



Order book strengthening in Europe, initial signs of recovery

Outokumpu Q3 2023 results

Heikki Malinen, President & CEO

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The third quarter of 2023 reflects the cyclical nature of the stainless steel business

Heikki Malinen, President & CEO

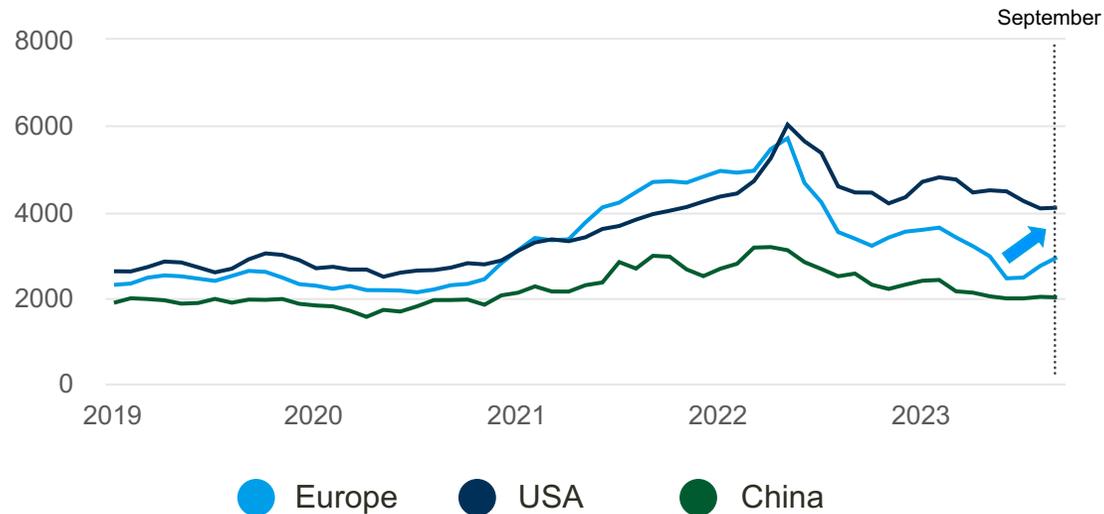
Solid performance in Americas compensated for the challenging market in Europe

Adjusted EBITDA totaled
EUR 51 million
in the third quarter of 2023

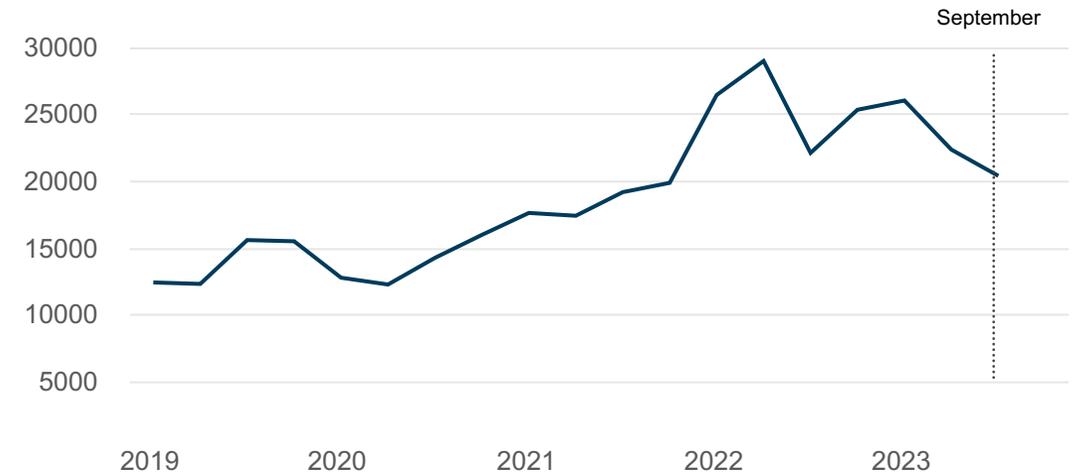
- Stainless steel deliveries decreased, in line with the seasonal pattern
- Market environment in Europe was even more challenging than during the pandemic
- Solid result generation in Americas continued
- Strong focus on energy efficiency

Significant headwinds resulting from lower market prices burdened profitability in Q3/23, European stainless prices bottomed in June

Transaction prices 304 stainless, USD/tonne*



Nickel LME cash, USD/tonne

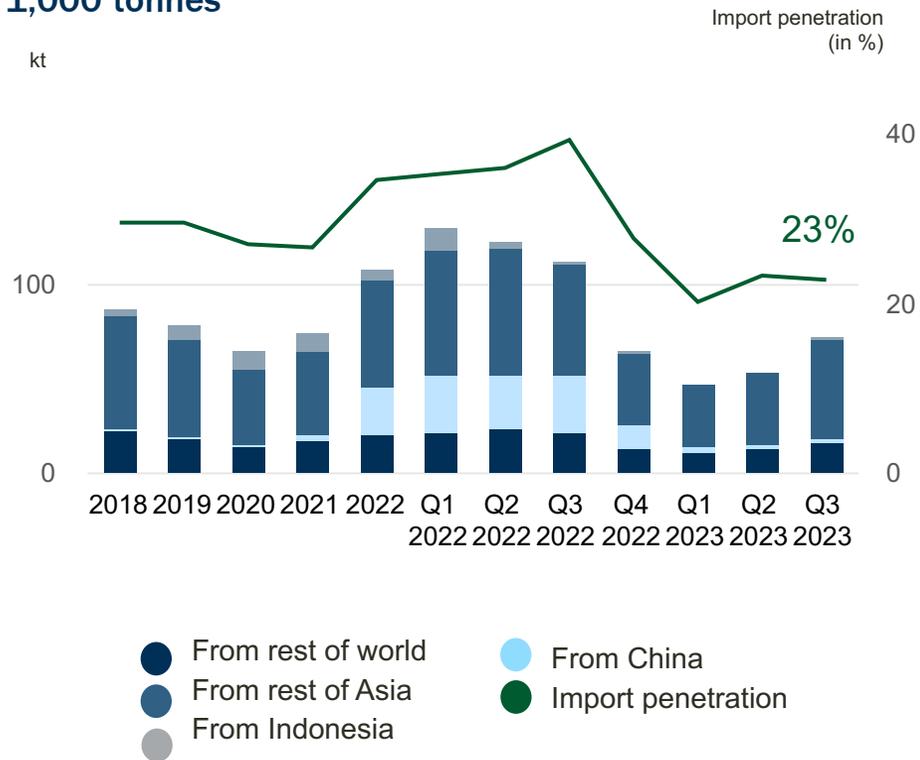


Source: CRU, August 2023
 Nickel: London Metal Exchange (LME) Nickel Cash Official
 Stainless transaction prices 304 monthly figures, nickel quarterly figures

