Outokumpu interim report January–September 2023

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Solid performance in Americas compensated for the challenging market in Europe

Highlights in Q3 2023

- Stainless steel deliveries were 449,000 tonnes (491,000 tonnes)*.
- Adjusted EBITDA amounted to EUR 51 million (EUR 304 million).
- EBITDA was EUR 18 million (EUR 304 million).
- ROCE amounted to 5.3% (26.8%).
- Operating cash flow was EUR -11 million (EUR 238 million incl. discontinued operations).
- Net debt amounted to EUR 29 million (June 30, 2023: EUR -9 million).
- Earnings per share was EUR -0.13 (EUR 0.46).
- Gearing amounted to 0.7% (June 30, 2023: -0.2%).
- Divestment of the remaining Long Products business was completed on August 1, 2023, and Outokumpu has now fully exited the Long Products business.

Highlights in January–September 2023

- Stainless steel deliveries were 1,455,000 tonnes (1,656,000 tonnes).
- Adjusted EBITDA amounted to EUR 445 million (EUR 1,146 million).
- EBITDA was EUR 401 million (EUR 1,146 million).
- Operating cash flow amounted to EUR 89 million (EUR 489 million incl. discontinued operations).
- Earnings per share was EUR 0.30 (EUR 1.71).
- Dividend of EUR 152 million was paid in April.
- Share buyback program of EUR 100 million was completed in March.
- Divestment of the majority of the Long Products business was completed on January 3, 2023. Since September 2022, these businesses were classified as assets held for sale and reported as discontinued operations. Comparative figures include discontinued operations if separately stated.

Key figures, continuing operations		Q3/23	Q3/22	Q2/23	Q1-Q3/23	Q1-Q3/22	2022
Sales	EUR million	**1,531**	2,339	1,911	**5,447**	7,598	9,494
EBITDA	EUR million	**18**	304	185	**401**	1,146	1,248
Adjusted EBITDA [1)]	EUR million	**51**	304	190	**445**	1,146	1,256
EBIT	EUR million	**-45**	241	124	**214**	961	992
Adjusted EBIT [1)]	EUR million	**-12**	241	129	**261**	961	1,010
Result before taxes	EUR million	**-60**	225	119	**187**	920	933
Net result for the period	EUR million	**-55**	207	89	**131**	775	1,086
Earnings per share	EUR	**-0.13**	0.46	0.21	**0.30**	1.71	2.40
Diluted earnings per share	EUR	**-0.11**	0.42	0.19	**0.29**	1.58	2.22
Return on capital employed, rolling 12 months (ROCE) [2)]	%	**5.3**	26.8	11.4	**5.3**	26.8	22.6
Capital expenditure	EUR million	**31**	37	38	**84**	98	158
Stainless steel deliveries	1,000 tonnes	**449**	491	502	**1,455**	1,656	2,106
Personnel at the end of period, full-time equivalent		**8,512**	8,602	8,457	**8,512**	8,602	8,357
Key figures, including discontinued operations		**Q3/23**	**Q3/22**	**Q2/23**	**Q1-Q3/23**	**Q1-Q3/22**	**2022**
Net result for the period	EUR million	**-56**	189	89	**136**	825	1,140
Earnings per share	EUR	**-0.13**	0.42	0.21	**0.31**	1.82	2.52
Diluted earnings per share	EUR	**-0.11**	0.39	0.19	**0.30**	1.68	2.33
Return on capital employed, rolling 12 months (ROCE)	%	**5.8**	28.7	11.8	**5.8**	28.7	24.5
Net cash generated from operating activities	EUR million	**-11**	238	25	**89**	489	778
Net debt at the end of period	EUR million	**29**	90	-9	**29**	90	-10
Debt-to-equity ratio at the end of period (gearing)	%	**0.7**	2.2	-0.2	**0.7**	2.2	-0.3

[1)] Adjusted EBITDA or EBIT = EBITDA or EBIT – Items classified as adjustments.

[2)] The balance sheet component in 2022 includes the equity component of discontinued operations.

*Figures in parentheses refer to the corresponding period for 2022, unless otherwise stated.

President & CEO Heikki Malinen

The third quarter of 2023 reflects the cyclical nature of the stainless steel business. We experienced a very challenging market environment in Europe, but thanks to our geopolitically diversified asset portfolio and a solid performance in the Americas, we delivered EUR 51 million of adjusted EBITDA in the third quarter. Our stainless steel deliveries decreased by 11% from the second quarter, in line with the seasonal pattern.

For business area Europe, the market environment was even more difficult than during the pandemic. Stainless steel deliveries decreased from the second quarter and adjusted EBITDA amounted to EUR -29 million. We are on a journey to improve our competitiveness in Europe and have taken prompt actions. Today, we announced that we are streamlining our operations in Germany to ensure that we are utilizing our assets in the most efficient way.

For business area Americas, the market environment remained more favorable, and we continued to generate solid results. Adjusted EBITDA amounted to EUR 53 million, while stainless steel deliveries decreased compared to the second quarter. Our strategic plans in Calvert, Alabama are progressing well and the feasibility study to assess both our hot rolling and cold rolling operations is ongoing.

In business area Ferrochrome, third-quarter adjusted EBITDA amounted to EUR 21 million. We reached a great milestone in October when we had the inauguration of the Kemi mine expansion. We have now ensured the supply of chrome ore until at least the end of the 2040s. We are also taking determined steps toward our aim that the Kemi mine will become the first carbon-neutral mine globally by 2025.

Within decarbonization, our focus has been on energy efficiency improvements. These are crucial for energy-intensive industries such as stainless steel as they will reduce both our emissions and costs. We aim to improve our energy efficiency by 8% by the end of 2024 and have now achieved over 20% of that target, resulting in EUR 9 million savings. Our teams have provided innovative solutions to drive this great improvement. It is already now evident that we will overachieve our 8% target but it will take more time.

As part of our long-term ambition to decarbonize the company, we have taken strong actions to support our sustainability leadership. Our business is based on the circular economy and scrap is our most important raw material. 94% of all our raw material is recycled, and this is a critical factor in keeping our carbon footprint the lowest in the industry. Today, we announced we will acquire a 10% share of a large scrap dealer CRONIMET's Northeastern business. By acquiring a share, we will strengthen our long-term partnership further and ensure access to high quality scrap near our European sites.

Earlier, we signed a letter of intent with Greenland Resources Inc. to strengthen our future supply of low-emission high-quality molybdenum. We have also acquired a share of FPX Nickel to ensure access to low-carbon nickel in the future. All these actions are part of our strategic plans to strengthen our value chain integration to ensure a sufficient future supply of critical raw materials with a low carbon footprint.

The market environment in Europe has been challenging, but it seems that the bottom is now behind us, and we have already seen some positive signals. Market recovery, however, is expected to take time.

I want to thank our employees for their resilience and dedication. Stainless steel is a volatile industry, but I am confident that as a team we will overcome the turbulent times. Our strong balance sheet and good liquidity will carry us through the cycle and ensure that we will create value also in more challenging conditions.

Outlook for Q4 2023

Group stainless steel deliveries in the fourth quarter are expected to increase by 0-10% compared to the third quarter as we see some recovery in Europe.

The planned maintenance break in business area Ferrochrome is expected to have an approximately EUR 10 million negative impact on the business area's adjusted EBITDA.

With current raw material prices, some raw material related inventory and metal derivative losses are expected to be realized in the fourth quarter.

Guidance for Q4 2023:

Adjusted EBITDA in the fourth quarter of 2023 is expected to be at a similar or higher level compared to the third quarter.

