Q1 2018 results

CEO Roeland Baan
CFO Chris de la Camp

April 26, 2018
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Speakers

Roeland Baan
President & CEO

Chris de la Camp
CFO

Tommi Järvenpää
Vice President
Investor Relations
Best value creator in stainless steel by 2020 through customer orientation and efficiency

Time bound: sense of urgency

1. Customers
2. Shareholders
3. Employees

Back to basics
Operationally solid first quarter

Group, adjusted EBITDA, EUR million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>I/17</th>
<th>II/17</th>
<th>III/17</th>
<th>IV/17</th>
<th>I/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA</td>
<td>294</td>
<td>199</td>
<td>56</td>
<td>82</td>
<td>133</td>
</tr>
</tbody>
</table>

Adj. EBITDA quarter-on-quarter comparison*, EUR million

- Deliveries: 82
- Lower maintenance
- Gain from emission allowance derivatives
- Pricing
- Net of timing and hedging
- Ferrochrome
- Input costs: 133

*) Indicative columns based on management estimates
Volatile nickel price development

<table>
<thead>
<tr>
<th></th>
<th>IV/17</th>
<th>I/18</th>
<th>IV/17</th>
<th>I/18</th>
<th>IV/17</th>
<th>I/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>European base price</td>
<td>1,127</td>
<td>1,100</td>
<td>1,374</td>
<td>1,396</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US base price</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nickel price</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11,584</td>
<td>13,276</td>
</tr>
<tr>
<td>Ferrochrome price</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.39</td>
<td>1.18</td>
</tr>
</tbody>
</table>

Sources:
- Base prices: CRU, April 2018, 2mm cold rolled 304 stainless steel sheet
- Nickel: LME settlement quotation
- Ferrochrome (Cr-content): Metal Bulletin, quarterly contract price
## Group key financials

<table>
<thead>
<tr>
<th>Key figures</th>
<th>I/18</th>
<th>I/17</th>
<th>IV/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stainless steel deliveries, 1,000 tonnes</td>
<td>644</td>
<td>639</td>
<td>561</td>
</tr>
<tr>
<td>Sales, EUR million</td>
<td>1,671</td>
<td>1,756</td>
<td>1,463</td>
</tr>
<tr>
<td>Adjusted EBITDA, EUR million</td>
<td>133</td>
<td>294</td>
<td>82</td>
</tr>
<tr>
<td>Net result, EUR million</td>
<td>49</td>
<td>182</td>
<td>128</td>
</tr>
<tr>
<td>Earnings per share, EUR</td>
<td>0.12</td>
<td>0.44</td>
<td>0.31</td>
</tr>
<tr>
<td>Operating cash flow, EUR million</td>
<td>39</td>
<td>-53</td>
<td>104</td>
</tr>
<tr>
<td>Net debt, EUR million</td>
<td>1,086</td>
<td>1,376</td>
<td>1,091</td>
</tr>
<tr>
<td>Capital expenditure, EUR million</td>
<td>37</td>
<td>19</td>
<td>84</td>
</tr>
<tr>
<td>Personnel at the end of the period</td>
<td>10,111</td>
<td>10,420</td>
<td>10,141</td>
</tr>
</tbody>
</table>
Europe – robust operational performance

Adjusted EBITDA, EUR million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adj. EBITDA, EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>I/17</td>
<td>168</td>
</tr>
<tr>
<td>II/17</td>
<td>129</td>
</tr>
<tr>
<td>III/17</td>
<td>69</td>
</tr>
<tr>
<td>IV/17</td>
<td>37</td>
</tr>
<tr>
<td>I/18</td>
<td>83</td>
</tr>
</tbody>
</table>

Adj. EBITDA quarter-on-quarter comparison\(^1\), EUR million

- IV/17: 37
- Deliveries
- Less maintenance
- Pricing
- Net of timing & hedging
- Input costs: I/18, 83

1) Indicative columns based on management estimates
Americas – disappointing result due to low pricing

Adjusted EBITDA, EUR million

I/17 II/17 III/17 IV/17 I/18

29 27 -34 -0 -6

Adj. EBITDA quarter-on-quarter comparison¹, EUR million

IV/17 Deliveries Net of timing & hedging Pricing Input costs Mexinox restructuring costs I/18

-0 -6

1) Indicative columns based on management estimates
Long Products improving steadily

