

Q3 2018 results

CEO Roeland Baan
CFO Chris de la Camp

October 26, 2018

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.

Speakers



Roeland Baan
President & CEO



Chris de la Camp
CFO



Tommi Järvenpää
Vice President, Investor Relations

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

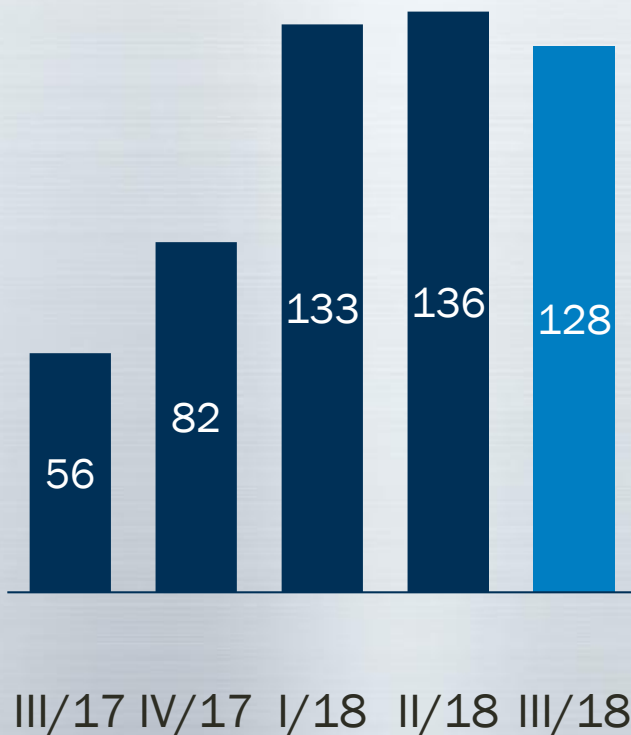
1. Customers
2. Shareholders
3. Employees

