Comprehensive measures to strengthen balance sheet and divest Terni and VDM

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Reinhard Florey, CFO

Outokumpu
November 30, 2013
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Today’s attendees of Outokumpu

Mika Seitovirta
CEO

Reinhard Florey
CFO
Contents

1. Strategy roadmap update and announcement overview
2. Financial plan in detail
3. Outokumpu offering and summary
Outokumpu Strategy Roadmap

Today’s announcement focuses on financial stability

Restructuring

- Deliver on synergies
- New efficiency programs
- Transform company structure
- Ensure financial stability

Growth

- Ramp-up US presence
- Expand Ferrochrome
- Leverage HPSA
- Develop APAC

Performance

- Full integration and new culture
- Advanced financial performance
- Pursue market leader strategy

1) SKS: Shanghai Krupp Stainless, Outokumpu's cold rolling mill in China.
Strong progress in key strategic priorities during the first 11 months since acquisition

<table>
<thead>
<tr>
<th>Deliver on synergies</th>
<th>New efficiency programs</th>
<th>Ensure financial stability</th>
<th>Ramp-ups for future growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Krefeld meltshop closure as planned in December 2013</td>
<td>• P150 program: Savings of more than 75 million in 2013</td>
<td>• Capex reduction to 300 million in 2013, below 200 million in 2014</td>
<td>• Ramp-up of Ferro-chrome proceeds according to plan. Jan-Sep deliveries 315,000 t., in line with target of 400,000 t. in 2013</td>
</tr>
<tr>
<td>• Synergy savings of more than 75 million in 2013</td>
<td>• P300 program: Working capital reduction of 150 million by end of Q3</td>
<td>• Disposal of smaller non-core assets, e.g. Tornio electricity distribution network</td>
<td>• Ramp-up of Calvert mill progressing well again in Q3. Jan-Sep deliveries of Stainless Coil Americas reached 346,000 t.</td>
</tr>
<tr>
<td>• Headcount reduction of 558 jobs by end of Q3, target 2013 is 770</td>
<td>• New EMEA plan accelerates restrukturings in Europe, additional savings 100 million</td>
<td>• Nov 29 announcement to strengthen balance sheet</td>
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Nov. 30, 2013
## Summary of the announcement

### Strengthening of the balance sheet

<table>
<thead>
<tr>
<th>Divestment of Terni and VDM to ThyssenKrupp</th>
<th>Financial plan to further strengthen balance sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>• EUR 1,269 million TK loan note as consideration</td>
<td>• New EUR 500 million committed syndicated loan facility with maturity of 3 years.</td>
</tr>
<tr>
<td>• Reduces Outokumpu net debt by approx. EUR 650 million and gearing by approx. 30 percentage points</td>
<td>• Amendments sought to the terms of existing financing arrangements including extension of their maturities until 2017.</td>
</tr>
<tr>
<td>• Constitutes the final settlement of all remedy related obligations between Outokumpu and ThyssenKrupp</td>
<td>• EUR 650 million rights issue planned to be launched at closing of the transaction</td>
</tr>
<tr>
<td>• Support from Outokumpu lenders and shareholder Solidium</td>
<td>• Irrevocable commitment from 52.8% shareholders to subscribe pro rata</td>
</tr>
<tr>
<td>• Subject to approval from European Commission, other relevant authorities and Outokumpu EGM and lenders</td>
<td>• Remaining 47.2% fully underwritten</td>
</tr>
<tr>
<td>• Closing expected during Q1 2014</td>
<td>• ThyssenKrupp to sell its Outokumpu ownership by closing. Solidium to increase ownership to 29.9%.</td>
</tr>
<tr>
<td></td>
<td>• Transaction subject to Outokumpu EGM approval of the new share issuance.</td>
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Terni divesture to ThyssenKrupp details

Terni divesture package includes following units:

- Terni (Acciai Speciali Terni) integrated mill (CR capacity of 525 kt and melting capacity of 1.5 mt) and associated units in Italy:
  - Societa delle Fucine (AST forging unit)
  - Terninox (AST service center in Milan)
  - Aspasiel (AST IT services unit)
  - Tubificio di Terni (AST tubular products unit)

