

Q1 2019 results

CEO Roeland Baan
CFO Pia Aaltonen-Forsell

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Speakers



Roeland Baan
President & CEO



Pia Aaltonen-Forsell
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

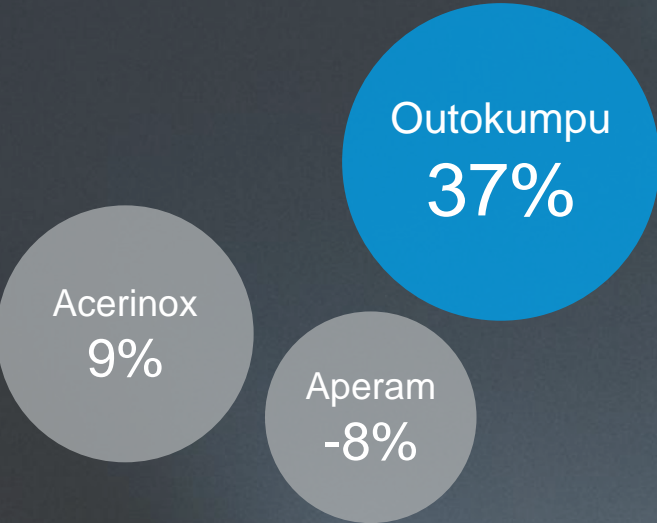
ROCE of **12%**

Gearing of **<35%**

Becoming the best value creator in stainless steel

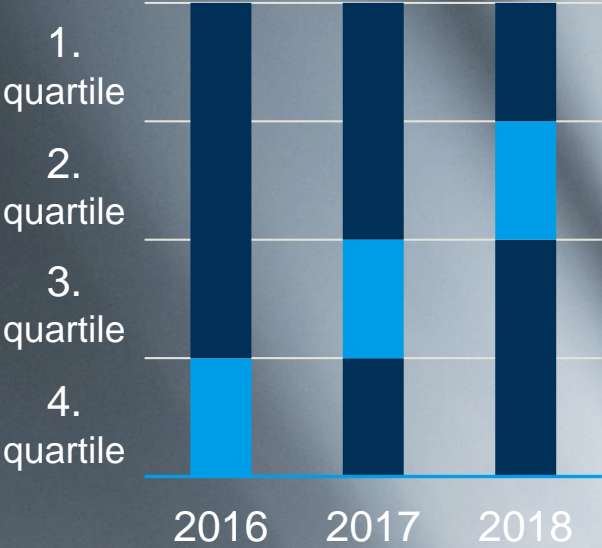
Shareholders

Total shareholder return since beginning of 2016¹



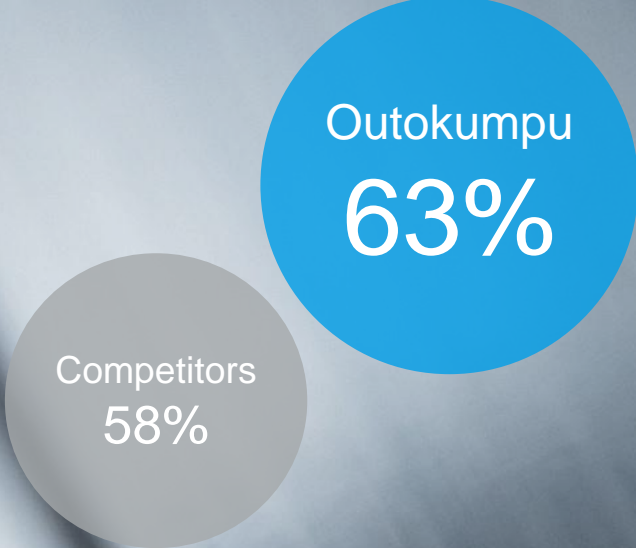
Employees

Organizational health index²



Customers

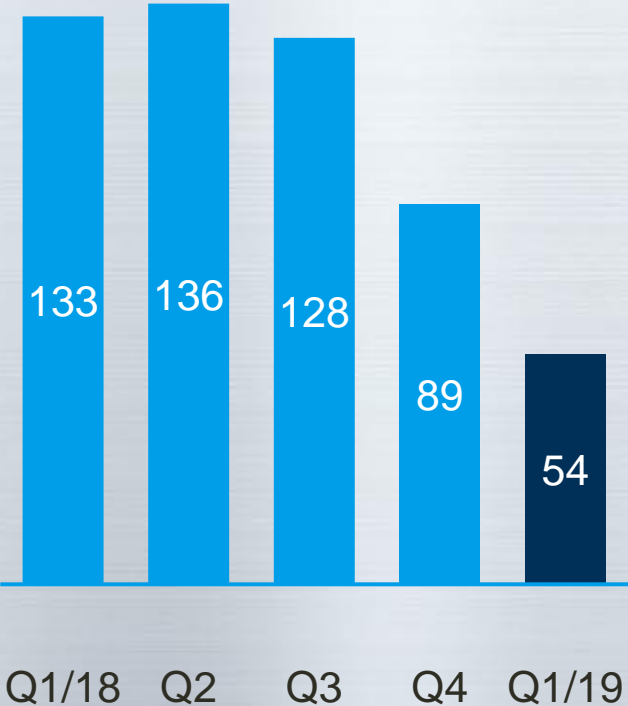
Absolutely and very satisfied customers³



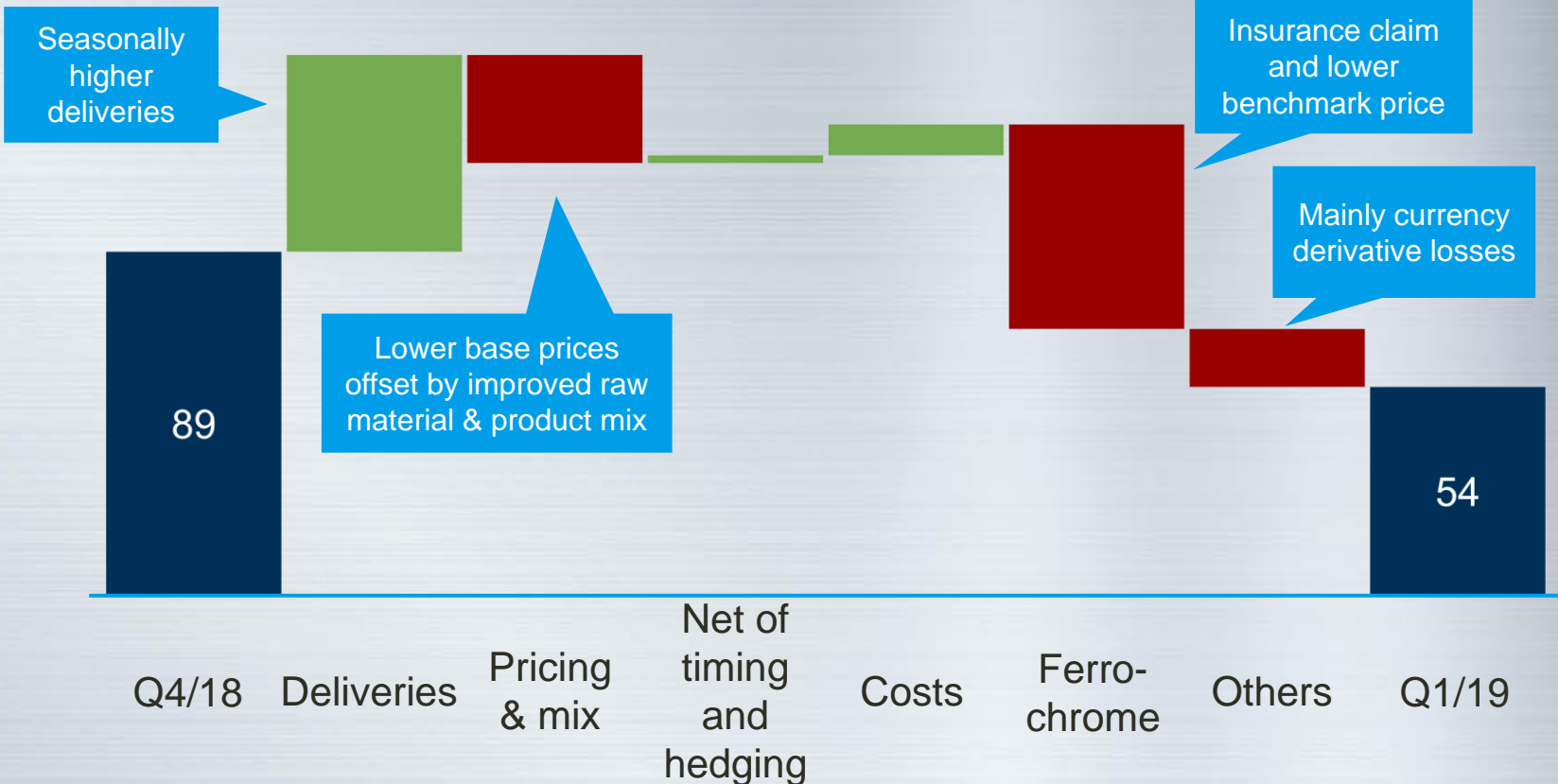
1) 1.1.2016 – 30.4.2019
 2) McKinsey organizational health index
 3) Percentage, Outokumpu customer satisfaction survey 2018

