

Interim statement Q1/2017

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April 27, 2017



Today's attendees from Outokumpu



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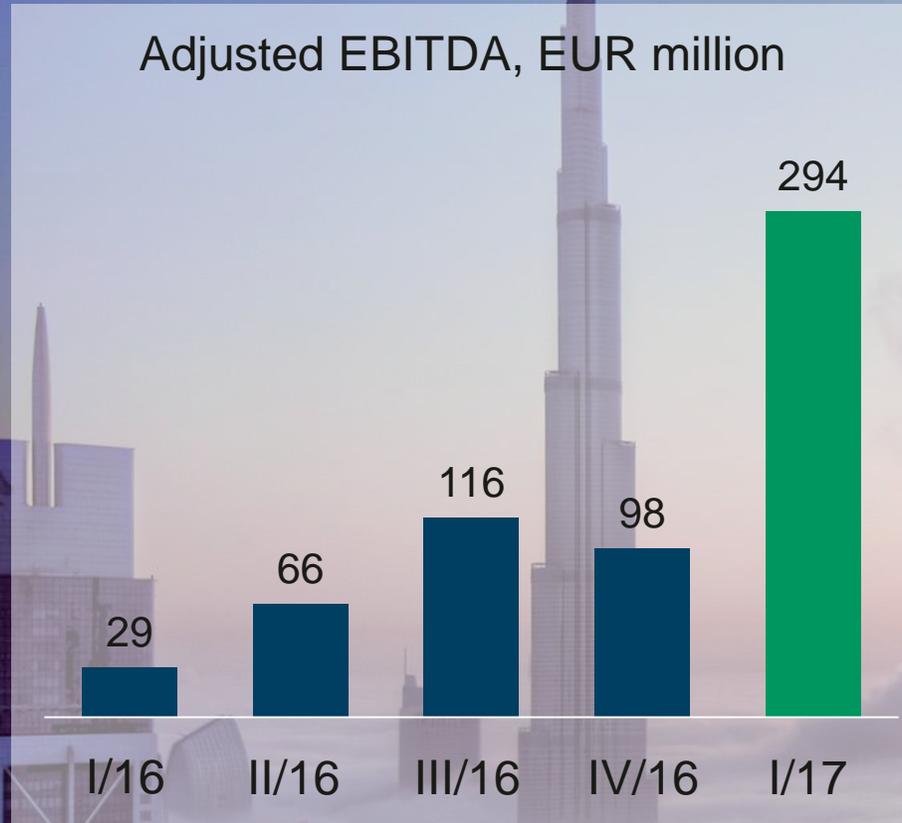
Best **value creator**
in stainless steel
by 2020 through
customer orientation
and efficiency

1. Customers
2. Shareholders
3. Employees

Time bound:
sense of urgency

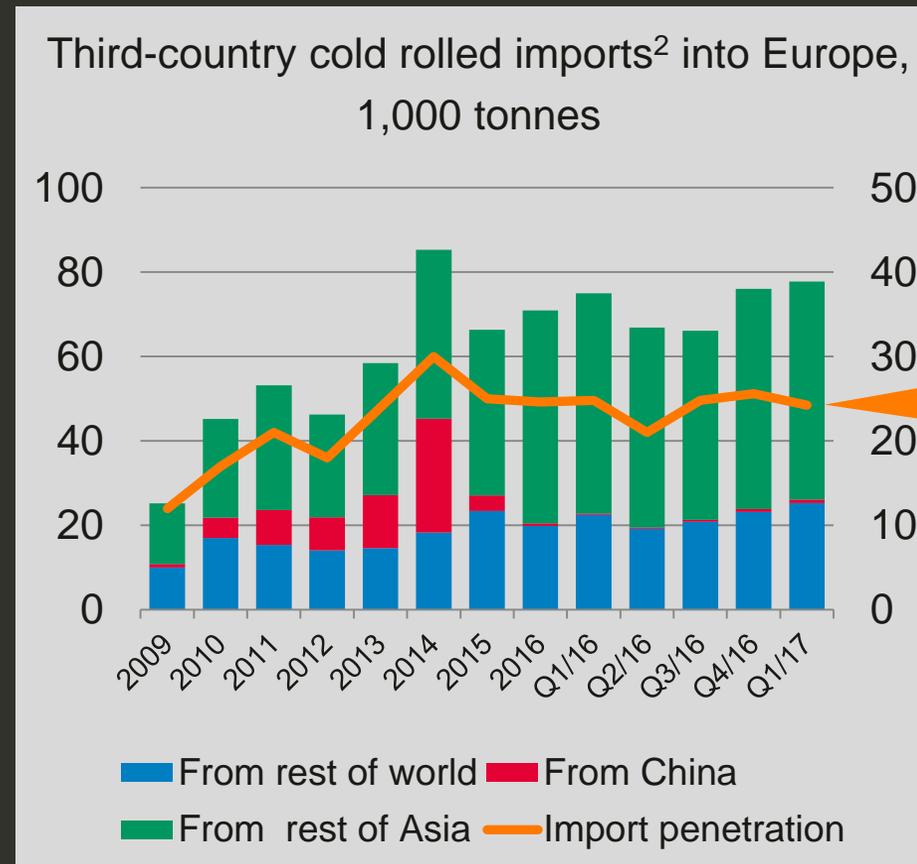
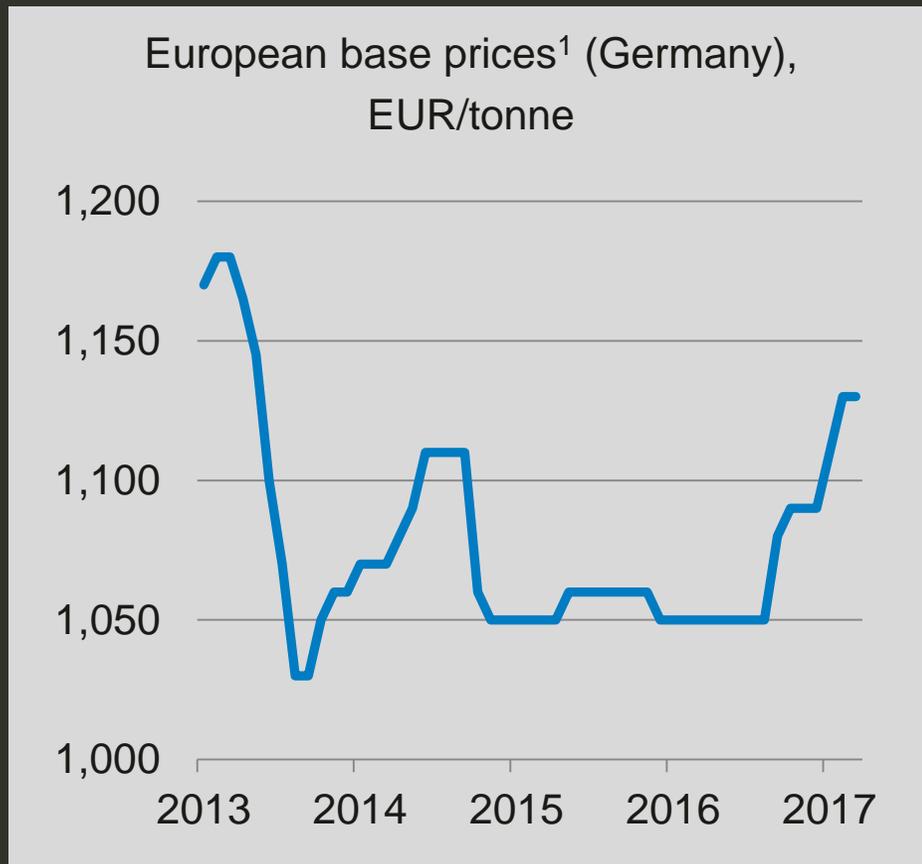
Back to basics

