

A photograph of two women with curly hair, wearing light blue button-down shirts, walking on a train platform. The woman in the foreground is looking upwards and to the right, holding a smartphone in her right hand and a silver insulated cup in her left. A grey jacket is draped over her left arm. The woman behind her is also looking in the same direction. The background shows a modern train station with large glass windows and overhead lights.

Outokumpu Capital Markets Day 2022

Heikki Malinen, President and CEO
Tamara Weinert, President – Business area Americas
Pia Aaltonen-Forsell, CFO

June 16, 2022

Agenda and speakers for today

1

Creating value through sustainability, cost competitiveness, and value-added growth

Heikki Malinen, President and CEO



Heikki Malinen

2

Business area Americas: Outlining milestones to reach full potential

Tamara Weinert, President – BA Americas



Pia Aaltonen-Forsell

3

Business area strategy videos

Niklas Wass, Thomas Anstots, Martti Sassi

4

Strong foundation to create value over the cycle

Pia Aaltonen-Forsell, CFO

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Closing remarks

Heikki Malinen, President and CEO



Tamara Weinert

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Q&A



Creating value through sustainability, cost competitiveness, and value-added growth

Key messages – CEO



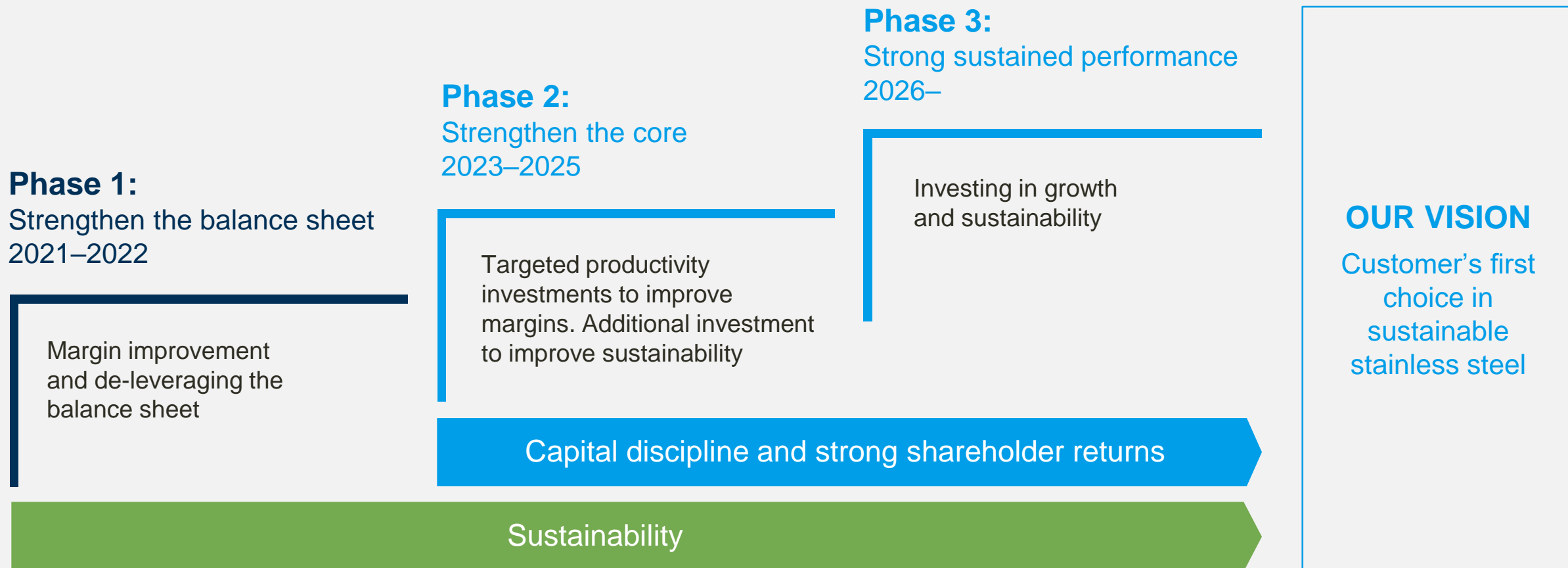
Phase 1: Objective of strengthening the balance sheet has been successfully completed. Strong starting point for Phase 2

Phase 2: Objective to strengthen the core – prioritizing sustainability, growth from productivity and customer-focused steering

Target to deliver €200 million EBITDA uplift and 14% CO2 reduction in line with the SBTi target by year-end 2025

Dividend policy updated: stable and growing

Our three-phase strategy framework now enables a strong focus on shareholder returns



Phase 1 successfully completed – significantly improving our cyclical resilience

Objective achieved

Strengthen the balance sheet

Priorities on track

Commercial excellence

Cost and capital discipline

Lean and agile organization

~1800 initiatives successfully completed in 2021-22

Targets delivered

EBITDA run-rate improvement

- Target: €250 million
- Actual to date: €250 million

Net debt to EBITDA

- Target: <3.0x
- Actual to date: 0.2x

Concrete progress made on our Phase 1 priorities

Phase 1 priorities

Examples of achievements

Commercial excellence

- Enhanced product mix
- Specialty grades leadership
- Improved margin management

- ✓ Offering flexibility widened in pro grades
- ✓ Salesforce executing on portfolio's competitiveness
- ✓ Strong pricing & mitigating actions offsetting cost inflation

Cost & capital discipline

- Increased raw material efficiency
- Maintenance optimization
- Strict asset management

- ✓ Significant raw material cost savings from over-alloying
- ✓ Focus on smarter maintenance
- ✓ Yearly capital expenditure below €180 million

Lean & agile organization

- 10% reduction in headcount
- De-layered organization
- Performance management

- ✓ HC reduction of ~900 while volumes up 13%
- ✓ Agile organization with improved white to blue collar ratio
- ✓ Strong organizational buy-in to strategy execution model

