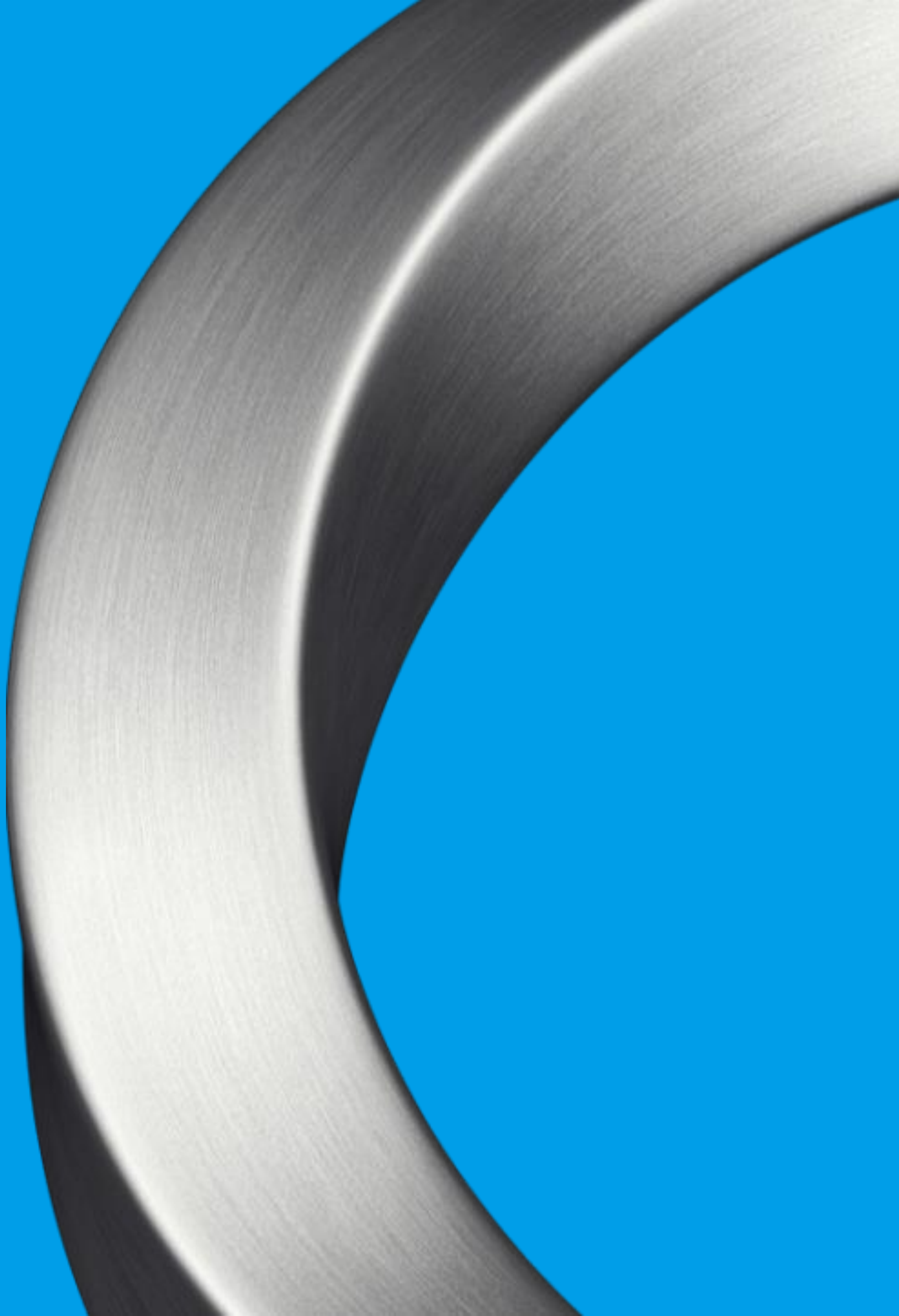
Interim Report Q3 2013



CEO Mika Seitovirta
CFO Reinhard Florey

November 1, 2013

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Today‘s attendees of Outokumpu

Mika Seitovirta
CEO

Reinhard Florey
CFO

Johanna Henttonen
SVP – Investor Relations

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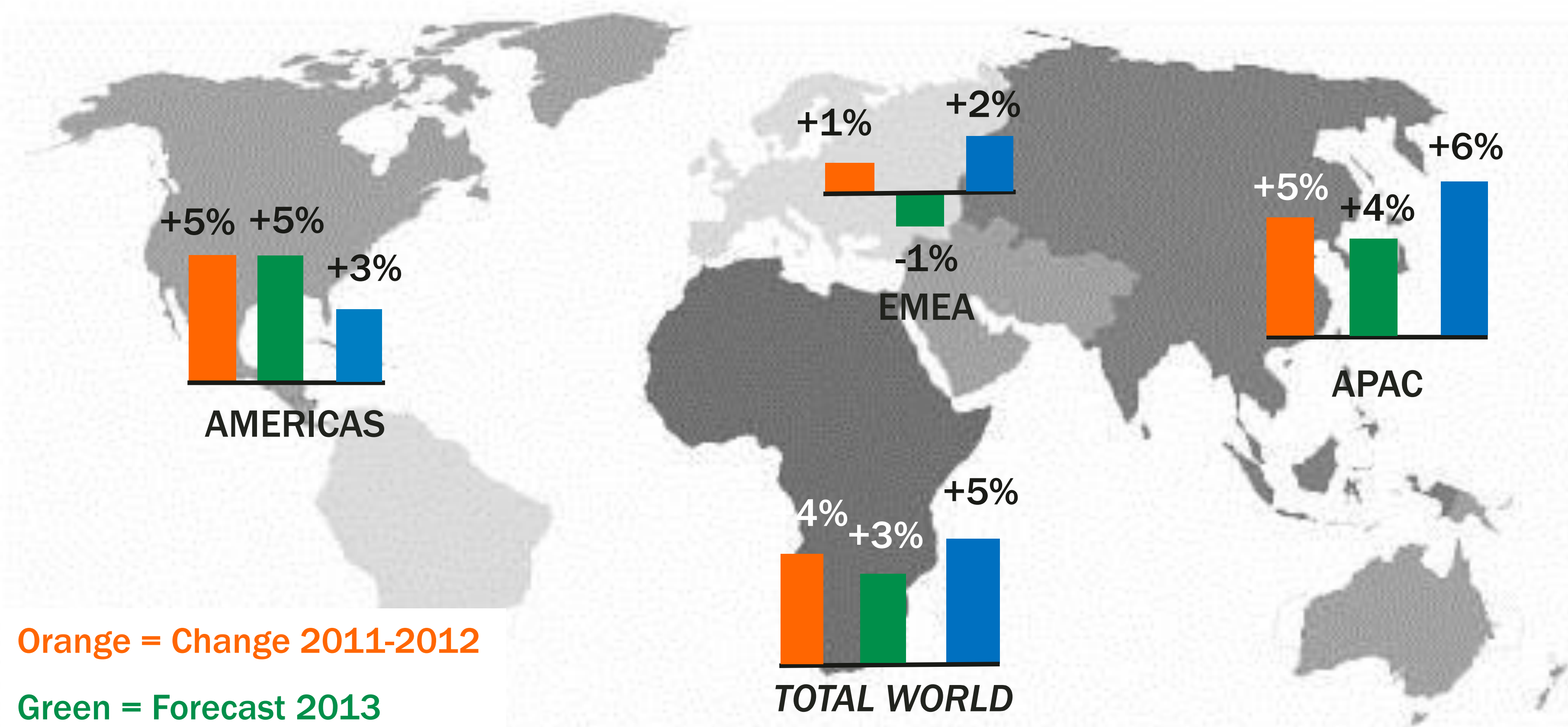
Q3 2013 overview

- Strong efforts continued to significantly reduce working capital leading to a positive operating cash flow of EUR 124 million for Q3
- Synergy and P150 related savings already exceeded full year target
- Financial performance of Calvert operations improving

- Continued weak economic environment and stainless steel demand
- Slow summer season and further 7% decline in stainless steel base price and nickel price
- Underlying EBIT of EUR -126 million in line with expectations but still unsatisfactory
- No clear signs of market improvement and challenging EMEA restructuring to impact Q4

Outokumpu won a bid to supply stainless steel for the façade of Ping An Finance Center, set to be the highest skyscraper in China after its completion in 2016. Photo courtesy of Ping An.

Continued growth for stainless steel globally– Europe will decline in 2013



Orange = Change 2011-2012

Green = Forecast 2013

Blue = Forecast 2014

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Data source: SMR, October 2013
Real demand for total stainless (rolled & forged, excl. 13Cr Tubes)

New Outokumpu Strategy Roadmap

Restructuring				+ Growth				= Perfor-mance
Deliver on synergies	New efficiency projects	Transform company structure	Ensure financial stability	Ramp-up US presence	Expand Ferrochrome	Leverage HPSA	Develop APAC	Full integration and new culture
Mill closures Loading efficiency Procurement & raw materials Streamlining overlapping activities	P150 project (€150 million savings) P300 project Working capital management EMEA industrial plan	New leadership Market oriented Business Areas Customer orientation Global Group functions	Minimize capex Optimize working capital management Pricing and hedging strategy Refinancing	Ramp-up of Calvert mill Increase US market share Focus on quality and profitability Integrate Calvert and Mexinox	Double production Achieve self-sufficiency Optimize efficiency	Strategic review of VDM Strengthen profitability of specialty stainless Strengthen operations in the US	Grow sales of specialty stainless Leverage production at SKS [1)] Grow business in China, India and other South East Asia	Advanced financial perfor-mance Pursue market leader strategy

2013 / 2014 → 2015 →

1) SKS: Shanghai Krupp Stainless, Outokumpu's cold rolling mill in China.

