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Operator: Greetings and welcome to the Outokumpu Interim Report Third Quarter 2016 conference call. Today's conference is being recorded at this time I would like to turn the conference over to Tommi Jarvenpaa, Head of Investor Relations, please go ahead sir.

Tommi Jarvenpaa: Thank you good afternoon ladies and gentlemen and welcome to Outokumpu's third quarter earnings webcast. My name is Tommi Jarvenpaa, I'm the head of Outokumpu's Investor Relations. With me here today are also CEO Roeland Baan and our CFO Christoph de la Camp. We will be referring to the presentation that can be found on our website, as always please pay attention to the disclaimer on page 3 of the presentation as we will be making forward-looking statements. With these remarks, I'm pleased to hand over to our CEO Roeland, please go ahead.

Roeland Baan: Tommi, thanks very much and thanks for joining this call, I would like to start just to bring back into memory our vision, our vision to be the best value creator in the stainless steel by 2020 through customer orientation and efficiency, and again this is on three dimensions, it is towards the financial investors community where it has set a target of 500 million EBIT by 2020 and gearing of less than 35% and Return on Capital Employed 12% minimum.

The second dimension are our customers where customer orientation we want to be clearly ahead of competition in the way in which we deal with our customers can be we want to be recognised as well. And thirdly we want to be clearly the preferred employer within our space. With that go to the next page and to get the results of Q3 and I can say that we are pleased to announce these results. We have continued to make improvements and progress on the part that we have announced earlier this year, when we gave our 2016 targets in terms of our SG&A reduction of 100 million and reduction of network capital of 200 million and the restructuring the organisation of the company and the results are noticeable as you can see from this graph, we have continued to trend up and come to a 32 million positive underlying EBIT for Q3.

We have made fantastic progress in the Americas with another quarter of record shipments and extremely good results getting close to break even. We are particularly pleased with Europe. The cost-savings initiatives in the past quarters are now clearly starting to get oomph and bite and that combined with some improvement in pricing has given a very strong quarter. The net working capital initiative, we, year-to-date, are at 149 million, in other words well on our way to reaching our 200 million target by the end of the year.

And then of course the net working capital release plus our strong results have led to positive cash flow and to a net debt reduction, bringing it now down to just below 1.4 billion and setting us up, actually, well for our targets we set for 2017 of a maximum of 1.2 billion. As on the negatives on Long Products, we still are just below positive so a very small negative result on Long Products which is to a large extent due to still the derivatives of Forex we took out a hedge on the British pound ahead of the Brexit vote to basically protect that business against any adverse reaction of the pound. That means that although operationally we are benefiting from the low pound, on the hedge, we actually have negative offsetting that and these hedges roll off by the end of this year. And then on ferrochrome, as you know, we already announced that we had major maintenance on the large furnace which went to schedule and budget but of course impacted our deliveries. But altogether a very satisfying strong quarter.

If you go the next slide, just to bring to your attention again what is happening on the global markets for stainless steel. 2016 is shaping up to indeed to have slight growth over the weak 2015, about 2% mainly APAC but some growth in Europe and the Americas saw a bit of a dip versus 2015, at the end of 2017 the growth is forecasted to continue with specifically strong results for Americas and APAC again.

The positive environment perhaps had a good effect on prices as well. If you look at the European situation, the right hand side of the graph, you see import penetration pick up slightly in Q3 to now 24% from 23% the quarter before still a long way below its peak of 30% and of course it was more important that the Chinese imports which were basically the unfair competition part of our imports have virtually disappeared and what is now being imported is I would say generally speaking at market prices so for us as we always have said we have no issue with imports, they have to be fair imports.

In this environment, we have seen prices pick up a bit particularly published figures from CRU it reflects a €20 increase from Q2 to Q3. If you go through the same slides for the Americas, similar slides, again first on the right-hand side basically stable imports is about 23% but with the announcement of initial anti-dumping duties on Chinese imports, again Chinese volumes have dried up and been partially replaced by imports from the rest of the world and that's specifically Europe the rest of the Americas. It had significant impact positively on pricing again if you take the CRU pricing chart, that it was $120 on the base price price of 304 that materialised over the last two quarters. We're still not at the level of pre-Chinese imports that flooded the market in 2014-15 but we are – we have recovered quite a bit year to date. Now going to key financials I'm going to hand over to Chris.

Christoph de la Camp: Great, thank you Roeland, good afternoon, good morning ladies and gentlemen, if you turn to slide number 9 the Q3 key financials, generally, the picture is one of improvement across all dimensions, both in 2015 but also to the last quarter.

To pick out a few highlights here, the deliveries were slightly down versus Q2 in Q3, mainly because of the seasonality effect that we saw in Europe and to some extent in long products. So while in the Americas we saw an increase, Europe, you will recall, has historically always suffered from a weakness during the summer break. We did take some actions to mitigate that, but nonetheless, deliveries in Europe were down which led to an overall decline in deliveries.

Sales, nonetheless, improved and this was due mainly to higher base prices in both the Americas and in Europe but also due to higher deliveries in the Americas. Ferrochrome prices were also up which contributed to the increase in sales.

If we look at the underlying EBIT we can see that it's improved significantly, predominantly because of the performance improvement in the Americas but also because we saw on-going steady progress in Europe as already outlined by Roeland.

