outokumpu

Outokumpu half-year report

H1 2019

Contents

Outokumpu half-year report

Strong operational execution secured satisfactory performance in the second quarter. Group adjusted EBITDA at EUR 91 million.

Highlights in Q2 2019

- Stainless steel deliveries were 584,000 tonnes (668,000 tonnes)[1].
- Adjusted EBITDA was EUR 91 million (EUR 136 million).
- EBITDA was EUR 91 million (EUR 136 million).
- Operating cash flow was EUR 177 million (EUR 71 million).
- Net debt decreased to EUR 1,307 million (March 31, 2019: EUR 1,370 million).
- Gearing was 49.8% (March 31, 2019: 51.6%).
- Return on capital employed (ROCE) was 2.9% (March 31, 2019: 4.3%).
- In June, Outokumpu signed a EUR 400 million secured term loan to extend debt maturities.

Highlights in H1 2019

- Stainless steel deliveries were 1,205,000 tonnes (1,312,000 tonnes)
- Adjusted EBITDA was EUR 145 million (EUR 269 million).
- EBITDA was EUR 131 million (EUR 276 million).
- Operating cash flow was EUR 216 million (EUR 110 million).
- Net result was EUR -33 million (EUR 74 million)

Group key figures		Q2/19	Q2/18	Q1/19	Q1–Q2/19	Q1–Q2/18	2018
Sales	EUR million	**1,701**	1,883	1,715	**3,415**	3,553	6,872
EBITDA	EUR million	**91**	136	40	**131**	276	496
Adjusted EBITDA [1)]	EUR million	**91**	136	54	**145**	269	485
EBIT	EUR million	**33**	86	-17	**16**	176	280
Adjusted EBIT [1)]	EUR million	**33**	86	-3	**30**	169	279
Result before taxes	EUR million	**17**	49	-35	**-18**	119	175
Net result for the period	EUR million	**6**	25	-39	**-33**	74	130
Earnings per share	EUR	**0.01**	0.06	-0.09	**-0.08**	0.18	0.32
Diluted earnings per share	EUR	**0.01**	0.06	-0.09	**-0.08**	0.18	0.32
Return on capital employed	%	**2.9**	5.5	4.3	**2.9**	5.5	7.0
Net cash generated from operating activities	EUR million	**177**	71	39	**216**	110	214
Net debt at the end of period	EUR million	**1,307**	1,211	1,370	**1,307**	1,211	1,241
Debt-to-equity ratio at the end of period	%	**49.8**	45.1	51.6	**49.8**	45.1	45.1
Capital expenditure	EUR million	**49**	63	50	**100**	100	260
Stainless steel deliveries	1,000 tonnes	**584**	668	621	**1,205**	1,312	2,428
Personnel at the end of period [2)]		**10,483**	10,419	10,449	**10,483**	10,419	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 (June 30, 2018: some 690).

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

"Outokumpu's second quarter adjusted EBITDA of EUR 91 million was a satisfactory result in a very tough market environment. I am particularly pleased with our commercial and operational performance in business area Europe – our product mix was strong, and we maintained our market share. In addition, our continued self-help measures including cost-savings and selected development activities yielded tangible results.

Our ongoing focus on working capital resulted in strong operating cash flow, and our net debt decreased to EUR 1.3 billion.

The stainless steel market remains difficult. In Europe, we are still battling with cheap Asian imports despite the permanent safeguards that became effective in February. The import penetration is back at 30% and the start of the new quota period on July 1 has already led to a further jump in imports. The steel industry is in continuous dialogue with the European Commission to improve the effectiveness of the safeguards. Conversely, imports into the US have stayed at relatively low levels, however, due to the continued distributor destocking, we don't see significant volume upside in the short term in the Americas.

Due to these challenges, coupled with seasonally lower demand, we are facing a tough third quarter, and we expect the challenges to influence the stainless steel market for the rest of 2019.

Despite the unprecedented adverse market circumstances, we have been able to maintain our profitability on a reasonable level, which demonstrates the power of the strategic actions we have executed since 2016. For example, we have improved our customer and product mix substantially in all business areas, and our continued efficiency and productivity gains are bringing us significant cost benefits. We are confident that by pursuing these actions further, we will be able to navigate through the current challenging period and at the same time, secure our competitiveness for the market recovery."

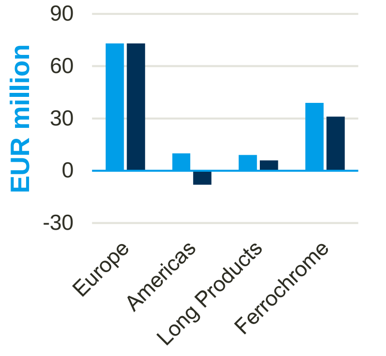
Outlook for Q3 2019

The third-quarter stainless steel market is expected to be challenging. In addition to typical seasonal slowdown in Europe, the underlying stainless steel demand is expected to be further burdened by high import volumes from Asia and weakness in certain customer segments. Consequently, Outokumpu expects its third-quarter stainless steel deliveries in Europe to be lower compared to the second quarter. In the Americas, deliveries are expected to remain at a stable level.

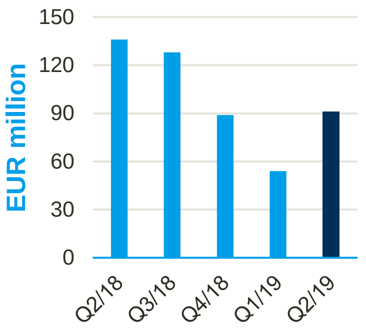
The Ferrochrome result will be negatively impacted by the lower ferrochrome benchmark price, as well as weaker demand. The planned maintenance shutdown of a ferrochrome furnace scheduled for September-October is expected to have a total cost impact of up to EUR 10 million during the second half of the year.

