

CEO review

Roeland Baan



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

1. Customers
2. Shareholders
3. Employees

Time bound:
sense of urgency

Back to basics

Improving performance

Financial targets for 2020

EBIT

EUR 500 million

ROCE

12%

Gearing

<35%

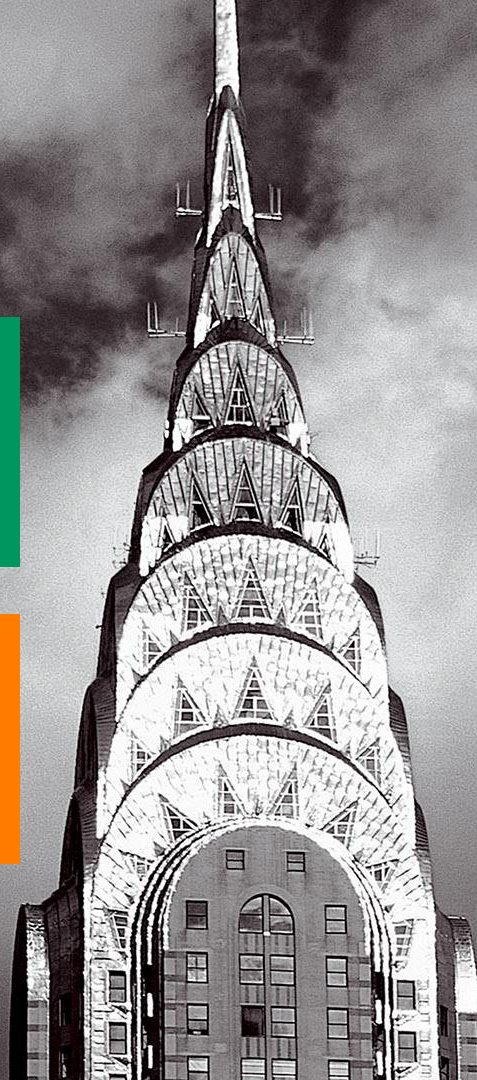
We have a strong foundation

No. 1 in Europe,
No. 2 in Americas

World-class
assets

Strong product
portfolio

Solid balance
sheet



