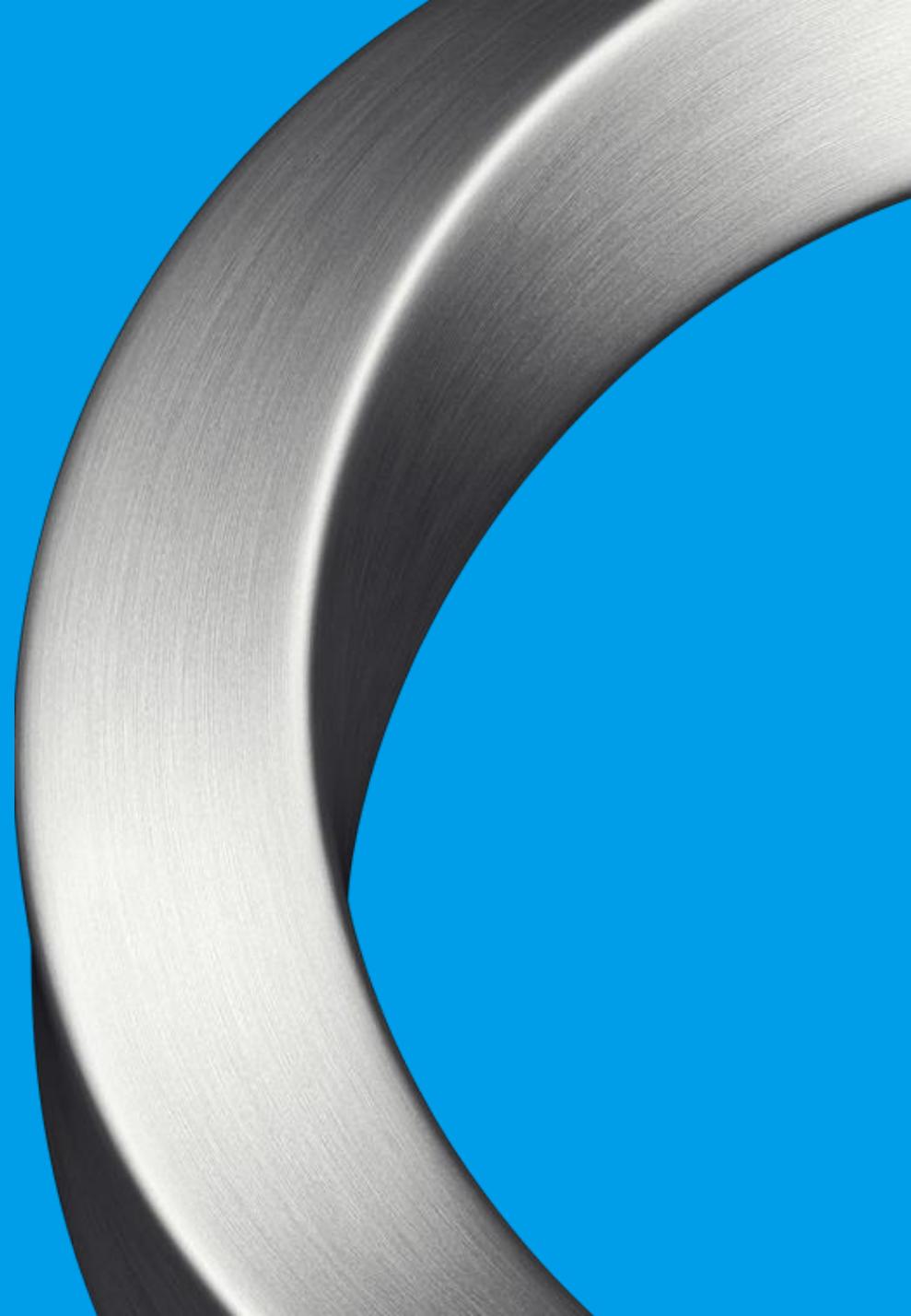


Annual Accounts 2016

CEO Roeland Baan
CFO Chris de la Camp

February 2, 2017



Today's attendees from Outokumpu



Roeland Baan
CEO



Chris de la Camp
CFO



Tommi Järvenpää
Director
Investor Relations

Disclaimer

This presentation contains, or may be deemed to contain, statements that are not historical facts but forward-looking statements. Such forward-looking statements are based on the current plans, estimates and expectations of Outokumpu's management based on information available to it on the date of this presentation. By their nature, forward-looking statements involve risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. Future results of Outokumpu may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. Factors that could cause such differences include, but are not limited to, the risks described in the "Risk factors" section of Outokumpu's latest Annual Report and the risks detailed in Outokumpu's most recent financial results announcement. Outokumpu undertakes no obligation to update this presentation after the date hereof.

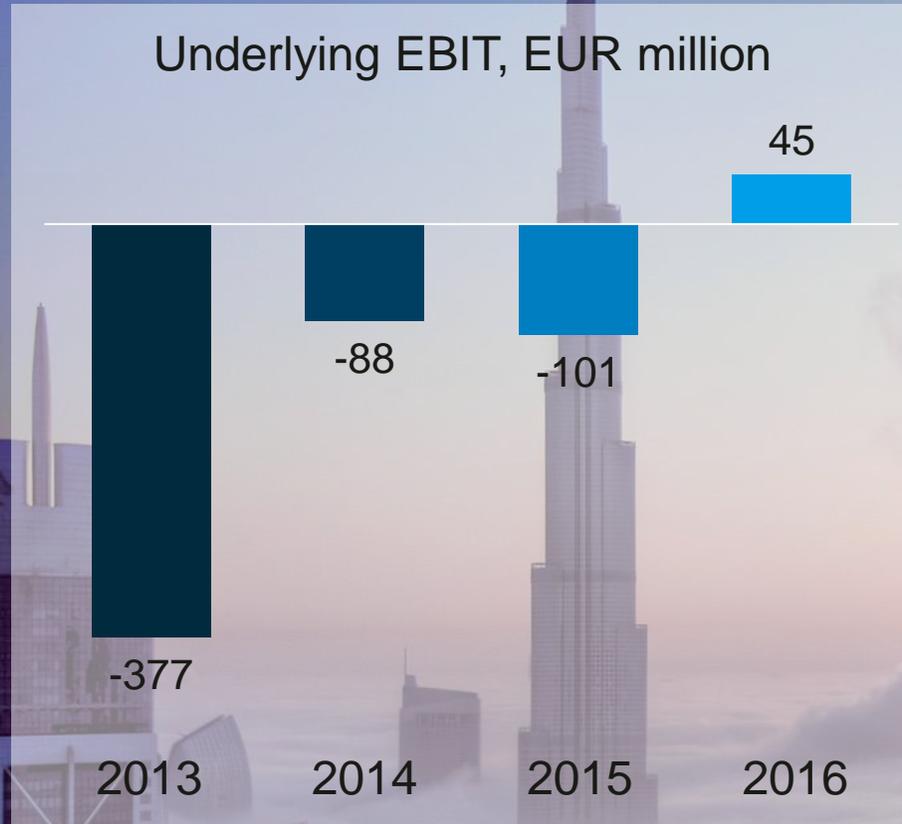
Best **value creator**
in stainless steel
by 2020 through
customer orientation
and efficiency

1. Customers
2. Shareholders
3. Employees

Time bound:
sense of urgency

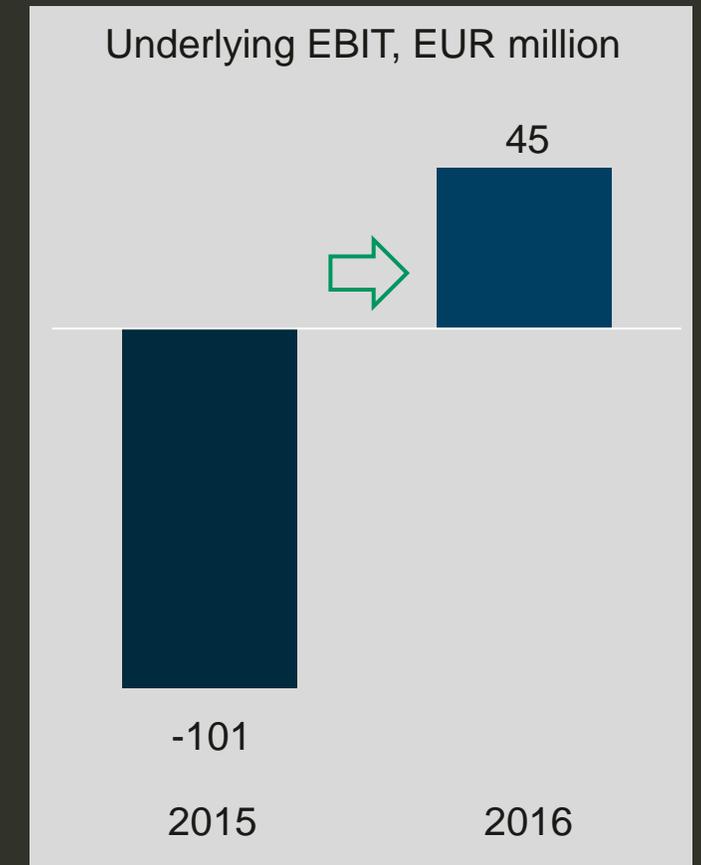
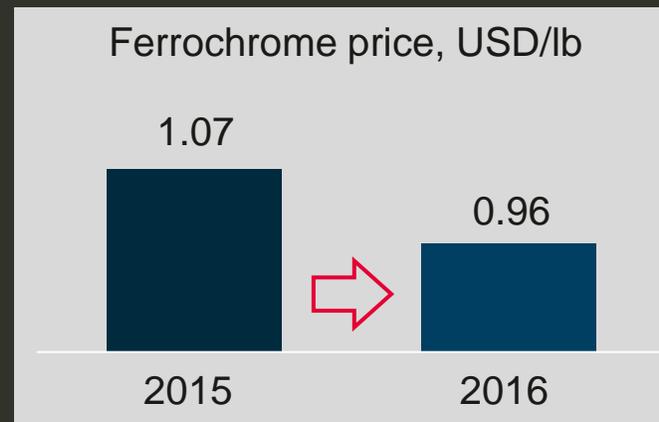
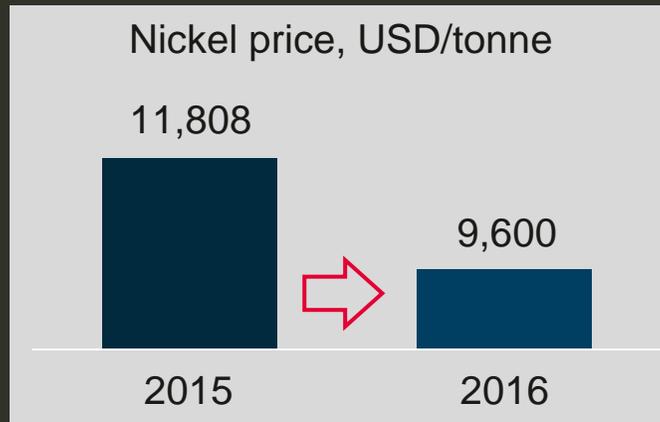
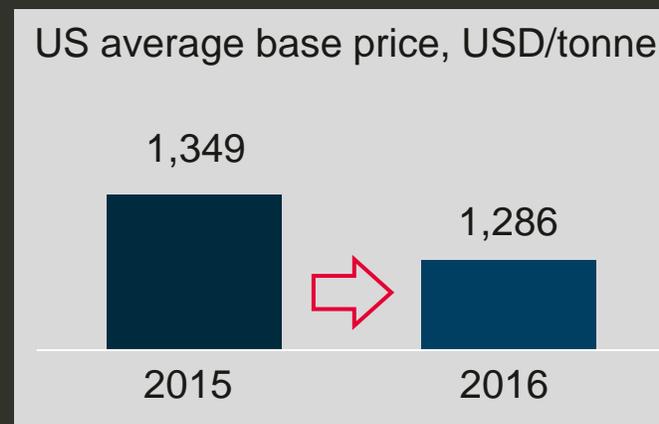
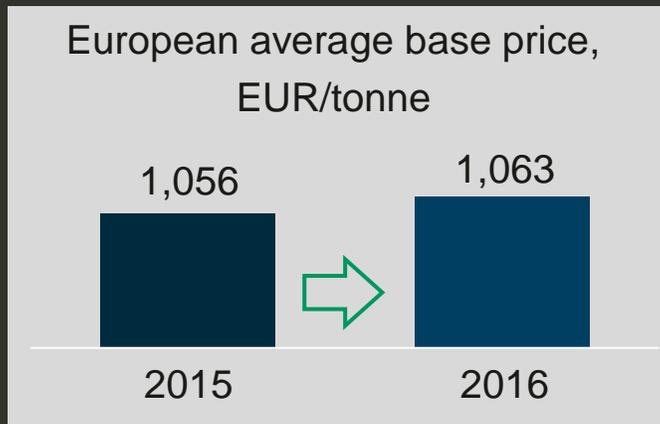
Back to basics

