



Solid result in a weaker market demonstrates Outokumpu's improved capabilities to create value

Outokumpu Q1 2023 results

Heikki Malinen, President & CEO

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May 9, 2023

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Strong start to 2023

Heikki Malinen, President & CEO



Seasonally strong quarter overshadowed by continued distributor de-stocking

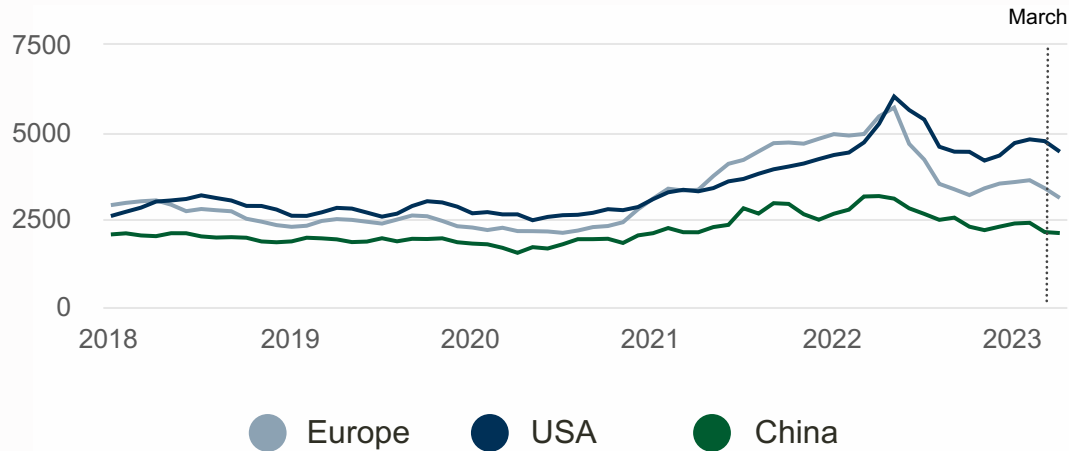
Adjusted EBITDA reached
EUR 204 million
in the first quarter of 2023

- Distributor de-stocking in both Europe and US impacted negatively stainless steel deliveries
- Recycled material content* remained record high at 94%
- Efficient raw material management
- Strong operational performance
- Successful completion of the divestment of the majority of the Long Products business

*last 12-month rolling average

Price gap between the European and Asian stainless steel has narrowed and import levels normalized

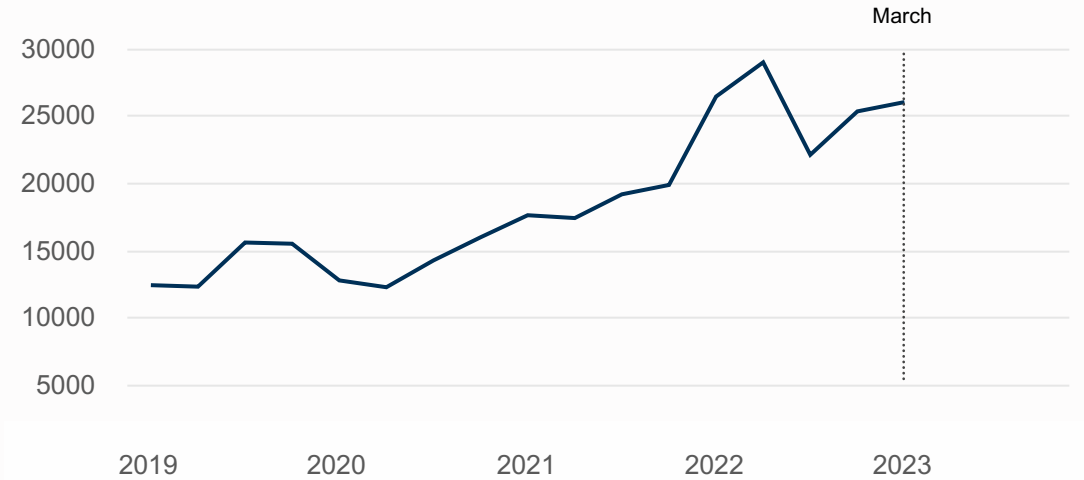
Transaction prices 304 stainless, USD/tonne*



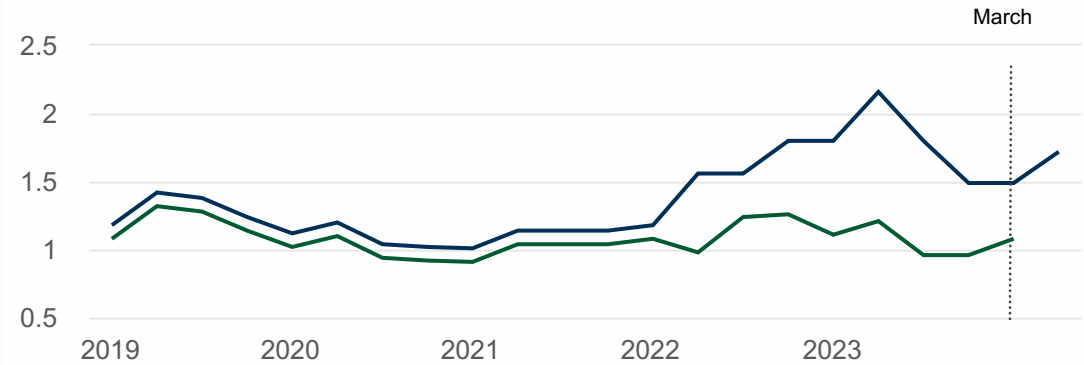
Source: CRU, April 2023; Fastmarkets, April 2023
Stainless transaction prices 304 monthly figures, nickel and ferrochrome quarterly figures

*EUR/USD FX rate impacting USD transaction prices

Nickel LME cash, USD/tonne



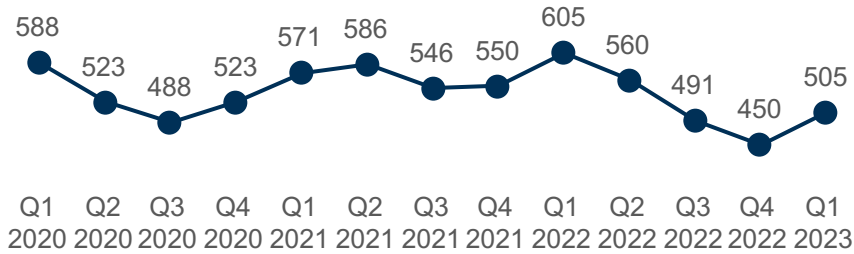
Ferrochrome, USD/lb



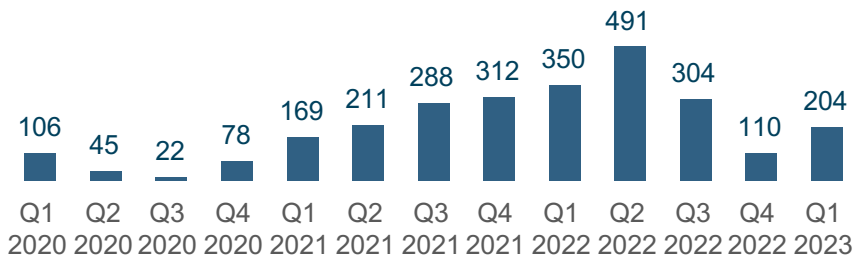
● European benchmark price ● Chinese spot market price

