Outokumpu interim statement

Q3 2019

Contents

Outokumpu third quarter interim statement

Challenging quarter due to a weak market and a sharp increase in the price of nickel. Group adjusted EBITDA at EUR 45 million.

Highlights in Q3 2019

- Stainless steel deliveries were 533,000 tonnes (582,000 tonnes)[1].
- Adjusted EBITDA was EUR 45 million (EUR 128 million).
- EBITDA was EUR 45 million (EUR 128 million).
- Operating cash flow was EUR 12 million (EUR 61 million).
- Net debt was EUR 1,336 million (June 30, 2019: EUR 1,307 million).
- Gearing was 51.4% (June 30, 2019: 49.8%).
- Return on capital employed (ROCE) was 1.0% (June 30, 2019: 2.9%).

Highlights in Q1-Q3 2019

- Stainless steel deliveries were 1,738,000 tonnes (1,894,000 tonnes).
- Adjusted EBITDA was EUR 190 million (EUR 397 million).
- EBITDA was EUR 176 million (EUR 404 million).
- Operating cash flow was EUR 228 million (EUR 171 million).
- Net result was EUR -60 million (EUR 103 million).

Group key figures		Q3/19	Q3/18	Q2/19	Q1–Q3/19	Q1–Q3/18	2018
Sales	EUR million	**1,590**	1,733	1,701	**5,006**	5,286	6,872
EBITDA	EUR million	**45**	128	91	**176**	404	496
Adjusted EBITDA [1)]	EUR million	**45**	128	91	**190**	397	485
EBIT	EUR million	**-13**	65	33	**3**	241	280
Adjusted EBIT [1)]	EUR million	**-13**	75	33	**17**	244	279
Result before taxes	EUR million	**-30**	36	17	**-47**	155	175
Net result for the period	EUR million	**-27**	29	6	**-60**	103	130
Earnings per share	EUR	**-0.06**	0.07	0.01	**-0.14**	0.25	0.32
Diluted earnings per share	EUR	**-0.06**	0.07	0.01	**-0.14**	0.25	0.32
Return on capital employed	%	**1.0**	6.9	2.9	**1.0**	6.9	7.0
Net cash generated from operating activities	EUR million	**12**	61	177	**228**	171	214
Net debt at the end of period	EUR million	**1,336**	1,205	1,307	**1,336**	1,205	1,241
Debt-to-equity ratio at the end of period	%	**51.4**	44.5	49.8	**51.4**	44.5	45.1
Capital expenditure	EUR million	**56**	56	49	**156**	156	260
Stainless steel deliveries	1,000 tonnes	**533**	582	584	**1,738**	1,894	2,428
Personnel at the end of period [2)]		**10,507**	10,459	10,483	**10,507**	10,459	10,449

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

[2)] On June 30, 2019 the Group employed, in addition, some 710 summer trainees.

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 report.

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

President & CEO Roeland Baan

"The third quarter proved to be as tough as we had predicted. Our adjusted EBITDA decreased to EUR 45 million largely due to weak demand and increased imports to Europe resulting in low deliveries and price pressure. This situation was particularly true for business area Long Products, reporting over 30% lower deliveries year-on-year. Additionally, the sharp rise of the nickel price led to hedging losses throughout our business.

The weakness in the European stainless steel market is expected to continue. The EU's revised safeguard measures enforced since the beginning of October have not yet had noticeable impact. However, the market should get more balanced as import quotas get filled. We also welcome the announcement by the European Commission that they have started anti-dumping investigations and countervailing duties against China and Indonesia.

We expect the fourth quarter to be similar to the third with limited upside in the market. While the nickel hedging losses will not be repeated, rising imports, typical seasonality in the US and higher maintenance costs will have a negative impact on our profitability.

Our focus on reducing net debt remains unwavering. We have already reached our 2019 target to reduce net working capital by EUR 150 million, well ahead of plan. In the fourth quarter, we will get further support for our cash flow from the EUR 90 million cash proceeds related to the real estate sale in Benrath that was announced in May 2019.

While the market trends are not working in our favor, we continue to pursue our efficiency and productivity improvements. We have started additional actions including personnel negotiations in Germany and business area Long Products to enhance the competitiveness of our European operations. The long-term growth prospects for stainless steel remain sound, and as the industry leader, our aim is to keep our position in all market circumstances."

