

# Shaping the future for stainless steel

Investor presentation May 2020

# Table of contents

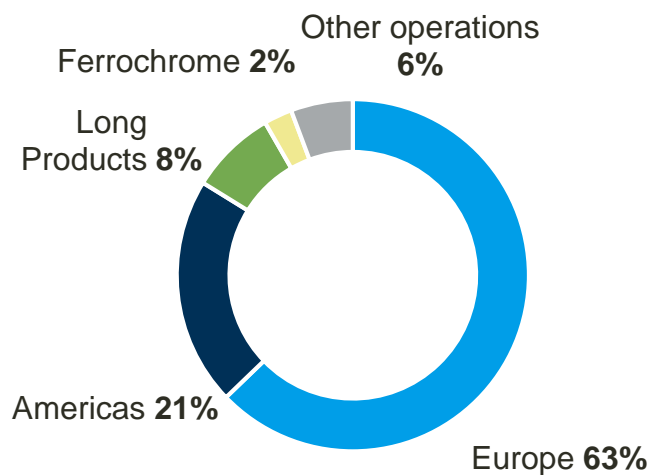
- 1. Outokumpu in brief (slide 3)**
- 2. Business areas (slide 18)**
- 3. Markets (slide 25)**
- 4. Sustainability (slide 33)**
- 5. Ferrochrome (slide 44)**
- 6. R&D (slide 48)**
- 7. Latest financials Q1 2020 (slide 53)**
- 8. Appendix (slide 67)**

# Outokumpu in brief

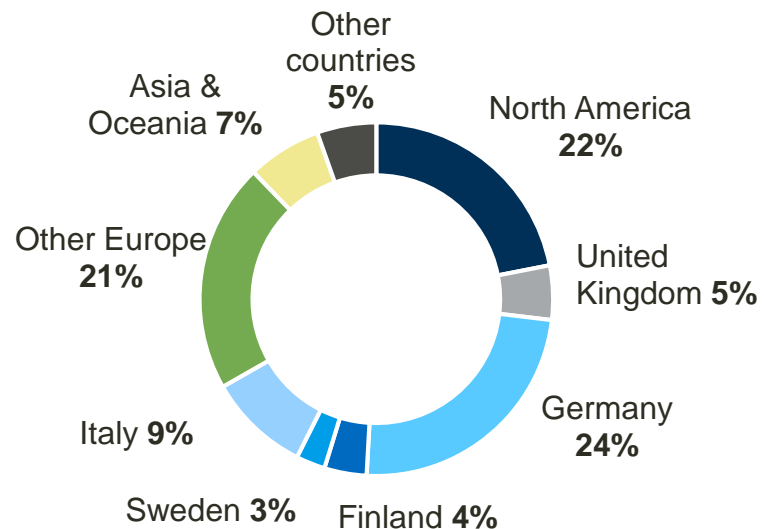
# Outokumpu – global stainless steel producer



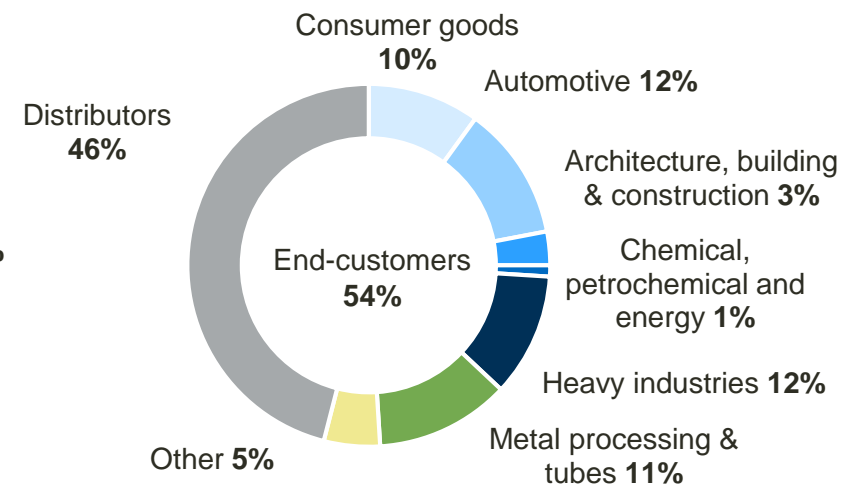
Sales by business area\*



Sales by destination\*



Sales by customer segment\*



# Vision 2020

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

Customers  
Shareholders  
Employees

Time bound:  
sense of urgency

Back to basics

# We have improved our performance in many fronts

**Cultural shift**  
from silos into one  
company with  
uniform processes  
and ways of working

Americas' financial  
and operational  
step change

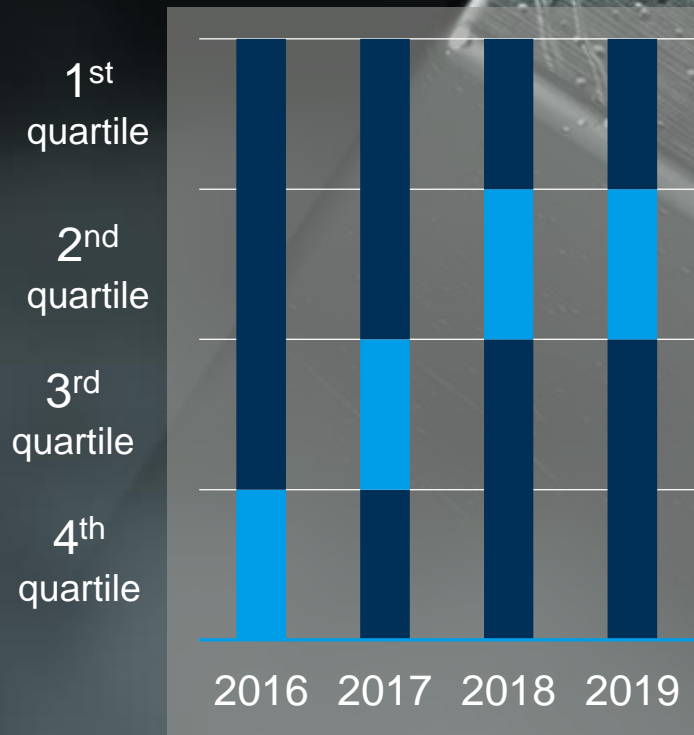
Commercial excellence –  
enhanced mix and  
margins

Improved cost  
competitiveness and  
productivity

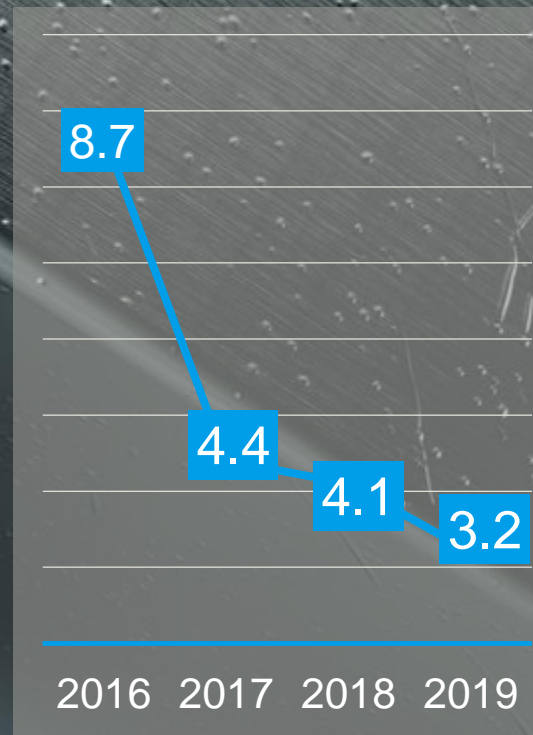
Digital transformation

# We take care of our employees and our customer satisfaction is by far the highest in the industry

## Organizational health index<sup>1</sup>



## Safety development<sup>2</sup>



## Customer satisfaction<sup>3</sup>

Competitors  
**58%**

Outokumpu  
**72%**  
Absolutely or very satisfied customers<sup>3</sup>

- 1) McKinsey organizational health index
- 2) Total recordable injury frequency
- 3) Percentage, Outokumpu customer satisfaction survey 2019

# Financial development in 2016–2019

Net debt  
below

€1.1

billion\*

Cumulative  
adjusted EBITDA

€1.7

billion

Gearing  
improved by

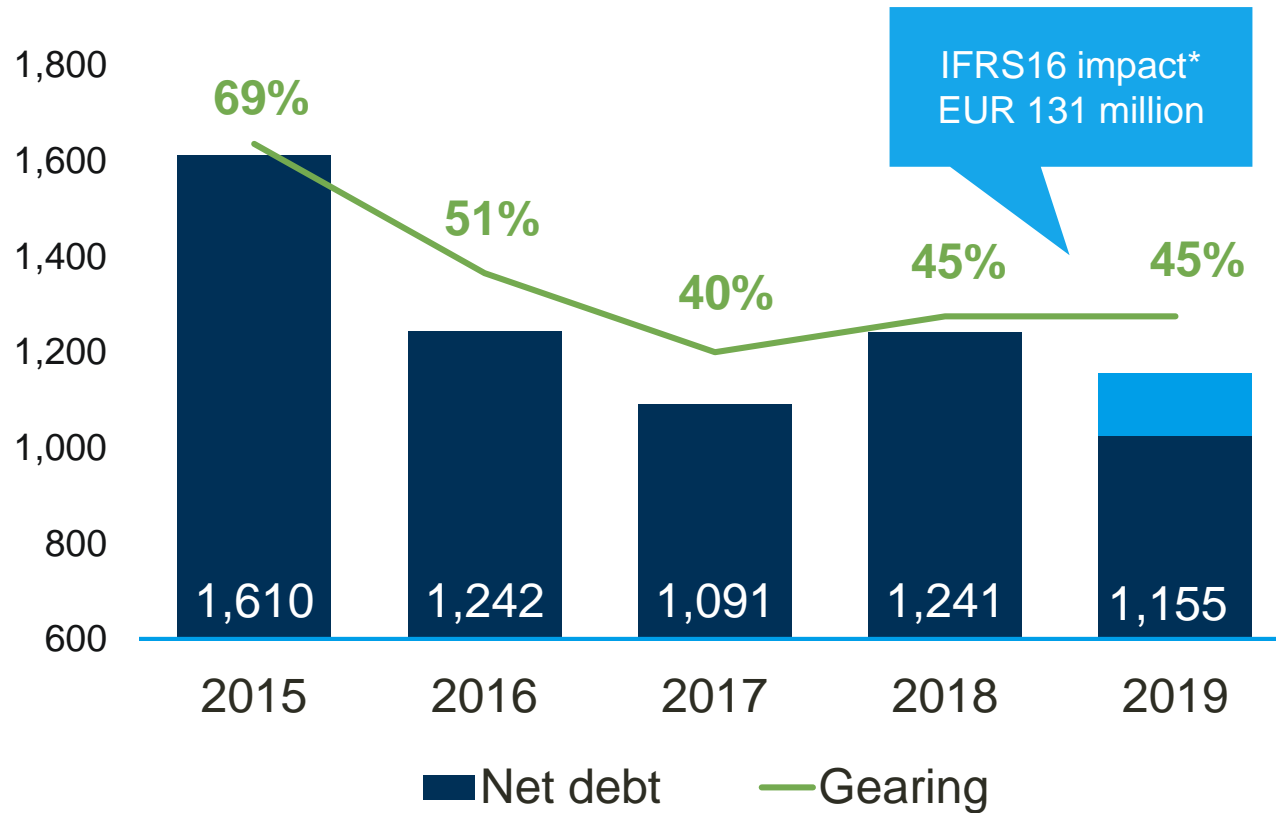
35%

\* At the end of 2019, excluding IFRS16 adjustment; implementation impact on January 1, 2019



# We continue to strengthen our balance sheet and reduce net debt

Net debt, EUR



Strong focus on cash generation

Efficient net working capital management

Divestment of non-core assets



\* Implementation impact on Jan 1, 2019

# We have a firm foundation for future growth

**Solid  
operations  
and  
financials**

**Wide  
product  
range**

**Leadership in  
sustainability**

**Digitally  
enabled**

**Best  
customer  
service**

# Stainless steel is the future for sustainable modern society with its unbeatable features



Corrosion resistant

Sustainable

Heat resistant

Hygienic

High strength

Aesthetic

Durable

Cost efficient



**The world  
needs long  
lasting,  
hygienic and  
sustainable  
solutions**



**Economic and  
population growth**

Healthcare, clean  
water, appliances..



**Infrastructure, mobility  
and urbanization**

Buildings, elevators,  
trains, bridges,...



**Climate change and  
limited resources**

Energy investments,  
resource efficiency,...

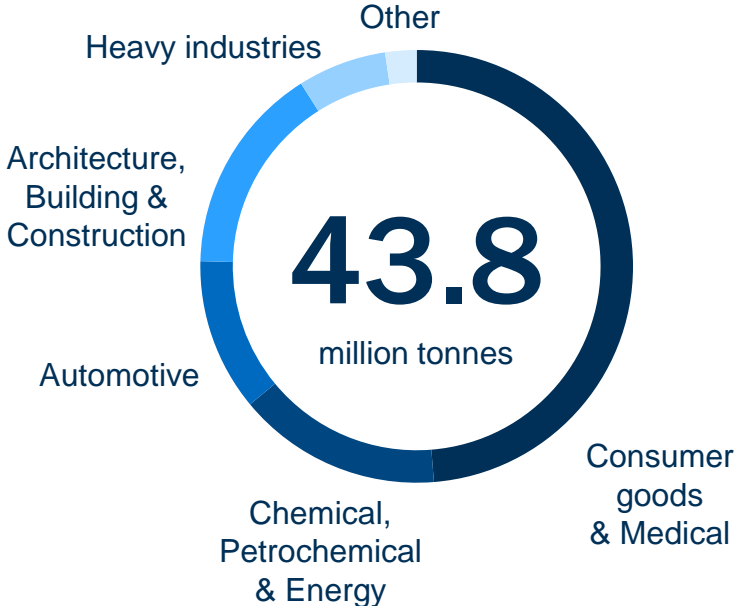


**Sustainable  
stainless steel**

Long-lasting,  
recyclable solutions

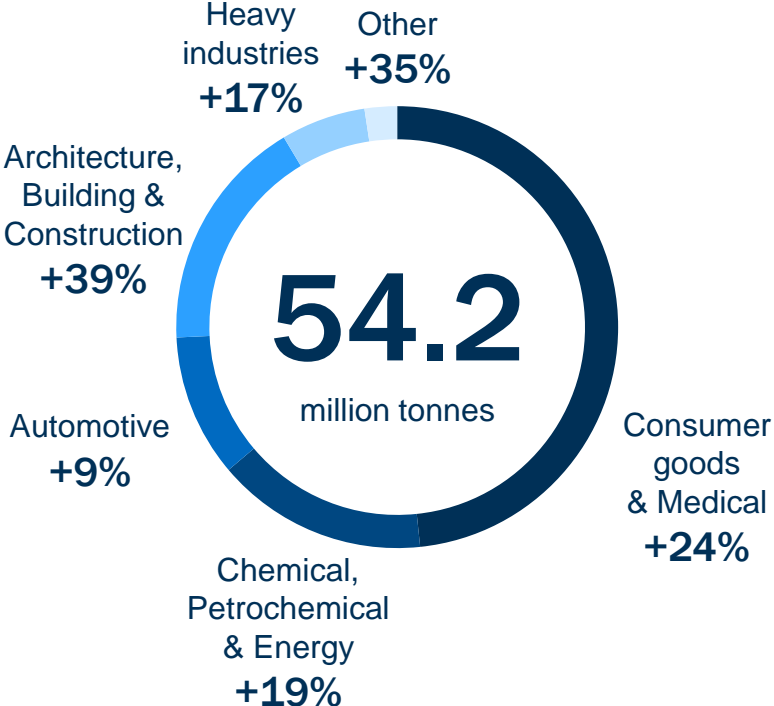
# The demand for stainless steel keeps on growing

Global stainless steel real demand in 2019

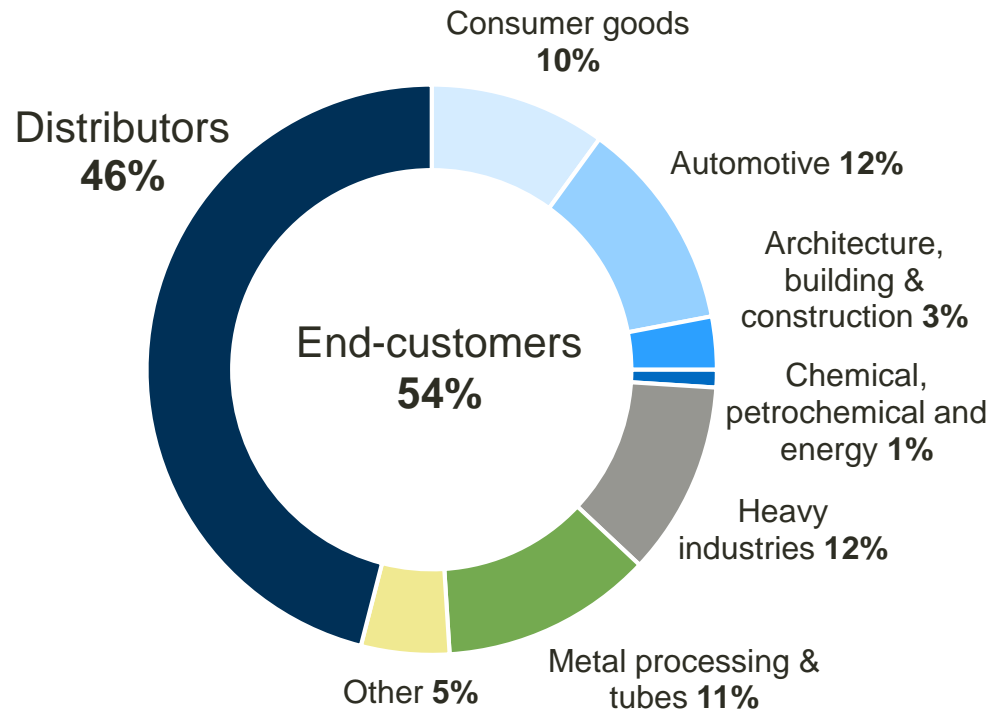


+24%

Expected stainless steel real demand in 2025



# We have a balanced customer portfolio\*



## End-customers

54%

- Long term contracts
- Large quantities
- Special grades
- Ferritics and duplex
- Technical advice
- Develop relationships & receive volume discounts

## Distributors

46%

- Spot contracts
- Standard products and grades
- Austenitic cold rolled and tubular products
- Speculative behaviour
- Value added services

\*Sales in 2019

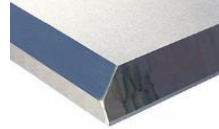
Outokumpu has the broadest product portfolio globally.

