

Q4 2019 results

CEO Roeland Baan
CFO Pia Aaltonen-Forsell

February 5, 2020

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Speakers



Roeland Baan
President & CEO



Pia Aaltonen-Forsell
CFO



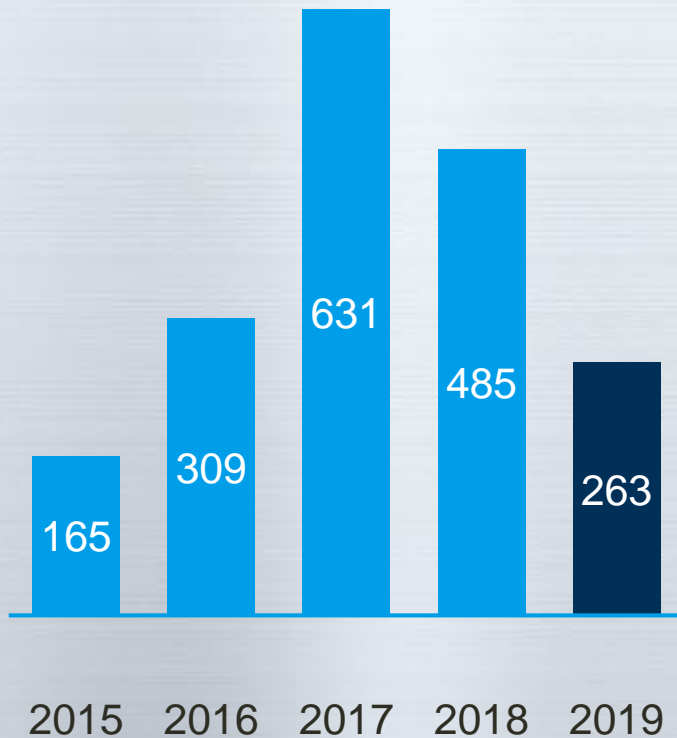
Reeta Kaukiainen
EVP, Communications & IR

OUR VISION

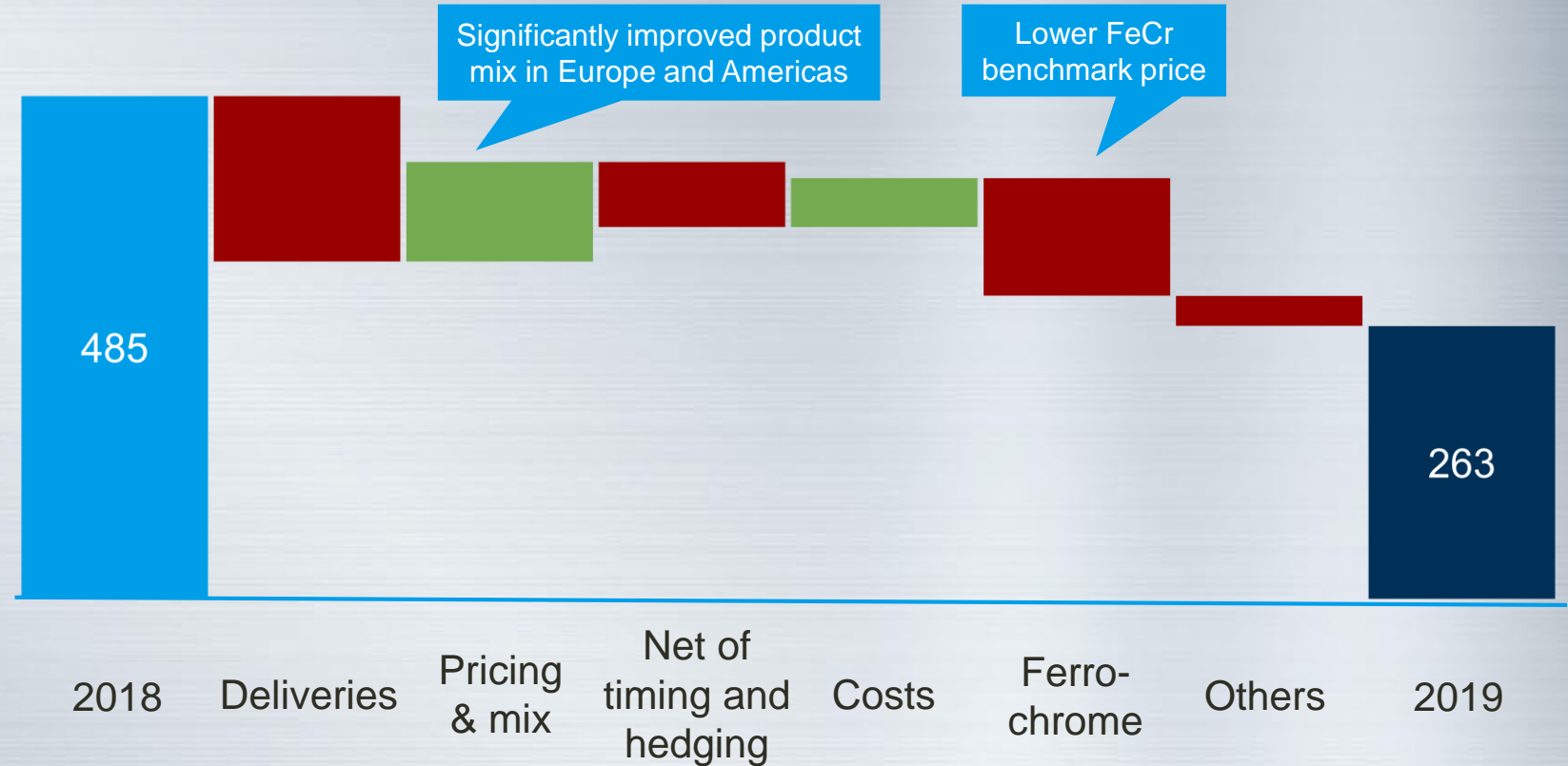
**Best value creator
in stainless steel
by 2020 through
customer orientation
and efficiency**

Profitability influenced by weak market and low demand

Group adjusted EBITDA, EUR million



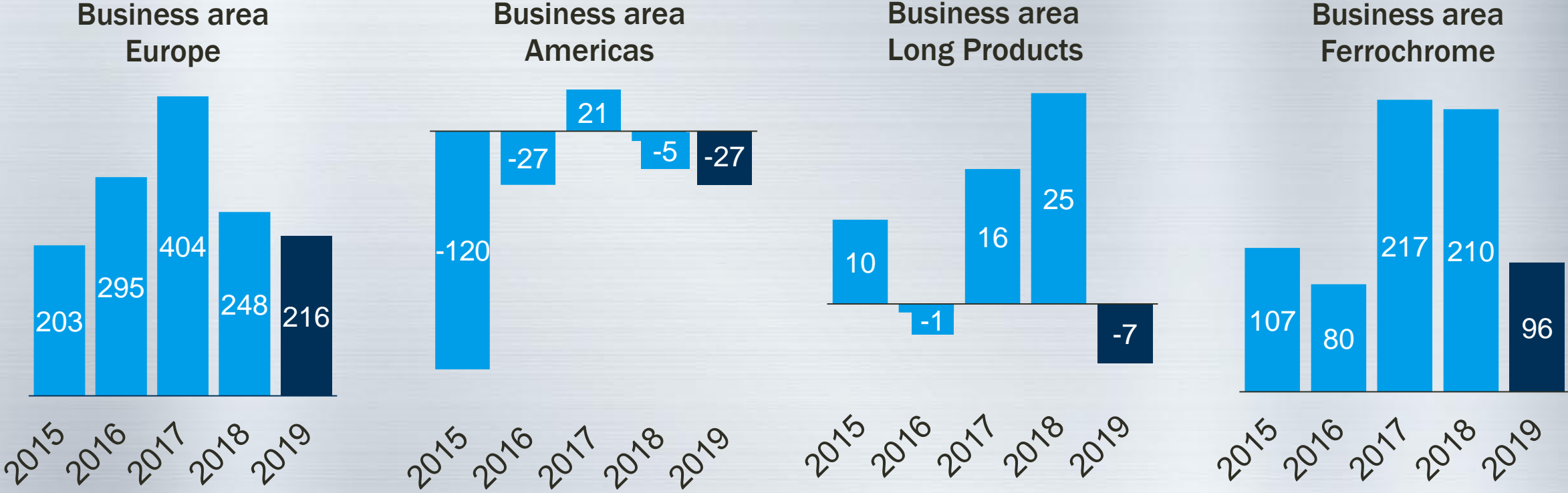
Adjusted EBITDA year-on-year comparison¹, EUR million



