

April 24, 2007 at 1.00 p.m.

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OUTOKUMPU FIRST QUARTER 2007 INTERIM REPORT – ANOTHER RECORD OPERATING PROFIT

First quarter highlights

- Operating profit rose to an all-time high of EUR 424 million.
- Stainless steel end-user demand was strong, order intake from distribution sector slowed.
- According to CRU, average stainless steel base prices rose by 5% and transaction prices by 8% from the previous quarter.
- Record high nickel prices increased working capital by EUR 349 million, net cash generated from operating activities totaled EUR 85 million.
- Gearing improved further to 37.3%.

Group key figures

		I/07	IV/06	I/06	2006
Sales	EUR million	2 129	1 907	1 408	6 154
Operating profit	EUR million	424	378	67	824
Non-recurring items in operating profit	EUR million	-	1	-	1
Profit before taxes	EUR million	416	369	60	784
Net profit for the period from continuing operations	EUR million	311	286	41	606
Net profit for the period	EUR million	307	603	56	963
Earnings per share from continuing operations	EUR	1.71	1.58	0.23	3.34
Earnings per share	EUR	1.69	3.33	0.31	5.31
Return on capital employed	%	38.8	36.5	7.5	20.7
Net cash generated from operating activities	EUR million	85	-82	37	-35
Capital expenditure, continuing operations	EUR million	25	74	33	187
Net interest-bearing debt at end of period	EUR million	1 189	1 300	1 483	1 300
Debt-to-equity ratio at end of period	%	37.3	42.3	73.0	42.3
Stainless steel deliveries	1 000 tons	433	445	510	1 815
Stainless steel base price ¹⁾	EUR/ton	1 930	1 840	1 127	1 470
Personnel at the end of period, continuing operations		8 098	8 159	8 529	8 159

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

SHORT-TERM OUTLOOK

Underlying demand for stainless steel continues to be strong. Outokumpu's direct deliveries to end-users and project customers are scheduled as far as the fourth quarter and Group mills that produce specialty products are running at full capacity. In standard volume products, however, distributors are decreasing their inventories and are hesitant in placing new orders. This has resulted in lower order books at Outokumpu's mills that produce volume products. Due to shortened order book Outokumpu has decided to cut production by some 10% in the second quarter. Outokumpu continually monitors market developments and will adjust its actions accordingly.

Record high nickel prices have raised transaction prices of stainless steel and together with de-stocking by distributors have put pressure on base prices. Base prices for stainless steel standard grades are softening from the record high levels reached in the first months of the year and also market visibility regarding these products is short. Outokumpu currently estimates that the second quarter

Outokumpu Oyj
Corporate Management

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average base price for 304 sheet in the German market will be some EUR 300-350 per ton lower than the CRU-quoted base price of EUR 1 830 in March. It should be noted, however, that there are big differences in base prices between the different countries in Europe.

Outokumpu's operating profit for the second quarter, including increasing nickel-related inventory gains, is estimated to be in excess of EUR 300 million. Specialty Stainless' profit is expected to continue at a very good level, whereas there is pressure related to General Stainless' profit development. Assuming there is no major negative impact from nickel price volatility, Outokumpu's whole year operating profit is estimated to be clearly better than in 2006.

CEO Juha Rantanen:

"I am very pleased with the excellent results achieved in the first quarter. Although markets for standard grades are now softening, the cost reduction initiatives we carried out during 2006 mean we are in a very competitive position to face these new market circumstances, part of the cyclical nature of our industry.

As part of our strategy, we are working hard to reduce the volatility of our performance. Important elements in this are strengthening the service we offer to direct end-users and increasing the share of specialty products. In line with this ambition, three important investment decisions were taken during the quarter: the Tornio annealing and pickling line replacement, Nyby product mix improvement and a new service center in Poland. Being now financially much stronger, we are also actively looking for growth opportunities, both organic and structural. All potential alternatives are tested against strict financial criteria to make sure we are not compromising our long-term financial goals."

The attachments present Management analysis of the first quarter operating result and the Interim review by the Board of Directors for January-March 2007, the accounts and notes to the interim accounts. This interim report is unaudited.

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News conference and live webcast today at 3.00 pm

A combined news conference, conference call and live web-cast concerning the first-quarter interim report will be held on April 24, 2007 at 3.00 pm Finnish time (8.00 am US EST, 1.00 pm UK time, 2.00 pm CET) at Hotel Kämp, conference room Akseli Gallen-Kallela, Pohjoisesplanadi 29, 00100 Helsinki, Finland.

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

UK	+44 20 7162 0025
US & Canada	+1 334 323 6201
Password	Outokumpu

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

An on-demand web-cast of the news conference will be available at www.outokumpu.com as of April 24, 2007 at around 6.00 pm.

An instant replay service of the conference call will be available until Friday April 27, 2007 on the following numbers:

UK replay number +44 20 7031 4064, access code: 746 529

US & Canada replay number +1 954 334 0342, access code: 746 529

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Corporate Management

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MANAGEMENT ANALYSIS - FIRST-QUARTER OPERATING RESULT

Group key figures

EUR million	I/06	II/06	III/06	IV/06	2006	I/07
Sales						
General Stainless	1 013	1 066	1 130	1 561	4 770	1 700
Specialty Stainless	650	638	614	821	2 723	1 003
Other operations	87	93	97	85	361	64
Intra-group sales	-342	-405	-394	-560	-1 700	-638
The Group	1 408	1 392	1 447	1 907	6 154	2 129
Operating profit						
General Stainless	43	91	166	236	536	245
Specialty Stainless	22	65	81	171	338	182
Other operations	2	-8	-13	-16	-35	1
Intra-group items	-0	1	-3	-13	-15	-4
The Group	67	149	231	378	824	424

