in the short-term: risks and uncertainties in implementing the turnaround in the company profitability, including: major failures or delays in achieving the anticipated cost reductions, release of cash from working capital and the implementation of the Coil EMEA restructuring actions; risks related to failures, delays in and inadequate profitability of ramping up the Calvert mill; risks related to market development in stainless steel and ferrochrome as well as competitor actions; risk of changes in metal prices impacting amounts of cash tied up in working capital; changes in the prices of electrical power, fuels, nickel and molybdenum; currency developments affecting the euro, US dollar, Swedish krona and British pound; counterparty risk related to customers and other business partners, including financial institutions; risks related to refinancing and liquidity and a risk of breaching financial covenants or other relevant terms and conditions under any finance agreement, leading to an event of default. Possible adverse changes in the global political and economic environment may have a significant adverse impact on Outokumpu's business.

Significant legal proceedings

Dispute over invention rights, Outotec vs. Outokumpu

In January 2013, Outokumpu and Outotec entered into a legal dispute over invention rights related to a ferrochromenickel production method. In August 2013, Outotec submitted an application for summons at the District Court of Helsinki regarding another patent relating to the invention. The production method is developed by Outokumpu and it has filed the patent applications related to this invention. Outotec claims it has rights to the inventions. In February 2014, Outotec filed a request with Arbitration Institute of the Finland Chamber of Commerce for commencing proceedings against Outokumpu concerning the same invention rights being subject to the District Court proceedings. Simultaneously Outotec filed a proposal to the District Court for postponement of further stages in these proceedings until the Arbitration Court will render its arbitration award. In August 2015, the Arbitration Court rendered its award, in which it ruled that Outotec's employee had contributed to the inventions and accordingly granted Outotec partial rights to the patents in question. The Arbitration Court ruled also that commercial use of the patent rights by Outotec is subject to agreement between the parties. In 2016, Outotec has withdrawn its claims against Outokumpu concerning the invention rights.

Cartel fine imposed by the European Commission

In March 2011, the European Court of Justice upheld a EUR 3.2 million cartel fine imposed on ThyssenKrupp Stainless AG, a legal predecessor of Outokumpu Nirosta GmbH (“Nirosta”), in a decision of the European Commission from December 2006 (the “2006 Decision”). The 2006 Decision is based on a 1998 European Commission finding (the “1998 Finding”) that between 1993 and 1998, certain stainless steel producers, including Inoxum and certain of its legal predecessors, had violated Article 65 (1) of the European Coal and Steel Community Treaty by participating in a price-fixing arrangement with other stainless steel producers. The alleged price-fixing arrangement consisted of modifying and applying in a concerted fashion the reference values used to calculate the alloy surcharge to the base price of stainless steel. The 1998 Finding was appealed and subsequently annulled on procedural grounds with respect to Nirosta’s liability for one of its legal predecessors. Subsequent to this annulment, the European Commission opened new proceedings, which resulted in the 2006 Decision. Nirosta’s appeals of the 2006 Decision were unsuccessful. In April 2011, Nirosta filed a complaint (Verfassungsbeschwerde) with the German Constitutional Court (Bundesverfassungsgericht) requesting that the Court declare the 2006 Decision incompatible with certain fundamental rights under the German Constitution (Grundgesetz). As at the end of the reporting period, the German Constitutional Court has not decided whether it will accept the constitutional complaint. In case of a successful complaint, Nirosta is able to reclaim EUR 4.2 million from the European Commission.

Claim in Spain related to the divested copper companies

Outokumpu divested all of its copper business in 2003–2008. One of the divested companies domiciled in Spain later faced bankruptcy. The administrator of the bankruptcy has filed a claim against Outokumpu Oyj and two other non-Outokumpu companies, for recovery of payments made by the bankrupt Spanish company in connection with the divestment. The Bilbao court of first instance in Spain has accepted the claim of EUR 20 million brought against Outokumpu and the two other companies. Outokumpu and the two other companies have appealed the court’s decision.

Claim in Italy related to former tax consolidation group

In December 2015 Outokumpu Holding Italia and Acciai Speciali Terni (AST) entered into a dispute among relating to the tax consolidation of the former ThyssenKrupp Tax Group in Italy. AST claims payment of approximately EUR 23 million resulting from the former tax consolidation of the Italian tax group managed by ThyssenKrupp. Outokumpu Holding Italia is the former ThyssenKrupp holding company and was transferred to Inoxum as part of the carve-out in 2011. The EUR 23 million claim resulted from former tax instalments paid by ThyssenKrupp Italia in 2006 which not have been properly settled towards AST in the following years. Outokumpu is currently preparing the defense against the claim as it holds the claim unjustified.

Environment

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

The EU Emissions Trading Scheme (ETS) is continuing with the third trading period 2013–2020. Outokumpu's operations under the EU ETS will continue to receive free emissions allocations according to efficiency-based benchmarks and historical activity. The total allocation is estimated to be sufficient for Outokumpu operations during 2016. Excess emission allowance account balance was rolled forward until December 2016 to be used for potential future deficit.

Outokumpu was awarded for the sixth consecutive year with a position on the Nordic Climate Disclosure Leadership Index (CDLI). Recognized as a Nordic leader for the quality of climate change-related information that it has disclosed to investors and the global marketplace through CDP, Outokumpu earned its position on the index by disclosing high quality data on carbon targets, emissions and energy efficiency through CDP's climate change program with the best possible disclosure score, 100.

In the first quarter of 2016, all Outokumpu production sites, now also including Calvert and Mexico, will be covered by certified ISO 14001 environment management systems in order to ensure compliance and systematic continuous improvement.

Outokumpu will publish its sustainability report together with the 2015 annual report in March 2016. Both will be available at http://www.outokumpu.com.

Research and development

Outokumpu's research & development (R&D) involves process, product, application and technical market development. R&D works closely together with the customers to align the company's activities with customers' current and future needs. Outokumpu's R&D operations are concentrated in three research centers, located at Avesta in Sweden, at Krefeld and Benrath in Germany and at Tornio in Finland. Each research center has certain focus areas of activity, and they employed around 240 people in 2015. In addition to the research centers, R&D activities also take place at the production sites.

In 2015, Outokumpu's R&D expenditure totaled EUR 23 million, 0.4% of sales (2014: EUR 23 million and 0.3%).

During 2015, process development teams continued to support EMEA restructuring and the ramp-up of the Calvert operations. A job rotation program and networking of technical experts was launched to transfer technical knowledge between R&D and production units. Commercialization of several new steel grades continued, including extensive activities related to the new Forta H-series steels targeted at the automotive industry. The highlights of the application and market development activities included the stainless steel fuel tank, which received the New Applications Award from ISSF (the International Stainless Steel Forum), and publication of the 11th edition of the Outokumpu Corrosion Handbook.

