

A photograph of two women in a kitchen setting. The woman on the left has curly brown hair and is wearing a beige sweater. The woman on the right has dark hair and is wearing a blue denim shirt. They are both looking down at a laptop screen. The background is a bright, modern kitchen with a white countertop and a stainless steel toaster. The text is overlaid on the image in white and blue.

Financial performance remained solid in the third quarter, share buyback program announced

## Outokumpu Q3 2022 results

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

November 3, 2022

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# Best third-quarter result in history delivered in the midst of an unprecedented energy crisis in Europe

Heikki Malinen, President & CEO



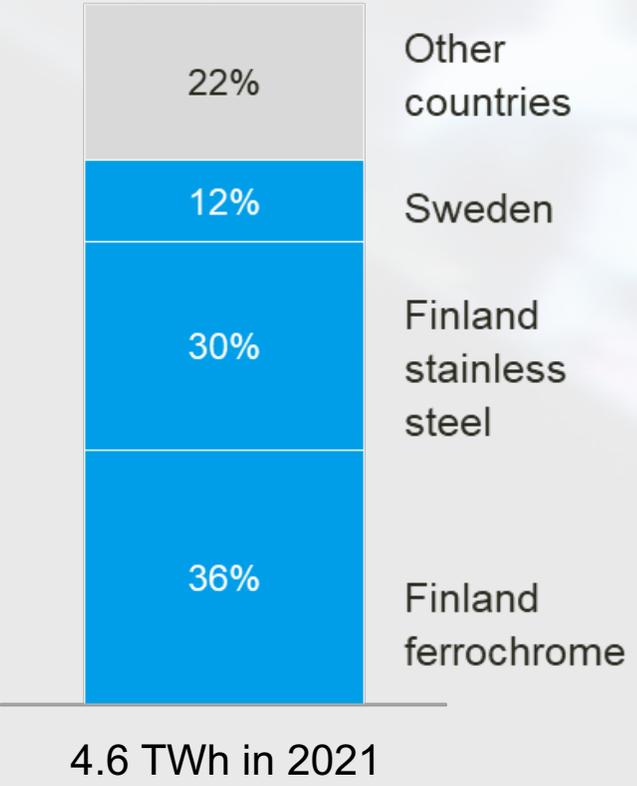
# Outokumpu's adjusted EBITDA amounted to EUR 304 million in the third quarter

- **Solid performance** continued in a softening market environment
- Profitability impacted by **significant cost inflation**, especially in electricity price
- Successful **cost mitigation**
- Hourly **optimization of ferrochrome** production
- **Recycled material content\* 93%**
- First commercial proof points of **low-carbon Circle Green**

