

# Kemi mine and Tornio mill site visit

Reinhard Florey, CFO

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# Disclaimer

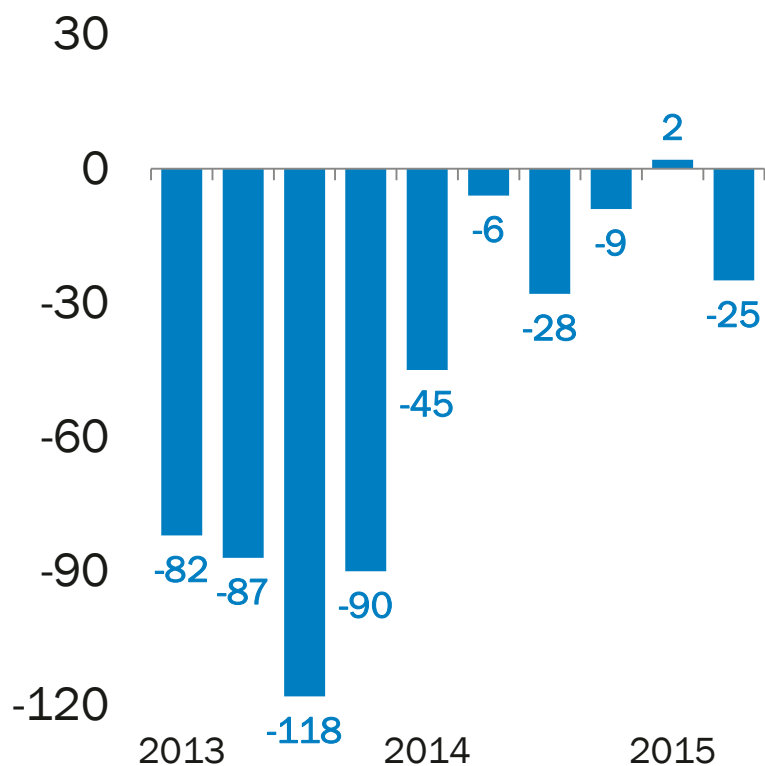
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# Delivering on Outokumpu turnaround during past 2.5 years

- 1 Synergies and efficiency programs – proceeding ahead of plans 
- 2 EMEA restructuring – continues on track 
- 3 Calvert ramp-up – long-term potential intact, decisively implementing a turnaround plan 
- 4 Remedy solved & extensive financial arrangements resulting in significantly stronger balance sheet 
- 5 Working capital management and capex – new standards set/applied 
- 6 New leadership and BA structure with stronger commercial focus 

