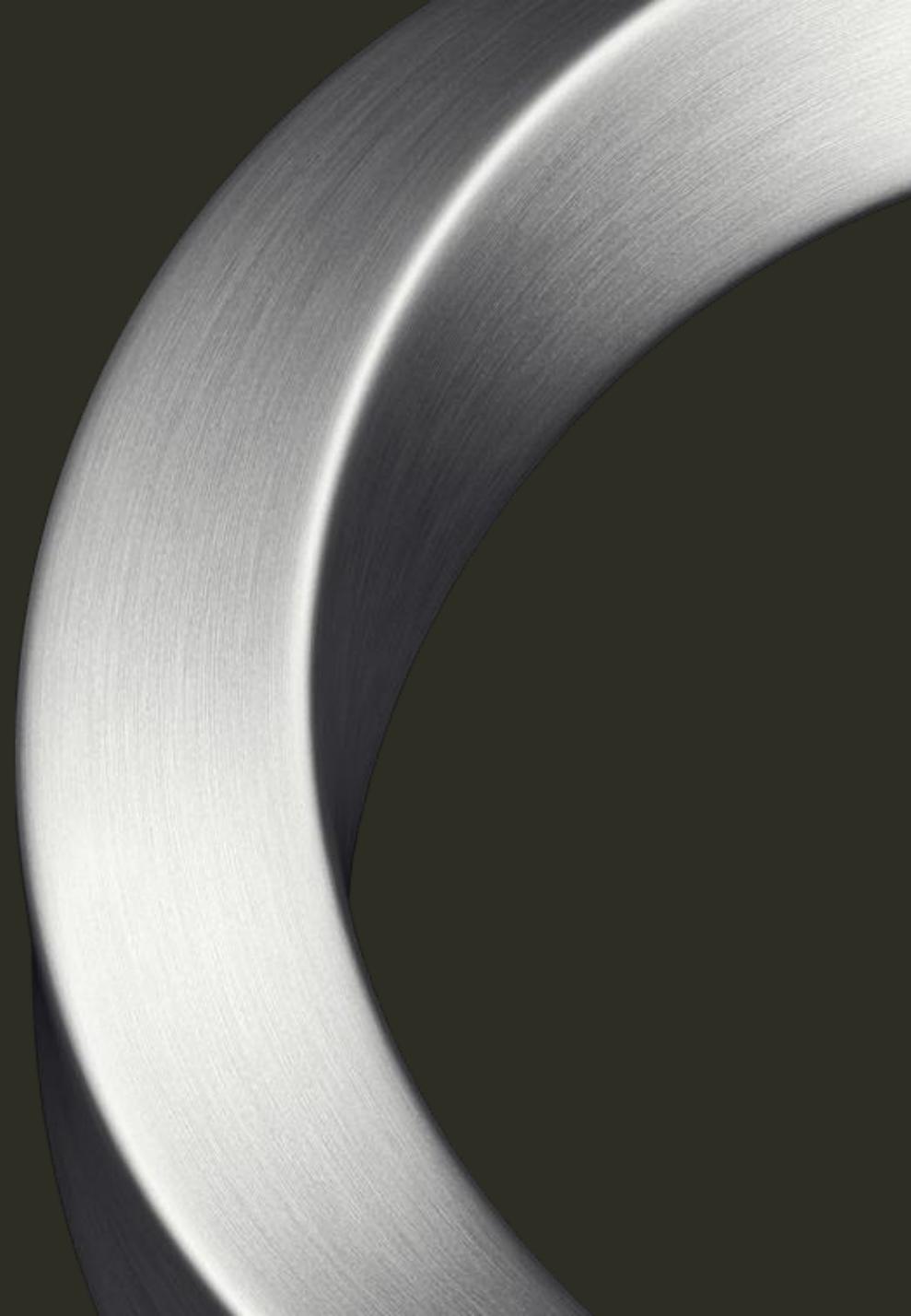


Outokumpu Capital Markets Day 2016

November 29, 2016

Helsinki, Finland



Program

Time	Topic	Presenter	Page
13:30	Opening remarks	Tommi Järvenpää, Head of Investor Relations	
13:35	Best value creator in stainless steel by 2020 through customer orientation and efficiency	Roeland Baan, CEO	6
14:10	Americas – gearing up for growth	Michael S. Williams, Head of Americas	24
14:45	Coffee break		
15:15	Europe – from restructuring to profitable growth	Roeland Baan, CEO	38
15:50	Long Products – creating value through efficiency and specialization	Kari Tuutti, Head of Long Products	50
16:15	Improving profitability – debt declining	Chris de la Camp, CFO	63
16:45	Summary Q&A		
16:55	Final words	Roeland Baan, CEO	
17:00	Cocktails		

Speakers



**Roeland
Baan**
CEO

b. 1957, Dutch citizen

Roeland Baan is the President and Chief Executive Officer of Outokumpu and President of the business area Europe.

Roeland joined the company in the beginning of 2016. Roeland has almost two decades of experience in aluminum and carbon steel as well as extensive experience in the energy industry. Roeland holds a M.Sc. degree in Economics.



**Michael S.
Williams**
Head of
Americas

b. 1960, US citizen

Michael Williams heads the Americas business area of Outokumpu.

Michael joined the company in 2015 with over 30 years of experience in aluminum and carbon steel in United States. He holds a B. Sc. degree in Information science.

Speakers



**Kari
Tuutti**
Head of
Long Products

b. 1970, Finnish citizen

Kari Tuutti heads the Long Products business area in Outokumpu. He joined Outokumpu in 2011 and he had headed communications, marketing, investor relations and sustainability in the Group before moving over to Long Products.

Before Outokumpu, Kari has worked with marketing, communications and treasury in Nokia and Merita Bank, and he holds a M.Sc. (Econ.) degree.



**Chris
de la Camp**
CFO

b. 1963, German citizen

Chris de la Camp joined Outokumpu in July 2016 as Chief Financial Officer.

Chris has an extensive financial, commercial and project-related background and leadership experience in chemical and oil & gas industries. Chris holds an MBA degree as well as B.Sc. degree in Engineering.

Disclaimer

This presentation contains, or may be deemed to contain, statements that are not historical facts but forward-looking statements. Such forward-looking statements are based on the current plans, estimates and expectations of Outokumpu's management based on information available to it on the date of this presentation. By their nature, forward-looking statements involve risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. Future results of Outokumpu may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. Factors that could cause such differences include, but are not limited to, the risks described in the "Risk factors" section of Outokumpu's latest Annual Report and the risks detailed in Outokumpu's most recent financial results announcement. Outokumpu undertakes no obligation to update this presentation after the date hereof.

Best value creator in stainless steel by 2020 through customer orientation and efficiency

Roeland Baan
CEO

Best **value creator**
in stainless steel
by 2020 through
customer orientation
and efficiency

