Event: Outokumpu Year-End report 2015
Date: 12 February 2015

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Call Duration: 01:16:09

Conference Ref No: Not provided
JOHANNA HENTTONEN: I think we are ready to start, so good afternoon, ladies and gentlemen.

Welcome to Outokumpu's full-year 2014 as well as Q4 financial results event.

Today we'll start with a presentation by our CEO, Mika Seitovirta, and also our CFO, Reinhard Florey, will be giving details from the financials. At the end, as usual, we will have a question and answer session.

With this, I will welcome Mika, please.

MIKA SEITOVIRTA: Good afternoon, everybody, and welcome and thank you for joining and participating in this annual closing of Outokumpu 2014. We have a long way to our targeted profitability, and we have a lot of work ahead of us, but we took some steps in the right direction last year.

First of all, we had €289 million underlying EBIT improvement, and we can say that improvement is coming from all the business areas except Quarto Plate. We had rather stable volumes all-in-all as Outokumpu, but we had as planned 16 per cent growth in business area Americas and EMEA was a slightly different case where we are restructuring, changing the mix and increasing the utilisations and cutting the tail of the non-profitable products.

We continued successfully our cost-cutting programmes. We ended up with €385 million of savings versus the starting point from 2012. Also our P300 programme ended up successfully at the end of last year and that was enlarged to P400 for the end of this year by results ending up to €351 million of cash released since the beginning of the programme in 2012.

Then of course we had our refinancing arrangements and balance sheet arrangements together with the divestment of Terni and VDM, giving us the stability and the financial resources we need in order to take our restructuring programme to
the end of 2017. The good thing is that we managed to take our gearing down to a level of roughly 93 percent and the net debt respectively below the €2 billion level. Specifically on Q4 we had a strong cash flow there, coming very much from efforts from the working capital and the underlying EBIT being -€9 million.

Areas of improvement. Clearly we are not satisfied yet with the speed of the ramp-up in Calvert and another ramp-up that we had in Quarto Plate was also not satisfactory, but we are on top of those things, addressing them, and trying to accelerate the way towards profitability in both areas.

We are in the right industry. You can see the SMR statistics of end-demand development for stainless steel. The good news is that it was 5.5 per cent of growth last year globally. You can see that it was a strong growth in North America, the US, especially, which is important to support our Calvert ramp-up but you can also see a change in Europe where the 2013 negative numbers came into a positive number of roughly 4 per cent for 2014.

If you look forward now you can see that the SMR is forecasting further growth for this year, being 3 per cent for US and 2 per cent for Europe, global growth being 4 per cent.

Maybe just a quick comment on the numbers when it comes to China. They are still high numbers in comparison with Europe and the US, but there is a strong decline from the double digit growth numbers, now for last year 7 per cent, respectively this year's forecasted 6 per cent end-demand growth.

The stainless base prices developed somewhat differently in the US and in Europe. On the left-hand side in this chart you can see the German, stainless steel base price development, which actually softened very much because of the huge nickel drop. In practical terms in two months 30 per cent down in Q3-Q4. US stabilising and clearly a strong year price-wise for the US market.

The nickel development I already mentioned. To put it shortly the first half of last year was a very strong nickel rally, nickel going up, and the second half of last year
was very different against that background and nickel came down very much, also impacting the Q4 market.

The other thing that impacted the European market a lot was the imports from Asia. We reached last year an all-time high level of 31 per cent, if you remember 2013 it was 24 per cent. There are several schools and theories why the import was suddenly increasing that much, especially from China, more or less doubled this year, and from Taiwan and maybe one of the reasons could be that the European Commission said that there is evidence of anti-dumping and that would have been them maximising the imports market before the year-end. However, we do not know what is the real reason and it is really difficult to make another forecast on that one.

Just to remind you, I mentioned already gearing at 93 per cent, and the actions that we took in the connection of our divesting the remedy and also refinancing and rights issue the last year. Here you can see also the equity ratio developing up to 33 per cent, starting from 21 per cent earlier, so this gives us the means that we need and the financial resources that we need in order to restructure the company towards targeted profitability.

The three cost-cutting programmes we have, we have the E100 which is the European programme, actually having both industrial changes, general overhead cost changes and you can see that last year we came closer to the 400 level. We are now this year aiming towards the €500 million level including the synergies and then continuing. As you know, by the end of 2017 we target a level of €550 million. However, we are here all the time looking for new opportunities because obviously in a market like this these are moving targets. We will utilise all the opportunities we can identify.

Cash flow, so P300 we reached the 351 level, so we have increased our ambition and for this year we are aiming to P400 and a further cash release from the working capital.
Just a few EBITDA trends here from the different business areas. From these trends you can clearly see that if we start from EMEA we are on a firm track to recovery and on our way towards good profitability. The restructuring continues and you might remember that this year before mid-summer, so we will close and ramp down the Bochum melt shop and then obviously we reduce the headcount according to the plans that we have earlier announced. At the same time we cut the tail with the unprofitable products, and improved our mix and utilisation. The next step is obviously 2016 when we close down the cold rolling mill in Benrath and when we have the ferritic investment ready then in Krefeld.

Americas, an improvement, but as I said we are not happy with the speed of the ramp-up and we also missed slightly the break-even EBITDA target for the business area Coil Americas. We are on top of the things there now, the cold rolling mills, all three lines are working. We have also found the root cause, we have fixed and repaired it, so we see gradual improvement in a rather strong underlying demand and market situation.

APAC, stable development. Last year's market very turbulent for many reasons, also very much because of the decline in growth numbers for the end demand, but also because of the raw materials. Quarto Plate, the business area which is also having a ramp-up, you might remember we finalised the investment of €108 million last year and now we have had challenges on the ramp-up. We are starting now to get control over the items that we need to fix and we see that ramp-up is going to proceed in a much more favourable way this year.

