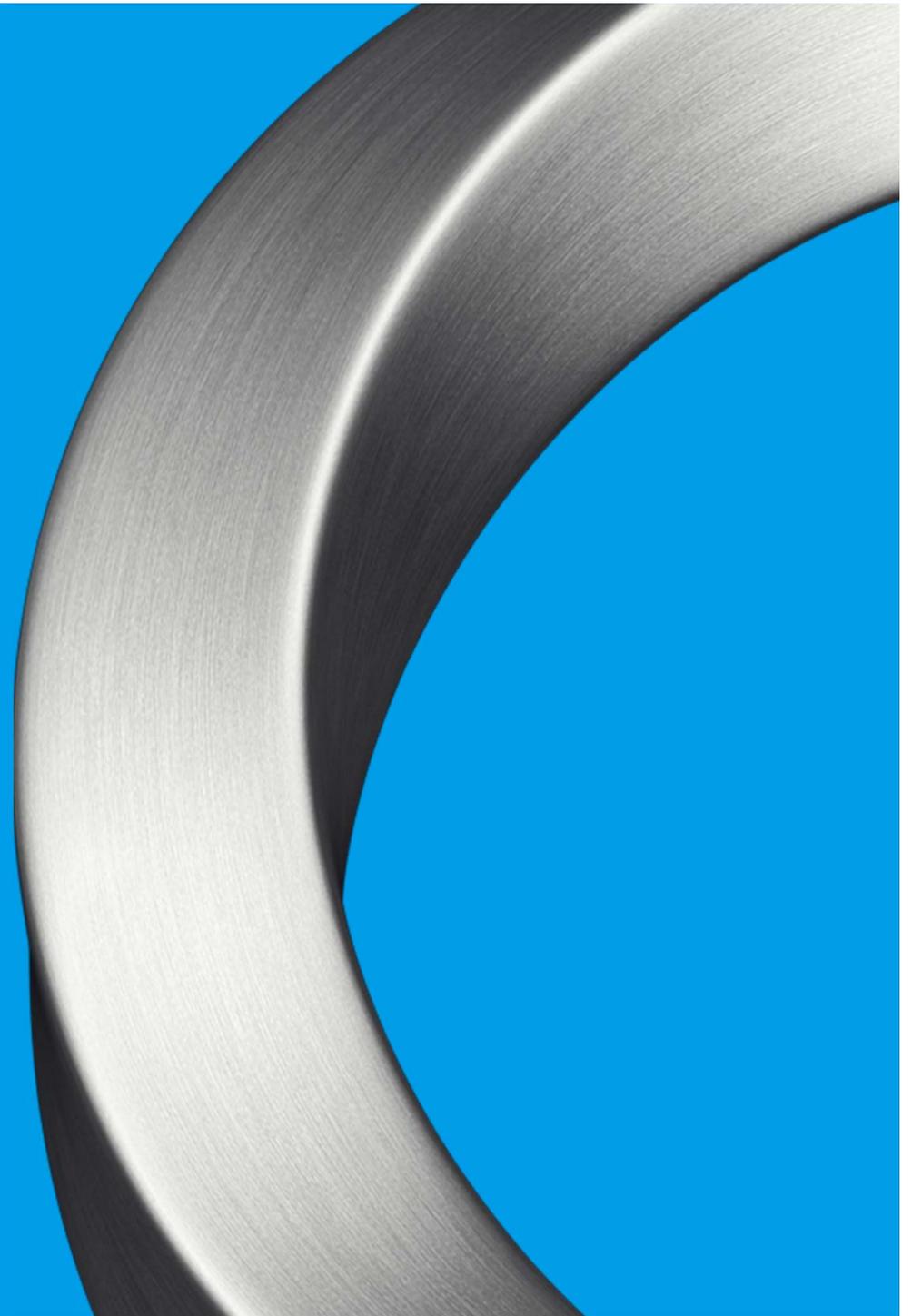


Interim report Q1 2015

CEO Mika Seitovirta
CFO Reinhard Florey

April 29, 2015

outokumpu 



Disclaimer

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Today's attendees of Outokumpu



Mika Seitovirta
CEO



Reinhard Florey
CFO



Johanna Henttonen
SVP – Investor
Relations

Contents

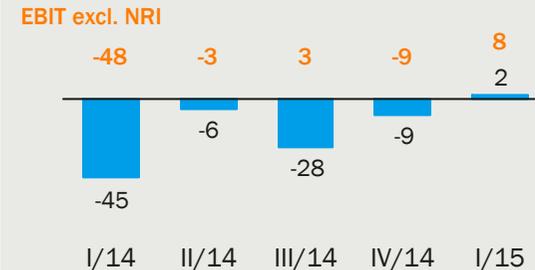
1. Q1/15 overview and strategic priorities
2. Financial performance
3. Outlook and guidance

Q1 2015 in brief

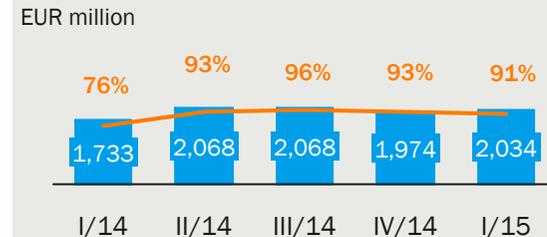
- Positive underlying EBIT of EUR 2 million
- Deliveries up by 9%
- Coil EMEA continued steady progress
-  Quarto Plate to break-even underlying EBIT
- Solid development in savings programs
- EUR 75 million NWC release
- EUR 250 million convertible bond launched
- Net debt at EUR 2 billion, gearing 91%

-  Low nickel prices impacting demand
- Disappointing developments in Coil Americas
- Calvert commercial ramp-up curve delayed for 6-12 months
- Operating cash flow negative EUR 62 million

Underlying EBIT (EUR million) ¹⁾



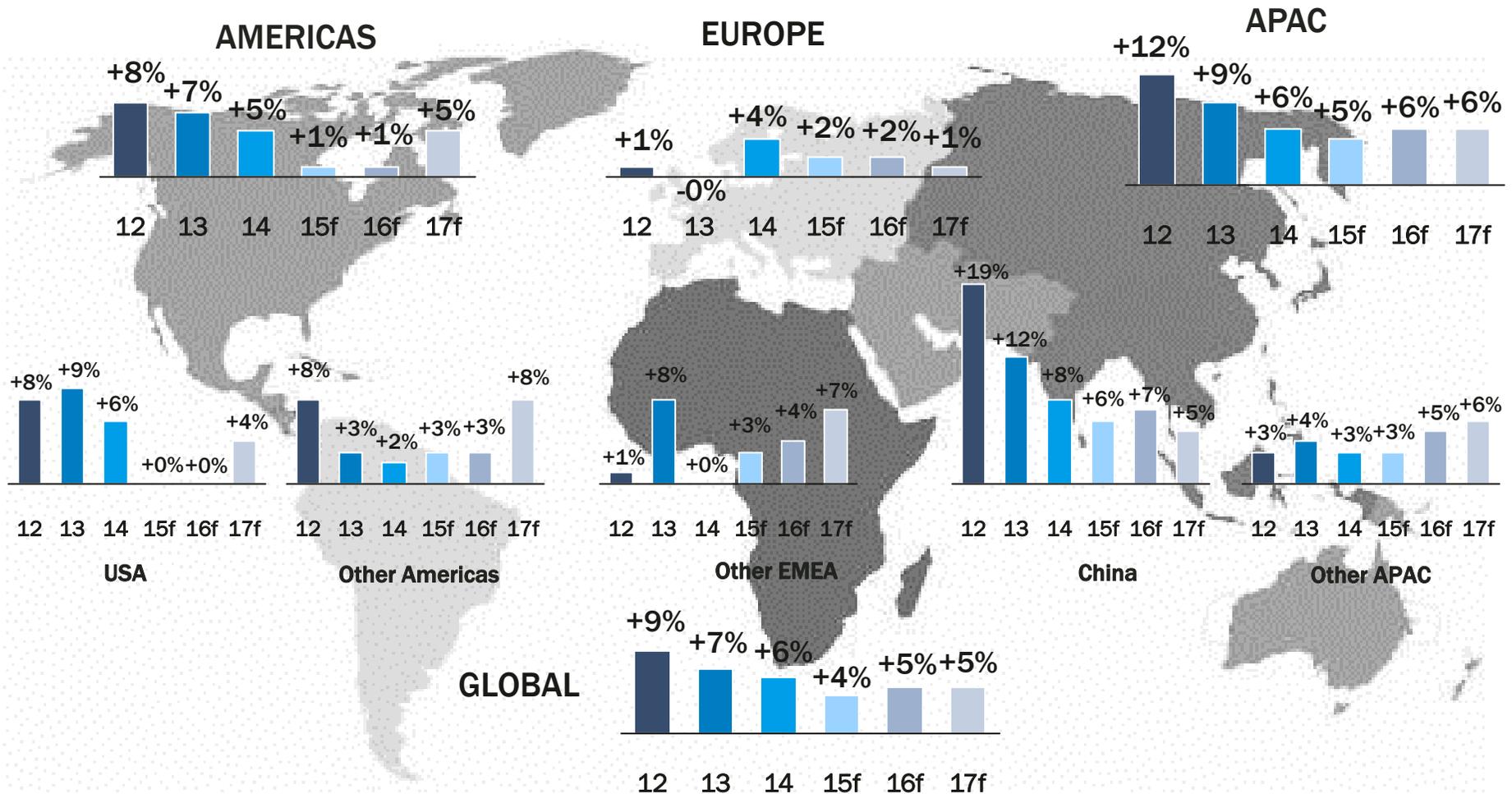
Net debt and gearing



Transaction prices 304 stainless (USD/t) ²⁾



Continued demand growth for stainless steel globally



Data source: SMR, April 2015

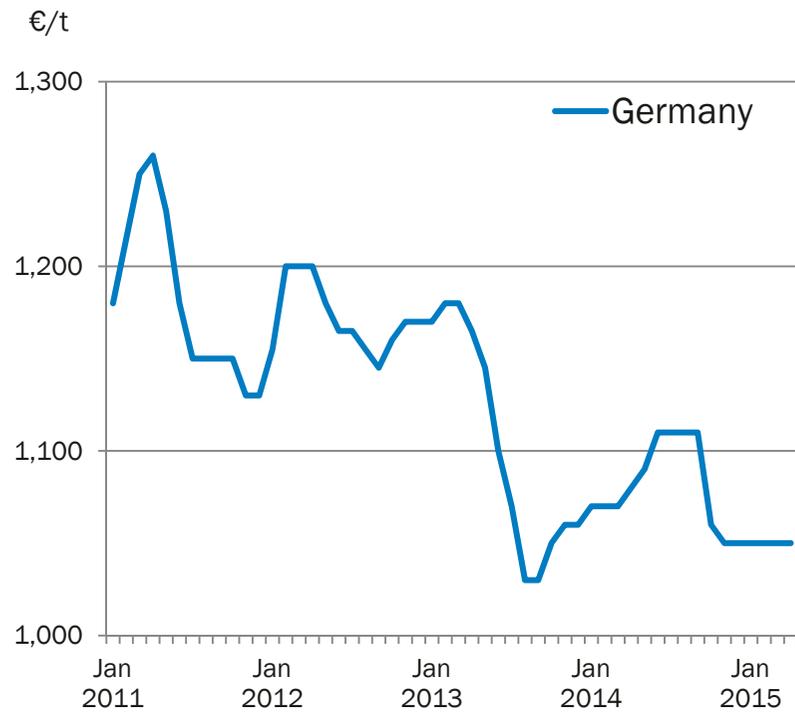
Real demand for total stainless steel (rolled & forged products, excl. 13Cr tubes, profiles)

