

Outokumpu Q3/2023 result webcast transcript

Linda Häkkilä: Good afternoon all, and welcome to the Outokumpu Q3 2023 results webcast. My name is Linda Häkkilä and I'm the Head of Investor Relations here at Outokumpu. With me today as our main speakers, 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 answer your questions. Before we start with our 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. I hope you're doing well. Welcome to the Outokumpu Q3 presentation. I hope you enjoyed this short video about the partnership that CRONIMET and Outokumpu have agreed upon. It is again an important step in our journey to become a more sustainable business and also to take circularity to new heights.

Heikki Malinen: The third quarter was quite challenging, as you can see from the numbers. I think we have to recognize that the third quarter is happening against the backdrop of a situation where central banks have increased or tightened monetary policy, both in terms of time, faster than ever, but also in terms of magnitude. I think many of our customers and consumers have probably been a bit ill-prepared for such a dramatic acceleration in costs and interest rates. That is a backdrop against what we have been operating this year. However, overall Outokumpu is moving forward on many fronts. We have the strongest balance sheet in the industry. We have a very good market position both here in Europe and North America. Then, as I said, we are the sustainability leader.

Heikki Malinen: Now let me start the journey through our numbers for the quarter, and then we will be happy to answer your questions. Obviously, 51 million EBITDA for the third quarter, which is usually the weakest quarter of the year, is not a number I can be satisfied about. However, there are several reasons which explain where that comes from. If I just very briefly summarize on a very high level what we saw in the third quarter, it's a story of two different markets. We have North America, the US and Mexico, which are still surprisingly strong resilient, and where demand was maintained. That does explain how our North American business continues to develop good profitability. However, here on the European side, we have a very different situation. One can say that Germany, for example, which is the largest market for stainless, is probably been already in some type of recession for four quarters.

Heikki Malinen: We have a war in the eastern part of the continent. We've had an electricity energy crisis, and there are new challenges also brewing in the

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southeastern part of the Middle East. It's a volatile situation creating uncertainty. As we know, uncertainty easily leads to customers postponing their buying. We know today already that the inventory levels among our distributor customers are at very, very low levels, and the point of replenishment, which basically on historical databases should have happened already in May or so, has still been postponed. However, as you will see from the coming slides, we do feel that the third quarter is in many ways the trough of this cycle so far.

Heikki Malinen: Now let me point to a focus here to the left side of the chart. This is CRU data that we can share with you. You can see from the left-hand price chart that the bottom is European pricing, and that is the light blue line. The bottom in European pricing took place sometime in the middle of the summer, and since then, you can see prices have clearly started to rise in Europe towards the end of the third quarter, and that can be visibly seen from that curve.

Heikki Malinen: At the bottom you have China, which I think everybody is waiting for the China rebound or cyclical change. So far we have not seen that, and perhaps there is a bit of a lack of confidence among consumers there which is again postponing buying. Also, we've been waiting for a larger stimulus package and more fiscal easing to happen in China. The stimulus has still not come. I think that also explains the two curves at the bottom. However, if we look at North America, we can see that the price level is healthy, it's stable and the economy is doing quite well. On the right-hand side, we have the nickel price. Nickel has been declining somewhat from a very elevated level. At the moment we are trading somewhere around 18,000 Euros per ton for nickel.

Heikki Malinen: When we talk about the stainless market, both in North America, but in particularly in Europe, it's important to consider where are we with imports, because while we have in both continents we have import tariffs duties, and other measures. Traditionally, Europe has been the market that has been under the greatest import pressure, particularly from Asia and certain countries in Asia. What is important to note here is that if you look at 2023, the share of imports in Europe is quite low. Compared to many longer time series, it is quite low. Looking at the most recent data we have for the first days of this quarter, we can see that the volume from Asia continues to be quite low. It's of course difficult to say what is the exact root cause for that, but we believe that there are probably at least two reasons why this could be the case. One is that there is an ongoing anti-circumvention investigation being conducted by the European Union, and this is targeting especially the high importers into Europe, Taiwan, Turkey, and Vietnam. If you look at the volumes from Taiwan, Turkey, and Vietnam, they are very low compared to what they have been historically.

Heikki Malinen: Then we have the CBAM, Carbon Border Adjustment Mechanism, which is going to be coming into force in the next few years. The reporting officially starts in 2024, and that in itself will probably also create some reduction in imports, but also it's importantly creating a more level playing field that those companies that emit high amounts of CO₂, should also then pay a carbon tax. Maybe those are two

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of the reasons explaining, at least partially, why the level of imports has been so low, which of course, for us as a supplier here can be seen as positive.

Heikki Malinen: I talked about CBAM. I won't go through the details of this slide. We did want to write down a lot of facts for those of you who are very interested in understanding more of what's going on here. However, in essence, what CBAM is trying to do is that if you look at the left-hand side of the chart, you can see that Outokumpu has very low CO2 emissions. Then on the left-hand side, you can see what the emissions are, the global average for stainless and then for ferrochrome. You can see from the figures that we are really in a class of our own. We are also continuing to invest in even more accelerated decarbonization of the company. There needs to be some kind of a mechanism to balance all of this off.

Heikki Malinen: Let's then take a look at the figures for the third quarter. On the left-hand side, you can see our deliveries. What I would like to focus on first is just looking at the third quarter of 2023, where our deliveries were 449 kilotons compared to Q3 of 2020, which is on the left-hand side, which was 488 kilotons. A significant decline vis a vis the quarter, which was the bottom of COVID, if you remember, before the big increase, once the economy then started to grow again. This has been a tougher quarter volume-wise than we saw in the third quarter of 2020. Quite remarkable in many ways.

Heikki Malinen: Then if you look at our EBITDA at the bottom, you can see that although our results were weak for the third quarter, they were at least better than they were in the third quarter of 2020. At least we are clearly above break even on the group-level EBITDA but as said, of course not at all satisfactory. On the right-hand side, you can then see the delta change from the second quarter. Delivery accounts for about 11%. The big bar here is price. We did see a material decline in pricing across both, mainly in Europe, which explains a big part of the delta change. Then we did have some metal effects. We have worked very hard on costs. We tried to manage our costs already the whole year, but accelerating even into the third quarter, manage the costs very effectively wherever it is possible. Making dramatic cost reductions very quickly is not possible, but wherever we see opportunities to reduce cost and manage cost, we have done so in the third quarter, and that brought us to EUR 51 million EBITDA.