Long Products had a very good year. The volumes were higher; the utilisation of our melt shop in Sheffield was very effective. We had a higher utilisation degree there than earlier and we had a good usage of scrap. We also have in these numbers a €6 million one-off from our Wildwood unit, which you need to take into account, but a good year for Long Products, definitely.
Now we should drill down a little bit in our financial numbers, so I will give the word to my colleague, Reinhard. Please.

REINHARD FLOREY: Ladies and gentlemen, a warm welcome from my side as well. I would like to give you some more details about Q4 and the full year 2014, a year in which we had another important step for us towards the sustainable profitability of this group.

If we are looking at the Q4 numbers, we can see that we have an improved profitability on an underlying EBIT level from -€28 million in the third quarter to -€9 million in the fourth quarter. This development, although the general deliveries and the sales have declined, declined very much from the seasonal area in December, but overall also due to a little softer market than what we have seen in Q3. However, base prices were kept stable and we have seen quite good progress, specifically in the savings programmes, in our synergies as well as in our 250 programme. On the cash flow side we have seen a positive development with an operating cash flow of €122 million in Q4 and that also contributed to us achieving our P300 programme with an overall net working capital of €351 million against the end of 2012.

If we are looking then to the full year 2014 we can see that the reported EBIT ended in this year with a negative number of -€243 million. The corresponding number for the EBIT underlying is -€88 million and the EBIT excluding non-recurring items is at -€57 million, so a strong improvement here against the last year. We can see on the underlying EBIT side an improvement of some €290 million and on the EBIT excluding NRI an improvement of more than €360 million. This is also due to the hedging and timing effect and we have been in a better situation in 2014 than in 2013.

Cash flow, the cash flow ended with an overall -€126 million. This is to be seen on the one side in the situation of the ramp-up in the US. That is going on, we are
seeing that the average nickel prices in 2014 have been some US$1,800 higher than in 2013, so this also contributed to this, and then of course we are preparing also for 2015 with a little bit of an upbeat market.

CAPEX levels have been kept low in comparison to last year, where we were at a spend of €183 million. We had €127 million in 2014. Regarding the non-recurring items it is important to mention that in our reported EBIT and EBITDA we had €186 million of non-recurring items, of which €27 million are impairments, €21 million are relating to the cold rolling mills incidents that we had in the US that were booked as a non-recurring item, as well as €138 million for restructuring provisions, the restructuring provisions mainly going into the redundancy payments that will come out.

If we are looking at the specific numbers of our improvement projects, of the efficiency projects in the group, we have on the profitability side three major efficiency projects, this is the synergies where we have reached now in 2014 a sizeable number of €185 million, so an increment of €15 million only to go until the end of 2015, where we have anticipated to already have the full synergies in place.

On our P150 programme we have been very successful. We have been over-achieving in the savings and we came out with total savings of some €200 million in 2014 and we have upped this project to a P250 programme for the year 2015, so we are expecting some €50 million plus savings from this programme.

Then we will have the EMEA restructuring programme, the E100 programme that should yield another €100 million of savings until the year 2017, and also there we are expecting for this year, 2015, some savings of some €20 million here as well.

So we are increasing from €385 million this year to €470 million next year, €530 million in 2016 and €550 million as Mika has mentioned in 2017.

Regarding the one-time effects that we would see in our profit and loss statements, the anticipated effect for all these three programmes was in the total of €220 million, out of which until the end of 2014 €192 million have already been booked in our
P&L. This means that there is an increment of some €25 million to €30 million, €28 million in the precise numbers, to be expected in the next quarters.

Regarding the cash out, in this we have seen that there was already quite some cash out in 2014, €36 million. We are expecting a larger part already in 2015, mainly due to the redundancies that will come from the Bochum closure and we are anticipating some cash out of some €90 million. Then in 2016 €50 million and the smaller rest in 2017.

Now, a little bit closer look into our five business areas. Starting with EMEA, we have seen that the profitability in EMEA has increased on an EBITDA excluding NRI level quite significantly from €110 million to €278 million and the EBIT level has increased from - €111 million to a positive number of €78 million in 2014. The Q4 has had some weaker results than Q3, specifically due to the seasonality, the lower deliveries. We have been focusing clearly on the topic of higher margins rather than the volumes as such, so we have seen volumes coming down, but we have also achieved, over the course of the year 2014, an average price increase of some €30 per tonne.

We have also seen that due to the savings programmes the profitability has been quite clearly improving. Variable costs and utilisation have improved and also the better pricing and better mix had a positive impact. We have also seen that in the ferrochrome we have increased slightly the output, we have seen specifically in Q4 with deliveries of 49,000 tonnes a good result. The outside deliveries as such in 2014 have come down due to our increased internal use of ferrochrome, specifically also with the ramp-up of the US business.

So, as Mika said, our next milestone, and this is very much important, is the closure of Bochum in mid-2015, which should yield improvements also on our cost base and our operating key performance indicators, specifically in the utilisations in the melt shop.
If we are coming to Coil Americas you can see of course a strong improvement, as anticipated, from the results and underlying results, however there have been some negative incidents also in the ramp-up, and that is why the year 2014 has not been to the full satisfaction. The main incident actually was the problems that we had at the cold rolling mills with the motors. The good news is everything is in place since the beginning of this year again, all the lines are running again and also the effects that we have seen in 2014 should be significantly lower in 2015.

We have taken the main effect of that, specifically of the additional costs for repairs and the lost volumes into non-recurring items, so we have booked a total of €21 million of non-recurring items. This is the balance of the actual damage that has occurred and already some insurance payments that we have received. The residual of €21 million is covering the deductible that we have in our insurance, as well as some still to be covered damages to come.

Overall on the CAPEX spending of course 2014 has been at a significantly lower level. The project has been concluded from the technical side and the mills and the set-up is all up and running.

For 2015 we are expecting a clear increase in our deliveries. We ended up at some 540,000 tonnes in 2014 and we will up that in 2015, our plans, to 620,000 tonnes.

APAC is a very volatile and difficult market due to the situation with some overcapacities and also the nickel pig iron situation in China. There has been some quite soft demand and volatile prices, however we have been able to keep our operations quite stable in the result with a positive EBITDA of €8 million and a small loss of €6 million on the EBIT level in 2014.

