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Strengthening Outokumpu’s position in the U.S.

Tamara Weinert, President, business area Americas

Pia Aaltonen-Forsell, CFO

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Diligent strategy execution combined with industry-leading strong balance sheet enables us to strengthen our position in the U.S.

Pia Aaltonen-Forsell, CFO

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Focus on growth in strategy phase 3

Phase 1:
Strengthen the balance sheet
2021–2022

Margin improvement and de-leveraging the balance sheet

Phase 2:
Strengthen the core
2023–2025

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

Phase 3:
Strong sustained performance
2026–

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

Capital discipline and strong shareholder returns

Sustainability

OUR VISION
Customer's first choice in sustainable stainless steel

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Our strong balance sheet will allow us to start investing in growth while we remain committed to our dividend policy

Strong balance sheet and reduced risk profile

Net debt EUR -9 million
(EUR 1,155 million in 2019*)

Net debt / adj. EBITDA 0.0x
(4.4 in 2019*)

Moody's credit rating Ba2
(B2 in 2019*)

Significant EBITDA run-rate improvement

Strategy phase 1
(2020-2022):
EUR 260 million

Strategy phase 2
(2022 -):
EUR 82 million

Core of the company strengthened

Successful exit from long products business

Streamlined organization with improved ways of working and continuous focus on cost & capital discipline

All numbers refer to the situation at the end of Q2 2023

*Strategy launched in November 2020

As part of our strategy phase 3 considerations, we are evaluating options to develop our business in the long-term

- Stainless steel is a cyclical industry, and we are now in a weaker part of the cycle
- We are looking beyond the cycle when evaluating long-term strategic options to develop our business
- Our resilience has increased significantly, and we are able to withstand changing conditions
- Normalized annual EBITDA €500-600 million

Deglobalization is under way – strengthening our position in the U.S. gives us a more geopolitically diverse asset portfolio

China

+ Growth (slowing down)

- Population decline
- Unemployment
- Export driven economy

EU

+ Energy transition

- Ukrainian war
- Germany's competitiveness
- Population decline

U.S.

+ Inflation reduction act
+ Supportive trade policies
+ Population growth

Mexico

+ Nearshoring
+ Recent tariffs

Outokumpu is in a unique position to take advantage of the growth opportunities in the U.S. and Mexico

We are in a good position to grow and capture our share of the favorable and undersupplied North American market

Tamara Weinert,
President, business area Americas

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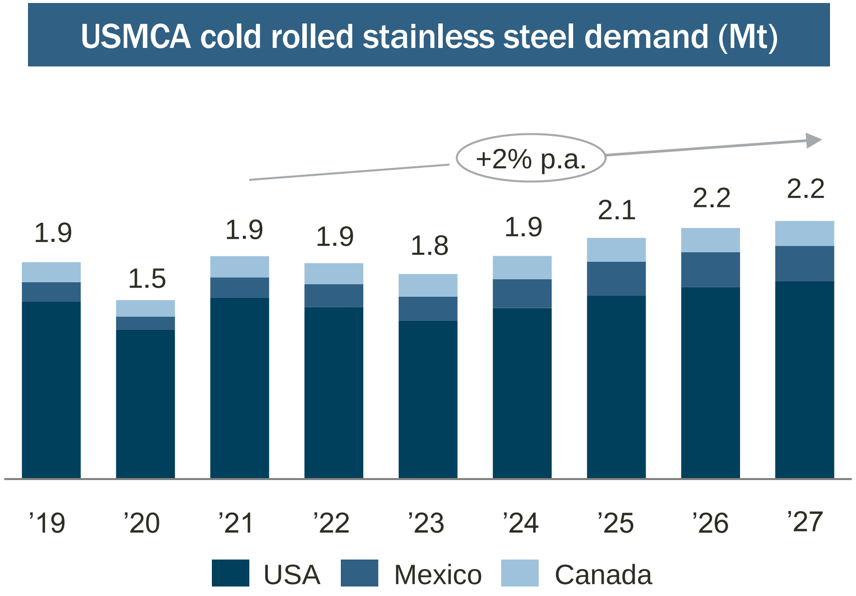
USMCA stainless steel market is highly attractive and an increasingly undersupplied market...