Outokumpu expects its third-quarter adjusted EBITDA to be lower than in the second quarter of 2019 (Q2/19: EUR 91 million).

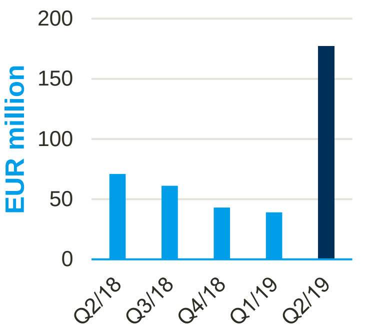
Adj. EBITDA per business area



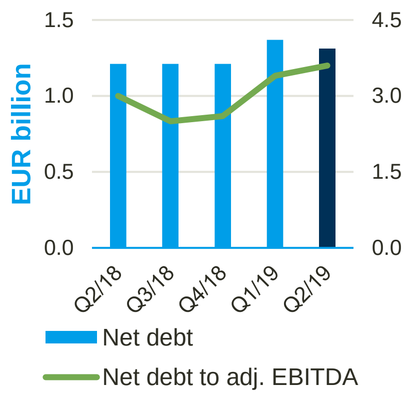
Group adj. EBITDA



Operating cash flow



Net debt and leverage



Results

Q2 2019 compared to Q2 2018

Outokumpu's sales decreased to EUR 1,701 million (EUR 1,883 million). The second-quarter adjusted EBITDA of EUR 91 million was lower than EUR 136 million in the second quarter of 2018 mainly due to a 13% drop in stainless steel deliveries. Spot base prices were substantially lower year-on-year but Outokumpu's realized prices remained relatively flat driven by improved customer and product mix in all business areas. Ferrochrome profitability was negatively impacted by the lower benchmark price. Raw material-related inventory and metal derivative losses were EUR 16 million compared to gains of EUR 1 million in the second quarter of 2018. Other operations and intra-group items' adjusted EBITDA decreased to EUR -11 million (EUR 5 million).

Q2 2019 compared to Q1 2019

Outokumpu's sales decreased to EUR 1,701 million compared to EUR 1,715 million in the first quarter of 2019. Adjusted EBITDA increased by EUR 37 million to EUR 91 million mainly due to improved customer and product mix in all business areas. The result was further supported by efficiency gains and lower truck freight costs in the US. Continued distributor destocking together with weakening underlying demand across the business had a negative impact on stainless steel deliveries which decreased by 6%. Raw material-related inventory and metal derivative losses were EUR 16 million compared to losses of EUR 13 million in the first quarter of 2019.

H1 2019 compared to H1 2018

During the first half of 2019, Outokumpu's sales decreased to EUR 3,415 million (EUR 3,553 million). Adjusted EBITDA decreased to EUR 145 million (EUR 269 million), heavily impacted by weaker stainless steel demand. Deliveries during the first six months of the year were 8% lower compared to the same period last year. Graphite electrode and other input costs were higher on average and the Ferrochrome result was lower due to the lower benchmark price. Raw material-related inventory and metal derivative losses were EUR 29 million (losses of EUR 4 million). Other operations and intra-group items' adjusted EBITDA amounted to EUR -10 million, EUR 25 million lower than during the first half of 2018 which was positively impacted by gains from emission allowance derivatives.

EBIT was EUR 16 million (EUR 176 million) and net result amounted to EUR -33 million (EUR 74 million) during the first half of 2019.

Financial position and cash flow

Operating cash flow amounted to EUR 177 million in the second quarter (EUR 71 million). The decrease in working capital was EUR 96 million, compared to an increase of EUR 18 million in the second quarter of 2018. Inventories amounted to EUR 1,428 million (March 31, 2019: EUR 1,448 million).

Capital expenditure amounted to EUR 49 million in the second quarter (EUR 63 million). The ongoing investments include the Kemi mine expansion and the digital transformation project Chorus, including the ERP renewal.

Net debt decreased to EUR 1,307 million compared to EUR 1,370 in March 2019. Gearing decreased to 49.8% (March 31, 2019: 51.6%).

Net financial expenses were EUR 18 million in the second quarter (EUR 35 million) and interest expenses were EUR 18 million (EUR 18 million). Cash and cash equivalents were at EUR 190 million at the end of June (March 31, 2019: EUR 132 million) and overall liquidity reserves were approx. EUR 0.8 billion (March 31, 2019: EUR 0.7 billion). In addition to these reserves, EUR 96 million of the EUR 120 million Kemi mine financing is unutilized. In June, Outokumpu signed a sustainability linked EUR 400 million secured 4-year term loan. The loan became available in July and will be drawn in the fourth quarter at the latest.

Market development

According to SMR's latest estimates (July 2019), global apparent stainless steel consumption increased by 1.5% in the second quarter compared to the same period last year. APAC contributed with a growth of 3.8%, while demand in EMEA and Americas shrank by 5.0% and 2.1%, respectively. Global real demand for stainless steel products increased by 3.1% to 11.1 million tonnes (10.8 million tonnes).

The real demand growth year-on-year was strongest in Architecture, Building and Construction & Infrastructure at 7.2%, followed by Consumer Goods & Medical at 3.5%, Industrial & Heavy Industries at 1.8%, Chemical, Petrochemical & Energy at 1.7% and Automotive & Heavy Transport at 1.5%.