*EUR/USD FX rate impacting USD transaction prices

Imports into Europe have remained at a low level in spite of weak demand in Asia

Third-country cold rolled imports¹ into Europe,
1,000 tonnes

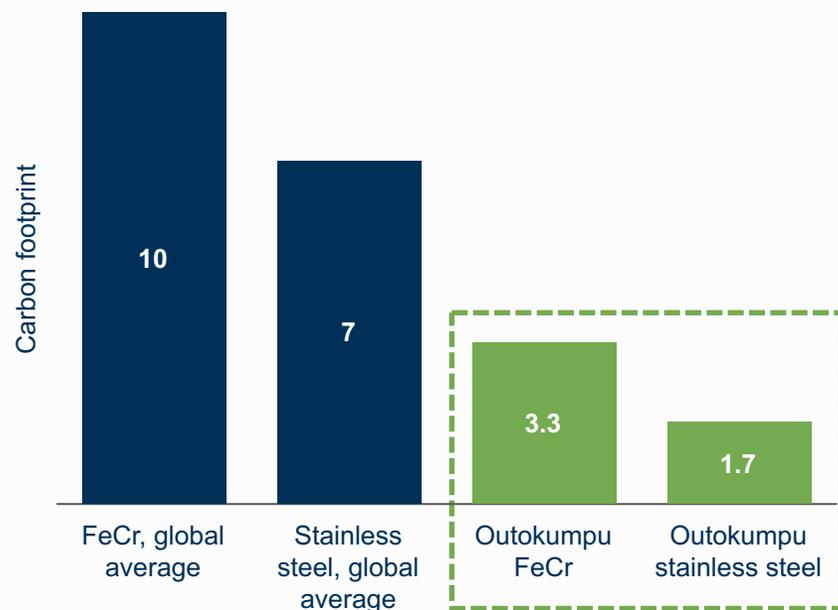


- Anti-circumvention investigation initiated by the EU
 - Targeted countries are Taiwan, Turkey and Vietnam
 - Stainless steel originating from Indonesia has been further processed and exported to the EU to avoid duties
- Carbon Border Adjustment Mechanism (CBAM) reporting potentially impacting trade

1. Cold rolled, monthly average. Source: Eurofer, October 2023

We are uniquely positioned to capture competitive advantage from EU's Carbon Border Adjustment Mechanism (CBAM)

Total CO₂ emissions (scopes 1, 2, 3), global average vs. Outokumpu



Sources: Outokumpu Annual report 2022; worldstainless published data on industry mean emissions; 3rd party estimate of European peer average emissions in scope 3 for 2019; ICDA calculation for global ferrochrome carbon footprint 2021; Environmental Product declaration Ferrochrome

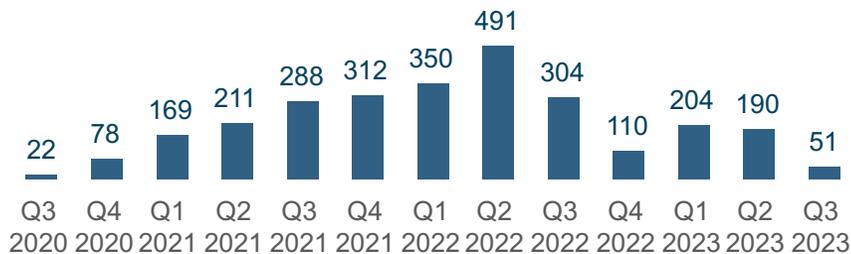
- We are the only stainless steel company in Europe producing ferrochrome with a low CO₂ footprint and we have the highest recycled content in the industry, 94%
- The principle of carbon tariff CBAM is that steel and ferrochrome imported into the EU will have to pay for CO₂ emissions
- Reporting requirement starts in January 2024, emissions need to be reported retroactively from October 2023 onwards
- If implemented properly, CBAM will level the playing field between Outokumpu and third country producers
- Outokumpu's customers might be exposed to carbon leakage risk with unfair competition with third country producers as CBAM is not covering the entire value chain
- In the current proposal, only scopes 1 and 3 are included

European market weaker than during the pandemic, resulting in low profitability

Deliveries, kt

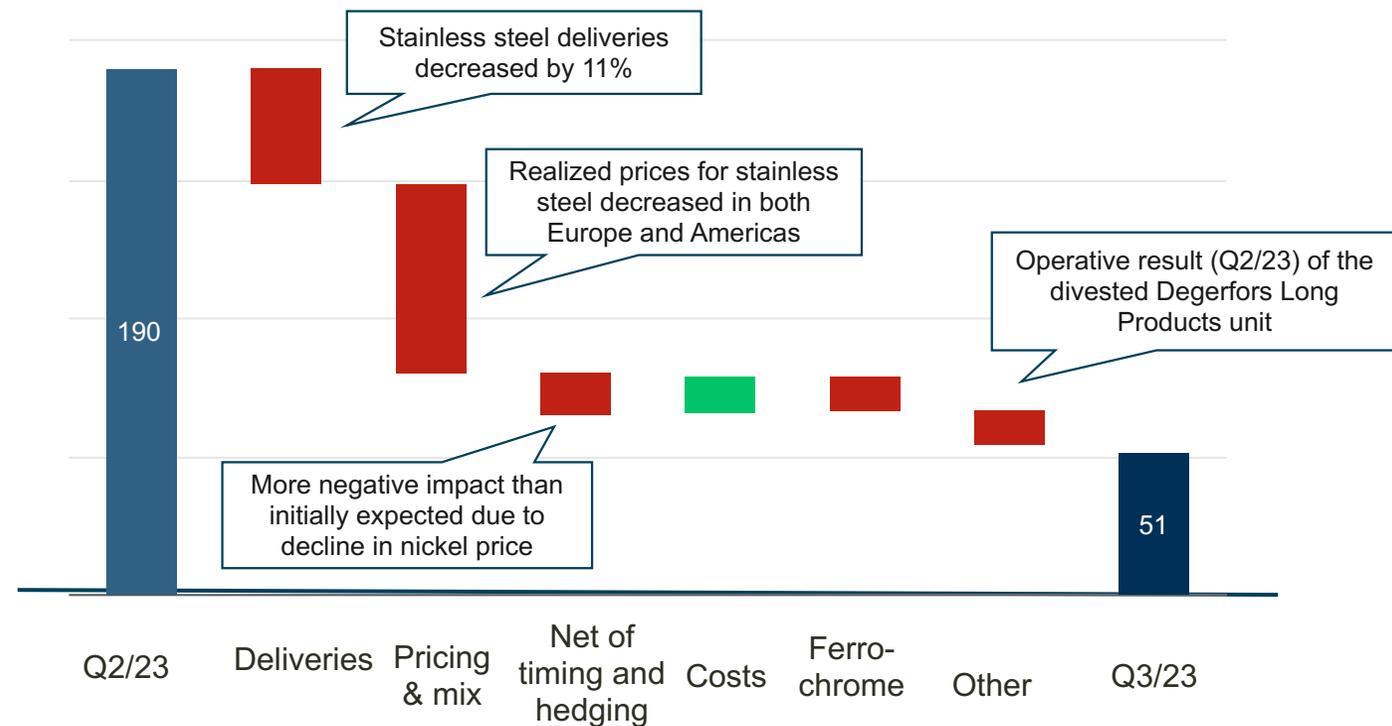


Group adjusted EBITDA, EUR million



Note: figures for adjusted EBITDA and deliveries have been restated from Q1 2021 onward to reflect the divestment of majority of the Long Products business.

Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



1) Indicative columns based on management estimates

Prompt actions to secure European competitiveness – streamlining operations and planning restructuring measures in Germany

- Planned measures would include transferring precision strip operations from Dahlerbrück to Dillenburg and centralizing advanced materials production in Germany to Dillenburg
- Plan to close coil service center in Hockenheim
- This would entail yearly savings of approx. EUR 15 million
- Transfer-related investments and costs are expected to amount to approx. EUR 20 million and to be realized in 2024
- In Q4/23 EBIT an adjustment item of approx. EUR 30 million will be recorded related to asset impairments connected to the planned closures as well as costs relating to the potential lay-offs and restructuring expenses. No cash-flow impact in 2023.
- The planned restructuring measures are expected to impact close to 200 people in Germany

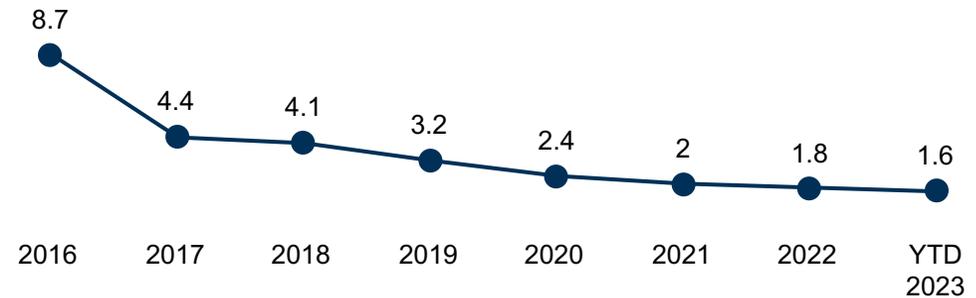


Strong sustainability performance, intensive focus on energy efficiency

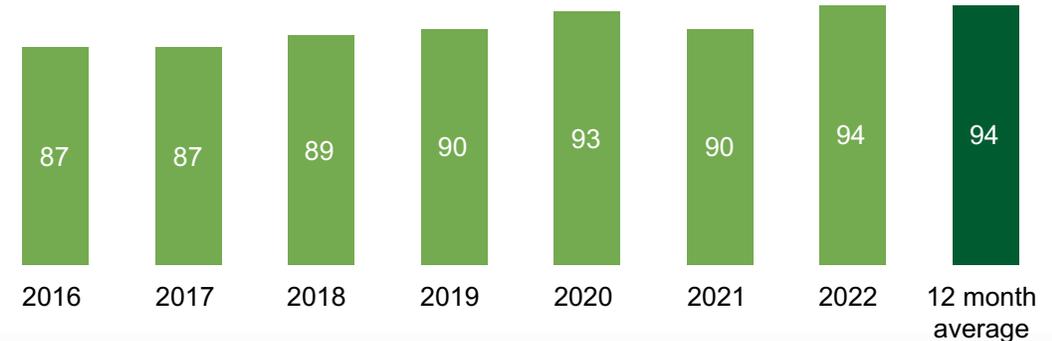
Highlights in Q3/23

- World-class safety performance continued, focus remains on digitalization and AI
- Recycled material content remained high at 94%
- **Kemi mine** to become carbon neutral by 2025 – third of the target achieved with Neste's renewable fuels
- Strong interest towards **Outokumpu Circle Green®** and new partnerships
- New supplier collaborations to the **Outokumpu Inner Circle®** initiative

Safety performance, TRIFR



Recycled materials, %



TRIFR = Number of total recordable incidents per million working hours
2021 and 2022 numbers include only continuing operations

Expanding collaboration with CRONIMET to take circularity to new heights

10% share will be acquired of CRONIMET Northeastern business

Multiple partnerships established to accelerate decarbonization

- **Scrap:** 10% share will be acquired of CRONIMET Northeastern business in Europe
- **Nickel:** 9.9% share acquired in FPX Nickel junior mine
- **Molybdenum:** Letter of intent signed with Greenland Resources Inc.
- New supplier collaborations to the Outokumpu Inner Circle® initiative
- Feasibility studies ongoing for emerging nuclear technology and for a biocoke investment



"This partnership is another step to achieve the sustainable development goals: low CO₂ footprint for stainless production with locally sourced stainless scrap."

Jürgen Pilarsky, CEO of CRONIMET Holding GmbH



Feasibility study ongoing - exploring options for hot rolling arrangements and cold rolling capacity expansion to achieve commercial ambitions in North America

One option under consideration is to build own hot rolling mill

- Increasing readiness to make an investment decision
- Practical preparations proceeding well
 - Appointments to lead the feasibility study
 - Air permit application expected to be received this month
 - Initial OEM* contracts in place
 - Pre-engineering proceeding
- Strong support from core banks, financing options under review



**Strongest balance sheet
in the industry and good
liquidity will carry us
through the cycle**

Pia Aaltonen-Forsell, CFO



Focus remains on profitability improvements and cost saving measures

- Net debt EUR 29 million
- Liquidity reserves remained at EUR 1.2 billion
- Extension of the EUR 700 million revolving credit facility by one year, maturity in 2027
- Strong cost mode and restructuring
- Prudent capital discipline continues to safeguard dividends

Tight cash and cost control in current market environment

- Net result
EUR -55 million
- Earnings per share
EUR -0.13
- ROCE 5.3%

Key figures		Q3 2023	Q3 2022	Q2 2023
Continuing operations				
Stainless steel deliveries	1,000 tonnes	449	491	502
Sales	EUR million	1,531	2,339	1,911
Adjusted EBITDA	EUR million	51	304	190
Net result	EUR million	-55	207	89
Earnings per share	EUR	-0.13	0.46	0.21
Capital expenditure	EUR million	31	37	38
Personnel at the end of period	FTE	8,512	8,602	8,457
Return on capital employed, ROCE	%	5.3	26.8	11.4
Including discontinued operations				
Operating cash flow	EUR million	-11	238	25
Net debt	EUR million	29	90	-9
Net debt to adjusted EBITDA	Ratio	0.1	0.1	0.0
Return on capital employed, ROCE	%	5.8	28.7	11.8

