

# Outokumpu – the global leader in sustainable stainless steel

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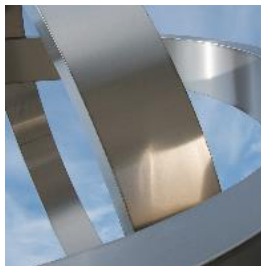
Investor presentation 2024

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  - Well defined, three-phase strategy
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  - Industry leader in sustainability
  - Stable shareholder returns



# Focus on long-term value creation and shareholder returns



## 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, three-phase 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 1.5 C Science Based Target and 91% of our sales are EU-taxonomy eligible and aligned.



## 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 returning cash to shareholders via stable and growing dividend.

# We are the global leader in sustainable stainless steel

## Outokumpu's year 2023

Sales

7

EUR billion

Stainless steel  
deliveries

1.9

million tonnes

Adjusted  
EBITDA

517

EUR million

95%

Record-high  
recycled material  
content in  
production

#1 market  
position  
in Europe

#2 market  
position  
in North  
America



Product line with  
up to 93% lower  
carbon footprint  
than global average

## Outokumpu's core business is stainless steel flat products and ferrochrome

Slab



Coil

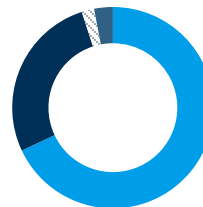


Ferrochrome



## Three business areas

Sales split



# Solid presence in key regions and a fully integrated production asset base starting from our own chrome mine

## Production capacity 1,000 tonnes

	Finland	Sweden	Germany	USA	Mexico	Total
<b>Melting capacity</b>	1,450	450		900		<b>2,800</b>
<b>Hot rolling capacity</b>	1,450	900		870*		
<b>Finishing capacity</b>						
Cold rolling	750	130	450	350	250	
Hot white band	150	120		150		
<b>Ferrochrome production</b>	530					<b>530</b>

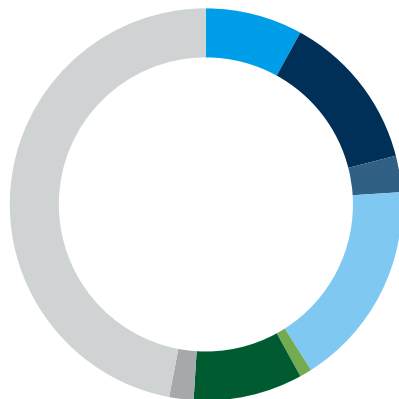
- Headquarters in Helsinki, Finland
  - Integrated melt shop, hot and cold rolling
  - Other mills
  - Chrome mine
- Finland
- Sweden
- Germany
- United States
- Mexico

# Global customer base and a wide product portfolio: both high-value and standard stainless steel production

## Sales in 2023 per customer segment

Wide customer base consisting of both end-customers and distributors

Appliances	8%
Automotive	13%
Architecture, building & construction	3%
Metal processing & tubes	17%
Chemical, petrochemical	1%
Heavy industries	9%
Other operations	2%
Distributors	47%



### High-value stainless steel

(advanced materials)\*

Applications which require special features, such as high resistance to stress, corrosion, cracking and/or strength.

→ *High-value stainless steel is used for example in process industry, construction, oil and gas industry*



### Standard stainless steel

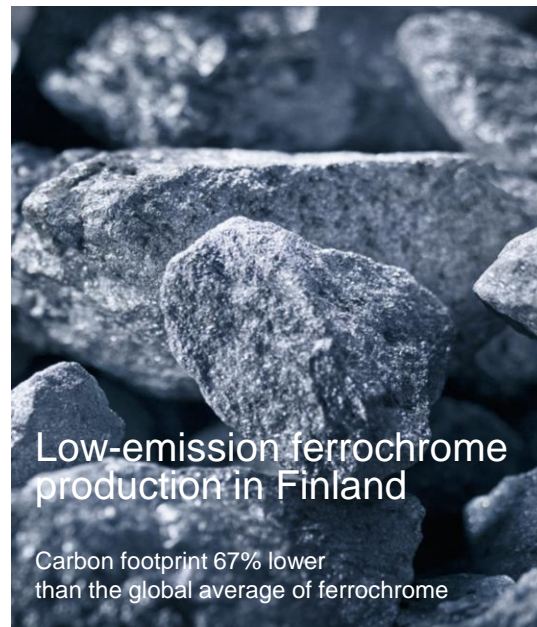
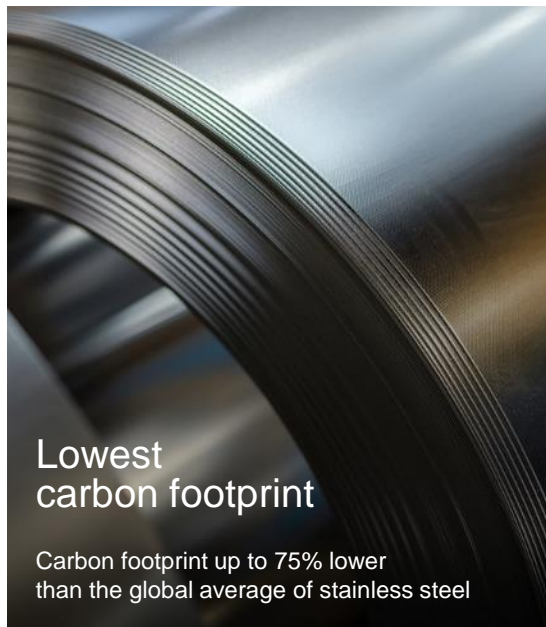
(commodity)

