PRESS RELEASE
Stockholm, 31 October 2001 at 13:00 hrs

AvestaPolarit Interim Report - January to September 2001

Profitability below expectations

- The market conditions for stainless steel remained difficult during the third quarter and prices were substantially below last year's levels.
- Net sales for July to September were significantly down compared to the corresponding period last year, a result of lower prices and reduced deliveries. Net sales for the third quarter amounted to EUR 631 million (EUR 809 million). Net sales for the nine months totalled EUR 2,298 million (EUR 2,717 million).
- The operating profit was EUR 4 million (EUR 94 million) for the third quarter and EUR 118 million (EUR 425 million) for the nine months. Profitability for July to September was down compared to last year and to that reported for the second quarter of 2001 as a result of lower prices, a decline in deliveries and some production problems.
- AvestaPolarit's plans to restructure its melting activities include the closure of the melting shop and billet rolling facilities in Degerfors by mid-2003 and an investment in long products casting at the Group's plant in Sheffield.
- The short-term outlook remains uncertain.

Key figures – pro forma EUR million	**July-Sep 2001**	July-Sep 2000	**Jan-Sep 2001**	Jan-Sep 2000
Net sales	**631**	809	**2,298**	2,717
Operating profit	**4**	94	**118**	425
Profit before extraordinary items	**2**	86	**110**	408
Profit for the financial period	**6**	32	**83**	312
Earnings per share, EUR	**0.02**	0.09	**0.24**	0.89
Return on capital employed, %	**1.4**	17.4	**8.3**	28.3
Net interest bearing debt at period end	**393**	297	**393**	297
Debt-to-equity ratio (gearing), %	**34.0**	24.4	**34.0**	24.4

These are pro forma figures for the full periods stated. All text comments in this review relate to the pro forma figures.

For further information, please contact:

Ian Cooper, Executive VP & Chief Financial Officer
+46 8 613 3647 or +46 70 656 56 86

Jouni Grönroos, Deputy CFO & Corporate Controller
+358 9 5764 5510 or +358 40 504 5125

Hannele Öbrink, Manager – Investor Relations
+ 46 8 613 4419 or +46 70 652 10 32

AvestaPolarit Oyj Abp
Corporate Management
Linnoitustie 4 A, PO Box 270, FIN-02601 Espoo, Finland Tel: +358 9 5764 5511, fax: +358 9 5764 5555
Vasagatan 8-10, PO Box 16377, SE-103 27 Stockholm, Sweden Tel: +46 8 613 3600, fax: +46 8 613 3669
Registered office: Espoo, trade register number: 499.868

AvestaPolarit
STAINLESS

PRESS RELEASE
Stockholm, 31 October 2001 at 13:00 hrs

Interim Report - January to September 2001

Market conditions for the stainless steel remained difficult

World economic growth remained very weak in the third quarter. The sharp slowdown in the USA continued, and there were clear signs of a further deterioration of market conditions in Europe. Overall European industrial production is now falling year-on-year, with the manufacturing sectors in Germany and the UK being the hardest hit. In Asia, the Japanese economy is in recession, and the other major economies in that region were also adversely affected by a combination of poor domestic demand and lower exports to Europe and the USA.

Improved market conditions for stainless steel in the second quarter allowed for some price increases, but the upturn has not been sustained. Although inventory levels at stockists and service centres were reduced gradually through the first half of 2001 and are currently estimated to be at their lowest level in two years, end-user demand has weakened, particularly for cold rolled coil. Despite weaker demand in the third quarter, stainless steel base prices for cold rolled coil remained unchanged from the second quarter, as major stainless steel producers in Europe and the USA cut back production in line with demand. Asian producers reduced production as well, in response to poor domestic demand and declining exports, particularly to the USA. Demand for hot rolled coil was stronger than demand for cold rolled coil in the third quarter, notably in Asia.

Quarto plate shipments in Europe have been falling compared with the second quarter, but base prices have remained stable. During the third quarter, sales prices for long products have reduced in line with falling raw material costs. For precision strip, market demand for texture rolled products was satisfactory, although demand for austenitic material remained poor throughout the third quarter. Demand for tubular products in Europe fell in the latter part of the quarter as customers anticipated lower sales prices as a result of falling nickel prices.