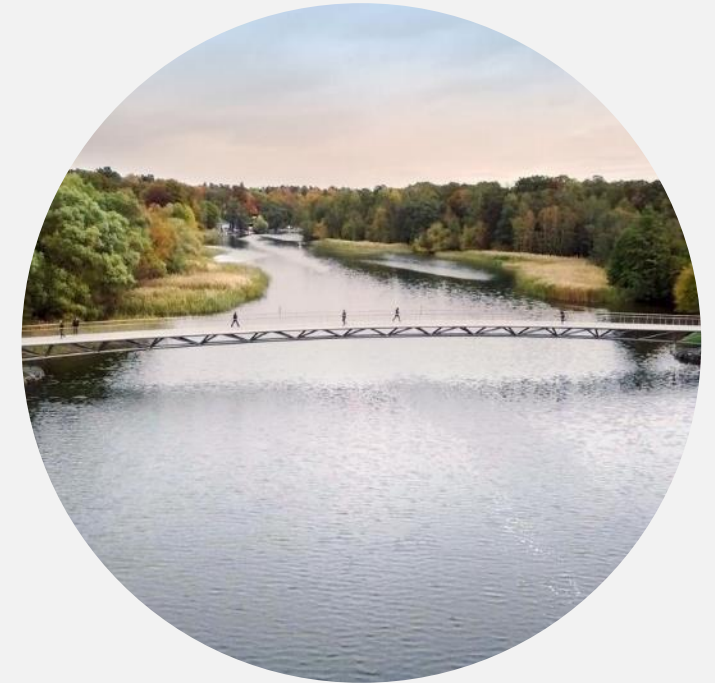
We have built a solid foundation for Phase 2: strengthening the core



Sustainability
leadership



Cost leadership
in high-volume products



Market leadership
in advanced products

Our holistic sustainability strategy continues to be industry leading

Customer's first choice in sustainable stainless steel

Reduce emissions and provide solutions for a sustainable future

Health and safety of our people in everything we do

Ensure transparency and compliant processes

Sustainability is integrated to our strategy and implemented with programmatic approach

Foundational elements	Electrified production	Sustainable sourcing	Inclusion and diversity	Leadership and culture	Compliance
	Digitalization	Partnerships	Outokumpu values	Group standards	Zero corruption

Environment

Social

Governance

Sustainability leadership: Strong focus on safety, diversity, equity and inclusion

**Strong focus on safety,
diversity, equity and inclusion**

**>5000 employees participated
in recent survey in 2022**

Safety performance further strengthened, TRIFR 2.0 in 2021

Strong progress in diversity:

- 31% of senior leaders are female
- 5 different nationalities among senior leaders

Strong and equally high feeling of inclusion among both men and women

Bold ambition set for 2025, with specific targets for safety, diversity, equity and inclusion

Note: Senior leaders defined as Outokumpu Board of Directors and Outokumpu Leadership Team members

Sustainability leadership: Steps taken to strengthen sustainable sourcing

Lessons learnt after 2021 incidents and actions taken

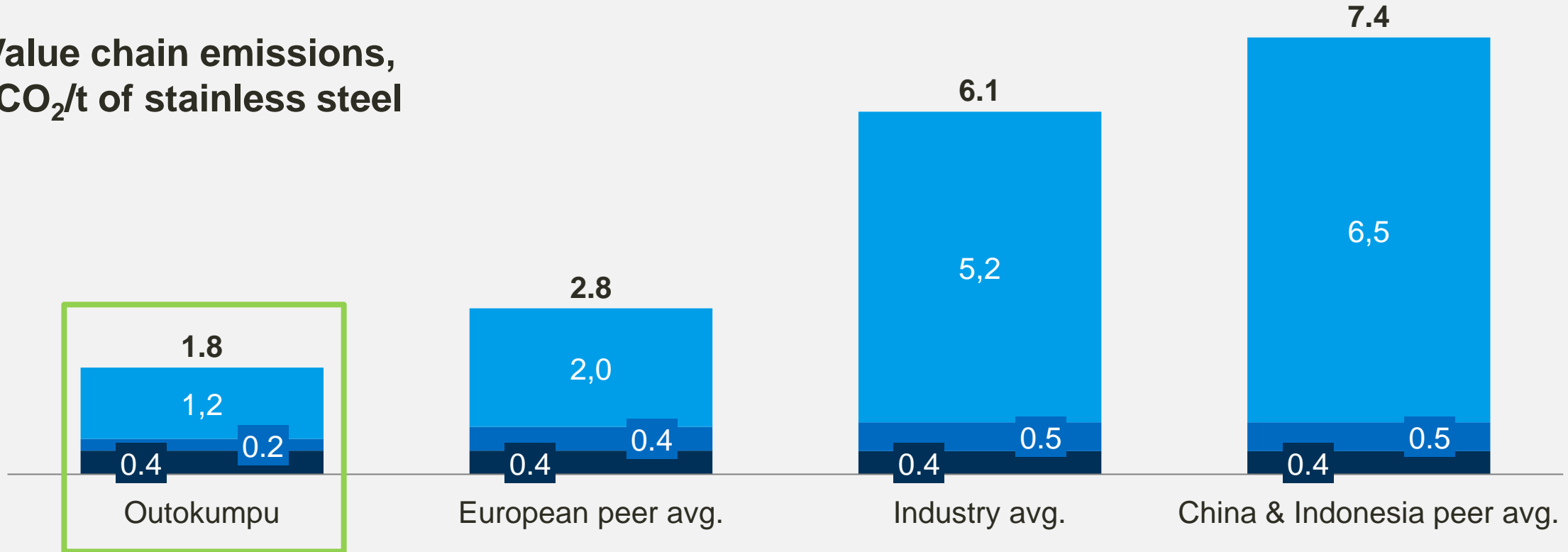
Sustainable sourcing team established

Systematic compliance review started throughout entire supplier base

Actions to improve sustainability in high-risk countries:
Relationships with certain suppliers have been discontinued or re-focused to improve performance

Sustainability leadership: We are the carbon footprint benchmark in stainless steel...

Value chain emissions, tCO₂/t of stainless steel



Outokumpu Scope 1&2 also includes FeCr, unlike peers

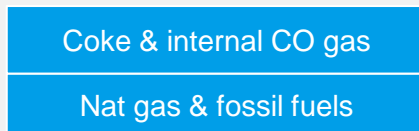
Scope 1 Scope 2 Scope 3

...with a uniquely competitive position in the market

Scope 1

Outokumpu CO2 emissions
(tCO2 / t of steel)

0.4

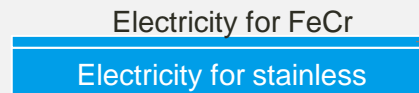


Despite Ferrochrome production in scope 1, Outokumpu on par with European peers and ahead of global peers.

