



Record safety performance and accelerated de-risking

Outokumpu Q4 and 2021 results

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

February 8, 2022

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2021 was a record year on many fronts

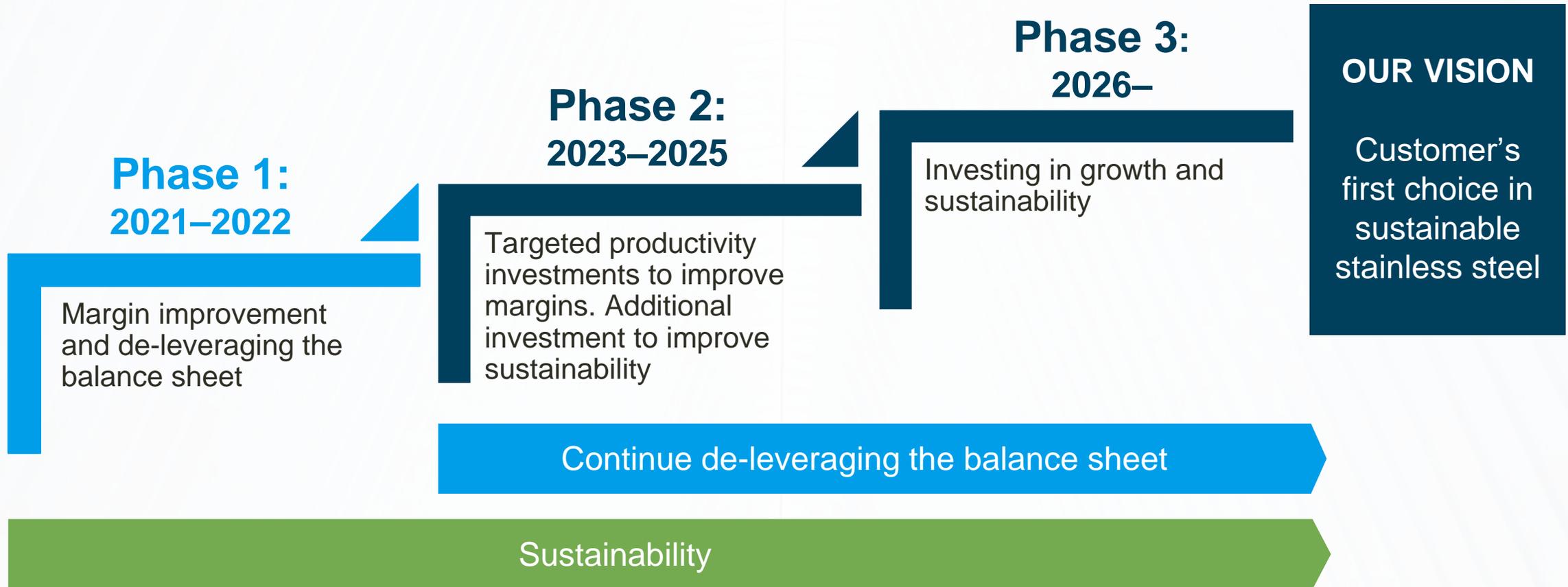
Heikki Malinen, President & CEO



In the highly successful year of 2021, Outokumpu's adjusted EBITDA reached over EUR 1 billion

- Exceptionally **strong market** environment
- High **capacity utilization** throughout the year
- **Strategy execution** ahead of plan
- **1.5°C climate targets approved** by the Science Based Targets initiative (SBTi)
- Best **safety performance** ever

Our focus throughout the year 2021 has been on our strategic aim to de-risk the company



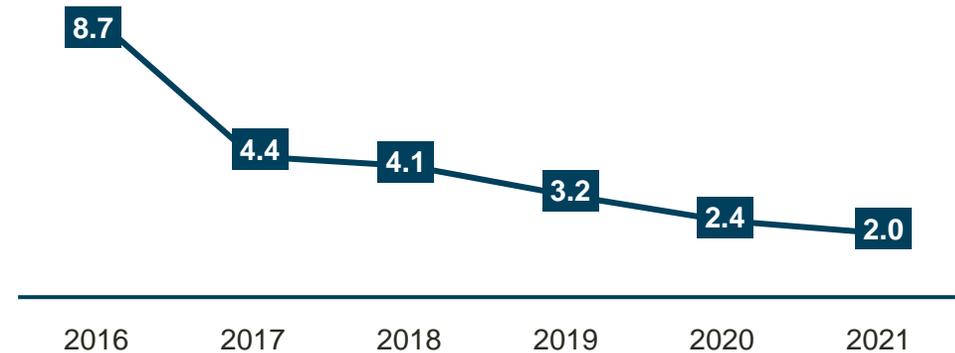
Our strategy execution brings sustainable improvements

- Projects on raw material and consumable efficiency, and maintenance prioritization have changed our **ways of working**
- In 2022, focus on consumables consumption efficiency to **mitigate inflationary pressure**
- Contribution of >600 people from **different functions** through shared governance

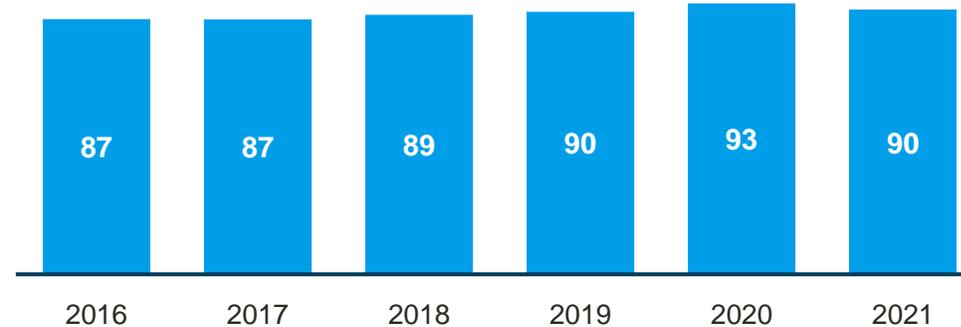
In 2021, we had our best annual safety performance ever and improved our energy intensity by 10%

- **TRIFR 2.0**, recordable accidents decreased by 15%
- **1.5°C CO₂ emission reduction** target approved by SBTi
- **High material efficiency** continued:
 - Recycled material content >90%
 - Waste intensity decreased by 12%
 - Water intensity decreased by 18%

Safety performance, TRIFR



Recycled materials, %



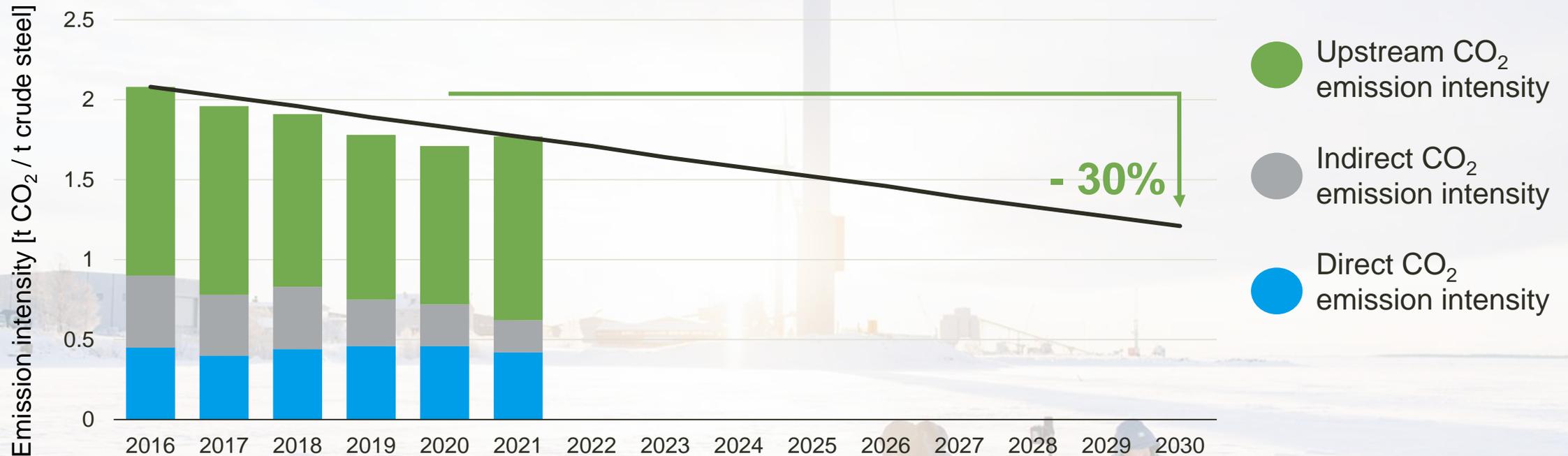
TRIFR = Number of total recordable incidents per million working hours
SBTi = Science-Based Targets initiative



CO₂ emissions in line with our SBTi 1.5 °C target

Roadmap developed to reduce emissions by 30% from 2020 level

Outokumpu's CO₂ emission intensity



Sustainable sourcing is a core element in our renewed ESG strategy

Key activities in 2021

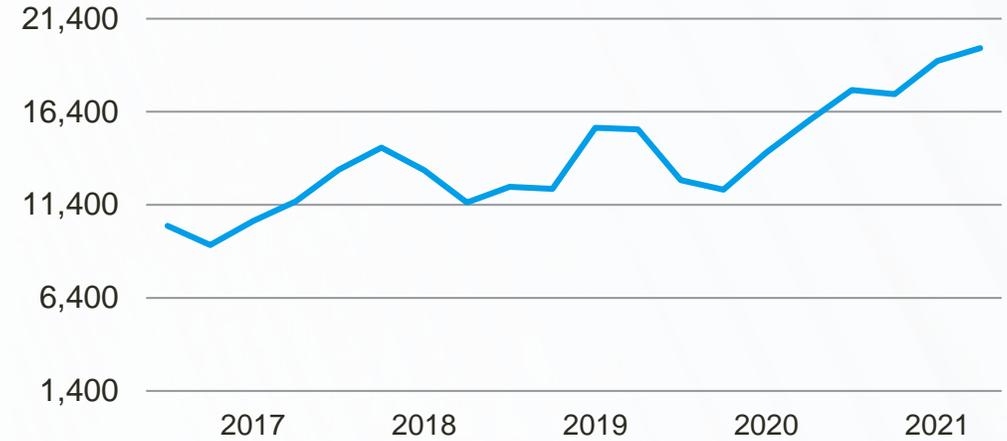
- 199 supplier assessments conducted, incl. raw materials and general procurement
- 21 suppliers in high-risk countries have been assessed
- 19 suppliers in the supplier sustainability rating platform EcoVadis, average rating 51 on a scale 1-100