In the third quarter of 2019, global real demand is expected to decrease by 1.5% compared to the second quarter of 2019, driven by decreases of 12.9% in EMEA and 2.0% in the Americas, while APAC is expected to grow by 1.5%. Compared to last year's third quarter, demand is expected to grow by 1.8% on the back of growth of 4.6% in APAC. Meanwhile, EMEA and the Americas are expected to shrink by 7.1% and 2.7%, respectively. In 2019, total global demand is estimated to grow by 1.9% compared to 2018.

Business area Europe

Europe key figures		Q2/19	Q2/18	Q1/19	Q1–Q2/19	Q1–Q2/18	2018
Stainless steel deliveries	1,000 tonnes	**391**	425	415	**806**	837	1,547
Sales	EUR million	**1,096**	1,174	1,124	**2,221**	2,262	4,267
Adjusted EBITDA	EUR million	**73**	73	42	**115**	156	248
Adjustments							
Gain on the sale of PPE and release of provisions related to EMEA restructuring	EUR million	**-**	-	-	**-**	8	10
EBITDA	EUR million	**73**	73	42	**115**	163	259
Operating capital	EUR million	**1,985**	1,877	2,055	**1,985**	1,877	1,934

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

Results

Q2 2019 compared to Q2 2018

Sales amounted to EUR 1,096 million (EUR 1,174 million).
Adjusted EBITDA amounted to EUR 73 million (EUR 73 million).

- Stainless steel deliveries were 8% lower reflecting weaker underlying demand.
- Realized base prices were supported by improved customer and product mix. This positive impact was partly offset by lower spot prices.
- Costs decreased primarily due to lower SG&A costs, as well as overall improvement in cost efficiency.
- Raw material-related inventory and metal derivative losses were EUR 13 million (losses of EUR 9 million).

Q2 2019 compared to Q1 2019

Adjusted EBITDA increased to EUR 73 million (Q1/19: EUR 42 million).

- Stainless steel deliveries were 6% lower impacted by increased competition from imports to the European market.
- Realized base prices increased clearly driven by improved customer and product mix while spot prices remained relatively flat at low levels.
- Costs decreased primarily due to lower graphite electrode and electricity costs.
- Raw material-related inventory and metal derivative losses were EUR 13 million compared to gains of EUR 2 million in Q1/19.
- The losses from currency derivatives were lower compared to the previous quarter.

Market

- Real demand in EMEA decreased by 1.4% compared to Q2/18.
- EU cold-rolled imports from the third countries were at a level of 30% in Q2/19, down from 33% in Q2/18. (Source: EUROFER, July 2019).
- Distributor inventories reached long-term average levels at the end of the second quarter.
- The CRU reported average EU base price for Q2/19 decreased by EUR 194/tonne compared to Q2/18 and amounted to EUR 790/tonne. Compared to Q1/19, the average base price decreased by EUR 6/tonne.

Business area Americas

Americas key figures		Q2/19	Q2/18	Q1/19	Q1–Q2/19	Q1–Q2/18	2018
Stainless steel deliveries	1,000 tonnes	**149**	210	164	**313**	424	762
Sales	EUR million	**343**	483	364	**706**	895	1,715
Adjusted EBITDA	EUR million	**-8**	10	-18	**-26**	4	-5
EBITDA	EUR million	**-8**	10	-18	**-26**	4	-5
Operating capital	EUR million	**961**	1,151	1,028	**961**	1,151	1,084

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Results

Q2 2019 compared to Q2 2018

Sales amounted to EUR 343 million (EUR 483 million).
Adjusted EBITDA amounted to EUR -8 million (EUR 10 million).

- Stainless steel deliveries were significantly lower following the strategy to cease low value-added export sales.
- Realized base prices were clearly higher driven by improved customer and product mix. This positive impact was partly offset by lower spot prices.
- Costs decreased due to improved cost efficiency and lower freight costs.
- Raw material-related inventory and metal derivative losses were EUR 3 million (gains of EUR 10 million).

Q2 2019 compared to Q1 2019

Adjusted EBITDA amounted to EUR -8 million (Q1/19: EUR -18 million).

- Stainless steel deliveries were 9% lower impacted by continued distributor destocking.
- Realized base prices increased slightly due to improved customer and product mix.
- Costs decreased as higher portion of rail shipments led to lower freight costs.
- Raw material-related inventory and metal derivative losses were EUR 3 million compared to losses of EUR 14 million in Q1/19.

Market

- Real demand grew by 1.3% compared to Q2/18.
- Distributor destocking continued through Q2. This had an impact on apparent stainless steel consumption that decreased by 2.3%. Distributor inventories were slightly below long-term average at the end of Q2.
- Cold-rolled imports into the US decreased to approx. 16% in the second quarter of 2019 compared to 20% in Q2/18 in response to steel tariffs. (Source: American Iron & Steel Institute, May 2019)
- The CRU reported average US base price for Q2/19 was USD 37/tonne lower compared to Q2/18 and amounted to USD 1,433/tonne. The average base price was unchanged from Q1/19.

Business area Long Products

Long Products key figures		Q2/19	Q2/18	Q1/19	Q1–Q2/19	Q1–Q2/18	2018
Stainless steel deliveries	1,000 tonnes	**65**	77	70	**135**	153	285
Sales	EUR million	**186**	196	185	**370**	361	740
Adjusted EBITDA	EUR million	**6**	9	-3	**4**	13	25
EBITDA	EUR million	**6**	9	-3	**4**	13	25
Operating capital	EUR million	**170**	152	178	**170**	152	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

Q2 2019 compared to Q2 2018

Sales amounted to EUR 186 million (EUR 196 million).
Adjusted EBITDA amounted to EUR 6 million (EUR 9 million).

