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## **OUTOKUMPU HAS COMPLETED THE INOXUM TRANSACTION AND ASSUMES LEADING POSITION IN THE STAINLESS STEEL INDUSTRY**

### **Highlights:**

- Outokumpu and ThyssenKrupp AG have completed the Inoxum transaction
- The new Outokumpu starts operations on December 29, 2012 with a new structure and leadership
- The combination is structured to create significant annual cost synergies of MEUR 200 on an annual basis, of which MEUR 50 are expected already in 2013, and cumulatively up to MEUR 150 in 2014
- ThyssenKrupp becomes a major shareholder in Outokumpu through directed share issue, holding 29.9% of the shares
- Outokumpu discloses pro forma results for January-September 2012
- Guido Kerkhoff, CFO of ThyssenKrupp joins the Board of Directors

Outokumpu announces today the completion of the Inoxum transaction. With close to 40% market share in Europe and 12% globally, the broadest portfolio in the industry and unparalleled technical expertise and customer knowledge, Outokumpu starts as a clear global leader in stainless steel and high performance alloys.

"The rationale for building this new industry powerhouse remains as strong as ever; optimizing our production structure, expanding both our product portfolio and market presence to growth markets in the Americas and Asia and reaching annual synergy savings of approximately 200 million euros," says Mika Seitovirta, Chief Executive Officer of Outokumpu.

"We have the scale and expertise to bring innovation to our customers. The breadth and depth of our technical and application expertise offers customers the best possible advice in materials selection across all application areas. In addition, we will be able to offer competitive delivery times, and local service wherever the customer is," says Seitovirta.

### **New company structure and management**

As of December 29, 2012 Outokumpu has four business areas – Stainless Coil EMEA, Stainless Coil Americas, Stainless APAC and High Performance Stainless & Alloys – that provide the full range of stainless steel as well as high performance alloys. New Outokumpu will also benefit from its own chrome mine and the related ferrochrome production, which bring the company a significant cost advantage over other stainless manufacturers.

The combined entity has approximately 16 900 employees, combined revenues of EUR 9.6 billion euros (2011 pro forma) and annual cold rolling capacity of approximately 2.8 million tons.

The new Outokumpu Leadership Team consists of

- Mika Seitovirta, CEO
- Esa Lager, CFO
- Ulrich Albrecht-Früh, President, Stainless Coil EMEA
- Kari Parvento, President, Stainless Coil Americas
- Jarmo Tonteri, President, High Performance Stainless and Alloys

- Austin Lu, President, Stainless APAC
- Reinhard Florey, EVP, Strategy and Integration
- Kari Tuutti, EVP, Marketing, Communications and IR
- Johann Steiner, EVP, Human Resources (appointed)

Pii Kotilainen continues in pro tem role as EVP, Human Resources and member of the Outokumpu Leadership Team until Steiner starts in his new role.

### **Synergy savings**

The transaction enables a strategic optimization of production capacities, production locations and supply routes. In addition, transaction enables savings in procurement, logistics, sales, IT and in support functions.

“We recognize the challenges we face, and we are determined to take the necessary steps to reach sustainable profitability. Of the approximately 200 million euros annual synergy savings we seek 50 million euros already in 2013 and the level of 150 million euros by the end of 2014, and we get them from planned mill closures, higher utilization rates, economies of scale in raw material purchasing, and streamlining of sales, service centers, IT and other general costs. Reaching these significant synergy savings is something neither company could have achieved alone,” concludes Seitovirta.

In order to achieve the targeted efficiency increases, the combined entity plans to reduce its melting capacity by approximately 1.4 million tons. In accordance with the agreement announced on January 31, 2012 among Outokumpu, ThyssenKrupp and the German labor representatives, the Krefeld meltshop will be shut down by the end of 2013 and it is envisaged that the meltshop in Bochum will be closed by the end of 2016, pending a final review of its financial performance in 2015. Furthermore, Outokumpu considers a reduction of thin cold rolling capacity in Sweden from 2014 onwards.

The overall global restructuring efforts are expected to result in a reduction of up to 2 000 jobs during next four years. These measures will strengthen the combined entity's financial profile and, in turn, provide greater job security in the future. All changes will be conducted in a socially responsible manner whilst limiting impact on customers.

### **Board decision: Directed share issue to ThyssenKrupp**

Based on the authorization by the Extraordinary General Meeting of shareholders on March 1, 2012, as part of the transaction consideration for Inoxum, the Board of Directors has today resolved to issue 621 042 572 new shares of Outokumpu to ThyssenKrupp, which represents 29.9% of the outstanding shares of Outokumpu following the completion of the directed share issue.

The new shares are expected to be registered with the Finnish Trade Register on December 31, 2012. Public trading in the new shares together with the existing shares is expected to commence on official list of NASDAQ OMX Helsinki Ltd on January 3, 2013. The new shares carry a right to dividend and other shareholder rights as from their registration with the Finnish Trade Register.

### **Pro forma key financials for the combined entity**

Complete pro forma financials have been published in the listing particulars and related stock exchange release issued on December 28, 2012.

New Outokumpu key financials (pro forma, excluding the remedy entities)

MEUR	Jan - Sep 2012	FY2011
Sales	7 379	9 647
EBITDA	-43 <sup>1)</sup>	478 <sup>3,5)</sup>
Operating result	-365 <sup>2)</sup>	-207 <sup>4,5)</sup>

- 1) Includes non-recurring costs of 58 MEUR from Inoxum and non-recurring costs of 50 MEUR from Outokumpu.
- 2) Includes non-recurring costs of 105 MEUR from Inoxum and non-recurring costs of 60 MEUR from Outokumpu.
- 3) Includes non-recurring costs of 47 MEUR from Outokumpu.
- 4) Includes non-recurring costs of 251 MEUR from Inoxum and non-recurring costs of 151 MEUR from Outokumpu.
- 5) Includes negative goodwill of 353 MEUR

Part of the transaction consideration for Inoxum is a loan note by Outokumpu to ThyssenKrupp. The loan note value on December 28, 2012 is approximately 1 250 million euros. The development of the loan note amount between the announcement and closing of the transaction has been impacted mainly by the ongoing Inoxum investment programs and partly by weak market situation.

### Guido Kerkhoff joins Outokumpu Board of Directors and Nomination Board

As decided by the Annual General Meeting in March 2012, following the completion of the transaction, Guido Kerkhoff, CFO at ThyssenKrupp, will start as member in the Outokumpu Board of Directors and in the Remuneration Committee of the Board on December 29, 2012. Guido Kerkhoff will also represent ThyssenKrupp in the Shareholders' Nomination Board as of the same date.

### Conference call on January 7, 2013 at 3.00 pm EET

Outokumpu will host an analyst and investor conference call on January 7, 2013 at 3.00 pm EET (2.00 pm CET, 1.00 pm UK time, 8.00 am US EST). 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/investors>.

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## Outokumpu Oyj

Outokumpu is the global leader in stainless steel and high performance alloys. Our advanced materials are the ideal choice for demanding applications ranging from cutlery to bridges, energy plants to medical equipment. Stainless steel contributes to a sustainable and long lasting world as it is a 100% recyclable, corrosion-resistant, maintenance-free, durable and hygienic material. Outokumpu employs approximately over 16 000 professionals in over 40 countries, with the Group's head office in Espoo, Finland and shares listed on the NASDAQ OMX Helsinki. [www.outokumpu.com](http://www.outokumpu.com)