And then on the cash flow side, we generated €61 million of positive cash flow, a further improvement versus Q2 and an improvement versus 2015. I turn to slide number 10 and look at the performance in Europe in a little bit more detail. If you look at the chart on the left-hand side it shows the sequential quarters over the last five quarters of our deliveries in Europe.

You can see while overall deliveries are significantly stronger than they were on a comparable basis in 2015, they were slightly off in Q3 versus Q2, driven by the summer weakness that I've already outlined. We did mitigate the very severe impact we've seen in previous years here by pushing some maintenance work into Q4 so while there was a dip, it was significantly less pronounced than it has been in the past. If we look at the chart on the right, you can see the corresponding underlying EBIT and you can see that over the last few quarters we achieved a very – relative to the last few quarters, we've achieved a very strong EBIT result, €45 million in Europe. This was driven partly by higher base prices, partly by higher ferrochrome prices but also significantly by our improved cost measures that we're beginning to see coming through on the various initiatives such as SG&A improvements but also some of the restructuring work that has been done in Germany in recent quarters.

Overall, stainless steel demand in Europe remains healthy. Inventories have declined slightly and this is keeping long-term inventory levels just slightly below averages.

Base prices in deliveries have increased by €20 euros per tonne and as you know we did major maintenance work on our ferrochrome unit in Tornio so that production was at 93,000 tonnes which is a little lower than we would normally expect throughout the quarter. We made a number of adjustments to our reported EBIT, most significantly for Europe, we reversed some redundancy provisions that we made for the restructuring in Germany back in 2015 that contributed 4 million of additional EBIT, but what we adjusted from the underlying EBIT, smaller effects from hedging gains that we made as well. Overall therefore our underlying EBIT was lower than our reported EBIT.

If we move to slide number 11, we show the same information for the Americas here and the good news here is, as Roeland has already indicated, that the Americas achieved yet another record-high quarter. Looking at the chart on the left again which shows deliveries for the last five quarters, you can see that with 185,000 tonnes for the quarter it was a record and another 4.5% up on the previous quarter, we've now seen five consecutive quarters of improvements.

Looking at the chart on the right, you can see the EBIT, and the same story here, this is now the third quarter of significant EBIT improvement and from levels of around €40-45 million of EBIT loss towards the end of last year beginning of this year, we're now getting very close to a breakeven EBIT for the Americas. This was partly driven by increased base prices but also, very significantly, by higher deliveries obviously and by on-going cost improvements and efficiencies that we continue to achieve in Calvert.

Overall, the positive momentum in the Americas stainless steel market is intact and continues. The market size, we have seen the US Commerce Department set in September preliminary anti-dumping duties against Chinese imports, and as Roeland has already indicated, that has led to a decline in imports from unfairly-priced material from China.

Overall, inventories in the US have remained pretty stable and they're now – are still below the long-term average levels but only slightly so. Base prices and deliveries have moved up about $80 a tonne versus the figures that we saw in Q2. Again, we made some adjustments to our reported EBIT here related mainly to the impact of derivative hedging and inventory gain and losses.

If we move onto slide number 12, to our long products division, here again the business was impacted a little bit by seasonality which you can see by looking at the chart on the left, we can see that the deliveries overall are 59,000 tonnes but below the levels that we saw in the second quarter and on the right hand side however you can see that despite the EBIT at a low level, the smaller business area is improving, also moving toward the breakeven point here.

We did see some positive impact on the weaker pound which reduced our cost base of our unit in the UK but also some losses from the remnant effects of the Brexit hedge that we took out. Overall the market remains stable this business although, obviously, this is the segment that supplies the gas and oil industry and that has remained somewhat subdued with the oil price not really recovering to previous highs. Base prices remain generally flat in both Europe in the US and again in our results here we made minor adjustments to the reported EBIT due to the hedging effects of metal.

If you look at slide number 13 now, the chart here shows our operating cash and the first line here I'd like to point out is that cash from operating activities in the third quarter of €61 million was up on the second quarter and was the third consecutive quarter of positive operating cash flow. We did generate cash from further proceeds that we received from the sale of the SKS business in China during the quarter, that was €49 million and against those proceeds we have offset are cash capex outlays which were €23 million so that the overall proceeds i.e. receipts from the SKS sale minus the capex comes to €36 million against an overall cash flow for the quarter of €87 million. That is a contributor improving our overall cash balance to €213 million and there was also some reduction of debt as well. The net working capital contributed strongly to this result as did the strong underlying EBIT performance, we have generated so far a net working capital release of €149 million during the first nine months but that number excludes provisions and pension obligations.

I'd like to then move onto slide number 14, which shows the impact of that cash flow on our net debt and our gearing. The chart on the left here, the solid bars show our net debt position at the end of each quarter on a quarterly basis and you can see that we have reduced net debt by another nearly €90 million here right now just a whisker within €1.4 billion and therefore well on target towards one of our key milestones which is to reduce net debt to 1.2 billion by the end of next year.

Also our gearing level continues to decline, it came down another 4% during the quarter and it now stands at 65%. On the right hand side here, you can see the profile of our debt maturity from 2016 through for the next five years, key message here is that the maturities in 2017 are substantially shorter-term and our cash position, our liquidity facilities now put us in a position not to have to do any refinancing activities next year but if there is an opportunity, we will exploit that.