Stainless steel deliveries

1 000 tons	I/06	II/06	III/06	IV/06	2006	I/07
Cold rolled	286	239	200	211	936	230
White hot strip	104	103	80	103	390	79
Quarto plate	44	44	35	39	162	43
Tubular products	20	20	16	18	74	20
Long products	14	15	14	16	59	17
Semi-finished products	43	47	47	58	195	44
Total deliveries	510	467	393	445	1 815	433

Market prices and exchange rates

		I/06	II/06	III/06	IV/06	2006	I/07
Market prices ¹⁾							
Stainless steel							
Base price	EUR/t	1 127	1 342	1 572	1 840	1 470	1 930
Alloy surcharge	EUR/t	844	1 020	1 437	2 064	1 341	2 277
Transaction price	EUR/t	1 971	2 362	3 009	3 904	2 811	4 207
Nickel							
	USD/t	14 810	19 925	29 154	33 129	24 254	41 440
	EUR/t	12 318	15 836	22 878	25 707	19 317	31 619
Ferrochrome (Cr-content)							
	USD/lb	0.63	0.70	0.75	0.78	0.72	0.77
	EUR/kg	1.16	1.23	1.30	1.33	1.26	1.30
Molybdenum							
	USD/lb	23.38	25.01	26.47	25.56	25.10	26.69
	EUR/kg	42.86	43.82	45.79	43.73	44.08	44.90
Recycled steel							
	USD/t	200	238	243	239	230	278
	EUR/t	167	189	191	185	183	212
Exchange rates							
EUR/USD		1.202	1.258	1.274	1.289	1.256	1.311
EUR/SEK		9.352	9.298	9.230	9.135	9.254	9.189
EUR/GBP		0.686	0.688	0.680	0.673	0.682	0.671

¹⁾ Sources of market prices:

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

Nickel: London Metal Exchange (LME) cash quotation

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

Molybdenum: Metal Bulletin - Molybdenum oxide - Europe

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

End-user demand good, distribution sector de-stocking

Global apparent consumption of stainless steel flat products remained on the previous quarter level but was 8% higher than in I/2006. In Europe, underlying demand continued to be strong, but de-stocking by distributors slowed demand and order intake of the mills for standard products fell resulting in shortened lead times. Demand for stainless steel special products generally remained at high levels. Stainless steel base prices continued to rise in the early part of the quarter, but turned to decline thereafter. According to CRU, the base price for 304 cold rolled stainless steel sheet in Germany was 1 930 EUR/ton in the first quarter, up 5% from IV/2006. The average transaction price was 4 207 EUR/ton, up by 8%. The alloy surcharge has continued to increase month-on-month. According to CRU, the average alloy surcharge for 304 cold rolled stainless steel sheet in Germany was 2 277 EUR/ton in the quarter, 10% up on the previous quarter. Together with high base prices, this resulted in stainless steel transaction prices reaching their highest-ever levels. The difference in price between Chinese and European stainless steel was reduced in the period as a result of Chinese producers raising significantly their domestic prices to offset higher raw material prices.

Of the alloying elements, the price of nickel set successive records in the period and exceeded 50 000 USD/ton in mid-March. The average price in the first quarter was 41 440 USD/ton, 25% up from IV/2006 and 180% higher compared to I/2006. The supply of nickel was tight, but part of the extensive price increase is generally explained as a result of speculation in financial markets. Demand for ferrochrome increased, but the average price fell slightly to 0.77 USD/lb. The average price of molybdenum rose by 4% to 26.69 USD/lb. The price of recycled steel rose by 16%.

Another record in quarterly operating profit

Group sales in the first quarter totaled EUR 2 129 million, 12% up on the previous quarter. Sales rose as a result of higher transaction prices while deliveries fell slightly to 433 000 tons (IV/2006: 445 000 tons). Outokumpu achieved another record operating profit of EUR 424 million, an increase of 12% compared to IV/2006. Return on capital employed improved to 38.8%. Both General Stainless and Specialty Stainless posted improved profits. The rise in base prices, internal profit improvement measures and nickel-related inventory gains all contributed to this result. The amount of inventory gains, however, was more modest than respective gains in the two preceding quarters.

General Stainless' sales rose by 9% to EUR 1 700 million even though deliveries were 6% lower than in IV/2006. Operating profit totaled EUR 245 million, of which Tornio Works posted EUR 227 million. The new batch annealing furnaces in Tornio were taken into use and production of ferritic stainless steel commenced in March.

Specialty Stainless' sales rose by 22% to EUR 1 003 million and deliveries were up by 5%. Operating profit was EUR 182 million, 7% higher than in IV/2006. The expansion at Kloster Thin Strip in Sweden comprised a new cold rolling line, a bright annealing line and a slitting line. Production is being ramped up and the first deliveries took place in March.

Excellence programs gaining momentum

The Commercial and Production Excellence programs launched in 2005 are progressing well and have already achieved tangible results. The targeted combined profit improvements from the Commercial Excellence and Production Excellence programs are expected to total EUR 40 million in 2007, EUR 80 million in 2008 and EUR 160 million on an annual basis thereafter.

Benefit follow-up systems have been established to identify the savings, increased revenues and costs associated with the programs. The achievement of the expected benefits is included in the targets for the Group's incentive schemes and the benefits realized will also be audited. As to 2007, based on the progress so far, management is confident that the targeted EUR 40 million will be achieved.

Of the Group's other profit improvement initiatives, the fixed-cost reduction program was completed by the end of 2006. The new EUR 100 million lower targeted annual fixed cost running rate has been in full effect from the beginning of 2007. Also the annual profit improvement of EUR 50 million resulting from the closure of the Sheffield coil products unit in April 2006 will be fully realized in 2007.

Year of Commercial kicked off

A focus on commercial activities is a key theme throughout the Group and 2007 has been named the Year of Commercial. A number of projects and initiatives are being launched in the commercial arena during this year in addition to the ones already running such as the Commercial Excellence program.

