Interim statement
Q1/2017

CEO Roeland Baan
CFO Chris de la Camp

April 27, 2017
Today’s attendees from Outokumpu

Roeland Baan
CEO

Chris de la Camp
CFO

Tommi Järvenpää
Director
Investor Relations
Disclaimer

This presentation contains, or may be deemed to contain, statements that are not historical facts but forward-looking statements. Such forward-looking statements are based on the current plans, estimates and expectations of Outokumpu’s management based on information available to it on the date of this presentation. By their nature, forward-looking statements involve risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. Future results of Outokumpu may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. Factors that could cause such differences include, but are not limited to, the risks described in the "Risk factors" section of Outokumpu’s latest Annual Report and the risks detailed in Outokumpu’s most recent financial results announcement. Outokumpu undertakes no obligation to update this presentation after the date hereof.
Best value creator in stainless steel by 2020 through customer orientation and efficiency

1. Customers
2. Shareholders
3. Employees

Time bound: sense of urgency

Back to basics
Strong start to the year

- All business areas delivered black numbers
- Americas continued its turnaround and reached positive EBIT
- Productivity and efficiency improvement measures resulted in higher delivery volumes and considerable cost benefits
- Strong markets with higher ferrochrome and stainless steel base prices
- Substantial NWC increase due to higher accounts receivables and inventory value

Adjusted EBITDA, EUR million

<table>
<thead>
<tr>
<th></th>
<th>I/16</th>
<th>II/16</th>
<th>III/16</th>
<th>IV/16</th>
<th>I/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>294</td>
<td>29</td>
<td>66</td>
<td>116</td>
<td>98</td>
<td>116</td>
</tr>
</tbody>
</table>
European base prices continued to improve

1. 2mm sheet cold rolled 304 grade. CRU April 2017
2. Cold rolled, monthly average. Source: Eurofer, March 2017 (Q1’17 based on Jan actual and Feb forecast)
US base prices at strong levels

US base prices\(^1\), USD/tonne

Third-country cold rolled imports\(^2\) into the US, 1,000 tonnes

1. 2mm sheet cold rolled 304 grade. CRU April 2017
2. Cold rolled, monthly average. Source: Foreign Trade Statistics, March 2017 (Q1’17 based on Jan)
## Key financials

### Increase in deliveries driven by significantly higher deliveries in the Americas and Long Products

### Q1/17 sales increased by 27% as a result of higher deliveries and prices

### Operating cash flow impacted by NWC increase of EUR 280 million due to higher accounts receivables and inventory value

<table>
<thead>
<tr>
<th>Key figures</th>
<th>I/17</th>
<th>I/16</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stainless steel deliveries, 1,000 tonnes</td>
<td>639</td>
<td>610</td>
<td>2,444</td>
</tr>
<tr>
<td>Sales, EUR million</td>
<td>1,757</td>
<td>1,386</td>
<td>5,690</td>
</tr>
<tr>
<td>Adjusted EBITDA, EUR million</td>
<td>294</td>
<td>29</td>
<td>309</td>
</tr>
<tr>
<td>Net result, EUR million</td>
<td>182</td>
<td>-41</td>
<td>144</td>
</tr>
<tr>
<td>Operating cash flow, EUR million</td>
<td>-53</td>
<td>74</td>
<td>389</td>
</tr>
<tr>
<td>Net debt, EUR million</td>
<td>1,376</td>
<td>1,551</td>
<td>1,242</td>
</tr>
<tr>
<td>Capital expenditure, EUR million</td>
<td>19</td>
<td>32</td>
<td>164</td>
</tr>
<tr>
<td>Personnel at the end of the period</td>
<td>10,420</td>
<td>10,920</td>
<td>10,600</td>
</tr>
</tbody>
</table>
Step-change in Europe’s profitability

- Robust market in Q1 with strong demand in all customer segments
- Q1/17 average base price increased by EUR 100/tonne compared to Q1/16
- Distributor inventories increased
- Continued reductions in variable costs per tonne and SG&A costs
- Ferrochrome operations
  - Positively impacted by increased FeCr price and higher delivery volumes
  - Lower production volumes due to technical issues and furnace breakdown

