

# Outokumpu

## Q4 & full year 2020 results

Heikki Malinen, President & CEO  
Pia Aaltonen-Forsell, CFO

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# 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.

# Business & market update

Heikki Malinen, President & CEO

# Highlights during Q4

- Profitability improved significantly as a result of stronger than expected market recovery
- Efficient cost saving actions supported profitability
- Turnaround in Americas continued as planned
- Strongest safety performance on record – not only in the fourth quarter but also on an annual level
- Employee negotiations completed in December

# COVID-19 pandemic managed successfully in 2020

## Safety

- Safety is a key priority at Outokumpu
- Almost all office workers still working remotely, social distancing and travel restrictions in place
- Extensive actions to mitigate COVID-19 impacts

## Operations

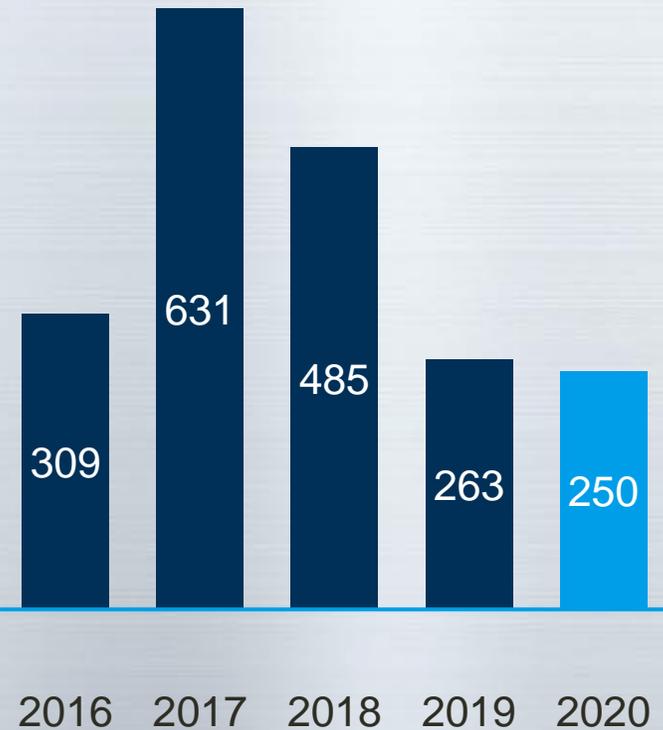
- Year 2020 concluded without any pandemic-related production losses
- Efficient operations ensured throughout the COVID-19 pandemic

## Financials

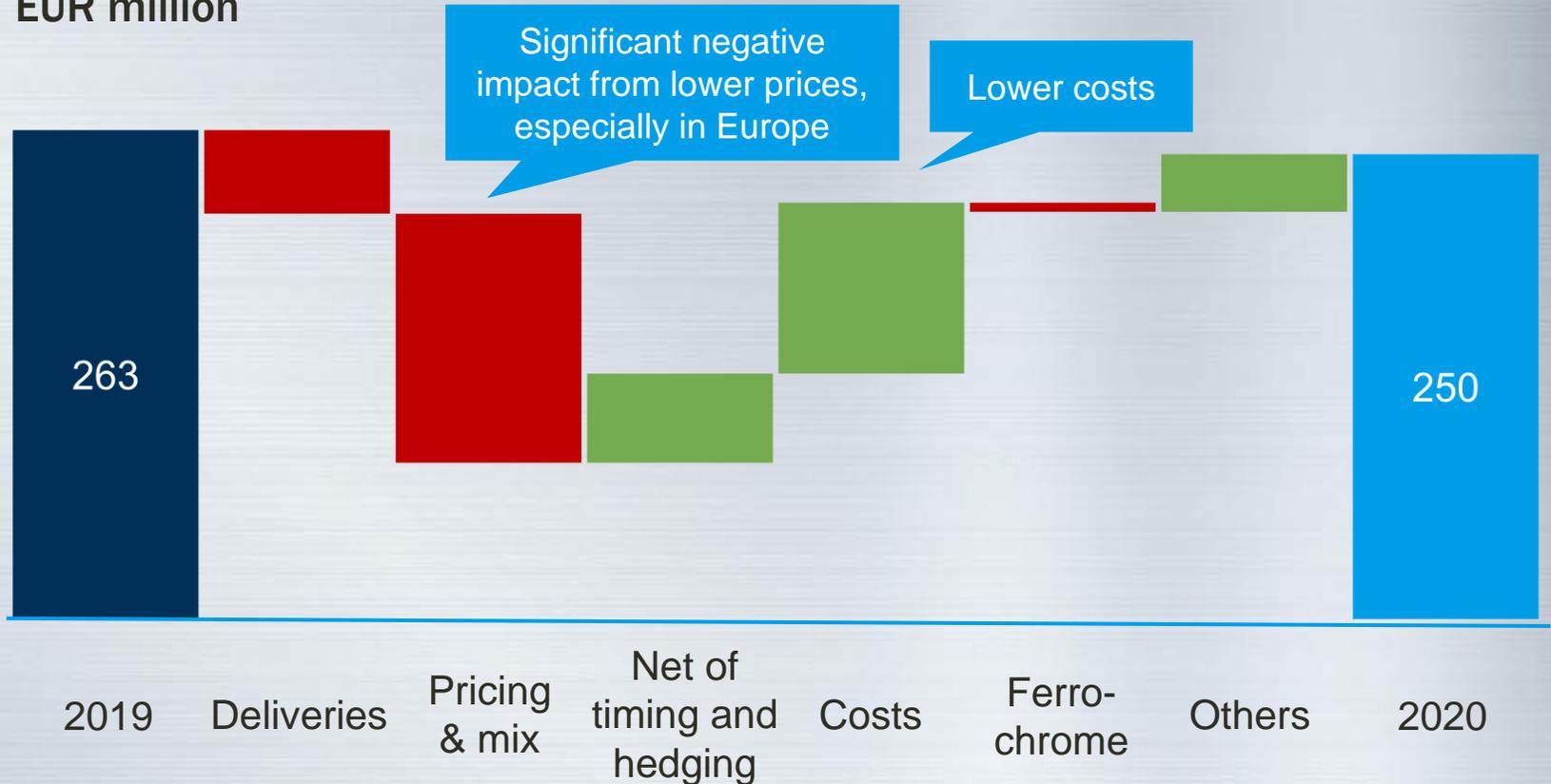
- Financial position remained stable
- Various actions taken to improve liquidity and debt structure
- Total liquidity amounted to almost EUR 1.1 billion at year-end
- Amendment and extension of the syndicated RCF agreed; EUR 532 million extended until the end of May 2023
- Cost compression measures continued throughout 2020
- Cumulative NWC reduction in 2020 at EUR 247 million
- Revised annual CAPEX target of EUR 180 million achieved

