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## OUTOKUMPU – UPDATE ON IMPACT OF THE RECENT TECHNICAL ISSUES IN CALVERT AND MARKET DEVELOPMENT

As communicated earlier Outokumpu's stainless steel mill in Calvert, Alabama, USA has experienced technical issues in all of its three cold rolling lines during the past six months. This has had a negative impact on customer deliveries and increased costs. Following the damage calculations and discussions with the insurance company, the cost impact of the incident is estimated at EUR 34 million in 2014 which will be partly covered by insurance still this year. Beyond 2014, the discussions with the insurer are ongoing.

Outokumpu will record non-recurring costs of about EUR 20 million in the fourth quarter in the Coil Americas business area. This amount consists of costs not covered by the insurance as well as costs for which the insurance coverage cannot be recognized in 2014. Compensation for part of these costs is expected to be received in 2015.

While two of the cold rolling mills have been back in operations after repair work done in August, the 54 inch cold rolling line in Calvert is now expected to be back in operations only in the beginning of 2015 after an outage since June 2014. Outokumpu confirms the negative impact for deliveries at about 35,000 tonnes in 2014. Outokumpu estimates that the EBITDA excl. non-recurring items breakeven target for the full year 2014 for business area Coil Americas will be slightly missed.

As indicated in early November, the operating environment for stainless steel has been lackluster with volatile nickel prices and especially the distributor sector has continued to push out orders to next year. While order intake for the start of 2015 remains healthy Outokumpu expects delivery volumes in the fourth quarter to be lower than originally estimated. In addition, hedging losses in propane are expected in the fourth quarter due to significant decline in oil price. Corresponding positive effect in the operative business is expected next year.

Outokumpu's fourth-quarter EBIT will be negatively impacted by the lower volume outlook and propane hedges. However, taking into account the non-recurring items booking in the Coil Americas business area the underlying EBIT is expected to be on a similar level as in the third quarter and as guided in connection with the third quarter results.

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### Outokumpu Group

Outokumpu is a global leader in stainless steel. We create advanced materials that are efficient, long lasting and recyclable – thus building a world that lasts forever. Stainless steel, invented a century ago, is an ideal material to create lasting solutions in demanding applications from cutlery to bridges, energy and medical equipment: it is 100% recyclable, corrosion-resistant, maintenance-free, durable and hygienic. Outokumpu employs more than 12 000 professionals in more than 30 countries, with headquarters in Espoo, Finland and shares listed in the Nasdaq Helsinki. [www.outokumpu.com](http://www.outokumpu.com)