Outlook for Q4 2019

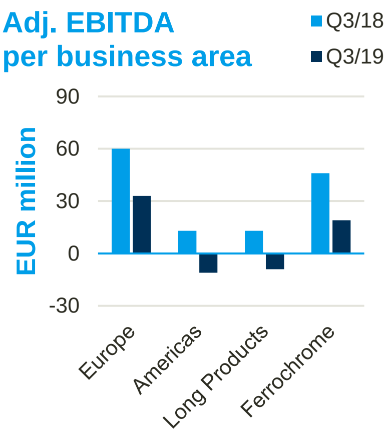
The stainless steel market is expected to remain subdued. The European market is suffering from continued import pressure from Asia and low underlying demand whereas in the US, we expect to see the normal fourth-quarter seasonality. Consequently, Outokumpu expects its fourth-quarter stainless steel deliveries to be lower than in the third quarter of 2019.

The planned annual maintenance work at the Tornio stainless steel mill is expected to have up to EUR 15 million negative impact on business area Europe's profitability.

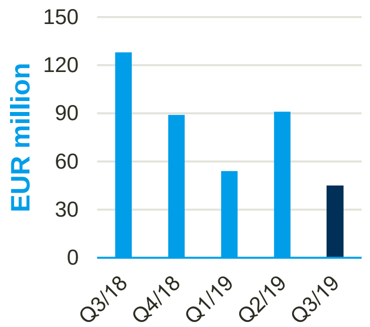
Assuming the current raw material prices, the losses from raw material-related inventories and metal derivatives from the third quarter are not expected to be repeated in the fourth quarter.

Outokumpu expects its fourth-quarter adjusted EBITDA to be at a similar level to the third quarter of 2019 (Q3/19: EUR 45 million).

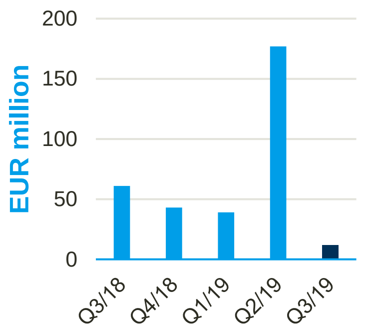
Adj. EBITDA per business area



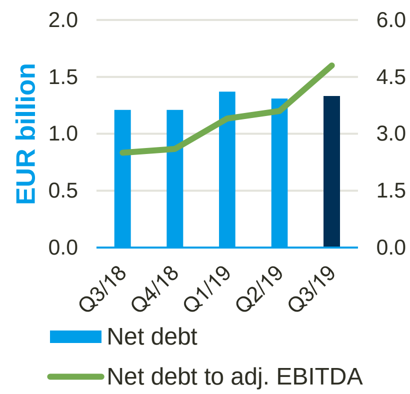
Group adj. EBITDA



Operating cash flow



Net debt and leverage



Results

Q3 2019 compared to Q3 2018

Outokumpu's sales decreased to EUR 1,590 million (EUR 1,733 million) and adjusted EBITDA to EUR 45 million (EUR 128 million). Profitability decreased significantly primarily due to 8% lower stainless steel deliveries reflecting a weak stainless steel market particularly in Europe, as well as raw material-related inventory and metal derivative losses of EUR 31 million (gains of EUR 3 million) caused by a sharp rise of the nickel price. Ferrochrome profitability was negatively impacted by the lower benchmark price. Raw material mix, on the other hand, improved in both business area Europe and the Americas. Other operations and intra-group items' adjusted EBITDA was EUR 14 million (EUR -4 million), positively impacted by gains from derivatives and the sale of emission allowances.

Q3 2019 compared to Q2 2019

Outokumpu's sales decreased to EUR 1,590 million compared to EUR 1,701 million in the second quarter of 2019. Adjusted EBITDA decreased to EUR 45 million compared to EUR 91 million in the second quarter of 2019. The weaker result reflects challenges in the market as higher stainless steel imports to Europe, weaker underlying demand and seasonal impacts resulted in 9% lower stainless steel deliveries. The increase in the nickel price led to EUR 15 million increase in raw material-related inventory and metal derivative losses. Ferrochrome profitability was negatively impacted by the lower benchmark price. On a positive note, costs decreased due to successfully continued efficiency improvements, as well as lower input costs.

Q1-Q3 2019 compared to Q1-Q3 2018

During the first nine months of 2019, Outokumpu's sales decreased to EUR 5,006 million (EUR 5,286 million). Adjusted EBITDA decreased to EUR 190 million (EUR 397 million). Weak stainless steel market has led to significantly lower base prices. On the other hand, pricing has been supported by improved product and raw material mix. Deliveries during the first nine months of the year were 8% lower compared to the same period last year. Ferrochrome profitability was suffering from lower ferrochrome benchmark price, but part of this impact was compensated by record-high production. Raw material-related inventory and metal derivative losses during January-September were EUR 60 million, significantly higher than the losses of EUR 1 million during the first nine months of 2018. Other operations and intra-group items' adjusted EBITDA amounted to EUR 4 million (EUR 11 million).