Adjusted EBITDA increased to EUR 204 million in the first quarter - strong improvement from previous quarter

Deliveries, kt

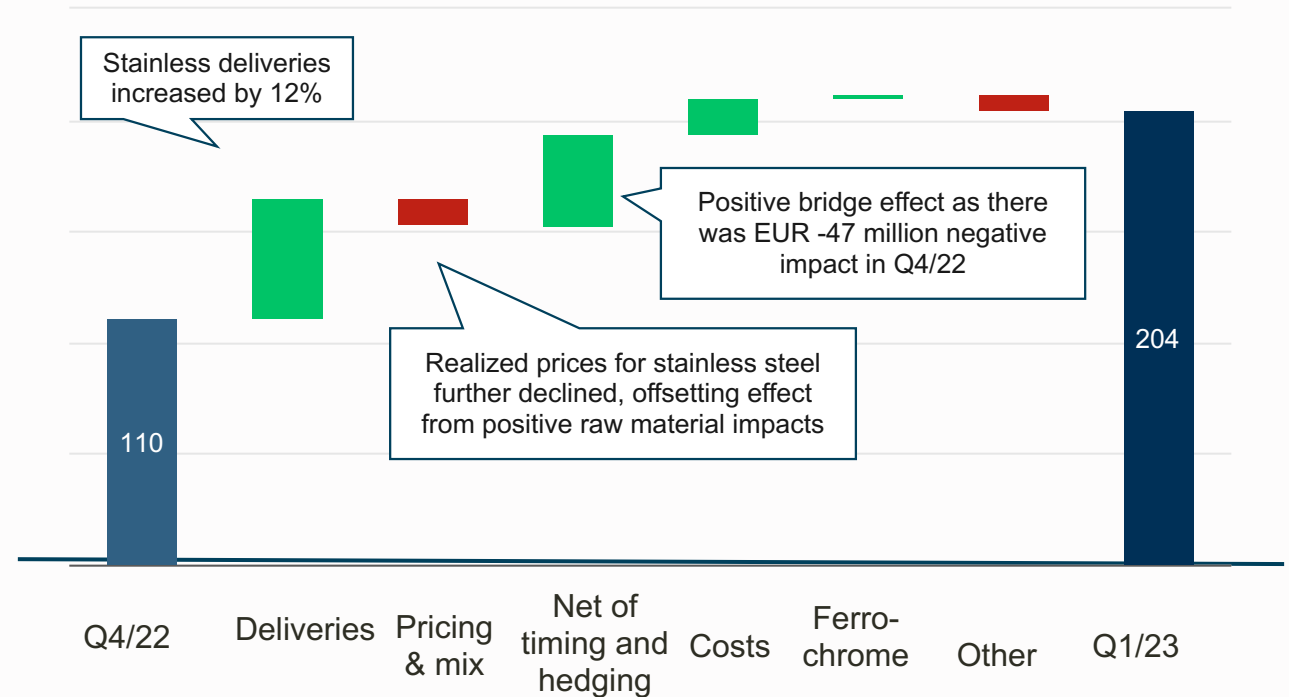


Group adjusted EBITDA, EUR million



Note: figures for adjusted EBITDA and deliveries have been restated from Q1 2021 onward to reflect the divestment of majority of the Long Products business.

Adjusted EBITDA quarter-on-quarter comparison¹, EUR million

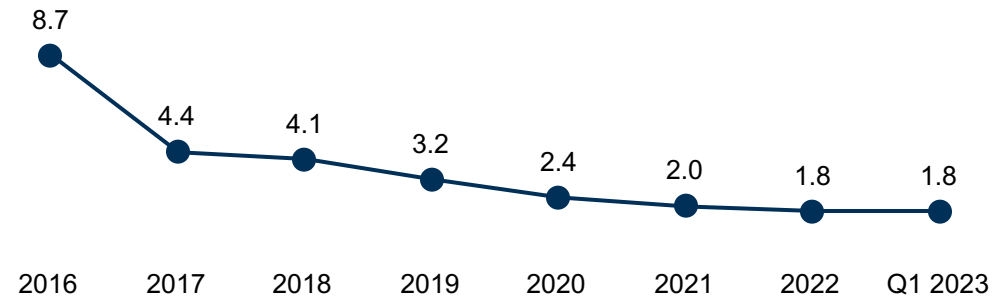


1) Indicative columns based on management estimates

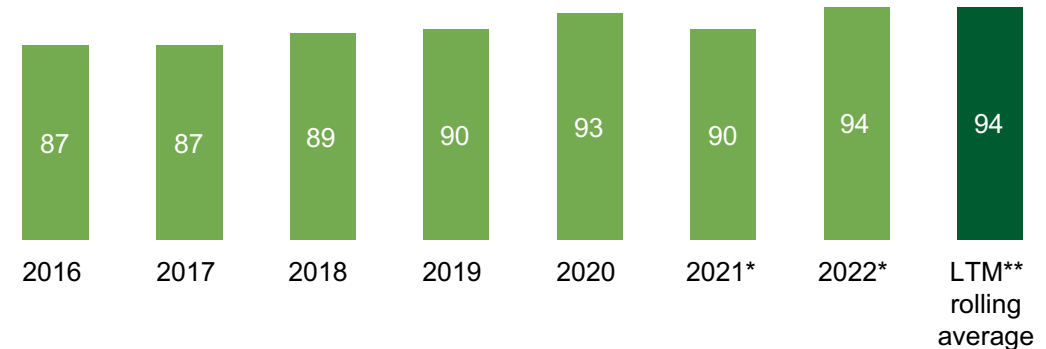
Outokumpu continues to be the forerunner in sustainability with strong ambitions to improve position further

- In Q1/23, we accelerated our safety cross-learning program and strong focus on contractor safety to improve safety performance
- Business is based on **circular economy** and recycled material content remained at a record high level of 94% also in Q1/23
- We continue to reduce our total CO2 emissions (incl. scope 1, 2 & 3) further in line with the approved **SBTi 1.5°C target**
- 91% of Outokumpu's sales in 2022 is both eligible and aligned with the **EU taxonomy**

