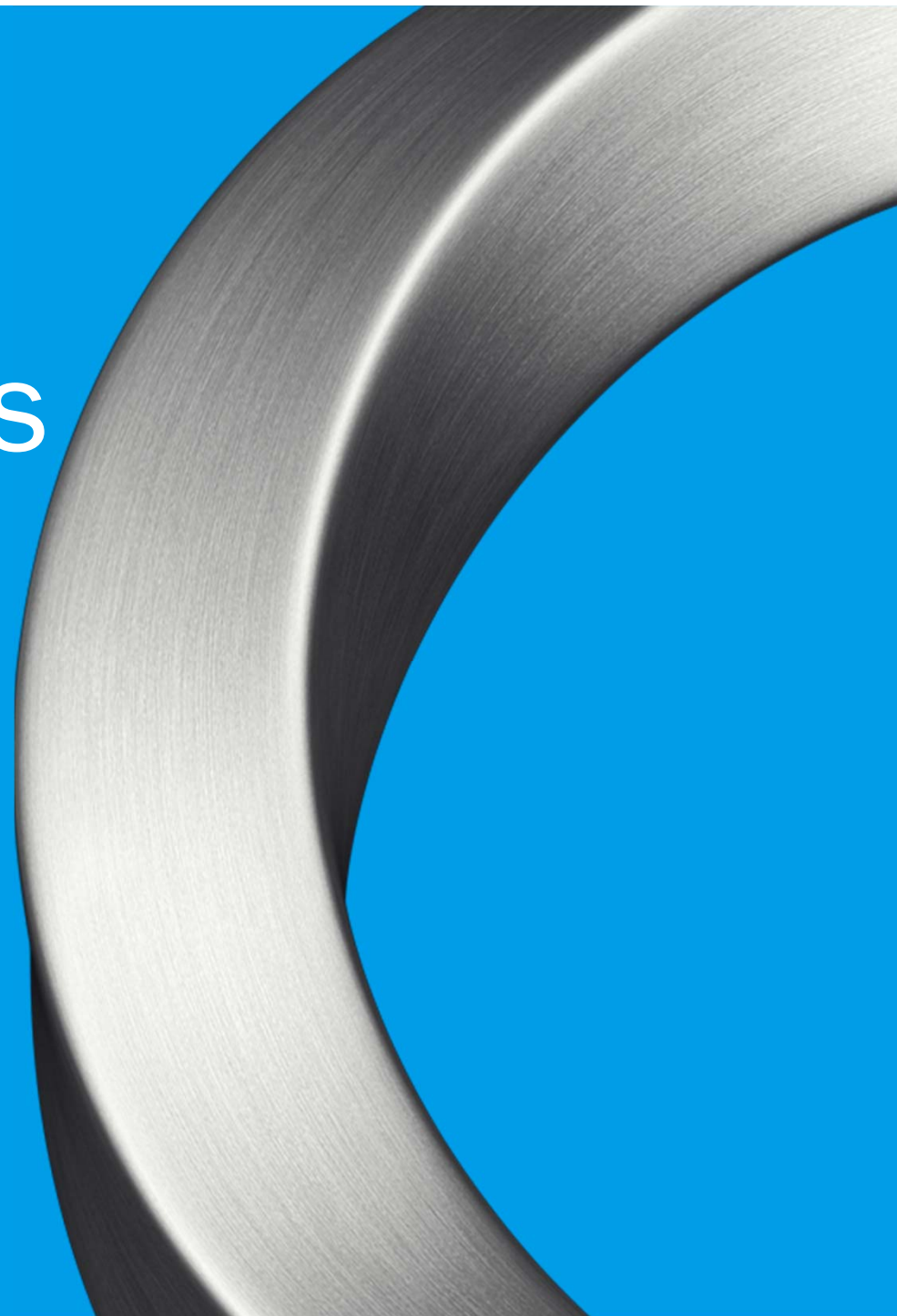


Outokumpu Capital Markets Day 2015

May 27, 2015
Berlin, Germany

outokumpu 



Program

Time	Topic	Speaker
13:15	Progress in Outokumpu turnaround	Mika Seitovirta, CEO
13:40	Coil Americas - Long-term potential intact	Jose Ramon Salas, Interim Head, Coil Americas
14:05	Coil EMEA – On track to sustainable profitability	Olli-Matti Saksi, President, Coil EMEA
14:30	Q&A	
14:55	Coffee break	
15:15	Global stainless steel market update	Guest speaker: Markus Moll, SMR
15:45	New solutions for automotive industry	Pekka Erkkilä, CTO
16:10	Turnaround shows in gradually improving profitability	Reinhard Florey, CFO
16:35	Q&A	
17:15	Drinks & dinner	

Speakers



Mika Seitovirta
CEO

Mika Seitovirta has been Chairman of the Outokumpu Leadership Team since 2011. Before joining Outokumpu as the Chief Executive Officer in 2011, Mika has held several executive positions in both industrial and consumer sectors in companies such as Glaston and Volvo, and holds a number of board positions in international industry associations. He holds a masters degree in economics.



Jose Ramon Salas
Interim Head, Coil Americas

Jose Ramon Salas was appointed as the interim head of the business area Coil Americas in April 2015. Jose Ramon is also responsible for the businesses in Mexico and head of Outokumpu Mexinox and has successfully led Mexinox for several years.

Speakers



Olli-Matti Saksi

President, Coil EMEA

Olli-Matti Saksi has been a Member of the Outokumpu Leadership Team since 2014 and has joined Outokumpu in 2013. Olli-Matti has a wide work experience in sales and marketing from various companies in metal industry. He holds a master's degree in engineering.



Markus Moll (guest speaker)

Managing Director, Steel & Metals Market Research, SMR

SMR is the market's go-to source for business intelligence. Prior to starting SMR in 1994, he spent four years with Plansee, the world leader in refractory metals, and five years as a stainless steel market analyst with a German research firm. A mechanical engineer by training, he also holds a masters degree in business economics from the University of Innsbruck.

Speakers



Pekka Erkkilä

Chief Technology Officer

Pekka Erkkilä has 30 years' experience in the stainless steel and mining industries. He is responsible for Outokumpu's global production and technology strategy and capital investments optimization. He holds a master's degree in physical metallurgy from Helsinki University of Technology.



Reinhard Florey

Chief Financial Officer

Reinhard Florey has been member of the Outokumpu Leadership Team since 2012. Before Outokumpu, he was the CFO of Innoxum and joined Outokumpu in 2012 when the merger was completed. He has extensive experience in financing and is responsible for finance and control, treasury and risk management, taxation, integration and M&A, corporate affairs and compliance, and investor relations. Reinhard holds a master's degree in engineering and economics from Technical University Graz.

Disclaimer

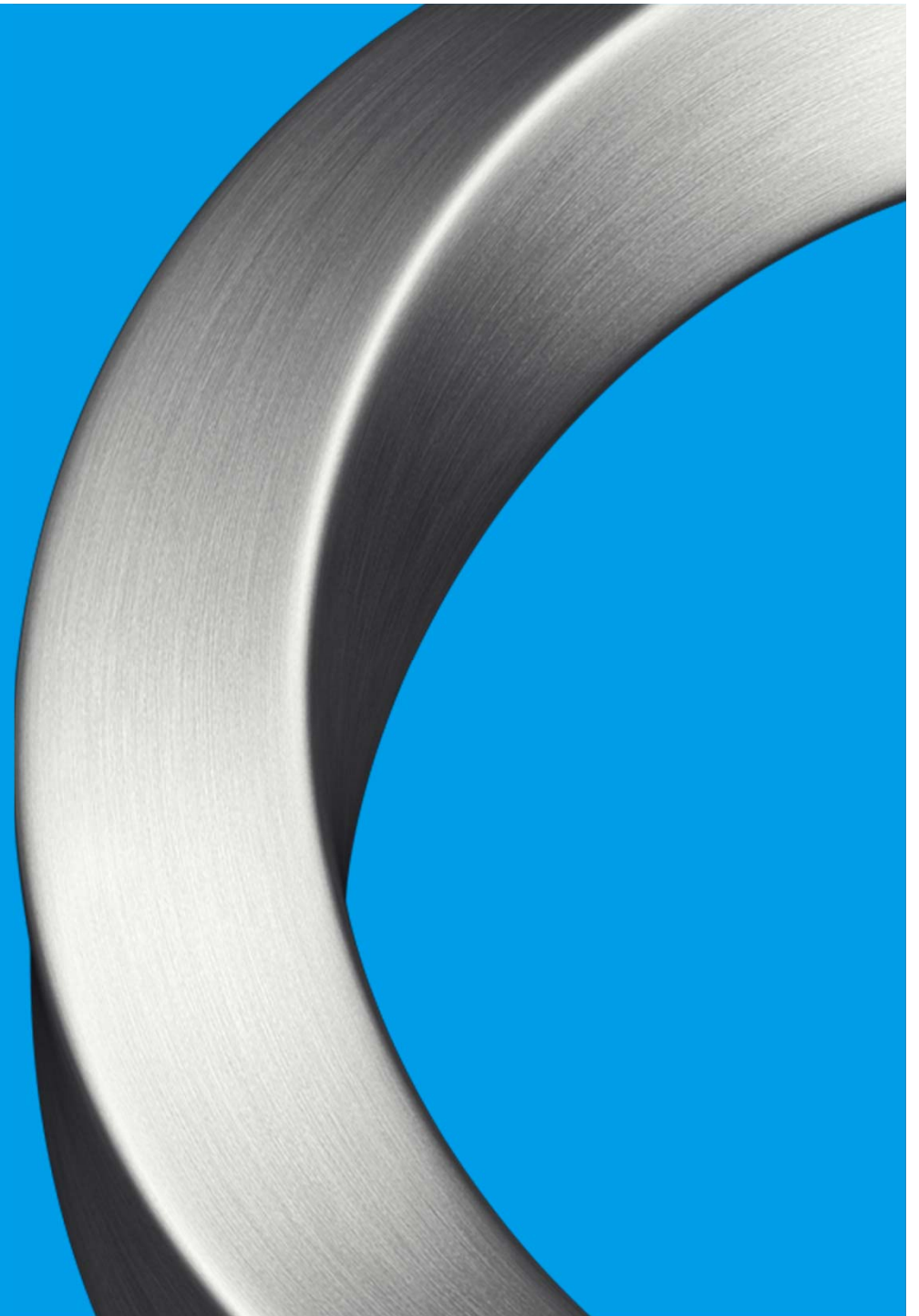
This presentation contains, or may be deemed to contain, statements that are not historical facts but forward-looking statements. Such forward-looking statements are based on the current plans, estimates and expectations of Outokumpu's management based on information available to it on the date of this 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.

Progress in Outokumpu turnaround

Mika Seitovirta
CEO

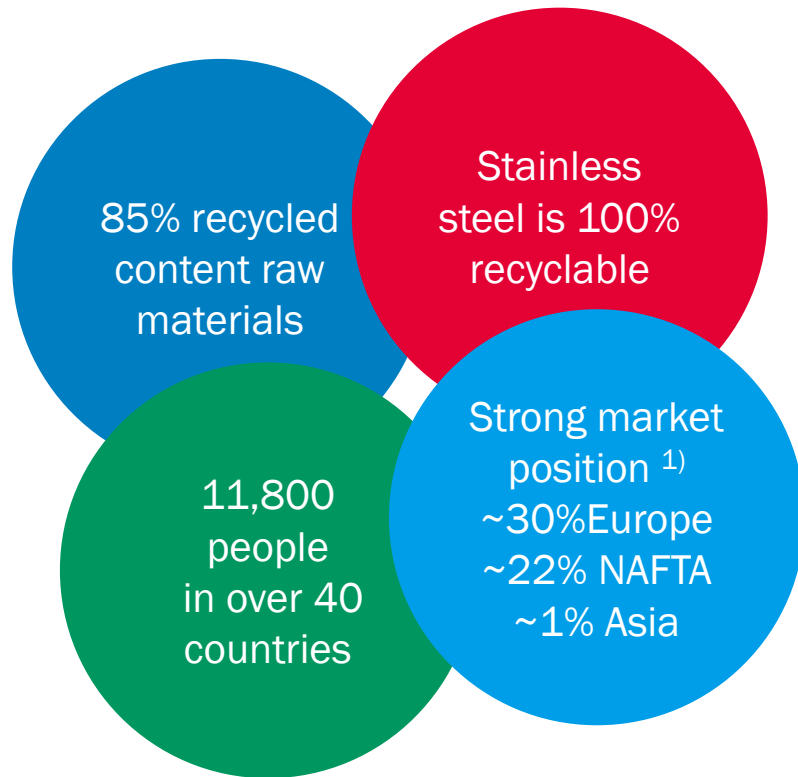
May 27, 2015

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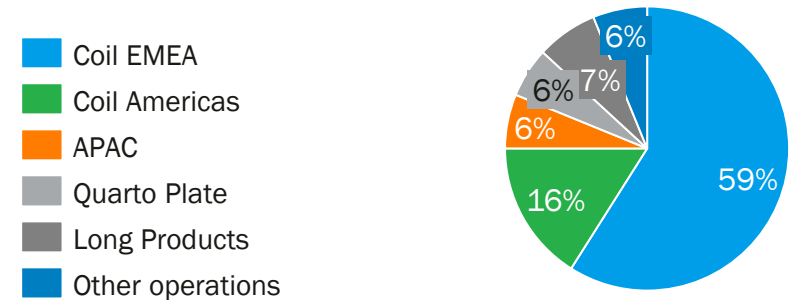


1. Performance heading in right direction
2. Coil EMEA on track to sustainable profitability
3. Taking actions to get Coil Americas back on track

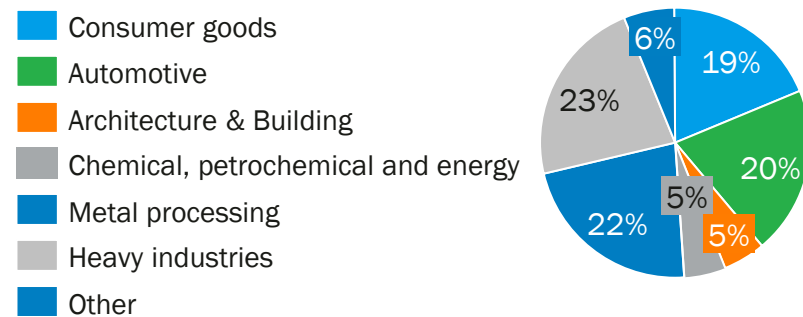
Outokumpu - Global leader in stainless steel



Sales by business area ²⁾



~53% of sales is direct sales to end-customers ³⁾



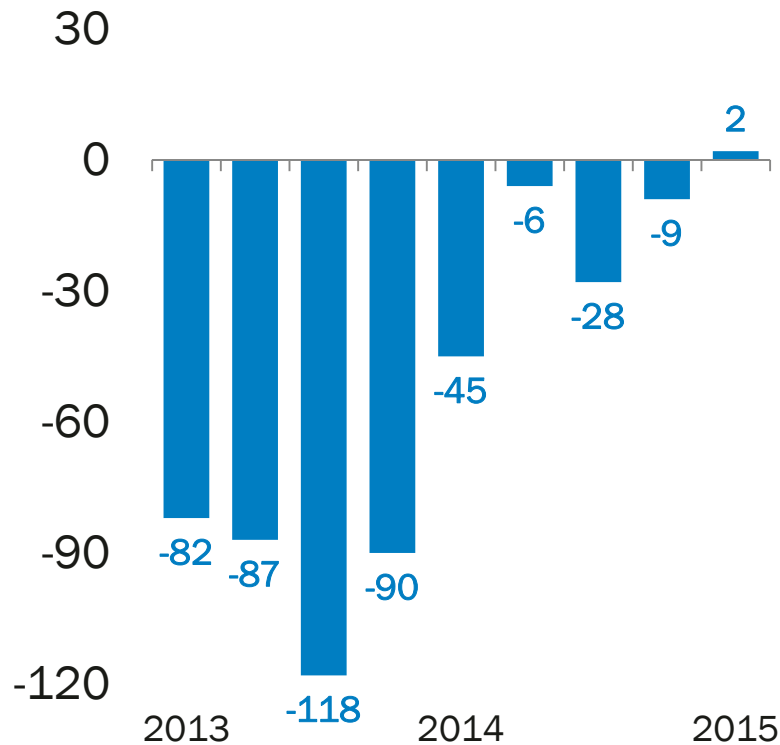
1) Market shares 2014 are calculated based on cold rolled deliveries. Source: Eurofer January 2014, AISI January 2014, CRU January 2014
 2) External sales, FY2014
 3) Direct sales only = ~53% of Outokumpu's total sales in 2014

We have strong footprint in all key markets



Performance heading in right direction

Group underlying EBIT, EUR million



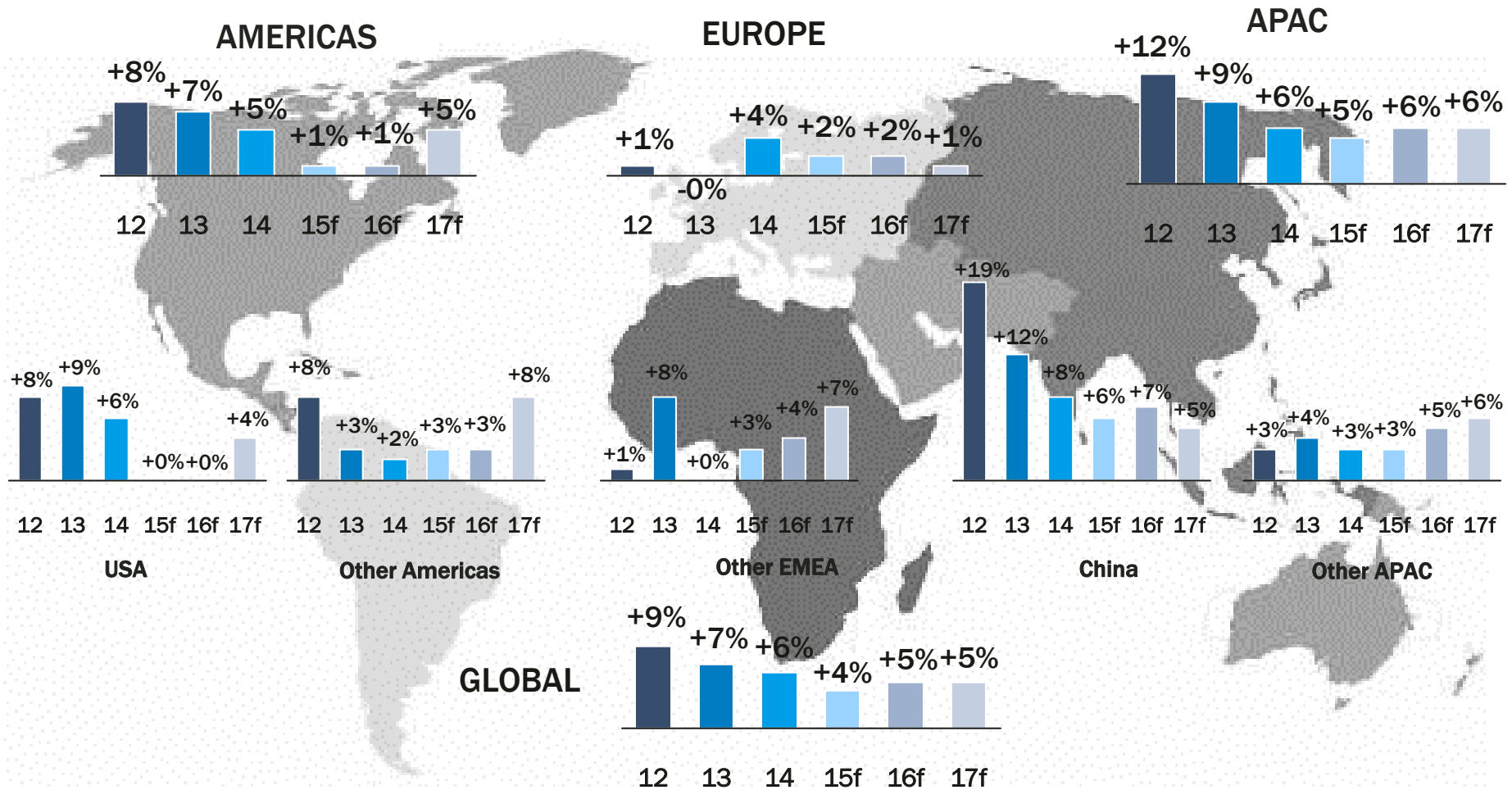
Group key figures, EUR million

	2013	2014	Q1/15
Deliveries, kt	2,585	2,554	620
Sales	6,745	6,844	1,768
Underlying EBIT	-377	-88	2
Net result	-1,003	-439	-45
Net cash from operations	34	-126	-62
Total assets	8,823	6,411	6,889

Delivering on Outokumpu turnaround

- 1 Synergies and efficiency programs – proceeding ahead of plans 
- 2 EMEA restructuring – continues on track, next Bochum closure in June 
- 3 Calvert ramp-up – long-term potential intact, decisively addressing short-term challenges 
- 4 Remedy solved & extensive financial arrangements resulting in significantly stronger balance sheet 
- 5 Working capital management and capex – new standards set/applied 
- 6 New leadership and BA structure with stronger commercial focus 

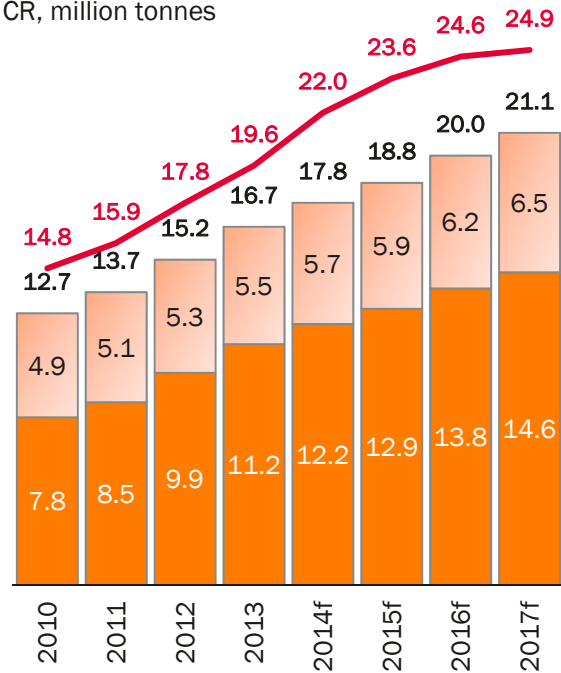
Continued demand growth for stainless steel globally



Supply/demand balance remains a key

Asia

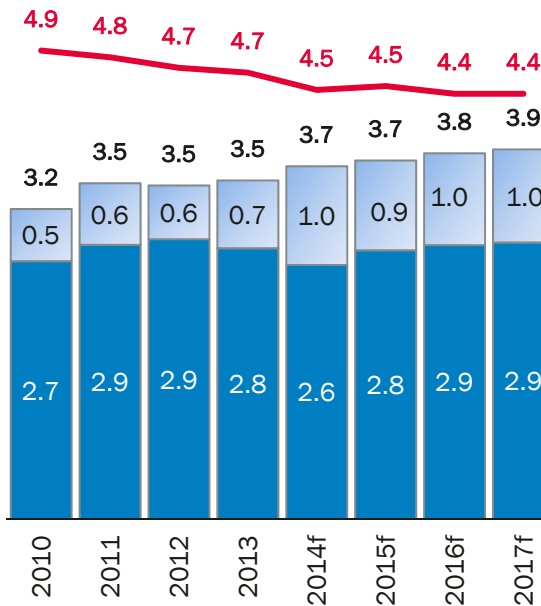
CR, million tonnes



■ Demand covered by Rest Asia
■ Demand covered by China
— CRU Capacity

Europe

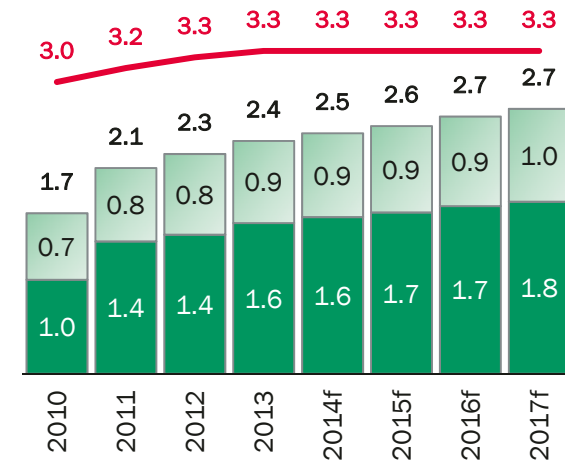
CR, million tonnes



■ Demand covered by Imports
■ Demand covered by EU Mills

Americas

CR, million tonnes



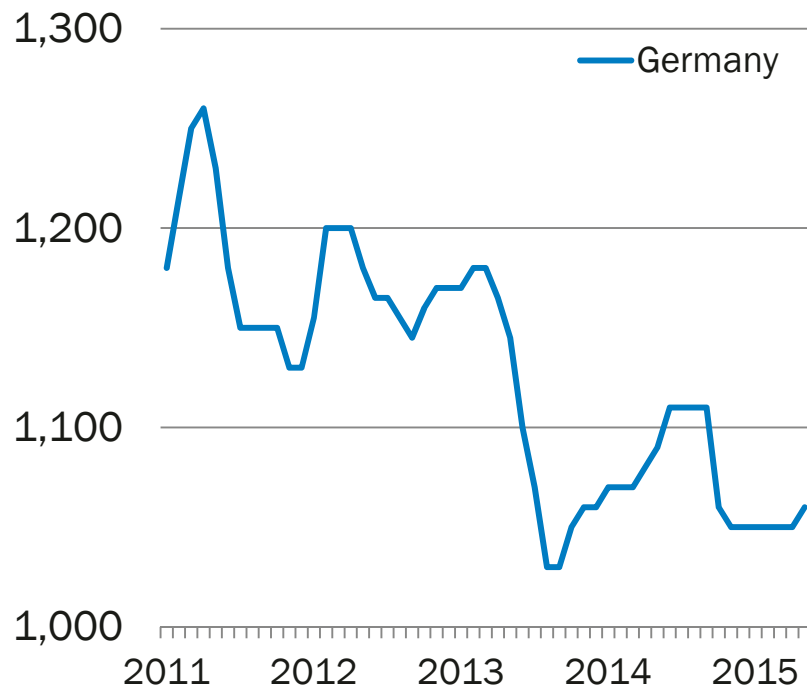
■ Demand covered by Rest Americas
■ Demand covered by USA
— CRU Capacity



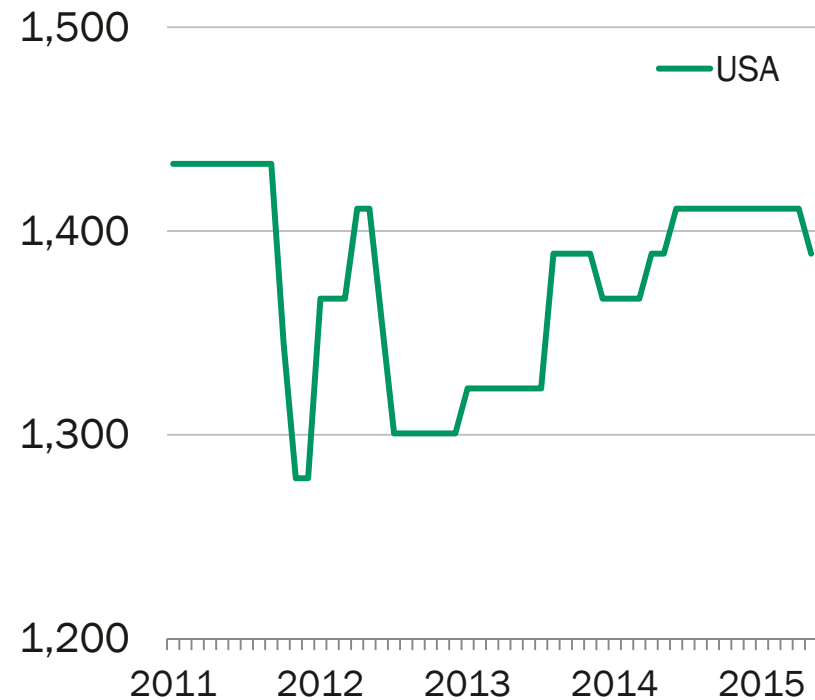
Source: SMR real demand February 2015; CRU capacity February 2015
Eurofer imports April 2015, Outokumpu estimates

Base prices slightly increasing in Europe, but declining in the US

European base prices, EUR/t ¹⁾



US base prices, USD/t ¹⁾

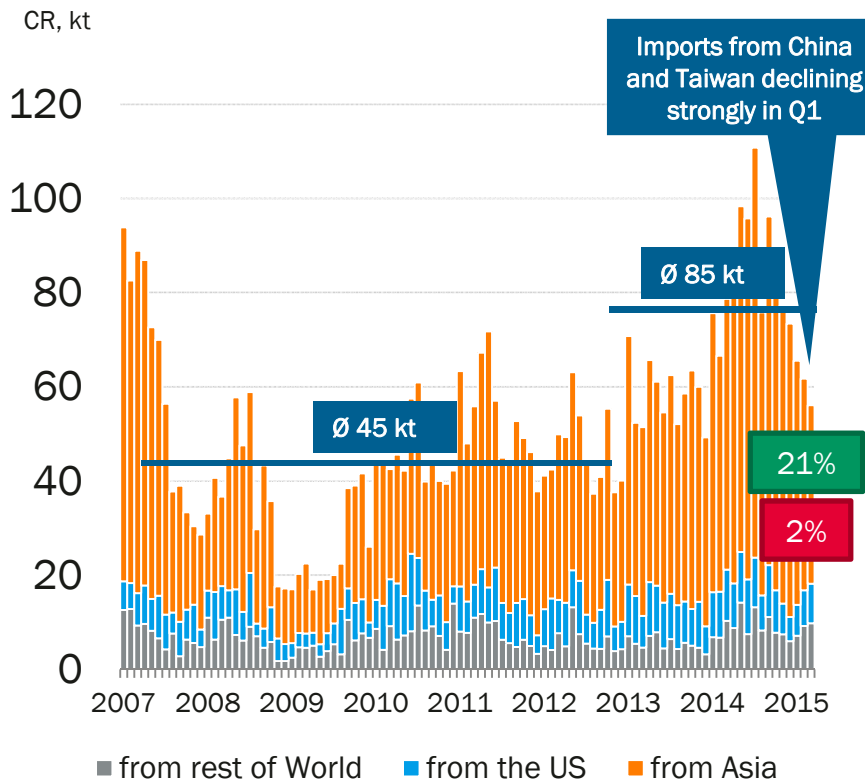


Stainless steel imports to Europe ease in Q1/15

Asian import pressure to US remains high

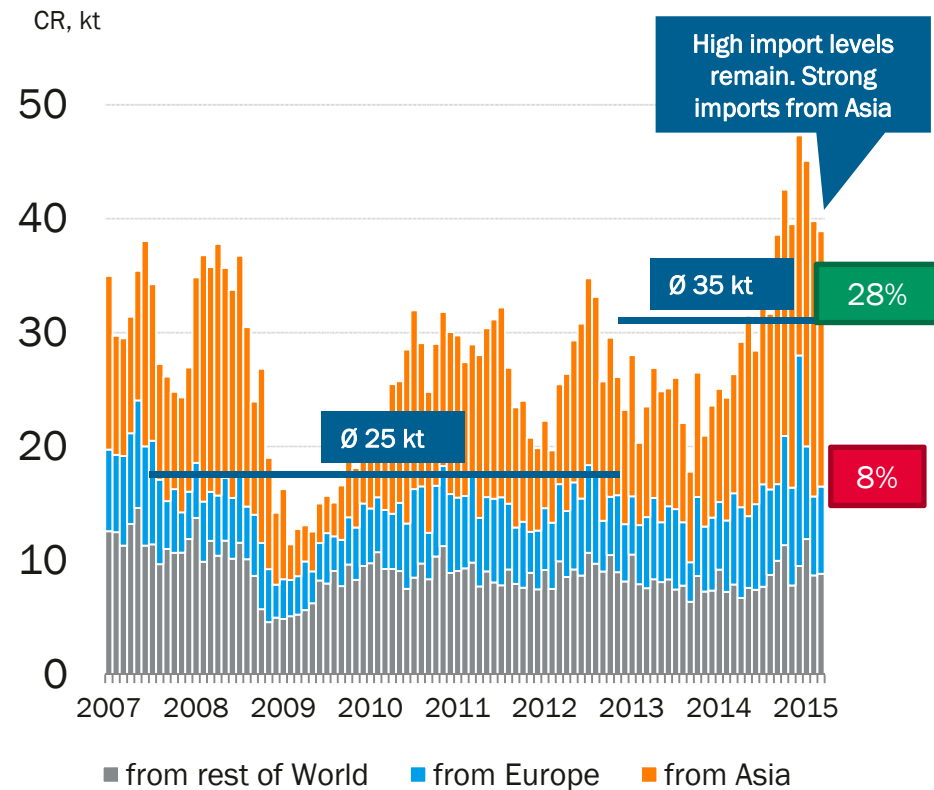
Third-country imports into Europe

Total market size 3.7 million tonnes in 2014*



Third-country imports into the US

Total market size 1.6 million tonnes in 2014*



Source: Foreign Trade Statistics May 2015
 *SMR CR apparent consumption February 2015

■ Total market penetration of imports, 03/15
 ■ China import penetration, 03/15

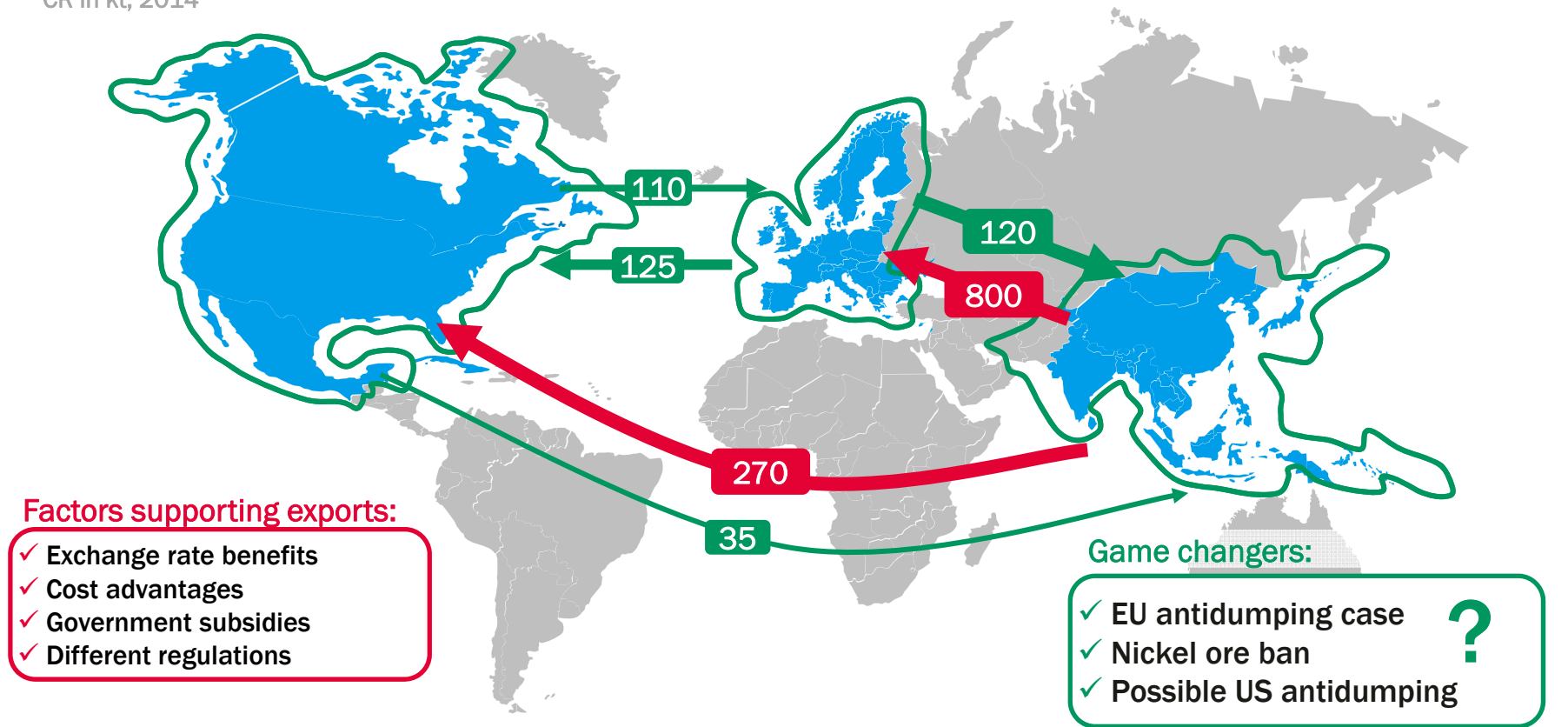
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Unbalanced trade flows

High pressure to export Asian overcapacities to other regions

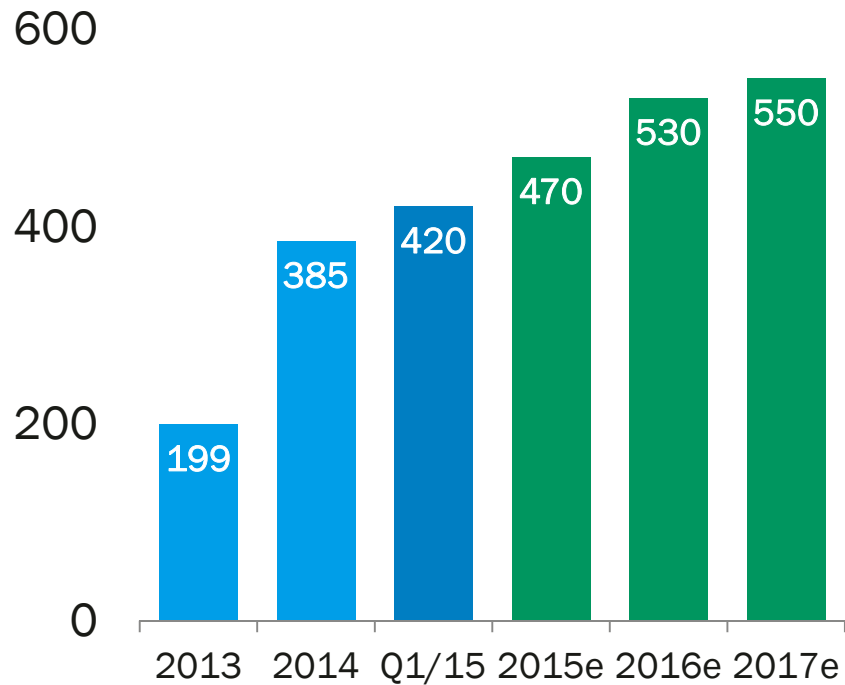
CR in kt, 2014



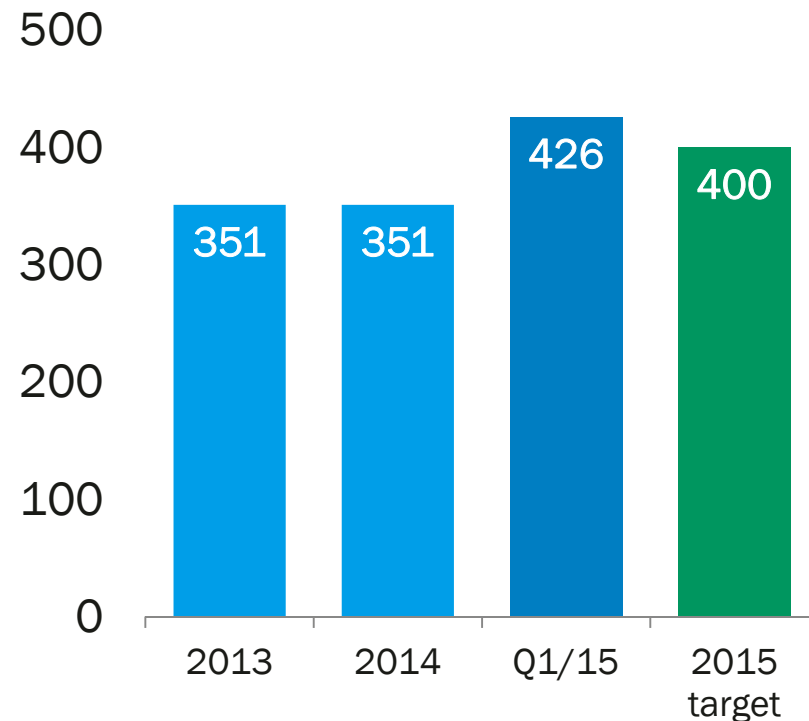
Trade flows between Europe and NAFTA have stabilized but the problem of Asian overcapacity persists. There is increasing pressure to export Asian overcapacities to other regions like Europe and NAFTA.