Strong start to the year



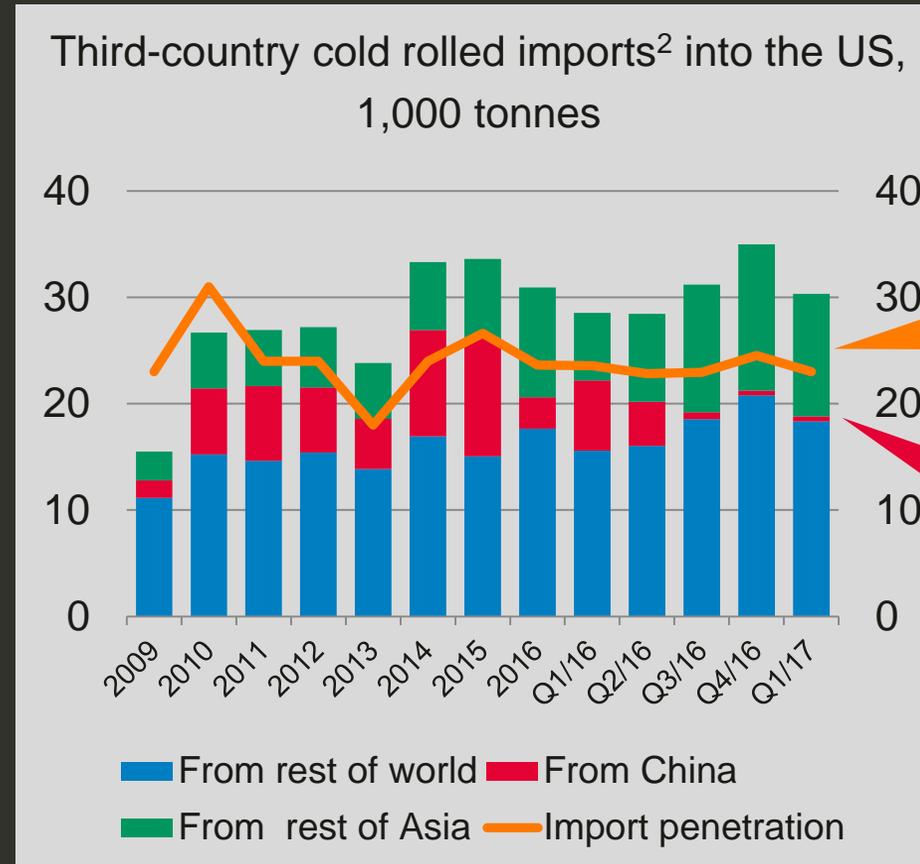
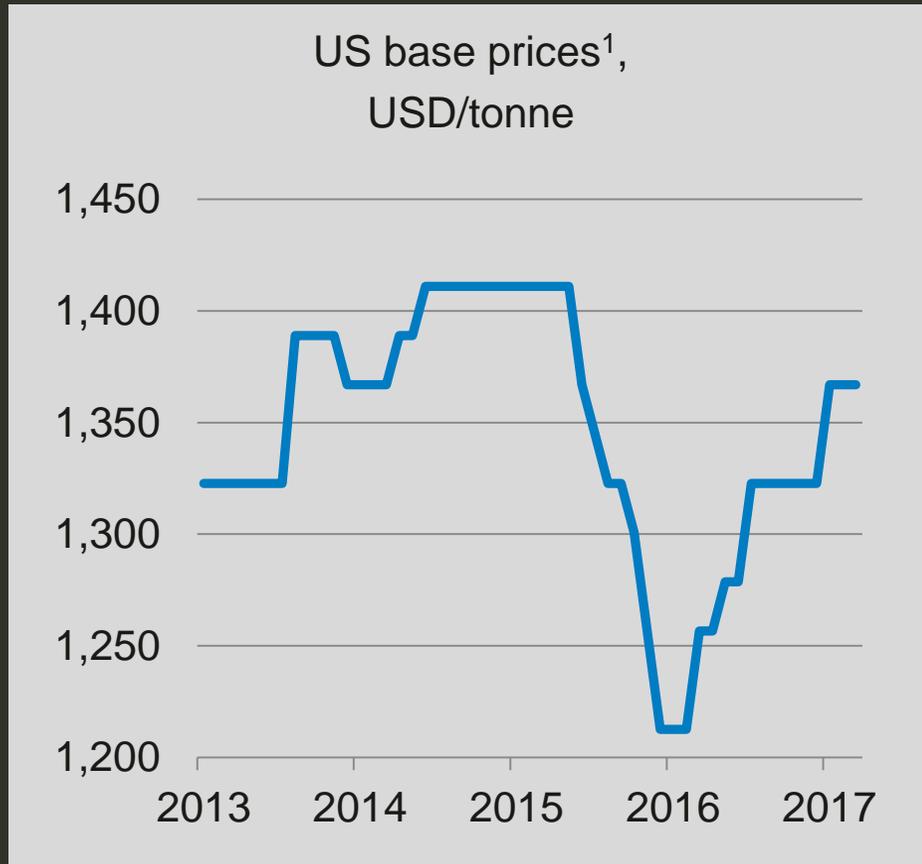
- All business areas delivered black numbers
- Americas continued its turnaround and reached positive EBIT
- Productivity and efficiency improvement measures resulted in higher delivery volumes and considerable cost benefits
- Strong markets with higher ferrochrome and stainless steel base prices
- Substantial NWC increase due to higher accounts receivables and inventory value

European base prices continued to improve



Import penetration slightly down to 24.2% in Q1

US base prices at strong levels



Import penetration of 23.0% in January

Imports from China into the US decreased significantly

Key financials

Increase in deliveries driven by significantly higher deliveries in the Americas and Long Products

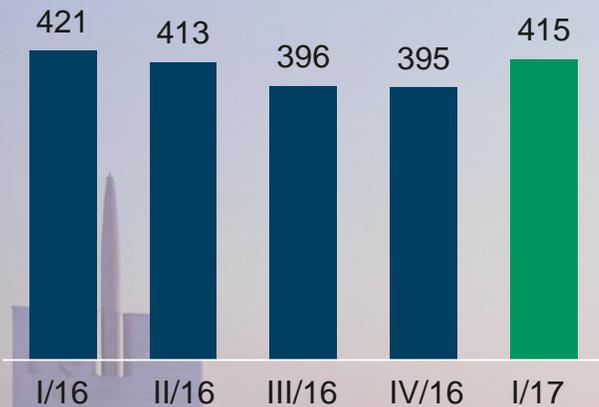
Q1/17 sales increased by 27% as a result of higher deliveries and prices

Operating cash flow impacted by NWC increase of EUR 280 million due to higher accounts receivables and inventory value

Key figures	I/17	I/16	2016
Stainless steel deliveries, 1,000 tonnes	639	610	2,444
Sales, EUR million	1,757	1,386	5,690
Adjusted EBITDA, EUR million	294	29	309
Net result, EUR million	182	-41	144
Operating cash flow, EUR million	-53	74	389
Net debt, EUR million	1,376	1,551	1,242
Capital expenditure, EUR million	19	32	164
Personnel at the end of the period	10,420	10,920	10,600

