



Capital Markets Day 2009

*Stainless steel markets
Karri Kaitue, Deputy CEO*

www.outokumpu.com

Stainless steel markets in Q2/2009

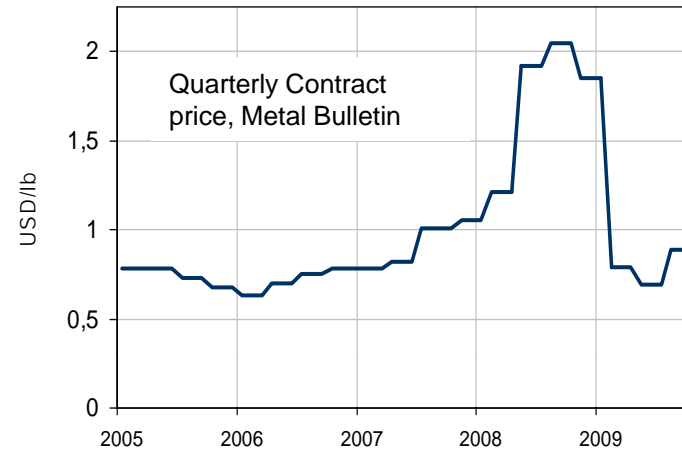
- Some recovery in order intake Q/Q
- Destocking by distributors over
- All European producers cut production
- Some increase in alloying metal and base prices