1. Customers
2. Shareholders
3. Employees

Time bound:
sense of urgency

Back to basics

Improving performance

Financial targets for 2020

EBIT
EUR 500 million

ROCE
12%

Gearing
<35%

We have a strong foundation

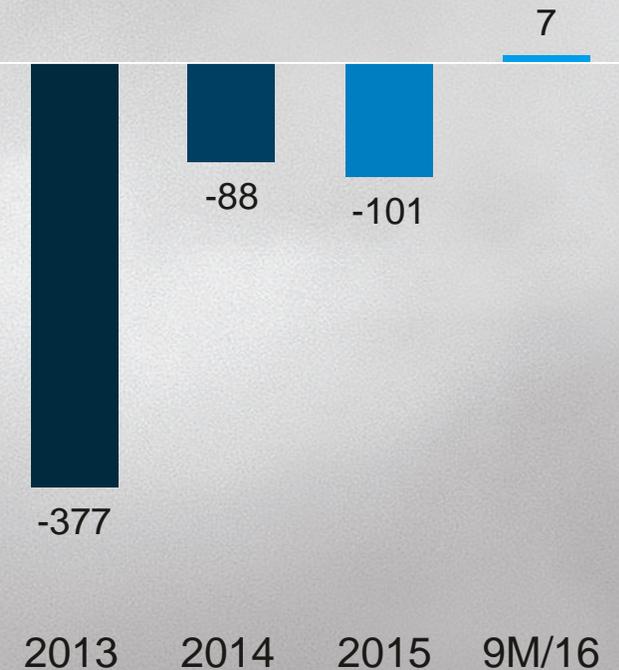
No. 1 in Europe,
No. 2 in Americas

World-class
assets

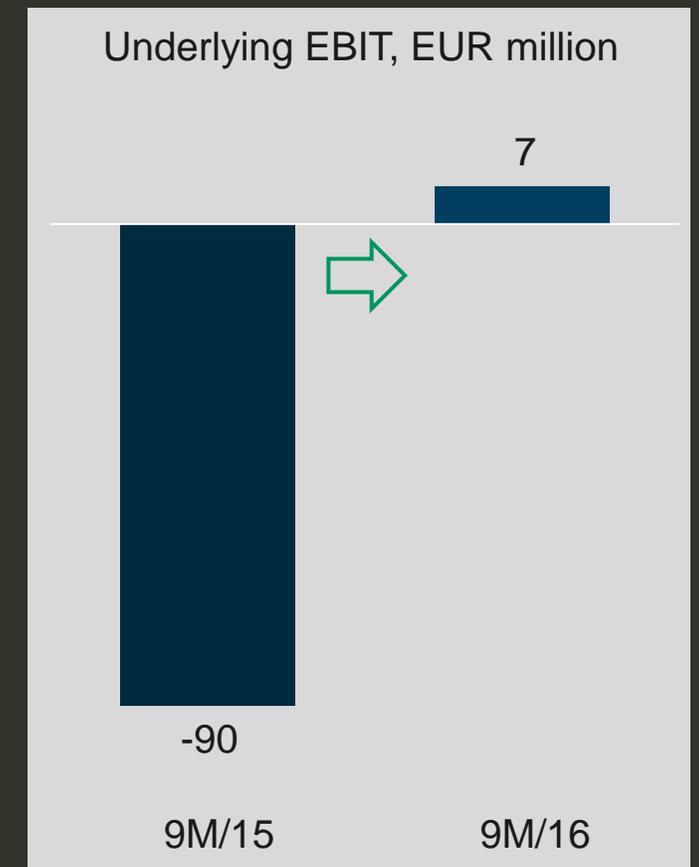
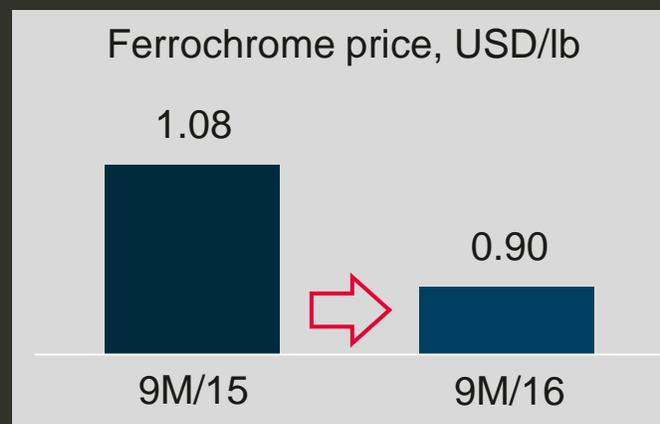
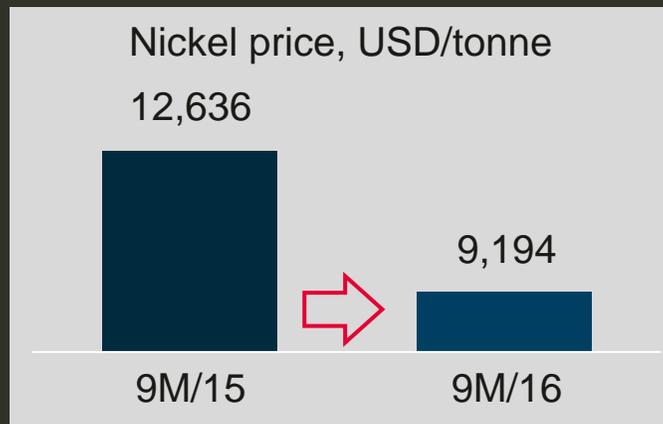
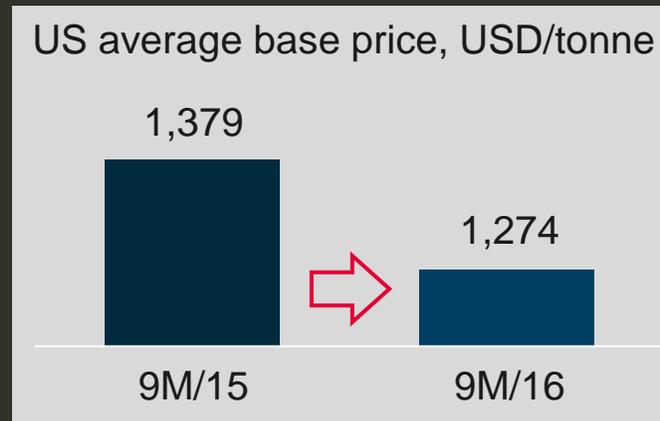
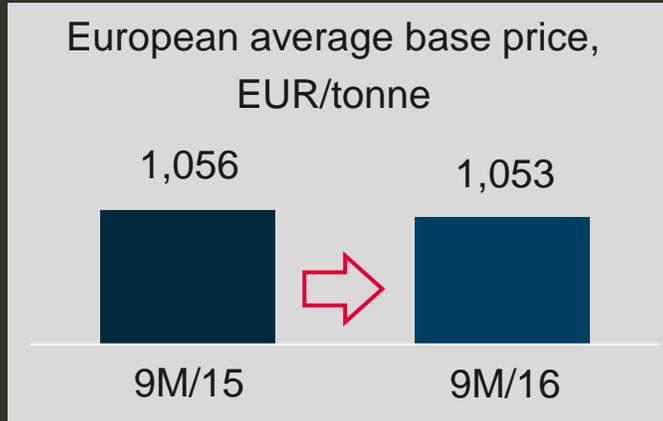
Strong product
portfolio