Impact assessments

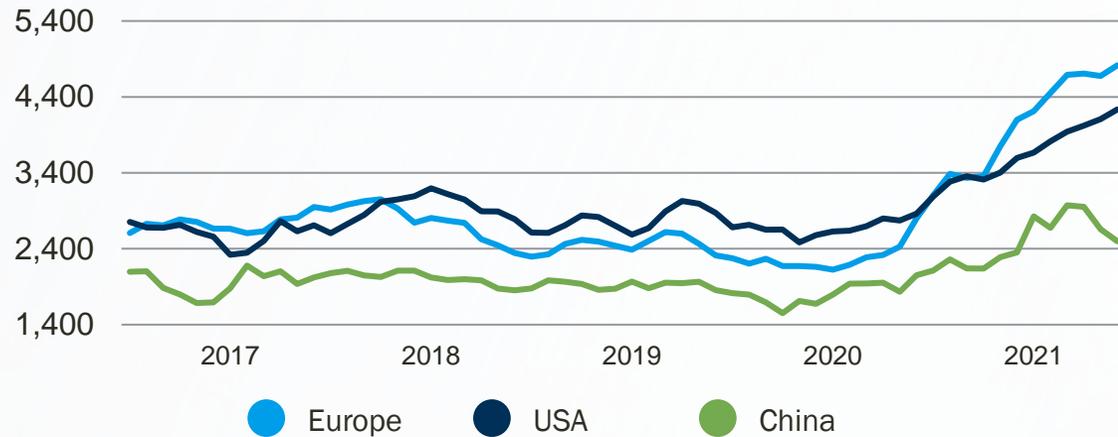
- Impact assessment completed in Brazil
- Impact assessment initiated in Guatemala
- Suppliers in several high-risk countries will be assessed during 2022 with an independent consultancy

European and US spot prices continued to rise due to strong COVID-19 rebound, while Chinese prices dropped by year-end and attracted more imports

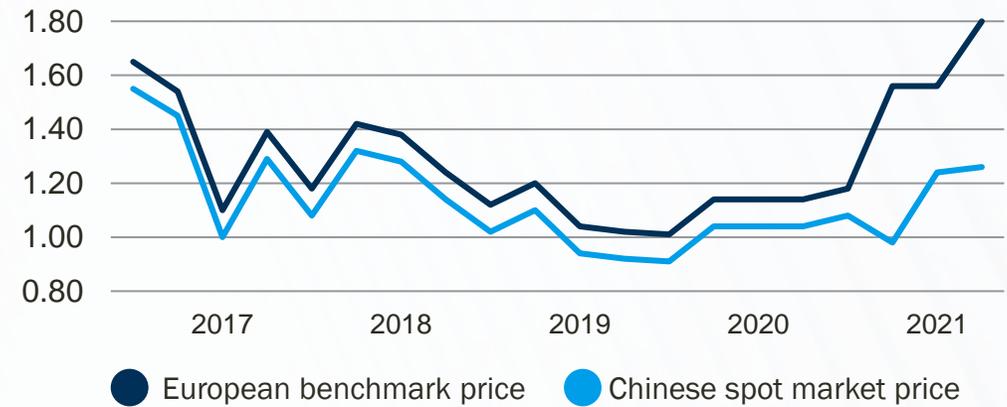
Nickel LME cash, USD/tonne



Transaction prices 304 stainless, USD/tonne



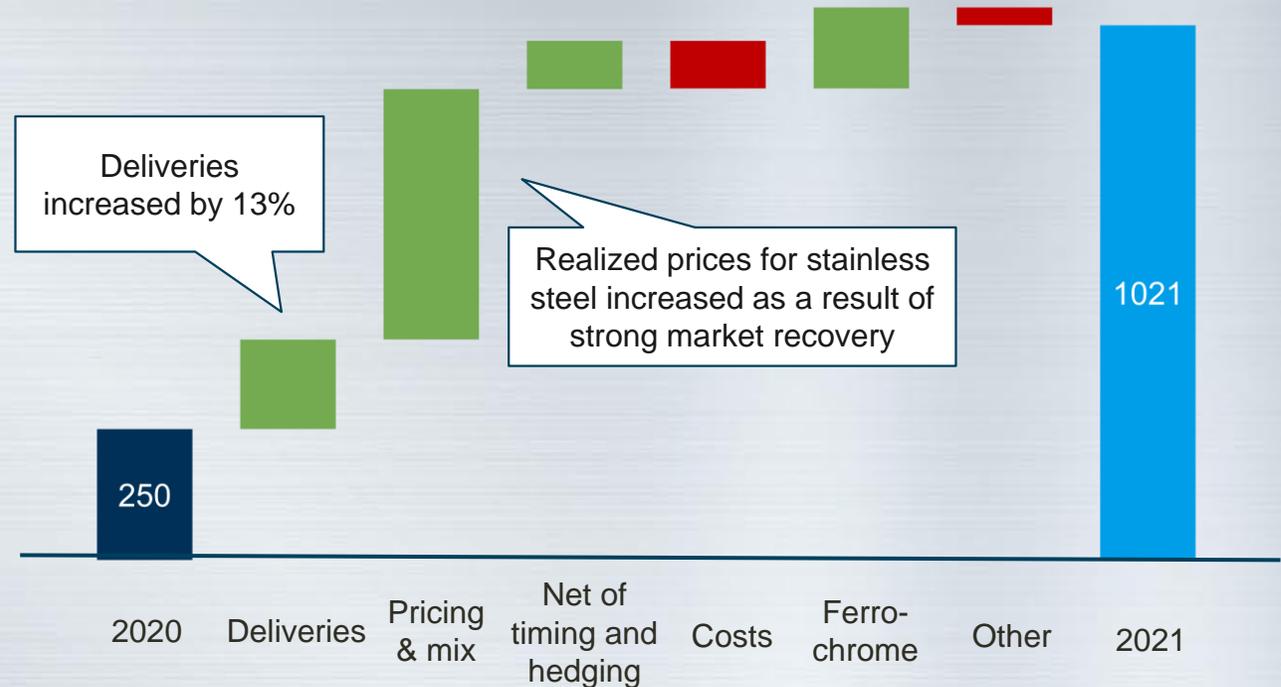
Ferrochrome, USD/lb



Full year adjusted EBITDA reached EUR 1,021 million - best level in recent history

- **Strong demand** continued throughout the year
- Successful execution of **commercial strategy** and **cost discipline**
- **Increased stainless steel prices** supported by supply shortages
- Higher **ferrochrome sales price**
- Profitability impacted by higher **energy** and **consumable prices**

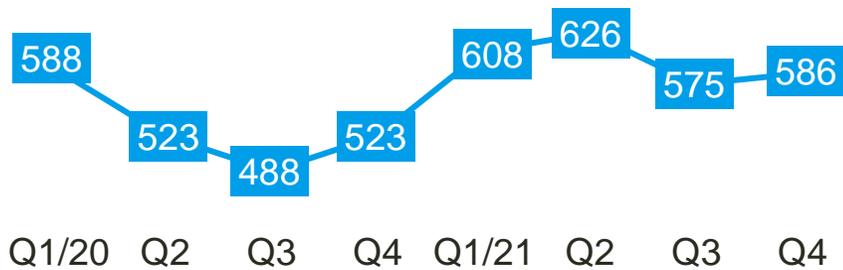
Adjusted EBITDA year-on-year comparison¹, EUR million



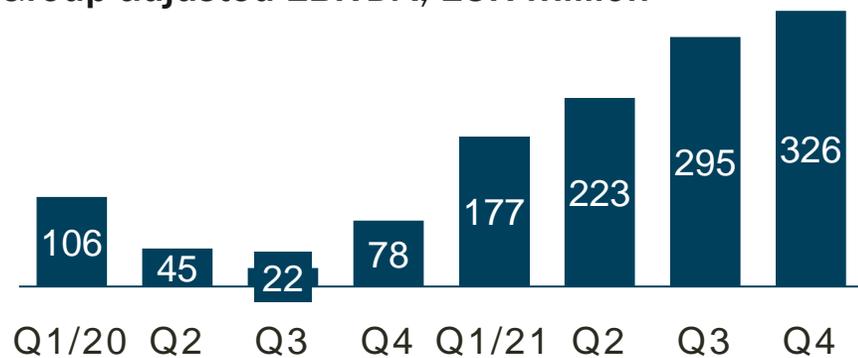
1) Indicative columns based on management estimates

Q4 adjusted EBITDA amounted to EUR 326 million as higher stainless prices overcompensated the inflationary impacts