A stronger emphasis on service center operations is part of Outokumpu's commercial goal of increasing the scope of our offering to end-user customers. Service centers are located close to the customers and serve them with tailored coil and plate products. Outokumpu is in the process of expanding and developing the centers to provide additional value-added services to customers.

In March, Outokumpu opened a new service center for plate and tubular products on the Group's site at Sheffield in the UK. The plate service center in Jyväskylä in Finland will be revamped by doubling its capacity and adding new value-added services. In Eskilstuna in Sweden, the coil stock & processing operations serving Nordic markets will also be expanded. These services are scheduled to be available by the end of 2007.

In order to better serve the growing market in Eastern Europe, Outokumpu has decided to establish a new stainless steel service center near Katowice in the south of Poland. This operation will be a combination of a coil service center with slitting and cut-to-length lines, together with a plate service center with plasma and water jet cutting. The new center is scheduled to be operational by the end of 2008.

INTERIM REVIEW BY THE BOARD OF DIRECTORS – JANUARY-MARCH 2007

(Unaudited)

High stainless steel prices

The strong increase in demand that characterized stainless steel markets in 2006 began to slow during the first quarter of 2007. After having increased throughout 2006, global apparent consumption of stainless steel flat products remained on the fourth quarter 2006 levels, but was still 8% higher than in I/2006. According to CRU, the German base price for 304 2mm sheet rose by 40 EUR/ton to 2 020 EUR/ton in January, but declined to 1 940 EUR/ton in February and to 1 830 EUR/ton in March. The average base price of 1 930 EUR/ton was 71% higher than in I/2006. Extremely high prices for nickel resulted in transaction prices of stainless steel continuing to rise throughout the first quarter averaging 4 207 EUR/ton, up by 8% from the previous quarter and 113% above I/2006.

Record operating profit, modest cash flow

Group sales in the quarter rose to EUR 2 129 million (I/2006: EUR 1 408 million), 51% up on I/2006. Sales increased as a result of significantly higher transaction prices, even though stainless steel deliveries declined to 433 000 tons compared to 510 000 tons in the first quarter in 2006. This decline is primarily attributable to the closure of the Sheffield coil products unit in the UK in April 2006.

Operating profit was at an all-time high of EUR 424 million (I/2006: EUR 67 million). The excellent profit was a result of higher base prices, nickel-related inventory gains and internal improvement measures.

Net financial expenses totaled EUR 10 million (I/2006: EUR 7 million). Net profit for the period from continuing operations totaled EUR 311 million (I/2006: EUR 41 million) and net loss from discontinued operations totaled EUR 4 million (I/2006: net profit of EUR 15 million). Earnings per share from continuing operations was EUR 1.71 and from discontinued operations EUR 0.02 negative. Return on capital employed rose to 38.8% (I/2006: 7.5%).

Despite the excellent result net cash generated from operating activities was modest at EUR 85 million (I/2006: EUR 37 million). EUR 349 million was tied up in working capital during the quarter primarily as a consequence of record high nickel price. Net interest-bearing debt fell by EUR 111 million to EUR 1 189 million (Dec. 31, 2006: EUR 1 300 million) and gearing improved further to 37.3% (Dec. 31, 2006: 42.3%).

New investment projects approved

Capital expenditure totaled EUR 25 million (I/2006: EUR 33 million). Production in the EUR 55 million expansion in Kloster, Sweden, was ramped up during the first quarter. Several new investment projects for 2007-2009 were approved, all of them within the capital expenditure frame of EUR 175 million for 2007.

Replacement of one of the five annealing and pickling lines at Tornio Works will provide additional capacity totaling 75 000 tons of cold rolled products. It will also improve the capability to produce brighter ferritic steel grades and enhance Outokumpu's flexibility in meeting customer needs. This replacement is the second step for Outokumpu in entering the ferritic market. It will complement the EUR 13 million investment in batch annealing furnaces in the hot rolling mill, which commenced ferritics production in the first quarter of 2007. The new annealing and pickling line will be capable of producing austenitic and ferritic products with minimum set-up times. The investment will increase Tornio Works' nominal annual cold rolling capacity to more than 1 250 000 tons by the end of 2009. The total value of this investment is EUR 90 million, spread over three years.

In order to better serve the growing market in Eastern Europe, Outokumpu decided to establish a new stainless steel service center near Katowice in the south of Poland. This operation will be a

combination of a coil service center with slitting and cut-to-length lines, together with a plate service center with plasma and water jet cutting. It will serve Poland and other countries in the region such as the Czech Republic, Slovakia and Hungary and will also address new potential markets in Eastern Europe. The total investment is some EUR 20 million and the new center is scheduled to be operational by the end of 2008.

To increase capacity in stainless steel special grades, an investment in surface grinding and automatic storage and retrieval equipment will take place at Thin Strip Nyby in Sweden. The equipment will be housed in a new building and will increase the share of special grade sales at the expense of standard grade products in Nyby. This EUR 27 million investment will allow the plant to double its annual special grades capacity in cold rolled stainless steel products from 34 000 to 64 000 tons and take advantage of the rapidly-growing market for special grades. The full capacity will be operational by the end of 2008.

Divestments

In March, OSTP (Outokumpu Stainless Tubular Products) sold its flange business in order to focus on pipes, tubes, butt-welded and threaded fittings. The purchaser is a subsidiary of Shree Ganesh Forgings Ltd, an Indian company. The flange business is currently run by OSTP's subsidiaries Hertecant N.V. in Belgium and E.L.F.E. SA in France. Hertecant's sales totaled EUR 12 million in 2006 and it employs some 50 persons. E.L.F.E is a sales company employing six persons. This divestment had no significant impact on Group results.

