

Transcript: Outokumpu Q1/2023 results webcast, May 9, 2023

Linda Häkkinen: Good afternoon all and welcome to Outokumpu Q1 2023 Results Webcast. My name is Linda Häkkinen. I'm the Head of Investor Relations here at Outokumpu. With me today, we have our CEO, Heikki Malinen, and our CFO, Pia Aaltonen-Forsell. As per usual, we will first start with our presentations and after that we are happy to take your questions. Year 2023 definitely started well for us. Our adjusted EBITDA reached over €200 million and this very solid result proves our improved capabilities to create value. Before we start with the presentation, I would like to remind you about the disclaimer as we might be making forward-looking statements, but now, without any further comments, I would like to hand over to our CEO.

Heikki Malinen: Thank you, Linda. Good afternoon, good morning everybody. Welcome also on my behalf to Outokumpu Q1 2023 Webcast. As you can see, Linda and I are smiling here and I think when you see Pia, she will also be smiling. We came to 2023 obviously with maybe some uncertainty in the markets, but looking now at how we performed, I personally have to say I'm very pleased with the results of Outokumpu for Q1. Now let me go and talk, first of all, about how we saw the year start. As you remember coming into December of last year, we had actually an exceptional destocking happening, first of all, in Europe and then in the US, our customers almost stopped buying as we headed towards Christmas. Then we had this fairly complex macro backdrop, obviously starting with the Ukraine war. Therefore, we then were looking at a possible energy crisis in Europe. Of course, we saw very high electricity and gas prices. We had a situation where there were labor negotiations, a risk of strikes. Of course we have the geopolitical situation, central banks raising interest rates, inflation shocks and so forth. I would say a lot of moving parts here are just in the environment around our core business. In spite of all of that, I have to say Outokumpu executed very well. Reaching 204 million for the first quarter is, as I said, a good result. Looking at previous years and we'll look at some historical data, you can see we have performed well as a company.

Heikki Malinen: If we then take a look a bit further and dive into the business, and let me start with this slide that talks about the pricing situation. As we've seen from the past always that if the margin or the price difference between Europe and Asia starts to expand too much, then we will start to see a clear stocking up happening, and that was the case. Now we have seen the price difference between Asia and Europe start to shrink. Of course, now shorter lead times being somewhat shorter. There really isn't any business case to import product in big quantities from Europe. From Asia, we're able to supply our customers very well and continue to do so. In that respect, situation has actually normalized, which is good. On the upper right-hand side, we have the nickel price. We've been hovering over \$20,000 per ton for quite a while now. Obviously, the electrical vehicle demand probably is putting a bit of a bid on nickel, but of course also then the geopolitical situation, Russia, Ukraine, and China, of course, may be impacting the price as well. China and Russia do account probably for about 70 percent of global nickel supply. They are obviously playing an important role here in that respect. On the lower right-hand side, we see ferrochrome pricing. Ferrochrome prices were declining as we started the year but have since bottomed

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and now we're seeing an upward movement again. The Chinese market in the first quarter for ferrochrome continued to be fairly weak. China, as you know, opened up post-COVID. I think most of the demand in China has been more visible in consumer goods markets, hotels, airline travel, and restaurants. The activity on the industrial side in Q1 was not really that robust, but now as we look at the coming months at least, we are getting indications that also demand in Asia and China seems to be picking up. Of course, that probably is giving a bit of a bid here on the ferrochrome price as well.

Heikki Malinen: Looking at the results, and let me start off with the volumes, the deliveries on the upper left hand side, 505,000 tons. If you look historically, it's not a huge volume. It's a good pick up from the previous quarter, 12 percent increase in deliveries, but I said compared to let's say, the boom years of 2021 and 2022, we're still low. As for those who don't follow us that much, Q1 is always a seasonally stronger quarter vis a vis Q4. The pickup movement is partially also seasonally. On the lower left-hand side, you can see our group adjusted EBITDA on a quarterly basis, 204 million compared to earlier years. We don't have here 2019, which was the quarter before COVID, and compared to, for example, Q1 2019, our results now this year are almost double. In that respect, I really feel that this was a good quarter. Our performance as a company, almost all of our businesses did quite well. In ferrochrome, as you know, we've had some challenges. Pia will talk about them, but overall, the machine was really humming very well. Then on the right-hand side, you can see the bridge, 110 million in Q4, 204 now in the first quarter, deliveries picked up. On the realized pricing side, we had a fairly, I would say, neutral outcome. Then, of course, in terms of net of timing and hedging, we had a plus there, but that's basically really just looking as a bridge item vis a vis the previous quarter. Good numbers there.

Heikki Malinen: Sustainability has of course become a major topic in our industry, Europe and most of the Western countries here are trying to decarbonise their economies. Finland as a country has made a decision to be carbon neutral by 2035. Obviously as we originate here, it's an important part of our journey. From the standpoint of ESG topics first before I say a few words about sustainability on the CO2 side, let me just say that on the safety front, it was another great quarter for Outokumpu. Our total recordable injury frequency rate TRIFR was 1.8. It's a strong number and based on the data we have, we have the best safety record in our industry. Also compared to many other industries, we're doing very well on safety and our target long term is to reduce it even further.

Heikki Malinen: Going back to the question of CO2, one important element of that is how we operate and how we take advantage of the circularity of our business. We have a very high recycled material content. At 94 percent, we have the highest level of recycled materials used in our industry. Again, this was a strong quarter compared to the previous years. We've been able to raise our recycled content gradually year over year, and the work towards that continues. I said earlier, in terms of taxonomy, we have a good rating and situation there and we are the only company, as far as I know, in the stainless and in the steel industry, which has committed to SBTi 1.5

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degrees target. We're also the only one that fully discloses all the data on Scope 1, 2, and 3. We take sustainability very seriously at Outokumpu.

Heikki Malinen: A few words about energy, because following the Ukraine war and then the spike in energy last summer, this of course has become an important topic. Our industry, especially Outokumpu, as a large producer of ferrochrome, we are the largest buyer of electricity in Finland and, of course, a large user of electricity and energy in general. On the left-hand side, you can see the graph how energy prices have spiked up and down for us. Basically, as we look at the coming years, there are three things that are on our minds. First of all, we need to have access to renewable energy, basically carbon-free energy. The benefit of the Nordics is that we have historically always had a good underlying energy supply, especially non-carbon energy. The challenge, though, for the coming years is that while Finland and the Nordics is going to be adding a huge amount of onshore wind power, it's been estimated that we will be bidding in Finland about 1000MW per year of wind. That in itself is going to be excellent from the standpoint of availability. But we also need to have base power because, as you know, we have windy days and then we have not-so-windy days.