As I outlined before, our liquidity position continues to be in very good shape, we have 900 – over 900 million of undrawn facilities in addition to the cash balance, 213 million as I just outlined. And with that, I'd like to hand back to Roeland to give you a little bit of an outlook on the outlook for the fourth quarter.

Roeland Baan: Thanks Chris. So looking forward, first a little bit about the market, we see still healthy demand both in Europe and in the US and we're booking actually already into Q1 in Europe. What you do see is typical softening towards the end of the year specifically in the services sector, not so much on the underlying demand with destocking to polish the balance sheet up for 31st December and is specifically strong in the US and we see that our volumes in the US will drop significantly compared to Q3.

If you can look at what it means for our estimates for Q4, there are some pluses and minuses. We still see some continuing strength in pricing both in the US and in Europe, we see some flat volumes in Europe, but on the negative side we see dropping volumes in the US, if you get to ferrochrome which is of course always one of the drives as well, due to some issues that we had in the ramp-up, start-up after maintenance of the ferrochrome operations in October, production suffered significantly, and as result, the volumes in Q4 of ferrochrome will be lower, however they are going to be offset by increase in price in Q4 over Q3 and as a result, the net net is flat ferrochrome result and all that together means that we are expecting a Q4 underlying EBIT to remain at a similar level to Q3 and consequently for the full year to 2016 were looking at a positive EBIT.

Tommi Jarvenpaa: Thank you, operator, we are ready for the questions.

Operator: Thank you sir. If you would like to ask a question at this time, please press the * or asterisk key followed by the digit 1 on your telephone please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. If you find that your question has already been answered you may remove yourself from the queue by pressing *2. Again, please press *1 to ask a question. We will pause just for a moment to allow everyone to signal. The first question comes from Seth Rosenfeld from Jeffries. Please go ahead, your line is now open.

Seth Rosenfeld: Good afternoon, thanks for taking my questions. I have two sets of questions first looking at ferrochrome and then second looking at the outlook for apparent demand. On the ferrochrome side, can you talk a little bit more about your confidence in the ferrochrome operational issues now being settled, now that we're in November, are operations back to normal levels and then also can you price some sensitivity for your earnings to move in the ferrochrome price. I think you've tried to provide in the past quarters but in a rising ferrochrome price environment what sort of earnings upside is there for your business and how would you respond to that? Is there opportunity to increase production or increase your external shipments? And then, separately, just wondering with higher nickel and also chrome prices alloy surcharges are clearly strengthening wondering if you can comment if there's been any early signs of apparent demand improving so that perhaps customer restocking in response to higher alloy surcharges? Thank you.

Roeland Baan: Okay. Thank you Seth for the questions. I'll give you the long answer on ferrochrome because I think there will be probably more questions coming so I'll try to be as complete as possible. When we came out of the maintenance as planned at the end of September, what you do is you start up very carefully, you charge some of the ore in there, it's a closed system, so you can't look inside what's happening, then you carefully start to power up, it's an electric arc system, so you have the cathodes in there and you try to not overheat it early because the new lining can give away so you do it carefully. What we found during that process as we were ramping up power from initially 10% to 15% to 25-30% was that the current flow was not as it should be, the arc was formed the way it should be which indicates that there is what they call frozen metal between the arc as a result, you have to go back and reduce power because you have the danger of damaging the inside of your furnace if you don't do that and again you start to power up very carefully. So that is a process it took us a few weeks to clean out what needed to be cleaned out to get an even melt. We reached about 50% power by the third week of October and by the 4th week of October, we were at full 100% and we have been at full 100% ever since.

It does mean that we have lost production in October, but at the same time, we're running full tilt at the moment and see no problems, so to answer your question, we feel that the issues are solved because it was not designed for repair it was just struggling to get a furnace going after having been down for a while.

You're right that we had some insight back in the second quarter on what is the effect, we then had a drop of – we went from 96 cents to 82 and we said that the impact was somewhere between 15 and 20 million, that is, generally speaking, still true the only thing that can still play a role in there is the exchange rate as the dollar moves, that has an impact of course translation to euros as our functional currency is euros but that guidance still stands.

On the alloy surcharge, the alloy surcharge actually has been up and down in October it went down compared to September, generally speaking nickel has trading between 9,500 and 10,500 and there is no indication for it to be pushed either way and as a result we do not see a restocking at the distributors nor do we see destocking. We are as we said in the sort of just below historical averages and no real impetus to move either way. You're right that if there will be a spike then you might see something coming up but we actually do not speculate on where the prices of nickel will go.

Seth Rosenfeld: If I can ask one follow-up question please, for your austenitic or ferritic grade production can you please give us a sensitivity – not sensitivity but some sense of what portion of the alloy surcharge is currently made up by chrome versus nickel, most investors seem to equate that solely with nickel but obviously chrome is a key contributor as well and so in a flat nickel environment, I guess we're looking at chrome as the key driver potentially.

Roeland Baan: So we don't comment on how we calculate alloy surcharge that is something that we do internally on the basis of our processes and consumption of various materials and giving a lot of insight into that is something that competitively I'd rather not do.