Solid balance
sheet

Underlying EBIT, EUR million



We have improved our profitability through self-help



Stainless steel is the answer to challenges presented by megatrends

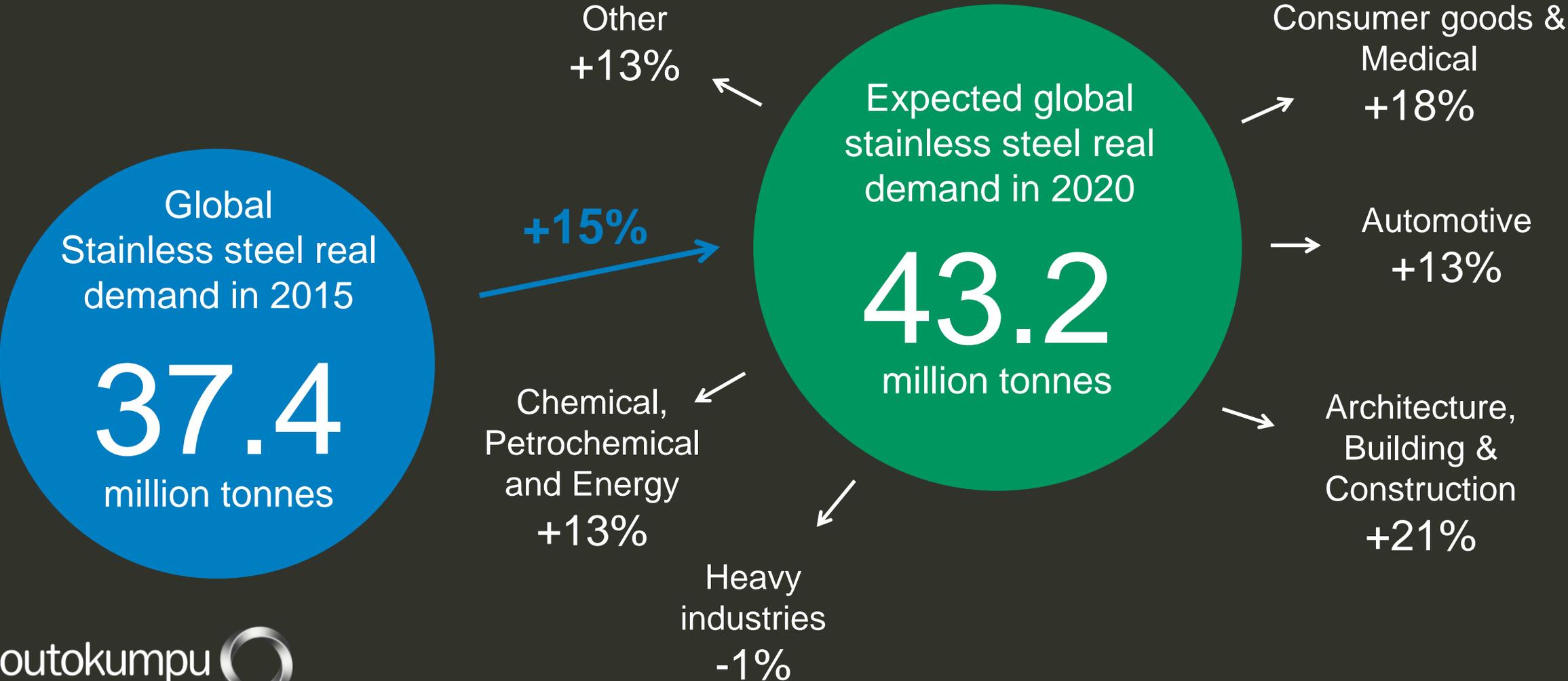
→ Urbanization

→ Mobility

→ Sustainability

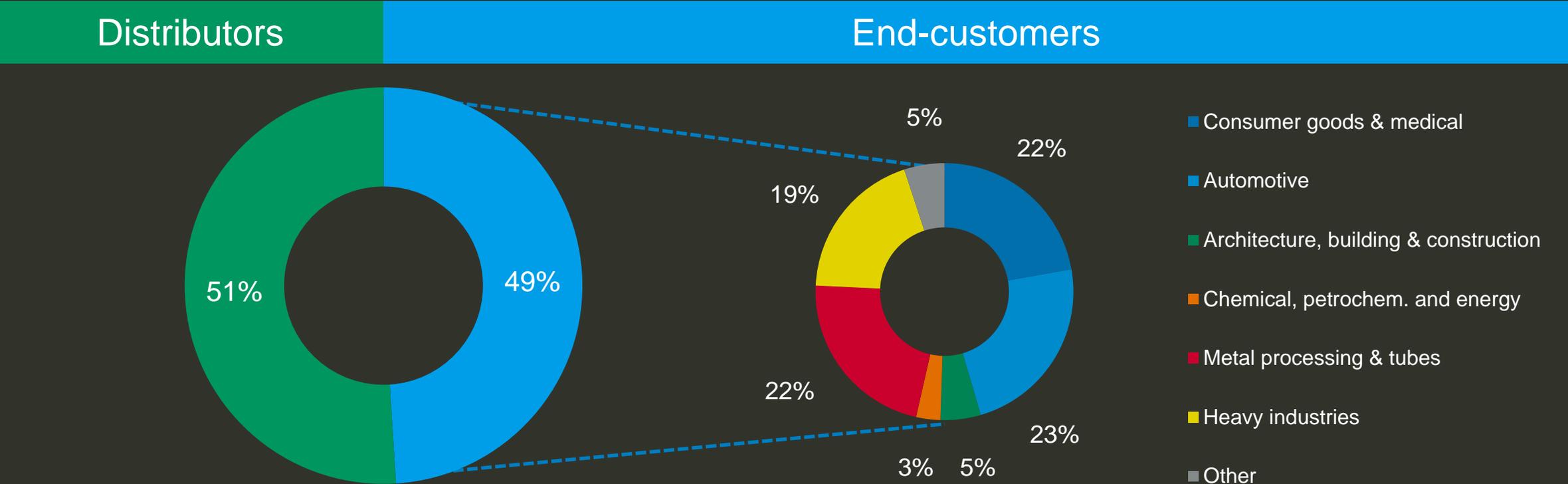
→ Stainless Stainless

Stainless steel demand continues to grow

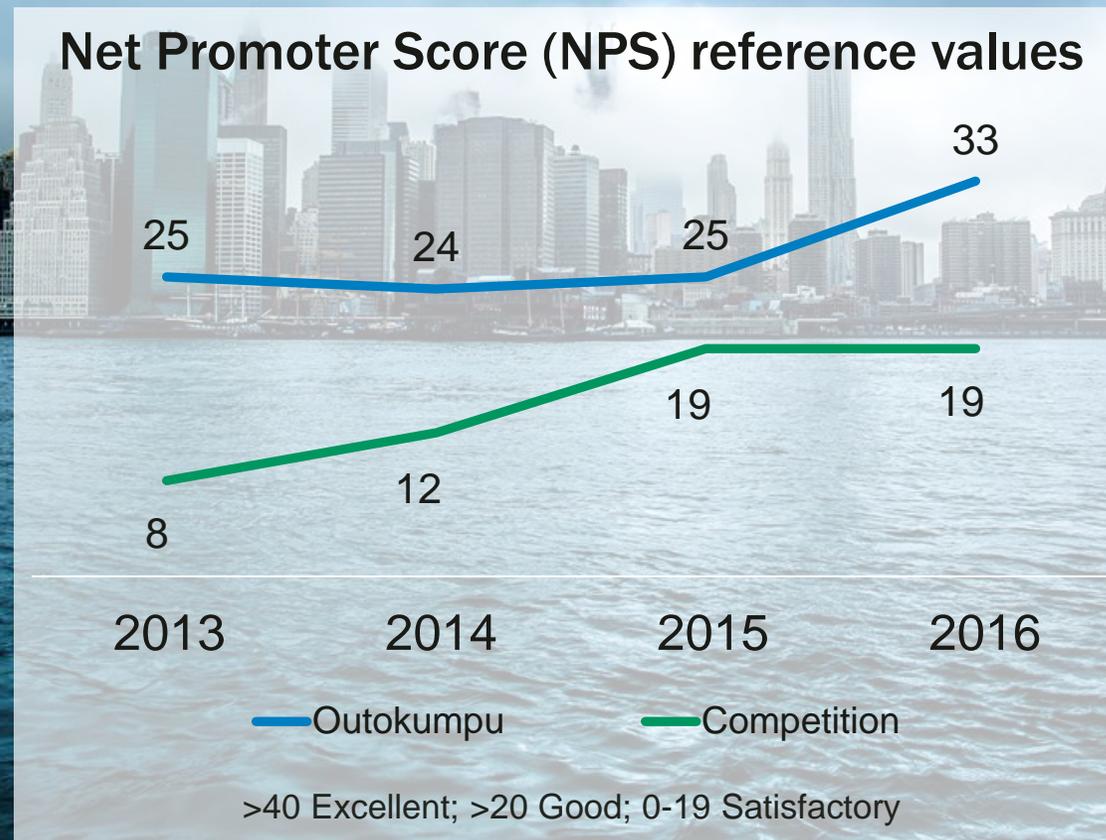


We focus on growth segments

Consumer goods, automotive, architecture, building and construction



We outperform our competitors in customer satisfaction



Differentiators

- Product quality
- Personnel: expertise

Irritators

- Flexibility & responsiveness
- Price

Our strategic plan

VISION 2020:
To be the best value creator
in stainless steel by 2020
through customer orientation
and efficiency.

The best value in the industry for customers,
shareholders and employees through:

Safety

High
Performing
Organization

World Class
Supply Chain

Manufacturing
Excellence

Americas

Commercial
Excellence

We have actions in place to achieve best-in-class safety

Background

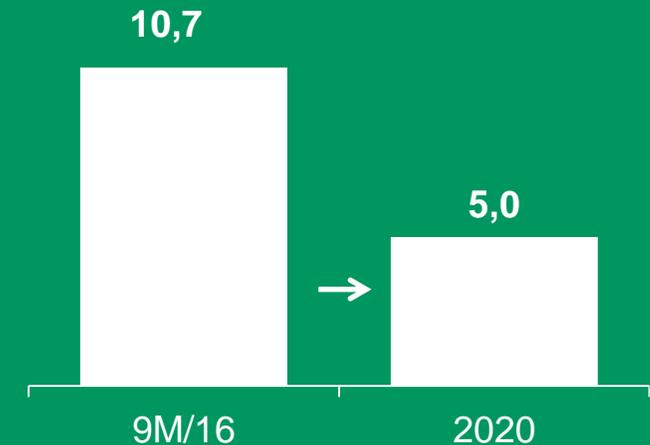
Top performers in any process industry are the ones which have top safety performance too. We have been clearly behind best-in-class level.

Our target

Standardized and disciplined approach to safety that correlates with improved quality and operational efficiency, leading to a top decile position in the industry.

- **Safety audits at each mill carried out in 2016**
- **Leadership attention: CEO safety calls**
- **Mandatory Safety Behavior Observations**

Total recordable incident frequency, TRIFR



High Performing Organization leading to efficiency

Background

Complex organization structure with multiple P&L centers. Complicated and bureaucratic management model. SG&A costs above our main competitors.

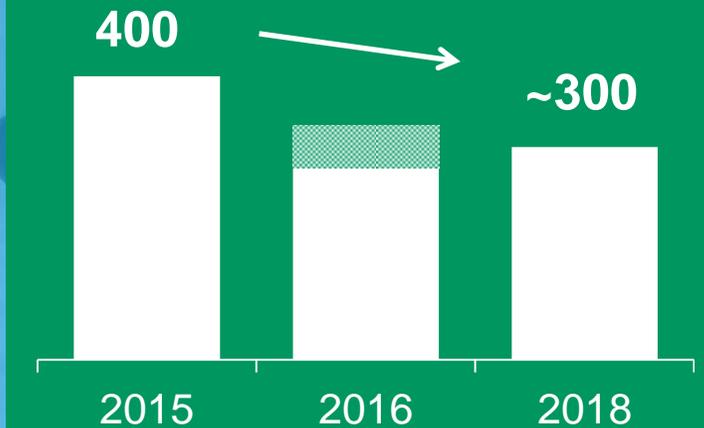
Our target

A lean, simple and flat organization that takes its lead from the market requirements.

New organization structure in place since June, reduction of 600 jobs ongoing

Culture change and new way of working to be implemented

SG&A costs at EUR 300 million in 2018



Targeted Organization Health Index score from bottom quartile to top quartile by 2020



World Class Supply Chain: better delivery performance, lower costs

Background

High net working capital and poor delivery performance due to complex, mill centric organization and supply chain.

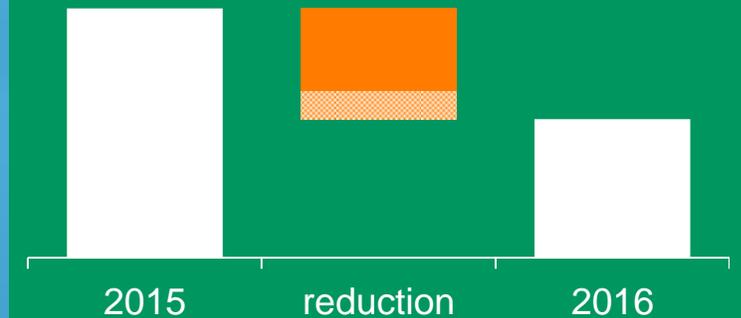
Our target

Recast the supply chain function to become the core process owner of matching market demand to the optimal manufacturing capabilities.

Vigorous NWC management

Integrated supply chain organization and process

NWC release of EUR 200 million by end of 2016



- **Best delivery performance in the industry**
- **15% savings in procurement costs by 2020**

Manufacturing Excellence leading to higher productivity

Background

Negative productivity development due to unharmonized processes, lack of focus and systematic approach to continuous improvement.

Our target

Implementing a standardized operating model to ensure continuous productivity gains across the company, leading to industry benchmark competitiveness.

- All plants assessed
- Systematic improvement program installed
- Cross-unit best practice installation
- Operational Equipment Effectiveness in progress

- Productivity to improve 2-3% annually
- Higher volumes
- Improvement of equipment efficiency

Americas is the single biggest profitability lever

Background

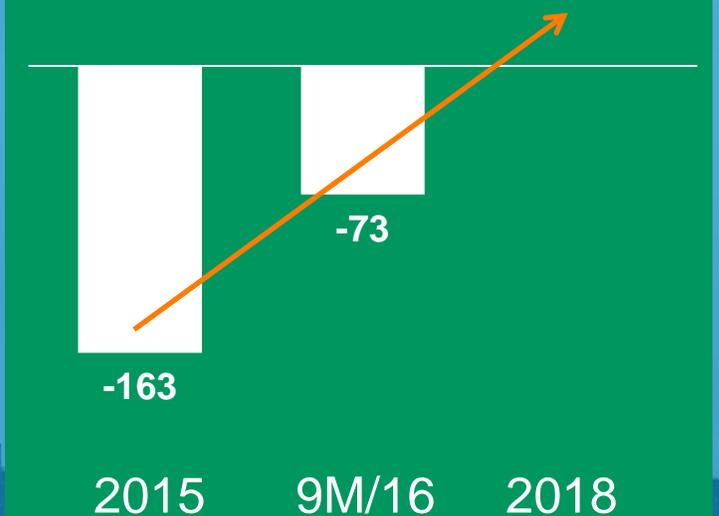
State of the art mill in Calvert, Alabama. Highly efficient operations in Mexinox, Mexico. The single biggest profitability lever for Outokumpu, with significant improvement potential in both cost and market position.

Our target

To be the most profitable stainless steel producer in North America. Full commercial maturity in 2018.

- Improvement of cost position and efficiency
- Gaining our fair share of the market, becoming the preferred partner
- Product mix and segmentation improvement
- Supply chain optimization

Americas' underlying EBIT, EUR million



Commercial Excellence driving profitable growth

Background

Strong product portfolio and good reputation among customers.
Need to leverage the best opportunities.

Our target

Strong market share in main regions. Outokumpu as preferred partner in most demanding projects and applications.

- **Industry and region specific strategy and market approach**
- **Sales and pricing excellence**
- **Increased production capability**
- **Customer focus and expansion**
- **Recognized leader in quality**

Key achievements so far:

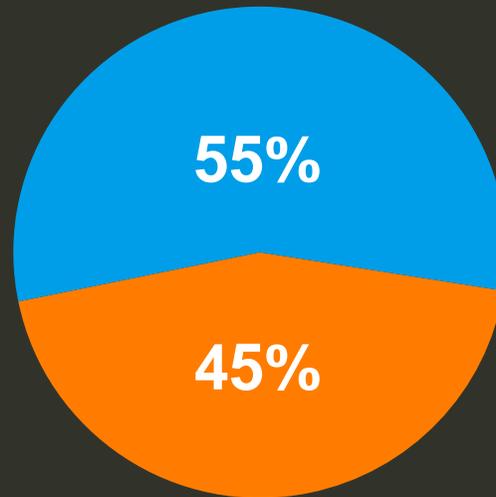
- **Increased market share**
- **Record-high deliveries in Americas**
- **Profitability improvement in Europe despite lower deliveries**

Our must-win battles deliver EUR 500 million in 2020

Topline growth and cost efficiency based on self-help

TOP LINE GROWTH

- Increase volume through efficiency and debottlenecking
- Richer mix through improved capability and selective sales strategy
- Value based selling



COST REDUCTION

- Achieve 2-3% annual productivity improvement
- Achieve 15% savings in procurement
- Reduce variable and fixed cost
- Reduce SG&A cost by EUR 100 million