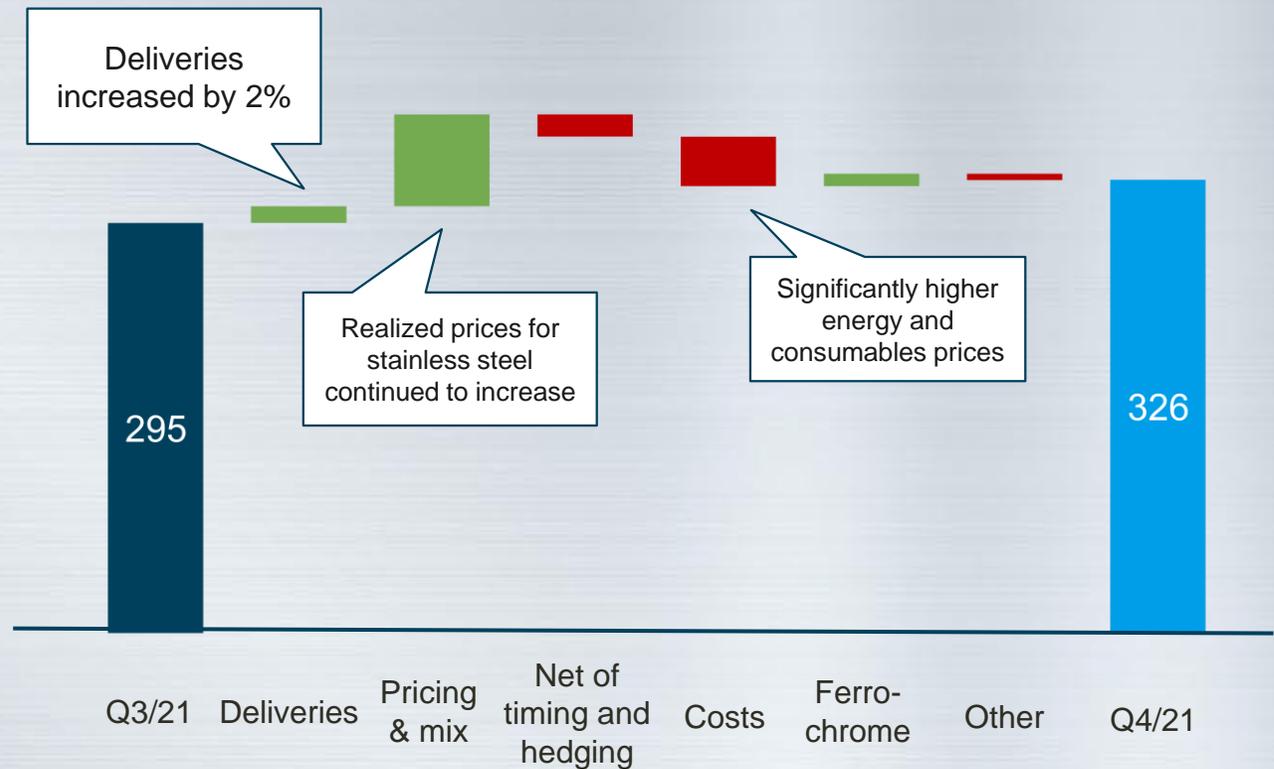
Deliveries, kt



Group adjusted EBITDA, EUR million



Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



1) Indicative columns based on management estimates



Significant acceleration of de-risking

Pia Aaltonen-Forsell, CFO



Significant net debt reduction from EUR 1,028 million to EUR 408 million through various actions

- Diligent **strategy execution** and **capital allocation**
- **Equity raise** completed in May
- 2024 **bond redemption** in December
- Further de-risking through **buy-in insurance contract** for UK pensions
- Credit rating agency Moody's upgraded Outokumpu's **credit rating** from B3 to Ba3

Many financials reached record levels in 2021

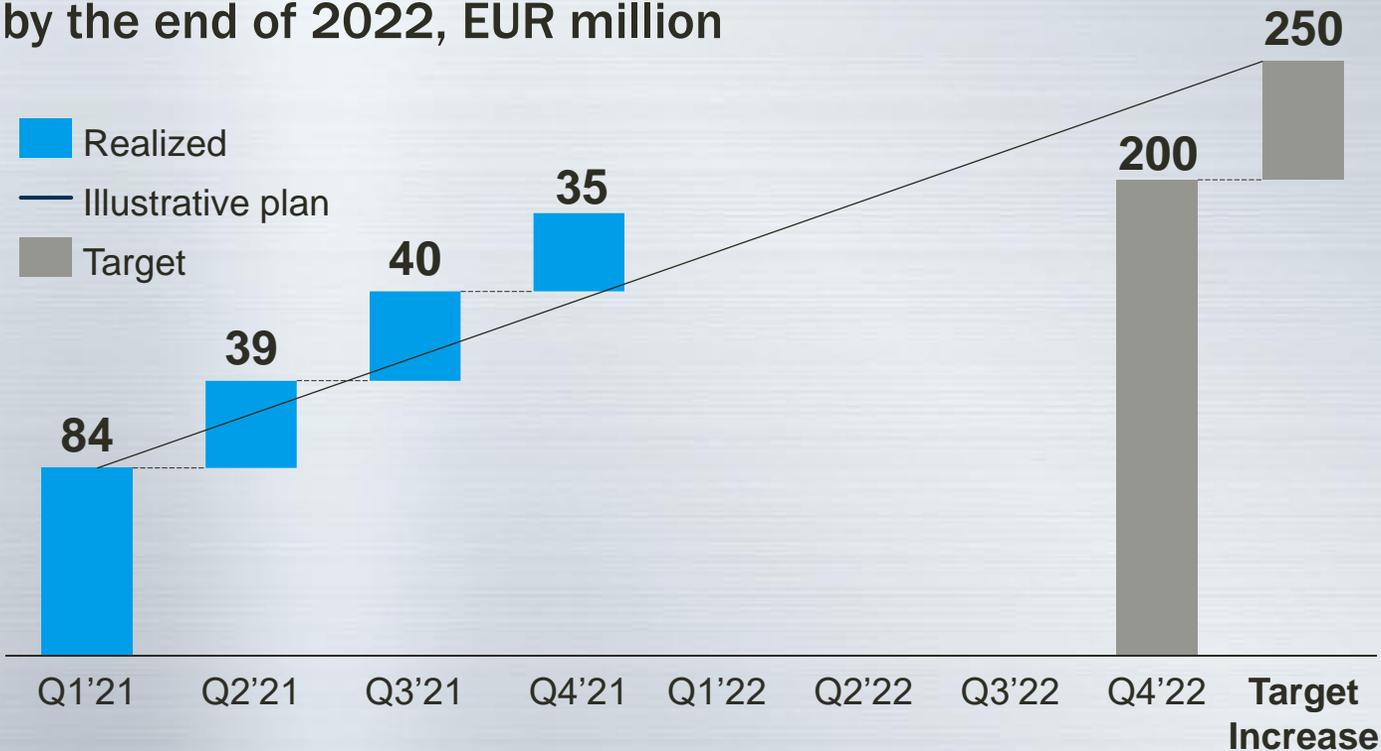
- Net result EUR 553 million
- Exceptionally high earnings per share
- Net debt to EBITDA 0.4x
- ROCE 18.8%

Key figures		Q4/21	Q4/20	Q3/21	2021	2020
Stainless steel deliveries	1,000 tonnes	586	523	575	2,395	2,121
Sales	EUR million	2,215	1,350	1,949	7,709	5,639
Adjusted EBITDA	EUR million	326	78	295	1,021	250
Net result	EUR million	159	-39	182	553	-116
Earnings per share	EUR	0.35	-0.09	0.40	1.26	-0.28
Operating cash flow	EUR million	384	112	180	597	322
Net debt	EUR million	408	1,028	749	408	1,028
Net debt to adjusted EBITDA	x	0.4	4.1	1.0	0.4	4.1
Capital expenditure	EUR million	59	35	32	175	180
Return on capital employed, ROCE	%	18.8	-1.4	12.9	18.8	-1.4
Personnel at the end of period, full-time equivalent *		9,096	9,602	9,137	9,096	9,602

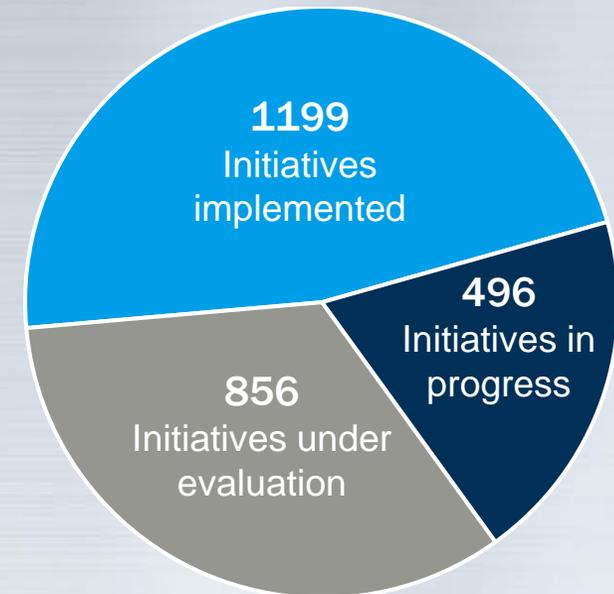
* In Q1/2021, Outokumpu changed its main personnel amount measure from headcount to full-time equivalent personnel. Comparative information is presented accordingly.

Strategy execution: Cumulative EUR 198 million realized EBITDA run-rate improvement achieved by the end of 2021

Gross annualized EBITDA run-rate improvement by the end of 2022, EUR million



Solid implementation pipeline



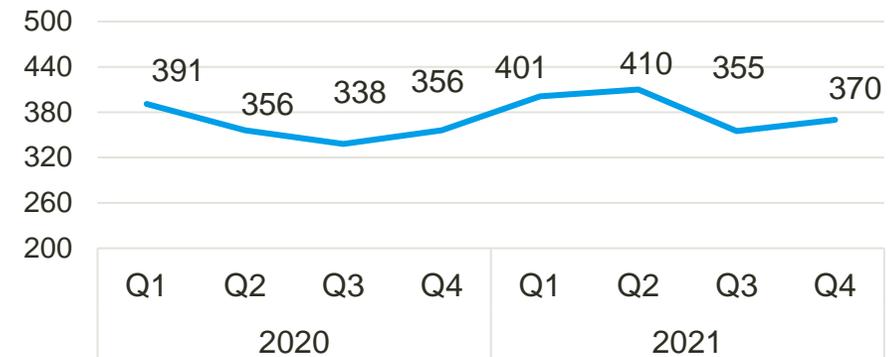
Note: Based on gross run-rate program impacts operationally implemented during the period; HC reductions will improve cost vs 2019 baseline as 2020 was abnormally low due to COVID related furloughs