The Q4 has yielded positive results both in EBITDA and EBIT and as you can see our CAPEX numbers are quite small where we have operations mainly in our SKS business.

On the Quarto Plate, we have seen, and this is more or less the only business area where we have seen a deterioration of our results against 2013, coming from a
positive EBITDA of €1 million, almost breakeven, to -€7 million in this year. The main reasons for that actually have been on the costs side. On the deliveries side we were able to increase by 18 per cent to now close to 100,000 tonnes, with a clear target to develop that to 150,000 tonnes over the coming three years, but we have seen somewhat normal but still not good for us, higher raw material and ramp-up costs in the Degerfors mill. The point where this cost deterioration is continuing should have been passed, so we are expecting that in 2015 there is a clear turnaround in the cost side and we are seeing a step-change in profitability. So this will be another milestone for us in 2015, to bring the Quarto Plate business to profitability.

Then on the Long Product side, a very positive development, we have been able to increase more or less on all levels on the volumes, on the deliveries, but specifically on the profitability. The clear increase in profitability has also included one of reversal of some accruals in the US pipe business, in our Wildwood operation of €6 million but all the other increment is really coming from improved capacity utilisation, specifically in SMACC in our Sheffield operation and the strong performance that we have in the US business.

Regarding operating cash flow, while we are on a negative operating cash flow in 2014 full year we have contributed a positive number of €122 million in Q4 and hope to continue that in 2015. The cash and cash equivalents have been now at a level of €191 million at the year end. This is a reasonable value, between €150 million and €250 million. This is where we think that our cash and cash equivalents should be and the total liquidity position for the company is unchanged at more than €1.4 billion, so on a very stable financial situation as well.

For the first quarter of 2015 we are anticipating that the operating cash flow will be negative, mainly also due to a payout and significant impact from our restructuring costs, from the cash out that I have introduced some slides before, from the
restructuring provision, and in general operating cash flow will be one of our key areas of attention and management for the year 2015.

Last but not least, the P300 programme and the optimisation of our net working capital, we managed to come out above the anticipated target of €300 million at, by coincidence, exactly the same number as at the end of 2013, €351 million, so this means that we have been on a stable level on the net working capital throughout the year 2014 and our target is to clearly improve that in 2015. We have increased our ambition there to a P400 level. The main drivers there certainly will be the work on the inventory days development and as you can see as an average of the year 2014 we came out with a level of 98 days. This is above our target of 91 days, so we have to make up for some of that, but we have set ourselves a quite ambitious target for 2015 at a level of 86 days in inventories.

With that, I will conclude the financial details and give back to Mika.

MIKA SEITOVIRTA: Thank you, Reinhard, so let’s then move and have a look on the outlook and guidance. First of all, the market outlook by SMR on our most important markets, meaning EMEA and then also the Americas. The 12 per cent you can see between the Q4 last year and the Q1 this year, which is forecasted, is of course a big increase, however the reason being that the Q4 was extremely low. You should also have a look on the Q1 in the first set of bars there in 2014, and you can see that actually the forecast is below last year’s level when it comes to end demand for Q1. I think the biggest reason is being that if you remember how nickel behaved Q1 in 2014 there is a very different pattern for this year.

If we look at the Americas, there is a small 1 per cent increase, so it is a very stable market from the end demand point of view, and we also feel that from the market environment as such, coming from our customers, so this confirms very much our understanding.
Business and financial outlook for Q1 2015, the stainless steel demand has improved from the year-end 2014 lows, but outlook for the first quarter varies by region. In EMEA order intake is improving and underlying demand remains relatively healthy. Asia remains soft in the beginning of the year. In Americas the pace for placing new orders is somewhat subdued with the uncertainty over the nickel price but overall market conditions remain promising.

In both key regions distributors are still digesting high stocks, partly due to the recent high third-country import ratios. Outokumpu estimates higher delivery volumes quarter-on-quarter and base prices to be slightly down. Continued improvement in profitability is expected, resulting in slightly positive underlying EBIT for the first quarter. With current price, the net impact of raw material-related inventory and metal hedging gains and losses on profitability is expected to be -€5 million to -€10 million for Q1.

Just to summarise the priorities that we have for 2015, obviously we haven't changed our objective, which is improving the profitability further and at the same time reducing our debt levels, so that continues to be the top priority of the company and management. Progress in Calvert, we want to see now a second step forward and again higher volumes and commercial success supported by a quality operation that is improving from last year's level again.

EMEA restructuring, Bochum has been mentioned several times, all the related actions, reallocating to volumes, we are there going full ahead. We have good quality experience of moving the volumes, we have good volume experience and utilisation experience of moving the volumes, so that will happen in a smooth way this year.

Towards customers, the number one topic is our delivery reliability. We improved last year there. We will now improve even more during this and the coming years, because that means that not only customer satisfaction and loyalty is going to increase, but it means also that the whole operation process behind it will improve
and that again gives us operational excellence and better numbers. Cost cutting, you have seen the ambition. The ambition is there and we are all the time looking at that as a moving target. When we identify further opportunities we do not hesitate to capitalise on them. Then of course cash and cash flow is a target and obviously the main chance for improving and releasing cash is our net working capital management. We are not yet close to our targets where we want to be and we are year-by-year going to improve these ratios.

Thank you very much. I think it is time for Q&A now.

JOHANNA HENTTONEN: Thank you, Mika, and thank you, Reinhard. So we will start the Q&A session as usual from Helsinki and move then afterwards through the conference call participants. We also have an online system, so by email you can also send questions. In Helsinki I would kindly ask you first to say your own name and company name before the question and Päivi is here with the microphone to hand that over to you if you have a question. Who would like to start?

ERIK: It's Erik from Swedbank, regarding Coil Americas, and 2015, obviously the underlying market is growing to 3 per cent and you aim at increasing your own production, ie deliveries, by some 15 per cent or so and I see you guys are not yielding in pricing. How do you gain that market share? How easy is it and how do you convince us that this progress will continue?