# Outokumpu turnaround shows in gradually improving profitability

Group quarterly underlying EBIT, EUR million

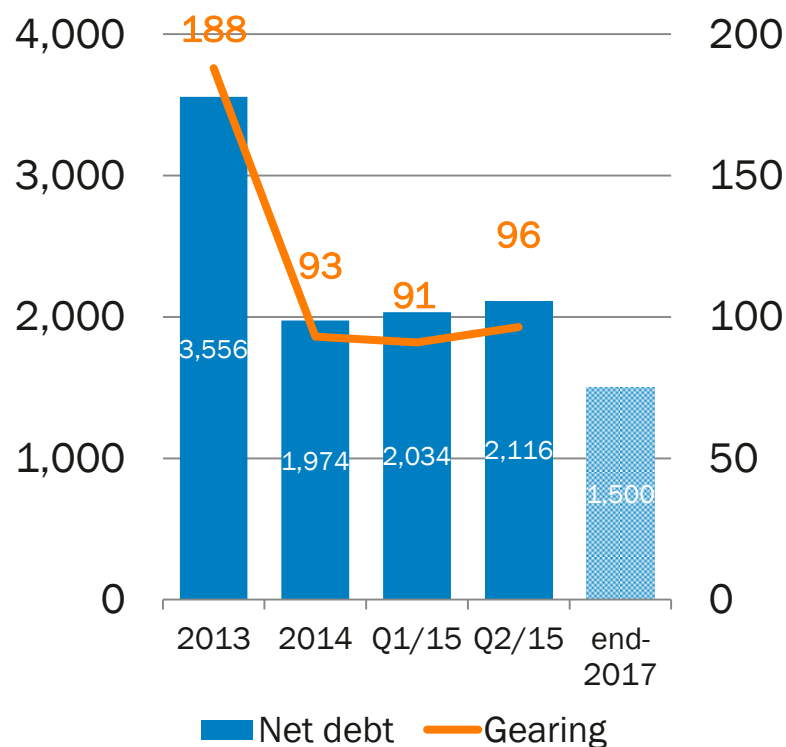


Group key figures, EUR million

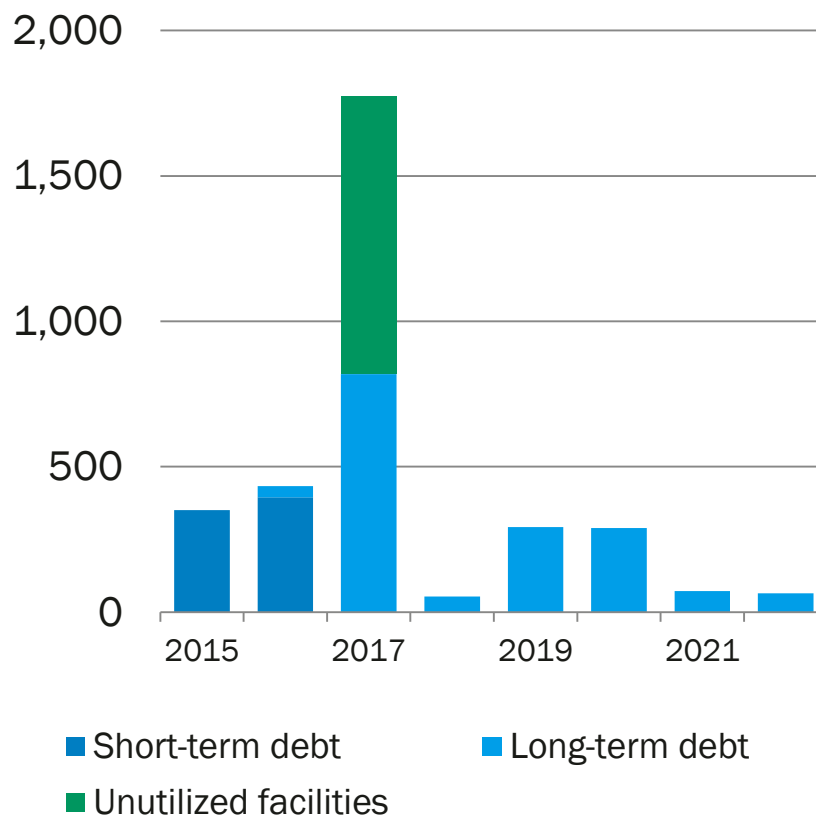
	H1/15	2014	2013
Deliveries, kt	1,237	2,554	2,585
Sales	3,462	6,844	6,745
Underlying EBIT	-23	-88	-377
Net result	-105	-439	-1,003
Net cash from operations	-103	-126	34
Total assets	6,566	6,411	8,823

