

## OUTOKUMPU TO DOUBLE FERROCHROME PRODUCTION

Outokumpu has decided to restart the project to double the Group's ferrochrome production capacity in Finland. The investment totals EUR 440 million including interest and is based on an updated feasibility study conducted during the spring. The expansion secures internal ferrochrome sourcing and makes Outokumpu a significant seller of ferrochrome. The implementation of the project will start immediately and when finalised, adds about 120 permanent jobs in the Ferrochrome Works in Tornio and in the Kemi mine.

The ferrochrome market is very attractive because of its high growth expectations and the rising demand especially in China. Ferrochrome production is a very energy-intensive process and the long-term price of ferrochrome is driven by difficulties in electricity availability in South Africa, the main producing country with 40% of the global market. The constrained situation is expected to continue for several years and the electricity price in South Africa is expected to double in the coming few years compared to the level in 2009.

CEO Juha Rantanen: "We regard our own ferrochrome as a unique competitive advantage. This expansion of our production capacity will make the Group self-sufficient. Additionally it will provide us with new growth opportunities. We are confident that customers will be very interested in high-quality ferrochrome that is produced energy-efficiently and with lowest emissions. We can now establish a permanent position on the ferrochrome market and build long-term customer contracts."

The original investment was decided in June 2008 but was put on hold in December 2008 due to the financial crisis and unsecure market conditions. This investment doubles the ferrochrome production in Tornio to 530 000 tonnes annually. It enables the Group to cover its internal needs and supply the global market with over 200 000 tonnes of ferrochrome annually.

The expanded capacity is estimated to be operational during the first half of 2013 with capacity ramped up in 2015. With current prices and exchange rates the expansion will bring additional annual operating profits in the order of EUR 150 million at full capacity. It is estimated that when the expanded ferrochrome capacity is in full use, the effect of a 5 US\$/lb change in the contract price of ferrochrome on the Group's operating profit will double from the current EUR 10 million to some EUR 20 million annually.

With the new ferrochrome capacity in use, the electricity consumption of Tornio Works will increase to some 3.3 TWh annually. To secure the supply of at-cost and reliable and low-emission electricity, Outokumpu has a significant stake in the Fennovoima nuclear power initiative. The Finnish parliament is expected to make a decision on nuclear power projects during the summer.

The ferrochrome expansion will increase the Group's annual CO<sub>2</sub> emissions by some 270 000 tonnes because of the use of coke which cannot be substituted in the process. However, Outokumpu's production process is very energy-efficient relying on in-house developed state-of-the-art technology and using mainly hydro- and nuclear power. This decreases global carbon dioxide emissions by some one million tonnes compared to sourcing ferrochrome from South Africa or Kazakhstan, mainly using fossil based energy.

Background information is available on the internet at [www.outokumpu.com](http://www.outokumpu.com).

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***Outokumpu** is a global leader in stainless steel with the vision to be the undisputed number one. Customers in a wide range of industries use our stainless steel and services worldwide. Being fully recyclable, maintenance-free, as well as very strong and durable material, stainless steel is one of the key building blocks for sustainable future. Outokumpu employs some 7 500 people in more than 30 countries. The Group's head office is located in Espoo, Finland. Outokumpu is listed on the NASDAQ OMX Helsinki.*

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