Efficiency programs progressing according to plan

Cumulative total savings, EUR million

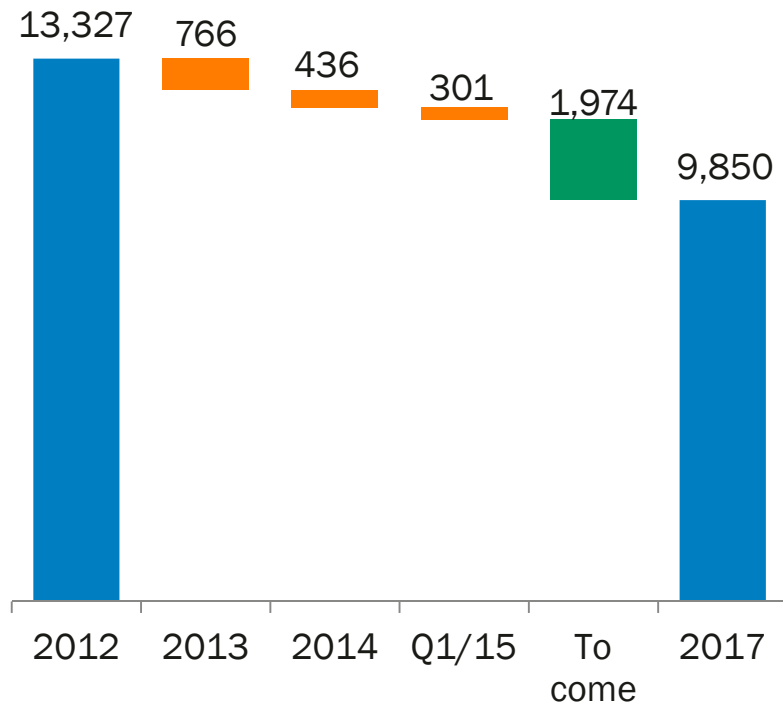


Cash release from NWC, EUR million

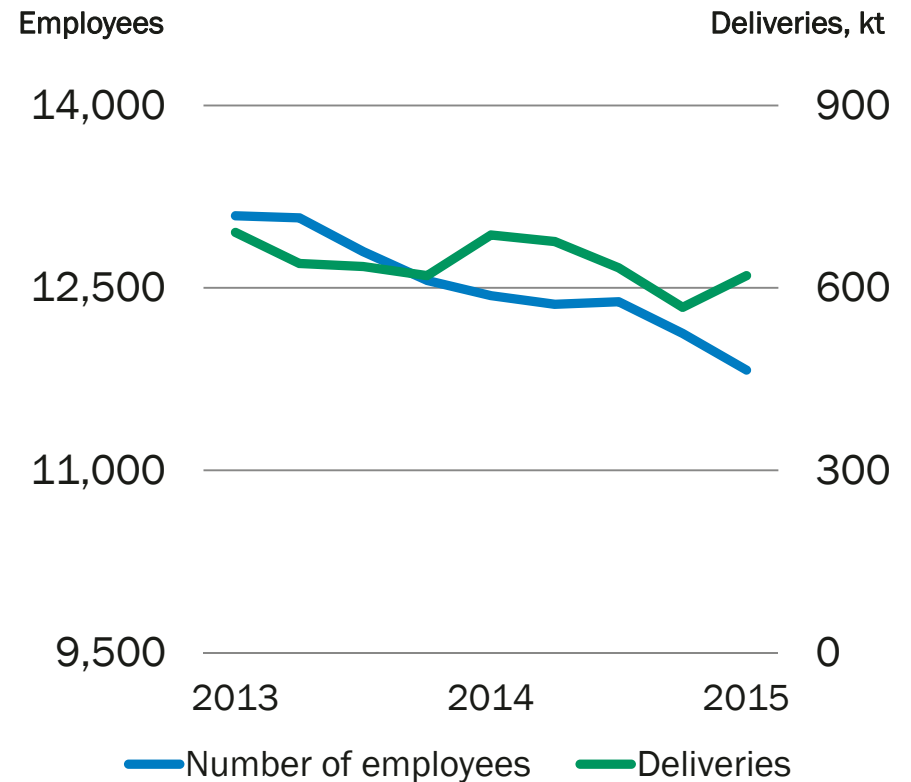


Target to reduce global headcount by 3,500 until 2017

Total headcount reduction ¹⁾



Productivity development



1) 2012: Total Group excl. OSTP, Terni remedy assets, VDM, certain service centers (Willich initial remedy headcount)

EMEA continues on track

Restructuring progressing, opportunities in markets

Current status



- Restructuring of the industrial set up progressing well
- Focus on higher margin products pays off
- Underlying EBIT improvement of EUR 289 million in 2014
- Solid performance in Q1/2015

Next steps



- Bochum and Benrath closure, Krefeld investment
- Headcount reductions continue
- EMEA restructuring savings of EUR 100 million visible in 2017
- Preparing to seize the market opportunities

Targets

- Competitive cost structure and higher capacity utilization
- Clear roles in production and customer interface
- Stronger commercial focus
- Further improvement in earnings and efficiency

Coil Americas facing headwinds

Challenges

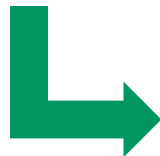
- Asian imports into Americas high
- Weak demand from distributor segment
- Delivery challenges impacting order intake

Result



- Underlying EBIT deteriorated to EUR -28 million in Q1
- FY15 delivery outlook revised down to about 540 kt

Actions



- Strengthened top management focus on Americas
- Jose Ramon Salas as Interim Head of BA
- Dedicated task force established

Coil Americas development into full potential continues

Current status



- Technical ramp-up in Calvert completed
- Cold rolling issues solved
- Limited visibility on market recovery
- Q2 expected to have weaker volumes and profitability vs Q1 in 2015

Next steps



- Getting back on track in challenging market
- Active dialogue with the customers
- Production optimization and efficiency enhancement
- Maximize synergies between Calvert and Mexinox

Targets

- Full capability available in 2-3 years
- Improving profitability and cash flows
- Strong market share
- Efficient production and cost structure
- Attractive long-term returns

Step change in Quarto Plate profitability

Current status



- EUR 100 million investment in Degerfors ready
- EUR -30 million underlying EBIT in 2014 due to high raw material and ramp-up costs
- Break-even reached in Q1/2015

Next steps



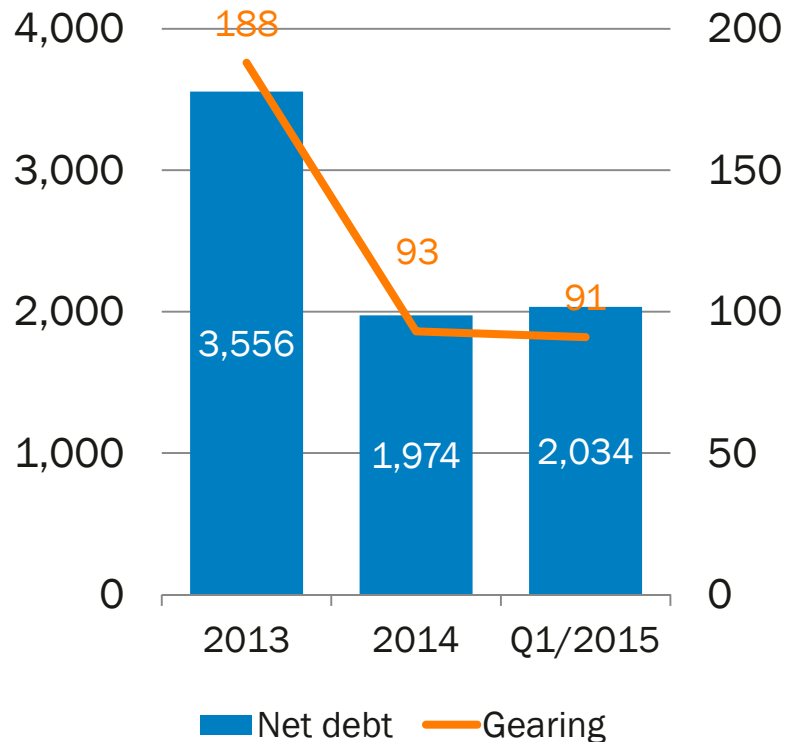
- Increase sales in both standard and custom made plate
- Higher volumes in Degerfors from 75 kt in 2014 to 95 kt in 2015
- Cost streamlining

Targets

- Degerfors towards full capacity within two years
- Improvement in profitability and higher efficiency

Debt reduction is a priority: targeting below EUR 1.5 billion net debt by the end of 2017

Net debt and gearing, EUR million and %



Net debt reduced from EUR 3.5 billion to below EUR 2 billion in 2014



Target to push net debt below EUR 1.5 billion by the end of 2017

Strengthened and deleveraged balance sheet as well as enhanced liquidity enabling Outokumpu to execute its turnaround to profitability

Favorable demand outlook in key customer segments

End-use industry groups

Architecture & Building



Chemical & Energy



Domestic Appliance



Project/contract business

Heating & Cooling



Automotive & Transport



Heavy Industry



Route to market

Distributors



Spot/contract business

Tubes & Metal Process.



Customer satisfaction drivers

Other

Technical expertise

Easy to deal with

Product quality

Commercial terms

Delivery reliability

Introducing renewed product portfolio

By grouping our products into ranges based on performance, we aim to make choosing the best product for your application easier

Outokumpu
Classic family

Outokumpu
Pro family

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



We are moving forward towards sustainable profitability

Industry leading foundation with competitive cost structures

Execution of the turnaround continues: profitability, cash, financial stability

Customer and operational excellence

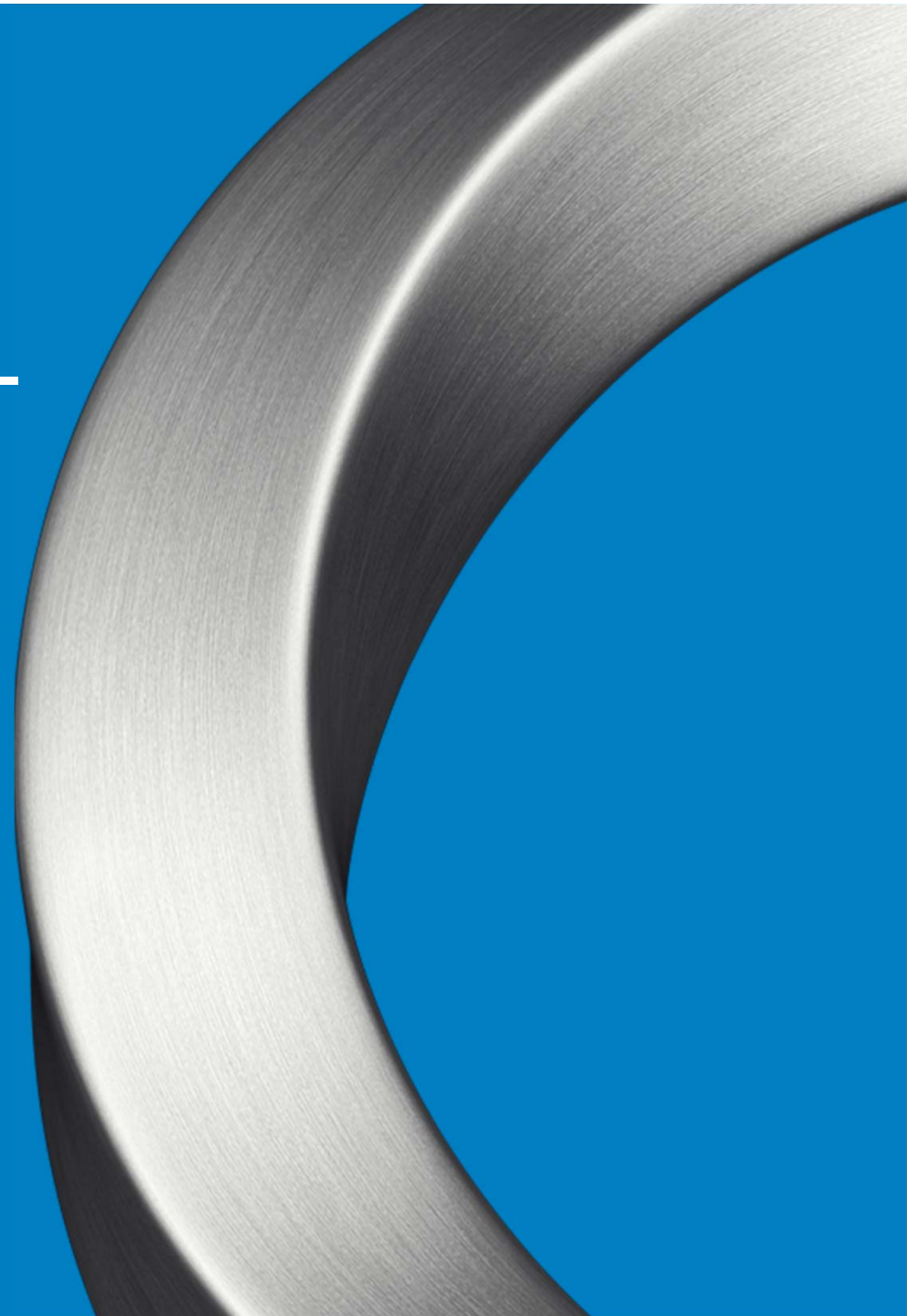
Focus on shareholder value

Coil Americas – Long-term potential intact

Jose Ramon Salas
Interim Head
Coil Americas

May 27, 2015

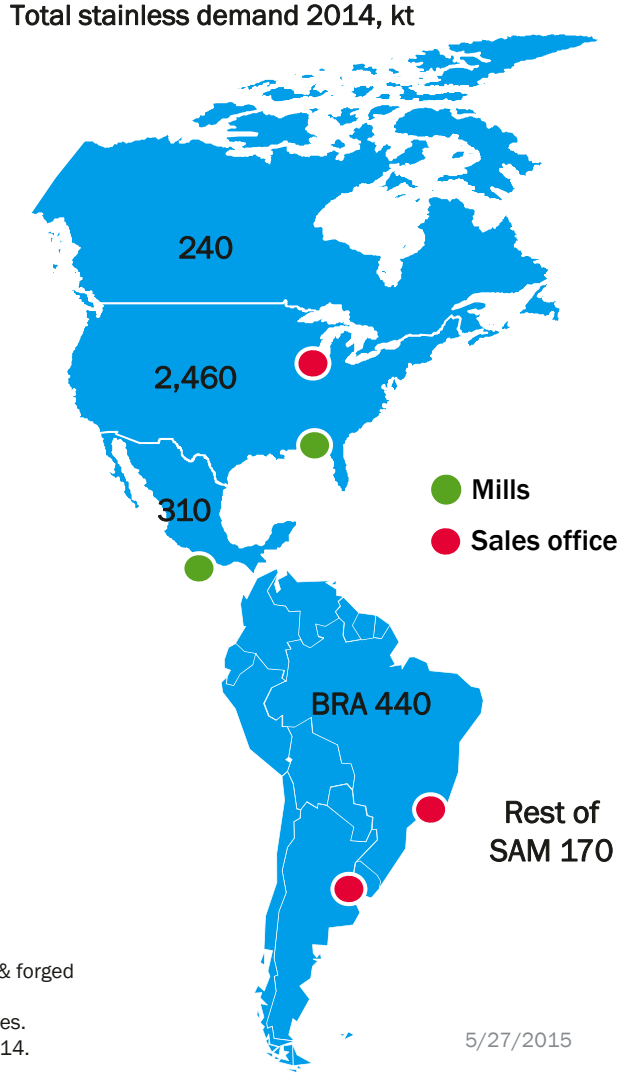
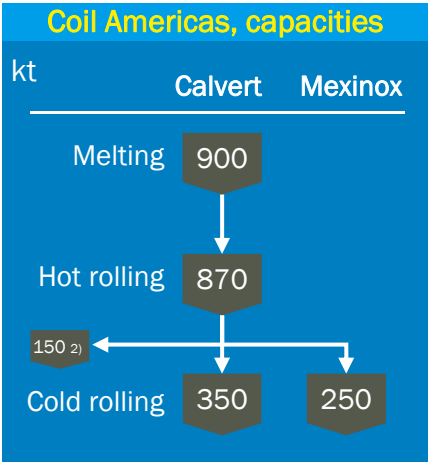
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1. Established market presence with long-term customer relationships in Americas
2. Focus on getting back on track in challenging market
3. Coil Americas' long-term potential is intact

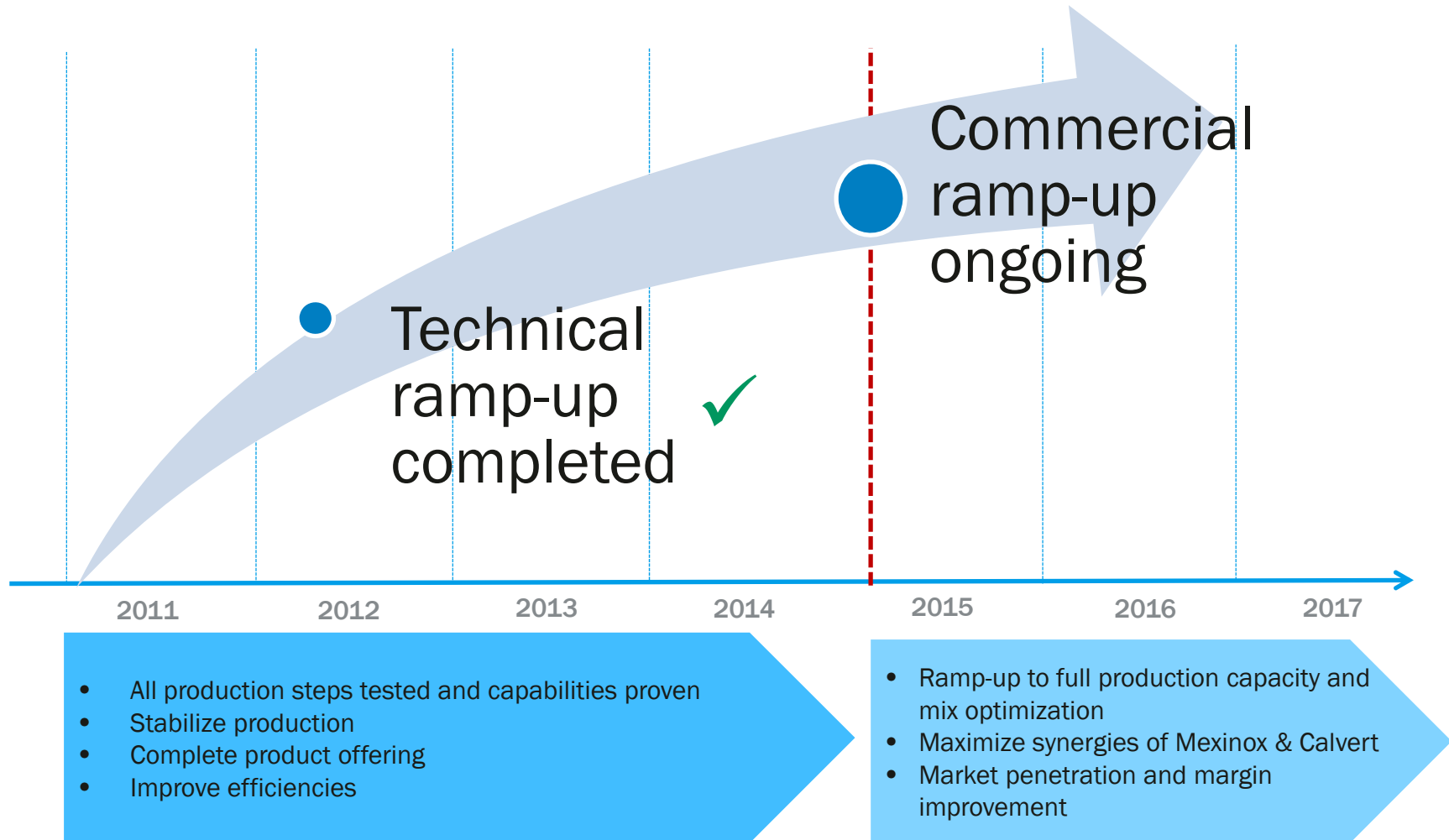
Established market presence with long-term customer relationships in Americas

- Coil Americas represents 16% ¹⁾ of Group sales
- Market share of approx. 22% ²⁾ in NAFTA region
- Experienced sales team
- Strong brand in the market and widest product range in NAFTA



Source: SMR Real Demand February 2015, Total stainless= rolled & forged
 1) Outokumpu sales, continuous mill plate
 2) Market shares 2014 are calculated based on cold rolled deliveries.
 Source: Eurofer January 2014, AISI January 2014, CRU January 2014.

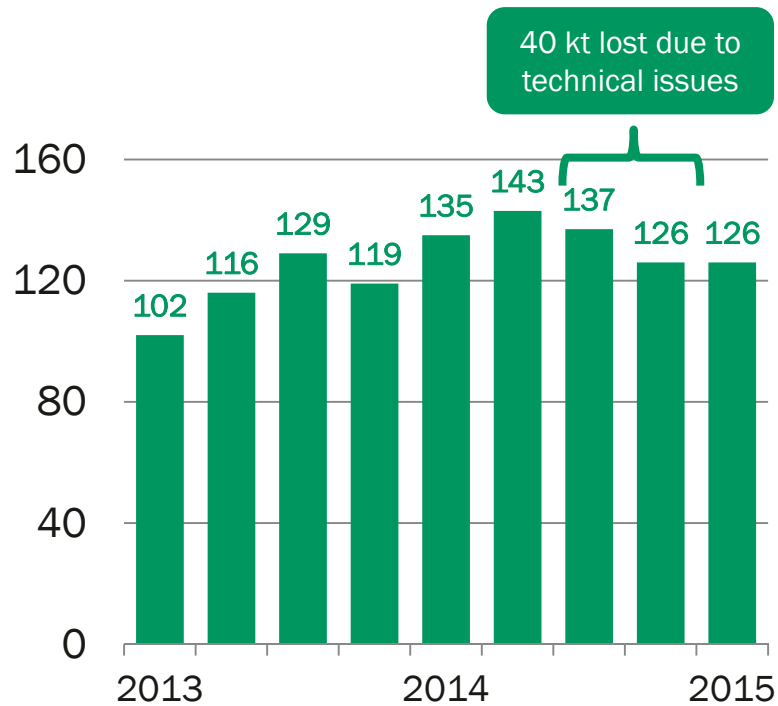
Phasing of the Calvert mill ramp-up



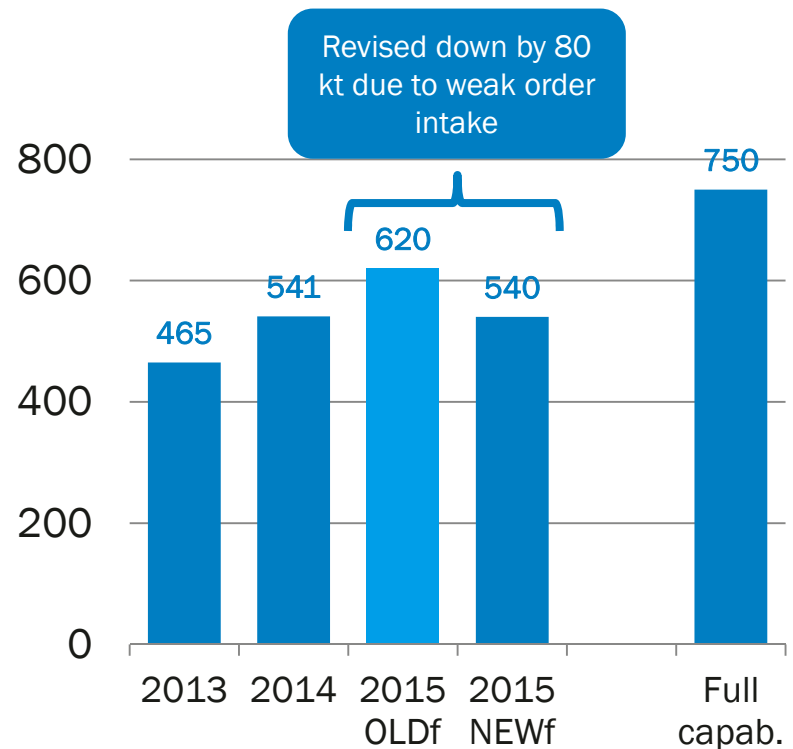
Deliveries have been growing

Currently seeing 6-12 month delay in commercial ramp-up

Coil Americas quarterly deliveries, kt

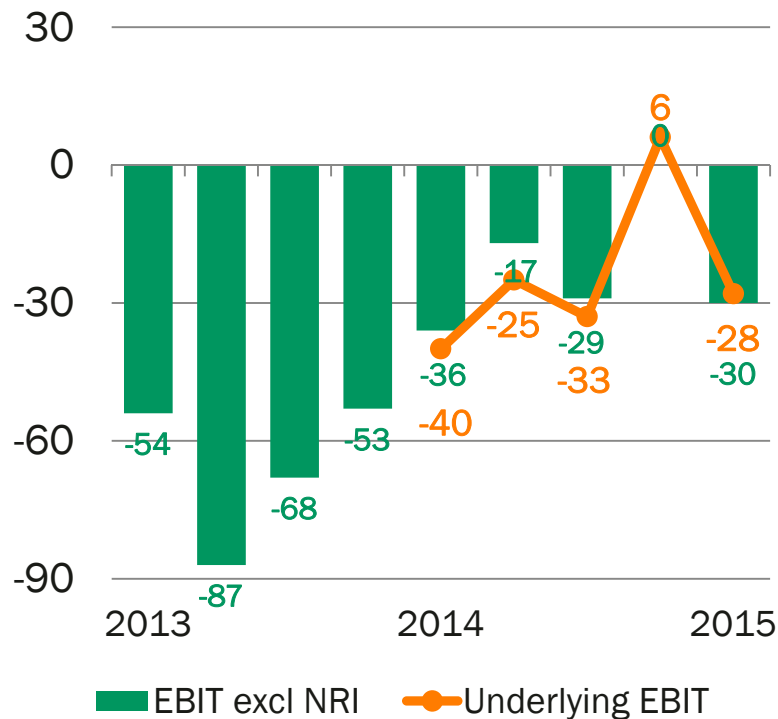


Annual deliveries and forecast, kt



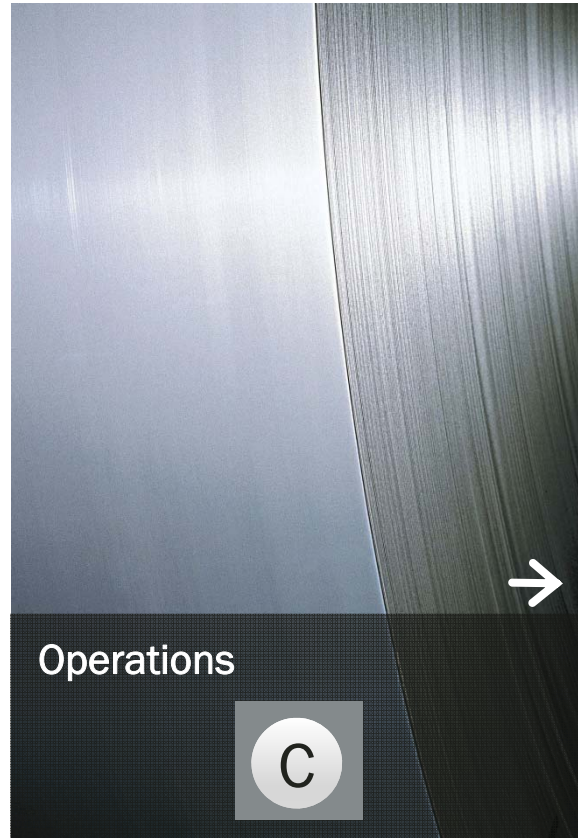
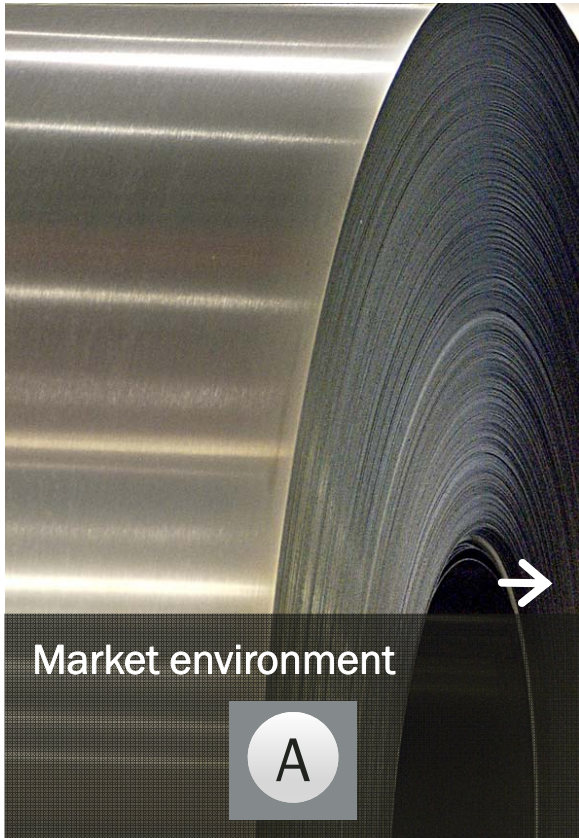
Profitability improved significantly in 2014

Coil Americas quarterly EBIT, EUR million



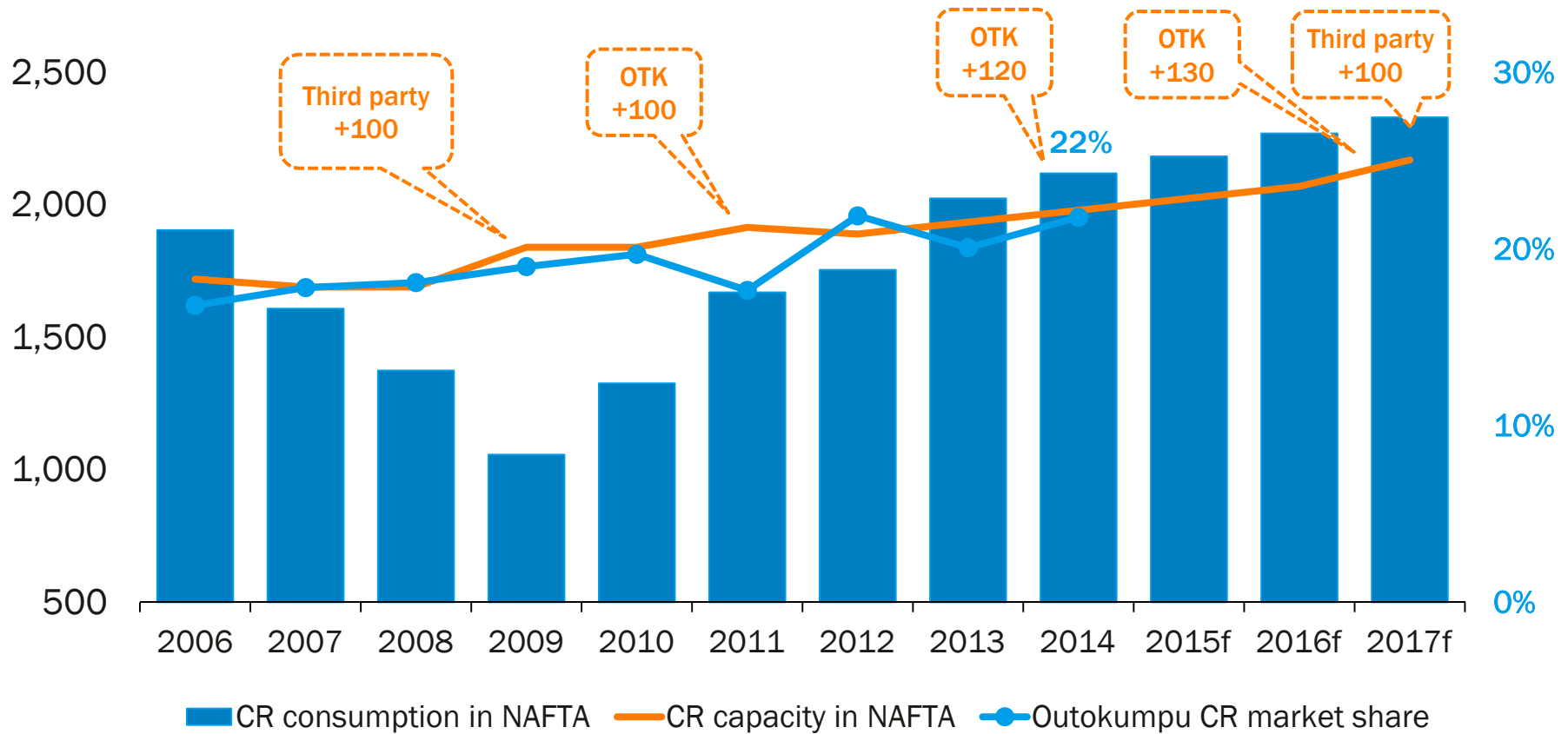
- Significant improvement in profitability 2013 vs. 2014 (-262 to -82 in EBIT excl. NRI)
- Disappointing earnings in Q1/15 impacted by
 - Lower contribution margin from suboptimal product mix
 - High operative cost in Calvert
 - USD/EUR currency translation impact
- Q2/15 estimated to have weaker profitability vs Q1 driven mostly by lower volumes

Deep-dive into Coil Americas



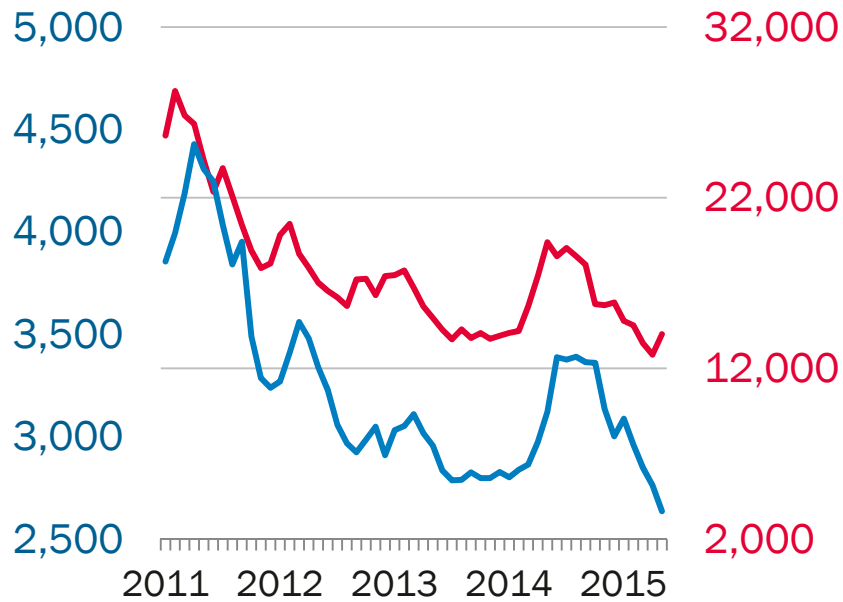
Growing along with the market

NAFTA cold rolled market size (kt) and Outokumpu market share



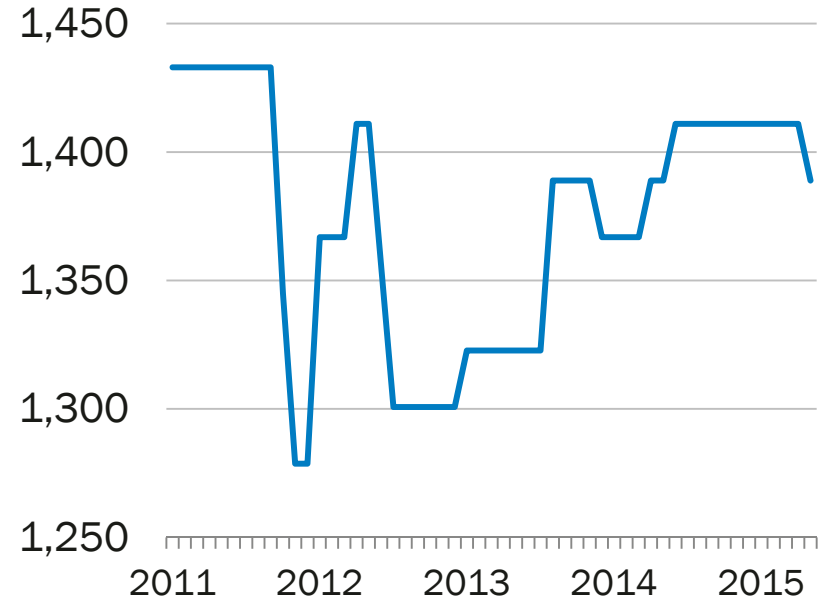
Development of US stainless steel prices