Time bound:
sense of urgency

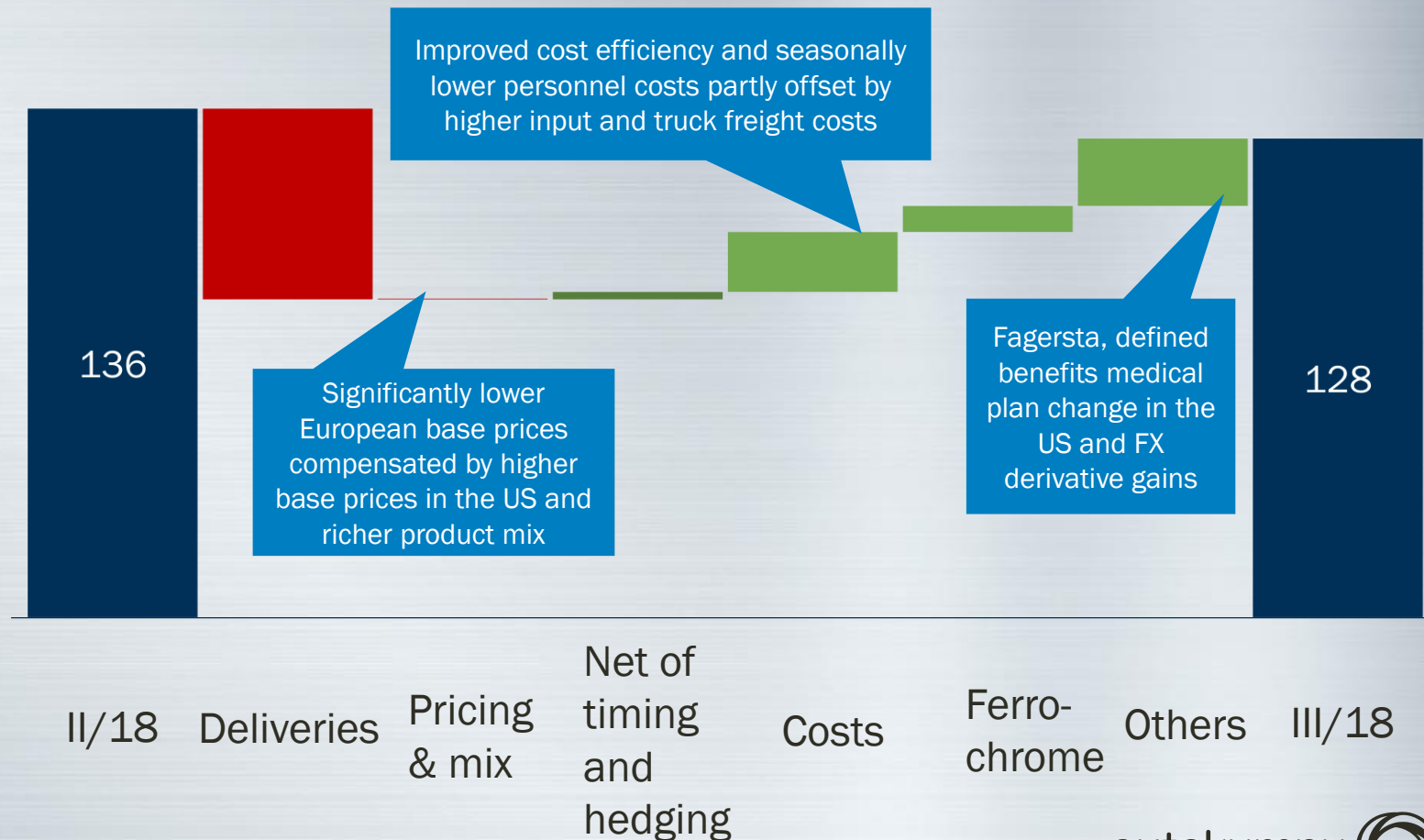
Back to basics

Solid performance despite continued market uncertainties

Group adjusted EBITDA, EUR million

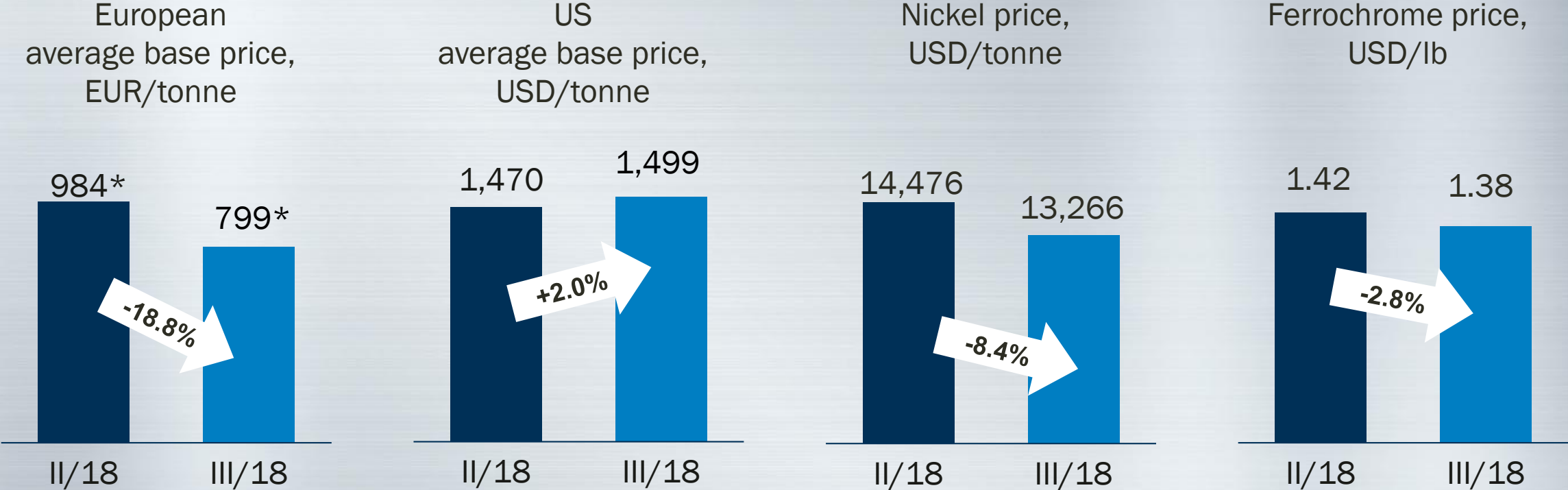


Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



1) Indicative columns based on management estimates

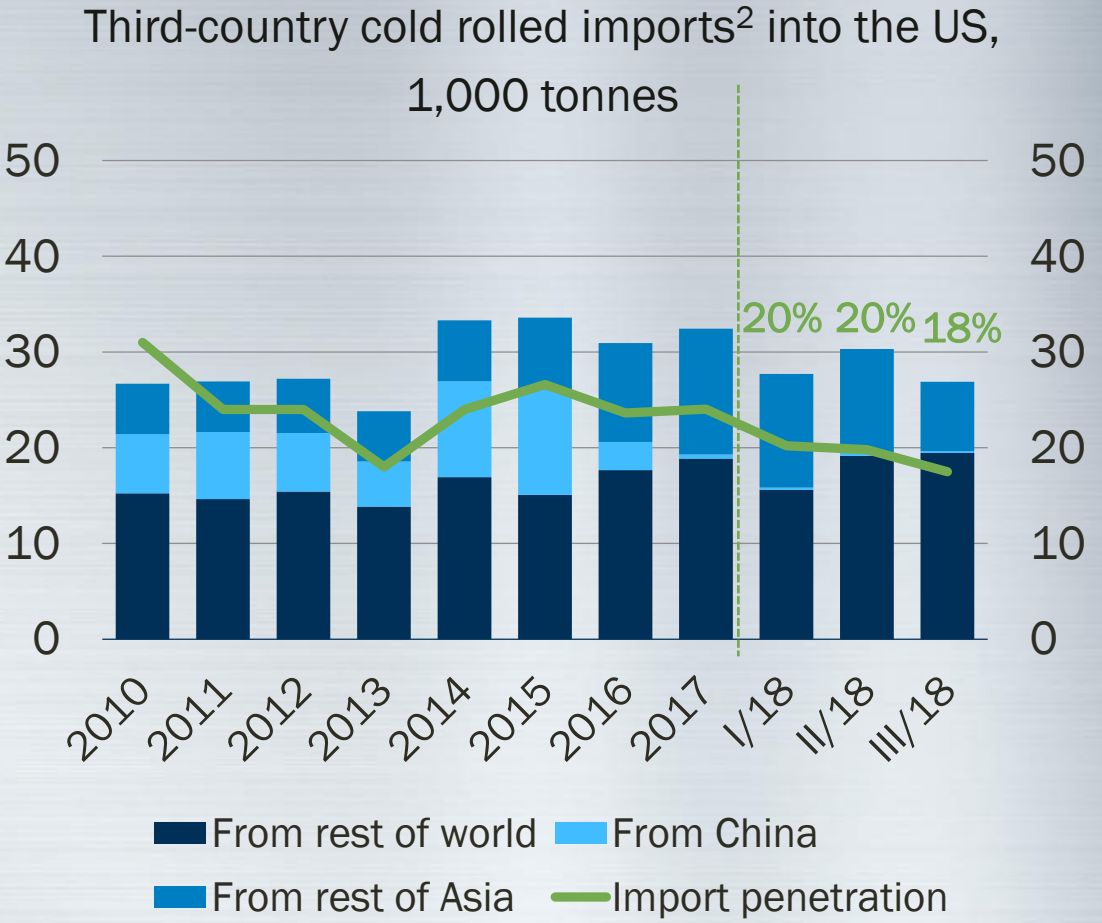
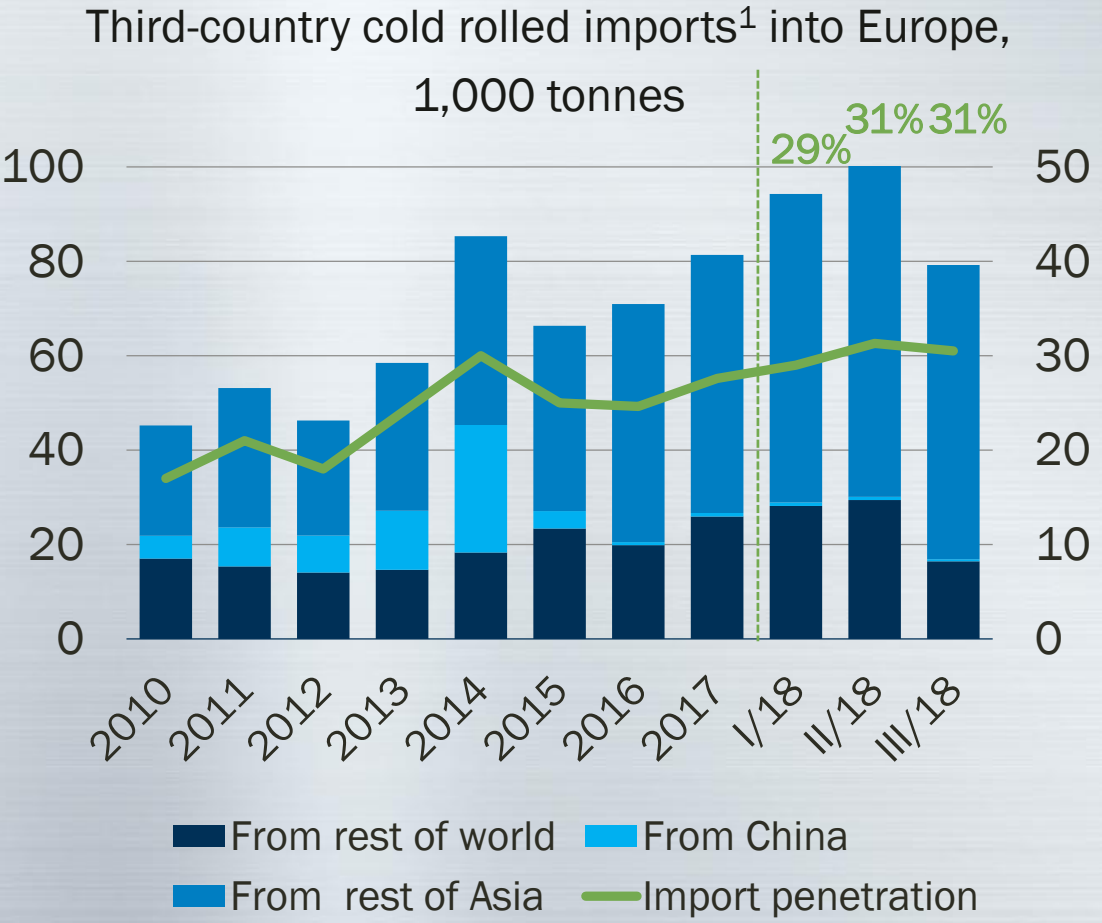
Historically low European base prices



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



Import pressure continues in Europe



1. Cold rolled, monthly average. Source: Eurofer, October 2018 (Q3'18 based on July actual & August forecast)
 2. Cold rolled, monthly average. Source: Foreign Trade Statistics, American Iron & Steel Institute, Aug 2018 (Q3'18 based on Jul - Aug actual figures & Sep forecast)



Impact of European safeguards is expected to materialize next year

European base prices¹ (Germany)*, EUR/tonne



US base prices¹, USD/tonne



Transaction prices 304 stainless, USD/tonne



1. 2mm sheet cold rolled 304 grade. CRU October 2018

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

Group key financials and financial targets 2020

Key figures	III/18	III/17	II/18
Stainless steel deliveries, 1,000 tonnes	582	623	668
Sales, EUR million	1,733	1,480	1,883
Adjusted EBITDA, EUR million	128	56	136
Net result, EUR million	29	-27	25
Earnings per share, EUR	0.07	-0.07	0.06
Operating cash flow, EUR million	61	126	71
Net debt, EUR million	1,205	1,130	1,211
Gearing	44.5	44.4	45.1
Capital expenditure, EUR million	56	40	63
Return on capital employed, ROCE	6.9	12.4	5.5
Personnel at the end of the period	10,459	10,276	10,419