BA Europe – record-high adjusted EBITDA supported by strategy execution

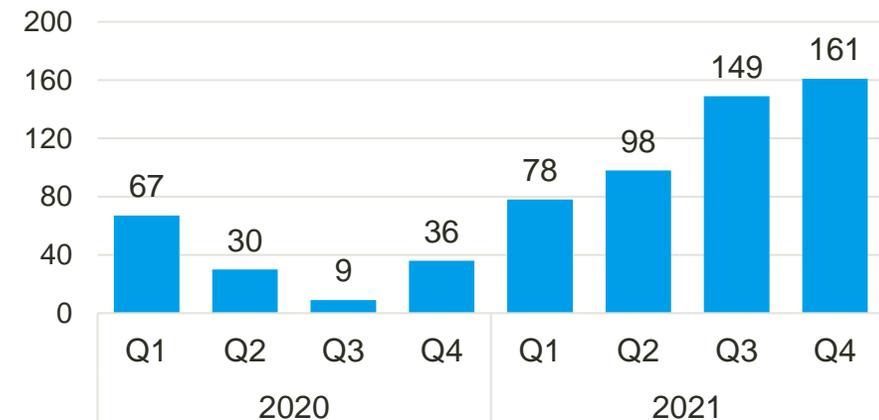
Highlights in 2021

- Adjusted EBITDA EUR 485 million
- Deliveries increased by 7%, higher realized stainless steel prices
- Higher consumable prices and freight costs

Europe's stainless steel deliveries, 1,000 tonnes



Europe's adjusted EBITDA, EUR million



BA Americas – record-high adjusted EBITDA reached in an exceptionally strong market

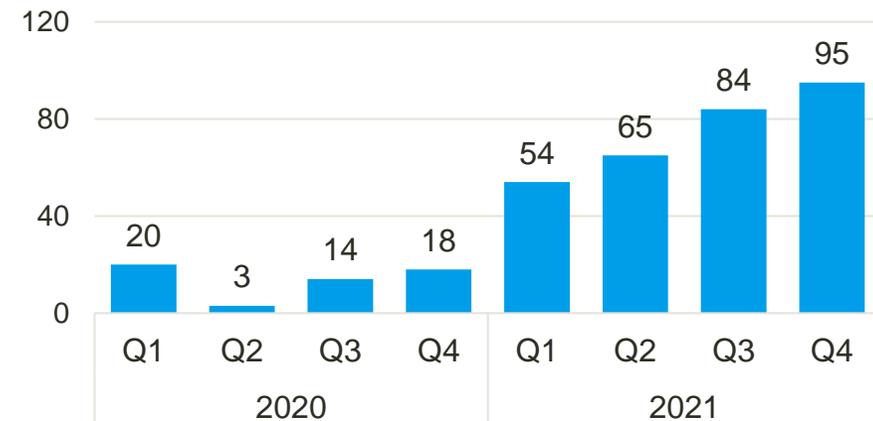
Highlights in 2021

- Adjusted EBITDA EUR 297 million
- Deliveries increased by 26%, higher realized stainless steel prices, improved product mix
- Higher consumable prices and freight costs

Americas' stainless steel deliveries, 1,000 tonnes



Americas adjusted EBITDA, EUR million



BA Ferrochrome – increased production and strong market prices

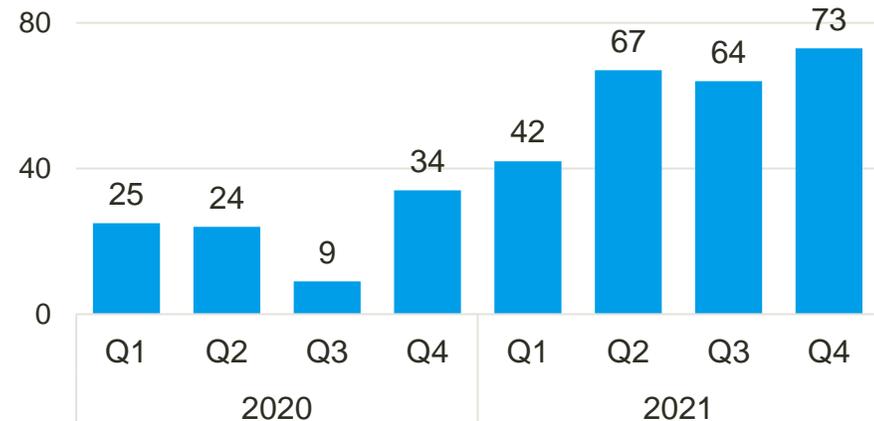
Highlights in 2021

- Adjusted EBITDA EUR 246 million
- Production increased by 3%, higher ferrochrome sales price
- Significantly increased electricity and reductant prices

Ferrochrome production, 1,000 tonnes



Ferrochrome's adjusted EBITDA, EUR million

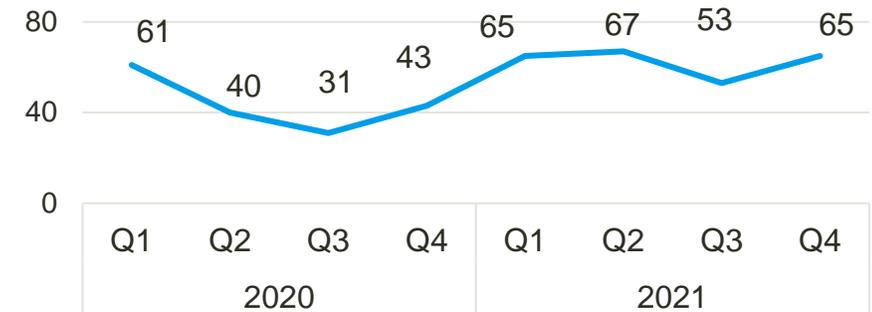


BA Long Products – turnaround program brings sustainable improvements

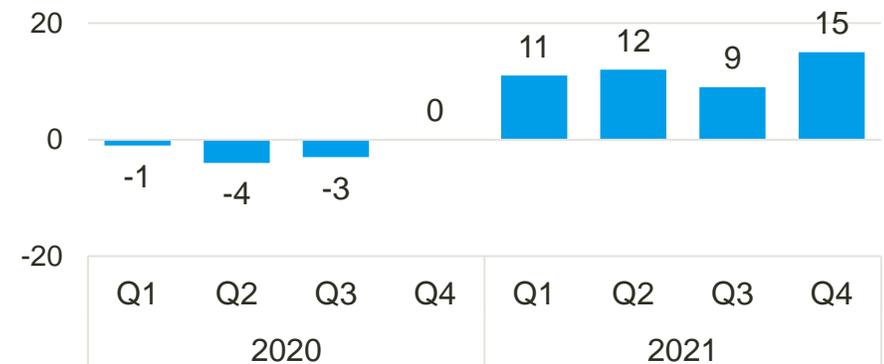
Highlights in 2021

- Adjusted EBITDA EUR 47 million
- Deliveries increased by 43%, improved product mix, higher realized stainless steel prices
- Higher energy and consumable prices

