PRESS RELEASE, 7 May 2001

AVESTAPOLARIT OYJ ABP

Interim Report
January to March 2001

- The operating profit for the first quarter was EUR 34 million (179 million). The earnings per share was EUR 0.07 (0.43).
- Profitability in the period was affected by both low stainless steel demand and reduced base selling prices.
- Demand and selling prices are now recovering, although there is some concern about the trend in world economies and its effect on stainless steel demand.
- A cash inflow reduced net interest bearing debt in the quarter by EUR 42 million. Gearing was 23.6 per cent at the end of the quarter.

Key figures – pro forma	**Jan-March 2001**	Jan-March 2000
Net sales, EUR million	**813**	911
Operating profit, EUR million	**34**	179
Profit before extraordinary items and taxes, EUR million	**32**	174
Profit for the financial period, EUR million	**23**	151
Earnings per share, EUR [1])	**0.07**	0.43
Return on capital employed, % [1])	**7.7**	37.0
Net interest bearing debt at period end, EUR million	**277**	403

[1]) Including negative goodwill.

These are pro forma figures which include both AvestaPolarit and Avesta Sheffield for the full period. All text comments in this review relate to the pro forma figures.

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Interim Report
January to March 2001

"The start-up of AvestaPolarit has been an exciting, and challenging period for us. Trading conditions during the quarter were difficult and that reduced profitability. However, the foundations are being laid to develop the business and achieve at least the benefits expected when the company was formed. We are also seeing recovery in our markets and can look forward to improving results in the second quarter" says Ossi Virolainen, AvestaPolarit's CEO.

Merger progress
The combination between Outokumpu Steel Oyj and Avesta Sheffield AB was completed on 22 January 2001. At that time 94.7 per cent of the shareholders of Avesta Sheffield had accepted the Exchange Offer from Outokumpu Steel to exchange one share in Avesta Sheffield for one share in Outokumpu Steel. The period of the Exchange Offer was extended until 2 February 2001 to allow additional Avesta Sheffield shareholders to accept the offer, which then closed at 98.6 per cent acceptance. On completion of the combination, Outokumpu Steel Oyj was renamed AvestaPolarit Oyj Abp and the share was listed on the Stockholm and Helsinki Exchanges on 30 January 2001. Avesta Sheffield AB was delisted from the Stockholm Exchange on 23 February 2001. The Board of AvestaPolarit has initiated a compulsory acquisition procedure, in accordance with the Swedish Companies Act, to acquire those Avesta Sheffield shares not tendered in the Exchange Offer.

Since completion of the combination, teams comprising employees from all the main business units and functions have been engaged in the integration process for AvestaPolarit. The Coil Products Business Area represents approximately 75 per cent of the total business activity of AvestaPolarit, and this is the prime focus for integration work. The integration teams have been working with issues such as the co-ordination of commercial activities across the different routes to market, the optimisation of logistical activities and the commencement of product transfers between production facilities to reduce conversion costs and release inherent capacity. An Integration Manager has been appointed to co-ordinate the integration process and ensure achievement of the declared synergy benefits from the merger.

The market situation
Economic growth rates around the world have slowed in recent months. Of primary concern has been the outlook for the USA economy, which affects other economies. Asian countries have been significantly affected, although European economies have been relatively more robust.

Although underlying consumption of stainless steel continued to increase, demand and prices during the first quarter of 2001 were adversely affected by several significant factors. These included:

- Continuing customer and producer concerns about a slowdown in the US economy and the potential consequential effect on other world economies.

- Further destocking by customers in reaction to the reduction in nickel prices and the high levels of inventory built up during the first six months of 2000. Destocking by customers began in mid-2000 and continued through the first quarter of 2001. However, as expected, this process has now reversed in Europe and order intake has significantly improved.

