



October 19, 2015 at 9.55 am EET

OUTOKUMPU DIVESTS 55 PERCENT OF A CHINESE JOINT VENTURE FOR EUR 370 MILLION

Outokumpu has signed an agreement with Lujiazui International Trust Co., Ltd regarding Shanghai Krupp Stainless Co., Ltd. (SKS) in China. SKS is a Shanghai-based joint venture between Outokumpu and Baosteel, who have held 60 and 40 percent respectively. Being part of Outokumpu's business area APAC, SKS has a cold rolling capacity of 290,000 tonnes and the mill employs over 450 people.

According to the agreement, Outokumpu will divest 55 percent of SKS shares to Lujiazui International Trust. Outokumpu still holds a five percent share of SKS and continues to operate the cold rolling mill.

Says **Mika Seitovirta**, Outokumpu CEO: "The SKS joint venture with its cold rolling mill has been a well-functioning operation. However, it is focused on the most common stainless steel grades, whereas our strategy in China and the Asia-Pacific region is to differentiate from the competition with specialty grades and tailored solutions. This divestment is the next logical step in this path, and it significantly strengthens our balance sheet."

The transaction cash value of the divestment of Outokumpu's 55% holding in SKS is about EUR 370 million. As a result of the transaction, Outokumpu's net debt is expected to decrease by approximately EUR 430 million and gearing by approximately 30 percentage points on a pro forma basis (Outokumpu gearing was 96.4% at the end of the second quarter 2015). Outokumpu expects to record a non-recurring capital gain of about EUR 330 million in the fourth quarter results. The closing of the transaction is expected by the end of November 2015 and subject to customary regulatory approvals in China.

Says **Jan Hofmann**, President and head of business area APAC: "Lujiazui International Trust has entrusted Outokumpu to operate the SKS mill and serve its customer base. At the same time, we continue to consequently execute our strategy in the region, focusing on providing specialty stainless steel products for the most demanding industrial sectors such as energy, chemical and plant engineering, where Outokumpu already has a strong position. In this context we will expand our regional R&D capabilities and further strengthen our segment specific business development through our wide regional sales and service center network."

The profit contribution of SKS to Outokumpu has not been material. Following the closing of the transaction, SKS will no longer be considered a subsidiary and Outokumpu ceases to consolidate SKS into its financial statements.

Conference call today at 12.00 EET/11.00 CET/10.00 UK time

Outokumpu arranges a conference call for analysts and investors on Monday, October 19, 2015 at 12.00 pm EET (11.00 am CET, 10.00 am UK time). Conference call is hosted by Outokumpu CFO, Reinhard Florey.

Please dial in 5–10 minutes before the beginning of the event:

International number: +44 1452 560 304

Passcode: 63328757

Presentation material is available online at

<http://www.outokumpu.com/en/investors/materials/Pages/default.aspx>.

For more information:

Johanna Henttonen, tel. +358 9 421 3804, mobile +358 40 530 0778

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