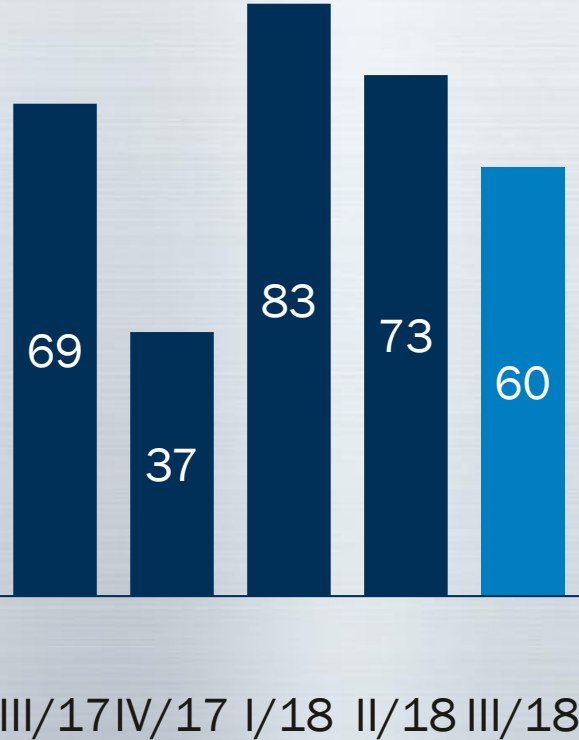
Adjusted EBITDA
EUR 750 million

ROCE
12%

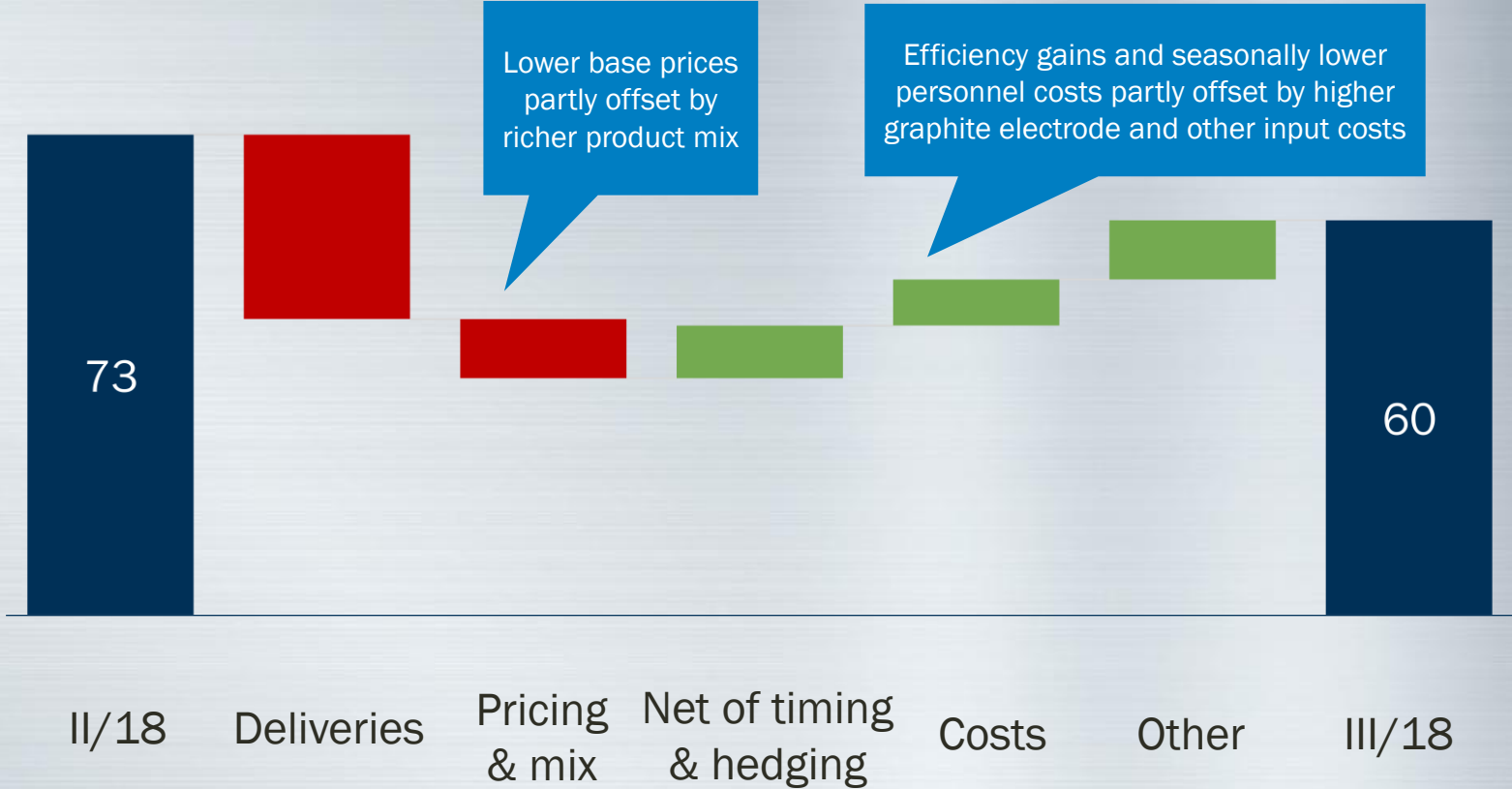
Gearing
<35%

Europe – profitability supported by richer product mix

Adjusted EBITDA, EUR million



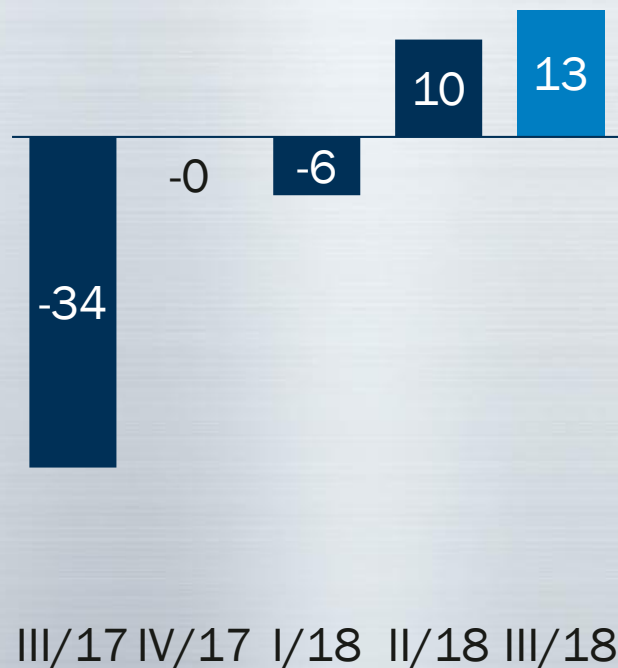
Adj. EBITDA quarter-on-quarter comparison¹, EUR million



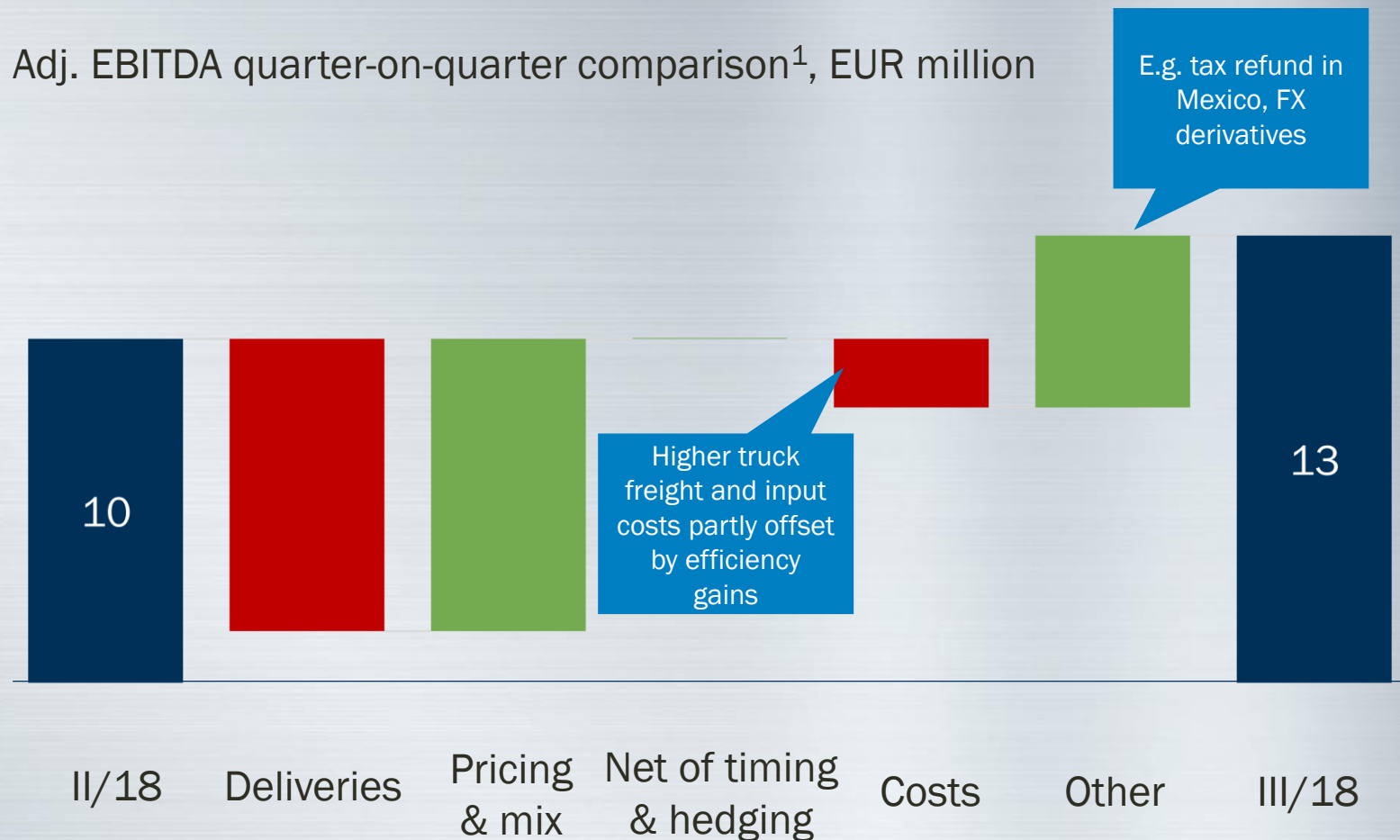
1) Indicative columns based on management estimates

Americas – higher base prices offset by increased destocking

Adjusted EBITDA, EUR million



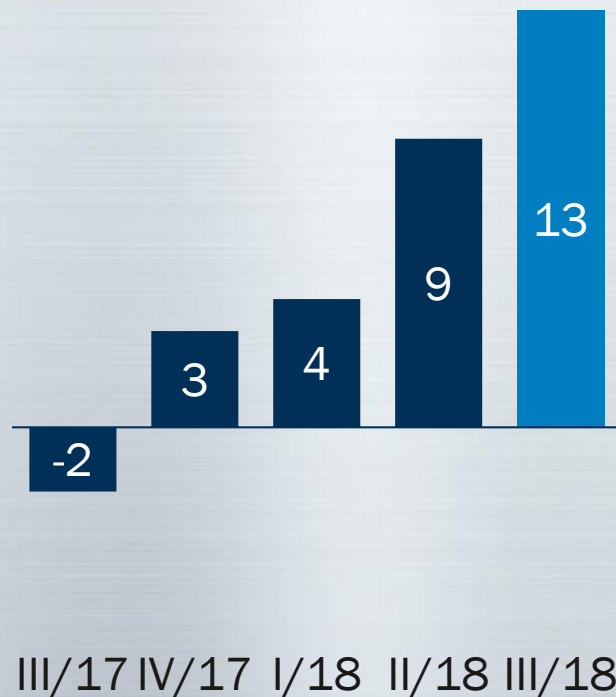
Adj. EBITDA quarter-on-quarter comparison¹, EUR million



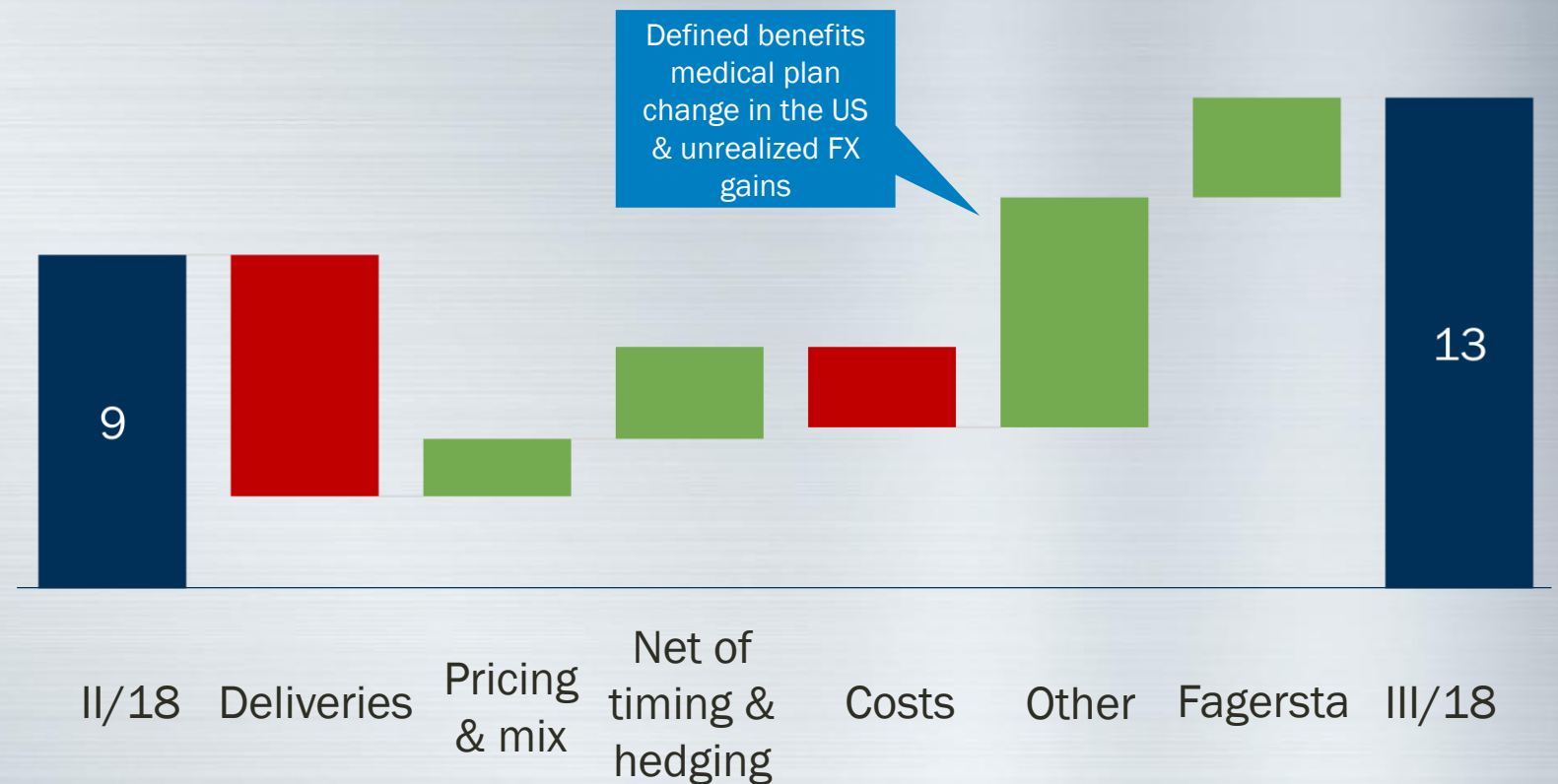
1) Indicative columns based on management estimates