# Net debt target of below EUR 1.5 billion by the end of 2017 firmly in place

Net debt and gearing, EUR million and %



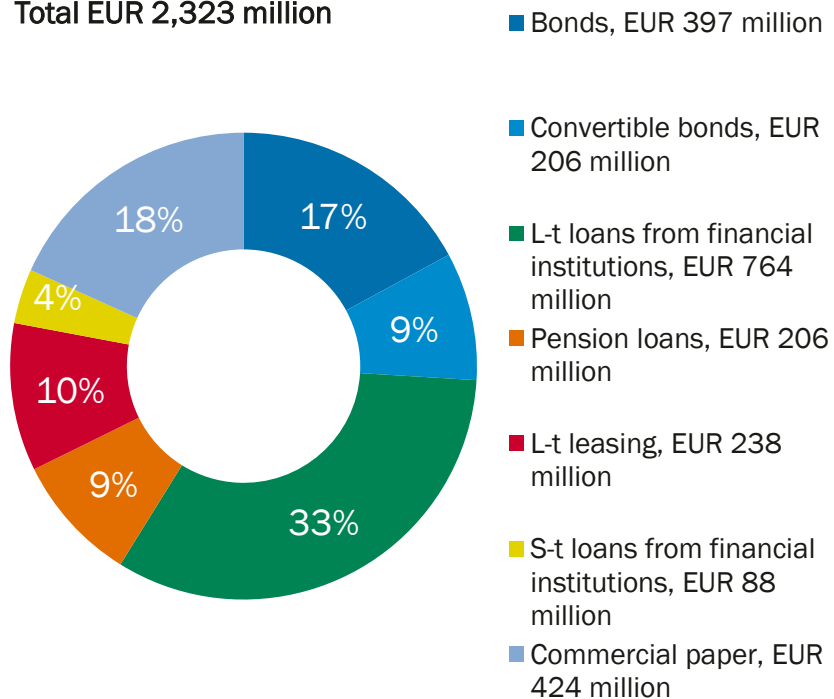
Debt maturity profile, EUR million



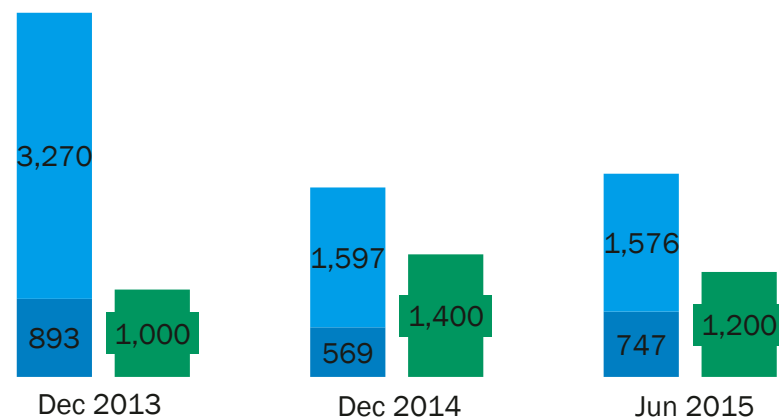
# Balanced debt distribution, solid liquidity