- Outokumpu service centers:
  - Germany (Willich)
  - France (Tours)
  - Spain (Barcelona)
  - Turkey (Gebze)

Terni has operated as a ring fenced and independent competitor to Outokumpu since November 2012. Therefore, no significant changes are foreseen in the European competitive landscape as a result of the transaction.
Streamlining of European coil service center network ready

Outokumpu to continue with 8 coil service centers in Europe
- Sachsenheim, Germany
- Wilnsdorf, Germany
- Castelleone, Italy
- Sheffield, UK
- Alfortville, France
- Batonytereny, Hungary
- Dabrowa Gornica, Poland
- Eskilstuna, Sweden

Service centers managed as profit centers

* Pending finalization of the EMEA restructuring plan employee negotiations
VDM divestiture concluded as best option in the strategic review

• Conclusions from the strategic review:
  • Limited synergies between VDM and Outokumpu’s core stainless business
    • Little possibilities for shared production or R&D
    • Independent customer bases
  • Relatively high capex outlook for VDM
  • Attractive valuation for VDM as part of the ThyssenKrupp transaction

Divesture of VDM the best way forward for Outokumpu

Significant positive impact on balance sheet

Enables full focus on building Outokumpu’s position as the global leader in stainless steel
Comprehensive financial package to strengthen liquidity and balance sheet

- Overall liquidity reserves of >EUR 900 million (Sep 31, 2013).
- New EUR 500 million committed loan facility with maturity of 3 years to enhance liquidity at closing.
- Planned maturity extension of EUR 900 million revolving credit facility and other bilateral loans to 2017.
- Discontinuation of the current ThyssenKrupp EUR 250 million back-up facility at closing.
- Planned EUR 650 rights issue to further strengthen balance sheet and liquidity.

* Short-term debt includes current portion of long-term debt (to be repaid within 12 months).
## Preliminary rights issue details

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
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</table>
| **Size & price**          | • Size: EUR 650 million  
                            • Price: To be defined at launch of rights issue                                                                                       |
| **Transaction structure** | • Rights issue of new ordinary shares with pre-emptive rights for existing shareholders.  
                            • Existing shareholders and other investors may subscribe for other shares without subscription rights (secondary subscription) |
| **Subscription commitments** | • Solidium and other shareholders, representing 52.8% of the offering  
                             • Remaining 47.2% underwritten by core banks                                                                                           |
| **Timing**                | • Q1: Rights issue terms decided & prospectus published  
                            • Q1: Rights issue subscription period                                                                                                   |
| **Use of proceeds**       | • Outokumpu will use the proceeds to manage the turn-around strategy of the company.                                                                 |

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Outokumpu logo

Nov. 30, 2013
Divestitures and planned rights issue to strengthen Outokumpu balance sheet

Illustrative gearing impact of VDM and Terni divestment:
EUR million

VDM and Terni divestment:
- Net debt expected to decrease by approximately EUR 650 million

Further influencing factors on gearing:
- Planned rights issue of EUR 650 million: Net debt expected to decrease and equity expected to increase by approximately the same amount
- Impact from financial performance in Q4/13 and 2014

Note: Divestment and rights issue impact on net debt will become visible in Outokumpu figures during H1 2014. Potential reclassification of VDM and other assets to assets held for sale could impact net debt and gearing already in Q4 2013. Not accounting for any underlying operating development.
## Expected timeline

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Events</th>
</tr>
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<tbody>
<tr>
<td>November 29, 2013</td>
<td>• Announcement of Terni &amp; VDM sale &amp; financial package</td>
</tr>
<tr>
<td></td>
<td>• Underwriting agreement signed</td>
</tr>
<tr>
<td></td>
<td>• TK share sale signed</td>
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<tr>
<td>December 2013</td>
<td>• Extension process of existing debt facilities</td>
</tr>
<tr>
<td>Jan – Feb 2014</td>
<td>• EGM invitation</td>
</tr>
<tr>
<td></td>
<td>• EGM – approval of the rights issue</td>
</tr>
<tr>
<td>Q1 2014</td>
<td>• EU Commission and other relevant authority approvals</td>
</tr>
<tr>
<td></td>
<td>• Closing of Terni &amp; VDM divestment transaction</td>
</tr>
<tr>
<td></td>
<td>• ThyssenKrupp share sale closing</td>
</tr>
<tr>
<td></td>
<td>• Rights issue terms decided &amp; prospectus published</td>
</tr>
<tr>
<td></td>
<td>• Rights issue subscription period</td>
</tr>
</tbody>
</table>
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Strategic merits of the Inoxum acquisition continue to be strong