Results

Q3 2023 compared to Q3 2022

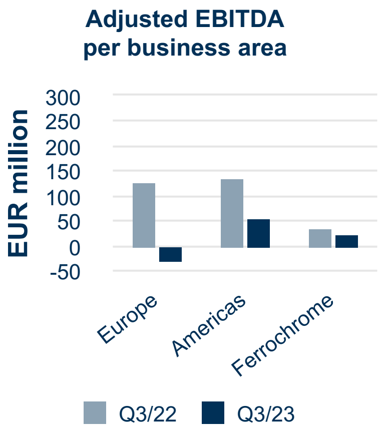
Outokumpu's sales in the third quarter of 2023 decreased to EUR 1,531 million (EUR 2,339 million). Adjusted EBITDA amounted to EUR 51 million (EUR 304 million) and the decrease compared to the reference period was driven by a substantially weaker market environment, especially in Europe. As a result of lower profitability, ROCE for the rolling 12 months was 5.3% (26.8%).

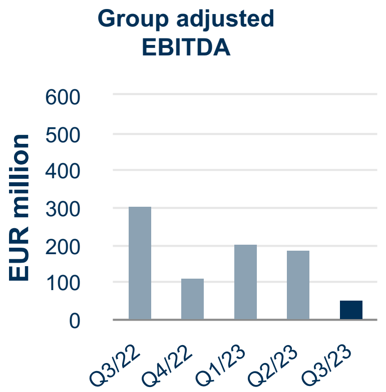
In the third quarter of 2023, total stainless steel deliveries were 9% lower compared to the reference period. The significant decrease in profitability was mainly driven by substantially lower realized prices for stainless steel in Europe. Realized prices for stainless steel decreased also in Americas and the ferrochrome sales price was lower. Profitability was, however, supported by decreased variable costs, mainly due to lower electricity and ferrosilicon prices. Raw material-related inventory and metal derivative losses amounted to EUR 27 million (losses of EUR 107 million). Other operations and intra-group items' adjusted EBITDA totaled EUR 5 million (EUR 7 million). Both net result and earnings per share turned negative for the quarter and were driven by weak EBITDA development. Net result was EUR -55 million in the third quarter of 2023 (EUR 207 million).

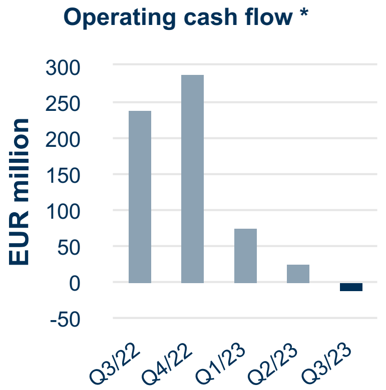
Q3 2023 compared to Q2 2023

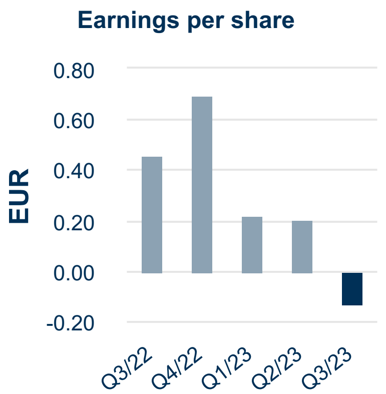
Outokumpu's sales decreased to EUR 1,531 million in the third quarter of 2023 (Q2/2023: EUR 1,911 million) and adjusted EBITDA amounted to EUR 51 million (Q2/2023: EUR 190 million). The decrease in adjusted EBITDA was mainly driven by the challenging market environment in Europe. As a result of lower profitability, ROCE for the rolling 12 months was 5.3% (11.4%).

In the third quarter, total stainless steel deliveries decreased by 11% from the second quarter, in line with the seasonal pattern. In addition to decreased volumes, profitability was also negatively impacted by lower realized prices for stainless steel in both Europe and Americas as well as the lower ferrochrome sales price. Positive impact in the third quarter compared to the previous quarter came from lower costs in business areas Europe and Ferrochrome. Raw material-related inventory and metal derivative losses increased to EUR 27 million in the third quarter (Q2/2023: losses of EUR 12 million). Other operations and intra-group items' adjusted EBITDA totaled EUR 5 million (Q2/2023: EUR -8 million). Net result in the third quarter was EUR -55 million (Q2/2023: EUR 89 million).









*2022 figures include discontinued operations

January–September 2023 compared to January–September 2022

During January–September 2023, Outokumpu's sales decreased to EUR 5,447 million (EUR 7,598 million) and adjusted EBITDA amounted to EUR 445 million (EUR 1,146 million). The market environment, especially in Europe, was significantly weaker in 2023 compared to the previous exceptionally strong year. ROCE for the rolling 12 months was 5.3% (26.8%).

In January–September 2023 total stainless steel deliveries were 12% lower compared to the same period last year. Weaker profitability was mainly driven by substantially lower realized prices for stainless steel in Europe while there was a decrease in Americas as well. Also, the lower ferrochrome sales price negatively impacted profitability in 2023. Variable costs decreased mainly due to the fact that the negative impact from the higher electricity price was more than offset by the lower ferrosilicon price. Raw material-related inventory and metal derivative losses amounted to EUR 45 million in January–September 2023 (losses of EUR 83 million). Other operations and intra-group items' adjusted EBITDA totaled EUR -4 million (EUR -33 million). EBIT amounted to EUR 214 million (EUR 961 million) and net result EUR 131 million (EUR 775 million) in January–September 2023.

Strategy execution

Outokumpu launched its three-phased strategy in November 2020. In the first phase the aim was to de-risk the company by the end of 2022. This was completed six months ahead of schedule. As a result, Outokumpu started the second phase in July 2022, and this phase will run until the end of 2025.

In the second phase of the strategy, the aim is to strengthen Outokumpu's core. The company aims to improve its EBITDA run-rate by an additional EUR 200 million and maintain a net debt to adjusted EBITDA ratio below 1.0 in normal market conditions.

The second phase is focused on three key priorities: sustainability, growth from productivity, and customer-focused steering. Outokumpu remains committed to capital discipline, limiting its capital expenditure to EUR 600 million over the next three years, while also increasing its focus on shareholder returns.

For the second phase, Outokumpu launched two customer-differentiated strategies for business area Europe. The company aims to strengthen cost leadership in high-volume stainless steel products and global market leadership in advanced products. In business area Americas, the initial aim is to improve capacity by 80 kilotons with small investments as announced in June 2022. In business area Ferrochrome, carbon neutrality is a strategic priority.

Outokumpu has completed a total of 226 projects towards the EBITDA run-rate improvement target in 2023, of which 47 were completed in the third quarter. The company has a continuous improvement pipeline of more than 1,000 projects spanning phase II of the strategy, with more than 300 projects in the implementation stage.

Outokumpu improved its EBITDA run-rate by EUR 70 million in the third quarter of 2023. This translates into a cumulative EBITDA run-rate improvement of EUR 152 million since the start of the second phase. Outokumpu remains fully on course to achieve the EUR 200 million EBITDA run-rate improvement target by the end of year 2025.

The projects that contributed to the EBITDA run-rate improvement in the third quarter were related to the new steering model in business area Europe. Especially in the commodity business, Outokumpu has been able to improve its steering and thereby benefit from being more agile while facing challenging market conditions. Moreover, there have been good results from supply chain initiatives in business area Americas such as by firmly enlarging the share of rail transport instead of trucks, which also contributes to Outokumpu’s sustainability targets.

Outokumpu is a significant user of energy and this has an impact on the company's costs as well as emissions. As sustainability is at the core of the strategy, Outokumpu has set an ambitious target to improve energy efficiency by 8% across the group by the end of 2024 compared to the January–September 2022 level. This corresponds to energy savings of around 600 GWh. At the end of the third quarter, Outokumpu has already achieved a run-rate improvement of 126 GWh in context of energy consumption, resulting in savings of about EUR 9 million.