Versatile stainless steels with good combination of properties for wide range of applications.

→ *Standard stainless steel is used for example in automotive, appliances and consumer durables*

\*All advanced materials are produced in business area Europe, but sold globally

# We are accelerating green transition across the value chain



**Our ambition in sustainability has been globally recognized**



# Business area Europe

- Market position **#1**, market share **33%**
- Production facilities: Finland, Sweden and Germany
- Largest customer segments: distributors, automotive, appliances, heavy industries
- Business area Europe sold 47% to distributors and 53% directly to end-customers in 2023
- Main competitors: Aperam, Acerinox



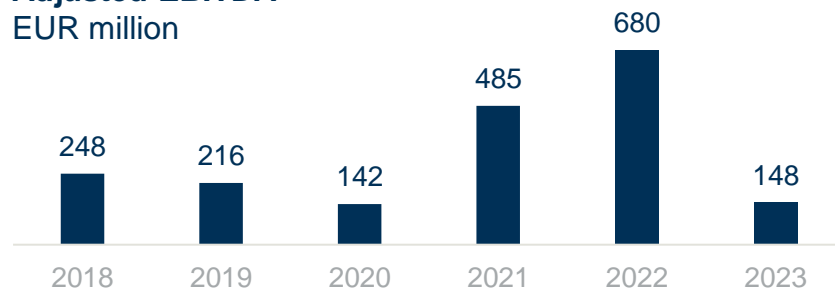
## Lowest carbon footprint in the industry

75% smaller carbon footprint than the global average. Circle Green® product with up to 93% lower carbon footprint compared to the global industry average\*

\*) Global average CO<sub>2</sub> emissions (2023): 7 kg CO<sub>2</sub>e per kg of stainless steel (Outokumpu's calculation based on data provided by CRU and worldstainless). Outokumpu Circle Green CO<sub>2</sub> emissions: down to 0.5 kg CO<sub>2</sub>e per kg of stainless steel.

September 2024

## Adjusted EBITDA EUR million



## Stainless steel deliveries 1,000 tonnes





# Business area Americas

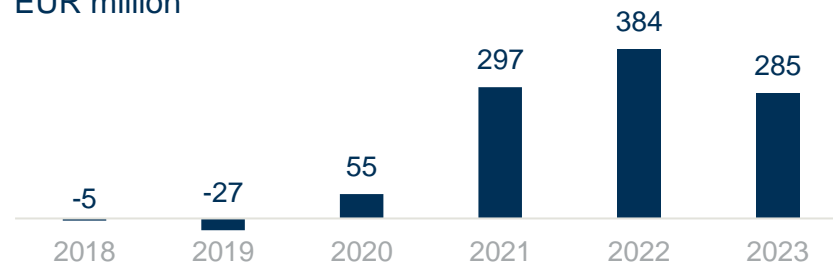
- Market position **#2**, market share **23%**
- Production facilities: Alabama, the U.S. and Mexico
- Largest customer segments: mainly distributors (~70%), appliances, automotive, pipes and tubes
- Main competitors: NAS, Cleveland Cliffs (AK), ATI



## The industry's most comprehensive technical expertise

With a growing portfolio of both austenitic and ferritic grades from our mill in Calvert, Alabama, and our stainless steel finishing mill in San Luis Potosí, Mexico, business area Americas is well-positioned to serve the expanding needs of the Americas' market.

## Adjusted EBITDA EUR million



## Stainless steel deliveries 1,000 tonnes



# Business area Ferrochrome

- Production facilities: Finland
- Our in-house ferrochrome mine in Kemi is a unique asset – only chrome mine in the EU area
- Outokumpu consumes majority of the ferrochrome produced internally at own mills
- The integrated ferrochrome and stainless steel mills at our Tornio site bring considerable efficiency advantages
- Main competitors: Glencore, Samancor, ERG



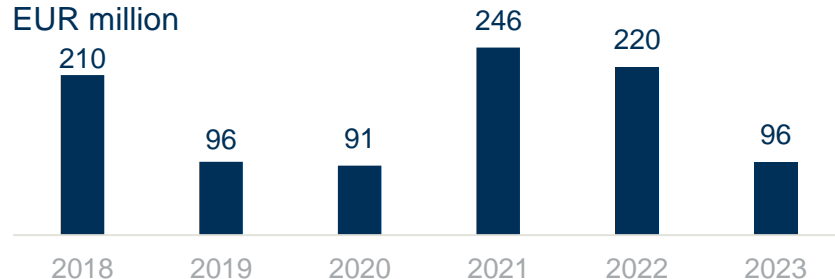
## Low-carbon ferrochrome production

Ferrochrome is a crucial raw material in the production of stainless steel.

