FINANCIAL STATEMENTS REVIEW

2011

January-December

Outotec develops and provides technology solutions for the sustainable use of Earth's natural resources. As the global leader in minerals and metals processing technology, Outotec has developed over decades several breakthrough technologies. The company also offers innovative solutions for the chemical industry, industrial water treatment and the utilization of alternative energy sources. Outotec shares are listed on the NASDAQ OMX Helsinki. www.outotec.com

Outotec

February 9, 2012

FINANCIAL STATEMENTS REVIEW JANUARY-DECEMBER 2011

Record-breaking year

Board of Directors' dividend proposal: EUR 0.85 per share

Reporting period January-December 2011 in brief (2010):

- Order intake: EUR 2,005.4 million (EUR 1,394.7 million), +44%
- Order backlog: EUR 1,985.1 million (EUR 1,393.1 million), +42%
- Sales: EUR 1,385.6 million (EUR 969.6 million), +43%
- Services sales: EUR 343.5 million (EUR 282.5 million), +22%
- Operating profit from business operations (excluding one-time items and purchase price allocation (PPA) amortizations): EUR 121.5 million (EUR 74.7 million), +63%
- Operating profit: EUR 111.9 million (EUR 41.6 million), +169%
- Net cash flow from operating activities: EUR 247.0 million (EUR 87.5 million), +182%
- Earnings per share: EUR 1.75 (EUR 0.59), +197%
- ROI: 26.4% (9.2%); ROE: 20.9% (7.6%)

October-December 2011 in brief (2010):

- Order intake: EUR 327.0 million (EUR 356.6 million), -8%
- Sales: EUR 496.8 million (EUR 330.3 million), +50%
- Operating profit from business operations (excluding one-time items and PPA amortizations): EUR 54.9 million (EUR 33.4 million), +64%
- Operating profit: EUR 48.9 million (EUR 28.1 million), +74%
- Net cash flow from operating activities: EUR 21.2 million (EUR -4.8 million)

Financial guidance for 2012
Based on strong order backlog at the end of 2011, market outlook and customer tendering activity, management expects that in 2012:

- sales will grow to approximately EUR 1.7-1.9 billion, and
- operating profit margin from business operations will be approximately 9 - 10% (excluding one-time items and PPA amortizations).

The achievement of the guidance is subject to overall development of world economy and financial markets, progress in projects in the order backlog, exchange rates, product mix, timing of new orders, license fee income and project completions.

President and CEO Pertti Korhonen:
”2011 was a record year for Outotec. Growth in the emerging markets, coupled with growing sustainability requirements, encouraged our customers to invest in new technologies, capacity and services. Thanks to our leading technology offering and successful sales activities we achieved all-time-high order intake. Successful customer project execution and investments in Services business increased our sales and profits to record-high level.

We made solid progress in implementing our strategy which was launched in 2010 which together with our new operational model led to strong growth. Despite significant investments in developing our business operations, our profitability continued to develop towards our long-term target. We further accelerated the strong organic growth by acquiring four entities in 2011, the most significant one was the renewable energy technology business located in the USA. I am very excited about the market opportunities this technology has globally.

Despite the macro-economic uncertainties, our business outlook for 2012 is solid. Our high order backlog offers us a good starting point. Outotec’s flexible business model based on extensive use of partnering and outsourcing and our strong balance sheet help us adapt to potential changes in market conditions. Targeting sales growth and steadily improving profitability, our focus in 2012 will be on order intake, scalability of operations and supply chain management. With our strong balance sheet, we will also continue to make acquisitions based on our strategy."

Summary of key figures	**Q4 2011**	Q4 2010	**Q1-Q4 2011**	Q1-Q4 2010
Sales, EUR million	**496.8**	330.3	**1,385.6**	969.6
Gross margin, %	**23.9**	26.9	**24.0**	26.2
Operating profit from business operations, EUR million	**54.9**	33.4	**121.5**	74.7
Operating profit from business operations, %	**11.0**	10.1	**8.8**	7.7
Operating profit, EUR million	**48.9**	28.1	**111.9**	41.6
Operating profit margin, %	**9.9**	8.5	**8.1**	4.3
Profit before taxes, EUR million	**50.8**	25.0	**113.3**	37.1
Net cash from operating activities, EUR million	**21.2**	-4.8	**247.0**	87.5
Net interest-bearing debt at the end of period, EUR million	**-339.1**	-200.9	**-339.1**	-200.9
Gearing at the end of period, %	**-84.9**	-56.2	**-84.9**	-56.2
Working capital at the end of period, EUR million	**-270.3**	-113.5	**-270.3**	-113.5
Return on investment, %	**44.4**	26.7	**26.4**	9.2
Return on equity, %	**39.4**	21.4	**20.9**	7.6
Order backlog at the end of period, EUR million	**1,985.1**	1,393.1	**1,985.1**	1,393.1
Order intake, EUR million	**327.0**	356.6	**2,005.4**	1,394.7
Personnel, average for the period	**3,806**	3,124	**3,516**	3,151
Earnings per share, EUR	**0.81**	0.40	**1.75**	0.59
Dividend per share, EUR	**-**	-	**0.85***	0.75

*) Board of Directors proposal for dividend per share

FINANCIAL STATEMENTS REVIEW JANUARY-DECEMBER 2011

OPERATING ENVIRONMENT

The overall market activity was very strong in 2011. The mining and metals industry investments were supported by a positive long-term outlook for metals demand and good metals prices. Customers’ production capacity utilization rates were high which increased especially the demand for spare parts and services.

Markets in South America, Australia, Europe and the Middle East continued to be robust, and towards the second half of the year, activity also picked up in the CIS and China. In terms of metals, the strongest demand was in copper, gold and iron technologies. In addition, significant alumina, aluminum and ferrochrome technology orders were received. The market for sulfuric acid and gas cleaning technologies also remained healthy, due to smelter investments, relocation of production capacity and high metals production levels in general.

In most of Outotec's technology areas, the workload was high due to intensive sales and delivery activity. In order to increase the capacity in line with business growth company hired new professionals and opened a new office in Ghana to strengthen its global marketing and delivery network in the rapidly growing markets. Delivery times in certain areas of the subcontractor network lengthened but had no impact on delivery and remained well below the levels of the last up-cycle. In addition to minerals and metals processing solutions, the demand for alternative energy, industrial water treatment and environmental solutions grew. The competitive landscape remained relatively unchanged. Higher demand and raw material prices as well as wage inflation led to moderate price increases.

Acquisitions strengthened Outotec's technology offering portfolio in 2011 particularly in the Energy, Light Metals and Environmental Solutions business area, but also in filtration technologies and Services business.

The financial market remained operational in 2011 despite the turbulences in the eurozone, and financing was available for mining and metals projects. Mining companies' strong cash flows and balance sheets supported their financing of new investments. Tightening environmental regulations were reflected in increasing demand for Outotec's sustainable technology solutions and prolonged approval times of environmental permits.

ORDER INTAKE

Order intake in 2011, including plant, technology and equipment deliveries as well as services, increased by 44% from 2010 and totaled EUR 2,005.4 million (2010: EUR 1,394.7 million). Orders from EMEA (Europe including the CIS, Middle East and Africa) represented 49%, Americas 33% and Asia Pacific 18% of the total order intake. The top three countries in terms of order intake were Russia, Brazil and Australia which together accounted for 39% of the total order intake. The orders received in the fourth quarter of 2011 totaled EUR 327.0 million (Q4/2010: EUR 356.6 million).

Major new orders in the fourth quarter:

- technology package for tailings thickening for LKAB iron ore mine, Sweden (some millions of euros);
- greenfield copper production plant for Guangxi Jinchuan Non-Ferrous Metals Company, China (over EUR 30 million);
- new copper-molybdenum concentrator for Quadra FNX Mining, Chile (EUR 26 million of which the majority booked in Q3 order intake with a small part being booked in Q4);
- gold pressure oxidation technology for Petropavlovsk Group, Russia (EUR 34 million of which the majority was booked in Q4 order intake and a small part in Q3); and
- new ferrochrome plant for TISCO, China (value not disclosed but deliveries with similar scope are typically worth of some tens of millions of euros).