- Low base selling prices for stainless steel coil products through the quarter. European price levels in March 2001 were almost as low as those seen during the period of the Asian crisis in late 1998 and early 1999. CRU, the Commodities Research Unit, has indicated European cold rolled base selling prices in the quarter of EUR 1.22 per Kg compared with EUR 1.53 per Kg (a reduction of 20 per cent) in the last quarter of 2000 and EUR 1.37 per Kg (a reduction of 11 per cent) in the same period last year. As a result, conversion margins for cold rolled products reduced by 26 per cent from the last quarter of 2000 and by 13 per cent from the same period last year. During the second quarter there has been some recovery in base selling prices as customer destocking has come to an end and demand begins to improve.

- Volatility in the price of nickel, with cash prices fluctuating between USD 3.34 and 2.70 per lb. during the quarter. Although nickel stocks, particularly those held by the London Metal Exchange, are at low levels, the price of nickel has continued to decline and remains volatile. Prices have, however, recently recovered to a level of USD 2.95 per lb.

As a result of the above, European cold rolled shipments in the quarter were 9 per cent below the same period last year, when stocks were being built rapidly by distributors. European shipments of quarto plate were up 3 per cent compared with the same period last year, although prices were low. Precision strip demand remained reasonably strong, with selling prices being maintained. Although tubular products demand and selling prices were both weak through the quarter, there has recently been a strong improvement in order intake, making it possible to achieve increases in selling prices in the second quarter.

Low stainless steel demand coupled with high inventory levels have led to downward pressure on ferrochrome prices. According to CRU the average price of ferrochrome was USD 0.38 per lb. in the period compared with USD 0.44 per lb. in the last quarter of 2000.

Net sales
Pro forma net sales during the quarter totalled EUR 813 million (911m), a reduction of 11 per cent compared with the same period last year. This reduction resulted from a combination of lower deliveries and selling prices for stainless steel products. Deliveries of most products were below the same period last year. Production at all of the Group's business units ran smoothly.

Financial performance
The pro forma operating profit for the first quarter was EUR 34 million (179m, including SPP refund of 42m). This includes EUR 9 million of amortisation of negative goodwill. The operating profit margin was 3.1 per cent (19.6%) excluding negative

goodwill. The result for the quarter was significantly affected by reduced sales volumes and prices.

Net financial expenses were EUR 2 million (4m).

Balance sheet and cash flow
Total assets reduced to EUR 2,791 million (pro forma 2,862m at 31 December 2000; 2,894m at 31 March 2000). The reduction in total assets from the end of December resulted from a reduction in inventories and cash, offset by an increase in accounts receivable. Working capital reduced by EUR 135 million from December 2000. Capital employed reduced in the quarter by EUR 99 million to EUR 2,006 million.

Pro forma shareholders' equity reduced from EUR 1,178 million at 31 December 2000 to EUR 1,168 million.

Net interest bearing debt reduced to EUR 277 million compared with EUR 319 million at 31 December 2000. This reduction in net debt was principally the result of the reduction in inventory values.

Financial ratios **Pro forma**	**31 Mar** **2001**	31 Mar 2000	31 Dec 2000
Debt-to equity ratio, (gearing) %	**23.6**	36.1	26.9
Equity-to-assets ratio, (solvency) %	**42.1**	38.6	41.5
Earnings per share, EUR			
- excluding negative goodwill	**0.04**	0.43	0.98
- including negative goodwill	**0.07**	0.43	0.98

The debt-to-equity ratio reduced in the quarter. The equity-to-assets ratio was slightly improved from December 2000.

Negative goodwill
The prospectus for the Exchange Offer identified provisional negative goodwill of EUR 390 million arising from the acquisition cost of shares in Avesta Sheffield. This was based on Avesta Sheffield's weighted average share price of SEK 33.39 per share during the three months before the announcement of the combination in September. The final value of negative goodwill is EUR 479 million, which is based on Avesta Sheffield's closing share price of SEK 27 per share at completion of the combination on 22 January 2001. This negative goodwill will be amortised and released to profit on a straigth line basis over 10 years.