Safety performance, TRIFR



Recycled materials, %



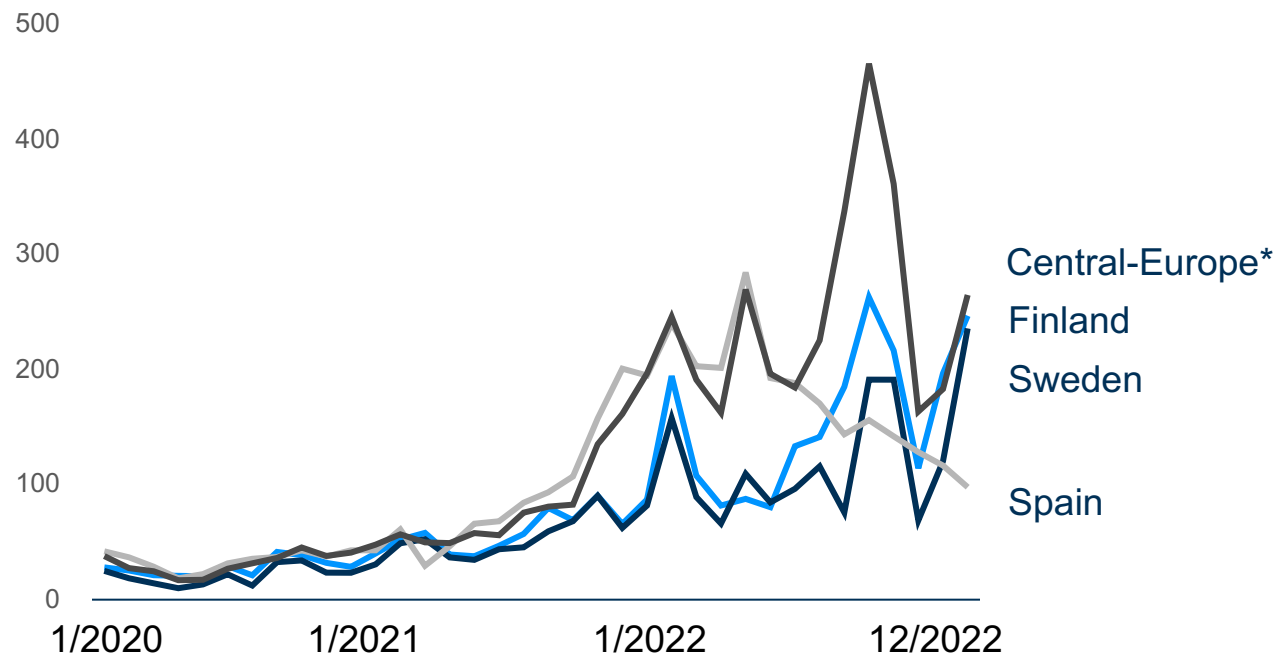
TRIFR = Number of total recordable incidents per million working hours

*2021 and 2022 numbers include only continuing operations

** last 12-month rolling average

Stainless steel is an energy-intensive industry and Nordics have unique advantages in low-carbon energy

Electricity price development EUR/MWh

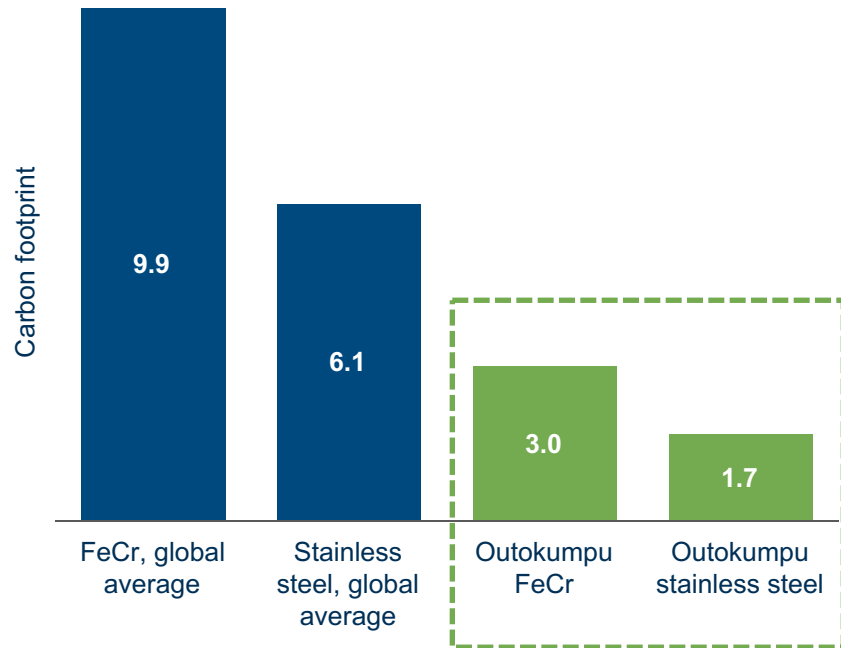


*Average of prices in Germany, Belgium and France

- We are looking for solutions to reduce our scope 2 emissions further and improve our cost competitiveness
- New energy strategy is in a finalization phase
- Together with Fortum we have agreed to explore the use of Small Modular Reactors (SMR) for industrial needs
 - Energy produced with SMR technology is both emission free and independent of weather conditions
 - One possible option for the location of the small nuclear power plant is Tornio, Finland

We are the only stainless company producing ferrochrome with a low CO₂ footprint and, therefore, uniquely positioned to capture competitive advantage from EU's Carbon Border Adjustment Mechanism (CBAM)

CO₂ emissions, global average vs. Outokumpu



- CBAM is a carbon tariff: design includes stainless steel and also precursor materials such as ferroalloys. Detailed methodology of measurement is yet to be set by the EU.
- Outokumpu is one of few ferrochrome producers and the only chromite producer within EU. This enables us to produce stainless steel with significantly lower CO₂ footprint than our peers.
- The principle of CBAM is that also steel and ferrochrome imported into the EU will have to pay for CO₂ emissions. If implemented properly, CBAM will level the playing field between Outokumpu and third country producers.

Stainless steel CO₂ emissions: CO₂ per tonne of steel
 Ferrochrome CO₂ emissions: CO₂ per tonne of chromium
 Source: ICDA Lifecycle Assessment Study 2021, Outokumpu

Phase 2 strategy execution on track and delivering clear results

Phase 1:

Strengthen the
balance sheet
2021–2022

Margin
improvement and
de-leveraging the
balance sheet

Phase 2:

Strengthen the core
2023–2025

Targeted productivity
investments to
improve margins.
Additional investment
to improve
sustainability

Capital discipline and strong shareholder returns

Sustainability


Phase 3:

Strong sustained
performance
2026–

Investing in
growth and
sustainability

- Successful customer-focused steering and margin management
- Expansion of the digital platforms available to our customers
- Strong pipeline of energy efficiency improvement projects, will impact both financials and sustainability
- Broadening of the **Circle Green** product offering

OUR VISION: Customer's first choice in sustainable stainless steel

A photograph of a man with glasses and a dark shirt standing in profile, using a fingerprint scanner on a modern door. The background shows a glass and metal architectural structure.

Our industry-leading strong balance sheet gives us significant financial flexibility

Pia Aaltonen-Forsell, CFO



Strong shareholder returns prioritized

- Net debt EUR -166 million
- Total liquidity reserves EUR 1.5 billion
- Earnings per share EUR 0.22 in Q1/23
- EUR 252 million of capital returned to the shareholders while keeping our balance sheet the strongest in the industry
 - EUR 100 million share buyback program completed in March
 - EUR 152 million dividend paid in April