Outokumpu has begun preparations for the third phase of its strategy, which will start in 2026 and most likely require new investments. On August 3, 2023, the company announced that it explores options to strengthen its position in the U.S. as part of phase three strategic preparations. The company’s focus in the third phase will be to strengthen its market position further and develop more globally diversified operations including Americas expansion, European competitiveness, value-chain integration and sustainability leadership along with the possible biocoke investment.

Outokumpu is currently conducting a feasibility study where it is exploring options for its hot rolling arrangements and evaluating a possible cold rolling capacity expansion in Calvert, Alabama. One possible option for the company is to build its own hot rolling mill.

Outokumpu has progressed with its decarbonization journey. On November 7, after the reporting period, Outokumpu announced it is expanding collaboration with CRONIMET to take circularity to new heights and to secure access to high-quality scrap near Outokumpu's sites in Europe. Outokumpu has signed an agreement to acquire a 10% minority interest in CRONIMET North-East GmbH, the holding company for CRONIMET’s Northeastern business in Europe. In September, Outokumpu signed a letter of intent with Greenland Resources Inc. to strengthen the future supply chain of low-emission high-quality molybdenum. In June, Outokumpu acquired a 9.9% share of FPX Nickel to strengthen the supply chain of sustainable nickel.

Divestment of the Long Products business

On July 12, 2022, Outokumpu announced that it had signed an agreement to divest the majority of its Long Products business operations to Marcegaglia Steel Group, a leading global industrial group in the steel processing sector. Outokumpu will focus on its core business of flat stainless steel and ferrochrome.

The prerequisites for the completion of the transaction were, among other things, the necessary approvals by the competition authorities. Outokumpu announced these approvals on December 14, 2022.

On January 3, 2023, Outokumpu announced that it had completed the divestment. The transaction was carried out as a share sale and, as a result of the transaction, melting, rod, and bar operations in Sheffield, the UK, bar operations in Richburg, the US, and wire rod mill in Fagersta, Sweden, were sold to Marcegaglia. The transaction excluded Outokumpu Long Products AB units in Degerfors and Storfors, Sweden.

The total consideration for the transaction on a debt and cash-free basis was EUR 228 million. Provisional cash proceeds for the equity and net debt item were EUR 224 million, with EUR 5 million paid into an escrow account. The transaction costs in total were EUR 8 million and are presented in the net result for the period from discontinued operations.

The received proceeds, net of cash disposed, were EUR 100 million. The gain on divestment reported in the net result from discontinued operations was EUR 5 million, mainly as the accumulated translation differences were reclassified into net result at the time of the divestment.

The consideration is still subject to the release of the escrow account. In 2022, Outokumpu recognized in the net result from the discontinued operations an impairment loss of EUR 33 million.

On April 1, 2023, Outokumpu announced that it had signed an agreement to divest the remaining Long Products operations in Degerfors and Storfors, Sweden to Cogne Acciai Speciali, a world leader in the production of long stainless steels and nickel alloys based in Italy.

On August 1, 2023, Outokumpu announced that it has completed the divestment of the remaining Long Products business in Sweden. Outokumpu's plate operations in Degerfors are not affected by the divestment. The enterprise value of the transaction is EUR 12 million and it has a positive cash impact for Outokumpu. Outokumpu booked a loss of EUR 26 million in the third quarter.

Financial position and cash flow

Operating cash flow turned negative in the third quarter of 2023 and amounted to EUR -11 million (EUR 238 million, incl. discontinued operations). A significant change in the operating cash flow was driven by lower profitability and higher paid taxes. For January-September 2023 operating cash flow amounted to EUR 89 million (EUR 489 million, incl. discontinued operations).

In the third quarter, net working capital decreased by EUR 29 million (increase of EUR 147 million, incl. discontinued operations). The change in net working capital was driven by normal seasonality with lower deliveries. During January-September of 2023, the net working capital increase was EUR 143 million, compared to EUR 816 million in the reference period.

Inventories decreased during the third quarter and stood at EUR 1,722 million at the end of September (June 30, 2023: EUR 1,845 million, December 31, 2022: EUR 1,783 million). The inventory decrease in the third quarter was EUR 123 million and EUR 61 million in January-September of 2023. The decrease in the third quarter was driven by both lower volumes and lower metal prices.

Capital expenditure was EUR 31 million in the third quarter (EUR 37 million) and EUR 84 million in the January-September of 2023 (EUR 98 million). Annual capital expenditure for 2023 is limited to EUR 170 million.

Net debt increased slightly during the third quarter and amounted to EUR 29 million at the end of September (June 30, 2023: EUR -9 million, December 31, 2022: EUR -10 million, incl. discontinued operations). In the first quarter, the completion of the divestment of the majority of the Long Products business had a EUR 100 million positive impact on net debt, while the dividend payment of EUR 152 million increased net debt in the second quarter. Gearing amounted to 0.7% at the end of September (June 30, 2023: -0.2%, December 31, 2022: -0.3%, incl. discontinued operations).

Net financial expenses in the third quarter amounted to EUR 15 million (EUR 17 million) and interest expenses EUR 15 million (EUR 11 million).

Net financial expenses in January-September 2023 decreased to EUR 31 million (EUR 53 million) driven by higher interest income, lower loan related fees and market price impact. Interest expenses increased to EUR 46 million (EUR 32 million), mainly due to overall higher interest rate environment.

Cash and cash equivalents amounted to EUR 367 million at the end of September (June 30, 2023: EUR 409 million, December 31, 2022: EUR 644 million, incl. discontinued operations) and overall liquidity reserves EUR 1.2 billion (June 30, 2023: 1.2 billion, December 31, 2022: EUR 1.4 billion). In the second quarter, Outokumpu prepaid EUR 141 million of the remaining outstanding pension loans.

On September 30, 2023, Outokumpu had a total of EUR 800 million of outstanding committed credit facilities, which were fully unutilized. At the end of the third quarter, Outokumpu extended its current EUR 700 million multicurrency revolving credit facility by one year and it will mature in February 2027.

Market development

According to CRU's latest estimates (August 2023), the global apparent consumption of stainless steel flat products increased by 4.2% in the third quarter of 2023 compared to the same period last year. While demand dropped in EMEA and Americas by 11.7% and 6.0%, respectively, demand in APAC rose by 8.5%. The market remained muted due to inflation and missing signs of a real demand recovery. Inventories were still being reduced from elevated levels. Consumers merely shared a wait-and-see attitude due to uncertainties in further demand and price development.

Compared to the second quarter of 2023, global apparent consumption of stainless steel flat products decreased by 1.5% in the third quarter of 2023. This effect was driven by a decrease of 0.8% in APAC region and 6.3% in EMEA, whereas apparent consumption increased by 1.0% in the US.

While the European market was muted over the summer period, the Americas market proved more resilient and stable. Recovery in the Chinese market is yet to materialize as governmental stimulus has only limited impact. Consumer confidence remains lackluster.

CRU expects global apparent consumption of stainless steel flat products to increase by 2.9% in the fourth quarter of 2023 compared to the third quarter, driven by an increase in APAC and the US by 1.3% and 2.4%, respectively. After the de-stocking cycle in Europe has come to an end, apparent consumption in EMEA is expected to increase by 12.9%, while a recovery in real demand is yet to come.

Compared to last year´s fourth quarter, apparent consumption is expected to increase by 1.1%. This results from an increase in EMEA of 9.6% and the US of 10.3%. APAC, however, shows a decrease of 1.1%.

Having adjusted their figures on global apparent consumption downwards, CRU estimates that total global apparent consumption of stainless steel flat products in 2023 will remain at the previous year's level, showing a very minor decrease of 0.4%. However, in EMEA apparent consumption of stainless steel flat products is estimated to decline by 15.6% in 2023 compared to the previous year.