Main driver is excellent energy efficiency due to high scrap ratio and integrated processes

Scope 2

0.2

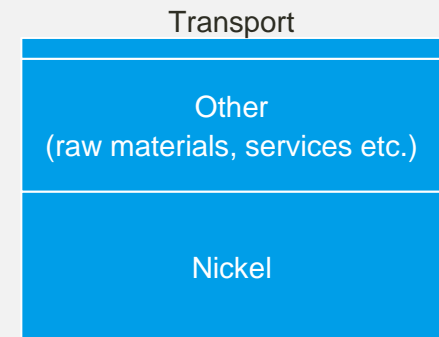


Outokumpu market leader due to high share of low carbon electricity (80%) vs. EU average (63%)

Peers' FeCr electricity emissions included in Scope 3

Scope 3

1.2



Outokumpu clear market leader due to own FeCr with 70% lower CO₂ vs. industry avg. and >90% recycling rate

Peers sourcing FeCr from e.g. South Africa and Kazakhstan

Phase 2: We are launching two customer differentiated strategies in business area Europe

Outokumpu focus

High-volume stainless products

A-CrNi

A-CrNiMo

Ferritics

Advanced products

Duplex

Nickel alloys

A-CrNiMo High

Martensitic

A-CrNi Heat&Creep

Titanium alloys

Cobalt alloys

Outokumpu relevant market size:

~7.5Mt

(Europe and North America)



**Strategy objective:
Cost leadership**

Outokumpu relevant market size:

~0.6Mt

(Global)



**Strategy objective:
Customer value leadership**

Outokumpu relevant market size:

~0.4Mt

(Global)



Potential opportunity

Cost leadership: High-volume stainless products from three strong production systems with the industry's highest circularity ratio



Tornio, Finland

Largest integrated stainless steel site in Europe with 20% lower conversion cost vs. market number #2, driven by port location, integration with Kemi mine and modern, state-of-the-art assets

Lower exposure to fossil fuel price increase risk compared to peers due to low carbon electricity sources

Tornio is the biggest recycling center in Europe



Krefeld, Germany

Modern cold rolling mill with 300kt capacity in the heart of industrial Europe



Calvert, US

Modern integrated stainless site in Americas with unique customer reach

Advanced product market leadership: Providing solutions for highly specialised products



Avesta, Sweden

Fully integrated mill for high-value products and 2-meter-wide finishing. With the world's wide highest share in Pro grades it is not only the central point for advanced materials but also a reliable origin for several industry segments.



Dahlerbruck, Germany

Flexible and unique Precision Strip cold rolling mill, highly specialized in all products with the tightest tolerances and specifications related to dimensions and requirements.

Capabilities in all kinds of grades, especially Pro and niche grades, serving markets from Automotive to Medical.



Nyby, Sweden

Highly specialized cold rolling mill for Duplex, high alloyed Austenitics, heat resistant stainless steel and Nickel Alloys.

Unique assets and production processes grant maximum value add for the most demanding applications.



Dillenburg, Germany

Flexible and adaptive cold rolling mill providing, among others, the highest quality decorative facade materials for the most astonishing landmarks worldwide.

Further capabilities for high alloyed, special and niche grades.

Advanced product market leadership: Advanced products used in energy transition & decarbonization

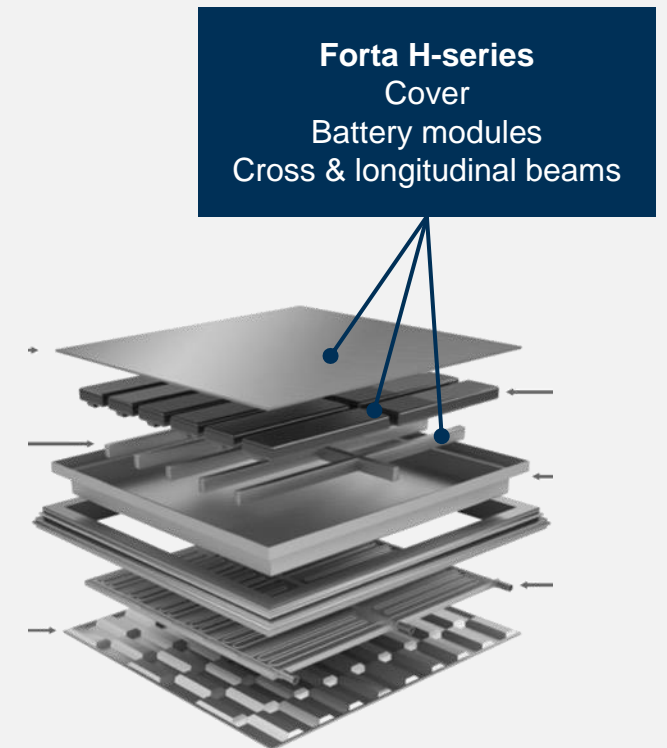
Marine scrubbers



Hydrogen fuel cell



EV batteries



Phase 2 starts now – main objective to strengthen the core and build capabilities for Phase 3

Objective

Strengthen
the core

Priorities

Sustainability
Growth from productivity
Customer-focused steering

Operative targets

CO2 reduction 14% in line
with SBTi target
EBITDA run-rate
improvement €200 million

BA Americas: Outlining milestones to reach full potential



Phase 1: successfully completed

Continued strong market environment and demand for locally produced stainless steel

Phase 2: execution ready to be launched. Objective to strengthen sustainability position and unlock 80kt volume growth through productivity improvements

Phase 1 executed with strong results across all prioritized areas

BA Americas key figures					
	2017	2018	2019	2020	2021
EBITDA (€ million)	21	-5	-27	55	297
Deliveries (kt)	742	762	601	588	742
Headcount	2,162	2,061	2,010	1,880	1,895