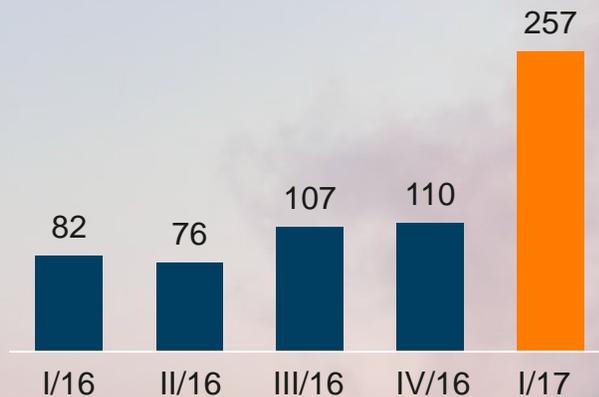
Step-change in Europe's profitability

Deliveries, 1,000 tonnes



Lower deliveries vs. Q1/16 driven by Benrath closure in Q3/16

Adjusted EBITDA, EUR million

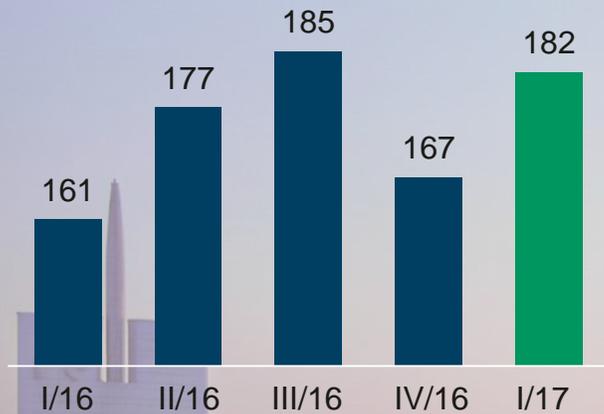


Step-change in profitability driven by significant cost reductions, strong demand and higher prices

- Robust market in Q1 with strong demand in all customer segments
- Q1/17 average base price increased by EUR 100/tonne compared to Q1/16
- Distributor inventories increased
- Continued reductions in variable costs per tonne and SG&A costs
- Ferrochrome operations
 - Positively impacted by increased FeCr price and higher delivery volumes
 - Lower production volumes due to technical issues and furnace breakdown

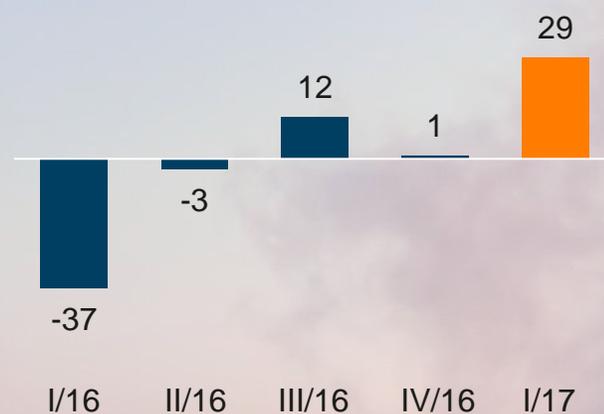
Americas reached record-earnings

Deliveries, 1,000 tonnes



Solid demand in all customer segments

Adjusted EBITDA, EUR million

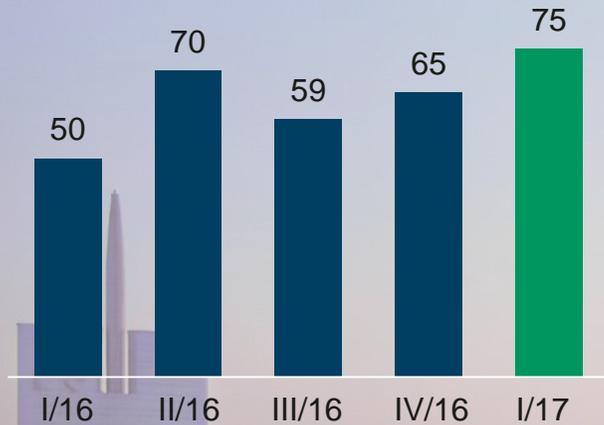


Adj. EBITDA supported by strong markets, improved productivity and product mix, as well as further reduction in variable costs per tonne

- Strong market in Q1
- Q1/17 average base price increased by USD 170/tonne compared to Q1/16
- Favorable market environment attracted higher import volumes to the region
- Distributor inventory levels continued to increase
- Raw material-related inventories and metal derivatives had positive net impact on result

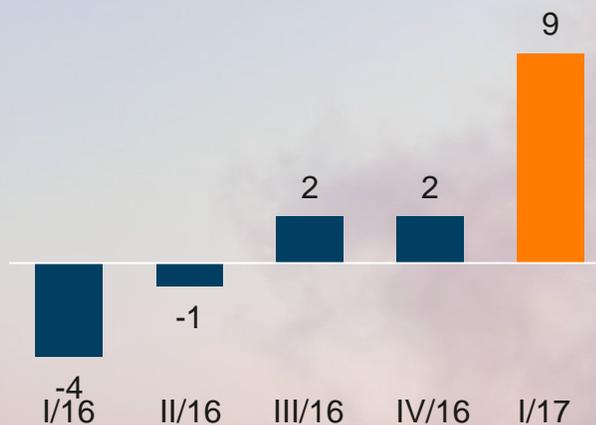
Long Products solidly profitable

Deliveries, 1,000 tonnes



Q1/17 deliveries increased driven by higher customer deliveries and increased internal slab deliveries