The availability of stainless scrap in Europe fell significantly during the quarter, partly a result of lower primary nickel prices. Although the flow of scrap from Russia has now stabilised, export restrictions are still in place and tonnages remain substantially lower than they were before these restrictions were imposed.

Stainless steel production cuts meant that the demand for nickel remained weak and prices fell by 18 per cent during the quarter. The average nickel price for the third quarter was down 34 per cent compared to the average for the corresponding period in 2000.

Following the sharp decline in the first half of the year, ferrochrome prices stabilised during the quarter. However, third quarter prices remained historically low at 26 per cent below the corresponding period last year.

Poor result for the third quarter

Net sales for the third quarter were down by 22 per cent compared to the corresponding period last year as a result of a decrease in both sales prices and deliveries. Due to seasonal factors such as scheduled maintenance stoppages and reduced customer orders during the summer break, net sales fell by 25 per cent compared to the second quarter and amounted to EUR 631 million (EUR 809 million). Stainless steel deliveries for the third quarter were down 12 per cent compared to the corresponding period last year.

The operating profit for July to September dropped sharply compared to last year and amounted to EUR 4 million (EUR 94 million), primarily due to the effect of reductions in nickel prices creating a substantial negative market adjustment to inventories, reduced deliveries and production difficulties. The decline in operational performance compared with the second quarter was caused by reduced deliveries, coupled with some production problems, partly related to the commissioning of new facilities in Avesta. The operating profit reported for July to September 2001 includes amortisation of negative goodwill of EUR 12 million (zero). The operating profit margin was 0.6 per cent (11.5 per cent).

Profit for the third quarter totalled EUR 6 million (EUR 32 million). The return on capital employed was 1.4 per cent (17.4 per cent) and earnings per share EUR 0.02 (EUR 0.09).

The cash flow from operating activities for July to September decreased compared to the second quarter and the corresponding period last year. As a result of the capital expenditure programme and an increase in working capital, net interest bearing debt increased from June by EUR 20 million to EUR 393 million.

Financial ratios - pro forma	30 Sep 2001	30 June 2001	31 Mar 2001	31 Dec 2000
Debt-to-equity ratio (gearing), %	34.0	31.4	23.6	27.2
Equity-to-assets ratio (solvency), %	41.2	41.2	42.1	41.3
Net interest bearing debt, EUR million	393	373	277	322

The debt-to-equity ratio increased in the quarter due to an increase in net interest bearing debt. The equity-to-assets ratio remained at the June 2001 level.

Sharp fall in profits for the nine months

Net sales for January to September fell 15 per cent from the corresponding period last year and amounted to EUR 2,298 million (EUR 2,717 million). The operating profit for the nine months reduced to EUR 118 million (EUR 425 million). The decline in profitability primarily resulted from a decline in conversion margins and stainless steel deliveries. The operating profit for January to September 2000 included the benefit of the SPP pension refund of EUR 42 million. The nine-month operating profit for 2001 includes amortisation of negative goodwill, EUR 33 million.

Net financial expenses were EUR 8 million (EUR 17 million) and the profit for the nine-month financial period totalled EUR 83 million (EUR 312 million). The decline in net financial expenses results mainly from the fall in interest rates and an increase in dividends received. Earnings per share amounted to EUR 0.24 (EUR 0.89) and the return on capital employed was 8.3 per cent (28.3 per cent).

Investments and integration work proceeding to plan

The total capital expenditure for January to September amounted to EUR 257 million (EUR 86 million). The major investment projects at Kemi in Finland, Avesta KBR and Nyby in Sweden and Sheffield in the UK are proceeding to plan. The cost of the project to expand capacity at Tornio in Finland has increased from EUR 680 million to EUR 760 million. This increase relates to some technical changes and additional expenditure on buildings and equipment, partly related to changes in scope to improve the interface between new and existing facilities. The expansion programme in Tornio is proceeding according to schedule and will be completed by the end of 2002. The total Group capital expenditure for 2001 is estimated to amount to some EUR 430 million.

The work of numerous integration teams to exploit synergies from the merger has proceeded to plan. The projected annual synergies of more than EUR 100 million are expected to be realised in full by 2005, with the greater part being realised by 2003.

To underpin its integration targets in the current difficult and uncertain market situation, the Group has launched a project focusing on cost and capital expenditure control and revenue generation. The first effects of immediate measures are expected to materialise already during the fourth quarter of 2001.