- **Supply shortage in USMCA** of ~400kt in a normalized market currently, expected to increase in the next decade to ~720kt*
- Local producers benefit from policies focused on strengthening U.S. industry, such as Section 232 tariffs and anti-dumping and countervailing duties

Source: CRU Stainless Steel Market Outlook, May 2023

*Includes the impact of the already publicly announced capacity increases by Outokumpu and peers

… with a favorable regulatory environment and future growth opportunities

- Inflation Reduction Act
- Build America, Buy America Act
- Chips and Science Act
- US Infrastructure Bill
- The United States-Mexico-Canada Agreement (USMCA)
- Section 232 tariffs

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Mexico is the leader in nearshoring for the U.S. – we are in a unique position as the only stainless producer in Mexico

Mexico surpassed China as the #1 trade partner of the U.S. at the beginning of 2023*

- Since 2018 China has lost over eight percentage points of its share of U.S. imports – Mexico has increased its share from 13% in 2018 to 16% in Q1 2023.
- According to estimations, Mexico has the potential to replace 10–25% of the trade flow that goes from China to the U.S.
- New investments driven by nearshoring could boost Mexico's annual GDP growth to ~3% in 2025 to 2027.

Geographical and trade advantages

- Favorable regulatory environment; section 232 tariff free, 301 tariff exception, commodity costs, tax rates.
- Mexican government has taken recent actions to better protect its borders against low cost/ high polluting imports.

- Mexico has a 2,000-mile border with the U.S., which provides multiple opportunities for the shortest possible transport times to U.S. manufacturers and consumers.

* U.S. Census Bureau

We are well placed to invest in growth

Outokumpu is the second largest stainless steel producer in the U.S. with two production facilities in North America

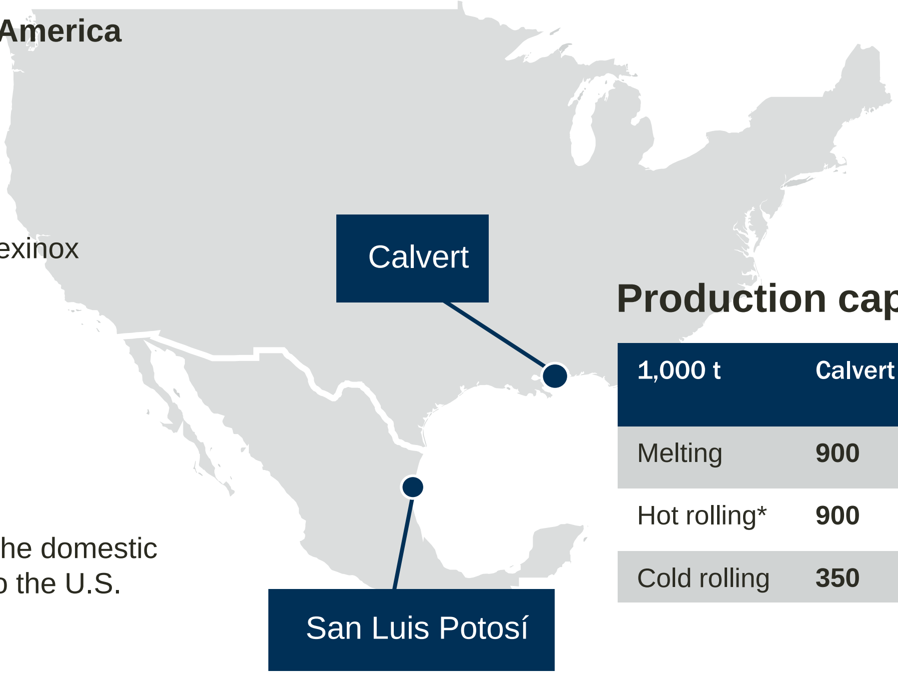
Outokumpu production sites in North America

Calvert, Alabama, U.S.