# 2020 adjusted EBITDA was close to 2019 level, supported by self-help measures

Group adjusted EBITDA, EUR million

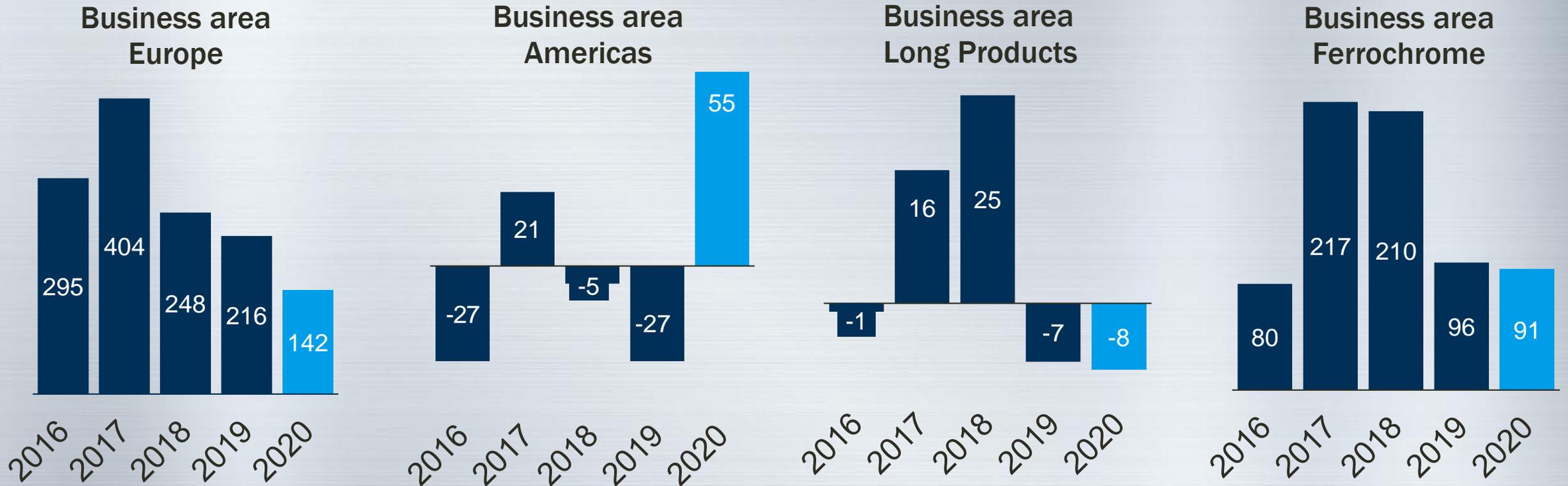


Adjusted EBITDA year-on-year comparison<sup>1</sup>, EUR million



# In Americas the annual adjusted EBITDA improvement was EUR 82 million compared to 2019

Adjusted EBITDA,  
EUR million



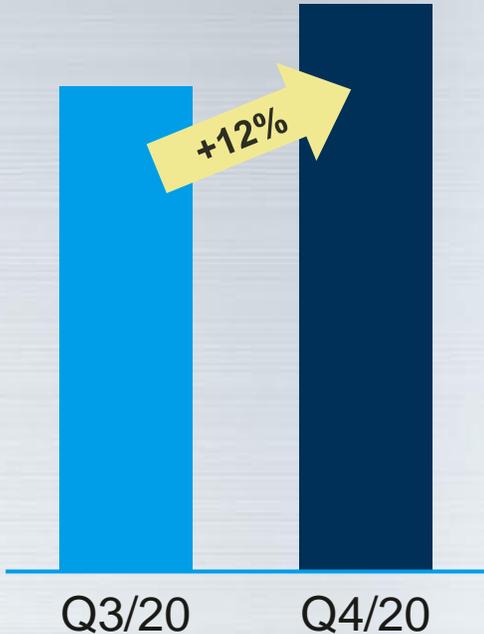
# Stainless steel transaction prices started to gradually recover

Transaction prices 304 stainless, USD/tonne

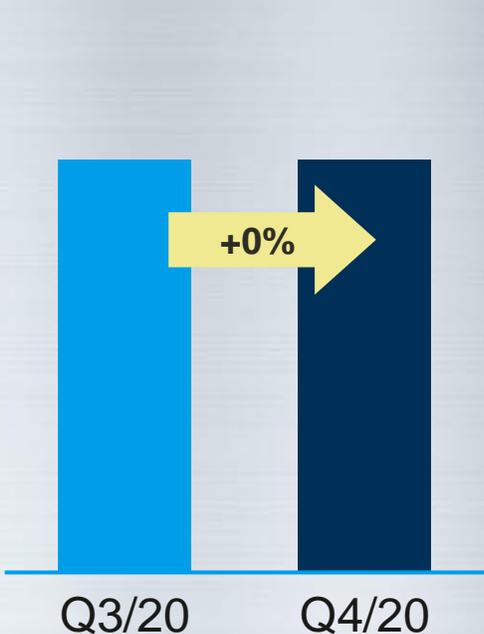


● Europe ● USA ● China

Average nickel price, USD/tonne



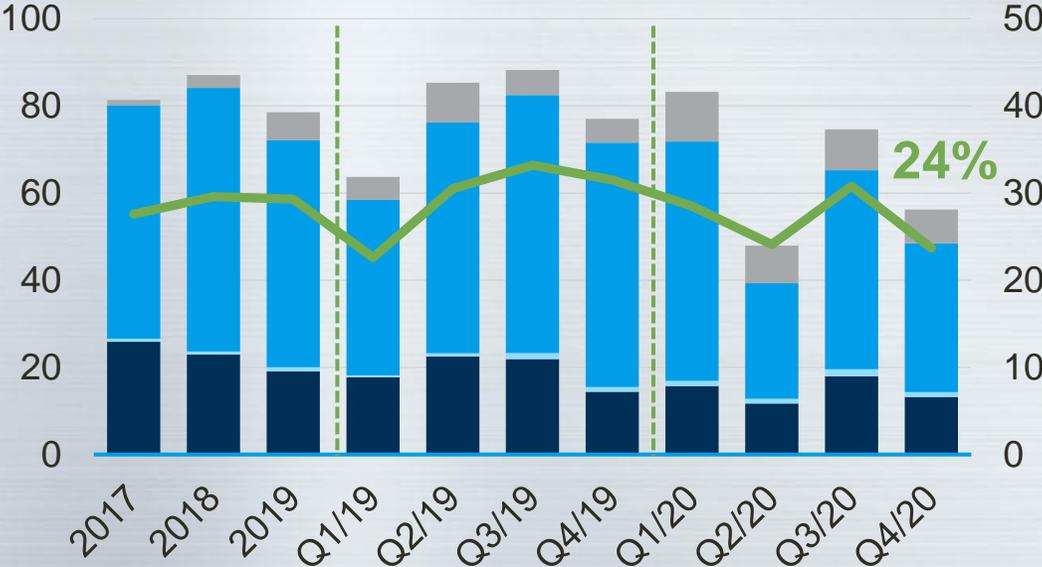
Ferrochrome benchmark price, USD/lb.



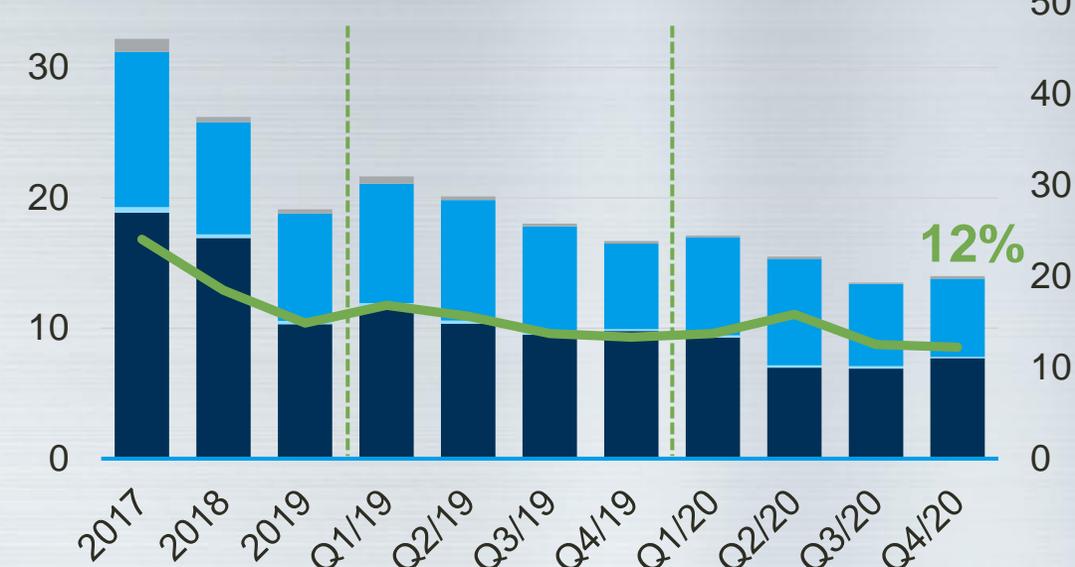
Source: CRU & Metal Bulletin

# Import penetration into Europe at 24% in Q4/20

Third-country cold rolled imports<sup>1</sup> into Europe, 1,000 tonnes



Third-country cold rolled imports<sup>2</sup> into the US, 1,000 tonnes



From rest of world   
  From China  
 From rest of Asia   
  Import penetration  
 From Indonesia

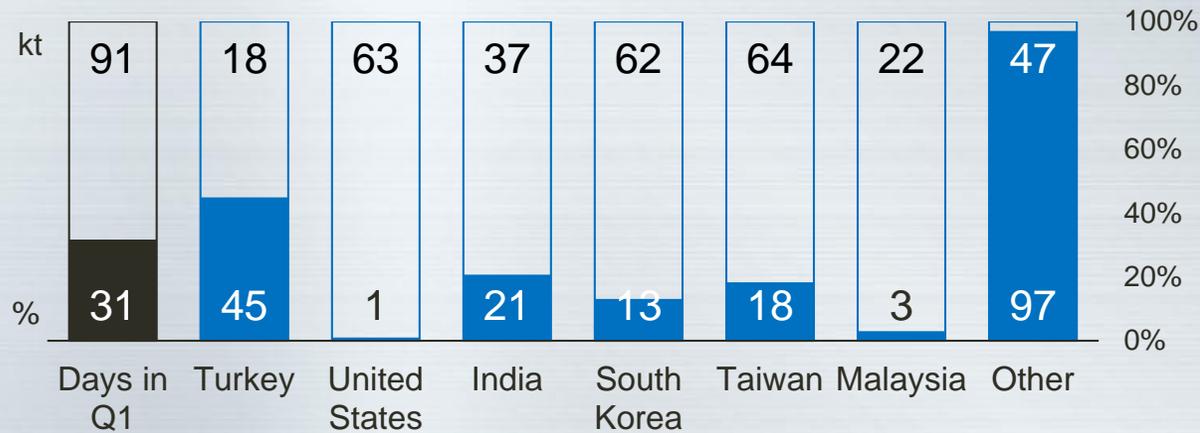
From rest of world   
  From China  
 From rest of Asia   
  Import penetration  
 From Indonesia