In February, Outokumpu agreed to sell the Hitura nickel mine in Finland to Belvedere Resources Ltd. of Canada. The Hitura mine is the last remaining asset in Outokumpu's Exit Mining program. Hitura produces some 2 200 tons of nickel in concentrate annually and employs 90 people. The total consideration of some EUR 10 million will be paid in Belvedere shares. A final agreement was signed in March and the transaction is scheduled to be closed by the end of June 2007. It will be recognized in the Group's result for the second quarter.

Environment, health and safety

As participants in the European Union Greenhouse Gas emissions trading system, the Tornio integrated plant in Finland and the melt shops and casting plants in Avesta and Degerfors in Sweden have verified the actual carbon dioxide emissions in 2006 and corresponding allowances will be surrendered to the authorities by the end of April. Preparations for emissions trading in the Kyoto-period 2008-2013 have commenced, and the applications are being submitted to the respective authorities.

The new European regulation concerning chemicals (REACH) was adopted in December 2006 and will come into effect on June 1, 2007. All substances manufactured in or imported into the European Union in quantities that exceed one ton per year must be registered. For amounts that exceed ten tons per year, a safety assessment must be made. Outokumpu has made preparations for REACH by updating safety declarations and assessments relating to chemicals in current use and has also revised the Group's chemicals management systems.

At Outokumpu sites, emissions to air and discharges to water remained mostly within permitted limits and the breaches that occurred were temporary, were identified quickly and caused only minimal environmental impact.

Occupational safety is a major continuous focus area in the Group. The lost-time injury rate target (i.e. lost-time accidents per million working hours) is less than 12 in 2007 and less than five in 2009. The achievement of the target in 2007 is included in the Group's incentive schemes. An essential part of raising safety awareness and preventing risk situations is the compilation of data on near misses and

the safety training given to the employees and also contractors. During January-March 2007, the lost-time injury rate was 11 (I/2006: 17) thus improving in line with the annual target.

Personnel

The Group's continuing operations employed an average of 8 129 people (I/2006: 8 746) during January-March 2007 and there were 8 098 employees at the end of March (Dec. 31, 2006: 8 159).

Vision statement updated

Outokumpu's Board of Directors has approved the addition of a new strategic objective termed "Sustaining Value" to the Group's vision statement. The expression "Sustaining value by continuously developing our people and putting the customer at the heart of everything we do" highlights the fact that a competent and customer-oriented organization listens to the needs and wishes of its customers and thereby creates sustained competitiveness. The Group's updated vision is as follows:

Outokumpu's vision is to be the undisputed number one in stainless with success based on operational excellence.

Key strategic objectives:

- Value creation through building superior production and distribution capabilities in all major markets globally
- Value realization through commercial and production excellence
- Sustaining value by continuously developing our people and putting the customer at the heart of everything we do

Customs investigation on Outokumpu Tornio Works' exports to Russia

Finnish Customs Authorities have initiated a criminal investigation on Outokumpu's exports practices to Russia. Several Outokumpu employees have been questioned in connection with the investigation. Outokumpu cooperates fully with the authorities, who have indicated that the investigation would be concluded by the end of 2007.

In Outokumpu's on-going own investigation, carried out by external legal experts, so far nothing indicates that the export process to Russia would as such be illegal or that Outokumpu personnel would have anything to do with any alleged duplication or manipulation of documentation.

Class actions related to divested fabricated copper products business

The fabricated copper products business that was sold in 2005 comprised among others Outokumpu Copper (USA), Inc. This company has been served with several complaints in cases filed in federal district courts and state courts in US by various plaintiffs. The complaints allege claims and damages under US antitrust laws and purport to be class actions on behalf of all direct and indirect purchasers of copper plumbing tubes and ACR tubes in the US. Outokumpu believes that the allegations in these cases are groundless and will defend itself in any such proceeding. In connection with the transaction to sell the fabricated copper products business to Nordic Capital, Outokumpu has agreed to indemnify and hold harmless Nordic Capital with respect to these class actions.

Bo Annvik appointed to Group Executive Committee

Mr. Bo Annvik has been appointed Executive Vice President – Specialty Businesses and will be a member of Outokumpu's Group Executive Committee. He will take up his position in June. Mr. Annvik, a Swedish national, was born in 1965 and holds a B.Sc. in Business Administration and Economics from the Gothenburg School of Economics. He is currently employed by SKF as President – SKF Sealing Solutions.

Mr. Annvik's portfolio in the Group Executive Committee will include supervision of Avesta Works, Hot Rolled Plate, Thin Strip and OSTP business units. Currently, Avesta Works reports to Pekka Erkkilä, EVP – Production Operations, and the other three units report to CEO Juha Rantanen.

Annual General Meeting of March 28, 2007

The Annual General Meeting (AGM) approved a dividend of EUR 1.10 per share for 2006. Dividends totaling EUR 199 million were paid on April 11, 2007.

The AGM authorized the Board of Directors to repurchase the Company's own shares. The maximum number of shares to be repurchased is 18 000 000. The AGM authorized the Board of Directors to decide to issue shares and grant share entitlements. The maximum number of new shares to be issued under a share issue and/or by exercising share entitlements is 18 000 000, currently representing 9,93% of the Company's issued and outstanding shares and, in addition, the maximum number of treasury shares to be transferred is 18 000 000, currently representing 9,93% of the Company's issued and outstanding shares. These authorizations are valid until the Annual General Meeting in 2008, however no longer than May 31, 2008. As of April 24, 2007, the authorizations had not been exercised.

The Annual General Meeting approved amendments to the Articles of Association: removing references to the minimum and maximum capital and maximum number of shares, revising the matters to be included on the agenda of the Annual General Meeting and removing the provision concerning redemption liability. Minor changes of a technical nature to the Articles of Association were also approved.