<table>
<thead>
<tr>
<th>Global leader</th>
<th>The global leader in stainless steel with 35-40% market share in Europe and 12% globally.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity reduction &amp; utilization benefits</td>
<td>Enables reduction of 1.4 Mt. melting capacity and additional cold rolling capacity, significantly increasing utilization rates for Outokumpu.</td>
</tr>
<tr>
<td>Synergy savings</td>
<td>Delivering annual synergy savings of EUR 200 million. Terni divestiture results in accelerated synergy realization profile.</td>
</tr>
<tr>
<td>Product and customer base expansion</td>
<td>Brodest stainless steel product range covering both specialty and commodity products. Balanced and diverse customer base covering all customer segments.</td>
</tr>
<tr>
<td>Regional rebalancing of portfolio</td>
<td>Expanded Outokumpu’s business also outside Europe, both to the Americas and APAC. Terni divestment reduces exposure to Southern European market.</td>
</tr>
</tbody>
</table>

Continued weakness of the stainless steel market means that the transaction is even more important than envisioned.
VDM divestiture impact on Outokumpu sales split by Business Area

Reported Group sales ¹)

Jan-Sep 2013 Group sales: €6,2 billion

- EMEA 47%
- Americas 12%
- APAC 10%
- HPSA 32%

Group sales excluding VDM ¹)

Jan-Sep 2013 Group sales: €5,4 billion

- EMEA 54%
- Americas 14%
- APAC 11%
- HPSA 20%

¹) Split by BA is based on management estimates. APAC figures include also direct sales and deliveries from other BAs to the region.
Broadest stainless steel product portfolio across standard and specialty grades

Sales and volume split by product type

- **Contribution, euros**
  - Specialty: 24%
  - Standard: 76%

- **Sales, euros**
  - Specialty: 13%
  - Standard: 87%

- **Volume, tonnes**
  - Specialty: 7%
  - Standard: 93%

Product range by grade

- **Special grades**
  - Duplex grades
  - High Performance Austenitic grades
  - Heat resistant grades
  - Martensitic grades

- **Standard grades**
  - Standard Austenitic CrNi grades
  - Standard Austenitic CrNiMo grades
  - Ferritic grades

All product forms covered: Coil, sheet, plate, quarto plate, long products, thin and precision strip, wire and tube

1) Excludes BA Coil Americas
Way forward to strengthen balance sheet and to reach sustainable profitability

<table>
<thead>
<tr>
<th>November 29th announcement</th>
<th>Ongoing actions to strengthen cash flow and profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divesture of Terni and VDM to ThyssenKrupp (at €1,269 mio)</td>
<td>Total annual savings of EUR 380 million in 2015, EUR 450 million in 2017</td>
</tr>
<tr>
<td>Divestments resulting in ~30 pp reduction in gearing</td>
<td>Higher capacity utilization and improved product mix</td>
</tr>
<tr>
<td>Amendments to existing financing arrangements</td>
<td>Ramp up and profitability improvement of Calvert, US ¹</td>
</tr>
<tr>
<td>New loan facility of EUR 500 million</td>
<td>Ferrochrome ramp-up, Finland</td>
</tr>
<tr>
<td>EUR 650 million rights issue after closing of transaction</td>
<td>P300: working capital reduction of EUR 300 million by 2014</td>
</tr>
<tr>
<td>ThyssenKrupp to dissolve their Outokumpu ownership</td>
<td>Significantly lower CapEx at below EUR 200 million in 2014</td>
</tr>
</tbody>
</table>

¹) Coil Americas business expected to reach break-even EBITDA for full year 2014 driven by the continued ramp-up of the Calvert facility.
Key milestone enabling Outokumpu to reinforce global stainless steel leadership position