1) Indicative columns based on management estimates

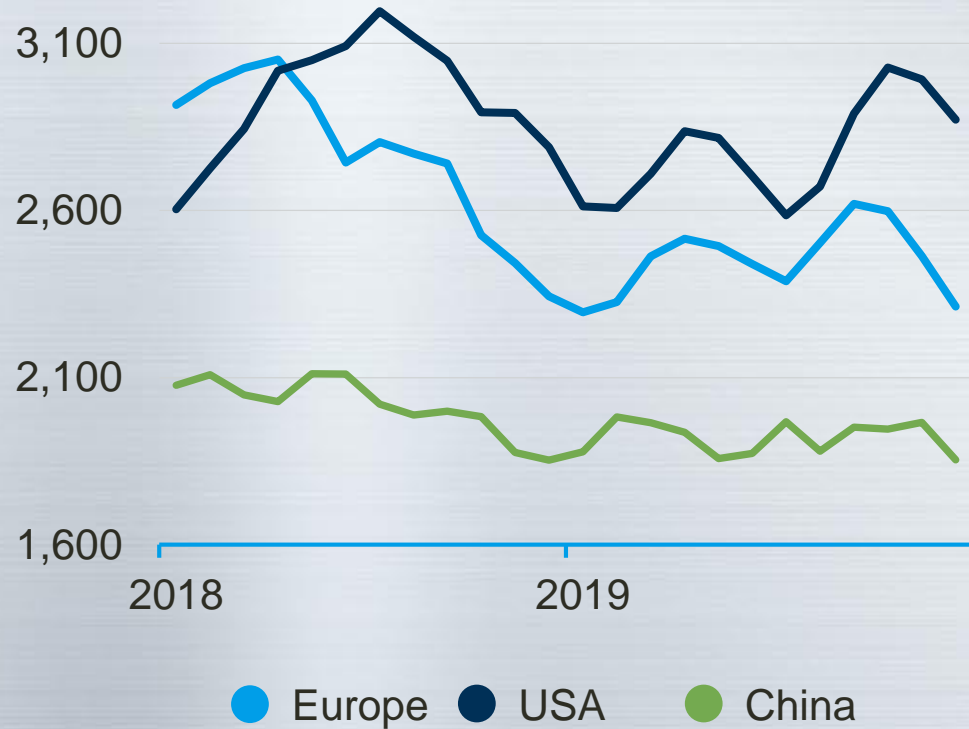
Exceptionally low deliveries visible in the results

Adjusted EBITDA,
EUR million

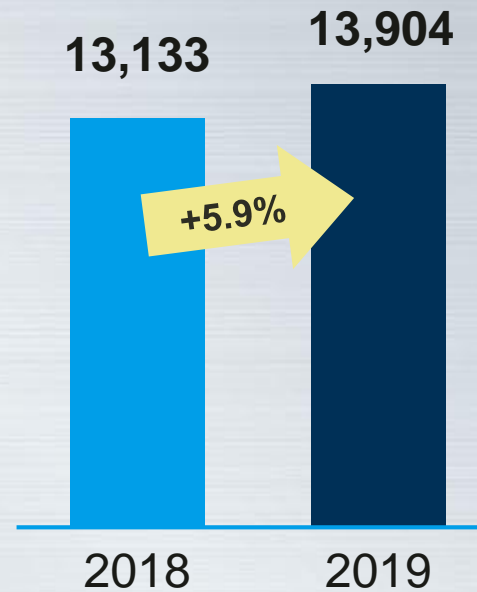


Stainless pricing reflects nickel volatility

Transaction prices 304 stainless, USD/tonne



Average nickel price, USD/tonne

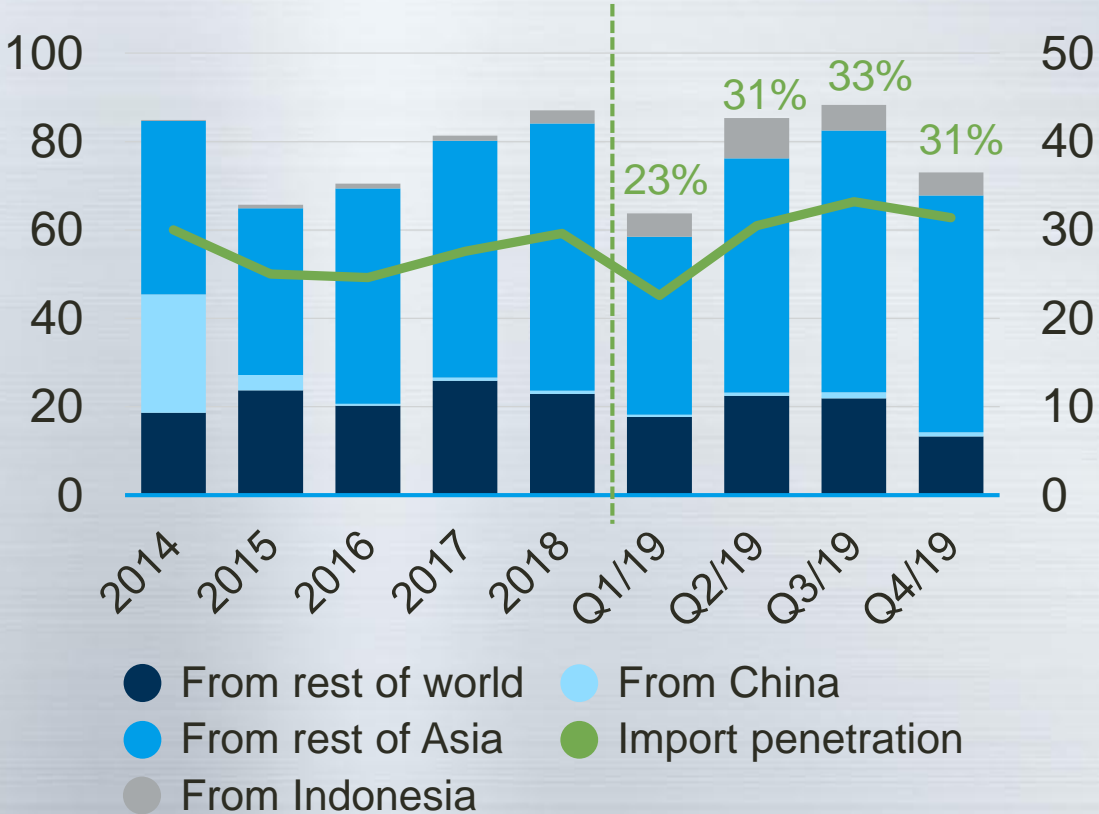


Ferrochrome benchmark price, USD/lb.