We are solidly on track

We have improved our profitability through self-help

We are driving topline growth and efficiency through our must-win battles

The EUR 500 million by 2020 target is firmly within our reach

Americas – gearing up for growth

Michael S. Williams
Head of Americas

**Best value creator
in stainless steel
by 2020 through
customer orientation
and efficiency**

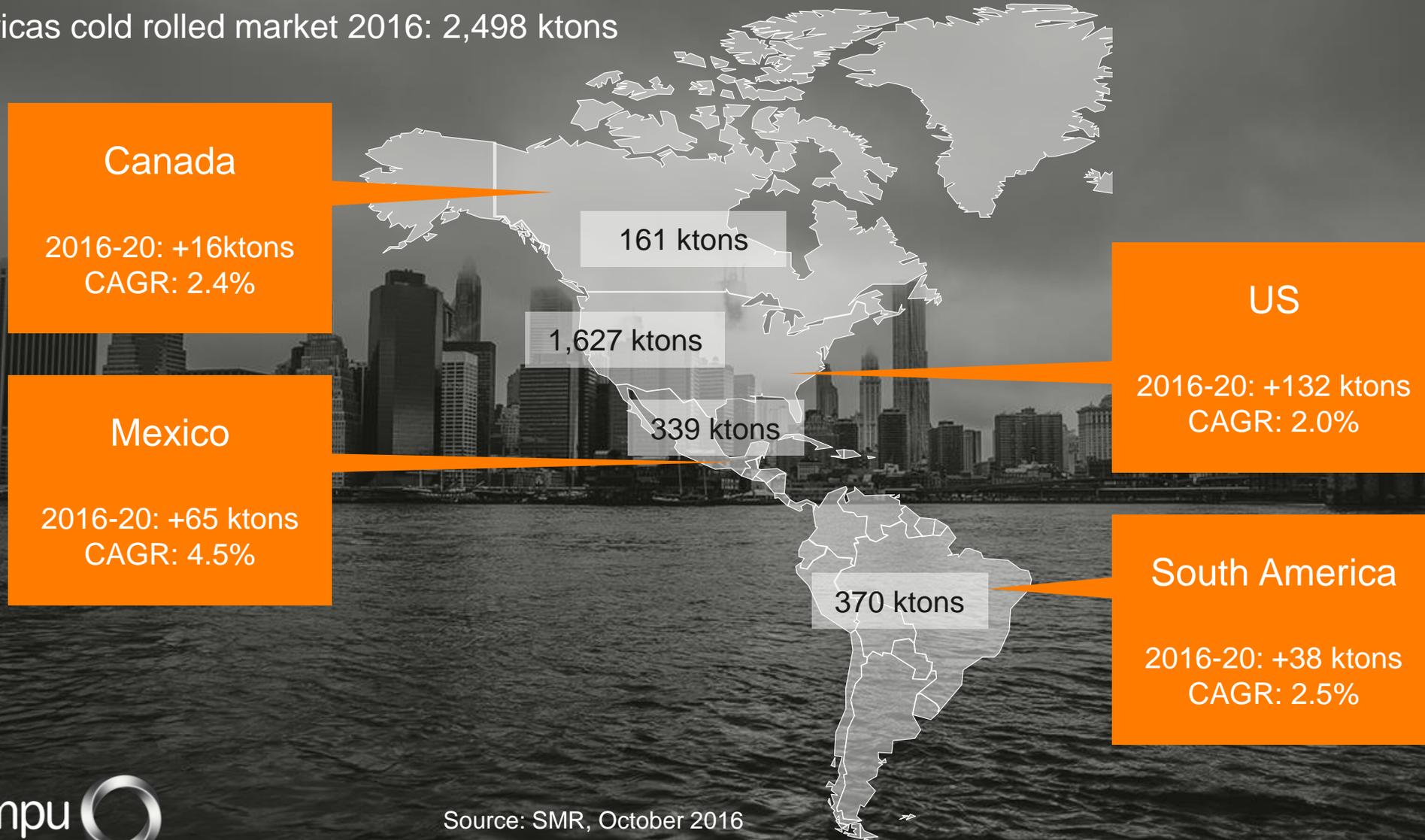
**Strong foothold
and good position
in the Americas**

**Significant further
improvement potential
in costs and topline
growth**

**Clear focus and
strong execution drive**

America's stainless market is growing

Total Americas cold rolled market 2016: 2,498 ktons



The US market demand is recovering

Prices still below historical averages

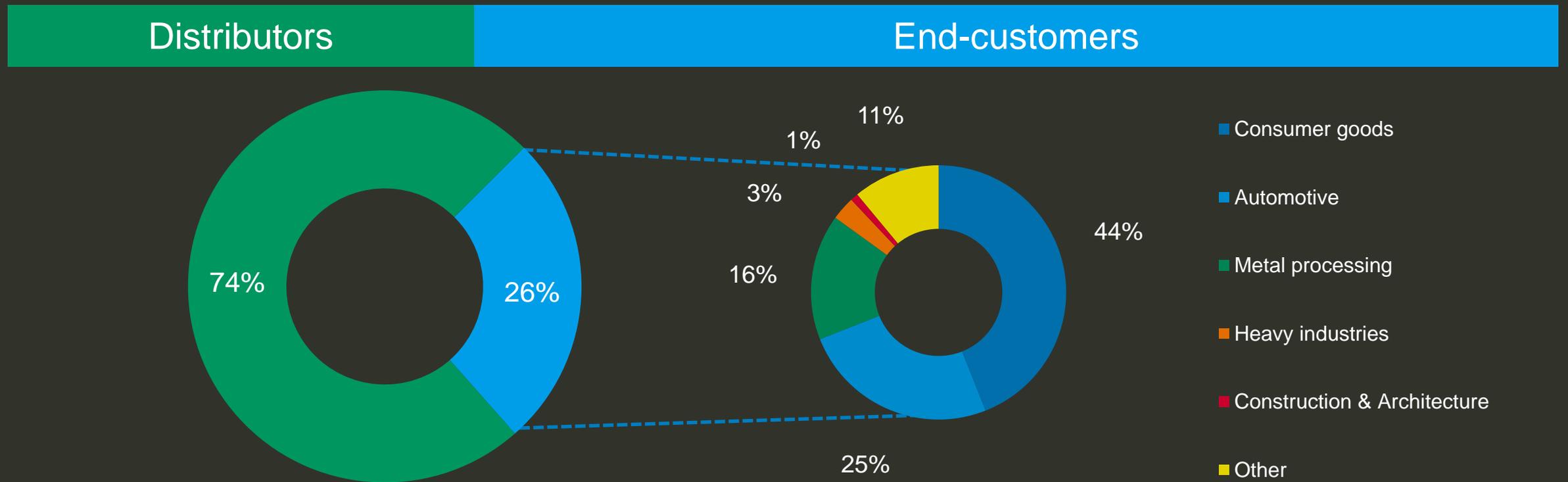
Demand is recovering:
+ 2% in
2017*

Stock levels
slightly
below
historical
averages

Preliminary
antidumping
duties
dampening
Chinese
imports

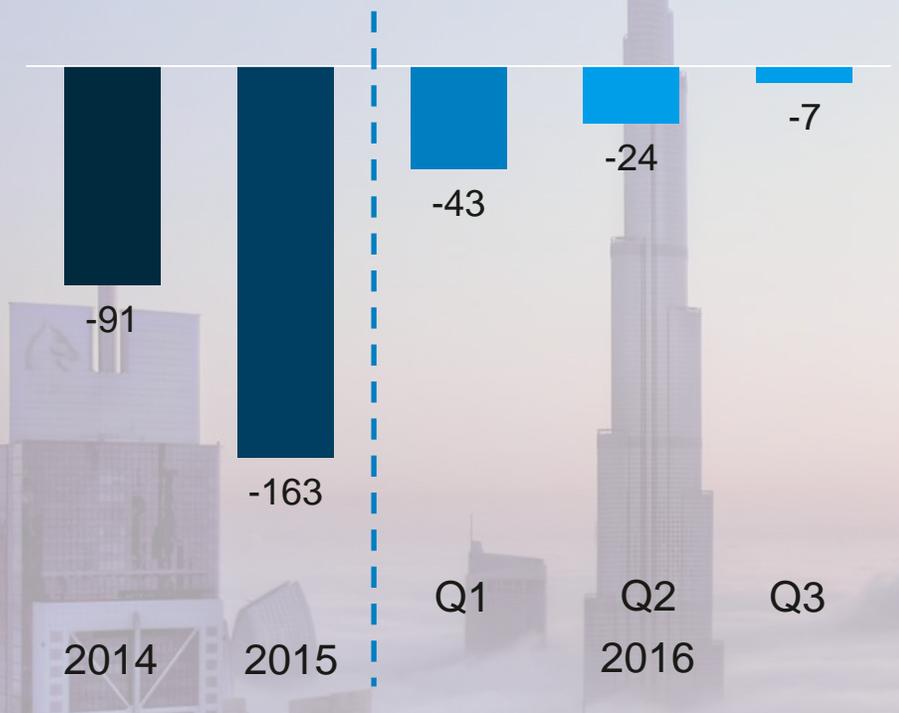
Prices
increasing,
but below
historical
averages

Distributors and service centers are the predominant route-to-market in the US



We are firmly established in the market

Americas' underlying EBIT, EUR million



- Strong #2 in the US
- 25% market share in NAFTA in 2016 YTD
- Five consecutive quarters of delivery growth
- Full commercial capability in place in 2018

We have significant improvement potential

Cost improvement is the biggest lever

- 30% improvement in conversion cost achieved
- 10% of SG&A cost reduced

Further efficiency gains underway in operations, supply chain and SG&A

Topline growth

- Volume increase
- Market share growth
- Profitable sales growth through increased production capability and broader portfolio

Improvements achieved through the must-win battles

AMERICAS

SAFETY

HIGH
PERFORMING
ORGANIZATION

MANUFACTURING
EXCELLENCE

WORLD CLASS
SUPPLY CHAIN

COMMERCIAL
EXCELLENCE

New leaders shaping the team into a High Performing Organization

New organization,
new top leaders

Upskilled talent in
commercial and
operations teams

SG&A
cost reduction
on track

Business
service center in
San Luis Potosi,
Mexico

Continued
investment in
training and
development

Energized
and engaged
people:
96% OHI
response rate

Manufacturing Excellence has a big profitability impact, with visible results

Debottlenecking
CAPL:
22% throughput
improvement achieved

Yield
improvement
ongoing:
Every 1% =
up to USD 5 million

Operational
Equipment
Effectiveness:
increasing volume
beyond nameplate
capacity

World Class Supply Chain efforts are already yielding results

Immediate logistics optimization and spend reduction

- Integrated supply chain organization
- Transportation Management System implemented, transportation contracts rationalized: 12-18% savings in freight

Ongoing long-term development

- On-time delivery
- Raw material purchasing
- Raw material optimization

Commercial Excellence builds further inroads into the market, with a lot of runway

Market share growth

– earning our fair share

- Increased production capability
- Broader portfolio
- Building confidence and trust
- Winning new customers

Becoming the preferred partner of choice

- Outperforming the market in quality
- Recognized customer orientation
- Unmatched technical expertise and support
- One-stop shop: leveraging Outokumpu's global capabilities

