



# Q1-Q3/2011 Interim report

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President and CEO

October 27, 2011

**Outotec**

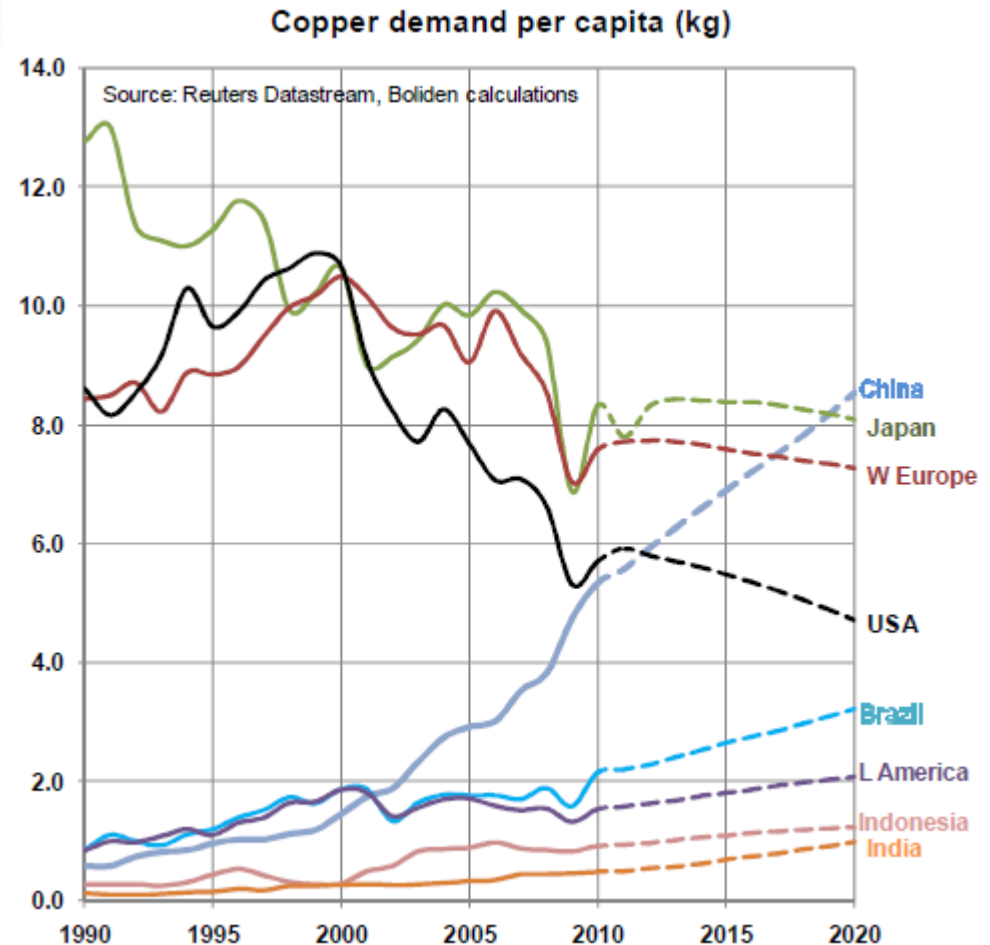


# Q1-Q3/2011 Financial information

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# Overall market activity continued strong in Q3, 1/2

- Investments supported by the positive long-term outlook for metals demand and good metals prices
- Production capacity utilization rates continued to be good
- The financial market in the emerging economies has remained operational and project funding is available
- Mining companies' strong cash flows and balance sheets have been supporting new investments