## Debt distribution by source, Jun. 30, 2015

Total EUR 2,323 million



## Total debt vs. liquidity position, EUR million

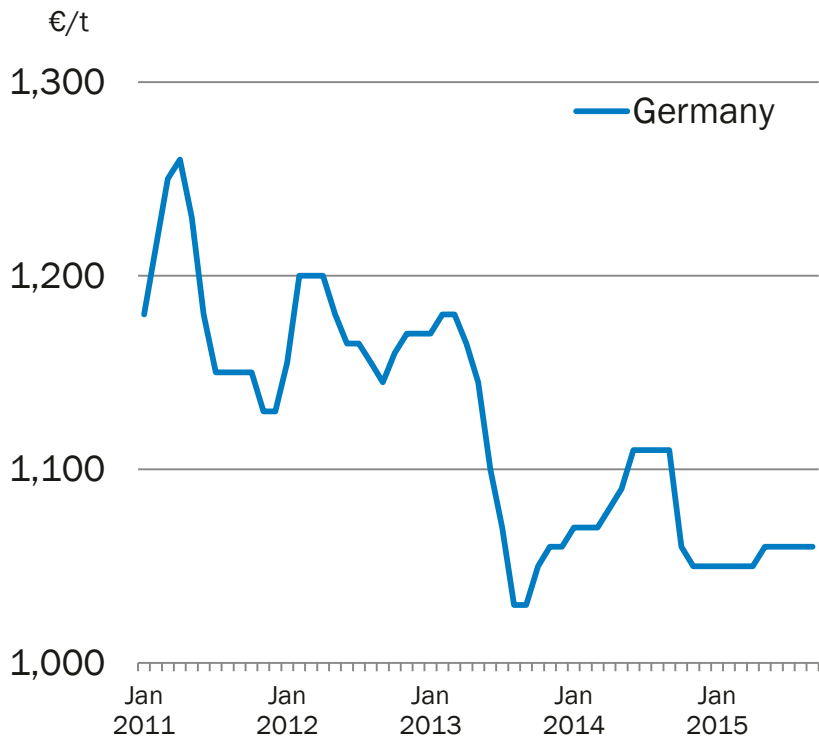


■ Current debt ■ Non-current debt ■ Liquidity reserves

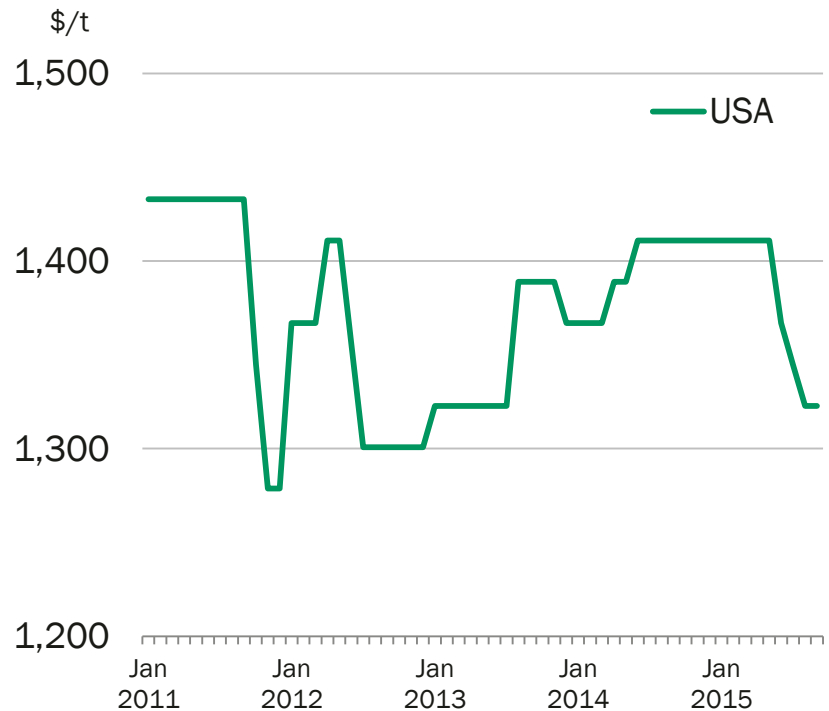
- A significant portion of Outokumpu's financing is secured
- EUR 900 million revolving credit facility as well as some other bilateral loans include financial covenants on gearing and liquidity
- With current liquidity and gearing levels Outokumpu has good position in relation to those thresholds

