

Another excellent quarter, built on strong operational performance

Outokumpu Q1 2022 results

Heikki Malinen, President & CEO
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May 5, 2022

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Solid performance continued despite of increased uncertainty

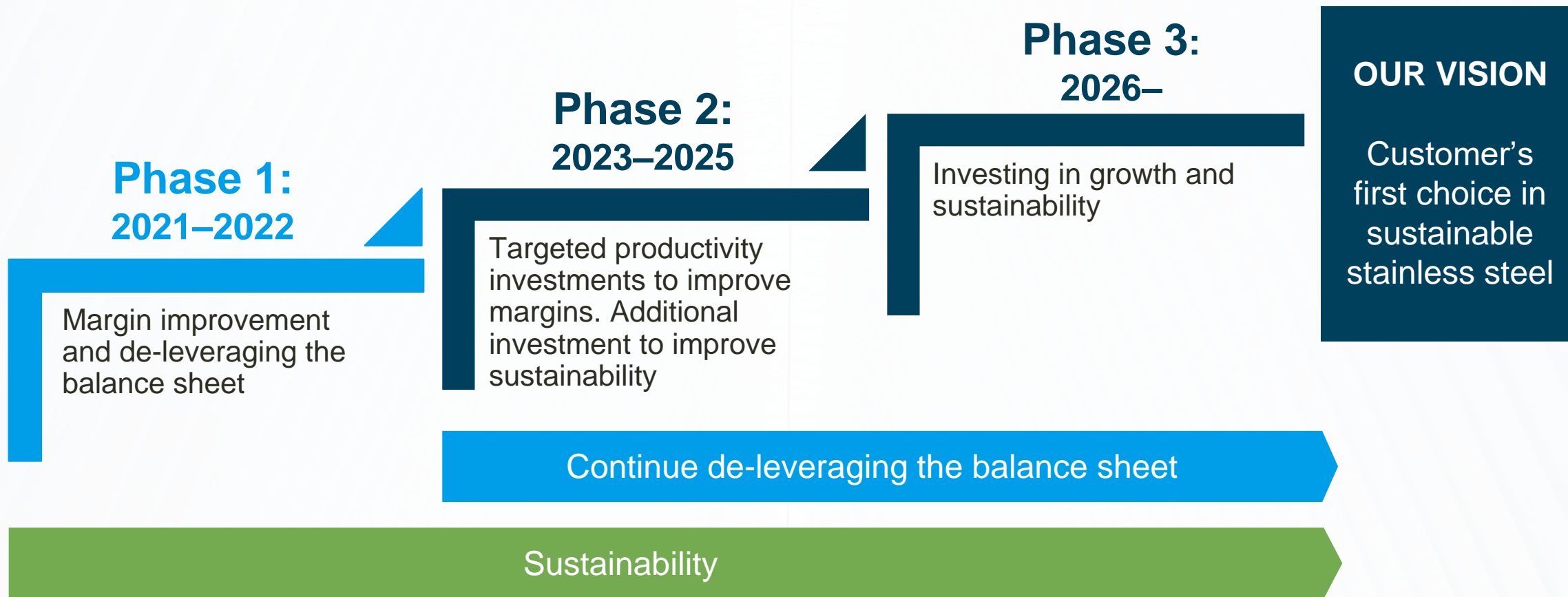
Heikki Malinen, President & CEO



Adjusted EBITDA
increased to
EUR 377 million
despite of
uncertainty caused
by Russia's invasion
to Ukraine

- Successful actions taken to **manage costs** and mitigate **COVID-19** impacts
- **Capacity utilization** remained high
- Realized **stainless steel prices** strengthened
- **Energy costs** competitive
- Strong **safety performance** continued

The end of the first phase of the strategy is approaching, significant de-leveraging reached



Diligent strategy execution has brought **EUR 237 million** run-rate EBITDA improvement

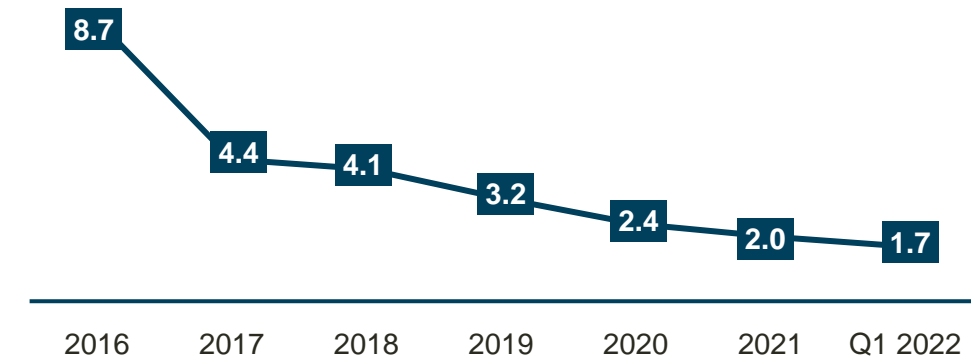
- Continued focus on consumables consumption efficiency to **mitigate inflationary pressure**
- **Cost & Capital Discipline stream** – increasing capacities and efficiencies to supply strong market demands
- **Commercial Excellence stream** – improving sales margins through more effective selling and mix management

Strong focus on safety remains, important steps taken towards our SBTi 1.5°C emission reduction target

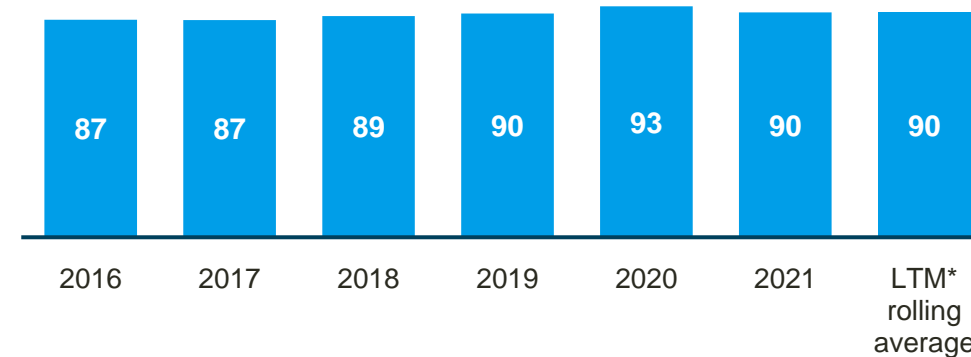
Sustainability highlights in Q1 2022

- **Safety performance** further strengthened
- **Energy efficiency** improved from 2021
- Two 10-year wind power agreements signed, further increasing the share of **low-carbon electricity** in the energy mix
- **Recycled material content*** remained >90%
- **Platinum rating from EcoVadis**, highlighting the progress in ESG topics with increased score from previous years

Safety performance, TRIFR



Recycled materials, %



TRIFR = Number of total recordable incidents per million working hours
*last 12-month rolling average

We supply sustainable stainless steel to Harvia

Harvia produces annually 200,000 sauna stoves to more than 80 countries.

