



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

Guidance for Q3/21 (August 5, 2021):

Group stainless steel deliveries in the third quarter are expected to decrease by 0–10% compared to the second quarter, in line with the seasonal pattern.

The European ferrochrome benchmark price remained stable at USD 1.56/lb for the third quarter.

Planned maintenance costs in the third quarter are expected to increase by approximately EUR 10 million compared to the second quarter.

With current raw material prices and exchange rates, significant raw material-related inventory and metal derivative gains or losses are not expected in the third quarter.

Adjusted EBITDA in the third quarter of 2021 is expected to be at a similar level compared to the second quarter.

Highlights in the third quarter of 2021:

- **Stainless steel market:** Market environment has continued strong throughout the third quarter. Demand for stainless steel has been on a high level and Outokumpu's order book has remained strong. Outokumpu expects its stainless steel deliveries for the group to decrease by 0–10% in the third quarter compared to the previous quarter.
- **Stainless steel prices & contracts:** CRU data indicates that stainless steel prices have continued to increase during the third quarter. Outokumpu has negotiated its annual contracts earlier than usual and the current price development is reflected in the contracts. Big annual contracts in domestic appliance and automotive are to a large extent finalized. Outokumpu aims to increase the contractual volumes for 2022.
- **Ferrochrome:** European benchmark price was settled at USD 1.80/lb for Q4/21 and increased by USD 0.24/lb from the level of USD 1.56/lb in Q3/21.
- **Energy:** Electricity and gas prices have recently increased in Europe. Outokumpu has an energy hedging policy in place for energy procurement. A significant amount of the energy in use has been hedged during past year and with Long Term Agreements. In general, energy and other consumables represent 10-15% of Outokumpu's costs. Electricity and gas price risks are also reduced with fixed price supply contracts and partial ownership in power utilities.
- **Balance sheet:** Deleveraging and strengthening the balance sheet are the key priorities for Outokumpu.
- **CO₂ emission reduction:** In May, Outokumpu increased its climate ambition and previous carbon emission reduction target of SBTi 2.0 °C (20% emission reduction per tonne of stainless steel by 2023 compared to the 2014-2016 baseline) was upgraded with a commitment to SBTi 1.5 °C. SBTi is the highest CO₂ standard and Outokumpu is the only stainless steel company with an approved target. The new commitment translates into a carbon emission reduction of ~30% by 2030 compared to 2020 level and the company is currently in the process of setting the target.

On September 9, Outokumpu communicated that it increases the share of wind power in its electricity procurement to meet emission reduction targets. Outokumpu and Gasum signed a new 10-year power supply agreement for renewable wind power. The contracted wind power energy covers almost entirely the electricity consumption of Outokumpu's Kemi mine. Increasing the share of low-carbon electricity is one of the key elements in Outokumpu's roadmap towards carbon neutrality by 2050.

- **Anti-dumping & anti-subsidy:** EU imposed provisional anti-dumping duties on cold rolled stainless steel from Indonesia and India in May. These duties will be in place for a maximum of six months after which they can be made "definitive" for five years starting from November. The provisional duties were imposed at the level of ~20% for Indonesia and ~14-35% for India. Regarding the anti-subsidy investigation on cold rolled stainless steel from the same countries, EU will have a chance to impose provisional anti-subsidy duties in November 2021 and definitive duties in March 2022. In September, the EU published a decision to renew the current anti-dumping duties on cold rolled from China and Taiwan for another five years.

Our silent period starts on October 5, 2021 and continues until the January-September 2021 result is published on November 4, 2021.

Q3/21 pre-silent conference call was arranged on October 1, 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 Head of Investor Relations, [Linda Häkkilä](#) or visit our website www.outokumpu.com/investors

Best regards,

Outokumpu IR team

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