Long Products' stainless steel deliveries, 1,000 tonnes

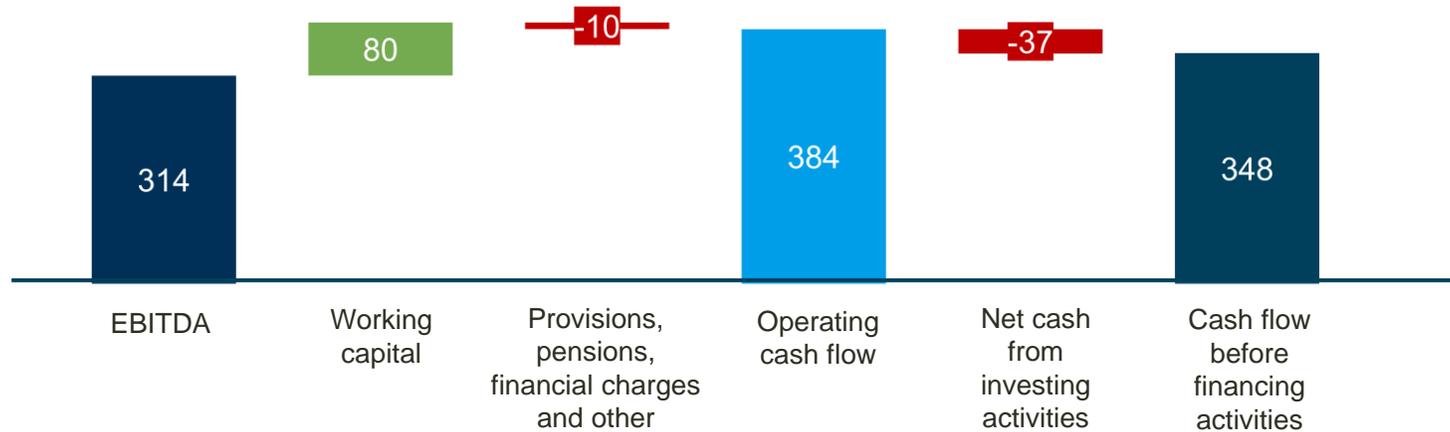


Long Products' adjusted EBITDA, EUR million

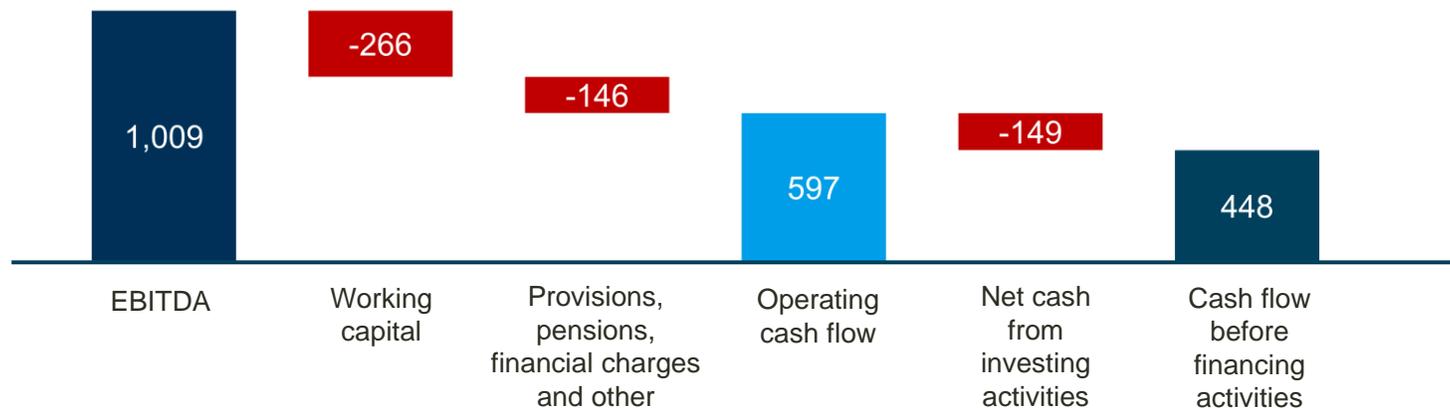


Record-high EBITDA improved cash flow in 2021

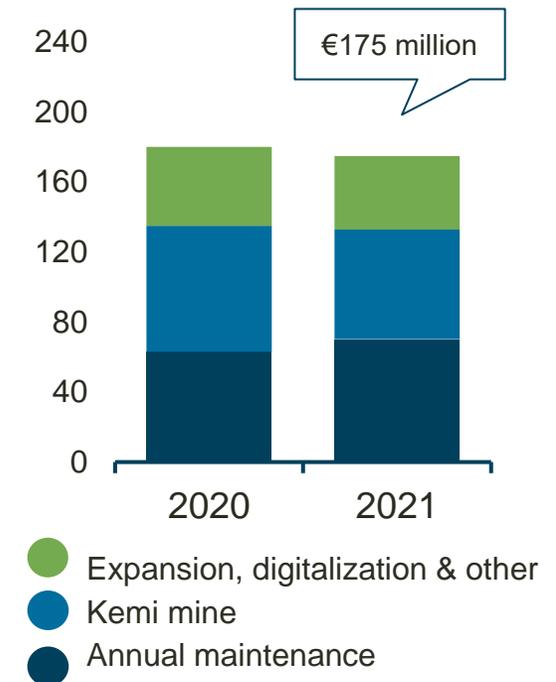
Q4/21 cash flow, EUR million



2021 cash flow, EUR million

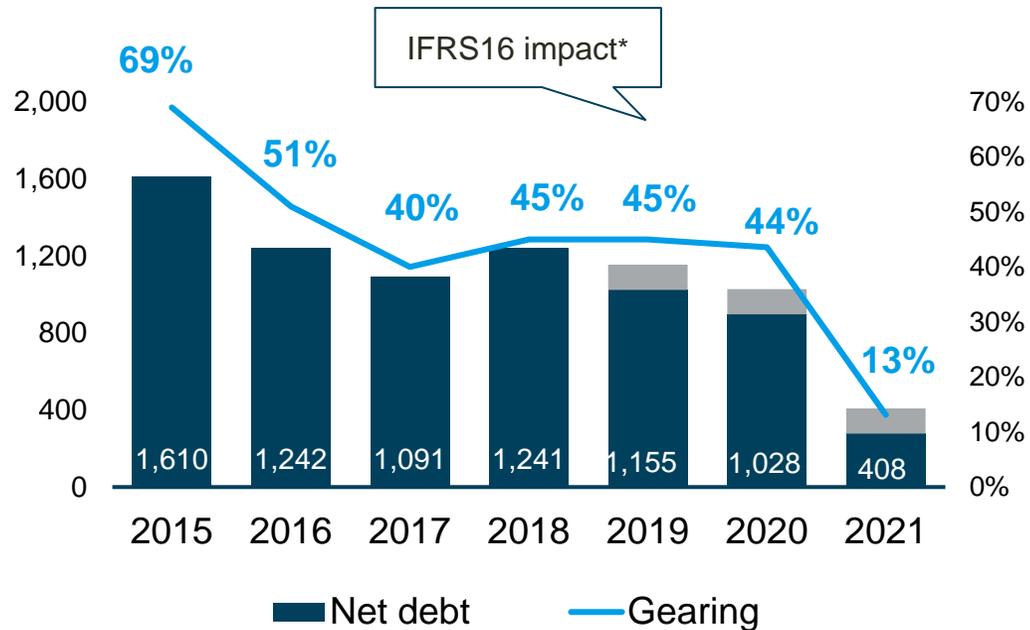


Annual capex, EUR million

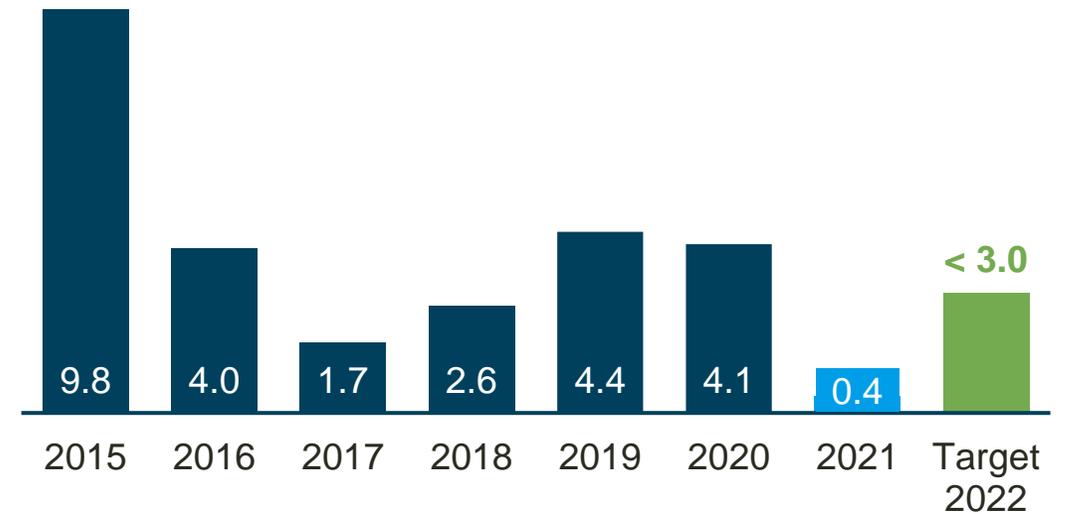


Successful net debt reduction on the back of strong business performance supported significant leverage ratio improvement

Net debt, EUR million



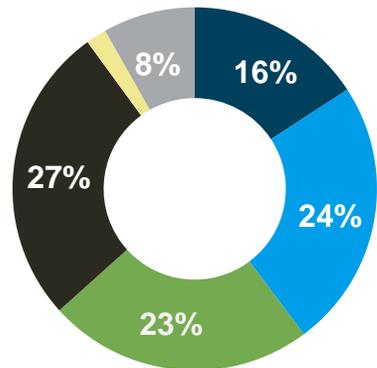
Net debt/LTM adjusted EBITDA



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

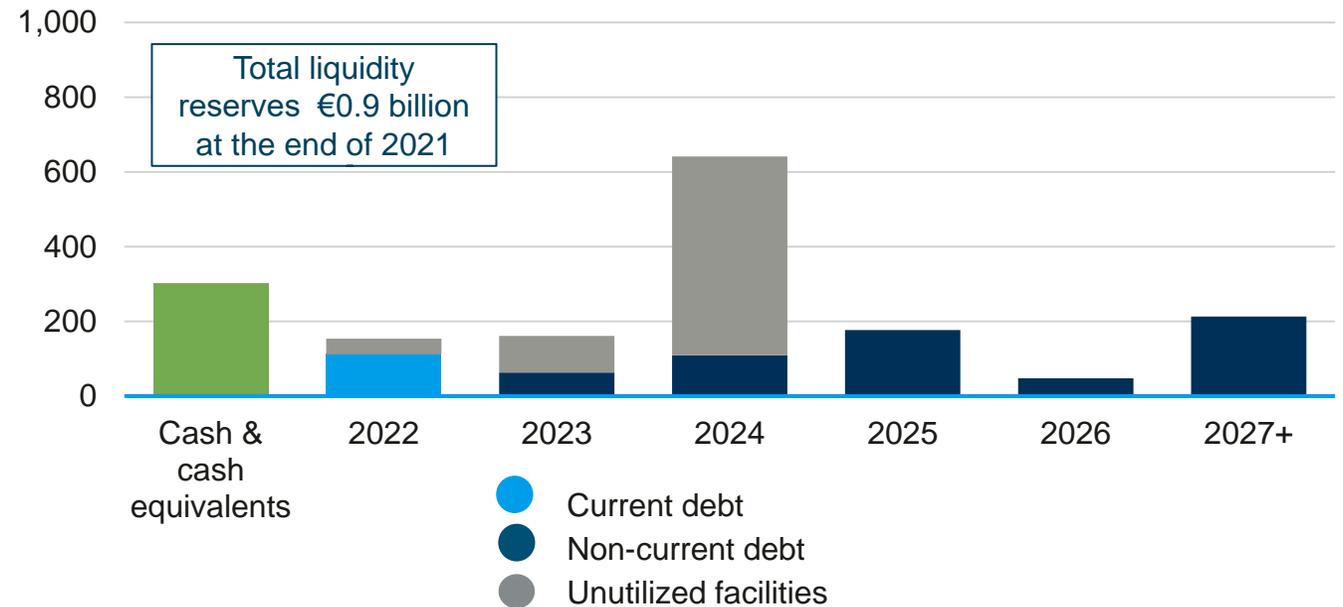
In 2021, we improved our debt maturity profile by extending revolving credit facility maturity

Debt structure*



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

Debt maturity profile*, EUR million



* December 31, 2021



We are proud to be the sustainability leader in the stainless steel sector with our renewed ambitions

- Sustainability is an **important value** for Outokumpu and a crucial part of risk management
- Increased **demand** for low-carbon materials
- With our actions, we aim to ensure **sufficient carbon allowances** until the end of the decade
- ~EUR 300 million **capex projection** for CO₂ emission reductions until 2030
- Political measures are important part of ensuring **level playing field** for the industry to meet climate ambitions



Outokumpu confidently heading to 2022

Heikki Malinen, President & CEO

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**Outokumpu's Board of Directors
has today proposed
a dividend of EUR 0.15 per share
for year 2021.**

Outlook for Q1 2022

Group stainless steel deliveries in the first quarter are expected to increase compared to the fourth quarter.