April 29, 2015

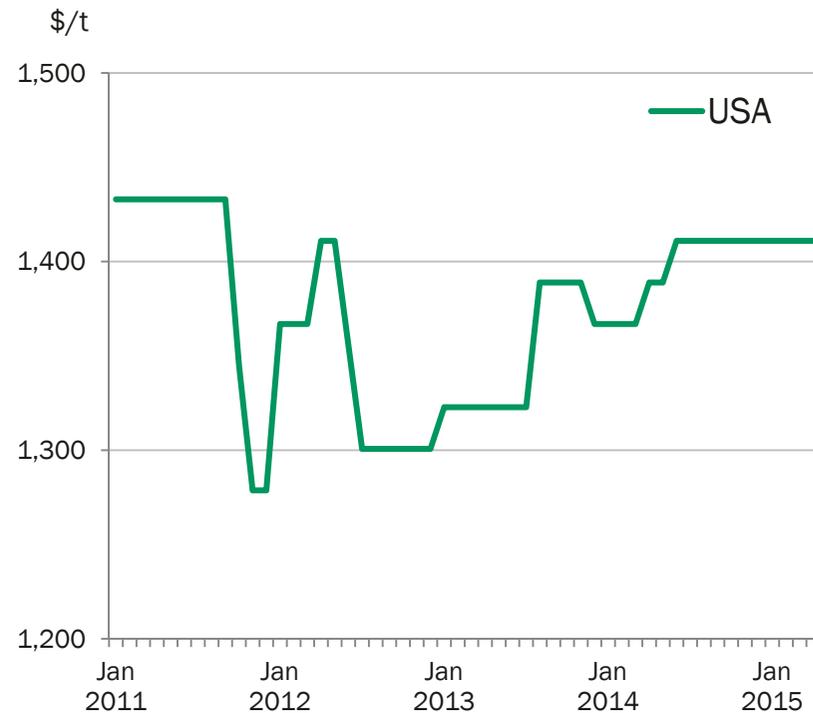
6

Stainless steel base prices remain flat lately

European base prices (EUR) ¹⁾

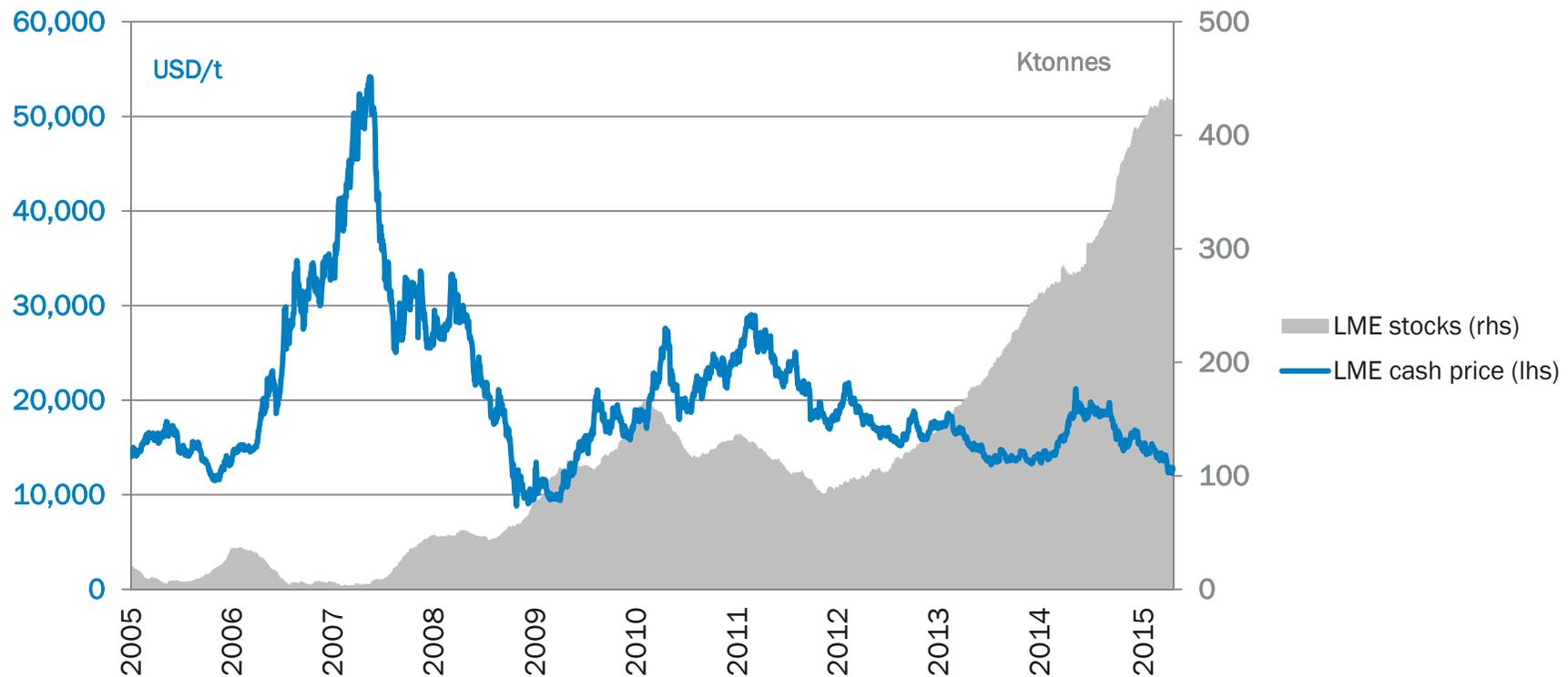


US base prices (USD) ¹⁾



Nickel price development and stock levels

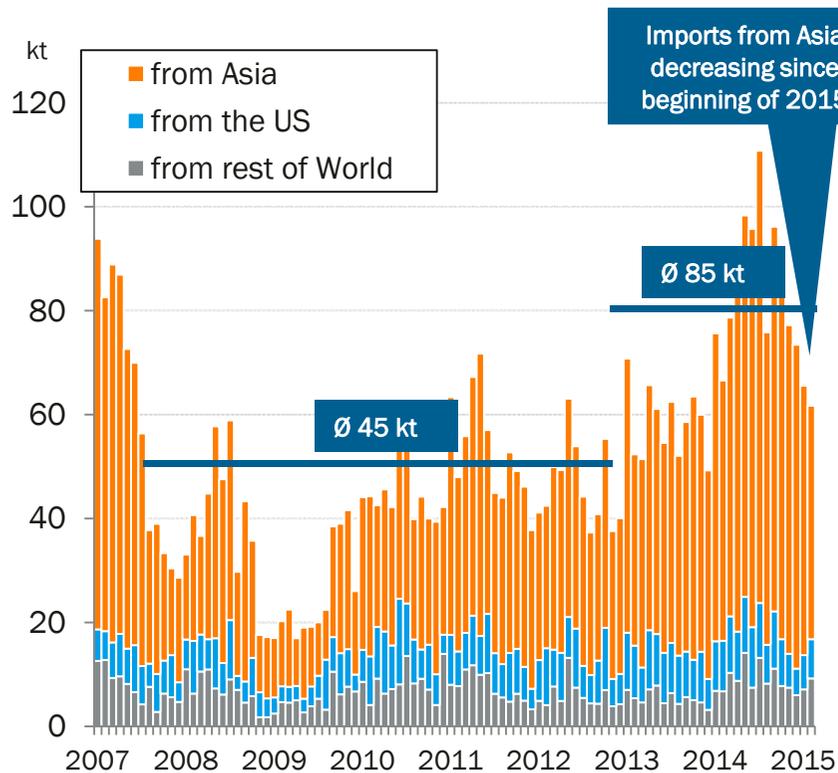
Nickel price and stocks ¹⁾



Stainless steel imports to Europe ease in Q1/15. Asian imports to the US growing

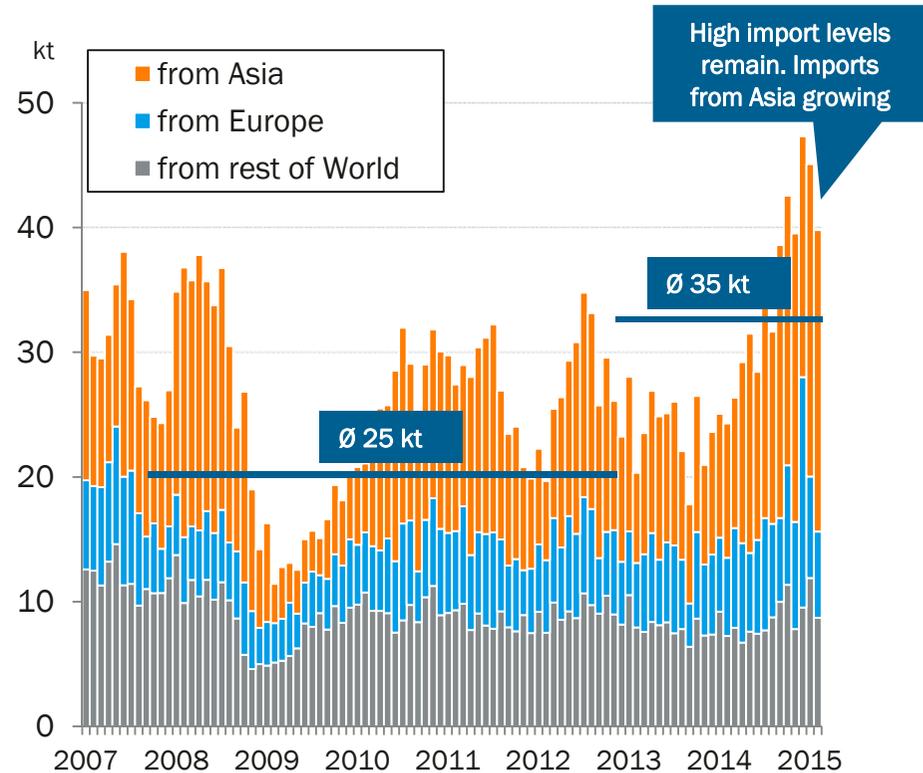
Third-country imports into Europe

Total market size 7.2 million tonnes in 2014



Third-country imports into the US

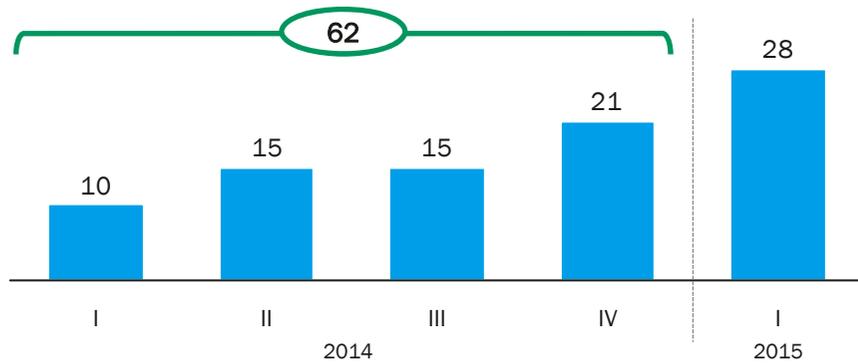
Total market size 3.7 million tonnes in 2014



Underlying EBIT development per business area

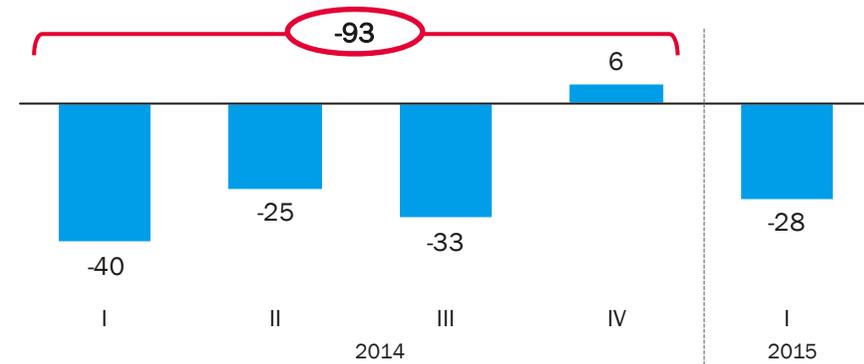
Coil EMEA

Underlying EBIT (EUR million)



