

LISTING PROSPECTUS



OUTOKUMPU OYJ

Listing of EUR 250,000,000 Senior Secured Fixed Rate Notes Due 2024

The notes are represented by units in denominations of EUR 1,000

Outokumpu Oyj (the “**Issuer**”) issued on June 18, 2018 senior secured notes with a principal amount of EUR 250 million (the “**Notes**”) based on the authorization given by the Issuer’s Board of Directors on April 26, 2018. The Notes were offered for subscription in a minimum amount of EUR 100,000 through a book-building procedure that was carried out on June 11, 2018 (the “**Offering**”). The Notes bear interest at the rate of 4.125 percent per annum. The maturity of the Notes is on June 18, 2024, unless the Issuer prepays the Notes in accordance with the terms and conditions of the Notes (the “**Terms and Conditions**”). The Notes are secured by certain assets of the Issuer and certain of its subsidiaries and guaranteed by certain subsidiaries of the Issuer, in each case as described in more detail in the “*Terms and Conditions of the Notes*”. The security and guarantees secure also a major part of Outokumpu’s other borrowings.

The Notes have been assigned a credit rating of ‘Ba3’ by the international credit rating agency Moody’s Investors Service Limited (“**Moody’s**”). The Issuer has a corporate family rating of B1 and B1-PD probability default rating from Moody’s.

The Issuer has applied for the listing of the Notes on the Official List of Nasdaq Helsinki Ltd (“**Nasdaq Helsinki**”). Public trading in the Notes is expected to commence on or about June 20, 2018 under the trading code ‘OUTJ412524’.

This listing prospectus (this “**Prospectus**”) contains information on the Offering and the Notes. This Prospectus has been prepared solely for the purpose of the admission to listing of the Notes on Nasdaq Helsinki (the “**Listing**”) and does not constitute any offering of the Notes.

An investment in the Notes involves certain risks, see “*Risk Factors*” in this Prospectus.

Other than filing this Prospectus with the Finnish Financial Supervisory Authority (the “**FIN-FSA**”) for approval and making the listing application to Nasdaq Helsinki, neither the Issuer nor the Joint Lead Managers (as defined hereafter) have taken, nor will they take, any action which is intended to permit a public offer of the Notes or the distribution of this Prospectus or any other documents relating to the Notes in any other jurisdiction where any action for that purpose is required.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and the Notes may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit, of any U.S. person (as such terms are defined in Regulation S under the Securities Act).

Coordinators and Joint Lead Managers:

BNP PARIBAS

Nordea Bank AB (publ)

Joint Lead Managers:

Danske Bank A/S

Swedbank AB (publ)

CERTAIN INFORMATION

This Prospectus has been prepared in accordance with the Finnish Securities Market Act (746/2012, as amended) (the “**Finnish Securities Market Act**”), the Decree of the Finnish Ministry of Finance on the Listing Prospectus referred to in Chapters 3 to 5 of the Finnish Securities Market Act (1019/2012, as amended), the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the amendments thereto concerning information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended (in application of the Annexes IV, V, VI and XXII thereof), and the regulations and guidelines of the FIN-FSA. The FIN-FSA has approved the English language Prospectus (journal number FIVA 30/02.05.04/2018) but assumes no responsibility for the correctness of the information contained herein.

In this Prospectus, any reference to the “**Company**”, “**Outokumpu**” or “**Group**” means Outokumpu Oyj and its subsidiaries on a consolidated basis, except where it is clear from the context that the term means Outokumpu Oyj or a particular subsidiary, and except that references and matters relating to the shares and share capital of the Company or matters of corporate governance shall refer to the shares, share capital and corporate governance of Outokumpu Oyj. All references to the “**Issuer**” refer to Outokumpu Oyj, except where the context may otherwise require. This Prospectus has been prepared in English only. However, the summary of this Prospectus has been translated into Finnish. The Issuer is solely responsible for the correctness of Finnish language translation of the summary.

This Prospectus should be read in conjunction with all documents which are deemed to be incorporated herein by reference and shall be read and construed on the basis that such documents are incorporated into and form part of this Prospectus. See “*Information Incorporated by Reference*”.

BNP Paribas and Nordea Bank AB (publ) (jointly the “**Coordinators**”) together with Danske Bank A/S and Swedbank AB (publ) (Danske Bank A/S and Swedbank AB (publ) jointly with the Coordinators, the “**Joint Lead Managers**”) have acted exclusively for Outokumpu as joint lead managers of the Offering and the Listing and will not be responsible to anyone other than Outokumpu for providing the protections afforded to its clients nor providing any advice in relation to the Offering, the Listing or the contents of this Prospectus.

Prospective investors should rely solely on the information contained in this Prospectus. Neither Outokumpu nor the Joint Lead Managers have authorized anyone to provide any information or give any statements other than those provided in this Prospectus. The Joint Lead Managers assume no responsibility for the accuracy or completeness of the information in this Prospectus and, accordingly, disclaim to the fullest extent permitted by law, any and all liability which they might otherwise be found to have in respect of this Prospectus or any such statement. Delivery of this Prospectus shall not, under any circumstances, indicate that the information presented in this Prospectus is correct on any day other than the date of this Prospectus, or that there would not be any changes in the business of Outokumpu after the date of this Prospectus. However, if a fault or omission is discovered in this Prospectus before the admission of the Notes for listing on Nasdaq Helsinki and such fault or omission may be of material importance to investors, this Prospectus shall be supplemented in accordance with the Finnish Securities Market Act. Information given in this Prospectus is not a guarantee or grant for future events by Outokumpu and shall not be considered as such. Unless otherwise stated, any estimates with respect to market development relating to Outokumpu or its industry are based upon the reasonable estimates of the Company’s management. In making an investment decision, each investor must rely on their examination, analysis and enquiry of Outokumpu and the terms of the Notes, including the risks and merits involved. Neither Outokumpu, nor the Joint Lead Managers nor any of their respective affiliated parties or representatives, is making any representation to any offeree or subscriber of the Notes regarding the legality of the investment by such person. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Notes.

The distribution of this Prospectus and the offer and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by Outokumpu and the Joint Lead Managers to inform themselves about and to observe any such restrictions. This Prospectus may not be distributed in the United States, Australia, Canada, Hong Kong, Japan or Singapore or such other countries or otherwise in such circumstances in which the offering of the Notes would be unlawful or require measures other than those required under the laws of Finland. This Prospectus does not constitute an offer of, or an invitation to purchase, the Notes in any jurisdiction. None of the Company, the Joint Lead Managers or any of their respective affiliates or representatives accepts any legal responsibility for any such violations by any person or entity, whether or not a prospective purchaser of Notes, and whether or not the person or entity is aware of such restrictions. The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of any U.S. person (as such terms are defined in Regulation S under the Securities Act).

This Prospectus has been prepared solely in connection with the listing of the Notes on Nasdaq Helsinki. It does not constitute an offer of securities for sale, or a solicitation of an offer to buy any securities, anywhere in the world.

MiFID II product governance / Eligible counterparties and professional clients only

Solely for the purposes of the manufacturers’ product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”), and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels. For the avoidance of doubt, the target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Notes.

Important / Prohibition of sales to EEA retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been or will be prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

In connection with the issue of the Notes, Nordea Bank AB (publ) (the “**Stabilizing Manager**”) (or any persons acting on behalf of the Stabilizing Manager) may over allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail, but in so doing, the Stabilizing Manager shall act as principal and not as agent of the Issuer. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes, that is June 18, 2018 (the “**Issue Date**”), and 60 days after the date of the allotment of the Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) in accordance with all applicable laws and rules.

The Notes are governed by Finnish law and any dispute arising in relation to the Notes shall be settled exclusively by Finnish courts in accordance with Finnish law.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A–E (A.1–E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

<i>Section A — Introduction and warnings</i>		
A.1	Warning	<p>This summary should be read as an introduction to this Prospectus. Any decision to invest in the Notes should be based on consideration of this Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating this Prospectus before legal proceedings are initiated. Outokumpu assumes civil liability in respect of this summary and its translation only if it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, or if it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</p>
A.2	Consent by the person responsible for drawing up the prospectus to the use of the prospectus	Not applicable.

<i>Section B — Issuer</i>		
B.1	Legal and commercial name	Outokumpu Oyj.
B.2	Domicile/Legal form/Legislation/Country of incorporation	The Issuer is domiciled in Helsinki, Finland. The Issuer is a public limited liability company incorporated in Finland and organized under the laws of Finland.
B.4b	Known trends affecting the Issuer and the Issuer’s industries	During the past years, demand for stainless steel has been heavily influenced by general economic conditions. Further, during the past fifteen years, stainless steel production capacity in Asia, particularly in China, has increased significantly. Consequently, Asia has transitioned from being a net importer of European stainless steel to being a significant exporter of stainless steel to Europe. Following the introduction of antidumping measures by the European Commission and the United States government, import levels in Outokumpu’s core markets have decreased. More lately, European imports have increased again and in 2017 reached almost the record-high levels seen in 2014. In addition, imports of hot rolled products on which no duties have been imposed

		<p>by the European Commission have continued to increase in Europe. Outokumpu itself has significant exposure to the effects of trade actions and barriers due to the global nature of its operations. Following the decision by the United States to levy tariffs on steel and aluminium imports from the European Union, Mexico and Canada, concerns of retaliatory measures have escalated. Any future quotas, tariffs or other trade actions or barriers could limit Outokumpu's further growth and market access.</p> <p>Outokumpu believes that the overall long-term prospects for stainless steel demand remain positive. Key global megatrends, such as urbanization, climate change and increased mobility, are expected to support future growth of stainless steel demand.</p>																								
B.5	Group	<p>The Issuer is the parent company of Outokumpu. The following table sets forth the most significant operative subsidiaries that the Issuer owned, directly or indirectly, as at the date of this Prospectus:</p> <table border="1"> <thead> <tr> <th></th> <th>Country</th> <th>Group holding (percent)</th> </tr> </thead> <tbody> <tr> <td>Outokumpu Stainless Oy</td> <td>Finland</td> <td>100.0</td> </tr> <tr> <td>Outokumpu Europe Oy</td> <td>Finland</td> <td>100.0</td> </tr> <tr> <td>Outokumpu Chrome Oy</td> <td>Finland</td> <td>100.0</td> </tr> <tr> <td>Outokumpu Stainless AB</td> <td>Sweden</td> <td>100.0</td> </tr> <tr> <td>Outokumpu Nirosta GmbH</td> <td>Germany</td> <td>100.0</td> </tr> <tr> <td>Outokumpu Stainless USA, LLC</td> <td>United States</td> <td>100.0</td> </tr> <tr> <td>Outokumpu Mexinox S.A. de C.V</td> <td>Mexico</td> <td>100.0</td> </tr> </tbody> </table>		Country	Group holding (percent)	Outokumpu Stainless Oy	Finland	100.0	Outokumpu Europe Oy	Finland	100.0	Outokumpu Chrome Oy	Finland	100.0	Outokumpu Stainless AB	Sweden	100.0	Outokumpu Nirosta GmbH	Germany	100.0	Outokumpu Stainless USA, LLC	United States	100.0	Outokumpu Mexinox S.A. de C.V	Mexico	100.0
	Country	Group holding (percent)																								
Outokumpu Stainless Oy	Finland	100.0																								
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Outokumpu Stainless AB	Sweden	100.0																								
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Outokumpu Stainless USA, LLC	United States	100.0																								
Outokumpu Mexinox S.A. de C.V	Mexico	100.0																								
B.9	Profit forecasts and estimates	<p>In its first quarter interim statement 2018, Outokumpu published the following information on its business and financial outlook for the second quarter of 2018:</p> <p>“Underlying stainless steel demand is expected to remain healthy. Base prices are trending upward in the US, supported by steel import tariffs, whereas in Europe, higher Asian imports are expected to result in further pressure on base prices.</p> <p>The benefits from the higher ferrochrome price will be partly offset by a planned maintenance shutdown of one ferrochrome furnace.</p> <p>Stainless steel deliveries are expected to be relatively flat compared to the first quarter in all business areas. Outokumpu expects its second quarter adjusted EBITDA to be at a similar level to the first quarter (Q1/18: EUR 133 million).”</p>																								
B.10	Qualifications in the audit reports	<p>Not applicable. The audit reports on historical financial information incorporated by reference into this Prospectus do not include any qualifications.</p>																								
B.12	No material adverse change and no significant change statements Selected consolidated financial information	<p>There has been no material adverse change in the prospects of the Issuer and the Guarantors since the date of their last published audited financial statements.</p> <p>There has been no significant change in the financial or trading position of the Issuer and the Guarantors since March 31, 2018.</p> <p>The following is a summary of Outokumpu's consolidated financial information as at and for the financial years ended December 31, 2017 and December 31, 2016 and of Outokumpu's consolidated financial information as at and for the three months ended March 31, 2018 and March 31, 2017. The information in this summary has been derived from Outokumpu's audited consolidated financial statements for the financial year ended December 31, 2017 and Outokumpu's unaudited condensed interim financial information for the three months ended March 31, 2018, which have been incorporated by</p>																								

reference into this Prospectus. This information should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes. Outokumpu's consolidated financial statements for the years ended December 2017 and December 31, 2016 and Outokumpu's consolidated financial information for the three months ended March 31, 2018 and March 31, 2017 have been prepared in accordance with the applicable International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU"). The information presented in the below table for the financial year ended December 31, 2016 has been audited, whereas the information presented for the three months ended March 31, 2018 and March 31, 2017 is unaudited.

On January 1, 2018, Outokumpu adopted IFRS 15 – Revenue from Contracts with Customers retrospectively which had minor impacts on Outokumpu's revenue recognition and presentation of revenue in Outokumpu's consolidated financial statements. Further, in connection with the IFRS 15 adoption, Outokumpu reviewed the presentation of its revenue items in general and concluded that certain items, such as rental income, are not related to Outokumpu's operations as a stainless steel and ferrochrome producer and, therefore, should be presented in other operating income rather than in sales in future reporting. Consequently, Outokumpu restated certain items in its audited consolidated statement of financial position and consolidated statement of income for the financial year ended December 31, 2017 to obtain comparable financial figures from the financial year ended December 31, 2017. The information presented in the below table for the financial year ended December 31, 2017 has been audited, unless indicated that the information has been restated due to adoption of IFRS 15 or re-presentation of revenue items.

	For the three months ended March 31,		For the year ended December 31,	
	2018	2017	2017 (audited, unless otherwise indicated)	2016 (audited)
	(unaudited)	(unaudited)	(unaudited)	(audited)
CONSOLIDATED STATEMENT OF INCOME	<i>(EUR in millions, unless otherwise indicated)</i>		<i>(EUR in millions, unless otherwise indicated)</i>	
Sales	1,671	1,756 ^{3,4}	6,356 ^{3,4}	5,690
Cost of sales	-1,516	-1,435 ⁴	-5,627 ⁴	-5,298
Gross margin	155	320^{3,4}	729^{3,4}	392
Other operating income	11	23 ³	58 ³	88
Selling and marketing expenses ¹			-74	-90
Administrative expenses ¹			-219	-221
Research and development expenses ¹			-13	-20
Sales, general and administrative costs ²	-72	-87		
Other operating expenses	-4	-4	-35	-46
EBIT	90	252⁴	445⁴	103
Share of results in associated companies and joint ventures	2	3	9	5
Financial income and expenses:				
Interest income ¹			3	4
Interest expenses	-18	-24	-92	-105
Market price gains and losses ¹			-7	-6
Other financial income ¹			0	6
Other financial expenses ¹			-30	-18
Net other financial expenses ²	-4	-8		
Total financial income and expenses	-22	-32	-127	-121
Result before taxes	70	224⁴	327⁴	-13
Income taxes	-21	-41 ⁴	65 ⁴	156

	Total equity attributable to the equity holders of the Company		2,655	2,502¹	2,721¹	2,416
	Non-controlling interests		-	-	-	-
	Total equity		2,655	2,502¹	2,721¹	2,416
	Total non-current liabilities		1,144	1,530	1,160	1,525
	Total current liabilities		2,415	1,986 ¹	2,005 ¹	2,007
	Liabilities directly attributable to assets held for sale					43
	Total equity and liabilities		6,213	6,018¹	5,887¹	5,990
	¹ Restated and unaudited. On January 1, 2018, Outokumpu adopted IFRS 15 retrospectively and, consequently, restated its consolidated statement of financial position of 2017 with the following impacts: contract liability of EUR 1 million related to the unperformed transportation service, impacting line trade and other payables; and accrued receivable related to purchased transportation of EUR 1 million impacting line trade and other receivables. The net impact of these items (net of tax) is recognized to retained earnings.					
			For the three months ended March 31,		For the year ended December 31,	
			2018	2017	2017	2016
			(unaudited)	(unaudited)	(audited)	(audited)
	CONSOLIDATED STATEMENT OF CASH FLOWS		<i>(EUR in millions)</i>		<i>(EUR in millions)</i>	
	Net cash from operating activities					
			39	-53	328	389
	Net cash from investing activities					
			-33	21	-63	-81
	Net cash from financing activities					
			179	-91	-353	-291
	Net change in cash and cash equivalents		186	-123	-89	17
	Cash and cash equivalents at the beginning of the period		112	204	204	186
	Foreign exchange rate effect on cash and cash equivalents		-0	0	-3	1
	Net change in cash and cash equivalents		186	-123	-89	17
	Cash and cash equivalents at the end of the period		297	81	112	204
			As at and for the three months ended March 31,		As at and for the year ended December 31,	
			2018	2017	2017	2016
			(un-audited)	(un-audited)^{2,3}	(un-audited)^{2,3}	2015 (audited, unless otherwise indicated) (unaudited)
	KEY FIGURES		<i>(EUR in millions, unless otherwise indicated)</i>		<i>(EUR in millions, unless otherwise indicated)</i>	
	Sales		1,671	1,756	6,356	5,690
	EBITDA ¹		140	309	663	355
	Adjusted EBITDA ¹		133	294	631	309
	Adjusted EBITDA margin ¹		7.9	16.8	9.9	5.4
	Adjusted EBIT ¹		83	238	414	57
	Result before taxes		70	224	327	-13
	Net result for the period		49	182	392	144
	Net result margin ¹		2.9	10.4	6.2	2.5
	Return on equity, percent ¹		10.0	16.0	15.4	6.4
	Earnings per share		0.12	0.44	0.95	0.35
	Diluted earnings per share		0.12	0.42	0.90	0.35
	Return on capital employed, percent ¹		7.2	9.4	11.3	2.6
	Net cash from operating activities		39	-53	328	389
	Change in working		-61	-280	-180	307
					223	

	capital				
	Cash flow before financing activities	6	-32	264	308
	Net debt at the end of period ¹	1,086	1,376	1,091	1,242
	Total financial income and expenses	-22	-32	-127	-121
	Net debt to adjusted EBITDA ¹	2.3	2.4	1.7	4.0
	Debt-to-equity ratio (gearing) at the end of period, percent ¹	40.9	55.0	40.1	51.4
	Capital expenditure ¹	37	19	174	164
	Capital expenditure in relation to sales ¹	2.2	1.1	2.7	2.9
	Stainless steel deliveries, tonnes in thousands ¹	644	639	2,448	2,444
	Personnel at the end of period ¹	10,111	10,420	10,141	10,600
	¹ Unaudited.				
	² Restated and unaudited. Outokumpu reviewed the presentation of its revenue items in general, and concluded that certain items, such as rental income, are not related to Outokumpu's operations as a stainless steel and ferrochrome producer and, therefore, should be presented in other operating income rather than in sales in future reporting. Consequently, Outokumpu restated its consolidated statement of income with the following impacts: impact on sales of a EUR -8 million and impact of EUR 8 million on operating income accordingly.				
	³ Restated and unaudited. Outokumpu adopted IFRS 15 retrospectively and, consequently, restated its consolidated statement of financial position and consolidated statement of income of 2017 with the following impacts: the consolidated statement of financial position: contract liability of EUR 1 million related to the unperformed transportation service, impacting line trade and other payables and accrued receivable related to purchased transportation of EUR 1 million impacting line trade and other receivables. The net impact of these items (net of tax) is recognized to retained earnings; and the following impacts on the consolidated statement of income: sales (impact of EUR 0 million), cost of sales (impact of EUR -0 million), and income taxes (impact of EUR 0 million). The reclassification of recharged freights from cost of sales to sales amounted to EUR 1 million in 2017.				
				Net debt to adjusted EBITDA	
				Net debt (unaudited)	EBITDA (unaudited)
	QUARTERLY NET DEBT AND NET DEBT TO ADJUSTED EBITDA			<i>(EUR in millions)</i>	
	As at March 31, 2015			2,034	6.5
	As at June 30, 2015			2,116	7.3
	As at September 30, 2015			2,012	9.3
	As at December 31, 2015			1,610	9.8
	As at March 31, 2016			1,551	14.0
	As at June 30, 2016			1,485	12.3
	As at September 30, 2016			1,396	6.0
	As at December 31, 2016			1,242	4.0
	As at March 31, 2017 ¹			1,376	2.4
	As at June 30, 2017 ¹			1,239	1.8
	As at September 30, 2017 ¹			1,130	1.7
	As at December 31, 2017 ¹			1,091	1.7
	As at March 31, 2018			1,086	2.3
	¹ Restated. Outokumpu adopted IFRS 15 retrospectively and, consequently, restated its consolidated statement of financial position and consolidated statement of income of 2017 with the following impacts: the consolidated statement of financial position: contract liability of EUR 1 million related to the unperformed transportation service, impacting line trade and other payables and accrued receivable related to purchased transportation of EUR 1 million impacting line trade and other receivables. The net impact of these items (net of tax) is recognized to retained earnings; and the following impacts on the consolidated statement of income: sales (impact of EUR 0 million), cost of sales (impact of EUR -0 million), and income taxes (impact of EUR 0 million). The reclassification of recharged freights from cost of sales to sales amounted to EUR 1 million in 2017.				

	For the three months ended,		For the financial year ended December 31,		
	2018 (un-audited)	2017 (un-audited) ^{1,2}	2017 (un-audited) ^{1,2}	2016 (un-audited)	2015 (un-audited)
ADJUSTED EBITDA BY BUSINESS AREA AND RECONCILIATION TO EBIT	<i>(EUR in millions)</i>		<i>(EUR in millions)</i>		
Adjusted EBITDA					
Europe	83	168	404	295	203
Americas	-6	29	21	-27	-120
Long Products	4	9	16	-1	10
Ferrochrome	42	97	217	80	107
Other operations and intra-group items	10	-9	-27	-38	-35
Group total adjusted EBITDA	133	294	631	309	165
Adjustments to EBITDA					
Gain on the sale of PPE and release of environmental provisions in Sweden	8				
Gain on the quarto plate mill divestment		15	15		
Gain on the sale of land in Sheffield			9		
Gain on the pipe plant divestment			7		
Redundancy costs				-30	-25
Gain on the SKS divestment				28	409
Changes to the UK pension scheme				26	
Net insurance compensation and costs related to technical issues in Calvert				24	-17
Restructuring provisions, other than redundancy				-8	
Gain on the Guangzhou divestment				6	
Total adjustments to EBITDA	8	15	31	47	366
EBITDA	140	309	663	355	531
Depreciation and amortization	-50	-55	-216	-226	-302
Impairments in EBIT	-	-1	-1	-26	-1
EBIT	90	252	445	103	228
Adjusted EBITDA margin					
Europe	7.6	15.0	9.7	7.8	4.9
Americas	-1.5	6.9	1.4	-2.1	-9.8
Long Products	2.6	5.2	2.8	-0.2	1.8
Ferrochrome	31.8	49.0	35.5	21.6	26.1
<p>¹ Restated. On January 1, 2018, Outokumpu reviewed the presentation of its revenue items in general, and concluded that certain items, such as rental income, are not related to Outokumpu's operations as a stainless steel and ferrochrome producer and, therefore, should be presented in other operating income rather than in sales in future reporting. Consequently, Outokumpu restated its consolidated statement of income with the following impacts: impact on sales of a EUR -8 million and impact of EUR 8 million on other operating income accordingly.</p> <p>² Restated. On January 1, 2018, Outokumpu adopted IFRS 15 retrospectively and, consequently, restated its consolidated statement of income of 2017 with the following impacts: sales (impact of EUR 0 million), cost of sales (impact of EUR -0 million), and income taxes (impact of EUR 0 million). The reclassification of recharged freights from cost of sales to sales amounted to EUR 1</p>					

		million in 2017.
		CALCULATION OF KEY FIGURES
	EBITDA	= EBIT before depreciation, amortization and impairments
	Adjusted EBITDA or EBIT	= EBITDA or EBIT – items classified as adjustments
	Adjustments to EBITDA or EBIT	= Material income and expense items which affect the comparability between periods because of their unusual nature, size or incidence resulting for example from group-wide restructuring programs or disposals of assets or businesses
	Adjusted EBITDA margin	= $\frac{\text{Adjusted EBITDA}}{\text{Sales}} \times 100$
	Net result margin	= $\frac{\text{Net result}}{\text{Sales}} \times 100$
	Capital employed	= Total equity + net debt + net defined benefit and other long-term employee benefit obligations + net interest rate derivative liabilities + net accrued interest expenses – net assets held for sale – loans receivable – financial assets at fair value through other comprehensive income – financial assets at fair value through profit or loss – investments in associated companies and joint ventures
	Operating capital	= Capital employed – net deferred tax asset
	Return on equity (ROE)	= $\frac{\text{Net result for the financial period (4-quarter rolling)}}{\text{Total equity (4-quarter rolling average)}} \times 100$
	Return on capital employed (ROCE)	= $\frac{\text{EBIT (4-quarter rolling)}}{\text{Capital employed (4-quarter rolling average)}} \times 100$
	Net debt	= Non-current debt + current debt – cash and cash equivalents
	Equity-to-assets ratio	= $\frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$
	Debt-to-equity ratio (gearing)	= $\frac{\text{Net debt}}{\text{Total equity}} \times 100$
	Net debt to adjusted EBITDA	= $\frac{\text{Net debt}}{\text{Adjusted EBITDA (4-quarter rolling)}}$
	Earnings per share	= $\frac{\text{Net result for the financial period attributable to the owners of the parent}}{\text{Adjusted average number of shares during the period}}$

		$\text{Equity per share} = \frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$ $\text{Capital expenditure in relation to sales} = \frac{\text{Capital expenditure}}{\text{Sales}} \times 100$
B.13	Recent events materially relevant to evaluation of the Issuer's solvency	There are no recent events materially relevant to evaluation of the Issuer's solvency.
B.14	Dependency of the Issuer on other entities within the group	The Issuer is a parent company of the Outokumpu group and it is not dependent on other entities within the group.
B.15	Description of the Issuer's principal activities	Outokumpu is a leading global stainless steel producer with annual finishing capacity of 2.7 million tonnes. Outokumpu produces stainless steel products, from semi-finished products, such as slabs, blooms and billets, to finished products, such as cold rolled coils and sheets, in a variety of stainless steel grades.
B.16	Description of whether the Issuer is directly or indirectly owned or controlled and by whom and nature of such control	Not applicable. To the extent known to Outokumpu, Outokumpu is not directly or indirectly owned or controlled by any person.
B.17	Issuer ratings	The Notes have been assigned a credit rating of 'Ba3' by the international credit rating agency Moody's. The Issuer has a corporate family rating of B1 and B1-PD probability default rating from Moody's. The rating report on the Issuer was issued by Moody's on November 6, 2017.
B.18	A description of the nature and scope of the guarantee	The Issuer and certain of its subsidiaries listed in B.19 below have guaranteed and/or granted security over e.g. certain shares, real property and fixed assets to secure Outokumpu's obligations under the Notes as well as major part of Outokumpu's other borrowings. Please see item E.3 below for details.
B.19	Information about the guarantors	At the date of this Prospectus, the following entities are guarantors: <ul style="list-style-type: none"> - Outokumpu Europe Oy (0823312-4), Finland; - Outokumpu Stainless Oy (0823315-9), Finland; - Outokumpu Stainless AB (556001-8748), Sweden; - Outokumpu Stainless Holding GmbH (HRB 4114), Germany; - Outokumpu Nirosta GmbH (HRB 12511), Germany; - Outokumpu Americas, Inc. (5028835), USA (Delaware); - Outokumpu Stainless USA, LLC (4354408), USA (Delaware); and - Outokumpu Holding Nederland BV (24271249), the Netherlands.

		<p>At the date of this Prospectus, the following entities are security providers:</p> <ul style="list-style-type: none"> - the Issuer; - Outokumpu Europe Oy (0823312-4), Finland; - Outokumpu Stainless Oy (0823315-9), Finland; - Outokumpu Chrome Oy (0772768-3), Finland; - Outokumpu Americas, Inc. (5028835), USA (Delaware); - Outokumpu Stainless USA, LLC (4354408), USA (Delaware); and - Outokumpu Holding Nederland BV (24271249), the Netherlands. <p>Please see item E.3 below for details.</p>
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<i>Section C — Securities</i>		
C.1	Type and class of securities	Senior secured notes with an aggregate principal amount of EUR 250,000,000. The ISIN code of the Notes is FI4000331004.
C.2	Currency of the securities issue	Euro.
C.5	Restrictions on the free transferability of the securities	Not applicable. Each Note will be freely transferable after it has been registered into the respective book-entry account.
C.8	Ranking of securities	The Notes constitute direct and secured obligations of the Issuer ranking <i>pari passu</i> among themselves and at least <i>pari passu</i> with the unsecured obligations of the Issuer and the Guarantors, save for obligations which are preferred by mandatory provisions of law and for obligations referred to below which have priority pursuant to the Intercreditor Agreement. The Notes are pursuant to the Intercreditor Agreement together with certain other indebtedness secured by certain assets of Outokumpu and guarantees by certain members of the Group. The guarantee and security proceeds as well as in a distressed situation all payments under the liabilities covered by the Intercreditor Agreement are subject to the waterfall set out in the Intercreditor Agreement providing for a priority before the Notes to certain liabilities owed to the Security Agent and certain enforcement costs of the secured creditors.
C.9	Interest and yield; name of representative of debt security holders	<p>The Notes bear fixed interest at the rate of 4.125 percent per annum.</p> <p>The interest on the Notes will be paid semi-annually in arrears commencing on December 18, 2018 and thereafter on each June 18 and December 18 (each an “Interest Payment Date”) until June 18, 2024 (the “Final Maturity Date”).</p> <p>Interest shall accrue for each interest period from and including the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of Notes outstanding from time to time. For the first interest period interest shall accrue from (and including) the Issue Date to (but excluding) the first Interest Payment Date. Each consecutive interest period begins on (and includes) the previous Interest Payment Date and ends on (but excludes) the following Interest Payment Date. The last interest period ends on the Redemption Date.</p> <p>Interest in respect of the Notes shall be calculated on the basis of a 360-year comprised if twelve of 30 days each and, in case of an incomplete month, the actual number of days (30/360 day basis).</p> <p>As at the Issuer Date, at the issue price of 100 percent, the effective annual yield of the Notes was 4.167 percent per annum.</p> <p>The holders of the Notes are represented by the meeting of the holders of the</p>

		Notes or a procedure in writing.
C.10	Explanation on how the interest amount is affected by value of the underlying	Not applicable. The Notes have no derivative component in the interest payment.
C.11	Admission to trading	The Company has made an application for the admission of the Notes to public trading on Nasdaq Helsinki, and the Listing is expected to take place on or about June 20, 2018.

Section D — Risks

<i>Section D — Risks</i>		
D.2	Risks specific to the issuer, its operating environment and business	<p>There are risks relating to the Company as an issuer and to its operating environment and business as well as to the Offering and the Notes issued thereunder. The risk factors relating to the Company as an issuer and to its operating environment and business are listed below. This listing is not exhaustive and additional risks and uncertainties not presently known to the Company, or that the Company currently believes are immaterial, could also impair the Company's business, results of operations and financial condition or an investment in the Company.</p> <p>The risks relating to Outokumpu's operating environment and its business operations include the following factors:</p> <ul style="list-style-type: none"> - Disruptions in the global market and adverse economic developments may have adverse effects on Outokumpu's business and results of operations and profitability. - The global stainless steel industry is characterized by strong competition and unfair trade practices could adversely affect stainless steel prices and reduce Outokumpu's profitability, while trade restrictions could limit Outokumpu's access to new export markets. - Low capacity utilization levels caused by increasing capacity and oversupply in the global stainless steel market or other factors affecting stainless steel demand have had, and may continue to have, a material adverse effect on Outokumpu's business, financial condition and results of operations. - Reduced growth in Outokumpu's core markets could have a material adverse effect on Outokumpu's business, financial condition and results of operations. - Protracted low stainless steel prices and price volatility have had and could continue to have a material adverse effect on Outokumpu's business, financial condition and results of operations. - Failure to successfully implement the strategic targets and improvements to reach the announced vision for 2020 could have material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects. - Outokumpu may not be able to deliver the profitability improvements in the business area Americas as currently expected. - Volatility in the supply and prices of, or Outokumpu's inability to procure, raw materials and supplies could have a material adverse effect on Outokumpu's business, financial condition and results of operations.

		<ul style="list-style-type: none"> - The sales volumes and prices that Outokumpu is able to charge for its products could be affected by inaccurate sales planning or by the stocking and destocking of stainless steel products by distributors. - Outokumpu may not be able to purchase recycled stainless steel on favorable terms in the future, which could have a material adverse effect on its profitability. - Outokumpu's inability to fully utilize the full capacity of its ferrochrome production or lack of global demand for ferrochrome could have a material adverse effect on Outokumpu's business, financial condition and results of operations. - The stainless steel industry is characterized by significant capital expenditure in the expansion of production and maintenance of existing production facilities and there can be no assurance that the planned investments will be carried out, targets set for these investments will be realized or that Outokumpu's actual capital expenditure will be within its targets. - Outokumpu may not benefit from competitive prices for and reliable access to energy required for the production of stainless steel products and ferrochrome. - Outokumpu has benefited from certain public subsidies and advantages and there can be no assurance that such subsidies and advantages will be available to Outokumpu in the future. - Outokumpu's estimates of chromite reserves and resources at the Kemi mine may exceed the actual reserves and resources and there can be no assurance that the expansion of the Kemi mine results in the expected mining capacity or that ferrochrome production will be economically feasible. - If Outokumpu were unable to continue selling trade receivables under certain sale of receivables programs, Outokumpu may need to refinance such programs and facilities. - Costs related to defined benefit plans could increase, which could have a material adverse effect on Outokumpu's business, financial condition and results of operations. - Changes in underlying assumptions of the carrying value of certain assets, including as a result of adverse market conditions, could result in impairment of such assets, including intangible assets such as goodwill. - Outokumpu is subject to stringent health and safety laws and regulations that may give rise to significant costs and liabilities. - Substitute materials and new technologies could reduce market prices and demand for stainless steel products. - Outokumpu relies on suppliers in many areas of its operations and is dependent on the availability, quality, reliability and performance of such suppliers as well as their products and services. - Financial difficulties or bankruptcy of one or more of Outokumpu's major customers or suppliers could have a material adverse effect on Outokumpu's business, financial condition and results of operations. - Outokumpu's operations in certain countries could be adversely affected by political, economic and legal developments in the countries concerned. - Disruptions to production processes could have a material adverse effect on Outokumpu's operations and customer service levels. - Outokumpu charters vessels to transport stainless steel products and raw
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		<p>materials, which subjects Outokumpu to risks inherent to vessels.</p> <ul style="list-style-type: none"> - Outokumpu’s insurance policies provide limited coverage, potentially leaving it uninsured against some risks. - Product liability claims or loss of product certifications could have a material adverse effect on Outokumpu’s business, financial condition and results of operations. - Outokumpu is, and may in the future be, involved in litigation and arbitration proceedings that could adversely affect its business, financial condition and results of operations. - Outokumpu’s governance, internal controls and compliance processes could fail to prevent regulatory penalties, reputational harm and fraud, both at operating subsidiaries and joint ventures. - Outokumpu’s operations are subject to various environmental laws, regulations and licenses and a failure to comply with these laws and regulations could result in unexpected costs and other liabilities. - Outokumpu may be adversely affected by any future application of restrictions in regard to greenhouse gas emissions and face risks associated with identifying and controlling the cost of compliance with emission allowance schemes. - Failure to protect intellectual property rights could have a material adverse effect on Outokumpu’s competitiveness as well as on its business, financial condition and results of operations. - Any significant problem with information systems could have a material adverse effect on Outokumpu’s business, financial condition and results of operations. - A significant portion of Outokumpu’s employees in Europe are covered by collective bargaining agreements and Outokumpu may face labor disruptions that could interfere with its operations. - Outokumpu faces risks associated with nuclear power plant projects in Finland. - Failure to attract qualified personnel or a loss of key personnel could disrupt Outokumpu’s business and have a material adverse effect on its business, financial condition and results of operations. - A significant portion of Outokumpu’s financing is secured, which could affect the availability and terms of financing available to Outokumpu in the future. - Outokumpu’s indebtedness could limit its operational flexibility. - Outokumpu is exposed to interest rate risk on its floating rate debt and the fair value of its financial assets and liabilities. - Outokumpu’s tax burden could increase due to changes in tax laws or regulations or their application, or as a result of current or future tax audits. - Fluctuations in foreign exchange rates could have a material adverse effect on Outokumpu’s business, financial condition and results of operations. - Outokumpu will adopt the IFRS 16 Leases standard, which may impact negatively on Outokumpu’s ability to reach the targeted debt-to-equity ratio level of below 35 percent by the end of year 2020.
D.3	Risks specific to the securities	<p>There are risks relating the Company as an issuer and to its operating environment and business as well as to the Offering and the Notes issued thereunder. The risk factors relating to the Offering and the Notes issued thereunder are listed below. This listing is not exhaustive and additional risks</p>

		<p>and uncertainties not presently known to the Company, or that the Company currently believes are immaterial, could also impair the Company's business, results of operations and financial condition or an investment in the Company.</p> <p>The risks relating to the Offering and the Notes include the following factors:</p> <ul style="list-style-type: none"> - The Notes may not be a suitable investment for all investors. - Investors are exposed to credit risk in respect of the Issuer. - Market value of the Notes may be affected by several factors. - Credit ratings assigned to the Notes and the Issuer may not be accurate and an increase of rating may decrease the restrictions under the Notes. - Active trading market for the Notes may not develop. - Since the Notes bear interest at a fixed interest rate, movements in market interest rates can adversely affect the value of the Notes. - Joint Lead Managers may have a potential conflict of interest. - Investors may forfeit interest and principal amount invested. - Laws and practices applicable to the Notes may change. - Legal investment considerations may restrict certain investments. - The Notes carry no voting rights at the Issuer's general meetings of shareholders. - Outokumpu may be able to merge, effect asset sales or otherwise effect significant transactions that may have a material adverse effect on the Notes and the holders of Notes. - Outokumpu may incur additional debt without the consent of the holders of the Notes. - Outokumpu's possible extensive indebtedness may have an adverse effect on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. - The Issuer may have an obligation to redeem and purchase the Notes prior to maturity. - The Issuer has a right to redeem and purchase the Notes prior to maturity. - The Issuer may not be able to finance the repurchase of Notes following a Change of Control Event. - Amendments to the Notes bind all holders of Notes. - Rights to payments under the Notes that have not been claimed within 3 years are prescribed. - The completion of the transactions relating to the Notes is reliant on Euroclear Finland Oy's operations and systems. - The rights of the holders of the Notes depend on the Noteholders' Agent's and Security Agent's actions and financial standing. - The Transaction Security may not be sufficient to cover all the Secured Obligations and the enforcement of the security may be delayed or the security may not be enforceable at all. - The enforcement of security will be subject to the procedures and limitations set out in an Intercreditor Agreement. - Insolvency administrator may not respect the Intercreditor Agreement. - The shorter tenor of the other Secured Obligations may have a negative impact on the interests of the holders of the Notes.
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		<ul style="list-style-type: none"> - The Intercreditor Agreement and the Transaction Security Documents may be amended without the consent of the holders of the Notes. - The Notes and each of the Transaction Guarantees are structurally subordinated to present and future liabilities of non-Guarantor subsidiaries. - The Transaction Guarantees and Transaction Security are subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability. - Enforcing rights under the Notes or the Transaction Guarantees or the Transaction Security across multiple jurisdictions may prove difficult. - Transaction Security and Transaction Guarantees may be released under certain circumstances. - Rights in the Transaction Security may be adversely affected by the failure to perfect the Transaction Security. - Certain liabilities have priority to the proceeds from the enforcement of Transaction Security and Transaction Guarantees and payments in a distressed situation.
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<i>Section E — Offer</i>		
E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain assets	<p>The aggregate net proceeds to the Company from the Offering, after deduction of the fees and expenses payable by Outokumpu, were approximately EUR 248 million. The proceeds have on June 18, 2018 been primarily used for the total voluntary redemption of the Issuer’s existing EUR 202.5 million senior secured fixed rate notes due 2021 with ISIN code FI4000210646 (the “Existing Notes”). The remaining proceeds shall be used for general corporate purposes of the Group.</p>
E.3	Terms and conditions of the Offering	<p>Issuer: Outokumpu Oyj, a public limited company incorporated in Finland.</p> <p>Coordinators and Joint Lead Managers: BNP Paribas and Nordea Bank AB (publ).</p> <p>Joint Lead Managers: Danske Bank A/S and Swedbank AB (publ).</p> <p>Noteholders’ Agent: Intertrust (Finland) Oy.</p> <p>Security Agent: The Law Debenture Trust Corporation p.l.c.</p> <p>Issuing Agent: Nordea Bank AB (publ), Finnish Branch.</p> <p>Aggregate principal amount: EUR 250,000,000.</p> <p>Issue Date: June 18, 2018.</p> <p>Repayment Date: June 18, 2024.</p> <p>Interest payment dates: Semi-annually in arrears commencing on December 18, 2018 and thereafter each June 18 and December 18.</p> <p>Interest: 4.125 percent per annum.</p> <p>Repayment: At par, bullet, on Repayment Date, unless optional redemption exercised before that.</p> <p>Voluntary total redemption: Prior to first call date make-whole call and thereafter but less than 36 months from the Issue Date at a redemption price being 102.0625 percent of the nominal amount and thereafter but less than 48 months from the Issue Date at a redemption price being 101.0313 percent of the nominal amount and thereafter at a redemption price being 100 percent of the nominal amount, in each case together with accrued unpaid interest.</p>

	<p>Voluntary partial redemption upon an equity offering: Prior to first call date by net cash proceeds received by the Issuer from an equity offering up to 40 percent of the aggregate original principal amount <i>pro rata</i> with respect to each Note at the redemption price per Note equal to 104.125 percent of the principal amount of each Note, within 180 days from the closing of the equity offering.</p> <p>Early redemption due to withholding tax event: At any time, the Issuer may redeem all but not part of the Notes at a redemption price equal to 100 percent of the principal amount of the Notes redeemed, plus accrued and unpaid interest to the redemption date, if on or after the Issue Date the Issuer has or will become obliged to deduct withholding tax relating to the Notes levied by or on behalf of Finland, as a result of any change in, or amendment to, the laws or regulations of Finland or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after Issue Date, provided that such obligation cannot be avoided by the Issuer taking reasonable measures available to it.</p> <p>Denominations: Minimum subscription is EUR 100,000 and the denomination of each book-entry unit is EUR 1,000.</p> <p>Use of proceeds: Primarily for the total voluntary redemption of the Existing Notes. The remaining proceeds shall be used for general corporate purposes of the Group.</p> <p>Status: Senior, secured, unsubordinated, except in respect of obligations which are preferred by mandatory provisions of law or for obligations referred to below which have priority pursuant to the Intercreditor Agreement. The Notes shall pursuant to the Intercreditor Agreement be together with certain other indebtedness of the Issuer secured by the Transaction Guarantees and the Transaction Security. Pursuant to the Intercreditor Agreement the Guarantee and Transaction Security proceeds as well as in a distressed situation all payments under the liabilities covered by the Intercreditor are subject to the waterfall set out in the Intercreditor Agreement providing for a priority before the Notes for certain liabilities owed to the Security Agent and certain enforcement costs of the secured creditors. All or a part of the Transaction Guarantees and/or the Transaction Security may be released if the Issuer receives an issuer rating of BB or higher by Standard & Poor's Rating Services or corporate family rating of Ba2 or higher by Moody's and the secured parties representing at least 50 percent of the obligations secured by the Transaction Guarantees and the Transaction Security agree to release all or part of the Transaction Guarantees and/or the Transaction Security.</p> <p>Transaction Security: The Notes are, at the date of this Prospectus, secured by the following security interests (security being first-ranking unless prior ranking security interest is mentioned):</p> <ul style="list-style-type: none"> - share pledges over the shares or membership interests in the following Outokumpu group companies: Outokumpu Holding Nederland BV, Outokumpu Europe Oy, Outokumpu Stainless Oy, Outokumpu Americas, Inc. and Outokumpu Stainless USA, LLC; - security to the real property and fixed assets owned by Outokumpu Stainless Oy at the Tornio site in Finland, subject to up to EUR 300,000,000 prior ranking mortgages granted to other creditors; - security to the right of use and the fixed assets owned by Outokumpu Chrome Oy at the Tornio site in Finland; and - security over real property, fixed assets and certain other agreed assets owned by Outokumpu Stainless USA, LLC in Calvert, United States. <p>Transaction Guarantees: The Notes are, at the date of this Prospectus,</p>
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		<p>guaranteed by:</p> <ul style="list-style-type: none"> - Outokumpu Europe Oy (0823312-4), Finland; - Outokumpu Stainless Oy (0823315-9), Finland; - Outokumpu Stainless AB (556001-8748), Sweden; - Outokumpu Stainless Holding GmbH (HRB 4114), Germany; - Outokumpu Nirosta GmbH (HRB 12511), Germany; - Outokumpu Americas, Inc. (5028835), USA (Delaware); - Outokumpu Stainless USA, LLC (4354408), USA (Delaware); and - Outokumpu Holding Nederland BV (24271249), the Netherlands <p>Intercreditor Agreement: The Noteholders' Agent has acceded to the Intercreditor Agreement (on behalf of the holders of the Notes) which governs the relationships between certain creditors of the Issuer, the relative priorities of the secured creditors of the Issuer and its subsidiaries as well as certain other matters relating to the administration of security interests.</p> <p>Pursuant to the Intercreditor Agreement, the security and guarantees securing the Notes, among other debts, will secure the different debt classes <i>pari passu</i>, however taking into account that certain liabilities owed to the Security Agent and certain enforcement costs of the secured creditors have priority to the security and guarantee proceeds. In addition, the Terms and Conditions and the Intercreditor Agreement permit the incurrence of additional senior indebtedness or obligations that are permitted to be secured by the Transaction Security and the Transaction Guarantees on a <i>pari passu</i> basis.</p> <p>The above mentioned priority of payments applies also in a distressed situation to all payments under the liabilities covered by the Intercreditor Agreement.</p> <p>Under the terms of the Intercreditor Agreement, in certain default situations and in the event of enforcement of the Transaction Security and the Transaction Guarantees, holders of the Notes will receive payment, including enforcement proceeds, only after certain liabilities owed to the Security Agent and certain enforcement costs of the secured creditors have been paid.</p> <p>Rating: a credit rating for the Notes of 'Ba3' by Moody's.</p> <p>Covenants, mandatory repurchase and events of default: Restrictions on additional financial indebtedness, subsidiary guarantees, disposals, mergers and demergers, negative pledge, continuation of business, compliance with laws, related party transactions, admission to trading, undertakings towards the Noteholders' Agent, change of control, security release put option event, non-payment, breach or invalidity of Terms and Conditions or other related document, insolvency, attachment, cross-default and ceasing of business. Restrictions on additional financial indebtedness, mergers and demergers, disposals and subsidiary guarantees are suspended if the Issuer obtains an investment grade level credit rating and for as long as the Issuer holds such rating.</p> <p>Listing: The Notes are expected to be listed on Nasdaq Helsinki on or about June 20, 2018.</p> <p>Clearing: The Notes are issued in dematerialized form in the Infinity securities system of Euroclear Finland Oy. The registered address of Euroclear Finland Oy is Urho Kekkosen katu 5 C, FI-00100, Helsinki.</p> <p>Governing law of the Notes: Finnish law.</p> <p>Governing law of the Intercreditor Agreement: English law.</p> <p>Governing law in respect of the Transaction Security Documents: Various laws and at the date of this Prospectus being Finnish, U.S., New York and Dutch laws.</p> <p>Governing law in respect of the Transaction Guarantees (granted under the</p>
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		Intercreditor Agreement): English law. ISIN code: FI4000331004.
E.4	Material interests	<p>Interests of the Noteholders' Agent and the Security Agent: Business interest normal in the financial markets. The Security Agent acts as trustee, agent or representative (as applicable) in respect of the Transaction Security that secures also major part of Outokumpu's other borrowings.</p> <p>Interests of the Joint Lead Managers: Business interest normal in the financial markets. The Joint Lead Managers and/or companies belonging to the same consolidated groups with some of the Joint Lead Managers are lenders under the EUR 650,000,000 revolving credit facility. The Joint Lead Managers and/or companies belonging to the same consolidated groups with some of the Joint Lead Managers are also lenders under certain bilateral facilities.</p> <p>The Joint Lead Managers and their respective affiliates may hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of customers, in debt or equity securities of the Issuer, including the Notes.</p>
E.7	Estimated expenses charged to the investor	Not applicable. There are no expenses charged to the investors by the Company.

TIIVISTELMÄ

Tiivistelmät laaditaan tiedonantovelvollisuuksien mukaisesti ”Osatekijöittäin”. Nämä Osatekijät on numeroitu jaksoiksi A–E (A.1–E.7).

Tämä tiivistelmä sisältää kaikki ne Osatekijät, jotka on sisällytettävä tällaisia arvopapereita ja tällaista liikkeeseenlaskijaa varten laadittuun tiivistelmään. Koska kaikkien Osatekijöiden käsittelyä ei vaadita, Osatekijöiden numeroinnissa voi olla aukkoja.

Vaikka Osatekijä olisikin sisällytettävä tiivistelmään arvopapereiden tai liikkeeseenlaskijan tyyppin vuoksi, on mahdollista, että Osatekijän osalta ei ole annettavissa mitään relevanttia tietoa. Tällaisessa tapauksessa tiivistelmään on sisällytetty Osatekijästä lyhyt kuvaus sekä maininta ”ei sovelleta”.

Jakso A — Johdanto ja varoitukset		
A.1	Varoitus	<p>Tätä tiivistelmää tulee pitää tämän Esitteen johdantona. Sijoittajan tulee perustaa Velkakirjoja koskeva sijoituspäätöksensä tässä Esitteessä esitettyihin tietoihin kokonaisuutena.</p> <p>Jos tuomioistuimessa pannaan vireille tähän Esitteeseen sisältyviä tietoja koskeva kanne, kantajana toimiva sijoittaja voi sovellettavan lainsäädännön mukaan joutua ennen oikeudenkäynnin vireillepanoa vastaamaan tämän Esitteen käännskustannuksista. Outokumpu vastaa siviilioikeudellisesti tästä tiivistelmästä ja sen käännöksestä vain, jos tiivistelmä on harhaanjohtava, epätarkka tai epä johdonmukainen luettuna yhdessä tämän Esitteen muiden osien kanssa tai jos tiivistelmässä ei anneta yhdessä tämän Esitteen muiden osien kanssa keskeisiä tietoja sijoittajien auttamiseksi, kun he harkitsevat sijoittamista Yhtiön Velkakirjoihin.</p>
A.2	Esitteen laatimisesta vastaavan suostumus esitteen käyttöön	Ei sovellu.

Jakso B — Liikkeeseenlaskija		
B.1	Virallinen nimi ja muu liiketoiminnassa käytetty toiminimi	Outokumpu Oyj.
B.2	Asuinpaikka/ oikeudellinen muoto/sovellettava laki/ perustamismaa	Liikkeeseenlaskijan kotipaikka on Helsinki. Liikkeeseenlaskija on Suomessa perustettu julkinen osakeyhtiö, johon sovelletaan Suomen lakia.
B.4b	Merkittävimmät mahdolliset liikkeeseenlaskijaa ja liikkeeseenlaskijan teollisuudenalaa	Yleinen taloustilanne on vaikuttanut vahvasti ruostumattoman teräksen kysyntään viime vuosina. Lisäksi viimeisen viidentoista vuoden aikana ruostumattoman teräksen tuotantokapasiteetti Aasiassa ja erityisesti Kiinassa on kasvanut merkittävästi, ja Aasia on muuttunut eurooppalaisen ruostumattoman teräksen nettotuojasta merkittäväksi ruostumattoman teräksen nettoviejäksi Eurooppaan. Euroopan komission ja Yhdysvaltain hallinnon esittelemät polkumyynnin vastaiset toimenpiteet ovat laskeneet teräksen tuontimääriä

	koskevat tiedossa olevat suuntaukset	<p>Outokummun ydinmarkkinoilla. Sittenkin tuontimäärät Eurooppaan ovat kasvaneet ja vuonna 2017 lähentelivät jo vuoden 2014 ennätysmääriä. Lisäksi kuumavalssattujen tuotteiden, joille Euroopan komissio ei ole asettanut tuontitulleja, tuontimäärät ovat jatkaneet kasvuaan Euroopassa. Outokumpu itsekin altistuu merkittävästi kaupankäyntiä koskeville toimille ja rajoituksille johtuen sen liiketoiminnan globaalista luonteesta. Yhdysvaltain päätös asettaa tuontitulleja Euroopan unionista, Meksikosta ja Kanadasta peräisin oleville teräs- ja alumiinituotteille on lisännyt huolia mahdollisista vastatoimenpiteistä. Mahdolliset kiintiöt, tariffit tai muut toimenpiteet voivat rajoittaa Outokummun kasvua sekä markkinoille pääsyä.</p> <p>Outokumpu uskoo, että ruostumattoman teräksen kysynnän yleiset näkymät pitkällä aikavälillä ovat edelleen myönteiset. Keskeisten maailmanlaajuisten kehitystrendien, kuten kaupungistumisen, ilmastonmuutoksen ja liikkuvuuden lisääntymisen odotetaan edistävän ruostumattoman teräksen kysynnän kasvua tulevaisuudessa.</p>																								
B.5	Konserni	<p>Liikkeeseenlaskija on Outokumpu-konsernin emoyhtiö. Seuraavassa taulukossa esitetään merkittävimmät operatiiviset Liikkeeseenlaskijan suoraan tai välillisesti omistamat tytäryhtiöt tämän Esitteen päivämääränä:</p> <table border="1"> <thead> <tr> <th></th> <th>Maa</th> <th>Konsernin omistusosuus (prosenttia)</th> </tr> </thead> <tbody> <tr> <td>Outokumpu Stainless Oy</td> <td>Suomi</td> <td>100,0</td> </tr> <tr> <td>Outokumpu Europe Oy</td> <td>Suomi</td> <td>100,0</td> </tr> <tr> <td>Outokumpu Chrome Oy</td> <td>Suomi</td> <td>100,0</td> </tr> <tr> <td>Outokumpu Stainless AB</td> <td>Ruotsi</td> <td>100,0</td> </tr> <tr> <td>Outokumpu Nirosta GmbH</td> <td>Saksa</td> <td>100,0</td> </tr> <tr> <td>Outokumpu Stainless USA, LLC</td> <td>Yhdysvallat</td> <td>100,0</td> </tr> <tr> <td>Outokumpu Mexinox S.A. de C.V</td> <td>Meksiko</td> <td>100,0</td> </tr> </tbody> </table>		Maa	Konsernin omistusosuus (prosenttia)	Outokumpu Stainless Oy	Suomi	100,0	Outokumpu Europe Oy	Suomi	100,0	Outokumpu Chrome Oy	Suomi	100,0	Outokumpu Stainless AB	Ruotsi	100,0	Outokumpu Nirosta GmbH	Saksa	100,0	Outokumpu Stainless USA, LLC	Yhdysvallat	100,0	Outokumpu Mexinox S.A. de C.V	Meksiko	100,0
	Maa	Konsernin omistusosuus (prosenttia)																								
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Outokumpu Mexinox S.A. de C.V	Meksiko	100,0																								
B.9	Tulosennuste ja -arvio	<p>Outokumpu julkaisi vuoden 2018 ensimmäisessä osavuosiselvityksessään seuraavat tiedot liiketoiminnallisista ja taloudellisista näkymistään vuoden 2018 toisen neljänneksen osalta:</p> <p>”Ruostumattoman teräksen kysynnän arvioidaan pysyvän hyvänä. Perushinnat ovat nousussa Yhdysvalloissa teräksen tuontitullien tukemina, kun taas Euroopassa Aasian tuonnin kasvun arvioidaan tuovan lisäpainetta perushintojen laskuun.</p> <p>Yhden ferrokromiuunin suunnitellun kunnossapidon vuoksi korkeamman ferrokromin hinnan tuomaa etua ei voida täysimääräisesti hyödyntää.</p> <p>Ruostumattoman teräksen toimitusten arvioidaan olevan ensimmäisen neljänneksen tasolla kaikilla liiketoiminta-alueilla. Outokumpu arvioi toisen neljänneksen oikaistun käyttökäteen olevan samalla tasolla kuin ensimmäisellä neljänneksellä (Q1/18: 133 milj. euroa).”</p>																								
B.10	Tilintarkastuskertomuksessa esitetyt muistutukset	<p>Ei sovellu. Tähän Esitteeseen viittaamalla sisällytetyt tilintarkastuskertomukset historiallisesta taloudellisesta informaatiosta eivät sisällä muistutuksia.</p>																								
B.12	Ei merkittäviä kielteisiä muutoksia eikä merkittäviä muutoksia Keskeiset taloudelliset	<p>Liikkeeseenlaskijan ja Takaajien kehitysnäkymissä ei ole tapahtunut merkittäviä kielteisiä muutoksia viimeisen tarkastetun ja julkaistun tilinpäätöksen päivämäärän jälkeen.</p> <p>Liikkeeseenlaskijan ja Takaajien taloudellisissa tai liiketoiminnallisissa asemissa ei ole tapahtunut merkittäviä muutoksia 31.3.2018 jälkeen.</p> <p>Alla on esitetty yhteenveto Outokummun konsolidoidusta taloudellisesta informaatiosta 31.12.2017 ja 31.12.2016 päättyneiltä tilikausilta sekä</p>																								

tiedot	1.1.–31.3.		1.1.–31.12.	
	2018 (tilintarkas- tamaton)	2017 (tilintarkas- tamaton)	2017 (tilintarkas- tettu, ellei toisin ilmoiteta)	2016 (tilintarkas- tettu)
Outokummun konsolidoidusta taloudellisesta informaatiosta 31.3.2018 ja 31.3.2017 päättyneiltä kolmen kuukauden ajanjaksoilta. Tämän yhteenvedon informaatio on johdettu Outokummun tilintarkastetusta konsernitilinpäätöksestä 31.12.2017 päättyneeltä tilikaudelta ja Outokummun tilintarkastamattomasta lyhennetystä osavuosiselvityksestä 31.3.2018 päättyneeltä kolmen kuukauden kaudelta, jotka on sisällytetty tähän Esitteeseen viittaamalla. Tietoja tulee tarkastella yhdessä tilinpäätöstietojen ja niiden liitetietojen kanssa. Outokummun konsernitilinpäätökset 31.12.2017 ja 31.12.2016 päättyneiltä tilikausilta ja Outokummun konsolidoitu taloudellinen informaatio 31.3.2018 ja 31.3.2017 päättyneiltä kolmen kuukauden ajanjaksoilta on laadittu soveltuvien kansainvälisten tilinpäätösstandardien ("IFRS") mukaisesti siten, kuin Euroopan Unioni ("EU") on ne hyväksynyt. Alla esitetyt taloudelliset tiedot 31.12.2016 päättyneeltä tilikaudelta ovat tilintarkastettuja ja 31.3.2018 sekä 31.3.2017 päättyneiltä kolmen kuukauden ajanjaksoilta ovat tilintarkastamattomia.				
1.1.2018 Outokumpu otti takautuvasti käyttöön IFRS 15 – Myyntituotot asiakassopimuksista -standardin, millä oli vähäisiä vaikutuksia Outokummun tuottojen kirjaamiseen sekä tuottojen esittämiseen Outokummun konsolidoidussa tilinpäätöksessä. Lisäksi IFRS 15 -standardin käyttöönoton yhteydessä Outokumpu arvioi yleisesti tuottojen esittämistapaansa ja päätyi siihen, että eräät erät, kuten vuokratulot, eivät liity Outokummun liiketoimintaan ruostumattoman teräksen ja ferrokromin tuottajana ja tulisi siksi esittää liiketoiminnan muissa tuotoissa liikevaihdon sijaan. Tästä johtuen Outokumpu oikaisi 31.12.2017 päättyneen tilikauden tilintarkastetun konsolidoidun tilinpäätöksen konsernin tuloslaskemaa sekä konsernitasetta eräiden erien osalta saadakseen vertailukelpoisia taloudellisia lukuja 31.12.2017 päättyneeltä tilikaudelta. Alla olevassa taulukossa 31.12.2017 päättyneeltä tilikaudelta esitetyt tiedot ovat tilintarkastettuja, ellei erikseen ilmoiteta, että tiedot ovat oikaistuja johtuen IFRS 15 -standardin käyttöönotosta tai tuottojen esittämistavan muutoksesta.				
KONSERNIN TULOSLASKELMA	<i>(miljoonaa euroa, ellei toisin ilmoiteta)</i>		<i>(miljoonaa euroa, ellei toisin ilmoiteta)</i>	
Liikevaihto	1.671	1.756 ^{3,4}	6.356 ^{3,4}	5.690
Hankinnan ja valmistuksen kulut	-1.516	-1.435 ⁴	-5.627 ⁴	-5.298
Bruttokate	155	320^{3,4}	729^{3,4}	392
Liiketoiminnan muut tuotot	11	23 ³	58 ³	88
Myyntin ja markkinoinnin kulut ¹			-74	-90
Hallinnon kulut ¹			-219	-221
Tutkimus- ja kehitystoiminnan kulut ¹			-13	-20
Myyntin ja hallinnon kulut ²	-72	-87		
Liiketoiminnan muut kulut	-4	-4	-35	-46
Liiketulos	90	252⁴	445⁴	103
Osuus osakkuusyhtiöiden ja yhteisyritysten tuloksista	2	3	9	5
Rahoitustuotot ja -kulut:				
Korkotuotot ¹			3	4
Korkokulut	-18	-24	-92	-105
Markkinahintoihin liittyvät voitot ja tappiot ¹			-7	-6
Muut rahoitustuotot ¹			0	6
Muut rahoituskulut ¹			-30	-18
Muut nettorahoituskulut ²	-4	-8		
Rahoitustuotot ja -kulut yhteensä	-22	-32	-127	-121
Tulos ennen veroja	70	224⁴	327⁴	-13
Tuloverot	-21	-41 ⁴	65 ⁴	156
Tilikauden tulos	49	182⁴	392⁴	144