(Source: CRU Stainless Steel Flat Products Market Outlook, August 2023)

Business area Europe

Europe key figures		Q3/23	Q3/22	Q2/23	Q1-Q3/23	Q1-Q3/22	2022
Stainless steel deliveries	1,000 tonnes	**322**	316	349	**1,040**	1,101	1,423
Sales	EUR million	**1,034**	1,455	1,275	**3,752**	4,916	6,266
Adjusted EBITDA	EUR million	**-29**	128	52	**144**	611	680
Adjustments to EBITDA	EUR million	**—**	—	-1	**-7**	—	—
EBITDA	EUR million	**-29**	128	51	**138**	611	680
Operating capital	EUR million	**1,974**	2,090	2,032	**1,974**	2,090	1,864
ROOC, rolling 12 months	%	**4.6**	33.5	12.3	**4.6**	33.5	28.9

Results

Q3 2023 compared to Q3 2022

Sales decreased to EUR 1,034 million (EUR 1,455 million).

Adjusted EBITDA amounted to EUR -29 million (EUR 128 million)

- Stainless steel deliveries were 2% higher.
- Substantially weaker profitability was driven by significantly lower realized prices for stainless steel.
- Variable costs decreased mainly as a result of lower ferrosilicon and electricity prices.
- Raw material-related inventory and metal derivative losses amounted to EUR 16 million (losses of EUR 88 million in Q3 2022).

ROOC decreased to 4.6% (33.5%).

Q3 2023 compared to Q2 2023

Sales decreased to EUR 1,034 million (EUR 1,275 million).

Adjusted EBITDA amounted to EUR -29 million (EUR 52 million).

- Stainless steel deliveries decreased by 8%, in line with the seasonal pattern.
- Profitability was burdened by significantly lower realized prices for stainless steel.
- Decrease in costs was mainly driven by lower production volumes due to seasonality.
- Raw material-related inventory and metal derivative losses amounted to EUR 16 million (losses of EUR 2 million in Q2 2023).

ROOC decreased to 4.6% (12.3%).

Market

- In Q3 2023, apparent consumption in EMEA decreased by 12% compared to Q3 2022 and by 6% compared to Q2 2023. (Source: CRU Stainless Steel Flat Products Market Outlook, August 2023)
- In many European markets, the extended de-stocking cycle has led to distributor inventories below historical levels. Replenishments start only slowly and with regard to limited end-user demand in order to avoid inventory gaps. Market participants remain hesitant due to uncertainties on future demand and prices.
- The share of EU cold-rolled imports from third countries remained stable at 23% in Q3 2023 and was below the historical levels. The start of the anti-circumvention investigation against Taiwan, Vietnam, and Turkey created additional disadvantages for imports. (Source: EUROFER October 2023).

Business area Americas

Americas key figures		Q3/23	Q3/22	Q2/23	Q1-Q3/23	Q1-Q3/22	2022
Stainless steel deliveries	1,000 tonnes	**132**	167	147	**422**	529	654
Sales	EUR million	**441**	786	529	**1,469**	2,224	2,695
Adjusted EBITDA	EUR million	**53**	135	110	**232**	361	384
Adjustments to EBITDA	EUR million	**-5**	—	-3	**-8**	—	2
EBITDA	EUR million	**48**	135	107	**223**	361	387
Operating capital	EUR million	**944**	1,088	950	**944**	1,088	990
ROOC, rolling 12 months	%	**19.3**	40.2	26.8	**19.3**	40.2	32.4

Results

Q3 2023 compared to Q3 2022

Sales decreased to EUR 441 million (EUR 786 million).

Adjusted EBITDA amounted to EUR 53 million (EUR 135 million).

- Stainless steel deliveries decreased by 21%.
- Profitability was also negatively impacted by lower realized prices for stainless steel.
- Costs remained stable.
- Raw material-related inventory and metal derivative losses amounted to EUR 11 million (losses of EUR 32 million in Q3 2022).

ROOC decreased to 19.3% (40.2%).

Q3 2023 compared to Q2 2023

Sales decreased to EUR 441 million (EUR 529 million).

Adjusted EBITDA amounted to EUR 53 million (EUR 110 million).

- Stainless steel deliveries decreased by 10%.
- Profitability was negatively impacted by lower realized prices for stainless steel as well as higher costs.
- Raw material-related inventory and metal derivative losses amounted to EUR 11 million (gain of EUR 7 million in Q2 2023).

ROOC decreased to 19.3% (26.8%).

Market

- During Q3 2023, apparent consumption in Americas for cold-rolled flat products remained relatively flat compared to Q2 2023 and decreased by 23% compared to Q3 2022. (Source: American Iron and Steel Institute, AISI)
- The share of cold-rolled imports into the US increased from a level of 21% in Q2 2023 to a level of 24% in Q3 2023. (Source: AISI)
- US cold-rolled distributor inventories decreased to historical levels in Q3 2023 and continue to maintain lean inventory levels.

Business area Ferrochrome

Ferrochrome key figures		Q3/23	Q3/22	Q2/23	Q1-Q3/23	Q1-Q3/22	2022
Ferrochrome production	1,000 tonnes	**125**	104	118	**314**	362	430
Sales	EUR million	**117**	136	129	**345**	523	633
Adjusted EBITDA	EUR million	**21**	34	36	**73**	206	220
EBITDA	EUR million	**21**	34	36	**73**	206	220
Operating capital	EUR million	**893**	856	882	**893**	856	867
ROOC, rolling 12 months	%	**4.7**	27.0	6.5	**4.7**	27.0	20.7

Results

Q3 2023 compared to Q3 2022

Sales decreased to EUR 117 million (EUR 136 million).

Adjusted EBITDA amounted to EUR 21 million (EUR 34 million).

- Ferrochrome production was 20% higher as the reference period was affected by a maintenance break.
- Profitability was negatively impacted by a lower ferrochrome sales price and also stronger EUR/USD foreign exchange rate.
- Variable costs decreased due to lower reductant and electricity prices.

ROOC decreased to 4.7% (27.0%).

Q3 2023 compared to Q2 2023

Sales decreased to EUR 117 million (EUR 129 million).

Adjusted EBITDA amounted to EUR 21 million (EUR 36 million).

- Production increased by 6%.
- Decrease in profitability was mostly driven by a lower ferrochrome sales price.
- Total variable costs decreased mainly due to lower reductant prices.
- Fixed costs were lower.

ROOC decreased to 4.7% (6.5%).

Market

- Global ferrochrome market remained weak throughout Q3 2023. Inventory levels were still at a relatively high level after the first half of the year in slowing market conditions. Chrome ore market continued to be strong, especially in China. The global ferrochrome production has been cut and, therefore, oversupply is limited and market prices have remained on a decent level.

Sustainability

Outokumpu's vision is to be the customer's first choice in sustainable stainless steel, and the company's purpose is working towards a world that lasts forever. Sustainability at Outokumpu is founded on good governance and three pillars—environmental, economic, and social—which all need to be in balance. The company is a signatory to the United Nations Global Compact. Outokumpu is committed to the United Nations' Sustainable Development Goals, with a focus on the following six objectives: affordable and clean energy; decent work and economic growth; industry, innovation and infrastructure; responsible consumption and production; climate action; and partnerships for the goals. These goals were the result of a materiality analysis that was conducted in 2021 and Outokumpu plans to review these as part of a double materiality analysis that will be completed in the fourth quarter.

In the past, Outokumpu has operated mines both in Finland and elsewhere. At the beginning of the 2000s, the company decided to focus on stainless steel. Currently, Outokumpu has only one active mine, the Kemi chrome mine, which is an integral part of our stainless steel production. The Kemi mine is the only chrome mine in the European Union, and the carbon footprint of Outokumpu's ferrochrome operations is estimated to be 67% lower than the global industry average. Outokumpu has set a target to reach carbon neutrality in Kemi mine by 2025.

Outokumpu is the only stainless steel producer in the world with Science-Based Target initiative approved climate targets aligned with 1.5 °C degrees. That means Outokumpu is committed to reducing its direct (Scope 1), indirect (Scope 2) and value chain (Scope 3) emission intensity by 42% by 2030 compared to 2016 baseline.