Investments
Capital expenditure rose considerably compared with the same period last year and totalled EUR 52 million (23m) or 173 per cent of depreciation. This planned increase in expenditure principally relates to the construction in Tornio, Finland, of the new melt shop and development of the hot and cold rolling mills (total project cost EUR 680 million). It also includes expenditure on the projects to increase the coil rolling capacity at Avesta KBR and Nyby in Sweden and also at Sheffield, and the move to underground mining at the Kemi chromium mine in Finland.

The major strategic investments mentioned above are all proceeding to plan and in line with approved investment values. Investments are estimated to amount to about EUR 430 million for the full year 2001.

Financing
The principal committed loan facilities available to the Group are:

- to AvestaPolarit, a 364 day credit facility of EUR 250 million from a commercial bank, expiring in February 2002;
- to Avesta Sheffield, a syndicated revolving credit facility of EUR 300 million expiring in 2005;
- to Avesta Sheffield NAD Inc., a credit facility of USD 70 million, expiring in July 2001. A replacement for this facility is currently being negotiated.

Since completion of the combination, AvestaPolarit has arranged a commercial paper programme of EUR 250 million.

Business Area reviews

Coil Products

	Pro forma	
	Jan-Mar 2001	Jan-Mar 2000
Net sales, EUR m	**607**	662
Operating profit, EUR m	**16**	98
Operating profit margin, %	**2.6**	14.8
Average number of employees	**4,199**	4,033

Deliveries and net sales from all business units within the Coil Products Business Area reduced compared with the same period in 2000. These reductions were all related to the effect of customer destocking and falling selling prices. Production of steel slab and cold rolled coil were both 13 per cent below the same period in 2000. These reductions in activity adversely affected profitability. Profitability was better for thinner gauge product, which follows a different business cycle to thicker gauge material.

The capital developments at Tornio, Avesta KBR and Nyby are all proceeding to plan.

Special Products

	Pro forma	
	Jan-Mar 2001	Jan-Mar 2000
Net sales, EUR m	**230**	280
Operating profit, EUR m	**11**	30
Operating profit margin, %	**4.8**	10.7
Average number of employees	**3,150**	3,132

Deliveries and net sales from most business units within Special Products reduced compared with the same period in 2000. This was because of the weaker market for the entire stainless steel sector.

Hot Rolled Plate remained affected by the low level of investment activity in the market, although there are now clear signs of improvement. The Long Products and Tubular business units were affected by low demand and selling prices, although tubular demand has recently improved. The Precision Strip order book remains strong, with selling prices being maintained. The capital development at the Kemi chrome mine is proceeding to plan.

North America	Pro forma	
	Jan-Mar 2001	Jan-Mar 2000
Net sales, EUR m	**76**	81
Operating profit, EUR m	**-2**	4
Operating profit margin, %	**neg.**	4.9
Average number of employees	**367**	368

Although demand softened through the quarter, deliveries and net sales were little changed from the same period last year. Profit margins were under pressure because of the economic slowdown in the USA, but volumes for the Group's products held up well.

Short term outlook
The destocking of stainless steel, which was the dominant market feature during the last three quarters, has substantially ended in Europe. Order intake now more closely reflects real demand and has clearly improved. Average base selling prices for the second quarter will be about 5 per cent higher than in the first quarter. This recovery in demand and prices will improve the financial results for AvestaPolarit in the second quarter.

Currently, it is difficult to predict how the demand and market situation for stainless steel will develop during the second half of 2001. It depends above all on how the economies continue to grow in the main markets, with development in Europe having the biggest impact on AvestaPolarit.