Major new orders in the third quarter:

- concentrator technology for Petropavlovsk Group's gold mine, Russia (EUR 25 million);
- alumina calcination technology for Ma'aden Bauxite Aluminium Company, Saudi Arabia (EUR 62 million, of which roughly EUR 50 million booked in Q3 order intake);
- copper concentrator technology for ZAO Miheevsky, Russia (EUR 60 million);
- gas cleaning and sulfuric acid technology for Almalyk Mining & Metallurgical Company, Uzbekistan (EUR 30 million);
- aluminum smelter technology for Emirates Aluminium, Abu Dhabi (EUR 100 million);
- copper concentrator technology for Codelco, Chile (EUR 24 million, half of which was booked in Q2 and the rest in Q3 order intake);
- magnetic separation solution for London Mining Plc's iron ore project, Sierra Leone (over EUR 10 million);
- iron ore pelletizing plant for NLMK Novolipetsk Metallurgisk Kombinat, Russia (EUR 150 million); and
- ferrochrome plant for Mintal Group, China (value not disclosed but deliveries with similar scope are typically worth of some tens of millions of euros).

Major new orders in the second quarter:

- gold recovery technology for Petropavlovsk Group's Pokrovskiy mine, Russia (value not disclosed but deliveries with similar scope are typically worth of some tens of millions of euros);
- copper flash smelting technology for National Iranian Copper Industries Company, Iran (EUR 61 million); and
- iron ore pelletizing plant for Samarco Mineração, Brazil (EUR 200 million).

Major new orders in the first quarter:

- copper flash smelting furnace and related services for RTB Bor, Serbia (EUR 60 million);
- oil shale preparation plant for Eesti Energia, Estonia (EUR 20 million);
- effluent treatment plant for Codelco, Chile (EUR 18 million); and
- key process technologies and services for a copper/gold concentrator for Sandfire Resources, Australia (EUR 15 million).

ORDER BACKLOG

The order backlog at the end of 2011 was EUR 1,985.1 million, which is 42% higher than at the previous year-end (December 31, 2010: EUR 1,393.1 million).

At the end of 2011, Outotec had 36 projects with an order backlog value in excess of EUR 10 million, accounting for 67% of the total backlog. Based on the quarter-end project evaluation, management estimates that roughly 68% (approximately EUR 1,350 million) of the year-end backlog value will be delivered in 2012 and the rest in 2013 and beyond. At the end of 2011, the suspended projects in the order backlog were approximately EUR 5 million (December 31, 2010: EUR 50 million). Roughly 4% of the projects in Outotec's current backlog are from mining companies who are developing their first processing plants.

SALES AND FINANCIAL RESULT

Outotec's sales in 2011 totaled EUR 1,385.6 million (2010: EUR 969.6 million), a 43% increase from 2010. Sales growth resulted from a strong opening backlog for 2011, continued strong order intake in 2011 and good execution in plant, technology and equipment deliveries as well as services. Exchange rates did not have material effect on sales. Sales for the fourth quarter of 2011 totaled EUR 496.8 million (Q4/2010: EUR 330.3 million) which was 50% higher than in the comparison period, demonstrating good project execution and the scalability of Outotec's operating model.

Services business area sales, which are included in the sales figures of the three reporting segments, grew 22% from 2010 and totaled EUR 343.5 million in 2011 (2010: EUR 282.5 million), accounting for 25% of Outotec's sales (2010: 29%). Services sales in the fourth quarter of 2011 totaled EUR 109.1 million (Q4/2010: EUR 100.5 million). The target is to grow Services sales to an annual level of EUR 500 million by the end of 2015.

Operating profit from business operations in 2011 was EUR 121.5 million (2010: EUR 74.7 million), up 63% and representing 8.8% of sales (2010: 7.7%). The increase from the comparison period resulted from higher sales, license fee income, good project execution and related provision releases. In addition, unrealized and realized exchange gains related to currency forward contracts increased profitability by EUR 1.7 million (2010: unrealized and realized exchange gain of EUR 1.9 million). Operating profit for 2011 was EUR 111.9 million (2010: EUR 41.6 million), up 169% from 2010. In 2011, the total impact of PPA amortizations was EUR 4.9 million (2010: EUR 9.4 million) and one-time costs EUR 4.7 million (2010: EUR 26.5 million). One-time costs were related to the re-organization of businesses and acquisition costs.

Operating profit from business operations in the fourth quarter of 2011 was EUR 54.9 million (Q4/2010: EUR 33.4 million), representing 11.0% of sales (Q4/2010: 10.1%) and showing an increase of 64% from the comparison period. Operating profit in the fourth quarter of 2011 was EUR 48.9 million (Q4/2010: EUR 28.1 million), up 74% from the comparison period. Improvement was mainly due to higher sales volume. Sales and operating profit tend to accrue towards the year-end.

Fixed costs in 2011 were EUR 217.7 million (2010: EUR 188.5 million). The increase was primarily due to investments in developing and deploying Outotec's global operational model, such as common business processes and IT systems, personnel increases in Services business, higher selling, marketing, R&D and administration costs as well as bonuses and costs related to the long-term share-based incentive program. Profit before taxes in 2011 increased by 206% and was EUR 113.3 million (2010: EUR 37.1 million). It included a net finance income of EUR 1.4 million (2010: net finance expense EUR -4.5 million). The increase was primarily due to higher interest income. Net profit for the reporting period was EUR 79.3 million (2010: EUR 26.7 million). Taxes totaled EUR 34.0 million (2010: EUR 10.4 million). Earnings per share were EUR 1.75 (2010: EUR 0.59), representing 197% increase. Earnings per share in the comparison period of 2010 were impacted by the one-time costs related to the company's cost savings program.

Outotec's return on equity for the reporting period was 20.9% (2010: 7.6%), and return on investment was 26.4% (2010: 9.2%). Profitability improvement and decreased PPA amortizations improved 2011 return on equity and return on investment compared to 2010.

Sales and Operating Profit by Segment EUR million	**Q4** **2011**	Q4 2010	**Q1-Q4** **2011**	Q1-Q4 2010
Sales				
Non-ferrous Solutions	**358.8**	223.9	**947.6**	623.3
Ferrous Solutions	**74.8**	43.2	**221.1**	131.5
Energy, Light Metals and Environmental Solutions	**70.9**	65.3	**236.1**	222.8
Unallocated items*) and intra-group sales	**-7.7**	-2.2	**-19.2**	-8.0
Total	**496.8**	330.3	**1,385.6**	969.6
Operating profit				
Non-ferrous Solutions	**52.4**	23.2	**107.7**	26.1
Ferrous Solutions	**-0.6**	8.2	**6.7**	11.3
Energy, Light Metals and Environmental Solutions	**3.6**	11.4	**23.8**	26.8
Unallocated**) and intra-group items	**-6.5**	-14.7	**-26.3**	-22.6
Total	**48.9**	28.1	**111.9**	41.6

*) Unallocated items primarily include invoicing of group management and administrative services.
**) Unallocated items primarily include group management and administrative services.