The carbon footprint of our ferrochrome is 67% smaller than the global average – this is a significant driver for the low carbon footprint of our stainless steel.

## Adjusted EBITDA

EUR million



## Stainless steel deliveries

1,00 tonnes



## Our own low-carbon ferrochrome production is a competitive advantage for us and a fundamental part of our fully integrated value chain

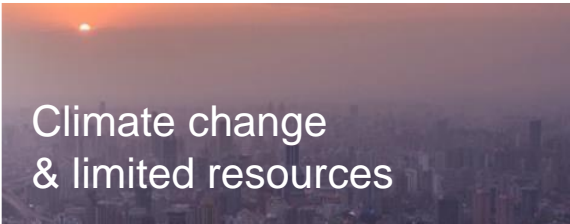


Outokumpu's chrome mine and ferrochrome operations in Kemi, Finland.

- We own the only chrome mine in the EU area, making Outokumpu well positioned with regards to Carbon Border Adjustment Mechanism (CBAM)
- We are the largest ferrochrome producer in Europe
- Our fully integrated ferrochrome and stainless steel operations in Kemi and Tornio provide several cost and operational benefits
- With recent investments to expand Kemi mine to -1,000 meters, ore availability has been ensured until the 2050'
- Kemi mine to become the first carbon-neutral mine in the world by 2025

# Climate ambitions accelerate demand growth for low-emission stainless steel

Global megatrends increasing demand



Climate change  
& limited resources

- **Energy investments**
- **Resource efficiency**

Regulation such as carbon emission trading scheme increasing climate actions

**Outokumpu uniquely positioned to benefit from Carbon Border Adjustment Mechanism (CBAM)**



Sustainable  
urbanization

- **Infrastructure**
- **Traffic, trains & bridges**
- **Mobility**

Clean investments driving demand for low-carbon steel

**Global spending  
\$1.8 trillion\***

\*[Bloomberg](#), 2024



Increasing  
population

- **Health care**
- **Clean water**
- **Appliances**

Growing end-customer needs representing opportunities to create value

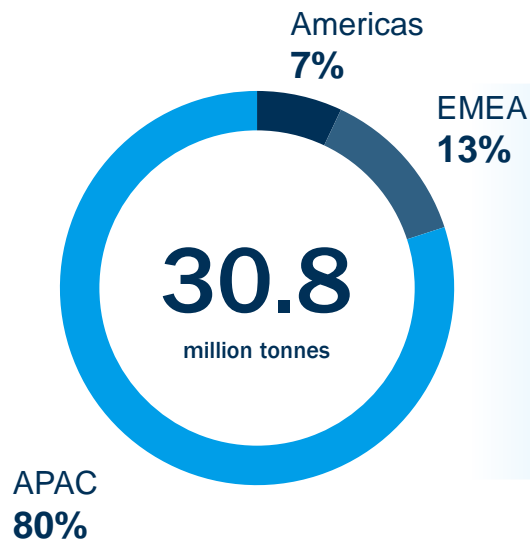
**+25–35% low-emission  
stainless steel demand  
by 2030 in Europe\*\***

\*\*Calculation based on the assumptions behind carbon steel and the consumption of stainless

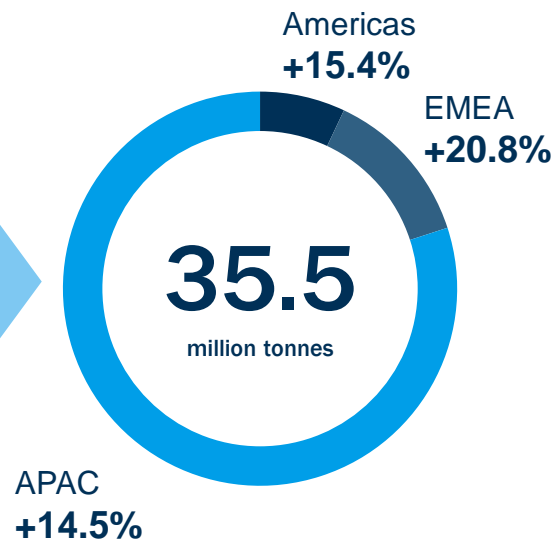


# Demand for stainless steel expected to grow

Global stainless steel demand\* in 2023



Expected stainless steel demand\* in 2027



+15%

Source: Source: CRU Stainless Steel Flat Products Market Outlook November 2023 | \* Demand refers to Apparent Consumption (= Production + Imports – Exports), Cold Rolled Flat Products