Financial reports
AvestaPolarit will during the course of the financial year 2001 publish the following financial reports:
Interim report, Q2 (Jan-June) on 2 August 2001
Interim report, Q3 (Jan-Sep) on 31 October 2001

Espoo, 7 May 2001
AvestaPolarit Oyj Abp

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

INCOME STATEMENT (summary)			Pro forma [3]		
EUR million	**Jan-Mar 2001** [1]	Jan-Mar 2000 [2]	**Jan-Mar 2001**	Jan-Mar 2000 [4]	Jan-Dec 2000
Net sales	**689**	300	**813**	911	3,534
Cost and expenses	**-677**	-241	**-801**	-791	-3,147
Unusual items	**-**	-	**-**	42	42
Amortisation of negative goodwill	**9**	-	**9**	-	-
Other operating income and expenses	**11**	0	**13**	17	50
Operating profit	**32**	59	**34**	179	479
Equity earnings in associated companies	**-**	-	**-**	-1	2
Financial income and expenses	**-2**	-1	**-2**	-4	-21
Profit before extraordinary items and taxes	**30**	58	**32**	174	460
Extraordinary items	**-**	-11	**-**	-	-
Income taxes	**-7**	2	**-9**	-22	-116
Minority interest in earnings	**0**	-	**-**	-1	-2
Profit for the financial period	**23**	49	**23**	151	342
Earnings per share, EUR					
- excluding negative goodwill	**0.05**	0.25	**0.04**	0.43	0.98
- including negative goodwill	**0.08**	0.25	**0.07**	0.43	0.98

1) Avesta Sheffield is consolidated within AvestaPolarit as from 23 January 2001.
2) Includes Outokumpu Steel only, inventory valuation based on FIFO.
3) In the pro forma figures, Avesta Sheffield is consolidated within AvestaPolarit for the whole period and the group contributions granted and received by Outokumpu Steel have been eliminated from the consolidated income statement and the respective tax effect (29%) added to current taxes.
4) Avesta Sheffield's net sales for the period 1-22 January 2000 amounted to EUR 121 million and operating profit EUR 13 million.

BALANCE SHEET (summary)			Pro forma [2]	
EUR million	**31 Mar 2001**	31 Mar 2000[1])	**31 Mar 2000**	31 Dec 2000
Fixed assets and other long-term investments				
Intangible assets	**5**	4	**1**	1
Property, plant and equipment	**1,280**	564	**1,259**	1,271
Long-term financial assets	**57**	12	**42**	62
	1,342	580	**1,302**	1,334
Current assets				
Inventories	**707**	159	**692**	771
Receivables	**659**	222	**803**	637
Marketable securities	**16**	0	**10**	6
Cash and bank	**67**	39	**87**	114
	1,449	420	**1,592**	1,528
Total assets	**2,791**	1,000	**2,894**	2,862
Shareholders' equity	**1,168**	589	**1,109**	1,178
Minority interest	**8**	10	**8**	9
Negative goodwill	**470**	-	**479**	479
Long-term liabilities				
Interest bearing	**194**	119	**441**	313
Non interest bearing	**244**	105	**239**	250
	438	224	**680**	563
Current liabilities				
Interest bearing	**166**	31	**59**	126
Non interest bearing	**541**	146	**559**	507
	707	177	**618**	633
Total shareholders' equity and liabilities	**2,791**	1,000	**2,894**	2,862

[1] Includes Outokumpu Steel only.
[2] In the pro forma figures, Avesta Sheffield is consolidated within AvestaPolarit and the negative goodwill is reported as the final amount at combination without amortisation.

CASH FLOW STATEMENT (summary)			Pro forma 3)		
EUR million	**Jan-Mar 2001 1)**	Jan-Mar 2000 2)	**Jan-Mar 2001**	Jan-Mar 2000	Jan-Dec 2000
Income financing	**27**	61	**28**	179	520
Change in working capital	**146**	-23	**135**	-131	-156
Other adjustments to cash	**-**	-1	**-**	-1	-2
Cash provided by operating activities	**173**	37	**163**	47	362
Capital expenditure	**-49**	-7	**-52**	-23	-164
Cash provided by other investing activities	**-3**	-1	**-3**	2	-12
Cash flow before financing activities	**121**	29	**108**	26	186
Cash used in financing activities	**-84**	-17	**-82**	5	-177
Adjustments	**0**	0	**0**	0	0
Increase in cash and marketable securities	**37**	12	**26**	31	9

1) Avesta Sheffield is consolidated within AvestaPolarit from 23 January 2001.
2) Includes Outokumpu Steel only.
3) In the pro forma figures, Avesta Sheffield is consolidated within AvestaPolarit for the whole period.