EBIT was EUR 3 million (EUR 241 million) and net result amounted to EUR -60 million (EUR 103 million).

Financial position and cash flow

Operating cash flow amounted to EUR 12 million in the third quarter (EUR 61 million). Working capital decreased by EUR 25 million, compared to an increase of EUR 47 million in the third quarter of 2018. Inventories decreased to EUR 1,362 million (June 30, 2019: EUR 1,428 million).

Capital expenditure amounted to EUR 56 million in the third quarter (EUR 56 million). The ongoing investments include the Kemi mine expansion and the digital transformation project Chorus, including the ERP renewal.

Net debt amounted to EUR 1,336 million, slightly higher than EUR 1,307 million at the end of the second quarter. Gearing increased to 51.4% (June 30, 2019: 49.8%).

Net financial expenses were EUR 17 million in the third quarter (EUR 31 million) and interest expenses were EUR 18 million (EUR 17 million). Cash and cash equivalents were at EUR 123 million on September 30, 2019 (June 30, 2019: EUR 190 million) and the overall liquidity reserves were some EUR 1.2 billion (June 30, 2019: EUR 0.8 billion). The liquidity reserves include an EUR 400 million term loan which will be drawn in the fourth quarter. The loan was signed in the second quarter. In addition to these reserves, EUR 96 million of the EUR 120 million Kemi mine financing is unutilized.

Market development

According to SMR's latest estimates (October 2019), global apparent stainless steel consumption increased by 8.6% in the third quarter compared to the same period last year. APAC contributed with a growth of 12.0% and EMEA with 0.8%, while demand in the Americas shrank by 3.5%. Global real demand for stainless steel products increased by 2.8% to 11.0 million tonnes (10.7 million tonnes).

The real demand growth year-on-year was strongest in Architecture, Building and Construction & Infrastructure at 5.9%, followed by Consumer Goods & Medical at 4.3% and Industrial & Heavy Industries at 1.6%. Meanwhile, demand in Chemical, Petrochemical & Energy shrank by 0.2% and Automotive & Heavy Transport by 3.5%.

In the fourth quarter of 2019, global real demand is expected to decrease by 1.0% compared to the third quarter of 2019, driven by decreases of 0.9% in APAC and 2.2% in EMEA, while the Americas is expected to grow by 0.3%. Compared to last year's fourth quarter, demand is expected to shrink by 1.9% driven by decrease of 1.9% in APAC and 3.1% in EMEA. Meanwhile, demand in the Americas is expected to grow by 0.4%. In 2019, total global demand is estimated to grow by 1.5% compared to 2018.

Business area Europe

Europe key figures		Q3/19	Q3/18	Q2/19	Q1–Q3/19	Q1–Q3/18	2018
Stainless steel deliveries	1,000 tonnes	**356**	369	391	**1,162**	1,206	1,547
Sales	EUR million	**1,006**	1,034	1,096	**3,227**	3,296	4,267
Adjusted EBITDA	EUR million	**33**	60	73	**148**	216	248
Adjustments							
Gain on the sale of PPE and release of provisions related to EMEA restructuring	EUR million	**-**	-	-	**-**	8	10
EBITDA	EUR million	**33**	60	73	**148**	223	259
Operating capital	EUR million	**1,990**	1,917	1,985	**1,990**	1,917	1,934

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

Results

Q3 2019 compared to Q3 2018

Sales amounted to EUR 1,006 million (EUR 1,034 million).
Adjusted EBITDA amounted to EUR 33 million (EUR 60 million).

- Stainless steel deliveries were 4% lower due to higher imports and weaker underlying demand.
- Raw material mix improved.
- Costs remained relatively flat. Input costs decreased but this impact was largely offset by higher maintenance costs.
- Raw material-related inventory and metal derivative losses were EUR 17 million (losses of EUR 1 million) impacted by an increase of the nickel price.

Q3 2019 compared to Q2 2019

Adjusted EBITDA decreased to EUR 33 million (Q2/19: EUR 73 million).

- Stainless steel deliveries were 9% lower effected by higher imports, seasonal impacts, as well as weaker underlying demand.
- Pricing had a negative impact on the result due to higher raw material costs. This was partly offset by improved product mix.
- Costs decreased primarily due to seasonally lower personnel costs.
- Raw material-related inventory and metal derivative losses were EUR 17 million compared to losses of EUR 13 million in Q2/19.