Heikki Malinen: For that reason, we have announced together with Fortum, which is a Finnish or Nordic large utility, a project where we are looking together at the potential to build a small modular reactor, an SMR nuclear power plant, primarily near our facility in Tornio up in the North. There's new technology coming along. In Finland, we have the Olkiluoto 3, which is a huge plant, but we're looking more at modular scalable reactor solutions. There is new technology coming on stream and we're going to see whether some of that would fit us. We hope that we can find a solution that would give us competitively priced base power.

Heikki Malinen: Then a few words about CBAM. Now, this is a bit of an abbreviation monster here. CBAM stands for Carbon Border Adjustment Mechanism. The idea basically here is to have a carbon tariff that equalizes the emissions of European producers vis a vis non-European producers who supply various types of steel grades and precursor materials such as Ferro alloys into the European Union. On the left-hand side, you can see the Outokumpu situation today. Our CO2 emissions vis a vis industry on average and also then some data on ferrochrome. You can see from this data in green that Outokumpu is extremely well positioned. We are the lowest CO2 producer. The starting point is good, but the reality though is that competition is tough and customers, of course, do not always have the best information available vis a vis the different options and their CO2 amounts. We believe the Carbon Border Adjustment is a fair and efficient mechanism to equalize. What is important for us is that Outokumpu as a ferrochrome supplier is located in Europe. We have the Kemi Mine in Europe and we will be inside the CBAM region. As ferroalloys are now also going to be included, it is actually an advantage to Outokumpu that our ferrochrome supply is domestic and it's actually located near the actual point of use which is Tornio in northern Finland.

Heikki Malinen: Then a few short words about the strategy. I was extremely happy last summer when I could report to you that we were six months ahead of schedule in

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terms of implementing Phase 1 and we reached all the targets we had set. We even over delivered in many areas. Now we're in Phase 2. It's almost one year since we launched Phase 2, and Pia will show you some numbers in a moment that we are on track. The things I'm most proud about and I think is really most important here, is how successful we are in steering our business. You may recall that in terms of BA Europe, we split it into two business lines. Our stainless Europe, which is more focused on the commodity grades and then what we call advanced materials, which is the technical high-tech project business. In doing that split, the course objective here was to become much more customer-focused. I can tell you that based on what we've done and what I've seen here, our teams are able to execute much better and in a much more focused and systematic manner in the new structure. Our margin management has also improved. What do I mean by margin management? It is finding the right optimal balance between procuring raw materials at the right time and at the right place, at the right cost, the optimal production, and then the sales and marketing. By having the right optimum there, it also helps us balance our capital employed, our working capital. That's been a big step forward.

Heikki Malinen: I can really see concrete evidence inside Outokumpu that we have become better. We're also continuing to invest in our digital platforms. We still have a bit of work to do here. Over the next few years, we will further implement some new systems that will give us some new benefits, especially on the supply chain side. That work is ongoing. We announced at the previous quarter our intention to improve our energy efficiency by eight percent in two years. Now that is a very tough target. I knew when I set the target that we're going to be stretching the organization. We have promised them that they will get the capital they need. Now it's all about ideas and we've been able to get already a good amount of ideas that we're now implementing. At the moment, I can say that we're making good progress also on that front. Finally, I need to mention that the project around commercializing Circle Green, which is the lowest CO2 content stainless steel in the world, that work is going very well. We're constantly getting more and more positive feedback from customers that they want to try out the product and buy. That's also good news. Now, with those words, let me hand this over to the smiling Pia to report on the numbers, so please, Pia, take it away.

Pia Aaltonen-Forsell: Well, thank you, Heikki, and please do let me start with just a few comments on our industry-leading balance sheet. I think that is just a sign of strength. It does give us financial flexibility, but of course, this also now helps us operationally, so being in this strong position. Maybe just a few key figures to back that up. First, after all, I'm the CFO here, so the numbers. Our net debt is now further reduced. It's a negative of 166 million and I'll come back to a few factors impacting that for sure. Our liquidity reserves are strong. They are up to €1.5 billion at this point, but maybe a few words on shareholder returns. I'm sure you recall that for last year, we have now actually just in April, paid out the dividend. The dividend where we set out was €0.25 of a base dividend, €0.10 of an additional dividend because last year was a very good year for us. Now we are then in our first quarter of 2023 delivering earnings per share of €0.22. I think that sets a good base for our financial policy with the growing dividends. That's a good starting point.

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Pia Aaltonen-Forsell: We have also just completed our first-ever share buyback program. I'm very satisfied with the way we executed on that program. I think that was a good success. Now we have added this tool also to our toolbox. I think as management, we found that to be a really good tool, so let's keep it in the toolbox and consider using that as a future reference, of course.

Pia Aaltonen-Forsell: Then some more key figures. If I'll just first comment on a few that I further want to highlight from here. I think looking at the return on capital employed, first of all, we are now at almost 20 percent at this point. That's a very good performance for a heavy capital-intensive industry like ours. Then looking at the cash flow for the quarter, the operating cash flow was at 74 million. I think that's also just a good start of the year along with the good performance then when it comes to our result. There was one thing that I thought of when I was really looking at this slide and my memory took me back down to last summer when we had our Capital Markets Day. We talked about the fact that, of course, market sentiment was at that point already changing. We went from the very hot market that we still had in early 2022, into something that was sort of visibly going to start to slow down.

Pia Aaltonen-Forsell: Then we introduced our view of what a normalized EBITDA could be. What would our performance be under more normal market conditions? I still remember the many questions I got about that. How did you calculate it, etc? I think most importantly, what I said then was that we were looking back at more historical levels of, for example, sales prices, volumes, etc. When I look at the situation now, obviously, as we speak and as Heikki has already described, sales prices have been under some pressure. If I just look at the CRU data, as I'm sure you are looking too, we do see below-average levels even in sales prices. I am still happy and still feel good about that discussion we had about what could such a normalized performance be. I think the first quarter is a good proof point of that. I think the main learning is that in this market situation where we have had pressure, especially on-the-spot prices, we have also seen how the raw material market has reacted. Some of that is maybe testimony to our own good actions and the way we have been able to steer the business, but certainly, I think we also have these two goals somehow now hand in hand. That gives me confidence that our earlier statements about the normalized are still valid.