KEY FIGURES	**Jan-Mar 2001[1])**	Jan-Mar 2000[2])	Pro forma [3]) **Jan-Mar 2001**	Jan-Mar 2000	Jan-Dec 2000
Operating profit margin, %					
- excluding negative goodwill [4])	**3.3**	19.7	**3.1**	19.6	13.5
- including negative goodwill	**4.6**	19.7	**4.2**	19.6	13.5
Return on capital employed, %					
- excluding negative goodwill [5])	**8.2**	32.7	**7.8**	48.8	33.1
- including negative goodwill	**8.6**	32.7	**7.7**	37.0	25.1
Capital employed at end of period, EUR million	**2,006**	749	**2,006**	2,096	2,105
Net interest bearing debt at end of period, EUR million	**277**	111	**277**	403	319
Equity-to-assets ratio at end of period, %	**42.1**	59.9	**42.1**	38.6	41.4
Debt-to-equity ratio at end of period, %	**23.6**	18.5	**23.6**	36.1	26.9
Earnings per share (excluding extraordinary items), EUR					
- excluding negative goodwill [4])	**0.05**	0.29	**0.04**	0.43	0.98
- including negative goodwill	**0.08**	0.29	**0.07**	0.43	0.98
Earnings per share, EUR					
- excluding negative goodwill [4])	**0.05**	0.25	**0.04**	0.43	0.98
- including negative goodwill	**0.08**	0.25	**0.07**	0.43	0.98
Adjusted average number of shares outstanding, '000s	**306,423**	193,111	**348,942**	348,942	348,942
Shareholders' equity per share at the end of the period, EUR	**3.35**	3.05	**3.35**	3.18	3.38
Adjusted number of shares outstanding at the end of the period, '000s	**348,942**	193,111	**348,942**	348,942	348,942
Capital expenditure, EUR million	**49**	7	**52**	23	164
Depreciation, EUR million [6])	**27**	15	**30**	29	122
Average number of personnel	**7,305**	2,378	**8,880**	8,714	8,907

1) Avesta Sheffield is consolidated within AvestaPolarit from 23 January 2001.
2) Includes Outokumpu Steel only.
3) In the pro forma figures, Avesta Sheffield is consolidated within AvestaPolarit for the whole period.
4) Amortisation of negative goodwill deducted from profit.
5) Amortisation of negative goodwill deducted from profit and negative goodwill deducted from total assets.

6) Amortisation of negative goodwill not included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

Principles applied in the interim financial statements

General accounting principles

AvestaPolarit prepares its financial statements in accordance with generally accepted accounting principles in Finland ("Finnish GAAP"). The reconciliation of the profit for the financial period and equity to International Accounting Standards ("IAS") does not show any material differences, as demonstrated below. The only difference between Finnish GAAP as applied by AvestaPolarit and IAS regarding the measurement and valuation principles is the treatment of unrealised gains on metal and currency forward contracts. Since AvestaPolarit does not meet the IAS 39 requirements for effective hedges, all forward contracts have been valued at market value and all unrealised losses charged to the income statement. Due to the restrictions of Finnish GAAP, unrealised profits have been charged to the income statement only to the extent of respective unrealised losses per currency or metal.

Profit for the financial period, Jan-Mar 2001

EUR million	Actual	Pro forma
Profit for the financial period in the interim report	23	23
Unrealised gains on metal and currency hedges	-2	-2
Profit for the financial period based on IAS	21	21

Shareholders' equity, 31 Mar 2001

EUR million	Actual	Pro forma
AvestaPolarit equity in the interim report	1,168	1,168
Unrealised gains on metal and currency hedges	1	1
Equity based on IAS	1,169	1,169

AvestaPolarit applies the FIFO (first in, first out) principle in the valuation of its inventories.