First quarter reflects challenging markets

Group adjusted EBITDA, EUR million

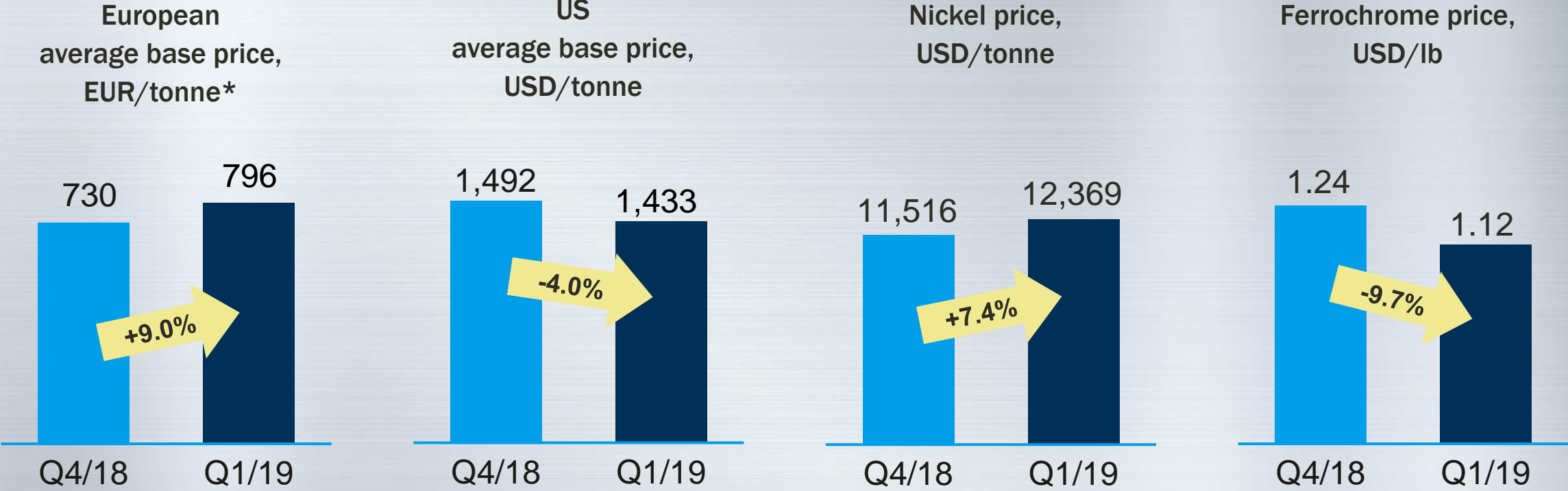


Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



1) Indicative columns based on management estimates

Base prices didn't provide support in Q1

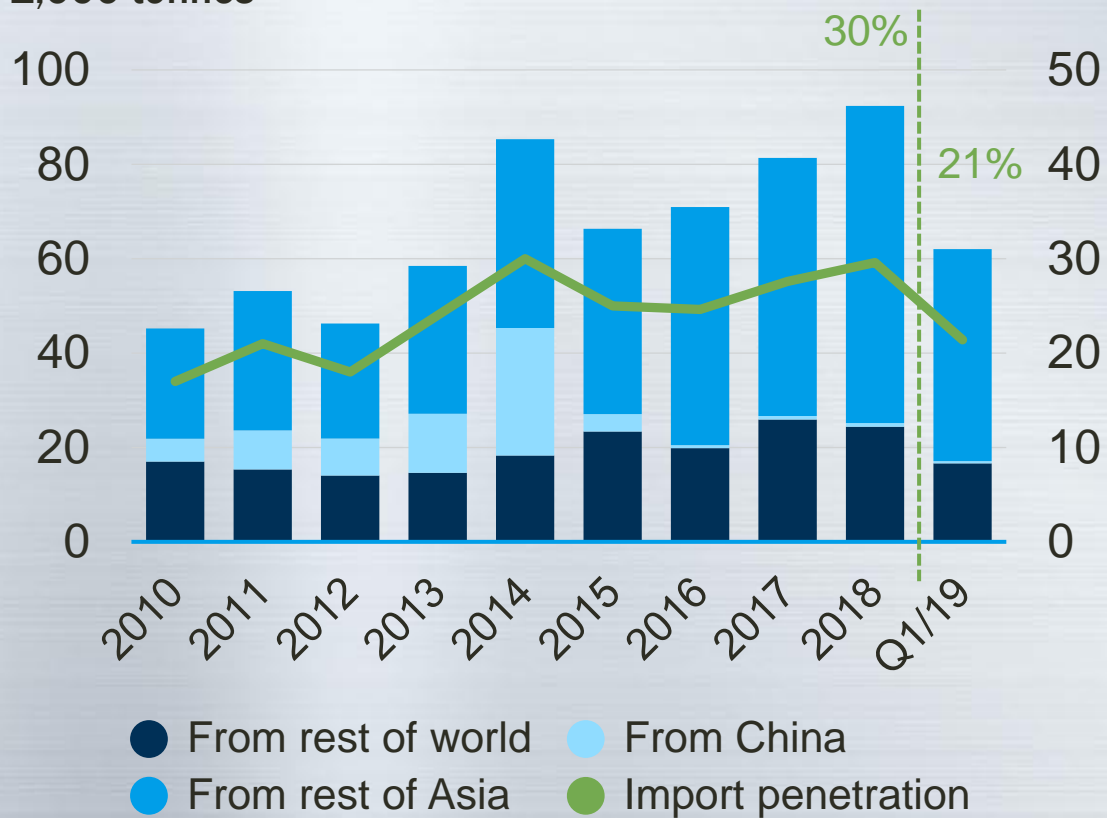


* According to the CRU, they have been no longer able to accurately assess base prices from June 2018 onwards. Subsequently, the reported base price value in is derived from effective prices and the published alloy surcharges.



The EU's permanent safeguards have proven to be effective...

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, April 2019 (Q1'19 based on Jan-Feb)
 2. Cold rolled, monthly average. Source: Foreign Trade Statistics, American Iron & Steel Institute, Jan 2019 (Q1'19 based on Jan 2019 actual only, due to US government shutdown)

...but European prices have remained at low levels

European base prices¹ (Germany)*, EUR/tonne



US base prices¹, USD/tonne



Transaction prices 304 stainless, USD/tonne



● Europe ● USA ● China

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

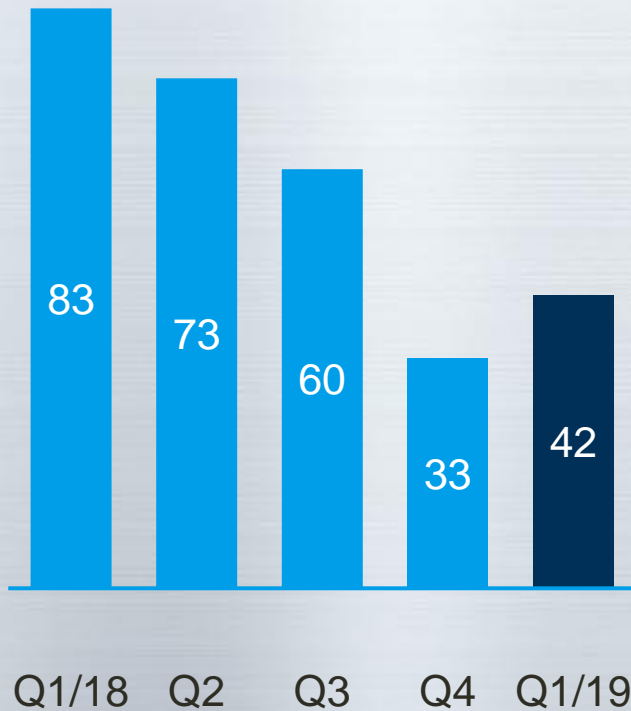
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Key figures

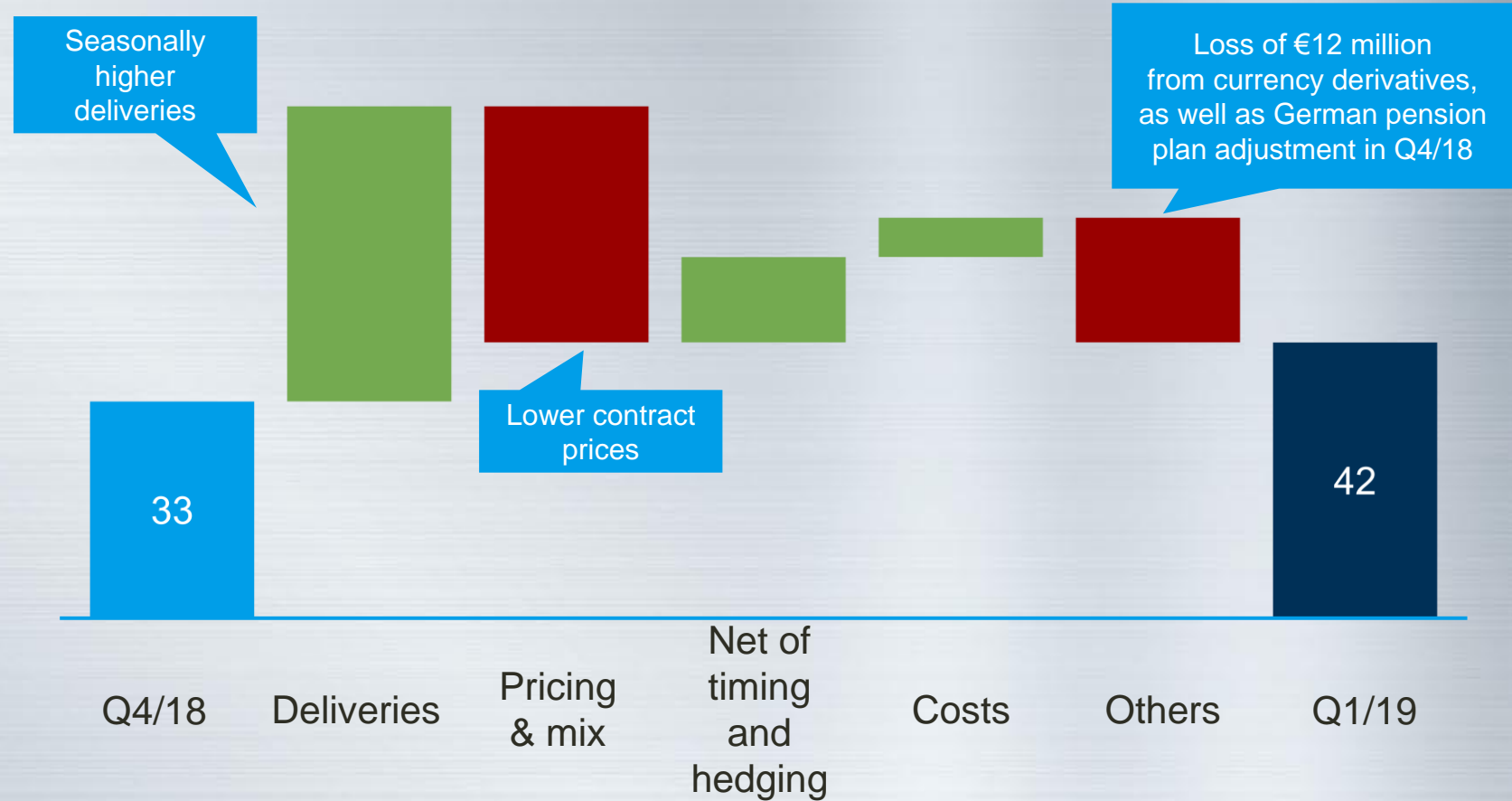
		Q1/19	Q1/18	Q4/18
Stainless steel deliveries	1,000 tonnes	621	644	534
Sales	EUR million	1,715	1,671	1,586
Adjusted EBITDA	EUR million	54	133	89
EBITDA	EUR million	40	140	92
Net result	EUR million	-39	49	27
Earnings per share	EUR	-0.09	0.12	0.07
Operating cash flow	EUR million	39	39	43
Net debt	EUR million	1,370	1,086	1,241
Gearing	%	51.6	40.9	45.1
Capital expenditure	EUR million	50	37	104
Return on capital employed, ROCE	%	4.3	7.2	7.0
Personnel at the end of the period		10,449	10,111	10,449

Increasing market share and seasonally higher deliveries in Europe

Europe adjusted EBITDA, EUR million



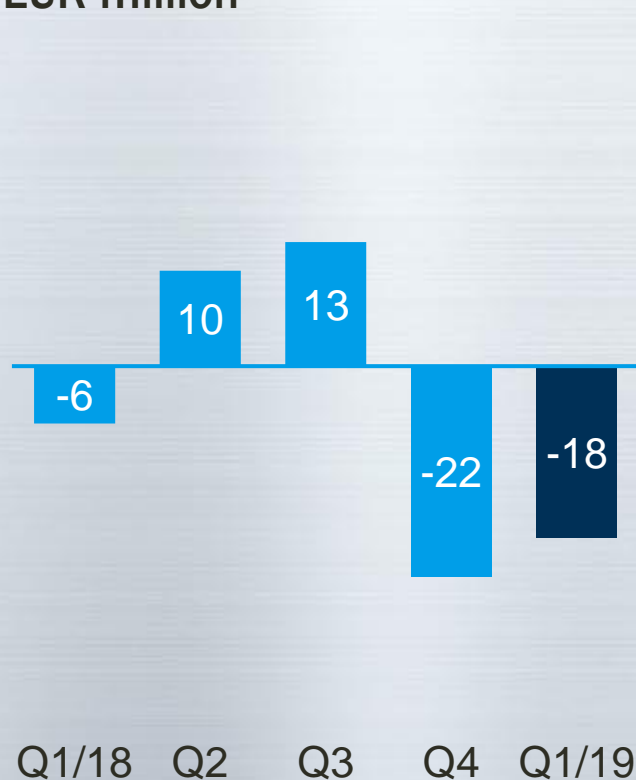
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