MIKA SEITOVIRTA: Thank you for the question. First of all, nothing has been easy and it is a challenging project. It has been and it will be. However I think last year we showed that we were able to improve our market share, not only in the US but for the whole NAFTA region and obviously Calvert being the main thing there. We are present now in product segments where we were not present before. That means also that our customer base has now an option for certain product, and then of course on top
of that with the wide products we have there, like the 72-inch wide. We also have unique products that were not previously in the market. All these combined means that we can improve further our volumes. We gradually improved them throughout the last year except when we had this technical breakdown of the cold roll mill, however now that is fixed so we are back on track in improving and gaining further share in that market.

ERIK: Okay, then thanks and a very quick housekeeping question regarding the EU anti-dumping discussions this time. Could you give us an update on what you said to us last time?

MIKA SEITOVIRTA: Well, Eurofer is driving that, and Eurofer is the steel manufacturer's association in Europe. The Commission has reacted on that and they have said that there is evidence of dumping, however we don't speculate with the outcome of this anti-dumping process and when the Commission tells us next time where they are so we all know more, so the situation is unchanged from last time.

JOHANNES GRASBERGER: Johannes Grasberger, Nordea Markets. I've got some questions as well.

First of all the decline in nickel price, just a question on alloy surcharges. I suppose those were still coming down in January, so I'm just wondering how was the business volume-wise for you in the first month of this year and how has that changed in February when I suppose alloy surcharges have more or less been stabilised from the first month? Has there been a change month-to-month?

MIKA SEITOVIRTA: Was your question concerning US or?

JOHANNES GRASBERGER: Sorry, Europe.
MIKA SEITOVIRTA: Europe. Of course we are not commenting individually outside the guidance, the older intake, but as we said it is relatively healthy underlying demand in Europe. Of course there are distributors who are having still quite high stock levels, but despite that we feel that the industries are somewhat improving and we need to remember that from our EMEA operations end customers are more than 50 per cent.

JOHANNES GRASBERGER: Continuing on that one, do you think there might have been some sort of pre-buy effect before the Commission's decision on the anti-dumping case?

MIKA SEITOVIRTA: We don't comment on that. That remains to be seen.

JOHANNES GRASBERGER: Okay. Then on Calvert, so I remember at the capital markets day last year you were commenting about the mix improvement this year. Any word on that, whether we will have some sort of an effect on the average selling prices in the Americas because of that? Obviously you are ramping up volumes but will the mix also improve or give a boost into the earnings this year?

MIKA SEITOVIRTA: Two things there. If we look at last year, so it was a strong year and we got through in the markets several price increases. We also ended the technical ramp-up by the end of 2014, meaning that we have increased our portfolio. Now of course when moving to more commercial activities, the job is now to sell an improved mix in the future. So that will for sure have some impact.

JOHANNES GRASBERGER: Okay, thanks. I still have a few questions left. First of all, do you think there might be still further cost savings potential? So far you have increased the target quite a few times and I wonder if that will happen once again.
MIKA SEITO VIRTA: As we said, we are not yet on targeted profitability. I would also say we are not yet on our targeted cost levels, so whenever we identify more we will capitalise on those opportunities. We haven't stopped looking for new opportunities.

JOHANNES GRASBERGER: Okay, my final two questions then, what are the order book lengths now in EMEA and Americas at the moment, and a final question of FX. We have seen the quite radical trending of the US dollar so maybe if you give some kind of light on how that impacts your earnings this year.

MIKA SEITO VIRTA: Just a quick comment on the order levels, we are currently in the US selling mid-March and in Europe the situation is almost the same, somewhat better.

JOHANNES GRASBERGER: And then the FX question.

REINHARD FLOREY: On the FX levels, we clearly see that in general the strengthening of the US dollar has a positive effect on our results. The main effect comes from the ferrochrome operations when we have outside deliveries, of course producing on a euro basis and selling on a US dollar basis. We have to see that also of course due to the higher dollar the overall ferrochrome prices are under pressure, so there is a little bit of a counter-development here, but the bottom line is it should be a positive effect. Other than that, of course there are some areas of improvement also from the raw material side, however on the working capital of course this is a little bit of a burden because we are seeing the net working capital, of course raw materials being in US dollars in our area, so that is something where we gain in profitability but we have a little bit of a burden on the net working capital.
JOHANNA HENTTONEN: No other questions from Helsinki. All right, it looks like we are happy here in Helsinki so I believe that we will now be ready to take the calls from the conference call line, so, operator, we are ready.

OPERATOR: Thank you. Ladies and gentlemen, if you have a question please press 01 on your telephone keypad. That's 01 if you want to ask a question. We have our first question here from Mr Michael Shillaker from Credit Suisse. Please go ahead, sir.

MICHAEL SHILLAKER: Yes, thank you very much. I've got a number of questions, if I may. The first question just on CAPEX running at €127 million a year. What is your long-term CAPEX need? Obviously I think you are probably running below that right now, and what is the risk that if you run for two to three years on €127 million or so that actually you start to damage the business, the tools, etc. So longer-term outlook for CAPEX and how comfortable are you running at current levels?

Second, on the Bochum closure, can you just still confirm that's scheduled for the second quarter?

When I look at your euro restructuring the €100 million, Mika, I think I asked you on the last call if that was effectively the fixed cost element of Bochum going out of the business and I think that was right. Can you talk a little bit on (a) how much is Bochum producing right now; and (b) what is the other benefit of moving that material from Bochum to elsewhere around the group and upping utilisation, because that should I think get you to above €100 million of underlying benefit there?

The next question, just on the European anti-dumping, I appreciate you are not going to give a view, but when you go back to the 2007-2008 case the EU, the Commission, also found anti-dumping. What it failed to find was damage and then the case was closed down. Can you confirm that Eurofer will be including the plant closures in Europe, the fairly significant capacity closure, as evidence of injury or
damage? That to me is very different to where we were in the 2008-2009 situation when nothing had been closed down.