Outokumpu's sustainability targets also include increased recycling rate and energy efficiency, improved safety and organizational health, diversity, equity and inclusion, supply chain sustainability and zero environmental incidents. All of Outokumpu's production sites are certified according to ISO 14001.

During the third quarter of 2023, Outokumpu launched Outokumpu Circle Green® customer cases with Fissler, thyssenkrupp Materials Processing Europe and Purem by Eberspaecher to support industries in reducing their carbon footprint. To strengthen the circular economy across the stainless steel industry, Outokumpu also introduced new supplier collaborations to the Inner Circle® initiative to increase visibility of the circular economy and to leverage existing efficient supply chains. Outokumpu's Kemi mine also achieved a third of its target of becoming carbon neutral by 2025 by switching to renewable fuels during the third quarter.

Outokumpu has been a member of ResponsibleSteel since 2019. ResponsibleSteel is a standard that was developed to recognize steel sites that are being operated in a responsible manner with a focus on the most material ESG issues identified and agreed upon by ResponsibleSteel members and stakeholders. Outokumpu completed Stage 1 and 2 audits for all European manufacturing sites with no major non-conformities.

Outokumpu has an ambitious energy efficiency program, in which the target is to improve energy efficiency by 8% by the end of 2024 across Outokumpu's operations from the January–September 2022 baseline. This effort would correspond to energy savings equivalent to the annual electricity usage of 15,000 households. At the end of Q3 2023, Outokumpu has already achieved a run-rate improvement of 126 GWh in the context of energy consumption, resulting in savings of about EUR 9 million. During third quarter, four additional investment projects were approved to improve energy efficiency.

Outokumpu is improving its energy efficiency by optimizing energy consumption, minimizing energy losses during material processing and continually enhancing overall yield. Since the start of the program, Outokumpu has accomplished improvements in recovering and re-utilizing excess heat in its mills and continues to identify additional potential improvements. The company continues its efforts in implementing over 35 investment initiatives.

Outokumpu met the set targets for sustainability key performance indicators (KPIs) in the third quarter for material recycling and emission intensity. Recycled material content remained high and was 94% for the rolling 12 months for the entire group. During the third quarter, there were two environmental incidents with zero permit breaches concerning Outokumpu operations. These were reported to the relevant authorities.

Safety performance measured as the total recordable incident frequency rate (TRIFR) was 1.7, slightly weakened from the previous quarter but remained at a world-class level (Q2/2023: 1.2; Q3/2022: 2.7). In January-September 2023, TRIFR was 1.6 which is an improvement compared to last year (2022: 1.9).

During the third quarter the focus remained on the safety network and the AI robotic deployment to reduce the exposure of employees to hazardous areas. The roll-out of a harmonized reporting tool to several pilot sites is on schedule. To further improve the safety performance the scope of the investigations to root-cause level was enlarged. Throughout the fourth quarter the focus will be on the finalization of the safety projects.

Personnel

On September 30, 2023, Outokumpu’s full-time equivalent number of personnel totaled 8,512 (June 30, 2023: 8,457, December 31, 2022: 8,357).

Shares

On September 30, 2023, Outokumpu’s share capital was EUR 311 million and the total number of shares was 456,874,448. At the end of September, Outokumpu held 23,041,290 treasury shares. The average number of shares outstanding was 433,829,467 in the third quarter of 2023 and 435,660,969 in January-September 2023. The closing share price at the end of the period, on September 29, was EUR 3.97.

The Annual General Meeting authorized the Board of Directors on March 30, 2023, to resolve to repurchase the company’s own shares, to decide on the issuance of shares as well as special rights entitling to shares.

The Board of Directors is authorized to resolve a purchase a maximum of 45,000,000 of Outokumpu’s own shares and to issue a maximum of 45,000,000 shares. The authorizations are in force until the end of the next Annual General Meeting, however expiring at the latest on May 31, 2024.

Resolutions of the Annual General Meeting 2023 were published as a stock exchange release on March 30, 2023, and are available on Outokumpu's website.

Risks and uncertainties

Outokumpu is exposed to various risks and uncertainties that may have an adverse impact on its business and operations. The adverse development of global economy, geopolitical tensions including Israel-Hamas war and the continued war in Ukraine have increased the risks and uncertainties to which Outokumpu is exposed. However, the company has taken prompt measures to manage and control these risks.

The global economic outlook remains weak with intensified challenges in the operating environment. The uncertainties mainly relate to the development of the global economy, persistent high inflation level, increased interest rates, the possible consequences from the geopolitical tensions and China's economic growth, all of which could impact Outokumpu's operating environment, business, and stainless steel demand.

Electricity market prices have declined throughout the year but volatility remains, which could possibly negatively impact Outokumpu's costs. During the third quarter, the nuclear power plant Olkiluoto-3 in Finland continued to contribute and balance the electricity market in Finland. The electricity area prices in Finland were affected by limitations in transmission capacity between northern Sweden and Finland as well as unplanned outages of Finnish nuclear production and low wind. Possible increases in the price of electricity would mainly affect business area Ferrochrome, due to the high electricity needed in ferrochrome production.

Gas availability in Germany remained sufficient during the third quarter with limited uncertainties for the winter period. The uncertainties are mainly related to increased energy price sensitivity to adverse events in the geopolitical situation. Gas availability is considered adequate for the winter period due to continued high gas storage levels in Germany. Further possible sanctions or disruptions in the natural gas supply could affect the prices or availability of gas for Outokumpu's operations in Europe. Outokumpu acquires energy gases from the European market, for which Russia is one of the indirect suppliers.

Outokumpu does not purchase any scrap or nickel of Russian origin for its operations. The risk of possible disruptions in its raw material supply chain due to sanctions is considered to be limited. At the end of the third quarter, indirect supply from Russia still exists for a very limited amount of raw material, and the company is demanding that its supplier finds alternative sources globally.

The company remains exposed to risks related to volatile metal prices, especially nickel. Volatile metal prices may impact Outokumpu's result, among other financial risks.

In addition, cyber security threats and dependencies on critical suppliers expose Outokumpu to the risk of operational disruptions and additional costs. A key critical supplier dependency in this regard exists in Calvert, Alabama in the US where Outokumpu procures hot rolling services from an external party. There is an agreement in place until 2036, which, as of October 1, 2023 can be terminated by either party with a 36 months' notice period.

The EU safeguard measures, renewed in June by the European Commission, are in place until June 2024 which decreases the risk of a sudden import surge. In August, the anti-circumvention investigation on cold rolled stainless steel from Indonesia was initiated and this is expected to immediately decrease the risk of imports from Taiwan, Turkey, and Vietnam until at least April 2024.

Outokumpu Oyj was in May 2023 joined into arbitration proceedings over a dispute between Fennovoima and RAOS Project Oy related to the termination of the EPC (Engineering, Procurement and Construction) agreement for a nuclear power plant. Outokumpu disputes the existence of any contractual relation, obligation, or arbitration agreement between Outokumpu and RAOS Project Oy.

For more information on Outokumpu's risks, please refer to the Annual Report for 2022 and the Notes to the 2022 Financial Statements.

Events after the reporting period

On November 7, Outokumpu announced it is expanding collaboration with CRONIMET to take circularity to new heights and to secure access to high-quality scrap near Outokumpu's sites in Europe. Outokumpu has signed an agreement to acquire a 10% minority interest in CRONIMET North-East GmbH, the holding company for CRONIMET's Northeastern business in Europe.

On November 7, Outokumpu announced that it plans restructuring measures in Germany to strengthen competitiveness and market leadership in advanced materials.