1. Cold rolled, monthly average. Source: Eurofer, January 2021 (Q4'20 based on Oct-Nov actuals and forecast for December)  
 2. Cold rolled, monthly average. Source: Foreign Trade Statistics, American Iron & Steel Institute, Jan 2021 (Q4'20 based on Oct-Nov)

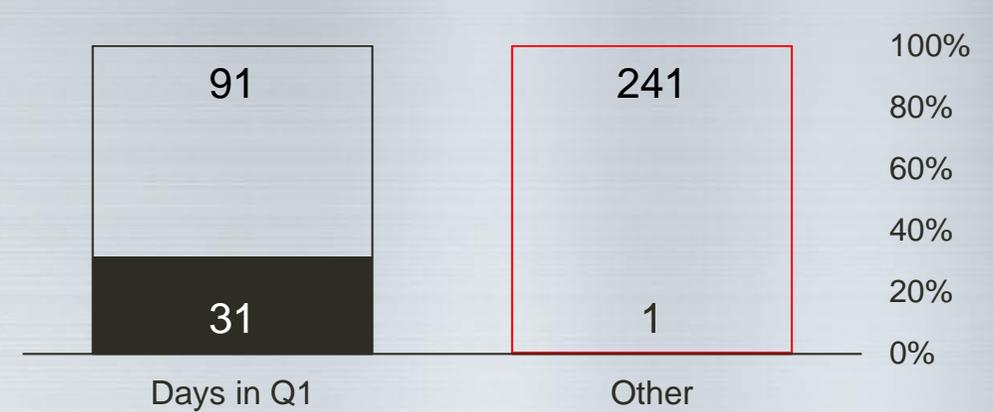


# Cold-rolled quota utilization follows the quarterly pattern

EU cold-rolled quota utilization at 39%\*



EU hot-rolled quota utilization at 1%\*



## European safeguards

- Current safeguards will expire in June 2021
- Joint effort by 12 countries led by Germany asking for review on extension

## Carbon Border Adjustment

- The tool to mitigate carbon leakage, part of the EU Green Deal

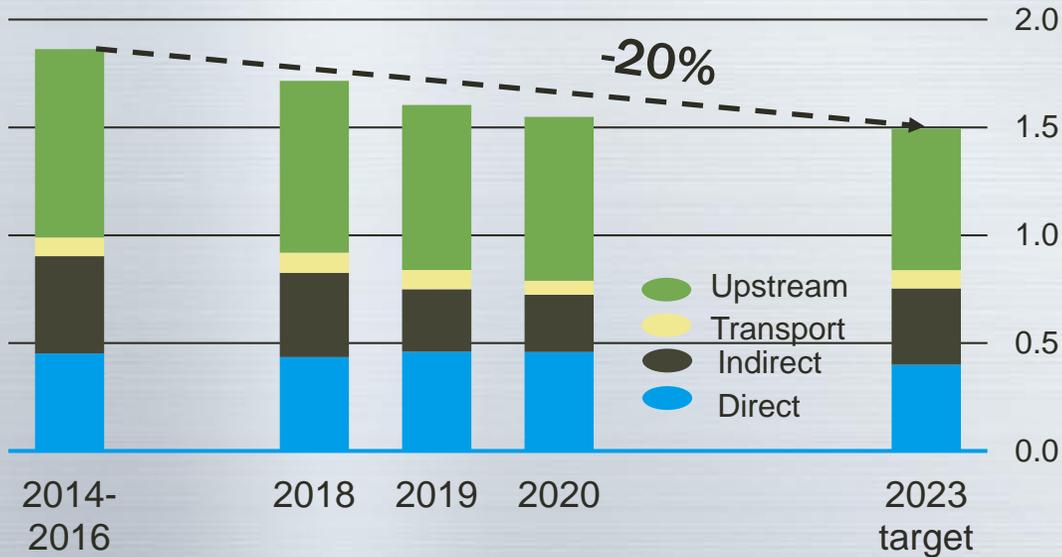
## Anti-dumping & anti-subsidy investigation

- In August, expiry review of the current anti-dumping duties on cold-rolled stainless steel from China and Taiwan (imposed in 2015) was initiated
- In September, anti-dumping investigation on cold-rolled stainless steel from India and Indonesia started

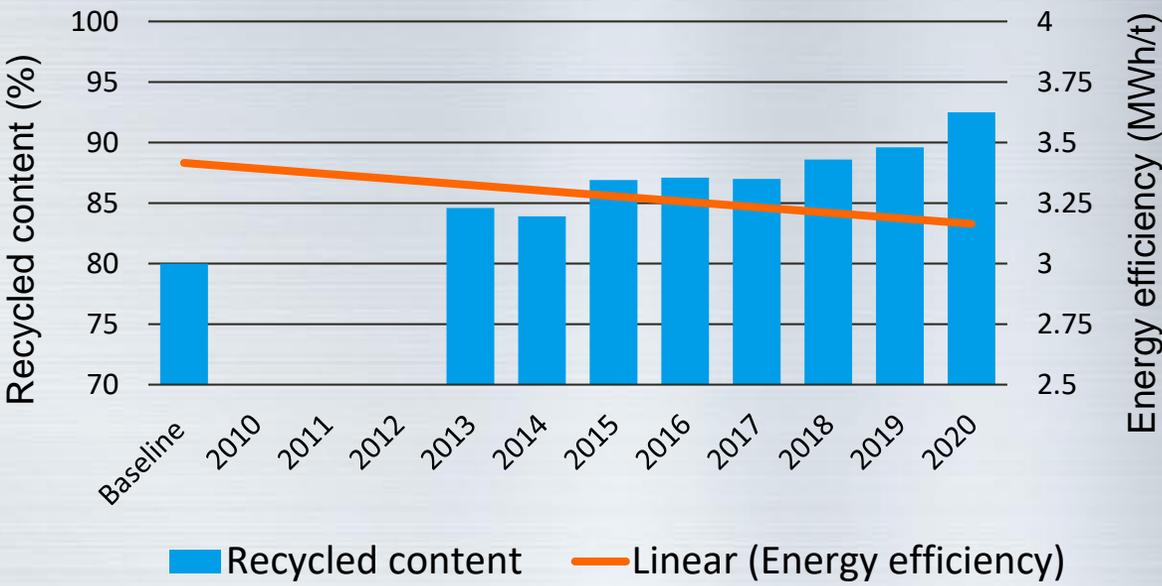
# Record high recycled content achieved in 2020

- Well below the targeted CO<sub>2</sub> emission intensity, up to five times lower compared to Asian peers
- Over 90 % recycled content achieved (92,5 % in 2020)
- An average of 6% improvement in energy efficiency over the reference period average

CO<sub>2</sub> per ton of stainless steel



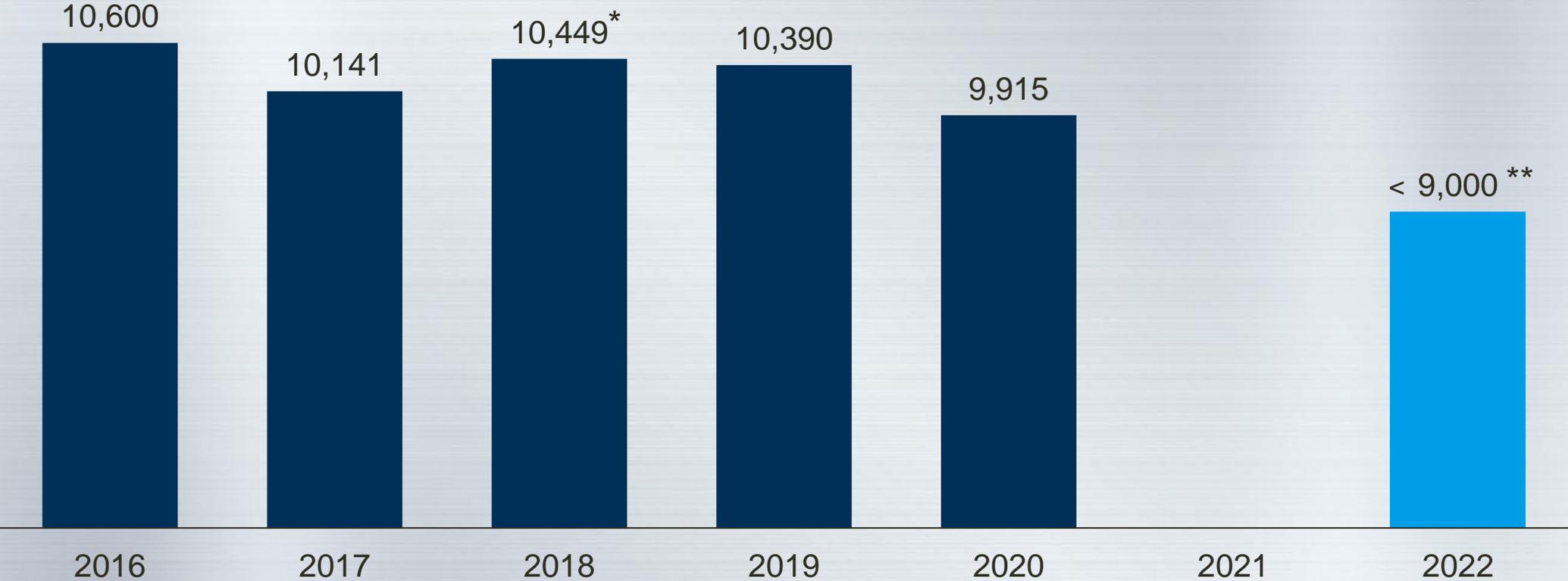
Recycled content & energy efficiency



Our stainless steel contains the highest rate of recycled content in the industry. Recycled content includes steel scrap and recycled metals from other residuals.