The AGM decided on the number of the Board members, including the Chairman and Vice Chairman, to be eight. For the term expiring at the close of the following AGM, Mr. Evert Henkes, Mr. Jukka Härmälä, Mr. Ole Johansson, Ms. Anna Nilsson-Ehle, Ms. Leena Saarinen and Mr. Taisto Turunen were re-elected as members of the Board of Directors, and Ms. Victoire de Margerie and Mr. Leo Oksanen were elected as new members. Mr. Jukka Härmälä was re-elected as Chairman of the Board of Directors and Mr. Ole Johansson as Vice Chairman. The AGM also resolved to form a Shareholders' Nomination Committee to prepare proposals on the composition and remuneration of the Board of Directors for presentation to the next AGM.

KPMG Oy Ab, Authorized Public Accountants, was re-elected as the Company's auditor for the term ending at the close of the next AGM.

At its first meeting, the Board of Directors appointed two permanent committees consisting of board members. Mr. Ole Johansson (Chairman), Ms. Leena Saarinen and Mr. Taisto Turunen were re-elected as members of the Board Audit Committee. Mr. Jukka Härmälä (Chairman), Mr. Evert Henkes and Ms. Anna Nilsson-Ehle were re-elected as members of the Board Nomination and Compensation Committee.

Short-term outlook

Underlying demand for stainless steel continues to be strong. Outokumpu's direct deliveries to end-users and project customers are scheduled as far as the fourth quarter and Group mills that produce specialty products are running at full capacity. In standard volume products, however, distributors are decreasing their inventories and are hesitant in placing new orders. This has resulted in lower order books at Outokumpu's mills that produce volume products. Due to shortened order book Outokumpu has decided to cut production by some 10% in the second quarter. Outokumpu continually monitors market developments and will adjust its actions accordingly.

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grades are softening from the record high levels reached in the first months of the year and also market visibility regarding these products is short. Outokumpu currently estimates that the second quarter average base price for 304 sheet in the German market will be some EUR 300-350 per ton lower than the CRU-quoted base price of EUR 1 830 in March. It should be noted, however, that there are big differences in base prices between the different countries in Europe.

Outokumpu's operating profit for the second quarter, including increasing nickel-related inventory gains, is estimated to be in excess of EUR 300 million. Specialty Stainless' profit is expected to continue at a very good level, whereas there is pressure related to General Stainless' profit development. Assuming there is no major negative impact from nickel price volatility, Outokumpu's whole year operating profit is estimated to be clearly better than in 2006.

Espoo April 24, 2007

Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Condensed income statement

EUR million	Jan-March 2007	Jan-March 2006	Jan-Dec 2006
Continuing operations:			
Sales	2 129	1 408	6 154
Other operating income	11	11	44
Costs and expenses	-1 714	-1 352	-5 364
Other operating expenses	-2	-1	-11
Operating profit	424	67	824
Share of results in associated companies	2	0	8
Financial income and expenses			
Interest income	6	5	26
Interest expenses	-21	-22	-88
Market price gains and losses	-2	11	12
Other financial income	10	0	8
Other financial expenses	-3	-2	-5
Profit before taxes	416	60	784
Income taxes	-105	-18	-178
Net profit for the period from continuing operations	311	41	606
Discontinued operations:			
Net profit/(loss) for the period from discontinued operations	-4	15	357
Net profit for the period	307	56	963
Attributable to:			
Equity holders of the Company	305	56	962
Minority interest	2	-0	2
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share, EUR	1.69	0.31	5.31
Diluted earnings per share, EUR	1.68	0.31	5.29
Earnings per share from continuing operations attributable to the equity holders of the Company:			
Earnings per share, EUR	1.71	0.23	3.34
Earnings per share from discontinued operations attributable to the equity holders of the Company:			
Earnings per share, EUR	-0.02	0.08	1.97

Condensed balance sheet

EUR million	March 31 2007	March 31 2006	Dec 31 2006
ASSETS			
Non-current assets			
Intangible assets	487	574	493
Property, plant and equipment	2 030	2 101	2 069
Non-current financial assets			
Interest-bearing	400	290	375
Non interest-bearing	84	57	77
	<u>3 001</u>	3 021	3 014
Current assets			
Inventories	1 858	1 059	1 710
Current financial assets			
Interest-bearing	74	67	55
Non interest-bearing	1 461	1 040	1 314
Cash and cash equivalents	140	165	85
	<u>3 533</u>	2 331	3 164
Assets held for sale	222	201	235
Total assets	<u>6 756</u>	5 553	6 414
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company	3 170	2 016	3 054
Minority interest	18	14	17
	<u>3 188</u>	2 030	3 071
Non-current liabilities			
Interest-bearing	1 271	1 554	1 293
Non interest-bearing	344	342	337
	<u>1 615</u>	1 896	1 630
Current liabilities			
Interest-bearing	687	584	685
Non interest-bearing	1 199	974	955
	<u>1 886</u>	1 559	1 640
Liabilities related to assets held for sale	67	68	73
Total equity and liabilities	<u>6 756</u>	5 553	6 414

Consolidated statement of changes in equity

	Attributable to the equity holders of the Company								Minority interest	Total equity
	Share capital	Un-registered Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Cumulative translation differences	Re-tained earnings		
EUR million										
Equity on January 1, 2006	308	-	701	11	23	-2	-38	1 044	15	2 062
Cash flow hedges	-	-	-	-	-3	-	-	-	-	-3
Fair value gains on available-for-sale financial assets	-	-	-	-	123	-	-	-	-	123
Net investment hedges	-	-	-	-	-	-	-2	-	-	-2
Change in translation differences	-	-	-	-	-	-	6	-	0	6
Items recognised directly in equity	-	-	-	-	121	-	4	-	0	125
Net profit for the period	-	-	-	-	-	-	-	962	2	963
Total recognised income and expenses	-	-	-	-	121	-	4	962	2	1 088
Unregistered share capital	-	0	-	-	-	-	-	-	-	0
Dividend distribution	-	-	-	-	-	-	-	-81	-	-81
Management stock option program: value of received services	-	-	-	-	-	-	-	2	-	2
Equity on December 31, 2006	308	0	701	11	144	-2	-35	1 927	17	3 071
Cash flow hedges	-	-	-	-	-1	-	-	-	-	-1
Fair value gains on available-for-sale financial assets	-	-	-	-	29	-	-	-	-	29
Net investment hedges	-	-	-	-	-	-	3	-	-	3
Change in translation differences	-	-	-	-	-1	-	-22	-	0	-23
Items recognised directly in equity	-	-	-	-	28	-	-19	-	0	9
Net profit for the period	-	-	-	-	-	-	-	305	2	307
Total recognised income and expenses	-	-	-	-	28	-	-19	305	2	316
Transfers from unregistered share capital	0	-0	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	-199	-	-199
Shares subscribed with options	0	-	0	-	-	-	-	-	-	0
Management stock option program: value of received services	-	-	-	-	-	-	-	1	-	1
Equity on March 31, 2007	308	-	701	11	171	-2	-53	2 034	18	3 188