Adjusted EBITDA, EUR million



Improved adj. EBITDA driven by higher deliveries and prices and better mix

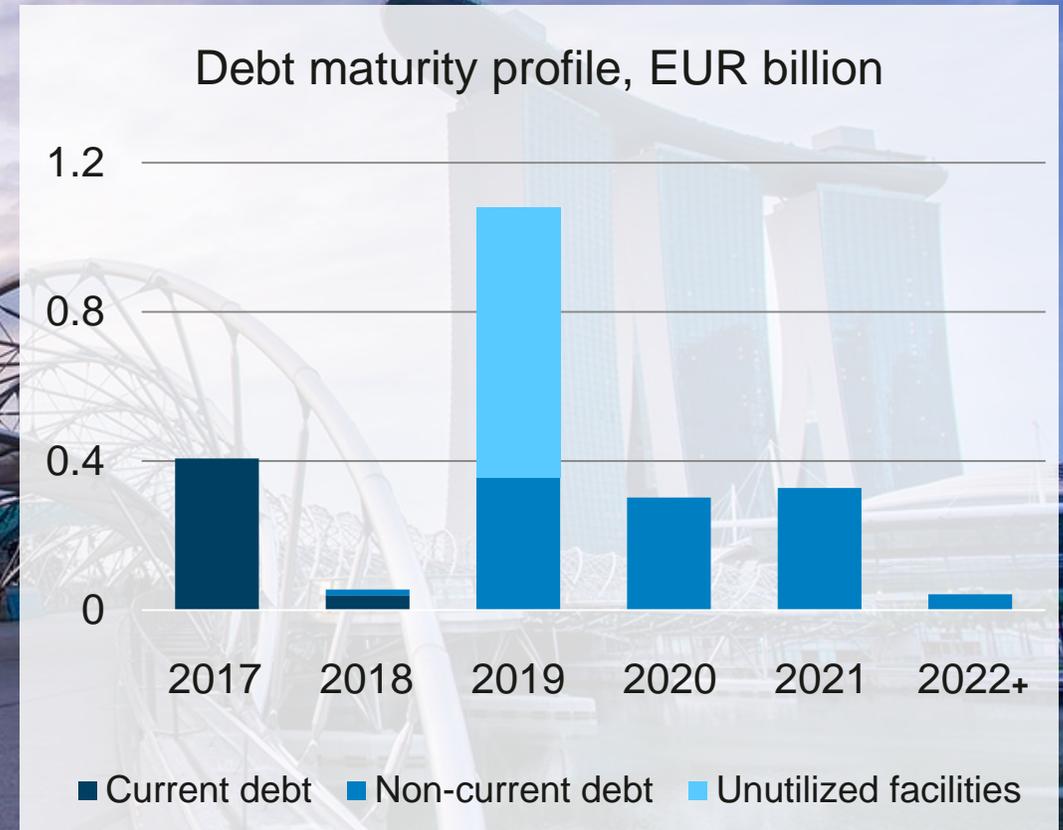
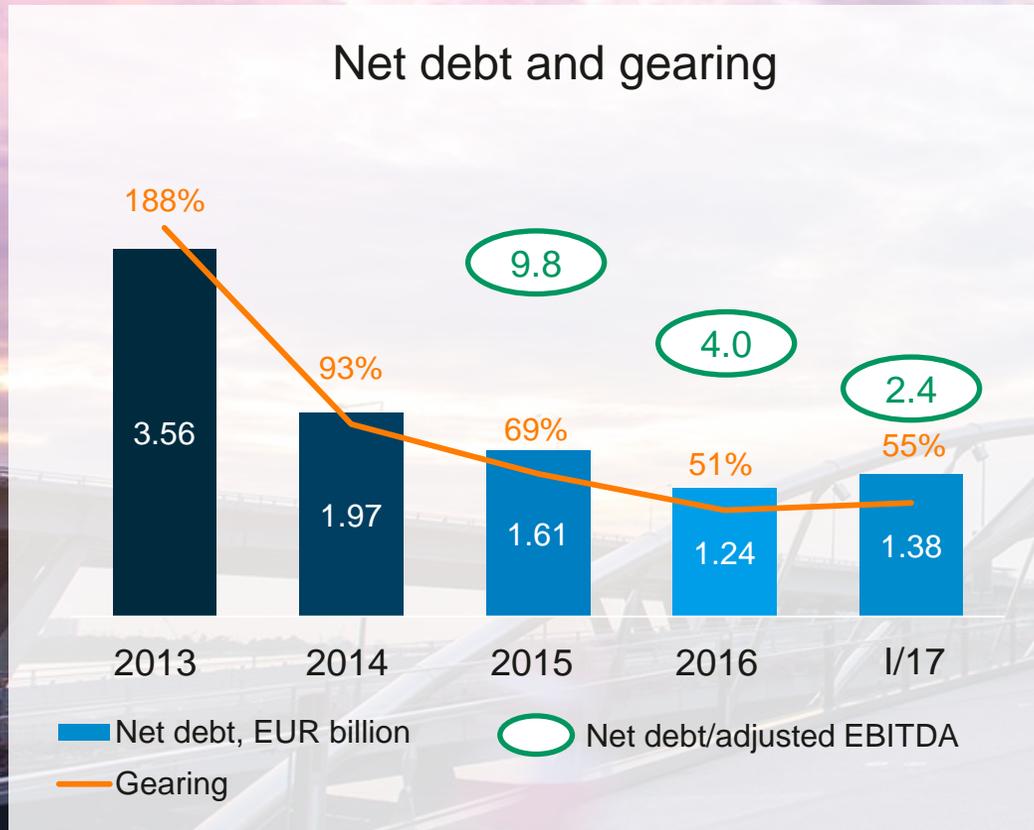
- Strong demand from automotive and aerospace, recovery in Oil&Gas in Q1
- Higher base prices in Europe but prices remain under pressure in the US as import volumes remained at high levels
- Continued good progress in cost reductions
- Raw material-related inventories and metal derivatives had positive net impact on result

Increase in NWC resulted in negative operating cash flow

EUR million	I/17	I/16	2016
Net cash from operating activities	-53	74	389
Net cash from investing activities	21	-17	-81
Cashflow before financing activities	-32	57	308
Net cash from financing activities	-91	-76	-291
Cash and cash equivalents	81	166	204

- Net working capital increased by EUR 280 million during Q1 driven by
 - Increase in trade and other receivables due to higher base and raw material prices as well as higher delivery volumes particularly towards the end of quarter
 - Increase in inventory values mainly due to higher ferrochrome prices
- Cash flow from financing activities of EUR -91 million includes
 - Payment of dividends of EUR 41 million
 - Treasury share purchases of EUR 20 million
- Q1/17 financing costs of EUR 32 million, interest expenses at EUR 24 million
- Overall liquidity reserves at EUR 0.8 billion
- Net debt increase to EUR 1,376 million driven by negative cash flow

Leverage reduced significantly



Business and financial outlook for Q2/2017

- Underlying stainless steel demand is expected to remain robust in both Europe and the US
- Stainless steel base prices are expected to continue to improve
- Q2 stainless steel deliveries of both business area Europe and the Americas are expected to remain at the same level as in Q1
- Lower ferrochrome contract price and lower ferrochrome deliveries in Q2 as a result of technical issues experienced in March.

Outokumpu expects its Q2/2017 adjusted EBITDA to be somewhat lower than in Q1/2017

Appendix

Income statement

(MEUR)	Jan-March 2017	Jan-March 2016
Sales	1,757	1,386
Cost of sales	-1,435	-1,309
Gross margin	322	76
Other operating income	21	26
SG&A costs	-87	-104
Other operating expenses	-4	-11
EBIT	252	-12
Share of results in associated companies and joint ventures	3	-1
Financial income and expenses		
Interest expenses	-24	-26
Net other financial expenses	-8	-8
Result before taxes	224	-47
Income taxes	-41	6
Net result for the period	182	-41

Balance sheet

Assets (MEUR)	March 31, 2017	Dec 31, 2016
Non-current assets		
Intangible assets	503	504
Property, plant and equipment	2,826	2,874
Investments in associated companies and joint ventures	69	67
Other financial assets	52	54
Deferred tax assets	163	204
Defined benefit plan assets	28	45
Trade and other receivables	2	2
Total non-current assets	3,642	3,750
Current assets		
Inventories	1,335	1,232
Other financial assets	35	50
Trade and other receivables	924	687
Cash and cash equivalents	81	204
Total current assets	2,375	2,173
Assets held for sale	-	67
Total assets	6,017	5,990

Equity and liabilities (MEUR)	March 31, 2017	Dec 31, 2016
Total equity	2,502	2,416
Non-current liabilities		
Non-current debt	1,010	987
Other financial liabilities	4	4
Deferred tax liabilities	22	22
Defined benefit and other long-term employee benefit obligations	354	356
Provisions	103	118
Trade and other payables	36	37
Total non-current liabilities	1,530	1,525
Current liabilities		
Current debt	447	458
Other financial liabilities	14	63
Provisions	21	15
Trade and other payables	1,502	1,471
Total current liabilities	1,984	2,007
Liabilities directly attributable to assets held for sale	-	43
Total equity and liabilities	6,017	5,990