Financial performance remained solid

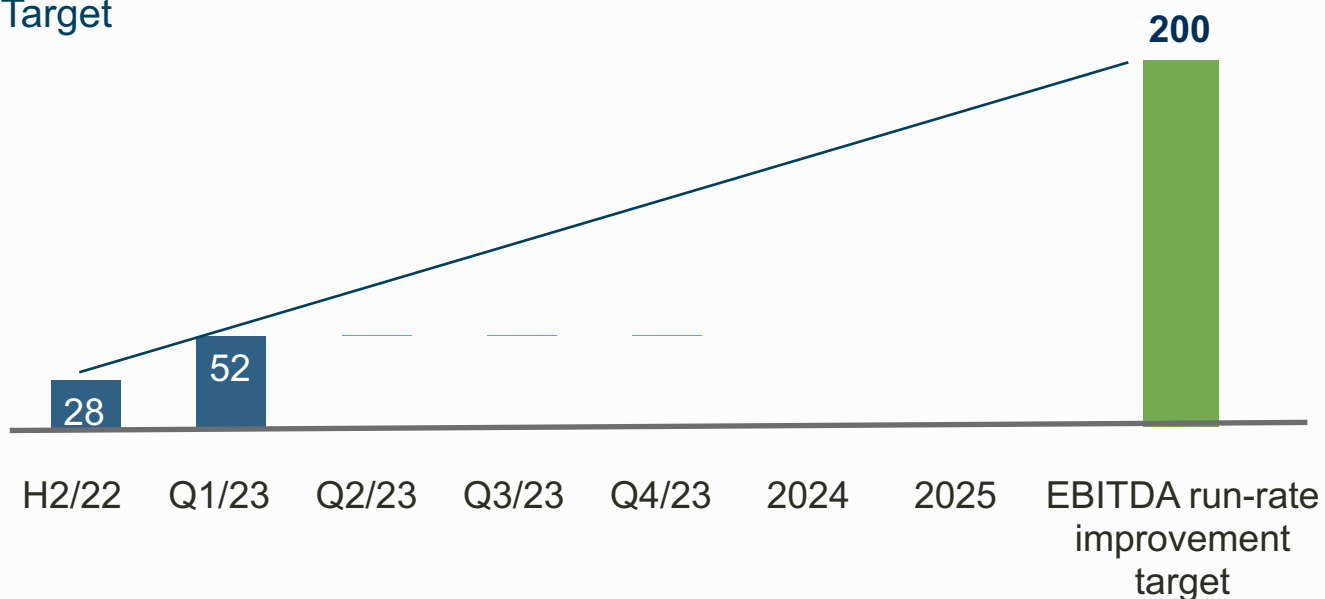
- Net result EUR 97 million
- Earnings per share EUR 0.22
- ROCE 18.4%

Key figures		Q1 2023	Q1 2022	Q4 2022	2022
Continuing operations					
Stainless steel deliveries	1,000 tonnes	505	605	450	2,106
Sales	EUR million	2,006	2,573	1,895	9,494
Adjusted EBITDA	EUR million	204	350	110	1,256
Net result	EUR million	97	230	312	1,086
Earnings per share	EUR	0.22	0.53	0.69	2.40
Capital expenditure	EUR million	15	30	60	158
Personnel at the end of period	FTE	8,377	8,514	8,357	8,357
Return on capital employed, ROCE	%	18.4	21.8	22.6	22.6
Including discontinued operations					
Operating cash flow	EUR million	74	147	289	778
Net debt	EUR million	-166	294	-10	-10
Net debt to adjusted EBITDA	x	-0.1	0.2	0.0	0.0
Return on capital employed, ROCE	%	19.7	23.0	24.5	24.5

Phase 2 strategy execution firmly progressing: EBITDA run-rate improved by EUR 24 million in Q1 2023

Gross annualized EBITDA run-rate improvement, EUR million

- Realized
- Illustrative plan
- Target



Highlights in Q1/23

- Strong strategic initiative pipeline of more than 1,000 projects - almost 300 projects in progress
- Expansion of the ore concentrating plant was a major contributor and it enables Outokumpu to use mineral reserves more sustainably and more cost efficiently
- Strong focus on energy efficiency projects in the first quarter

Outokumpu is successfully exiting the Long Products business - focus on core business

Majority of the Long Products business divested

- Divestment was completed on January 3, 2023, and the total consideration of the transaction on a debt and cash free basis was **EUR 228 million**
- Net debt impact was **EUR 100 million** in Q1/23

Divestment of the remaining Long Products units

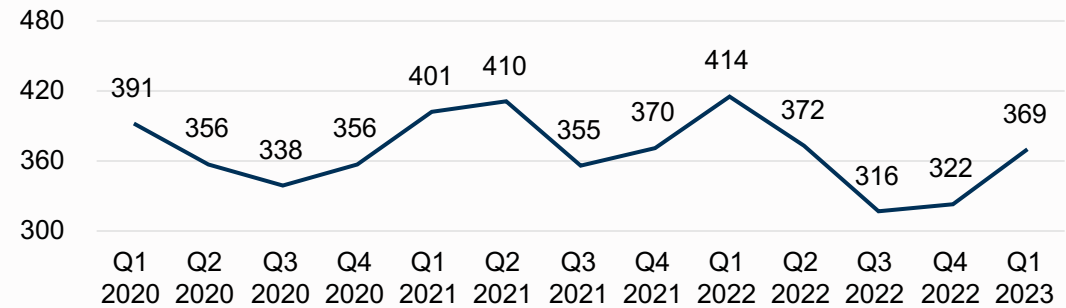
- On April 1, 2023, Outokumpu signed an agreement to divest the remaining Long Products units in Sweden
- Divestment is expected to be completed in Q3/23

BA Europe

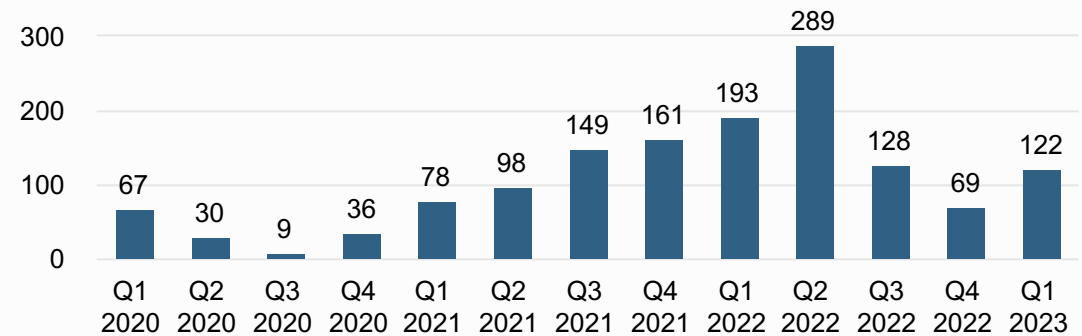
Seasonally increased volumes, negative impact from lower stainless prices was partly offset by positive raw material impacts

- Strong margin management resulted in an adjusted EBITDA of EUR 122 million
- Distributor inventory replenishment started in some parts of Europe
- Strikes well managed, salary negotiations concluded with a reasonable outcome
- Reduced pressure from energy costs

