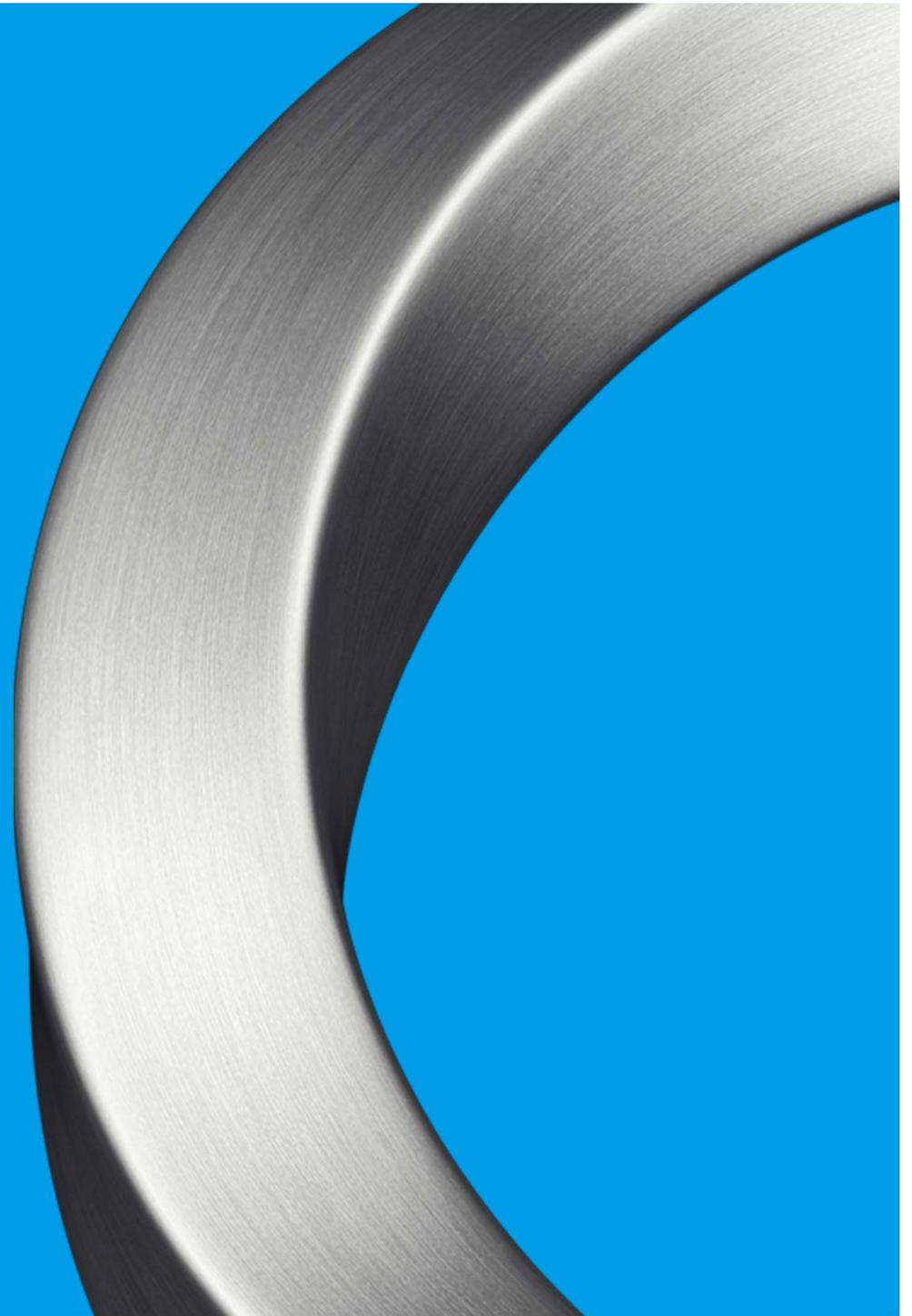


Annual Accounts 2014

CEO Mika Seitovirta
CFO Reinhard Florey

February 12, 2015

outokumpu 



Disclaimer

This presentation contains, or may be deemed to contain, statements that are not historical facts but forward-looking statements. Such forward-looking statements are based on the current plans, estimates and expectations of Outokumpu's management based on information available to it on the date of this presentation. By their nature, forward-looking statements involve risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. Future results of Outokumpu may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. Factors that could cause such differences include, but are not limited to, the risks described in the "Risk factors" section of Outokumpu's latest Annual Report and the risks detailed in Outokumpu's most recent financial results announcement. Outokumpu undertakes no obligation to update this presentation after the date hereof.

Today's attendees of Outokumpu



Mika Seitovirta
CEO



Reinhard Florey
CFO



Johanna Henttonen
SVP – Investor
Relations

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1. 2014 overview and strategic priorities
2. Financial performance
3. Outlook and guidance

2014 shows continued progress

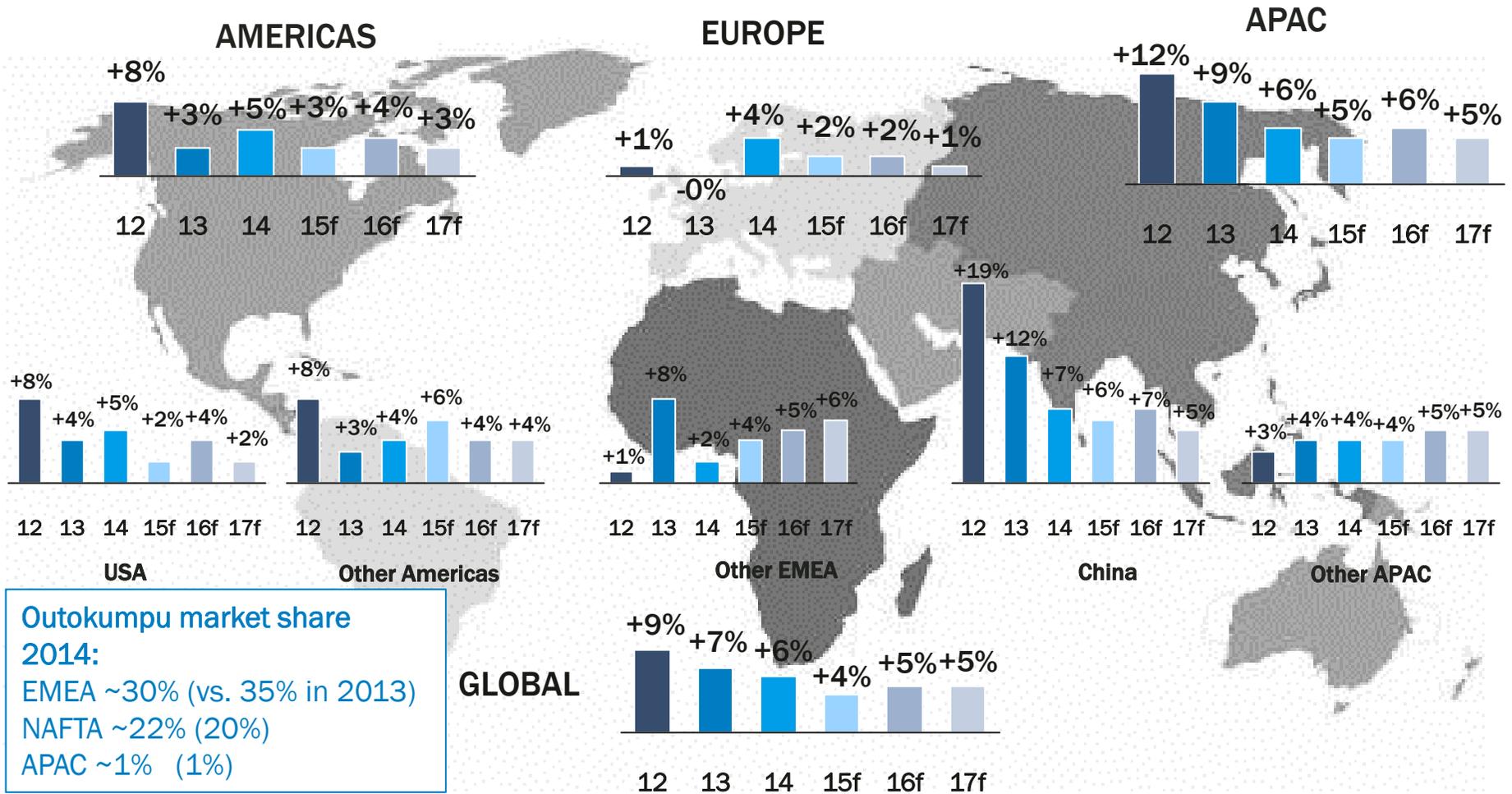
- EUR 289 million underlying EBIT improvement
- Clear improvement in all BAs, but Quarto Plate lagging behind
- Stable volumes, 16% growth in Americas
- Solid progress in efficiency programs
 - EUR 385 million savings vs. 2012
 - EUR 351 million release of NWC vs. 2012
- Stronger balance sheet as a result of divestment of Terni and VDM, successful debt refinancing and the rights issue
- Net debt below EUR 2 billion, gearing 93%
- Q4: strong operating cash flow, underlying EBIT EUR -9 million



- Negative operating cash flow EUR -126 million, but recovery towards year-end
- Unsatisfactory performance in Calvert and Quarto Plate due to technical and delivery performance issues



Continued growth for stainless steel globally



Data source: SMR, January 2015

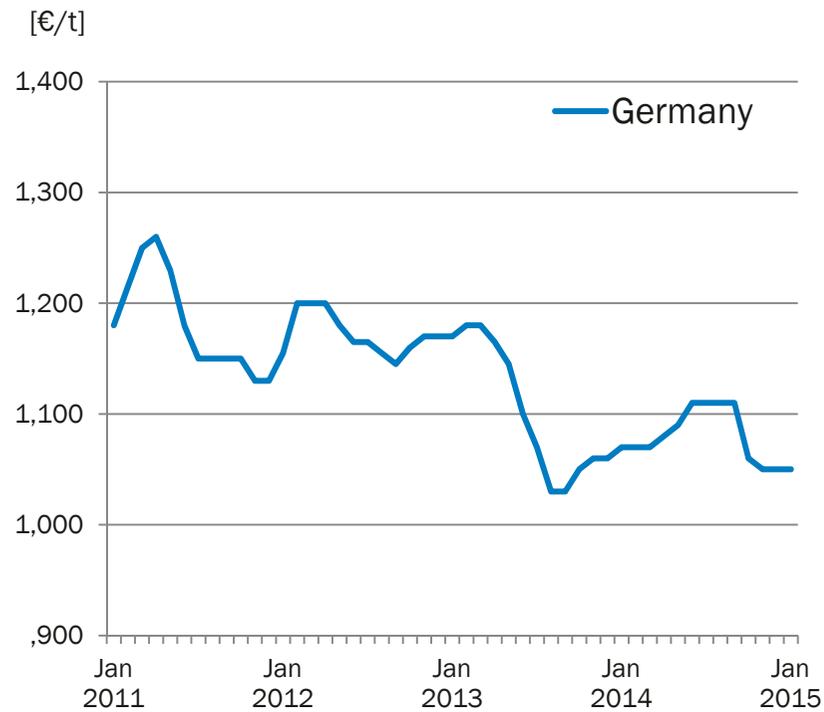
Real demand for total stainless steel (rolled & forged products, excl. 13Cr tubes, profiles)