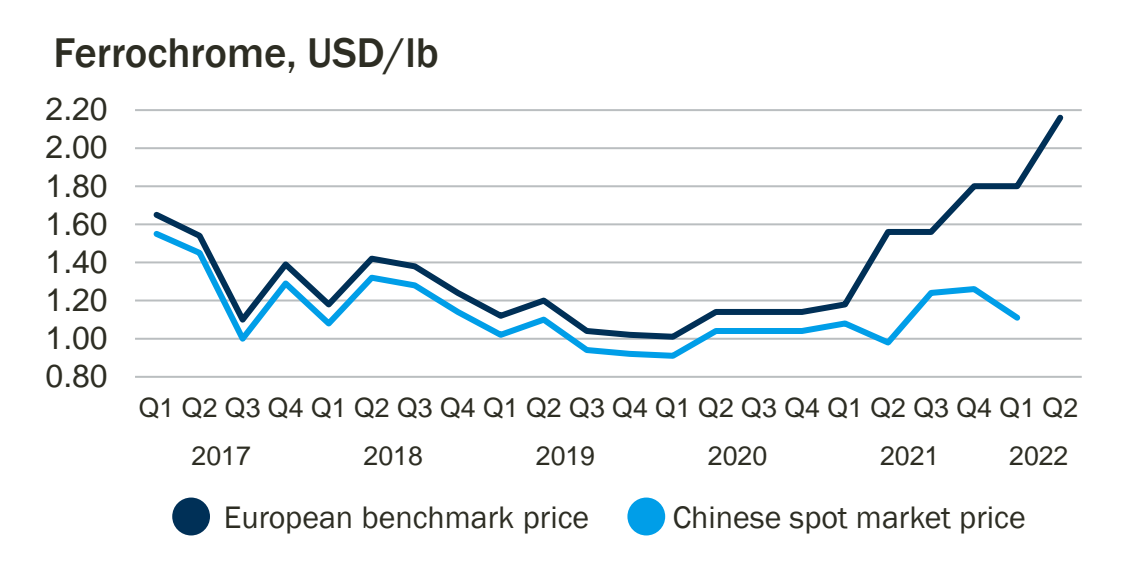
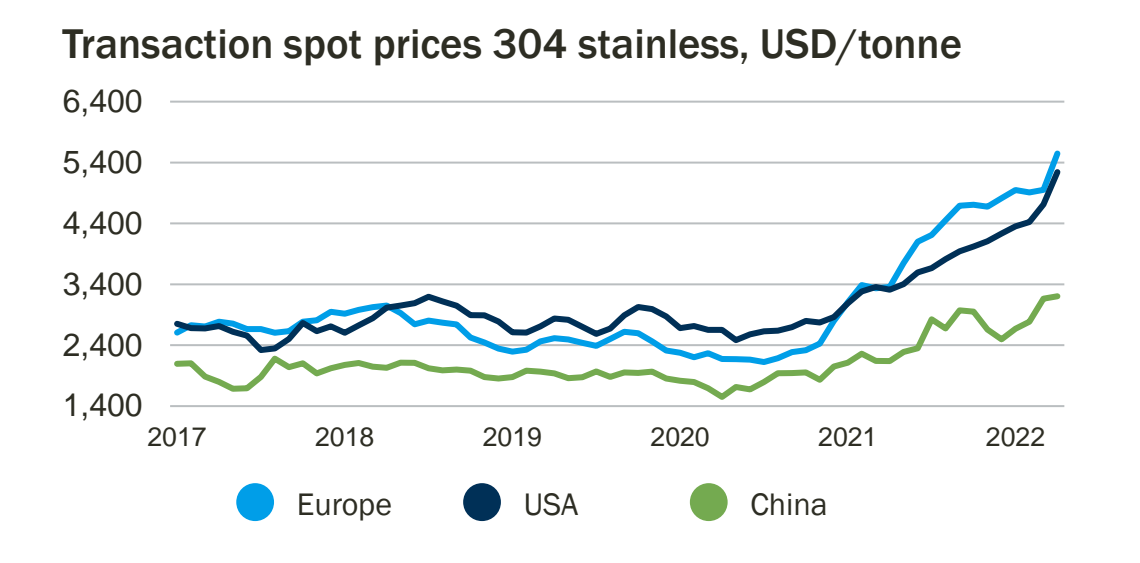
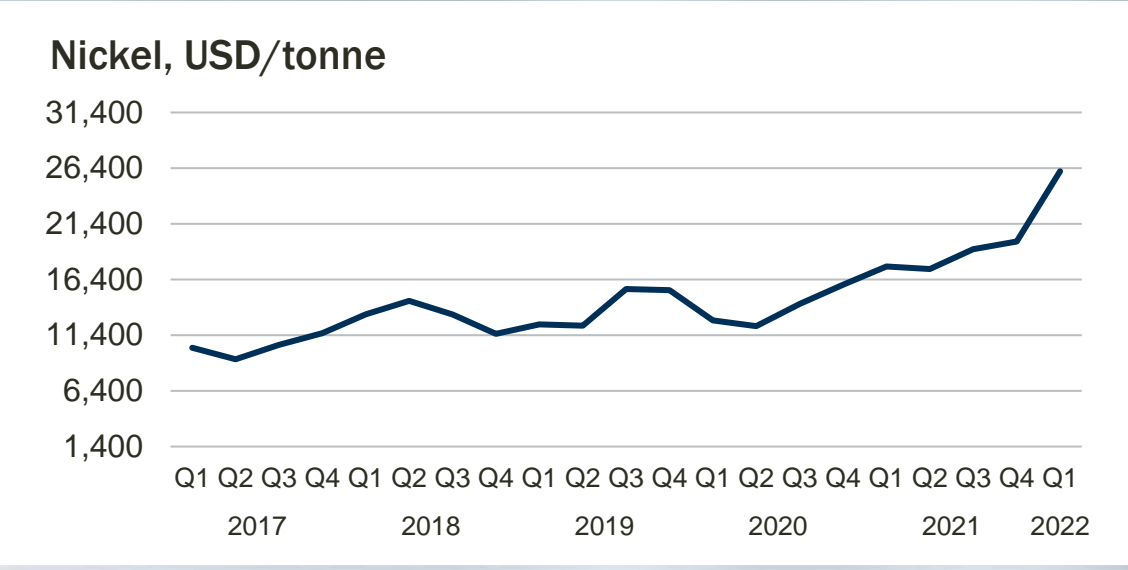
Harvia's production facility in Muurame has used Outokumpu's stainless steel exclusively since 2017.

Stainless steel in Harvia's products has 70% smaller carbon footprint than other producers' stainless steel.

Sauna stove's life-cycle is some 15 years, after which it is fully recyclable.

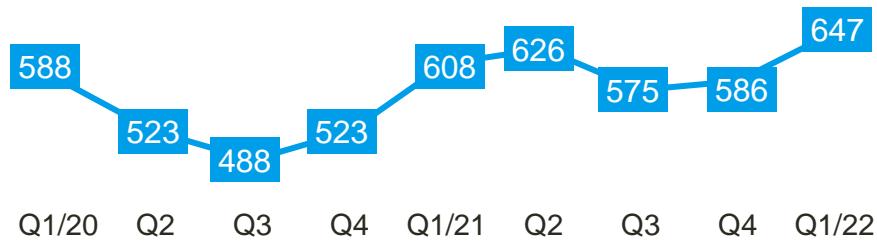


European & US transaction spot prices increased further, while nickel prices were volatile and FeCr benchmark price reached all-time high

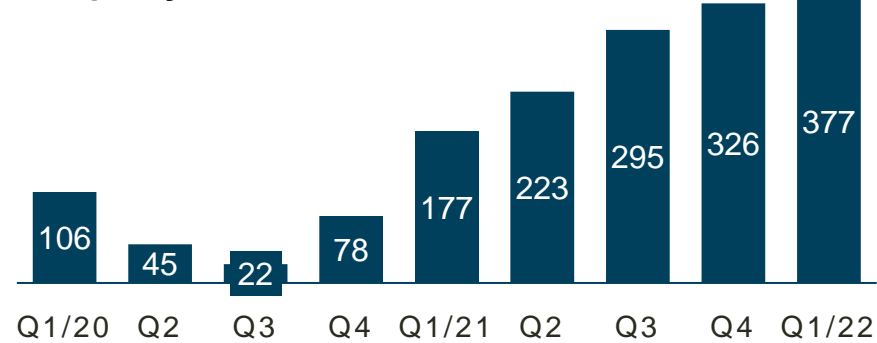


Adjusted EBITDA rose to EUR 377 million – higher realized stainless steel prices overcompensated the increase in costs

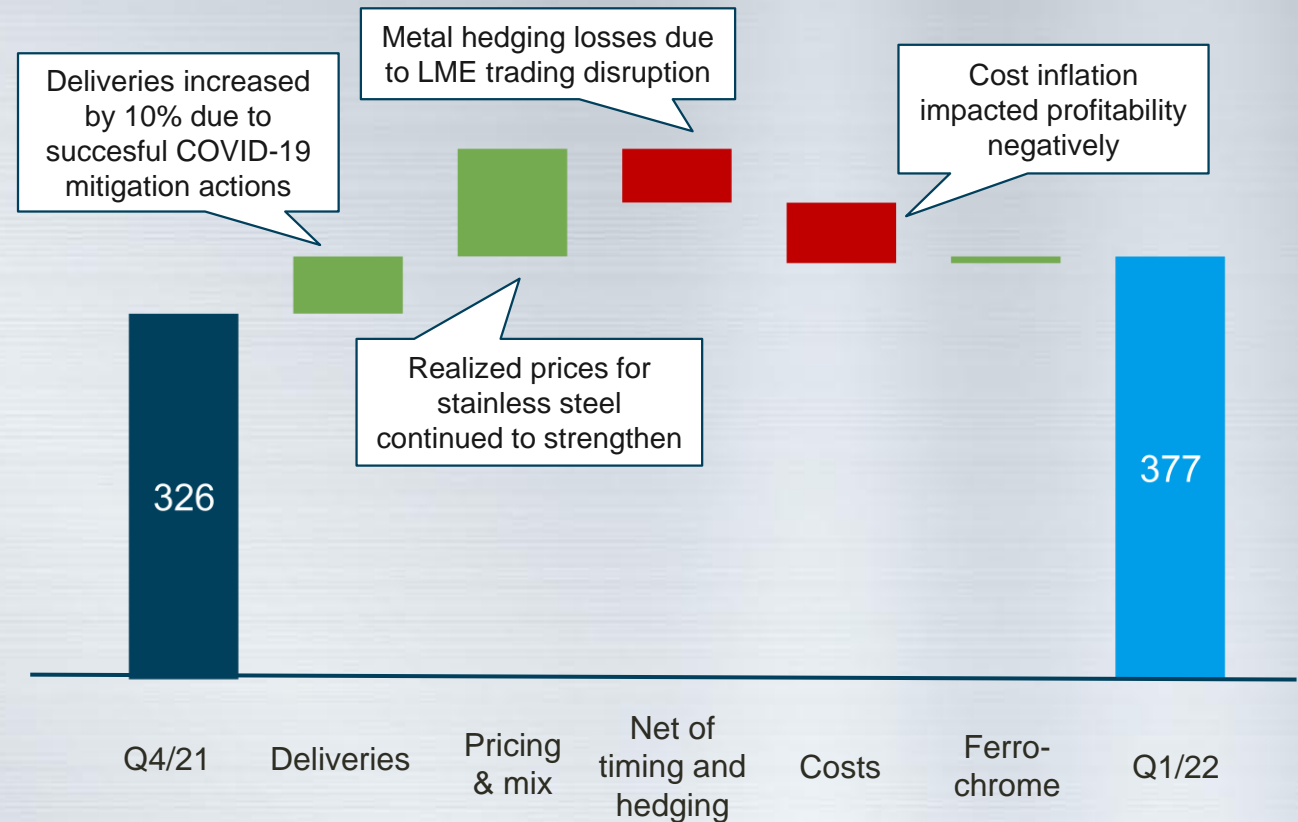
Deliveries, kt



Group adjusted EBITDA, EUR million



Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



1) Indicative columns based on management estimates

Outokumpu strongly condemns the military actions Russia has taken in Ukraine and has decided to stop all business operations related to Russia as soon as possible

- Outokumpu is not currently procuring any recycled steel of Russian origin. A limited amount of other raw materials is procured from Russia, and we are actively looking for alternative sources globally.
- Outokumpu acquires energy gases from the European market, where Russia is one of indirect suppliers. We are looking for alternative sources together with our energy suppliers to replace energy gas of Russian origin.
- Outokumpu is a shareholder in the Finnish Voimaosakeyhtiö SF, an owner of Fennovoima. Outokumpu has valued Fennovoima project at zero since its 2021 financial statements due to increased project risk. On May 2, Fennovoima announced that it has terminated the EPC contract of plant delivery with RAOS Project due to RAOS Project's significant delays and inability to deliver the project.
- We donated EUR 1 million to support relief efforts in Ukraine and neighbouring countries.