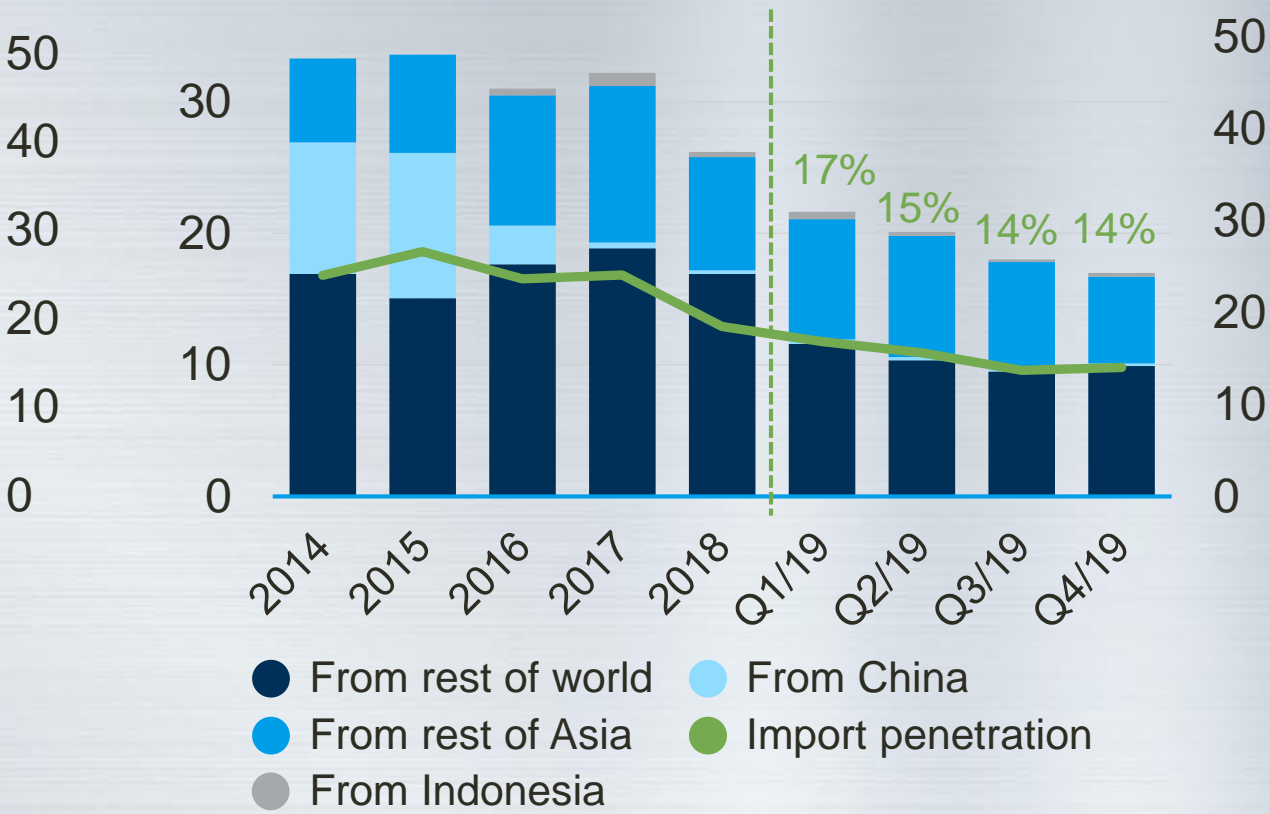


Import penetration in Europe remained at record levels

Third-country cold rolled imports¹ into Europe, 1,000 tonnes



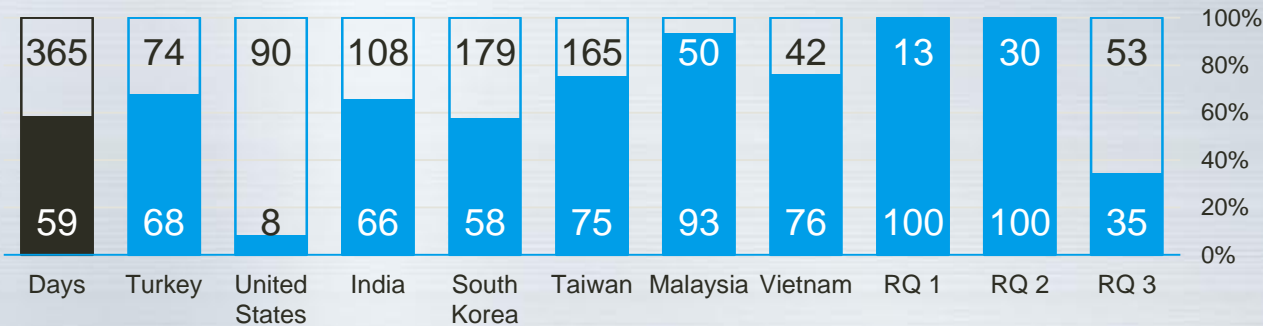
Third-country cold rolled imports² into the US, 1,000 tonnes



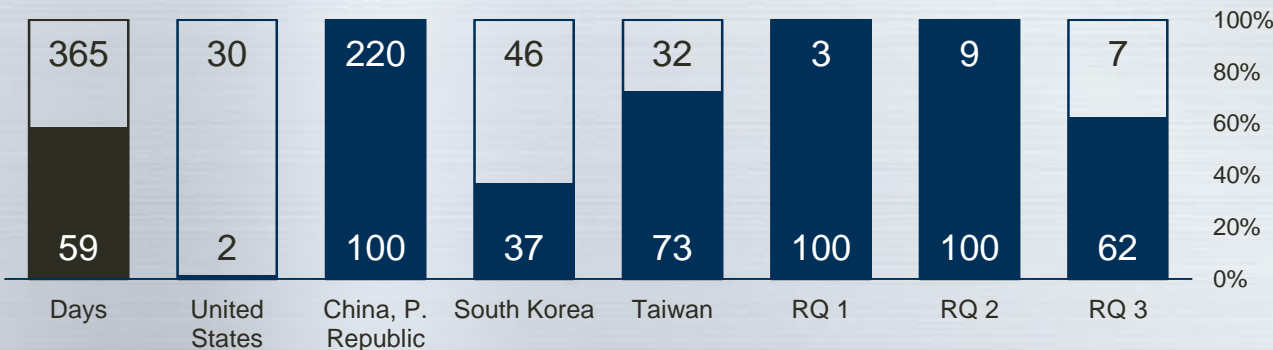
1. Cold rolled, monthly average. Source: Eurofer, January 2020 (Q4'19 based on Oct-Nov and forecast for Dec)
 2. Cold rolled, monthly average. Source: Foreign Trade Statistics, American Iron & Steel Institute, January 2020 (Q4'19 based on Oct-Nov)

Stronger measures needed to secure a level of playing field in Europe

EU cold-rolled quota utilization*



EU hot-rolled quota utilization*



European safeguards

- Valid 07/18 – 06/21, but solution needed also beyond this to tackle diverted trade flows
- From 10/19, inclusion of Indonesia and relaxation of the quota sizes decreased from 5% to 3%

Anti-dumping & anti-subsidy investigation on stainless hot-rolled from Indonesia, China & Taiwan

- Potential preliminary anti-dumping duties expected in 04/20 and anti-subsidy duties in 07/20
- EU started to register the imports at the end of January → potential duties to be collected retrospectively

