

Financial Statements 2018

CEO Roeland Baan
CFO Chris de la Camp

February 7, 2019

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Speakers



Roeland Baan
President & CEO



Chris de la Camp
CFO



Tommi Järvenpää
Vice President, Investor Relations

OUR VISION

Best value creator
in stainless steel
by 2020 through
customer orientation
and efficiency

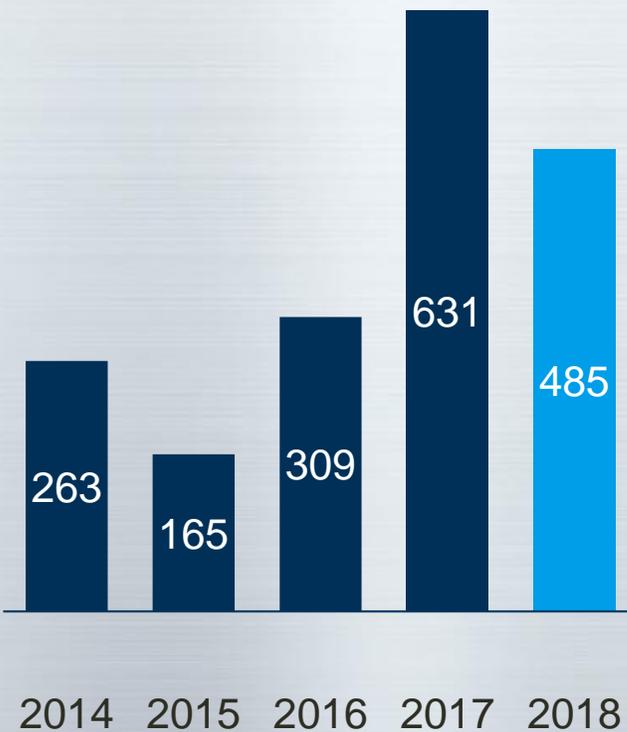
Adjusted
EBITDA of **€750**
million

ROCE of **12%**

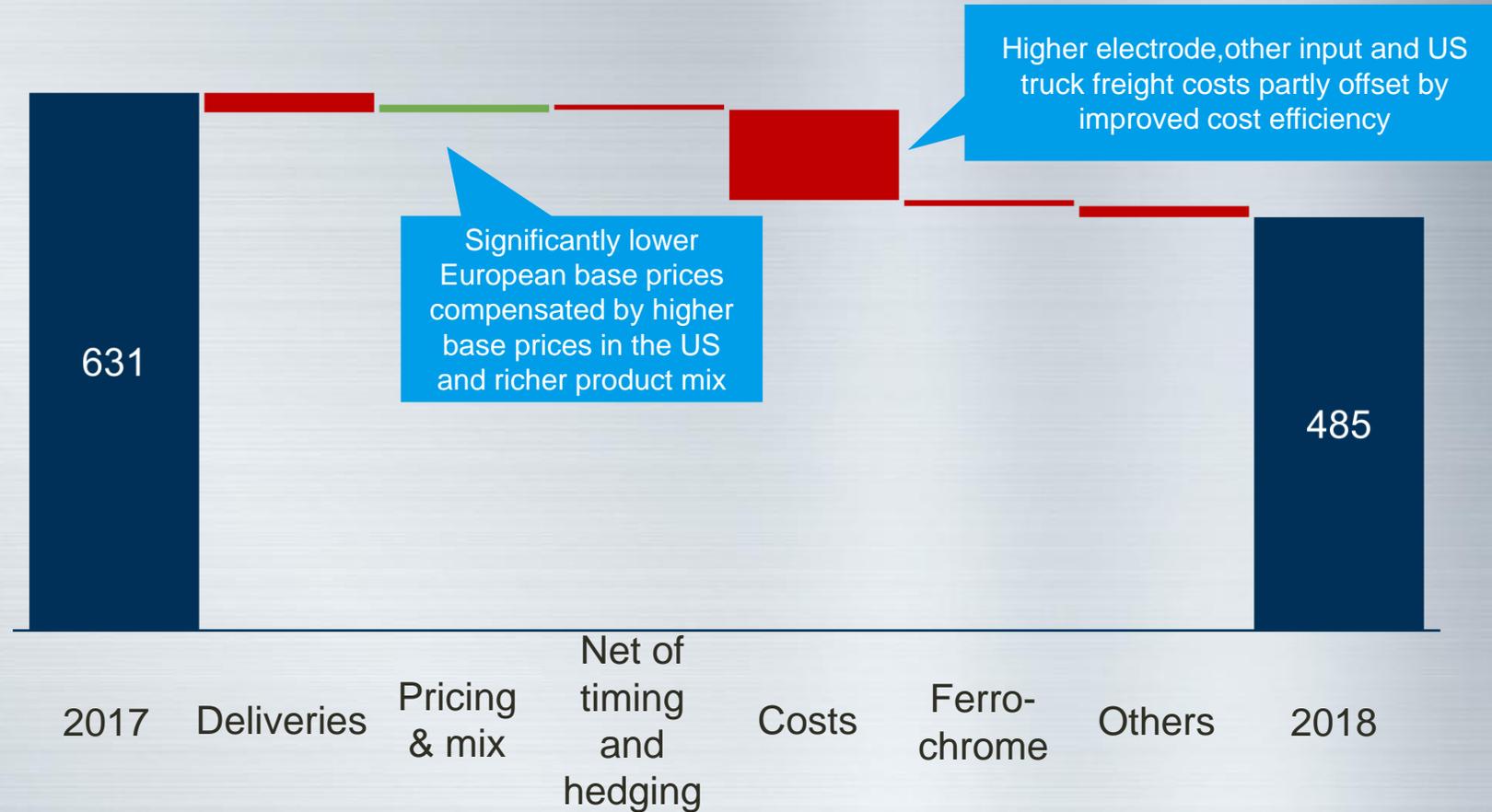
Gearing of **<35%**

Progress in 2018 overshadowed by exceptional market environment

Group adjusted EBITDA, EUR million



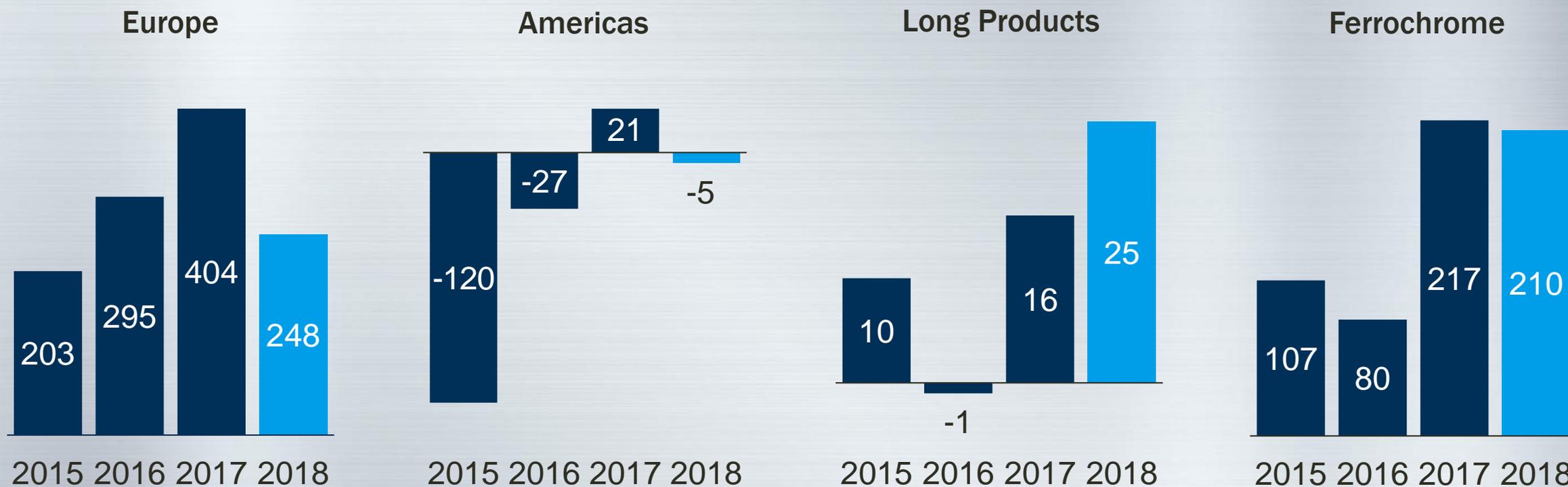
Adjusted EBITDA year-on-year comparison¹, EUR million



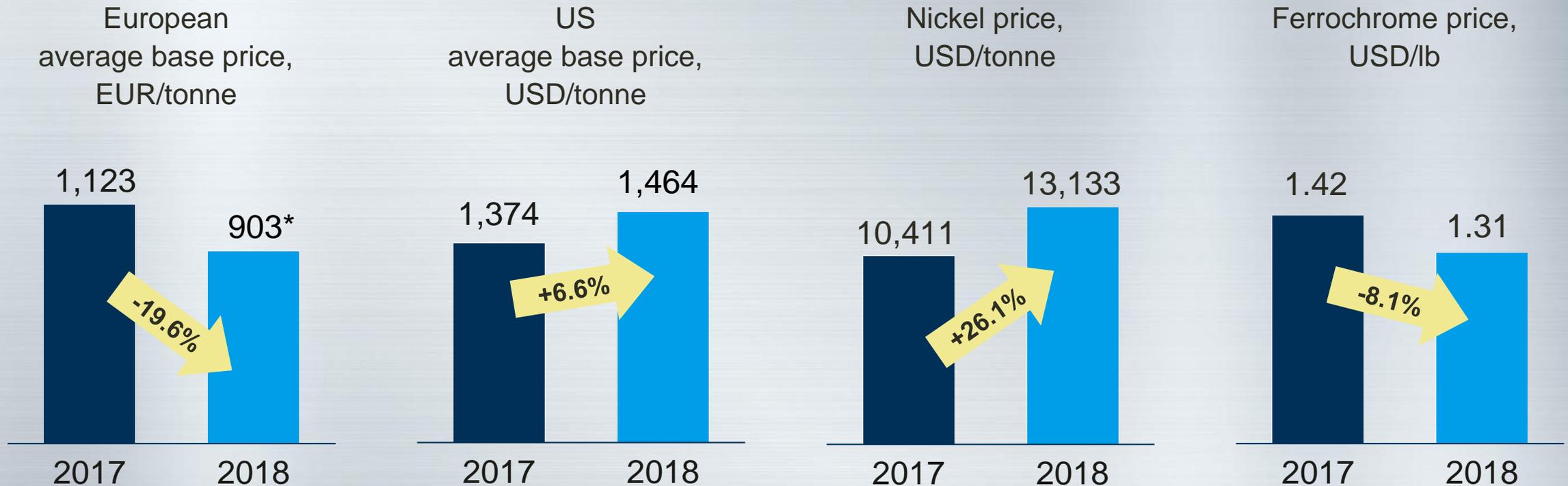
1) Indicative columns based on management estimates

