Outokumpu interim statement

Q1 2019

Contents

Outokumpu first quarter interim statement

Solid cash generation in spite of challenging quarter. Group adjusted EBITDA at EUR 54 million.

Highlights in Q1 2019

- Stainless steel deliveries were 621,000 tonnes (644,000 tonnes)[1].
- Adjusted EBITDA was EUR 54 million (EUR 133 million).
- EBITDA was EUR 40 million (EUR 140 million).
- Operating cash flow was EUR 39 million (EUR 39 million).
- Net debt increased to EUR 1,370 million (Dec 31, 2018: EUR 1,241 million).
- Gearing was 51.6% (Dec 31, 2018: 45.1%).
- Return on capital employed (ROCE) was 4.3% (Dec 31, 2018: 7.0%).

Group key figures		Q1/19	Q1/18	Q4/18	2018
Sales	EUR million	**1,715**	1,671	1,586	6,872
EBITDA	EUR million	**40**	140	92	496
Adjusted EBITDA [1)]	EUR million	**54**	133	89	485
EBIT	EUR million	**-17**	90	38	280
Adjusted EBIT [1)]	EUR million	**-3**	83	35	279
Result before taxes	EUR million	**-35**	70	20	175
Net result for the period	EUR million	**-39**	49	27	130
Earnings per share	EUR	**-0.09**	0.12	0.07	0.32
Diluted earnings per share	EUR	**-0.09**	0.12	0.07	0.32
Return on capital employed	%	**4.3**	7.2	7.0	7.0
Net cash generated from operating activities	EUR million	**39**	39	43	214
Net debt at the end of period	EUR million	**1,370**	1,086	1,241	1,241
Debt-to-equity ratio at the end of period	%	**51.6**	40.9	45.1	45.1
Capital expenditure	EUR million	**50**	37	104	260
Stainless steel deliveries	1,000 tonnes	**621**	644	534	2,428
Personnel at the end of period		**10,449**	10,111	10,449	10,449

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

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019 using the modified retrospective approach. Comparative information has not been restated.
More information on the changes to Outokumpu's accounting principles and transition impacts is presented in the end of this interim statement.

[1] Figures in parentheses refer to the corresponding period for 2018, unless otherwise stated.

President & CEO Roeland Baan

"Outokumpu's first quarter performance was in line with our expectations. Our adjusted EBITDA amounted to EUR 54 million reflecting the challenging market situation. Seasonally demand in Europe was stronger than in the previous quarter but not to the extent we would usually experience. In spite of this, we increased our market share. Realized base prices came down slightly compared to fourth quarter. Business area Europe's adjusted EBITDA was further burdened by EUR 12 million currency derivative loss.

As expected, business area Americas had a weak quarter caused by high inventories of expensive raw materials. These inventories have now been consumed and we expect the Americas' profitability to improve supported by the new leadership and revamped commercial and supply chain processes.

Operating cash flow developed favorably thanks to increased focus on working capital. The increase of our net debt to EUR 1.37 billion was due to the IFRS 16 accounting change.

The EU's permanent safeguards, introduced in February, have proven to be effective. Cold-rolled imports to Europe have come back to the levels before the introduction of steel tariffs. However, the full market recovery will take some time as the overall economic uncertainty is adversely influencing demand and volumes.

Thanks to diligent execution of our must-win battles, our productivity and operational stability have improved substantially providing us a hedge against adverse market circumstances."

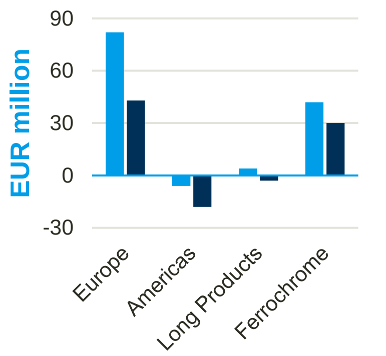
Outlook for Q2 2019

In the second quarter, there are no significant changes expected in the stainless steel markets. As a result, Outokumpu expects its stainless steel deliveries to remain at a similar level to the first quarter of 2019.

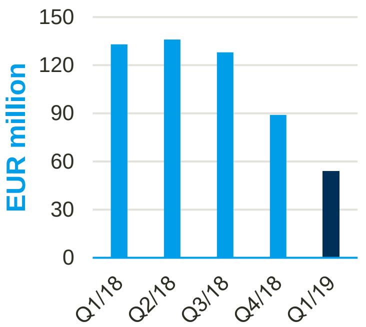
The Ferrochrome result will be positively impacted by the higher ferrochrome benchmark price, partly offset by planned maintenance work in the Tornio ferrochrome operations.

Outokumpu expects its second-quarter adjusted EBITDA to be higher than in the first quarter of 2019 (Q1/19: EUR 54 million).