The use of our steel reduces the carbon footprint of our customers' products.

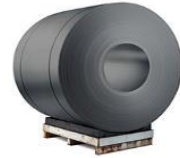
### Flat products



Slab



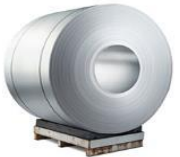
Quarto plate



Hot rolled black coil



Cold rolled white coil



Hot rolled white coil



Precision strip

### Long products



Cast semis



Bar



Rolled and forged billet



Rebar



Wire rod



Wire

### Ferrochrome

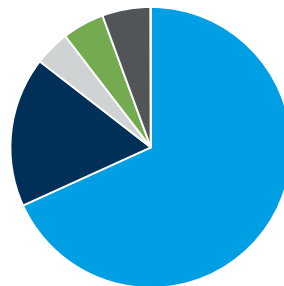


Chrome is the most important raw material used in stainless steel production.

Outokumpu has its own chrome mine and ferrochrome works and this makes us uniquely self-sufficient. Ferrochrome contains 50–54% of chrome. Most of our ferrochrome is used in our own melt shops and approximately 25% is sold to other producers.

Outokumpu is the only producer of Ferrochrome in Europe.

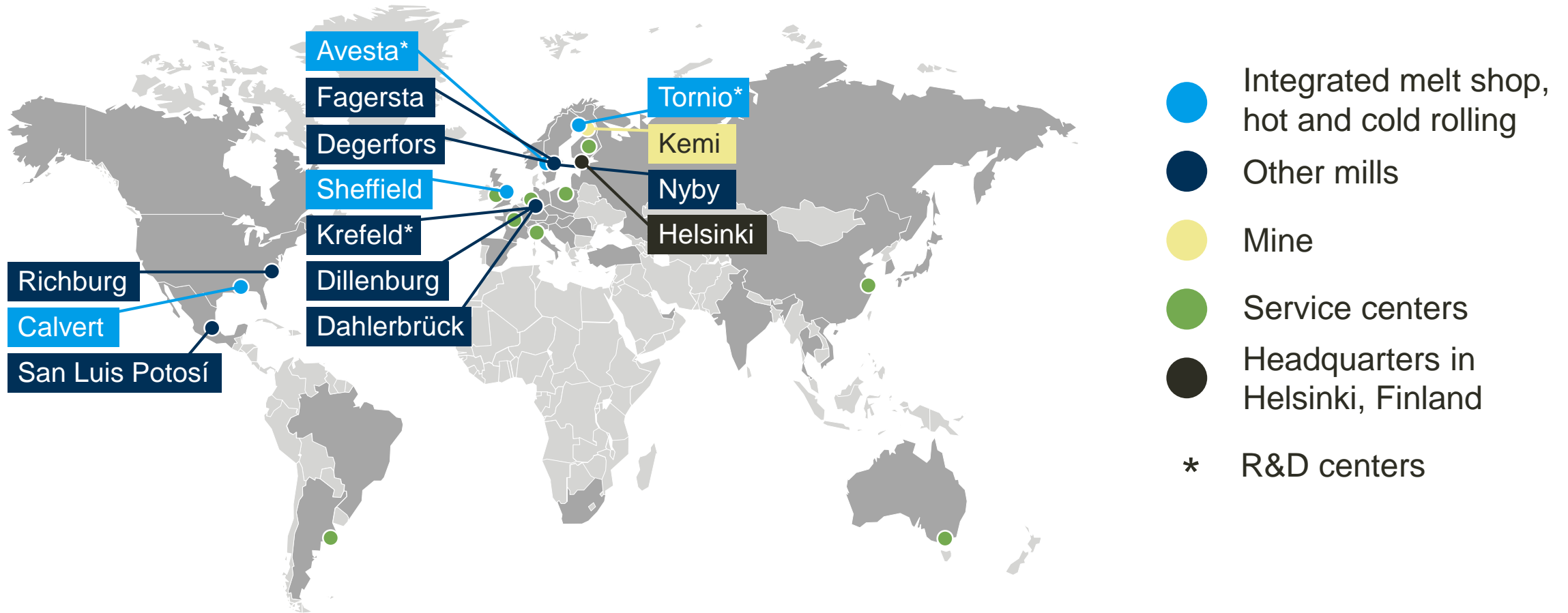
### Outokumpu stainless steel deliveries by product form\*



- Cold rolled **69%**
- Hot rolled white coil **17%**
- Quarto plate **4%**
- Long products **5%**
- Semi finished stainless steel products **6%**

\* Sales in 2019

# We have a solid presence in key regions





# Fully integrated production asset base

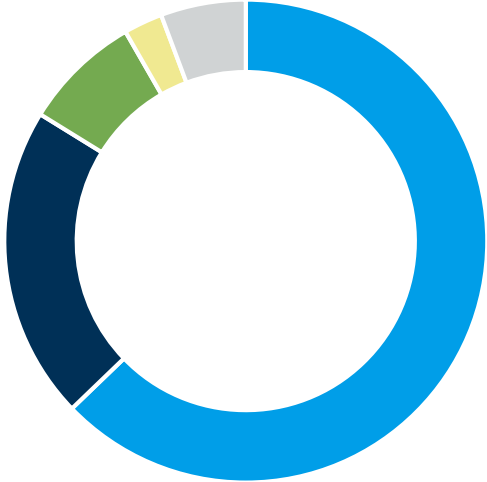
	Europe				Americas		Long Products				Total
1,000 tonnes	Tornio Finland	Avesta + Nyby Sweden	Krefeld + Dillenburg Germany	Degerfors Sweden	Calvert USA	Mexinox Mexico	Sheffield UK	Richburg USA	Degerfors Sweden	Fagersta Sweden	
<b>Melting</b>	1,450	450			900		450				<b>3,250</b>
<b>Hot rolling</b>	1,450	900			870						<b>3,220</b>
<b>Finishing</b>											<b>2,720</b>
Cold rolling	750	130	500		350	250					
Hot white band	150	120			150						
Quarto plate				150							
Long products							25	40	40	65	

# Business areas

# Outokumpu's assets work as one integrated system

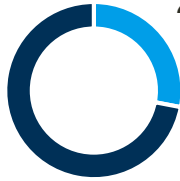
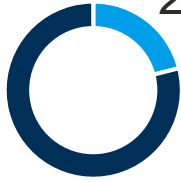


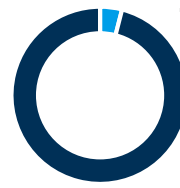














Sales by business area in 2019  
€ 6,403 million



- Europe
- Americas
- Long Products
- Ferrochrome

# #1 stainless steel producer in Europe, #2 in the US

Business area	EUROPE	AMERICAS	LONG PRODUCTS	FERROCHROME
Market share	#1  28%	#2  21%	US  11%    Europe  10%	#6  4%
Production facilities	Finland, Sweden & Germany	US & Mexico	UK, Sweden & US	Finland
Largest customer segments	Distributors Automotive Appliances Heavy industries	Distributors Appliances Automotive Pipes & tubes	Distributors Metal processing Heavy industries Tubes	Stainless steel producers
Main competitors	  	  	  	  

# State-of-the-art production facilities – Europe

Outokumpu's assets work as one integrated system with large integrated sites in Tornio, Finland and Avesta, Sweden feeding rest of the mills Europe. Outputs include a wide range of austenitic and ferritic standard stainless steel grades and tailored and high performance products.

## Tornio

- Largest single site stainless steel production facility in Europe by cold rolling capacity
- Only stainless steel facility in the world fully integrated with ferrochrome
- Most sustainable stainless steel mill in the world and largest recycling center in Europe
- Unique rolling, annealing and pickling ("RAP") line producing minimum thickness tolerance, high surface quality and corrosion resistance

## Avesta

- Fully integrated site with focus on high performance stainless grades
- Inventor of duplex stainless steel grades
- Prefab and press plate special manufacturing units
- Delivers hot band to Nyby and sites in Germany for cold rolling and slabs to Degerfors for quarto plate production

## Degerfors

- Site producing quarto plate in high performance stainless steel
- Plate service center for complex projects
- Also part of BA Long Products

## Nyby

- Cold rolling mill focusing in duplex, high-alloyed austenitic and heat resistant special grades

## Dillenburg

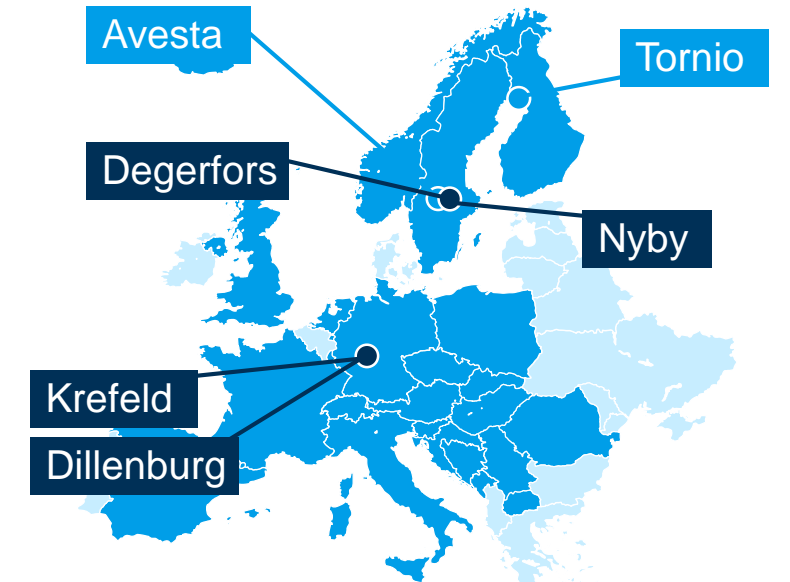
- Cold rolling mill specialized in customized finishing processes for unique decorative surfaces

## Krefeld

- Cold rolling mill producing comprehensive range of grades, dimensions and surface finishes

## Dahlerbruck

- Cold rolling mill producing precision strip



1,000 tonnes	Tornio Finland	Avesta + Nyby Sweden	Krefeld + Dillenburg Germany	Degerfors Sweden
<b>Melting</b>	1,450	450		
<b>Hot rolling</b>	1,450	900		
<b>Finishing</b>				
• Cold rolling	750	130	500	
• Hot white band	150	120		
• Quarto plate				150

# State-of-the-art production facilities – Americas

The Americas' production units are located in Alabama, US and San Luis Potosí, Mexico. The production sites are supported by distribution centers in Illinois, Pennsylvania and California, US and a service center in Argentina. The business area produces standard austenitic and ferritic grades as well as tailored products.

## Calvert, US

- Fully integrated site with comprehensive product portfolio
- Most technically advanced mill in the USA
- Feeds hot rolled coils to Mexinox
- Austenitic and duplex grades, ferritics capabilities built by 2020

## San Luis Potosí, Mexico

- Cold rolling mill specialized in ferritic stainless steel grades
- Only stainless steel mill in Mexico serving both domestic market and supplying ferritics back to the USA



1,000 tonnes	Calvert	San Luis Potosí
<b>Melting</b>	900	
<b>Hot rolling</b>	870	
<b>Finishing</b>		
• Cold rolling	350	250
• Hot white band	150	

# State-of-the-art production facilities – Long Products

The integrated mill in Sheffield, UK feeds semi-finished products to finishing facilities in Sweden and US. Long Products’ product offering consists of a broad range of bars, wire-rod, wire, rebar and semi-finished products in standard and tailored grades.

### Sheffield

- Melt shop & continuous casting, a bar finishing facility and wire rod mill
- Inventor of martensitic stainless steel grades
- Feeds Long Products’ other mills with blooms and billets and BA Europe with slabs
- Also houses a stocking, processing and distribution center

### Richburg

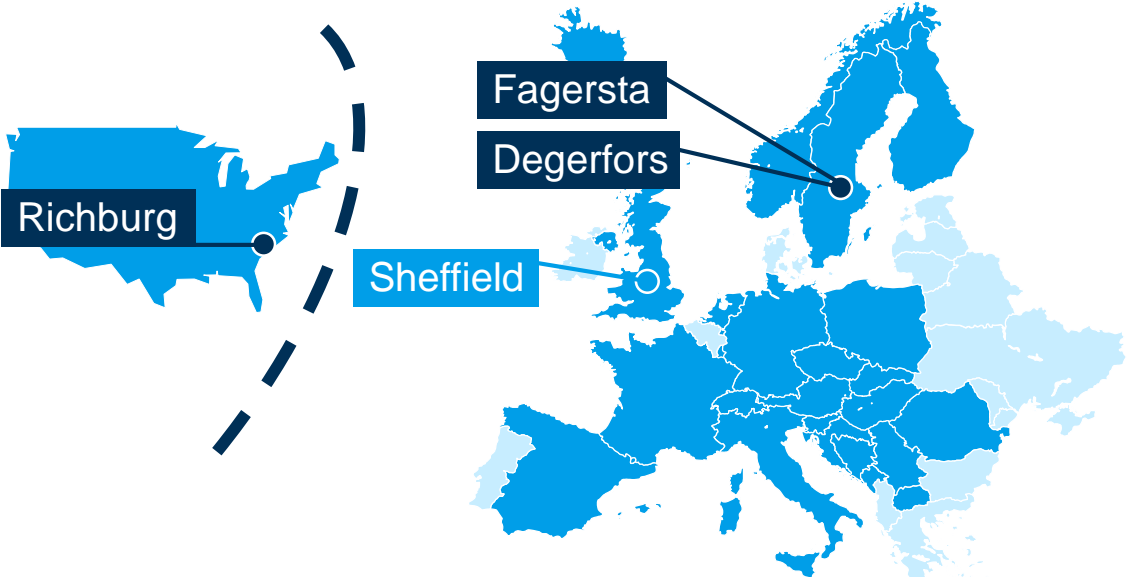
- Cold finished long products manufacturing facility serving the American market
- Flexible high quality production of comprehensive range of long products

### Fagersta

- Global wire rod supplier in a broad range of stainless steel grades and sizes.
- Belongs to the world’s leading producers of stainless wire rod with a flexible and high quality manufacturing program

### Degerfors

- Hot rolling mill that is a global supplier of high quality bars as well as rolled and forged billets in a wide range of stainless steel grades



1,000 tonnes	Sheffield UK	Richburg US	Degerfors Sweden	Fagersta Sweden
<b>Melting</b>	450			
<b>Finishing</b>				
• <b>Long Products</b>	45	40	40	65



# State-of-the-art production facilities – Ferrochrome

Ferrochrome is an integral part of Outokumpu's operations, and supported by our Kemi mine. It is a clear competitive advantage to us. Majority of the produced ferrochrome is consumed internally by our own mills, and approximately 25% is sold to other producers outside the company.

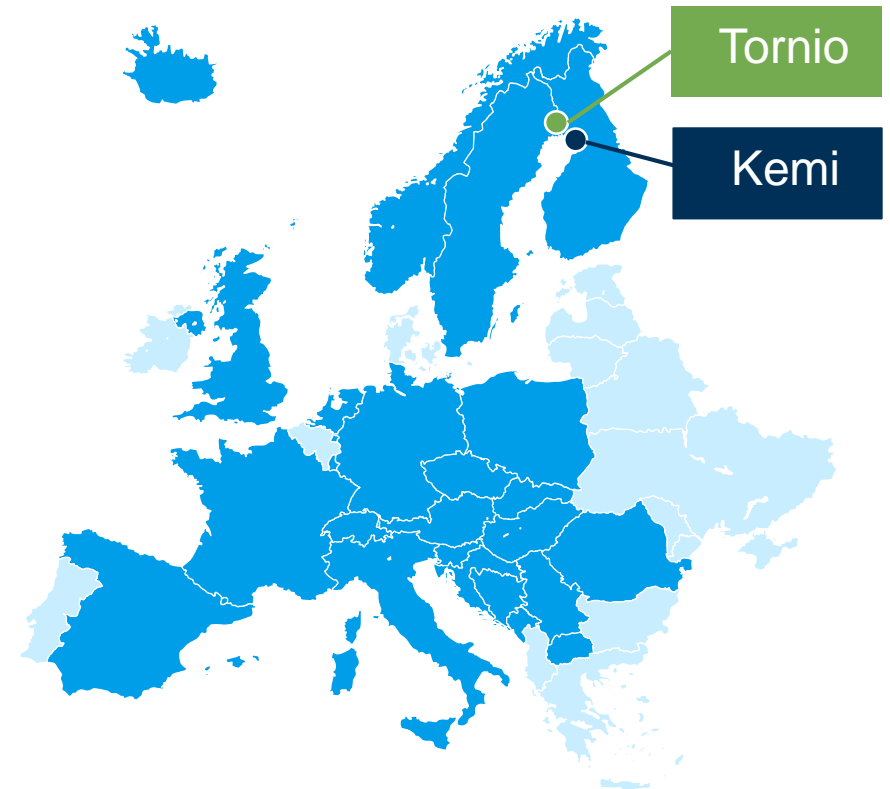


## Tornio

- Ferrochrome works with three smelting furnaces – at the same site as our integrated stainless steel mill
- Integrated operations in Tornio allow ferrochrome to be transferred to stainless steel melt shop in liquid form enabling considerable cost and energy savings
- Annual ferrochrome production capacity 530kt

## Kemi

- The only chrome mine in the EU area
- One of the most cost competitive ferrochrome producers globally
- Low carbon footprint
- Expansion extends the underground mining activities to 1,000 meters to secure continuous chrome supply for coming decades