		Jakautuminen:				
		Yhtiön omistajille	49	182 ⁴	392 ⁴	144
		Määräysvallattomille omistajille	-	-	-	-
		Yhtiön omistajille kuuluvasta tuloksesta laskettu osakekohtainen tulos, euroa				
		Osakekohtainen tulos	0,12	0,44 ⁴	0,95 ⁴	0,35
		Laimennusvaikutuksella oikaistu osakekohtainen tulos	0,12	0,42 ⁴	0,90 ⁴	0,35
			1.1.–31.3. 2018	2017	1.1.–31.12. 2017	2016
			(tilintarkastamaton)	(tilintarkastamaton)	(tilintarkastettu, ellei toisin ilmoiteta)	(tilintarkastettu)
		KONSERNIN LAAJA TUOSLASKELMA				
			<i>(miljoonaa euroa)</i>		<i>(miljoonaa euroa)</i>	
		Tilikauden tulos	49	182 ⁴	392 ⁴	144
		Muut laajan tuloksen erät, verojen jälkeen	-16	-36	-32	-53
		Tilikauden laaja tulos	33	146⁴	359⁴	91
		¹ Ei raportoida neljännesvuosittain. ² Raportoidaan vain neljännesvuosittain. ³ Oikaistu ja tilintarkastamaton. 1.1.2018 Outokumpu arvioi tuotteiden esittämistapaansa ja katsoi, että ruostumattoman teräksen ja ferrokromin valmistukseen liittyvät tuottoerät, kuten vuokratuotot, esitetään jatkossa liiketoiminnan muissa tuotoissa. Tämän mukaisesti Outokumpu oikaisi konsolidoitua tuloslaskelmaansa seuraavin vaikutuksin: vaikutus liikevaihtoon -8 milj. euroa ja vaikutus liiketoiminnan muihin tuottoihin 8 milj. euroa. ⁴ Oikaistu ja tilintarkastamaton. 1.1.2018 Outokumpu otti IFRS 15 -standardin käyttöön takautuvasti ja oikaisi vastaavasti vuoden 2017 konsolidoitua tulolaskelmaansa seuraavin vaikutuksin: liikevaihto (0 milj. euron vaikutus), hankinnan ja valmistuksen kulut (-0 milj. euron vaikutus) ja tuloverot (0 milj. euron vaikutus). Laskutettujen rahtien oikaisu hankinnan ja valmistuksen kuluista liikevaihtoon oli 1 milj. euroa vuonna 2017.				
			31.3. 2018	2017	31.12. 2017	2016
			(tilintarkastamaton)	(tilintarkastamaton)	(tilintarkastettu, ellei toisin ilmoiteta)	(tilintarkastettu)
		KONSERNITASE				
			<i>(miljoonaa euroa)</i>		<i>(miljoonaa euroa)</i>	
		Varat				
		Pitkäaikaiset varat yhteensä	3.612	3.642 ¹	3.675 ¹	3.750
		Lyhytaikaiset varat yhteensä	2.602	2.377 ¹	2.212 ¹	2.173
		Myytävinä olevat varat				67
		Varat yhteensä	6.213	6.018¹	5.887¹	5.990
		Oma pääoma ja velat				
		Yhtiön omistajille kuuluva oma pääoma:				
		Osakepääoma	311	311	311	311
		Ylikurssirahasto	714	714	714	714
		Sijoitetun vapaan oman pääoman rahasto	2.103	2.103	2.103	2.103
		Muut rahastot	-0	4	3	4
		Kertyneet voittovarot	-472	-629 ¹	-410 ¹	-716
		Yhtiön omistajille kuuluva oma pääoma yhteensä	2.655	2.502¹	2.721¹	2.416
		Määräysvallattomien omistajien osuus				
		Oma pääoma yhteensä	2.655	2.502¹	2.721¹	2.416
		Pitkäaikaiset velat yhteensä	1.144	1.530	1.160	1.525
		Lyhytaikaiset velat yhteensä	2.415	1.986 ¹	2.005 ¹	2.007
		Myytävinä oleviin varoihin liittyvät velat				43
		Oma pääoma ja velat yhteensä	6.213	6.018¹	5.887¹	5.990
		¹ Oikaistu ja tilintarkastamaton. 1.1.2018 Outokumpu otti IFRS 15 -standardin käyttöönsä takautuvasti ja vastaavasti oikaisi vuoden 2017 konsolidoitua tasettaan seuraavin vaikutuksin: 1 milj. euron				

	sopimukseen perustuvan velan suorittamattomasta rahtipalvelusta riville ostovelat ja muut velat; ja 1 milj. euron siirtosaamisen hankituista rahdeista riville myyntisaamiset ja muut saamiset. Näiden erien nettovaikutus on kirjattu kertyneisiin voittovaroihin verovaikutuksella vähennettynä.				
	1.1.–31.3.		1.1.–31.12.		
	2018	2017	2017	2016	
	(tilintarkas- tamaton)	(tilintarkas- tamaton)	(tilintarkas- tettu)	(tilintarkas- tettu)	
KONSERNIN RAHAVIRTA- LASKELMA	<i>(miljoonaa euroa)</i>		<i>(miljoonaa euroa)</i>		
Liiketoiminnan nettorahavirta	39	-53	328	389	
Investointien nettorahavirta	-33	21	-63	-81	
Rahoituksen nettorahavirta	179	-91	-353	-291	
Rahavarojen muutos	186	-123	-89	17	
Rahavarat tilikauden alussa	112	204	204	186	
Valuuttakurssien muutosten vaikutus	-0	0	-3	1	
Rahavarojen muutos	186	-123	-89	17	
Rahavarat tilikauden lopussa	297	81	112	204	
	31.3. ja 1.1.–31.3.		31.12. ja 1.1.–31.12		
	2018	2017	2017	2016	2015
	(tilintar- kasta- maton)	(tilintar- kastama- ton)^{2,3}	(tilintar- kasta- maton)^{2,3}	(tilintar- kastettu, ellei toisin ilmoiteta)	(tilintar- kastama- ton)
KONSERNIN TUNNUSLUVUT	<i>(miljoonaa euroa, ellei toisin ilmoiteta)</i>		<i>(miljoonaa euroa, ellei toisin ilmoiteta)</i>		
Liikevaihto	1.671	1.756	6.356	5.690	6.384
Käyttökate (EBITDA) ¹	140	309	663	355	
Oikaistu käyttökate (EBITDA) ¹	133	294	631	309	165
Oikaistu käyttökateprosentti ¹	7,9	16,8	9,9	5,4	2,6
Oikaistu liiketulos (EBIT) ¹	83	238	414	57	
Tulos ennen veroja	70	224	327	-13	
Tilikauden tulos	49	182	392	144	86
Nettotulosprosentti ¹	2,9	10,4	6,2	2,5	1,4
Sijoitetun pääoman tuotto, prosenttia ¹	10,0	16,0	15,4	6,4	
Osakekohtainen tulos	0,12	0,44	0,95	0,35	
Laimennusvaikutuksella oikaistu osakekohtainen tulos	0,12	0,42	0,90	0,35	
Sijoitetun pääoman tuotto, prosenttia ¹	7,2	9,4	11,3	2,6	
Liiketoiminnan nettorahavirta	39	-53	328	389	
Käyttöpääoman muutos	-61	-280	-180	307	223
Rahavirta ennen rahoitusta	6	-32	264	308	205
Korollinen nettovelka kauden lopussa ¹	1.086	1.376	1.091	1.242	1.610
Rahoitustuotot ja -kulut yhteensä	-22	-32	-127	-121	
Korollinen nettovelka / oikaistu käyttökate ¹	2,3	2,4	1,7	4,0	9,8
Velkaantumisaste kauden lopussa ¹	40,9	55,0	40,1	51,4	69,1
Investoinnit käyttöomaisuuteen ¹	37	19	174	164	154
Investoinnit käyttöomaisuuteen suhteessa liikevaihtoon, prosenttia ¹	2,2	1,1	2,7	2,9	2,4
Ruostumattoman teräksen toimitukset,	644	639	2.448	2.444	2.381

	1.000 tonnia ¹ Henkilöstö kauden lopussa ¹	10.111	10.420	10.141	10.600
	¹ Tilintarkastamaton. ² Oikaistu ja tilintarkastamaton. 1.1.2018 Outokumpu arvioi tuottojen esittämistapaansa ja katsoi, että ruostumattoman teräksen ja ferrokromin valmistukseen liittyvät tuottoerät, kuten vuokratuotot, esitetään jatkossa liiketoiminnan muissa tuotoissa. Tämän mukaisesti Outokumpu oikaisi konsolidoitua tuloslaskelmaansa seuraavin vaikutuksin: vaikutus liikevaihtoon -8 milj. euroa ja vaikutus liiketoiminnan muihin tuottoihin 8 milj. euroa. ³ Oikaistu ja tilintarkastamaton. 1.1.2018 Outokumpu otti IFRS 15 -standardin käyttöön takautuvasti ja oikaisi vastaavasti vuoden 2017 konsolidoitua konsernitasettaan ja tulolaskelmaansa seuraavin vaikutuksin: konsernitase: 1 milj. euron sopimukseen perustuvan velan suorittamattomasta rahtipalvelusta riville ostovelat ja muut velat; ja 1 milj. euron siirtosaamisen hankituista rahdeista riville myyntisaamiset ja muut saamiset. Näiden erien nettovaikutus on kirjattu kertyneisiin voittovaroihin verovaikutuksella vähennettynä; ja seuraavin vaikutuksin konsolidoituun konsernin tuloslaskelmaan: liikevaihto (0 milj. euron vaikutus), hankinnan ja valmistuksen kulut (-0 milj. euron vaikutus) ja tuloverot (0 milj. euron vaikutus). Laskutettujen rahtien oikaisu hankinnan ja valmistuksen kuluista liikevaihtoon oli 1 milj. euroa vuonna 2017.				
				Korollinen nettovelka (tilintarkas- tamaton)	Korollinen nettovelka / oikaistu käyttökate (tilintarkastamaton)
	NELJÄNNESVUOSITTAINEN				
	KOROLLINEN NETTOVELKA JA				
	KOROLLINEN NETTOVELKA / OIKAISTU				
	KÄYTTÖKATE				
				(miljoonaa euroa)	
	31.3.2015			2.034	6,5
	30.6.2015			2.116	7,3
	30.9.2015			2.012	9,3
	31.12.2015			1.610	9,8
	31.3.2016			1.551	14,0
	30.6.2016			1.485	12,3
	30.9.2016			1.396	6,0
	31.12.2016			1.242	4,0
	31.3.2017 ¹			1.376	2,4
	30.6.2017 ¹			1.239	1,8
	30.9.2017 ¹			1.130	1,7
	31.12.2017 ¹			1.091	1,7
	1.3.2018			1.086	2,3
	¹ Oikaistu. 1.1.2018 Outokumpu otti IFRS 15 -standardin käyttöön takautuvasti ja oikaisi vastaavasti vuoden 2017 konsolidoitua konsernitasettaan ja tulolaskelmaansa seuraavin vaikutuksin: konsernitase: 1 milj. euron sopimukseen perustuvan velan suorittamattomasta rahtipalvelusta riville ostovelat ja muut velat; ja 1 milj. euron siirtosaamisen hankituista rahdeista riville myyntisaamiset ja muut saamiset. Näiden erien nettovaikutus on kirjattu kertyneisiin voittovaroihin verovaikutuksella vähennettynä; ja seuraavin vaikutuksin konsolidoituun konsernin tuloslaskelmaan: liikevaihto (0 milj. euron vaikutus), hankinnan ja valmistuksen kulut (-0 milj. euron vaikutus) ja tuloverot (0 milj. euron vaikutus). Laskutettujen rahtien oikaisu hankinnan ja valmistuksen kuluista liikevaihtoon oli 1 milj. euroa vuonna 2017.				
		1.1.–31.3.		1.1.–31.12.	
		2018	2017	2017	2016
		(tilintarkas- tamaton)	(tilintarkas- tamaton) ^{1,2}	(tilin- tarkasta maton) ^{1,2}	(tilin- tarkasta maton)
		(miljoonaa euroa)		(miljoonaa euroa)	
	OIKAISTU				
	KÄYTTÖKATE				
	LIIKETOIMINTA- ALUEITTAIN JA				
	TÄSMÄYTYS				
	LIIKETULOKSEEN				
	Oikaistu käyttökate				
	Europe	83	168	404	295
	Americas	-6	29	21	-27
	Long Products	4	9	16	-1
	Ferrocchrome	42	97	217	80
	Muu toiminta ja konsernin sisäiset erät	10	-9	-27	-38
					203
					-120
					10
					107
					-35

		Konsernin oikaistu käyttökate	133	294	631	309	165
		Oikaisut käyttökatteeseen					
		Käyttöomaisuuden myyntivoitto ja ympäristövarauksen purku Ruotsissa	8				
		Kvarttolevytehtaan myyntivoitto		15	15		
		Sheffieldin maiden myyntivoitto			9		
		Putkitehtaan myyntivoitto			7		
		Henkilöstön irtisanomiskulut				-30	-25
		SKS:n myyntivoitto				28	409
		Britannian eläkejärjestelyn muutos				26	
		Calvertin tehtaan teknisiin ongelmiin liittyvät kulut ja vakuutuskorvaustuotot				24	-17
		Uudelleenjärjestelyihin liittyvät kulut, muut kuin irtisanomiskulut				-8	
		Guangzhoun myyntivoitto				6	
		Oikaisut käyttökatteeseen yhteensä	8	15	31	47	366
		Käyttökate	140	309	663	355	531
		Poistot	-50	-55	-216	-226	-302
		Liiketulokseen sisältyvät arvonalentumiset		-1	-1	-26	-1
		Liiketulos	90	252	445	103	228
		Oikaistu käyttökateprosentti					
		Europe	7,6	15,0	9,7	7,8	4,9
		Americas	-1,5	6,9	1,4	-2,1	-9,8
		Long Products	2,6	5,2	2,8	-0,2	1,8
		Ferrochrome	31,8	49,0	35,5	21,6	26,1
		<p>¹ Oikaistu. 1.1.2018 Outokumpu arvioi tuottojen esittämistapaansa ja katsoi, että ruostumattoman teräksen ja ferrokromin valmistukseen liittymättömät tuottoerät, kuten vuokratuotot, esitetään jatkossa liiketoiminnan muissa tuotoissa. Tämän mukaisesti Outokumpu oikaisi konsolidoitua tulolaskelmaansa seuraavin vaikutuksin: vaikutus liikevaihtoon -8 milj. euroa ja vaikutus liiketoiminnan muihin tuottoihin 8 milj. euroa.</p> <p>² Oikaistu. 1.1.2018 Outokumpu otti IFRS 15 -standardin käyttöön takautuvasti ja oikaisi vastaavasti vuoden 2017 konsolidoitua tulolaskelmaansa seuraavin vaikutuksin: liikevaihto (0 milj. euron vaikutus), hankinnan ja valmistuksen kulut (-0 milj. euron vaikutus) ja tuloverot (0 milj. euron vaikutus). Laskutettujen rahtien oikaisu hankinnan ja valmistuksen kuluista liikevaihtoon oli 1 milj. euroa vuonna 2017.</p>					
		TUNNUSLUKIJEN LASKENTAPERUSTEET					
		Käyttökate (EBITDA)	=	Liiketulos ennen poistoja ja arvonalentumisia			
		Oikaistu käyttökate tai liiketulos (EBIT)	=	Käyttökate tai liiketulos ilman oikaisuksi luokiteltujen erien vaikutusta			
		Käyttökateen tai liiketuloksen oikaisut	=	Olennaiset tuotto- ja kuluerät, jotka vaikuttavat vertailukelpoisuuteen kausien välillä, koska ne ovat luonteeltaan, kooltaan tai esiintymistiheydeltään poikkeuksellisia, liittyen esimerkiksi konserninlaajuisiin uudelleenjärjestelyihin, tai omaisuuden tai liiketoimintojen myynteihin.			

B.13	Viimeaikaiset tapahtumat, jotka ovat ratkaisevia arvioitaessa Liikkeeseenlaskijan maksukykyä	Ei merkittäviä viimeaikaisia tapahtumia, jotka olisivat ratkaisevia arvioitaessa Liikkeeseenlaskijan maksukykyä.
B.14	Liikkeeseenlaskijan riippuvuus muista konserniin kuuluvista yksiköistä	Liikkeeseenlaskija on Outokumpu-konsernin emoyhtiö eikä se ole riippuvainen muista konserniin kuuluvista yksiköistä.
B.15	Kuvaus liikkeeseenlaskijan päätoimialoista	Outokumpu on yksi johtavista ruostumattoman teräksen valmistajista mitattuna sen 2,7 miljoonan tonnin vuotuisella lopputuotekapasiteetilla. Outokumpu valmistaa ruostumattoman teräksen tuotteita puolivalmisteista, kuten laattateelmiä, tankoteelmiä ja billettejä, lopputuotteisiin, kuten kylmävalssattuja levyjä ja rullia, useissa ruostumattoman teräksen lajeissa.
B.16	Kuvaus siitä, onko liikkeeseenlaskija suoraan tai välillisesti jonkun omistuksessa tai määräysvallassa ja mikä tämä taho on sekä määräysvallan luonteesta	Ei sovellu. Siltä osin kuin Outokumpu on tietoinen, Outokumpu ei ole suoraan tai välillisesti kenenkään omistuksessa tai määräysvallassa.
B.17	Liikkeeseenlaskijan luottoluokitukset	Kansainvälinen luottoluokittaja Moody's on antanut Velkikirjoille luottoluokituksen 'Ba3'. Luottoluokituksen taso Liikkeeseenlaskijalle Moody's:lta on B1 (<i>corporate family rating</i>) sekä luokitus maksuhäiriön tai velan uudelleenjärjestelyn todennäköisyydelle B1-PD (<i>probability default rating</i>). Moody's:n luottoluokitusraportti Liikkeeseenlaskijasta julkaistiin 6.11.2017.
B.18	Kuvaus takauksen luonteesta ja soveltamisalasta	Liikkeeseenlaskija sekä tietyt sen alla kohdassa B.19 luetellut tytäryhtiöt ovat antaneet takauksen Outokummun Velkikirjojen mukaisista velvollisuuksista ja valtaosasta Outokummun muista lainoista ja/tai asettaneet tämän vakuudeksi esimerkiksi tiettyjä osakkeita, kiinteistöjä ja vaihto-omaisuuttaan. Katso kohta E.3 alla yksityiskohtia varten.
B.19	Takaajasta annettavat tiedot	Seuraavat yhtiöt ovat takaajia tämän Esitteen päivämäärällä: <ul style="list-style-type: none"> - Outokumpu Europe Oy (0823312-4), Suomi; - Outokumpu Stainless Oy (0823315-9), Suomi; - Outokumpu Stainless AB (556001-8748), Ruotsi; - Outokumpu Stainless Holding GmbH (HRB 4114), Saksa; - Outokumpu Nirosta GmbH (HRB 12511), Saksa; - Outokumpu Americas, Inc. (5028835), Yhdysvallat (Delaware); - Outokumpu Stainless USA, LLC (4354408), Yhdysvallat (Delaware); ja - Outokumpu Holding Nederland BV (24271249), Alankomaat

		<p>Seuraavat yhtiöt ovat vakuudenantajia tämän Esitteen päivämäärällä:</p> <ul style="list-style-type: none"> - Liikkeeseenlaskija; - Outokumpu Europe Oy (0823312-4), Suomi; - Outokumpu Stainless Oy (0823315-9), Suomi; - Outokumpu Chrome Oy (0772768-3), Suomi; - Outokumpu Americas, Inc. (5028835), Yhdysvallat (Delaware); - Outokumpu Stainless USA, LLC (4354408), Yhdysvallat (Delaware); ja - Outokumpu Holding Nederland BV (24271249), Alankomaat <p>Katso kohta E.3 alla yksityiskohtia varten.</p>
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<i>Jakso C — Arvopaperit</i>		
C.1	Arvopapereiden tyyppi ja laji	Senior-statuksinen vakuudellinen velkakirjalaina, jonka kokonaisnimellismäärä on 250.000.000 euroa. Velkakirjojen ISIN-koodi on FI4000331004.
C.2	Arvopapereiden liikkeeseenlaskun valuutta	Euro.
C.5	Arvopapereiden vapaata luovutettavuutta koskevat rajoitukset	Ei sovelleta. Velkakirjat ovat vapaasti luovutettavissa sen jälkeen, kun ne on kirjattu asianomaiselle arvo-osuustilille.
C.8	Arvopapereiden etuoikeusjärjestys	Velkakirjat ovat Liikkeeseenlaskijan suoria ja vakuudellisia velvoitteita, jotka ovat samanarvoisia (<i>pari passu</i>) keskenään ja jotka ovat etuoikeusjärjestyksessä vähintään samalla sijalla Liikkeeseenlaskijan ja Takaajien vakuudettomien velvoitteiden kanssa lukuun ottamatta niitä velvoitteita, joilla on etuoikeus pakottavan lain nojalla ja alla mainittuja Intercreditor-sopimuksen mukaisesti etuoikeutettuja velvoitteita. Intercreditor-sopimuksen (<i>Intercreditor Agreement</i>) mukaan Velkakirjojen vakuutena ovat yhdessä eräiden muiden velkojen kanssa eräät Outokummun omaisuuserät ja eräiden konserniyhtiöiden antamat takaukset. Vakuuksista ja takauksista saatavat varat sekä tietyissä sopimusrikkomustilanteessa kaikki Intercreditor-sopimuksen kattamat saamiset ovat alisteisia Intercreditor-sopimuksen mukaiselle etuoikeusjärjestykselle, jonka mukaisesti tietyillä Vakuusagentin hyväksi olevilla velvoitteilla on parempi etuoikeus kuin Velkakirjoilla, ja tämä etuoikeus koskee tiettyjä vakuusvelkojen täytäntöönpanokustannuksia.
C.9	Korko ja tuotto; velkapaperien haltijoiden edustajan nimi	<p>Velkakirjoille maksetaan kiinteää vuotuista korkoa, joka on 4,125 prosenttia vuodessa.</p> <p>Velkakirjoille kertyvä korko maksetaan puolivuositain takautuvasti alkaen 18.12.2018 ja tämän jälkeen 18.6. ja 18.12. kunakin vuonna (“Koronmaksupäivä”) 18.6.2024 saakka (“Lopullinen Erääntymispäivä”).</p> <p>Velkakirjojen kulloinkin maksamatta olevalle pääomalle kertyy korkoa kultakin korkokaudelta korkokauden ensimmäinen päivä mukaan lukien ja korkokauden viimeinen päivä pois lukien. Ensimmäinen korkokausi alkaa Liikkeeseenlaskupäivänä (ja sen sisältäen) ja päättyy ensimmäisenä Koronmaksupäivänä (mutta ei sitä sisältäen). Kukin seuraava korkokausi alkaa edeltävänä Koronmaksupäivänä (ja sen sisältäen) ja päättyy seuraavana Koronmaksupäivänä (mutta ei sitä sisältäen). Viimeinen korkokausi päättyy Takaisinmaksupäivänä.</p> <p>Velkakirjoihin liittyvä korko lasketaan 360-päiväisen vuoden perusteella siten, että jokaisessa kuukaudessa on 30 päivää, ja mikäli kuukausi on vajaa,</p>

		<p>todellisten päivien lukumäärän perusteella (30/360).</p> <p>Emissiohinnan ollessa Liikkeeseenlaskupäivänä 100 prosenttia, velkakirjojen efektiivinen vuosituotto oli 4,167 prosenttia vuodessa.</p> <p>Velkakirjojen haltijoita edustaa Velkakirjojen haltijoiden kokous tai kirjallinen menettely.</p>
C.10	Tiedot siitä, kuinka kohde-etuuden arvo vaikuttaa koron määrään	Ei sovelleta. Velkakirjoille maksettava korko ei ole yhteydessä johdannaiseen.
C.11	Ottaminen kaupankäynnin kohteeksi	Yhtiö on hakenut Velkakirjojen ottamista julkisen kaupankäynnin kohteeksi Helsingin Pörssissä. Velkakirjat listataan Helsingin Pörssiin arviolta 20.6.2018.

Jakso D — Riskit		
D.2	Liikkeeseenlaskijaan, sen toimintaympäristöön ja liiketoimintaan liittyvät riskit	<p>Yhtiön liikkeeseenlaskijana ja sen toimintaympäristöön ja liiketoimintaan sekä Liikkeeseenlaskuun ja sen kohteena oleviin Velkakirjoihin liittyy riskitekijöitä. Yhtiön liikkeeseenlaskijana ja sen toimintaympäristöön ja liiketoimintaan liittyvät riskitekijät on lueteltu jäljempänä. Tämä luettelo ei ole tyhjentävä, ja myös riskit tai epävarmuustekijät, joista Yhtiö ei tällä hetkellä ole tietoinen tai joita se juuri nyt pitää epäolennaisina, saattavat vaikuttaa haitallisesti Yhtiön liiketoimintaan, tulokseen ja taloudelliseen asemaan tai Yhtiön tehtyyn sijoitukseen.</p> <p>Yhtiön, sen toimintaympäristöön ja liiketoimintaan liittyvät riskit sisältävät seuraavat tekijät:</p> <ul style="list-style-type: none"> - Kansainvälisten markkinoiden häiriöt sekä epäsuotuisa taloudellinen kehitys voivat vaikuttaa haitallisesti Outokummun liiketoimintaan, liiketoiminnan tulokseen sekä kannattavuuteen. - Kova kilpailu on tyypillistä maailmanlaajuiselle ruostumattoman teräksen teollisuudelle ja sopimattomat kauppakäytännöt voivat vaikuttaa haitallisesti ruostumattoman teräksen hintoihin ja vähentää Outokummun kannattavuutta samalla, kun ulkomaankaupan rajoitukset voivat rajoittaa Outokummun pääsyä uusille vientimarkkinoille. - Ruostumattoman teräksen maailmanmarkkinoiden kapasiteetin kasvusta ja ylitarjonnasta aiheutunut alhainen kapasiteetin käyttöaste tai muut ruostumattoman teräksen kysyntään vaikuttavat tekijät ovat vaikuttaneet ja saattavat jatkossakin vaikuttaa olennaisen haitallisesti Outokummun liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen. - Heikentynyt kasvu Outokummun ydinmarkkinoilla voi vaikuttaa olennaisen haitallisesti Outokummun liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen. - Ruostumattoman teräksen hinnan pysyminen pitkäaikaisesti matalalla tasolla ja hintojen vaihtelu ovat vaikuttaneet ja voivat vastakin vaikuttaa olennaisen haitallisesti Outokummun liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen. - Epäonnistuminen Outokummun julkaiseman vuoden 2020 vision mukaisten strategisten tavoitteiden tai parannusten saavuttamisessa voi vaikuttaa olennaisen haitallisesti Outokummun liiketoimintaan, taloudelliseen asemaan, liiketoiminnan tulokseen sekä tulevaisuudennäkymiin.

		<ul style="list-style-type: none"> - Outokumpu ei välttämättä kykene saavuttamaan odotetulla tavalla Americas-liiketoiminta-alueelleen asetettua kannattavuuden parantumista. - Raaka-aineiden ja tarveaineiden tarjonnan ja hintojen vaihtelulla tai Outokummun kykenemättömyydellä hankkia raaka-aineita ja tarveaineita voi olla olennaisen haitallinen vaikutus Outokummun liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen. - Epätarkka myyntien suunnitteleminen tai ruostumattomien terästuotteiden jakelijoiden varastojen täyttäminen ja purkaminen voivat vaikuttaa Outokummun myyntimääriin sekä hintoihin, joita Outokumpu voi veloittaa tuotteistaan. - Outokumpu ei välttämättä kykene ostamaan kierrätettyä ruostumatonta terästä suotuisin ehdoin tulevaisuudessa, millä voi olla olennaisen haitallinen vaikutus sen kannattavuuteen. - Outokummun kyvyttömyys täysin hyödyntää ferrokromituotanto-kapasiteettiaan täysimääräisesti tai ferrokromin maailmanlaajuisen kysynnän puute voi vaikuttaa olennaisen haitallisesti Outokummun liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen. - Merkittävät investoinnit tuotannon laajentamiseen ja nykyisten tehtaiden ylläpitoon ovat tyypillisiä ruostumattoman teräksen teollisuudelle, eikä voi olla varmuutta siitä, että suunnitellut investoinnit toteutetaan, niihin liittyvät tavoitteet toteutuvat tai että Outokummun tekemät investoinnit vastaavat sen tavoitteita. - Outokumpu ei välttämättä hyödy ruostumattomien terästuotteiden tuotannossa ja ferrokromituotannossa tarvittavan energian kilpailukykyisestä hinnasta ja luotettavasta saannista. - Outokumpu on hyötynyt tietyistä julkisista avustuksista ja etuuksista, eikä voi olla varmuutta siitä, että Outokumpu voi saada tällaisia avustuksia ja etuuksia tulevaisuudessa. - Outokummun arviot Kemin kaivoksessa olevista kromiittivaroista ja -varannoista voivat olla todellisia varoja ja varantoja suuremmat, eikä voi olla varmuutta siitä, että Kemin kaivoksen laajentaminen johtaa odotettuun louhintakapasiteettiin tai että ferrokromituotanto tulee olemaan taloudellisesti kannattavaa. - Jos Outokumpu ei kykene jatkamaan myyntisaamisten myymistä tiettyjen saamisia koskevien myyntiohjelmien mukaisesti, Outokumpu saattaa joutua jälleenrahoittamaan nämä ohjelmat ja järjestelyt. - Etuuspohjaisiin järjestelyihin liittyvät kustannukset voivat kasvaa, millä voi olla olennaisen haitallinen vaikutus Outokummun liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen. - Muutokset tiettyjen omaisuuserien kirjanpitoarvoon vaikuttavissa oletuksissa muun muassa epäsuotuisan markkinakehityksen seurauksena voivat johtaa kyseisten omaisuuserien, mukaan lukien aineettomien hyödykkeiden, kuten liikearvon, arvonalentumisiin. - Outokumpuun sovelletaan tiukkoja työterveys- ja turvallisuuslakeja ja määräyksiä, joista voi aiheutua huomattavia kustannuksia ja vastuita. - Korvaavat materiaalit ja uudet teknologiat voivat laskea ruostumattomien terästuotteiden markkinahintoja ja heikentää niiden kysyntää. - Outokumpu on monilla toiminta-alueillaan riippuvainen alihankkijoista sekä näiden palveluiden ja tuotteiden saatavuudesta, laadusta, luotettavuudesta ja suorituksista. - Outokummun yhden tai useamman keskeisen asiakkaan tai toimittajan
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		<p>rahoitusvaikeudet tai konkurssi voivat vaikuttaa olennaisen haitallisesti Outokummun liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen.</p> <ul style="list-style-type: none"> - Outokummun toiminnot tietyissä maissa voivat kärsiä kyseisten maiden poliittisesta, taloudellisesta ja oikeudellisesta kehityksestä. - Häiriöt tuotantoprosesseissa voivat vaikuttaa olennaisen haitallisesti Outokummun toimintaan ja asiakaspalvelun tasoon. - Outokumpu vuokraa aluksia ruostumattomien terästuotteiden ja raaka-aineiden kuljettamiseksi, mikä altistaa Outokummun kuljetusaluksiin väistämättä liittyville riskeille. - Outokummun vakuutus sopimukset antavat rajallista turvaa eivätkä välttämättä kata kaikkia riskejä. - Tuotevastuukanteilla tai tuotteiden sertifiointien menettämisellä voi olla olennaisen haitallinen vaikutus Outokummun liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen. - Outokumpu on ja saattaa tulevaisuudessakin olla osapuolena oikeudenkäynneissä ja välimiesmenettelyissä, joilla voi olla olennaisen haitallinen vaikutus sen liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen. - Outokummun hallinnointijärjestelmällä, sisäisellä valvonnalla ja säännösten noudattamista koskevilla prosesseilla ei välttämättä pystytä ehkäisemään viranomaisten sanktioita, mainevahinkoja ja petoksia sekä operatiivisissa tytäryhtiöissä että yhteisyrityksissä. - Outokummun toimintaan sovelletaan useita ympäristölakeja, -määräyksiä ja -lupia, joiden noudattamisen laiminlyönti voi aiheuttaa odottamattomia kustannuksia ja muita vastuita. - Outokumpu saattaa kärsiä kasvihuonepäästöjä koskevien rajoitusten soveltamisesta tulevaisuudessa, ja se on altis riskeille, jotka liittyvät päästöoikeusjärjestelmien noudattamisesta aiheutuvien kustannusten tunnistamiseen ja valvontaan. - Epäonnistuminen immateriaalioikeuksien suojaamisessa voi vaikuttaa olennaisen haitallisesti Outokummun kilpailukykyyn sekä sen liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen. - Merkittävällä tietojärjestelmäongelmalla voi olla olennaisen haitallinen vaikutus Outokummun liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen. - Huomattavaan osaan Outokummun Euroopan työntekijöistä sovelletaan työehtosopimuksia, ja Outokumpuun voi kohdistua sen toimintaa häiritseviä työtaistelutoimenpiteitä. - Outokumpu on altis Suomen ydinvoimalaprojekteihin liittyville riskeille. - Epäonnistuminen pätevän henkilöstön houkuttelemisessa tai keskeisten työntekijöiden menettäminen voi aiheuttaa häiriöitä Outokummun liiketoiminnassa ja vaikuttaa olennaisen haitallisesti sen liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen. - Merkittävä osa Outokummun rahoituksesta on vakuudellista, mikä voi vaikuttaa Outokummulle tulevaisuudessa tarjolla olevan rahoituksen saatavuuteen ja ehtoihin. - Outokummun velkaantumistaso voi rajoittaa sen toiminnallista joustavuutta. - Outokumpu on altis korkoriskille vaihtuvakorkoisen velkansa sekä rahoitusomaisuutensa ja -velkojensa käyvän arvon osalta.
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		<ul style="list-style-type: none"> - Outokummun verorasitus saattaa lisääntyä verolakien tai -määräysten tai niiden soveltamiskäytäntöjen muutosten taikka meneillään olevien tai tulevien verotarkastusten seurauksena. - Valuuttakurssien vaihtelulla voi olla olennaisen haitallinen vaikutus Outokummun liiketoimintaan, taloudelliseen asemaan ja liiketoiminnan tulokseen. - Outokumpu ottaa käyttöönsä IFRS 16 Vuokrasopimukset -standardin, mikä voi vaikuttaa haitallisesti Outokummun kykyyn saavuttaa sen tavoitteleva alle 35 prosentin velkaantumisaste vuoden 2020 loppuun mennessä.
D.3	Arvopapereille ominaiset riskit	<p>Yhtiön Liikkeeseenlaskijana ja sen toimintaympäristöön ja liiketoimintaan sekä Liikkeeseenlaskuun ja sen kohteena oleviin Velkakirjoihin liittyy riskitekijöitä. Liikkeeseenlaskuun ja sen kohteena oleviin Velkakirjoihin liittyvät riskit on lueteltu jäljempänä. Tämä luettelo ei ole tyhjentävä, ja myös riskit tai epävarmuustekijät, joista Yhtiö ei tällä hetkellä ole tietoinen tai joita se juuri nyt pitää epäolennaisina, saattavat vaikuttaa haitallisesti Yhtiön liiketoimintaan, tulokseen ja taloudelliseen asemaan tai Yhtiön tehtyyn sijoitukseen.</p> <p>Liikkeeseenlaskuun ja sen kohteena oleviin Velkakirjoihin liittyvät riskit sisältävät seuraavat tekijät:</p> <ul style="list-style-type: none"> - Velkakirjat eivät välttämättä sovellu sijoituskohteeksi kaikille sijoittajille. - Sijoittavat kantavat Liikkeeseenlaskijaa koskevan luottoriskin. - Useat tekijät voivat vaikuttaa Velkakirjojen markkina-arvoon. - Velkakirjoille ja Liikkeeseenlaskijalle annetut luottoluokitukset eivät välttämättä ole tarkkoja ja luottoluokituksen nousu voi vähentää Velkakirjoihin liittyviä rajoituksia. - Velkakirjoille ei välttämättä muodostu aktiivisia jälkimarkkinoita. - Koska Velkakirjoille on asetettu kiinteä korko, markkinakorkojen muutoksilla voi olla haitallinen vaikutus Velkakirjojen arvoon. - Pääjärjestäjillä voi olla mahdollinen intressikonflikti. - Sijoittajat voivat menettää sijoitetun pääoman ja koron. - Velkakirjoihin sovellettavat lait ja käytännöt voivat muuttua. - Sijoitusten laillisuutta koskevat säädökset saattavat rajoittaa joitakin sijoituksia. - Velkakirjat eivät anna äänioikeutta Liikkeeseenlaskijan yhtiökokouksissa. - Velkakirjat eivät rajoita Outokummun oikeutta sulautua, toteuttaa liiketoimintakauppoja tai muutoin toteuttaa merkittäviä transaktioita, joilla saattaa olla olennaisen haitallisia vaikutuksia Velkakirjoihin ja niiden haltijoihin. - Outokumpu voi ottaa lisävelkaa ilman Velkakirjojen haltijoiden suostumusta. - Outokummun mahdollisella laajalla velkaantuneisuudella voi olla haitallinen vaikutus Liikkeeseenlaskijan kykyyn suoriutua Velkakirjojen mukaisista velvoitteistaan samoin kuin Velkakirjojen markkinahintaan ja arvoon. - Liikkeeseenlaskijalla voi olla velvollisuus lunastaa tai ostaa Velkakirjat ennen niiden erääntymistä. - Liikkeeseenlaskijalla on oikeus lunastaa tai ostaa Velkakirjat ennen niiden erääntymistä. - Liikkeeseenlaskija ei välttämättä kykene rahoittamaan Velkakirjojen takaisinostoa määräysvallan vaihtumisen yhteydessä. - Velkakirjoihin tehtävät muutokset sitovat kaikkia Velkakirjojen haltijoita.

		<ul style="list-style-type: none"> - Oikeus vastaanottaa maksuja Velkakirjojen perusteella lakkaa, mikäli niitä ei ole kolmen vuoden sisällä vaadittu. - Velkakirjoihin liittyvien järjestelyjen toteutuminen on riippuvainen Euroclear Finland Oy:n toiminnasta ja järjestelmästä. - Velkakirjojen haltijoiden oikeudet riippuvat Velkakirjojen haltijoiden edustajan ja Vakuusagentin toimista ja taloudellisesta asemasta. - Asetettu vakuus ei välttämättä riitä kattamaan kaikkia vastuita ja vakuuden realisointi saattaa viivästyä tai vakuus voi olla realisointikelvoton. - Vakuuden realisointi toteutetaan velkojienvälistä etusijajärjestystä koskevan sopimuksen (Intercreditor Agreement) mukaisin menettelyin ja rajoituksin. - Pesänhoitaja konkurssissa ei välttämättä noudata velkojien välistä etusijajärjestystä koskevan sopimuksen (Intercreditor Agreement) mukaisia määräyksiä. - Muiden vakuudellisten vastuiden lyhemmillä voimassaoloajoilla voi olla negatiivinen vaikutus Velkakirjojen haltijoiden etuihin. - Velkojienvälistä etusijajärjestystä koskevaa sopimusta (Intercreditor Agreement) ja vakuussopimuksia saatetaan muuttaa ilman Velkakirjojen haltijoiden suostumusta. - Velkakirjat ja kaikki Takaukset ovat rakenteellisesti alisteisia sellaisten tytäryhtiöiden, jotka eivät ole takaajia, nykyisille ja tuleville velvoitteille. - Takauksien ja Vakuuksien täytäntöönpanoa koskevat tietyt rajoitukset, ja Takauksia ja Vakuuksia saattaa rajoittaa soveltuva lainsäädäntö tai niitä voivat koskea tietyt suojamekanismit, jotka voivat rajoittaa niiden voimassaoloa ja täytäntöönpanoa. - Velkakirjojen, Takauksien tai Vakuuksien mukaisten oikeuksien täytäntöönpano tai realisointi useilla lainkäyttöalueilla saattaa osoittautua hankalaksi. - Vakuudet ja Takaukset voidaan vapauttaa tietyissä tilanteissa. - Oikeudet Vakuuksiin saattavat kärsiä Vakuuksien julkivarmistuksen epäonnistumisesta. - Tietyillä velvoitteilla on etusija Vakuuksien ja Takauksien täytäntöönpanosta saataviin varoihin sekä tietyissä sopimusrikkomustilanteissa maksuun.
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<i>Jakso E — Tarjous</i>		
E.2b	Syyt tarjoamiseen ja varojen käyttö, jos muu kuin voiton tavoittelu ja/tai tietyiltä riskeiltä suojautuminen	<p>Liikkeeseenlaskun kokonaisnettotuotot Yhtiölle sille maksettavaksi tulevien tai maksettujen maksujen ja kulujen jälkeen olivat noin 248 miljoonaa euroa. Liikkeeseenlaskusta saadut tuotot on käytetty 18.6.2018 Liikkeeseenlaskijan 202,5 miljoonan euron vuonna 2021 erääntyvän senior-statuksellisen vakuudellisen joukkovelkakirjalainan (ISIN FI4000210646) ennaikaiseen lunastamiseen (“Olemassaolevat Velkakirjat”). Jäljelle jäävät varat käytetään konsernin yleisiin rahoitustarpeisiin.</p>
E.3	Tarjousehdot	<p>Liikkeeseenlaskija: Outokumpu Oyj, suomalainen julkinen osakeyhtiö. Koordinaattorit ja Pääjärjestäjät: BNP Paribas ja Nordea Bank AB (publ). Pääjärjestäjät: Danske Bank A/S ja Swedbank AB (publ). Velkakirjojen haltijoiden edustaja: Intertrust (Finland) Oy. Vakuusagentti: The Law Debenture Trust Corporation p.l.c.</p>

	<p>Liikkeeseenlaskijan asiamies: Nordea Bank AB (publ), Suomen sivuliike.</p> <p>Lainan yhteenlaskettu nimellisarvo: 250.000.000 euroa.</p> <p>Liikkeeseenlaskupäivä: 18.6.2018.</p> <p>Takaisinmaksupäivä: 18.6.2024.</p> <p>Koronmaksupäivät: Puolivuositain jälkikäteisesti 18.12.2018 alkaen ja siitä lähtien kunakin 18.6. ja 18.12.</p> <p>Korko: 4,125 prosenttia vuodessa.</p> <p>Takaisinmaksu: Nimellisarvosta, kertalyhenteisesti, Lopullisena Erääntymispäivänä, ellei ennaikaista takaisinosto-oikeutta ole käytetty ennen sitä.</p> <p>Ennenaikainen takaisinosto-oikeus koko Velkakirjojen pääomamäärältä: Ennen ensimmäistä osto-optiopäivää täyden korvauksen periaatteella ja sen jälkeen mutta vähemmän kuin 36 kuukautta Liikkeeseenlaskupäivän jälkeen lunastushinnalla, joka on 102,0625 prosenttia nimellisarvosta, ja sen jälkeen mutta vähemmän kuin 48 kuukautta Liikkeeseenlaskupäivän jälkeen lunastushinnalla, joka on 101,0313 prosenttia nimellisarvosta, ja sen jälkeen lunastushinnalla, joka on 100 prosenttia nimellisarvosta, aina kertyneine maksamattomine korkoineen.</p> <p>Ennenaikainen takaisinosto-oikeus osasta Velkakirjojen pääomamäärää osakeannista saatavilla varoilla: Ennen ensimmäistä osto-optiopäivää osakeannista Liikkeeseenlaskijan saamista varoilla ja 180 päivän kuluessa osakeannin toteuttamisesta enintään 40 prosenttia alkuperäisestä kokonaispääomamäärästä <i>pro rata</i> kunkin Velkakirjan osalta lunastushinnalla, joka vastaa 104,125 prosenttia Velkakirjan pääomamäärästä.</p> <p>Lähdeverosta johtuva ennenaikainen takaisinosto-oikeus: Liikkeeseenlaskija voi milloin tahansa lunastaa kaikki muttei vain osaa Velkakirjoista lunastushinnalla, joka vastaa 100 prosenttia Velkakirjojen nimellisarvosta, lisättynä lunastuspäivään asti kertyneellä mutta maksamattomalla korolla, jos Liikkeeseenlaskija Liikkeeseenlaskupäivänä tai sen jälkeen on velvollinen tai siitä tulee velvollinen pidättämään lähdeveroa Velkakirjoihin liittyen Suomessa johtuen sellaisesta Suomen lain tai säännösten tai tällaisten lakien ja säännösten soveltamisen tai virallisen tulkinnan muutoksesta, joka tapahtuu tai astuu voimaan Liikkeeseenlaskupäivänä tai sen jälkeen, jota Liikkeeseenlaskija ei pysty välttämään kohtuullisin toimenpitein.</p> <p>Merkinnät: Minimimerkintä on 100.000 euroa ja arvo-osuuden yksikkökokoa on 1.000 euroa.</p> <p>Varojen käyttötarkoitus: Pääasiallisesti Olemassaolevien Velkakirjojen ennenaikaiseen takaisinostoon. Jäljelle jäävät varat käytetään konsernin yleisiin rahoitustarpeisiin.</p> <p>Status: Senior-statuksellinen, vakuudellinen, alistamaton, paitsi suhteessa niihin velvoitteisiin, joilla on etuoikeus pakottavan lain nojalla ja jotka ovat alla mainittuja <i>Intercreditor</i>-sopimuksen mukaisesti etuoikeutettuja velvoitteita. <i>Intercreditor</i>-sopimuksen mukaisesti Velkakirjoilla on yhdessä Liikkeeseenlaskijan eräiden muiden velkojen kanssa vakuutena Takaukset (<i>Transaction Guarantees</i>) ja Vakuudet (<i>Transaction Security</i>). <i>Intercreditor</i>-sopimuksen mukaan Takauksista ja Vakuuksista saatavat varat sekä tietyissä sopimusrikkomustilanteissa kaikki <i>Intercreditor</i>-sopimuksen kattamat saamiset ovat alisteisia <i>Intercreditor</i>-sopimuksen mukaiselle etuoikeusjärjestykselle, jonka mukaisesti tietyillä Vakuusagentin hyväksi olevilla velvoitteilla on parempi etuoikeus kuin Velkakirjoilla, ja parempi etuoikeus koskee myös tiettyjä vakuusvelkojen täytäntöönpanokustannuksia. Kaikki tai osa Takauksista ja/tai Vakuuksista voidaan vapauttaa, jos Liikkeeseenlaskija saa Standard & Poor's Rating Servicesiltä liikkeeseenlaskijaluokituksen BB tai sitä korkeamman</p>
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	<p>luokituksen tai Moody'siltä liikkeeseenlaskijaluokituksen Ba2 tai sitä korkeamman luokituksen ja vakuusvelkojat, jotka edustavat vähintään 50 prosenttia Takauksien ja Vakuuksien kattamista velvoitteista, suostuvat vapauttamaan kaikki tai osan Takauksista ja/tai Vakuuksista.</p> <p>Vakuudet: Velkakirjojen vakuutena on tämän Esitteen päivämääränä seuraavat vakuudet (vakuudet ovat ensisijaisia, ellei parempisijaista vakuusoikeutta ole mainittu):</p> <ul style="list-style-type: none"> - seuraavien Outokummun konserniyhtiöiden osakkeita tai osakkuusoikeuksia koskevat pantit: Outokumpu Holding Nederland BV, Outokumpu Europe Oy, Outokumpu Stainless Oy, Outokumpu Americas, Inc., ja Outokumpu Stainless USA, LLC.; - Outokumpu Stainless Oy:n Tornion toimipaikalla sijaitsevaan kiinteistö- ja kiinteään omaisuuteen kohdistuva pantti, johon kohdistuu 300.000.000 euron määrään saakka muille velkojille annettuja paremmalla etuoikeudella olevia kiinnityksiä; - Outokumpu Chrome Oy:n Tornion toimipaikkaan liittyvä käyttöoikeuden ja kiinteän omaisuuden pantti; ja - Outokumpu Stainless USA, LLC:n Calvertin (Yhdysvallat) omistamaa kiinteistöä, kiinteää omaisuutta ja eräitä muita sovittuja omaisuuseriä koskeva pantti. <p>Takaukset: Velkakirjoilla on tämän Esitteen päivämääränä takaukset seuraavilta yhtiöiltä:</p> <ul style="list-style-type: none"> - Outokumpu Europe Oy (0823312-4), Suomi; - Outokumpu Stainless Oy (0823315-9), Suomi; - Outokumpu Stainless AB (556001-8748), Ruotsi; - Outokumpu Stainless Holding GmbH (HRB 4114), Saksa; - Outokumpu Nirosta GmbH (HRB 12511), Saksa; - Outokumpu Americas, Inc. (5028835), Yhdysvallat (Delaware); - Outokumpu Stainless USA, LLC (4354408), Yhdysvallat (Delaware); ja - Outokumpu Holding Nederland BV (24271249), Alankomaat <p><i>Intercreditor</i>-sopimus: Velkakirjojen haltijoiden edustaja on liittynyt Velkakirjan haltijoiden puolesta <i>Intercreditor</i>-sopimukseen, joka koskee eräiden Liikkeeseenlaskijan velkojien suhteita, Liikkeeseenlaskijan ja sen tytäryhtiöiden vakuusvelkojien keskinäisiä etuoikeusasemia sekä eräitä muita vakuusomaisuuden hallinnointiin liittyviä asioita.</p> <p><i>Intercreditor</i>-sopimuksen mukaan Velkakirjojen (muiden velkojen ohessa) vakuudeksi annetut vakuudet ja takaukset suojaavat tasapuolisesti eri velkaluokkia kuitenkin siten, että tietyillä Vakuusagentin hyväksi olevilla velvoitteilla ja tietyillä vakuusvelkojien täytäntöönpanokuluilla on etuoikeus vakuuksista ja takauksista saataviin varoihin. Lisäksi Velkakirjojen ehdot ja <i>Intercreditor</i>-sopimus sallivat senior-velan määrän kasvattamisen tai velvoitteet, joiden vakuudeksi saavat tulla Vakuudet ja Takaukset <i>pari passu</i> -suhteessa.</p> <p>Yllä mainittu etuoikeus soveltuu myös tietyissä sopimusrikkomustilanteessa kaikkiin <i>Intercreditor</i>-sopimuksen kattamiin saamisiin.</p> <p><i>Intercreditor</i>-sopimuksen ehtojen mukaan Vakuuksien ja Takausten täytäntöönpanotilanteessa Velkakirjojen haltijat saavat täytäntöönpanosta saatuja varoja sekä tietyissä sopimusrikkomustilanteessa maksun saamiselleen vasta sen jälkeen, kun tietyt Vakuusagentin hyväksi olevat velvoitteet, tietyt vakuusvelkojien täytäntöönpanokulut on maksettu.</p> <p>Luottoluokitus: Velkakirjojen luottoluokitus 'Ba3' kansainväliseltä luottoluokittaja Moody'silta.</p> <p>Kovenantit, ennaikainen takaisinostovelvollisuus ja sopimusrikkomukset: lisävelkaantumisen, tytäryhtiötakausten, varojen myynnin, sulautumisten ja jakautumisten rajoitus, vakuudenannon rajoitus, liiketoiminnan jatkaminen,</p>
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		<p>velvollisuus noudattaa lakia, lähipiirijärjestelyt, kaupankäynnin kohteeksi saattaminen, velvoitteet Velkakirjanhaltijoiden edustajaa kohtaan, määräysvallan vaihtuminen, vakuusvapautuksesta johtuva myyntioptio, maksulaiminlyönti, Velkakirjojen ja niihin liitännäisten sopimusten ehtojen rikkominen tai pätemättömyys, maksukyvyttömyys, ulosmittaus, ristiineräännittäminen ja liiketoiminnan lakkaaminen. Jos Liikkeeseenlaskija saa investment grade -tason luottoluokituksen, lisävelkaantumisen, tytäryhtiötakausten, varojen myynnin, sulautumisten ja jakautumisten rajoituksia ei sovelleta niin kauan, kuin Liikkeeseenlaskija säilyttää kyseisen tason luottoluokituksen.</p> <p>Listaaminen: Velkakirjat listataan Helsingin Pörssiin arviolta 20.6.2018.</p> <p>Selvitys: Velkakirjat lasketaan liikkeeseen arvo-osuuksina Euroclear Finland Oy:n Infinity-arvo-osuusjärjestelmässä. Euroclear Finland Oy:n rekisteröity osoite on Urho Kekkosen katu 5 C, 00100 Helsinki.</p> <p>Velkakirjoihin sovellettava laki: Suomen laki.</p> <p><i>Intercreditor</i>-sopimukseen sovellettava laki: Englannin laki</p> <p>Vakuussopimukseen sovellettava laki: useita eri lakeja, tämän esitteen päivämäärällä Suomen, Yhdysvaltain, New Yorkin, ja Alankomaiden lakeja.</p> <p>(<i>Intercreditor</i>-sopimuksen alla) annettuihin Takauksiin sovellettava laki: Englannin laki.</p> <p>ISIN- koodi: FI4000331004.</p>
E.4	Olellaiset intressit	<p>Velkakirjojen haltijoiden edustajan ja Vakuusagentin intressit: Finanssimarkkinoilla normaali liiketoiminnallinen intressi. Vakuusagentti toimii trusteeena, agenttina tai edustajana vakuuden suhteen, joka on vakuutena myös valtaosalle Outokummun muista veloista.</p> <p>Pääjärjestäjien intressit: Finanssimarkkinoilla normaali liiketoiminnallinen intressi. Pääjärjestäjät ja/tai niiden kanssa samoihin konsolidointiryhmiin kuuluvat tahot ovat 650.000.000 euron määräisen luottolimitin lainanantajia. Pääjärjestäjät ja/tai niiden kanssa samoihin konsolidointiryhmiin kuuluvat tahot ovat myös joidenkin kahdenvälisen rahoitusjärjestelyjen lainanantajia.</p> <p>Pääjärjestäjillä ja niiden kanssa samoihin konsolidointiryhmiin kuuluvilla tahoilla voi koska hyvänsä olla lyhyitä tai pitkäaikaisia sijoituksia Liikkeeseenlaskijan velka- ja pääomainstrumentteihin, mukaan lukien Velkakirjoilla, ja voivat käydä kauppaa tai tehdä muita järjestelyjä niillä omaan tai asiakkaidensa lukuun.</p>
E.7	Arvioidut kustannukset, jotka veloitetaan sijoittajalta	<p>Ei sovelleta. Yhtiö tai Pääjärjestäjät eivät veloita kustannuksia sijoittajilta.</p>

RISK FACTORS

Investors considering investing in the Notes should carefully review the information contained or, incorporated by reference, into this Prospectus and, in particular, the risk factors described below and in the stock exchange releases to be published by the Issuer after the Listing. Factors possibly affecting the investment decision are also discussed elsewhere in this Prospectus. Should one or more of the risks described herein, or any other risk, materialize, it may have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. The following description is a summary of certain risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes or that are considered by the Issuer to be material in order to assess the market risk associated with the Notes. This description is based on the information known and assessed by the Issuer at the time of preparing this Prospectus, and, therefore, the description of the risk factors is not necessarily exhaustive. The risks involved in an investment in the Notes are not limited to those identified below and the sequence in which the following risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. All investors should make their own evaluations of the risks associated with an investment in the Notes and consult with their own professional advisers if they consider it necessary.

As the Guarantors are operative subsidiaries of the Issuer and carry out the same activities as the Issuer, the risk factors relating to the business and operations of the Issuer also apply to the Guarantors.

The capitalized words and expressions in this section shall have the meanings defined in “*Terms and Conditions of the Notes*”.

Risks Relating to Outokumpu's Operating Environment

Disruptions in the global market and adverse economic developments may have adverse effects on Outokumpu's business and results of operations and profitability.

Outokumpu's revenue and operating profit are impacted by general economic conditions, which, in turn, are influenced by many factors beyond Outokumpu's control. Although during recent years, the economy has resumed growth in Europe and elsewhere, there can be no certainty that the global economic and financial market conditions would remain stable also in the future and that the economic outlook would remain positive. In addition, the geopolitical tensions, for example between the United States and the Democratic People's Republic of Korea or the Russian Federation and related events such as the international sanctions imposed as well as the upcoming exit of the United Kingdom from the European Union may have a material adverse effect on the general economic conditions.

Outokumpu's business is sensitive to general business conditions as well as to slow or moderate economic growth and cyclical changes. Outokumpu offers its products to customers operating in various industries and thus the demand for Outokumpu's products is sensitive to cyclical fluctuation of these industries. Outokumpu's customers may also decide to postpone, for example, construction projects if the near term economic outlook appears uncertain. Changes in the general economic conditions, which usually are reflected in changes in gross domestic product (“**GDP**”), have an impact on the overall demand and, therefore, also the demand for Outokumpu's products and there can be no assurance that the resuming growth in GDP would continue. A slowdown or downturn in the economic growth, regardless of its depth, could therefore have a material adverse effect on the demand for Outokumpu's products as well as results of operations and financial position.

Fluctuations caused by the general economic situation may have a significant adverse effect on the finance and market position of Outokumpu's customers, limiting their ability and willingness to buy products provided by Outokumpu to the same extent as before. This may have adverse effects on the volume of Outokumpu's business operations as well as Outokumpu's operating result and financial position. Further, the general uncertainty in the economy and any amendments to regulations governing financial institutions may have a negative impact on the availability of financing to the end-users operating, for example, in the architecture; automotive; building, construction and infrastructure; consumer goods and medical; industrial and heavy industries; and chemical, petrochemical and energy industries, which may also affect the demand for Outokumpu's products and services.

Outokumpu has been impacted, and may also be impacted in future, by the uncertainty in the global economy and financial markets. Although Outokumpu's management believes that Outokumpu's capital structure and credit facilities will provide sufficient liquidity to conduct Outokumpu's day-to-day business even when there is uncertainty in the global economy and financial markets, there can be no assurance that Outokumpu's liquidity and access to financing will not be affected by further changes in the financial markets or that its capital resources will, at all times, be sufficient to satisfy Outokumpu's business and liquidity needs. Materialization of any of the above risk, potential further adverse developments in macroeconomic conditions and continued uncertainty in the financial markets could adversely affect Outokumpu's asset values, future cost of debt and access to bank and capital market financing which may, in turn, have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

The global stainless steel industry is characterized by strong competition and unfair trade practices could adversely affect stainless steel prices and reduce Outokumpu's profitability, while trade restrictions could limit Outokumpu's access to new export markets.

In the past fifteen years, stainless steel production capacity in Asia, particularly in China, has grown significantly, and Asian producers have transitioned from net importers of stainless steel to significant exporters to Europe and North America. This reversal of trade flows between the East and West has resulted in rapidly increasing market shares of Asian products and deflated price levels in the Outokumpu core markets, Europe and the Americas.

Overcapacity has resulted in fierce competition in the stainless steel industry, which has led to a situation where many producers in various countries have called for government protection and trade protective measures to safeguard domestic industry. For example, following the introduction of antidumping measures in the form of import duties in 2015 by the European Commission against cold rolled stainless steel products from China and Taiwan, the imports into Europe have decreased, particularly from China, but remained at higher levels than before 2014. However, the imports have increased again and in 2017 reached almost the record-high levels seen in 2014. Further, Outokumpu considers these measures inadequate to fully mitigate the risks of unfair trade practices as exporters might be able to circumvent, absorb or otherwise avoid the anti-dumping and countervailing duties imposed on imports. Furthermore, more recently imports of hot rolled products, on which no duties have been imposed by the European Commission, from Asia to Europe have increased, adding concerns to European producers of lost volumes and deflated price levels.

Outokumpu is exposed to the effects of dumping and other unfair trade and pricing practices by competitors. Outokumpu itself has also been subject to orders imposing antidumping duties in the United States, which has made importing such products into the United States prohibitively expensive. More recently in February 2018, the U.S. Department of Commerce reported its investigations into the impact on U.S. national security from imports of steel mill products under section 232 of the Trade Expansion Act of 1962 and, in March 2018, President Trump announced imposition of global tariffs with the aim to increase domestic steel and aluminium production. These additional import duties provided for under U.S. section 232 are anticipated to change the dynamics of the global trade flows of stainless steel. Outokumpu expects the import duties under U.S. section 232 to have twofold impacts: on the one hand, Outokumpu's business area Americas is expected to benefit from the import duties under U.S. section 232 in the short term as imports into the United States are anticipated to decrease which might have the effect that prices will increase. On the other hand, a concern for Outokumpu from the import duties under U.S. section 232 is the impact of likely higher European imports going forward, as a result of some countries not being able to export to the United States anymore. The European Union, Mexico and Canada were previously exempted from the tariffs of 25 percent on steel imports under U.S. section 232 but on May 31, 2018 the United States announced the termination of these exemptions as of June 1, 2018. Outokumpu's facilities in Europe, Mexico and the United States predominantly serve local customers, and Outokumpu expects that this will mitigate the impact of the termination of the exemptions. Outokumpu anticipates the tariffs on steel imports from the European Union, Mexico and Canada to result in reduced imports into the United States and consequently support positive price development of stainless steel in the United States. On the other hand, Outokumpu expects that imports into Mexico will continue to increase, which could drive down margins in that market. Further, following the decision by the United States to terminate the exemptions, the European Union, Mexico and Canada have threatened the United States with retaliatory measures and concerns of a trade war have escalated.

As noted above, the import duties under U.S. section 232 in the United States could result in oversupply in the European markets and consequently undermined price levels. According to the surveillance system for imports of steel in Europe, imports of certain steel products have been increasing in Europe. In order to mitigate this, the European Commission initiated an investigation in March 2018 on the necessity of safeguard measures to protect European producers. This investigation covers 26 steel products categories and is expected to be concluded in the following 9 to 11 months. The investigation could result in imposition of import tariffs or quotas that could shield producers in the EU from excessive imports, which could sustain prices and restore confidence in the European market.

Outokumpu may be exposed to these and other protectionist measures in any of the markets in which it operates. In addition, several countries, in particular those with centrally-controlled economies, grant substantial subsidies to companies active in their respective local stainless steel industries. The pricing advantage enjoyed by these producers on their subsidized products may impair or eliminate Outokumpu's ability to compete with such producers. This and other practices may have a material adverse effect on Outokumpu's profitability to the extent heavily subsidized stainless steel products are exported into Outokumpu's key markets, the EU and the United States. Unfair trade practices or subsidies may also lead to increased supply in certain markets, resulting in increased price competition. In addition, Outokumpu has significant exposure to the effects of trade actions and barriers due to the global nature of their operations. Various countries (e.g., China, India and the United States) have implemented, and may in the future implement, trade actions and barriers. Further, there can be no assurance that countries targeted by anti-dumping and countervailing measures would not respond with respective measures which could escalate into a "trade war." Should any of the above factors materialize, this could limit Outokumpu's further growth and market access and have a material adverse effect on Outokumpu's business, financial condition and results of operations by limiting Outokumpu's access to these stainless steel markets and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Low capacity utilization levels caused by increasing capacity and oversupply in the global stainless steel market or other factors affecting stainless steel demand have had, and may continue to have, a material adverse effect on Outokumpu's business, financial condition and results of operations.

The production of stainless steel is capital intensive and producers generally seek to maintain high capacity utilization rates to improve their profitability. Capacity utilization is primarily affected by the total available production capacity and stainless steel demand, with overcapacity arising when the total stainless steel production capacity exceeds stainless steel demand. In addition, overcapacity can arise if there is a long-term decrease in the demand for specific products. Although production can be shifted relatively quickly from one grade of stainless steel to another since the same melting and rolling equipment is used, specialization and the need to plan production in advance in order to optimize production runs can interfere with a producer's ability to adjust rapidly to changes in demand. Accordingly, stainless steel producers, including Outokumpu, may not be able to adjust and reallocate production capacity in response to changes in demand for a particular stainless steel product or grade.

Outokumpu may be adversely affected by, among other things, increases in competitors' production capacity; lower sales prices; increased imports entering Outokumpu's home markets and the development of new production technologies, products and customer offerings. If Outokumpu is unable to meet customer demands, or is unable to develop new and profitable products, it could lose market share and competitive position. As Outokumpu is unable to influence cyclical market trends and metal prices, its competitiveness and long-term profitability are, to a significant degree, dependent upon its ability to maximize capacity utilization and maintain low-cost and efficient production relative to its competitors and to build its position in less competitive, higher value-added markets, such as specialty stainless steel products or through product innovation. In addition, certain Outokumpu's competitors have lower production cost positions and more extensive financial resources than Outokumpu, which may inhibit Outokumpu from competing effectively and result in the erosion of its market share. Any intensification of the competition Outokumpu faces could lead to a decline in sales and/or an increase in costs, which could have a material adverse effect on Outokumpu's business, financial condition and results of operations and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Continued or increased capacity underutilization, whether due to increased production capacity, decreased demand or both, could have a material adverse effect on Outokumpu's business, financial condition, results of

operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. In addition, oversupply could adversely affect market prices.

Reduced growth in Outokumpu's core markets could have a material adverse effect on Outokumpu's business, financial condition and results of operations.

Outokumpu believes that the overall long-term prospects for stainless steel demand remain positive and anticipates that key global megatrends, such as urbanization, climate change and increased mobility, support future growth of stainless steel demand. However, there can be no assurance that the global megatrends would be realized at the pace anticipated or that no natural catastrophes or other adverse changes in the global political and economic environment would occur, each of which could have an adverse effect on the stainless steel industry in general and reduce the growth prospects also in Outokumpu's core markets in Europe and North America. For example, it is possible that the transition towards electric vehicles could decrease the consumption of stainless steel. Should any of the above factors materialize, this could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Protracted low stainless steel prices and price volatility have had and could continue to have a material adverse effect on Outokumpu's business, financial condition and results of operations.

Stainless steel prices are volatile, reflecting the cyclical nature of the global stainless steel market. Low stainless steel prices have an adverse effect on stainless steel producers due to lower revenues and margins as well as potential inventory write-downs. During 2016, base prices of stainless steel in Europe remained relatively flat compared to 2015, whereas in the United States average market base price in 2016 was clearly lower than in 2015. In 2017, average base prices increased from those in 2016 both in Europe and the United States.

Due to fluctuations in stainless steel prices, the expected selling price of stainless steel may at times deviate significantly from the original book value of material in inventory, which could result in inventory write-downs and thus have an adverse effect on profitability. For additional information on Outokumpu's risks associated with raw materials prices, see "*—Risks Relating to Outokumpu's Business Operations—Volatility in the supply and prices of, or Outokumpu's inability to procure, raw materials and supplies could have a material adverse effect on Outokumpu's business, financial condition and results of operations*" below.

Historically, significant price decreases during periods of economic weakness have not been balanced by commensurate price increases during periods of economic recovery. This has also been the case during the recent cycle. Accordingly, the timing and extent of the recovery and any potential return to previous price levels remains uncertain. A sustained price recovery will likely require a broad economic recovery in order to underpin an increase in real demand for stainless steel products by end-users as well as continued reduction of production overcapacity. In addition to macroeconomic trends, stainless steel prices are sensitive to business cycles, particularly in the stainless steel end-user industries. Protracted low stainless steel prices could have a material adverse effect on Outokumpu's revenues and profitability, including the effect of potential further inventory write-downs and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Risks Relating to Outokumpu's Business Operations

Failure to successfully implement the strategic targets and improvements to reach the announced vision for 2020 could have material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects.

Outokumpu's vision is to be the best value creator in stainless steel by 2020 through customer orientation and efficiency. The 2020 vision focuses Outokumpu's efforts on the areas where improvements are needed to be able to create the best value for Outokumpu's customers, shareholders and employees. Outokumpu's strategic targets lead to Outokumpu's 2020 vision. Outokumpu's strategy builds on six strategic targets through which the Company aims to drive competitiveness and further improve its financial performance. All six strategic targets – safety, high-performing organization, world-class supply chain, manufacturing excellence, commercial excellence and the Americas – are connected to customer orientation and efficiency improvements.

Outokumpu's current expectations regarding the impact and timing of the abovementioned strategic targets and improvements are based on a number of assumptions and expectations that are subject to various risks and uncertainties. In the event that the strategic targets are not met sufficiently or improvements materialize slower than is currently expected, it could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu may not be able to deliver the profitability improvements in the business area Americas as currently expected.

Outokumpu has made progress in bringing its integrated stainless steel mill in Calvert, Alabama, United States to full commercial capability over the coming years, with 2018 targeted to be the first year of steady-state operations. Outokumpu believes that business area Americas holds its biggest profitability improvement potential and aims to significantly improve adjusted EBITDA and product mix of the Calvert production facility in the coming years.

However, there can be no assurance that the expected profitability improvement will reach the targeted levels. Any major failure of equipment or issues with the quality of different types of end products could delay the targeted profitability improvements. The new volumes entering the market may lead to price erosion and weaker than anticipated demand for products produced at the Calvert production facility or additional capacity investments by competitors resulting in lower utilization of Calvert's production capacity than anticipated, any of which could have a material adverse effect on profitability. Outokumpu's ability to grow its business in the Americas could also be affected by slower than estimated growth in demand in the region. Accordingly, the expected return on the Calvert investment may be significantly lower than estimated by Outokumpu and would have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Volatility in the supply and prices of, or Outokumpu's inability to procure, raw materials and supplies could have a material adverse effect on Outokumpu's business, financial condition and results of operations.

Stainless steel and ferrochrome production requires consumption of substantial amounts of raw materials (primarily nickel, recycled stainless steel, ferrochrome, chromite, molybdenum, iron and recycled carbon steel) and certain supplies (such as graphite electrodes and ferrosilicon). Most of these raw materials and supplies are subject to price volatility due to fluctuating demand, speculation and scarcity, which may, from time to time, be compounded by decreases in extraction and production due to natural disasters, political or financial instability or unrest.

Outokumpu is exposed to price volatility of raw materials and supplies, which it purchases primarily under short- or long-term contracts, but also on the spot market. Increases in the prices of certain raw materials, such as nickel, ferrochrome, molybdenum and iron, are generally passed on to customers through the alloy surcharge as discussed below. Outokumpu hedges most of its exposure to changing nickel prices. There can be no assurance that any commodity hedging policies adopted by Outokumpu are or will be effective.

