



Guidance for Q1/20:

The stainless steel market is expected to strengthen during the first quarter, supported by typical seasonality. Outokumpu expects its stainless steel deliveries to increase from the fourth quarter of 2019 in all business areas.

First-quarter adjusted EBITDA is expected to be higher compared to the fourth quarter of 2019 (Q4/19: EUR 73 million).

Key messages in investor and analyst meetings during Q1:

- **Stainless steel markets and deliveries:** Import penetration into the European market is still rather high despite the decrease from the extremely elevated levels at the end of the last year. Our order book has been relatively strong during the first three months of the year and we have not yet seen any impacts from the current coronavirus situation. Outokumpu's deliveries are expected to be on a higher level than in the fourth quarter, supported by the typical seasonality.
- **Coronavirus (COVID-19) situation:** Outokumpu has taken strong action to control the situation, to protect the health, safety and the wellbeing of our employees, customers and partners and at the same time, and to avoid any interruption to our production, deliveries and other daily activities. We have contingency plans in place to ensure continued customer service also during these exceptional times. So far, we have been able to continue our operations largely as usual.

We are closely monitoring the COVID-19 pandemic, and to mitigate any potential financial impacts, we are taking numerous measures including diligent management of net working capital as well as tight cost and capex control. Our liquidity is on a good level with cash reserves amounting to EUR 1 billion at the end of 2019.

- **Ferrochrome:** Q1/20 European benchmark price remained practically stable quarter-to-quarter as it decreased only by 1 cent to USD 1.01/lb. Our sensitivity is ~€10 million impact on quarterly adjusted EBITDA for every \$0.10/lb change in ferrochrome price. European benchmark price for Q2/20 has not yet been published.
- **Balance sheet:** We continue to strengthen our balance sheet through strong focus on cash and tight cost control. Efficient net working capital management is crucial for our net debt reduction and our aim is to reduce our working capital by further EUR 100 million in 2020. In February, we repaid our EUR 250 million convertible bond by using the new EUR 400 million term-loan drawn at the end of last year as well as Finnish commercial paper funding.
- **Nickel:** Nickel price has been declining during the past few months and is now below 12,000\$/t.
- **Imports and trade defence measures:** By March 27, Taiwan had already used over 90% of its cold rolled import quota while Vietnam, India and Turkey are following closely. Malaysia is so far the only country with fully utilized cold rolled quota. New quota period started on April 1, and at the end of last week, 82% of the previous residual quota had been utilized. On the hot rolled side, China had used all of its quota already in January. Provisional anti-dumping duties on hot rolled will be imposed April 12 and anti-subsidy duties potentially in summer. There will also be expiry review of the current anti-dumping duties on cold rolled from China & Taiwan, once they expire in August.
- **Annual General Meeting 2020:** Due to the coronavirus pandemic and the related announcement by the Finnish Government on March 16, Outokumpu cancelled its Annual General Meeting that was set to convene of March 31. Outokumpu will convene the Annual General Meeting at a later stage.

Our pre-silent period starts on April 6, 2020 and continues until the Q1 result is published on May 6, 2020. The recording of our pre-silent conference call can be found from our website: <https://www.outokumpu.com/en/investors/financial-calendar/webcasts>

More information can be found on our website www.outokumpu.com/investors

Best regards,
Outokumpu IR team

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