Share development and shareholders

Shareholders

%	Dec 31 2015	Dec 31 2014
Foreign investors	29.6	30.3
Finnish corporations	30.9	33.9
Finnish private households	26.8	18.3
Finnish public sector institutions	9.0	11.3
Finnish financial and insurance institutions	3.0	5.4
Finnish non-profit organizations	0.7	0.8
Shareholders with over 5% of shares and voting rights		
Solidium Oy (owned by the Finnish State)	26.2	29.9
JPMorgan Chase & Co. [1]	> 5	-

[1] Based on a notification to Outokumpu

Updated shareholder information is available at outokumpu.com/investors.

Share information

		Jan–Dec 2015	Jan–Dec 2014
Fully paid share capital at the end of the period	EUR million	311.1	311.1
Average number of shares outstanding [1), 2)]		415,473,976	338,032,061
Number of shares at the end of the period [3)]		416,374,448	416,374,448
Number of shares outstanding at the end of the period [2), 3)]		415,489,308	415,426,724
Number of treasury shares held at the end of the period		885,140	947,724
Share price at the end of the period [1), 3)]	EUR	2.73	4.77
Average share price [1), 3)]	EUR	4.49	5.16
Highest price during the period [1), 3)]	EUR	7.76	7.50
Lowest price during the period [1), 3)]	EUR	2.06	3.37
Market capitalization at the end of period	EUR million	1,138	1,987
Share turnover [3), 4)]	million shares	1,345.5	695.2
Value of shares traded [4)]	EUR million	6,013.4	3,609.1

Source of share information: Nasdaq Helsinki (only includes Nasdaq Helsinki trading)

[1)] 2014 figures presented as rights-issue-adjusted.

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

[3)] 2014 figures adjusted to reflect the reverse split in June 2014.

[4)] 2014 figures include the effect of share subscription rights traded during March 10–19, 2014.

Outokumpu's share price closed the year 2015 at EUR 2.73, down by 42.7% compared to the end of 2014. The share price averaged EUR 4.49 during 2015. At its highest, the share price closed at EUR 7.76, while at its lowest, the price was EUR 2.06. Outokumpu's market capitalization was EUR 1,138 million at the end of the year (December 31, 2014: EUR 1,987 million). The share turnover was more than double at 1,345.5 million shares compared to 695.2 million shares in 2014.

Outokumpu's share capital was unchanged at EUR 311 million at the end of 2015. The total number of Outokumpu shares was 416,374,448, and Outokumpu held 885,140 of its own shares.

Management shareholdings and share based incentive programs

As of December 31, 2015, the members of the Board of Directors and the members of the Outokumpu Leadership Team (OLT) held altogether 180,581 shares, or 0.04% of the total shares outstanding.

Outokumpu has established share-based incentive programs for the OLT members and for selected managers and key employees. The first plan for 2012–2014, of the Performance Share Plan 2012 ended on December 31, 2014. The earnings criteria set for the plan were: TSR (total shareholder return)compared to a peer group, with 30% weighting of the maximum reward, as well as EBIT excluding non-recurring items for the year 2012, EBITDA for the year 2013 and EBIT improvement for the year 2014 representing 70% weighting of the maximum reward. Based on the achievement of the targets, the participants received 23.3% of the maximum number of shares as reward. After deductions for applicable taxes, altogether 48,234 shares were delivered to 69 persons in spring 2015. In addition, cash of EUR 257,949 was paid in taxes and rewards settled in cash.

The first plan for 2012–2014, of the Restricted Share Pool 2012 also ended on December 31, 2014. After deductions for applicable taxes, in total 14,350 shares were delivered to three participants in spring 2015. In addition, cash of EUR 73,779 was paid in taxes.

Outokumpu used its treasury shares for the reward payments and subsequently the number of treasury shares decreased to 885,140 at the end of 2015 (Dec 31, 2014: 947,724).

More details on the share-based incentive programs and information regarding shares and shareholders can be found on the Outokumpu website.

Corporate governance

Changes in Outokumpu Leadership Team

On April 29, 2015, Outokumpu announced the appointment of Jan Hofmann as President and Head of the APAC business area and a member of the Outokumpu Leadership Team effective immediately. Prior to this, he held key positions in the company, such as the Head of strategy and finance for APAC, and the Head of strategy at Outokumpu.

On June 16, 2015, Outokumpu announced the appointment of Michael Williams as the President and Head of the Coil Americas business area and a member of the Outokumpu Leadership Team as of July 1, 2015. Williams has over two decades of experience in the metals industry.

On October 26, 2015, Outokumpu announced the appointment of Roeland Baan as President and CEO of Outokumpu and the Chairman of the Leadership Team as of January 1, 2016. Before joining Outokumpu, Baan was the Executive Vice President and CEO of Aleris Europe and Asia. Previously, Baan has worked for Arcelor Mittal, Mittal Steel, SHV and Shell.

Mika Seitovirta left his position as President and CEO of Outokumpu and the Outokumpu Leadership Team on October 26, 2015. CFO Reinhard Florey served as the interim CEO from October 26 until December 31, 2015.

On November 5, 2015, Outokumpu announced the appointment of Liam Bates as the President and Head of the Quarto Plate business area and a member of the Outokumpu Leadership Team. Before this, Bates had been leading Quarto Plate operations in Europe and the production unit in Degerfors, Sweden. Prior to that, he had held several senior management positions at Outokumpu.

Outokumpu Leadership Team consists of following members as of January 1, 2016:

- Roeland Baan, President and Chief Executive Officer
- Reinhard Florey, Chief Financial Officer
- Olli-Matti Saksi, President – Coil EMEA
- Michael Williams, President – Coil Americas
- Jan Hofmann, President – APAC
- Liam Bates, President – Quarto Plate
- Kari Tuutti, President – Long Products
- Pekka Erkkilä, Executive Vice President – Chief Technology Officer
- Johann Steiner, Executive Vice President – Human Resources, IT, Health and Safety
- Saara Tahvanainen, Executive Vice President – Communications and Marketing

Annual General Meeting

The Annual General Meeting was held on March 26, 2015, in Espoo, Finland. The Meeting approved the financial statements and discharged the management of the company from liability for the financial year 2014. The Meeting decided that no dividend be paid for 2014 and approved the proposals regarding the authorization to the Board of Directors to repurchase the company's own shares and to decide on the issuance of shares as well as other special rights entitling to shares.

The meeting decided that the number of Board members continues to be eight, and the annual remuneration for the Board remains unchanged. Markus Akermann, Roberto Gualdoni, Stig Gustavson, Heikki Malinen, Elisabeth Nilsson, Jorma Ollila and Olli Vaartimo of the current members were re-elected to the Board, and Saila Miettinen-Lähde was elected as a new member for the term of office ending at the end of the next Annual General Meeting. Jorma Ollila was elected as the Chairman and Olli Vaartimo as the Vice Chairman of the Board of Directors.

All resolutions of the Annual General Meeting 2015 can be found on the company's website at http://www.outokumpu.com/en/investors/governance/generalmeetingofshareholders/Previous-AGMs.