February 12, 2015

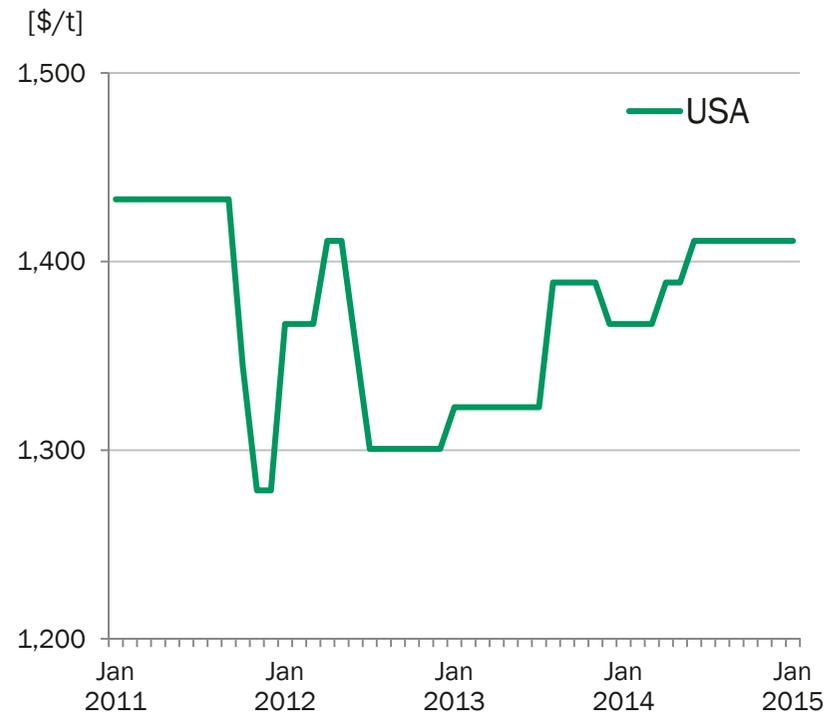
Improvement in stainless base prices

Europe softening towards year-end, US stabilizing

European base prices 304 stainless steel (EUR) ¹⁾

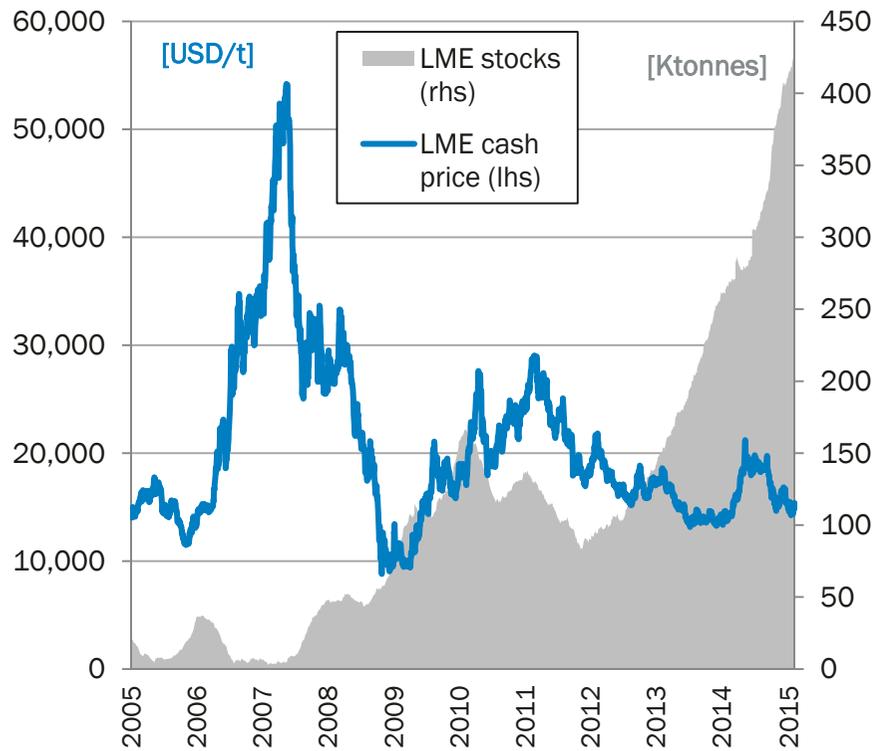


US base prices 304 stainless steel (USD) ¹⁾

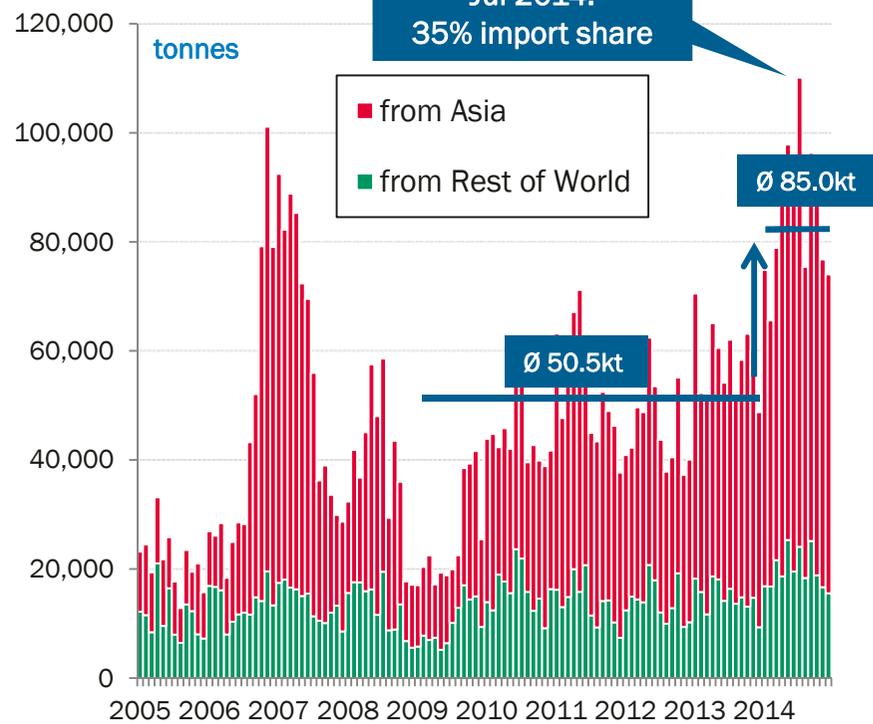


Stainless market volatility showed in both nickel price rally and record-high imports

Nickel price and stocks ¹⁾



Third-country imports into Europe ²⁾

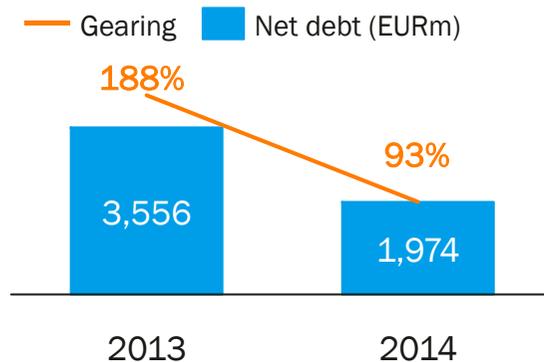


1) Source: Nickel Cash LME Daily Official

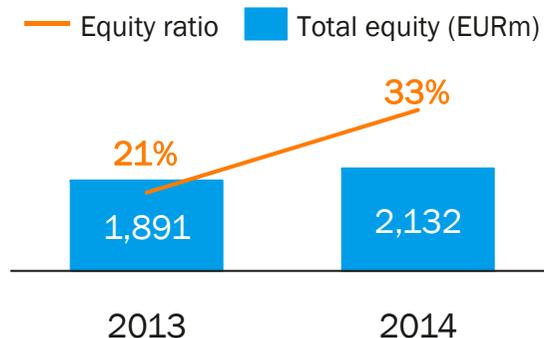
2) Cold rolled imports from 3rd countries into EU28. Source: Eurofer, January 2015

Balance sheet strengthened

Net interest-bearing debt and gearing



Equity and equity-to-asset ratio

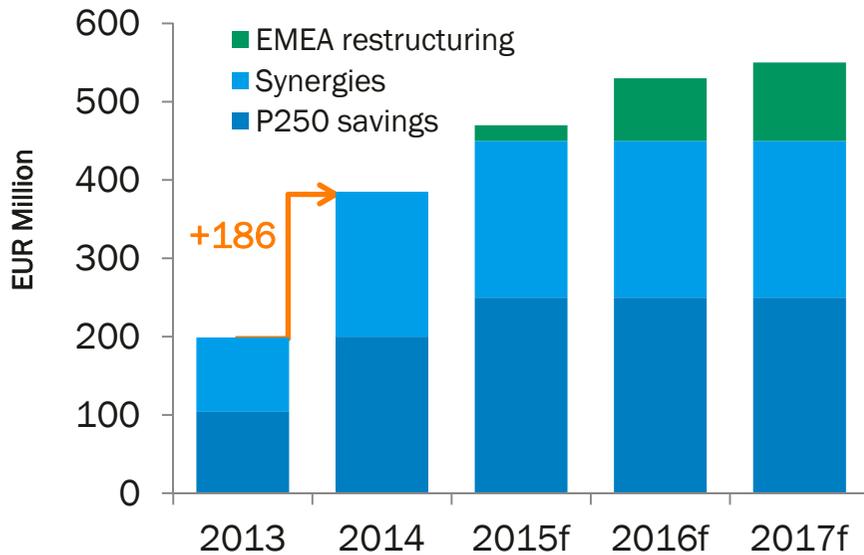


- Significantly reduced net debt through divestment of Terni and VDM in which the EUR 1.3 billion loan note was used as consideration ✓
- New EUR 500 million committed syndicated secured liquidity facility, maturity in 2017 ✓
- New secured revolving credit facility of EUR 900 million, maturity in 2017 ✓
- Extension/amendment of the bilateral loan portfolio of ~EUR 600 million, maturity in 2017 ✓
- EUR 640 million net proceeds from the rights issue to further strengthen balance sheet and liquidity ✓

Strengthened and deleveraged balance sheet as well as enhanced liquidity enabling Outokumpu to execute its turnaround to profitability

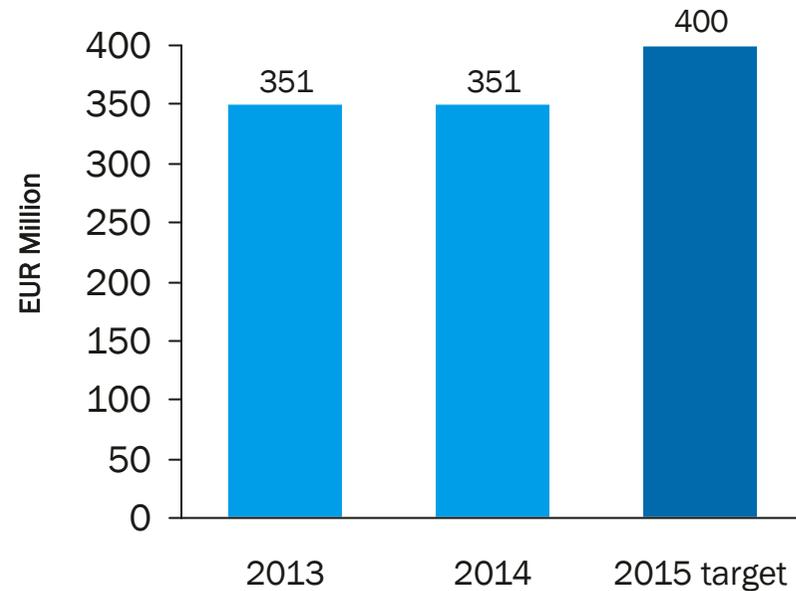
Good progress in efficiency programs, further potential remains

Realized and planned savings from all programs



EUR 385 million cumulated savings vs 2012

Cash flow from working capital change

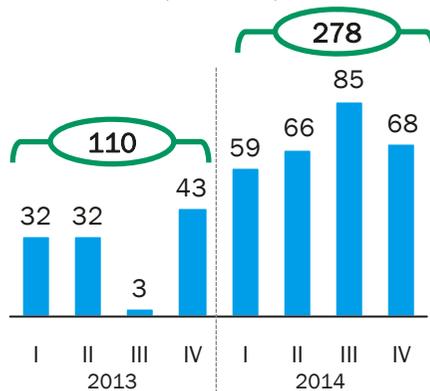


P300 program completed successfully

EBITDA development per business area

Coil EMEA

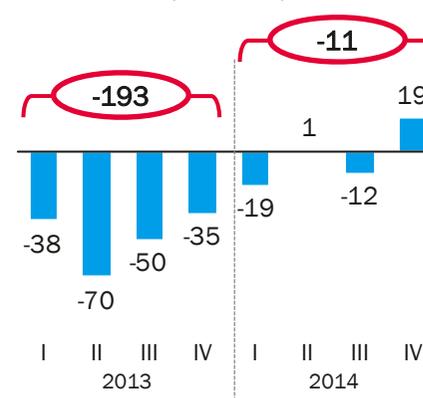
EBITDA excl. NRI (EUR million)