New EMEA industrial plan introduced Oct. 1, 2013

EMEA industrial plan

- Acceleration of the melting capacity reduction in Germany to achieve an efficient production footprint in European stainless steel operations.
    - Planned closure of Bochum melt shop already during 2014.
- Capacity optimization to increase efficiency and capacity utilization.
    - Investment of 100 million euros to enable transfer of production from Benrath to Krefeld.
    - Reduction of annealing & pickling capacity by 200,000 tonnes in Finland.
    - Reduction of cold rolling capacity by 300,000-350,000 tonnes in Germany.
- Optimization of company's service center network.
    - Closure of service centers in Langenhagen, Germany and in Barcelona, Spain.
    - Further optimization after the Terni remedy process finalization.
- Further cost savings in all sites, functions and activities across company's European operations

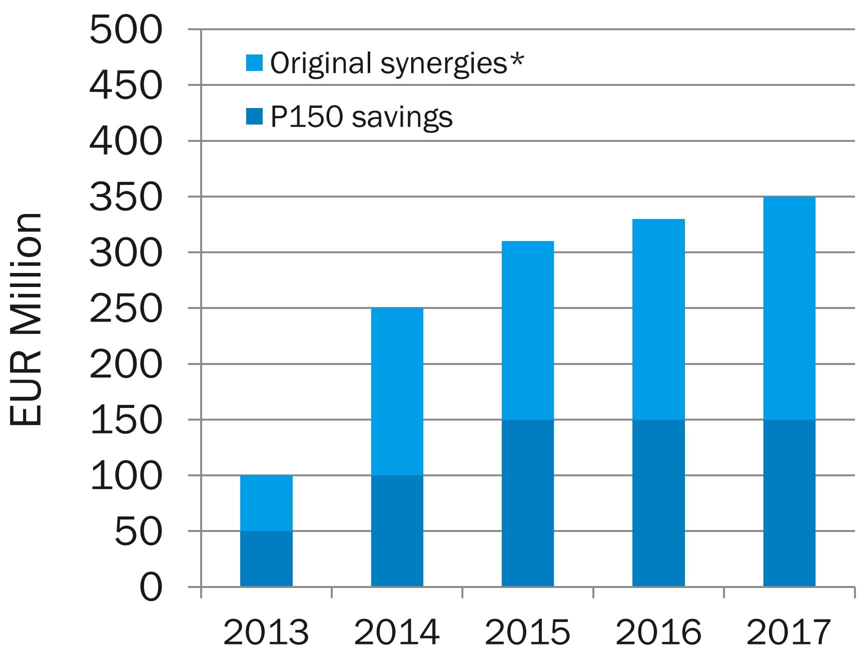
Up-to 1,000 additional job reductions in Europe.
In total, global reductions of 3,500 jobs.

New annual savings of more than EUR 100 million.
Total annual savings programs to reach EUR 380 million in 2015.

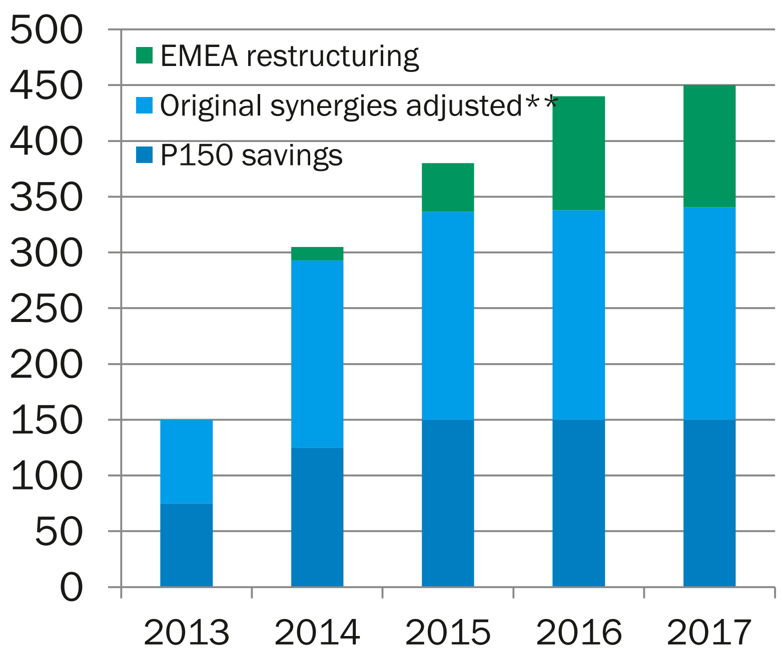
EMEA industrial plan

Overall savings expected to reach EUR 380 million in 2015

Original synergy and P150 savings



Revised expected savings after new EMEA plan



Acceleration and growth of savings as a result of the new plan. New savings of more than EUR 100 million, total savings programs to amount to EUR 380 million in 2015.

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* Original synergies of EUR 200 million as a result of the Inoxum transaction.
** Bochum closure removed from original synergies as it is included into the EMEA restructuring cost savings. Additional identified synergies included.

Update: US ramp-up

- Improved profitability for BA Americas in Q3 due to ramp up and reversal of the inventory write-downs of Q2
- Ramp-up of the Calvert cold rolling mill showing gradually improving quality
- New production record for the melt shop
- Restrictions of the EU remedy process continue: Terni materials shipped to BA Americas until Q1 2014

Key profitability levers for Americas business

1. Expanding product portfolio and customer base
2. Increasing capacity utilization
3. Discontinuation of hot band supply from Europe
4. Improving yields to reduce costs

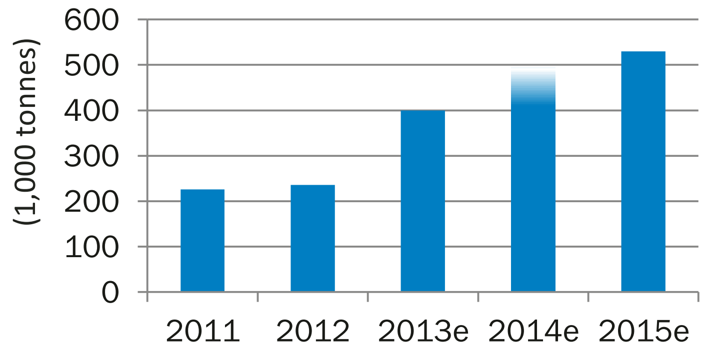
Key figures, BA AMERICAS EUR million	Q3/13	Q2/13	Q3/12 comparable
Deliveries (1,000 tonnes)	129	116	102
Sales	251	231	217
EBITDA	-50	-70	-31
EBIT	-68	-87	-44

Expand Ferrochrome

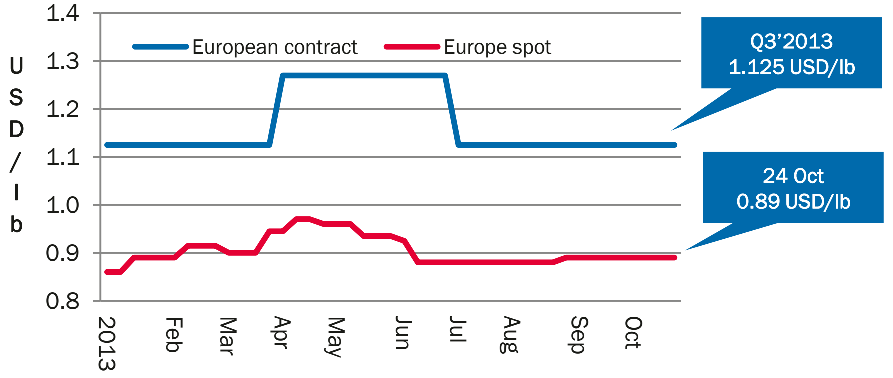
Update: Ferrochrome operations

- Unique low cost position as Europe's only ferrochrome producer with access to the only known chromite reserves in the EU
- Ferrochrome production of at least 400,000 tonnes expected for 2013 (2012: 230,000 tonnes)
- The performance and profitability of the ferrochrome operations continued on a strong level:
    - Production volume of 315,000 tonnes reached for 9M 2013
- The Q4 2013 benchmark price for ferrochrome settled at 1.125 USD/lb, roll over from Q3

Outokumpu ferrochrome production



Ferrochrome price[1] development



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

New pricing model DAS introduced for European distributors Jan 1, 2014 ->

Ensure financial stability

Daily Alloy Surcharge (DAS)

- Valid for European distributor mill-customers
- Base price fixed at order date
- Alloy surcharge can be locked by customer at different locking dates
- Daily Alloy Surcharge is valid for one day

Positive aspects for...

Customer

- ★ Faster reaction on raw material price changes
- ★ Customer can choose between different options
- ★ Avoidance of alloy risks by new options

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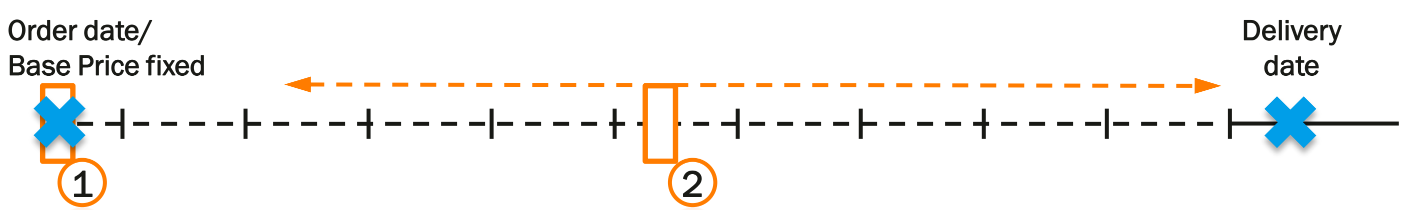
- ★ New innovative & competitive pricing model
- ★ Raw material risks can be managed better
- ★ Stabilization of order intake

Locking of DAS



Option 1 **Effective Price**
at order date

Option 2 **Selective Price**
Any day between order day and Wednesday of week prior to confirmation week

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Update: Strategic reviews and Terni remedy process - progressing according to plans

Ensure financial stability

VDM

- Strategic review of the VDM unit continues as planned and is progressing well. Decisions are expected to be made by end of 2013.

Nyby, Kloster and Dahlerbrück

- Strategic review of Nyby, Kloster and Dahlerbrück operations are ongoing and decisions are expected to be made by end of 2013.

Terni remedy process

- Continues with an extended time frame that the European Commission granted earlier in the year.
- Discussions continue with a number of interested parties.
- Simultaneously with the Terni sale process, Outokumpu has held discussions with the European Commission about the remedy package but this has not resulted in any change to the overall situation with the Terni divestiture.
- Outokumpu is working intensively to complete the divestment and targets to sign a transaction during the remainder of 2013.