# Our three-phase strategy enables strong shareholder returns

## OUR VISION

Customer's first choice  
in sustainable stainless steel

### Phase 1: 2021–2022

Strengthen the balance sheet

Margin improvement and  
de-leveraging the balance sheet

### Phase 2: 2023–2025

Strengthen the core

Targeted productivity  
investments to improve  
margins. Additional  
investment to improve  
sustainability

Capital discipline and strong shareholder returns

### Phase 3: 2026–

Strong sustained performance

Americas expansion,  
European competitiveness,  
value-chain integration and  
sustainability leadership

Sustainability

## WHERE WE ARE NOW:

### Phase 1: 2021–2022

#### De-risking the company and strengthening balance sheet

- Key priorities: commercial excellence, cost and capital discipline and lean and agile organization
- De-risking of the company succeeded ahead of schedule
- Both financial targets achieved, EUR 250 million EBITDA run-rate improvement and net debt to EBITDA ratio to below 3.0.
- Significantly improved resilience, providing a strong foundation going forward, in all market conditions

### Phase 2: 2023–2025

#### Strengthening the core of the company

- Key priorities: Sustainability, growth from productivity and customer-focused steering
- Aim to reduce CO<sub>2</sub> emissions by 14% in line with our SBTi 1.5- degree climate target.
- BA Europe: aim to strengthen cost leadership in high-volume stainless steel products and global market leadership in advanced products, and to increase capacity by 100kt
- BA Americas: Focus on sustaining the high profitability levels, and increasing cold rolling capacity by 80kt
- BA Ferrochrome: Focus on carbon neutrality

### Phase 3: 2026–

#### Next steps - Third phase of the strategy 2026 onwards

- Focus will be in strengthening our market position further and developing more globally diversified operations
- Three focus areas: Americas expansion, European competitiveness, value-chain integration, and sustainability leadership along with the possible biocoke investment.
- Investments most likely required

## Strategy phase 2: strengthening the core of the company, reducing CO<sub>2</sub> emissions and focusing on shareholder returns

### Financial targets for 2023-2025

EBITDA run-rate improvement

**350**

EUR million

Net debt to adjusted EBITDA

**<1.0x**

in normal market conditions

CAPEX over the next 3 years

**600**

EUR million

Stable and growing dividend

Emission intensity tCO<sub>2</sub>/t crude steel

**-14 %**

compared to 2021 baseline

### Situation at the end of 2023

EBITDA run-rate improvement

**186**

EUR million

Net debt to adjusted EBITDA

**-0.1x**

CAPEX

**170**

EUR million

EUR 0.26 per share paid for year 2023

Emission intensity tCO<sub>2</sub>/t crude steel

**-14.6 %**



# Sustainability at the core of our strategy



## Climate

Commitment to reduce emissions across scope 1, 2 and 3 by 42% by 2030\*.



## Circularity

Target to achieve over 90% recycled material content.



## Energy efficiency

Improve energy efficiency by 8% by the end of 2024.



## People & safety

Long-term vision of zero accidents. Minimum of 30% of diverse leaders in all international management teams by the end of 2025 and pay equity certification in 2024.