- Clear improvement in profitability
- Restructuring continued; next milestone Bochum closure mid-2015
- Ferrochrome investment ramp-up finalized

Coil Americas

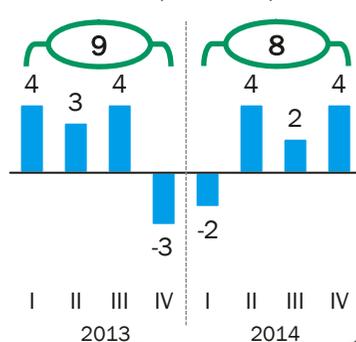
EBITDA excl. NRI (EUR million)



- Robust market environment in 2014
- Market share gains
- Calvert technical ramp-up completed: full potential in 2 years
- Reduced losses; improvement in performance targeted

APAC

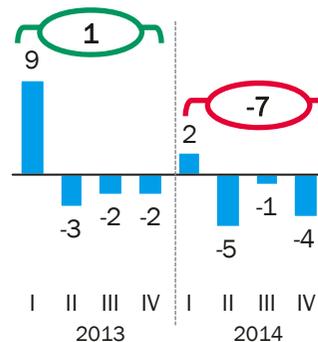
EBITDA excl. NRI (EUR million)



- Turbulent markets in 2014
- Higher volumes and stable performance

Quarto Plate

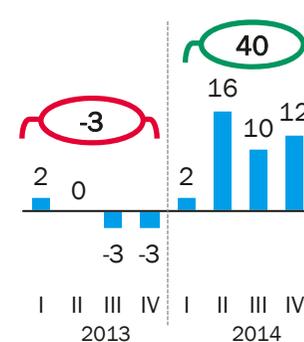
EBITDA excl. NRI (EUR million)



- Ramp-up of Degerfors ongoing
- High raw material costs and rework hitting earnings
- Step change in profitability targeted along with the ramp-up

Long Products

EBITDA excl. NRI (EUR million)



- Profitability driven by good volumes and performance in the US
- EUR 6 m positive one-off in Q4

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1. 2014 overview and strategic priorities
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Q4 and FY14 key financials overview

Q4

- Stable base prices and good progress in savings programs in Q4: improved profitability
- Negative impact from low delivery volumes
- NRI of EUR 21 million in Coil Americas and EUR 6 million in Coil EMEA
- Strong focus on NWC resulted in EUR 122 million operating cash flow

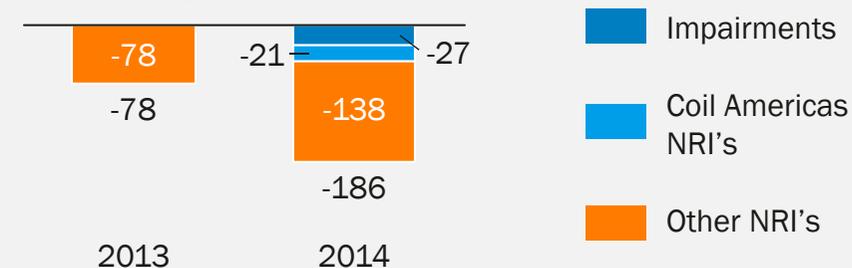
FY2014

- Stable deliveries in 2014
- Improved performance driven by Coil EMEA and Coil Americas
- CAPEX at EUR 127 million
- Operating cash flow impacted by NWC build up in Q2, partly reversed at year-end

Group key figures

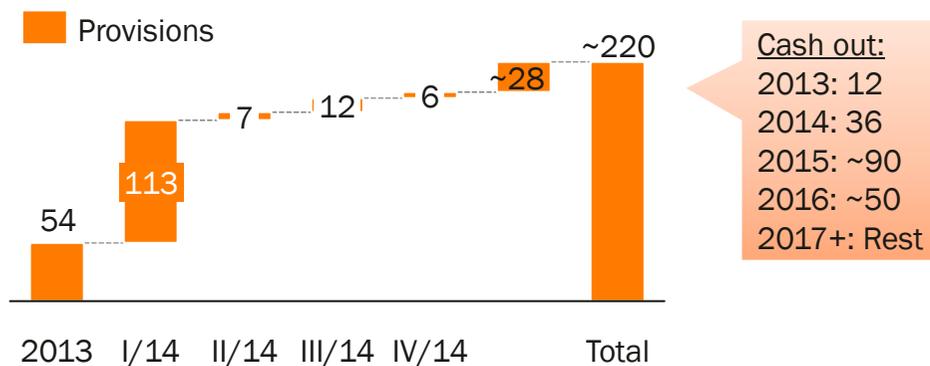
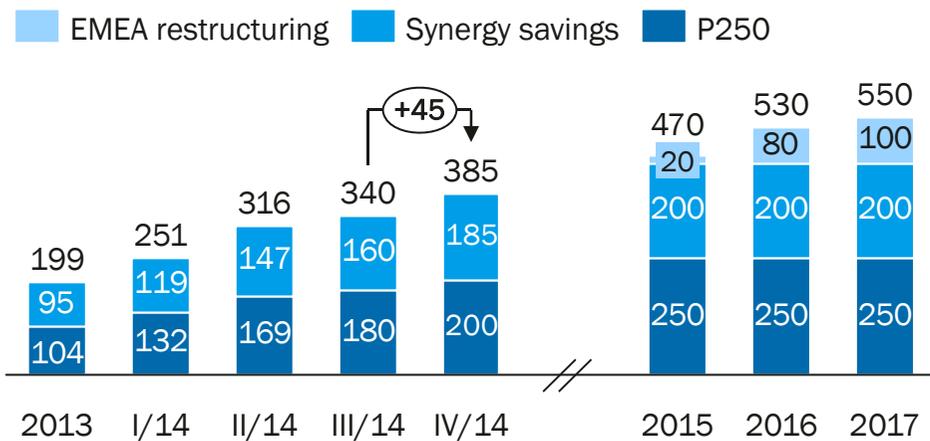
EUR million	III/14	IV/14	2013	2014
Stainless steel deliveries, kt	634	568	2,585	2,554
Sales	1,799	1,674	6,745	6,844
Underlying EBITDA ¹⁾	48	72	-32	232
Underlying EBIT ²⁾	-28	-9	-377	-88
EBIT	-9	-36	-510	-243
EBIT excl. NRI	3	-9	-432	-57
Operating cash flow	23	122	34	-126
Capex (accounting)	25	54	183	127
Personnel at end of period ³⁾	12,385	12,125	12,561	12,125

Non-recurring items (EUR million)



Good progress in cost saving programs

Cumulative savings 2014-2017 and related cash costs (EURm)



Cash out:
 2013: 12
 2014: 36
 2015: ~90
 2016: ~50
 2017+: Rest

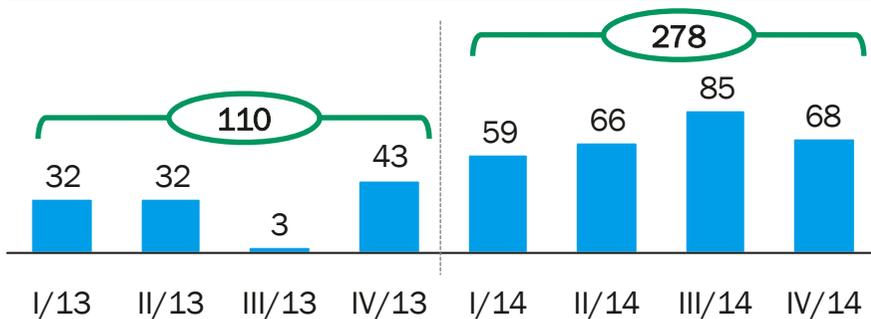
- Good progress in synergies, Q4 savings at EUR 25 million
- Synergies fully visible in 2015
- P250 above expectations, Q4 EUR 20 million savings
- Additional EUR 85 million savings in 2015 to reach EUR 470 million
- EMEA restructuring impacts from H2/2015 onwards
- Total cash cost estimate unchanged for all three programs at about EUR 220 million
- Cash out of EUR 90 million in 2015 with significant outflow in Q1

Coil EMEA

EMEA key figures

EUR million	III/14	IV/14	2013	2014
Stainless steel deliveries ¹ , kt	395	369	1,854	1,666
Ferrochrome deliveries, kt	33	49	212	133
Sales	1,134	1,055	5,067	4,520
EBITDA excl. NRI	85	68	110	278
EBIT excl. NRI	38	19	-111	78
Capex	18	22	81	67
Operating capital	2,535	2,405	2,609	2,405

EBITDA excl. NRI (EUR million)



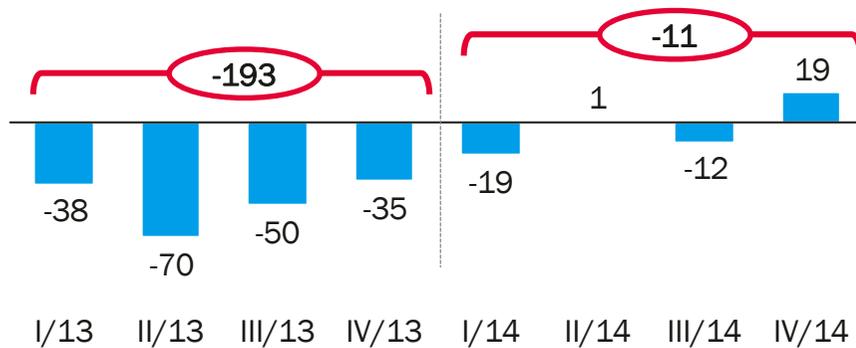
- Focus on higher margin products is paying off but impacting delivery volumes slightly negative
- Achieved base price increase about EUR 30/t in 2014
- FY14 EBITDA excl. NRI doubled to EUR 278 million
 - Savings programs yielding results
 - Variable costs down
 - Better pricing and product mix
- Ferrochrome investment ramp-up completed
 - Production 441 kt in 2014
 - Production estimated at 500 kt in 2015

Coil Americas

Americas key figures

EUR million	III/14	IV/14	2013	2014
Stainless steel deliveries ¹ , kt	137	126	465	541
Sales	316	297	906	1,158
EBITDA excl. NRI	-12	19	-193	-11
EBIT excl. NRI	-29	-0	-262	-82
Capex	3	8	44	15
Operating capital	1,170	1,195	1,040	1,195

EBITDA excl. NRI (EUR million)



1) Deliveries for III/14 have been corrected

- Progress in Calvert ramp-up in 2014
 - Technical ramp-up completed
 - Issues with CR lines and delivery performance in H2
 - All lines now operational
- Total deliveries grew 16% to 541 kt
- Market shares up: US 15->18%, NAFTA 20->22%
- Achieved base price increase about USD 120/t in 2014
- EBITDA excl. NRI improved by EUR 182 million, but break-even target missed
- NRI of EUR -21 million regarding cold rolling issues in Q4
- In 2015 deliveries of 620 kt and improved profitability targeted

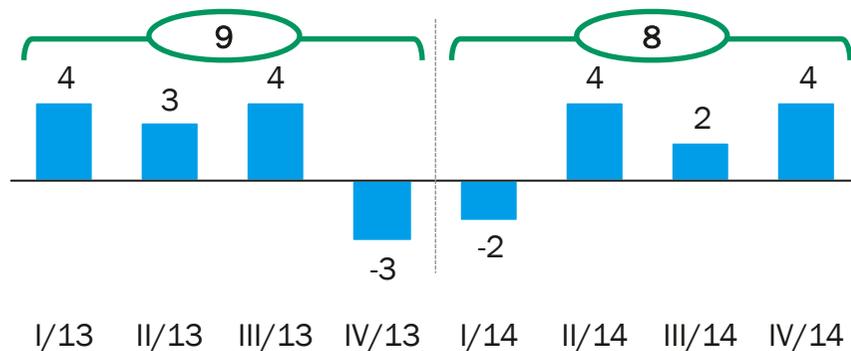
APAC

APAC key figures

EUR million	III/14	IV/14	2013	2014
Stainless steel deliveries, kt	60	54	184	220
Sales	124	114	388	444
EBITDA excl. NRI	2	4	9	8
EBIT excl. NRI	-2	1	-7	-6
Capex	0	1	3	2
Operating capital	200	184	189	184