# Employee negotiations completed in December, headcount reductions on track

Legal headcount, at the end of the period



\* Fagersta included 2018 onwards  
\*\* Planned headcount

# Financial update

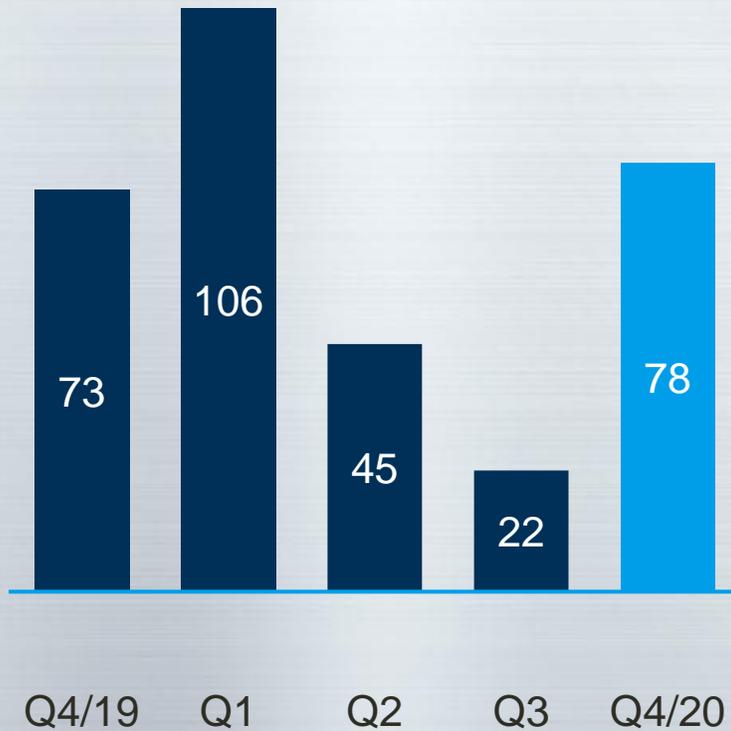
Pia Aaltonen-Forsell, CFO

Key figures		Q4/20	Q4/19	Q3/20	2020	2019
Stainless steel deliveries	1,000 tonnes	523	458	488	2,121	2,196
Sales	EUR million	1,350	1,398	1,254	5,639	6,403
Adjusted EBITDA	EUR million	78	73	22	250	263
Net result	EUR million	-39	-15	-63	-116	-75
Earnings per share	EUR	-0.09	-0.04	-0.15	-0.28	-0.18
Operating cash flow	EUR million	112	143	170	322	371
Net debt	EUR million	1,028	1,155	1,105	1,028	1,155
Gearing	%	43.6	45.1	45.1	43.6	45.1
Capital expenditure*	EUR million	35	58	35	180	193
Return on capital employed, ROCE	%	-1.4	0.8	0.2	-1.4	0.8
Personnel at the end of the period		9,915	10,390	10,118	9,915	10,390

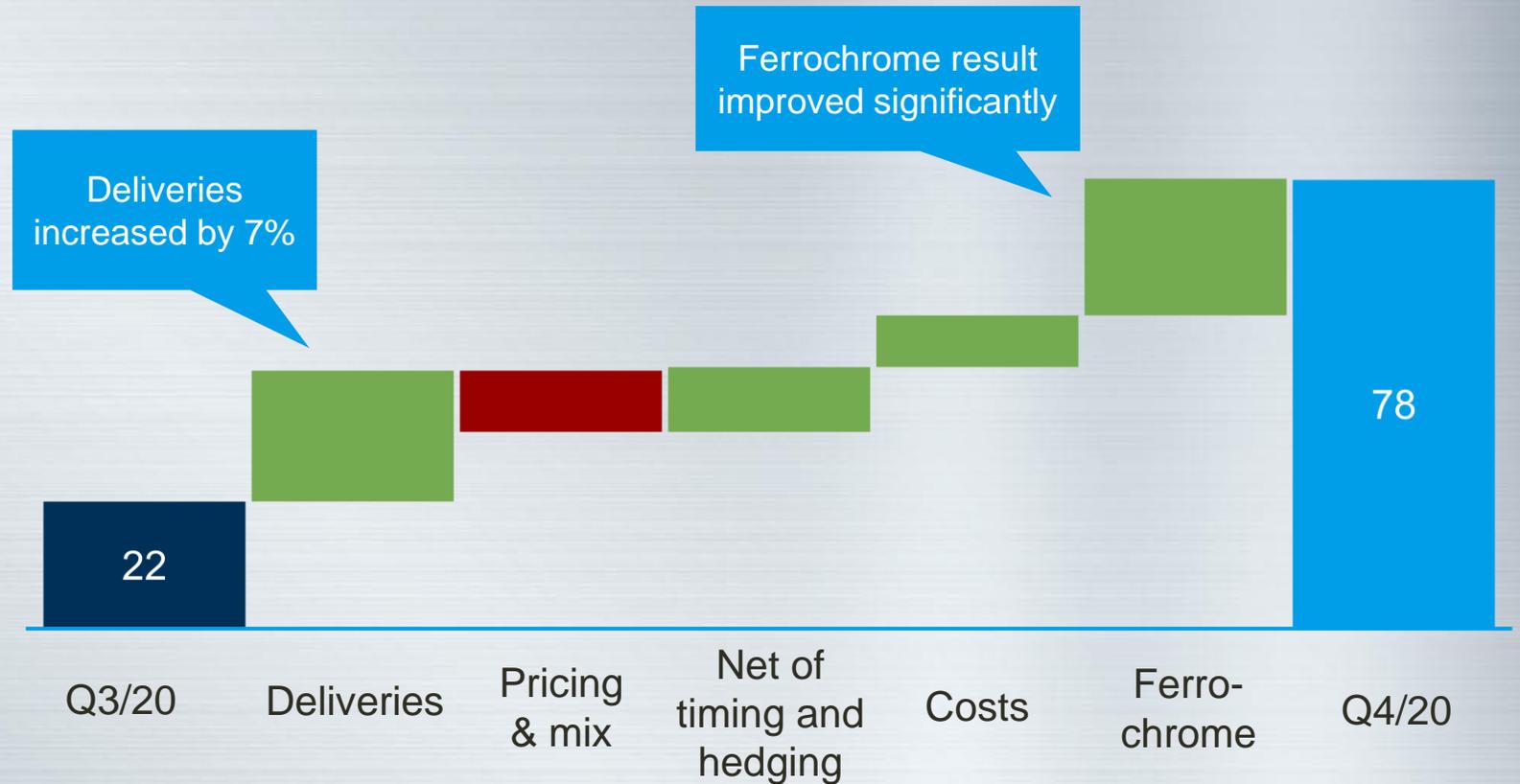
\*Capex cash flow

# Strong operational performance in Q4/20

Group adjusted EBITDA,  
EUR million



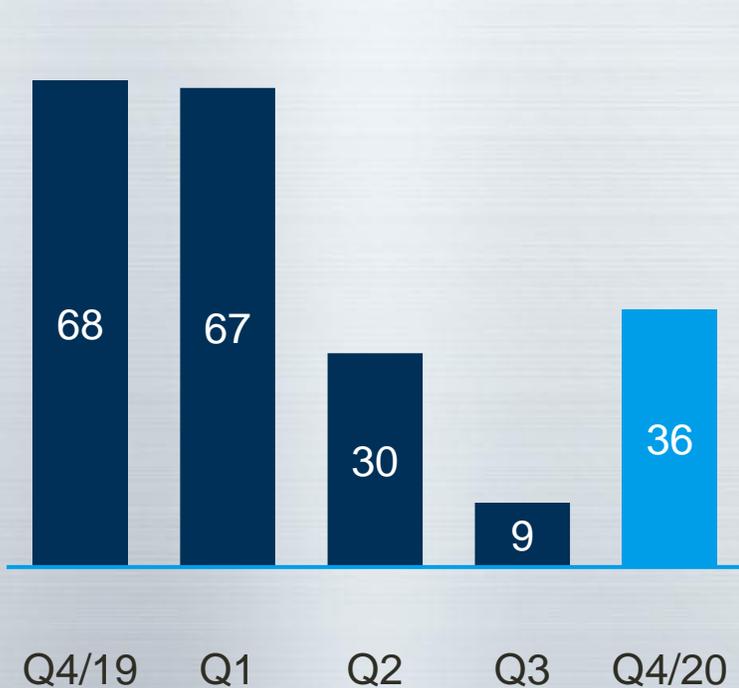
Adjusted EBITDA quarter-on-quarter comparison<sup>1</sup>,  
EUR million