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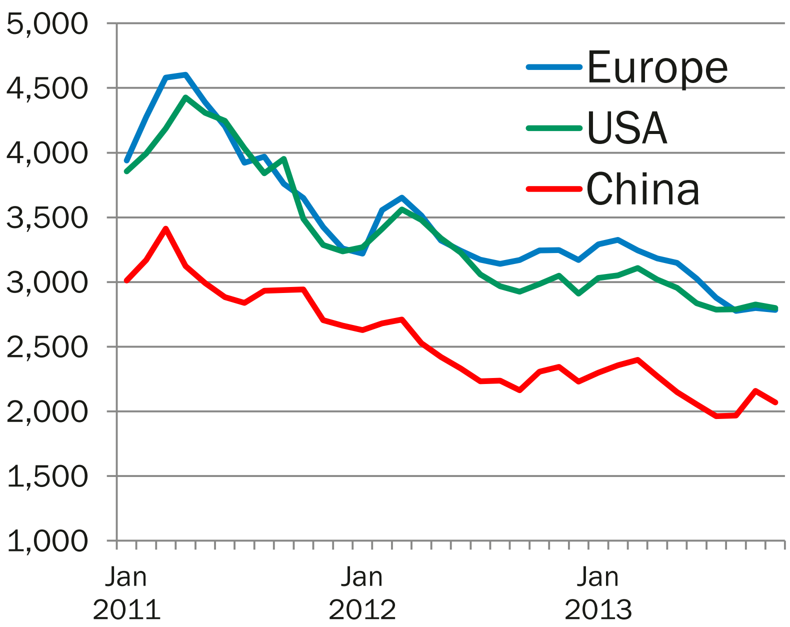
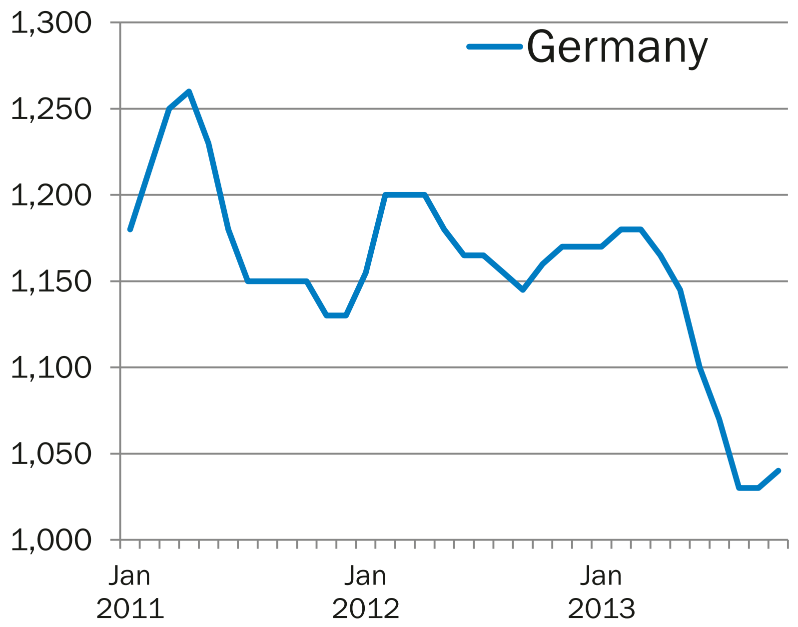
Further decrease in transaction prices

Transaction prices 304 stainless steel (USD) [1]



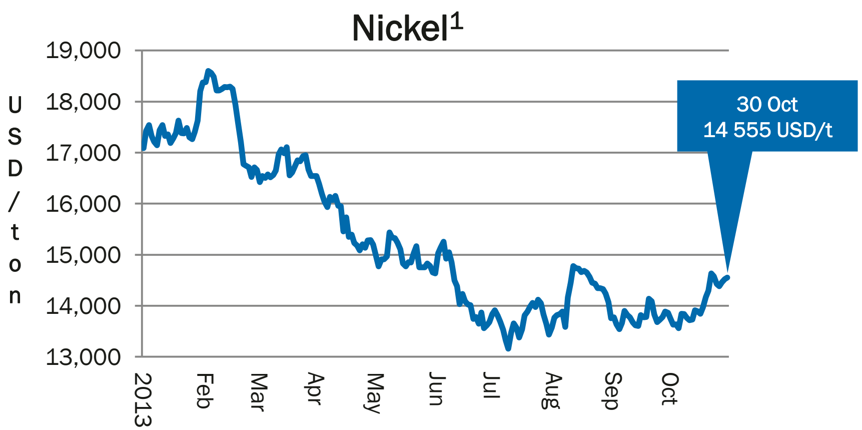
Base prices 304 stainless steel (EUR) [1]

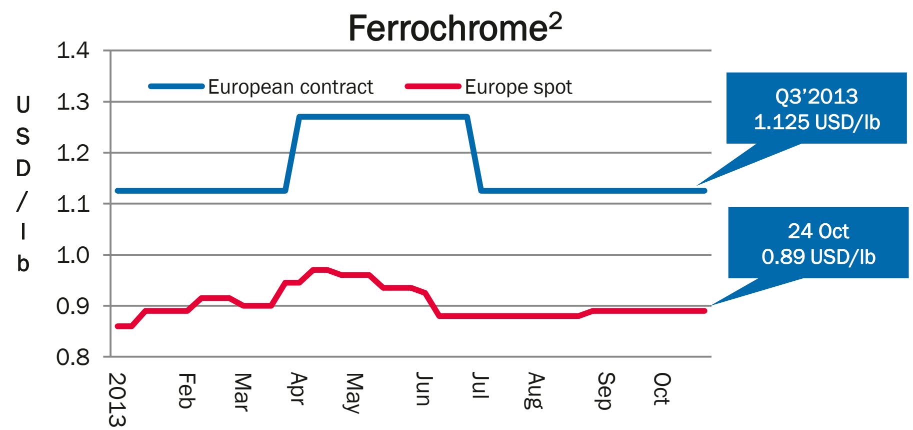


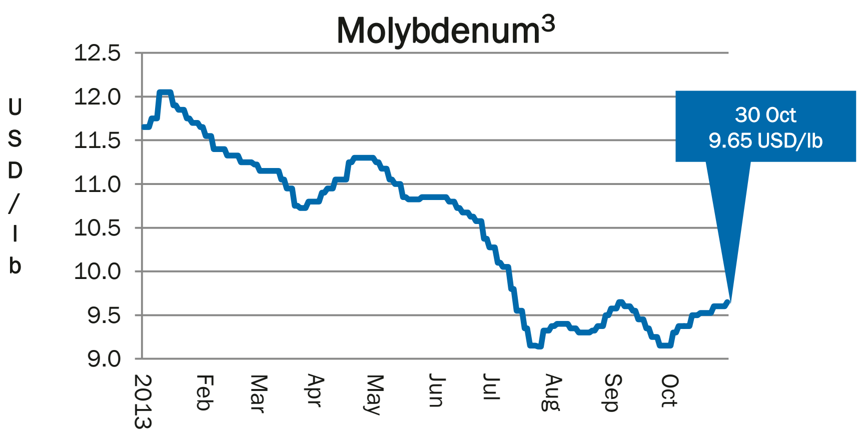
Source: CRU October 2013

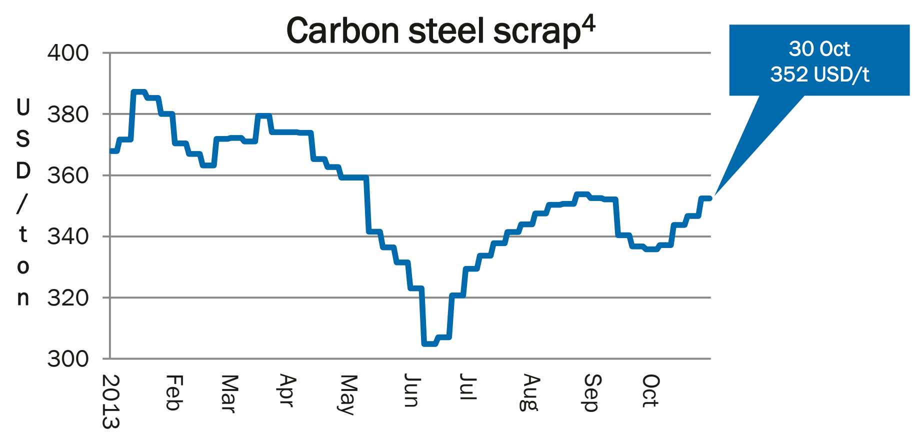
1) 2mm sheet cold rolled 304 grade

Raw materials - Price development in 2013









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Data source: METAL BULLETIN – 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 molybdic oxide Free market Mo in warehouse; 4 Ferrous Scrap Index HMS 1&2 (80:20 mix) $ per tonne fob Rotterdam

Q3 overview

- Q3 2013 stainless steel deliveries declined by 1% to 647,000 tonnes compared to Q2 2013
- Q3 underlying EBIT was EUR -126 million; in line with expectations
- Q3 EBIT includes EUR -1 million non-recurring items and EUR -15 million raw material-related inventory effects
- Synergy savings of EUR 69 million achieved in the first nine months of 2013 – already exceeding target of EUR 50 million in 2013
- Ferrochrome ramp-up has progressed as planned with production of 106,000 tonnes in Q3 2013
- Operating cash flow was positive at EUR 124 million mainly driven by working capital release

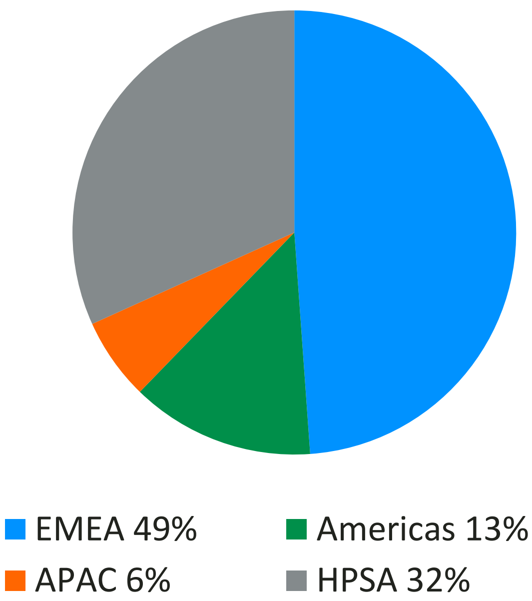
EUR million	Q3/13	Q2/13	Q3/12 comparable
Stainless steel deliveries [1]	647	656	663
Sales	1,923	2,064	2,192
Underlying EBITDA [2]	-35	12	0
Underlying EBIT [3]	-126	-80	-93
EBIT	-142	-164	-137
Operating cash flow from cont. operations [4]	124	-160	n.a.
Capex from cont. operations [4,5]	62	42	217

1) External deliveries, 1,000 tonnes, excl. ferrochrome deliveries, incl. high performance alloy deliveries
2) EBITDA excl. non-recurring items, other than impairments; and inventory gains/losses, unaudited
3) EBIT excl. non-recurring items and inventory gains/losses, unaudited
4) Terni (remedy assets) is reported as a discontinued operation
5) Accounting capex