Successful cost and risk management actions taken throughout the quarter

Pia Aaltonen-Forsell, CFO

Strong balance sheet is crucial for a company operating in a cyclical business

- **Net debt** reduced by EUR 114 million to EUR 294 million
- **Gearing** declined to 9.0%
- **Total liquidity** amounted to EUR 1.3 billion
- **Dividend** of EUR 68 million paid in April
- Increased importance of **risk management**
- Pressure to manage **net working capital** efficiently

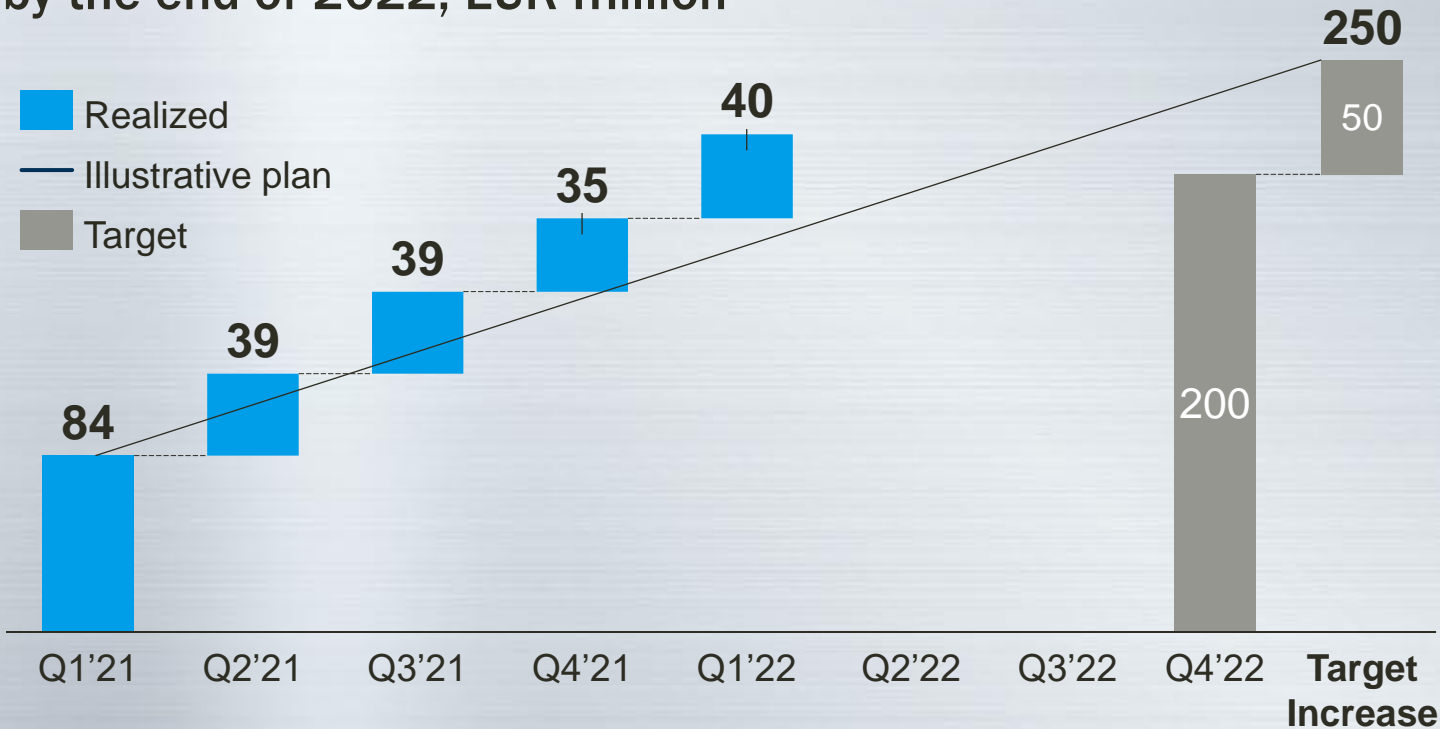
Another quarter with strong financials

- Net result EUR 251 million
- Net debt to adjusted EBITDA 0.2x
- ROCE 23.8%

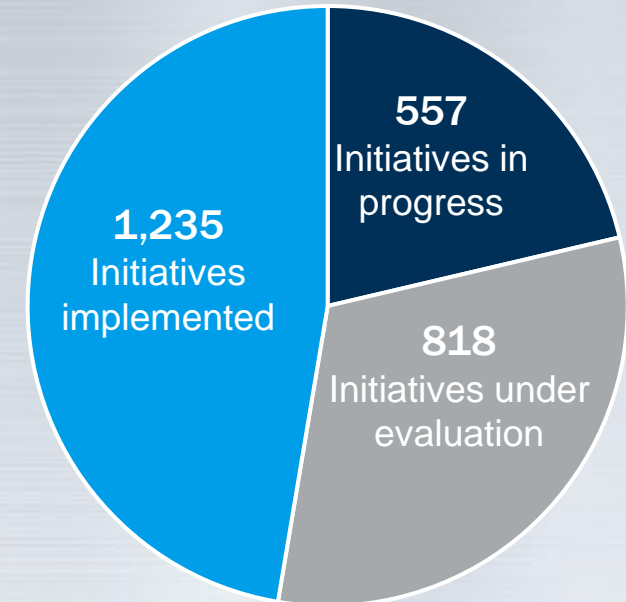
Key figures		Q1/22	Q1/21	Q4/21	2021
Stainless steel deliveries	1,000 tonnes	647	608	586	2,395
Sales	EUR million	2,760	1,673	2,215	7,709
Adjusted EBITDA	EUR million	377	177	326	1,021
Net result	EUR million	251	82	159	553
Earnings per share	EUR	0.55	0.20	0.35	1.26
Operating cash flow	EUR million	147	27	384	597
Net debt	EUR million	294	1,073	408	408
Net debt to adjusted EBITDA	x	0.2	3.3	0.4	0.4
Capital expenditure	EUR million	31	47	59	175
Return on capital employed, ROCE	%	23.8	0.5	18.8	18.8
Personnel at the end of period, full-time equivalent		9,197	9,256	9,096	9,096

Strategy execution: Cumulative EUR 237 million realized EBITDA run-rate improvement achieved by the end of Q1

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



Solid implementation pipeline



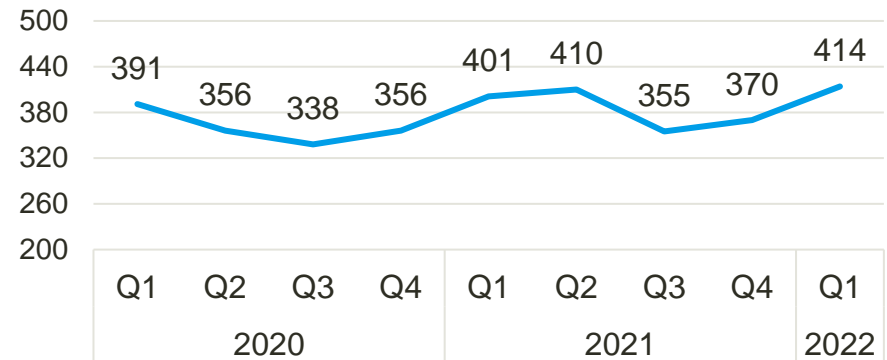
Note: Based on gross run-rate program impacts operationally implemented during the period; HC reductions will improve cost vs 2019 baseline as 2020 was abnormally low due to COVID related furloughs

BA Europe – Strong pricing and mitigation actions more than offset cost inflation

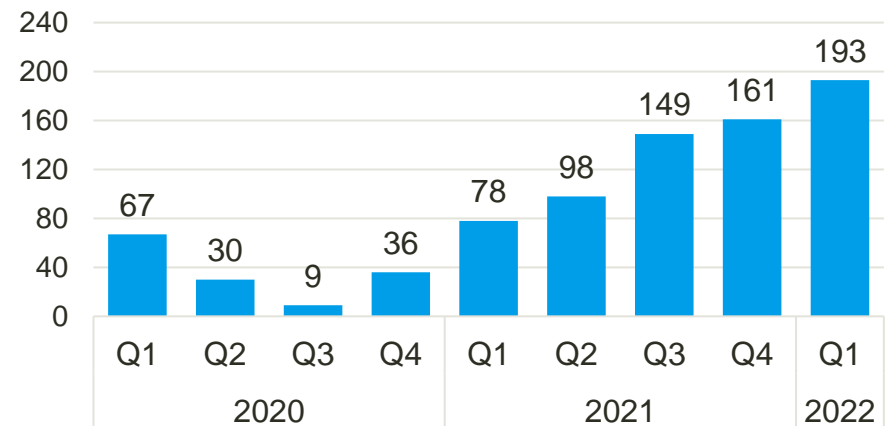
Highlights in Q1 2022

- Deliveries increased by 12%, realized prices for stainless steel strengthened further
- Operations and logistics successfully managed despite high absence rates due to COVID-19, energy costs remained competitive
- Product mix was stable in Q1, order intake in Pro grades has improved