Non-ferrous Solutions

Sales in the Non-ferrous Solutions business area in 2011 increased 52% over the comparison period and totaled EUR 947.6 million (2010: EUR 623.3 million). The increase in sales was due to a strong opening order backlog, continued strong order intake, growth in Services business sales and good progress in project execution during 2011. Operating profit from business operations was EUR 113.1 million, 11.9% of sales (2010: EUR 50.6 million, 8.1% of sales) and operating profit was EUR 107.7 million, 11.4% of sales (2010: EUR 26.1 million, 4.2% of sales). The unrealized and realized exchange loss related to currency forward contracts decreased profitability by EUR 1.3 million (2010: unrealized and realized loss of EUR 0.8 million). The increase in operating profit was due to a higher sales volume and license fee income. Sales in the fourth quarter of 2011 were EUR 358.8 million (Q4/2010: EUR 223.9 million). Operating profit from business operations in the fourth quarter of 2011 was EUR 54.5 million (Q4/2010: EUR 24.0 million) and operating profit was EUR 52.4 million (Q4/2010: EUR 23.2 million). The unrealized and realized exchange losses related to currency forward contracts in the fourth quarter of 2011 decreased profitability by EUR 2.4 million (Q4/2010: unrealized and realized loss of EUR 1.4 million).

Ferrous Solutions

Sales in the Ferrous Solutions business area in 2011 totaled EUR 221.1 million (2010: EUR 131.5 million). The 68% increase in sales compared to 2010 was due to the execution of long-term projects from the backlog and new orders received in 2011. The operating profit from business operations was EUR 9.8 million, 4.4% of sales (2010: EUR 12.6 million, 9.5% of sales) and operating profit was EUR 6.7 million, 3.1% of sales (2010: EUR 11.3 million, 8.6% of sales). Operating profit in 2011 was impacted by fewer large project completions in 2011 compared to 2010, higher expenses related to sales, marketing and development of operational model supporting business growth. Fourth quarter of 2011 sales were EUR 74.8 million (Q4/2010: EUR 43.2 million). Operating profit from business operations in the fourth quarter of 2011was EUR 2.5 million (Q4/2010: EUR 8.2 million) and operating profit was EUR -0.6 million (Q4/2010: EUR 8.2 million).

Energy, Light Metals and Environmental Solutions

Sales in the Energy, Light Metals and Environmental Solutions business area in 2011 totaled EUR 236.1 million (2010: EUR 222.8 million), up 6% from the comparison period. Operating profit from business operations for 2011 was EUR 25.8 million, 10.9% of sales (2010: EUR 28.9 million, 13.0% of sales) and operating profit was EUR 23.8 million, 10.1% of sales (2010: EUR 26.8 million, 12.0% of sales). Operating profit in 2011 was affected by fewer large long-term project completions compared to 2010. The unrealized and realized exchange gains related to currency forward contracts improved profitability by EUR 2.9 million (2010: unrealized and realized gain of EUR 2.2 million). Fourth quarter of 2011 sales were EUR 70.9 million (Q4/2010: EUR 65.3 million). Operating profit from business operations in the fourth quarter of 2011 was EUR 5.2 million (Q4/2010: EUR 11.5 million) and operating profit was EUR 3.6 million (Q4/2010: EUR 11.4 million). The unrealized and realized exchange gains related to currency forward contracts in the fourth quarter of 2011 increased profitability by EUR 1.5 million (Q4/2010: unrealized and realized gain of EUR 0.5 million).

Sales by Destination, %	**2011**	2010
EMEA (incl. CIS)	**44**	38
Asia Pacific	**25**	28
Americas	**31**	34
Total	**100**	100

Sales by Metals, %	**2011**	2010
Copper	**33**	25
Iron	**15**	12
Aluminum	**5**	7
Ferroalloys	**4**	3
Precious metals	**10**	11
Zinc	**3**	5
Nickel	**6**	7
Other metals	**8**	6
Sulfuric acid	**5**	8
Other (incl. energy, water and chemical industry)	**11**	16
Total	**100**	100

BALANCE SHEET, FINANCING AND CASH FLOW

The consolidated balance sheet total was EUR 1,421.4 million at the end of 2011 (December 31, 2010: EUR 1,068.0 million).The equity to shareholders of the parent company was EUR 398.4 million (December 31, 2010: EUR 356.7 million), representing EUR 8.75 (December 31, 2010: EUR 7.87) per share.

The net cash flow from operating activities in the reporting period was at EUR 247.0 million (2010: EUR 87.5 million). The increase was due to advance and milestone payments and operating profit from business operations. Gearing further improved over the comparison period and was -84.9% (December 31, 2010: -56.2%).

Outotec's working capital amounted to EUR -270.3 million at the end of 2011 (December 31, 2010: EUR -113.5 million). Working capital developed positively due to advance payments and milestone payments related to projects under execution and new orders received.

At the end of 2011, Outotec's cash and cash equivalents totaled EUR 402.5 million (December 31, 2010: EUR 280.3 million). The cash and cash equivalents was affected by the dividend payment of EUR 34.3 million (EUR 0.75 per share) in April 2011 (April 2010: EUR 32.0 million). Acquisition related payments, deducted by acquired company's cash and cash equivalents, were EUR 34.5 million. The company invests its excess cash in short-term money market instruments such as bank deposits and corporate commercial certificates of deposit.

Outotec's financing structure continued to strengthen and liquidity was good. Net interest-bearing debt at the end of the reporting period was EUR -339.1 million (December 31, 2010: EUR -200.9 million). The advance and milestone payments received at the end of the reporting period totaled EUR 399.0 million (December 31, 2010: EUR 198.7 million), representing an increase of 101% from the comparison period. Outotec's equity-to-assets ratio was 39.1% (December 31, 2010: 41.2%). The company's capital expenditure in 2011 was EUR 98.3 million (2010: EUR 96.7 million) including acquisitions of EUR 58.4 million as well as investments in IT-systems, R&D related equipment and intellectual property rights.

At the end of 2011, guarantees for commercial commitments, including advance payment guarantees issued by the parent and other Group companies were EUR 477.1 million (December 31, 2010: EUR 308.1 million).

On December 14, 2011 Outotec signed a EUR 100 million bilateral loan facility. The purpose of the facility is to provide financing for acquisitions and general corporate initiatives. Repayment period for the loan is five years.

CORPORATE STRUCTURE

Outotec completed four acquisitions in 2011. At the end of 2011 goodwill generated through acquisitions amounted to approximately EUR 181.3 million (2010: EUR 148.5 million). Increase in goodwill is due to Energy Products of Idaho and Kiln Services Australia acquisitions.

Energy Products of Idaho

The acquisition of Energy Products of Idaho (EPI), USA was closed in December 2011. The acquisition strengthens Outotec's portfolio of energy and environmental technologies. EPI is a leading company in the area of biomass and waste materials combustion and has delivered over 100 renewable energy solutions. The acquisition is expected to increase Outotec's annual sales by EUR 60-90 million, including synergies from a stronger combined sales and service network. The number of EPI personnel was 72 at the year-end. EPI's solutions can be marketed through Outotec's global network and various services can be offered to EPI's large existing base of installed technology. Additionally, Outotec's capability for turnkey projects further complements EPI's offerings and serves as a platform for growing Outotec's energy and environmental technology business in the US market. EPI technologies complement Outotec's fluidized bed technology platform and strengthen Outotec's energy business. EPI's proprietary fuel thermal oxidation and gasification technologies recover energy from various biomass and wastes such as fresh and used wood, agricultural waste, demolition waste, manure, waste paper, paper sludge, oil sludge, municipal waste and many other materials. EPI focuses on medium scale plants with a combustion capacity of up to 100 MW.

Kiln Services Australia

The acquisition of Kiln Services Australia Pty Ltd was completed in December 2011. The acquisition expands Outotec's service offerings and complements Outotec's portfolio of shutdown services to the mining, metals processing and refractory industries. The acquired business is based on specialized robotic refractory demolition equipment and related know how. The annual sales of the acquired business have been a few million euros in recent years. Outotec aims to double its sales in the Australian and South East Asian Pacific market over the next three years.

In the reporting period Outotec also acquired new technologies to supplement its portfolio; the vertical pressure filter (VPF) technology used in alumina refining and its intellectual property rights from Australian Process Technology Pty Ltd (April 2011) and technologies, trademarks and patents for extracting phosphorus fertilizer from ash from ASH DEC Umwelt AG (February 2011).