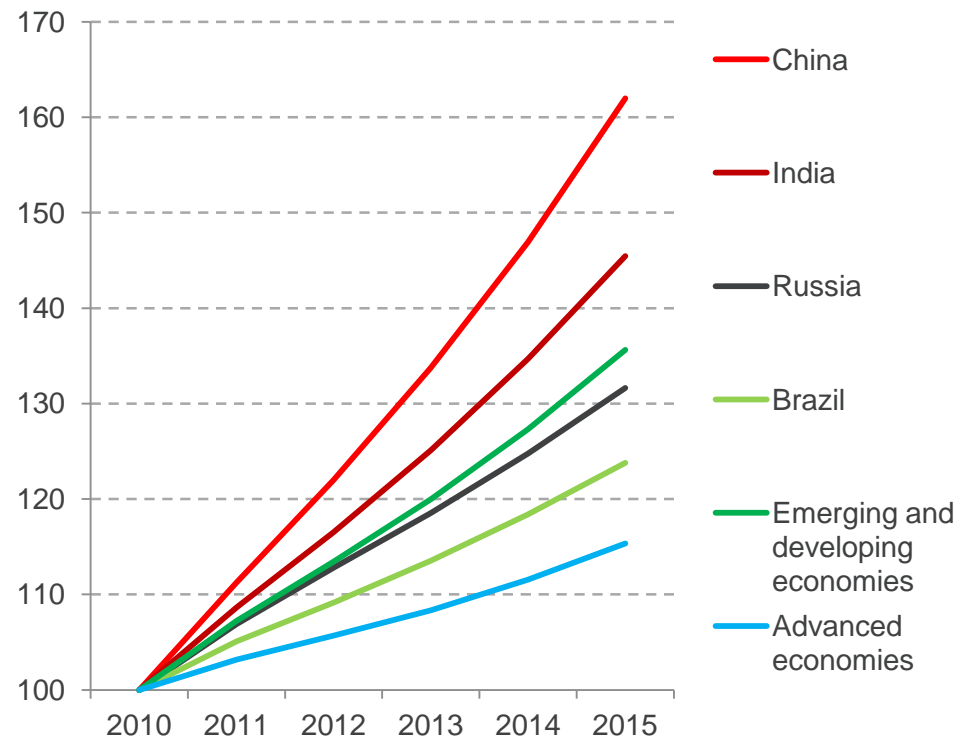


Source: Boliden

# Overall market activity continued strong in Q3, 2/2

- Markets in South America, Australia and India continued strong - In Q3, activity also picked up in the CIS, the Middle East, and China
- Strongest demand in copper, gold, and iron technologies – also alumina, aluminum and ferrochrome, sulfuric acid and gas cleaning technologies
- Signs of lengthening delivery times in certain areas of the subcontractor network
- Stricter environmental regulations prolong permitting process, positive trend for Outotec

GDP (PPP) growth in BRIC and Emerging vs Advanced economies



In terms of the global GDP development, the increasing role of BRIC and rapidly growing emerging markets is evident.

Source: IMF, Sept 2011

# Strong order momentum in Q3 continued

- Order intake in Q1-Q3/2011 EUR **1,678.4** million (Q1-Q3/2010: EUR 1,038.2 million), +62%
- Order intake in Q3/2011 EUR **802.7** million (Q3/2010: EUR 269.1 million), +198%
- Orders from EMEA (including CIS) represented 52%, Americas 34% and Asia Pacific 14%



**Concentrator technology (gold) for the Petropavlovsk Group, Russia**  
€25 million



**Copper concentrator for ZAO Miheevsky GOK, Russia**  
€60 million



**Gas cleaning and sulfuric acid plant for OJSC Almalyk Mining & Metallurgical Company, Uzbekistan**  
approx. €30 million



**Iron ore pelletizing plant for Novolipetsk Metallurgisk Kombinat, Russia**  
€150 million



**High Gradient Magnetic Separators (iron) for London Mining Plc, Sierra Leone**  
over €10 million



**Aluminum smelter technology for Emirates Aluminium PJSC (EMAL), Abu Dhabi**  
over €100 million



**Ferrochrome plant for Mintal Group Co. Ltd, China**  
value not disclosed



**2 Calciners for Ma'aden Bauxite Aluminium Company, Saudi Arabia**  
€62 million (roughly €50 million in Q3 order intake)