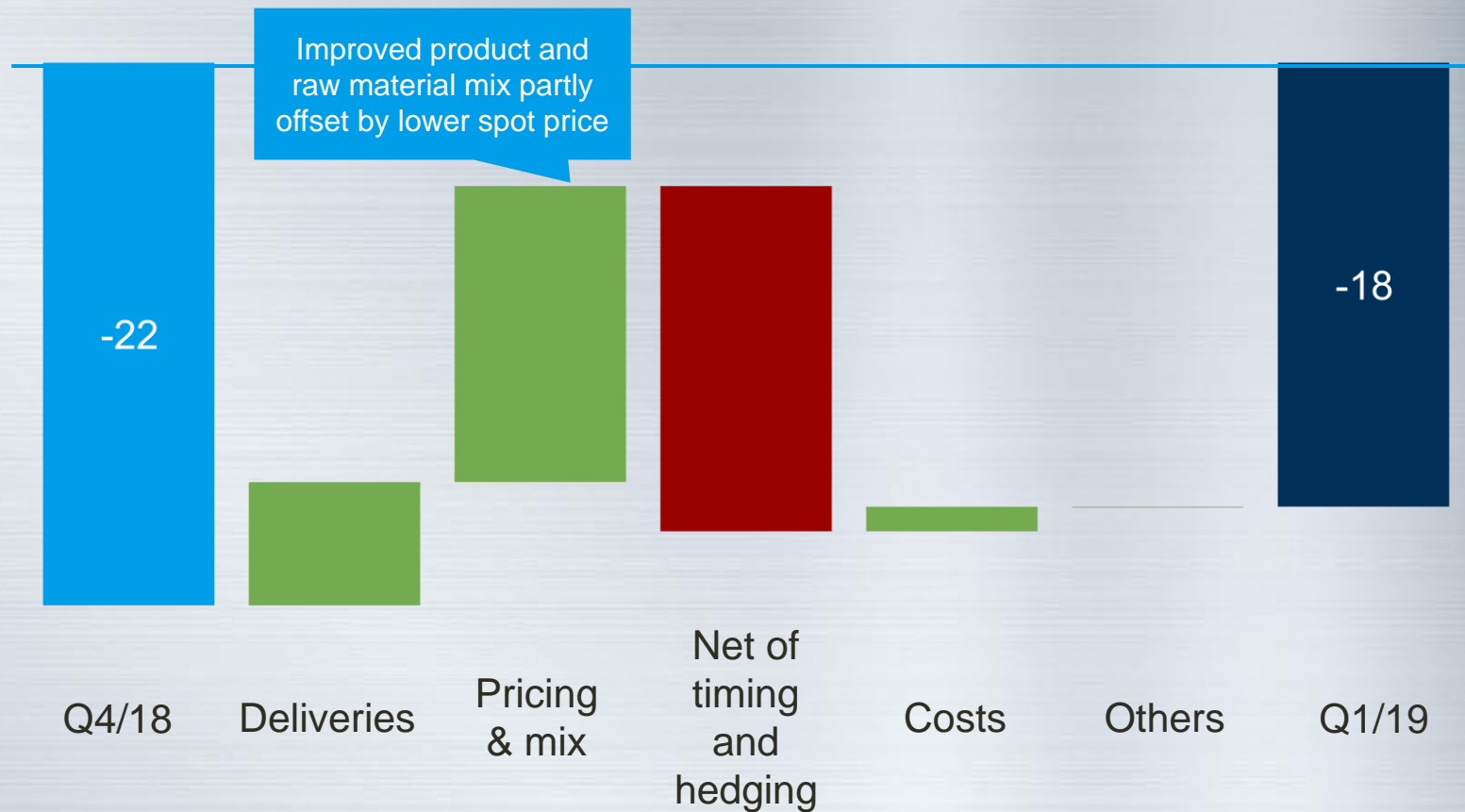
1) Indicative columns based on management estimates

Americas had a weak quarter caused by high inventories of expensive raw materials

Americas adjusted EBITDA, EUR million



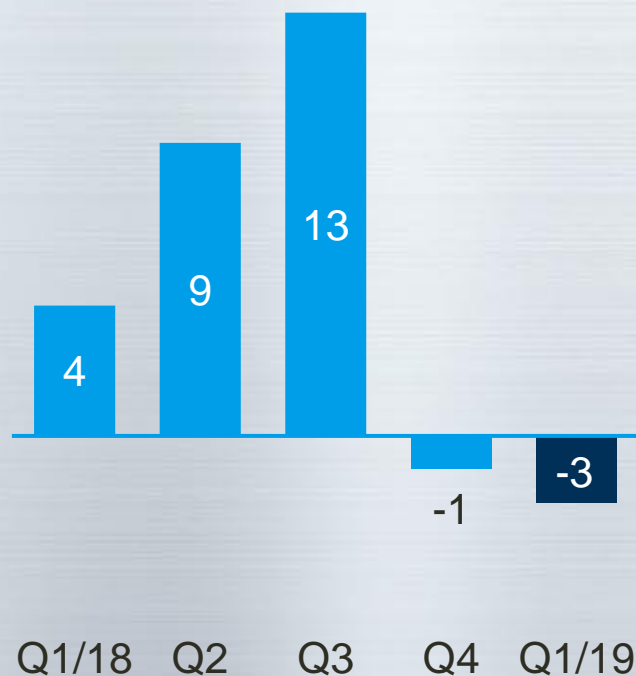
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



1) Indicative columns based on management estimates

Softening demand and US steel tariffs impacted Long Products' profitability

Long Products adjusted EBITDA, EUR million



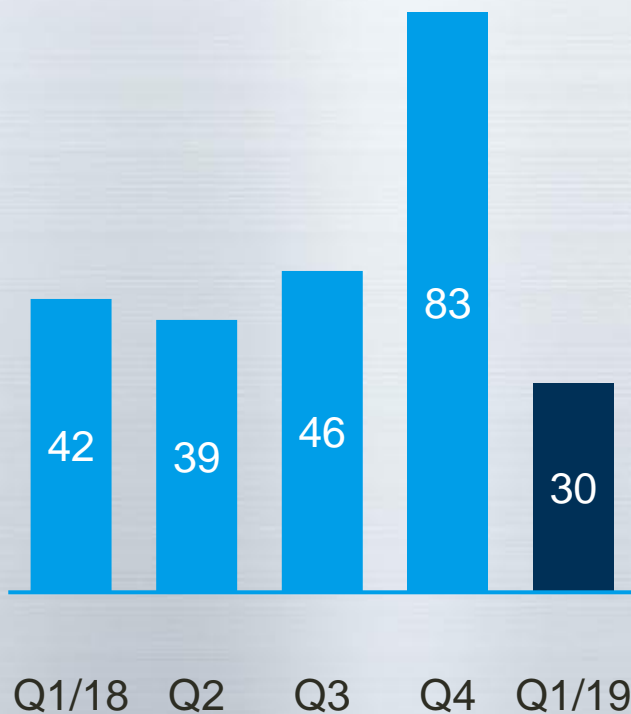
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



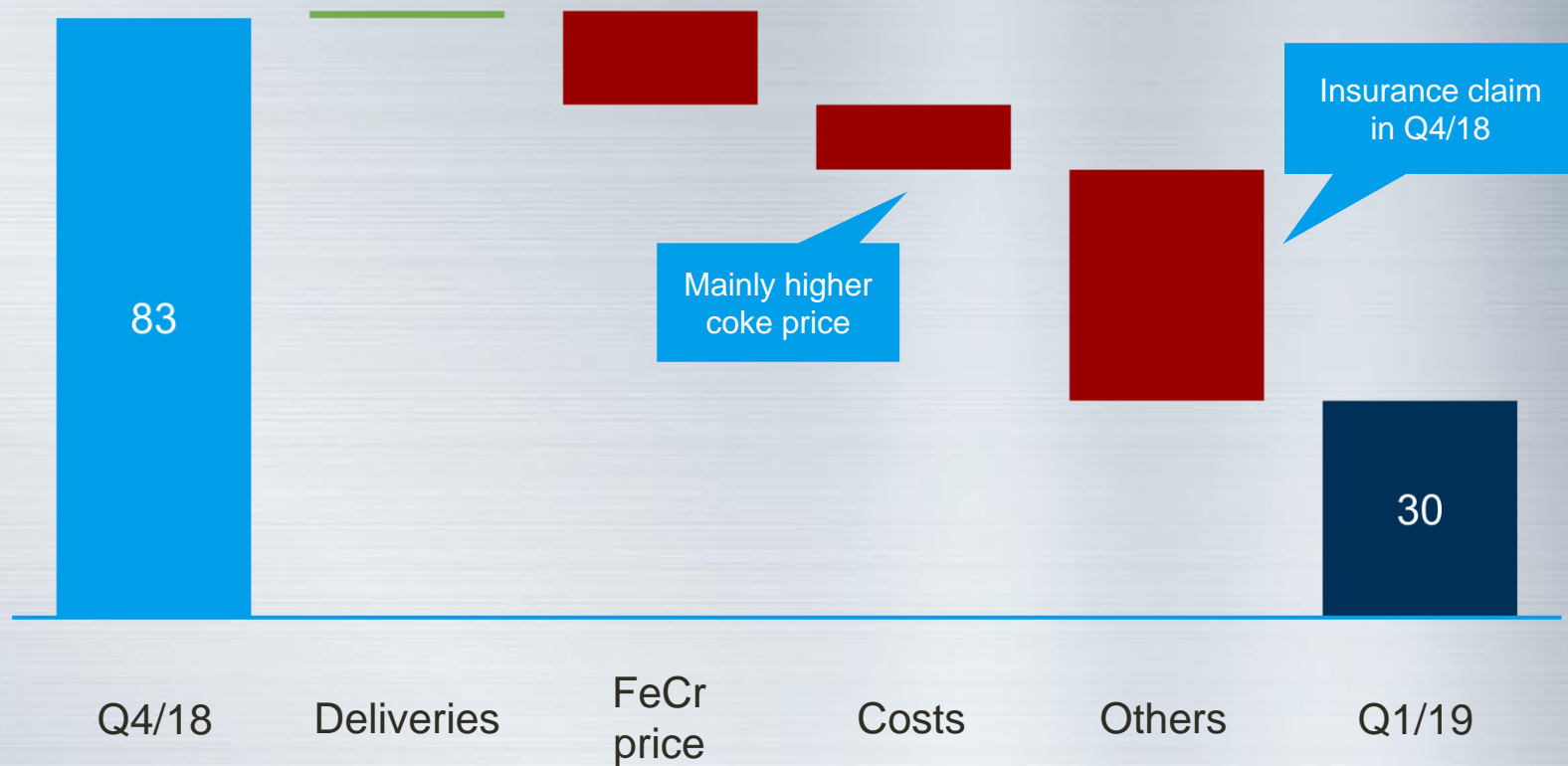
1) Indicative columns based on management estimates