The final question, just on China, obviously Chinese exports are down. At the moment imports into Europe from China are down. Can you comment a little bit more about why you think that is? Is it constraint of production in China? Is it anticipation of the risk of anti-dumping and the retroactive tariffs or is it just simply the weak demand in Europe? Remember there was no demand for Chinese imports and is there a risk in the current climate what will happen is the Chinese will export into the US and that actually hinders the ramp-up for Calvert? That is the questions, thank you.

REINHARD FLOREY: Yes. To your first question, Michael, about the CAPEX level, I would concede that in 2014 €127 million is on a quite low level, and of course it is also due to our efforts to restrict our cash out and keep to the requirements that we have in the group. We are anticipating that in 2015 the levels for CAPEX should be at about €160 million. But this is still, for the group, significantly lower than our depreciation level and we think rightfully so, because of course the investments in the US have been high. The investments also on the other ramp-up situations in Quarto Plate as well as on the ferrochrome have been high and all of them have been concluded. So we are now at a level of really what we call the mandatory and maintenance as well as some optimisation programmes.
The only bigger investment that we have of course is our Nirosta Ferritic Optimisation Programme about improving the cold rolling facilities on the Krefeld site in order to be able to close the Benrath site, and this is a little bit more than €100 million CAPEX over the next three years.

MICHAEL SHILLAKER: Did you get the question on Bochum correctly?
MIKA SEITOVIRTA: If I understood it right, Michael, and unfortunately the line wasn't especially clear, it is about the fixed cost development and overall development of the Bochum closure. Most certainly we will by transferring the volumes from the Bochum mill to mainly the Tornio and Avesta mills be able to increase our utilisation rate quite significantly and therefore have a higher fixed cost dilution. On top of that we are also seeing that this should lead to an optimisation of our variable costs, of our optimisation of the stability of our production without ons and offs all the time, so on the melting side we still think that this should be a clear improvement in our cost base.

Regarding the cost of the transfer and then the transportation costs from Avesta and from Tornio into the German market where we are doing some of the cold rolling, we are less worried about a major increase there. So, bottom line this should, yes, as you anticipated, have a very significant positive effect also on our cost base. This is anticipated in the €100 million project of the EMEA restructuring and we will not see the full effect of course in 2015 because with all the topics of the preparation and then the optimisation after the closure there will be only a part of the effect in 2015. I hope that covered your question.

MICHAEL SHILLAKER: The question I think was also a little bit more along the lines of on the last call I asked on the underlying fixed cost of Bochum was €100 million. That is being eliminated, so by definition that is €100 million that goes, but is there not an accretive benefit from the transfer of volume and the things you talked about? I'm confused why €100 million is all you'll get out of this. It strikes me it should be more.

MIKA SEITOVIRTA: I think our guidance really is alongside the programme optimisations and the Benrath closure and the Bochum closure are all included in our E100 project in the €100 million there. So that is about the improvement that we will see over the next
two or three years. There is a full programme there, so including all the actions we take, they are not only Bochum related.

MICHAEL SHILLAKER: Okay, and then the other questions, one was on the China situation exports, risks of imports into the US and why is China exporting less and then, of course, just on whether you are aware of whether the EU used plant closures as injury in the anti-dumping, because I think that is very different to where we were in the 2008-2009 case.

MIKA SEITOVIRTA: Yes, first of all at the EU, I understand how interesting that question is but I need to tell you that we cannot -- sorry for that, we cannot comment or speculate any more on the outcome or the reasons behind that. So I will leave the EU question like that. Concerning this Chinese import, I mentioned that there are several theories of course and schools who believe in different things here and nobody really knows the truth. For sure some of the customers are afraid of retroactive tariffs as well. You can hear that from the market. It could also be that as long as the market was really open it was fully utilised. We can also say that we don’t have any statistics for this year but maybe we see a little bit less movement from that side for the time being. It is a very complicated picture and let’s wait and see when we see the real numbers for the imports then and how that really develops and what are the reasons then. Could it increase in US? Theoretically, yes, because of course this has to do also with the currency development. It has been increasing somewhat last year but the whole American market was also quite hot last year. So it means that the lead times were long and that is also one reason -- when the customers need their material sooner so they use other sources when the local ones can’t deliver.

So there are plenty of reasons there.
MICHAEL SHILLAKER: Okay, thanks a lot for the answers. Well done, thank you.

MIKA SEITOVIRTA: Thank you.

OPERATOR: We have the next question from Mr Bastian Synagowitz from Deutsche Bank. Please go ahead, sir.

BASTIAN SYNA WITZ: Yes, good afternoon, gentlemen. My first question is on the Americas business, where I understand the underlying fourth quarter number was a bit of a mixed bag as it has been artificially boosted by the costs you have been stripping out for the operational destruction which actually happened partially in Q3 and then obviously the insurance compensation runs against it. If you have not quantified the actual impact of these drivers could you please share the actual underlying Q4 EBITDA with us because, I guess, even from the current reported numbers it is not possible for us to reconcile the underlying Q4 EBITDA.

Secondly, and with this in mind, could you give us any more colour on what you see as a very broad achievable EBITDA range for Calvert or Americas in 2015, this year, assuming that current prices were to remain stable.

Then my third question is on the propane hedge which was obviously still a negative headwind in the fourth quarter. How much of that will unwind in the first quarter and is therefore reflected obviously in the guidance and how much will unwind in the rest of 2015?

Then my last question is on the net debt target which you have been putting out with 1.5 billion. That would obviously require very, very strong cash generation by 2017 which, I guess, at this point you don’t really have. So is this target really a completely organic debt reduction target and also is this 1.5 billion number tied into any of your covenants? Thank you.
REINHARD FLOREY: Okay, thanks, Bastian, for the question. First of all, unfortunately we do not report any other EBITs than the underlying and the excluding NRI. But just to give you a little bit of magnitude of what we have seen.

