



Outokumpu is ready to take full advantage of the next market upturn

Outokumpu Q2 2024 results

Heikki Malinen, President & CEO

Marc-Simon Schaar, CFO

August 8, 2024

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Good profitability improvement from the first quarter, driven by business area Europe

Heikki Malinen, President & CEO

Gradual market recovery in Europe continued while the market environment in the Americas softened

Adjusted EBITDA totaled
EUR 56 million
in the second quarter of
2024

- Market environment in Europe remains challenging despite continued gradual recovery since Q3 2023
- Stainless steel deliveries increased from the previous quarter in both business areas
- Temporary operational challenges in business area Americas
- Scrap market remained tight throughout the quarter and impacted negatively profitability
- The recent political strike in Finland had approx. EUR 30 million negative impact in Q2 2024 - same as in Q1 2024

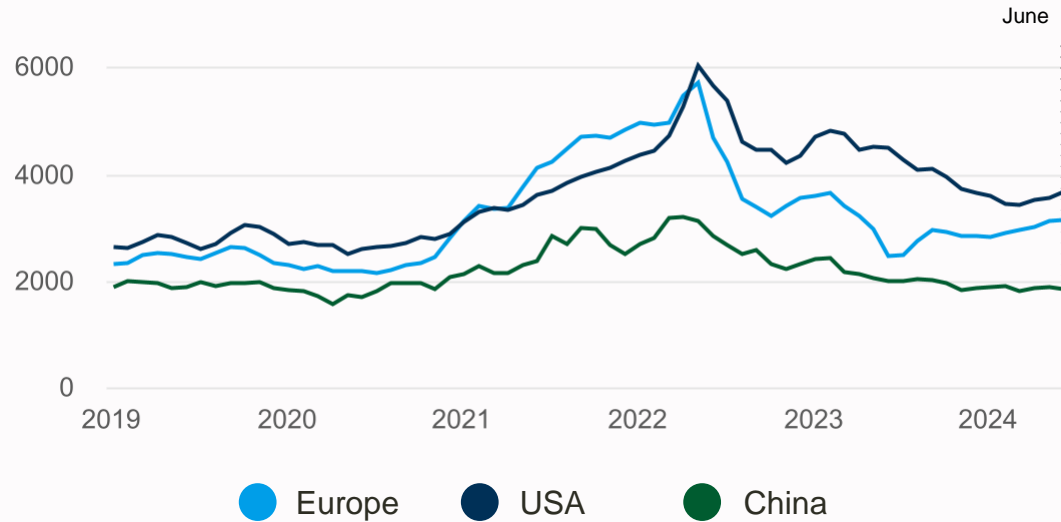
We are the market leader in Europe, and accelerate actions to strengthen our position

- Challenging market situation in Europe requires accelerated efforts to strengthen cost competitiveness
- Targeting cost savings and optimization of the commodity stainless steel production in Tornio, Finland and Krefeld, Germany
- Tornio mill is the most cost-efficient mill in Europe and designed for high volume production
- Intention to further leverage our long-term structural advantage of clean and price competitive energy in the Nordics



Stainless steel prices gradually strengthened in Europe during Q2 2024

Transaction prices 304 stainless, USD/tonne*



Nickel LME cash, USD/tonne

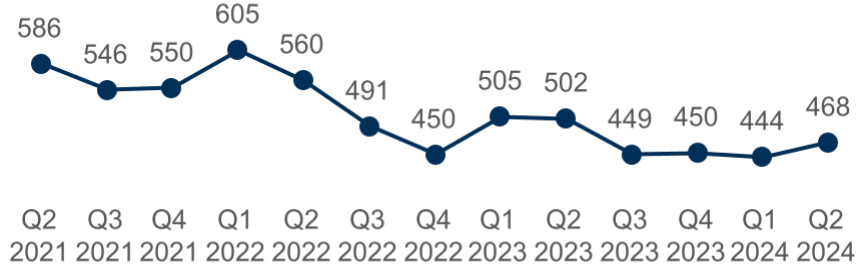


Source: CRU Stainless Steel Flat Products Monitor June 2024
Nickel: London Metal Exchange (LME) Nickel Cash Official
Stainless transaction prices 304 monthly figures, nickel quarterly figures

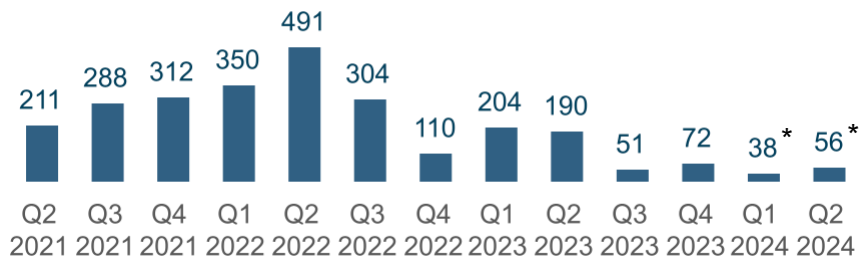
*EUR/USD FX rate impacting USD transaction prices

Operations normalized after the long political strike with a total negative impact of EUR 60 million in the first half of 2024

Deliveries, kt

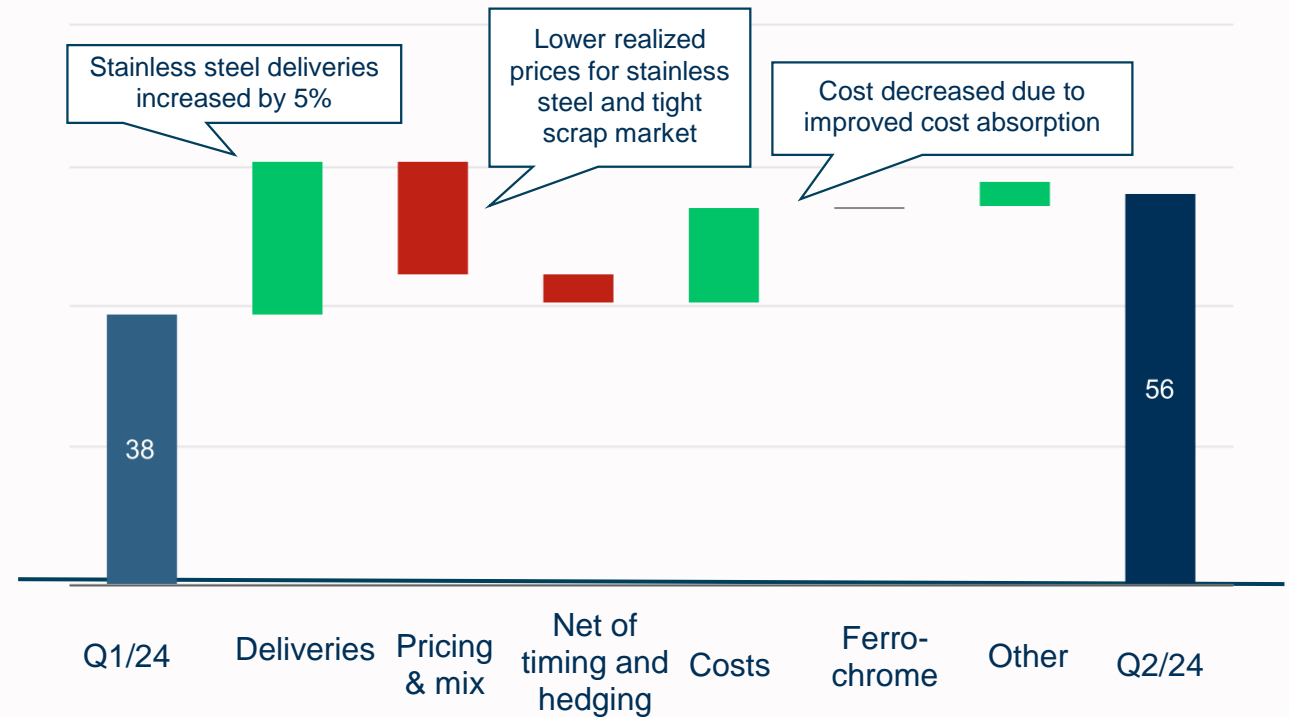


Group adjusted EBITDA, EUR million



* Negative financial impact of EUR 30 million both in Q1/24 and Q2/24 due to the political strike in Finland

Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



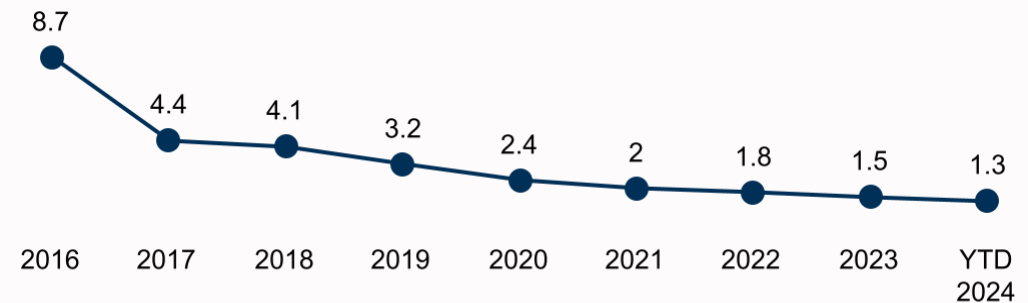
1) Indicative columns based on management estimates

High recycled material content supporting decarbonization

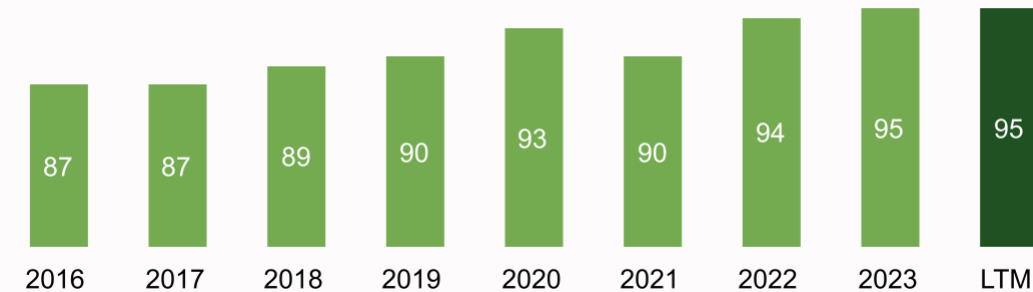
- Safety performance was strong in the second quarter and improved from the previous year
- Recycled material content remained all-time high of 95%
- Energy efficiency initiatives delivering results - cumulative run-rate improvement 347 GWh representing 56% of the target
- Outokumpu received ResponsibleSteel certification for its European sites and an equal pay certification
- Outokumpu was ranked among top 50 companies in the world on The Corporate Knight's Clean200 rating*

* Outokumpu reached the highest place in the stainless steel industry and the Finnish companies. The ranking rates companies capturing the green transition in full flight, cataloguing the publicly traded companies that are leading clean economy solutions and earning the most from sustainable sources.

Safety performance, TRIFR



Recycled materials, %



TRIFR = Number of total recordable incidents per million working hours 2021 and 2022 numbers include only continuing operations
 Recycled material content is 12 month rolling average, LTM = last 12 months



Smart capital allocation enables strong shareholder returns

Marc-Simon Schaar, CFO



Strong liquidity position and net debt remained low

- Net debt EUR 97 million, increase driven by the EUR 110 million dividend payment and new leasing liabilities
- Cash and cash equivalents EUR 340 million, total liquidity reserves EUR 1.1 billion
- Annual capex frame EUR 220 million, in line with the announced EUR 600 million capex frame for strategy phase 2 for years 2023–2025
- Shareholder returns remain a high priority

Strategy phase 2 for years 2022–2025: initial improvement of EUR 200 million achieved ahead of schedule

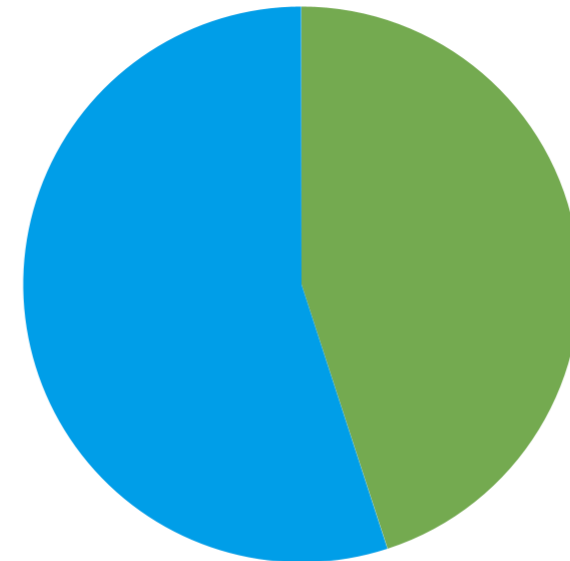
Commercial

- Focus on growing high-margin advanced materials business and a geographic expansion to the U.S. and APAC
- In Americas, quality reworking of material reduced through data-driven approach

Cost savings

- Improved raw material and alloy efficiency in the commodity stainless steel
- Web shops to sell excess and 2nd choice material to customers
- Yield improvements
- Increased use of rail transport in the U.S.
- Ferrochrome fine concentrating plant expansion

Initial EBITDA run-rate improvement target (EUR 200 million)



 Cost savings  Commercial

Strategy phase 2: targeting further EUR 150 million profit improvements by the end of 2025

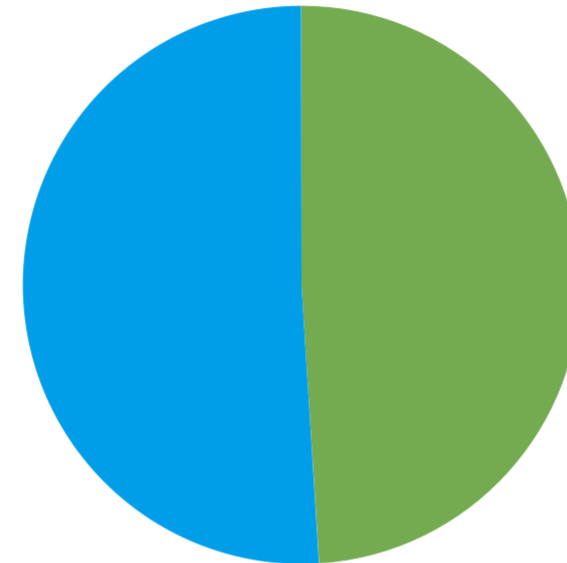
Commercial

- Commercialization of new products for advanced materials portfolio and further expansion in U.S. and APAC
- Green premium for low-emission offerings
- Expansion of web shop and customer portals
- Commercialization of unlocked cold-rolling capacity in both business areas

Cost savings

- Improved raw material efficiency in the stainless steel specialty grades production
- Synergies from centralizing advanced materials production in Germany and closing Hockenheim coil service center
- Sub-level caving mining method ramp-up in business area Ferrochrome
- Savings from energy efficiency projects

EBITDA run-rate target increase (EUR 150 million)



 Cost savings  Commercial

Good progress towards the EBITDA run-rate improvement target

Transformation journey

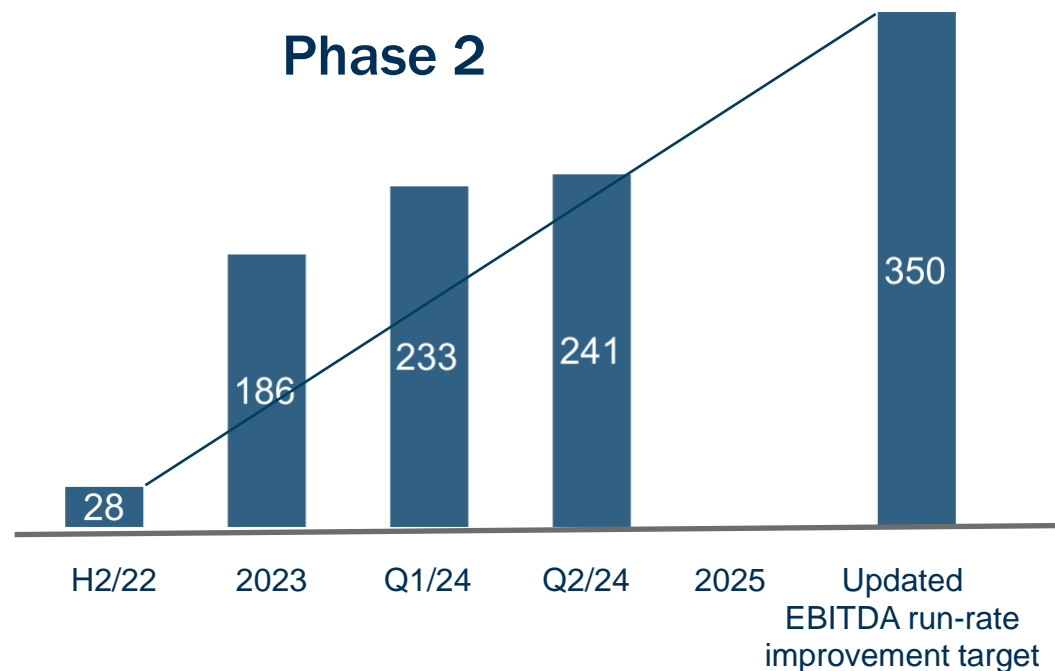
Phase 1

EBITDA run-rate improvement target:

EUR 250 million

Actual improvement:

EUR 260 million

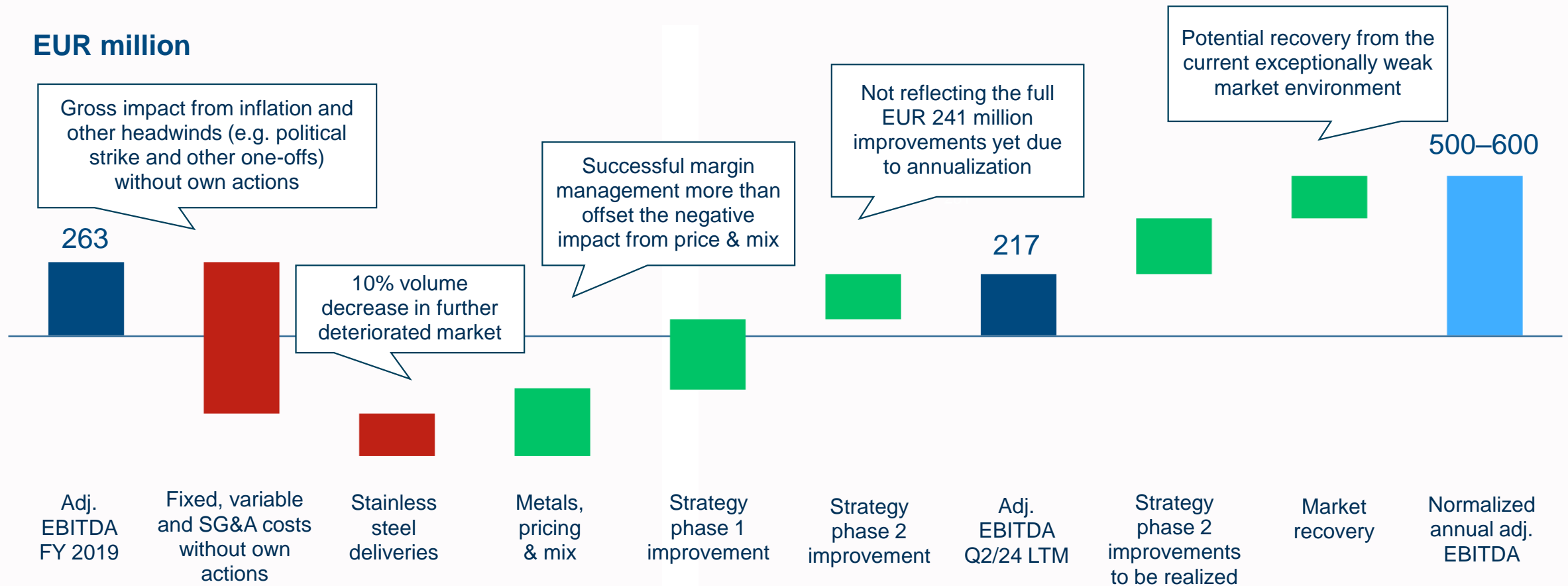


Gross annualized EBITDA run-rate improvement, EUR million

Realized
 Illustrative plan
 Updated target

- EUR 8 million EBITDA run-rate improvement reached in Q2 2024, driven by actions in business area Europe and Americas
- Successful introduction of advanced material for components in electric vehicle battery packs
- Yield improvements and reduction of quality-related losses
- Increased use of railway transportation from Mexico improves both cost and sustainability position

Normalized adjusted EBITDA level remains at EUR 500–600 million with own profit improvement actions



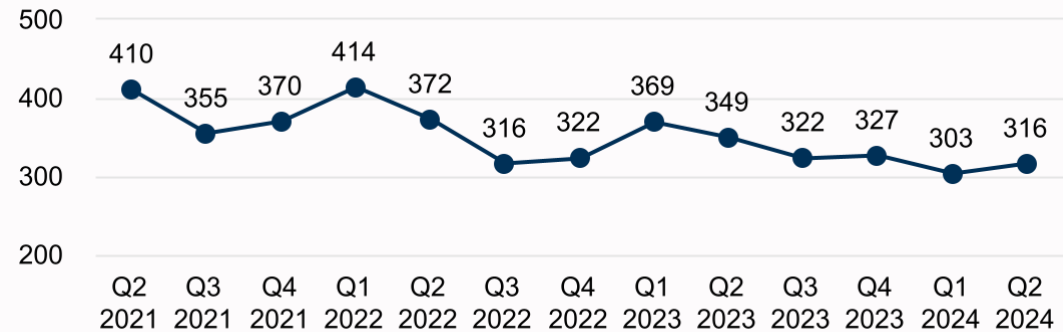
1) Indicative columns based on management estimates

BA Europe

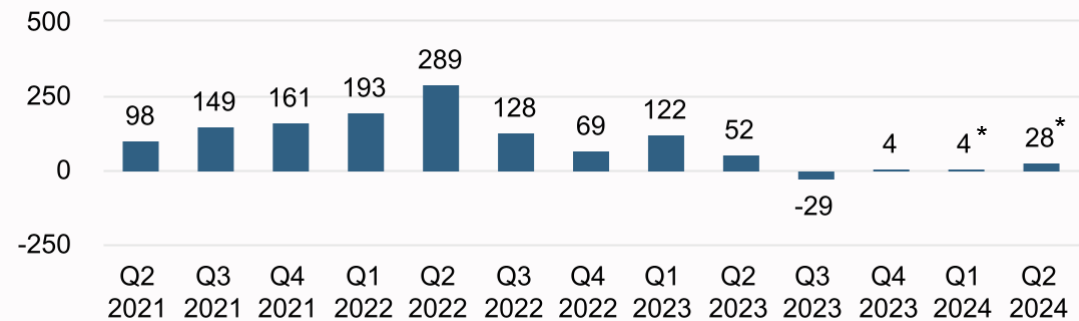
Gradual market recovery continued while the negative impact from tight scrap market was offset through efficient procurement

- Negative EUR 40 million impact in H1 2024 due to the political strike in Finland
- Distributor inventory levels were low during Q2 and supply availability was limited by industry strikes
- Operating environment remains challenging requiring accelerated actions

Europe's stainless steel deliveries, 1,000 tonnes



Europe's adjusted EBITDA, EUR million



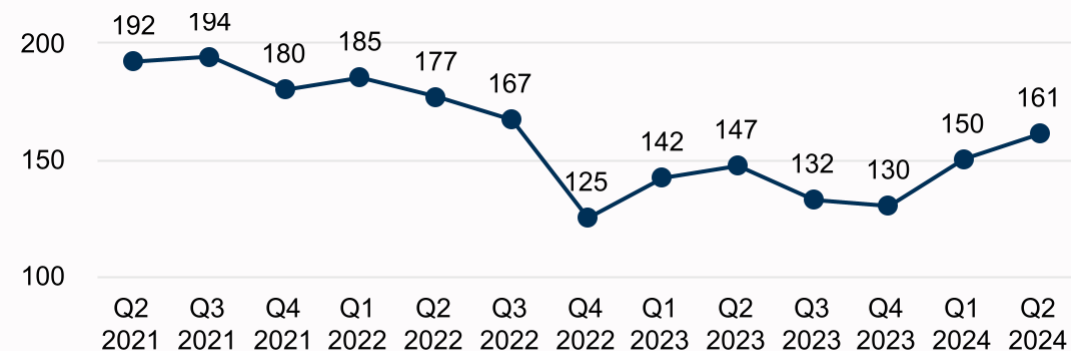
* Negative financial impact due to the political strike in Finland

