

Q1 2018 results

CEO Roeland Baan
CFO Chris de la Camp

April 26, 2018

outokumpu 



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Speakers



Roeland Baan
President & CEO



Chris de la Camp
CFO



Tommi Järvenpää
Vice President
Investor Relations

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

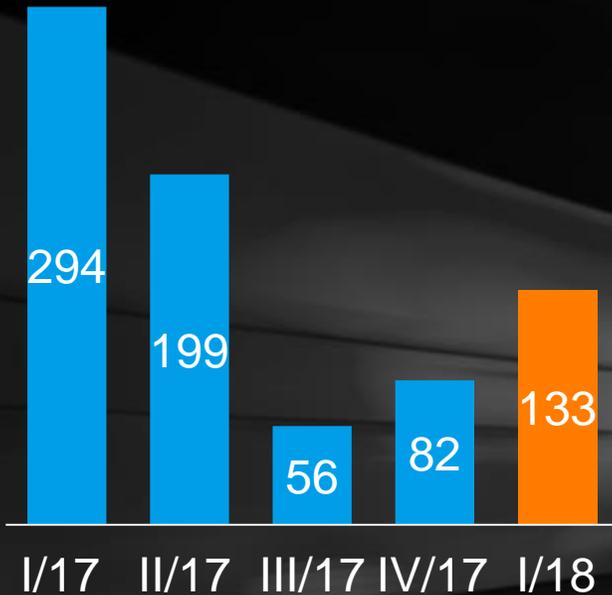
1. Customers
2. Shareholders
3. Employees

Time bound:
sense of urgency

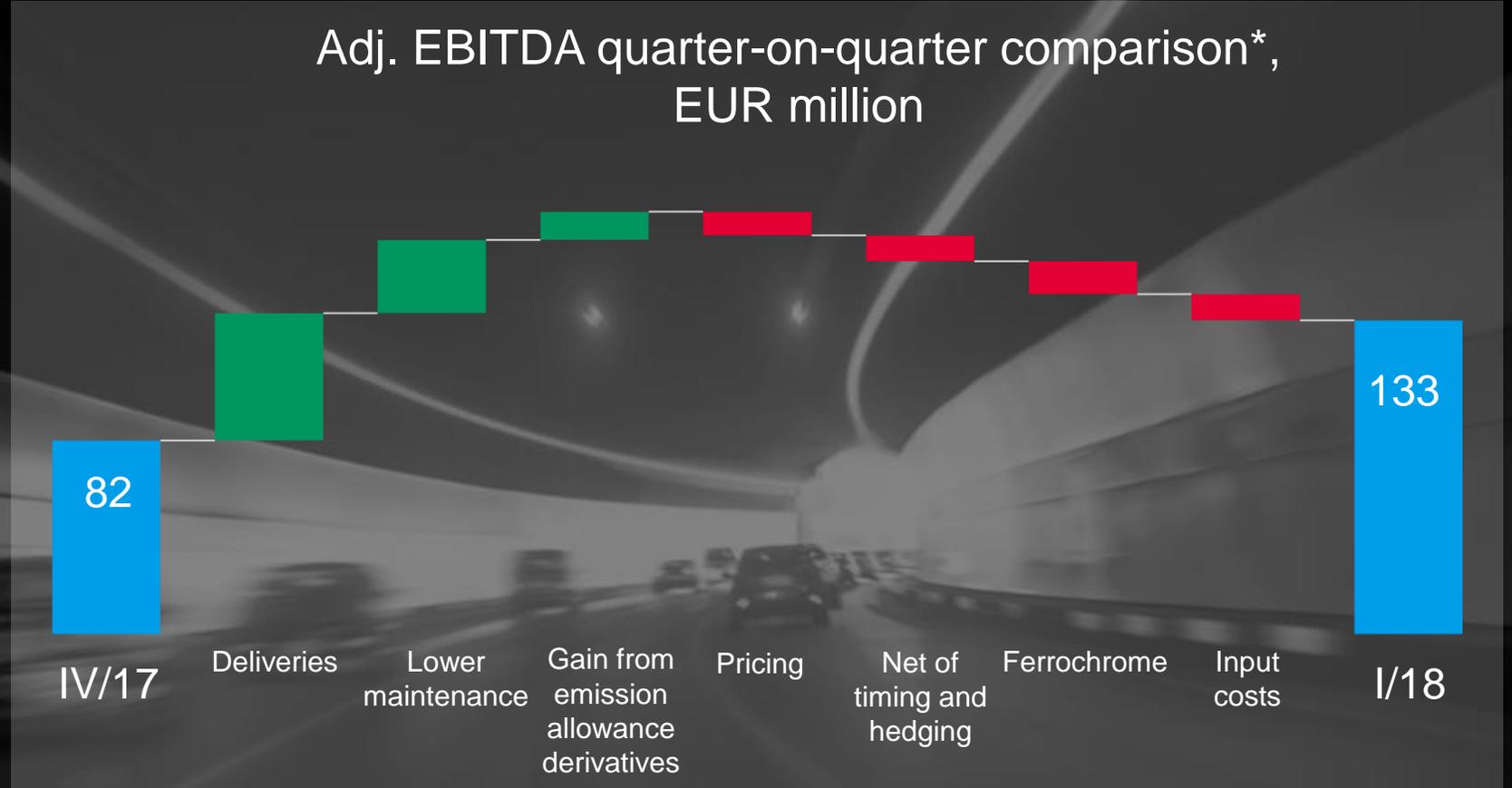
Back to basics

Operationally solid first quarter

Group, adjusted EBITDA,
EUR million



Adj. EBITDA quarter-on-quarter comparison*,
EUR million

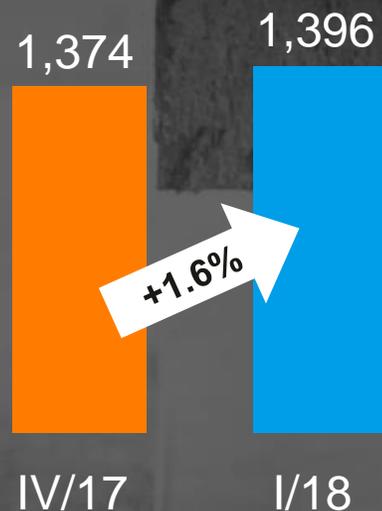


Volatile nickel price development

European average base price, EUR/tonne



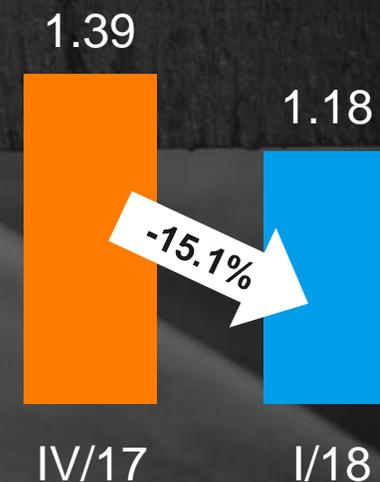
US average base price, USD/tonne



Nickel price, USD/tonne



Ferrochrome price, USD/lb



Sources:

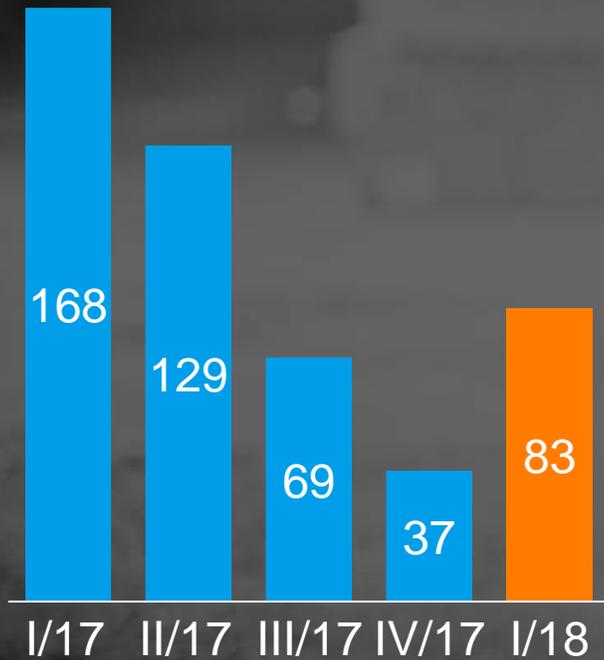
Base prices: CRU, April 2018, 2mm cold rolled 304 stainless steel sheet
Nickel: LME settlement quotation
Ferrochrome (Cr-content): Metal Bulletin, quarterly contract price