Stainless steel is the answer to challenges presented by megatrends

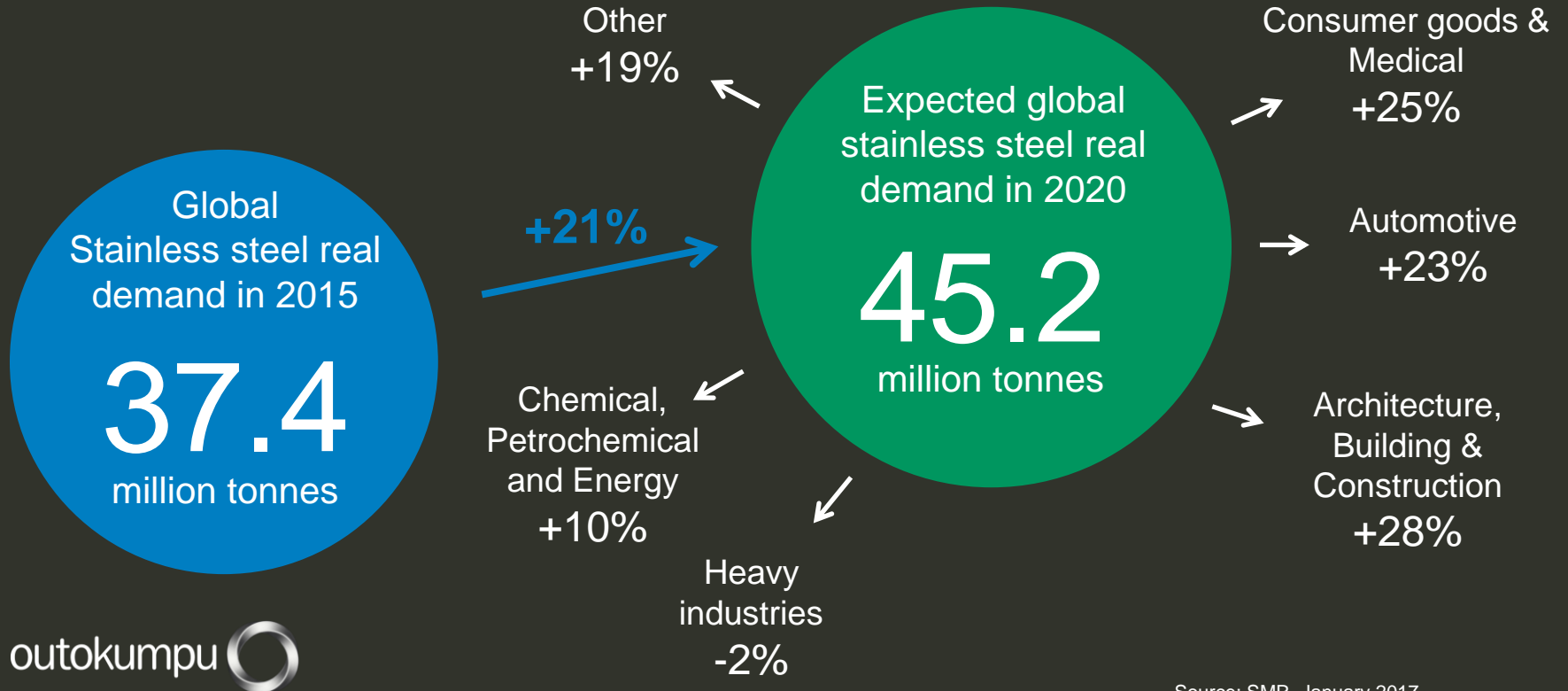
➔ Urbanization

➔ Mobility

➔ Sustainability

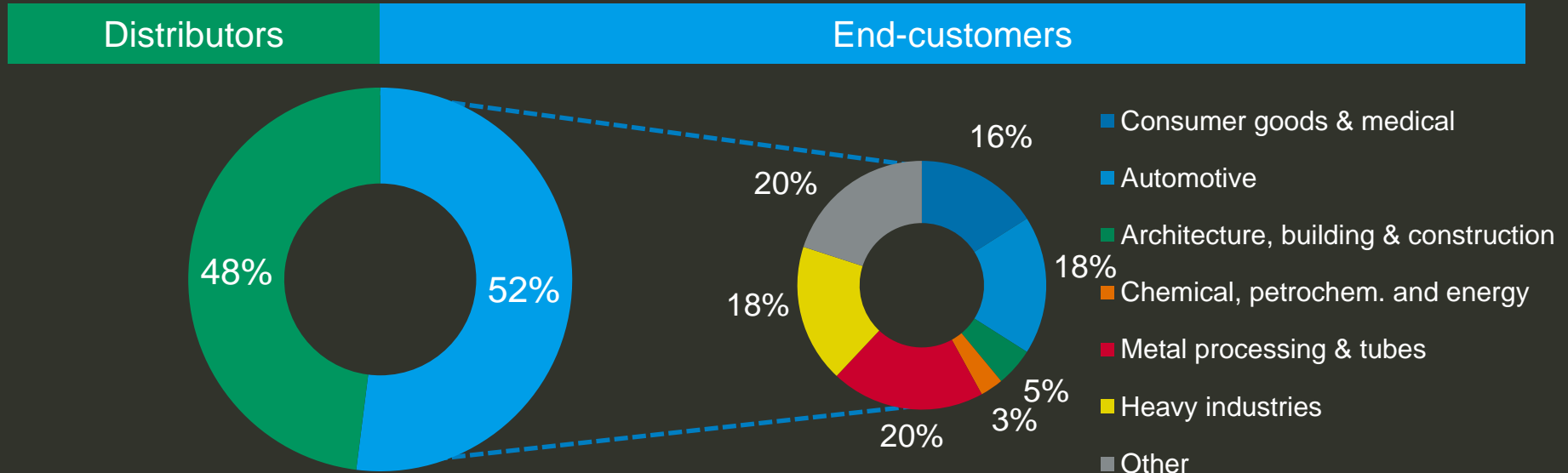
➔ Stainless steel

Stainless steel demand continues to grow



We focus on growth segments

Consumer goods, automotive, architecture, building and construction



Our strategic plan

VISION 2020:
To be the best value creator
in stainless steel by 2020
through customer orientation
and efficiency.