Restructuring of the Group's melting activities announced

As part of the integration process following the combination of Outokumpu Steel Oyj and Avesta Sheffield AB, AvestaPolarit announced in August its plans to restructure the Group's melting activities. The plan entails a phased closure of the melting shop and billet rolling facilities in Degerfors, Sweden, by mid-2003 and the transfer of production to the melting shop in Sheffield, UK, where an investment of EUR 22 million will be made to install continuous casting facilities for blooms and billets. The decision means that operations at Degerfors Stainless will be discontinued. The Group's Hot Rolled Plate business in Degerfors will continue to operate from the site and focus on developing the business further to maintain its position as the world's leading producer of stainless steel quarto plate.

The Degerfors Stainless closure is estimated to lead to 330 job losses at the site. The current total number of employees at the site amounts to about 700. As Degerfors Stainless and Hot Rolled Plate share the same site, all employees of these businesses will initially be affected by the closure plans and the need to re-organise to allow for the continued production of hot rolled plate. The statutory negotiations with local union representatives concerning the closure decision were concluded in mid-October.

No provision for the restructuring has been made in these accounts as the negotiations with local union representatives were concluded after the end of the reporting period. They will be booked against the negative goodwill during the fourth quarter, but they will only affect income through a decrease of the amortisation of negative goodwill over the remaining period of approximately nine years. The current estimate for the provision is EUR 19 million.

The future annual cost benefit after the completion of this restructuring of melting activities is expected to amount to some EUR 20 million.

AvestaPolarit STAINLESS

PRESS RELEASE
Stockholm, 31 October 2001 at 13:00 hrs

Business area reviews

Coil Products

Key figures – pro forma	**July-Sep 2001**	July-Sep 2000
Net sales, EUR million	**453**	586
Operating profit, EUR million	**-2**	67
Operating profit margin, %	**neg.**	11.4
Average number of employees	**4,151**	4,042

Affected by a decline in prices and delivery volumes, third quarter net sales for the Coil Products business area were down 23 per cent on the corresponding period last year. The operating profit for July to September fell sharply and amounted to a loss of EUR 2 million. The decline in profitability from last year is primarily attributable to a reduction in conversion margins and delivery volumes together with some production problems. The fall in operating profit for Coil Products from the second quarter of 2001 was affected by seasonal factors such as scheduled maintenance stoppages and holiday breaks at customers.

Production within the Coil Products business area experienced some difficulties related to the commissioning of new facilities in Avesta, Sweden, after the summer shutdown. Production problems were also experienced in Tornio, Finland. Production volumes of cold rolled products fell 6 per cent compared with the corresponding period last year. Production volumes of white hot strip were down 2 per cent on last year's figures. Slab production fell 13 per cent.

Special Products

Key figures – pro forma	**July-Sep 2001**	July-Sep 2000
Net sales, EUR million	**186**	251
Operating profit, EUR million	**9**	20
Operating profit margin, %	**4.8**	7.8
Average number of employees	**3,208**	3,343

Third quarter net sales for the Special Products business area fell by 26 per cent compared to the corresponding period last year as a result of a decrease in deliveries and prices for most of its business units.

The operating profit was down 55 per cent from last year and 40 per cent from the second quarter of 2001. Operating profit for July to September amounted to EUR 9 million. The difficult trading environment and low prices prevailed and the profitability of all business units fell from the corresponding period last year.

Production at Precision Strip ran smoothly and volumes for both Precision Strip and Long Products were up compared to the corresponding period last year. Production volumes for all other business units decreased compared to the same period last year. Tubular Products was the only business unit to record an improvement in production volumes compared with the second quarter of 2001.

North America

Key figures – pro forma	**July-Sep 2001**	July-Sep 2000
Net sales, EUR million	**70**	79
Operating profit, EUR million	**-1**	2
Operating profit margin, %	**neg.**	2.5
Average number of employees	**370**	368

The trading environment in the USA remained difficult during the third quarter although some price increases compared to the second quarter were witnessed. Uncertainty about the market recovery increased following the events on and after 11 September. Production within the North America business area ran smoothly, but deliveries were slightly below last year level. The business area's net sales declined 11 per cent compared to the corresponding quarter last year and amounted to EUR 70 million. The fall compared to second quarter net sales resulted mainly from the decrease in deliveries over the quiet summer season.