Sales and deliveries by Business Areas

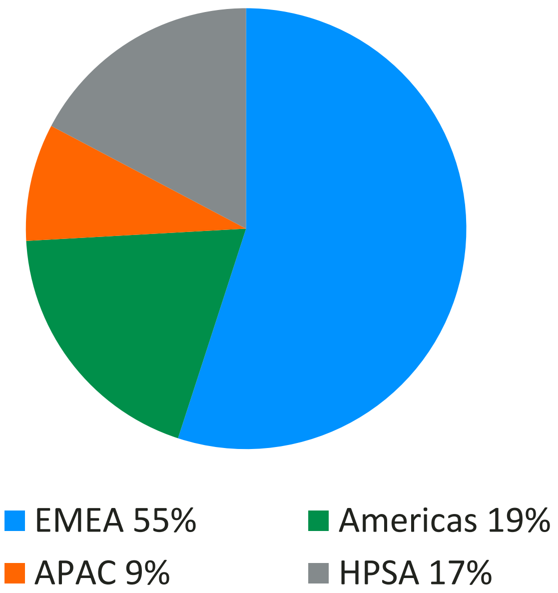
Q3 2013 external sales by BA [1)]

Group sales EUR 1.9 billion



Q3 2013 external stainless deliveries by BA [1,2)]

Group deliveries 647,000 tonnes



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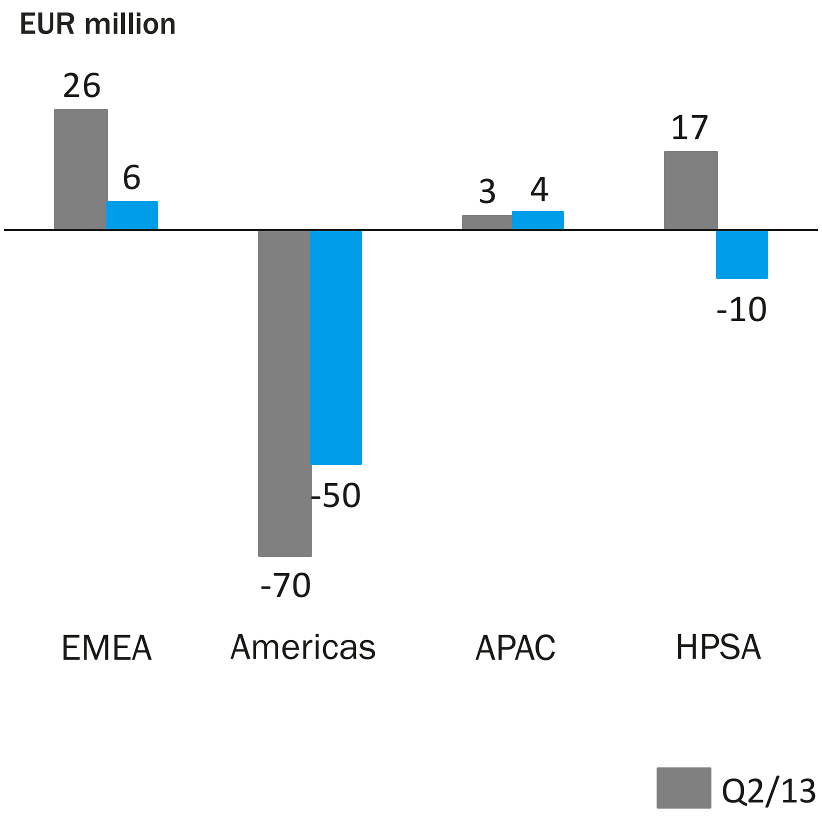
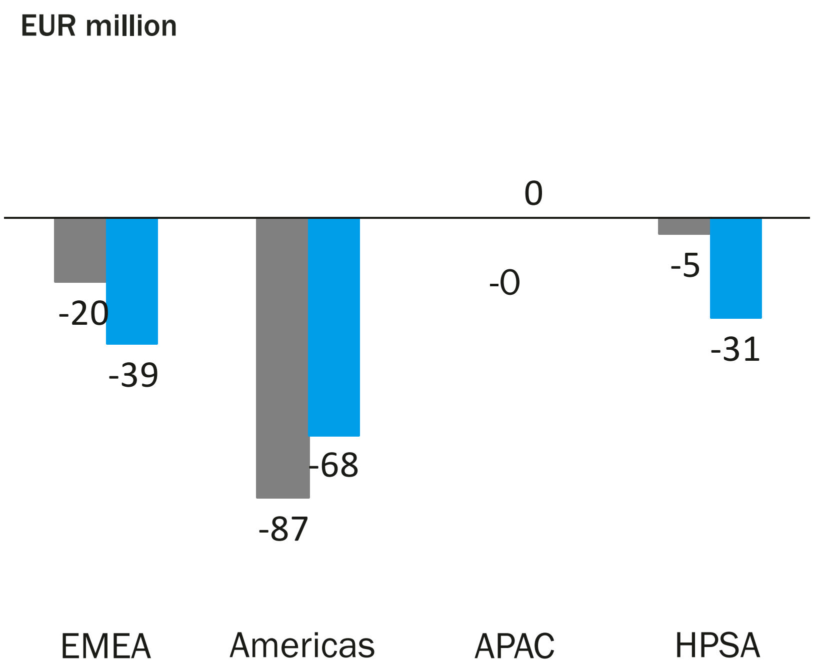
1) Split by BA are based on management estimates. APAC figures include also direct sales and deliveries from other BAs to the region.
2) Incl. high performance alloy deliveries, excl. ferrochrome deliveries.

EBITDA and EBIT by Business Areas

EBITDA excl. NRI [1] per Business Area

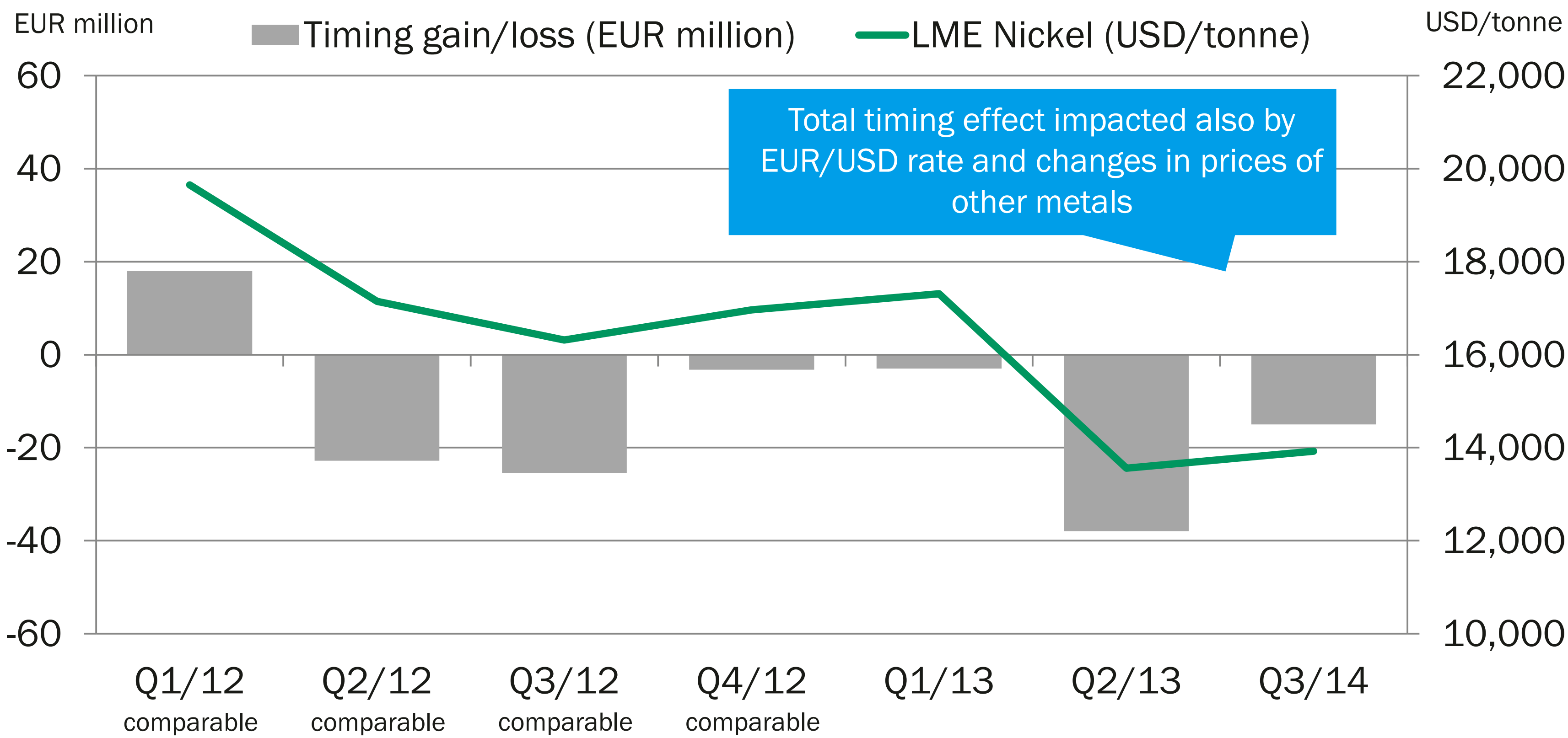


EBIT excl. NRI [1] per Business Area



1) NRI= Non-recurring items

LME nickel prices and net timing impacts



The realized timing gain or loss per tonne of stainless steel is estimated based on the difference between the purchase price and invoice price of each metal in EUR per tonne times the average metal content in stainless steel. The unrealized timing impact consists of the change in net realizable value — NRV during each quarter. If there is a significant negative change in metal prices during the quarter, inventories are written down to NRV at the end of the period to reflect lower expected transaction prices for stainless steel in the future. As this timing impact is expected to be realized in the cash flow of Outokumpu only after the raw material has been sold, it is referred to as being unrealized at the time of the booking.