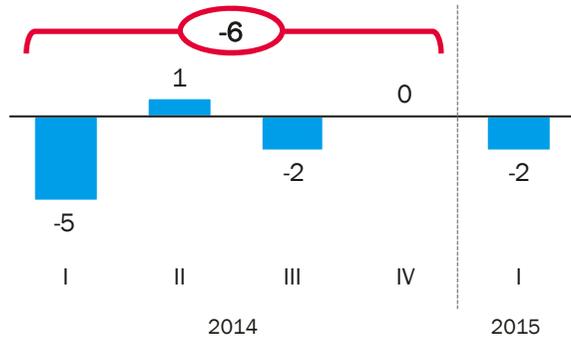
Coil Americas

Underlying EBIT (EUR million)



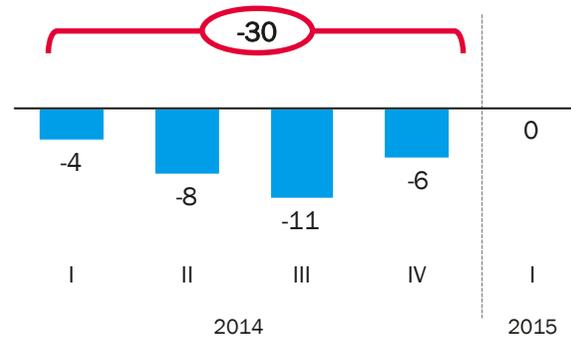
APAC

Underlying EBIT (EUR million)



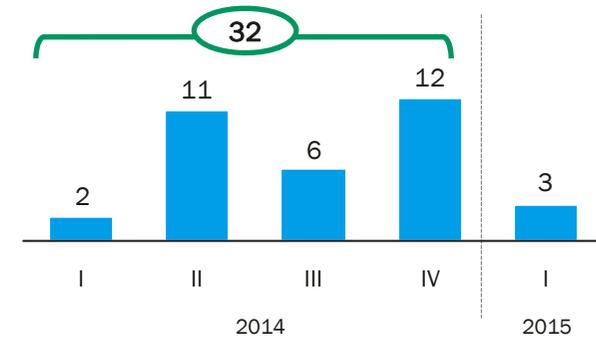
Quarto Plate

Underlying EBIT (EUR million)



Long Products

Underlying EBIT (EUR million)



Corrective actions to get Coil Americas back on track

Asian imports into Americas have continued to increase



Demand from distributor segment weak due to low nickel price and elevated stock levels



H2/14 technical issues in Calvert causing delivery challenges impacting order intake



Underlying EBIT deteriorated to EUR -28 million in Q1

FY15 delivery outlook revised down to 540,000 tonnes



Jose Ramon Salas as the new interim head for the BA

Dedicated task force to correct the course

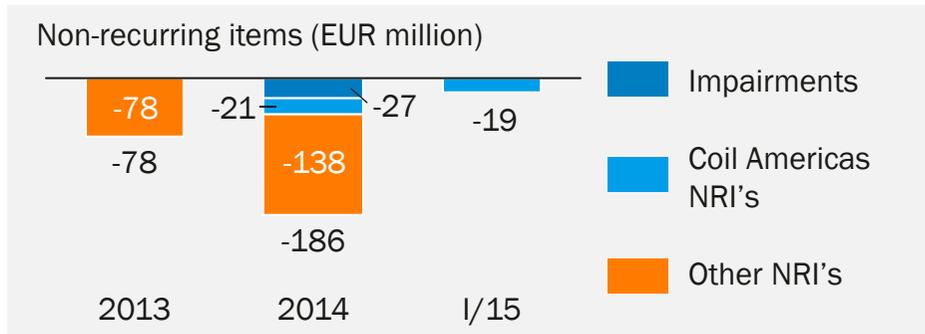
Contents

1. Q1/15 overview and strategic priorities
2. Financial performance
3. Outlook and guidance

Q1 key financials overview

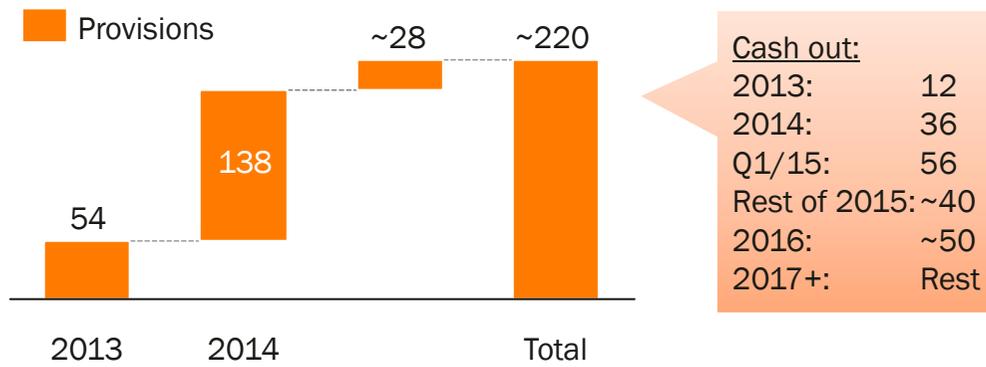
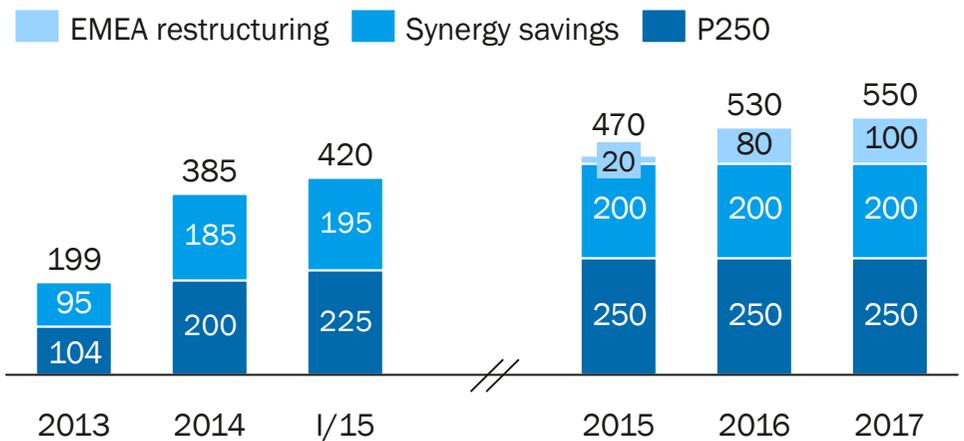
- Stainless steel deliveries grew by 9.2%
- Underlying EBIT improved as a result of higher volumes and steady performance in Coil EMEA
- NRI of EUR -19 million in Coil Americas related to CR issues in H2/2014
- EUR 7 million net effect of raw material-related inventory and derivative gains
- Cash flow somewhat better than expected

Group key figures				
EUR million	I/15	IV/14	I/14	2014
Stainless steel deliveries, kt	620	568	676	2,554
Sales	1,768	1,674	1,617	6,844
EBIT	-10	-36	-188	-243
EBIT excl. NRI	8	-9	-48	-57
Underlying EBIT ¹⁾	2	-9	-45	-88
Operating cash flow	-62	122	-14	-126
Capex (accounting)	26	54	15	127
Personnel at end of period	11,824	12,125	12,436	12,125



Good progress in cost saving programs

Cumulative savings 2013-2017 and related cash costs (EURm)



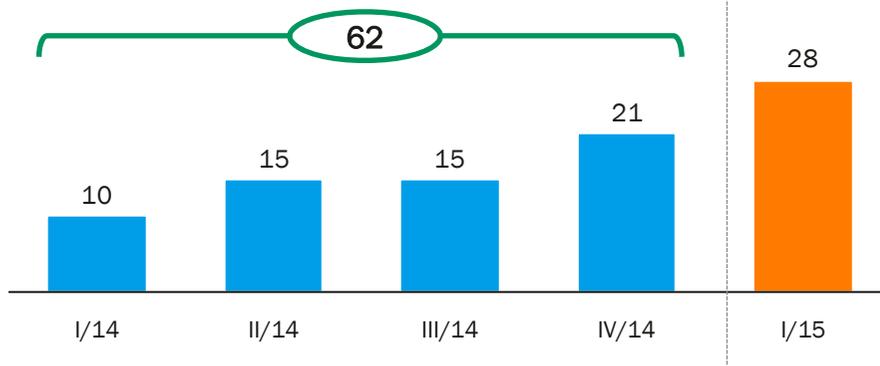
- Synergy savings EUR 10 million and P250 savings EUR 25 million in Q1, bringing total savings to date to EUR 420 million
- Additional EUR 50 million savings in 2015 to reach EUR 470 million
- EMEA restructuring impacts from H2/2015 onwards
- Total cash cost estimate for all three programs unchanged at ~EUR 220 million
- Cash outflow of EUR 56 million in Q1

Coil EMEA

EMEA key figures

EUR million	I/15	IV/14	I/14	2014
Stainless steel deliveries, kt	411	369	464	1,666
Ferrochrome external deliveries, kt	22	49	25	133
Sales	1,127	1,055	1,169	4,520
EBIT excl. NRI	48	19	6	78
Underlying EBIT	28	21	10	62
Operating capital	2,364	2,405	2,492	2,405

Underlying EBIT (EUR million)



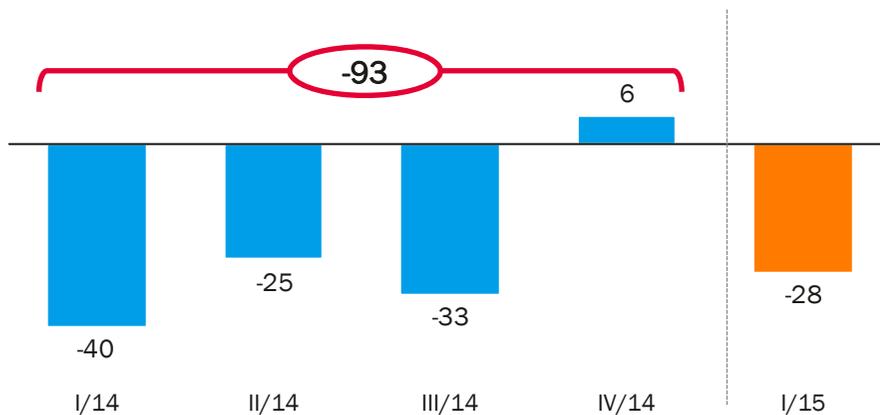
- Imports from China and Taiwan decreasing but Q1 order intake slow due to high stock levels
- Deliveries up by 11.4% q-o-q but lower y-o-y
- Better performance as a result of higher volumes and improved production efficiency in Tornio and Avesta
- OTK effective base price down by about EUR 35/t
- Ferrochrome production below target due to unplanned maintenance; production target adjusted to 470 kt for 2015
- Net effect of raw material-related inventory and metal derivative gains EUR 19 million due to positive hedging impact (Q4: EUR -3 million)

Coil Americas

Americas key figures

EUR million	I/15	IV/14	I/14	2014
Stainless steel deliveries, kt	126	126	135	541
Sales	308	297	254	1,158
EBIT excl. NRI	-30	-0	-36	-82
Underlying EBIT	-28	6	-40	-93
Operating capital	1,341	1,195	993	1,195

Underlying EBIT (EUR million)