- Profitability decreased as a result of 15% lower stainless steel deliveries following weaker long products market.
- Realized base prices were relatively flat as improved product mix was offset by impacts from Section 232.
- Raw material-related inventory and metal derivative losses were EUR 0 million (losses of EUR 1 million).

Q2 2019 compared to Q1 2019

Adjusted EBITDA increased to EUR 6 million (Q1/19: EUR -3 million).

- Stainless steel deliveries decreased by 7% driven by the weakening long products market.
- Realized base prices increased clearly driven by improved product mix.
- Raw material-related inventory and metal derivative losses were EUR 0 million compared to losses of EUR 2 million in Q1/19.

Market

- Long products demand weakened clearly in Europe affected by inventory destocking, as well as decline in end-user demand.
- Demand in the US continued on a relatively healthy level. There was continued strength in the Aerospace segment, while the demand in other customer segments was relatively flat.

Business area Ferrochrome

Ferrochrome key figures		Q2/19	Q2/18	Q1/19	Q1–Q2/19	Q1–Q2/18	2018
Ferrochrome production	1,000 tonnes	**129**	110	133	**262**	234	497
Sales	EUR million	**127**	131	126	**253**	262	542
Adjusted EBITDA	EUR million	**31**	39	30	**61**	81	210
EBITDA	EUR million	**31**	39	30	**61**	81	210
Operating capital	EUR million	**685**	649	683	**685**	649	640

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Results

Q2 2019 compared to Q2 2018

Sales decreased to EUR 127 million (EUR 131 million).
Adjusted EBITDA decreased to EUR 31 million (EUR 39 million).

- Ferrochrome deliveries remained high, significantly above the levels reached in Q2/18.
- Ferrochrome contract price was USD 0.22/lb. lower.

Q2 2019 compared to Q1 2019

Adjusted EBITDA increased to EUR 31 million (Q1/19: EUR 30 million).

- Ferrochrome deliveries decreased from the record-high Q1 levels, yet still remained high.
- Ferrochrome contract price was USD 0.08/lb. higher.
- Costs were higher due to planned maintenance work.

Market

- The European benchmark price for ferrochrome followed the Chinese spot prices up to USD 1.20/lb. from USD 1.12/lb. in Q1/19.
- For Q3, the ferrochrome price has decreased to USD 1.04/lb.

Safety and people

The total recordable incident frequency rate (TRIFR) was 3.4 for the first half 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 64 compared to the second quarter of 2018 and totaled 10,483 at the end of June 2019 (10,419).

Shares

On June 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 second quarter, Outokumpu held 4,987,538 treasury shares. The average number of shares outstanding was 411,320,593 for the second quarter.

Risks and uncertainties

Main realized risks in the second quarter were related to distortion of the stainless steel markets, originally caused by the US steel tariffs. This continued to have a negative impact on stainless steel base prices and deliveries 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.

Helsinki, August 1, 2019

Outokumpu
Board of Directors

Financial information

Condensed statement of income (EUR million)	April–June 2019	April–June 2018	Jan–June 2019	Jan–June 2018	Jan–Dec 2018
Sales	**1,701**	1,883	**3,415**	3,553	6,872
Cost of sales	**-1,579**	-1,727	**-3,210**	-3,243	-6,398
Gross margin	**122**	156	**205**	311	474
Other operating income	**8**	7	**14**	18	99
Sales, general and administrative costs	**-77**	-72	**-152**	-144	-275
Other operating expenses	**-20**	-5	**-51**	-9	-19
EBIT	**33**	86	**16**	176	280
Share of results in associated companies and joint ventures	**2**	-1	**3**	1	3
Interest expenses	**-18**	-18	**-36**	-36	-70
Net other financial expenses	**-0**	-18	**-0**	-22	-37
Total financial income and expenses	**-18**	-35	**-37**	-58	-107
Result before taxes	**17**	49	**-18**	119	175
Income taxes	**-12**	-24	**-15**	-44	-45
Net result for the period	**6**	25	**-33**	74	130
Earnings per share for result attributable to the equity holders of the Company					
Earnings per share, EUR	**0.01**	0.06	**-0.08**	0.18	0.32
Diluted earnings per share, EUR	**0.01**	0.06	**-0.08**	0.18	0.32