Successful Fagersta acquisition reflected in Long Products' result

Adjusted EBITDA, EUR million



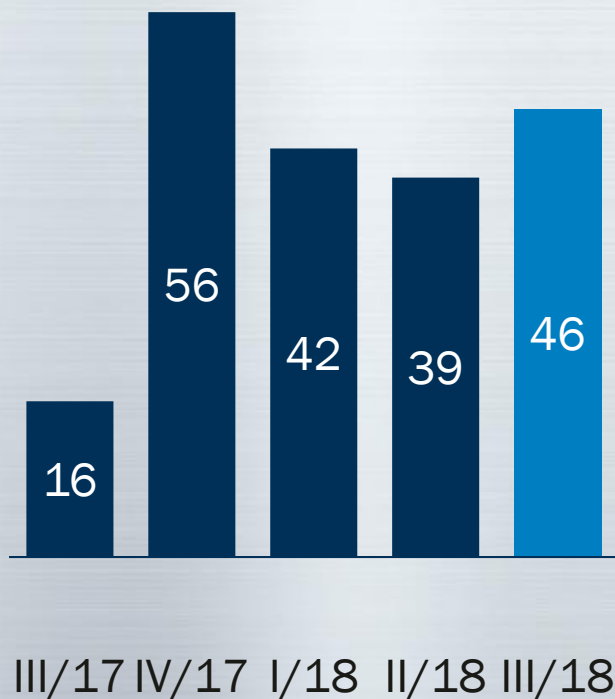
Adj. EBITDA quarter-on-quarter comparison¹, EUR million



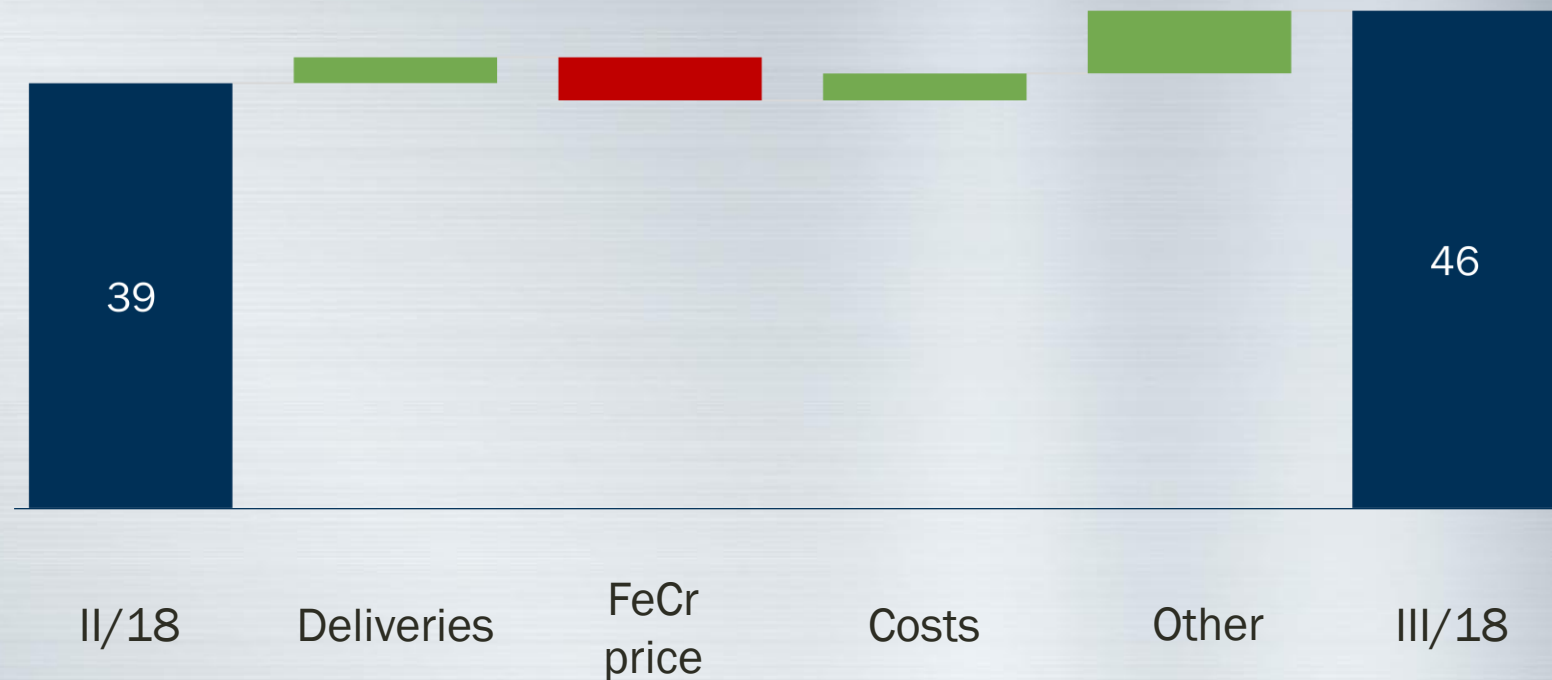
1) Indicative columns based on management estimates

Ferrochrome – solid operations continued

Adjusted EBITDA, EUR million



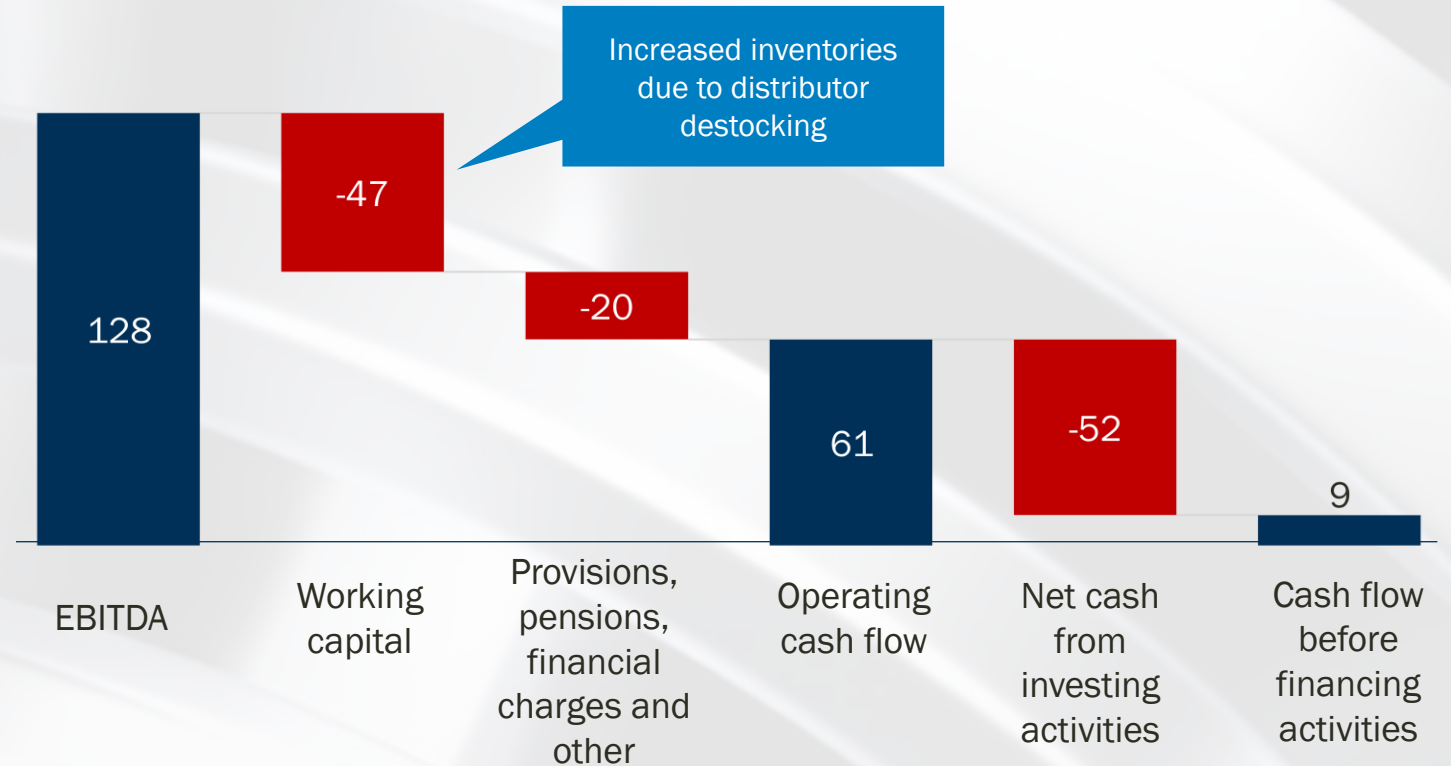
Adj. EBITDA quarter-on-quarter comparison¹, EUR million