Group key financials

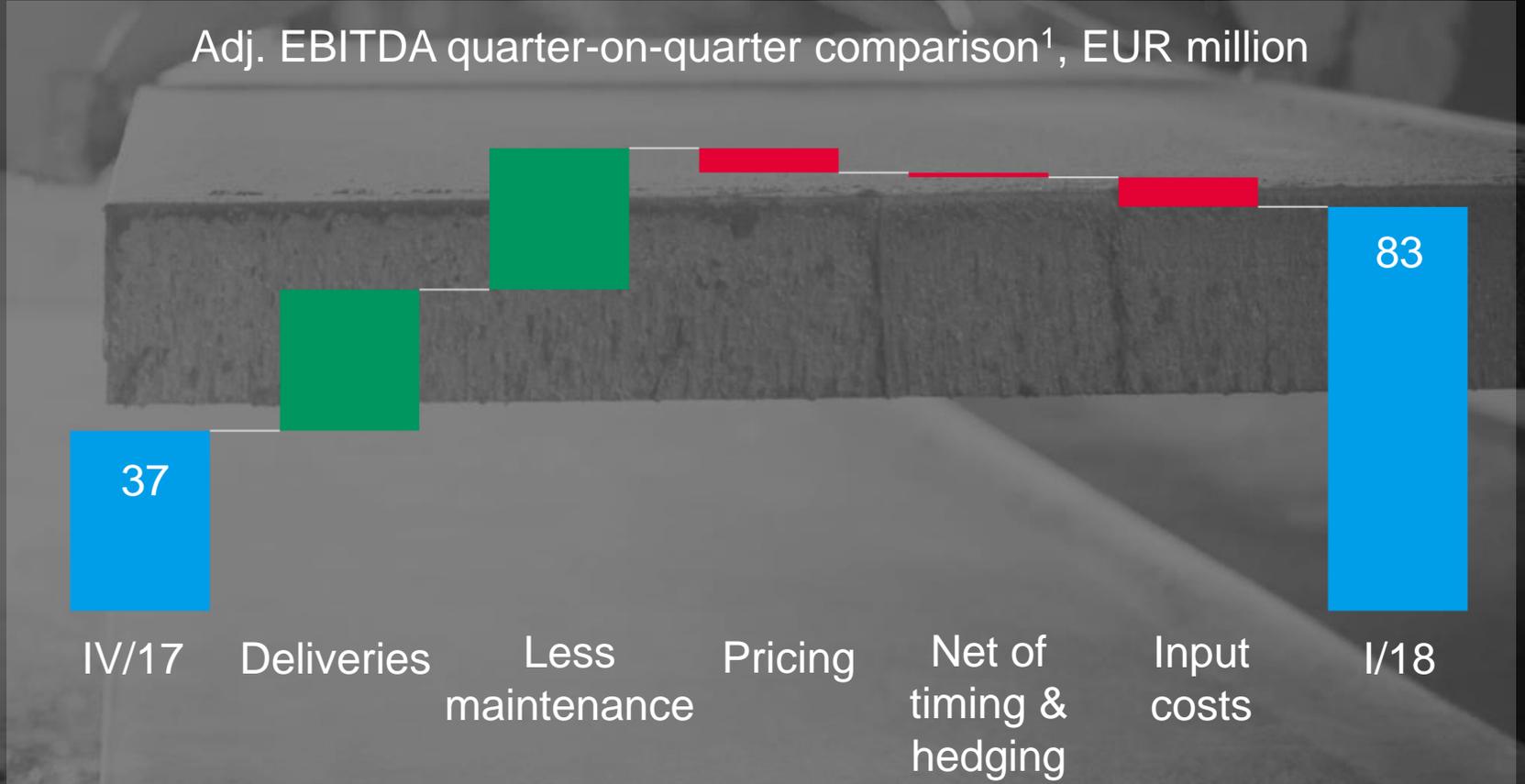
Key figures	I/18	I/17	IV/17
Stainless steel deliveries, 1,000 tonnes	644	639	561
Sales, EUR million	1,671	1,756	1,463
Adjusted EBITDA, EUR million	133	294	82
Net result, EUR million	49	182	128
Earnings per share, EUR	0.12	0.44	0.31
Operating cash flow, EUR million	39	-53	104
Net debt, EUR million	1,086	1,376	1,091
Capital expenditure, EUR million	37	19	84
Personnel at the end of the period	10,111	10,420	10,141