Adjusted EBITDA, EUR million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>I/17</th>
<th>II/17</th>
<th>III/17</th>
<th>IV/17</th>
<th>I/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA</td>
<td>9</td>
<td>7</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

Adj. EBITDA quarter-on-quarter comparison¹, EUR million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>IV/17</th>
<th>Deliveries</th>
<th>Pricing</th>
<th>Net of timing &amp; hedging</th>
<th>Input costs</th>
<th>I/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
</tr>
</tbody>
</table>

¹ Indicative columns based on management estimates
Ferrochrome impacted by lower contract price and weaker USD

Adjusted EBITDA, EUR million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>I/17</th>
<th>II/17</th>
<th>III/17</th>
<th>IV/17</th>
<th>I/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA</td>
<td>97</td>
<td>48</td>
<td>16</td>
<td>56</td>
<td>42</td>
</tr>
</tbody>
</table>

Adj. EBITDA quarter-on-quarter comparison$^1$, EUR million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>IV/17</th>
<th>Deliveries</th>
<th>FeCr price</th>
<th>Input costs</th>
<th>I/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA</td>
<td>56</td>
<td>42</td>
<td>42</td>
<td>42</td>
<td>I/18</td>
</tr>
</tbody>
</table>

Further negative impact from weaker USD

$^1$ Indicative columns based on management estimates
Positive operating cash flow despite seasonal increase in working capital

Free cash flow, EUR million

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>Working capital</th>
<th>Provisions, pensions, financial charges and other</th>
<th>Operating cash flow</th>
<th>Net cash from investing activities</th>
<th>Free cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>140</td>
<td>-61</td>
<td>-40</td>
<td>39</td>
<td>-33</td>
<td>6</td>
</tr>
</tbody>
</table>
Net debt remained below EUR 1.1 bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Net debt, EUR billion</th>
<th>Gearing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3.56</td>
<td>188%</td>
</tr>
<tr>
<td>2014</td>
<td>1.97</td>
<td>93%</td>
</tr>
<tr>
<td>2015</td>
<td>1.61</td>
<td>69%</td>
</tr>
<tr>
<td>2016</td>
<td>1.24</td>
<td>51%</td>
</tr>
<tr>
<td>2017</td>
<td>1.09</td>
<td>40%</td>
</tr>
<tr>
<td>I/18</td>
<td>1.09</td>
<td></td>
</tr>
</tbody>
</table>

Net debt/LTM adj. EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>Net debt/LTM adj. EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>9.8</td>
</tr>
<tr>
<td>2016</td>
<td>4.0</td>
</tr>
<tr>
<td>2017</td>
<td>1.7</td>
</tr>
<tr>
<td>I/18</td>
<td>2.3</td>
</tr>
<tr>
<td>2020</td>
<td>&lt;1.0</td>
</tr>
</tbody>
</table>
Outlook for Q2 2018

- Healthy underlying stainless steel demand
- Base prices are trending upwards in the US supported by steel import tariffs
- Base prices in Europe under pressure due to higher Asian imports
- Benefits from higher FeCr price will be partly offset by a planned maintenance in one furnace
- Stainless steel deliveries are expected to be relatively flat q-o-q in all business areas

Outokumpu expects Q2 adjusted EBITDA to be at a similar level to Q1
Appendix
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
Topline growth and cost reductions will deliver EBITDA of EUR 750 million

**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

## 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><strong>1,000 tonnes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tornio</td>
<td>Avesta + Nyby</td>
<td>Krefeld + Dillenburg</td>
<td>Degerfors</td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>Sweden</td>
<td>Germany</td>
<td>Sweden</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Calvert</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>USA</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Mexinox</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Mexico</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Sheffield</td>
<td></td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>UK</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Richburg</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>USA</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Degerfors</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sweden</td>
<td></td>
</tr>
<tr>
<td><strong>Melting</strong></td>
<td>1,450</td>
<td>450</td>
<td>900</td>
<td>450</td>
</tr>
<tr>
<td><strong>Hot rolling</strong></td>
<td>1,450</td>
<td>900</td>
<td>870</td>
<td></td>
</tr>
<tr>
<td><strong>Finishing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cold rolling</td>
<td>HWB</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quarto plate</td>
<td>Long products</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,250</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,220</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,655</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Broadest product portfolio across stainless steel