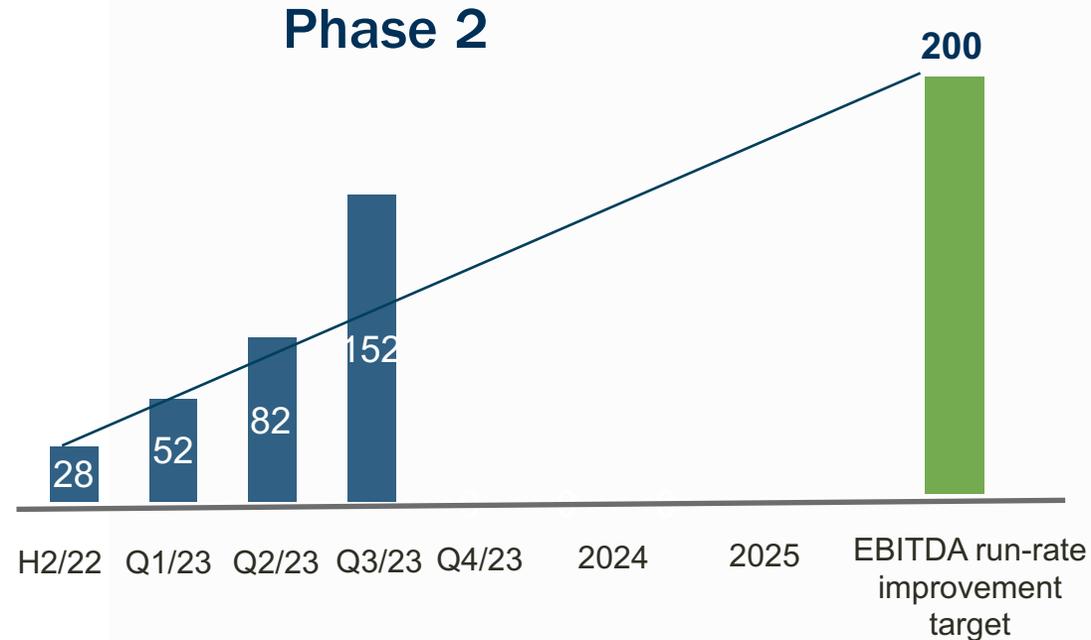
Strategy phase 2 proceeding: significant EBITDA run-rate improvement did not compensate for exceptional price declines

Transformation journey

Phase 1

EBITDA run-rate improvement target:
EUR 250 million

Actual improvement:
EUR 260 million



Gross annualized EBITDA run-rate improvement, EUR million

■ Realized — Illustrative plan ■ Target

Projects contributing to EBITDA run-rate improvement in Q3/23

- Energy efficiency improvements
- Enhanced steering in business area Europe
- Supply chain initiatives in business area Americas e.g. enlarging the share of rail transport instead of trucks, which also contributes to sustainability

Energy efficiency improvements are crucial in terms of decarbonization and efficient cost management

Ambitious aim to improve energy efficiency by 8% until end of 2024*

- Over 20% of the target reached, resulting in savings of EUR 9 million
- Energy efficiency has been improved by optimizing energy consumption, minimizing energy losses during material processing and continually enhancing overall yield

Energy efficiency improvement, GWh



 Realized
  Illustrative plan
  Target

*across the group compared to January-September 2022 level



BA Europe

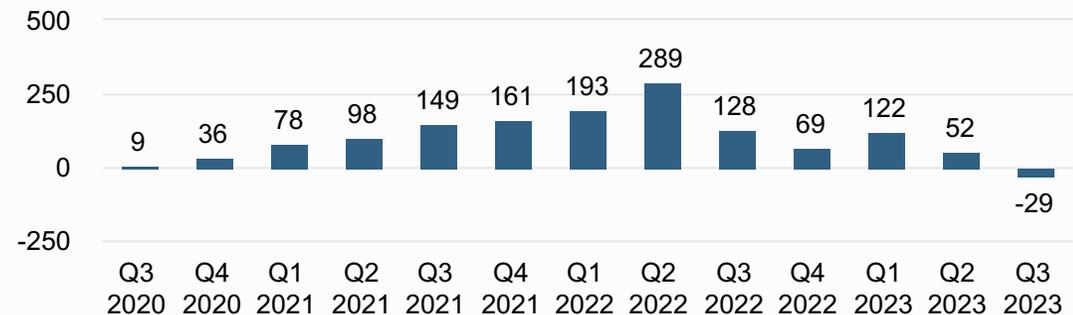
Very challenging market environment resulted in a negative adjusted EBITDA

- Distributor inventories below historical levels due to the extended de-stocking
- Streamlining operations in Germany to strengthen European competitiveness
- Some positive signals seen already, recovery expected to take time

Europe's stainless steel deliveries, 1,000 tonnes



Europe's adjusted EBITDA, EUR million

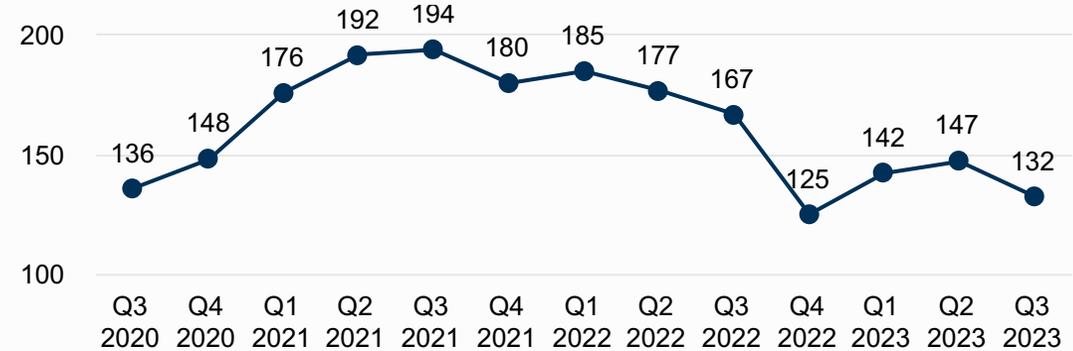


BA Americas

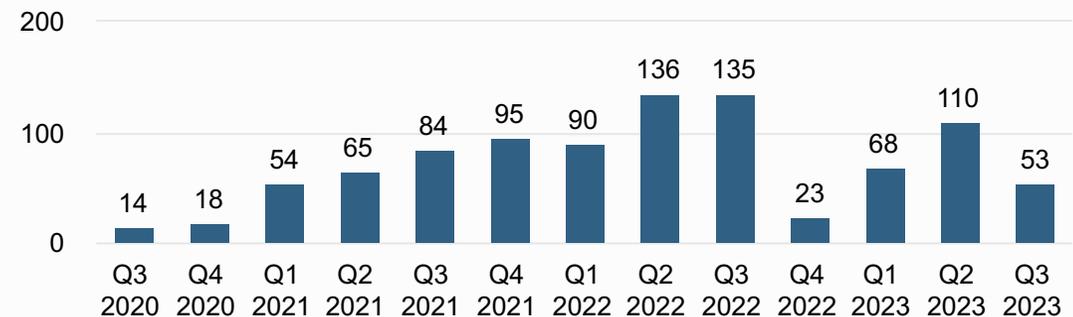
Solid result generation continued

- Market environment more favorable than in Europe, but started to weaken
- Distributor inventories remain low
- Feasibility study ongoing to assess hot rolling rearrangements and cold rolling capacity expansion