RESEARCH AND TECHNOLOGY DEVELOPMENT

In 2011, Outotec's research and technology development expenses totaled EUR 33.5 million (2010: EUR 28.5 million), representing 2.4% of sales (2010: 2.9%). Outotec filed 41 new priority applications (2010: 50), and 326 new national patents were granted (2010: 287).

In December, Outotec launched a two-stage partial roasting process to purify contaminated copper and gold concentrates as a pre-treatment to actual extraction processes. Outotec has also established a new continuous pilot plant at the company's research center in Germany to test customer concentrates with the new process. During the tests it is possible to collect reliable data necessary for industrial process scale-up.

In November, Outotec and PE International (Germany), started cooperation to develop a new software interface for evaluating metals production sustainability and life cycles. The new interface, which will be based on PE International's GaBi 5 and Outotec's HSC Chemistry® software, will markedly facilitate the determining the Best Available Technology (BAT) from several alternatives. It will support users in their product and material selection by providing information of the environmental impacts of both new and existing processes using a life cycle perspective. This will help to lower the environmental footprint of production facilities.

In August, Outotec announced that it had agreed to collaborate with the Ministry of Minerals Resources and Energy of Mongolia (MME) to support MME in its development of Mongolia's mining and metallurgical industry utilizing country's vast mineral resources using the most sustainable approaches possible.

SUSTAINABILITY

In October 2011, the Carbon Disclosure Project announced that for the third consecutive year Outotec would be featured in CDP's Nordic Carbon Disclosure Leadership Index.

In June 2011, Outotec published its first sustainability report, describing the company's approach to sustainability and disclosing its performance in 2010 as well as providing future targets. The report conforms to Application Level B+ of the Global Reporting Initiative, as confirmed by the GRI and is third-party assured by Ecobio Ltd. In November Outotec's report was awarded an honorable mention in a national competition evaluating the corporate responsibility reporting of Finnish companies.

PERSONNEL

At the end of 2011, Outotec had a total of 3,883 employees (December 31, 2010: 3,130). The increase was primarily due to personnel recruited for project implementation and service delivery as well as strengthening the presence in emerging markets. In addition, acquisitions increased the personnel in 2011. Outotec had on average 3,516 employees (2010: 3,151). The average number of personnel grew by 366 over the comparison period, which supports overall business growth objectives. Temporary personnel accounted for approximately 9% (2010: 8%) of the total number of employees.

Distribution of Personnel by Area	**Dec 31, 2011**	Dec 31, 2010	**change %**
EMEA (including CIS)	**2,327**	1,945	**19.6**
Americas	**972**	759	**28.1**
Asia Pacific	**584**	426	**37.2**
Total	**3,883**	3,130	**24.1**

At the end of the reporting period, the company had, in addition to its own personnel, approximately 620 (December 31, 2010: 328) full-time equivalent, contracted professionals working in project execution. The number of contracted workers at any given time changes with the active project mix and project commissioning, local legislation and regulations as well as seasonal fluctuations.

In 2011, salaries and other employee benefits totaled EUR 284.4 million (2010: EUR 224.4 million). The increase from the comparison period was due to personnel increases, wage inflation, wage increases, bonuses and share-based incentive programs.

CHANGES IN TOP MANAGEMENT

In August, Outotec announced the appointments of two new members to its executive board: Mr. Robin Lindahl (M.Sc. Econ.) as Executive Vice President - Market Operations and Mr. Kari Knuutila (Dr. Tech.), Chief Technology Officer. Appointments have been effective since October 1, 2011.

Outotec Executive Board:

Pertti Korhonen, President and CEO
Jari Rosendal, President, Non-ferrous Solutions business area
Pekka Erkkilä, President, Ferrous Solutions business area
Peter Weber, President, Energy, Light Metals and Environmental Solutions business area
Kalle Härkki, President, Services business area
Robin Lindahl, Executive Vice President - Market Operations (as of October 1, 2011)
Michael Frei, Senior Vice President – Supply
Kari Knuutila, Chief Technology Officer (as of October 1, 2011)
Tapio Niskanen, Senior Vice President - Business Infrastructure
Mikko Puolakka, Chief Financial Officer
Ari Jokilaakso, Senior Vice President - Human Capital
Mika Saariaho, Chief Strategy Officer
Minna Aila, Senior Vice President, Communications and Corporate Responsibility (as of March 1, 2012)

SHARE-BASED INCENTIVE PROGRAMS AND EXECUTIVE BOARD SHARE OWNERSHIP PLAN

Share-based Incentive Program 2010-2012

Outotec's board of directors decided on April 23, 2010 to adopt a share-based incentive program for the company's key personnel. The program incorporates three earning periods: calendar years 2010, 2011 and 2012. The board of directors determines the amount of the maximum reward for each individual, the earning criteria and the targets established for them separately on an annual basis. The maximum value of the rewards for the entire program equals approximately 1,000,000 shares, including a cash payment which equals income taxes.

Earning period 2010

The reward paid to 68 individuals was determined by reaching the targets set by the board of directors for cost savings, order intake and earnings per share. The total reward for the 2010 earning period was EUR 9.8 million with 138,144 shares allocated and EUR 6.1 million paid in cash to cover income taxes.

Earning period 2011

The board of directors approved (March 1, 2011) 94 individuals for the program's 2011 earning period and set targets for order intake, earning per share and sales growth. The maximum total reward for 2011 earning period, depending on achievement of set targets, is 172,257 allocated Outotec shares and cash to cover income taxes.

Executive Board share ownership plan

In 2010, Outotec’s board of directors determined a new share ownership plan directed to the members of the Outotec executive board. As part of the plan, the executive board members established Outotec Management Oy (incentive plan for executive board members) company, whose entire share capital is owned by them. Executive board members invested their own funds into Outotec Management Oy to finance the purchase of Outotec shares. In addition the purchase of Outotec shares to Outotec Management Oy was financed by an interest-bearing loan at the maximum amount of EUR 4,980,000 which Outotec's board of directors granted to Outotec Management Oy. At the end of 2011 the executive board members held 0.44% of Outotec shares through the company.

Outotec has consolidated Outotec Management Oy into the Group's balance sheet. At the end of 2011, Outotec Management Oy held 199,747 (February 9, 2012: 199,747) Outotec shares which have been accounted as treasury shares in Outotec's balance sheet.

SHARES AND SHARE CAPITAL

Outotec's shares are listed on the NASDAQ OMX Helsinki (OTE1V). At the end of 2011, Outotec's share capital was EUR 17,186,442.52 consisting of 45,780,373 shares. Each share entitles its holder to one vote at the company's general shareholder meetings.

The annual general meeting in 2011 authorized Outotec's board of directors to determine the repurchasing of company's own shares, and to issue new shares. The maximum number of shares related to both authorizations is 4,578,037. Authorizations are in force until the next annual general meeting. The board has not executed its authorizations per February 9, 2012.

TRADING, MARKET CAPITALIZATION AND SHAREHOLDERS

In 2011, the volume-weighted average price for a share in the company was EUR 35.21; the highest quotation for a share was EUR 46.78 and the lowest EUR 23.86. The trading of Outotec shares in 2011 exceeded 81 million shares, with a total value of over EUR 2,884 million. At the end of 2011, Outotec's market capitalization was EUR 1,666 million and the last quotation for a share was EUR 36.40. At the end of 2011, the company did not hold any treasury shares for trading purposes.

On November 8, 2011 holding of Tamares Nordic Investments B.V. in shares of Outotec Oyj has exceeded 5% and was 2,356,519 shares which represented 5.15% of the share capital and votes in the company (January 31, 2012: 2,503,919 shares, 5.47%).