Deliveries, 1,000 tonnes

<table>
<thead>
<tr>
<th></th>
<th>I/16</th>
<th>II/16</th>
<th>III/16</th>
<th>IV/16</th>
<th>I/17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>421</td>
<td>413</td>
<td>396</td>
<td>395</td>
<td>415</td>
</tr>
</tbody>
</table>

Adjusted EBITDA, EUR million

<table>
<thead>
<tr>
<th></th>
<th>I/16</th>
<th>II/16</th>
<th>III/16</th>
<th>IV/16</th>
<th>I/17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>82</td>
<td>76</td>
<td>107</td>
<td>110</td>
<td>257</td>
</tr>
</tbody>
</table>

Lower deliveries vs. Q1/16 driven by Benrath closure in Q3/16

Step-change in profitability driven by significant cost reductions, strong demand and higher prices
Americas reached record earnings

- Deliveries, 1,000 tonnes:
  - I/16: 161
  - II/16: 177
  - III/16: 185
  - IV/16: 167
  - I/17: 182

- Adjusted EBITDA, EUR million:
  - I/16: -37
  - II/16: -3
  - III/16: 12
  - IV/16: 1
  - I/17: 29

- Strong market in Q1
- Q1/17 average base price increased by USD 170/tonne compared to Q1/16
- Favorable market environment attracted higher import volumes to the region
- Distributor inventory levels continued to increase
- Raw material-related inventories and metal derivatives had positive net impact on result

Solid demand in all customer segments

Adj. EBITDA supported by strong markets, improved productivity and product mix, as well as further reduction in variable costs per tonne
Long Products solidly profitable

- Strong demand from automotive and aerospace, recovery in Oil&Gas in Q1
- Higher base prices in Europe but prices remain under pressure in the US as import volumes remained at high levels
- Continued good progress in cost reductions
- Raw material-related inventories and metal derivatives had positive net impact on result

Q1/17 deliveries increased driven by higher customer deliveries and increased internal slab deliveries

Improved adj. EBITDA driven by higher deliveries and prices and better mix
Increase in NWC resulted in negative operating cash flow

- Net working capital increased by EUR 280 million during Q1 driven by
  - Increase in trade and other receivables due to higher base and raw material prices as well as higher delivery volumes particularly towards the end of quarter
  - Increase in inventory values mainly due to higher ferrochrome prices
- Cash flow from financing activities of EUR -91 million includes
  - Payment of dividends of EUR 41 million
  - Treasury share purchases of EUR 20 million
  - Q1/17 financing costs of EUR 32 million, interest expenses at EUR 24 million
  - Overall liquidity reserves at EUR 0.8 billion
  - Net debt increase to EUR 1,376 million driven by negative cash flow

<table>
<thead>
<tr>
<th>EUR million</th>
<th>I/17</th>
<th>I/16</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operating activities</td>
<td>-53</td>
<td>74</td>
<td>389</td>
</tr>
<tr>
<td>Net cash from investing activities</td>
<td>21</td>
<td>-17</td>
<td>-81</td>
</tr>
<tr>
<td>Cashflow before financing activities</td>
<td>-32</td>
<td>57</td>
<td>308</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>-91</td>
<td>-76</td>
<td>-291</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>81</td>
<td>166</td>
<td>204</td>
</tr>
</tbody>
</table>
Leverage reduced significantly

Net debt and gearing

2013 2014 2015 2016 I/17
Net debt, EUR billion
Net debt/adjusted EBITDA
Gearing

Debt maturity profile, EUR billion

2017 2018 2019 2020 2021 2022+
Current debt Non-current debt Unutilized facilities
Business and financial outlook for Q2/2017

- Underlying stainless steel demand is expected to remain robust in both Europe and the US.
- Stainless steel base prices are expected to continue to improve.
- Q2 stainless steel deliveries of both business area Europe and the Americas are expected to remain at the same level as in Q1.
- Lower ferrochrome contract price and lower ferrochrome deliveries in Q2 as a result of technical issues experienced in March.