Award-winning customer orientation

Leading home appliance manufacturer

Customer need

A reliable, strategic partner who consistently delivers innovation, expertise and flexibility to support growth in the hypercompetitive home appliance market

- Potential 3 month shutdown at main facility due to competitor's inability to deliver

Our solution

- Cross-functional task force set up
- Specification review
- Customer order flawlessly executed in two weeks
- Just-in-time delivery to backfill supply chain
- Winner of Supply Chain Excellence Award 2016

We are on our way to solid profitability

Strong foothold
and good position
in the Americas

Significant further
improvement
potential in costs
and topline growth

Clear focus and
strong execution
drive

Europe – from restructuring to profitable growth

Roeland Baan
CEO

**Best value creator
in stainless steel
by 2020 through
customer orientation
and efficiency**

**Major restructuring
steps completed**

**Focus on
improving efficiency**

**Building on No. 1
market position**

Healthy short-term market outlook in Europe

Real demand for stainless steel remains stable

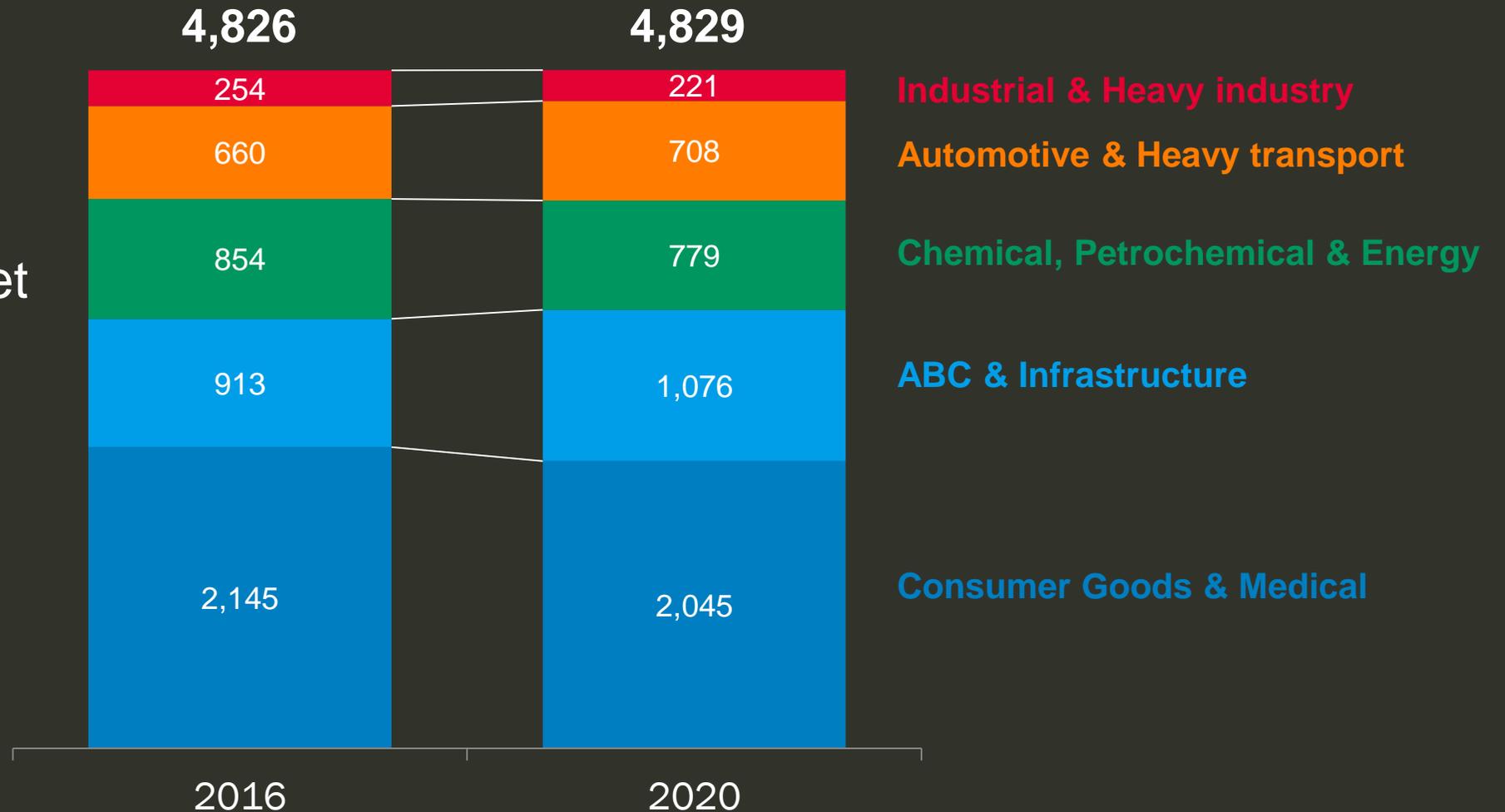
Inventories below long-term averages to support restocking

Imports stabilizing on lower levels since antidumping in place

Base prices recovering and raw material prices stabilizing

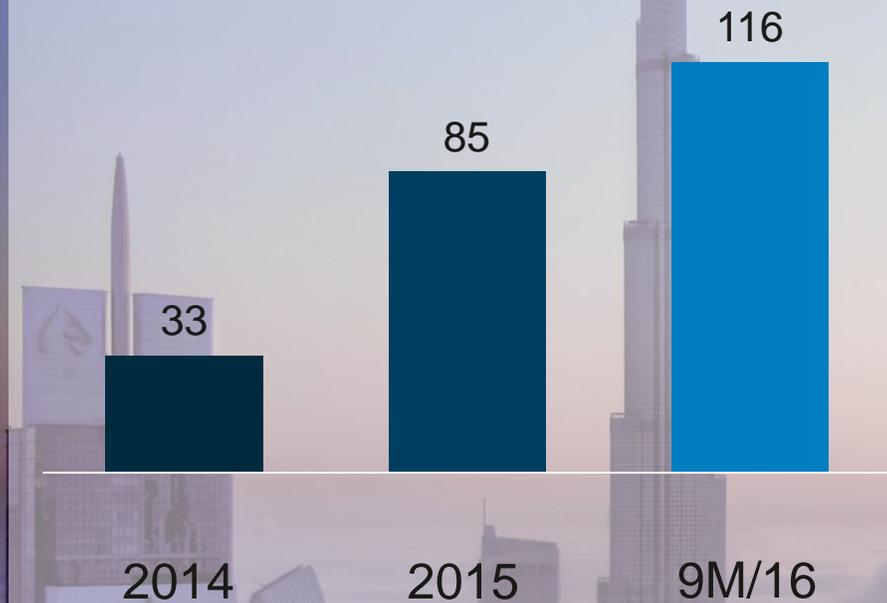
Muted outlook in the mid-term

Flat products market demand to remain stable in Europe



Restructured assets support earnings growth

Europe's underlying EBIT, EUR million



- No. 1 in Europe with 31% market share in 2016 YTD
- Streamlined assets, clear roles for the mills
- Restructuring in Germany nearing completion
- Sales and service network in Europe, Middle-East, Africa and Asia-Pacific

Europe's contribution to must-win battles

SAFETY

WORLD CLASS
SUPPLY CHAIN

AMERICAS

HIGH PERFORMING
ORGANIZATION

MANUFACTURING
EXCELLENCE

COMMERCIAL
EXCELLENCE

Implementing High Performing Organization

1

Organization streamlined

- 1 P&L center, mills as cost centers
- Reducing over 400 positions
- Organizational Health Index Survey completed

2

Drive for high performance

- Focused team development plan
- Accelerating execution speed
- Driving for continuous improvement

Manufacturing Excellence ensuring productivity improvement of 3%

Key achievements so far:

- From mill P&Ls to integrated Operations
- New Head of Operations
- Plant assessments completed
- KPIs and improvement targets set
- Material flows optimization

Tornio melting capacity: +15%

Up to 55% improvement in AOD processing time in Avesta

38% improvement in down time in Krefeld

Significant cost savings through World Class Supply Chain

End-to-End Planning

Processes: statistical sales forecast, capacity forecasting

Tools: Unifying order entry, planning and execution systems

People: integrated team, extensive training

Procurement Efficiency

Step Change in Spend

Renegotiating and renewing contracts to deliver 15% cost reduction in procurement

Net working capital

8% reduction in inventory value achieved

Commercial Excellence to drive more value

Key achievements so far:

- Segmentation
- Value-pricing
- Extended service offering
- Specialty strategy for Asian markets

Shift to more profitable products and regions:

- 10% increase in deliveries in the most profitable regions
- 1% additional margin through focus on value added products

Speed and strength through the decades

X2000 high-speed trains

Sweden

Customer need

The X2 upgrade project, currently underway, seeks to extend the trains' service life by another 20 years by replacing some of the technical components including the propulsion and auxiliary systems, upgrading the doors and fully renewing the interior.

Our solution

The original stainless steel train frames will stay in service into the 2020s and 2030s, saving both money and natural resources. Over time, investing in quality stainless steel has proven to be the right, cost-effective choice. The lighter build also means that less energy is needed to propel the train, which translates into considerable energy savings over time. Stainless steel met both the speed and safety demands set for the X2000 fleet while also giving the trains a beautiful streamlined exterior.