Unstable markets and substantially higher input costs reflected in the results

Adjusted EBITDA, € million



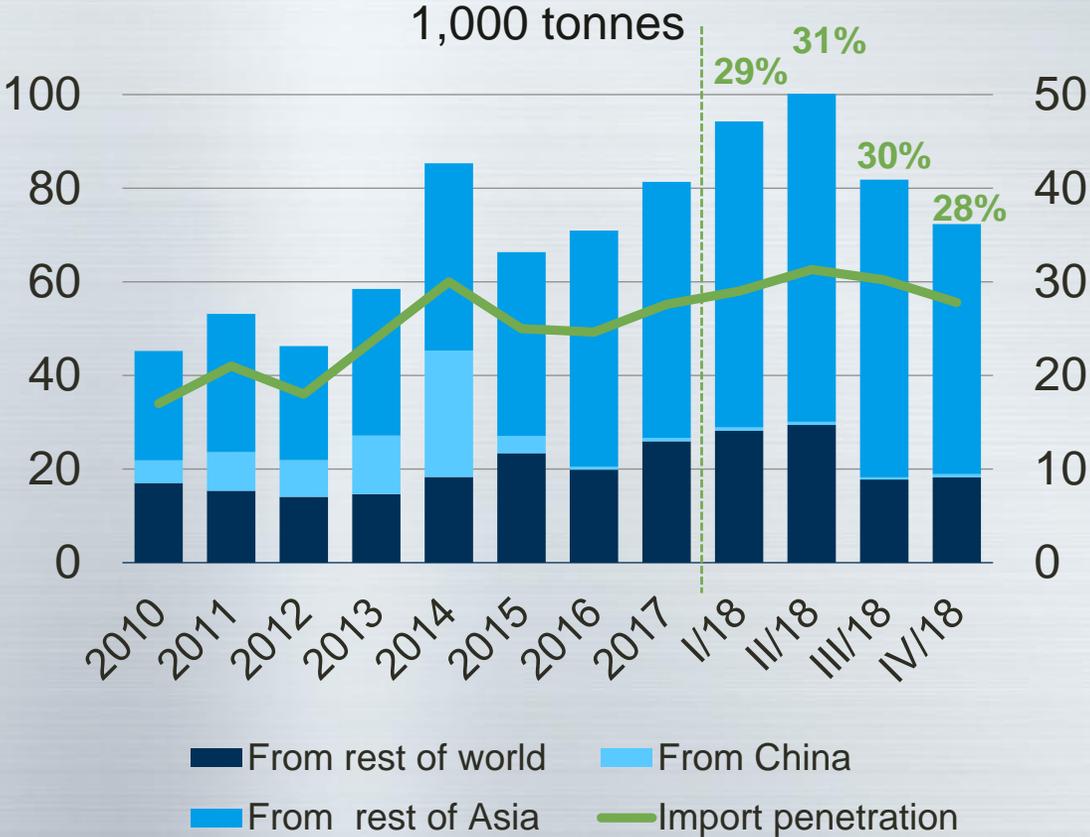
Historically low base prices in Europe



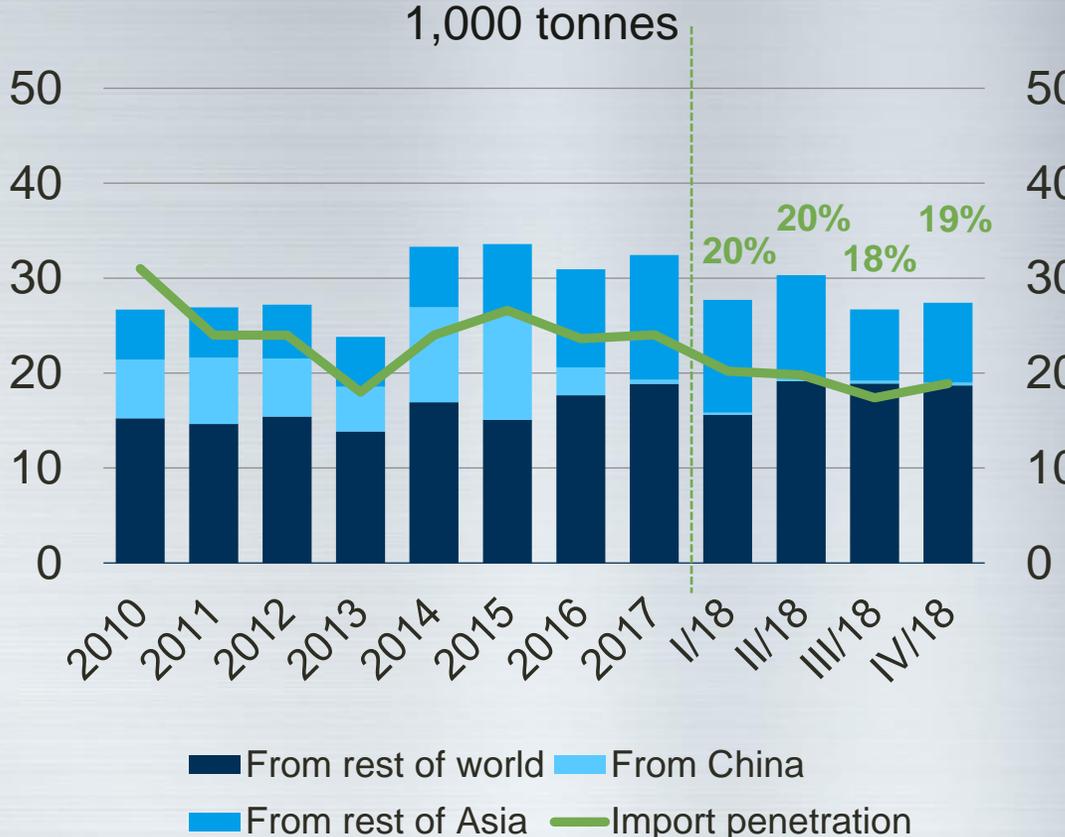
* According to the CRU, they have been no longer able to accurately assess base prices from June 2018 onwards. Subsequently, the reported base price value in is derived from effective prices and the published alloy surcharges.

High import pressure in Europe...

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



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



1. Cold rolled, monthly average. Source: Eurofer, January 2019 (Q4'18 based on Oct-Nov actuals and Dec forecast)
 2. Cold rolled, monthly average. Source: Foreign Trade Statistics, American Iron & Steel Institute, Oct 2018 (Q4'18 based on Oct actual figures & Nov-Dec forecast)



...has been burdening base prices

European base prices¹ (Germany)*, EUR/tonne



US base prices¹, USD/tonne



Transaction prices 304 stainless, USD/tonne

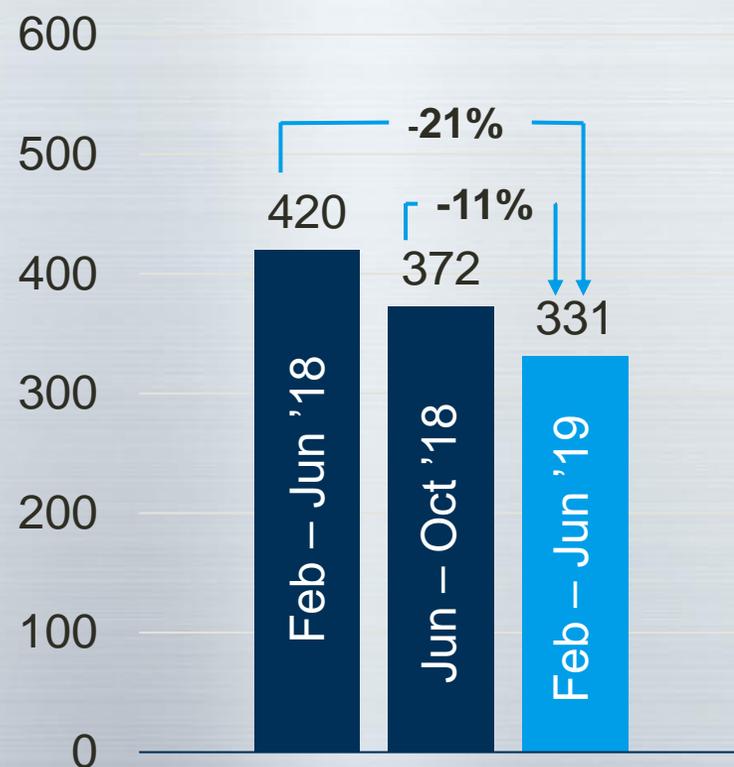


1. 2mm sheet cold rolled 304 grade. CRU January 2019

* According to the CRU, they have been no longer able to accurately assess base prices from June 2018 onwards. Subsequently, the reported base price value in is derived from effective prices and the published alloy surcharges.

Permanent safeguards are sufficient to cut EU imports

EU historical cold rolled imports in the scope of safeguard measure and quota for 1st period¹, kt



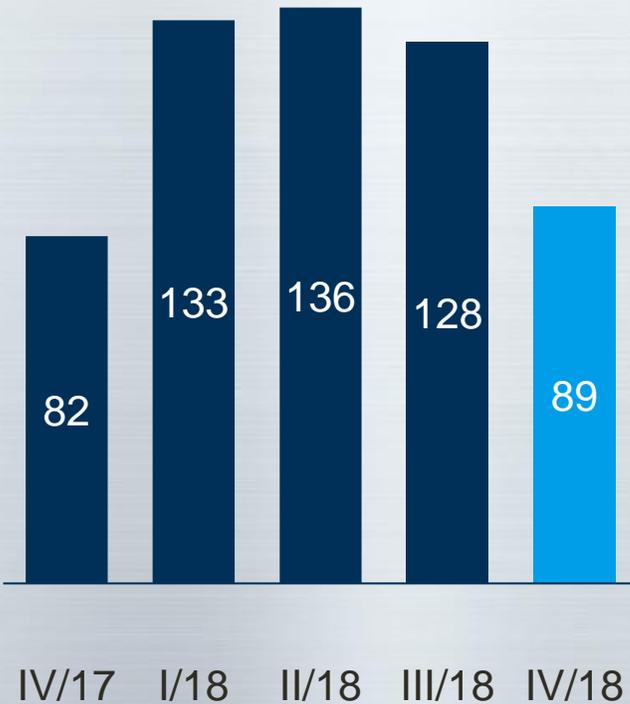
- 3 periods based on 2015 – 2017 average imports
 - Feb/19 – Q2/19 5% increase
 - Q3/19 – Q2/20 5% increase
 - Q3/20 – Q2/21 5% increase
- National quota for major importers
- Residual quota quarterly allocated
- 25% duties on transaction price for volumes above the quota
- The surplus of residual quota in the last quarter of the period can be utilized by all countries
- Tariff deposit to be paid once 90% of the quota is filled
- Developing countries with share below 3% excluded, next review before the end of the first period
- Residual from temporary safeguards not to be transferred to the permanent quotas

Group key financials

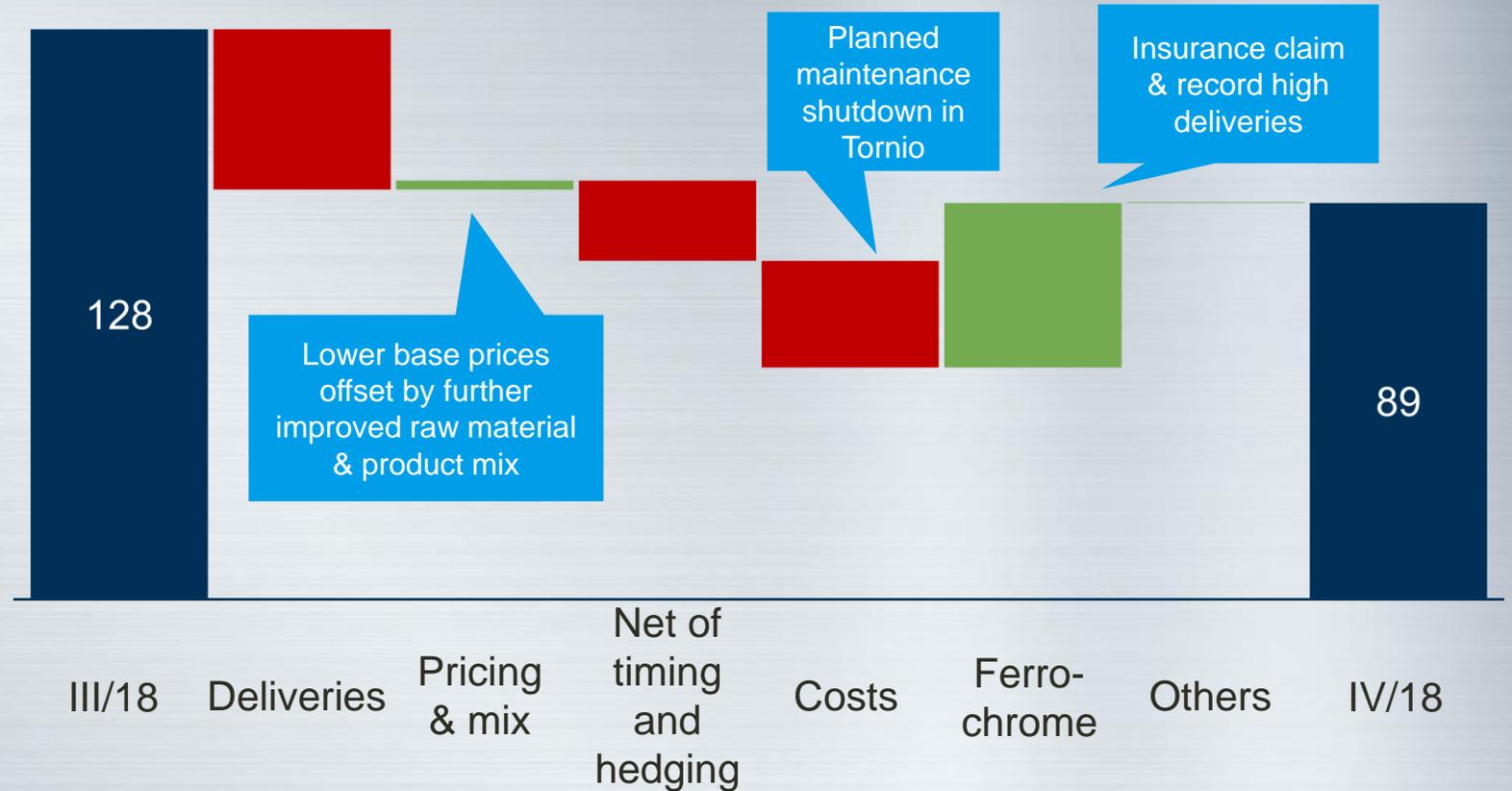
Key figures	IV/18	IV/17	III/18	2018	2017
Stainless steel deliveries, 1,000 tonnes	534	561	582	2,428	2,448
Sales, EUR million	1,586	1,463	1,733	6,872	6,356
Adjusted EBITDA, EUR million	89	82	128	485	631
Net result, EUR million	27	128	29	130	392
Earnings per share, EUR	0.07	0.31	0.07	0.32	0.95
Operating cash flow, EUR million	43	104	61	214	328
Net debt, EUR million	1,241	1,091	1,205	1,241	1,091
Gearing	45.1	40.1	44.5	45.1	40.1
Capital expenditure, EUR million	104	84	56	260	174
Return on capital employed, ROCE	7.0	11.3	6.9	7.0	11.3
Personnel at the end of the period	10,449	10,141	10,459	10,449	10,141