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%

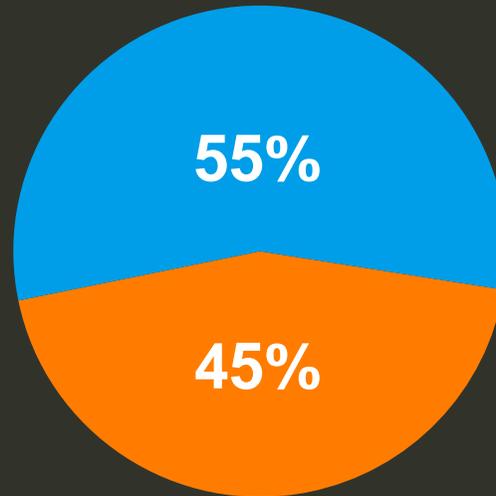
Gearing
<35%

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

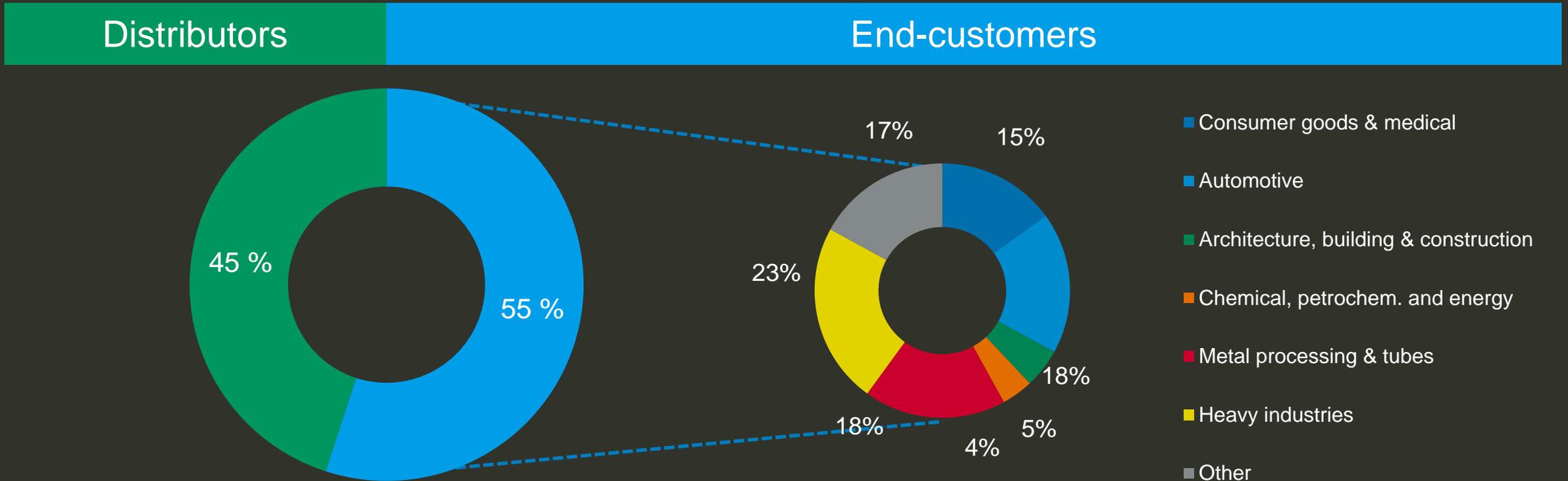


COST REDUCTION

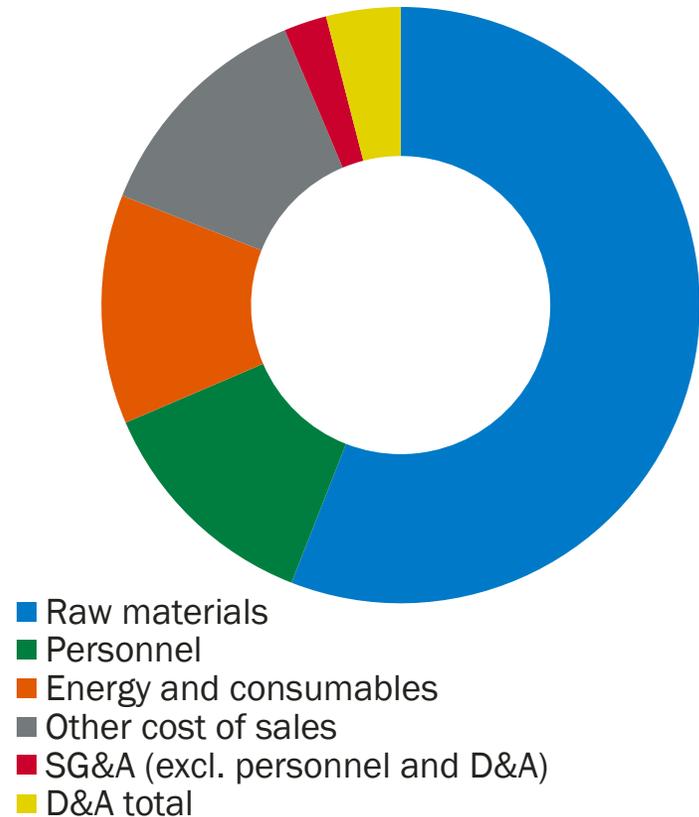
- Achieve 2-3% annual productivity improvement
- Achieve 15% savings in procurement
- Reduce variable and fixed cost
- Reduce SG&A cost by EUR 100 million

We focus on growth segments

Consumer goods, automotive, architecture, building and construction



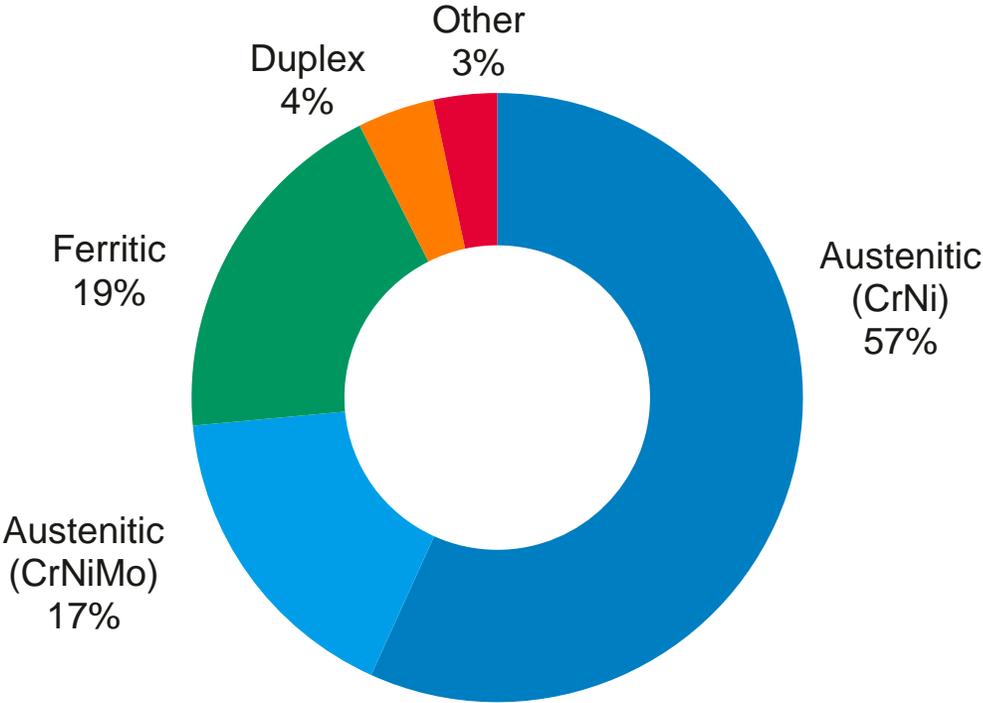
Operative cost components



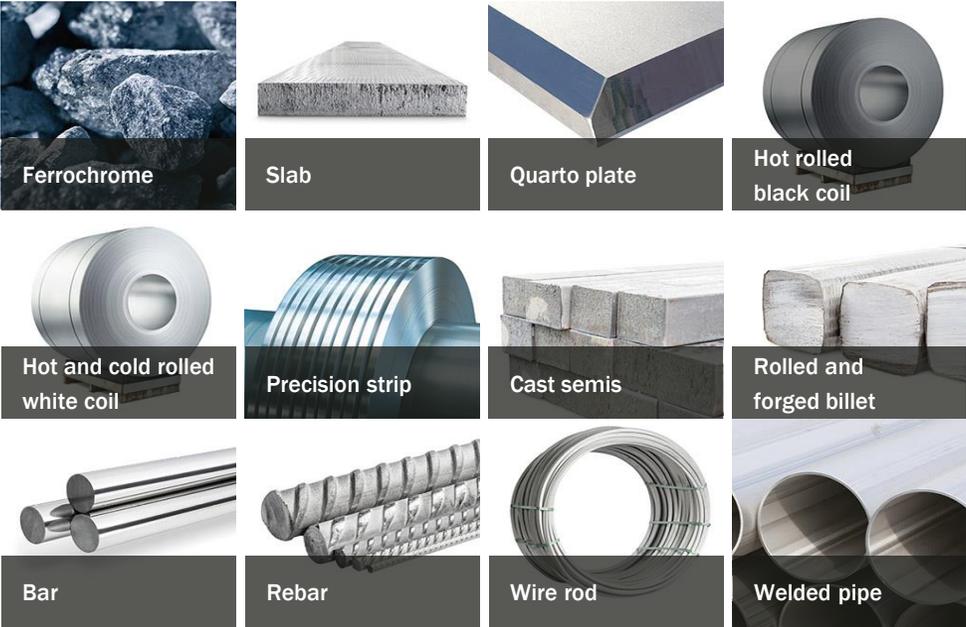
- Raw materials account for around 60% of the total operative costs of the Group
- Energy and other consumables account for 10-15% of the total operative costs
- Personnel expenses 10-15% of the total operative costs
- Other cost of sales includes e.g. freight, maintenance and rents and leases