- Turbulent stainless markets
- Soft demand and volatile prices; regional overcapacity
- Deliveries up to 220 kt in 2014
 - Increased volumes with distributors
 - Improved local raw material sourcing

EBITDA excl. NRI (EUR million)



- EBITDA excl. NRI stable at EUR 8 million

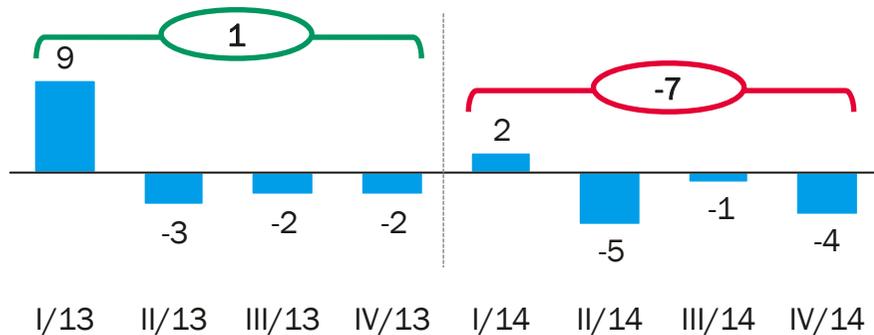
Quarto Plate

Quarto Plate key figures

EUR million	III/14	IV/14	2013	2014
Deliveries, kt	24	24	83	98
Sales	113	120	406	450
EBITDA excl. NRI	-1	-4	1	-7
EBIT excl. NRI	-5	-9	-17	-26
Capex	2	7	33	16
Operating capital	251	218	247	218

- Deliveries grew 18% to 98 kt in 2014 along with Degerfors ramp-up
- Unsatisfactory performance
 - High raw material and ramp-up costs in Degerfors
- Step change in profitability targeted via cost reduction and volume growth along the ramp-up

EBITDA excl. NRI (EUR million)



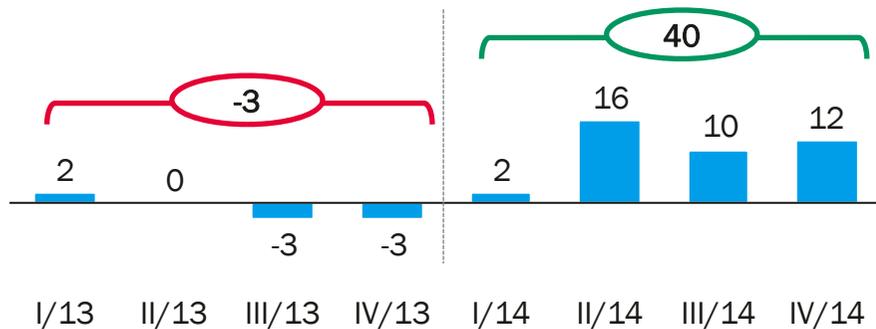
Long Products

Long Products key figures

EUR million	III/14	IV/14	2013	2014
Deliveries, kt	60	43	214	248
Sales	171	129	556	651
EBITDA excl. NRI	10	12	-3	40
EBIT excl. NRI	8	11	-10	33
Capex	2	2	9	6
Operating capital	151	167	117	167

- Relatively healthy demand and pricing in 2014
- Deliveries grew by 16% to 248 kt reflecting increase in internal deliveries
- EBITDA excl. NRI at EUR 40 million
 - Higher deliveries
 - Improved capacity utilization at Sheffield melt shop
 - Strong performance in the US
 - One-off reversal of EUR 6 million in the US pipe business

EBITDA excl. NRI (EUR million)



Operating cash flow

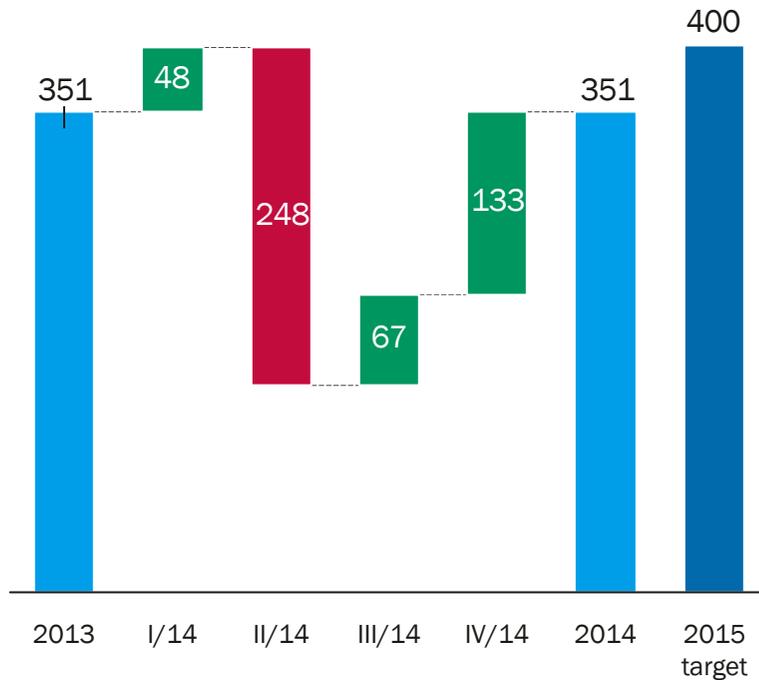
EUR million	III/14	IV/14	2013	2014
Net cash from operating activities	23	122	34	-126
Net cash from investing activities	-13	-39	-108	-162
Free cash flow	10	83	-74	-289
Cash and cash equivalents	400	191	607	191

- Measures to improve working capital efficiency continued in Q4 resulting in strong operating cash flow
- Operating cash flow FY2014 negative due to seasonal build-up in inventories and changes in nickel price in H1/14
- Q1/15 operating cash flow estimated to be negative due higher volumes and cash outflow from restructuring provisions

P300 closed above target, EUR 133 million NWC release in Q4. Additional potential in 2015

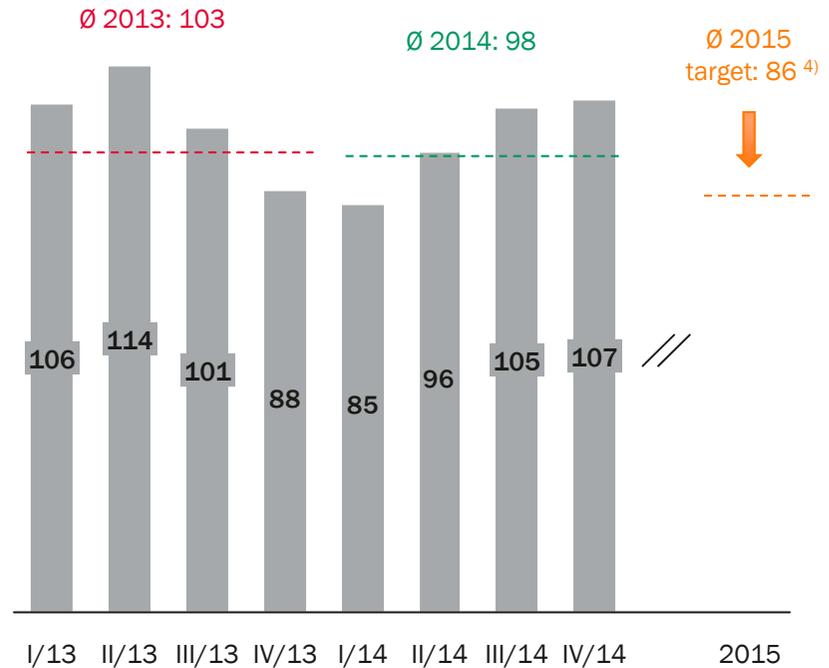
Cash flow from working capital change ¹⁾

EUR million



P400 program for further NWC release in 15

Inventory days development ²⁾



2014 actual at 98 vs. target 91



- 1) Graph shows change in accounts payables, accounts receivables and inventories and differs from the change in working capital as presented in CF statement which also includes provisions. Change in provisions included in CF statement for III/14 are EUR -14 million (II/14: EUR -15 million).
- 2) Figures exclude FeCr operations.
- 3) NWC/sales calculation based on annualized sales volume of that quarter.
- 4) 86 days target is an estimate based on similar sales configuration as 2014.

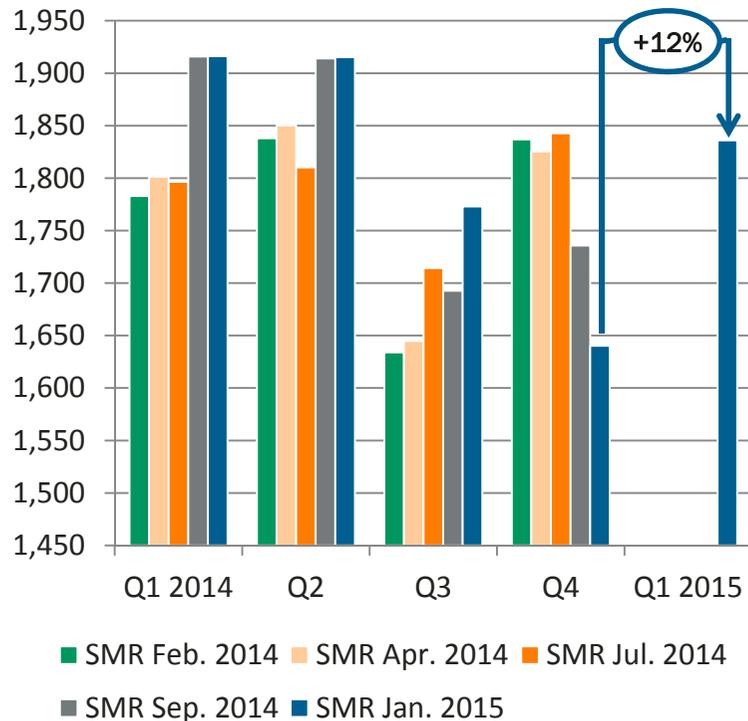
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Market forecast shows stainless steel demand increase in EMEA in Q1 2015 vs. Q4 2014

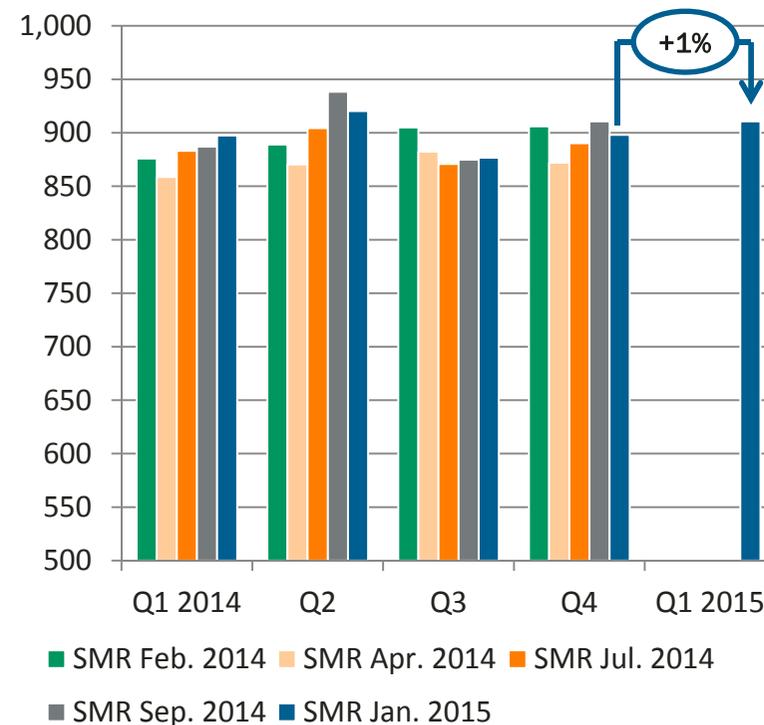
EMEA total stainless steel real demand¹⁾

1,000 tonnes



Americas total stainless steel real demand¹⁾

1,000 tonnes



1) Total stainless = rolled & forged products, excl. 13Cr tubes, profiles
 2) Annual change in total stainless steel real demand: EMEA +3.8%, Americas +4.7%

Business and financial outlook for Q1 2015

- Stainless steel demand has improved from the year-end 2014 lows but outlook for the first quarter varies by region.
 - In EMEA, order intake is improving and underlying demand remains relatively healthy
 - Asia remains soft in the beginning of the year
 - In Americas the pace for placing new orders is somewhat subdued with the uncertainty over the nickel price, but overall market conditions remain promising
 - In both key regions, distributors are still digesting high stocks partly due to recent high third-country import ratios

Outokumpu estimates higher delivery volumes quarter-on-quarter and base prices to be slightly down.