Of course you are right that in Q4 there has been a little bit of a reversal of a negative effect that was booked in the normal EBIT not in the normal underlying EBIT in Q3 as we have concluded to book the whole incident as a non-recurring item for the year 2014. That has had a certain corrective effect in quarter 4 but the impact, just to give you an idea, was not too big. So we can say that if you take the non-recurring item of 21 that it is fair to assume that this equally split between Q3 and Q4.

Regarding your propane hedge question, first of all, yes, we have an impact from the mark to market valuation regarding the propane and this is not realised, this is unrealised hedges so therefore it is just the mark to market year-end respectively, quarter end, evaluation of some €22 million in 2014. Now, of course the expectation is that we would see the benefit from that lower propane price materialise in the operative business. This, of course, has taken the assumption that the prices will not move significantly and stay in this low level, therefore this effect has to be seen as a potential for the operative upside in 2015. However, it is not to be excluded that there is again some propane hedge losses whenever the price goes even lower. There have been speculations about oil price again dropping and so therefore it is certainly not to be excluded that we see other effects as unrealised hedges here. However, we always have to see this comes back, given the assumption that we are not seeing any kind of adverse development, in the operative business as a benefit. So for us hedging is really to cover the fluctuation and will not have a bottom line.
BASTIAN SYNAGOWITZ: Okay, just to follow up on that if I may, sorry to interrupt you. Does it mean that your first quarter guidance basically does not include any of the realisation in the operations from basically the lower prices?

REINHARD FLOREY: I didn’t say that. What I’m saying is that we are anticipating that over the year - and that doesn’t exclude the quarter 1 - we would see positive development from that here. What I said, I cannot exclude that also from the hedge side there would be a negative effect if prices drop further.

BASTIAN SYNAGOWITZ: Drop further, okay. So how much would the positive effect be? Basically what did you include in your first quarter guidance from the hedge reversal? You’ve been quantifying that obviously for the fourth quarter so I am just wondering how much of that will flow back positively in the first quarter?

REINHARD FLOREY: We have not guided on any specific expectation there, how much is included. I think this is just a fair assumption that it will come back over the course of the year.

BASTIAN SYNAGOWITZ: Got it.

REINHARD FLOREY: Then you still had a question about the net debt target that we have given for end of 2017 to be at a level of €1.5 billion, which would mean roughly €500 million deleveraging still. We think that this is an important target for Outokumpu in order to demonstrate its ability to have financial stability, decrease our financing cost and demonstrate also in the outside ranges like in the debt to EBITDA, a clear in improvement.

Now, regarding organic path to this target, I think it is our target to improve every year, whether this will be in equally large steps, we have not commented on that and we cannot anticipate that, to be honest. But we think this is an achievable
target and it is a desirable target, and therefore over the years 2015, 2016 and 2017
this is the way we should go.

BASTIAN SYNAGOWITZ: Okay, thank you. Just to follow up again on my question regarding VSO(?), you
are basically pointing us towards, I think, an underlying Q4 EBITDA of roughly €10
million if you’re saying that roughly half of the impact is basically for the third
quarter. Is it fair to assume that the current earnings run rate in the year’s current
prices and obviously Q4 volumes have been around €10 million EBITDA?

REINHARD FLOREY: I think this is a calculation that of course you will be doing in your models but what
we saying is that the profitability run rate increases quarter by quarter in the US
and, of course, this is said with the elimination of cold rolling incidents. But it is very
clear that the ramp up in that sense yields clear profitability improvements quarter
by quarter.

BASTIAN SYNAGOWITZ: But still if this is kind of the starting point, end of Q4, obviously now you say the
rolling lines are back in operation, I guess as per the previous questions, you are
going to get a little bit of product mix. You target obviously quite a significant
volume increase even in 2015 so that is going to give you some operational
leverage. If we have €40 million as a starting point, it really seems like -- sorry, a
€10 million quarterly run rate, it means like an annualised €40 million should be very
much a conservative floor, as least assuming that there is no kind of pull back in the
market, or is there anything which runs against you that I am missing here?

REINHARD FLOREY: I don’t think that we can comment on any details of that calculation. I think we are
giving the guidance for our Q1 and this is where we said that we will be on a slightly
positive EBIT and certainly all our business areas will contribute to that.
BASTIAN SYNAGOWITZ: Okay, thank you.

OPERATOR: We have the next question here from Mr Jean Devevui from Exxan. Please go ahead, sir.

JEAN DEVEVUI: Yes, good morning, everyone, Jean Devevui from Exxan. I had a first question on Calvert. I think the €13 million insurance claim that you received in Q4 was initially not expected to happen in that quarter but rather in Q1. So my question is, is there something left from the insurance to be paid in Q1 and given the additional recurring charges that you will have to bear for Calvert in Q1, net net is that a positive or a negative impact that we should expect in Q1 2015?

REINHARD FLOREY: First of all, it is fair to say that the whole incident has been taken as a non-recurring item, which means that if we are getting positive effects from insurance, from claims, this also will not be in our EBIT excluding non-recurring items. So therefore we are trying to give you as much transparency as we can on the operative performance of Calvert by doing this. And as this was really an unexpected, unplanned and unfortunate incident, which certainly had nothing to do with our performance but very much with a situation that we have with equipment provided by the suppliers, we see that as justified. Therefore we are not expecting that if the case of additional insurance payments are -- that this is reflected in EBIT excluding NRI.

JEAN DEVEVUI: Okay, understood. Thanks. And then you are saying you are expecting a step up in performance in 2015 versus 2014, still for Calvert, could you please be a bit more specific there. Given what happened over H2 2014 and your personal issues, have you thought at some point to revise down your view for 2015 on Calvert? I am naturally talking about the shipment guidance that you provided in the slides, was
that in line with the previous guidance that you had internally for 2015 in terms of volumes there?