Outokumpu may not be able to pass on all of its raw material costs to customers. Prices for stainless steel products sold in Europe and the United States generally include two components:

- the "base price", which is negotiated with customers and depends mainly on market supply and demand; and
- the "alloy surcharge", which is added by producers in order to allow the costs of alloys, such as nickel, chromium, iron and molybdenum, to be directly passed on to customers when they exceed a predetermined amount.

Although the alloy surcharge is intended to allow stainless steel producers to pass on the costs of raw materials to customers, it does not eliminate Outokumpu's exposure to raw materials price volatility. The alloy surcharge generally applied in the industry provide that the surcharge for a given month is typically published at the end of the prior month and is typically based on alloy prices during the month prior to the publication of the alloy surcharge (the "Reference Period"). As the throughput times in stainless steel production are longer than the time period used to calculate the alloy surcharge, raw materials are often purchased before the Reference Period;

therefore, Outokumpu may not be able to pass on all of its raw materials costs to customers if there is a decrease in raw materials prices between the date when the raw materials are purchased and the Reference Period. This could have a material adverse effect on Outokumpu's profitability. In addition, a significant part of the future prices for the products to be sold is estimated at each balance sheet date. Estimated net realizable values of inventories may deviate significantly from the original book value of the inventories, which can result in inventory write-downs. A significant portion of Outokumpu's net working capital consist of value related to alloying metals in stainless steel and, therefore, an increase in the metal prices would lead to higher amount of net working capital and increase in funding requirements. Accordingly, fluctuations in raw material and supply prices could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu applies a daily alloy surcharge instead of the previous monthly model for certain customers in Europe. In this model, Outokumpu communicates the alloy surcharges on a daily basis for its customers on its website. Customers can decide whether to fix the alloy surcharge on the order date or on any other date between the order and mid-week prior to the delivery week. Outokumpu believes that the daily alloy surcharge system decreases its exposure to volatility in raw material prices because Outokumpu can more quickly reflect changes in raw material prices in the pricing of its products and it makes hedging of raw materials positions easier. However, the daily alloy surcharge does not eliminate Outokumpu's exposure to volatility in raw materials prices and certain customers may prefer the pricing model based on the Reference Period, which allows them to attempt to benefit from market price changes when timing their purchases, which may cause customers, distributors in particular, to use competitive producers. Accordingly, Outokumpu may not be able to derive all the anticipated benefits from the introduction of the daily alloy surcharge method.

In addition, Outokumpu may be unable to procure certain necessary raw materials or supplies on a timely basis, on acceptable price and other terms, or at all. For certain supplies and raw materials, such as recycled stainless steel, Outokumpu has relied on a small number of suppliers. Although there are alternative suppliers on the market for each of Outokumpu's raw materials, replacing a supplier may be time consuming and the terms available may not be as favorable as the terms in current supply agreements. In addition, some of Outokumpu's suppliers have significant pricing power. Further, Outokumpu may be forced to purchase products from other suppliers for various reasons, such as, if a supply contract is not extended, if a supplier is not able to meet its delivery obligations due to, for example, export, import or other restrictions for certain raw materials, or if a supplier faces financial or operational difficulties or disruptions. For example, the ongoing or further similar sanctions against Russia could impact Outokumpu's ability to source certain raw materials or supplies from Russia. If Outokumpu is unable to obtain adequate and punctual deliveries of required raw materials or supplies at acceptable prices, it may be unable to manufacture sufficient quantities of products in a timely manner (especially those products that require long lead times or which involve complex manufacturing processes), which could harm its reputation and cause it to lose customers, incur additional costs or delay new product introductions.

Further, if the prices of certain raw materials, namely nickel and ferrochrome, increase substantially from their current levels, there can be no assurance that there would be no substitution effect, i.e. that Outokumpu's customers would not shift their demand towards less expensive raw material alternatives, such as ferritic grades and austenitic chromium-manganese stainless steels.

Any prolonged interruption in the supply of raw materials or supplies, or increases in raw material or supply costs that cannot be passed on to customers, could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

The sales volumes and prices that Outokumpu is able to charge for its products could be affected by inaccurate sales planning or by the stocking and destocking of stainless steel products by distributors.

Outokumpu's customers include distributors and processors that stock and reprocess stainless steel to serve end-users. Stainless steel distributors typically make purchasing decisions based on expectations regarding raw materials price trends and stainless steel demand. When raw material prices or demand for stainless steel products are expected to increase, distributors and processors tend to increase their purchases with the goal of reselling such products at a higher price in the future. When distributors reduce their inventories, generally in

response to expected decreases in raw materials prices or stainless steel demand, it sets downward pressure on the base price that stainless steel producers are able to charge for products. Conversely, during periods when distributors restock stainless steel inventories, base prices tend to increase to reflect the increase in demand. The purchasing decisions of distributors could have a material adverse effect on Outokumpu's business, financial condition and results of operations.

Sales planning could be affected by over optimism or inaccuracy in forecasting, which may lead to oversized procurement of raw materials and production supplies. If sales forecasting is not accurate, the additional procurement of raw materials and supplies may increase inventories, incur additional costs and increase the net working capital and financing costs, which all, if materialized, could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

In addition, demand volatility makes it difficult for a stainless steel producer to optimize production capacity. For instance, during periods of destocking by distributors, stainless steel producers may decide to reduce production in an attempt to counter the decline in demand and base prices. However, such reductions in capacity utilization also decrease profitability; therefore, there can be no assurance that such reductions would mitigate the adverse effects of destocking by distributors. Increases in costs per unit and resulting declines in competitiveness as a result of demand volatility could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu may not be able to purchase recycled stainless steel on favorable terms in the future, which could have a material adverse effect on its profitability.

Recycled stainless steel is an important raw material for Outokumpu, representing 84 percent of total raw material use by volume in 2017. Outokumpu has increased the use of recycled stainless steel in its production in recent years and, due to the scale of its operations and purchase volumes, has been able to purchase recycled stainless steel at a cost that has allowed it to better compete against Asian imports and obtain better margins for its products. There can be no certainty that Outokumpu will continue to have access to low cost recycled stainless steel in the future. The market for recycled stainless steel may change due to a number of factors, including lower availability i.e. lower scrap generation at lower nickel prices or Asian producers starting to use it as a raw material should the price of recycled stainless steel decrease to a level where it is comparable to nickel pig iron used by Asian producers or should the production costs of nickel pig iron rise significantly to a comparable level as of recycled stainless steel. Any significant change in access to or cost of recycled stainless steel would have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu's inability to fully utilize the full capacity of its ferrochrome production or lack of global demand for ferrochrome could have a material adverse effect on Outokumpu's business, financial condition and results of operations.

As global demand for stainless steel is forecasted to increase in the long term, Outokumpu expects that global demand for ferrochrome, a key raw material for stainless steel production, will increase accordingly. Outokumpu produces ferrochrome at its Tornio ferrochrome production facility using chromite extracted from its Kemi chromite mine. To secure a continuous chrome supply for the coming decades, Outokumpu plans to invest approximately EUR 250 million in the expansion of its Kemi mine during 2017–2021. See risk factor “—*Outokumpu's estimates of chromite reserves and resources at the Kemi mine may exceed the actual reserves and resources and there can be no assurance that the expansion of the Kemi mine results in the expected mining capacity or that ferrochrome production will be economically feasible*” below.

Outokumpu aims to maintain a high utilization rate at its ferrochrome production facility by consuming a significant amount of ferrochrome internally and also by selling certain volumes on the global market. Global supplies of ferrochrome currently exceed the demand, which has adversely affected ferrochrome prices and, therefore, Outokumpu's profit margin on global ferrochrome sales has decreased in recent years. There can be no assurance that the oversupply of ferrochrome in the market and resulting reduced ferrochrome prices will not continue or intensify in the future. In addition, there can be no assurance that Outokumpu's ferrochrome

production capacity can be fully utilized or that the additional production can be sold to the global market due to fluctuations in ferrochrome prices and demand, or that supply will not continue to exceed demand in the global ferrochrome market, any of which could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

The stainless steel industry is characterized by significant capital expenditure in the expansion of production and maintenance of existing production facilities and there can be no assurance that the planned investments will be carried out, targets set for these investments will be realized or that Outokumpu's actual capital expenditure will be within its targets.

Outokumpu asset base is well invested and the Company's focus over the coming years will firmly remain to get returns on the recent investments. Therefore, Outokumpu currently expects to keep capital expenditures at moderate levels. However, there can be no certainty that Outokumpu will be able to maintain its capital expenditure at or below its target levels because of unanticipated expenditure increases or otherwise. Reduced levels of capital expenditure could also result in deterioration in the quality of Outokumpu's production operations, which could result in higher maintenance and replacement costs in the long-term. In addition, postponed capital expenditure could subject Outokumpu's production facilities to a higher risk of accidents and could result in Outokumpu losing its relative competitive advantage and reduce the value of the facilities. Therefore, long periods of reduced capital expenditure levels could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu may not benefit from competitive prices for and reliable access to energy required for the production of stainless steel products and ferrochrome.

The production of stainless steel products and ferrochrome requires significant amounts of energy, particularly electricity and, to a lesser extent, propane, natural gas and light fuel oil. Energy costs represent a substantial portion of Outokumpu's total cost of sales and energy prices have historically varied, and may continue to vary significantly, as a result of political and economic factors beyond Outokumpu's control. In general, the volatility in energy prices impacts both Outokumpu and its competitors. However due to differences in energy markets in different regions, regional price differences may affect competitiveness of Outokumpu.

Majority of Outokumpu's electricity use is consumed in Finland. Electricity price in Finland is tied to the Nordic electricity price. There has been oversupply in the Nordic electricity market primarily due to Norwegian and Swedish excess hydropower but the interconnections between the Nordic regions are not sufficient to fully eliminate regional price differences. Currently, the Nordic electricity market is connected to the Baltic, German, Dutch and Polish electricity markets and, once border interconnections have been built also to the British market. Electricity price in Finland is affected by, among other things, hydrological balance in the Nordic region, the EU legislation and subsidies in relation to carbon dioxide as well as national supply and demand and the capacity of interconnections to Sweden and Russia.

In Europe, Outokumpu's cost competitiveness depends on the difference of electricity prices in the Nordics and Central Europe as well as Outokumpu's ability to implement its energy procurement strategy successfully. In recent years, the electricity market prices in the Nordics have been competitive compared to the prices in other European regions. In the United States, Outokumpu has a long-term supply agreement with a regulated reference price. Consequently, changes in electricity prices in the regions where Outokumpu's competitors are located may result in a competitive disadvantage to Outokumpu.

Outokumpu announced on December 19, 2014 that it will invest approximately EUR 30 million into using liquefied natural gas ("LNG") at Tornio mill instead of propane gas. The transfer to LNG, which is expected to take place in the latter part of 2018, is made possible by the construction of a LNG terminal at Tornio harbor, Northern Finland. Manga LNG Oy, a joint venture of Outokumpu Group, SSAB, Skangass and EPV Energy Ltd, will build and operate the terminal, and procure LNG for its owners. Outokumpu's share of Manga LNG Oy is 45 percent. Outokumpu and its stainless steel mill in Tornio will be the main user of the natural gas imported through the terminal. However, there can be no assurance that Outokumpu will benefit from the transfer to use LNG instead of propane due the volatility of propane price and, therefore, it could have a material adverse effect

on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Disruptions in the supply of energy resources could also temporarily impair Outokumpu's production operations. Such disruptions may also occur as a result of the loss of energy supply contracts or the inability to enter into new energy supply contracts on commercially acceptable terms. Furthermore, natural catastrophes or similar events could affect the electricity or natural gas grids. Any such disruptions, or increases in energy costs as a result of the above-mentioned factors or otherwise, could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu has benefited from certain public subsidies and advantages and there can be no assurance that such subsidies and advantages will be available to Outokumpu in the future.

Outokumpu has been granted public subsidies and advantages, including subsidies or advantages related to its research and development programs, through reductions of renewable energy charges and in connection with the construction and ramp up of the Calvert production facility in the United States. The incentives primarily consist of sales, use and property tax abatements; income tax capital credits; various cash incentives, including training grants; and various other subsidies and non-financial benefits.

All public subsidies and advantages that have been granted to Outokumpu are subject to certain terms and conditions and if these terms and conditions are not complied with, Outokumpu could face significant financial or other materially adverse consequences, including the requirement to fully or partially repay, the subsidies and advantages granted (as well as costs, interest, penalties and/or damages). In addition, all public subsidies and advantages that have been granted to Outokumpu could be revoked due to conditions beyond the Outokumpu's control and the loss of any such subsidies or advantages could have a material adverse effect on Outokumpu's business, financial condition and results of operations and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu's estimates of chromite reserves and resources at the Kemi mine may exceed the actual reserves and resources and there can be no assurance that the expansion of the Kemi mine results in the expected mining capacity or that ferrochrome production will be economically feasible.

Outokumpu's ferrochrome production operations are affected by the amount of estimated ore reserves at the Kemi chromite mine that can be exploited in an economically profitable manner as well as the amount of mineral resources that can be converted into reserves. In addition, the actual ore reserves may not conform to geological, metallurgical or other expectations. There can also be no assurance that the anticipated chromite extraction capacities will be achieved or that mining and processing operations will be economically profitable. Lower market prices, increased production costs, reduced recovery rates and other factors may render exploitation of chromite at the Kemi mine uneconomical and may result in revision of Outokumpu's ore reserve and mineral resource estimates from time to time. If Outokumpu's actual ore reserves or mineral resources are less than the current estimates, it could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Further, Outokumpu is expanding its Kemi mine with a planned EUR 250 million investment between 2017 and 2020 to secure a continuous chrome supply for the coming decades. Construction work of the expansion has started and is expected to be completed by 2020. So far, Outokumpu's mining operations have been up to 500 meters underground, with planned expansion going to 1,000 meters underground. Expanding the Kemi mine is in many ways similar to building a new underground mine and the project involves a number of other potential risks for Outokumpu, including cancellation, non-completion, technical risks, budget overruns, financing risks and environmental risks. Accordingly, there can be no assurance that one or more of the project risks would not occur or that the financing needs of the project will not increase. Furthermore, there can also be no assurance that the anticipated chromite extraction capacities will be achieved or that mining and processing operations will be economically profitable. Should any of the above factors materialize, this could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

If Outokumpu were unable to continue selling trade receivables under certain sale of receivables programs, Outokumpu may need to refinance such programs and facilities.

Certain Outokumpu companies use factoring for working capital management. Outokumpu's trade receivables that have been transferred to counterparties and are derecognized from the balance sheet, but are reported in the notes to the audited consolidated financial statements, amounted to EUR 377 million as at December 31, 2017. Substantially all risks and rewards relating to those receivables had been transferred to counterparties. If the sale of receivable programs described above were cancelled or could not be utilized in the same manner for any reason, Outokumpu would have to seek alternative financing. As there is no assurance that Outokumpu would be able to obtain alternative financing, the cancellation or unavailability of such receivables programs could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Costs related to defined benefit plans could increase, which could have a material adverse effect on Outokumpu's business, financial condition and results of operations.

Outokumpu has established several defined benefit and defined contribution plans in various countries. Outokumpu's most significant defined benefit pension plan are in the United Kingdom, where the plan is mostly funded based upon local regulations, and Germany, where the plans are unfunded. As at December 31, 2017, Outokumpu's net defined benefit obligations amounted to EUR 249 million. Outokumpu is exposed to various risks related to these defined benefit plans, including the risk of actual returns on plan assets being less than the expected rates of return, risk of adverse terms and conditions leading to significantly higher than expected costs to employer from such plans and the risk of results deviating from actuarial assumptions for areas such as mortality of plan participants.

Any of these risks, if they were to materialize, could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Changes in underlying assumptions of the carrying value of certain assets, including as a result of adverse market conditions, could result in impairment of such assets, including intangible assets such as goodwill.

For the years ended December 31, 2017 and 2016 no impairment losses were recognized as a result of the performed impairment test. However, an impairment loss of EUR 1 million on property, plant and equipment was recognized in Europe in 2017 due to obsolescence and a goodwill impairment loss of EUR 19 million related to the acquisition of Hernandez Edelstahl GmbH and impairment losses of EUR 8 million on property, plant and equipment in Europe due to restructuring and asset obsolescence in 2016. Outokumpu may have to make further impairments of its asset values, which could have a material adverse effect on its business, financial condition and results of operations and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu's assets included goodwill of EUR 467 million, other intangible assets of EUR 68 million and property, plant and equipment of EUR 2,633 million as at December 31, 2017. Indicators for impairment are assessed quarterly or whenever changes in circumstances indicate that the carrying amount may not be recoverable. While impairment of intangible assets or property, plant and equipment does not affect reported cash flows, it does result in a non-cash charge in the consolidated statement of income and could have a material adverse effect on Outokumpu's results of operations and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu is subject to stringent health and safety laws and regulations that may give rise to significant costs and liabilities.

Outokumpu is subject to a broad range of health and safety laws and regulations in each of the jurisdictions in which it operates and these laws and regulations impose increasingly stringent health and safety protection standards. The costs of complying with, and the liabilities imposed pursuant to, health and safety laws and regulations could be significant, and failure to comply could result in the assessment of civil and criminal

penalties, suspension of permits, temporary or permanent closure of production facilities, or claims or lawsuits by third parties.

Despite Outokumpu's efforts to monitor and prevent accidents at its production facilities, operations relating to mining, smelting and hot and cold rolling, in particular, involve inherent hazards due to the processes, raw materials and temperatures involved. Accordingly, health and safety incidents have in the past occurred at Outokumpu's production facilities, and are likely to continue to occur in the future, which may result in costs and other liabilities or otherwise adversely affect Outokumpu's reputation or the continuity of the operations of the affected facility. Such accidents could include fires, explosions, gas leaks, vehicular accidents, other accidents involving persons or property, or exposure to radioactive materials included in scrap metal or other potentially hazardous materials. In addition, Outokumpu's industrial activities involve the use, storage and transport of dangerous chemicals and toxic substances. Outokumpu is, therefore, subject to the risk of industrial accidents that could lead to production stoppages, the loss of key assets and employees (and those of sub-contractors and suppliers) or injuries to persons living near affected sites. In the past five years, there have been fatal accidents at Outokumpu's production facilities in the United States, Mexico and Sweden.

Outokumpu also operates an underground chromite mine in Kemi, Finland. Mining operations are subject to a number of hazards and risks usually associated with the exploration, development and production of natural resources, any of which could result in production shortfalls or damage to persons or property. In particular, hazards associated with underground mining operations include fires, explosions, accidents and conditions resulting from drilling, blasting, removing and processing material from an underground mine. The occurrence of any of these events could delay production, increase production costs and result in death or injury to employees, damage to property and liability for Outokumpu, some or all of which may not be covered by insurance, as well as substantially harm Outokumpu's reputation as a company focused on ensuring the health and safety of its employees.

Substitute materials and new technologies could reduce market prices and demand for stainless steel products.

Stainless steel competes with substitute materials such as aluminum (particularly in the automotive industry), cement, composites, glass, ceramics, plastic, wood and carbon steel. Changes in customer preferences, pricing of competing products, development of new or improved substitutes for stainless steel products and government regulatory initiatives mandating the use of such materials in lieu of stainless steel could reduce prices of, or demand for, stainless steel products. Price competition with respect to established grades of stainless steel and other products as well as other factors have recently resulted in new, lower quality stainless steel grades, mainly from Asia, and especially China, being marketed primarily to Asian markets. For example, chromium manganese steel grades are marketed as a substitute for certain stainless steel grades, although they have inferior corrosion resistance, formability and weldability as compared to more established stainless steel grades. Lack of user knowledge about and experience with these new, lower quality stainless steel grades, their properties and their handling could result in these lower quality products being used in unsuitable applications or inappropriate manners simply because they are less expensive, which could have a negative effect on the image of stainless steel products in general. Outokumpu believes that stainless steel has a positive image as a high quality product and in the past, Outokumpu has invested in creating this image. Customer disappointment with products made from lower quality stainless steel, or any other negative effect on the image of stainless steel, could reduce the value of Outokumpu's past investments in the image of stainless steel or require Outokumpu to make future investments in maintaining or improving the image of stainless steel. Further, if customers accept products made from lower quality stainless steel grades that are cheaper than Outokumpu's stainless steel products as replacements for established stainless steel products, prices of and demand for Outokumpu's products may decline.

In addition, the stainless steel market is characterized by evolving technology standards that require improved quality, changing customer specifications and wide fluctuations in product supply and demand. The products or manufacturing processes of the customers that use Outokumpu's stainless steel products may change from time to time due to improved technologies or product enhancements. These changes may require Outokumpu to develop new products and enhancements for its existing products. In addition, the emergence of new technologies could result in certain products containing stainless steel becoming obsolete. Failure to keep pace with market changes or to produce stainless steel products that meet customers' specifications and quality standards in a timely and cost-effective manner could have a material adverse effect on Outokumpu's business,

financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu relies on suppliers in many areas of its operations and is dependent on the availability, quality, reliability and performance of such suppliers as well as their products and services.

To certain degree, Outokumpu relies on a number of third-party suppliers in many areas of its business, such as suppliers and providers of certain raw materials, production supplies, equipment and services. If Outokumpu loses one or more of its key suppliers or if its key suppliers do not provide Outokumpu with adequate services, equipment, materials and supplies, or do not provide them in a timely manner or at a reasonable price, or if the services, equipment, materials and supplies contain malfunctions, defects or other deviations in quality, Outokumpu's ability to retain or attract customers could be negatively affected. Should any of the above factors materialize, this could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Financial difficulties or bankruptcy of one or more of Outokumpu's major customers or suppliers could have a material adverse effect on Outokumpu's business, financial condition and results of operations.

Some of Outokumpu's customers and suppliers have experienced financial and operational challenges throughout the recent financial downturn. The continuation or exacerbation of the difficulties experienced by these customers or suppliers could place them in additional financial and operational distress or could even result in bankruptcy. Additionally, a number of Outokumpu's customers are, or could in the future be, under pressure from imports in their own domestic markets and may consequently lose market share or even have to relocate their production facilities to other markets. These factors could cause Outokumpu's customers to reduce the volume of their stainless steel purchases in an effort to improve their own financial condition, which could have a material adverse effect on Outokumpu's sales. Moreover, the potential inability of Outokumpu to collect outstanding accounts receivables on a timely basis, or at all, could have a material adverse effect on Outokumpu's sales and cash flow. Although it has insurance that covers the majority of its receivables, Outokumpu has some risk due to unsecured sales. See "*—Outokumpu's insurance policies provide limited coverage, potentially leaving it uninsured against some risks*" below. Similarly, any financial difficulties experienced by Outokumpu's suppliers could result in an interruption in the supply of raw materials. Any of the foregoing could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu's operations in certain countries could be adversely affected by political, economic and legal developments in the countries concerned.

Outokumpu has a business strategy partially focused on business operations in countries in which the political, economic and legal systems are less predictable than in countries with more developed institutional structures. Political or economic upheaval, changes in laws and other factors could have a material adverse effect on Outokumpu's results of operations and/or impair the value of its investments in such countries. The most significant risks of operating in emerging market countries arise from the establishment or enforcement of foreign exchange restrictions, which could effectively prevent Outokumpu from receiving profits from, or selling its investments in, these countries. For example, Argentina imposes foreign exchange controls on foreign companies established in those countries. Legal and regulatory systems in emerging market countries are also typically less developed and not as well enforced as in Western European countries, which creates uncertainty in the operating environment. In addition, the need for qualified employees in emerging market countries may require Outokumpu to hire foreign trained employees, which may reduce the cost competitiveness of its operations. Expansion in emerging market countries also places greater pressure on monitoring corrupt behavior, in particular in countries that have experienced governmental corruption in the past. Outokumpu's reputation could be severely harmed due to corrupt behavior by its employees and could also subject Outokumpu to fines and other sanctions.

In addition to risks related to the political, economic and legal developments of the emerging countries, Outokumpu is also exposed to the risks relating to the United Kingdom exiting the EU, which might have a negative impact on the general economic activity and therefore also impact on demand for stainless steel in

Europe. Furthermore, the Group's United Kingdom based operations might come across to trade barriers as regards to some key markets. Any of the foregoing could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Disruptions to production processes could have a material adverse effect on Outokumpu's operations and customer service levels.

Most of Outokumpu's production facilities are located in extensive industrial zones and comprise a number of separate buildings and production lines. Production is capital intensive and the majority of Outokumpu's operating capital is tied up in such facilities. Stainless steel and ferrochrome production processes are dependent on the continuous operation of critical production equipment, including furnaces, continuous casters, rolling mills and electrical equipment (e.g., electric motors and transformers), and production downtime may occur as a result of unanticipated mechanical failures or other events, including cyber risks. Outokumpu's production facilities have experienced and may in the future experience, plant shutdowns or periods of reduced production as a result of such equipment failures. Operations may also be disrupted for a variety of other reasons, including fire, explosion, release of substances harmful to the environment or health, strikes, IT and network failures or transportation disruptions. Furthermore, accidents may lead to production downtimes with respect to certain machinery or plants or even plant closures, including for the duration of any ongoing investigation. To the extent that lost production as a result of such disruptions could not be compensated for by the production of unaffected facilities, such disruptions could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Primarily due to the high temperatures required for stainless steel and ferrochrome production, fire is a significant risk for Outokumpu. Most of Outokumpu's production facilities are located in extensive industrial zones. A fire in any industrial zone could lead to major property damage and interruptions in production.

In addition, extreme weather events and natural disasters could affect Outokumpu's operations, especially through physical risks such as property damage or loss of production through floods, hurricanes, lightning or drought. Currently, only one of Outokumpu's production facilities, the Calvert production facility in Alabama, United States, is located in an area defined as "regional hotspot." The site is moderately exposed to severe weather and high winds either from the hurricane potential or the effects of regular severe thunderstorms and tornados common to this geographical area. In addition, ice conditions in the Baltic Sea may block vessels to and from Tornio, which could delay the delivery of products and raw materials between Tornio and other ports and have a material adverse effect on Outokumpu's business, financial condition and results of operations and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu charters vessels to transport stainless steel products and raw materials, which subjects Outokumpu to risks inherent to vessels.

Outokumpu has time chartered six vessels to transport stainless steel products from Tornio to customers mainly through its service center in Terneuzen, the Netherlands, and to transport black hot band to Outokumpu's production facilities in Germany. These vessels also transport raw materials, primarily from Terneuzen, but also from other harbors on the Baltic Sea to Tornio. Additionally, Outokumpu also uses "spot-chartered" vessels, primarily to transport ferrochrome and stainless steel between its sites in Europe and in Americas. While Outokumpu does not own or operate the vessels, it is liable for, among others, the cargo transported by the vessels. Outokumpu aims to charter modern vessels designed for conditions of the Baltic Sea; however, these vessels are still at risk of being damaged or lost because of events such as collisions, bad weather, mechanical failures, human error, terrorism, piracy and other similar circumstances or events. All of these hazards could result in death or injury to persons, loss of revenues or property, environmental damage, higher insurance rates, damage to Outokumpu's customer relationships, delays and rerouting. Outokumpu maintains insurance to mitigate some of the potential costs described above, but its insurance may not be sufficient to cover the liabilities suffered by it due to the occurrence of one or more of the risks described above. The occurrence of any of these risks could have a material adverse effect on Outokumpu's business, financial condition and results of operations as well as on its reputation and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu’s insurance policies provide limited coverage, potentially leaving it uninsured against some risks.

While Outokumpu maintains insurance on property and equipment in amounts believed to be consistent with industry practices, it is not fully insured against all risks, and insurance against some risks may not be available. Outokumpu’s main insurance policies cover physical loss of or damage to its property and equipment on a reinstatement basis arising from a number of specified risks and certain consequential losses, including business interruption arising from the occurrence of an insured event. Under these policies, damages and losses caused by certain natural disasters are also covered. Outokumpu also maintains various other types of insurance relating to its operations as well as trade credit insurance on receivables from certain customers, subject to limits that it believes are consistent with those in the stainless steel industry, in order to protect it against the risk of non-payment due to the insolvency of such customers or other reasons. Not all of Outokumpu’s customer receivables are or can be insured, and even when insurance is available, it may not fully cover the exposure. Notwithstanding the insurance coverage that Outokumpu carries, the occurrence of an accident that causes losses in excess of limits specified under the relevant policy or is subject to material deductibles, or losses arising from events not covered by insurance policies, could have a material adverse effect on Outokumpu’s business, financial condition, results of operations and future prospects and, thereby, on the Issuer’s ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Product liability claims or loss of product certifications could have a material adverse effect on Outokumpu’s business, financial condition and results of operations.

Outokumpu’s products are used in a wide range of applications. For example, certain of Outokumpu’s products are used in safety-critical applications, such as pipes used in the oil, gas, chemical and petrochemical industry. In addition, certain of Outokumpu’s stainless steel products are used in the automotive industry, where key customers require extensive third-party certifications regarding the products purchased. Any failure by Outokumpu to meet the qualifications needed to receive the necessary third-party certifications or the loss of existing third-party certifications may lead to the loss of business opportunities, which could lead to a decline in sales.

The performance, quality and safety of Outokumpu’s products are critical to the success of its business. These characteristics depend significantly on the effectiveness of quality control systems, which in turn depends on a number of factors, including the quality of the training programs, the design of the systems, and Outokumpu’s ability to ensure that its employees adhere to quality control guidelines and policies. Any significant failure or deterioration of Outokumpu’s quality control systems could have a material adverse effect on its reputation and could result in product liability claims. Outokumpu has limited product liability insurance that may not be sufficient to cover all potential liabilities. Accordingly, a major claim, or a series of smaller claims, for damages related to Outokumpu’s products sold, or advice given to customers in connection with products sold, may not be fully covered by insurance, or may not be covered by insurance at all, which could have a material adverse effect on Outokumpu’s business, financial condition, results of operations and future prospects and, thereby, on the Issuer’s ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu is, and may in the future be, involved in litigation and arbitration proceedings that could adversely affect its business, financial condition and results of operations.

A number of lawsuits, claims and proceedings have been, and may in the future be, asserted against Outokumpu, including those pertaining to product liability, environmental, competition law, and health and safety matters. These and any future legal proceedings are costly, divert management attention and may result in reputational damage for Outokumpu. See “*Business Overview—Legal Proceedings*” for information on Outokumpu’s ongoing legal proceedings. An unfavorable outcome in any ongoing proceedings, or any proceedings that may arise in the future, could have a material adverse effect on Outokumpu’s business, financial condition, results of operations and future prospects and, thereby, on the Issuer’s ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu’s governance, internal controls and compliance processes could fail to prevent regulatory penalties, reputational harm and fraud, both at operating subsidiaries and joint ventures.

Outokumpu operates globally and its activities span multiple jurisdictions and complex regulatory frameworks at a time of increased enforcement activity and enforcement initiatives globally in areas such as competition law,

anti-corruption, data protection (including the General Data Protection Regulation (EU) 2016/679) and trade restrictions (sanctions). Outokumpu's governance and compliance processes may not prevent breaches of law or governance standards. Outokumpu also faces the risk of fraud by its employees as well as violations at its joint ventures and other companies in which it has an interest, particularly if it only has a minority stake and does not control accounting or other rules and protocols for the conduct of business. Outokumpu's failure to comply with applicable laws and other standards could subject it to fines, loss of operating licenses and reputational harm. Effective internal controls are necessary for Outokumpu to provide reliable financial reports and effectively prevent and detect fraud. If Outokumpu cannot provide reliable financial reports or prevent fraud, this could have a material adverse effect on its results of operations and reputation. Additionally, at the operational level, individual employees may not comply with Outokumpu's policies and guidelines and as a result may cause Outokumpu to incur compliance costs and cause reputational damage. Inadequate internal controls could also cause investors and other third parties to lose confidence in Outokumpu's reported financial information, which could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu's operations are subject to various environmental laws, regulations and licenses and a failure to comply with these laws and regulations could result in unexpected costs and other liabilities.

Outokumpu is subject to various environmental laws, regulations and licenses governing, among other things, atmospheric emissions, water quality, solid and hazardous waste handling and disposal, plant and wildlife protection, reclamation and restoration of mining properties, and the remediation of contaminated properties. As these environmental laws, regulations and licenses are amended or as their application or enforcement is changed, significant costs in complying with new and more stringent regulations may be imposed on Outokumpu. Further, many of Outokumpu's operations require environmental and other regulatory permits or licenses that are subject to modification, renewal or, subject to certain conditions, revocation by the issuing authorities. In certain countries, the procedures for obtaining these permits or licenses are often long and complex and there can be no assurance that the requested permit or license will be granted or renewed. In addition, violations of applicable environmental laws and regulations could result in civil and criminal penalties, revocation of permits and licenses, the curtailment or cessation of operations, third-party claims or any combination thereof. Further, changes to existing production facilities or the construction of new production facilities require extensive regulatory permits and approvals, and there can be no assurance that such permits and approvals would be granted with the anticipated terms or within the targeted time frame.

As at December 31, 2017, Outokumpu had environmental provisions of EUR 59 million in respect of remediation and other costs in its consolidated statement of financial position. However, there can be no assurance that such provisions will be sufficient. Future remediation may be required if new contamination occurs, existing contamination that is currently unknown is discovered, known contamination requires more extensive remediation than originally anticipated or environmental regulations or their enforcement become more stringent. The above-mentioned could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu may be adversely affected by any future application of restrictions in regard to greenhouse gas emissions and face risks associated with identifying and controlling the cost of compliance with emission allowance schemes.

Increased restrictions on carbon dioxide emissions stemming from the EU Emissions Trading Scheme (the "ETS") could place Outokumpu at a competitive disadvantage as compared to stainless steel producers located outside of the EU in countries that do not apply corresponding ETSs or carbon costs. In addition, associated increases in costs to energy providers, market price of electricity and future reductions in carbon dioxide emissions targets could also place Outokumpu at a competitive disadvantage and have an adverse effect on Outokumpu's business.

All Outokumpu's European production facilities fall within the ETS. As unused emission allowances can be sold on financial markets, the ETS creates a financial incentive for companies to restrict their emissions of carbon dioxide. Conversely, if the level of a company's emissions of carbon dioxide exceeds the rights in its possession,

sufficient allowances for the emissions must be purchased. Under the ETS, companies have to surrender one emission right for each tonne of carbon dioxide their production facilities emit.

To dissuade companies currently operating inside the EU from moving to countries without emission reduction targets, industries within the EU that are exposed to high carbon leakage will continue to receive free emission allowances during ongoing emission trading period between 2013 and 2020 but the amount of free allowances will steadily decrease. Outokumpu's European operations under the ETS receive free emissions allocations according to efficiency-based benchmarks and historical activity. Nevertheless, Outokumpu may have to purchase emission rights in addition to those it will obtain free of charge under the exemption and the need to make such purchases could result in additional costs, which could be material. In addition, Outokumpu could incur even higher additional costs should its production facilities not continue to qualify for the exemption from auctioning. In this case, Outokumpu would have to purchase a steadily increasing amount of emission rights to cover its emissions.

According to the published proposal of EU Climate and Energy Package 2030 (EC, January 2014), future carbon dioxide emission reduction targets will become more stringent and Outokumpu will have to begin making preparations for operating in a more restrictive environment, which could result in increased costs and unplanned liabilities. Additionally, as the production of stainless steel and ferrochrome is energy intensive, Outokumpu's operations are sensitive to changes in the price of electricity. Power companies may transfer the costs associated with their emission allowances to customers in the prices they charge for supplying electrical power, and marginal cost pricing in power markets means that wholesale power prices can be affected by the price of these allowances. Therefore, Outokumpu is especially burdened by the electricity price increase caused by emissions trading. The EU has created a compensation mechanism for extra electricity costs due to ETS and according to EU rules, Outokumpu's extra electricity costs are partly and nationally compensated in Germany, the United Kingdom and Finland. However, Outokumpu's electricity costs in Europe may increase in the future due to the ETS despite the fact that most of the electricity that it purchases is of the low-carbon variety. Increased electricity costs could have a material adverse effect on Outokumpu's results of operations in Europe and this effect is not mitigated by allocations of emission allowances at no cost. Risks connected with the future cost of emission allowances also add an element of uncertainty to the planning of new investments in Europe and may affect future investment decisions.

Failure to protect intellectual property rights could have a material adverse effect on Outokumpu's competitiveness as well as on its business, financial condition and results of operations.

Outokumpu believes that developing new stainless steel products and manufacturing technologies that can be differentiated from those of its competitors, such as duplex stainless steel grades, is important to the success of its business. Outokumpu takes active measures to obtain protection of its intellectual property by obtaining patents and undertaking monitoring activities in its major markets. In addition to its patent portfolio, Outokumpu relies on trade secrets, know-how, the development of new products, and technological development in combination with non-disclosure agreements and certain other agreements to protect intellectual property rights. However, there can be no assurance that the measures Outokumpu takes will effectively deter competitors from improper use of its intellectual property. Competitors may misappropriate intellectual property owned or licensed by Outokumpu, disputes as to ownership of intellectual property may arise and intellectual property may otherwise become known or independently developed by competitors. In addition, certain technologies and processes used by Outokumpu may be subject to the intellectual property rights of third parties in certain countries. Such third parties may take legal action for infringement of these intellectual property rights and any such claims could delay or prevent the delivery of products by Outokumpu. Any failure to protect Outokumpu's intellectual property or resulting claims of infringement on third-party intellectual property rights could have a material adverse effect on Outokumpu's competitiveness as well as its business, financial condition and results of operations and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Any significant problem with information systems could have a material adverse effect on Outokumpu's business, financial condition and results of operations.

Outokumpu's business relies on various applications and other information technologies that are used globally in all business areas and group functions. Many of these applications and underlying infrastructure are outdated, making them more vulnerable for failures, and could result in business interruptions, for example, in the

production and supply chain processes. Further, acquisitions and subsequent integrations made in the past years have resulted in a more complex IT infrastructure. As at the date of this Prospectus, Outokumpu is conducting a business transformation program to harmonize its enterprise level data, processes and IT systems and to develop new or enhanced business capabilities. However, there can be no assurance that Outokumpu is able to successfully implement the program and any failure in integrating legacy IT systems, insufficiencies in IT infrastructure readiness or inefficiencies in processes or capabilities could delay the business transformation program or result in Outokumpu not being able to achieve the targets set out for the project in a timely manner or at all. Furthermore, cyber threats and other security threats could exploit possible weaknesses in Outokumpu's security controls, which in turn, could cause leakage of sensitive information, theft of intellectual property, production outage or damage to Outokumpu's reputation.

A significant portion of Outokumpu's employees in Europe are covered by collective bargaining agreements and Outokumpu may face labor disruptions that could interfere with its operations.

Outokumpu is subject to the risk of labor disputes and adverse employee relations that could disrupt its business operations. A significant portion of Outokumpu's employees in Europe are covered by collective bargaining agreements. However, there can be no assurance that the collective bargaining agreements will prevent strikes or work stoppages at any of Outokumpu's facilities, or that such agreements will be renewed on substantially similar terms and conditions in the future. Outokumpu has experienced work stoppages in the past, including in Germany and Finland, none of which significantly affected Outokumpu's operations. Although the impact of such work stoppages has historically been limited, there can be no assurance that any future work stoppage would not have a material adverse effect on Outokumpu's business, financial condition and results of operations and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu faces risks associated with nuclear power plant projects in Finland.

On August 5, 2015, Outokumpu announced that it had committed to increase its indirect share in Fennovoima Oy ("**Fennovoima**"), which was granted a decision-in-principle by the Government of Finland to build a new nuclear power plant in Pyhäjoki, Finland, to approximately 14 percent. When operational, shareholders will be liable for their pro rata share of the company's fixed energy procurement costs and the right to procure their pro rata share of the energy produced by the company at cost (the "**Mankala principle**"). The project involves a number of other potential risks for Outokumpu, including delays, cancellation, non-completion (for external or internal reasons), technical risks (including tightening nuclear safety regulations in the future), budget overruns (including non-competitive cost of power or increased cost of production), financing risks (including cost and availability of financing), political risks (including public acceptance risks) and environmental risks. Accordingly, there can be no assurance that one or more of the project risks will not occur or that Outokumpu's share of financing the project will not increase as a result of any future defaults of other shareholders in Fennovoima.

In addition, Outokumpu has an approximately 0.3 percent indirect share in the Teollisuuden Voima Oyj ("**TVO**") Olkiluoto 3 nuclear power plant project, which is currently under construction in Finland. It was originally expected that commercial operation of Olkiluoto 3 would begin in 2009; however, the project has been delayed on several occasions. In October 2017, TVO announced that according to the plant supplier the start of the regular electricity production of Olkiluoto 3 nuclear power plant unit is expected to take place in 2019. In March 2018, TVO announced that a settlement agreement concerning project completion and related disputes has entered into force. The settlement agreement notes the plant supplier's most recent schedule according to which regular electricity production is expected to commence in May 2019. TVO's project involve partly similar risks for Outokumpu as those it faces due to its investment in Fennovoima.

Failure to attract qualified personnel or a loss of key personnel could disrupt Outokumpu's business and have a material adverse effect on its business, financial condition and results of operations.

Outokumpu's business, financial condition, results of operations and its ability to continue to maintain and grow its business as well as provide high quality products depend, to a large extent, on the contributions of its management team and key personnel. The loss of key individuals or other employees who have specific knowledge of, or relationships with, trade customers in the markets in which Outokumpu operates could have a material adverse effect on Outokumpu's business, financial condition and results of operations. Outokumpu's

success also depends, to a great extent, on its ability to attract, retain and motivate qualified employees throughout the organization. Outokumpu has implemented human resources processes to attract and retain senior managers for positions considered to be important for Outokumpu. However, if Outokumpu is unable to attract, retain and motivate qualified employees at all levels, it could have a material adverse effect on Outokumpu's business, financial condition and results of operations. There can be no assurance that Outokumpu will be able to retain such senior managers and key employees and successfully manage them, which could disrupt Outokumpu's business and have a material adverse effect on its business, financial condition and results of operations and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

A significant portion of Outokumpu's financing is secured, which could affect the availability and terms of financing available to Outokumpu in the future.

A significant portion of Outokumpu's indebtedness is secured by the Transaction Security. This is likely to limit Outokumpu's ability to obtain unsecured financing as long as any secured debt is outstanding. For example, Outokumpu has utilized commercial paper programs to manage its short-term liquidity needs and expects to continue to do so in the near to medium term; however, there can be no certainty that it will be able to continue to obtain such financing on the same or similar terms as in the past. Although the Intercreditor Agreement entered into in connection with the granting of the Transaction Security and the various financing arrangements do not prohibit Outokumpu from incurring secured indebtedness in the future, they do contain certain restrictions with respect to the types and/or amount of secured indebtedness that Outokumpu may incur in the future. Also, the terms and conditions of the convertible notes maturing in 2020 may have implications when incurring new secured capital market debt. The coupon of the convertible notes increases if incurred new outstanding secured capital market debt exceeds the principal amount of EUR 250 million and the convertible notes are required to be made secured if the amount of outstanding new secured capital market debt exceeds EUR 650 million. Any of the foregoing may limit Outokumpu's ability to raise additional financing on commercially acceptable terms or at all, and as a result, have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu's indebtedness could limit its operational flexibility.

While Outokumpu has significantly deleveraged its balance sheet over the past few years, the Company continues to have indebtedness (as at March 31, 2018, Outokumpu's net debt was EUR 1,086 million), which requires Outokumpu to dedicate a portion of its cash flow to make payments on indebtedness. Outokumpu's indebtedness also increases Outokumpu's vulnerability to adverse general economic and industry conditions and limits Outokumpu's flexibility to plan for or react to changes in the stainless steel market. This could place Outokumpu at a competitive disadvantage as compared to less leveraged competitors and competitors that have more favorable access to capital resources. Outokumpu may also be required to accept less attractive terms from its suppliers due to its indebtedness, which would increase its costs and have an adverse effect on its profitability. Outokumpu's high level of indebtedness could also lead to adverse changes in payment terms with suppliers. Furthermore, credit insurers may not be able to insure sufficient amount of Outokumpu risk for suppliers which again might lead to adverse changes in payment terms and therefore increased financing needs for Outokumpu.

Outokumpu is exposed to interest rate risk on its floating rate debt and the fair value of its financial assets and liabilities.

As at March 31, 2018, Outokumpu's long-term debt and current debt was EUR 1,383 million. Significant part of Outokumpu's debt and related derivatives are linked to short term reference rates, such as EURIBOR, USD LIBOR and STIBOR. In addition to exposures related to market level of interest rates, Outokumpu is also exposed to market level of credit margins. The volatility of credit margins has been high in recent years and, combined with the high level of its indebtedness, Outokumpu considers this risk to be significant. Outokumpu's interest rate risk is monitored as cash flow risk (impact of rate changes on net interest expenses) and fair value risk (impact of rate changes on fair value of monetary assets and liabilities). Outokumpu has established an interest rate hedging policy and uses interest rate swaps to manage the effects of changes in interest rates. Any increase or decrease in interest rates would affect Outokumpu's current interest expenses and its future refinancing costs. The default of a counterparty to any of the hedges or the early termination of any hedging

transaction may lead to increased costs or the loss of the planned protective mechanism. In addition, Outokumpu could be unable to use hedging instruments in line with its hedging strategy or may incur increased costs, or not be able to hedge at all, due to the conditions in the financial markets, Outokumpu's own financial situation, especially its level of indebtedness, its credit ratings or other factors. There can be no assurance that Outokumpu will be able to hedge its exposure to fluctuations in interest rates or that any hedging policy will mitigate the adverse effects of interest rate fluctuations on its results of operations and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu's tax burden could increase due to changes in tax laws or regulations or their application, or as a result of current or future tax audits.

Outokumpu's tax burden is dependent on specific aspects of tax laws and regulations in several jurisdictions, including their application and interpretation. Changes in tax laws or regulations or their interpretation or application could significantly increase Outokumpu's tax burden.

Due to the international nature of its business, Outokumpu is subject to the tax law and regulations of several jurisdictions, in particular with regard to transfer pricing rules that apply in certain jurisdictions. Pursuant to such rules, related enterprises must conduct any inter-company transactions on an arm's length basis and must provide sufficient documentation thereof, subject to the applicable rules of the relevant jurisdiction. Although Outokumpu has transfer pricing policies in place, tax authorities may challenge Outokumpu's compliance with applicable transfer pricing rules. In addition, Outokumpu is subject to regular tax audits by the national tax authorities. As a result of current or future tax audits or other review actions of the relevant market surveillance authorities or tax authorities, additional taxes (including income taxes, withholding taxes, real estate taxes, capital taxes, stamp duties and value added taxes) could be assessed, which could lead to an increase in Outokumpu's tax liabilities, either as a result of the relevant tax payment being assessed directly against Outokumpu or as a result of Outokumpu becoming liable for the relevant tax as a secondary obligor.

Fluctuations in foreign exchange rates could have a material adverse effect on Outokumpu's business, financial condition and results of operations.

A major part of the Group's sales is in euros and U.S. dollars. A significant part of expenses arise in euros, U.S. dollars, Swedish kronas, Mexican pesos and British pounds. In Europe, Outokumpu's products are priced mainly in euros and therefore costs in Swedish krona and British pounds give rise to a significant foreign exchange risk impacting profitability and cash flows. Due to significant amount of captive ferrochrome production and related revenues being linked to U.S. dollar, the EUR/USD exchange rate risk for the Group is significant. In addition, stainless steel contribution margin is impacted by the value of U.S. dollar. Exchange rates may also affect the relative competitiveness of stainless steel producers located in countries that use currencies other than the euro and fluctuations in the exchange rate between those currencies and the euro could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu hedges most of its fair value risk which relates to currency denominated accounts receivables, accounts payables, debt, cash, loan receivables and commodity derivatives. Cash flow risk related to firm commitments, e.g. price fixed sales and purchase orders, is hedged to a large extent, whereas forecasted and probable cash flows can be hedged selectively. Outokumpu is exposed to net income and net investment translation risk mainly in U.S. dollars, Swedish kronas and British pounds. According to Group policy, this risk can be hedged selectively. In 2017, there were no hedges related to net income or net investment exposures. The effective portion of gains (which amounted to EUR 17 million (net of tax) for the year ended December 31, 2017) on earlier financial year's net investment hedges is recognized in other comprehensive income. Changes in currency rates cause translation differences in debt and have therefore impact on Outokumpu's capital structure. The largest debt translation risks relate to U.S. dollars and Swedish krona denominated internal loans. In its consolidated financial statements for the year ended on December 31, 2017, Outokumpu estimated that an increase of 10 percent (a decrease of 10 percent) in EUR/USD exchange rate would have had an impact of EUR +0 million (EUR -0 million), an increase of 10 percent (a decrease of 10 percent) in EUR/SEK exchange rate an impact of EUR -6 million (EUR 7 million), an increase of 10 percent (a decrease of 10 percent) in nickel price in USD an impact of EUR -1 million (EUR 2 million) and a parallel shift of 1 percent (a decrease of 1 percent) in interest rates an impact of EUR +0 million (EUR -0 million) on Outokumpu's profit in 2017, in addition to which an increase of 10 percent (a decrease of 10 percent) in EUR/SEK exchange rate would have an impact of

EUR -6 million (EUR 7 million) impact on Outokumpu's other comprehensive income in 2017. These sensitivity estimates apply only to financial assets and liabilities of Outokumpu and do not cover other assets and liabilities of Outokumpu such as defined benefit pension plan assets and liabilities as well as off-balance sheet items such as sales and purchase orders.

Outokumpu will adopt the IFRS 16 Leases standard, which may impact negatively on Outokumpu's ability to reach the targeted debt-to-equity ratio level of below 35 percent by the end of year 2020.

Outokumpu will adopt the IFRS 16 Leases standard which will become effective for financial years beginning on or after January 1, 2019. IFRS 16 requires the lessees to recognize the lease agreements as right-of-use assets and lease liabilities in the statement of financial position, with the exception of short-term contracts in which the lease term is 12 months or less and low value items. The accounting model is similar to current finance lease accounting according to IAS 17. The adoption of IFRS 16 will increase Outokumpu's non-current assets and non-current and current debt, affecting primarily the accounting for the Group's lease contracts that have currently been classified operating leases. As at December 31, 2017 the present value of Outokumpu's operating lease payments amounted to EUR 88 million. In addition, Outokumpu has contracts currently classified as service contracts which according to guidelines set forth in IFRS 16 may include a lease component. The increase in non-current and current debt may impact negatively on Outokumpu's ability to reach the targeted debt-to-equity ratio level of below 35 percent by the end of year 2020.

Risks Relating to the Notes

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or referred to in this Prospectus;
- (ii) understand thoroughly the Terms and Conditions;
- (iii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iv) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Investors are exposed to credit risk in respect of the Issuer.

Investors in the Notes are exposed to a credit risk in respect of the Issuer. The investor's possibility to receive interest payments and payments of principal under the Notes is thus dependent on the Issuer's ability to fulfill its payment obligations, which in turn is to a large extent dependent on developments in the Issuer's business and the Issuer's financial performance.

Market value of the Notes may be affected by several factors.

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, the value of the reference rate, its volatility, market interest and yield rates. The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in Finland or elsewhere, including factors affecting capital markets generally and the stock exchange on which the Notes are traded. The price at which a holder may be able to sell the Notes from time to time may be at a discount, which could be substantial, to the issue price or the purchase price paid by such holder.

Credit ratings assigned to the Notes and the Issuer may not be accurate and an increase of rating may decrease the restrictions under the Notes.

The Notes have been assigned a credit rating of 'Ba3' by Moody's. The Issuer has a corporate family rating of B1 and B1-PD probability default rating from Moody's. The rating report on the Issuer was issued by Moody's on November 6, 2017. Such ratings do not necessarily reflect the potential impact of the risk factors described in this section, and other risk factors may affect the value of the Notes. Further, the credit ratings assigned by Moody's to the Notes and the Issuer may not reflect the credit ratings that other credit rating agencies may assign to the Notes and/or the Issuer. A credit rating does not constitute a recommendation to buy, sell or hold Notes and may be revised, suspended, modified or withdrawn by Moody's at any time. Further, in the event that the Issuer's business, financial condition or prospects would be adversely impacted, the credit rating for the Issuer or the Notes could be downgraded, which may affect negatively the value of the Notes.

If the Issuer receives one or more of the following: (a) a rating of "BBB-" or higher from Standard & Poor's Rating Services or (b) a rating of "Baa3" or higher from Moody's, pursuant to the Terms and Conditions the restrictions on additional financial indebtedness, mergers and demergers, disposals and subsidiary guarantees are suspended for as long as the Issuer holds such rating. Further, if the Issuer receives an issuer rating of BB or higher by Standard & Poor's Rating Services or corporate family rating of Ba2 or higher by Moody's and the Secured Parties representing at least 50 percent of the Secured Obligations (calculated in accordance with the Intercreditor Agreement) agree to release the Transaction Security and/or the Transaction Guarantee, the Transaction Security and/or the Transaction Guarantee or part thereof may be released. An increase of the credit rating may therefore result in restrictions on additional financial indebtedness, mergers and demergers, disposals and subsidiary guarantees no longer being applicable with respect to the Notes and/or release of the Transaction Security and/or the Transaction Guarantee.

Active trading market for the Notes may not develop.

The Notes constitute a new issue of securities and there has been no prior public market for the Notes. Although application has been made to list the Notes on Nasdaq Helsinki, there can be no assurance that such application will be approved. Further, even if the listing application is approved, there can be no assurance that a liquid public market for the Notes will develop, and even if such a market were to develop, neither the Issuer nor the Joint Lead Managers are under any obligation to maintain such a market. In the absence of a secondary market, Notes may be difficult to sell at a satisfactory market price and the investor should be aware that he may realize a loss upon sale if Notes are sold prior to the redemption date. Even if the Notes are listed on an exchange, trading in the Notes will not always take place. Thus, it may be difficult and costly for the holder of the Notes to sell the Notes within a short time frame, or at all, and it may be difficult for the holder to obtain a price that is equivalent to the price obtainable for securities that are traded in a liquid secondary market.

The liquidity and the market price for the Notes can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and other factors that generally influence the market prices of securities. Such fluctuations may significantly affect the liquidity and the market price of the Notes, which may trade at a discount to the price at which the holder of Notes invested in the Notes.

Since the Notes bear interest at a fixed interest rate, movements in market interest rates can adversely affect the value of the Notes.

The Notes bear interest on its outstanding principal amount at a fixed interest rate. A holder of a security with a fixed interest rate is exposed to the risk that the value of such security could fall as a result of changes in the market interest rate. While the nominal compensation rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. If the market interest rate increases, the value of such a security typically falls, until the yield of such security is approximately equal to the market interest rate. If the market interest rate falls, the value of a security with a fixed interest rate typically increases, until the yield of such a security is approximately equal to the market interest rate. Consequently, the holders of Notes should be aware that movements of the market interest rate can adversely affect the value of the Notes and can lead to losses for the holders of Notes if they sell their Notes.

Joint Lead Managers may have a potential conflict of interest.

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes to be issued hereunder. Any such short positions could adversely affect future trading prices of Notes to be issued hereunder. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments, including the Notes.

Investors may forfeit interest and principal amount invested.

Should the Issuer become insolvent during the term of the Notes, an investor may forfeit interest payable on, and the principal amount of, the Notes in whole or in part. An investor is solely responsible for the economic consequences of its investment decisions.

Laws and practices applicable to the Notes may change.

The Notes are issued under Finnish law in force on the Issue Date. Any new statutes, ordinances and regulations, amendments to the legislation or changes in application of the law (including any amendments to or changes in application of tax laws or regulations) after the Issue Date may affect the Notes and/or have a material adverse effect on the Issuer, which could affect the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes carry no voting rights at the Issuer's general meetings of shareholders.

The Notes carry no voting rights with respect to the general meetings of shareholders of the Issuer. Consequently, in the Issuer's general meetings of shareholders the holders of Notes cannot influence any decisions by the Issuer to redeem the Notes or any decisions by the Issuer's shareholders concerning, for instance, the capital structure of the Issuer, which could impact the Issuer's ability to make payments on the Notes.

Outokumpu may be able to merge, effect asset sales or otherwise effect significant transactions that may have a material adverse effect on the Notes and the holders of Notes.

The Issuer and its subsidiaries may be able to merge, effect asset sales or otherwise effect significant transactions. Although the Terms and Conditions contain restrictions on Outokumpu's ability to enter into a merger, demerger and asset sale transactions these restrictions are subject to a number of significant qualifications and exceptions. Under the Terms and Conditions, in addition to specified permitted asset sales,

Outokumpu will be able to merge with an entity outside Outokumpu and a subsidiary of the Issuer may demerge so long as on a *pro forma* basis the applicable gearing ratio is not exceeded as a result thereof and where assets are transferred outside the Group as a result thereof, the merger or demerger consideration, to the extent in cash, is applied similarly than as if such merger or demerger would have been a disposal. Also, such restrictions would pursuant to the Terms and Conditions become entirely non-applicable if the Issuer receives an Investment Grade Status (as defined in the Terms and Conditions). In the event the Issuer was to enter into any such transaction, holders of Notes may be materially and adversely affected.

Outokumpu may incur additional debt without the consent of the holders of the Notes.

Outokumpu may be able to incur additional debt in the future. Although the credit agreements of Outokumpu as well as Condition 11.2 (*Financial Indebtedness*) and Condition 11.6 (*Negative Pledge*) contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions, and debt incurred in compliance with these restrictions could be substantial and secured. Under the Terms and Conditions, in addition to specified permitted indebtedness and secured indebtedness, Outokumpu will be able to incur additional indebtedness so long as on a *pro forma* basis the applicable gearing ratio is not exceeded. Also, the restriction on additional financial indebtedness would pursuant to the Terms and Conditions become entirely non-applicable if the Issuer receives an Investment Grade Status. Incurring additional debt permitted under the Terms and Conditions may reduce the amount recoverable by the holders of Notes upon winding-up or insolvency of the Issuer.

Outokumpu's possible extensive indebtedness may have an adverse effect on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Outokumpu requires, and expects to continue to require, a significant amount of liquidity and capital resources to finance its business. Possible extensive indebtedness, whether secured or unsecured, may have a significant effect on the operations of Outokumpu, such as (i) limit Outokumpu's ability to raise additional finance on corresponding or more favorable financial and other terms than currently in force in order to finance its future working capital needs, investments, acquisitions or other general operative needs; (ii) require that a considerable part of the cash flow from operating activities of Outokumpu be used for payments of the principle and interests of the debts, which would reduce the assets and cash flows available for operating activities and development of the operations; (iii) make Outokumpu more exposed to unfavorable financial conditions than its competitors, which could weaken the Issuer's competitiveness and (iv) expose Outokumpu to increases in interest rate levels. Although Outokumpu currently generates sufficient funds from operating cash flows to satisfy its debt service requirements and its capacity to obtain new financing is adequate, there can be no assurance that it will maintain such cash flows and adequate financial structure in the future. Inability to comply with any debt covenant included in Outokumpu's financing documents could result in a default under Outokumpu's debt obligations. This could result in the need to renegotiate Outokumpu's financing as a result of which the terms of financing may weaken.

If any payment default occurs, the Issuer's lenders may elect to declare all of the Issuer's outstanding borrowings, together with accrued interest and fees, to be immediately due and payable. In such circumstances, the lenders under the Issuer's credit agreements also have the right to terminate any commitments to provide further financing. If the Issuer is unable to repay outstanding borrowings when due, the lenders under the credit agreements may have the right to proceed against the Transaction Security in accordance with the Intercreditor Agreement or any other collateral granted to them to secure the debt, which collateral is pursuant to the Terms and Conditions permitted to exist and be granted within the limits set out in Condition 11.6 (*Negative Pledge*). If the payment of debt under the Issuer's credit agreements was accelerated, there can be no assurance that any such collateral would be sufficient to repay the Issuer's debt.

Should any of the above factors materialize, this could have a material adverse effect on Outokumpu's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

The Issuer may have an obligation to redeem and purchase the Notes prior to maturity.

As specified in the Terms and Conditions, the holders of Notes are entitled to demand premature repayment of the Notes in case of an Event of Default (see Condition 12 (*Acceleration of the Notes*)), a Change of Control

Event (see Condition 8.3 (*Mandatory Repurchase due to a Change of Control Event (Put Option)*)) or a Security Release Put Option Event (see Condition 8.7 (*Mandatory Repurchase due to a Security Release Put Option Event*)). Such premature repayment may have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes of such holders of Notes who elect not to exercise their right to get their Notes prematurely repaid as well as the market price and value of such Notes.

Furthermore, in case at least 90 percent of the outstanding nominal principal amount of the Notes has been repurchased pursuant to a demand by the holders of Notes based on a Change of Control Event or a Security Release Put Option Event, the Issuer is entitled to prepay also the remaining outstanding Notes at a price per Note equal to 101 percent or 100 percent, as the case may be, of the nominal amount of the Note together with accrued but unpaid interest by notifying the holders of Notes of such prepayment. Such early repayment initiated by the Issuer may incur financial losses or damage, among other things, to such holders of Notes who had prepared themselves to have the amount of the Notes invested until the contractual final maturity of the Notes.

Such early repayment initiated by the Issuer may incur financial losses or damage, among other things, to such holders of Notes who had prepared themselves to have the amount of the Notes invested until the contractual final maturity of the Notes.

The Issuer has a right to redeem and purchase the Notes prior to maturity.

As specified in the Terms and Conditions, in addition to the right for the Issuer to redeem remaining Notes in case at least 90 percent of the aggregate nominal principal amount of the Notes has been repurchased pursuant to a demand by the holders of Notes based on a Change of Control Event or a Security Release Put Option Event, the Issuer is entitled to redeem the Notes at any time prior to maturity either in full or in part (see Condition 8.4 (*Voluntary Total Redemption*) and Condition 8.5 (*Voluntary Partial Redemption upon an Equity Offering*)).

Before June 18, 2020 the premature redemption can only be made by way of a make-whole call. Thereafter but less than 36 months from the Issue Date the redemption can be made at a redemption price of 102.0625 percent of the nominal amount and thereafter but less than 48 months from the Issue Date at a redemption price of 101.0313 percent of the nominal amount and thereafter at a redemption price of 100 percent of the nominal amount, in each case together with accrued unpaid interest. If the Issuer carries out an equity offering, the Issuer may before June 18, 2020 redeem by net cash proceeds received by the Issuer from the offering up to 40 percent of the aggregate original principal amount *pro rata* with respect to each Note at the redemption price per Note equal to 104.125 percent of the principal amount of each Note, within 180 days from the closing of the equity offering.

Further, the Issuer may, at any time, redeem all but not part of the Notes at a redemption price equal to 100 percent of the principal amount of the Notes redeemed, plus accrued and unpaid interest to the redemption date, if on or after the Issue Date the Issuer has or will become obliged to deduct withholding tax relating to the Notes levied by or on behalf of Finland, as a result of any change in, or amendment to, the laws or regulations of Finland or any political subdivision thereof or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after Issue Date, provided that such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Any such early redemption by the Issuer may incur financial losses, among other things, to such holders of Notes who had prepared themselves to have the amount of the Notes invested until the contractual final maturity of the Notes.

In addition, as specified in the Terms and Conditions, the Issuer may at any time purchase Notes in any manner and at any price prior to maturity. Only if such purchases are made through a tender offer, such offer must be available to all holders of Notes on equal terms. The Issuer is entitled to retain, resell or nullify the Notes at its discretion. Consequently, a holder of Notes offering Notes to the Issuer in connection with such purchases may not receive the full invested amount. Furthermore, a holder of Notes may not have the possibility to participate in such purchases. The purchases – whether through tender offer or otherwise – may have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes to such holders who do not participate in the purchases as

well as the market price and value of such Notes.

Such early repayment initiated by the Issuer may incur financial losses or damage, among other things, to such holders of Notes who had prepared themselves to have the amount of the Notes invested until the contractual final maturity of the Notes.

The Issuer may not be able to finance the repurchase of Notes following a Change of Control Event.

Upon a Change of Control Event, the holders of Notes are entitled to demand repurchase of the Notes at a price per Note equal to 101 percent of its nominal amount plus accrued interest to the date of such repurchase. The source for any repurchase required as a result of any such event will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by subsidiaries of the Issuer. If a Change of Control Event occurs, there can be no assurance that the Issuer will have or will be able to generate sufficient funds to repurchase the Notes that have been requested to be repurchased.

Amendments to the Notes bind all holders of Notes.

The Terms and Conditions may be amended in certain circumstances, with the required consent of a defined majority of the holders of Notes. The Terms and Conditions contain provisions for calling meetings of the holders of the Notes to consider matters affecting the interests of the holders of Notes generally. These provisions permit defined majorities to bind all holders of Notes including holders of Notes who did not attend and vote at the relevant meeting and holders of Notes who voted in a manner contrary to the majority. For example, holders of the Notes representing at least 75 percent of the adjusted nominal amount of the Notes for which the holders of the Notes are voting at a meeting of the holders of the Notes or for which holders of the Notes reply in a written procedure may agree to change the issuer, reduce the premium payable upon the redemption or repurchase of any Note, change the interest rate or nominal amount of the Notes, extend the tenor of the Notes or agree to release the Transaction Guarantees and/or the Transaction Security or part thereof. This may incur financial losses, among others, to all holders of the Notes, including such holders of the Notes who did not attend and vote at the relevant meeting or participate in a written procedure and holders of the Notes who voted in a manner contrary to the majority.

Rights to payments under the Notes that have not been claimed within 3 years are prescribed.

In case any payment under the Notes has not been claimed within three (3) years from the original due date thereof, the right to such payment shall be prescribed. Such prescription may incur financial losses to such holders of Notes who have not claimed payment under the Notes within three (3) years.

The completion of the transactions relating to the Notes is reliant on Euroclear Finland Oy's operations and systems.

The Notes are issued in the book-entry securities system of Euroclear Finland Oy, and consequently, no physical securities will be issued. The Notes are dematerialized securities and title to the Notes is recorded and transfers of the Notes are affected only through the relevant entries in the book-entry system and registers maintained by Euroclear Finland Oy and its account operators. Therefore, timely and successful completion of transactions relating to the Notes depends on the fact that the book-entry securities system is operational. Any malfunction or delay in the book-entry securities systems or failure by any party to the system may result in the transaction not to take place as expected or to be delayed, which may cause financial losses or damage to the holders of Notes whose rights depended on the timely and successful completion of the transaction. The Issuer or any other third party will not assume any responsibility for the timely and full functionality of the book-entry securities system.