Europe's stainless steel deliveries, 1,000 tonnes



Europe's adjusted EBITDA, EUR million

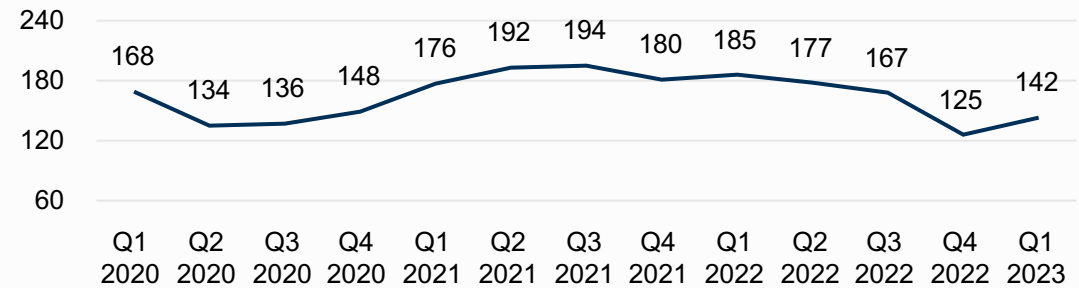


BA Americas

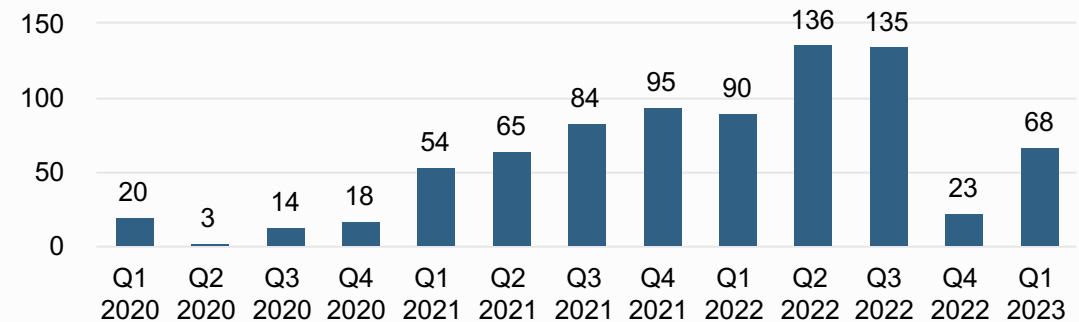
Profitability driven by increased volumes and positive raw material impacts while stainless prices declined

- Strong rebound in performance following a tough Q4/22
- Distributor inventory levels are getting close to normal, de-stocking has continued in the second quarter
- EUR 9 million positive net of timing & hedging impact in Q1/23 vs. EUR -29 million negative impact in Q4/22

Americas' stainless steel deliveries, 1,000 tonnes



Americas adjusted EBITDA, EUR million

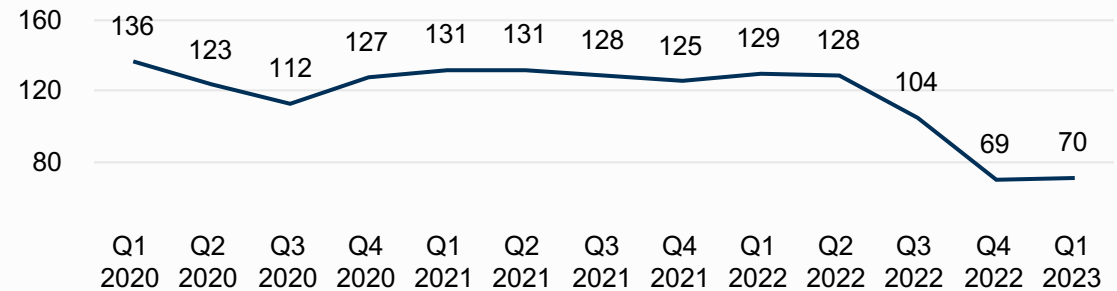


BA Ferrochrome

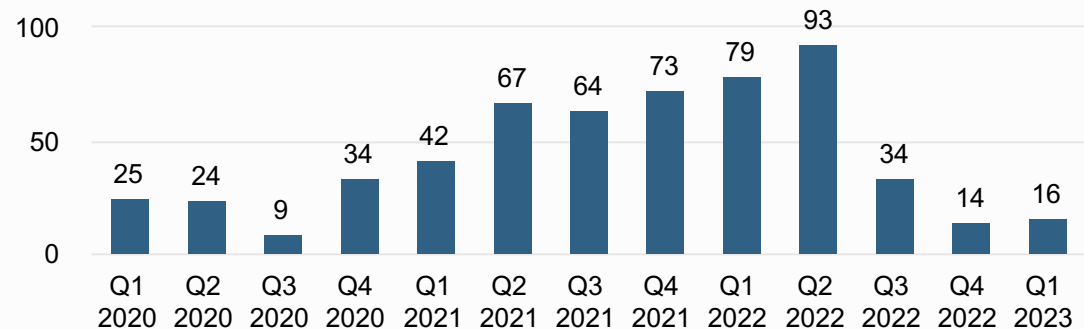
Production optimization continued and adjusted EBITDA slightly increased

- Ferrochrome production was at 50-60% of its full capacity in Q1/23
- Ferrochrome production has been ramped up to normal levels for Q2/23
- Disruption in one of the ferrochrome furnaces requires a maintenance break in Q3/23