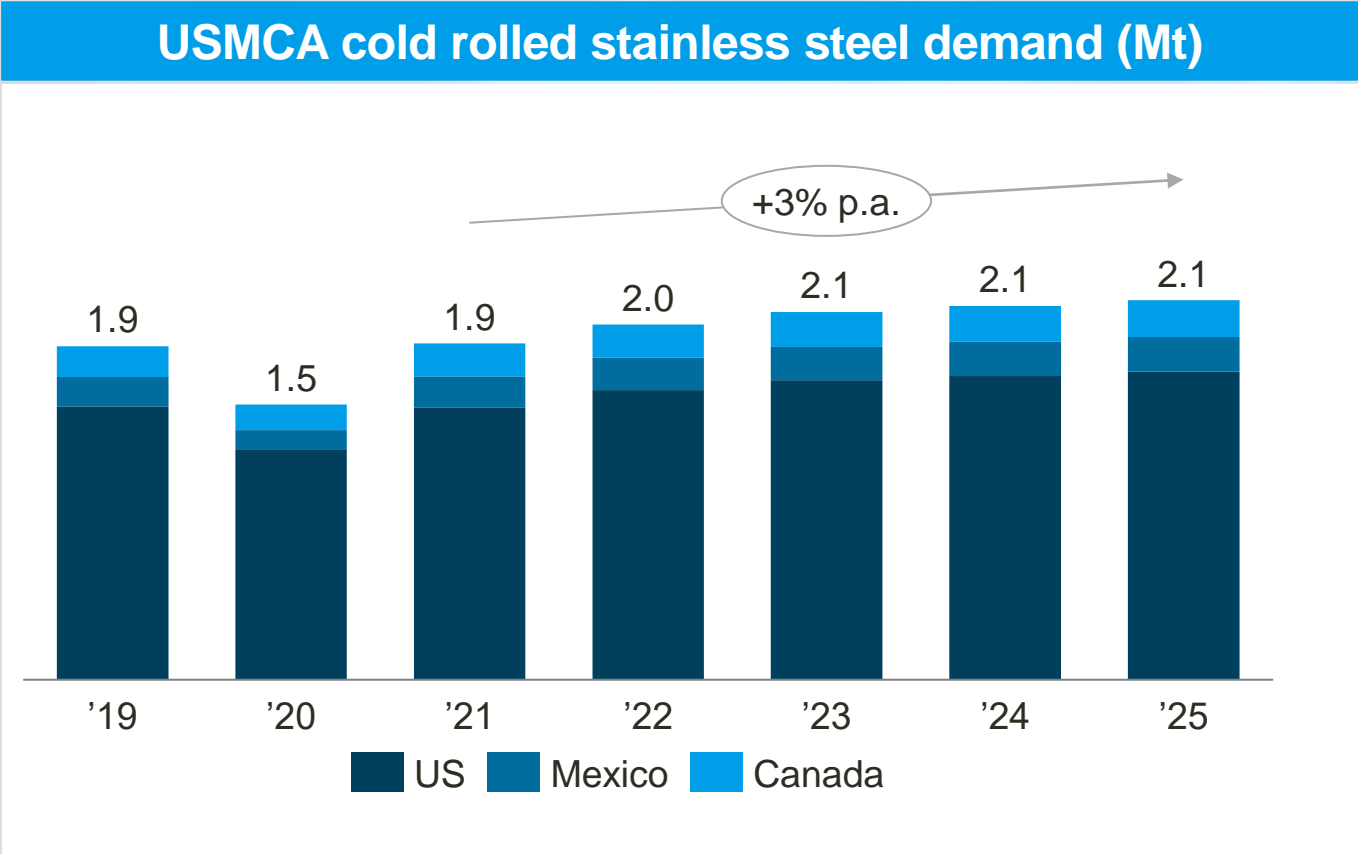
Commercial excellence: Revised commercial strategy focusing on portfolio optimization, tight contract execution & sales process effectiveness

Cost and capital discipline: Reduced slab cost, improved yield and routing & optimized throughput

Lean and agile organization: Same delivery volume with 12% lower headcount ('17 vs. '21)

Positive market environment further boosted results

Market outlook continues to be positive, supporting strategy implementation...



Growth drivers:

- Infrastructure investments
- Localization of supply chains
- Robust consumer demand
- Demand for locally produced and more sustainable products

...and we are ready for Phase 2 execution

Sustainability

- Target significant CO2 reduction
 - Optimized raw material mix
 - Yield and efficiency improvement
- Increased share of rail transport
- Engage with customers to take full commercial advantage of sustainable stainless steel in Americas market

Growth from productivity

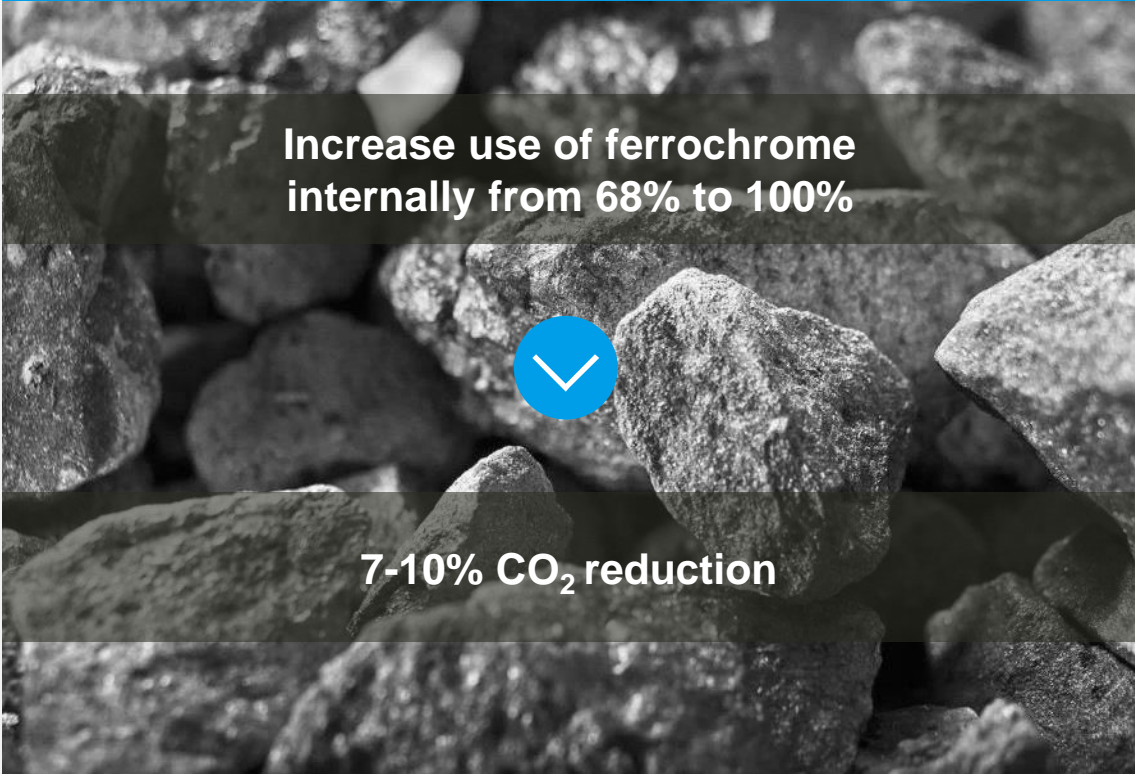
- Increase cold roll volume by 80kt with 6 small investments and productivity improvements
- Continued focus on slab cost, yield and maintenance optimization
- Commercial actions to support bringing additional volume to the market

Customer-focused steering

- Improved supply chain planning practices and tools
- Build world-class enablers: teamwork, talent, IT & agility
- Develop longer-term strategies with the customers

Deep-dive: Sustainability initiatives reducing CO₂ emissions

Optimized raw material mix



Increase use of ferrochrome internally from 68% to 100%

7-10% CO₂ reduction

A blue circle with a white downward-pointing chevron is positioned in the lower center of the image.