The best value in the industry for customers,
shareholders and employees through:

Safety

High
Performing
Organization

World Class
Supply Chain

Manufacturing
Excellence

Commercial
Excellence

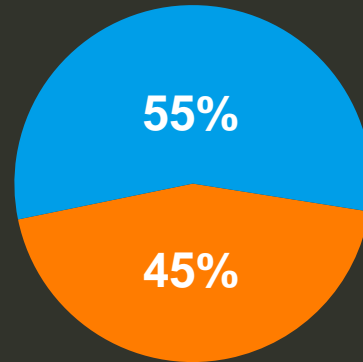
Americas

Our must-win battles deliver EUR 500 million in 2020

Topline growth and cost efficiency based on self-help

TOP LINE GROWTH

- Increase volume through efficiency and debottlenecking
- Richer mix through improved capability and selective sales strategy
- Value based selling

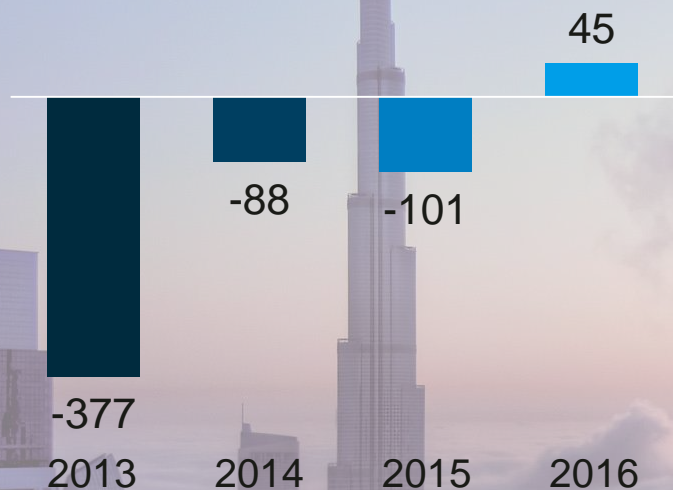


COST REDUCTION

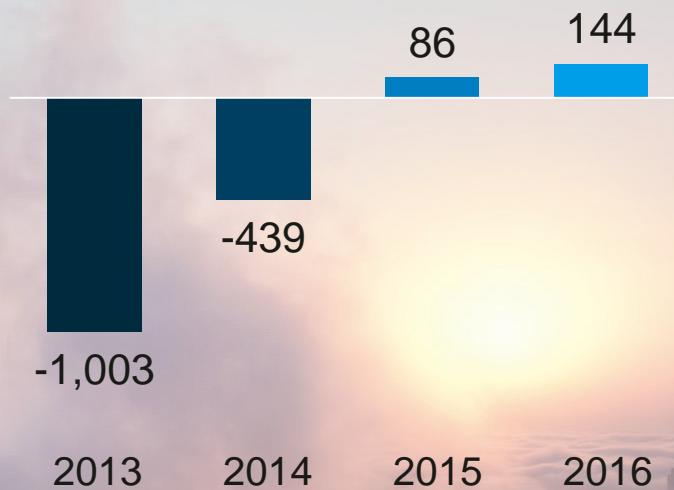
- Achieve 2-3% annual productivity improvement
- Achieve 15% savings in procurement
- Reduce variable and fixed cost
- Reduce SG&A cost by EUR 100 million