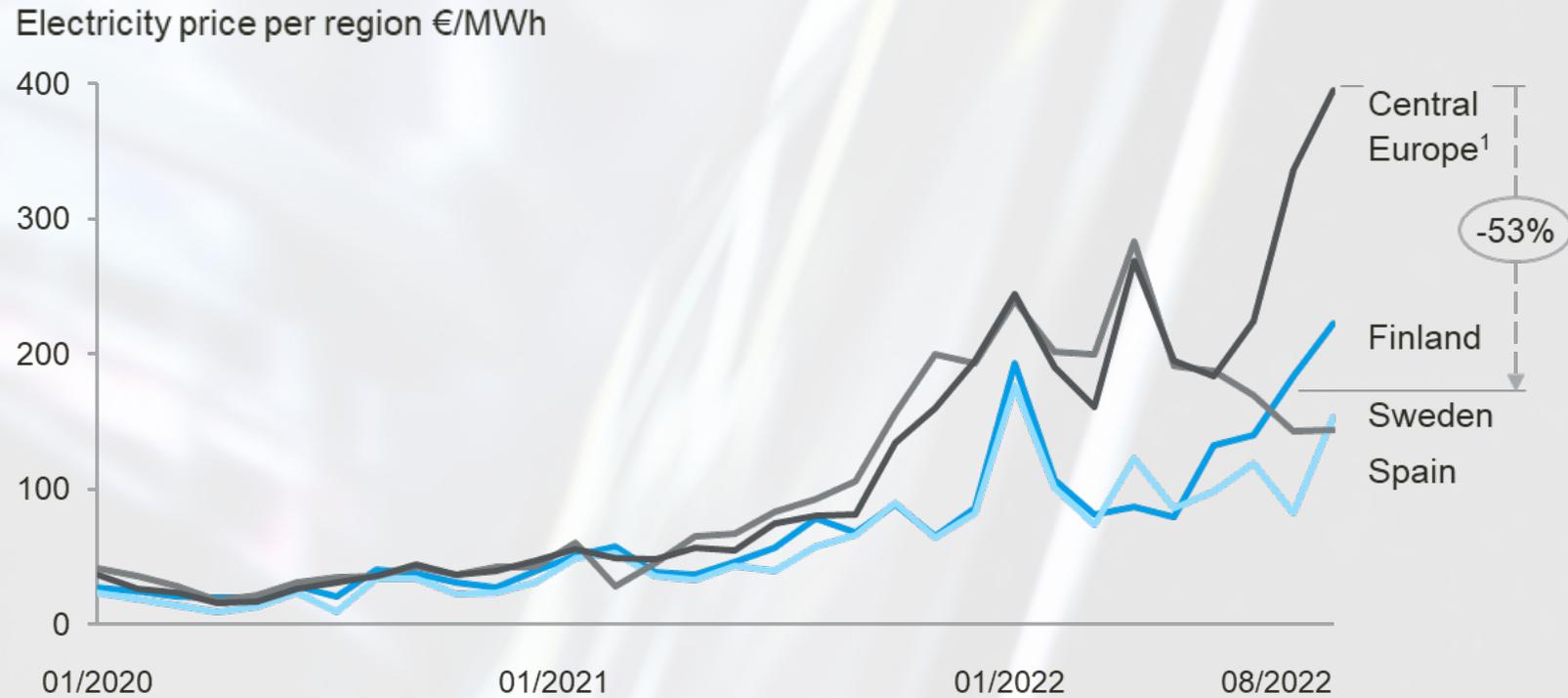
\*last 12-month rolling average

# Nordic electricity position competitive over Central Europe

## Outokumpu electricity usage



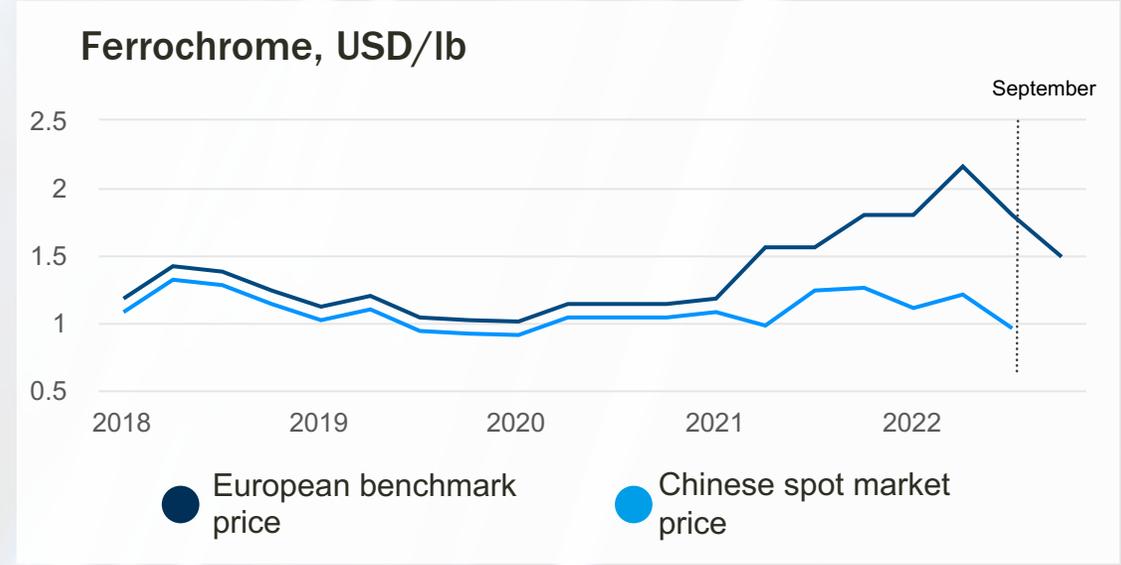
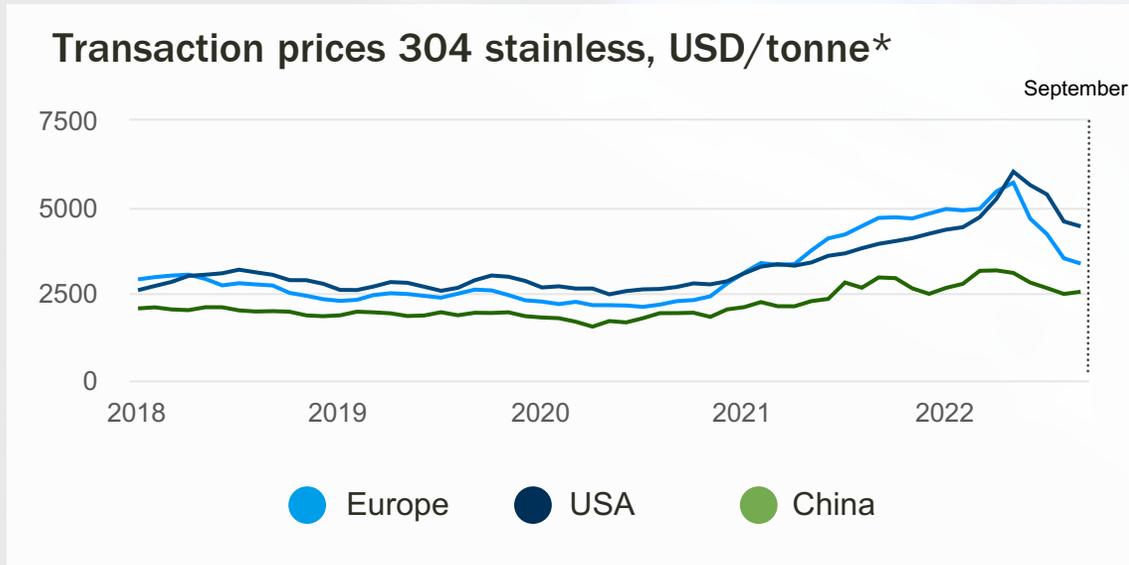
## Finnish and Swedish electricity ~50% below Central European prices



1. Central Europe average of DE, NL, BE, FR prices  
 Note: Electricity represents 57% of Outokumpu's total 2021 energy usage. Excluding taxes, transmission costs and other related costs  
 Source: Refinitiv Eikon



# Price difference between Asian and European stainless steel has significantly narrowed



Source: CRU, October 2022; Fastmarkets/ Metal Bulletin, October 2022  
 Stainless transaction prices 304 monthly figures, nickel and ferrochrome quarterly figures

\*EUR/USD FX rate significantly weakened recently, impacting USD transaction prices