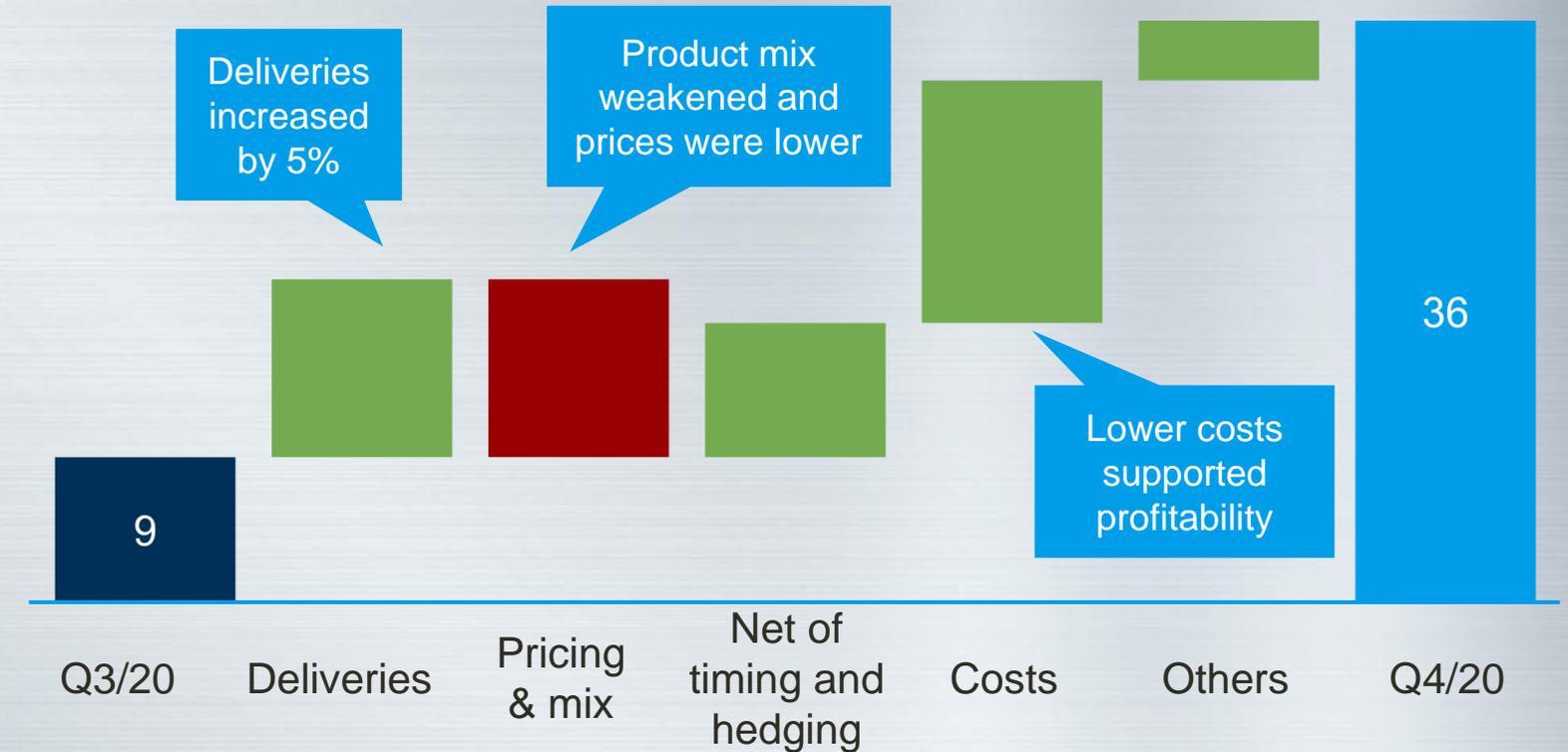
1) Indicative columns based on management estimates

# BA Europe – higher volumes and lower costs supported profitability

Europe adjusted EBITDA, EUR million



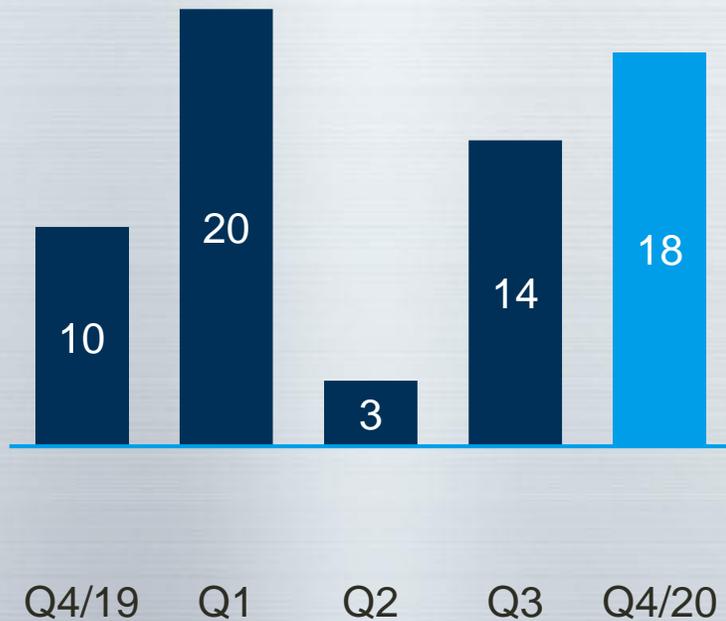
Adjusted EBITDA quarter-on-quarter comparison<sup>1</sup>, EUR million



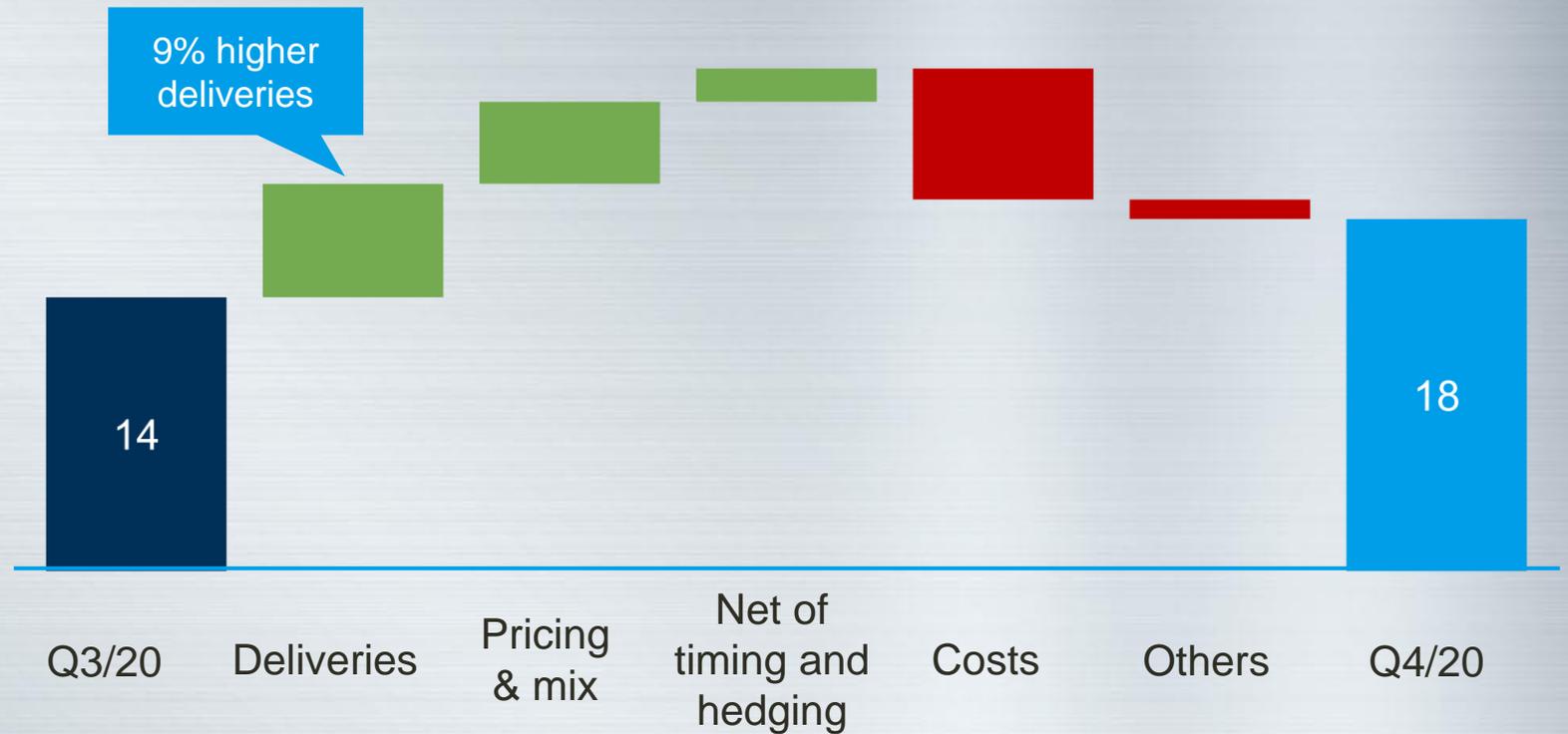
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# BA Americas – turnaround accelerated

