



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

Guidance for Q4/20:

A positive profit warning and revised guidance was released on December 15, 2020:

"Outokumpu upgrades its guidance for the fourth quarter of 2020 as the adjusted EBITDA is expected to be higher compared to the third quarter. Stainless steel deliveries are estimated to increase by approximately 5-10% due to stronger than expected market recovery. The result is also expected to be supported by improved cost efficiency and positive raw material impacts. The company had earlier expected its fourth-quarter adjusted EBITDA to remain at the same level compared to the third quarter of 2020 (Q3/20: EUR 22 million)."

Highlights during the fourth quarter:

- **Improved outlook:** During the fourth quarter the market recovery in the stainless steel sector has been stronger than initially expected. The demand for the standard grades increased during the fourth quarter and is mainly driven by improvements in the automotive and appliances sectors. The result is also expected to be supported by improved cost efficiency and positive raw material impacts. As an outcome of the improved outlook, Outokumpu upgraded its guidance for the fourth quarter and expects its deliveries and result to increase from the third quarter.
- **Ferrochrome:** European benchmark price was settled at USD 1.14/lb for Q4/20 and increased by 3.1% to 1.175/lb for Q1/21.
- **Balance sheet:** As a part of Outokumpu's efforts to improve its debt structure and liquidity profile, the company successfully extended the maturity of its syndicated revolving credit facility with key lenders. Outokumpu agreed an amendment of the terms and conditions of its syndicated revolving credit facility agreement allowing for two consecutive yearly extension requests of the maturity dates until the end of May 2024. Out of EUR 574 million maturing at the end of May 2022, a facility amount of EUR 532 million is extended until the end of May 2023.

Outokumpu also signed together with a group of banks a revolving credit facility in the amount of SEK 1,000 million. The facility is guaranteed by the Swedish Export Agency EKN.

- **New strategy and employee negotiations:** Outokumpu has completed its employee negotiation processes which were started in selected operating countries in November 2020 with the aim to create cost savings by restructuring and reducing total employee headcount by up to approximately 1,000.

As a result of the negotiations, Outokumpu is reducing the employee headcount by 250 in Finland, 230 in Germany and 170 in Sweden. Additionally, further personnel reductions are in progress in the company's European and Americas based operations, with reduction of approximately 250 employees already being implemented. The total targeted employee headcount reduction of 1,000 will be completed in full, mostly by the end of 2021. Outokumpu targets to have a headcount of below 9,000 during 2022.

The reductions are part of Outokumpu's actions for reaching the financial targets of the first phase of its strategy: EUR 200 million EBITDA run-rate improvement and net debt to EBITDA of below 3.0x by the end of 2022. The personnel reductions are expected to generate total annual savings of approximately EUR 70 million, thereof EUR 60 million direct personnel cost. The costs of the restructuring are EUR 75-80 million. Such costs are adjusted for and EUR 11 million were booked in Q3/2020, approximately EUR 55 million are to be booked in Q4/2020 and approximately EUR 10 million in 2021, whereas cash-out is expected predominantly during 2021

- **Imports:** Import penetration into Europe decreased in November after the usual spike in the beginning of the new quarterly quota period in October.
- **COVID-19:** Outokumpu has successfully managed the COVID-19 situation and the resulting impacts have been limited. The company continues to monitor the situation closely and has contingency plans in place if the situation changes.

Our silent period starts on January 5, 2021 and continues until the financial statements release is published on February 4, 2021.

Q4/20 pre-silent conference call was arranged on January 4, 2021 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 Investor Relations Manager, Linda Häkklä linda.hakkila@outokumpu.com or visit our website www.outokumpu.com/investors

Best regards,

Outokumpu IR team

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