BA Americas

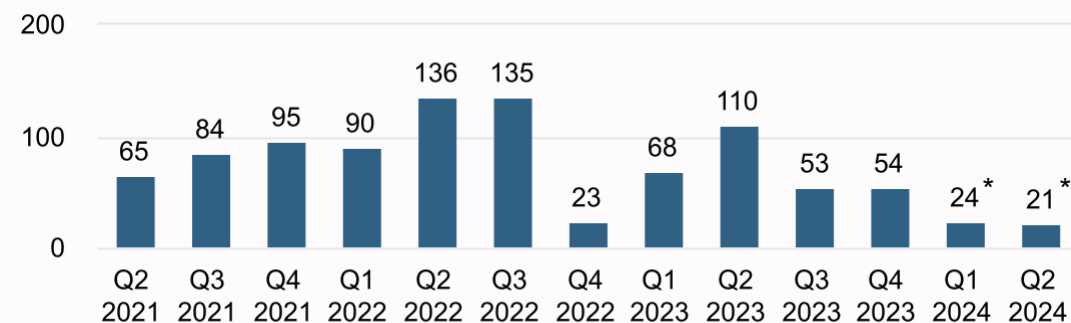
Stainless steel deliveries increased while profitability was negatively impacted by tighter scrap market and temporary operational challenges

- Negative EUR 10 million impact in H1 2024 due to the political strike in Finland
- Renewed hot rolling agreement with AM/NS came into effect on January 1, 2024, higher tolling fee impacting profitability
- Imports into Mexico are disrupting the regional supply demand balance
- Long-term view on the U.S. market remains highly positive

Americas' stainless steel deliveries, 1,000 tonnes



Americas adjusted EBITDA, EUR million



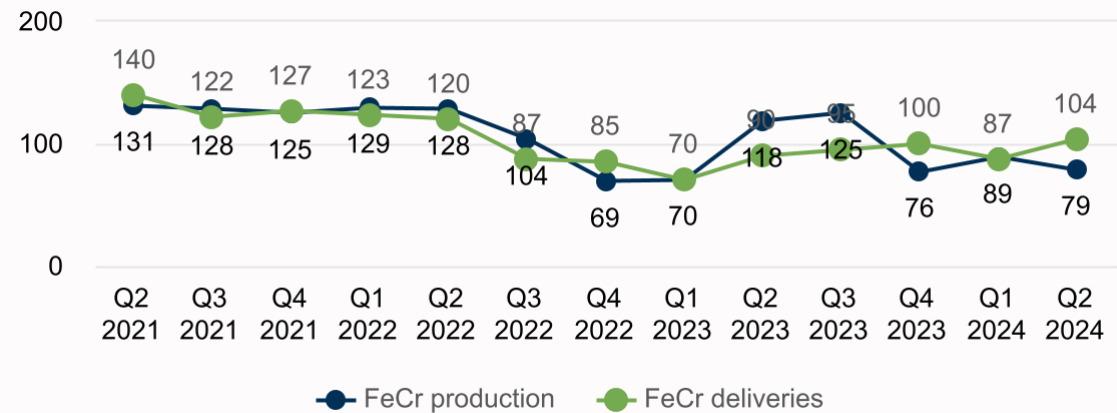
* Negative financial impact due to the political strike in Finland

BA Ferrochrome

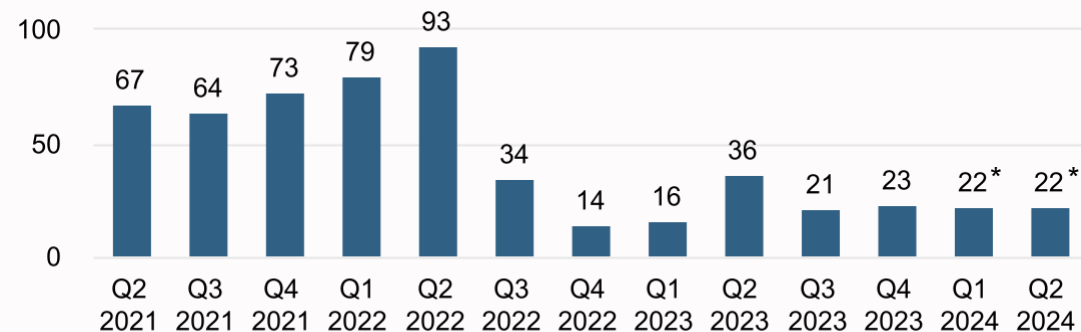
Solid result despite decrease of production due to the temporary closure of one of the three ferrochrome furnaces due to a weak market demand

- Negative EUR 10 million impact in H1 2024 due to the political strike in Finland
- The ferrochrome market started to pick up in the beginning of the year and strengthened further during Q2
- One of the ferrochrome furnaces will remain closed until fall 2024

Ferrochrome, 1,000 tonnes



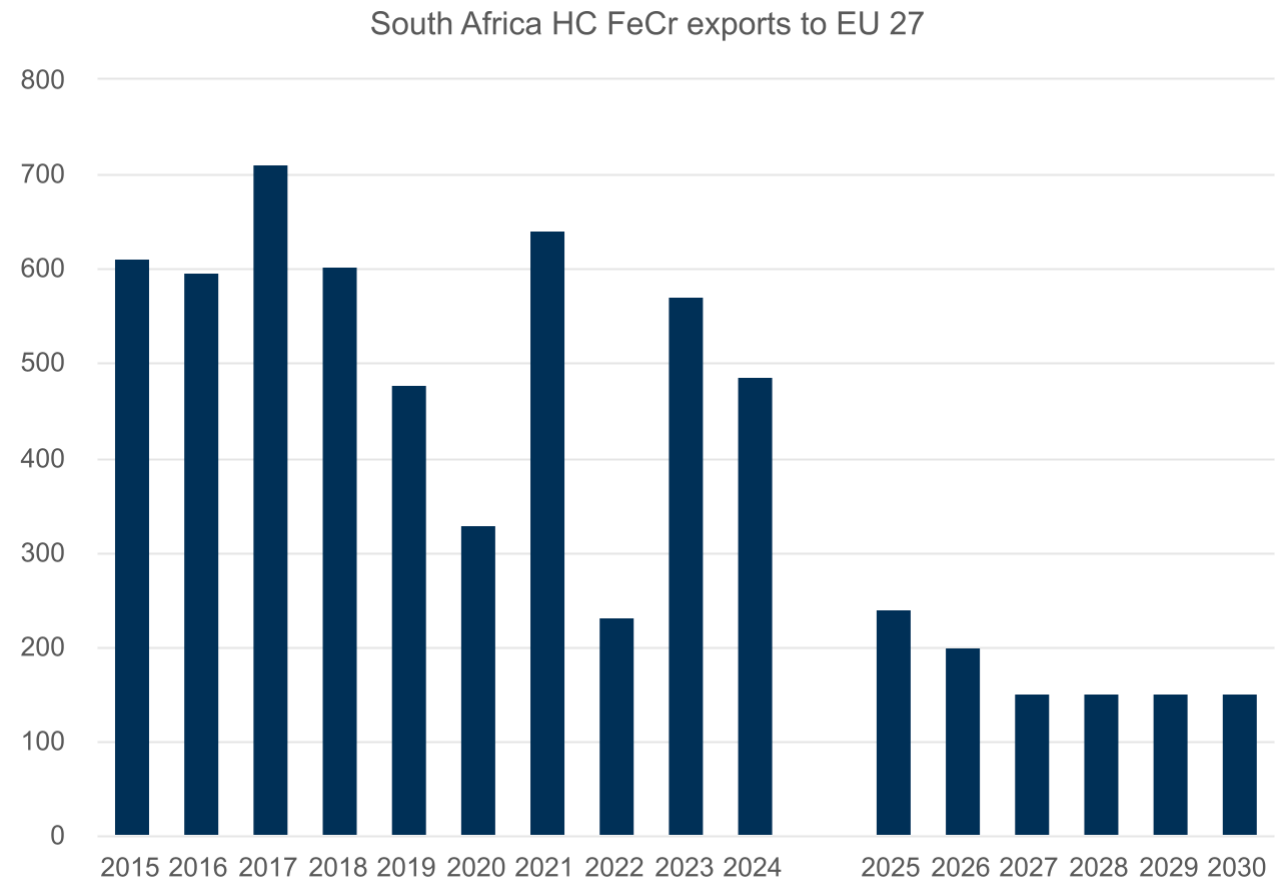
Ferrochrome's adjusted EBITDA, EUR million