The operating result for the third quarter declined from the corresponding period last year, and also slightly from the second quarter, and amounted to a loss of EUR 1 million. The fall compared to last year resulted mostly from weaker conversion margins while the recent decline in profitability is attributable primarily to tougher competition in the pipe business.

On 22 October, the International Trade Commission in the USA gave its ruling of injury and concluded that all semi-finished stainless steel products are to be excluded from further investigative activities under the Section 201 investigation. The same ruling gave an affirmative injury decision for certain stainless steel long products and tubular fittings and flanges. Consequently, imports of slabs and billets will remain unaffected, while certain restrictive remedies can be anticipated with respect to the aforementioned finished products. AvestaPolarit views the ruling positively as coil imports were not affected and the Group's deliveries of semi-finished products to its North America business area will therefore be able to continue.

Short-term outlook remains uncertain

Global growth slowed further in the third quarter and prospects for the fourth quarter look poor. Business and consumer confidence in both the USA and Europe were already weak, and have been further depressed by the events in the USA on 11 September and its aftermath. The immediate impact is likely to be lower consumer spending and reduced investment spending, and forecasts of world growth for 2001 have been reduced accordingly. The authorities have responded to the situation with a series of aggressive monetary and fiscal measures aimed at stimulating growth and preventing a global recession.

Given the poor global economic background, the short-term outlook for stainless steel is depressed and a quick recovery seems unlikely. Total world stainless steel consumption is forecast to drop by some 3-5 per cent this year, illustrating the severity of the situation.

Weak demand will continue to put downward pressure on prices, but price development will be very much dependent on the level of supply. The first half of this year saw production problems or cutbacks at a number of European mills, which restored market balance. The overall market situation is thus healthier but quite sensitive to further development of the supply and demand balance and producers' responses to it.

Although nickel prices have been on a weakening trend during 2001, prices staged a sharp recovery in mid-October. The main factor seems to have been the tight scrap availability, reflecting reduced Russian exports as well as lower scrap generation in the West, which in turn has resulted in increased consumption of primary nickel. Nevertheless, the nickel market is still characterised by excess supply, and thus the price recovery may be short-lived. In ferrochrome, despite major production cuts, demand is not expected to be strong enough to support any significant increases in price until next year.

Taking into account the difficult market situation, increased uncertainty and the fact that stainless steel base price levels at the end of September 2001 were 20 per cent below last year figures, AvestaPolarit's operating result for 2001 as a whole will remain well below last year's record levels. Due to the considerable uncertainties, it is quite difficult to provide a reliable forecast even for short-term financial performance. However, assuming selling prices remain roughly at third quarter levels, AvestaPolarit expects to see an improvement in its profitability for the last quarter of 2001. AvestaPolarit's production levels will be determined by demand, which may mean restraining output during the fourth quarter.

Stockholm, 31 October 2001
AvestaPolarit Oyj Abp

AvestaPolarit STAINLESS

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CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

INCOME STATEMENT (summary)			Pro forma[3]				
EUR million	**Jan-Sep 2001[1]**	Jan-Sep 2000[2]	**July-Sep 2001**	July-Sep 2000	**Jan-Sep 2001**	Jan-Sep 2000[4]	Jan-Dec 2000
Net sales [5]	**2,172**	884	**631**	809	**2,298**	2,717	3,592
Cost and expenses [5]	**-2,091**	-693	**-642**	-716	**-2,215**	-2,339	-3,159
Unusual items	**-**	-	**-**	-	**-**	42	42
Amortisation of negative goodwill	**33**	-	**12**	-	**33**	-	-
Other operating income and expenses [5]	**2**	1	**3**	1	**2**	5	4
Operating profit	**116**	192	**4**	94	**118**	425	479
Equity earnings in associated companies	**0**	-	**0**	-1	**0**	0	2
Financial income and expenses	**-8**	-4	**-2**	-7	**-8**	-17	-21
Profit before extraordinary items	**108**	188	**2**	86	**110**	408	460
Extraordinary items	**-**	-21	**-**	-	**-**	-	-
Income taxes	**-24**	-38	**5**	-54	**-26**	-95	-116
Minority interest in earnings	**-1**	-	**-1**	0	**-1**	-1	-2
Profit for the financial period	**83**	129	**6**	32	**83**	312	342
Earnings per share, EUR	**0.25**	0.78	**0.02**	0.09	**0.24**	0.89	0.98

1) Avesta Sheffield has been consolidated into AvestaPolarit as of 23 January 2001.