Heikki Malinen: However, given that poor performance in Europe and Europe registered or recorded a negative EBITDA, as Pia will in the moment explain to you, we have taken immediate resolute action. Our actions are that we will streamline our operations for advanced materials in Germany. This implies that we are planning to close the Dahlerbrück facility and we will transfer the production from Dahlerbrück to Dillenburg. We will also invest in Dillenburg to make the plant even more competitive, in manufacturing advanced materials. That proposal has now been presented to the employee representatives and the German negotiation process will then commence. We are also announcing our plan to close our call service center in Hockenheim. It is

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a master distributor and those volumes will then be allocated to other locations. There are certain costs associated with the restructuring and unfortunately, there will be an impact on our employees. We will, of course, as a responsible employer, do our best to mitigate the impact on as many employees as we can. That is the step in Europe to manage the results, among other things.

Heikki Malinen: A few words about ESG. I'm extremely proud when I can present these safety figures. 1.6 as a total recordable injury frequency rate is a strong number. We are aiming to go to zero, but I can say that looking at many industries and many companies, 1.6 is a solid number and I'm extremely proud of the systematic work our employees do every day, every hour across our plants globally to improve our safety and to bring the number of accidents further down. It's really good work this year, and I do believe that all the stuff we're doing will make us even better. I know, and I can see we can bring the safety performance, even to a better level. We're not done yet. We have a lot of ideas on how to improve it further. On sustainability, we have the highest recycling rate, and we're constantly looking for ways how we can increase the use of recycled materials even more. Hopefully, I can share good stuff around that also in the future.

Heikki Malinen: You saw the video on CRONIMET. Let me just highlight two things from this. We know that scrap is a fundamentally critical and strategic raw material for both Europe and North America for Outokumpu. There are two things important about this. One is the partnership. This is a partnership where CRONIMET, led by Jürgen Pilarsky from the Pilarsky family. Their job is to do what they do well. In other words, manage the scrap, supply, and scrap delivery and do the sorting. They're extremely good at that and we're good at making stainless. However, by working together as a partnership, we can ensure an increase the reliability so that we will get all the scrap we need in time and the right place in the future. This increase is supply assurance for Outokumpu, and we have clear roles. The other thing I wanted to mention is that it's also, for us, very efficient from a working capital standpoint, so we will not need to incur any additional working capital load through this partnership. I'm very excited about it. I think Jürgen is too, and we look forward to working together and developing this partnership. As Jürgen said in the video, there's a lot of learning we can do to try and extract even more efficiency and savings out of the process.

Heikki Malinen: I do want to highlight one more thing here from this slide, and that is that we have, during the third quarter, signed a letter of intent with Greenland Resources. It is in Greenland as the name says, moly is a very important raw material for us, and we have been looking for places on the planet where we can source critical metals, where we believe the emission, the CO2 level when it is processed will be very low. FPX's acquisition in Canada was one for nickel. It's a high-quality nickel. The deal in Greenland is another. Important steps on a journey to decarbonize.

Heikki Malinen: Then finally, before I let Pia join me here on the podium, let me just say a few words about North America. In the last presentation in August, we talked about our plans for North America. We continue to work and assess different options. We are making good progress now in terms of the feasibility study for hot-rolling and

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cold-rolling. On the hot-rolling side, we have now appointed a very experienced project leader. He has executed many very large industrial investments, so he's now joined the team. We have a very strong technical team in place. We are expecting and hoping to get the environmental permit, and the air permit very soon, and then we will be able to tick a box on the journey forward. The engineering work and preparations continue and we are on the way to increasing our readiness to make ultimate decisions when the time comes. That is the update on North America. I said before, this is the best market on the globe. We believe that North America and the US in particular long term, is the place to be. We're very excited that we have such great two assets, both in Mexinox and in Calvert in our position. With those words, let me hand it over to you Pia to continue from here.

Pia Aaltonen-Forsell: Thank you so much, Heikki, and good afternoon and good morning, ladies and gentlemen, dear friends. Indeed, this is a quarter showing the cyclicity of the business, but thank you indeed Heikki for sharing the good news on America. I can say I've also just recovered from the jetlag from the previous trip. High level of activity and a lot of work going on assessing our options right now. That is indeed good news, but let me talk you through some of the financials, and also just a brief update on the strategy execution that we are doing right now. That's all underpinning our results as well and improving our performance long term. I think important in this part of the cycle is to take a step back and consider what have we achieved in terms of our balance sheet, in terms of our resilience, and in terms of our liquidity.

Pia Aaltonen-Forsell: Our balance sheet remains the strongest in the industry. We are still debt-free, and I think with the cash flows into Q4 that I will also speak about, I think we are maintaining and keeping this up with a lot of discipline, with a strong focus now also on costs, as Heikki has shared in the previous presentation. One of the things on the funding side that we did during the quarter was to extend our revolving credit facility by one year. That was per the earlier contracts, but we thought it was a good opportunity to do that right now. We move the maturity into 2027 and clearly, we have a strong cash position. Our liquidity reserve remained at over a billion at 1.2 billion euros as we speak. Prudent capital discipline continues to be important. We will look at some of the figures of the CapEx, the cash flows, et cetera. However, I think what we have shown this year is that during this year we have paid the dividend, the 25 euro cents base, plus the 10 euro cents as extra dividend. We have also committed or already completed a share buyback program and all of that, we're remaining with a strong balance sheet and I just made the calculation as well. 25 euro cents was the base dividend for the previous year, let's say the next cent is up 26 euro cents, and that would be equal to about 113 million of cash out for us. I think our balance sheet is in a good place to allow for that.

Pia Aaltonen-Forsell: Let me start with a few of just most important KPIs from our KPI deck. Of course, the volume point Heikki has already shown with the graphs, but whether I compare it with the previous quarter or whether I compare the year-to-date

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figure, it's clear that we have had a volume fluctuation down in the magnitude of about 11%, and that's visible across the board. It's really in Europe where the prices have declined so much that that has had the biggest impact on our results. We can see our adjusted EBITDA is at 51 million euros. Our reported EBITDA is still a bit lower because we did have the final stretch of the divestment of long products. We had these Swedish units, this Degerfors and Storfors on the long product side where the deal was closed, also here during the third quarter. We had some one of costs relating to that, that you can see in our adjustments.