Outotec has an agreement with a third-party service provider concerning administration and hedging of the share-based incentive program for key personnel. These shares are accounted as treasury shares in Outotec's consolidated balance sheet. At the end of 2011, the amount of these treasury shares was 194,390. There has been no purchases of Outotec shares based on this agreement in 2011.

Outotec has consolidated Outotec Management Oy into the Group's balance sheet. At the end of the reporting period, Outotec Management Oy held 199,747 (February 9, 2012: 199,747) Outotec shares which have been accounted as treasury shares in Outotec's balance sheet.

At the end of 2011, Outotec had 13,921 shareholders. Shares held in 17 nominee registers accounted for 54.2% and Finnish households held 11.3% of all Outotec shares.

EVENTS AFTER THE REPORTING PERIOD

On January 26, 2012 Outotec announced the appointment of Ms Minna Aila, Master of Laws, as Senior Vice President - Communications and Corporate Responsibility and a member of the executive board as of March 1, 2012.

SHORT-TERM RISKS AND UNCERTAINTIES

Risks related to the global operating environment

Outotec's global business operations are subject to various political, economic and social conditions. Turbulence in financial and banking markets and the potential escalation of sovereign debt crisis may have a severe negative impact on the outlook of the global economy. Conditions may rapidly change and create delays and changes in order placement and execution as well as in the availability and conditions of project financing for mining companies.

Risks related to Outotec's business

As part of the overall project delivery, Outotec often gives performance guarantees and takes liabilities for the warranty period defects. According to standard practice, all unfinished projects are regularly evaluated and provisions for performance guarantees and warranty period guarantees are updated. Based on the risk reviews done in 2011, there were no material changes in total project risk provisions. Projects in order backlog may contain risks related to delivery, quality, functionality or costs. Such risks are reviewed at regular intervals and project provisions are updated accordingly. Outotec may operate in politically instable countries where potential economic sanctions may have an adverse effect on Outotec's business operations. In such cases, Outotec aims to mitigate project contract risks through advance and milestone payments as well as gradual booking of orders in backlog according to actual project progress.

Global economic uncertainty may reduce the demand for Outotec's products and services. Volatility in sales may affect the operating profit margin since the measures to adjust the fixed costs may become effective with a delay. Outotec's gross margin fluctuates according to product mix and timing. Particularly orders which include license fees may have a major impact on the gross margin. Changes in labor costs, especially when operating in high inflationary countries, as well as changes in raw materials and subcontracting prices and component availability can affect Outotec's profitability. Outotec hedges these risks mostly contractually.

The nature of international project business, different interpretations of international and local tax rules and regulations may cause additional direct or indirect taxes for Outotec thus reducing the company's net result.

Acquisitions are an integral part of Outotec's growth strategy. There is a risk that the estimated synergy benefits will not materialize as planned. Goodwill may be generated through acquisitions. Company conducts goodwill impairment tests annually.

Outotec is involved in a few arbitral and court proceedings. Management expects that these cases and their outcomes will have no material effect on Outotec's financial result.

Financial risks

There is a risk that customers and suppliers may experience financial difficulties and a lack of financing may result in project and payment delays or bankruptcies, which can also result in losses for Outotec. These risks are reduced by advance and milestone payments as well as letters of credit or other trade finance instruments. In the reporting period, there were no material credit losses related to payments by Outotec's counter-parties and at the end of 2011, all receivables were reviewed and credit loss provisions were updated.

Outotec's business model is primarily based on customer advance and milestone payments and on-demand guarantees issued by Outotec's relationship banks. Changes in advance payments received due to changes in business volume have an impact on the company's liquidity. Exposure to on-demand guarantees has remained normal. Cash held by the company is primarily invested in short-term bank deposits and in Finnish corporate short-term certificates of deposit. More than half of Outotec's total cash flow is denominated in euros. The rest is divided among various currencies, including the Australian dollar, US dollar, Brazilian real, Canadian dollar, and South African rand. The weight of any given currency in new projects can substantially fluctuate, but most cash-flow-related risks are hedged in the short- and long-term. In the short-term, currency fluctuations may create volatility in the operating profit. The forecasted and probable cash flows are selectively hedged and are always subject to separate decisions and risk analysis. Natural hedging is used as widely as possible and the remaining open foreign exchange exposures related to committed cash flows are fully hedged using forward agreements. The cost of hedging is taken into account in project pricing.

MARKET OUTLOOK

The long-term outlook for metals demand continues to be solid since the current production capacity and ongoing investments into new capacity are not sufficient to fulfill the future metals demand. GDP growth and the growing middle class in the emerging markets are driving the rise in the metals demand and hence the need for investments in new capacity and refurbishments. In addition, industry-specific trends such as declining ore grades, scarcity of water, higher energy prices, global relocation of production and stricter environmental regulations increase the need for modern technology. According to the large mining companies' announcements, they will further increase their CAPEX in 2012. Investments are supported by the long-term metals demand growth projections. In addition, both short- and long-term metal price estimates continue to support further investments. In the short-term, high spot prices also support high capacity utilization rates and thus push the demand for spare parts and after-market services. In certain markets such as Australia and Chile, there is a lack of industry expert resources. In addition, there are signs of lengthening delivery times in certain areas of the subcontractor network, yet still remaining well below the levels of the last up-cycle. Outotec's global supply network includes thousands of partners and because of its scalability it enables flexible delivery capacity.

Customer negotiation activity continues and the number of new sales order prospects remains high in several market areas such as China, the CIS, India, Sub-Saharan Africa and South America. Project financing is available especially for companies with strong balance sheets and investments in good projects in the emerging countries. However, complex financing structures and tougher environmental requirements continue to lengthen the overall decision-making process especially in larger investments.

Non-ferrous Solutions

The strong activity in the non-ferrous technology market is expected to continue in several geographic areas: Southeast Asia, Sub-Saharan Africa, the CIS, South-America and the Middle East. Gold, copper, silver and platinum group metals projects continue to be developed supported by the high demand and good metal prices. Lateritic nickel projects are in development as well. Investments in new mines and concentrators are progressing well. In addition, investment activity in the downstream metals refining technologies continues. Competition for new projects remains tight; however, there are no material changes to the competitive landscape. The Non-ferrous Solutions business area's deliveries include technology and service solutions ranging from spare parts to equipment to entire plants.

Ferrous Solutions

The demand for iron ore and ferroalloy technologies continues to be solid. China, India, the Middle East and South Africa are particularly active in developing their infrastructure and utilizing their large natural resource base while time investing in technologies which comply with tighter environmental and energy efficiency requirements. There are several iron ore processing plant expansions and new investments under development particularly in Brazil and India. In addition, the depletion of lump ore deposits is driving sinter and pellet plant investments in India. The competitive landscape remains unchanged but varies depending on the market and technology area. Deliveries in the Ferrous Solutions business area are primarily large, turnkey projects and fluctuations in sales and profit recognition based on the timing and completion level of a particular project are inherent in this type of business.

Energy, Light Metals and Environmental Solutions

Concerns about global warming, rising oil prices and the depletion of oil reserves increase the demand for technologies suitable for alternative sources of energy, such as oil shale, oil sands and biomass. The world's recoverable oil shale and oil sand resources have been estimated to be approximately ten times greater than those of conventional oil reserves, with large deposits found in the US, Canada, Brazil, China, Jordan, Russia and Estonia.

The demand for aluminum is also growing. Consequently, aluminum and thus bauxite and alumina projects are expected to materialize. The Middle East is leveraging its advantageous energy position by building new smelters and refining capacity. Outotec provides key solutions to the alumina refining process and is a vital partner to the aluminum industry.