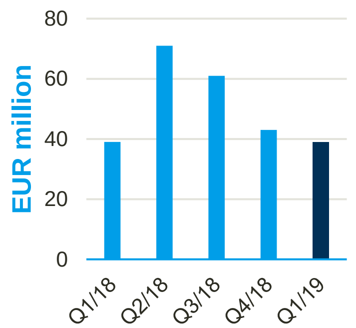
Adj. EBITDA per business area



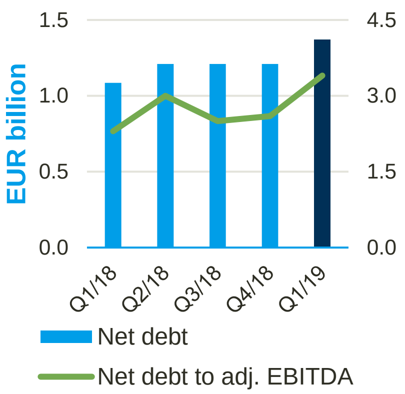
Group adj. EBITDA



Operating cash flow



Net debt and leverage



First-quarter results

Q1 2019 compared to Q1 2018

Outokumpu's sales increased to EUR 1,715 million (EUR 1,671 million). The first-quarter adjusted EBITDA of EUR 54 million was significantly lower than EUR 133 million in the first quarter of 2018 driven particularly by increased graphite electrode and other input costs. Deliveries decreased due to high distributor inventories and softer demand in the Americas and Long Products. Realized base prices decreased as a result of a challenging market in Europe, partly offset by improved pricing and product mix in the Americas. Ferrochrome profitability was negatively impacted by lower contract price and higher costs. The adjusted EBITDA includes a loss of EUR 12 million from currency derivatives. Raw material-related inventory and metal derivative losses were EUR 13 million compared to losses of EUR 5 million in the first quarter of 2018. Other operations and intra-group items' adjusted EBITDA amounted to EUR 1 million (EUR 10 million). Other operations and intra-group items' result includes a EUR -14 million adjustment related to a preliminary settlement between Outokumpu and Thyssenkrupp regarding a tax consolidation claim in Italy, as well as other earlier claims from the merger between Outokumpu and Inoxum.

Q1 2019 compared to Q4 2018

Outokumpu's sales increased to EUR 1,715 million compared to EUR 1,586 million in the fourth quarter of 2018. Adjusted EBITDA decreased by EUR 35 million to EUR 54 million, primarily due to lower Ferrochrome profitability. In addition, realized stainless steel base prices decreased as a result of lower pricing in Europe and Long Products. These negative impacts were partly offset by seasonally higher deliveries, as well as increased prices in the Americas. Raw material-related inventory and metal derivative losses were EUR 13 million compared to losses of EUR 15 million in the fourth quarter of 2018.

Financial position and cash flow

Operating cash flow amounted to EUR 39 million in the first quarter (EUR 39 million). The decrease in working capital was EUR 32 million, compared to an increase of EUR 61 million in the first quarter of 2018. Inventories amounted to EUR 1,448 million (EUR 1,452 million).

Capital expenditure increased to EUR 50 million in the first quarter (EUR 37 million) primarily as a result of ongoing investments in the Kemi mine and the digital transformation project Chorus, including the ERP renewal.

Net debt increased to EUR 1,370 million compared to EUR 1,241 in December 2018 due to the IFRS 16 implementation impact of EUR 131 million. Gearing increased to 51.6% (December 31, 2018: 45.1%), also largely driven by the IFRS 16 implementation with an impact of 4.7 percentage points.

Net financial expenses were EUR 18 million in the first quarter (EUR 22 million) and interest expenses were EUR 18 million (EUR 18 million). Cash and cash equivalents were at EUR 132 million at the end of March (Dec 31, 2018: EUR 68 million) and overall liquidity reserves were above EUR 0.7 billion (Dec 31, 2018: EUR 0.7 billion). In addition to these reserves, the Kemi mine financing facility of EUR 120 million will become available in the second quarter. The facility can be used to finance certain parts of the Kemi mine investment during the following three years.

Market development

According to SMR's latest estimates (April 2019), global apparent stainless steel consumption decreased by 0.4% in the first quarter compared to the same period last year. APAC contributed with a growth of 0.4%, while demand in Europe and Americas shrank by 3.7% and 0.3%, respectively. Global real demand for stainless steel products increased by 2.7% to 10.8 million tonnes (10.5 million tonnes).

The real demand growth year-on-year was strongest in Architecture, Building and Construction & Infrastructure at 5.9%, followed by Automotive & Heavy Transport at 3.2%, Consumer Goods & Medical at 2.7% and Chemical, Petrochemical & Energy at 0.4%. Meanwhile demand in Industrial & Heavy Industries end-use segment declined by 0.6%.

