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OUTOKUMPU ANNOUNCES COMPREHENSIVE MEASURES TO STRENGTHEN ITS BALANCE SHEET AND DIVESTS TERNI AND VDM TO THYSSENKRUPP

- Divestment of Terni remedy assets and VDM to ThyssenKrupp in exchange for Outokumpu's loan note (EUR 1,269 million at the end of September 2013) to ThyssenKrupp at full amount at closing.
- Planned rights issue of EUR 650 million: irrevocable commitments from Outokumpu shareholders representing 52.8% of all shares and underwriting of the remaining 47.2% by core banks.
- New syndicated loan facility of EUR 500 million with a maturity of 3 years. Amendments sought to the terms of existing financing arrangements including extension of their maturities until 2017.
- ThyssenKrupp to divest its 29.9% shareholding in Outokumpu to comply with the buyer suitability requirements of the European competition rules. Solidium to acquire a part of such shares resulting in an increase of Solidium's ownership in Outokumpu to 29.9%.

Outokumpu announced today plans to deleverage and strengthen its balance sheet, stabilize its shareholder structure and divest Terni and VDM. Outokumpu has signed a binding agreement with ThyssenKrupp whereby Outokumpu will sell the Terni remedy assets and the VDM business to ThyssenKrupp. Outokumpu's loan note to ThyssenKrupp will be cancelled in full amount at closing as consideration for the transaction (loan note was EUR 1,269 million at the end of September 2013).

Terni and VDM divestment

The divestment of Terni aims to address the remedy requirements of the European Commission. The transaction includes the stainless steel mill in Terni, Italy and all related legal entities (Acciai Speciali Terni, Terninox, Aspasiel, Tubificio di Terni and Societa delle Fucine) as well as Outokumpu service centers in Germany (Willich), Spain (Barcelona), Turkey (Gebze) and France (Tours). The transaction is subject to approval by the European Commission with whom the parties have started the necessary discussions. This transaction would also constitute final settlement of all remedy related obligations between Outokumpu and ThyssenKrupp.

The sale of VDM to ThyssenKrupp is the result of the thorough strategic review of VDM announced in May 2013. As part of the transaction, Outokumpu will divest the VDM business to ThyssenKrupp, and all VDM operations with approximately 2,000 employees will be transferred to ThyssenKrupp. In 2012, VDM had sales of EUR 1.3 billion.

Outokumpu CEO Mika Seitovirta: "The transaction with ThyssenKrupp provides an attractive valuation for Terni and VDM and significantly strengthens our balance sheet. I'm particularly pleased to bring the Terni divestment to a successful conclusion. During the strategic review of VDM, we concluded that synergies between VDM's special alloys business and Outokumpu's core stainless business would be very limited. Furthermore, given the attractive valuation of VDM as part of this transaction, the divestiture of VDM to ThyssenKrupp was determined to be the best way forward."

Rights issue, ownership structure and financing arrangements

As a result of the transaction to sell Terni and VDM, Outokumpu's net debt is expected to decrease by approximately EUR 650 million and gearing to decrease by approximately 30 percentage points on a pro forma basis (Outokumpu gearing was 131.8% at the end of third quarter 2013). Balance sheet and liquidity would be further strengthened by a planned rights issue, additional financing of EUR 500 million and extensions of existing loans and credit facilities.

In relation to the planned EUR 650 million rights issue, Outokumpu has received irrevocable commitments to subscribe for their respective allocation of the rights issue from shareholders representing 52.8% of all its shares, with the remaining 47.2% of the rights issue being underwritten by Outokumpu's core banks, subject to customary terms and conditions.

To comply with the buyer suitability requirements of the European competition rules, ThyssenKrupp has entered into an agreement to divest its 29.9% shareholding in Outokumpu to a group of institutional investors. Guido Kerkhoff, CFO of ThyssenKrupp, steps down from the Outokumpu board of directors as of November 30, 2013. In connection with the divestment by ThyssenKrupp, Solidium has agreed to acquire a part of the shares resulting in an increase of its ownership in Outokumpu from its current level of 21.8% to 29.9%. Similarly, Ahlström Capital has agreed to acquire shares representing 5.1% of all shares in Outokumpu.

The divestment of Outokumpu shares by ThyssenKrupp to Solidium and other institutional investors has been made on the condition that such investors commit to subscribe for new Outokumpu shares issuable in the planned rights issue both with rights allocated to the shares purchased from ThyssenKrupp and with rights allocated to any existing shares in Outokumpu that they may hold thereby securing their participation in the rights issue. The sales of Outokumpu shares by ThyssenKrupp and the related commitments are conditional on the transaction between Outokumpu and ThyssenKrupp being completed.

A group of Outokumpu's banks have committed to the term sheet for a new EUR 500 million syndicated loan facility for Outokumpu with a maturity of 3 years. In addition, Outokumpu will seek amendments to the terms of its existing financing arrangements including extension of their maturities until 2017.

Seitovirta: "The announced divestitures and capital measures will significantly strengthen our balance sheet and liquidity. With these measures, we are also addressing the negative impact of the adverse economic conditions in the year 2013 and EU's remedy decision. We will now have the balance sheet strength that enables us to focus all our efforts to achieve the targets originally set for the Inoxum acquisition and reinforcing our position as the global leader in stainless steel. Our goal remains firmly to return Outokumpu to profitability and put us in a position to reduce our debt and pay dividends to our shareholders. To achieve this, we will continue the decisive implementation of the industrial restructuring that will deliver annual cost savings of EUR 450 million in 2017, out of which EUR 380 million will be achieved already in 2015 and leverage on the investments made at Calvert in the United States and in the Ferrochrome operations in Finland. We expect our Coil Americas business to reach break-even EBITDA for full year 2014 driven by the continued ramp-up of the Calvert facility."

Conditions and timeline

The transaction has been approved by the boards of Outokumpu and ThyssenKrupp and is supported by Outokumpu's senior lenders and major shareholders. Completion of the transaction is subject to regulatory approvals and customary closing conditions, including approval by the European Commission. It is also subject to the successful completion of Outokumpu's refinancing measures, approval by Outokumpu's extraordinary shareholder meeting and consent by the relevant lenders of Outokumpu.

Outokumpu plans to have an extraordinary shareholder meeting during the first quarter of 2014. Closing of the transaction is expected to take place during the first quarter of 2014. The company aims to implement the planned EUR 650 million rights issue after the closing of the transaction with ThyssenKrupp. The irrevocable commitments and the underwriting referred to in this announcement are conditional on, amongst other things, completion of the divestment of the Terni remedy assets and VDM to ThyssenKrupp.

Outokumpu's financial advisor is Perella Weinberg Partners. For the VDM transaction J.P.Morgan acted as Co-advisor and BNP Paribas was the financial advisor for the Terni divestment.

Conference call on Saturday, November 30, 2013 at 11.00 am EET (10.00 am CET)

Outokumpu arranges conference call for media representatives, analysts and investors on Saturday, November 30, 2013 at 11.00 am EET (10:00 am CET). Please dial in 5-10 minutes before the beginning of the event:

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Presentation materials are attached and available online at <http://www.outokumpu.com/en/tools-and-downloads/corporate-investors/IR-presentations/>.

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

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