1) Indicative columns based on management estimates

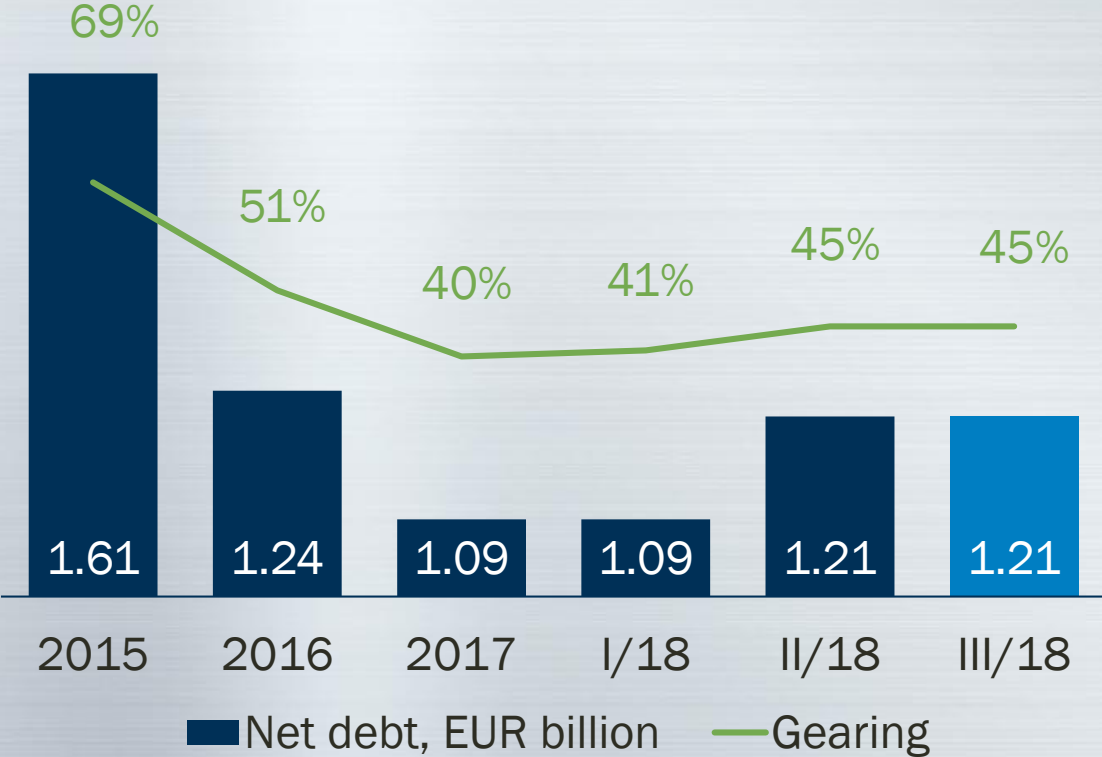
Cash flow negatively impacted by increase in net working capital

Cash flow, EUR million



Net debt remained stable, leverage down

Net debt and gearing



Net debt/LTM adjusted EBITDA



Outlook for Q4 2018

- Typical Q4 pattern with seasonal market slowdown and annual maintenance work in BA Europe
- Deliveries expected to remain at Q3 level in BA Europe whereas decline expected in the Americas
- Negative impact from USD 0.14/lb lower ferrochrome contract price
- Substantial raw material-related inventory and metal derivative losses expected

Adjusted EBITDA expected to be at a similar level to Q4/17 (EUR 82 million)

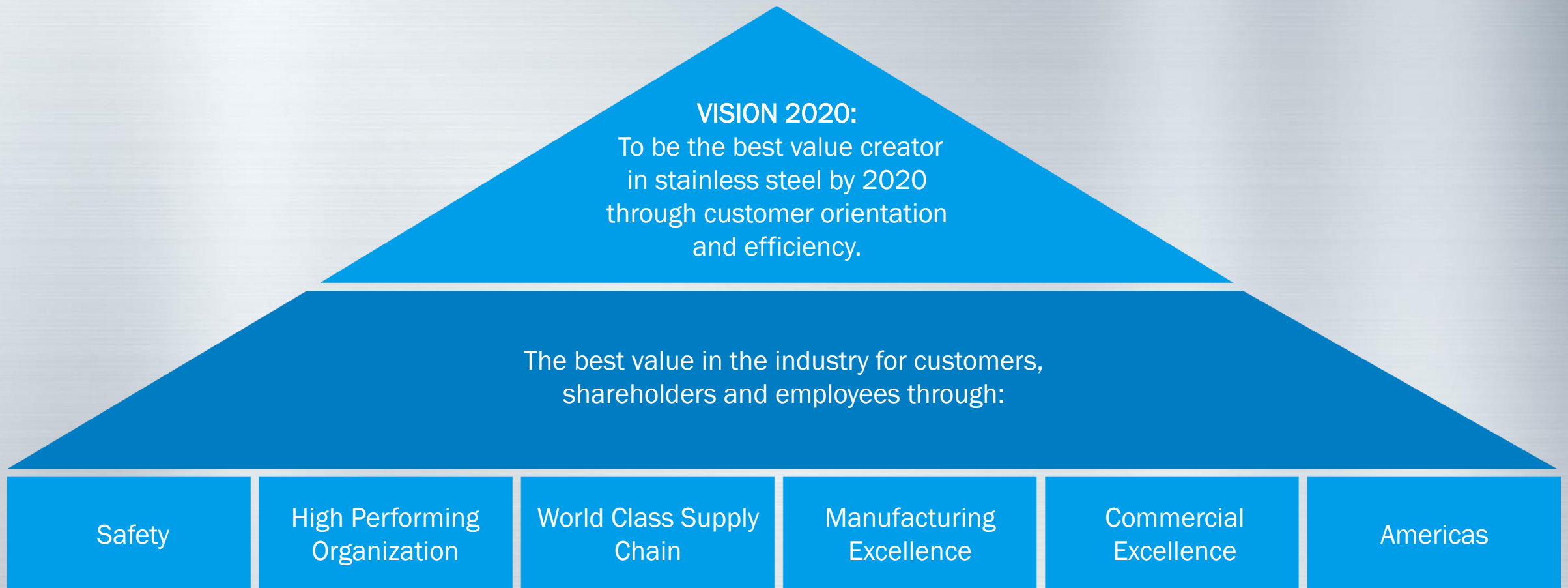
Outokumpu CMD 2018

Outokumpu will host
a Capital Markets Day
on November 20, 2018.



Appendix

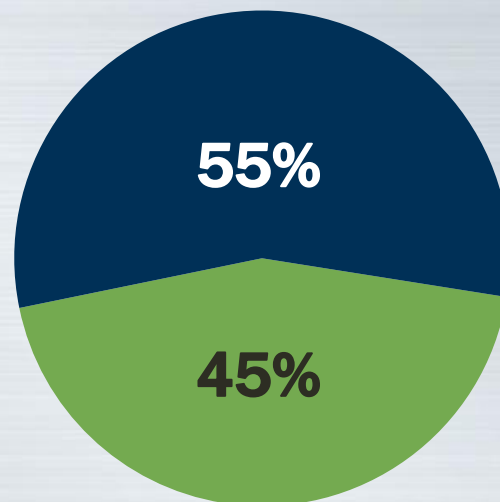
Creating value through our must-win battles



Topline growth and cost reductions will deliver EBITDA of EUR 750 million

TOP LINE GROWTH

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



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

COST REDUCTION

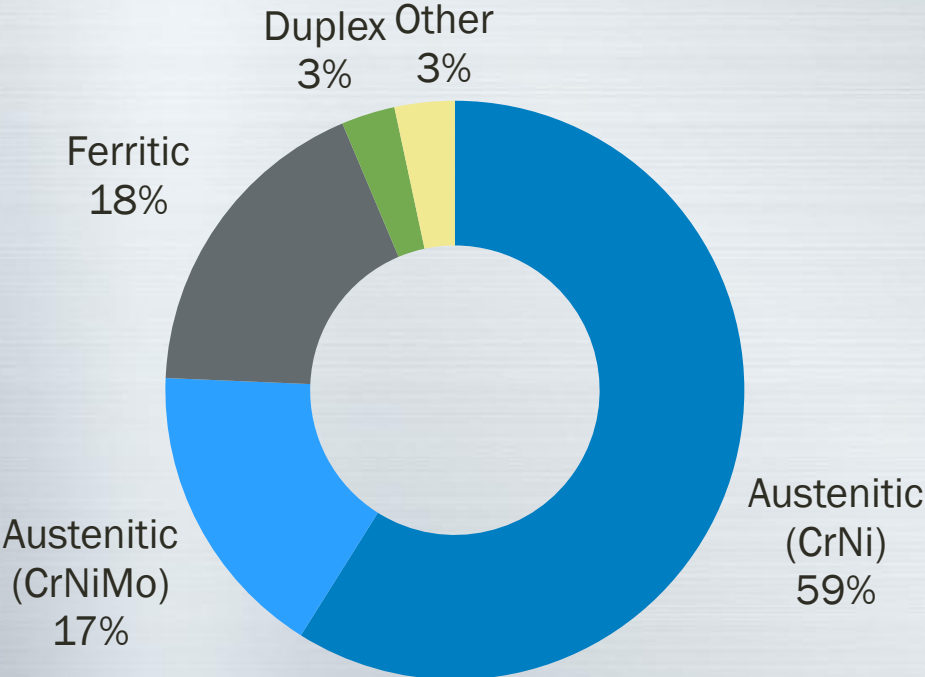
Baseline: adjusted EBITDA of EUR 165 million in 2015. Target: EBITDA of EUR 750 million in 2020.