Otokumpu returned to profitability in 2016

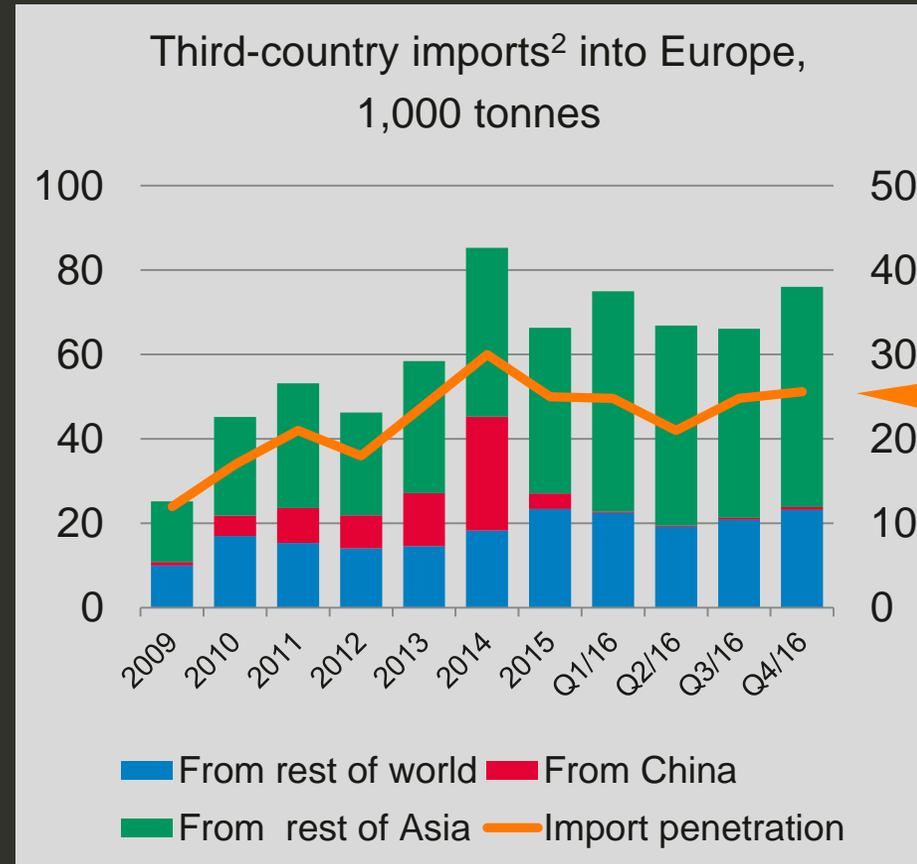
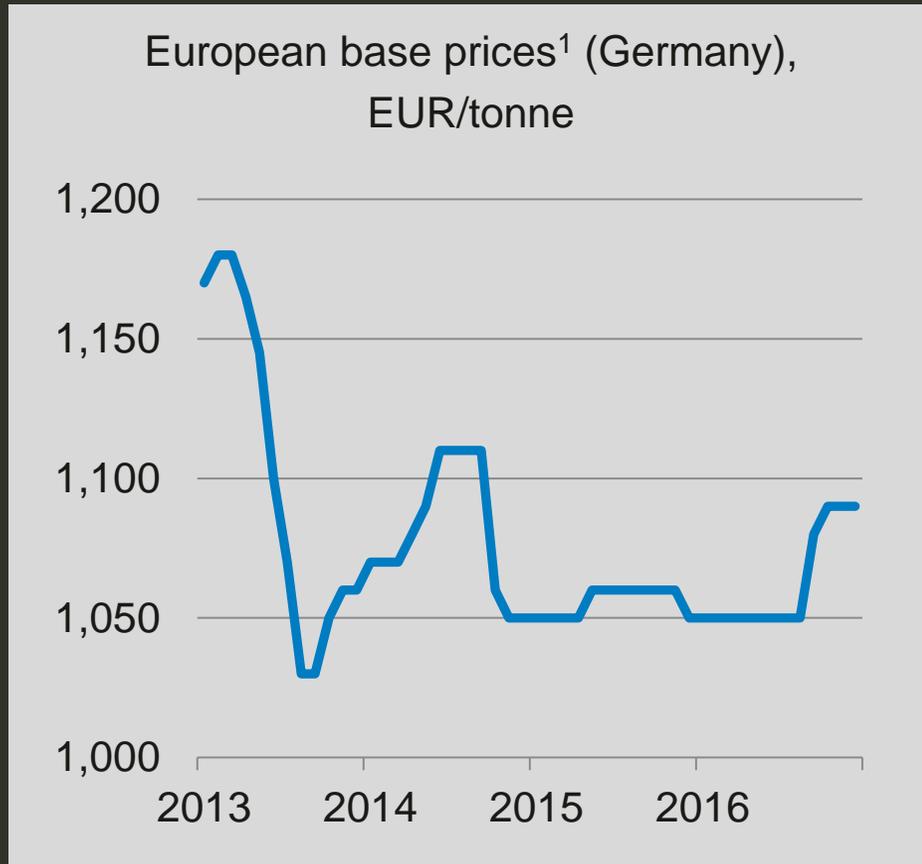


- Significant reduction in costs
- Great progress in Americas
 - Delivery volumes up
 - Profitability gradually improving
 - Q4 negatively impacted by cost of EUR 9 million related to supplier invoicing correction
- NWC release target overachieved
- Strong cash flow
- Significant net debt reduction
- The Board of Directors proposes a dividend of EUR 0.10 per share for 2016