Broadest product portfolio across stainless steel

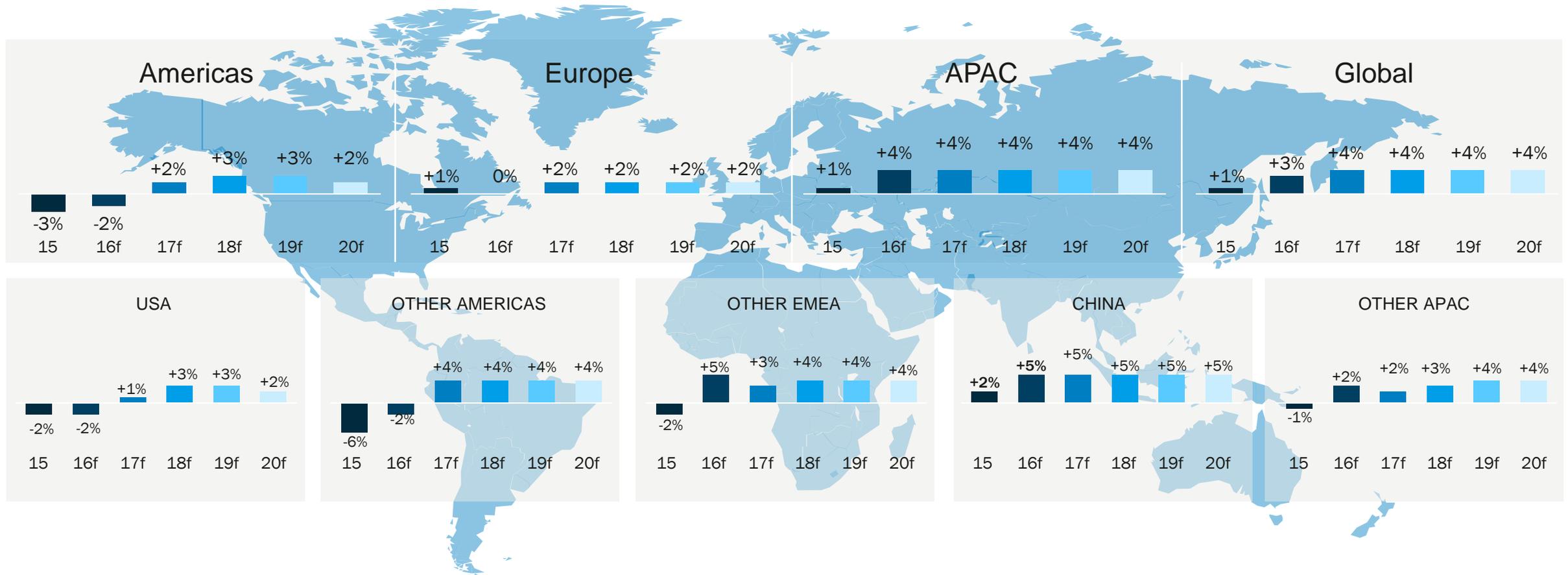
Deliveries by product grade in 2016



Outokumpu product forms



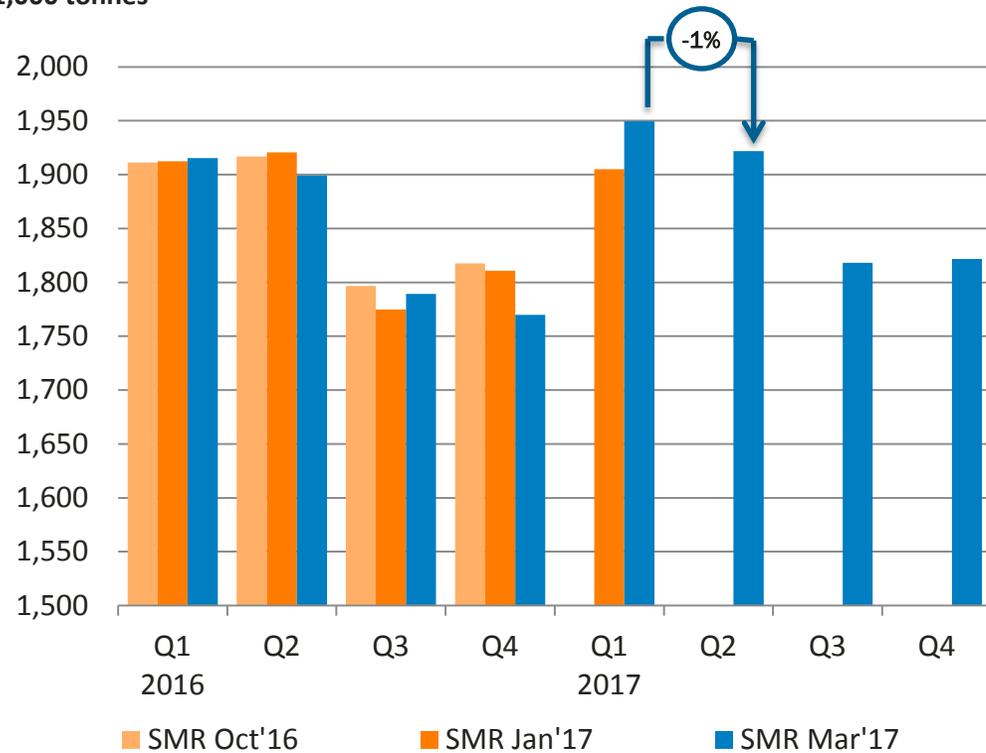
~4% demand growth expected for 2017



Q2'17 real demand expected to decrease 1% q/q in EMEA and 5% q/q in Americas

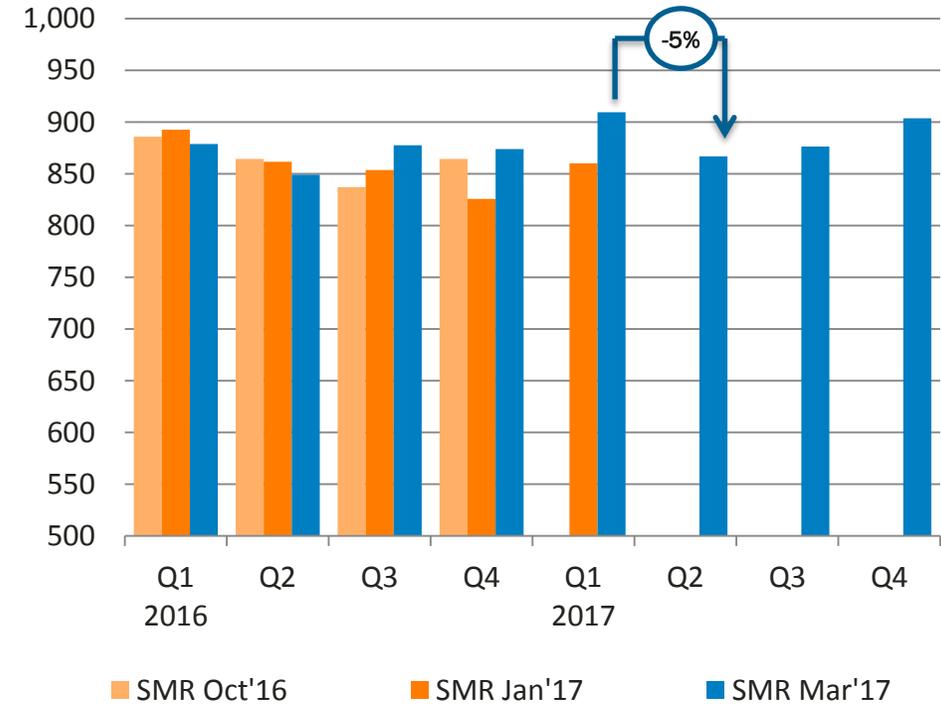
EMEA total stainless steel real demand¹

1,000 tonnes



Americas total stainless steel real demand¹

