



The second quarter of 2022 has ended, and it is time to wrap up the quarter in anticipation of the silent period starting on July 5. Outokumpu will publish its January-June 2022 half-year report on August 4.

Guidance for Q2/22 (published May 5, 2022):

Group stainless steel deliveries in the second quarter are expected to remain at a similar level compared to the first quarter. The European ferrochrome benchmark price further increased to USD 2.16/lb for the second quarter. With current raw material prices, significant raw material related inventory and metal derivative gains are expected to be realized in the second quarter. Supply chain uncertainties resulting from the war in Ukraine and associated Russian sanctions remain a risk in the second quarter.

Adjusted EBITDA in the second quarter of 2022 is expected to be higher compared to the first quarter.

Highlights in the second quarter of 2022:

- Outokumpu held its **Capital Markets Day** on June 16, 2022 and launched the second phase of its strategy. On the previous day, the company also arranged a **site visit** to Kemi mine and Tornio mill for its institutional investors, analysts and bankers. All presentations and the recording of the Capital Markets Day can be found from our website: www.outokumpu.com/investors.
- **Strategy:** Outokumpu has successfully completed the first phase of the strategy with a strong focus on de-risking the company and strengthening the balance sheet.

The second phase will be about strengthening the core, focusing on three key priorities: sustainability, growth from productivity and customer-focused steering. Outokumpu aims to reduce its CO2 emissions by 14% by the end of 2025 in line with its SBTi 1.5-degree climate target. Also, capital discipline and strong shareholder returns will be at the core of the strategy going forward.

Financial targets for the second phase until the end of 2025 are:

- Net debt to EBITDA <1.0 in normal market conditions
- EBITDA run-rate improvement of EUR 200 million
- EUR 600 million of capital expenditure for the coming three years
- Stable and growing dividend

For the second phase, Outokumpu has launched two customer differentiated strategies for BA Europe. The company aims to strengthen cost leadership in high-volume stainless steel products and a global market leadership in advanced products. In BA Americas, the focus will be on sustaining the high profitability levels, and at the core of BA Ferrochrome's strategy is carbon neutrality.

- **New dividend policy:** According to the new dividend policy, Outokumpu aims to distribute a stable and growing dividend, to be paid annually. In the previous dividend policy, the pay-out ratio throughout a business cycle was aimed to be 30–50% of the Group's net income. The new dividend policy and current financial trajectory provides the Board a possibility to propose a significant increase in dividend to the next Annual General Meeting.
- **Funding:** Outokumpu has signed an unsecured EUR 700 million sustainability linked revolving credit facility with its key banks, which will replace its existing, currently unused secured revolving credit facility of EUR 532 million. The margin of the new facility is linked to emission reductions in line with the approved emission reduction target by the Science Based Targets initiative for 2030.
- **Kemi Mine to reach carbon neutrality by 2025:** Outokumpu has established a roadmap to achieve carbon neutrality at its Kemi chrome mine by 2025. The three main factors to reach this are the utilization of carbon free electricity, using biofuels in transportation and machinery, as well as replacing natural gas and propane gas with biogas in heating.
- **Circle Green:** Outokumpu has launched its new emission-minimized product line, Circle Green, which has the smallest emission intensity in the world, with a 92% lower carbon footprint than the global average. No other stainless steel manufacturer has been able to produce stainless steel with such low emission levels when taking into account all the climate emissions through the whole production chain including scope 1, 2 and 3. Climate compensating or offsetting has not been used and the focus has been on improving Outokumpu's own processes and supply chain. Fiskars Group, the global home of design-driven brands for indoor and outdoor living, will be the first company to use this as a raw material in Fiskars branded cookware products.

Operating environment in the second quarter of 2022:

- **Stainless steel market:** End-user demand for stainless steel has remained robust throughout the second quarter. However, distributor inventories in Europe remain high and distributors have focused on consuming current inventories.
- **Ferrochrome:** European benchmark price was settled at USD 1.80/lb for Q3/22, a decrease of 17% compared to USD 2.16/lb in Q2/22.
- **Energy:** Outokumpu has continued operations normally throughout the second quarter and various risk mitigation actions are in place to ensure sufficient energy supply going forward. In particular, back-up energy gas supply for Tornio has been pre-purchased in view of winter 2023.
- **EU safeguards & US Section 232 tariffs:** In the annual functioning review of the EU safeguards the proposed changes by the EU commission were imposed when the 5th safeguard year started on July 1, 2022. The rate of liberalization (annual increase of quotas) was increased from 3% to 4%. Other changes include temporarily suspension of the safeguard measures vis-à-vis Ukraine, updated list of developing countries and some other minor changes in the functionality.

Our silent period starts on July 5, 2022 and continues until January-June 2022 result is published on August 4, 2022.

Q2/22 pre-silent call was arranged on July 1, 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