Continued improvement in profitability is expected, resulting in slightly positive underlying EBIT for the first quarter.

With current price, the net impact of raw material-related inventory and metal hedging gains/losses on profitability is expected to be EUR 5-10 million negative.

Clear priorities for 2015

1. Further profitability improvement and debt reduction
2. Progress in Calvert towards full potential
3. Completion of the EMEA restructuring
4. Enhanced delivery reliability
5. Further progress in savings programs
6. NWC management and cash flows



Bringing Outokumpu back to sustainable profitability

Q&A



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

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Appendix

Outokumpu balance sheet

Assets (MEUR)	31.12.14	30.09.14
Non-current assets		
Intangible assets	567	569
Property, plant and equipment	3,138	3,142
Investments in associated companies and joint ventures	78	71
Other financial assets	29	26
Deferred tax assets	44	52
Defined benefit plan assets	36	0
Trade and other receivables	12	19
Total non-current assets	3,904	3,879
Current assets		
Inventories	1,527	1,621
Other financial assets	40	34
Trade and other receivables	749	851
Cash and cash equivalents	191	400
Total current assets	2,507	2,907
Total assets	6,411	6,785

▪ Increase due to changes in plan asset values (mostly UK and German)

▪ Q-o-q decrease mainly due to repayment of EUR 500 liquidity facility with the proceeds from the bond

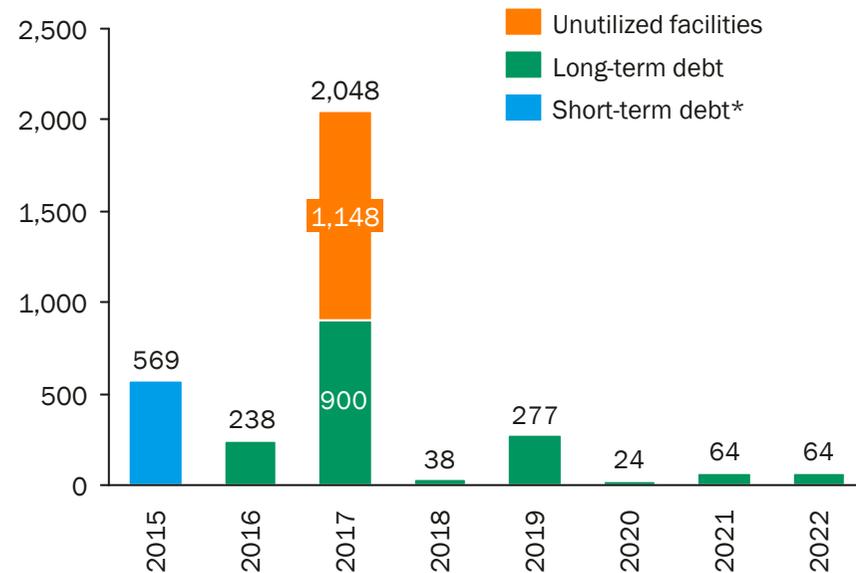
Outokumpu balance sheet

Equity and liabilities (MEUR)	31.12.14	30.09.14
Total equity	2,132	2,144
Non-current liabilities		
Long-term debt	1,597	1,852
Other financial liabilities	18	13
Deferred tax liabilities	31	44
Defined benefit and other long-term employee benefit obligations	372	379
Provisions	198	206
Trade and other payables	47	48
Total non-current liabilities	2,262	2,543
Current liabilities		
Current debt	569	616
Other financial liabilities	87	61
Provisions	26	35
Trade and other payables	1,335	1,386
Total current liabilities	2,016	2,098
Total equity and liabilities	6,411	6,785

Debt maturity profile

Debt maturity profile, December 31, 2014

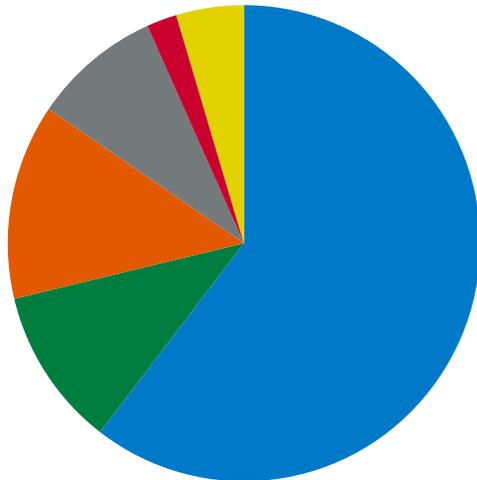
EUR million



- Positive cash flow and reduction in cash led to reduction of debt by EUR 300 million in Q4
- Liquidity facility, revolving credit facility, most bilateral loans as well as the outstanding notes are entitled to a security package

Cost analysis 2014

Operative cost components ¹⁾



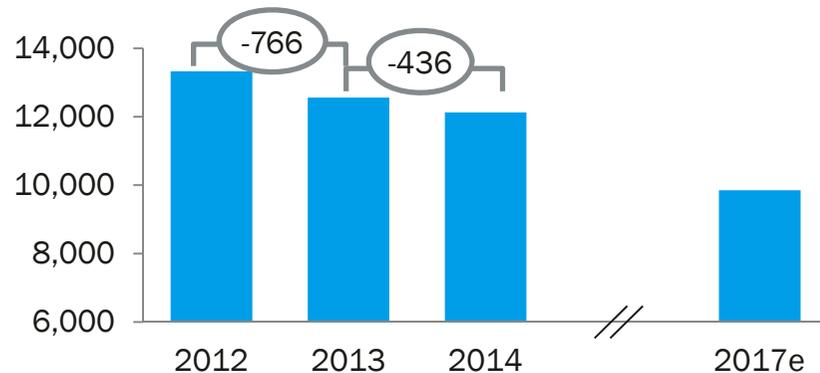
- Raw materials
- Personnel
- Energy and consumables
- Other cost of sales
- SG&A (excl. personnel and D&A)
- D&A total

Comments

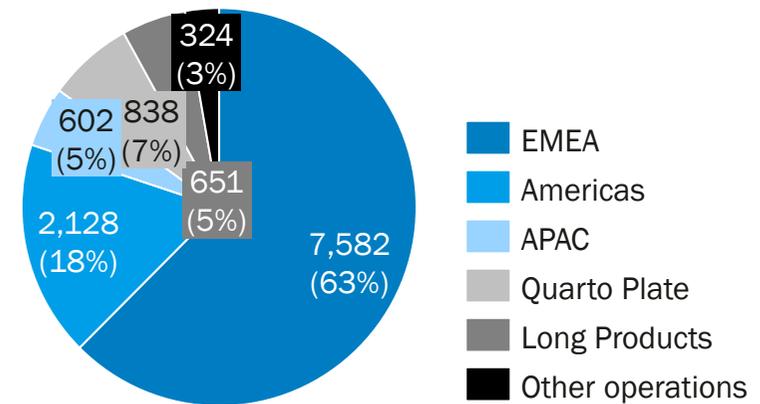
- Raw materials account for around 60% of the total operative costs of the Group
- Energy and other consumables account for some 10-15% of the total operative costs
- Personnel expenses some 10% of the total operative costs
- Other cost of sales includes e.g. freight, maintenance and rents and leases