Outokumpu returned to profitability in 2016

Underlying EBIT, EUR million

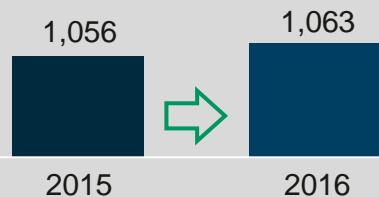


Net result, EUR million

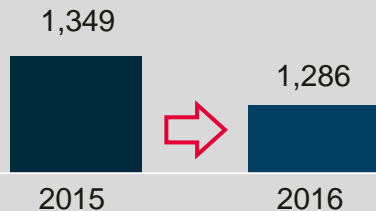


We have improved our profitability through self-help

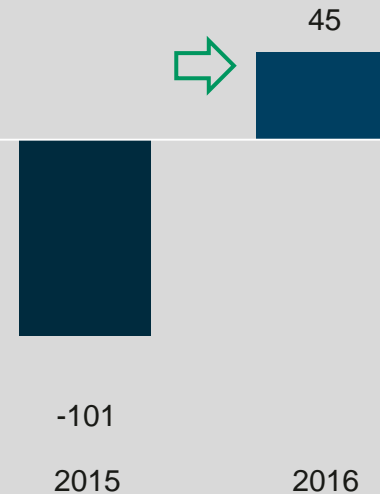
European average base price,
EUR/tonne



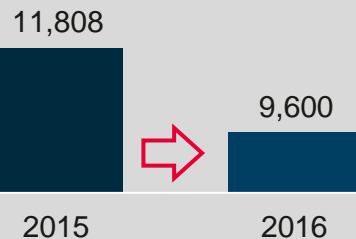
US average base price, USD/tonne



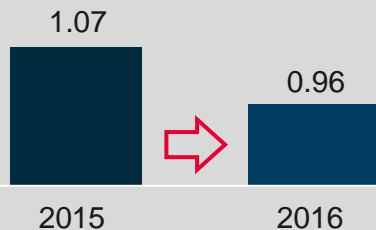
Underlying EBIT, EUR million



Nickel price, USD/tonne



Ferrochrome price, USD/lb



Targets exceeded in short-term initiatives

1

**New
organizational
set-up**

New organization was implemented in June and the related personnel reductions have developed according to plans

2

**SG&A cost
reduction**
EUR 100 million

Reduction of EUR 69 million was achieved by end of 2016

3

NWC reduction
At least EUR 200
million

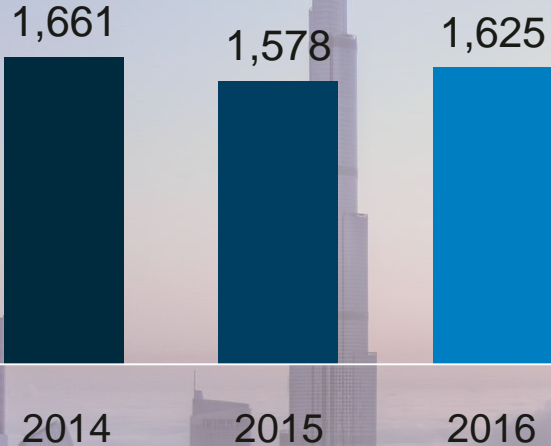
Target was exceeded with net working capital reduction of EUR 307 million at end of 2016



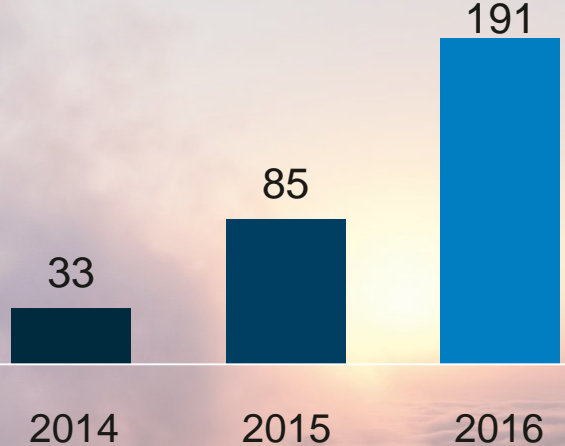
Net debt
<EUR 1.1
billion by the
end of 2017