Outokumpu expects its Q2/2017 adjusted EBITDA to be somewhat lower than in Q1/2017.
Appendix
## Income statement

<table>
<thead>
<tr>
<th>(MEUR)</th>
<th>Jan-March 2017</th>
<th>Jan-March 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>-1,435</td>
<td>-1,309</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>322</td>
<td>76</td>
</tr>
<tr>
<td>Other operating income</td>
<td>21</td>
<td>26</td>
</tr>
<tr>
<td>SG&amp;A costs</td>
<td>-87</td>
<td>-104</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-4</td>
<td>-11</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>252</td>
<td>-12</td>
</tr>
<tr>
<td>Share of results in associated companies and joint ventures</td>
<td>3</td>
<td>-1</td>
</tr>
<tr>
<td>Financial income and expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expenses</td>
<td>-24</td>
<td>-26</td>
</tr>
<tr>
<td>Net other financial expenses</td>
<td>-8</td>
<td>-8</td>
</tr>
<tr>
<td><strong>Result before taxes</strong></td>
<td>224</td>
<td>-47</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-41</td>
<td>6</td>
</tr>
<tr>
<td><strong>Net result for the period</strong></td>
<td>182</td>
<td>-41</td>
</tr>
</tbody>
</table>
## Balance sheet

### Assets (MEUR)

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2017</th>
<th>Dec 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>503</td>
<td>504</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>2,826</td>
<td>2,874</td>
</tr>
<tr>
<td>Investments in associated companies and joint ventures</td>
<td>69</td>
<td>67</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>52</td>
<td>54</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>163</td>
<td>204</td>
</tr>
<tr>
<td>Defined benefit plan assets</td>
<td>28</td>
<td>45</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>3,642</td>
<td>3,750</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>1,335</td>
<td>1,232</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>35</td>
<td>50</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>924</td>
<td>687</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>81</td>
<td>204</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>2,375</td>
<td>2,173</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>6,017</td>
<td>5,990</td>
</tr>
</tbody>
</table>

### Equity and liabilities (MEUR)

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2017</th>
<th>Dec 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total equity</strong></td>
<td>2,502</td>
<td>2,416</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current debt</td>
<td>1,010</td>
<td>987</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Defined benefit and other long-term employee benefit obligations</td>
<td>354</td>
<td>356</td>
</tr>
<tr>
<td>Provisions</td>
<td>103</td>
<td>118</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>36</td>
<td>37</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>1,530</td>
<td>1,525</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current debt</td>
<td>447</td>
<td>458</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>14</td>
<td>63</td>
</tr>
<tr>
<td>Provisions</td>
<td>21</td>
<td>15</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>1,502</td>
<td>1,471</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>1,984</td>
<td>2,007</td>
</tr>
<tr>
<td>Liabilities directly attributable to assets held for sale</td>
<td>-</td>
<td>43</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>6,017</td>
<td>5,990</td>
</tr>
</tbody>
</table>
Our strategic plan

VISION 2020:
To be the best value creator in stainless steel by 2020 through customer orientation and efficiency.

The best value in the industry for customers, shareholders and employees through:

- Safety
- High Performing Organization
- World Class Supply Chain
- Manufacturing Excellence
- Americas
- Commercial Excellence
Improving performance
Financial targets for 2020

EBIT
EUR 500 million

ROCE
12%

Gearing
<35%
Our must-win battles deliver EUR 500 million in 2020

Topline growth and cost efficiency based on self-help

**TOP LINE GROWTH**

- Increase volume through efficiency and debottlenecking
- Richer mix through improved capability and selective sales strategy
- Value based selling

**COST REDUCTION**

- Achieve 2-3% annual productivity improvement
- Achieve 15% savings in procurement
- Reduce variable and fixed cost
- Reduce SG&A cost by EUR 100 million

We focus on growth segments
Consumer goods, automotive, architecture, building and construction

Distributors

- Consumer goods & medical: 45%
- Automotive: 55%

End-customers

- Consumer goods & medical: 17%
- Automotive: 15%
- Architecture, building & construction: 23%
- Chemical, petrochem. and energy: 18%
- Metal processing & tubes: 4%
- Heavy industries: 5%
- Other: 18%

Sales 2016
Operative cost components

- Raw materials account for around 60% of the total operative costs of the Group
- Energy and other consumables account for 10-15% of the total operative costs
- Personnel expenses 10-15% of the total operative costs
- Other cost of sales includes e.g. freight, maintenance and rents and leases
Broadest product portfolio across stainless steel