Europe's stainless steel deliveries, 1,000 tonnes



Europe's adjusted EBITDA, EUR million

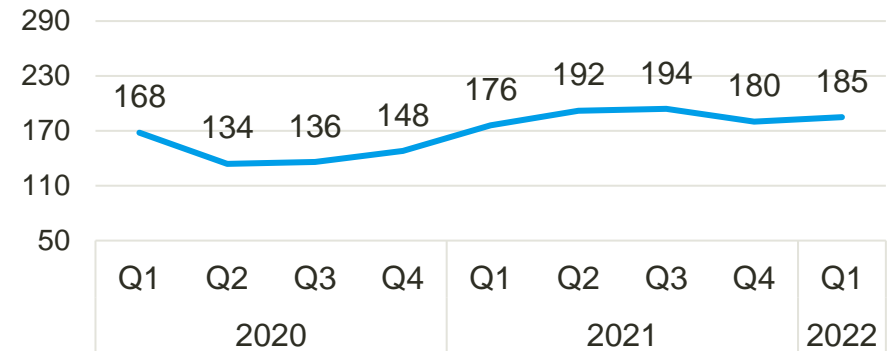


BA Americas – Strong market conditions continued to support profitability

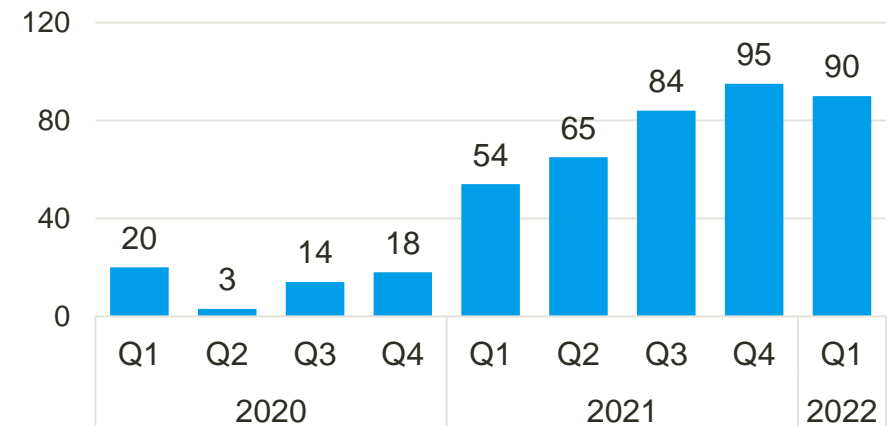
Highlights in Q1 2022

- Deliveries increased by 2%, result supported by higher realized prices for stainless steel
- Freight and consumable costs increased
- Excellent operational performance

Americas' stainless steel deliveries, 1,000 tonnes



Americas' adjusted EBITDA, EUR million

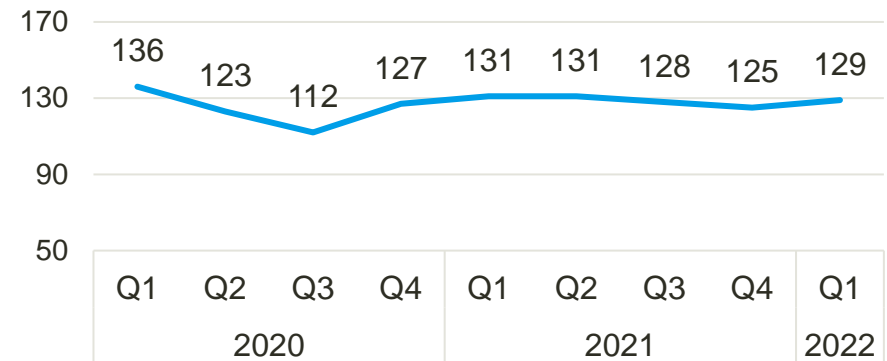


BA Ferrochrome – Strong result in a tight supply-demand situation

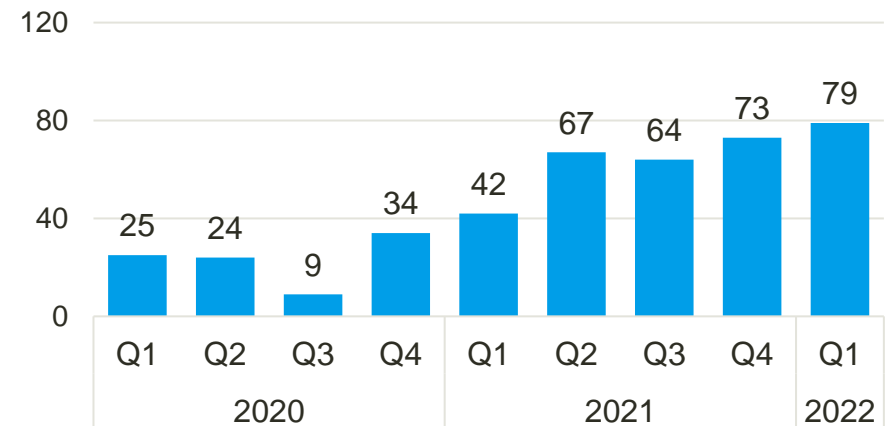
Highlights in Q1 2022

- Production increased by 3%, result driven by high ferrochrome sales price
- Fixed and variable costs decreased, energy costs remained competitive

Ferrochrome production, 1,000 tonnes



Ferrochrome's adjusted EBITDA, EUR million

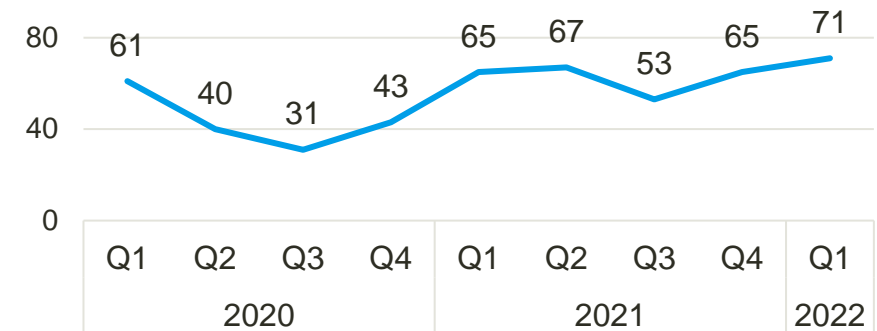


BA Long Products – successful turnaround program delivers, best result in history

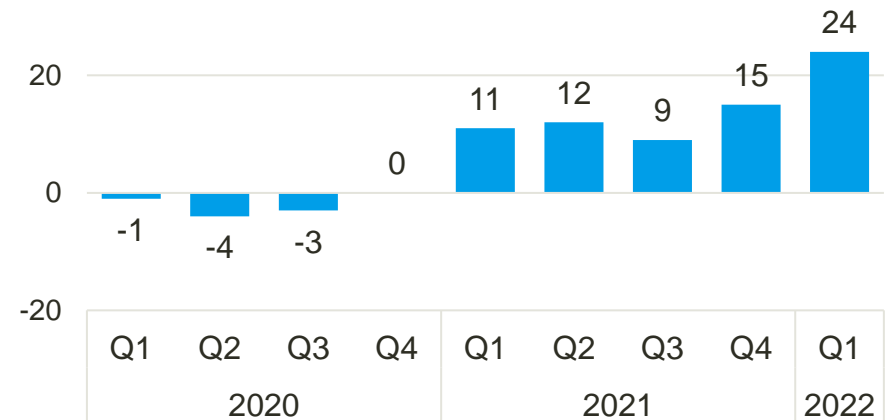
Highlights in Q1 2022

- Deliveries increased by 10%
- Profitability was impacted positively by the improved product mix and higher realized prices for stainless steel