Prices of alloying metals have increased from the low levels in Q1/2009

Nickel



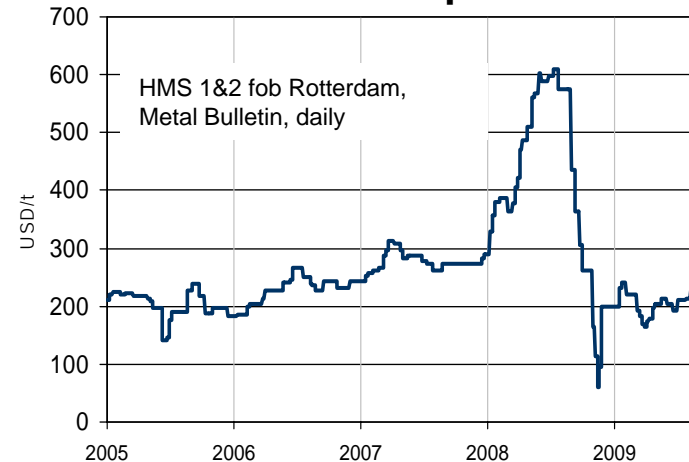
Ferrochrome



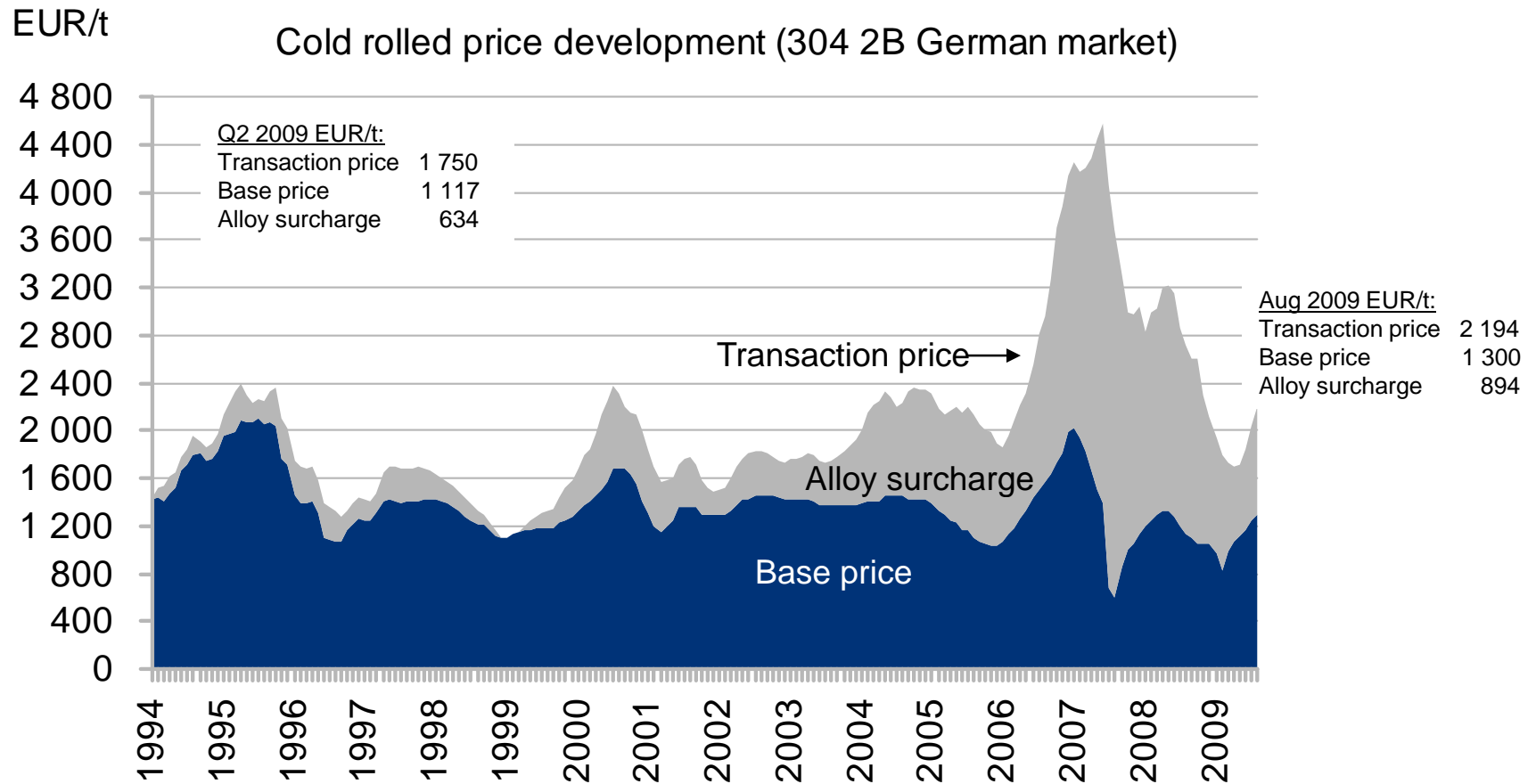
Molybdenum



Steel scrap



European cold rolled stainless steel price development



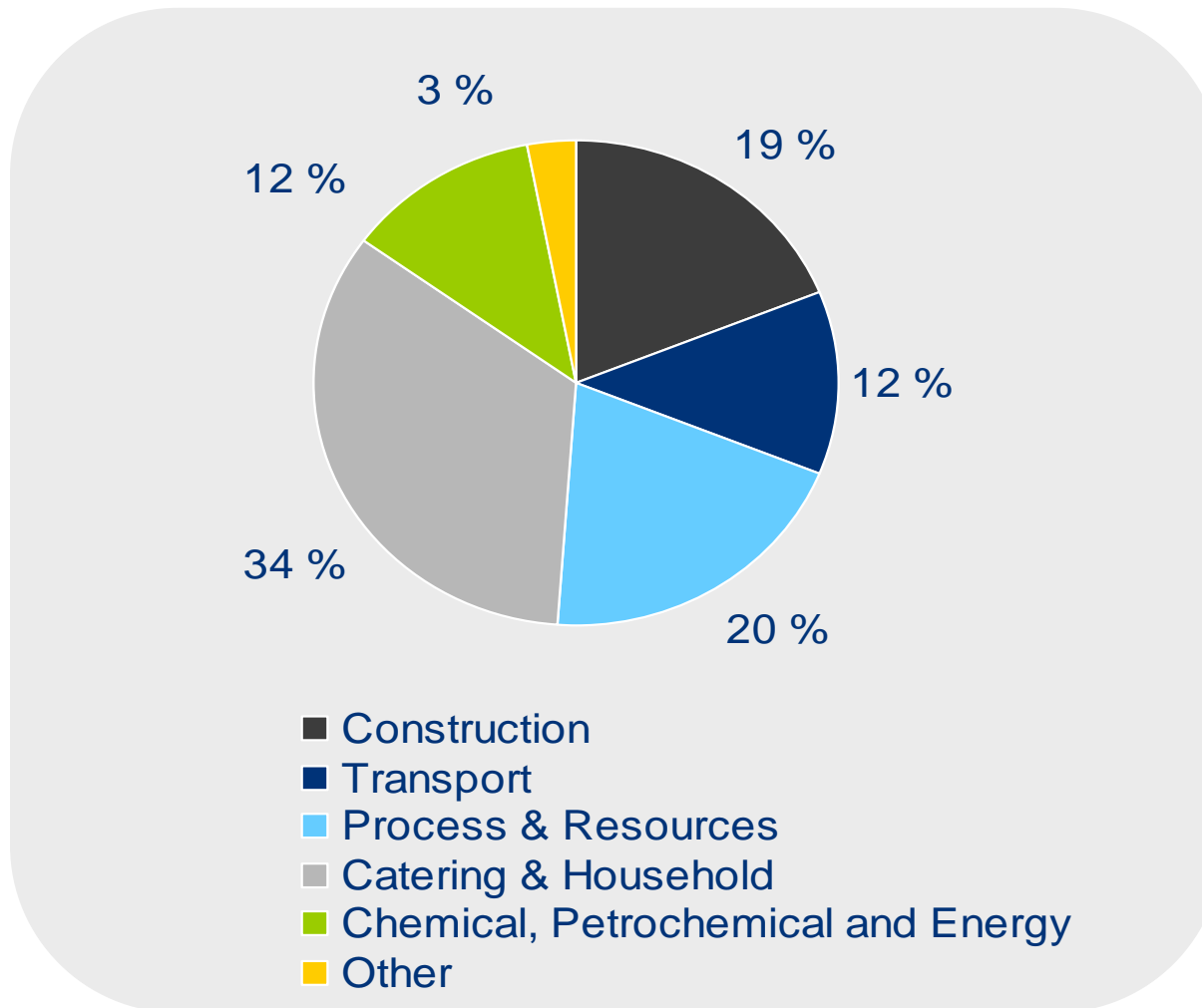
Source: CRU, incl. August 2009.

Please note: Between July - October 2007 and February 2009, European prices for some stainless grades were quoted on a transaction price basis, therefore base prices are the calculated value of transaction price minus alloy surcharge for this time period (CRU)

Current stainless steel markets - view unchanged

- Increasing buying activity mainly from distributors
- No major improvement in underlying demand
- Distributor's inventory levels in Europe below normal
- Base prices increasing further Q/Q