# Markets

# High import penetration, price pressure and low demand have changed the market dynamics

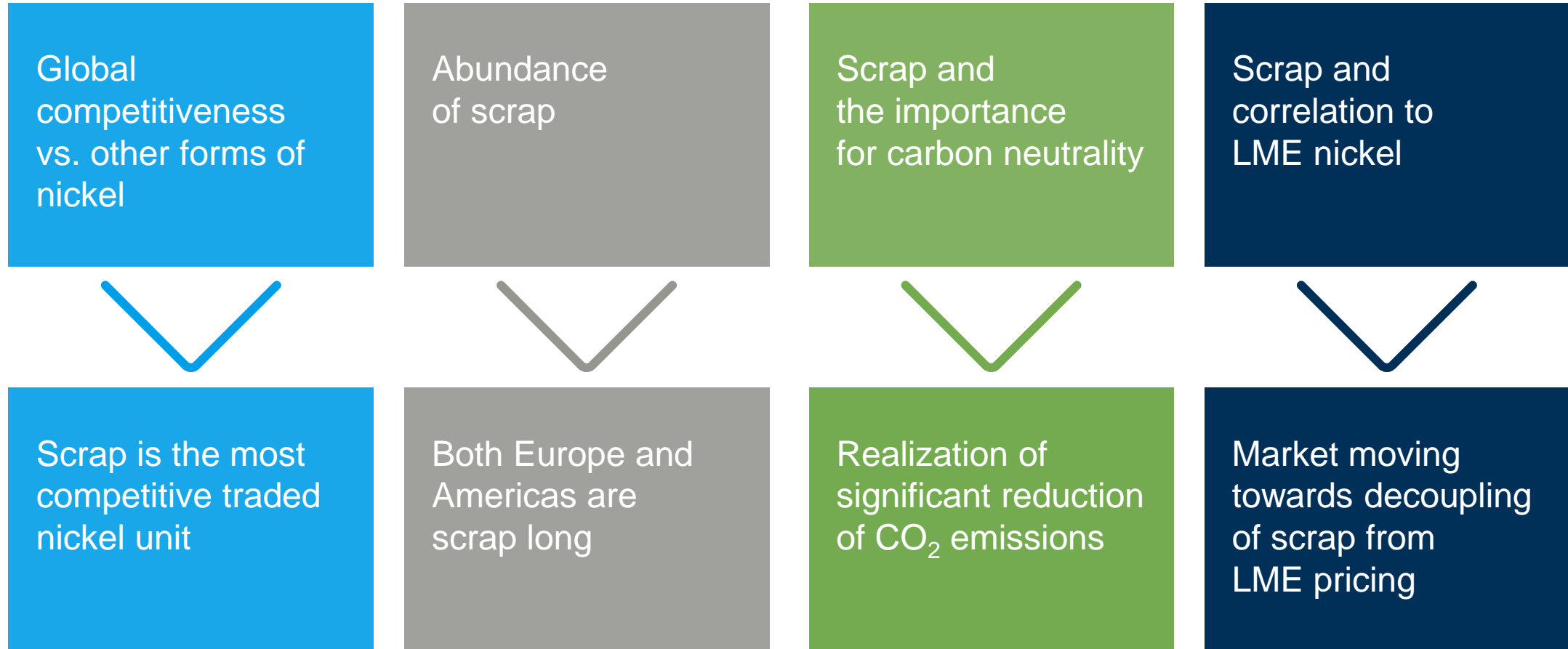
Unfair trade practices and growing competition from Asian producers

Trade wars have led to market disruption

New pricing mechanisms: from alloy surcharge to transaction pricing

Shift towards NPI leads to a change in scrap pricing

# Scrap is a competitive advantage and driver for sustainability



# Market balance must be restored by addressing unfair market practices

## Stronger safeguards

needed in Europe  
also beyond current  
period

## Trade defence tools

anti-dumping &  
anti-subsidy  
investigations

## EU's WTO complaint

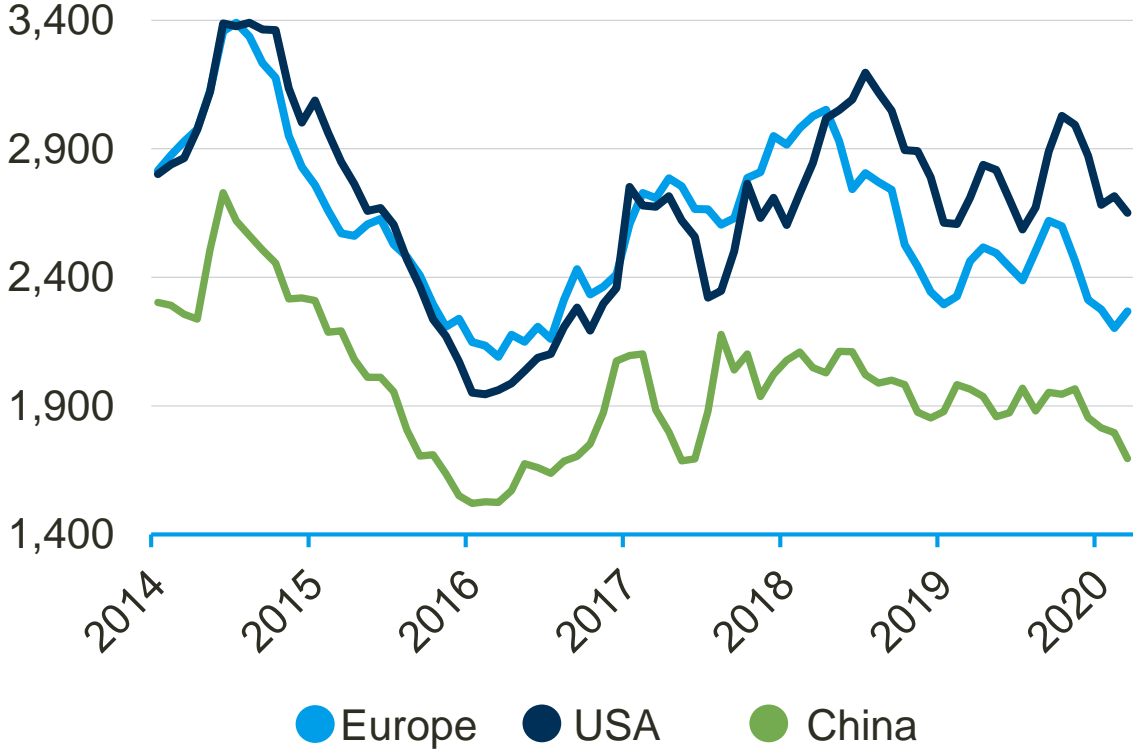
against Indonesia's  
ore export ban and  
preferential pricing

## Carbon Border Adjustment

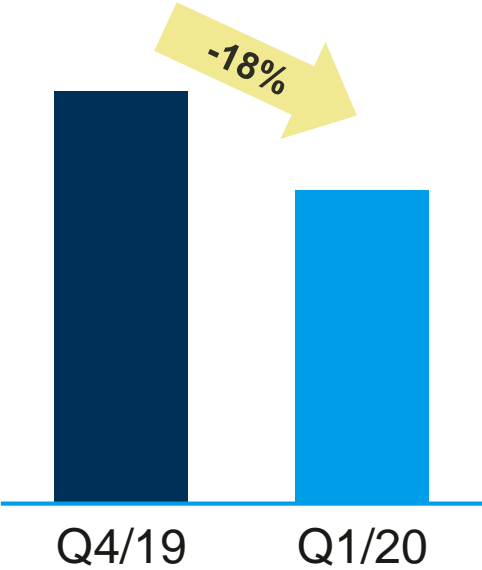
to prevent carbon  
leakage

# Nickel price declined during the first quarter

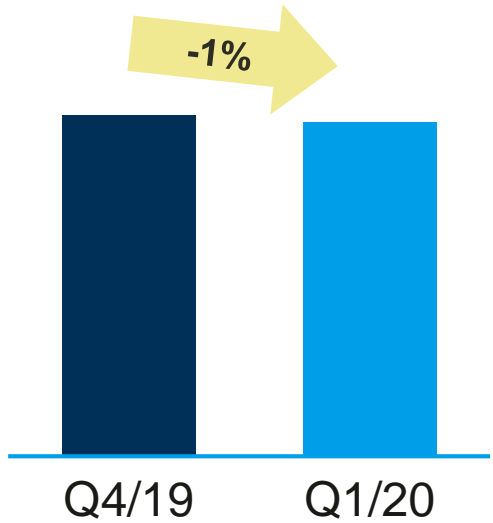
Transaction prices 304 stainless, USD/tonne



Average nickel price, USD/tonne

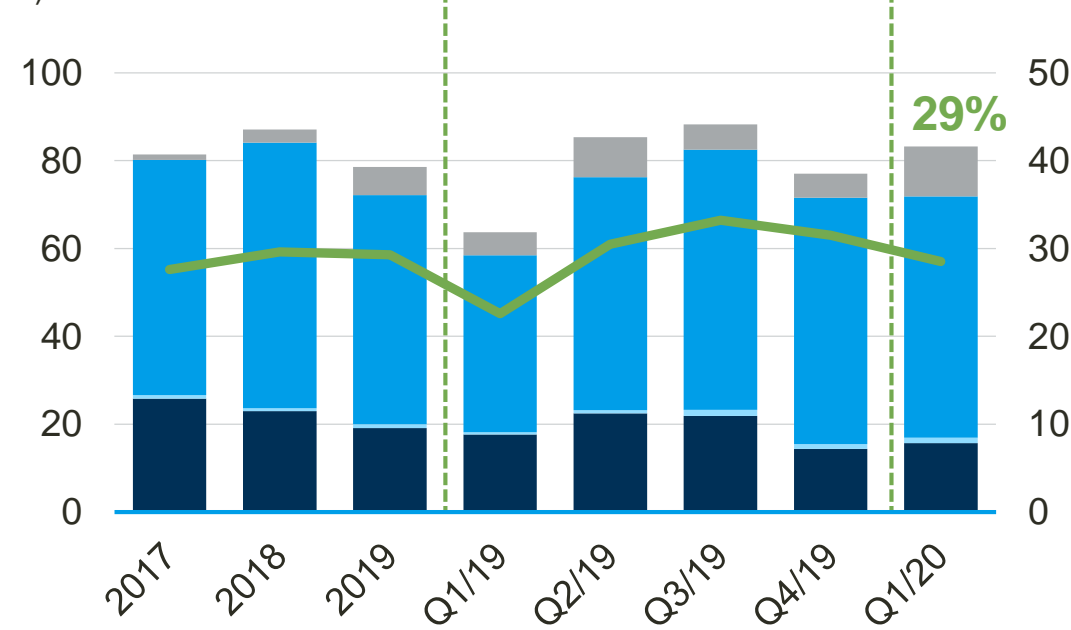


Ferrochrome benchmark price, USD/lb



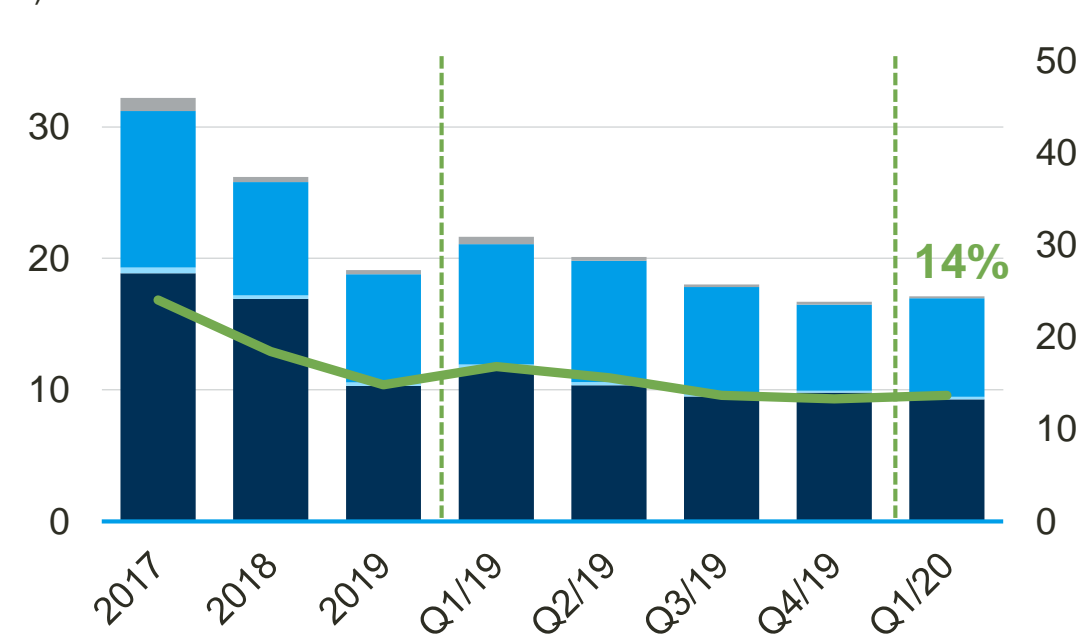
# Import pressure in Europe remained high

Third-country cold rolled imports<sup>1</sup> into Europe, 1,000 tonnes



- From rest of world
- From rest of Asia
- From Indonesia
- From China
- Import penetration

Third-country cold rolled imports<sup>2</sup> into the US, 1,000 tonnes

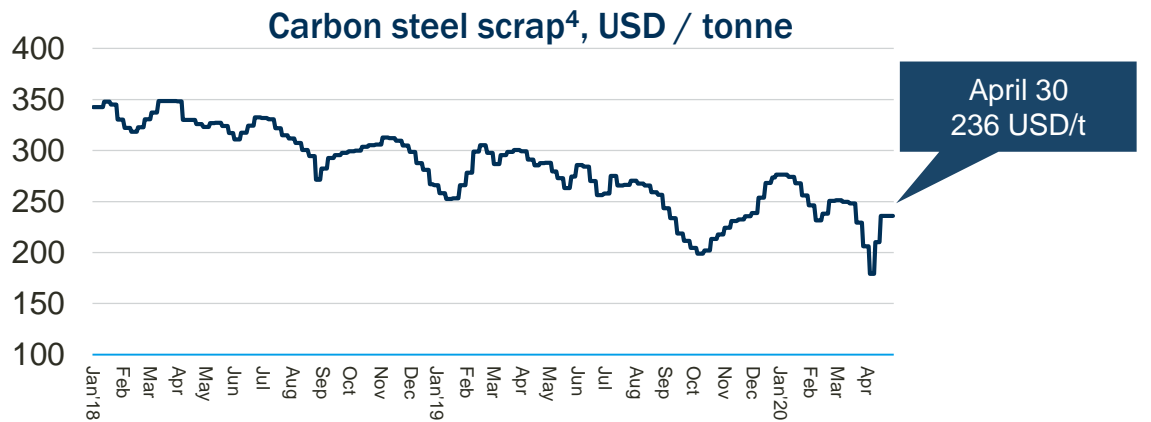
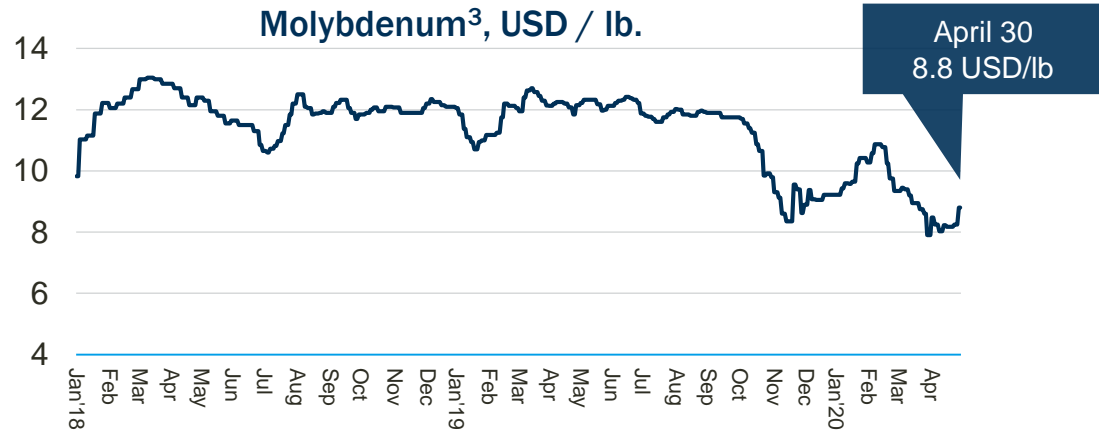
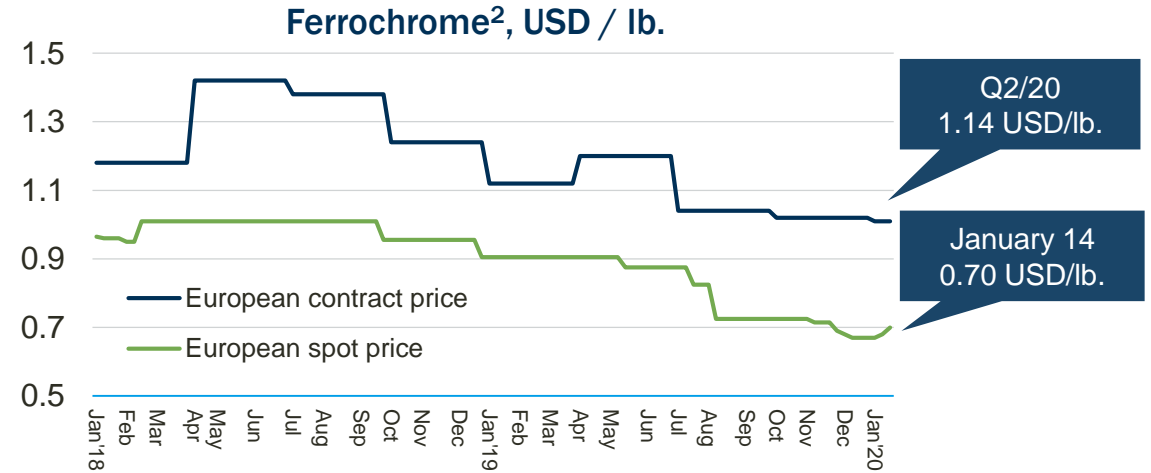
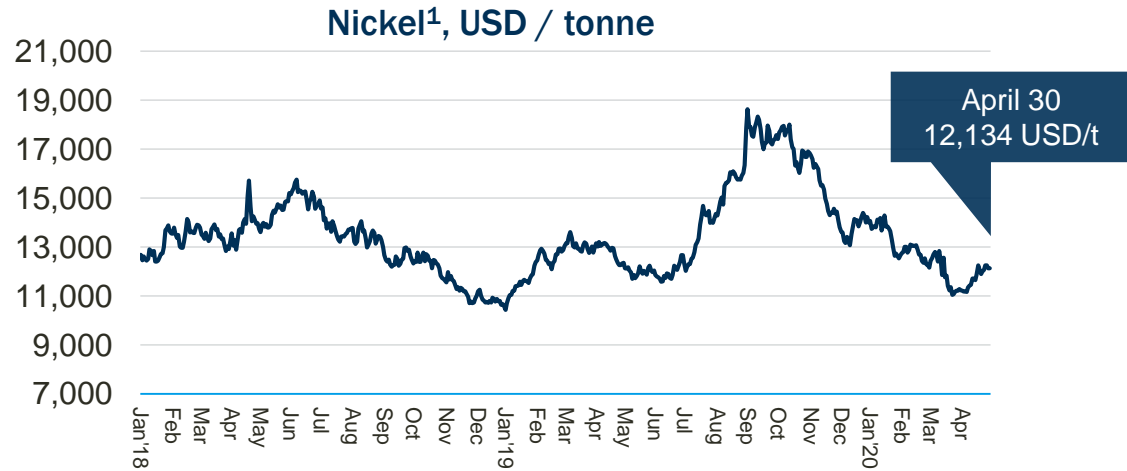