Europe – robust operational performance

Adjusted EBITDA, EUR million

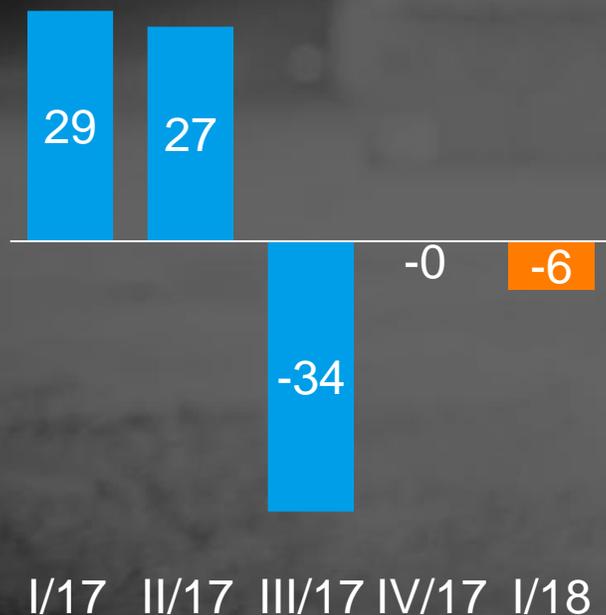


Adj. EBITDA quarter-on-quarter comparison¹, EUR million

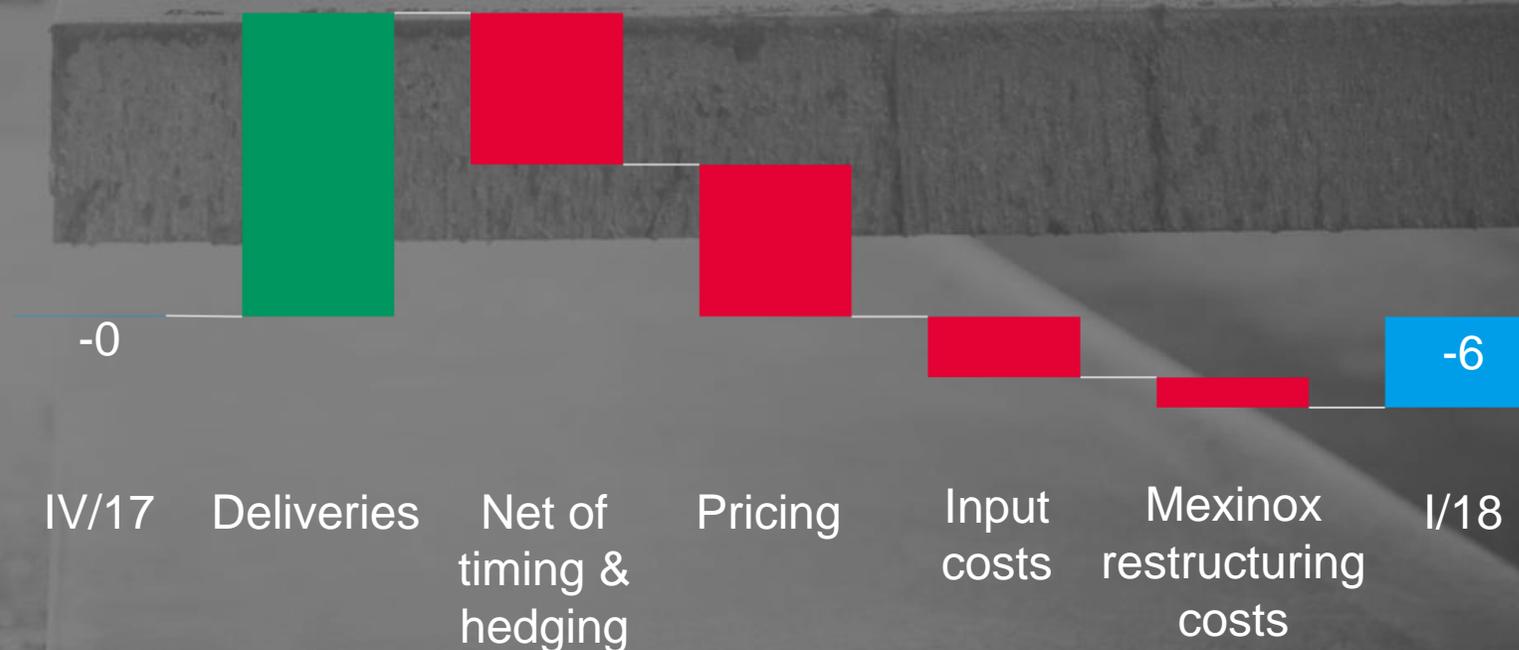


Americas – disappointing result due to low pricing

Adjusted EBITDA, EUR million

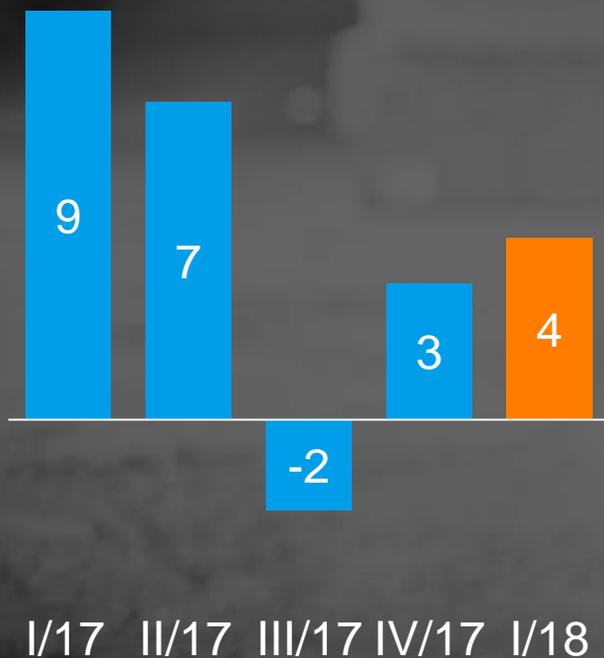


Adj. EBITDA quarter-on-quarter comparison¹, EUR million

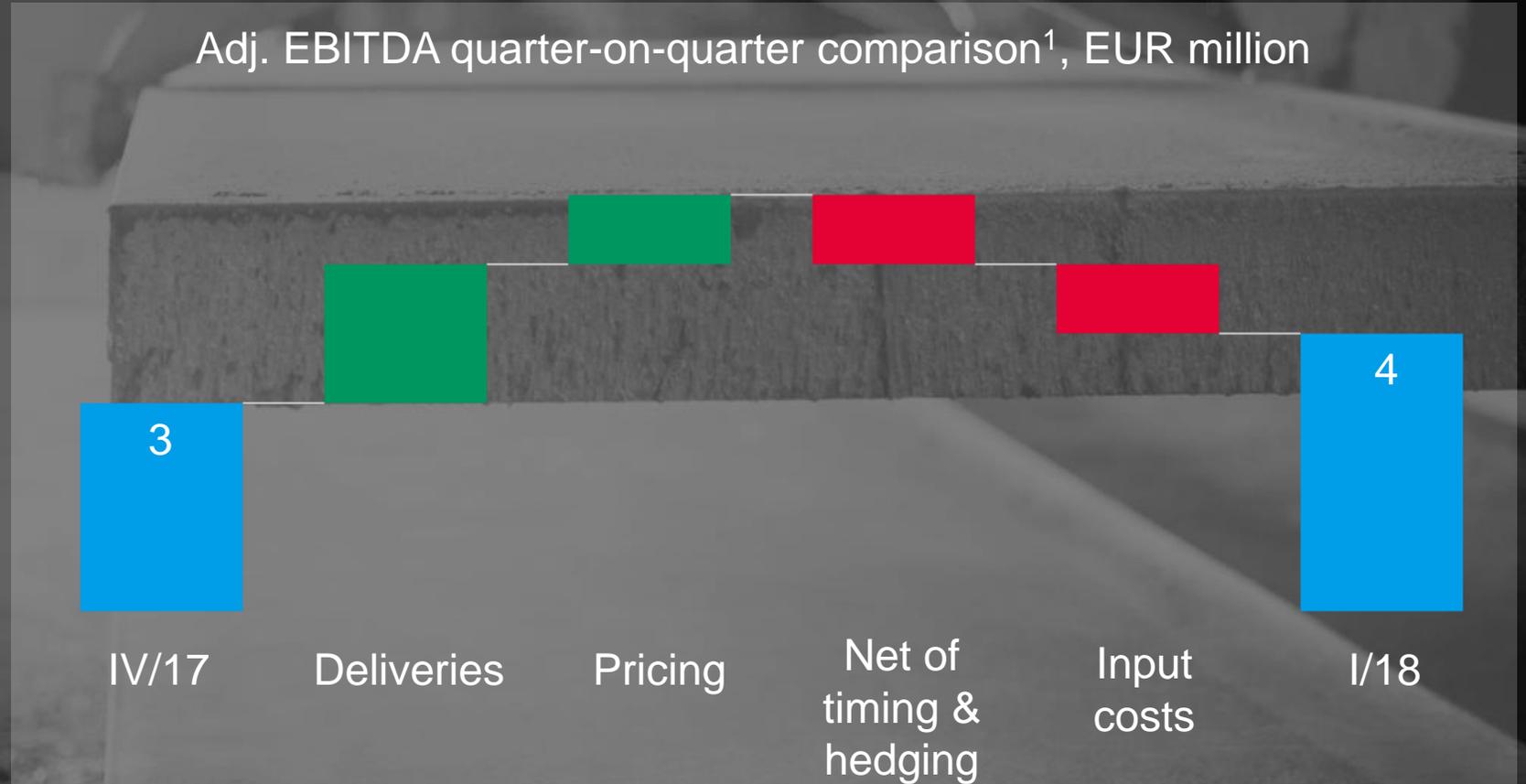


Long Products improving steadily

Adjusted EBITDA, EUR million

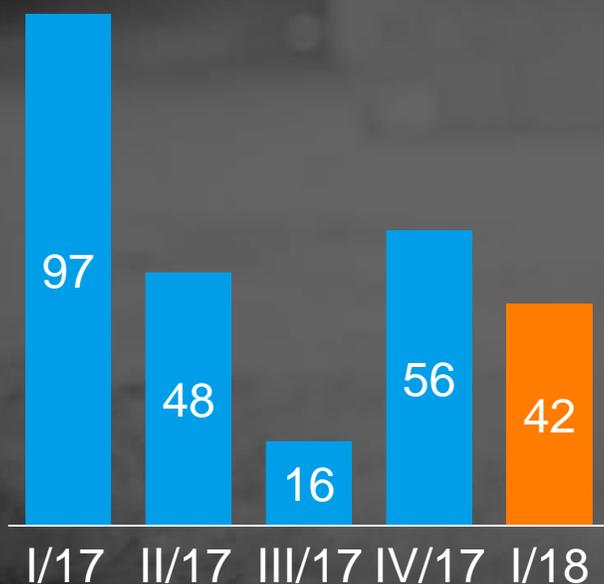


Adj. EBITDA quarter-on-quarter comparison¹, EUR million

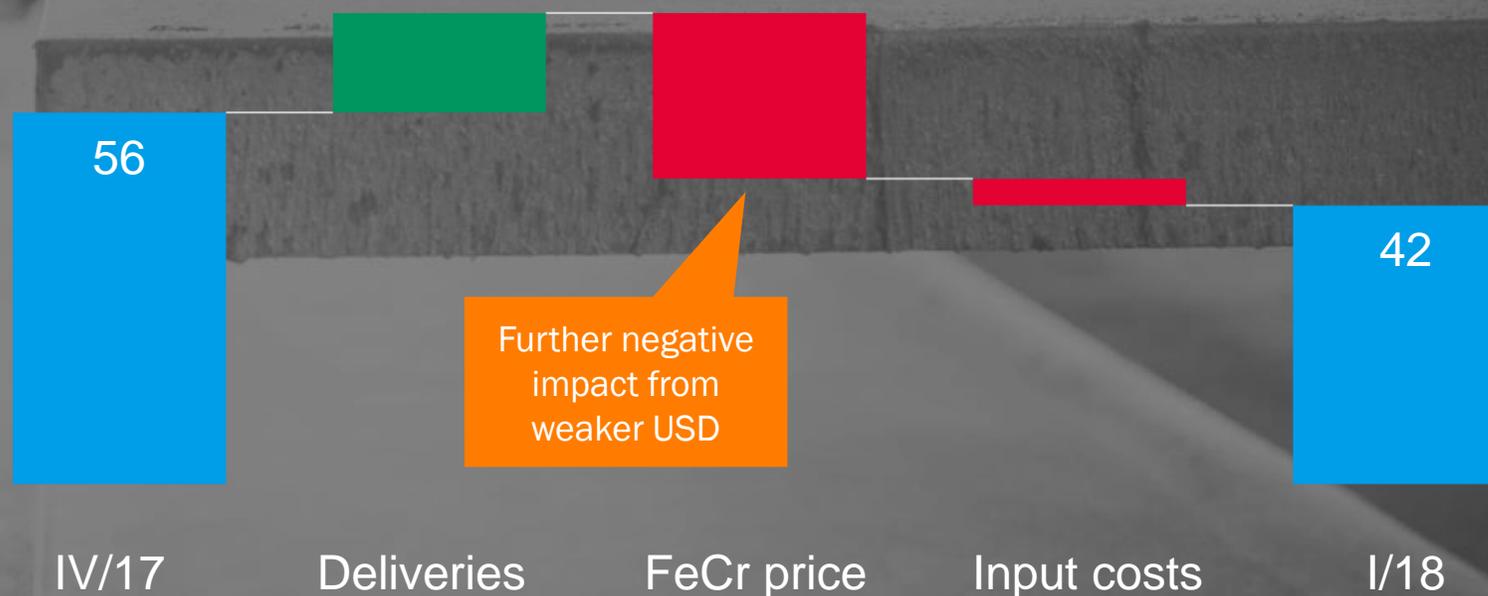


Ferrochrome impacted by lower contract price and weaker USD

Adjusted EBITDA, EUR million

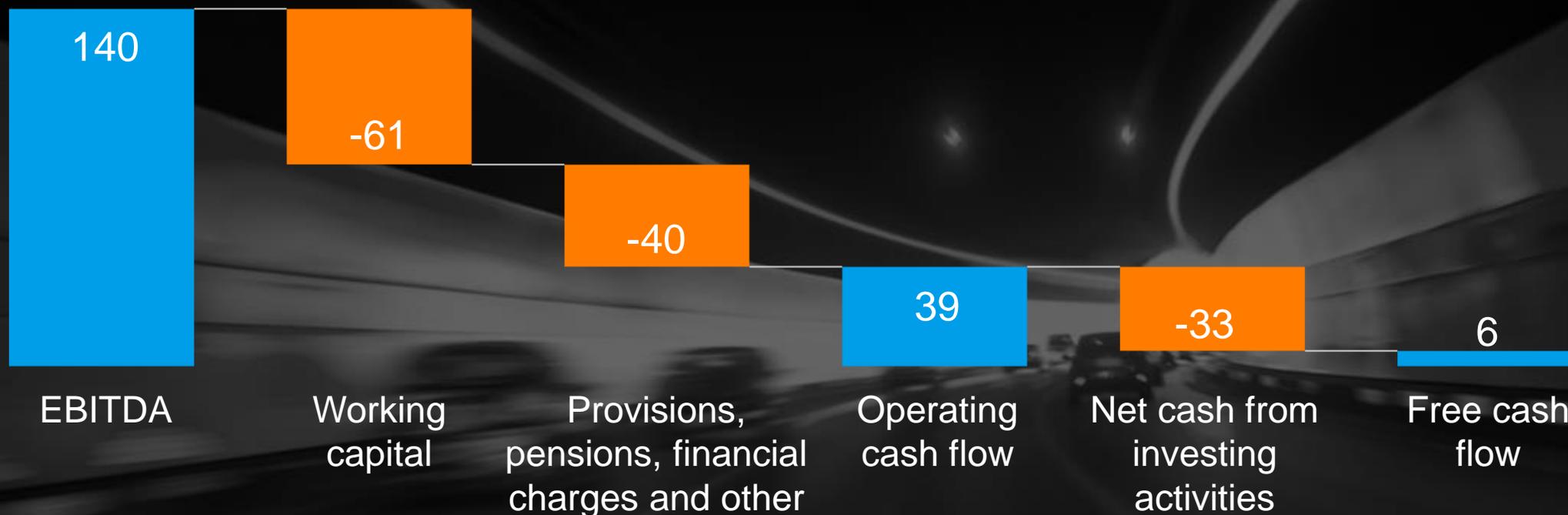


Adj. EBITDA quarter-on-quarter comparison¹, EUR million



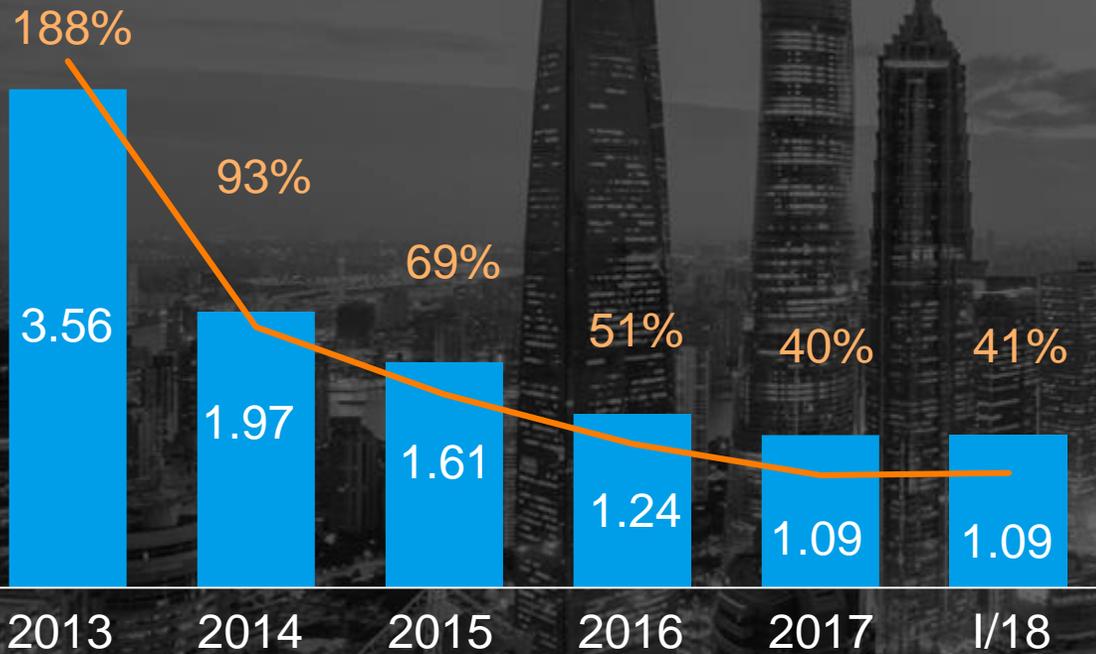
Positive operating cash flow despite seasonal increase in working capital

Free cash flow, EUR million



Net debt remained below EUR 1.1 bn

Net debt and gearing



Net debt/LTM adj. EBITDA



Net debt, EUR billion Gearing

Outlook for Q2 2018

- Healthy underlying stainless steel demand
- Base prices are trending upwards in the US supported by steel import tariffs
- Base prices in Europe under pressure due to higher Asian imports