# Stainless steel base prices flat in Europe but sharply down in the US

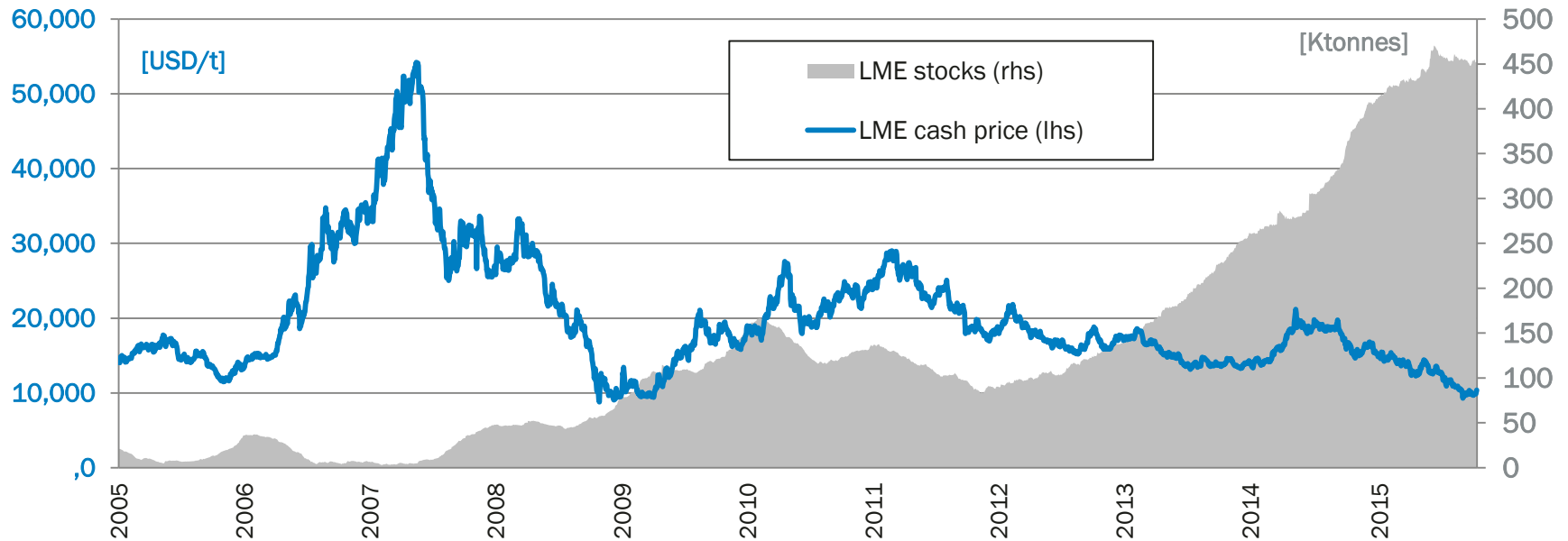
European base prices (EUR) <sup>1)</sup>



US base prices (USD) <sup>1)</sup>



# Nickel price development



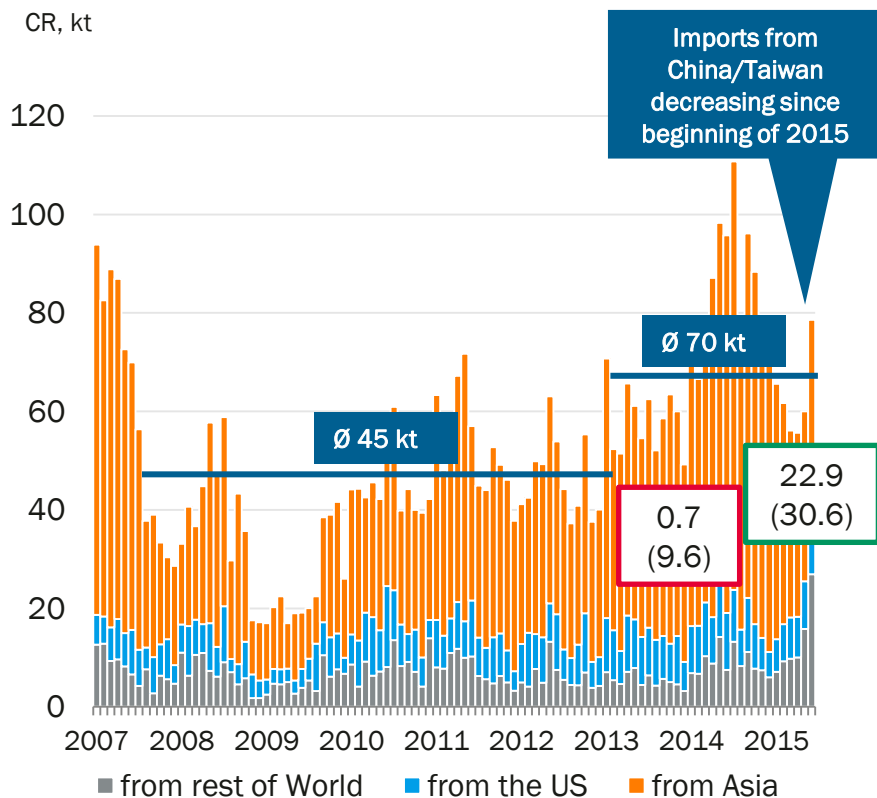
- Nickel prices fell close to six-year lows of ~\$9,500/t in August on worries over slowing economy of China and high stocks
- The fall in prices also reflected a weaker fundamental picture for the market during H2'15 than anticipated a few months ago
- Growth in LME stocks has stalled in recent months but levels still close to all-time highs