The rights of the holders of the Notes depend on the Noteholders' Agent's and Security Agent's actions and financial standing.

By subscribing for, or accepting the assignment of, any Note, each holder of a Note will accept the appointment of the Noteholders' Agent (being on the Issue Date Intertrust (Finland) Oy to act on its behalf and to perform administrative functions relating to the Notes, the Intercreditor Agreement and the Transaction Security. The

Noteholders' Agent (for and on behalf of the holders of the Notes) has, in turn, acceded to the Intercreditor Agreement appointing the security agent (the "**Security Agent**") as the agent and representative of certain secured creditors, to represent and act for such secured creditors, including the holders of the Notes (acting though the Noteholders' Agent), in relation to the Transaction Security and the Transaction Guarantees in accordance with the Intercreditor Agreement.

The Noteholders' Agent has, among other things, the right to represent the holders of the Notes in all court and administrative proceedings in respect of the Notes and the sole right and legal authority to represent the holders of the Notes vis-à-vis the Security Agent. Only the Security Agent is entitled to exercise the rights under the Transaction Security and enforce the same. The role of the Noteholders' Agent is governed by the Finnish Act on Noteholders' Agent (574/2017). Any failure by an agent to perform its duties and obligations properly, or at all, may adversely affect the enforcement of the rights of the holders of the Notes due to, for example, inability to enforce the security and/or receive any or all amounts payable from the security in a timely and effective manner.

A failure by the Noteholders' Agent to perform its duties and obligations properly or at all may adversely affect the enforcement of the rights of the holders of the Notes. Funds collected by the Noteholders' Agent as the representative of the holders of the Notes must be held separately from the funds of the Noteholders' Agent and be treated as escrow funds to ensure that in the event of the Noteholders' Agent's bankruptcy, such funds can be separated for the benefit of the holders of the Notes. In the event the Noteholders' Agent would fail to separate the funds in an appropriate manner, the funds could be included in the Noteholders' Agent's bankruptcy estate.

The Noteholders' Agent may be replaced by a successor Noteholders' Agent in accordance with the Terms and Conditions. Generally, the successor Noteholders' Agent has the same rights and obligations as the retired Noteholders' Agent. It may be difficult to find a successor Noteholders' Agent with commercially acceptable terms or at all. Further, it cannot be excluded that the successor Noteholders' Agent would not breach its obligations under the above documents or that insolvency proceedings would not be initiated against it.

Other creditors may become parties to the Intercreditor Agreement in the future. Among other things, the Intercreditor Agreement governs the enforcement of the Transaction Security, the sharing in any recoveries from such enforcement and the release of the Transaction Security by the Security Agent, and provides that, to the extent permitted by applicable law, only the Security Agent has the right to enforce the Transaction Security on behalf of the secured parties. As a consequence, holders of the Notes will not be entitled to take enforcement action in respect of the Transaction Security, except through the Security Agent, who will follow instructions set forth in the Intercreditor Agreement. For more information, see "*Additional Information on the Transaction Guarantees, Transaction Security and Intercreditor Agreement.*"

Materialization of any of the above risks may have a material adverse effect on the enforcement of the rights of the holders of the Notes and the rights of the holders of the Notes to receive payments under the Notes.

The Transaction Security may not be sufficient to cover all the Secured Obligations and the enforcement of the security may be delayed or the security may not be enforceable at all.

There is no assurance that the Transaction Security, benefiting, among others, the holders of the Notes, will be sufficient to cover all the Secured Obligations and, therefore, all the Issuer's payment obligations under the Notes may not be secured, if at all. For example, the Intercreditor Agreement includes a right, under certain conditions, for additional creditors to accede to the Intercreditor Agreement (either as a result of refinancing of the liabilities to the original secured creditors or as a result of incurrence of additional indebtedness) which may increase the amount of Secured Obligations and accordingly reduce the proportionate share of the holders of the Notes of the Transaction Security. The receivables of the holders of the Notes rank *pari passu* with the receivables of the other secured creditors except for certain liabilities owed to the Security Agent and certain enforcement costs of the secured creditors, which will have priority to the enforcement proceeds of the Transaction Security and Transaction Guarantees.

In addition, any enforcement may be delayed due to any inability to sell the security assets in a timely and efficient manner.

The enforcement of security will be subject to the procedures and limitations set out in an Intercreditor Agreement.

Even if the security were granted and were enforceable, the enforcement is subject to the procedures and limitations agreed in the Intercreditor Agreement. As there are secured creditor groups that would represent a larger portion of the Secured Obligations than the holders of the Notes, there can be no assurance as to the ability of the holders of the Notes without the support of the other creditor groups to (through the Noteholders' Agent) instruct the Security Agent to initiate any enforcement procedures. The Intercreditor Agreement also contains limitations on the ability of different creditor groups to take action under the Intercreditor Agreement and, therefore, any enforcement of security may be delayed due to the provisions of the Intercreditor Agreement.

Insolvency administrator may not respect the Intercreditor Agreement.

The Intercreditor Agreement contains provisions for the sharing between the Secured Parties of the proceeds received from the enforcement of the Transaction Security and Transaction Guarantees. If a Secured Party receives enforcement proceeds or other payments in excess of what is stipulated by the Intercreditor Agreement, such Secured Party is obligated to share such proceeds or payments with the other Secured Parties. However, it is not certain that a Secured Party or a bankruptcy administrator of such Secured Party would respect the Intercreditor Agreement which potentially could adversely affect the other Secured Parties.

The shorter tenor of the other Secured Obligations may have a negative impact on the interests of the holders of the Notes.

While the Transaction Security secures the Secured Parties *pari passu* (with certain exception), the Notes and the other Secured Obligations do not have the same tenor and the Issuer may amortize and make prepayments under the other Secured Obligations without having to make corresponding amortizations or prepayments under the Notes. The shorter tenor of the other Secured Obligations could have a negative impact on the interests of the holders of the Notes.

The Intercreditor Agreement and the Transaction Security Documents may be amended without the consent of the holders of the Notes.

The Terms and Conditions provide for the Noteholders' Agent to agree to amendments and replacement of the Intercreditor Agreement and grant waivers and consents and give written instructions in respect of the Intercreditor Agreement and the Transaction Security Documents without consulting the holders of the Notes provided that the ranking of external debt and the priority of payments under such debt does not become less beneficial to the holders of the Notes than under the Intercreditor Agreement in force on the Issue Date and that in relation to Transaction Security Documents such amendment, waiver, consent or instructions do not relate to a release of the Transaction Security except as expressly agreed in the Terms and Conditions. Any of the before-mentioned actions may result in less beneficial rights and more cumbersome obligations for the holders of the Notes under the Intercreditor Agreement and the Transaction Security Documents.

The Notes and each of the Transaction Guarantees are structurally subordinated to present and future liabilities of non-Guarantor subsidiaries.

The holders of the Notes (and the other Secured Parties) benefit from guarantees provided by certain of the Issuer's subsidiaries. In the event of insolvency, liquidation or a similar event relating to one of the guarantors, all other creditors of such subsidiary would be entitled to payment out of the assets of such subsidiary with the same priority as the holders of the Notes to the extent the Transaction Security does not provide for a prioritized position for the Secured Parties. In case of such an insolvency event in a subsidiary not being a guarantor, an entity within the Group, as a shareholder, or the holders of the Notes as Secured Parties in relation to a share pledge over the shares in such subsidiary would be entitled to any payments only after the other creditors have received full payment for their claims. Thus the Notes are in the latter case structurally subordinated to the liabilities of such subsidiaries.

Defaults by, or the insolvency of, certain subsidiaries of the Issuer could result in the obligation of the Group to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.

The Transaction Guarantees and Transaction Security are subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.

According to the Intercreditor Agreement and the Transaction Security Documents certain Transaction Guarantees and the Transaction Security will be limited to the maximum amount that can be guaranteed or secured by the relevant Guarantor or Security Provider without rendering the relevant Transaction Guarantee or Transaction Security voidable or otherwise ineffective under applicable law and enforcement of each Transaction Guarantee and Transaction Security would be subject to certain generally available defenses. These laws and defenses include those that relate to corporate benefit, fraudulent transfer or conveyance, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance and other laws, a court could subordinate or void the Transaction Guarantees or Transaction Security granted under the Intercreditor Agreement and by relevant Transaction Security Documents and, if payment had already been made under a Transaction Guarantee or upon enforcement of the Transaction Security, require that the recipient return the payment to the relevant Guarantor or Security Provider, if the court found that:

- the relevant Transaction Guarantee or Transaction Security was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor or Security Provider or, in certain jurisdictions, even when the recipient was simply aware that the Guarantor or Security Provider was insolvent when it granted the relevant Transaction Guarantee or Transaction Security;
- the Guarantor or Security Provider did not receive fair consideration or reasonably equivalent value for the relevant Transaction Guarantee or Transaction Security and the Guarantor or Security Provider was: (i) insolvent or rendered insolvent because of the relevant Transaction Guarantee or Transaction Security; (ii) undercapitalized or became undercapitalized because of the relevant Transaction Guarantee or Transaction Security; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the relevant Transaction Guarantees or Transaction Security were held to exceed the corporate objective of the Guarantor or Security Provider or not to be in the best interests or for the corporate benefit of the Guarantor or Security Provider; or
- the amount paid or payable under the relevant Transaction Guarantee or the enforcement proceeds in respect of the Transaction Security was in excess of the maximum amount permitted under applicable law.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon applicable governing law. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, is greater than the fair value of all its assets;
- the present fair salable value of its assets is less than the amount required to pay the probable liability on its existing debts and liabilities, including contingent liabilities, as they become due; or
- it cannot pay its debts as they become due.

If a court were to find that the granting of a Transaction Guarantee or Transaction Security was a fraudulent conveyance or held it unenforceable for any other reason, the court could hold that such Transaction Security or the payment obligations under such Transaction Guarantee is ineffective, and/or require the holders of the Notes to repay any amounts received with respect to such Transaction Guarantee or Transaction Security. In the event of a finding that a fraudulent conveyance occurred, the holders of the Notes may cease to have any claim in respect of the relevant Guarantor or the benefit of such Transaction Security and would be a creditor solely of the Issuer and, if applicable, of the other Guarantors under any Transaction Guarantees that have not been declared void and benefit of other Transaction Security that have not been declared void.

Additionally, any future pledge of Transaction Security might be avoidable by the security provider (as debtor-in-possession) or by its trustee in bankruptcy (or similar officer) if certain events or circumstances exist or occur, including, among others, if the security provider is insolvent at the time of the pledge, the pledge permits the

holders of the Notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the security provider is commenced within three months following the pledge, or in certain circumstances, a longer period. In order to receive the benefit of a security interest, the secured creditors must hold secured claims (i.e., the secured party and the creditor have to be the same person).

In addition, under the Terms and Conditions and the Intercreditor Agreement, the Group will be permitted in the future to incur additional indebtedness and other obligations that may share the Transaction Security and Transaction Guarantees. The granting of new security interests may require the releasing and retaking of security or otherwise create new hardening periods in certain jurisdictions. The applicable hardening period for these new security interests will run from the moment each new security interest has been granted or perfected. At each time, if the security interest granted or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and it may not be possible to enforce it.

Further, the Transaction Guarantees and the Transaction Security, or the enforcement thereof, will be subject to certain contractual or other limitations or subordinated under applicable law. The enforcement of the Transaction Guarantees and the Transaction Security will be limited to the extent that the granting of such Transaction Guarantees and the Transaction Security is not in the corporate interest of the relevant guarantor or provider of security, would be in breach of capital maintenance or thin capitalization rules or any other general statutory laws or where the burden of such Transaction Guarantee or Transaction Security exceed the benefit to the relevant guarantor or provider of security. In particular, contractual limits may be applicable to certain Transaction Guarantees or Transaction Security to the extent the granting of such Transaction Guarantee or enforcement of relevant Transaction Security would result in a breach of capital maintenance rules or other statutory laws or would cause the directors of any Guarantor or provider of Transaction Security to contravene their duties to incur civil or criminal liability or to contravene any legal prohibition.

Enforcing rights under the Notes or the Transaction Guarantees or the Transaction Security across multiple jurisdictions may prove difficult.

The Issuer is incorporated under the laws of Finland and certain of the Guarantors and Security Providers are incorporated or organized under the laws of various other jurisdictions. The Transaction Security includes the shares of certain of the Issuer's subsidiaries incorporated under the laws of these jurisdictions. The Transaction Guarantees are provided under the Intercreditor Agreement which is governed by English law. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in various jurisdictions. Such multijurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of the rights of the holders of the Notes. The rights of the holders of the Notes under the Notes, the Transaction Guarantees and the Transaction Security will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that the Security Agent will be able to effectively enforce the Secured Parties' rights in such complex, multiple bankruptcy, insolvency or similar proceedings. The multijurisdictional nature of enforcement over the Transaction Security may limit the realizable value of the Transaction Security. The validity of the Transaction Security may be subject to challenge and Transaction Security may be set aside in insolvency proceedings.

Moreover, in certain jurisdictions, it is unclear whether all Transaction Security give the Security Agent a right to prevent other creditors from foreclosing on and realizing the Transaction Security or whether certain security interests only give the Security Agent priority in the distribution of any proceeds of such realization. Accordingly, the Security Agent and holders of the Notes may not be able to avoid foreclosure by other creditors (including unsecured creditors) on the assets subject to Transaction Security.

Transaction Security and Transaction Guarantees may be released under certain circumstances.

In addition to the authority for the Security Agent to release relevant part of the Transaction Security and Transaction Guarantees and to discharge Secured Obligations and certain intra-group liabilities in order to facilitate enforcement of Transaction Security or a distressed disposal or appropriation made in accordance with the Intercreditor Agreement, the Intercreditor Agreement provides that in connection with a disposal of an asset by a member of the Group permitted under the terms of the secured financing under non-distressed circumstances, the Security Agent is under the Intercreditor Agreement authorized to release Transaction Security over that asset and where the asset consists of shares in a Group company, Transaction Guarantee and

Transaction Security granted by such company. Although the Transaction Security shall be released *pro rata* between the Secured Parties and continue to rank *pari passu* between the Secured Parties, such release will impair the security interest and the secured position of the holders of the Notes.

The Terms and Conditions provide that the Noteholders' Agent shall in certain circumstances agreed therein, take actions necessary to release the Transaction Guarantees and Transaction Security or part thereof.

The Noteholders' Agent shall also take actions necessary to release all Transaction Guarantees and/or Transaction Security if (a) once the Issuer has received an issuer rating of BB or higher by Standard & Poor's Rating Services or corporate family rating of Ba2 or higher by Moody's, the Secured Parties representing at least 50 percent of the Secured Obligations agree to release all of the Transaction Security and/or the Transaction Guarantees; or (b) the Secured Obligations (other than in respect of the Notes or other senior notes issued by the Issuer and benefiting from the Transaction Security and/or the Transaction Guarantees) have been refinanced, are agreed to be amended to continue or pursuant to their terms and conditions may or shall continue on an unsecured and/or unguaranteed basis, in each case further provided that all of the Transaction Security and/or the Transaction Guarantees when released are released with respect to all Secured Obligations (including other secured notes) simultaneously.

The Noteholders' Agent shall take actions necessary to release a part of Transaction Guarantees and/or Transaction Security if (a) once the Issuer has received an issuer rating of BB or higher by Standard & Poor's Rating Services or corporate family rating of Ba2 or higher by Moody's, the Secured Parties representing at least 50 percent of the Secured Obligations agree to release such part of the Transaction Security and/or the Transaction Guarantees; or (b) assets subject to such part of the Transaction Security are sold, transferred or otherwise disposed to another member of the Group and such assets become covered by Transaction Security provided by such recipient member of the Group or corresponding new Transaction Security is granted by such recipient member of the Group; or (c) the provider of Transaction Security (other than the Issuer) is to cease to exist as result of a merger, demerger, corporate reorganization or solvent liquidation not prohibited under the Terms and Conditions, in each case further provided that such part of the Transaction Security and/or the Transaction Guarantees when released is released with respect to all Secured Obligations (including other secured notes) simultaneously.

After any such release, depending on the scope of the release, the holders of the Notes may become unsecured and unguaranteed and lose priority in case of foreclosure, dissolution, winding-up, liquidation, recapitalization, administrative or other bankruptcy or insolvency proceedings of any member of the Group. Further, there can be no assurance that, following a release of any part of the Transaction Security or Transaction Guarantees, the credit rating assigned to the Notes by Moody's would not be downgraded, which may affect negatively the value of the Notes.

Please see "*Additional Information on the Transaction Guarantees, Transaction Security and Intercreditor Agreement*".

Rights in the Transaction Security may be adversely affected by the failure to perfect the Transaction Security.

Applicable law may require that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured creditor or the security provider. The Transaction Security may not be perfected if the Security Agent or the relevant security provider is not able to or does not take the actions necessary to perfect or maintain the perfection of any such security. Such failure may result in the invalidity of the relevant Transaction Security or adversely affect the priority of such security interest in favor of third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Transaction Security. In addition, applicable law may require that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the Security Agent will monitor, or that Outokumpu will inform the Security Agent of, the future acquisition of property and rights that constitute Transaction Security, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. The Security Agent has no obligation to monitor the acquisition of additional property or rights that is purported to be covered by the Transaction Security or the perfection of any security interest therein. Such failure may result in the loss of the security interest in the Transaction Security or adversely affect

the priority of the security interest in favor of the Secured Parties against third parties including a trustee in bankruptcy and other creditors who may claim Transaction Security.

Certain liabilities have priority to the proceeds from the enforcement of Transaction Security and Transaction Guarantees and payments in a distressed situation.

The proceeds from the enforcement of the Transaction Security and Transaction Guarantees as well as in a distressed situation any payments under the receivables covered by the Intercreditor Agreement are pursuant to the Intercreditor Agreement subject to the waterfall set out therein. The waterfall provides for a priority before the Notes to certain liabilities owed to the Security Agent and certain enforcement costs of the Secured Parties. The priority in the waterfall for certain other liabilities will decrease the benefit of the Transaction Security and Transaction Guarantees and in general payments available to be shared by the holders of the Notes and accordingly the proportional share available to the holders of the Notes.

RESPONSIBILITY REGARDING THIS PROSPECTUS

The Issuer has furnished the information in this Prospectus and accepts responsibility for the completeness and accuracy of the information presented herein. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

INFORMATION DERIVED FROM THIRD PARTY SOURCES

This Prospectus contains information about Outokumpu's markets and Outokumpu's competitive position therein. Where certain information contained in this Prospectus has been derived from third party sources, such as industry publications, such sources have been identified therein. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the correctness and completeness of such information is not guaranteed. Information compiled and published by the European Steel Association (the "EUROFER"), Steel and Metals Market Research (the "SMR"), American Iron and Steel Association (the "AISI"), CRU Ferrochrome Market Service (the "CRU"), the U.S. Department of Commerce and the World Steel Association has been referred to in this Prospectus under sections "*Information about the Issuer*", "*Industry and Market Overview*" and "*Business Overview*". Outokumpu confirms that such third party information has been accurately reproduced herein and as far as Outokumpu is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, Outokumpu or the Joint Lead Managers have not independently verified, and cannot give any assurances as to the appropriateness of, such information. Should this Prospectus contain market data or market estimates in connection with no source has been presented, such market data or market estimate is based on Outokumpu's management's estimates.

AVAILABILITY OF THIS PROSPECTUS

This Prospectus is available as of June 19, 2018 at the website of the Company at www.outokumpu.com/en/investors and at the offices of the Company at Salmisaarenranta 11, FI-00180 Helsinki, Finland.

For the avoidance of doubt, other than the parts of the documents incorporated by reference (see "*Information Incorporated by Reference*") the contents of Outokumpu's website or any other website do not form a part of this Prospectus, and prospective investors should not rely on such information in making their decision to invest in the Notes.

CREDIT RATINGS

The Notes have been assigned a credit rating of 'Ba3' by the international credit rating agency Moody's. The Issuer has a corporate family rating of B1 and B1-PD probability default rating from Moody's. The rating report on the Issuer was issued by Moody's on November 6, 2017.

Moody's is established in the EU and is registered under Regulation (EC) No. 1060/2009 (as amended).

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus, including but not limited to certain statements set forth under "*Summary*", "*Risk Factors*", "*Information about the Issuer*", "*Business Overview*" and "*Financial Information and Prospects*" are based on the beliefs of Outokumpu's corporate management as well as assumptions made by and information currently available to it, and such statements may constitute forward-looking statements. The words "believe", "expect", "anticipate", "intend" or "plan" and similar expressions identify such forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Outokumpu, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Examples of these risks, uncertainties and other factors include, but are not limited to those discussed

in section “*Risk Factors*” in this Prospectus including the following: general economic and business conditions; changes in the competitive market situation; ability to obtain financing on terms that are favorable or consistent with Outokumpu’s expectations; the impact of changes in operating and financing costs, including changes in interest rate level; legislative and judicial developments; and fluctuations in the market price of the Notes. The above examples are not exhaustive and new risks emerge from time to time. In addition to factors that may be described elsewhere in this Prospectus, the factors discussed under “*Risk Factors*” could cause the Outokumpu’s actual results of operations or its financial condition to differ materially from those expressed in any forward-looking statement. Should one or more of these or other risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the actual results of operations or financial condition of Outokumpu or its ability to fulfil its obligations under the Notes could differ materially from those described herein as anticipated, believed, estimated or expected.

The Issuer does not intend, and does not assume any obligation, to update any forward-looking statements contained herein unless required to do so by applicable legislation.

ALTERNATIVE PERFORMANCE MEASURES

Outokumpu uses certain financial measures, which, in accordance with the “Alternative Performance Measures” guidelines of the European Securities and Markets Authority, are not financial measures of historical or future financial performance, financial position, or cash flows, defined or specified in IFRS and are, therefore, considered alternative performance measures. Outokumpu uses alternative performance measures as additional information to financial measures presented in the consolidated statement of income, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. The alternative performance measures do not replace performance measures in accordance with the IFRS nor should they be viewed in isolation or as a substitute to the IFRS financial measures.

Outokumpu uses the following alternative performance measures:

- EBITDA;
- adjusted EBITDA;
- adjusted EBITDA margin;
- operating result (EBIT);
- adjusted operating result (adjusted EBIT);
- net result margin;
- return on equity (ROE);
- return on capital employed (ROCE);
- net debt;
- net debt to adjusted EBITDA;
- debt-to-equity ratio (gearing);
- capital expenditure; and
- capital expenditure in relation to sales.

Alternative performance measures, as such are presented, are primarily derived from performance measures as reported in accordance with the IFRS by adding or deducting the items affecting comparability and they will be nominated as adjusted. Items affecting comparability are, among others, material items related to mergers and acquisitions or major development projects, material gains or losses related to the acquisition or disposals of business units, material gains or losses related to the acquisition or disposal of intangible assets, material expenses related to decisions by authorities and material gains or losses related to reassessment of potential repayment risk to the Outokumpu’s funds. Outokumpu believes that alternative performance measures better denote the financial performance of its business and improve the comparability between different financial periods. Further, Outokumpu believes that alternative performance measures provide the Company’s management, investors, market analysts and other parties with considerable additional information relating to Outokumpu’s financial condition, results of operations and cash flows.

Alternative performance measures used by companies may differ from company to company and the calculation formulas used by companies may not be uniform. Therefore, the alternative performance measures used by Outokumpu may not be comparable with other similarly titled measures presented by other companies.

Furthermore, the alternative performance measures may not be indicative of Outokumpu's historical results of operations and are not meant to be predictive of future prospects.

OTHER INFORMATION

Financial information set forth in a number of tables in this Prospectus has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

In this Prospectus, references to "euro" or "EUR" are to the currency of the member states of the EU participating in the European Economic and Monetary Union, references to "U.S. dollar" or "USD" are to the lawful currency of the United States, references to "British pound sterling" refer to the lawful currency of the United Kingdom, references to "Swedish krona" refer to the lawful currency of Sweden and references to "Mexican pesos" refer to the lawful currency of Mexico.

NOTICE TO CERTAIN INVESTORS

Notice to Prospective Investors in the European Economic Area

This Prospectus has been prepared on the basis that all offers of the Notes in the EEA will be made pursuant to an exemption under the Prospectus Directive, as implemented in the member states of the EEA, from the requirement to produce a prospectus under the Prospectus Directive for offers of securities. Accordingly, any person making or intending to make any offer of the Notes within the EEA should only do so in circumstances in which no obligation arises for the Issuer or the Joint Lead Managers to publish a prospectus under the Prospectus Directive for such offer. Neither the Issuer nor the Joint Lead Managers have authorized, nor do they authorize, the making of any offer of securities through any financial intermediary.

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") an offer to the public of any Notes may not be made in that Relevant Member State, except that an offer of the Notes to the public in that Relevant Member State may be made pursuant to the following exemptions from the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive (Directive 2010/73/EU), to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall result in a requirement for a publication of a prospectus pursuant to Article 3 of the Prospectus Directive by the Issuer or the Joint Lead Managers.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase any Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Notice to Prospective Investors in the United Kingdom

This Prospectus does not constitute an offer to the public. Therefore, in the United Kingdom, this Prospectus may only be communicated to persons in circumstances where the provisions of Section 21(1) of the Financial Services and Markets Act 2000, as amended, do not apply to the Issuer and is solely directed at persons in the United Kingdom who (a) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (b) persons falling within Article 49(2)(a) to (d) of the Order, or other persons to whom it may be lawfully

communicated (all such persons together being referred to as “**relevant persons**”). This Prospectus is directed only at relevant persons and any person who is not a relevant person must not act or rely on this Prospectus or any of its contents.

Notice to Prospective Investors in Switzerland

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange Ltd. (“**SIX Swiss Exchange**”) or on any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Offer and Sales Restrictions in the United States

The Notes have not been, and will not be, registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph and not otherwise defined herein the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act.

TERMS AND CONDITIONS OF THE NOTES



TERMS AND CONDITIONS FOR

OUTOKUMPU OYJ

EUR 250,000,000

RATED SENIOR SECURED FIXED RATE NOTES

ISIN: FI4000331004

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1. Definitions and Construction

1.1 Definitions

In these terms and conditions (the “**Terms and Conditions**”):

“**Accounting Principles**” means international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC on the application of international accounting standards (or as otherwise adopted or amended from time to time, except where specifically stated to refer to such standards as in force on the Issue Date).

“**Act on Noteholders’ Agent**” means the Finnish Act on Noteholders’ Agent (Fin: *Laki joukkolainanhaltijoiden edustajasta 574/2017*, as amended).

“**Additional Amounts**” has the meaning set forth in Clause 21.

“**Additional Senior Financing**” means any indebtedness incurred by any Group Company which is notified to the Security Agent by the Issuer as indebtedness to be treated as “Additional Senior Financing” for the purposes of the Intercreditor Agreement.

“**Adjusted Nominal Amount**” means the Total Nominal Amount less the aggregate Outstanding Nominal Amount of all Notes owned by a Group Company, irrespective of whether such Group Company is directly registered as owner of such Notes.

“**Affiliate**” means, in relation to any specified Person, another Person directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purpose of this definition, “**control**” when used with respect to any Person means the power to direct the management or policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing.

“**Agency Agreement**” means the agency agreement entered into on or before the Issue Date, between the Issuer and Intertrust (Finland) Oy, or any replacement agency agreement entered into after the Issue Date between the Issuer and a replacing Noteholders’ Agent.

“**Agent**” means the Noteholders’ Agent and the Security Agent, as applicable.

“**Applicable Premium**” means, in relation to a Note, the higher of:

- (a) 1.00 percent of the principal amount of such Note; and
- (b) the excess (to the extent positive) of:
 - (i) the present value at relevant Redemption Date of (i) the redemption price of such Note at the First Call Date, (such redemption price expressed in percentage of principal amount and as set out in Clause 8.4.2), plus (ii) all required interest payments due on such Note to and including the First Call Date, (excluding accrued but unpaid Interest to the Redemption Date), computed using (a) a rate per annum equal to the annual yield to maturity of the Comparable Bond, assuming a price equal to the Comparable Bond Price for the Calculation Date plus (b) 0.50 percent; over
 - (ii) the outstanding principal amount of such Note, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

The Applicable Premium shall be calculated and determined by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Noteholders’ Agent or any Paying Agent.

“**Asset Backed Lending**” means any asset based lending facility or facilities entered into by

- (a) Outokumpu Stainless USA, LLC (or any other Group Company the jurisdiction of incorporation or organization of which is a state of the United States or the District of Columbia); or
- (b) Outokumpu Europe Oy,

where the aggregate indebtedness outstanding at any time does not exceed EUR 500,000,000 (or its equivalent).

“**Book-Entry Securities System**” means the Infinity system being part of the book-entry register maintained by the CSD or any other replacing book-entry securities system.

“**Book-Entry System Act**” means the Finnish Act on Book-Entry System and Clearing Operations (Fin: *Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 348/2017, as amended).

“**Business Day**” means a day on which the deposit banks are generally open for business in Helsinki.

“**Business Day Convention**” means the first following day that is a CSD Business Day.

“**Calculation Date**” means the third Business Day prior to the Redemption Date.

“**Cash and Cash Equivalent Investments**” means cash and cash equivalents as reported by the Issuer in its consolidated financial statements.

“**Cash Proceeds**” has the meaning set forth in Clause 11.5.2.

“**Change of Control Event**” means (A) the occurrence of an event or series of events whereby one or more Persons, acting in concert (Fin: *yksissä tuumin toimiminen*), acquire control over the Issuer and where “**control**” means (a) acquiring or controlling, directly or indirectly, more than 50 percent of the total voting rights represented by the shares of the Issuer (being votes which are capable of being cast at general meetings of shareholders) or (b) the right to, directly or indirectly, appoint or remove at least a majority of the members of the board of directors of the Issuer; or (B) the direct or indirect sale, transfer, conveyance or other disposition, in any transaction or a series of related transactions, of all or substantially all of the properties or assets of the Group as a whole to any Person or group of Persons acting in concert, other than the Issuer or one of its Subsidiaries.

“**Comparable Bond**” means the DBR 1.500 percent due May 15, 2024 (ISIN: DE0001102358).

“**Comparable Bond Price**” means (a) the average of five Reference Bond Dealer Quotations, after excluding the highest and lowest of such Reference Bond Dealer Quotations; or (b) if the Issuer obtains fewer than five such Reference Bond Dealer Quotations, the average of all such Reference Bond Dealer Quotations.

“**CSD**” means Euroclear Finland Oy, business identity code 1061446-0, Urho Kekkosen katu 5 C, P.O. Box 1110, FI-00101 Helsinki, Finland or any entity replacing the same as a central securities depository.

“**CSD Business Day**” means a day on which the Book-Entry Securities System is open in accordance with the regulations of the CSD.

“**Designated Non-cash Consideration**” means the fair market value (as determined in good faith by the Issuer) of non-cash consideration received by the Issuer or one of the Group Companies in connection with a disposal of assets in accordance with Clause 11.5 that is so designated as Designated Non-Cash Consideration pursuant to an officer’s certificate, setting forth the basis of such valuation, less the amount of cash and cash equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with Clause 11.5.

“**EBITDA**” means the reported EBIT of the Group before depreciation, amortization and impairments (excluding the results from discontinued operations) as reported by the Issuer in its latest audited consolidated financial statements.

“**EEA**” means the European Economic Area.

“**Equity Offering**” means an offering of ordinary shares or another class of shares by the Issuer for cash consideration, the proceeds of which are contributed to the equity of the Issuer other than, for the avoidance of doubt, as a result of the conversion of the existing convertible notes into equity of the Issuer.

“**Euro**” and “**EUR**” means the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

“**Event of Default**” means an event or circumstance specified in paragraphs (a) to (g) of Clause 12.1.

“**Existing Financial Indebtedness**” means the Financial Indebtedness under the facilities listed in Appendix 2 (*Certain Existing Financial Indebtedness*).

“**Final Maturity Date**” means June 18, 2024.

“**Finance Documents**” means these Terms and Conditions, the Intercreditor Agreement, the Intercreditor Accession Deed, the Transaction Security Documents, any Security Confirmation, any document evidencing Replacing Guarantee or Replacing Security, any document by which these Terms and Conditions and any other before mentioned document are amended or any part thereof waived in compliance with Clause 18 (*Amendments and Waivers*) and, for the purposes of the Intercreditor Agreement only, also the Agency Agreement.

“**Finance Lease**” means any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease other than any liability in respect of a lease or hire purchase contract which would, in accordance with the Accounting Principles in force prior to the Issue Date, have been treated as an operating lease.

“**Financial Indebtedness**” means:

- (a) moneys borrowed (including under any bank financing);
- (b) the amount of any liability in respect of Finance Leases;
- (c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);
- (d) any amount raised pursuant to any note purchase facility or the issue of any bond or note or similar instrument;
- (e) any other transaction (including the obligation to pay deferred purchase price) having the commercial effect of a borrowing or otherwise being classified as borrowing under the Accounting Principles;
- (f) the marked-to-market value of derivative transactions entered into in connection with protection against, or in order to benefit from, the fluctuation in any rate or price (if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (g) counter-indemnity obligations in respect of guarantees or other instruments issued by a bank or financial institution; and
- (h) liabilities under guarantees or indemnities for any of the obligations referred to in paragraphs (a) to (g) above.

“**Finnish Securities Market Act**” means the Finnish Securities Market Act (Fin: *Arvopaperimarkkinalaki 746/2012*, as amended).

“**First Call Date**” means June 18, 2020.

“**Force Majeure Event**” has the meaning set forth in Clause 24.1.

“**Group**” means the Issuer and its Subsidiaries from time to time (each a “**Group Company**”).

“**guarantee**” means any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any Person or to make an investment in or loan to any Person or to purchase assets of any Person where, in each case, such obligation is assumed in order to maintain or assist the ability of such Person to meet its indebtedness but for the avoidance of doubt excludes any comfort letter that does not include any such obligation and further, does not include any obligation arising in relation to mutual real estate companies or companies established in accordance with the so-called *mankala* principle where, *inter alia*, each shareholder is obligated to make any investment in, and pay for the costs and expenses arising from the company’s operations, relative to its ownership.

“**incurrence**” or “**incur**” includes the issuance, assumption, guarantee of, or otherwise becoming liable for, any Financial Indebtedness (including through acquiring an asset, business or entity).

“**Incurrence Test**” means the test set forth in Clause 11.10 (*Financial Undertakings*).

“**Insolvent**” means, in respect of a relevant Person, that it (i) is deemed to be insolvent within the meaning of Section 1 of Chapter 2 of the Finnish Bankruptcy Act (Fin: *Konkurssilaki* 120/2004, as amended) (or its equivalent in any other jurisdiction), (ii) admits inability to pay its debts as they fall due, (iii) suspends making payments on any of its debts, (iv) by reason of actual financial difficulties commences negotiations with its creditors (other than the Noteholders in their capacity as such) with a view to rescheduling and conversion to equity (or any other unusual discharge) of any of its indebtedness (including company reorganization under the Finnish Act on Company Reorganization (Fin: *Laki yrityksen saneerauksesta* 47/1993, as amended) (or its equivalent in any other jurisdiction)) or (v) is subject to involuntary winding-up, dissolution or liquidation.

“**Instructing Group**” means, at any time, those senior creditors whose senior credit participations at that time aggregate more than 50 percent of the total senior credit participations (calculated on the basis of commitments, as applicable) at that time as more precisely described and calculated in accordance with the Intercreditor Agreement.

“**Intercreditor Accession Deed**” means the intercreditor accession deed dated on or around the Issue Date between the Noteholders’ Agent and the Security Agent pursuant to which the Noteholders’ Agent has acceded, or will accede, on behalf of the Noteholders, to the Intercreditor Agreement.

“**Intercreditor Agreement**” means:

- (a) initially the intercreditor agreement entered into on February 28, 2014 between, among others, the Issuer, the Debtors (as defined in the Intercreditor Agreement), The Law Debenture Trust Corporation p.l.c. as Security Agent, Nordea Bank AB (publ) as agent and the Lenders (as defined in the Intercreditor Agreement) to which the Noteholders’ Agent has acceded, or will accede, on behalf of the Noteholders on or around the Issue Date; and
- (b) any Subsequent Intercreditor Agreement, as applicable.

“**Interest**” means the interest on the Notes calculated in accordance with Clauses 7.1 to 7.3.

“**Interest Bearing Debt**” means consolidated short-term and long-term interest bearing liabilities of the Group including without limitation loans from related parties, any indebtedness incurred in respect of any debenture, bond or note, loans from financial institutions, Pension Loans, indebtedness incurred in respect of the issuance of any commercial paper, indebtedness incurred in respect of finance leases and other current liabilities and other long term liabilities reported under current and long term debt in the consolidated balance sheet of the latest consolidated financial statements of the Group and excluding accrued interest, derivative liabilities and liabilities directly attributable to assets held for sale.

“Interest Payment Date” means June 18 and December 18 in each year or, to the extent such day is not a CSD Business Day, the CSD Business Day following from the application of the Business Day Convention. The first Interest Payment Date for the Notes shall be December 18, 2018 and the last Interest Payment Date shall be the relevant Redemption Date.

“Interest Period” means (i) in respect of the first Interest Period, the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date (or a shorter period if relevant). An Interest Period shall not be adjusted by application of the Business Day Convention.

“Interest Rate” means 4.125 percent per annum.

“Investment Grade Status” shall occur when the Issuer receives one (or more) of the following:

- (a) a rating of “BBB-” or higher from Standard & Poor’s Rating Services; or
- (b) a rating of “Baa3” or higher from Moody’s Investors Service Limited;

or the equivalent of such rating by either such rating organization.

“Issue Date” means June 18, 2018.

“Issuer” means Outokumpu Oyj, a public limited liability company incorporated under the laws of Finland with business identity code 0215254-2.

“Kemi Deep Mine Project” means the feasibility study and ongoing investment relating to the deepening of the existing underground chromium mine in Kemi, with the purpose of ensuring the supply of chromium ore.

“Material Group Company” means:

- (a) the Issuer;
- (b) until the Security Release Event, a provider of Transaction Guarantee;
- (c) until the Security Release Event, a wholly-owned Group Company that holds shares in any party mentioned in paragraph (b) above;
- (d) a Subsidiary of the Issuer which has positive earnings before interest, tax, depreciation and amortization (calculated on the same basis as EBITDA) representing five percent or more (and providing that the amount of such earnings is greater than EUR 40,000,000) of positive EBITDA or which has net sales (excluding intra-group items) representing 10 percent or more (and providing that the amount of such sales is greater than EUR 700,000,000) of the net sales of the Group calculated on a consolidated basis; or
- (e) a Subsidiary of the Issuer to which is transferred the whole or substantially the whole of the business, assets and undertaking of another Material Group Company.

Fulfilment of the conditions set out in paragraph (d)(ii) above shall be determined by reference to the latest audited (if available or otherwise unaudited) annual financial statements of that Subsidiary (consolidated in the case of a Subsidiary which itself has Subsidiaries) and the latest audited annual consolidated financial statements of the Group.

However, if a Subsidiary has been acquired since the date as at which the latest audited consolidated financial statements of the Group were prepared, the annual financial statements shall be deemed to be adjusted in order to take into account the acquisition of that Subsidiary.

“MiFID II” means Directive 2014/65/EU.

“Net Interest Bearing Debt” means Interest Bearing Debt less Cash and Cash Equivalent Investments.

“**Nominal Amount**” has the meaning set forth in Clause 2.4.

“**Noteholder**” means the Person who is registered in the register maintained by the CSD pursuant to paragraph 2 of Section 3 of Chapter 4 of the Book-Entry System Act as direct registered owner (Fin: *omistaja*) or nominee (Fin: *hallintarekisteröinnin hoitaja*) with respect to a Note.

“**Noteholders’ Agent**” means Intertrust (Finland) Oy, incorporated under the laws of Finland with corporate registration number 2343108-1, acting for and on behalf of the Noteholders in accordance with these Terms and Conditions, or another party replacing it, as Noteholders’ Agent, in accordance with these Terms and Conditions.

“**Noteholders’ Meeting**” means a meeting among the Noteholders held in accordance with Clause 16 (*Noteholders’ Meeting*).

“**Notes**” means debt instruments, each for the Nominal Amount and of the type referred to in paragraph 1 of Section 34 of the Act on Promissory Notes (Fin: *Velkakirjalaki 622/1947*, as amended) (Fin: *joukkovelkakirja*) and which are governed by and issued under these Terms and Conditions.

“**Outstanding Nominal Amount**” means the Nominal Amount of each Note from time to time taking into account any prepayments made on the Notes.

“**Paying Agency Agreement**” means the agreement dated May 25, 2018 regarding services related to the Notes entered into by and between the Issuer and the Paying Agent in connection with the issuance of the Notes (as amended and restated from time to time).

“**Paying Agent**” means Nordea Bank AB (publ), Finnish Branch acting as issuing agent (Fin: *liikkeeseenlaskijan asiamies*) and paying agent of the Notes for and on behalf of the Issuer, or any other party replacing the same as Paying Agent in accordance with the regulations of the CSD.

“**Pension Loan**” means loans from Finnish or Swedish pension insurance companies granted by such company to a Group Company as a result of the re-borrowing of pension funds deposited with that company by a Group Company.

“**Permitted Guarantee**” means:

- (a) any Transaction Guarantee;
- (b) any Replacing Guarantee and any corresponding guarantee granted for a third party;
- (c) the endorsement of negotiable instruments in the ordinary course of trade;
- (d) any indemnity or performance or similar guarantee or bond guaranteeing performance (including payment) by a Group Company under any contract entered into in the ordinary course of day to day business other than in respect of Financial Indebtedness;
- (e) any guarantee relating to the Kemi Deep Mine Project;
- (f) any guarantee relating to Project Manga or any other joint venture or investment project in which any Group Company is a party, in each case in proportion to the shareholding of the relevant Group Company, not exceeding in aggregate EUR 80,000,000 at any time, and any take or pay obligations relating to such entity or project;
- (g) any guarantee given in respect of the netting or set-off arrangements permitted under these Terms and Conditions;
- (h) any indemnity given in the ordinary course of the documentation of an acquisition or disposal transaction which indemnity is in a customary form and subject to customary limitations;
- (i) any counter-indemnity in respect of any guarantee issued by a bank or financial institution in respect of any indebtedness under any Pension Loan and any guarantee in relation to any pension obligation;

- (j) any guarantee, indemnity, counter-indemnity, bond or letter of credit given in respect of any leases of real property entered into in the ordinary course of day-to-day business;
- (k) any guarantees issued by Visenta Försäkrings AB not exceeding in aggregate EUR 25,000,000 at any time;
- (l) any guarantee required by law or regulation; or
- (m) any guarantees or indemnities not permitted by the preceding paragraphs where the aggregate amount of all actual and contingent liabilities thereunder does not (i) prior to the Security Release Event exceed EUR 200,000,000 and (ii) after the Security Release Event exceed 15 percent of the Group's total consolidated assets at any given time.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, unincorporated organization, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality.

“**Put Option Notice**” has the meaning set forth in Clause 8.7.2.

“**Put Option Redemption Date**” means, in respect of any Note, the date which falls 10 Business Days after the date on which the relevant Noteholder exercises its option in accordance with Clause 8.7.1.

“**Put Option Redemption Period**” means the period from and including the date on which a Security Release Put Option Event occurs (whether or not the Issuer has given a Put Option Notice) to and including the date falling 60 days after the date on which such Put Option Notice is given, provided that if no Put Option Notice is given, the Put Option Redemption Period shall not terminate.

“**PRIPs Regulation**” means Regulation (EU) No 1286/2014.

“**Project Manga**” means the Group's investment in Manga LNG Oy and the construction and operation of a liquefied natural gas terminal at Tornio Harbor, Northern Finland.

“**Rating Downgrade**” means, after any release of the Transaction Security and/or Transaction Guarantee in full or in part in accordance with Clause 9.2, an event that the Notes are no longer rated at least either (i) BB- or higher by Standard & Poor's Rating Services or (ii) Ba3 or higher by Moody's Investors Service Limited.

“**Record Time**” means:

- (a) in relation to a payment of Interest, default interest and/or redemption of the Notes when such payment is made through the Book-Entry Securities System, the end of the first CSD Business Day prior to, as applicable, (i) an Interest Payment Date, (ii) the day on which default interest is paid, (iii) a Redemption Date or (iv) a date on which a payment to the Noteholders is to be made under Clause 13 (*Distribution of Proceeds*); and
- (b) in relation to a Noteholders' Meeting and Written Procedure, the end of the CSD Business Day specified in the communication pursuant to Clause 16.3 or Clause 17.3, as applicable; and
- (c) otherwise, the end of the fifth CSD Business Day prior to another relevant date.

“**Redemption Date**” means the date on which the relevant Notes are to be redeemed or repurchased in accordance with Clause 8 (*Redemption and Repurchase of the Notes*).

“**Reference Bond Dealer**” means any primary bond dealer selected by the Issuer.

“**Reference Bond Dealer Quotations**” means the arithmetic average, as determined by the Issuer, of the bid and offer prices for the Comparable Bond (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by any Reference Bond Dealer at 11.00 a.m. (Brussels) on the Calculation Date.

“**Relevant Market**” means the Helsinki Stock Exchange maintained by Nasdaq Helsinki Ltd.

“**Replacing Guarantee**” has the meaning set forth in Clause 9.4.1.

“**Replacing Security**” has the meaning set forth in Clause 9.4.1.

“**Replacing Security Agent**” means any party appointed to hold the Replacing Security and/or Replacing Guarantee on behalf of, among others, the Noteholders.

“**Reversion Date**” means, after the Issuer having achieved Investment Grade Status, the date, if any, that the Issuer (including, for the avoidance of doubt, any permitted successor entity of the Issuer as a result of a merger, demerger or otherwise) shall cease to have such Investment Grade Status.

“**Secured Obligations**” means all present and future liabilities of any Group Company towards the Secured Parties under or in respect of (including refinancing, novation, deferral or extension of) the financings referred to in paragraphs (i)-(iii) of Appendix 2 (*Certain Existing Financial Indebtedness*) and all Additional Senior Financings (including for the avoidance of doubt the Notes and the Agency Agreement), in each case both actual and contingent and whether incurred solely or jointly or as principal or surety or in any other capacity, and more precisely having the meaning given to it in the Intercreditor Agreement.

“**Secured Parties**” means the parties, other than Group Companies, to the financings referred to in paragraphs (i)-(iii) of Appendix 2 (*Certain Existing Financial Indebtedness*), the Intercreditor Agreement and any Additional Senior Financings, or representatives of such parties, as applicable, and more precisely having the meaning given to it in the Intercreditor Agreement (for the avoidance of doubt including the Noteholders acting through the Noteholders’ Agent and the Noteholders’ Agent).

“**Security**” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any Person, or any other agreement or arrangement having a similar effect.

“**Security Agent**” means The Law Debenture Trust Corporation p.l.c. or any successor, transferee, replacement or assignee thereof, which has become the Security Agent in accordance with the Intercreditor Agreement.

“**Security Confirmation**” means any confirmation or other agreement signed by any of the Security Providers on or about the Issue Date regarding the coverage of the relevant Transaction Security or Transaction Guarantee of the obligations of the Issuer under these Terms and Conditions.

“**Security Provider**” means the Issuer or any of its subsidiaries providing Transaction Security or a Transaction Guarantee or Replacing Security or Replacing Guarantee, as applicable.

“**Security Release Event**” has the meaning set forth in Clause 9.2.2.

“**Security Release Put Option Event**” means an event where within 30 days of the release of the Transaction Security and/or Transaction Guarantee in full or in part in accordance with Clause 9.2 a Rating Downgrade occurs.

“**Senior Secured Notes**” means any senior notes issued by the Issuer which benefit from the Transaction Security and the Transaction Guarantee in accordance with the Intercreditor Agreement.

“**Shareholders’ Equity**” means the amount identified as “Total Equity” in the consolidated balance sheet of the latest consolidated financial statements of the Group, and for avoidance of doubt shall include the sum of the amounts attributable (if any) to share capital, premium fund, invested unrestricted equity reserve, other reserves, retained earnings and non-controlling interests.

“**Subsequent Intercreditor Agreement**” means any intercreditor agreement that will be entered between any of the creditors of the Issuer.

“**Subsidiary**” means, in relation to any Person, any Finnish or foreign legal entity (whether incorporated or not), in respect of which such Person, directly or indirectly, (i) owns shares or ownership rights representing more than 50 percent of the total number of votes held by the owners, (ii) otherwise controls more than 50 percent of the total number of votes held by the owners, (iii) has the

power to appoint and remove all, or the majority of, the members of the board of directors or other governing body, or (iv) exercises control as determined in accordance with the Accounting Principles.

“**Suspension Event**” has the meaning set forth in Clause 11.13.1.

“**Suspension Period**” has the meaning set forth in Clause 11.13.1.

“**Taxes**” has the meaning set forth in Clause 21.

“**Total Assets**” means the amount identified as “Total Assets” in the consolidated balance sheet of the latest consolidated financial statements of the Group.

“**Total Nominal Amount**” means the aggregate Nominal Amount or the aggregate Outstanding Nominal Amount, as the case may be, of all the Notes outstanding at the relevant time.

“**Transaction Guarantee**” means the guarantees issued under the Intercreditor Agreement:

- (a) on the Issue Date, by Outokumpu Europe Oy, Outokumpu Stainless Oy, Outokumpu Stainless AB, Outokumpu Stainless Holding GmbH, Outokumpu Nirosta GmbH, Outokumpu Holding Nederland BV, Outokumpu Americas, Inc and Outokumpu Stainless USA, LLC; and
- (b) by any other party which after the Issue Date becomes a party to the Intercreditor Agreement as a Guarantor,

guaranteeing the Secured Obligations, to the extent not released in accordance with the Intercreditor Agreement.

“**Transaction Security**” means the security interests created or expressed to be created by the Issuer and its Subsidiaries and listed in Appendix 3 (*Transaction Security*) and any other security interest later created or expressed to be created by the Issuer and its Subsidiaries over any of their assets from time to time, in each case created in favor of the Security Agent as trustee or agent (as applicable) for all of the Secured Parties in respect of the Secured Obligations, to the extent not released in accordance with the Intercreditor Agreement.

“**Transaction Security Documents**” means the documents governing the Transaction Security.

“**Written Procedure**” means the written or electronic procedure for decision making among the Noteholders in accordance with Clause 17 (*Written Procedure*).

1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (a) “**assets**” includes present and future properties, revenues and rights of every description;
- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (c) a provision of law is a reference to that provision as amended or re-enacted;
- (d) words denoting the singular number shall include the plural and vice versa; and
- (e) a time of day is a reference to Helsinki time.

1.2.2 An Event of Default is continuing if it has not been remedied or waived.

1.2.3 When ascertaining whether a limit or threshold specified in Euro has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Euro for the previous Business Day, as published by the European Central Bank on its website (*www.ecb.int*). If no such rate is available, the most recent rate published by the European Central Bank shall be used instead.

- 1.2.4 No delay or omission of any Agent or of any Noteholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

2. Issuance, Subscription and Status of the Notes

- 2.1 The Notes are denominated in Euro and each Note is constituted by these Terms and Conditions.
- 2.2 The Notes are offered for subscription in a minimum amount of EUR 100,000 to professional clients and eligible counterparties outside of the United States of America through a book-building procedure (private placement). The subscription period shall commence and end on June 11, 2018. Bids for subscription shall be submitted to BNP Paribas, 10 Harewood Avenue, London NW1 6AA, United Kingdom, telephone: +44 207595 8222; Nordea Bank AB (publ), c/o Nordea Bank AB (publ), Finnish Branch, Nordea Markets / Institutional Sales, Aleksis Kiven katu 9, Helsinki, FI-00020 NORDEA, Finland, telephone: +358 9 369 50119; Danske Bank A/S, Finland Branch, Kasarmikatu 21, FI-00130 Helsinki, Finland, tel. +358 10 543 8865; and Swedbank AB (publ) c/o Swedbank AB (publ), Finnish Branch, P.O. Box 1107, FI-00101 Helsinki, Finland, telephone: +358 20 7469 143. Subscriptions made are irrevocable. All subscriptions remain subject to the final acceptance by the Issuer. The Issuer may, in its sole discretion, reject a subscription in part or in whole. The Issuer shall decide on the procedure in the event of over-subscription. After the final allocation and acceptance of the subscriptions by the Issuer each investor that has submitted a subscription shall be notified by the Issuer whether and, where applicable, to what extent such subscription is accepted. Subscriptions notified by the Issuer as having been accepted shall be paid for as instructed in connection with the subscription. Notes subscribed and paid for shall be entered by the Paying Agent to the respective book-entry accounts of the subscribers on a date advised in connection with the issuance of the Notes in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as regulations and decisions of the CSD.
- 2.3 By subscribing for Notes, each initial Noteholder, and, by acquiring Notes, each subsequent Noteholder (i) agrees that the Notes shall benefit from and be subject to the Finance Documents, (ii) agrees to be bound by these Terms and Conditions, the Intercreditor Agreement and the other Finance Documents and (iii) agrees that the Noteholders' Agent is authorized to accede to the Intercreditor Agreement for itself and on behalf of the Noteholders. These Terms and Conditions are subject to the Intercreditor Agreement. In the event any discrepancy between these Terms and Conditions and the Intercreditor Agreement, the Intercreditor Agreement shall prevail.
- 2.4 The nominal amount (Fin: *arvo-osuuden yksikkökoko*) of each Note is EUR 1,000 (the "**Nominal Amount**"). The aggregate nominal amount of the Notes is EUR 250,000,000. All Notes are issued on the Issue Date on a fully paid basis at an issue price of 100 percent of the Nominal Amount.
- 2.5 The Notes constitute direct, unconditional, unsubordinated obligations of the Issuer, except in respect of obligations which have priority pursuant to Clause 13.1, and shall at all times rank *pari passu* and without any preference among them. Until the occurrence of the Security Release Event, the Notes constitute secured and guaranteed obligations of the Issuer secured by the Transaction Security and the Transaction Guarantees. The Transaction Security and the Transaction Guarantees also secure a major part of the other borrowings of the Issuer. The priority in respect of enforcement proceeds from the Transaction Security and Transaction Guarantees is referred to in Clause 9.1.6 and includes certain liabilities that have better priority than the Notes to such enforcement proceeds.
- 2.6 The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended). Consequently no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

2.7 Subject to Clause 2.6, each Note is freely transferable after it has been registered into the respective book-entry account of a Noteholder but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.

3. Use of Proceeds

The Issuer shall use the proceeds from the issue of the Notes, less the costs and expenses incurred by the Issuer in connection with the issue of the Notes, primarily for the total voluntary redemption of the Issuer's existing EUR 202.5 million senior secured fixed rate notes due 2021 and the remaining proceeds shall be used for general corporate purposes of the Group.

4. Conditions for Disbursement

4.1 The Paying Agent shall pay the net proceeds from the issuance of the Notes to the Issuer on the later of (i) the Issue Date and (ii) the day on which the Noteholders' Agent notifies the Paying Agent as agreed in the Agency Agreement that it has received the following, in form and substance satisfactory to it:

- (a) the Terms and Conditions;
- (b) the Paying Agency Agreement and the Agency Agreement duly executed by the parties thereto;
- (c) the Intercreditor Accession Deed duly executed by the parties thereto;
- (d) evidence of a notice having been delivered to the Security Agent by the Issuer pursuant to which notice the Issuer designates obligations under the Notes as Additional Senior Financing;
- (e) evidence of the Issuer having notified the Security Agent in writing that the Noteholders' Agent shall be treated, and benefit from the same rights and protective provisions, *mutatis mutandis*, as the representative of the holders of the notes issued by the Issuer and which are due in 2021;
- (f) the Security Confirmations;
- (g) an extract of a resolution from the board of directors of the Issuer, approving (or authorizing the approval of) the issue of the Notes and authorizing specified person(s) to approve and execute any documents and take any other action necessary to consummate such issue;
- (h) an English legal opinion regarding the Intercreditor Accession Deed addressed to the Paying Agent, the Noteholders' Agent and the lead managers of the issuance of the Notes;
- (i) a Finnish law legal opinion regarding issuance of Notes, the subscription agreement and the Agency Agreement addressed to the Paying Agent, the Noteholders' Agent and the lead managers of the issuance of the Notes; and
- (j) evidence that the Person(s) who has/have signed the Paying Agency Agreement and the Agency Agreement on behalf of the Issuer is/are duly authorized to do so.

4.2 The Noteholders' Agent may assume that the documentation delivered to it pursuant to Clause 4.1 is accurate, correct and complete unless it has actual knowledge that this is not the case, and the Noteholders' Agent does not have to verify the contents of any such documentation.

4.3 The Noteholders' Agent shall confirm to the Paying Agent when it has received the documents and evidence referred to in Clause 4.1.

5. Notes in Book-entry Form

- 5.1 The Notes will be issued in dematerialized form in the Book-Entry Securities System in accordance with the Book-Entry System Act and regulations of the CSD and no physical notes will be issued.
- 5.2 Each Noteholder consents to the Issuer having a right to obtain information on the Noteholders, their contact details and their holdings of the Notes registered in the Book-Entry Securities System, such as information recorded in the lists referred to in paragraphs 2 and 3 of Section 3 of Chapter 4 of the Book-Entry System Act kept by the CSD in respect of the Notes and the CSD shall be entitled to provide such information upon request. At the request of the Noteholders' Agent or the Paying Agent, the Issuer shall (and shall be entitled to do so) promptly obtain such information and provide it to the Noteholders' Agent or the Paying Agent, as applicable.
- 5.3 The Noteholders' Agent and the Paying Agent shall have the right to obtain information referred to in Clause 5.2 from the CSD in respect of the Notes if so permitted under the regulation of the CSD. The Issuer agrees that each of the Noteholders' Agent and the Paying Agent is at any time on its behalf entitled to obtain information referred to in Clause 5.2 from the CSD in respect of the Notes.
- 5.4 The Issuer shall issue any necessary power of attorney to such persons employed by the Noteholders' Agent as are notified by the Noteholders' Agent, in order for such individuals to independently obtain information referred to in Clause 5.2 directly from the CSD in respect of the Notes. The Issuer may not revoke any such power of attorney unless directed by the Noteholders' Agent or unless consent thereto is given by the Noteholders.
- 5.5 The Issuer, the Noteholders' Agent and the Paying Agent may use the information referred to in Clause 5.2 only for the purposes of carrying out their duties and exercising their rights in accordance with these Terms and Conditions with respect to the Notes or to fulfil any requirement of law or regulation and shall not disclose such information to any Noteholder or third party unless necessary for the before-mentioned purposes.

6. Payments in Respect of the Notes

- 6.1 Any payments under or in respect of the Notes pursuant to these Terms and Conditions shall be made to the Person who is registered as a Noteholder at the Record Time prior to an Interest Payment Date or other relevant due date in accordance with the Finnish legislation governing the Book-Entry Securities System and book-entry accounts as well as the regulations of the CSD.
- 6.2 If, due to any obstacle affecting the CSD, the Issuer cannot make a payment, such payment may be postponed until the obstacle has been removed. Any such postponement shall not affect the Record Time.
- 6.3 All payments to be made by the Issuer pursuant to these Terms and Conditions shall be made without (and free and clear of any deduction for) set-off or counterclaim.

7. Interest

- 7.1 Each Note carries Interest at the applicable Interest Rate from (and including) the Issue Date up to (but excluding) the relevant Redemption Date.
- 7.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period.
- 7.3 Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360 -day basis).
- 7.4 If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (and including) the due date up to (but excluding) the date of actual payment at a rate which is one (1) percentage point higher than the Interest Rate. Accrued default interest shall not be

capitalized. No default interest shall accrue where the failure to pay was solely attributable to the Noteholders' Agent, the Paying Agent or the CSD, in which case the Interest Rate shall apply instead.

8. Redemption and Repurchase of the Notes

8.1 *Redemption at Maturity*

The Issuer shall redeem all of the outstanding Notes in full on the Final Maturity Date with an amount per Note equal to the Outstanding Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a CSD Business Day, then the redemption shall occur on the CSD Business Day determined by application of the Business Day Convention.

8.2 *Issuer's Purchase of Notes*

The Issuer may at any time and at any price purchase any Notes on the market or in any other manner, provided that if purchases are made through a tender offer, the possibility to tender must be made available to all Noteholders on equal terms. The Notes held by the Issuer may at the Issuer's discretion be retained, sold or cancelled by the Issuer.

8.3 *Mandatory Repurchase due to a Change of Control Event (Put Option)*

- 8.3.1 Upon the occurrence of a Change of Control Event, each Noteholder shall have the right to request that all, or only some, of its Notes be repurchased at a price per Note equal to 101 percent of the Outstanding Nominal Amount together with accrued but unpaid Interest, during a period of twenty (20) Business Days following a notice from the Issuer of the Change of Control Event pursuant to Clause 10.1.3 (after which time period such right shall lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event.
- 8.3.2 The notice from the Issuer pursuant to Clause 10.1.3 shall specify the repurchase date that is a CSD Business Day and include instructions about the actions that a Noteholder needs to take if it wants Notes held by it to be repurchased. If a Noteholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall, or shall procure that a Person designated by the Issuer will, repurchase the relevant Notes and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 10.1.3. The repurchase date must fall no later than forty (40) Business Days after the end of the period referred to in Clause 8.3.1.
- 8.3.3 The Issuer shall comply with the requirements of any applicable securities laws and regulations in connection with the repurchase of Notes. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 8.3, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 8.3 by virtue of such conflict.
- 8.3.4 Any Notes repurchased by the Issuer pursuant to this Clause 8.3 may at the Issuer's discretion be retained, sold or cancelled.
- 8.3.5 The Issuer shall not be required to repurchase any Notes pursuant to this Clause 8.3, if a third party in connection with the occurrence of a Change of Control Event offers to purchase the Notes in the manner and on the terms set out in this Clause 8.3 (or on terms more favorable to the Noteholders) and purchases all Notes validly tendered in accordance with such offer. If the Notes tendered are not purchased within the time limits stipulated in this Clause 8.3, the Issuer shall repurchase any such Notes within five (5) Business Days after the expiry of the time limit. The Issuer shall not be required to repurchase any Notes pursuant to this Clause 8.3.5 if it has exercised its right to redeem all of the Notes in accordance with Clause 8.4 (*Voluntary Total Redemption*) prior to the occurrence of the Change of Control Event.
- 8.3.6 If Notes representing more than 90 percent of the aggregate Outstanding Nominal Amount of the Notes have been repurchased pursuant to this Clause 8.3, the Issuer is entitled to repurchase all the remaining outstanding Notes at the price stated in Clause 8.3.1 above by notifying the remaining Noteholders of its intention to do so no later than fifteen (15) Business Days after the latest possible repurchase date

pursuant to Clause 8.3.2. Such repurchase may occur at the earliest on the tenth CSD Business Day following the date of such notice.

8.4 Voluntary Total Redemption

- 8.4.1 At any time prior to the First Call Date, the Issuer may redeem all but not part of the Notes (make-whole call), at a redemption price equal to 100 percent of the principal amount of the Notes redeemed, plus the Applicable Premium as of the Redemption Date and accrued and unpaid interest to the Redemption Date, subject to the rights of Noteholders on the relevant Record Time to receive interest due on the relevant Interest Payment Date.
- 8.4.2 On or after the First Call Date, the Issuer may on any one occasion redeem all but not only part of Notes at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest to the Redemption Date, subject to the rights of Noteholders on the relevant Record Time to receive interest due on the relevant Interest Payment Date.

Months from the Issue Date	Redemption Price
at least 24 but less than 36	102.0625 percent
at least 36 but less than 48	101.0313 percent
at least 48 and thereafter	100.00 percent

- 8.4.3 The Issuer shall give the Noteholders' Agent notice of any contemplated redemption at least five (5) Business Days prior to the notice being given to the Noteholders.
- 8.4.4 Redemption in accordance with this Clause 8.4 shall be made by the Issuer giving not less than 30 nor more than 60 days' notice to the Noteholders. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Notes in full at the applicable amounts.

8.5 Voluntary Partial Redemption upon an Equity Offering

- 8.5.1 At any time and from time to time prior to the First Call Date, the Issuer may partially redeem the Notes upon not less than 30 nor more than 60 days prior notice to the Noteholders with the net cash proceeds received by the Issuer from any Equity Offering at a redemption price equal to 104.125 percent plus accrued and unpaid interest to the Redemption Date, in an aggregate principal amount for all such redemptions not to exceed 40 percent of the original Total Nominal Amount (with all outstanding Notes being partially repaid by way of reducing the Outstanding Nominal Amount of each Note *pro rata*), provided that:
- (a) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and
 - (b) not less than 60 percent of the original Total Nominal Amount remain outstanding immediately thereafter.
- 8.5.2 Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.
- 8.5.3 The Issuer shall give the Noteholders' Agent notice of any contemplated redemption at least five (5) Business Days prior to the notice being given to the Noteholders.
- 8.5.4 Any notice to the Noteholders in accordance with Clause 8.6.1 is irrevocable and, upon expiry of such notice, the Issuer is bound to redeem the Notes in part at the applicable amounts. The applicable amount shall be an even amount in Euro and paid to the Person who is registered as a Noteholder at the Record Time prior to the relevant repurchase date.

8.6 Early Redemption due to Withholding Tax Event

8.6.1 At any time, the Issuer may redeem all but not part of the Notes at a redemption price equal to 100 percent of the principal amount of the Notes redeemed, plus accrued and unpaid interest to the Redemption Date, if on or after the Issue Date:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay Additional Amounts, as a result of any change in, or amendment to, the laws or regulations of Finland or any political subdivision thereof or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after Issue Date; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts in relation to a payment in respect of the Notes then due.

8.6.2 Notice of the redemption shall be given to the Noteholders no later than 30 Business Days prior to the early redemption date.

8.7 Mandatory Repurchase due to a Security Release Put Option Event

8.7.1 Upon the occurrence of a Security Release Put Option Event, the Issuer shall, at the option of any Noteholder, upon the Noteholder giving notice to the Issuer at any time during the Put Option Redemption Period, redeem its Notes on the Put Option Redemption Date at a price equal to 100 percent of the principal amount of the Notes redeemed, plus accrued and unpaid interest to (but excluding) the Put Option Redemption Date.

8.7.2 Immediately upon the Issuer becoming aware that a Security Release Put Option Event has occurred, the Issuer shall give notice (the “**Put Option Notice**”) to the Noteholders in accordance with Clause 22.1 (*Notices*) confirming the occurrence of the Security Release Put Option Event and instructions about the actions that a Noteholder needs to take if it wants Notes held by it to be repurchased.

