Outokumpu Completes the Ramp Down of the Bochum Melt Shop

Outokumpu announced today that the Bochum melt shop ramp down in Germany has been completed. The last melt was marked with a ceremony honoring the over 100 years of stainless steel operations in Bochum that now ended, said Outokumpu Senior Vice President Coil EMEA – Business Line Nirosta Oliver Picht: "Today is naturally a sad occasion, marking the end of an era of stainless steel production in Bochum, but a necessary measure to balance our production capacity in Europe. I would like to express my gratitude to the entire Bochum staff for their work and commitment, especially over the last two years. For us it was extremely important to find good, alternative employment and solutions for all employees, so that no one had to be made redundant."

The ramp down of the Bochum melt shop and the closure of Krefeld melt shop in 2013 were both key elements in the significant industrial restructuring and achieving the synergies following the merger of Outokumpu and Inoxum. Furthermore, it is fundamental to the turnaround of Coil EMEA. The positive financial impact of Bochum melt shop ramp down are more than 30 million annually from 2016 onwards and around 20 million euro of savings visible already in the second half of 2015.The Bochum closure is part of the EMEA restructuring program in Europe that targets 100 million euro savings by the end of 2017.

Outokumpu continues its strong presence in Germany, with around 2,500 employees, a high class cold rolling center in Krefeld that produces premium tailored materials for the most demanding end-customer segments, as well as cold rolling and finishing plants in Benrath, Dahlerbrück and Dillenburg. Outokumpu is investing more than a 100 million euro into the cold rolling operations in Krefeld to enhance its ferritic capabilities and enable the planned closure of the Benrath site in 2016. Additionally, further investments will be made into the R&D center in Krefeld.

U.S. Raw Steel Production Nudges Down as Capacity Slips

U.S. raw steel production for the week ending June 20 contracted 1.2% on a week-on-week basis on reduced capacity utilization, according to the latest report from the American Iron and Steel Institute ("AISI") - an association of North American steel makers. Capacity utilization for the reported week showed a modest decline on a weekly comparison basis. Moreover, overall year-to-date production still lags behind year-ago levels. Per data released by AISI, domestic raw steel production was 1,726,000 net tons for the reported week with a capability utilization rate of 73%. This represents a decline from production of 1,747,000 net tons and capability utilization rate of 73.9% for the week ending June 13. Reported weekly production also dropped 8.6% from the same period a year ago. By region, output from Great Lakes edged down 0.5% on a weekly basis to 618,000 net tons in the reported week. Production from North East fell 3.9% from the previous week to 219,000 net tons. Output from Midwest and Southern regions sagged 1.4% and 1.3%, respectively, to 210,000 net tons and 591,000 net tons, respectively. Mills in the Western region produced 88,000 net tons of raw steel, up 2.3% from a week ago, making it the only region to witness a production gain. Adjusted year-to-date production through June 20 clocked 41,837,000 net tons at a capability utilization rate of 72.4%. This represents a 7.4% decline from 45,172,000 net tons during the same period a year ago. Capability utilization rate for the period also slid from 77.3% recorded last year. According to AISI, production capacity for the second-quarter 2015 is roughly 30.7 million tons compared with 31.3 million tons a year ago and 30.4 million tons for the first quarter of 2015. U.S. steel mills are struggling to cope with a torrent of unfairly traded imports of steel products. American steel makers including Nucor NUE , U.S. Steel X , AK Steel AKS , Steel Dynamics STLD and Commercial Metals Co. CMC are feeling the pinch from

falling steel prices as cheap imports continue to flow into the domestic market due to foreign producers' overcapacity. A stronger dollar has made the U.S. an attractive market for steel imports. In addition to high levels of subsidized imports from countries including South Korea and China, the U.S. steel industry is also hammered by depressed capacity utilization and weak demand in the energy space (a key end-use market) as several exploration companies cut their capital expenditure budgets in the face of the oil price slump. According to AISI, steel shipments are down 9.5% year over year in the U.S. so far this year. On the other hand, imports continue to make inroads in the domestic market with import permit applications rising 3% over the previous month in May. Total and finished steel imports are up 7% and 20% year over year, respectively, so far in 2015. Estimated year-to-date market share of finished steel imports is 32%, which is higher than 28% recorded for full-year 2014.World Steel Association ("WSA") - the international trade body for the iron and steel industry - said that U.S. crude steel production tumbled 8.5% year over year to 6.8 million tons in May, marking the fourth straight month of decline this year. The WSA envisions apparent steel use in the U.S. to contract 0.4% year over year in 2015.While steel market fundamentals are expected to remain challenging in the U.S. in 2015, a gradually healing economy, strength in the automotive space and a rebound in construction markets are expected to support steel demand in the country.

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