Fully integrated production asset base

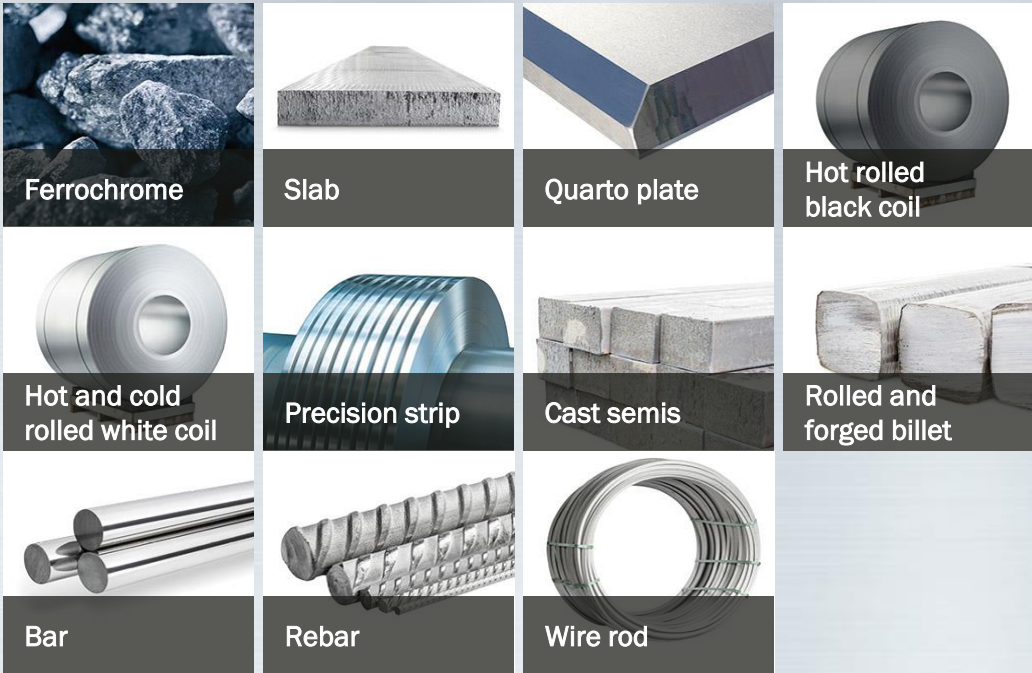
	Europe				Americas		Long Products				Total
1,000 tonnes	Tornio Finland	Avesta + Nyby Sweden	Krefeld + Dillenburg Germany	Degerfors Sweden	Calvert USA	Mexinox Mexico	Sheffield UK	Richburg USA	Degerfors Sweden	Fagersta Sweden	
Melting	1,450	450			900		450				3,250
Hot rolling	1,450	900			870						3,220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

Broadest product portfolio globally

Deliveries by product grade in 2017



Outokumpu product forms

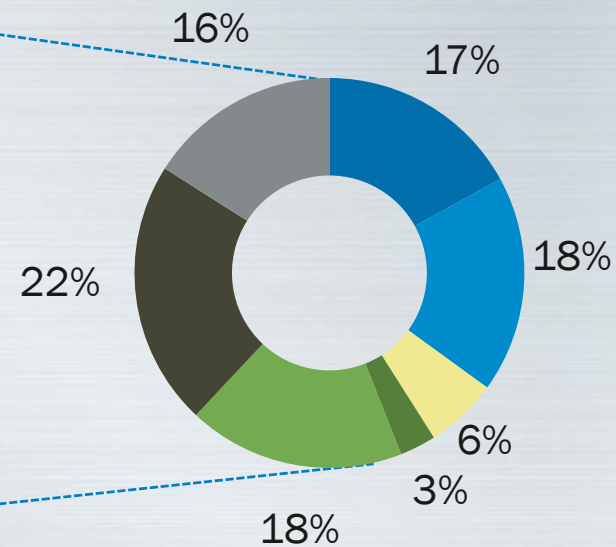
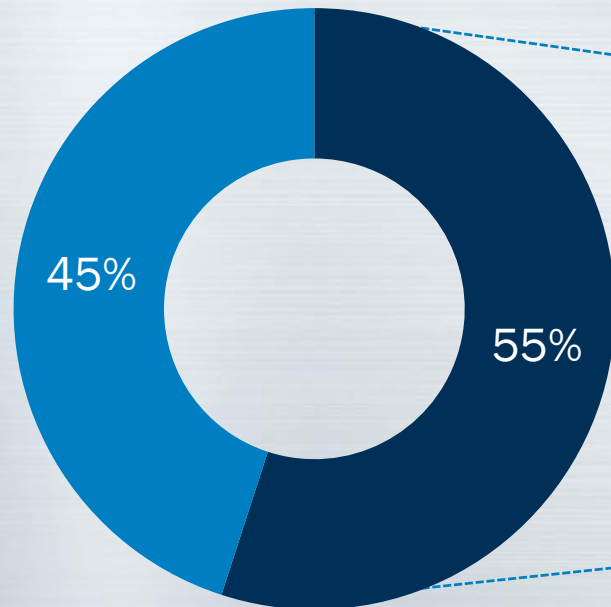


We focus on growth segments

Consumer goods, automotive, architecture, building and construction

Distributors

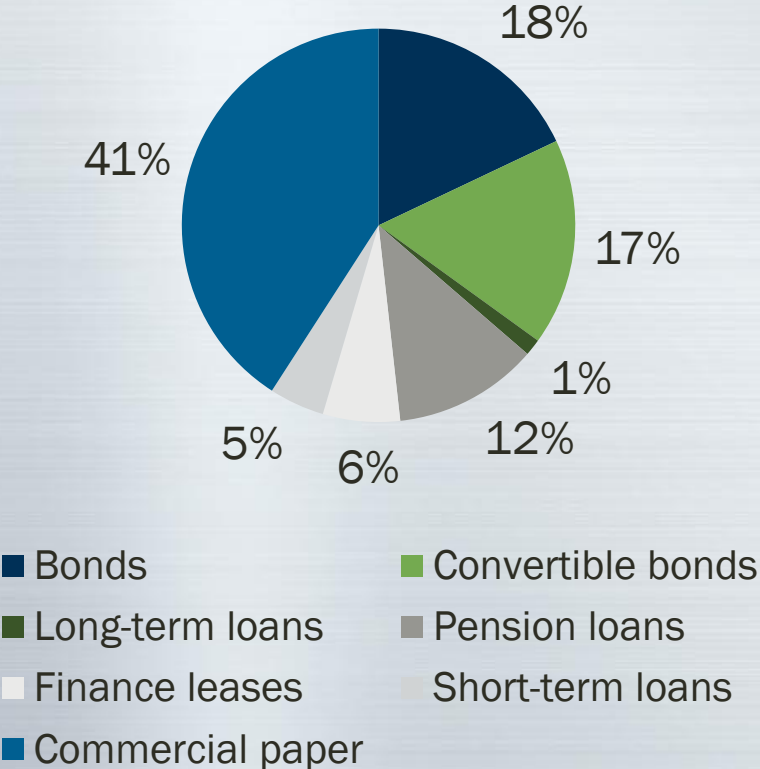
End-customers



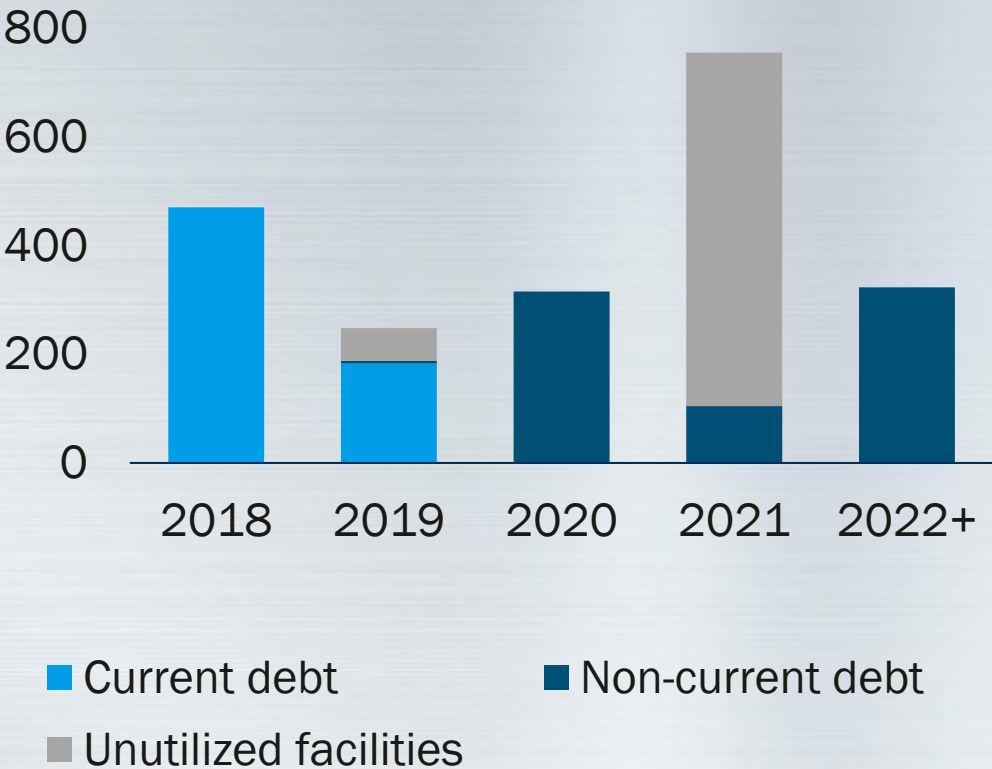
- Consumer goods & medical
- Automotive
- Architecture, building & construction
- Chemical, petrochem. and energy
- Metal processing & tubes
- Heavy industries
- Other