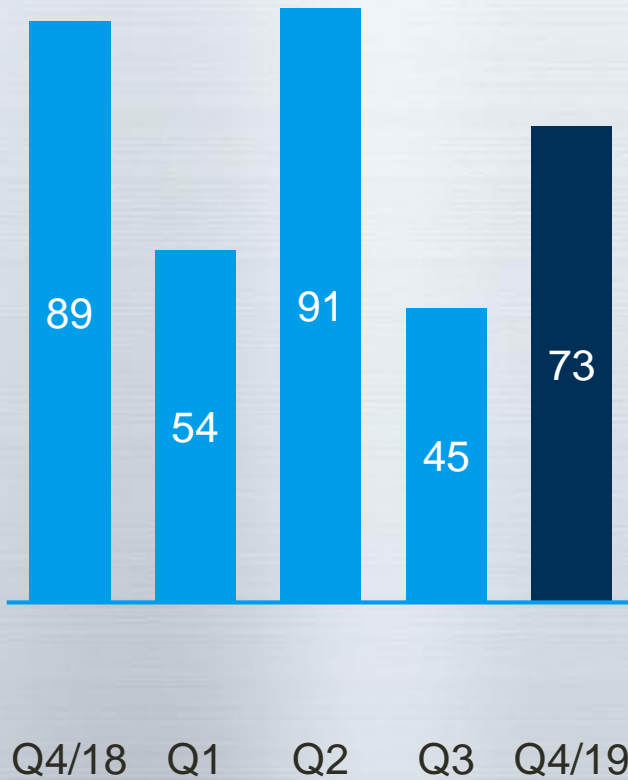
Carbon Border Adjustment

- Part of the European Green Deal to prevent carbon leakage

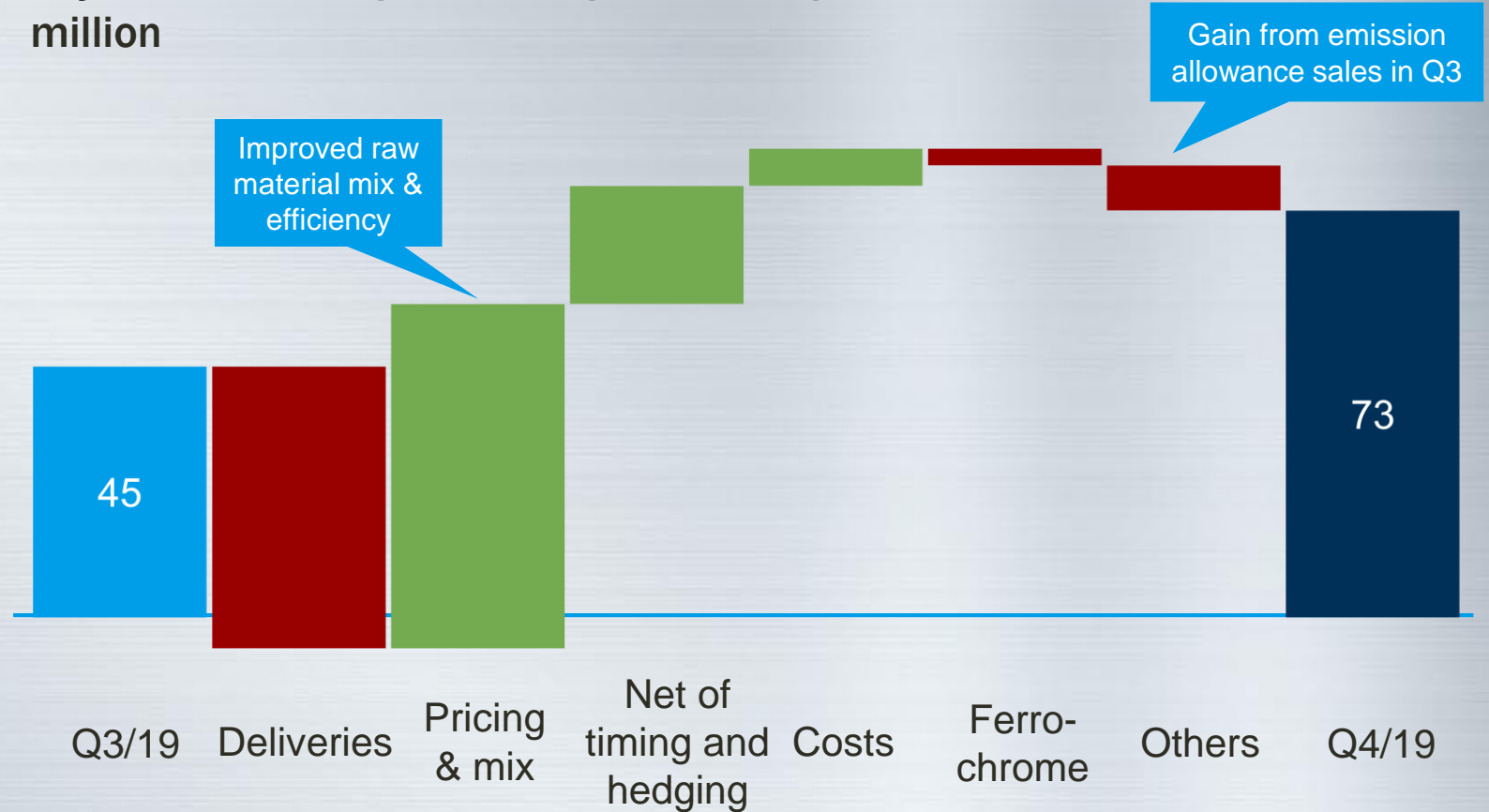
Key figures		Q4/19	Q4/18	Q3/19	2019	2018
Stainless steel deliveries	1,000 tonnes	458	534	533	2,196	2,428
Sales	EUR million	1,398	1,586	1,590	6,403	6,872
Adjusted EBITDA	EUR million	73	89	45	263	485
EBITDA	EUR million	90	92	45	266	496
Net result	EUR million	-15	27	-27	-75	130
Earnings per share	EUR	-0.04	0.07	-0.06	-0.18	0.32
Operating cash flow	EUR million	143	43	12	371	214
Net debt	EUR million	1,155	1,241	1,336	1,155	1,241
Gearing	%	45.1	45.1	51.4	45.1	45.1
Capital expenditure	EUR million	65	104	56	221	260
Return on capital employed, ROCE	%	0.8	7.0	1.0	0.8	7.0
Personnel at the end of the period		10,390	10,449	10,507	10,390	10,449

Fourth-quarter profitability supported by strong actions on raw materials and operations

Group adjusted EBITDA, EUR million



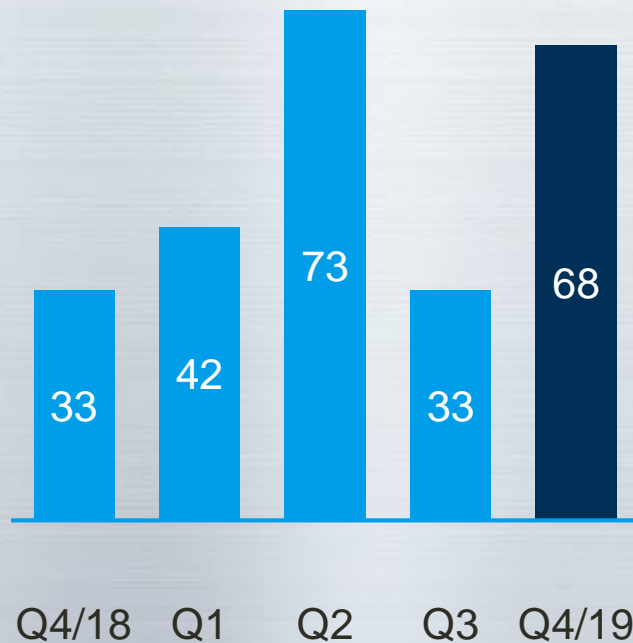
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



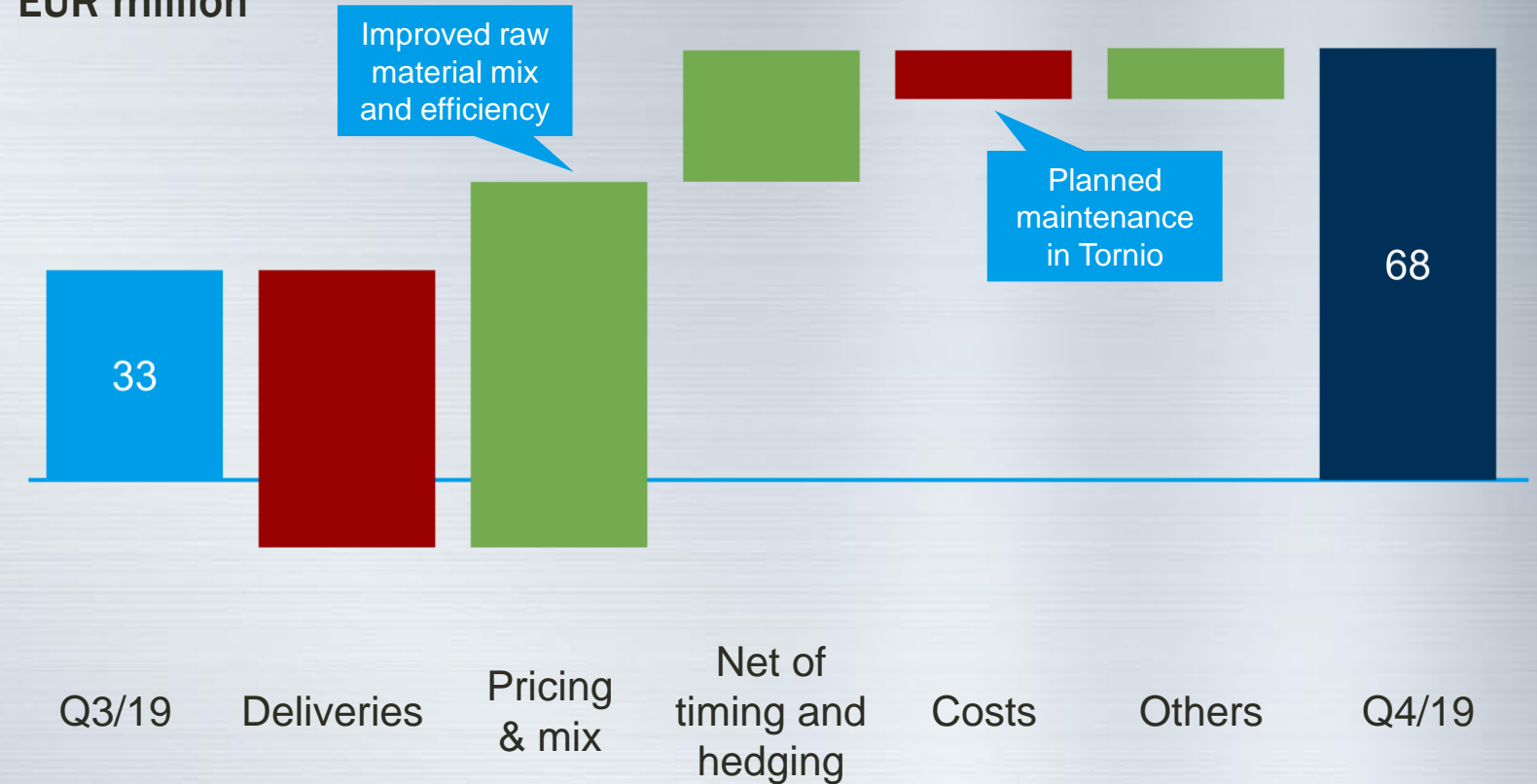
1) Indicative columns based on management estimates