Headcount reductions

Total headcount reduction ¹⁾

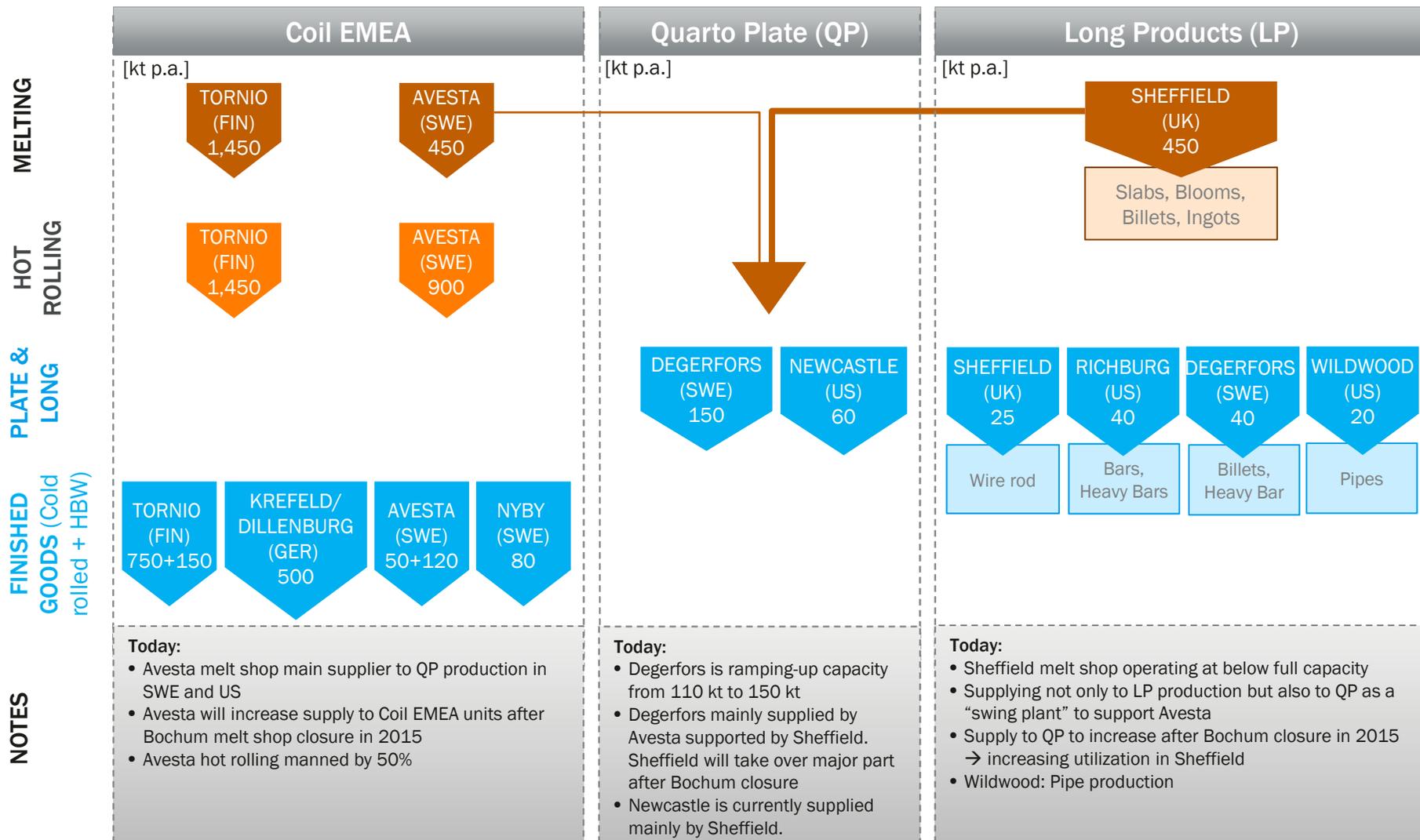


Personnel per BA at the end of 2014

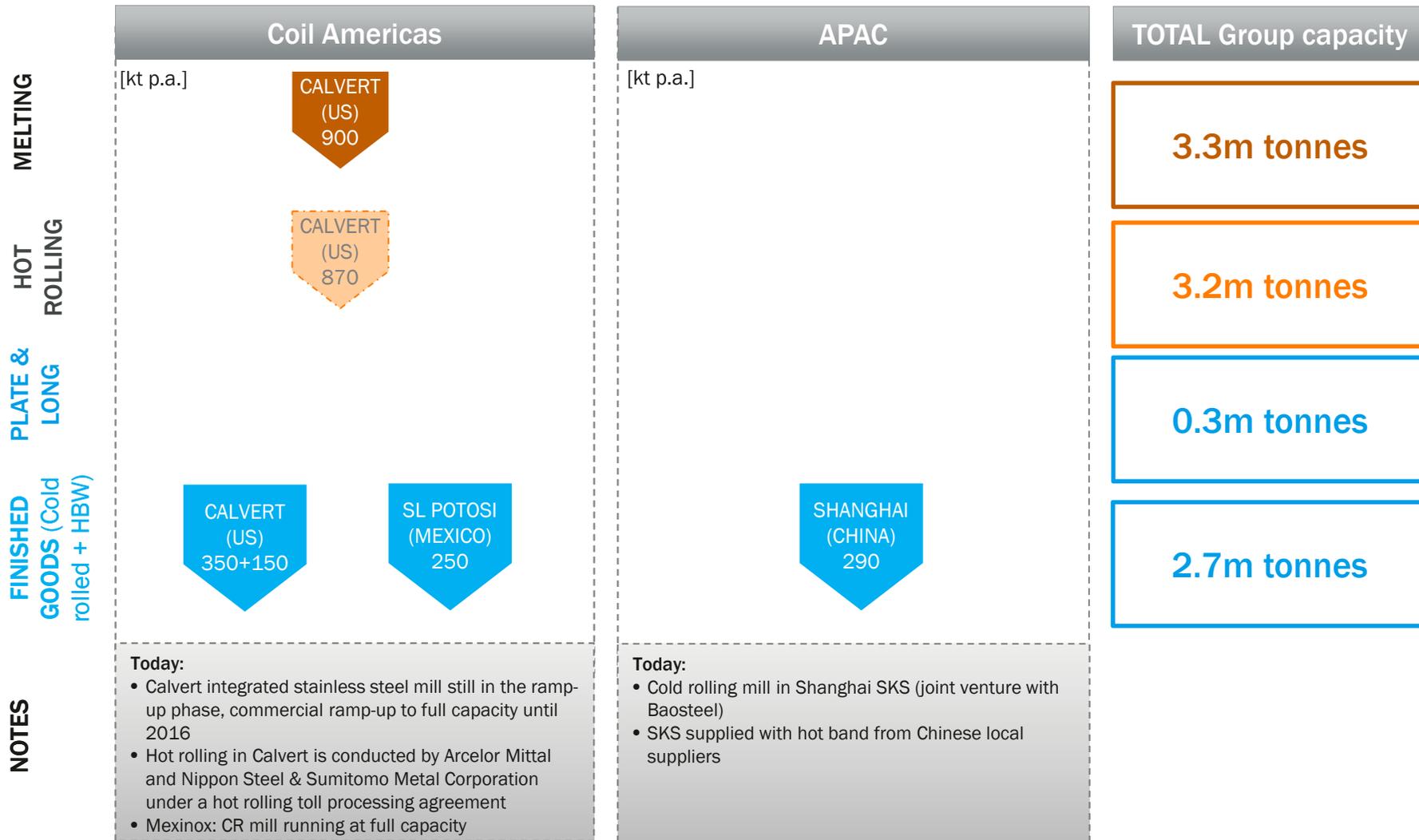


- 2014 reduction target of >700 jobs was delayed by approx. 1 quarter for various organizational and legal reasons → Expected to be back on track by latest mid-2015
- Overall target is to reduce global headcount by up to 3,500 between 2013–2017

Capacities and production flow following restructuring



Capacities and production flow ('to be' state)

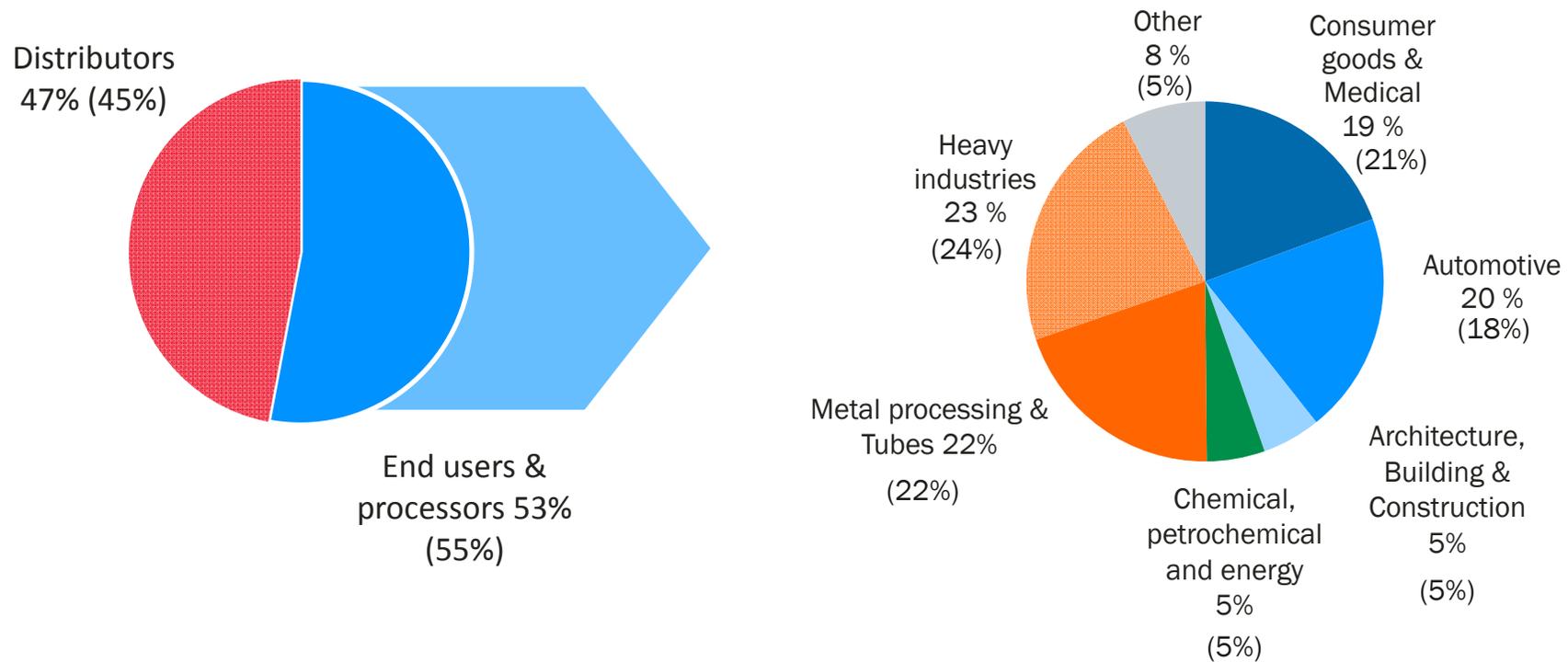


Balanced customer base across industries

Sales by customer segment ¹⁾

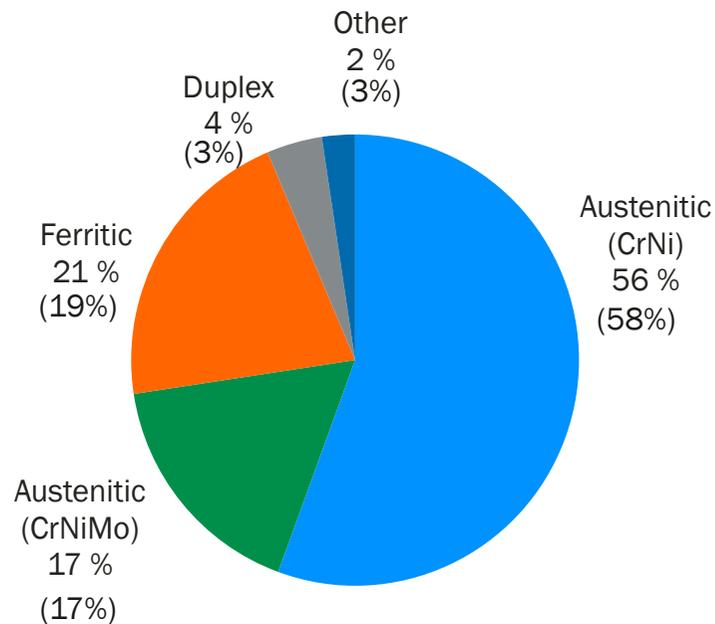
Sales by end-customer segment ¹⁾

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



Broadest product portfolio across stainless steel

Deliveries by product grade ¹⁾



- Outokumpu has a broad product portfolio to serve all customers
- Significantly higher share of ferritic grades leads into reduced sensitivity to nickel price volatility²⁾
- Outokumpu product mix closely resembles the overall market mix by grade

All product forms offered

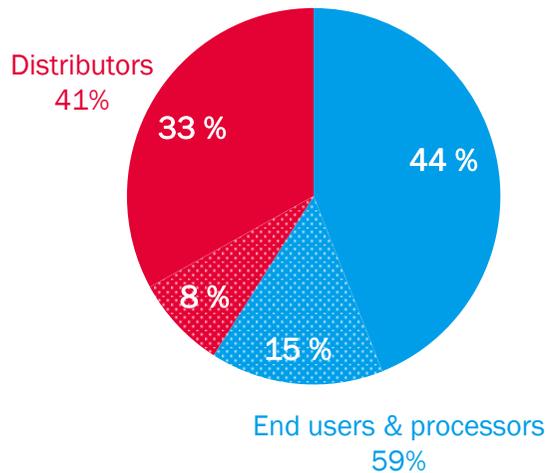


1) Management estimates FY 2014, for continuing operations. FY 2013 figures in parenthesis

2) Standalone Outokumpu had only a 5% share of ferritics vs. ~20% for the combined entity.