- Benefits from higher FeCr price will be partly offset by a planned maintenance in one furnace
- Stainless steel deliveries are expected to be relatively flat q-o-q in all business areas

Outokumpu expects Q2 adjusted EBITDA to be at a similar level to Q1

Appendix

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

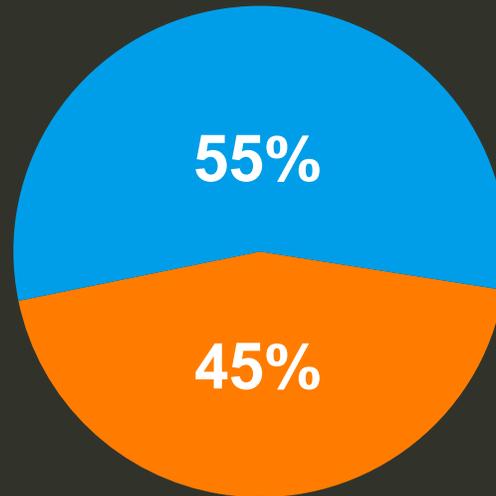
Americas

Commercial
Excellence

Topline growth and cost reductions will deliver EBITDA of EUR 750 million

TOP LINE GROWTH

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



COST REDUCTION

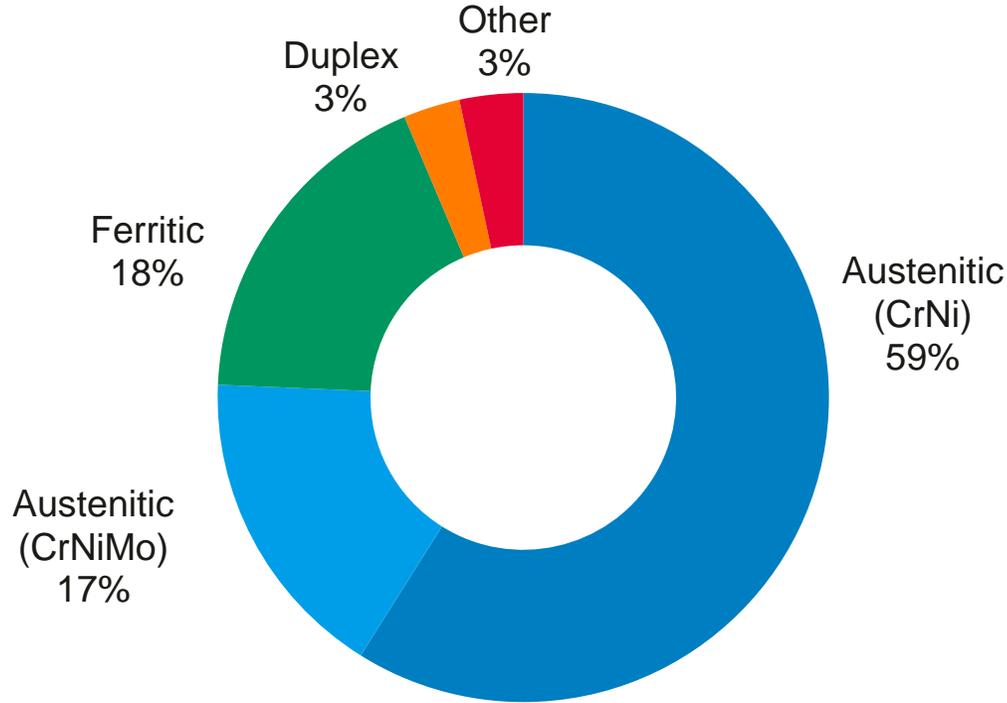
- Achieve 2-3% annual productivity improvement
- Achieve 15% savings in procurement
- Reduce variable and fixed cost
- Reduce SG&A cost by EUR 100 million

Fully integrated production asset base

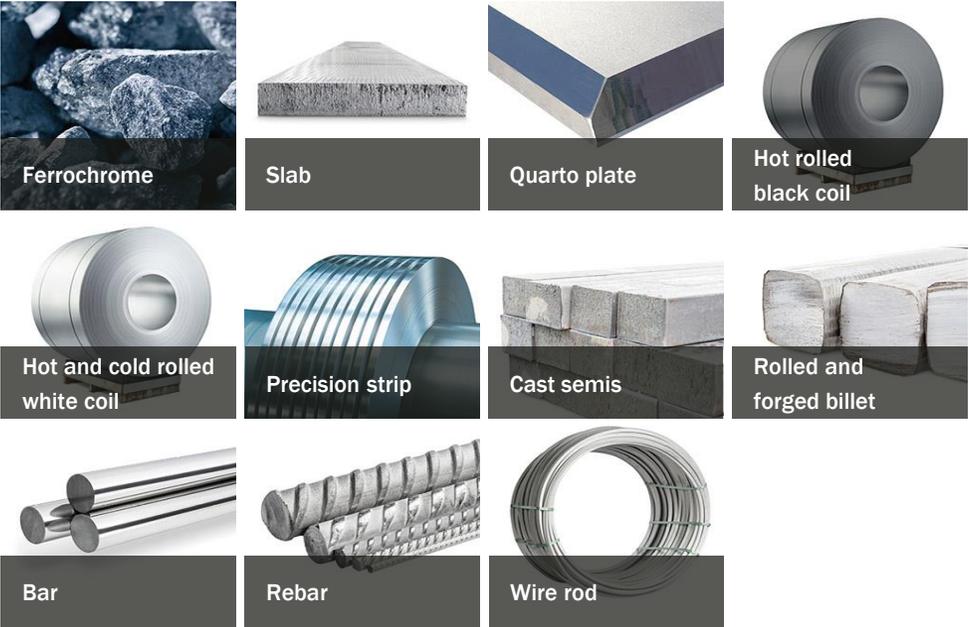
	Europe				Americas		Long Products			Total
1,000 tonnes	Tornio Finland	Avesta + Nyby Sweden	Krefeld + Dillenburg Germany	Degerfors Sweden	Calvert USA	Mexinox Mexico	Sheffield UK	Richburg USA	Degerfors Sweden	
Melting	1,450	450			900		450			3,250
Hot rolling	1,450	900			870					3,220
Finishing										
- Cold rolling	750	130	500		350	250				
- HWB	150	120			150					
- Quarto plate				150						
- Long products							25	40	40	
										2,655