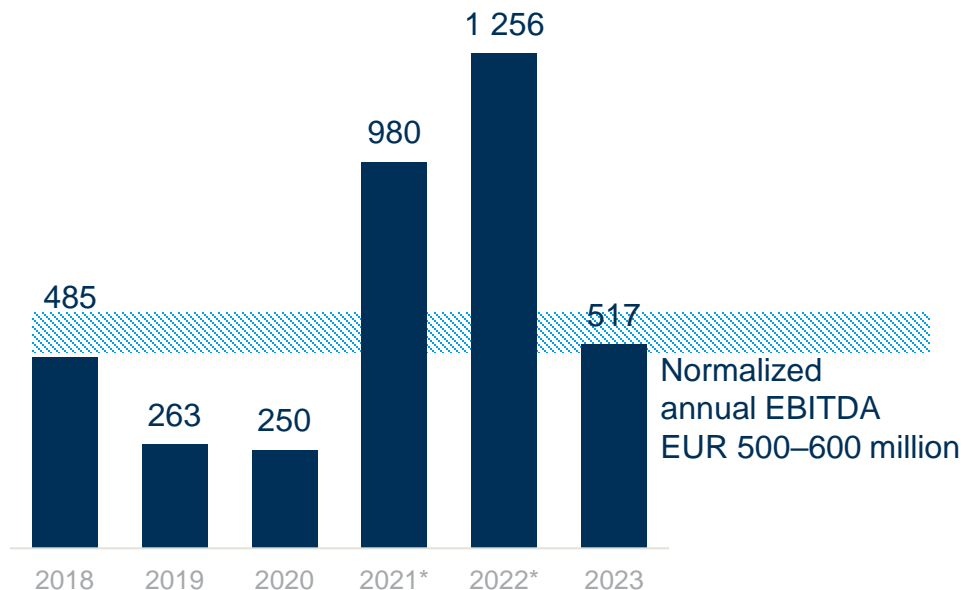
\*From the 2016 baseline

September 2024

We are committed to the United Nations' Sustainable Development Goals



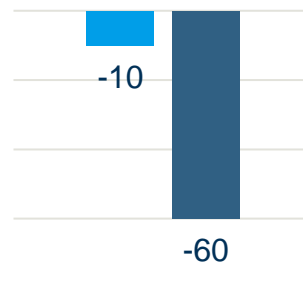
# Significantly improved resilience and capability to create value in a cyclical stainless steel industry



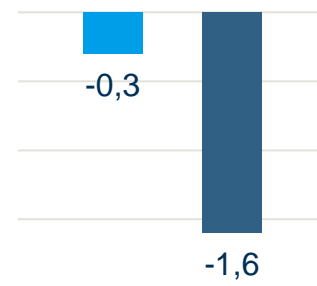
## Solid foundation to create value over the cycle

Strong balance sheet is required in a volatile industry to withstand also challenging market conditions

### Negative net debt



### Gearing

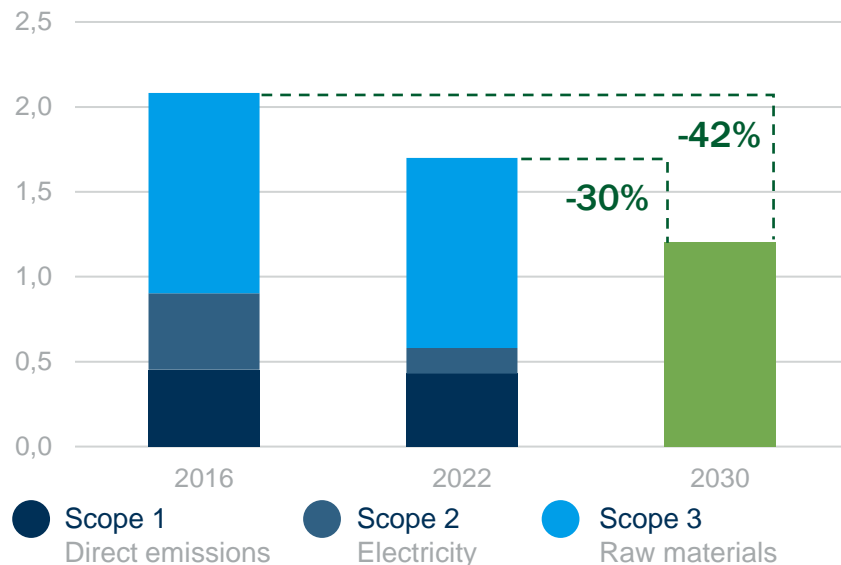


● 2022 ● 2023

# We accelerate green transition with low-emission stainless steel and continue to decarbonize our value chain with our partners

- 90% of Outokumpu's sales in 2023 is both eligible and aligned with the EU taxonomy
- Outokumpu has a sufficient amount of carbon allowances until the end of the decade assuming that the planned emission reductions realize according to plans
- We are well positioned within Carbon Border Adjustment Mechanism (CBAM) due to low stainless steel carbon footprint and the only chrome mine within EU area with a low carbon footprint