Positive operating cash flow driven by NWC release

EUR million	Q3/13	Q2/13
Net cash from operating activities	124	-160
Net cash from investing activities	-51	-54
Free cash flow	73	-214
Net cash from financing activities	46	256
Net change in cash and cash equivalents	119	42

- Positive cash flow of EUR 124 million driven by EUR 223 million release of NWC with strong contribution from all Business Areas
- In the first nine months of 2013 working capital of EUR 109 million was released

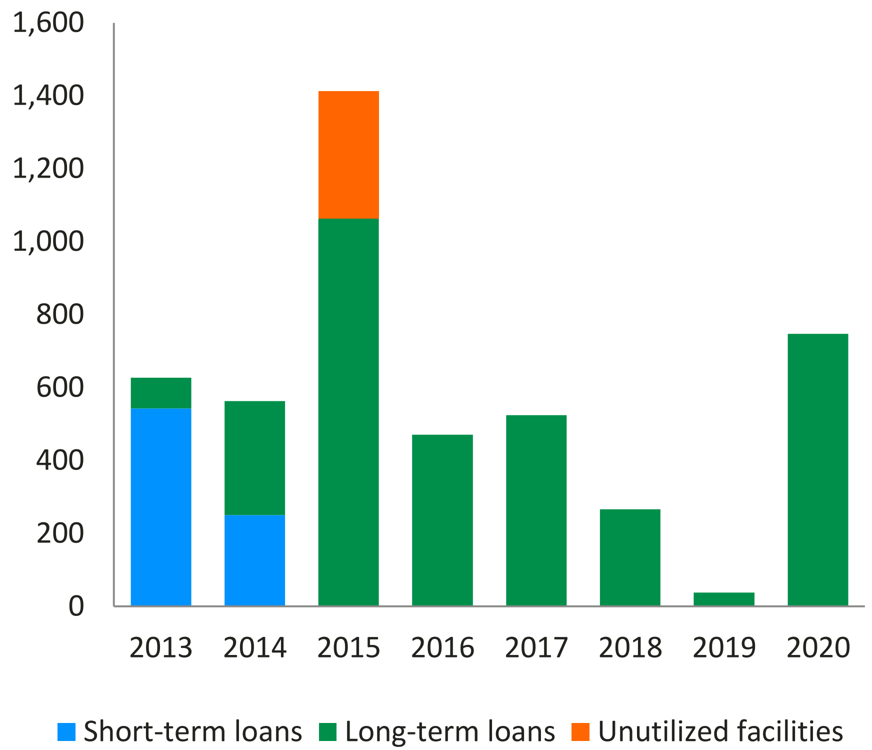
Capital structure

EUR million	Q3/13	Q2/13
Net interest-bearing debt	2,981	3,041
Equity	2,261	2,522
Equity-to-assets ratio, %	25.0	26.2
Debt-to-equity ratio (gearing), %	131.8	120.6

- Net interest-bearing debt decreased to EUR 2,981 million mainly due to positive cash flow
- Outokumpu's gearing up to 131.8% due to the decline in equity driven by continued negative result
- Liquidity reserves in excess of EUR 900 million (June 30, 2013: approx. EUR 800 million), increase driven by the positive free cash flow in Q3

Liquidity and maturity profile of debt

Debt maturities September 30, 2013, MEUR

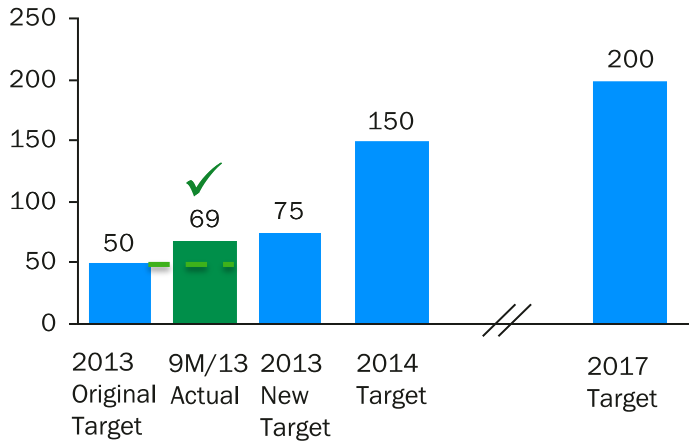


- Overall liquidity reserves of >EUR 900 million (June 30, 2013: approx. EUR 800 million). The increase driven by the positive free cash flow
- New EUR 900 million committed revolving credit facility signed in July 2013
  - Utilized by EUR 550 million at the end of September 2013
- Outokumpu's target is to clearly reduce net debt by various measures and extending existing financing agreements

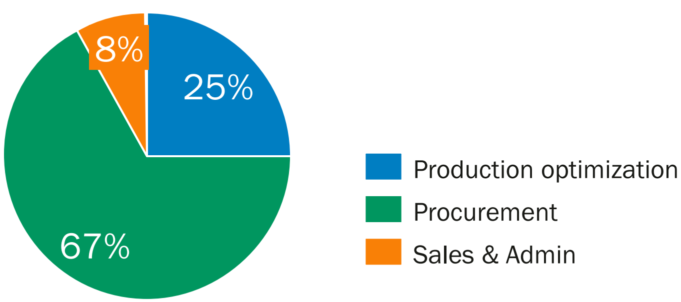
Deliver on synergies

Update synergy savings – EUR 69 million achieved in 9M 2013

Synergy savings over time (cumulative)



Split of synergies for the 9M/13



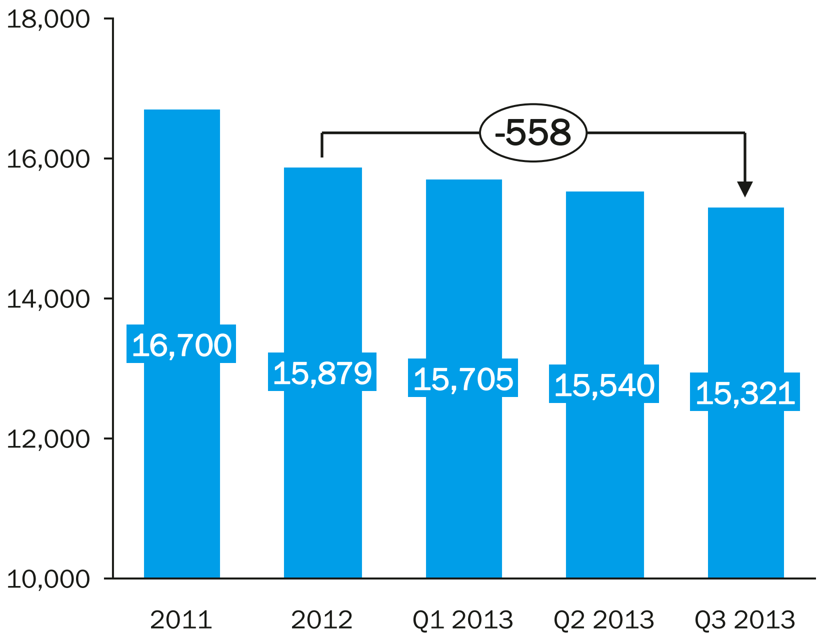
- EUR 69 million synergy savings achieved in the first nine months of 2013, exceeding the target of EUR 50 million for 2013
- Annual synergy savings target for 2013 now expected to exceed EUR 75 million
- Contributions from raw material procurement, Krefeld melt shop ramp-down and headcount reductions
- Around EUR 150 million of the annual savings expected to be achieved during the first 2 years

Note: Total expected implementation and non-recurring cumulative cash costs of up to EUR 160 million incurred in 2013-2017.

Deliver on synergies

Further headcount reductions as announced

Personnel at the end of reporting period [1)]



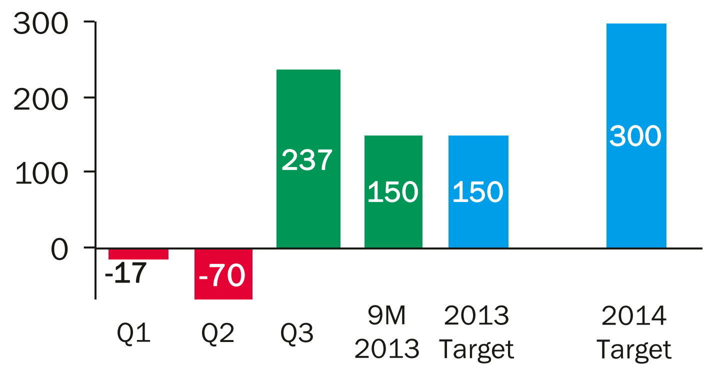
- New EMEA industrial plan includes an additional reduction of up-to 1,000 jobs
- New target is to reduce global headcount by 3,500 between 2013-2017
- 2013 ytd headcount reduction: 558 positions
- Target to reduce headcount by 770 in 2013

1) 2011 and 2012: Total Group excl. remedy assets and OSTP (~770 people)
Q2/13 excl. some 700 summer trainees

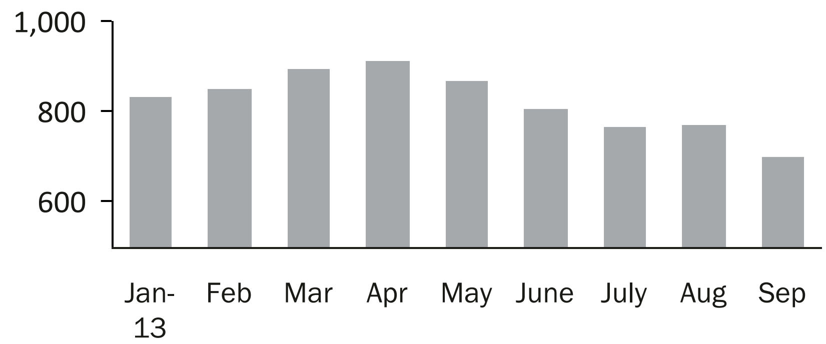
New efficiency programs

P300: Target to reduce net working capital of EUR 300 million by the end of 2014

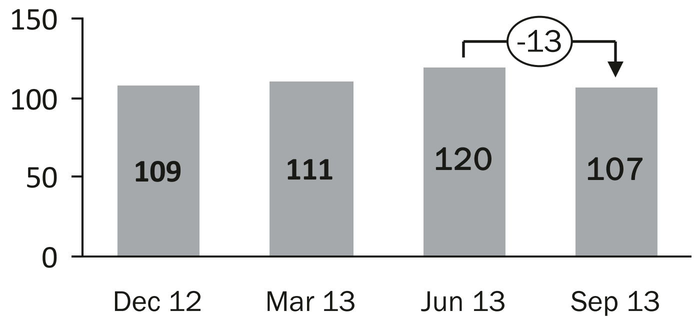
Cash flow from working capital change [1)]



Inventory development (1,000 tonnes) [2)]



Inventory days development [2)]



- Considerable net working capital reduction during Q3 mainly driven by inventories
- Inventory days decreased by 13 due to lower sales volumes combined with significantly reduced inventory tonnes
- Target to reach working capital reduction of EUR 150 million for 2013 is unchanged

1) Graph shows change in accounts payables, accounts receivables and inventories and differs from the change in working capital as presented in CF statement which also includes provisions. Change in provisions included in CF statement for the 9M/13 are EUR -41 million (Q3 EUR -15 million).
2) Figures are representing continued operations and exclude FeCr operations.