Broadest product portfolio across stainless steel

Deliveries by product grade in 2017

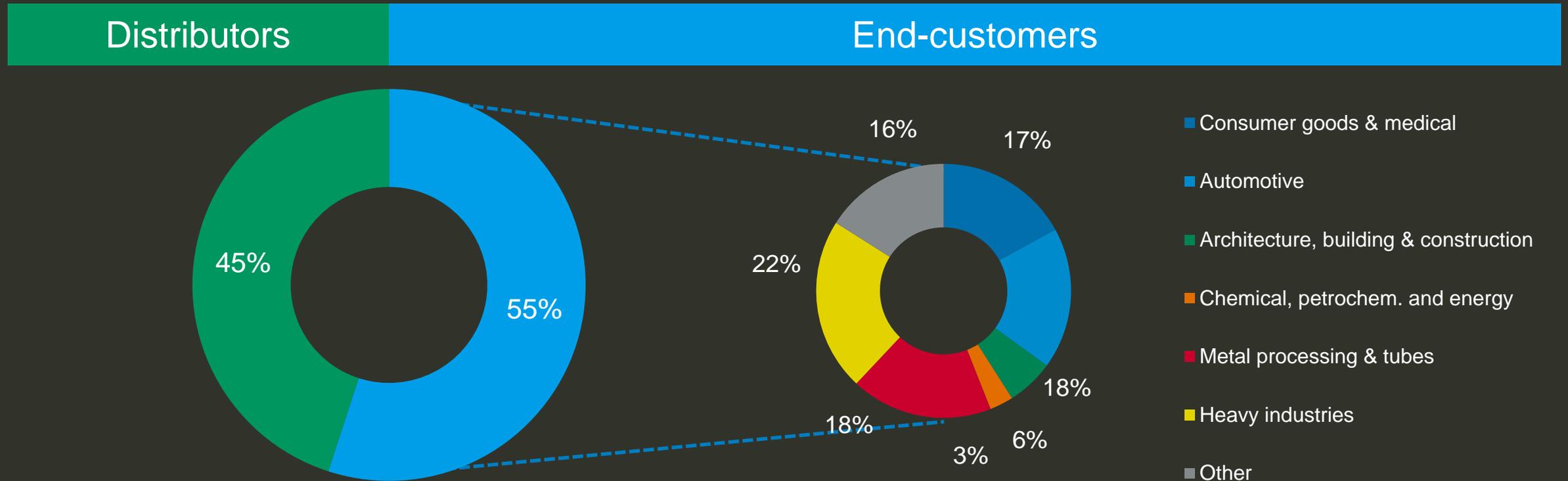


Outokumpu product forms

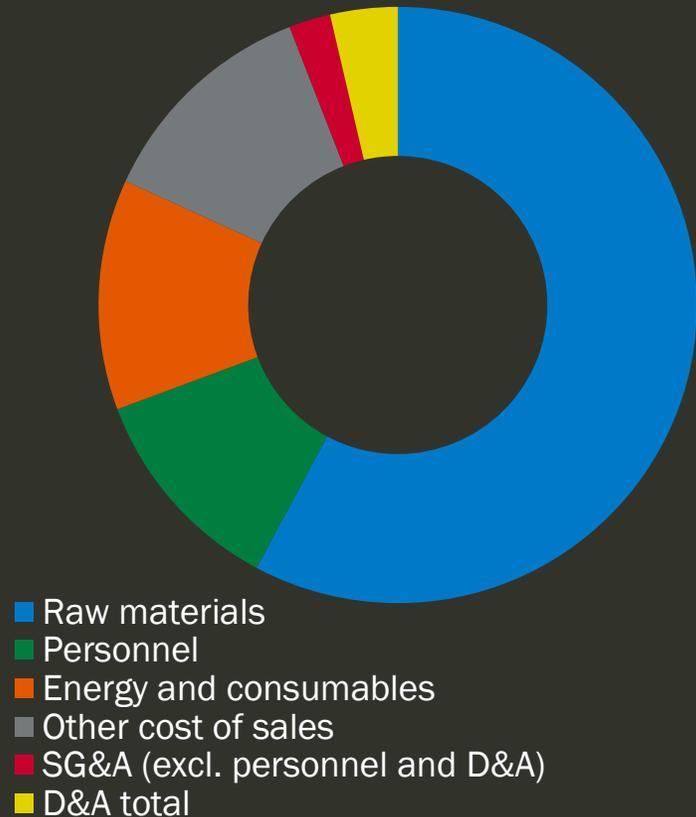


We focus on growth segments

Consumer goods, automotive, architecture, building and construction



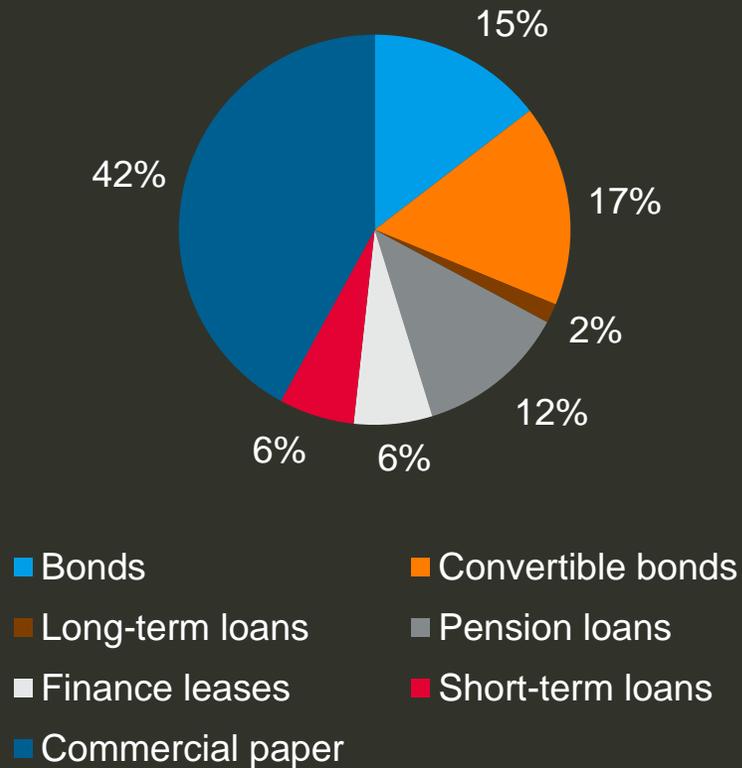
Operative cost components



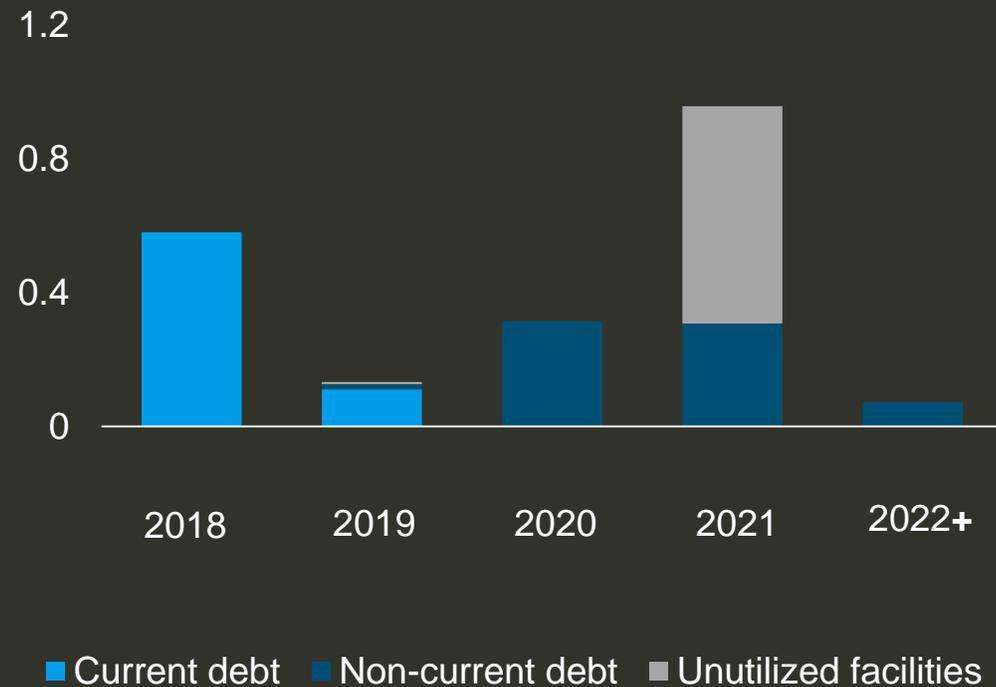
- Raw materials account for around 60% of the total operative costs of the Group
- Energy and other consumables account for 10-15% of the total operative costs
- Personnel expenses 10-15% of the total operative costs
- Other cost of sales includes e.g. freight, maintenance and rents and leases