Market

- Real demand in EMEA decreased by 4.3% compared to Q3/18.
- EU cold-rolled imports from the third countries were at a level of 34% in Q3/19 (Jul-Aug), up from 30% in Q3/18. (Source: EUROFER, October 2019).
- Distributor inventories reached long-term average levels at the end of August.
- The CRU reported average EU base price for Q3/19 increased by EUR 21/tonne compared to Q3/18 and amounted to EUR 820/tonne. Compared to Q2/19, the average base price increased by EUR 30/tonne.

Business area Americas

Americas key figures		Q3/19	Q3/18	Q2/19	Q1–Q3/19	Q1–Q3/18	2018
Stainless steel deliveries	1,000 tonnes	**154**	190	149	**467**	614	762
Sales	EUR million	**337**	468	343	**1,043**	1,364	1,715
Adjusted EBITDA	EUR million	**-11**	13	-8	**-37**	17	-5
EBITDA	EUR million	**-11**	13	-8	**-37**	17	-5
Operating capital	EUR million	**956**	1,102	961	**956**	1,102	1,084

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Results

Q3 2019 compared to Q3 2018

Sales amounted to EUR 337 million (EUR 468 million).
Adjusted EBITDA amounted to EUR -11 million (EUR 13 million).

- Stainless steel deliveries were significantly lower following the strategy to cease low value-added export sales.
- Raw material mix improved. This positive impact was partly offset by lower spot prices.
- Costs decreased primarily due to lower freight costs.
- Raw material-related inventory and metal derivative losses were EUR 15 million (gains of EUR 10 million).

Q3 2019 compared to Q2 2019

Adjusted EBITDA amounted to EUR -11 million (Q2/19: EUR -8 million).

- Stainless steel deliveries increased by 3%.
- Raw material mix continued to improve having a positive impact on the result.
- Raw material-related inventory and metal derivative losses were EUR 15 million compared to losses of EUR 3 million in Q2/19.

Market

- Real demand remained at a stable level compared to Q3/18.
- Distributor destocking continued through the quarter. This had an impact on apparent stainless steel consumption that decreased by 3.5%. Distributor inventories were below long-term average at the end of August.
- Cold-rolled imports into the US decreased to approximately 15% in the third quarter of 2019 compared to 18% in Q3/18 in response to steel tariffs. (Source: American Iron & Steel Institute, August 2019)
- The CRU reported average US base price for Q3/19 was USD 66/tonne lower compared to Q3/18 and amounted to USD 1,433/tonne. The average base price was unchanged from Q2/19.

Business area Long Products

Long Products key figures		Q3/19	Q3/18	Q2/19	Q1–Q3/19	Q1–Q3/18	2018
Stainless steel deliveries	1,000 tonnes	**47**	68	65	**183**	221	285
Sales	EUR million	**137**	194	186	**507**	555	740
Adjusted EBITDA	EUR million	**-9**	13	6	**-6**	25	25
EBITDA	EUR million	**-9**	13	6	**-6**	25	25
Operating capital	EUR million	**203**	168	170	**203**	168	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

Q3 2019 compared to Q3 2018

Sales amounted to EUR 137 million
(EUR 194 million).
Adjusted EBITDA amounted to EUR -9 million
(EUR 13 million).

- Stainless steel deliveries decreased by 31% following a weak long products market and lower internal deliveries to business area Europe.
- Realized prices decreased mainly due to currency effects.
- Raw material-related inventory and metal derivative losses were EUR 6 million (gains of EUR 1 million).
- The reference period’s adjusted EBITDA includes a gain of EUR 4 million resulting from a change in terms of Outokumpu’s defined benefit medical plan in the US.

Q3 2019 compared to Q2 2019

Adjusted EBITDA decreased to EUR -9 million
(Q2/19: EUR 6 million).

- Stainless steel deliveries decreased by 28% impacted by seasonality, a weak long products market, as well as lower internal deliveries.
- Realized base prices decreased driven by weaker product mix and currency effects.
- Raw material-related inventory and metal derivative losses were EUR 6 million (Q2/19: EUR 0 million).

Market

- Long products demand continued weak in Europe affected by inventory destocking, as well as a decrease in end-user demand.
- Demand in the US remained stable.