Helsinki, November 7, 2023

Outokumpu Oyj
Board of Directors

Financial information

Condensed statement of income (EUR million)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Continuing operations					
Sales	**1,531**	2,339	**5,447**	7,598	9,494
Cost of sales	**-1,494**	-2,025	**-4,991**	-6,406	-8,147
Gross margin	**37**	314	**457**	1,192	1,346
Other operating income	**15**	4	**36**	12	18
Sales, general and administrative costs	**-82**	-70	**-253**	-225	-313
Other operating expenses	**-16**	-6	**-26**	-18	-60
EBIT	**-45**	241	**214**	961	992
Share of results in associated companies	**1**	1	**4**	12	11
Interest expenses	**-15**	-11	**-46**	-32	-44
Net other financial income and expenses	**0**	-6	**16**	-21	-26
Total financial income and expenses	**-15**	-17	**-31**	-53	-71
Result before taxes	**-60**	225	**187**	920	933
Income taxes	**5**	-18	**-56**	-145	154
Net result for the period from continuing operations	**-55**	207	**131**	775	1,086
Discontinued operations					
Net result for the period from discontinued operations	**-1**	-18	**5**	50	54
Net result for the period	**-56**	189	**136**	825	1,140
Earnings per share for result from continuing operations attributable to the equity holders of the parent company					
Earnings per share, EUR	**-0.13**	0.46	**0.30**	1.71	2.40
Diluted earnings per share, EUR	**-0.11**	0.42	**0.29**	1.58	2.22
Earnings per share for result attributable to the equity holders of the parent company					
Earnings per share, EUR	**-0.13**	0.42	**0.31**	1.82	2.52
Diluted earnings per share, EUR	**-0.11**	0.39	**0.30**	1.68	2.33

Statement of comprehensive income (EUR million)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net result for the period	**-56**	189	**136**	825	1,140
Other comprehensive income, continuing operations					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations					
Change in exchange differences	**55**	83	**7**	176	17
Cash flow hedges					
Fair value changes during the financial year	**27**	17	**59**	30	-43
Reclassification to profit or loss	**-37**	-97	**3**	25	28
Income taxes	**2**	8	**-8**	-8	-1
Items that will not be reclassified to profit or loss:					
Remeasurements on defined benefit plans					
Changes during the accounting period	**4**	15	**0**	69	65
Income taxes	**-1**	-5	**0**	-23	-24
Equity investments at fair value through other comprehensive income	**0**	-5	**-18**	13	-4
Share of other comprehensive income in associated companies	**0**	0	**1**	0	0
Other comprehensive income, continuing operations, net of tax	**50**	17	**45**	281	38
Other comprehensive income, discontinued operations, net of tax	**—**	5	**-12**	15	8
Other comprehensive income, net of tax	**50**	22	**33**	297	46
Total comprehensive income for the period	**-7**	211	**168**	1,122	1,186

Net result for the period and total comprehensive income for the period are fully attributable to the equity holders of the parent company.

Condensed statement of financial position (EUR million)	Sep 30 2023	Sep 30 2022	Dec 31 2022
ASSETS			
Non-current assets			
Intangible assets	**551**	559	547
Property, plant, and equipment	**2,307**	2,483	2,406
Investments in associated companies	**51**	55	51
Other financial assets	**15**	42	25
Deferred tax assets	**401**	108	390
Trade and other receivables	**8**	2	6
Total non-current assets	**3,332**	3,249	3,425
Current assets			
Inventories	**1,722**	1,887	1,783
Other financial assets	**80**	110	63
Trade and other receivables	**738**	849	767
Cash and cash equivalents	**367**	465	526
Total current assets	**2,908**	3,311	3,139
Assets held for sale	**—**	431	419
TOTAL ASSETS	**6,240**	6,990	6,983
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent company	**4,135**	4,158	4,119
Non-current liabilities			
Non-current debt	**355**	498	491
Other financial liabilities	**10**	10	11
Deferred tax liabilities	**54**	1	0
Employee benefit obligations	**196**	223	216
Provisions	**49**	50	49
Trade and other payables	**17**	21	20
Total non-current liabilities	**681**	803	787
Current liabilities			
Current debt	**41**	148	141
Other financial liabilities	**29**	47	120
Provisions	**29**	37	32
Trade and other payables	**1,326**	1,581	1,581
Total current liabilities	**1,424**	1,813	1,874
Liabilities related to assets held for sale	**—**	217	204
TOTAL EQUITY AND LIABILITIES	**6,240**	6,990	6,983

In the second quarter of 2023, the process for netting the deferred tax assets and liabilities was redefined.

Condensed statement of cash flows (EUR million)[1]	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net result for the period	**-56**	189	**136**	825	1,140
Adjustments					
Depreciation, amortization, and impairments	**63**	100	**187**	227	297
Other non-cash adjustments	**17**	115	**64**	328	33
Change in working capital	**29**	-147	**-143**	-816	-587
Provisions and employee benefit obligations	**-17**	-6	**-29**	-33	-53
Interests and dividends received	**6**	1	**15**	1	7
Interests paid	**-15**	-12	**-39**	-31	-39
Other financial items	**14**	—	**-1**	—	—
Income taxes paid	**-52**	-3	**-101**	-13	-21
Net cash from operating activities	**-11**	238	**89**	489	778
Purchases of assets	**-31**	-38	**-84**	-100	-160
Proceeds from the disposal of shares in Group companies and businesses, net of cash	**4**	—	**104**	4	-1
Proceeds from the sale of assets	**13**	0	**23**	2	2
Other investing cash flow	**1**	0	**2**	0	—
Net cash from investing activities	**-13**	-38	**45**	-95	-159
Cash flow before financing activities	**-24**	200	**134**	394	619
Dividends paid	**—**	—	**-152**	-68	-68
Repurchase of treasury shares	**—**	—	**-58**	—	-42
Repayment of non-current debt	**-18**	-30	**-198**	-97	-105
Change in current debt	**0**	-86	**0**	25	-58
Net cash from financing activities	**-18**	-116	**-408**	-139	-272
Net change in cash and cash equivalents	**-42**	84	**-275**	255	346
Cash and cash equivalents at the beginning of the period	**409**	473	**644**	300	300
Net change in cash and cash equivalents	**-42**	84	**-275**	255	346
Foreign exchange rate effect	**1**	1	**-2**	2	-3
Cash and cash equivalents at the end of the period[2]	**367**	558	**367**	558	644

[1] In the second quarter of 2023, cash flow presentation within the net cash from operating activities was changed. The impact is not material.

[2] Period of Jan-Sep 2022 includes cash and cash equivalents of discontinued operations amounting to EUR 92.4 million and Jan-Dec 2022 EUR 117 million.

Statement of changes in equity (EUR million)

Attributable to the equity holders of the parent company

	Share capital	Premium fund	Other restricted reserves	Invested unrestricted equity reserve	Treasury shares [1]	Fair value reserve from equity investments	Fair value reserve from derivatives	Cumulative translation differences	Remeasurements of defined benefit plans	Other retained earnings	Total equity
Equity on January 1, 2022	**311**	**714**	**3**	**2,308**	**-30**	**-89**	**-7**	**-22**	**-169**	**101**	**3,120**
Net result for the period	—	—	—	—	—	—	—	—	—	825	825
Other comprehensive income	—	—	—	—	—	13	47	191	46	0	297
Total comprehensive income for the period	—	—	—	—	—	13	47	191	46	825	1,122
Transactions with equity holders of the parent company											
Contributions and distributions											
Dividend distribution	—	—	—	—	—	—	—	—	—	-68	-68
Share-based payments	—	—	—	—	1	—	—	—	—	5	7
Fair value transfer to inventory	—	—	—	—	—	—	-23	—	—	—	-23
Equity on September 30, 2022	**311**	**714**	**3**	**2,308**	**-29**	**-76**	**17**	**169**	**-123**	**863**	**4,158**
Equity on January 1, 2023	**311**	**714**	**3**	**2,308**	**-129**	**-93**	**-48**	**3**	**-128**	**1,179**	**4,119**
Net result for the period	—	—	—	—	—	—	—	—	—	136	136
Other comprehensive income	—	—	—	—	—	-18	54	-3	-1	1	33
Total comprehensive income for the period	—	—	—	—	—	-18	54	-3	-1	136	168
Transactions with equity holders of the parent company											
Contributions and distributions											
Dividend distribution	—	—	—	—	—	—	—	—	—	-152	-152
Convertible bond	—	—	—	0	1	—	—	—	—	—	0
Share-based payments	—	—	—	—	9	—	—	—	—	-11	-3
Fair value transfer to inventory	—	—	—	—	—	—	2	—	—	—	2
Other[2]	—	—	-3	—	—	—	—	27	—	-25	—
Equity on September 30, 2023	**311**	**714**	**0**	**2,307**	**-119**	**-111**	**8**	**27**	**-129**	**1,128**	**4,135**