The business area's environmental solutions include sulfuric acid plants as well as applications for gas cleaning, heat recovery systems and industrial water treatment. The outlook for the sulfuric acid technology market remains positive due to numerous hydrometallurgical copper plants which require sulfuric acid in leaching processes. In addition, sulfuric acid plants are needed in pyrometallurgical process to recover sulfur dioxide from the process in order to minimize emissions to the environment. The sulfuric acid market is also driven by increasing demands from the fertilizer industry. In addition to sulfuric acid plants, any metallurgical process requires off-gas cleaning and effluent and water treatment technologies to reduce its environmental impact.

New opportunities in environmental technologies, such as materials recycling, renewable energy solutions and waste management as well as industrial water treatment, are steadily increasing. The acquired technologies Energy Products of Idaho (December 2011) and Ash Dec (January 2011), further strengthen the business area's portfolio.

Services

Outotec's Services business is driven by a life cycle service concept and capacity utilization rates. In addition to operational and CAPEX spares, Outotec's life cycle services offering include debottlenecking and capacity enhancements, modernizations, upgrading of existing operations as well as operate and maintain services. Customers' need for spare parts, services and modernizations are expected to further increase due to re-commissioning of production lines and higher capacity utilization rates. Outotec's penetration in the installed base is still relatively low offering a good potential for further service business expansion. Kiln Services Australia (December 2011) was acquired to expand the global shut down service capabilities in South East Asia Pacific region. Outotec continues to seek further acquisition opportunities in order to expand the service offering globally.

FINANCIAL GUIDANCE FOR 2012

Based on strong order backlog at the end of 2011, market outlook and customer tendering activity, management expects that in 2012:

- sales will grow to approximately EUR 1.7-1.9 billion, and
- operating profit margin from business operations will be approximately 9 - 10% (excluding one-time items and PPA amortizations).

The achievement of the guidance is subject to overall development of world economy and financial markets, progress in projects in the order backlog, exchange rates, product mix, timing of new orders, license fee income and project completions.

FINANCIAL REPORTING SCHEDULE IN 2012

- Interim Report for January-March 2012: Thursday, April 26, 2012
- Interim Report for January-June 2012: Friday, July 27, 2012
- Interim Report for January-September 2012: Thursday, October 25, 2012

ANNUAL GENERAL MEETING 2012

Annual General Meeting 2012 is scheduled for Friday, March 23, 2012 in Helsinki, Finland. Detailed information about the AGM is available at www.outotec.com. Outotec's Financial Statements 2011 will be published in week 8, 2012.

Espoo, February 9, 2012

Outotec Oyj
Board of Directors

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CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Consolidated Statement of Comprehensive Income EUR million	**Q4** **2011**	Q4 2010	**Q1-Q4** **2011**	Q1-Q4 2010
Sales	**496.8**	330.3	**1,385.6**	969.6
Cost of sales	**-378.0**	-241.3	**-1,053.1**	-715.7
Gross profit	**118.7**	88.9	**332.5**	253.9
Other income	**1.0**	1.0	**3.9**	7.1
Selling and marketing expenses	**-23.3**	-23.3	**-86.4**	-85.0
Administrative expenses	**-30.5**	-23.4	**-97.7**	-75.1
Research and development expenses	**-10.8**	-7.8	**-33.5**	-28.5
Other expenses	**-6.3**	-7.2	**-6.7**	-30.6
Share of results of associated companies	**0.1**	-0.1	**-0.0**	-0.3
Operating profit	**48.9**	28.1	**111.9**	41.6
Finance income and expenses				
Interest income and expenses	**1.9**	-0.3	**6.0**	1.5
Market price gains and losses	**1.1**	-0.7	**-0.3**	-1.7
Other finance income and expenses	**-1.2**	-2.1	**-4.4**	-4.4
Net finance income	**1.9**	-3.1	**1.4**	-4.5
Profit before income taxes	**50.8**	25.0	**113.3**	37.1
Income tax expenses	**-13.8**	-6.7	**-34.0**	-10.4
Profit for the period	**37.0**	18.3	**79.3**	26.7
Other comprehensive income				
Exchange differences on translating foreign operations	**11.7**	10.5	**-3.9**	25.5
Cash flow hedges	**-1.9**	0.1	**-4.3**	0.9
Income tax relating to cash flow hedges	**0.6**	0.0	**1.3**	-0.2
Available for sale financial assets	**-0.1**	0.1	**-0.2**	0.3
Income tax relating to available for sale financial assets	**-**	0.0	**-**	0.0
Other comprehensive income for the period	**10.3**	10.6	**-7.2**	26.5
Total comprehensive income for the period	**47.3**	29.0	**72.1**	53.1
Profit for the period attributable to:				
Equity holders of the parent company	**37.0**	18.3	**79.3**	26.7
Non-controlling interest	-	-	-	-
Total comprehensive income for the period attributable to:				
Equity holders of the parent company	**47.3**	29.0	**72.1**	53.1
Non-controlling interest	**-**	-	**-**	**-**
Earnings per share for profit attributable to the equity holders of the parent company:				
Basic earnings per share, EUR	**0.81**	0.40	**1.75**	0.59
Diluted earnings per share, EUR	**0.81**	0.40	**1.75**	0.59

All figures in the tables have been rounded and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

Condensed Consolidated Statement of Financial Position EUR million	**December 31, 2011**	December 31, 2010
ASSETS		
Non-current assets		
Intangible assets	**286.8**	223.8
Property, plant and equipment	**62.5**	52.7
Deferred tax asset	**47.3**	37.8
Non-current financial assets		
Interest-bearing	**2.4**	2.5
Non interest-bearing	**2.5**	2.3
Total non-current assets	**401.5**	319.0
Current assets		
Inventories *)	**148.6**	101.0
Current financial assets		
Interest-bearing	**0.7**	0.5
Non interest-bearing	**468.1**	367.2
Cash and cash equivalents	**402.5**	280.3
Total current assets	**1,019.9**	748.9
TOTAL ASSETS	**1,421.4**	1,068.0
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the parent company	**398.4**	356.7
Non-controlling interest	**1.1**	1.0
Total equity	**399.5**	357.7
Non-current liabilities		
Interest-bearing	**47.6**	56.6
Non interest-bearing	**107.0**	98.1
Total non-current liabilities	**154.6**	154.7
Current liabilities		
Interest-bearing	**18.9**	25.7
Non interest-bearing		
Advances received **)	**399.0**	198.7
Other non interest-bearing liabilities	**449.4**	331.1
Total current liabilities	**867.3**	555.5
Total liabilities	**1,021.9**	710.2
TOTAL EQUITY AND LIABILITIES	**1,421.4**	1,068.0

*) Of which advances paid for inventories amounted to EUR 43.5 million on December 31, 2011 (December 31, 2010: EUR 17.9 million).

**) Gross advances received before percentage of completion revenue recognition amounted to EUR 1,462.3 million on December 31, 2011 (December 31, 2010: EUR 1,042.1 million).

Condensed Consolidated Statement of Cash Flows EUR million	Q1-Q4 2011	Q1-Q4 2010
Cash flows from operating activities		
Profit for the period	**79.3**	26.7
Adjustments for		
Depreciation and amortization	**19.4**	19.0
Other adjustments	**28.6**	28.1
Decrease in working capital	**134.4**	41.0
Interest received	**8.0**	5.2
Interest paid	**-2.0**	-0.9
Income tax paid	**-20.8**	-31.6
Net cash from operating activities	**247.0**	87.5
Purchases of assets	**-34.4**	-16.8
Acquisition of subsidiaries and business operations, net of cash	**-34.5**	-41.1
Acquisition of shares in associated companies	**-0.1**	-0.2
Proceeds from disposal of subsidiaries	**0.0**	0.8
Proceeds from sale of assets	**1.4**	5.2
Change in other investing activities	**-0.1**	-
Net cash used in investing activities	**-67.7**	-52.1
Cash flow before financing activities	**179.3**	35.3
Repayments of non-current debt	**-11.5**	-17.3
Borrowings of non-current debt	**-**	30.0
Decrease in current debt	**-4.9**	-17.7
Increase in current debt	**0.0**	11.4
Related party net investment to Outotec Oyj shares *)	**-0.2**	-4.1
Dividends paid	**-34.3**	-32.0
Change in other financing activities	**0.4**	0.4
Net cash used in financing activities	**-50.6**	-29.4
Net change in cash and cash equivalents	**128.8**	5.9
Cash and cash equivalents at the beginning of the period	**280.3**	258.5
Foreign exchange rate effect on cash and cash equivalents	**-6.6**	15.9
Net change in cash and cash equivalents	**128.8**	5.9
Cash and cash equivalents at the end of the period	**402.5**	280.3

*) Consolidation of Outotec Management Oy (incentive plan for Outotec executive board members). At the end of the reporting period, Outotec Management Oy held 199,747 (December 31, 2010: 191,211) Outotec shares which have been accounted as treasury shares in Outotec's consolidated statement of financial position.

