



The purpose of this newsletter is to summarize the key points of the first quarter in anticipation of the silent period.

Guidance for Q1/22 (February 8, 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.

Highlights in the first quarter of 2022:

- **Stainless steel market:** Demand for stainless steel has remained favourable. Despite high absence rates due to COVID-19, Outokumpu's mitigation actions have been successful, and the company has been operating at a high capacity utilization rate throughout the quarter. Outokumpu expects its stainless steel deliveries in the first quarter to increase compared to the fourth quarter.

- **War in Ukraine:** Outokumpu strongly condemns the military actions Russia has taken in Ukraine and aims to end all its connections with Russia as soon as possible. The company has decided to terminate all its sales and deliveries to Russia and to stop procuring scrap of Russian origin.

Currently only a small amount of raw material supplies, such as nickel, is procured from Russia. Outokumpu is actively looking for alternatives and does its utmost to find a solution. Outokumpu acquires energy gases in the European market, with Russia being one of the indirect supplier countries and is actively looking for alternative solutions.

Outokumpu has an indirect stake in the Fennovoima nuclear plant project in Finland driven by Russian-owned company Rosatom. Outokumpu stated in its financial statements release on February 8, 2022, that the fair value of the Fennovoima project was decreased to zero.

- **Ferrochrome:** European benchmark price was settled at USD 2.16/lb for Q2/22, an increase of 20% compared to USD 1.80/lb in Q1/22.

- **Nickel:** LME nickel price has recently been exceptionally volatile. Increases in prices of raw materials, such as nickel, are generally passed on to customers through the alloy surcharge, which is part of the pricing mechanism.

Outokumpu has a metal hedging policy in place to mitigate its exposure to raw material prices. A significant share of nickel price risk is hedged and therefore the impact of the nickel price changes on Outokumpu does not equal the change in price. The changes impact Outokumpu's results through the timing differences between purchase and sales prices, hedging and change in inventory value. Generally, the impacts are partly offsetting each other, but they may not realize in the same quarter. In the first quarter of 2022, hedging losses will exceed timing gains.

- **Energy prices:** In the current market environment Outokumpu has continued its operations normally and follows its energy hedging policy. A significant amount of the energy in use has been hedged, with long term agreements and fixed price contracts. Outokumpu confirms that higher stainless steel prices are reflected in the already received orders and more than offset the increase in energy and consumable prices.

- **ESG (Environmental, Social & Governance):** Outokumpu has received the highest Platinum level recognition for the second year in a row from the sustainability rating platform EcoVadis. The Platinum level rating indicates that Outokumpu is among the top 1% of the over 85,000 companies evaluated. As a part of its sustainable sourcing initiative, Outokumpu partnered with EcoVadis in 2021 to evaluate the sustainability performance of its raw material suppliers.

Supply chain sustainability is one of Outokumpu's focus areas and this year, the company aims to conduct several assessments in high-risk countries. Outokumpu started with an assessment in Brazil last year and in February, the team conducted an on-site assessment in Guatemala, which is still ongoing.

Outokumpu has improved its performance in other ESG ratings as well. In February 2022, Outokumpu was included in the S&P Global's Sustainability Yearbook and in the latest Carbon Disclosure Project's (CDP) assessment in 2021, Outokumpu received the second highest B rating for its climate action and upgraded to grade C in CDP's water assessment. Outokumpu has improved its ratings also in MSCI and Sustainalytics ESG ratings.

- **CO2 emission reduction:** Outokumpu has signed several 10-year power supply agreements for renewable wind power during the first quarter. Increasing the share of low-carbon electricity is one of the most important methods for Outokumpu to achieve its ambitious climate targets. In total, the share of low-carbon electricity in Outokumpu is already over 80%.

- **Anti-dumping & anti-subsidy:** In March, the EU has imposed definitive anti-subsidy duties on cold rolled from Indonesia of 0-21.4% and from India of 4.3-7.5%. These duties will be in place for five years and come on top of the anti-dumping duties imposed in November last year on these countries. This results in total duty of 30.7% for Tsingshan Indonesia – the largest exporter to the EU.

- **Annual Report 2021:** Outokumpu published its Annual Report 2021 on Friday, March 4, 2022. The report includes Sustainability review, Corporate Governance statement, Remuneration report, Financial statements and Review by the Board of Directors. The report can be found from the website: <https://www.outokumpu.com/en/investors/materials/2021>

- **Annual General Meeting 2022:** The meeting was held on March 31, 2022, under special arrangements due to the COVID-19 pandemic. The Meeting approved the financial statements and discharged the management of the company from liability for the financial year 2021. The Meeting decided that a dividend of 0.15 euros per share be paid for the financial year 2021 and authorized the Board of Directors to repurchase the company's own shares, to decide on the issuance of shares as well as special rights entitling to shares, and to decide on donations for charitable purposes.

Our silent period starts on April 5, 2022 and continues until January-March 2022 result is published on May 5, 2022.

Q1/22 pre-silent conference call was arranged on April 1, 2022, and the recording of the call can be found from our website: <https://www.outokumpu.com/en/investors/investor-calendar-and-events/webcasts>

For more information, please contact Head of Investor Relations, Linda Häkkinen or visit our website www.outokumpu.com/investors

Best regards,

Outokumpu IR team

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