Transaction prices 304 stainless steel*, USD/t



— Nickel price — US transaction price

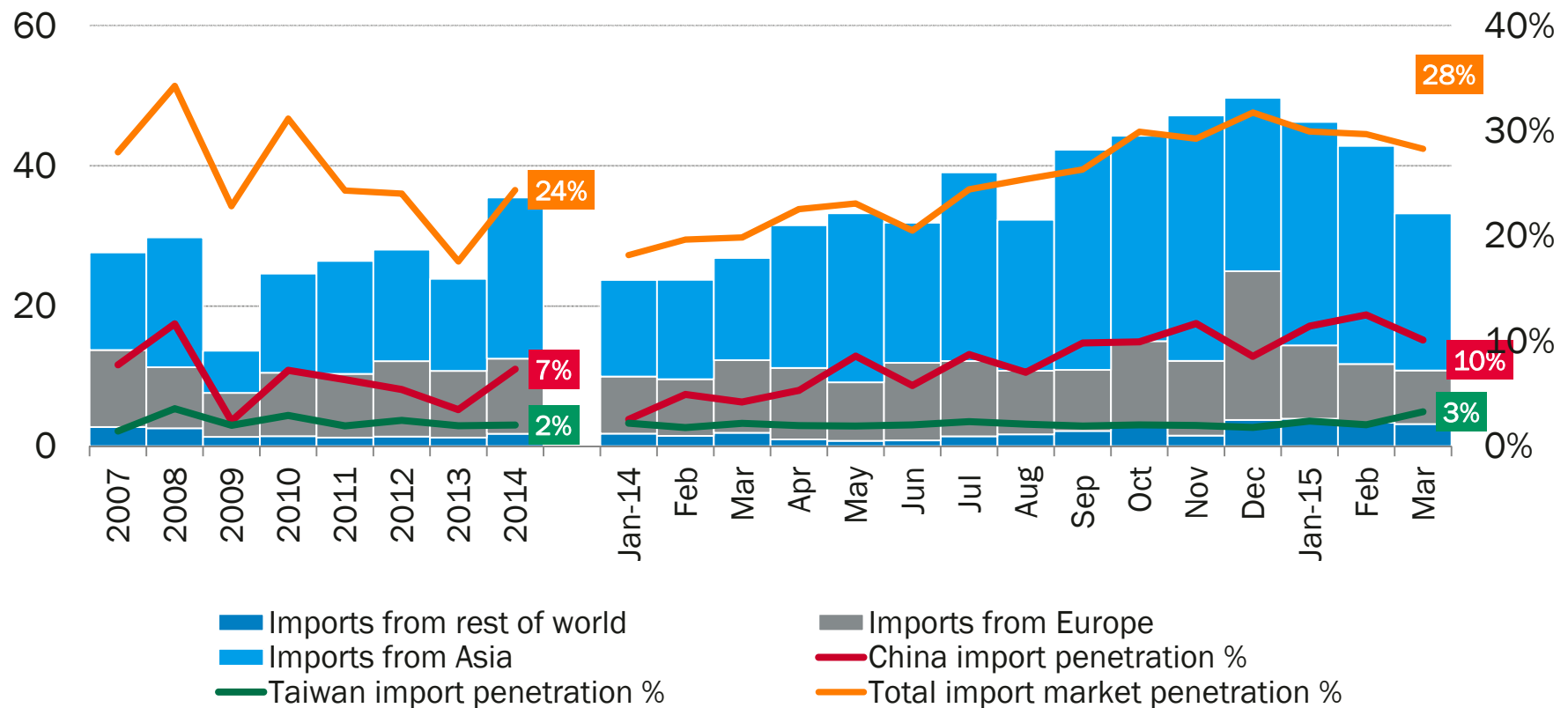
Base prices 304 stainless steel*, USD/t



— US base price

Cold rolled import development

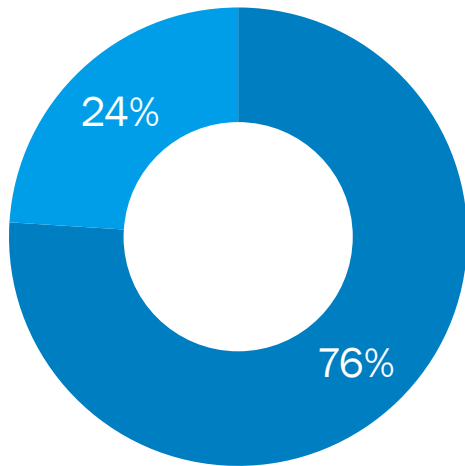
US cold rolled imports, kt



Imports affecting strongest the service centers*

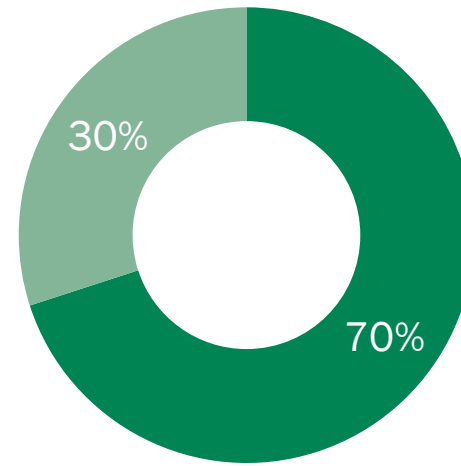
CR market in the US, total 1.64 mt

CR service center market in the US, total 1.07 mt



■ Supplied by domestic mills ■ Imports

Outokumpu market share ~18%



■ Supplied by domestic mills ■ Imports

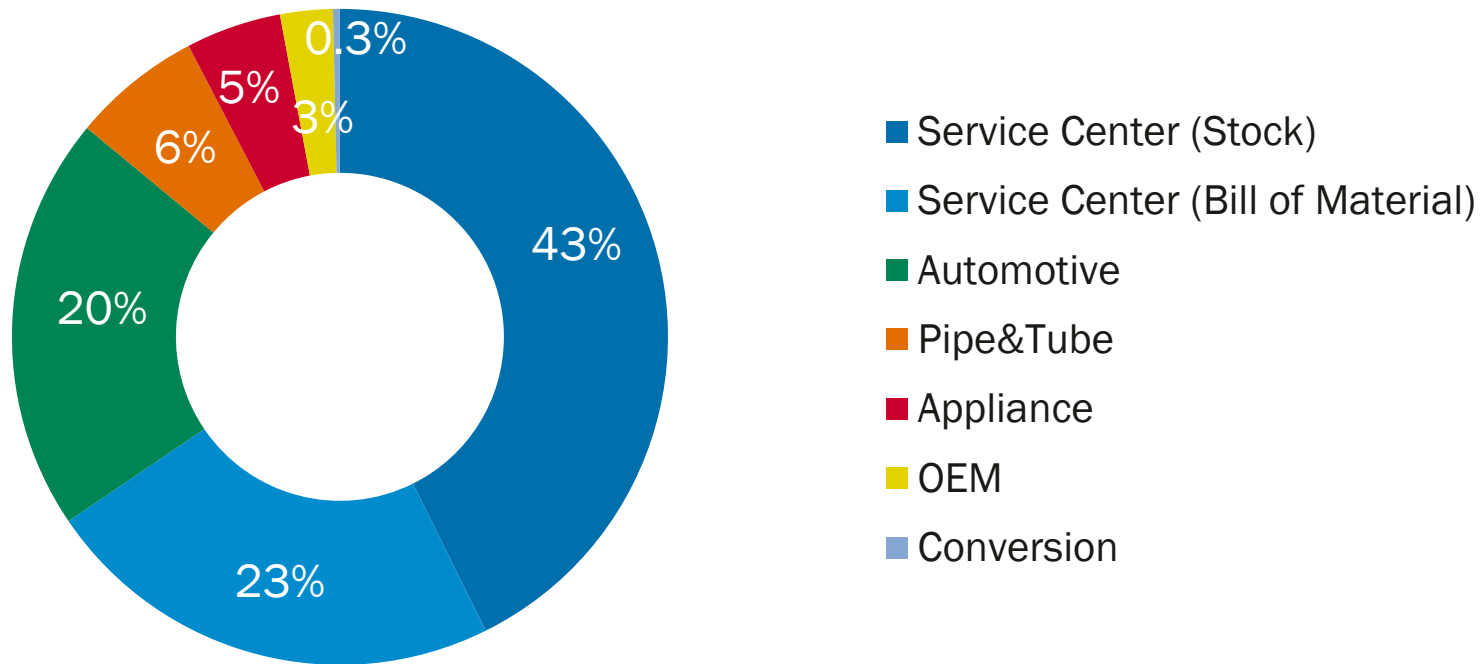
Outokumpu market share ~24%



Sources: AISI 2014, the US Department of Commerce, and OTK estimates
* Service center market in the US ie. distributor segment

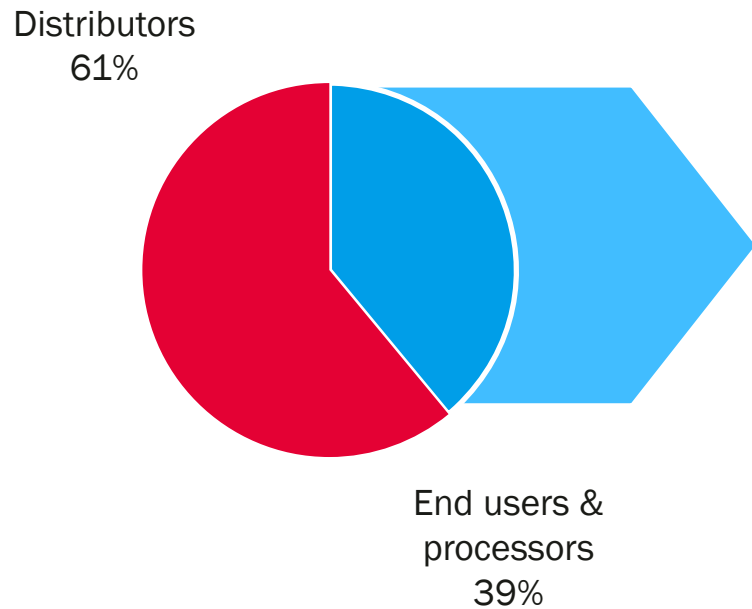
US cold rolled market composition

Cold rolled market in the US, total 1.64 mt



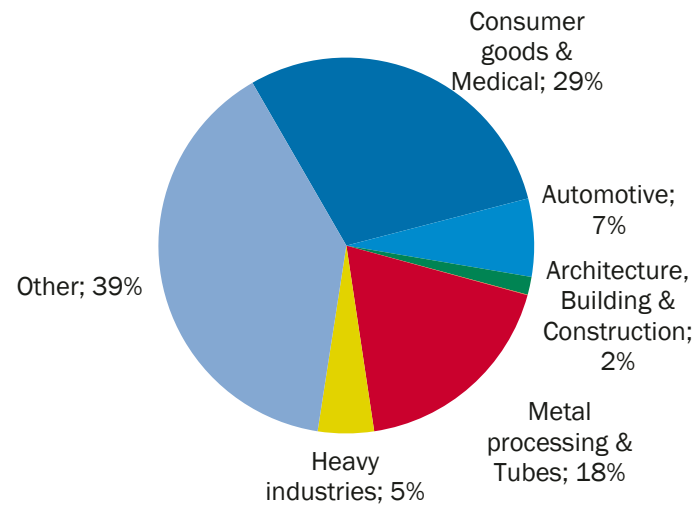
Coil Americas market approach

Our channel structure in the Americas

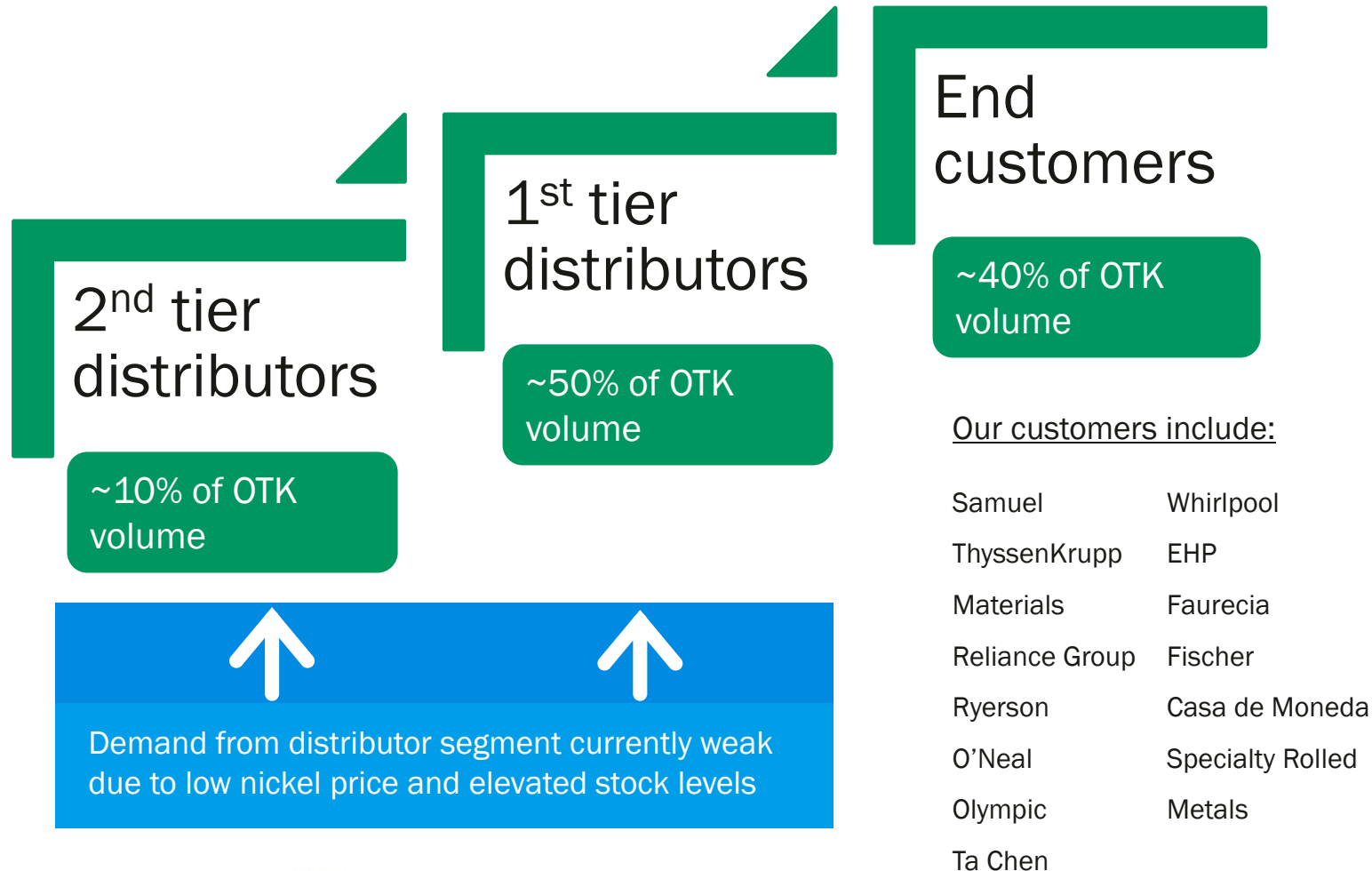


USA: distributors 75%, end-users 25%
 Mexico: distributors 25%, end-users 75%

Sales by end-use customer segments, Q1/15



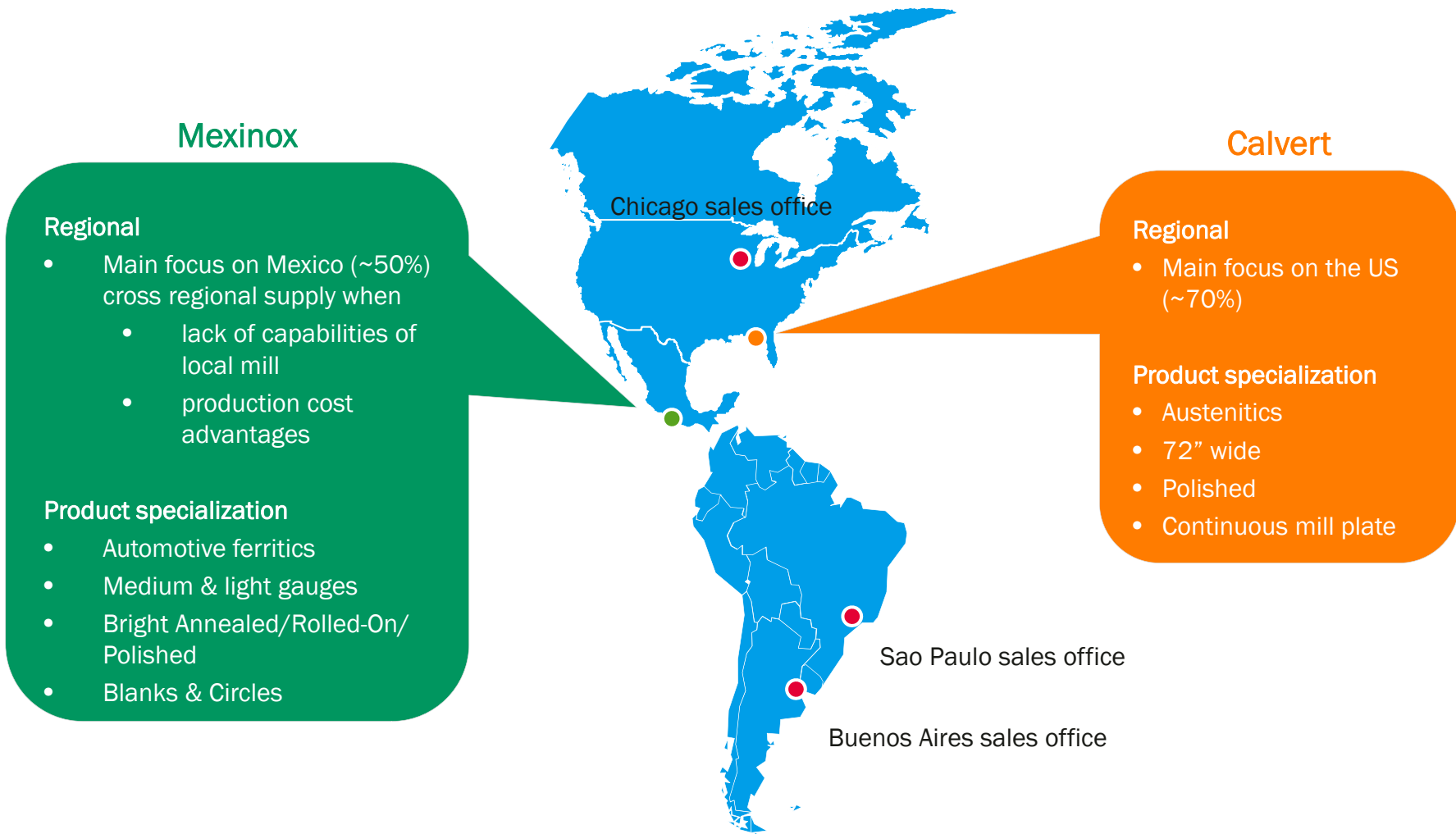
Outokumpu customer profile in NAFTA



Demand outlook across end-user industries remains solid

Sector		Market size, kt	SMR growth outlook 2015-2017	Market drivers
Automotive		659	2%	Consumer confidence, regulatory changes, light-weight material
Household/Commercial appliance		624	3%	Consumer confidence, disposable income, aesthetics, hygiene requirements, durability
Catering/food and drinks		326	3%	Consumer confidence, hygiene requirements, durability
Sinks and hood		144	4%	Consumer confidence, housing starts
Heavy transport		130	4%	Safety, durability, light-weight, life-cycle costs
Others		375	5%	GDP growth, industrial investments, general stainless demand drivers

Synergies through optimized work share



Mexinox

Regional

- Main focus on Mexico (~50%)
cross regional supply when
 - lack of capabilities of local mill
 - production cost advantages

Product specialization

- Automotive ferritics
- Medium & light gauges
- Bright Annealed/Rolled-On/Polished
- Blanks & Circles

Calvert

Regional

- Main focus on the US (~70%)

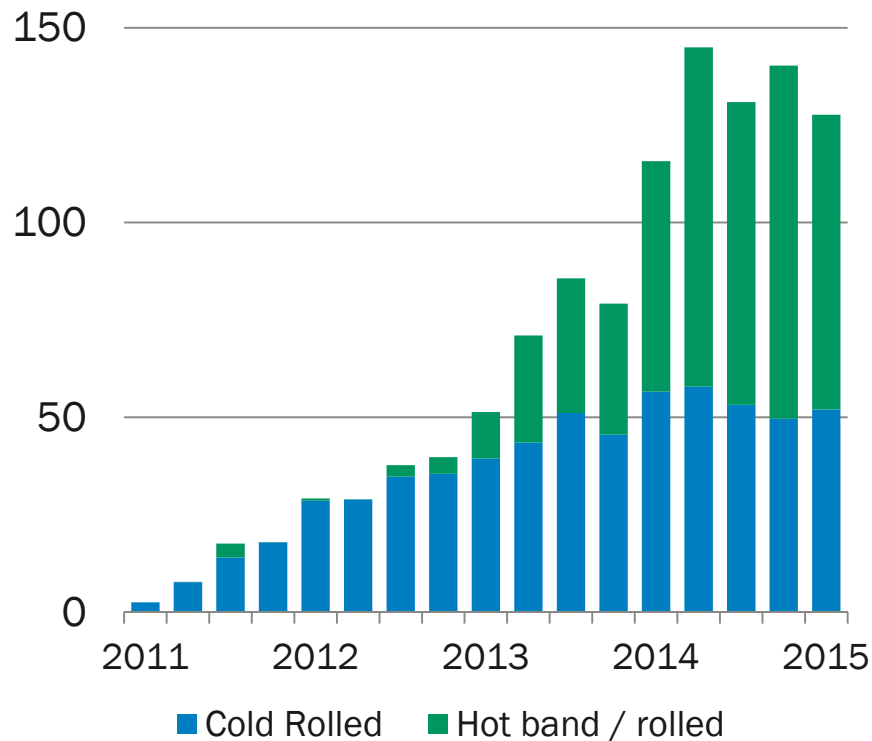
Product specialization

- Austenitics
- 72" wide
- Polished
- Continuous mill plate



Calvert ramp-up update

Calvert quarterly delivery volumes, kt



Production in melt shop and cold rolling showing good quality

All CR lines back in operations since end 2014

Calvert production capacity

Melt shop	900 kt
Hot rolling	870 kt
Cold rolling	350 kt



Key areas for further optimization

Delivery performance

Product portfolio expansion

- Light gauge
- 430 polished

Optimized loading

Yield improvements

Right first time

Scrap ratio

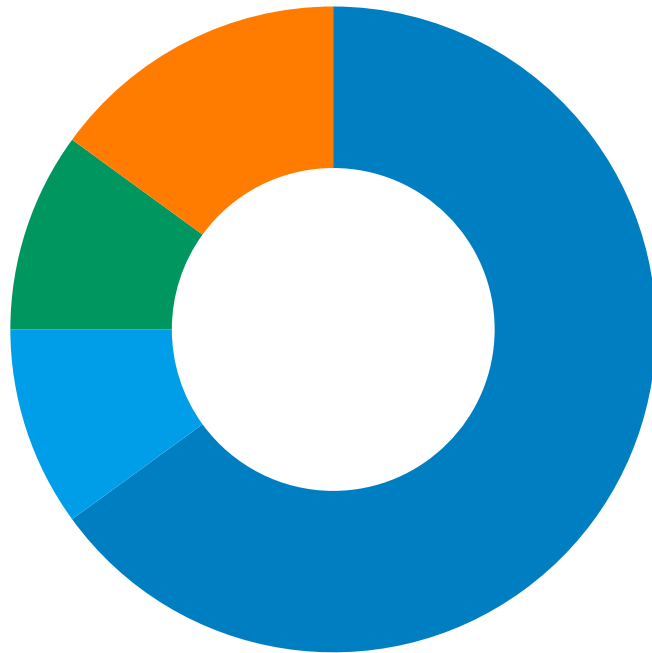
Taking advantage of fully integrated mill

- Calvert melt shop is developing new grades to match customer demand
- Successful trials of new steel grades such as 2205, 301 LN, 201 LN
- Calvert melt shop can supply raw material feed to all Outokumpu businesses in the NAFTA region
- Quality certification to both NAFTA and soon also Europe



Highly cost competitive operations in Calvert

Cost components



■ Raw materials ■ Energy ■ Labor ■ Others

Raw materials

- Scrap ratio of 80-85%
- Annual austenitic scrap usage of ~400 kt

Energy

- Long-term contracts with Alabama Power and Sempra Gas

Labor

- Highly competitive labor costs
- Workforce versatility

Others

- Freight, maintenance and rents and leases

Building on existing strengths

Strong regional producer with long-term customer relationships in Americas

Integrated, cost competitive operations across NAFTA

Broad portfolio that supports and develops local demand

Leveraging Outokumpu's leading technical expertise

Coil EMEA – On track to sustainable profitability

Olli-Matti Saksi
President
Coil EMEA

May 27, 2015

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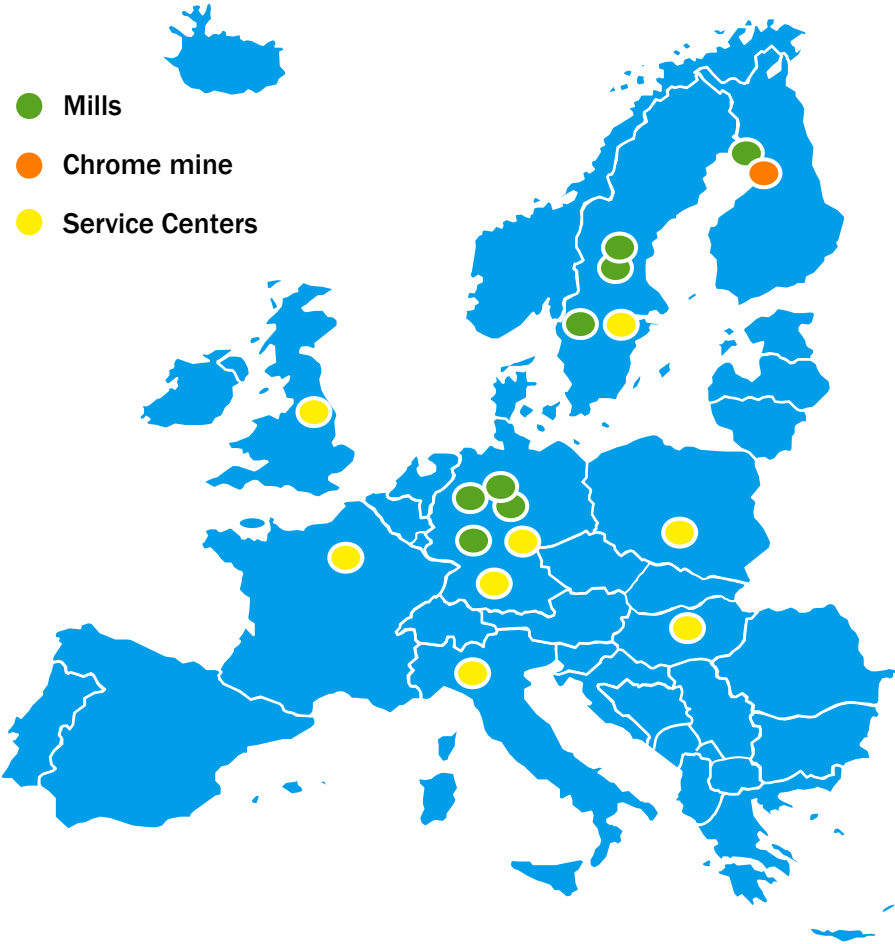
1. We have right assets in right place
2. Efficiency measures start to show in improved profitability
3. Competitive business model to capture opportunities in stainless steel

We have right assets in right place

- Coil EMEA is the largest of the five business areas – 59% ¹⁾ of sales
- About 30% market share in Europe ²⁾
- Comprehensive service center network in Europe
- Own chrome mine and ferrochrome production

Coil EMEA, capacities

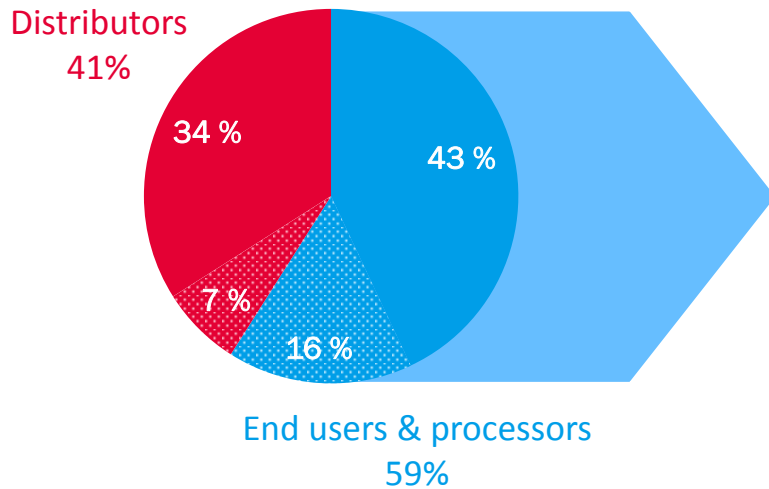
Kt	Tornio	Avesta	Krefeld	Nyby
Melting	1,450	450		
Hot rolling	1,450	900		
Cold rolling	900	170	500	80



1) Outokumpu sales
 2) Market shares 2014 calculated based on cold rolled deliveries. Source: Eurofer January 2015
 Map: Bochum to be closed in 2015, Benrath to be closed in 2016

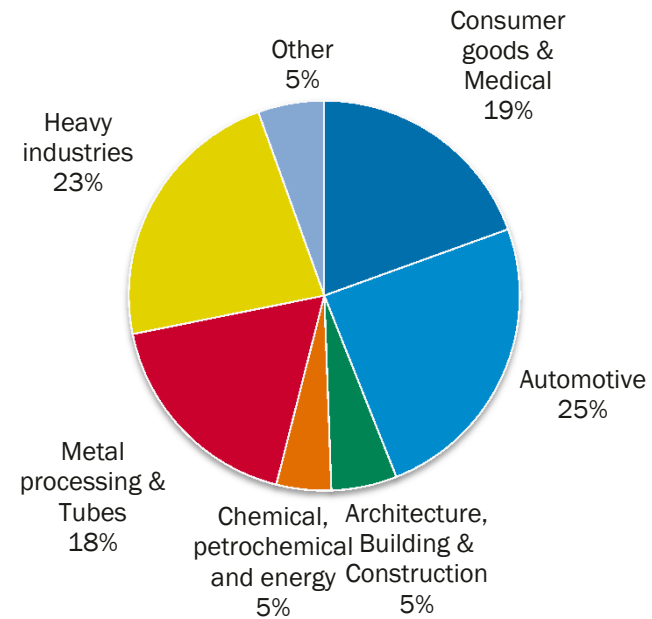
Balanced customer base across both investment and consumer driven industries

Sales by customer segment ¹⁾



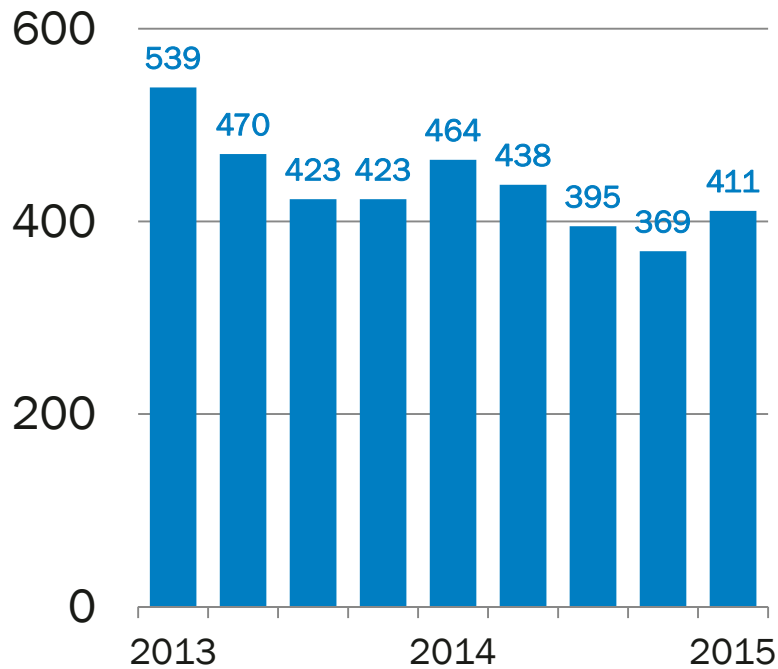
- End users and processors direct sales
- End users and processors through internal service center
- Distributors through internal service centers
- Distributors direct sales

Sales by end-customer segment ¹⁾

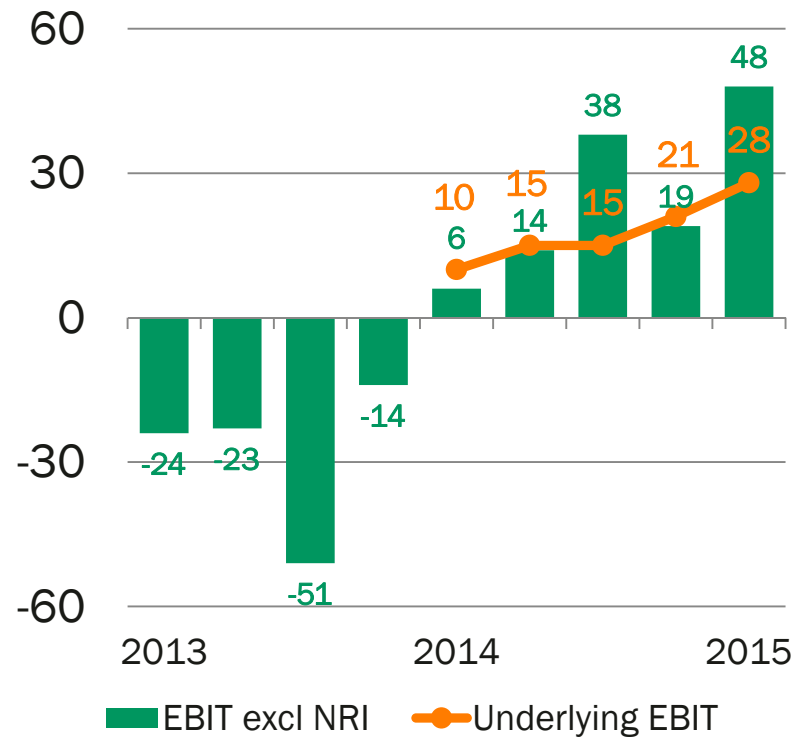


Efficiency measures start to show in improved financial performance

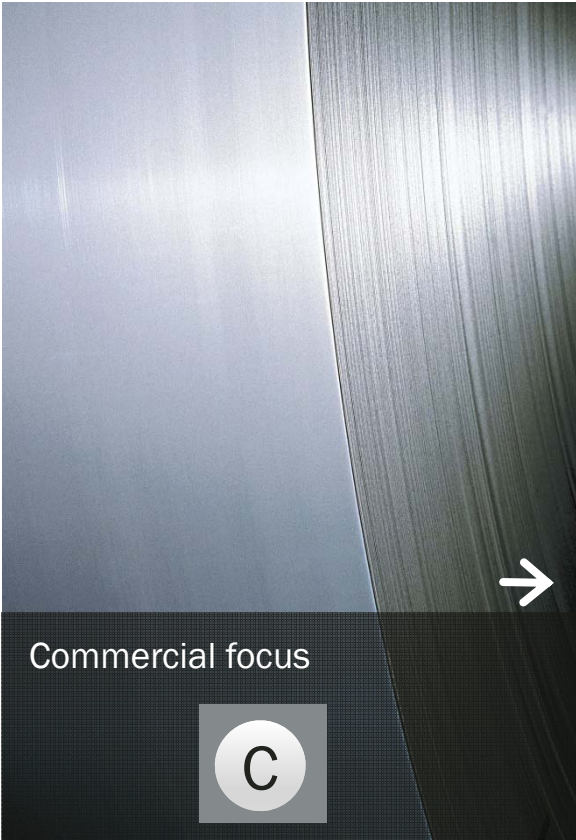
Quarterly deliveries, kt



Quarterly EBIT, EUR million

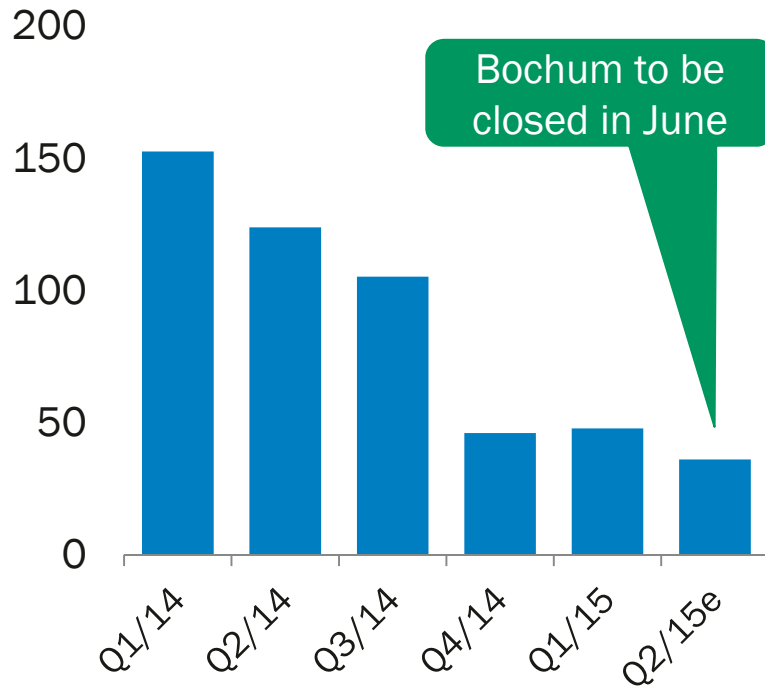


Shaping an competitive business model to capture opportunitites in stainless steel