Consolidated Statement of Changes in Equity

EUR million	Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Reserve for invested non-restricted equity	Cumulative translation differences	Retained earnings	Non-controlling interest	Total equity
	Attributable to the equity holders of the parent company									
Equity at January 1, 2010	16.8	20.2	0.3	1.1	-4.6	63.4	3.5	214.3	27.4	342.4
Dividends paid	-	-	-	-	-	-	-	-32.0	-	-32.0
Share Issue	0.4	-	-	-	-	24.3	-	-	-	24.7
Management incentive plan for Outotec Executive Board *)	-	-	-	-	-5.2	-	-	-	1.0	-4.1
Share-based compensation	-	-	-	-	-	-	-	0.7	-	0.7
Total comprehensive income for the period	-	-	-	1.0	-	-	25.5	26.7	-	53.1
Non-controlling interest related to Larox Group acquisition	-	-	-	-	-	-	-	-	-27.4	-27.4
Other changes	-	-	0.1	-	-	-	-	0.3	-	0.4
Equity at December 31, 2010	17.2	20.2	0.4	2.1	-9.7	87.7	29.0	210.0	1.0	357.7
Equity at January 1, 2011	17.2	20.2	0.4	2.1	-9.7	87.7	29.0	210.0	1.0	357.7
Dividends paid	-	-	-	-	-	-	-	-34.3	-	-34.3
Management incentive plan for Outotec Executive Board *)	-	-	-	-	-0.3	-	-	-	0.1	-0.2
Share-based compensation	-	-	-	-	2.4	-	-	0.9	-	3.3
Total comprehensive income for the period	-	-	-	-3.2	-	-	-3.9	79.3	-	72.1
Other changes	-	-	0.0	-	-	-	-	0.7	-	0.7
Equity at December 31, 2011	**17.2**	**20.2**	**0.4**	**-1.2**	**-7.5**	**87.7**	**25.1**	**256.5**	**1.1**	**399.5**

*) Consolidation of Outotec Management Oy (incentive plan for Outotec executive board members). At the end of the reporting period, Outotec Management Oy held 199,747 (December 31, 2010: 191,211) Outotec shares which have been accounted as treasury shares in Outotec's consolidated statement of financial position.

Key figures	Q4 2011	Q4 2010	Q1-Q4 2011	Q1-Q4 2010
Sales, EUR million	**496.8**	330.3	**1 385.6**	969.6
Gross margin, %	**23.9**	26.9	**24.0**	26.2
Operating profit, EUR million	**48.9**	28.1	**111.9**	41.6
Operating profit margin, %	**9.9**	8.5	**8.1**	4.3
Profit before taxes, EUR million	**50.8**	25.0	**113.3**	37.1
Profit before taxes in relation to sales, %	**10.2**	7.6	**8.2**	3.8
Net cash from operating activities, EUR million	**21.2**	-4.8	**247.0**	87.5
Net interest-bearing debt at the end of period, EUR million	**-339.1**	-200.9	**-339.1**	-200.9
Gearing at the end of period, %	**-84.9**	-56.2	**-84.9**	-56.2
Equity-to-assets ratio at the end of period, %	**39.1**	41.2	**39.1**	41.2
Working capital at the end of period, EUR million	**-270.3**	-113.5	**-270.3**	-113.5
Capital expenditure, EUR million	**75.0**	9.8	**98.3**	96.7
Capital expenditure in relation to sales, %	**15.1**	3.0	**7.1**	10.0
Return on investment, %	**44.4**	26.7	**26.4**	9.2
Return on equity, %	**39.4**	21.4	**20.9**	7.6
Order backlog at the end of period, EUR million	**1,985.1**	1,393.1	**1,985.1**	1,393.1
Order intake, EUR million	**327.0**	356.6	**2,005.4**	1,394.7
Personnel, average for the period	**3,806**	3,124	**3,516**	3,151
Profit for the period in relation to sales, %	**7.4**	5.6	**5.7**	2.8
Research and development expenses, EUR million	**10.8**	7.8	**33.5**	28.5
Research and development expenses in relation to sales, %	**2.2**	2.4	**2.4**	2.9
Earnings per share, EUR	**0.81**	0.40	**1.75**	0.59
Equity per share, EUR	**8.75**	7.87	**8.75**	7.87
Dividend per share, EUR	**-**	-	**0.85***	0.75

*) Board of Directors proposal for dividend per share

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Outotec has applied the following revised or new standards and interpretations since the beginning of 2011, which does not have material impact on the Group's financial statements:

- IAS 24 Related Party Disclosures.
- IAS 32 Financial Instruments: Presentation: Classification of Rights Issues.
- IFRIC 14 – Prepayments of a Minimum Funding Requirement (an interpretation of IAS 19).
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.

The following new standards and interpretations have been published, but are not effective in 2011, nor has Outotec early adapted them. These changes are not expected to have material impact on Outotec's figures.

- IAS 19 - Employee benefits. The amendment will eliminate the corridor approach and will recognize all actuarial gains and losses in OCI as they occur; to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The group has yet to assess the full impact of the amendment.
- IFRS 9 – Financial instruments. The standard addresses, the classification, measurement and recognition of financial assets and financial liabilities. The two parts of the IFRS 9 were issued in November 2009 and October 2010. It replaces parts of IAS 39 which relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the

entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The main change regarding the financial liabilities is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. Outotec has yet to assess IFRS 9's full impact and intends to adopt IFRS 9 wholly no later than the accounting period beginning on or after January,1 2015.

- IFRS 10 – Consolidated financial statements. The new standard of Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor as to whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 is not expected to have material impact on Outotec's financial statements.

- IFRS 12 - Disclosures of interests in other entities. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Outotec has yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after January 1, 2013.

- IFRS 13 - Fair value measurement. The standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Outotec has yet to assess IFRS13's full impact and intends to adopt IFRS 13 during the accounting period beginning on or after January 1, 2013, the latest.

Use of estimates

IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Accounting estimates are employed in the financial statements to determine reported amounts, including the realisability of certain assets, the useful lives of tangible and intangible assets, income taxes, provisions, pension obligations and impairment of goodwill. These estimates are based on management's best knowledge of current events and actions; however, it is possible that the actual results may differ from the estimates used in the financial statements.