# In Q3, adjusted EBITDA amounted to EUR 304 million as a result of decreased volumes and significant timing losses

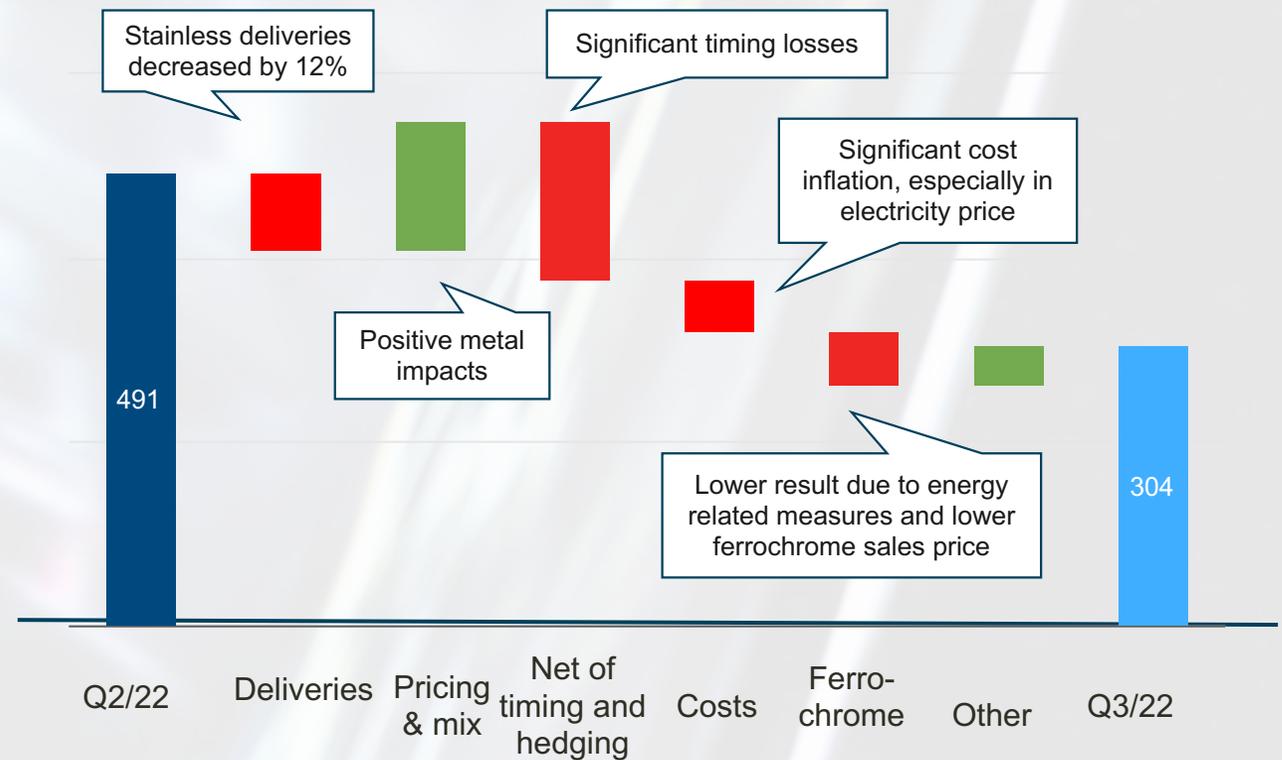
Deliveries, kt



Group adjusted EBITDA, EUR million



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



1) Indicative columns based on management estimates

Note: figures for adjusted EBITDA and deliveries have been restated from Q1 2021 onward to reflect the divestment of majority of the Long Products business.

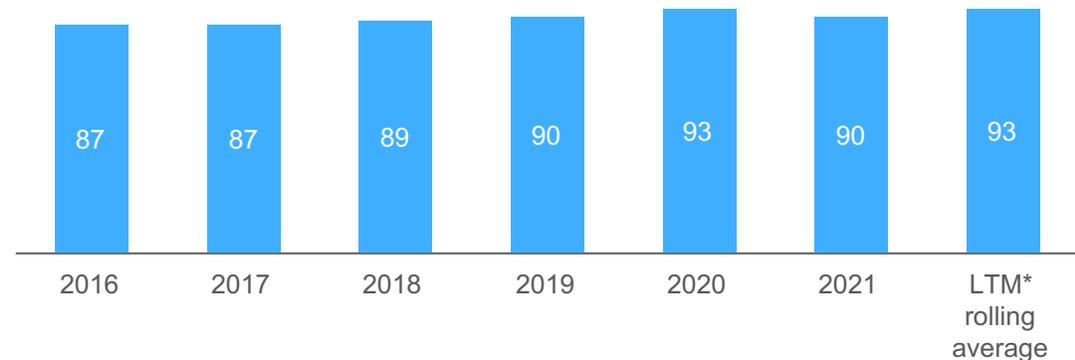
# Recycled material content\* increased to 93% in Q3

- Weaker **safety performance** in the third quarter, decisive actions taken
- **Strong material efficiency**: further increased recycled material content, high energy-efficiency
- Investigation on a significant **investment** in biocoke and biomethane plant in Tornio, Finland to **reduce direct CO<sub>2</sub> emissions** and **increase energy self-sufficiency**

Safety performance, TRIFR



Recycled materials, %



TRIFR = Number of total recordable incidents per million working hours  
\*last 12-month rolling average  
2022 YTD numbers include only continuing operations (excl. Long Products units to be divested)

# We are rapidly ramping up the second phase of our strategy with an increased focus on shareholder returns

## Phase 1:

Strengthen the balance sheet  
2021–2022

Margin improvement  
and de-leveraging the  
balance sheet

## Phase 2:

Strengthen the core  
2023–2025

Targeted productivity  
investments to improve  
margins. Additional  
investment to improve  
sustainability

Capital discipline and strong shareholder returns

Sustainability

## Phase 3:

Strong sustained performance  
2026–

Investing in growth and  
sustainability

## OUR VISION

Customer's  
first choice in  
sustainable  
stainless steel

# Outokumpu launches a share buyback program of a maximum of 20 million shares

- Outokumpu's balance sheet is currently **stronger than ever** before
- This allowed Outokumpu's Board of Directors to approve a **share buyback program of up to EUR 100 million**
- Through the program we seek to mitigate and manage the dilutive impact of the outstanding **convertible bond**

A man with dark hair, wearing a light blue button-down shirt, is smiling and looking down at a plate of yellow pasta on a white table. He is in a kitchen setting with white cabinets and a window in the background. On the table, there is also a loaf of bread on a wooden cutting board, a small plate with butter, and a grater.