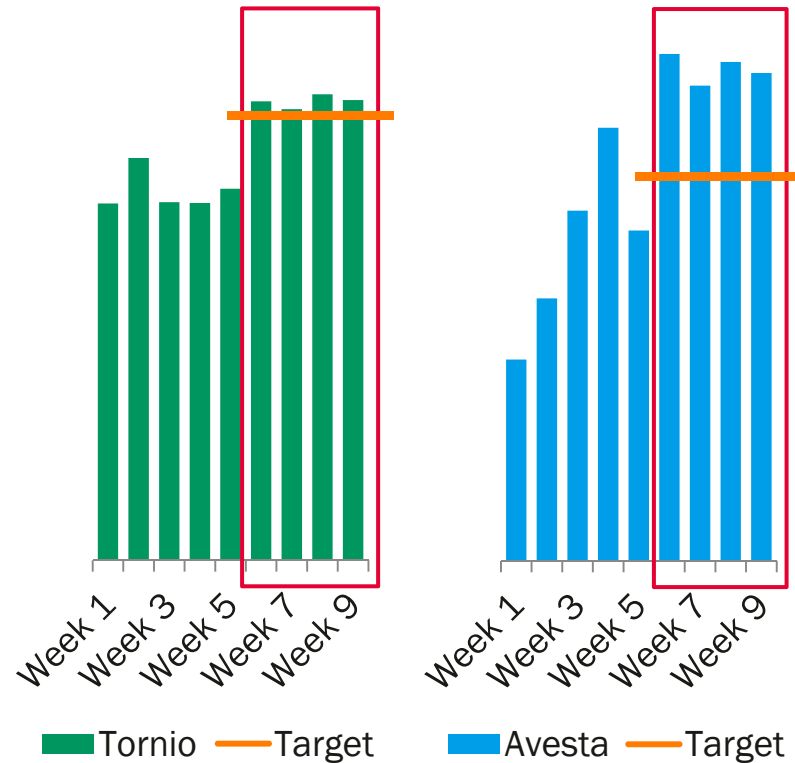


Next milestone the closure of Bochum melt shop

Bochum production volumes, kt



Volume tests completed successfully

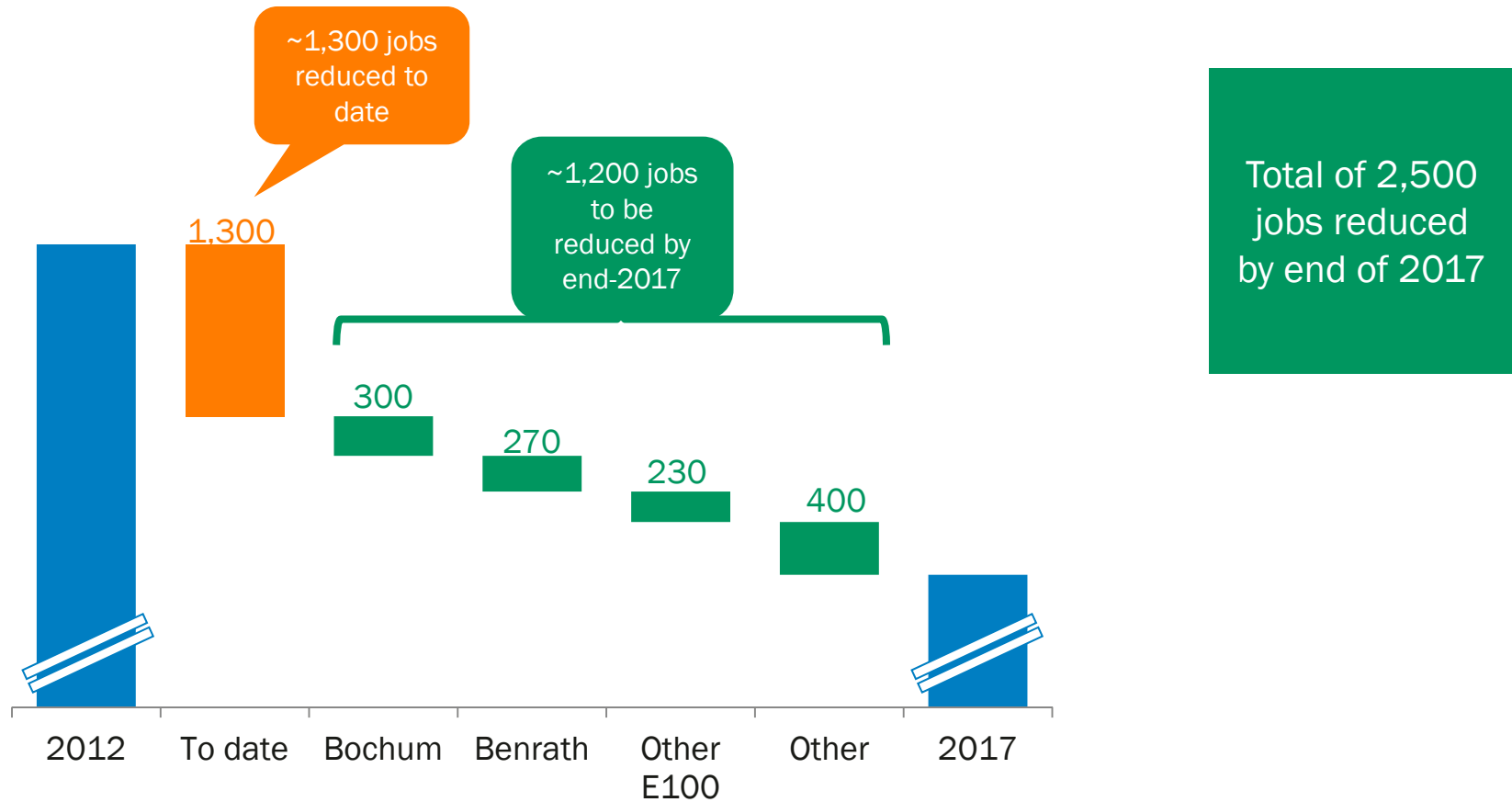


Also other parts of the EMEA restructuring moving ahead

- Bochum closure →
- Benrath to be closed in 2016 reducing cold rolling capacity by approx. 250,000 tonnes →
- Krefeld cold rolling facility to be redesigned. Capex of EUR 108 million in 2014-2016 in ferritics →
- Further capacity and service center optimization →

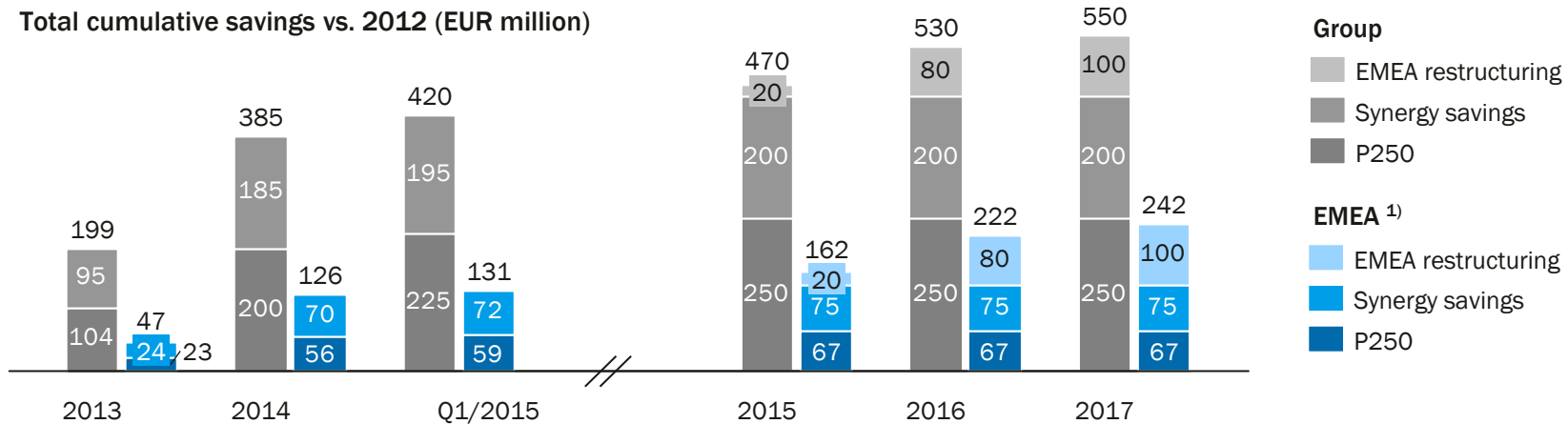
EMEA restructuring savings of EUR 100 million by the end of 2017

Reducing personnel to ensure competitive cost structure



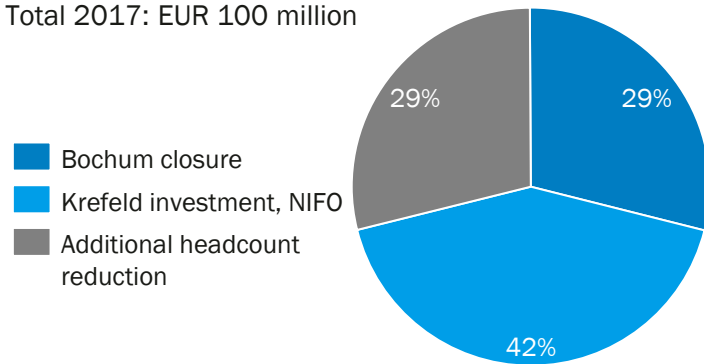
Savings of EUR 131 million since 2012 in Coil EMEA

Total cumulative savings vs. 2012 (EUR million)



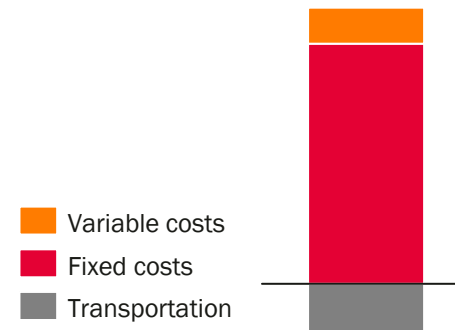
EMEA restructuring savings by measure and cost type

Total 2017: EUR 100 million



EMEA restructuring savings by cost type

Total 2017: EUR 100 million



Operational efficiency improvements to drive competitiveness further

Capacity utilization

- Capacity utilization rates improving in Tornio and Avesta melt shops
- Further cold rolling utilization improvements targeted
- Targeting >90% utilization in melting and >85% in cold rolling
- Efficient supply chain management processes linked to tight inventory targets

Operational efficiency metrics

Delivery performance

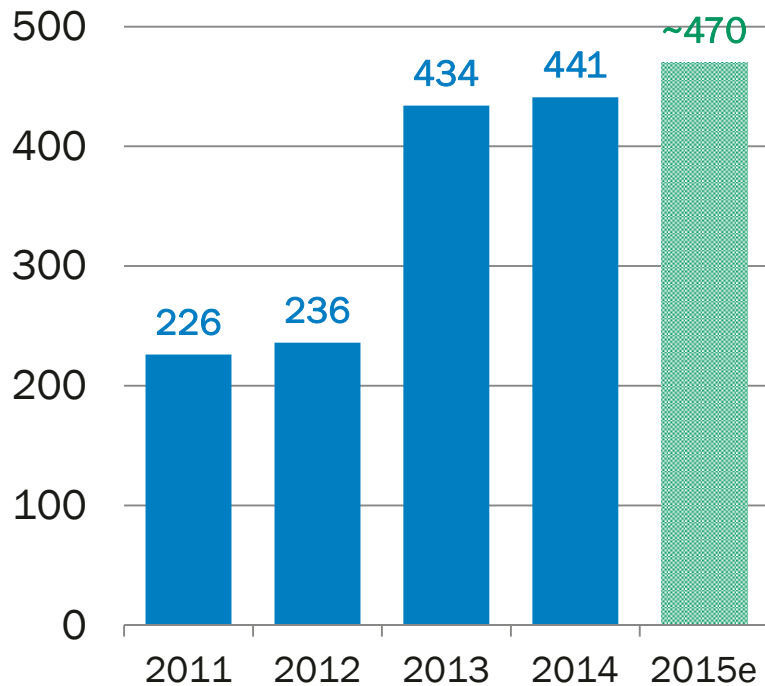
Right first time

Yield

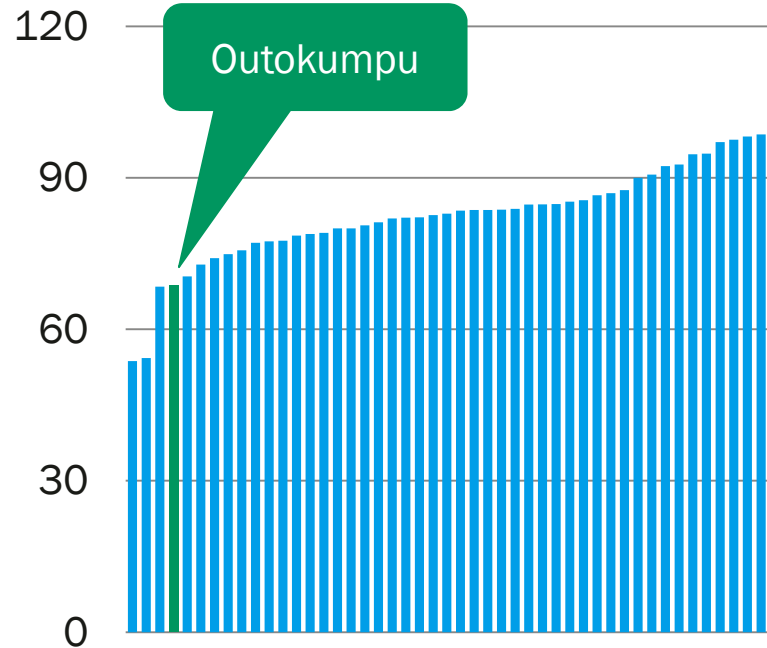
Scrap ratio

Competitive advantage with in-house ferrochrome production

Ferrochrome production, kt



Outokumpu Ferrochrome cost position in 2015*, USD/lb

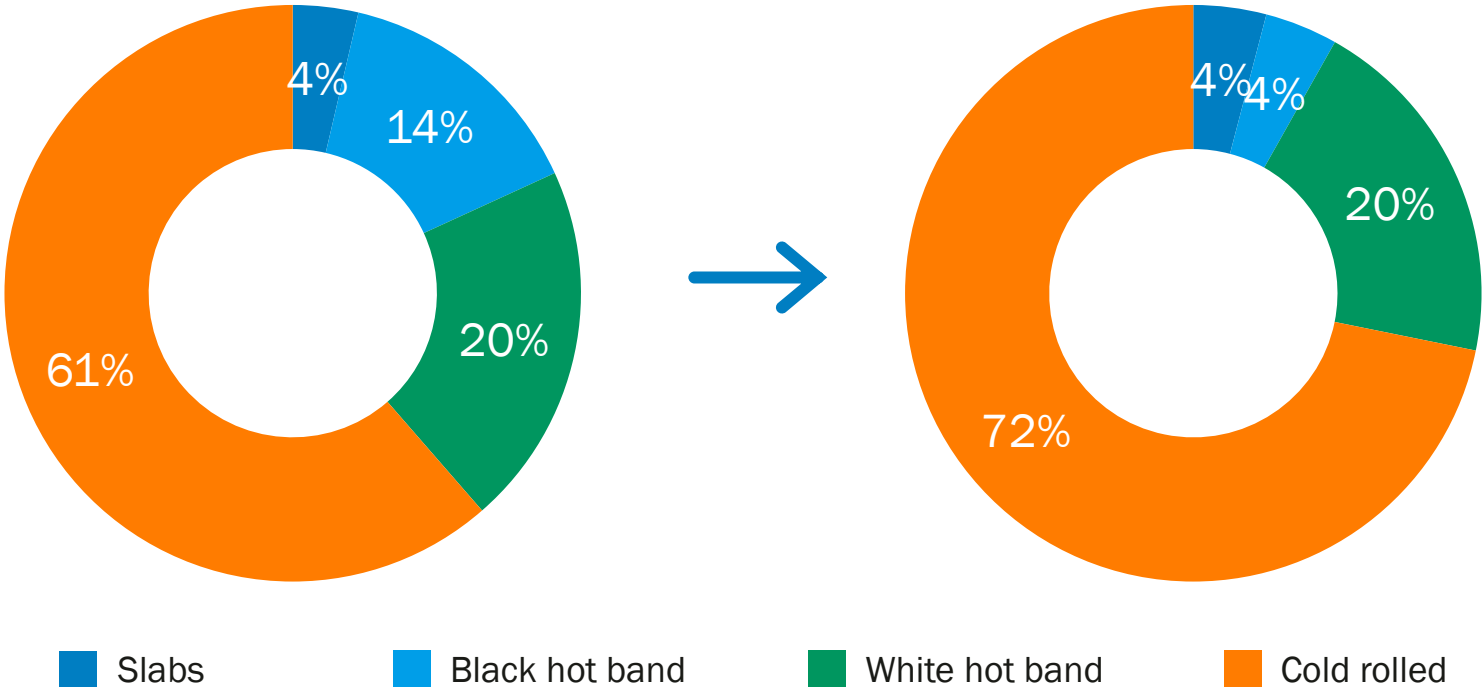


*Source: CRU ferrochrome cost service, December 2014

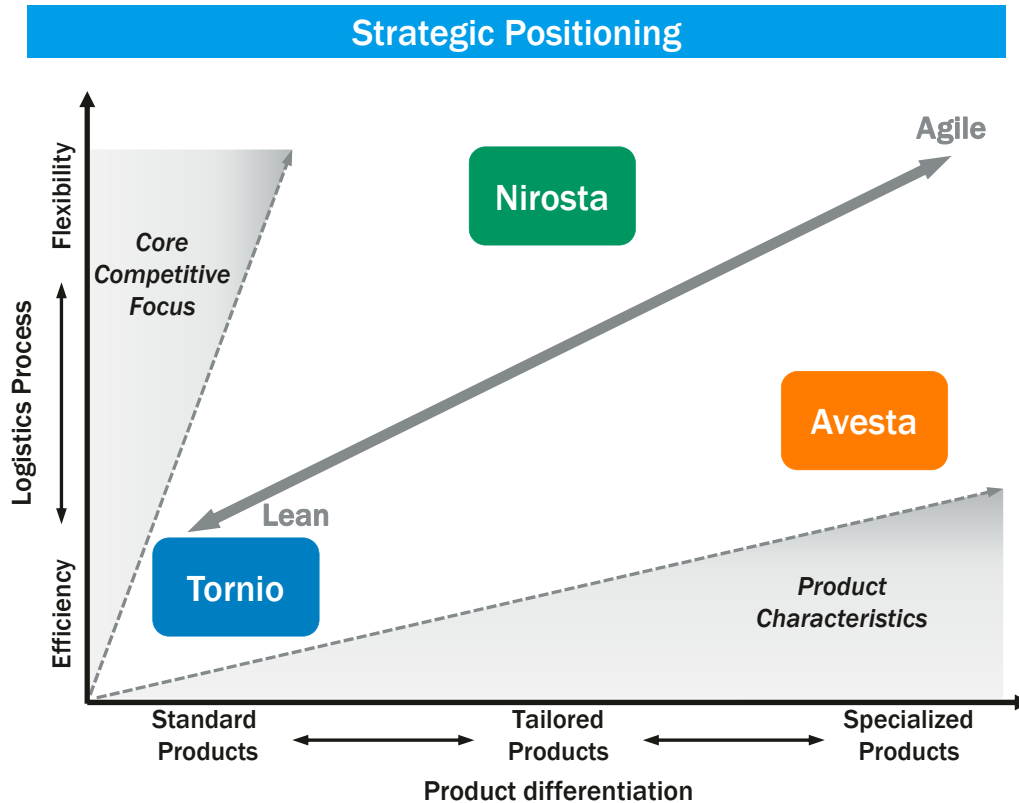
Streamlining of the asset base enable delivery mix improvements

Coil EMEA delivery mix in 2013

Coil EMEA delivery mix in 2014



Sharpening our business line profiles



	Tornio	Nirosta	Avesta
Product portfolio	Standard	Special gauges and surfaces	Individual grades
Customer benefits	Speed & Low Costs	Accuracy & long-term partnerships	Sustainability & technical expertise
Logistics	Short lead-time	Just in time	Standard
Ordering and sales orientation	Introduce eSelling	Visits & sales with technical experience	Visits & sales with technical experience

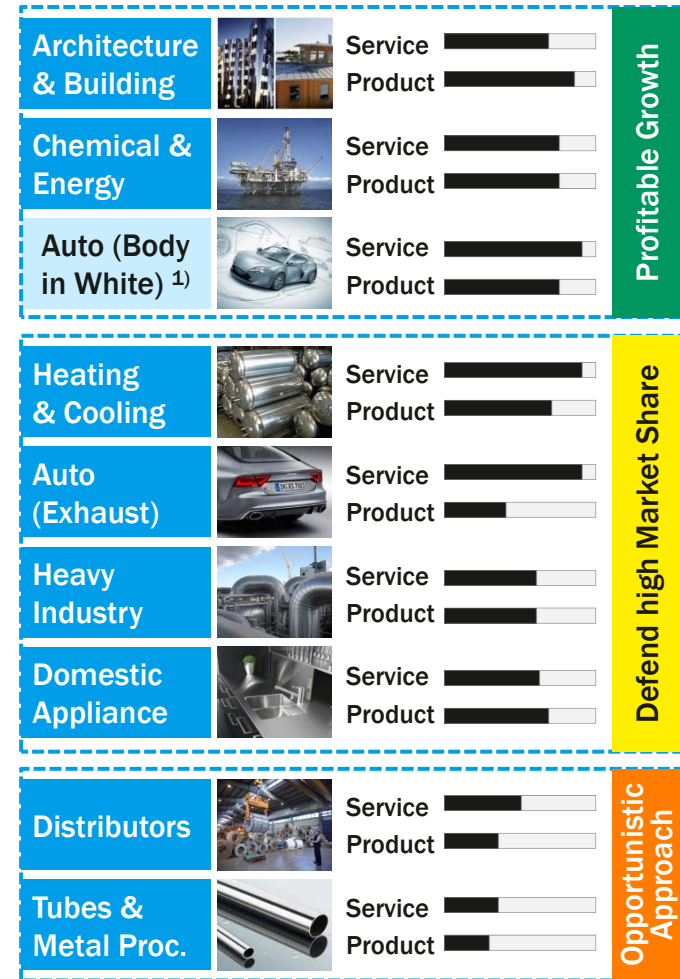
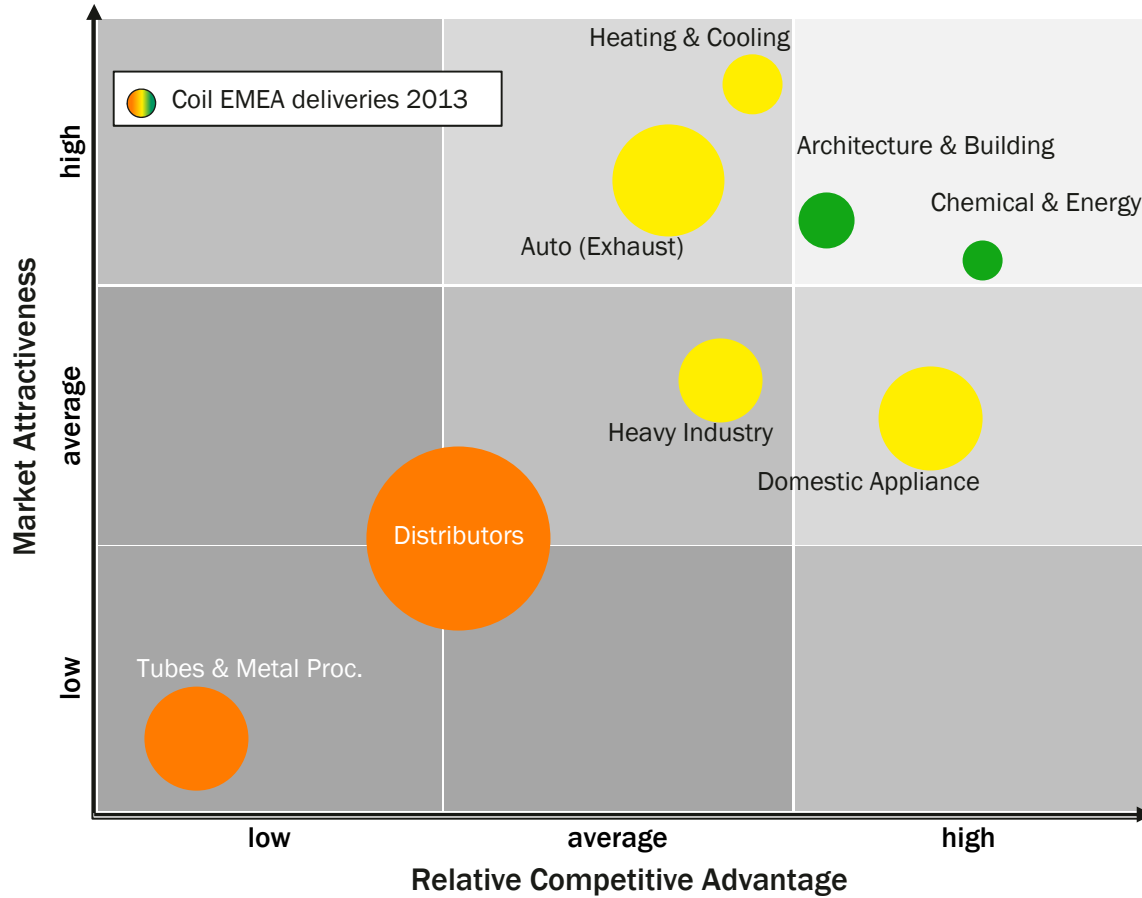
Industry Segments

Distributor	A&B	Chemical & Energy
Tubes & Metal P.	Domestic Appliance	Heavy Industry
Auto (exhaust)	Auto (exhaust)	
	Heating & Cooling	

Demand outlook across customer industries is healthy

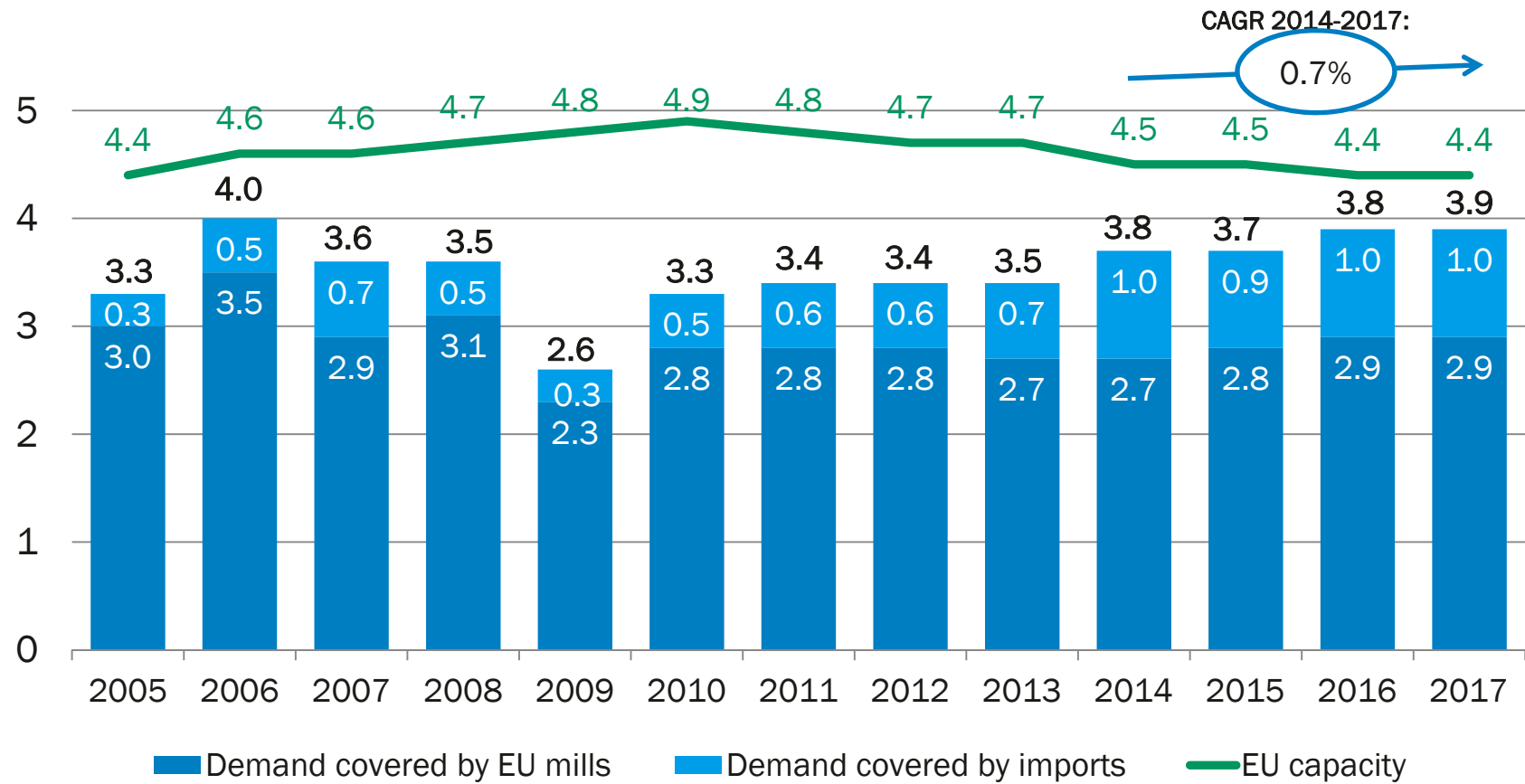
Sector		Market size, kt	SMR growth outlook 2015-2017	Market drivers
Architecture & Building		819	2%	GDP growth, urbanization, corrosion resistance, aesthetics, life-cycle costs
Chemical & Energy		881	3%	GDP growth, industrial investments, oil price, corrosion resistance
Domestic Appliance		2,139	1%	Consumer confidence, disposable income, aesthetics, hygiene requirements, durability
Heating & Cooling		69	2%	HCV industry spend, corrosion resistance, durability
Automotive & Transport		679	2%	Consumer confidence, emission regulation, safety requirements
Heavy Industry		271	2%	GDP growth, industrial investments, maintenance capex, corrosion resistance

Our positioning in key strategic segments



Gap between overcapacities and demand in Europe is decreasing

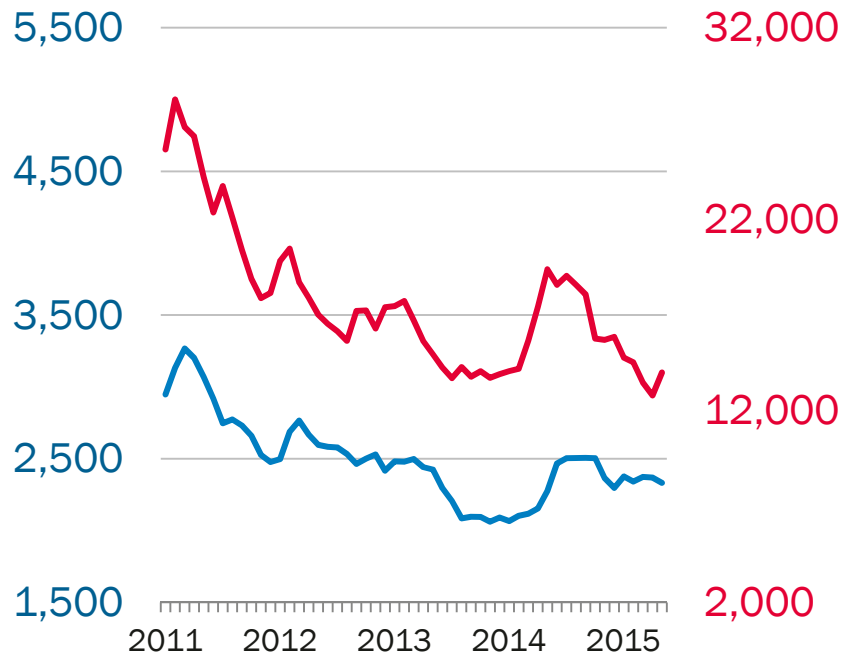
Demand and capacity, mt



Source: Cold rolled demand: SMR February 2015, Cold rolled capacities: CRU February 2015

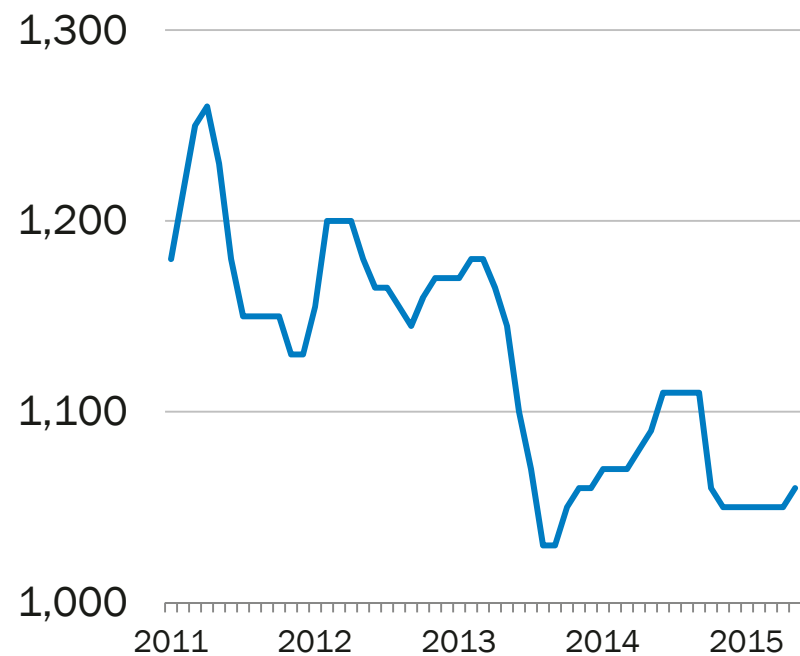
Development of EU stainless steel prices

Transaction prices 304 stainless steel, EUR/t*



— Nickel price — EU transaction price

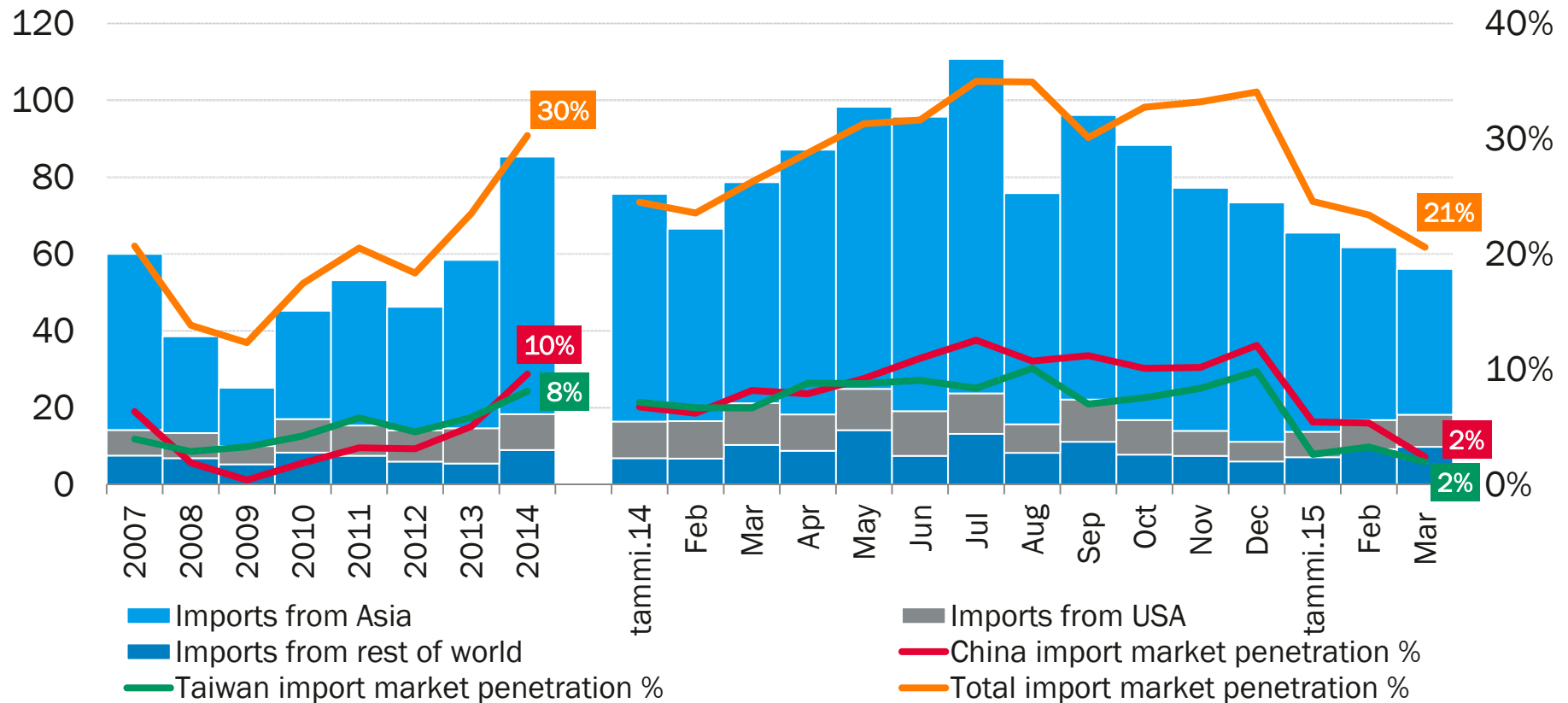
Base prices 304 stainless steel, ¹⁾ EUR/t



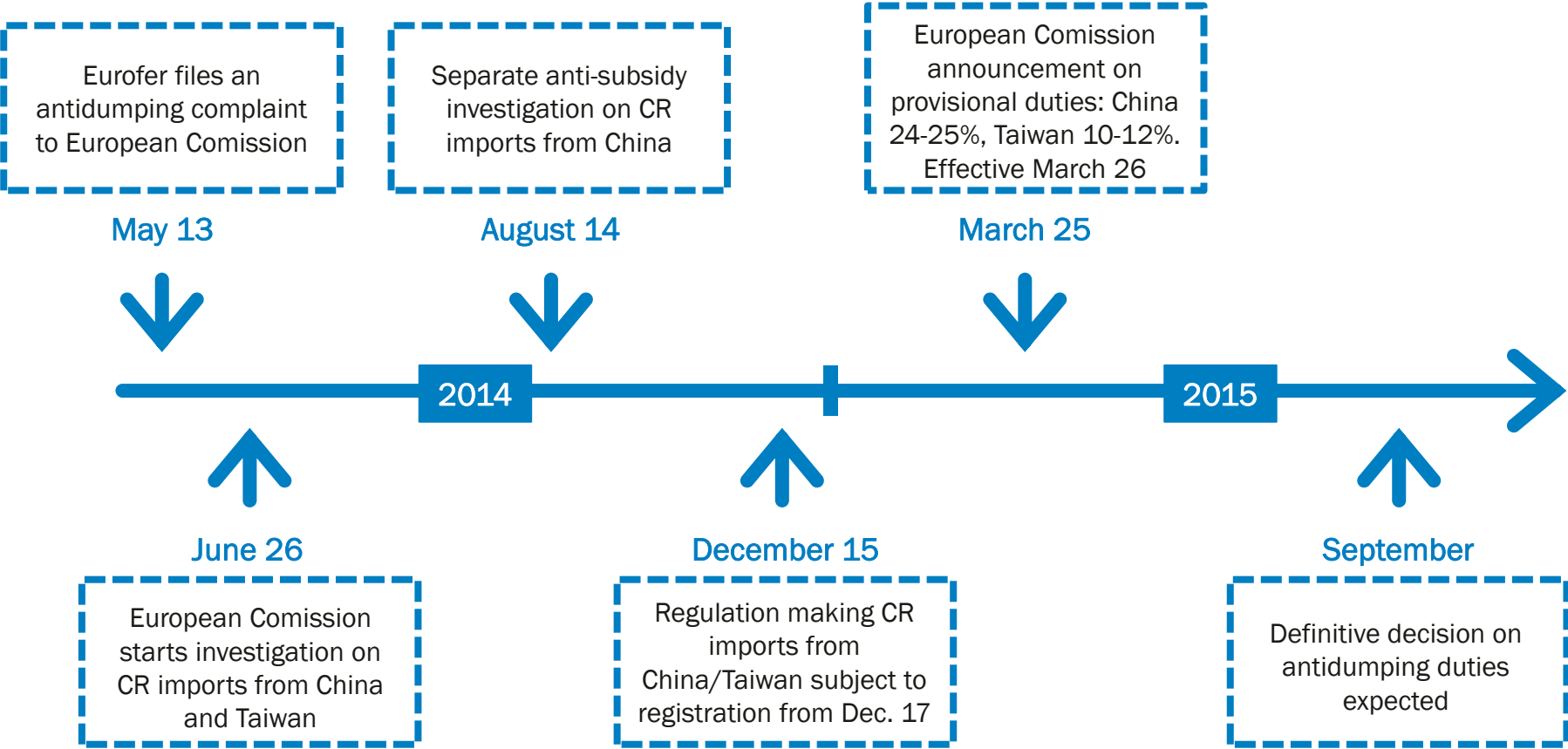
— EU base price

EU cold rolled imports from China and Taiwan have been strongly declining in Q1 2015