Pia Aaltonen-Forsell: Let me take you further still with a brief view really on the details of the strategy execution. I think that's also an important key to our performance. Heikki already spoke about many of the things that we have been addressing in the strategy execution. Just looking now at what we really are able to achieve in the quarter. In the quarter, our run rate EBITDA improvement based on our strategy execution is €24 million. I would say we have a number of projects there and many of them are important in this quarter, especially the expansion of the oil concentrating plant in Kemi. That was one of the contributors. If I look over time, what are some things we really need to keep an eye on? Heikki mentioned energy efficiency. That's really important. This eight percent energy efficiency improvement is such a significant step change compared with normal continuous improvement, maybe like half percent per year, something like that. That's important. If you recall,

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we also spoke quite a lot about enabling more volumes, so growth from the productivity of our current system. We talked about 80 kilotons out of our Americas system and 100 kilotons out of our European system. I would say in the background, we are really well on track for enabling that. Obviously, that will give us an opportunity once we reach the point where the market is really rebounding, so keep an eye on that. I still want to also go back to the sustainability targets. We did set ambitious CO2 reduction targets, 14 percent just for this second phase. When I look into that, I think there are a few important projects on top of the energy efficiency yield improvements and many other operational improvements. We are investigating the bio-coke, as we have described before, and that is one of the things that we continue working with in the background and that is an important enabler for the CO2 reduction as well. Maybe finally then, when we really looked into the more specialized grade, what is now being developed in the Advanced Materials portfolio, I think just being able to sell, being able to expand here in that portfolio is also one of the drivers for the journey here during Phase 2 of the strategy.

Pia Aaltonen-Forsell: Maybe then as a matter of completion, the divestment of long products, we closed that big deal early in Q1. Our net debt was reduced by 100 million as a result of that, and then we also signed to divest the remaining long product units that were in Sweden. That deal is still expected to be completed during the third quarter of this year.

Pia Aaltonen-Forsell: My final three slides on the BAs and then a little bit on working capital. What I want to cover here, first of all, when I look at the European business, I think an EBITDA of 122 million in the quarter is a good performance. It's testimony to good steering. We also did have a stable performance in the quarter. Yes, there were some strikes, but these were still managed well and somehow we had overall a good capacity utilization above 80 percent. That enabled us to have a good run, to have a good supply chain planning, to have variable cost efficiency, and also fixed cost efficiency. That combined with efficient raw material management, really allowed for this good result in the quarter. On to my topic of what was still important, what made the result better quarter on quarter.

Pia Aaltonen-Forsell: I would still there highlight as a plus, energy costs that were actually lower than in the fourth quarter and also actually some other consumables were a little bit cheaper. What this means is that, that peak inflation, very much driven by energy, is at least for now behind us. Then finally, I think looking at the market situation, Heikki has commented already many really important points there. I would say as we are now seeing the end of the destocking phase, especially in Germany, but also more broadly if we look at the stats, we are commenting that quite a lot in our report actually. We do see now the inventory levels normalizing. That is for sure making it a bit easier to breathe in the next quarters. You also see that in our guidance for the stable volumes going forward. When you look at the bridge of our price impacts that we have enclosed, I don't show it here, but it's in the detail of our webcast material. What you will as well see is that yes, indeed, if you look at CRU data, you see that there's pressure on the spot prices. Please remember that we do have a good stable base of contracts in our portfolio. We always used to say it's

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more than a third, but less than half. Let's land the figure somewhere around 40 percent and it gives you a magnitude of what that means. That's a much more stable part of the business. Some of the raw material benefits also kicked in there so that the overall, what we look at as price impacts, when you look at it in the big picture, they were not that negative at all.

Pia Aaltonen-Forsell: Then I come into BA Americas, this gives me a chance to talk a little bit about timing and hedging, because Heikki already spoke about the market situation, how extremely difficult it was in Q4 when the distributors really stopped ordering, how we've had a little bit of a gradual rebound here during the Q1. We clearly can see now the destocking come to an end, but when will the real replenishment start? We will still have to watch and see for that. Clearly, we are now in a more stable phase. What impacted BA Americas' result really negatively in the fourth quarter was also the hit that we had on timing and hedging. That is now very clearly rebounding. On a bridge, we really get a positive impact there. Let me still remind you that raw material and scrap is such an important driver in our result. There are many ways how it impacts. I'll start with the most important one, also linked to sustainability, which is that when our recycling ratio is high, that really also improves our financial performance. That is something we have really nailed down. On top of that, we have some other impacts.

Pia Aaltonen-Forsell: What we always report per BA and what you can see here as well as timing and hedging impacts, that's really the timing difference that we have between when we have bought and when we have sold. Price in, price out. There is a delta in between because we do have an inventory turnover still. I think we are closer to three months. It takes some time for the material to flow through the system. With that being said, there's always a difference between price in and price out that we are then risk management to some extent with hedging. I think you can clearly see here now that that's a very positive impact for BA Americas in this quarter, comparing that with Q4. We also have other raw material impacts that we are showing as a part of the pricing component and that could have to do more with one-time opportunities in the market or particular purchasing conditions. With that being said, I hope it clarifies a bit. I'm super proud of what our Americas team have done and really rebounded in the result here in the quarter as well. I think that's a good sign of what we are now able to do with the operative performance and stability that we have reached. Not to mention, by the way, do you still remember when we were talking about the ferritic investment all the time and how good that is? I think in a year like this with a slower market, it has proven really good to have a broader product portfolio.

Pia Aaltonen-Forsell: BA Ferrochrome is the BA that was really impacted by the European energy crisis, and Q1 is still unfortunately sort of a testimony of that. The result of the high energy prices was that we had to stop production and then we also suffered some operational difficulties. All in all, we actually were down to just a notch above 50 percent capacity utilization in the quarter. That's, of course, then visible in the result. Together with the good work of the team, the energy optimization, we still managed to deliver what I would call an acceptable result under the circumstances,

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even a good result of €16 million of adjusted EBITDA in the quarter. Now then for the second quarter, we do see this kind of rebounding and stabilizing again. We will be back to normal capacity utilization and we will take the longer maintenance break in the third quarter, so that is when it's being planned at the moment.