- From rest of world
- From rest of Asia
- From Indonesia
- From China
- Import penetration

1. Cold rolled, monthly average. Source: Eurofer, April 2020 (Q1'20 based on Jan-Feb actuals and forecast for March)  
 2. Cold rolled, monthly average. Source: Foreign Trade Statistics, American Iron & Steel Institute, April 2020 (Q1'20 based on Jan-Feb)



# Raw materials - price development



Data source:

1) Nickel Cash LME Daily Official

2) Contract - MetalBulletin - Ferro-chrome Lumpy CR charge basis 52% & Cr quarterly major European destinations Cr ; Spot: Platts Charge Chrome 52% DDP Europe

3) MetalBulletin - Molybdenum Drummed molybdic oxide Free market Mo in warehouse; 4 Ferrous Scrap Index HMS 1&2 (80:20 mix) \$ per tonne fob Rotterdam

# Stainless steel market

## Major stainless steel producers

Million tonnes	2019	2018
Tsingshan	9.8	10.2
TISCO	4.5	5.5
POSCO (incl. ZPSS)	3.3	3.3
Acerinox	3.3	3.2
Outokumpu	3.2	3.3
Aperam	3.0	2.1

## Outokumpu's market share

	2019
Europe	28%
NAFTA	21%
Globally	~6%





# Sustainability

# Sustainability is at heart of our strategy

## VISION 2020:

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

Safety

Operational  
excellence

Sustainability

Commercial  
excellence

Americas

Digital transformation

High-performing organization

# We are committed to reaching carbon neutrality by 2050 in-line with EU Green Deal targets

**20% lower**  
carbon footprint  
by 2023

Carbon neutral by  
**2050** <sup>1</sup>

1) Our carbon neutrality commitment relates to scope 1+2.  
Regarding scope 3, we're working closely with our RM suppliers  
to ensure that they identify opportunities to reach carbon neutrality by 2050

# We are the leading producer of sustainable stainless steel globally and we have the lowest carbon footprint in the industry

Carbon footprint less than

**30%**

of the global industry average

Industry leading recycled content globally

**90%**

Low ferrochrome carbon footprint:

**42%**

of industry average

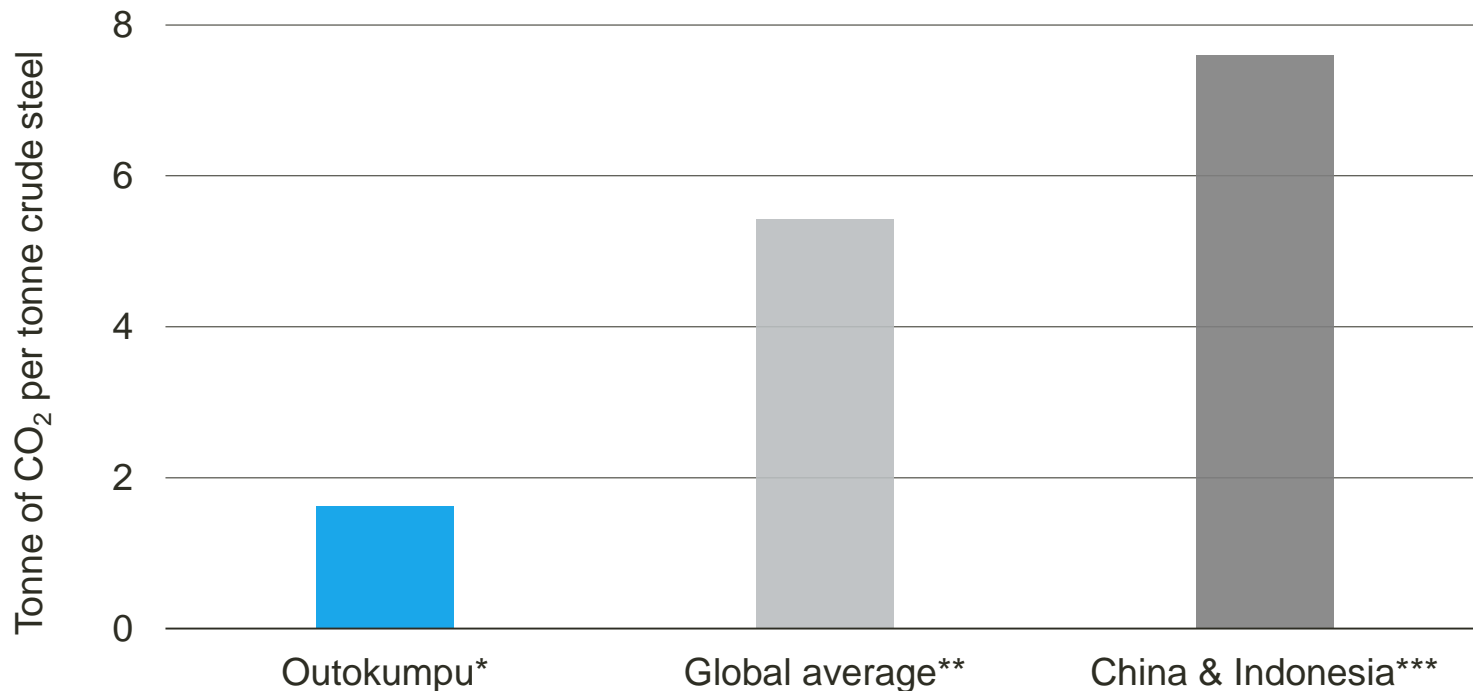
High usage of carbon neutral electricity in Europe

**+80%**

**Energy and material efficiency**

# Stainless steel from China and Indonesia has up-to five times higher carbon footprint

## CO<sub>2</sub> emissions of stainless steel producers



## Drivers of high carbon footprint for Chinese and Indonesian stainless steel

1. Low utilization of recycled material
2. Low nickel content ore and high emissions from blast furnaces
3. Use of coal as main electricity source

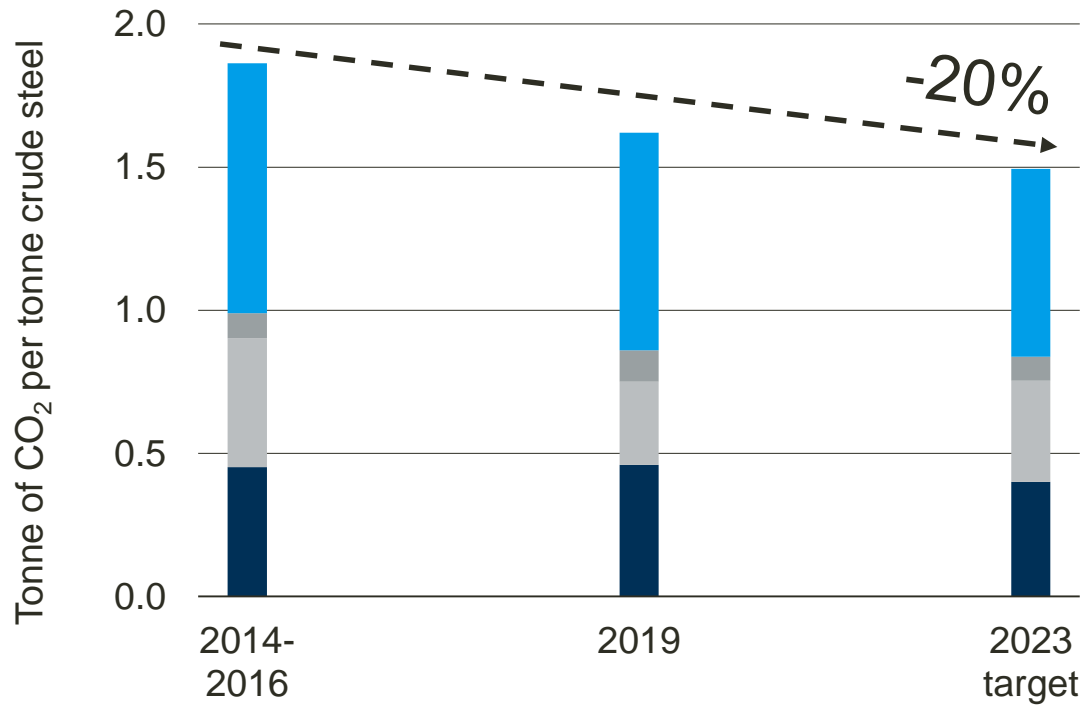
\*) Source: Outokumpu January 2020

\*\*) Average of ISSF study 2018 and China and Indonesia

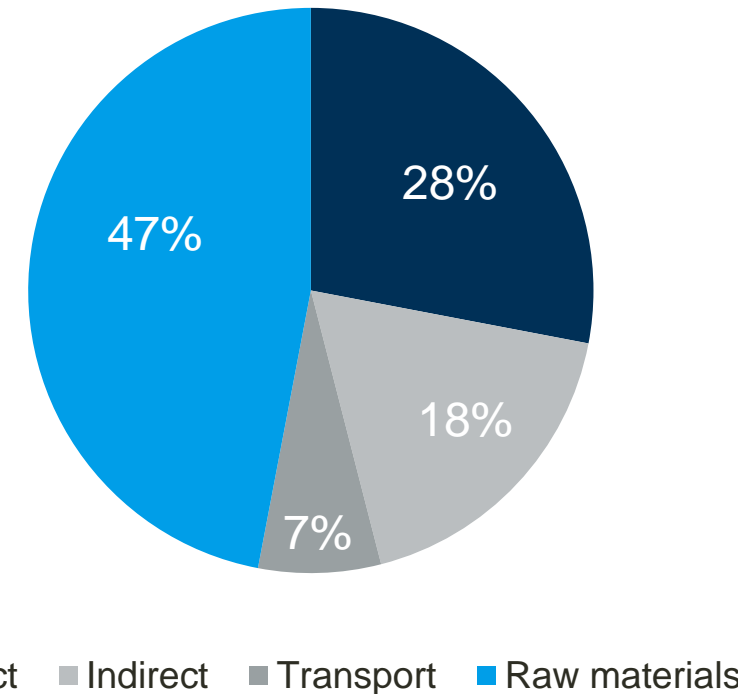
\*\*\*) Outokumpu estimates for China and Indonesia

# We are on track to reach our science based target 20% lower carbon footprint by 2023

Outokumpu CO<sub>2</sub> emissions intensity <sup>1</sup>



Outokumpu CO<sub>2</sub> footprint by category (2019)



# Our commitment to sustainability has been recognised...



Gold rating – top 5% performer –  
from supplier sustainability  
platform EcoVadis

**ROBECOSAM**   
We are Sustainability Investing.

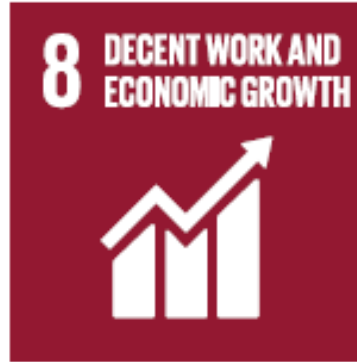
Outokumpu is included in the  
Sustainability Yearbook 2020  
indicating we are in the top 15%  
sustainability performers of steel  
industry.

# ...and we have clear priorities to do more

Carbon neutral roadmap	Sustainability credentials	Lobbying to achieve a level playing field
<ul style="list-style-type: none"><li>• Energy efficiency improvements</li><li>• Selected capex</li><li>• Green electricity sourcing</li><li>• Carbon Capture Utilization</li><li>• EU Green deal funding</li></ul>	<ul style="list-style-type: none"><li>• Customer engagement</li><li>• Develop sustainability certificates</li><li>• ResponsibleSteel™ membership</li></ul>	<ul style="list-style-type: none"><li>• Secure legislation that supports our business</li><li>• Trade defense</li><li>• EU safe guards</li><li>• Energy taxation</li><li>• Carbon border adjustment</li></ul>



# We focus on 6 UN Sustainable Development Goals



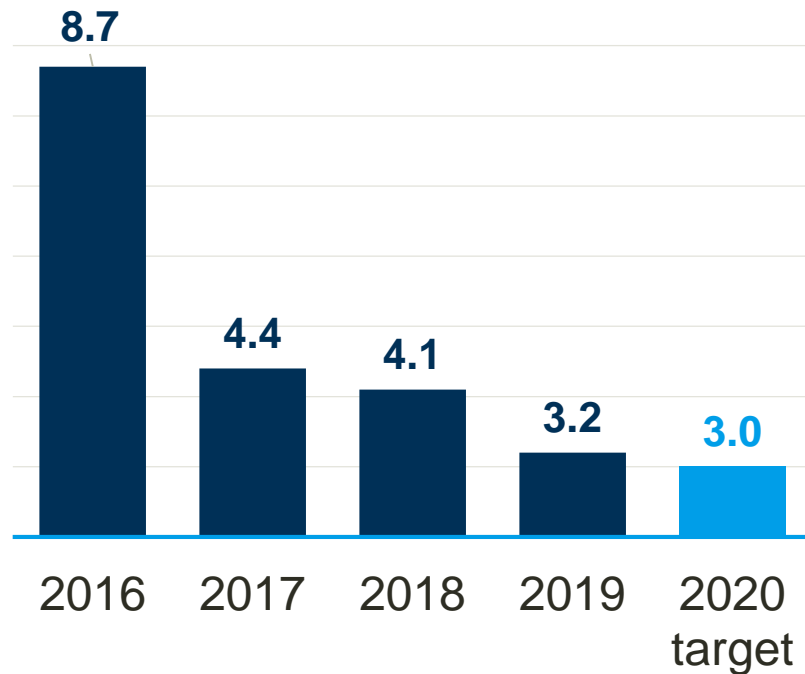
We are committed to the United Nation's Sustainable Development Goals (SDGs) and our focus was realigned with the updated strategy during 2019. We have selected six SDGs that are the most relevant to us in terms of our contribution.

Outokumpu business is based on recycling and is a part of circular economy. Company focuses on resource efficiency as recycled content, the use of by-products to replace natural resources, as well as increasing the energy efficiency in production process. This sustainable approach is supported by several key performance indicators which focus on efficiency.

Products: Stainless steel is long lasting, requires low maintenance and is 100% recyclable. The main raw material is recycled steel. This makes stainless steel products a solution for responsible consumption.

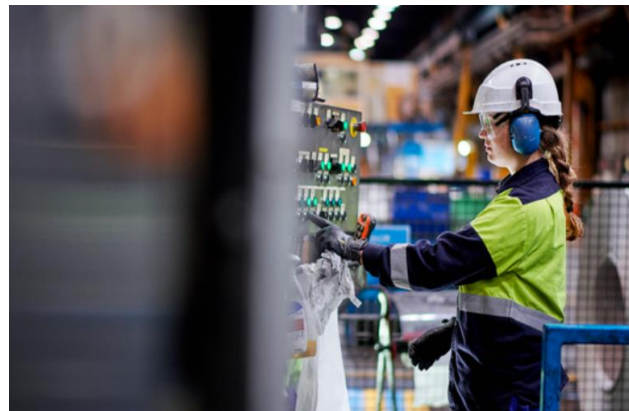
# Safety of our employees is our undisputed priority

Total recordable injury frequency rate (TRIFR)



TRIFR target  
for 2020

**<3.0**



We aim to be among the industry leaders in safety with the ultimate goal of zero accidents.

# Ferrochrome

# Own ferrochrome production is an important strategic asset for us

Positive outlook for 2020 despite low ferrochrome pricing

Deep mine project secures our ore availability for the future

Ferrochrome market expected to be short 2020–2021

Global capacity cuts and shutdowns will change the market

CO<sub>2</sub> footprint of our ferrochrome is only

**42%**

of the industry average

# We extract significant value through integrated ownership of mines and smelters

Competitive  
cost base

Predictable  
cost and quality

Fast response  
to changes

Efficient inventory  
management

# Deepening of Kemi mine in 2018–2021, we can secure future long-term supply

EUR 250 million investment in vertical mine expansion

New main level at 1,000 meters depth:  
new ore handling and hoisting system

On schedule and budget

- First ore feed already in 2020
- Full production by the end of 2021

R&D

# We are using R&D and technology to increase our customers' competitiveness

## Our R&D vision 2023

Being the industry benchmark in profitable stainless steel solutions and becoming the development partner of choice for our customers.