EU cold rolled imports, kt



Timeline of the European Commission investigation on antidumping



Impacts of the EU antidumping measures expected only after definite decision

Cold rolled volume

Opens room for EU producers and other imports



Cold rolled price

Opportunities for price increases for spot and contract business



Hot rolled price

Price pressure on hot rolled stainless steel



Scrap discounts

Additional stainless scrap demand creates pressure on scrap discounts



Outokumpu seizing the new market opportunities

- Tornio AP-line back online, adding capacity by 5,000 t/month
- Reallocating sales volumes from less profitable areas to EU

Further potential

- Productivity improvement
- Adding shifts in cold rolling mills
- Sourcing from Calvert and Sheffield

Coil EMEA priorities are clear

Restructuring of the industrial footprint



- Implement the industrial plan and restructure the footprint progressing well
- Specialization of the mills for higher efficiency
- Capacity utilization of >90% in melting and >85% in CR when finalized
- Competitive cost structure: Cost savings of >EUR 240 million by 2017

Profitable growth

- Commitment to profitable sales
- Reinforce market position in key regions, including Germany
- Higher margin products and customers; shift in mix
- Active pricing
- Sizing the new market opportunities



On track to sustainable profitability

Right assets in right place

Balanced customer base

Efficiency measures showing in improved profitability

Competitive business model to capture opportunities

Global stainless steel market update

Markus Moll, Managing Director
SMR – Steel & Metals Market Research

May 27, 2015

outokumpu 

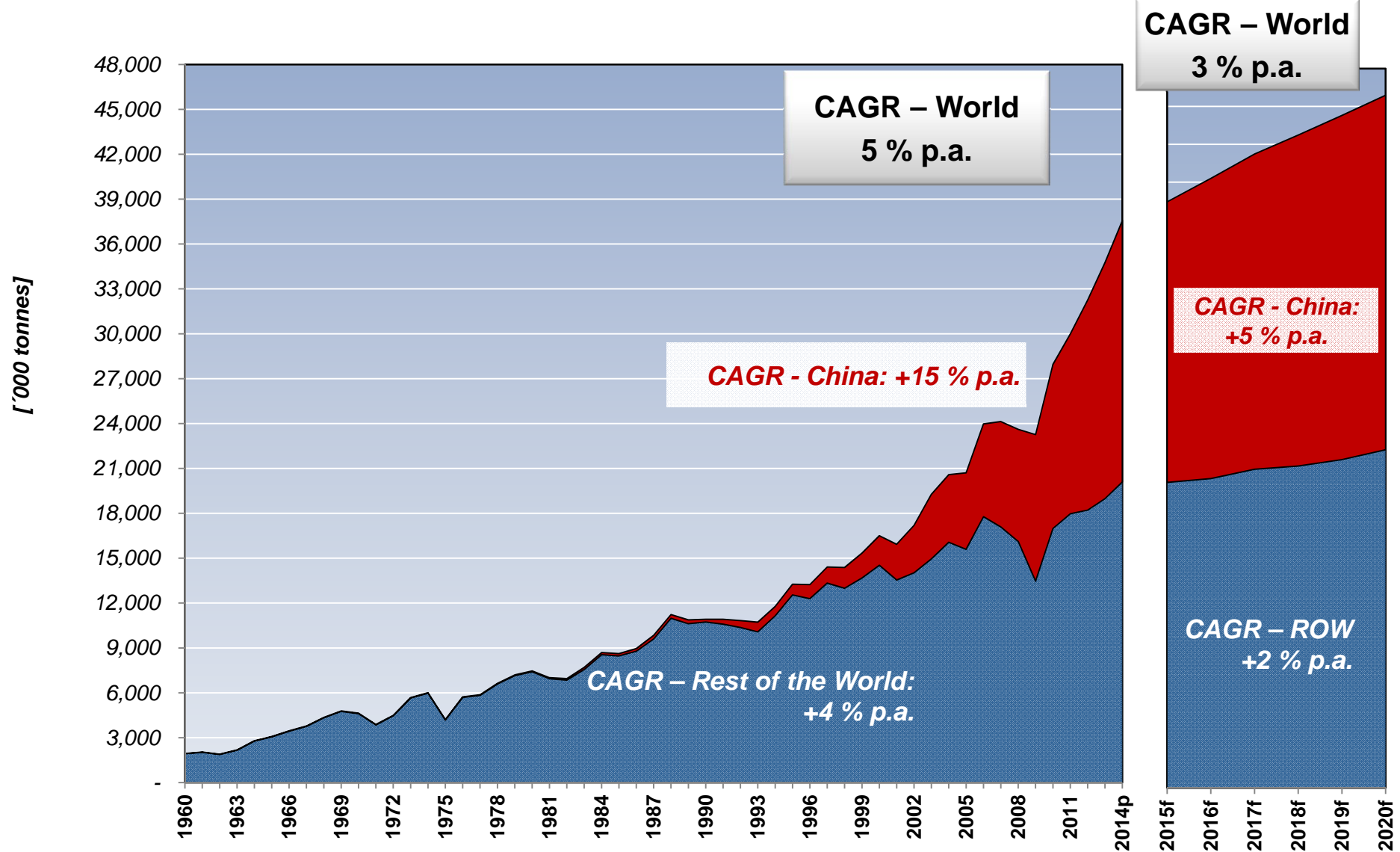
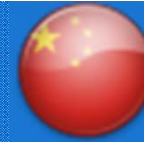


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1. **Base Case Scenario**
2. **Impact of the E.U. CRC AD - Case**
3. **Impact of Oil Price Decline**
4. **Focus on the NAFTA Market**
5. **Outlook**

Global Stainless Steel – a story of success

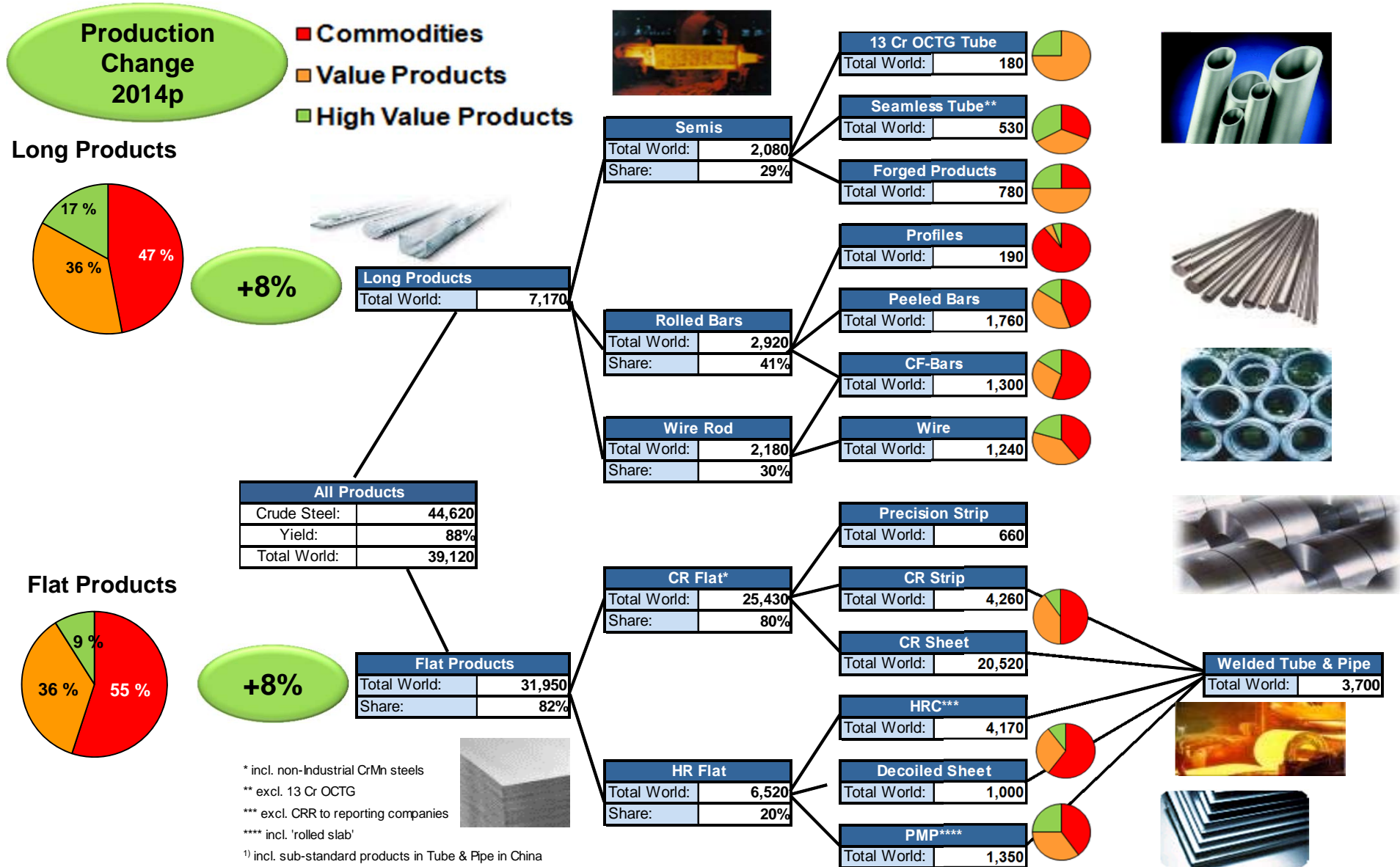
China counts now for almost 50 % of the worldmarket !



* finished products, excl. Tube & Pipe

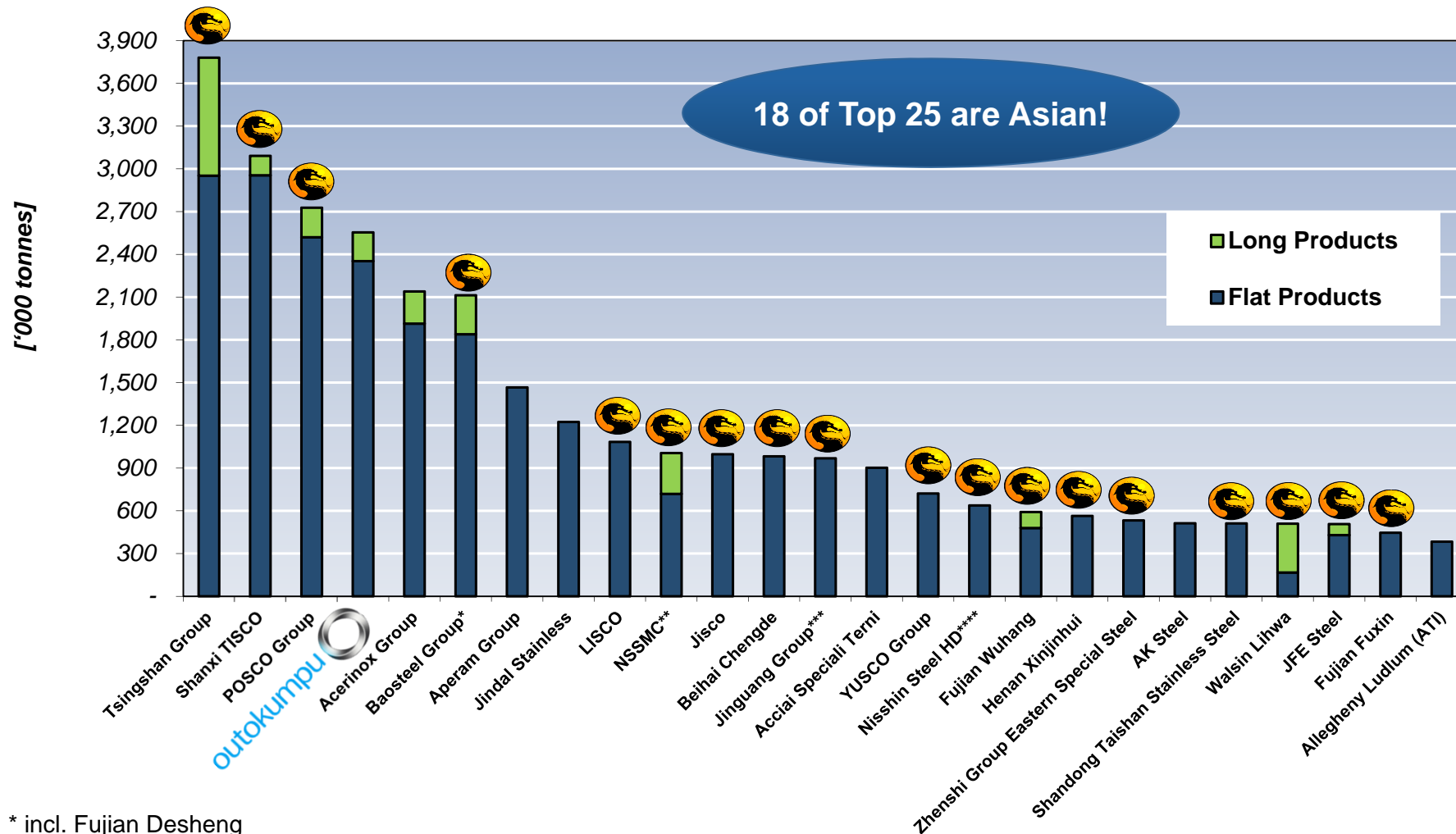
Global Stainless Steel Products 2014p in '000 metric t

The Total Stainless Steel Production increased by 8% in 2014p.



Top 25 Global Stainless Steel Producers 2014 (est. volumes)

There is a new No. 1!



* incl. Fujian Desheng

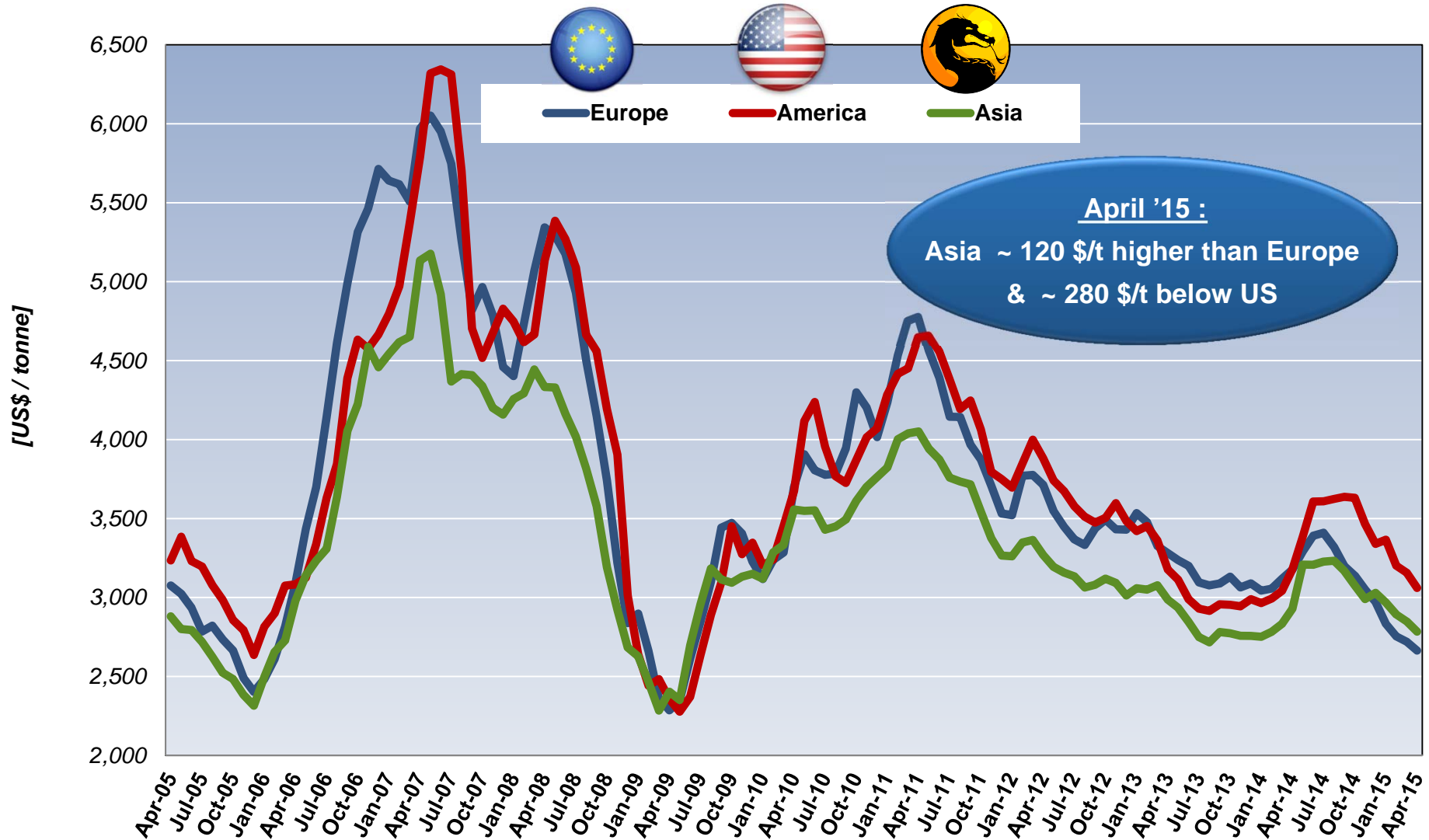
** incl. 13CrOCTG

*** incl. Southwest Stainless

**** incl. NTK

Global Historic Stainless Steel Enduser Price

CR Sheet - 304 & 316 - 2mm - 2B, Ex-Stock



Key takeaways from Raw Materials

✓ **Nickel**

The stainless market weakness in China has so far prevented a Ni shortage there. However, Indonesian ore stocks (high grade) depleted and NPI production will fall in HY2. Thus, Chinese STS mills will have to find new Ni sources soon.



✓ **Chrome**

The continuous weak market fundamentals in China plus the rampup of ENRC's new furnaces in Kazhakstan will keep this market well supplied in 2015.



✓ **Molybdenum**

The weak demand for Mo stainless grades and the slump in the oil industry depress demand. At the same time the ramp up of Sierra Gorda (Cu by-product, Chile) brings the market to oversupply.



✓ **Stainless Scrap**

Ni discounts are almost at record levels which will only change if/when China returns to the global stainless scrap market as a buyer.



Chinese NPI Advantage over Stainless Scrap

NPI has lost its cost advantage over stainless steel scrap...

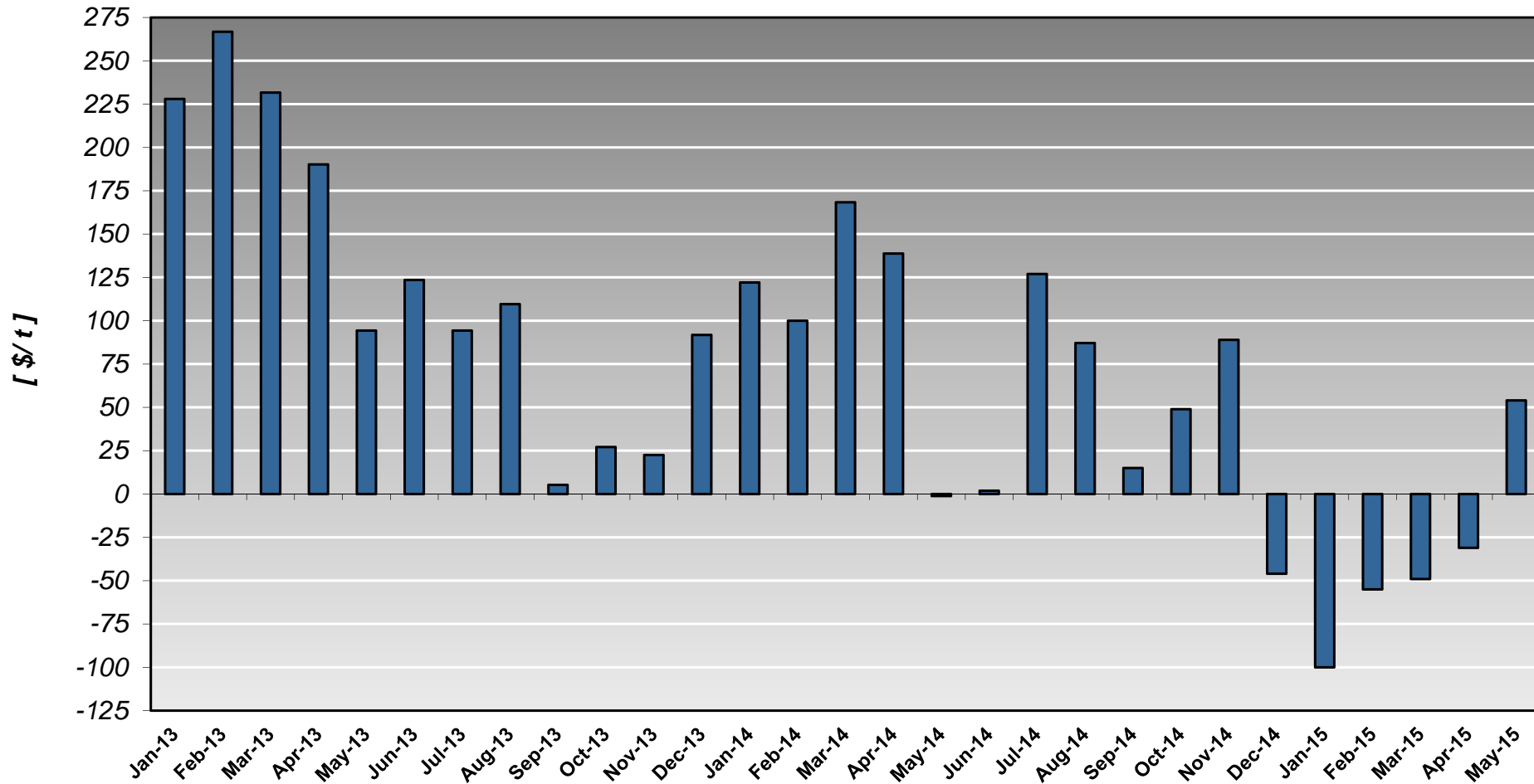


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1. Base Case Scenario

2. Impact of the E.U. CRC AD - Case

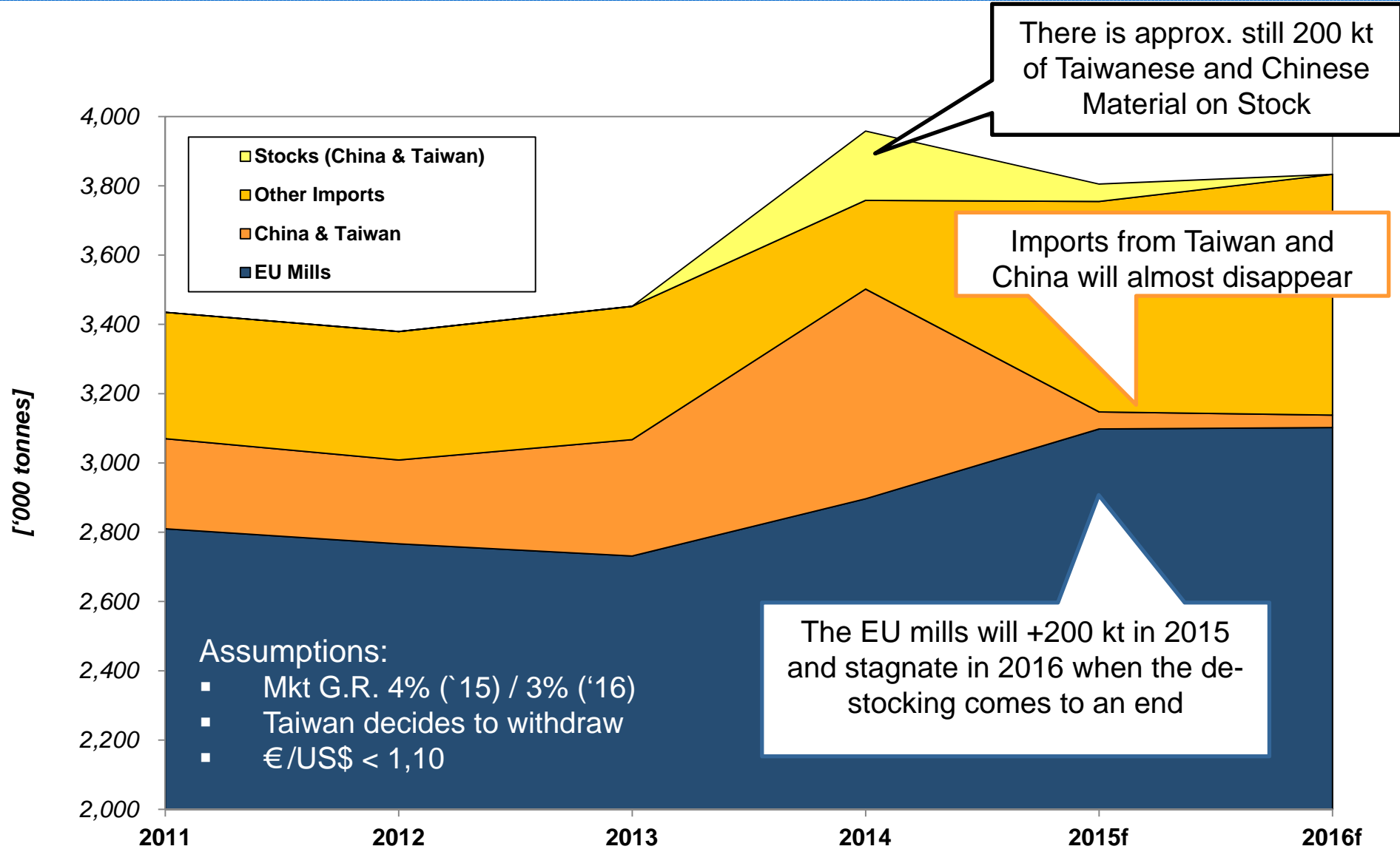
3. Impact of Oil Price Decline

4. Focus on the NAFTA Market

5. Outlook

Effects of the AD Case in Europe

In the long run, Imports will return to - or exceed - pre- AD levels, even without China and Taiwan



Impact of Weak € and Weak Oil Price – Europe

Structural Growth and Weak € compensates for Loses (due to Low Oil Prices)

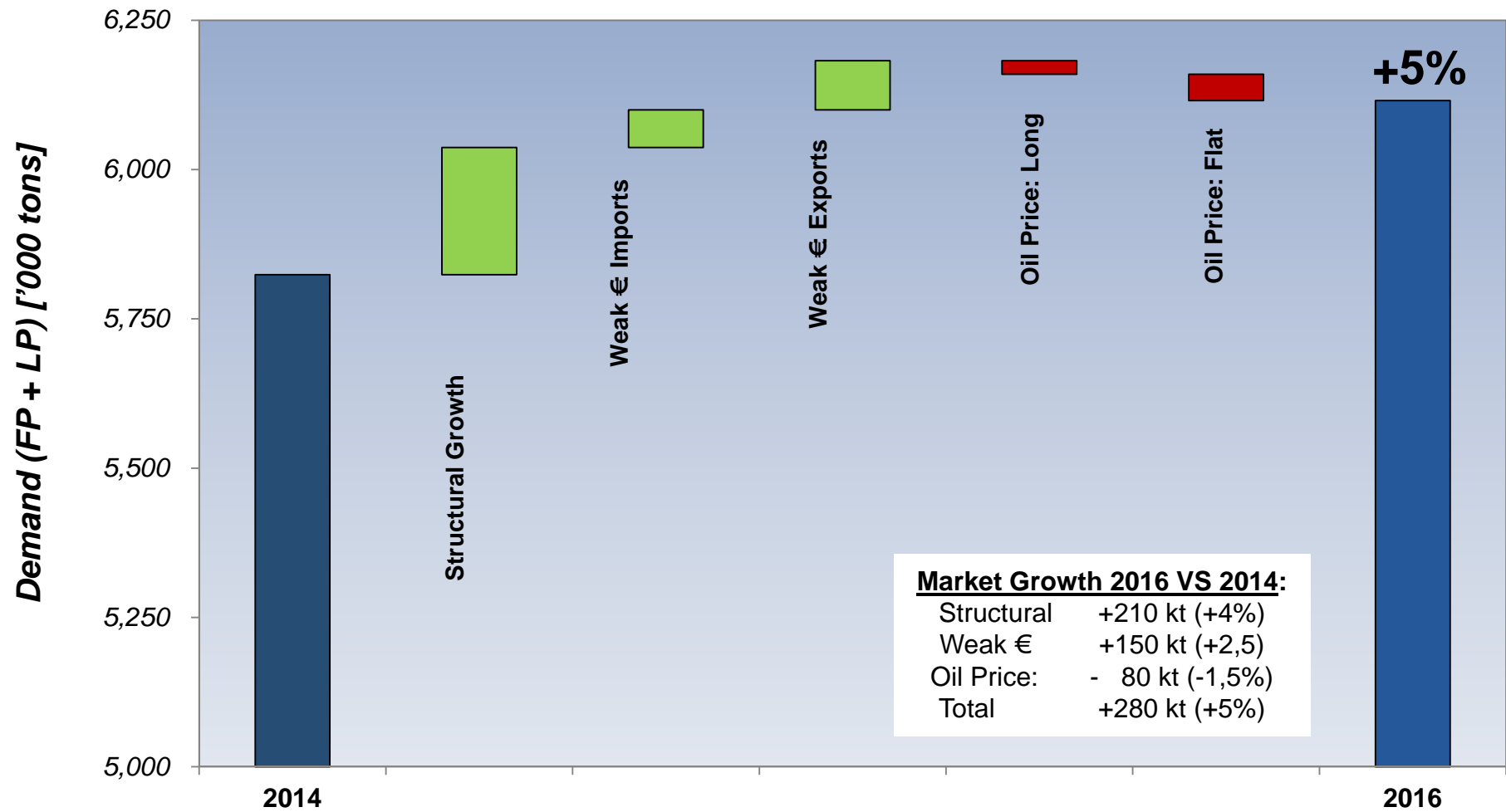
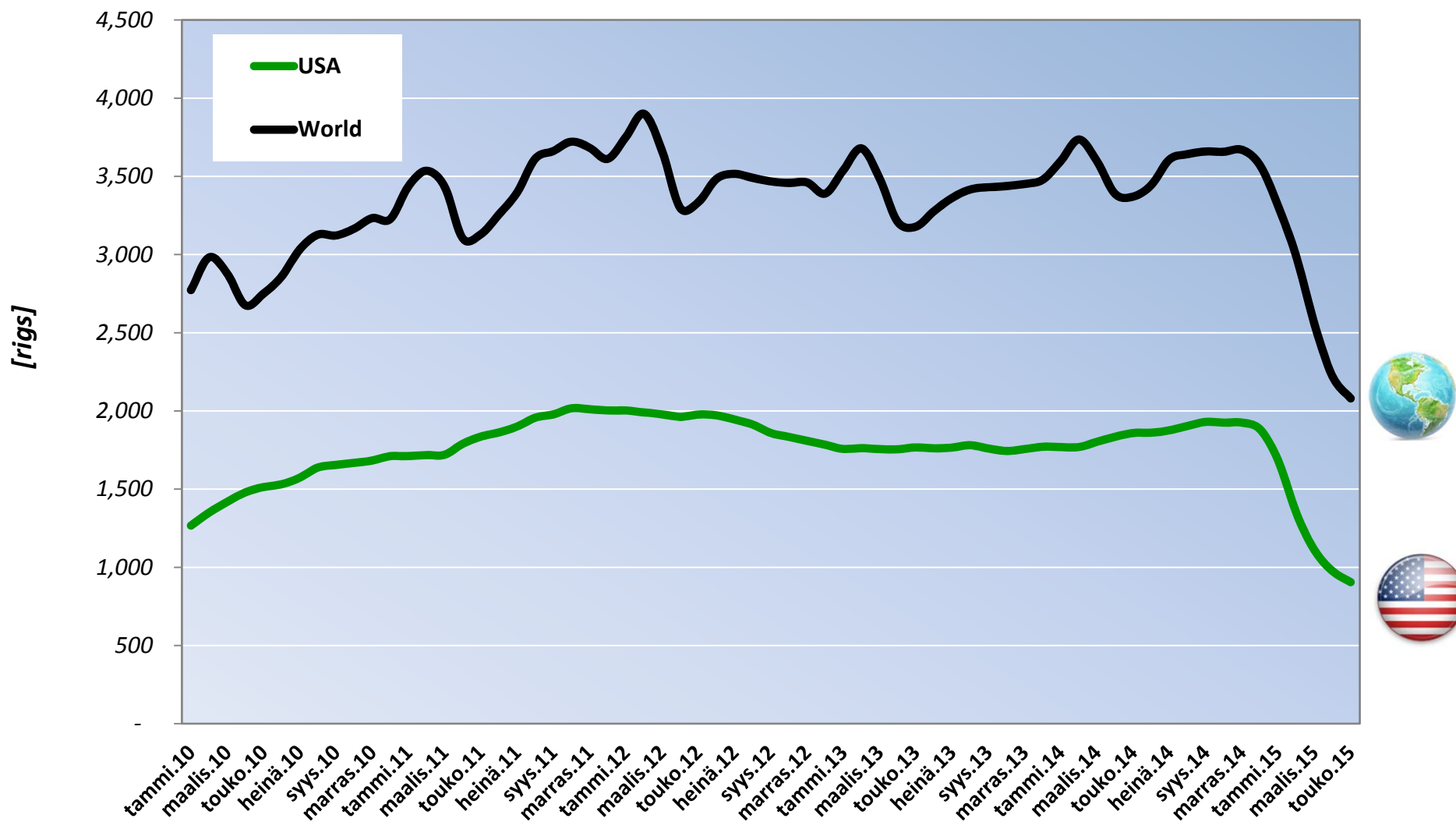


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Historical Incorporated Worldwide Rig Count

