



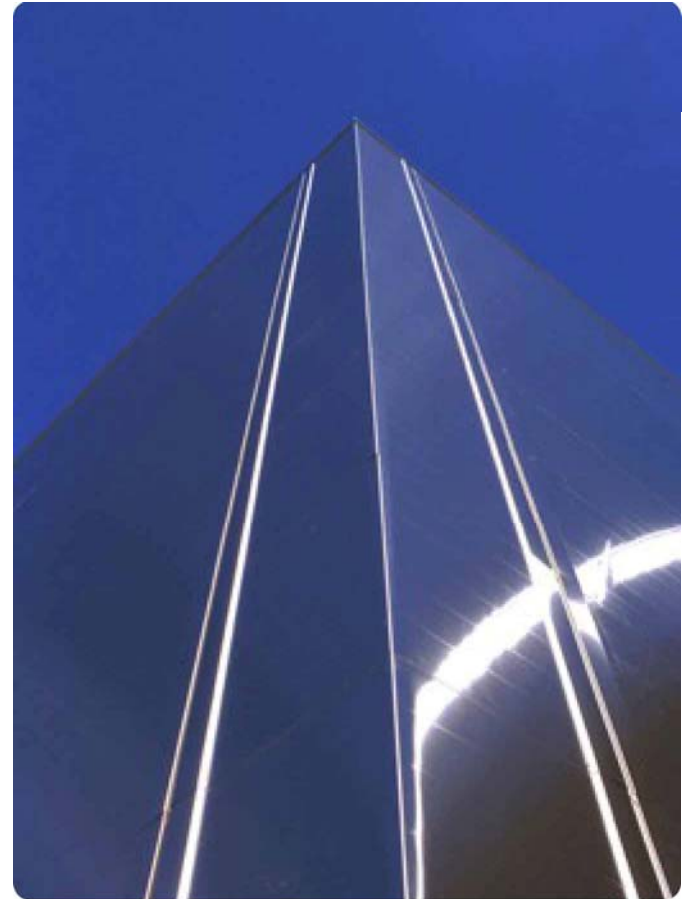
Capital Markets Day 2009

*Outokumpu's strategy and implementation
Juha Rantanen, CEO*

www.outokumpu.com

Outokumpu's vision

- Outokumpu's vision is to be the undisputed number one in stainless steel
 - Best financial performance in the industry
 - Industry benchmark in customer relationship management
 - Most efficient production operations
 - Most attractive employer



Outokumpu's strategy – build a more stable business model

STARTING POINT

Large dependence on nickel-containing standard grades

High share of sales to distributors

Eurocentric

RESPONSE

Balance product mix

- Non-nickel grades
- Special grades

Increase end user and project sales

Build stable relations with key distributors

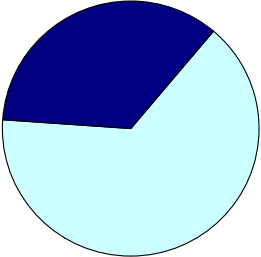
Grow outside Europe

Maintain cost leadership of standard grades

Targets for customer and product mix

Current customer volume mix (2007)

End users and projects

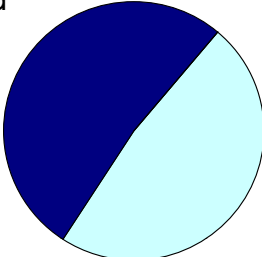


Transactional customers



Future target customer volume mix (2014)

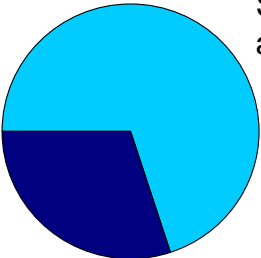
End users and projects



Transactional customers

Current product mix (2007)

Standard austenitics

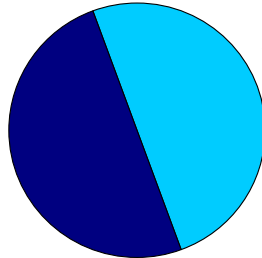


Higher value-added products and ferritics



Future product mix driven by higher value-added products (2014)