BA Europe – fair result despite high import level and fierce price pressure

Europe adjusted EBITDA,
EUR million

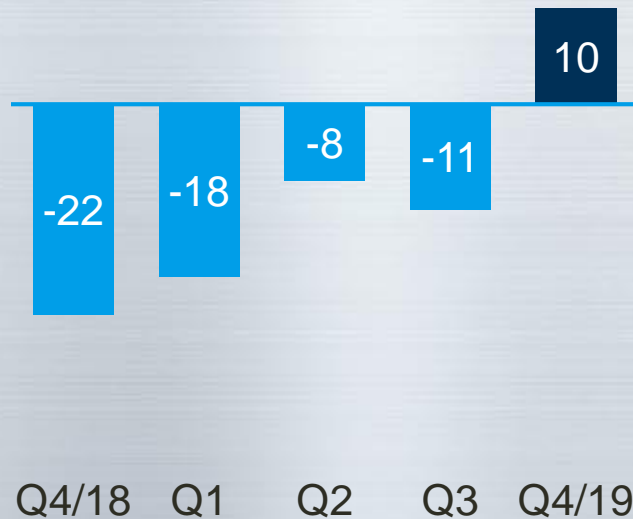


Adjusted EBITDA quarter-on-quarter comparison¹,
EUR million

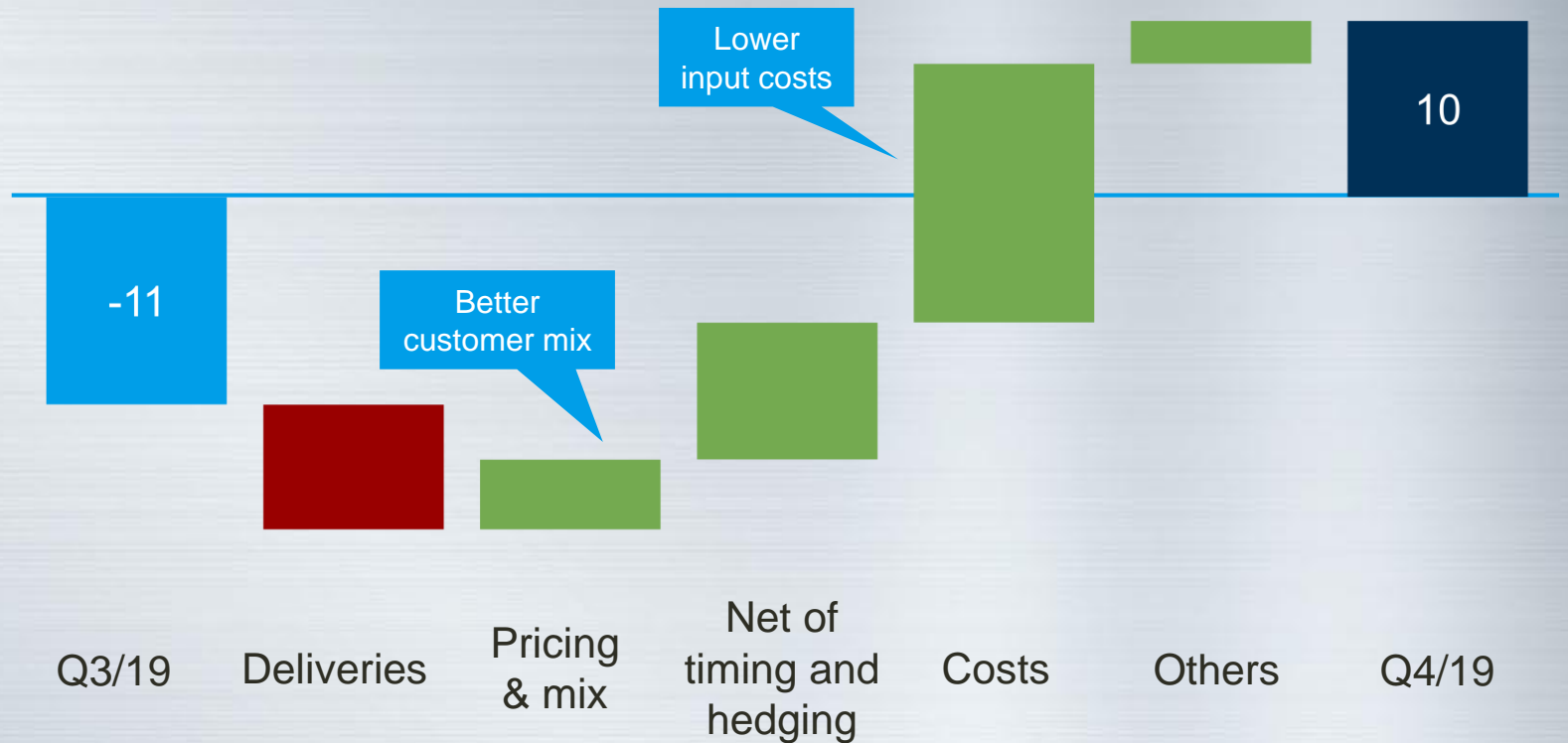


BA Americas' underlying performance continues to improve

Americas adjusted EBITDA, EUR million



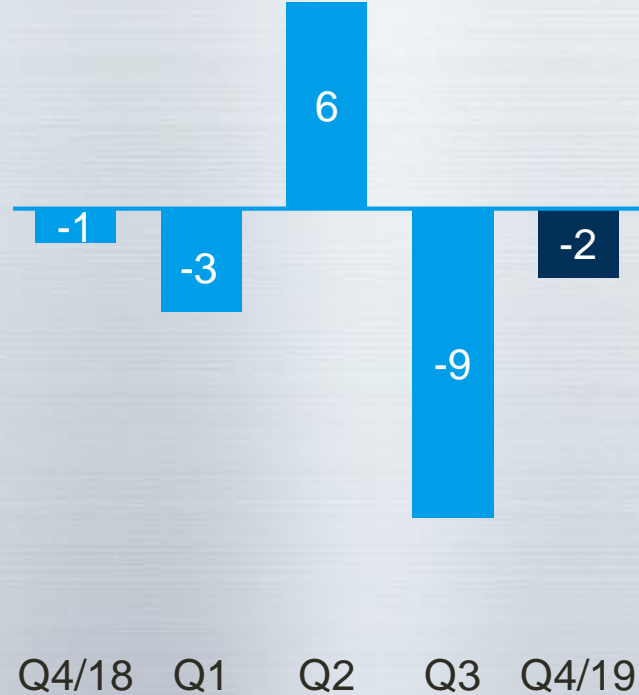
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