Business area Ferrochrome

Ferrochrome key figures		Q3/19	Q3/18	Q2/19	Q1–Q3/19	Q1–Q3/18	2018
Ferrochrome production	1,000 tonnes	**131**	127	129	**393**	361	497
Sales	EUR million	**104**	137	127	**357**	399	542
Adjusted EBITDA	EUR million	**19**	46	31	**80**	127	210
EBITDA	EUR million	**19**	46	31	**80**	127	210
Operating capital	EUR million	**686**	652	685	**686**	652	640

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Results

Q3 2019 compared to Q3 2018

Sales decreased to EUR 104 million (EUR 137 million).
Adjusted EBITDA decreased to EUR 19 million (EUR 46 million).

- Ferrochrome deliveries increased.
- Ferrochrome benchmark price was USD 0.34/lb. lower.
- Costs decreased mainly due to lower coke price.

Q3 2019 compared to Q2 2019

Adjusted EBITDA decreased to EUR 19 million (Q2/19: EUR 31 million).

- Ferrochrome deliveries decreased due to weaker demand.
- Ferrochrome benchmark price was USD 0.16/lb. lower.
- Profitability was positively impacted by decreased costs, driven by lower coke price and seasonally lower personnel costs.

Market

- The European benchmark price for ferrochrome followed the Chinese spot prices down to USD 1.04/lb. from USD 1.20/lb. in Q2/19.
- For Q4/19, the ferrochrome price has decreased to USD 1.02/lb.

Safety and people

The total recordable incident frequency rate (TRIFR) was 3.3 for the first nine months of 2019 (Q1-Q3/18: 4.7) 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 48 compared to the third quarter of 2018 and totaled 10,507 at the end of September 2019 (10,459).

Shares

On September 30, 2019, Outokumpu's share capital was EUR 311 million, and the total number of shares was 416,374,448. At the end of the third quarter, Outokumpu held 4,984,661 treasury shares. The average number of shares outstanding was 411,387,442 for the third quarter.

Risks and uncertainties

Main realized risks in the third quarter were related to the sharp increase of the nickel price, leading to material inventory gains and derivative losses. Furthermore, the higher nickel price combined with the strong US dollar continued to impact working capital, thus limiting the benefits of working capital management efforts. The distortion of the stainless steel markets, originally caused by the US steel tariffs, continued to have a negative impact on stainless steel base prices and deliveries in Europe. Additionally, the fair value of the Group's energy asset portfolio declined significantly in Q3, mainly due to lower long-term power prices. The decline in long-term interest rates during the third quarter had an adverse impact on the amount of defined benefit and other long-term employee benefit obligations.

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 and investment 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.

Helsinki, October 31, 2019

Outokumpu
Board of Directors

Financial information

Condensed statement of income (EUR million)	July–Sept 2019	July–Sept 2018	Jan–Sept 2019	Jan–Sept 2018	Jan–Dec 2018
Sales	**1,590**	1,733	**5,006**	5,286	6,872
Cost of sales	**-1,516**	-1,622	**-4,726**	-4,864	-6,398
Gross margin	**74**	111	**279**	422	474
Other operating income	**12**	30	**26**	40	99
Sales, general and administrative costs	**-68**	-61	**-220**	-204	-275
Other operating expenses	**-31**	-15	**-82**	-16	-19
EBIT	**-13**	65	**3**	241	280
Share of results in associated companies and joint ventures	**0**	1	**3**	2	3
Interest expenses	**-18**	-17	**-54**	-53	-70
Net other financial income and expenses	**1**	-14	**1**	-35	-37
Total financial income and expenses	**-17**	-31	**-53**	-88	-107
Result before taxes	**-30**	36	**-47**	155	175
Income taxes	**3**	-7	**-12**	-52	-45
Net result for the period	**-27**	29	**-60**	103	130
Earnings per share for result attributable to the equity holders of the Company					
Earnings per share, EUR	**-0.06**	0.07	**-0.14**	0.25	0.32
Diluted earnings per share, EUR	**-0.06**	0.07	**-0.14**	0.25	0.32