Standard austenitics



Higher value-added products and ferritics

Actions to implement the strategy

Balance product mix

- Duplex market development
- Ferritics market entry
- Optimizing existing capacity utilization

Increase end user and project sales

- Segment approach
- SoGePar integration
- Improving delivery performance (Supply chain management)

Grow outside Europe

- Duplex market development
- US plate investment
- China service center
- Tubular business in the Middle East

Maintain cost leadership of standard grades

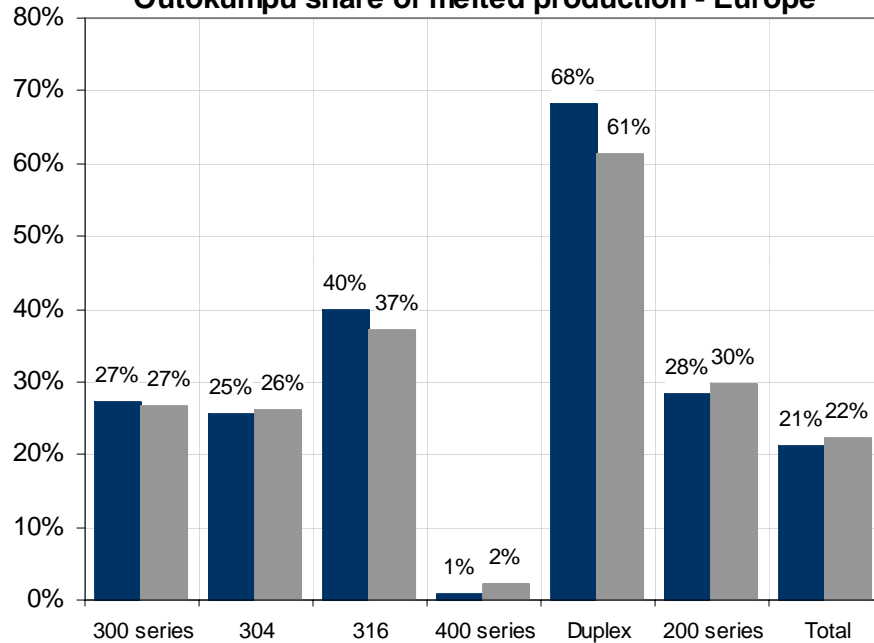
- Managing in the challenging market
- Fixed cost reduction and control
- Focus on cash flow, postponement of investments
- Excellence programs

Financial crisis shifted focus to cost leadership in the short term

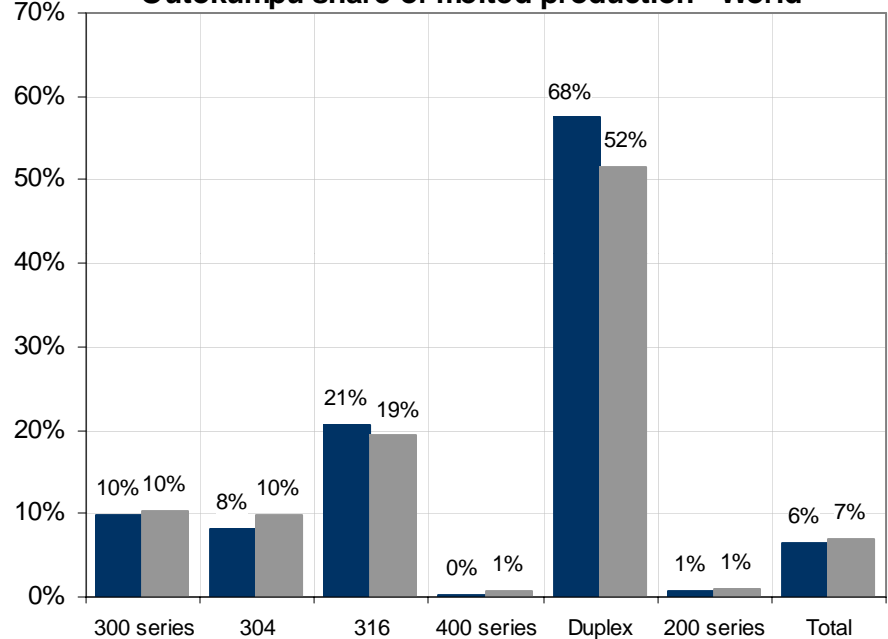
- Tight fixed and variable cost control
 - production cuts at all sites
 - actions to reduce personnel costs at all operations
 - Group-wide cost cutting programs
- Efforts to lower working capital
 - tight supply chain management
- Capital expenditure limited
 - investment program postponed and annual capex minimized