Americas' stainless steel deliveries, 1,000 tonnes



Americas adjusted EBITDA, EUR million



BA Ferrochrome

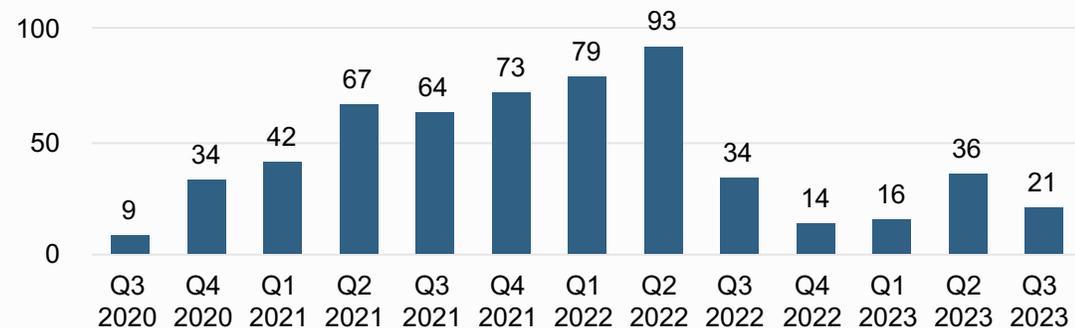
Decrease in profitability was mostly driven by lower ferrochrome sales prices

- Ferrochrome market remained weak throughout the Q3/23
- Planned maintenance break started only in October instead of September
- Inauguration of the Kemi mine expansion, supply of chrome ore secured until the end of 2040s
- Carbon Border Adjustment Mechanism (CBAM) includes precursor materials such as ferroalloys

Ferrochrome production, 1,000 tonnes

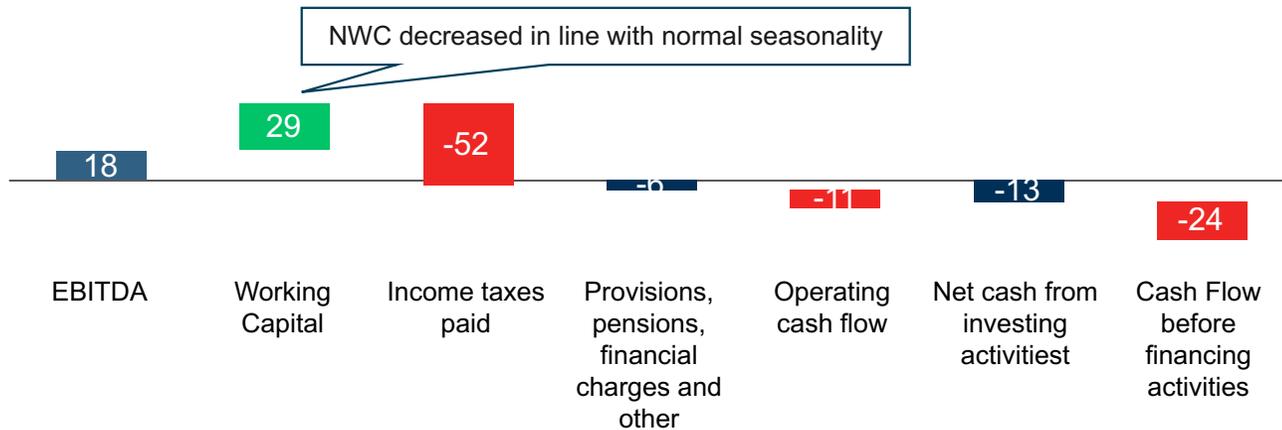


Ferrochrome's adjusted EBITDA, EUR million

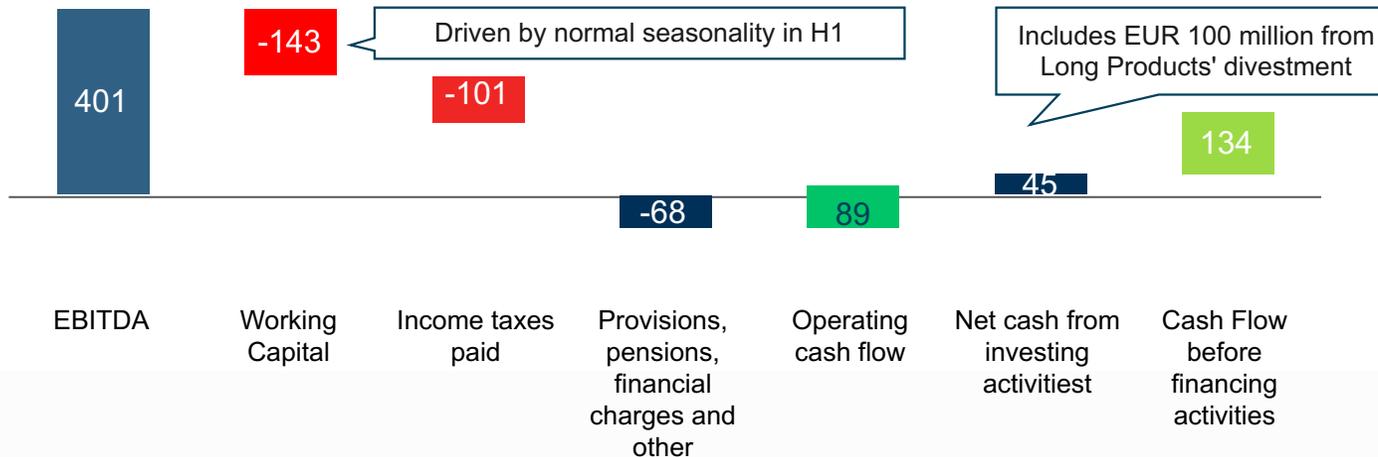


Strong focus on cash control and efficient net working capital management continues

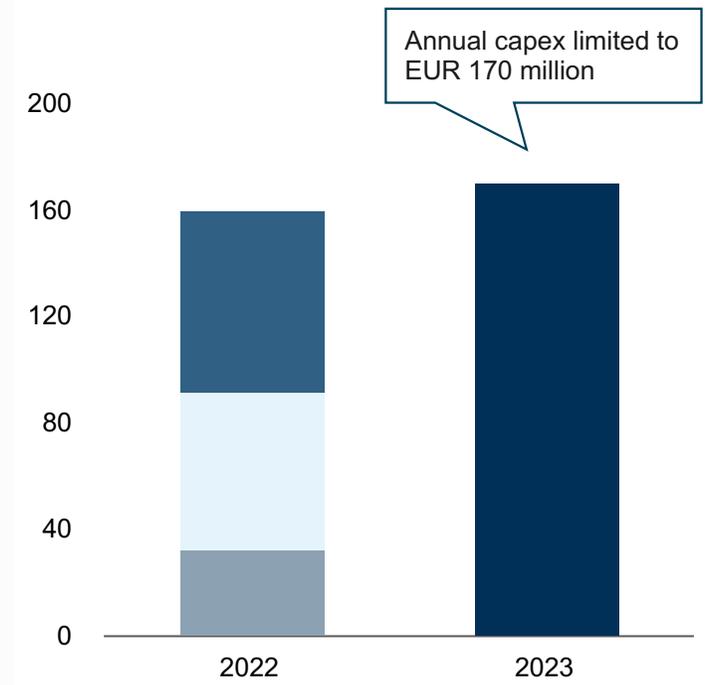
Q3/23 cash flow, EUR million



January-September 2023 cash flow, EUR million



Annual capex, EUR million



- Expansion, digitalization and other
- Kemi mine
- Annual maintenance



Navigating through turbulent conditions

Heikki Malinen, President & CEO



Risk outlook

Positives

- Market environment recovering slowly in Europe
- Inflationary pressure easing in Europe
- Scrap market tightening further
- Low distributor inventories, restocking to begin?
- Growing demand for Circle Green

Uncertainties

- Potential risk of hard landing in the U.S.
- Overtightening by central banks
- Israel-Hamas war impact on oil and gas prices
- China stimulus

Outlook for Q4 2023

Group stainless steel deliveries in the fourth quarter are expected to increase by 0-10% compared to the third quarter as we see some recovery in Europe.