The European ferrochrome benchmark price remained stable at USD 1.80/lb for the first quarter.

Higher stainless steel prices are reflected in the already received orders and more than offset the increase in energy and consumable prices.

COVID-19 remains a risk and could potentially impact operations and logistics.

Adjusted EBITDA in the first quarter of 2022 is expected to be on a similar or higher level compared to the fourth quarter.



Thank you!

**Questions
& answers**

Our efforts
in sustainability
have been
globally
recognized



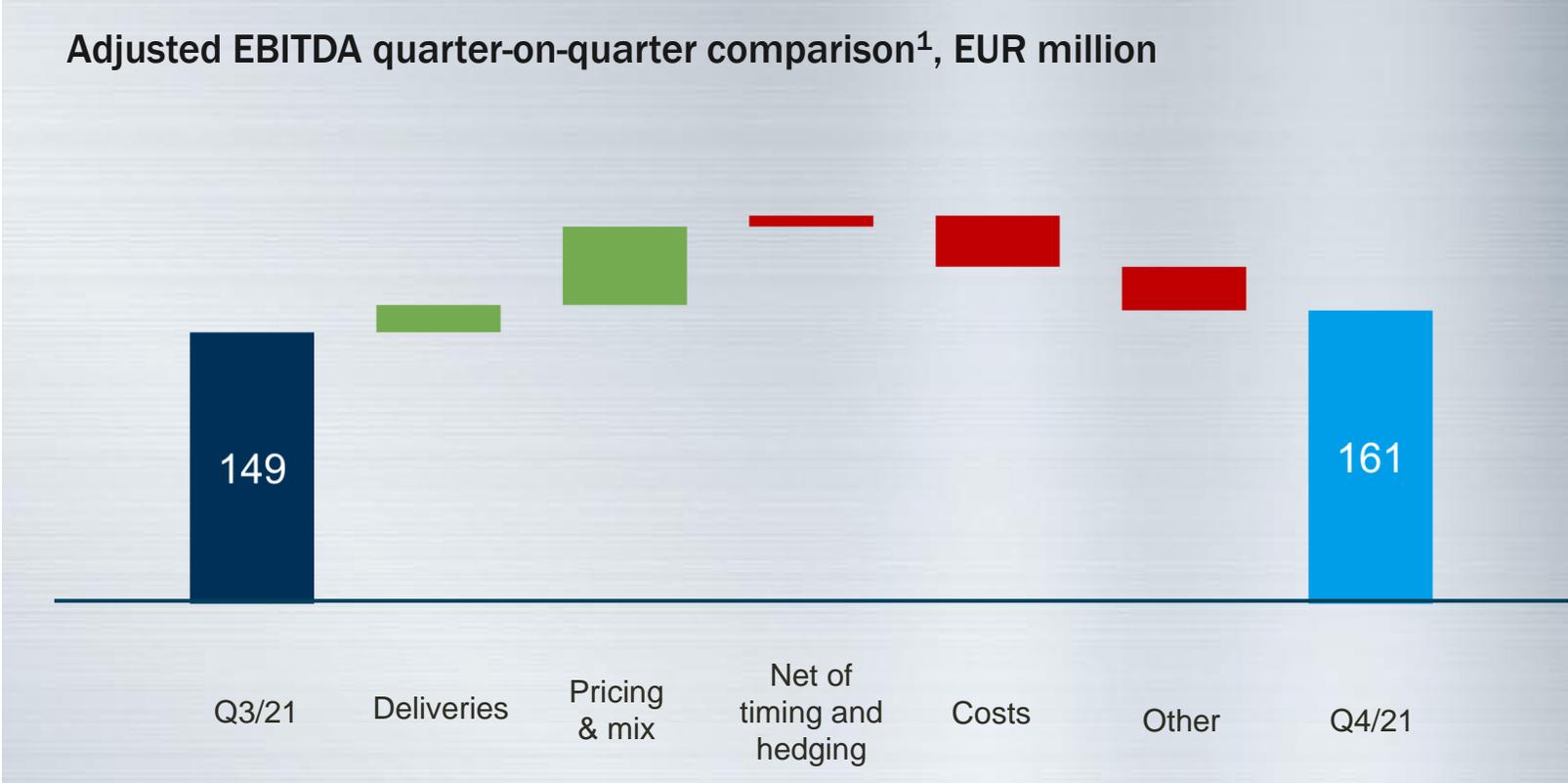
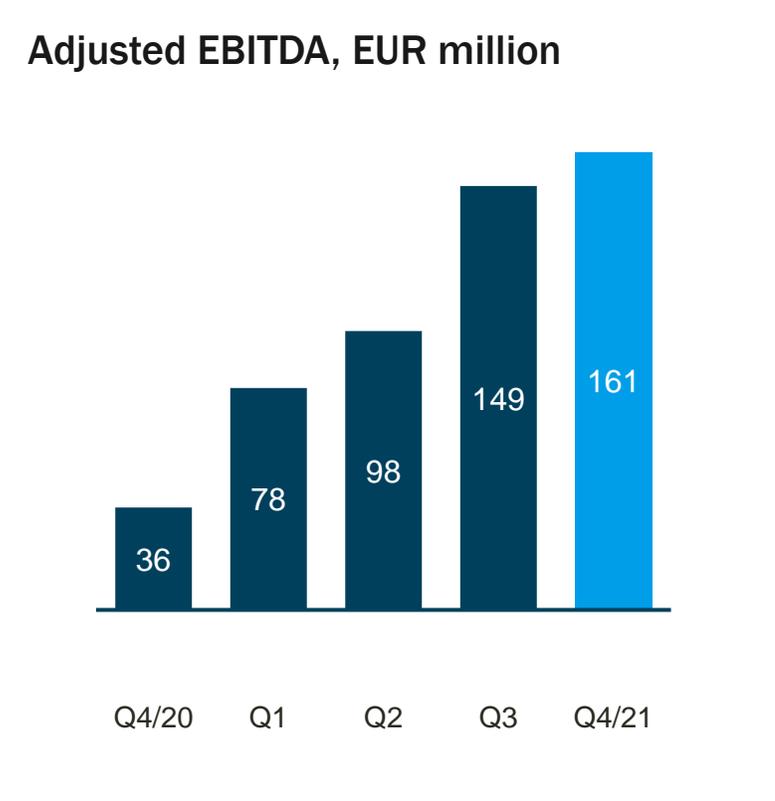
SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

S&P Global

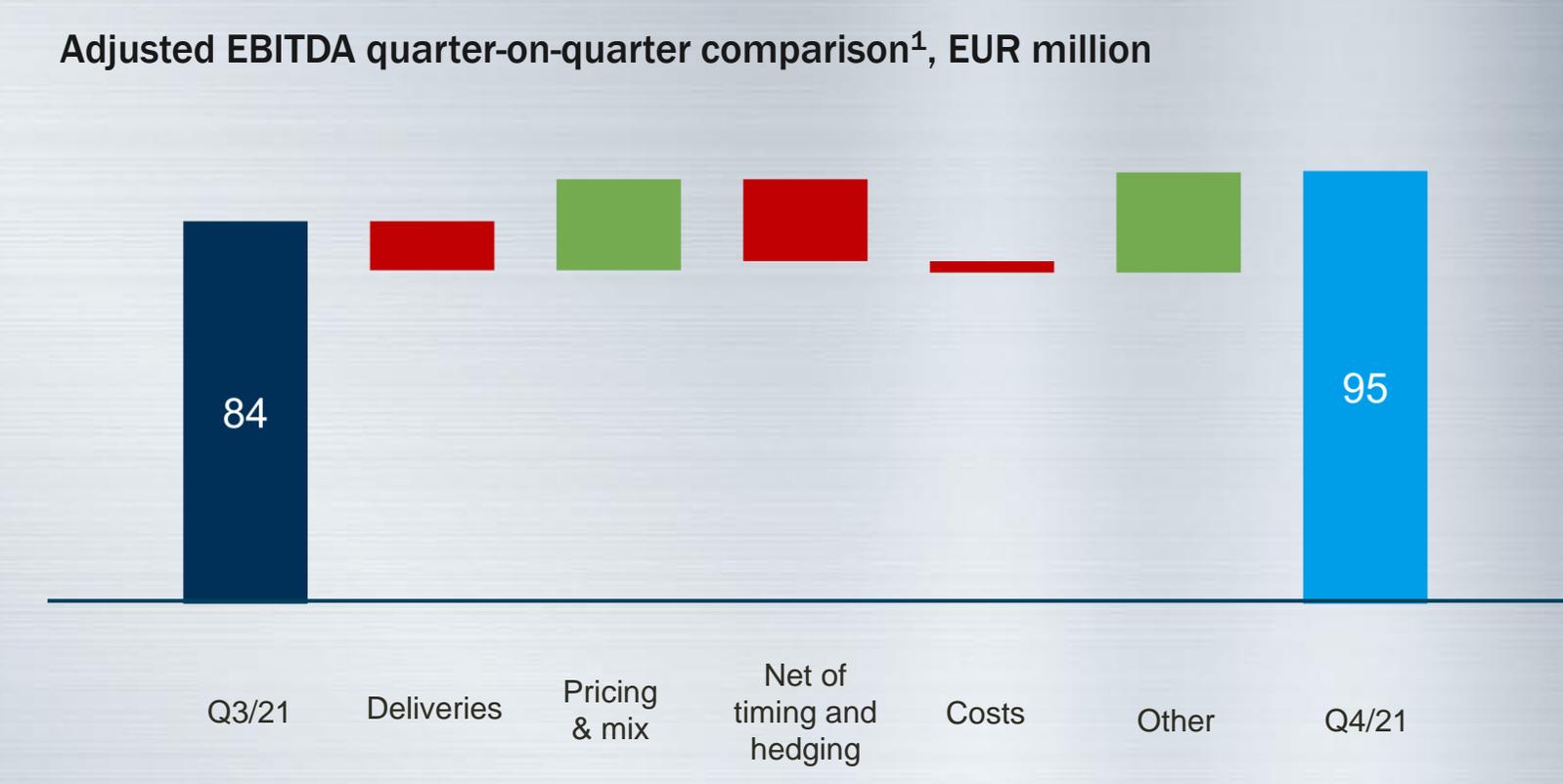
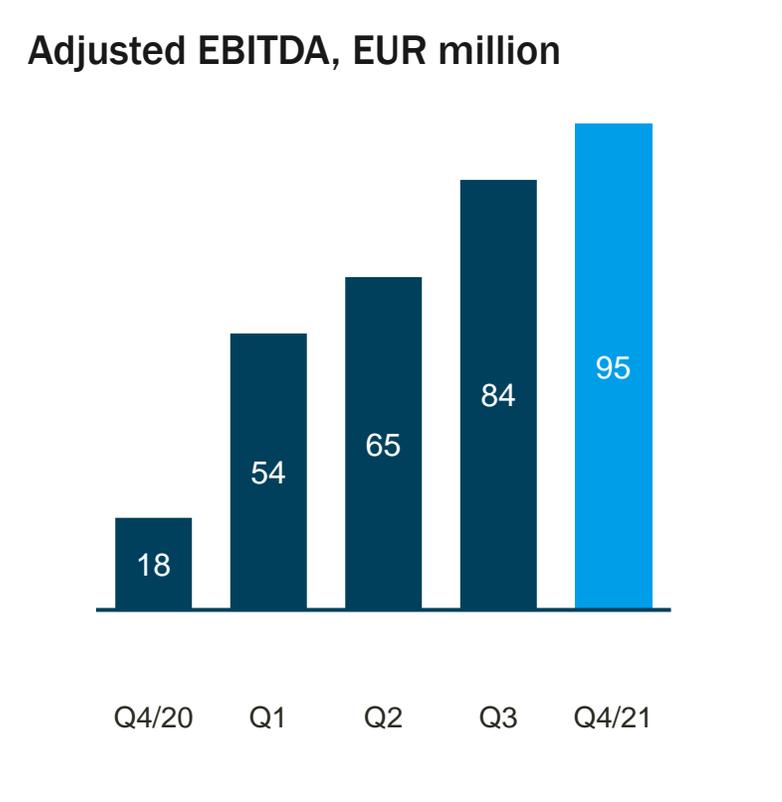