8.7.3 If Notes representing more than 90 percent of the aggregate Outstanding Nominal Amount of the Notes have been repurchased pursuant to this Clause 8.7, the Issuer is entitled to repurchase all the remaining outstanding Notes at the price equal to 100 percent of the Outstanding Nominal Amount of the Notes together with accrued but unpaid interest to the Redemption Date by notifying the remaining Noteholders of its intention to do so no later than fifteen (15) Business Days after the latest possible repurchase date pursuant to Clause 8.7.1. Such repurchase may occur at the earliest on the tenth CSD Business Day following the date of such notice.

9. Transaction Security

9.1 Transaction Security and Transaction Guarantee

9.1.1 As continuing Security for the due and punctual fulfilment of the Secured Obligations, Transaction Security has been provided in accordance with the terms of the Transaction Security Documents entered into by and between the Issuer and certain Security Providers and the Security Agent as trustee or agent acting on behalf of the Secured Parties and as confirmed by the Security Confirmation.

9.1.2 As continuing security for the due and punctual fulfilment of the Secured Obligations, Transaction Guarantee has been issued in accordance with the terms of the Intercreditor Agreement and as confirmed by the Security Confirmation.

9.1.3 The Transaction Security will be held and administered by the Security Agent. The Transaction Security Documents or Intercreditor Agreement evidencing such Transaction Security and Transaction Guarantee, as applicable, have been and in the future will be executed, by the Security Agent for and on behalf of all the Secured Parties in accordance with the Intercreditor Agreement to which the Noteholders’ Agent is a party as an agent and representative of the Noteholders.

- 9.1.4 The Security Agent shall (without first having to obtain the Noteholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Security Agent's opinion, necessary for the purpose of maintaining, releasing or enforcing the Transaction Security or the Transaction Guarantees or for any other purposes in accordance with the terms of the Intercreditor Agreement.
- 9.1.5 The Noteholders' Agent shall be entitled to give instructions (on behalf of the Noteholders) relating to the Transaction Security and the Transaction Guarantees to the Security Agent in accordance with the Intercreditor Agreement.
- 9.1.6 The Transaction Security and Transaction Guarantee are shared among the Secured Parties. All the Secured Obligations secured by the Transaction Security or Transaction Guarantee shall rank in right and priority of payment and the Transaction Security and Transaction Guarantee shall secure the Secured Obligations, *pari passu* and *pro rata* without preference between them, except for liabilities owed to the Security Agent and certain costs incurred by the Secured Parties which have priority to enforcement proceeds relating to Transaction Security and Transaction Guarantees in accordance with Clause 13 (*Distribution of Proceeds*).
- 9.1.7 A creditor, that receives or recovers (including by way of set-off) any amount in excess of what it is permitted to receive pursuant to the Intercreditor Agreement, shall not be entitled to retain such amount and shall promptly pay such amount to the Security Agent for application in accordance with Clause 13 (*Distribution of Proceeds*).

9.2 Release of Transaction Security or Transaction Guarantee

- 9.2.1 The Security Agent may at any time (without the prior consent of the Noteholders), release any Transaction Security or Transaction Guarantee in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement. For the avoidance of doubt, the remaining Transaction Security and Transaction Guarantee will continue in force with the same terms and rank in accordance with the Intercreditor Agreement.
- 9.2.2 In addition to the above Clause 9.2.1 if:
- (a) once the Issuer has received an issuer rating of BB or higher by Standard & Poor's Rating Services or corporate family rating (CFR) of Ba2 or higher by Moody's Investors Service Limited, the Secured Parties representing at least 50 percent of the Secured Obligations (calculated in accordance with the Intercreditor Agreement) agree to release all of the Transaction Security and/or the Transaction Guarantee; or
 - (b) the Secured Obligations (save for the Notes and other Senior Secured Notes) have been refinanced, are agreed to be amended to continue or pursuant to their terms and conditions may or shall continue on an unsecured and/or unguaranteed basis; and

provided in each case that:

- (i) no Event of Default is continuing;
- (ii) each noteholders' agent of the holders of the other Senior Secured Notes, if any, is pursuant to the terms and conditions of such other Senior Secured Notes (including, for the avoidance of doubt, pursuant to a separate decision by the holders of such other Senior Secured Notes) authorized to release all the Transaction Security and/or the Transaction Guarantee with respect to such Senior Secured Notes or would become authorized to do so automatically as a result of the Noteholders' Agent taking the necessary release actions pursuant to this Clause 9.2.2; and
- (iii) the release of the Transaction Security and/or the Transaction Guarantee will be effected simultaneously with respect to all the Secured Obligations,

the Noteholders' Agent is authorized and shall, at the request of the Issuer and subject to the Issuer providing evidence satisfactory to the Noteholders' Agent that the conditions above have been or will, on the release date, be satisfied, take any action required to release (or instruct the Security Agent to

release) the Transaction Security and/or the Transaction Guarantee, as applicable, on behalf of the Noteholders without separate consent from the Noteholders. The Noteholders' Agent shall enter into required documents and agreements with the Security Agent and any other party and take any other actions in order to effect the release at the cost of the Issuer. The effective date for the release of all the Transaction Security and/or the Transaction Guarantee by the Security Agent in accordance with the above shall constitute the "**Security Release Event**".

9.2.3 In addition to the above Clause 9.2.1 if:

- (a) once the Issuer has received an issuer rating of BB or higher by Standard & Poor's Rating Services or corporate family rating (CFR) of Ba2 or higher by Moody's Investors Service Limited, the Secured Parties representing at least 50 percent of the Secured Obligations (calculated in accordance with the Intercreditor Agreement) agree to release a part of the Transaction Security and/or the Transaction Guarantee; or
- (b) the Issuer or a Security Provider sells, transfers or otherwise disposes of any assets subject to Transaction Security to the Issuer or another Security Provider, and such assets become covered by Transaction Security provided by such recipient Security Provider or corresponding new Transaction Security is granted by such recipient Security Provider; or
- (c) a Security Provider (other than the Issuer) is to cease to exist as result of a merger, demerger, corporate reorganization or solvent liquidation not prohibited under these Terms and Conditions; and

provided, in each case, that:

- (i) no Event of Default is continuing;
- (ii) each noteholders' agent of the holders of the other Senior Secured Notes, if any, is pursuant to the terms and conditions of such other Senior Secured Notes (including, for the avoidance of doubt, pursuant to a separate decision by the holders of such other Senior Secured Notes) authorized to release such part of the Transaction Security and/or the Transaction Guarantee with respect to such Senior Secured Notes or would become authorized to do so automatically as a result of the Noteholders' Agent taking the necessary release actions pursuant to this Clause 9.2.3; and
- (iii) the release of such part of the Transaction Security and/or the Transaction Guarantee will be effected simultaneously with respect to all the Secured Obligations;

the Noteholders' Agent is authorized and shall, at the request of the Issuer and subject to the Issuer providing evidence satisfactory to the Noteholders' Agent that the conditions above have been or will, on the release date, be satisfied, take any action required to release (or instruct the Security Agent to release) the part to be released of the Transaction Security and/or part of the Transaction Guarantee, as applicable, on behalf of the Noteholders without separate consent from the Noteholders. The Noteholders' Agent shall enter into required documents and agreements with the Security Agent and any other party and take any other actions in order to effect the release at the cost of the Issuer.

9.3 *Enforcement of Transaction Security or Transaction Guarantee*

9.3.1 Only the Security Agent may exercise the rights under the Transaction Security Documents and the Transaction Guarantee and only the Security Agent has the right to enforce the Transaction Security and the Transaction Guarantee based on the instructions given by the Instructing Group under the Intercreditor Agreement.

9.3.2 The Noteholders shall not be entitled, individually or collectively, to take any direct action to enforce any rights in their favor under the Transaction Security Documents or the Transaction Guarantee.

9.3.3 The Security Agent shall enforce the Transaction Security and Transaction Guarantee in accordance with the terms of the Transaction Security Documents and Intercreditor Agreement.

9.3.4 All security and/or guarantee or arrangement having similar effects may be released by the Security Agent, without need for any further referral to or authority from anyone in case of a distress disposal or an appropriation in accordance with the Intercreditor Agreement.

9.4 Replacing Guarantee and Replacing Security

9.4.1 If a Security Release Event has occurred and any time after that a guarantee(s) or security is provided for creditors of the Issuer or any Group Company that would result in the level referred to in paragraph (o) under Clause 11.6.3 or paragraph (h) under Clause 11.7 (*Subsidiary Guarantees*) being exceeded, the Issuer undertakes to (and procures that Group Companies, as applicable, will) provide the Noteholders (represented by the Noteholders' Agent):

- (a) a guarantee securing the obligations under these Terms and Conditions equally and ratably with any guarantee to be given for such creditors (the "**Replacing Guarantee**"); or
- (b) any security securing the obligations under these Terms and Condition equally and ratably with any security to be given for such creditors (the "**Replacing Security**"), as applicable.

9.4.2 The Noteholders' Agent shall be entitled to enter into any document (on behalf of the Noteholders) evidencing any Replacing Guarantee or Replacing Security, and is hereby authorized to give instructions relating to the Replacing Security and the Replacing Guarantees on behalf of the Noteholders.

9.4.3 In relation to the Replacing Guarantee and Replacing Security the Noteholders Agent shall be entitled to (i) enter into any Subsequent Intercreditor Agreement on behalf of the Noteholders, provided that the ranking of external debt of the Group and the priority of payments among such debt in accordance therewith is not less beneficial to the Noteholders than under the Intercreditor Agreement in force on the Issue Date and (ii) to appoint any Replacing Security Agent (or act as the Replacing Security Agent, if there is no appropriate option among the creditor representatives for the other Secured Parties, if any).

10. Information to Noteholders

10.1 Information from the Issuer

10.1.1 The Issuer will make the following information available to the Noteholders by publication on the website of the Issuer:

- (a) as soon as the same become available, but in any event by the relevant date (prescribed under the Finnish Securities Market Act and the rules and regulations of the Relevant Market) after the end of each financial year, its audited consolidated financial statements for that financial year and annual report;
- (b) as soon as the same become available, but in any event by the relevant date (prescribed under the rules and regulations of the Relevant Market) after the end of each quarter of its financial year, its consolidated financial statements or the year-end report (Fin: *tilinpäätöstiedote*) (as applicable) for such period;
- (c) as soon as practicable following an acquisition or disposal by a Group Company of Notes in an amount exceeding 10 percent of the aggregate Nominal Amount of the Notes, the aggregate Nominal Amount of the Notes held by the Group Companies and the amount of Notes cancelled by the Issuer;
- (d) any other information required to be disclosed under the Market Abuse Regulation (EU No 596/2014) and the Finnish Securities Market Act and the rules and regulations of the Relevant Market; and
- (e) any other information that would, if the Notes were as of the Issue Date listed on the Relevant Market, be required pursuant to the Rules of the Exchange of Nasdaq Helsinki Ltd (as in force from time to time and on the Issue Date being Rules 5.3.2.3 (*Auditor's report*) and 5.3.3 (*Other disclosure requirements*)).

- 10.1.2 The Issuer will inform as soon as practicable at the request of the Noteholders' Agent, the aggregate Nominal Amount of the Notes held by the Group Companies and the amount of Notes cancelled by the Issuer.
- 10.1.3 The Issuer shall immediately notify the Noteholders and the Noteholders' Agent upon becoming aware of the occurrence of a Change of Control Event. Such notice may be given in advance of the occurrence of a Change of Control Event and be conditional upon the occurrence of such Change of Control Event if a definitive agreement is in place providing for a Change of Control Event.
- 10.1.4 The Issuer shall immediately notify the Noteholders' Agent upon the release of any Transaction Security/ Replacing Security or Transaction Guarantee/ Replacing Guarantee, as applicable, unless published in accordance with Clause 10.1.1 or unless the Noteholders' Agent has been notified thereof pursuant to the Intercreditor Agreement.
- 10.1.5 When the financial statements and other information are made available to the Noteholders pursuant to Clause 10.1.1, the Issuer shall send copies of such financial statements and other information to the Noteholders' Agent upon request by the Noteholders' Agent.
- 10.1.6 The Issuer shall upon:
- (a) the incurrence of Interest Bearing Debt:
 - (i) in respect of which the Issuer is required to make a disclosure (in accordance with paragraphs 10.1.1(d) or 10.1.1(e) under Clause 10.1.1); or
 - (ii) in respect of incurrence of Interest Bearing Debt (other than any utilization of any credit facility existing on the Issue Date (or facility replacing such facility provided the amount does not exceed the existing facility) or issuance of commercial paper or owed to another Group Company) the amount of which is greater than or equal to EUR 50,000,000 (or its equivalent in other currencies); or
 - (b) a Material Group Company merging with a Person other than another Group Company; or
 - (c) a Material Group Company demerging, if as a result of such demerger or reorganization any assets and/or operations would be transferred to a Person not being a Group Company,
- submit to the Noteholders' Agent a compliance certificate in the form of Appendix 1 (*Form of Compliance Certificate*) hereto setting out calculations and figures as to whether the Incurrence Test referred to in Clause 11.10 (*Financial Undertakings*) is met for the purposes of Clause 11.2.1 and Clause 11.4.1 or, in the case of incurrence of Financial Indebtedness while the Incurrence Test is not met, detailing the type and amount of such Financial Indebtedness permitted in Clause 11.2.2, and, in each case containing a confirmation that no Event of Default has occurred (or if an Event of Default has occurred, what steps have been taken to remedy it).
- 10.1.7 The Issuer shall upon request by the Noteholders' Agent, submit to the Noteholders' Agent a list of entities that were Material Group Companies on the basis of the audited consolidated financial statements last published.
- 10.1.8 The Issuer shall immediately notify the Noteholders' Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Noteholders' Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Noteholders' Agent not receive such information, the Noteholders' Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Noteholders' Agent does not have actual knowledge of such event or circumstance.
- 10.1.9 The Issuer shall immediately notify the Noteholders' Agent upon the occurrence of the Reversion Date.

10.2 Information from the Noteholders' Agent

Subject to the restrictions of a non-disclosure agreement entered into by the Noteholders' Agent with the Issuer, the Noteholders' Agent is entitled to disclose to the Noteholders any event or circumstance directly or indirectly relating to the Issuer or the Notes. Notwithstanding the foregoing, the Noteholders' Agent shall notify the Noteholders of the occurrence of an Event of Default in accordance with Clause 12.3.

10.3 Publication of Finance Documents

The latest version of these Terms and Conditions shall be available on the websites of the Issuer and the Noteholders' Agent. The other Finance Documents shall be available for review to the Noteholders and prospective Noteholders at the office of the Issuer and Noteholders' Agent during normal business hours.

11. Undertakings

11.1 General

The Issuer undertakes to (and shall, where applicable, procure that the other Group Companies will) comply with the undertakings set forth in this Clause 11 for so long as the Notes remain outstanding.

11.2 Financial Indebtedness

11.2.1 Except as provided under Clause 11.2.2, the Issuer shall not (and shall procure that no other Group Company will) incur any Financial Indebtedness, provided that the Issuer and such Group Company may incur Financial Indebtedness if:

- (a) no Event of Default is continuing or would occur as a result thereof; and
- (b) the Incurrence Test is met (for the avoidance of doubt meaning that the Incurrence Test level measured in accordance with Clause 11.10 (*Financial Undertakings*) shall not be exceeded).

11.2.2 Notwithstanding Clause 11.2.1, the Issuer and any other Group Company may incur Financial Indebtedness:

- (a) arising under the Finance Documents;
- (b) existing on the Issue Date and specified in Appendix 2 (*Certain Existing Financial Indebtedness*) (including any unutilized parts thereof) and any refinancing thereof provided that the principal amount of such refinancing does not exceed the principal amount of the Existing Financial Indebtedness being refinanced and that the borrower in respect of such refinancing is the same as the borrower of the Financial Indebtedness being refinanced;
- (c) arising under hedging transactions entered into in the ordinary course of business in connection with, *e.g.*, protection against interest rate, currency or commodity price fluctuations but excluding speculative hedging purposes;
- (d) in respect of which a Group Company is the creditor;
- (e) arising under a Permitted Guarantee;
- (f) any guarantee for or constituting Financial Indebtedness permitted by the other paragraphs set out in this Clause 11.2.2 (provided that after the Security Release Event such guarantees are in compliance with Clause 11.7 (*Subsidiary Guarantees*));
- (g) of any person acquired by a Group Company after the date of the Issue Date which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or having its maturity date extended in contemplation of, or since, that acquisition, and outstanding only for a period of six months following the date of acquisition;

- (h) under Finance Leases of vehicles, plant, land, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed EUR 400,000,000 (or its equivalent in other currencies) at any time;
- (i) any commercial paper issued by the Issuer;
- (j) arising under or in respect of any Pension Loan;
- (k) in connection with any cash pooling, netting or setting off arrangement entered into by members of the Group in the ordinary course of their banking arrangements for the purposes of netting debit and credit balances of members of the Group including any overdraft, intra-day limit and other credit facility granted for any such arrangement;
- (l) arising under any Asset Backed Lending;
- (m) arising under a sale of receivables on a recourse basis and the aggregate amount of all trade receivables so secured or sold does not exceed EUR 50,000,000 (or its equivalent in other currencies) at any time;
- (n) any amount of any liability under an agreement in respect of the supply of assets or services under which payment is due no more than 120 days after the date of supply (or such longer period as reflects the payment terms agreed with the supplier as a result of any standard supplier finance programs or where such longer payment terms reflect the ordinary payment terms offered by that supplier); and
- (o) not permitted by the preceding paragraphs the outstanding principal amount of which does not exceed the higher of EUR 250,000,000 (or its equivalent in other currencies) or 5 percent of Total Assets in aggregate for all members of the Group.

11.3 Continuation of Business

The Issuer shall procure that no substantial change is made to the general nature of the business from that carried on by the Group on the Issue Date.

11.4 Mergers and De-mergers

11.4.1 The Issuer shall not (and shall procure that no other Material Group Company will) carry out:

- (a) any merger (or other business combination or corporate reorganization involving the consolidation of assets and obligations) of the Issuer or such other Material Group Company with any other Person (other than (i) a Group Company provided that the Issuer (if involved) is the surviving entity or (ii) a Person other than a Group Company but then provided that (A) if that Material Group Company is the surviving entity, the Incurrence Test is met and (B) if that Material Group Company (other than the Issuer) is not the surviving entity, the Incurrence Test is met and the merger consideration, to the extent payable in cash, is applied in accordance with Clause 11.5.2 (if such application would be required if the merger would have been carried out as a disposal));
- (b) any demerger (or a corporate reorganization having the same or equivalent effect) of the Issuer;
- (c) any demerger (or a corporate reorganization having the same or equivalent effect) of a Material Group Company other than the Issuer, if as a result of such demerger or reorganization any assets and/or operations would be transferred to a Person not being a Group Company, unless the Incurrence Test is met and the demerger consideration, to the extent in cash, is applied in accordance with Clause 11.5.2 (if such application would be required if the merger would have been carried out as a disposal); or
- (d) any liquidation of the Issuer.

11.4.2 Each Noteholder agrees, with respect to the Notes it holds, not to exercise, and hereby waives in advance, its right in accordance with the Finnish Companies Act (Fin: *Osaakeyhtiölaki* 624/2006, as amended) to object to any merger or demerger if (and only if) such merger or demerger (as applicable) (a) is not prohibited under these Terms and Conditions or (b) has been consented to by the Noteholders in a Noteholders' Meeting or by way of a Written Procedure.

11.5 Disposals

11.5.1 The Issuer shall not (and shall procure that no other Group Company will) sell, transfer or otherwise dispose of all or a substantial part of the Group's assets (including shares or other securities in any Person) or operations (other than to the Issuer or a Group Company), outside the ordinary course of trading of the Group, unless such sale, transfer or disposal:

- (a) is lawful payment of dividends or other distribution of funds in compliance with applicable company law; or
- (b) is carried out at fair market value on terms and conditions customary for such transactions provided that at least 75 percent of such disposal proceeds shall be in the form of:
 - (i) cash;
 - (ii) cash equivalents; and/or
 - (iii) Designated Non-cash Consideration having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this Clause 11.5 that is at any one time outstanding, not exceeding the greater of 1.5 percent of total assets of the Group and EUR 100 million (the fair market value of each issue of Designated Non-cash consideration being measured at the time received and without giving effect to subsequent changes in value); or
- (c) is arising under a sale of receivables on a non-recourse basis.

11.5.2 If any cash and cash equivalent proceeds from a sale, transfer or disposal of assets (whether by a single transaction or a series of transactions that can be deemed a single transaction and other than cash and cash equivalents received from any sale of receivables or relating to the cash management of the Group) referred to in Clause 11.5.1 above exceed EUR 50,000,000 (or its equivalent in other currencies), to the extent such cash and cash equivalent proceeds exceed EUR 50,000,000 (or its equivalent in other currencies) (such excess, the "**Cash Proceeds**"), the Issuer:

- (a) may within twelve (12) months after receipt thereof apply, and/or cause such Group Company to apply, such Cash Proceeds at its option only to make an investment in properties and/or current and non-current assets that will be used in the business of the Group or in repayment or discharge of any Financial Indebtedness incurred by the Group Companies; and
- (b) shall, to the extent the Cash Proceeds are not applied in accordance with paragraph (a) above, apply the remaining Cash Proceeds towards repayment or discharge of any Financial Indebtedness incurred by the Group Companies without delay after the expiry of the twelve (12) month period referred to in (a) above,

or as an alternative way to fulfil the requirement under paragraphs (a) and (b) the Issuer may offer to repurchase the Notes for the higher of (i) their Outstanding Nominal Amount and (ii) the fair market value of the Notes, in which case the requirement under paragraphs (a) and (b) shall be deemed fulfilled irrespective of whether any Notes are so repurchased.

11.5.3 For the avoidance of doubt, Cash Proceeds required to be applied in accordance with Clause 11.5.2 above shall be only the amount in excess of EUR 50,000,000.

11.6 Negative Pledge

11.6.1 Except as provided under Clause 11.6.2 or Clause 11.6.3 (as applicable), the Issuer shall not (and shall procure that no other Material Group Company will):

- (a) create or allow to subsist any Security over any of its assets;
- (b) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or reacquired by any Group Company;
- (c) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
- (d) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts; or
- (e) enter into any other preferential arrangement having a similar effect,

in respect of items (b) to (e), in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

11.6.2 Prior to the Security Release Event Clause 11.6.1 does not apply to:

- (a) any Transaction Security;
- (b) any Replacing Security;
- (c) any lien or set-off arrangement arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any Group Company;
- (d) any netting or set-off arrangement entered into by any Group Company in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Group and any lien arising under the general terms and conditions of banks or Sparkassen (*Allgemeine Geschäftsbedingungen der Banken oder Sparkassen*) with whom any Group Company maintains a banking relationship in the ordinary course of business;
- (e) any payment or close out netting or set-off arrangement pursuant to any hedging transaction or foreign exchange transaction entered into by a Group Company which constitutes Financial Indebtedness permitted under the Clause 11.2.2, including any security or security like arrangement under a hedging agreement or credit support arrangements related to a hedging agreement entered into in the ordinary course of business, provided that the liabilities secured by security or security like arrangement under all such hedging agreements and credit support arrangements do not exceed EUR 100,000,000 (or its equivalent) in aggregate;
- (f) any Security over or affecting any asset or business of any company which becomes a Group Company, or pertaining to any asset or business acquired by a Group Company, after the Issue Date, where the Security is created prior to the date on which that company becomes a Group Company, or that asset or business is acquired by a Group Company, if: (i) the Security was not created in contemplation of the acquisition of that company, asset or business; (ii) the principal amount secured has not increased in contemplation of or since the acquisition of that company, asset or business; and (iii) the Security is removed or discharged within six months of that company becoming a Group Company or that asset or business being acquired by a Group Company;
- (g) any Security arising under any retention of title, extended retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a Group Company in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any Group Company;
- (h) any Security arising as a consequence of any Finance Lease permitted pursuant to these Terms and Conditions;
- (i) any Security securing indebtedness under any Pension Loans or other pension obligations;
- (j) (i) any Security granted by Outokumpu Stainless USA, LLC (or any other Group Company the jurisdiction of incorporation or organization of which is a state of the

United States or the District of Columbia) and/or Outokumpu Europe Oy over its trade receivables, inventory, bank account and any credit insurance; or

- (ii) any second ranking Security granted by Outokumpu Stainless USA, LLC (or any other Group Company the jurisdiction of incorporation or organization of which is a state of the United States or the District of Columbia) and/or Outokumpu Europe Oy over plant and machinery on customary terms and subject to customary intercreditor arrangements between the Secured Parties and the lenders in respect of any Asset Backed Lending,

as security for its indebtedness under any Asset Backed Lending;

- (k) any lien created or subsisting in order to comply with section 8a of the German "Altersteilzeitgesetz" or pursuant to section 7e of the German Social Law Act No. 4 (*Sozialgesetzbuch IV*) or in connection with any trustee arrangement to secure payment obligations pursuant to pension schemes and or social plans;
- (l) any Security created in favor of a tax authority where a Group Company is contesting a tax claim in good faith;
- (m) any Security in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;
- (n) arising under a sale of receivables on a recourse basis and the aggregate amount of all trade receivables so secured or sold does not exceed EUR 50,000,000 (or its equivalent in other currencies) at any time;
- (o) any Security relating to the Kemi Deep Mine Project or the Project Manga;
- (p) any Security relating to the Project Manga or any other joint venture or investment project in which any Group Company is a party not exceeding in aggregate EUR 150,000,000 (or its equivalent in other currencies) at any time; and
- (q) any Security securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security given by any Group Company other than any permitted under paragraphs (a) to (p) above) does not exceed the higher of EUR 250,000,000 (or its equivalent in other currencies) or 4 percent of Total Assets (before the Security Release Event).

11.6.3 After the Security Release Event, Clause 11.6.1 shall not apply to:

- (a) any lien or set-off arrangement arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any Group Company;
- (b) any netting or set-off arrangement entered into by any Group Company in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Group and any lien arising under the general terms and conditions of banks or Sparkassen (*Allgemeine Geschäftsbedingungen der Banken oder Sparkassen*) with whom any Group Company maintains a banking relationship in the ordinary course of business;
- (c) any payment or close out netting or set-off arrangement pursuant to any hedging transaction or foreign exchange transaction entered into by a Group Company which constitutes Financial Indebtedness permitted under the Clause 11.2.2, excluding any credit support arrangement to the extent the aggregate amount of such credit support arrangements exceed EUR 50,000,000;
- (d) any Security over or affecting any asset or business of any company which becomes a Group Company, or pertaining to any asset or business acquired by a Group Company, after the Issue Date, where the Security is created prior to the date on which that company becomes a Group Company, or that asset or business is acquired by a Group Company, if: (i) the Security was not created in contemplation of the acquisition of that company, asset or business; (ii) the principal amount secured has not increased in contemplation of or since the acquisition of that

company, asset or business; and (iii) the Security is removed or discharged within six months of that company becoming a Group Company or that asset or business being acquired by a Group Company;

- (e) any Security arising under any retention of title, extended retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a Group Company in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any Group Company;
- (f) any Security arising as a consequence of any Finance Lease permitted pursuant to these Terms and Conditions;
- (g) any Security securing indebtedness under any Pension Loans or other pension obligations;
- (h)
 - (i) any Security granted by Outokumpu Stainless USA, LLC (or any other Group Company the jurisdiction of incorporation or organization of which is a state of the United States or the District of Columbia) and/or Outokumpu Europe Oy over its trade receivables, inventory, bank account and any credit insurance; or
 - (ii) any second ranking Security granted by Outokumpu Stainless USA, LLC (or any other Group Company the jurisdiction of incorporation or organization of which is a state of the United States or the District of Columbia) and/or Outokumpu Europe Oy over plant and machinery on customary terms and subject to customary intercreditor arrangements between the Secured Parties and the lenders in respect of any Asset Backed Lending,

as security for its indebtedness under any Asset Backed Lending;

- (i) any lien created or subsisting in order to comply with section 8a of the German "Altersteilzeitgesetz" or pursuant to section 7e of the German Social Law Act No. 4 (Sozialgesetzbuch IV) or in connection with any trustee arrangements to secure payment obligations pursuant to pension schemes and or social plans;
- (j) any Security created in favor of a tax authority where a Group Company is contesting a tax claim in good faith;
- (k) any Security in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;
- (l) any Replacing Security securing equally and rateable the Issuer's obligations under these Terms and Conditions;
- (m) arising under a sale of receivables on a recourse basis and the aggregate amount of all trade receivables so secured or sold does not exceed EUR 50,000,000 (or its equivalent in other currencies) at any time;
- (n) any Security relating to the Kemi Deep Mine Project; and
- (o) any Security not permitted pursuant to paragraphs (a) to (n) securing Financial Indebtedness that in aggregate does not exceed 7.5 percent of the Group's total consolidated assets at any given time unless the granting of such Security is required by law.

11.7 *Subsidiary Guarantees*

At any time after the Security Release Event, the Issuer shall procure that none of its Subsidiaries grant guarantees in respect of the Interest Bearing Debt of the Issuer or any other Group Company, except for:

- (a) guarantees by such Subsidiaries for the obligations of their Subsidiaries;
- (b) guarantees by such Subsidiaries for the obligations of any other Group Company in favor of another Group Company;

- (c) the Transaction Guarantees;
- (d) the endorsement of negotiable instruments in the ordinary course of trade;
- (e) any guarantee given in respect of the cashpooling, netting or set-off arrangements permitted under the Terms and Conditions including any overdraft, intra-day limit and other credit facility granted for any such arrangement;
- (f) any counter-indemnity in respect of any guarantee issued by the Issuer in respect of any indebtedness of such Subsidiary;
- (g) any Replacing Guarantee and any corresponding guarantee granted for a third party; and
- (h) any guarantee guaranteeing Financial Indebtedness (not permitted pursuant to paragraphs (a) - (g)) that in aggregate does not exceed 7.5 percent of the Group's total consolidated assets at any given time unless the granting of such guarantee is required by law.

11.8 Compliance with Laws

The Issuer shall (and shall procure that each other Group Company will) comply with all laws and regulations to which it may be subject from time to time, if failure so to comply would materially impair its ability to perform its payment obligations under the Notes.

11.9 Related Party Transactions

The Issuer shall (and shall procure that each other Group Company will) conduct all dealings with the direct and indirect shareholders of the Group Companies and/or any Affiliates of such direct or indirect shareholders at arm's length.

11.10 Financial Undertakings

- 11.10.1 The Incurrence Test for the purposes of Clause 11.2.1 and Clause 11.4.1 (when applicable) is met (for the avoidance of doubt meaning that the Incurrence Test level defined below shall not be exceeded) if the ratio of Net Interest Bearing Debt to Shareholders' Equity (*Gearing*) does not exceed 100 percent, calculated in accordance with the calculation principles set out in this Clause 11.10.
- 11.10.2 The ratio of Net Interest Bearing Debt to Shareholders' Equity for purposes of the Incurrence Test shall be calculated in accordance with the Accounting Principles and by reference to the latest financial statements published pursuant to paragraphs 10.1.1(a) and 10.1.1(b) of Clause 10.1.1 and using end of the period values for balance sheet items but the Net Interest Bearing Debt shall (a) in respect of an Incurrence Test for the purposes of Clause 11.2.1 include the new Interest Bearing Debt incurred and (b) in respect of an Incurrence Test for the purposes of Clause 11.4.1(a) the figures for Shareholders' Equity and Net Interest Bearing Debt shall be adjusted so that the effect of merging entities shall be included.

11.11 Admission to Trading

- 11.11.1 The Issuer shall use its best efforts to ensure that the loan constituted by these Terms and Conditions and evidenced by the Notes is admitted to trading on the Relevant Market, and that it remains admitted or, if such admission to trading is not possible to obtain or maintain, admitted to trading or traded on another regulated market or multilateral trading facility (each as defined in Directive 2004/39/EC on markets in financial instruments).
- 11.11.2 Following an admission to trading, the Issuer shall take all actions on its part to maintain the admission for as long as any Notes are outstanding, but not longer than up to and including the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations of the Relevant Market and the CSD, subsist.

11.12 Undertakings Relating to the Agency Agreement

11.12.1 The Issuer shall, in accordance with the Agency Agreement:

- (a) pay fees to the Noteholders' Agent;
- (b) indemnify the Noteholders' Agent for costs, losses and liabilities;
- (c) furnish to the Noteholders' Agent all information requested by or otherwise required to be delivered to the Noteholders' Agent; and
- (d) not act in a way which would give the Noteholders' Agent a legal or contractual right to terminate the Agency Agreement.

11.12.2 The Issuer and the Noteholders' Agent shall not amend any provisions of the Agency Agreement without the prior consent of the Noteholders if the amendment would be detrimental to the interests of the Noteholders.

11.13 Suspension of Covenants on Achievement of Investment Grade Status

11.13.1 If on any date following the Issue Date, the Issuer have achieved Investment Grade Status and no Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day and continuing until the Reversion Date (such period, the "**Suspension Period**"), the provisions of the following Clauses will not apply to the Notes: Clause 11.2 (*Financial Indebtedness*), Clause 11.4 (*Mergers and De-mergers*), Clause 11.5 (*Disposals*), Clause 11.7 (*Subsidiary Guarantees*) and Clause 11.10 (*Financial Undertakings*) and, in each case, any related default provision of the Terms and Conditions will cease to be effective and will not be applicable to the Group. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer taken during the continuance of the Suspension Event in compliance with these Terms and Conditions as applicable during the Suspension Period.

11.13.2 As of the Reversion Date, any Financial Indebtedness incurred during the continuance of the Suspension Event will be construed as follows:

- (a) All bilateral and syndicated loans and credit facilities entered into as well as secured, unsecured or convertible notes issued by any Group Company during the Suspension Period and existing on the Reversion Date shall be deemed to be listed in Appendix 2 (*Certain Existing Financial Indebtedness*) and as having existed on the Issue Date for the purposes of paragraph 11.2.2(b) of Clause 11.2.2;
- (b) Any liability arising under any guarantee granted or other commitment (including but not limited to those listed in the definition Permitted Guarantee) undertaken by a Group Company during the Suspension Period shall be deemed to arise under a Permitted Guarantee for the purposes of paragraph 11.2.2(e) of Clause 11.2.2;
- (c) Any Financial Indebtedness under any Finance Lease of vehicles, plant, land, equipment or computers entered into during the Suspension Period shall be excluded for the purposes of paragraph 11.2.2(h) of Clause 11.2.2;
- (d) Any asset based lending facilities entered into by any Group Company during the Suspension Period shall be deemed an Asset Backed Lending for the purposes of paragraph 11.2.2(l) of Clause 11.2.2; and
- (e) Any receivables sold on a recourse basis during the Suspension Period shall be excluded for the purposes of paragraph (m) of Clause 11.2.2.

11.13.3 Any disposal within the meaning of Clause 11.5.1 to which a Group Company has committed during the Suspension Period shall not be construed as a disposal for the purposes of Clause 11.5 (*Disposals*).

11.13.4 Any guarantee to the granting of which a Subsidiary of the Issuer has committed during the Suspension Period shall be excluded for the purposes of Clause 11.7 (*Subsidiary Guarantees*);

11.13.5 There can be no assurance that the Notes will ever achieve or maintain Investment Grade Status.

12. Acceleration of the Notes

12.1 Except as may be restricted pursuant to Clause 12.7, the Noteholders' Agent is entitled to, and shall following a demand in writing from a Noteholder (or Noteholders) representing at least 25 percent of the Adjusted Nominal Amount (such demand may only be validly made by a Person who is a Noteholder at the end of the Business Day on which the demand is received by the Noteholders' Agent and shall, if made by several Noteholders, be made by them jointly) or following an instruction given pursuant to Clause 12.4, on behalf of the Noteholders (i) by notice to the Issuer, declare all, but not only some, of the outstanding Notes due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Noteholders' Agent determines, and/or (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents, if:

- (a) the Issuer does not pay on the due date any amount payable by it under the Finance Documents, unless the non-payment:
 - (i) is caused by technical or administrative error; and
 - (ii) is remedied within five (5) Business Days from the due date;
- (b) the Issuer or any other Material Group Company does not comply with any terms or conditions of the Finance Documents to which it is a party (other than those terms referred to in paragraph (a) above) and such non-compliance has a detrimental effect on the interests of the Noteholders, unless the non-compliance:
 - (i) is capable of remedy; and
 - (ii) is remedied within twenty (20) Business Days of the earlier of the Noteholders' Agent giving notice and the Issuer becoming aware of the non-compliance;
- (c) any Finance Document becomes invalid, ineffective or varied (other than in accordance with the provisions of the Finance Documents), and such invalidity, ineffectiveness or variation has a detrimental effect on the interests of the Noteholders;
- (d) the Issuer or any other Material Group Company is, or is deemed for the purposes of any applicable law to be, Insolvent;
- (e) any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, affects any material asset of the Issuer or any other Material Group Company and is not discharged within fourteen (14) Business Days;
- (f) any Financial Indebtedness of the Issuer or any other Material Group Company is not paid when due nor within any originally applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this paragraph (f) if (i) any relevant payment to be made is contested in good faith and as long as it has not resulted in a payment obligation of the relevant Group Company (confirmed by a court, arbitral tribunal or a government authority, subject to Clause 12.5) or (ii) the aggregate amount of Financial Indebtedness referred to herein is less than EUR 20,000,000 (or its equivalent in other currencies); or
- (g) the Issuer or any other Material Group Company ceases or threatens to cease all or a material part of its business other than as a result of a sale, transfer or other disposal of assets by a Material Group Company not prohibited under these Terms and Conditions or a merger, demerger, corporate reorganization (having the same or equivalent effect as a merger or

demerger) or solvent liquidation of or by a Material Group Company other than the Issuer prohibited under these Terms and Conditions.

- 12.2 The Noteholders' Agent may not accelerate the Notes in accordance with Clause 12.1 by reference to a specific Event of Default if it is no longer continuing.
- 12.3 The Noteholders' Agent shall notify the Noteholders of an Event of Default within five (5) Business Days of the date on which the Noteholders' Agent received actual knowledge of that an Event of Default has occurred and is continuing, except if the Event of Default does not relate to a payment failure in respect of the Notes and the Noteholders' Agent considers that withholding the notice is not detrimental to the interests of the Noteholders. The Noteholders' Agent shall, within twenty (20) Business Days of the date on which the Noteholders' Agent received actual knowledge of that an Event of Default has occurred and is continuing (and if the Event of Default does not relate to a payment failure in respect of the Notes, within sixty (60) Business Days), decide if the Notes shall be so accelerated. If the Noteholders' Agent decides not to accelerate the Notes, the Noteholders' Agent shall promptly seek instructions from the Noteholders in accordance with Clause 15 (*Decisions by Noteholders*). The Noteholders' Agent shall always be entitled to take the time necessary to consider carefully whether an occurred event or circumstance constitutes an Event of Default.
- 12.4 If the Noteholders instruct the Noteholders' Agent to accelerate the Notes, the Noteholders' Agent shall promptly declare the Notes due and payable and take such actions as may, in the opinion of the Noteholders Agent, be necessary or desirable to enforce the rights of the Noteholders under the Finance Documents, subject to the terms of the Intercreditor Agreement, unless the relevant Event of Default is no longer continuing.
- 12.5 If the right to accelerate the Notes is based upon a decision of a court of law, an arbitral tribunal or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- 12.6 In the event of an acceleration of the Notes in accordance with this Clause 12, the Issuer shall redeem all Notes at an amount per Note equal to 100 percent of the Nominal Amount.
- 12.7 Pursuant to the Intercreditor Agreement the Noteholders and the Noteholders' Agent are restricted from taking enforcement action in respect of the Finance Documents without a consent of the holders of more than 66 2/3 percent of the Secured Obligations (as more precisely calculated in accordance with the Intercreditor Agreement constituting Majority Senior Creditors under the Intercreditor Agreement), except for:
- (a) in insolvency proceedings taking any enforcement action, other than in respect of enforcement of Transaction Security or entering into any compromise with the Issuer or any Guarantor being the subject of the insolvency proceeding;
 - (b) making a claim in the winding-up, dissolution, administration, reorganization or similar insolvency event of the Issuer or a Guarantor for liabilities under the Notes owed to the Noteholders;
 - (c) following the occurrence of an Event of Default acceleration of the Notes or other Secured Obligations owed to the Noteholders or the Noteholders' Agent in accordance with these Terms and Conditions; and
 - (d) suing for, commencing or joining any legal or arbitration proceedings against the Issuer or any provider of Transaction Security or Transaction Guarantee to recover the Secured Obligations owed to the Noteholders in accordance with these Terms and Conditions.

13. Distribution of Proceeds

- 13.1 All payments by the Issuer relating to the Notes and the Finance Documents following an acceleration of the Notes in accordance with Clause 12 (*Acceleration of the Notes*) or any other Secured Obligations in accordance with their terms or otherwise received by the Security Agent with respect to the Secured Obligations in accordance with the Intercreditor Agreement and any proceeds received from an

enforcement of the Transaction Security and the Transaction Guarantee (in each case to the extent proceeds from the Transaction Security and the Transaction Guarantee can be applied towards satisfaction of the Secured Obligations) shall be distributed as set out in the Intercreditor Agreement in the following order:

- (a) *firstly*, in or towards payment *pro rata* and *pari passu* basis in discharging any sums owing to the Security Agent, any receiver or any delegate of the Security Agent;
- (b) *secondly*, on a *pro rata* and *pari passu* basis, in discharging all costs and expenses incurred by any senior creditor in connection with any realization or enforcement of the Transaction Security or Transaction Guarantees taken in accordance with the Intercreditor Agreement or any action taken at the request of the Security Agent in accordance with the Intercreditor Agreement;
- (c) *thirdly*, on a *pro rata* basis to the Secured Parties for application towards the discharge of Secured Obligations (not covered by the above paragraphs);
- (d) *fourthly*, if none of the debtors under the Intercreditor Agreement is under any further actual or contingent liability under the documents evidencing Secured Obligations, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any such debtor; and
- (e) *fifthly*, the balance if any, in payment or distribution to the relevant debtor.

13.2 Any amount which in compliance with the Intercreditor Agreement (if applicable) is payable in respect of the Notes shall be applied in the following order of priority, in accordance with the instructions of the Noteholders' Agent:

- (a) *firstly*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Noteholders' Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Noteholders) and/or the Paying Agent in accordance with the Paying Agency Agreement, (ii) other costs, expenses and indemnities relating to the acceleration of the Notes, exercising rights for the enforcement of Transaction Security, Transaction Guarantee, Replacing Security or Replacing Guarantee or the protection of the Noteholders' rights in each case as may have been incurred by the Noteholders' Agent, (iii) any costs incurred by the Noteholders' Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 19.3.7, and (iv) any costs and expenses incurred by the Noteholders' Agent in relation to a Noteholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 15.12;
- (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Notes (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date) and default interest payable pursuant to Clause 7.4;
- (c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Notes; and
- (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

Any excess funds after the application of proceeds in accordance with paragraphs (a) to (d) above shall be paid to the Issuer or the Security Provider, that provided Transaction Security/ Transaction Guarantee or Replacing Security/ Replacing Guarantee that was enforced, as appropriate.

13.3 If a Noteholder or another party has with the consent of the Noteholders' Agent paid any fees, costs, expenses or indemnities referred to in Clause 13.2(a), such Noteholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 13.2(a).

13.4 Funds that the Noteholders' Agent receives (directly or indirectly) in connection with the acceleration of the Notes or the enforcement of the Transaction Security or Transaction Guarantee or Replacing Security or Replacing Guarantee, as applicable, constitute escrow funds and must be held on a separate interest-bearing account on behalf of the Noteholders and the other interested parties. The Noteholders'

Agent shall arrange for payments of such funds in accordance with this Clause 13 as soon as reasonably practicable.

- 13.5 If the Issuer or the Noteholders' Agent shall make any payment under this Clause 13, the Issuer or the Noteholders' Agent, as applicable, shall notify the Noteholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Time, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Time specified in Clause 6.1 shall apply.

14. Right to Act on Behalf of a Noteholder

- 14.1 If any Person other than a Noteholder wishes to exercise any rights specifically allocated to Noteholders under the Finance Documents, it must obtain a power of attorney from the Noteholder or a successive, coherent chain of powers of attorney starting with the Noteholder and authorizing such Person or provide other evidence of ownership or authorization satisfactory to the Noteholders' Agent.
- 14.2 A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Finance Documents in relation to the Notes for which such representative is entitled to represent the Noteholder and may further delegate its right to represent the Noteholder by way of a further power of attorney.
- 14.3 The Noteholders' Agent shall only have to examine the face of a power of attorney or other evidence of authorization that has been provided to it pursuant to Clause 14.1 and may assume that it has been duly authorized, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face or is otherwise notified to the Noteholders' Agent.

15. Decisions by Noteholders

- 15.1 A request by the Noteholders' Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Noteholders' Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.
- 15.2 Any request from the Issuer or a Noteholder (or Noteholders) representing at least 10 percent of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Noteholder on the Business Day immediately preceding the day on which the request is received by the Noteholders' Agent and shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Finance Documents shall be directed to the Noteholders' Agent and dealt with at a Noteholders' Meeting or by way of a Written Procedure, as determined by the Noteholders' Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the opinion of the Noteholders' Agent more appropriate that a matter is dealt with at a Noteholders' Meeting or by way of a Written Procedure, the Noteholders' Agent shall have the right to decide where such matter shall be dealt with.
- 15.3 The Noteholders' Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any Person in addition to the Noteholders and such Person has informed the Noteholders' Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- 15.4 Only a Person who is, or who, directly or indirectly, has been provided with a power of attorney pursuant to Clause 14 (*Right to act on behalf of a Noteholder*) from a Person who is registered as a Noteholder:
- (a) at the Record Time on the CSD Business Day specified in the communication pursuant to Clause 16.3, in respect of a Noteholders' Meeting, or
 - (b) at the Record Time on the CSD Business Day specified in the communication pursuant to Clause 17.3, in respect of a Written Procedure,

may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure in respect of Notes held by such Person at the relevant Record Time, provided that the relevant Notes are included in the Adjusted Nominal Amount.

15.5 The following matters shall require the consent of Noteholders representing at least 75 percent of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17.3:

- (a) a change to the terms of any of Clause 2.1, and Clauses 2.5 and 2.7;
- (b) a reduction of the premium payable upon the redemption or repurchase of any Note pursuant to Clause 8 (*Redemption and Repurchase of the Notes*);
- (c) a change to the Interest Rate or the Nominal Amount;
- (d) a change to the terms for the distribution of proceeds set out in Clause 13 (*Distribution of Proceeds*);
- (e) a change to the terms dealing with the requirements for Noteholders' consent set out in this Clause 15;
- (f) a change of issuer, an extension of the tenor of the Notes or any delay of the due date for payment of any principal or interest on the Notes;
- (g) a release of the Transaction Security or Transaction Guarantee provided under the Transaction Security Documents or Intercreditor Agreement, as applicable, (except in accordance with the Intercreditor Agreement and Clause 9.2 (*Release of Transaction Security or Transaction Guarantee*));
- (h) any amendment of the Intercreditor Agreement or replacement by Subsequent Intercreditor Agreement whereby the ranking of external debt of the Group and the priority of payments among such debt becomes less beneficial to the Noteholders than under the Intercreditor Agreement in force on the Issue Date;
- (i) any amendment or release of any Transaction Security Document (subject to the terms of the Intercreditor Agreement and not covered by Clause 18 (*Amendments and Waivers*));
- (j) a mandatory exchange of the Notes for other securities; and
- (k) early redemption of the Notes, other than upon an acceleration of the Notes pursuant to Clause 12 (*Acceleration of the Notes*) or as otherwise permitted or required by these Terms and Conditions.

15.6 Any matter not covered by Clause 15.5 shall require the consent of Noteholders representing more than 50 percent of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17.3. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment or waiver permitted pursuant to Clause 18.1(a), (b), (d), (e), (f), (g) or (h) which does not require any further consent of the Noteholders) or an acceleration of the Notes or the exercise of the rights of the Noteholders to enforce any Transaction Security, Transaction Guarantee, Replacing Security or Replacing Guarantee, as applicable.

15.7 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least 50 percent of the Adjusted Nominal Amount in case of a matter pursuant to Clause 15.5, and otherwise 20 percent of the Adjusted Nominal Amount:

- (a) if at a Noteholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorized representatives); or

- (b) if in respect of a Written Procedure, reply to the request.
- 15.8 If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Noteholders' Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 16.1) or initiate a second Written Procedure (in accordance with Clause 17.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Noteholders' consent. The quorum requirement in Clause 15.7 shall not apply to such second Noteholders' Meeting or Written Procedure.
- 15.9 Any decision which extends or increases the obligations of the Issuer or the Noteholders' Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Noteholders' Agent, under the Finance Documents shall be subject to the Issuer's or the Noteholders' Agent's consent, as applicable.
- 15.10 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Noteholders that consent at the relevant Noteholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 15.11 A matter decided at a duly convened and held Noteholders' Meeting or by way of a Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure.
- 15.12 All costs and expenses incurred by the Issuer or the Noteholders' Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Noteholders' Agent, shall be paid by the Issuer.
- 15.13 If a decision is to be taken by the Noteholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Noteholders' Agent provide the Noteholders' Agent with a certificate specifying the number of Notes owned by Group Companies, irrespective of whether such Person is directly registered as owner of such Notes. The Noteholders' Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible for determining whether a Note is owned by a Group Company.
- 15.14 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Noteholders and published on the websites of the Issuer and the Noteholders' Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Noteholders' Agent, as applicable.

16. Noteholders' Meeting

- 16.1 The Noteholders' Agent shall convene a Noteholders' Meeting by sending a notice thereof to the CSD and each Noteholder no later than five (5) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons).
- 16.2 Should the Issuer want to replace the Noteholders' Agent, it may convene a Noteholders' Meeting in accordance with Clause 16.1 with a copy to the Noteholders' Agent. After a request from the Noteholders pursuant to Clause 19.5.4, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 16.1.
- 16.3 The notice pursuant to Clause 16.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Noteholders), (iv) a specification of the CSD Business Day at the end of which a Person must be registered as a Noteholder in order to be entitled to exercise voting rights at the meeting and (v) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.

16.4 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days from the date of the notice.

16.5 Without amending or varying these Terms and Conditions, the Noteholders' Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Noteholders' Agent may deem appropriate.

17. Written Procedure

17.1 The Noteholders' Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to the CSD and each Person who is registered as a Noteholder at the Record Time prior to the date on which the communication is sent.

17.2 Should the Issuer want to replace the Noteholders' Agent, it may send a communication in accordance with Clause 17.1 to each Noteholder with a copy to the Noteholders' Agent.

17.3 A communication pursuant to Clause 17.1 shall include (i) each request for a decision by the Noteholders, (ii) a description of the reasons for each request, (iii) a specification of the CSD Business Day at the end of which a Person must be registered as a Noteholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 17.1). If the voting is to be made electronically, instructions for such voting shall be included in the communication.

17.4 When a consent from the Noteholders representing the requisite majority of the total Adjusted Nominal Amount pursuant to Clauses 15.5 or 15.6 has been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15.5 or 15.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

18. Amendments and Waivers

18.1 The Issuer and the Noteholders' Agent (acting on behalf of the Noteholders) may agree to amend the Finance Documents or waive a past default or anticipated failure to comply with any provision in a Finance Document (or where such amendment or waiver is restricted by the Intercreditor Agreement take such action in respect of the Notes as may be taken with a view to such amendment or waiver being made in accordance with the Intercreditor Agreement), provided that:

- (a) such amendment or waiver is not detrimental to the interest of the Noteholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes; or
- (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
- (c) such amendment or waiver has been duly approved by the Noteholders in accordance with Clause 15 (*Decisions by Noteholders*); or
- (d) such amendment is needed for the release of the Transaction Security in accordance with Clause 9.2 (*Release of Transaction Security or Transaction Guarantee*); or
- (e) any such amendment of the Intercreditor Agreement or replacement by Subsequent Intercreditor Agreement which does not result in the ranking of external debt of the Group and the priority of payments among such debt to become less beneficial to the Noteholders than under the Intercreditor Agreement in force on the Issue Date; or

- (f) such amendment or waiver or a consent or written instruction is required to comply with or carry out the intentions of the Intercreditor Agreement and the Transaction Security Documents; or
 - (g) such amendment or waiver or a consent or a written instruction relates to any other amendment or waiver in respect of the Transaction Security than the release thereof; or
 - (h) such amendment is entered into to enable any refinancing or replacement of any Secured Obligations *pari passu* with the other Secured Obligations and which does not benefit from any guarantees or security beyond those benefiting the other Secured Parties.
- 18.2 The consent of the Noteholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- 18.3 The Noteholders' Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 18.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 10.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organization or authority.
- 18.4 An amendment to the Finance Documents shall take effect on the date determined by the Noteholders Meeting, in the Written Procedure or by the Noteholders' Agent, as the case may be.

19. Appointment and Replacement of the Agents

19.1 Appointment of Noteholders' Agent

- 19.1.1 By subscribing for Notes, each initial Noteholder, and, by acquiring Notes, each subsequent Noteholder:
- (a) agrees to and accepts the appointment of the Noteholders' Agent to act as its agent and representative under the Act on Noteholders' Agent in all matters relating to the Notes and the Finance Documents (including, for the avoidance of doubt, under the Intercreditor Agreement), and authorizes the Noteholders Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in all matters set out in the Act on Noteholders' Agent and particularly in any legal or arbitration proceedings relating to the Notes held by such Noteholder (including any legal or arbitration proceeding relating to the enforcement of the Transaction Security, Transaction Guarantee or perfection, preservation, protection or enforcement of the Replacing Security or Replacing Guarantee (to the extent included in the role of the Noteholders' Agent)) and to exercise such rights, powers, authorities and discretions as are specifically delegated to the Noteholders' Agent by the Act on Noteholders' Agent, these Terms and Conditions and the Intercreditor Agreement together with all such rights, powers, authorities and discretions as are incidental thereto; and
 - (b) agrees and accepts that the Noteholders' Agent shall have the rights, protections and benefits of the Intercreditor Agreement.
- 19.1.2 Each Noteholder shall immediately upon request provide the Noteholders' Agent with any such documents (in form and substance satisfactory to the Noteholders' Agent) that the Noteholders' Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Noteholders' Agent is under no obligation to represent a Noteholder which does not comply with such request if due to such failure the Noteholders' Agent is unable to represent such Noteholder.
- 19.1.3 The Issuer shall promptly upon request provide the Noteholders' Agent with any documents and other assistance (in form and substance satisfactory to the Noteholders' Agent), that the Noteholders' Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.

- 19.1.4 The Noteholders' Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Noteholders' Agent's obligations as Noteholders' Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 19.1.5 The Noteholders' Agent may act as agent or other representative for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

19.2 Security Agent

- 19.2.1 Under the Intercreditor Agreement (acceded or to be acceded by the Noteholders' Agent on behalf of the Noteholders) the Security Agent has been appointed as the trustee, agent or representative (as applicable) of the Secured Parties, to represent and act for the Secured Parties in relation to the Transaction Security and Transaction Guarantee. By subscribing for Notes, each initial Noteholder, and, by acquiring Notes, each subsequent Noteholder accepts the appointment of the Security Agent as well as other terms of the Intercreditor Agreement and undertakes to act in accordance with the Intercreditor Agreement.
- 19.2.2 In accordance with the Intercreditor Agreement, the Security Agent shall execute each Transaction Security Document and hold the Transaction Security and Transaction Guarantee created thereunder as trustee, agent or representative (as applicable) for and on behalf of all the Secured Parties pursuant to the Intercreditor Agreement. The Security Agent shall have no duties or responsibilities with respect to the Transaction Security, except for those set out in the Intercreditor Agreement and the Transaction Security Document.
- 19.2.3 Pursuant to the Intercreditor Agreement and the Transaction Security Documents, all the rights, powers, authorities and discretions under the Transaction Security Documents and Transaction Guarantee may only be exercised by the Security Agent (exclusively) for and on behalf of the Secured Parties (including the Noteholders).
- 19.2.4 Each Noteholder shall immediately upon request of the Noteholders' Agent provide the Security Agent or Replacing Security Agent with any such documents (in form and substance satisfactory to the Security Agent) that the Security Agent/Replacing Security Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Intercreditor Agreement and the Transaction Security Documents. The Security Agent/ Replacing Security Agent is under no obligation to represent a Noteholder which does not comply with such request if due to such failure the Security Agent/ Replacing Security Agent is unable to represent such Noteholder.
- 19.2.5 Under the Intercreditor Agreement the Noteholders undertake to vote in any official insolvency or rehabilitation proceeding relating to a Group Company as instructed by the Security Agent.

19.3 Duties of the Noteholders' Agent

- 19.3.1 The Noteholders' Agent shall represent the Noteholders in accordance with the Finance Documents including, *inter alia*, holding any and all Replacing Security and Replacing Guarantee, if applicable, on behalf of the Noteholders and, where relevant, enforcing the Replacing Security and Replacing Guarantees on behalf of the Noteholders. Except as specified in Clause 4 (*Conditions for Disbursement*), the Noteholders' Agent is not responsible for the execution or enforceability of the Finance Documents or the perfection of the Replacing Security or Replacing Guarantee.
- 19.3.2 When acting in accordance with the Finance Documents, the Noteholders' Agent is always acting with binding effect on behalf of the Noteholders. The Noteholders' Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 19.3.3 The Noteholders' Agent shall monitor the compliance by the Issuer with its obligations under the Finance Documents on the basis of information made available to it pursuant to the Finance Documents or received from a Noteholder. The Noteholders' Agent is not obligated to assess the Issuer's financial situation other than as expressly set out in these Terms and Conditions.
- 19.3.4 The Noteholders' Agent is entitled to take any step it in its sole discretion considers necessary or advisable to protect the rights of the Noteholders pursuant to these Terms and Conditions.

- 19.3.5 The Noteholders' Agent is entitled to delegate its duties to other professional parties, but the Noteholders' Agent shall remain liable for the actions of such parties under the Finance Documents.
- 19.3.6 The Noteholders' Agent shall treat all Noteholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Noteholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in the Finance Documents.
- 19.3.7 The Noteholders' Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Noteholders' Agent pay all costs reasonably incurred for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event or circumstance which the Noteholders' Agent reasonably believes is or may lead to an Event of Default (ii) a matter relating to the Issuer which the Noteholders' Agent reasonably believes may be detrimental to the interests of the Noteholders under the Finance Documents or (iii) making a determination under the Finance Documents or acting under the Intercreditor Agreement or with respect to Replacing Security or a Replacement Guarantee, as applicable. Any compensation for damages or other recoveries received by the Noteholders' Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 13 (*Distribution of Proceeds*).
- 19.3.8 Notwithstanding any other provision of the Finance Documents to the contrary, the Noteholders' Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 19.3.9 If in the reasonable opinion of the Noteholders' Agent the cost, loss or liability which it may incur (including reasonable fees to the Noteholders' Agent) in complying with instructions of the Noteholders, or taking any action at its own initiative, will not be covered by the Issuer, the Noteholders' Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- 19.3.10 The Noteholders' Agent shall give a notice to the Noteholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Noteholders' Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 19.3.9.
- 19.3.11 Upon the creation of any Replacing Security:
- (a) The Replacing Security Agent shall at all times maintain and keep all certificates and other documents that are bearers of right relating to the Replacing Security in safe custody on behalf of the Noteholders in accordance with the terms and conditions of the Finance Documents.
 - (b) The Replacing Security Agent shall not be responsible for or required to insure against any loss incurred in connection with such safe custody. The Replacing Security Agent shall hold amounts recovered, net of costs (including legal costs) and expenses incurred in connection with the recovery, separated for the account of the Noteholders and other possible secured parties and distribute such amounts recovered promptly to the Noteholders and other possible secured parties in accordance with these Terms and Conditions.

19.4 Limited Liability for the Noteholders' Agent

- 19.4.1 The Noteholders' Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or willful misconduct, or unless otherwise provided for in the Act on Noteholders' Agent. The Noteholders' Agent shall never be responsible for indirect loss.
- 19.4.2 The Noteholders' Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Noteholders' Agent or if the Noteholders' Agent has acted with reasonable care in a situation when the Noteholders' Agent

considers that it is detrimental to the interests of the Noteholders to delay the action in order to first obtain instructions from the Noteholders.

- 19.4.3 The Noteholders' Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Noteholders' Agent to the Noteholders, provided that the Noteholders' Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognized clearing or settlement system used by the Noteholders' Agent for that purpose.
- 19.4.4 The Noteholders' Agent shall have no liability to the Noteholders for damage caused by the Noteholders' Agent acting in accordance with instructions of the Noteholders given in accordance with Clause 15 (*Decisions by Noteholders*) or a demand by Noteholders given pursuant to Clause 12.1.
- 19.4.5 Any liability towards the Issuer which is incurred by the Noteholders' Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Noteholders under the Finance Documents.

19.5 Replacement of the Noteholders' Agent

- 19.5.1 Subject to Clause 19.5.7, the Noteholders' Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall in consultation with the Issuer appoint a successor Noteholders' Agent at a Noteholders' Meeting convened by the retiring Noteholders' Agent or by way of a Written Procedure initiated by the retiring Noteholders' Agent.
- 19.5.2 Subject to Clause 19.5.7, if the Noteholders' Agent is Insolvent, is removed by the Finnish Financial Supervisory Authority from the public register of noteholders' agents referred to in the Act on Noteholders' Agent or is no longer independent of the Issuer, the Noteholders' Agent shall be deemed to resign as Noteholders' Agent and the Issuer shall within ten (10) Business Days appoint a successor Noteholders' Agent.
- 19.5.3 Any successor Noteholders' Agent appointed pursuant to this Clause 19.5 must be an independent financial institution or other independent reputable company which regularly acts as agent under debt issuances and which is registered (if required to be so registered by the Act on Noteholders' Agent) in the public register of noteholders' agents referred to in the Act on Noteholders' Agent.
- 19.5.4 A Noteholder (or Noteholders) representing at least 10 percent of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Noteholder at the end of the Business Day on which the notice is received by the Issuer and shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Noteholders' Agent and appointing a new Noteholders' Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of a Written Procedure initiated by it, propose to the Noteholders that the Noteholders' Agent be dismissed and a new Noteholders' Agent appointed.
- 19.5.5 If the Noteholders have not appointed a successor Noteholders' Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Noteholders' Agent was dismissed through a decision by the Noteholders, the Issuer shall appoint a successor Noteholders' Agent.
- 19.5.6 The retiring Noteholders' Agent shall, at its own cost, make available to the successor Noteholders' Agent such documents and records and provide such assistance as the successor Noteholders' Agent may reasonably request for the purposes of performing its functions as Noteholders' Agent under the Finance Documents.
- 19.5.7 The resignation or dismissal of the Noteholders' Agent shall only take effect upon the appointment of a successor Noteholders' Agent and acceptance by such successor Noteholders' Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Noteholders' Agent.
- 19.5.8 Upon the appointment of a successor, the retiring Noteholders' Agent shall be discharged from any further obligation in respect of the Finance Documents but shall, in respect of any action which it took or failed to take whilst acting as Noteholders' Agent, (a) remain entitled to the benefit of the Finance

Documents and (b) remain liable under the Finance Documents. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Noteholders' Agent.

- 19.5.9 In the event that there is a change of the Noteholders' Agent in accordance with this Clause 19.5, the Issuer shall execute such documents and take such actions as the new Noteholders' Agent may reasonably require for the purpose of vesting in such new Noteholders' Agent the rights, powers and obligation of the Noteholders' Agent and releasing the retiring Noteholders' Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Noteholders' Agent agree otherwise, the new Noteholders' Agent shall be entitled to the same fees and the same indemnities as the retiring Noteholders' Agent.

20. No Direct Actions by Noteholders

- 20.1 A Noteholder may not take any steps whatsoever against the Issuer or with respect to the Transaction Security or the Transaction Guarantee to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganization (Fin: *yrittysaneeraus*) or bankruptcy (Fin: *konkurssi*) (or its equivalent in any other jurisdiction) of the Issuer or a Security Provider in relation to any of the obligations of the Issuer or a Security Provider under the Finance Documents.

- 20.2 Clause 20.1 shall not apply if:

- (a) the Noteholders' Agent has been instructed by the Noteholders in accordance with the Finance Documents to take any of the actions referred to in Clause 20.1 but fails for any reason to take, or is unable to take (for any reason other than a failure by a Noteholder to provide documents in accordance with Clause 19.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take such actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Noteholders' Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 19.3.9, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 19.3.10 before a Noteholder may take any action referred to in Clause 20.1; and
- (b) the Noteholders have resolved pursuant to these Terms and Conditions that, upon the occurrence of a failure by the Noteholders' Agent referred to in paragraph (a) above, a Noteholder shall have the right to take any action referred to in Clause 20.1; or
- (c) the Security Agent/ Replacing Security Agent has been instructed in accordance with the Intercreditor Agreement to take any of the actions referred to in Clause 20.1 in accordance with the Intercreditor Agreement to enforce the Transaction Security/ Replacing Security or the Transaction Guarantees/ Replacing Guarantees but is legally unable to take such enforcement actions,

in each case if and only to the extent permitted pursuant to the terms of the Intercreditor Agreement.

- 20.3 The provisions of Clause 20.1 shall not in any way limit an individual Noteholder's right to claim and enforce payments which are due to it under Clause 8.3 (*Mandatory Repurchase due to a Change of Control Event (Put Option)*) or other payments which are due by the Issuer to some but not all Noteholders.

21. Tax Gross-up

All payments in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of Finland or any political subdivision of, or any authority in, or of, Finland having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in

respect of the Notes in the absence of the withholding or deduction (such amounts being “**Additional Amounts**”), except that no Additional Amounts shall be payable in relation to any payment in respect of any Note:

- (a) to, or to a third party on behalf of, a Noteholder who is liable to the Taxes in respect of the Note by reason of his having some connection with Finland other than the mere holding of the Note; or
- (b) to, or to a third party on behalf of, a Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority.

22. Prescription

- 22.1 The right to receive payment of the principal of or interest on the Notes shall be prescribed and become void three (3) years from the date on which such payment became due.
- 22.2 If a limitation period is duly interrupted in accordance with the Finnish Act on Limitations (Fin: *Laki velan vanhentumisesta* 728/2003, as amended), a new limitation period of at least three (3) years will commence.