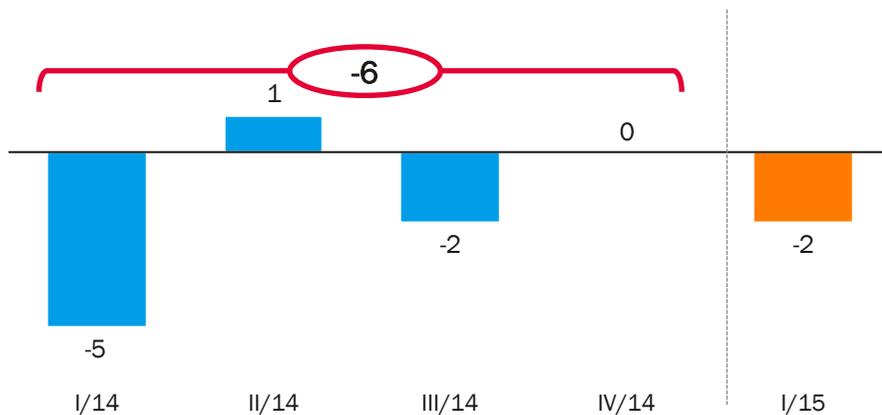
- Difficult market environment
 - Weak demand from the distributor sector
 - Continued high Asian imports into the US
 - Low nickel price
- Flat deliveries due to weak order intake
- Disappointing earnings impacted by
 - Lower contribution margin from suboptimal product mix
 - High operative cost in Calvert
 - USD/EUR currency translation impact
- NRI of EUR -19 million related CR technical issues in H2/2014

APAC

APAC key figures

EUR million	I/15	IV/14	I/14	2014
Stainless steel deliveries, kt	52	54	48	220
Sales	112	114	88	444
EBIT excl. NRI	-2	1	-5	-6
Underlying EBIT	-2	0	-5	-6
Operating capital	202	184	177	184

Underlying EBIT (EUR million)



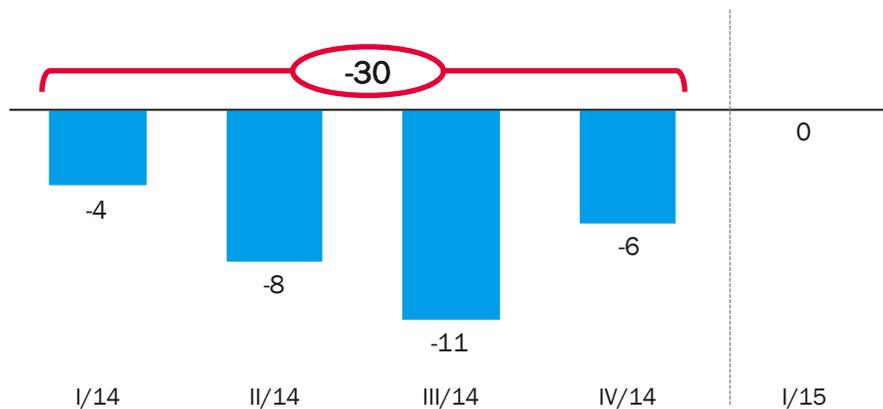
- Weak stainless steel market in APAC
 - Declining GDP growth in China
 - Pick up in market activity following the Chinese New Year failed to materialize
- Lower deliveries due to weak market and the Chinese New Year in February
- Profitability negatively impacted by declining nickel price and overall price pressure

Quarto Plate

Quarto Plate key figures

EUR million	I/15	IV/14	I/14	2014
Stainless steel deliveries, kt	26	24	24	98
Sales	122	120	102	450
EBIT excl. NRI	0	-9	-2	-26
Underlying EBIT	-0	-6	-4	-30
Operating capital	224	218	245	218

Underlying EBIT (EUR million)



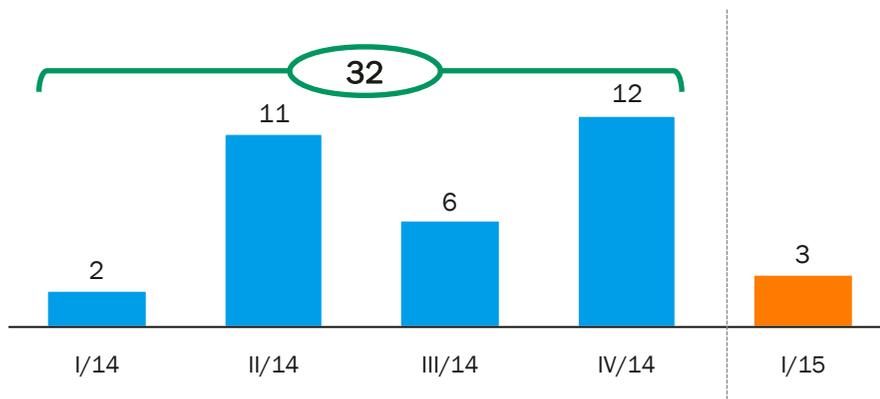
- Market environment continued weak with industrial customers hesitant to place new orders
 - Depressed investment climate
 - Low nickel price
- Prices for quarto plate products remained under pressure in both Europe and the US
- Deliveries grew by 8.3% mainly driven by increased volumes in Degerfors
- Breakeven underlying EBIT due to higher volumes

Long Products

Long Products key figures

EUR million	I/15	IV/14	I/14	2014
Stainless steel deliveries, kt	52	43	65	248
Sales	149	129	149	651
EBIT excl. NRI	4	11	0	33
Underlying EBIT	3	12	2	32
Operating capital	174	167	126	167

Underlying EBIT (EUR million)



- Overall demand weak
 - Low nickel price
 - Subdued project activity
- European market impacted by weakening euro and sluggish demand from the oil & gas sector
- Prices relatively stable in the US but under pressure in Europe
- Underlying EBIT down due to low utilization rate at the Sheffield melt shop and price pressures

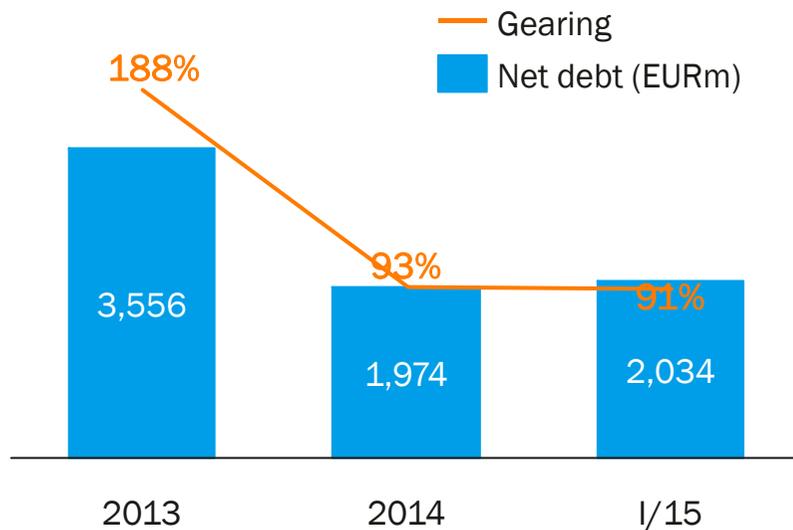
Operating cash flow

EUR million	I/15	IV/14	I/14	2014
Net cash from operating activities	-62	122	-14	-126
Net cash from investing activities	-31	-39	-42	-162
Free cash flow	-93	83	-56	-289
Cash and cash equivalents	298	191	880	191

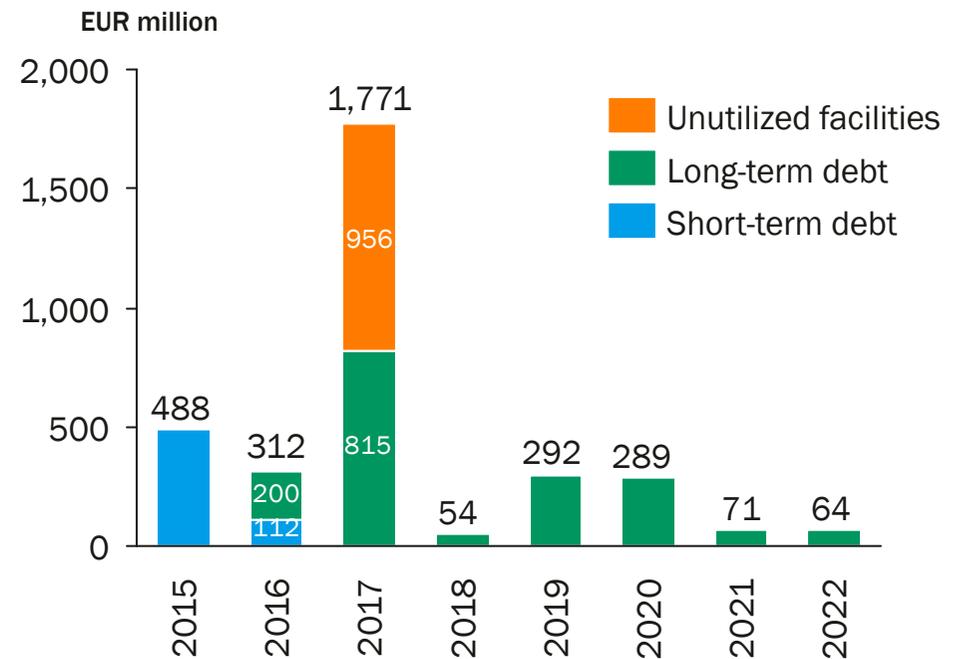
- Negative EUR 62 million operating cash flow
- Cash outflow from redundancy provisions EUR -61 million (EMEA -56 MEUR) and change in derivatives EUR -82 million offset by EUR 75 million of NWC release
- CAPEX kept at low level
- Quarterly financing cost inline with the guidance for the full year
- Overall liquidity reserves at EUR 1.3 billion

Debt and financing

Net debt and gearing



Debt maturity profile

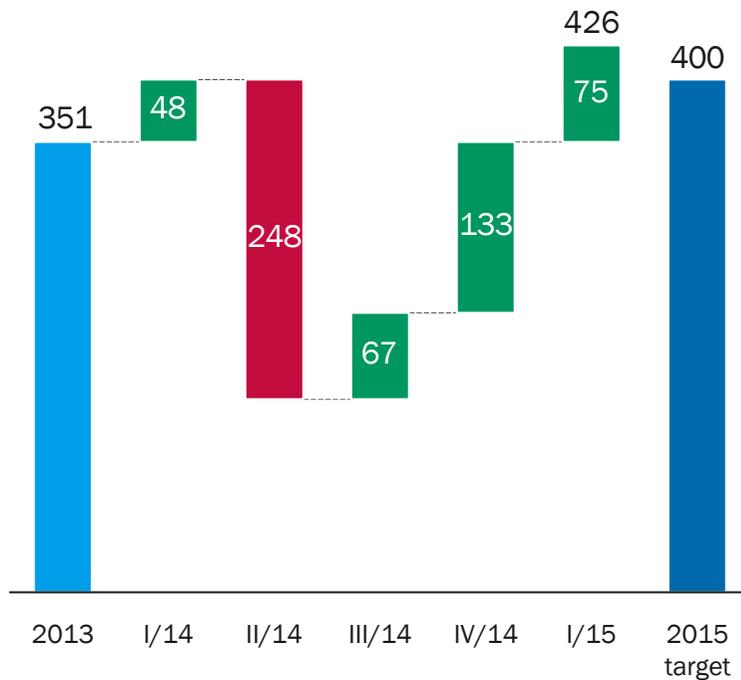


EUR 250 million convertible bond maturing 2020 was issued in February

EUR 75 million NWC release in Q1. Targeting cumulative EUR 400 million release in 2015