Ferrochrome production, 1,000 tonnes

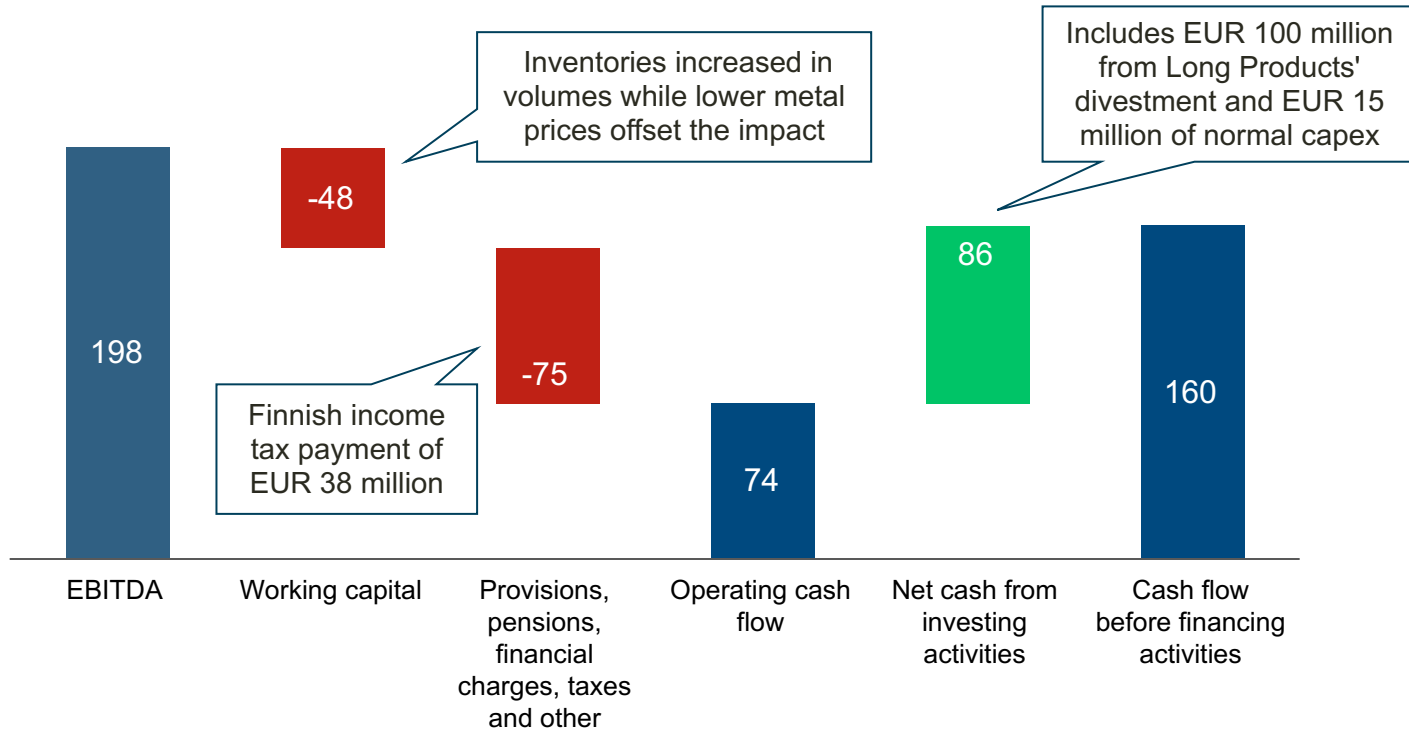


Ferrochrome's adjusted EBITDA, EUR million

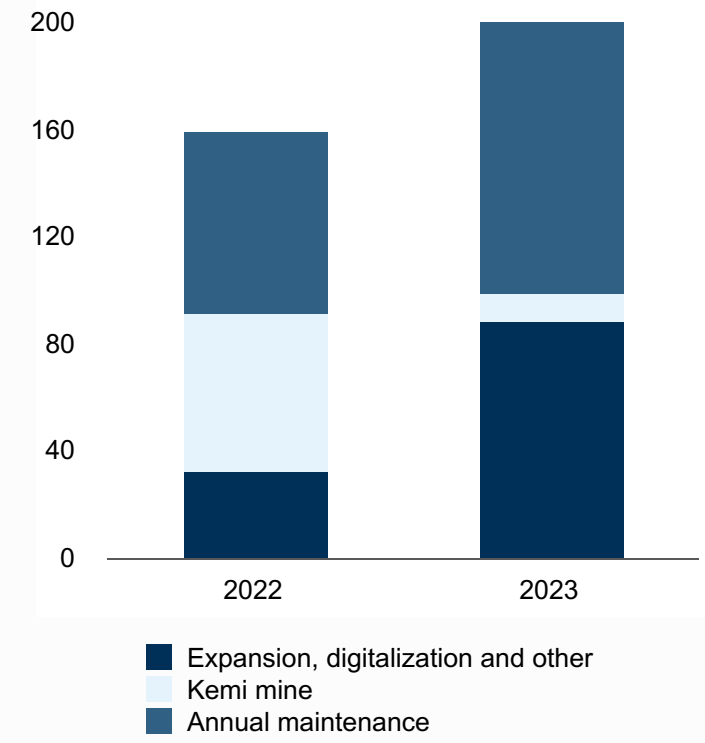


Working capital successfully managed and increased as a result of seasonally higher volumes

Q1/23 cash flow, EUR million



Annual capex, EUR million





Strong start to the year clearly demonstrates Outokumpu's improved resilience

Heikki Malinen, President & CEO



Risk outlook is neutral at the moment

Positives

- Timing & impact of China re-opening
- Green transition investments

Uncertainties

- Likelihood of soft vs. hard landing?
- War in Ukraine and its consequences
- Energy market in winter 2023/2024

Outlook for Q2 2023

Group stainless steel deliveries in the second quarter are expected to remain stable compared to the first quarter.

Ferrochrome production will increase and return to normal levels in the second quarter; however, the business area is preparing for a maintenance break in the third quarter.

With current raw material prices, no significant raw material-related inventory and metal derivative impacts are expected to be realized in the second quarter.

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.

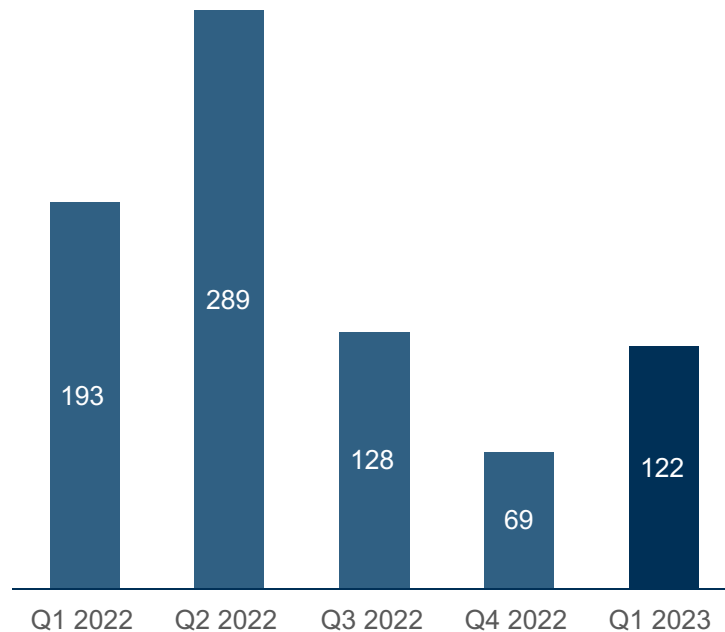


Thank you!