Pia Aaltonen-Forsell: On to my final slide then. Here I get a little bit of a chance to talk about the cash flow and the CapEx. I'll start really briefly with the CapEx because I don't have so much to say. The CapEx figure in the quarter was low. The deep mine is really coming to an end and that impacted it. There wasn't that push from the deep mine strategic investment at all, but you see here that we are still foreseeing a 200 million CapEx overall for the year. Then maybe more interestingly, if you look at the left-hand side of this graph, you see a bit of our cash flow components here. Obviously starting with the reported EBITDA and then looking at the working capital performance of the quarter, my description of it is it was really smooth. Q1 is typically a quarter where we are investing somewhat into working capital. I think this was now a fairly minimal investment. I think we managed our payables receivables well, just given a little bit of uptick in inventory, and that's really what you see here. I really see the same smooth situation going into Q2 because we have a fairly stable view of the volume development. Then in this other bucket here of, let's say, other cash outflows, please note that we used all of our deferred tax assets in Finland last year. We actually already had some cash payments of taxes in Finland for last year and we paid all of that out now during the first quarter. You see here some more tax payments than normal. I think we will also pay some cash out during the second quarter from Germany. Maybe that was 15 million, 20 million, or something like that. There is a little bit of an uptick now in the cash out compared with previous years. Operating cash flow of 74 and then as the CapEx was low and we got the 100 million upticks from the long products sale, then that is really what you see here in the end as a positive in the net cash from investing activities. With that said, Heikki, may I please hand it back over to you.

Heikki Malinen: Thank you, Pia. Thanks for the good summary. To wrap up this section, I would summarize Pia's presentation with the words, Outokumpu has good momentum. As I said, many of our customers have already completed their destocking, so also the dynamic of the market is again changing to a more positive tune. Now, of course, there are always risks and so we have this one page that tries to give a bit of a more holistic picture about the risks. Our view here is that the risk outlook is now neutral. Yes, we have pluses and minuses, but I think overall, we're in a neutral situation here. On the positives, of course, assuming now that the Chinese reopening move to the second phase, that means that in the second half of the year industrial activity does improve and pick up in China. Of course, that would then have a positive impact in terms of demand for stainless and ferrochrome in the Asian markets and of course, create its own positive supply-demand dynamic in Europe and the US as well. The other positive, which is more of a longer-term thing, is of course significant amount of capital is now being allocated in various forms for green transition investments, especially in our advanced materials. Also when we look at our standard grades, classic grades, hydrogen is one example. There's a lot of demand going to be coming in the next years, that's really positive.

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Heikki Malinen: Then on the uncertainties, of course, as we all know, are we going to have a soft or hard landing here? I think it's still a bit of a coin toss. What are the central banks going to do? Are we going to have too much tightening or are we going to sail through this? Cannot really say. The war in Ukraine, what's the next phase going to bring about? Then finally, energy as we head into next winter. I have to say, though, with the experience we had from this winter, how we learned and became even smarter with energy optimization, and things like that, I'm more comfortable about the winter of 2023, even if we were to have, a bit of a challenge like we had this year. I'm just feeling more confident in our ability to manage also through that type of a situation, hopefully not, but if it were to materialize. Hopefully, you get a good sense that this is an overall neutral viewpoint about risk.

Heikki Malinen: And the outlook for the second quarter. Group stainless steel deliveries in the second quarter are expected to remain stable compared to the first quarter. Our ferrochrome production will increase and return to normal levels in the second quarter. However, the business area is preparing for a maintenance break as Pia said in the third quarter. With current raw material prices, no significant raw material inventory or metal derivative impacts are expected to be realized in the second quarter. Finally, the guidance for Q2 2023 adjusted EBITDA in the second quarter of 2023 is expected to be at a similar or higher level compared to the first quarter. That's the outlook. Now Pia and I are happy to answer any questions you may have. Thank you.

Conference host: If you wish to ask a question, please dial star five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial star five again on your telephone keypad. The next question comes from Anssi Raussi from SEB. Please go ahead.

Anssi Raussi: Hi and thank you. It's Anssi Raussi from SEB. I have a few questions and I'll go one by one. First of all, back to Pia's favorite topic of normalized EBITDA. Do you still think that we are in the middle of somehow exceptional market conditions as you reminded about this one? Of course, you generated over €200 million of EBITDA in the first quarter. That's the first one.

Pia Aaltonen-Forsell: Thanks, Anssi. I think the reason I wanted to mention it was really looking at the price development and the CRU statistics in particular. Just seeing that the prices have been at a lower level prompted an analysis that, what is our stance on this? Because the intention, of course, we're talking about the normalized profit last year when we were at a much higher level in very favorable market conditions was to somehow just make this more tangible, that what could the performance be? I just wanted to reiterate it because I felt that this is a really strong start of the year. Obviously, there are even factors that are quite positive. Our strategy execution, for example, is really going well. The business steering is really going well. I think we have added a lot of positive factors here. I wanted to take a step back and look at those market dynamics. When I look at it holistically, yes, I see that the market prices are a bit lower than the historical averages that we built into

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the model, but there are also more favorable perspectives from the raw materials side compared with that. On balance, I'm still happy with this 500 to 600 as a broad somehow description of what is possible in a normalized market environment.

Anssi Raussi: I understand. Then about ferrochrome division, so in Q2, should we expect so-called normal quarter in terms of external sales volumes and costs? Have you been running this business normally since the beginning of April or have you been gradually ramping up the business?

Heikki Malinen: I think the demand at the moment for us in terms of our own usage of ferrochrome and what we can sell to the outside world is quite normal. I said we had some production issues as we headed into the end of the year and then at the beginning, plus of course the whole standstill because of energy cost impacts. I would say overall, ferrochrome should be running normally. At least, that's what I'm expecting. I want good performance from the plants and they promise to deliver.

Pia Aaltonen-Forsell: Indeed, but, Heikki, they have been running. We were ramping up one of the furnaces already from the end of February and also the operational issues that we have had been solved. Indeed, as of the 1st of April, production is running normally. The reason that we reminded you about the maintenance break, was just to say that in terms of external deliveries, I think they will need to build a bit of inventory at the end of Q2 to prepare for that maintenance break in Q3.

Anssi Raussi: Then just a quick one on lead time. What kind of lead times do you have in Europe and the Americas?

Heikki Malinen: Compared to the last year, the lead times, of course, are short. We're talking weeks or less than a month. It depends a bit on the product. The good thing is that our supply chain is very efficient. We have been able to also increase the speed, the throughput time from raw material procurement to delivery of the product. That also gives us the ability to deliver faster than in the past, I hope. I said the lead times are not very long. We can supply at the moment well.