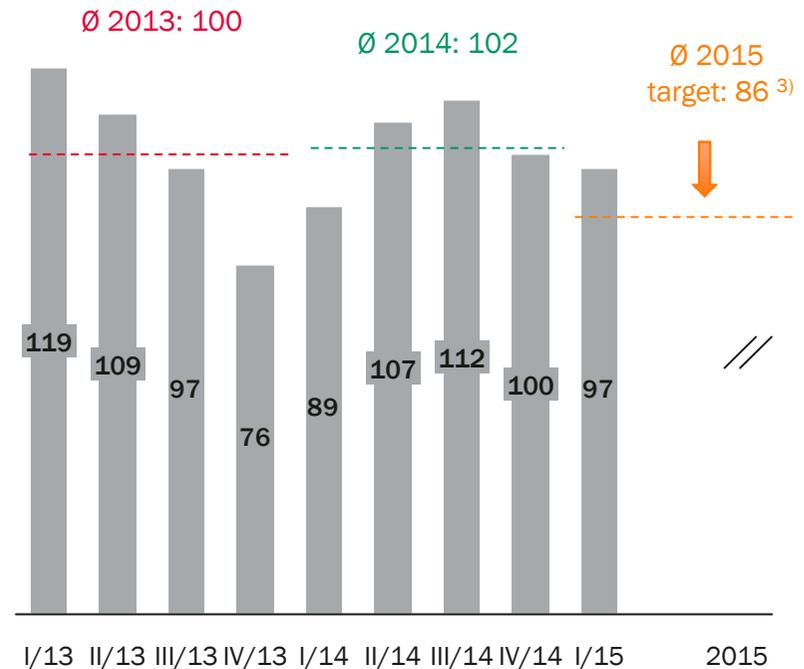
Cash flow from working capital change ¹⁾

EUR million



P400 program for further NWC release in 2015

Inventory days development ²⁾



Forward-looking inventory day definition displayed⁴⁾



- 1) Change in accounts payables, accounts receivables and inventories shown here differs from the change in WC as presented in CF statement which also includes provisions.
- 2) Figures exclude FeCr operations
- 3) 86 days target is an estimate based on similar sales configuration as 2014.
- 4) Since 2015 Outokumpu reports inventory days by comparing the current inventories with deliveries planned in following three months. History adjusted accordingly.

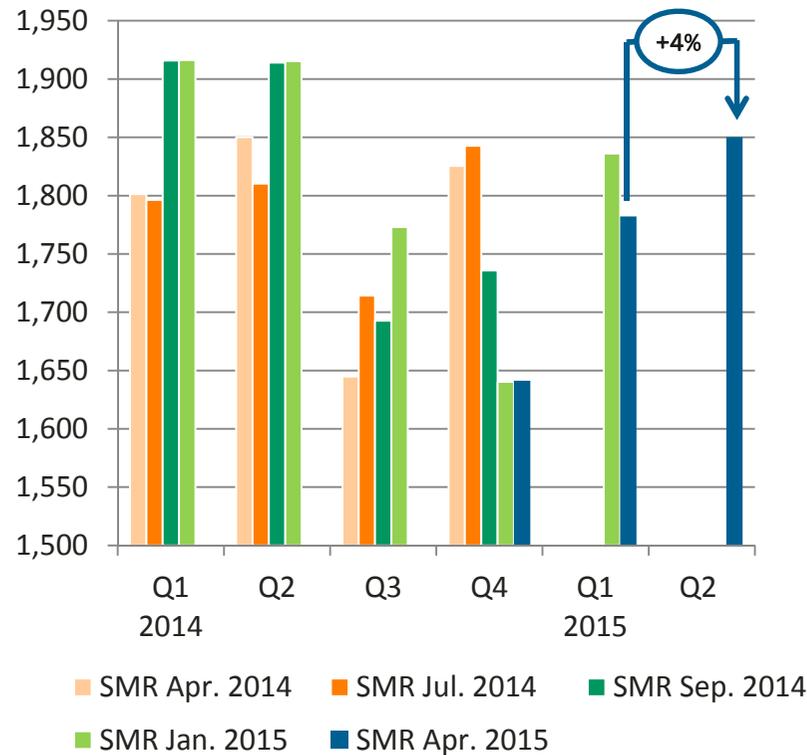
Contents

1. Q1/15 overview and strategic priorities
2. Financial performance
3. Outlook and guidance

Market forecast shows 4% stainless steel demand growth in both EMEA and Americas for Q2

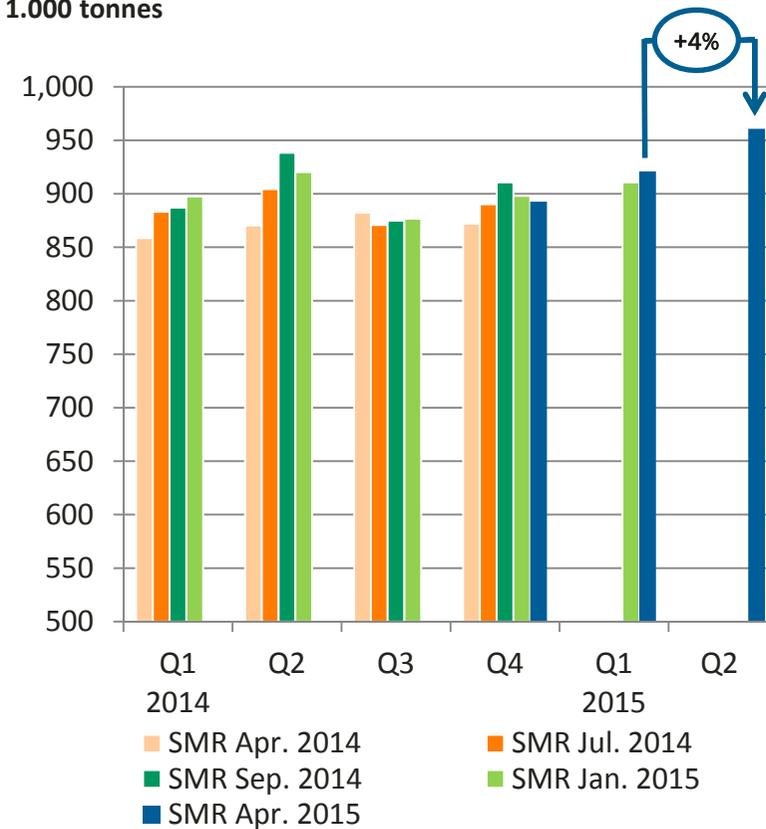
EMEA total stainless steel real demand¹⁾

1.000 tonnes



Americas total stainless steel real demand¹⁾

1.000 tonnes



1) Total stainless = rolled & forged products, excl. 13Cr tubes, profiles

Business and financial outlook for Q2 2015

Market outlook for stainless steel varies by region

In Europe, order intake improving and underlying demand remaining relatively healthy

In the Americas, pressure from Asian imports continues and low nickel price puts constraints on distributor sector

Markets in the APAC under pressure

Outokumpu estimates

Flat delivery volumes q-o-q; deliveries expected to increase somewhat in Europe and decrease in Americas

Slightly negative underlying EBIT in Q2 for the Group driven by weaker profitability in Coil Americas

With current prices, the net impact of raw material-related inventory and metal hedging gains/losses on profitability expected to be marginal, if any



Clear priorities for 2015

1. Turning Coil Americas back on track
2. Continued profitability improvement in all business areas
3. Further progress in savings programs
4. Debt reduction and keeping financing costs intact
5. NWC management and cash flows



Aiming for a clear improvement in profitability this year despite the set-back in Coil Americas

Q&A



For more information, call Outokumpu Investor Relations or visit www.outokumpu.com/investors

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Appendix

Outokumpu balance sheet

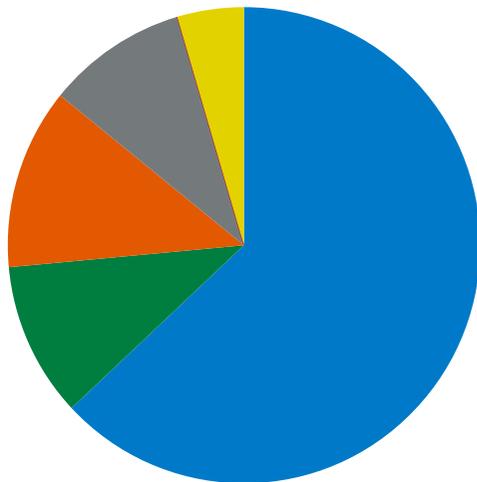
Assets (MEUR)	31.3.15	31.12.14
Non-current assets		
Intangible assets	576	567
Property, plant and equipment	3,237	3,138
Investments in associated companies and joint ventures	79	78
Other financial assets	28	29
Deferred tax assets	53	44
Defined benefit plan assets	39	36
Trade and other receivables	15	12
Total non-current assets	4,026	3,904
Current assets		
Inventories	1,628	1,527
Other financial assets	84	40
Trade and other receivables	853	749
Cash and cash equivalents	298	191
Total current assets	2,863	2,507
Total assets	6,889	6,411

Outokumpu balance sheet

Equity and liabilities (MEUR)	31.3.15	31.12.14
Total equity	2,223	2,132
Non-current liabilities		
Non-current debt	1,732	1,597
Other financial liabilities	16	18
Deferred tax liabilities	36	31
Defined benefit and other long-term employee benefit obligations	392	372
Provisions	140	198
Trade and other payables	47	47
Total non-current liabilities	2,364	2,262
Current liabilities		
Current debt	600	569
Other financial liabilities	117	87
Provisions	26	26
Trade and other payables	1,559	1,335
Total current liabilities	2,303	2,016
Total equity and liabilities	6,889	6,411

Cost analysis Q1 2015

Operative cost components ¹⁾



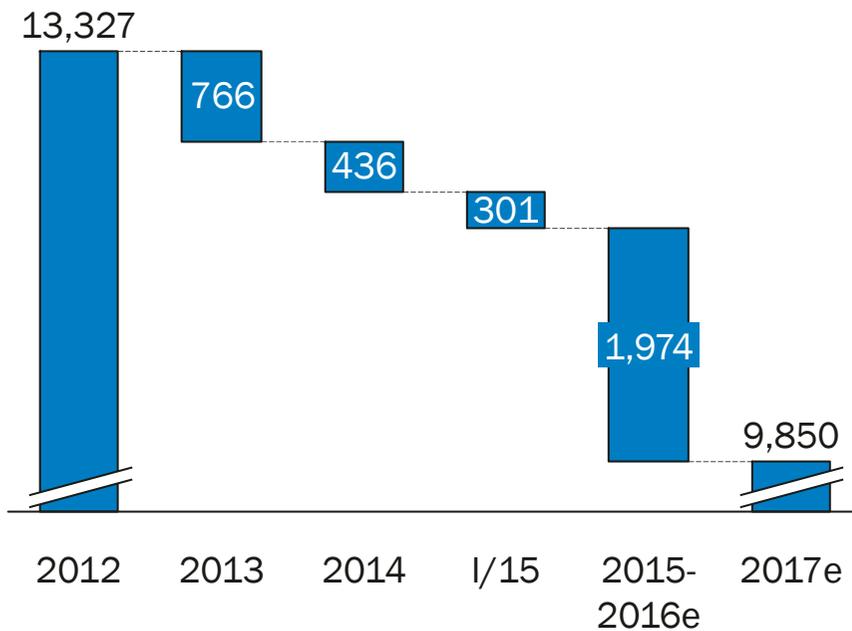
- Raw materials
- Personnel
- Energy and consumables
- Other cost of sales
- SG&A (excl. personnel and D&A)
- D&A total

