



IR Newsletter

Second quarter of 2023 has ended, and it is time to wrap up the quarter in anticipation of the silent period starting on Tuesday, July 4. Outokumpu will publish its January-June 2023 half-year report on Thursday, August 3.

Outlook for Q2 2023 (published on May 9, 2023):

Group stainless steel deliveries in the second quarter are expected to remain stable compared to the first quarter.

Ferrochrome production will increase and return to normal levels in the second quarter; however, the business area is preparing for a maintenance break in the third quarter.

With current raw material prices, no significant raw material-related inventory and metal derivative impacts are expected to be realized in the second quarter.

Guidance for Q2 2023: Adjusted EBITDA in the second quarter of 2023 is expected to be at a similar or higher level compared to the first quarter.

Highlights in the second quarter of 2023:

- **Moody's has upgraded Outokumpu's corporate family rating to Ba2 from the previous rating of Ba3:** Outokumpu's current corporate family rating is the best credit rating, since the company obtained its first corporate family rating in 2016 from Moody's. At the same time, Moody's changed the outlook on the rating from positive to stable.
- **Outokumpu has been included in the Financial Times' list of Europe's Climate Leaders in 2023:** Financial Times and research company Statista's list recognizes European companies that are leading the way in emissions reduction as well as transparency and commitment to global climate-related initiatives. Outokumpu made the list as the only stainless steel producer.
- **Outokumpu seeks to strengthen the supply chain of sustainable nickel by acquiring a 9.9% share in the Canadian junior mining and development company FFX Nickel:** Outokumpu has ambitious sustainability targets and is constantly looking for options to further decarbonize its stainless steel. In addition to looking at its own manufacturing operations, Outokumpu also seeks to strengthen its supply chain of sustainable raw materials for the future. The carbon footprint of the FFX Nickel product is projected to be among the lowest 10% in the nickel industry and it is readily usable in stainless steel industry, making it well suited for Outokumpu's stainless steel operations. The current estimate is that the nickel production would start approximately at the end of the current decade. Outokumpu has agreed to invest EUR 11 million in the company. With the investment, Outokumpu secures a right to a share of FFX Nickel's future production.
- **Marc-Simon Schaar has been appointed as Chief Procurement Officer and member of Outokumpu Leadership Team:** Chief Procurement Officer is a new role in the company and reports to the CEO.
- **Outokumpu starts a collaboration with thyssenkrupp Materials Processing Europe and Boysen Group to help decarbonize the automotive industry:** Outokumpu is partnering with thyssenkrupp Materials Processing Europe, a leading steel and aluminium service centre, and Boysen Group, a premium exhaust system manufacturer, to introduce the world's first towards-zero stainless steel to the automotive industry. Outokumpu's Circle Green is the world's most sustainable stainless steel with up to 92% lower carbon footprint than the industry average. The companies aim to supply larger quantities of Outokumpu's Circle Green product to the industry as of the second half of 2023.
- **Outokumpu and Nordic Steel to start collaboration – towards-zero stainless steel introduced for the first time to the Norwegian market:** Outokumpu is partnering with Nordic Steel, Norway's leading competence centre in steel, to introduce sustainable stainless steel in Norway. Outokumpu's Circle Green is the world's most sustainable stainless steel with up to 92% lower carbon footprint than the industry average. The collaboration supports the sustainability strategy for both companies and enables Nordic Steel to be the first in Norway to offer the solution to its customers.

Operating environment in the second quarter of 2023:

- **Stainless steel market:** Market environment was weaker in the second quarter and distributors have remained cautious with their buying activity. Group stainless steel deliveries in the second quarter are expected to remain stable compared to the first quarter – in line with guidance. In Europe, however, there was some pressure and volume development was slightly weaker than expected in the middle of the quarter.
- **Ferrochrome:** Ferrochrome production rebounded in line with guidance. Production was increased to normal levels in the second quarter, and business area produced material also to inventory to be prepared for the maintenance break in the third quarter.
- **Costs:** Peak inflation is behind and especially energy costs have somewhat decreased.
- **Net of timing & hedging:** Nickel price declined during the second quarter. Usually, declining metal prices lead to timing losses, which are then offset by positive metal hedging. Recent change in metal prices, especially nickel is expected to result in a negative net of timing and hedging impact of approximately EUR 15-20 million in the second quarter.
- **EU safeguards:** In the expiry review of the EU safeguards the Commission proposed to keep the measures in place without changes in the functionality until June 2024. The Commission proposed to keep the liberalization unchanged, i.e. quotas will increase by 4% on 1 July, 2023. Commission's proposal was accepted by the member states on June 14, 2023.
- **Anti-dumping:** In the EU investigation concerning circumvention of the anti-dumping duties (17.3%) imposed on hot rolled from Indonesia, the Commission has in April expanded the duties also on Turkey. These duties will be in place as long as the original duties on Indonesia, until October 2025.

The Q2/2023 pre-silent call hosted by CFO Pia Aaltonen-Forsell was arranged on Monday, June 26. The recording of the call can be found from our [website](#).

Our silent period starts on Tuesday, July 4, 2023, and continues until the January-June 2023 half-year report is published on Thursday, August 3, 2023.

For more information, please contact Head of Investor Relations, [Linda Häkklä](#) or visit our website www.outokumpu.com/investors.

Best regards,
Outokumpu IR team

Working towards a world that lasts forever

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