Statement of comprehensive income (EUR million)	July–Sept 2019	July–Sept 2018	Jan–Sept 2019	Jan–Sept 2018	Jan–Dec 2018
Net result for the period	**-27**	29	**-60**	103	130
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	**44**	7	**45**	16	24
Cash flow hedges	**4**	2	**7**	-1	0
Items that will not be reclassified to profit or loss:					
Remeasurements on defined benefit obligation plans					
Changes during the accounting period	**-9**	-12	**-35**	-12	-7
Income tax relating to remeasurements	**3**	-3	**12**	-3	-1
Financial assets at fair value through other comprehensive income	**-37**	1	**-53**	2	2
Share of other comprehensive income in associated companies and joint ventures	**0**	0	**-0**	-0	-0
Other comprehensive income for the period, net of tax	**6**	-4	**-25**	3	18
Total comprehensive income for the period	**-21**	24	**-85**	106	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)	Sept 30 2019	Sept 30 2018	Dec 31 2018
ASSETS			
Non-current assets			
Intangible assets	**595**	582	585
Property, plant and equipment	**2,790**	2,616	2,659
Investments in associated companies and joint ventures	**41**	52	53
Other financial assets	**42**	78	88
Deferred tax assets	**249**	240	247
Defined benefit plan assets	**83**	61	72
Trade and other receivables	**2**	2	2
Total non-current assets	**3,802**	3,631	3,706
Current assets			
Inventories	**1,362**	1,603	1,555
Other financial assets	**55**	39	28
Trade and other receivables	**687**	803	640
Cash and cash equivalents	**123**	182	68
Total current assets	**2,227**	2,627	2,292
Assets held for sale	**19**	-	-
TOTAL ASSETS	**6,048**	6,258	5,998
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company	**2,602**	2,710	2,750
Non-current liabilities			
Non-current debt	**653**	733	798
Other financial liabilities	**0**	1	1
Deferred tax liabilities	**12**	11	12
Defined benefit and other long-term employee benefit obligations	**348**	320	318
Provisions	**54**	73	65
Trade and other payables	**33**	36	35
Total non-current liabilities	**1,100**	1,173	1,229
Current liabilities			
Current debt	**807**	654	511
Other financial liabilities	**27**	47	20
Provisions	**5**	14	5
Trade and other payables	**1,507**	1,661	1,483
Total current liabilities	**2,346**	2,375	2,019
TOTAL EQUITY AND LIABILITIES	**6,048**	6,258	5,998

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Condensed statement of cash flows (EUR million)	July–Sept 2019	July–Sept 2018	Jan–Sept 2019	Jan–Sept 2018	Jan–Dec 2018
Net result for the period	**-27**	29	**-60**	103	130
Adjustments					
Depreciation, amortization and impairments	**58**	63	**173**	163	216
Other non-cash adjustments	**-18**	35	**42**	112	96
Change in working capital	**25**	-47	**152**	-127	-112
Provisions, and defined benefit and other long-term employee benefit obligations paid	**-12**	-6	**-39**	-40	-59
Dividends and interests received	**0**	0	**6**	2	2
Interests paid	**-14**	-11	**-40**	-39	-54
Income taxes paid	**-2**	-0	**-6**	-3	-5
Net cash from operating activities	**12**	61	**228**	171	214
Acquired businesses, net of cash	**-**	-	**-**	-10	-10
Purchases of assets	**-48**	-60	**-135**	-159	-245
Proceeds from the sale of assets	**12**	8	**17**	11	22
Other investing cash flow	**-**	-	**9**	4	4
Net cash from investing activities	**-37**	-52	**-109**	-154	-229
Cash flow before financing activities	**-25**	9	**119**	18	-14
Dividends paid	**-**	-	**-62**	-103	-103
Treasury share purchase	**-**	-	**-**	-17	-17
Borrowings of non-current debt	**-**	-	**74**	249	329
Repayment of non-current debt	**-61**	-10	**-80**	-217	-245
Change in current debt	**16**	59	**1**	139	7
Other financing cash flow	**3**	-0	**4**	4	1
Net cash from financing activities	**-42**	49	**-64**	53	-29
Net change in cash and cash equivalents	**-67**	58	**55**	71	-43
Cash and cash equivalents at the beginning of the period	**190**	124	**68**	112	112
Net change in cash and cash equivalents	**-67**	58	**55**	71	-43
Foreign exchange rate effect	**0**	-0	**-0**	-1	-1
Cash and cash equivalents at the end of the period	**123**	182	**123**	182	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	-	-	-	-	-	-	-	-	103	103
Other comprehensive income	-	-	-	-	1	16	-15	-	-0	3
Total comprehensive income for the period	-	-	-	-	1	16	-15	-	103	106
Transactions with equity holders of the Company										
Contributions and distributions										
Dividend distribution	-	-	-	-	-	-	-	-	-103	-103
Share-based payments	-	-	-	-	-	-	-	1	-5	-3
Treasury shares acquired	-	-	-	-	-	-	-	-17	-	-17
Equity on Sept 30, 2018	**311**	**714**	**2,103**	**3**	**2**	**-64**	**-86**	**-41**	**-231**	**2,710**
Equity on Dec 31, 2018	**311**	**714**	**2,103**	**3**	**2**	**-56**	**-80**	**-40**	**-207**	**2,750**
Net result for the period	-	-	-	-	-	-	-	-	-60	-60
Other comprehensive income	-	-	-	-	-46	45	-24	-	-0	-25
Total comprehensive income for the period	-	-	-	-	-46	45	-24	-	-60	-85
Transactions with equity holders of the Company										
Contributions and distributions										
Dividend distribution	-	-	-	-	-	-	-	-	-62	-62
Share-based payments	-	-	-	-	-	-	-	3	-5	-1
Other	-	-	-	-	-	-	-3	-	3	0
Equity on Sept 30, 2019	**311**	**714**	**2,103**	**3**	**-44**	**-11**	**-107**	**-37**	**-330**	**2,602**