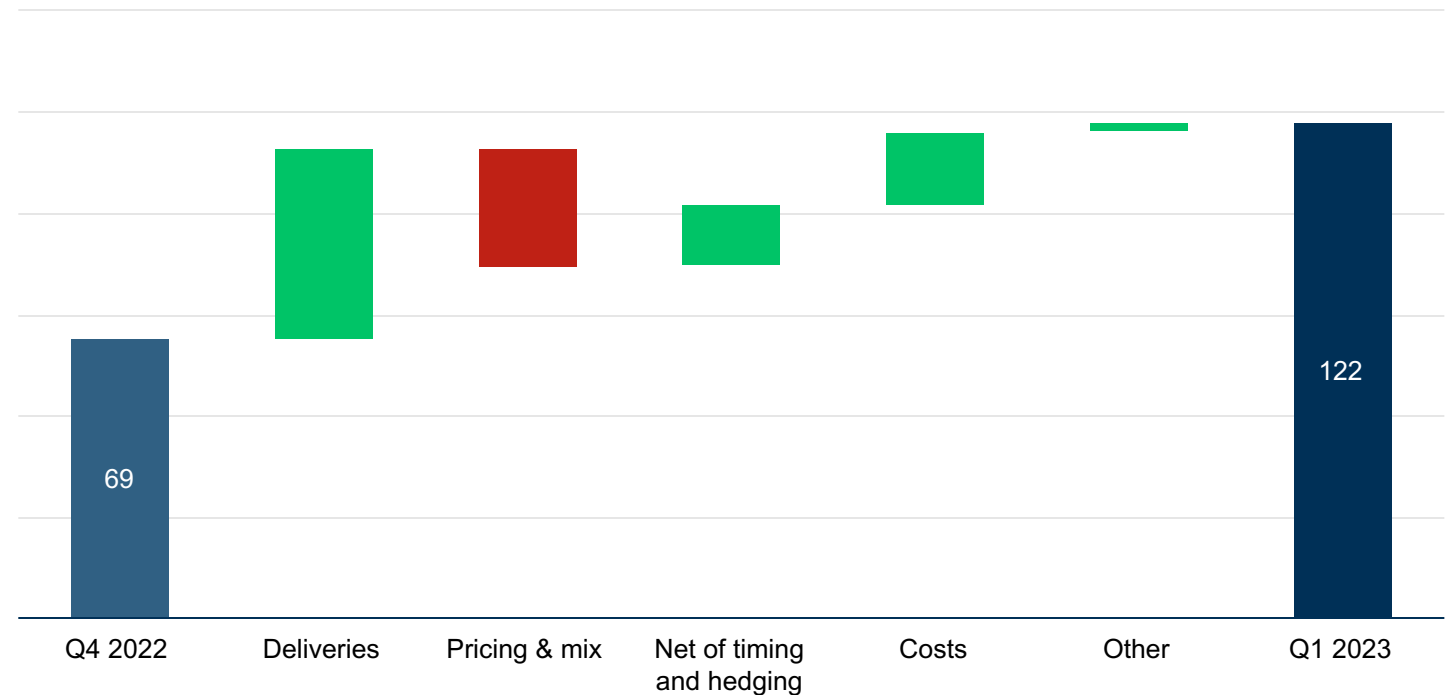
**Questions &
answers**

BA Europe's adjusted EBITDA was EUR 122 million in Q1

Adjusted EBITDA, EUR million



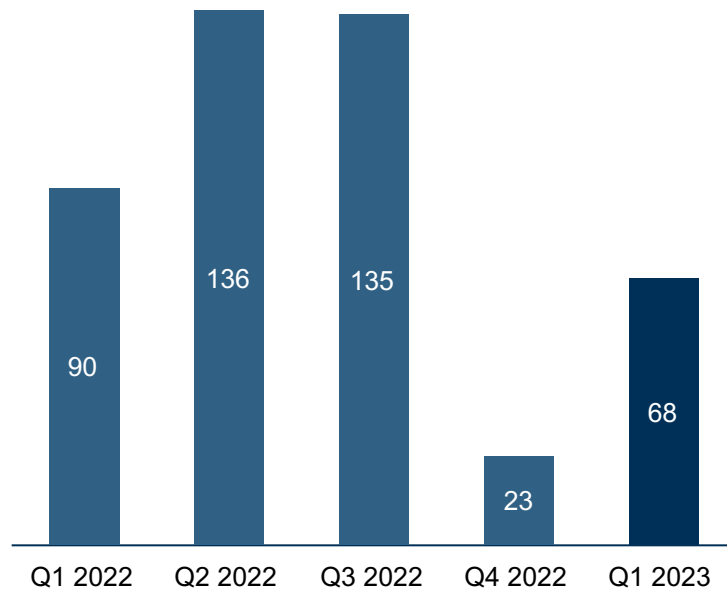
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



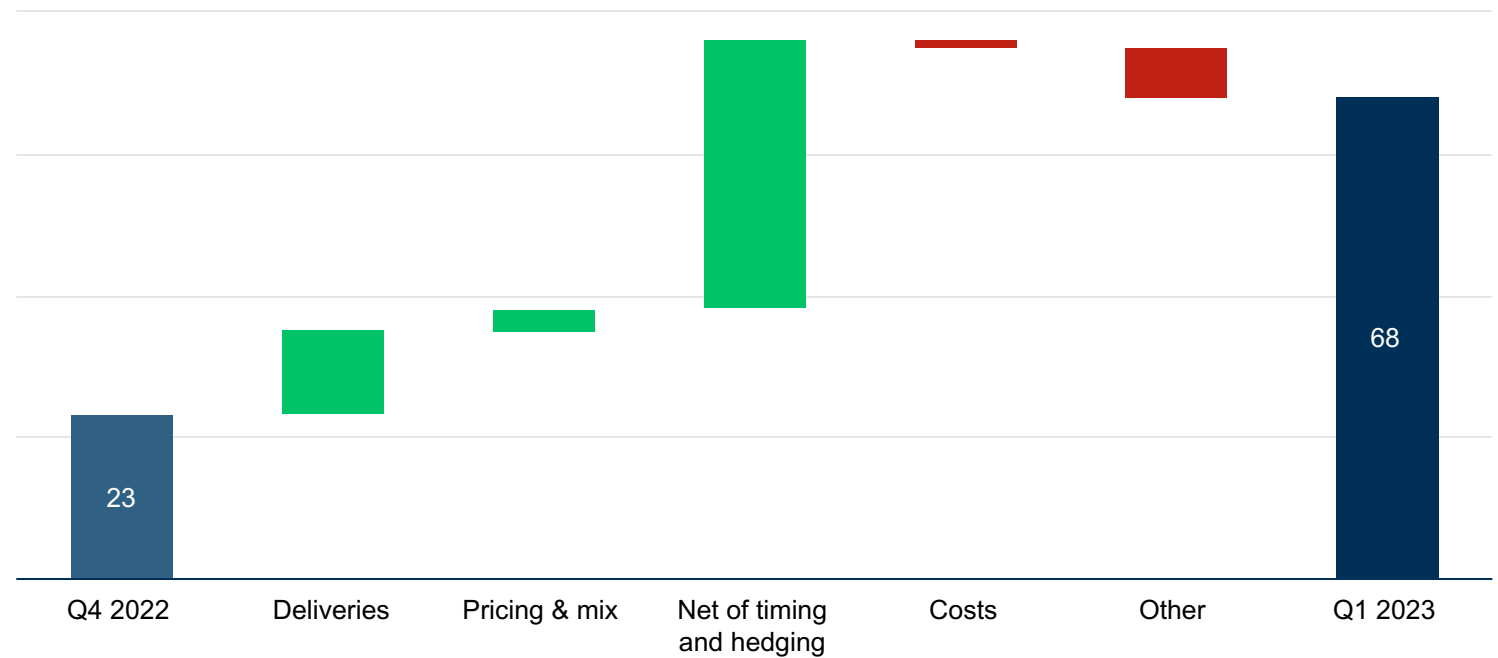
1) Indicative columns based on management estimates

BA Americas' adjusted EBITDA was EUR 68 million in Q1

Adjusted EBITDA, EUR million



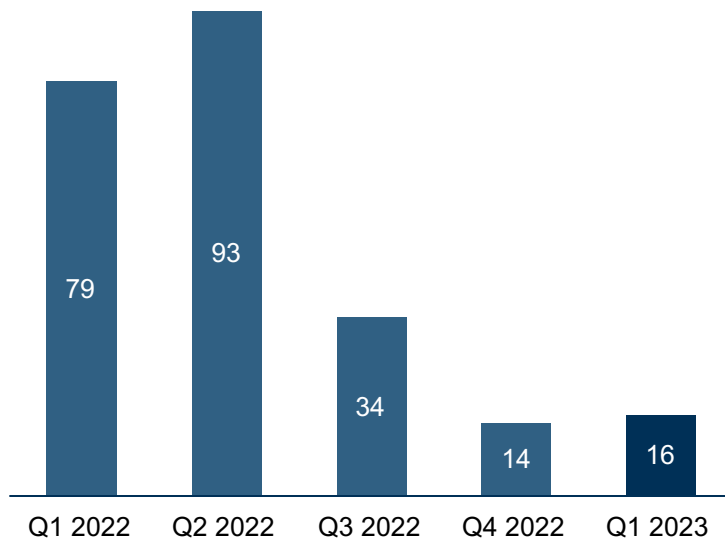
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