Europe continued its strong performance

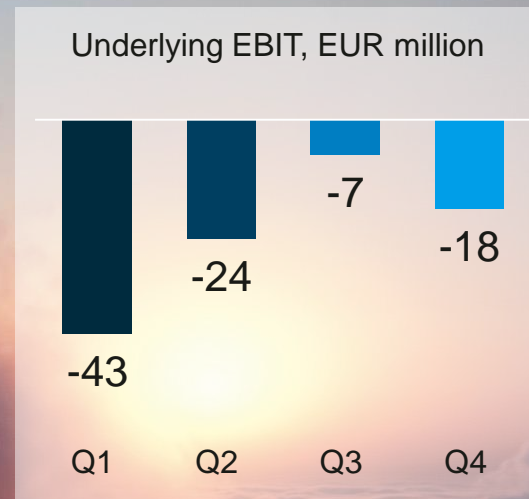
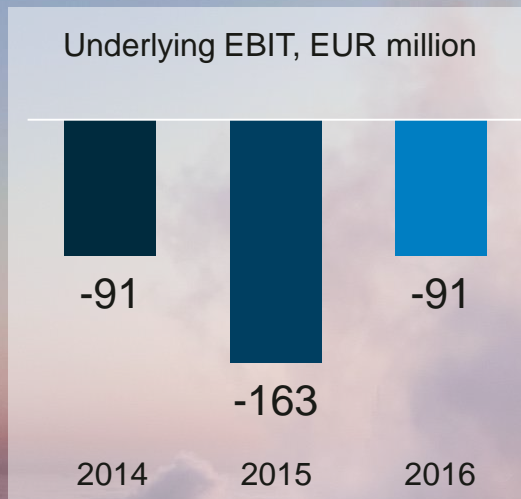
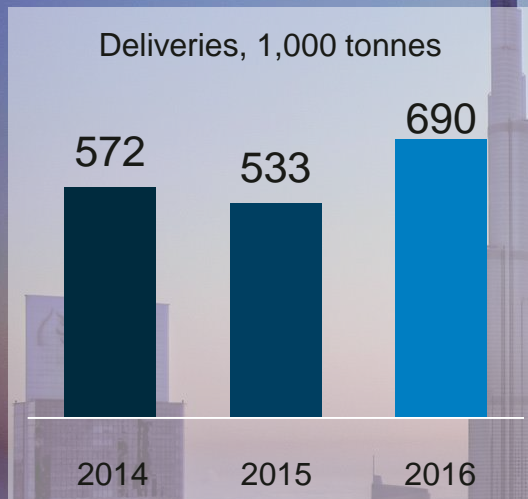
Deliveries, 1,000 tonnes



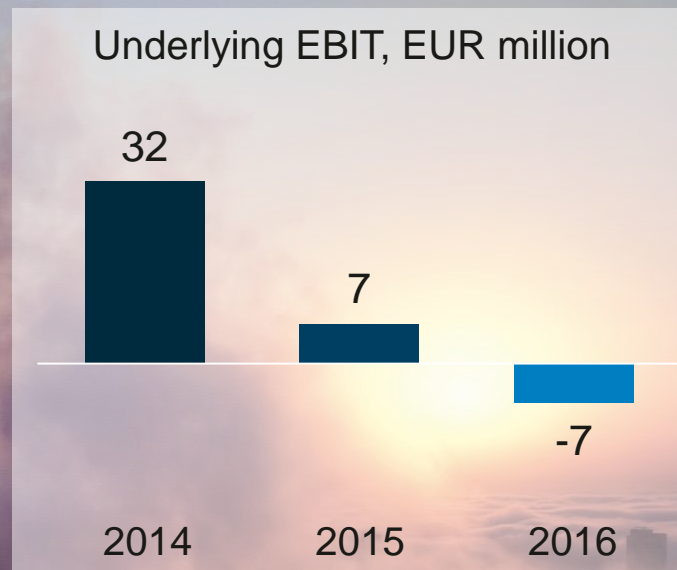
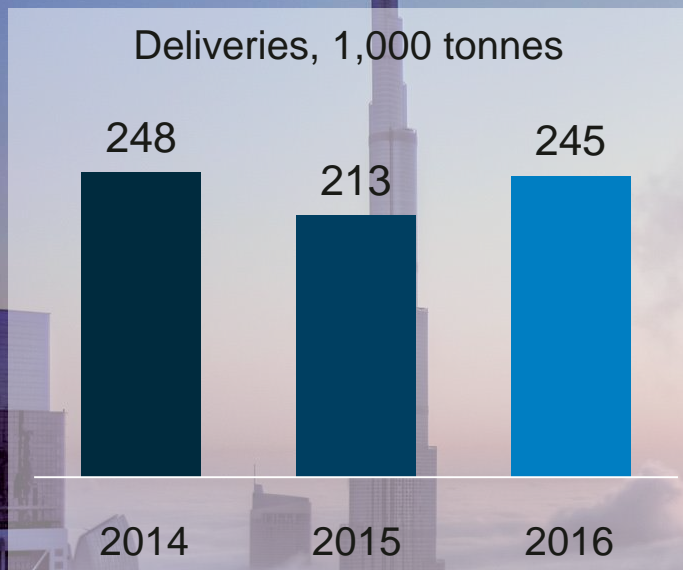
Underlying EBIT, EUR million