Increased share of rail transport



Increase share of rail transport from 6% to 25%

2-3% CO₂ reduction

A blue circle with a white downward-pointing chevron is positioned in the lower center of the image.

Deep-dive: Targeted productivity improvements yielding 80kt volume uplift

Phase 2 productivity improvements

2022

2023

2024

2025

30kt

50kt

80kt

Cumulative volume increase

Calvert investments

De-bottleneck Calvert with productivity investments

Mexinox investments

Increase Mexinox cold rolling capacity with series of focused investments

Manufacturing excellence

Improve yield and reduce Cold Annealing and Pickling Line speed & availability loss

Sales product mix improvement

Focus on optimized mix for mill productivity and margin generation

Phase 2 deliverables: Target 80kt growth and \$200M EBITDA level

Phase 2 summary

Objective to strengthen sustainability position and unlock volume growth through productivity improvements

Phase 2 target

80kt volume growth

Supporting \$200 million EBITDA in normalized market conditions

BA Europe: Strengthen our position as customers' first choice in sustainable stainless steel

Sustainability

- Maximize output in Tornio to fully utilize the site's sustainability advantage
- Drive volume gains and green premium with sustainable offering
- Strengthen Avesta technical leadership in sustainable materials
- Expand usage of low carbon footprint raw materials in production

Growth from productivity

- Unlock 100kt volume by optimizing operations and route-to-market in high-volume stainless products
- Drive advanced products growth globally and strengthen customer value proposition

Customer-focused steering

- Launch new steering model to drive customer differentiated business strategies
- Improve efficiencies in high-volume stainless products
- Invest in R&D, technical customer service and sales to grow globally in advanced products

BA Ferrochrome: Towards carbon neutrality

Sustainability

- Maximize value of most sustainable ferrochrome to Outokumpu by fulfilling 100% of internal demand
- Zero emissions at Kemi Mine 2025
- Start preparing investment in Biocoal production

Growth from productivity

- New commercial strategy to maximize value of sustainable ferrochrome
- Green premium in ferrochrome pricing
- Focus on external customers with sustainability commitments

Customer-focused steering

- Launch new customer service model to serve customers' sustainability needs

BA Long Products: Turnaround program showing results and continuing to deliver



Successful profitability turnaround: Adjusted EBITDA €24 million in Q1/22 vs. €11 million in Q1/21, driven by

- Commercial repositioning with a new product-led sales organization resulting in 9% growth in deliveries
- Operational performance improvement across sites, resulting in reduced personnel cost, improved ways of working and optimized raw material usage

Market demand expected to remain strong, driven by investments in construction & heavy industry

Key operational priorities in Phase 2

Phase 2 priorities

Sustainability

- Green premium across product portfolio
- Address coke and fuel use by preparing investment to Biocoke production
- Sustainable raw materials e.g. internal use of ferrochrome
- Further accelerating DEI and sustainable sourcing initiatives

Growth from productivity

- ~200kt additional cold rolled production with better BA Europe steering, BA Americas productivity investments and continued focus on throughput optimization
- Clearly above market growth in advanced products

Customer-focused steering

- New BA Europe steering model to drive efficiencies in high-volume stainless products, and growth in advanced products
- Building capabilities for Phase 3