Ferrochrome deliveries remained at high level, costs increased

Ferrochrome adjusted EBITDA, EUR million



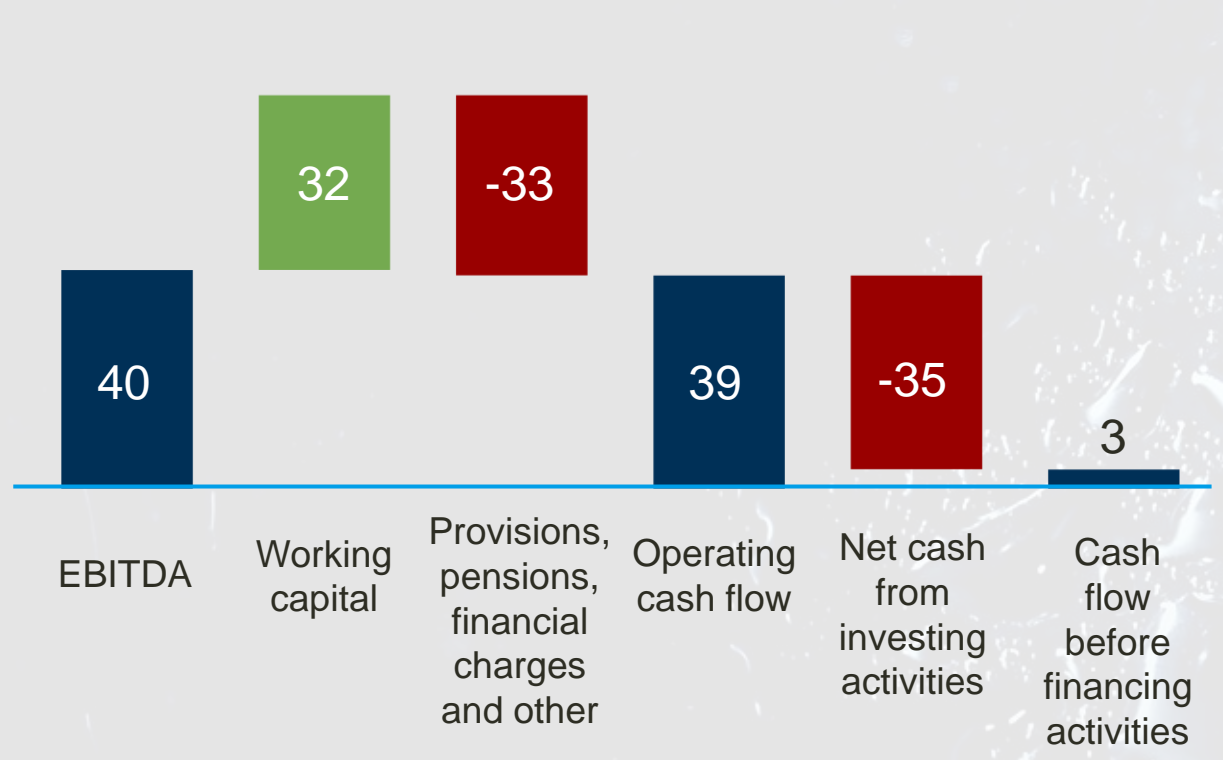
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



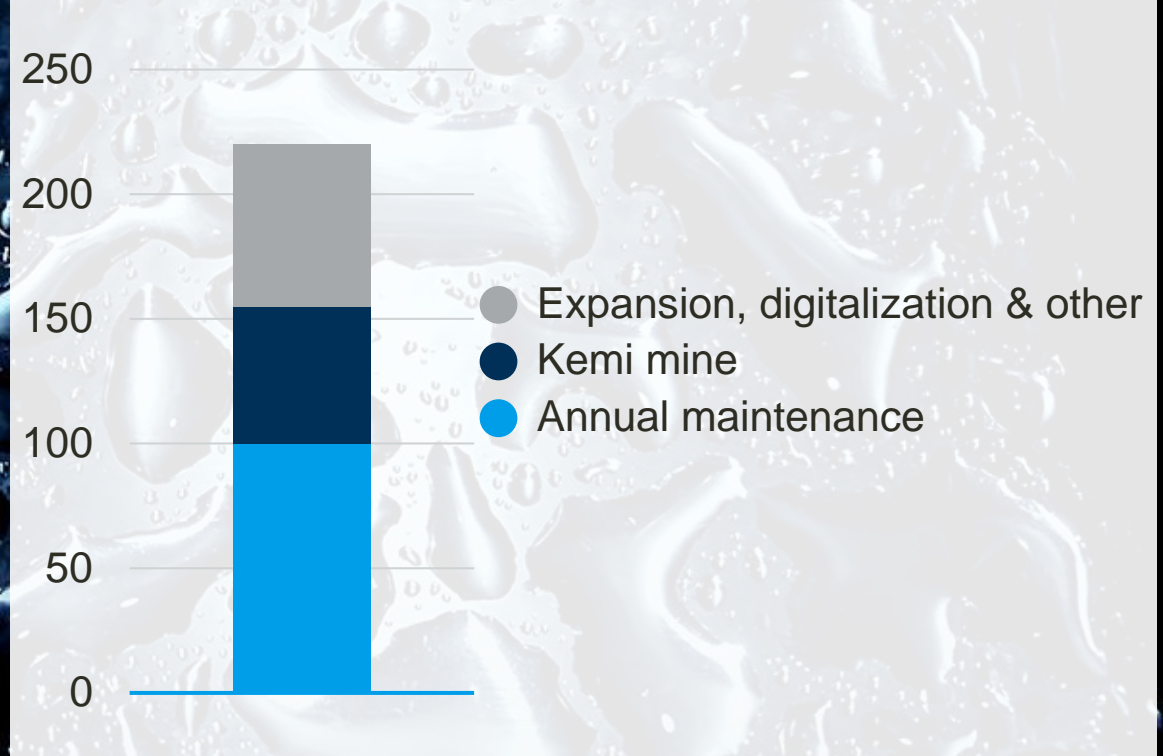
1) Indicative columns based on management estimates

Operating cash flow developed favorably thanks to increased focus on working capital

Cash flow, EUR million

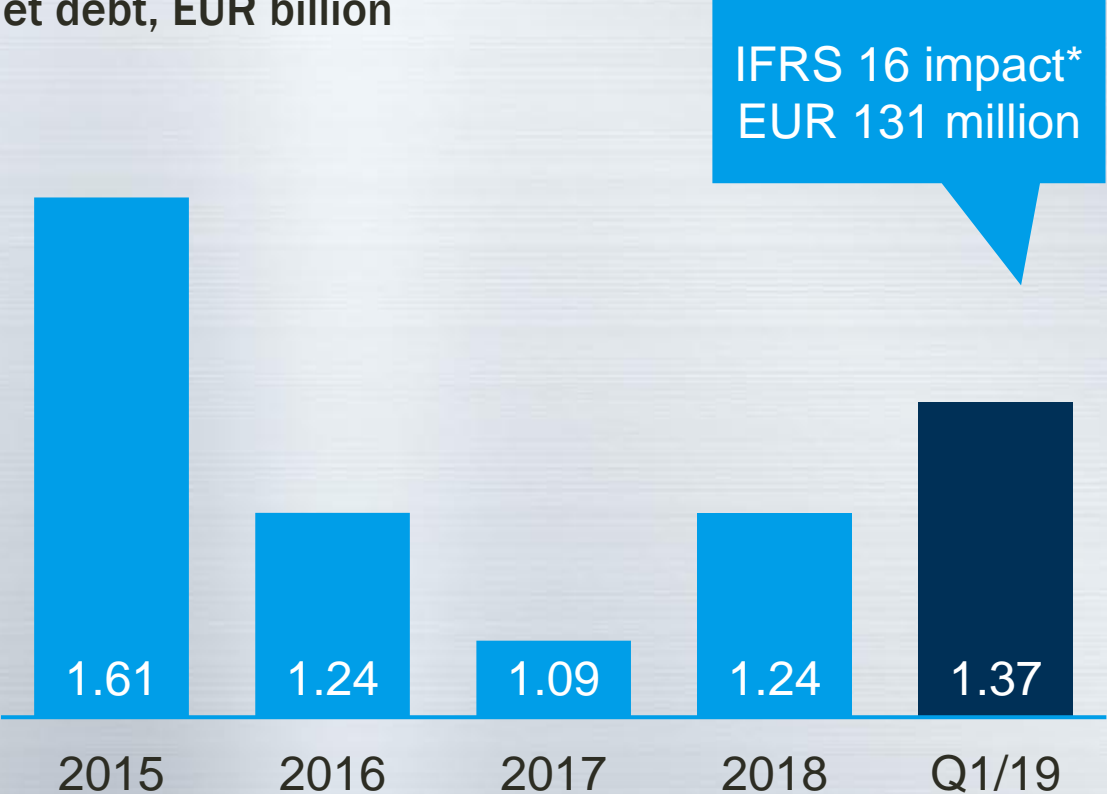


CAPEX estimate 2019, EUR million

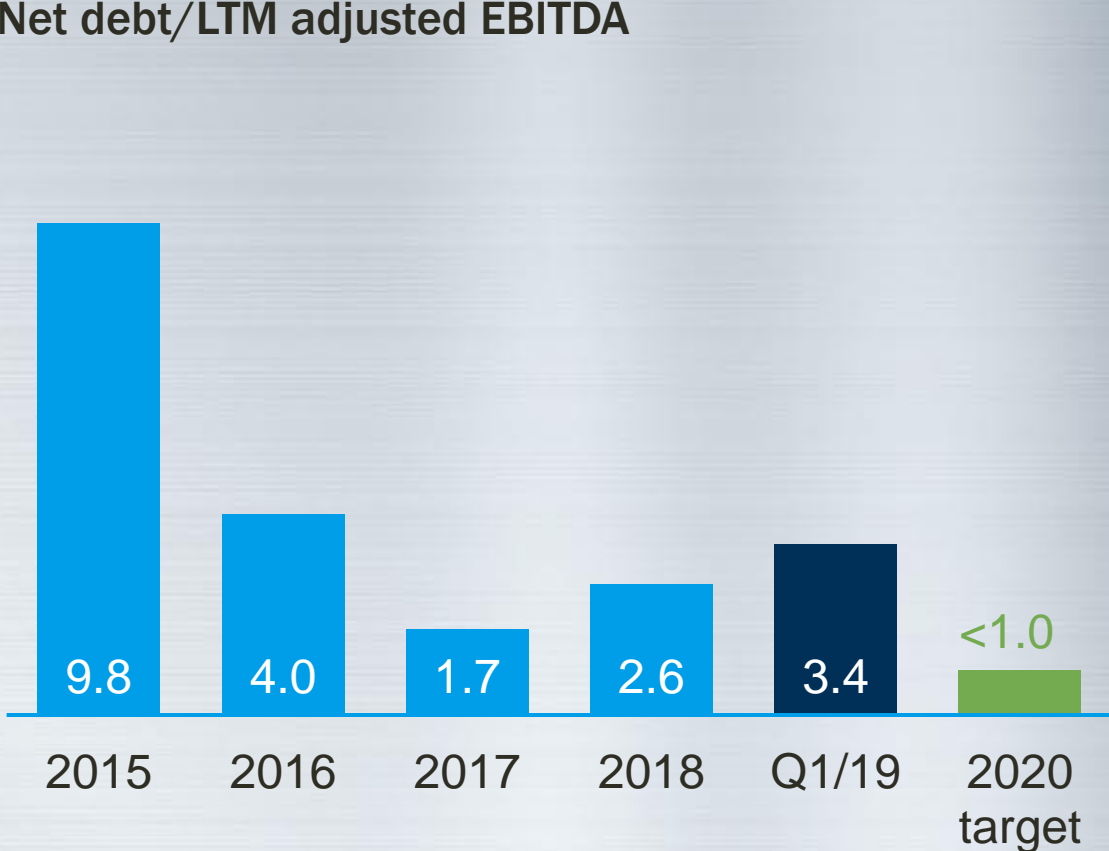


Net debt increased purely due to the IFRS16 impact

Net debt, EUR billion



Net debt/LTM adjusted EBITDA



* Implementation impact on Jan 1, 2019

Outlook for Q2 2019

- No significant changes expected in the stainless steel markets in Q2
- Deliveries expected to remain at a similar level to Q1
- Positive impact from higher ferrochrome contract price partly offset by planned maintenance work in the Tornio ferrochrome operations

Adjusted EBITDA is expected to be **higher** than in Q1/19 (€54 million)



Appendix

Becoming the best value creator

<p>Vision</p>	<p>Best value creator in stainless steel by 2020 through customer orientation and efficiency</p>		<p>Must-Win battles</p>	<p>Safety High performing organization Operational excellence* Commercial excellence Americas Digital transformation**</p>	
<p>Strengths</p>		<p>Strong market position Broad product portfolio</p>	<p>World-class assets Solid balance sheet</p>		
<p>Purpose</p>		<p>Working towards a world that lasts forever</p>			