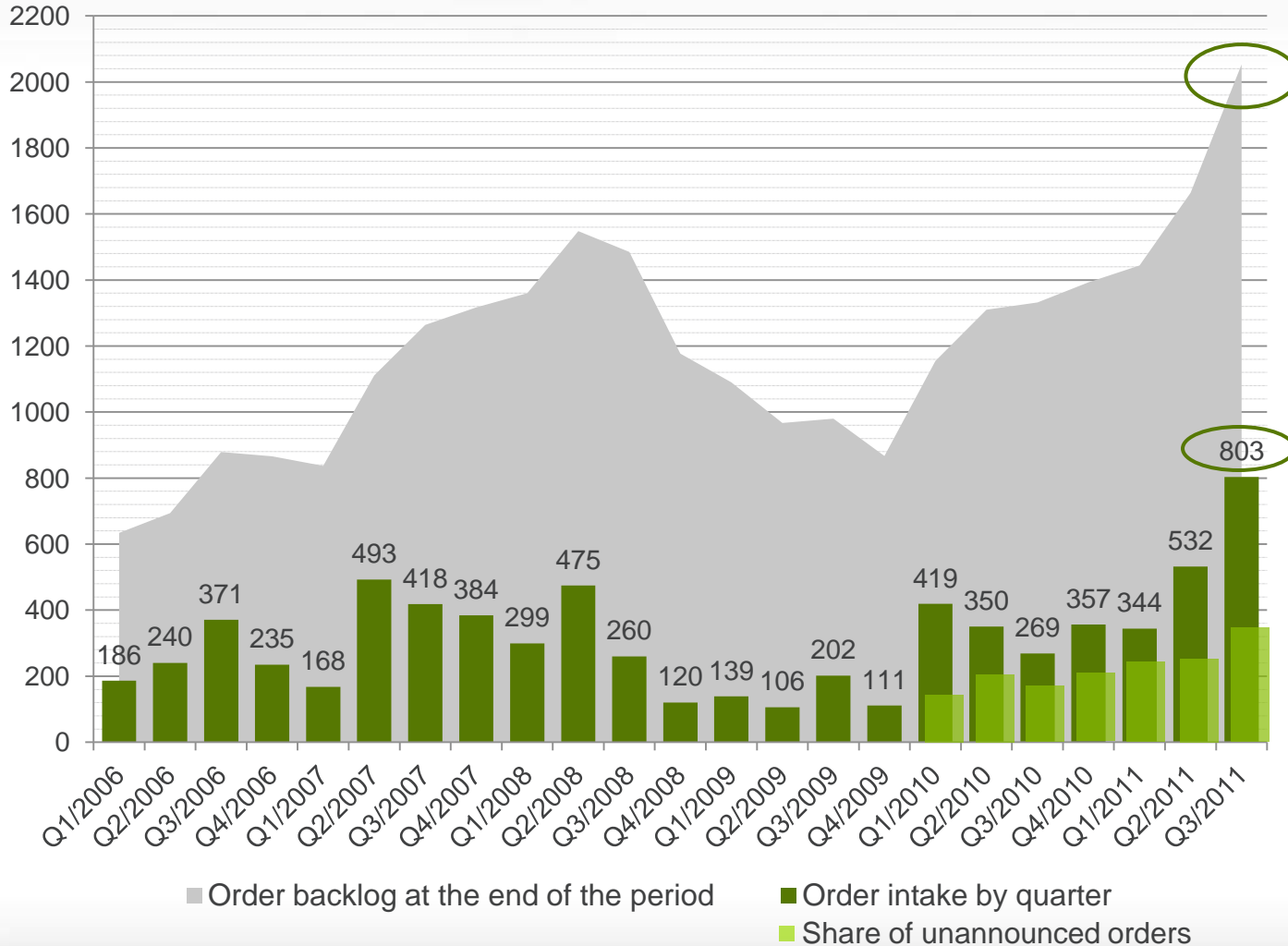


**Concentrator technology for Codelco, Chile**  
approx. €24 million (half in Q2 and the rest in Q3)

Outotec offices

# Record-high order intake in Q3 resulting in order backlog over EUR 2bn

EUR million



- Order backlog at the end of Q3/2011 was EUR **2,052.5** (1,332.2) million, 54% higher than at the end of Q3/2010
- 35 projects with value in excess of EUR 10 million, accounting for 68% of the backlog
- Roughly 25% (or approx. EUR 510 million) of the backlog is estimated to be delivered in 2011 and the rest in 2012 and beyond
- Strong quarterly fluctuations in order intake