Debt structure and maturity profile

Debt structure*, %

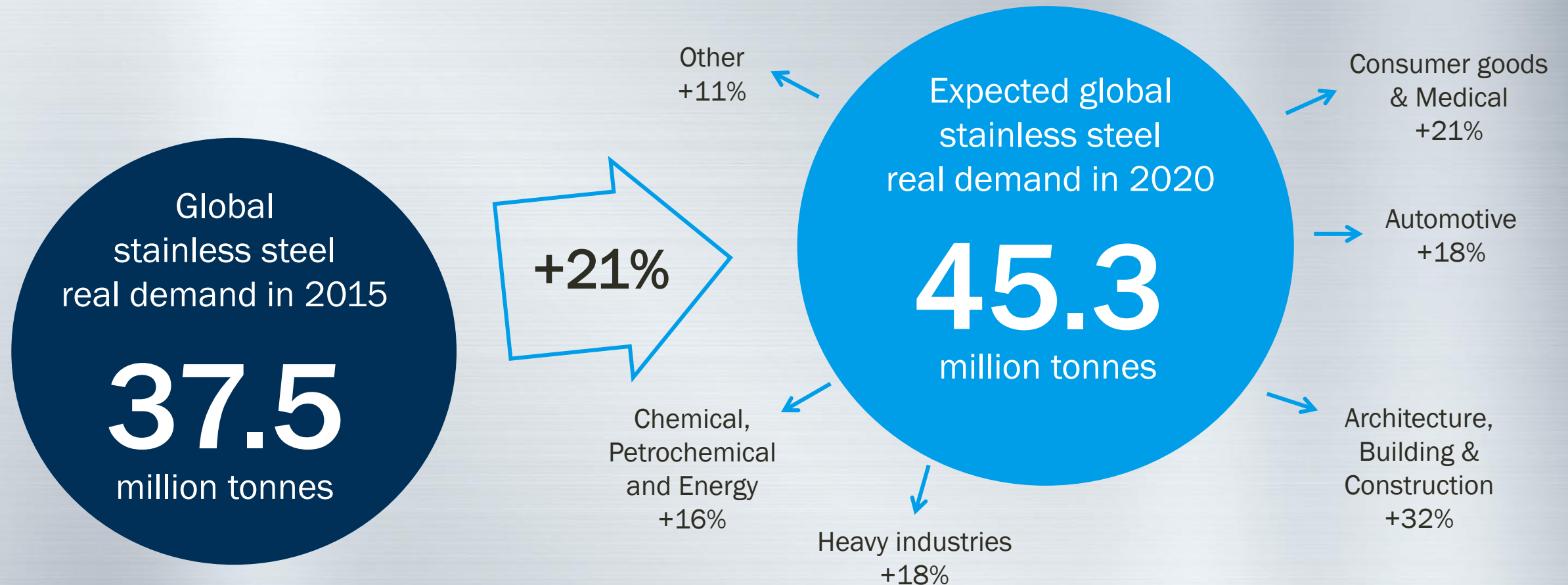


Debt maturity profile, EUR million

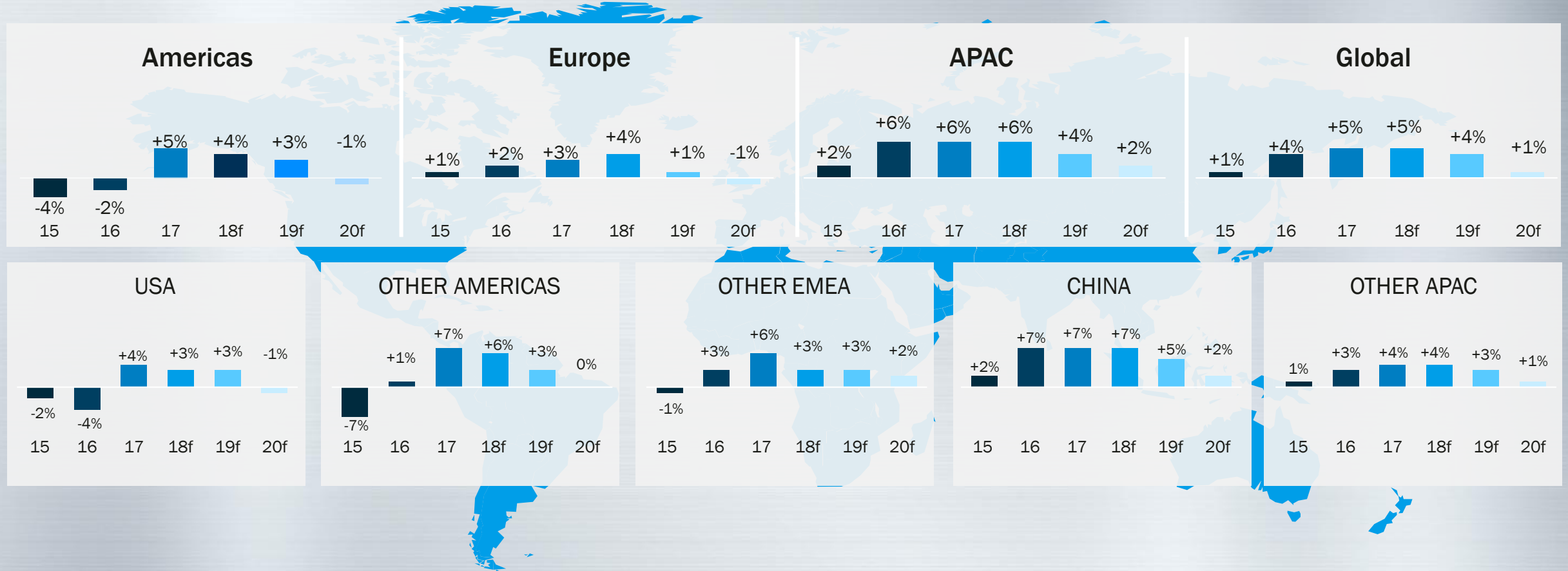


* September 30, 2018

Stainless steel demand continues to grow



6% demand growth expected for 2018



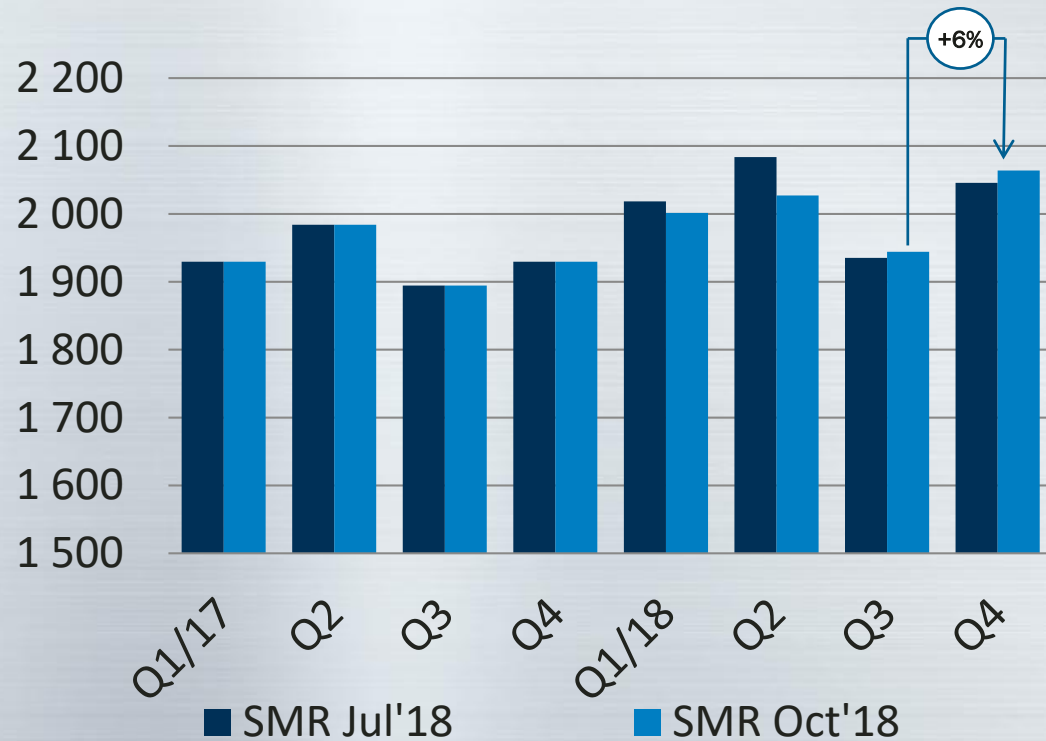
Data source: SMR, October 2018

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

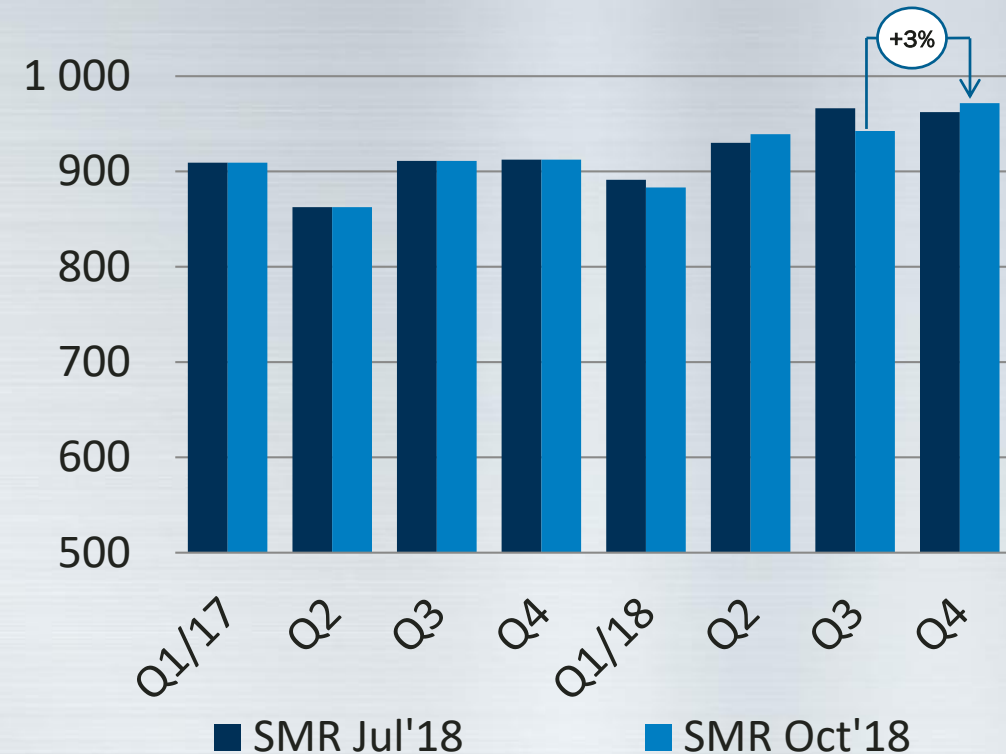


Demand down in Q3 in Europe in line with typical seasonality, in Americas growth of 4% from Q2