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

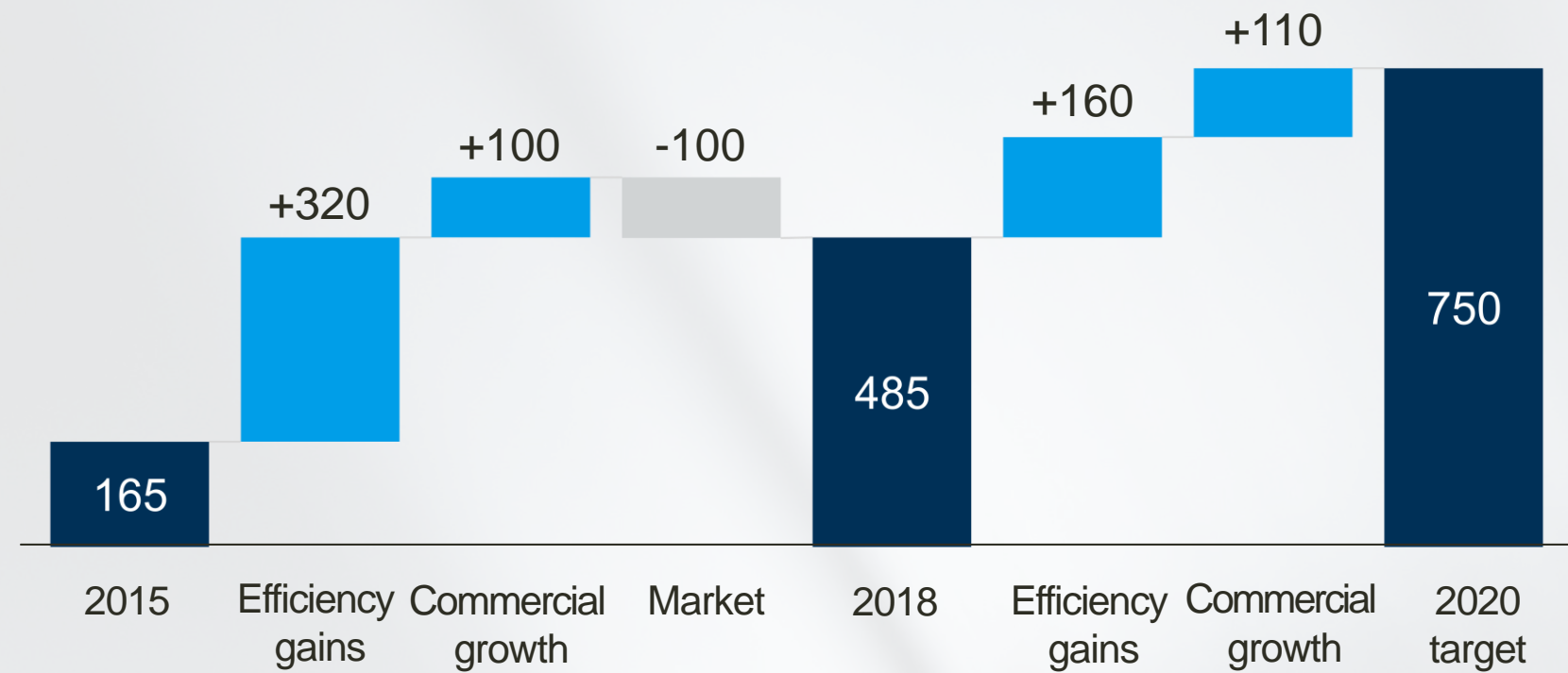


Our path to deliver an adjusted EBITDA of

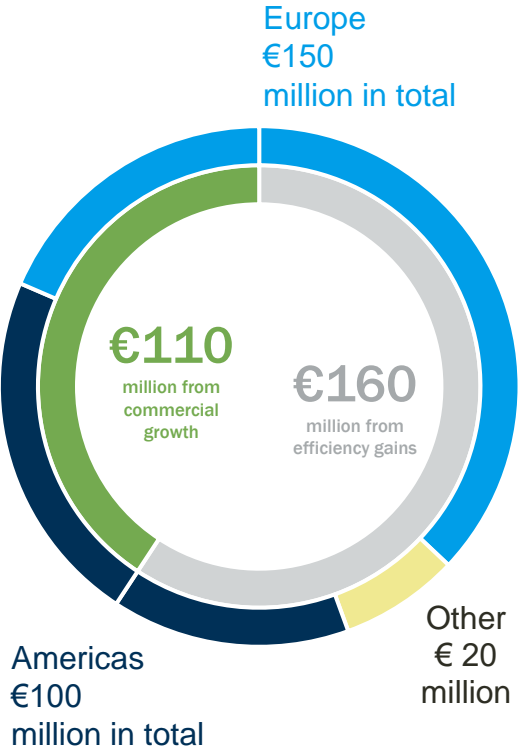
€750

million in 2020

Adjusted EBITDA, € million



How to close the gap to €750 million by 2020



Gains by 2020 ¹	Europe	Americas	Other
Commercial growth €110 million	<ul style="list-style-type: none"> Higher deliveries Value-added products Service solutions 	<ul style="list-style-type: none"> Customer & product mix Market share in Mexico New products 	
Efficiency gains €160 million	<ul style="list-style-type: none"> Raw material optimization General procurement 3% annual productivity increase Digital manufacturing 	<ul style="list-style-type: none"> Mexinox restructuring Logistics costs reduction Raw material optimization Delivery reliability 	
Total gains €270 million	€150	€100	€20

¹Approximate figures, based on management estimates. Benchmark year 2018



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	750	130	500		350	250					
- HWB	150	120			150						
- Quarto plate				150							
- Long products							25	40	40	65	2,720

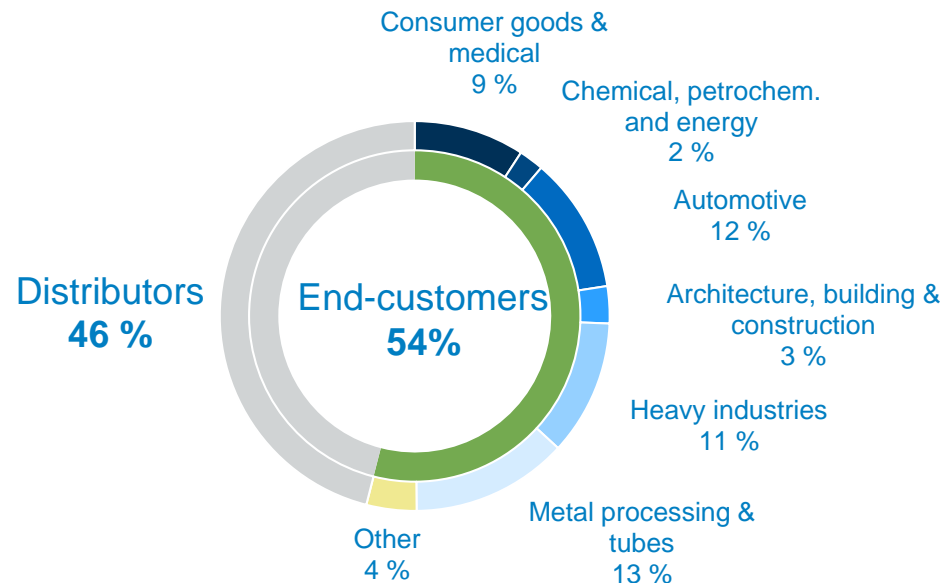


We focus on growth segments

Consumer goods, automotive, architecture, building and construction

Distributors

- Spot contracts
- Standard products and grades
- Austenitic cold rolled and tubular products
- Speculative behavior
- Value added services



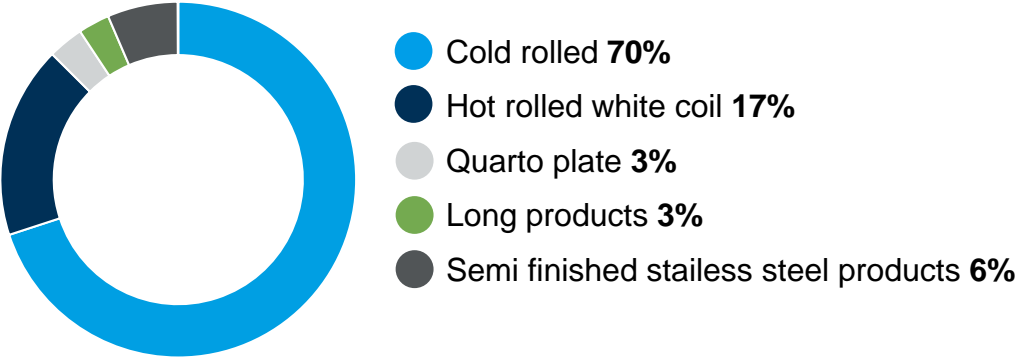
End-customers

- Long term contracts
- Large quantities
- Special grades
- Ferritics and duplex
- Technical advice
- Develop relationships and receive volume discounts

Broadest product portfolio globally

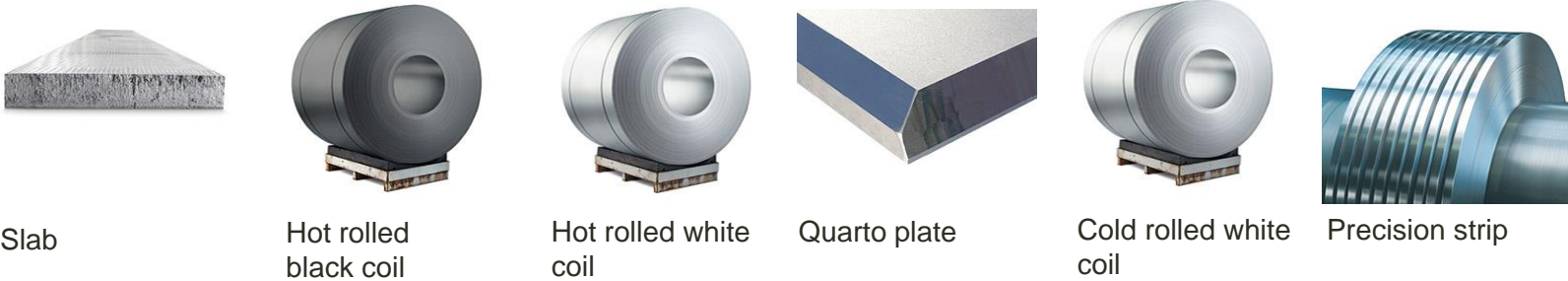
Stainless steel is not a single product and there are thousands of different grades and product forms. They can be divided to flat and long products or semi-finished products, rolled products and products finished by additional operations. Outokumpu has the broadest product portfolio globally.

Outokumpu stainless steel deliveries by product form



Chrome is the single most important raw material used in stainless steel production. Outokumpu has its own chrome mine and ferrochrome works and this makes us uniquely self-sufficient. Ferrochrome contains 50-54% of chrome. Most of our ferrochrome is used in our own melt shops and approximately 25% is sold to other producers. Outokumpu is the only producer of Ferrochrome in Europe.