Strong foundation to create value over the cycle

Key messages – CFO



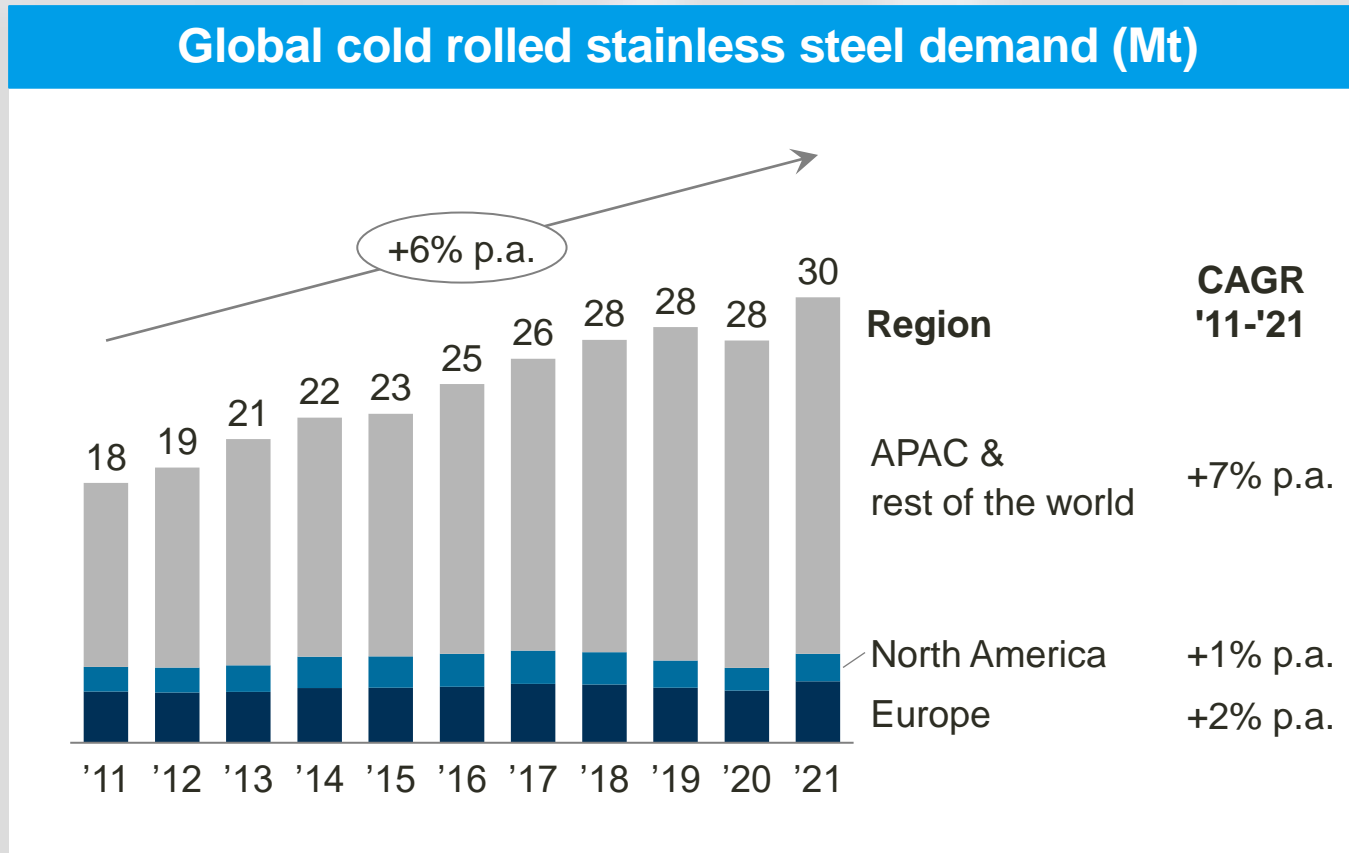
Strong current performance

Successful Phase 1 strategy execution has clearly improved our resilience in all market conditions

Phase 2 objective to strengthen the core - capital allocation plan updated accordingly

After successfully strengthening the balance sheet, focus increasingly on strong shareholder returns – supported by new financial targets

Long-term market growth creates opportunities for value creation

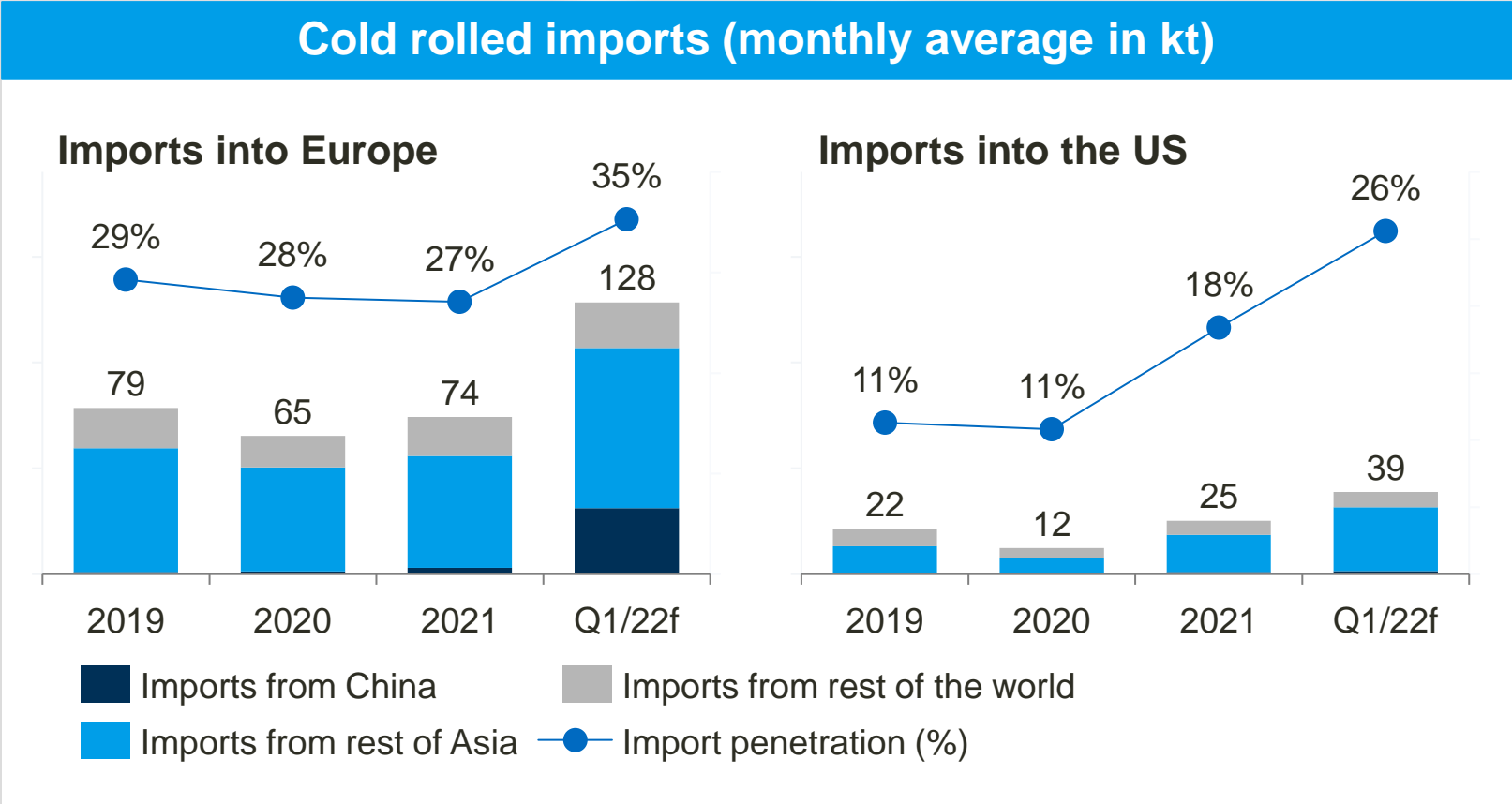


Significant growth in global stainless steel market over the last decade

Long-term outlook remains positive due to increasing need for long-lasting and sustainable solutions

Growth driven by global megatrends, including urbanization, mobility, population growth and climate change

