



IR Newsletter

Happy New Year! Last quarter of 2022 has ended, and it is time to wrap up the quarter in anticipation of the silent period starting on Tuesday, January 10. Outokumpu will publish its financial statements release 2022 on Thursday, February 9.

Outlook for Q4 2022 (published on November 3, 2022):

Group stainless steel deliveries in the fourth quarter are expected to decrease by 0–10% compared to the third quarter.

The European ferrochrome benchmark price decreased to USD 1.49/lb for the fourth quarter.

Ferrochrome production continues at 50–60% of its full capacity due to a furnace shutdown and the optimization of the ferrochrome production, caused by exceptionally high electricity costs.

With current raw material prices, raw material-related inventory and metal derivative losses are expected to be realized in the fourth quarter.

Guidance for Q4 2022: Adjusted EBITDA in the fourth quarter of 2022 is expected to be lower compared to the third quarter.

Main news in the fourth quarter of 2022:

- **Share buyback program launched:** On November 3, Outokumpu Board of Directors approved a share buyback program of up to EUR 100 million. The maximum number of shares to be repurchased under the program is 20 million, representing approx. 4.4% of the company's total number of shares. The program commenced on November 7, 2022 and ends no later than on March 24, 2023. Find more information about the progress from [here](#).
- **Aim to improve energy efficiency significantly in 2023 and 2024:** On November 3, Outokumpu announced that it will significantly increase its energy efficiency improvement target and prioritize related investments in 2023 and 2024. Until the end of 2024, Outokumpu aims to improve its energy efficiency by 8% across the group compared to the January–September 2022 level. Annual energy efficiency related capital expenditure is increased by EUR 20 million for 2023 and 2024 while the total annual capital expenditure remains limited to EUR 200 million.
- **Outokumpu is the first stainless steel producer to provide a product-specific carbon footprint based on continuous production data:** Outokumpu is committed to help its customers and this will both help customers in their emission-reduction goals and also support Outokumpu's long-term climate targets and sustainability strategy.
- **Outokumpu's emission-minimized stainless steel gaining share in the industry - cooperation with steel distributor Klöckner & Co:** On December 7, Outokumpu announced that it is starting cooperation with Klöckner & Co, one of the largest producer-independent distributors of steel and metal products, by delivering the first coil made of emission-minimized stainless steel. Outokumpu's Circle Green is classified in the best, so-called "Prime" category in Klöckner & Co's new categorization for stainless steel. Circle Green production was the first of its kind globally, as 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 from raw material extraction through the whole production chain.
- **Outokumpu recognized a deferred tax asset of approx. EUR 353 million:** On December 13, Outokumpu announced that it recognizes a deferred tax asset of approx. EUR 353 million related to its business area Americas, which will have a positive one-off impact on net result in 2022. Following two consecutive years of strong performance in business area Americas and expectations for continuing good performance, the condition for recording a deferred tax in the balance sheet was fulfilled according to IFRS. The recognition of the deferred tax assets will have a positive impact on group's EPS in 2022 and a negative impact on one of its main key performance indicators, ROCE. Read more from the [stock exchange release](#).
- **Divestment of majority of the Long Products business completed:** On January 3, Outokumpu announced that it has completed the divestment of majority of its Long Products business. Melting, rod and bar operations in Sheffield, UK, bar operations in Richburg, US, and wire rod mill in Fagersta, Sweden were sold to Marcegaglia. The total consideration of the transaction on a debt and cash free basis was approx. EUR 228 million, strengthening Outokumpu's financial position. Read more from the [stock exchange release](#).

Operating environment in the fourth quarter of 2022:

- **Stainless steel market:** Market environment clearly started to weaken in the second half of the year and there has been significant distributor de-stocking as well as high imports in both regions, Europe, and Americas. Additionally, in Americas, the fourth quarter is usually seasonally the weakest quarter of the year.
- **Operations:** Despite challenging energy situation in Europe, Outokumpu has been running its stainless operations normally throughout the fourth quarter.
- **Net of timing & hedging:** Raw material-related inventory and metal derivative losses are expected to be realized in the fourth quarter. As a result of rising nickel price late in the quarter, the negative impact will be higher than initially expected.
- **Delayed restart of a ferrochrome furnace:** Due to exceptionally high electricity prices, the restart of one of the three ferrochrome furnaces will be delayed at least until the end of the first quarter of 2023 as announced on October 7.
- **EU safeguards:** The expiry review of the EU safeguards was initiated in the beginning of December. This review will investigate whether the measures should expire at the end of June 2023, or be in place for one more year, until the end of June 2024. The review will be finished by the end of June 2023.

Our silent period starts on Tuesday January 10, 2023 and continues until financial statements release 2022 is published on Thursday, February 9, 2023.

Q4/2022 pre-silent call was arranged on Wednesday, January 4, and the recording of the call can be found from our [website](#).

Outokumpu's financial reporting in 2023:

- financial statements release 2022 on Thursday, February 9, 2023,
- interim report for January–March 2023 on Tuesday, May 9, 2023,
- half-year report for January–June 2023 on Thursday, August 3, 2023 and
- interim report for January–September 2023 on Tuesday, November 7, 2023.

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

Happy and successful year 2023!

Best regards,
Outokumpu IR team

Working towards a world that lasts forever

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