**Our significantly strengthened balance sheet gives us  
resilience to withstand the continuing uncertainty**

**Pia Aaltonen-Forsell, CFO**



# Record-low net debt level of EUR 90 million reached - strongest balance sheet in the industry

- **Liquidity** increased to EUR 1.4 billion
- EUR 800 million of **committed credit facilities** fully unutilized at the end of Q3
- **Share buyback program** of up to EUR 100 million launched to prepare for the **convertible bond**, maturity 2025
- **Divestment of Long Products** progressing, closing of the deal expected by end of year or in the beginning of next year

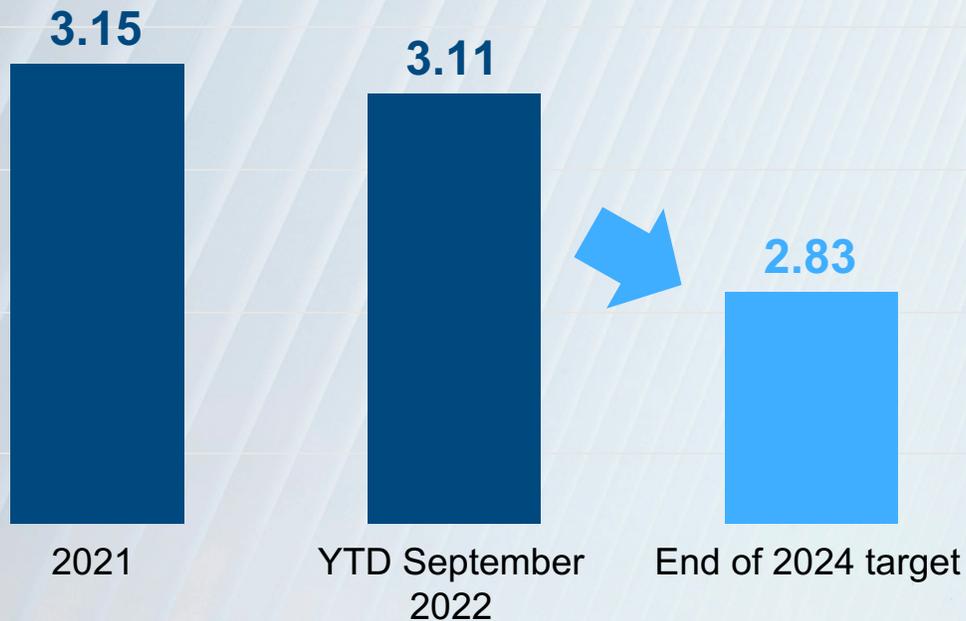
**Amidst the European energy crisis, we aim to improve our energy efficiency by 8% until the end of 2024**

- We will prioritize **energy efficiency related investments**
- Energy efficiency related annual capital expenditure is increased by **EUR 20 million** for 2023 and 2024
- Total annual capital expenditure remains limited to **EUR 200 million** for these years

# We have concrete measures in place to achieve our new ambitious energy efficiency improvement target

## Outokumpu's energy efficiency\*

MWh/ton of stainless steel



### We aim to improve our energy efficiency by:

- Investing into furnace improvements of heat treatment lines
- Optimizing our energy consumption and fully utilizing our energy management system
- Improving yield

**Our energy efficiency figure includes also part of the energy used in our ferrochrome production**

- Ferrochrome production is more energy intensive than stainless and it increases Outokumpu's figure compared to stainless only producers

\* 2021 energy efficiency figure reported in the Annual Report includes also discontinued operations, all other figures on this slide refer to continuing operations.

Energy efficiency is defined as the sum of specific fuel and electricity energy of all processes calculated as energy consumption compared to the product output of that process. It covers all company productions: ferrochrome with 15%, melt shop, hot rolling and cold rolling processes.

# Third quarter ended with solid financials

Due to divestment of majority of the Long products business, Outokumpu reports these units as discontinued operations.

- Net debt to EBITDA\* at record-low level of 0.1x
- ROCE 26.8%

Key figures		Q3 2022	Q3 2021	Q2 2022	2022	2021
<b>Continuing operations</b>						
Stainless steel deliveries	1,000 tonnes	491	546	560	1,656	2,254
Sales	EUR million	2,339	1,845	2,686	7,598	7,243
<b>Adjusted EBITDA</b>	EUR million	304	288	491	1,146	980
Net result from continuing operations	EUR million	207	178	338	775	526
<b>Earnings per share</b>	EUR	0.46	0.40	0.75	1.71	1.21
Capital expenditure	EUR million	37	30	30	98	171
Personnel at the end of period	FTE	8,602	8,492	8,480	8,602	8,439
Return on capital employed, ROCE	%	26.8	12.0	27.6	26.8	17.6
<b>Including discontinued operations</b>						
<b>Operating cash flow</b>	EUR million	238	180	104	489	597
Net debt	EUR million	90	749	289	90	408
<b>Net debt to adjusted EBITDA</b>	x	0.1	1.0	0.2	0.1	0.4
Return on capital employed, ROCE	%	28.7	12.6	29.9	28.7	18.4

\*including discontinued operations.

# BA Europe – Good result despite challenging operating environment

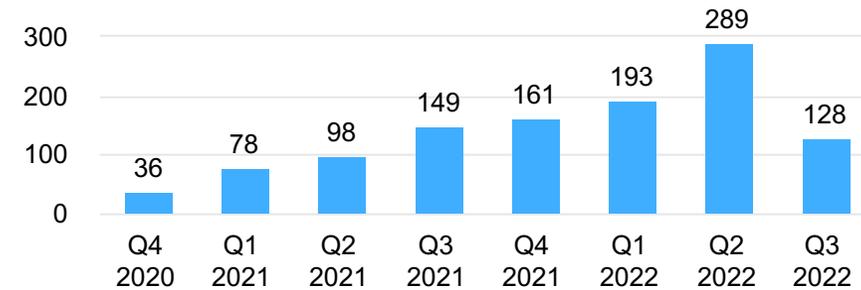
## Key points in Q3 2022

- Active sales approach in both business lines supported by good cost competitiveness
- Strong market share in a weakening market environment
- High import penetration into Europe remained