Long Products' stainless steel deliveries, 1,000 tonnes

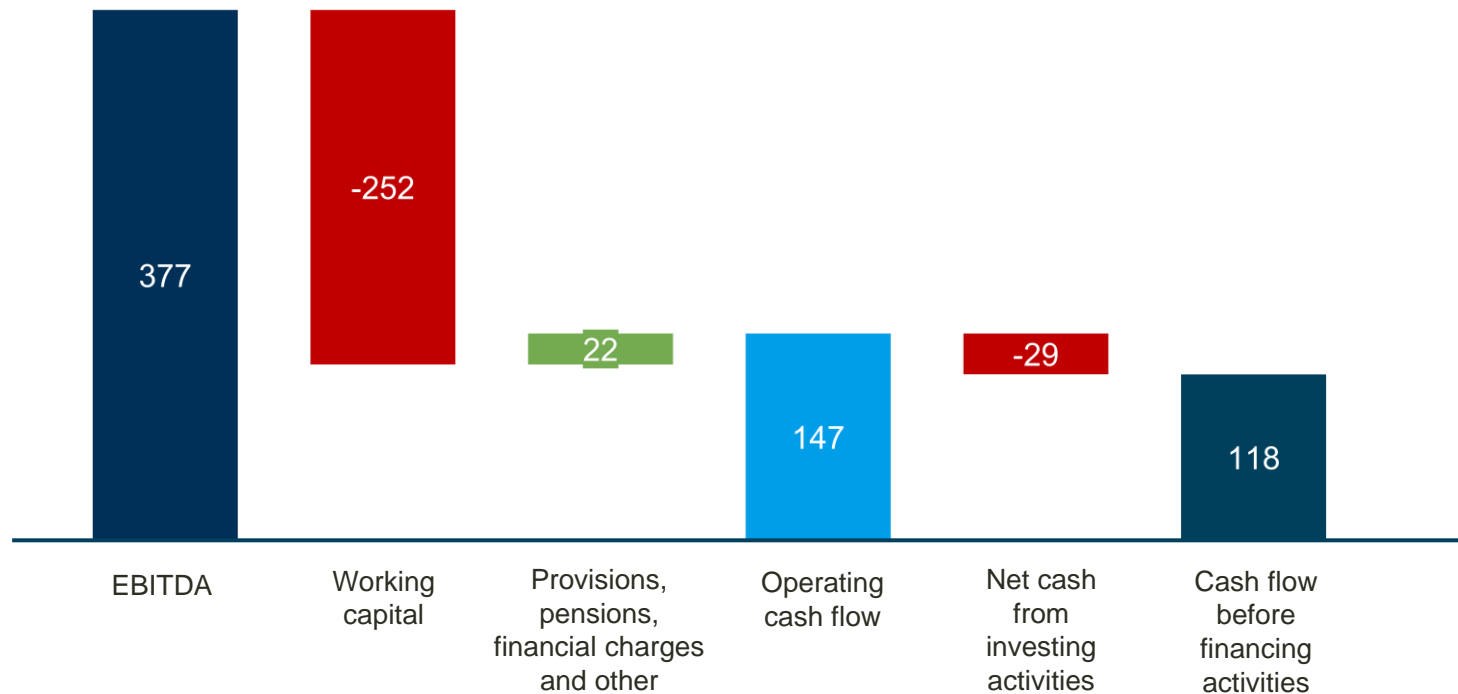


Long Products' adjusted EBITDA, EUR million

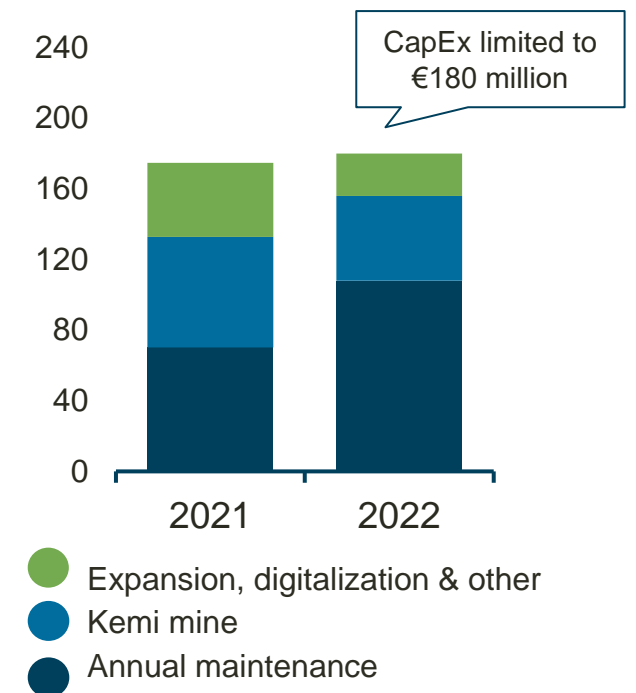


Increasing prices and higher volumes resulted in further investment in net working capital

Q1/22 cash flow, EUR million

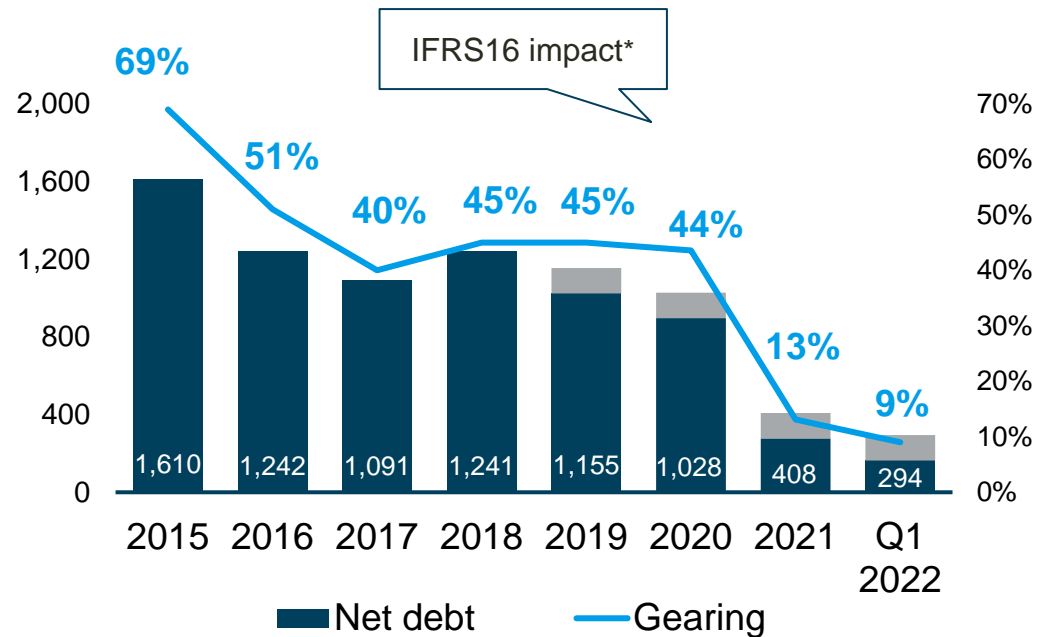


Annual capex, EUR million

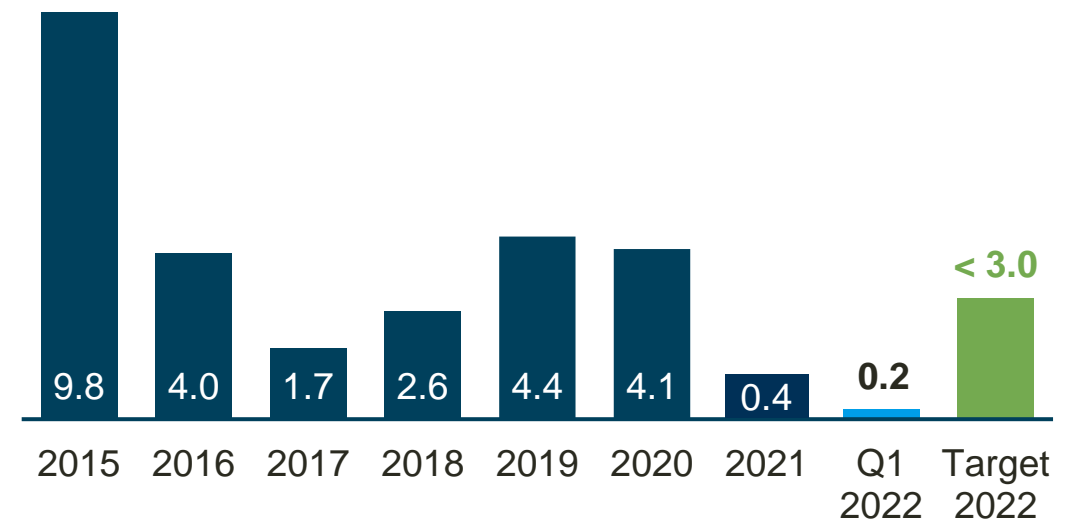


Leverage decreased to 0.2x as a result of strong business performance

Net debt, EUR million



Net debt/LTM adjusted EBITDA



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



Strong momentum to Q2 continues

Heikki Malinen, President & CEO

outokumpu 

Outlook for Q2 2022

Group stainless steel deliveries in the second quarter are expected to remain at a similar level compared to the first quarter.

The European ferrochrome benchmark price further increased to USD 2.16/lb for the second quarter.

With current raw material prices, significant raw material-related inventory and metal derivative gains are expected to be realized in the second quarter.

Supply chain uncertainties resulting from the war in Ukraine and associated Russian sanctions remain a risk in the second quarter.

Adjusted EBITDA in the second quarter of 2022 is expected to be higher compared to the first quarter.



Thank you!