Our unmatched technical competence creates extraordinary value and attracts new talents

Current and future product demands

Product support and problem solving capabilities

New process technologies

Ensuring and improving process efficiency

Digital tools and data science

R&D expenses EUR 17 million in 2019 (0.3% of net sales)



# Automotive applications for major OEMs



## Enabler for battery packs

- Qualified by major OEMs
- H-Series stainless steel
- Higher passenger protection

## Fuel cell technology

- New design by Outokumpu
- Close collaboration with a German OEM

## Weldable Sandwich

- Sound dampening
- High strength
- Formable

# Marine applications for demanding environments



## Exhaust cleaning (Scrubbers)

- Excellent corrosion performance
- Long lifetime in harsh conditions
- Close collaboration with market leaders

## Ocean thermal energy

- Heat exchanger with superior corrosion resistance
- Improved heat transfer

## Oil, Gas & Off-Shore

- High corrosion resistance
- Highly durable
- Tests in > 2 km Atlantic depth

# Process development for higher efficiency

## Inclusion Reduction

- Smart melt shop treatment to reduce inclusions
- Excellent results with up to 40% reduction

## Surface quality

- Substantial scratch defect reduction in German operations
- Frequency reduced by 70%

## Digital Manufacturing

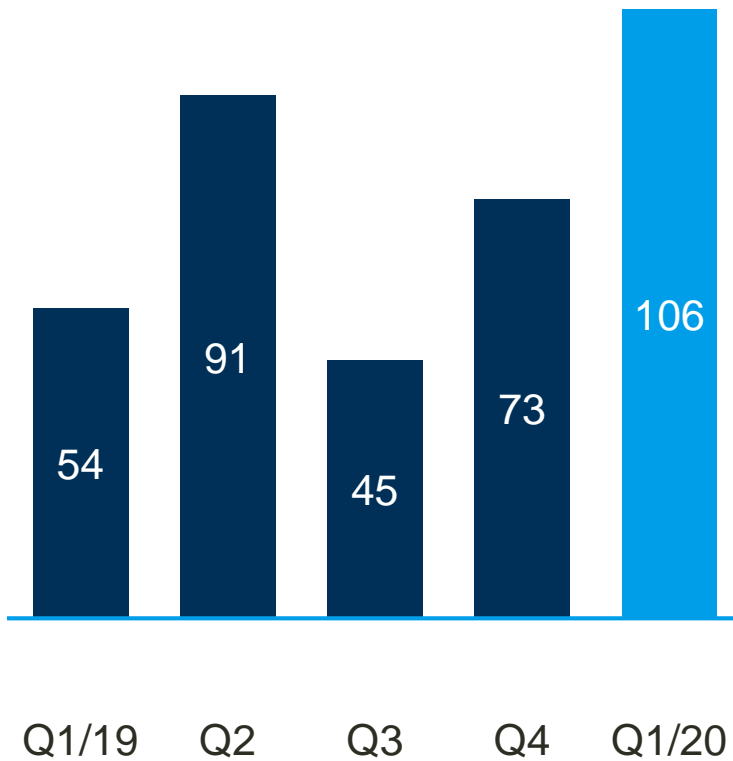
- Connected quality inspection along process route
- Artificial Intelligence
- Digitally enabled process improvements

# Latest financials

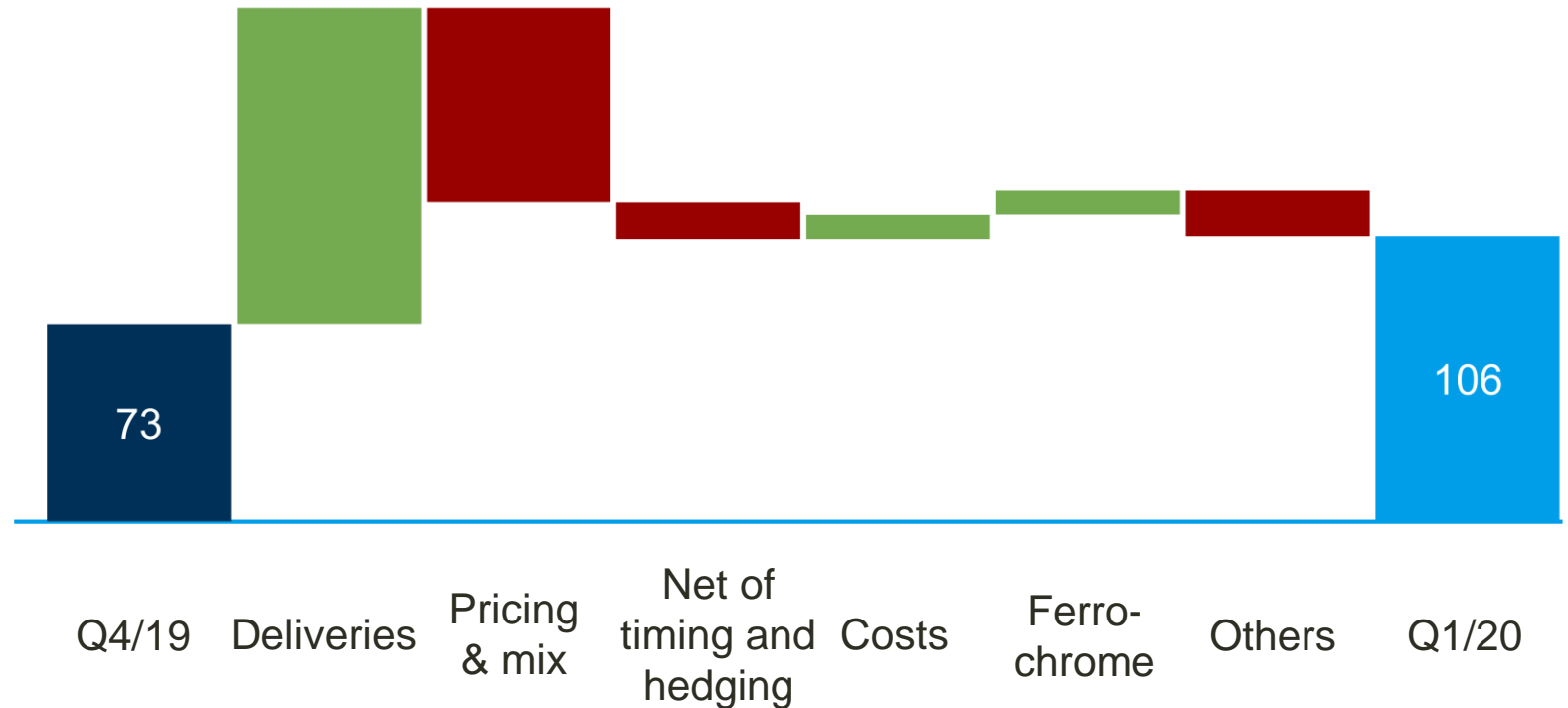
## Q1 2020

# Q1 result was driven by seasonally higher volumes and improved productivity

Group adjusted EBITDA,  
EUR million



Adjusted EBITDA quarter-on-quarter comparison<sup>1</sup>,  
EUR million



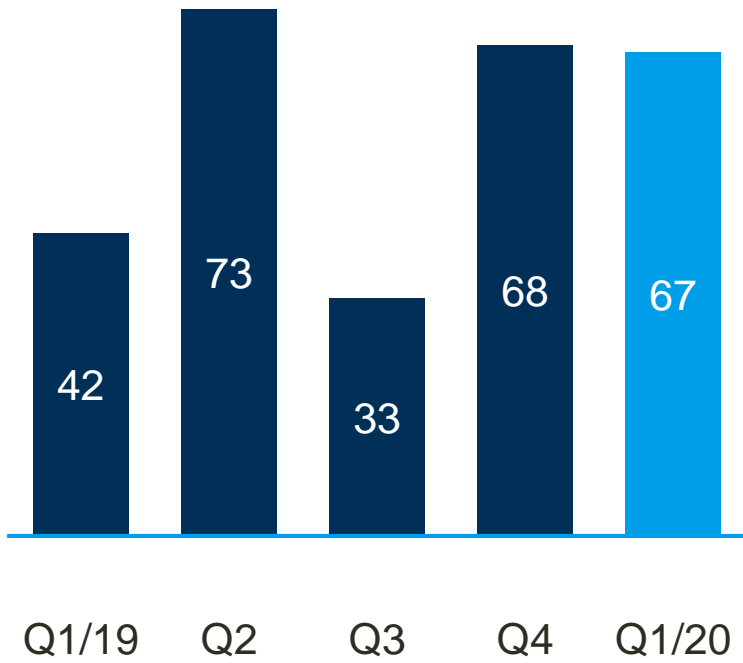
1) Indicative columns based on management estimates

<b>Key figures</b>		<b>Q1/20</b>	<b>Q1/19</b>	<b>Q4/19</b>	<b>2019</b>
Stainless steel deliveries	1,000 tonnes	<b>588</b>	621	458	2,196
Sales	EUR million	<b>1,615</b>	1,715	1,398	6,403
Adjusted EBITDA	EUR million	<b>106</b>	54	73	263
EBITDA	EUR million	<b>106</b>	40	90	266
Net result	EUR million	<b>22</b>	-39	-15	-75
Earnings per share	EUR	<b>0.05</b>	-0.09	-0.04	-0.18
Operating cash flow	EUR million	<b>-32</b>	39	143	371
Net debt	EUR million	<b>1,249</b>	1,370	1,155	1,155
Gearing	%	<b>48.0</b>	51.6	45.1	45.1
Capital expenditure*	EUR million	<b>57</b>	41	58	194
Return on capital employed, ROCE	%	<b>2.3</b>	4.3	0.8	0.8
Personnel at the end of the period		<b>10,315</b>	10,449	10,390	10,390

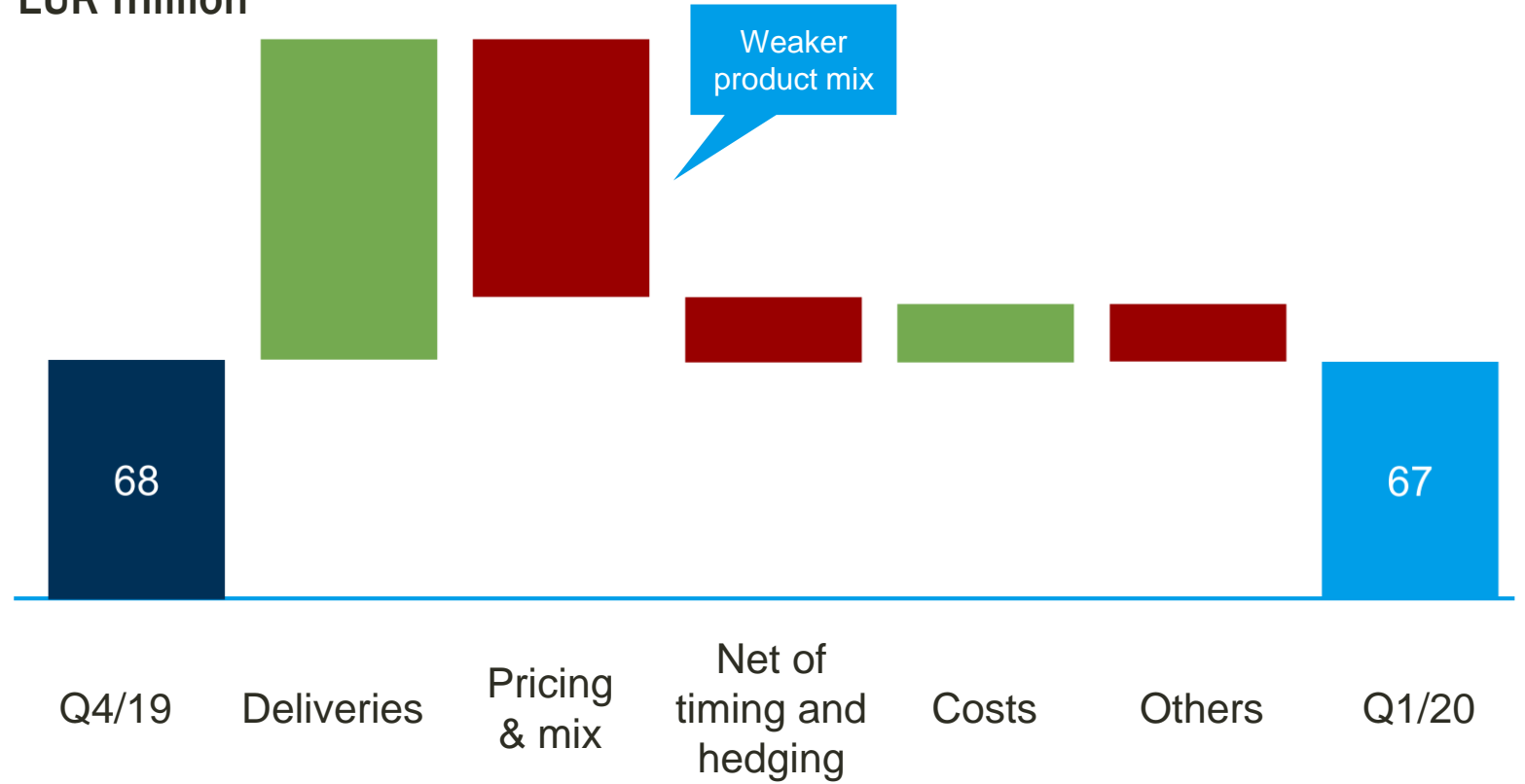
\*Capex cash flow

# BA Europe – positive volume impact was offset by weaker product mix

Europe adjusted EBITDA, EUR million



Adjusted EBITDA quarter-on-quarter comparison<sup>1</sup>, EUR million



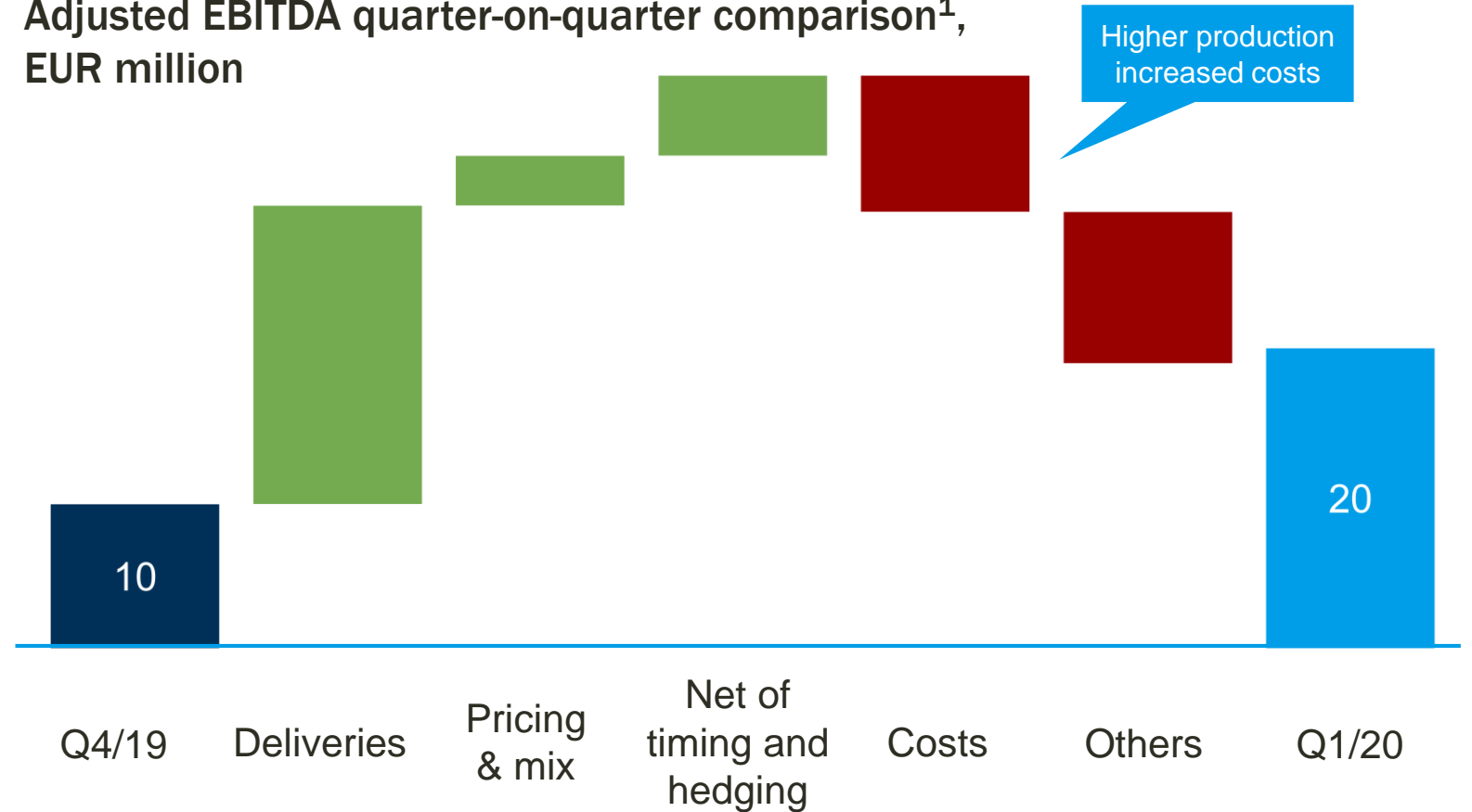
1) Indicative columns based on management estimates