Changes in accounting principles

With effect from 1 January 2001, AvestaPolarit changed its accounting principles regarding pensions and post-retirement benefits as well as the treatment of metal and currency hedges. The cumulative effect of these changes amounted to EUR 2 million and this gain has been booked to the income statement. All changes to Avesta Sheffield's accounting principles were made prior to the combination and therefore only affect Avesta Sheffield's equity at combination and the respective calculation of negative goodwill.

Acquisition method and acquisition price

The financial statements of AvestaPolarit are prepared by applying the acquisition method.

The final acquisition price of Avesta Sheffield was EUR 486 million, based on the closing share price (SEK 27.00 per share) of Avesta Sheffield at the date of the exchange transaction on 22 January 2001 and including transaction costs of some EUR 5 million. As Outokumpu Steel was not listed, the fair value of the new shares issued by Outokumpu Steel was calculated by reference to the share price of Avesta Sheffield as its shares were already listed, with a readily available market price.

Acquisition analysis
The acquisition analysis has been based on the fair value of the identifiable assets and liabilities acquired. In doing this, the new accounting principles have been taken into account. The consolidation difference created by the acquisition is calculated as follows:

The price of acquisition	EUR 486 million
Avesta Sheffield's equity and reserves on 22 January 2001	EUR 965 million
Consolidation difference	EUR 479 million

The acquisition value of Avesta Sheffield was EUR 479 million less than the corresponding capital and reserves. The management has performed an impairment test based on the operating capital for Avesta Sheffield to review whether any part of the consolidation difference could be attributable to identifiable assets or liabilities. Based on this impairment test, no part of the consolidation difference can be attributable to identifiable assets or liabilities. Therefore, the consolidation difference is considered as negative goodwill. The consolidation difference originates from the difference between the market capitalisation and book equity of Avesta Sheffield.

Negative goodwill
Based on Finnish GAAP and Article 31 of the 7th EC Directive, negative goodwill is recognised when the acquisition cost of shares is less than the corresponding fair value of capital and reserves. The proportion of negative goodwill that cannot be allocated to identifiable assets and liabilities is to be recorded as income in the consolidated income statement at the time when the corresponding expenses or losses are recognised, or over the remaining weighted average useful life of the acquired assets.

The valuation ratio for the combination between Avesta Sheffield and Outokumpu Steel was principally based on their separate stand-alone future cash flows, discounted to a net present value.

Negative goodwill represents the excess of the fair value of the net assets acquired over the cost of acquisition. The remaining weighted average useful life of the non-monetary assets acquired is estimated to be 10 years. Amortisation of negative goodwill has been accounted for since completion of the combination.

Pro forma combined figures for 2000

The pro forma combined financial statements for 2000 have been prepared by adjusting the financial information of Outokumpu Steel and Avesta Sheffield to comply with uniform accounting principles and classifications based on Finnish GAAP as applied by AvestaPolarit from the combination.

The most significant changes to Outokumpu Steel’s figures were made regarding unrealised gains on metal and currency hedges as well as accounting for pensions and post-retirement benefits. In addition, the group contributions granted and received by Outokumpu Steel have been eliminated from the pro forma combined income statement and the respective tax effect (29 per cent) added to current taxes. This has been done to give a more accurate view of the stand-alone nature of AvestaPolarit compared to Outokumpu Steel, which was a business area of Outokumpu. The most significant adjustments to Avesta Sheffield’s figures were made regarding the capitalisation of interest on major investments. In addition, Avesta Sheffield’s financial information has been restated to reflect calendar year figures as the financial year.

These adjusted figures have been combined using normal consolidation principles. The pro forma combined balance sheet for 2000 has been prepared using the final amount of negative goodwill. No amortisation of negative goodwill has been accounted for in the pro forma figures.

Board of Directors' authority to increase share capital

The Board of Directors is currently not authorised to increase the share capital.