Adjustments to EBITDA and EBIT (EUR million)	Q3/2019	Q3/2018	Q1–Q3/19	Q1–Q3/18	2018
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	**-**	-10	-10
Adjustments to EBIT	**-**	-10	**-14**	-3	0

Group key figures		Q3/2019	Q3/2018	Q1–Q3/19	Q1–Q3/18	2018
Scope of activity						
Capital employed at the end of period	EUR million	**4,096**	4,037	**4,096**	4,037	4,086
Capital expenditure	EUR million	**56**	56	**156**	156	260
Depreciation and amortization	EUR million	**-57**	-51	**-171**	-151	-204
Impairments	EUR million	**-1**	-11	**-2**	-11	-12
Personnel at the end of period		**10,507**	10,459	**10,507**	10,459	10,449
- average for the period		**10,952**	10,872	**10,711**	10,471	10,468
Profitability						
Adjusted EBITDA	EUR million	**45**	128	**190**	397	485
Adjustments to EBITDA	EUR million	**-**	-	**-14**	8	10
EBITDA	EUR million	**45**	128	**176**	404	496
Earnings per share	EUR	**-0.06**	0.07	**-0.14**	0.25	0.32
Diluted earnings per share	EUR	**-0.06**	0.07	**-0.14**	0.25	0.32
Adjusted average number of shares [2]	1,000 shares	**411,387**	410,098	**411,118**	411,390	411,066
Return on equity	%	**-1.2**	8.7	**-1.2**	8.7	4.8
Return on capital employed	%	**1.0**	6.9	**1.0**	6.9	7.0
Financing and financial position						
Non-current debt	EUR million	**653**	733	**653**	733	798
Current debt	EUR million	**807**	654	**807**	654	511
Cash and cash equivalents	EUR million	**-123**	-182	**-123**	-182	-68
Net debt at the end of period	EUR million	**1,336**	1,205	**1,336**	1,205	1,241
Net debt to Adjusted EBITDA		**4.8**	2.5	**4.8**	2.5	2.6
Equity-to-assets ratio at the end of period	%	**43.2**	43.4	**43.2**	43.4	45.9
Debt-to-equity ratio at the end of period	%	**51.4**	44.5	**51.4**	44.5	45.1
Equity per share at the end of period [1]	EUR	**6.33**	6.61	**6.33**	6.61	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)	Q3/2019	Q3/2018	Q1–Q3/19	Q1–Q3/18	2018
Europe total	**1,006**	1,034	**3,227**	3,296	4,267
of which intra-group	**21**	25	**45**	79	97
Americas total	**337**	468	**1,043**	1,364	1,715
of which intra-group	**0**	15	**2**	43	45
Long Products total	**137**	194	**507**	555	740
of which intra-group	**30**	56	**116**	179	220
Ferrochrome total	**104**	137	**357**	399	542
of which intra-group	**56**	90	**221**	278	345
Other operations total	**192**	156	**475**	452	587
of which intra-group	**79**	71	**219**	203	273
Group total sales	**1,590**	1,733	**5,006**	5,286	6,872

Adjusted EBITDA by segment (EUR million)	Q3/2019	Q3/2018	Q1–Q3/19	Q1–Q3/18	2018
Europe	**33**	60	**148**	216	248
Americas	**-11**	13	**-37**	17	-5
Long Products	**-9**	13	**-6**	25	25
Ferrochrome	**19**	46	**80**	127	210
Other operations and intra-group items	**14**	-4	**4**	11	7
Group total adjusted EBITDA	**45**	128	**190**	397	485