# Solid organic sales growth and improved profitability

EUR million	Q1-Q3 2011	Q1-Q3 2010	Change %	Last 12 months	2010	Q3 2011	Q3 2010	Change %
Sales	<b>888.8</b>	639.4	+39.0	1,219.1	969.6	<b>352.8</b>	228.5	+54.4
Gross margin, %	<b>24.0</b>	25.8		24.8	26.2	<b>24.9</b>	27.3	
Operating profit from business operations	<b>66.6</b>	41.2	+61.6	100.1	74.7	<b>34.3</b>	26.4	+30.0
- one-time restructuring cost		-22.3		-4.2	-26.5		-6.2	
- PPA amortization	<b>-3.6</b>	-7.6		-5.4	-9.4	<b>-1.2</b>	-2.0	
+ revaluation of Ausmelt shares	-	+2.2		-	+2.2	-	-	
+ Other	-	-		+0.6	+0.6	-	-	
Reported operating profit	<b>63.0</b>	13.5	+367.4	91.1	41.6	<b>33.2</b>	18.1	+83.0
FX impact (unrealized, realized)	<b>+2.3</b>	+3.3		+0.9	+1.9	<b>-2.5</b>	+4.7	
Operating profit margin, %	<b>7.1</b>	2.1		7.5	4.3	<b>9.4</b>	7.9	
- from business operations, %	<b>7.5</b>	<b>6.4</b>		<b>8.2</b>	<b>7.7</b>	<b>9.7</b>	<b>11.5</b>	

# Non-ferrous Solutions – strong growth and good profitability



## Q1-Q3 highlights

- Continued very strong order intake
- Strong growth of services, equipment and process solution sales revenue
- Solid delivery execution
- Good profitability

EUR million	Q1-Q3 2011	Q1-Q3 2010	Change %	2010	Q3 2011	Q3 2010
Sales	<b>588.9</b>	399.4	+47.5	623.3	<b>235.5</b>	144.6
Operating profit from business operations *)	<b>58.6</b>	26.6	+120.3	50.6	<b>25.7</b>	20.7
Operating profit *)	<b>55.3</b>	2.9		26.1	<b>24.6</b>	13.5
Operating profit margin from business operations, %	<b>9.9</b>	6.7		8.1	<b>10.9</b>	14.3
Operating profit margin, %	<b>9.4</b>	0.7		4.2	<b>10.5</b>	9.3

\*) unrealized and realized foreign exchange gains in Q1-Q3/2011 EUR 1.0 million



# Ferrous Solutions – strong growth, profitability improving



## Q1-Q3 highlights

- Strong growth due to good 2011 order intake
- Good progress in project execution
- Improved operating profit due to project completions and provision releases

EUR million	Q1-Q3 2011	Q1-Q3 2010	Change %	2010	Q3 2011	Q3 2010
Sales	<b>146.3</b>	88.4	+65.5	131.5	<b>60.0</b>	35.5
Operating profit from business operations	<b>7.3</b>	4.4	+65.9	12.6	<b>6.0</b>	4.2
Operating profit	<b>7.3</b>	3.1		11.3	<b>6.0</b>	4.2
Operating profit margin from business operations, %	<b>5.0</b>	4.9		9.5	<b>10.0</b>	11.9
Operating profit margin, %	<b>5.0</b>	3.6		8.6	<b>10.0</b>	11.9

# Energy, Light Metals and Environmental Solutions – sales growing and strong profitability



## Q1-Q3 highlights

- Strong order intake
- Sales back on growth track
- Successful project completions
- Strong profitability