Stainless deliveries fell due to distributor destocking

Group adjusted EBITDA, EUR million



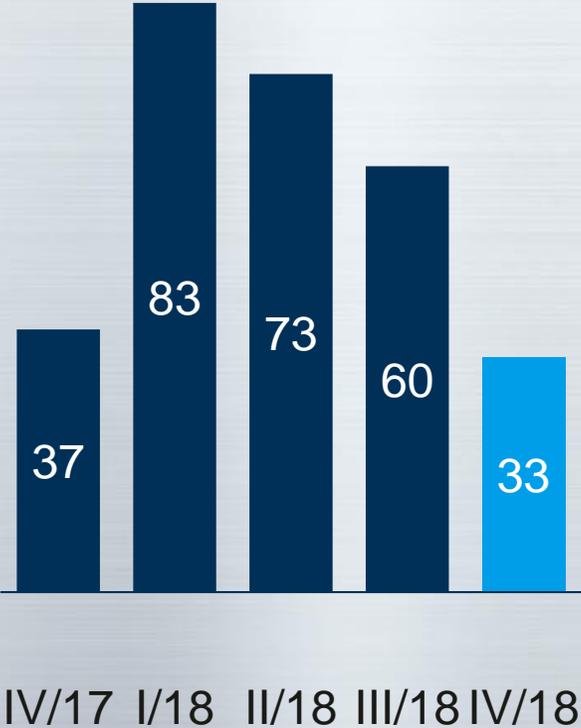
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



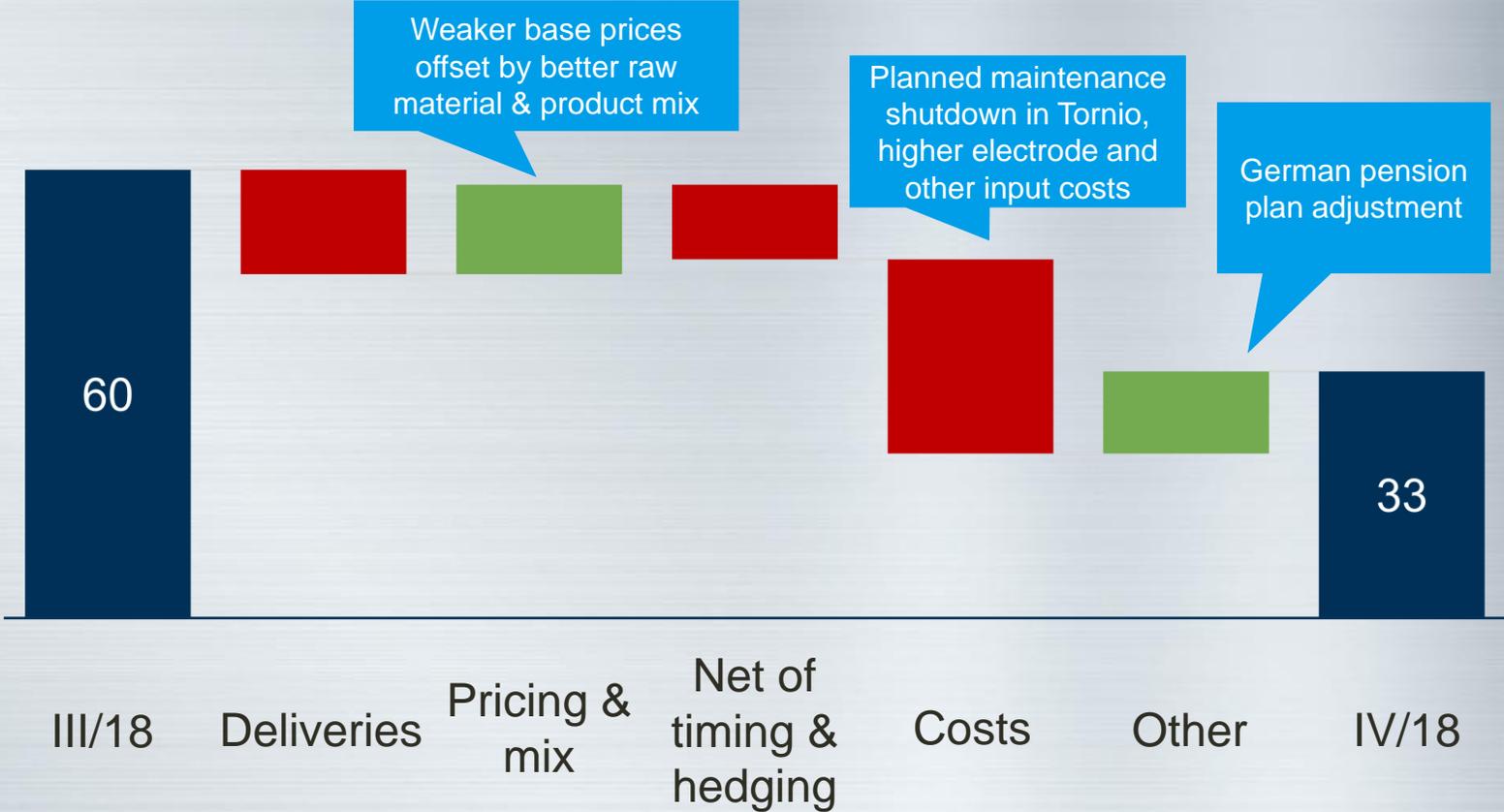
1) Indicative columns based on management estimates

Product mix continued to improve in Europe

Adjusted EBITDA, EUR million



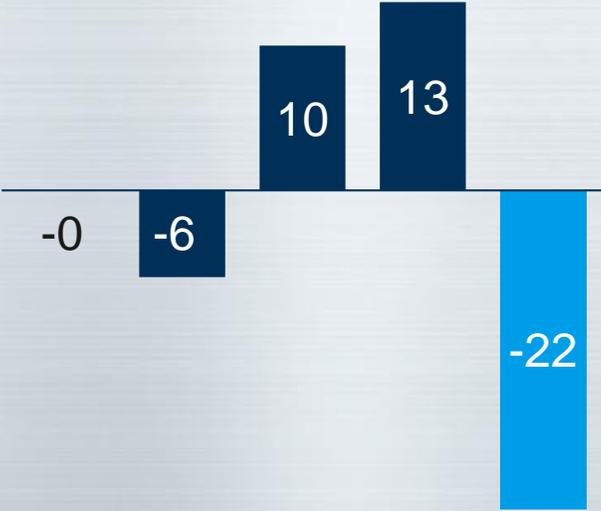
Adj. EBITDA quarter-on-quarter comparison¹, EUR million



1) Indicative columns based on management estimates

Distributor destocking continued in the Americas

Adjusted EBITDA, EUR million



IV/17 I/18 II/18 III/18 IV/18

Adj. EBITDA quarter-on-quarter comparison¹, EUR million



Seasonality & distributor destocking

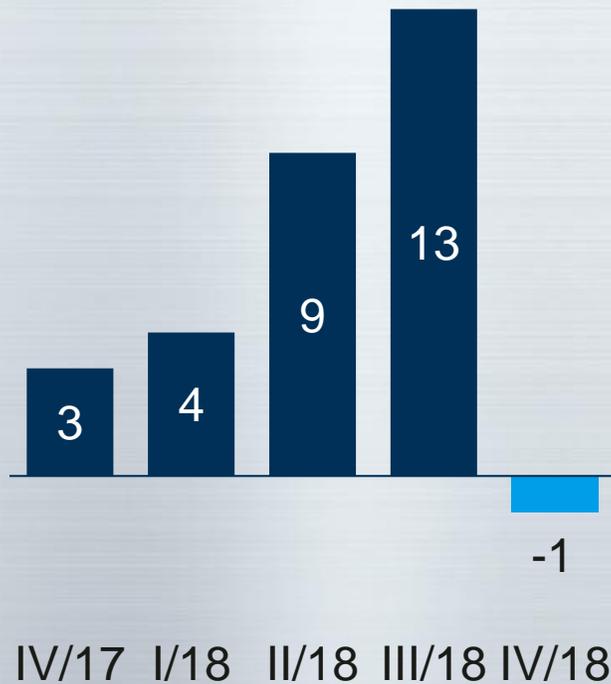
III/18 Deliveries Pricing & mix Net of timing & hedging Costs Other IV/18