* Negative financial impact due to the political strike in Finland

Outokumpu's position expected to strengthen within ferrochrome

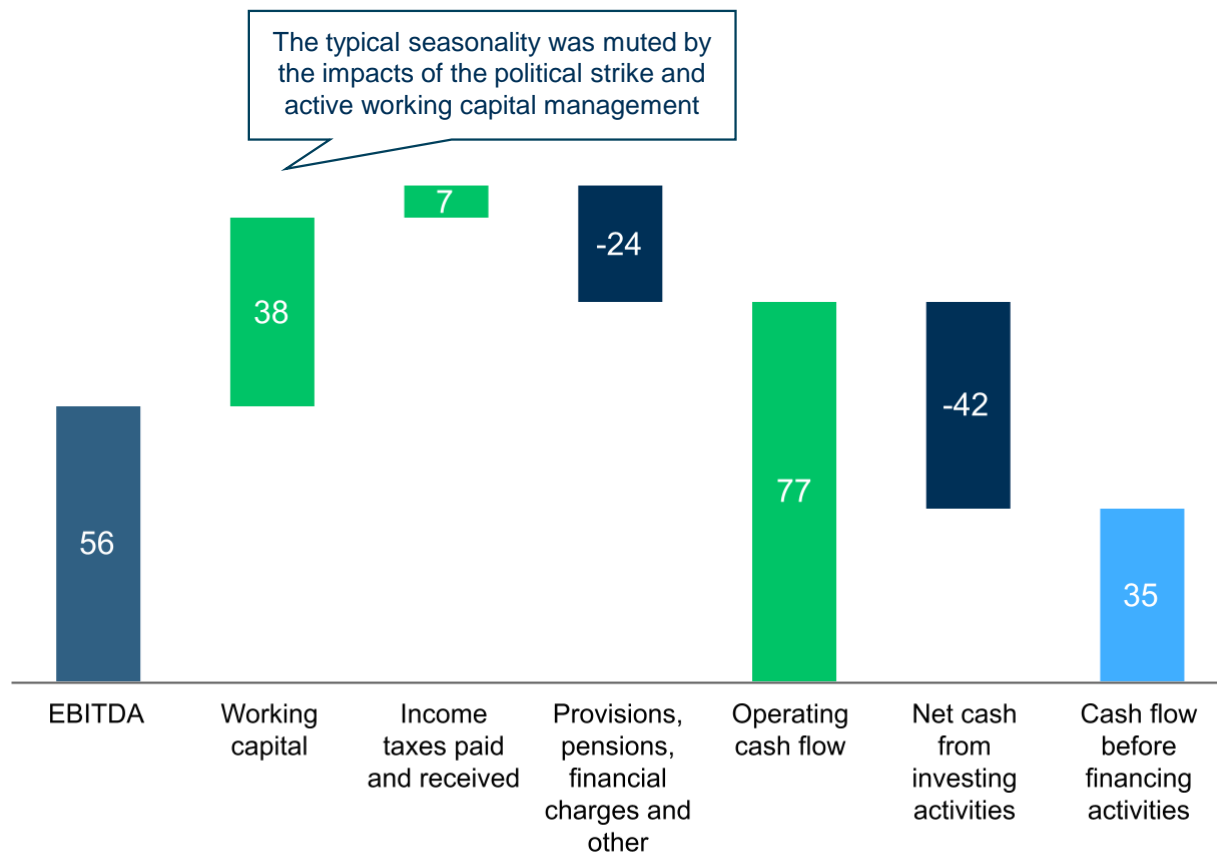
- Imports into Europe expected to decrease due to CBAM and reduced capacity in South-Africa
- Strong position within CBAM is due to our own ferrochrome production with
 - 67% lower carbon footprint compared to the global average
 - plans to further reduce scope 1 emissions by replacing fossil coke by biocoke
- Our production is ~3% of the global production
- South-Africa produces ~60% of the global chrome ore, of which over 90% is exported to China and processed into ferrochrome
- China is the biggest ferrochrome producer globally with ~50% market share



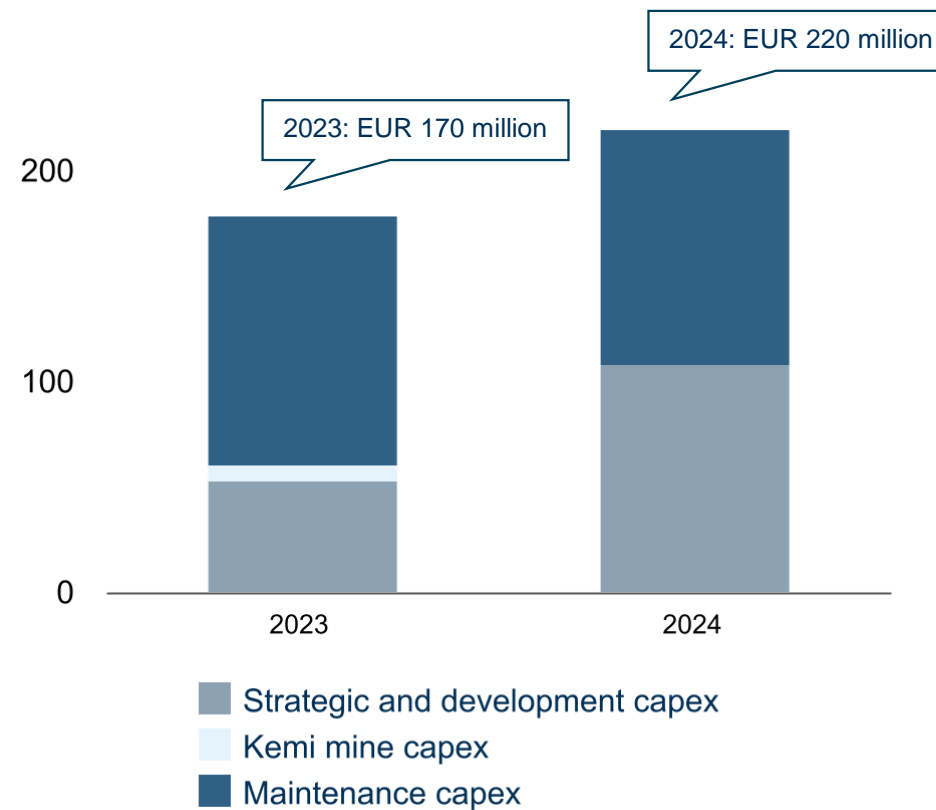
Source: ProjectBlue

Active working capital management resulted in a positive cash flow

Q2/24 cash flow
EUR million



Capex frame EUR 600 million for years 2023–2025





Preparing for the market upturn while keeping our financial position strong

Heikki Malinen, President & CEO



Opportunities and uncertainties

Opportunities

- Strong U.S. fiscal stimulus
- Strengthening market recovery in Europe
- Distributor inventories remain low, re-stocking?
- Green transition investments on the horizon
- Improved position within ferrochrome due to CBAM

Uncertainties

- U.S. elections
- Timing of rate cuts in the U.S. and Europe
- War in Ukraine and other geopolitical tensions
- Recovery of the Chinese economy

Outlook for Q3 2024

Group stainless steel deliveries in the third quarter are expected to remain stable compared to the second quarter.

Slow market recovery in Europe is expected to continue while the market environment for business area Americas is expected to remain soft.

The scrap market is expected to remain tight.

With the current raw material prices, some raw material-related inventory and metal derivative gains are forecasted to be realized in the third quarter

Guidance for Q3 2024:

Adjusted EBITDA in the third quarter of 2024 is expected to be at a similar or higher level compared to the second quarter.



Focus on shareholder value

- Efficient global asset base
- Leader in sustainable stainless steel
- Smart capital allocation
- Strongest balance sheet in the industry
- Long-term shareholder returns



Thank you! Questions & answers



Our ambition in sustainability has been globally recognized



Political strike in Finland pushed down adjusted EBITDA by EUR 60 million in the first half of 2024

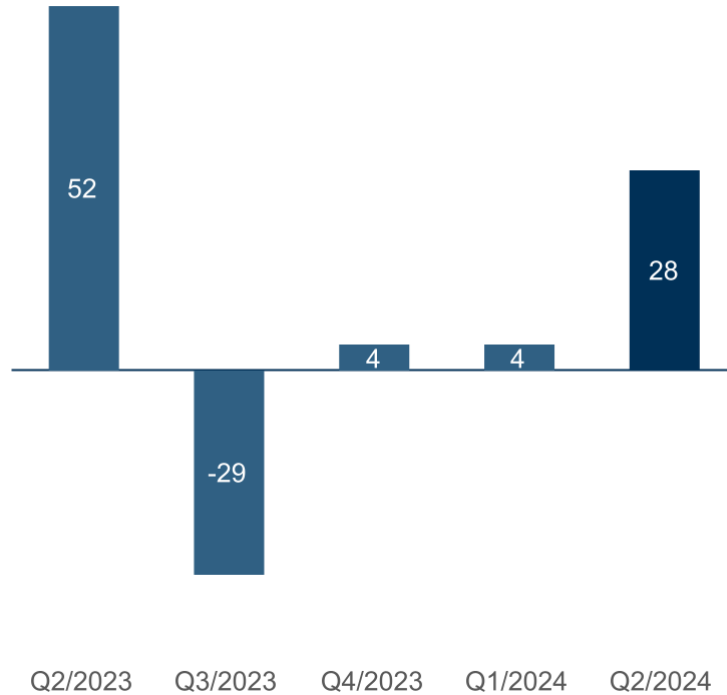
Q2 2024 financials

- Adj. EBITDA EUR 56 million
- Net result EUR -5 million
- Earnings per share EUR -0.01
- ROCE -8.7%, negatively impacted by the significant impairment related to the renegotiated hot rolling contract in business area Americas