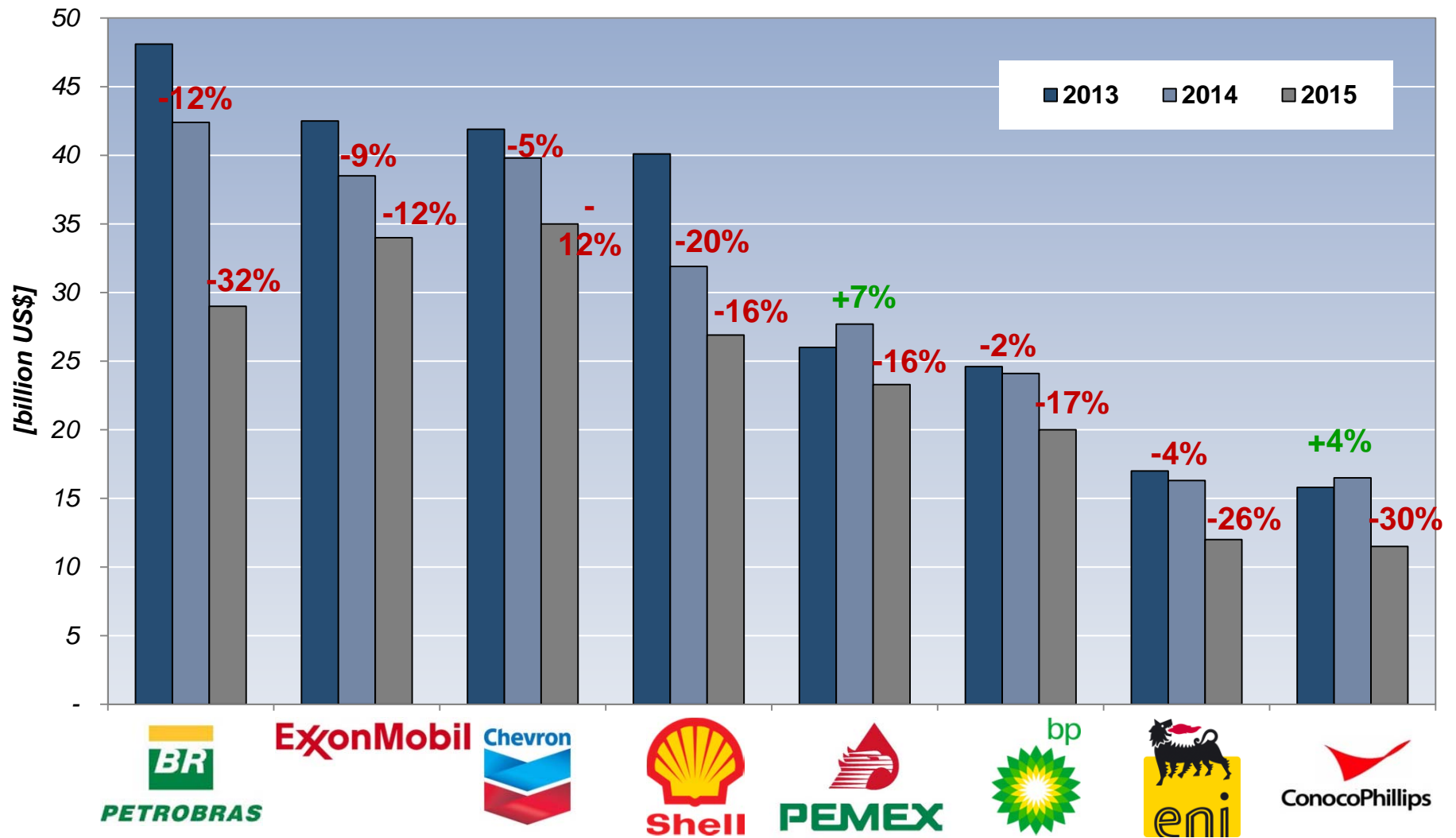
The graph speaks for itself



Source: Baker Hughes

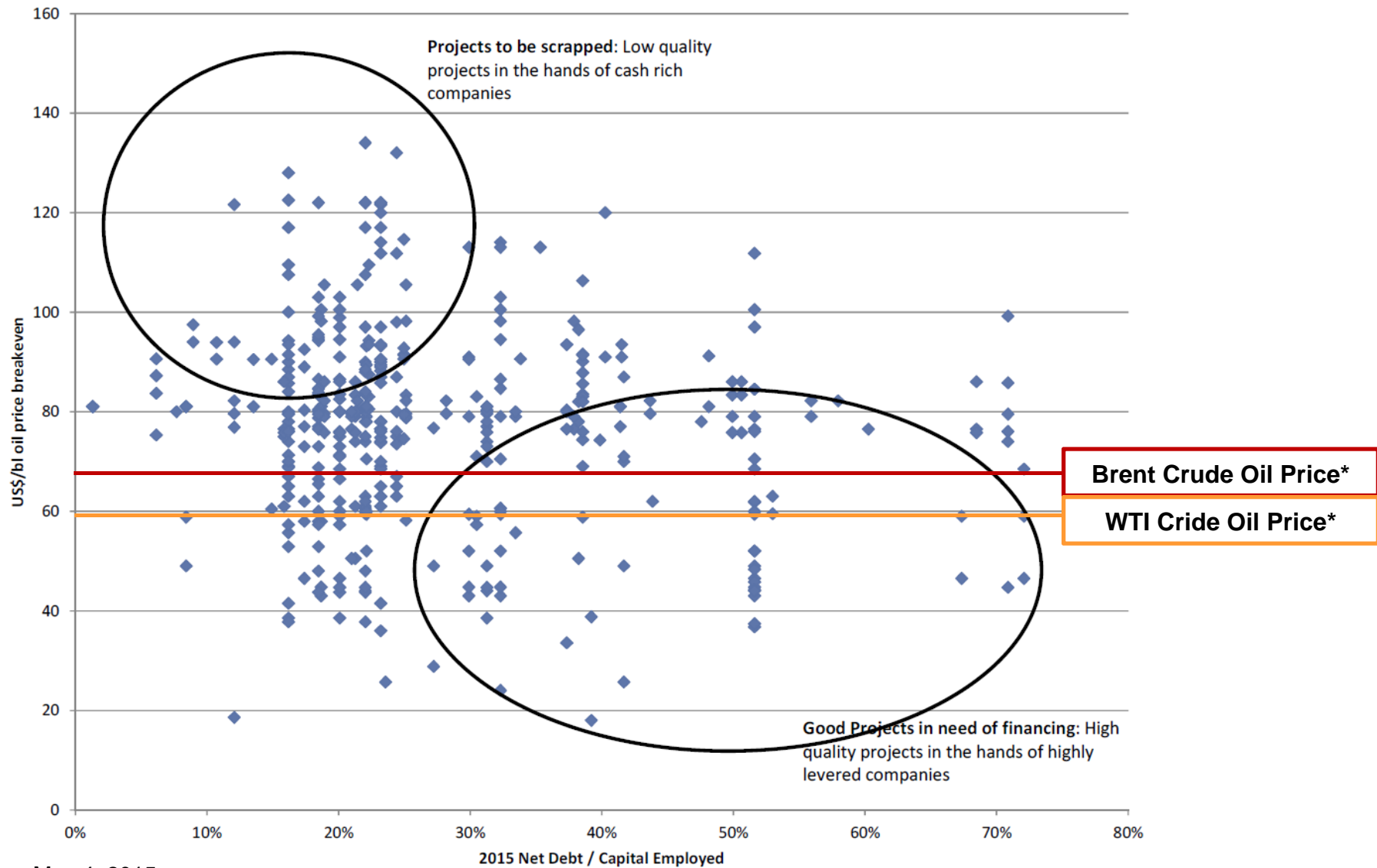
Capex Reduction at Energy Companies

Due to the Oil Price Slump Companies are reducing their CapEx by up to 32% in 2015



Oil Price Linked Projects at Risk

Many Projects under construction or pre-sanction are not economic at current price levels



*Status: May 4, 2015

Source: Goldman Sachs Global Investment Research estimate

Impact of the Oil Price Slump on the global STS Market by Product

Long products are more exposed than flat products

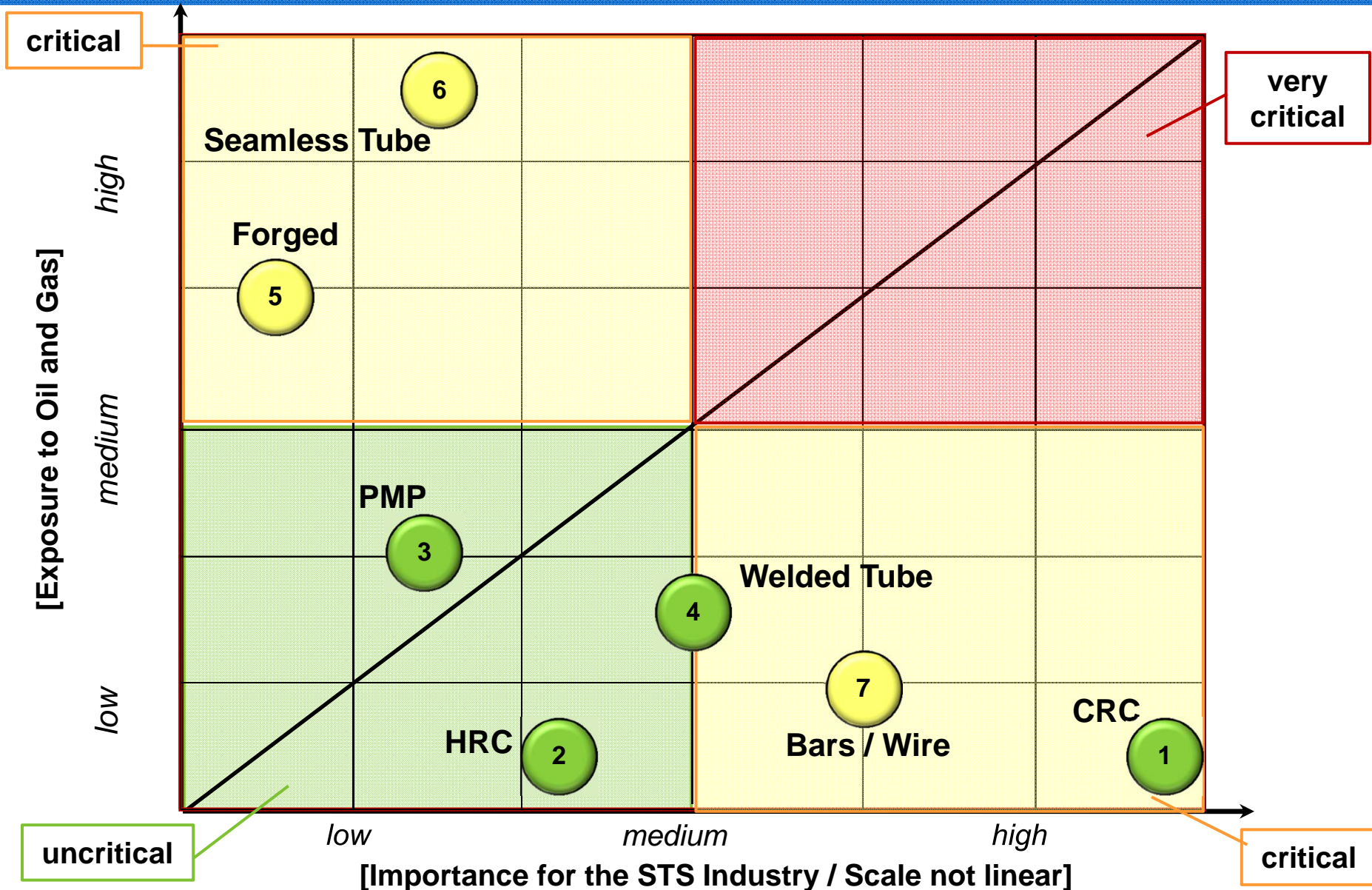
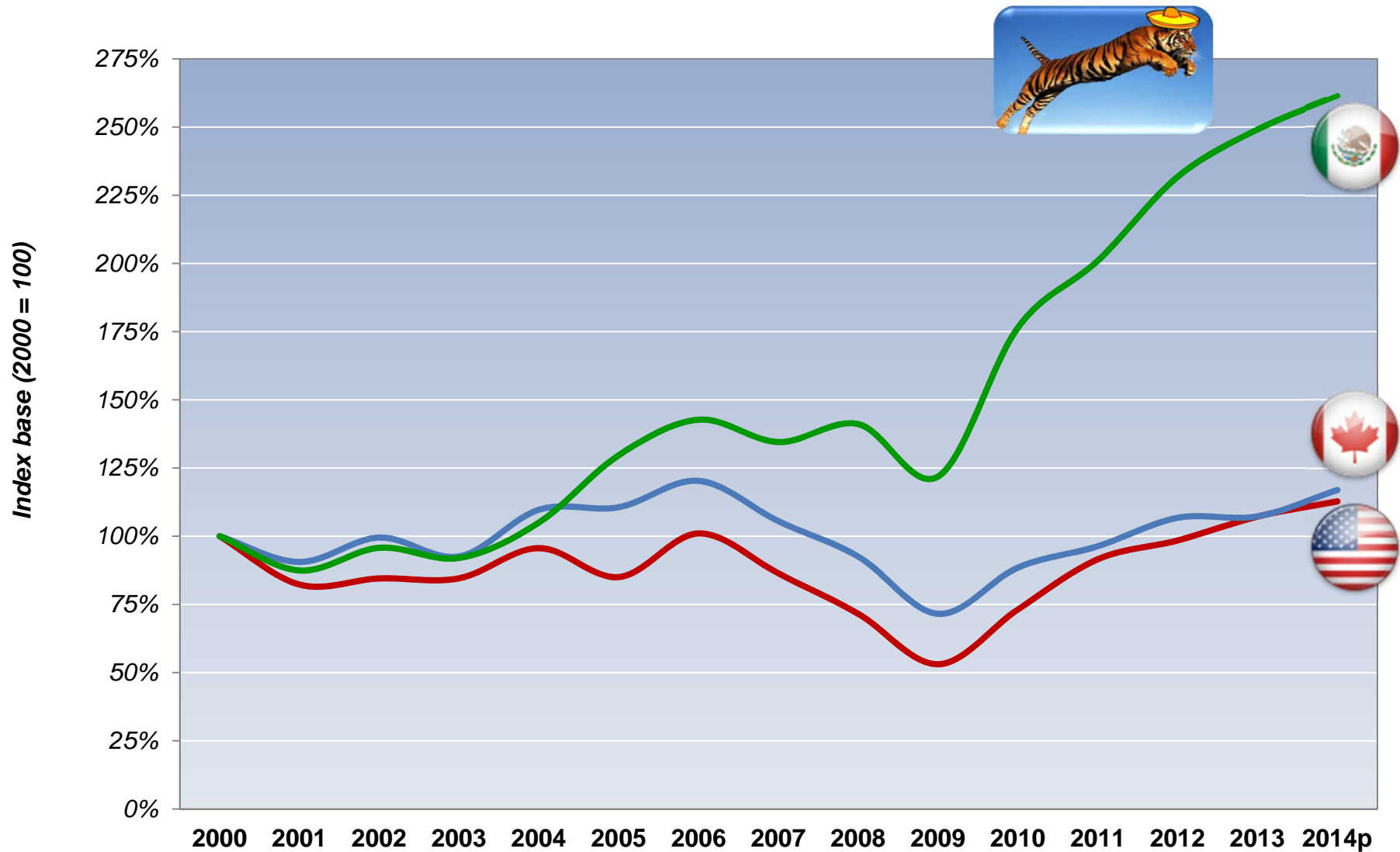


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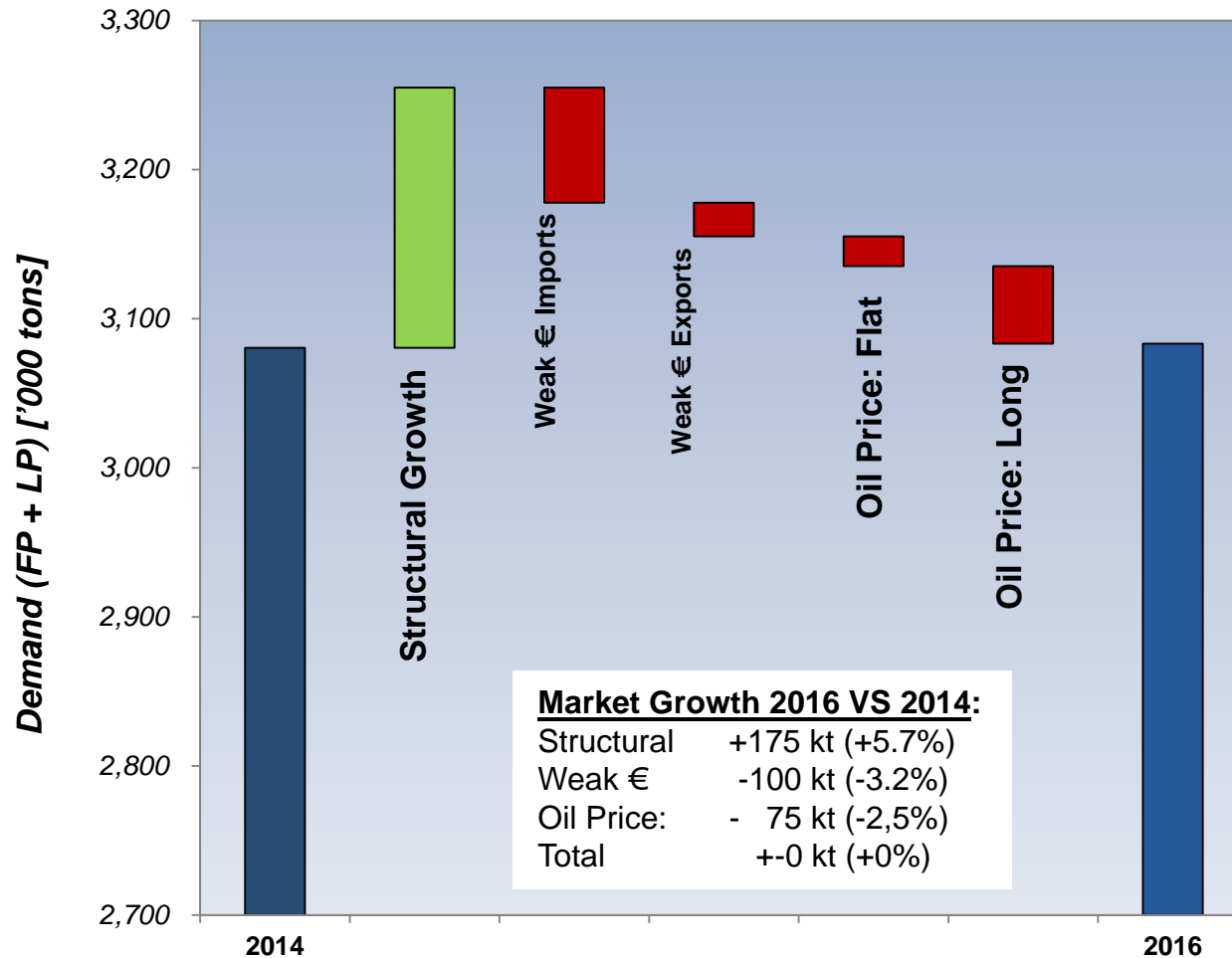
Long Term Stainless Steel Market Development NAFTA (2000 – 2014p)

Mexico has become the North American 'Tiger'



Impact of Strong \$ and Weak Oil Price – NAFTA

Strong USD and Low Oil Prices could lead in the Worst Case to almost no Growth between 2014 and 2016



Potential Upsides

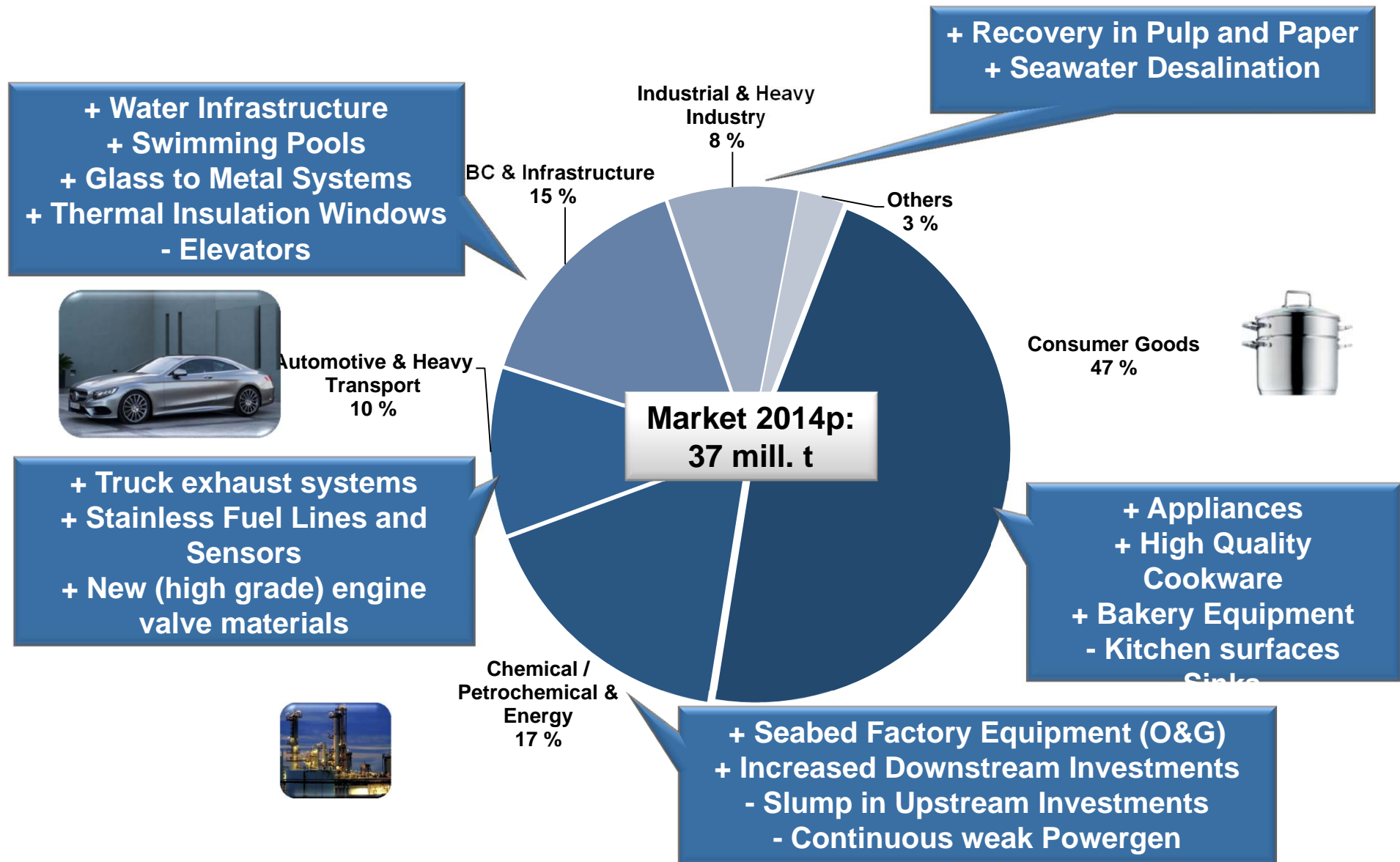
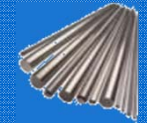
- Lower Oil price → higher consumer spending
- Lower Oil Price → higher down stream profits → increased spending in petro chemicals
- Lower Oil Price → Bigger Cars
→ More Stainless

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Global Stainless Steel by End Use Segment



Automotive & Heavy Transport
10 %



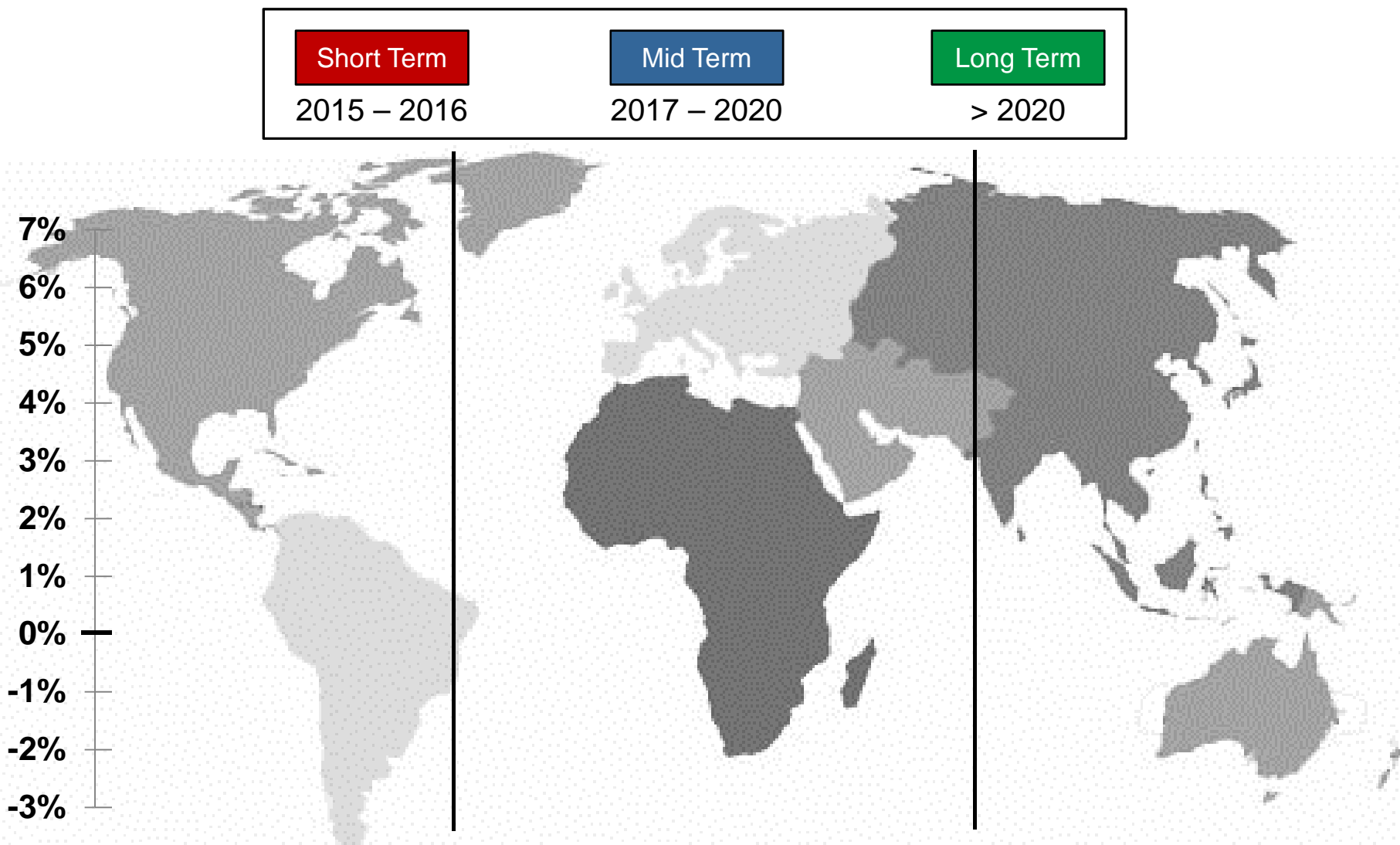
Consumer Goods
47 %



Chemical / Petrochemical & Energy
17 %

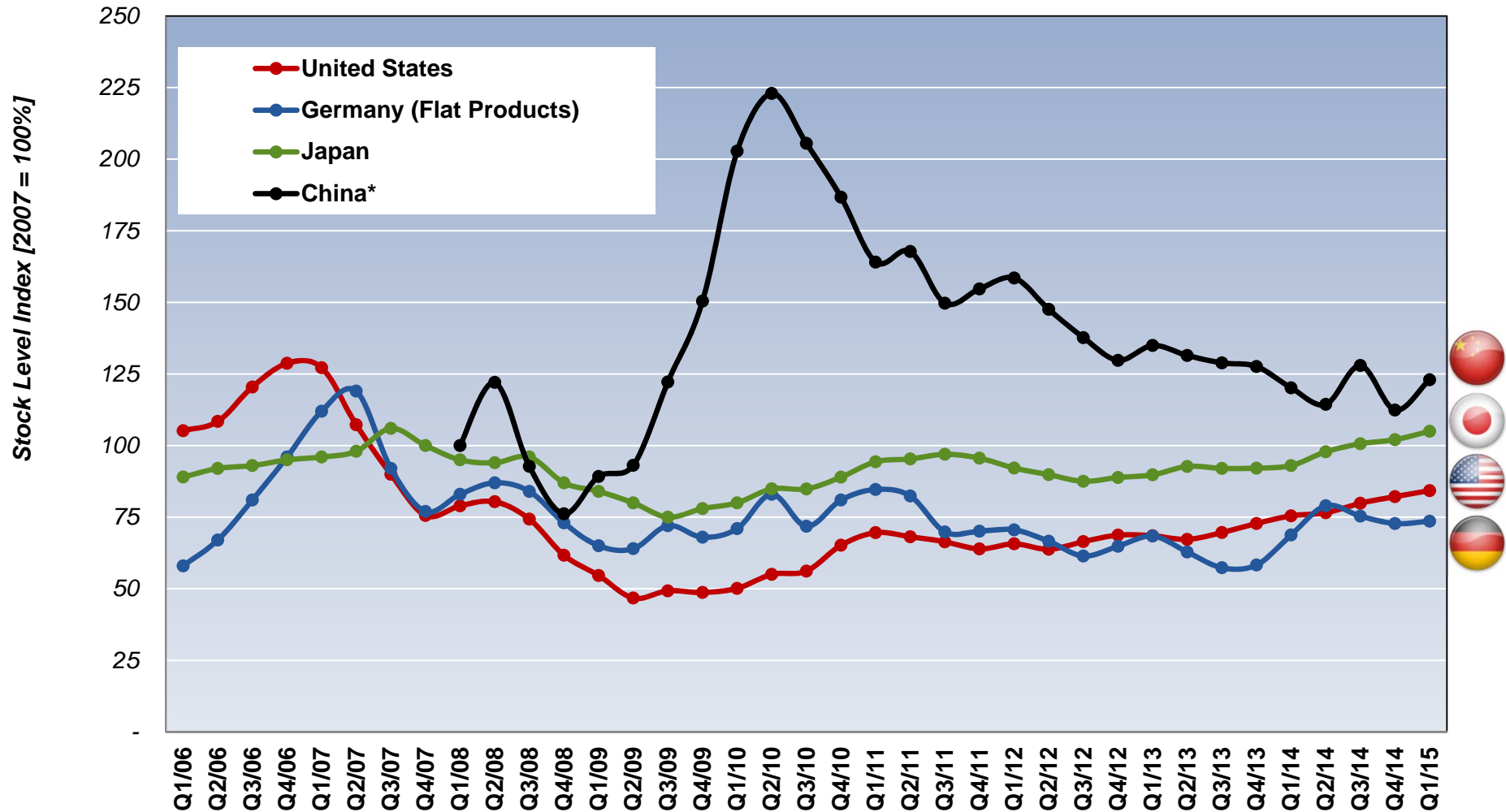
Forecasted Growth in EMEA, Americas & APAC

APAC will remain the growth driver and Europe could turn negative in the long term



Stock levels...

... are on the rise



*China Average 2008 = 100%

Any Questions?

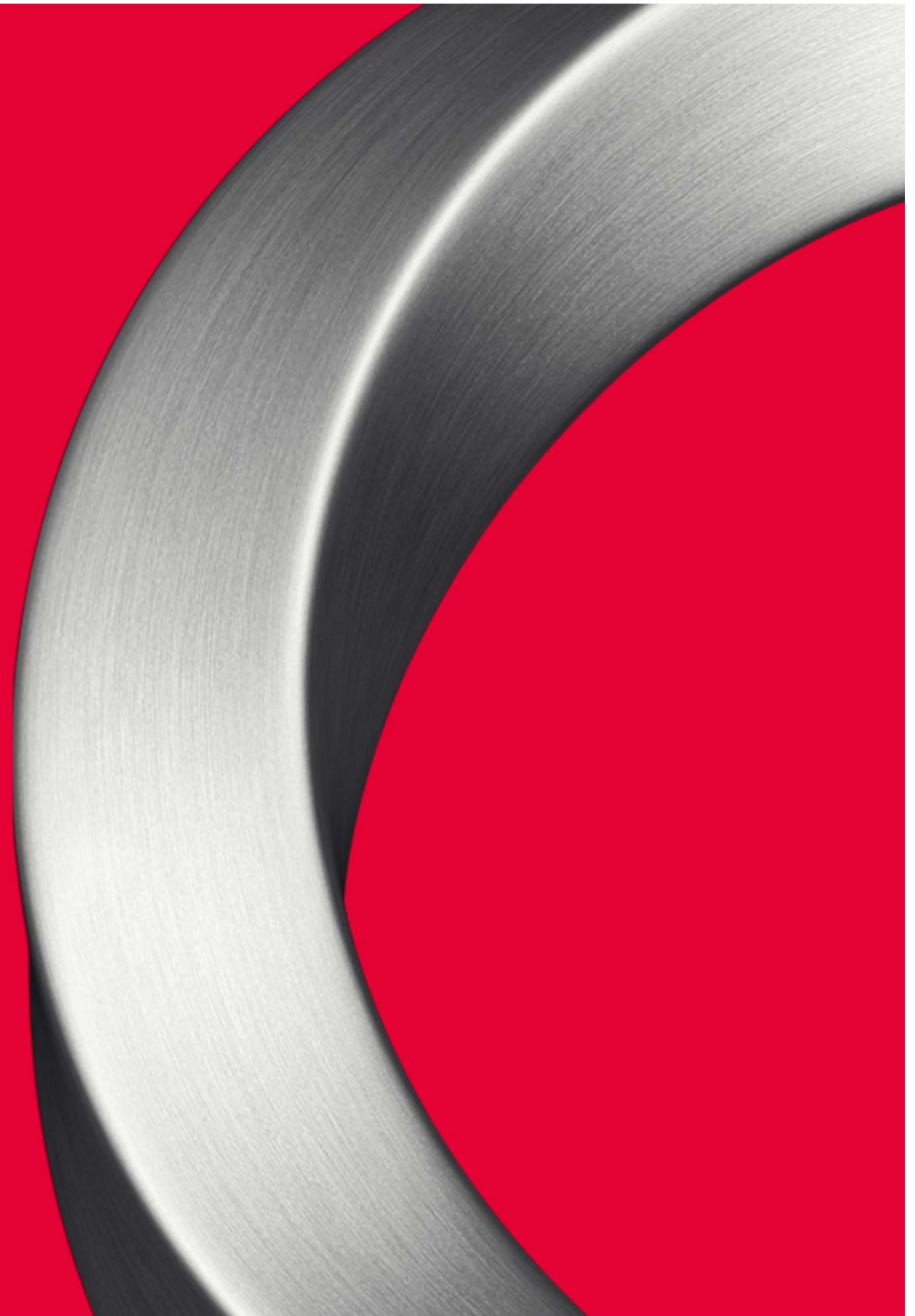


New solutions for automotive industry

Pekka Erkkilä
Chief Technology Officer

May 27, 2015

outokumpu 



Outokumpu is the leading innovator in stainless steel

We develop sustainable stainless steel solutions for our customers

- Very long life-cycle
- 100% recyclable
- Nearly non-existent environmental impacts

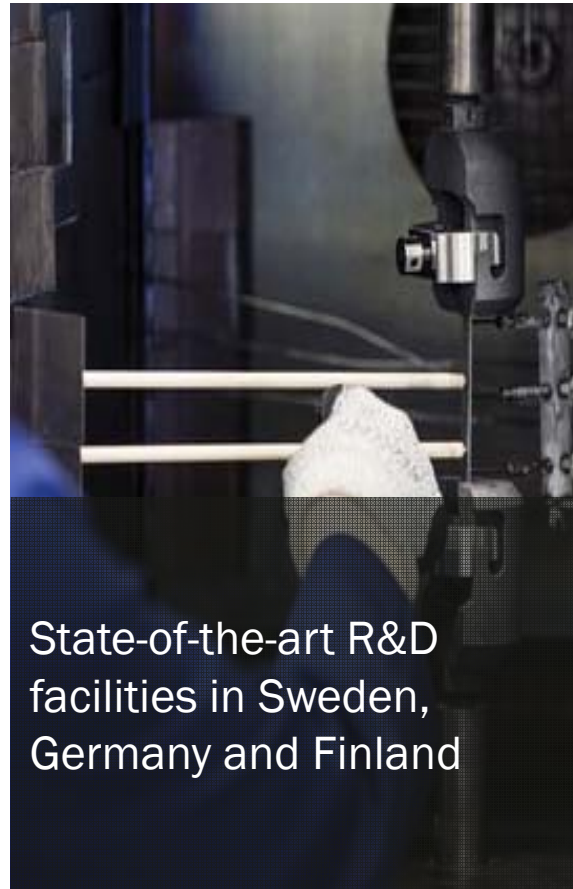
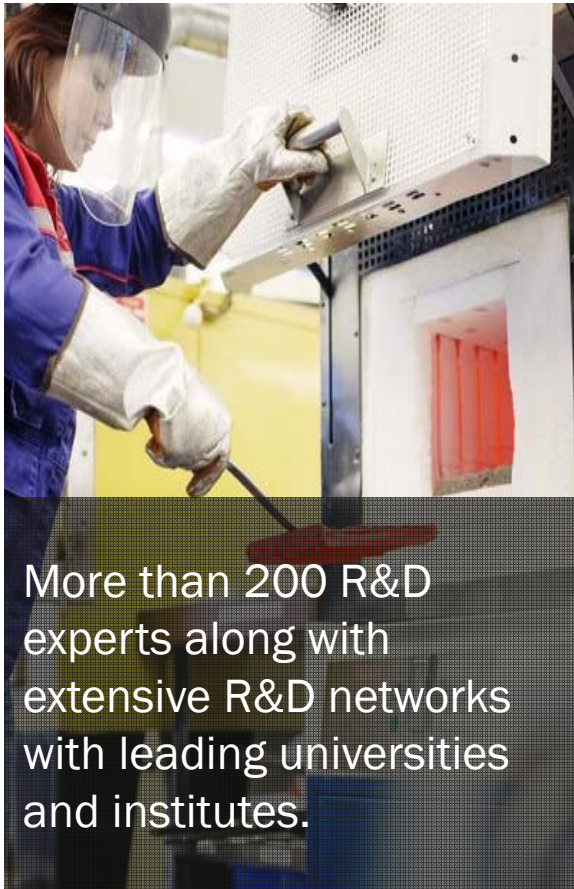
We continuously develop our product portfolio and product quality

- Several new stainless steel grades introduced
- Extensive patent portfolio
- Superior product quality

We improve cost and environmental efficiency of our production processes

- Recovery of waste heat
- Improved process integration
- Efficiency in using raw materials

Outokumpu R&D in nutshell



Introducing renewed product portfolio

By grouping our products into ranges based on performance, we aim to make choosing the best product for your application easier

Outokumpu
Classic family

Outokumpu
Pro family

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

Automotive industry as a customer segment

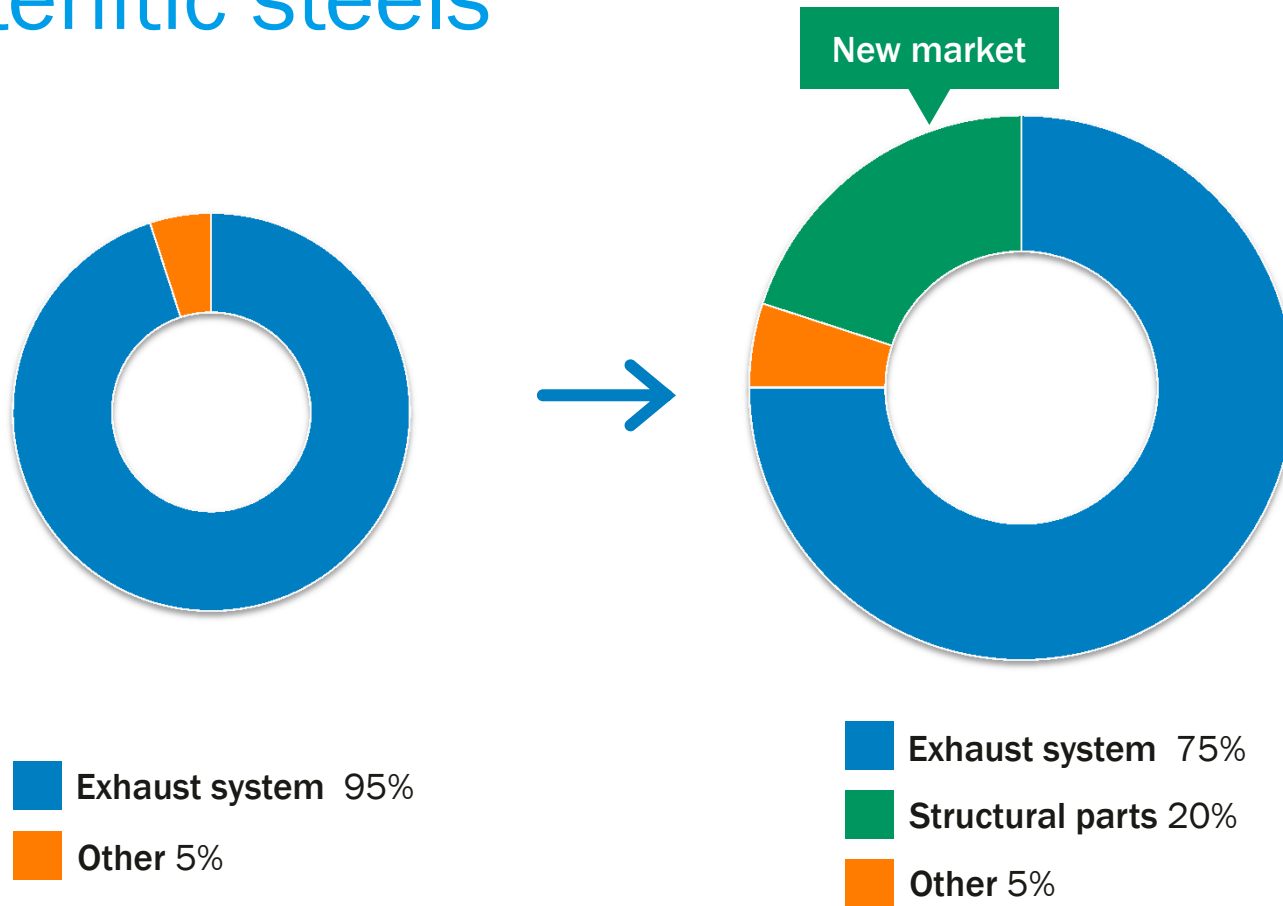
Automotive and heavy
transport demand
~1 million tonnes
annually