Pia Aaltonen-Forsell: This depends, of course, on the grade, but Heikki if I look on average, Americas is the same as before. We typically sell the one quarter and we are in the normal rhythm of that, so we are still within the second quarter here. Then when it comes to BA Europe, I don't think we are over two months at this point as a total. Of course, the more advanced grades in advanced material have somewhat longer lead times, but on average, I don't think we are above two months.

Anssi Raussi: Thank you. That's all from me for now.

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Conference host: The next question comes from Tom Zhang from Barclays. Please go ahead.

Tom Zhang: Hey, good afternoon. Thanks for taking our questions. Two from me, which I'll take one by one. The first one just on the volume guidance. It sounds like you're a bit more conservative than some of your peers, especially given the seasonality. Normally getting a bit better into Q2. Heikki, you mentioned many of your customers are coming to the end of destocking. Just any high-level thoughts here on why we wouldn't expect volumes to be better. Is it value over volume or is it really just apparent demand not really improving?

Heikki Malinen: I think it's more from the standpoint that customers are starting to replenish, but the order size is smaller. I think there's still some uncertainty about where the world is going. They are ordering, which is good, but the quantities are smaller. I think probably customers want to see a bit more visibility at the second half of the year and 2024 before they lean forward even more. That's how I would read the market at the moment. Anything you would want to add to that?

Pia Aaltonen-Forsell: I think this stability is more how I would describe it. I think your description fits that really well. It's difficult to see that jump upwards. Rather, it's a more stable situation as we speak.

Tom Zhang: Understood. Thank you. The second question just on capital allocation, please. You're in a healthy net cash position. You've had positive free cash this quarter and it sounds like probably more to come. What's the thought process between CapEx, M&A, and further shareholder returns, especially bearing in mind you've had the new AGM authorization that would allow you to do more buybacks if you chose to? Thanks.

Heikki Malinen: We have guided in terms of CapEx, that Phase 2 is going to be the 600 million. We're focusing very much on our existing operations and trying to make them more efficient and more cost competitive. If we're able to continue along this momentum, it of course gives us some financial flexibility. At this moment in time, we have a plan for Phase 2 and we're sticking with that.

Pia Aaltonen-Forsell: Then I think as for our financial policy, obviously the dividends are there. At the heart and center, I think our first priority is to ensure that we can stay on that path of the growing dividends. Obviously, with the EPS €0.22 in the first quarter, this is already on an extremely good track, and then we still remain with the tool of the share buybacks in our portfolio. It was a good tool. Let's then check a bit later on how we think about that.

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Tom Zhang: Thank you very much. I'll turn it back.

Speaker 3: The next question comes from Patrick Mann from Bank of America. Please go ahead.

Patrick Mann: Good day, Heikki and Pia. Thank you for the opportunity. Could you talk a little bit more about your contracts and the pricing under the contract? You said we should think about roughly 40 percent of the volumes. How often are those prices set and on what basis? Thanks very much.

Heikki Malinen: It's good that we have a good contract where it gives us stability, both upside and downside as we saw during COVID. It was also a bit of a buffer when the market got really bad in the 2020 time period. I said, most of the contracts were agreed to at the end of last year. It depends on the customer, how they are structured, but half a year to a year is not uncommon. On the pricing side, I think what I've said before is that the volatility up and down is much less. The CRU curves that some people follow do not give at all the right indication on how the contract pricing moves. Those are point estimates. I don't know from what sample the data is collected, but it gives only a point estimate and doesn't represent, in my view at all, how contract pricing behaves.

Pia Aaltonen-Forsell: Patrick, my comment was specifically on Europe. I think, Heikki, your answer as well was really focusing on the dynamics in Europe. Obviously, in America, as you know, a very big share of our sales is through distribution. There's also usually a very big share of the contracted basis. I would maybe characterize the contract type in America a bit more like frame contracts, whereas in Europe it's really typical that you really commit and lock in pricing, etc, for whatever period it then is, half-year, a year, etc. Those are usually longer stretches.

Heikki Malinen: So it is.

Patrick Mann: Thank you.

Speaker 3: The next question comes from Bastian Synagowitz from Deutsche Bank. Please go ahead.

Bastian Synagowitz: Good afternoon, all. I had a question on pricing as well, and I'm wondering whether you feel that you've already been seeing pretty much the trough in realized profitability from the current spot market conditions. I guess most people have been, I think talking about a lot of price pressure. I guess you were referring to that as well, even though I guess it's not perfectly clear basically how far this has

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already fed through your system or not. Could you basically help us to understand how far you've been already seeing pretty much the trough in realized profitability? That is my first question.

Heikki Malinen: When you say realized profitability, there's always a revenue line and then there's a cost line, but your question was more about the revenue line and specifically not the volume, but the price. I never make forward-looking statements about price, so I'm only going to comment on what we have seen. As I just commented to Patrick's question on price, the contract pricing lives a whole different world than what this spot price is indicating. Even there, I don't know from what market and from what customers those numbers are in. It's clear that there are situations from time to time when prices may be adjusted on a case-by-case basis. Assuming that the market is now normalizing, usually, there is a supply and demand effect. If the balance is now starting to head into a situation where the market is getting tighter, of course, that at least should by definition then start to create some kind of a flow. Every market and every customer and every country may be a bit different, so I don't want to generalize too much.

Pia Aaltonen-Forsell: Heikki, if I could still add. Obviously, the dynamics as also shown in the charts by Heikki earlier today, have been a bit different also in Europe, in the Americas. In Americas, we have somehow seen a more robust environment broadly when it comes to pricing. The only thing I can then add is obviously, if you look at our EBITDA guidance, we are now quarter on quarter guiding stable or higher. At least that's our view of how profitability will develop.

Bastian Synagowitz: Thanks for those comments. Secondly, then on the cost part. I guess we've got energy costs, we've got raw material costs, should we still expect within stainless, a more material relief in realized energy costs? Then you've been pointing out that component of more favorable raw material costs as well, which I guess was something which we've seen also in the third quarter of last year. Could you just maybe help us a little bit on whether you think that this could be a more lasting phenomenon?