- Comprehensive product portfolio
- Most technically advanced mill in the U.S.
- Feeds hot rolled and cold rolled coils to Mexinox
- Produces austenic and ferritic grades, and has started duplex development

San Luis Potosí, Mexico

- Cold rolling mill specialized in ferritic stainless steel grades
- Only stainless steel mill in Mexico serving the domestic market as well as supplying ferritics back to the U.S.



Production capacity

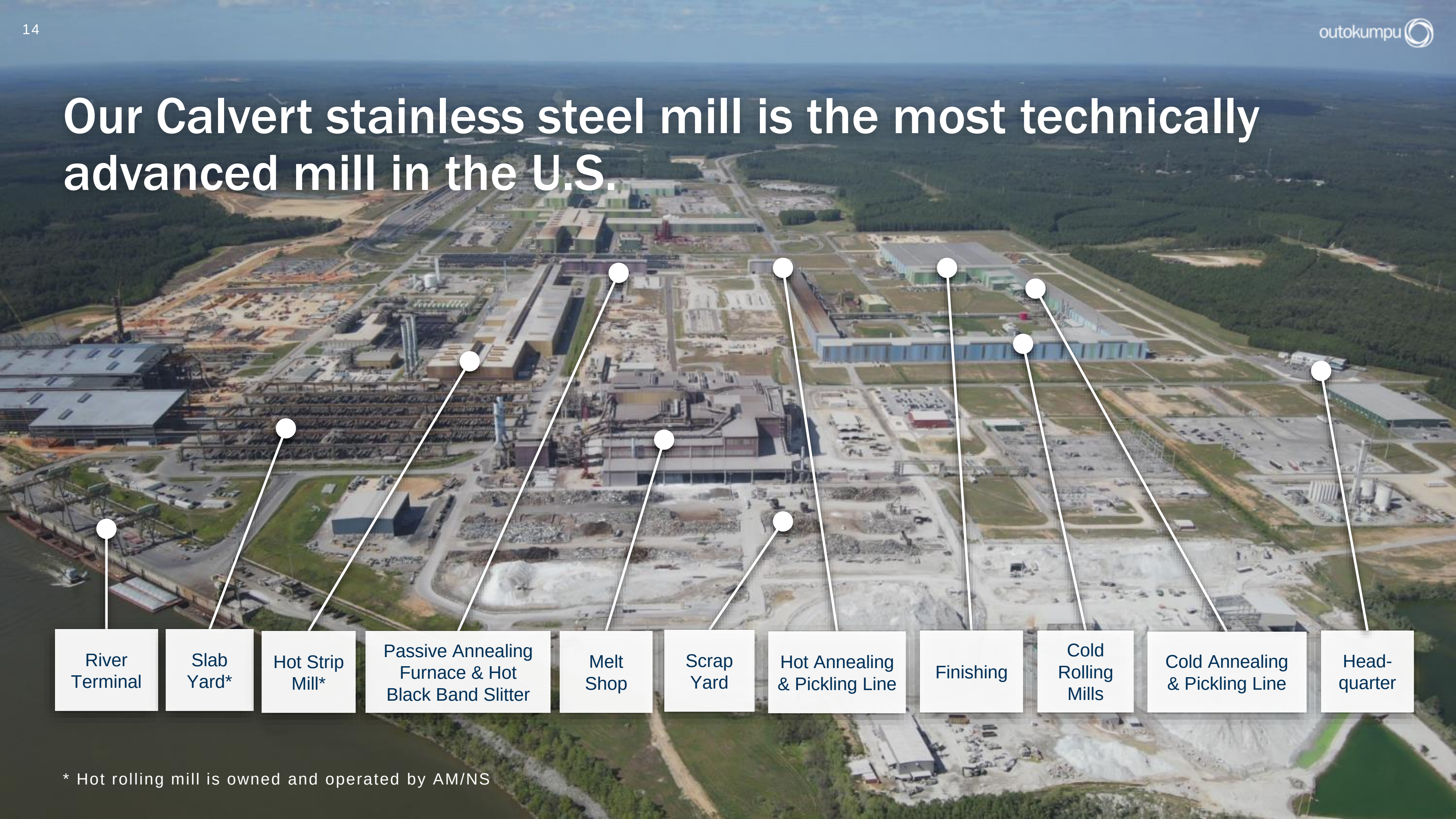
1,000 t	Calvert	San Luis Potosí
Melting	**900**	
Hot rolling*	**900**	
Cold rolling	**350**	**250**