Nomination Board

Outokumpu's Annual General Meeting has established a Nomination Board to annually prepare proposals on the composition of the Board of Directors and director remuneration for the Annual General Meeting. The Nomination Board consists of the representatives of the four largest shareholders registered in the shareholders' register of the company on October 1 and the Chairman of the Board of Directors as an expert member.

On October 1, 2015, the four largest shareholders of Outokumpu were Solidium Oy, Varma Mutual Pension Insurance Company, the Social Insurance Institution of Finland and Ilmarinen Mutual Pension Insurance Company. They have appointed the following representatives to the Nomination Board:

- Kari Järvinen, Managing Director of Solidium Oy
- Pekka Pajamo, CFO of Varma Mutual Pension Insurance Company
- Tuula Korhonen, Investment Director of the Social Insurance Institution of Finland
- Timo Ritakallio, President and CEO of Ilmarinen Mutual Pension Insurance Company

The Nomination Board proposes that the Board of Directors would consist of nine members and Markus Akermann, Roberto Gualdoni, Stig Gustavson, Heikki Malinen, Saila Miettinen-Lähde, Elisabeth Nilsson, Jorma Ollila and Olli Vaartimo would be re-elected, and Kati ter Horst would be elected as new member for the term of office ending at the end of the next Annual General Meeting. Jorma Ollila would be re-elected as the Chairman and Olli Vaartimo as the Vice Chairman of the Board of Directors. According to the proposal, the annual remuneration of the Board would be kept at the same level as during the previous term.

Audit tender process

Outokumpu has commenced a tender process for selecting company auditor as of 2017. An audit tendering process was last held in 2005, and KPMG has been the Group Auditor since 2006. Virpi Halonen has been the Auditor in Charge since 2012.

Board of Directors' proposal for profit distribution

In accordance with the Board of Directors' established dividend policy, the pay-out ratio over a business cycle should be at least one third of the Group's profit for the period, with the aim of having stable annual payments to shareholders. In its annual dividend proposal, the Board of Directors will, in addition to financial results, take into consideration the Group's investment and development needs.

According to the parent company's financial statements on December 31, 2015 distributable funds totaled EUR 2,149 million, of which retained earnings were EUR 26 million.

The Board of Directors is proposing to the Annual General Meeting scheduled for April 6, 2016 that no dividend be paid from the parent company's distributable funds and that net result for the financial year 2015 be allocated to retained earnings.

Events after the reporting period

On January 19, 2016, Outokumpu announced that Chief Financial Officer (CFO) Reinhard Florey has decided to leave the company to become CFO at OMV, an international Oil and Gas company based in Austria. Florey will start in his new position latest on August 1, 2016 and continues as the CFO of Outokumpu until then.

Espoo, February 10, 2016

Board of Directors

Condensed consolidated financial statements

Condensed income statement

EUR million	Oct–Dec 2015	July–Sept 2015	Oct–Dec 2014	Jan–Dec 2015	Jan–Dec 2014
Continuing operations:					
Sales	**1,435**	1,487	1,674	**6,384**	6,844
Cost of sales	**-1,438**	-1,476	-1,625	**-6,273**	-6,714
Gross margin	**-3**	11	49	**111**	130
Other operating income	**427**	13	25	**472**	47
Costs and expenses	**-74**	-95	-93	**-342**	-354
Other operating expenses	**-9**	-6	-17	**-13**	-65
EBIT	**341**	-77	-36	**228**	-243
Share of results in associated companies and joint ventures	**47**	-1	0	**49**	7
Financial income and expenses					
Interest income	**1**	1	1	**4**	3
Interest expenses	**-34**	-31	-32	**-130**	-141
Market price gains and losses	**3**	1	1	**3**	-15
Other financial income	**0**	1	1	**2**	2
Other financial expenses	**-6**	-7	-10	**-29**	-70
Result before taxes	**352**	-113	-75	**127**	-459
Income taxes	**-44**	-2	19	**-41**	8
Net result for the period from continuing operations	**308**	-115	-57	**86**	-450
Net result for the period from discontinued operation	**-**	-	0	**-**	11
Net result for the period	**308**	-115	-56	**86**	-439
Attributable to:					
Equity holders of the Company	**309**	-111	-55	**96**	-434
Non-controlling interests	**-1**	-4	-0	**-9**	-5
Earnings per share for result attributable to the equity holders of the Company (basic and diluted), EUR [1)]					
Earnings per share, continuing operations	**-**	-	-0.13	**-**	-1.27
Earnings per share, discontinued operation	**-**	-	0.00	**-**	0.03
Earnings per share	**0.74**	-0.27	-0.13	**0.23**	-1.24

[1)] 2014 figures calculated based on the rights-issue-adjusted weighted average number of shares and adjusted to reflect the reverse split on June 20, 2014.

Statement of comprehensive income

EUR million	**Oct–Dec 2015**	July–Sept 2015	Oct–Dec 2014	**Jan–Dec 2015**	Jan–Dec 2014
Net result for the period	**308**	-115	-56	**86**	-439
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations					
Change in exchange differences	**20**	-27	14	**75**	71
Reclassification adjustments from other comprehensive income to profit or loss	**-17**	-	-	**-17**	-
Available-for-sale financial assets					
Fair value changes during the period	**-0**	-1	1	**-1**	3
Reclassification adjustments from other comprehensive income to profit or loss	**-**	-	0	**-**	3
Income tax relating to available-for-sale financial assets	**0**	0	0	**0**	-1
Cash flow hedges					
Fair value changes during the period	**4**	-4	-7	**3**	-11
Reclassification adjustments from other comprehensive income to profit or loss	**0**	0	0	**0**	-2
Income tax relating to cash flow hedges	**-1**	1	0	**-1**	3
Share of other comprehensive income in associated companies and joint ventures	**0**	0	0	**0**	-0
Items that will not be reclassified to profit or loss:					
Remeasurements on defined benefit obligation plans					
Changes during the accounting period	**-31**	-5	51	**3**	-14
Income tax relating to remeasurements	**-7**	0	-13	**-7**	-12
Share of other comprehensive income in associated companies and joint ventures	**0**	0	0	**-1**	1
Other comprehensive income for the period, net of tax	**-32**	-35	46	**56**	41
Total comprehensive income for the period	**276**	-150	-10	**142**	-398
Attributable to:					
Equity holders of the Company	**277**	-146	-10	**150**	-394
Non-controlling interests	**-1**	-4	0	**-8**	-4