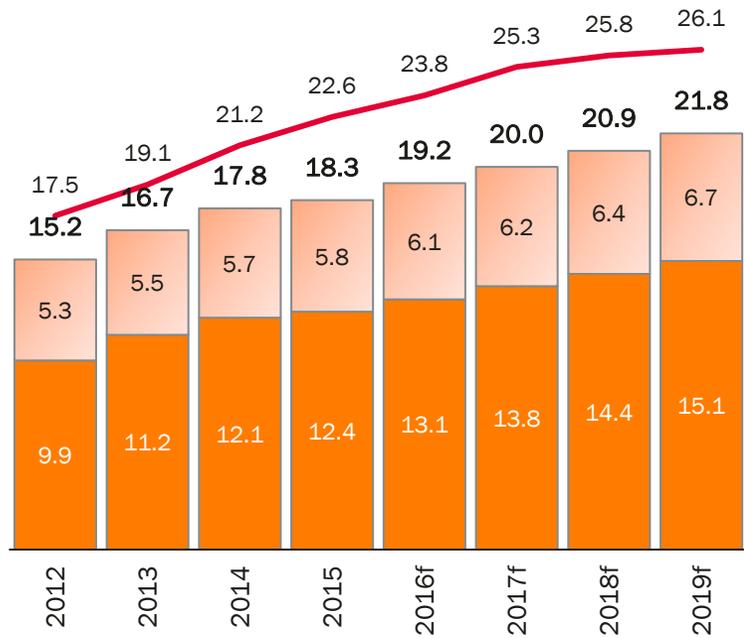
1,000 tonnes



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

Asia

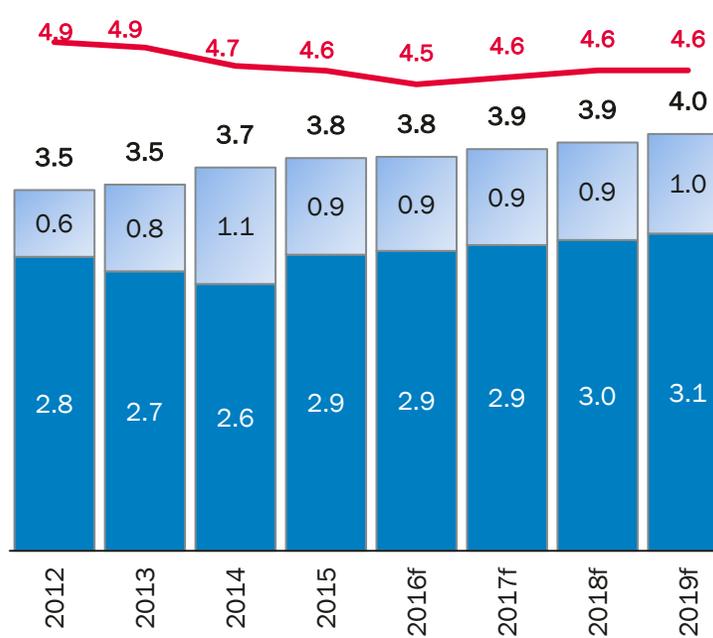
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■ Demand covered by Rest Asia
■ Demand covered by China
— CRU Capacity

Europe

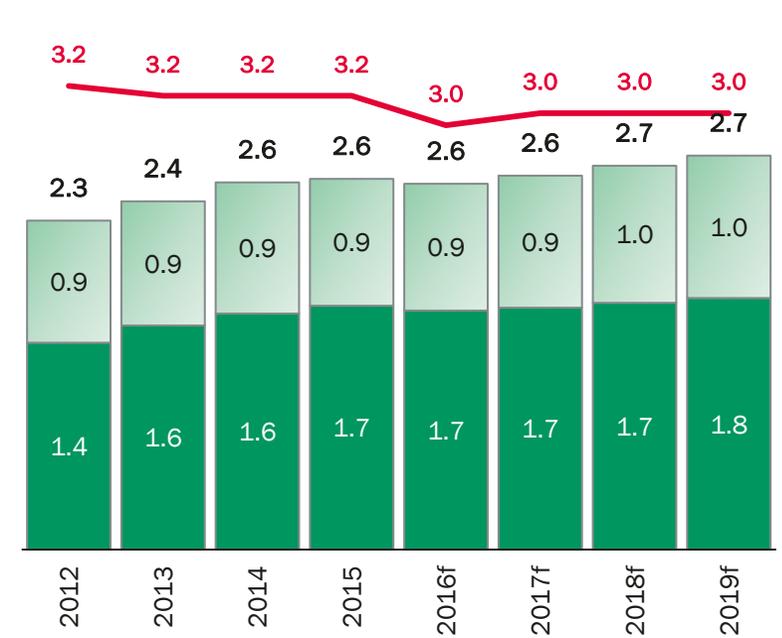
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■ Demand covered by Imports*
■ Demand covered by EU Mills
— CRU Capacity