BA Europe's adjusted EBITDA amounted to EUR 161 million in Q4 and EUR 485 million in 2021



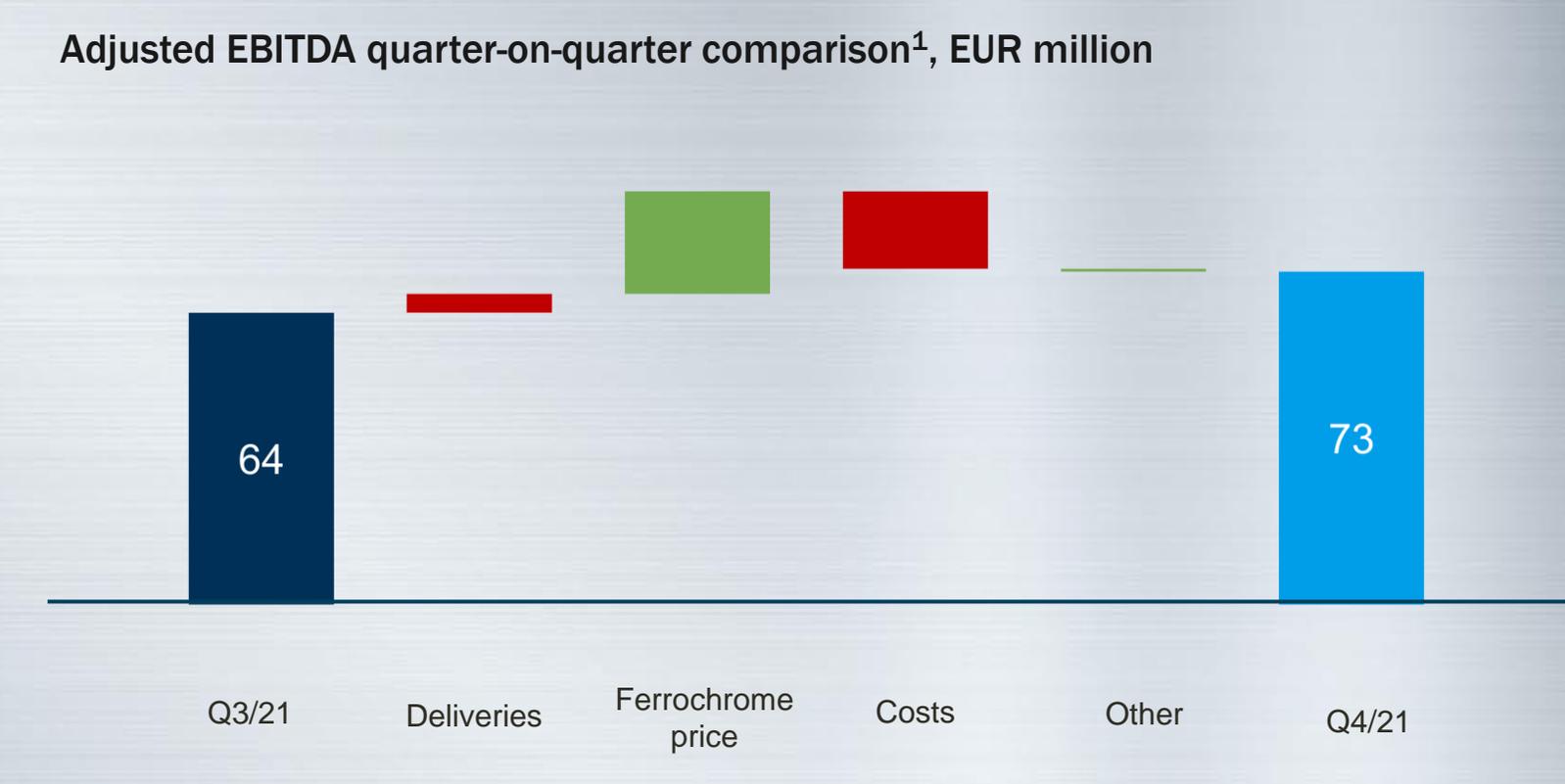
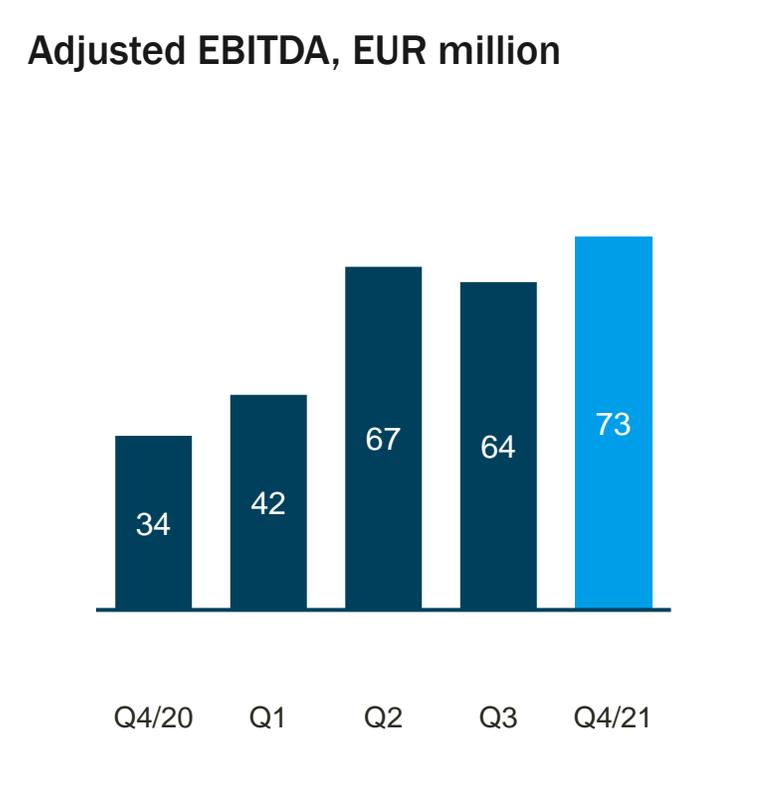
1) Indicative columns based on management estimates

BA Americas' adjusted EBITDA amounted to EUR 95 million in Q4 and EUR 297 million in 2021