2) Includes Outokumpu Steel only, inventory valuation based on FIFO.

3) In the pro forma figures, Avesta Sheffield has been consolidated into 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. The actual figures for July to September 2001 are the same as the ones shown as pro forma for the same period.

4) Avesta Sheffield's net sales for the period 1-22 January 2000 amounted to EUR 121 million and operating profit EUR 13 million.

5) Regular scrap sales and some other regular income items were reported by few business units in other operating income and expenses, and partly in cost and expenses, until the end of June 2001. In accordance with Finnish GAAP and AvestaPolarit Accounting Standards, these regular income items should be reported as net sales, which has been the case for all units since the beginning of July 2001. The cumulative effect of this correction has been allocated to the first and second quarters, affecting the amount of net sales, cost and expenses and other operating income and expenses for these periods. This has no effect on operating profit. The pro forma figures for 2000 have been corrected accordingly.

BALANCE SHEET (summary)

EUR million	**30 Sep 2001**	30 Sep 2000[1]	Pro forma[2] 30 Sep 2000	Pro forma[2] 31 Dec 2000
Fixed assets and other long-term investments				
Intangible assets	**13**	4	7	7
Property, plant and equipment	**1,380**	571	1,258	1,268
Long-term financial assets	**58**	12	42	62
	1,451	587	1,307	1,337
Current assets				
Inventories	**709**	225	824	771
Receivables	**584**	175	690	637
Marketable securities	**1**	40	60	6
Cash and bank	**61**	53	84	111
	1,355	493	1,658	1,525
Total assets	**2,806**	1,080	2,965	2,862
Shareholders' equity	**1,148**	669	1,208	1,173
Minority interest	**8**	10	8	9
Negative goodwill	**443**	-	479	479
Long-term liabilities				
Interest bearing	**149**	104	364	313
Non interest bearing	**265**	102	252	255
	414	206	616	568
Current liabilities				
Interest bearing	**306**	26	77	126
Non interest bearing	**487**	169	577	507
	793	195	654	633
Total shareholders' equity and liabilities	**2,806**	1,080	2,965	2,862

1) Includes Outokumpu Steel only.
2) In the pro forma figures, Avesta Sheffield has been consolidated into AvestaPolarit and the negative goodwill reported as the final amount at combination without amortisation.

CASH FLOW STATEMENT (summary) EUR million	**Jan-Sep 2001**[1]	Jan-Sep 2000[2]	**July-Sep 2001**	July-Sep 2000	**Jan-Sep 2001**	Jan-Sep 2000	Jan-Dec 2000
			Pro forma [3]				
Income financing	**130**	188	**30**	71	**135**	430	521
Change in working capital	**102**	-21	**55**	37	**97**	-160	-157
Other adjustments to cash	**-**	-4	**-**	-3	**-**	-5	-2
Cash provided by operating activities	**232**	163	**85**	105	**232**	265	362
Capital expenditure	**-254**	-44	**-114**	-40	**-257**	-86	-164
Cash provided by other investing activities	**6**	5	**9**	2	**6**	-2	-12
Cash flow before financing activities	**-16**	124	**-20**	67	**-19**	177	186
Cash used in financing activities	**-41**	-58	**17**	-50	**-36**	-71	-177
Adjustments	**-**	0	**-**	0	**-**	0	0
Change in cash and marketable securities	**-57**	66	**-3**	17	**-55**	106	9

[1] Avesta Sheffield has been consolidated into AvestaPolarit as of 23 January 2001.
[2] Includes Outokumpu Steel only.
[3] In the pro forma figures, Avesta Sheffield has been consolidated into AvestaPolarit for the whole period. The actual figures for July to September 2001 are the same as the ones shown as pro forma for the same period.