Condensed statement of financial position

EUR million	Dec 31 2015	Sept 30 2015	Dec 31 2014
ASSETS			
Non-current assets			
Intangible assets	498	567	567
Property, plant and equipment	3,005	3,061	3,138
Investments in associated companies and joint ventures	63	82	78
Other financial assets	41	38	29
Deferred tax assets	16	61	44
Defined benefit plan assets	35	38	36
Trade and other receivables	40	17	12
Total non-current assets	3,698	3,864	3,904
Current assets			
Inventories	1,251	1,413	1,527
Other financial assets	53	32	40
Trade and other receivables	686	676	749
Cash and cash equivalents	186	225	191
Total current assets	2,177	2,346	2,507
TOTAL ASSETS	5,874	6,210	6,411
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company	2,329	2,051	2,132
Non-controlling interests	-	33	0
Total equity	2,329	2,085	2,132
Non-current liabilities			
Non-current debt	1,249	1,494	1,597
Other financial liabilities	9	11	18
Deferred tax liabilities	16	38	31
Defined benefit and other long-term employee benefit obligations	369	335	372
Provisions	113	110	198
Trade and other payables	48	48	47
Total non-current liabilities	1,805	2,035	2,262
Current liabilities			
Current debt	547	743	569
Other financial liabilities	50	51	87
Provisions	23	26	26
Trade and other payables	1,121	1,270	1,335
Total current liabilities	1,741	2,090	2,016
TOTAL EQUITY AND LIABILITIES	5,874	6,210	6,411

Condensed statement of cash flows

EUR million	Oct-Dec 2015	Jul-Sep 2015	Oct-Dec 2014	Jan–Dec 2015	Jan–Dec 2014
Net result for the period	308	-115	-56	86	-439
Adjustments					
Depreciation, amortization and impairments	68	80	81	304	351
Other non-cash adjustments	-409	48	-11	-401	120
Change in working capital	56	91	126	94	-50
Dividends received	-	-	-	0	3
Interests received	2	1	0	4	2
Interests paid	-20	-31	-19	-111	-111
Income taxes paid	-4	-6	-0	-11	-2
Net cash from operating activities	2	67	122	-34	-126
Purchases of assets	-48	-35	-54	-151	-144
Proceeds from the disposal of subsidiaries, net of cash and tax	375	-	-	375	-50
Proceeds from the sale of assets	3	20	14	23	30
Other investing cash flow	-11	0	1	-8	1
Net cash from investing activities	319	-15	-39	239	-162
Cash flow before financing activities	321	52	83	205	-289
Rights issue	-	-	-	-	640
Capital contribution by the non-controlling interest holder	-	41	-	41	-
Borrowings of non-current debt	1	0	3	316	1,022
Repayment of non-current debt	-259	-81	-273	-648	-1,505
Change in current debt	-102	8	-20	78	-277
Other financing cash flow	-1	1	4	0	3
Net cash from financing activities	-361	-31	-286	-213	-116
Net change in cash and cash equivalents	-40	21	-203	-8	-404
Cash and cash equivalents at the beginning of the period	225	207	400	191	607
Foreign exchange rate effect	1	-3	-6	2	0
Discontinued operations net change in cash effect	-	-	-	-	-12
Net change in cash and cash equivalents	-40	21	-203	-8	-404
Cash and cash equivalents at the end of the period	186	225	191	186	191

2014 cash flows are presented for continuing operations.

Statement of changes in equity

EUR million	Share capital	Premium fund	Invested unrestricted equity reserve	Other reserves	Fair value reserves	Cumulative translation differences	Remeasurements of defined benefit plans	Treasury shares	Retained earnings	Non-controlling interests	Total equity
	Attributable to the equity holders of the parent										
Equity on Jan 1, 2014	**311**	**714**	**1,462**	**7**	**9**	**-119**	**-65**	**-24**	**-410**	**4**	**1,891**
Net result for the period	-	-	-	-	-	-	-	-	-434	-5	-439
Other comprehensive income	-	-	-	-	-5	70	-27	-	1	1	41
Total comprehensive income for the period	-	-	-	-	-5	70	-27	-	-433	-4	-398
Transactions with equity holders of the Company											
Contributions and distributions											
Rights issue	-	-	640	-	-	-	-	-	-	-	640
Share-based payments	-	-	-	-	-	-	-	1	1	-	2
Changes in ownership interests											
Acquisition of a non-controlling interest	-	-	-	-	-	-	-	-	-3	-0	-3
Disposal of subsidiary	-	-	-	-1	-	-	4	-	-3	-0	-0
Other	-	-	-	-2	-	-	-	-	2	-	-
Equity on Dec 31, 2014	**311**	**714**	**2,103**	**5**	**5**	**-49**	**-89**	**-23**	**-846**	**0**	**2,132**
Equity on Jan 1, 2015	**311**	**714**	**2,103**	**5**	**5**	**-49**	**-89**	**-23**	**-846**	**0**	**2,132**
Net result for the period	-	-	-	-	-	-	-	-	96	-9	86
Other comprehensive income	-	-	-	-	1	57	-4	-	-1	1	56
Total comprehensive income for the period	-	-	-	-	1	57	-4	-	95	-8	142
Transactions with equity holders of the Company											
Contributions and distributions											
Convertible bond	-	-	-	-	-	-	-	-	45	-	45
Capital contribution by the non-controlling interest holder [1)]	-	-	-	-	-	-	-	-	-	41	41
Share-based payments	-	-	-	-	-	-	-	2	-0	-	1
Changes in ownership interests											
Disposal of non-controlling interest	-	-	-	-	-	-	-	-	-	-32	-32
Equity on Dec 31, 2015	**311**	**714**	**2,103**	**5**	**6**	**8**	**-92**	**-21**	**-704**	**-**	**2,329**

[1)] Capital contribution by the non-controlling interest holder relates to full payment of the previously unpaid portion of share capital in SKS.

NOTES TO THE FINANCIAL STATEMENTS

Basis of preparation

This annual accounts bulletin is prepared in accordance with IAS 34 (Interim Financial Reporting). Annual figures in this annual accounts bulletin are audited.

The same accounting policies and methods of computation have been followed when preparing the financial statements for 2015 as in the financial statements for 2014, except for the new and revised IFRS standards adopted from January 1, 2015 and the principles related to the convertible bonds issue in February 2015. During 2015 Outokumpu also reviewed the useful lives of its property, plant and equipment and concluded that its maintenance and operating practices call for a change in the useful lives of machinery and equipment. As certain existing machinery and equipment have been and will be used for longer than previously anticipated, the estimated useful lives of these assets have been lengthened. For heavy machinery and equipment, the useful life estimate has been changed to 15-30 years compared to the previous 15-20 years. The new accounting estimate has been applied prospectively from October 1, 2015 onwards. The reduction of Group annual depreciation expense is estimated to be approximately EUR 75 million.

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

The sales, profits and working capital of Outokumpu are subject to seasonal fluctuations as a result of industry demand, the number of working days, weather conditions and vacation periods. For example, production and shipment volumes with respect to stainless steel products are generally higher in the spring and fall seasons and generally lower in the winter and summer seasons. These seasonal fluctuations have a direct impact on the use of working capital and, therefore, also on net debt and cash flows of Outokumpu.