Profitability improved despite challenging markets

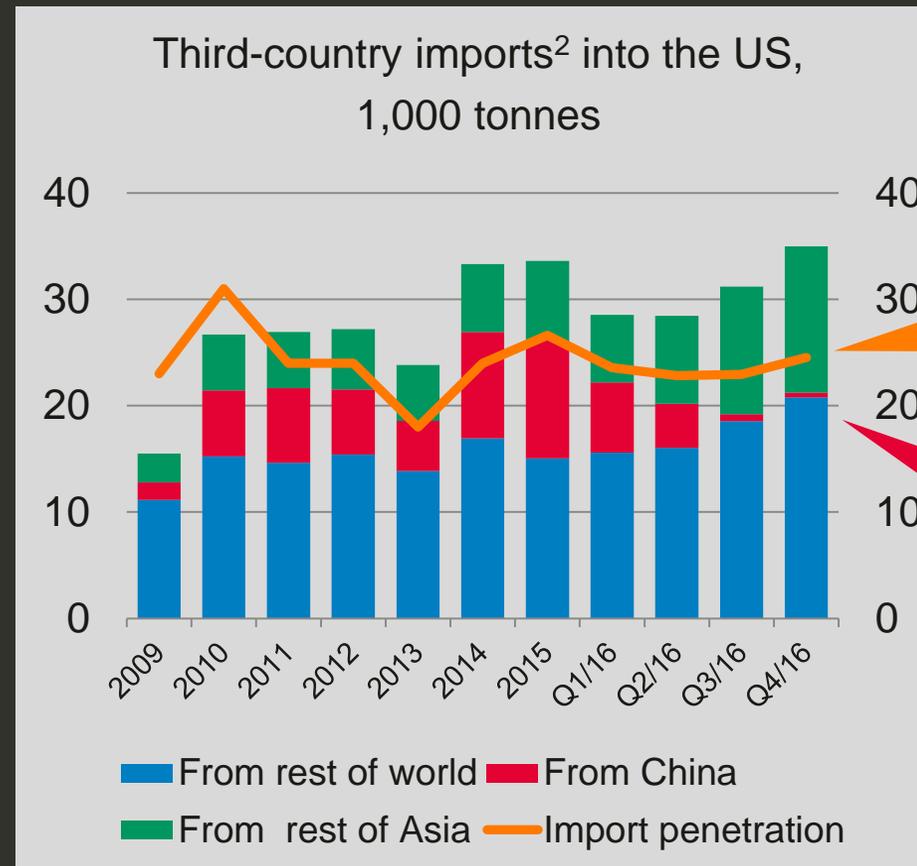
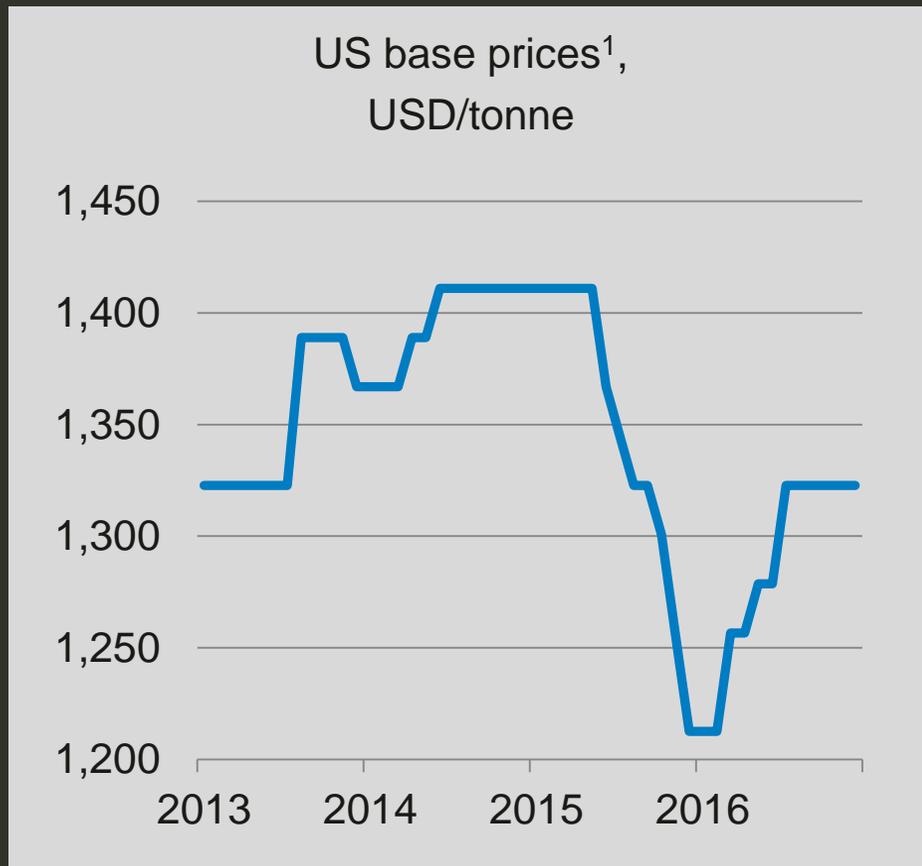


European base prices trending up



Import penetration increased to 25.6% in Q4

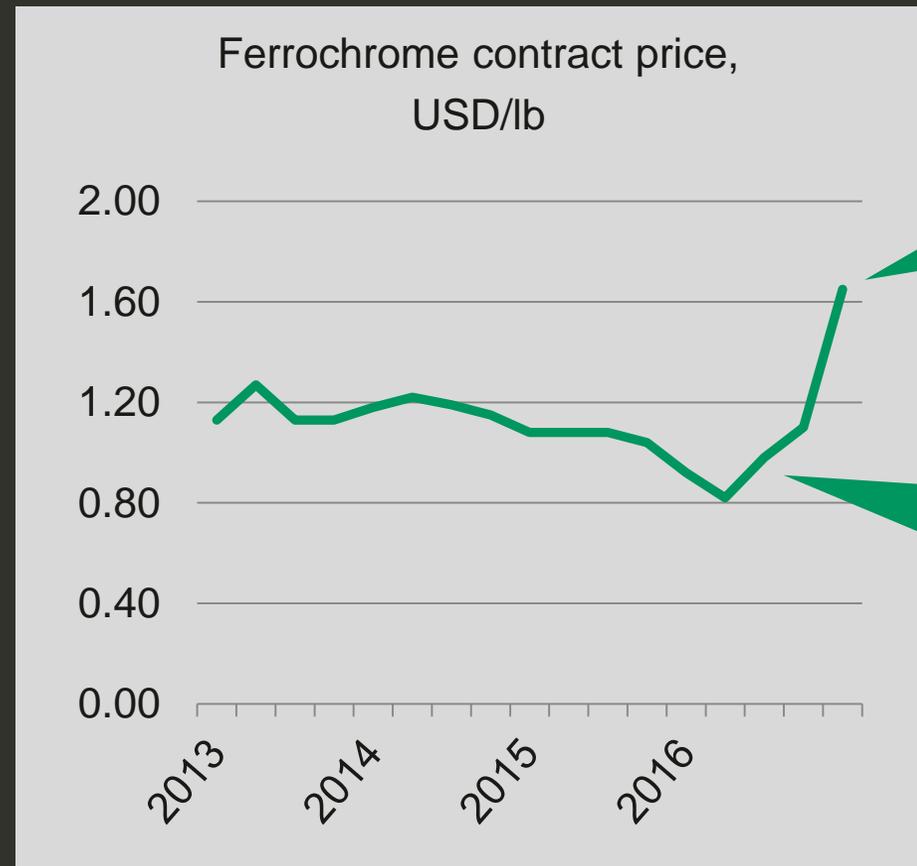
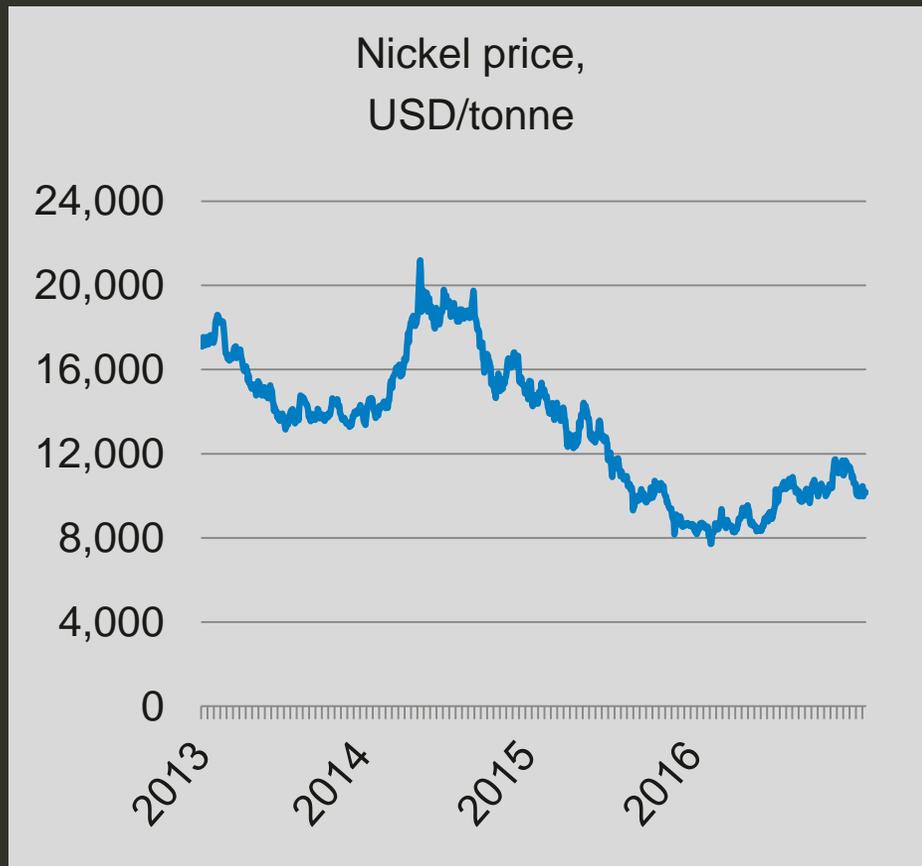
Antidumping action lead to increasing base prices in the US



Import penetration increased to 25.5% in Q4

Imports from China into the US decreased significantly

Ferrochrome prices recovered from historical lows



Q1/17 benchmark price went up to USD 1.65/lb

Average ferrochrome price was USD 0.96/lb in 2016

Key financials

Deliveries increased in 2016 primarily driven by significantly higher deliveries in the Americas

FY16 sales decreased by 11% as a result of lower prices in both Europe and the US

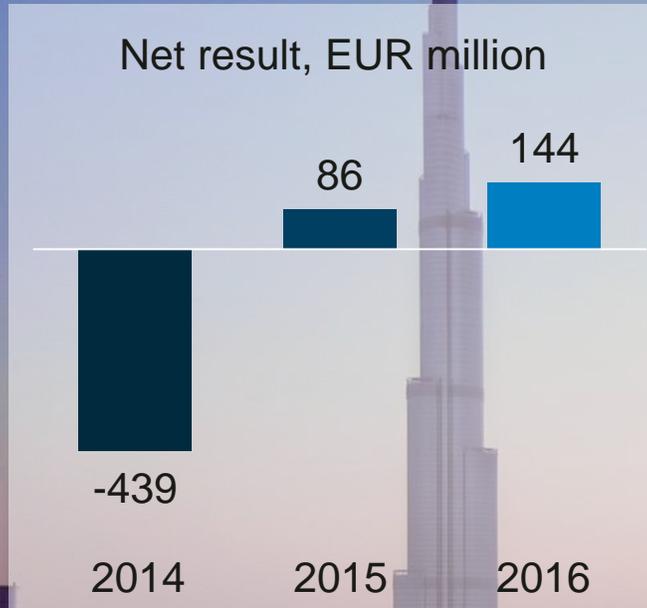
FY16 underlying EBIT increased significantly driven by significant reduction in costs, as well as higher delivery volumes