Forta 304/4301

Extending the lead

Major restructuring steps completed

Focus on improving efficiency

Building on No. 1 market position

Long Products – creating value through efficiency and specialization

Kari Tuutti

Head of Long Products

**Best value creator
in stainless steel
by 2020 through
customer orientation
and efficiency**

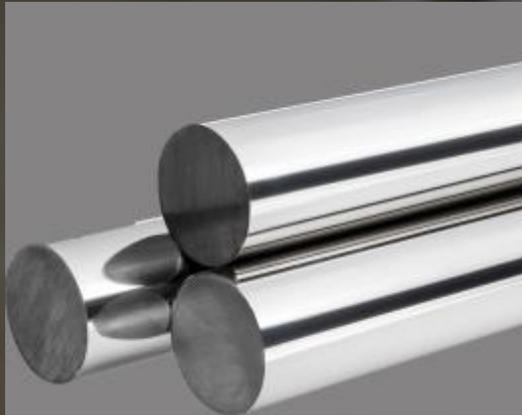
Take market share in
standard products through
enhanced cost position

Grow in US with key
customer segments
through new capabilities
and specialist know-how

Grow high value added
business in Europe
through focus on special
products

Creating value through high performance long products

Bar & Rebar



Wire Rod



Semis



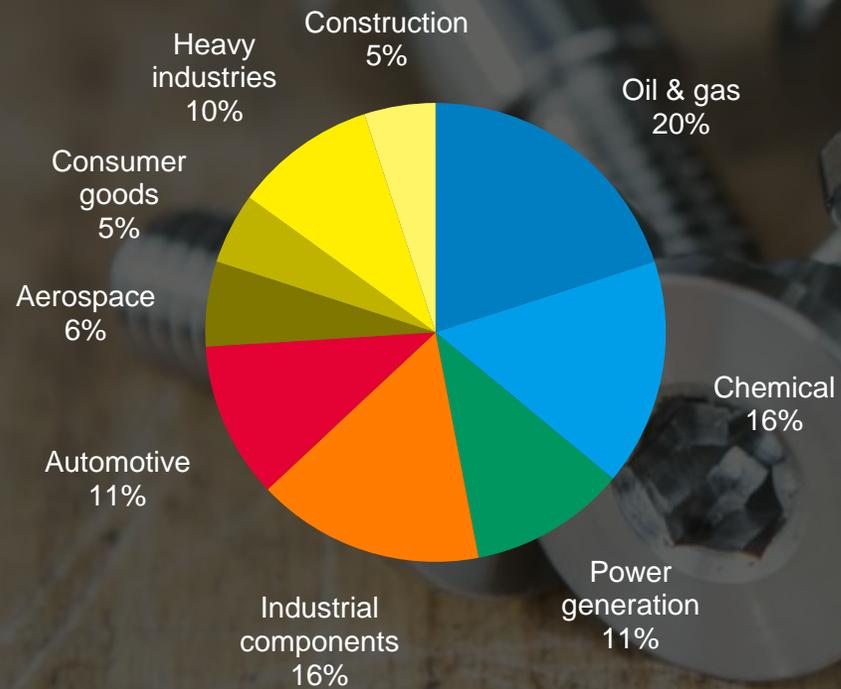
Pipe



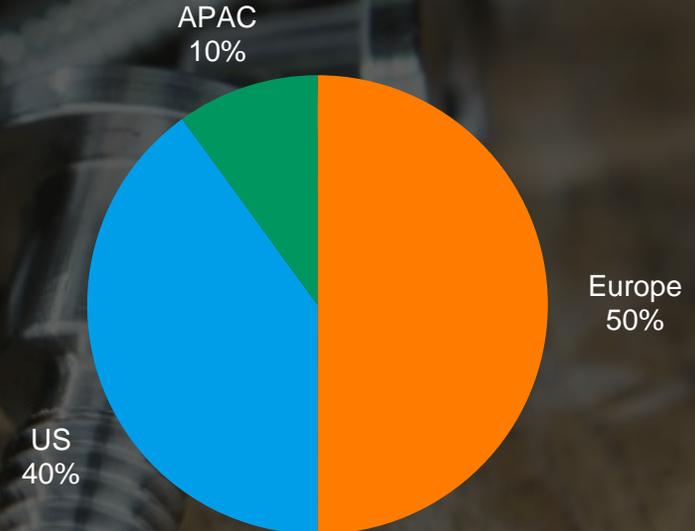
Moda Mildly corrosive environments	Core Corrosive environments	Supra Highly corrosive environments	Forta Duplex & other high strength	Ultra Extremely corrosive environments	Dura High hardness	Therma High service temperatures	Prodec Improved machinability	Deco Special surfaces
--	---------------------------------------	---	--	--	------------------------------	--	---	---------------------------------

Diverse customer base & balanced geographical exposure

End-customer industries



Sales by region



Market: resuming growth after oil & gas driven slowdown

Global Long Products demand 5.5 million tons in 2016

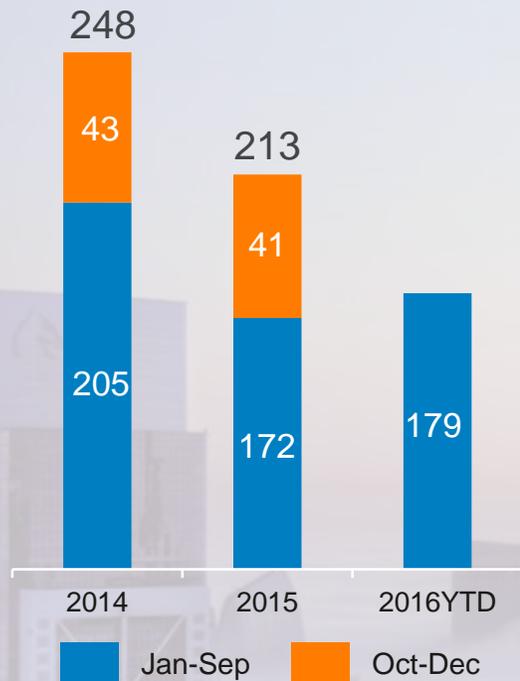
Demand to grow by 2.5% annually in 2017-2020*

US: flat pricing expected as imports continue on a high level

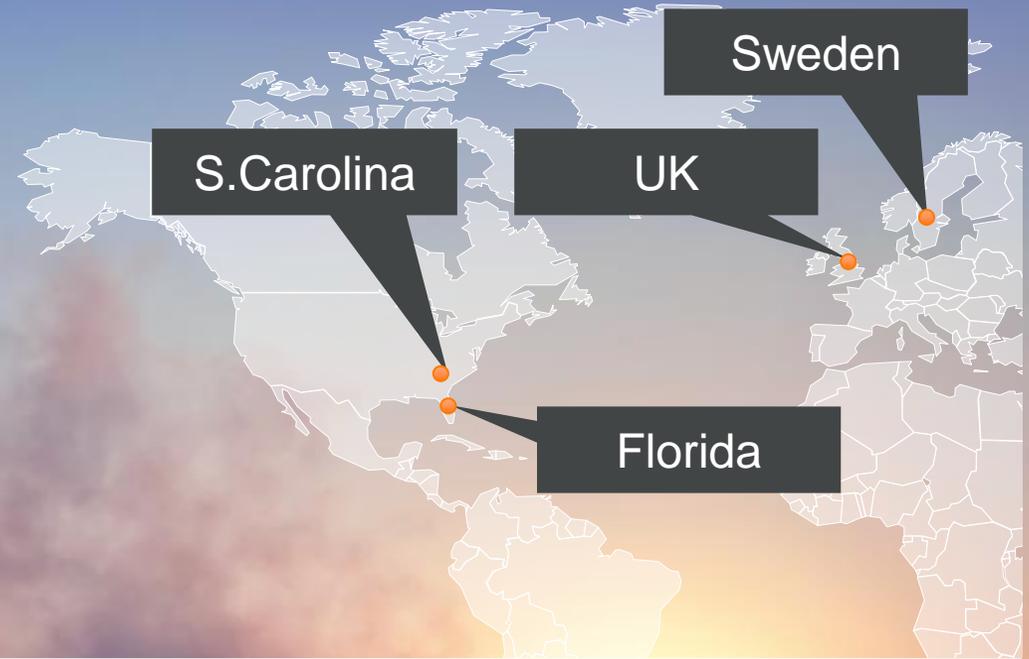
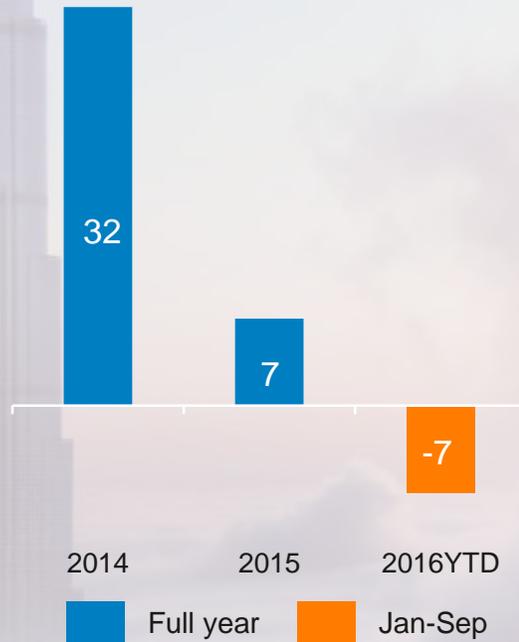
Europe: Some improvement in pricing; imports flat