AvestaPolarit STAINLESS

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KEY FIGURES

			Pro forma [3]				
	Jan-Sep 2001 [1]	Jan-Sep 2000 [2]	**July-Sep 2001**	July-Sep 2000	**Jan-Sep 2001**	Jan-Sep 2000	Jan-Dec 2000
Operating profit margin, %							
- excl. negative goodwill [4]	**3.8**	21.7	**neg.**	11.6	**3.7**	15.6	13.3
- incl. negative goodwill	**5.3**	21.7	**0.6**	11.6	**5.1**	15.6	13.3
Return on capital employed,%							
- excl. negative goodwill [4]	**8.7**	34.3	**neg.**	17.4	**6.2**	28.3	24.2
- incl. negative goodwill	**11.8**	34.3	**1.4**	17.4	**8.3**	28.3	24.2
Capital employed [5], EUR million	**2,054**	809	**2,054**	2,136	**2,054**	2,136	2,100
Net interest bearing debt [5], EUR million	**393**	37	**393**	297	**393**	297	322
Equity-to-assets ratio [5], %	**41.2**	61.7	**41.2**	41.0	**41.2**	41.0	41.3
Debt-to-equity ratio [5], %	**34.0**	5.5	**34.0**	24.4	**34.0**	24.4	27.2
Earnings per share (excl. extraordinary items), EUR							
- excl. negative goodwill [4]	**0.15**	0.78	**-0.02**	0.09	**0.14**	0.89	0.98
- incl. negative goodwill	**0.25**	0.78	**0.02**	0.09	**0.24**	0.89	0.98
Earnings per share, EUR							
- excl. negative goodwill [4]	**0.15**	0.67	**-0.02**	0.09	**0.14**	0.89	0.98
- incl. negative goodwill	**0.25**	0.67	**0.02**	0.09	**0.24**	0.89	0.98
Adjusted average number of shares outstanding, '000s	327,800	193,111	348,942	348,942	348,942	348,942	348,942
Shareholders' equity per share [5], EUR	**3.29**	3.46	**3.29**	3.46	**3.29**	3.46	3.36
Adjusted number of shares outstanding [5], '000s	348,942	193,111	348,942	348,942	348,942	348,942	348,942
Capital expenditure, EUR million	**254**	44	**114**	40	**257**	86	164
Depreciation, EUR million [6]	**91**	45	**32**	30	**94**	90	122
Average number of employees	**8433**	2,522	**9,043**	9,124	**9,023**	8,908	8,907

1) Avesta Sheffield has been consolidated into AvestaPolarit as of 23 January 2001.
2) Includes Outokumpu Steel only.
3) In the pro forma figures, Avesta Sheffield has been consolidated into AvestaPolarit for the whole period. The actual figures for July to September 2001 are the same as the ones shown as pro forma for the same period.
4) Amortisation of negative goodwill deducted from profit.
5) At the end of the period.
6) Amortisation of negative goodwill not included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Profit for the financial period, Jan-Sep 2001

EUR million	Actual	Pro forma
Profit for the financial period in the interim report	83	83
Unrealised gains on hedges	-3	-3
Profit for the financial period based on IAS	80	80

Shareholders' equity, 30 September 2001

EUR million	Actual	Pro forma
AvestaPolarit equity in the interim report	1,148	1,148
Unrealised gains on hedges	0	0
Equity based on IAS	1,148	1,148

AvestaPolarit applies the FIFO principle in the valuation of its inventories. The financial statements of AvestaPolarit are prepared by applying the acquisition method.

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, currency and electricity hedges. The cumulative effect of these changes amounted to EUR 2 million and this gain has been booked to the income statement during the first quarter of 2001. 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. The capitalisation of computer software with an economic lifetime of more than three years has been accounted for in the acquired companies as of the date of the combination.

Acquisition analysis and negative goodwill
The acquisition value of Avesta Sheffield (EUR 486 million) was EUR 479 million less than the corresponding capital and reserves (EUR 965 million). The management has performed an impairment test and based on this test, no part of the consolidation difference can be attributable to identifiable assets or liabilities. Therefore, the consolidation difference is considered as negative goodwill.

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 was estimated to be 10 years. Amortisation of negative goodwill has been accounted for since completion of the combination. Some of the key financial figures have been reported by both including the effects of negative goodwill and excluding them.