Flat products



Long products

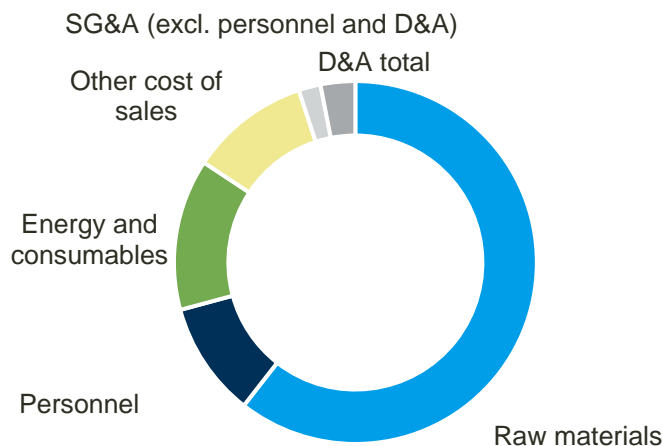


Ferrochrome



Continued cost efficiency improvements

Operative cost components*



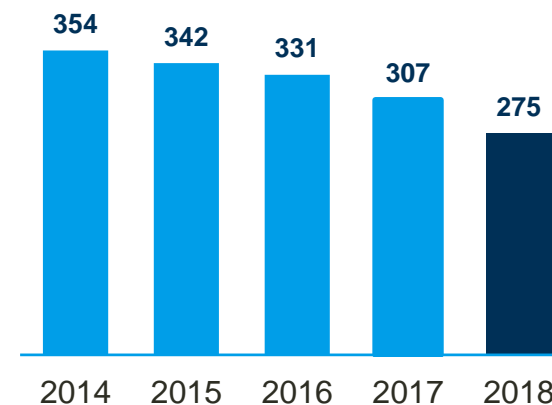
Our target is to achieve further

€160

million

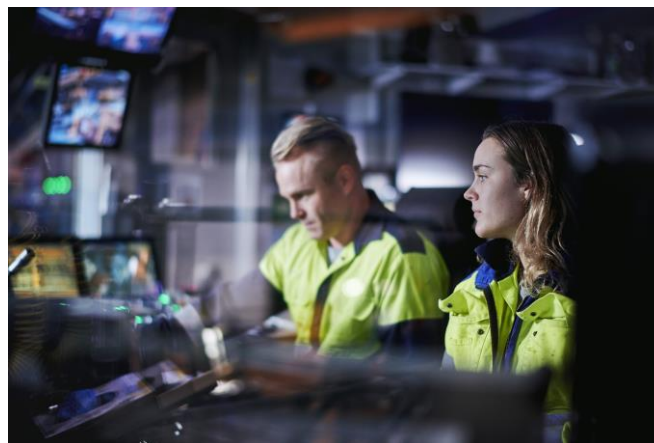
from efficiency gains by 2020

SG&A costs, € million

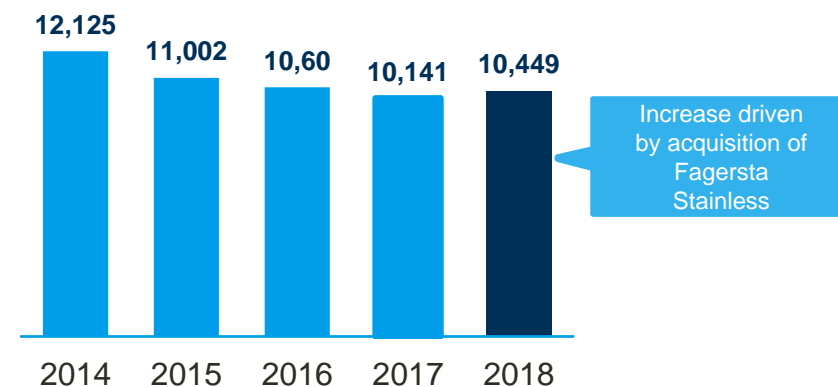


- Raw materials account for around 60% of the total operative costs of the Group
- Energy and other consumables account for 10-15% of the total operative costs
- Personnel expenses 10-15% of the total operative costs
- Other cost of sales includes e.g. freight, maintenance and rents and leases

*Jan-Dec 2018

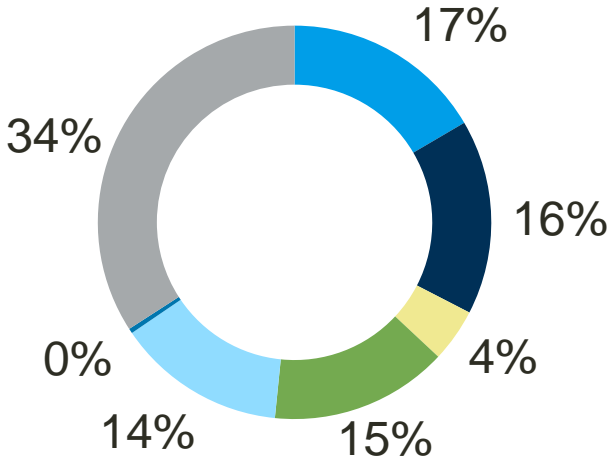


Personnel at the end of period



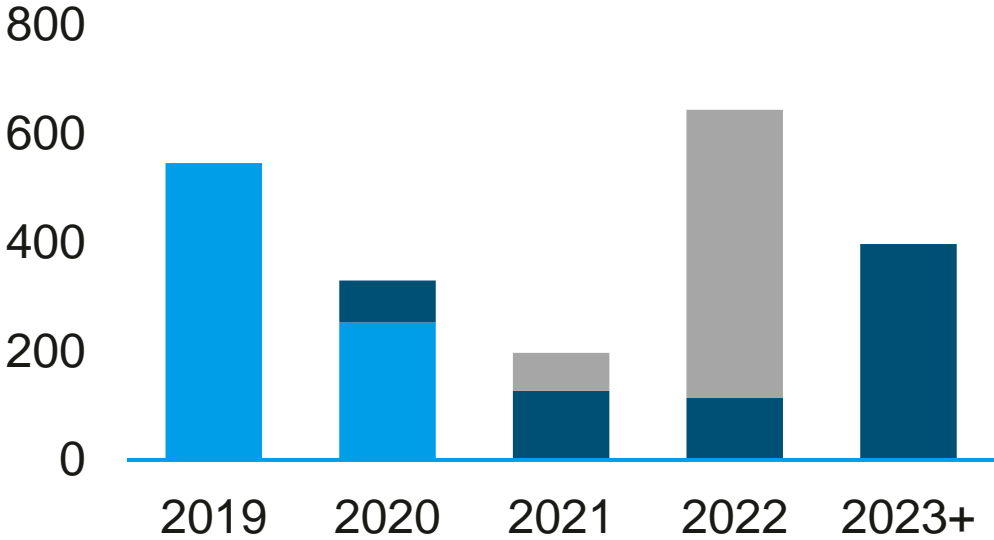
Decreasing short-term financing is a key priority

Debt structure*, %



- Bonds
- Convertible bonds
- Long-term loans
- Pension loans
- Finance leases
- Short-term loans
- Commercial paper

Debt maturity profile*, EUR million

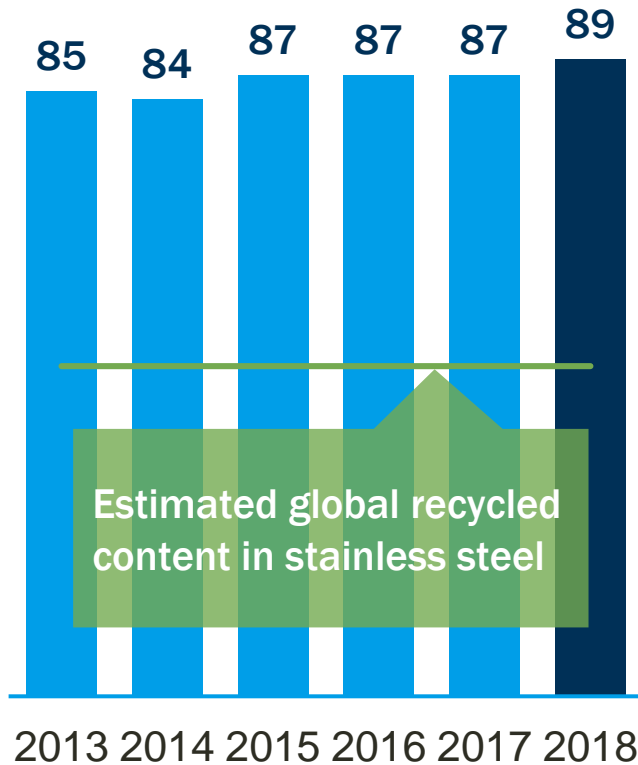


- Current debt
- Non-current debt
- Unutilized facilities

* March 31, 2018

We are the world leader in sustainable steel production...

Recycled content, %



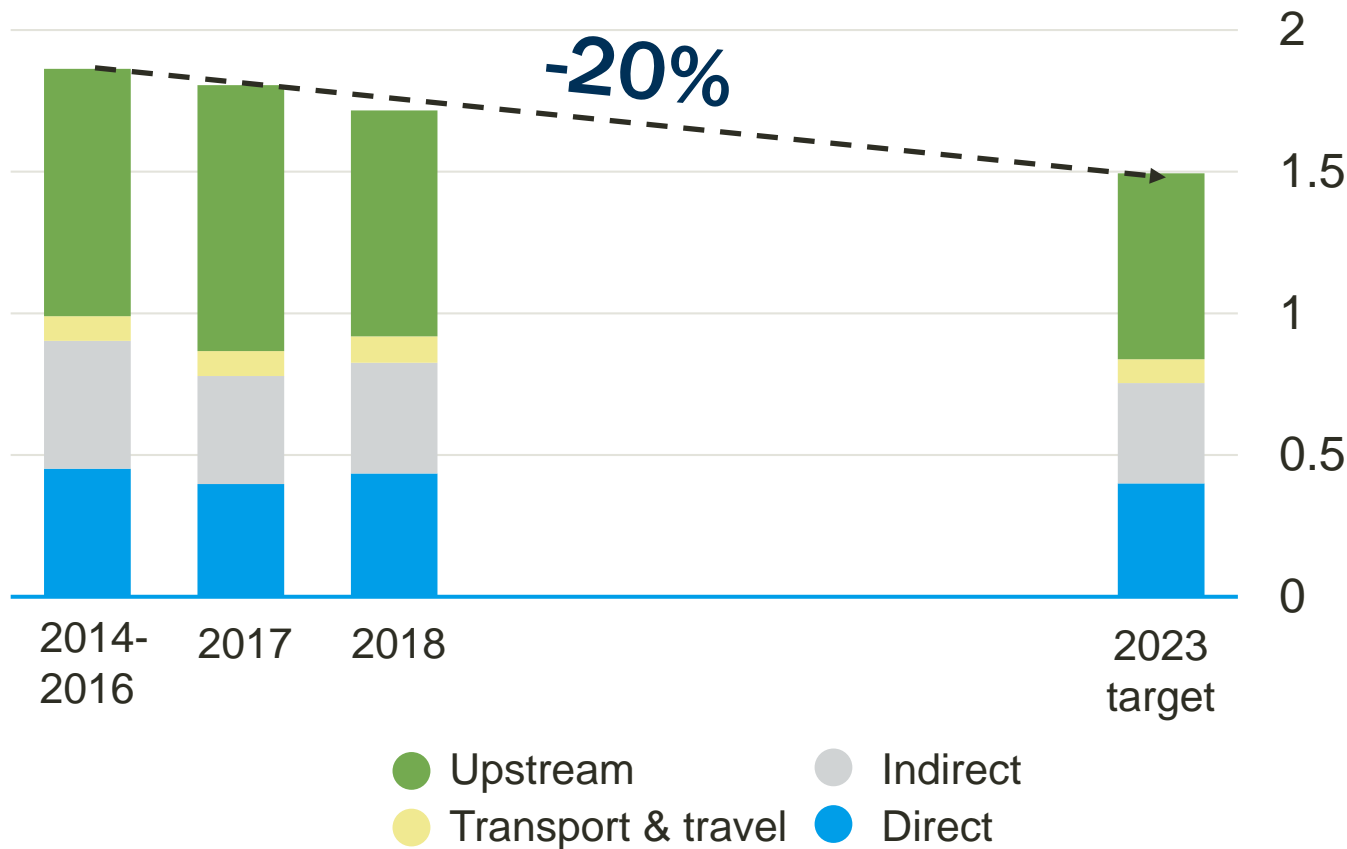
Our ferrochrome operations' CO₂ footprint is only