Pia Aaltonen-Forsell: Then return on capital employed is low at 5.3%. We do calculate this always on a 12-month rolling basis, just as a reminder. Then finally the earnings per share down to a negative figure in the quarter, and our net debt remained very modest at 29 million the way we liked it. Before I take you through the BA specifics for the quarter, I still wanted to take one look at our strategy execution.

Pia Aaltonen-Forsell: You may say, you are doing a lot of work, but the results are still weak in the quarter, and that's a fair comment. What we are reporting about here in our strategy execution is how much we are improving our run-rate on an annual basis, and we have made significant steps there. We also had to pivot in our approach. If you recall, when we introduced the strategy phase two, we talked a lot about strengthening the core, but we also talked about the ability to grow based on our current footprint. For example, in the BA Americas, we wanted to enable 80 kilotons more to the market. We've done well in enabling that. All of our projects are on track, also in Europe with the throughput optimization, but we are not able to benefit from that right now because the market is so weak. We had to pivot a lot of our actions to go into the more detailed steering, the more detailed portfolio optimization, and a lot of cost actions that are now in our program here. You can see that on a run rate basis, we made good progress, actually a really big step in this quarter. We are now at 152 million already in run-rate towards our 200 million euro target. However, with prices declining so much wasn't enough to boost the profits of this quarter as you have also seen.

Pia Aaltonen-Forsell: Very importantly, as part of the strategy phase two, we had targets for sustainability and energy efficiency. Today I just wanted to use one more slide to also describe what we have done in energy efficiency. The reason for that is that it is now one year since we launched this initiative, and it's been a very good journey for us, and also, from my perspective, a learning experience for how many ideas there are inside our company. What we did a year ago was to say energy efficiency was so important in the middle of the energy crisis, but also to support our sustainability journey. We set an ambitious target, not on target of let's be one percent better in energy efficiency. We said, let's be 8% better until the end of 2024. We also set aside a CapEx money of 40 million Euros in total to enable this. Our team has responded tremendously well, and at this point, we have put in motion so many different initiatives. Many of them are around doing everyday work better, continuous improvements, yield improvements, et cetera. However, several quite important CapEx projects will make step changes in various entities for us. I would

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say we are well on track. We are now reaching 126 gigawatt hours worth of savings here after the first year, and that in euro terms, was about 9 million euros so far. We would, of course, like to go over and above the 600 gigawatt hours and stretch the target further, and I think we will be able to do that. The timing of some CapEx might be slightly challenging for us, but we are well on track to overachieve this target, which will support both costs as well as sustainability.

Pia Aaltonen-Forsell: With that perspective on the long-term development, let me then get back to specifics on the BAs, and then I will round up with the cash flow. I will start with BA Europe. There's a lot to say right now. Heikki has covered many of the most important points when it comes to the development during the quarter. If you would say, why has the result dropped quarter-on-quarter from 52 million adjusted EBITDA to -29, a significant drop, then I would say there is only one big reason, which is that realized prices reduced so much, and that was paired with also more unfavorable dynamics in metals. That goes into the same bucket of the price and metal impacts in the quarter. We bounced back a little bit when it comes to costs. We postponed things. We did our best to squeeze the cost here in the quarter. Nonetheless, the performance was weak. I think with that in mind, it's really important to think about the pricing dynamics. Just to repeat what Heikki said, we have seen the trough or realized prices. Order intake, probably the lowest point was already June or let's say early July. However, if we then look at realized prices during Q3, it was the low point. We have seen a good rebound after that, and that good rebound, of course, is helping us to recover and bounce back somewhat in the fourth quarter. However, to get back to historical levels, there is still some journey to make, and that's necessary for us to come back to good profitability levels.

Pia Aaltonen-Forsell: Where we are right now in terms of market, obviously commodity markets, the real sort of restocking sign from the distribution is still missing, even though we should be from a volume perspective there. However, on the advanced material side, I still want to say that from the sector-specific differences that we have, the strength in the green transition, and of course, there are still some projects, for example in oil and gas as well, that is proceeding and moving on. From the project portfolio perspective, it seems that there may be more differentiation between different sectors, but still some activity and no cancellation of projects per se. However, the lowest price is in commodity historically during the third quarter, a few other important things. Then our response with the restructuring, the current very low import situation, that very low figure for October, I still think is worth mentioning. We see almost no imports as we speak.

Pia Aaltonen-Forsell: Finally, if I try to sum this all up what could we see in the fourth quarter? I think seasonally there's a bit of rebound for BA Europe. The prices have rebounded from those very lowest levels. It is still a challenging environment, but clearly, we should be able to be at a break-even level or above when it comes to the European business in the fourth quarter.

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Pia Aaltonen-Forsell: I move over to a more resilient market BA Americas, and here we can see that we have some of the dynamics as well that relate to no real restocking in terms of distributors here, high interest rates for sure play a role, and we can see this cautious attitude buying a little bit at a time. Nonetheless, the market has been overall more robust, and resilient as of course, the whole Americas, if we look at just macro level figures, GDP, et cetera.

Pia Aaltonen-Forsell: Heikki has spoken about the feasibility study and the ongoing work right there, and I certainly wouldn't like to end on a negative for the overall positive view of America. However, I still want to remind you that seasonally, Q4 tends to be the weakest quarter in the BA Americas. There is Thanksgiving, there is Christmas, and we also have some maintenance in that quarter.

Pia Aaltonen-Forsell: Then finally we come to Ferrochrome. There's a weak market situation as well in Ferrochrome. As we have discussed before, there is a bit of a balancing from the fact that there have also been supply constraints and some supply challenges, but we can indeed say that the market remains weak at this point. In our case, also visible here in the results of Ferrochrome. We have moved the maintenance break from Q3 to Q4 in the sense that we had a move from September into a start in October the break on the biggest furnace of three is ongoing as we speak. That was on the back of just getting a bit more favorable conditions, and better availability of resources, et cetera.

Pia Aaltonen-Forsell: The impact of that will now be in the fourth quarter. It is, as always, a negative of about 10 million euro overall from this maintenance break. We had a good event during the third quarter. We did have the inauguration of the deep mine. Meaning the mining that we do at the 1000-meter depth. At the same time, we also launched the carbon-free Kemi mine actions.