Pia Aaltonen-Forsell: First on the energy, I think at the moment we have hedged about two-thirds or actually it is closer to 70 percent, especially of the electricity cost for this year at least through all of our bigger markets or uses. I think that still gives us a bit of opportunity to breathe with the market. At the moment, there's volatility every day, but the direction clearly has been lower. With that said, I think, depending on how the market develops, if the prices go down, we have some room still to see and also realize that in our PNL. I would rather be a little bit cautious here and just say that we still don't know about the winter of 23/24. I probably will recommend that we will even hike up our hedging levels a little bit when we come more towards the end of the year. If there's a lower price now during the summer, very likely we can then have some benefits from that into the PNL. Then your question about the raw materials, I think particularly in Q3, we knew those were really specific conditions,

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especially, and that was in the US, but that was also more broadly. We were talking about one time or one of the impacts.

Pia Aaltonen-Forsell: Now, obviously, we got that again in the quarter. I think it's a fair question that has something really changed structurally and I can just reiterate a few factors that I see directly impacting us, but has something really changed in the market? I think that's a bit early to say just on this, that Q3 was in a certain way and now Q1 was in that way. Again, that would be a too-fast conclusion. I say there's not enough evidence on that, but I think what we have seen is, first of all, internally, recycling rate is really good. Our teams are really putting pressure on this to use more and more scrap and have higher and higher scrap ratio. I think we have made, within the production, some good step changes and that is one topic that is supporting us.

Pia Aaltonen-Forsell: The other thing is we now have more cash. If we see something good in the market, we can act. We don't need to think about cash position, working capital estimate and all. We can focus broadly on whether this is an optimal deal for us or not, which is also good. Those are really internal things that have changed our situation, which I believe are long-lasting. In the market itself, this has still been a condition of macro uncertainty. Stainless steel prices have been coming down in CRU reports and there have been varying statements about weakness in the market. This has somehow also impacted the overall situation then on the raw material.

Heikki Malinen: If I may just add two points. One is, of course, now in Finland, we have Olkiluoto 3 up and running which then compensates fully for the electricity we lost when we stopped buying from Russia and then there's even a net gain. That's a positive surplus as we head into next year, and as I mentioned, 1000MW of onshore wind coming now every year. That does improve the energy picture for us up here in the north. Of course, in Europe, as you know, in the natural gas price side, we are still much, much lower than we were, but compared to history, natural gas prices are still somewhere double plus compared to where they were in the past. That is impacting then Germany and some of the German prices do a little bit impact the price level in southern Sweden, and then they a little bit also flow into the Finnish market. That's slight pressure coming from Germany. On the raw materials, what I just want to say in scrap, at the moment, the exports of scrap out of Europe to Asia and India, in particular, are quite limited. We basically get all the scrap we need from Europe. We have had no issues in supply, so that is a really good situation.

Bastian Synagowitz: Perfect. Thanks for the color.

Conference host: The next question comes from Maxime Kogge from ODDO, BHF. Please go ahead.

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Maxime Kogge: Good afternoon. First a general question about your guidance for Q2. It seems to me quite shy because you're guiding for similar or better EBITDA, but what you show is that in ferrochrome you will have a much better EBITDA given that you will benefit from higher prices and higher volumes. Regarding stainless steel activity, I think that there are also a number of tailwinds like lower raw material adjustments, similar shipments, and perhaps further raw material cost savings. Can you specify a little bit what you expect for stainless steel? If we look at it isolated from ferrochrome, could it be lower or will it also be at least stable versus Q1? That's my first question.

Pia Aaltonen-Forsell: Thank you, Maxime. If I may start, maybe a technical comment, but on the net of timing and hedging, where we are saying we don't expect a big impact in the second quarter, there also on absolute terms wasn't a big impact in the first quarter, but just as a bridge, it was very positive compared with the fourth quarter. Maybe that is actually fairly neutral quarter on quarter within the given guidance. You are of course right on ferrochrome that we came from a very low production environment in Q1 into a normal production environment. However, deliveries will not hike up really to the normal level because we need to build some inventory, although, of course, this will contribute a strong positive in that one. Maybe I'll leave it at that in case, Heikki, you want to add anything.

Heikki Malinen: No, please.

Pia Aaltonen-Forsell: Then I think the volume part for me is pretty clear. We are guiding for a stable volume, so that won't give a positive or negative impact per se. I think the important feature is then here, the development of some particular costs, whether it's then energy or whether it's raw material together with the development of the spot prices. Obviously, those are some topics where we have made our assumptions. As Heikki said, usually we don't really want to comment on forward-looking pricing. Those are then some things where we took the decision to give this a little bit broader guidance that is stable or higher.

Maxime Kogge: Thank you for that. Perhaps you give more color on regional trends for volumes. I know you do give some color usually given that the destocking wave is not yet over in the US, should we expect volumes in the US perhaps to go down a little bit while those in Europe might go up a little bit in Q2?

Pia Aaltonen-Forsell: I think we also see the end of the destocking now in the US. It came a little bit later than in Europe, at least from our perspective and from what we see. We are also now at the end of the destocking, but, Heikki, made a really good specific comment earlier today, which was to say when customers start to replenish, those are smaller orders. It's a very gradual uptick right now, but I don't see any

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reason to go lower in volumes in Americas either. This stable situation I think is pretty much across the board of our businesses.

Heikki Malinen: I think one thing which is sometimes hard to follow is that the ultimate end-user demand is actually not that volatile. It's the inventory and the distributor part which is fluctuating. If you look at how customers buy in many areas, it's surprisingly stable. You have a long-term trend growth which is positive, and then you have some fluctuations, but it's the distributors which basically create here the big ups and downs. That's why we have this direct business and contract business to hedge or manage the volatility as best as possible.

Maxime Kogge: Thank you. Perhaps the last one, you announced in March your intention to launch a metal powder business. Could you give us a very broad terms sense of startup costs, CapEx, and what could be the potential contribution from this activity going forward in terms of sales and EBITDA?

Pia Aaltonen-Forsell: Thanks. Now I really feel bad that I didn't bring the spoon because I had it on my desk today. I got this sample of a product that we have already produced out of this powder. How should I characterize this? The CapEx is more magnitude single digit million euros. I think this is for us an important step, because it's showing the magnificent things we can do out of scrap. This will be a really high-quality powder. We are, I would say, starting out with pretty low volumes. Obviously, looking at a product with some interesting margins, but only gradually ramping up our capability here. This is also a new area for us. I think it's a good addition to our more specialized capabilities and, hopefully, this can serve our customers well, but I would not want to bring any sort of big plus in terms of margins to this year's performance. Maybe this is something we can come back next year when we have been ramping this up a little bit more.

