



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 Q4/21 (November 4, 2021):

Group stainless steel deliveries in the fourth quarter are expected to remain at a similar level compared to the third quarter.

The European ferrochrome benchmark price increased to USD 1.80/lb for the fourth quarter.

Higher stainless steel prices are reflected in the already received orders and compensating the inflationary pressures in energy, consumables and freight in the fourth quarter.

Adjusted EBITDA in the fourth quarter of 2021 is expected to be higher compared to the third quarter.

Highlights in the fourth quarter of 2021:

- **Stainless steel market:** Market environment has remained favourable throughout the fourth quarter. Demand for stainless steel continues to be strong and realized prices have continued to improve. Outokumpu's capacity utilization rates have remained at a high level also during the last quarter of the year. Thereby, the company expects its stainless steel deliveries in the fourth quarter to remain at a similar level compared to the third quarter.
- **Ferrochrome:** European benchmark price was settled at USD 1.80/lb for Q1/22 and remained stable compared to Q4/21.
- **Energy prices:** Outokumpu is following its energy hedging policy so major part of the electricity has already been hedged for the current and the coming quarters. Increased electricity price has however an impact on the part that is not hedged. As anticipated earlier, the higher energy prices will have a negative impact on Outokumpu in the fourth quarter compared to the third quarter.
- **Balance sheet:** In December, Outokumpu redeemed in full its outstanding 4.125 percent rated senior secured fixed rate notes due in 2024 using existing cash reserves to finance the redemption.

Outokumpu continues the de-leveraging of the company in accordance with its current strategy. Since the beginning of this year, the company had already prepaid outstanding debt in an amount of EUR 210 million, bringing net debt to EUR 749 million at the end of Q3/2021 and leading to considerable savings in finance costs. Simultaneously the leverage ratio has decreased to 1.0, which is well below the target level of 3.0.

Reducing leverage and maintaining good liquidity remains a priority also going forward. The company's good profitability combined with the debt reduction has resulted in Moody's recently increasing Outokumpu's corporate family rating to Ba3 with a stable outlook.

- **CO₂ emission reduction:** In May 2021, Outokumpu announced its updated sustainability strategy and committed to more ambitious climate targets with the aim of being the industry benchmark in sustainability.

On December 21, Outokumpu announced that The Science Based Targets initiative (SBTi) has approved the company's updated greenhouse gas emission reduction targets. The approval of the Science Based Targets initiative means that Outokumpu's targets are aligned with keeping global warming below 1.5°C and meet the goals of the Paris Agreement. Outokumpu is the only stainless steel producer to have climate targets approved by the Science Based Targets initiative.

Outokumpu's new near-term science-based target is to reduce direct and indirect emissions as well as its supply chain emissions (scopes 1, 2 and 3) by 42% per tonne of stainless steel by 2030 from a 2016 base year. The new target marks a further 30% reduction from the 2020 level. The updated targets cover Outokumpu's value chain from raw materials to own production and delivery.

As the only stainless steel company with a 1.5°C aligned target, Outokumpu and its experts support the Science Based Targets initiative in developing the decarbonization approach for the steel sector. Outokumpu has already been a member of the SBTi since 2016. As a long-term goal, Outokumpu is striving for carbon neutrality in its own operations globally by 2050.

- **ESG (Environmental, Social & Governance) webcast:** On December 8, Outokumpu arranged a separate ESG webcast event and gave an extensive update on the company's sustainability journey. In the event, Outokumpu discussed about its ongoing environmental, social and governance actions and the ambitious emission reduction target of the Science-Based Target initiative (SBTi) 1.5°C. The material and recording of the event can be found from our website: <https://www.outokumpu.com/en/investors>
- **Anti-dumping & anti-subsidy:** In November, the EU imposed definitive anti-dumping duties on cold rolled stainless steel from Indonesia & India until November 2026. The duties were imposed at the levels of ~14-35% for the Indian and of ~10-20% for the Indonesian exporters. In the anti-subsidy investigation on cold rolled stainless steel from the same countries, the EU will have a chance to impose definitive anti-subsidy duties by March 2022.
- **EU safeguards & US Section 232 tariffs:** At the end of October, the US has agreed to replace the Section 232 tariffs with the tariff-rate-quota for the imports from the EU from 1 January 2022. In response, the EU has agreed to suspend the rebalancing measures on steel and other products imposed in 2018 and suspend also the increase in rebalancing measures set for 1 December 2021. In December, the EU opened the review of the safeguards as a result of EU's exemption from the US tariffs. This review will also address the objectives of the annual "functioning review" which was in any event due to be finished by the end of June 2022.

Our silent period starts on January 9, 2022 and continues until the financial statements release 2021 is published on February 8, 2022.

Q4/21 pre-silent conference call was arranged on January 5, 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 Häkklilä](mailto:Linda.Hakkila@outokumpu.com) or visit our website www.outokumpu.com/investors

Best regards,

Outokumpu IR team

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