23. Notices and Press Releases

23.1 Notices

- 23.1.1 Any notice or other communication to be made under or in connection with the Finance Documents:
 - (a) if to the Noteholders’ Agent, shall be given at the address registered with the Finnish Trade Register or in another address as agreed between the Issuer and the Noteholders’ Agent, in each case on the Business Day prior to dispatch, and by email to alli.soralahiti@intertrustgroup.com and Finland@intertrustgroup.com;
 - (b) if to the Paying Agent, shall be given at the following address: Nordea Bank AB (publ), Finnish Branch, 2548 Asset Services Global FI, Aleksis Kiven katu 3-5, VC 210, 00020 NORDEA, Finland, and by email to custody.thy@nordea.com;
 - (c) if to the Security Agent, shall be given at the following address: The Law Debenture Trust Corporation p.l.c., 100 Wood Street, London EC2V 7EX, Fax: +44 (0) 20 7606 0643, Attention: Manager, Commercial Trusts, Ref 200774 (or at such address as is informed in accordance with the Intercreditor Agreement);
 - (d) if to the Issuer, shall be given at the address registered with the Finnish Trade Register on the Business Day prior to dispatch and designated to the attention of CFO with a copy to General Counsel and by email to LoanAdmin@outokumpu.com; and
 - (e) if to the Noteholders, shall be published by way of press release or stock exchange release (as applicable) by the Issuer or, if made by the Noteholders’ Agent, on the website of the Noteholders’ Agent if the Issuer does not publish it by way of press release or stock exchange release (as applicable).
- 23.1.2 Subject to Clause 23.1.3 below, any notice or other communication made by one Person to another under or in connection with the Finance Documents shall be in English and sent by way of courier, fax, e-mail, personal delivery or letter and will become effective, in the case of courier or personal delivery, when it has been left at the address specified in Clause 23.1.1 or, in the case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23.1.1 or, in the case of fax or e-mail, when actually received in a readable form.
- 23.1.3 Notwithstanding Clause 23.1.2 above, any notice may be given to the Noteholders, and shall be deemed to have been received by the Noteholders at the date when published, in any manner specified in paragraph (e) of Clause 23.1.1 above.

23.2 Press Releases

- 23.2.1 Any notice that the Issuer or the Noteholders' Agent shall send to the Noteholders pursuant to Clauses 16.1 and 17.1 shall also be published by way of press release or stock exchange release by the Issuer or by way of press release by the Noteholders' Agent, as applicable. Any such notice shall be deemed to have been received by the Noteholders when published in any manner specified in this Clause 23.2.1.
- 23.2.2 In addition to Clause 23.2.1, if any information relating to the Notes or the Issuer/Group contained in a notice the Noteholders' Agent may send to the Noteholders under these Terms and Conditions has not already been made public in accordance with these Terms and Conditions, the Noteholders' Agent shall before it sends such information to the Noteholders give the Issuer the opportunity to make public such information in accordance with these Terms and Conditions. If the Issuer does not promptly make public such information and the Noteholders' Agent considers it necessary to make such information public in accordance with Clause 23.2.1 before it can lawfully send a notice containing such information to the Noteholders, the Noteholders' Agent shall be entitled to do so.

24. Force Majeure and Limitation of Liability

- 24.1 Neither the Issuer, the Noteholders' Agent nor the Paying Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Noteholders' Agent or the Paying Agent itself takes such measures, or is subject to such measures.
- 24.2 The Paying Agent shall have no liability to the Noteholders if it has observed reasonable care. The Paying Agent shall never be responsible for indirect damage with exception of gross negligence and willful misconduct on the part of the Paying Agent.
- 24.3 Should a Force Majeure Event arise which prevents the Issuer, the Noteholders' Agent or the Paying Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- 24.4 The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Book-Entry System Act which provisions shall take precedence.

25. Governing Law and Jurisdiction

- 25.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Finland.
- 25.2 The Issuer submits to the non-exclusive jurisdiction of the Finnish courts with the District Court of Helsinki (Fin: *Helsingin käräjäoikeus*) as the court of first instance.
- 25.3 Clauses 25.1 and 25.2 above shall not limit the right of the Noteholders' Agent (or the Noteholders, as applicable) to take proceedings against the Issuer or any guarantor or security provider in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.
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FORM OF COMPLIANCE CERTIFICATE

COMPLIANCE CERTIFICATE

To: INTERTRUST (FINLAND) OY as Noteholders' Agent

From: OUTOKUMPU OYJ as Issuer

Place and date: In [], on the [] day of [] 20[]

Dear Madams/Sirs,

We refer to the rated, senior, secured and unsubordinated fixed rate notes issued by us on June 18, 2018 with an aggregate nominal amount of EUR 250,000,000 (the "Notes").

1. We refer to the Terms and Conditions of the Notes. This is a compliance certificate. Terms defined in the Terms and Conditions of the Notes have the same meaning when used in this compliance certificate unless given a different meaning in this compliance certificate.
2. [On [●], [we have incurred Financial Indebtedness in the form of [●]]/[●] has merged with and into [●]]/[●] has demerged and [●].]
3. [We confirm that on [*relevant testing date*], the Gearing is [●].]
4. [We confirm that no Event of Default is continuing.]¹
5. This compliance certificate is governed by Finnish law.

OUTOKUMPU OYJ
as Issuer

Name:

¹ If this statement cannot be made, the certificate shall identify any Event of Default that is continuing and the steps, if any, being taken to remedy it.

CERTAIN EXISTING FINANCIAL INDEBTEDNESS

- (i) the EUR 650 million secured revolving credit facility under a facility agreement between, among others, the Issuer and a group of banks, including among others Nordea Bank AB (publ), Finnish Branch, Skandinaviska Enskilda Banken AB (publ), Danske Bank A/S, Finland Branch (formerly Danske Bank A/S, Helsinki Branch), Svenska Handelsbanken AB (publ), Branch Operation in Finland, OP Corporate Bank plc, Crédit Agricole Corporate and Investment Bank, Swedbank AB (publ), BNP Paribas SA, Bankfilial Sverige and Citibank N.A., London Branch, dated February 28, 2014 as amended and restated on December 4, 2015 and on December 22, 2017;
- (ii) the following bilateral loans:
 - 1. the EUR 90 million secured committed revolving credit facility provided by Nordea Bank AB (publ), Finnish Branch and guaranteed by Finnvera plc; and
 - 2. the secured export financing basic loan facility provided by Commerzbank Aktiengesellschaft;
- (iii) the EUR 250 million senior secured fixed rate notes issued by the Issuer in 2016 and maturing in 2021;
- (iv) pension loans in the aggregate amount of EUR 171 million;
- (v) RMB 65 million credit facility for Outokumpu Stainless Steel (China) Co. Ltd provided by Swedbank AB, Shanghai Branch and guaranteed by the Issuer; and
- (vi) EUR 250 million senior unsecured convertible notes issued by the Issuer in 2015 and maturing in 2020.

TRANSACTION SECURITY

Security Provider	Transaction Security
Outokumpu Europe Oy	Finnish law governed share pledge over 100 percent of the shares in Outokumpu Stainless Oy.
Outokumpu Oyj	Finnish law governed share pledge over 100 percent of the shares in Outokumpu Europe Oy. Dutch law governed share pledge over 100 percent of the shares in Outokumpu Holding Nederland BV.
Outokumpu Stainless Oy	Finnish law governed real estate mortgage relating to the Tornio Works site, subject to up to EUR 300,000,000 prior ranking mortgages granted to other creditors.
Outokumpu Chrome Oy (not a guarantor).....	Finnish law governed real estate mortgage relating to the Tornio Works site.
Outokumpu Holding Nederland BV	New York law governed share pledge over 100 percent of the shares in Outokumpu Americas Inc.
Outokumpu Americas, Inc.	New York law governed share pledge over 100 percent of the shares in Outokumpu Stainless USA, LLC.
Outokumpu Stainless USA, LLC	New York law governed security and mortgage.

ADDITIONAL INFORMATION ON THE ISSUE OF THE NOTES

Form of the Notes:	Securities in dematerialized, book-entry form issued in the Infinity-book-entry securities system maintained by Euroclear Finland Oy.
Depository and settlement system:	Euroclear Finland Oy, Urho Kekkosen katu 5 C, FI-00100, Helsinki, Infinity system of Euroclear Finland Oy.
Effective yield of the Notes:	As at the Issuer Date, at the issue price of 100 percent, the effective annual yield of the Notes was 4.167 percent per annum.
Noteholders' Agent:	Intertrust (Finland) Oy.
Security Agent:	The Law Debenture Trust Corporation p.l.c. as agreed in the Intercreditor Agreement.
Issuing Agent:	Nordea Bank AB (publ), Finnish Branch.
Publication date and investors:	The result of the Offering was announced on June 11, 2018.
Listing:	Application has been made to have the Notes listed on Nasdaq Helsinki.
Estimated time of Listing:	On or about June 20, 2018.
Interests of the participants of the Offering:	<p>Interests of the Noteholders' Agent and the Security Agent: Business interest normal in the financial markets. The Security Agent acts as trustee, agent or representative (as applicable) in respect of the Transaction Security that secures also major part of Outokumpu's other borrowings.</p> <p>Interests of the Joint Lead Managers: Business interest normal in the financial markets.</p> <p>The Joint Lead Managers and/or companies belonging to the same consolidated groups with some of the Joint Lead Managers are lenders under the EUR 650,000,000 revolving credit facility. The Joint Lead Managers and/or companies belonging to the same consolidated groups with some of the Joint Lead Managers are also lenders under certain bilateral facilities.</p> <p>The Joint Lead Managers and their respective affiliates may hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of customers, in debt or equity securities of the Issuer, including the Notes.</p>
Estimated net amount of the proceeds:	The aggregate net proceeds to the Company from the Offering, after deduction of the fees and expenses payable by Outokumpu, were approximately EUR 248 million.
Estimated expenses related to the Offering:	The fees and expenses incurred in connection with the Offering and payable by the Issuer amounted in aggregate to an estimated EUR 2 million.
Date of the entry of the Notes to the book-entry system:	Notes subscribed and paid for have been entered by the Issuing Agent to the respective book-entry accounts of the subscribers on June 18, 2018 in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as regulations and decisions of Euroclear Finland Oy.
Transaction Guarantees, Transaction Security and Intercreditor Agreement:	See " <i>Additional Information on the Transaction Guarantees, Transaction Security and Intercreditor Agreement</i> ".

ADDITIONAL INFORMATION ON THE TRANSACTION GUARANTEES, TRANSACTION SECURITY AND INTERCREDITOR AGREEMENT

The capitalized words and expressions in this section shall have the meanings defined in “*Terms and Conditions of the Notes*”.

The Transaction Guarantees and the Transaction Security

The Issuer and certain of its subsidiaries have guaranteed and/or granted security for *inter alia*, the Revolving Facility and the Amended Facilities (as defined in “*Other Secured Obligations*” below). Pursuant to the terms of certain of the before-mentioned credit facilities, Outokumpu is, at the date of this Prospectus, under an obligation to procure that, on certain conditions and subject to certain exceptions, further subsidiaries will later become guarantors and, if applicable, grant further Transaction Security and that Transaction Security would be granted over the shares of such subsidiaries. The Issuer and the other security providers and guarantors have on or about the Issue Date confirmed by executing an English law confirmation that the Transaction Security and Transaction Guarantees will also cover Outokumpu’s liabilities under the Notes.

At the date of this Prospectus, the following entities are Guarantors:

- Outokumpu Europe Oy (0823312-4), Finland;
- Outokumpu Stainless Oy (0823315-9), Finland;
- Outokumpu Stainless AB (556001-8748), Sweden;
- Outokumpu Stainless Holding GmbH (HRB 4114), Germany;
- Outokumpu Nirosta GmbH (HRB 12511), Germany;
- Outokumpu Americas, Inc. (5028835), United States (Delaware);
- Outokumpu Stainless USA, LLC (4354408), United States (Delaware); and
- Outokumpu Holding Nederland BV (24271249), the Netherlands.

At the date of this Prospectus, the Transaction Security consists of:

- a Finnish law governed share pledge by Outokumpu Europe Oy over 100 percent of the shares in Outokumpu Stainless Oy;
- a Finnish law governed share pledge by the Issuer over 100 percent of the shares in Outokumpu Europe Oy;
- a Finnish law governed security over the real property and fixed assets owned by Outokumpu Stainless Oy at the Tornio site in Finland, subject to up to EUR 300,000,000 prior ranking mortgages granted to other creditors;
- a Finnish law governed security over the right of use and the fixed assets owned by Outokumpu Chrome Oy at the Tornio site in Finland;
- a Dutch law governed pledge by the Issuer over 100 percent of the shares in Outokumpu Holding Nederland BV;
- a NY law governed share pledge by Outokumpu Americas, Inc. over 100 percent of the shares in Outokumpu Stainless USA, LLC
- a NY law governed share pledge by Outokumpu Holding Nederland BV over 100 percent of the shares in Outokumpu Americas Inc.;
- a U.S. law governed security over the real property, fixed assets and certain other agreed assets owned by Outokumpu Stainless USA, LLC in Calvert, United States;
- a U.S. law governed mortgage covering all property in Alabama granted by Outokumpu Stainless USA, LLC as mortgagor; and
- a NY law governed accession supplement to the U.S. share pledge and made between, amongst others, Outokumpu Stainless Holding GmbH, Outokumpu Stainless AB, Outokumpu Americas, Inc. and Outokumpu Holding Nederland BV.

The Transaction Guarantees are granted under the Intercreditor Agreement (see “*Intercreditor Agreement*” below). The Transaction Guarantees and the Transaction Security are granted subject to certain specific limitations set out in the Intercreditor Agreement, the Transaction Security Documents and any related accession documents, as applicable, as well as certain limitations imposed by local law requirements in certain jurisdictions.

The Transaction Guarantees and the Transaction Security secure a major part of Outokumpu's borrowings, not only the Notes. Please see "*Other Secured Obligations*" below.

The Terms and Conditions provide that the Noteholders' Agent shall in certain circumstances agreed therein, take actions necessary to release the Transaction Guarantees and Transaction Security or part thereof.

The Noteholders' Agent shall take actions necessary to release all Transaction Guarantees and/or Transaction Security if (a) once the Issuer has received an issuer rating of BB or higher by Standard & Poor's Rating Services or corporate family rating of Ba2 or higher by Moody's, the Secured Parties representing at least 50 percent of the Secured Obligations agree to release all of the Transaction Security and/or the Transaction Guarantees; or (b) the Secured Obligations (other than in respect of the Notes or other senior notes issued by the Issuer and benefiting from the Transaction Security and/or the Transaction Guarantees) have been refinanced, are agreed to be amended to continue or pursuant to their terms and conditions may or shall continue on an unsecured and/or unguaranteed basis, in each case further provided that all of the Transaction Security and/or the Transaction Guarantees when released are released with respect to all Secured Obligations (including other secured notes) simultaneously.

The Noteholders' Agent shall take actions necessary to release a part of Transaction Guarantees and/or Transaction Security if (a) once the Issuer has received an issuer rating of BB or higher by Standard & Poor's Rating Services or corporate family rating of Ba2 or higher by Moody's, the Secured Parties representing at least 50 percent of the Secured Obligations agree to release such part of the Transaction Security and/or the Transaction Guarantees; or (b) assets subject to such part of the Transaction Security are sold, transferred or otherwise disposed to another member of the Group and such assets become covered by Transaction Security provided by such recipient member of the Group or corresponding new Transaction Security is granted by such recipient member of the Group; or (c) the provider of Transaction Security (other than the Issuer) is to cease to exist as result of a merger, demerger, corporate reorganization or solvent liquidation not prohibited under the Terms and Conditions, in each case further provided that such part of the Transaction Security and/or the Transaction Guarantees when released is released with respect to all Secured Obligations (including other secured notes) simultaneously.

In addition, the Security Agent may release Transaction Security and Transaction Guarantees in non-distress situations as well as in connection with enforcement and appropriation as further described below.

Intercreditor Agreement

On February 28, 2014, Outokumpu, certain subsidiaries of Outokumpu, the lenders under the Revolving Facility, the lenders under the EUR 500 million secured syndicated loan facility between Outokumpu and a group of banks to support the medium-term liquidity requirements of Outokumpu, subsequently cancelled in full (the "**Liquidity Facility**"), the lenders under the Amended Facilities and the agent of the holders of the 2015 Notes and the 2016 Notes (for and on behalf of the holders of the 2015 Notes and the 2016 Notes which notes have subsequently been repaid in full), among others, entered into an agreement to, among other things, regulate the ranking and enforcement of the Transaction Security and of the guarantees granted therein (the "**Intercreditor Agreement**"). The Intercreditor Agreement contains a procedure by which new financings can be taken subject to the Intercreditor Agreement and to benefit from the Transaction Guarantees and Transaction Security. The Noteholders' Agent has for and on behalf of the holders of the Notes acceded to the Intercreditor Agreement, the Issuer has designated the Notes as additional senior financing for the purposes of the Intercreditor Agreement and an English law confirmation has been executed by the Guarantors and the Security Providers on or about the Issue Date so as to ensure that also the holders of the Notes benefit from the Transaction Guarantees and the Transaction Security.

Ranking of debt and Transaction Security and priority to enforcement proceeds

The Intercreditor Agreement subordinates intra-Group loan liabilities to the Secured Obligations. Pursuant to the terms of the Intercreditor Agreement, all the liabilities secured by the Transaction Security and Transaction Guarantees shall rank in right and priority of payment, and the Transaction Security and Transaction Guarantees shall secure such liabilities, *pari passu* and *pro rata* without any preference between them, except for certain liabilities that have priority to the enforcement proceeds from the Transaction Security and Transaction Guarantees. Pursuant to the Intercreditor Agreement the Transaction Guarantee and Transaction Security

proceeds are subject to the waterfall set out in the Intercreditor Agreement providing for a priority before the Notes for liabilities owed to the Security Agent (or any receiver or delegate) and certain enforcement costs incurred by the Secured Parties, in this order. The before mentioned priority of payments applies also to all payments under the Secured Obligations in a distressed situation.

The *pro rata* and *pari passu* ranking is, however, limited in respect of a creditor whose claim has been subordinated due to the creditor being a related party to a Group member that is subject to an insolvency proceeding.

Security Agent

Pursuant to the Intercreditor Agreement the Secured Parties have appointed the Security Agent to act as trustee, agent and representative and to hold the Transaction Security and Transaction Guarantees on trust for itself and the Secured Parties. The Transaction Security is and will be held, administered and enforced, and the Transaction Security Documents have been and will be executed, by the Security Agent for and on behalf of all the Secured Parties in accordance with the Intercreditor Agreement. At the date of this Prospectus, the Security Agent is The Law Debenture Trust Corporation p.l.c.

The Intercreditor Agreement contains an indemnity by each Secured Party for the benefit of the Security Agent (and receiver and delegate) for costs, losses and liabilities incurred by any of them (other than as a result of their gross negligence or willful default) in acting as security agent, receiver or delegate under the Secured Obligations.

Creditor groups and voting

The Secured Parties are pursuant to the Intercreditor Agreement divided into creditor groups entitling each group to only one vote with all credit participations pertaining to such group (calculated on the basis of commitments, where applicable). The groups are formed from the creditors under the different facilities as follows: revolving facility as well as each syndicated facility, bilateral lender and additional senior financing forming their own group. Within the groups the decision making follows the terms and conditions of the relevant financing.

The decisive thresholds in decision making under the Intercreditor Agreement are 66 2/3 percent of the senior credit participations forming majority senior creditors and 50 percent of the senior credit participations forming an instructing group.

Permitted payments and enforcement

Secured Obligations may be paid in accordance with their terms until an acceleration event occurs or any Transaction Security is being enforced. Thereafter the waterfall referred to above applies. Although intra-Group liabilities are subordinated, payments for such liabilities are generally permitted when due except when an event of default is outstanding and the Security Agent has prohibited such payment.

The Secured Parties are restricted from taking enforcement action (including the holders of the Notes taking enforcement actions in respect of the Notes) without a majority creditor consent but with the following exceptions:

- (a) in insolvency proceedings to take enforcement action (other than in respect of enforcement of Transaction Security or entering into any compromise with the Issuer or any Guarantor being the subject of the insolvency proceeding);
- (b) to make a claim in the winding-up, dissolution, administration, reorganization or similar insolvency event of a debtor for liabilities owed to the relevant Secured Party;
- (c) following the occurrence of an event of default acceleration of the Notes or other Secured Obligations owed to the holders of the Notes or the Noteholders' Agent in accordance with the Terms and Conditions; and
- (d) suing for, commencing or joining any legal or arbitration proceedings against the Issuer or any provider of Transaction Security or Transaction Guarantee to recover the Secured Obligations owed to the holders of the Notes or the Noteholders' Agent in accordance with the Terms and Conditions.

Enforcement of Transaction Security and Transaction Guarantees is pursuant to the Intercreditor Agreement permitted only through the Security Agent and on instructing group instructions. Each creditor is obliged to vote in any official insolvency or rehabilitation proceeding relating to a group company as instructed by the Security Agent.

In addition, the Intercreditor Agreement sets out the enforcement mechanics for the Transaction Security and Transaction Guarantees, including, among other things, enforcement trigger events pursuant to which the Transaction Security may become enforceable, provisions regarding non-cash recoveries, certain consultation obligations for the different creditor groups and other similar limitations and conditions.

Turnover

Any amount received by a Secured Party contrary to the Intercreditor Agreement, by way of set-off, after the occurrence of a distress event, as a result of any litigation or proceedings (other than insolvency) or proceeds of any enforcement of Transaction Security or Transaction Guarantees not distributed in accordance with the waterfall, is (or cash-value of a non-cash receipt) required to be promptly paid to the Security Agent for application in accordance with the Intercreditor Agreement. Any such amounts are subject to sharing provisions that apply among Secured Parties.

Release of Transaction Security and Transaction Guarantees

The Security Agent is pursuant to the Intercreditor Agreement entitled on behalf of all Secured Parties to release any part of the Transaction Security in certain circumstances subject to and in accordance with the Intercreditor Agreement. The Security Agent is authorized to release relevant part of the Transaction Security and Transaction Guarantees and to discharge Secured Obligations and certain intra-group liabilities in order to facilitate enforcement of Transaction Security or a distressed disposal or appropriation made in accordance with the Intercreditor Agreement. The Intercreditor Agreement also provides that in connection with a disposal of an asset by a member of the Group permitted under the terms of the secured financing under non-distressed circumstances, the Security Agent is under the Intercreditor Agreement authorized to release Transaction Security over that asset and where the asset consists of shares in a Group company, Transaction Guarantee and Transaction Security granted by such company. The Intercreditor Agreement obliges each Secured Party to take actions necessary to effect such releases and discharges for non-distressed disposals and distressed disposals and appropriation.

Application of disposal and capital markets proceeds

The Intercreditor Agreement provides that the net proceeds from any disposals or the issuance of capital markets instruments (excluding debt capital markets instruments resulting in proceeds of EUR 10 million or less) must first be applied towards prepayment and cancellation of the Liquidity Facility and second, on a *pro rata* and *pari passu* basis to the Revolving Facility and other secured creditors (to the extent that the relevant secured creditor has a prepayment right under the terms of the relevant loan facility). The Liquidity Facility has been cancelled in full.

Changes to the parties

The Intercreditor Agreement contains mechanisms for further creditors, guarantors and intra-group lenders acceding thereto. By acceding to the Intercreditor Agreement in accordance with its terms further creditors may become Secured Parties benefiting from the Transaction Security and Transaction Guarantees, further guarantors would constitute additional Transaction Guarantees for all Secured Obligations and further intra-group lenders would result in further intra-group debt being subordinated to the Secured Obligations.

Permitted amendments

The Intercreditor Agreement contains various conditions on the requirements for effecting amendments to the terms thereof. Amendments that shorten contractually scheduled maturity or redemption date, amortization profile or reduces average weighted life of a facility or introduces scheduled reductions in available commitments, require consent of the majority senior creditors. The Intercreditor Agreement entirely restricts

amendments that conflict with the Intercreditor Agreement or create a default under another debt document with respect to any action or event that is permitted under the Intercreditor Agreement. Also, where an amendment to the Transaction Security relates to the nature or scope of the collateral assets, the manner in which enforcement proceeds are distributed or to the release of Transaction Security, such amendments may only be made with the consent of each creditor group representative.

Amendment and replacement of the Intercreditor Agreement, Transaction Security and Transaction Guarantees

In consideration of the maturity of the Notes and the maturity of the other Secured Obligations, it is possible that in connection with a refinancing of certain of such other Secured Obligations, the Intercreditor Agreement will be replaced by a new intercreditor agreement and the Transaction Security and Transaction Guarantees will be released and re-granted. Pursuant to the Terms and Conditions, the Noteholders' Agent is authorized to take actions needed for the amendment and replacement of the Intercreditor Agreement and the release and, where applicable, the retake of the Transaction Security and Transaction Guarantees provided that from the perspective of the holders of the Notes the ranking among the external debt covered by the new intercreditor and the application of proceeds from any security and guarantees is not less beneficial than under the Intercreditor Agreement and that any Transaction Security and Transaction Guarantees benefit the Notes alike the other Secured Obligations.

Entities providing the Transaction Guarantee

The entities which are guarantors at date of this Prospectus are detailed below. The financial information presented of the companies in question, is derived from Outokumpu's unaudited consolidated financial statement for the three months ended March 31, 2018 is in accordance with the applicable IFRS.

Outokumpu Europe Oy

Outokumpu Europe Oy (established November 7, 1990, business identity code 0823312-4) is a limited liability company established under Finnish law with its domicile in Helsinki, Finland. According to its articles of association, the company engages in the manufacture, refining and trading of steel and raw materials for the steel industry either directly or through its subsidiaries, associated companies or joint ventures. The company also engages in operations directly related thereto, such as those related to the mining and extractive industries. The company may own and manage real estate and domestic as well as foreign securities, provide management consulting services, take and grant loans, grant guarantees and pledge its assets with regard to operations related to the steel and mining industries.

At the date of this Prospectus, the Board of Directors of Outokumpu Europe Oy consists of the following persons: Minna Yrjönmäki (Chairman), Liam Bates, Maciej Gwozdz and Olli-Matti Saksi. The Chief Executive Officer (the "CEO") of Outokumpu Europe Oy is Marc-Simon Schaar and the auditor of Outokumpu Europe Oy is PricewaterhouseCoopers Oy with Janne Rajalahti as the principal auditor. As at March 31, 2018 Outokumpu Europe Oy's total assets were EUR 2,159 million, total equity was EUR 1,386 million and net of debt, loan receivables and cash was a debt of EUR 732 million. Outokumpu Europe Oy did not have any material sales for the three months ended March 31, 2018 according to IFRS reporting. However, according to the Finnish local GAAP, for the year ended December 31, 2017, the sales of Outokumpu Europe Oy were EUR 2,459 million. The difference compared to the IFRS sales is mainly attributable to bookings related to operating structure of Outokumpu Europe Oy, Outokumpu Nirosta GmbH and Outokumpu Stainless AB. The operating model is such that aforementioned companies are acting as central entities responsible for the strategic decisions and management of all existing relationships with customers and suppliers in the business area Europe (the "**Europe Tax Framework**"). To implement the Europe Tax Framework described above, Outokumpu Europe Oy, Outokumpu Nirosta GmbH and Outokumpu Stainless AB have entered into a framework agreement and into certain other intra-group agreements, under which the profits within the business area Europe are split between the central entities Outokumpu Europe Oy, Outokumpu Nirosta GmbH and Outokumpu Stainless AB. Because of the Europe Tax Framework and the profit split related to it, the financial information of the sales of Outokumpu Europe Oy is completed with financial information from audited separate financial statement for the year ended December 31, 2017 in accordance with the Finnish local GAAP.

Outokumpu Stainless Oy

Outokumpu Stainless Oy (established November 21, 1990, business identity code 0823315-9) is a limited liability company established under Finnish law with its domicile in Tornio, Finland. According to its articles of association, the company engages in its home country and abroad in the manufacture and trade of steel and business operations based on know-how acquired in these sectors or related to or compatible with them. The company may also sell IT, laboratory, financial administration and real estate maintenance services to other group companies. Within the scope of its field of operation the company may also establish domestic and foreign companies, acquire shares in such companies, take and grant loans, grant guarantees and pledge its assets.

At the date of this Prospectus, the Board of Directors of Outokumpu Stainless Oy consists of the following persons: Olli-Matti Saksi (Chairman), Ari Keskitalo, Risto Kesti, Antero Mäki-Jokela, Matti Suurnäkki and Minna Yrjönmäki. The CEO of Outokumpu Stainless Oy is Martti Sassi and the auditor is PricewaterhouseCoopers Oy with Janne Rajalahti as the principal auditor. As at March 31, 2018 Outokumpu Stainless Oy's total assets were EUR 1,307 million, total equity was EUR 452 million and net of debt, loan receivables and cash was a debt of EUR 148 million. For three months ended March 31, 2018 sales of Outokumpu Stainless Oy were EUR 659 million.

Outokumpu Stainless AB

Outokumpu Stainless AB (established October 30, 1883, registration number 556001-8748) is a limited liability company established under Swedish law with its domicile in Stockholm, Sweden. According to its articles of association, the object of the company's business is to either directly or through shareholding and/or participations in other enterprises, the primary business of the company shall be to manufacture, develop, market and distribute stainless steel products and nickel-based alloys, as well as pursue associated activities.

At the date of this Prospectus, the Board of Directors of Outokumpu Stainless AB consists of the following persons: Mats Nordén (Chairman), Niklas Wass, Ann-Sofie Larsson, Patrik Sundell and Pål Åström. The CEO of Outokumpu Stainless AB is Liam Bates and the auditor is Öhrlings PricewaterhouseCoopers AB with Martin Johansson as the principal auditor. At the date of this Prospectus, the paid-in share capital of Outokumpu Stainless AB is SEK 1,580,001,000 and it comprises 158,000,100 shares. As at March 31, 2018 Outokumpu Stainless AB's total assets were EUR 1,769 million, total equity was EUR 890 million and net of debt, loan receivables and cash was a debt of EUR 426 million. For three months ended March 31, 2018 sales of Outokumpu Stainless AB were EUR 369 million.

Outokumpu Stainless Holding GmbH

Outokumpu Stainless Holding GmbH (established April 26, 1990, registration number HRB 4114) is a limited liability company established under German law with its domicile in Krefeld, Germany. According to its articles of association, the object of the company's business is the acquisition and the management and financing of companies and corporate investments of all kinds. The company is authorized to take all actions that are appropriate to directly or indirectly serve such purpose and it can acquire for such purpose, other companies with the same or similar object or participate in such.

At the date of this Prospectus, the Supervisory Board of Outokumpu Stainless Holding GmbH consists of the following persons: Johann Steiner (Chairman), Holger Hanns Lorek, Robert Fuss, Ralf Heppenstiel, Ernst-Alfred Bernsdorf, Marc-Simon Schaar, Frank Ehrenberg, Sven van Zoest, Elke Humpert, Hasim Cantürk, Timo Syring and Uwe Tomaschewski-Wessendorf. The Executive Board of Outokumpu Stainless Holding GmbH consists of Ute Dreher, Daniel Meßink and Oliver Franz and the auditor is PricewaterhouseCoopers. At the date of this Prospectus, the paid-in share capital of Outokumpu Stainless Holding GmbH is EUR 9,596,471.00. As at March 31, 2018 Outokumpu Stainless Holding GmbH's total assets were EUR 1,228 million, total equity was EUR 1,221 million and net of debt, loan receivables and cash was an asset of EUR 450 million. As Outokumpu Stainless Holding GmbH is mainly a holding company, it did not have any material sales for the three months ended March 31, 2018.

Outokumpu Nirosta GmbH

Outokumpu Nirosta GmbH (established December 29, 2012, registration number HRB 12511) is a limited liability company established under German law with its domicile in Krefeld, Germany. According to its articles of association, the object of the company's business is the production, processing and machining of metals, in particular of stainless steel products and by-products; the performance of relevant commercial transactions. Furthermore, the object of the company is the performance of management tasks and the provision of services for companies of the Outokumpu Group which develop, produce or sell the above-mentioned products. Moreover, the company is responsible for the protection and the preservation of the trademark Nirosta (trademark No. 282237).

At the date of this Prospectus, the Supervisory Board of Outokumpu Nirosta GmbH consists of the following persons: Johann Steiner (Chairman), Diethard Bergers, Elke Humpert, Frank Ehrenberg, Sven van Zoest, Marc-Simon Schaar, Nadja Schlotjunker, Ralf Heppenstiel, Torsten Schneider, Holger Hanns Lorek, Ernst-Alfred Bernsdorf, Hasim Cantürk, Timo Syring, Kerstin Klumpen, Anke Zaar and Jörg Braun. The Executive Board of Outokumpu Nirosta GmbH consists of Oliver Picht, Ute Dreher, Robert Sträßer, Oliver Greven and the auditor is PricewaterhouseCoopers. At the date of this Prospectus, the paid-in share capital of Outokumpu Nirosta GmbH is EUR 110,000,000.00 and it comprises 110,000,000 shares. As at March 31, 2018 Outokumpu Nirosta GmbH's total assets were EUR 1,451 million, total equity was EUR 837 million and net of debt, loan receivables and cash was an asset of EUR 623 million. For three months ended March 31, 2018 sales of Outokumpu Nirosta GmbH were EUR 333 million.

Outokumpu Holding Nederland BV

Outokumpu Holding Nederland BV (established December 30, 1996, registration number 24271249) is a limited liability company established under the Dutch law with its domicile in Roermond, the Netherlands. According to its articles of association, the object of the company's business is to participate in the management of companies as well as to finance and conduct the management of companies.

At the date of this Prospectus, the Supervisory Board of Outokumpu Holding Nederland BV consists of the following persons: Christoph de la Camp and Daniel Meßink. The CEO of Outokumpu Holding Nederland BV is Geert de Bleeser and the auditor is PricewaterhouseCoopers. As at the date of this Prospectus, the paid-in share capital of Outokumpu Holding Nederland BV is EUR 13,613,450 and it comprises 272,269 shares. As at March 31, 2018 Outokumpu Holding Nederland BV's total assets were EUR 868 million, total equity was EUR 868 million and net of debt, loan receivables and cash was an asset of EUR 38 million. As the company is a holding company, it did not have any material sales for the three months ended March 31, 2018.

Outokumpu Americas, Inc.

Outokumpu Americas, Inc. (established May 8, 2013, registration number 130541808 – 5028835) is a limited liability company established under the United States law with its domicile in Calvert, USA. According to its by-laws, the purpose or purposes of the corporation shall be to engage in any lawful act or activity for which corporations may be organized under the General Corporation law of Delaware.

At the date of this Prospectus, the Board of Directors of Outokumpu Americas, Inc. consists of the following persons: Michael Scott Williams (Chairman), David Scheid, Kari Tuutti and Stuart Holmes. The CEO of Outokumpu Americas, Inc. is Michael Scott Williams and the auditor is PricewaterhouseCoopers. As at the date of this Prospectus, the paid-in share capital of Outokumpu Americas, Inc. is USD 1,539,000,000.00 and it comprises 1,187 shares. As at March 31, 2018 Outokumpu Americas, Inc.'s total assets were EUR 1,883 million, total equity was EUR 1,858 million and net of debt, loan receivables and cash was a debt of EUR 21 million. As the company is a holding company, it did not have any material sales for the three months ended March 31, 2018.

Outokumpu Stainless USA, LLC

Outokumpu Stainless USA, LLC (established December 29, 2012, registration number 26-0379850) is a limited liability company established under the United States law with its domicile in Calvert, USA. According to its by-

laws, the company may engage in any lawful business activities permitted under the Act or the laws of any jurisdiction in which the company may do business.

At the date of this Prospectus, the Board of Directors of Outokumpu Stainless USA, LLC consists of the following persons: Michael Scott Williams (Chairman), Stuart Holmes and David Scheid. The CEO of Outokumpu Stainless USA, LLC is Michael Scott Williams and the auditor is PricewaterhouseCoopers. At the date of this Prospectus, the paid-in share capital of Outokumpu Stainless USA, LLC is USD 1,000,000.00 and it comprises 1,000 membership interests. As at March 31, 2018 Outokumpu Stainless USA, LLC's total assets were EUR 1,241 million, total equity was EUR 439 million and net of debt, loan receivables and cash was a debt of EUR 437 million. For three months ended March 31, 2018 sales of Outokumpu Stainless USA, LLC were EUR 417 million.

Other Secured Obligations

At the date of this Prospectus, the Transaction Security and the Transaction Guarantees are shared among the following facilities:

- a EUR 650 million secured revolving credit facility under a facility agreement between, among others, the Issuer and a group of banks, including among others Nordea Bank AB (publ), Finnish Branch, Skandinaviska Enskilda Banken AB (publ), Danske Bank A/S, Finland Branch (formerly Danske Bank A/S, Helsinki Branch), Svenska Handelsbanken AB (publ), Branch Operation in Finland, OP Corporate Bank plc, Crédit Agricole Corporate and Investment Bank, Swedbank AB (publ), BNP Paribas SA, Bankfilial Sverige and Citibank N.A., London Branch, dated February 28, 2014 as amended and restated on December 4, 2015 and on December 22, 2017 (the “**Revolving Facility**”); and
- the following bilateral loans (together, the “**Amended Facilities**”):
 1. a EUR 90 million secured committed revolving credit facility provided by Nordea Bank AB (publ), Finnish Branch and guaranteed by Finnvera plc; and
 2. a secured export financing basic loan facility provided by Commerzbank Aktiengesellschaft;

Further, the Intercreditor Agreement contains a mechanism whereby additional indebtedness can be included in the Secured Obligations without any consent of the holders of the Notes.

INFORMATION ABOUT THE ISSUER

Overview

The business name of the Issuer is Outokumpu Oyj and it is domiciled in Helsinki, Finland. The Issuer is a public limited liability company established on June 14, 1932 and organized under the laws of Finland. The Issuer is registered in the Finnish Trade Register under business identity code 0215254-2 and its registered address is Salmisaarenranta 11, FI-00180 Helsinki, Finland and telephone number +358 9 4211.

According to Article 2 of the articles of association of the Company, the Company engages in the mining and mineral industry, the manufacture of metals and metal products, the machine and electronics industry, the chemicals industry and business operations based on know-how acquired in these sectors or related to or compatible with them. The Company may also own or manage and lease real estate, and own shares and other securities. The Company may operate either directly or through subsidiaries, associated companies and joint ventures. As parent company, Outokumpu may deal with corporate administration, funding, marketing and other functions common to the Group.

Outokumpu is a leading global stainless steel producer with annual finishing capacity of 2.7 million tonnes. Outokumpu's production facilities are located in Finland, Germany, Mexico, Sweden, the United Kingdom and the United States, with a global sales and service center network close to its customers. In 2017, Outokumpu sold approximately 55 percent of its produced steel directly to end-user customers operating primarily in the automotive, architecture, building and construction and infrastructure, consumer goods and medical, industrial and heavy industries as well as chemical, petrochemical and energy industries. The remaining approximately 45 percent of sales were shipped to distributors and processors that stock and process stainless steel to serve end-users.

The majority of Outokumpu's external stainless steel deliveries are standard austenitic and ferritic stainless steel grades (approximately 94 percent for the year ended December 31, 2017), with the remaining deliveries consisting of duplex and other special stainless steel grades (approximately 6 percent). In addition, Outokumpu produces ferrochrome at its ferrochrome production facility which is located next to Outokumpu's Tornio integrated stainless steel production facility in Finland and uses chromite extracted from Outokumpu's wholly-owned Kemi chromite mine as a raw material. The mine is located approximately 20 kilometers from the Tornio integrated production facility.

Outokumpu considers its production facility in Tornio, Finland to be the most integrated stainless steel mill in the world: the same production site includes melt shop, hot rolling mill, cold rolling mill and a ferrochrome smelter as the source of one of the essential raw materials, chrome. Outokumpu's new and modern integrated stainless steel mill in Calvert, Alabama, United States is the latest addition in the Group's production facilities. The technical ramp-up of Calvert was completed at the end of 2014, and Outokumpu aims to reach the full commercial capacity in the United States over the coming years.

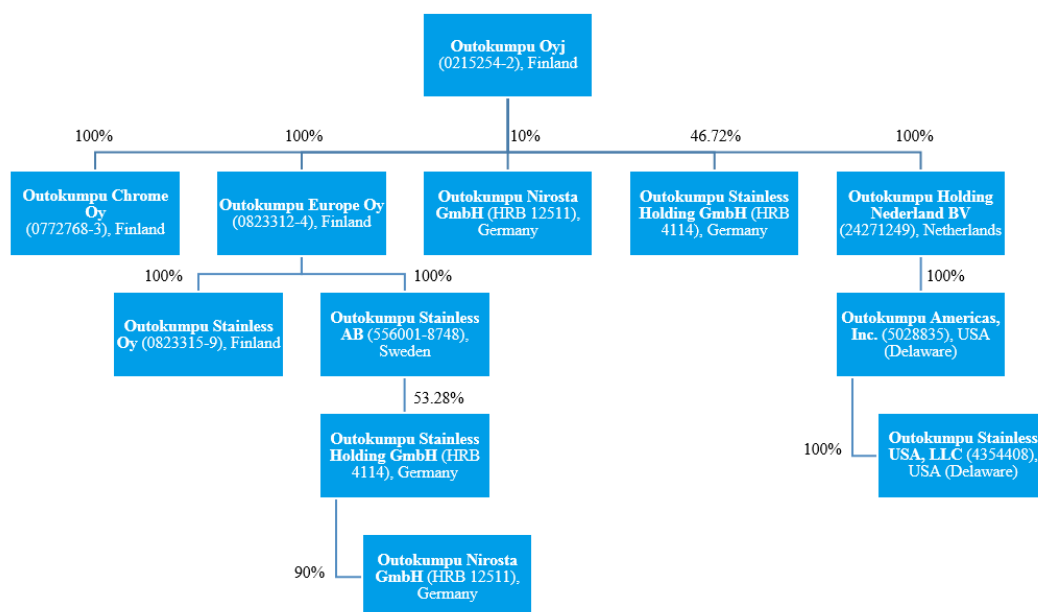
For the year ended December 31, 2017, Outokumpu had net sales of EUR 6,356 million, stainless steel deliveries of approximately 2.5 million tonnes, an EBIT of EUR 445 million, EBITDA of EUR 663 million and a net result of EUR 392 million. For the year ended December 31, 2017, Outokumpu generated 69 percent of its sales from Europe, 23 percent from Americas, 7 percent from Asia and Oceania and 2 percent from other countries. As at May 28, 2018, the market capitalization of Outokumpu was approximately EUR 2.3 billion. As at the date of this Prospectus, the largest shareholder of Outokumpu is Solidium Oy, a holding company wholly-owned by the Finnish state.

Group Legal and Organizational Structure

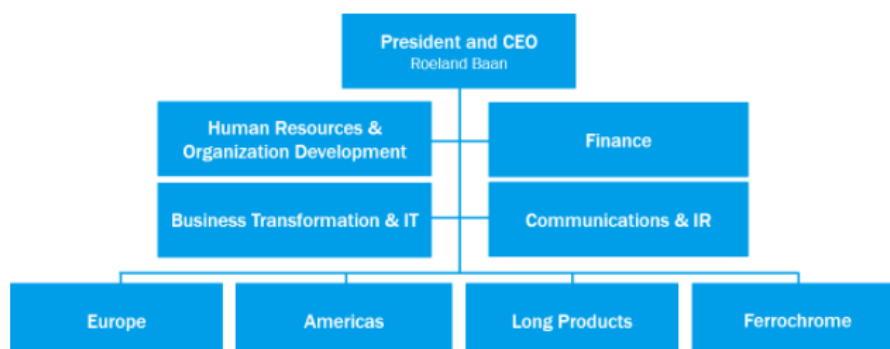
The Issuer is the parent company of Outokumpu. The following table sets forth the most significant operative subsidiaries that the Issuer owned, directly or indirectly, as at the date of this Prospectus:

	Country	Group holding (percent)
Outokumpu Stainless Oy	Finland	100.0
Outokumpu Europe Oy	Finland	100.0
Outokumpu Chrome Oy	Finland	100.0
Outokumpu Stainless AB	Sweden	100.0
Outokumpu Nirosta GmbH	Germany	100.0
Outokumpu Stainless USA, LLC	United States	100.0
Outokumpu Mexinox S.A. de C.V	Mexico	100.0

The Issuer is the parent company of the Group which, as at the date of this Prospectus, consists of several subsidiaries (excluding some dormant and holding companies). The Issuer, the Guarantors and the Security Providers operate as a group and therefore rely on other group companies and certain shared services in their business operations. Outokumpu is not aware of any arrangement, the operation of which may result in a change of control in any of the Guarantors. For the three months ended March 31, 2018, the Issuer and the Guarantors accounted for approximately 75 percent of the external revenue of the Group and as at March 31, 2018 the Issuer's and the Guarantors' total assets represented approximately 66 percent of the total assets of the Group. The following chart shows the Issuer and the entities providing the Transaction Guarantees and/or the Transaction Security as at the date of this Prospectus:



The following chart sets forth Outokumpu's organization as at the date of this Prospectus:



History

Outokumpu was founded in 1910 to exploit rich copper ore deposits in the town of Outokumpu in eastern Finland. Following the incorporation of Outokumpu as a wholly state-owned company in 1932, Outokumpu established itself over the next two decades as a strong copper producer and expanded its operations to cover a range of activities from exploration and mining to smelting and refining as well as the fabrication of copper products. A notable achievement was the development of the Outokumpu flash-smelting process in the late 1940s, which became an industry standard. With new ore discoveries and the development of innovative technologies, Outokumpu moved into a new expansion and diversification stage in the mid-1950s. Outokumpu built up its mining and metals processing operations in Finland to include nickel, zinc, chromite, ferrochrome and, ultimately, in the mid-1970s, stainless steel.

The 1980s marked a period of rapid international expansion for Outokumpu. This was prompted by the need to replace Outokumpu's depleting domestic raw material base and to strengthen its competitive position. To achieve these objectives, Outokumpu started new mine projects in Europe, the Americas and Australia and made a number of acquisitions, notably within the copper products business area and technology sales. As a result, by the mid-1990s, Outokumpu had developed into a diversified global metals group.

During the mid-1990s, Outokumpu established stainless steel production as its core business and shifted its focus from mining to value-added metals production. In 1999, it embarked on a major investment program to expand its stainless steel mill in Tornio, including the construction of a new cold rolling facility that opened in 2003. Between 1990 and 2000, Outokumpu divested most of its base metals mining operations and made a number of investments in additional capacity and in companies complementing its technology base and expanding its product offering. In particular, Outokumpu made significant investments in fabricated copper production and metals technology companies, and nearly doubled its zinc business in 2001 with the acquisition of Norzink and expansion of its Kokkola zinc plant.

In January 2001, Outokumpu combined its stainless steel operations with Avesta Sheffield to form a new company, AvestaPolarit and, in 2002, Outokumpu acquired full ownership of AvestaPolarit. Outokumpu sold its copper and zinc mining and smelting operations in 2003 and a major part of its copper products business in 2005. In 2006, Outokumpu consolidated its technology expertise into a new business, Outokumpu Technology, which was sold and listed as an independent company on Nasdaq Helsinki and subsequently changed its name to Outotec Oyj. The remainder of Outokumpu's copper products business was sold in 2008.

In 2012, Outokumpu acquired all shares from both Inoxum GmbH and ThyssenKrupp Nirosta GmbH, the parent companies of the group comprising the stainless steel business of ThyssenKrupp AG ("**ThyssenKrupp**"). Since the acquisition, Outokumpu has implemented significant profitability improvement programs to restructure the Company's asset base, reduce costs and improve efficiencies. Further, Outokumpu has taken decisive steps to strengthen its financial stability and balance sheet through divestments. In 2015, to follow its strategy to differentiate from the competition in China and the Asia-Pacific region with specialty grades and tailored solutions, Outokumpu announced to divest its shares in its Chinese subsidiary Shanghai Krupp Stainless Co., Ltd ("**SKS**"). In 2015, Outokumpu also divested its share in joint venture fischer Mexicana S.A. DE C.V. ("**Fischer Mexicana**") in Mexico. In 2016, Outokumpu divested its remaining 5 percent share in its Chinese subsidiary SKS and divested its subsidiary Outokumpu Stainless International (Guangzhou) Ltd., a service center in China. In September 2016, Outokumpu acquired Hernandez Edelstahl GmbH, a stainless steel distributor in Germany, to further optimize the Group's customer service in Europe. In January 2017, Outokumpu divested its quarto plate mill Outokumpu Stainless Plate, LLC within the business area Americas and, in July 2017, its pipe plant Outokumpu Stainless Pipe, Inc. within the business area Long Products. In 2017, Outokumpu decided to expand its Kemi mine to enable mining operations in the depth of one kilometer underground.

Business Strategy

Vision 2020

Outokumpu's vision is to be the best value creator in stainless steel by 2020 through customer orientation and efficiency. The 2020 vision focuses on the areas where Outokumpu considers a need for improvement to be able to create the best value for its customers, shareholders and employees. Outokumpu has set forth six strategic targets to lead Outokumpu towards the 2020 vision. The six strategic targets are:

- **Safety:** disciplined safety practices are correlated to improved quality and operational efficiency;
- **High performing organization:** a streamlined structure, lean business support functions and shared services drive high performance throughout the organization;
- **World-class supply chain** will lead to more efficient operations by matching market demand with manufacturing capabilities through sharp planning of required capacity, resources and logistics;
- **Manufacturing excellence** aims for implementing a standardized operating model to unleash continuous productivity gains to reach industry benchmark competitiveness;
- **Commercial excellence** focuses on margin growth through a superior product strategy that matches market demand with an optimal product mix; and
- **Americas** holds the biggest profitability improvement potential, where all the other must-win battles are being capitalized to improve the Americas business area's cost and market position.

Each strategic target includes a set of development programs, which guide Outokumpu's daily activities and form the basis for performance management. A common denominator for all Outokumpu's strategic targets is the strive for straightforward and standardized processes and ways of working to increase efficiency and productivity throughout the organization.

Since of the launch of the new strategy in 2016, Outokumpu has, among others, implemented safety rules and initiated a Group-wide SafeStart training program; improved organizational health index score by one quartile to the third quartile in 2017 with a high response rate exceeding 80 percent; improved procurement practices through establishing strategic partnerships with key vendors and reduced significantly procurement costs; implemented consistent manufacturing operations model to drive efficiency; increased contribution margin through value selling, pricing excellence and mix improvement, efficiency and reorganization; and improved adjusted EBITDA to EUR 21 million in 2017 from EUR -120 million in 2015 in the business area Americas.

Long-term Financial Targets

In connection with the new vision, Outokumpu outlined long-term financial targets to reflect the progress of its strategic initiatives and the development in profitability and further deleveraging. The financial targets are the following:

- adjusted EBITDA of EUR 750 million;
- return on capital employed of 12 percent; and
- gearing of less than 35 percent.

The Company expects to reach these group-level financial targets by the end of 2020, at the latest. While the global demand for stainless steel continues to grow, Outokumpu takes a conservative approach on the market growth and metal price assumptions, and expects the targeted profitability improvement to come primarily through efficiency and cost improvements, supported by further strengthening of Outokumpu's cost competitiveness and market position particularly in the Americas.

Key Strengths

Outokumpu believes that the following are among its key strengths:

Leading Stainless Steel Producer with number 1 market position in Europe and number 2 position in NAFTA

Outokumpu has a global network consisting of 17 production sites, a chromite mine, three ferrochrome smelters, 18 stainless steel service centers and more than 38 sales offices and multiple sales agents. Outokumpu's main production facilities are located in Europe and North America. These production facilities together with its global distribution network give Outokumpu a good position in the key stainless steel consuming regions, Europe and Americas, whereas in Asia Outokumpu differentiates itself from competition with leading technical knowhow in stainless steel. Local presence and production is especially important in the standard stainless steel market and Outokumpu believes that its stainless steel production capacity in the key geographic markets is a significant source of competitive advantage. Outokumpu also has specialty stainless production facilities in Europe and North America, which serve clients on a global basis.

In terms of market share, Outokumpu is the leading stainless steel producer in Europe with a market share of approximately 30 percent by cold rolled coil deliveries (Source: EUROFER January 2018 and Outokumpu's own deliveries data). Outokumpu serves the European stainless steel market through its extensive sales and distribution network with key production facilities in Tornio, Finland, Avesta and Degerfors, Sweden as well as its cold rolling facilities in Germany. Outokumpu's production facilities in Germany include cold rolling facilities producing ferritic and austenitic grades and a precision strip production facility. In addition, Outokumpu's presence in Europe also covers long product production facilities in Sweden and the United Kingdom. Main end-users of business area Europe operate in automotive transport, white goods, building and construction, chemical and petrochemical industries.

In NAFTA, Outokumpu is the second largest producer of stainless steel with a market share of approximately 25 percent by cold rolled coil deliveries (Source: AISI, U.S. Department of Commerce and Outokumpu's own deliveries data) where Outokumpu serves its customers through its Calvert integrated production facility in the United States and its cold rolling facility in Mexico. Also in the United States, Outokumpu is operating specialty stainless steel production capacities for long products. Outokumpu believes that its production capacity in North America will provide opportunities to further increase its market share after full commercial capability of the Calvert facility has been reached. Main end-users of business area Americas operate in automotive transport, consumer appliances, oil and gas, chemical, and food and beverage industries.

Outokumpu produces ferrochrome in Finland and is the fifth largest producer of ferrochrome with a global market share of approximately three percent (Source: CRU and Outokumpu's own deliveries data). Main end-users of business area Ferrochrome operate in stainless steel production and production of alloy steels. Outokumpu is the eight largest producer of long products in Europe with a market share of approximately seven percent and the second largest in the United States with a market share of approximately 11 percent (Source: SMR, April 2018 and Outokumpu's own deliveries data). Outokumpu serves its long products customers through its facilities in the United Kingdom, Sweden and the United States. Main end-users of business area Long Products operate in springs, wires, surgical equipment, automotive parts and construction industries.

For the year ended December 31, 2017, the sales of business area Europe amounted to EUR 4,156 million, the sales for business area Americas amounted to EUR 1,546 million, the sales for business area Long Products amounted to EUR 591 million, and the sales for business area Ferrochrome amounted to EUR 610 million.

World-class Assets Including Efficient Integrated Production Facilities in Finland and the United States as well as Captive Ferrochrome Production

Since Outokumpu's merger with Inoxum, the Group has gone through major industrial restructuring with the assets and closed down mills and optimized the supply chain. Today, Outokumpu's assets work as one integrated system with large integrated mills in Finland and Sweden feeding rest of the mills in Europe. Outokumpu considers its production facility located in northern Finland, Tornio to be one of the most cost-efficient and the most integrated stainless steel production facility in the world that focuses on high-volume austenitic and ferritic grades. The Tornio integrated production facility consists of two state-of-the-art melt shops, hot and cold rolling facilities and finishing facilities, and Outokumpu considers it to be the only stainless steel production facility in the world with its own chromite mine and ferrochrome production facilities. In particular, the Tornio integrated production facility's unique rolling, annealing and pickling line produces higher margin flat products with a 2E finish, which feature minimum thickness tolerances, high surface quality and corrosion resistance as well as high mechanical uniformity. To the best of Outokumpu's knowledge, the Tornio facility is the largest single site stainless steel production facility in Europe in terms of cold rolling capacity. The industrial restructuring of Outokumpu's operations in Europe has enabled Outokumpu to use the Tornio integrated production facility more efficiently and with higher capacity utilization.

In Dillenburg, Germany, Outokumpu has a cold rolling mill specialized in various surface finishes for architecture, building and construction and in Krefeld, Germany Outokumpu produces comprehensive range of grades, dimensions and surface finishes. The Krefeld site houses one of Outokumpu's three research and development centers. Outokumpu's finishing capacity in Germany is strategically located close to the key customers. This provides a strategic advantage in some of the key stainless steel markets. In addition, majority of Outokumpu's assets has direct proximity to sea enabling efficient logistics.

In Sweden, Outokumpu has production facilities in Avesta, Torshälla (Nyby facility) and Degerfors as well as a research and development center in Avesta. The Avesta and Nyby facilities focus on high performance stainless grades. Duplex stainless steel was invented in Avesta in 1924. At the Nyby facility, Outokumpu produces cold rolled coil and sheet focusing in duplex, high-alloyed austenitic and heat resistant special grades. At the Degerfors facility, Outokumpu produces special plate and long products.

In Europe, Outokumpu's production facilities work as one integrated system with large integrated mills in Finland and Sweden feeding rest of the mills in Europe. At its European facilities, Outokumpu produces a wide range of austenitic and ferritic standard stainless steel grades and tailored products. The largest customer segments are architecture and construction, transportation, catering and appliances, chemical, petrochemical and energy industry.

In Americas, Outokumpu produces standard austenitic and ferritic grades as well as tailored products. The production facilities are located in the United States and Mexico. In 2017, the business area Americas accounted for approximately 21 percent and 25 percent of Outokumpu's sales and deliveries, respectively.

The Calvert integrated production facility in Calvert, Alabama, United States is expected to have one of the lowest production costs per unit among the major stainless steel production facilities in North America. Calvert benefits from an industrial setup designed to maximize efficiency and the latest stainless steel production equipment technology, including the only 72-inch wide coil production capability in the North American Free Trade Agreement countries, comprising of the U.S., Canada and Mexico (the "NAFTA"). Calvert also benefits from its location near recycled stainless steel suppliers, long-term energy supply contracts and competitive labor costs. The Calvert production facility has expanded Outokumpu's product portfolio in NAFTA and reduced Outokumpu's costs as hot rolled products for its Mexican cold rolling facility are sourced from Calvert instead of Outokumpu's European production facilities, reducing transportation costs and lead times. The largest end-user segments of the Calvert facility are automotive and transport, consumer appliances, oil and gas, chemical and petrochemical, food and beverage processing as well as building and construction industry.

Mexinox, Outokumpu's production facility in San Luis Potosi, Mexico, produces stainless steel cold rolled flat products and contains three Sendzimir mills and a large service center. The largest end-user segments of the Mexinox facility are automotive and transport, white goods, home appliances, oil and gas, chemical industry and petro chemistry, food industries, as well as the construction industry.

Outokumpu also produces ferrochrome using chromite mined from its mine in Kemi, Finland. Outokumpu's ferrochrome production facility is located in Finland, where it has access to sufficient electricity and is on the same site as Outokumpu's Tornio integrated production facility. Tornio's own chromite mine and ferrochrome production facilities contribute significantly to the low unit production costs, primarily through reduced transportation and energy costs for ferrochrome. The Kemi mine is the only operating chromite mine in the EU and its close proximity to Tornio significantly reduces Outokumpu's transportation costs. As Outokumpu's ferrochrome production facility is located next to Tornio stainless steel mill, molten ferrochrome, the product of ferrochrome smelting, can be transferred to and used in the melt shop in the molten state, which provides significant energy savings as the ferrochrome does not need to be re-melted, nor does it need to be cooled and crushed for transportation. Outokumpu's ability to source ferrochrome internally and at the cost of production mitigates the impact of ferrochrome price volatility on Outokumpu's sourcing and production costs.

Outokumpu is self-sufficient for the entire group's ferrochrome needs. In 2017, Outokumpu decided to deepen the Kemi mine from the current 500 meters to 1,000 meters to ensure continued ore supply for its future operations. Nevertheless, Outokumpu aims to continue to sell and purchase certain amounts and types of ferrochrome from third parties to optimize its raw materials usage. Outokumpu expects that the increased capacity will allow it to maintain cost competitiveness in ferrochrome production and position Outokumpu as a competitive and reliable ferrochrome supplier for both internally and to external customers.

Outokumpu attempts to optimize the use of recycled steel as a source of alloys in its production process. Certain alloying elements used in stainless steel, such as nickel, chromium and molybdenum, are often cheaper when purchased as a component of recycled stainless steel than in pure form, depending on market prices. Outokumpu has increased the use of recycled steel in its production in recent years (recycled content in stainless steel was 87 percent in 2017 compared to 85 percent in 2013) and, due to the scale of its operations and purchase volumes,

has been able to purchase recycled stainless steel at a cost that has allowed it to better compete against Asian imports using nickel pig iron and obtain better margins for its products.

Strong Product Portfolio Covering Stainless Steel, Leading Product Quality and Diversified Client Base

Outokumpu has a broad product offering with large-scale production capabilities for stainless steel products and a strong focus on higher value-added specialty stainless steel products and grades. For the year ended December 31, 2017, approximately 76 percent of Outokumpu's external stainless steel deliveries by volume were austenitic stainless steel grades, approximately 18 percent were ferritic stainless steel grades, approximately 3 percent were duplex stainless steel grades, and approximately 3 percent were other stainless steel grades.

Outokumpu's stainless steel product offering includes austenitic and ferritic stainless steel grades. Austenitic stainless steel grades are the most common type of stainless steel and contain both chromium and nickel. Austenitic stainless steel grades are used in a variety of applications, including kitchenware, domestic appliances, equipment for process industries, vessels and piping, containers, architectural facades and construction (e.g. for bridges).

Ferritic stainless steel grades contain chromium and do not contain nickel. As nickel prices are highly volatile, sales of ferritic grades, which do not contain nickel, reduce Outokumpu's exposure to nickel price volatility and increase earnings visibility. Applications for ferritic grades include structural applications, kitchenware, boilers, white goods, indoor architecture and automobile exhaust systems. Outokumpu's product offering in ferritic grades as well as its experience in research and development, position it to benefit from end-users moving from austenitic to ferritic grades for applications where the properties of ferritic stainless steel grades are sufficient, allowing end-users to benefit from lower and more stable prices.

Outokumpu is a leading producer of duplex stainless steel grades (source: SMR, January 2018). Duplex grades generally generate higher margins than general stainless steel grades since the production of duplex grades requires greater technical skill and precision. In addition, duplex stainless steel grades generally have a lower overall cost for end-users as compared to most austenitic and ferritic grades as a result of the superior strength of duplex grades, which reduces the amount of material required, and the superior corrosion resistance of duplex grades, which reduces maintenance costs and increases the useful lifespan of the end product.

Outokumpu's stainless steel product offering in austenitic, ferritic, duplex and other special grades includes coil and sheet, thin strip, quarto plate, pipes, long products and semi-finished products. These products are produced in a variety of stainless steel grades, dimensions and surface finishes, and can be further processed by Outokumpu's coil and plate service centers.

In addition to its broad product portfolio, Outokumpu believes that the high quality of its products provides it with a competitive advantage over some of its competitors. The primary factors that stainless steel customers consider when selecting a supplier include delivery reliability, product quality and competitive pricing. Customers also consider the technical expertise of the supplier and the customer experiences. In particular, in industries such as medical, automotive, architecture and chemical, petrochemical and energy, where the quality of the product is highly important for the end customer, the reputation and references of the producer are often important factors when selecting a stainless steel supplier.

Outokumpu's customer base is balanced geographically with manufacturing presence in both Europe and North America. Geographic distribution of its operations balances the impact of changes in demand in different markets on Outokumpu results of operations and also allows Outokumpu to serve large, global customers worldwide. In addition, Outokumpu's stainless steel end-user customer base is diverse and includes clients from consumer goods and medical industries, automotive industry, architecture, building and construction industries, heavy industries, metal processing industries as well as other segments. In 2017, Outokumpu's end-user sales were split among the consumer goods and medical (17 percent of sales), automotive and heavy transport (18 percent), architecture, building, construction and infrastructure (6 percent), chemical, petrochemical and energy (3 percent), industrial and heavy industries (22 percent), metal processing industries (18 percent) and others industries (16 percent). As a result, Outokumpu's customer exposure is well balanced and includes both consumer and industrial driven segments that generally present favorable growth outlooks.

Outokumpu's business area Long Products sells a high portion of their products to end-users. The dominating end use industries in their markets are chemicals and energy, heavy industry as well as building and construction. Outokumpu believes that its significant exposure to potential growth in the capital goods serving sectors and process and resources industries provides it with an advantage over its European competitors. For more information, see "*Business Overview—Customers*".

For the year ended December 31, 2017, approximately 55 percent of Outokumpu's sales were directly to end-users and the remaining approximately 45 percent were to distributors and processors. Having a balanced profile allows Outokumpu to benefit from generally higher margins obtained through direct sales and reduces Outokumpu's exposure to cyclical buying patterns of distributors. Due to its direct sales and extensive product portfolio that includes special grades, Outokumpu is also less affected by imports into Europe.

A Leader in Technical Expertise and Research and Development Innovation Capabilities

Outokumpu has been at the forefront of stainless steel development from its invention over 100 years ago. Outokumpu has strong research and development capabilities to serve its customers' needs, with facilities in Tornio, Finland, Krefeld, Germany and Avesta, Sweden. Research and development team that has a strong track record in developing stainless steel products, grades and applications. Recent product innovations include high-chromium ferritic stainless steel grade Core 4622 (EN 1.4622), high-chromium austenitic stainless steel grade Supra 316plus (EN 1.4420) and formable duplex stainless steel FDX 27. Outokumpu's research teams develops alloys using modern computer simulations and laboratory resources and it works in close collaboration with customers and leading research bodies.

Process and technology development is a core area of Outokumpu's research and development. Process development focuses on improvement of product quality, yield, overall process efficiency and reduction of emissions. Furthermore, industrial digitalization involving data analysis, novel measurement technologies and online process modeling and diagnostics is a key area in process development.

Outokumpu's strong research and development capabilities are evidenced by its portfolio of 99 patent families (each patent family is based on a single invention that may be filed in separate countries) comprised of 472 granted patents and 377 patent applications. Outokumpu also owns a portfolio of 90 trademark families (each trademark family is a single trademark that may be filed in separate trademark classes and separate countries) comprised of 693 registered trademarks and 65 trademark applications.