Adjustments to EBITDA and EBIT by segment (EUR million)	Q3/2019	Q3/2018	Q1–Q3/19	Q1–Q3/18	2018
Europe	**-**	-	**-**	8	10
Americas	**-**	-	**-**	-	-
Long Products	**-**	-	**-**	-	-
Ferrochrome	**-**	-	**-**	-	-
Other operations	**-**	-	**-14**	-	-
Group total adjustments in EBITDA	**-**	-	**-14**	8	10
Other operations	**-**	-10	**-**	-10	-10
Group total adjustments in EBIT	**-**	-10	**-14**	-3	0

EBITDA by segment (EUR million)	Q3/2019	Q3/2018	Q1–Q3/19	Q1–Q3/18	2018
Europe	**33**	60	**148**	223	259
Americas	**-11**	13	**-37**	17	-5
Long Products	**-9**	13	**-6**	25	25
Ferrochrome	**19**	46	**80**	127	210
Other operations and intra-group items	**14**	-4	**-11**	11	7
Group total EBITDA	**45**	128	**176**	404	496

Adjusted EBIT by segment (EUR million)	Q3/2019	Q3/2018	Q1–Q3/19	Q1–Q3/18	2018
Europe	**-2**	33	**49**	134	134
Americas	**-25**	0	**-79**	-20	-56
Long Products	**-11**	11	**-12**	21	18
Ferrochrome	**12**	38	**59**	104	179
Other operations and intra-group items	**13**	-7	**0**	5	4
Group total adjusted EBIT	**-13**	75	**17**	244	279

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

EBIT by segment (EUR million)	Q3/2019	Q3/2018	Q1–Q3/19	Q1–Q3/18	2018
Europe	**-2**	33	**49**	142	144
Americas	**-25**	0	**-79**	-20	-56
Long Products	**-11**	11	**-12**	21	18
Ferrochrome	**12**	38	**59**	104	179
Other operations and intra-group items	**13**	-17	**-14**	-5	-6
Group total EBIT	**-13**	65	**3**	241	280

Depreciation and amortization by segment (EUR million)	Q3/2019	Q3/2018	Q1–Q3/19	Q1–Q3/18	2018
Europe	**-34**	-27	**-99**	-82	-114
Americas	**-14**	-13	**-42**	-38	-51
Long Products	**-2**	-2	**-6**	-5	-6
Ferrochrome	**-7**	-7	**-22**	-22	-30
Other operations	**-0**	-3	**-3**	-6	-3
Group total depreciation and amortization	**-57**	-51	**-171**	-151	-204

Capital expenditure by segment (EUR million)	Q3/2019	Q3/2018	Q1–Q3/19	Q1–Q3/18	2018
Europe	**12**	17	**31**	37	76
Americas	**6**	4	**15**	9	18
Long Products	**9**	3	**15**	24	30
Ferrochrome	**22**	16	**73**	48	79
Other operations	**8**	16	**22**	37	57
Group total capital expenditure	**56**	56	**156**	156	260

Operating capital by segment (EUR million)	Q3/2019	Q3/2018	Q1–Q3/19	Q1–Q3/18	2018
Europe	**1,990**	1,917	**1,990**	1,917	1,934
Americas	**956**	1,102	**956**	1,102	1,084
Long Products	**203**	168	**203**	168	179
Ferrochrome	**686**	652	**686**	652	640
Other operations and intra-group items	**24**	-31	**24**	-31	15
Group total operating capital	**3,859**	3,808	**3,859**	3,808	3,851

Personnel at the end of period by segment	Q3/2019	Q3/2018	Q1–Q3/19	Q1–Q3/18	2018
Europe	**6,844**	6,852	**6,844**	6,852	6,806
Americas	**1,953**	1,998	**1,953**	1,998	1,991
Long Products	**896**	860	**896**	860	892
Ferrochrome	**469**	440	**469**	440	441
Other operations	**345**	309	**345**	309	319
Group total personnel at the end of period	**10,507**	10,459	**10,507**	10,459	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, became 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 impacting the comparability of financial information between years 2019 and 2018. The following paragraph describes these differences and related comparability impacts.

In the statement of income, the cost of leasing is presented as depreciation in EBIT (EUR 21 million in Jan–Sept 2019) and interest expense in finance expenses (EUR 3 million in Jan–Sept 2019) instead of rental and lease expenses in EBITDA (EUR 25 million in Jan–Sept 2019). In the statement of cash flows, the repayments of lease liabilities (EUR 23 million in Jan–Sept 2019) are presented in the cash flow from financing activities whereas interest payments (EUR 3 million in Jan–Sept 2019) 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 the 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