Comments

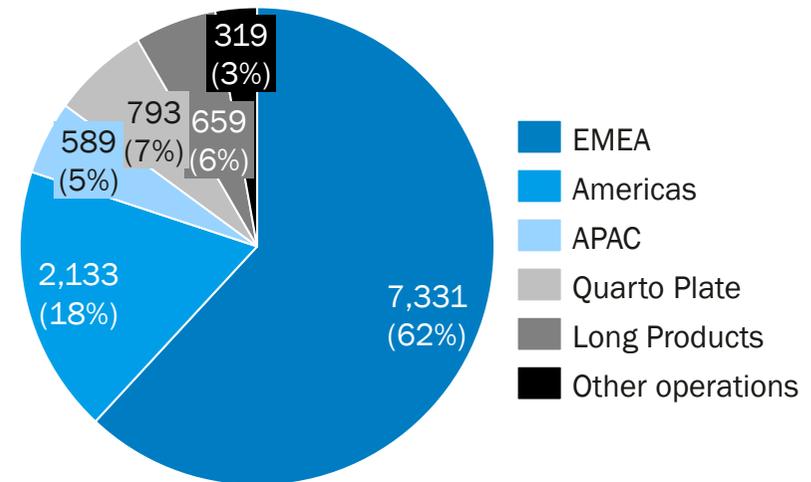
- Raw materials account for around 63% of the total operative costs of the Group
- Energy and other consumables account for some 10-15% of the total operative costs
- Personnel expenses some 10% of the total operative costs
- Other cost of sales includes e.g. freight, maintenance and rents and leases

Headcount reductions

Total headcount reduction ¹⁾



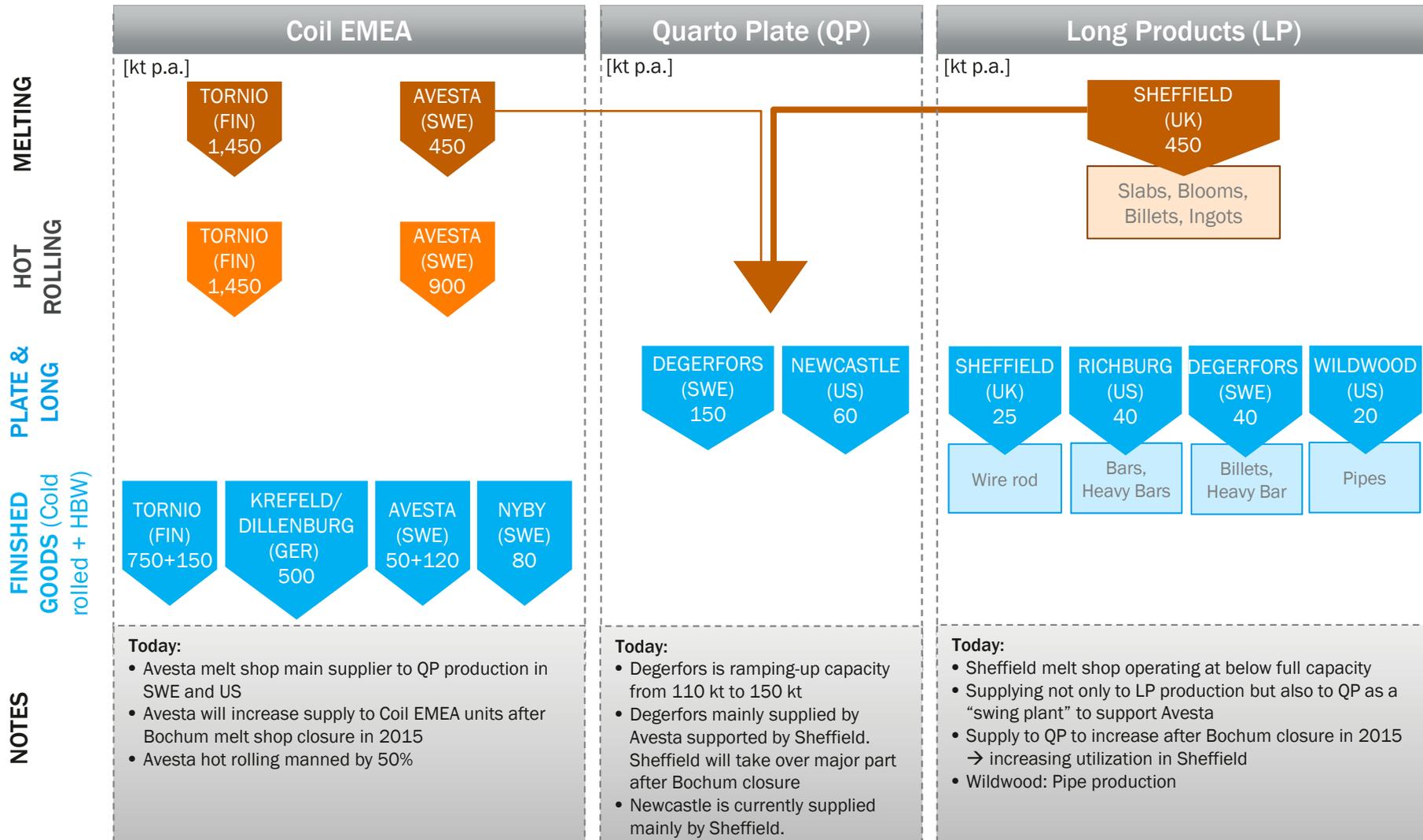
Personnel per BA at the end of Q1/15



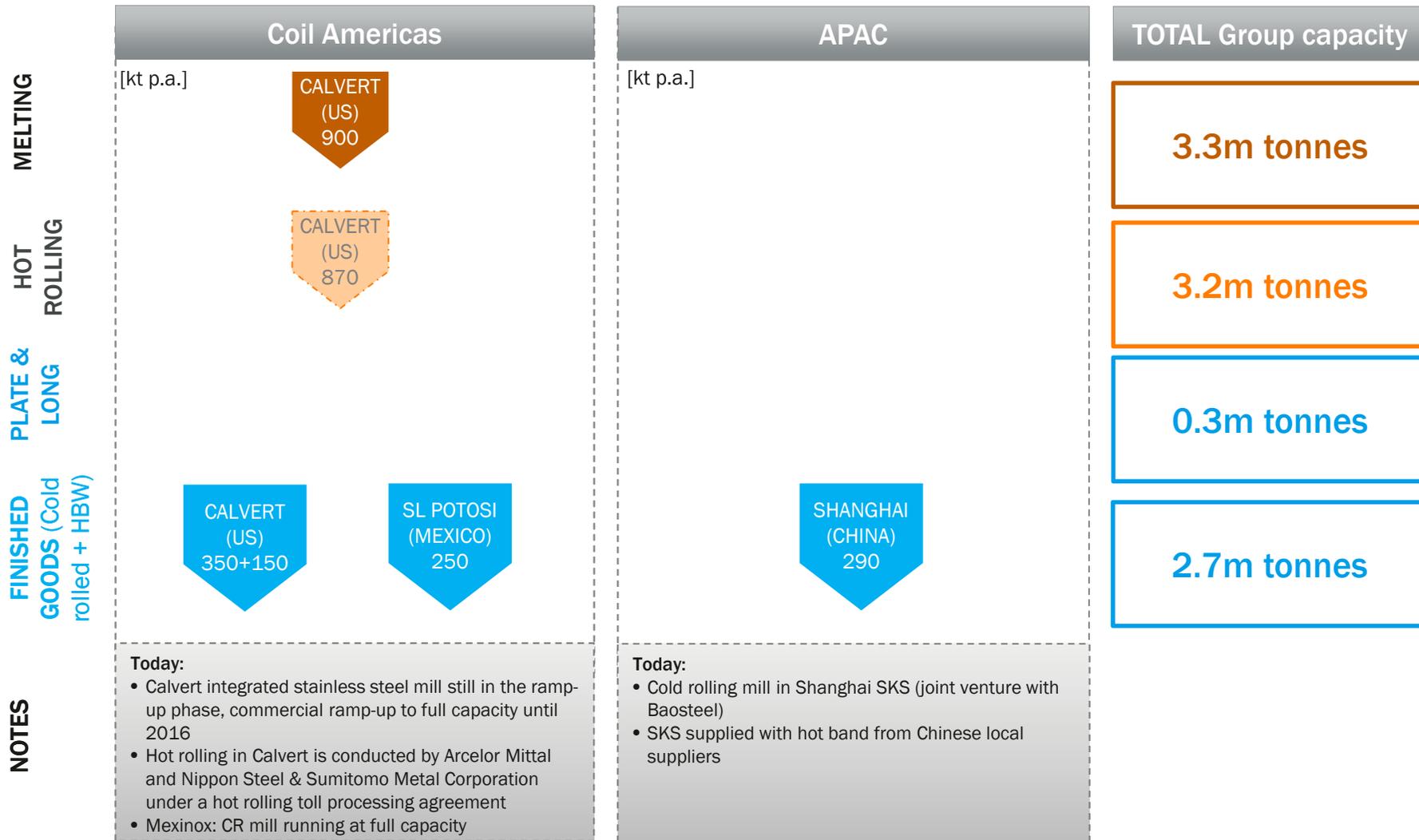
- Overall target is to reduce global headcount by up to 3,500 between 2013–2017

1) 2012: Total Group excl. OSTP, Terni remedy assets, VDM, certain service centers (Willich initial remedy headcount)

Capacities and production flow following restructuring



Capacities and production flow ('to be' state)