Seth Rosenfeld: Okay, thank you very much.

Roeland Baan: You're welcome.

Moderator: And now we'll take our next question from Michael Shillaker from Credit Suisse. Please go ahead, your line is now open.

Michael Shillaker: Thanks very much for taking my questions, I've got three questions also if I may – the first question Roeland, if you could give us a sort of update on your view of where you are with the Calvert ramp up and the cost down that I think you've been talking about because the US market is now I think in pretty good shape cyclically. Utilisation rates in the Americas look relatively healthy and yet of course I think the underlying EBIT is still pretty far away from where you would want it to be, so if you could just talk us through a little bit of an on-going plans to improve that profitability regardless of the cycle in America – in the America's.

Second question on long products, it just seems a persistent nothing business really, doesn't really help you, it doesn't really hurt you and I just wondered if there was a slightly longer-term strategic goal for this business, whether you could detach it comfortably from the rest of the group, whether there's actually synergy having that business within the group or whether you've got a slightly more aggressive restructuring plan and whether it is even worth it given the size of the business in the management time that that would actually likely take.

And then the third question is just on the US market, obviously, we've heard from you and many of your peers about the weakness of the US market in Q4 it does feel as though maybe it's a little bit more than seasonal weakness going on right now, have you got a view on that? Is it – is there some kind of buyer's strike going on because it doesn't like full blown destock given the inventory is relatively low? Do you feel that the US elections have come into play a little bit in terms of making people stand off until the result is known or do you see any signs of slightly – of real underlying demand weakness? I think Seth talked about apparent but do you see any signs of real underlying demand weakness causing the weakness in volume in the US and given that you are actually, I think, bucking the trend and doing a stable Q4 versus Q3 versus most of your peers who have been weaker, can you give us a sense, I know you talked about ferrochrome, why that's flat Q on Q but can you give us a sense in the stainless business as to how much of your stability Q on Q is price versus bottom up cost reductions and restructuring measures that you've taken in the quarter? Thanks a lot.

Roeland Baan: Okay, thanks for the question Michael. Okay, on Calvert, so we have and I think this is important to note, we saw already in Q2 on variable costs we have dropped 14% out of conversion costs, if you look at Q4 last year to now, we get close to about 30% we have taken out of the cost base. We are definitely not at the end of that process. If you look at how we went – how we operated that facility we started it up and then we had this major breakdown and then we struggled to get volumes back during 2015, so the facility has never been really tested and that has never been run the way it can be run. What we see now with our – the group of new management, the specialists we called in plus the increased utilisation of the plan is we start to learn how to drive it, it's almost like the first time you sit behind the wheel of a Formula One car, you go round the circuit extremely slowly because you have no clue what's happening.

It's not that bad but we are learning and it is a fantastic machine with tremendous capabilities and we are turning out more and more efficiencies as we go so there's a lot to go on the cost side. Commercially, yeah prices have improved but as we've said, and as you see from the CRU numbers of $240 of price increases up to now recordable in CRU numbers is about 120. We talked about this before the role of roll over a new contract and when were they done, so even that pricing I wouldn't be at this moment to concerned that [inaudible] apart from any other price increases in the market as a whole might have in [inaudible].

And then commercially we have always said we will, in the sectors we are penetrating in the market, that we are still in this sort of newness with our customers the full real commercial ramp-up and that's not just volume it's much more in which segments you play, how much goes straight through distribution or how much direct with the end customers, how much bill of material do you have within your portfolio, all that we think we will not reach until 2018 when we can really say it's mature. So all in all still tremendous upsides on all the ladders that we have.

Long products, it's a question I've had a lot and I understand why. Having said that, our long products division has a very strategic position within the group. First of all it gives us a product portfolio that we can offer to our customers and there are quite a few customers that like the one-stop shop and it allows us to when we get into the customer to actually have more associated sales going with it, so there is a clear spin-off. Profitability this year hasn't been brilliant but then again it's very much linked to oil and gas and if you go into the past that has been much better numbers and the numbers that are actually significant that's no reason to believe that we will not get back there. And then last but not least the facility in Sheffield as well costs slashed for the system which speciality Quarto Plate activities we have been using so it is an integral part of our company and our strategy and there's no, we are not thinking about divesting or anything else.

And then the US market more than seasonal? I don't think so, what we hear from our customers going into 2017 clearly, to me it shows there is no let-up there's no slow down it is literally seasonal end of year. I have no evidence whatsoever, on the contrary, I have more evidence that it is seasonal than anything else.

Michael Shillaker: Ok, very clear answers. Thanks a lot and well done.

Roeland Baan: Alright, thanks Michael.

Moderator: Thank you. We will now take our next question from Bastian Synagowitz from Deutsche Bank. Please go ahead your line is now open.