Heikki Malinen: I think the first applications will be really high-end, super premium kitchenware and then medical devices, surgery, and other things where customers are looking to really develop cutting edge tools, for example, for operations, those type of things. That's probably where we start first.

Maxime Kogge: Thank you very much. That's all for me.

Conference host: The next question comes from Rochus Brauneiser from Kepler Cheuvreux. Please go ahead.

Rochus Brauneiser: Hi, it's Rochus from Kepler Cheuvreux. I have a question on the second quarter outlook. I'm not sure whether I missed that. Is the guidance you're given for stable to higher earnings including any particular further positive effect from

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those raw material effects which were supporting the Q1 numbers? Shall we expect at a later point in time that these positive effects are going to revert, or is it just a one-off which is happening now and is not reoccurring?

Pia Aaltonen-Forsell: First of all, we have these, I would call them, different buckets of raw material impacts. If we really consider where we really even give guidance, which is the timing and hedging, the timing is the difference between the pricing and the price out, and the hedging is the hedging. There's nothing significant and also there weren't on absolute terms any significant items in the first quarter. Not really much there, but I guess that you are also asking about the other positive raw material impacts. That's obviously something where I wouldn't yet talk about a trend. I see some positives from our own actions that I think will be part of us in the future, and are also part of our estimates leading to this guidance. When I look at this more holistically, when I consider what we reported as part of the pricing impacts, where we said, they really weren't that negative because the somewhat lower spot prices were compensated by some positive impacts in raw material, then I would say we still have at this point to consider those pretty one-off. Maybe some spillover to Q2, but that's not really the main thing here behind the guidance.

Heikki Malinen: Some items like certain chemicals that we're starting to see that inflation spike starting to taper off. I think first signs that inflation has tipped over and is now starting to soften or weaken or decline. I think that's starting to be evident in some chemicals as an example.

Rochus Brauneiser: Sorry that I'm coming back to the point again. I think the wording on this positive raw material effect was a bit different compared to what you used in the third quarter last year. Does that tell us that the nature of that raw material effects was in a way different or had different origins compared to what we are seeing now in Q1? Is it anywhere the same magnitude compared to the third quarter last year? I guess it was a magnitude of 50 million.

Pia Aaltonen-Forsell: You have been reading the report extremely carefully. Thank you for that. I think really, if we look at those raw material impacts that we try to characterize as more one-off. Yes, indeed. I think the characteristics were somewhat different now in Q1 than what they were particularly in Q3. The geography was also a little bit more different. They were a bit more focused on the third quarter on Americas. Now, I think we saw this in both of our key regions in this quarter. Yes, they were a little bit different and maybe the order of magnitude is somewhat similar. That's not an exact figure now, but from the top of my head, I would say, yes, similar.

Rochus Brauneiser: I think we are all still struggling a little bit about getting a better sense of what's helping you. I think in the end, we have not heard similar effects from other players. As you said, it's too early to talk about a trend, but is this something that you can harvest over longer? Is there a risk that maybe others are jumping on

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this opportunistically and then this effect is not repeating itself in the way you're observing it now?

Pia Aaltonen-Forsell: I think it's interesting and obviously, this is also commercial how we want to act in the market and even strategic how we act. I'll just leave it at the very brief comment that, if I compare with our peers, they may have somewhat different strategies when it comes to integration and where you actually want to play yourself and where you want to be a buyer, etc. We don't seem to be acting exactly in the same way. That's an observation of the current status.

Rochus Brauneiser: Very good. Thank you very much.

Conference host: The next question comes from Xin Wang from BNP Paribas. Please go ahead.

Xin Wang: Hey, guys, congratulations on the strong result. Almost all my questions have been answered, but if I can follow up on net working capital, can you talk about Q2 and the full year 2023 outlook?

Pia Aaltonen-Forsell: Sure. Thank you very much and thanks for your kind comments. On net working capital, I also see Q2 as, seasonally, I would have expected a little bit of an uptick in inventory. I specifically said that ferrochrome will be building some inventory. I know we are also planning some other maintenance breaks in the third quarter, just typically like we always do at the bigger sites. That's why seasonally usually we have a little bit of an uptick in inventory at the end of the second quarter. When I look at our current view, I see a fairly smooth ride again. I'm not sure whether it will be -48 like it was in this quarter, but I would expect a small investment into working capital in the second quarter.

Pia Aaltonen-Forsell: When we go into the third quarter, I don't really see anything that would disrupt the normal seasonal pattern where especially in Europe, inventories then really go down during the third quarter. Usually, we reach the lowest point in inventory at the end of Q3 and then we still get a lot of cash in Q4 and reach an overall low point in working capital at the end of the year. Of course, there are still some things about the market later this year that we will only observe and see as we have spoken about our customer behavior today, they are not yet leaning a lot forward, but I don't see any reason to doubt this normal seasonal pattern at this point.

Xin Wang: That's very clear. Thank you.

Pia Aaltonen-Forsell: Thank you.

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Conference host: The next question comes from Ioannis Masvoulas from Morgan Stanley. Please go ahead.

Ioannis Masvoulas: Hi, Heikki and Pia, and thanks for taking my questions. A few weeks from my side, the first starting with Americas, you talked about lower realized prices in Q1, but then the EBITDA bridge on the slide deck shows a positive contribution from pricing and mix. Has there been a significant mix shift during the quarter or is there anything else to highlight here? Thank you.

Pia Aaltonen-Forsell: I would say, I'd come back to some positives from the raw material purchase impacts that are boosting that bucket in our bridge. It's back to the theme that we have discussed about some of these raw material-related topics that have impacted that overall because we have price and mix and some raw material effects there.

Ioannis Masvoulas: Understood. Thank you. Second question, going back to the broader discussion around China, where we've seen fairly strong production rates, rising inventories, and exports. We've also seen MPI being fairly cheap relative to stainless grub in the Western world. How do you see that playing out as we go into the second half of the year? Is there a risk of significant competitively priced volumes hitting Europe or the US? Which region do you think is most exposed from today's point of view?

Heikki Malinen: As I mentioned earlier in my presentation, we just don't see at the moment a real good business case for customers to be importing big volumes, because we are able to deliver. If customers need fast delivery, we can do that. Our supply chains are now faster and the big price delta, especially in Europe, has diminished, so just don't see a big business case for big imports. As I said, at least what we are hearing from our customers in Asia is that things should be picking up in the second half. If that is true, then the demand will also absorb some of that capacity that you're referring to. At least at the moment, I cannot confirm or I don't see the concern you're raising. Of course, I have to rely on the information I'm getting from our sales force.