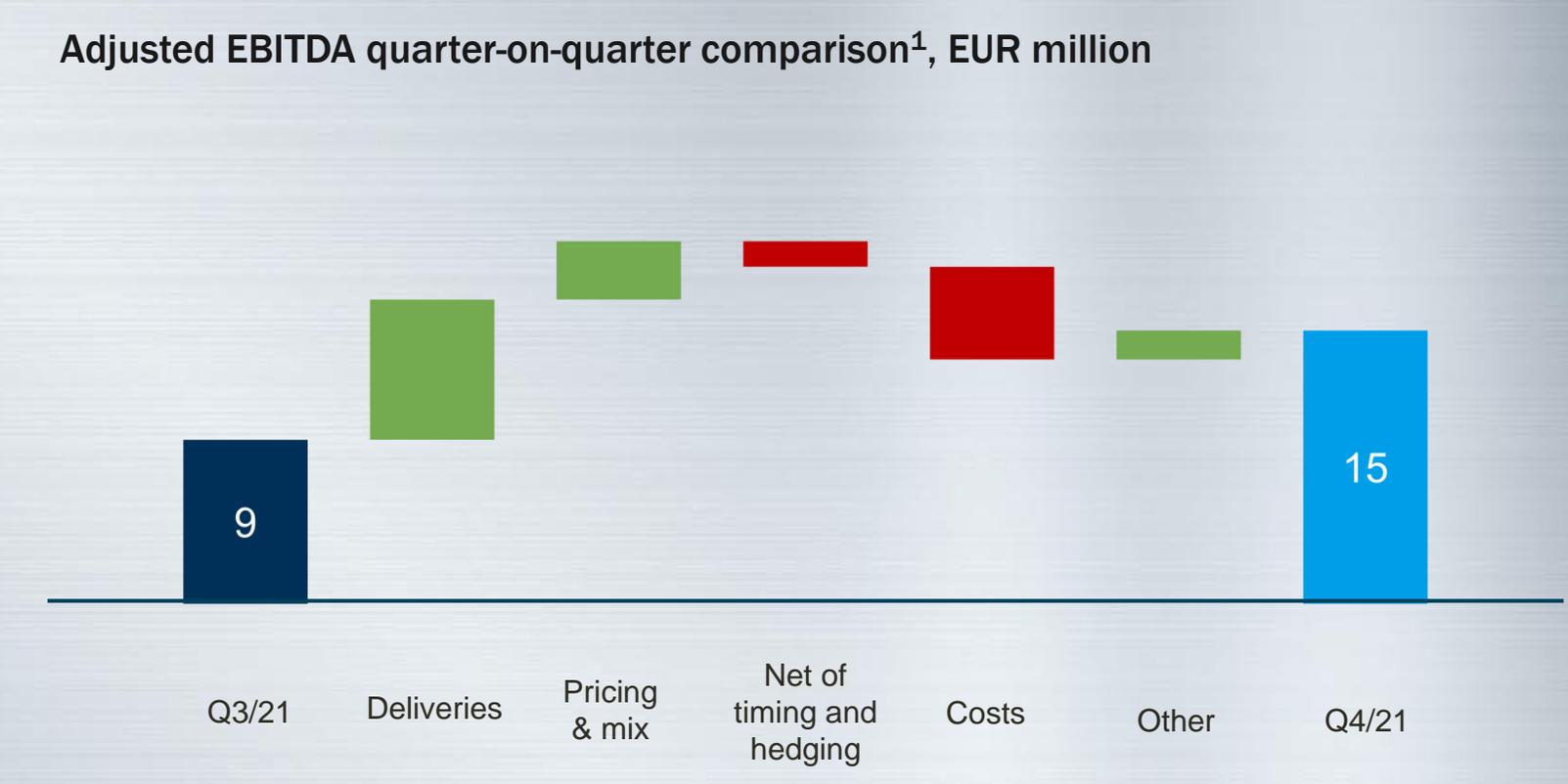
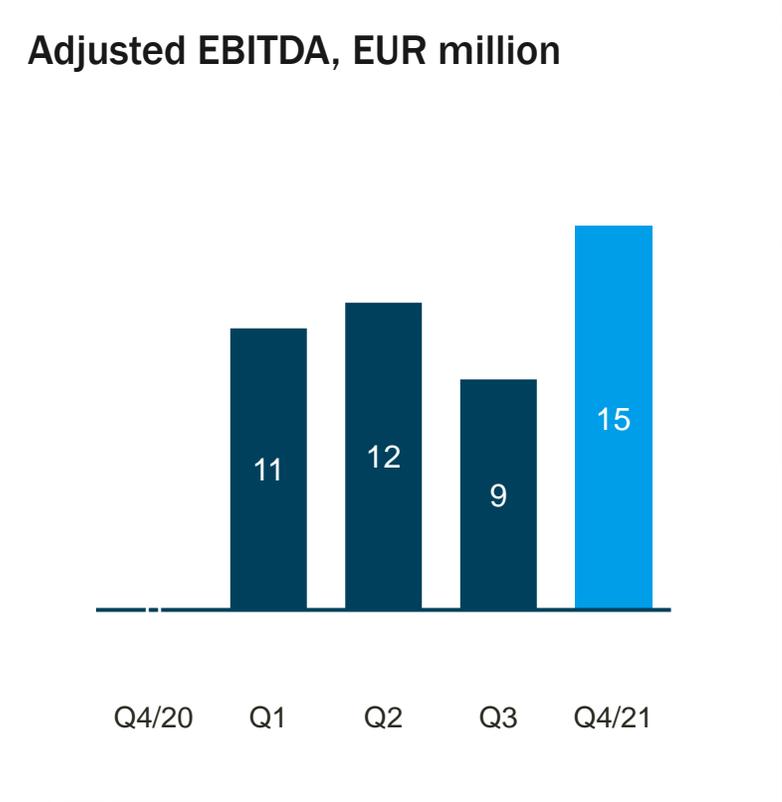
1) Indicative columns based on management estimates

BA Ferrochrome's adjusted EBITDA amounted to EUR 73 million in Q4 and EUR 246 million in 2021



1) Indicative columns based on management estimates

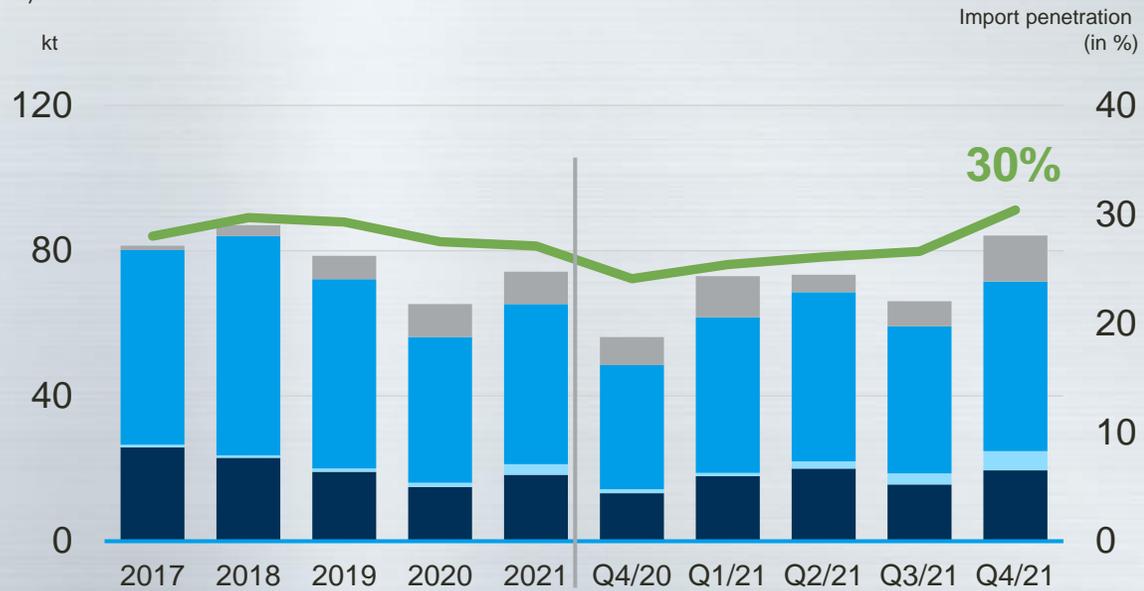
BA Long products' adjusted EBITDA amounted to EUR 15 million in Q4 and EUR 47 million in 2021



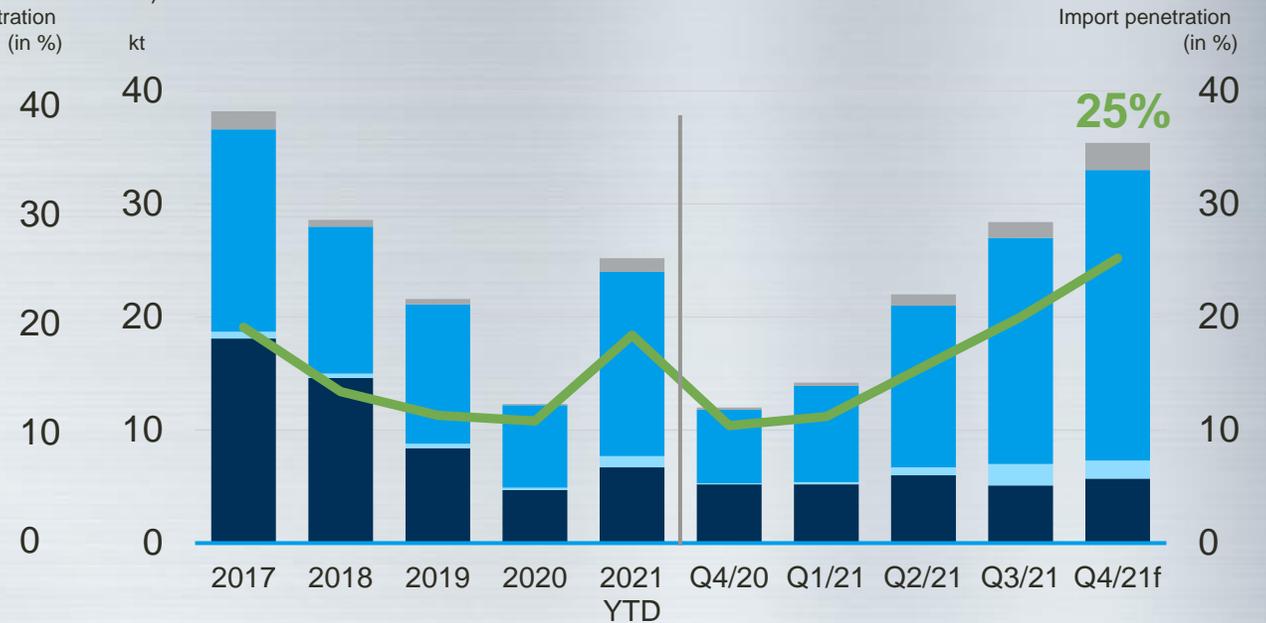
1) Indicative columns based on management estimates

Imports from third countries to Europe & US increased in Q4

Third-country cold rolled imports¹ into Europe, 1,000 tonnes



Third-country cold rolled imports² into the US, 1,000 tonnes



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

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

1. Cold rolled, monthly average. Source: Eurofer, January 2022 (Q4'21 based on Oct-Nov actuals, Dec based on SURV2)
 2. Cold rolled, monthly average. Source: Foreign Trade Statistics, American Iron & Steel Institute, January 2022 (Q4'21 based on Oct-Nov).