Net result was impacted by deferred tax income of EUR 189 million

Operating cash flow supported by NWC release

Key figures	Q4/16	Q3/16	2016	2015
Stainless steel deliveries, 1,000 tonnes ¹	596	608	2,444	2,205
Sales, EUR million	1,506	1,419	5,690	6,384
Underlying EBITDA, EUR million	98	110	298	196
Underlying EBIT, EUR million ²	38	32	45	-101
EBIT, EUR million	69	40	103	228
Net result, EUR million	192	13	144	86
Operating cash flow, EUR million	199	61	389	-34
Net debt, EUR million	1,242	1,396	1,242	1,610
Capital expenditure, EUR million	61	43	164	154
Personnel at the end of the period	10,600	10,785	10,600	11,002

Net result impacted by deferred tax income

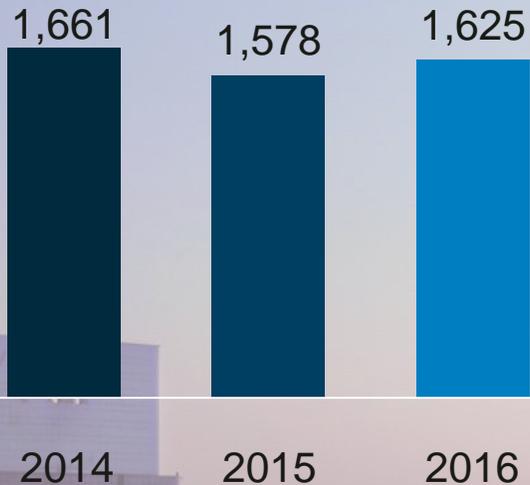


- 2016 net result impacted by the tax income
- 2015 net result impacted by SKS and Fischer Mexicana divestments

- Income taxes for 2016 include deferred tax income of EUR 189 million
- They relate to previously unrecognized deferred tax assets from losses in Finland and Sweden
- Remaining unutilized tax loss carry forwards amount to EUR 2,546 million, mainly from Germany and the US
- Can be recognized as further deferred tax income when generating sufficient taxable income in these countries

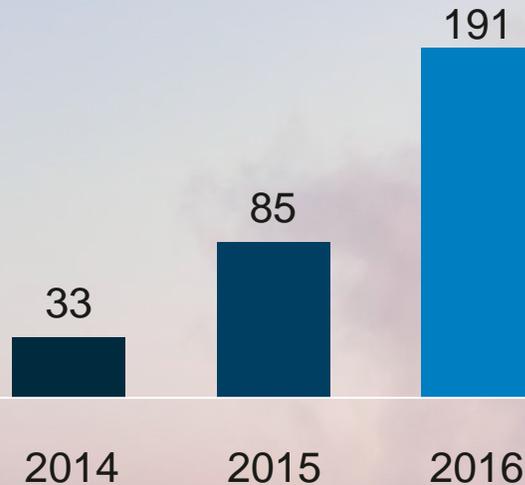
Europe continued its strong performance

Deliveries, 1,000 tonnes



FY2016 deliveries increased by 3.0%

Underlying EBIT, EUR million

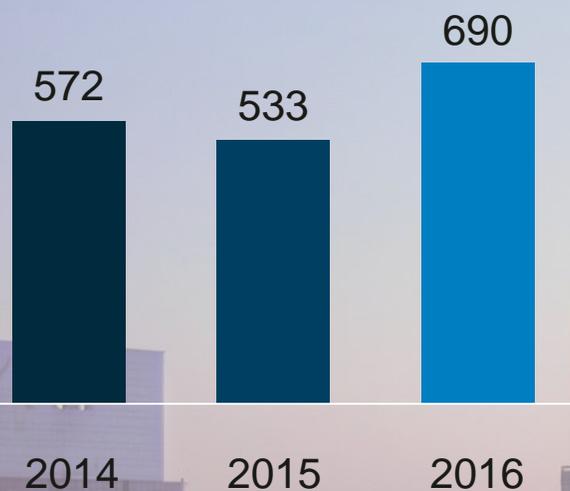


Underlying EBIT increased to EUR 191 driven by higher volumes and significantly decreased costs

- Prices were under pressure in H1 but started to progressively increase in H2
- FY2016 weighted average base price in deliveries decreased by EUR 30/tonne
- Costs reduced successfully
 - EMEA restructuring program achieved its 2016 targets
 - SG&A costs reduced by EUR 49 million
 - Clear reduction in variable costs per tonne
- Ferrochrome production at 469,000 tonnes in 2016, impacted by planned maintenance

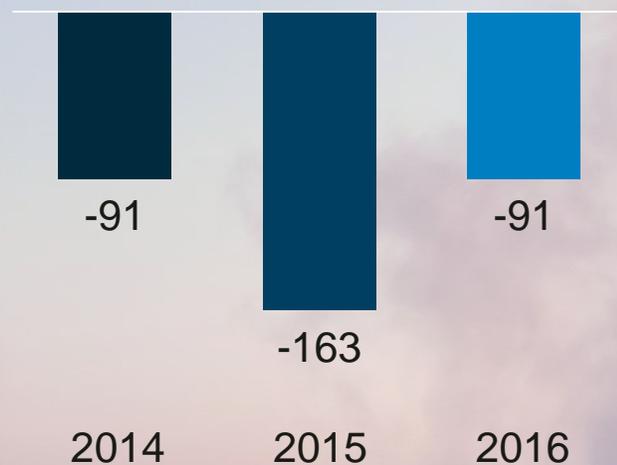
Americas is solidly on track to profitability

Deliveries, 1,000 tonnes



Deliveries went up by 29.5% due to strong commercial development

Underlying EBIT, EUR million

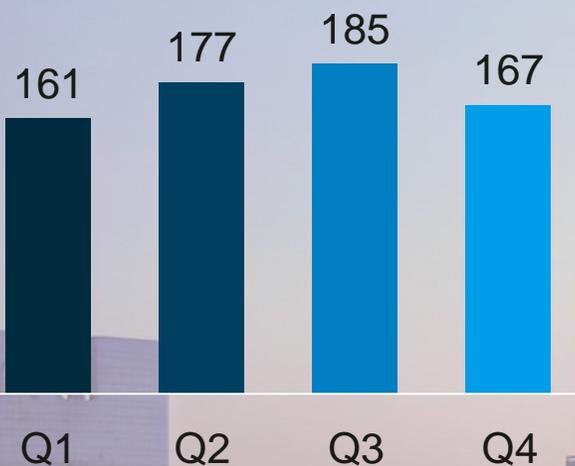


Underlying EBIT improved as a result of significantly higher deliveries and 25% reduction in variable costs per tonne

- Significantly reduced import volumes from China as a result of preliminary antidumping duties
- Reduced Chinese imports together with healthy underlying demand resulted in increased base prices
- FY2016 average base price in deliveries decreased by USD 10/tonne

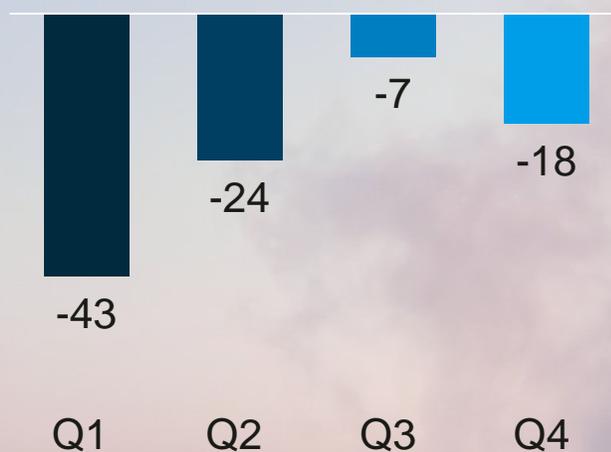
Americas is solidly on track to profitability

Deliveries, 1,000 tonnes



Deliveries in Q4 impacted by seasonality

Underlying EBIT, EUR million

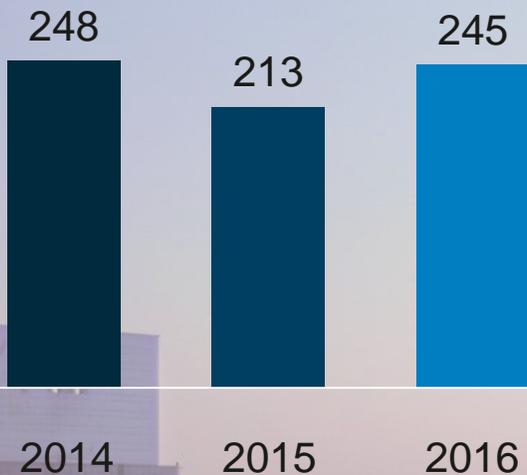


Q4 underlying EBIT includes cost of EUR 9 million related to supplier invoicing correction

- Significantly reduced import volumes from China as a result of preliminary antidumping duties
- Reduced Chinese imports together with healthy underlying demand resulted in increased base prices
- FY2016 average base price in deliveries decreased by USD 10/tonne

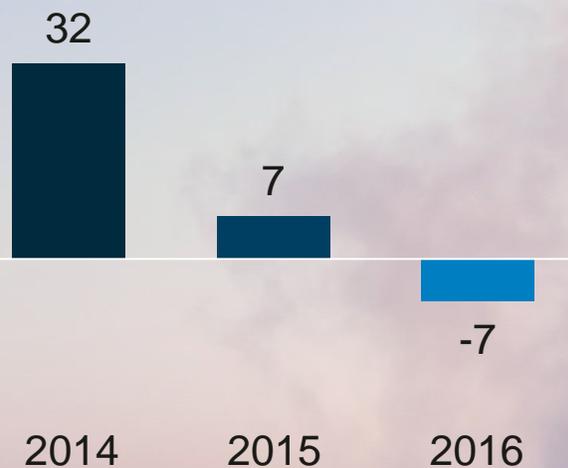
Long Products' year was impacted by difficult markets

Deliveries, 1,000 tonnes



FY2016 deliveries increased driven by higher customer deliveries and increased internal slab deliveries