Americas adjusted EBITDA, EUR million



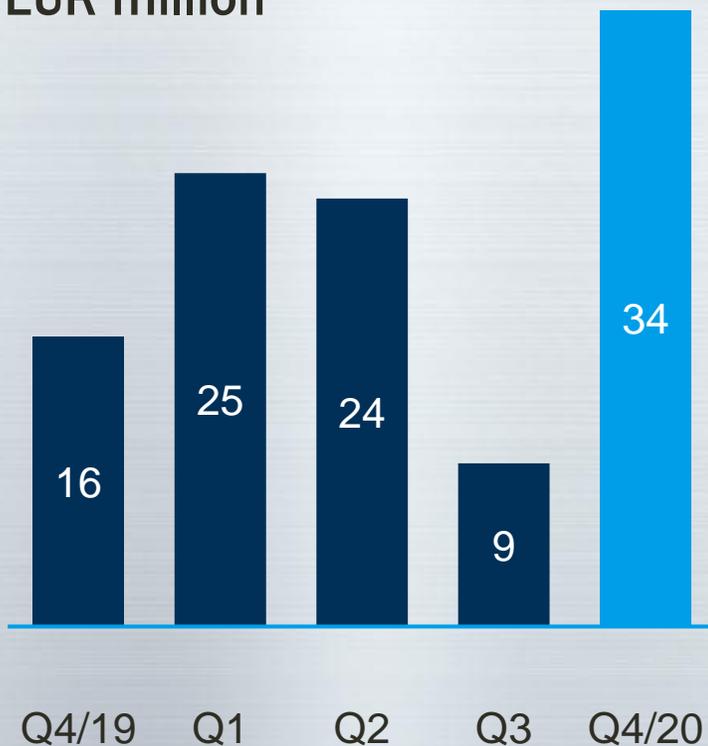
Adjusted EBITDA quarter-on-quarter comparison<sup>1</sup>, EUR million



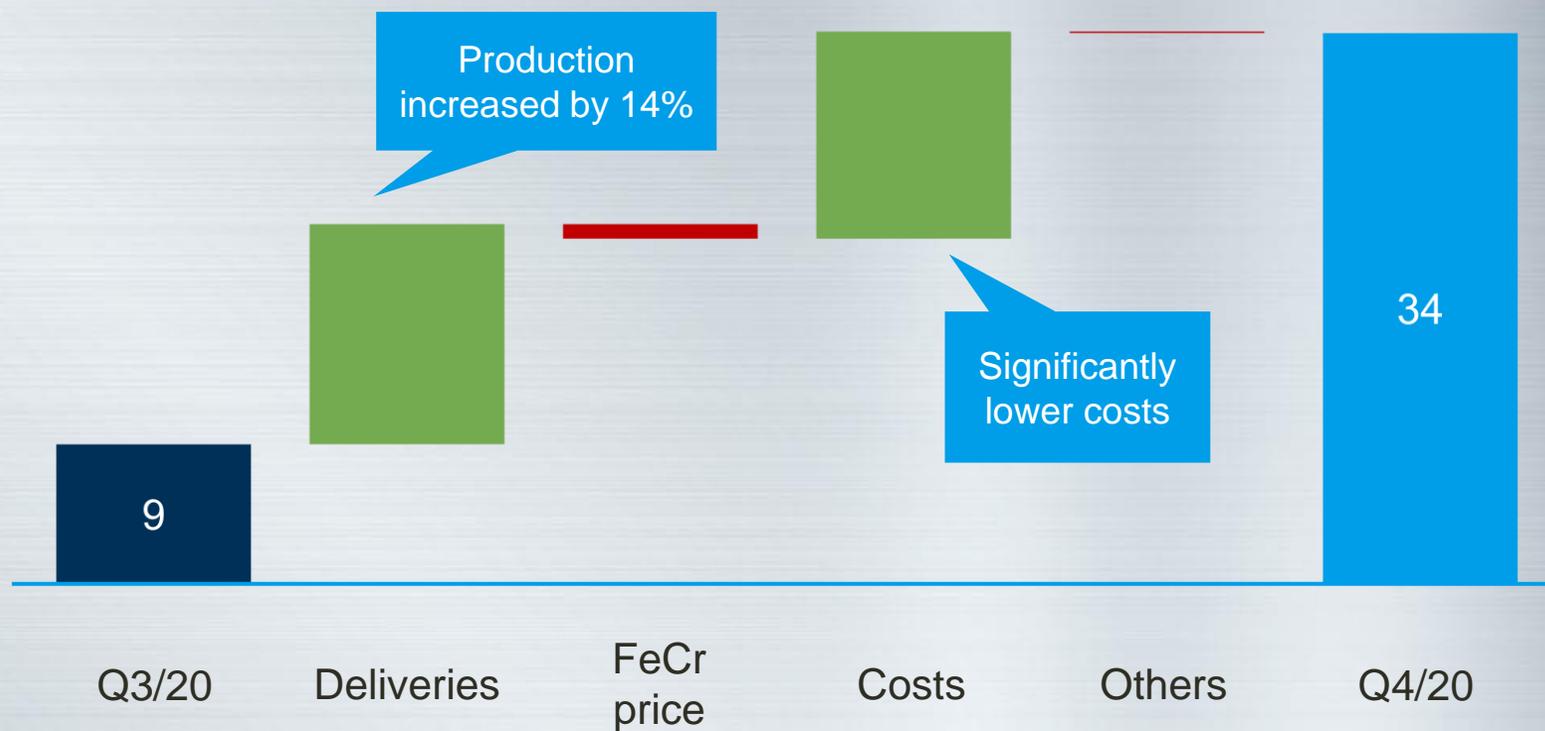
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# BA Ferrochrome – strong rebound after September maintenance

Ferrochrome adjusted EBITDA, EUR million



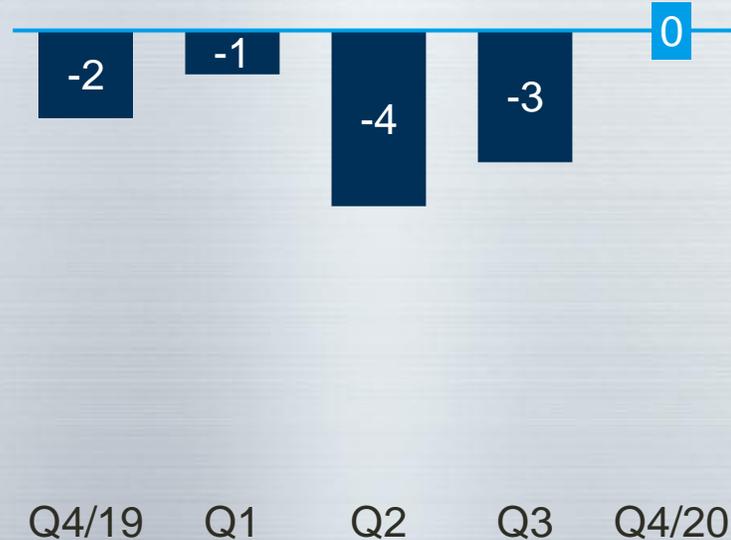
Adjusted EBITDA quarter-on-quarter comparison<sup>1</sup>, EUR million