In the second quarter of 2019, global real demand is expected to increase by 2.7% compared to the first quarter of 2019, driven by an increase of 5.4% in EMEA, 4.2% in Americas and 1.8% in APAC. Compared to last year's second quarter, demand is expected to grow by 3.2%, compiled of growth of 2.4% in EMEA, 2.5% in the Americas and 3.5% in APAC. In 2019, total global demand is estimated to grow by 2.8% compared to 2018.

Business area Europe

Europe key figures		Q1/19	Q1/18	Q4/18	2018
Stainless steel deliveries	1,000 tonnes	**415**	412	341	1,547
Sales	EUR million	**1,124**	1,087	970	4,267
Adjusted EBITDA	EUR million	**42**	83	33	248
Adjustments					
Gain on the sale of PPE and release of provisions related to EMEA restructuring	EUR million	**-**	8	3	10
EBITDA	EUR million	**42**	90	36	259
Operating capital	EUR million	**2,055**	1,894	1,934	1,934

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019. Comparative information has not been restated.

Results

Q1 2019 compared to Q1 2018

Sales amounted to EUR 1,124 million (EUR 1,087 million).
Adjusted EBITDA decreased to EUR 42 million (EUR 83 million).

- Stainless steel deliveries were relatively flat.
- Realized base prices were significantly lower as the stainless steel market was still consuming high distributor inventories.
- Costs increased primarily due to higher graphite electrode and other input costs.
- Raw material-related inventory and metal derivative gains were EUR 2 million (losses of EUR 5 million).
- Currency derivatives had a negative impact of EUR 12 million.

Q1 2019 compared to Q4 2018

Adjusted EBITDA increased to EUR 42 million (Q4/18: EUR 33 million).

- Stainless steel deliveries were 22% higher, impacted by typical seasonality.
- Realized base prices decreased due to lower contract prices.
- Costs decreased mainly due to lower maintenance costs.
- Raw material-related inventory and metal derivative gains were EUR 2 million compared to losses of EUR 11 million in Q4/18.
- Currency derivatives had a negative impact of EUR 12 million.

Market

- Real demand grew by 0.8% compared to Q1/18.
- EU cold rolled imports from the third countries were at a level of 21% in Q1/19, down from 29% in Q1/18. (Source: EUROFER, April 2019).
- Distributor inventories were clearly above the long-term average level.
- The CRU reported average EU base price for Q1/19 decreased by EUR 304/tonne compared to Q1/18 and amounted to EUR 796/tonne. Compared to Q4/18, the average base price increased by EUR 66/tonne.

Business area Americas

Americas key figures		Q1/19	Q1/18	Q4/18	2018
Stainless steel deliveries	1,000 tonnes	**164**	214	148	762
Sales	EUR million	**364**	413	351	1,715
Adjusted EBITDA	EUR million	**-18**	-6	-22	-5
EBITDA	EUR million	**-18**	-6	-22	-5
Operating capital	EUR million	**1,028**	1,032	1,084	1,084

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019. Comparative information has not been restated.

Results

Q1 2019 compared to Q1 2018

Sales amounted to EUR 364 million (EUR 413 million).
Adjusted EBITDA amounted to EUR -18 million (EUR -6 million).

- Stainless steel deliveries were 23% lower following the decision to cease low added-value export sales.
- Realized base prices were significantly higher driven by improved market pricing and product mix.
- Costs increased primarily due to higher graphite electrode and other input costs.
- Raw material-related inventory and metal derivative losses were EUR 14 million (losses of EUR 1 million).

Q1 2019 compared to Q4 2018

Adjusted EBITDA amounted to EUR -18 million (Q4/18: EUR -22 million).

- Stainless steel deliveries were 11% higher impacted by typical seasonality.
- Product and raw material mix improved but their impact on realized base prices was partly offset by weaker spot base prices.
- Raw material-related inventory and metal derivative losses were EUR 14 million compared to losses of EUR 0 million in Q4/18.

Market

- Real demand grew by 6.3% compared to Q1/18.
- Cold-rolled imports into the US decreased to approx. 19% in January 2019 compared to 20% in Q1/18 in response to steel tariffs.
- Distributor inventories were slightly below long-term average level.
- The CRU reported average US base price for Q1/19 was USD 37/tonne higher compared to Q1/18 and amounted to USD 1,433/tonne. The average base price decreased by USD 59/tonne from Q4/18.

