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OUTOKUMPU INTRODUCES NEW INDUSTRIAL PLAN IN EUROPE TO IMPROVE FINANCIAL PERFORMANCE

Outokumpu announced today plans for further structural changes in its European operations aimed at improving its financial performance and efficiency, and ultimately returning the company to profitability.

While Outokumpu has already implemented significant cost savings as a result of the merger between Outokumpu and Inoxum at the end of 2012, the company's cost structure continues to be unsustainably high in the current market environment.

Stainless steel market has remained challenging during 2013, mainly driven by the continued economic weakness in Europe and the global overcapacity in the industry. Outokumpu has continued to be heavily loss making in 2013, with a net debt of 3.0 billion euros at the end of June 2013. Industry overcapacity and imports from Asia continue to put pressure on prices and profitability and there are no signs of a material improvement in the market environment. For example, in Europe alone, there are more than 1,500,000 tonnes of overcapacity in cold rolled production. In addition, as previously stated, the Terni remedy requirement by the European Commission resulted in lower synergy potential than originally planned.

Therefore, Outokumpu is now introducing a new industrial plan and efficiency measures for its operations in Europe. Specifically, the planned changes include:

- Acceleration of the Bochum melt shop closure in Germany to achieve more efficient production structure and higher capacity utilization rates.
- Reduction of annealing and pickling capacity by 200,000 tonnes in Finland and cold rolling capacity by 300,000–350,000 tonnes in Germany to increase capacity utilization and lower costs.
- Optimization of company's service center network by closing service centers in Barcelona, Spain and in Langenhagen, Germany.
- Further cost savings through leaner overhead and organization in all sites, functions and activities across the European operations.

Says CEO Mika Seitovirta: "Today's announcement introduces a solid industrial plan to turn Outokumpu back to profitability. In our European coil business we will have a two-pillar strategy: Tornio in Finland will be the cost leader in high volume austenitic and ferritic standard grades with excellent cost structure and high quality while our German operations will be the cold rolling center for premium tailored materials for the most demanding end-customer segments. We will reduce production capacity to increase utilization rates and discontinue the least profitable sales. Furthermore, we will optimize our service center network and streamline the organizational structure to drive down further costs."

"While painful, these measures are necessary to achieve turnaround in this difficult environment. Implementing these plans will significantly accelerate our savings to reach 380 million euros already in 2015 and thereby significantly improving our financial performance. With this plan, we will ensure the continuation of stainless steel production in Europe and better job security for the remaining more than 10,000 Outokumpu employees in Europe", Mika Seitovirta continued.

The planned structural changes announced today are expected to result in up-to 1,000 additional job reductions in Europe, bringing the total planned global reduction to 3,500 jobs. The industrial plan is expected to result in additional savings of more than EUR 100 million and the overall savings programs are expected to result in annual savings of EUR 300 million in 2014 and EUR 450 million in 2017.

Planned changes in Germany

Outokumpu plans to close the Bochum, Germany melt shop during 2014 instead of the originally planned end of 2016. A review of the economic viability shows that the closure of Bochum would bring clearly higher

cost savings compared to any other viable scenario. The closure is expected to impact approximately 450 jobs in Bochum.

In Benrath, the plan is to proceed with the NIFO (Nirosta Ferritic Optimization) investment program according to original timeline which means that Benrath production will be transferred to Krefeld and the Benrath site will be closed by the end of 2015. In order to enable the production transfer and strengthen Krefeld's role within the company, Outokumpu plans to invest EUR 100 million to the Krefeld site. The closure of Benrath is expected to impact 480 jobs. However, part of the Benrath workforce will be offered positions in Krefeld and early retirement solutions will also be offered.

Outokumpu will work closely with ThyssenKrupp who has committed to offer alternative jobs to up-to 600 affected Outokumpu employees in Germany as part of the original Inoxum transaction agreement.

After the planned closures, Outokumpu Nirosta will consist of two efficient and specialized high quality production sites, Krefeld and Dillenburg, with a combined annual cold rolling capacity of 450,000–500,000 tonnes. Krefeld will also have a central role in company's R&D strategy with focus on customer driven innovation and new product applications.

Due to the ongoing, separate strategic reviews, today's announcement excludes the Dahlerbrück precision strip and VDM units. Decisions on the Dahlerbrück unit will be made by the end of November 2013. The ongoing strategic review of VDM unit is expected to be completed by the end of this year.

As Germany is our biggest market and most of our employees work there it continues to play central role for Outokumpu (currently Outokumpu employs approximately 5,500 people in Germany). Also, Germany continues to have a vital role in the company's production, R&D, sourcing and commercial strategy.

Planned changes in Finland

According to the plan, majority of the current production in Bochum will be transferred to Tornio by the end of 2014. In addition, company plans to take out of use one annealing and pickling line (annual capacity 200,000 tons) in Tornio to meet the current market demand. The plan is expected to impact up-to 100 people in Tornio, Finland and in Terneuzen, the Netherlands combined. According to the planned structure, Tornio continues to have key role in Outokumpu's melting, austenitic cold rolling and R&D strategy. Today's announcement will not impact the company's ferrochrome operations in Tornio or the chromite mine operations in Kemi.

Operations in Sweden

In the planned production structure Avesta has an important role in Outokumpu's melting and special grades strategy and is key site for specialty grades R&D. The earlier announced strategic review of the cold rolling operations in Kloster and Nyby is proceeding according to planned timeline and company expects to make decisions by the end of 2013. Today's announcements do not have any impact on the Degerfors quarto plate and long products operations that have a key role in Outokumpu's specialty business.

Negotiations with employee representatives to start immediately

Outokumpu will start negotiations with employee representatives on the planned measures immediately in full respect of local legislation and practices and upon consultation with the competent bodies of the unions and employee representatives.

Conference call today on October 1, 2013 at 11.00 am CET/12.00 am EET

Outokumpu arranges conference call for media representatives, analysts and investors today, October 1, 2013 at 11.00 am CET/12.00 pm EET. Please dial in 5-10 minutes before the beginning of the event:

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Replay of the conference call can be accessed later on at <http://www.outokumpu.com/en/investors/IR-events/webcasts>.

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Outokumpu Group

Outokumpu is the global leader in stainless steel and high performance alloys. 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 15 000 professionals in more than 40 countries, with headquarters in Espoo, Finland and shares listed in the NASDAQ OMX Helsinki. www.outokumpu.com