Underlying EBIT, EUR million

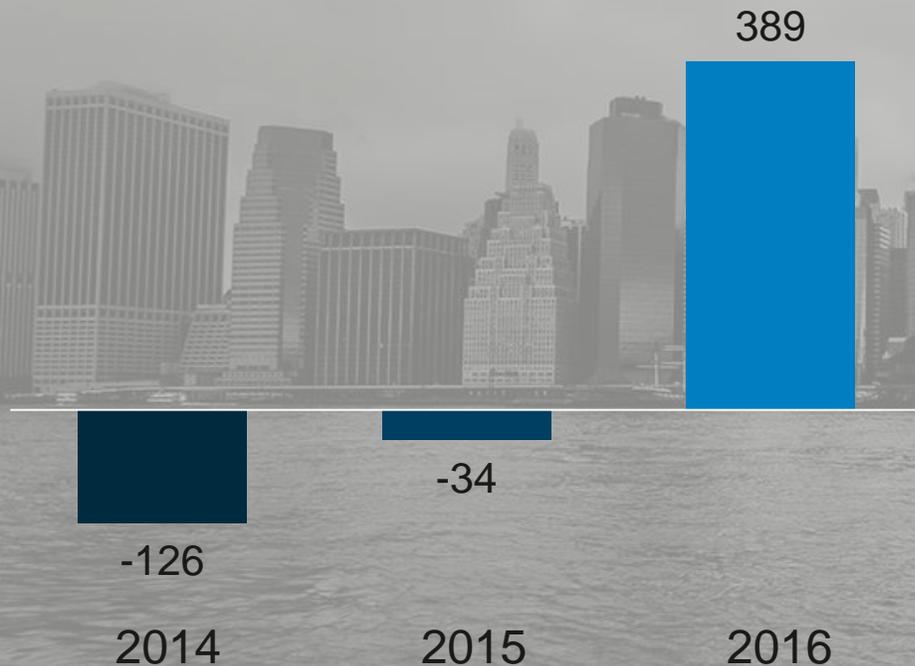


Decreased underlying EBIT was a result of lower long product prices, partly offset by cost reductions

- Prices under pressure as import volumes remained at high levels in both Europe and the US
- Oil&Gas related investment activities remained subdued throughout the year
- Clear improvement in profitability as year progressed
- Good progress in cost reductions
- The business remained cash positive
- Expanding stainless rebar capabilities in the US

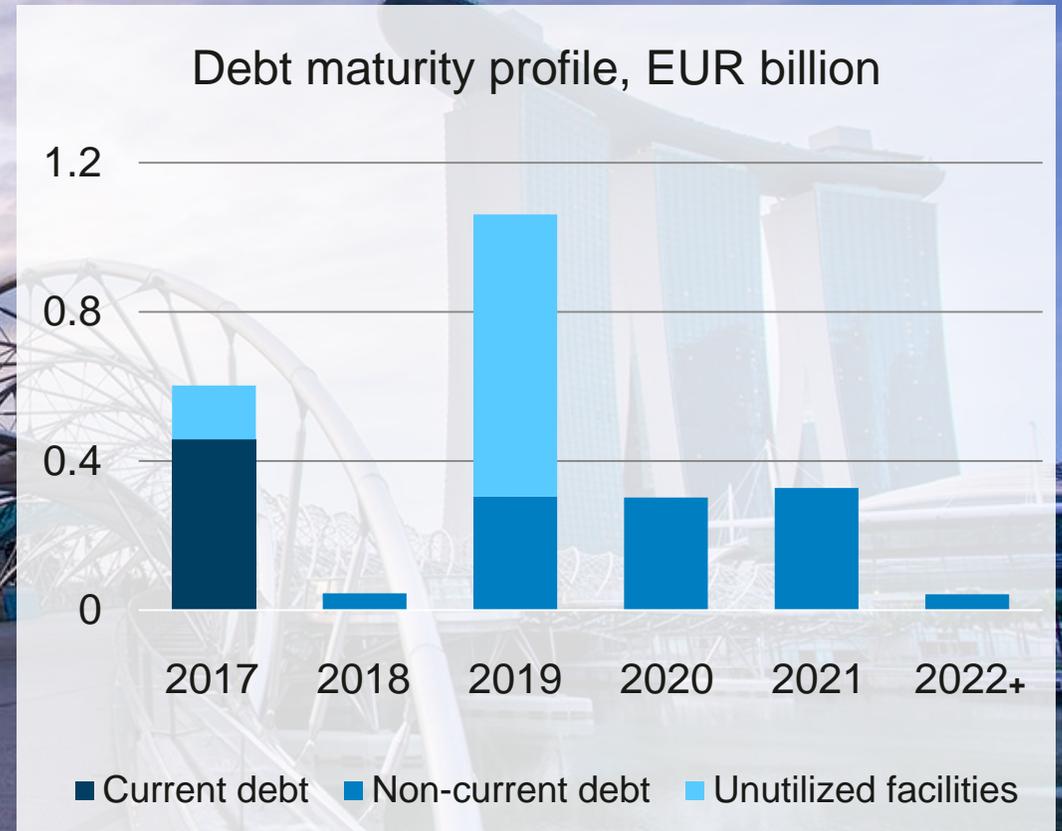
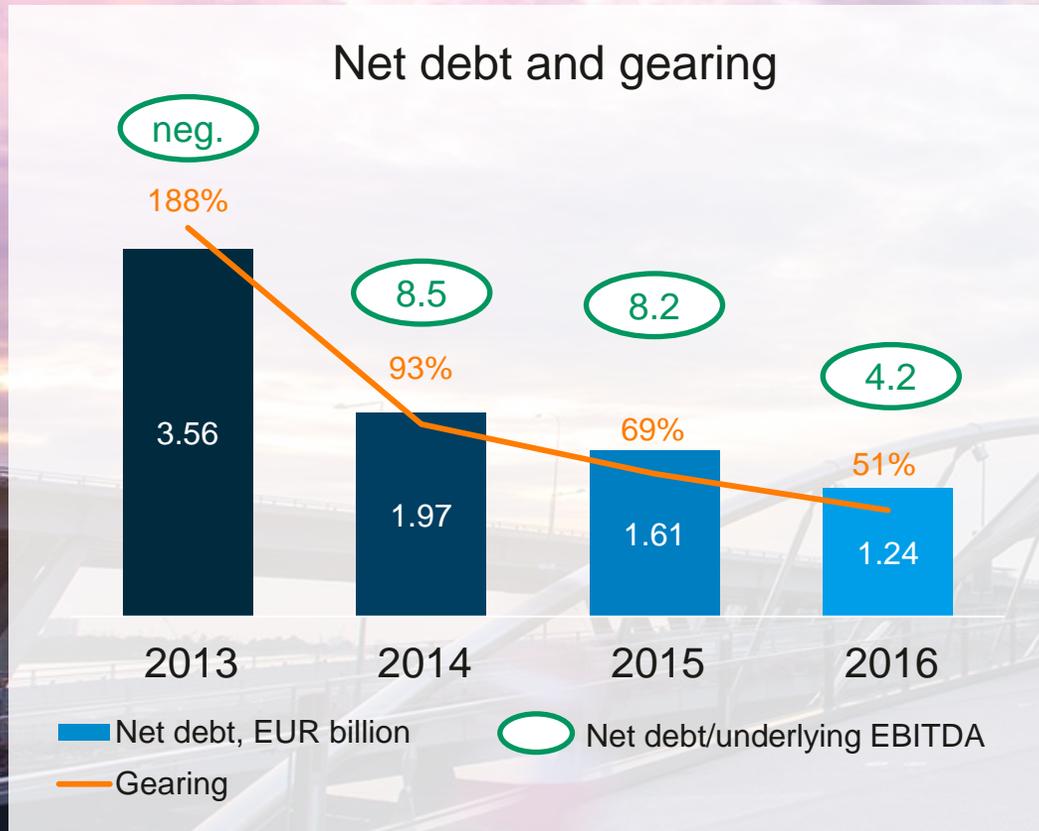
Strong cash flow improvement in 2016

Net cash from operating activities, EUR million



- Net working capital release of EUR 307 million in 2016
- FY16 financing costs of EUR 121 million, interest expenses at EUR 105 million
- Capex (accounting) at EUR 164 million in 2016
- Overall liquidity reserves at EUR 1.0 billion
- Net debt decreased by EUR 368 million in 2016

Great achievements with debt reduction



Adjusted EBITDA to become the main performance indicator

- Focus on cash generation and net debt reduction
→ EBITDA the best metric
- The new practice implemented from Q1/17 onwards

Underlying figures

EXCLUDE

Raw material related inventory gains/losses and metal derivative gains/losses

Adjusted figures

DO NOT EXCLUDE

Raw material related inventory gains/losses and metal derivative gains/losses

Business and financial outlook for Q1/2017

- Stainless steel market is expected to be strong in Q1 with healthy underlying demand in both Europe and the US
- Q1 delivery volumes expected to be higher in Europe, and significantly higher in the Americas compared to Q4
- Cost saving initiatives are expected to continue according to plans
- Higher ferrochrome contract price will have a significant positive impact on business area Europe's profitability

Outokumpu's adjusted EBITDA is expected to be over EUR 250 million in the first quarter of 2017

Updated net debt target of below EUR 1.1 billion at the end of 2017

Appendix

Income statement

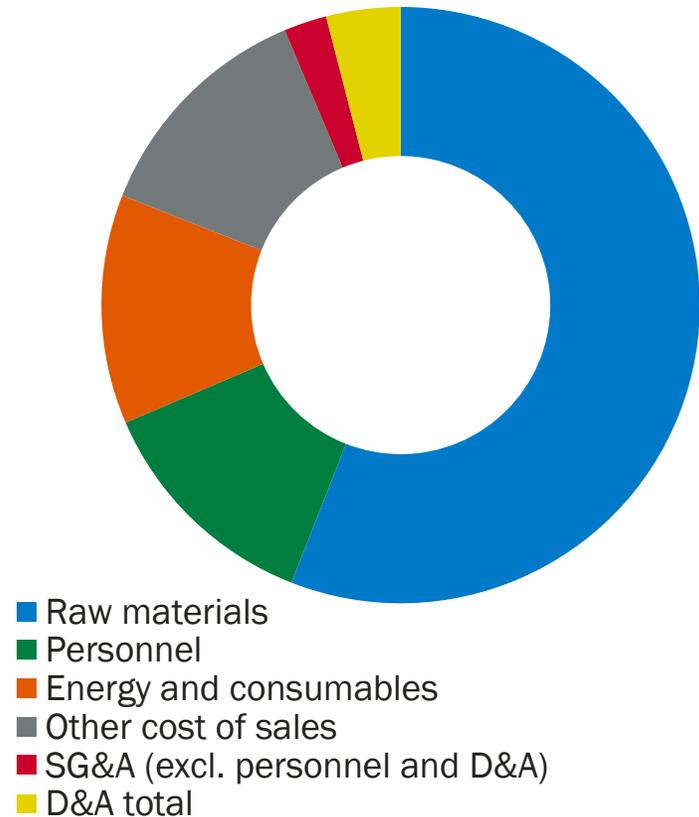
(MEUR)	Jan-Dec 2016	Jan-Dec 2015
Sales	5,690	6,384
Cost of sales	-5,298	-6,273
Gross margin	392	111
Other operating income	88	472
SG&A costs	-331	-342
Other operating expenses	-46	-13
EBIT	103	228
Share of results in associated companies and joint ventures	5	49
Financial income and expenses		
Interest expenses	-105	-130
Net other financial expenses	-15	-20
Result before taxes	-13	127
Income taxes	156	-41
Net result for the period	144	86