Americas

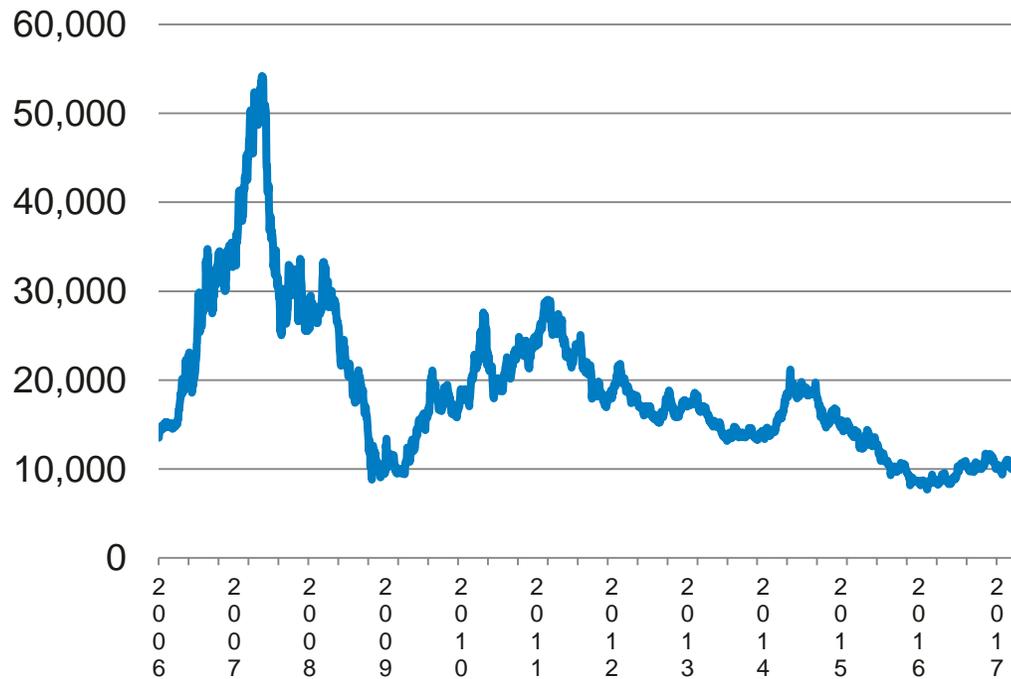
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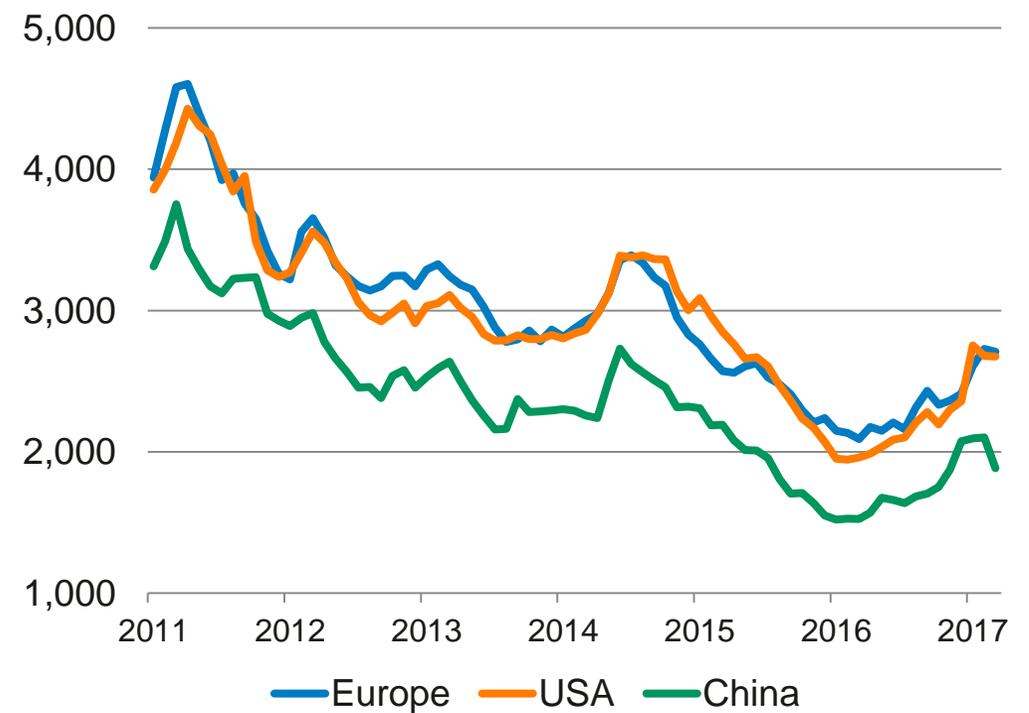
■ Demand covered by Rest Americas
■ Demand covered by USA
— CRU Capacity

Stainless prices rising due to higher raw material prices

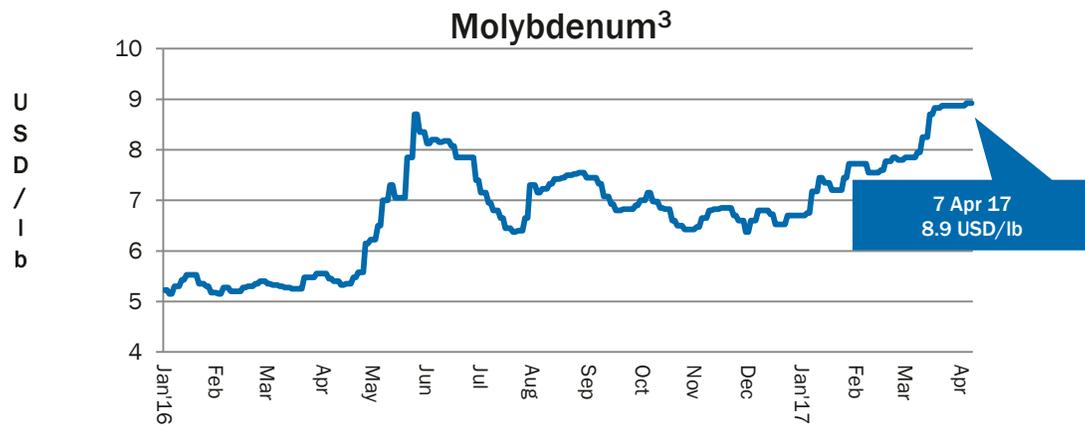
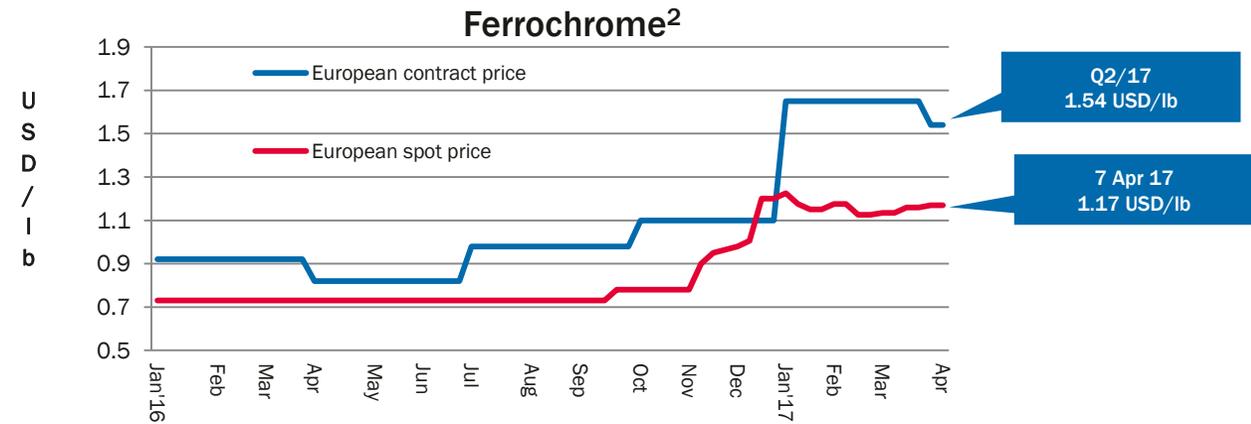
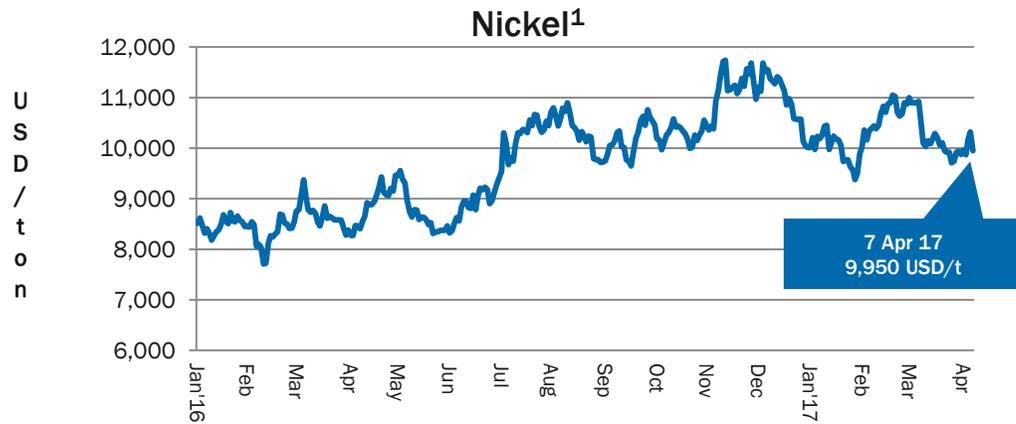
Nickel price, USD/tonne



Transaction prices 304 stainless, USD/tonne



Raw materials - price development



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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