Stainless steel – end-use segments



Source: SMR, consumption of all stainless finished products 2008

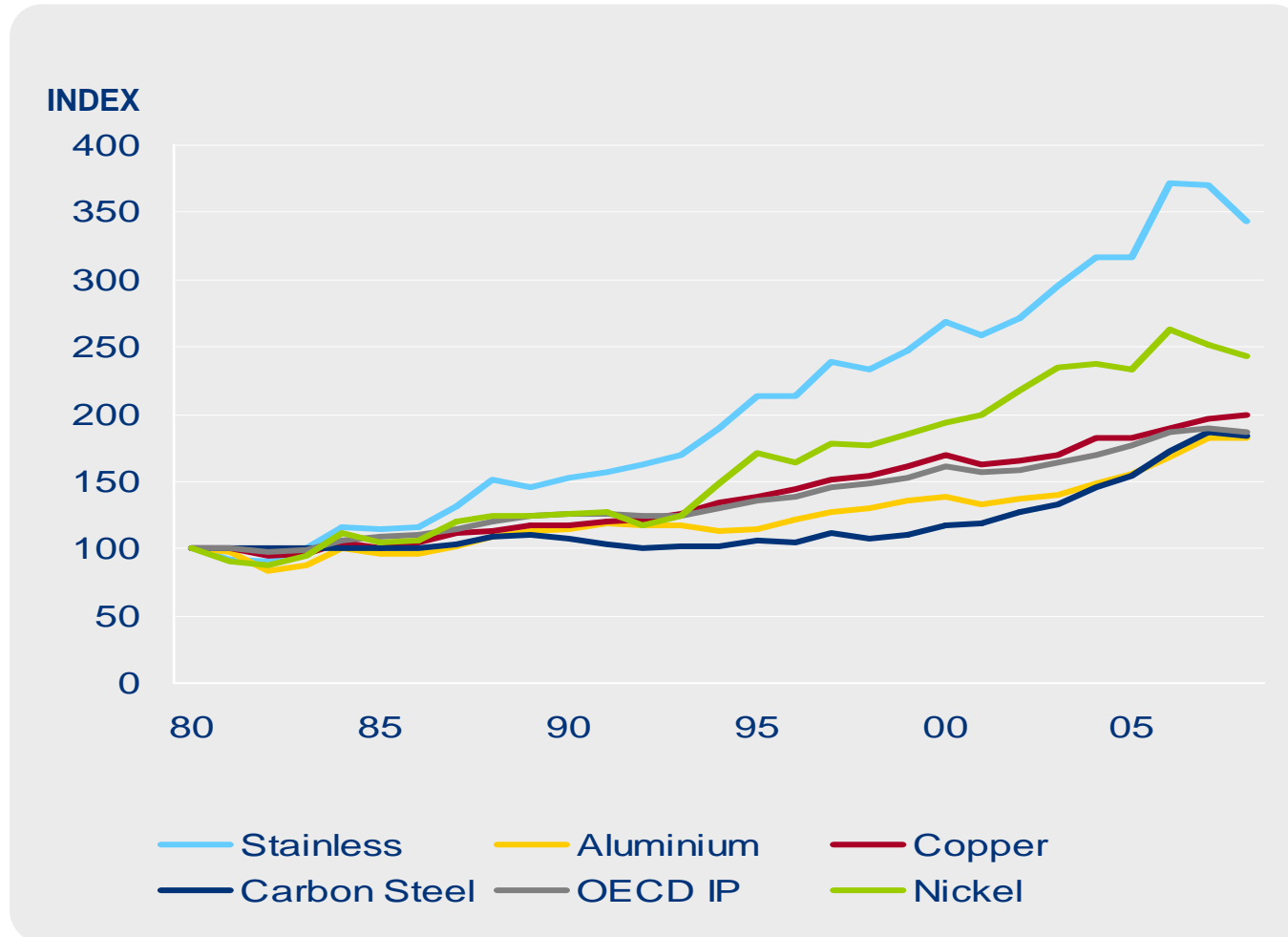
Short-term outlook given in July remains unchanged I/II

- Delivery volumes in Q3 are estimated to be somewhat below the level in Q1 (247 000 tons)
 - due to temporary production constraints, maintenance breaks and seasonality of demand
- Outokumpu's average base prices for Q3 expected to increase by 100-150 EUR/t compared to the average in Q2
- Intention to continue to increase base prices in Q4