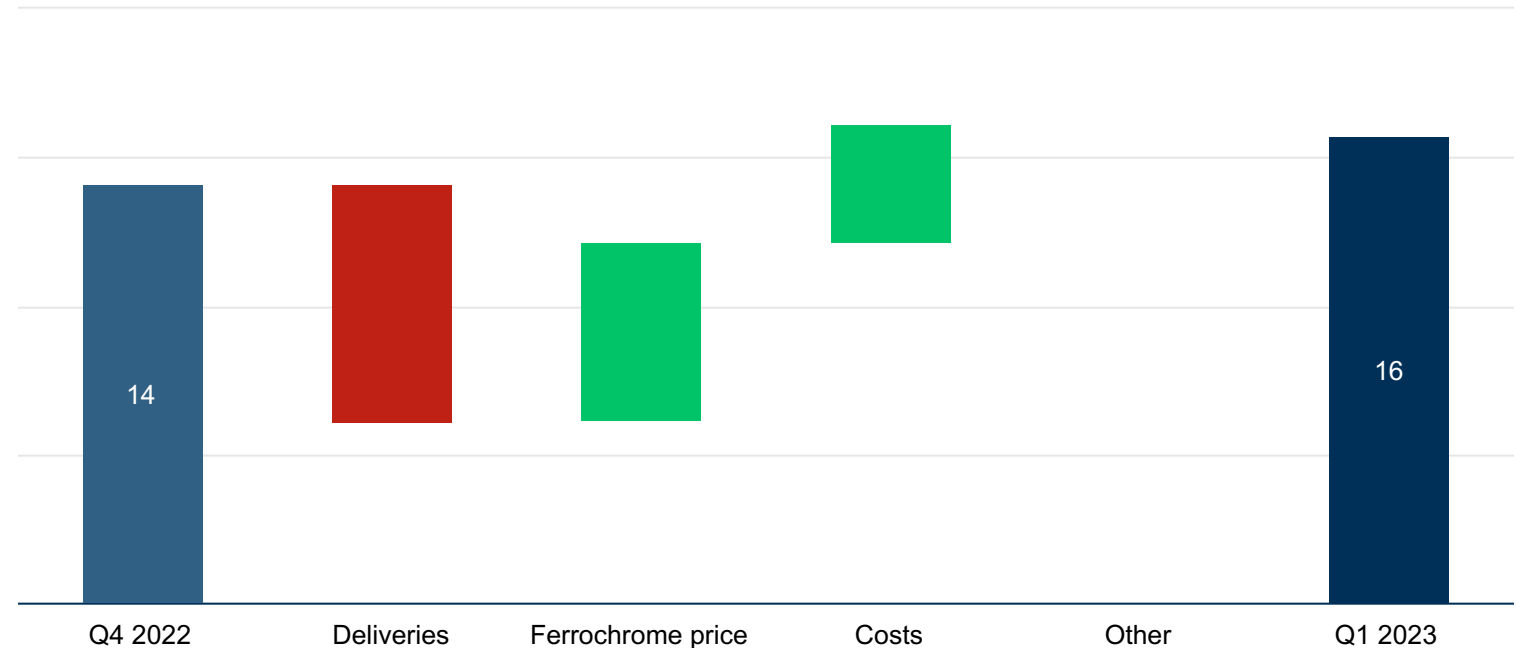
1) Indicative columns based on management estimates

BA Ferrochrome's adjusted EBITDA was EUR 16 million in Q1

Adjusted EBITDA, EUR million



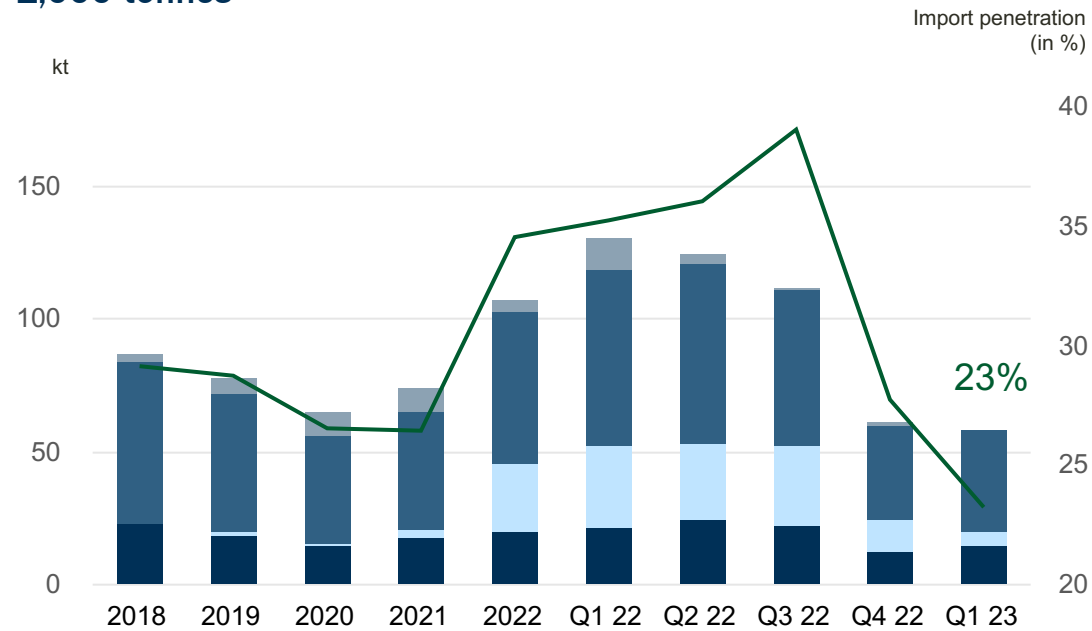
Adjusted EBITDA quarter-on-quarter comparison¹, EUR million



1) Indicative columns based on management estimates

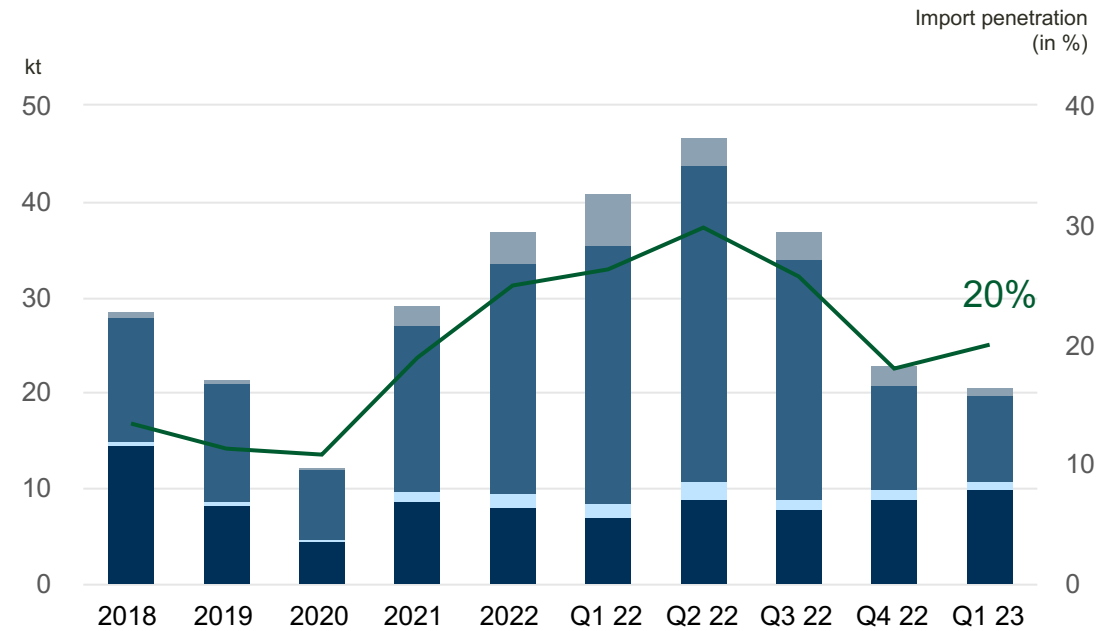
Imports into Europe and US have normalized

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



- From rest of world
- From rest of Asia
- From Indonesia
- From China
- Import penetration

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



- From rest of world
- From rest of Asia
- From Indonesia
- From China
- Import penetration

1. Cold rolled, monthly average. Source: Eurofer, April 2023
 2. Cold rolled, monthly average. Source: AISI, April 2023