Note to the income statement

			Pro forma [3])		
EUR million	**Jan-Mar 2001[1])**	Jan-Mar 2000[2])	**Jan-Mar 2001**	Jan-Mar 2000	Jan-Dec 2000
Unusual items					
SPP refund in Sweden	**-**	-	**-**	42	42
	-	-	**-**	42	42
Extraordinary items					
Group contributions	**-**	-11	**-**	-	-
	-	-11	**-**	-	-
Income taxes					
Current taxes	**-9**	0	**-11**	-4	-80
Deferred taxes	**2**	2	**2**	-18	-36
	-7	2	**-9**	-22	-116

Income taxes recognised for the interim period are a proportional share of the income taxes estimated for the entire financial year.

[1]) Avesta Sheffield is consolidated within AvestaPolarit as from 23 January 2001.

2) Includes Outokumpu Steel only.
3) In the pro forma figures, Avesta Sheffield is consolidated within AvestaPolarit for the whole period.

Commitments

EUR million	31 Mar 2001	31 Mar 2000 1)	31 Dec 2000 1)	Pro forma 31 Dec 2000
Mortgages and pledges				
To secure borrowings of Group companies	**19**	6	6	19
	19	6	6	19
Guarantees				
On behalf of Group companies	**-**	3	-	-
On behalf of other parties	**13**	5	7	12
	13	8	7	12
Minimum future lease payments on operating leases	**41**	11	8	42

1) Includes Outokumpu Steel only.

Open derivative instruments

EUR million	Carrying value **31 Mar 2001**	Fair value **31 Mar 2001**	Contract amounts **31 Mar 2001**	Contract amounts 31 Dec 2000 1)	Contract amounts Pro forma 31 Dec 2000
Financial derivatives, - Forward foreign exchange contracts	**-4**	**-3**	**416**	190	414
Metal derivatives 2) - Forward and futures nickel contracts	**-2**	**-2**	**1,932**	612	1,842

1) Includes Outokumpu Steel only.
2) Contract amounts of nickel in tonnes.

The derivative transactions have been made for hedging purposes. The fair value of derivatives indicates the result of those transactions if the deals were closed at the date of the balance sheet.

FINANCIAL INDICATORS BY QUARTER

EUR million	**Jan-Mar 2001**	Pro forma 3) Oct-Dec 2000	Jul-Sep 2000	Apr-Jun 2000	Jan-Mar 2000
Net sales	**813**	860	797	966	911
Operating profit	**34**	54	94	152	179
Profit before extraordinary items	**32**	52	86	148	174
Earnings per share (excluding extraordinary items), EUR 4)	**0.07**	0.08	0.09	0.38	0.43
Earnings per share, EUR 4)	**0.07**	0.08	0.09	0.38	0.43

KEY FINANCIAL FIGURES BY BUSINESS AREA

EUR million	**Jan-Mar 2001 1)**	Jan-Mar 2000 2)	Pro forma 3) **Jan-Mar 2001**	Jan-Mar 2000	Jan-Dec 2000
Net sales					
Coil Products	**525**	-	**607**	662	2,568
Special Products	**189**	-	**230**	280	1,087
North America	**60**	-	**76**	81	314
Other operations	**258**	-	**331**	371	1,438
Intra-group sales	**-343**	-	**-431**	-483	-1,873
Total for the Group	**689**	300	**813**	911	3,534
Operating profit					
Coil Products	**10**	-	**16**	98	261
Special Products	**10**	-	**11**	30	80
North America	**-1**	-	**-2**	4	11
Other operations	**18**	-	**15**	79	211
Intra-group items	**-5**	-	**-6**	-32	-84
Total for the Group	**32**	59	**34**	179	479

1) Avesta Sheffield is consolidated within AvestaPolarit as from 23 January 2001.
2) Includes Outokumpu Steel only.
3) In the pro forma figures Avesta Sheffield is consolidated within AvestaPolarit for the whole period.
4) Most of Outokumpu Steel’s taxes and group contributions in 2000 were booked during the third and fourth quarters, which influences the earnings per share figures respectively.