**Questions
& answers**

Our efforts
in sustainability
have been
globally
recognized



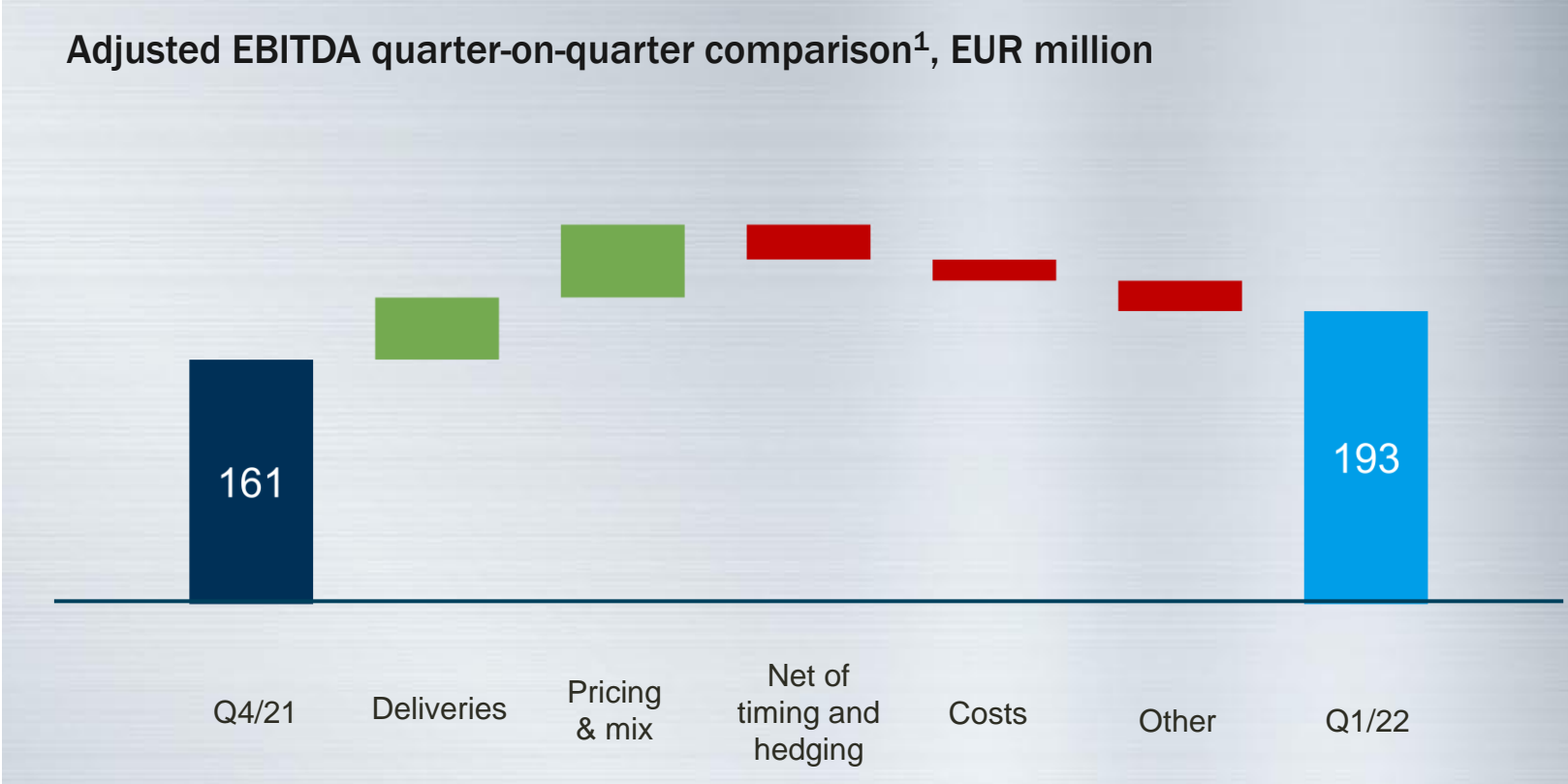
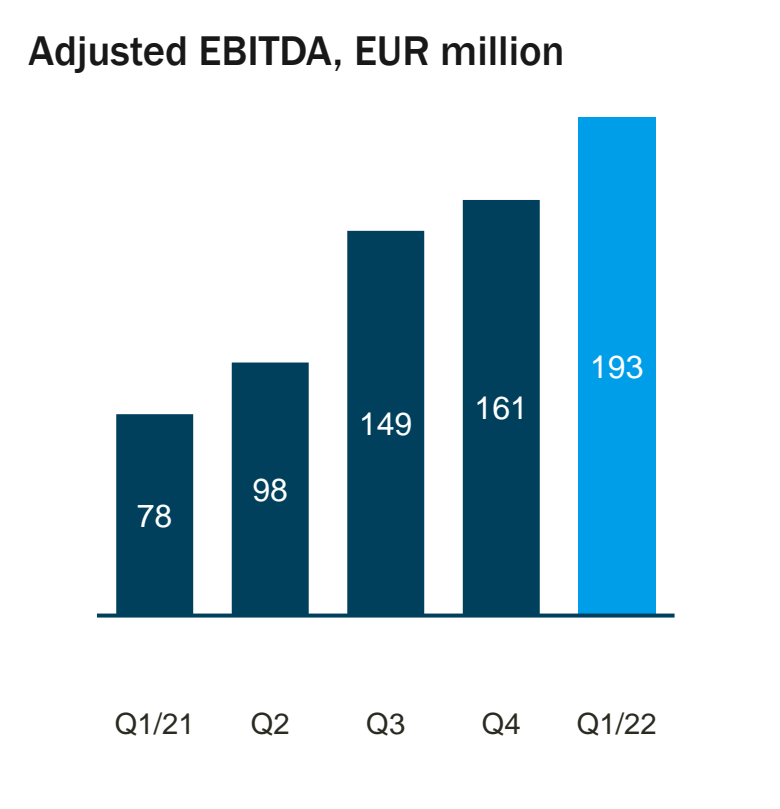
SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

S&P Global

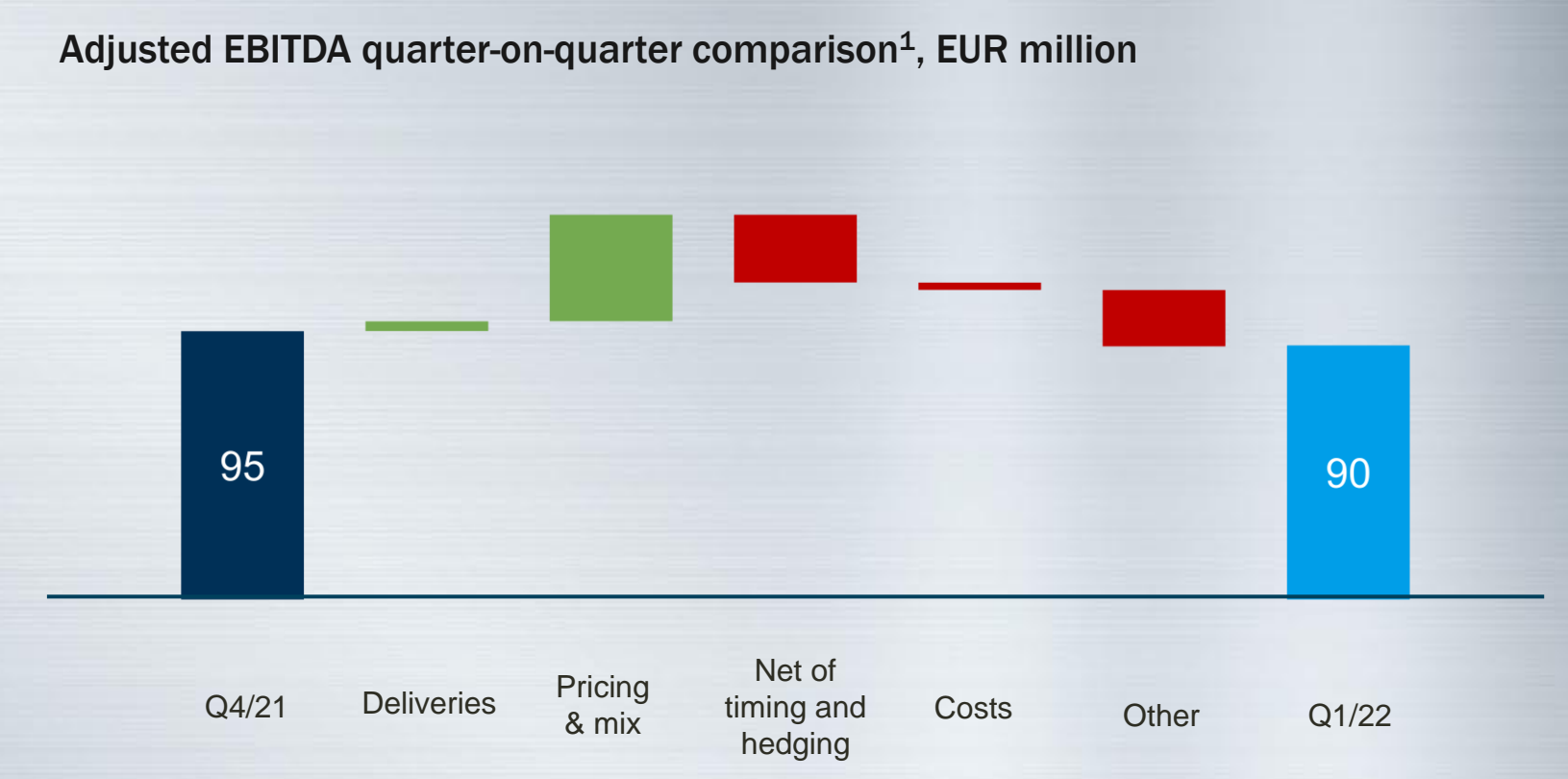
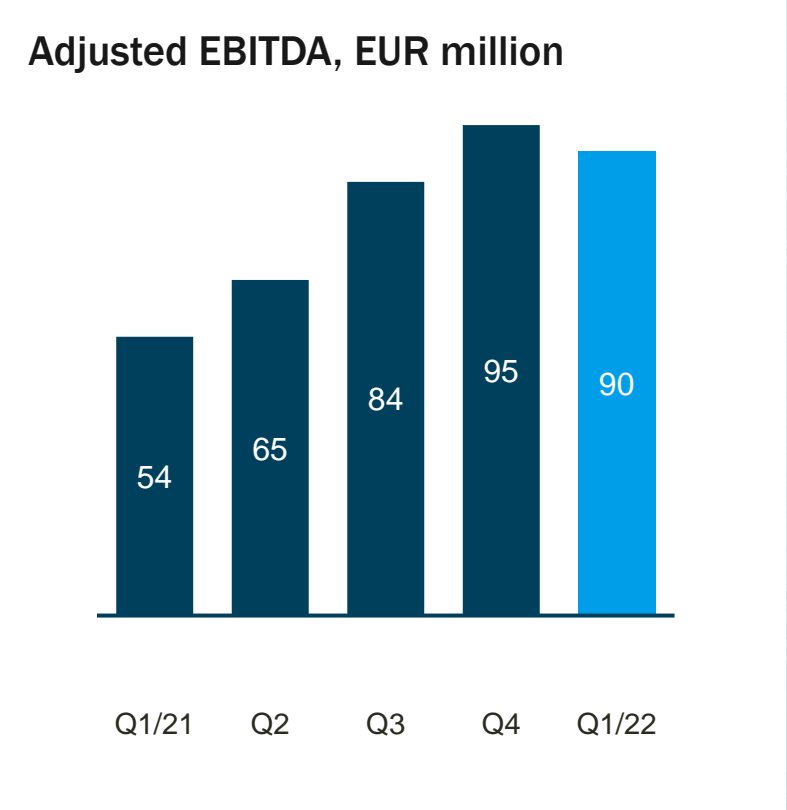