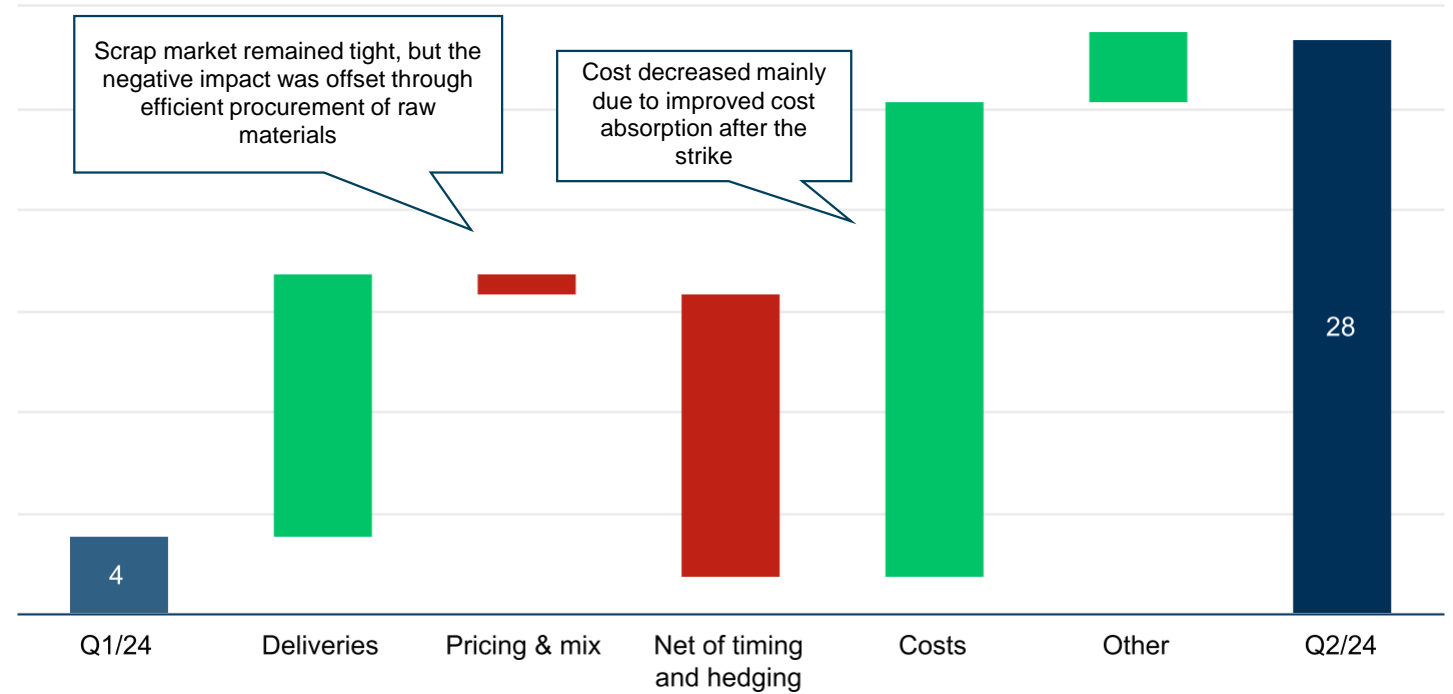
Key figures		Q2 2024	Q2 2023	Q1 2024	2023
Sales	EUR million	1,540	1,911	1,479	6,961
EBITDA	EUR million	56	185	37	416
Adjusted EBITDA	EUR million	56	190	38	517
EBIT	EUR million	1	124	-19	-100
Adjusted EBIT	EUR million	1	129	-17	274
Result before taxes	EUR million	-7	119	-29	-133
Net result	EUR million	-5	89	-23	-111
Earnings per share	EUR	-0.01	0.21	-0.05	-0.26
Return on capital employed, ROCE	%	-8.7	11.4	-5.7	-2.1
Capital expenditure	EUR million	37	38	59	170
Free cash flow	EUR million	35	-2	-26	290
Stainless steel deliveries	1,000 tonnes	468	502	444	1,906
Net result for the period from all operations incl discontinued operations	EUR million	-5	89	-23	-106

BA Europe's adjusted EBITDA increased to EUR 28 million in Q2 2024

Adjusted EBITDA, EUR million



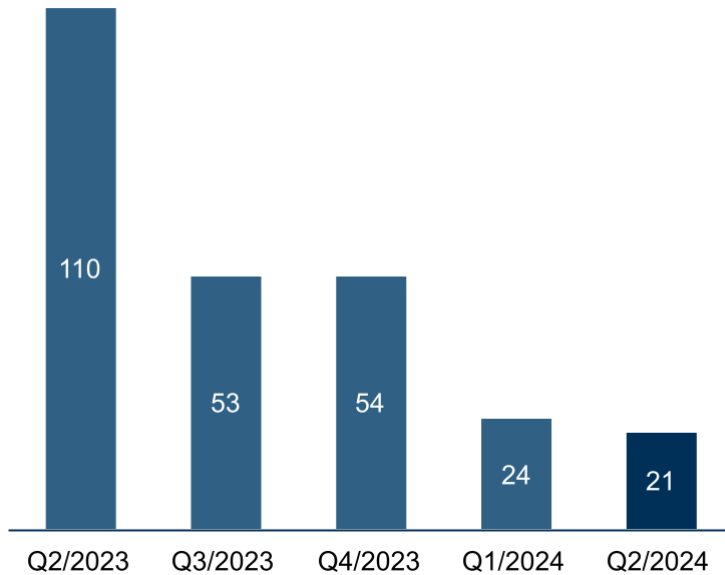
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



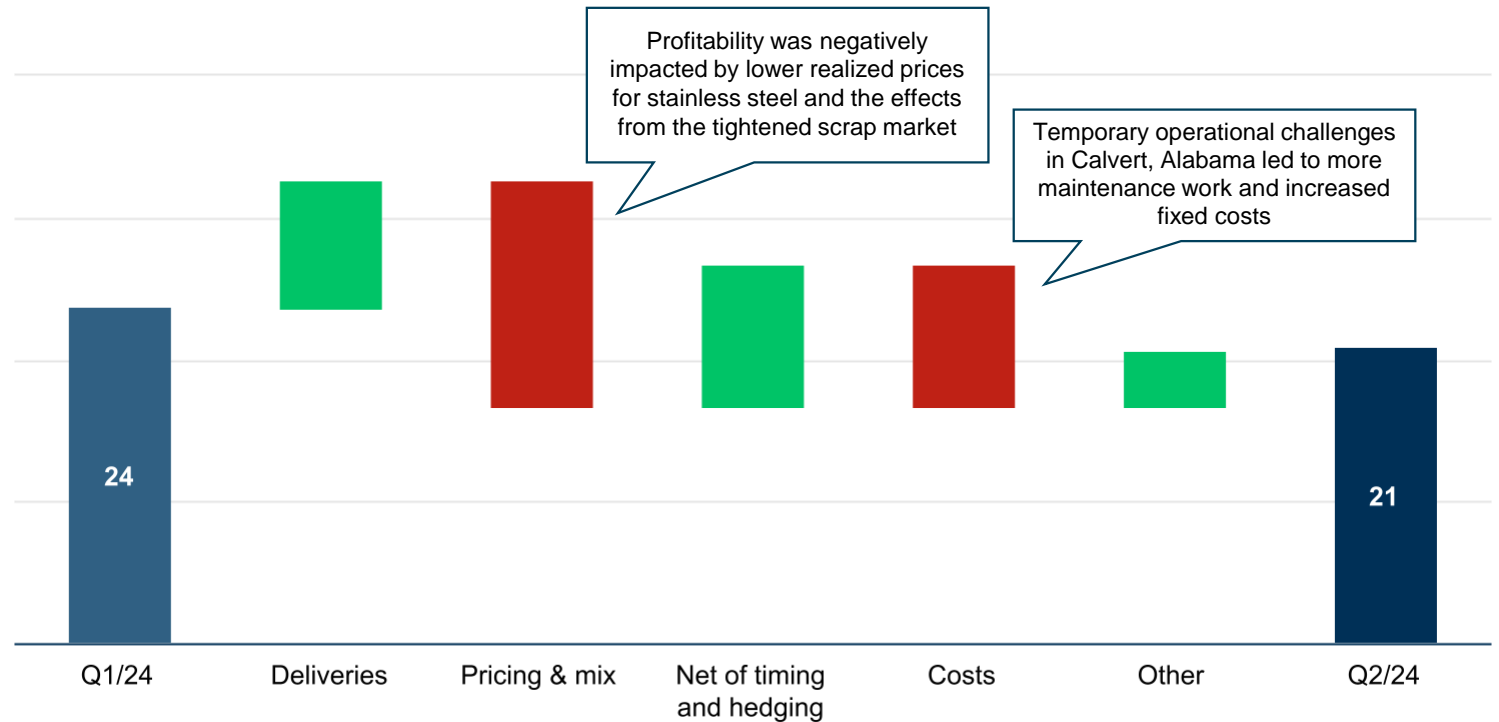
1) Indicative columns based on management estimates