# BA Americas – best quarterly result since 2017

Americas adjusted EBITDA, EUR million



Adjusted EBITDA quarter-on-quarter comparison<sup>1</sup>, EUR million

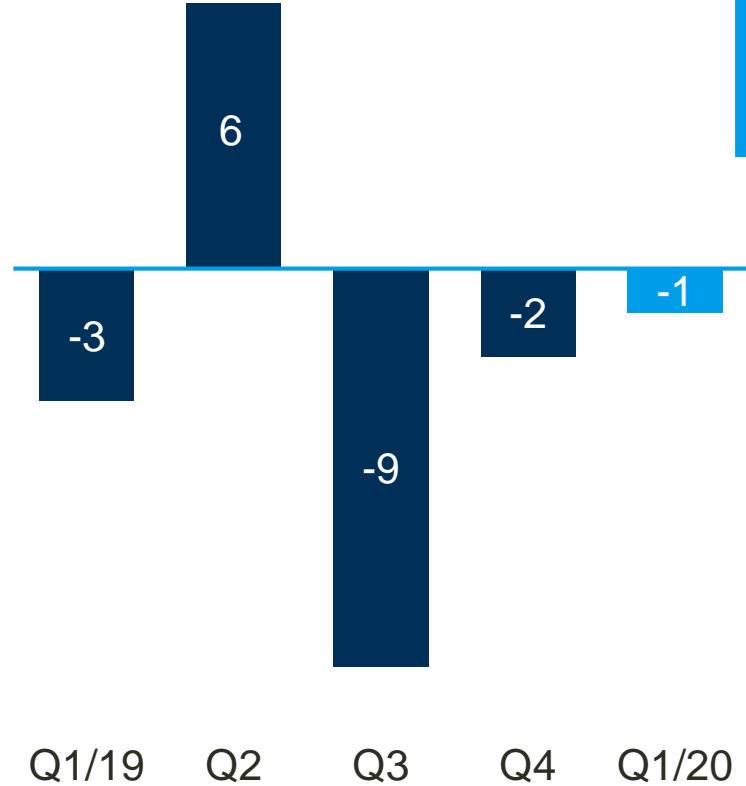


1) Indicative columns based on management estimates

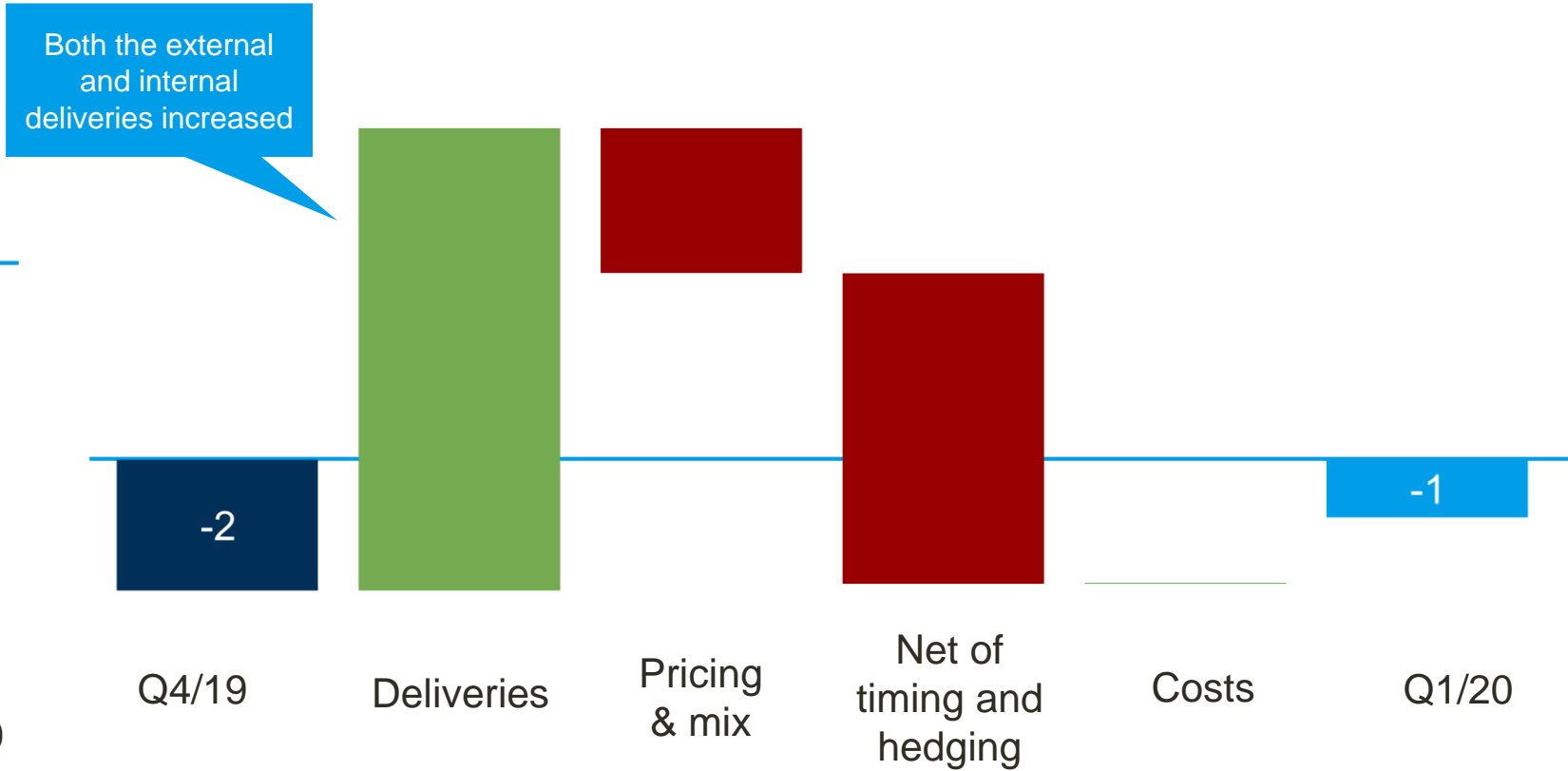


# BA Long Products – seasonally higher volumes

Long Products adjusted EBITDA, EUR million



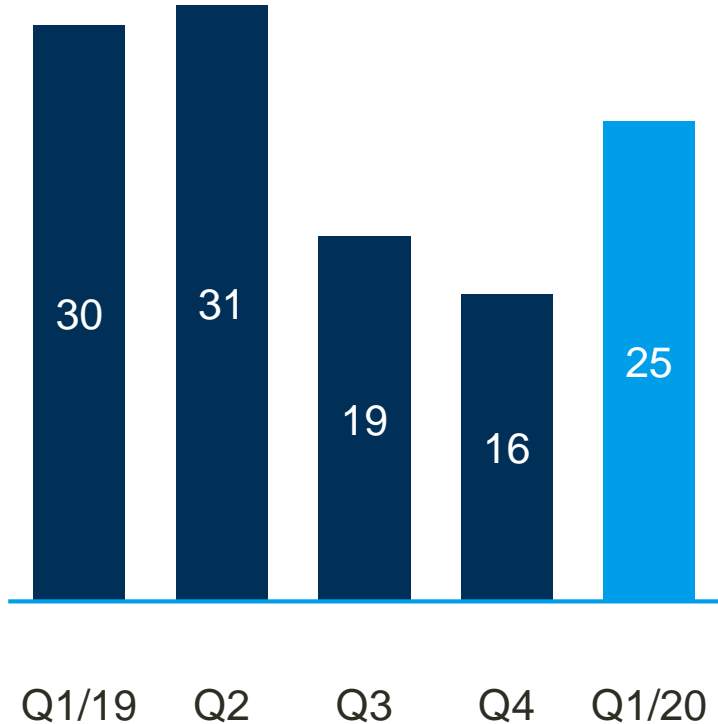
Adjusted EBITDA quarter-on-quarter comparison<sup>1</sup>, EUR million



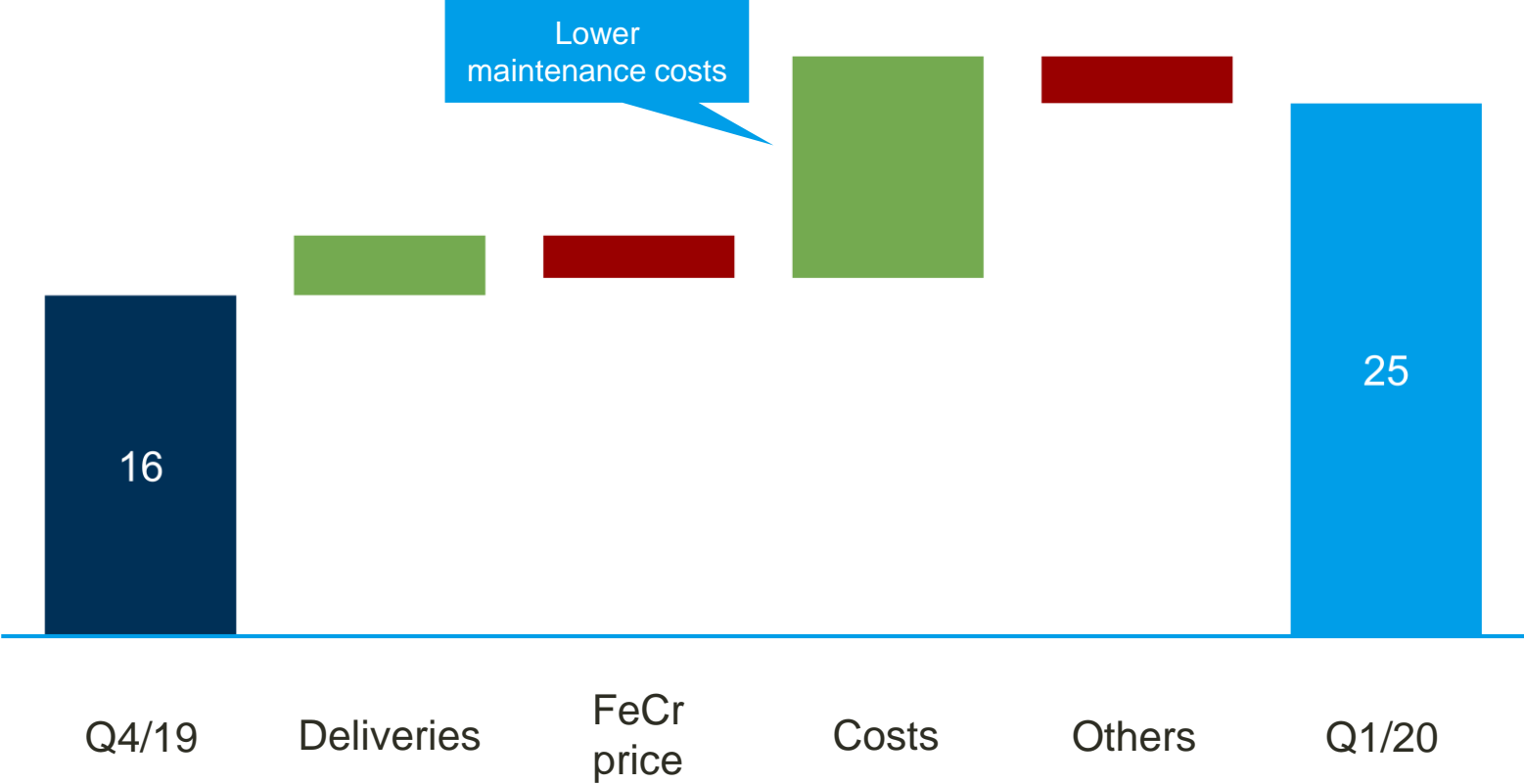
1) Indicative columns based on management estimates

# Ferrochrome's result supported by lower costs

Ferrochrome adjusted EBITDA, EUR million



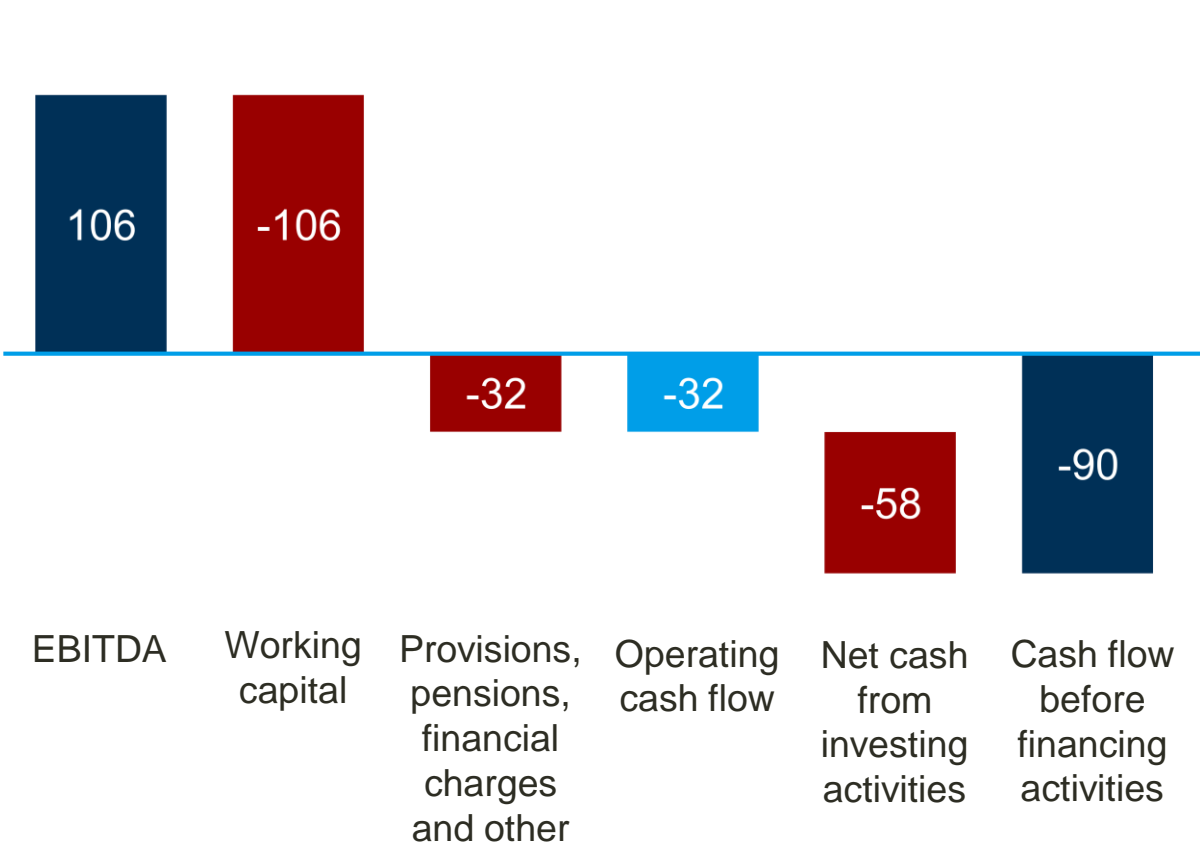
Adjusted EBITDA quarter-on-quarter comparison<sup>1</sup>, EUR million



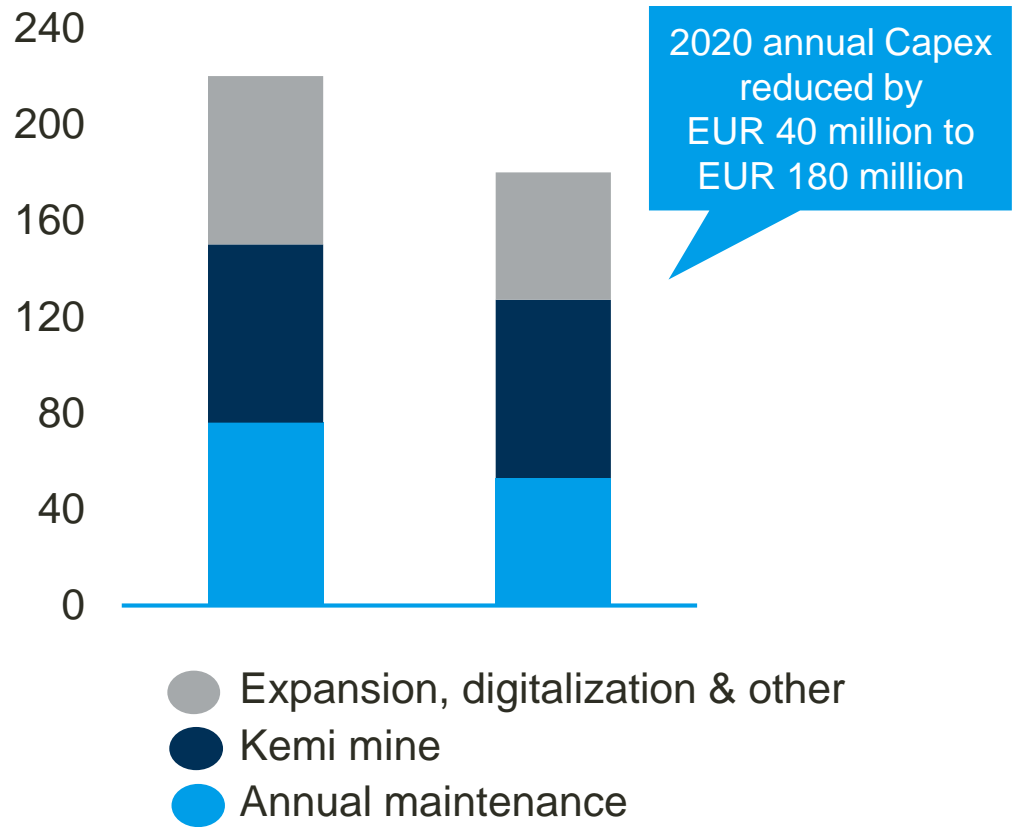
1) Indicative columns based on management estimates