1) Indicative columns based on management estimates

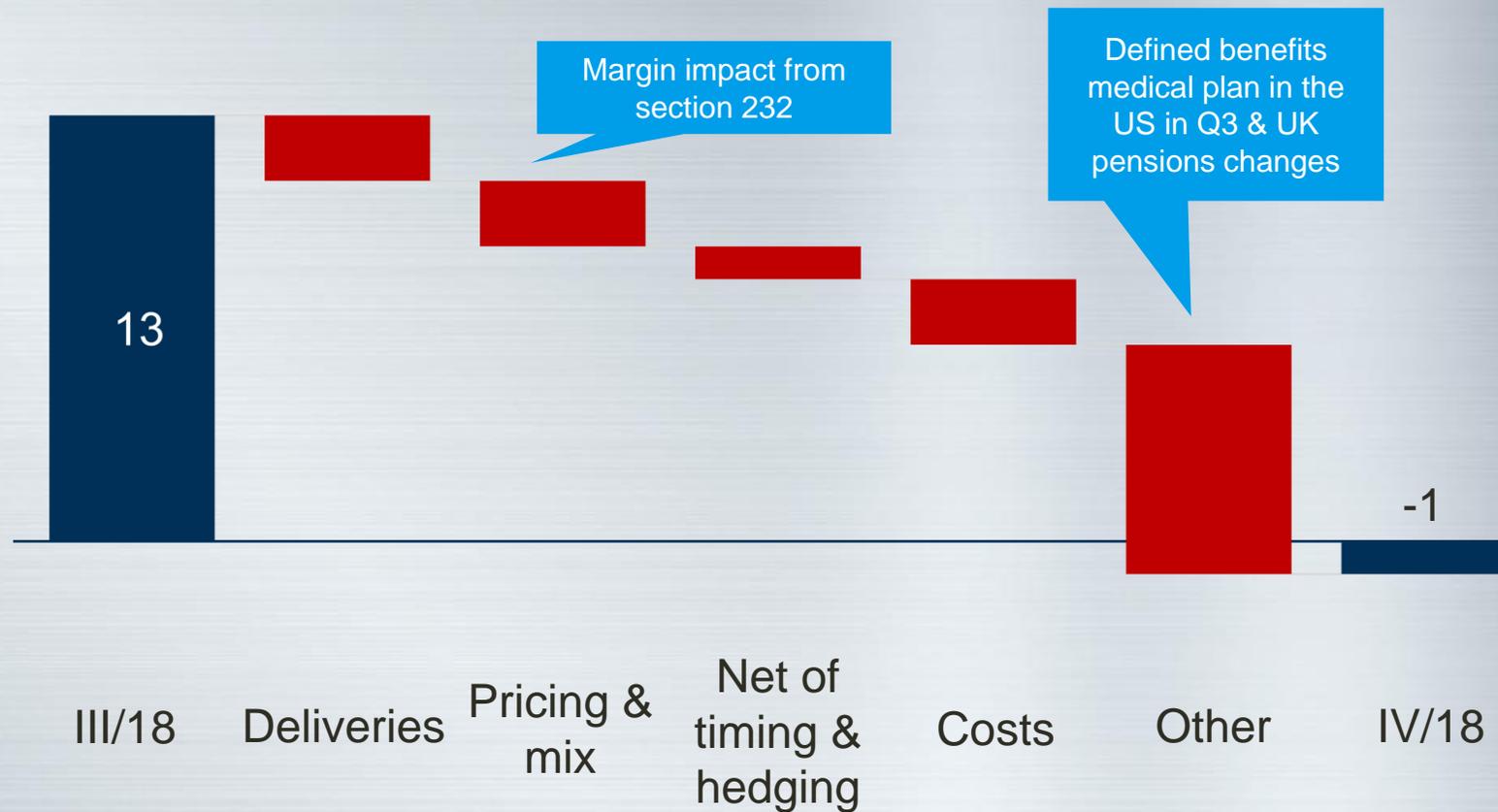


Long products' profitability impacted by one-offs and section 232

Adjusted EBITDA, EUR million



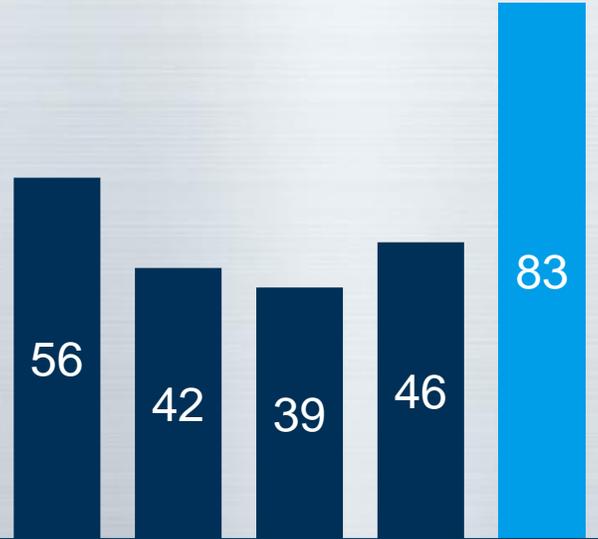
Adj. EBITDA quarter-on-quarter comparison¹, EUR million



1) Indicative columns based on management estimates

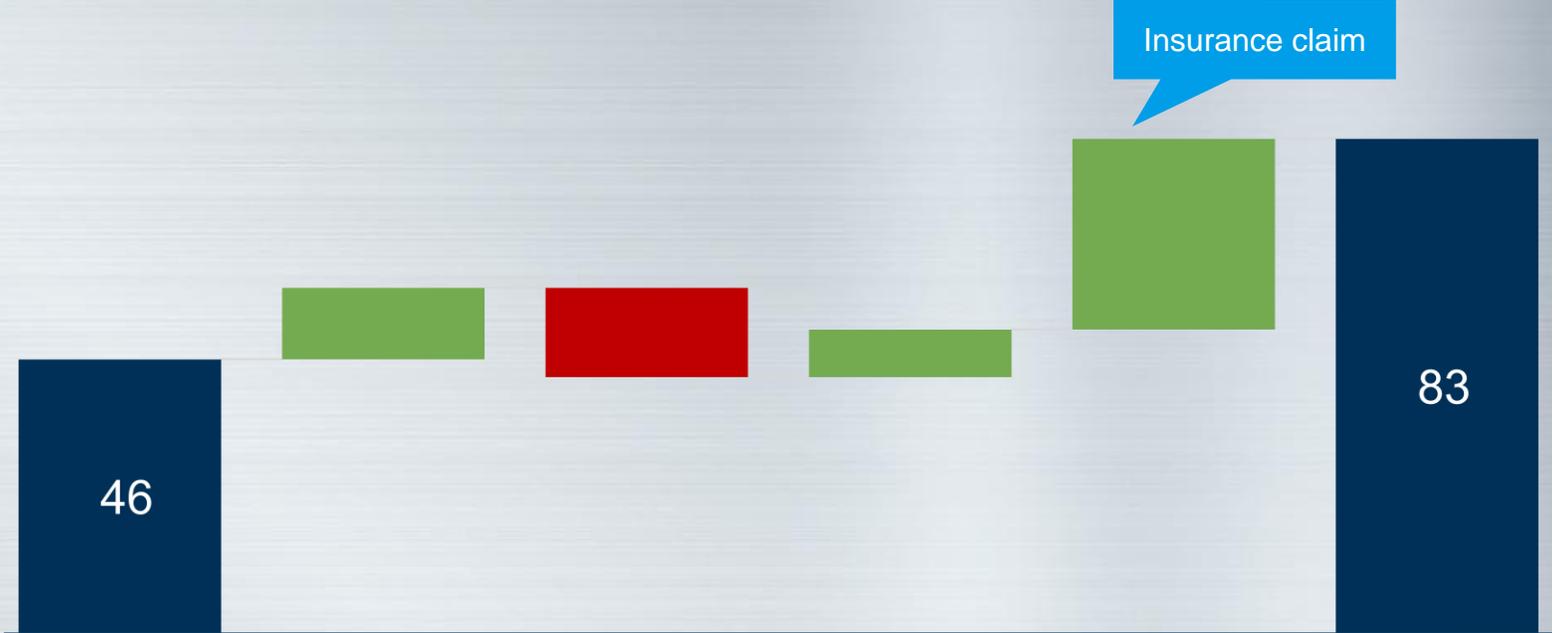
Record-high ferrochrome production

Adjusted EBITDA, EUR million



IV/17 I/18 II/18 III/18 IV/18

Adj. EBITDA quarter-on-quarter comparison¹, EUR million

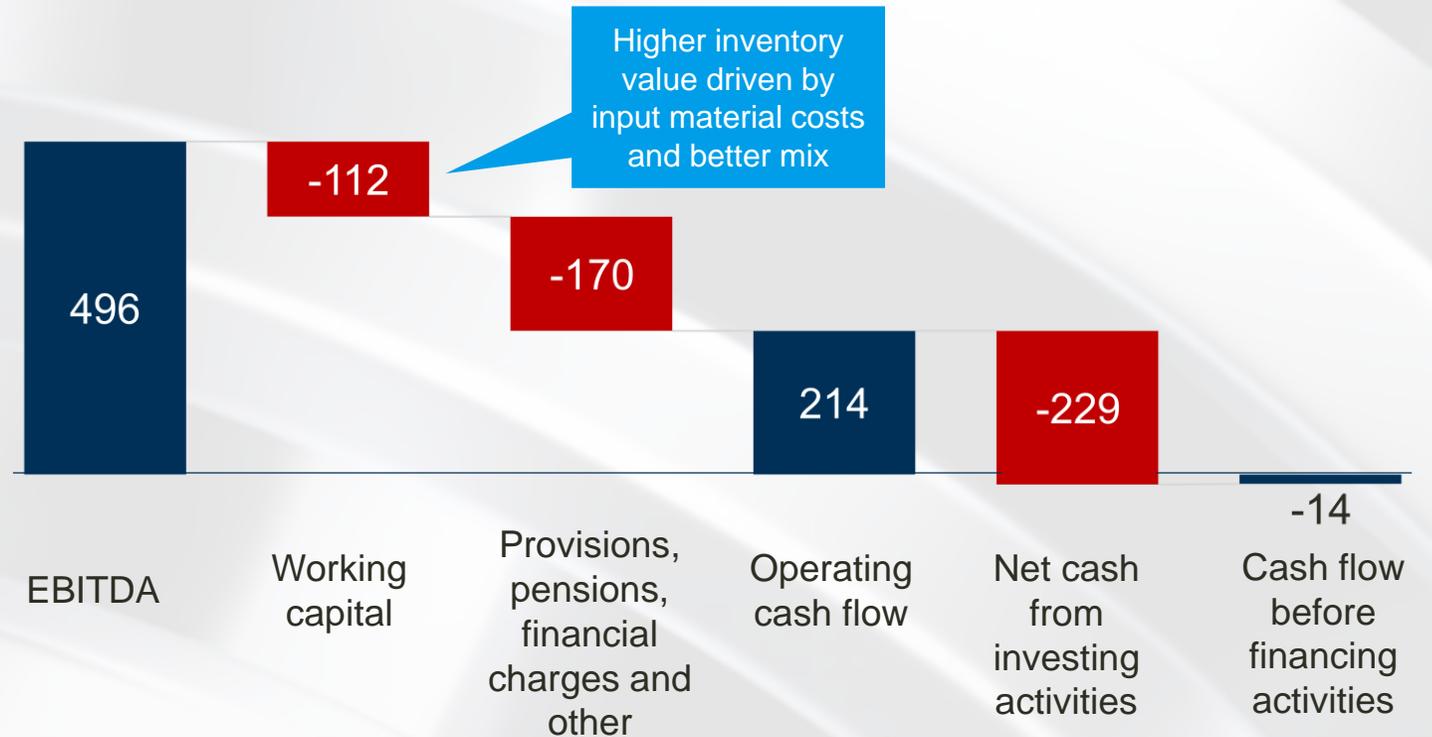


III/18 Deliveries FeCr price Costs Other IV/18

1) Indicative columns based on management estimates

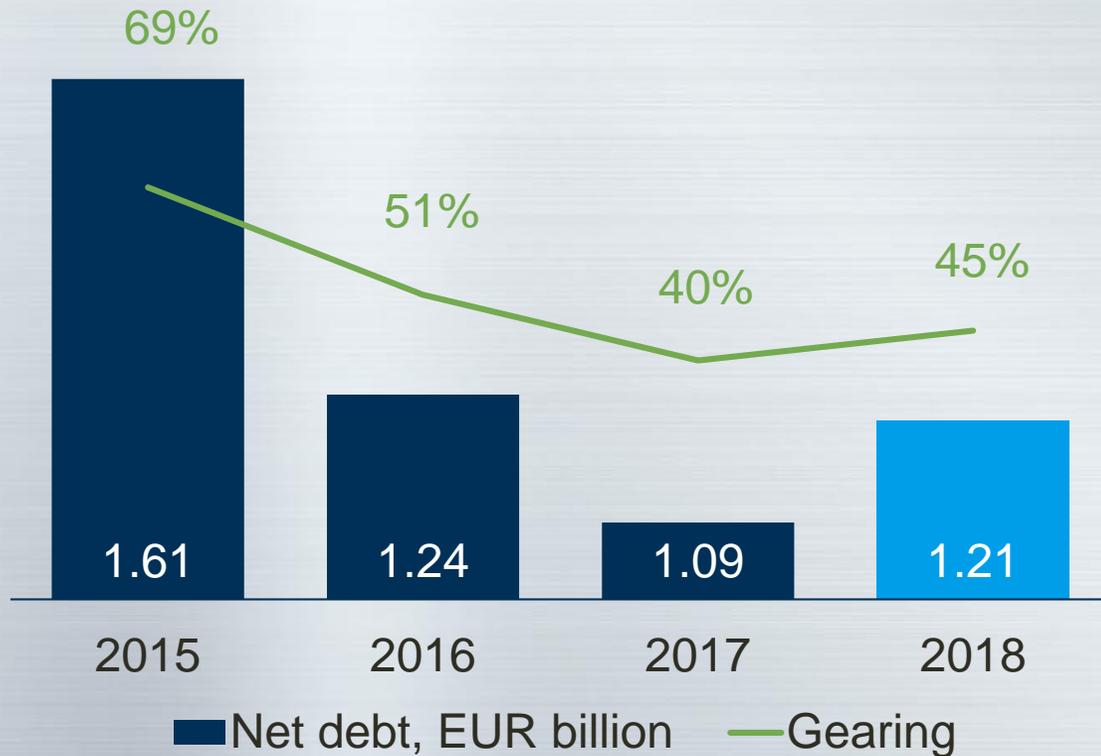
Cash flow in 2018 impacted by unsatisfactory inventory management