Condensed statement of cash flows

EUR million	Jan-March 2007	Jan-March 2006	Jan-Dec 2006
Net profit for the period	307	56	963
Adjustments			
Depreciation and amortization	51	53	229
Impairments	2	1	12
Gain on the sale of Outokumpu Technology shares	-	-	-328
Other adjustments	128	25	215
Increase in working capital	-349	-38	-975
Dividends received	9	0	7
Interests received	2	4	17
Interests paid	-15	-21	-89
Income taxes paid	-51	-42	-87
Net cash from operating activities	85	37	-35
Purchases of assets	-32	-44	-183
Proceeds from the sale of subsidiaries	4	20	338
Proceeds from the sale of shares in associated companies	-	-	9
Proceeds from the sale of other assets	2	3	20
Net cash from other investing activities	2	-0	14
Net cash from investing activities	-24	-21	198
Cash flow before financing activities	61	16	163
Borrowings of long-term debt	-	46	174
Repayment of long-term debt	-3	-69	-380
Increase/(decrease) in current debt	-1	-22	3
Dividends paid	-	-	-81
Other financing cash flow	0	-16	-2
Net cash from financing activities	-4	-61	-286
Adjustments	0	-0	0
Net change in cash and cash equivalents	56	-45	-123
Cash and cash equivalents at the beginning of the period	85	212	212
Foreign exchange rate effect	-1	-3	-5
Net change in cash and cash equivalents	56	-45	-123
Cash and cash equivalents at the end of the period	140	165	85

Key figures

EUR million	Jan-March 2007	Jan-March 2006	Jan-Dec 2006
Operating profit margin, %	19.9	4.7	13.4
Return on capital employed, %	38.8	7.5	20.7
Return on equity, %	39.3	11.0	37.5
Return on equity from continuing operations, %	39.8	8.1	23.6
Capital employed at end of period	4 377	3 513	4 371
Net interest-bearing debt at end of period	1 189	1 483	1 300
Equity-to-assets ratio at end of period, %	47.2	37.4	47.9
Debt-to-equity ratio at end of period, %	37.3	73.0	42.3
Earnings per share, EUR	1.69	0.31	5.31
Earnings per share from continuing operations, EUR	1.71	0.23	3.34
Earnings per share from discontinued operations, EUR	-0.02	0.08	1.97
Average number of shares outstanding, in thousands ¹⁾	181 061	181 032	181 033
Fully diluted earnings per share, EUR	1.68	0.31	5.29
Fully diluted average number of shares, in thousands ¹⁾	182 087	181 431	181 758
Equity per share at end of period, EUR	17.51	11.14	16.87
Number of shares outstanding at end of period, in thousands ¹⁾	181 082	181 032	181 032
Capital expenditure, continuing operations	25	33	187
Depreciation, continuing operations	51	50	221
Average personnel for the period, continuing operations	8 129	8 746	8 505

¹⁾ The number of own shares repurchased is excluded.

NOTES TO THE INCOME STATEMENT AND BALANCE SHEET

This interim financial report is prepared in accordance with IAS 34 (Interim Financial Reporting). The same accounting policies and methods of computation have been followed in the interim financial statements as in the annual financial statements for 2006.

Use of estimates

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

Shares and share capital

The total number of Outokumpu Oyj shares was 181 300 967 and the share capital amounted to EUR 308.2 million on March 31, 2007. Outokumpu Oyj held 218 603 treasury shares on March 31, 2007. This corresponded to 0.1% of the share capital and the total voting rights of the Company on March 31, 2007.

The 2003 stock options have been allocated as part of the Group's incentive programs to key personnel of Outokumpu. Trading with Outokumpu Oyj's stock options 2003A commenced on the Main List of the Helsinki Stock Exchange as of September 1, 2006. On March 31, 2007 a total of 50 412 Outokumpu Oyj shares had been subscribed for on the basis of 2003A stock option program. An aggregate maximum of 608 890 Outokumpu Oyj shares can be subscribed for with the remaining 2003A stock options. In accordance with the terms and conditions of the option program, the dividend adjusted share price for a stock option was EUR 9,55 on March 31, 2007. The share subscription period for the 2003A stock options is September 1, 2006 - March 1, 2009. The current amounts that Outokumpu Oyj shares could be subscribed for with the 2003B and 2003C stock options are as follows: 2003B 1 028 820 shares and 2003C 87 500 shares. The subscription period for shares with stock option 2003B is from September 1, 2007 to March 1, 2010 and with stock option 2003C it is from September 1, 2008 to March 1, 2011. As a result of the share subscriptions with the 2003 stock options, Outokumpu Oyj's share capital may be increased by a maximum of EUR 2 932 857 and the number of shares by a maximum of 1 725 210 shares. This corresponds to 1.0% of the Company's shares and voting rights.