The following amendments to IFRS standards and interpretations were adopted from January 1, 2015:

- IFRIC 21 Levies: The interpretation clarifies the accounting treatment of levies. A liability for a levy is recognized when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation is applicable to all levies other than income taxes, fines, penalties and outflows that are in scope of other standards. The interpretation did not have a significant impact on Outokumpu’s consolidated financial statements.

- Annual Improvements to IFRSs (2011–2013 cycle and 2010–2012 cycle): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments covered in total four (2011–2013 cycle) and seven (2010–2012 cycle) standards. Their impacts varied standard by standard but were not significant.

The following accounting principles were applied related to the convertible bonds:

The Group classifies convertible bonds as compound instruments. The component parts of the bonds are classified separately as financial liabilities and equity in accordance with the substance of the arrangement.

The liability component is recognized initially at fair value of a similar liability. The equity component is recognized initially at the difference between the fair value of the bond as a whole and the fair value of the liability component. Transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Equity component’s initial carrying amount less the transaction costs was EUR 45 million and liability component’s EUR 203 million in the consolidated statement of financial position. No deferred tax was recognized on the components due to the Group’s tax position.

Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method. The equity component of the bond is not remeasured to initial recognition except on conversion or expiry.

When calculating diluted earnings per share for the period the convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. However, potential ordinary shares are only dilutive if the adjustments decrease the earnings per share ratio.

See Issue of convertible bond below for further information on the bonds.

Management judgment and the use of estimates

The preparation of the financial statements in accordance with IFRSs requires management to make judgments and make 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. 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, inventories, provisions, defined benefit and other long-term employee benefit obligations, impairments and derivative instruments. These are those financial statement items that are mostly affected by management judgments made. The management estimates and judgments are continuously monitored and they are based on prior experience and other factors, such as future expectations assumed to be reasonable considering the circumstances. Although these estimates are based on management's best knowledge of the circumstances at the end of the reporting period, actual results may differ from the estimates and assumptions.

Share based payment plans

Outokumpu's share based payment programs include Performance Share Plan 2012 (Plans 2013–2015, 2014–2016 and 2015–2017) and Restricted Share Pool Program (Plans 2013–2015, 2014–2016 and 2015–2017).

The Performance Share Plan 2012–2014 ended and based on the achievement of the targets, the Board confirmed that the participants received 23.3% of the maximum number of shares as reward. After deductions for applicable taxes, altogether 48,234 shares were delivered to 69 persons in 2015. In addition, cash of EUR 258 thousand was paid for taxes and rewards settled in cash. Regarding the Restricted Share Pool Program, plan 2012–2014, after deductions for applicable taxes in total 14,350 shares were delivered to three participants based on the conditions of the plan. In addition, cash of EUR 74 thousand was paid for taxes. Outokumpu used its treasury shares for the reward payments.

In December 2014, the Board of Directors approved the commencement of the new plans (plan 2015–2017) regarding both Performance Share Plan 2012 and Restricted Share Pool Program 2012 as of the beginning of 2015. The maximum number of gross shares (taxes included) that can be allocated from the plans are 2,900,000 and 320,000, respectively. At the end of the reporting period 133 persons participate in the 2015–2017 Performance Share Plan and its earnings criteria for the year 2015 were EBIT excluding non-recurring items and business cash flow, and return on capital employed (ROCE) ranking among peers in 2017. Restricted share grants are approved annually by the CEO on the basis of the authorization granted by the Board of Directors, with the exception of any allocations to Leadership Team members that are approved by the Board of Directors. At the end of the reporting period 6 persons participated in the plan.

The EBIT improvement criterion previously applied to the Performance share plans 2013–2015 and 2014–2016 was for the year 2015 replaced with the same EBIT excluding non-recurring items criterion as applied to the new plan 2015–2017. In addition, criterion on the return on capital employed in 2016 was added to the plan 2014–2016.

In December 2015, the Board of Directors approved the commencement of the fifth plan 2016–2018 regarding both Performance Share Plan 2012 and Restricted Share Pool Program 2012. Furthermore, the Board approved the details of a Matching Share Plan of the new Outokumpu CEO. They all commence at the beginning of 2016.

Detailed information of the share-based incentive programs can be found in Outokumpu's home page www.outokumpu.com.

Issue of convertible bond

In February 2015, Outokumpu issued senior unsecured convertible bonds due February 2020 convertible into ordinary shares in Outokumpu. The principal amount of the bonds was EUR 250 million. Following the issue of the convertible bonds, Outokumpu cancelled the remaining unutilized EUR 250 million of its EUR 500 million liquidity facility that was agreed in February 2014.

The bonds carry a coupon of 3.25% per annum payable semi-annually in arrears. The bonds may be converted into maximum of 33,661,873 new ordinary shares in Outokumpu representing 8.1% of the outstanding shares prior to the issuance. The conversion period commenced in April 2015 and will end in February 2020.

Accounting principles related to the bond are explained under Basis of preparation.

Divestments

In December, 2015 Outokumpu divested its shares in Shanghai Krupp Stainless Co., Ltd. (SKS) in China following its strategy to differentiate from the competition in China and the Asia-Pacific region with specialty grades and tailored solutions. In December 2015 Outokumpu also divested its share in joint venture Fischer Mexicana. The divestment was carried out by selling the shares in the subsidiary Outokumpu Participations Mexico S.A. de C.V. through which the share in Fischer Mexicana was owned. See note Disposals of subsidiaries for more information.

Reduction of credit facilities and loan maturity extension

In December, 2015 Outokumpu prepaid and cancelled EUR 100 million of its EUR 900 million revolving credit facility and signed an amendment and extension agreement relating to the remaining EUR 800 million. The amended facility includes a new EUR 655 million tranche which matures in February 2019 and the remaining EUR 145 million will mature in February 2017. In addition, Outokumpu cancelled and prepaid some EUR 240 million of its bilateral loans, including pension loans, and extended two bilateral facilities by a total amount of EUR 120 million to February 2019.

Disposal of subsidiaries

In December 2015 Outokumpu divested its shares in Shanghai Krupp Stainless Co., Ltd. (SKS) in China following its strategy to differentiate from the competition in China and the Asia-Pacific region with specialty grades and tailored solutions. SKS employed over 450 people. The gain on the transaction net of withholding taxes was EUR 389 million, including EUR 8 million transaction costs and EUR 5 million cumulative foreign exchange gains reclassified from equity to profit or loss. The gain is presented in other operating income (EUR 409 million) and income taxes (EUR -20 million) in the consolidated statement of income.