# Imports to Europe eases: Chinese imports down, but being partly replaced by other imports. US import penetration remains high with Asian material dominating

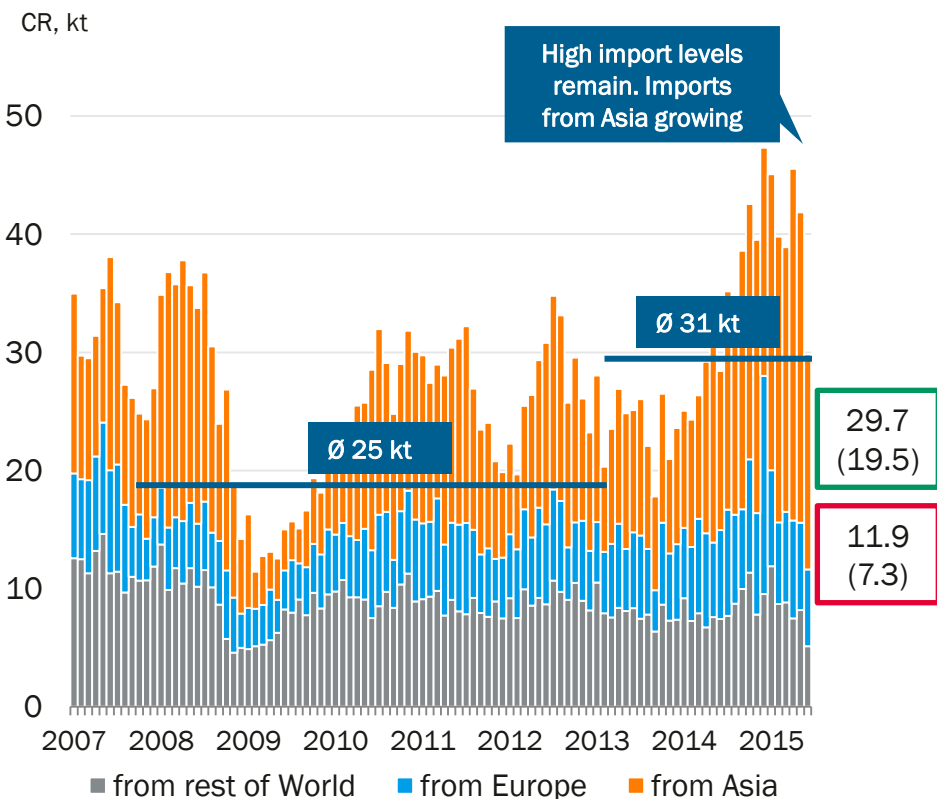
## Third-country imports into Europe

Total market size 3.7 million tonnes in 2014\*



## Third-country imports into the US

Total market size 1.6 million tonnes in 2014\*



# Revised outlook for Q3

## Key reasons for the outlook revision

- Lower than expected deliveries, especially in EMEA.
- Low nickel price increases pressure on base prices, scrap costs and order intake
- Earlier Tornio delivery issues and the 24h standstill on Sept. 18

## Financial guidance for Q3

Delivery volumes to be around 10% lower than in Q2(Q2: 616kt), largely driven by Coil EMEA

Based on the lower delivery outlook and the negative impacts of the low nickel price, **Outokumpu expects the Group's underlying EBIT loss to be higher than in the second quarter**

With current prices, the net impact of raw material-related inventory and metal derivative gains/losses on profitability is expected to be EUR 10–15 million negative.