The planned maintenance break in business area Ferrochrome is expected to have an approximately EUR 10 million negative impact on the business area's adjusted EBITDA.

With current raw material prices, some raw material related inventory and metal derivative losses are expected to be realized in the fourth quarter.

Guidance for Q4 2023:

Adjusted EBITDA in the fourth quarter of 2023 is expected to be at a similar or higher level compared to the third quarter.



Thank you!

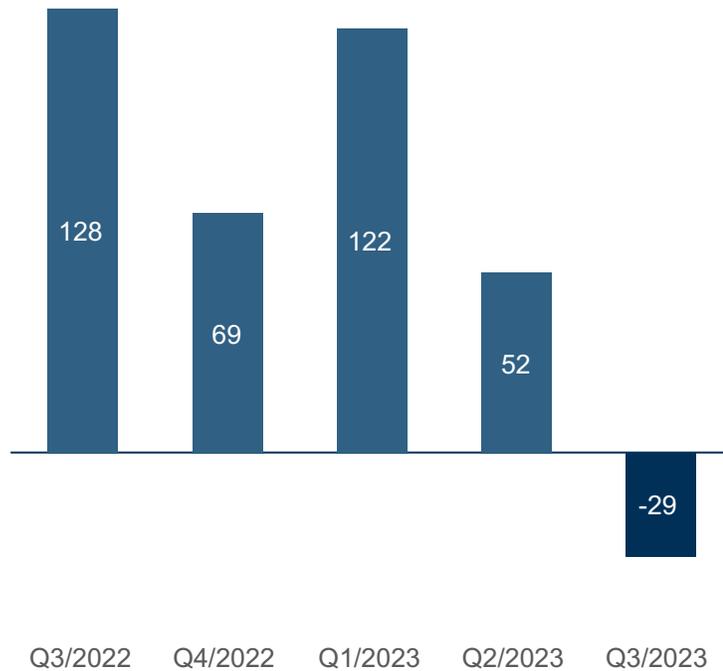
Questions & answers

Our efforts in sustainability have been globally recognized

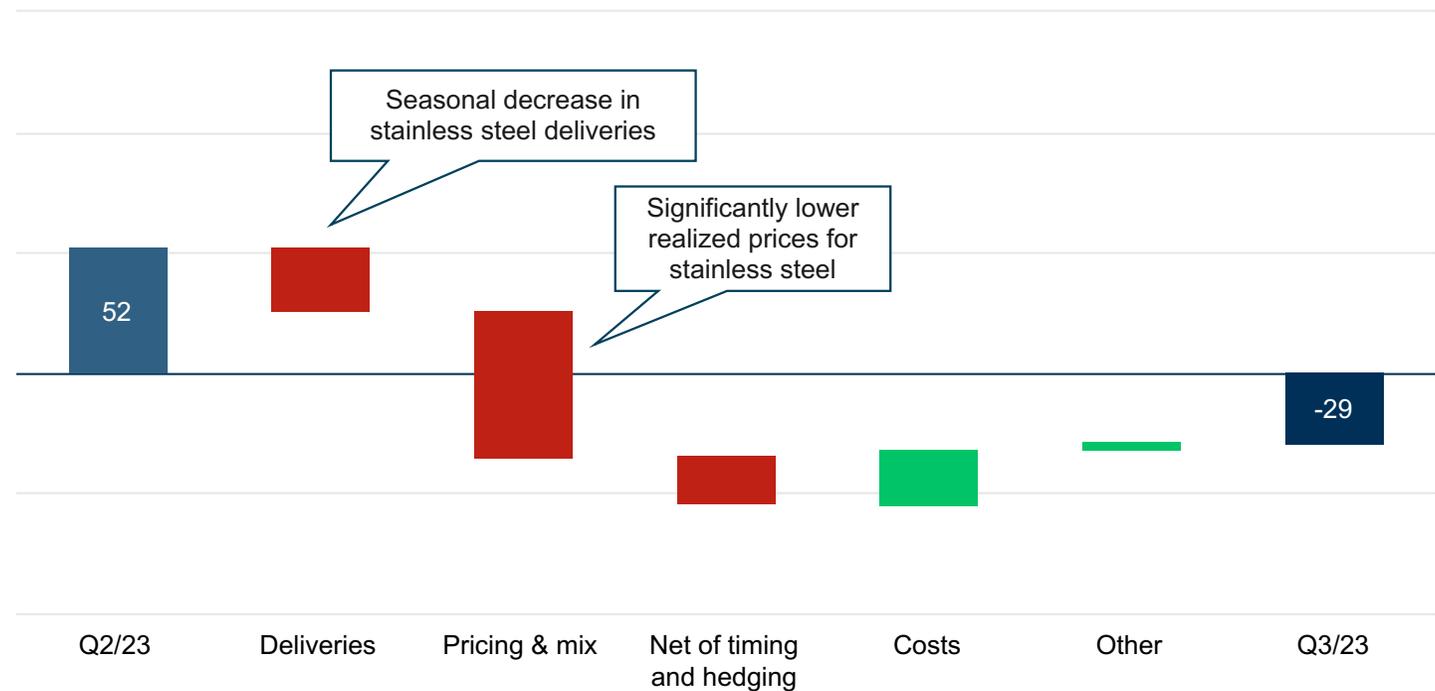


BA Europe's adjusted EBITDA was EUR -29 million in Q3

Adjusted EBITDA, EUR million



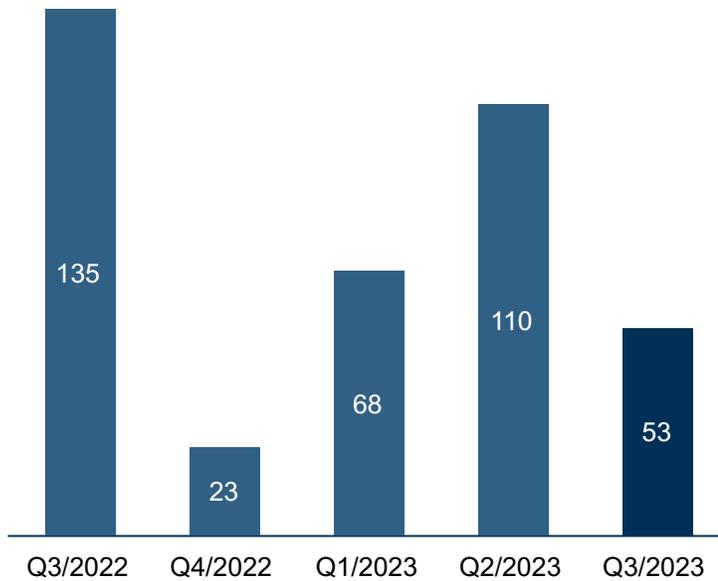
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