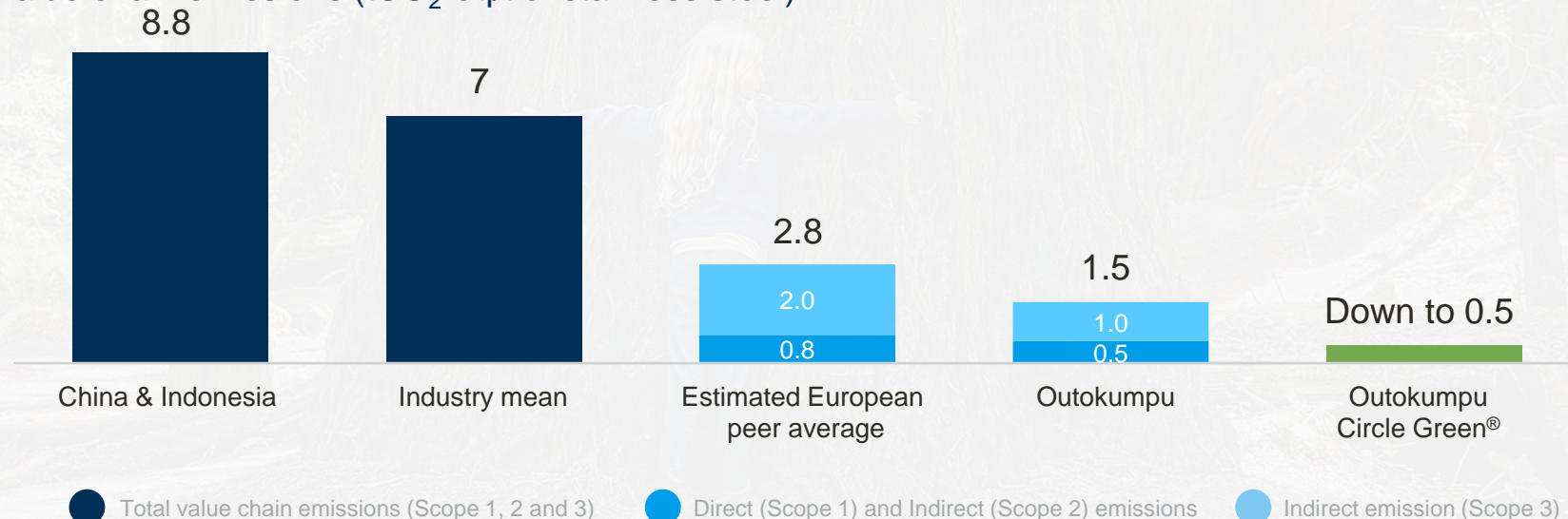
**Emission intensity**  
(tCO<sub>2</sub>-eq/t of stainless steel)





# Outokumpu supports customers to reduce their emissions with the lowest carbon footprint in the industry

Value chain emissions (tCO<sub>2</sub>-eq/t of stainless steel)\*



\*China & Indonesia and Industry mean: Outokumpu's calculation based on Gyllenram & Wei 2022 and data from CRU and worldstainless. Estimated European peer average: 3rd party estimate of European peer average emissions in Scope 3 for 2019.

September 2024

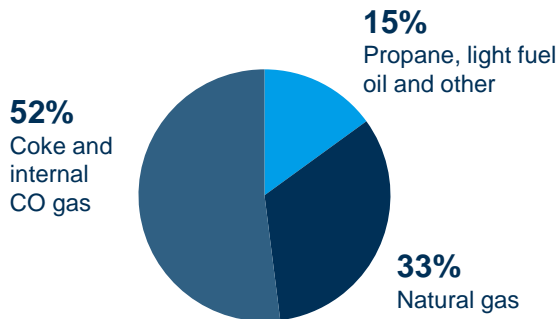


# Our starting point for emission reductions

## Emissions per scope in 2023

### Scope 1

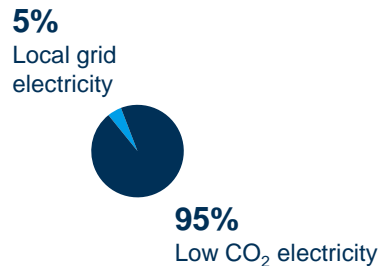
Total: 1,013 ktCO<sub>2</sub>



Addressing coke and fuel use has a significant impact on Scope 1 emissions, which constituted 29% of our emissions.

### Scope 2

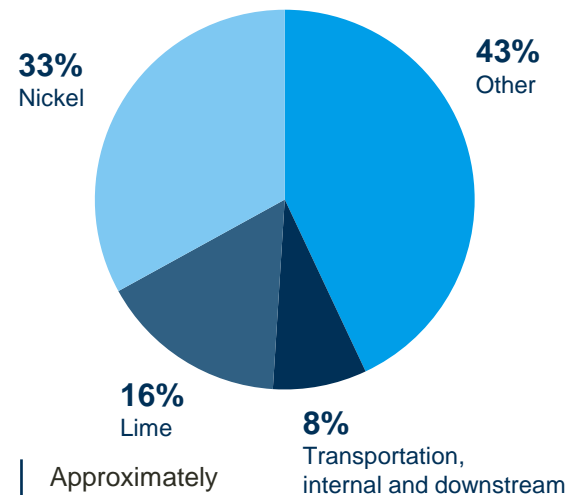
Total: 142 ktCO<sub>2</sub>



Absolute emissions has been significantly reduced by increasing the share of low-carbon electricity up to 95% of our electricity consumed. Scope 2 emissions constitute 4% of our emissions.

### Scope 3

Total: 2,309 ktCO<sub>2</sub>

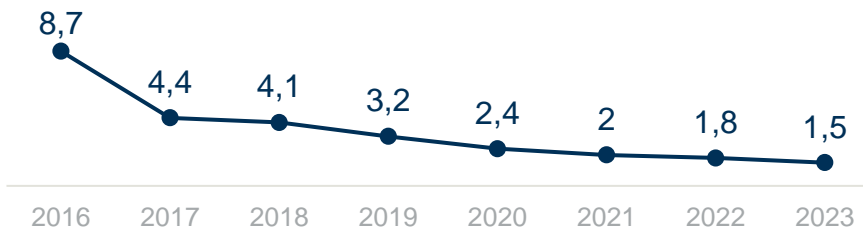


Approximately one third of our value chain emissions come from production of nickel. Scope 3 emissions constitute 67% of our emissions.