Largest car
manufacturers as
main customers

Stainless steel mainly
used in exhaust
systems

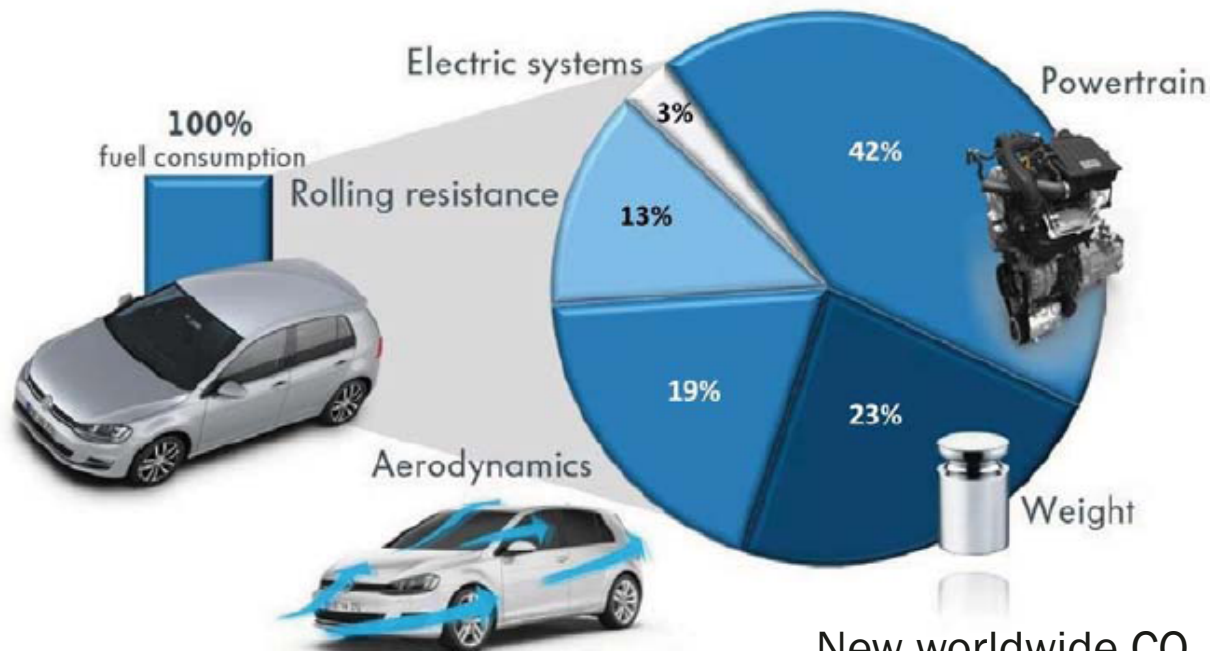
Huge potential for
additional stainless
steel usage

Automotive as new mass market for austenitic steels



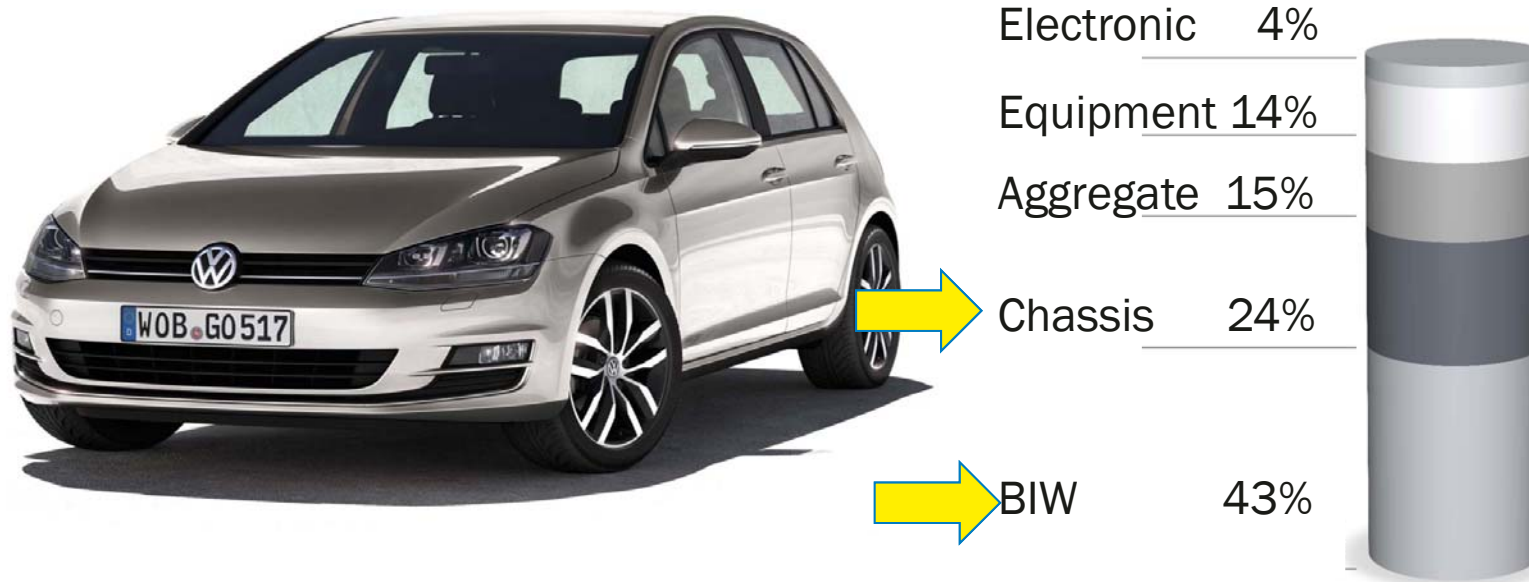
Making lighter cars with new materials helps to reduce CO₂ emissions

Main Fuel Consumers in a Car

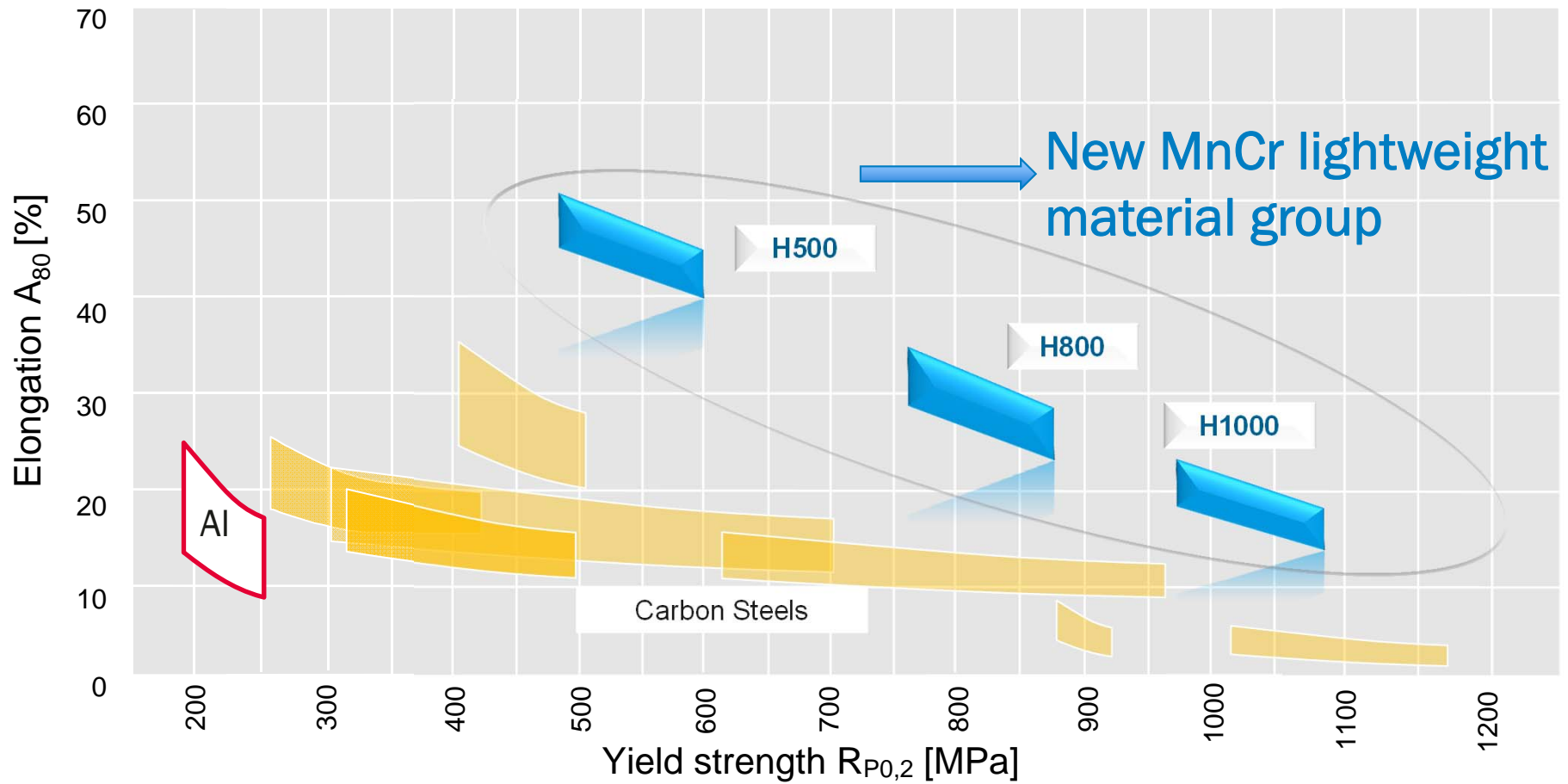


New worldwide CO₂ emission legislation enhance the need for breakthrough lightweight materials

Half of a car weight comes from Chassis and Body-in-White (BIW) parts



Outokumpu new high performance MnCr material offers an outstanding lightweight potential



Examples of lightweight potential (LWP) of austenitic materials

Lightweight chassis



Audi A8:
Thickness reduction
from 2.5 to 1.5mm-



Prototype:
LWP:
50% reduction
in thickness
from 1mm
to 0.5mm



Lightweight BIW



Bentley:
High crash absorption
System integration

Tanks

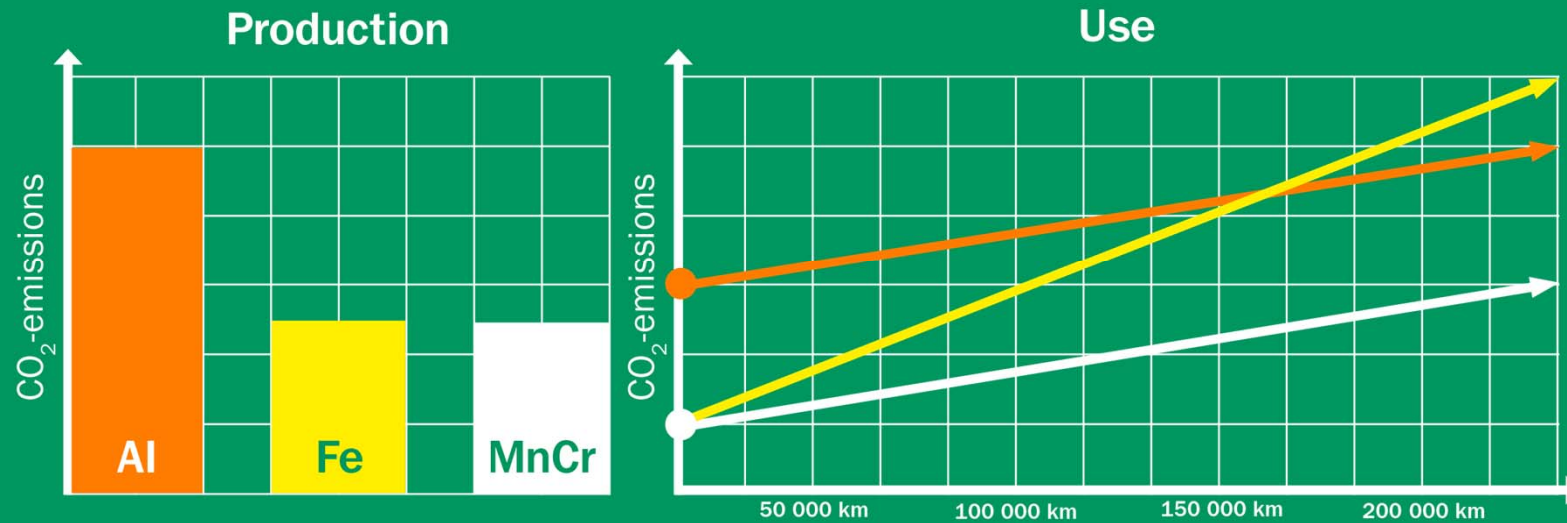


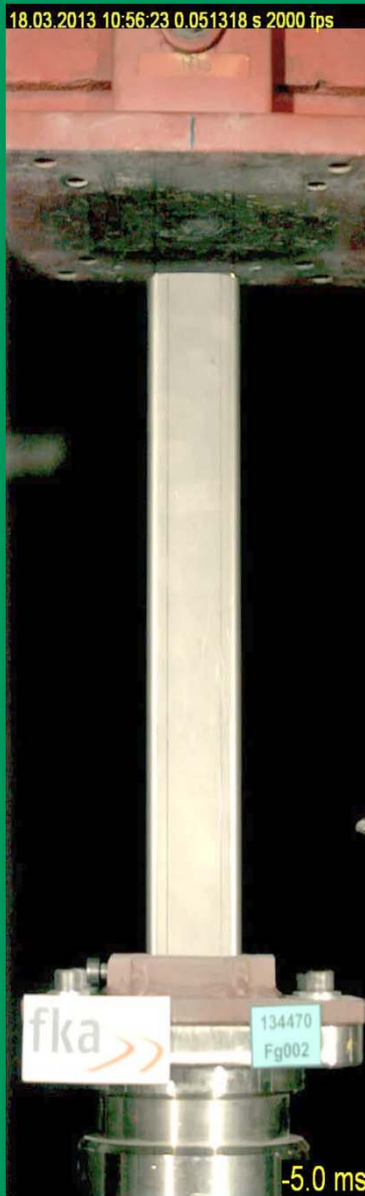
Volvo:
Weight reduction: -3kg
More Volume: 3l

Prototype
LWP: 45%
Thickness reduction
form 0.9 to 0.5mm
System integration



MnCr material shows the best lightweight CO₂-footprint among lightweight materials





MATERIAL VALIDATION:

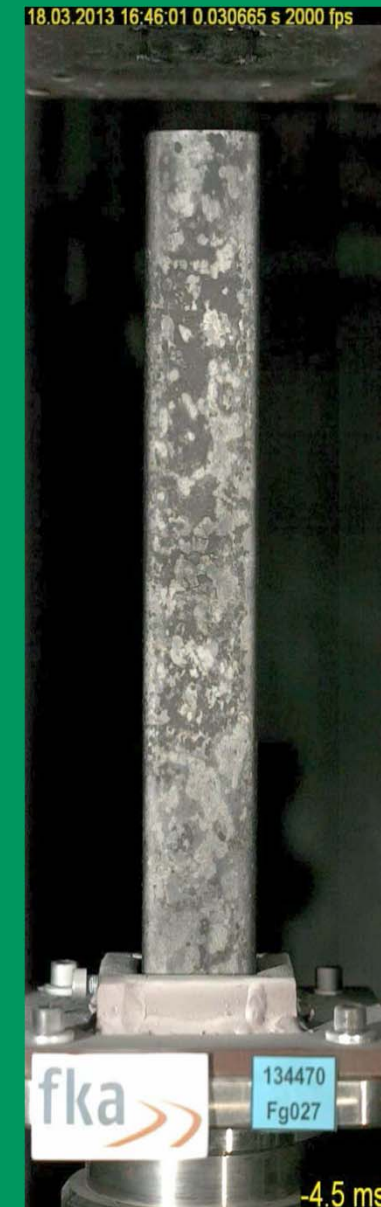
Higher safety with
the new lightweight
MnCr material group

Axial crash test with square specimen:

Drop height $h = 10,00\text{m}$

Drop weight $m = 186\text{kg}$

Better folding behavior
enhance safety

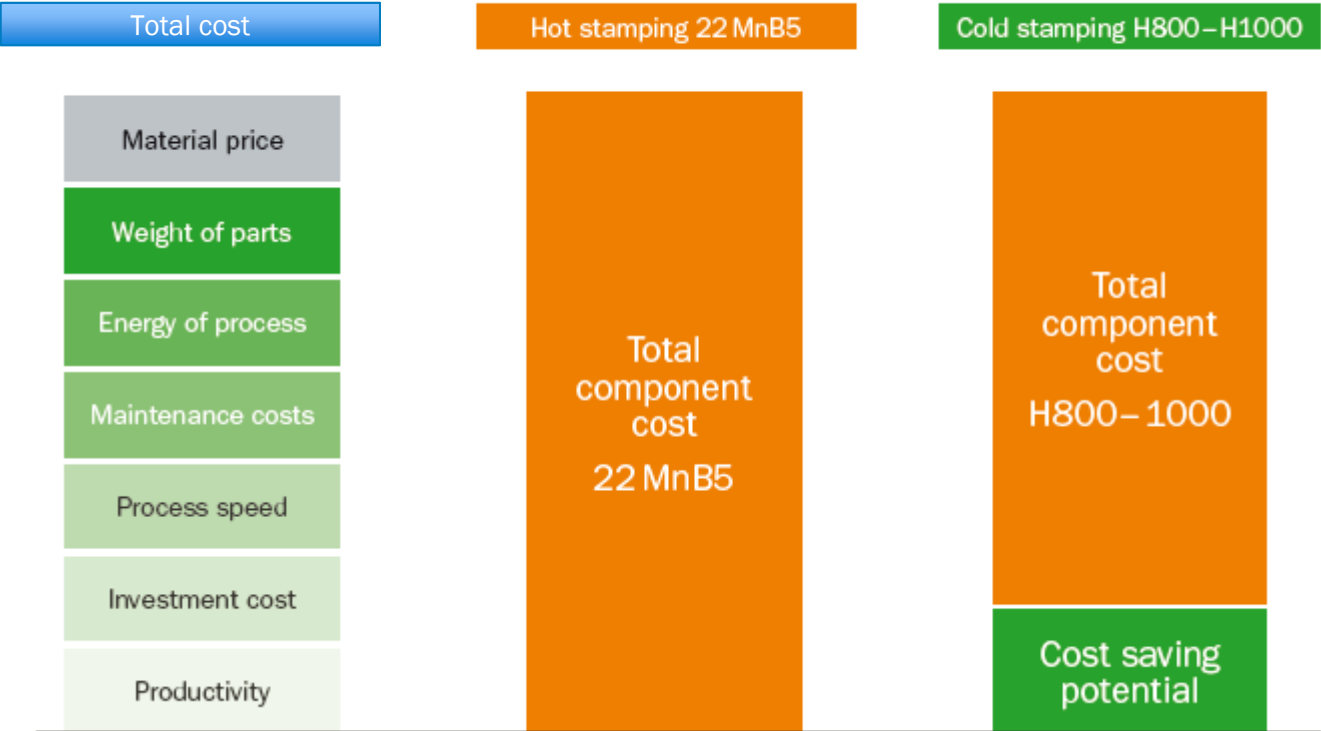


Added value of MnCr steels for car companies

- Excellent CO₂ footprint
- Best lightweight index
- Price stability
- Higher safety due to its ductility
- Excellent ductility open up ways for part integrations
- Improved productivity due to cold stamping compared to hot stamped 22MnB5
- Material is worldwide available
- Material fit to the OEMs production requirements

Total cost of austenitic MnCr steels can be lower than a hot stamped 22MnB5 part

Total component cost



Cooperation with leading car manufactures and tier one suppliers for MnCr material



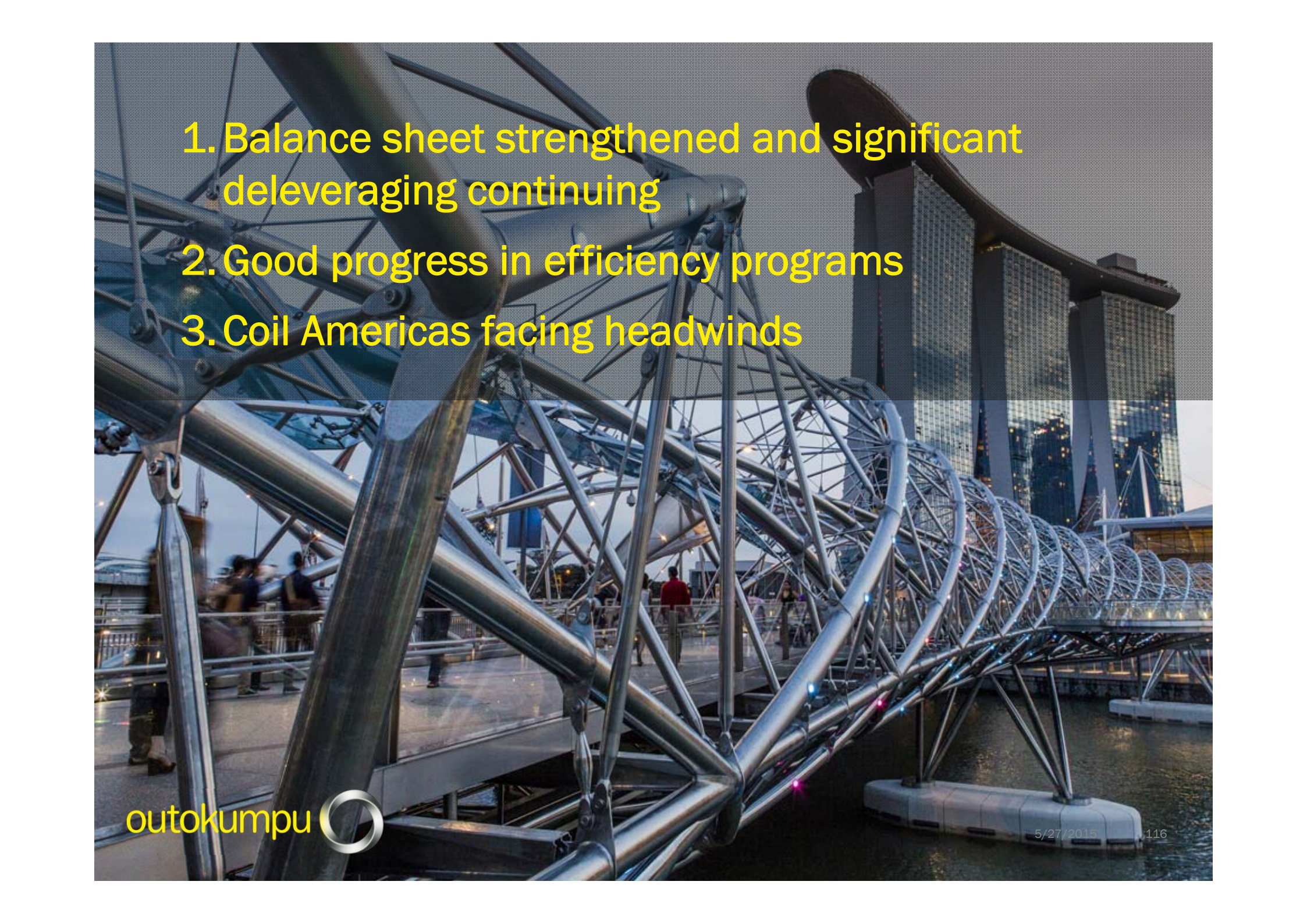
Volkswagen



Turnaround shows in gradually improving profitability

Reinhard Florey
CFO

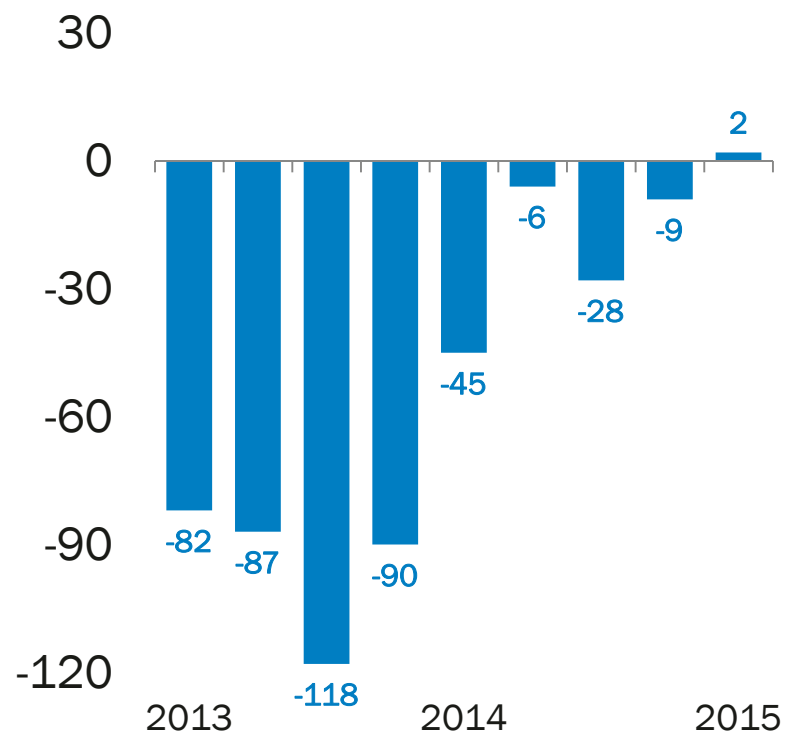
May 27, 2015

- 
1. Balance sheet strengthened and significant deleveraging continuing
 2. Good progress in efficiency programs
 3. Coil Americas facing headwinds

Outokumpu turnaround shows in gradually improving profitability

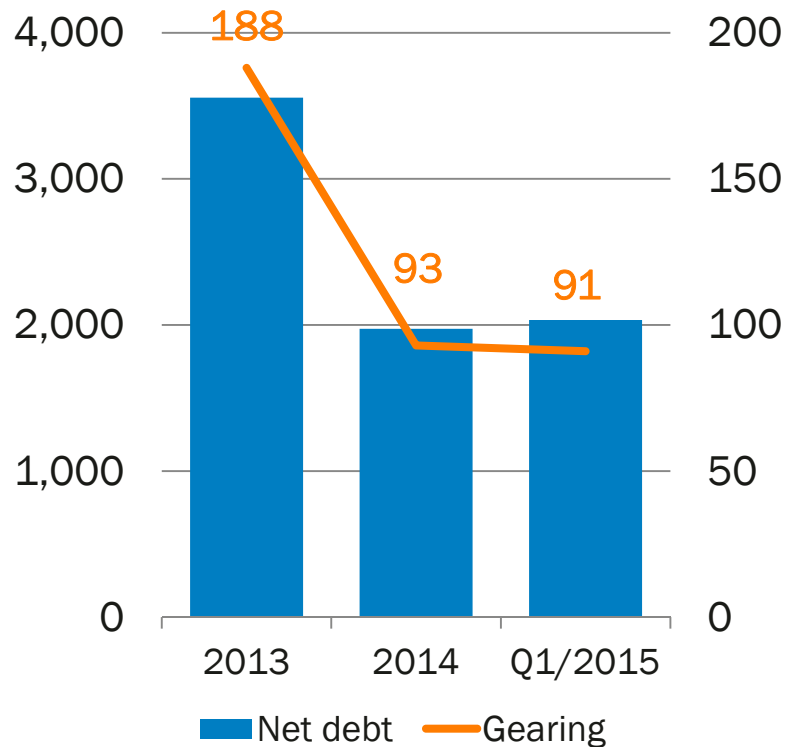
EUR million	2013	2014	Q1/15
Stainless steel deliveries, kt	2,585	2,565	620
Sales	6,745	6,844	1,768
EBIT excl. NRI	-432	-57	8
Underlying EBIT	-377	-88	2
Operating cash flow	34	-126	-62
Capex (accounting)	183	127	26
Personnel	12,561	12,125	11,824

Group underlying EBIT, EUR million

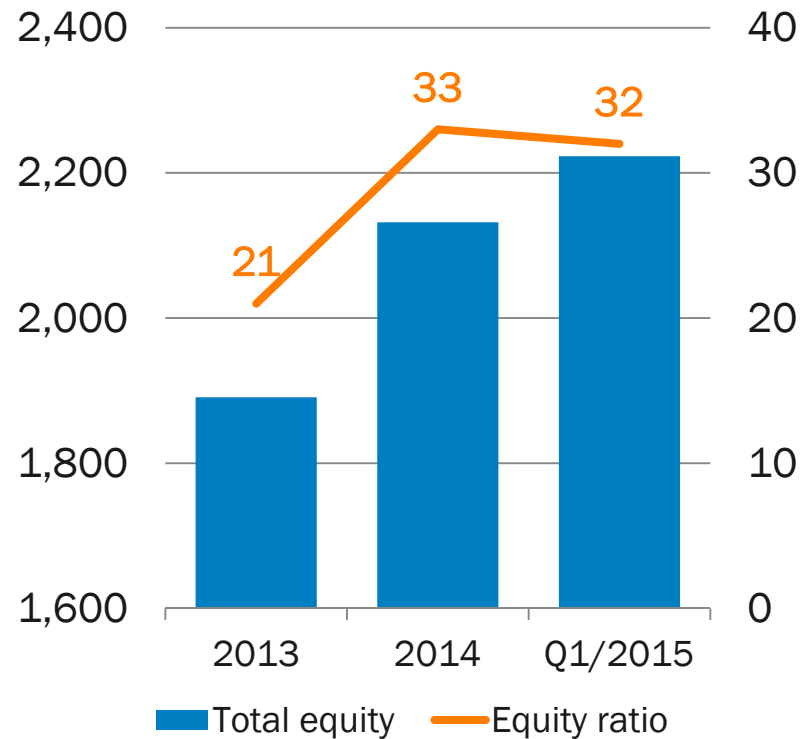


Balance sheet strengthened

Net debt and gearing, EUR million and %

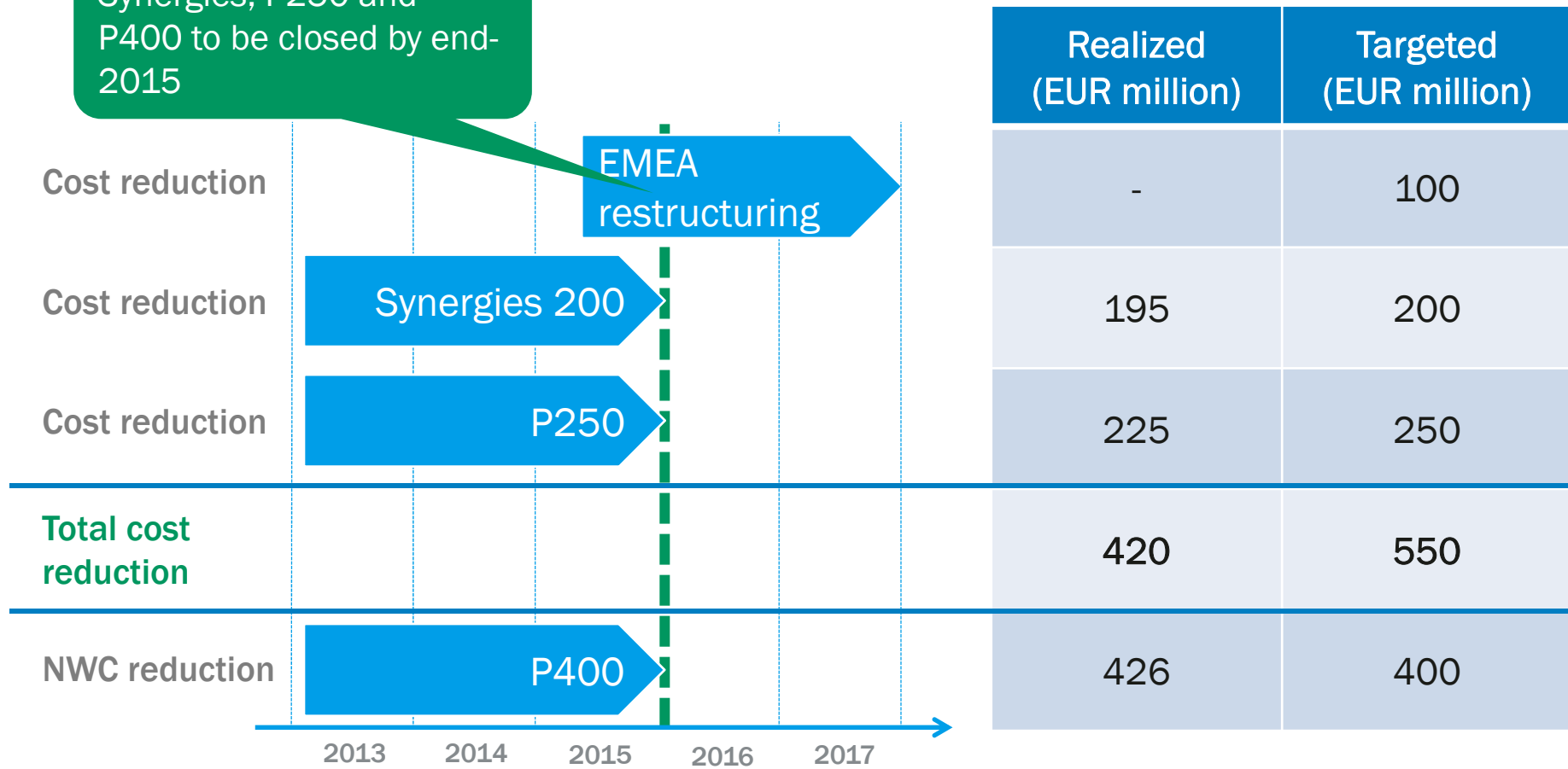


Total equity and equity to assets ratio, EUR million and %



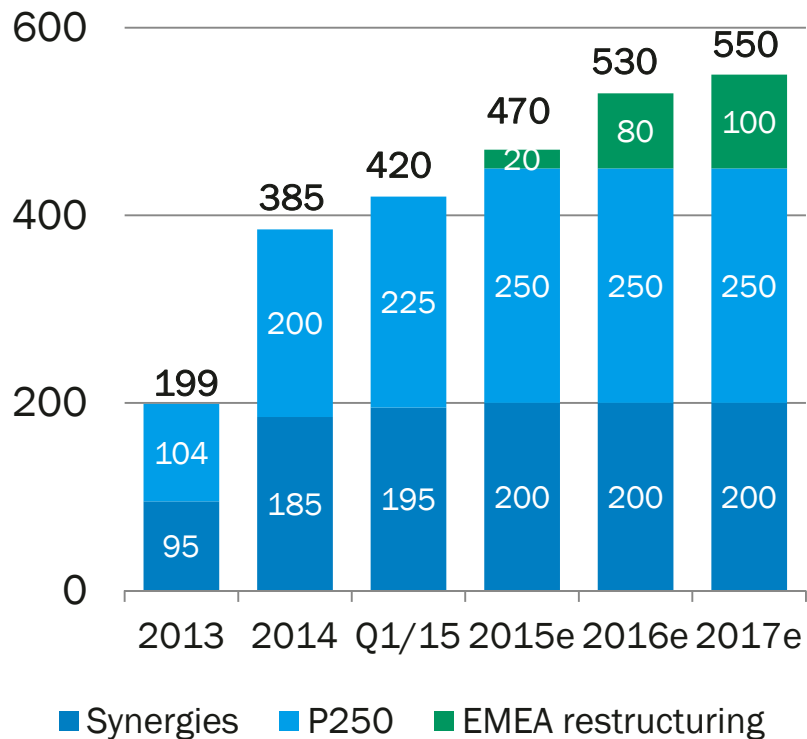
Good progress in efficiency programs

Synergies, P250 and P400 to be closed by end-2015

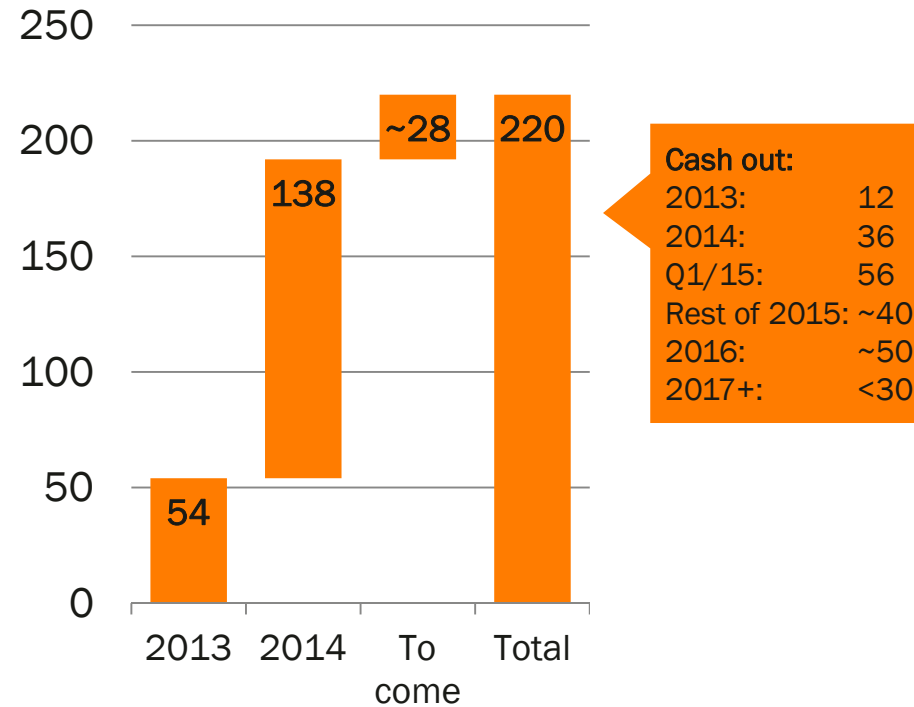


Savings programs on track

Cumulative savings, EUR million

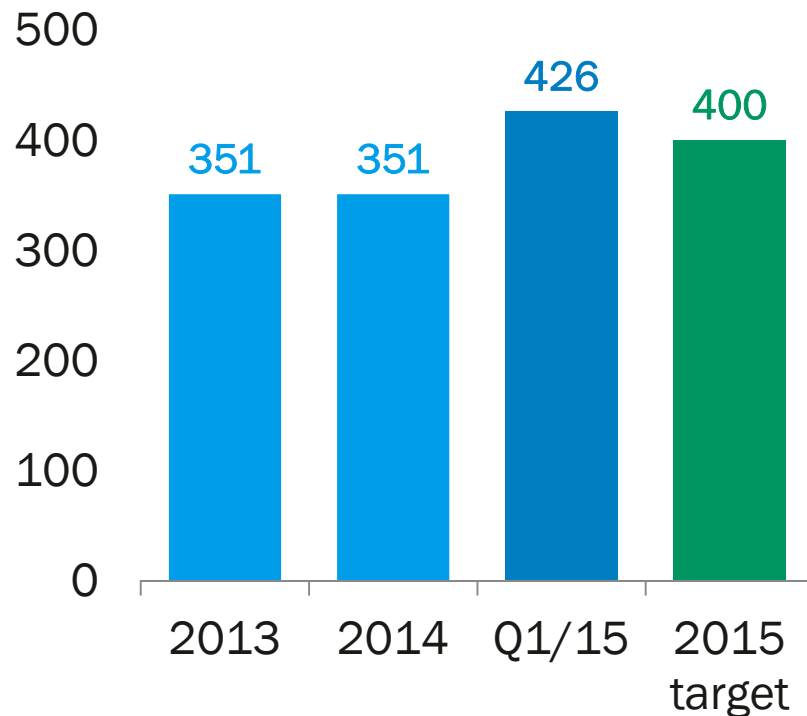


Provisions*, EUR million

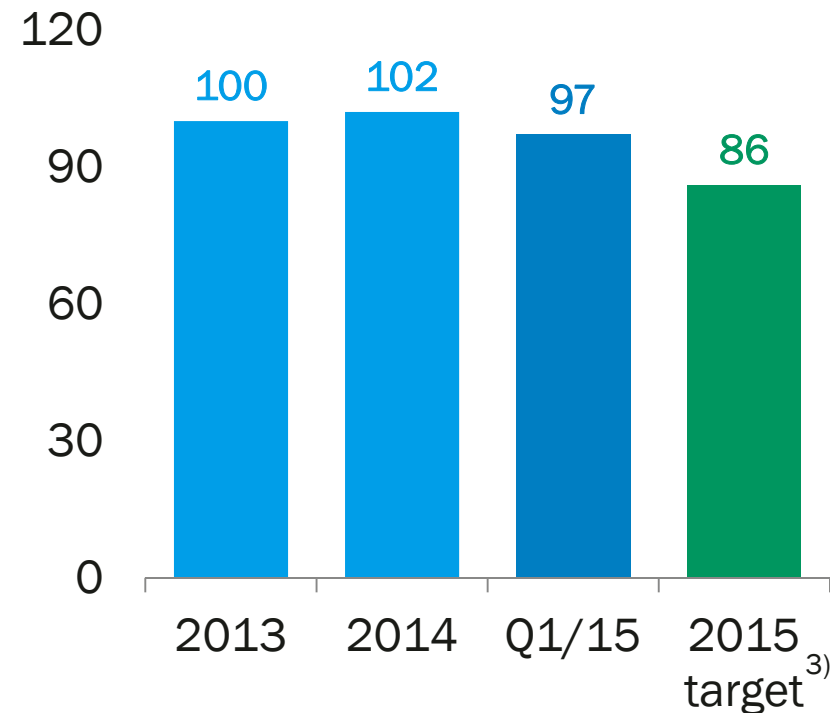


Active inventory, accounts receivable and accounts payable management for cash extraction