Balance sheet

Assets (MEUR)	Dec 31, 2016	Dec 31, 2015
Non-current assets		
Intangible assets	504	498
Property, plant and equipment	2,874	3,005
Investments in associated companies and joint ventures	67	63
Other financial assets	54	41
Deferred tax assets	204	16
Defined benefit plan assets	45	35
Trade and other receivables	2	40
Total non-current assets	3,750	3,698
Current assets		
Inventories	1,232	1,251
Other financial assets	50	53
Trade and other receivables	687	686
Cash and cash equivalents	204	186
Total current assets	2,173	2,177
Assets held for sale	67	-
Total assets	5,990	5,874

Equity and liabilities (MEUR)	Dec 31, 2016	Dec 31, 2015
Total equity	2,416	2,329
Non-current liabilities		
Non-current debt	987	1,249
Other financial liabilities	4	9
Deferred tax liabilities	22	16
Defined benefit and other long-term employee benefit obligations	356	369
Provisions	118	113
Trade and other payables	37	48
Total non-current liabilities	1,525	1,805
Current liabilities		
Current debt	458	547
Other financial liabilities	63	50
Provisions	15	23
Trade and other payables	1,471	1,121
Total current liabilities	2,007	1,741
Liabilities directly attributable to assets held for sale	43	-
Total equity and liabilities	5,990	5,874

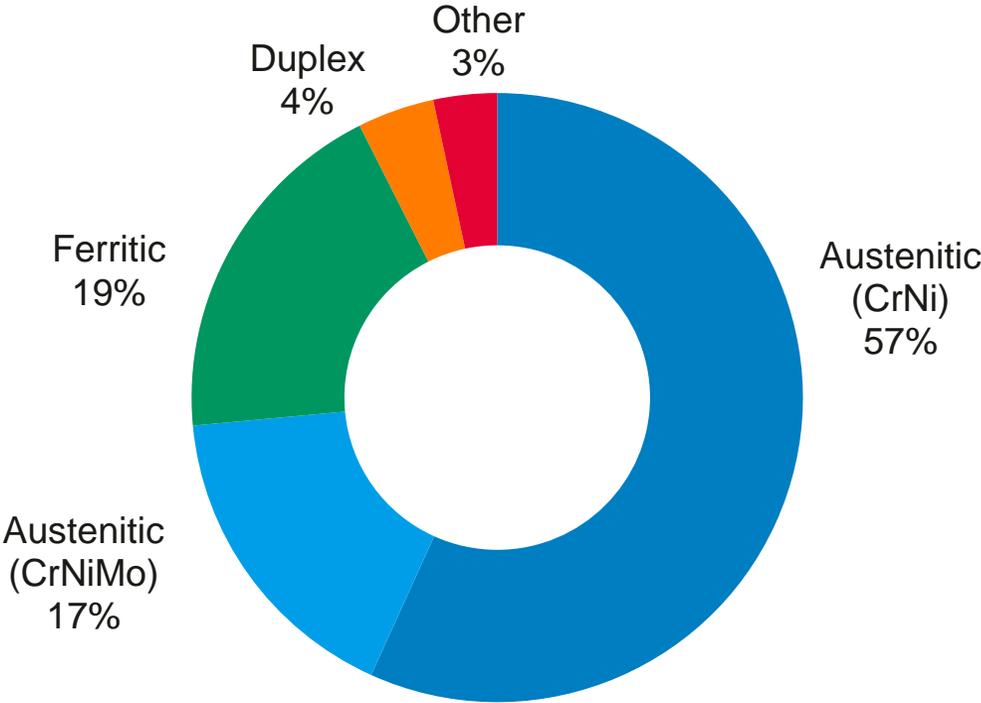
Operative cost components



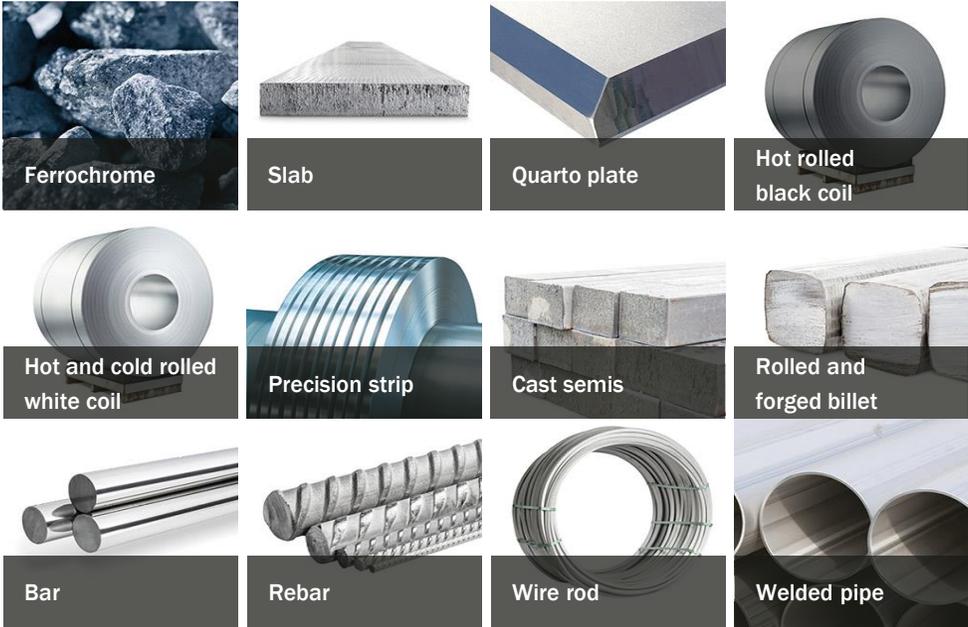
- Raw materials account for around 60% of the total operative costs of the Group
- Energy and other consumables account for 10-15% of the total operative costs
- Personnel expenses 10-15% of the total operative costs
- Other cost of sales includes e.g. freight, maintenance and rents and leases

Broadest product portfolio across stainless steel

Deliveries by product grade in 2016



Outokumpu product forms



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

Improving performance

Financial targets for 2020

EBIT
EUR 500 million

ROCE
12%

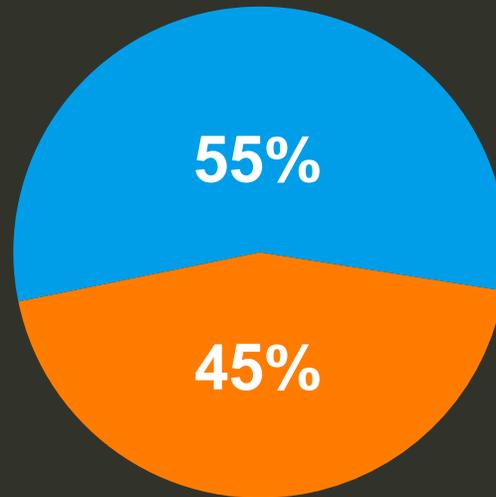
Gearing
<35%

Our must-win battles deliver EUR 500 million in 2020

Topline growth and cost efficiency based on self-help

TOP LINE GROWTH

- Increase volume through efficiency and debottlenecking
- Richer mix through improved capability and selective sales strategy
- Value based selling