Maintaining a level playing field remains very important



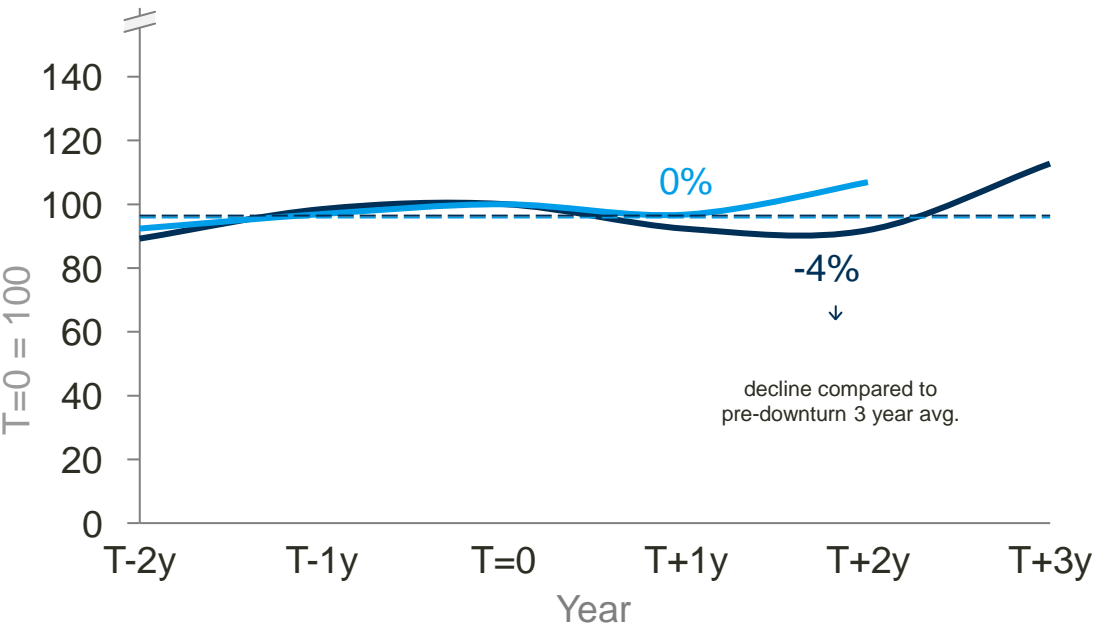
Stainless steel import pressure from Asia to Europe and US is increasing

Asian produced stainless steel has **over 4x higher carbon footprint** compared to Outokumpu

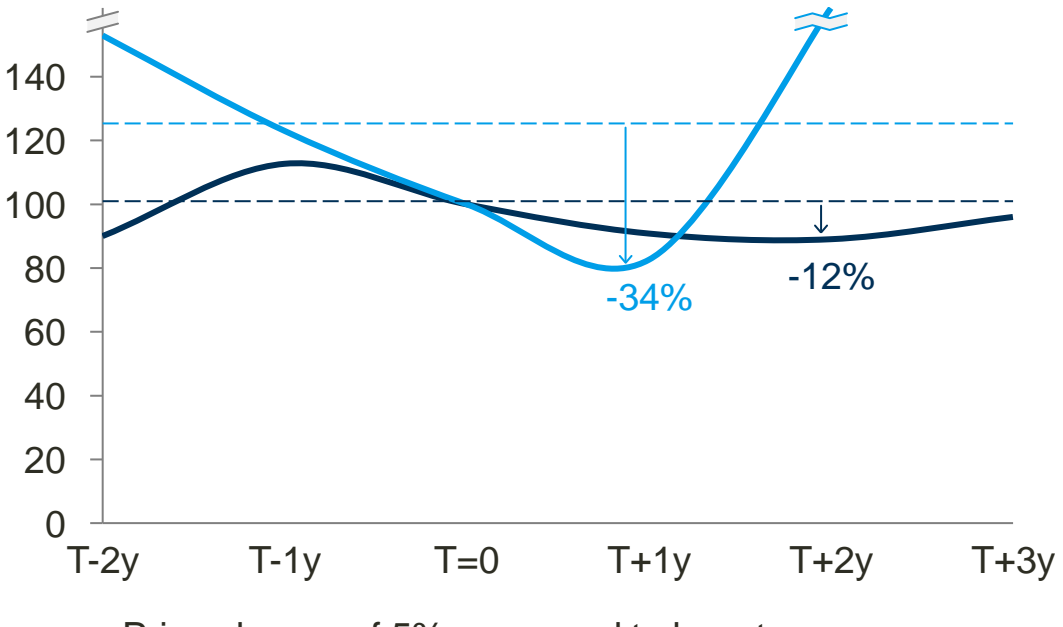
Outokumpu is more resilient in a cyclical market...

Stainless steel market development in downturns

Stainless steel volume



Stainless steel base price



— Financial crisis '08 — Covid-19 - - Pre-downturn 3y avg

Price change of 5% compared to long-term average in Europe would impact ~70€m p.a.

... and we have increased resilience for all market conditions

Strong starting point		
	2020	Latest figures
Adjusted EBITDA	250	1,221 (LTM)
Net Debt	1,028	294 (Q1/22)
Interest expenses	78	40 (Q1/22 run-rate)

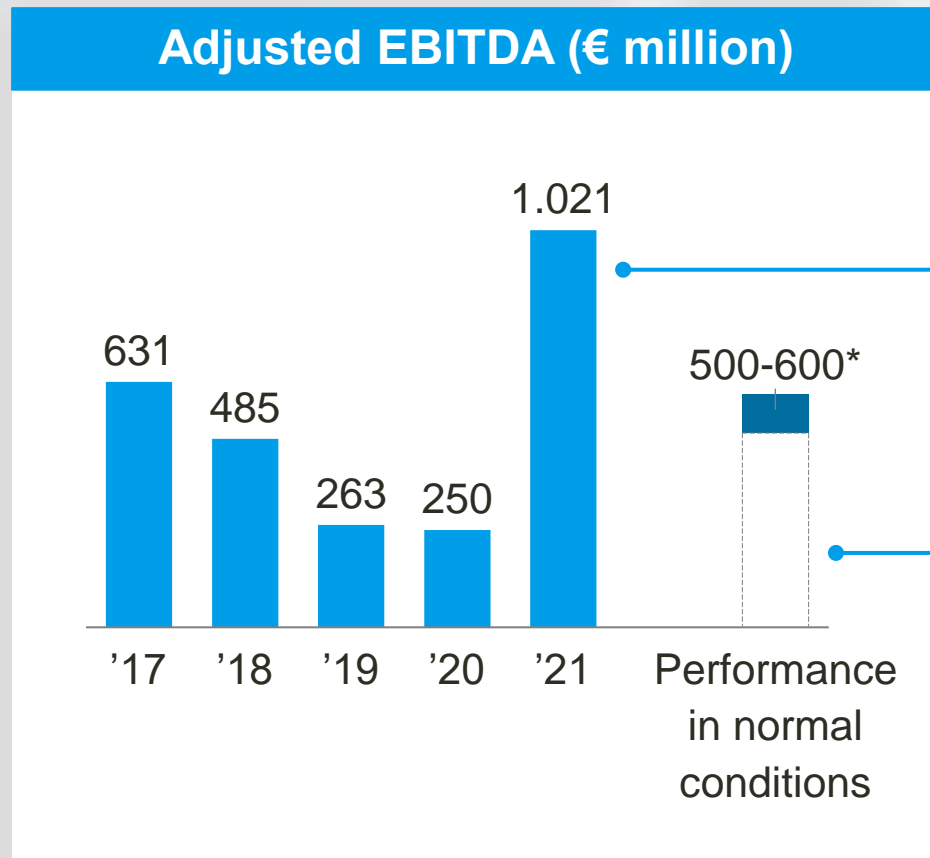
Playbook to ensure positive cash flow

Stronger commercial steering proven by improved margins, even with high-cost inflation