# People are our most valuable asset

## World-class safety performance

TRIFR\*



Personnel

**8,469**

full-time equivalent

Increase in  
diverse leaders

**+26%**

from 2022 baseline

Improving  
pay equity

**0.99**

women's euro with  
an external verification

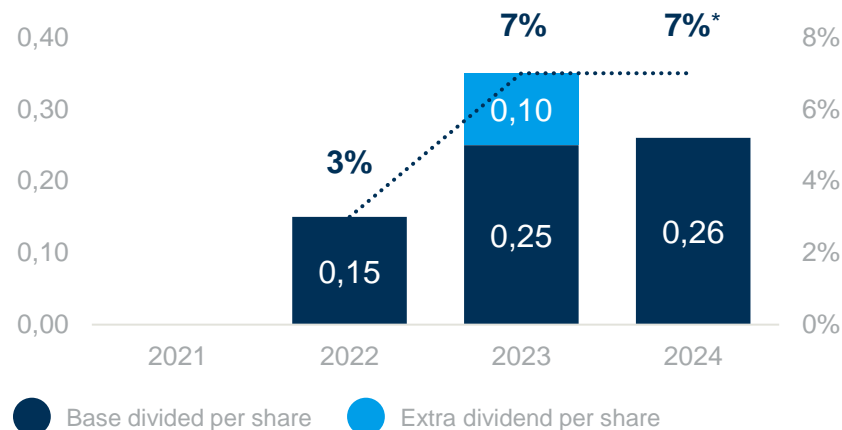
TRIFR = Number of total recordable incidents per million working hours.  
2021 and 2022 numbers include only continuing operations.

September 2024



## Strong commitment to paying a stable and growing dividend in line with our dividend policy

### Dividend per share, EUR and dividend yield, % Year of dividend payment

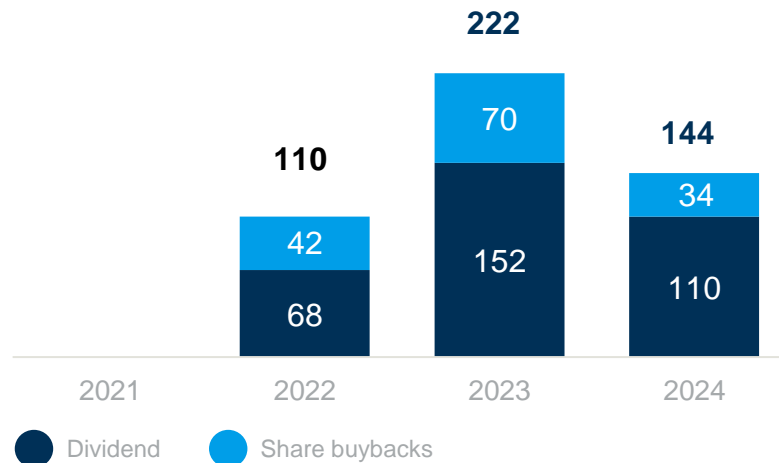


\* closing share price on March 21, 2024

## Share buybacks are another tool to return capital to the shareholders

31 million shares repurchased in 2022–2024 to manage the dilutive impact from the convertible bond