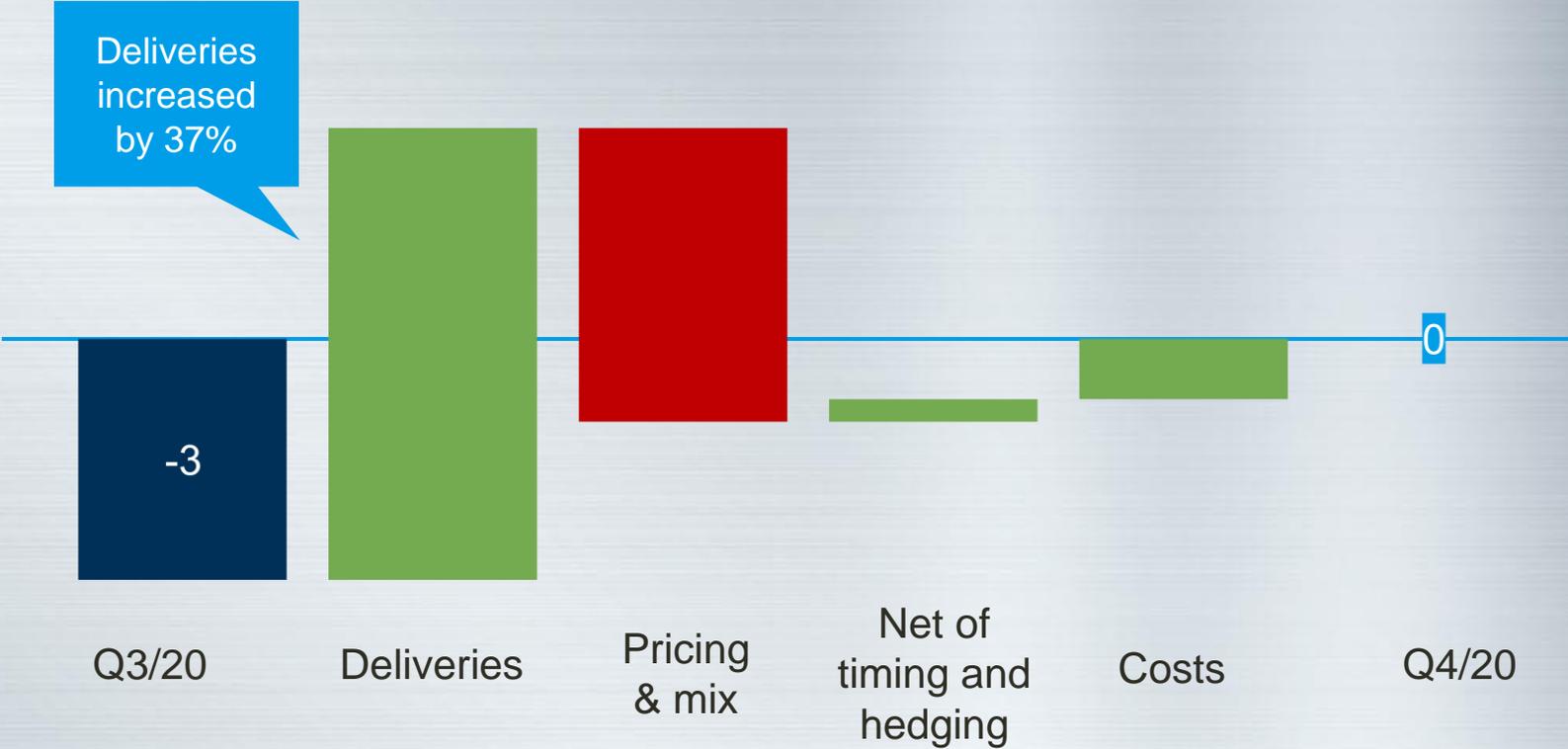
1) Indicative columns based on management estimates

# BA Long Products – turnaround plan on track

Long Products adjusted EBITDA, EUR million



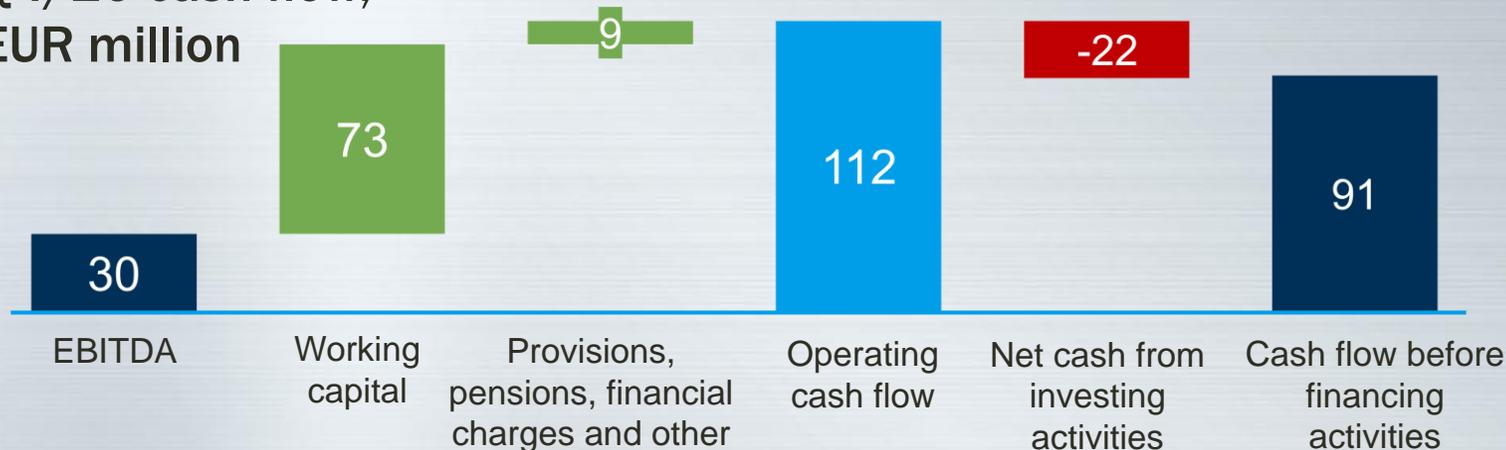
Adjusted EBITDA quarter-on-quarter comparison<sup>1</sup>, EUR million



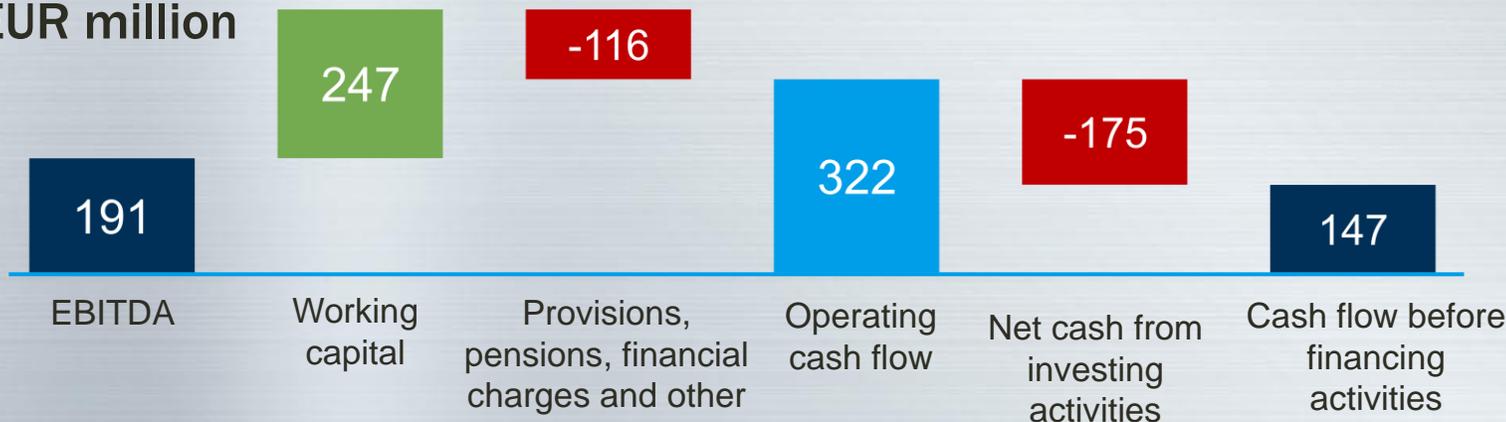
1) Indicative columns based on management estimates