Increased flexibility and variabilization of cost base, proven methodology to drive improvements

Improved NWC management, resulting in 6% uplift in inventory turnover

Strong current performance and expectations of continuing good performance in normal market conditions



Strong 2021 performance:

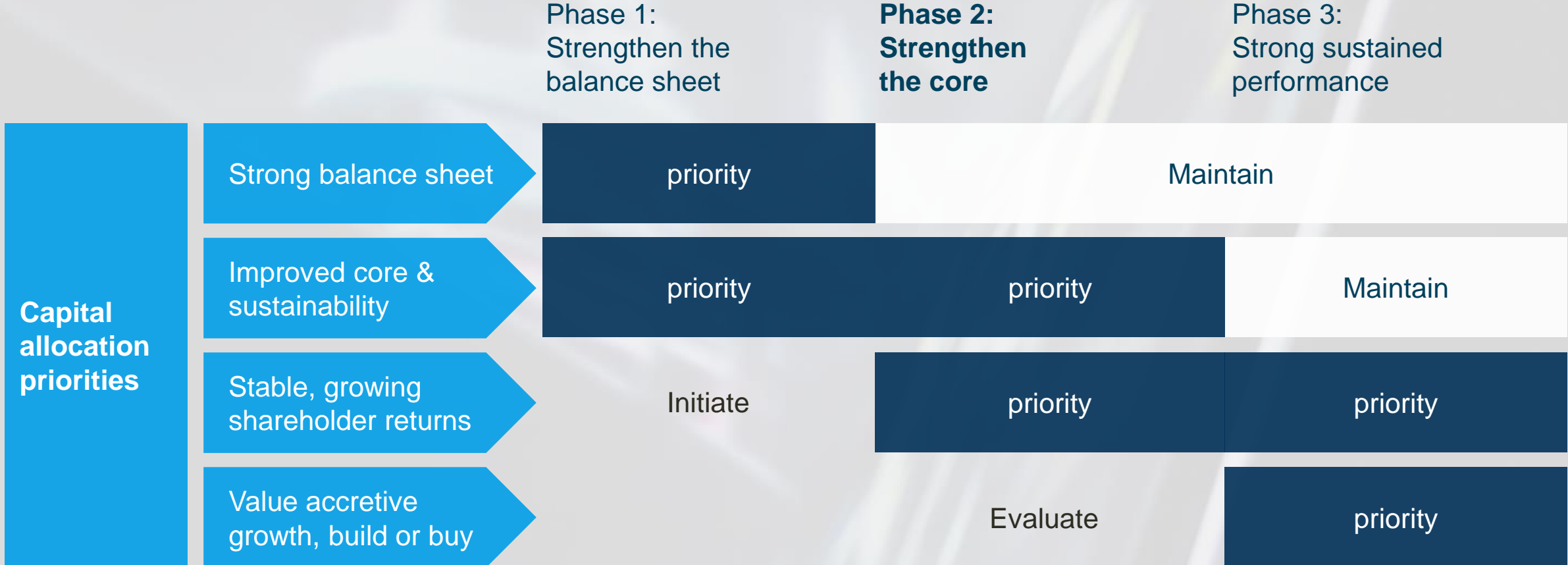
- Strong utilization
- Successful strategy execution
- Base price 67% above 5-year average, partly offset by inflation
- €76 million inventory and metal derivative gains

Normalized performance vs. 2021:

- + Impact from already executed and planned strategy actions
- +/- Continued strong utilization
- Reversion of base prices closer to long-term average
- No inventory and metal derivative gains

This would maintain ROCE over 10%

Capital allocation supports shareholder value creation



Updated financial targets reflect capital allocation priorities

Phase 2 financial targets 2023-2025

Net debt to EBITDA

<1.0x

in normal market conditions

CAPEX, over 3 years

€600 million

€330 million in maintenance and replacement

€85 million in ongoing strategic projects

€185 million in small expansion projects and sustainability

EBITDA

€200 million

run rate improvement

In H2/2022–2025 through strategy implementation

**Stable and growing
dividend**

With current financial trajectory, propose a significant increase at the next AGM

Targeting top tier TSR from stronger core

Total shareholder return drivers

Phase 2 targets

Profit growth

- Increased profitability with €200 million EBITDA improvement

Cash flow contribution

- Stable and increasing dividend
- Limited cash flow required for interest payments

Business resilience & repositioning

- Lower risk investment due to sustainability leadership & stronger core
- Stronger growth prospects through sustainability leadership
- Improved cycle resilience through market leadership in advanced products



Closing remarks

The same leadership team continues to Phase 2



Heikki Malinen
President & CEO



Pia Aaltonen-Forsell
CFO



Tamara Weinert
President, business
area Americas



Niklas Wass
President, business
line, Stainless Europe



Thomas Anstots
President, business line,
Advanced Materials



Martti Sassi
President, business
area Ferrochrome



Johann Steiner
Chief Human
Resources Officer



Stefan Erdmann
Chief Technology
Officer

Creating value through sustainability, cost competitiveness, and value-added growth

Stainless steel is a healthy market

Stainless steel is a light, strong and endlessly recyclable material for the increasing needs of the modern world.

Well-defined strategy

We focus on strengthening the core by maximizing value from sustainability, cost and market leadership.

Improved financial and risk profile

We have improved profit generation, strong balance sheet and enhanced downturn resilience.

Industry leader in sustainability

We are the only stainless steel company with an approved 1.5C Science Based Target.

Market and cost leader in stainless sector

We are well positioned as the market leader in advanced products and cost leader in high-volume products.

Stable shareholder returns

We are back to returning cash to shareholders via stable and growing dividend.

Thank you!