Bastian Synagowitz: Yes, good afternoon gentlemen. I've got three questions please. Firstly, could you please give us just any guidance on how was the impact from the ferrochrome smelting maintenance in the third quarter? Is it fair to assume it's been somewhere between 10 to 15 million negative range? And then also looking into the fourth quarter, why is the negative impact actually getting even larger because if prices are improving and the contribution from the chrome remains flat that suggest that there must be some incremental 15 to 20 million negative in the fourth quarter which I don't really get my head around

And secondly I noticed that your 110 million underlying EBITDA included a positive one off item of 22 million, could you please give us some more colour on the nature of this effect and have you had any cash out related to this is well I think that's been related to the acquisition of one service centre. Then lastly, I'm curious on whether you see any risk to the guidance for flat European shipments in the fourth quarter given that there is obviously plenty of economic uncertainty around. Thank you.

Roeland Baan: Okay, I'll take question one, two and four and let do Chris number three. We do not guide on individual parts of the business so the exact impact I'm not going to spell out. We have we had a 30% drop in production in Q3 and again we've already said that some time ago what price differences mean. You should be able to calculate back more or less accurately what that would mean on the volume drop. On the forth quarter, to try to help you get your head around, there is, generally speaking, a difference between production and deliveries. We knew we were going into maintenance in Q3 so have been building up inventory to handle that. As a result, even when we were in September out and had no production partially we could offset that with deliveries out of inventory. Now the whole thinking was then of course in October you are fully back up, then you get enough new supply into the inventory to actually ramp up your deliveries. What happens is that we were at best at about 50% of capacity in October, and we had depleted the inventory build-up for the maintenance and as a result we are now just short – short material for shipment so that is why you actually get to lower shipments in Q4 than in Q3 and those are then mitigated by the increase in price so it is actually flat, it's not lower. Then the last one, risk to the guidance? No, don't see it. We, as I said, we are booking already into Q1 so we know our volumes in Q4 and our prices for Q4. Chris?

Christoph de la Camp: Let me give you the story on the Hernandez acquisition. So what happened here was that we had we a roughly 33% stake in Hernandez and in 2015 we had severe doubts around the receivable, that we had again someone took a provision of €10 million against that. There were further receivables that were due in 2016 and we took another 12 million of a bad debt provision in March so in total by the end of March we'd taken 22 million of bad debt provisions against receivables from Hernandez. We felt it was in our interests to acquire Hernandez during the quarter and the result of that acquisition was that the bad debt provision – 22 million could be reversed. So that was a 22 million reversal which you see coming through as a benefit to our costs and consequently it moves up our underlying EBITDA by €22 million.

Now that of course on a year to date basis, the 12 million that we took in March, it flatters our year-to-date result only by 10 million, but the quarterly result is indeed 22 million better than it should have been. Now when you go into the next line down, to the EBIT, the result of this acquisition is that we also took the goodwill against that and had to impair it and that impairment charge was also about €22 million, so if you net off the two – the impact on the EBIT was actually zero, so there's a 22 million one off benefit in the EBITDA. It should have been €88 million otherwise, and there was a zero impact on that EBIT as a result of that. Year-to-date positive impact comes out at only plus €10 million on the EBITDA level.

Bastian Synagowitz: Just to follow up briefly here has there been any cash out for the acquisition, I would presume no and then just coming back briefly on ferrochrome as well, could you just share with us whether we can expect that kind of the full situation around ferrochrome will have reversed in the first quarter? I would presume so but just confirm that the first quarter will be kind of clean and we'll get the full price benefits depending obviously on how chrome prices will move for the first quarter settlement. Thank you.

Roeland Baan: So operationally we are at full 100% and will be in Q4 and we should be as well in Q1 if nothing unforeseen happens but everything is running fine.

Christoph de la Camp: And in response to your first question was there any cash out? There was a very small amount for the purposes of our accounts de minimis, that we paid for it.

Bastian Synagowitz: Ok, very good, thank you.

Operator: Thank you, now we'll take our next question from Carson[?] [inaudible] from UBS. Please go ahead, your line is now open.

Carsten Riek: Thank you very much. Most of my questions have been answered. One left, on your short-term actions, you had on your agenda to free cash of around 200 million from net working capital. It looks like you have achieved this target already in the first nine months. Is there anything left which you could still further push down net working capital or do you think it's as good as it is right now? Thank you.

Christoph de la Camp: So if you separate out the – from the financials the true working capital really and this is trade, we consider for this purpose only trade receivables, trade payables and inventory, the actual relief year to date has been €149 million that is almost exactly pro-rata con track for the 200 million that we set ourselves. So we still have a way to go during the last part of the year, working very hard on achieving that. Clearly we always said it was on the assumption that you know ceteris paribus and that the pricing and so on would remain at approximately the level of the year beginning. We've had a little bit of headwind on this because prices have moved up a bit since the beginning of the year but we're still working very hard on achieving that €200 million. So I would say we cannot declare victory on it yet. We still have a way to go and we are very clear on what we need to do in all areas of our working capital to achieve that target but we're not there yet.

Carsten: Thank you, maybe one other question on the base price levels because you mentioned the market is currently quite good with regard to demand. Is there any – or is there enough strength in the market to push through further base price increases in the fourth quarter or would you wait and see until the first quarter?

Roeland Baan: As I've said the fourth quarter basically is booked and then we will have in Europe the price increase which is comparable to what you saw in Q3. In the US you will see as well that there's an increase not in the same level as Q3 or Q2 but there is a continuation. Going forward, yes, we see strength, we see we see possibilities to further recover the lost territory that we have suffered during the import boom from China both in Europe and in the US, I will not comment on what we see as possible just out of commercial reasons.