Business area Long Products

Long Products key figures		Q1/19	Q1/18	Q4/18	2018
Stainless steel deliveries	1,000 tonnes	**70**	76	64	285
Sales	EUR million	**185**	165	185	740
Adjusted EBITDA	EUR million	**-3**	4	-1	25
EBITDA	EUR million	**-3**	4	-1	25
Operating capital	EUR million	**178**	122	179	179

Fagersta Stainless included in stainless steel deliveries, sales, adjusted EBITDA, and EBITDA as of July 1, 2018 and in operating capital as of June 30, 2018.
Outokumpu has adopted IFRS 16 – Leases on January 1, 2019. Comparative information has not been restated.

Results

Q1 2019 compared to Q1 2018

Sales amounted to EUR 185 million (EUR 165 million).
Adjusted EBITDA amounted to EUR -3 million (EUR 4 million).

- Stainless steel deliveries were 8% lower.
- Realized base prices were relatively flat.
- Costs increased primarily due to higher graphite electrode and other input costs.
- Raw material-related inventory and metal derivative losses were EUR 2 million (losses of EUR 1 million).

Q1 2019 compared to Q4 2018

Adjusted EBITDA decreased to EUR -3 million (Q4/18: EUR -1 million).

- Stainless steel deliveries increased by 10% driven by typical seasonality.
- Realized base prices decreased due to weaker demand.
- Raw material-related inventory and metal derivative losses were EUR 2 million compared to gains of EUR 1 million in Q4/18.
- The reference period’s adjusted EBITDA includes a loss of EUR 3 million resulting from an interpretation change related to guaranteed minimum pensions in the UK.

Market

- Long products demand softened both in Europe and the US.
- Base prices weakened in Europe due to softer demand whereas in the US, base price levels remained robust.

Business area Ferrochrome

Ferrochrome key figures		Q1/19	Q1/18	Q4/18	2018
Ferrochrome production	1,000 tonnes	**133**	124	135	497
Sales	EUR million	**126**	131	143	542
Adjusted EBITDA	EUR million	**30**	42	83	210
EBITDA	EUR million	**30**	42	83	210
Operating capital	EUR million	**683**	655	640	640

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019. Comparative information has not been restated.

Results

Q1 2019 compared to Q1 2018

Sales decreased to EUR 126 million (EUR 131 million).
Adjusted EBITDA amounted to EUR 30 million (EUR 42 million).

- Ferrochrome deliveries were relatively flat, whereas production increased to 133,000 tonnes.
- Costs increased due to higher coke and electricity prices.
- Ferrochrome contract price was USD 0.06/lb. lower.

Q1 2019 compared to Q4 2018

Sales decreased to EUR 126 million (Q4/18: EUR 143 million).
Adjusted EBITDA decreased to EUR 30 million (Q4/18: EUR 83 million).

- Ferrochrome production and deliveries were flat.
- Costs increased primarily due to higher coke price.
- Ferrochrome contract price was USD 0.12/lb. lower.
- The reference period’s adjusted EBITDA includes a gain of EUR 32 million from an insurance compensation related to earlier property damage and business interruption.

Market

- The European benchmark price for ferrochrome followed the Chinese spot prices down to USD 1.12/lb in Q1.
- For Q2, the ferrochrome price increased to USD 1.20/lb, supported by the improved spot prices in China.

Safety and people

The total recordable incident frequency rate (TRIFR) was 3.7 for the first quarter of 2019 against the target of less than 3.5 for 2019. Outokumpu has continued its safety strategy including ongoing work standardizing its systems and practices.

Outokumpu's headcount increased by 338 compared to the first quarter of 2018 and totaled 10,449 at the end of March 2019 (10,111). The increase was driven primarily by the acquisition of Fagersta Stainless in Sweden in June 2018.

Shares

On March 31, 2019, Outokumpu's share capital was EUR 311 million, and the total number of shares was 416,374,448. At the end of the first quarter, Outokumpu held 5,148,433 treasury shares. The average number of shares outstanding was 410,953,738 for the first quarter.

Risks and uncertainties

The main realized risks in the first quarter were related to continued inadequate profitability of business area Americas and trade disruptions related to Section 232, which had a negative impact on stainless steel base prices in Europe.

Short-term risks and uncertainties.

Outokumpu is exposed to the following risks and uncertainties in the short term: risks and uncertainties in implementing the announced vision, including measures to implement new IT systems and processes, improve operational reliability, drive competitiveness and further improve financial performance; the risk of permanent safeguard measures initiated by EU not being effective; risks and uncertainties related to global overcapacity in stainless steel, as well as to market development in stainless steel, ferrochrome and competitor actions; availability and price of certain critical supplies, including graphite electrodes; dependencies on certain critical suppliers; changes in the prices of electrical power, fuels, ferrochrome, nickel, iron and molybdenum; currency developments affecting the euro, US dollar, Swedish krona, and British pound; changes in interest margins applied for Outokumpu; fair value of shareholdings; project implementation risks; IT dependency and cyber security risks; refinancing risks; counterparty risks related to customers and other business partners, including suppliers and financial institutions.