[1] Outokumpu announced on November 3, 2022, a share buyback program and completed the program on March 24, 2023. Due to the nature of the contract with the third party, Outokumpu recognized a EUR 58 million financial liability in December 2022 related to the share buyback program and the maximum amount of EUR 100 million already impacted Group equity in 2022. The outstanding EUR 58 million share purchases were realized by the end of the program.

[2] Other is related to reclassification of cumulative translation differences amounting to EUR 27 million. No impact on total equity.

Adjustments to EBITDA and EBIT (EUR million)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Continuing operations					
Loss on disposal of shares in Group companies and businesses	**-26**	—	**-26**	—	-10
Onerous contracts provisions	**—**	—	**-7**	—	—
Litigation provisions	**—**	—	**—**	—	2
Restructuring costs	**-7**	—	**-12**	—	—
Adjustments to EBITDA	**-33**	—	**-44**	—	-7
Impairments on non-current assets	**—**	—	**-2**	—	-10
Adjustments to EBIT	**-33**	—	**-47**	—	-17

Jan-Sep 2023 adjustments relate to the sale of the remaining Long Products business in Degerfors and Storfors, Sweden, with a loss of EUR 26 million, restructuring costs of EUR 12 million and an onerous contracts provision of EUR 7 million in relation to the metal powder plant in Germany as well as an impairment of EUR 2 million.

Jan-Dec 2022 adjustments relate mainly to divestment in Netherlands, Italy, and Argentina, amounting to EUR 10 million and impairment related to Group's ERP systems of EUR 10 million.

Group key figures		Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Continuing operations						
Scope of activity						
Capital expenditure	EUR million	**31**	37	**84**	98	158
Depreciation and amortization	EUR million	**-63**	-61	**-184**	-183	-245
Impairments	EUR million	**0**	-1	**-2**	-1	-11
Personnel at the end of period, full-time equivalent		**8,512**	8,602	**8,512**	8,602	8,357
- average for the period		**8,940**	9,022	**8,665**	8,761	8,683
Personnel at the end of period, headcount		**8,796**	8,826	**8,796**	8,826	8,591
Profitability						
Adjusted EBITDA	EUR million	**51**	304	**445**	1,146	1,256
Adjustments to EBITDA	EUR million	**-33**	—	**-44**	—	-7
EBITDA	EUR million	**18**	304	**401**	1,146	1,248
Earnings per share	EUR	**-0.13**	0.46	**0.30**	1.71	2.40
Diluted earnings per share	EUR	**-0.11**	0.42	**0.29**	1.58	2.22
Return on capital employed, rolling 12 months (ROCE) [1]	%	**5.3**	26.8	**5.3**	26.8	22.6
Including discontinued operations						
Scope of activity						
Capital employed at the end of period	EUR million	**4,531**	4,805	**4,531**	4,805	4,752
Profitability						
Earnings per share	EUR	**-0.13**	0.42	**0.31**	1.82	2.52
Diluted earnings per share	EUR	**-0.11**	0.39	**0.30**	1.68	2.33
Adjusted weighted average number of shares [2]	1,000 shares	**433,829**	452,710	**435,661**	452,685	451,933
Return on equity, rolling 12 months (ROE)	%	**10.9**	28.1	**10.9**	28.1	30.6
Return on capital employed, rolling 12 months (ROCE)	%	**5.8**	28.7	**5.8**	28.7	24.5
Financing and financial position						
Non-current debt	EUR million	**355**	499	**355**	499	492
Current debt	EUR million	**41**	148	**41**	148	141
Cash and cash equivalents	EUR million	**367**	558	**367**	558	644
Net debt at the end of period	EUR million	**29**	90	**29**	90	-10
Net debt to Adjusted EBITDA		**0.1**	0.1	**0.1**	0.1	0.0
Equity-to-assets ratio at the end of period	%	**66.4**	59.7	**66.4**	59.7	59.2
Debt-to-equity ratio at the end of period (gearing)	%	**0.7**	2.2	**0.7**	2.2	-0.3
Equity per share at the end of period [2]	EUR	**9.53**	9.18	**9.53**	9.18	9.27

[1] The balance sheet component includes equity component of discontinued operations in 2022.

[2] Excluding treasury shares.

Sales by segment (EUR million)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Europe total	**1,034**	1,455	**3,752**	4,916	6,266
of which intra-group [1)]	**-18**	-9	**-54**	-25	-42
Americas total	**441**	786	**1,469**	2,224	2,695
of which intra-group	**0**	0	**-8**	-9	-9
Ferrochrome total	**117**	136	**345**	523	633
of which intra-group [1)]	**-54**	-82	**-173**	-340	-412
Other operations total	**88**	168	**343**	564	720
of which intra-group [1)]	**-78**	-134	**-226**	-337	-462
Intra-group sales to discontinued operations	**—**	19	**0**	82	104
Total sales, continuing operations	**1,531**	2,339	**5,447**	7,598	9,494

[1)] In comparison periods includes Long Products businesses related sales

Adjusted EBITDA by segment (EUR million)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Europe	**-29**	128	**144**	611	680
Americas	**53**	135	**232**	361	384
Ferrochrome	**21**	34	**73**	206	220
Other operations and intra-group items	**5**	7	**-4**	-33	-28
Total adjusted EBITDA, continuing operations	**51**	304	**445**	1,146	1,256

Adjustments to EBITDA and EBIT by segment (EUR million)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Europe	**—**	—	**-7**	—	—
Americas	**-5**	—	**-8**	—	2
Other operations	**-28**	—	**-29**	—	-10
Total adjustments in EBITDA, continuing operations	**-33**	—	**-44**	—	-7
Europe	**—**	—	**-2**	—	—
Other operations	**—**	—	**—**	—	-10
Total adjustments in EBIT, continuing operations	**-33**	—	**-47**	—	-17

EBITDA by segment (EUR million)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Europe	**-29**	128	**138**	611	680
Americas	**48**	135	**223**	361	387
Ferrochrome	**21**	34	**73**	206	220
Other operations and intra-group items	**-22**	7	**-33**	-33	-38
Total EBITDA, continuing operations	**18**	304	**401**	1,146	1,248

Adjusted EBIT by segment (EUR million)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Europe	**-59**	96	**55**	513	550
Americas	**37**	117	**182**	312	317
Ferrochrome	**7**	23	**37**	173	177
Other operations and intra-group items	**2**	5	**-14**	-36	-34
Total adjusted EBIT, continuing operations	**-12**	241	**261**	961	1,010

EBIT by segment (EUR million)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Europe	**-59**	96	**46**	513	550
Americas	**32**	117	**174**	312	320
Ferrochrome	**7**	23	**37**	173	177
Other operations and intra-group items	**-26**	5	**-44**	-36	-54
Total EBIT, continuing operations	**-45**	241	**214**	961	992