Carson: Okay, perfect, thank you very much.

Operator: Thank you. As a reminder *2 to remove yourself from the queue. We'll take our next question from your Johannes Grasberger from Nordea. Please go ahead your line is now open.

Johannes Grasberger: Hi it's Johannes from Nordea. My questions are as follows. First of all, on Americas, I think the cost base still looks pretty stretched. Can you talk anything more on that front, what is or what are the cost lines in America?

Roeland Baan: Before you go on, what do you mean by the cost lines look pretty stretched?

Johannes Grasberger: Yeah I just kind of seen that the base prices are going up, you have very high volumes and still I would have expected a stronger result from America so I'm just thinking here are there specific cost lines are still too high for the operations and what is being done to change it?

Johannes Grasberger: So if you take that as a first one.

Roeland Baan: I can, so as I said we took 14% out in Q2, we are compared to Q4 last year, we are close to 30% that we took out on a conversion cost per ton basis. There is more to go. There's absolutely no doubt, and it is the dynamics that are important more than the momentum. If you look at the dynamics, you see the improvement from Q1 results to now. And you can see that yes the volume had an impact and price had some of an impact but if you take those out you'll see that there's a very large cost element in there that – that carries probably the biggest part of improvement and that is what is still progressing and we're still seeing upside and potential.

Johannes Grasberger: And if you would continue on that one, if we take price volumes at low variable costs and compare third quarter EBITDA to first quarter what would you say has had the biggest leverage on the profitability year-to-date?

Roeland Baan: I don't have that at hand but again 30% of cost I would definitely go with the biggest impact especially because there was no impact of price in Q1, there was a limited impact in Q2 and so I would still say that the biggest impact is the cost side by far.

Johannes Grasberger: Okay all right and then on ferrochrome I'm just curious if there's somehow kind of a double negative hit in the Q4 so to speak because I'm trying to understand here that okay you have this kind of slowdown in a ramp up with ferrochrome capacity so are you kind of forced to buy some ferrochrome from the market at the steel mills and at the same time losing some production or is it just a shortfall of deliveries?

Roeland Baan: We are not forced to buy from the market, as it happens we do buy some but this is a logistics play where we sell some to the third-party market because of the logistics importing and other locations in the world we buy chrome in locally so we save the [inaudible] but we are not short chrome for our system.

Johannes Grasberger: In the earlier part of this conversation did you did you mention or if not could you mention that the sensitivity of the ferrochrome operations for 5 or 10 cent move in the ferrochrome price at least if we look at the annual report from 2007 for example we had the sensitivity of €10 million on EBIT from 5 cent move and now the capacity has obviously doubled so we are talking about 5 cent move in ferrochrome price, €20 million on EBIT sensitivity?

Roeland Baan: Per year or per quarter?

Johannes Grasberger: Annualised.

Roeland Baan: So what we said in Q2, and I'm sticking to it, is we had a drop then from 96 cents down to 82 cents down, having said that has an impact depending on the dollar move between 15 and 20 million for the quarter and that's still that.

Johannes Grasberger: That matches pretty much the 5 cent to 20 million annualised. All right and then I've got one more question to go before I've got a couple of cash flow related questions. The utilisation rate at long products mills, okay you mentioned the oil market and is that the only driver for improved demand or can you ramp up volumes in the current market environment or do you really need higher oil prices to see a stronger demand there?

Roeland Baan: I don't think we need higher oil prices, we have already seen that even, it's the stability that you need. With oil prices stabilising around $50 a barrel we have already seen the rig count in the USA is starting to go up significantly. So it is the shock of the drop that has many operators stop drilling and actually not invest in further capacity because it was unclear where it was going. As we are now back at 50, you see that rig count is coming up because people can make it work financially and economically at this level. So we see a rebound in our customer base that will have a positive effect over time on our deliveries.

Johannes Grasberger: Okay and then my final questions on cash flow just the third quarter, other non-cash adjustments were negative 20 million which has been normally a positive figure, any comments on that? Then the second question on Shanghai, have we now seen all of the proceeds by the third quarter is there still something coming in the fourth quarter? And the final question on cash flow, is on working capital and the kind of the 50 million cash flow boost from that, that the guidance implies for the fourth quarter. Where is that really coming from? Is it just selling down the inventory at the same when the European steel mills are going under maintenance? And how does that play with the increase in ferrochrome price and the ramp up in that segment? Does it make this working capital guidance more difficult to achieve?

Christoph de la Camp: So on the cash flow the non-cash on cash flow items you are referring to – clearly the impact the one-off impact of the Hernandez acquisition as I mentioned earlier on the impact was an item in EBITDA which was not cash relevant so I think that accounts for most of the adjustments there. The second piece is we are substantially done with the with the receipts from Shanghai there's a small amount – it's not about left to go but not much more but there is a little bit more to come. It's essentially – it's going to be a smaller amount in the fourth quarter but the cash flow guidance that we see is going to be driven by – on the one hand the improved EBITDA we see coming through and on the other hand also obviously the working capital so it's – it's a combination of the two. You also have to bear in mind that we have some Capex outflows as well.

Johannes Grasberger: Ok. Thank yo,u that's all for me.