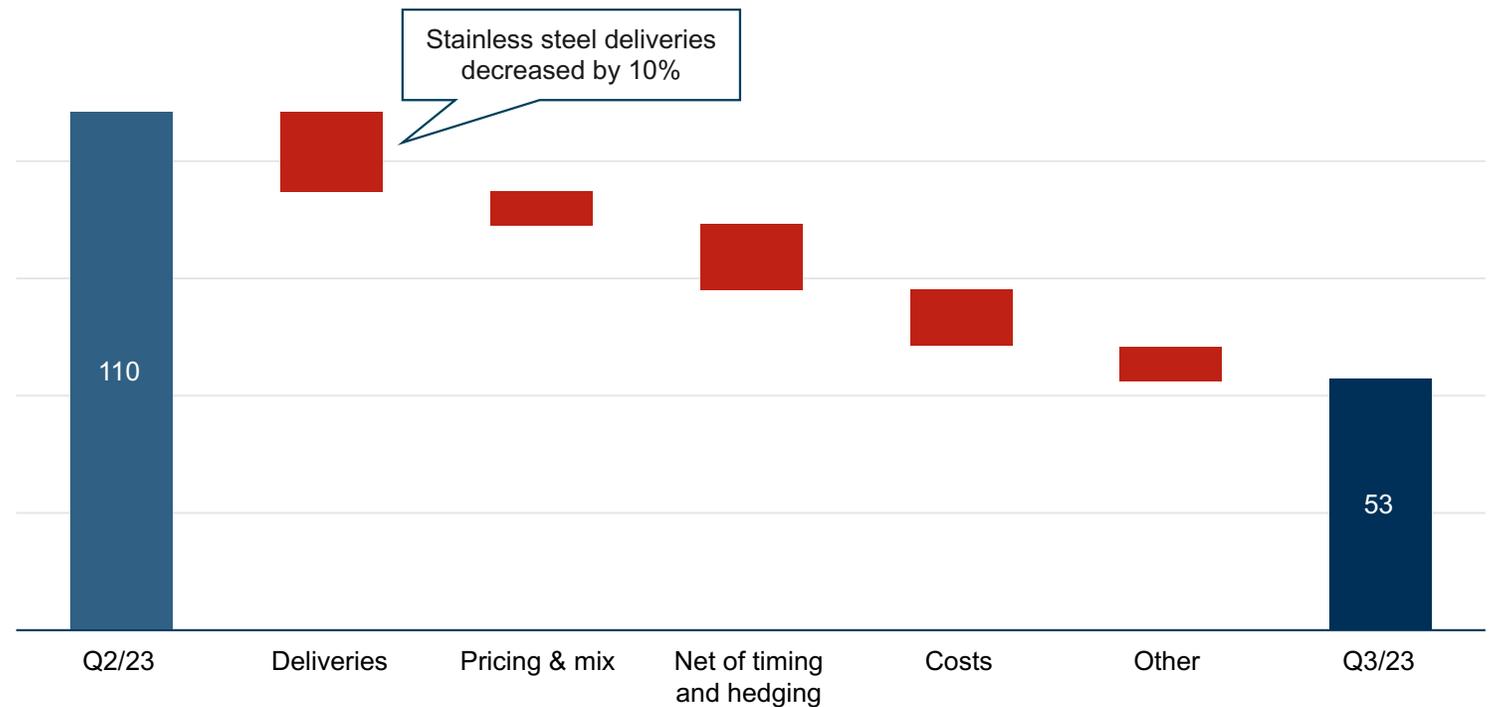
1) Indicative columns based on management estimates

BA Americas' adjusted EBITDA was EUR 53 million in Q3

Adjusted EBITDA, EUR million



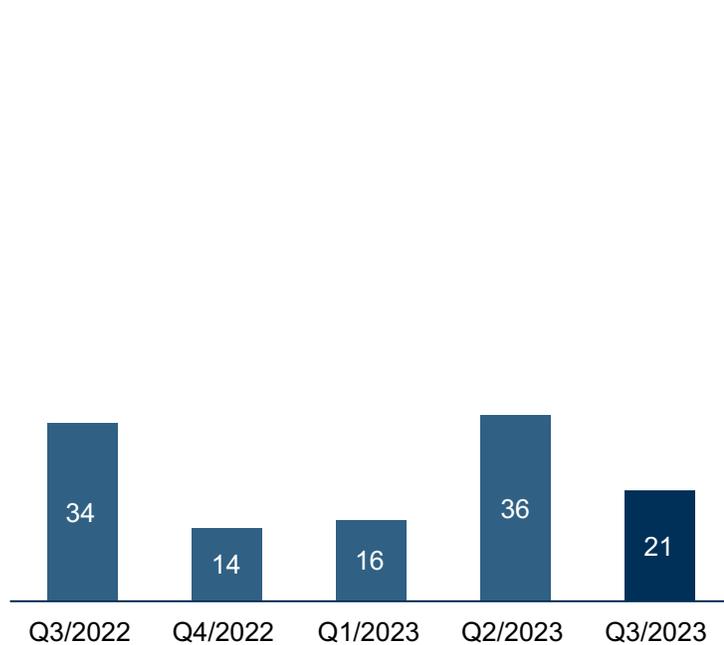
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