*Capacity currently available to Outokumpu from the hot rolling mill owned and operated by AM/NS
Business area Americas delivers approx. 15-20% of its total deliveries as white hot band

Calvert is a modern stainless steel site with a competitive cost structure

Trusted supplier in one of the strongest markets in the world	Efficient, reliable and cost competitive production	Secured and sustainable supply chain incl. scrap	High performing and flexible work force

Our Calvert stainless steel mill is the most technically advanced mill in the U.S.

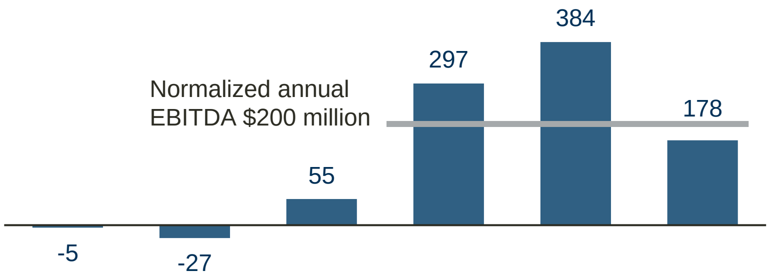


* Hot rolling mill is owned and operated by AM/NS

As a result of successful operational and commercial improvements, we have created a base for sustainable profits in business area Americas

Business area Americas' development

EBITDA (€ million)



	2018	2019	2020	2021	2022	H1/ 2023
EBITDA (€ million)	-5	-27	55	297	384	178
Deliveries (kt)	762	601	588	742	654	289
Headcount	2,061	2,010	1,880	1,895	1,785	1,784

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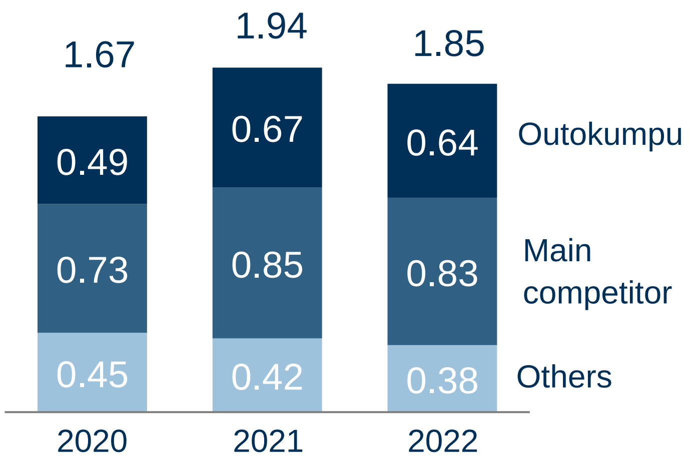
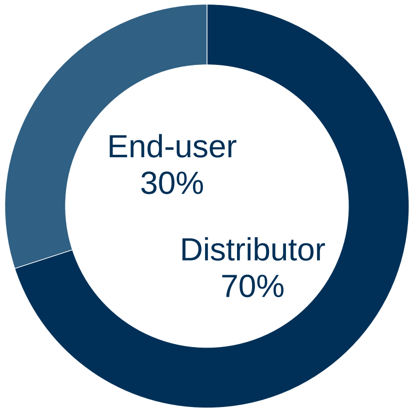
Outokumpu is a strong #2 in North America and well positioned to serve distributor and end-user customers