Pia Aaltonen-Forsell: My final page here will be on cash control and working capital. First I want to say just looking at the overall cash flow perspective. In the third quarter, we were able to release some working capital. You can see it's a positive of 30 million, and that was on the back of especially an inventory reduction. There's also an inventory reduction in value per ton, but there was also about a 30-kiloton reduction in inventory tons. We tend to have Q3 as the lower point for inventory. In Q4 we already want to prepare a bit for the stronger seasonality in the first quarter. However, I would still expect us to release cash during the fourth quarter as well from working capital. Maybe it can be double the amount as in the third quarter. At least it's there to balance our cash flows.

Pia Aaltonen-Forsell: If you see on the right-hand side our CapEx, we have now put the limit here at about 170 million for this year. With that said, there will be a pretty big outflow still in the fourth quarter. We will balance then having some release from the working capital with the CapEx outflow so that there shouldn't be any dramatic

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move in terms of our net debt figure towards the year-end from where we stand right now.

Pia Aaltonen-Forsell: A final word on cash flow in 2023. We have paid cash taxes more than I would say ever, and that was on the back of record results also in '22. Good cash management per se. We didn't pay too much upfront. We paid for it after the fact. However, I would say that was quite extraordinary result levels on the COVID rebound. What I would expect going forward is that we will not have these significant cash outlays. When we make results in America, we are still benefiting from the big deferred tax assets that we have there. I would say a more modest sort of 30-40 million would be probably a good estimate for a more normal year in terms of cash out for taxes. With that said, please let me hand it back over to Heikki.

Heikki Malinen: Thank you, Pia. Let me finish this part of the presentation by saying a few words about navigating through turbulent conditions. In this risk outlook that we like to share with you, we have some positives and uncertainties. I think, as we've said already through this presentation, I think the main positive is that we believe the trough is behind us, especially in Europe, and we will gradually start to see a recovery. We don't foresee something like we saw after COVID where there was a massive explosion in demand. We know the root cause of that was the massive fiscal and monetary stimulus. That is not at least coming, at least based on what we can see. However, it is clear that consumers, in particular, need to have some visibility on what is going to happen to interest rates, especially as many of the durable products are bought on credit. Until people get a bit of a better sense of their finances, there will be a bit of a cap or a lid on buying. However, anyway, we do believe that gradually we are climbing our way out of this and that is important.

Heikki Malinen: On inflation, peak inflation is clearly behind us. We can see that in our buying and we are working with our suppliers to find ways to minimize our cost burden. The distributor inventory topic we have discussed at length, Inventory levels are becoming lower and lower. When restocking begins, obviously the starting point will be very low inventories. When that comes then the market could change quite rapidly. The demand for Circle Green continues to be good. Every week we get new inquiries. I can't share the names of the brands, but I can just tell you that a lot of important brands and companies are interested in this. I've said throughout the last presentation that I believe the Circle Green journey is a story of the whole decade. This isn't like we're going to go from zero to 100 overnight, but we're systematically promoting and marketing Circle Green. There is increased pull, and I think that is a net positive for us, and also further positions us as the circularity leader, and sustainability leader in our industry.

Heikki Malinen: On the uncertainty side, of course, we can make a long list here. I think that the common denominator for many of these is inflation and then geopolitics. So far, we've been able to navigate the geopolitical challenges that we have faced quite well. It's been at times a bit of a cumbersome affair, but we have been able to navigate them. So far, so good. With those words, let me then hand it in,

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still need to do the outlook. Sorry about that. To summarize the outlook here. Let me just read it briefly.

Heikki Malinen: The 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 the business area Ferrochrome is expected to have an approximately 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. The 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.

Heikki Malinen: With that outlook now behind us, let me now hand it back to Linda and the team for questions. Thank you very much.

Linda Häkkinen: We are ready to take questions from the line.

Moderator: 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 all, and thank you for the presentation. I have a couple of questions and I start with the guidance, Q4 guidance. As you mentioned before we should expect 30 million Euros of positive delta from the business area Europe. That leaves us 30 million Euros of negative delta from America and Ferrochrome if we are going to end up at a flat EBITDA Q on Q. What kind of scenarios do you see that we could see flat EBITDA in Q4, is it 10 million Euros negative in Ferrochrome and the rest is coming from America? Again, what should happen in American prices that we could end up in this kind of situation?

Pia Aaltonen-Forsell: Anssi thanks for the question. I would remind you that our guidance is stable or higher. We are somewhere in that spectrum on the more positive side. However, I would say it's clear that in Europe there will be a rebound and there will be a volume rebound also seasonally. We have also seen the prices to improve. Therefore, I would expect that to contribute. Those are the factors that contribute to the positive development. Ferrochrome is clear. We have the 10 million Euros negative now quarter on quarter from the maintenance. Then I'm trying to imagine if there is something else and what are the moving parts. I think that's fundamentally the big ticket item that I would mention.

Pia Aaltonen-Forsell: For the BA Americas, where are we? On a group level, we have guided for improvement in volumes, but seasonally the fourth quarter is a little

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bit slower in BA America. That's the marginal movement that we might see here. As you know, we are always selling in the BA America kind of the current quarter. I would say we are very much aligned with this guidance on group level of growth, zero to 10 percent in the volumes. However, I would expect that the contributor there is the recovery in Europe. I think on the volume side, we might have, let's say some movement in the Americas. I don't think in the market that we would have seen a particular weakness, but we are also not seeing yet that pickup point or that restocking point.

Pia Aaltonen-Forsell: As you have seen, prices have moved a little bit sideways or let's say slightly down already over an extended period. Then I'm still trying to think about the costs. I would say globally, apart from Ferrochrome, we will add maintenance costs of about 5 million quarter on quarter. A part of that comes from the BA Americas as well. There's just a tiny bit more maintenance in the quarter. Then as always, the one thing to keep in mind is that, if we produce less, we have maintenance breaks, and if we have a seasonally lower performance. The thing is that there are then always some fixed costs that we cannot activate to the inventory, and that could then increase the cost level a bit. That is due to the nature of not being able to activate it in the inventory. There's no big drama or no big figures anywhere. However, on the margin, we do have a bit of these movements.