Deliveries by product grade in 2017

- Austenitic (CrNi) 59%
- Austenitic (CrNiMo) 17%
- Ferritic 18%
- Duplex 3%
- 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

Jan-Dec 2017
We focus on growth segments
Consumer goods, automotive, architecture, building and construction

Distributors

End-customers

- Consumer goods & medical: 17%
- Automotive: 16%
- Architecture, building & construction: 22%
- Chemical, petrochem. and energy: 3%
- Metal processing & tubes: 18%
- Heavy industries: 18%
- Other: 6%

Sales 2017
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
Debt structure and maturity profile

Debt structure*, %

- Bonds: 42%
- Convertible bonds: 17%
- Long-term loans: 12%
- Pension loans: 6%
- Finance leases: 6%
- Short-term loans: 2%
- Commercial paper: 15%

* March 31, 2018

Debt maturity profile, EUR billion

- 2018: Current debt
- 2019: Current debt
- 2020: Current debt
- 2021: Current debt, Non-current debt, Unutilized facilities
- 2022+: Current debt, Non-current debt, Unutilized facilities

* March 31, 2018
Stainless steel demand continues to grow

Global stainless steel real demand in 2015

37.5 million tonnes

Expected global stainless steel real demand in 2020

46.7 million tonnes

Consumer goods & Medical +24%
Automotive +20%
Architecture, Building & Construction +32%

Heavy industries +29%
Chemical, Petrochemical and Energy +22%
Other +0%

Source: SMR, April 2018
5% demand growth expected for 2018

Data source: SMR, April 2018

Real demand for total stainless steel (rolled & forged products, excl. 13Cr tubes, profiles)
Demand expected to grow in Q2 in EMEA but shrink in the Americas from Q1

EMEA total stainless steel real demand\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
<th>Q4 2017</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMR Jan'18</td>
<td>1,600</td>
<td>1,500</td>
<td>1,400</td>
<td>1,300</td>
<td>1,650</td>
<td>1,550</td>
<td>1,450</td>
<td>1,350</td>
</tr>
<tr>
<td>SMR Apr'18</td>
<td>1,550</td>
<td>1,450</td>
<td>1,350</td>
<td>1,250</td>
<td>1,500</td>
<td>1,400</td>
<td>1,300</td>
<td>1,200</td>
</tr>
</tbody>
</table>

Americas total stainless steel real demand\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
<th>Q4 2017</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMR Jan'18</td>
<td>900</td>
<td>850</td>
<td>800</td>
<td>750</td>
<td>950</td>
<td>900</td>
<td>850</td>
<td>800</td>
</tr>
<tr>
<td>SMR Apr'18</td>
<td>950</td>
<td>900</td>
<td>850</td>
<td>800</td>
<td>900</td>
<td>850</td>
<td>800</td>
<td>750</td>
</tr>
</tbody>
</table>

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 April 2018; CRU Capacity February 2017
* Using FY2017 imports share as forecast for 2018-2019
EU import penetration flat qoq
US imports down in response to section 232

1. Cold rolled, monthly average. Source: Eurofer, April 2018 (Q1’18 based on Jan-Feb actual, Mar forecast)
2. Cold rolled, monthly average. Source: Foreign Trade Statistics, American Iron & Steel Institute, February 2018
   (Q1’18 based on Jan - Feb actual figures, March forecast)
EU base prices decreasing, US base prices increasing

1. 2mm sheet cold rolled 304 grade. CRU April 2018
Raw materials - price development

Data source:
1) Nickel Cash LME Daily Official
2) Contract - MetalBulletin - Ferro-chrome Lumpy Cr charge basis 52% & Cr quarterly major European destinations Cr ; Spot: Platts Charge Chrome 52% DDP Europe
3) MetalBulletin - Molybdenum Drummed molybodic oxide Free market Mo in warehouse
4) Ferrous Scrap Index HMS 1&2 (80:20 mix) $ per tonne fob Rotterdam

24 Apr 18
14,250 USD/t

24 Apr 18
12.15 USD/lb

24 Apr 18
326 USD/t
For more information, call Outokumpu Investor Relations or visit www.outokumpu.com/investors

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Next IR events
Kemi/Tornio site visit
June 13-14, 2018
Q2 results
July 24, 2018