Outokumpu has maintained strong market share in molybdenum and duplex grades

Outokumpu share of melted production - Europe



Outokumpu share of melted production - World

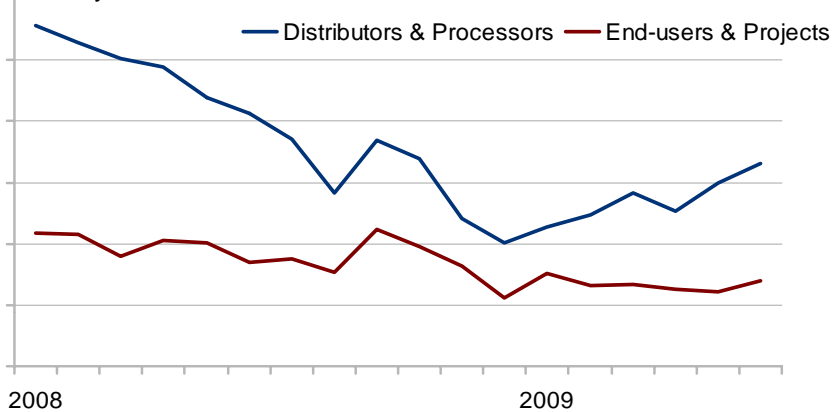


2007
 2008

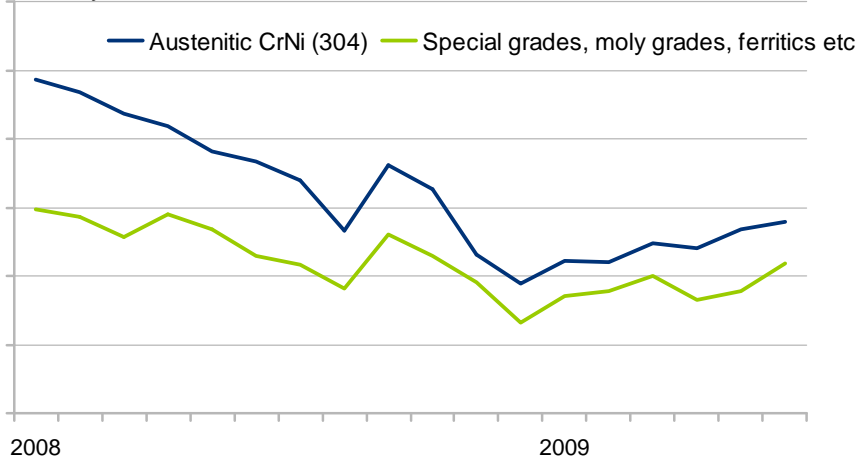
Data sources: ISSF, Outokumpu

Recent development in customer and product mix validates Outokumpu's strategy

Delivery volumes



Delivery volumes



- Demand from end-users and projects has been more stable:

- distributors -44% H1 Y/Y
- end-users -32% H1 Y/Y

- Demand of non-standard grades has been less volatile:

- austenitic CrNi (304) -42% H1 Y/Y
- specials, moly, ferritics -32% H1 Y/Y

- Better profitability in targeted customer and product mix

Top strategic priorities 2010

- Improving safety
- Restoring profitability
 - price and mix management
 - optimal loading at mills
 - cost efficiency
- Implementing strategy
 - increase sales to end-users and projects
 - increase sales to stable distributors
 - more sales of specials and ferritics
- Focus on Excellence

Conclusions

- Global financial crisis forced to focus on cost management and cash flow
- Outokumpu's strategy is still valid and will be implemented without immediate major investments
- Fast execution of the strategy is critical for future growth and profitability



Q&A

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