Pia Aaltonen-Forsell: I would still remind us that we had a fairly positive figure on the group in the segment, other, or in a group if I exclude the impact which is adjusted for relating to long product sales. Maybe that's also one area where I don't think that we have, let's say permanently, like expecting always to have this level in segment order.

Anssi Raussi : Thank you. About your potential investment in the US, like a 1 billion Dollar investment, and your current EBITDA run rate is of course quite low. Could you remind us what kind of CapEx level you are seeing if we talk about so-called maintenance CapEx and what is your plan B if you're not able to finance this potential investment with your operational cash flow? Is it going to be in-depth or what kind of options you are looking at?

Pia Aaltonen-Forsell: Thanks. Anssi, first of all, when we spoke about more details around the hot rolling, contemplated investment, we said, this is kind of ballpark of a billion-dollar type of investment. We are talking about a very significant investment that will need a prudent funding plan. I think prudent for me means that there can also be debt. We have clearly said that we want our leverage to be below one. That's compared with our normalized EBITDA of 500- 600 million. That puts a round figure of a debt burden of half a billion in the cards. We have already had initial discussions and I would say a very supportive environment from our relationship banks, but we continue also to explore other debt types of instruments could be something with export credit support or other advantageous types of funding.

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Pia Aaltonen-Forsell: With all that in mind, it's clear that by design, to be prudent, we will need to think that there is a part that is debt funded and there is a part that needs to be funded from the cash flow. You are right, that capital discipline then will be extremely important. Should we decide on one so significant CapEx, then we would need to be extremely prudent on any other CapEx. Not to give a two round figure, but still, I like the figure of 100 million for maintenance CapEx. That does include already some IT and other investments. If we have a tight spot, I'm sure we could go even somewhat lower than that. However, I think just to have a round figure in mind, that's something that we would still need to do in any case. Now we are looking at a historically low, seasonally low, and from a market perspective, really a tough quarter. Comparing this to our funding ability is then making the worst-case scenario of the model. Under more normalized conditions, I would of course expect us to fund a part of this also from our cash flows.

Heikki Malinen: If I can just say, as CEO of the company, I believe we have a strong balance sheet. We can execute an investment if that's ultimately the decision of the board. I don't see an obstacle. I also don't personally believe that the world ends here in Q with Q3 type of performance. This is a bit of a boom in the bust economy that we're going through at the moment, and we have exceptionally high rate rates. It's very hard for me to believe that this rate level can be sustained for very long. They have to come down, and that means then we will see more liquidity and we will see consumers opening up their pocketbooks. If we decide to go ahead with the investment, that is a long-term investment. We need to look at securing our position in North America and one quarter or one year result cannot sway us in one direction or another. We need to think long-term here.

Anssi Raussi : Okay, thank you. I'll get back into the queue.

Pia Aaltonen-Forsell: Thank you, Anssi.

Heikki Malinen: Thank you, Anssi.

Moderator: The next question comes from Tristan Gresser from BNP Paribas Exane. Please go ahead.

Tristan Gresser: Thank you for taking my questions. The first one is on Europe, I think back in Q2, and even more recently, you flagged those green shoots in the region and said that there was some improvement in the order book and prices. Now, correct me if I'm wrong, but it looks like spot prices and lead times have stopped expanding in recent weeks, and it feels the tone is a little bit more prudent, and I think it was already prudent before that. However, I just want to check that with you. Is that something you are also seeing in spot market conditions? Has the recovery already

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stalled or just seasonal in nature? Also, I wanted to have your view also on real demand expectations for next year, because it looks like you need that to come through to get some restocking and some price action for the results in Europe to recover. That's my first question, thank you.

Heikki Malinen: If I comment on that, obviously you are quite right that after the publication of the Q1 results in early May, we indeed did believe that there were green shoots, that we were seeing them. I remember very, very clearly stating that even mathematically, based on our models of replenishment points that we have seen in the past, was about to materialize. We saw, then the summer came, and the replenishment wasn't that strong there until we got into the first days of July and things picked up. I really cannot comment on day-to-day action in the market that's going on. I can only say that as we repeat what we have said, we believe the bottom of the market was in the middle of the summer, I would say the Nordic summer, which was probably more July than August, and that we see things picking up. That's kind of the message that we want to share with you.

Heikki Malinen: Regarding next year, too early to say how the next year will go through. We have historically seen that over a longer period if you kind of extract some of the anomalies of this stimulus, stainless steel demand is still fairly stable. There are these variabilities that come from distributor destocking and restocking and so forth, and of course in the past imports. However, overall the demand is reasonably stable. Therefore looking at the history, trying to get some sense marker from history, 2024 should again be hopefully normalizing, but depends a bit on what the central banks do now with interest rates. If they want to squeeze the lemon, 2024 could be tougher. However, as I said, I think you are much better at forecasting a macroeconomy than at least I am.

Pia Aaltonen-Forsell: Tristan, can I still build on your comment about the real demand in 2024? I would rather take just a step back and consider the history. We are now 14 to 16 months in this period where there's already been destocking and we've seen markets to be very cautious. We are very early in the cycle for sure. Even in the absence of restocking. This is not a statement that I think will happen, but just the number of tons that have been destocked in the last year is very significant. Even in the absence of that, just having the normal base load there. It would be a significant improvement to what we have seen in the last 12 months. There are these dynamics from the destocking, restocking, as you said, Heikki, where we have certainly seen these negative impacts in the last 12 months.

Heikki Malinen: And Imports are low.

Tristan Gresser: All right, that's very helpful and clear. My second question is more on the raw material strategy with the 10 percent stake in a nickel and scrap supplier. However, you've been pretty clear that you don't want to go full vertical in terms of

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integration, but you are integrated into Ferrochrome and you see that as an asset. Why for other types of raw material, especially scrap, this is different? I would love to have you explain why are you thinking a little bit differently leader. Thank you.

Heikki Malinen: First of all, if we go back to Ferrochrome per se, this originates again, 60 years, 70 years in the past. This is a bit of where the company was founded. We are not big in mining. We just happen to have the Kemi site and it just happens to be sitting exactly next door to Tornio and next door to the harbor. It is a unique asset. It's the only Ferrochrome asset. It's all-in chromium mined in all of Europe. It's low carbon. If we think about CBAM where ferro metals will be included in CBAM, Kemi mine and the Ferrochrome operations are a unique asset. I think that is a bit of a separate situation, and it's so integrated into our stainless production that it kind of makes a lot of sense.