Statement of comprehensive income (EUR million)	April–June 2019	April–June 2018	Jan–June 2019	Jan–June 2018	Jan–Dec 2018
Net result for the period	**6**	25	**-33**	74	130
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	**-25**	22	**1**	9	24
Cash flow hedges	**4**	0	**3**	-2	0
Items that will not be reclassified to profit or loss:					
Remeasurements on defined benefit obligation plans					
Changes during the accounting period	**-19**	0	**-27**	0	-7
Income tax relating to remeasurements	**5**	-0	**9**	-0	-1
Financial assets at fair value through other comprehensive income	**-1**	1	**-16**	0	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	**-36**	23	**-31**	7	18
Total comprehensive income for the period	**-30**	48	**-64**	82	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)	June 30 2019	June 30 2018	Dec 31 2018
ASSETS			
Non-current assets			
Intangible assets	**595**	585	585
Property, plant and equipment	**2,754**	2,616	2,659
Investments in associated companies and joint ventures	**41**	50	53
Other financial assets	**77**	70	88
Deferred tax assets	**243**	248	247
Defined benefit plan assets	**79**	80	72
Trade and other receivables	**2**	1	2
Total non-current assets	**3,790**	3,651	3,706
Current assets			
Inventories	**1,428**	1,496	1,555
Other financial assets	**25**	60	28
Trade and other receivables	**739**	926	640
Cash and cash equivalents	**190**	124	68
Total current assets	**2,381**	2,605	2,292
Assets held for sale	**19**	-	-
TOTAL ASSETS	**6,190**	6,256	5,998
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company	**2,624**	2,686	2,750
Non-current liabilities			
Non-current debt	**710**	740	798
Other financial liabilities	**0**	0	1
Deferred tax liabilities	**12**	11	12
Defined benefit and other long-term employee benefit obligations	**338**	333	318
Provisions	**62**	63	65
Trade and other payables	**34**	33	35
Total non-current liabilities	**1,156**	1,179	1,229
Current liabilities			
Current debt	**787**	595	511
Other financial liabilities	**21**	58	20
Provisions	**4**	16	5
Trade and other payables	**1,598**	1,721	1,483
Total current liabilities	**2,410**	2,392	2,019
TOTAL EQUITY AND LIABILITIES	**6,190**	6,256	5,998

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Condensed statement of cash flows (EUR million)	April–June 2019	April–June 2018	Jan–June 2019	Jan–June 2018	Jan–Dec 2018
Net result for the period	**6**	25	**-33**	74	130
Adjustments					
Depreciation, amortization and impairments	**58**	50	**115**	100	216
Other non-cash adjustments	**37**	45	**59**	77	96
Change in working capital	**96**	-18	**127**	-79	-112
Provisions, and defined benefit and other long-term employee benefit obligations paid	**-7**	-16	**-27**	-34	-59
Dividends and interests received	**5**	2	**5**	2	2
Interests paid	**-15**	-17	**-27**	-28	-54
Income taxes paid	**-2**	-1	**-5**	-3	-5
Net cash from operating activities	**177**	71	**216**	110	214
Acquired businesses, net of cash	**-**	-10	**-**	-10	-10
Purchases of assets	**-46**	-63	**-87**	-99	-245
Proceeds from the sale of assets	**3**	0	**5**	3	22
Other investing cash flow	**6**	4	**9**	4	4
Net cash from investing activities	**-37**	-69	**-72**	-102	-229
Cash flow before financing activities	**140**	2	**144**	8	-14
Dividends paid	**-62**	-103	**-62**	-103	-103
Treasury share purchase	**-**	-17	**-**	-17	-17
Borrowings of non-current debt	**24**	249	**74**	249	329
Repayment of non-current debt	**-9**	-204	**-19**	-208	-245
Change in current debt	**-36**	-100	**-16**	80	7
Other financing cash flow	**-0**	2	**1**	4	1
Net cash from financing activities	**-82**	-175	**-22**	4	-29
Net change in cash and cash equivalents	**58**	-173	**122**	13	-43
Cash and cash equivalents at the beginning of the period	**132**	297	**68**	112	112
Net change in cash and cash equivalents	**58**	-173	**122**	13	-43
Foreign exchange rate effect	**-1**	-0	**-0**	-1	-1
Cash and cash equivalents at the end of the period	**190**	124	**190**	124	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	-	-	-	-	-	-	-	-	74	74
Other comprehensive income	-	-	-	-	-2	9	0	-	-0	7
Total comprehensive income for the period	-	-	-	-	-2	9	0	-	74	82
Transactions with equity holders of the Company										
Contributions and distributions										
Dividend distribution	-	-	-	-	-	-	-	-	-103	-103
Share-based payments	-	-	-	-	-	-	-	1	-4	-3
Treasury shares acquired	-	-	-	-	-	-	-	-17	-	-17
Equity on June 30, 2018	**311**	**714**	**2,103**	**3**	**-2**	**-71**	**-72**	**-41**	**-259**	**2,686**
Equity on Dec 31, 2018	**311**	**714**	**2,103**	**3**	**2**	**-56**	**-80**	**-40**	**-207**	**2,750**
Net result for the period	-	-	-	-	-	-	-	-	-33	-33
Other comprehensive income	-	-	-	-	-13	1	-18	-	-0	-31
Total comprehensive income for the period	-	-	-	-	-13	1	-18	-	-33	-64
Transactions with equity holders of the Company										
Contributions and distributions										
Dividend distribution	-	-	-	-	-	-	-	-	-62	-62
Share-based payments	-	-	-	-	-	-	-	3	-4	-1
Other	-	-	-	-	-	-	-3	-	3	-
Equity on June 30, 2019	**311**	**714**	**2,103**	**3**	**-11**	**-55**	**-101**	**-37**	**-303**	**2,624**