# First-quarter cash flow followed the seasonal pattern

Cash flow, EUR million

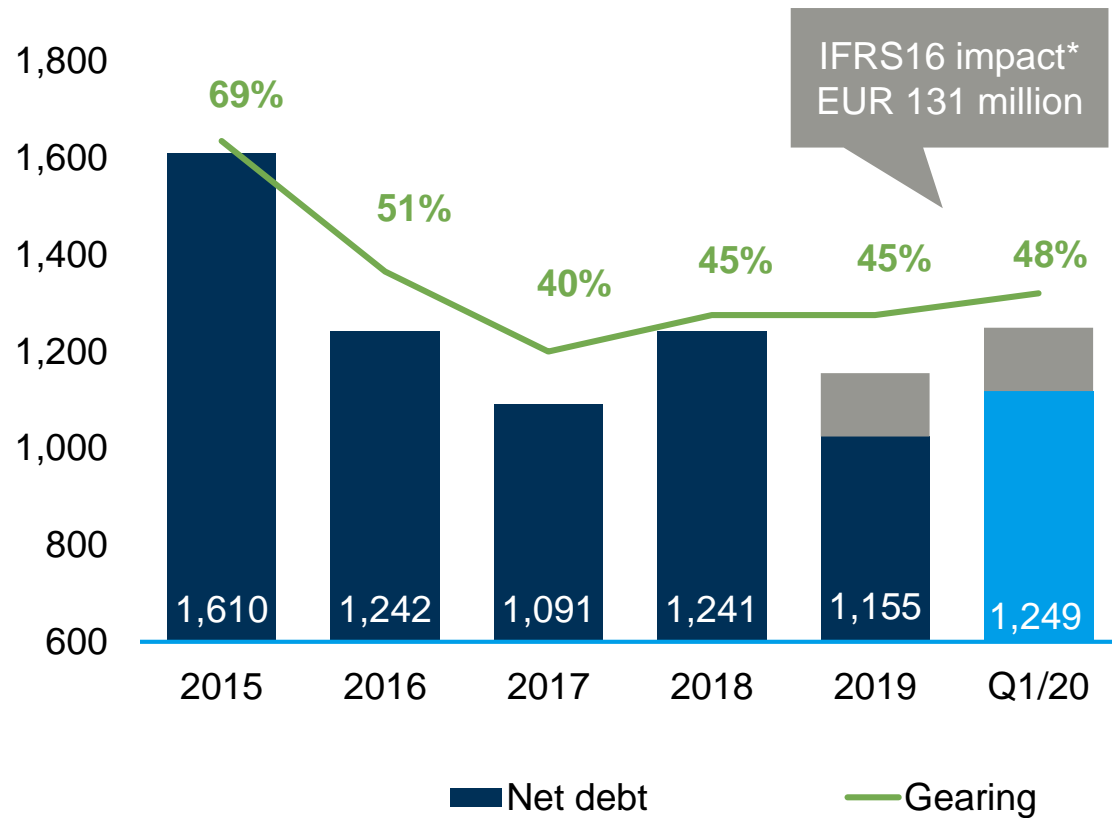


Capex estimate 2020, EUR million

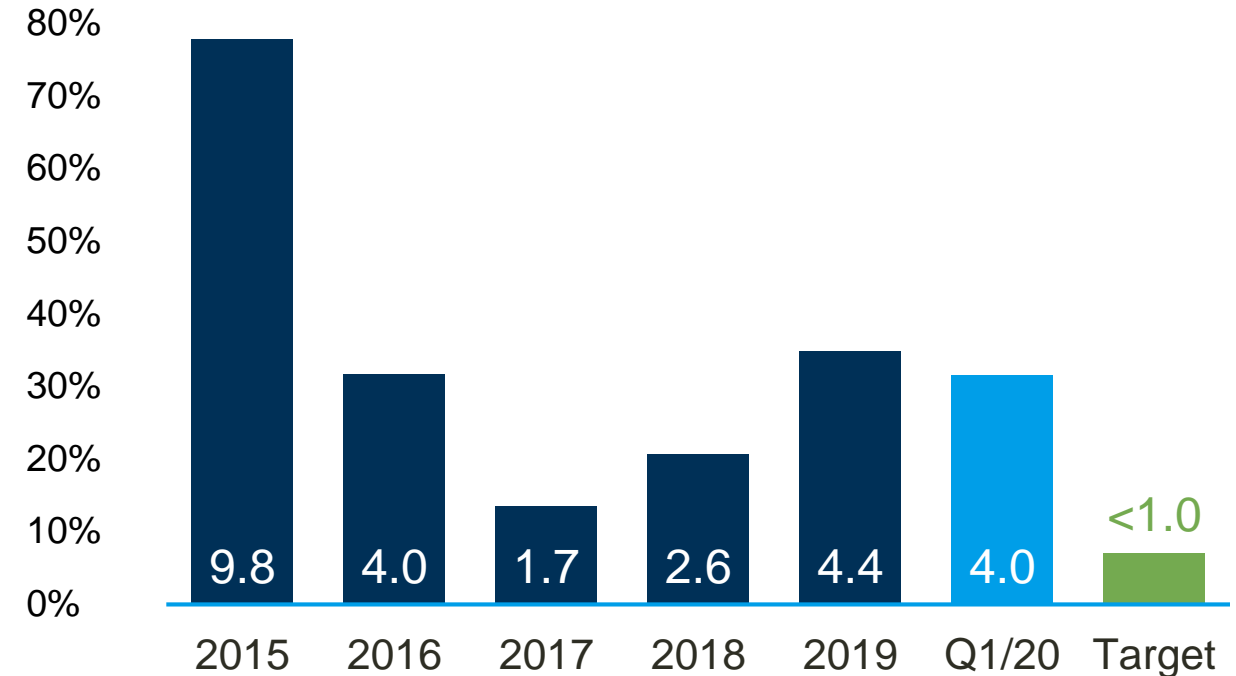


# Net debt reduction continues in 2020

Net debt, EUR million

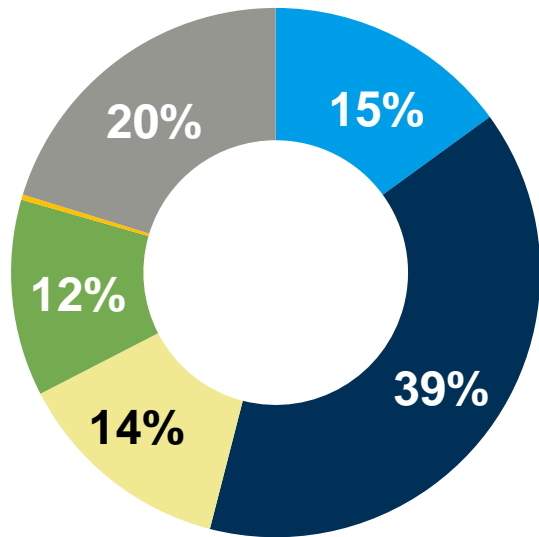


Net debt/LTM adjusted EBITDA



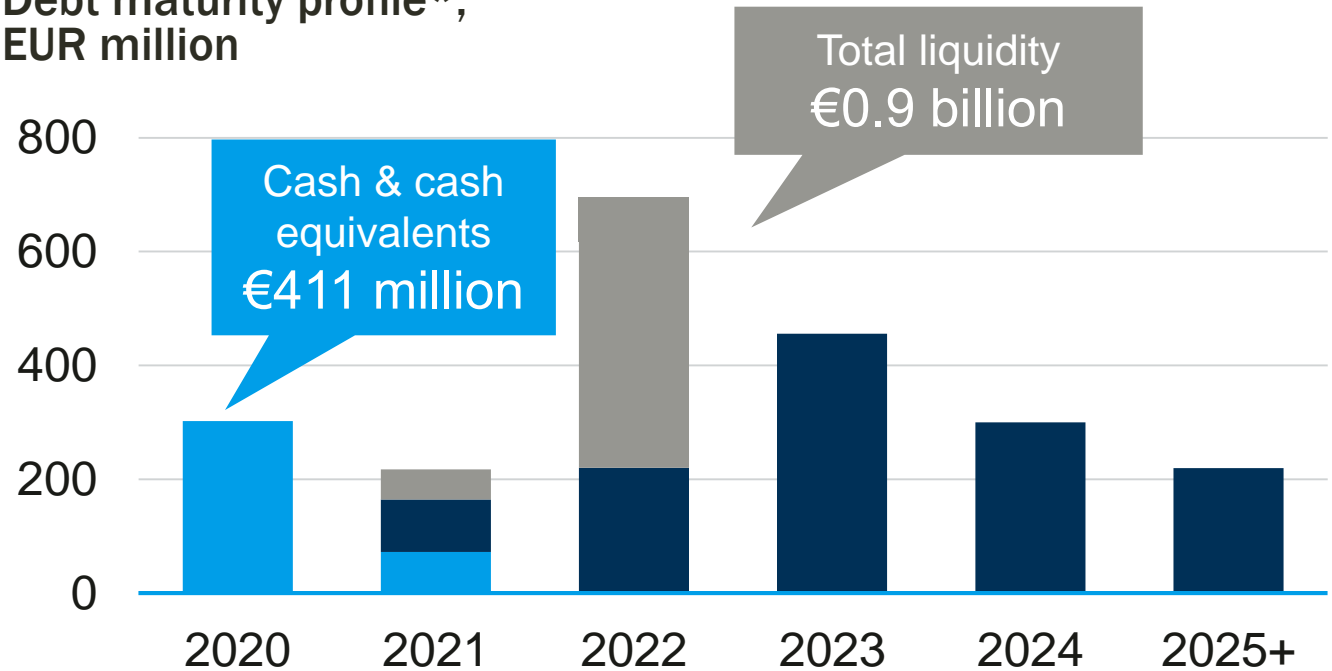
# EUR 250 million convertible bond repaid in February

Debt structure\*



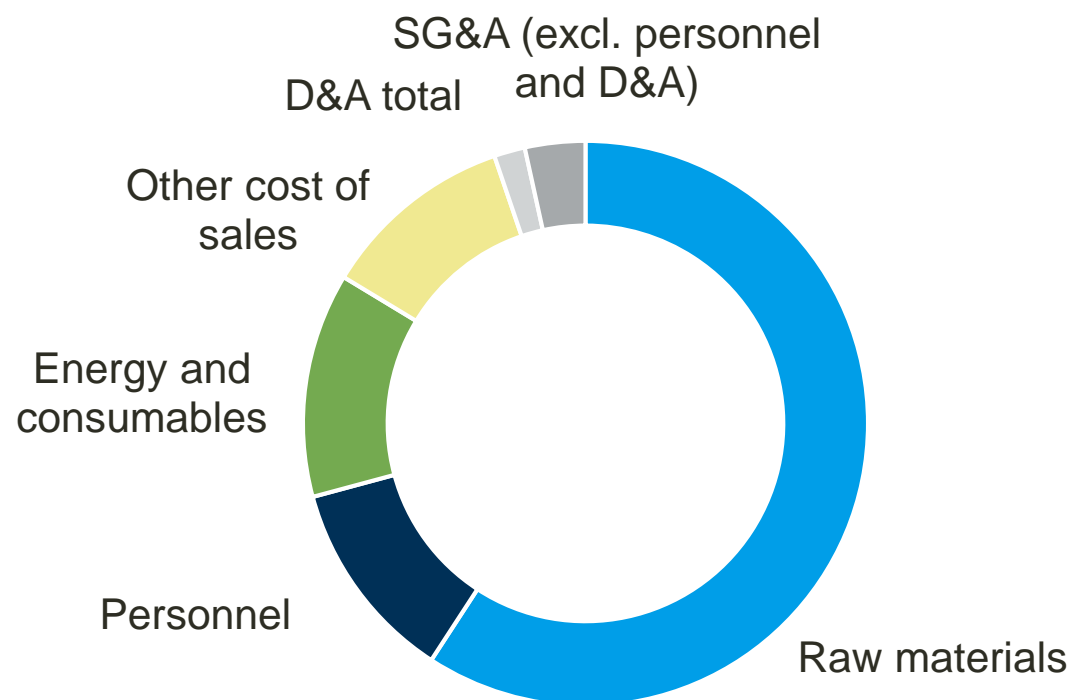
- Bonds
- Long term loans
- Pension loans
- Financial leases
- Short term loans
- Commercial papers

Debt maturity profile\*, EUR million



- Current debt
- Non-current debt
- Unutilized facilities

# Outokumpu operative cost components\*



- Raw materials 60%
- Energy and other consumables 10–15%
- Personnel expenses 10–15%
- Other cost of sales includes e.g. freight, maintenance and rents and leases

\*Cost components in 2019

# Over 4% productivity improvement in 2019 – more to come in 2020



Productivity improvement is based on numerous local projects

Raw material excellence

Reduction of net working capital

Procurement initiatives

Continuous debottlenecking of key equipment

Moving towards a single operating system

Reliability

# Outlook for Q2 2020

The preventative measures and lockdowns related to the COVID-19 pandemic are expected to have a significant impact on the stainless steel industry during 2020.

As a result of lower industrial production and diminishing consumer spending, the demand for stainless steel is expected to decline from the first quarter.

Outokumpu expects its stainless steel deliveries to decrease in all business areas by 10-20% compared to the first quarter of 2020.

Due to the global economic uncertainty caused by the COVID-19 pandemic, Outokumpu will not give quarterly guidance on adjusted EBITDA until further notice.



# For more information, call Outokumpu Investor Relations or visit [www.outokumpu.com/investors](http://www.outokumpu.com/investors)

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## **Päivi Laajaranta**

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## **Q2 result**

August 7, 2020

## **Q3 result**

November 5, 2020

## **Q4 result**

The date will be confirmed later

# Appendix

# Production steps – cold rolled coil

**Kemi mine**

Underground mine    Hoisting

Crushing    Heavy medium separation

Grinding    Spiral concentration

**Ferrochrome works**

Sintering furnace

Smelter

Storage

**Steel melting shop**

Liquid ferrochrome    Recycled steel

Ferrochrome Converter    Electric Arc Furnace

AOD Converter

Continuous Casting Machine

**Hot rolling mill**

Walking Beam Furnace

Roughing Mill

Steckel Mill

Tandem Mill    Bell Furnace

**Cold rolling plant**

Hot annealing and pickling line

Sendzimir Mill

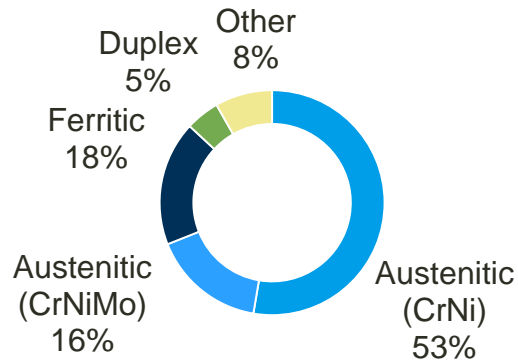
Cold annealing and pickling line

Polishing line

Slitting Line    Cut-to-length Line

# Outokumpu is a global leader of advanced solutions and our stainless steels can be divided in four groups

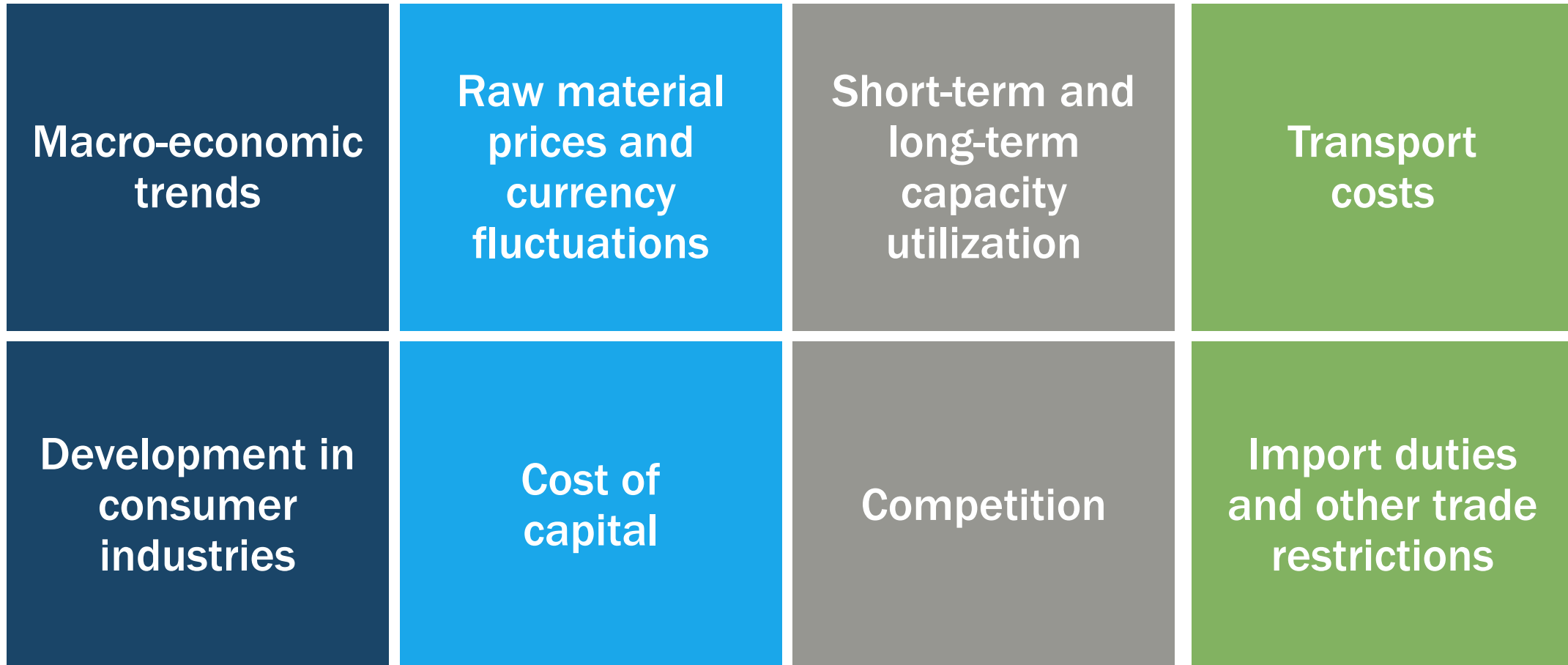
Deliveries by product group in 2019



Stainless steels are iron-chromium (Fe-Cr) alloys often with nickel (Ni) additions that "do not rust in sea water", "are resistant to concentrated acids" and "do not scale at temperatures up to 1100 °C". Molybdenum (Mo) and other alloying elements are sometimes added to achieve specific properties. Over the years ever since the development of stainless steel, the number of grades have increased rapidly.