42%
of industry average*

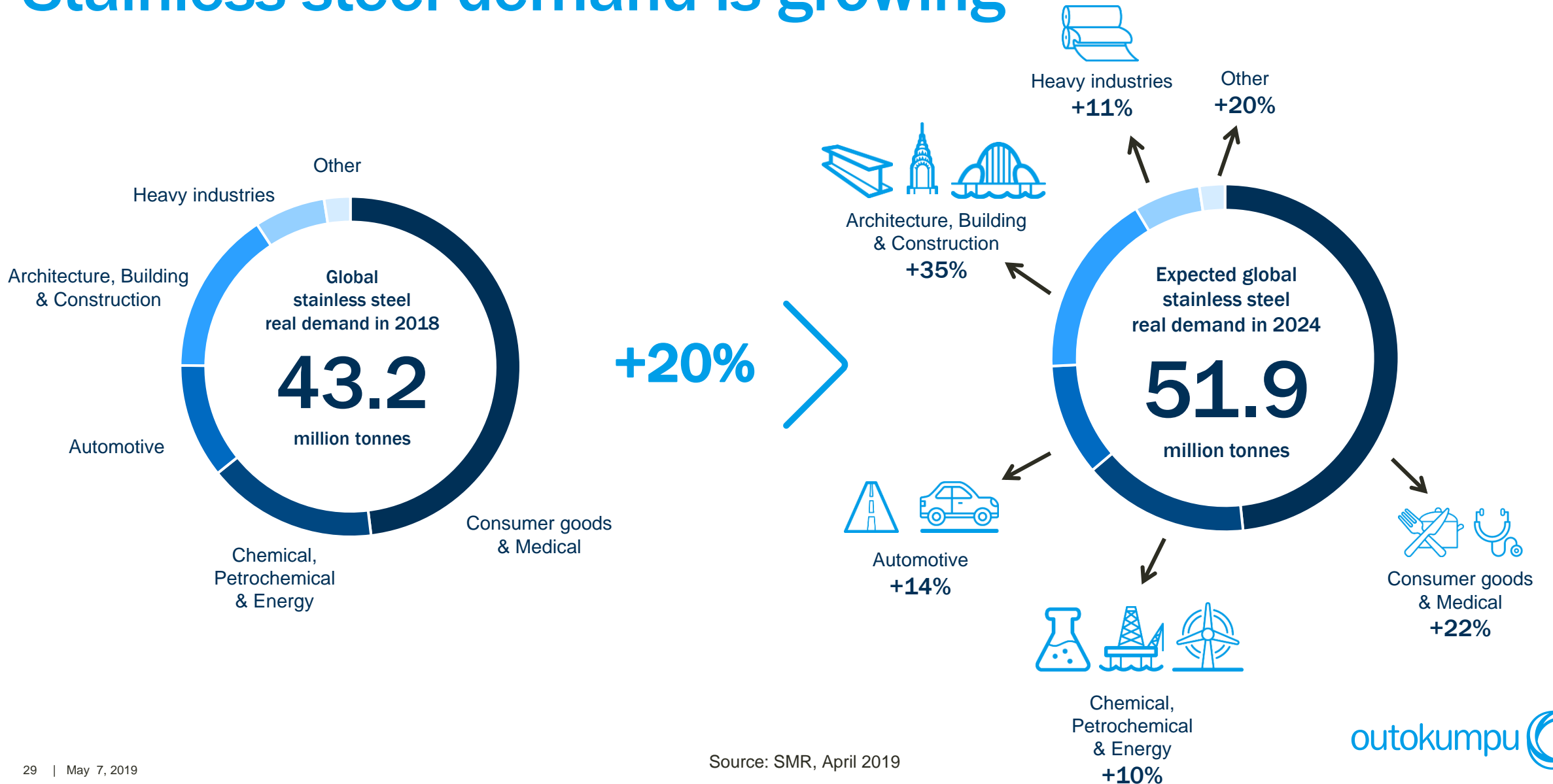
* Source: ICDA LCI

...and we have ambitious targets

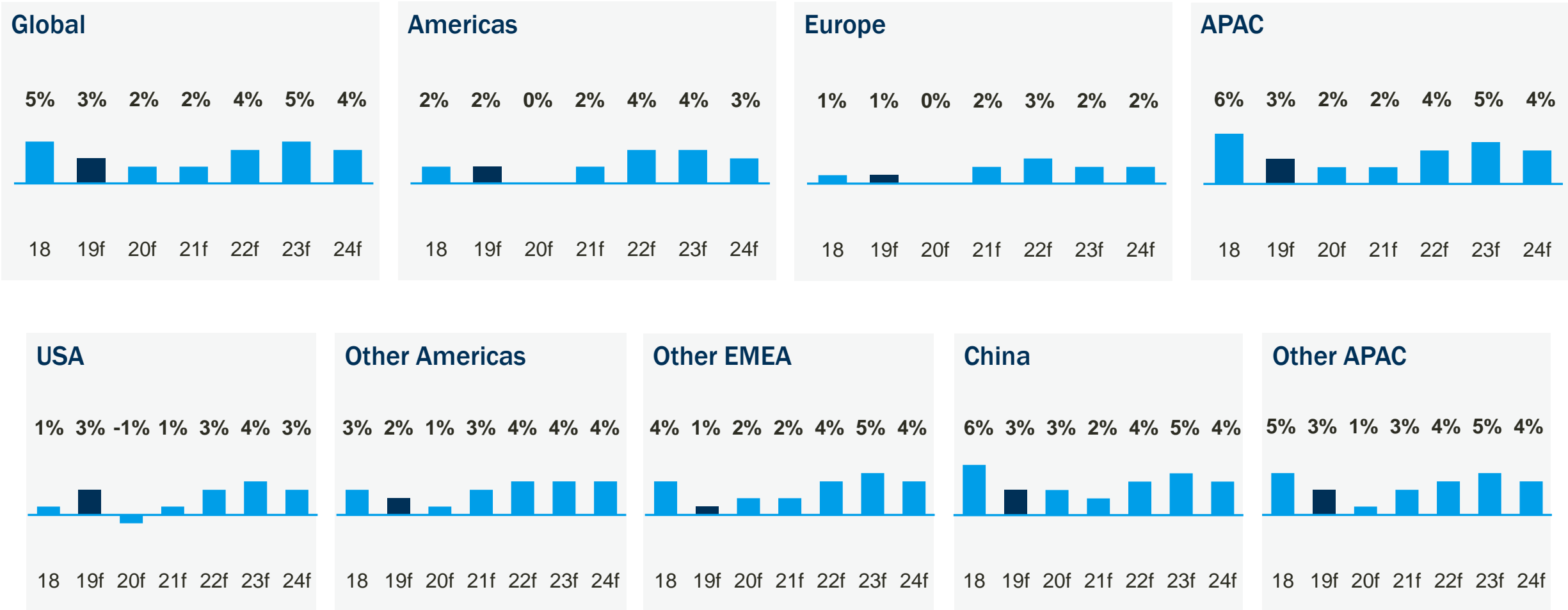
CO₂ emissions intensity, tonnes per stainless steel