Deliveries by product grade in 2016

- **Austenitic (CrNi)**: 57%
- **Ferritic**: 19%
- **Austenitic (CrNiMo)**: 17%
- **Duplex**: 4%
- **Other**: 3%

Outokumpu product forms

- **Ferrochrome**
- **Slab**
- **Quarto plate**
- **Hot rolled black coil**
- **Hot and cold rolled white coil**
- **Precision strip**
- **Cast semis**
- **Rolled and forged billet**
- **Bar**
- **Rebar**
- **Wire rod**
- **Welded pipe**

Jan-Dec 2016
~4% demand growth expected for 2017

Data source: SMR, March 2017
Real demand for total stainless steel (rolled & forged products, excl. 13Cr tubes, profiles)
Q2’17 real demand expected to decrease 1% q/q in EMEA and 5% q/q in Americas

EMEA total stainless steel real demand

1,000 tonnes

Americas total stainless steel real demand

1,000 tonnes

1) Total stainless = rolled & forged products, excl. 13Cr tubes, profiles
Low capacity utilization in China, on healthier level in Europe and Americas

Source: SMR Real Demand March 2017; CRU Capacity February 2017

* Using Jan-Nov’16 imports share as forecast for 2016-2019
Stainless prices rising due to higher raw material prices

Nickel price, USD/tonne

Transaction prices 304 stainless, USD/tonne

1. LME daily cash settlement
2. 2mm sheet cold rolled 304 grade. CRU January 2017
Raw materials - price development

**Nickel**

Data source: 1) Nickel Cash LME Daily Official

**Ferrochrome**

Data source: 2) Contract - MetalBulletin - Ferro-chrome Lumpy CR charge basis 52% & Cr quarterly major European destinations Cr : Spot: Platts Charge Chrome 52% DDP Europe

**Molybdenum**

Data source: 3) MetalBulletin - Molybdenum Drummed molybdic oxide Free market Mo in warehouse

**Carbon steel scrap**

Data source: 4) Ferrous Scrap Index HMS 1&2 (80:20 mix) $ per tonne fob Rotterdam

---

**Outokumpu**
## Fully integrated production asset base

<table>
<thead>
<tr>
<th></th>
<th>Europe</th>
<th>Americas</th>
<th>Long Products</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tornio Finland</td>
<td>Avesta + Nyby</td>
<td>Krefeld + Dillenburg</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finland Sweden</td>
<td>Sweden</td>
<td>Germany</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Degerfors Sweden</td>
<td>Calvert USA</td>
<td>Mexinox Mexico</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sheffield UK</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Richburg USA</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Degerfors Sweden</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Wildwood USA</td>
<td></td>
</tr>
<tr>
<td>Melting</td>
<td>1,450</td>
<td>450</td>
<td>900</td>
<td>450</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,250</td>
</tr>
<tr>
<td>Hot rolling</td>
<td>1,450</td>
<td>900</td>
<td>870</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,220</td>
</tr>
<tr>
<td>Finishing</td>
<td>750</td>
<td>150</td>
<td>130</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>150</td>
<td></td>
<td>120</td>
<td></td>
</tr>
<tr>
<td></td>
<td>350</td>
<td>150</td>
<td>250</td>
<td></td>
</tr>
<tr>
<td></td>
<td>150</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>25</td>
<td>40</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,675</td>
</tr>
</tbody>
</table>
For more information, call Outokumpu Investor Relations or visit www.outokumpu.com/investors

Tommi Järvenpää
Director – Investor Relations
Phone +358 9 421 3466
Mobile +358 40 576 0288
E-mail: tommi.jarvenpaa@outokumpu.com

Simone Cujai
Investor Relations Manager
Phone: +49 2151 83 4226
Mobile: +49 172 298 4797
E-mail: simone.cujai@outokumpu.com

Päivi Laajaranta
Executive Assistant
Phone +358 9 421 4070
Mobile +358 400 607 424
E-mail: paivi.laajaranta@outokumpu.com

Next IR events
Q2 results
July 25, 2017
Q3 results
October 26, 2017