



Third quarter of 2022 has ended, and it is time to wrap up the quarter in anticipation of the silent period starting on Tuesday, October 4. Outokumpu will publish its January-September 2022 interim report on Thursday, November 3.

**Outlook for Q3 2022 for continuing operations\*** (published on August 3, 2022):

Group stainless steel deliveries for continuing operations\* in the third quarter are expected to decrease by 10–20% compared to the second quarter. Prices for stainless steel in the already received orders have remained at a high level. The European ferrochrome benchmark price decreased to USD 1.80/lb for the third quarter. Energy costs are expected to increase in the third quarter and impact especially negatively business area Ferrochrome. 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, significant raw material-related inventory and metal derivative losses are expected to be realized in the third quarter.

#### Guidance for Q3 2022:

Adjusted EBITDA for continuing operations\* in the third quarter of 2022 is expected to be lower compared to the second quarter.

\*Continuing operations is excluding the Long Products business units to be divested, which will be classified as assets held for sale, reported and restated as discontinued operations in Q3/2022. Continuing operations represents approximately 90% of Group second-quarter adjusted EBITDA.

#### Main topics in the third quarter of 2022:

- **Divestment of the Long Products business:** On July 12, Outokumpu announced that it has signed an agreement to divest the majority of the Long Products business operations to Marcegaglia Steel Group, a leading industrial group worldwide in the steel processing sector. Outokumpu will now focus on its core business of flat stainless steel products. The company expects to complete the divestment by the end of this year and the transaction to strengthen its financial position. On September 26, Outokumpu published the restated consolidated statement of income and relevant Group and segment key figures for 2021 and first half of 2022 to reflect the divestment.
- **Stainless steel market:** Distributor inventories have remained at a high level in both regions despite some destocking. In Europe, end-user demand has continued to be on a good level, especially for advanced materials. Outokumpu expects its stainless steel deliveries for continuing operations to decrease by 10-20% in the third quarter compared to the previous quarter.
- **Optimization of the ferrochrome production:** Due to the high electricity price, Outokumpu started to optimize its ferrochrome production in the beginning of August to manage rising costs in this extremely exceptional situation. Optimization of the ferrochrome production means that Outokumpu has not been producing ferrochrome when the electricity price and usually also the demand have been at the highest. Ferrochrome is one of the raw materials in the stainless steel making, and it accounts for more than half of Outokumpu's electricity use in Finland. By optimizing ferrochrome production, Outokumpu has been able to manage the rising electricity costs, but at the same time, it has naturally resulted in a decrease of production.
- **Delayed restart of a ferrochrome furnace:** On September 6, Outokumpu announced that due to exceptionally high energy prices and an unstable energy market, it has decided to delay the restart of one of the three ferrochrome furnaces after a planned maintenance break. The furnace has not been restarted yet.
- **Energy hedging:** Outokumpu has an energy hedging policy in place. The company is well hedged by the end of this year, but in the long-term hedging ratios are lower. Outokumpu is monitoring the situation closely and has prepared for various scenarios.
- **Ferrochrome:** European benchmark price was settled USD 1.80/lb for Q3/22. Benchmark price for Q4/22 has not yet been settled.
- **Net of timing & hedging:** With current raw material prices, Outokumpu expects significant raw material-related inventory and metal derivative losses to be realized in the third quarter. Some metal prices have deteriorated more than expected e.g. iron and molybdenum, and this will result in a bigger negative impact than initially expected.
- **Credit rating:** On September 15, Credit rating agency Moody's affirmed the Ba3 corporate family rating of Outokumpu Oyj and changed the outlook to positive from stable. Outokumpu's current corporate family rating is the best credit rating since Outokumpu first obtained Moody's rating in 2016.
- **Anti-dumping & anti-subsidy:** The EU has at the end of July initiated investigation concerning circumvention of the anti-dumping duties (17.3%) imposed on hot rolled from Indonesia. This investigation will take maximum of nine months and as a result the EU can impose anti-dumping duties of 17.3% also on hot rolled from Turkey.

Our silent period starts on Tuesday, October 4, 2022 and continues until January-September 2022 result is published on Thursday, November 3, 2022.

Q3/2022 pre-silent call was arranged on Friday, September 30, 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 Häkklä](#) or visit our website [www.outokumpu.com/investors](http://www.outokumpu.com/investors)

Best regards,  
Outokumpu IR team

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