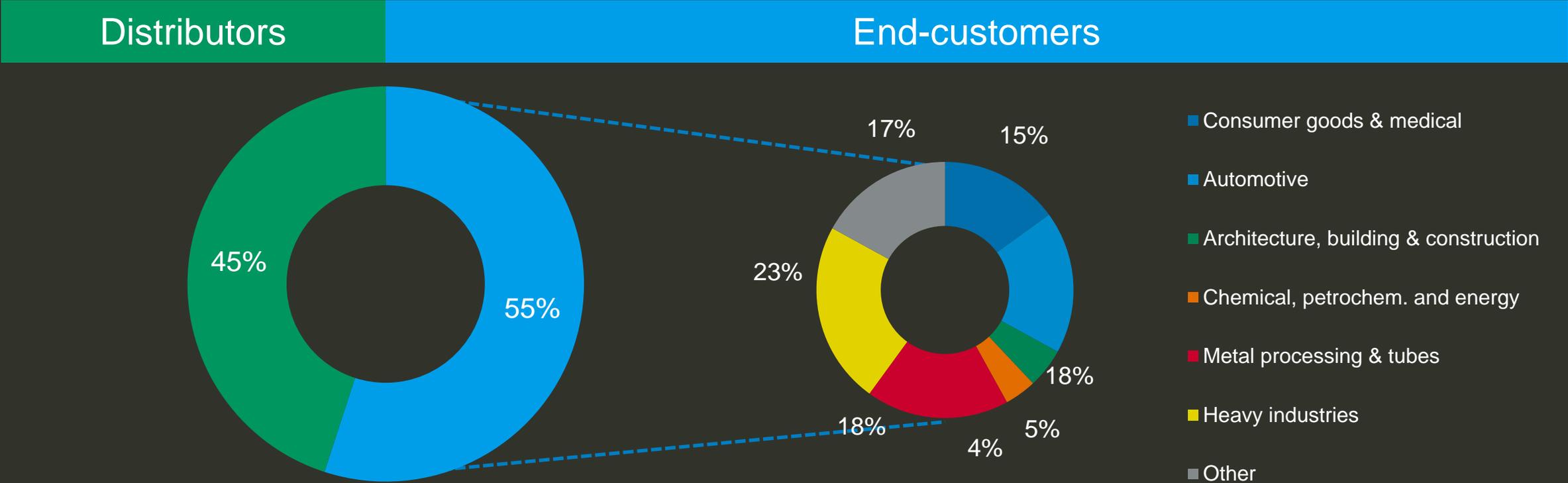


COST REDUCTION

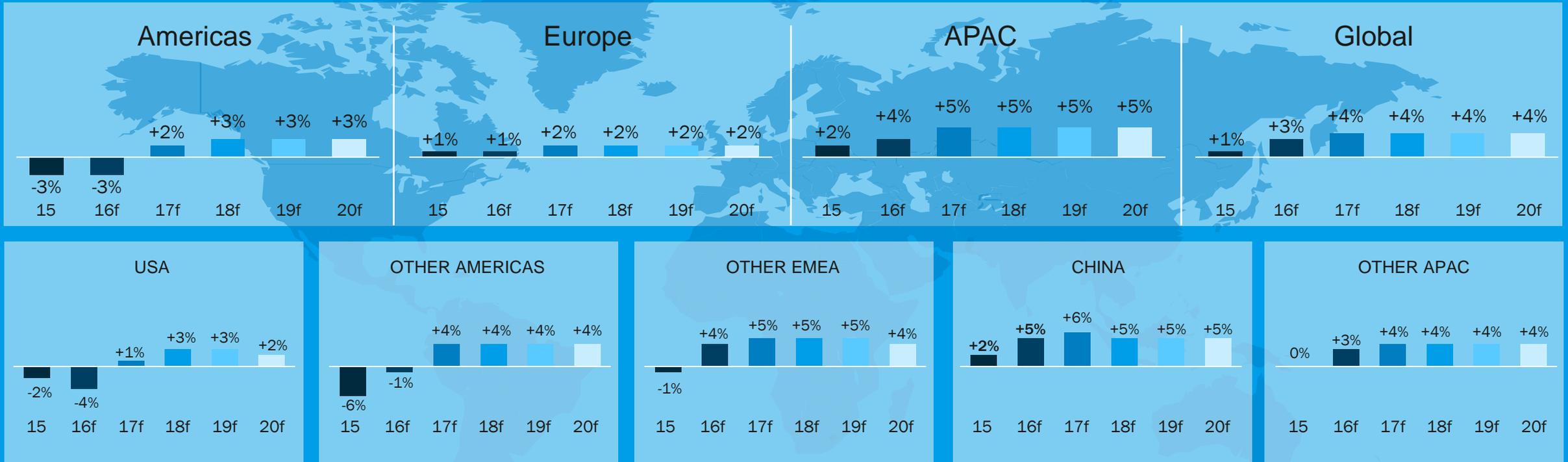
- Achieve 2-3% annual productivity improvement
- Achieve 15% savings in procurement
- Reduce variable and fixed cost
- Reduce SG&A cost by EUR 100 million

We focus on growth segments

Consumer goods, automotive, architecture, building and construction



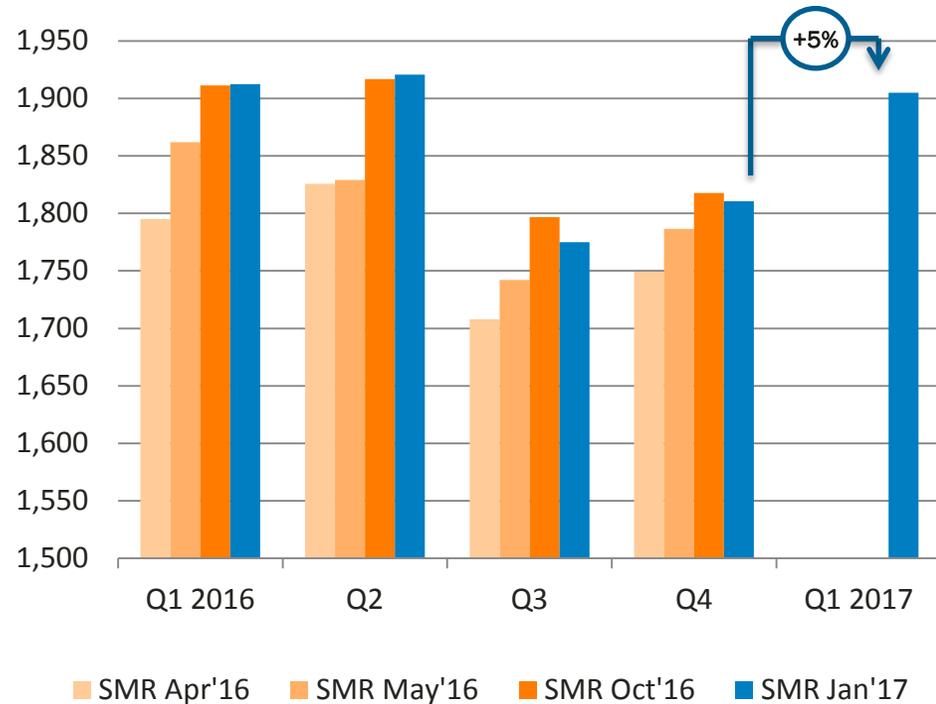
~4% demand growth expected for 2017



Real demand expected to grow remarkably in Q1 of 2017 in EMEA and Americas

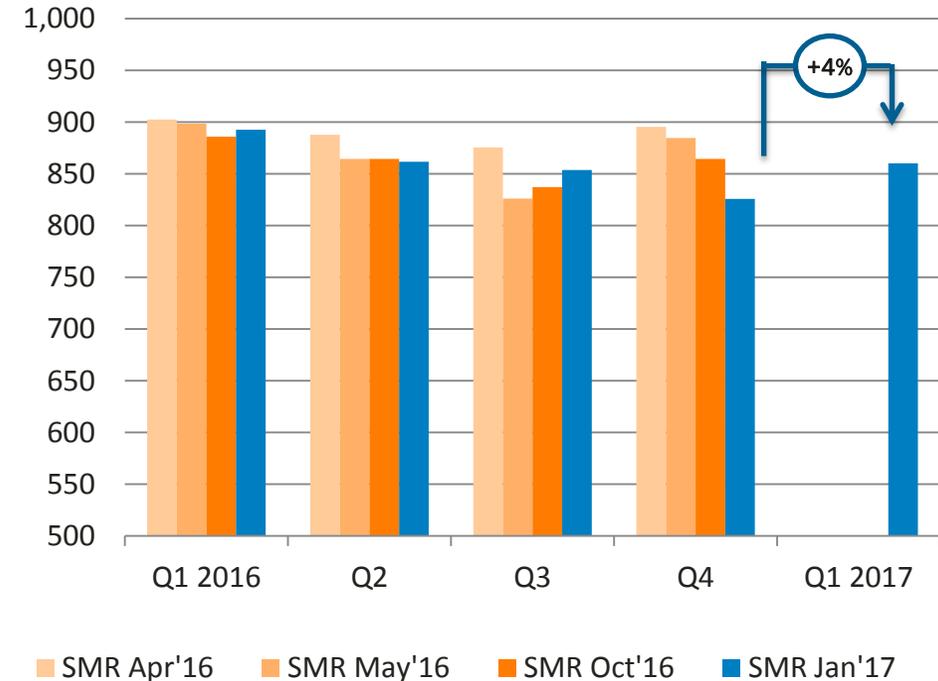
EMEA total stainless steel real demand¹

1,000 tonnes



Americas total stainless steel real demand¹

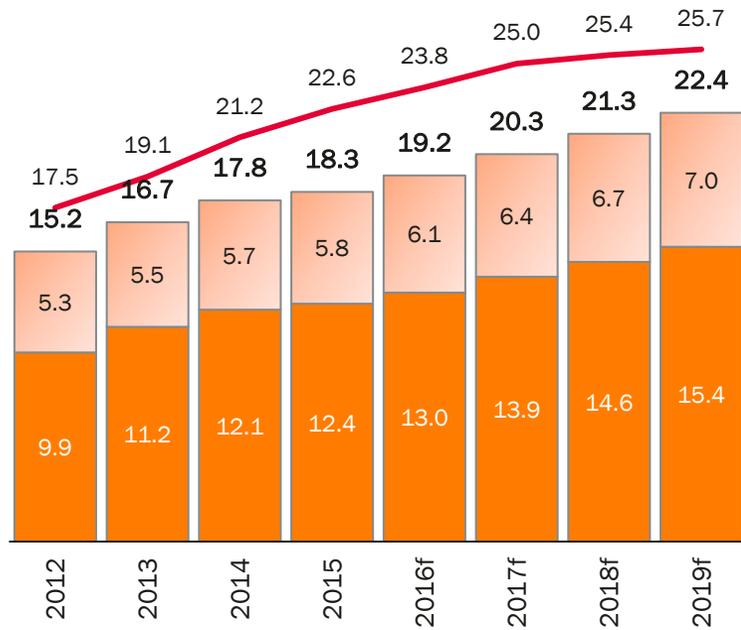
1,000 tonnes



Low capacity utilization in China, on healthier level in Europe and Americas

Asia

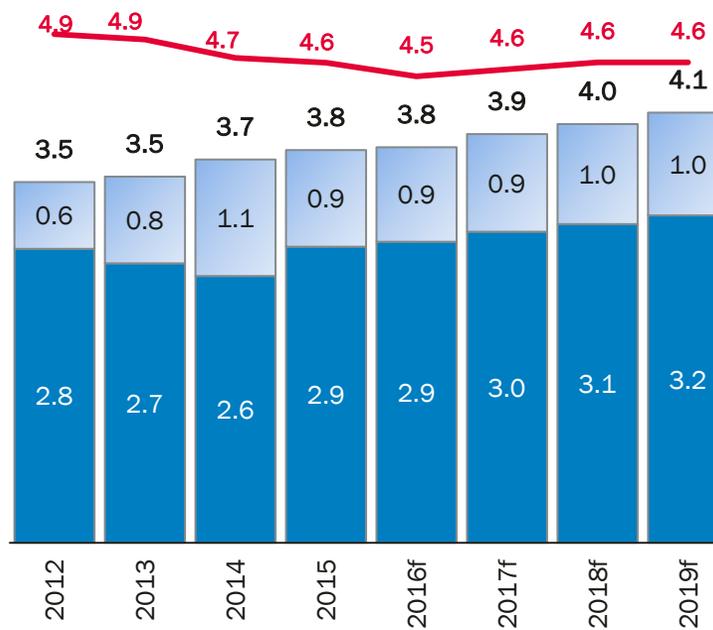
[CR, Mtonnes]