Cash flow from working capital change ¹⁾

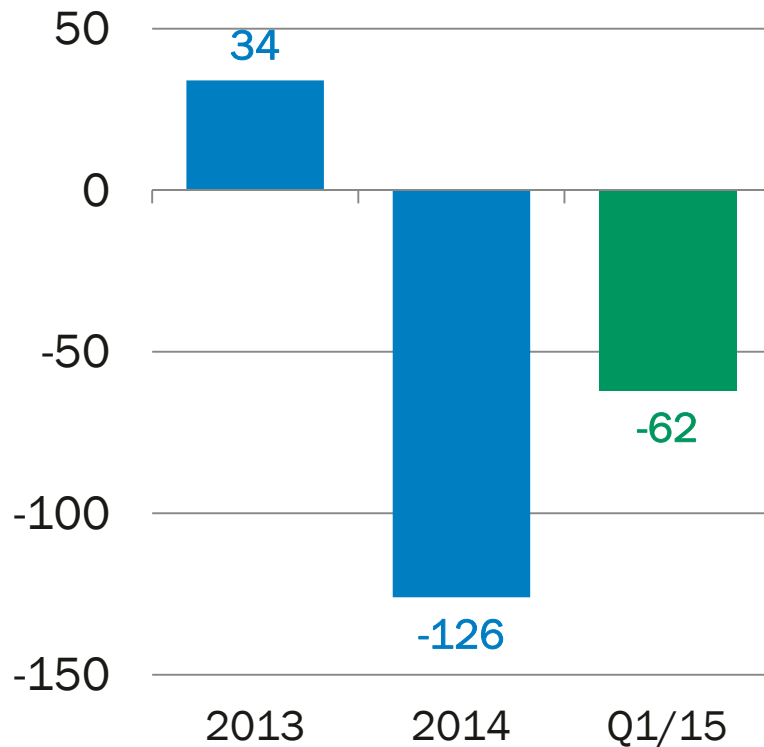


Inventory days development ²⁾



Cash flow improvement is a high priority

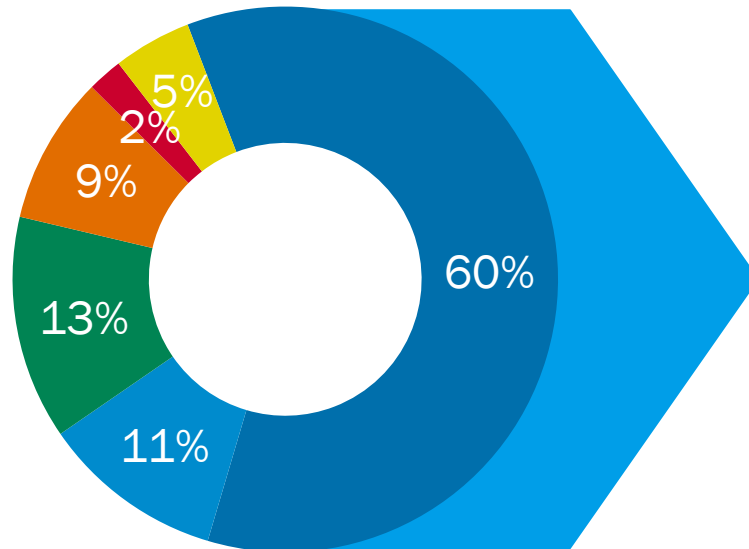
Operating cash flow, EUR million



- 2014 operating cash flow negative due to seasonal build-up in inventories and changes in nickel price
- Q1/15 cash flow mainly impacted by
 - Redundancy provisions (EUR 61 million)
 - Change in derivatives (EUR 85 million)
 - EUR 75 million of NWC release
- Cash flow improvement target supported by working capital management measures

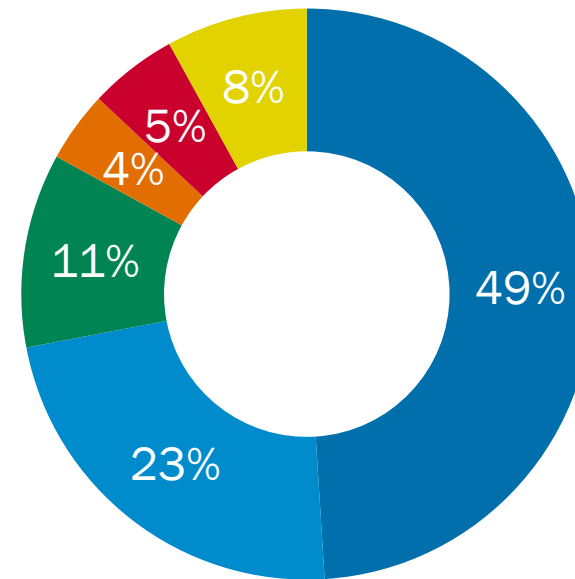
Raw materials account for >60% of total operative costs

Operative cost components in 2014



- Raw materials
- Energy and consumables
- SG&A
- Personnel
- Other cost of sales
- D&A total

Raw material spend by category in 2014



- Stainless steel scrap
- Chrome primary
- Iron (Fe) in scrap
- Nickel primary
- Molybdenum primary
- Others



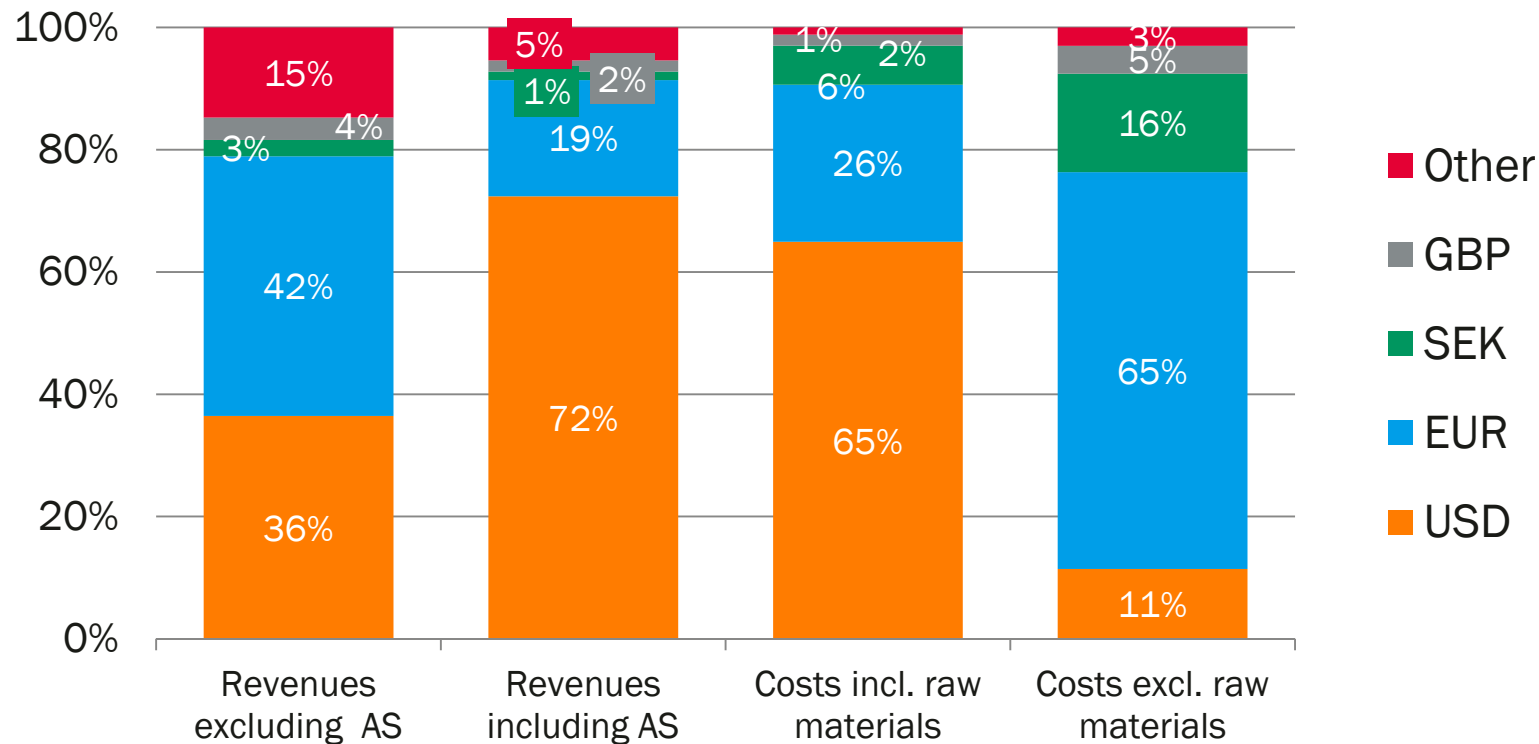
Operative costs = Sales - EBIT. SG&A excludes personnel and D&A

5/27/2015

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Currency analysis of costs and revenues

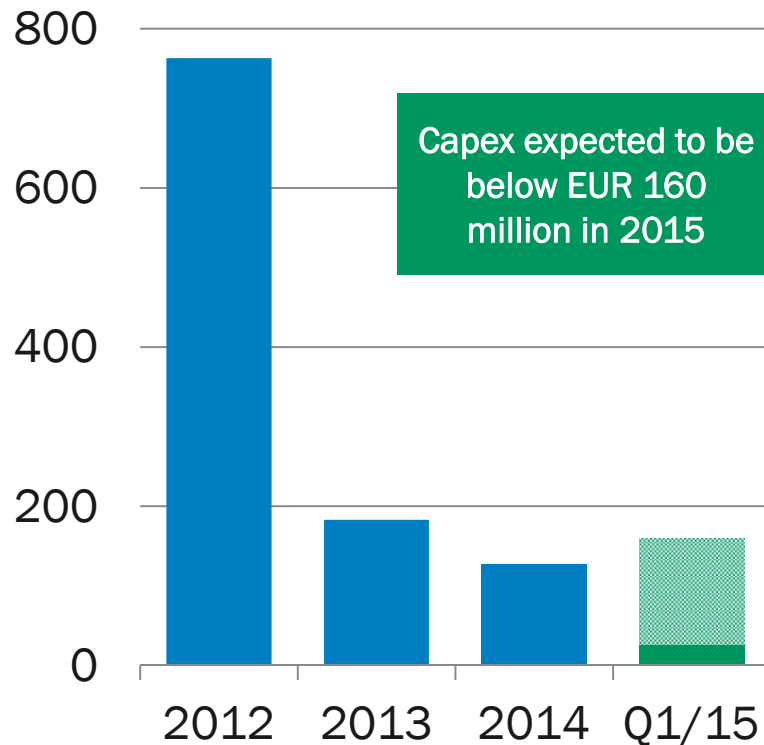
Currency split of revenues and cost*



*) Management estimates, costs = Sales - EBIT excl. NRIs, based on 2014 full year data
 Revenues shown both in terms of sales destination currency classification and by classifying estimated share of alloy surcharge into USD (alloys largely denominated in USD). Costs shown both including and excluding raw materials, which are largely USD denominated

Well-invested asset base

Group CAPEX (accounting), EUR million



Recent major investments completed

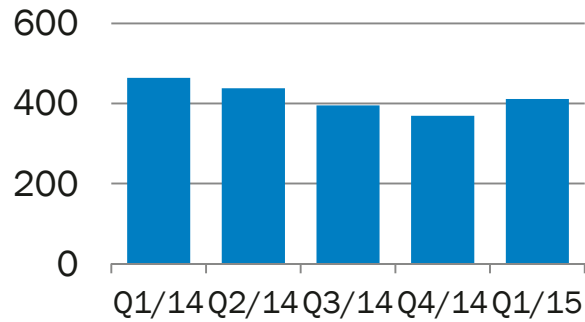
- ✓ New Calvert facility, US
- ✓ Doubling of Ferrochrome, Finland
- ✓ Expansion of Quarto Plate, Sweden and US

Moderate capex levels going forward

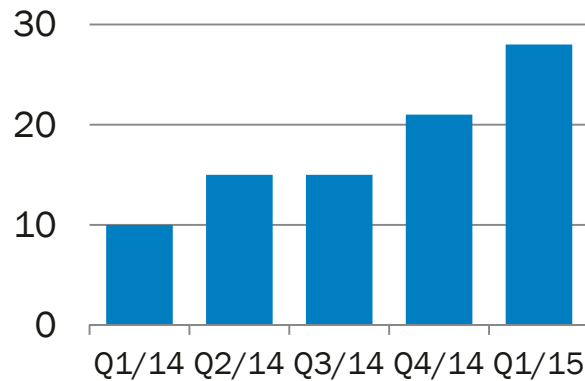
Investment in Krefeld ferritics optimization	EUR 108 million in 2014-2016, by Q1/15 EUR 24 million spent
De-bottlenecking of the Kemi mine	EUR 10-20 million annually
Participation in Fennovoima energy project	EUR 10-20 million annually
Maintenance	EUR 70-80 million annually

Coil EMEA improving financial performance

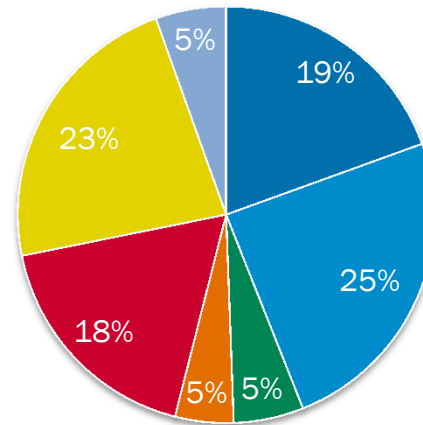
Stainless steel deliveries, kt



Underlying EBIT, EUR million



Sales by end-customer segment

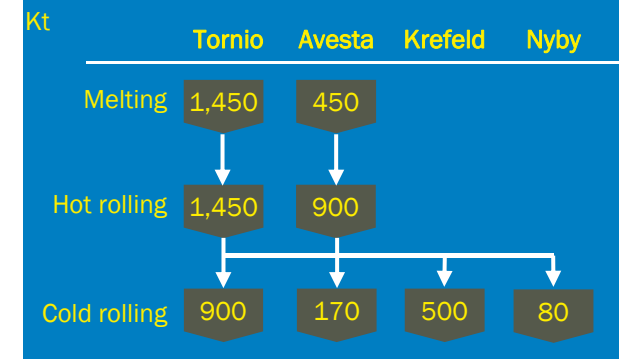


- Consumer goods & Medical
- Automotive
- Architecture, Building & Construction
- Chemical, Petrochemical and Energy
- Metal processing & Tubes
- Heavy industries
- Other

Coil EMEA positioning

- Market leader with ~30% market share*
- Highly specialized mills, close proximity to customers
- In-house chrome and ferrochrome
- Restructurings progressing well: aiming for competitive cost structure and higher utilization

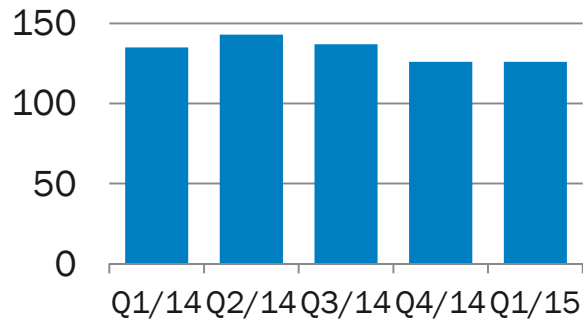
Coil EMEA, capacities



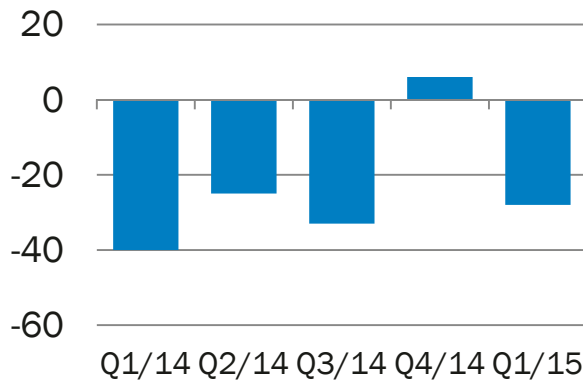
*Source: Eurofer January 2014, AISI January 2014, CRU January 2014

Coil Americas facing headwinds

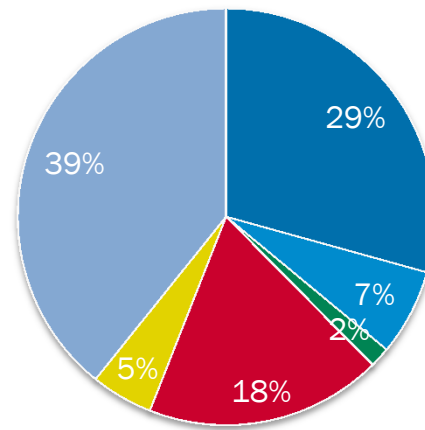
Stainless steel deliveries, kt



Underlying EBIT, EUR million



Sales by end-customer segment

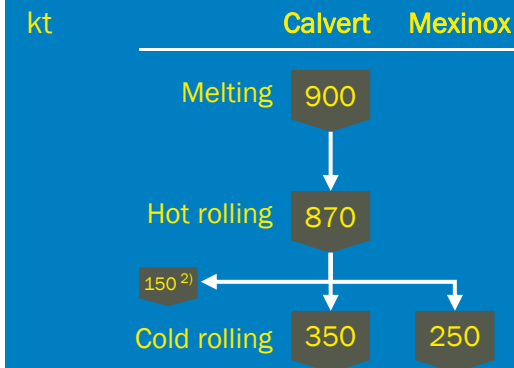


- Consumer goods & Medical
- Automotive
- Architecture, Building & Construction
- Chemical, Petrochemical & Energy
- Metal processing & Tubes
- Heavy industries
- Other

Coil Americas positioning

- Established market presence
- Experienced sales team
- Market share of ~22%¹⁾ in NAFTA region
- Focus on getting back on track in challenging market
- Commercial ramp-up of the Calvert mill to be completed in the coming 2-3 years

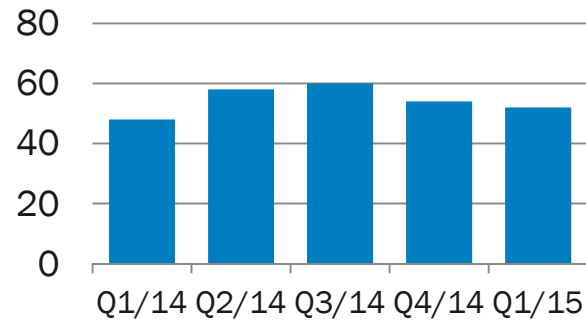
Coil Americas, capacities



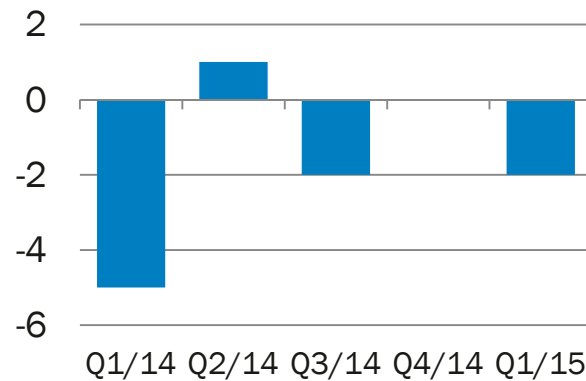
1) Source: Eurofer January 2014, AISI January 2014, CRU January 2014
 2) Continuos mill plate

APAC performance around break-even

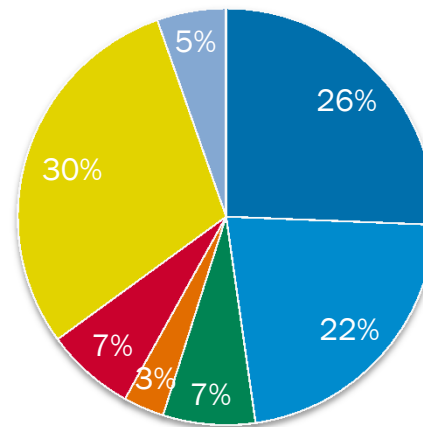
Stainless steel deliveries, kt



Underlying EBIT, EUR million



Sales by end-customer segment



- Consumer goods & Medical
- Automotive
- Architecture, Building & Construction
- Chemical, Petrochemical and Energy
- Metal processing & Tubes
- Heavy industries
- Other

APAC positioning

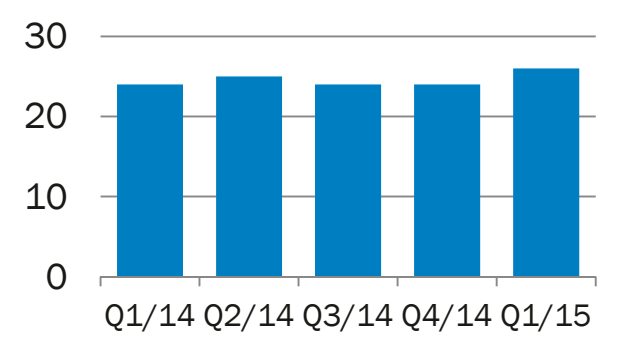
- SKS joint venture (60/40) with Baosteel
- Route to market for Outokumpu's specialty products
- Highly professional and experienced local sales team
- Strong brand reputation in high demanding products
- Strong import position in Australia

Capacity p.a.

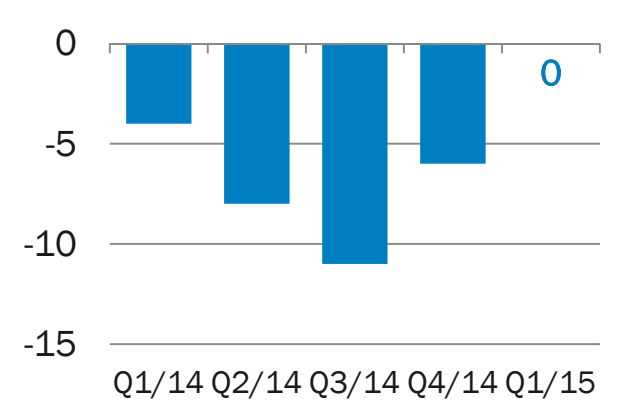
Shanghai (CN), cold rolling	290 kt
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Quarto Plate targets a step change in profitability

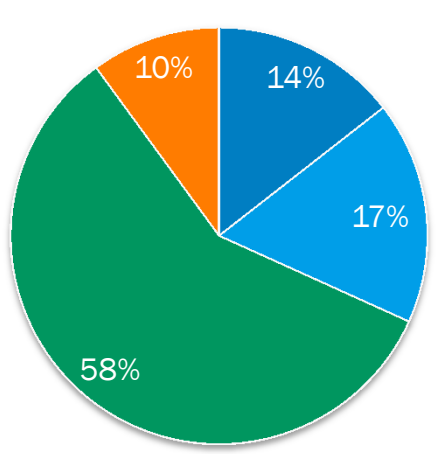
Stainless steel deliveries, kt



Underlying EBIT, EUR million



Sales by end-customer segment



- Chemical, Petrochemical and Energy
- Metal processing & Tubes
- Heavy industries
- Other

Quarto Plate positioning

- Global leader in tailored and standard quarto plate products
- Customer-driven solutions through tailored products and value adding services
- Quarto plates used in large projects in process industry and construction
- Newly expanded capacity in Degerfors taken into use

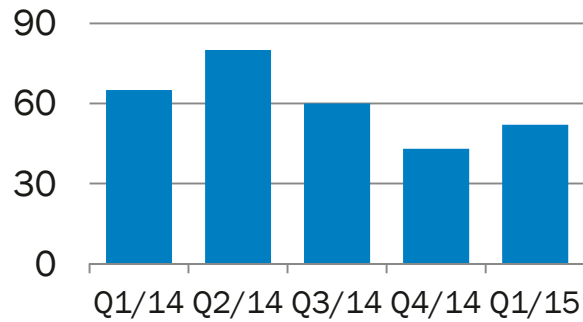
Capacities p.a.

Degerfors (SWE), quarto plate	150 kt
New Castle (US), quarto plate	60 kt

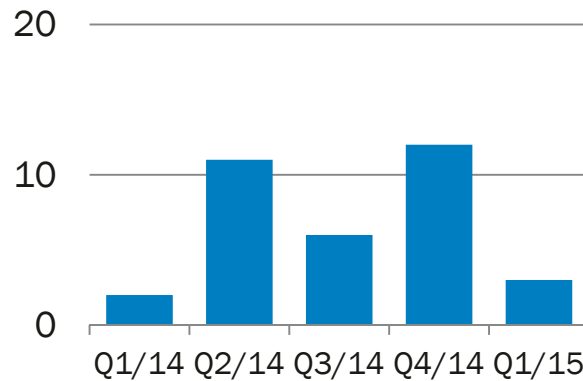


Long Products delivering healthy returns on assets

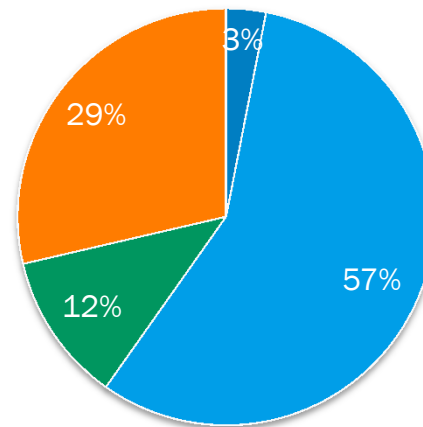
Stainless steel deliveries, kt



Underlying EBIT, EUR million



Sales by end-customer segment



- Chemical, Petrochemical and Energy
- Metal processing & Tubes
- Heavy industries
- Other

Long Products positioning

- Extensive long products offering
- Specialty melting expertise in Sheffield, UK
- Light asset structure and low conversion cost
- Strong position in the US market

Capacities p.a.

Sheffield (UK) Slabs, blooms, billets, ignots + wire rod	450+25 kt
Richburg (US) Bars, heavy bar	40 kt
Degerfors (SWE) Billets, heavy bar	40 kt
Wildwood (US) Pipes	20 kt

Continuous financial stability enhancement

Debt reduction



- Active focus on cash flow
- Operative performance and profitability
- Net working capital management
- Financing efficiency
- Divestiture of smaller non-core assets

Refinancing



- Refinancing and diversification of funding ongoing
- EUR 250 million high yield bond, issued Sept. 2014
- EUR 250 million convertible bond, issued Feb. 2015
- Pension loans, Finnish commercial paper program

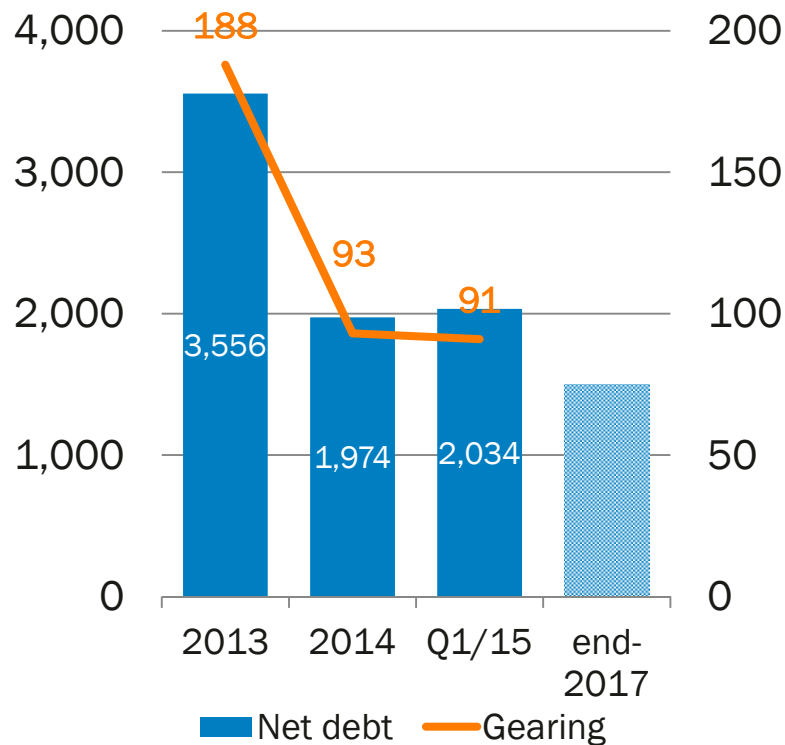
Reducing financing costs



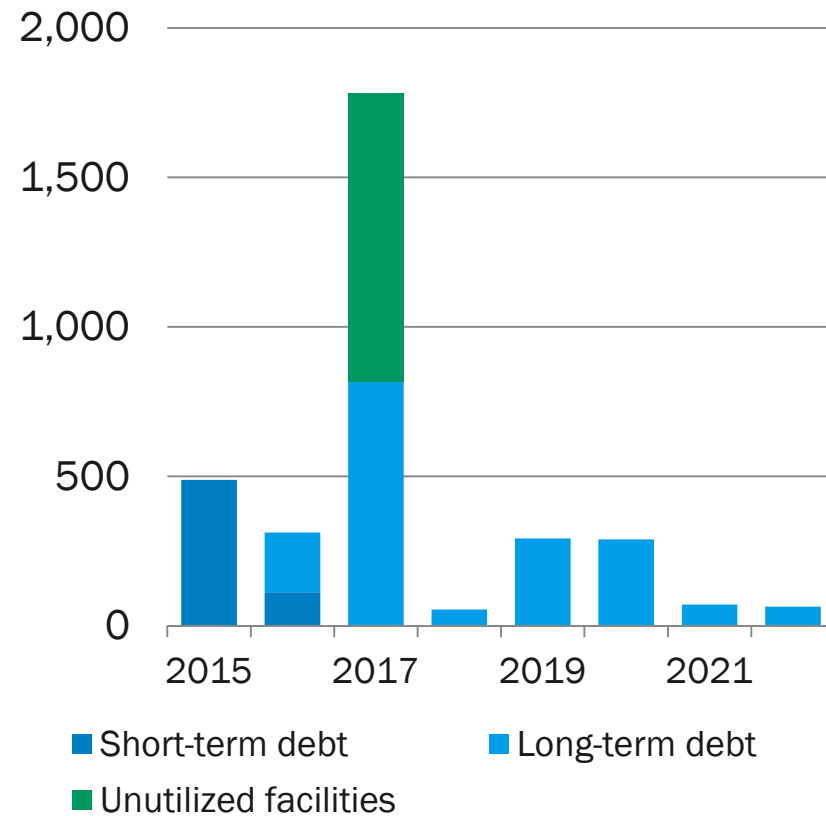
- Significant reduction in interest expenses (2013: EUR 210 million, 2014: EUR 141 million)
- Total financing cost in 2015 estimated at EUR 160 million, out of which EUR 120 million interest expenses
- Target to push annual interest expense < EUR 100 million from 2017 onwards

Targeting net debt of below EUR 1.5 billion by the end of 2017

Net debt and gearing, EUR million and %



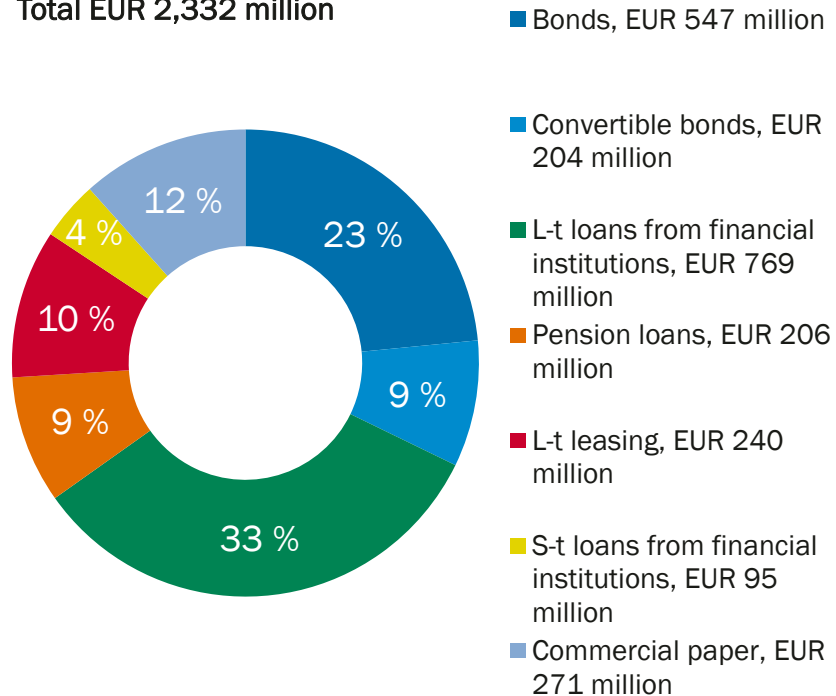
Debt maturity profile, EUR million



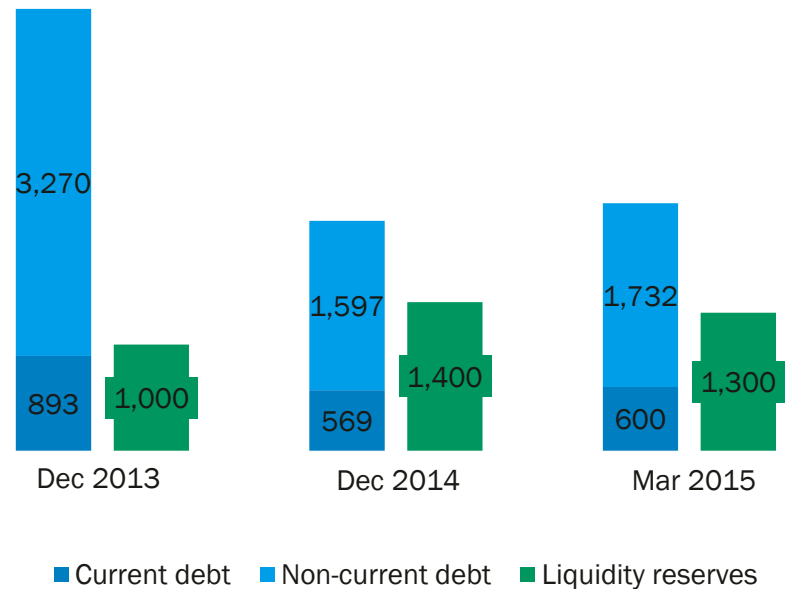
Balanced debt distribution, solid liquidity

Debt distribution by source, Mar. 31, 2015

Total EUR 2,332 million



Total debt vs. liquidity position, EUR million



Business and financial outlook for Q2 2015 given in Q1 report

Market outlook for stainless steel varies by region

In Europe, order intake improving and underlying demand remaining relatively healthy

In the Americas, pressure from Asian imports continues and low nickel price puts constraints on distributor sector

Markets in the APAC under pressure

Outokumpu estimates

Flat delivery volumes q-o-q; deliveries expected to increase somewhat in Europe and decrease in Americas

Slightly negative underlying EBIT in Q2 for the Group driven by weaker profitability in Coil Americas

With current prices, the net impact of raw material-related inventory and metal hedging gains/losses on profitability expected to be marginal, if any



Key building blocks for Outokumpu turnaround

Overcome setbacks in Calvert and turn Coil Americas profitable

Continue good progress in Coil EMEA and achieve targeted utilization and efficiency rates

Step change in Quarto Plate to sustainable profitability

Achieve targeted savings on time, continue cost optimization

Maintain moderate capex level and focus on NWC

Reduce net debt to below EUR 1.5 billion by end of 2017 and decrease financing costs

Closing summary

Thank you

Outokumpu