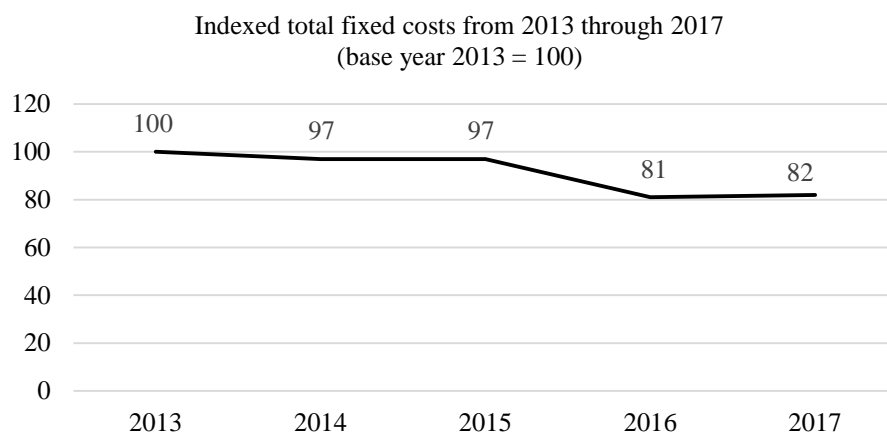
Outokumpu believes that it offers industry-leading technical support to its customers. Outokumpu's research and development function operates in close cooperation with Outokumpu's business areas, business lines and sales organizations to offer its customers valuable advice regarding material selection, properties and fabrication techniques. Outokumpu's research and development personnel also cooperate in joint projects with customers to support the customer's product development activities. Outokumpu also conducts joint development projects with industrial partners, universities and research institutes within national and European research programs.

Improving profitability and cash flow generation thanks to a successful turnaround

Since the acquisition of Inoxum at the end of 2012, Outokumpu has implemented significant profitability improvement programs to restructure its asset base, reduce costs and improve efficiency. Two of these program, P250 and P400, were closed at the end of 2015 following the cost savings of EUR 250 million and release of EUR 574 million from working capital. The release of working capital was partly due to lower metal prices in 2015. Also, synergies from Inoxum acquisition resulted in EUR 200 million cost savings from product optimization which was mainly due to improvements in raw material and general procurement. During 2014–2016, to restructure its asset based Outokumpu closed its Benrath cold rolling mill and transferred the operations to the cold rolling mill in Frefeld. During 2014–2016, Outokumpu concentrated its production from Germany to Tornio and Avesta to improve capacity utilization in Europe.

Further, as a result of successful execution of the renewed vision, Outokumpu has been able to improve profitability significantly by focusing on cost efficiency and topline growth. As an example, since the launch of its new strategy in 2016, Outokumpu has reduced its selling, general and administrative costs by approximately EUR 100 million annually and achieved 14 percent variable costs per tonne savings. Outokumpu has been able to turn the Americas business area to profitability. Outokumpu has successfully also reduced new working

capital level and, together with improved profitability, this has led to solid cash flow generation. Since 2013, Outokumpu has reduced its fixed costs by approximately 18 percent, as set forth in the chart below:



Furthermore, during the period from 2012 to 2017 Outokumpu reduced its total headcount from 13,327 employees to 10,141. In 2013, the total headcount was reduced by 766 employees, in 2014 by 436, in 2015 by 1,123, in 2016 by 402 and in 2017 by 459 employees. Outokumpu aims to have a total headcount of 9,300.

Outokumpu strives for annual productivity improvement of 3 percent, 15 percent savings in procurement, reductions in variable and fixed cost and to reduce selling, general and administrative costs by EUR 100 million during the period from 2016 to 2020 (the 2020 strategic plan).

Experienced Management Team and Qualified Employees and Supportive Shareholder

Outokumpu has a dedicated and experienced management team with strong experience in the steel and related industries. Outokumpu considers professionally skilled, motivated and committed workforce to be one of its most important assets and actively works to improve the competence, commitment to Outokumpu's strategy and job satisfaction of its personnel as well as to promote flexibility, productivity and innovation in a rapidly changing operating environment.

Outokumpu's largest shareholder is Solidium Oy, a holding company wholly-owned by the Finnish state. Solidium Oy's mission is to strengthen and stabilize Finnish ownership in nationally important companies and to increase the value of their holdings in the long term. Solidium Oy has been a shareholder of Outokumpu following its takeover of the 31.1 percent governmental stake in 2008. Solidium Oy participated in Outokumpu's rights issues in 2012 and 2014 and, as at the date of this Prospectus, holds 22.8 percent of Outokumpu's equity. Solidium Oy does not currently have a seat in Outokumpu Board of Directors but participates in the work of the Shareholders' Nomination Board. The board prepares proposals for the Annual General Meeting for members of the Board of Directors and remuneration.

Acquisitions, Investments, Divestments, Refinancing and Repayment of Debt and Other Recent Events

Acquisitions

In September 2016, Outokumpu acquired Hernandez Edelstahl GmbH, a stainless steel distributor in Germany, to optimize the Group's customer service in Europe. Prior to the acquisition, Outokumpu held 33.3 percent of the company's shares and it was accounted for as an associated company in the Group's consolidated financial statements. Asset acquired and liabilities assumed in the acquisition included non-current assets of EUR 15 million, current assets of EUR 21 million and current liabilities of EUR 45 million. The net amount of consideration and cash and cash equivalents acquired was EUR 9 million.

Outokumpu did not make any acquisitions in 2017.

In May 2018, Outokumpu and Sandvik AB; (publ) signed an agreement for Outokumpu to purchase full ownership of Fagersta Stainless AB wire rod mill in Sweden (“**Fagersta**”). Fagersta is currently a 50/50 joint venture owned by Outokumpu and Sandvik AB; (publ). Fagersta is a leader in special stainless steel wire rod serving customers globally. In 2017, the company’s revenues were approximately EUR 150 million and stainless steel deliveries amounted to 52,000 tonnes. Fagersta’s product offering complements well Outokumpu’s ASR wire rod mill in Sheffield, United Kingdom and Outokumpu plans to develop both units further to ensure continued offering of leading products and service to its wire rod customers globally. The cash consideration of the transaction is EUR 18 million. The transaction will be executed in two phases, so that Outokumpu’s ownership is expected to increase to 90 percent at the end of June 2018 and to 100 percent at the end of 2019. The completion of the transaction is subject to customary closing conditions.

Investments

Except as described in this section and in section “*Risk Factors–Risks Relating to Outokumpu’s Business Operations–Outokumpu faces risks associated with nuclear power plant projects in Finland*”, there are no significant commitments made for future principal investments after the financial statements 2017 since Outokumpu seeks to keep future capital expenditure levels low and its assets base is well invested.

In 2017, Outokumpu announced two large investments to secure its long-term growth and competitiveness.

Outokumpu is expanding the Kemi mine with a planned EUR 250 million investment between 2017 and 2020 to secure a continuous chrome supply for the coming decades. The investment is expected to have an employment impact of 300 fulltime equivalents. Construction work has started and is expected to be completed by 2020, when mining in the new levels is expected to begin. So far, Outokumpu’s mining operations have been up to 500 meters underground, with planned expansion going to 1,000 meters underground.

Outokumpu is investing more than EUR 100 million in a business transformation program and enterprise resource planning (ERP) renewal to harmonize its business processes and to prepare for further digitalization in the industry. The first rollouts of the program will take place in 2018 and the business transformation will introduce new processes and ways of working throughout the Company.

Outokumpu’s annual capital expenditure has been below EUR 200 million (and below the level of depreciation) for the past three years. The main ongoing investment programs relate to deepening of the Kemi chromite mine, implementing new harmonized information system and participation in project Fennovoima. Total investment in Fennovoima is expected to amount to approximately EUR 250 million between 2015 and 2025. Significant part of financing of these investments is planned to be funded by cash flow from operations. In addition, Outokumpu has contemplated long-term financing up to EUR 150 million of the mine development project. If implemented the financing is likely to be based on local security and parent company guarantee. Possible shortfalls in forecasted cash flow could be replaced by e.g. additional borrowing. Outokumpu’s annual maintenance capital expenditure has been historically at approximately EUR 80 to 90 million and is estimated to be at similar levels in the next years.

Divestments

In January 2017, Outokumpu divested its quarto plate mill Outokumpu Stainless Plate, LLC within the Americas business area. The consideration of the transaction was EUR 27 million and the gain, recognized in other operating income, was EUR 15 million, of which EUR 7 million were cumulative translation differences reclassified to profit or loss. In Outokumpu’s consolidated financial statements for 2016, the subsidiary was presented as a disposal group held for sale with assets held for sale amounting to EUR 67 million and liabilities directly attributable to assets held for sale amounting to EUR 43 million. Cash and cash equivalents of the divested subsidiary were EUR 0 million.

In July 2017, Outokumpu divested its pipe plant Outokumpu Stainless Pipe, Inc. within the Long Products business area. The consideration of the transaction was EUR 26 million and the gain, recognized in other operating income, was EUR 7 million, which included EUR -4 million of cumulative translation differences that were reclassified to profit or loss. The divestment did not have any material impact on the consolidated statement of financial position. Cash and cash equivalents of the divested subsidiary were EUR 0 million.

Refinancing and Repayment of Debt

Outokumpu announced on November 2, 2017 that it will exercise its right to redeem prematurely all of its outstanding EUR 250 million senior secured fixed rate notes due September 30, 2019 with ISIN code FI4000109624. The notes were redeemed in full on December 12, 2017.

Outokumpu announced on May 10, 2017 a voluntary redemption of EUR 25 million related to the Existing Notes. Ten percent of the outstanding nominal amount of each note was redeemed on June 16, 2017.

Further, Outokumpu announced on November 8, 2017 a second voluntary redemption of the Existing Notes. Ten percent of the outstanding nominal amount of EUR 225 million was redeemed on December 18, 2017.

On December 22, 2017, Outokumpu announced that it had signed an amendment and extension of its committed syndicated revolving credit facility. The restated facility of EUR 650 million has its maturity in May 2021 with an option to extend maturity by one year, subject to an approval by the lenders. The facility is to be used for general corporate purposes of the Group. In connection with the amendment and extension of the syndicated facility Outokumpu cancelled a bilateral credit facility of EUR 30 million, which had its maturity on February 2019. In connection with the restated facility, Outokumpu agreed with key lenders a partial security release, where Outokumpu Stainless Ltd, Outokumpu Stainless Holdings Ltd., Outokumpu Holding Italia SpA, Outokumpu Treasury Belgium NV and Orijärvi Oy were released from guarantor obligations under the Transaction Guarantees. Further, pledges over real estate in Sweden and in Germany as well as a number of share pledges included in the Transaction Security were released. The security package continues to include most of the Group's key assets, such as the stainless steel and ferrochrome facilities in Tornio, Finland and the stainless steel facility in Calvert, the United States. The security package covers the restated facility, certain other bank loans and the Existing Notes.

Outokumpu announced on May 9, 2018 voluntary total redemption of the Existing Notes, which was conditional on Outokumpu securing the availability of the new financing for at least EUR 150 million. The outstanding nominal amount of EUR 202.5 million was redeemed on June 18, 2018.

As at March 31, 2018, Outokumpu's credit facilities totaled EUR 740 million, of which EUR 657 million was unutilized, and Outokumpu's Finnish uncommitted commercial paper program totaled EUR 800 million, of which EUR 219 million was unutilized.

The following table sets forth Outokumpu's adjusted² loan repayment schedule as at December 31, 2017:

	2018	2019	2020	2021	2022	2023	2024 and after
	<i>(EUR in millions)</i>						
Convertible bond			250				
Long-term loans from financial institutions	6	6	6	4	1		
Pension loans	6	16	56	50	43		
Finance leases	5	3	3	51	0	0	28
Short-term loans from financial institutions	10						
Commercial paper	477						
The Notes							250
Total	505	25	315	104	45	0	278
Unutilized facilities		77		650			

² The table excludes the Existing Notes which were redeemed on June 18, 2018 and includes the Notes issued on June 18, 2018.

Other Recent Event

There are no other recent events materially relevant to evaluation of the Issuer's or the Guarantors' solvency.

INDUSTRY AND MARKET OVERVIEW

Stainless Steel

Stainless steel is a versatile and widely used material that plays a key role in many important areas, including urbanization, transportation, the production and consumption of food, water and other beverages, and energy. Stainless steel's attractive properties, which include corrosion resistance, high strength-to-weight ratio, heat tolerance, aesthetic qualities and the ability to be recycled, have contributed to the increased use of stainless steel in new and existing applications.

Stainless steel differs from carbon steel by the chromium content: stainless steel contains a minimum of 10.5 percent chromium. One of the most important properties of stainless steel is corrosion resistance, which results from a thin layer of chromium oxide which forms on its surface in the presence of oxygen. The chromium oxide layer acts as a barrier between the stainless steel and its surroundings and is impermeable, insoluble and self-repairing in the presence of oxygen, whereas unprotected carbon steel rusts when exposed to air and moisture. In addition to chromium, typical alloying elements in stainless steel include nickel, molybdenum and nitrogen. In 2017, total global steel production was 1.691 billion tonnes, of which approximately 3 percent was stainless steel (source: SMR & Worldsteel, January 2018). Outokumpu operates in the stainless steel business and is not involved in carbon steel business.

Stainless steels are divided by their crystalline structure into four major types. First, austenitic stainless steel grades contain both chromium and nickel and have a low carbon content, with the most commonly used grade containing 18 percent chromium and eight percent nickel. Austenitic grades are resistant to corrosion, hygienic and easy to weld and form. Along with good high and low temperature properties, austenitic grades are non-magnetic (if annealed) and can only be hardened by cold working. Austenitic stainless steel grades are used to make a variety of products including kitchenware, domestic appliances, equipment for process industries, vessels and piping, containers, architectural facades and construction (e.g., for bridges). Molybdenum-alloyed austenitic grades, also called moly grades, are used where better corrosion resistance is needed, especially in the chemical and process industry. Austenitic stainless steel grades are the most common type of stainless steel. In 2017, standard and specialty austenitic stainless steel grades accounted for approximately 76 percent of Outokumpu's external stainless steel deliveries.

Second, ferritic stainless steel grades usually contain no nickel, have a chromium content between 11 and 20 percent and a low carbon content. Ferritic grades are magnetic, have moderate to good corrosion resistance and cannot be hardened by heat treatment. Ferritic grades have properties similar to carbon steel, but have better corrosion resistance. The most common ferritic grades contain either 12 or 17 percent chromium, with 12 percent used mostly in structural applications and 17 percent used mostly in kitchenware, boilers, white goods and indoor architecture. The ferritic grade containing 11 percent chromium and stabilized by titanium is commonly used for automobile exhaust systems. In 2017, ferritic stainless steel grades accounted for approximately 18 percent of Outokumpu's external stainless steel deliveries.

Third, austenitic-ferritic (duplex) stainless steel grades have a micro structure that consists of both ferritic and austenitic phases. Duplex grades have a relatively high chromium content (between 18 and 28 percent) and a low to moderate nickel content (between 1 and 8 percent). The nickel content is insufficient to generate a fully austenitic structure and the resulting combination of ferritic and austenitic structures is called duplex. Many duplex grades also contain 2.5 to 4 percent molybdenum. Duplex grades have a high resistance to stress corrosion, cracking and chloride ion attacks as well as higher yield strength than austenitic or ferritic grades, which allows the construction of lighter structures as less material is required to achieve the same strength. They are commonly used in storage tanks, the pulp and paper industry, marine applications, desalination plants, heat exchangers and petrochemical plants. Outokumpu's deliveries of duplex stainless steel grades accounted for approximately 3 percent of Outokumpu's external stainless steel deliveries in 2017.

And fourth, martensitic stainless steel grades have a relatively high carbon content (0.1 to 1.2 percent) as compared to other stainless steel grades, usually contain 11 to 13 percent chromium and may also contain nickel. Martensitic grades have moderate corrosion resistance and are the only stainless steel grades that can be hardened by heat treatment, which gives them greater strength and hardness. Martensitic grades are magnetic and are generally difficult to weld. Martensitic grades are commonly used for knife blades, surgical instruments,

turbine blades, shafts, spindles and pins. Outokumpu produces martensitic stainless steel grades in small quantities.

Ferrochrome

Ferrochrome, an alloy of chromium and iron containing 50 to 70 percent chromium, is an essential raw material in the stainless steel production. The most common type of ferrochrome on the market is charge grade ferrochrome, which typically contains 50 to 54 percent chromium, 6 to 8 percent carbon and 3 to 4 percent silicon.

Ferrochrome production begins with the mining of chromite, an iron chromium oxide. The chromite ore is concentrated into upgraded lumpy ore and fine concentrates for further processing. Prior to smelting, fine concentrate is formed into pellets and sintered in order to improve the performance of the smelting process. Upgraded lumpy ore does not need to undergo further processing prior to smelting.

In the ferrochrome smelting process, charge grade ferrochrome is heated, generally in an electric arc furnace, and reduced using metallurgical coke. Additional materials are added to promote slag formation, among other things. As liquid ferrochrome and slag collects at the bottom of the furnace, it is tapped and cast in large forms. In addition to slag, carbon monoxide is also formed as a by-product of the ferrochrome smelting process. After the ferrochrome cools, it is crushed to facilitate use in further processing.

Outokumpu's ferrochrome production facility is located in Tornio, Finland, where the facility has access to sufficient electricity and is close to Outokumpu's production units for further processing in Europe and from where the products can be shipped to Americas. The ferrochrome production facility is located on the same site as Outokumpu's stainless steel melt shop, which provides integration benefits such as the possibility of using molten ferrochrome in the stainless steel production process and using the carbon monoxide produced (as a by-product) as a fuel in other heating processes. Outokumpu is fully self-sufficient with its ferrochrome needs globally. However, Outokumpu is also buying some amounts of ferrochrome externally, which are predominantly smaller amounts of ferrochrome types it is not producing.

Stainless Steel Production Process

Stainless steel production begins in the melt shop, where raw materials are melted and the alloy content of the steel is adjusted to the desired composition, after which the steel is cast into semi-finished products with various cross-sectional forms, such as slabs. Semi-finished products are further processed by hot and cold rolling or other production processes into finished products for customers.

Melting

In the melting process, raw materials are melted in an electric arc furnace, which consumes large amounts of electricity. In Europe, the main raw material for production of austenitic stainless steel grades is recycled stainless steel, while larger amounts of ferrochrome and recycled carbon steel are required for producing ferritic grades. After melting, the molten stainless steel is further processed in an argon oxygen decarburization (the "AOD") converter, where carbon is removed using oxygen-argon decarburization and sulfur is removed using a special slag treatment. The majority of the fine-tuning of the stainless steel's composition takes place in the AOD converter due to the rigorous quality requirements placed on stainless steel. After the AOD process, the molten stainless steel undergoes secondary treatment in the ladle furnace, where fine tuning of the melt composition and temperature adjustments take place. Finally, the molten stainless steel is cast into semi-finished products, including slabs, billets and blooms, using a continuous casting process. Outokumpu's Tornio production facility is integrated into ferrochrome production, which allows molten ferrochrome to be used directly in stainless steel raw material, thereby reducing energy consumption as the ferrochrome does not need to be re-melted, among other benefits.

Hot Rolling

In the hot rolling process, the cast semi-finished products are first heated and then hot rolled using different hot rolling processes depending on the desired product. Flat products can either be produced in a hot strip mill,

which passes a slab through a series of rolling mills in one direction to produce black hot band, or on a reversing mill, in which a slab is rolled back and forth through a single rolling mill to produce quarto plate.

Black hot band is used as feedstock for the initial annealing and pickling process in a cold rolling facility. After hot rolling, quarto plates are annealed, pickled and cut to the required dimensions before being delivered to customers. Quarto plates are primarily used for projects in the energy, chemical transportation and desalination industries as well as for pressure vessels, tanks, thick-walled tubes, bridge structures and process equipment.

For long products with a circular cross-section, billets or blooms are hot rolled to the desired diameter. Long products produced by hot rolling include rod coil, which is used to manufacture a range of precision components, including needles and pins, springs, welding consumables, fasteners and bolts, machined components and filtration components, and bars, which are used to manufacture a range of machined components, including valves, fittings, pump shafts and fasteners, and in a variety of infrastructure projects in the form of rebar and structural supports.

Cold Rolling

In the cold rolling process, black hot band is rolled at room temperature to reduce the thickness and achieve the desired properties. Black hot band is usually annealed and pickled into white hot band before the cold rolling process.

Initial Annealing and Pickling

Black hot band in austenitic grades must be processed on a continuous annealing and pickling line before it is ready for cold rolling. Respectively, ferritic and martensitic grades are normally processed first in a batch annealing furnace and then on a continuous pickling line before they are ready for cold rolling. The black hot band is first annealed (softened by heating) to promote desired properties in the steel. In the subsequent pickling process, the scale is chemically removed from the surface using acids.

The initial annealing and pickling produces white hot band, which is used as feedstock for cold rolling mills and can be sold to customers, primarily for projects within the energy, chemical transportation and desalination industries as well as for pressure vessels, tanks, thick-walled tubes, bridge structures and process equipment.

Cold Rolling and Finishing

For producing cold rolled flat products, white hot band is usually rolled at room temperature on a cluster rolling mill to the desired thickness. The strip is then annealed and pickled as well as skin passed in order to improve the surface finish. Stainless steel with particularly high surface requirements can be annealed on a bright annealing line, which anneals the stainless steel in an atmosphere of inert gases. Bright annealing preserves and enhances the shiny metallic surface of the cold rolled strip, resulting in a mirror-like finish. Certain austenitic and ferritic stainless steel products are usually sold with a bright annealed finish. In addition, there are a variety of surface treatments, such as polishing, brushing and coating the steel with a fingerprint-resistant coating. The flatness of the strip can be improved by using a tension leveling line. Finally, the strip can be slit to form narrower strips or cut to the desired length to form foils or sheets. Cold rolled coils can also be used as feedstock for further cold rolling to produce thinner precision strip and foil. Cold rolled products are used in a wide variety of end uses, ranging from demanding corrosion resistant solutions for the process industry and consumer durables made from polished strip, to prestigious buildings or other architectural applications that use patterned sheet. Due to their high dimensional tolerances and good surface quality, cold rolled products are the predominant category of stainless steels on the market.

Long Products Drawing

In addition to hot rolling, bars can also be formed by cold drawing. In the cold drawing process, unheated feedstock is drawn through a die to reduce the diameter and increase length. Before drawing, the end of the feedstock is reduced or pointed to get the end through the die, then the end is placed in grips and the rest of the feedstock is pulled through the die. Drawing can also be used to produce bar with noncircular cross-sections and thin wires.

Stainless Steel Distribution

Stainless steel is generally sold either directly to end-users or to stainless steel distributors, tube makers and processors, such as steel service centers, who resell the products to end-users. The usual method of distribution for stainless steel products varies by stainless steel type and product. Distributors tend to stock stainless steel products and grades that have many end-users, such as regular austenitic cold rolled products and some austenitic long and tubular products. Distributors may also stock a limited amount of hot rolled austenitic stainless steel. Factors that lead end-users to purchase stainless steel from distributors can include lead times, both due to proximity to the end-user and the fact that the product is in stock, and the ability to order smaller quantities. In addition, distribution is often associated with some value added services, such as slitting and polishing.

Factors that lead end-users to purchase directly from the producer can include purchasing large quantities or special grades as well as the need for technical advice. Generally, large end-users, such as automobile and white goods manufacturers, prefer to purchase stainless steel directly from the producer in order to develop relationships and receive volume discounts. Many ferritic applications are used in industries that have consolidated purchasing, such as the automotive and white goods industries, which generally results in more direct routes to market as compared to austenitic products. In addition, end-users interested in special grades, such as duplex grades, tend to purchase directly from producers due to the customizable nature of special grades products and the producer's technical knowledge and ability to provide advice on product selection and other matters. The tailor-made nature of special stainless steel products makes it less likely that distributors will have the specific product that the customer requires in stock.

Stainless Steel Market

Demand

Global real demand for stainless steel products reached 41.2 million tonnes in 2017, with an increase of approximately 5.5 percent from 39.1 million tonnes in 2016. The growth was most pronounced in the Asia-Pacific region at 6.3 percent, while demand grew by 3.4 percent in Europe, Middle-East and Africa and by 3.2 percent in the Americas. In 2017, the real demand growth was strongest in Consumer Goods and Medical and Architecture, Building, Construction and Infrastructure end-use segments at 6.7 percent and 6.0 percent, respectively. Meanwhile, Automotive and Heavy Transport achieved growth of 4.5 percent, followed by growth of 3.7 percent in Chemical, Petrochemical and Energy and 3.0 percent in the Industrial and Heavy Industries segment (source: SMR, January 2018).

Global consumption of stainless steel products in 2017 was split among the Consumer Goods and Medical (49 percent), Chemical, Petrochemical and Energy (16 percent), Automotive and Heavy Transport (10 percent), Architecture, Building, Construction and Infrastructure (15 percent), Industrial and Heavy Industry (8 percent) and Others (2 percent) segments (source: SMR, January 2018). The following table sets out real demand growth of stainless steel by region from 2015 to 2017 and forecasted real demand growth of stainless steel between 2018 and 2020:

Region	2015	2016	2017	2018 (forecast)	2019 (forecast)	2020 (forecast)
	<i>(percent)</i>					
Americas	-4	-2	5	5	4	3
Europe	1	2	3	4	3	5
Asia-Pacific	2	6	6	5	5	3
Global	1	4	5	5	5	3
United States	-2	-4	4	5	4	2
Americas (excluding United States)	-7	1	7	4	4	4
Middle-East and Africa	-1	3	6	5	6	4
China	2	7	7	5	5	3
Asia-Pacific (excluding China)	1	3	4	5	5	3

Source: SMR, April 2018

Outokumpu expects the long-term outlook for stainless steel demand to remain positive. Global megatrends such as urbanization, climate change, and increased mobility combined with growing global demand for energy, food, and water are expected to support the future growth of stainless steel demand. Growth in stainless steel consumption between 2017 and 2023 is expected to be relatively well-balanced between the end-use segments. The following table sets out SMR’s forecasts for demand growth in stainless steel across end-user industries in Europe, Americas and globally for the period from 2018 through 2021 as well as market sizes in flat and long products in Europe and Americas in 2017.

End-user industry	Market size in 2017		Forecasted compounded annual growth rate during 2018–2021		
	Europe (tonnes in thousands)	Americas	Europe (percent)	Americas	Globally
Architecture, Building, Construction and Infrastructure	976	487	3.3	5.3	5.0
Industrial and Heavy Industries	269	151	8.7	2.0	4.5
Automotive and Heavy Transport	700	791	3.0	1.1	2.8
Consumer Goods and Medical	2,228	1,211	1.0	3.4	2.5
Chemical, Petrochemical and Energy	908	536	3.4	1.4	2.1
Other industries	55	50	1.5	2.8	2.4

Source: SMR, April 2018

Capacity and Production

In response to strong demand for stainless steel products from China in the 1990s and early 2000s, the European stainless steel industry made significant investments in increasing production capacity. However, during the 2000s, China rapidly invested in the construction of local stainless steel production capacity. As China transitioned from a net importer of stainless steel to the world’s largest stainless steel producer and a net exporter of stainless steel products, the capacity utilization levels of stainless steel producers in other regions decreased. With Chinese stainless steel producers serving domestic demand and increasingly exporting their material around the world, stainless steel producers in other countries have been forced to find new markets for production that was previously destined for China as well as for production destined for their local demand, which Chinese producers have increasingly been serving. Moreover, price advantages in Asia keep up the attractiveness of imported material in the European market. The price advantages result from the high investments of Asian mills in new state-of-the-art facilities with high production capacities, economies of scale and partially from cost advantages, for example, from using alternative raw materials such as nickel pig iron.

These pressures have led to substantially higher levels of stainless steel imports into the European market, which increased from around 20 percent of total consumption (of cold rolled flat products) between 2011 and 2012 to 30.6 percent in 2014. In 2015 import levels decreased to 24.6 percent after introduction of anti-dumping duties by European Commission for Chinese and Taiwanese cold rolled imports. In 2017, cold rolled imports to the European market are expected to have reached a level of 27.6 percent of the total consumption, up from the average 24.6 percent in 2016. Imports from Malaysia, the United States, India and Taiwan were growing, while the volumes from South Korea, Vietnam and Brazil decreased. In the fourth quarter of 2017, imports to the European market are expected to have reached a level of 28.4 percent, slightly down from 28.6 percent in the third quarter of 2017 (Source: EUROFER January 2018). The average cold rolled imports into the United States are expected to have reached 22.5 percent of the total consumption in the United States in 2017, lower than the average of 23.3 percent in 2016. Chinese imports decreased significantly, while imports from almost all other major exporting countries increased. Average cold rolled imports into the United States reached 25 percent of the total consumption in October–November 2017, flat compared to the third quarter of 2017 (Source: American Iron & Steel Institute, November 2017).

Most recently, additional import duties under U.S. section 232 are anticipated to change the dynamics of the global trade flows of stainless steel. Outokumpu expects the import duties under U.S. section 232 to have twofold impacts: on the one hand, Outokumpu’s business area Americas is expected to benefit from the import duties under U.S. section 232 in the short term as imports into the United States are anticipated to decrease and

subsequently increase the prices. On the other hand, the import duties under U.S. section 232 are likely to lead to higher European imports going forward, as a result of some countries not able to export to the United States anymore which could result in oversupply in the European markets and consequently undermined price levels. In order to mitigate this, European Commission has initiated investigations on the necessity of safeguard measures to protect European producers. The European Union, Mexico and Canada were previously exempted from the tariffs of 25 percent on steel imports under U.S. section 232 but on May 31, 2018 the United States announced the termination of these exemptions as of June 1, 2018. Outokumpu's facilities in Europe, Mexico and the United States predominantly serve local customers, and Outokumpu expects that this will mitigate the impact of the termination of the exemptions. Outokumpu anticipates the tariffs on steel imports from the European Union, Mexico and Canada to result in reduced imports into the United States and consequently support positive price development of stainless steel in the United States. On the other hand, Outokumpu expects that imports into Mexico will continue to increase, which could drive down margins in that market. Further, following the decision by the United States to terminate the exemptions, the European Union, Mexico and Canada have threatened the United States with retaliatory measures and concerns of a trade war have escalated.

Further, in April 2018, the U.S. administration announced new sanctions on seven Russian oligarchs and 17 top government officials. Outokumpu does not expect this to have a significant impact on its business.

The stainless steel industry has been burdened by overcapacity in the past years, especially in Asia, but the overcapacity is currently decreasing in all markets. The global stainless steel production capacity of slabs and billets increased in 2017 by roughly 3 percent to 66.4 million tonnes as a result of new capacity in Indonesia and China. As the production of stainless steel is capital intensive, producers generally seek to maintain high capacity utilization in order to maintain and improve profitability. In 2017, the global utilization rate was assessed to have increased above 70 percent levels (source: SMR, January 2018).

The global stainless steel production of slabs and billets totaled 48.0 million tonnes in 2017, a growth of approximately 6 percent compared to 2016. The output increased most in Asia, namely in Indonesia and China, but also Europe and Americas experienced growth in 2017 (source: SMR, January 2018).

Competitors

Outokumpu's primary competitors in Europe in 2017 were Aperam S.A., Acerinox S.A. and AST, which are all global suppliers, and Outokumpu also competed with imports from outside of Europe (primarily from Taiwan, South Korea, China, Japan, India, South Africa and the United States). Local suppliers generally account for the majority of stainless steel sales in other regional markets in which local presence, knowledge and often trade barriers may provide them with advantages. In NAFTA, the main stainless steel producers are North American Stainless (a member of the Acerinox group), Outokumpu, AK Steel Corporation and ATI Allegheny Ludlum Corporation. In Asia, the significant new capacity built in recent years has resulted in a fragmented market where there are more than 50 manufacturers. Local producers mostly focus on lower margin commodity products, making it difficult to gain market share in the commodity products market. China is a highly competitive market with many competitors having a fully integrated production chain from melting to cold rolling operation. In addition to Outokumpu, the largest stainless steel producers worldwide include Asian companies Tsingshan, Taiyuan Iron and Steel Company, POSCO, Baosteel Co., Ltd. and YUSCO as well as European-based Acerinox S.A. and Aperam S.A. Several Asian producers also manufacture carbon steel, while European manufacturers focus on stainless steel (source: SMR, January 2018). Main competitors of Outokumpu's business area Ferrochrome are Glencore plc, Samancor Chrome Limited and Eurasian Resources Group and main competitors of Outokumpu's business area Long Products are Schmolz + Bickenbach AG, Acciaierie Valbruna S.p.a., North American Stainless, Inc. and Cogne Acciai Speciali S.p.a.

BUSINESS OVERVIEW

Business Operations

Outokumpu is a leading global stainless steel producer with annual finishing capacity of 2.7 million tonnes. Outokumpu produces stainless steel products, from semi-finished products, such as slabs, blooms and billets, to finished products, such as cold rolled coils and sheets, in a variety of stainless steel grades. Through its service centers, Outokumpu offers products and solutions tailored to individual customers' requirements. Outokumpu also produces ferrochrome, a key raw material for stainless steel production, through the ferrochrome production facility in Tornio, Finland and its chromite mine in Kemi, Finland. Outokumpu's production is concentrated in Finland, Germany, Sweden, the United Kingdom, the United States and Mexico.

Outokumpu produces a full range of standard and high-alloyed stainless steel grades, which comprise the majority of Outokumpu's stainless steel deliveries. In 2017, approximately 76 percent of Outokumpu's external stainless steel deliveries were standard and specialty austenitic stainless steel grades. Outokumpu also offers a variety of standard and high-temperature ferritic stainless steel grades. In addition, Outokumpu also produces a variety of other special stainless steel grades, including duplex grades, heat resistant and high-alloyed austenitic grades as well as some martensitic grades.

The following table sets forth Outokumpu's deliveries by major stainless steel product category for the years indicated:

	2017	2016
	<i>(tonnes in thousands)</i>	
Cold rolled	1,713	1,731
White hot strip	428	425
Quarto plate	79	100
Long products	70	65
Semi-finished products:		
– Stainless steel ¹	157	121
– Ferrochrome	105	126
Tubular products	1	1
Total deliveries	2,553	2,570
Stainless steel deliveries	2,448	2,444

¹ Black hot rolled, slabs, billets and other stainless steel products.

Outokumpu has significant direct sales to end-users in segments such as automotive, catering and appliances, industrial uses as well as construction segments. As a supplier of stainless steel products for industrial projects, market segments such as pulp and paper, desalination, and oil and gas exploration and production are also important to Outokumpu. In addition, Outokumpu also sells to stainless steel distributors and processors. For the year ended December 31, 2017, approximately 55 percent of Outokumpu's sales were directly to end-users and the remaining approximately 45 percent were to distributors and processors.

Outokumpu also produces ferrochrome, primarily charge grade ferrochrome. For the years ended December 31, 2017 and 2016, Outokumpu produced 415,000 tonnes and 469,000 tonnes, respectively, of ferrochrome. Due to technical issues and maintenance of a ferrochrome furnace, the volume of Outokumpu's ferrochrome production in 2017 was lower than in 2016.

Business Areas

Overview

Until December 31, 2017, Outokumpu's business operations were divided into three business areas. In November 2017, Outokumpu announced that it will change its segment structure as of January 1, 2018 by separating Ferrochrome operations from business area Europe. In the new structure, Outokumpu has four business areas: Europe, Americas, Long Products and Ferrochrome.

Each business area has responsibility for sales, profitability, production and supply chain management and the business areas are Outokumpu's operating segments under IFRS. The performance of the segments is reviewed based on segment's adjusted EBITDA, which is defined in the accounting principles for the consolidated financial statements. The review is done regularly by the CEO based on internal management reporting which is based on IFRS.

Europe

Europe is the largest of Outokumpu's business areas in terms of sales and accounted for approximately 64 percent of the group sales in 2017 (excluding the new business area Ferrochrome which was separated from business area Europe on January 1, 2018). As at March 31, 2018 business area Europe had 6,759 employees. The following table sets out development of business area Europe's deliveries, sales, adjusted EBITDA and adjusted EBITDA margin from 2015 through 2017:

	2015 (unaudited)¹	2016 (unaudited)¹	2017 (unaudited)¹
Deliveries, tonnes in thousands	1,578	1,625	1,582
Sales, EUR	4,156	3,767	4,156
Adjusted EBITDA, EUR	203	295	404
Adjusted EBITDA margin, percent	4.9	7.8	9.7

¹ Outokumpu separated business area Ferrochrome from business area Europe as of January 1, 2018. Consequently, the measures for the financial years ended December 31, 2015 and December 31, 2016 presented in the table have been restated as if the separation of the two business areas had occurred as of January 1, 2015. Sales of business area Europe for the year ended December 31, 2017 were included in Outokumpu's audited consolidated financial statements for the year ended December 31, 2017 but were thereafter restated due to Outokumpu's retrospective adoption of IFRS 15. For further details, please see the footnotes in "Selected Consolidated Financial Information."

Europe consists of both coil and plate operations. The high-volume and tailored standard stainless steel grades are used in automotive, architecture, building and construction, transportation, appliances, chemical, petrochemical and energy sectors, as well as other process industries. The production facilities are located in Finland, Germany and Sweden. The business area has extensive coil service center and sales network across Europe, Middle East, Africa and the Asia-Pacific region.

Americas

The business area Americas accounted for approximately 24 percent of group sales in 2017. As at March 31, 2018 business area Americas had 2,026 employees. The following table sets out development of business area Americas' deliveries, sales, adjusted EBITDA and adjusted EBITDA margin from 2015 through 2017:

	2015 (unaudited, unless otherwise indicated)	2016 (unaudited, unless otherwise indicated)	2017 (unaudited)
Deliveries, tonnes in thousands	533	690	742
Sales, EUR	1,214 ¹	1,325 ¹	1,546 ²
Adjusted EBITDA, EUR	-120	-27	21
Adjusted EBITDA margin, percent	-9.8	-2.1	1.4

¹ Audited.

² The measure has been restated due to Outokumpu's retrospective adoption of IFRS 15. For further details, please see the footnotes in "Selected Consolidated Financial Information."

The Americas produces standard austenitic and ferritic grades as well as tailored products. Its largest customer segments are automotive and transport, consumer appliances, oil and gas, chemical and petrochemical industries, food and beverage processing, as well as building and construction industry. The business area has production units in the United States and Mexico as well as a service center in Argentina.

Long Products

The business area Long Products focuses on specialty stainless long products, such as rod, rod coil, bar, rebar and other long products, which are used in a wide range of applications such as springs, wires, surgical equipment, automotive parts and construction. The manufacturing sites are located in the United Kingdom, Sweden and the United States.

The business area Long Products accounted for approximately 6 percent of group sales in 2017. As at March 31, 2018 business area Long Products had 595 employees. The following table sets out development of business area Long Products' deliveries, sales, adjusted EBITDA and adjusted EBITDA margin from 2015 through 2017:

	2015 (unaudited, unless otherwise indicated)	2016 (unaudited, unless otherwise indicated)	2017 (unaudited)
Deliveries, tonnes in thousands	213	245	264
Sales, EUR	551 ¹	487 ¹	591 ²
Adjusted EBITDA, EUR	10	-1	16
Adjusted EBITDA margin, percent	1.8	-0.2	2.8

¹ Audited.

² The measure has been restated due to Outokumpu's retrospective adoption of IFRS 15. For further details, please see the footnotes in "Selected Consolidated Financial Information."

Ferrochrome

The business area Ferrochrome runs a chromite mine in Kemi, Finland and a ferrochrome smelter in Tornio, Finland. The primary product for the Ferrochrome business area is the charge grade of ferrochrome. Majority of the ferrochrome produced is consumed internally by Outokumpu's own mills, and approximately 25 percent of the produced ferrochrome is sold to third-party producers.

Ferrochrome operations accounted for approximately 2 percent of group sales in 2017. As at March 31, 2018 business area Ferrochrome had 433 employees. The following table sets out development of business area Ferrochrome's production, sales, adjusted EBITDA and adjusted EBITDA margin from 2015 through 2017:

	2015 (unaudited) ¹	2016 (unaudited) ¹	2017 (unaudited) ¹
Production, tonnes in thousands	457	469	415
Sales, EUR	410	371	610
Adjusted EBITDA, EUR	107	80	217
Adjusted EBITDA margin, percent	26.1	21.6	35.5

¹ Outokumpu separated business area Ferrochrome from business area Europe as of January 1, 2018. Consequently, the measures for the financial years ended December 31, 2015 and December 31, 2016 presented in the table have been restated as if the separation of the two business areas had occurred as of January 1, 2015. Sales of business area Ferrochrome for the year ended December 31, 2017 were included in Outokumpu's audited consolidated financial statements for the year ended December 31, 2017 but were thereafter restated due to Outokumpu's retrospective adoption of IFRS 15. For further details, please see the footnotes in "Selected Consolidated Financial Information."

Production Facilities

The following table provides an overview of Outokumpu's main production facilities as at the date of this Prospectus:

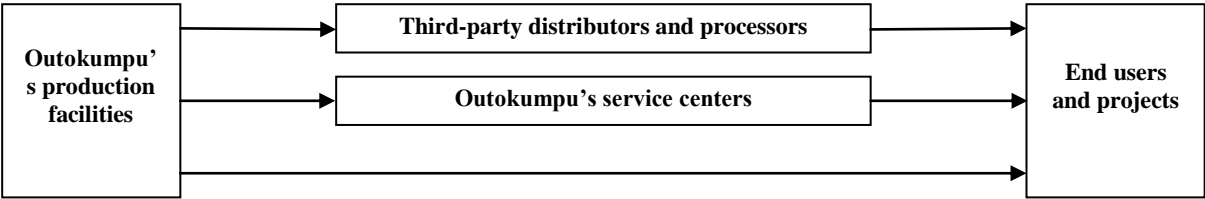
Location	Type of Facility	Production capacity¹ <i>(tonnes per year)</i>	Products
Europe			
Tornio, Finland	Melt shop	1,450,000	Slabs
	Hot rolling	1,600,000	Black hot band
	Cold rolling	900,000	White hot band
			Cold rolled
			Pelletized chromite
	Pelletizing and sintering	1,100,000	Concentrate
	Smelting (FeCr)	530,000	Charge grade ferrochrome
Kemi and Tornio, Finland	Mine	2,700,000	Chromite ore
	Concentration	1,250,000	Upgraded lumpy ore Metallurgical grade concentrates
Krefeld, Germany	Cold rolling	370,000	White hot band Cold rolled
Dillenburg, Germany	Cold rolling	190,000	White hot band Cold rolled
Dahlerbrück, Germany	Cold rolling	40,000	Cold rolled
Avesta, Sweden	Melt shop	450,000	Slabs
	Hot rolling	900,000	Black hot band
	Cold rolling	230,000	White hot band Cold rolled
Nyby, Sweden	Cold rolling	80,000	Cold rolled
Degerfors, Sweden	Hot rolling	150,000	Quarto plate
	Plate annealing and pickling and finishing		
Americas			
Calvert, Alabama, United States	Melt shop	900,000	Slab
	Hot rolling	870,000 ²	Black hot band
	Cold rolling	350,000	White hot band Cold rolled
San Luis Potosí, Mexico	Cold rolling	250,000	White hot band Cold rolled
Long Products			
Degerfors, Sweden	Hot rolling	40,000	Billets, heavy bar
Sheffield, United Kingdom	Melt shop	450,000	Slabs Blooms Billets Ingots
	Drawing and bar finishing	25,000	Bars Wire rod
Richburg, South Carolina, United States	Long products finishing	60,000	Bars Heavy bars

¹ Production facility details include the production capacities available at each step in the stainless steel production process. Output from one step in the production process can be used as feedstock for the next step. Therefore, the sum of the production capacities exceeds the production capacity of saleable finished stainless steel products.

² Hot rolling in Calvert is conducted by ArcelorMittal and Nippon Steel & Sumitomo Metal Corporation under a hot rolling toll processing agreement. Reflects capacity available under the agreement.

Distribution and Sales Network

The following chart sets forth the main routes to market for Outokumpu’s stainless steel products:



Outokumpu’s stock and processing network consists of stock points, coil service centers and plate service centers, which have been strategically located near Outokumpu’s customer bases. The proximity of finishing facilities to customer bases allows Outokumpu to offer its customers shorter lead times and smaller delivery volumes for standard and custom products as compared to orders serviced directly from production facilities.

The following table sets forth Outokumpu’s service centers by location and type as at the date of this Prospectus:

	Coil service ¹	Plate Service ²
Argentina, Buenos Aires	x	
Australia, Laverton North	x	
China, Kunshan	x	
Finland, Jyväskylä		x
France, Alfortville		x
Germany, Heidenheim		x
Germany, Hockenheim	x	
Germany, Sachsenheim	x	
Germany, Wilnsdorf-Anzhausen	x	
Hungary, Batonyterenye	x	
Italy, Castelleone	x	x
The Netherlands, Aalten		x
Poland, Dabrowa Gornicza	x	
Sweden, Degerfors		x
Sweden, Eskilstuna	x	

¹ Coil service centers are finishing production facilities that offer services such as cut-to-length, slitting, polishing and brushing. Coil service centers also offer traverse winder and edge preparation services.

² Plate service centers are finishing production facilities that offer services such as plasma, laserjet and waterjet cutting; bending; and machining.

In addition to the above-mentioned coil service centers and plate service centers, Outokumpu has various stock points around the world. Outokumpu uses a variety of means to transport products to customers, including truck, ship and train. Outokumpu primarily transports products between its production facilities by ship and train as well as by truck. Within Europe, the Tornio production facility supplies a portion of the black hot band feedstock to its cold rolling facility in Germany. This material is transported from Outokumpu’s own harbor at the Tornio site to Outokumpu’s finishing facility in Terneuzen, the Netherlands using Outokumpu’s fleet of four time-chartered vessels. The material is then transported by train to the production facilities. Train is one of the primary means of transporting products between Outokumpu’s production facilities in Germany. Outokumpu maximizes the utilization of its vessels by transporting recycled stainless steel, other raw materials and consumables from ports such as Rotterdam on the return trip to Tornio. In North America, Outokumpu transports products from the Calvert production facility to its cold rolling facility in Mexico primarily by ship. The Calvert production facility is located on a site that includes a barge terminal owned by third parties. Outokumpu expects to increasingly spot charter vessels in the future, primarily to transport ferrochrome and stainless steel from the Tornio production facility to the Calvert production facility.

Customers

Overview

For the year ended December 31, 2017, approximately 55 percent of Outokumpu's sales were directly to end-user customers and the remaining approximately 45 percent were to distributors and processors. For the same period, approximately 22 percent of Outokumpu's sales were to the heavy industries segment, approximately 17 percent were to the metals processing and tubes segment, approximately 15 percent were to the consumer goods and medical segment, approximately 17 percent were to the automotive segment, approximately 5 percent were to the architecture, building and construction segment, approximately 4 percent were to the chemical, petrochemical and energy segment and approximately 20 percent were to the other segment. The main end-use segments for products produced by business area Europe are industries such as the automotive, transport, white goods, building and construction, chemical and petrochemical and energy industries as well as other process industries. Americas' customers include the automotive and transport, consumer appliances, oil and gas, chemical and petrochemical, food and beverage processing as well as building and construction industries. Business area Long Products' sales are primarily to distributors and processors.

The usual method of distribution for stainless steel products varies by stainless steel type and product. Distributors tend to stock stainless steel products and grades that have many end uses, such as regular austenitic cold rolled products and some austenitic long and tubular products. Factors that lead end-users to purchase stainless steel products directly from the producer include purchasing large quantities, purchasing special grades and the need for technical advice. For more information, see "*Industry and Market Overview—Stainless Steel Distribution.*"

Sales Contracts

Outokumpu's stainless steel sales generally fall within three categories: sales under frame purchase agreements, sales under long-term contracts and spot sales. Sales to stainless steel distributors and processors are generally made under frame purchase agreements that fix the terms of delivery, but not the base price, which is determined based on the market price and alloy surcharge at the time of each order. Direct sales to end-users are generally made under long-term contracts of three to 12 months with fixed volume commitments. These long-term contracts generally have either a fixed price or a fixed base price and a floating alloy surcharge. Spot sales at the prevailing market prices are generally made to distributors and processors as well as to some end-users attempting to secure the best price and delivery terms available at the time.

Outokumpu sells ferrochrome under long-term contracts and on a spot basis. Long-term contracts typically have agreed volumes, with prices negotiated on a quarterly basis based on European reference prices.

Raw Materials, Energy and Supplies

Raw Materials

The most important raw materials used by Outokumpu in producing stainless steel are nickel in various forms, recycled stainless steel, ferrochrome, molybdenum and recycled carbon steel. Outokumpu's main raw material for ferrochrome production is chromite. The following table sets forth Outokumpu's relative raw materials use by volume for the year ended December 31, 2017:

	For the year ended December 31, 2017
	<i>(percent)</i>
Recycled steel	57
Recovered metals	3
Alloys	17
Slag formers	13
Other input, as acids, gas a.o.	11
Total	100

Energy and Supplies

Outokumpu's production facilities use a range of energy sources, including electricity and fossil fuels such as natural gas, propane, heavy and light fuel oil. For the year ended December 31, 2017, Outokumpu's electricity consumption was 4.53 terawatt hours and fossil fuel use totaled 3.28 terawatt hours. The major fossil fuel used by Outokumpu is natural gas, with propane, heavy and light fuel oil also being used. Outokumpu also uses carbon monoxide gas produced as a byproduct of ferrochrome smelting as an energy source in stainless steel production at the Tornio integrated production facility.

In 2014, Outokumpu entered into a joint venture, Manga LNG Oy, together with Ruukki Metals Oy (currently SSAB Europe Oy), EPV Energy Ltd and Skangass in order to construct a fully operational LNG terminal and storage tank investment in Tornio, Finland. The investment of approximately EUR 100 million was conditional upon granting of a state subsidy for the project. The state subsidy was granted in September 2014 and the investment decision regarding the terminal made in December 2014. The completion of the terminal has been delayed, but the objective is to have the terminal in operation during 2018. Outokumpu has a 45 percent ownership in Manga LNG Oy.

The following table sets forth Outokumpu's relative energy use by source for the year ended December 31, 2017:

	For the year ended December 31, 2017
	<i>(percent)</i>
Electricity	58
Propane	18
Carbon monoxide gas	7
Natural gas	15
Diesel, light and heavy fuel oil	2
Total	100

Research and Development

Outokumpu's research and development involves process, product and application development. Research and development works closely together with sales, operations and customers to align activities with customers' current and future needs. Outokumpu has three research and development centers located in Avesta in Sweden, in Krefeld in Germany and in Tornio in Finland.

In process development, the aim is to improve energy and cost efficiency in Outokumpu's production processes while securing high-quality, consistent products and reductions in the environmental impact of Outokumpu's operations. The process development also focuses on further development of production routes and on process optimization, as well as industrial digitalization. The product development is mainly directed at improving and characterization the properties of our stainless steel products, but also to development of new products. Other important areas in research and development include application development and providing customers with comprehensive technical support. Outokumpu's research and development teams operate in close cooperation with Outokumpu's business areas, and is also involved in joint projects with Outokumpu's customers. Outokumpu also conducts joint development projects with industrial partners, universities and research institutes within national and European research programs.

During 2017, Outokumpu implemented a new IT solution for research and development project management, which improved research and development efficiency substantially. Another major event boosting research and development effectiveness was the inauguration of the new research and development premises in Krefeld. The process development teams continued to focus on supporting the operations and in transferring technological knowhow between Outokumpu's operational units. The major achievement of the product development was the launch of Outokumpu Ultra Alloy 825. Outokumpu stands out as the only major stainless steel company that can offer this nickel-based alloy in coils up to width of 1,500 mm. Another highlight of 2017 was the prize awarded to patented weldable sandwich technology in 15th Materialica Design and Technology Awards 2017.

During 2013–2017, Outokumpu spent approximately EUR 100 million in research and development. For the year ended December 31, 2017, Outokumpu spent EUR 13 million on research and development, as compared to EUR 20 million for the year ended December 31, 2016. As at December 31, 2017, the research and development organization employed a total of approximately 80 people.

Intellectual Property

Outokumpu seeks to protect its innovations by obtaining appropriate intellectual property protection and maintaining and enforcing its existing key intellectual property rights. Outokumpu relies on patent, trade secret and trademark laws and on confidentiality agreements to protect its products, proprietary technology and know-how. Outokumpu has a patent portfolio that, as at December 31, 2017, included 99 patent families (each patent family is based on a single invention that may be filed in separate countries) comprised of 472 granted patents and 377 patent applications. Outokumpu also owns a portfolio of 90 trademark families (each trademark family is a single trademark that may be filed in separate trademark classes and separate countries) comprised of 693 registered trademarks and 65 trademark applications. Outokumpu's patent portfolio covers the countries that are of major economic importance to the business of Outokumpu, in particular the countries in Europe and NAFTA, as well as countries in which important competitors are located, including China, South Korea and Japan.

Outokumpu's most important patented products include LDX 2101®, LDX 2404®, Core 4622, Supra 316plus and FDX®27 as well as trademark-protected 254 SMO® and 654 SMO®. Outokumpu has also patented certain proprietary stainless steel and ferrochrome production processes.

Outokumpu has a new way to categorize its wide range of stainless steel products. The new portfolio structure features nine product ranges, which highlight the key properties of their respective products such as corrosion-resistance, heat-resistance, strength, hardness and machinability.

In the Classic product family, the three ranges – Core, Moda and Supra – represent the basic, all-round grades. The Pro product family includes six ranges: Forta for Duplex and other high-strength needs, Ultra for extremely corrosive environments, Dura for high hardness, Therma for high heat-resistance and Prodec for improved machinability and Deco for special surfaces.

Outokumpu's patents are predominantly derived from employee inventions. Some of the patents and patent applications in Outokumpu's patent portfolio are co-owned with third parties. In addition to its patent portfolio, Outokumpu also relies on trade secrets, know-how, development of new products, and technological development in combination with nondisclosure agreements and similar agreements. Outokumpu also licenses a limited number of patents, patent applications and trademarks from third parties and selectively grants licenses to its trademarks and patents. For example, in order to facilitate market penetration of duplex stainless steel, Outokumpu has granted LDX 2101® manufacturing licenses to a number of third-party stainless steel producers in Europe and Asia under which Outokumpu is entitled to minimal royalty payments. Outokumpu's latest stainless steel innovations – high-chromium grades – obtained European patents in March 2017. Both the ferritic Core 4622 (EN 1.4622) and austenitic Supra 316plus (EN 1.4420) have been developed by Outokumpu's research and development teams.

Outokumpu believes that its intellectual property is of great value to it; however, Outokumpu also believes that its business, financial condition and results of operations are not dependent on any single patent, design patent or utility model.

Employees

As at March 31, 2018, Outokumpu had 10,111 employees. The following table sets out Outokumpu's employees per its facilities as at March 31, 2018:

Facility	Number of employees as at March 31, 2018
Kemi, Finland	433
Tornio, Finland	1,750
Avesta, Sweden	848
Degerfors, Sweden	506
Nyby, Sweden	221
Dahlerbrück, Germany	231
Dillenburg, Germany	677
Krefeld, Germany	1,555
Sheffield, United Kingdom	541
Calvert, United States	1,016
Richburg, United States	73
San Luis Potosi, Mexico	926

Outokumpu believes that its relationships with its employees and labor unions are good. A significant portion of Outokumpu's employees in Europe are covered by collective bargaining agreements.

Outokumpu is committed to providing a safe working environment for its employees, subcontractors and suppliers at Outokumpu's production sites and other facilities. Outokumpu is also accountable for the safety of subcontractors and suppliers while they are working in Outokumpu's locations. Developments in occupational safety measures are monitored at operating unit level and reported to local and central management through performance management processes. Outokumpu has an Occupational Safety Committee that aims to identify the best corporate and external practices and ensure that related knowledge and experience is distributed within Outokumpu. In 2017, workplace accidents per million working hours amounted to 4.4, significantly below the target of less than 8.0 workplace accidents per million working hours.

Insurance

Outokumpu's management believes that Outokumpu and its subsidiaries maintain insurance coverage that reflects the requirements and the size of the parent company, business areas and subsidiaries concerned. Historically, Outokumpu has maintained insurance on its property in amounts and risk retention levels that Outokumpu's management believes to be consistent with industry practices. Outokumpu's properties and facilities globally are valued at their reinstatement value and these values are based on careful assessments conducted at each location. Outokumpu's insurance policies cover physical loss or damage to its property and equipment on a reinstatement basis arising from a number of specified risks and certain consequential losses, including business interruption arising from the occurrence of an insured event under these policies.

Outokumpu has also maintained various other types of insurance, such as general and products liability insurance, directors' and officers' liability insurance, credit insurance, marine cargo insurance, as well as other customary policies such as commercial crime insurance, corporate business travel insurance and expatriates' insurance. In addition, Outokumpu maintains various local insurance policies that are mandatory at the local level in subsidiaries, such as employer's liability, workers compensation and motor vehicle liability insurances, as well as specific insurance policies covering compliance with local regulations. Outokumpu uses insurance broker services to place and maintain the global insurance programs with accesses to insurance markets in the United Kingdom, the Nordic region and Central Europe. Broker services are also used to support Outokumpu's risk management with comprehensive fire safety and loss prevention surveys according to an annual program.

Outokumpu also has a captive insurance company, Visenta Försäkrings AB, which is domiciled in Sweden and is able to act in 20 countries. Recently Visenta Försäkrings AB has underwritten property and business interruption policy for the Issuer and its subsidiaries.

Environmental Matters

Overview

Outokumpu's EHSQ policy (environment, health, safety and quality) aims at minimizing the environmental impact of Outokumpu's operations. Outokumpu's all production facilities employ risk-based and certified ISO

14001 environmental management systems that are designed to assist in avoiding spills and other incidents. The functioning of Outokumpu's environmental management systems is monitored using both internal and external audits at regular intervals. As at December 31, 2017, Outokumpu had environmental provisions of EUR 59 million in its consolidated statement of financial position. Majority of the environmental provisions are related to closing costs of production facilities and landfill areas in Finland, the United Kingdom and Germany.

Emissions (Air and Noise)

The majority of Outokumpu's particle emissions originate from the Tornio, Avesta, Sheffield and Calvert sites. Dust particles from production are efficiently collected e.g. in filtering systems. Dusts and steel scales containing valuable metals are recovered and recycled back to melting processes. At the Outokumpu's production sites it is unlikely that future restrictions on particulate, nitrogen oxide, sulfur dioxide or other emissions may limit the facility's ability to operate or expand operations.

Outokumpu has decreased carbon dioxide ("CO₂") emissions significantly and its products have a record low carbon footprint. However, there are no signs of new technological steps to avoid CO₂ emissions in ferrochrome and electric arc furnace based stainless steel production. Therefore, and in long term, the unilateral EU CO₂ Emission Trading Scheme (the "ETS") is a business risk for Outokumpu's European units as well as all European energy intensive industry if other continents and major competitor countries do not add similar extra costs on carbon emissions. In the short-term, carbon emissions or the ETS system are not restricting any production or operations of Outokumpu in Europe, but the ETS system is causing extra costs indirectly in electricity prices and directly from the buying of emission allowances. Outokumpu's facilities under the ETS receive free emission allowances as a part of so called carbon leakage sector. The stringer cap of free CO₂ allowances and taking allowances out of the market will likely increase electricity and carbon emission costs in 2020's for all energy intensive industry in the EU. Noise is not among significant environmental aspects at Outokumpu but may require at times either noise reduction measures or possibly investments.

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Soil and Groundwater Contamination

Some of Outokumpu's production sites have been used in large-scale metal industry operations for long periods of time, which increases the likelihood that contamination exists at these production sites. Soil and groundwater contamination has also been identified at some Outokumpu's sites and additional contamination of soil or groundwater may be discovered at various sites in the future resulting from, among other things, the handling and storage of hazardous substances and the current, former or future landfills. For example, soil and groundwater contamination was investigated during 2017 in Sweden at the Nyby site and in Germany at the closed Bochum and Benrath sites. There are no major remediation procedures ongoing. Remediation took place in the closed Kloster site. Normally, remediation is made in connection with construction activities. Monitoring of groundwater takes place in some sites. If further contamination is discovered, Outokumpu may, as the present or former owner or user of the respective property, be held liable for addressing that contamination and natural resource damages, regardless of knowledge or fault, even if Outokumpu did not cause the contamination or if the activity that caused the contamination complied with applicable regulations. Environmental liability can be joint and several, and as a result, Outokumpu may be held responsible for more than its share of contamination or other damages. Outokumpu may also be held liable for costs associated with addressing contamination at third-party sites.

Handling and Storage of Hazardous Substances

Hazardous substances are regularly used at Outokumpu's sites. For example, hydrofluoric acid is used in the pickling process for removing scale from the surface of products. Other hazardous substances are also required for the operation of Outokumpu's sites, including diesel fuel, heating fuel oil, lubricating and hydraulic oil and gases, which are used and stored in certified equipment that is examined regularly. Some of Outokumpu's sites, for example, the sites in Avesta, Degerfors and Nyby, Sweden, Tornio, Finland, and parts of the sites in Krefeld and Dillenburg, Germany, are subject to rules for the prevention of major accidents in connection with hazardous substances under the Directive 2012/18/EC of July 2012.

Waste Management

Dust, slag, sludge and scale collected from stainless steel manufacturing operations are the most significant waste categories for Outokumpu. These waste materials are collected and, wherever practical, recycled to recover the alloying elements they contain (such as nickel, chromium and molybdenum). Waste from Outokumpu production units is sent to appropriate treatment facilities or to landfill sites licensed to accept such materials.

A significant amount of the slag generated at Outokumpu's sites is processed and sold for use in construction. Slag from Outokumpu's sites that is not suitable for use in construction is disposed of by Outokumpu.

For waste materials that must be disposed of, Outokumpu uses its own landfills as well as third-party landfills. Outokumpu owns and manages landfill sites at its production sites in Finland, Sweden and the United Kingdom.

As an operator of landfills, Outokumpu is subject to various obligations and requirements during and after the use of a landfill, including closure, securing, monitoring and recultivation requirements. For example at the closed Dillenburg landfill in Hirzenhain (Eschenburg), Germany, which was operated by Outokumpu Nirosta GmbH, Outokumpu was requested to conduct investigations regarding the stability of the landfill to determine the necessary future measures.

Water and Waste Water

Stainless steel production involves high-temperature processes with extensive cooling requirements. To protect personnel and manufacturing equipment, Outokumpu's primary production operations employ water for cooling. Water is used to cool steel surfaces through direct contact and indirectly through heat exchangers and cooling systems.

The consumption of fresh water is reduced at Outokumpu's sites through the use of storm water, recycling, cascade use of water and other measures. To reduce concentrations of pollutants in the water to permitted levels, waste water undergoes pre-treatment at Outokumpu's sites and is then usually discharged into the public sewage system or into surface water bodies. On-site sewer systems exist at several of Outokumpu's sites and are continuously monitored and repaired or replaced as necessary.

From an environmental perspective, the most significant components in water discharged from Outokumpu's manufacturing processes are metal compounds and nitrates that result from neutralizing acidic waste generated in cold rolling units.

Environmental Permits

All Outokumpu production sites have environmental permits and certified ISO 14001 environment management systems. During 2017, certain local environmental permits were renewed and updated and some permit applications filed. For example, in Tornio, Finland, Outokumpu filed an application for the renewal of its environmental permit in December 2017. This will be the first time when all emissions will be included in one permit, also water emissions. Earlier there has been a separate procedure, permit and authority for water emissions. The local supervising environment authority and independent ISO certification body are both involved in auditing Outokumpu's production sites, environment permit conditions and compliance.

Outokumpu is not a party to any significant judicial or administrative proceeding concerning environmental issues, nor is it aware of any realized environmental risks that could have a material adverse effect on the Company's financial position, nor did Outokumpu receive any monetary or non-monetary sanctions in 2017.

Legal Proceedings

Except as set forth below, neither the Issuer nor the Guarantors have pending governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which Outokumpu is aware) which may have, or have had in the past 12 months, a significant effect on the financial position or profitability of Outokumpu or its subsidiaries, as a whole.

Dispute over Invention Rights between Outokumpu and Outotec Oyj

In 2013, Outokumpu and Outotec Oyj entered into a dispute relating to innovations on ferroalloy technology. On January 9, 2017, the companies reached an agreement whereby both parties withdrew their claims. Outotec Oyj was granted an exclusive right to sell and license the relevant innovations and technology against an agreed license fee payable to Outokumpu. Outokumpu retains the right to use the innovations in its own business.

Claim in Spain related to the divested copper companies

Outokumpu divested all of its copper business in 2003–2008. One of the divested companies domiciled in Spain later faced bankruptcy. The administrator of the bankruptcy filed a claim against the Issuer and two other non-Outokumpu companies for recovery of payments made by the bankrupt Spanish company in connection with the divestment. In July 2014, Bilbao court of first instance in Spain accepted the claim of EUR 20 million brought against Outokumpu and the two other companies. Outokumpu and the two other companies have appealed the court's decision.

Claim in Italy related to former tax consolidation group

In December 2015, Outokumpu Holding Italia and Acciai Speciali Terni S.p.A (“**AST**”) entered into a dispute relating to the tax consolidation of the former ThyssenKrupp Tax Group in Italy. AST claims payment of approximately EUR 23 million resulting from the former tax consolidation of the Italian tax group managed by ThyssenKrupp. Outokumpu Holding Italia is the former ThyssenKrupp holding company and was transferred to Inoxum as part of the carve-out in 2011. The EUR 23 million claim resulted from former tax installments paid by ThyssenKrupp Italia in 2006 which have not been properly settled towards AST in the following years. The matter is currently pending in court.

Agreements outside the Ordinary Course of Business

Framework Agreement

On November 29, 2013, Outokumpu entered into Framework Agreement with ThyssenKrupp whereby the Issuer agreed to sell to ThyssenKrupp the Terni production facility in order to comply with the commitments made to the European Commission: AST, Terninox S.p.A., Aspasiel S.r.l., Tubificio di Terni S.p.A. and Società delle Fucine S.r.l., as well as the shares in companies that owned Outokumpu's service centers in Willich, Germany; Barcelona, Spain; Gebze, Turkey; and Tours, France (together, the “**Terni Remedy Assets**”) and the shares in legal entities that owned and operated the HPA business (the “**VDM Business**”) in return for the full transferal and consequently cancellation of a loan note (the “**Framework Agreement**”). The divestment of the Terni Remedy Assets and the VDM Business was completed on February 28, 2014. Such divestment was subject to the completion of certain refinancing measures (see “*Information about the Issuer—Acquisitions, Investments, Divestments, Refinancing and Repayment of Debt and Other Recent Events—Refinancing and Repayment of Debt*”) and it constituted final settlement of all remedy related obligations between Outokumpu and ThyssenKrupp.