Balanced customer base and comprehensive service center network in Europe

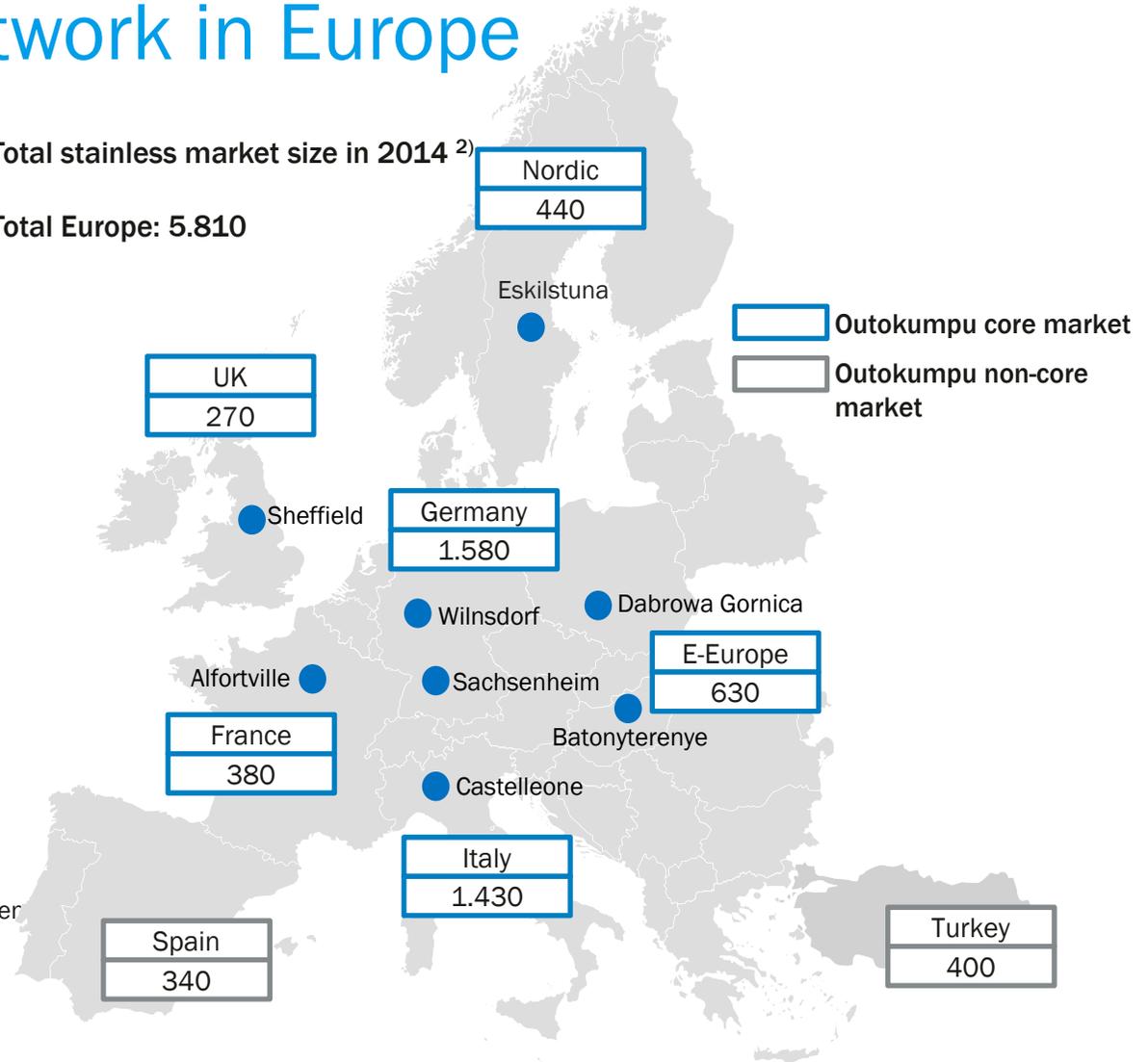
Coil EMEA sales by customer segment ¹⁾



- End users and processors direct sales
- End users and processors through internal service center
- Distributors through internal service centers
- Distributors direct sales

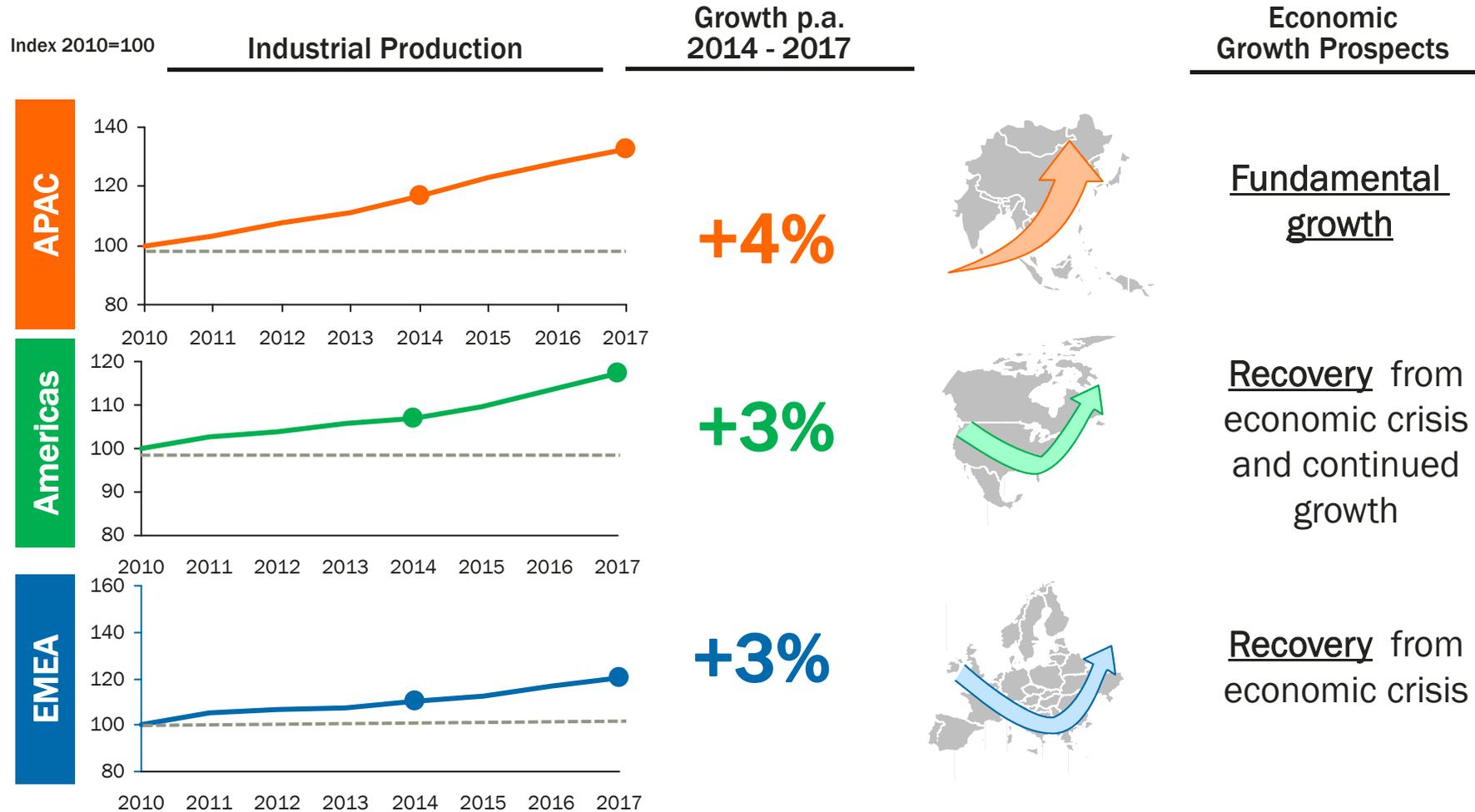
Total stainless market size in 2014 ²⁾

Total Europe: 5.810



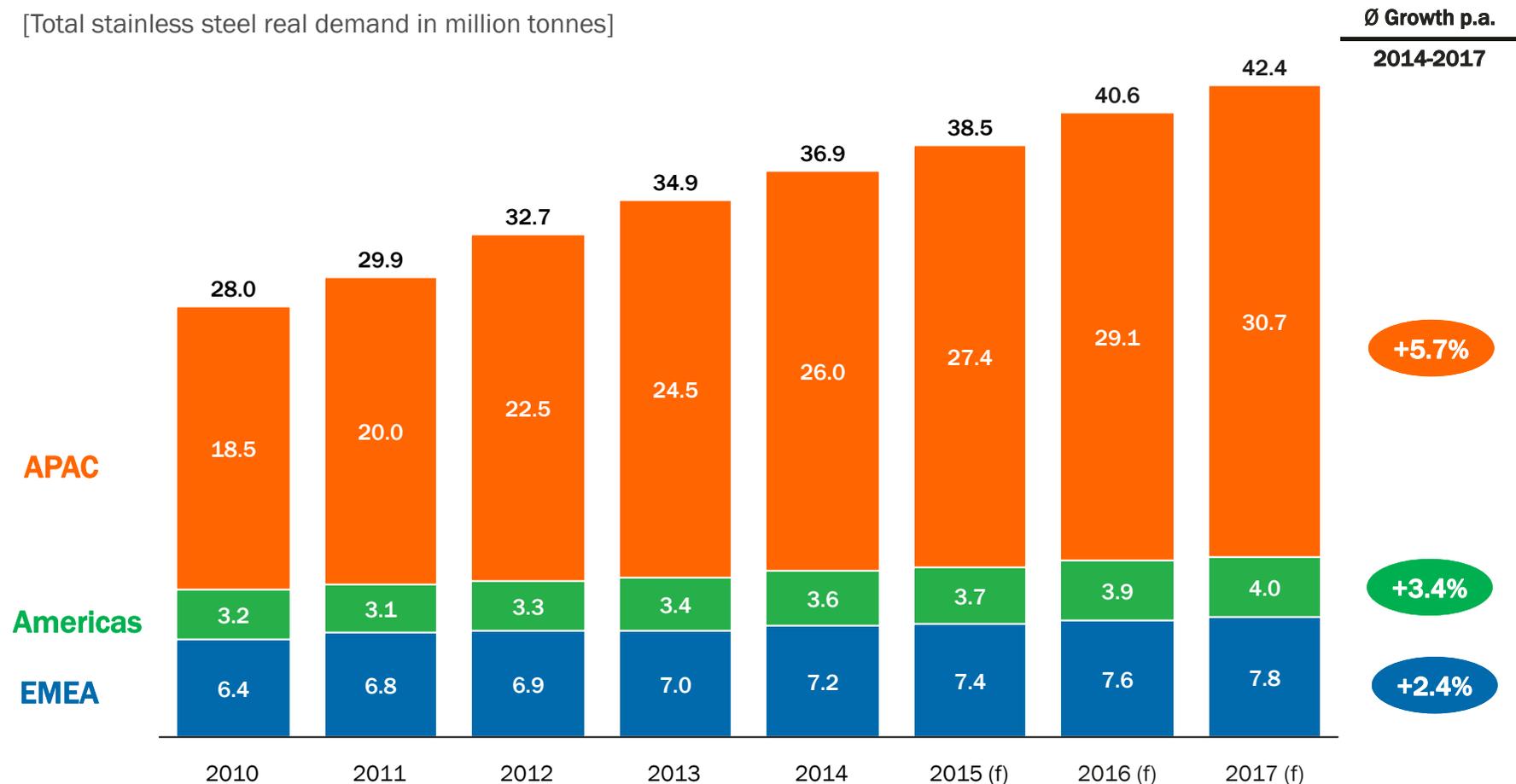
1) Coil EMEA sales 2014, for continuing operations.
 2) Source: SMR Real Demand December 2014. Total stainless = rolled & forged, excl. 13Cr tubes, profiles

Industrial production as the major driver for stainless growth...