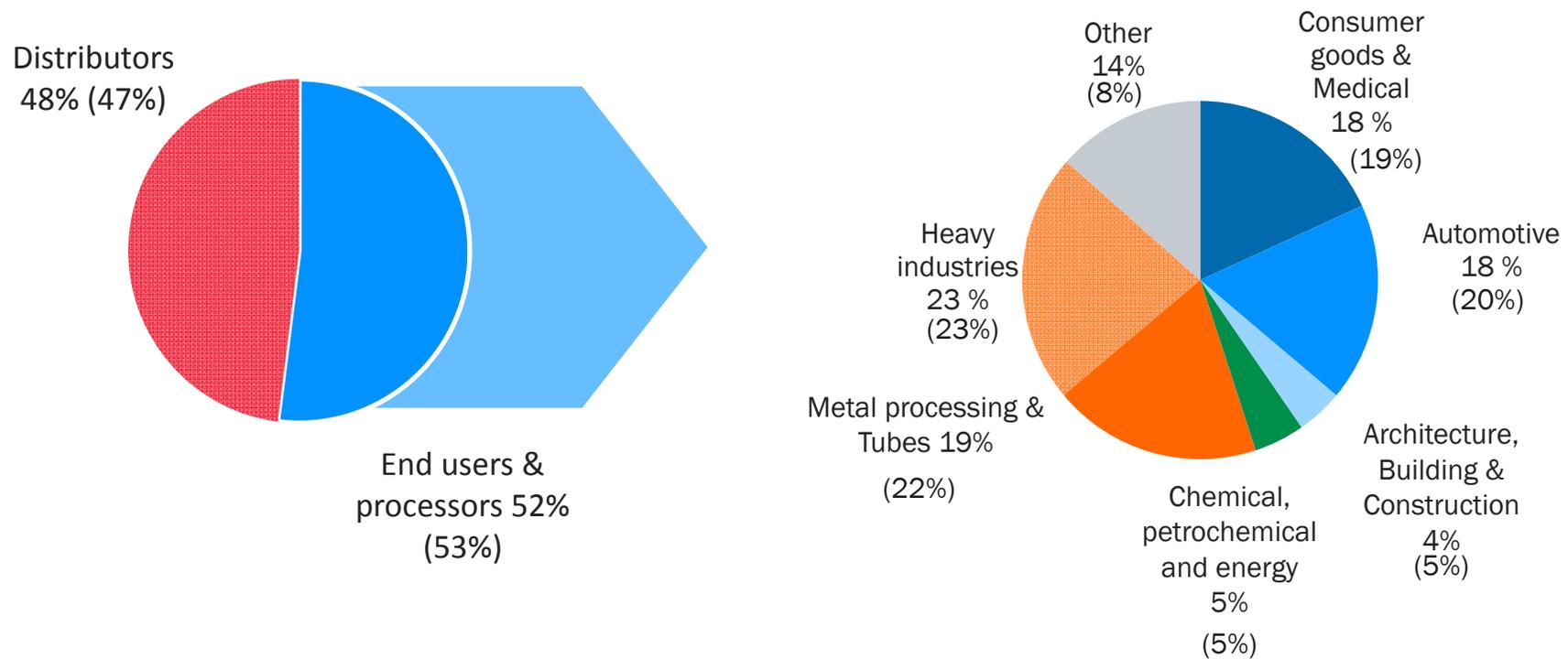


Balanced customer base across industries

Sales by customer segment ¹⁾

Sales by end-customer segment ¹⁾

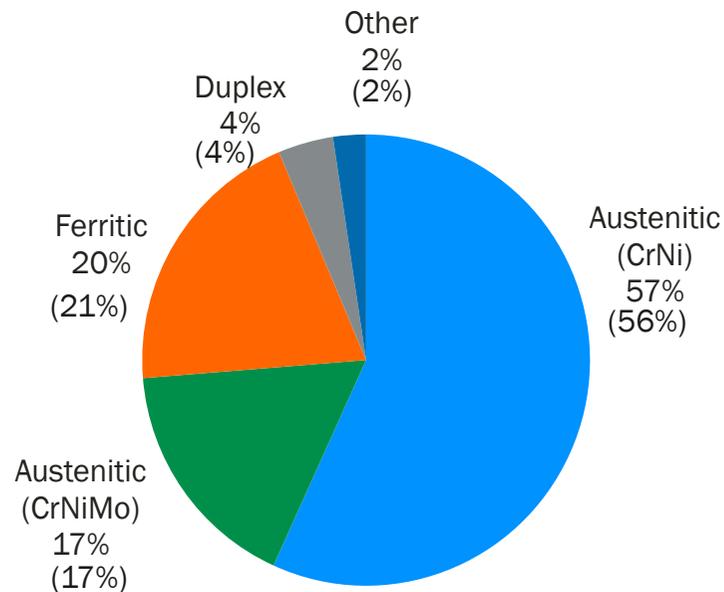
Healthy balance between end-customer segments across both investment and consumer driven industries



¹⁾ Management estimates Q1 2015, for continuing operations. FY 2014 figures in parenthesis

Broadest product portfolio across stainless steel

Deliveries by product grade ¹⁾



- Outokumpu has a broad product portfolio to serve all customers
- Significantly higher share of ferritic grades leads into reduced sensitivity to nickel price volatility²⁾
- Outokumpu product mix closely resembles the overall market mix by grade

All product forms offered

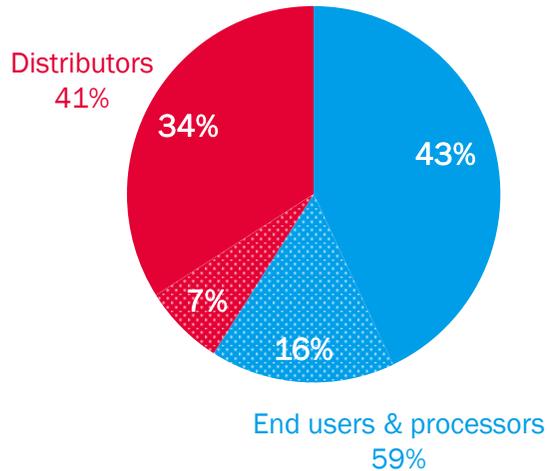


1) Management estimates Q1 2015, for continuing operations. FY 2014 figures in parenthesis

2) Standalone Outokumpu had only a 5% share of ferritics vs. ~20% for the combined entity.

Balanced customer base and comprehensive service center network in Europe

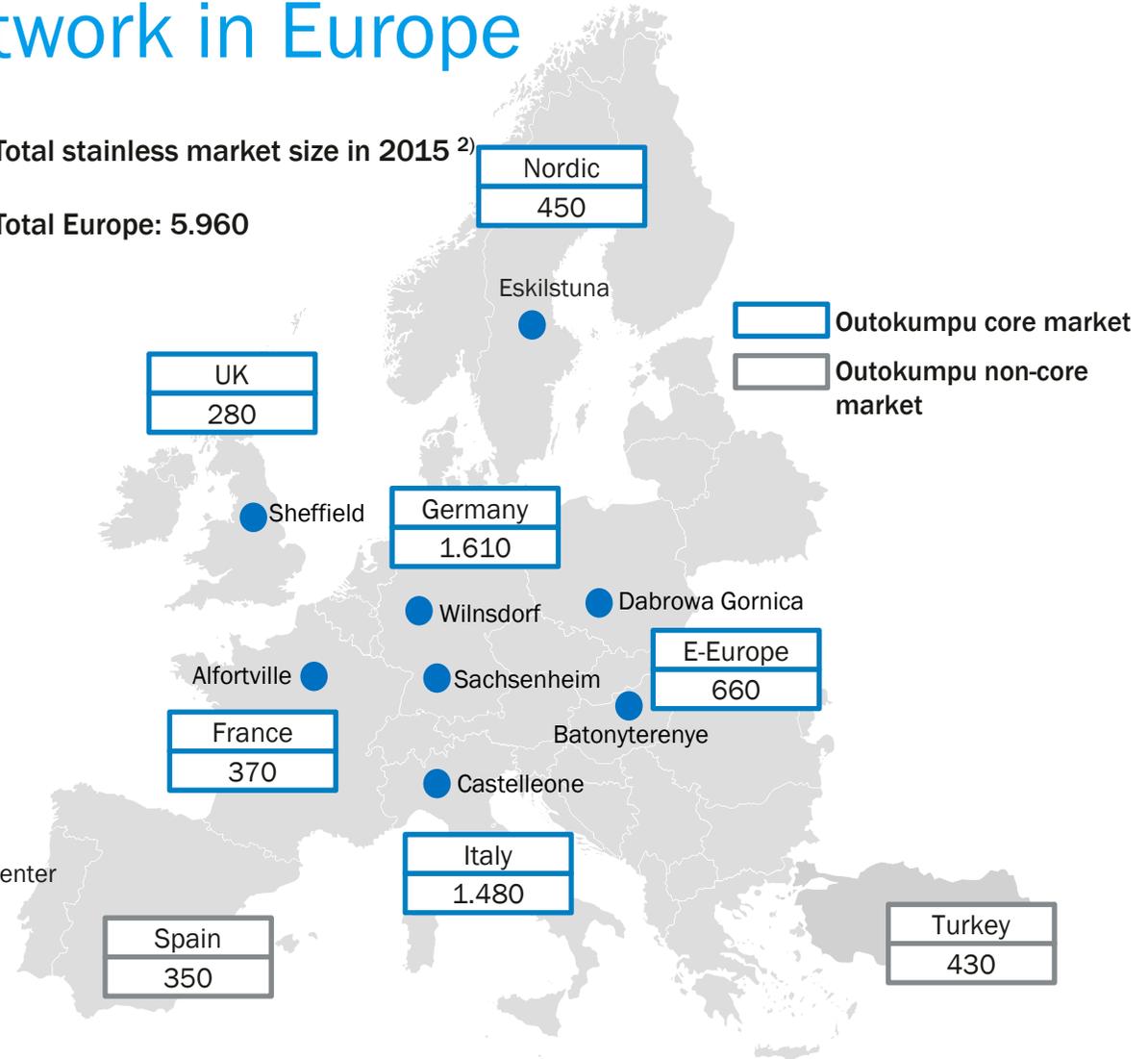
Coil EMEA sales by customer segment ¹⁾



- End users and processors direct sales
- End users and processors through internal service center
- Distributors through internal service centers
- Distributors direct sales