Possible adverse changes in the global political and economic environment, including a severe global economic downturn, may have a significant negative impact on Outokumpu's overall business and access to financial markets.

Corporate Governance

Annual General Meeting

Outokumpu's Annual General Meeting 2019 was held on March 27, 2019, in Helsinki, Finland. The Meeting approved the financial statements and discharged the management of the company from liability for the financial year 2018. The Meeting decided that a dividend of 0.15 euros per share be paid for 2018 and authorized the Board of Directors to repurchase the company's own shares and to decide on the issuance of shares as well as special rights entitling to shares.

The Meeting also approved the proposals of the Shareholders' Nomination Board regarding the members of the Board of Directors and their remuneration and the revised Charter of the Shareholders' Nomination Board.

The Annual General Meeting decided in accordance with the proposal by the Nomination Board that the Board of Directors consists of seven members. The current members of the Board of Directors Kati ter Horst, Kari Jordan, Heikki Malinen, Eeva Sipilä and Pierre Vareille were re-elected and Julia Woodhouse and Vesa-Pekka Takala were elected as new members for the term of office ending at the end of the next Annual General Meeting. Kari Jordan was re-elected as the Chairman and Heikki Malinen elected as the new Vice Chairman of the Board of Directors.

Events after the reporting period

On May 1, Outokumpu announced that Olli-Matti Saksi, Outokumpu's Chief Commercial Officer, was appointed interim Head of business area Americas with immediate effect. Saksi had been in charge of the Americas' sales and supply chain organizations since January 2019. Michael S. Williams, who had been leading business area Americas since 2015, had decided to pursue other opportunities outside Outokumpu.

Helsinki, May 7, 2019

Outokumpu
Board of Directors

Financial information

Condensed statement of income (EUR million)	Jan–March 2019	Jan–March 2018	Jan–Dec 2018
Sales	**1,715**	1,671	6,872
Cost of sales	**-1,631**	-1,516	-6,398
Gross margin	**83**	155	474
Other operating income	**6**	11	99
Sales, general and administrative costs	**-76**	-72	-275
Other operating expenses	**-31**	-4	-19
EBIT	**-17**	90	280
Share of results in associated companies and joint ventures	**0**	2	3
Interest expenses	**-18**	-18	-70
Net other financial expenses	**-0**	-4	-37
Total financial income and expenses	**-18**	-22	-107
Result before taxes	**-35**	70	175
Income taxes	**-4**	-21	-45
Net result for the period	**-39**	49	130
Earnings per share for result attributable to the equity holders of the Company			
Earnings per share, EUR	**-0.09**	0.12	0.32
Diluted earnings per share, EUR	**-0.09**	0.12	0.32

Statement of comprehensive income (EUR million)	Jan–March 2019	Jan–March 2018	Jan–Dec 2018
Net result for the period	**-39**	49	130
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	**26**	-12	24
Cash flow hedges	**-1**	-3	0
Items that will not be reclassified to profit or loss:			
Remeasurements on defined benefit obligation plans			
Changes during the accounting period	**-8**	0	-7
Income tax relating to remeasurements	**4**	0	-1
Financial assets at fair value through other comprehensive income	**-15**	-1	2
Share of other comprehensive income in associated companies and joint ventures	**-0**	-0	-0
Other comprehensive income for the period, net of tax	**5**	-16	18
Total comprehensive income for the period	**-34**	33	148

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

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Condensed statement of financial position (EUR million)	March 31 2019	March 31 2018	Dec 31 2018
ASSETS			
Non-current assets			
Intangible assets	**589**	542	585
Property, plant and equipment	**2,794**	2,583	2,659
Investments in associated companies and joint ventures	**49**	74	53
Other financial assets	**75**	68	88
Deferred tax assets	**248**	268	247
Defined benefit plan assets	**89**	75	72
Trade and other receivables	**2**	1	2
Total non-current assets	**3,847**	3,612	3,706
Current assets			
Inventories	**1,448**	1,452	1,555
Other financial assets	**21**	84	28
Trade and other receivables	**748**	769	640
Cash and cash equivalents	**132**	297	68
Total current assets	**2,348**	2,602	2,292
TOTAL ASSETS	**6,195**	6,213	5,998
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company	**2,656**	2,655	2,750
Non-current liabilities			
Non-current debt	**703**	691	798
Other financial liabilities	**0**	2	1
Deferred tax liabilities	**12**	10	12
Defined benefit and other long-term employee benefit obligations	**329**	333	318
Provisions	**61**	73	65
Trade and other payables	**35**	35	35
Total non-current liabilities	**1,140**	1,144	1,229
Current liabilities			
Current debt	**800**	692	511
Other financial liabilities	**17**	33	20
Provisions	**4**	11	5
Trade and other payables	**1,579**	1,679	1,483
Total current liabilities	**2,399**	2,415	2,019
TOTAL EQUITY AND LIABILITIES	**6,195**	6,213	5,998