Operator: Thank you and now we will take our next question from Johannes Grunselius from Handelsbanken. Please go ahead. Your line is now open.

Johannes Grunselius: Yes hello everyone this is Johannes from Handelsbanken, My first question is on your own cost actions and short-term actions. You have the guidance obviously your targets to reduce SG&A of 100 million, I think your target is that you will achieve this by the end of 2017. Have you started to see any impact on this is so far and if so could you give us a ballpark number of what you have achieved so far on this one please?

Roeland Baan: Yeah, so the answer is yes we have seen significant impact already, recall that we've said on the run rate basis of 100 million and 2017 so we don't at this stage expect to see the full 100 million output for the year 2017 but run rates to be a hundred million euros. We – if you look at our 2015 financial statement and subsequent recent classifications that we've made then the starting point for that you know the starting point for SG&A costs is around 400 million euros a year. If you look at our SG&A costs in the year-to-date in the third quarter we're currently running at 270-ish now. The third quarter did have a positive impact on the Hernandez acquisition but even if you sort of extrapolate going forward the activities that we've already implemented adjust for some one-off items such as to – it is clear the SG&A costs are really going to be significantly lower in 2016 than they were in 2015

Johannes Grunselius: Yeah, how should we be thinking of this in the next few quarters? Will it be sort of a linear trend here where you will achieve lower SG&A or is it sort of big changes in the coming quarters if you can say anything about that?

Roeland Baan: Yeah if it were linear it would be too easy because you've always got certain cost items that are lumpy, the SG&A costs are not exactly the same every month and every quarter, there are one-off charges that fall into it and the cost savings and you stop certain cost at certain times. And you don't release, for example, one person per day, but groups of people certain periods of time so it will be a little bit lumpy but the trend you'll see will be down towards that level by the end of 2017.

Johannes Grunselius: Okay. I also have a question on your new long-term financial targets have you set in April and the market conditions were different with lower base prices in Europe, lower

Ferrochrome prices and so forth. I mean are you looking into maybe revising up the targets because of better markets now than half a year ago?

Roeland Baan: So I had expected this question at some stage and the answer is no. Because we know one thing for sure prices can go up as well as down. Sitting in 2016 and say well, what we see now happening in – at 16/17 let's take that and extrapolate that to 2020 it goes too far for my taste. And more importantly, Johannes, we have always said we do not want to get distracted by moves in pricing. This is a self-help story. If you get some help fine, if you get some headwind that's fine. We have to make this without any of these issues so we concentrate just on our initiatives and make sure that we deliver them and that is where our head is at.

Johannes Grunselius: Yes, but I mean what you are basically saying is that that those targets relies on market assumptions which are far more sort of negative than that we currently see.

Roeland Baan: Well yes, if you go back and we have said we do not take into account any significant improvements in markets circumstances. Although, we are taking in some inflationary price increases as well as slight uptick in nickel, which is basically where we are today.

Johannes Grunselius: Ok, fair enough, thanks. I have also final question and may be touched up on this already but I was off the call for a few minutes but I was thinking about your thoughts on prices in Europe for next year your competitor were out a few days ago and talked about 50 € up in the – where they have a strong market share other words, it was Acerinox obviously. They talked about 50€ up in and Spain, Portugal by the beginning of next year to implement that price hike but you're thinking about price hikes for next year for continental Europe.

Roeland Baan: Those markets are typically not markets we are active in and as I said earlier we do see a healthy market and of course if we do see an opportunity to move prices we will. We will not take our foot off the accelerator just yet

Johannes Grunselius: Ok thank you very much for answering my questions thanks.

Moderator: Now we will take on next question from Luc Pez from BNP Paribas. Please go ahead, your line is now open.

Luc Pez: Hi gentleman, I have two follow-ups even though most of my questions have been answered already. Could you allow me to understand better the dynamics behind lack of restatement to Europe underlying EBITDA and EBIT. While you're mentioning the impacts, the write-downs – and I understand that this is fully being offset. But it would be clearer to put one-offs as one-offs and clean as clean. That would be my first question and the second one is the follow-up on the US pricing. I understand you point to healthy conditions, steady import pressure, but prices are not moving. What is the reason for that? And I mean everybody seemingly pushing on the prices and Acerinox also pointing to the fact that prices are nor moving. Is it because you're afraid of raising too hard the prices, or too hard on the volumes, or is it those two? Thank you if you can clarify.

Roeland Baan: What was the first part? I do have to ask – I'm sorry I didn't quite understand that question when you say the adjustments in Europe you talking about the six million euros adjustments, or which adjustment are you talking about here?

Luc Pez: No, I'm talking to the adjustments which are not done on the underlying numbers which are the 22 positive on the underlying EBITDA and the and 21 million negative on the write-downs.

Why are these not restated properly in the underlying figures because these are a one-off and accounting effects which everybody can understand of course but which are not stated as one-off properly?

Roeland Baan: Ok. Ok, so the reason that we did not take them in the EBITDA was that the provisions that we've booked in the past were taken against regular income as well so by taking the – releasing those provisions we felt that we should take them against ongoing EBITDA's regular business rather than one off because otherwise we would have a mismatch for the year-to-date so having something classified them – having not classified them in the past without – we felt we should not classify them these benefits either, so that's the one piece. And then on the impairment charges, pretty much the same thing it's an impairment charge below the line – it's an impairment and impairments are by nature one-off we don't adjust that.