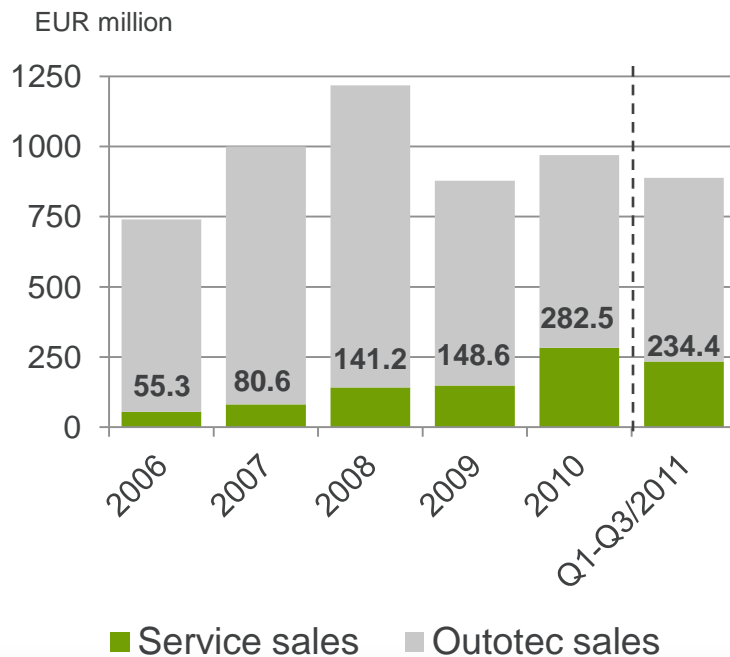
EUR million	Q1-Q3 2011	Q1-Q3 2010	Change %	2010	Q3 2011	Q3 2010
Sales	<b>165.2</b>	157.5	+4.9	222.8	<b>61.4</b>	50.3
Operating profit from business operations*)	<b>20.6</b>	17.4	+18.4	28.9	<b>11.7</b>	4.4
Operating profit *)	<b>20.2</b>	15.3		26.8	<b>11.7</b>	3.5
Operating profit margin from business operations, %	<b>12.5</b>	11.0		13.0	<b>19.1</b>	8.7
Operating profit margin, %	<b>12.3</b>	9.7		12.0	<b>19.0</b>	6.9

\*) unrealized and realized foreign exchange gains in Q1-Q3/2011 EUR 1.4 million

# Services – very strong organic growth



- Sales of the Service business in Q1-Q3 were EUR 234.4 million (Q1-Q3/2010: 182.0 million), up 29%
- In the reporting period, Service business represents 26% of sales (Q1-Q3/2010: 28%)
- Sales of the Service business in Q3/2011 were EUR 87.7 million, representing 25% of sales (Q3/2010: 69.5 million, 30% of sales)
- Long-term Services sales target: EUR 500 million by the end of 2015



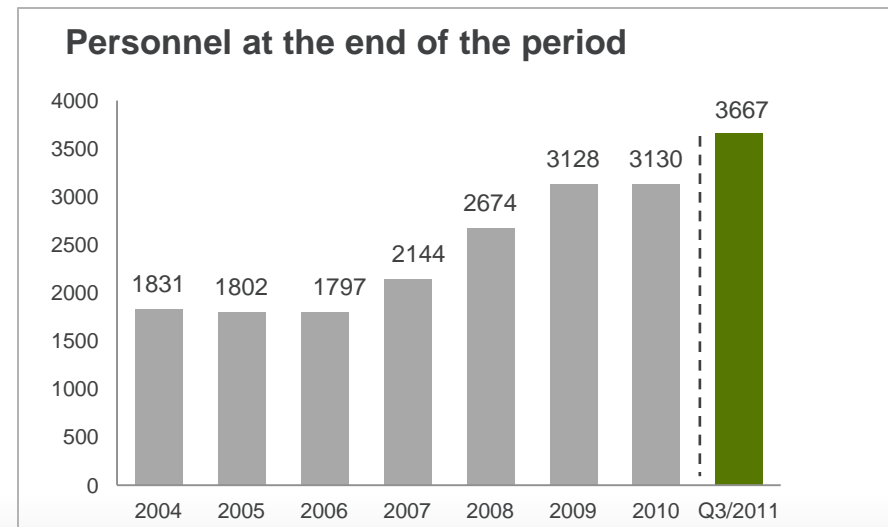
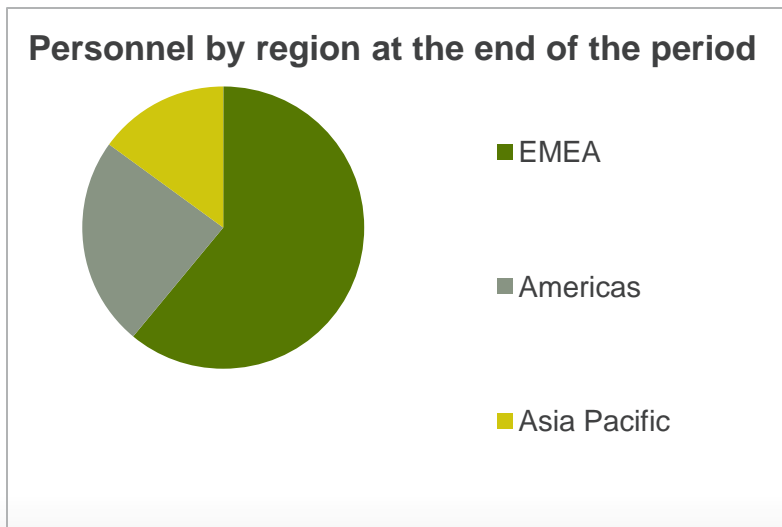
# Strong cash flow and further strengthened financial position