Debt structure and maturity profile

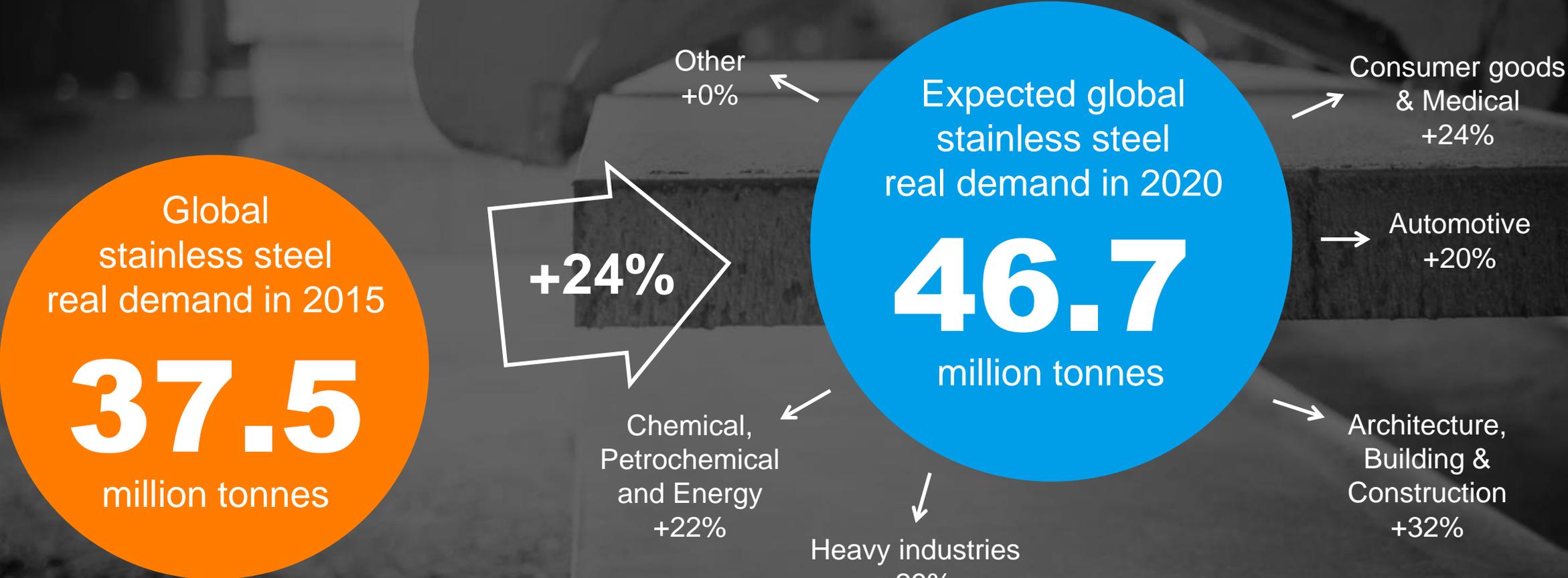
Debt structure*, %



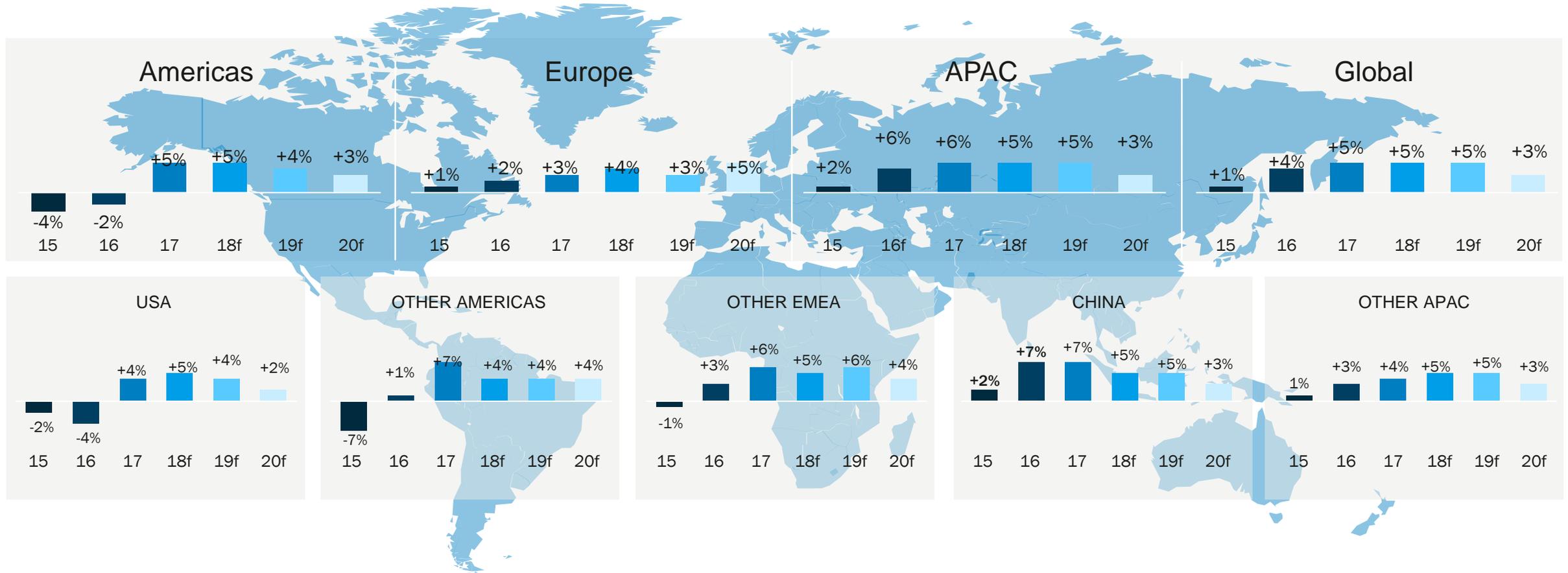
Debt maturity profile, EUR billion



Stainless steel demand continues to grow



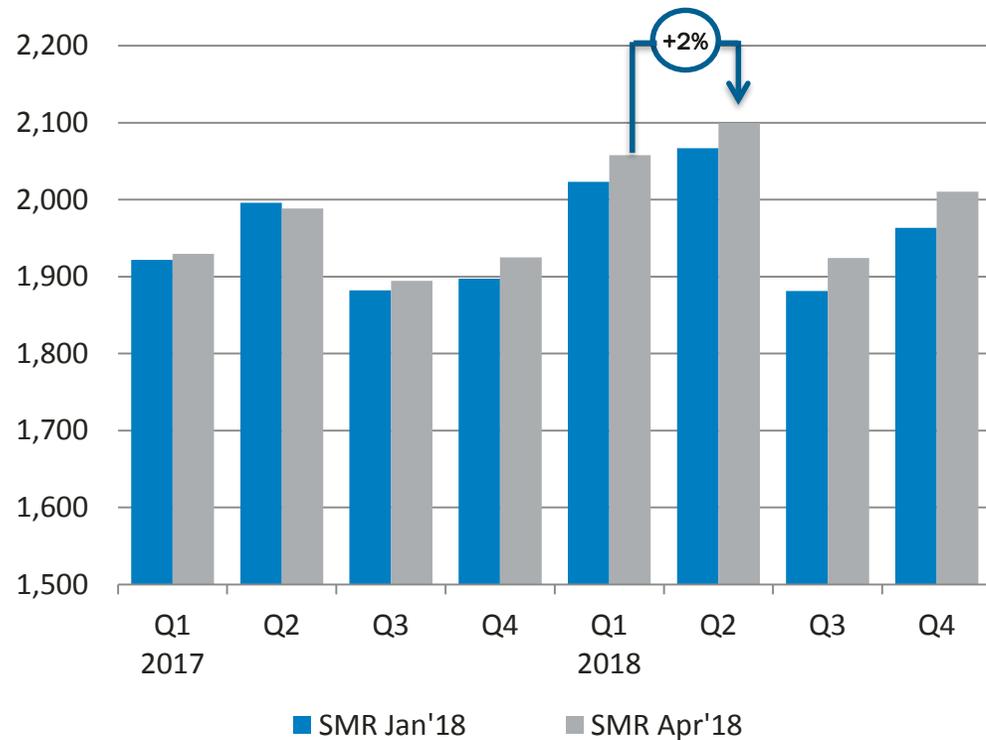
5% demand growth expected for 2018