Effect of SKS disposal on the financial position of the Group

EUR million	2015
Non-current assets	156
Current assets	52
Non-controlling interest	-32
Non-current liabilities	-18
Current liabilities	-137
	21
Consideration received in cash and cash equivalents	358
Withholding taxes	-20
Cash and cash equivalents of the company disposed of	-15
Net cash inflow	323
Receivable	75

In December 2015 Outokumpu divested its share in joint venture Fischer Mexicana. The divestment was carried out by selling the shares in the subsidiary Outokumpu Participations Mexico S.A. de C.V. through which the share in Fischer Mexicana was owned. The consideration received in cash was EUR 57 million. The gain on the sale net of taxes was EUR 43 million, including EUR 1 million transaction costs and EUR 12 million of cumulative foreign exchange gains reclassified from equity to profit or loss. The gain is presented in share of results in associated companies and joint ventures (EUR 49 million) and income taxes (EUR -6 million) in the consolidated statement of income. In the consolidated statement of financial position the divestment mainly affected the item investments in associated companies and joint ventures, which decreased by EUR 18 million. Cash and cash equivalents of the divested subsidiary were EUR 0 million.

Property, plant and equipment

EUR million	Jan–Dec 2015	Jan–Dec 2014
Carrying value at the beginning of the period	3,138	3,254
Translation differences	132	115
Additions	129	117
Disposals	-13	-9
Disposed subsidiaries	-86	-
Reclassifications	-2	-4
Depreciation and impairments	-293	-333
Carrying value at the end of the period	3,005	3,138

Commitments

EUR million	Dec 31 2015	Dec 31 2014
Mortgages	3,559	3,593
Other pledges	30	-
Guarantees		
On behalf of subsidiaries for commercial commitments	30	27
On behalf of associated companies for financing	7	6
On behalf of other parties for financing	1	1
On behalf of other parties for commercial and other commitments	2	1
Other commitments	11	19
Minimum future lease payments on operating leases	72	63

Mortgages relate mainly to the refinancing measures which became effective in 2014. A major part of Outokumpu's borrowings are secured partly by security to the real property of the Group's main production plants and partly by share pledges over the shares in selected Group companies.

Certain guarantees issued by Outokumpu on behalf of the companies sold to ThyssenKrupp in 2014 have not yet been transferred to ThyssenKrupp as of December 31, 2015. These are presented as guarantees on behalf of other companies for financing and commercial and other commitments.

One remaining guarantee issued by ThyssenKrupp on behalf of Inoxum companies has not yet been transferred to Outokumpu Oyj as of December 31, 2015. However, Outokumpu Oyj has given ThyssenKrupp a counter-guarantee for this commitment amounting to EUR 4 million.

In 2015 Outokumpu agreed a security, including a pledge of shares of a subsidiary company, related to AvestaPolarit pension scheme.

In 2015, Outokumpu increased its share in the Fennovoima nuclear power plant project by 1.8 percentage points to 14%. Outokumpu's share of the investment is about EUR 250 million of which EUR 35 million has been paid by the end of the reporting period. Annual capital expenditure related to the project is expected to be around EUR 10–20 million in the coming years, and approximately half of the investment is expected to be paid only at the end of the construction phase in 2022–2023. Outokumpu is liable for Fennovoima's operating costs in proportion to its share of ownership.

Group's other off-balance sheet investment commitments totaled EUR 60 million on December 31, 2015 (Dec 31, 2014: EUR 66 million).

Related party transactions

EUR million	Jan–Dec 2015	Jan–Dec 2014
Transactions and balances with associated companies and joint ventures		
Sales	137	162
Purchases	-6	-8
Trade and other receivables	64	41
Trade and other payables	1	1

EUR 10 million of receivables from associated companies were impaired on December 31, 2015 (Dec 31, 2014: EUR - million).

Property, plant and equipment with sales price of EUR 8 million was sold to an associated company party in 2015.

In 2014, the related party transactions included sales of EUR 56 million, purchases of EUR 20 million and interest expenses of EUR 10 million with ThyssenKrupp between January 1–February 28, 2014.

Fair values and nominal amounts of derivative instruments

EUR million	Dec 31 2015 Net fair value	Dec 31 2014 Net fair value	Dec 31 2015 Nominal amounts	Dec 31 2014 Nominal amounts
Currency and interest rate derivatives				
Currency forwards including embedded derivatives	5	-34	2,284	1,778
Currency options, bought	-	0	-	16
Interest rate swaps	-7	-11	578	606
Interest rate options, bought	-	0	-	143
Interest rate options, sold	-	-1	-	43
			Tonnes	Tonnes
Metal derivatives				
Forward and futures nickel contracts	-4	4	32,623	51,094
Forward and futures molybdenum contracts	-3	-3	212	654
Emission allowance derivatives	-0	1	2,400,000	1,900,000
Propane derivatives	-12	-22	61,500	89,000
			MMBtu	MMBtu
Natural gas derivatives	-1	-2	705,000	2,025,000
	-22	-68		

Hierarchy of financial assets and liabilities measured at fair value on December 31, 2015

EUR million	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	0	3	1	5
Investment at fair value through profit or loss	16	-	1	16
Derivatives	-	38	-	38
	16	41	2	59
Liabilities				
Derivatives	-	59	-	59

Reconciliation of changes on level 3

EUR million	Available-for-sale financial assets	Investment at fair value through profit or loss
Carrying value on Jan 1, 2015	3	2
Fair value changes	-2	-1
Carrying balance on Dec 31, 2015	1	1

Available for sale financial assets at hierarchy level 3 relates to investments in energy producing companies. Valuation model of energy producing companies is based on discounted cash flow (model), which takes into account the future prices of electricity, discount rate, inflation rate, the estimated amount of electricity to be received and estimated production costs. The valuation is mainly driven by electricity price. +/- 10% change in electricity price leads to an increase of EUR 0 million or decrease of EUR 0 million in valuation.
The fair value of the non-current loan receivables is EUR 3 million (carrying amount EUR 3 million) and the fair value of long-term debt is EUR 1,245 million (carrying amount EUR 1,249 million). The fair value of the convertible bonds includes the value of the conversion rights. For other financial instruments the carrying amount is a reasonable approximation of fair value.