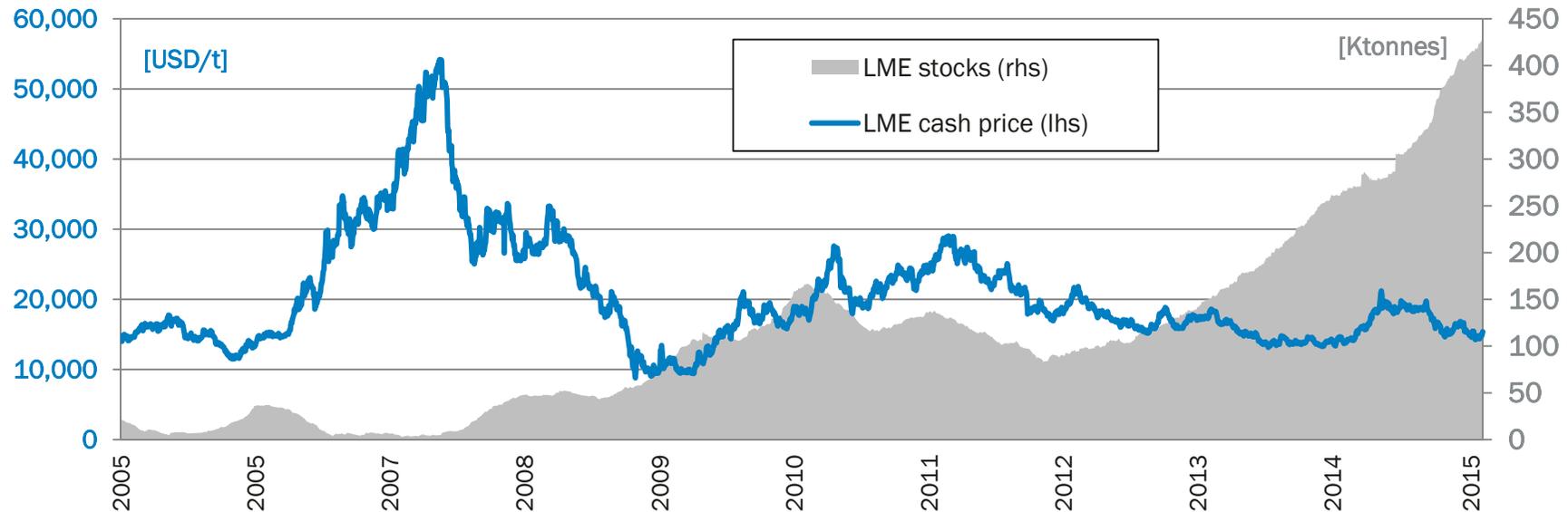


... leads to growing stainless consumption mainly in APAC, and to some extent in Americas and EMEA

[Total stainless steel real demand in million tonnes]

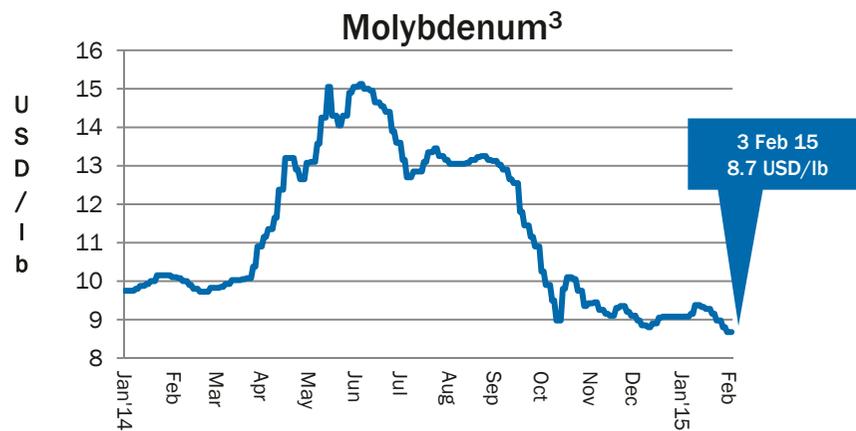
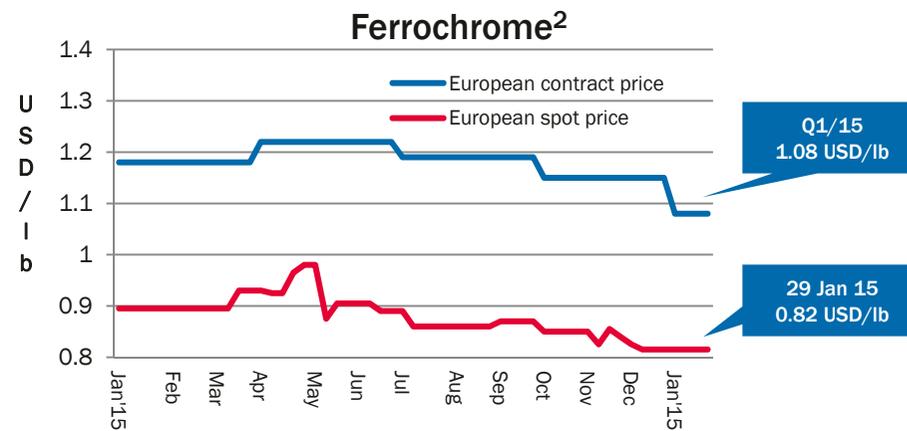
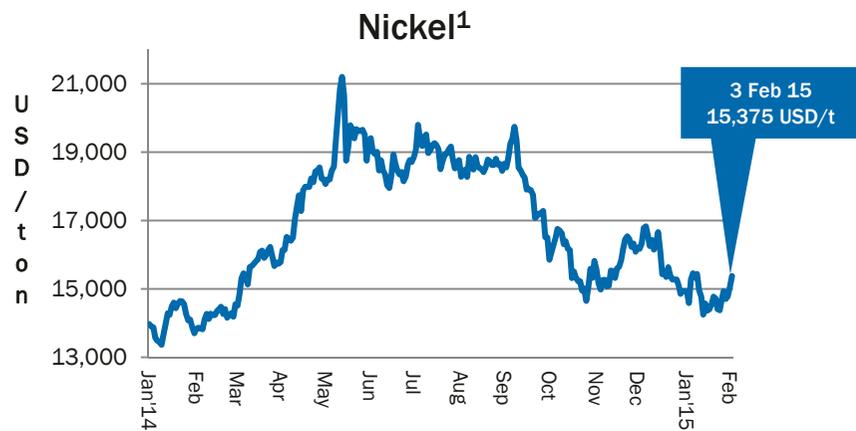


Nickel price development

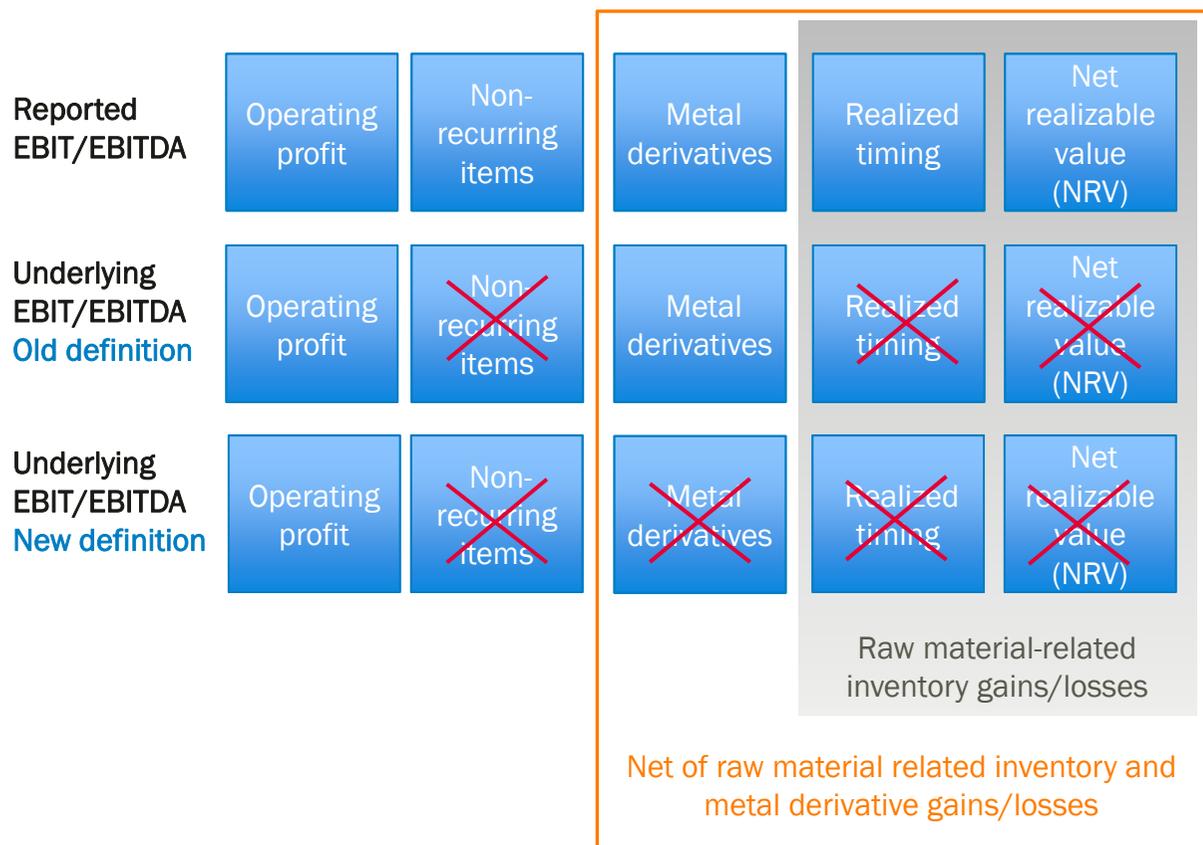


- Price was rallying during the first half of 2014, driven by the future concerns on the availability of laterite nickel ore in China, as a result of Indonesian ore export ban, and secondly by the strong demand from western stainless steel mills. Price hit the highest level of the year of 21,200 USD/tonne in mid-May.
- Starting from September, price mainly retreated during the rest of the year, as the short-term fundamentals were weakening and the outlook for commodities broadly was deteriorating as a result of slowing economic growth, strengthening US dollar and plummeting oil prices. The average price of the year of 16,864 USD/tonne, was 12% higher than 15,012 USD/tonne in 2013.
- LME stocks still close to all-time highs, and up 58% in 2014, though much of the increase relates to exports from bonded warehouses in China to the LME – effectively a shift from invisible to visible stocks.

Raw materials - price development



Change in the definition of underlying profitability from Q1/14 onwards

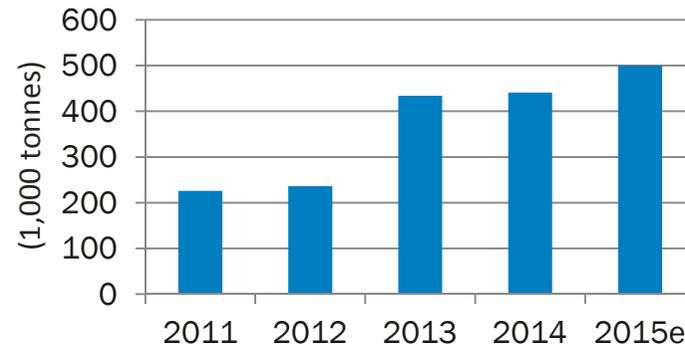


- Change in underlying definition following the change in Outokumpu's metal hedging policy in the beginning of 2014
- New: Deduction of metal derivative result in underlying
- Historical figures are not adjusted because change in hedging policy took place in the beginning of 2014
- Net impact of raw material-related inventory and metal derivative gains/losses:
 Q1/14: EUR -3 million
 Q2/14: EUR 3 million
 Q3/14: EUR 31 million
 Q4/14: EUR 0 million

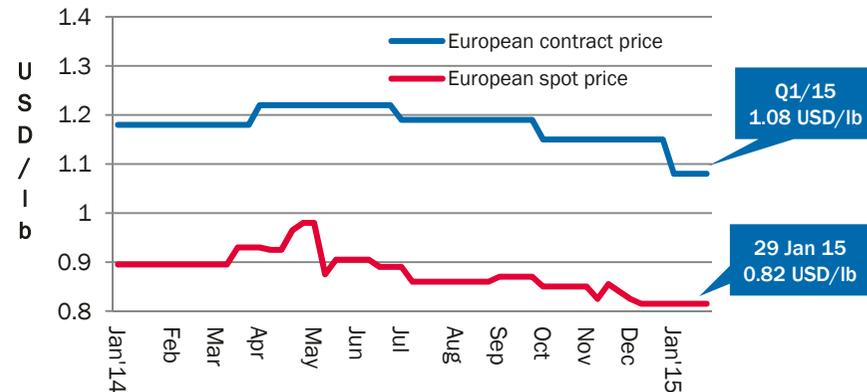
Ramp-up of the Ferrochrome business completed

- Unique low cost position as Europe's only ferrochrome producer with access to the only known chromite reserves in the EU – the Kemi mine ¹⁾.
- The ramp-up of new capacity completed:
 - Production of 441 kt in 2014
 - Annual production range between 500-530 kt going forward
 - 2015 production target 500 kt

Outokumpu ferrochrome production



Ferrochrome price²⁾ development



1) The proved chrome ore reserves at Kemi amount to 50 million tonnes, enabling long term operations.
 2) Contract - MetalBulletin - Ferro-chrome Lumpy CR charge basis 52% & Cr quarterly major European destinations Cr ; Spot: Platts Charge Chrome 52% DDP Europe

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