- Distributor focused market in the U.S complements Outokumpu's asset structure
- Supply contract structure relies heavily on frame contracts
- Our pricing in the North American market is based on a base price + alloy surcharge mechanism

U.S. flat stainless steel cold rolled production volumes (Mt)



Business area Americas sales split per customer segment (kt)



American Iron & Steel institute, StatsCan, Canacero Source: CRU, SMR

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In strategy phase 2, we increase our cold rolling capacity by 80kt with small investments

Phase 2 productivity improvements

2022	2023	2024	2025	
	30kt	50kt	80kt	**Cumulative volume increase**

Calvert investments	De-bottleneck Calvert with productivity investments
Mexinox investments	Increase Mexinox cold rolling capacity with a series of focused investments
Manufacturing excellence	Improve yield and reduce Cold Annealing and Pickling Line speed & availability loss
Sales product mix improvement	Focus on optimized mix for mill productivity and margin generation

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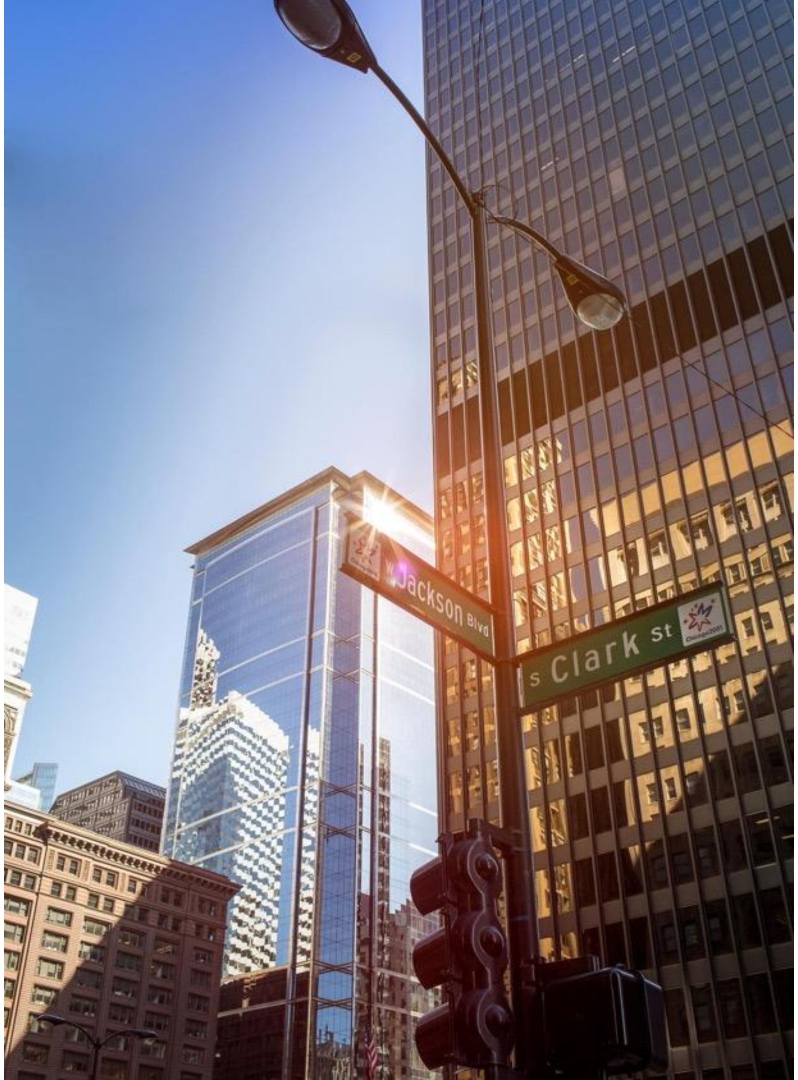
We are ready to shift our focus towards growth