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Condensed statement of cash flows (EUR million)	Jan–March 2019	Jan–March 2018	Jan–Dec 2018
Net result for the period	**-39**	49	130
Adjustments			
Depreciation, amortization and impairments	**57**	50	216
Other non-cash adjustments	**22**	32	96
Change in working capital	**32**	-61	-112
Provisions, and defined benefit and other long-term employee benefit obligations paid	**-20**	-18	-59
Dividends and interests received	**0**	0	2
Interests paid	**-12**	-11	-54
Income taxes paid	**-2**	-2	-5
Net cash from operating activities	**39**	39	214
Acquired businesses, net of cash	**-**	-	-10
Purchases of assets	**-40**	-36	-245
Proceeds from the sale of assets	**5**	3	26
Net cash from investing activities	**-35**	-33	-229
Cash flow before financing activities	**3**	6	-14
Dividends paid	**-**	-	-103
Treasury share purchase	**-**	-	-17
Borrowings of non-current debt	**50**	-	329
Repayment of non-current debt	**-10**	-3	-245
Change in current debt	**20**	180	7
Other financing cash flow	**1**	2	1
Net cash from financing activities	**60**	179	-29
Net change in cash and cash equivalents	**64**	186	-43
Cash and cash equivalents at the beginning of the period	**68**	112	112
Net change in cash and cash equivalents	**64**	186	-43
Foreign exchange rate effect	**0**	-0	-1
Cash and cash equivalents at the end of the period	**132**	297	68

Statement of changes in equity

(EUR million)

	Attributable to the equity holders of the parent									
	Share capital	Premium fund	Invested unrestricted equity reserve	Other reserves	Fair value reserves	Cumulative translation differences	Remeasurements of defined benefit plans	Treasury shares	Other retained earnings	Total equity
Equity on Jan 1, 2018	**311**	**714**	**2,103**	**3**	**0**	**-81**	**-72**	**-26**	**-225**	**2,728**
Net result for the period	-	-	-	-	-	-	-	-	49	49
Other comprehensive income	-	-	-	-	-3	-12	0	-	-0	-16
Total comprehensive income for the period	-	-	-	-	-3	-12	0	-	49	33
Transactions with equity holders of the Company										
Contributions and distributions										
Dividend distribution	-	-	-	-	-	-	-	-	-103	-103
Share-based payments	-	-	-	-	-	-	-	1	-4	-2
Equity on March 31, 2018	**311**	**714**	**2,103**	**3**	**-3**	**-93**	**-71**	**-24**	**-284**	**2,655**
Equity on Dec 31, 2018	**311**	**714**	**2,103**	**3**	**2**	**-56**	**-80**	**-40**	**-207**	**2,750**
Net result for the period	-	-	-	-	-	-	-	-	-39	-39
Other comprehensive income	-	-	-	-	-16	26	-4	-	-0	5
Total comprehensive income for the period	-	-	-	-	-16	26	-4	-	-39	-34
Transactions with equity holders of the Company										
Contributions and distributions										
Dividend distribution	-	-	-	-	-	-	-	-	-62	-62
Share-based payments	-	-	-	-	-	-	-	2	-2	1
Equity on March 31, 2019	**311**	**714**	**2,103**	**3**	**-14**	**-31**	**-84**	**-37**	**-310**	**2,656**

Adjustments to EBITDA and EBIT (EUR million)	Q1/2019	Q1/2018	2018
Preliminary settlement with ThyssenKrupp	**-14**	-	-
Gain on the sale of PPE and release of provisions related to EMEA restructuring	**-**	8	10
Adjustments to EBITDA	**-14**	8	10
Impairment related to Group's digital transformation project	**-**	-	-10
Adjustments to EBIT	**-14**	8	0