Heikki Malinen: However, when you come to the scrap business, at least as far as we are concerned, when we look at what it takes to be a successful scrap dealer, we don't feel we have a lot of competence to add to that. There isn't much that we can bring in terms of core competencies that Outokumpu has. We believe it's better to do this in a partnership. Let those people who know their stuff, so to speak, take care of that, but then work still in a way that we can extract all the efficiencies from the supply chain out as well as possible and also secure the supply. Then as we already talked about the working capital aspect. We feel comfortable. We thought about all the different ways to do this. We gave it a lot of thought. Trust me, we've thought about this many many different ways, and we concluded that this is the best solution for Outokumpu.

Tristan Gresser: Okay, that's fair. Thank you very much.

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

Patrick Mann: A good day Heikki and Pia. Thank you for the call. Two questions from me. Can you just give us a little bit more detail on the improvement in the EBITDA run-rate from your continuous improvement program? You're saying a 70 million Euros improvement in the third quarter of 2023, which is a lot. It's almost half of the total improvement to date. Maybe just a little bit more color around that. Then I just wanted to ask about the capital expenditure. You've spent half the CapEx budget in the first three quarters of the year. Are you going to spend the second half of your CapEx budget in the final quarter of the year, or are you perhaps going to come in under that 170? Thank you.

Pia Aaltonen-Forsell: Patrick, thanks. I think the second question is easy to answer and straightforward. That is the current plan. I know last year we came in a little bit

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below the plan towards the very end. However, at the moment at least, we have things in the pipeline to fill that second half of the CapEx budget only in the fourth quarter. That answers that question. I was thinking what's the best way to illustrate where we have done run-rate improvements? It's nice to highlight some of these very specific cases like energy efficiency, and that was a reason that I also wanted to do it. However, if I look back at BA by BA, I think we have a significant portion of the ramp-up during the third quarter from BA Europe. Of course, every business has contributed, but it's a lot around BA Europe, and it's a lot about what we have done in terms of cost pivots in stainless Europe. However, it's also around advanced materials, some developments of the portfolio, and some cost pivots and some initiatives when it comes to yield and our slab costs.

Pia Aaltonen-Forsell: I think we are going very deep in the operational perspective. However, at the same time, we have also got benefits from the more customer-focused steering. It has enabled us to make further improvements vis a vis our portfolio et cetera. It's Europe, I would say that is the focus of this improvement.

Patrick Mann: Thanks very much. Maybe if I could cheat and have one last question. Your guidance is for quite a cautious recovery in Europe. You're saying, you expect the recovery to take some time, but I think, a couple of other questions have come in that this feels like a destocking event, and I think Heikki said if it turns and we get a restocking event, we could see a quite a significant restocking event. Why do you think it will be a gradual recovery rather than when it does turn, it could be a more step change.

Heikki Malinen: The reason why I say that is that we have this overhang from the central bank's actions on interest rates. I think there's a lot of market psychology here. I think people are just cautious. The decision to buy is being postponed, pent up. We just don't know when the interest rates will be cut. Some people say March, others June, and some people 2025. This is something that is completely out of our control and a lot of people are waiting to find out when is it and how quickly. I think that just creates this uncertainty. Then if we look at the previous cycle we saw a lot of QE so to speak, and if we get any QE in the rebound of course that would be positive. However, we will only find out when we find out.

Patrick Mann: That makes sense. Thank you very much.

Moderator: The next question comes from Antti Koskivuori from Danske Bank. Please go ahead.

Antti Koskivuori: Thank you. A few questions from me, starting with the potential investment in Calvert. Could you comment on the timeline for the feasibility study? Has your visibility improved on this now that a few months has passed by? Not

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expecting a date, but any color about the process would be appreciated. Related to that, how should we think about the timing of the decision? Should you do it as soon as the feasibility study is ready, if the outcome is positive or would it make more sense to wait for an external trigger like termination of the current contract by AMNS?

Antti Koskivuori: Then one more, if I may, maybe on the US and pricing. You talked about it a little bit already, but I think you've earlier mentioned that you see some price pressure in the US, and we've seen now that in the studies statistics base prices coming down for the first time in many, many months. How should we look at this or how do you look at this? Are those just minor adjustments and it stays like that or could it be the beginning of a longer term, Longer-term trend, as prices obviously in the US have kept quite well over the turbulent times? Those would be my questions, thanks.

Heikki Malinen: If I start Antti, thank you very much. Let me try and give you condensed answers because they're very wide-reaching and important questions. First of all, in terms of the timing and visibility, obviously, with an investment of this magnitude, we can only do it when we have all the T's crossed and the I's dotted, so to speak. We still have a lot of work to do on the engineering side. It is a sizable project, and hot rolling in the middle of this is just physically it's a big piece of equipment and there's a lot of construction, civil construction in particular. That engineering is underway and we need to work with several suppliers on piling and so forth. We've made very good progress with the actual equipment manufacturer. I think that part is in good shape, but it's more the civil side of the part, which is the key thing. Then of course we have issues like financing which take their own time. Not a 2023 decision, but when we get into 2024, I think we will be much closer.

Heikki Malinen: Then regarding the pricing, obviously we do not give any forward-looking statements about prices, nor for any market. I would just like to just comment on one thing in general. I was also in the US for three weeks recently, and I have to say that the economy is incredibly robust and there's a lot of activity. If we leave out home appliances and we leave out, they have the car strike, but now that's done. We know that home appliances are partially related to credit availability and the cost of credit. Therefore, when rates come down, people can buy their refrigerators at a lower cost. That will change but I would just say that the dynamic nature of the economy is just unbelievable. I think for that reason we feel quite confident. Our US team, Tamara, and her team, if they were here telling you what they think, would be pretty confident about the coming years. I wish I could say all of that, for Europe, but on the other hand, I'm also sure that Europe will get its act together here as we go forward.

Antti Koskivuori: All right, thank you very much.

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

Ioannis Masvoulas: Thank you very much for the presentation. A few questions left for my side. The first one is again on the US expansion prospects. I understand that this is a strategic decision for the company, but given the weaker free cash generation at this point in the cycle, would you consider taking a bit more time to build a cash buffer before going ahead? I'm asking this, as you seem to be ending the year with a lower cash buffer to the tune of 152 to 100 million Euros versus consensus expectations. Thank you.