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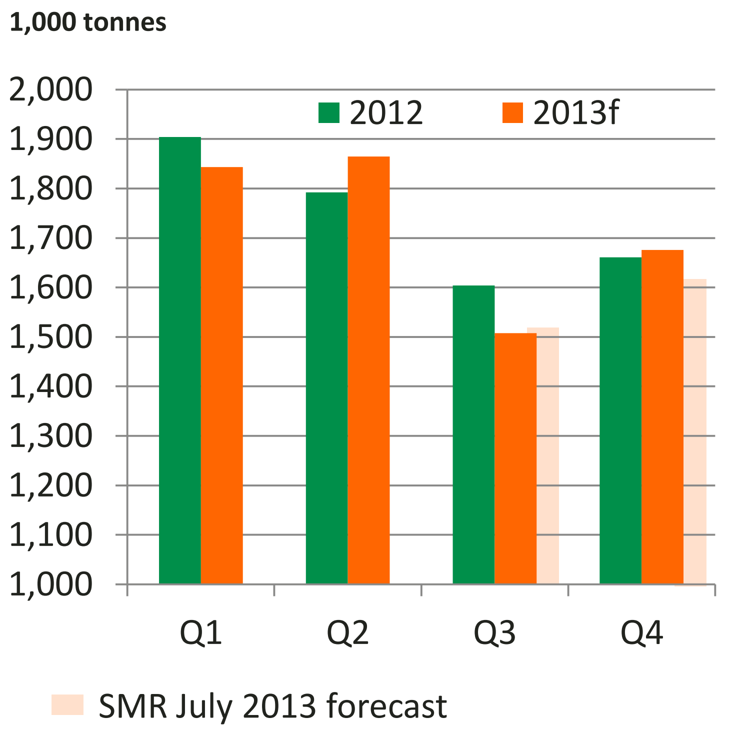
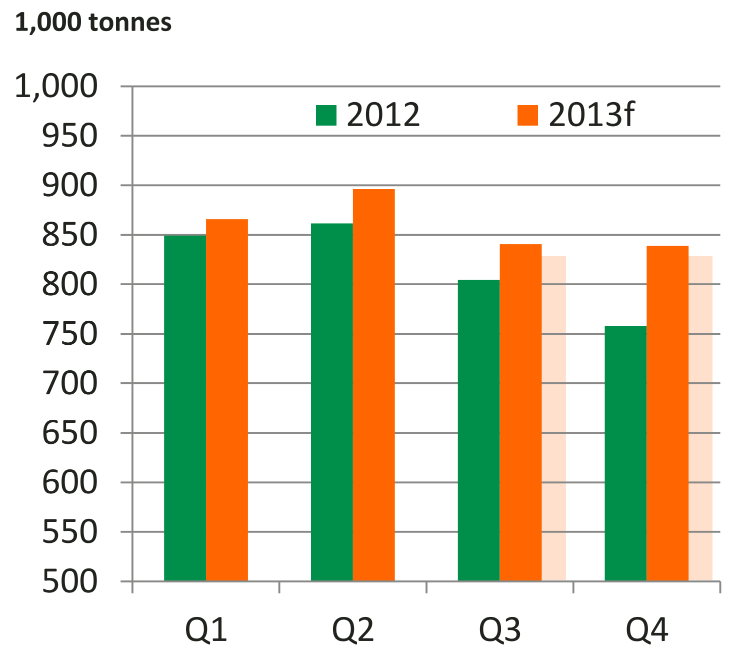
Market to improve slightly in EMEA and remain stable in Americas in Q4 2013

EMEA total stainless steel real demand1)



Americas total stainless steel real demand1)



Source: SMR October 2013
1) Total stainless = rolled & forged, excl. 13Cr Tubes

Business and financial outlook – Q4 2013

- Outokumpu expects
  - No major improvement in the market demand for the rest of the year and overall visibility continues weak
  - Sequentially lower delivery volumes, some improvement in base prices and similar product mix as in the third quarter
  - The progress in the cost efficiency initiatives, synergies and cash release programs is expected to be steady
- Outokumpu estimates the underlying EBIT in Q4 2013 to be on approximately the same level or slightly worse than Q3
  - At current metal prices, marginal raw material related timing losses, if any, are expected
  - Outokumpu's operating result in Q4 could be impacted by non-recurring items associated with the Group's ongoing restructuring programs

Key targets updated

Capex		Capital expenditure expected to decline to approximately EUR 300 million in 2013 (FY 2012: EUR 821 million). Management target is to push capital expenditure down further in 2014 towards EUR 250 million.
Ferrochrome		Ferrochrome production targeted to be at least 400,000 tonnes in 2013 (FY 2012: 230,000 tonnes).
Costs	Synergies	>EUR 75 million during 2013, EUR 200 million in 2017
Costs	P150	>EUR 75 million in 2013, EUR 150 million for full year 2015
Costs	EMEA	Additional savings of more than EUR 100 million in 2017
Costs	Phasing	Annual savings of EUR 150 million in 2013, 300 million in 2014, EUR 380 million in 2015, EUR 440 million in 2016 and EUR 450 million in 2017.
BA Americas		Continued progress in the Calvert operational ramp-up in the coming months. Due to the issues with high inventory levels this year and ramp-up challenges the target for Stainless Coil Americas is to gradually improve profitability in 2014.

1) Includes EUR 79 million asset purchase and finance lease done in 2012 by former Inoxum entities, excludes Inoxum acquisition of EUR 2,720 million.

Transformation of Outokumpu – Good progress but more work to be done

On a solid path

- Acceleration and growth of savings
    - Synergies and P150 materializing ahead of schedule
    - Acceleration in EMEA as per new industrial plan
    - Combined savings of EUR 380 million in 2015
- Continued strong focus on NWC reduction (P300) & cash flow
- Ferrochrome ramp-up progressing and Calvert improving

Further work to be done

- EMEA restructuring and turnaround
- Americas financial performance
- Finalization of Terni remedy process and other strategic reviews
- Strengthening of the balance sheet

Outokumpu's work for the environment and against the climate change was recognized again by Dow Jones and CDP who ranked Outokumpu among the five performance leaders in the Nordic countries.

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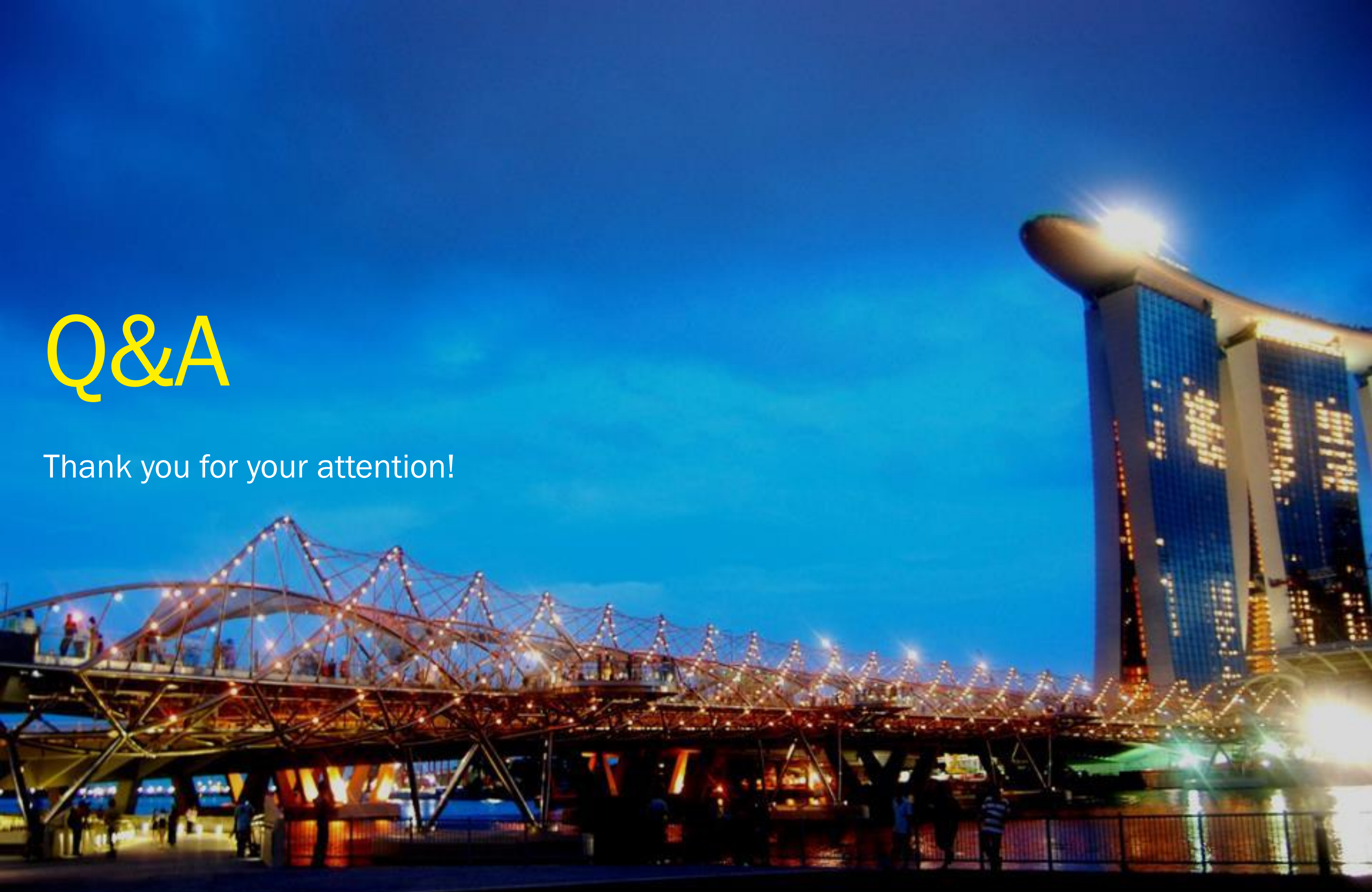

Q&A

Thank you for your attention!

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Appendix

Outokumpu balance sheet

Assets (MEUR)	**30.9.13**	**31.12.12**
Non-current assets		
Intangible assets	618	629
Property, plant and equipment	3,551	3,697
Interest bearing assets	250	234
Other receivables	5	8
Deferred tax assets	99	89
Total non-current assets	**4,523**	**4,658**
Current assets		
Inventories	1,813	2,308
Interest bearing assets	87	121
Trade and other receivables	967	1,037
Cash and cash equivalents	439	222
Total current assets	**3,306**	**3,687**
Assets held for sale	**1,212**	**1,326**
Total assets	**9,041**	**9,671**

- Goodwill is at EUR 480 million (including the Inoxum transaction goodwill of EUR 7 million).
- Assets held for sale (EUR 1,212 million) and liabilities directly attributable to assets held for sale (EUR 578 million) containing the remedy assets. This translates to a net asset value of Terni and Willich on the balance sheet of EUR 633 million.