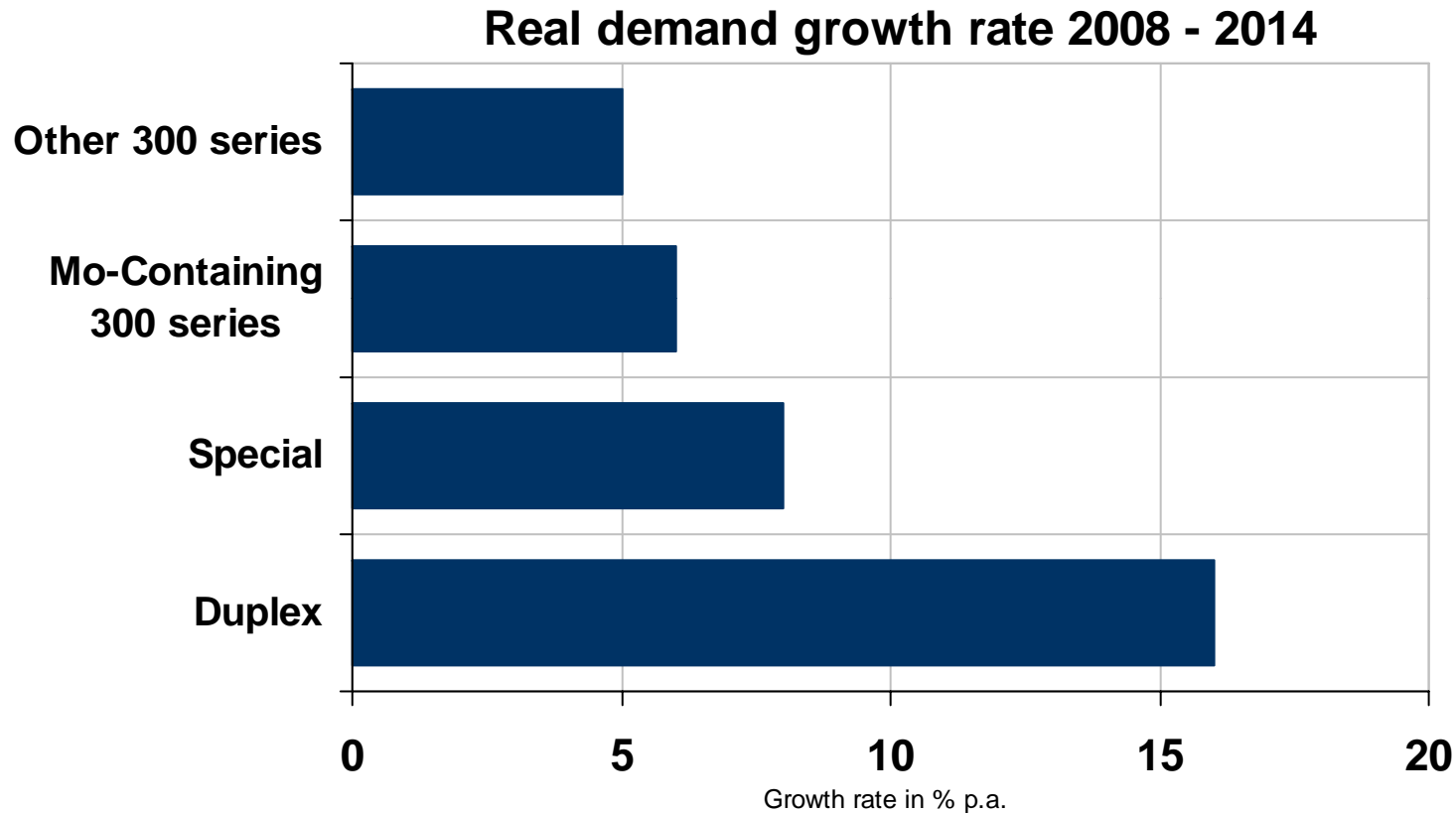
Short-term outlook II/II

- **Outokumpu's underlying operational result in Q3 estimated to be at the same level or somewhat better than in Q2**
 - raw material-related inventory gains are expected to have a slightly positive impact on Q3 operating result (with current prices)
- Gradually improving underlying profitability towards the end of the year due to
 - better prices and mix as well as slowly recovering delivery volumes
- *Management has the ambition to reach a break-even operating profit towards the end of the year*

Long-term view of growth in stainless remains unchanged despite short-term decline



Expected growth in special grades significantly higher than in standard grades



Data source: SMR. Data is for consumption of all stainless steel finished products. Special includes Heat resistant (309,310) & molybdenum grades, Welding grades etc

Conclusions

- Current stainless steel markets still labeled with low investment activity
- Producers have taken prompt actions to address the weak markets
- Universal pressure to increase profitability
- However,
 - stainless steel long-term prospects are still lucrative
 - specialty stainless provides higher growth potential than in standard grades



Q&A

www.outokumpu.com



Capital Markets Day 2009

*Stainless steel markets
Karri Kaitue, Deputy CEO*

www.outokumpu.com