Gearing up after a challenging year

Long Products deliveries, 1,000 tonnes

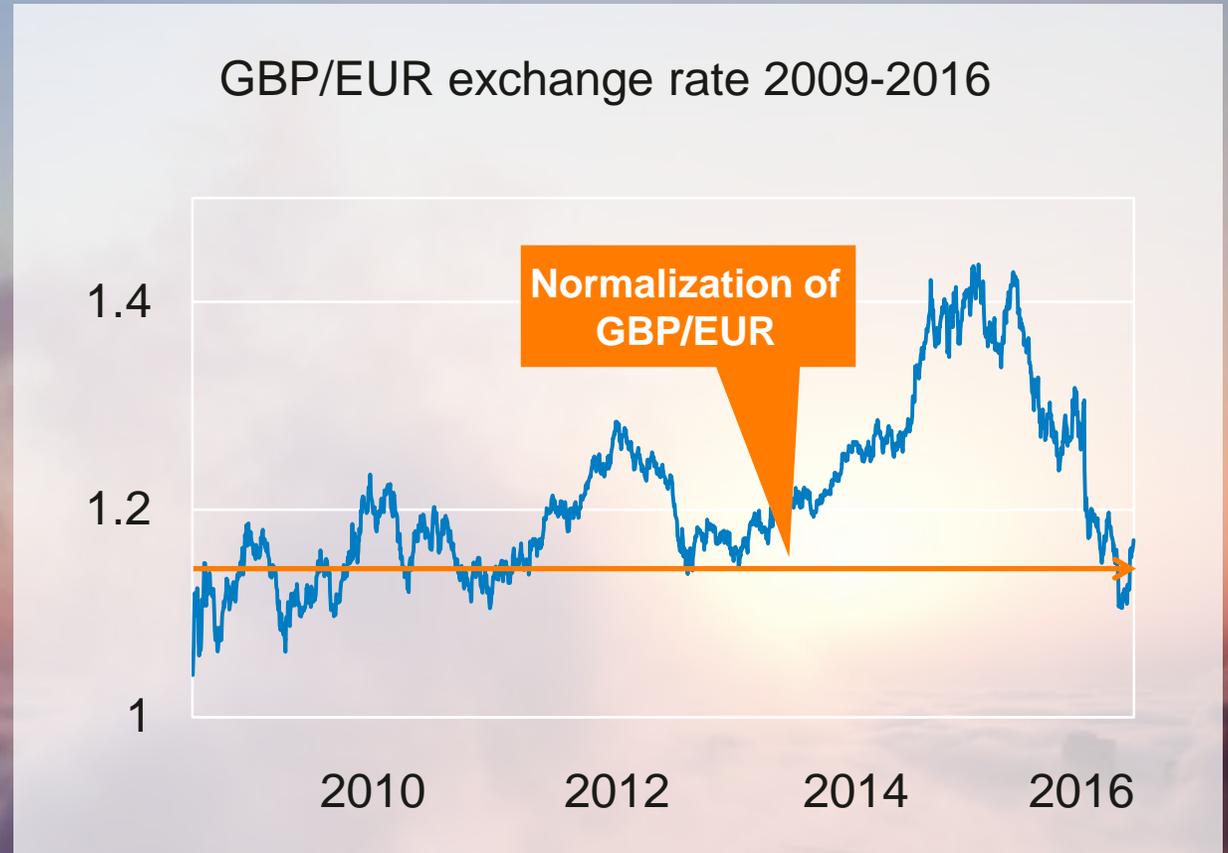
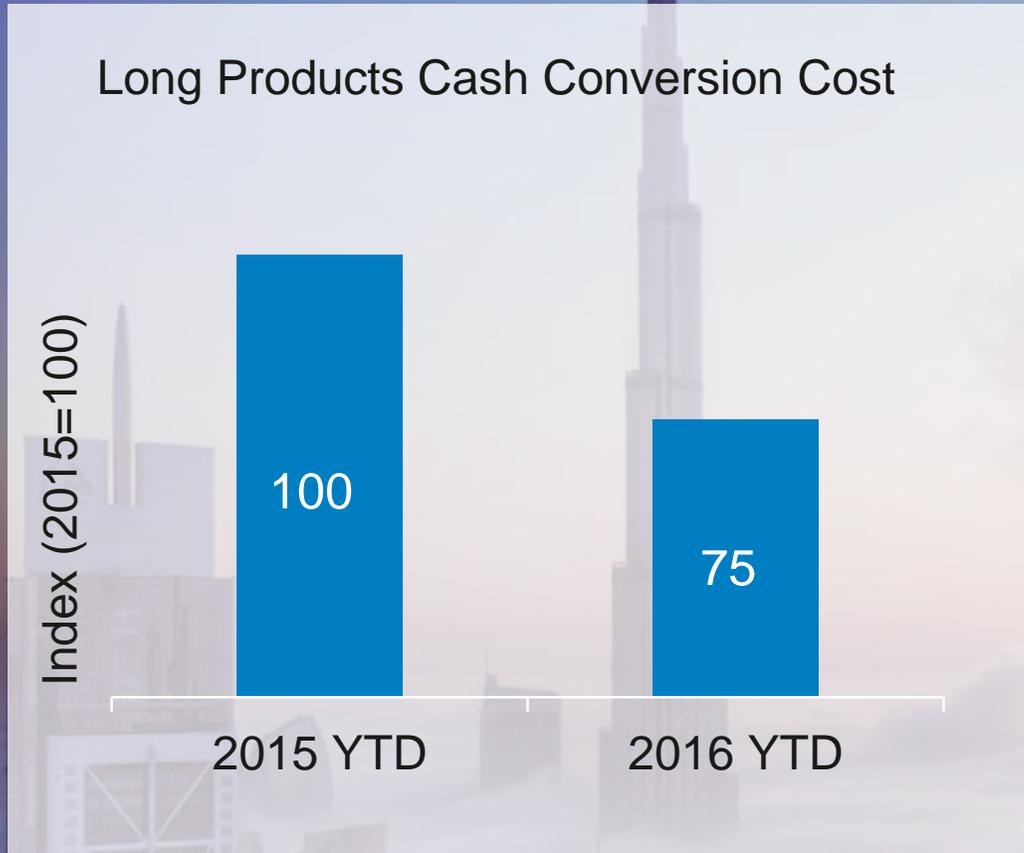


Long Products underlying EBIT, EUR million



- Challenging past 12 months
- Strong customer relationships
- Continued low capital employed
- Improving cost position

Significant improvement in cost competitiveness



Top priorities for Long Products in 2017

SAFETY

HIGH PERFORMING
ORGANIZATION

WORLD CLASS
SUPPLY CHAIN

MANUFACTURING
EXCELLENCE

AMERICAS

COMMERCIAL
EXCELLENCE

Driving growth in Americas

Our target

- Grow sales of high value added products to key segments.
- Leverage existing relationships once oil & gas market resumes.

Fittings &
valves

Automotive &
aerospace

Service
centers

Construction

Outokumpu supplying rebar to major bridge project in Kuwait



Project overview

Outokumpu Long Products is supplying more than 1,500 metric tons stainless steel rebar (Forta DX 2304) for The Sheikh Jaber al-Ahmad Al-Sabah project in Kuwait.

The 36 km long causeway project is one of the largest infrastructure projects to be constructed in the Gulf Coast Countries region. The Bridge is expected to be in service end of 2018.

Driving growth through Commercial Excellence

Our target

- Grow sales of high value added specialty products to most demanding customers.
- Leverage reduced cost base to gain further strategic semis customers.

Hexagon &
square

Special
grades

Strategic
semis
customers

Service
concepts

Growing sales of special products

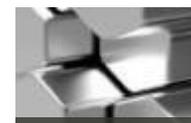
Long Products product strategy overview

Special products

Round Bar – special grades & specification



Square



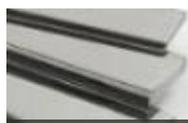
Hex

200%

Square Bar

160%

Hexagon Bar



Flat

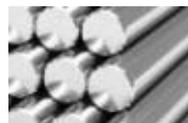


Special grades

140%

Standard products

Prodec® & Rebar



Prodec®



Standard

120%

Round Bar – Classic

100%

Creating value through efficiency and specialization

Take market share in standard products through enhanced cost position

Grow in US with key customer segments through new capabilities and specialist know-how

Grow high value added business in Europe through focus on special products

Improving profitability – debt declining

Christoph de la Camp
CFO

**Best value creator
in stainless steel
by 2020 through
customer orientation
and efficiency**

**Short-term initiatives
are yielding results**

**Initiation of must-win
battles puts us on
solid track to achieve
EUR 500 million
target**

**Strengthening of
balance sheet
remains as key
priority**

Short-term initiatives are yielding results

1

Streamlined
organization
effective

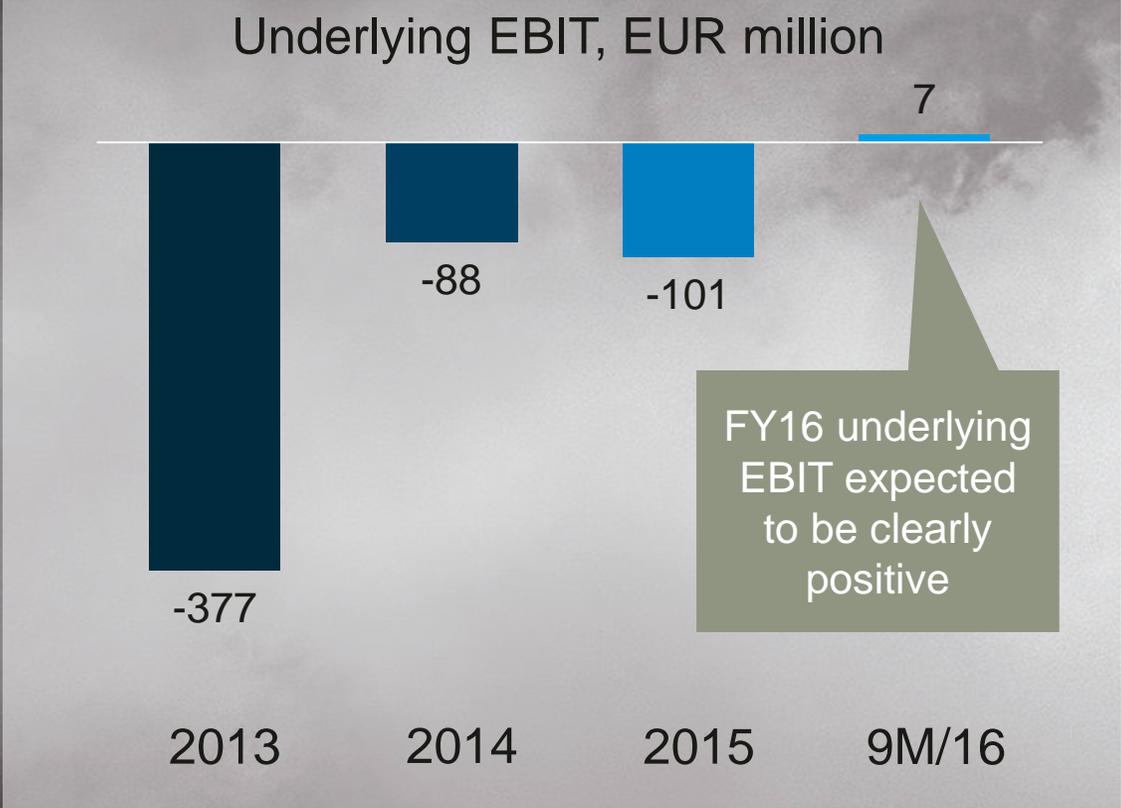
2

SG&A
cost reduction by
EUR 100 million
ongoing

3

NWC reduction
by at least
EUR 200 million
progressing well

Profitability in 2016 has already improved significantly

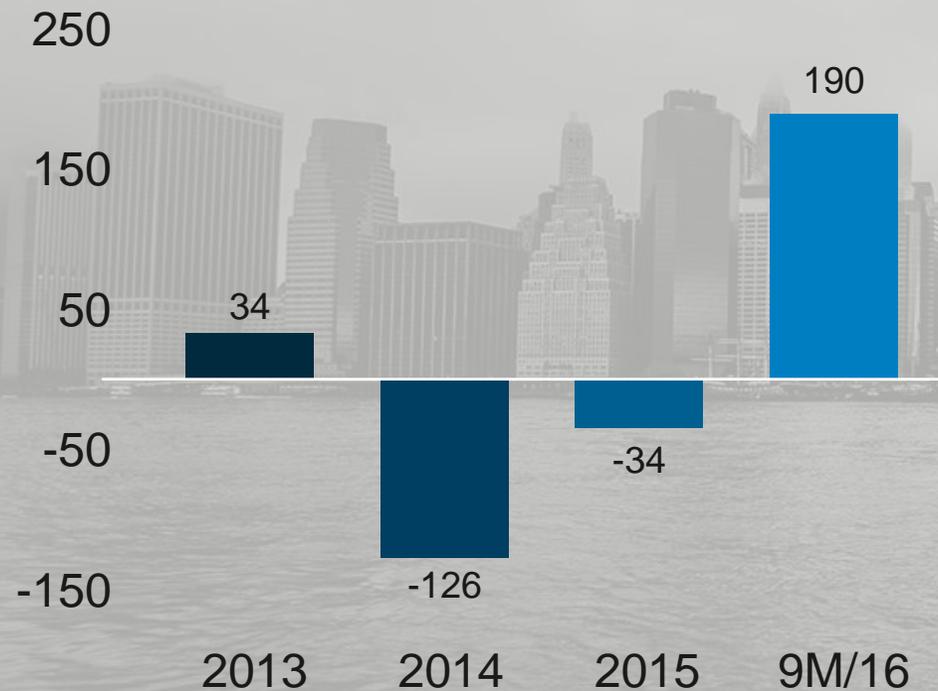


Target:
Underlying EBIT
EUR 500 million
in 2020



Strong cash flow improvement in 2016

Net cash from operating activities, EUR million



Solid underlying EBITDA

Net working capital release of EUR 149 million during 9M/16

Cash from investing activities supported by remainder of SKS disposal of EUR 66 million