Pia Aaltonen-Forsell: Thanks a lot. I'm happy to elaborate further. I think this is on the back of the earlier question on how would we think about the funding, et cetera. I think we need to get the conditions and the whole package in balance and right. There would be a debt element that would also need to be the view of being able to fund from our cash flows. I would not take that decision based on the trough quarter. To make my assessment based on a trough quarter, I would need to look at it more over the long term. This allows me to say one more really important thing, which is that we have committed to paying a stable and growing dividend. We have also committed to keeping our balance sheet strong. We need to get these pieces together in the right perspective, and we will need to be extremely disciplined on all other matters of CapEx and for example working capital management. This will be a tight package for us to manage. Then I think we need to make the decision when the timing is right for us, and the market is one of the factors. However, I would say there are plenty of others as well that we just really need to get in the best possible shape for us.

Ioannis Masvoulas: Good, that's very clear. Thank you for that. Second question on the CRONIMET deal you announced today. Congratulations on the transaction. You seem to be adopting slightly different strategies compared to some of your peers. Can you elaborate on what this brings to the business today? I would think that you already purchased scrap from them, and you are already at a 94 percent scrap usage ratio. What are some of the key benefits either PNL-wise or working capital-wise going forward?

Pia Aaltonen-Forsell: From a working capital perspective, this is adding absolutely nothing to our balance sheet. No additions of working capital. Over time, when we expand our partnerships and work on the interface between the companies, I trust that this can bring us some further benefits. Just in terms of timing, having the right scrap at the right time and just having absolutely the right mix. This can all over time contribute to our cash flows and our working capital performance, so improving it, not deteriorating it. However, I think this is a partnership for a longer perspective, a longer period. I would not kind of put in the models, a big impact directly from closing, but rather than something that we will build up over time.

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Heikki Malinen: I think Jürgen talked about learning. This is the start of a journey.

Ioannis Masvoulas: Okay, great. Thank you for that. The very last one from my side, again with sticking with a raw material strategy, you are net long into Ferrochrome, which means you don't necessarily need the entire output from your Ferrochrome operations to support your stainless business. We've seen other companies in the broader space looking to align their equity position in the raw material integration with what they need in the downstream operations. Would you consider a similar deal where you could sell a minority stake in the Ferrochrome business, which still allows you to keep as much as you need for the stainless operations, or is that not something would you consider as a way to fund some of the other raw material initiatives?

Heikki Malinen: It is indeed true that we are net long. We have a very good asset. We are working to reduce our CO2 load even further. I said we've just completed the expansion of the mine to 1,000 meters. Therefore, we have chromium until 2050. It is a prized asset. However, concerning what you were just alluding to, we have not given any thought to that.

Ioannis Masvoulas: Very clear, thank you.

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

Bastian Synagowitz: Good afternoon all. I've got two questions. Firstly, following up on the American strategy. From my understanding, neither you nor your partner has canceled the toll-running agreement so far. Can you please confirm that that is still the current status quo? Then maybe also let us know whether this is something you would flag to the market instantly as and when that happens. That is my first question.

Pia Aaltonen-Forsell: Bastian, thanks very much. I can indeed confirm that there is no termination of the contract on either side. I think we have a continued good relationship on the ground and a normal dialogue continues. I would say, just from the nature of our investment, our investment planning, and the publicity around that, it would be natural that we would also disclose such information.

Bastian Synagowitz: Okay, thank you. My second question is moving over to the policy front, and CBAM in particular, I think you included a couple of very interesting charts here. I guess you say that the reporting is potentially impacting trade here. I guess you refer to the transition period which has started. Can you please explain

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why that is, and is there already any form of consequence for the non-compliance to the disclosure rule PND transition period which started in, I have probably another one related to that, but I'll stop here.

Pia Aaltonen-Forsell: Bastian, I think the fact is just that companies that are importing these specified goods need to report and I think you need to have the information relating to the CO2 content et cetera. It's just clear that some suppliers were prepared and others were not. I think this is the first step that this is now getting very tangible. This is getting very real. I think it just shows that this is not just, let's say the philosophy from the European side. It's going to be something tangible in the future. That's my best understanding at the moment just that this is getting tangible and that makes people now react and think that, hey, give it a few years and there will be a payment based on this.

Heikki Malinen: Will all the Asian suppliers even want to share their emission data? We will see.

Bastian Synagowitz: I think there are some hurdles. However, is there any financial consequence for non-compliance at this point, or if you wrongly disclose?

Pia Aaltonen-Forsell: Not that I would be aware of, but should there be one, we will come back to that in a later call.

Bastian Synagowitz: Okay, thank you. Then just as you highlight scope three, where exactly do we stand? My understanding is that that is still in the implementation phase. I guess the commission is very busy with just the transition period, which started, and probably wants to learn from that. However, where do we stand in terms of scope three? Have you seen any update on that front?

Pia Aaltonen-Forsell: I have not seen a detailed update, but in the same way as the design documents that were presented earlier, obviously, we know that scope three remains as important as scope one.

Bastian Synagowitz: Okay, great. Thank you.

Moderator: The next question comes from Maxime Kogge from Oddo BHF. Please go ahead.

Maxime Kogge: Good afternoon. My first question is about a potential contract with Tesla. The press has been reporting that you might be providing them with stainless steel panels for the exterior of the new Cybertruck car. Could you give us an update

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on where these discussions stand and whether they will be a key factor in deciding the insourcing of the rolling mill?

Pia Aaltonen-Forsell: Maxime, thanks a lot. Sorry Heikki, I just think I responded to this question so many times that I just want to say we have several customer relationships where we have mutually agreed with our customers that it's a great opportunity for both to disclose and to describe. Then we have done so. I think the case that you just alluded to, certainly, we noticed that there was some press, but there was nothing that we would have commented on. There's not much more I can add to that.

Maxime Kogge: Okay, the second question is on import pressure. You're saying that it has very much reduced in Europe now and that imports are very low. My question is, don't you fear that all this material that used to come from Vietnam, Turkey, and Taiwan now gets diverted to the US where trade barriers or on the world satisfactory but there can also be some loopholes?

