Tangible growth potential in Europe

Maciej Gwozdz – President, BA Europe
June 13, 2018
Tangible growth potential in Europe

- We have visible achievements from restructuring and efficiency improvements
- We have become the best value creator in stainless steel in Europe
- We are ready to leverage our capabilities to meet further growth opportunities
We are market leader in Europe

- No. 1 in Europe with ~30% market share
- One integrated system with mills in Finland and Sweden feeding rest of the mills in Europe
- Sales and service center network in Europe, Middle-East, Africa and Asia-Pacific

<table>
<thead>
<tr>
<th>Location</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Krefeld</td>
<td>1,555</td>
</tr>
<tr>
<td>Kemi</td>
<td>433</td>
</tr>
<tr>
<td>Dillenburg</td>
<td>667</td>
</tr>
<tr>
<td>Nyby</td>
<td>221</td>
</tr>
<tr>
<td>Sheffield</td>
<td>541</td>
</tr>
<tr>
<td>Tornio</td>
<td>1,750</td>
</tr>
<tr>
<td>Avesta</td>
<td>848</td>
</tr>
<tr>
<td>Degerfors</td>
<td>506</td>
</tr>
</tbody>
</table>

Legend:
- • Integrated melt shop, hot and cold rolling
- • Other mills
- • Mine
- • Service center

Source: Company data

<table>
<thead>
<tr>
<th>Production capacity 1,000 tonnes</th>
<th>Tornio</th>
<th>Avesta + Nyby</th>
<th>Krefeld + Dillenburg</th>
<th>Degerfors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melting</td>
<td>1,450</td>
<td>450</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hot rolling</td>
<td>1,450</td>
<td>900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finishing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cold rolling</td>
<td>750</td>
<td>120</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Hot rolling</td>
<td>150</td>
<td>130</td>
<td></td>
<td>150</td>
</tr>
<tr>
<td>Quarto plate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Legend: • Integrated melt shop, hot and cold rolling • Other mills • Mine • Service center

Source: Company data
Integrated ferrochrome operations bring significant strategic advantages

Our ferrochrome operations rank in top 10 among major ferrochrome smelters

Production costs, USD/lb

Profitability value from integrated mine and smelting operations

One of the most cost competitive ferrochrome producers globally

Strategic advantage and significant cost benefit for the company

Source: CRU, June 2017
Completed restructuring creates solid basis for Europe...

- We have kept stable market share despite the closure of Benrath mill in 2016
- Ferritics optimization investment in Krefeld was completed successfully
- Delivery performance of our German mills has increased from ~70% to >90%
- We have realized >EUR 50 million SG&A cost savings
...and has led to tangible earnings growth

### BA Europe
Adjusted EBITDA, EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>203</td>
<td>295</td>
<td>404</td>
</tr>
</tbody>
</table>

### BA Ferrochrome
Adjusted EBITDA, EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>107</td>
<td>80</td>
<td>207</td>
</tr>
</tbody>
</table>
Best value creator for our customers
Industry leader in customer satisfaction

63% of our customers are absolutely or very satisfied (58% in 2017)
Outokumpu ahead of competitors in customer satisfaction
Tremendous potential to differentiate from competition

<table>
<thead>
<tr>
<th>Year</th>
<th>Absolutely satisfied</th>
<th>Satisfied</th>
<th>Less satisfied</th>
<th>Dissatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>20%</td>
<td>43%</td>
<td></td>
<td>31%</td>
</tr>
<tr>
<td>2017</td>
<td>13%</td>
<td>45%</td>
<td></td>
<td>35%</td>
</tr>
</tbody>
</table>

2018 n=1,035
2017 n=1,265

63%
Our path to future growth

Markets
Strong market position secured through higher efficiency and debottlenecking

Operations
Global production standards in all mills & efficient inventory management

Innovation
Clear R&D focus on solutions and process technologies

Digitalization
Unified tools and processes through digital transformation
Strong market position secured through higher efficiency and debottlenecking

Solid demand growth* expected in Europe in mid-term

We are aiming for annual productivity improvement of 3%
Productivity improvement driven by a step-change in reliability

- Safety incidents are preventable. Same applies to breakdowns.
- Ensure realization of inherent safety and reliability of the equipment.
- Bring safety and reliability to their optimal levels.
- Identify systems and components with weak reliability, and improve them.
- Accomplish these goals at a minimum total cost.
We are harmonizing our business and culture through project Chorus

- **2015**: Chorus established
- **2016**: Vision 2020 launched
- **2017**: New CRM
- **2018-2020**: Sales & operations planning tool, ERP roll-out
- **2020**: Digital transformation

**Local processes, fragmented systems and data**

**New organization, global processes and ways of working**

**Roll out of new integrated tools and processes**

**Increased efficiency and transparency, best customer experience, unified platform**
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