PRODUCTION OF MAIN PRODUCTS Tonnes	**Jan-Mar 2001[1])**	Jan-Mar 2000[2])	Pro forma [3]) **Jan-Mar 2001**	Jan-Mar 2000	Jan-Dec 2000
Coil Products					
Steel slab	**316,000**	163,600	**367,100**	424,000	1,536,400
Cold rolling mill production					
- cold rolled	**177,000**	111,700	**196,900**	226,800	827,900
- white hot strip	**74,100**	32,300	**86,800**	100,100	362,900
Special Products					
Ferrochrome	**64,700**	65,000	**64,700**	65,000	261,000
Tubes and tube fittings	**9,900**	10,300	**12,800**	23,500	75,300
Quarto plate	**12,500**	-	**16,600**	20,100	74,300
Long products	**42,300**	-	**54,500**	60,000	209,000
Precision strip	**6,100**	-	**7,700**	7,900	14,500
North America					
Quarto plate, bar and tubes	**15,700**	-	**19,500**	19,900	74,200

[1]) Avesta Sheffield is consolidated within AvestaPolarit as from 23 January 2001.
[2]) Includes Outokumpu Steel only.
[3]) In the pro forma figures Avesta Sheffield is consolidated within AvestaPolarit for the whole period.

METAL MARKET PRICES Average prices		**Jan-Mar 2001**	Jan-Mar 2000	Change %	Jan-Dec 2000
Stainless steel transaction price	EUR/kg	**1.70**	1.77	-4.0	2.07
Stainless steel base price	EUR/kg	**1.22**	1.37	-10.9	1.52
Stainless steel conversion margin	EUR/kg	**0.81**	0.93	-12.9	1.08
Ferrochrome	USD/lb	**0.38**	0.40	-5.0	0.41
(Cr-content)	EUR/kg	**0.90**	0.90	0.0	0.98
Nickel	USD/lb	**2.97**	4.27	-30.4	3.92
	EUR/kg	**7.10**	9.54	-25.6	9.35

Sources:

Stainless steel: CRU - German transaction price, base price and conversion margin (2mm cold rolled 304 sheet). CRU estimate of prices for deliveries made in Germany during the period.

Ferrochrome: CRU – High carbon ferrochrome, 50-55% Cr.

Nickel: London Metal Exchange (LME) cash quotations converted into USD/lb.

EURO EXCHANGE RATES Average rates	**Jan-Mar 2001**	Jan-Mar 2000	Jan-Dec 2000
USD	**0.92**	0.99	0.92
SEK	**9.00**	8.50	8.45
GBP	**0.63**	0.61	0.61
Closing rates			
USD	**0.88**	0.96	0.93
SEK	**9.16**	8.28	8.83
GBP	**0.62**	0.60	0.62

The exchange rates are quoted by the European Central Bank.

Definitions of key figures

Capital employed	=	Total assets – non interest bearing liabilities	
Return on capital employed	=	$\dfrac{\text{Profit before extraordinary items and taxes + interest expenses + other financial expenses}}{\text{Capital employed (average for period)}}$	x 100
Interest bearing debt	=	Total interest bearing debt - cash and marketable securities	
Equity-to-assets ratio	=	$\dfrac{\text{Shareholders' equity + minority interest}}{\text{Total assets - advances received}}$	x 100
Debt-to-equity ratio	=	$\dfrac{\text{Net interest bearing debt}}{\text{Shareholders' equity + minority interest}}$	x 100
Earnings per share (excluding extraordinary items)	=	$\dfrac{\text{Profit before extraordinary items and taxes - income taxes - minority interest in earnings}}{\text{Adjusted average number of shares during the period}}$	
Earnings per share	=	$\dfrac{\text{Profit for the financial period}}{\text{Adjusted average number of shares during the period}}$	
Shareholders' equity per share	=	$\dfrac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the period}}$	