2018 cash flow, EUR million



Strengthening of our balance sheet and reducing net debt are key priorities for 2019

Net debt and gearing

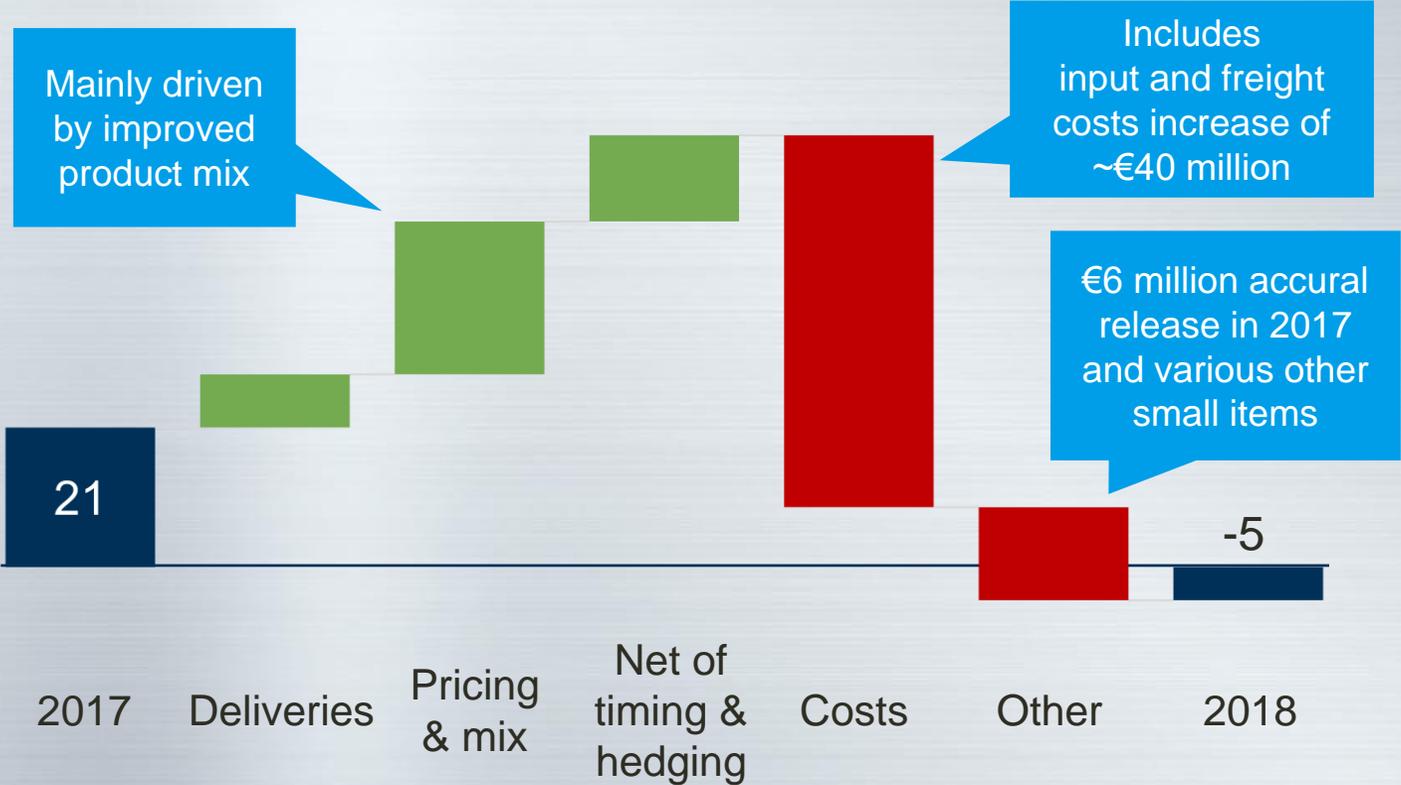


Net debt/LTM adjusted EBITDA



Disappointing year for the Americas

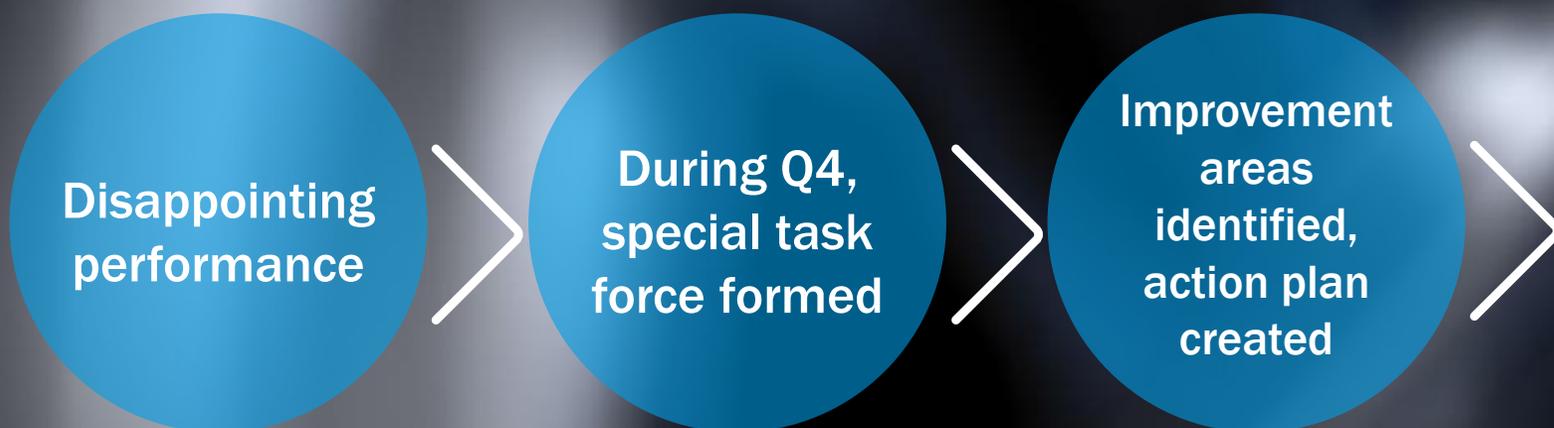
Adj. EBITDA year-on-year comparison¹, EUR million



1. Strong operational performance continues and our reliability has improved significantly
2. Result was heavily impacted by higher input and freight costs
3. We were unable to capture strong base prices

1) Indicative columns based on management estimates

We have taken decisive actions to translate strong operational performance into financial results



1. Strengthen commercial capabilities
2. Streamline supply chain processes
3. Implement the ferritics investment

Outlook for Q1 2019

- Stainless steel market is expected to remain challenging due to high distributor inventory levels
- Stainless steel deliveries expected to be higher than in Q4/18
- Americas' performance expected to remain weak
- Negative impact from lower ferrochrome benchmark price

Adjusted EBITDA expected to be lower than in Q4/18 (EUR 89 million)

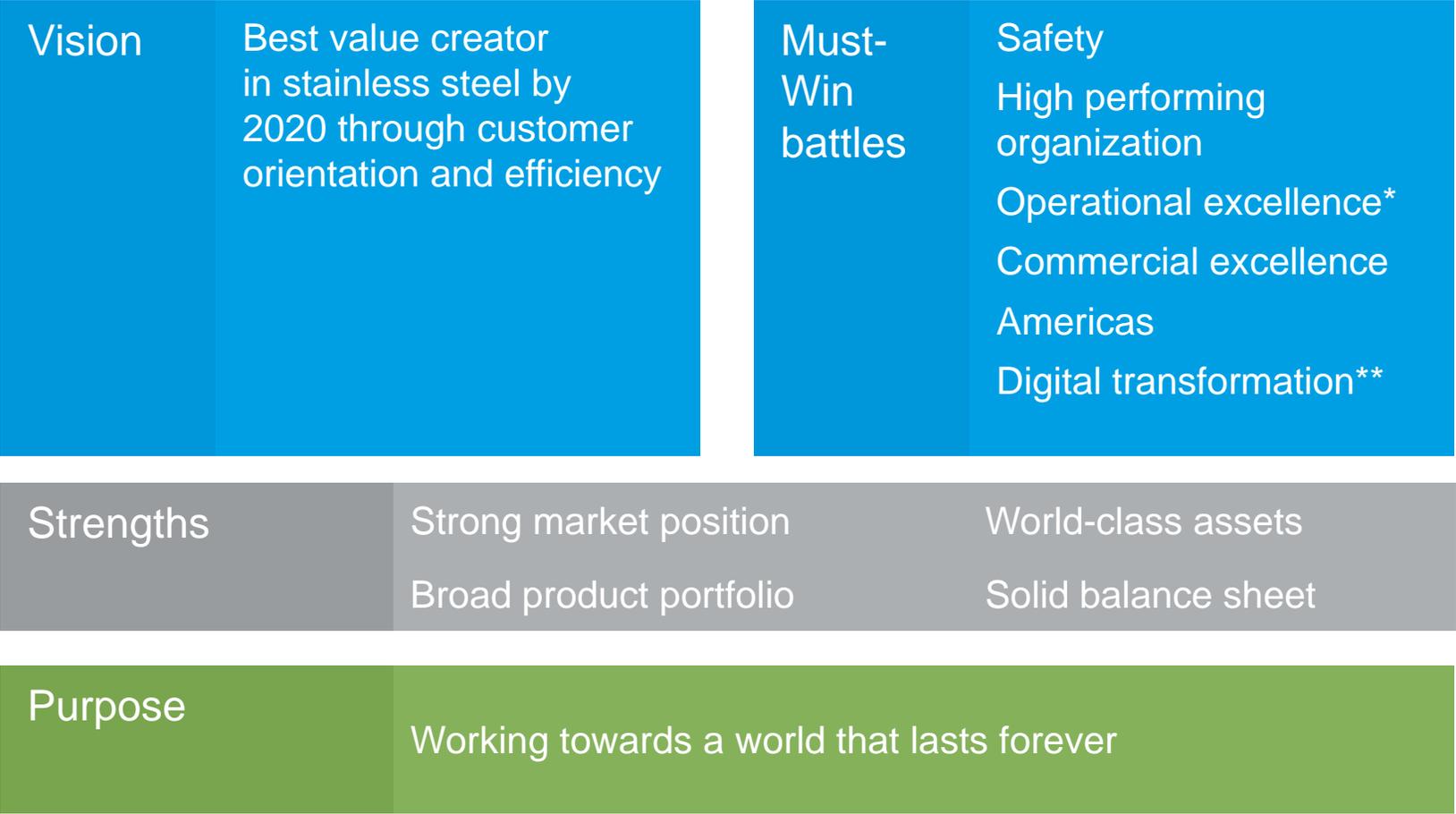
Calvert Site visit 2019

Outokumpu will host
a site visit to the Calvert stainless steel mill
on April 2, 2019



Appendix

Becoming the best value creator



* Includes previous must-win battles of World-class supply chain and manufacturing excellence as of 2019
 ** New must-win battle as of 2019