- Solution to the EU requirements and securing of company’s balance sheet and liquidity
- Attractive valuations for VDM and Terni
- Strong support from all Outokumpu stakeholders
- Outokumpu’s stainless steel offering and value proposition remains intact
- Our goal remains firmly in returning Outokumpu back to profitability and putting us in a position to reduce our debt and pay dividends to our shareholders
- Immediate operational focus is on continuing to deliver on synergies and operational restructuring and driving growth through the ramp-up of the US and ferrochrome investments
Balanced customer base across industries

Healthy balance between end-customer segments across both investment and consumer driven industries

Sales by customer segment 1)

- Distributors: 40%
- End users & processors: 60%

Sales by end-customer segment 1)

- Consumer goods & Medical: 16%
- Automotive: 16%
- Architecture, Building & Construction: 5%
- Chemical, petrochemical and energy: 4%
- Metal processing & Tubes: 21%
- Heavy industries: 24%
- Other: 13%

1) Jan-Sep 2013 figures, management estimates, excluding Terni remedy and VDM
Broadest stainless steel product portfolio across grades, forms and surface finishes

Jan – Sep 2013 deliveries by product grade

- Austenitic: 57%
- Austenitic Moly: 18%
- Ferritic: 18%
- Duplex: 3%
- Heat resistant: 2%
- Super austenitic: 1%
- Martensitic: 1%

All surface finishes: standard & tailored surfaces

All product forms

1) Management estimates, excluding Terni and VDM
New savings of more than EUR 100 million – overall savings expected to reach EUR 380 million in 2015

- Original synergies of EUR 200 million as a result of the Inoxum transaction.
- Bochum & Benrath closure removed from original synergies as it is included into the EMEA restructuring synergies.

Acceleration and growth of savings as a result of the new plan. New savings of more than EUR 100 million, total savings programs to amount to EUR 380 million in 2015.
Balanced stainless production structure
After the new EMEA industrial plan (planned state end of 2015)

<table>
<thead>
<tr>
<th>thousand tonnes</th>
<th>million t</th>
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</thead>
<tbody>
<tr>
<td>Coil EMEA</td>
<td>HPSA</td>
</tr>
<tr>
<td>Finland</td>
<td>Sweden 2)</td>
</tr>
<tr>
<td>1,450</td>
<td>900</td>
</tr>
<tr>
<td>450</td>
<td>450</td>
</tr>
<tr>
<td>175</td>
<td>190</td>
</tr>
<tr>
<td>750</td>
<td>500</td>
</tr>
<tr>
<td>150</td>
<td>120</td>
</tr>
</tbody>
</table>

Note: Figures exclude VDM, Wildwood, Dahlerbrück and semi finished products capacity. Updated Nov. 14, 2013

1) Subject to the outcome of the ongoing negotiations with unions and work council representatives.
2) Sweden includes Nyby (80kt CR capacity) currently under strategic review.
3) Actual capacities will vary according to product mix and manning.

Nov. 30, 2013
Outokumpu turnaround agenda

**Balance sheet & liquidity**
- Extend Debt Maturity
- Securing Liquidity
- Deleveraging

**Portfolio**
- Merger Remedy
- Divesture of VDM

**Industrial restructuring 1)**
- Melt Shop Closures
- Reduction of Hot and Cold-Rolling Capacity
- Decision on Nyby/Kloster/Dahlerbrück
- Closure of Benrath
- Reducing Hot and Cold-Rolling Capacity

**Ramp ups 2)**
- Calvert, Greenfield US
- Ferrochrome Smelter

**Savings**
- EMEA restructuring
- S200 – Synergies
- Cost -50m€
- Cost -100m€

**Efficiency programs**
- P150 – Cost
- Cost -75m€
- Cost -150m€
- NWC -150m€
- NWC -300m€
- P300 – Cash
- NWC -300m€

1) subject to the outcome of ongoing negotiations with unions and work council representatives
2) in terms of technical capacity and capability, independent of full commercial ramp up
All cost and cash take out measures are versus 2012

Nov. 30, 2013
Our value proposition to customers remains intact

We are

Outokumpu’s additional differentiators

Key customer priorities

The forever materials company

Customer orientation

Technical expertise

Sustainability

Product Quality

Delivery reliability

Competitive prices

Nov. 30, 2013