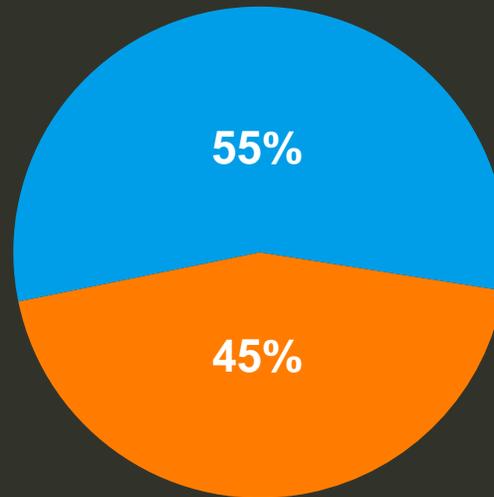
Our must-win battles deliver EUR 500 million in 2020

Topline growth and cost efficiency based on self-help

- Increase volume through efficiency and debottlenecking
- Richer mix through improved capability and selective sales strategy
- Value based selling

- Achieve 2-3% annual productivity improvement
- Achieve 15% savings in procurement
- Reduce variable and fixed cost
- Reduce SG&A cost by EUR 100 million

TOP LINE GROWTH

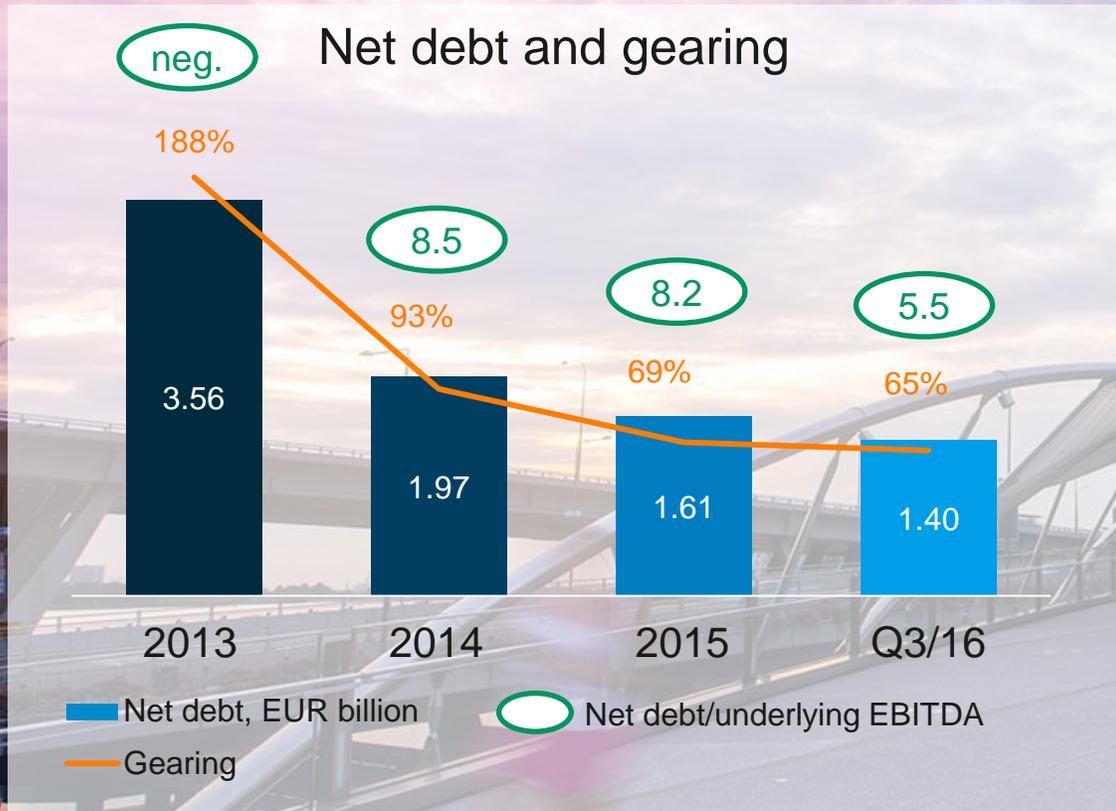


COST REDUCTION

Improvement visible already in 2016

- Reduction in SG&A costs
- Profitability improvement in Americas

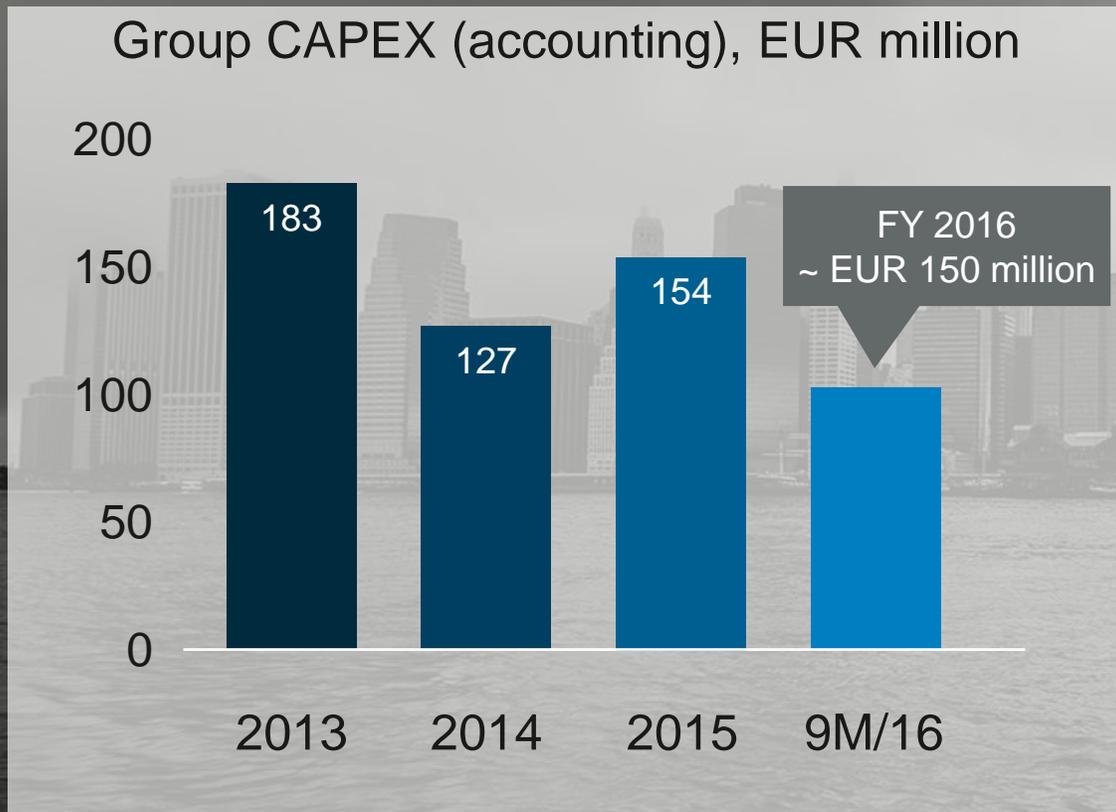
Strengthening of the balance sheet is under way



Targets

- Net debt EUR 1.2 billion by the end of 2017
- Gearing <35% by 2020
- Net debt to underlying EBITDA <2 by 2020

Stable and modest capex will support net debt reduction



Ongoing development projects

- Debottlenecking of the Kemi mine
EUR 10-20 million annually
- Fennovoima energy project
EUR 10-20 million annually
- IT system renewal
EUR 20-30 million annually

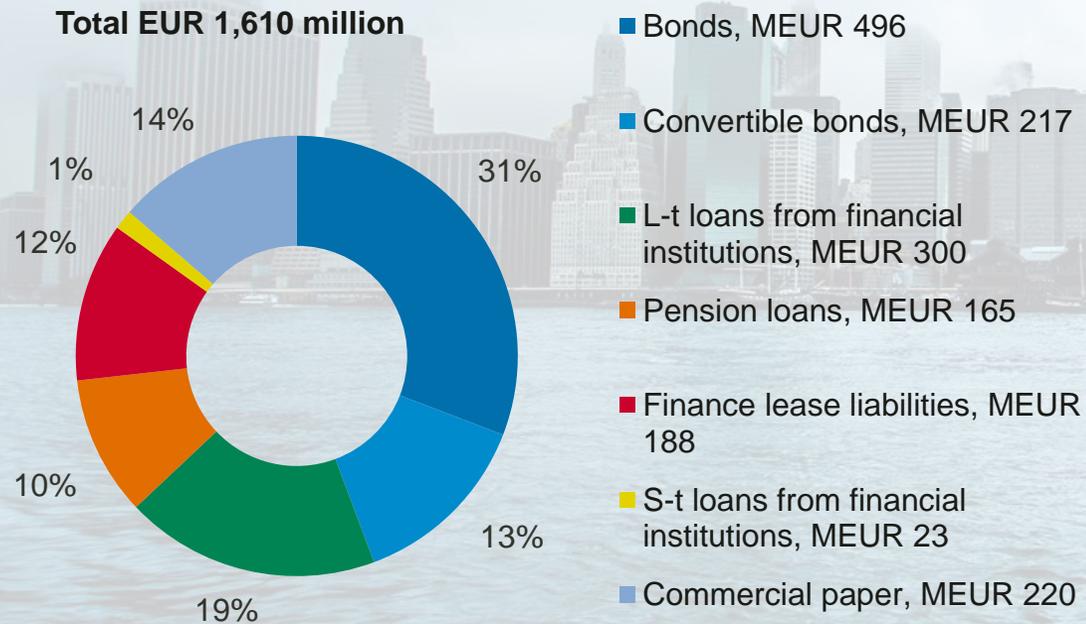
Maintenance

- EUR 70-80 million annually

Cost of financing to decline

Debt distribution by source, Sept. 30, 2016

Total EUR 1,610 million



Overall liquidity reserves at EUR 900 million

Financing costs of approx. EUR 120 million in 2016 will be reduced going forward by

- Gross debt reduction
- Refinancing of more expensive debt
- Optimization of cash balances and undrawn liquidity facilities

Financial recovery is under way

Short-term initiatives are yielding results

Initiation of must-win battles puts us on solid track to achieve EUR 500 million target

Strengthening of balance sheet remains as key priority