### Capital returns EUR million

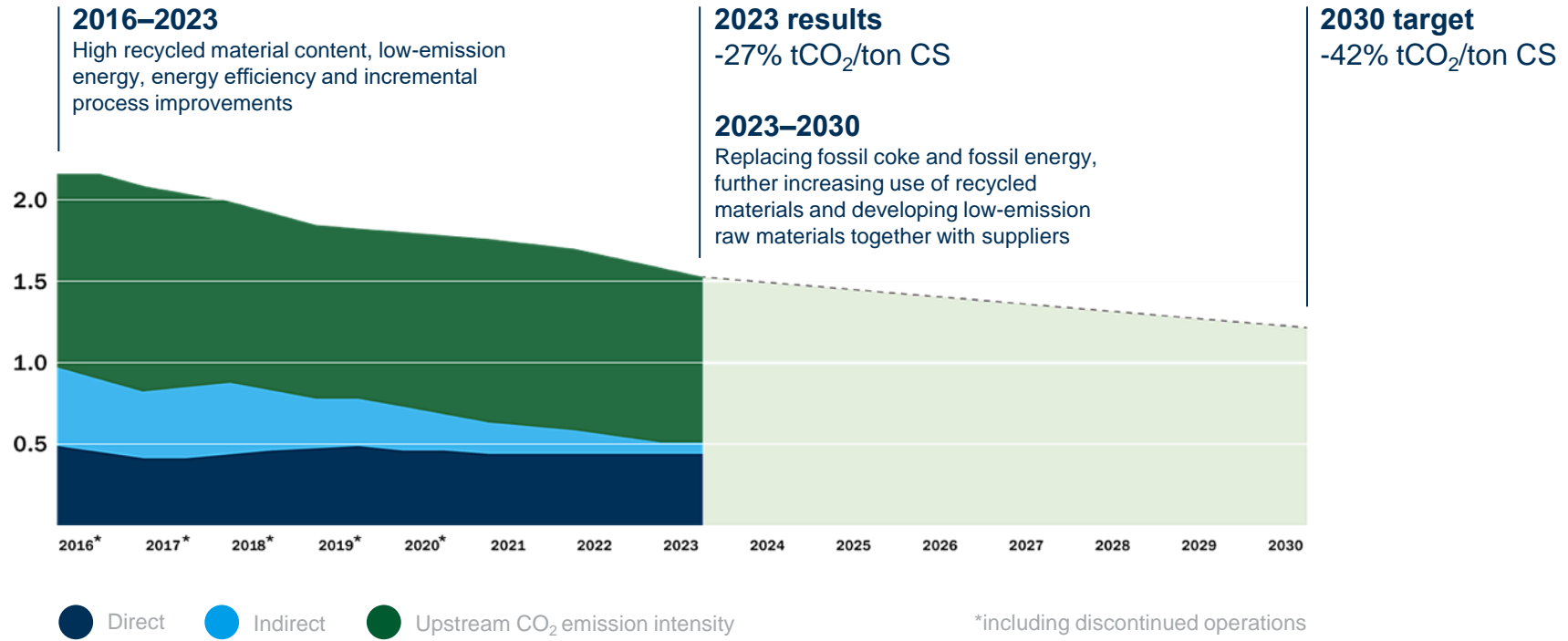


outokumpu





# Continue our climate strategy to further reduce our emissions aligned with 1.5 degrees – circularity and innovation at the core



# Strong partnerships with customers to drive the green transition forward in stainless steel industry

**FISKARS**  
EST. GROUP 1649



**klöckner & co**

**SIEMENS**

**NORDIC STEEL**  
part of great solutions

**Fissler**



**STALB**  
TUBE



**PUREM**  
by Eberspächer

**BOYSEN**  
INNOVATIONEN ABGASTECHNOLOGIE

**SVERDRUP**  
STEEL

**STAHLKREBS**  
our steel. YOUR BUSINESS.



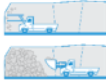
**Up to 93% lower carbon footprint compared to the industry average\***

\*Global average CO<sub>2</sub> emissions (2023):  
7 kilos of CO<sub>2</sub>e per kg of stainless steel (based on data provided by CRU and worldstainless).  
Outokumpu Circle Green CO<sub>2</sub> emissions:  
down to 0.5 kilos of CO<sub>2</sub>e per kg of stainless steel.

# How is cold rolled stainless coil produced at Outokumpu?

## Kemi mine

1. Underground mine



2. Hoisting



3. Crushing



4. Heavy medium separation



5. Grinding



6. Spiral concentration



## Ferrochrome works

1. Sintering furnace



2. Smelter



3. Storage



## Steel melting shop

1. Liquid ferrochrome



2. Recycled steel



3. Ferrochrome Converter



4. Electric Arc Furnace



5. AOD Converter



6. Continuous Casting Machine



## Hot rolling mill

1. Walking Beam Furnace



2. Roughing Mill



3. Steckel Mill



4. Tandem Mill



5. Bell Furnace



## Cold rolling plant

1. Hot annealing and pickling line



2. Sendzimir Mill



3. Cold annealing and pickling line



4. Polishing line



5. Slitting Line



6. Cut-to-length Line



# Appendix

## Latest financial materials and presentations

<https://www.outokumpu.com/en/investors/materials>

## Latest CEO's review

<https://www.outokumpu.com/en/investors/outokumpu-as-an-investment/ceos-review>

## Latest outlook

<https://www.outokumpu.com/en/investors/outokumpu-as-an-investment/outlook-and-risks>

## Major shareholders and ownership structure

<https://www.outokumpu.com/en/investors/outokumpu-share/shareholders>

## Financing and credit information

<https://www.outokumpu.com/en/investors/financing-and-credit-information>

## Sustainability data tool

<https://www.outokumpu.com/en/sustainability/reporting-and-data/sustainability-data>

## Board of Directors

<https://www.outokumpu.com/en/about-outokumpu/organization/board-of-directors>

## Outokumpu Leadership Team

<https://www.outokumpu.com/en/about-outokumpu/organization/leadership-team>



# Contacts

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