	Austenitics	Ferritics	Duplex	Martensitic
	Nickel content Non-magnetic	No nickel Magnetic	Low nickel content Magnetic	No nickel Magnetic
Corrosion resistance				
Strength / Hardness				
Deformability				
Surface aesthetics				
Raw material costs				
	Versatile stainless steels with good combination of properties for wide range of applications	Applications which have lower requirements regarding corrosion and deformability	Applications which require a high resistance to stress, corrosion, cracking and/or strength	Applications which require high strength and hardness

# Stainless steel prices reflect various factors



# Traditional stainless steel base price model consists of three components



## Base price

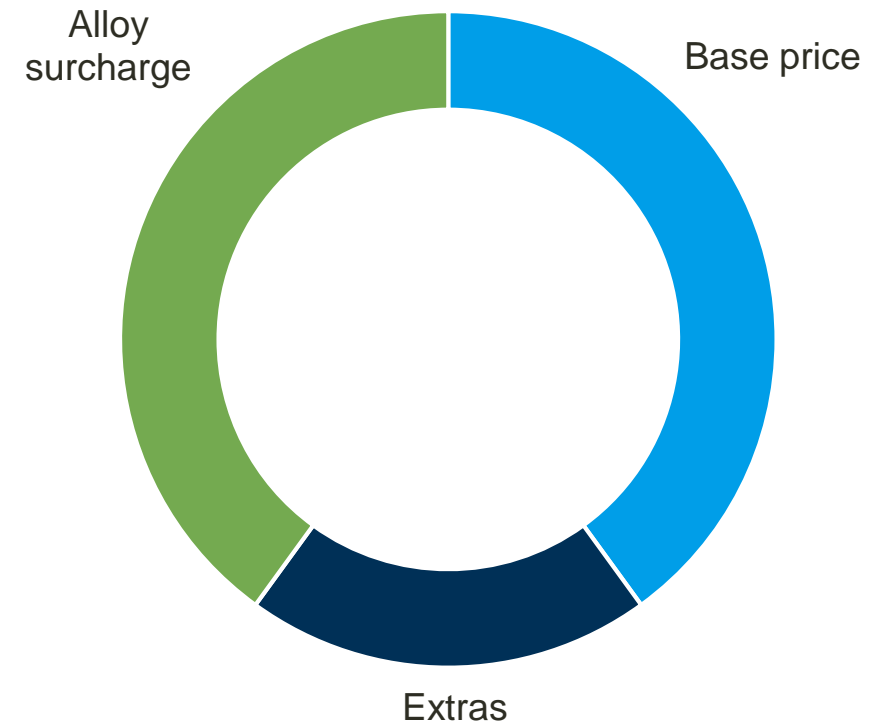
Customer-specific, usually monthly base price

## Extras

Material-specific charges for non-standardized products

## Alloy surcharge

Product-specific instrument to pass alloy costs along the value chain



# The logics behind our net of timing and hedging

Metal hedging	Underlying position	Exposure	Hedging
Net realizable value NRV, accounting principle	Committed* sales	Short	100%
	Committed** purchases	Long	100%
	Excess stock	Long	100%
	Base stock	Long	Balance between managing earnings & cash flow volatility
Timing Pricing in, pricing out			

\* priced-out or pricing out  
 \*\* priced-in or pricing in

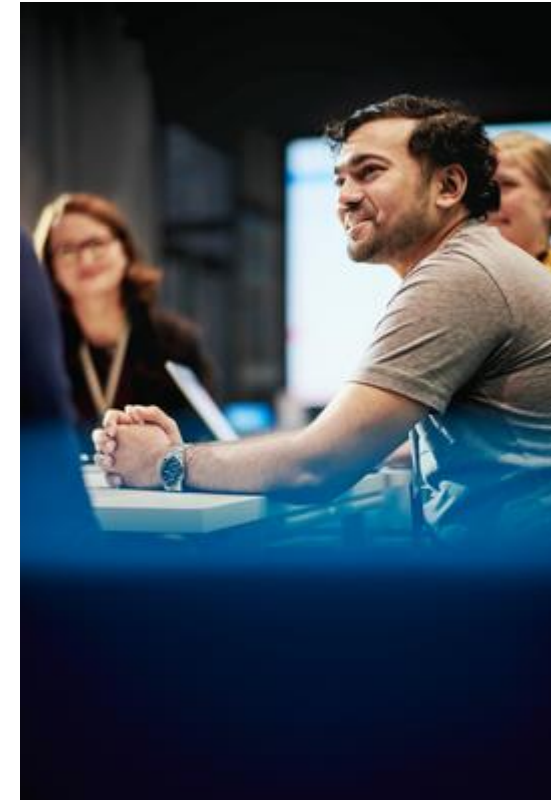
# Corporate Governance

Outokumpu Oyj, the Group's parent company, is a public limited liability company, listed on Nasdaq Helsinki and incorporated and domiciled in Finland. In its corporate governance and management, Outokumpu Oyj complies with the laws and regulations applicable to Finnish public companies, the company's Articles of Association and the Corporate Governance Policy approved by the company's Board of Directors.

Outokumpu Oyj follows the Finnish Corporate Governance Code, effective as of January 1, 2016. The Finnish Corporate Governance Code is issued by the Finnish Securities Market Association and adopted by Nasdaq Helsinki.

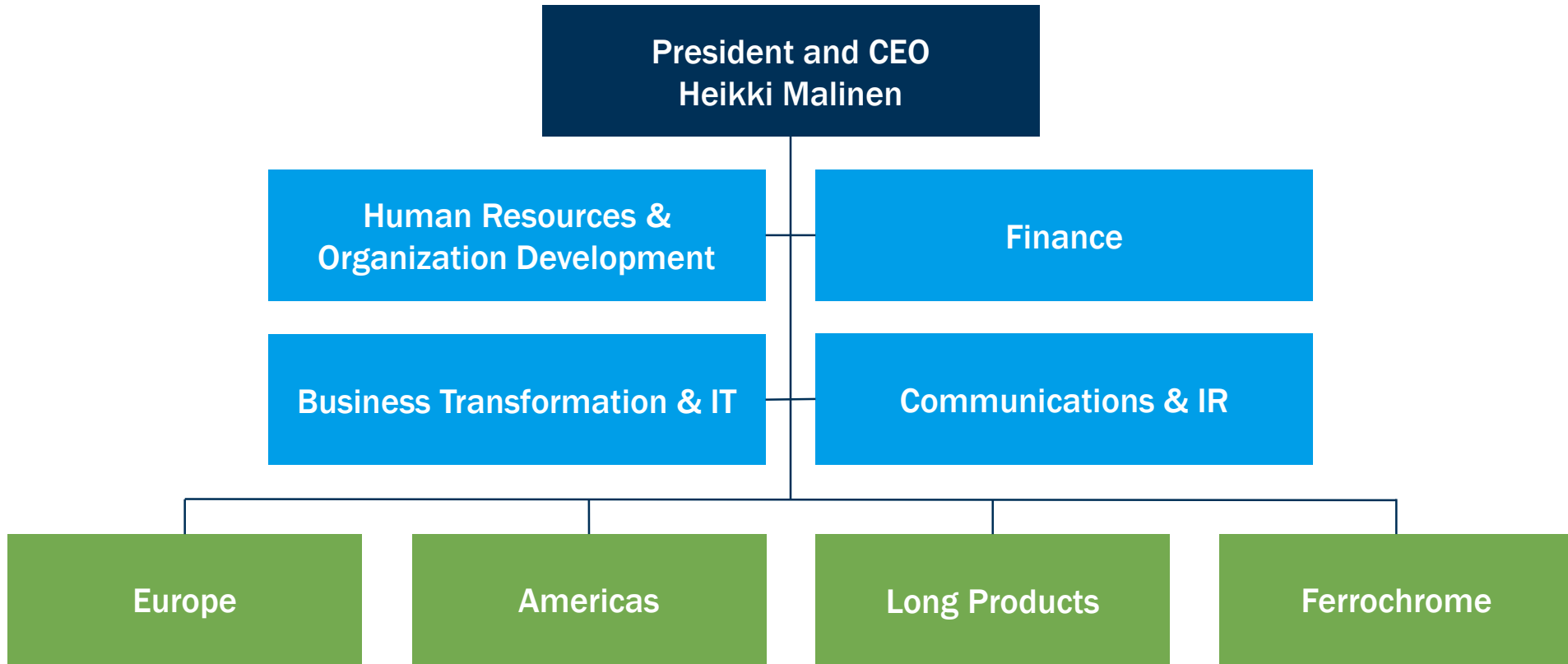
The governing bodies of the parent company Outokumpu Oyj, i.e. the General Meeting of Shareholders, the Board of Directors, and the President and Chief Executive Officer (CEO), have the ultimate responsibility for the management and operations of the Outokumpu Group ("the Group"). The Outokumpu Leadership Team supports and assists the CEO in the efficient management of the Group's operations. The latest Corporate Governance Statement and other updated corporate governance information can be found on the Group's Corporate Governance website.

The General Meeting of Shareholders convenes at least once a year. Under the Finnish Companies Act, certain important decisions such as the approval of financial statements, decisions on dividends and increases or reductions in share capital, amendments to the Articles of Association, and election of the Board of Directors and auditors, fall within the exclusive domain of the General Meeting of Shareholders





# Outokumpu organization



# Ownership structure & major shareholders



- Nominee registered and non-Finnish holders **24%**
- Finnish institutions, companies and foundations **25%**
- Solidium **22%**
- Households **29%**

#	Name	Shares	Share %
1	Solidium Oy	90,324,385	21.69 %
2	Varma Mutual Pension Insurance Company	14,153,112	3.40 %
3	Ilmarinen Mutual Pension Insurance Company	10,950,000	2.63 %
4	The Social Insurance Institution of Finland	9,298,652	2.23 %
5	State Pension Fund	6,827,142	1.64 %
6	Keskinäinen Työeläkevakuutusyhtiö Elo	5,710,988	1.37 %
7	Mandatum Henkivakuutusosakeyhtiö	3,332,389	0.80 %
8	Tutkimuksen Vaikuttavuuden Tukisäätiö Sr	2,820,000	0.68 %
9	Nordea Henkivakuutus Suomi Oy	2,794,209	0.67 %
10	Nordea Bank Abp	1,921,725	0.46 %

1) Directly registered shareholders on March 31, 2020

# Solidium and governance

- Holding company wholly owned by the State of Finland AA
- Major shareholder in 12 listed companies including SSAB, Elisa, Sampo, Nokia, Tieto, Metso and Valmet
- Mission is to strengthen and stabilize Finnish ownership in nationally important companies and to increase the value of their holdings in the long term
- Shareholder of Outokumpu following its takeover of the 31.1% government stake in 2009
- Participated in the Outokumpu rights issues in 2012 and 2014
- Currently no seat in Outokumpu Board of Directors but they use power via Shareholder's Nomination Board work.

# Board of Directors

## Chairman of the Board of Directors



**Kari Jordan**  
Chairman of the Remuneration Committee

## Members of the Board of Directors



**Kati ter Horst**  
Member of the Audit Committee



**Eeva Sipilä**  
Chairman of the Audit Committee



**Vesa-Pekka Takala**  
Member of the Audit Committee



**Pierre Vareille**  
Member of the Remuneration Committee



**Julia Woodhouse**  
Member of the Audit Committee

# Outokumpu Leadership Team



**Heikki Malinen**

Chief Executive Officer



**Pia Aaltonen-Forsell**

Chief Financial Officer



**Maciej Gwozdz**

President – Europe



**Kari Tuutti**

President – Long Products



**Olli-Matti Saksi**

President – Americas



**Liam Bates**

Executive Vice President – Supply Chain Management, Europe



**Jan Hofmann**

Executive Vice President – Business Transformation & IT



**Reeta Kaukiainen**

Executive Vice President – Communications and Investor Relations



**Johann Steiner**

Executive Vice President – Human Resources and Organization Development

# Group key financials

Key figures		2019	2018	2017 <sup>3)</sup>	2016	2015
Stainless steel deliveries	1,000 tonnes	2,196	2,428	2,448	2,444	2,381
Sales	€ million	6,403	6,872	6,356	5,690	6,384
Adjusted EBITDA	€ million	263	485	631	309	165
Net result	€ million	-75	130	392	144	86
Return on equity <sup>1)</sup>	%	-2.8	4.8	15.4	6.4	3.9
Return on capital employed <sup>1)</sup>	%	0.8	7.0	11.3	2.6	5.3
Operating cash flow <sup>2)</sup>	€ million	371	214	328	389	-34
Net debt	€ million	1,155	1,241	1,091	1,242	1,610
Gearing	%	45.1	45.1	40.1	51.4	69.1
Capital expenditure <sup>2)</sup>	€ million	221	260	174	164	154
Personnel at the end of the period	headcount	10,390	10,449	10,485	10,977	11,833

1) Key figure definition changed in 2016. Figures for 2015 have been restated. Figures for 2014 have not been restated

2) 2014 presented for continuing operations.

3) Figures for 2017 have been restated due to IFRS 15 adoption. Figures for 2014–2016 have not been restated.

# Balance sheet

Assets (EUR million)	2019	2018
<b>Non-current assets</b>		
Intangible assets	607	585
Property, plant and equipment	2,767	2,659
Investments in associated companies and joint ventures	38	53
Financial assets at fair value	31	86
Derivative financial instruments	5	2
Deferred tax assets	229	247
Defined benefit plan assets	68	72
Trade and other receivables	2	2
<b>Total non-current assets</b>	<b>3,747</b>	<b>3,706</b>
<b>Current assets</b>		
Inventories	1,424	1,555
Investments at fair value	13	13
Derivative financial instruments	15	15
Trade and other receivables	514	640
Cash and cash equivalents	325	68
<b>Total current assets</b>	<b>2,291</b>	<b>2,292</b>
<b>TOTAL ASSETS</b>	<b>6,038</b>	<b>5,998</b>

Equity and liabilities (EUR million)	2019	2018
<b>Equity attributable to the equity holders of the Company</b>	<b>2,562</b>	<b>2,750</b>
<b>Non-current liabilities</b>		
Non-current debt	1,053	798
Derivative financial instruments	-	1
Deferred tax liabilities	12	12
Defined benefit and other long-term employee benefit obligations	335	318
Provisions	85	65
Trade and other payables	29	35
<b>Total non-current liabilities</b>	<b>1,514</b>	<b>1,229</b>
<b>Current liabilities</b>		
Current debt	427	511
Derivative financial instruments	17	20
Provisions	25	5
Current tax liabilities	17	12
Trade and other payables	1,475	1,471
<b>Total current liabilities</b>	<b>1,962</b>	<b>2,019</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,038</b>	<b>5,998</b>

# Share-related key figures

Key figures		2019	2018	2017	2016	2015
Earnings per share <sup>1) 2)</sup>	€	<b>-0.18</b>	0.32	0.95	0.35	0.23
Cash flow per share	€	<b>0.90</b>	0.52	0.79	0.94	-0.08
Equity per share <sup>1) 2)</sup>	€	<b>6.22</b>	6.70	6.59	5.84	5.60
Dividend per share	€	<b>0.10 <sup>3)</sup></b>	0.15	0.25	0.10	-
Dividend yield	%	<b>3.6</b>	4.7	3.2	1.2	-
Price/earnings ratio <sup>1) 2)</sup>		<b>neg.</b>	10.00	8.15	24.31	11.85
Trading price at the end of the period	€	<b>2.81</b>	3.20	7.74	8.51	2.73
Market cap at the end of the period	€ million	<b>1,155</b>	1,312	3,223	3,541	1,138
Number of shares at the end of the period <sup>4)</sup>		411,774,715	410,563,719	412,671,549	413,860,600	415,489,308
Trading volume <sup>5)</sup>	1,000 shares	<b>884,254</b>	826,636	1,021,607	955,682	1,345,515

1) IFRS 16 – Leases has been adopted on January 1, 2019 using the modified retrospective approach. Comparative information has not been restated.

2) Figures for 2017 have been restated due to IFRS 15 adoption in 2018. Figures for 2014–2016 have not been restated.

3) The Board of Directors' proposal to the Annual General Meeting

4) Excluding treasury shares

5) Includes only Nasdaq Helsinki trading



# Cash flow

<b>Key figures</b>		<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Net result for the financial year</b>	€ million	<b>-75</b>	130	392	144
<b>Total adjustments</b>	€ million	<b>330</b>	313	259	134
<b>Change in working capital</b>	€ million	<b>218</b>	-112	-180	307
<b>Provisions, pensions, financial charges and other</b>	€ million	<b>-97</b>	-112	-135	-187
<b>Income taxes paid</b>	€ million	<b>-5</b>	-5	-8	-9
<b>Operating cash flow</b>	€ million	<b>371</b>	214	328	389
<b>Net cash from investing activities</b>	€ million	<b>-65</b>	-229	-63	-81
<b>Cash before financing activities</b>	€ million	<b>306</b>	-14	264	308

# Business area Europe

Key figures		2019	2018	2017	2016	2015
Stainless steel deliveries	1,000 tonnes	1,459	1,547	1,592	1,625	1,578
Sales	€ million	4,089	4,267	4,156	3,767	4,156
of which intra-group	€ million	66	97	81	93	120
Adjusted EBITDA	€ million	216	248	404	295	203
Adjustments to EBITDA	€ million	17	10	-	-26	-25
EBITDA	€ million	233	259	404	270	177
Adjusted EBIT	€ million	82	134	281	143	38
Depreciation and amortization	€ million	-134	-114	-123	-160	-165
Capital expenditure	€ million	44	76	70	81	85
Operating capital	€ million	1,901	1,934	1,848	1,808	2,061
Personnel at the end of period	headcount	6,753	6,806	6,748	7,038	7,394

# Business area Americas

Key figures		2019	2018	2017	2016	2015
<b>Stainless steel deliveries</b>	1,000 tonnes	<b>601</b>	762	742	690	533
<b>Sales</b>	€ million	<b>1,346</b>	1,715	1,546	1,325	1,214
<b>of which intra-group</b>	€ million	<b>3</b>	45	33	21	37
<b>Adjusted EBITDA</b>	€ million	<b>-27</b>	-5	21	-27	-120
<b>Adjustments to EBITDA</b>	€ million	<b>-</b>	-	-	21	-17
<b>EBITDA</b>	€ million	<b>-27</b>	-5	21	-6	-136
<b>Adjusted EBIT</b>	€ million	<b>-84</b>	-56	-31	-81	-200
<b>Depreciation and amortization</b>	€ million	<b>-56</b>	-51	-52	-54	-80
<b>Capital expenditure</b>	€ million	<b>20</b>	18	18	17	19
<b>Operating capital</b>	€ million	<b>914</b>	1,084	1,072	1,127	1,279
<b>Personnel at the end of period</b>	headcount	<b>1,934</b>	1,991	2,094	2,219	2,265

# Business area Long Products

Key figures		2019	2018	2017	2016	2015
Stainless steel deliveries	1,000 tonnes	226	285	264	245	213
Sales	€ million	642	740	591	487	551
of which intra-group	€ million	137	220	186	153	162
Adjusted EBITDA	€ million	-7	25	16	-1	10
Adjustments to EBITDA	€ million	-	-	-	19	-
EBITDA	€ million	-7	25	16	18	10
Adjusted EBIT	€ million	-16	18	10	-8	2
Depreciation and amortization	€ million	-8	-6	-7	-7	-8
Capital expenditure	€ million	18	30	8	8	7
Operating capital	€ million	157	179	113	139	151
Personnel at the end of period	headcount	883	892	584	628	658

# Business area Ferrochrome

Key figures		2019	2018	2017	2016	2015
Ferrochrome production	1,000 tonnes	505	497	415	469	457
Sales	€ million	461	542	610	371	410
of which intra-group	€ million	293	345	483	269	295
Adjusted EBITDA	€ million	96	210	217	80	107
Adjustments to EBITDA	€ million	-	-	-	-0	-
EBITDA	€ million	96	210	217	80	107
Adjusted EBIT	€ million	67	179	187	48	76
Depreciation and amortization	€ million	-29	-30	-29	-29	-31
Capital expenditure	€ million	103	79	34	20	21
Operating capital	€ million	692	640	648	617	634
Personnel at the end of period	headcount	472	441	437	426	428

# 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.