MUST-WIN BATTLES UPDATED

Safety

High performing
organization

Operational
excellence

Commercial
excellence

Americas

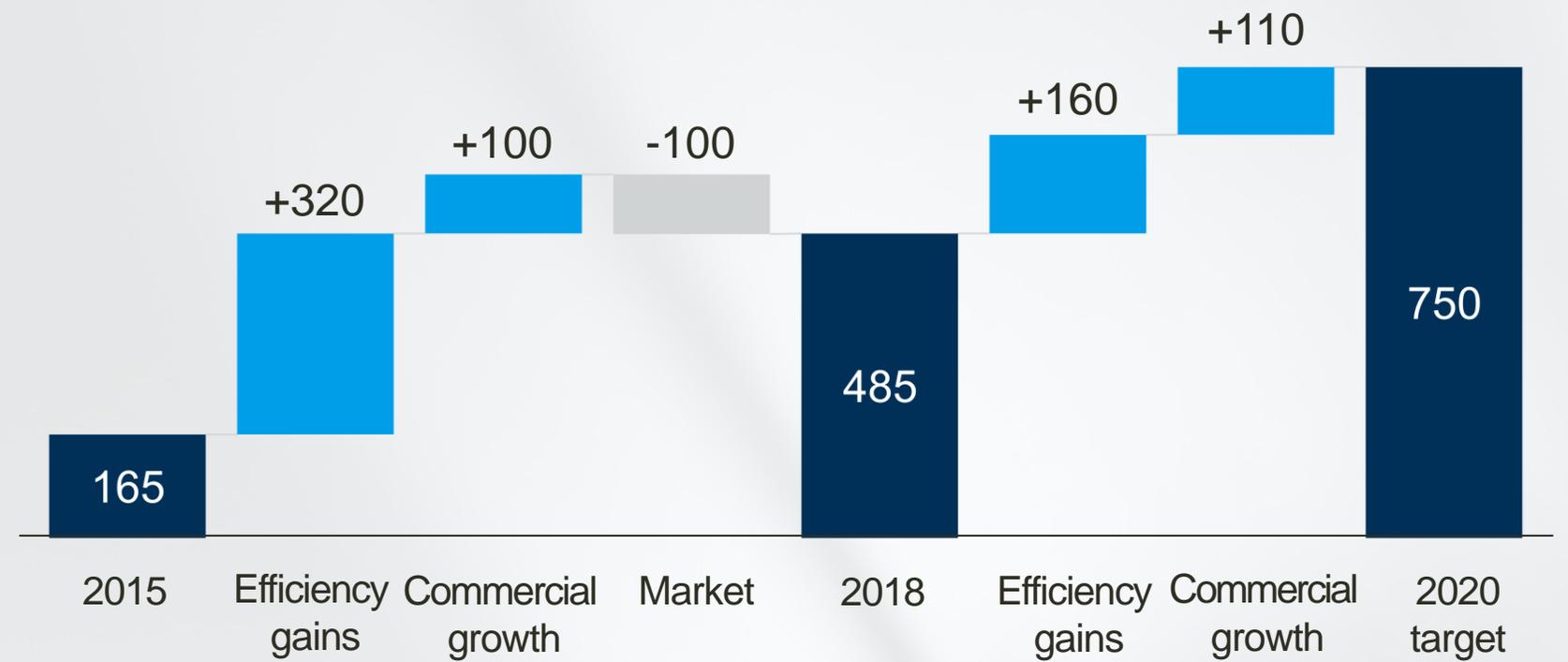
Digital
transformation

- World-class supply chain and manufacturing excellence must-win battles combined
- Quality, supply chain and manufacturing

- New must-win battle
- New digital business and manufacturing platforms
- Data driven management

We will deliver
an adjusted
EBITDA of
€750
million in 2020

Adjusted EBITDA, € million



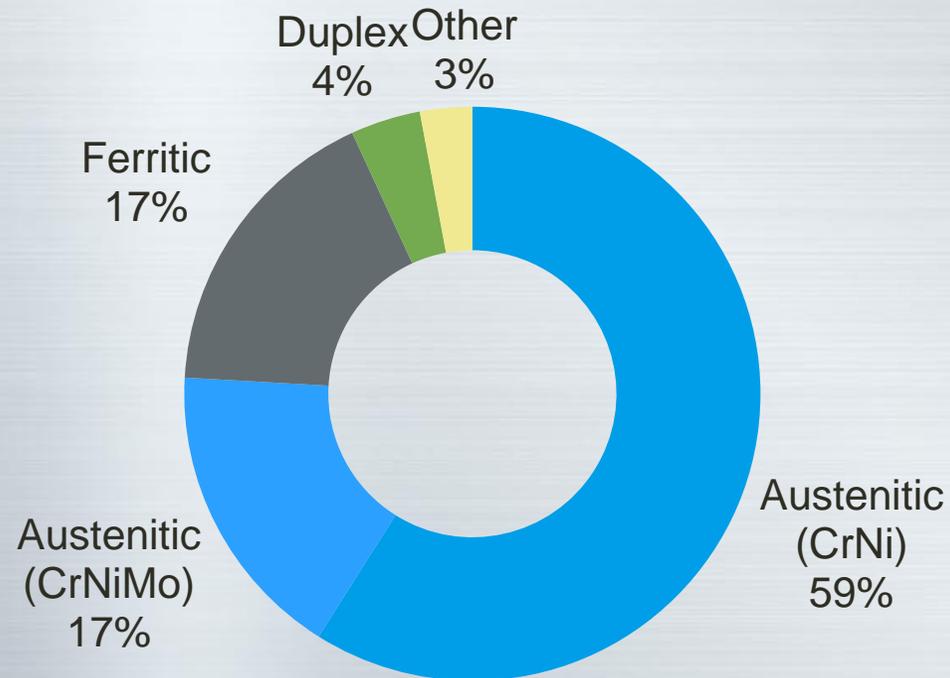
Approximate figures, based on management estimates

Fully integrated production asset base

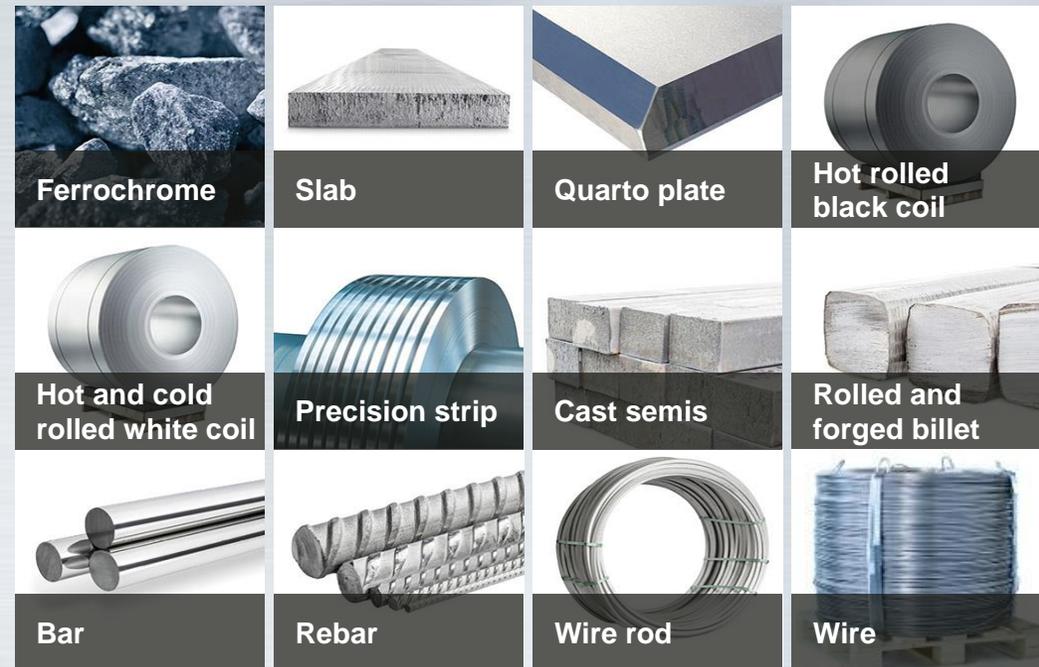
	Europe				Americas		Long Products				Total
1,000 tonnes	Tornio Finland	Avesta + Nyby Sweden	Krefeld + Dillenburg Germany	Degerfors Sweden	Calvert USA	Mexinox Mexico	Sheffield UK	Richburg USA	Degerfors Sweden	Fagersta Sweden	
Melting	1,450	450			900		450				3,250
Hot rolling	1,450	900			870						3,220
Finishing - Cold rolling - HWB - Quarto plate - Long products	750 150	130 120	500	150	350 150	250	25	40	40	65	2,720

Broadest product portfolio globally

Deliveries by product grade in 2018



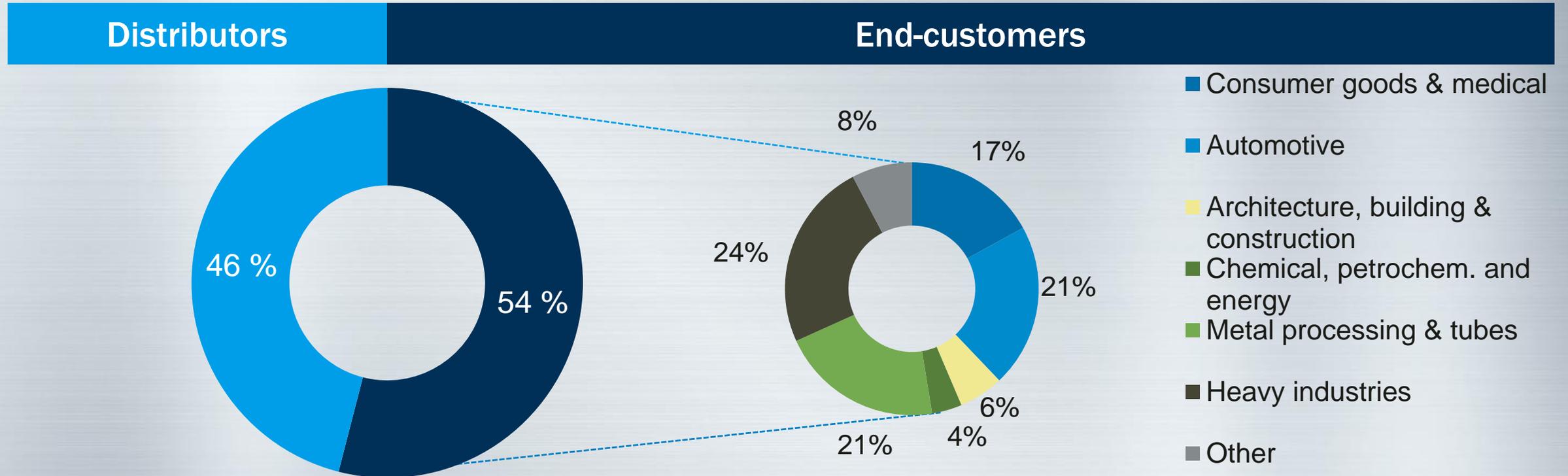
Outokumpu product forms



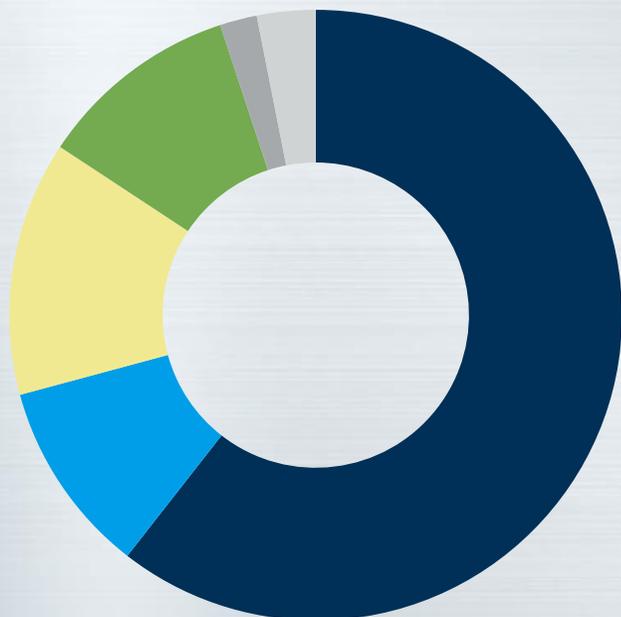
Jan-Dec 2018

We focus on growth segments

Consumer goods, automotive, architecture, building and construction



Operative cost components



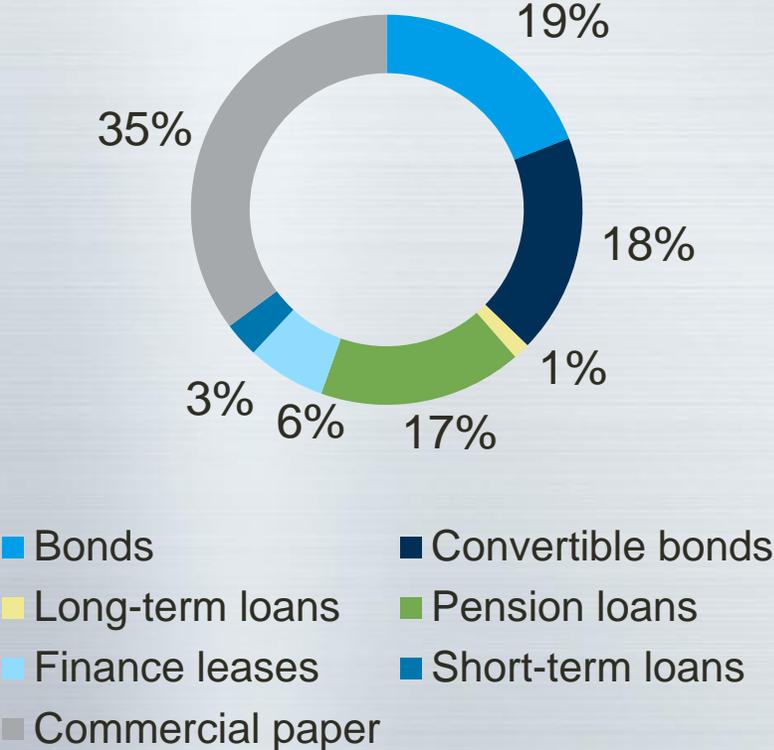
- Raw materials
- Personnel
- Energy and consumables
- Other cost of sales
- SG&A (excl. personnel and D&A)
- D&A total