Feasibility study ongoing: we are exploring options for our hot rolling arrangements and cold rolling capacity expansion to achieve our commercial ambitions in North America

Hot rolling

- Outokumpu is exploring different options to reorganize its hot rolling in the U.S.
- One option under consideration is to build our own hot rolling mill to further enhance the current set-up with external partner and enable growth
- The existing hot rolling mill in Calvert is owned and operated by an external partner AM/NS*, the partnership is considered a critical supplier dependency by Outokumpu

Cold rolling

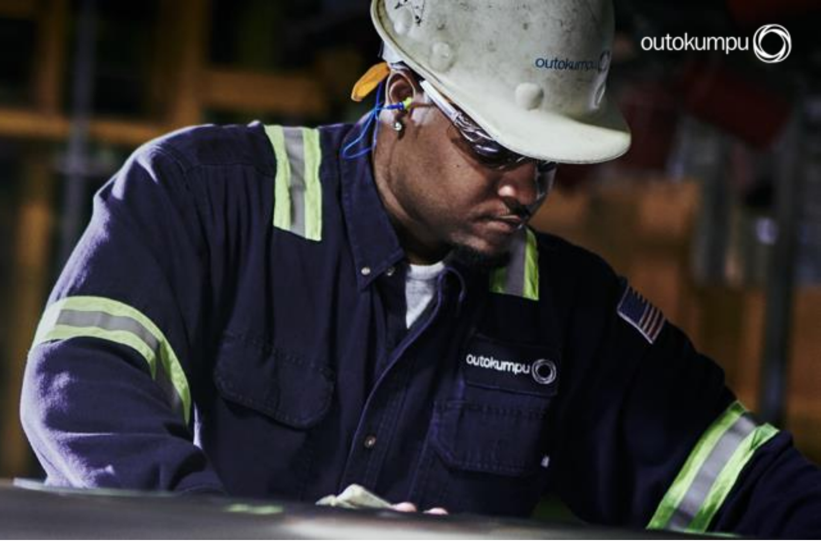
- We are seeking to increase our existing cold rolling capacity in the U.S.
- Currently, Outokumpu has ~600kt of cold rolling capacity in the U.S. and Mexico, and already aims to increase capacity by 80kt as part of strategy phase 2

*under an agreement valid until 2036 unless earlier terminated by either party with 36 months' notice. The earliest effective date of termination of the agreement is October 1, 2026.

Building our own hot rolling mill would enable long-term growth, provide flexibility, and generate efficiencies and cost savings

Criteria	Current set-up, hot rolling contract with an external service provider	Investing in our own hot rolling mill
Cash conversion cost	Fee according to the contract	Internal cost lower than the current hot rolling fee
New products	According to the contract	Flexibility to expand portfolio
Production planning	According to the contract	More suited towards Outokumpu’s needs
Capex	None	Estimated to be approximately $1bn
Net working capital	Requires buffer inventory	Enables more efficient inventory management
Future readiness for possible cold rolling capacity expansion	The contract only covers 900kt	Own hot rolling mill would provide us flexibility to increase capacity

The details of the hot rolling contract with AM/NS can not be disclosed due to confidentiality clause.



Possible investment is about further enhancing the current set-up and enabling long-term future growth for Outokumpu in North America

- Good readiness to make an investment decision

- Strong support from our core banks, various financing options under review
- Positive customer response

- Practical preparations proceeding
  - Suitable space inside our Calvert site
  - Air permit application in process
  - Initial OEM* contracts in place
  - Pre-engineering is ongoing

*Original equipment manufacturer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Thank you!
Questions &
Answers