Europe's stainless steel deliveries, 1,000 tonnes



Europe's adjusted EBITDA, EUR million



# BA Americas – historic result, but clear signs of market weakening

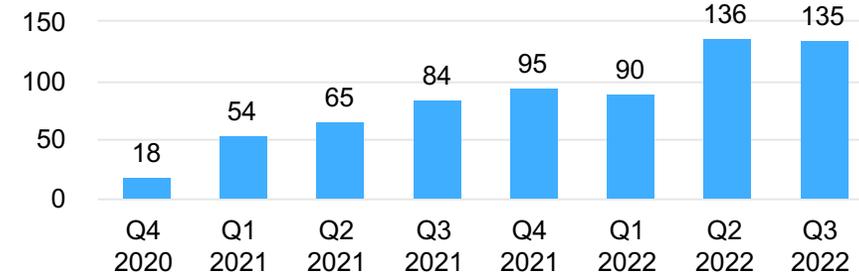
## Key points in Q3 2022

- Deliveries decreased due to market softening and distributor de-stocking
- Realized prices for stainless steel remained at a similar level to previous quarter
- Ramping up projects related to the second phase of the strategy

Americas' stainless steel deliveries, 1,000 tonnes



Americas adjusted EBITDA, EUR million



# BA Ferrochrome – lower FeCr sales price and production optimization led to lower result

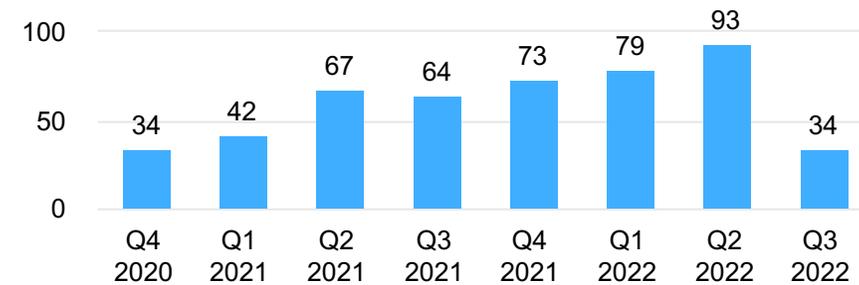
## Key points in Q3 2022

- SAF2 furnace restart delayed at least until the end of Q1 2023
- Optimization of the ferrochrome production due to high electricity prices continues
- DeepMine project finalization in Q1 2023