REINHARD FLOREY: First of all, all the numbers and figures that we are giving are on business area Americas level. So this is not Calvert specifically. And we are not commenting on Calvert individually but this comprises our whole Americas operation. We also have not been giving any specific targets now for 2015 but we have given you, I think, a good indication by both taking out the cold rolling incidents from 2014 and thus making the positive development more transparent as well as giving you the guidance in terms of our anticipated delivery volume. The deliveries would come up from the 551,000 tonnes in 2014 to about 620,000 which is an increment that we are seeing according to a better utilisation specifically of the cold rolling mills in Calvert, as well as the utilisation of our coil mill plate activities in the market where we see opportunities in the US.

JEAN DEVEVUI: Okay, understood. Last question on the working capital. So as you mentioned in the slides you were above the 91 day targets at the end of 2014, so I guess my question is pretty simple. How confident are you that you will reach the 86 day target for 2015, given the slight miss on 2014 and also given the US regulation additional burden that I think you mentioned earlier during the call?

MIKA SEITOVIRTA: Thank you for that question. Yes, these targets are with very high ambition because they are so directly, as we all know, related to our cash flow development and we prioritise cash flow in everything that we do. Now we have learned quite a lot during the last two years about inventory management and the networking capital management as a whole, so we have not only been setting the targets but really changing the way we work with the finished goods, work in progress, raw material, how do we base our forecasting in the demand and take one step of
numbers through the systems. So there are many things. It is also highly ranked on every agenda for each and every business area. We have also connected that to our incentives. We think that we need to set high ambitions there and we feel that we are going to get there as well.

JEAN DEVEVUI: Okay, thank you.

OPERATOR: We have the next question from Cedar Ekblom from Bank of America. Please go ahead.

CEDAR EKBLOM: Thanks very much. Two quick questions. Firstly, can you discuss the strategic rationale for retaining your APAC business? Right now it’s obviously not contributing much to the bottom line and there’s a drag on capital so would you consider selling it? If not, why continue to hold that asset? Then can you just go back on your net debt target that you spoke about, is that 1.5 billion at the end of 2015 or is that a longer term target? Thank you.

MIKA SEITOVIRTA: Let me start with the second question because it is important. This is a target by the end of 2017 not by 2015 and this has been stated in that way that is a long term target and it is quite clear that this means significant sort of deleveraging which would improve our overall ratios there. So that, please, to be noted.

The first question, though, I did not get the first question.

CEDAR EKBLOM: The future of APAC and --

MIKA SEITOVIRTA: Future of APAC, okay, thank you. Now I have got it, finally. In APAC we are currently having a very turbulent market situation and our strategy there is clearly to move more and more towards most demanding application, speciality products, and
we are gradually doing so. We are also doing -- which we can see in the numbers as well that sometimes with a better mix there we can just create better profits in our mills both in Europe and also in the local profits in APAC. We, as a leading company in stainless steel, feel that as APAC is 60 per cent of the end demand of stainless steel so we will have future plans for APAC, that's for sure. Right now, of course, because we are not in an investing mode, we tried to maximise by improving the mix and we are currently making sure in our strategy that we make the top assets we had in Europe and in United States, we make them sweat. So this is the current situation how we see APAC.

**CEDAR EKBLOM:** How long are you going to be committed to APAC and what do you need to see at that business before you would take a decision about whether it fits with an out of country group? I understand that it is a key market and you are not investing right now but you have plans in the future, but if you are in a situation of degearing for the foreseeable future with a pretty punchy net debt target in the medium term, does that really give you the head room to invest in APAC, and if it is not going to be an investment decision for the next three years or so, why continue to hold it? I just want to understand what needs to happen at that asset for you to say, “Actually, this is not core” or it is?

**MIKA SEITOVIRTA:** Yes, thank you for that question. It is like with our assets that we have in principle that we will always look at the return that we think that we can get out of them against the fact that if we are not reaching the potential that we need or whether it is not part of our strategy, so then of course always we can consider other alternatives. Change in the nature of the asset or divesting the asset or whatever. However, we have not given any comments the possible divestment share, but you can never exclude anything. That goes, of course, for other assets as well.
CEDAR EKBLOM: Okay, so there is no internal timeframe and there is no specific return on capital target that needs to be met then, is that the way to interpret that right now?

MIKA SEITOVIRTA: No further comments on that.

CEDAR EKBLOM: Okay. Thank you.

OPERATOR: We go to the next question from Mr Stephen Benson from Goldman Sachs. Please go ahead, sir.

STEPHEN BENSON: Hi, I had a few questions. On the Long Products and Quarto Plate, you are trying to ramp the volumes in Quarto Plate and I understand that these two divisions are slightly more energy exposed or oil and gas CAPEX exposed potentially. How do you see the outlook for shipment growth in those more energy or oil and gas exposed segments over the next couple of quarters, because obviously CAPEX is coming down, as we all know?

MIKA SEITOVIRTA: Thank you for the question. Yes, you are right, for sure it is not going up for the time being at least and we have been looking into that situation for our point of view and actually the part which is directly related to oil and gas or close to those industries, it is very limited in our case. So a major part of the volumes is coming from other industries.

STEPHEN BENSON: Okay, would you have a number for what your overall oil and gas volume exposure is? I mean, SMR say the industry is about 5 per cent but you have Quarto Plate and Long so I would guess you are slightly above that or above that?

MIKA SEITOVIRTA: It is less than that I would say. It is less than that.
STEPHEN BENSON: The Long Products were down 30 per cent in the quarter, will that recover from there, the deliveries?

MIKA SEITOVIRTA: Sorry, now I didn’t get the question once more.

STEPHEN BENSON: The Long Product deliveries seem to be down 30 per cent or 28 per cent quarter on quarter, do you think that is coming back in 2015?

MIKA SEITOVIRTA: Well, for the time being we see no radical changes to the previous one so we are confident that we will have a good market for those products as well.