Heikki Malinen: The material will go somewhere or then they have to take downtime. As far as we can see, it's finding a home somewhere, not in Europe. Maybe somewhere in Asia. Could also be going into China. We just don't know, but I think in terms of the US, we haven't seen any material pick up in the imports either. Therefore, someone is losing market share in Asia.

Maxime Kogge: Okay, just the last one. Still on trade barriers. The US is possibly considering removing the tariff rate quotas in favor of the European Union. I know that you are exporting some advanced-grade products from Europe to the US. Would you be impacted if this was the case, and would you be able to transfer production from Europe to the US if necessary?

Heikki Malinen: Thank you for the question, Maxime. Our advanced materials production is heavily built around the Avesta system, Avesta, Nyby and of course Dillenburg. We have not announced or not considering any changes to that. It works very well. We have a lot of technical know-how in these plants and I don't see that happening any change there. In terms of the exports into the North American market, we do some. There is growing opportunity, but I don't think if the tariffs were to be changed, I don't see any material change happening for us. No big positive delta per se if that were to happen.

Maxime Koga: Okay, thank you.

Moderator: The next question comes from Moses Ola from J.P Morgan. Please go ahead.

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Moses Ola: Hi there. Thank you very much for taking my questions. Moses here from JPMorgan. I just wanted to understand a bit more about the result here in Europe. If we compare this to the trough in COVID, deliveries are at the same level. Base prices around that time were higher, but if you look at your margin per ton on that base price, you were still able to keep a positive margin versus this quarter. I just wanted to understand versus that quarter, what's driving the loss here? Is it mainly just higher energy prices? When you look at some of the efforts to streamline the business as well versus then, you would expect to perhaps have a more positive result at this trough of the quarter. Then, in terms of looking at the recovery, if we compare it to the COVID period, this time we're seeing material tightness here in scrap, yet producers like yourselves are still hesitant to start buying scrap raw material. How was that recovery profile during COVID, and are there any similarities we can draw from this time? That's my first question.

Pia Aaltonen-Forsell: Thank you very much, Moses. I think it's a super good question. I would say still a difference in perspective when we entered into COVID, it was something unknown. We were also preparing for a weak market in the aftermath of that. We squeezed down our working capital. As one example, what we have seen during this quarter is negative impacts from timing. The raw material-related inventory gains and losses, where losses in this quarter, I think the magnitude was like 30 million negatives coincidentally for the European business. These things of course impact as well the dynamics of a specific quarter.

Pia Aaltonen-Forsell: To see how competitive we are and if you take that view, it's not the energy costs in a big way. Yes, we had an energy crisis in Europe. Yes, our energy costs are slightly higher than they were during the COVID extreme lows because we had a lot of commodities also going to a low level. Energy going to a very low level then. However, that difference alone would not explain this. I think in this quarter at least, what comes to the top of mind is that we did not do this like a remarkable squeeze down or working capital. We suffered somewhat from raw material-related losses in this quarter, and we are still gearing up to just continue the operations in an improving environment towards the end of the year and in Q1.

Moses Ola: Okay, thanks. I guess my follow-up to that then comes back to your three-cycle run rate of 500 to 600 million. Again, this is based on base prices recovering to 1,000 Euros per ton versus a level where they are now low triple digits. As we go into 2024, when can we expect to get an update here on this three-cycle target, especially looking at the different businesses and how they've also evolved since you first gave that guidance?

Pia Aaltonen-Forsell: Thank you, Moses. It's a good question, and should I have thought there was a big reason to update it now, we would already have done it. However, it is a fair question, and in terms of some of the strategic reviews that we are continuously doing, it's fair to update that if there should be a reason. However,

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what are the elements if I think about it here and now? The very low base price, of course, right now is not what we saw in Q3. That cannot be a normalized level. That is a market trough. That will need to rebound for the market to come back to normalcy. However, at the same time, the one element that we then need to take into account is also the raw material pricing, the scrap pricing, and how that impacts the overall margins here. Therefore, it is a fair question. I do not see today a rationale to change that, but we should, of course, continuously monitor.

Moses Ola: Then, the final question from me. The US and Europe have been in discussions on a trade deal for green steel and aluminum, and they've been unable to reach a deal with talks shelved into next year. However, on all accounts, people still do not expect there to be a deal, given the different approaches towards green steel and trade tariffs for the two regions. Is there any potential impact on your businesses if the US and Europe aren't able to achieve a deal? Are you prepared to run a business where you have diverging methods towards protecting green steel, or to having a green steel market from your two key regions? Is that something that you are currently prepared for? Having CBAM in one region and not having CBAM in the other and potential impact that could have on both of your businesses.

Heikki Malinen: If I comment on that, at least what I've heard or my interpretation of the negotiations was that they will continue negotiating and something might come out by the end of the year. However, perhaps you have more fresh information than I have. The joint problem for both the US and Europe is the emission difference between Asia and our more sustainable markets. It, of course, would be great if there was an arrangement. However, even if there is no arrangement, we are going to be in good shape. We have a good package, a good offering here in Europe. CBAM is a good solution. We could come up with better solutions, but it's a decent solution. Then in North America, of course, the Trump tariffs, so to speak, are still in place. We may see even tighter tariffs, depending on who sits in the White House in February of 2025. We're not concerned either as far as that's concerned.

Moses Ola: Okay, thank you very much.

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

Heikki Malinen: Thanks once again on my behalf, and Pia and Linda's behalf, we want to thank you for your interest. I want to leave you with three main messages. One is, as you've seen, we had a tough quarter, especially in Europe. We have taken fast and prompt actions to streamline our European business concerning the planned closure of Dahlerbrück and Hockenheim, and then the further development investment into Dillenburg.

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Heikki Malinen: Secondly, based on what we can see in this fairly cyclical business, the trough is behind us. It was sometime in the July and August months and we will gradually start to see a recovery. What that trajectory is remains to be seen, but we do feel that the bottom of the trough is behind us.

Heikki Malinen: Then finally, you know how important sustainability is for Outokumpu. It is at the heart of our strategy, we are the sustainability leader. I think we made a very smart decision here. With CRONIMET building this partnership, it will take Outokumpu on a sustainability and circularity journey to the next level. Thank you once again and I look forward to seeing you with my colleagues then early February. Take care.