Demand expected to grow in Q2 in EMEA but shrink in the Americas from Q1

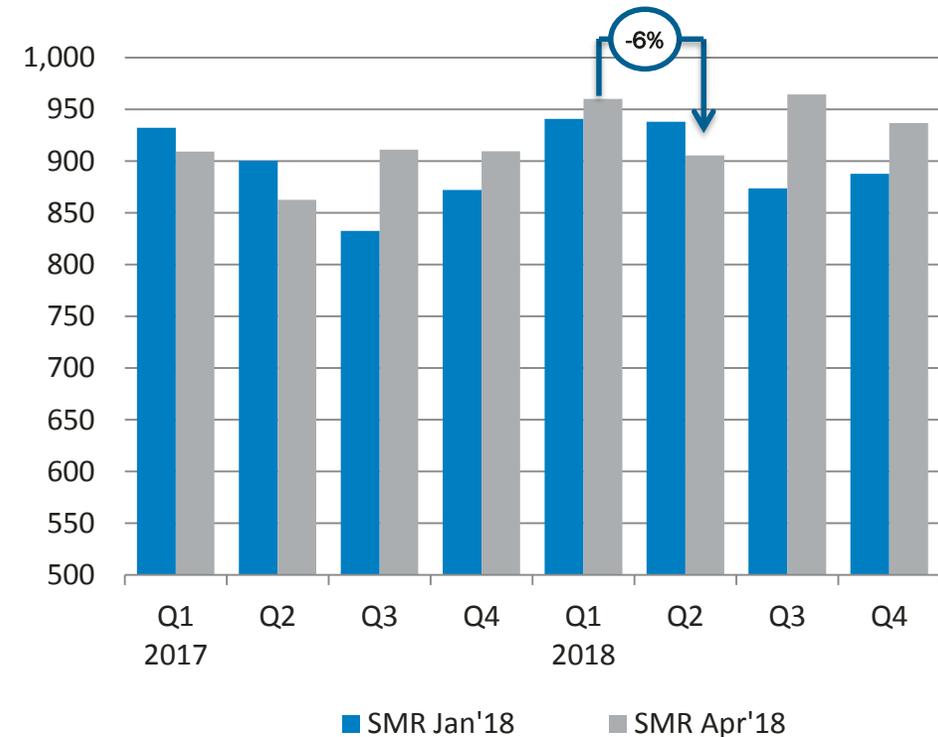
EMEA total stainless steel real demand¹

1,000 tonnes

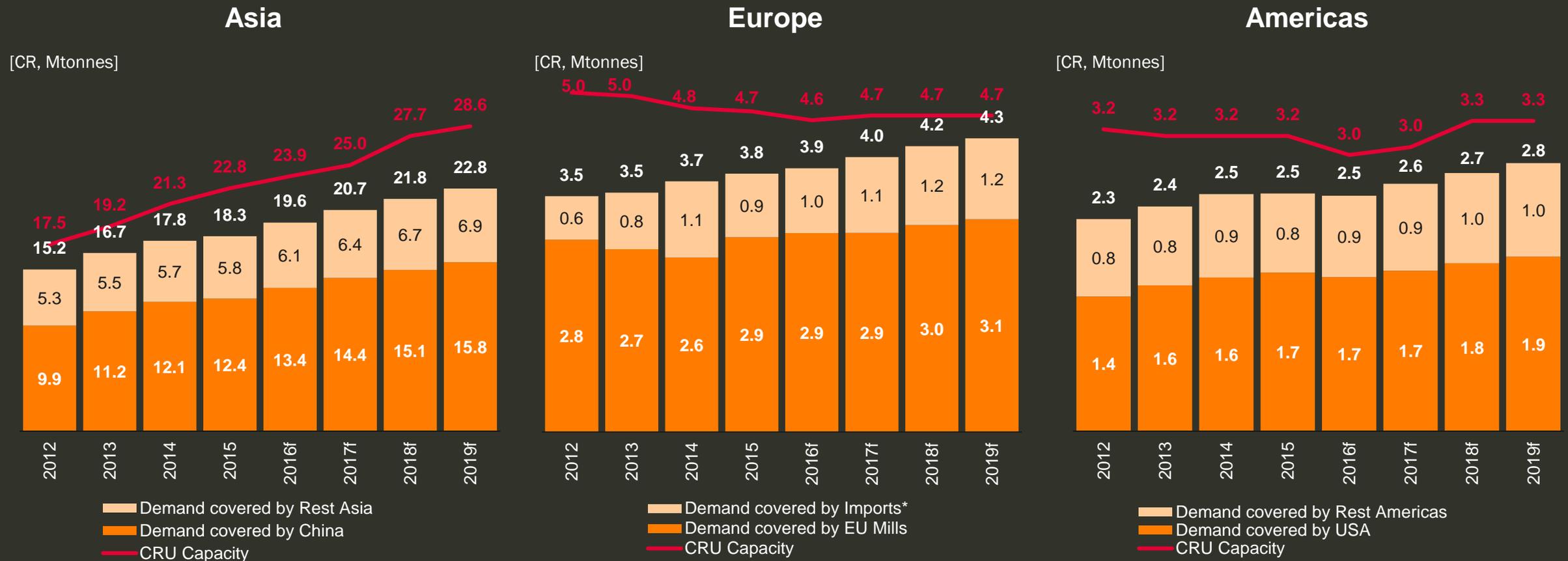


Americas total stainless steel real demand¹

1,000 tonnes

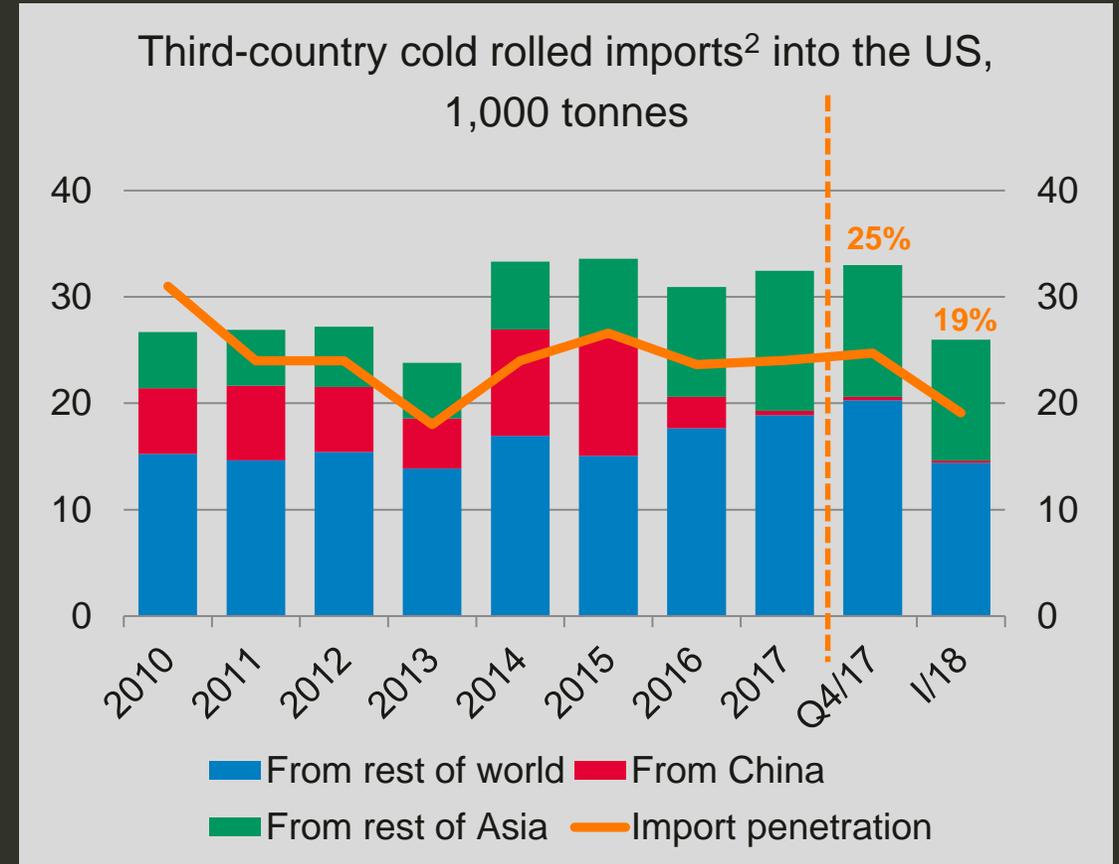
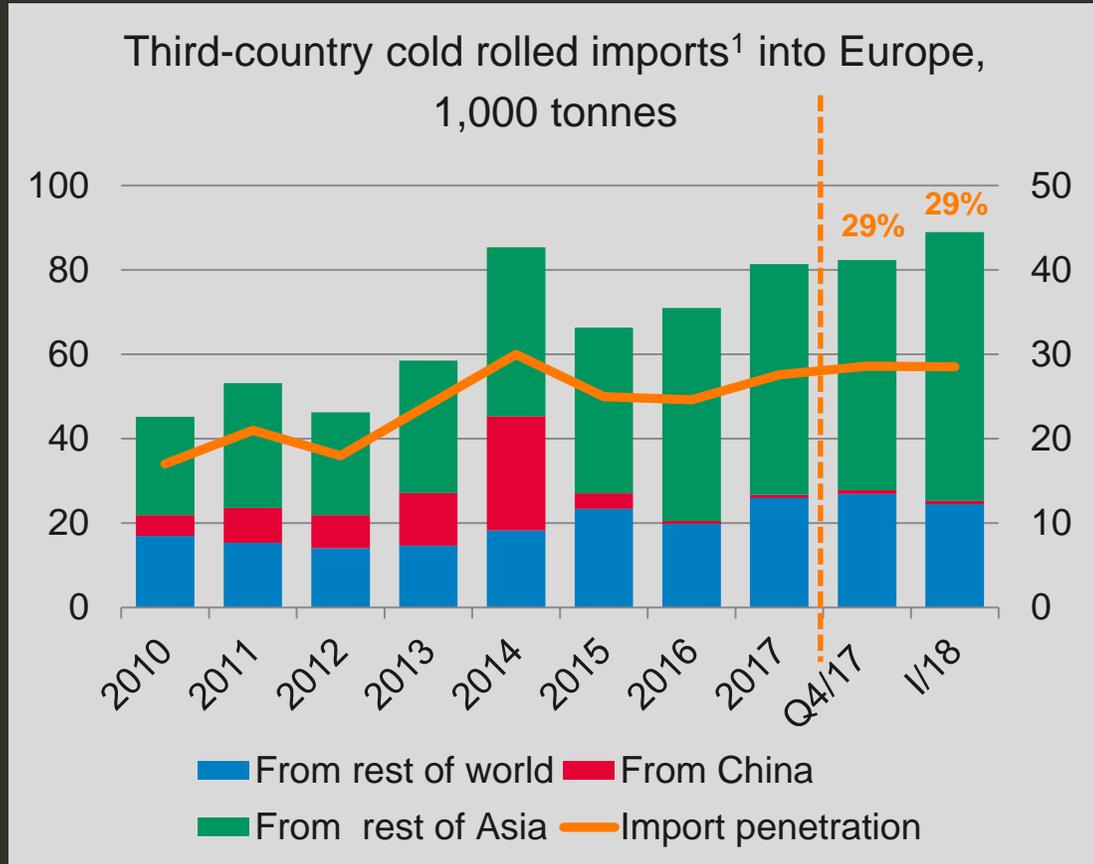