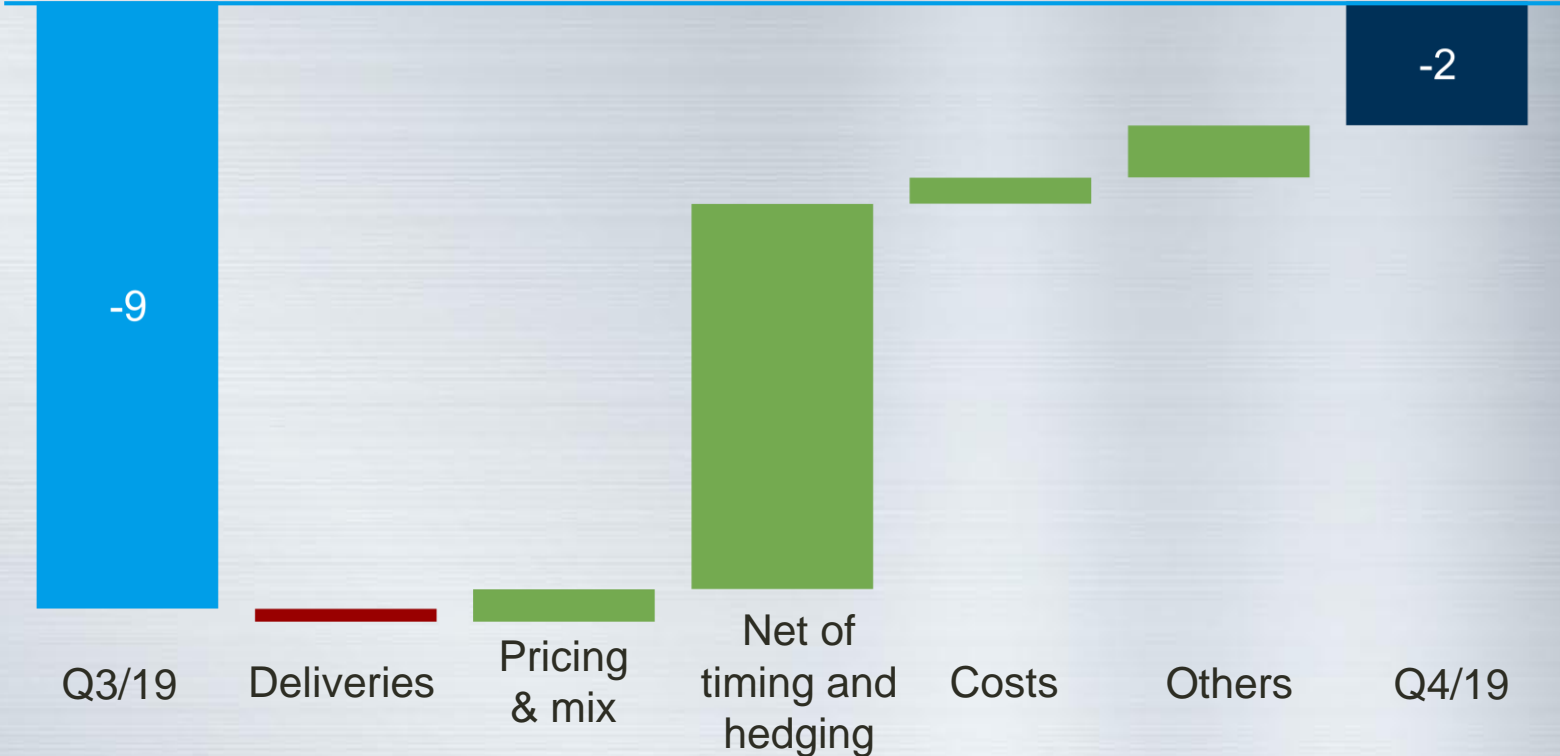
1) Indicative columns based on management estimates

BA Long Products result disappointing

Long Products adjusted EBITDA, EUR million



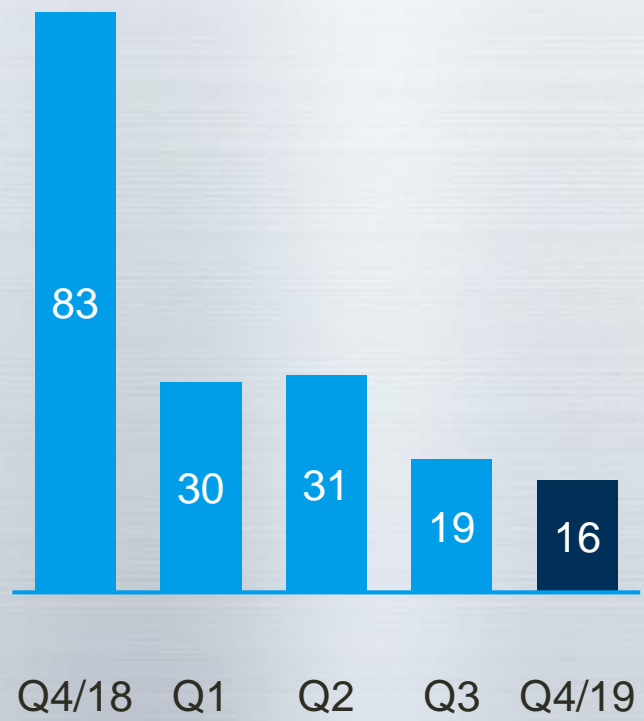
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



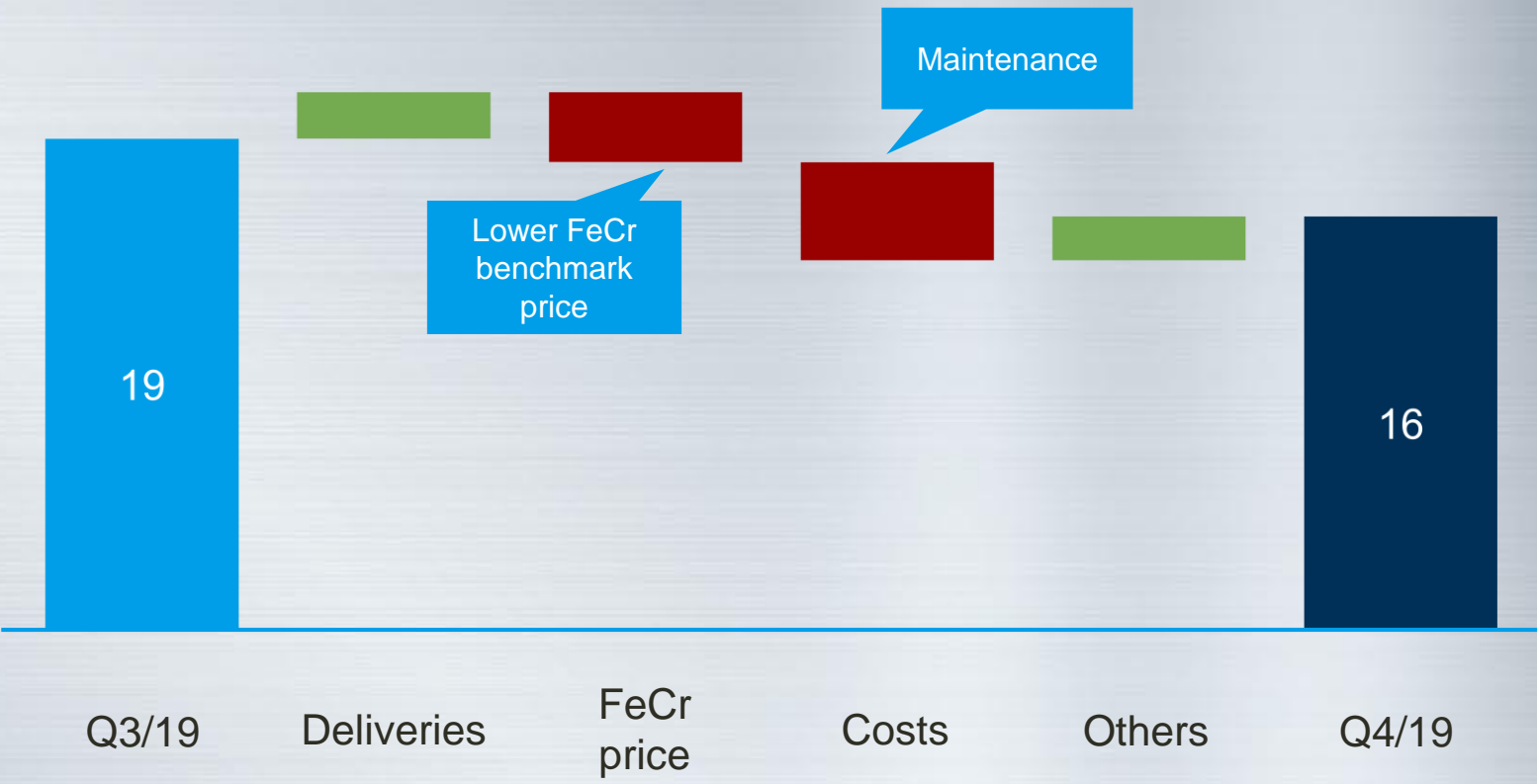
1) Indicative columns based on management estimates