Stainless steel demand is growing



3% demand growth expected for 2019



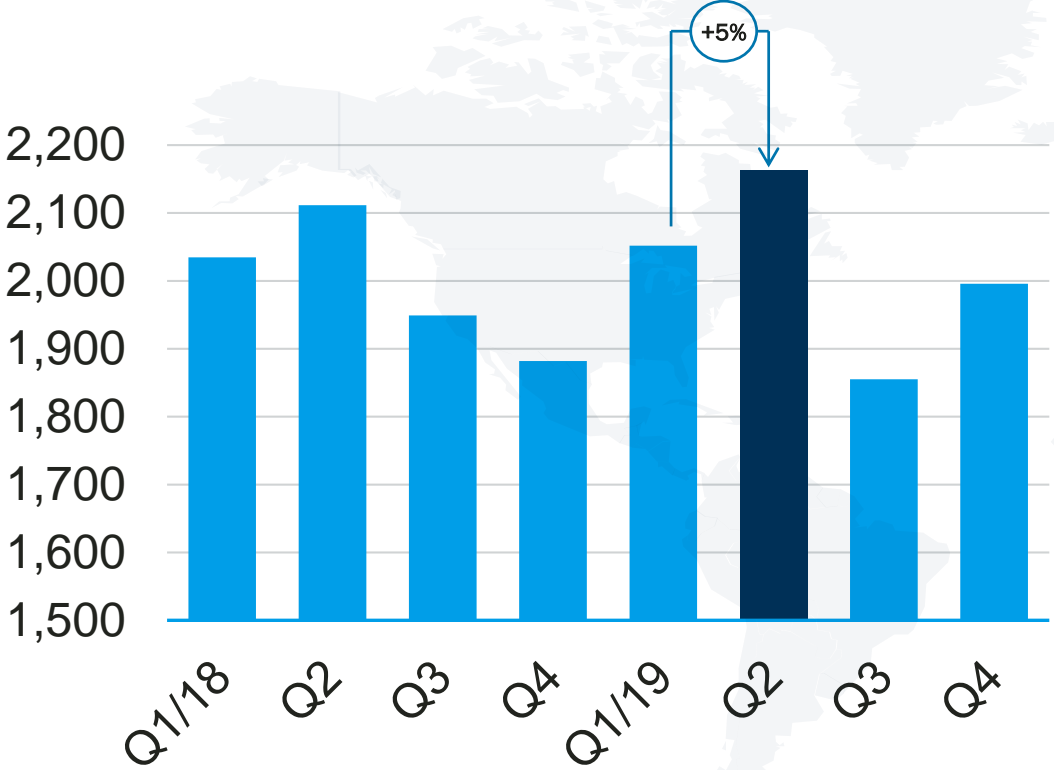
Data source: SMR, April 2019

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

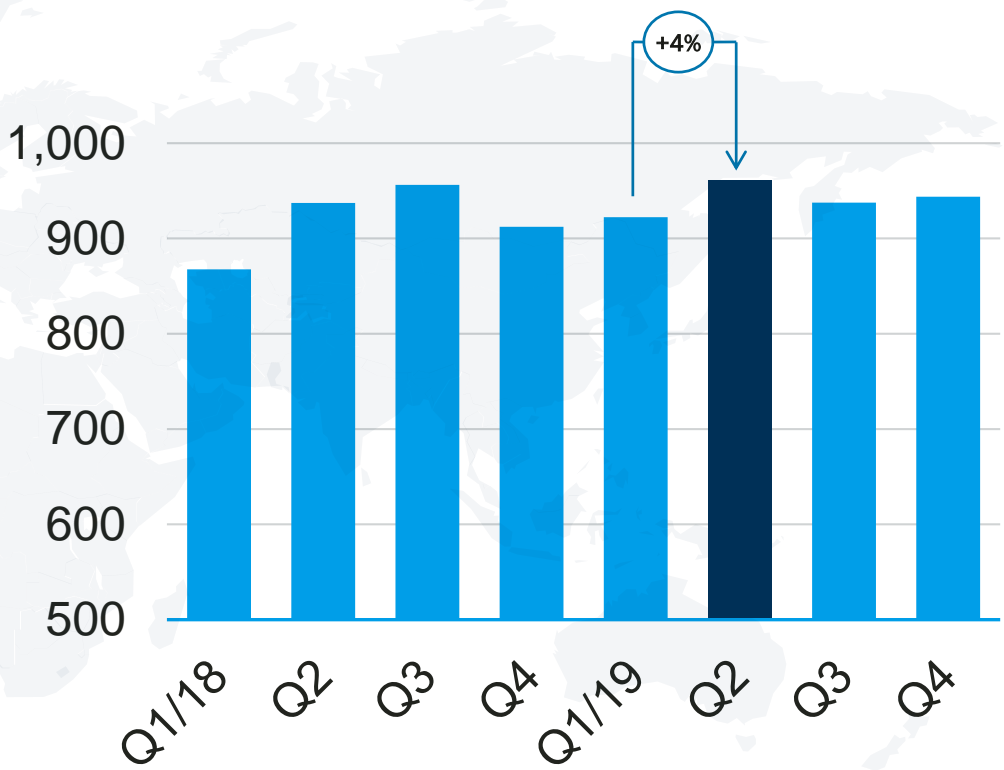


Demand expected to develop strongly in Q2

EMEA total stainless steel real demand¹



Americas total stainless steel real demand¹



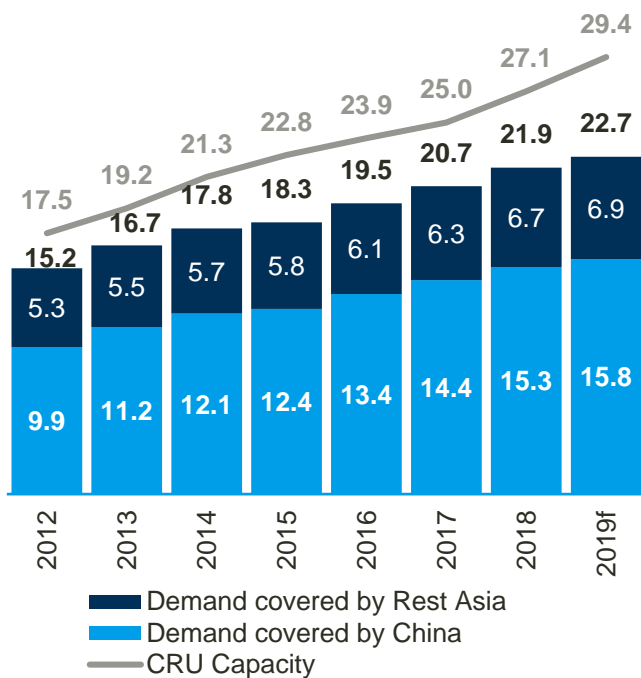
1) Total stainless = rolled & forged products, excl. 13Cr tubes, profiles
Source: SMR April 2019



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

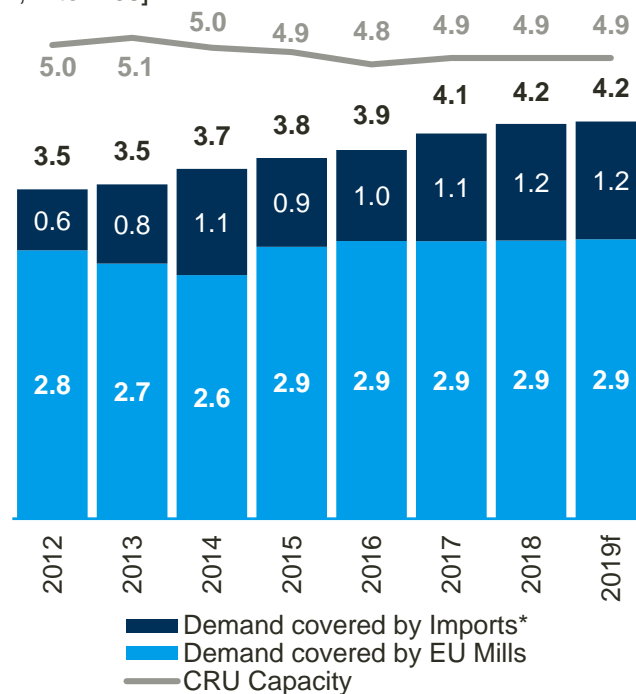
Asia

[CR, Mtonnes]



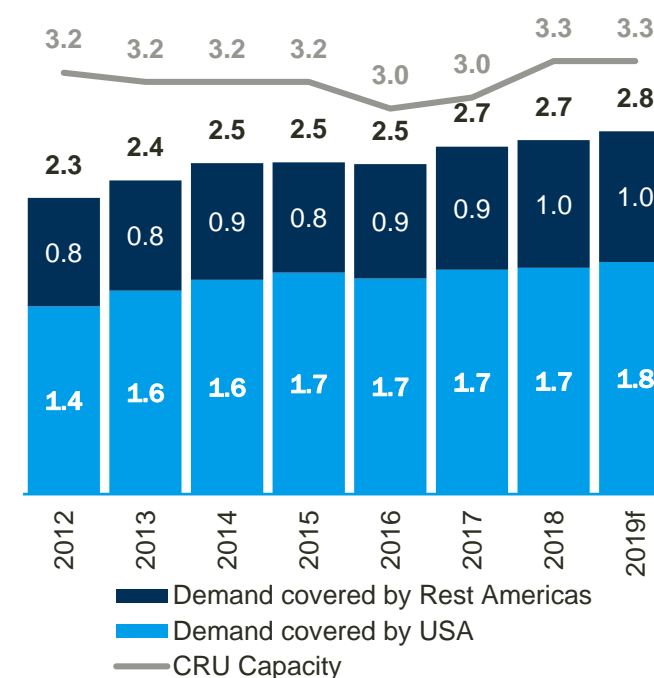
Europe

[CR, Mtonnes]

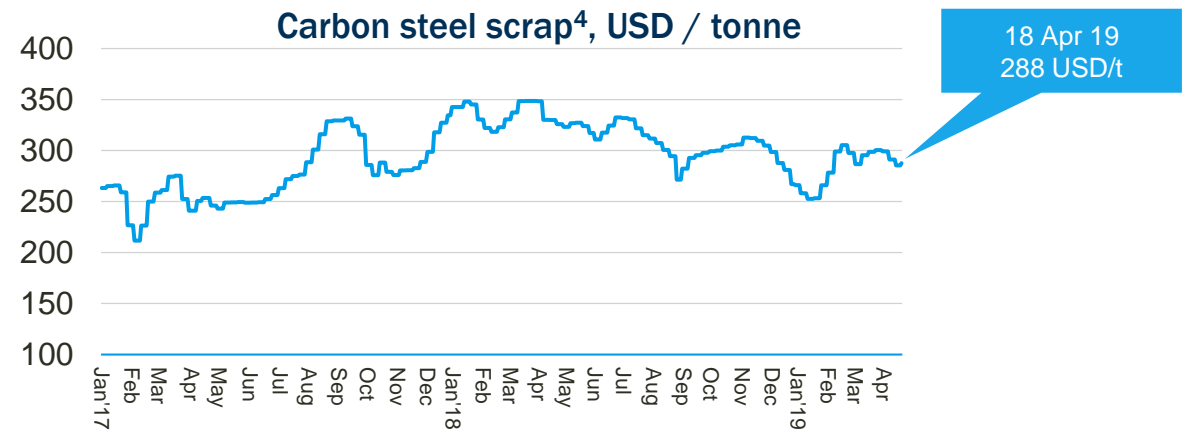
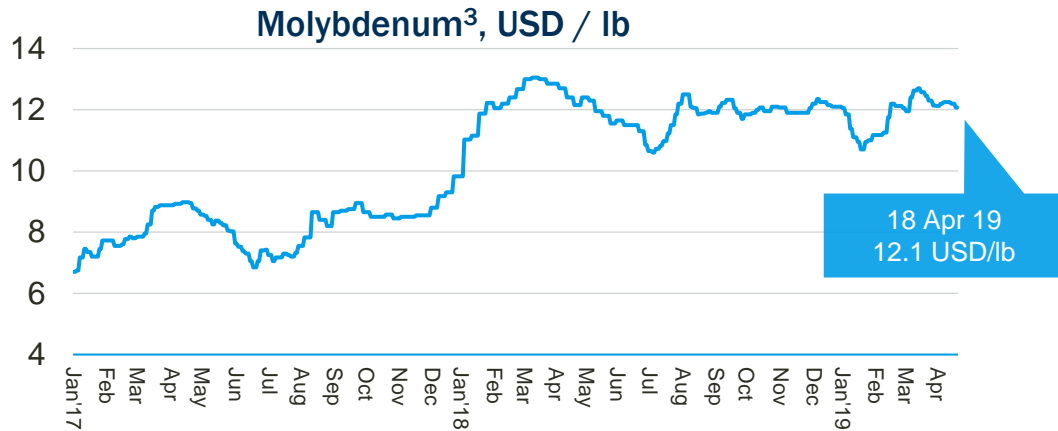
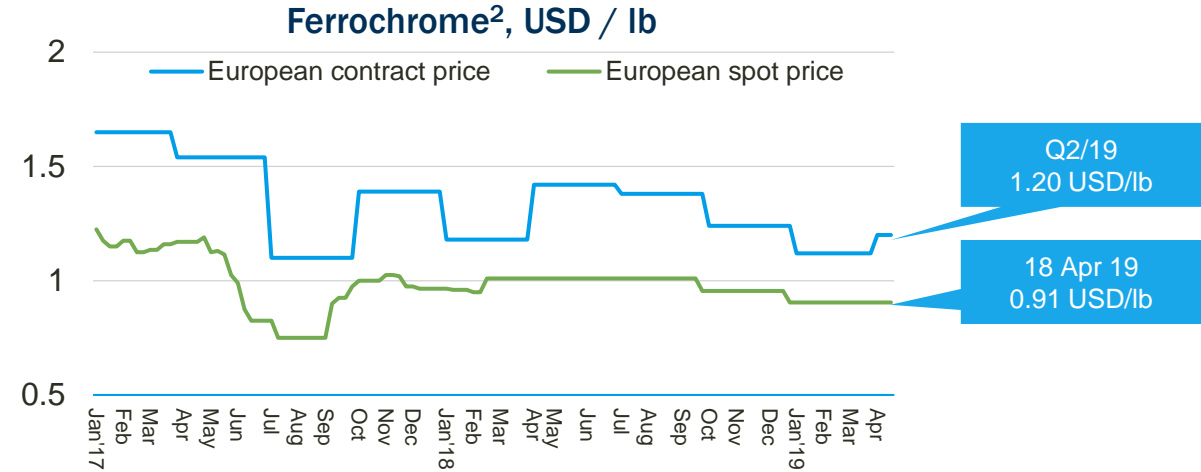
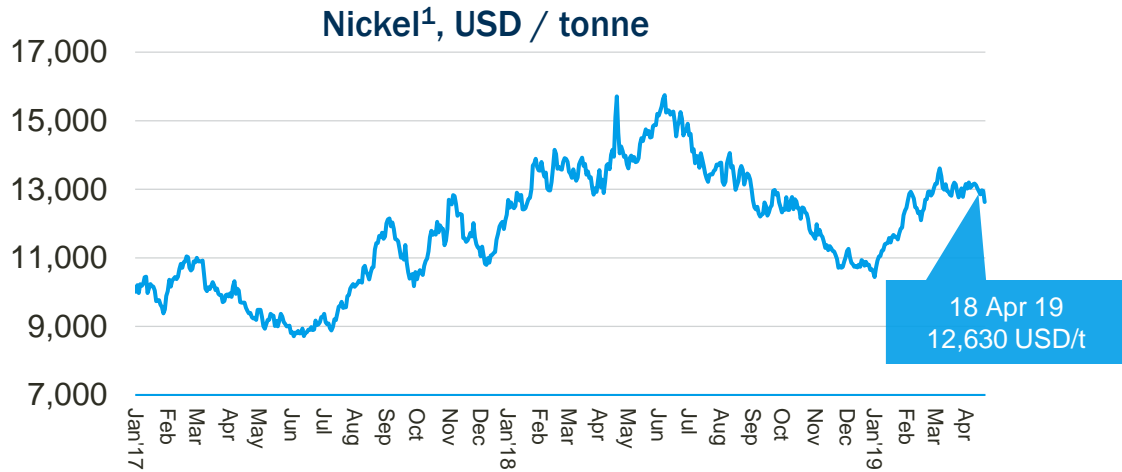


Americas

[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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