Key figures by quarters

EUR million	I/14	II/14	III/14	IV/14	2014	I/15	II/15	III/15	IV/15	2015
Non-recurring items										
Gain on the SKS divestment	-	-	-	-	-	-	-	-	409	409
Redundancy costs	-88	-7	-12	-6	-113	-	-	-2	-23	-25
Environmental provisions related to site closures	-25	-	-	-	-25	-	-	-	-	-
Net costs related to technical issues in Calvert	-	-	-	-21	-21	-19	-	-	2	-17
Non-recurring items in EBITDA	-113	-7	-12	-27	-159	-19	-	-2	388	367
of which in gross margin	-113	-7	-9	-39	-167	-15	-	-2	-22	-39
Additionally in EBIT										
Impairments related to EMEA restructuring	-27	-	-	-	-27	-	-	-	-6	-6
Non-recurring items in EBIT	-140	-7	-12	-27	-186	-19	-	-2	381	360
EBIT margin, %	-11.6	-0.6	-0.5	-2.2	-3.6	-0.6	-1.5	-5.2	23.8	3.6
Return on capital employed, %	-18.3	-1.0	-0.8	-3.5	-5.8	-1.0	-2.5	-7.6	34.5	5.8
Return on equity, %	-47.5	-10.3	-14.0	-10.4	-21.8	-8.7	-11.3	-21.5	55.9	3.9
Non-current debt	2,210	1,627	1,852	1,597	1,597	1,732	1,576	1,494	1,249	1,249
Current debt	404	602	616	569	569	600	747	743	547	547
Cash and cash equivalents	-880	-161	-400	-191	-191	-298	-207	-225	-186	-186
Net debt at the end of period	1,733	2,068	2,068	1,974	1,974	2,034	2,116	2,012	1,610	1,610
Capital employed at the end of period	3,958	4,208	4,149	4,072	4,072	4,208	4,212	4,009	3,850	3,850
Equity-to-assets ratio at the end of period, %	32.8	33.7	31.6	33.3	33.3	32.3	33.5	33.6	39.6	39.6
Debt-to-equity ratio at the end of period, %	75.9	92.5	96.4	92.6	92.6	91.5	96.4	96.5	69.1	69.1
Net debt to EBITDA	n/a	33.1	10.8	7.5	7.5	6.5	7.3	9.3	7.4	7.4
Earnings per share, EUR [1) 2)]	-1.66	-0.14	-0.18	-0.13	-1.24	-0.10	-0.14	-0.27	0.74	0.23
Equity per share at the end of period, EUR [2)]	5.49	5.38	5.16	5.13	5.13	5.35	5.29	4.93	5.60	5.60
Deliveries, 1,000 tonnes										
Cold rolled	487	489	479	425	1,880	458	449	433	426	1,767
White hot strip	103	107	85	78	373	93	88	79	85	346
Quarto plate	22	23	22	22	89	24	31	23	24	102
Long products	16	18	15	14	64	16	16	18	13	63
Semi-finished products	71	62	62	75	271	49	52	44	77	222
Stainless steel [3)]	46	37	29	27	138	27	29	16	23	95
Ferrochrome	25	25	33	49	133	22	23	29	54	128
Tubular products	2	2	3	2	9	2	3	2	2	9
Total deliveries	701	701	667	617	2,686	642	640	599	627	2,509
Stainless steel deliveries	676	675	634	568	2,554	620	616	570	574	2,381
Average personnel for the period [4)]	12,443	12,833	12,700	12,184	12,540	11,927	12,172	11,879	11,353	11,833

[1)] 2014 figures calculated based on the rights-issue-adjusted weighted average number of shares.

[2)] Comparative figures adjusted to reflect the reverse split on June 20, 2014.

[3)] Black hot band, slabs, billets and other stainless steel products.

[4)] 2014 figures presented for continuing operations.

Business Area key figures by quarters

Stainless steel deliveries 1,000 tonnes	I/14	II/14	III/14	IV/14	2014	I/15	II/15	III/15	**IV/15**	**2015**
Coil EMEA total	464	438	395	369	1,666	411	415	374	**377**	**1,577**
of which intra-group	36	31	18	38	124	30	39	28	**27**	**124**
Coil Americas total	135	143	137	126	541	126	111	134	**138**	**509**
of which intra-group	3	3	1	1	8	-	-	12	**1**	**13**
APAC total	48	58	60	54	220	52	61	51	**33**	**197**
of which intra-group	-	-	-	-	-	-	-	-	**-**	**-**
Quarto Plate total	24	25	24	24	98	26	31	24	**24**	**105**
of which intra-group	1	1	1	1	3	1	1	1	**1**	**3**
Long Products total	65	80	60	43	248	52	62	58	**42**	**213**
of which intra-group	20	34	22	8	84	16	22	30	**12**	**80**
Group total deliveries	676	675	634	568	2,554	620	616	570	**574**	**2,381**

Sales EUR million	I/14	II/14	III/14	IV/14	2014	I/15	II/15	III/15	**IV/15**	**2015**
Coil EMEA total	1,169	1,161	1,134	1,055	4,520	1,127	1,090	973	**944**	**4,134**
of which intra-group	149	127	107	104	488	93	97	94	**73**	**357**
Coil Americas total	254	291	316	297	1,158	308	255	276	**272**	**1,111**
of which intra-group	3	12	7	5	27	8	4	20	**5**	**37**
APAC total	88	118	124	114	444	112	129	97	**65**	**403**
of which intra-group	2	2	3	3	10	3	3	1	**2**	**10**
Quarto Plate total	102	114	113	120	450	122	133	104	**99**	**459**
of which intra-group	12	17	16	19	63	17	18	12	**13**	**60**
Long Products total	149	203	171	129	651	149	159	142	**100**	**551**
of which intra-group	41	77	51	19	188	36	46	56	**23**	**162**
Other operations total	135	178	193	184	689	181	167	157	**158**	**663**
of which intra-group	73	77	68	74	292	75	71	79	**87**	**311**
Group total sales	1,617	1,753	1,799	1,674	6,844	1,768	1,694	1,487	**1,435**	**6,384**

EBIT

EUR million	I/14	II/14	III/14	IV/14	2014	I/15	II/15	III/15	**IV/15**	**2015**
Coil EMEA	-134	7	27	13	-86	48	56	-5	**1**	**100**
Coil Americas	-36	-17	-29	-22	-104	-49	-65	-49	**-52**	**-215**
APAC	-5	1	-2	1	-6	-2	-5	-8	**-4**	**-20**
Quarto Plate	-2	-9	-5	-9	-26	0	-2	-14	**-4**	**-19**
Long Products	0	14	8	11	33	4	5	1	**-8**	**2**
Other operations and intra-group items	-11	-6	-9	-30	-55	-11	-15	-2	**407**	**380**
Group total EBIT	-188	-10	-9	-36	-243	-10	-26	-77	**341**	**228**

EBIT excl. non-recurring items

EUR million	I/14	II/14	III/14	IV/14	2014	I/15	II/15	III/15	**IV/15**	**2015**
Coil EMEA	6	14	38	19	78	48	56	-3	**30**	**131**
Coil Americas	-36	-17	-29	-0	-82	-30	-65	-49	**-54**	**-198**
APAC	-5	1	-2	1	-6	-2	-5	-8	**-4**	**-20**
Quarto Plate	-2	-9	-5	-9	-26	0	-2	-14	**-4**	**-19**
Long Products	0	14	8	11	33	4	5	1	**-8**	**2**
Other operations and intra-group items	-11	-6	-8	-30	-54	-11	-15	-2	**-1**	**-28**
Group total EBIT excl. non-recurring items	-48	-3	3	-9	-57	8	-26	-74	**-40**	**-132**