Ferrochrome production historically high in 2019

Ferrochrome adjusted EBITDA, EUR million



Adjusted EBITDA quarter-on-quarter comparison¹, EUR million

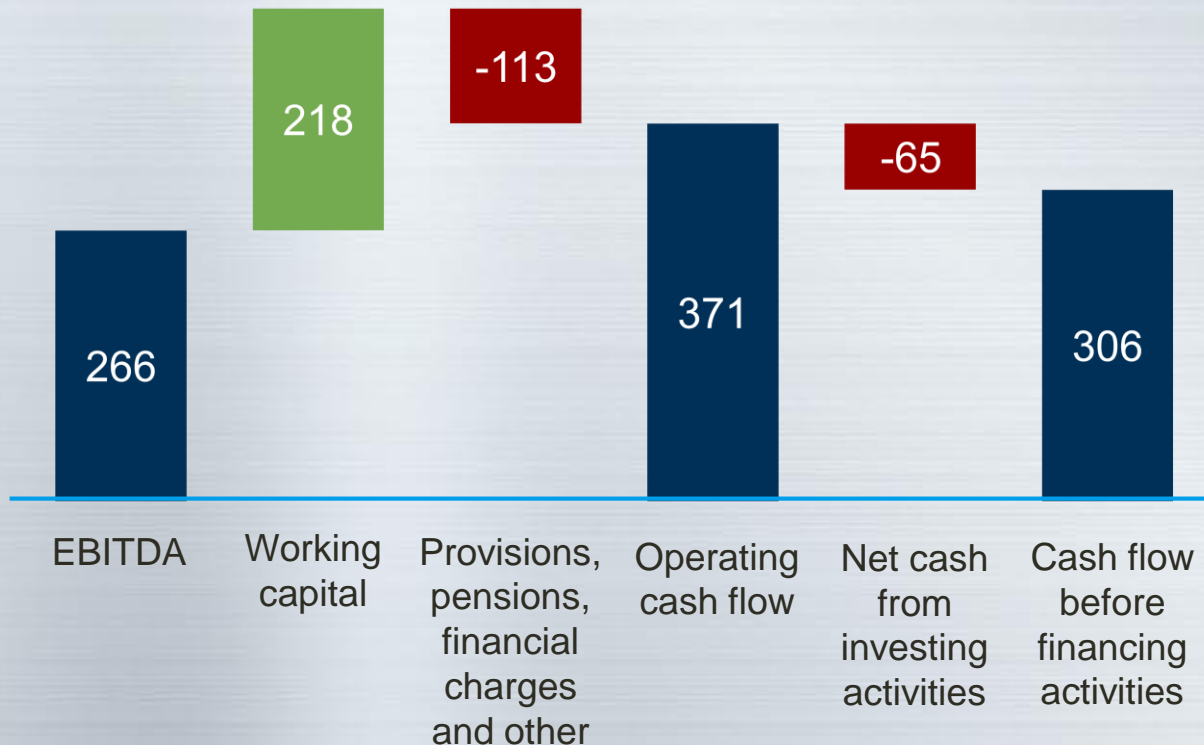


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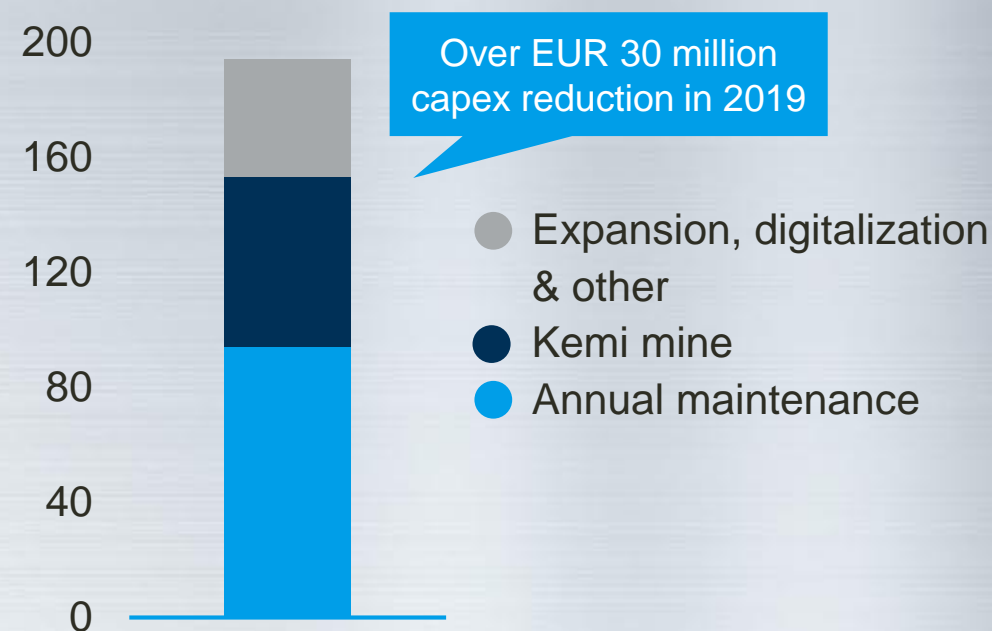