Major Non-Recurring Items in Operating Profit EUR million	**Q1-Q4** **2011**	Q1-Q4 2010
One-time costs related to reorganization of business	**-3.7**	-26.5
One-time income related to reorganization of business	**1.1**	-
Net effect from acquisition costs and revaluation of Ausmelt Ltd. shares	**-**	2.2
Gains on disposal of subsidiary shares	**-**	0.6
Costs related to acquisitions	**-2.0**	-

Income Tax Expenses EUR million	**Q1-Q4** **2011**	Q1-Q4 2010
Current taxes	**-33.5**	-30.9
Deferred taxes	**-0.5**	20.5
Total income tax expenses	**-34.0**	-10.4

Property, Plant and Equipment EUR million	December 31, 2011	December 31, 2010
Historical cost at the beginning of the period	**128.9**	117.8
Translation differences	**-0.5**	4.5
Additions	**17.9**	10.7
Disposals	**-4.5**	-3.6
Acquired subsidiaries	**3.5**	1.6
Reclassifications	**-0.6**	-2.0
Historical cost at the end of the period	**144.8**	128.9
Accumulated depreciation and impairment at the beginning of the period	**-76.2**	-65.7
Translation differences	**0.2**	-2.6
Disposals	**3.4**	2.2
Reclassifications	**-0.3**	1.9
Impairment during the period	**-**	-2.4
Depreciation during the period	**-9.5**	-9.6
Accumulated depreciation and impairment at the end of the period	**-82.2**	-76.2
Carrying value at the end of the period	**62.5**	52.7

Commitments and Contingent Liabilities EUR million	December 31, 2011	December 31, 2010
Pledges and mortgages	**0.0**	0.6
Guarantees for commercial commitments	**209.1**	184.7
Minimum future lease payments on operating leases	**161.8**	70.5

The pledges and mortgages are used to secure credit facilities in Outotec (Shanghai) Co. Ltd.

The above value of commercial guarantees does not include advance payment guarantees issued by the parent or other group companies. The total amount of guarantees for financing issued by group companies amounted to EUR 25.8 million on December 31, 2011 (December 31, 2010: EUR 36.5 million) and for commercial guarantees including advance payment guarantees EUR 477.1 million on December 31, 2011 (December 31, 2010: EUR 308.1 million).

Derivative Instruments

Currency Forwards EUR million	December 31, 2011	December 31, 2010
Fair values, net	**-9.6*)**	-1.3 **)
Nominal values	**545.4**	444.4

*) of which EUR -3.6 million designated as cash flow hedges.
**) of which EUR 0.0 million designated as cash flow hedges.

Related Party Transactions

Balances with Key Management

Outotec's board of directors granted to Outotec Management Oy an interest-bearing loan at the maximum amount of EUR 5.0 million to finance the acquisition of Outotec shares. The amount of the outstanding loan was EUR 4.3 million on December 31, 2011 (December 31, 2010: EUR 4.1 million).

Transactions and Balances with Associated Companies EUR million	**Q1-Q4** **2011**	Q1-Q4 2010
Sales	**0.0**	0.1
Other income	**0.6**	-
Purchases	**-0.3**	-0.7
Trade and other receivables	**0.3**	0.4
Current liabilities	**0.6**	0.2
Loan receivables	**0.6**	0.2

Business Combinations

Acquisition of Energy Products of Idaho LP

On December 30, 2011 Outotec acquired all interests in Energy Products of Idaho Limited Partnership (referred to as 'EPI') in Coeur d'Alene, the United States. EPI is a leading company in the area of biomass and difficult waste materials combustion and has delivered over 100 renewable energy solutions.

The acquisition price consists of two components: a fixed cash element of EUR 46.4 million and estimated earn-out payment of EUR 8.8 million (EUR 25 million at maximum) based on EPI's financial performance in 2012 and 2013. Acquisition related transaction costs of EUR 1.6 million have been expensed in 2011 and are reported in other operating expenses.

The following purchase price allocation is preliminary and will be finalized during 2012. The purchase price has been allocated to intangible assets such as technologies, trademark and customer relationships. The goodwill is mainly based on experienced personnel of EPI and on the synergy benefits. These synergy benefits are partly from combining EPI and Outotec sales and service networks.

EUR million	Fair values recorded on acquisition	Carrying amounts prior to acquisition
Intangible assets	**21.9**	0.3
Property, plant and equipment	**1.2**	0.7
Inventories	**0.2**	0.2
Trade and other receivables	**6.6**	6.8
Cash and cash equivalents	**12.4**	12.4
Total assets	**42.4**	20.3
Trade and other payables	**17.2**	17.0
Total liabilities	**17.2**	17.0
Net assets	**25.2**	3.3
Acquisition cost	**55.2**	
Goodwill*)	**30.0**	
Cash and cash equivalents in subsidiary acquired	**12.4**	
Acquisition cost paid in cash at December 31, 2011	**46.4**	
Exchange differences	**-2.4**	
Cash flow effect at December 31, 2011	**31.6**	
Acquisition cost as liability December 31, 2011	**8.8**	

*) Goodwill EUR 30.0 million is deductible for tax purposes

Other acquired businesses

Outotec has strengthened its service offerings in South East Asia Pacific by acquiring a furnace refractory demolition business of Kiln Services Australia Pty Ltd. The acquisition was completed on December 9, 2011.

This acquisition supports Outotec's strategy to expand its service offerings and complements Outotec's portfolio of shutdown services to the mining, metals processing and refractory industries. The acquired business is based on specialized robotic refractory demolition equipment and related expertise. Kiln Services Australia is based in Perth and has service centers in both Adelaide and Tasmania.

Effect of acquired business combinations on Outotec Group's sales and profit for the period in 2011

Outotec's sales for January 1, 2011- December 31, 2011 would have been EUR 1,426.3 million and profit for the period EUR 79.3 million if the acquisition of Energy Products of Idaho LP and Kiln Services Australia Pty Ltd. would have been completed on January 1, 2011.

Segments' Sales and Operating Profit by Quarters								
EUR million	Q1/10	Q2/10	Q3/10	**Q4/10**	Q1/11	Q2/11	Q3/11	**Q4/11**
Sales								
Non-ferrous Solutions	113.5	141.3	144.6	**223.9**	162.0	191.4	235.5	**358.8**
Ferrous Solutions	20.0	32.9	35.5	**43.2**	43.6	42.6	60.0	**74.8**
Energy, Light Metals and Environmental Solutions	54.6	52.6	50.3	**65.3**	46.1	57.7	61.4	**70.9**
Unallocated items *) and intra-group sales	-1.0	-3.0	-1.8	**-2.2**	-4.1	-3.4	-4.1	**-7.7**
Total	187.0	223.8	228.5	**330.3**	247.5	288.4	352.8	**496.8**
Operating profit								
Non-ferrous Solutions	-15.4	4.8	13.5	**23.2**	18.1	12.6	24.6	**52.4**
Ferrous Solutions	-2.5	1.4	4.2	**8.2**	3.2	-1.9	6.0	**-0.6**
Energy, Light Metals and Environmental Solutions	10.0	1.9	3.5	**11.4**	3.3	5.2	11.7	**3.6**
Unallocated **) and intra-group items	-2.2	-2.6	-3.1	**-14.7**	-5.7	-5.0	-9.1	**-6.5**
Total	-10.1	5.5	18.1	**28.1**	19.0	10.9	33.2	**48.9**

*) Unallocated items primarily include invoicing of group management and administrative services.

**) Unallocated items primarily include group management and administrative services.

Definitions for Key Financial Figures

Net interest-bearing debt = Interest-bearing debt - interest-bearing assets

$$\text{Gearing} = \frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$$

$$\text{Equity-to-assets ratio} = \frac{\text{Total equity}}{\text{Total assets - advances received}} \times 100$$

$$\text{Return on investment} = \frac{\text{Operating profit + finance income}}{\text{Total assets – non interest-bearing debt (average for the period)}} \times 100$$

$$\text{Return on equity} = \frac{\text{Profit for the period}}{\text{Total equity (average for the period)}} \times 100$$

Research and development expenses = Research and development expenses in the statement of comprehensive income

(including expenses covered by grants received)

$$\text{Earnings per share} = \frac{\text{Profit for the period attributable to the equity holders of the parent company}}{\text{Average number of shares during the period, as adjusted for stock split}}$$

$$\text{Dividend per share} = \frac{\text{Dividend for the financial year}}{\text{Number of shares at the end of the period, as adjusted for stock split}}$$