Ferrochrome production, 1,000 tonnes

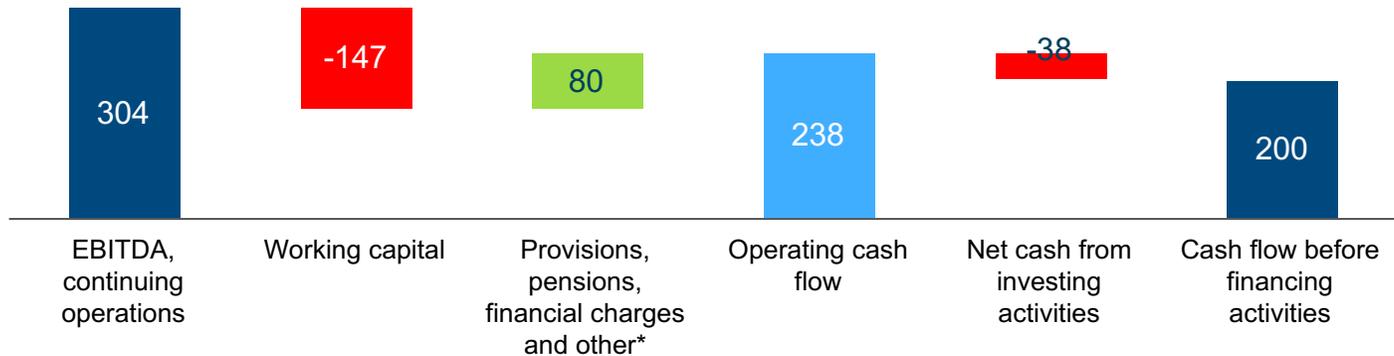


Ferrochrome's adjusted EBITDA, EUR million

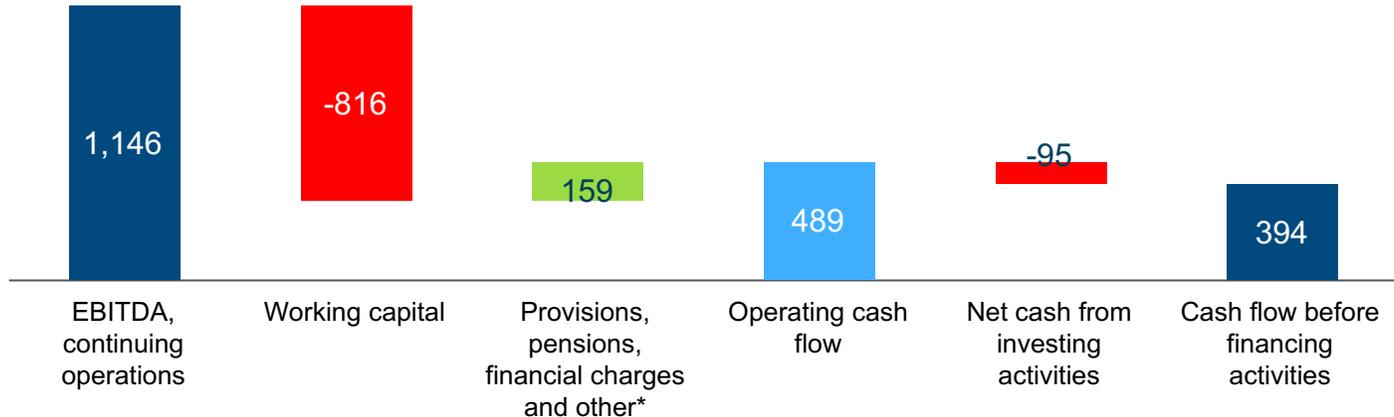


# Strong cash flow generation in Q3 led to a significant decrease in net debt

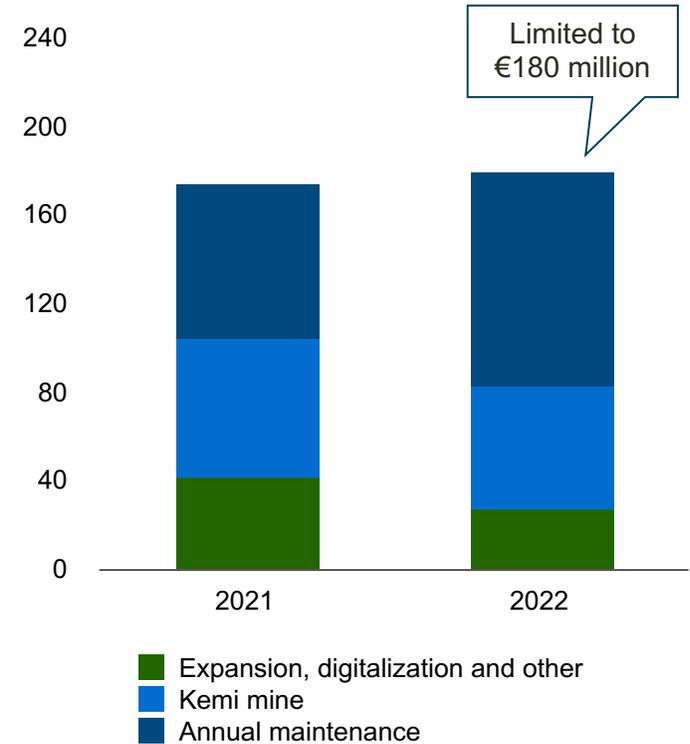
Q3/22 cash flow, EUR million



January-September/2022 cash flow, EUR million



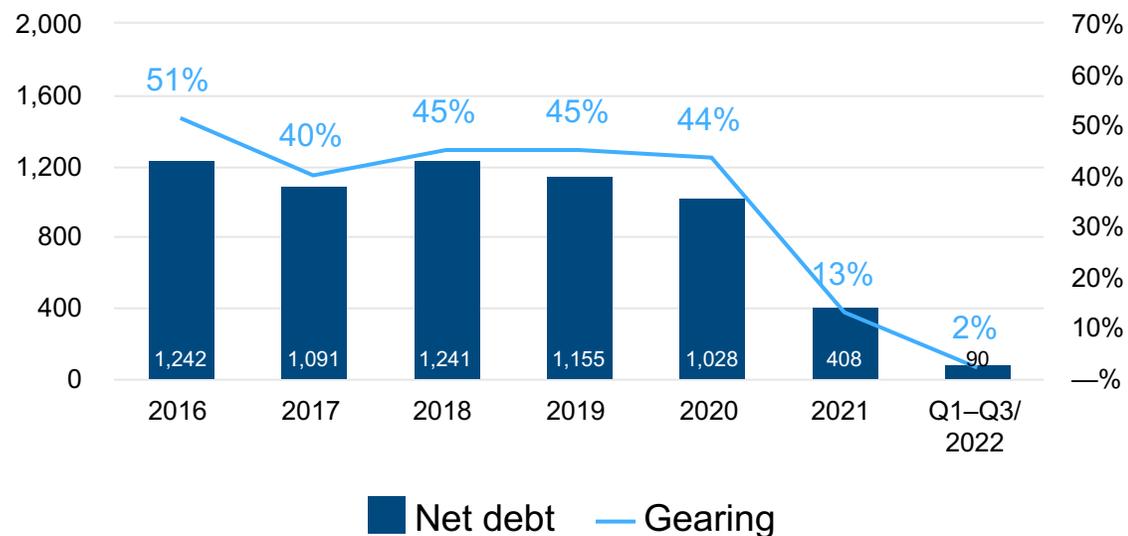
Annual capex, EUR million



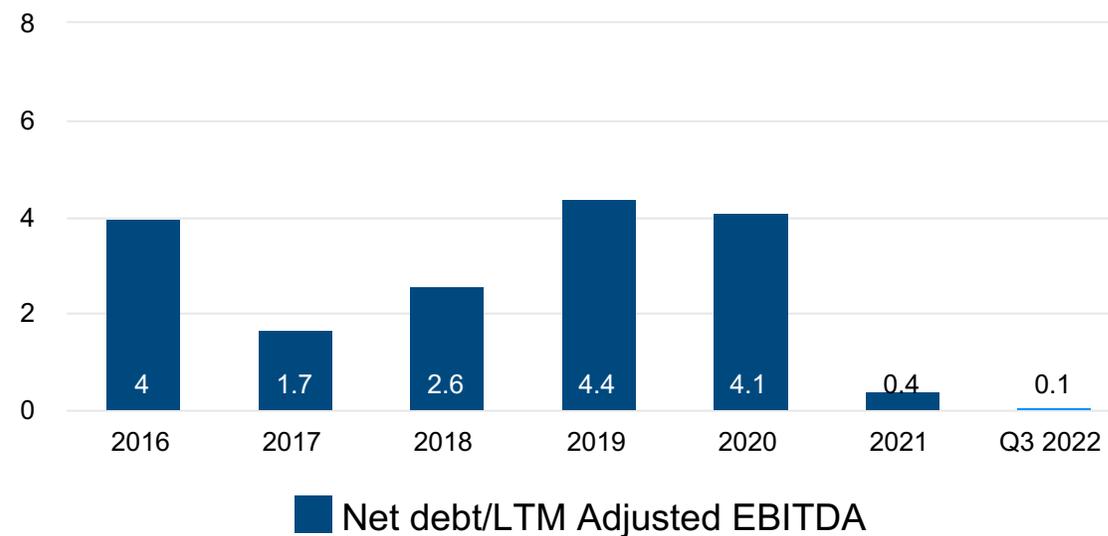
Capex figures consists of total group figures, including also the discontinued operations.

# Lowest net debt in industry making company more resilient

Net debt, EUR million



Net debt/LTM adjusted EBITDA



Net debt figures consist of total group figures, including also the discontinued operations.