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Outokumpu balance sheet

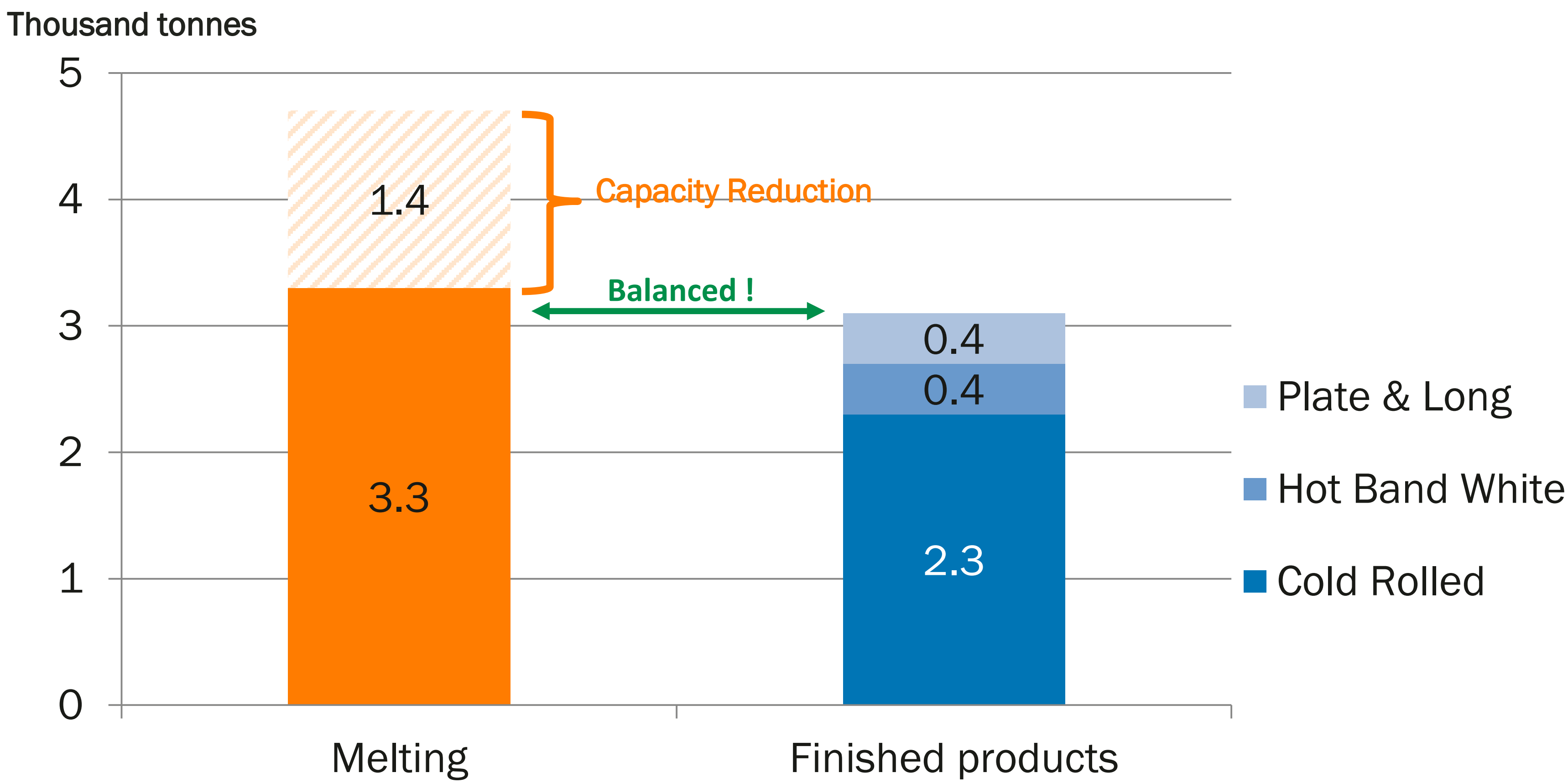
Equity and liabilities (MEUR)	30.9.13	31.12.12
Total equity	**2,261**	**2,952**
Non-current liabilities		
IB[1] liabilities	3,301	2,974
Deferred tax liabilities	86	90
Provisions[2]	525	542
Trade payables and other non IB[1] liabilities	7	5
Total non-current liabilities	**3,919**	**3,611**
Current liabilities		
IB[1] liabilities	1,089	763
Provisions	25	36
Trade payables and other non IB[1] liabilities	1,169	1,522
Total current liabilities	**2,283**	**2,321**
Liabilities directly attributable to assets held for sale	**578**	**786**
Total equity and liabilities	**9,041**	**9,671**

- The total non-current interest bearing liabilities of EUR 3,301 million include the ThyssenKrupp loan note of EUR 1,269 million (June 30, 2013: EUR 1,256). The increase reflects capitalized interest.

1) IB = interest bearing
2) Includes defined benefit and other long term employee benefit obligations

Outokumpu global production - healthy balance between melting and finished with planned closures

(planned state end of 2015)



Melting capacity shown after Krefeld and Bochum meltshop closures and after full ramp-up of Calvert meltshop. Finished products capacity excl. VDM, Wildwood, Dahlerbrück and semi finished products capacity. Planned set-up is subject to the outcome of the ongoing negotiations with unions and work council representatives.

Balanced stainless production structure
After the new EMEA industrial plan (planned state end of 2015)

thousand tonnes — million t

	Coil EMEA		HPSA		Coil Americas		APAC	Total
	Finland	Germany [1]	Sweden [1]	UK & USA	Calvert	San Luis Potosí	Shanghai	
Melting [2]	1,450		450	450	900			3.3
Hot Rolling	1,450		900		870			3.2
Plate & Long			190	175				0.4
Coil CR + HBW	750+150	500	175+120		350+150	250	290	2.7

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Note: Figures exclude VDM, Wildwood, Dahlerbrück and semi finished products capacity. Updated Nov.1. 2013

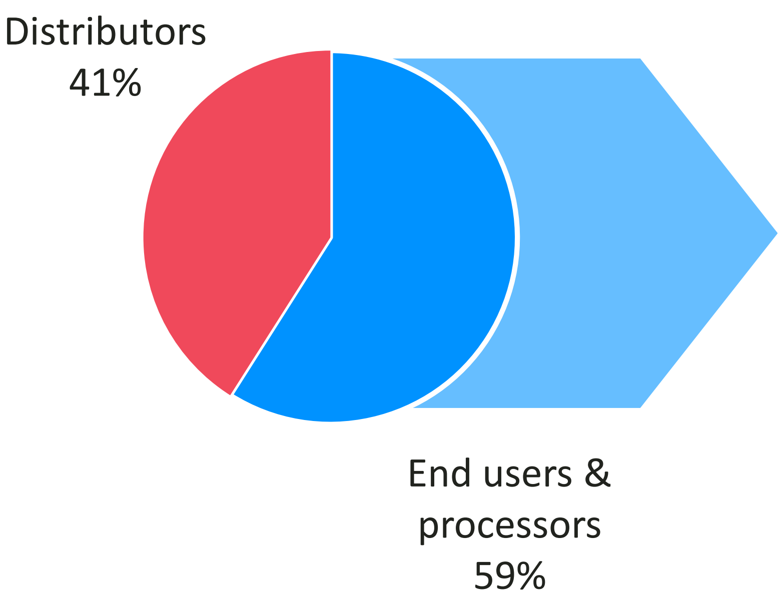
1) Subject to the outcome of the ongoing negotiations with unions and work council representatives.
2) Actual capacities will vary according to product mix and manning.
3) Sweden includes Nyby (80kt CR capacity) currently under strategic review.

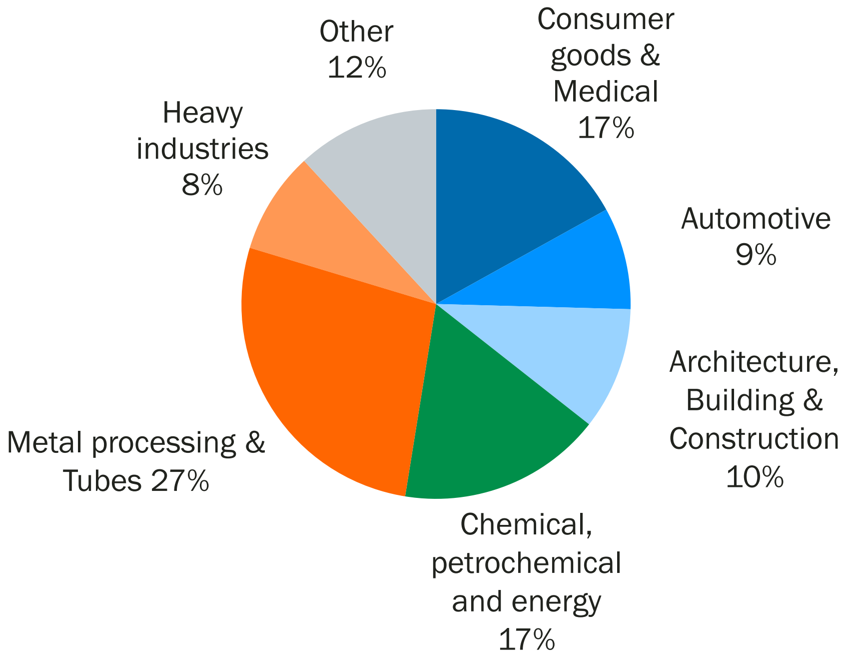
Balanced customer base across industries

Sales by customer segment

Sales by end-customer segment

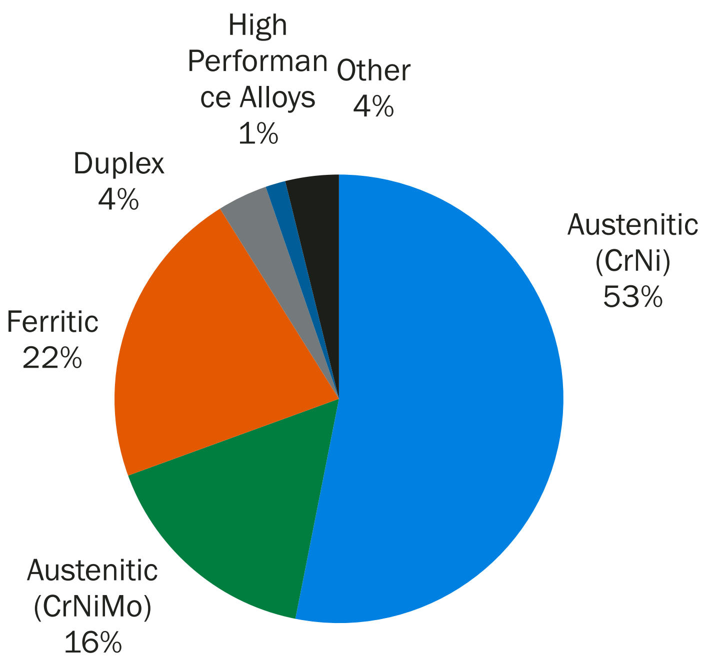
Healthy balance between end-customer segments across both investment and consumer driven industries