Outokumpu's Board of Directors confirmed in 2006 a share-based incentive program for years 2006-2010 as part of the key employee incentive and commitment system of the Company. If persons to be covered by the first earning period 2006-2008 and the second earning period 2007-2009 of the program were to receive the number of shares in accordance with the maximum reward, currently a total of 616 580 shares, their shareholding obtained via the program would amount to 0.3% of the Company's shares and voting rights.

The detailed information of the 2003 option program and of the share-based incentive program for 2006-2010 is presented in the annual report 2006.

Non-current assets held for sale and discontinued operations

Outokumpu Copper Tube and Brass

The assets and liabilities of Outokumpu Copper Tube and Brass are presented as held for sale. Outokumpu Copper Tube and Brass business comprises European sanitary and industrial tubes, including air-conditioning and refrigeration tubes in Europe, as well as brass rod. Outokumpu is implementing a vigorous improvement project in this business and it is Outokumpu's intention to divest the tube and brass business.

Outokumpu Technology

Outokumpu Oyj sold 88% of Outokumpu Technology by a sale of shares through an Initial Public Offering (IPO) in September 2006. The remaining holding in Outokumpu Technology is reported as an available for sale financial asset, valued at fair value recognized directly in equity. On March 31, 2007 the fair value of Outokumpu's 12% holding in Outokumpu Technology totaled EUR 145 million.

In the following tables Outokumpu Technology is referred to as OT, Outokumpu Tube and Brass as TB and Outokumpu Copper as OC.

Income statement	Jan-March	Jan-March			Jan-Dec		
	2007	2006			2006		
EUR million	TB	Total	OT	TB	Total	OT	TB
Sales	175	314	144	169	1 178	501	678
Expenses	-176	-297	-140	-157	-1 124	-470	-654
Operating profit	-1	16	4	12	54	31	23
Net financial items	-2	0	2	-1	-2	5	-7
Profit/(loss) before taxes	-3	17	6	11	53	36	17
Taxes	-1	-2	-1	-0	-17	-14	-3
Profit/(loss) after taxes	-4	16	5	11	35	22	14
Gain on the sale of Outokumpu Technology	-	-	-	-	328	328	-
Impairment loss recognized on the fair valuation of the Tube and Brass division's assets and liabilities	-0	-1	-	-1	-6	-	-6
Taxes	-	-	-	-	-	-	-
After-tax result from the disposal and impairment loss	-4	15	5	10	322	328	-6
Minority interest	-	-0	0	-0	0	0	-
Net profit/(loss) for the period from discontinued operations	-4	15	5	10	357	349	8

Balance sheet	March 31	March 31	Dec 31
EUR million	2007	2006	2006
Assets			
Intangible and tangible assets	6	6	6
Other non-current assets	4	4	4
Inventories	100	90	122
Other current non interest-bearing assets	113	102	104
	222	201	235
Liabilities			
Provisions	3	6	3
Other non-current non interest-bearing liabilities	4	4	6
Trade payables	46	44	46
Other current non interest-bearing liabilities	15	14	18
	67	68	73

Cash flows	Jan-March	Jan-March	Jan-Dec
EUR million	2007	2006	2006
Operating cash flows	1	-13	-13
Investing cash flows	-1	-2	-145
Financing cash flows	-1	13	80
Total cash flows	-1	-2	-77

Major non-recurring items in operating profit

EUR million	Jan-March 2007	Jan-March 2006	Jan-Dec 2006
Gain on sale of real estate in the UK	-	-	9
OSTP Fagersta closure	-	-	-8
	-	-	1

Income taxes

EUR million	Jan-March 2007	Jan-March 2006	Jan-Dec 2006
Current taxes	-99	-9	-156
Deferred taxes	-6	-10	-22
	-105	-18	-178

Property, plant and equipment

EUR million	March 31 2007	March 31 2006	Dec 31 2006
Historical cost at the beginning of the period	4 009	4 188	4 188
Translation differences	-38	-16	37
Additions	26	29	179
Disposal of subsidiaries	-6	-0	-0
Disposals	-2	-5	-299
Reclassifications	-0	-8	-8
Discontinued operations	-	-	-88
Historical cost at the end of the period	3 989	4 188	4 009
Accumulated depreciation at the beginning of the period	-1 939	-2 063	-2 063
Translation differences	21	12	-21
Disposal of subsidiaries	5	0	0
Disposals	0	3	296
Reclassifications	0	8	8
Depreciation	-47	-47	-204
Impairments	-	-	-3
Discontinued operations	-	-	48
Accumulated depreciation at the end of the period	-1 959	-2 087	-1 939

The Group's major off-balance sheet investment commitments on March 31, 2007 totaled EUR 4 million (Dec. 31, 2006: EUR 15 million).

Commitments

EUR million	March 31 2007	March 31 2006	Dec 31 2006
Mortgages and pledges			
Mortgages on land	132	128	126
Other pledges	0	4	0
Guarantees			
On behalf of subsidiaries			
For commercial commitments	90	88	97
On behalf of associated companies			
For financing	5	4	5
Other commitments	58	64	59
Minimum future lease payments on operating leases	66	119	93

Fair values and nominal amounts of derivative instruments

	March 31 2007 Positive fair value	March 31 2007 Negative fair value	March 31 2007 Net fair value	Dec 31 2006 Net fair value	March 31 2007 Nominal amounts	Dec 31 2006 Nominal amounts
EUR million						
Currency and interest rate derivatives						
Currency forwards	19	13	6	-9	2 348	2 139
Interest rate swaps	10	-	10	10	282	283
					Tons	Tons
Metal derivatives						
Forward and futures copper contracts	4	0	4	-1	5 550	6 000
Forward and futures nickel contracts	18	1	17	9	3 126	3 636
Forward and futures zinc contracts	0	0	0	0	1 325	2 150
					TWh	TWh
Electricity derivatives						
Publicly traded electricity derivatives	0	0	0	0	0,0	0,0
Other electricity derivatives	14	10	4	8	3,6	4,1
	66	25	41	16		