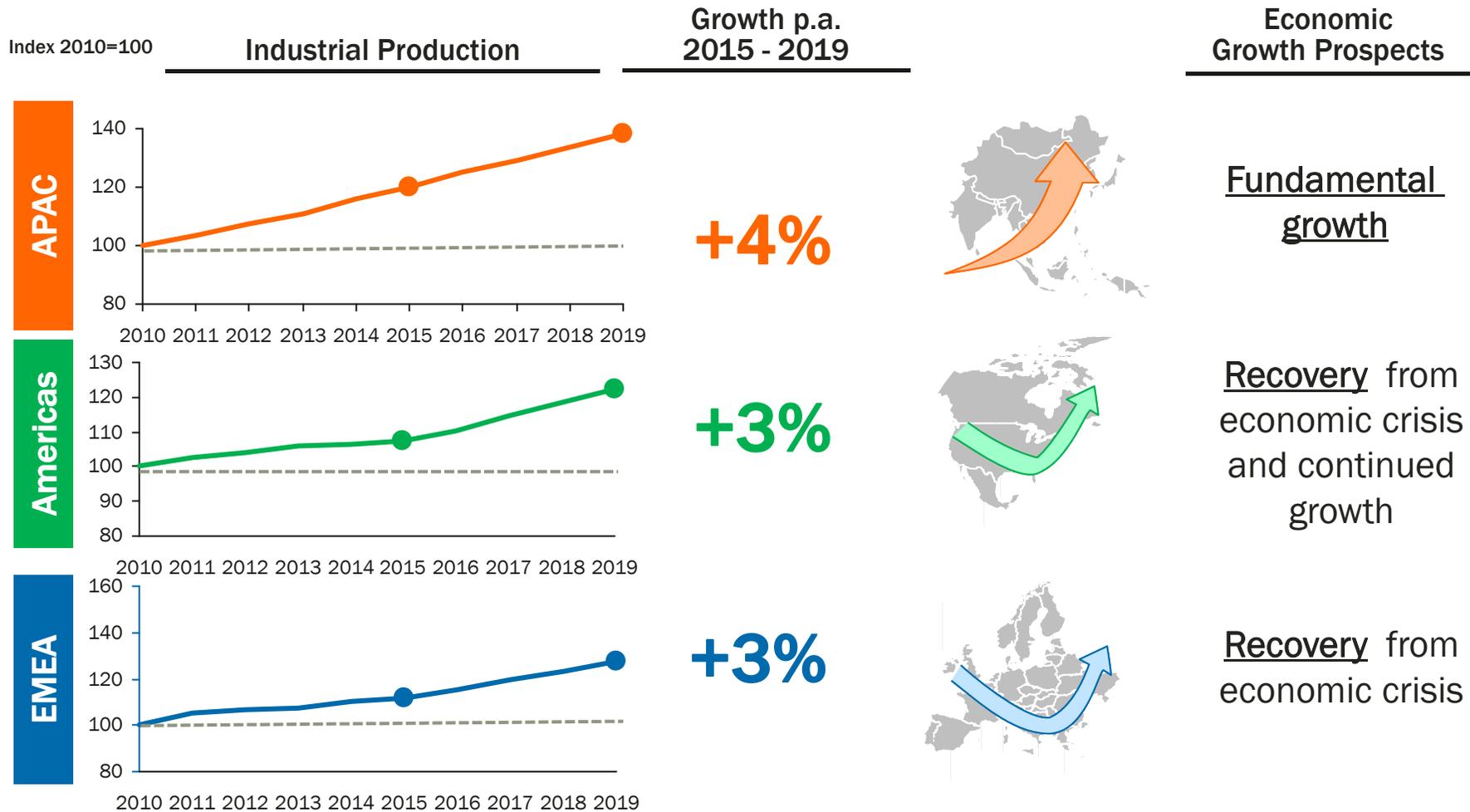
Total stainless market size in 2015 ²⁾

Total Europe: 5.960



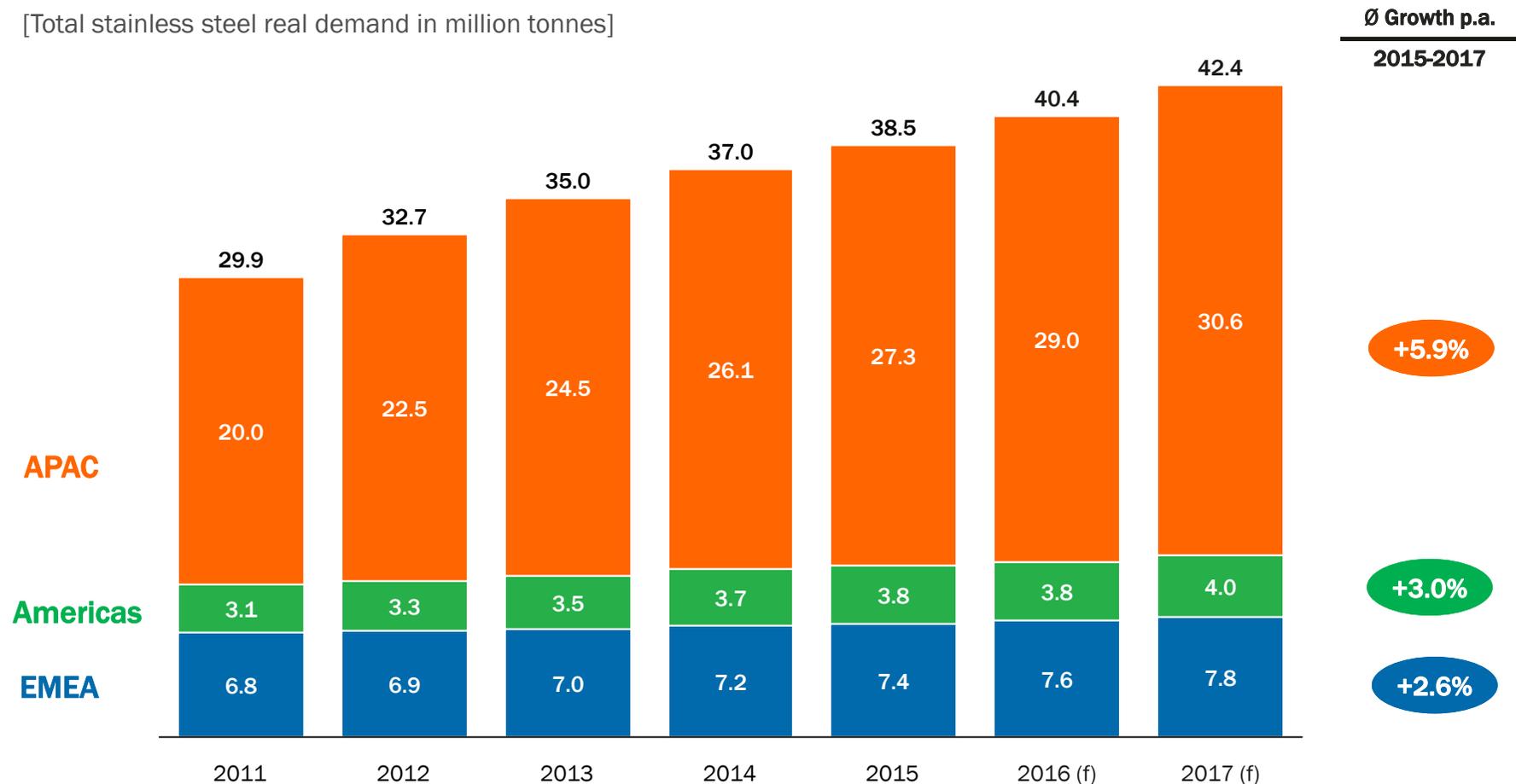
1) Coil EMEA sales Q1 2015, for continuing operations.
 2) Source: SMR Real Demand April 2015. Total stainless = rolled & forged, excl. 13Cr tubes, profiles. 1,000 tonnes

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

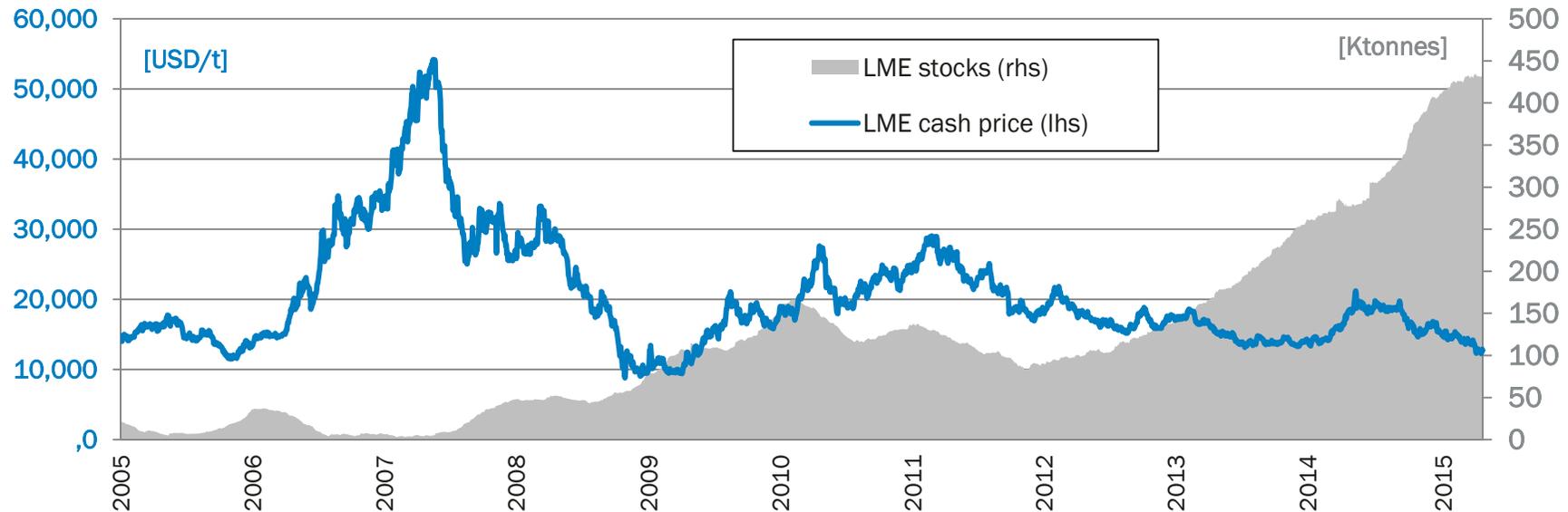


... leads to growing stainless steel consumption mainly in APAC, and to some extent in Americas and EMEA

[Total stainless steel real demand in million tonnes]

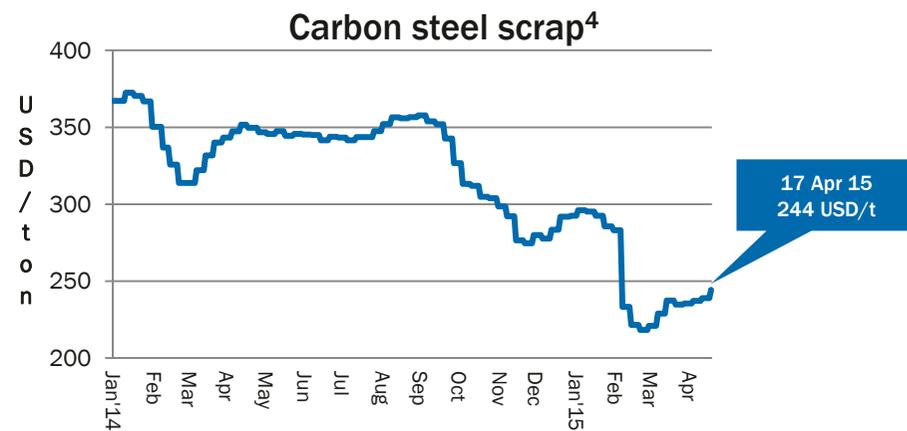
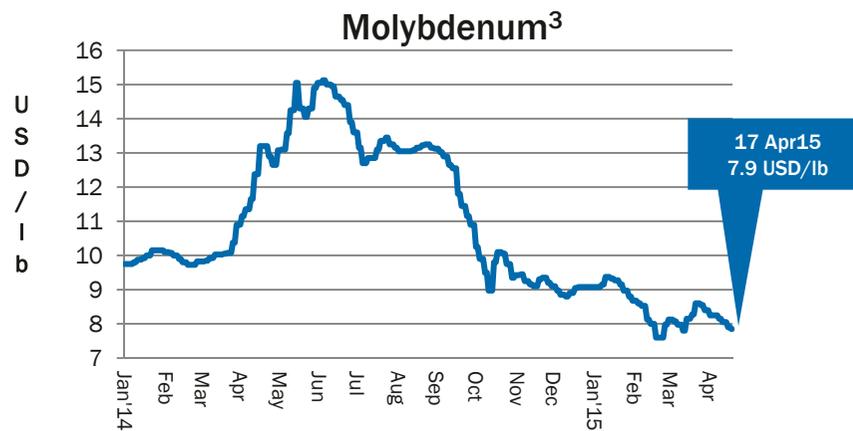
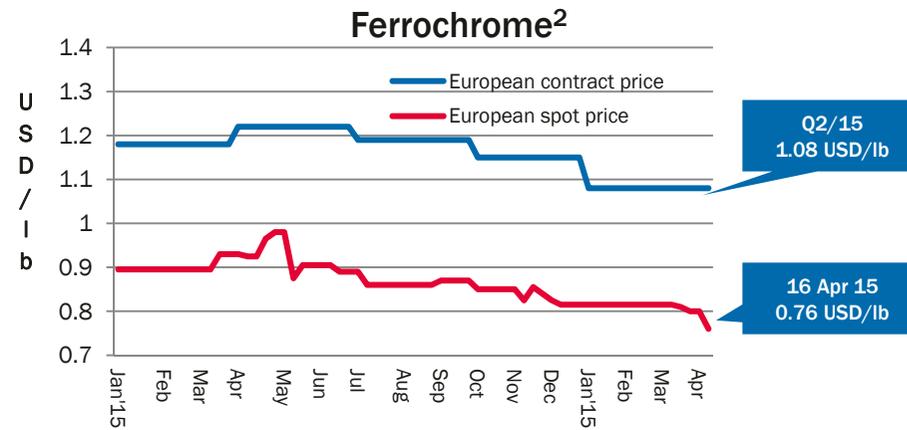
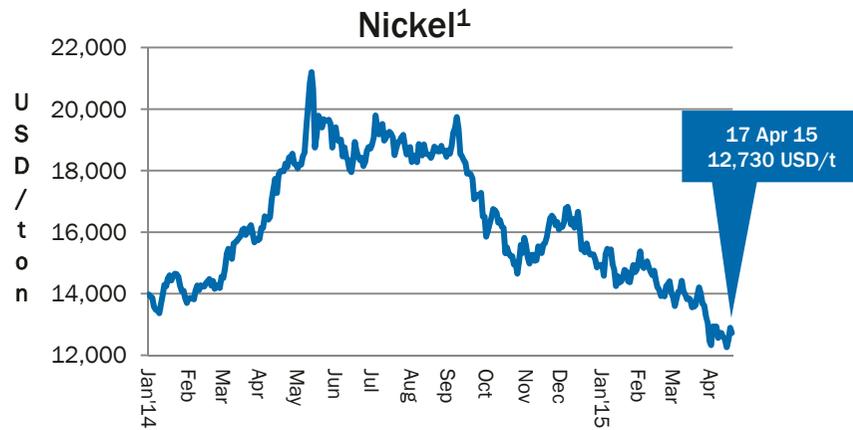


Nickel price development



- o The nickel price was at its highest value of the quarter at 15,455 USD/tonne in early January, and retreated thereafter closing the quarter at lowest value of 12,460 USD/tonne. Prices were under pressure due to weak demand in most regions and still good availability, despite of the Indonesian nickel ore export ban. Rapidly strengthening US dollar and investors' general reallocation from the commodities space were also eroding the prices. The average price in the quarter was 14,348 USD/tonne, 9.1% lower than 15,783 USD/tonne in the fourth quarter of 2014.
- o LME stocks still close to all-time highs at ~430kt. Current levels equal to more than 20% of the annual consumption, which explains the very lackluster price performance since the third quarter of 2014.

Raw materials - price development



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