Ioannis Masvoulas: Understood. Thank you very much. The third question around capital allocation, going back to that topic. Clearly a very strong balance sheet in Q1 and I'd be keen to hear your latest thoughts on the cash buffer needed for the business before considering distributing excess cash to shareholders. Thank you.

Pia Aaltonen-Forsell: We have a good cash buffer right now and putting an exact euro amount on it I think is maybe just being a little bit too bold because also the market situation keeps changing. I would say in terms of a buffer, I feel already

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confident. We have we have a good buffer to have operational agility. Then the question is, how do we want to prepare for, let's say, future CapEx, etc? I think there are these considerations that we need to take holistically. I think also early in the year is probably not the best time for that contemplation. I think once we get into seeing the full-year cash flow, etc, there's going to be more ammunition to discuss this topic and more clarity.

Heikki Malinen: If I can just say that, yes, of course, there's a cash buffer, but if you remember our strategy, we have said that when we get to Phase 3, it is a time when we can make a bit bigger moves. I personally don't feel that it's at all a bad idea to also financially get ready for whatever investments we then finally decide to make. Having a bit of a growing buffer puts us in a better position when we then move already to say that now we're moving to Phase 3.

Ioannis Masvoulas: That's very clear. Thank you so much.

Conference host: The next question comes from Krishan Agarwal from City. Please go ahead.

Krishan Agarwal: Hi, thanks a lot for taking my question. I've got one remaining clarification from Pia on the energy cost, basically following up on Bastian's questions earlier. Is it fair to assume that given that you have 12 months or 18 months longer hedging policy, so the benefit from the current decline in the energy cost in the last three months probably would be seen in 2024 for this 70 percent of the hedging portion, is that a fair way to think?

Pia Aaltonen-Forsell: It is actually a little bit more tricky than that, because for a long time already, we have had this policy and we have a way of working. Our playbook says that we need to build our hedging position gradually. There was a bit of disruption last summer when there simply wasn't any liquidity in the market to make hedges. The liquidity is still a bit thinner than it was prior to all of these crises, but I think we have been able to execute on the deals that we want. It means that we are constantly buying with a really long-term view, electricity, and building up this portfolio really step by step. With that being said, even just before the quarter starts, we are still locking in some deals for the quarter, whereas some deals for the quarter were locked in maybe 24 or 30 months ago. That is how we gradually build that up. That is why I think I cannot draw that conclusion. On the other hand, just to make this a little bit simpler.

Pia Aaltonen-Forsell: When we are buying and making contracts further in the future, if you make it on a short term, you have a lot of contracts available, you can do shorter time periods, longer time periods, etc. When you look longer in the future, typically there's less variability. There are typically, for example, annual contracts,

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etc, and usually, the pricing there is based on forward pricing that anyone can observe on the screens for the market. I think right now we are already enjoying some of the benefits of the lower electricity cost now. If we want to prepare for next year, then we will start looking in probably more annual deals for next year at some point.

Pia Aaltonen-Forsell: My assumption right now is that electricity costs will come further down in the second quarter. Then depending on how the market develops, we will still be having some more expensive deals that we were probably locking in last year at higher prices, and then we will benefit somewhat from the lower price level right now. We get an averaging and we get a smoother curve over the periods, which is the same as we got also, really in the heat of the crisis. We still enjoy this, what I would call baseline that we had some hedges that kept us running, but where we didn't have the hedges, obviously then ferrochrome needed to take real downtime.

Krishan Agarwal: Understood. Just to make our life a little more simpler and easier, is there any way you can guide us in how much is the percentage decline in the overall energy cost based on your expectation for 2023?

Pia Aaltonen-Forsell: Let me think about that. If I find a good and clear way of doing that, then we will add that in the future. I think it's a fairly complex question actually that you're asking because of the dynamic that when the spot price is, we always leave some room for spot deals because production can also vary. When the spot prices are too high, we actually ended up in a situation where we needed to stop production completely. That's why it gets a little bit complex. If I find a good way, we will add it. If not, then I'll just continue giving very long explanations, which I'm sorry, probably isn't too helpful.

Krishan Agarwal: No, very clear. Thanks a lot.

Conference host: The next question comes from Maxim Kogge from Auto BHF. Please go ahead.

Maxime Kogge: Just to follow up on your Q2 guidance, when you're writing that the business area ferrochrome is preparing for a maintenance break in the third quarter. Can you confirm that we will just have a working capital impact in Q2 and no cost whatsoever related to maintenance in Q2? I think you already answered that question. Can you confirm that there will be no major impact from maintenance in other divisions in Q3 either?

Pia Aaltonen-Forsell: Maxime, it's a good clarification. I think what this means is that production will be up to normal capacity utilization. Deliveries will be a little bit lower

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to external market because we need to build working capital. There will be no significant maintenance, extra cost, or anything like that. There's always going to be a little bit of basic maintenance, but nothing related to this big maintenance break will occur in Q2 and there will be a working capital impact. We will build inventory, so that was ferrochrome. When I look at the other BAs, then all of the schedules that I've seen for the annual maintenance are focused on Q3 at the moment. What should I say normally. These are not huge costs for the steel mills. We are usually talking about six million, seven million, eight million, something like that, then in the quarter. The spike is not huge even though we take these maintenance breaks, but if there's something unusual about those, then I'm sure we will write about that in our guidance statement then in Q2.

Maxime Kogge: All right, that's clear. Thank you for that.

Conference host: There are no more questions at this time. I hand the conference back to the speakers for any closing comments.

Heikki Malinen: Let me just make three quick observations. As we've said with Pia, the destocking of our customers starts to become or is starting to come to the end and some customers are already restocking. There's now starting to be stability and a flow on the market. Secondly, we've had a strong start to the year, €204 million of EBITDA. Combining that with the guidance for the second quarter really puts us in a good position after the first half of the year. It's also a good springboard then when we move into the second half of 2023. The company is really having good momentum. Furthermore, at the moment, if you look at the implementation of the strategy, Phase 2, Pia showed you some of the numbers, execution is going according to plan and people are very focused on delivering on the results. The 200 million EBITDA target we have for Phase 2 on the sustainability targets and, of course, on energy efficiency. Overall, I'm actually very pleased about where we are and very much look forward to meeting you again then in August when we release the results of the second quarter. Take care. Thank you for your interest.