STEPHEN BENSON: Okay. Reinhard, I had a question on the insurance payment or the costs, so can you help me understand. There was 40,000 tonnes lost in the second half, the cost of that was around €34 million, or the cost allocated to that was around 34 million, that is about €850 a tonne now if somehow or another USP are doing EBITDA per tonne of around 300, you’re doing EBITDA per tonne in Europe of 180, you have got the lost earnings but then you have the cost associated. So how can we get a feel for what the implied earnings lost was in that volume, because it seems like, at face value, a very high number?

REINHARD FLOREY: First of all, I’m unfortunately not in the position to comment on our direct discussions with the insurance company or potential claims. However, when you take this situation, yes, we said that in the range of some 40,000 tonnes we have lost volume, this is a situation where this has partly an impact on a directly attributable situation that is covered then by an insurance case or by claims from our side, and partly of course, there are effects that are not being able to be covered because they are indirect effects about utilisation and about the switching on and off of some
of the non-effected lines. So this is something that certainly also negatively impacted our performance directly in 2014.

What is important is that, yes, this €21 million is a net sum of the damage and what has been paid so far. A further payment expected and also the damage that is currently not covered respectively open in this €21 million. Of course it’s a number where we are very much striving for getting that back through claims or through activities with -- on the legal side.

STEPHEN BENSON: Okay. And, lastly, just on imports, the data that the analysts get is pretty lagged on import trends. We know it was coming down at the end of last year. Do your salespeople or your discussions with distributor today, has that trend continued into January and February?

MIKA SEITOVIRTA: That’s a good question and, of course, we do not have any data on that either. But, as I mentioned earlier, we said that, yes, in the beginning of the year when biddings we have somewhat less material coming from there which we believe. So that is the case for the time being. How much? Impossible to say until we have the data.

STEPHEN BENSON: Okay, thanks very much.

MIKA SEITOVIRTA: You’re welcome, thank you.

OPERATOR: We have the next question from Mr Hjalmar Ahlberg from Keppler Cheveraux. Please go ahead, sir.

HJALMAR AHLBERG: Yes, thank you. You restated the production and shipment volumes in EMEA for Q2-Q3 but not the sales levels. Could you explain that a bit?
MIKA SEITOVIRTA:  Sorry, I couldn’t pick it up.

JOHANNA HENTTONEN:  Can you please repeat the question?

HJALMAR AHLBERG:  Can you hear me now?

MIKA SEITOVIRTA:  It was about shipment volumes, I suppose?

HJALMAR AHLBERG:  Yes, you restated the shipment volumes.

REINHARD FLOREY:  Actually I think in the detailed chart that we have shown for EMEA it is about deliveries as well as the total sales numbers that you can see in the comparison between Q3 and Q4 as well as for the full year 2014 and 2013.

HJALMAR AHLBERG:  Okay, and regarding the targets, over 90 per cent utilisation in melting, what kind of delivery volumes do you need to have in EMEA to reach that?  Is that the €1.7 million per year, around?

MIKA SEITOVIRTA:  What we have said, and there is an improvement of course already between 2013 to 2014, both on the melting side and cold rolling side and our longer term target is that we are clearly above 90 per cent in melting and we would be above 85 per cent in cold rolling.  We haven’t, though, specified the year when we are there.  So it is not about 2015 target, it is a longer term target when the industrial changes are done.  But we are confident of that, that we will get there.

HJALMAR AHLBERG:  Okay.  And then just if you add the difference of various EBIT together you get around €130 million in EBITDA but the group was €72 million, why was the other distance so high compared to historic numbers?
REINHARD FLOREY: Sorry, could you say that again?

HJALMAR AHLBERG: Yes, if you add the business areas underlying EBITDA together, you get €130 million but the reported group underlying EBITDA was €72 million. Could you explain the difference between the two numbers?

REINHARD FLOREY: Yes, of course. Because in the individual business areas then you have still other operations and corporate as a delta between what is the sum of the business areas and the group, so that is the delta.

HJALMAR AHLBERG: The around €40 million, is that the normal level?

REINHARD FLOREY: Yes, there are no abnormal things in there. We have the whole topic of hedging and timing effects in there as well.

HJALMAR AHLBERG: And the last question on Degerfors, you were targeting 90 kilo tonnes in 2015, what was the production in 2014?

MIKA SEITOVIRTA: Degerfors production, I don't think -- have we disclosed that separately?

REINHARD FLOREY: No, we are not disclosing on any individual business lines. We have been disclosing on the business area. The business area was 80,000 tonnes and I think it was about 70,000 tonnes that we had 2013.

MIKA SEITOVIRTA: And then what we have disclosed earlier is that the total capacity included the North America as 220,000 tonnes, out of which then Degerfors is 150.
HJALMAR AHLBERG: Okay, and just one last question on the Americas. Are you saying that down the line EBITDA of €25 million that is not representative of the current run rate, it is rather lower than that actually? Is that correctly understood?

REINHARD FLOREY: If you just take Q4, yes, it is lower than that because that carries the specific impacts from the non-recurring item which is a correction and also for quarter 3. So you have to take the second half together to be on the right track here.

HJALMAR AHLBERG: Okay, great, thank you.

OPERATOR: There are no further questions on the telephone. Over to you, speakers.

JOHANNA HENTTONEN: Thank you. I believe we had a few questions from online audience so I will take just one of them. It was a question regarding our ferrochrome ramp up and the stages of that one. Could you please comment where we are?

MIKA SEITOVIRTA: Yes. First of all, we have now given the production target and outlook for this year which is 500,000 tonnes. We have been discussing that the maximum is 530,000, that is still valid but it is not for this year. Concerning last year overall ramp up progressed well, however we had a couple of operational issues which created then some unplanned maintenance. We had a transformer break down and then we had some other things in this matter but now those things are fixed and we are progressing very much on track there. Cost-wise, volume-wise, we are there where we have been planning with the investment.

JOHANNA HENTTONEN: Thank you, so are there any more questions from Helsinki? If not, I say thank you to everyone for participation. Our next report will come out on 29 April, and
also I would like to mention our capital markets day which will be held on 27 May in Berlin. So many thanks for participation today.

MIKA SEITOVIRTA: Thank you very much. Bye for now.