Group key figures		Q1/2019	Q1/2018	2018
Scope of activity				
Capital employed at the end of period	EUR million	**4,135**	3,854	4,086
Capital expenditure	EUR million	**50**	37	260
Depreciation and amortization	EUR million	**-57**	-50	-204
Impairments	EUR million	**-**	-	-12
Personnel at the end of period		**10,449**	10,111	10,449
- average for the period		**10,448**	10,118	10,468
Profitability				
Adjusted EBITDA	EUR million	**54**	133	485
Adjustments to EBITDA	EUR million	**-14**	8	10
EBITDA	EUR million	**40**	140	496
Earnings per share	EUR	**-0.09**	0.12	0.32
Diluted earnings per share	EUR	**-0.09**	0.12	0.32
Adjusted average number of shares [1)]	1,000 shares	**410,954**	412,814	411,066
Return on equity	%	**1.6**	10.0	4.8
Return on capital employed	%	**4.3**	7.2	7.0
Financing and financial position				
Non-current debt	EUR million	**703**	691	798
Current debt	EUR million	**800**	692	511
Cash and cash equivalents	EUR million	**-132**	-297	-68
Net debt at the end of period	EUR million	**1,370**	1,086	1,241
Net debt to Adjusted EBITDA		**3.4**	2.3	2.6
Equity-to-assets ratio at the end of period	%	**43.0**	42.8	45.9
Debt-to-equity ratio at the end of period	%	**51.6**	40.9	45.1
Equity per share at the end of period [1)]	EUR	**6.46**	6.43	6.70

[1)] Excluding treasury shares.

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019. Comparative information has not been restated.

Sales by segment (EUR million)	Q1/19	Q1/18	2018
Europe total	**1,124**	1,087	4,267
of which intra-group	**12**	22	97
Americas total	**364**	413	1,715
of which intra-group	**1**	6	45
Long Products total	**185**	165	740
of which intra-group	**48**	66	220
Ferrochrome total	**126**	131	542
of which intra-group	**85**	105	345
Other operations total	**134**	139	587
of which intra-group	**71**	66	273
Group total sales	**1,715**	1,671	6,872

Adjusted EBITDA by segment (EUR million)	Q1/19	Q1/18	2018
Europe	**42**	83	248
Americas	**-18**	-6	-5
Long Products	**-3**	4	25
Ferrochrome	**30**	42	210
Other operations and intra-group items	**1**	10	7
Group total adjusted EBITDA	**54**	133	485

Adjustments to EBITDA and EBIT by segment (EUR million)	Q1/19	Q1/18	2018
Europe	**-**	8	10
Americas	**-**	-	-
Long Products	**-**	-	-
Ferrochrome	**-**	-	-
Other operations	**-14**	-	-
Group total adjustments in EBITDA	**-14**	8	10
Other operations	**-**	-	-10
Group total adjustments in EBIT	**-14**	8	0

EBITDA by segment (EUR million)	Q1/19	Q1/18	2018
Europe	**42**	90	259
Americas	**-18**	-6	-5
Long Products	**-3**	4	25
Ferrochrome	**30**	42	210
Other operations and intra-group items	**-13**	10	7
Group total EBITDA	**40**	140	496

Adjusted EBIT by segment (EUR million)	Q1/19	Q1/18	2018
Europe	**10**	55	134
Americas	**-31**	-18	-56
Long Products	**-4**	3	18
Ferrochrome	**23**	34	179
Other operations and intra-group items	**-0**	9	4
Group total adjusted EBIT	**-3**	83	279

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EBIT by segment (EUR million)	Q1/19	Q1/18	2018
Europe	**10**	63	144
Americas	**-31**	-18	-56
Long Products	**-4**	3	18
Ferrochrome	**23**	34	179
Other operations and intra-group items	**-14**	9	-6
Group total EBIT	**-17**	90	280

Depreciation and amortization by segment (EUR million)	Q1/19	Q1/18	2018
Europe	**-33**	-28	-114
Americas	**-14**	-12	-51
Long Products	**-2**	-1	-6
Ferrochrome	**-7**	-7	-30
Other operations	**-1**	-1	-3
Group total depreciation and amortization	**-57**	-50	-204

Capital expenditure by segment (EUR million)	Q1/19	Q1/18	2018
Europe	**12**	10	76
Americas	**5**	1	18
Long Products	**2**	1	30
Ferrochrome	**25**	16	79
Other operations	**7**	9	57
Group total capital expenditure	**50**	37	260

Operating capital by segment (EUR million)	Q1/19	Q1/18	2018
Europe	**2,055**	1,894	1,934
Americas	**1,028**	1,032	1,084
Long Products	**178**	122	179
Ferrochrome	**683**	655	640
Other operations and intra-group items	**-44**	-108	15
Group total operating capital	**3,899**	3,595	3,851

Personnel at the end of period by segment	Q1/19	Q1/18	2018
Europe	**6,806**	6,759	6,806
Americas	**1,968**	2,026	1,991
Long Products	**905**	595	892
Ferrochrome	**440**	433	441
Other operations	**330**	298	319
Group total personnel at the end of period	**10,449**	10,111	10,449

Outokumpu has adopted IFRS 16 – Leases on January 1, 2019. Comparative information has not been restated.