Underlying EBIT

EUR million	I/14	II/14	III/14	IV/14	2014	I/15	II/15	III/15	**IV/15**	**2015**
Coil EMEA	10	15	15	21	62	28	42	2	**34**	**107**
Coil Americas	-40	-25	-33	6	-93	-28	-50	-44	**-41**	**-163**
APAC	-5	1	-2	0	-6	-2	-4	-9	**-3**	**-18**
Quarto Plate	-4	-8	-11	-6	-30	-0	-4	-16	**-3**	**-23**
Long Products	2	11	6	12	32	3	4	3	**-3**	**7**
Other operations and intra-group items	-8	1	-4	-42	-52	1	-14	-3	**4**	**-11**
Group total underlying EBIT	-45	-6	-28	-9	-88	2	-25	-67	**-11**	**-101**

Non-recurring items in EBIT

EUR million	I/14	II/14	III/14	IV/14	2014	I/15	II/15	III/15	**IV/15**	**2015**
Coil EMEA	-140	-7	-11	-6	-164	-	-	-2	**-29**	**-31**
Coil Americas	-	-	-	-21	-21	-19	-	-	**2**	**-17**
APAC	-	-	-	-	-	-	-	-	**-**	**-**
Quarto Plate	-	-	-	-	-	-	-	-	**-**	**-**
Long Products	-	-	-	-	-	-	-	-	**-**	**-**
Other operations	-	-	-1	-0	-1	-	-	-	**409**	**409**
Group total non-recurring items in EBIT	-140	-7	-12	-27	-186	-19	-	-2	**381**	**360**

EBITDA

EUR million	I/14	II/14	III/14	IV/14	2014	I/15	II/15	III/15	**IV/15**	**2015**
Coil EMEA	-54	58	74	63	142	95	104	42	**45**	**285**
Coil Americas	-19	1	-12	-2	-33	-28	-44	-28	**-39**	**-138**
APAC	-2	4	2	4	8	2	-1	-5	**-1**	**-6**
Quarto Plate	2	-5	-1	-4	-7	5	3	-9	**0**	**-1**
Long Products	2	16	10	12	40	5	8	3	**-6**	**10**
Other operations and intra-group items	-8	-3	-6	-27	-45	-15	-14	0	**409**	**381**
Group total EBITDA	-78	70	67	45	104	65	55	3	**408**	**531**

EBITDA excl. non-recurring items

EUR million	I/14	II/14	III/14	IV/14	2014	I/15	II/15	III/15	**IV/15**	**2015**
Coil EMEA	59	66	85	68	278	95	104	44	**68**	**310**
Coil Americas	-19	1	-12	19	-11	-9	-44	-28	**-41**	**-121**
APAC	-2	4	2	4	8	2	-1	-5	**-1**	**-6**
Quarto Plate	2	-5	-1	-4	-7	5	3	-9	**0**	**-1**
Long Products	2	16	10	12	40	5	8	3	**-6**	**10**
Other operations and intra-group items	-8	-3	-5	-27	-44	-15	-14	0	**1**	**-27**
Group total EBITDA excl. non-recurring items	34	78	79	73	263	83	55	6	**21**	**165**

Underlying EBITDA

EUR million	I/14	II/14	III/14	IV/14	2014	I/15	II/15	III/15	**IV/15**	**2015**
Coil EMEA	63	67	62	71	263	75	90	49	**72**	**286**
Coil Americas	-23	-7	-16	25	-22	-7	-28	-23	**-28**	**-86**
APAC	-2	4	2	4	7	2	1	-6	**0**	**-4**
Quarto Plate	0	-4	-6	-1	-11	5	1	-11	**1**	**-5**
Long Products	4	13	8	14	38	5	7	5	**-1**	**15**
Other operations and intra-group items	-5	3	-1	-40	-43	-3	-13	-1	**6**	**-10**
Group total underlying EBITDA	37	75	48	72	232	77	57	13	**50**	**196**

Depreciation and amortization

EUR million	I/14	II/14	III/14	IV/14	2014	I/15	II/15	III/15	**IV/15**	**2015**
Coil EMEA	-53	-51	-47	-49	-200	-47	-47	-47	**-38**	**-179**
Coil Americas	-17	-17	-17	-19	-71	-21	-21	-21	**-13**	**-77**
APAC	-3	-3	-3	-4	-14	-4	-4	-3	**-2**	**-14**
Quarto Plate	-5	-5	-5	-5	-19	-5	-5	-5	**-4**	**-18**
Long Products	-2	-2	-1	-2	-6	-2	-2	-2	**-2**	**-8**
Other operations	-2	-2	-2	-2	-10	-1	-1	-1	**-2**	**-6**
Group total depreciation and amortization	-82	-80	-76	-81	-320	-80	-81	-80	**-61**	**-302**

Capital expenditure

EUR million	I/14	II/14	III/14	IV/14	2014	I/15	II/15	III/15	**IV/15**	**2015**
Coil EMEA	9	19	18	22	67	19	16	18	**40**	**92**
Coil Americas	2	2	3	8	15	1	4	2	**12**	**19**
APAC	0	0	0	1	2	0	0	0	**0**	**1**
Quarto Plate	2	5	2	7	16	1	1	0	**1**	**4**
Long Products	1	2	2	2	6	1	0	1	**5**	**7**
Other operations	1	5	0	15	21	4	14	6	**7**	**31**
Group total capital expenditure	15	33	25	54	127	26	35	29	**65**	**154**

Operating capital

EUR million	I/14	II/14	III/14	IV/14	2014	I/15	II/15	III/15	**IV/15**	**2015**
Coil EMEA	2,492	2,575	2,535	2,405	2,405	2,364	2,362	2,333	**2,183**	**2,183**
Coil Americas	993	1,111	1,170	1,195	1,195	1,341	1,289	1,193	**1,229**	**1,229**
APAC	177	183	200	184	184	202	183	174	**38**	**38**
Quarto Plate	245	253	251	218	218	224	228	204	**209**	**209**
Long Products	126	153	151	167	167	174	163	163	**146**	**146**
Other operations and intra-group items	-72	-67	-164	-110	-110	-113	-36	-82	**45**	**45**
Group total operating capital	3,961	4,209	4,142	4,059	4,059	4,192	4,189	3,986	**3,850**	**3,850**

Definitions of key financial figures

EBITDA	=	EBIT before depreciation, amortization and impairments
Capital employed	=	Total equity + net debt + net derivative liabilities + net accrued interest expenses – net assets held for sale – loans receivable – available-for-sale financial assets – investments at fair value through profit or loss – investments in associated companies and joint ventures
Operating capital	=	Capital employed + net deferred tax liability
Return on equity	=	$\frac{\text{Net result for the financial period}}{\text{Total equity (average for the period)}} \times 100$
Return on capital employed (ROCE)	=	$\frac{\text{EBIT}}{\text{Capital employed (average for the period)}} \times 100$
Net debt	=	Non-current debt + current debt – cash and cash equivalents
Equity-to-assets ratio	=	$\frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$
Debt-to-equity ratio	=	$\frac{\text{Net debt}}{\text{Total equity}} \times 100$
Net debt to EBITDA	=	$\frac{\text{Net debt}}{\text{Cumulative EBITDA excl. non-recurring items of previous four quarters}}$
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	=	$\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$