Luc Pez: Ok, do you know if there's any one-off we could expect from Q4 before you move to the US pricing question?

Roeland Baan: We're not expecting anything very significant this stage.

Luc Pez: Thank you.

Roeland Baan: The pricing, again, it all depends on which vantage point you look at it. Just to give you an example you see that CRU is reporting $120 increase in base price in the course of this year. And it's information they are getting basically by calling distributors and customers and trying to get a feel of what was the transaction price. If you look at our books we are closer to 150. So we are already off the mark of what CRU says, and then you look at the headline numbers there has been a total of 240 dollars a tonne of increase in announcements, and then you would have a third number but I assume Acerinox will have a fourth number to that.

So, the Joker in the pack is how your contracts are constituted and when did you actually enter into them. And I'll give you a little bit of insight into how we got to our numbers. Already when we talked in Q2, we said we don't have the full impact in there because we have annual contracts are not reacting to any price changes. You have semi-annual contracts that are not yet in Q2, and then the only thing that gets in there are your basically your Q1 roll-offs and your spot. So you then go to Q3 again still the annual contracts are not moved by the pricing. And we actually have in June – so before the effective date of sales increase – we had a number of new semi-annual contracts, so they are not impacted. So if you if you look at mix of your contracts and when they were entered into at what price level in order to get an idea of what actually the effect of today's price is.

Luc Pez: Thank you.

Roeland Baan: You're welcome.

Moderator: And now we'll take our next question from Hjalmar Ahlberg from Kepler Cheuvreux. Please go ahead, your line is now open.

Hjalmar Ahlberg: Thank you. Just wanted to hear – get any comment on the potential shipment volume in the US and Q4. I mean you were up at 180 tonnes you were at 160 the beginning of the year. Will you fall back to that level in Q4 and looking into 2017 will you then get back to 170/180 per ton above, can you give a comment on that?

Roeland Baan: You are referring to the US?

Hjalmar Ahlberg: Yes.

Roeland Baan: Again we don't give exact numbers in our guidance, we give company overall numbers but it is again the it is the December effect you have in the US. Basically as from the moment of Thanksgiving all the way up to New Year activity goes down, there is quite a few of the businesses actually close down in the last few weeks of the year, but most important thing is polishing up on the balance sheet specifically distribution sets. So it is – you can I would say if you looked at the past five years and look at December versus October or November you will see that there is a significant drop off in volumes in the US and this year will not be different.

Hjalmar Ahlberg: Ok, so no percentage number, significant above 10% or is it below 10%.

Roeland Baan: Again I'm not going to comment on our numbers because it's competitive information but to get a feel do a regression analysis of the last five years and you get really close.

Hjalmar Ahlberg: Ok, thank you. And then on EU shipments they were quite strong this year. I mean you did mention that you didn't do any maintenance, but on the demand side what was seen that was especially good that was able to achieve this higher than usual shipments in Q3?

Roeland Baan: I think that the big success we are having is that after having proven to be an unreliable partner in 2014 and 15, as from the middle of 2015 we have regained the confidence of the market. We have been exemplary in our delivery performance, exemplary in our quality feedback [inaudible] two-week trip [inaudible] customers see feedback from the customers was agile, nimble, good to deal with. So we really have put ourselves on the map and we see that back in the volumes, it's nothing other than that.

Hjalmar Ahlberg: Ok thanks. And you mentioned that you pretty much fully booked you said for Q4. Can you say about the lead times in the orders today?

Roeland Baan: In Europe we are booking currently into February. Not for all territories, there are some niches of smaller markets where we are still January. But for the large markets we are into February, and in the US we are starting to book into January.

Hjalmar Ahlberg: Ok, and then on imports in the US, this has picked up a bit as you indicated in your presentation and even more maybe after that. Do you see any impact of this, you still seem quite positive on this on the US market so you don't think that imports will come back to above normal level again?

Roeland Baan: If you look at actually the import share is still pretty decent at 23% of the market, I think that will probably remain. It's a good market, it's a healthy market. Don't forget that we as local produce we don't only ship to local markets, we export as well quite a bit so you will always have the sort of a trade-off between imports and exports. And more importantly is these are –these are imports at market prices these are sensible market player that are importing their fields into a market.

Hjalmar Ahlberg: Ok if you don't see any risk of this new import pushing down prices rather being done at the same prices as in the US?

Roeland Baan: If you export from Europe to the US, your cost base not very different and you have there's not a lot of chance you'll have to push up prices.

Hjalmar Ahlberg: Ok, great. Thank you very much.

Roeland Baan: You're welcome.

Moderator: Thanks as a reminder for further questions. There are no further questions over the phone at this time so I would like to turn the call back to Tommi Jarvenpaa for any additional for any additional or closing remarks

Tommi Jarvenpaa: Thank you very much for your attention and your participation. The fourth quarter and full-year 2016 results will be published on 2nd February. Until then thank you and goodbye.

Operator: Thank you that will conclude today's conference call. Thank you for your participation ladies and gentlemen. You may now disconnect.