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 since the combination. 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

EUR million	**Jan-Sep 2001** 1)	Jan-Sep 2000 2)	**July-Sep 2001**	July-Sep 2000	Pro forma 3) **Jan-Sep 2001**	Pro forma 3) Jan-Sep 2000	Pro forma 3) Jan-Dec 2000
Unusual items							
SPP refund in Sweden	**-**	-	**-**	-	**-**	42	42
Extraordinary items							
Group contributions	**-**	-32	**-**	-	**-**	-	-
Change in accounting principle (FIFO)	**-**	11	**-**	-	**-**	-	-
	-	-21	**-**	-	**-**	-	-
Income taxes							
Current taxes	**-37**	-44	**-9**	-51	**-39**	-64	-80
Deferred taxes	**13**	6	**14**	-4	**13**	-31	-36
	-24	-38	**5**	-55	**-26**	-95	-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 has been consolidated into AvestaPolarit as of 23 January 2001.
2) Includes Outokumpu Steel only.
3) In the pro forma figures, Avesta Sheffield has been consolidated into AvestaPolarit for the whole period.

Commitments

EUR million	**30 Sep 2001**	30 Sep 2000 1)	31 Dec 2000 1)	Pro forma 31 Dec 2000
Mortgages and pledges to secure borrowings of Group companies	**22**	6	6	19
Guarantees on behalf of other parties than Group companies	**16**	8	7	12
Minimum future lease payments on operating leases	**65**	11	8	42

1) Includes Outokumpu Steel only.

Euro exchange rates Average rates	**July-Sep 2001**	July-Sep 2000	Change %	**Jan-Sep 2001**	Jan-Sep 2000	Change %	Jan-Dec 2000
USD	**0.89**	0.91	-2.2	**0.90**	0.94	-4.3	0.92
SEK	**9.41**	8.40	12.0	**9.18**	8.39	9.4	8.45
GBP	**0.62**	0.61	1.6	**0.62**	0.61	1.6	0.61
Closing rates							
USD				**0.91**	0.88	3.4	0.93
SEK				**9.73**	8.53	14.1	8.83
GBP				**0.62**	0.60	3.3	0.62

The exchange rates are quoted by the European Central Bank.

AvestaPolarit STAINLESS

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Financial indicators by quarter

EUR million	**July-Sep 2001**	Pro forma 3) Apr-June 2001	Jan-Mar 2001	Oct-Dec 2000	Jul-Sep 2000	Apr-June 2000	Jan-Mar 2000
Net sales 4)	**631**	837	830	875	809	981	927
Operating profit	**4**	80	34	54	94	152	179
Profit before extraordinary items	**2**	76	32	52	86	148	174
Earnings per share (excluding extraordinary items), EUR 5)	**0.02**	0.15	0.07	0.08	0.09	0.37	0.43
Earnings per share, EUR 5)	**0.02**	0.15	0.07	0.08	0.09	0.37	0.43

Key financial figures by business area

EUR million	**Jan-Sep 2001 1)**	Jan-Sep 2000 2)	Pro forma 3) **July-Sep 2001**	July-Sep 2000	**Jan-Sep 2001**	Jan-Sep 2000	Jan-Dec 2000
Net sales 4)							
Coil Products	**1,618**	-	**453**	587	**1,702**	1,969	2,602
Special Products	**636**	-	**186**	251	**680**	843	1,114
North America	**206**	-	**70**	79	**222**	245	324
Other operations	**910**	-	**292**	328	**984**	1,103	1,459
Intra-group sales	**-1,198**	-	**-370**	-436	**-1,290**	-1,443	-1,907
Total for the Group	**2,172**	884	**631**	809	**2,298**	2,717	3,592
Operating profit							
Coil Products	**50**	-	**-2**	67	**56**	303	341
Special Products	**34**	-	**9**	20	**35**	92	104
North America	**-2**	-	**-1**	2	**-3**	10	11
Other operations 6)	**38**	-	**10**	10	**35**	44	50
Intra-group items	**-4**	-	**-12**	-5	**-5**	-24	-27
Total for the Group	**116**	192	**4**	94	**118**	425	479

1) Avesta Sheffield has been consolidated into AvestaPolarit as of 23 January 2001.
2) Includes Outokumpu Steel only.
3) In the pro forma figures Avesta Sheffield has been consolidated into AvestaPolarit for the whole period.
4) See note 5 under income statement.
5) 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.
6) Operating profit 2001 for 'Other operations' includes amortisation of negative goodwill.