- Raw materials account for around 60% of the total operative costs of the Group
- Energy and other consumables account for 10-15% of the total operative costs
- Personnel expenses around 10% of the total operative costs
- Other cost of sales includes e.g. freight, maintenance and rents and leases

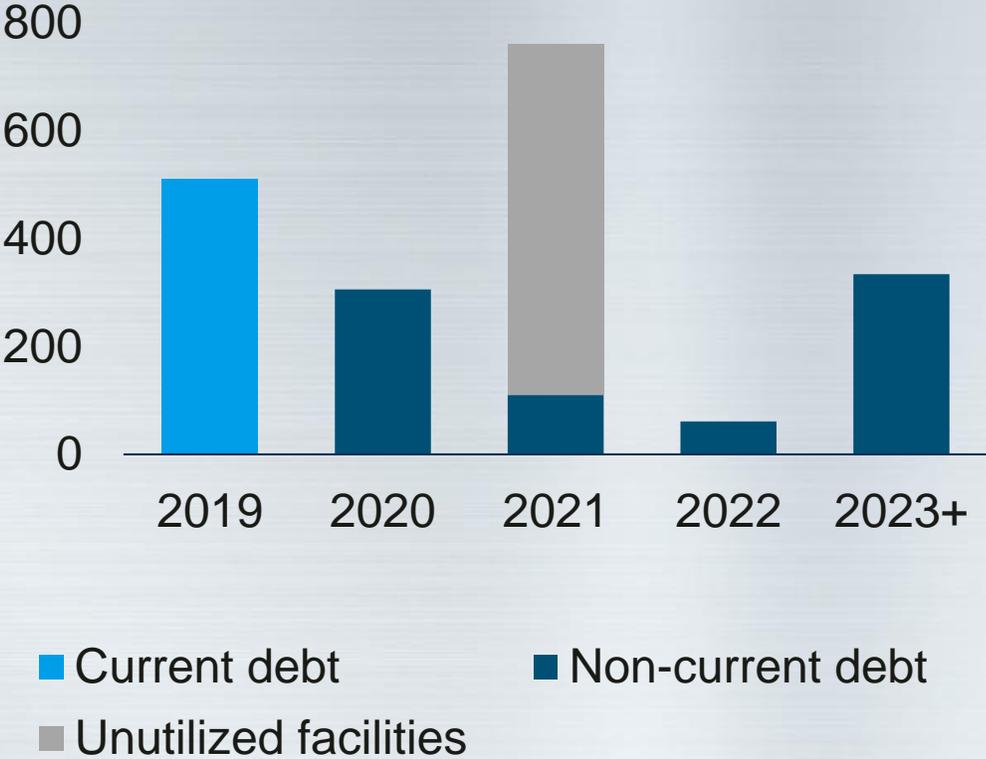
Jan-Dec 2018

Debt structure and maturity profile

Debt structure*, %

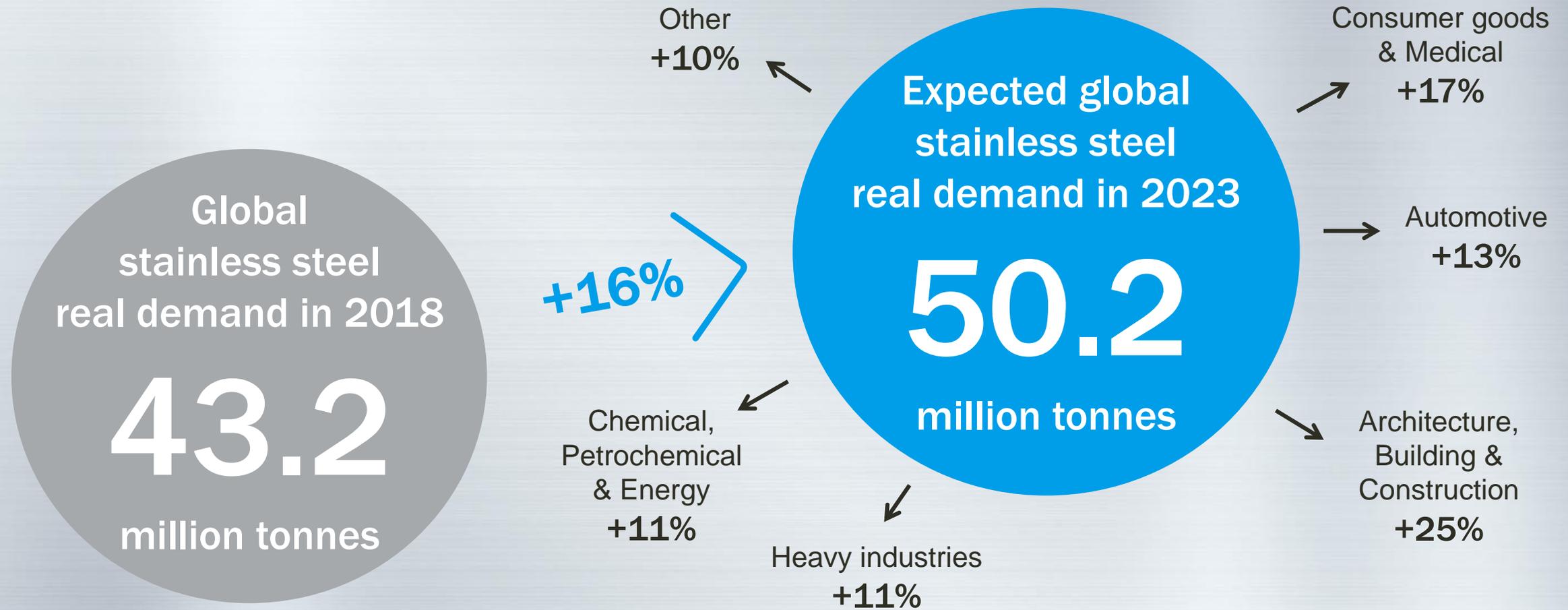


Debt maturity profile*, EUR million

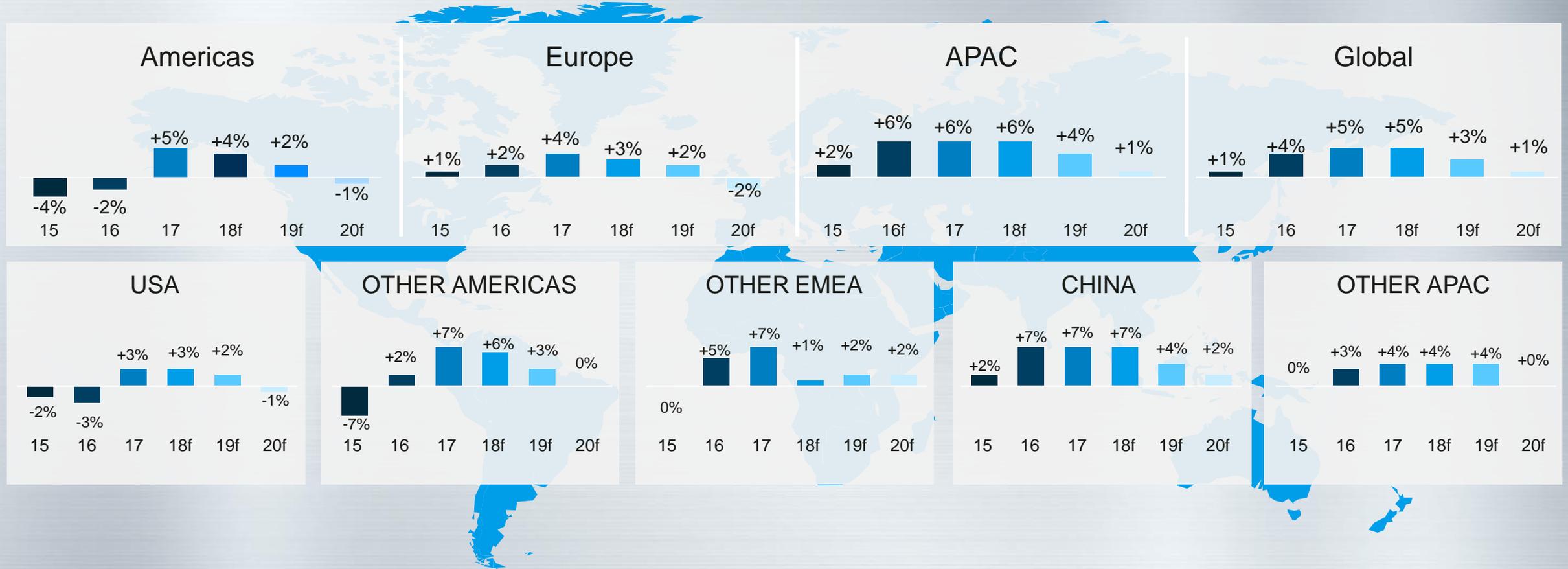


* December 31, 2018

Stainless steel demand continues to grow



3% demand growth expected for 2019



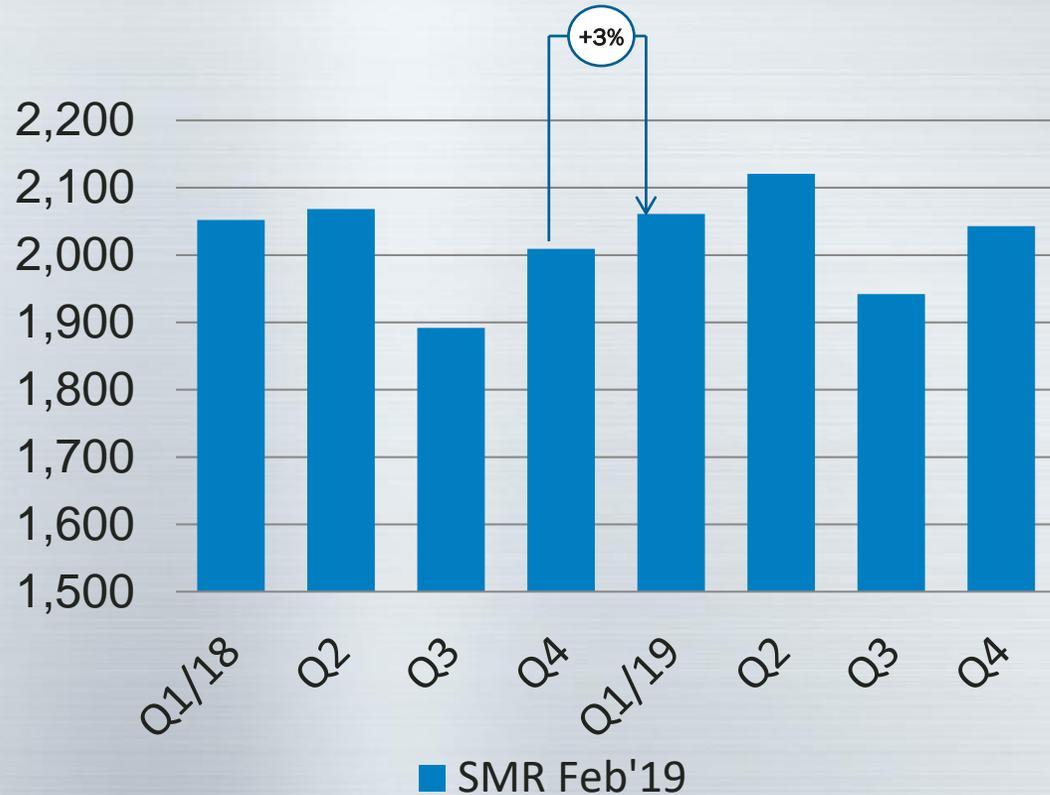
Data source: SMR, February 2019

Real demand for total stainless steel (rolled & forged products, excl. 13Cr tubes, profiles)