BA Europe's adjusted EBITDA increased to EUR 193 million in the first quarter of 2022



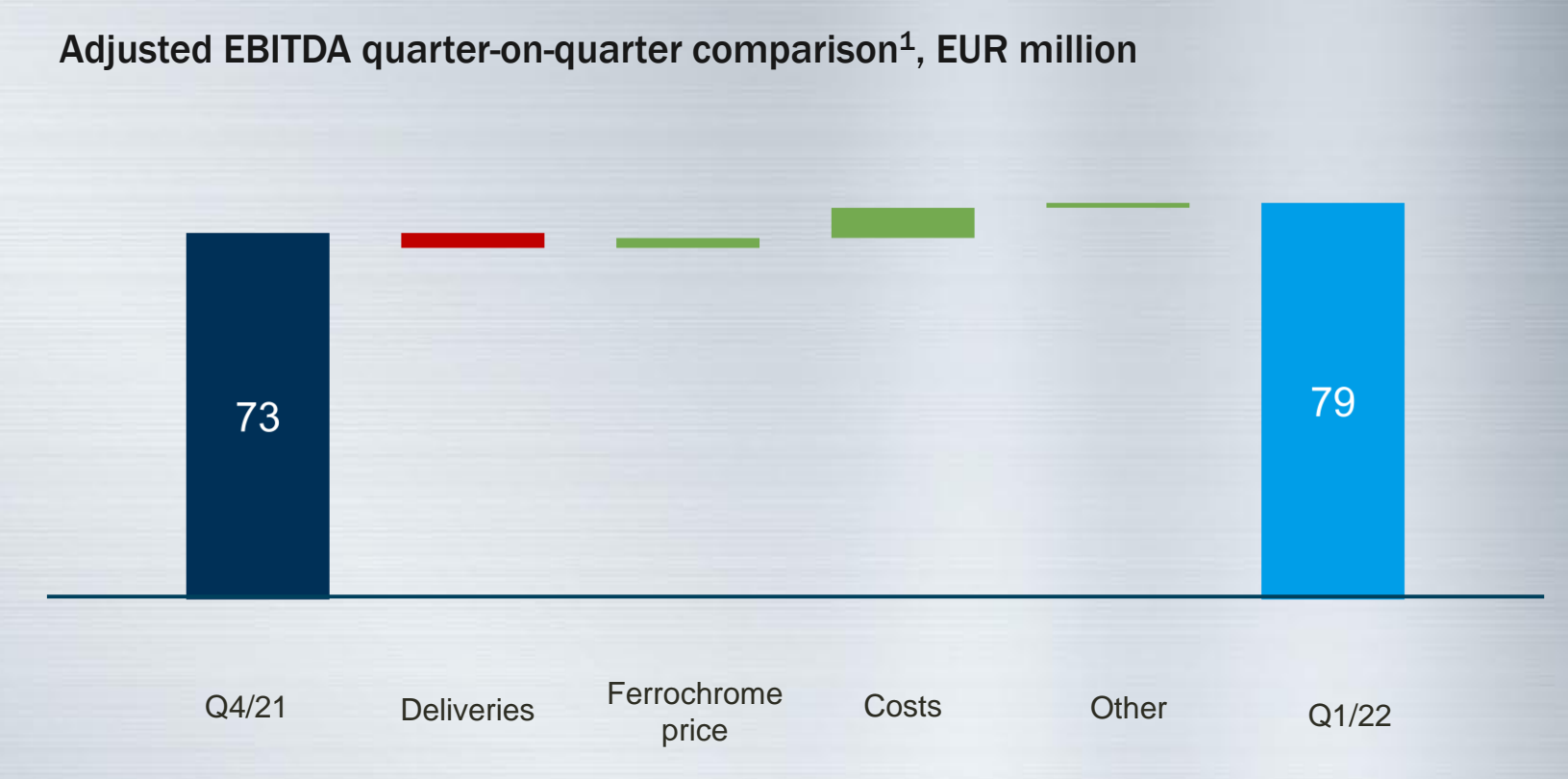
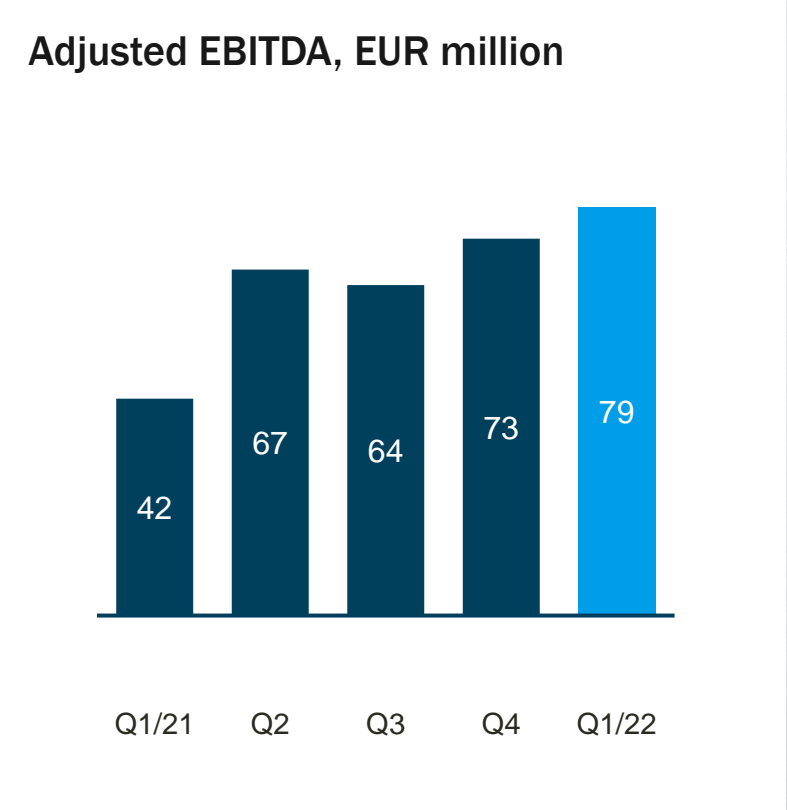
1) Indicative columns based on management estimates

BA Americas' adjusted EBITDA amounted to EUR 90 million in the first quarter of 2022



