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OUTOKUMPU TO START FERRITIC STAINLESS PRODUCTION IN TORNIO

Outokumpu will start production of ferritic grade stainless steel in its integrated stainless steel production unit in Tornio, Finland. The investment of some EUR 13 million falls well within the tight capex limits of the Group. The main components in the investment are batch annealing furnaces in Tornio for heat treatment of coils after hot rolling. No other changes in the production process are needed.

The delivery capacity of ferritic grades will be some 60 000 tonnes in white hot band or cold rolled products. The first deliveries will be made in the first quarter of 2007. With ferritics in the offering Outokumpu can better react to demand changes in the market and serve its customers especially those that usually use both austenitic and ferritic grades. The ferritic capacity will replace austenitic sales in spot markets, thus giving better price and delivery stability. The remainder of Tornio's 1.2 million tonnes cold rolling mill capacity will continue to produce austenitic (i.e. nickel containing) grades.

The ferritic grades differ from the austenitic grades usually produced by Outokumpu, in that they contain no nickel. A typical composition of a ferritic grade is 12-17% chromium and the rest iron. The raw materials for the ferritic grades are ferrochrome and carbon steel scrap. Tornio's no. 1 melt shop is especially suited to produce ferritic melts as it can use liquid ferrochrome from the adjacent ferrochrome smelter.

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