Adjustments to EBITDA and EBIT (EUR million)	Q2/2019	Q2/2018	Q1–Q2/19	Q1–Q2/18	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		Q2/2019	Q2/2018	Q1–Q2/19	Q1–Q2/18	2018
Scope of activity						
Capital employed at the end of period	EUR million	**4,048**	4,023	**4,048**	4,023	4,086
Capital expenditure	EUR million	**49**	63	**100**	100	260
Depreciation and amortization	EUR million	**-57**	-50	**-114**	-100	-204
Impairments	EUR million	**-1**	-0	**-1**	-0	-12
Personnel at the end of period [1]		**10,483**	10,419	**10,483**	10,419	10,449
- average for the period		**10,788**	10,492	**10,642**	10,333	10,468
Profitability						
Adjusted EBITDA	EUR million	**91**	136	**145**	269	485
Adjustments to EBITDA	EUR million	**-**	-	**-14**	8	10
EBITDA	EUR million	**91**	136	**131**	276	496
Earnings per share	EUR	**0.01**	0.06	**-0.08**	0.18	0.32
Diluted earnings per share	EUR	**0.01**	0.06	**-0.08**	0.18	0.32
Adjusted average number of shares [2]	1,000 shares	**411,321**	411,289	**410,981**	412,047	411,066
Return on equity	%	**0.8**	6.7	**0.8**	6.7	4.8
Return on capital employed	%	**2.9**	5.5	**2.9**	5.5	7.0
Financing and financial position						
Non-current debt	EUR million	**710**	740	**710**	740	798
Current debt	EUR million	**787**	595	**787**	595	511
Cash and cash equivalents	EUR million	**-190**	-124	**-190**	-124	-68
Net debt at the end of period	EUR million	**1,307**	1,211	**1,307**	1,211	1,241
Net debt to Adjusted EBITDA		**3.6**	3.0	**3.6**	3.0	2.6
Equity-to-assets ratio at the end of period	%	**42.5**	43.0	**42.5**	43.0	45.9
Debt-to-equity ratio at the end of period	%	**49.8**	45.1	**49.8**	45.1	45.1
Equity per share at the end of period [2]	EUR	**6.38**	6.55	**6.38**	6.55	6.70

[1] On June 30, 2019 the Group employed, in addition, some 710 summer trainees (June 30, 2018: some 690).

[2] Excluding treasury shares.

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

Sales by segment (EUR million)	Q2/2019	Q2/2018	Q1–Q2/19	Q1–Q2/18	2018
Europe total	**1,096**	1,174	**2,221**	2,262	4,267
of which intra-group	**12**	31	**24**	53	97
Americas total	**343**	483	**706**	895	1,715
of which intra-group	**1**	22	**2**	28	45
Long Products total	**186**	196	**370**	361	740
of which intra-group	**38**	58	**86**	123	220
Ferrochrome total	**127**	131	**253**	262	542
of which intra-group	**80**	83	**165**	188	345
Other operations total	**148**	158	**282**	297	587
of which intra-group	**69**	65	**140**	131	273
Group total sales	**1,701**	1,883	**3,415**	3,553	6,872

Adjusted EBITDA by segment (EUR million)	Q2/2019	Q2/2018	Q1–Q2/19	Q1–Q2/18	2018
Europe	**73**	73	**115**	156	248
Americas	**-8**	10	**-26**	4	-5
Long Products	**6**	9	**4**	13	25
Ferrochrome	**31**	39	**61**	81	210
Other operations and intra-group items	**-11**	5	**-10**	15	7
Group total adjusted EBITDA	**91**	136	**145**	269	485

Adjustments to EBITDA and EBIT by segment (EUR million)	Q2/2019	Q2/2018	Q1–Q2/19	Q1–Q2/18	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)	Q2/2019	Q2/2018	Q1–Q2/19	Q1–Q2/18	2018
Europe	**73**	73	**115**	163	259
Americas	**-8**	10	**-26**	4	-5
Long Products	**6**	9	**4**	13	25
Ferrochrome	**31**	39	**61**	81	210
Other operations and intra-group items	**-11**	5	**-24**	15	7
Group total EBITDA	**91**	136	**131**	276	496

Adjusted EBIT by segment (EUR million)	Q2/2019	Q2/2018	Q1–Q2/19	Q1–Q2/18	2018
Europe	**40**	46	**50**	101	134
Americas	**-23**	-2	**-54**	-21	-56
Long Products	**4**	7	**-0**	10	18
Ferrochrome	**24**	32	**47**	66	179
Other operations and intra-group items	**-12**	3	**-13**	12	4
Group total adjusted EBIT	**33**	86	**30**	169	279

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

EBIT by segment (EUR million)	Q2/2019	Q2/2018	Q1–Q2/19	Q1–Q2/18	2018
Europe	**40**	46	**50**	108	144
Americas	**-23**	-2	**-54**	-21	-56
Long Products	**4**	7	**-0**	10	18
Ferrochrome	**24**	32	**47**	66	179
Other operations and intra-group items	**-12**	3	**-27**	12	-6
Group total EBIT	**33**	86	**16**	176	280

Depreciation and amortization by segment (EUR million)	Q2/2019	Q2/2018	Q1–Q2/19	Q1–Q2/18	2018
Europe	**-33**	-27	**-65**	-55	-114
Americas	**-14**	-13	**-28**	-25	-51
Long Products	**-2**	-1	**-4**	-3	-6
Ferrochrome	**-7**	-7	**-15**	-15	-30
Other operations	**-1**	-2	**-3**	-3	-3
Group total depreciation and amortization	**-57**	-50	**-114**	-100	-204

Capital expenditure by segment (EUR million)	Q2/2019	Q2/2018	Q1–Q2/19	Q1–Q2/18	2018
Europe	**7**	11	**19**	20	76
Americas	**4**	3	**9**	5	18
Long Products	**4**	19	**6**	20	30
Ferrochrome	**26**	17	**51**	33	79
Other operations	**8**	12	**15**	21	57
Group total capital expenditure	**49**	63	**100**	100	260

Operating capital by segment (EUR million)	Q2/2019	Q2/2018	Q1–Q2/19	Q1–Q2/18	2018
Europe	**1,985**	1,877	**1,985**	1,877	1,934
Americas	**961**	1,151	**961**	1,151	1,084
Long Products	**170**	152	**170**	152	179
Ferrochrome	**685**	649	**685**	649	640
Other operations and intra-group items	**15**	-44	**15**	-44	15
Group total operating capital	**3,817**	3,786	**3,817**	3,786	3,851

Personnel at the end of period by segment	Q2/2019	Q2/2018	Q1–Q2/19	Q1–Q2/18	2018
Europe	**6,812**	6,794	**6,812**	6,794	6,806
Americas	**1,973**	2,011	**1,973**	2,011	1,991
Long Products	**898**	853	**898**	853	892
Ferrochrome	**461**	447	**461**	447	441
Other operations	**339**	314	**339**	314	319
Group total personnel at the end of period	**10,483**	10,419	**10,483**	10,419	10,449

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

On June 30, 2019, the Group employed, in addition, some 710 summer trainees (June 30, 2018: some 690).