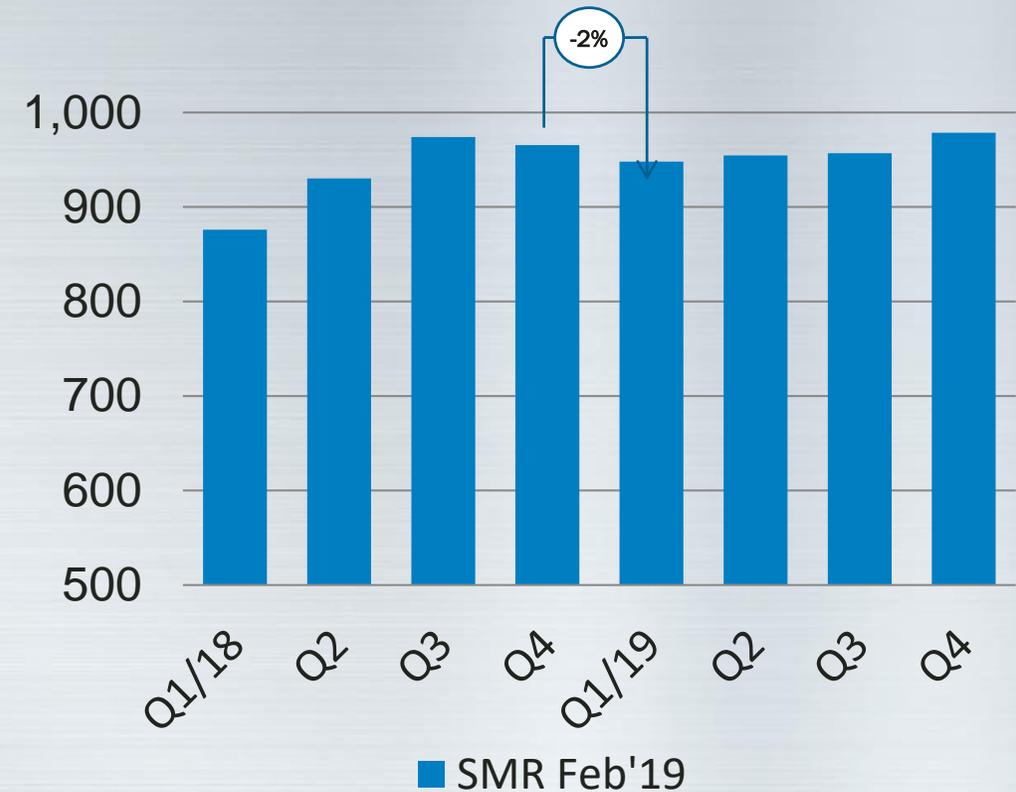


Weaker-than-typical Q1 expected

EMEA total stainless steel real demand¹



Americas total stainless steel real demand¹



Low capacity utilization in China, on healthier level in Europe and Americas

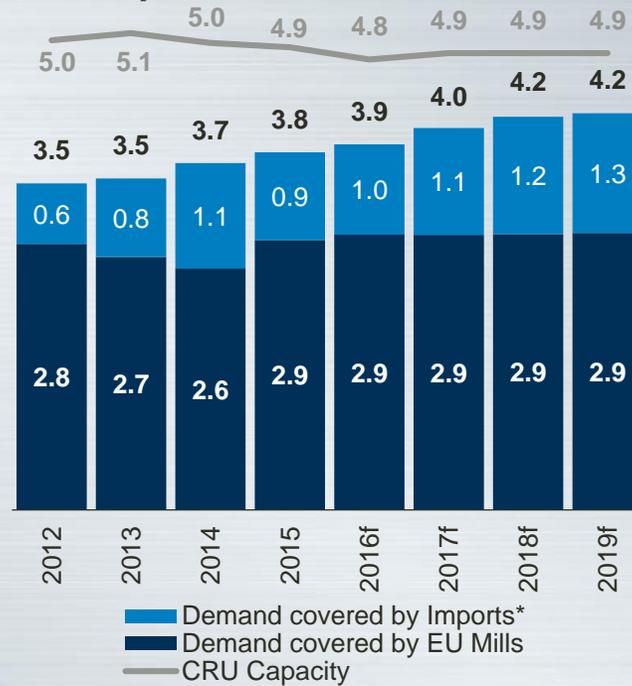
Asia

[CR, Mtonnes]



Europe

[CR, Mtonnes]

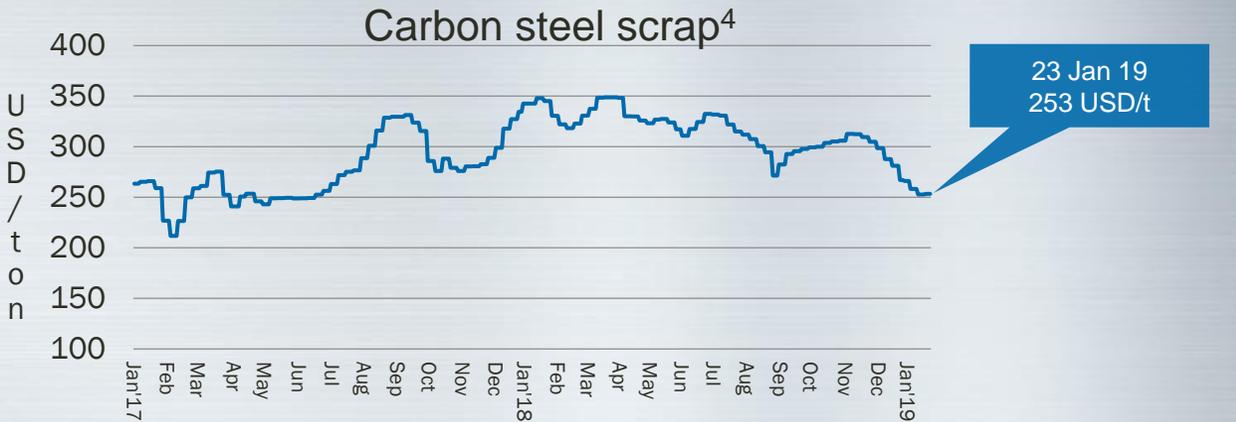
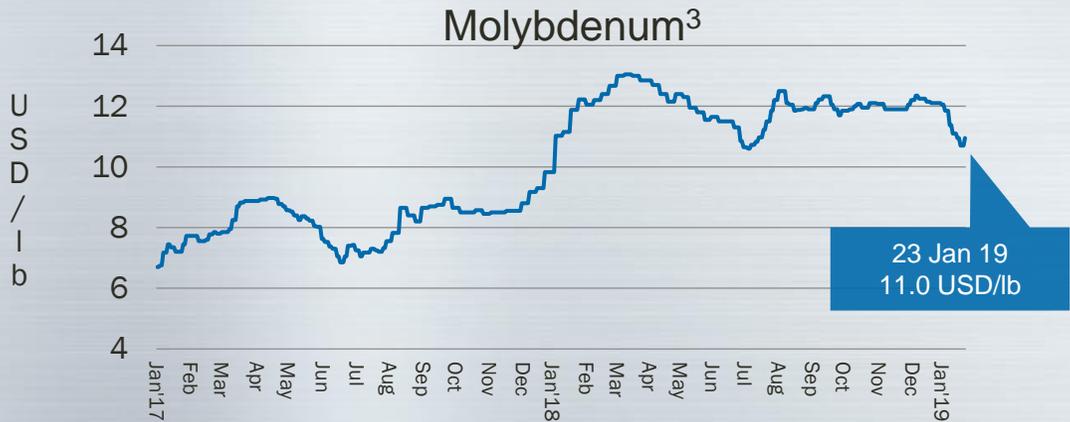
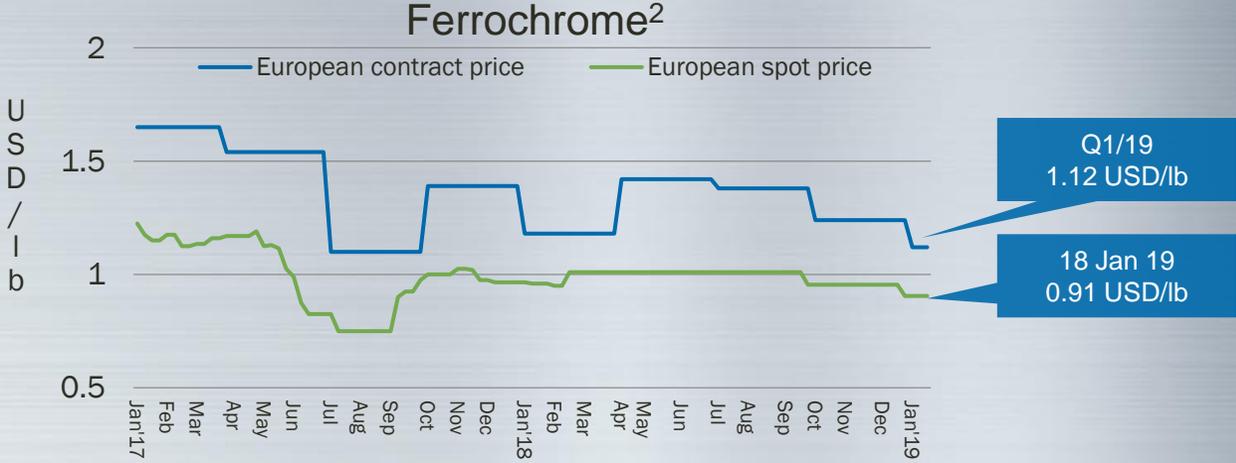
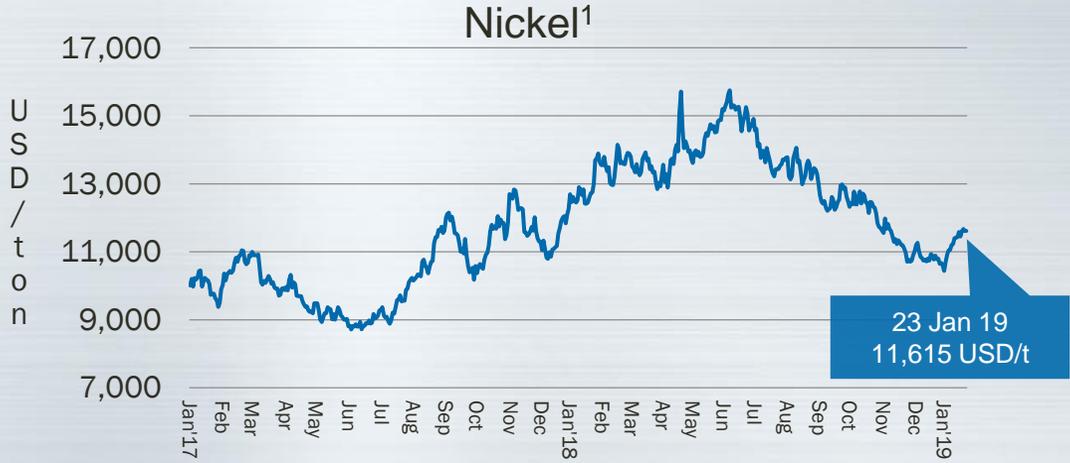


Americas

[CR, Mtonnes]



Raw materials - price development



Data source: 1) Nickel Cash LME Daily Official 2) Contract - MetalBulletin - Ferro-chrome Lumpy CR charge basis 52% & Cr quarterly major European destinations Cr ; Spot: Platts Charge Chrome 52% DDP Europe
 3) MetalBulletin - Molybdenum Drummed molybdic oxide Free market Mo in warehouse; 4 Ferrous Scrap Index HMS 1&2 (80:20 mix) \$ per tonne fob Rotterdam



For more information, call Outokumpu Investor Relations or visit www.outokumpu.com/investors

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