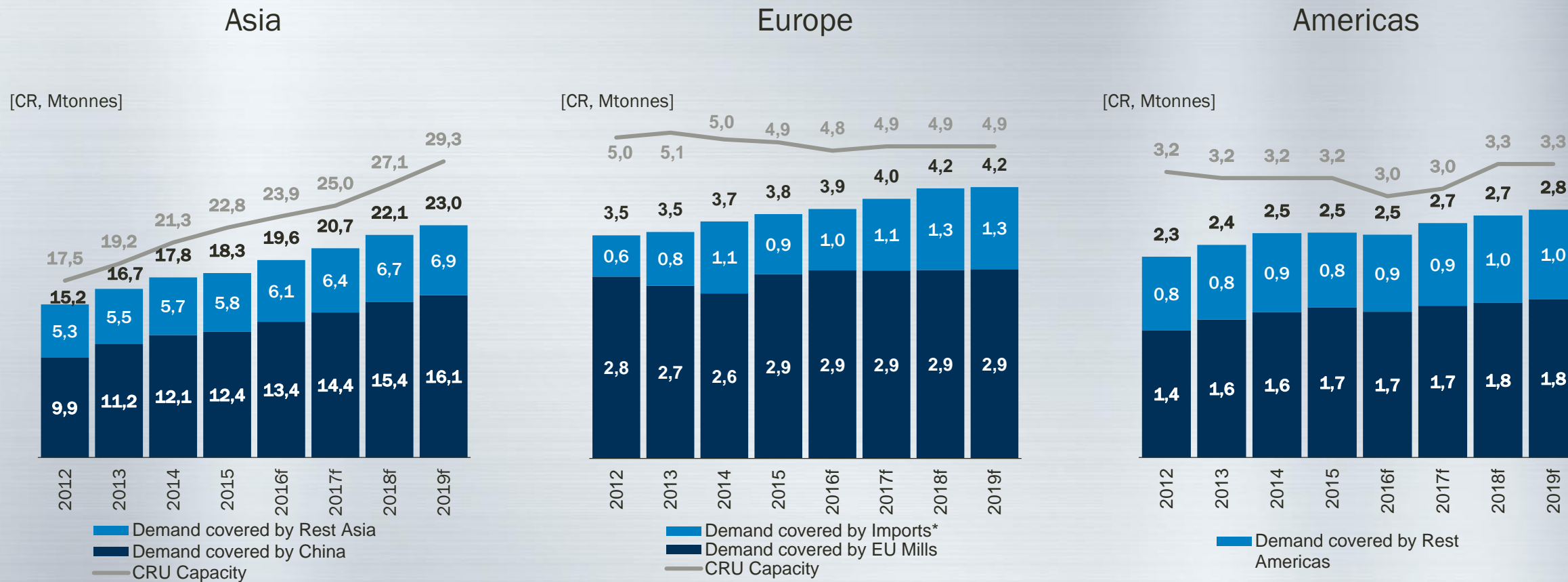
EMEA total stainless steel real demand¹



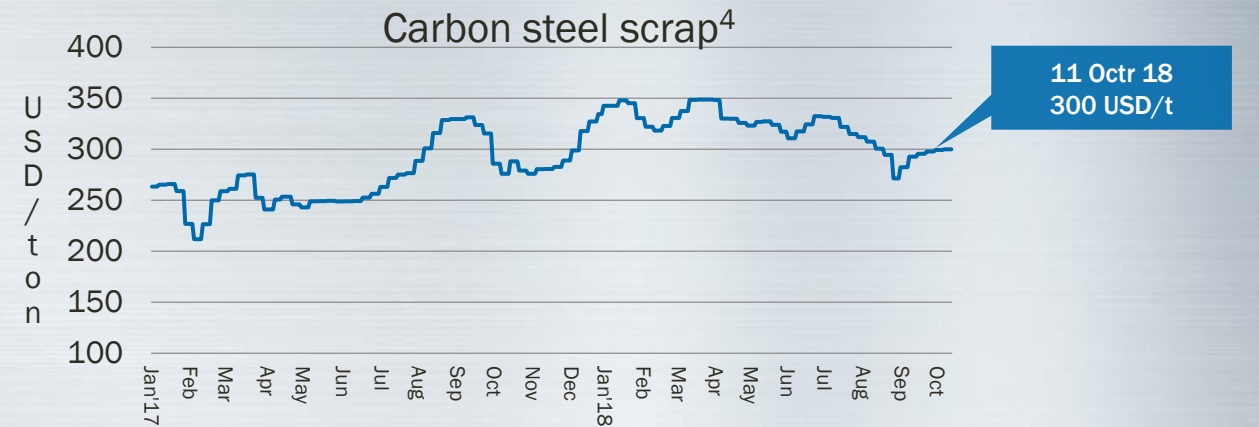
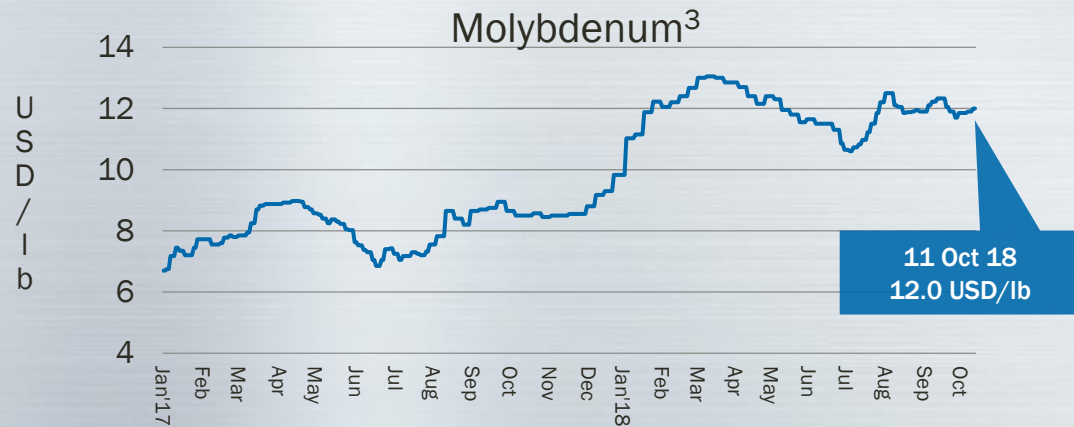
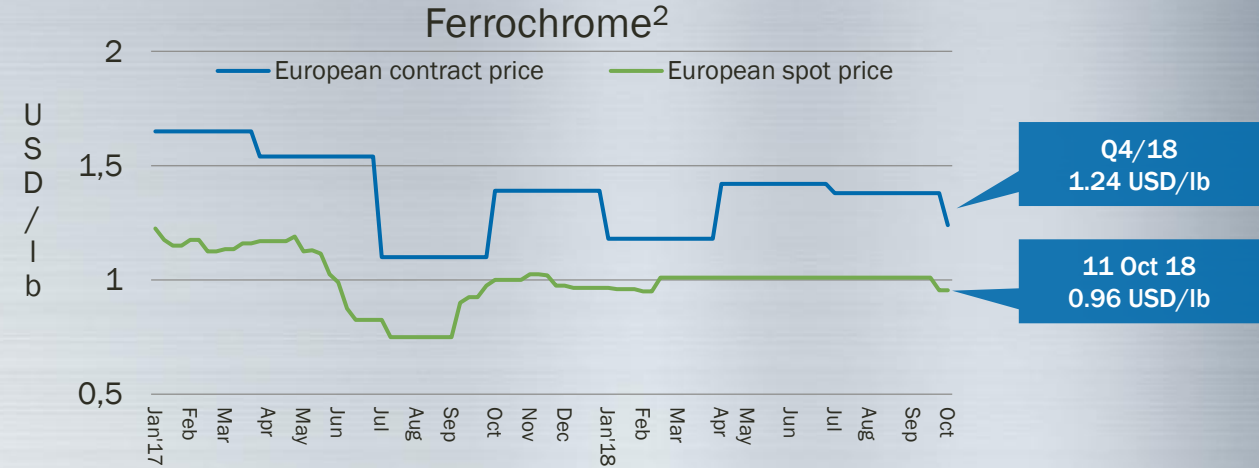
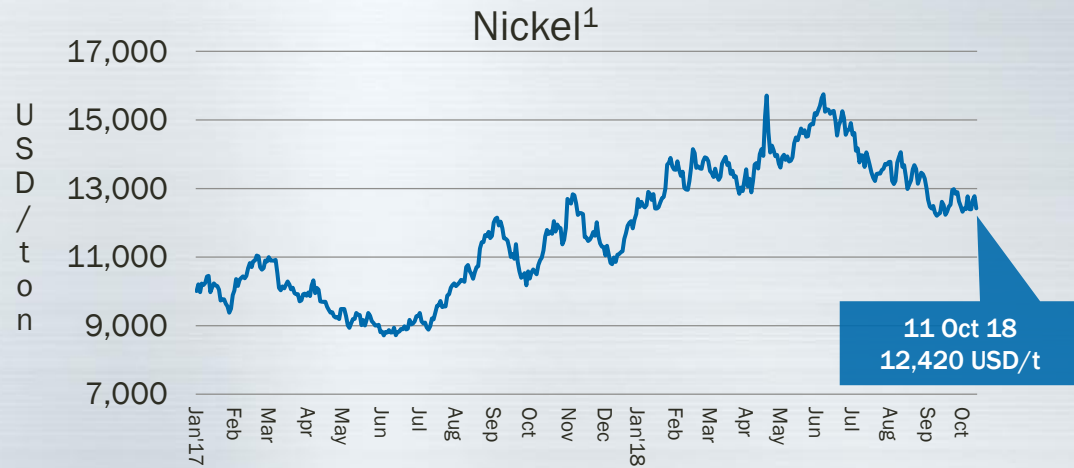
Americas total stainless steel real demand¹



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



Raw materials - price development



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

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

Tommi Järvenpää

Vice President – Investor Relations

Phone +358 9 421 3466

Mobile +358 40 576 0288

E-mail: tommi.jarvenpaa@outokumpu.com

Aki Vesikallio

Investor Relations Manager

Mobile: +358 50 544 8925

E-mail: aki.vesikallio@outokumpu.com

Päivi Laajaranta

Executive Assistant

Phone +358 9 421 4070

Mobile +358 400 607 424

E-mail: paivi.laajaranta@outokumpu.com