Geographical information – Sales by destination (EUR million)	Jan–June 2019	Jan–June 2018	Jan–Dec 2018
Finland	**156**	143	230
Other Europe	**1,973**	2,102	3,951
North America	**817**	891	1,820
Asia and Oceania	**277**	193	440
Other countries	**193**	224	431
Group total sales	**3,415**	3,553	6,872

Sales to other countries include the parent company's nickel w arrant sales.

Total external sales by segment			
Europe	**2,197**	2,208	4,169
of which to Finland	**149**	137	219
of which to other Europe	**1,773**	1,844	3,477
of which to North America	**44**	39	74
of which to Asia and Oceania	**206**	159	349
of which to other counties	**25**	30	50
Americas	**704**	868	1,670
of which to other Europe	**-**	71	40
of which to North America	**670**	758	1,551
of which to Asia and Oceania	**7**	9	12
of which to other counties	**27**	30	67
Long Products	**284**	238	521
of which to Finland	**1**	0	0
of which to other Europe	**162**	127	283
of which to North America	**103**	95	195
of which to Asia and Oceania	**18**	16	42
Ferrochrome	**88**	74	197
of which to Finland	**5**	5	10
of which to other Europe	**38**	60	150
of which to Asia and Oceania	**45**	9	37
Other operations	**142**	165	314
of which to other countries	**142**	165	314
Group total sales	**3,415**	3,553	6,872

Sales of Other operations include the parent company's nickel w arrant sales.

Property, plant and equipment (EUR million)	Jan–June 2019	Jan–June 2018	Jan–Dec 2018
Carrying value at the beginning of the period	**2,659**	2,633	2,633
IFRS 16 transition impact	**131**	-	-
Translation differences	**-2**	9	28
Additions	**99**	63	189
Acquired subsidiaries	**-**	9	9
Disposals	**-4**	-1	-1
Reclassifications	**-0**	-0	-1
Depreciation and impairments	**-111**	-96	-197
Reclassification to asset held for sale	**-19**	-	-
Carrying value at the end of the period	**2,754**	2,616	2,659

Commitments (EUR million)	June 30 2019	June 30 2018	Dec 31 2018
Mortgages	**3,148**	2,986	3,055
Other pledges	**13**	13	28
Guarantees			
On behalf of subsidiaries for commercial and other commitments	**28**	31	28
On behalf of associated companies for finaning	**6**	-	4
Other commitments	**15**	20	19
Minimum future payments on short-term and low value leases	**2**	-	-
Minimum future lease payments on operating leases	**-**	82	90

Mortgages relate mainly to securing the Group's financing. A major part of Outokumpu's borrowings are secured partly by mortgage over the real property of the Group's main production plants. In addition a business mortgage over movable asset in Kemi mine has been granted as security of borrowings.

Outokumpu has provided a guarantee and a pledge of shares of a subsidiary as a security for the AvestaPolarit pension scheme.

Other pledges include Outokumpu's shares in Manga LNG Oy of EUR 13 million to secure certain liabilities of Manga LNG Oy. Outokumpu's total liability on June 30, 2019 amounted to EUR 34 million (June 30, 2018: EUR 31 million, Dec 31, 2018: EUR 33 million), and the part exceeding the share pledge and guarantee is presented under other commitments. Other commitments include also Outokumpu's liabilities for the net debt in Tornion Voima Oy.

Outokumpu’s share of the Fennovoima investment is appr. EUR 250 million, of which EUR 79 million has been paid by the end of the reporting period. Annual capital expenditure related to the project is expected to be around EUR 15–20 million in the coming years, and approximately half of the investment is expected to be paid at the end of the construction phase.

The Group's other off-balance sheet investment commitments totaled EUR 116 million on June 30, 2019 (June 30, 2018: EUR 116 million, Dec 31, 2018: EUR 106 million).

Related party transactions (EUR million)	Jan–June 2019	Jan–June 2018	Jan–Dec 2018
Transactions and balances with related companies			
Sales and other operating income	**46**	64	100
Purchases	**-4**	-2	-16
Dividends received	**5**	1	1
Trade and other receivables	**39**	23	24
Trade and other payables	**4**	1	3

Fair values and nominal amounts of derivative instruments (EUR million)	June 30 2019 Net fair value	Dec 31 2018 Net fair value	June 30 2019 Nominal amounts	Dec 31 2018 Nominal amounts
Currency and interest rate derivatives				
Currency forwards	**-6**	-4	**1,809**	2,289
Currency options, bought	**0**	-	**48**	-
Interest rate swaps	**6**	2	**200**	200
			Tonnes	Tonnes
Metal derivatives				
Forward and futures nickel contracts	**-4**	-5	**-3,487**	12,266
Forward and futures molybdenum contracts	**-0**	-0	**18**	34
Nickel options, bought	**1**	3	**2,400**	8,000
Nickel options, sold	**0**	-0	**1,200**	3,000
Propane derivatives	**0**	0	**18,000**	18,000
	-2	-4		