Significant achievement in reducing net working capital and capital expenditure

2019 cash flow, EUR million

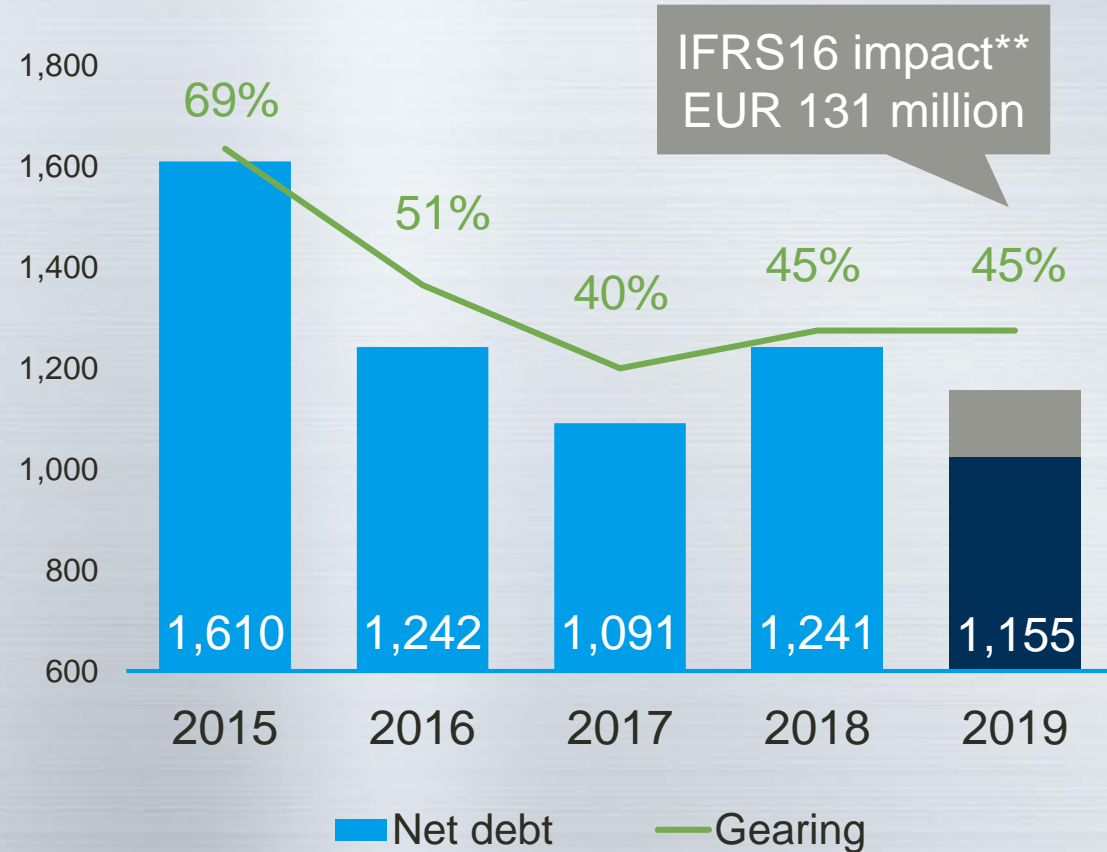


2019 capex cash flow, EUR million

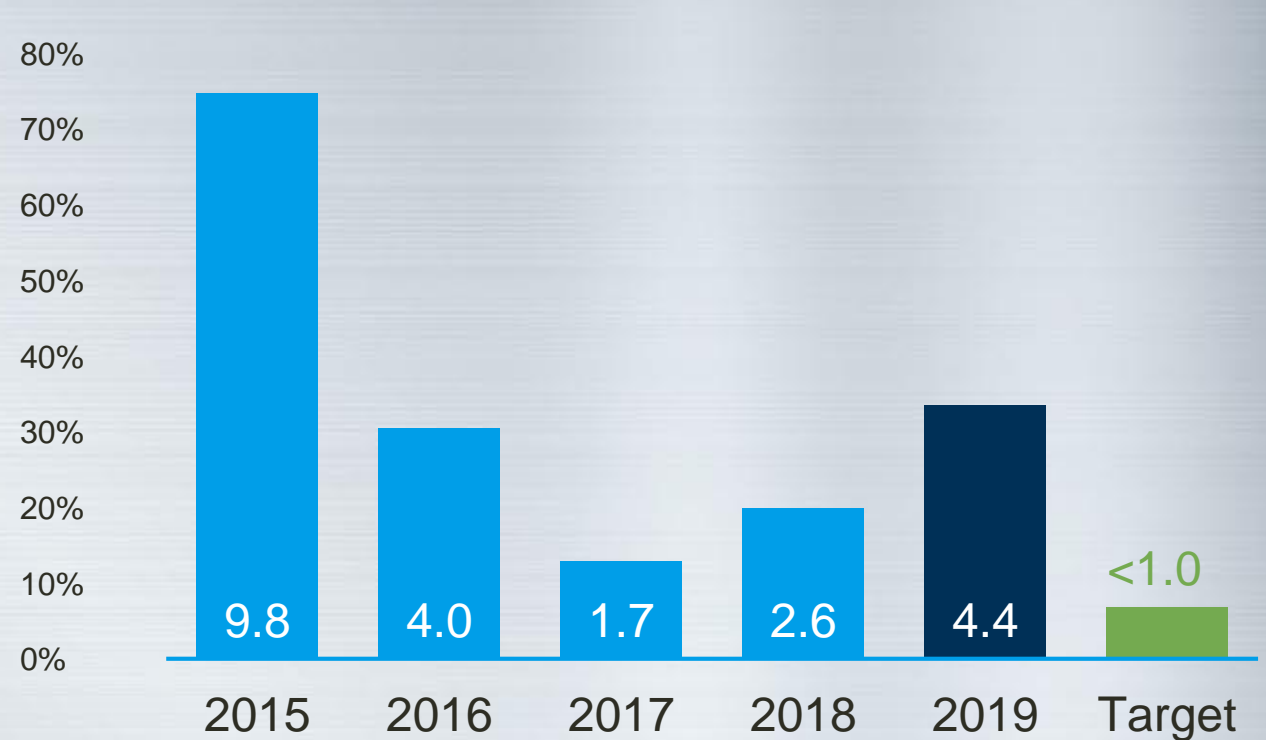


Net debt reduction of EUR 240 million*

Net debt, EUR million



Net debt/LTM adjusted EBITDA

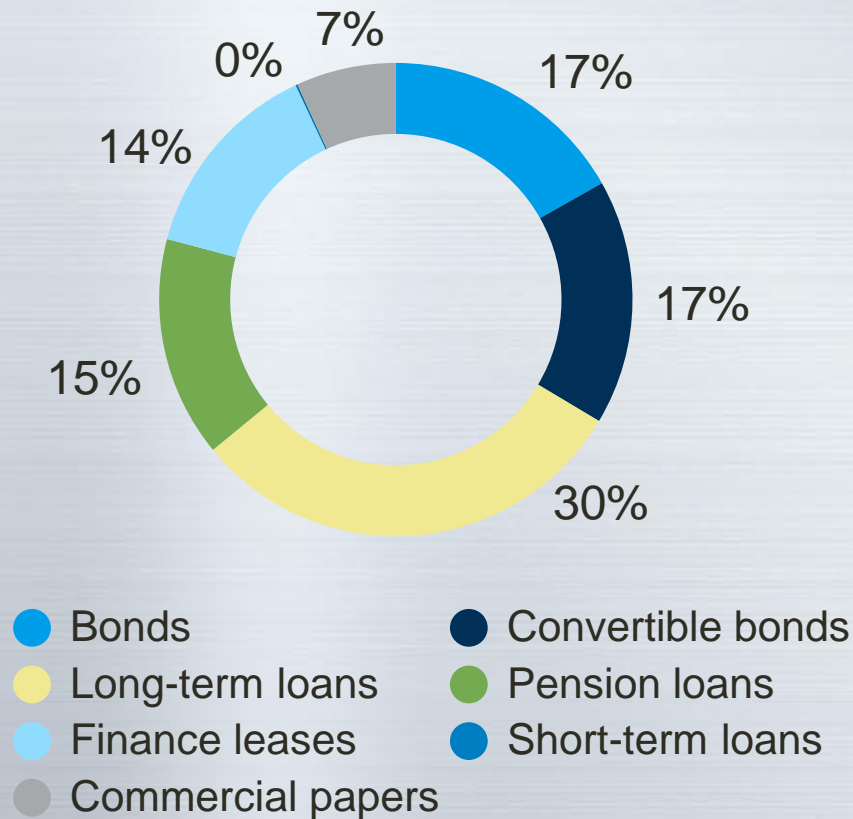


* On an equal basis, year-on-year change

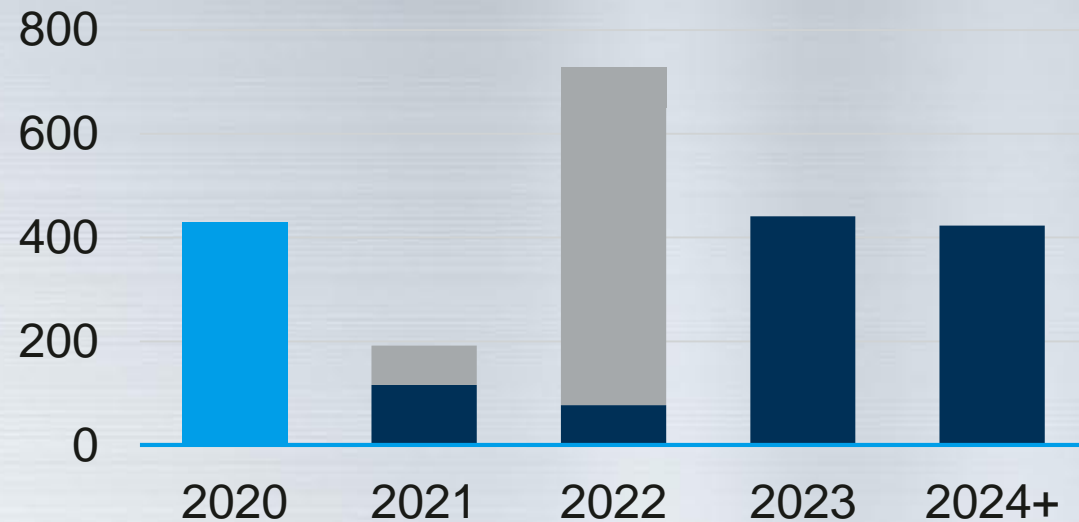
** Implementation impact on Jan 1, 2019

Improved maturity profile

Debt structure*



Debt maturity profile*, EUR million



Outlook for Q1 2020

The stainless steel market is expected to strengthen during the first quarter, supported by typical seasonality.

Outokumpu expects its stainless steel deliveries to increase from the fourth quarter of 2019 in all business areas.

Adjusted EBITDA is expected to be higher compared to the fourth quarter of 2019 (EUR 73 million).

OUTOKUMPU CMD 2020

March 18
London