Production of main products 1,000 tonnes	**Jan-Sep 2001**[1]	Jan-Sep 2000[2]	Pro forma [3] **July-Sep 2001**	July-Sep 2000	**Jan-Sep 2001**	Jan-Sep 2000	Jan-Dec 2000
Coil Products							
Steel slab	**1,051.4**	471.7	**320.5**	369.1	**1,102.5**	1,240.4	1,536.4
Cold rolling mill production							
- cold rolled	**554.8**	313.0	**159.0**	168.7	**574.7**	612.6	827.9
- white hot strip	**224.6**	87.3	**63.6**	64.7	**237.3**	261.5	362.9
Special Products							
Ferrochrome	**173.0**	194.5	**47.5**	65.6	**173.0**	195.0	261.0
Tubes and tube fittings	**42.1**	25.5	**16.2**	13.4	**45.0**	58.0	75.3
Quarto plate	**40.9**	-	**12.0**	14.0	**45.0**	56.0	74.3
Long products	**127.8**	-	**36.0**	35.0	**140.0**	140.0	209.0
Precision strip	**18.4**	-	**5.4**	5.3	**20.0**	18.0	26.6
North America							
Quarto plate, bar and tubes	**53.7**	-	**18.8**	17.7	**57.5**	57.6	74.2

[1] Avesta Sheffield has been consolidated into AvestaPolarit as of 23 January 2001.
[2] Includes Outokumpu Steel only.
[3] In the pro forma figures Avesta Sheffield has been consolidated into AvestaPolarit for the whole period.

Open derivative instruments EUR million	Carrying value **30 Sep 2001**	Fair value **30 Sep 2001**	Contract amounts **30 Sep 2001**	Contract amounts 31 Dec 2000[1]	Contract amounts Pro forma 31 Dec 2000
Financial derivatives					
- Forward foreign exchange contracts	**-4**	**-4**	**226**	190	414
Metal derivatives [2]					
- Forward nickel contracts	**-3**	**-3**	**2,766**	612	1,842
Electricity derivatives					
- Forward electricity contracts [3]	**-**	**0**	**63,500**	-	-

[1] Includes Outokumpu Steel only.
[2] Contract amounts of nickel derivatives in tonnes.
[3] Contract amounts of electricity derivatives in MWh.

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.

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Metal market prices Average prices		**July-Sep 2001**	July-Sep 2000	**Jan-Sep 2001**	Jan-Sep 2000	Change %	Jan-Dec 2000
Stainless steel							
- transaction price	EUR/kg	**1.75**	2.29	**1.69**	2.06	-18.0	2.07
- base price	EUR/kg	**1.35**	1.68	**1.28**	1.52	-15.8	1.52
- conversion margin	EUR/kg	**0.92**	1.24	**0.86**	1.08	-20.4	1.08
Ferrochrome (Cr-content)	USD/lb	**0.31**	0.42	**0.34**	0.41	-17.1	0.41
	EUR/kg	**0.76**	1.02	**0.83**	0.96	-13.5	0.98
Nickel	USD/lb	**2.49**	3.75	**2.83**	4.10	-31.0	3.92
	EUR/kg	**6.17**	9.14	**6.97**	9.59	-27.3	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.

Definitions of key figures

Capital employed = Total assets – non interest bearing liabilities

Return on capital employed = $\frac{\text{Profit before extraordinary items + interest expenses + other financial expenses}}{\text{Capital employed (average for period)}} \times 100$

Interest bearing debt = Total interest bearing debt - cash and marketable securities

Equity-to-assets ratio = $\frac{\text{Shareholders' equity + minority interest}}{\text{Total assets - advances received}} \times 100$

Debt-to-equity ratio = $\frac{\text{Net interest bearing debt}}{\text{Shareholders' equity + minority interest}} \times 100$

Earnings per share (excluding extraordinary items) = $\frac{\text{Profit before extraordinary items – income taxes - minority interest in earnings}}{\text{Adjusted average number of shares during the period}}$

Earnings per share = $\frac{\text{Profit for the financial period}}{\text{Adjusted average number of shares during the period}}$

Shareholders' equity per share = $\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the period}}$

Working capital = Inventories + Receivables – Non interest bearing short term liabilities (excluding non cash items)