Hierarchy of financial assets and liabilities measured at fair value on June 30, 2019 (EUR million)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through OCI	0	-	70	70
Investment at fair value through profit or loss	12	-	0	12
Derivatives	-	19	-	19
	12	19	70	101
Liabilities				
Derivatives	-	21	-	21

Reconciliation of changes on level 3	Financial assets at fair value through other comprehensive income	Investment at fair value through profit or loss
Carrying value on Jan 1, 2019	86	0
Fair value changes	-16	-0
Carrying balance on June 30, 2019	70	0

A major part of financial assets at fair value through other comprehensive income at hierarchy level 3 relate to investments in unlisted energy producing companies. Valuation model of energy producing companies is based on discounted cash flow model, which takes into account the market prices of electricity, discount rate, inflation rate, the estimated amount of electricity to be received and estimated production costs.

Additional parameters for Voimaosakeyhtiö SF valuation include e.g. expected purchase price of electricity under the Mankala principle, expected project completion date and cost of debt in Fennovoima Oy. The fair value of Voimaosakeyhtiö SF shares is highly sensitive to the valuation parameters and especially to long-term market price of electricity, Fennovoima's capacity utilization rate, discount rates for cash flows and the terminal value, inflation rates for costs and market price of electricity, and project completion date.

Long-term market price for electricity for the time when the plant is expected to be commissioned has been estimated by the management, and the estimate assumes an increase compared to the current market price level. However, the long time periods to complete project and to operate the plant affect the reliability of such estimate, and reasonable changes in the electricity price estimate or in other valuation parameters can significantly impact the fair value of the investment. In general, the project risk is considered high with the estimated completion of the project in 2028, and the range of potential fair values is wide.

The fair value of non-current debt excluding lease liabilities is EUR 523 million (carrying amount EUR 525 million). The fair value of the convertible bonds, which are reported as current debt, is EUR 253 million (carrying amount EUR 243 million) and it includes the value of the conversion rights. For other financial instruments the carrying amount is a reasonable approximation of fair value.

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	=	$\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$

Basis of preparation

This half-year report is unaudited, and it is prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting policies and methods of computation have been followed when preparing the interim financial information as in the financial statements for 2018 except for the new IFRS 16 Leases standard that was adopted in the beginning of 2019. The transition impacts and related changes in accounting principles are described below.

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

The sales, earnings and working capital of Outokumpu are subject to seasonal variations as result of for example industry demand, the number of working days and vacation periods.

Management judgment and the use of estimates

The preparation of the financial statements in accordance with IFRSs requires management to make judgments, as well as estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and contingent liabilities at the reporting date, as well as the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of the circumstances at the end of the reporting period, actual results may differ from the estimates and assumptions.

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. In the statement of income, the cost of leasing is presented as depreciation in EBIT (EUR 14 million in Jan–June 2019) and interest expense in finance expenses (EUR 2 million in Jan–June 2019) instead of rental and lease expenses in EBITDA (EUR 16 million in Jan–June 2019). In the statement of cash flows, the repayments of lease liabilities (EUR 15 million in Jan–June 2019) are presented in the cash flow from financing activities whereas interest payments (EUR 2 million in Jan–June 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 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

Share-based payments

Outokumpu's share-based payment programs include Performance Share Plan (Plans 2017–2019, 2018–2020 and 2019–2021), Restricted Share Plan (Plans 2017–2019, 2018–2020 and 2019–2021), Matching Share Plans for the CEO and other key management and Performance Share Plan for CEO.

The Performance Share Plan 2016–2018 ended and based on the achievement of the targets the participants received 645,783 shares after deductions for applicable taxes. Regarding the Restricted Share Plan 2016–2018, after deductions for applicable taxes in total 16,513 shares were delivered to the participants based on the conditions of the plan. In addition, 79,186 shares after deduction of taxes have been delivered as rewards in 2019. Outokumpu used its treasury shares for the reward payments.

In December 2018, the Board of Directors approved the commencement of the new period (plan 2019–2021) of the Performance Share Plan as of the beginning of 2019. The maximum number of gross shares (taxes included) that can be allocated from the plan is 2,900,000 and at the end of the reporting period 138 key employees participated in the plan.

In February 2019, the Board of Directors approved the commencement of the new period (plan 2019–2021) of the Restricted Share Plan as of the beginning of 2019. The maximum number of gross shares (taxes included) that can be allocated from the plan is 250,000 and at the end of the reporting period 67 key employees participated in the plan.

In February 2019, the Board of Directors also approved the commencement of the new Matching Share Plan (MSP) 2019–2020 and Performance Share Plan (PSP) 2019–2020 for the CEO. The MSP matches the CEO's own investment of 56,296 shares on basis of three matching shares for each share of own investment, the total number of matching shares (taxes included) being 168,888. The delivery of the MSP will take place in December 2020 subject to a restriction that the CEO keeps his own investment to Outokumpu shares unchanged until the end of 2020. The maximum number of gross shares (taxes included) in the PSP that can be allocated is 120,000, and the delivery will take place in March 2021 if the performance criteria is met.

Sale of real estate in Germany

In May 2019, Outokumpu signed an agreement regarding the sale of its real estate in Benrath, Germany for EUR 90 million. The deal is expected to be closed in the third quarter, and in this half year report, these assets are reported as assets held for sale with value of EUR 19 million.