# Significant market uncertainty will continue in the fourth quarter and beyond

Heikki Malinen, President & CEO

# Outlook for Q4 2022

Group stainless steel deliveries in the fourth quarter are expected to decrease by 0–10% compared to the third quarter.

The European ferrochrome benchmark price decreased to USD 1.49/lb for the fourth quarter.

Ferrochrome production continues at 50–60% of its full capacity due to a furnace shutdown and the optimization of the ferrochrome production, caused by exceptionally high electricity costs.

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

**Guidance for Q4 2022:**

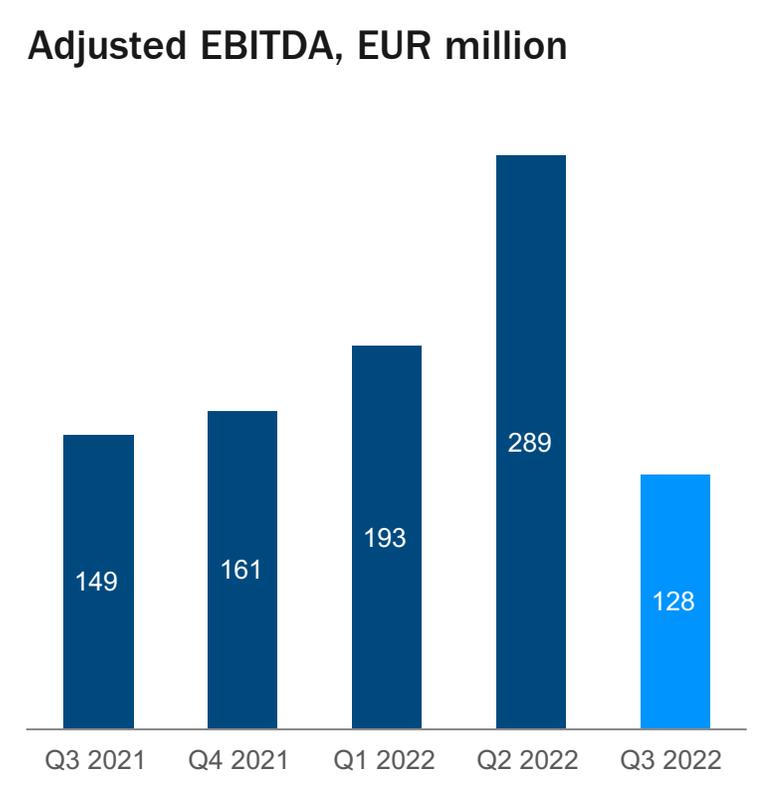
Adjusted EBITDA in the fourth quarter of 2022 is expected to be lower compared to the third quarter.



Thank you!

Questions  
& answers

# BA Europe's adjusted EBITDA was EUR 128 million in Q3



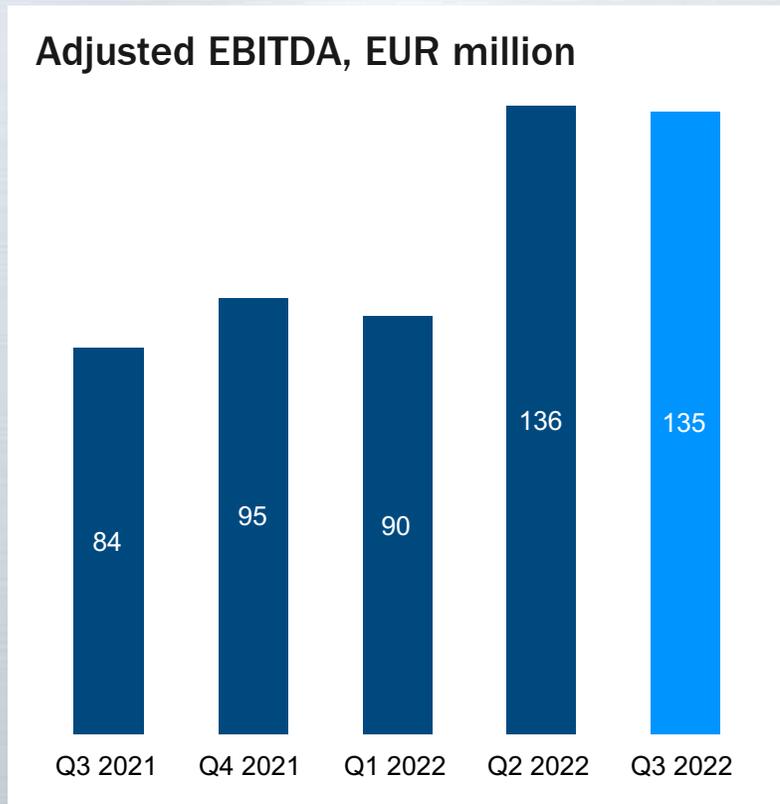
**Adjusted EBITDA quarter-on-quarter comparison<sup>1</sup>, EUR million**