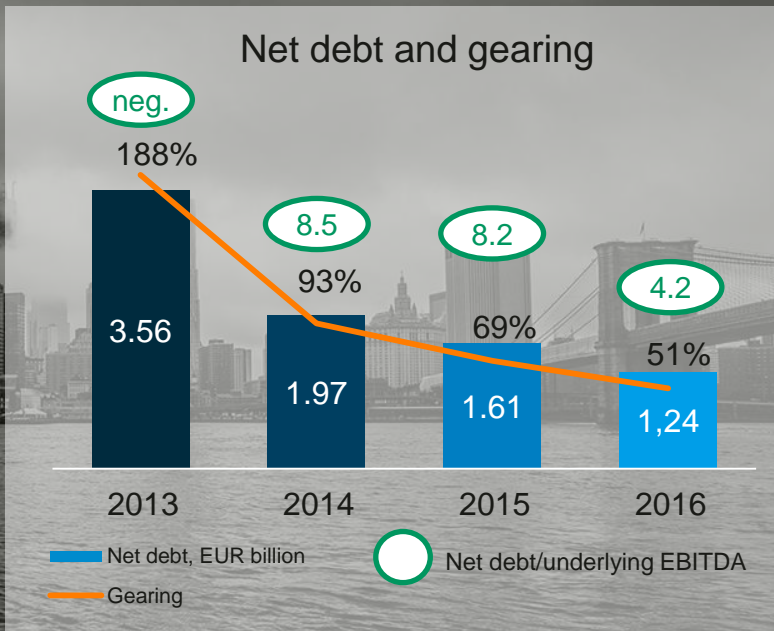
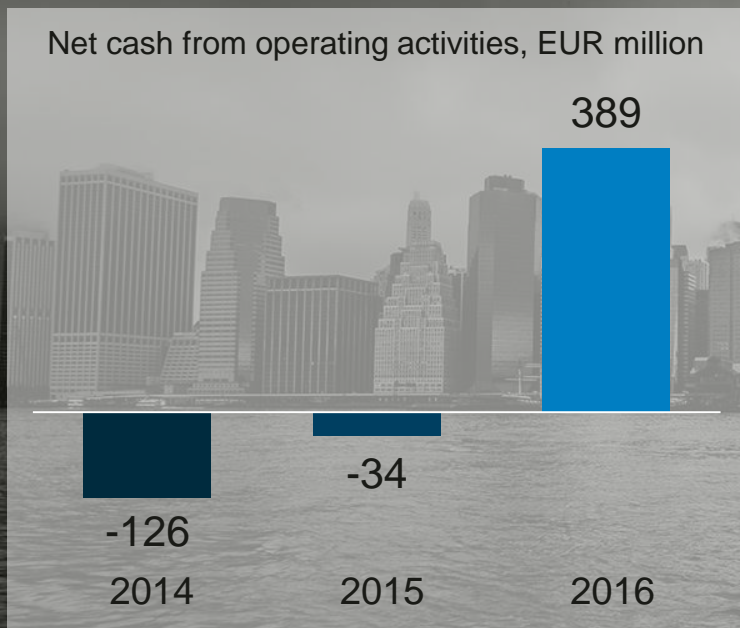
Americas is solidly on track to profitability



Long Products' year was impacted by difficult markets



Strengthened balance sheet enables first dividend payment in 6 years



We are solidly on track

We have improved our profitability through self-help

We are driving topline growth and efficiency through our must-win battles

The EUR 500 million by 2020 target is firmly within our reach