BA Americas' adjusted EBITDA was EUR 21 million in Q2 2024

Adjusted EBITDA, EUR million



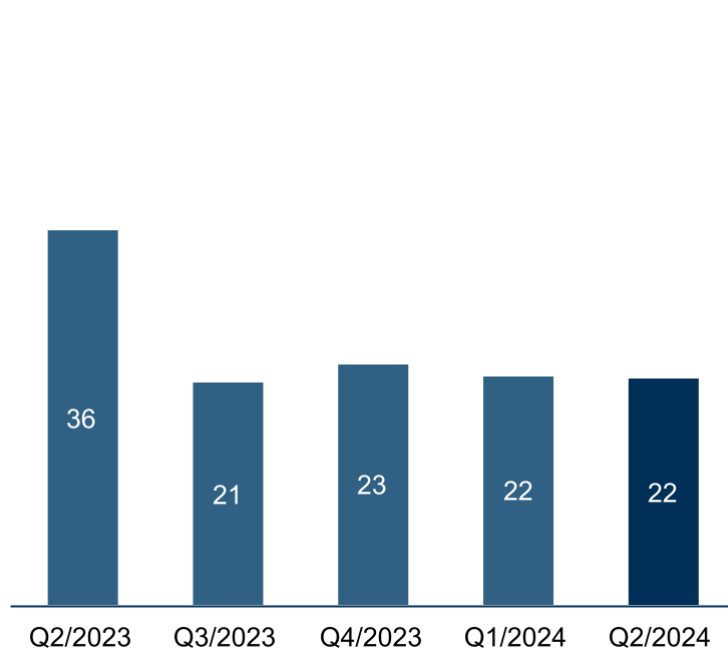
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



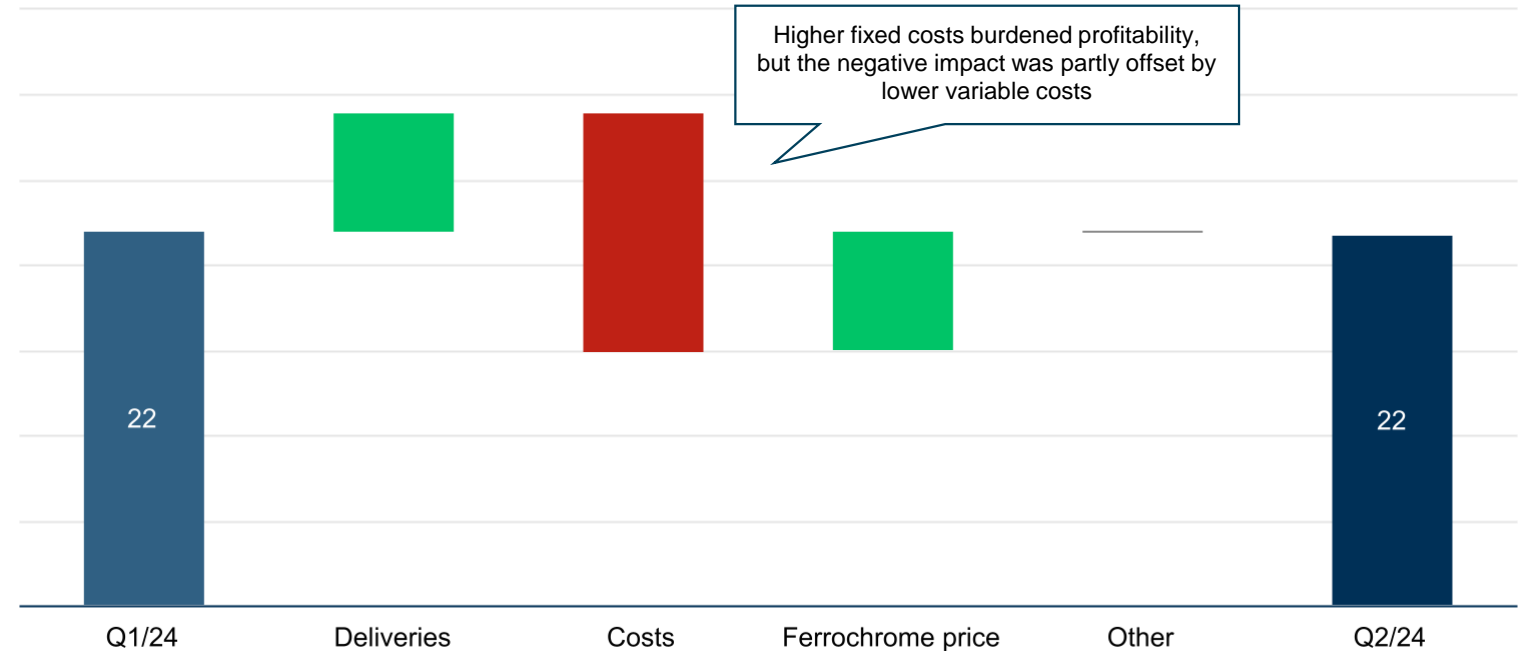
1) Indicative columns based on management estimates

BA Ferrochrome's adjusted EBITDA was EUR 22 million in Q2 2024

Adjusted EBITDA, EUR million



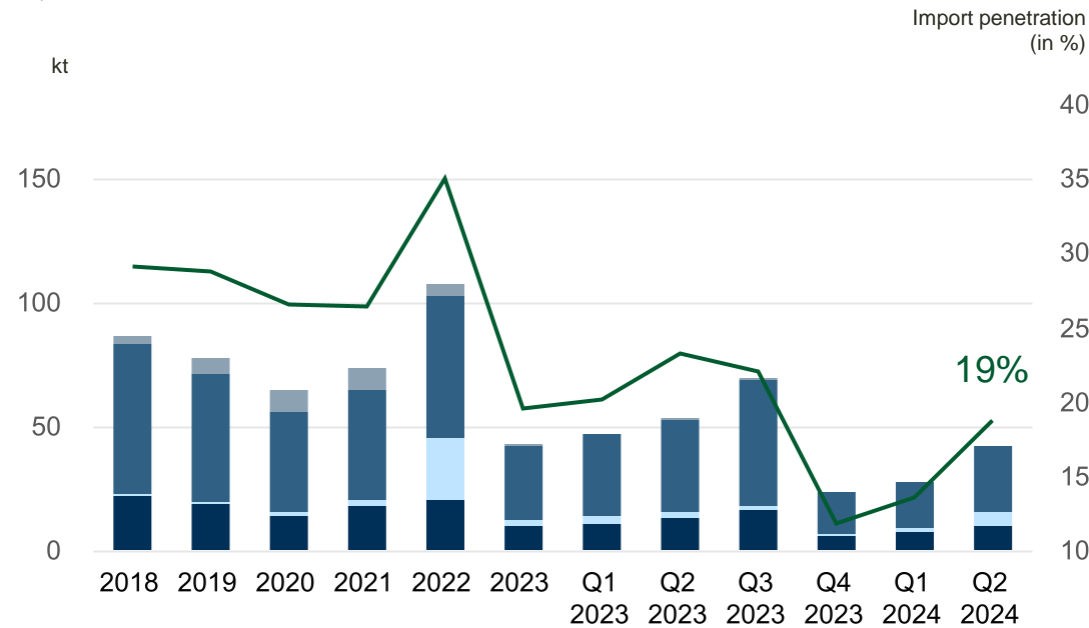
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