# Efficient net working capital management and capex reduction supported cash flow

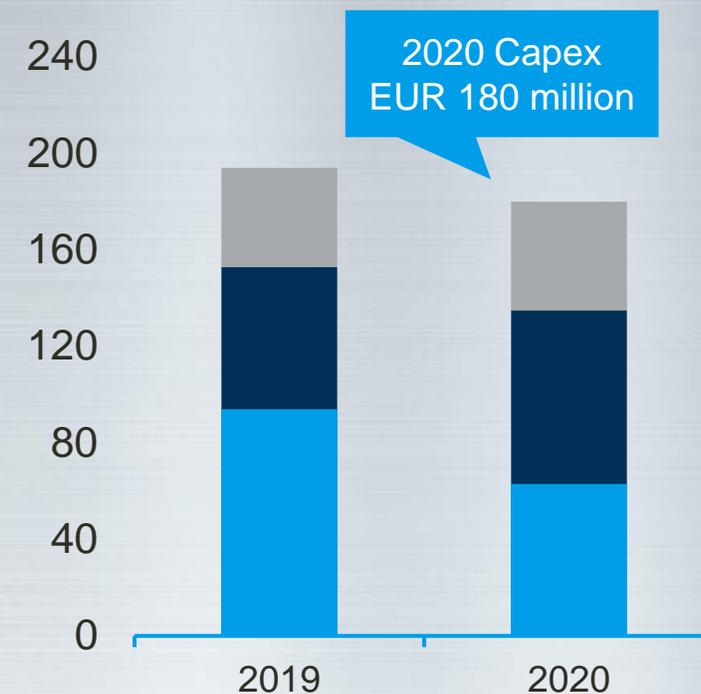
Q4/20 cash flow, EUR million



2020 cumulative cash flow, EUR million



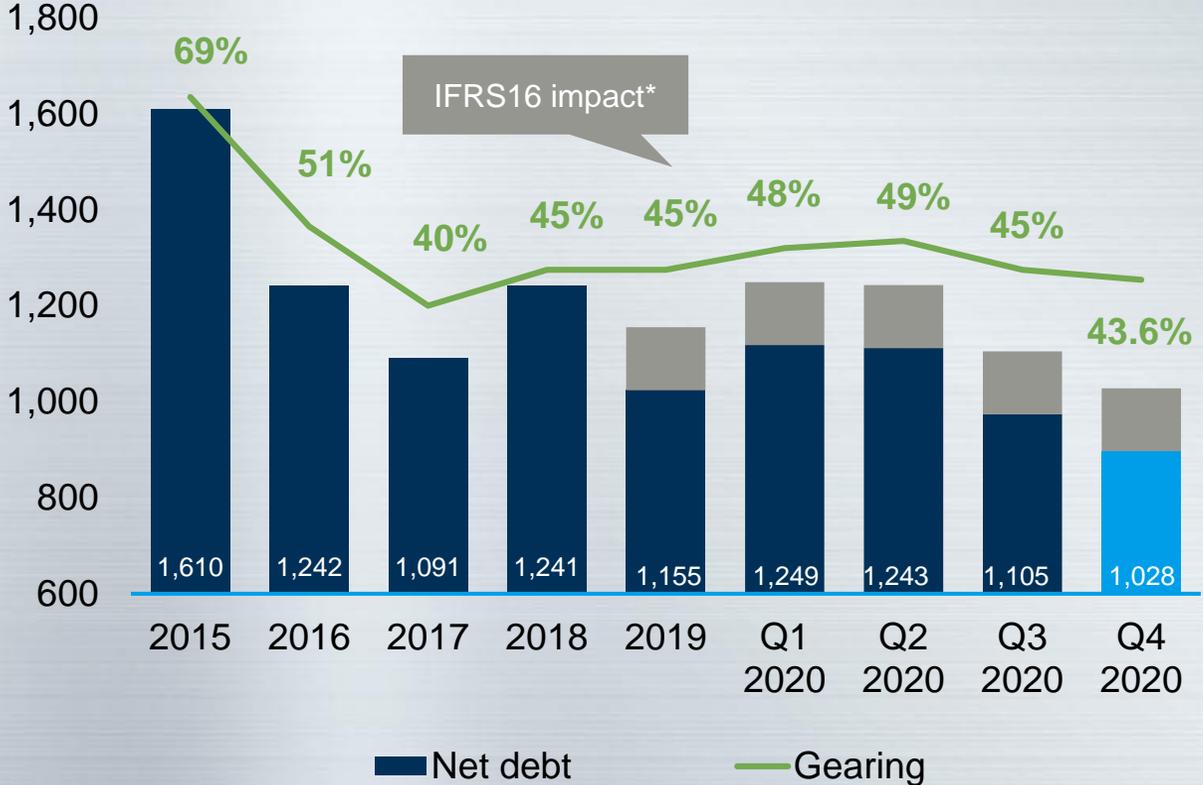
Annual Capex, EUR million



- Expansion, digitalization & other
- Kemi mine
- Annual maintenance

# Net debt reduced to its lowest level in recent years

Net debt, EUR million



Net debt/LTM adjusted EBITDA

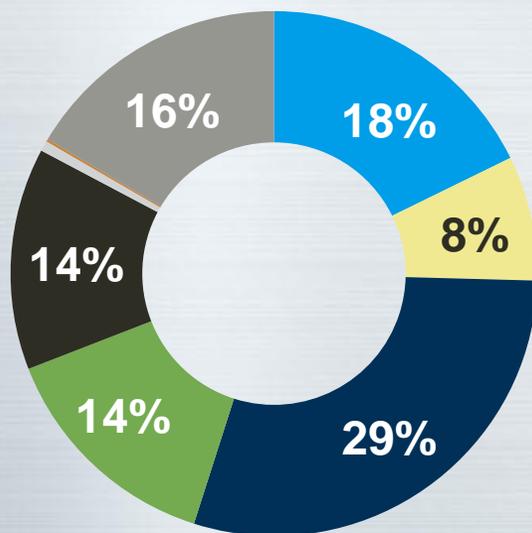


\* Implementation impact on Jan 1, 2019 at EUR 131 million



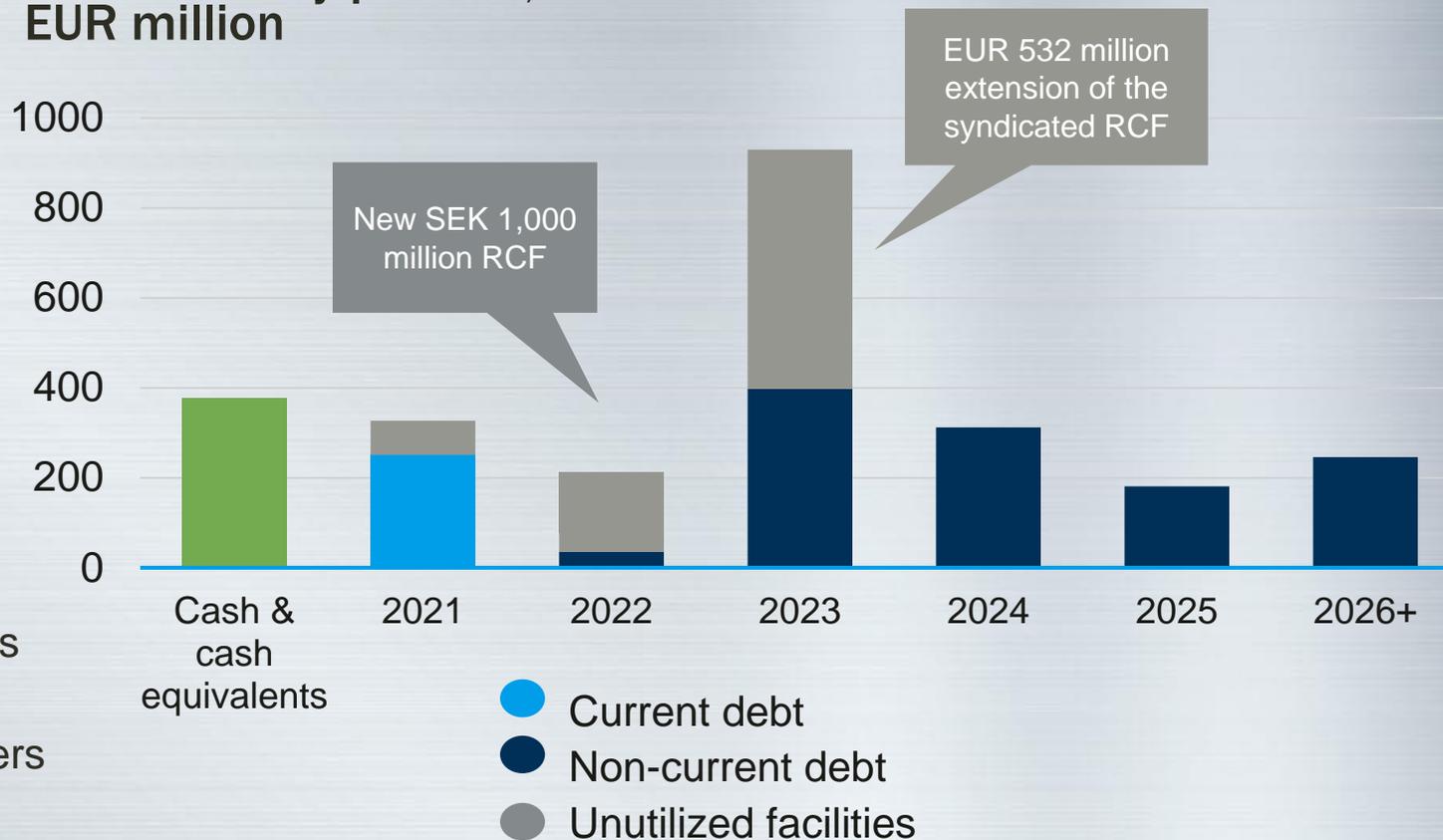
# Successful strengthening of the company's debt structure and liquidity profile

Debt structure\*



- Bonds
- Long-term loans from financial institutions
- Lease liabilities
- Other long-term loans
- Convertible bonds
- Pension loans
- Commercial papers
- Short-term loans

Debt maturity profile\*, EUR million



# Outlook

Heikki Malinen, President & CEO

# Outlook for Q1 2021

The stainless steel market has begun to recover after the global downturn caused by the COVID-19 pandemic.

The demand for stainless steel is strengthening and both business areas Europe and Americas are expected to see a seasonal increase in volumes.

Consequently, Outokumpu expects its stainless steel deliveries for the whole Group to increase in the first quarter by 10-20% compared to the fourth quarter.

Adjusted EBITDA for the first quarter of 2021 is expected to be higher compared to the fourth quarter of 2020.

**Thank you!**

**Questions  
& answers**