# Coil EMEA priorities are clear

## Restructuring of the industrial footprint

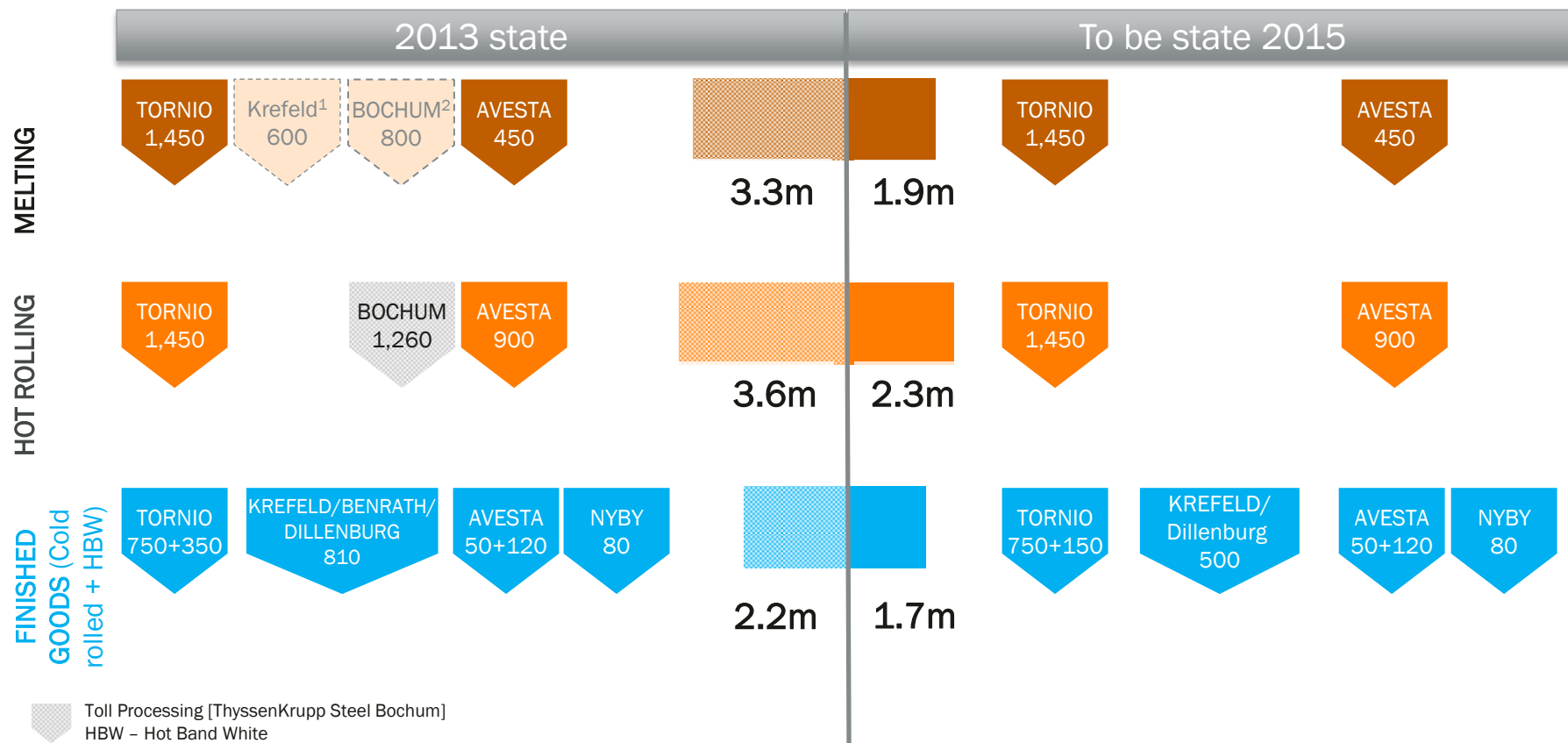


- Good progress inline with plans
- Capacity utilization of >90% in melting and >85% in cold rolling
- Competitive cost structure: confirmed cost savings of >EUR 240 million by 2017, more opportunities being identified
- Specialization of the mills for higher efficiency
- Debottlenecking the system

## Profitable platform

- Commitment to profitable sales
- Reinforce market position in key regions, including Germany
- Higher margin products and customers; shift in mix
- Active pricing
- Sizing the new market opportunities

# Tornio has a key role in our European setup



Low utilization rates and imbalance between melting and cold rolling capacities

High utilization rates and healthy balance between melting and cold rolling capacities