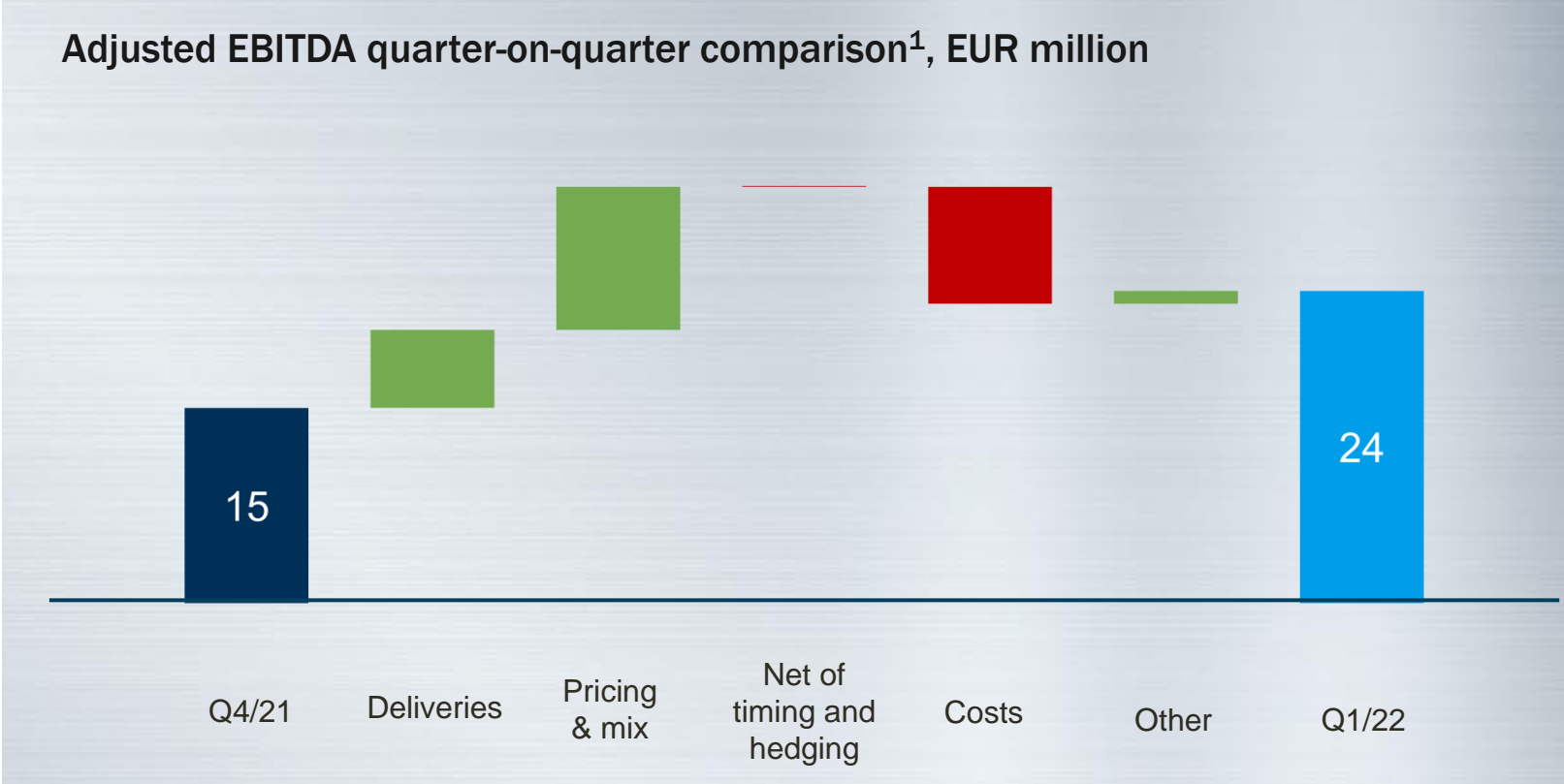
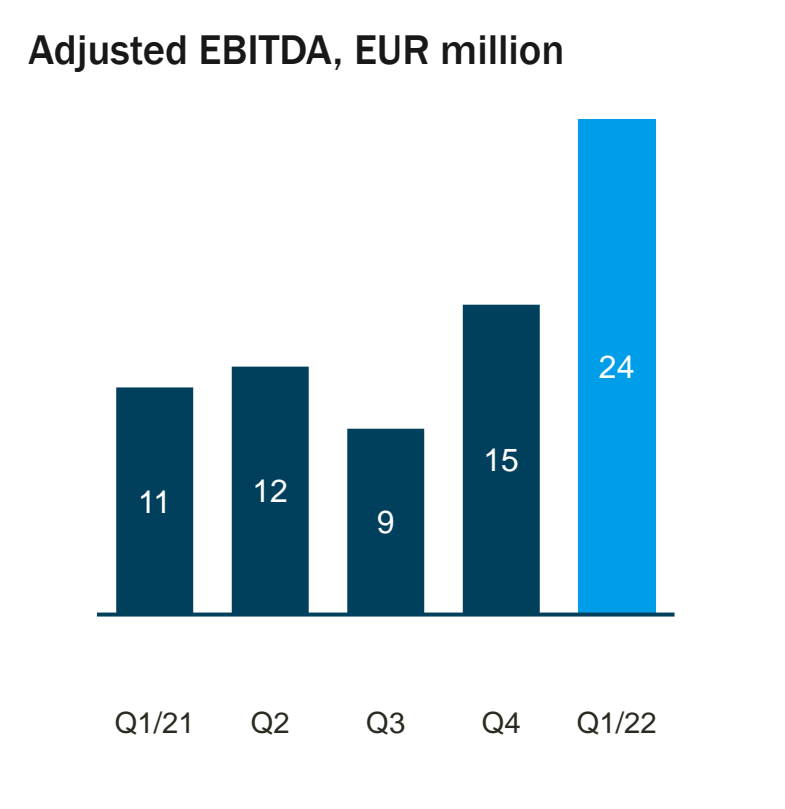
1) Indicative columns based on management estimates

BA Ferrochrome's adjusted EBITDA amounted to EUR 79 million in the first quarter of 2022



1) Indicative columns based on management estimates

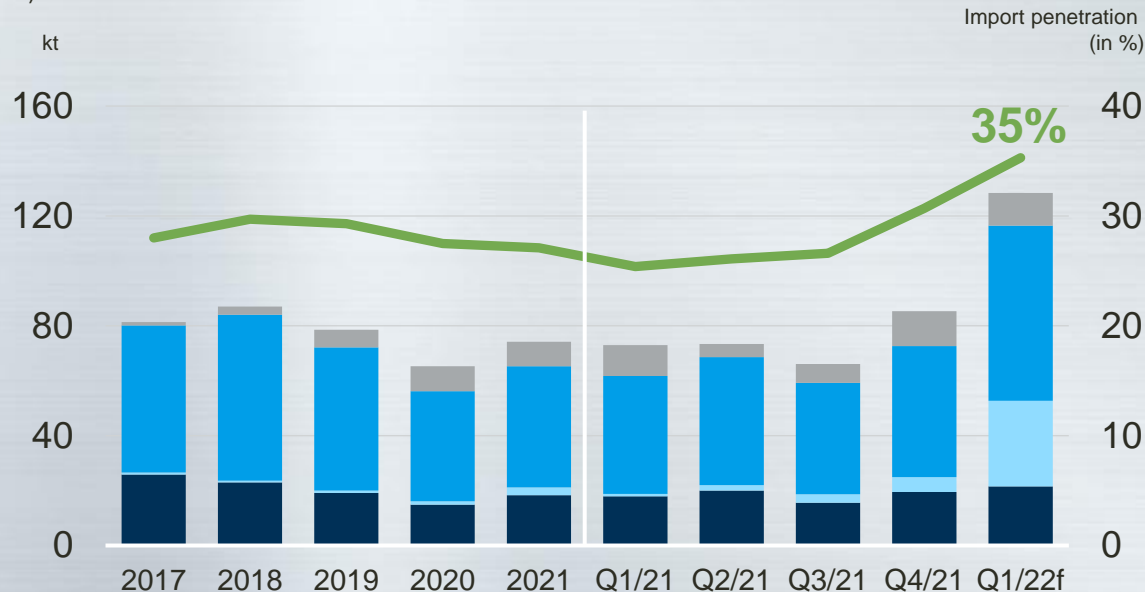
BA Long products' adjusted EBITDA increased to EUR 24 million in the first quarter of 2022



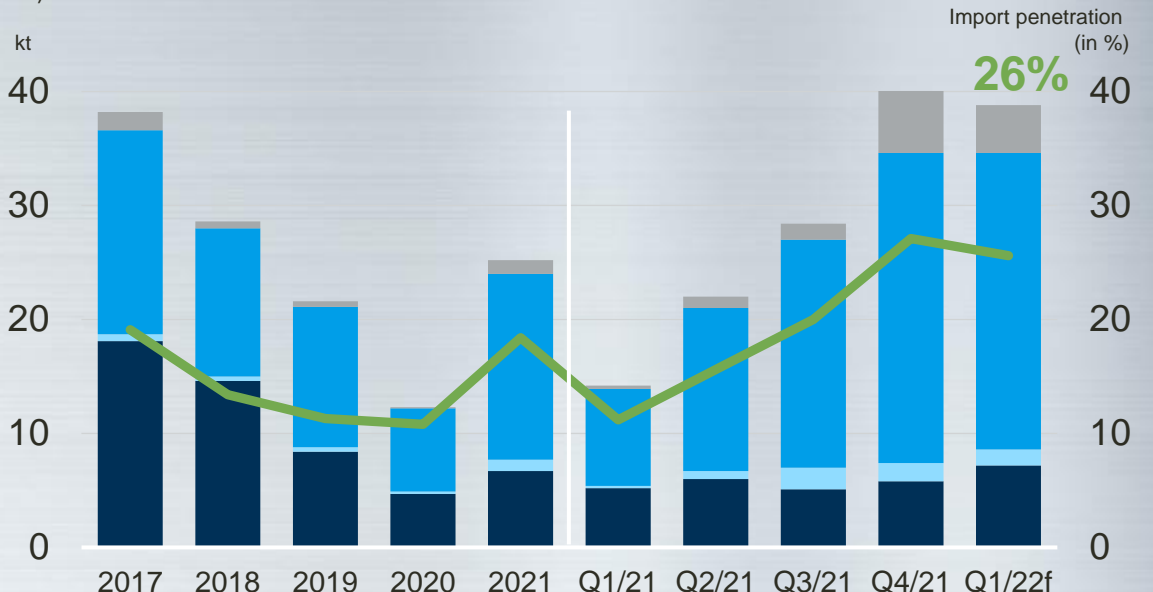
1) Indicative columns based on management estimates

Imports into Europe increased significantly during the first quarter of 2022 despite stricter trade measures, while imports into US decreased slightly

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, April 2022 (Q1'22 based on Jan-Feb actuals, Mar based on SURV3)
 2. Cold rolled, monthly average. Source: Foreign Trade Statistics, American Iron & Steel Institute, February 2022 (Q1'22 based on Jan-Feb).