In the Framework Agreement, Outokumpu and ThyssenKrupp provided certain warranties and undertakings to each other. In addition to certain customary warranties, the warranties provided by Outokumpu include a warranty covering damages or liabilities resulting from environmental matters or breach of any applicable laws in relation to antibribery, corruption or competition during Outokumpu's time of ownership of the divested businesses. The maximum aggregate liability of Outokumpu for breach of warranty is EUR 100 million and any loss, damage or liability may not be recovered to the extent attributable to any event or circumstance occurred or deemed to have occurred before December 28, 2012. The claim notice period for breach of warranty is either five years or 18 months from the completion date of the divestment of Terni Remedy Assets and the VDM Business depending on the claim.

Inoxum Acquisition

Overview

On January 31, 2012, the Issuer entered into a business combination agreement (the “**Business Combination Agreement**”) with ThyssenKrupp, pursuant to which Outokumpu acquired from ThyssenKrupp all shares in both Inoxum GmbH and ThyssenKrupp Nirosta GmbH, the parent companies of the group comprising the stainless steel business of ThyssenKrupp (the “**Inoxum Acquisition**”). The Inoxum Acquisition was completed on December 28, 2012. Outokumpu entered into several agreements in relation to this transaction, some of which are still effective.

Business Combination Agreement

In the Business Combination Agreement, the Issuer and ThyssenKrupp provided certain warranties and undertakings to each other. The warranties provided by ThyssenKrupp included that all agreements entered into between Inoxum and ThyssenKrupp regarding shared services and continued operations after the completion of the Inoxum Acquisition that are material to Inoxum’s business were disclosed to Outokumpu and that they were all arm’s length agreements. ThyssenKrupp agreed to offer employment to up to 600 employees of the Bochum or Krefeld melt shops within 30 days of the implementation of measures directed to the closures of those melt shops. In accordance with the Framework Agreement, the Business Combination Agreement was terminated as of the closing of the divestment of the Terni Remedy Assets and the VDM Business, except for some sections regarding, for example, tax covenant, guarantees and employees of the Bochum and Krefeld melt shops.

German Labor Agreements

Prior to the execution of the Business Combination Agreement, on January 31, 2012, the Issuer, ThyssenKrupp and the German employee representatives reached an agreement regarding the production facilities and employment protection in Germany. In accordance with the agreement, the Krefeld melt shop was closed in the end of 2013 and it was envisaged that the Bochum melt shop could be closed by the end of 2016. The economic viability of the Bochum melt shop was to be reviewed prior to the final decisions on its closure. All other Outokumpu production sites in Germany were to be retained until the end of 2015. The parties also agreed that there were to be no compulsory redundancies at any Outokumpu production sites in Germany until the end of 2015. In the Business Combination Agreement, ThyssenKrupp agreed to offer alternative jobs at ThyssenKrupp to up to 600 employees currently employed by Outokumpu.

On October 1, 2013, Outokumpu began discussions with German employee representatives to change a collective (tariff) agreement that was signed in connection with the Inoxum Acquisition. The principal requested changes were:

- accelerating the closure of the melt shop in Bochum to the beginning of 2015 instead of the end of 2016, depending on the negotiations;
- additional headcount reductions up to 1,000 employees; and
- a reduction of the investment in the Krefeld production facility as a precondition to close the Benrath production facility from EUR 244 million to EUR 100 million.

On March 30, 2014 Outokumpu entered into an Amendment to the existing Tariff Agreement in which the terms and conditions for the above-mentioned principals have been agreed upon with the German union IG Metall. The main principles of this amendment were:

- Bochum melt shop could be closed in the course of 2015, following a production transfer process that ensures continuation of high quality deliveries to customers after the Bochum closure. Bochum melt shop was actually closed in June 2015;
- Outokumpu invests EUR 108 million to the Krefeld cold rolling center in Germany between 2014 and 2016 through the ferritic production optimization (NIFO-project);
- Benrath cold rolling mill is expected to be closed in 2016 after the production transfer to Krefeld has been completed; and

New industrial concept which as at the date of this Prospectus is being implemented is intended to result in an additional headcount reduction of up to 1,000 employees.

Operational Agreements with ThyssenKrupp

Overview

In relation to the Inoxum Acquisition, Inoxum (now, Outokumpu) and ThyssenKrupp entered into a number of service and other agreements and other business relationships related to certain shared functions and sites, some of which continue as at the date of this Prospectus.

Inoxum (now, Outokumpu) and ThyssenKrupp established general principles for continuing such relationships in an interface framework agreement (the “**Interface Framework Agreement**”). In the Business Combination Agreement, ThyssenKrupp provided a warranty that all of the material agreements governing relationships between Inoxum and ThyssenKrupp that have been entered into, varied or amended as a result of, and in connection with, ThyssenKrupp’s separation of its stainless steel and high performance alloys businesses from its other operations (the “**Inoxum Separation**”) are arm’s length arrangements.

The majority of the agreements relating to such relationships concern matters in the ordinary course of business, such as IT systems and electronic data and firefighting services. A smaller number concern more significant matters, such as cash pooling, hedging contracts, sharing of sites, raw material supply and mill services.

The following summaries relate to the material arrangements between Inoxum and ThyssenKrupp that has continued after the completion of the Inoxum Acquisition.

Interface Framework Agreement

In connection with the execution of the Business Combination Agreement (see “—*Inoxum Acquisition—Business Combination Agreement*” above), on January 31, 2012, ThyssenKrupp, Inoxum GmbH and Outokumpu Nirosta GmbH entered into the Interface Framework Agreement, which provides a framework for the Inoxum Separation by defining the allocation of liabilities between Inoxum and ThyssenKrupp (and their respective subsidiary companies), providing general principles for agreements regarding shared functions and facilities that will continue after the completion of the Inoxum Separation and setting forth the terms for the transition of certain other functions, such as insurance, intellectual property, IT, cash pooling and hedging.

With respect to the allocation of liabilities, Inoxum and ThyssenKrupp agreed on a reciprocal indemnification in the event that one party is held responsible for any liabilities that are related to the activities of the other party and exist at the completion of the Inoxum Acquisition. In addition, Inoxum and ThyssenKrupp also agreed on reciprocal indemnification in the event subsidies and comparable benefits that were originally attributed to one party are reclaimed from the other party.

With respect to general principles governing business arrangements that will remain in place following the Inoxum Separation, Inoxum and ThyssenKrupp agreed that such existing relationships that are governed by written agreements will, subject to exceptions, continue according to their terms. Existing relationships that are not governed by written agreements will continue on arm’s length terms. In addition, existing IT systems were separated as of the completion of the Inoxum Acquisition, except for IT systems that are subject to an agreed transition period. As of the completion of the Inoxum Acquisition, any electronic data stored on the IT systems of Inoxum and ThyssenKrupp was migrated unless such migration would have caused an unreasonable amount of work or costs. In the case of data that the parties agree was not migrated, the parties ensured that an accession right to such electronic data was granted for a transition period of at most two years from the completion of the Inoxum Acquisition.

The Interface Framework Agreement will remain in force despite the overall termination of the Business Combination Agreement and will expire five years after the Inoxum Acquisition Completion Date.

Calvert

Memorandum of Understanding and Service Agreements

In December 2011, ThyssenKrupp Steel USA, LLC (“**Steel USA**” Outokumpu Stainless USA, LLC) and Stainless USA (Outokumpu Americas, Inc.) entered into a memorandum of understanding regarding interfaces at the Calvert integrated production facility in the United States (the “**Calvert MoU**”). Stainless USA and Steel USA are reliant upon the joint use of the facilities and infrastructure. The parties agree to conclude contracts based in the principles in the Calvert MoU regarding the following interfaces: real estate and easements, river terminal, roads, rail and site access, utilities power, utilities natural gas, utilities potable water, underground piping systems, storm water, drainage system and structures, industrial gases, emergency services, site security, IT services and infrastructure, waste water treatment plant, and hot rolling (see “—*Hot Rolling Agreement*” below). The parties also agree to establish a training center memorandum of understanding with the Alabama Industrial Development Training for continuance of the incentive package as provided by the State of Alabama.

As at the Completion Date, all agreements envisaged by the Calvert MoU had been entered into by the relevant parties, including a river terminal services agreement, a use of rail services agreement, an industrial gas supply agreement, a site security services agreement, a fire and rescue emergency services agreement, a front gate logistics services agreement, a waste water treatment services agreement, an agreement to convey property, a land lease agreement regarding the waste water treatment facility, a natural gas hedging agreement and a potable water agreement. These agreements continue to be effective as at the date of this Prospectus.

Hot Rolling Agreement

In October 2011, Steel USA (Outokumpu Stainless USA, LLC) and Stainless USA (Outokumpu Americas, Inc.) entered into an agreement regarding hot rolling services at the Calvert integrated production facility (the “**Calvert HRA**”). In February 2014, ThyssenKrupp sold its carbon steel operations at the Calvert site to ArcelorMittal and Nippon Steel & Sumitomo Metal Corporation. Steel USA agreed to hot roll slabs provided by Stainless USA to produce stainless steel coils. The Calvert HRA sets forth reserved capacities, for which Stainless USA must pay, subject to certain exceptions, even if it is not used, and maximum capacities, which represent the maximum volume of slabs that Steel USA agreed to process. Steel USA agreed to reserve the necessary processing capacity to produce the reserved capacity and to make available capacity up to the maximum capacity in accordance with the needs of Stainless USA. Upon the request of Stainless USA, Steel USA has the option to agree to process slabs in excess of the maximum capacity.

The following table sets forth the reserved capacity and the maximum capacity for the periods indicated:

	Reserved Capacity	Maximum Capacity
	<i>(tonnes per year in thousands)</i>	
October 1, 2013 – September 30, 2014	600	900
October 1, 2014 – termination	712.5 ¹	900 ²

¹ Divided into two six-month periods with a reserved capacity of 356,250 tonnes each.

² Divided into two six-month periods with a maximum capacity of 450,000 tonnes each.

Subject to limited exceptions, Stainless USA’s minimum payment (fixed fee) for any period is based on the reserved capacity, even if Steel USA processed less than the reserved capacity. In addition to the fixed fee that is calculated on the basis of the reserved capacity, Stainless USA must pay a variable fee based on the amount of material processed. Beginning in October 2014, the price of hot rolling services under the Calvert HRA is subject to annual adjustment based on the proportion of Stainless USA’s use of the Calvert hot rolling mill’s capacity to Steel USA’s use of such capacity. In addition, the price is subject to monthly adjustment for the cost of labor, materials and utilities as well as for certain other items.

The Calvert HRA will remain in force for 25 years from October 1, 2011 and contains certain customary provisions for termination for cause. For example, the parties may terminate the agreement if the other party commits a material breach of any of its obligations, makes any voluntary arrangement with its creditors or appoints an administrator for purposes of placing itself into insolvency, goes into liquidation, or threatens to cease carrying on its business. If the Calvert HRA is terminated for cause, the terminating party may be entitled

to liquidated damages of at least USD 100 million. Termination without cause is not permitted during the first 15 years of the Calvert HRA, after which termination without cause is permitted with a notice period of 36 months.

Krefeld

Real Estate Framework Agreement

In December 2011, Outokumpu Nirosta GmbH, ThyssenKrupp Immobilien Verwaltungs GmbH & Co. KG Stahl (“**IV**”) and Thyssen Liegenschaften Verwaltungs- und Verwertungs GmbH & Co. KG Stahl (together with IV, the “**Landowners**”) entered into a framework agreement regarding the reorganization of real estate at the shared Krefeld industrial site as part of the Inoxum Separation (the “**Krefeld Real Estate Framework Agreement**”). In the Krefeld Real Estate Framework Agreement, Outokumpu Nirosta GmbH and the Landowners irrevocably and mutually offer to conclude the following agreements with each other:

- a HBR regarding certain land at the Krefeld industrial site not owned by Outokumpu Nirosta GmbH (see “—*Hereditary Building Right*” below);
- a lease agreement regarding an office park at the Krefeld industrial site (see “—*Office Lease*” below); and
- a lease agreement regarding certain equipment, including rolling gates, a crane, an elevator, a heating system and fire protection equipment of the office park at the Krefeld industrial site.

Hereditary Building Right

Pursuant to the Krefeld Real Estate Framework Agreement, the Landowners made an irrevocable offer to enter into a hereditary building right agreement (the “**HBR Agreement**”) with Outokumpu Nirosta GmbH as freeholder regarding a HBR to certain properties at the Krefeld industrial site in Germany (the “**Krefeld HBR**”). A HBR is a form of legal estate in land under German law that gives the beneficiary the right to erect, own and use a building on a parcel of land without owning the respective parcel. An HBR can be encumbered with easements and mortgages, subject to the approval of the landowner (if parties have agreed that approval is required), and is freely transferrable as if it constituted absolute ownership of the respective parcel of land. Moreover, an HBR persists even if the land is sold by a compulsory sale. Prior to its expiration, an HBR can be cancelled, subject to the statutory and contractual provisions on the return of the HBR to the landowner. If the HBR obligee becomes insolvent, is in delay with at least two annual amounts of the ground rent or violates material obligations under the HBR creation agreement, then the landowner can demand that the HBR be returned (if the parties so agree in the HBR creation agreement). In case of either termination or return of the HBR, the landowner is obliged to pay compensation for the building to the HBR obligee. The compensation amount to be paid to the HBR obligee is subject to the contractual provisions in the HBR creation agreement and can be excluded by the parties.

The purchase price for the existing buildings is EUR 14.4 million and the annual ground rent is approximately EUR 1.65 million, subject to adjustment. Outokumpu Nirosta GmbH is responsible for the real estate transfer tax, which is expected to be approximately EUR 2.2 million. All existing agreements regarding the properties and buildings that are encumbered by the Krefeld HBR will be transferred from the Landowners to Inoxum. Any compensation in case of the return of the buildings payable by the Landowners to Outokumpu Nirosta GmbH has been excluded. Outokumpu Nirosta GmbH will be responsible for the buildings and the properties encumbered by the Krefeld HBR. In addition, Inoxum will be liable for any contamination or preexisting ground contamination, including contamination and pollution caused prior to the creation of the Krefeld HBR, and has to indemnify the Landowners for certain damages from public rulings issued because of disclosed or presumed ground contamination. The HBR Agreement also provides for a reciprocal preemption right (Vorkaufsrecht). Pursuant to German law, the Krefeld HBR must be registered in the first rank in section II in the land register, which will require that all existing easement holders and mortgagees approve the ranking of the Krefeld HBR with higher priority than their own rank in the land register. The Krefeld HBR will have a fixed term of 99 years commencing on the date of its registration in the land register and cannot be unilaterally terminated for convenience or cause.

Office Lease

Pursuant to the Krefeld Real Estate Framework Agreement, the Landowners and Outokumpu Nirosta GmbH entered into a lease for indoor and outdoor space used by Outokumpu Nirosta GmbH as offices, archives,

canteen, warehouse, laboratory, car park or for agricultural use (the “**Krefeld Office Lease Agreement**”). The leased premises include an office park of 12,633 square meters as well as hall areas, canteen space, parking spaces and agricultural space. The total monthly rent is approximately EUR 227,000 (including expenses and VAT), subject to adjustment. Pursuant to the Krefeld Office Lease Agreement, Outokumpu Nirosta GmbH must remove all constructional alterations and all fixtures installed by it at the end of the lease without compensation. Outokumpu Nirosta GmbH is also liable for all maintenance and repairs within the leased premises. Outokumpu Nirosta GmbH has been operating at the site for years and, therefore, is ultimately liable for any contamination or pollution affecting the land and buildings. The Krefeld Office Lease Agreement has been amended on September 1, 2016, where especially the fixed term of the Krefeld Office Lease Agreement, which cannot be terminated for convenience or cause, has been reduced from 30 to 15 years.

Shareholder Agreement between the Shareholders of Voimaosakeyhtiö SF

In February 2014, the Issuer entered into a shareholder agreement among the shareholders of Voimaosakeyhtiö SF, which owns a share in Fennovoima, which was granted a decision-in-principle by the Government of Finland to build a new nuclear power plant in Pyhäjoki, Finland.

Manga LNG Joint Venture Agreement

In December 2014 Outokumpu and three other companies entered into agreements regarding the incorporation of a joint venture company Manga LNG Oy to build and operate a liquefied natural gas (LNG) terminal at Tornio Harbor and procure LNG for its owners with an aim to start using LNG at Tornio mill instead of propane gas. Outokumpu’s share of Manga LNG Oy is 45 percent as at May 31, 2016. The owners of Manga LNG Oy have entered into shareholders’ agreement regarding the ownership and governance of Manga LNG Oy and its subsidiary, and into take-or-pay agreements regarding the supply of LNG the shareholders and, into other customary agreements relating to the company.

Equity Transfer Agreement Regarding SKS

In October 2015 Outokumpu Nirosta GmbH signed an agreement with Lujiazui International Trust Co., Ltd. (“**LTC**”), regarding SKS in China. SKS is a Shanghai-based joint venture between Outokumpu and Baosteel Co. Ltd., who have held 60 and 40 percent respectively. According to the agreement, Outokumpu agreed to divest 55 percent of SKS shares to LTC. Outokumpu Nirosta GmbH has subsequently agreed with LTC that it will sell its remaining 5 percent share in SKS to LTC and the operations of SKS will be stopped. The final terms and conditions regarding the sale of the 5 percent share were agreed in May 2015. Upon LTC’s request Outokumpu Nirosta GmbH sold the remaining 5 percent to Elite Tact Ltd. Closing of the transaction took place on January 23, 2017. In the agreements Outokumpu gave customary representations and warranties to LTC and is liable for to indemnify LTC from and against any and all losses, claims, liabilities, damages, costs and expenses arising from or in connection with any inaccuracy in or breach of the representations or warranties or breach of any transaction document.

Share Sale and Purchase Agreement regarding Fischer Mexicana

In September 2015 Outokumpu entered into a share sale and purchase agreement with F.E.R. Fischer Edelstahlrohre GmbH (“**Fischer**”) regarding Fischer Mexicana, the joint venture between these two companies, whereupon Outokumpu agreed to divest to Fischer its 50 percent stake in the joint venture for USD 63 million. Outokumpu completed the transaction in December 2015. In the share sale and purchase agreement Outokumpu gave customary representations and warranties to Fischer regarding the shares and Fischer Mexicana.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of Outokumpu's consolidated financial information as at and for the financial years ended December 31, 2017 and December 31, 2016 and of Outokumpu's consolidated financial information as at and for the three months ended March 31, 2018 and March 31, 2017. The information in this summary has been derived from Outokumpu's audited consolidated financial statements for the financial year ended December 31, 2017 and Outokumpu's unaudited condensed interim financial information for the three months ended March 31, 2018, which have been incorporated by reference into this Prospectus. This information should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes. Outokumpu's consolidated financial statements for the years ended December 31, 2017, December 31, 2016 and Outokumpu's consolidated financial information for the three months ended March 31, 2018 and March 31, 2017 have been prepared in accordance with the applicable IFRS. The information presented in the below table for the financial year ended December 31, 2016 has been audited, whereas the information presented for the three months ended March 31, 2018 and March 31, 2017 is unaudited.

On January 1, 2018, Outokumpu adopted IFRS 15 – Revenue from Contracts with Customers retrospectively which had minor impacts on Outokumpu's revenue recognition and presentation of revenue in Outokumpu's consolidated financial statements. Further, in connection with the IFRS 15 adoption, Outokumpu reviewed the presentation of its revenue items in general and concluded that certain items, such as rental income, are not related to Outokumpu's operations as a stainless steel and ferrochrome producer and, therefore, should be presented in other operating income rather than in sales in future reporting. Consequently, Outokumpu restated certain items in its audited consolidated statement of financial position and consolidated statement of income for the financial year ended December 31, 2017 to obtain comparable financial figures from the financial year ended December 31, 2017. The information presented in the below table for the financial year ended December 31, 2017 has been audited, unless indicated that the information has been restated due to adoption of IFRS 15 or re-presentation of revenue items.

	For the three months ended March 31,		For the year ended December 31,	
	2018	2017	2017	2016
	(unaudited)	(unaudited)	(audited, unless otherwise indicated)	(audited)
CONSOLIDATED STATEMENT OF INCOME	<i>(EUR in millions, unless otherwise indicated)</i>		<i>(EUR in millions, unless otherwise indicated)</i>	
Sales	1,671	1,756 ^{3,4}	6,356 ^{3,4}	5,690
Cost of sales	-1,516	-1,435 ⁴	-5,627 ⁴	-5,298
Gross margin	155	320^{3,4}	729^{3,4}	392
Other operating income	11	23 ³	58 ³	88
Selling and marketing expenses ¹			-74	-90
Administrative expenses ¹			-219	-221
Research and development expenses ¹			-13	-20
Sales, general and administrative costs ²	-72	-87		
Other operating expenses	-4	-4	-35	-46
EBIT	90	252⁴	445⁴	103
Share of results in associated companies and joint ventures	2	3	9	5
Financial income and expenses:				
Interest income ¹			3	4
Interest expenses	-18	-24	-92	-105
Market price gains and losses ¹			-7	-6
Other financial income ¹			0	6
Other financial expenses ¹			-30	-18
Net other financial expenses ²	-4	-8		
Total financial income and expenses	-22	-32	-127	-121
Result before taxes	70	224⁴	327⁴	-13
Income taxes	-21	-41 ⁴	65 ⁴	156

Net result for the period	49	182⁴	392⁴	144
Attributable to:				
Equity holders of the Company	49	182 ⁴	392 ⁴	144
Non-controlling interests	-	-	-	-
Earnings per share for result attributable to the equity holders of the Company, EUR				
Earnings per share	0.12	0.44 ⁴	0.95 ⁴	0.35
Diluted earnings per share	0.12	0.42 ⁴	0.90 ⁴	0.35

	For the three months ended March 31,		For the year ended December 31,	
	2018	2017	2017	2016
	(unaudited)	(unaudited)	(audited, unless otherwise indicated)	(audited)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	<i>(EUR in millions)</i>		<i>(EUR in millions)</i>	
Net result for the period	49	182 ⁴	392 ⁴	144
Other comprehensive income for the period, net of tax	-16	-36	-32	-53
Total comprehensive income for the period	33	146⁴	359⁴	91

¹ Item not reported quarterly.

² Item only reported quarterly.

³ Restated and unaudited. On January 1, 2018, Outokumpu reviewed the presentation of its revenue items in general, and concluded that certain items, such as rental income, are not related to Outokumpu's operations as a stainless steel and ferrochrome producer and, therefore, should be presented in other operating income rather than in sales in future reporting. Consequently, Outokumpu restated its consolidated statement of income with the following impacts: impact on sales of a EUR -8 million and impact of EUR 8 million on other operating income accordingly.

⁴ Restated and unaudited. On January 1, 2018, Outokumpu adopted IFRS 15 retrospectively and, consequently, restated its consolidated statement of income of 2017 with the following impacts: sales (impact of EUR 0 million), cost of sales (impact of EUR -0 million), and income taxes (impact of EUR 0 million). The reclassification of recharged freights from cost of sales to sales amounted to EUR 1 million in 2017.

	As at March 31,		As at December 31,	
	2018	2017	2017	2016
	(unaudited)	(unaudited)	(audited, unless otherwise indicated)	(audited)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	<i>(EUR in millions)</i>		<i>(EUR in millions)</i>	
Assets				
Total non-current assets	3,612	3,642 ¹	3,675 ¹	3,750
Total current assets	2,602	2,377 ¹	2,212 ¹	2,173
Assets held for sale				67
Total assets	6,213	6,018¹	5,887¹	5,990
Equity and liabilities				
Equity attributable to the equity holders of the Company:				
Share capital	311	311	311	311
Premium fund	714	714	714	714
Invested unrestricted equity reserve	2,103	2,103	2,103	2,103
Other reserves	-0	4	3	4
Retained earnings	-472	-629 ¹	-410 ¹	-716

Total equity attributable to the equity holders of the Company	2,655	2,502	2,721	2,416
Non-controlling interests				
Total equity	2,655	2,502¹	2,721¹	2,416
Total non-current liabilities	1,144	1,530	1,160	1,525
Total current liabilities	2,415	1,986	2,005 ¹	2,007
Liabilities directly attributable to assets held for sale				43
Total equity and liabilities	6,213	6,018¹	5,887¹	5,990

¹ Restated and unaudited. On January 1, 2018, Outokumpu adopted IFRS 15 retrospectively and, consequently, restated its consolidated statement of financial position of 2017 with the following impacts: contract liability of EUR 1 million related to the unperformed transportation service, impacting line trade and other payables; and accrued receivable related to purchased transportation of EUR 1 million impacting line trade and other receivables. The net impact of these items (net of tax) is recognized to retained earnings.

	For the three months ended March 31,		For the year ended December 31,	
	2018	2017	2017	2016
	(unaudited)	(unaudited)	(audited)	(audited)
CONSOLIDATED STATEMENT OF CASH FLOWS	<i>(EUR in millions)</i>		<i>(EUR in millions)</i>	
Net cash from operating activities	39	-53	328	389
Net cash from investing activities	-33	21	-63	-81
Net cash from financing activities	179	-91	-353	-291
Net change in cash and cash equivalents	186	-123	-89	17
Cash and cash equivalents at the beginning of the period	112	204	204	186
Foreign exchange rate effect on cash and cash equivalents	-0	0	-3	1
Net change in cash and cash equivalents	186	-123	-89	17
Cash and cash equivalents at the end of the period	297	81	112	204

	As at and for the three months ended March 31,		As at and for the year ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)	(unaudited)	(unaudited)^{2,3}	(audited, unless otherwise indicated)	(unaudited)
KEY FIGURES	<i>(EUR in millions, unless otherwise indicated)</i>		<i>(EUR in millions, unless otherwise indicated)</i>		
Sales	1,671	1,756	6,356	5,690	6,384
EBITDA ¹	140	309	663	355	
Adjusted EBITDA ¹	133	294	631	309	165
Adjusted EBITDA margin ¹	7.9	16.8	9.9	5.4	2.6
Adjusted EBIT ¹	83	238	414	57	
Result before taxes	70	224	327	-13	
Net result for the period	49	182	392	144	86
Net result margin ¹	2.9	10.4	6.2	2.5	1.4
Return on equity, percent ¹	10.0	16.0	15.4	6.4	
Earnings per share	0.12	0.44	0.95	0.35	
Diluted earnings per share	0.12	0.42	0.90	0.35	
Return on capital employed, percent ¹	7.2	9.4	11.3	2.6	
Net cash from operating activities	39	-53	328	389	
Change in working capital	-61	-280	-180	307	223
Cash flow before financing activities	6	-32	264	308	205

Net debt at the end of period ¹	1,086	1,376	1,091	1,242	1,610
Total financial income and expenses	-22	-32	-127	-121	
Net debt to adjusted EBITDA ¹	2.3	2.4	1.7	4.0	9.8
Debt-to-equity ratio (gearing) at the end of period, percent ¹	40.9	55.0	40.1	51.4	69.1
Capital expenditure ¹	37	19	174	164	154
Capital expenditure in relation to sales ¹	2.2	1.1	2.7	2.9	2.4
Stainless steel deliveries, tonnes in thousands ¹	644	639	2,448	2,444	2,381
Personnel at the end of period ¹	10,111	10,420	10,141	10,600	

¹ Unaudited.

² Restated and unaudited. Outokumpu reviewed the presentation of its revenue items in general, and concluded that certain items, such as rental income, are not related to Outokumpu's operations as a stainless steel and ferrochrome producer and, therefore, should be presented in other operating income rather than in sales in future reporting. Consequently, Outokumpu restated its consolidated statement of income with the following impacts: impact on sales of a EUR -8 million and impact of EUR 8 million on operating income accordingly.

³ Restated and unaudited. Outokumpu adopted IFRS 15 retrospectively and, consequently, restated its consolidated statement of financial position and consolidated statement of income of 2017 with the following impacts: the consolidated statement of financial position: contract liability of EUR 1 million related to the unperformed transportation service, impacting line trade and other payables and accrued receivable related to purchased transportation of EUR 1 million impacting line trade and other receivables. The net impact of these items (net of tax) is recognized to retained earnings; and the following impacts on the consolidated statement of income: sales (impact of EUR 0 million), cost of sales (impact of EUR -0 million), and income taxes (impact of EUR 0 million). The reclassification of recharged freights from cost of sales to sales amounted to EUR 1 million in 2017.

	Net debt (unaudited)	Net debt to adjusted EBITDA (unaudited)
QUARTERLY NET DEBT AND NET DEBT TO ADJUSTED EBITDA	<i>(EUR in millions)</i>	
As at March 31, 2015	2,034	6.5
As at June 30, 2015	2,116	7.3
As at September 30, 2015	2,012	9.3
As at December 31, 2015	1,610	9.8
As at March 31, 2016	1,551	14.0
As at June 30, 2016	1,485	12.3
As at September 30, 2016	1,396	6.0
As at December 31, 2016	1,242	4.0
As at March 31, 2017 ¹	1,376	2.4
As at June 30, 2017 ¹	1,239	1.8
As at September 30, 2017 ¹	1,130	1.7
As at December 31, 2017 ¹	1,091	1.7
As at March 31, 2018	1,086	2.3

¹ Restated. Outokumpu adopted IFRS 15 retrospectively and, consequently, restated its consolidated statement of financial position and consolidated statement of income of 2017 with the following impacts: the consolidated statement of financial position: contract liability of EUR 1 million related to the unperformed transportation service, impacting line trade and other payables and accrued receivable related to purchased transportation of EUR 1 million impacting line trade and other receivables. The net impact of these items (net of tax) is recognized to retained earnings; and the following impacts on the consolidated statement of income: sales (impact of EUR 0 million), cost of sales (impact of EUR -0 million), and income taxes (impact of EUR 0 million). The reclassification of recharged freights from cost of sales to sales amounted to EUR 1 million in 2017.

	For the three months ended,		For the financial year ended December 31,		
	2018 (unaudited)	2017 (unaudited) 1,2	2017 (unaudited) 1,2	2016 (unaudited)	2015 (unaudited)
ADJUSTED EBITDA BY BUSINESS AREA AND RECONCILIATION TO EBIT	<i>(EUR in millions)</i>		<i>(EUR in millions)</i>		
Adjusted EBITDA					
Europe	83	168	404	295	203
Americas	-6	29	21	-27	-120
Long Products	4	9	16	-1	10
Ferrochrome	42	97	217	80	107
Other operations and intra-group items	10	-9	-27	-38	-35
Group total adjusted EBITDA	133	294	631	309	165
Adjustments to EBITDA					
Gain on the sale of PPE and release of environmental provisions in Sweden	8				
Gain on the quarto plate mill divestment		15	15		
Gain on the sale of land in Sheffield			9		
Gain on the pipe plant divestment			7		
Redundancy costs				-30	-25
Gain on the SKS divestment				28	409
Changes to the UK pension scheme				26	
Net insurance compensation and costs related to technical issues in Calvert				24	-17
Restructuring provisions, other than redundancy				-8	
Gain on the Guangzhou divestment				6	
Total adjustments to EBITDA	8	15	31	47	366
EBITDA	140	309	663	355	531
Depreciation and amortization	-50	-55	-216	-226	-302
Impairments in EBIT	-	-1	-1	-26	-1
EBIT	90	252	445	103	228
Adjusted EBITDA margin					
Europe	7.6	15.0	9.7	7.8	4.9
Americas	-1.5	6.9	1.4	-2.1	-9.8
Long Products	2.6	5.2	2.8	-0.2	1.8
Ferrochrome	31.8	49.0	35.5	21.6	26.1

¹ Restated. On January 1, 2018, Outokumpu reviewed the presentation of its revenue items in general, and concluded that certain items, such as rental income, are not related to Outokumpu's operations as a stainless steel and ferrochrome producer and, therefore, should be presented in other operating income rather than in sales in future reporting. Consequently, Outokumpu restated its consolidated statement of income with the following impacts: impact on sales of a EUR -8 million and impact of EUR 8 million on other operating income accordingly.

² Restated. On January 1, 2018, Outokumpu adopted IFRS 15 retrospectively and, consequently, restated its consolidated statement of income of 2017 with the following impacts: sales (impact of EUR 0 million), cost of sales (impact of EUR -0 million), and income taxes (impact of EUR 0 million). The reclassification of recharged freights from cost of sales to sales amounted to EUR 1 million in 2017.

CALCULATION OF KEY FIGURES

EBITDA	=	EBIT before depreciation, amortization and impairments	
Adjusted EBITDA or EBIT	=	EBITDA or EBIT – items classified as adjustments	
Adjustments to EBITDA or EBIT	=	Material income and expense items which affect the comparability between periods because of their unusual nature, size or incidence resulting for example from group-wide restructuring programs or disposals of assets or businesses	
Adjusted EBITDA margin	=	$\frac{\text{Adjusted EBITDA}}{\text{Sales}}$	x100
Net result margin	=	$\frac{\text{Net result}}{\text{Sales}}$	x100
Capital employed	=	Total equity + net debt + net defined benefit and other long-term employee benefit obligations + net interest rate derivative liabilities + net accrued interest expenses – net assets held for sale – loans receivable – financial assets at fair value through other comprehensive income – financial assets at fair value through profit or loss – investments in associated companies and joint ventures	
Operating capital	=	Capital employed – net deferred tax asset	
Return on equity (ROE)	=	$\frac{\text{Net result for the financial period (4-quarter rolling)}}{\text{Total equity (4-quarter rolling average)}}$	x 100
Return on capital employed (ROCE)	=	$\frac{\text{EBIT (4-quarter rolling)}}{\text{Capital employed (4-quarter rolling average)}}$	x 100
Net debt	=	Non-current debt + current debt – cash and cash equivalents	
Equity-to-assets ratio	=	$\frac{\text{Total equity}}{\text{Total assets – advances received}}$	x 100
Debt-to-equity ratio (gearing)	=	$\frac{\text{Net debt}}{\text{Total equity}}$	x 100
Net debt to adjusted EBITDA	=	$\frac{\text{Net debt}}{\text{Adjusted EBITDA (4-quarter rolling)}}$	

Earnings per share	=	$\frac{\text{Net result for the financial period attributable to the owners of the parent}}{\text{Adjusted average number of shares during the period}}$	
Equity per share	=	$\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$	
Capital expenditure in relation to sales	=	$\frac{\text{Capital expenditure}}{\text{Sales}} \times 100$	

FINANCIAL INFORMATION AND PROSPECTS

Historical financial information

The audited consolidated financial statements of Outokumpu as of and for the years ended December 31, 2017 and December 31, 2016 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The audited consolidated financial statements of Outokumpu as at and for the years ended December 31, 2017 and December 31, 2016 have been incorporated into this Prospectus by reference. See “*Information Incorporated by Reference*”. Except for the two financial statements mentioned above, the information included in this Prospectus has not been audited.

No significant change in financial or trading position

There has been no significant change in the financial or trading position of the Issuer and the Guarantors since March 31, 2018.

Trend Information

During the past years, demand for stainless steel has been heavily influenced by general economic conditions. Further, during the past fifteen years, stainless steel production capacity in Asia, particularly in China, has increased significantly. Consequently, Asia has transitioned from being a net importer of European stainless steel to being a significant exporter of stainless steel to Europe. Following the introduction of antidumping measures by the European Commission and the United States government, import levels in Outokumpu’s core markets have decreased. More lately, European imports have increased again and in 2017 reached almost the record-high levels seen in 2014. In addition, imports of hot rolled product on which no duties have been imposed by the European Commission have continued to increase in Europe. Outokumpu itself has significant exposure to the effects of trade actions and barriers due to the global nature of its operations. Following the decision by the United States to levy tariffs on steel and aluminium imports from the European Union, Mexico and Canada, concerns of retaliatory measures have escalated. Any future quotas, tariffs or other trade actions or barriers could limit Outokumpu’s further growth and market access.

Outokumpu believes that the overall long-term prospects for stainless steel demand remain positive. Key global megatrends, such as urbanization, climate change and increased mobility, are expected to support future growth of stainless steel demand.

Prospects

In its first-quarter interim statement 2018, Outokumpu published the following information on its business and financial outlook for the second quarter of 2018:

“Underlying stainless steel demand is expected to remain healthy. Base prices are trending upward in the US, supported by steel import tariffs, whereas in Europe, higher Asian imports are expected to result in further pressure on base prices.

The benefits from the higher ferrochrome price will be partly offset by a planned maintenance shutdown of one ferrochrome furnace.

Stainless steel deliveries are expected to be relatively flat compared to the first quarter in all business areas. Outokumpu expects its second quarter adjusted EBITDA to be at a similar level to the first quarter (Q1/18: EUR 133 million).”

There have been no material adverse changes in the prospects of the Issuer or any of the Guarantors since the date of their last published audited financial statements.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

General

The Issuer is a public limited liability company, listed on Nasdaq Helsinki and incorporated and domiciled in Helsinki, Finland. In its corporate governance and management, Outokumpu complies with the laws and regulations applicable to Finnish public companies, the Issuer's articles of association, and the Corporate Governance Policy approved by the Issuer's Board of Directors. The Issuer follows the Finnish Corporate Governance Code effective as of January 1, 2016. The Finnish Corporate Governance Code is issued by the Securities Market Association and adopted by Nasdaq Helsinki.

The governing bodies of the parent company Outokumpu i.e., the General Meeting of Shareholders, the Board of Directors and the President and CEO have the ultimate responsibility for the organization of the Group's management and operations. The Outokumpu Leadership Team supports and assists the CEO in the efficient management of the Group's operations. Outokumpu's primary corporate governance information source is the Group's Corporate Governance website. The general meeting of shareholders convenes at least once a year. Under the Finnish Companies Act, certain important decisions, such as the approval of financial statements, decisions on dividends and increases or reductions in share capital, amendments to the articles of association, and election of the Board of Directors and auditors, fall within the exclusive domain of the general meeting of shareholders.

Board of Directors

The general objective of the Board of Directors is to direct Outokumpu's business and strategies in a manner that secures a significant and sustained increase in the value of the Company for its shareholders. To this end, the members of the Board are expected to act as a resource and to offer their expertise and experience for the benefit of the company. The tasks and responsibilities of the Board of Directors are determined on the basis of the Finnish Companies Act as well as other applicable legislation. The Board of Directors has general authority to decide and act in all matters not reserved for other corporate governance bodies by law or under the provisions of the Issuer's articles of association. The general task of the Board of Directors is to organize and oversee Outokumpu's management and operations and it has the duty at all times to act in the best interest of Outokumpu. The Board of Directors has established rules of procedure which defines the Board's tasks and operating principles in the Charter of the Board of Directors. The Board of Directors convenes at least five times a year. In 2017, the Board of Directors had 9 meetings with an average attendance rate of 98.5 percent.

At the date of this Prospectus, the Board of Directors of the Issuer consists of the following persons:

Name	Background
Kari Jordan Born 1956, M.Sc. (Econ.), Vuorineuvos (Finnish honorary title) Finnish citizen	Metsä Group, President and Chief Executive Officer (2006–2018) and Member of the Executive Management Team (2005–2018) Metsäliitto Cooperative, Chief Executive Officer (2004–2017) and Vice Chairman of the Board (2005–2018) Metsä Board Corporation, Chairman of the Board (2005–2018)
Chairman of the Board (2018–), Member of the Board (2018–)	Metsä Fibre Oy, Member of the Board (2004–2018) and Chairman of the Board (2006–2017)
Independent of the company and its significant shareholders	Metsä Tissue Corporation, Chairman of the Board (2004–2017) Central Chamber of Commerce of Finland, Member of the Board (2007–2011) and Chairman of the Board (2012–2016) Confederation of Finnish Industries EK, Member of the Board (2005–2016), Vice Chairman of the Board (2009–2011, 2013–2014) and Member of the Board's Working Committee (2015–2016) Finnish Forest Industries Federation, Chairman of the Board, Member of Board's Working Committee (2009–2011), Vice Chairman of the Board and Board's Working Committee (2005–2008, 2014–2017) and Member of the Board (2012–2013)

Varma Mutual Pension Insurance Company, Member of the Supervisory Board (2006–2012), Vice Chairman of the Board (2013), Chairman of the Board (2014) and Chairman of the Supervisory Board (2015–)

Nokian Tyres Oyj, Vice Chairman of the Board (2018–)

Holds several positions of trust in foundations and non-profit associations

Shares owned in the Issuer on June 12, 2018: directly 11,387 shares

Kati ter Horst

Born 1968, M.Sc. (Marketing), MBA (International Business)

Finnish citizen

Member of the Board (2016–)

Independent of the company and its significant shareholders

Finnish Forest Industries Federation, Member of the Board (2015–)

Orange Square Europe Oy, Deputy Member of the Board (2014–)

EURO-GRAPH asbl, Member of the Board (2017–)

Stora Enso Paper, Executive Vice President (2014–)

Stora Enso, Senior Vice President of Paper Sales, Printing and Living (2013–2014) and Senior Vice President of Office Paper Sales, Printing and Reading (2012–2013)

Shares owned in the Issuer on June 12, 2018: directly 14,150 shares.

Heikki Malinen

Born 1962, M.Sc. (Econ.), MBA (Harvard)

Finnish citizen

Member of the Board (2012–)

Independent of the company and its significant shareholders

Posti Group Corporation, President and Chief Executive Officer (2012–)

Pöyry PLC, President and Chief Executive Officer (2008–2012)

American Chamber of Commerce (AmCham Finland), Chairman of the Board (2009–2014)

Service Sector Employers PALTA Association, Vice Chairman of the Board (2016–)

Realia Group Oy, Member of the Board (2017–)

East Office of Finnish Industries Ltd, Member of the Board (2012–)

Ilmarinen Mutual Pension Insurance Company, Member of the Board (2014–2016)

Federation of Finnish Technology Industries, Member of the Board (2011–2012)

Botnia Oy, Member of the Board, (2006–2008)

Finnish Fair Corporation, Member of the Supervisory Board (2014–)

Shares owned in the Issuer on June 12, 2018: directly 33,598 shares.

Eeva Sipilä

Born 1973, M.Sc. (Econ.), CEFA

Finnish citizen

Member of the Board (2017–)

Independent of the company and its significant shareholders

Metso Corporation, Interim President and Chief Executive Officer (2018–) and Chief Financial Officer and Deputy to the CEO (2016–)

Cargotec Corporation, Executive Vice President and Chief Financial Officer (2008–2016) and Senior Vice President, Investor Relations and Communications (2005–2008)

Metso Corporation, Member of the Board (2012–2016) and Chairman of the Audit Committee (2014–2016)

Basware Corporation, Member of the Board (2010-2013)

Shares owned in the Issuer on June 12, 2018: directly 7,662 shares.

Olli Vaartimo

Born 1950, M.Sc. (Econ.)

Finnish citizen

Vice Chairman of the Board (2011–), Member of the Board (2010–)

Independent of the company and its significant shareholders

BMH Technology Oy, Chairman of the Board (2017–) and Vice Chairman of the Board (2016–2017)

Kuusakoski Group Oy, Chairman of the Board (2016–) and Member of the Board (2008–2016)

Kuusakoski Oy, Vice Chairman of the Board (2016–) and Member of the Board (2008–2016)

Black Bruin Inc (previously Sampo-Hydraulics Oy), Member of the Board (2016–)

Sampo-Rosenlew Ltd, Member of the Board (2016–)

Valmet Automotive Inc., Member of the Board (2014–) and Chairman of the Board (2003–2014)

Metso Corporation, Vice Chairman of the Executive Team (2004–2010), Chief Financial Officer (2003–2010), Executive Vice President, Deputy to the President and Chief Executive Officer (2003–2010) and Member of the Executive Team (1999–2010)

Shares owned in the Issuer on June 12, 2018: directly 46,182 shares

Pierre Vareille

Born 1957, M.Sc., Major in Finance, BA (Economics), Degree in Controlling and Finance, Knight of the Legion of Honour in July 2003

French citizen

Member of the Board (2018–)

Independent of the company and its significant shareholders

Société BIC SA, Lead Director and Vice President of the Board (2016–), Member of the Board and Member of the Audit Committee (2009–)

Etex SA, Member of the Board and Member of the Nomination and Remuneration Committee (2017–)

Ferroglobe, Member of the Board (2017–)

Verallia, Member of the Board (2015–)

The Vareille Foundation, Founder and Co-President (2014–)

CentraleSupélec, Member of the Board and member of the Strategic Committee (2008–)

European Aluminium Association, Chairman of the Board (2015–2016)

Alumni Association of the Ecole Centrale, President (2011–2013)

Constellium, Chairman of the Board and Chief Executive Officer (2012–2013) and Chief Executive Officer (2013–2016)

FCI SA, Chairman of the Board and Chief Executive Officer (2009–2011) and Chief Operating Office (2007–2008)

Wagon Plc, Group Chief Executive (2004–2007)

Alcan Inc, Senior Vice President (2003–2004)

Pechiney, Senior Executive Vice President and President of the Aluminum Conversion Sector (2002–2003)

Faurecia, Executive Vice President and President of the Exhaust Systems Business Group (1999–2002)

GFI Aerospace (currently LISI Aerospace), Chairman of the Board and Chief Executive Officer (1995–1999)

In addition, Mr. Vareille has been a Member of the Board of Directors of diverse organizations such as the Advisory Board of the

Confederation of British Industry, the European Committee of the MEDEF (Confederation of the French Industry) and the GIFAS (French Aerospace Industries Association).

Shares owned in the Issuer on June 12, 2018: directly 4,981 shares.

Diversity Principles of the Board of Directors

Diversity of the Board of Directors supports the vision and long-term objectives of the Group. Outokumpu recognizes the importance of a diverse Board, including but not limited to age, educational and international background, professional expertise and experience from relevant industrial sectors as well as a representation of both genders. The Company strives for a Board structure where both genders are represented in a well-balanced manner. The Shareholders' Nomination Board shall take the Diversity Principles into account when preparing its proposals to the Annual General Meeting and an account of the progress in achieving set objectives shall be disclosed annually. The objective of a well-balanced Board structure in terms of gender representation was achieved in 2017.

Composition and Operations of the Board Committees

The Board of Directors has set up two permanent committees consisting of the Board members, the Board Audit Committee and the Board Remuneration Committee, and confirmed rules of procedure for these committees. Both committees report to the Board of Directors.

Audit Committee

The Audit Committee consists of a minimum of three Board members. The rules of procedure for and responsibilities of the Audit Committee have been established in the Charter of the Audit Committee approved by the Board of Directors. The task of the Audit Committee is, in greater detail than is possible for the Board as a whole, to deal with matters relating to financial reports and statements, the Issuer's financial position, auditing work, fees paid to the auditors, internal controls and compliance matters, the scope of internal and external audits, the Group's tax position, the Group's financial policies and other procedures for managing Group risks. In addition, the Audit Committee prepares a recommendation to the Board of Directors concerning the election of an external auditor and auditing fees at a general meeting of shareholders of the Issuer. During 2017, the Audit Committee met six times with an average attendance rate of 96 percent.

As at the date of this Prospectus, the Board Audit Committee consists of Olli Vaartimo (Chairman), Eeva Sipilä, and Kati ter Horst. All members of the Board Audit Committee are independent of Outokumpu and its significant shareholders.

Remuneration Committee

The Remuneration Committee consists of the Chairman of the Board and a minimum of two additional Board members. The rules of procedure for and responsibilities of the Remuneration Committee have been established in the Remuneration Committee Charter approved by the Board of Directors. The tasks of the Remuneration Committee are to discuss and prepare recommendations to the Board regarding new nominations in and compensation principles applicable to the Group's executive and senior management. The Board of Directors has authorized the Remuneration Committee to determine the terms of service and benefits enjoyed by the Outokumpu Leadership Team members other than the company's CEO. The Remuneration Committee met four times during 2017 with average attendance rate of 100 percent.

As at the date of this Prospectus, the Board Remuneration Committee consists of Kari Jordan (Chairman), Heikki Malinen and Pierre Vareille. All members of the Board Remuneration Committee are independent of Outokumpu and its significant shareholders.

Temporary Working Groups

To handle specific tasks, the Board of Directors can also set up temporary working groups consisting of Board members. These working groups report to the Board of Directors. No temporary working groups were set up in 2017.

Shareholders' Nomination Board

In 2012, the annual general meeting of shareholders of the Issuer resolved to establish a Shareholders' Nomination Board to annually prepare proposals to the annual general meeting for the election, composition and compensation of the members of the Board of Directors. In addition, the annual general meeting adopted a Charter of the Shareholders' Nomination Board, which regulates the nomination and composition, and defines the tasks and duties of the Nomination Board. According to the Charter of the Shareholders' Nomination Board, the Nomination Board consists of the representatives of Outokumpu's four largest shareholders, as registered in the Finnish book-entry securities system on October 1 each year, who accept the assignment and the Chairman of the Board of Directors should act as an expert member of the Nomination Board. Accordingly, to be eligible for membership in the Nomination Board, any nominee-registered shareholder needs to register the holding directly in the Finnish book-entry system for at least the said date.

The shareholders with the right to appoint representatives to the Nomination Board in 2017 were Solidium Oy, Varma Mutual Pension Insurance Company, The Social Insurance Institution of Finland and Ilmarinen Mutual Pension Insurance Company. These shareholders chose the following individuals as their representatives in the Nomination Board: Antti Mäkinen, Managing Director of Solidium Oy; Pekka Pajamo, Chief Financial Officer of Varma Mutual Pension Insurance Company; Tuula Korhonen, Investment Director of the Finnish Social Insurance Institution and Timo Ritakallio, President and CEO of Ilmarinen Mutual Pension Insurance Company. Antti Mäkinen was elected Chairman of the Nomination Board, and Jorma Ollila, Chairman of the Outokumpu Board of Directors, served as an expert member. The Nomination Board convened four times in total, and the attendance rate was 100 percent.

CEO, Deputy to the CEO and Leadership Team

The President and CEO is responsible for the Company's operational management, in which the objective is to secure significant and sustainable growth in the value of the company for its shareholders. The CEO prepares decisions and other matters for the meetings of the Board of Directors, develops the Group's operations in line with the targets agreed with the Board of Directors, and ensures the proper implementation of Board decisions. The CEO is also responsible for ensuring that the existing legislation and applicable regulations are observed throughout the Group. The CEO chairs the meetings of the Outokumpu Leadership Team. The deputy to the CEO is responsible for attending to the CEO's duties in the event that the CEO is prevented from doing so. Since 2011, the Group's Chief Financial Officer has acted as deputy to the CEO. As at the date of this Prospectus, the President and CEO of the Company is Roeland Baan.

The Outokumpu Leadership Team assists the CEO in the overall management of Outokumpu's business. The members of the Leadership Team have extensive authorities in their individual areas of responsibility, and their duty is to develop Outokumpu's operations in line with the targets set by the Board of Directors and the CEO. The members of the Leadership Team are appointed by the Board of Directors and will typically convene at least once a month. The Leadership Team consists of the following persons:

Name	Background
Roelof (Roeland) Baan Born 1957, M.Sc. (Econ.) Dutch citizen President and CEO (2016–)	International Stainless Steel Forum, Vice Chairman of the Board (2017–), Chairman (2016–2017) and Member of the Board (2016–) SBM Offshore N.V., member of the Supervisory Board (2018–) World Steel Association, Member of the Board (2016–) Eurofer, Member of the Board (2015–) European Aluminium Association, Vice Chairman of the Board (2014–2015)
Chairman of the Leadership Team since 2016. Employed by the Group since 2016.	Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş., Member of the Board (2012–2018)

Outokumpu Oyj, President, Europe business area (2016–2017)
Aleris, President and Chief Executive Officer, Europe and Asia (2013–2015), Executive Vice President and Chief Executive Officer, Global Rolled and Extruded Products (2011–2013) and Executive Vice President and Chief Executive Officer, Europe and Asia (2008–2011)

Shares owned in the Issuer on June 12, 2018: directly 794,869 shares.

Christoph de la Camp

Born 1963, MBA, B.Sc. (Eng.)

German citizen

Chief Financial Officer (2016–)

Member of the Leadership Team since 2016. Employed by the Group since 2016.

INEOS Styrolution Holding GmbH, Chief Financial Officer (2011–2016)

INEOS Nova LLC (INEOS Styrenics LLC), Chief Financial Officer (2007–2011)

NOVA Innovene International SA, Finance Director (2005–2007)

Shares owned in the Issuer on June 12, 2018: directly 171,720 shares.

Maciej Gwozdz

Born 1975, Executive MBA, M.Sc. (Econ.)

Polish citizen

President – Europe (2018–)

Member of the Leadership Team since 2016. Employed by the Group since 2016

Outokumpu Oyj, Executive Vice President, Operations, Europe (2016–2017)

ZF Friedrichshafen AG, Senior Vice President, Steering Europe (2016)

TRW Automotive/ZF Group, Vice President, Steering Europe (2013–2016)

TRW Automotive, Operations Director, Steering Europe (2011–2013) and Plant Manager (2006–2011)

Shares owned in the Issuer on June 12, 2018: directly 101,324 shares.

Liam Bates

Born 1971, B.Sc. hons Economics, MBA

British citizen

Executive Vice President, Supply Chain Management, Europe (2016–)

Member of the Leadership Team since 2015. Employed by the Group since 1993.

Outokumpu Oyj, President, Quarto Plate (2015–2016), Vice President, Mergers & Acquisitions (2012–2014)

Outokumpu Stainless AB, Senior Vice President, Quarto Plate Europe (2014–2015)

Outokumpu, various other positions since 1993

Shares owned in the Issuer on June 12, 2018: directly 89,486 shares.

Jan Hofmann

Born 1979, M.Sc. (Econ.)

German citizen

Executive Vice President, Business Transformation & IT (2016–)

Member of the Leadership Team since

Outokumpu Oyj, President, APAC (2015–2016), Chief Financial Officer, APAC (2015) and Senior Vice President, Group Strategy and Business Excellence (2012–2014)

Shanghai Krupp Stainless Co. Ltd, Member of the Board (2015–2017)

Outokumpu Nirosta GmbH, Member of the Board (2012–2014)
ThyssenKrupp VDM GmbH, Member of the Board (2011–2012)

ThyssenKrupp Stainless AG (a legal predecessor of Outokumpu Nirosta GmbH), Head of Business Development

2015. Employed by the Group since 2012.	(2009–2011) Various positions at ThyssenKrupp during 2005–2009
	Shares owned in the Issuer on June 12, 2018: directly 78,160 shares.
Olli-Matti Saksi Born 1967, M.Sc. (Eng.) Finnish citizen	Outokumpu Oyj, President, EMEA (2014–2016) and Senior Vice President, Head of Sales EMEA (2013–2014) Aleris, Senior Vice President and General Manager, Division Rolled Products (2011–2013)
Executive Vice President, Sales, Europe (2016–)	Shares owned in the Issuer on June 12, 2018: directly 176,709 shares.
Member of the Leadership Team since 2014. Joined the Group in 2013.	
Johann Steiner Born 1966, M.Sc. (Econ.) German citizen	Outokumpu Oyj, Executive Vice President, IT, Health, Safety and Sustainability (2013–2016) and Executive Vice President, Human Resources, Health, Safety and Sustainability (2013) SAG Group GmbH, Group HR Director (2012)
Executive Vice President, Human Resources and Organization Development (2016–)	Shares owned in the Issuer on June 12, 2018: directly 101,069 shares.
Member of the Leadership Team since 2013. Joined the Group in 2013.	
Reeta Kaukiainen Born 1964, M.Sc. (Soc.) Finnish citizen	Accenture Oy, Marketing & Communications Country Lead (2016–2017) Metsä Group, Senior Vice President, Communications (2012–2015) Tieto Corporation, Vice President, Communications and Investor Relations (2007–2012)
Executive Vice President, Communications and Investor Relations (2017–)	Shares owned in the Issuer on June 12, 2018: directly no shares.
Member of the Leadership Team since 2017. Joined the Group in 2017.	
Kari Tuutti Born 1970, M.Sc. (Econ.) Finnish citizen	Outokumpu Oyj, Executive Vice President, Marketing, Communications and Sustainability (2013–2014), Executive Vice President, Marketing, Communications and IR (2012–2013) and Senior Vice President, Marketing, Communications and Investor Relations (2011–2012)
President – Long Products (2014–)	Nokia Corporation, Director, Marketing Creation (2009–2011) Fagersta Stainless AB, Chairman of the Board (2014–2015 and 2016–2017) and Member of the Board (2015–2016 and 2017–)
Member of the Leadership Team since 2012. Joined the Group in 2011.	Shares owned in the Issuer on June 12, 2018: directly 118,434 shares.

<p>Michael Williams Born 1960, B.Sc. (Information Science)</p> <p>U.S. citizen</p> <p>President – Americas (2015–)</p> <p>Member of the Leadership Team since 2015. Employed by the Group since 2015.</p>	<p>United States Steel Corporation, Senior Vice President, Strategic Planning & Business Development (2013–2015)</p> <p>United States Steel Corporation, Senior Vice President, North American Flat-Roll Operations (2009–2013), and Vice President, Midwest Flat-Roll Operations (2008–2009)</p> <p>Specialty Steel Industry of North America, Member of the Board (2015–)</p> <p>Mobile Chamber of Commerce, Member of the Board (2017–)</p> <p>Shares owned in the Issuer on June 12, 2018: directly 192,987 shares.</p>
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Business Address

The business address of the members of the Board of Directors, the President and CEO of Outokumpu and the Leadership Team is c/o Outokumpu Oyj, Salmisaarenranta 11, FI-00180 Helsinki, Finland.

Absence of Conflicts of Interest

Except for their legal and/or beneficial interest in the shares of the Company, there are no (i) potential conflicts of interest between any duties to Outokumpu of any member of the Board of Directors or the Leadership Team and their private interests and/or other duties; (ii) arrangements or understandings with major shareholders, members, suppliers or others pursuant to which any member of the Board of Directors or the Leadership Team was elected; or (iii) restrictions agreed by any member of the Board of Directors on the disposal of their holdings in Outokumpu’s securities within a certain time.

The members of the Board of Directors of the Guarantors may be in the employment of other members of the Group.

Auditors

The consolidated financial statements of the Company for the financial year ended December 31, 2017 incorporated into this Prospectus by reference have been audited by PricewaterhouseCoopers Oy under the supervision of principal auditor Janne Rajalahti, Authorized Public Accountant, and the consolidated financial statements for the financial year ended December 31, 2016 incorporated into this Prospectus by reference have been audited by KPMG Oy Ab under the supervision of principal auditor Virpi Halonen, Authorized Public Accountant. The business address of the principal auditor and PricewaterhouseCoopers Oy is Itämerentori 2, FI-00180 Helsinki, Finland.

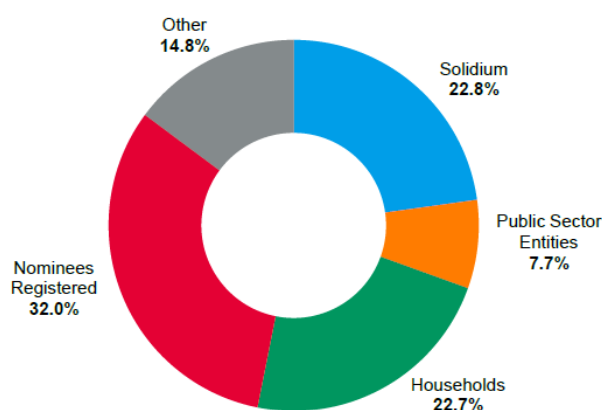
SHARE CAPITAL AND OWNERSHIP STRUCTURE

As at the date of this Prospectus, the Issuer has issued a total of 416,374,448 shares and has a registered share capital of EUR 311,131,873.30, which is fully paid. According to Article 3 of the Issuer's articles of association, each share carries one (1) vote at the general meeting of shareholders. The Issuer's shares belong to the book-entry system and they are subject to public trading on the Large Cap list of Nasdaq Helsinki. The trading code of the shares is 'OUT1V'.

As at June 12, 2018, altogether 72,968 shareholders held shares in the Issuer, of which the 25 largest shareholders are listed below with their respective ownership participation percentage and number of shares owned. As at the date of this Prospectus, the Issuer holds 6,276,864 treasury shares.

Shareholder	No. of shares	percent of shares
Solidium Oy	95,044,385	22.83
Varma Mutual Pension Insurance Company	18,500,112	4.44
Ilmarinen Mutual Pension Insurance Company	9,712,000	2.33
The Social Insurance Institution of Finland	9,298,652	2.23
State Pension Fund	5,000,000	1.20
Keskinäinen Työeläkevakuutusyhtiö Elo	2,500,000	0.60
Op-Suomi -Sijoitusrahasto	2,465,237	0.59
Keva	2,365,000	0.57
Skagen Vekst Verdipapierfond	2,000,000	0.48
OP-Suomi Pienyhtiöt	1,653,356	0.40
Mandatum Life Unit-Linked	1,560,323	0.37
Sijoitusrahasto Säästöpankki Pienyhtiöt	1,270,000	0.31
Säästöpankki Korko Plus -Sijoitusrahasto	1,150,000	0.28
Sijoitusrahasto Evli Suomi Pienyhtiöt	1,055,460	0.25
Nordea Henkivakuutus Suomi Oy	1,014,428	0.24
Sr Danske Invest Suomi Yhteisöosake	900,000	0.22
Op-Henkivakuutus Oy	873,095	0.21
Bnp Arbitrage	805,583	0.19
Säästöpankki Kotimaa -Sijoitusrahasto	796,492	0.19
Baan Roelof Ijsbrand	794,869	0.19
Vakuutusosakeyhtiö Henki-Fennia	650,832	0.16
Ojala Alpo Armas	632,940	0.15
Sr Di Suomi Osinko Plus	627,009	0.15
Ojala Harri Esa Uolevi	624,640	0.15
Keskon Eläkekassa	600,000	0.14
Major 25 shareholders in total	161,894,413	38.88

The following chart sets forth the Issuer's shareholder structure as at March 31, 2018:



To the extent known to the Issuer, the Issuer is not directly or indirectly owned or controlled by any person for the purposes of Chapter 2, Section 4 of the Finnish Securities Market Act, and the Issuer is not aware of any arrangement the operation of which may result in a change of control of the Issuer.

TAXATION

The following is a general description addressing only the Finnish withholding tax treatment of income arising from the Notes. This summary is based on the laws, regulations and published case law in full force and effect in Finland and the interpretation thereof as at the date of this Prospectus, which may be subject to change in the future, potentially with retroactive effect. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. The comments below relate only to the position of persons who are the beneficial owners of the Notes. Prospective investors are therefore advised to consult their own qualified advisors so as to determine, in the light of their individual situation, the tax consequences of the acquisition, holding, redemption, sale or other disposition of the Notes.

Non-resident holders of Notes

Payments made by or on behalf of the Issuer to persons not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland may be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

Resident holders of the Notes

Corporates

Payments made by or on behalf of the Issuer to corporates resident in Finland for tax purposes may be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

Individuals and estates

Interest and any similar payments, e.g., interest compensation (in Finnish: *jälkimarkkinahyvitys*), made to individuals or estates resident in Finland are generally subject to advance withholding of income tax. To the extent any payments under the Notes would be classified as capital gain for Finnish income tax purposes, such payments would not be subject to advance withholding of income tax.

The withholding liability should primarily lie with a possible paying agent or other intermediary (such as a financial institution) effecting the payment to the holder of the Notes, if the paying agent or intermediary is resident in Finland for tax purposes or the payment is made through a Finnish permanent establishment of a non-resident paying agent or intermediary.

Transfer taxation

A transfer of the Notes is not subject to Finnish transfer taxation.

ARRANGEMENTS WITH THE JOINT LEAD MANAGERS

BNP Paribas and Nordea Bank AB (publ) are acting as the Coordinators and Joint Lead Managers and Danske Bank A/S and Swedbank AB (publ) are acting as Joint Lead Managers of the Offering. The Company has entered into agreements with the Joint Lead Managers with respect to certain services to be provided by the Joint Lead Managers in connection with the Offering.

The Joint Lead Managers and companies belonging to the same consolidated groups with the Joint Lead Managers may have performed and may in the future perform investment or other banking services for the Company in the ordinary course of business. The Joint Lead Managers and/or companies belonging to the same consolidated groups with some of the Joint Lead Managers are lenders under the EUR 650,000,000 revolving credit facility. The Joint Lead Managers and/or companies belonging to the same consolidated groups with some of the Joint Lead Managers are also lenders under certain bilateral facilities. The Joint Lead Managers and their respective affiliates may hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of customers, in debt or equity securities of the Issuer, including the Notes.

LEGAL MATTERS

Certain legal matters in connection with the Offering have been passed upon for Outokumpu by Roschier, Attorneys Ltd. Certain legal matters in connection with the Offering have been passed upon for the Joint Lead Managers by White & Case LLP.

INFORMATION INCORPORATED BY REFERENCE

The Company's financial results for the financial years ended December 31, 2017 and December 31, 2016 and for the three months ended March 31, 2018 are incorporated into and form part of this Prospectus by reference. The referenced documents are available for inspection at the offices of the Company at Salmisaarenranta 11, 00180 Helsinki, Finland as well as on the Company's website at, www.outokumpu.com/en/investors.

Document	Information by reference
Annual Report 2017, Review by the Board of Directors and Financial statements, pages 17–67	Financial Statements for the year 2017
Annual Report 2017, Review by the Board of Directors and Financial statements, pages 68–73	Auditor's Report for the year 2017
Annual Report 2016, Financial statements, pages 14–64	Financial Statements for the year 2016
Annual Report 2016, Financial statements, pages 11–13	Auditor's Report for the year 2016
Interim Statement Q1 2018, pages 13–22	Financial information for the first quarter of 2018

DOCUMENTS ON DISPLAY AND AVAILABLE INFORMATION

In addition to the documents incorporated by reference, (i) the Company's Finnish language articles of association and extract from the Finnish Trade Register, (ii) the English language Agency Agreement, (iii) the English language Intercreditor Agreement, and (iv) the English language Transaction Security Documents (each as defined in the Terms and Conditions), may be inspected at the head office of the Company, Outokumpu Oyj, Salmisaarenranta 11, 00180 Helsinki, Finland on weekdays from 9:00 am to 4:00 pm Finnish time. In order to ensure best possible service, persons wishing to examine the documents referred to in this section are kindly requested to notify the Company of their visit in advance by telephone (+358 9 4211).

The Company will publish annual reports, including audited consolidated financial statements, quarterly interim financial information and other information as required by the Finnish Securities Market Act and the rules of Nasdaq Helsinki. Such information will be available on the Company's website at www.outokumpu.com/en/investors.

ISSUER

Outokumpu Oyj
Salmisaarenranta 11
FI- 00180 Helsinki
Finland

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JOINT LEAD MANAGERS

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Finland

LEGAL ADVISER TO THE JOINT LEAD MANAGERS

White & Case LLP
Aleksanterinkatu 44
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NOTEHOLDERS' AGENT

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FI- 00100 Helsinki
Finland