1) Indicative columns based on management estimates

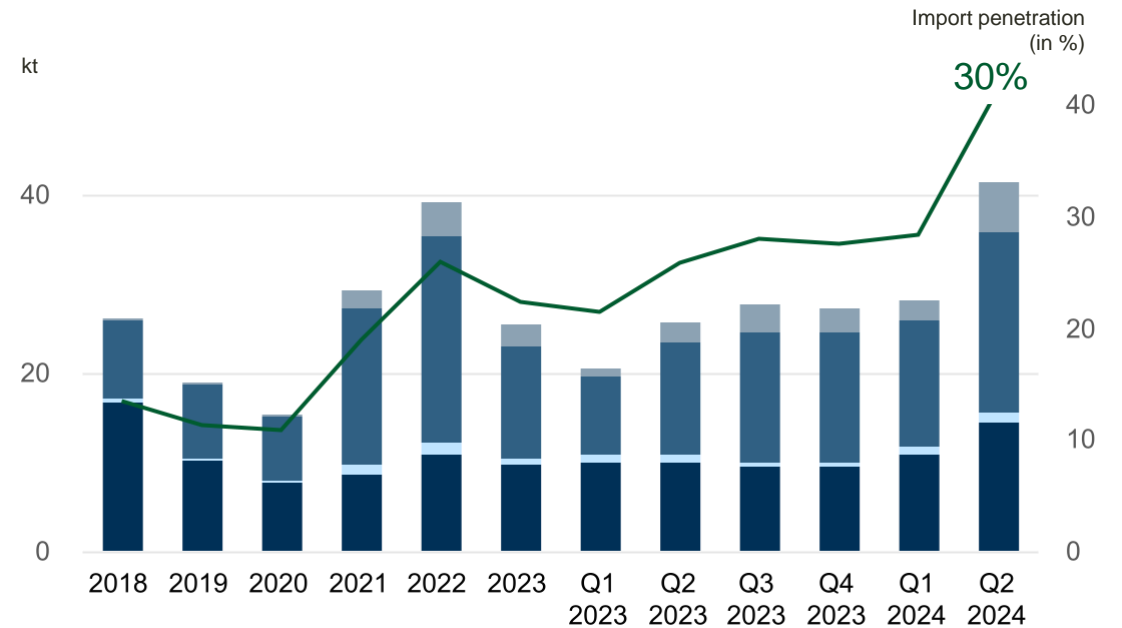
Imports increased both in Europe and the U.S. in Q2 2024

Third-country cold rolled imports¹ into Europe, 1,000 tonnes



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

Third-country cold rolled imports² into the US, 1,000 tonnes



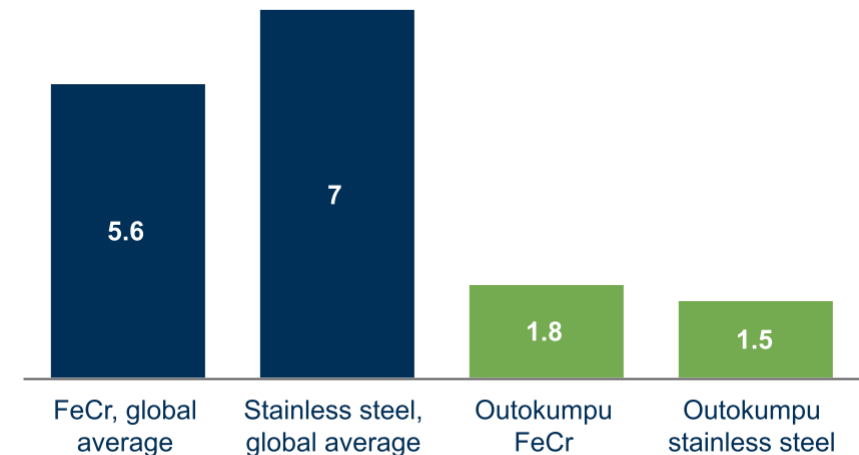
- From rest of world
- From rest of Asia
- From Indonesia
- From China
- Import penetration

1. Cold rolled, monthly average. Source: Eurofer, June 2024
 2. Cold rolled, monthly average. Source: AISI, June 2024

Outokumpu uniquely positioned to capture value from Carbon Border Adjustment Mechanism – low carbon ferrochrome production a competitive asset for Outokumpu

- The EU's Carbon Border Adjustment Mechanism (CBAM) approved in April 2023 aiming to reduce carbon leakage and encourage greener production
- Iron and steel sector – including stainless steel – main sectors to be impacted by CBAM
- Outokumpu's position strong due to own ferrochrome production in Finland and low carbon footprint - assumption based on EY's position paper* made in January 2024
- End-products not included which might impact on production being transferred outside Europe

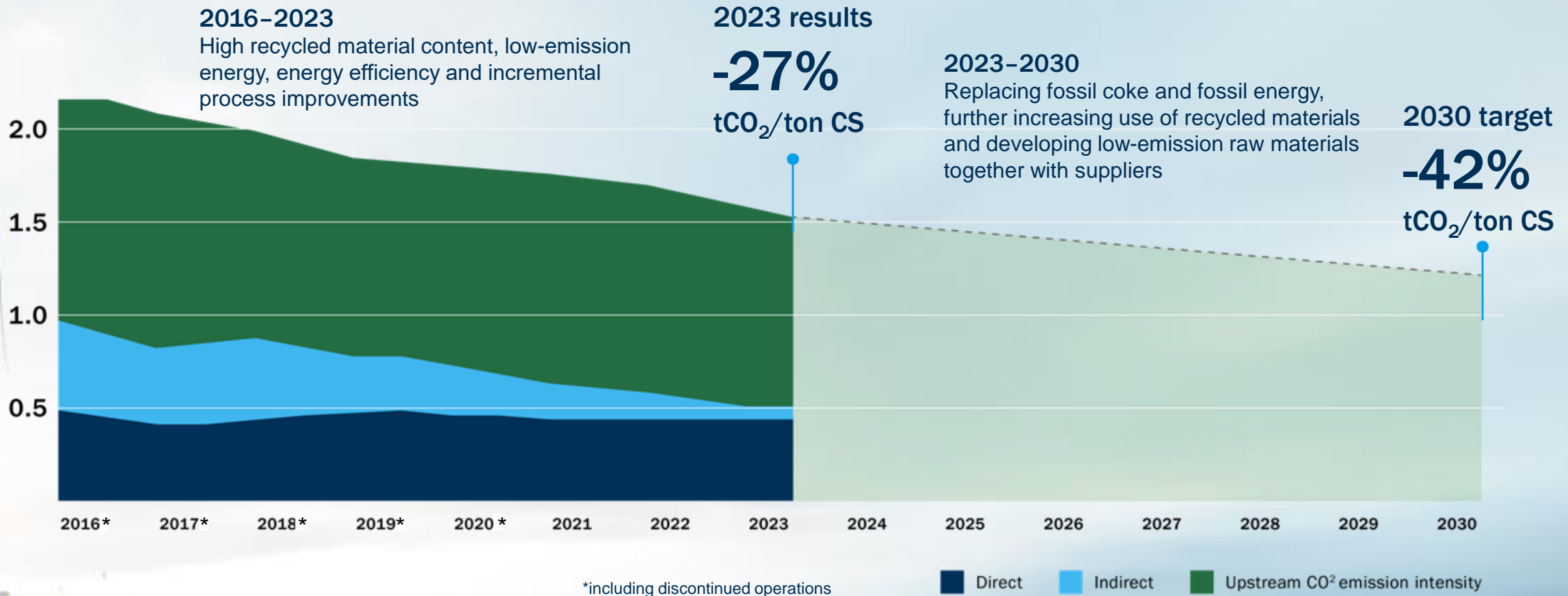
Outokumpu's CO2 emissions (scopes 1, 2, 3) per tonne



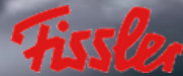
Sources: based on Outokumpu's 2023 Sustainability Review; data collected from worldstainless; 3rd party estimate of European peer average emissions in scope 3 for 2019; ICDA calculation for global ferrochrome carbon footprint 2021; Environmental Product declaration Ferrochrome

* www.outokumpu.com/en/CBAM

Outokumpu committed in the decarbonization strategy aligned with 1.5 degrees – circularity and innovation at the core



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



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

*Global average CO₂ emissions (2023): 7 kilos of CO₂e per kg of stainless steel (based on data provided by CRU and worldstainless). Outokumpu Circle Green CO₂ emissions: down to 0.5 kilos of CO₂e per kg of stainless steel.