1) Indicative columns based on management estimates



# BA Americas' adjusted EBITDA was EUR 135 million in Q3

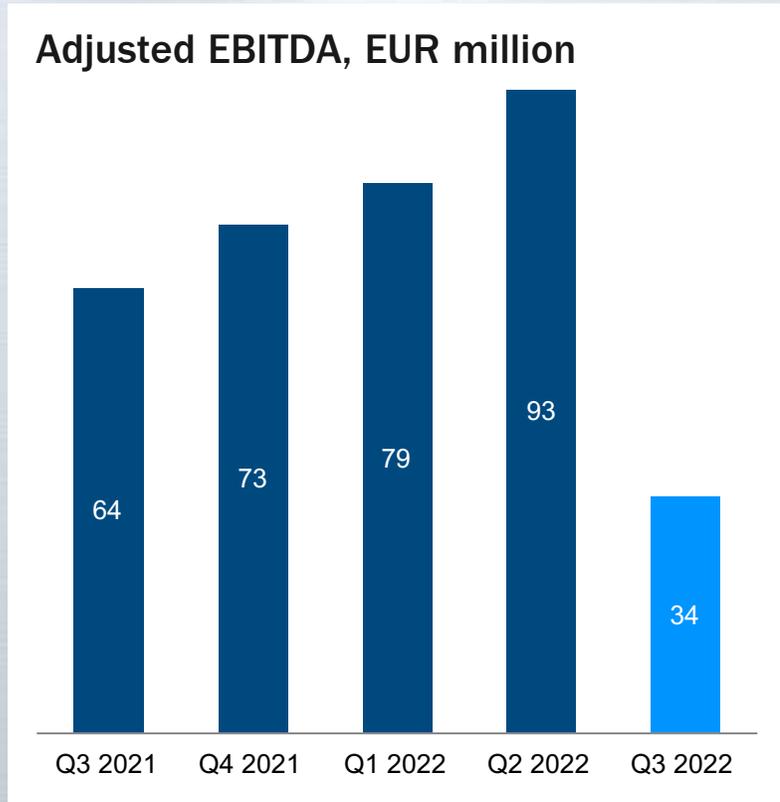


Adjusted EBITDA quarter-on-quarter comparison<sup>1</sup>, EUR million



1) Indicative columns based on management estimates

# BA Ferrochrome's adjusted EBITDA was EUR 34 million in Q3



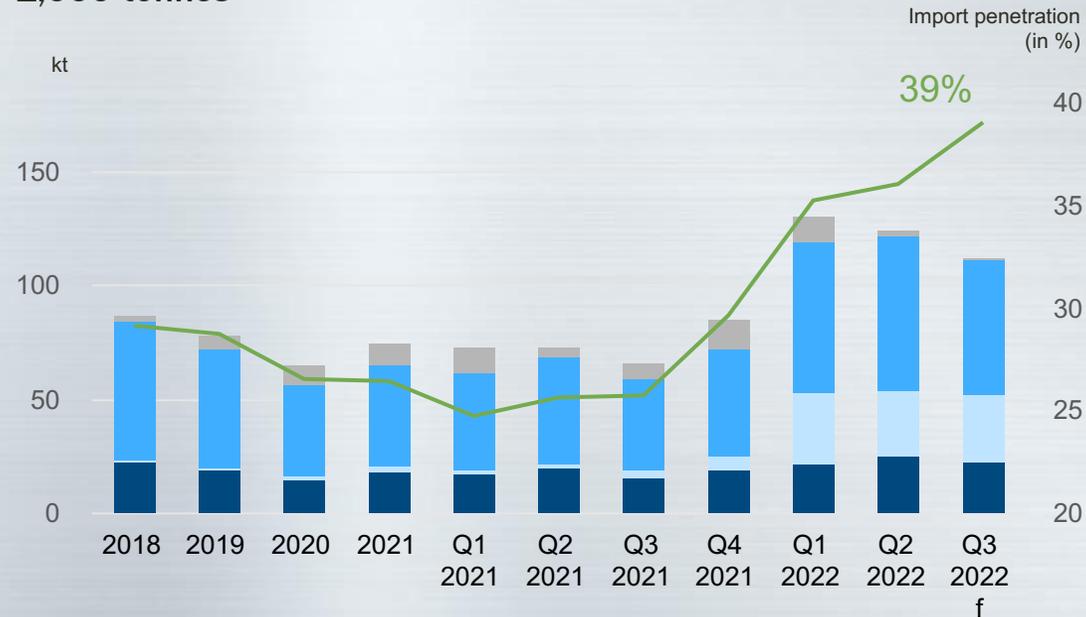
Adjusted EBITDA quarter-on-quarter comparison<sup>1</sup>, EUR million



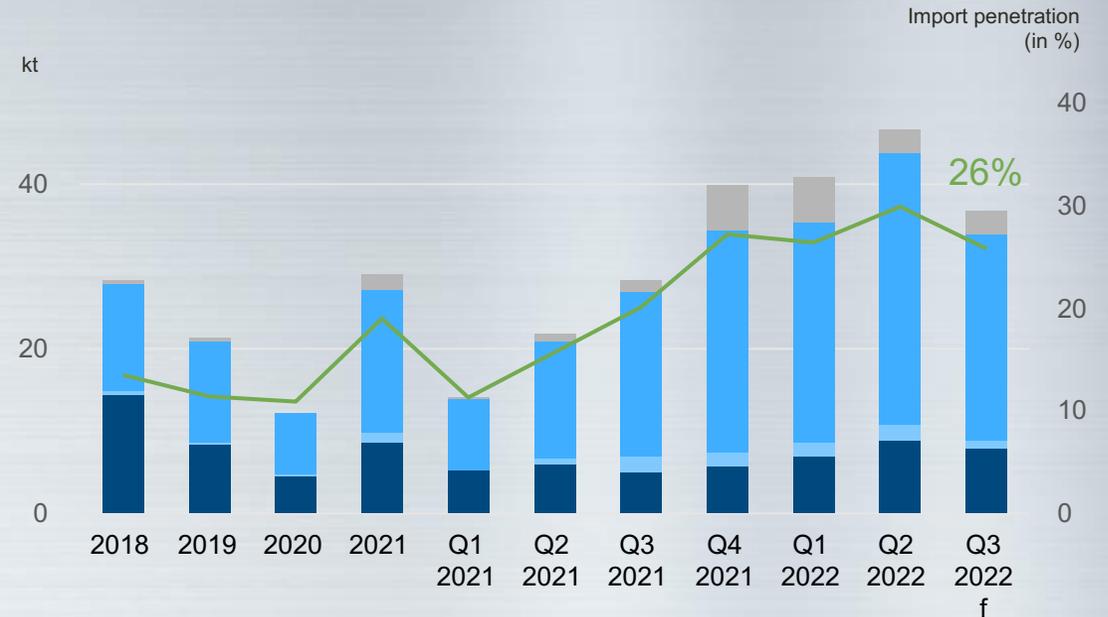
1) Indicative columns based on management estimates

# In 2022, imports into Europe and US have increased

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 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, October 2022  
 2. Cold rolled, monthly average. Source: AISI, October 2022