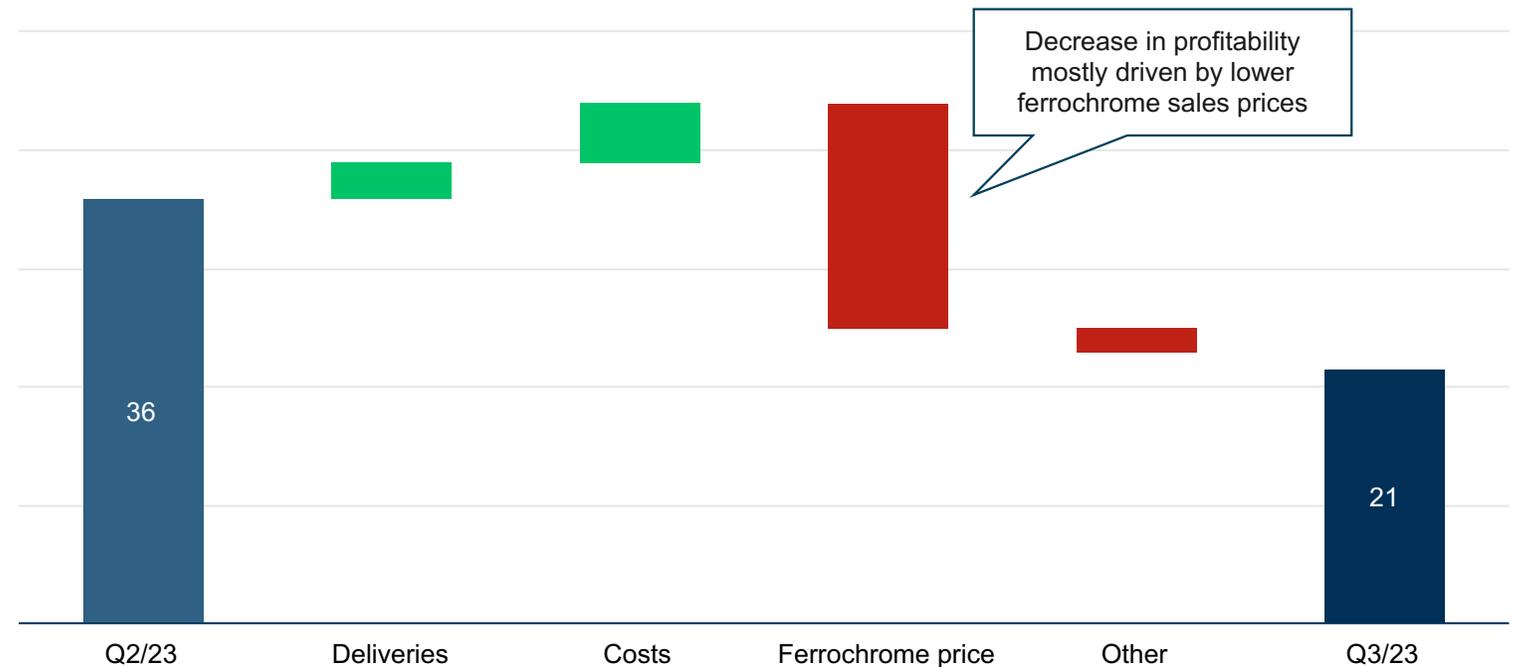
1) Indicative columns based on management estimates

BA Ferrochrome's adjusted EBITDA was EUR 21 million in Q3

Adjusted EBITDA, EUR million



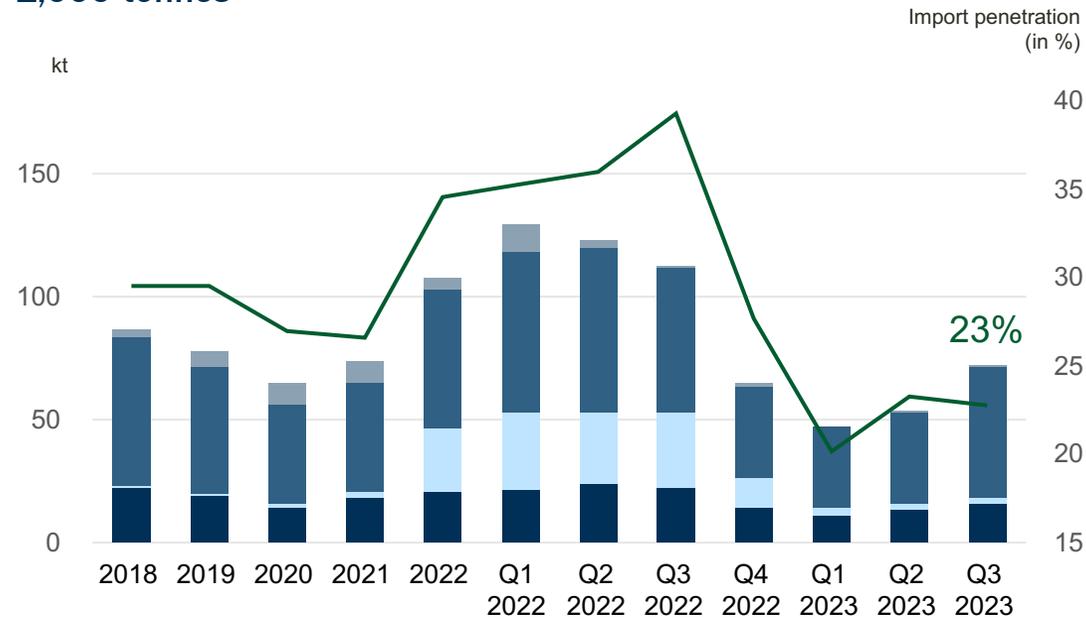
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



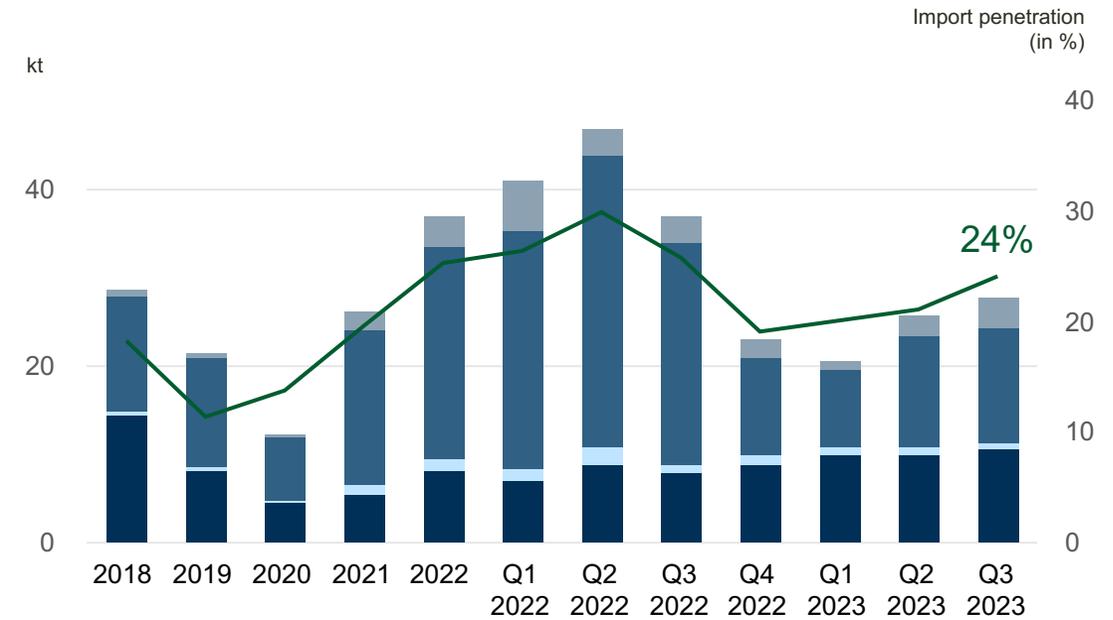
1) Indicative columns based on management estimates

In Q3, import share was 23% in Europe and 24% in the U.S.

Third-country cold rolled imports¹ into Europe, 1,000 tonnes



Third-country cold rolled imports² into the US, 1,000 tonnes



- From rest of world
- From rest of Asia
- From Indonesia
- From China
- Import penetration

- From rest of world
- From rest of Asia
- From Indonesia
- From China
- Import penetration

1. Cold rolled, monthly average. Source: Eurofer, October 2023
 2. Cold rolled, monthly average. Source: AISI, October 2023