Low capacity utilization in China, on healthier level in Europe and Americas

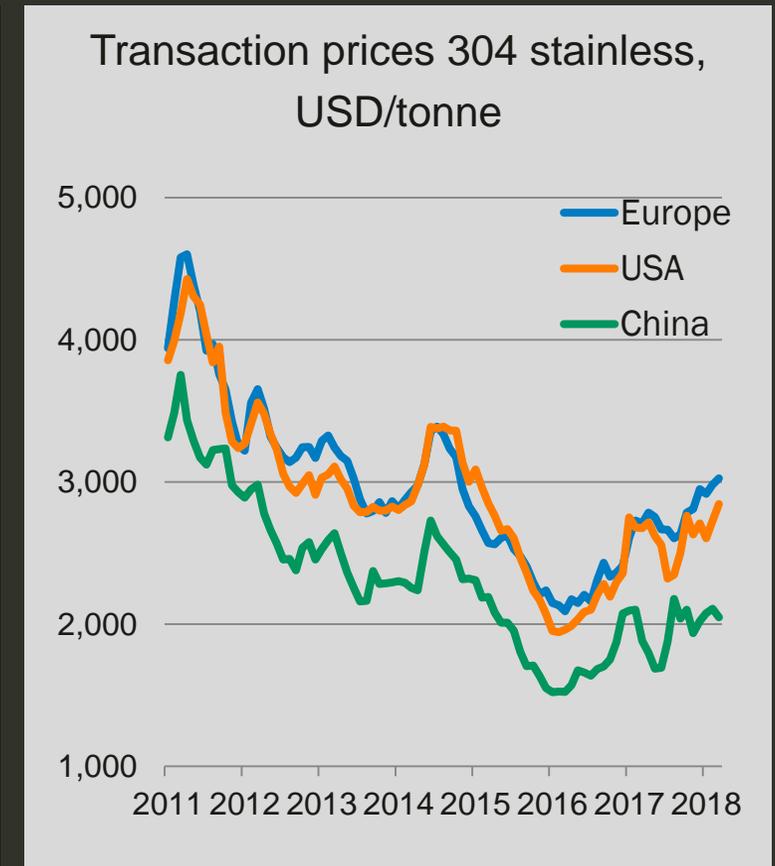
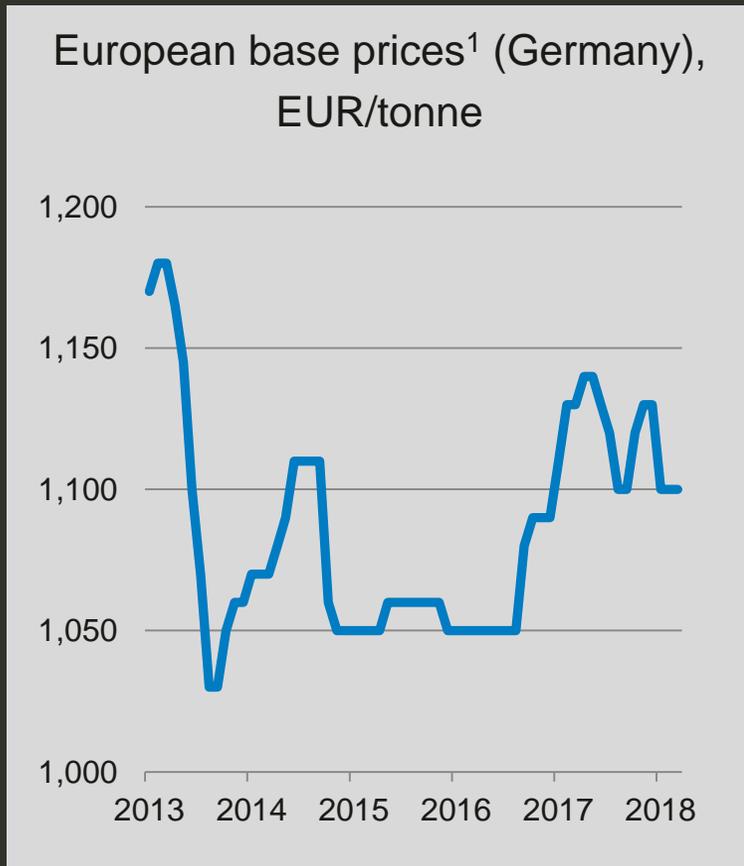


EU import penetration flat qoq

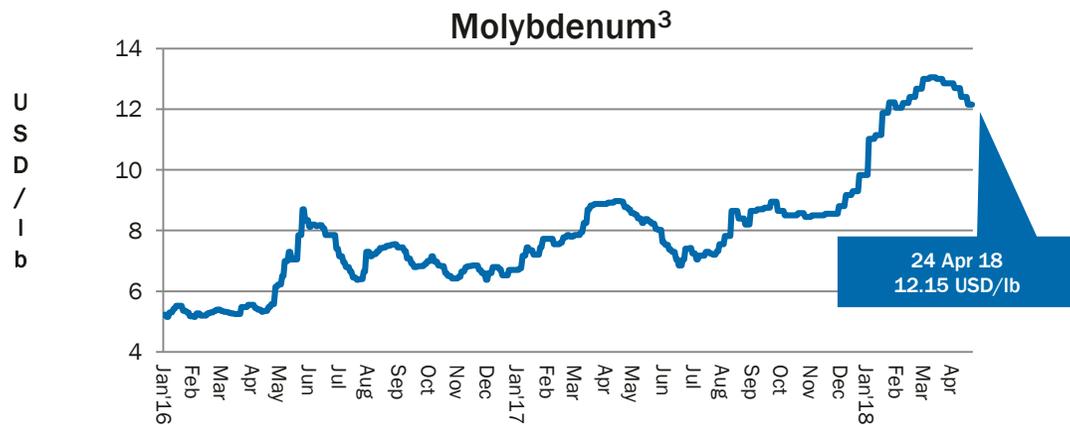
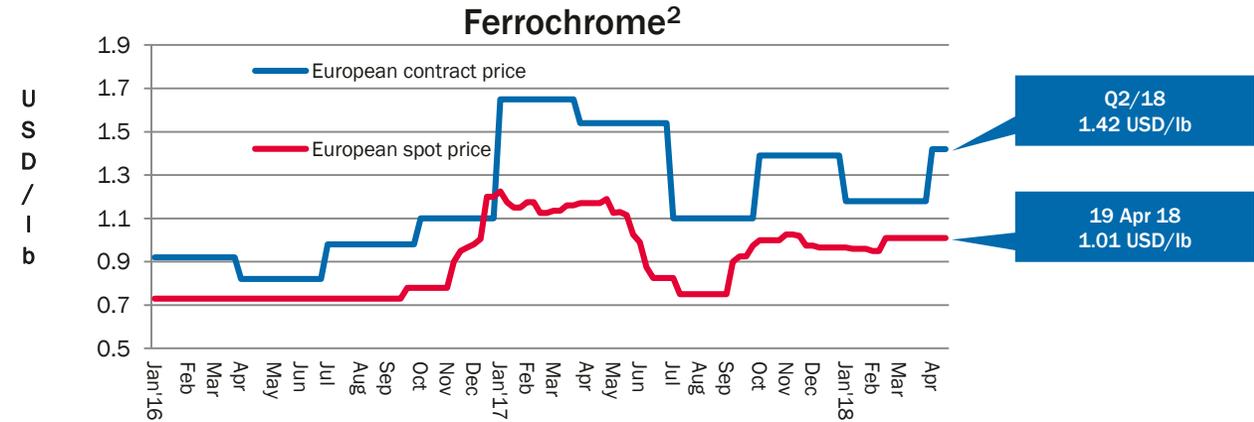
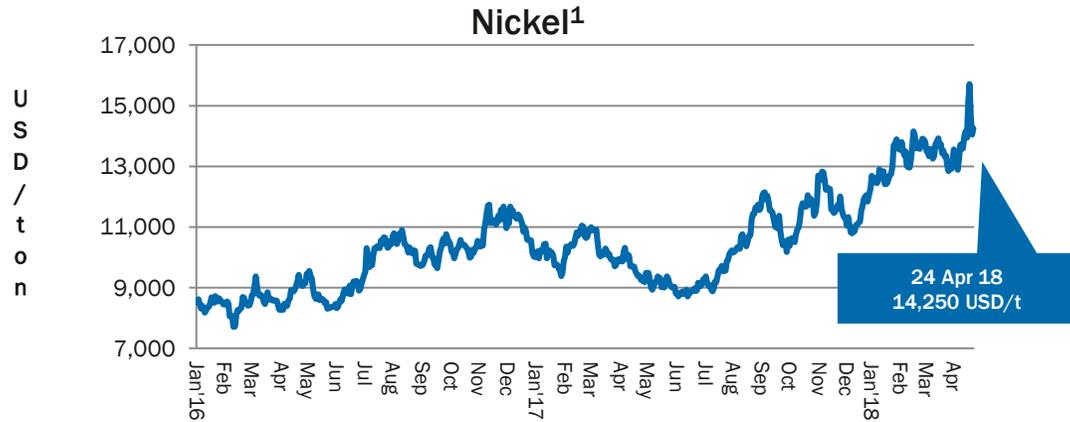
US imports down in response to section 232



EU base prices decreasing, US base prices increasing



Raw materials - price development



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

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Next IR events

*Kemi/Tornio site visit
June 13-14, 2018*

*Q2 results
July 24, 2018*