Definitions of financial key figures

EBITDA	=	EBIT before depreciation, amortization and impairments
Adjustments to EBITDA or EBIT	=	Material income and expense items which affect the comparability between periods because of their unusual nature, size or incidence resulting for example from group-wide restructuring programs or disposals of assets or businesses.
Adjusted EBITDA or EBIT	=	EBITDA or EBIT – items classified as adjustments
Capital employed	=	Total equity + net debt + net defined benefit and other long-term employee benefit obligations + net interest rate derivative liabilities + net accrued interest expenses – net assets held for sale – loans receivable – financial assets at fair value through other comprehensive income – financial assets at fair value through profit or loss – investments in associated companies and joint ventures
Operating capital	=	Capital employed – net deferred tax asset
Return on capital employed (ROCE)	=	$\frac{\text{EBIT (4-quarter rolling)}}{\text{Capital employed (4-quarter rolling average)}} \times 100$
Return on equity (ROE)	=	$\frac{\text{Net result for the financial period (4-quarter rolling)}}{\text{Total equity (4-quarter rolling average)}} \times 100$
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 adjusted EBITDA	=	$\frac{\text{Net debt}}{\text{Adjusted EBITDA (4-quarter rolling)}}$
Earnings per share	=	$\frac{\text{Net result for the financial period attributable to the owners of the parent}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=	$\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$

Adoption of IFRS 16 Leases

IFRS 16 Leases, become effective for financial years beginning on or after January 1, 2019, replaced the earlier IAS 17 standard and related interpretations.

Outokumpu has implemented IFRS 16 on January 1, 2019 using the modified retrospective approach, where comparative financial information is not restated, but the transition impacts are recognized to the statement of financial position of January 1, 2019.

IFRS 16 requires the lessees to recognize nearly all lease agreements as right-of-use assets and lease liabilities in the statement of financial position. The exceptions to this requirement cover short-term contracts with a lease term of 12 months or less and leases of low value items.

Lease liabilities are measured at the present value of lease payments that are not paid prior to the recognition. The lease payments are discounted with the rate implicit in the lease when available, or with incremental borrowing rate of the company. Lease payments are divided into interest expense and repayment of lease liability. Right-of-use assets are measured at the amount of lease liability and lease payments made in advance less depreciation and impairments. Outokumpu does not apply this accounting practice to short-term leases and leases of low value items and does not apply IFRS 16 to intangible assets.

Lease liabilities are presented in non-current and current debt in Outokumpu's statement of financial position. Right-of-use assets are presented in property, plant and equipment in Outokumpu's statement of financial position.

Payments related to short-term leases, leases of low value items, and variable leases are booked as expense in the profit or loss.

Transition impacts

In transition to IFRS 16, Outokumpu has recognized the following impacts in January 1, 2019 statement of financial position:

Transition impacts (EUR million)	Jan 1 2019	IFRS 16 impact	Dec 31 2018
Property, plant and equipment	2,790	131	2,659
Total assets	6,129	131	5,998
Non-current debt	899	101	798
Current debt	540	29	511
Total equity and liabilities	6,129	131	5,998

The weighted average discount rate applied to lease liabilities recognized to the statement of the financial position is 3.1%.

In transition, Outokumpu has used the following practical expedients allowed by the standard: (1) short-term leases with remaining lease term of 12 months or less on January 1, 2019 have been accounted as short-term leases, and thus excluded from the lease liability and right-of-use asset amounts recognized to the statement of financial position, and (2) initial direct costs of lease contracts already in place on December 31, 2018 have been excluded from the right-of-use asset value.

The transition to IFRS 16 affects the presentation of Outokumpu's statement of income, statement of cash flows and key figures. In the statement of income, the cost of leasing is presented as depreciation in EBIT (EUR 7 million in Jan–March 2019) and interest expense in finance expenses (EUR 1 million in Jan–March 2019) instead of rental and lease expenses in EBITDA (EUR 8 million in Jan–March 2019). In the statement of cash flows, the repayments of lease liabilities (EUR 7 million in Jan–March 2019) are presented in the cash flow from financing activities whereas interest (EUR 1 million in Jan–March 2019) payments remain in the cash flow from operating activities. Lease liabilities are reported as part of net debt.

The reconciliation between the operating lease payments of EUR 90 million reported in the 2018 financial statements and the recognized IFRS 16 transition impact of EUR 131 million is presented in the following table. The contracts not recognized as leases earlier under IAS 17 relate mainly to industrial gas supply contracts in Group's facilities in Finland and Sweden and marine transportation contracts between Finland and the Netherlands.

Reconciliation of lease liabilities (EUR million)	
Operating lease commitments on Dec 31, 2018	90
Contracts not classified as lease under IAS 17	80
Short-term and low value leases	-2
IFRS 16 transition impact before discounting	168
Discount impact	-37
IFRS 16 transition impact on Jan 1, 2019	**131**
Finance lease liabilities under IAS 17	85
Total lease liabilities on Jan 1, 2019	216