Segment information
General Stainless

EUR million	I/06	II/06	III/06	IV/06	2006	I/07
Sales	1 013	1 066	1 130	1 561	4 770	1 700
of which Tornio Works	652	740	781	1 142	3 316	1 206
Operating profit	43	91	166	236	536	245
of which Tornio Works	37	70	120	213	440	227
Operating capital at the end of period	2 397	2 404	2 602	2 847	2 847	3 047
Average personnel for the period	3 926	3 940	3 857	3 529	3 735	3 506
Deliveries of main products (1 000 tons)						
Cold rolled	246	206	172	180	805	194
White hot strip	74	85	62	84	305	62
Semi-finished products	128	144	126	154	551	137
Total deliveries of the division	448	434	360	419	1 661	392

Specialty Stainless

EUR million	I/06	II/06	III/06	IV/06	2006	I/07
Sales	650	638	614	821	2 723	1 003
Operating profit	22	65	81	171	338	182
Operating capital at the end of period	1 173	1 240	1 350	1 594	1 594	1 668
Average personnel for the period	4 317	4 377	4 329	4 201	4 289	4 146
Deliveries of main products (1 000 tons)						
Cold rolled	56	54	39	47	196	55
White hot strip	49	41	33	42	166	37
Quarto plate	44	44	36	39	162	43
Tubular products	20	20	16	18	74	20
Long products	14	15	14	16	59	17
Total deliveries of the division	182	173	139	162	656	171

Other operations

EUR million	I/06	II/06	III/06	IV/06	2006	I/07
Sales	87	93	97	85	361	64
Operating profit	2	-8	-13	-16	-35	1
Operating capital at the end of period	133	239	188	138	138	-125
Average personnel for the period	504	505	479	457	481	477

Income statement by quarter

EUR million	I/06	II/06	III/06	IV/06	2006	I/07
Continuing operations:						
Sales						
General Stainless	1 013	1 066	1 130	1 561	4 770	1 700
of which intersegment sales	205	277	273	389	1 144	421
Specialty Stainless	650	638	614	821	2 723	1 003
of which intersegment sales	94	92	82	129	397	169
Other operations	87	93	97	85	361	64
of which intersegment sales	44	36	38	41	159	48
Intra-group sales	-342	-405	-394	-560	-1 700	-638
Total sales	1 408	1 392	1 447	1 907	6 154	2 129
Operating profit						
General Stainless	43	91	166	236	536	245
Specialty Stainless	22	65	81	171	338	182
Other operations	2	-8	-13	-16	-35	1
Intra-group items	-0	1	-3	-13	-15	-4
Total operating profit	67	149	231	378	824	424
Share of results in associated companies	0	2	1	4	8	2
Financial income and expenses	-7	-10	-18	-13	-48	-10
Profit before taxes	60	141	214	369	784	416
Income taxes	-18	-29	-48	-83	-178	-105
Net profit for the period from continuing operations	41	112	166	286	606	311
Net profit/(loss) for the period from discontinued operations	15	20	6	317	357	-4
Net profit for the period	56	133	172	603	963	307
Attributable to:						
Equity holders of the Company	56	132	171	603	962	305
Minority interest	-0	0	1	1	2	2
Major non-recurring items in operating profit						
EUR million	I/06	II/06	III/06	IV/06	2006	I/07
General Stainless						
Gain on sale of real estate in the UK	-	-	-	9	9	-
Specialty Stainless						
OSTP Fagersta closure	-	-	-	-8	-8	-
	-	-	-	1	1	-

Key figures by quarter

EUR million	I/06	II/06	III/06	IV/06	I/07
Operating profit margin, %	4.7	10.7	16.0	19.8	19.9
Return on capital employed, %	7.5	16.5	24.3	36.5	38.8
Return on equity, %	11.0	25.2	30.4	89.0	39.3
Return on equity, continuing operations, %	8.1	21.4	29.4	42.3	39.8
Capital employed at end of period	3 513	3 679	3 910	4 371	4 377
Net interest-bearing debt at end of period	1 483	1 509	1 560	1 300	1 189
Equity-to-assets ratio at end of period, %	37.4	38.4	37.7	47.9	47.2
Debt-to-equity ratio at end of period, %	73.0	69.5	66.4	42.3	37.3
Earnings per share, EUR	0.31	0.73	0.94	3.33	1.69
Earnings per share from continuing operations, EUR	0.23	0.62	0.91	1.58	1.71
Earnings per share from discontinued operations, EUR	0.08	0.11	0.03	1.75	-0.02
Average number of shares outstanding, in thousands ¹⁾	181 032	181 032	181 032	181 037	181 061
Equity per share at end of period, EUR	11.14	11.91	12.89	16.87	17.51
Number of shares outstanding at end of period, in thousands ¹⁾	181 032	181 032	181 032	181 032	181 082
Capital expenditure, continuing operations	33	34	45	74	25
Depreciation, continuing operations	50	50	68	52	51
Average personnel for the period, continuing operations	8 746	8 822	8 665	8 187	8 129

¹⁾ The number of own shares repurchased is excluded.

Definitions of key financial figures

Capital employed	=	Total equity + net interest-bearing debt
Operating capital	=	Capital employed + net tax liability
Return on equity	=	$\frac{\text{Net profit for the period}}{\text{Total equity (average for the period)}} \times 100$
Return on capital employed (ROCE)	=	$\frac{\text{Operating profit}}{\text{Capital employed (average for the period)}} \times 100$
Net interest-bearing debt	=	Total interest-bearing debt – total interest-bearing assets
Equity-to-assets ratio	=	$\frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$
Debt-to-equity ratio	=	$\frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$
Earnings per share	=	$\frac{\text{Net profit for the period attributable to the equity holders}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=	$\frac{\text{Equity attributable to the equity holders}}{\text{Adjusted number of shares at the end of the period}}$