



November 29, 2016 at 12.30 pm EET

OUTOKUMPU SOLIDLY ON TRACK – SHOWS PROGRESS AND LEVERS TO EARNINGS GROWTH AT CAPITAL MARKETS DAY 2016

At its Capital Markets Day today, November 29, 2016, Outokumpu will present its plans to reach its vision to be the best value creator in stainless steel by 2020 through customer orientation and efficiency and the levers to reach an underlying EBIT of EUR 500 million by 2020. Outokumpu's fourth quarter 2016 outlook and long-term targets of EUR 500 million underlying EBIT, ROCE of 12% and gearing below 35% remain intact.

Outokumpu CEO Roeland Baan: "While we are only at the beginning of our journey, we have made great strides towards bringing the company back to its rightful leadership position. During the first nine months of the year, we have made an underlying EBIT improvement of EUR 97 million compared to the same period last year, despite lower prices and flat market demand growth."

In April 2016, Outokumpu outlined its strategic plan. At the Capital Markets Day, the company will present the progress made to date. "We have reshaped and streamlined our organization, grown our market share and continued to cut our costs. Our relentless focus on our six must-win battles – safety, high performing organization, manufacturing excellence, world class supply chain, commercial excellence and the Americas – is starting to yield results. From record deliveries and 30% reduction in conversion costs in the Americas to the improvement of EUR 64 million in underlying EBIT in Europe during the first nine months of the year, to the 25% conversion cost improvement in Long Products, we are seeing concrete evidence of our must-win battles in action. We have a lot of hard work ahead before we reach our vision, but the progress we are making shows that we are solidly on track."

Outokumpu estimates that 45% of its target of EUR 500 million EBIT will be achieved through cost savings and 55% from topline growth against the baseline of EUR 101 million of underlying EBIT loss in 2015.

"Given the competitive environment and our conservative assumptions of the market, we are basing the expected topline growth and cost efficiencies entirely on self-help. The commitment of the team and the progress we have made gives me great confidence that the target of EUR 500 million is firmly within our reach."

The company also confirms debt reduction as a key priority, with a target of EUR 1.2 billion net debt by the end of 2017, and a gearing target of below 35% by 2020.

"The debt reduction will be realized primarily through the expected improvement in operational performance, as well as a significant uplift in net working capital efficiency. This year, we have had a solid positive cash flow, and we are on track with our target of releasing EUR 200 million from net working capital. Further deleveraging will be supported in the coming years with a modest, stable capex and declining financing costs," says Outokumpu Chief Financial Officer Chris de la Camp.

Outokumpu estimates its capex for 2016 to be approximately EUR 150 million and to remain well below EUR 200 million annually in the coming years. The expected capex profile for the coming years comprises maintenance expenditure (approximately EUR 70-80 annually), ongoing development projects (approximately EUR 40-70 million annually), and minor investments in efficiency improvements with short payback time. The current annual financing costs of approximately EUR 120 million will be reduced by gross debt reduction, refinancing of the more expensive debt, and optimization of cash balances and undrawn liquidity facilities.

"Our short-term initiatives on the SG&A savings and restructuring are yielding results, and the strong initiation of our must-win battles puts us on a solid track to achieve the target of EUR 500 million underlying EBIT and supports further strengthening of the balance sheet," de la Camp concludes.

Online live webcast from Outokumpu Capital Markets Day will be held today at 1.30 pm EET (12.30 pm CET, 11.30 am UK time and 6.30 am US time) and is available at <http://m.dtv.fi/bright/outokumpu2016/>. Presentations are available at www.outokumpu.com/en/investors/IR-events/capital-markets-day.

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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 Nasdaq Helsinki. www.outokumpu.com