■ Demand covered by Rest Asia
■ Demand covered by China
— CRU Capacity

Europe

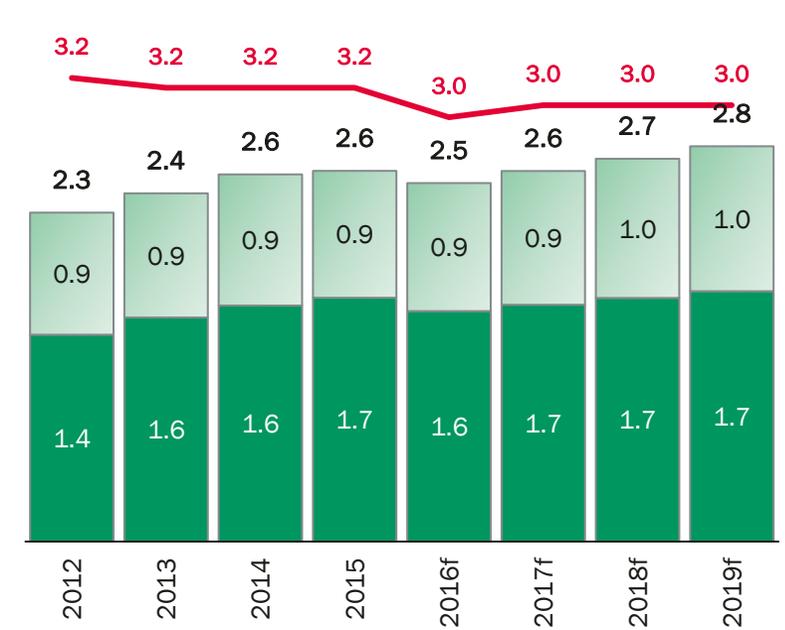
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■ Demand covered by Imports*
■ Demand covered by EU Mills
— CRU Capacity

Americas

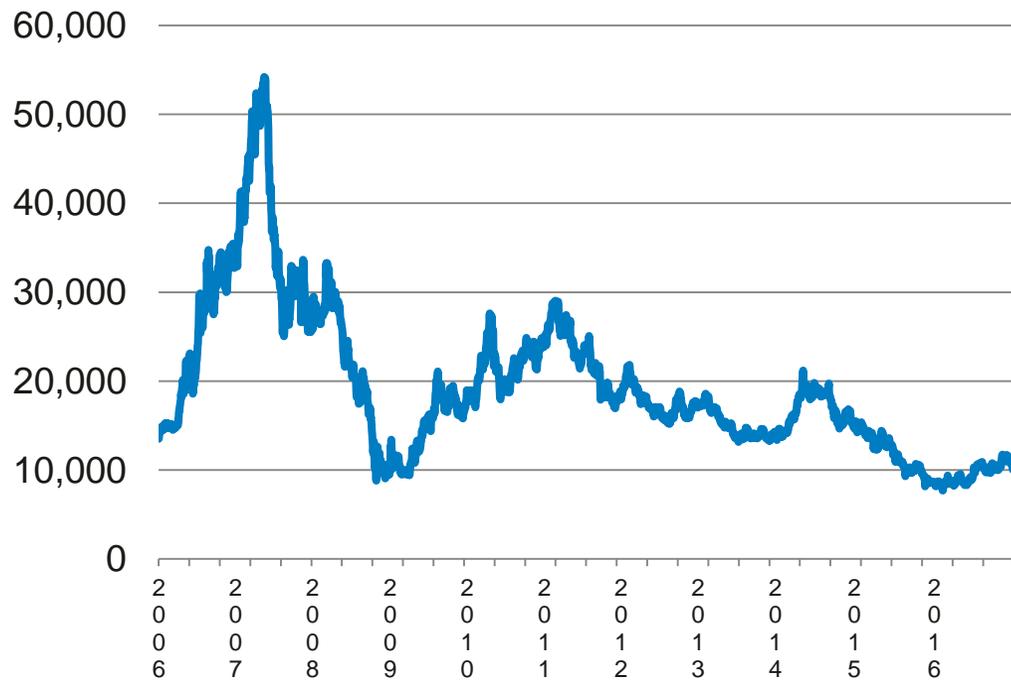
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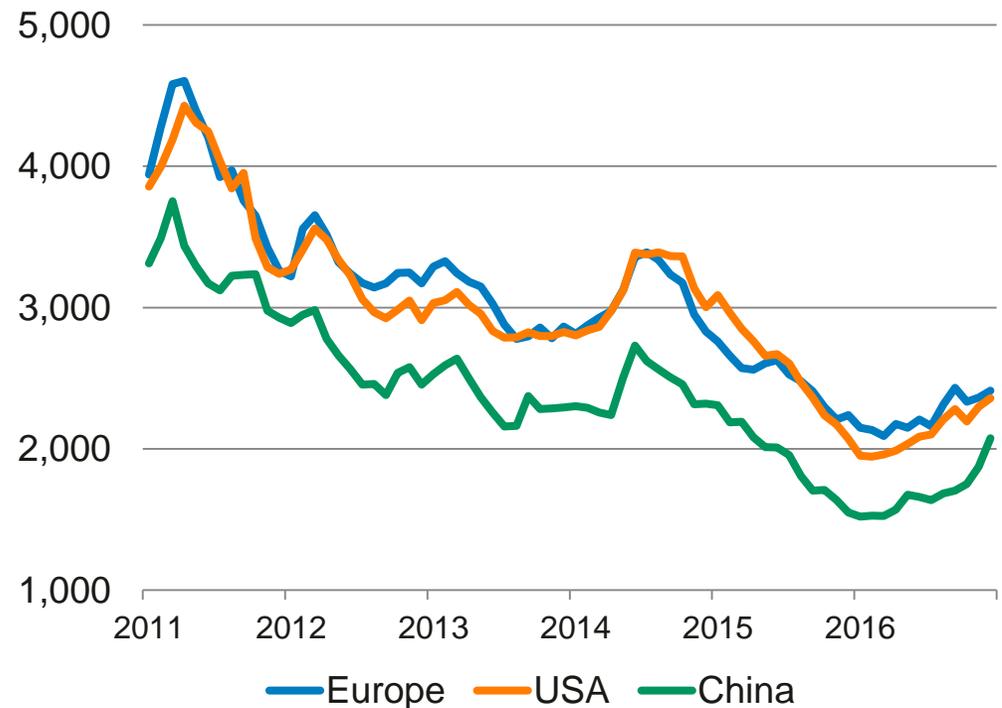
■ Demand covered by Rest Americas
■ Demand covered by USA
— CRU Capacity

Stainless prices rising due to higher raw material prices

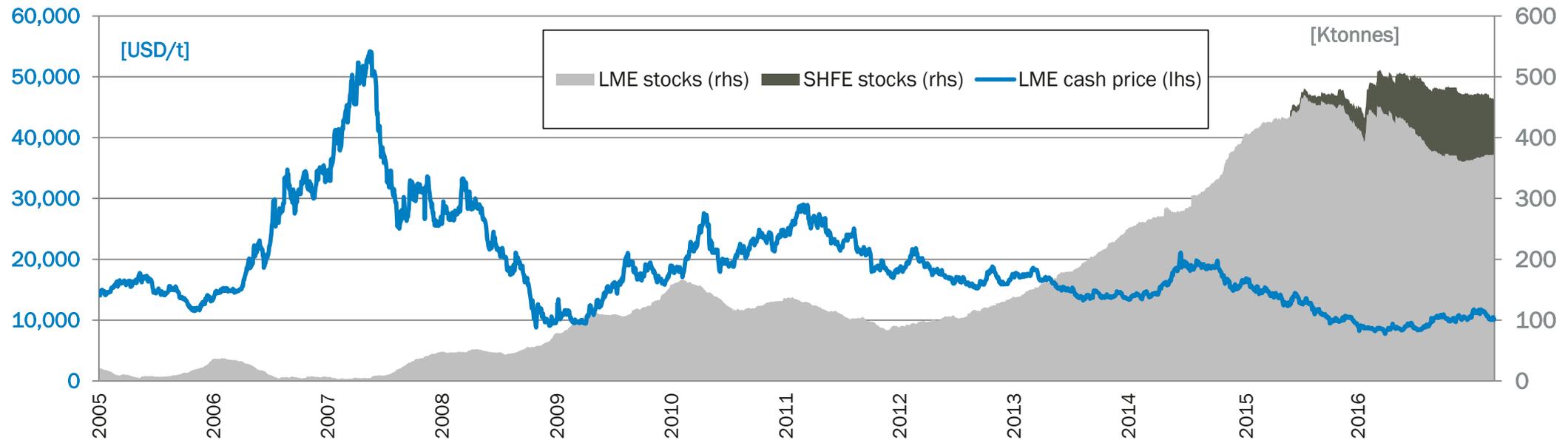
Nickel price, USD/tonne



Transaction prices 304 stainless, USD/tonne



Nickel price development



- Nickel prices fell below USD 8,000/tonne in early February 2016 due to increasing fears over global economy and subdued demand amid oversupplied markets.
- Thereafter, prices were mainly rising driven by improving sentiment, concerns over possible disruption to nickel ore supplies from the Philippines, as well as the strong stainless steel production in China.
- The average price in 2016 was USD 9,600/tonne, 18.7% lower than USD 11,808/tonne in 2015.

Fully integrated production asset base

	Europe				Americas		Long Products				Total
	Tornio Finland	Avesta + Nyby Sweden	Krefeld + Dillenburg Germany	Degerfors Sweden	Calvert USA	Mexinox Mexico	Sheffield UK	Richburg USA	Degerfors Sweden	Wildwood USA	
Melting	1,450	450			900		450				3,250
Hot rolling	1,450	900			870						3,220
Finishing											
- Cold rolling	750	130	500		350	250					
- HWB	150	120			150						
- Quarto plate				150							
- Long products							25	40	40	20	
											2,675

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

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