Depreciation and amortization by segment (EUR million)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Europe	**-30**	-32	**-89**	-98	-130
Americas	**-16**	-17	**-49**	-50	-67
Ferrochrome	**-14**	-10	**-36**	-32	-42
Other operations	**-3**	-1	**-10**	-4	-6
Total depreciation and amortization, continuing operations	**-63**	-61	**-184**	-183	-245

Capital expenditure by segment (EUR million)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Europe	**12**	10	**31**	20	35
Americas	**9**	5	**14**	8	25
Ferrochrome	**5**	16	**17**	61	85
Other operations	**4**	7	**22**	10	13
Total capital expenditure, continuing operations	**31**	37	**84**	98	158

Personnel at the end of period by segment, full-time equivalent	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Europe	**5,825**	5,784	**5,825**	5,784	5,718
Americas	**1,826**	1,888	**1,826**	1,888	1,785
Ferrochrome	**469**	495	**469**	495	409
Other operations	**391**	436	**391**	436	445
Total personnel at the end of period, continuing operations	**8,512**	8,602	**8,512**	8,602	8,357

Definitions of financial key figures

EBITDA	=	EBIT before depreciation, amortization and impairments	
Adjustments to EBITDA or EBIT	=	Material income and expense items which affect the comparability between periods because of their unusual nature, size or incidence resulting for example from group-wide restructuring programs or disposals of assets or businesses.	
Adjusted EBITDA or EBIT	=	EBITDA or EBIT – items classified as adjustments	
Capital employed	=	Total equity + non-current debt + current debt	
Operating capital (segment reporting)	=	Capital employed – cash and cash equivalents – investments in associated companies – investments in equity at fair value through other comprehensive income – investments at fair value through profit or loss – net deferred tax asset – net asset held for sale + net employee benefit obligations	
Capital expenditure	=	Purchases of property, plant and equipment and intangible assets, other than emission allowances; and investments in equity at fair value through other comprehensive income and in associated companies and acquisitions of businesses	
Return on capital employed, rolling 12 months (ROCE)	=	EBIT + Share of results in associated companies (4-quarter rolling) / Capital employed (4-quarter rolling average)	× 100
Return on operating capital, rolling 12 months (ROOC) (segment reporting)	=	Adjusted EBIT (4-quarter rolling) / Operating capital (4-quarter rolling average)	× 100
Return on equity (ROE)	=	Net result for the financial period (4-quarter rolling) / Total equity (4-quarter rolling average)	× 100
Net debt	=	Non-current debt + current debt – cash and cash equivalents	
Equity-to-assets ratio	=	Total equity / Total assets – advances received	× 100
Debt-to-equity ratio (gearing)	=	Net debt / Total equity	× 100
Net debt to adjusted EBITDA	=	Net debt / Adjusted EBITDA (4-quarter rolling)	
Earnings per share	=	Net result for the financial period attributable to the equity holders / Adjusted weighted average number of shares during the period	
Diluted earnings per share	=	Net result for the financial period attributable to the equity holders + interest expenses on convertible bond, net of tax / Adjusted diluted weighted average number of shares during the period	
Equity per share	=	Equity attributable to the equity holders / Adjusted number of shares at the end of the period	
Personnel, full-time equivalent	=	Headcount adjusted to full-time equivalent number of personnel, excluding personnel on sick leave or parental leave of more than 6 months and excluding personnel whose employment has been terminated and who are on notice period without requirement to work	

Basis of preparation

This interim report is unaudited. It has been prepared on a going concern basis. The same accounting policies and methods of computation have been followed when preparing the financial information as in the financial statements for 2022, with the exception of new and amended standards applied from the beginning of 2023. These amendments did not have a material impact on Outokumpu's consolidated financial statements.

All presented figures in this report have been rounded and, consequently, the sum of individual figures can deviate from the presented figure. Key figures have been calculated using exact figures.

The sales, earnings, and working capital of Outokumpu are subject to seasonal variations as a result of, for example, industry demand, the number of working days, and vacation periods.

Management judgment and the use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgments as well as estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and contingent liabilities at the reporting date, as well as the reported amounts of income and expenses during the reporting period.

Although these estimates are based on management's best knowledge of the circumstances at the end of the reporting period, actual outcomes may differ from the estimates and assumptions.

Discontinued operations - Long Products businesses

On July 12, 2022, Outokumpu announced that it had signed an agreement to divest the majority of the Long Products business operations to Marcegaglia Steel Group. The transaction includes melting, rod, and bar operations in Sheffield, the UK, bar operations in Richburg, the US, and wire rod mill in Fagersta, Sweden. The transaction excludes Outokumpu Long Products AB units in Degerfors and Storfors, Sweden. Long Products' activities that remain in Outokumpu are included in Other operations.

As of September 2022, Outokumpu reclassified its Long Products businesses to be divested as assets held for sale and reported the businesses as discontinued operations according to IFRS 5 Non-current assets held for sale and discontinued operations. All figures in this interim report concern continuing operations unless otherwise stated.

The divestment was completed on January 3, 2023, and the transaction was carried out as a share sale.

The total consideration for the transaction on a debt and cash-free basis was EUR 228 million. Provisional cash proceeds for the equity and net debt item were EUR 224 million, with EUR 5 million paid into an escrow account. The transaction costs in total are EUR 8 million and are presented in the net result for the period from discontinued operations.

The received proceeds, net of cash disposed, were EUR 100 million. The gain on divestment reported in the net result from discontinued operations was EUR 5 million, mainly as the accumulated translation differences were reclassified into net result at the time of the divestment. The consideration is still subject to the release of the escrow account. In 2022, Outokumpu recognized in the net result from the discontinued operations an impairment loss of EUR 33 million.

On April 1, 2023, Outokumpu announced that it had signed an agreement to divest the remaining Long Products operations in Degerfors and Storfors, Sweden to Cogne Acciai Speciali, a world leader in the production of long stainless steels and nickel alloys based in Italy.

On August 1, 2023, Outokumpu announced that it has completed the divestment of the remaining Long Products business in Sweden. Outokumpu's plate operations in Degerfors are not affected by the divestment. The enterprise value of the transaction is EUR 12 million and it has a positive cash impact for Outokumpu. Outokumpu booked a loss of EUR 26 million in the third quarter.

Acquisition of FPX Nickel

In May 2023, Outokumpu signed an agreement to become a shareholder in the Canadian company, FPX Nickel Corp. with an ownership share of 9.9%. The amount of the investment is EUR 11 million. This equity investment is classified as fair value through other comprehensive income. The ownership is reported on level 1. The premium paid over the share's market price at the acquisition date has been treated as part of the inventory and will be released at the time of the nickel purchase.

Share buyback program

On November 3, 2022, Outokumpu's Board of Directors approved a share buyback program of up to EUR 100 million. The maximum number of shares to be repurchased under the program was 20 million, representing approximately 4.4% of the company's total number of shares. The program commenced on November 7, 2022, and ended on March 24, 2023.

During the program, Outokumpu repurchased a total of 19,836,205 of its own shares and used a total of EUR 100 million for the share repurchases. The average price per share was approximately EUR 5.04. After the completion of the program, Outokumpu held a total of 23,109,206 treasury shares, representing 5.06% of the company's total number of shares.

Through the share buyback program, Outokumpu aims to mitigate and manage the dilutive impact of the company's outstanding convertible bonds. The repurchased shares are initially held by Outokumpu as treasury shares and may be used to meet its obligations under the convertible bonds. Alternatively, Outokumpu may decide to cancel any or all of the repurchased shares and reduce its capital accordingly.

Events after the reporting period

On November 7, Outokumpu announced it is expanding collaboration with CRONIMET to take circularity to new heights and to secure access to high-quality scrap near Outokumpu's sites in Europe. Outokumpu has signed an agreement to acquire a 10% minority interest in CRONIMET North-East GmbH, the holding company for CRONIMET's Northeastern business in Europe.
On November 7, Outokumpu announced that it plans restructuring measures in Germany to strengthen competitiveness and market leadership in advanced materials.