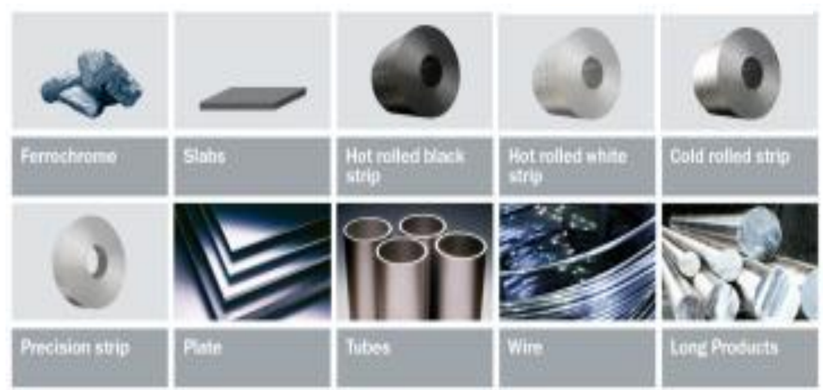
Broadest product portfolio across stainless steel

Deliveries by product grade [1]



- New Outokumpu has a broad product portfolio to serve all customers [2]
- Significantly higher share of ferritic grades leads into reduced sensitivity to Nickel price volatility
- Outokumpu product mix closely resembles the overall market mix by grade

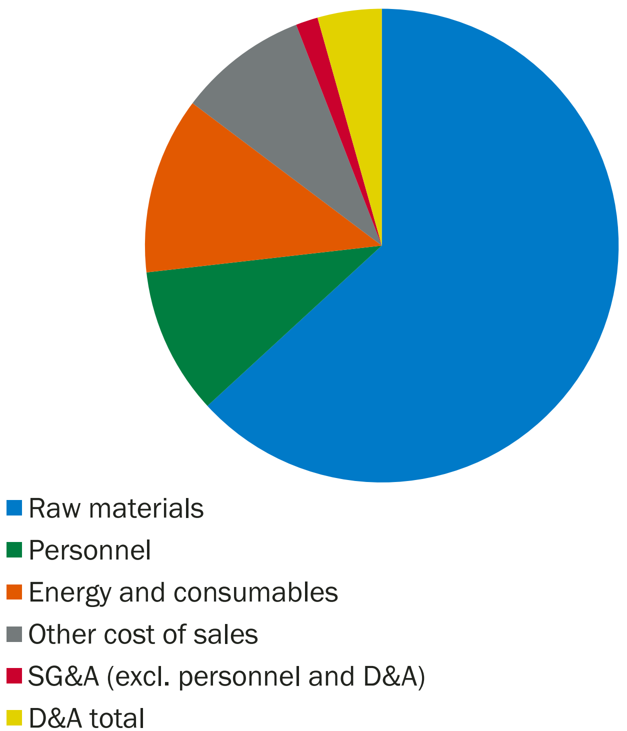
All product forms offered



1) Management estimates Q3 2013, excl. Terni
2) Standalone Outokumpu had only a 5% share of ferritics vs. 22% for the combined entity.

Cost analysis Q3 2013

Operative cost components [1) 2)]



Comments

- Raw materials account for around 60-65% of the total operative costs of the Group
- Share of Ni from total raw material cost is around 60%
- Share of Cr from total stainless raw material cost is around 15-20%, but due to the captive supply, the share of Cr from the Group's raw material cost is around 10-15%
- Energy and other consumables account for some 10% of the total operative costs
- Personnel expenses also some 10% of the total operative costs
- Other cost of sales includes e.g. freight, maintenance and rents and leases

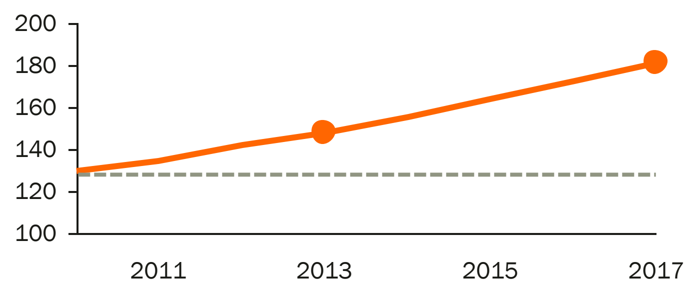
1) Operative costs = Sales – EBIT (excl. non-recurring items)
2) Management estimates

Industrial production as the major driver for stainless growth...

Index 2005=100

Industrial Production | **Growth p.a. 2013 - 2017** | **Economic Growth Prospects**

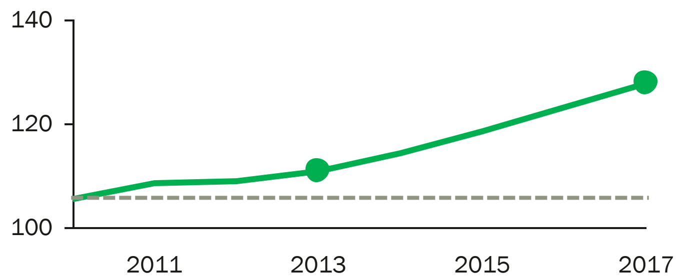
APAC



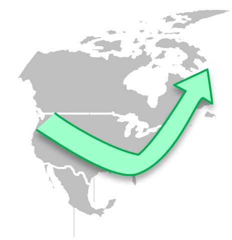
+5%

Fundamental growth

Americas

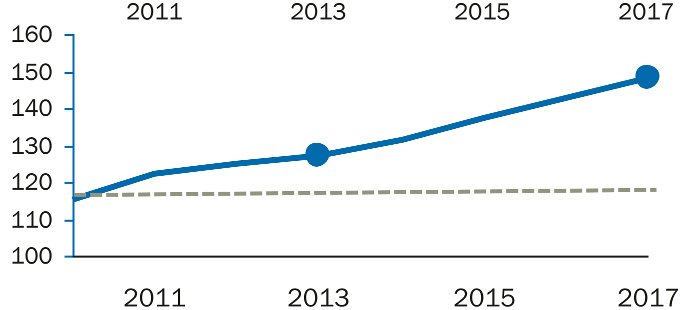


+4%



Recovery from economic crisis and continued growth

EMEA



+4%

Recovery from economic crisis

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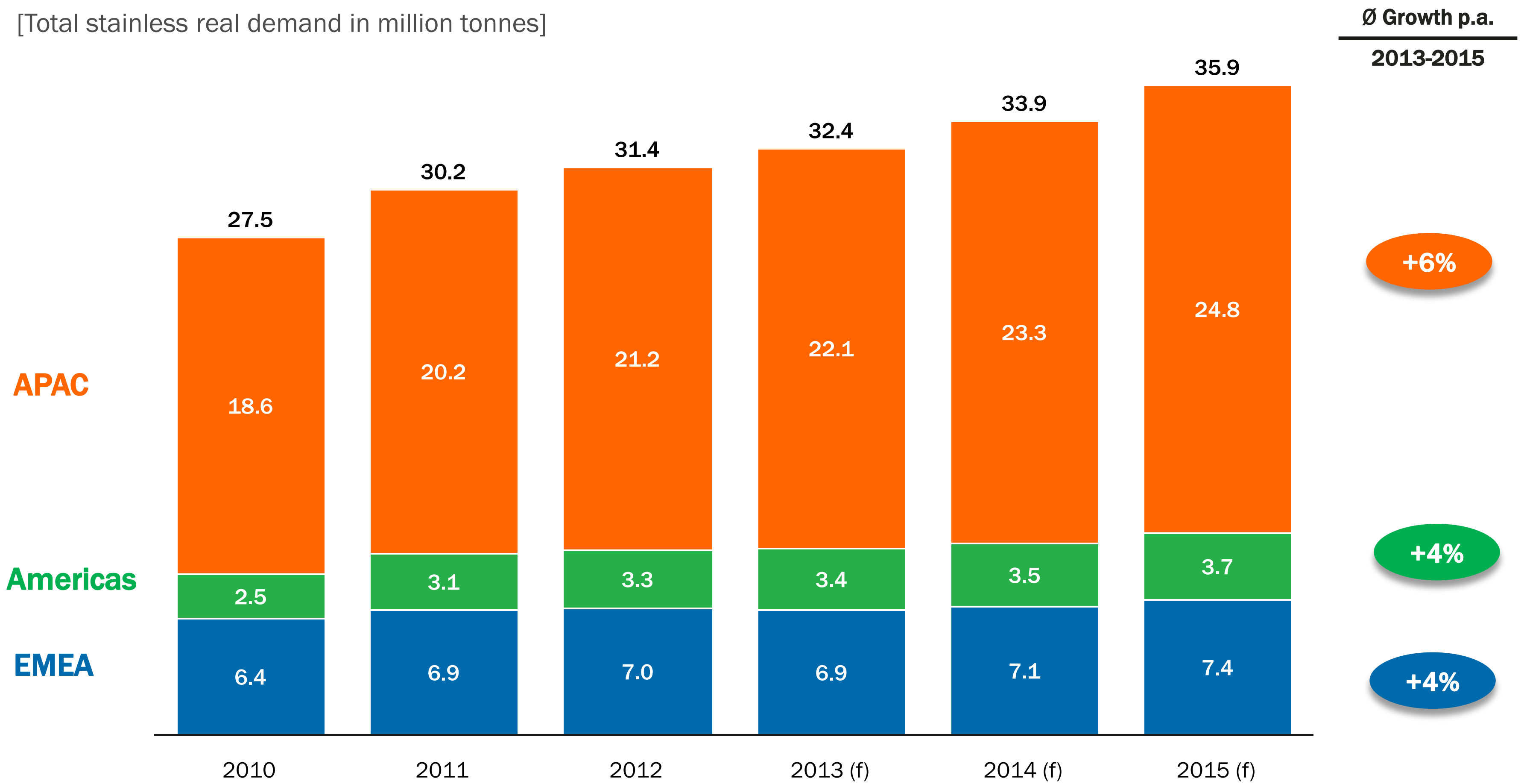
Source: ISSF September 2013

... leads to growing stainless consumption mainly in APAC, and to some extent in Americas and EMEA



Source: SMR October 2013
Total stainless = rolled & forged, excl. 13Cr Tubes