EUR million	Q1-Q3 2011	Q1-Q3 2010	Last 12 months	2010	Q3 2011	Q3 2010
Net cash from operating activities	<b>225.8</b>	92.3	221.0	87.5	<b>120.1</b>	50.3
Net interest-bearing debt <sup>*)</sup>	<b>-356.7</b>	-206.0	-356.7	-200.9	<b>-356.7</b>	-206.0
Equity <sup>*)</sup>	<b>351.2</b>	328.0	351.2	357.7	<b>351.2</b>	328.0
Equity-to assets ratio, % <sup>*)</sup>	<b>39.3</b>	41.9	39.3	41.2	<b>39.3</b>	41.9
Gearing, % <sup>*)</sup>	<b>-101.6</b>	-62.8	-101.6	-56.2	<b>-101.6</b>	-62.8
Working capital <sup>*)</sup>	<b>-269.6</b>	-141.3	-269.6	-113.5	<b>-269.6</b>	-141.3
ROI, %	<b>21.8</b>	3.9	24.2	9.2	<b>34.6</b>	18.5
ROE, %	<b>15.9</b>	3.3	17.9	7.6	<b>25.5</b>	14.2
Earnings per share, EUR	<b>0.93</b>	0.18	1.34	0.59	<b>0.48</b>	0.25

<sup>\*)</sup> At the end of the period

# Personnel increased to support growth and record-high order intake

- At the end of Q3/2011, Outotec had **3,667** employees (September 30, 2010: 3,126)
- Temporary personnel accounted for **9%** (2010: 7%) of the total number of employees
- Additionally some **480** FTE contracted people in projects (September 30, 2010: 290)



# Events after the period












- On October Outotec was featured in CDP's Nordic Carbon Disclosure Leadership Index, which highlights companies with the most professional approach to climate change disclosure practices.
  - Outotec received 81 out of 100 points and was ranked among the top 10 percent of the 260 companies
  - CDP's analysis is based on greenhouse gas emissions, emission reduction targets as well as understanding of risks and opportunities associated with climate change. High scores indicate good internal data management and understanding of climate change related issues affecting the company.



# Priorities in 2011 - September-end update

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# Q3 progress of 2011 priorities

Objective	Actions	Progress in Q3	Status
All businesses on growth track	<ul style="list-style-type: none"> <li>• Strong starting order backlog</li> <li>• Win new business and execute well</li> </ul>	<ul style="list-style-type: none"> <li>• Strong order intake in all business areas</li> <li>• Solid execution in all business areas</li> </ul>	 
Basic life cycle solution offerings and delivery capabilities in place	<ul style="list-style-type: none"> <li>• Launch new service products</li> <li>• New operational model focuses on delivering solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Good progress in developing and launching new service products</li> <li>• Good progress in offering and winning larger solution scopes</li> </ul>	 
New operational model enabling scalability, global processes and systems in place	<ul style="list-style-type: none"> <li>• Develop global supply and engineering functions</li> <li>• Develop and implement common processes and tools</li> <li>• Strengthen the resourcing</li> </ul>	<ul style="list-style-type: none"> <li>• Good progress in establishing global supply management</li> <li>• Good progress in building global platforms</li> <li>• Capacity to deliver in place, some manageable bottlenecks</li> </ul>	  
Acquisitions to strengthen service, energy and water businesses and to augment technology portfolio	<ul style="list-style-type: none"> <li>• Execute the acquisition needs identified as part of new strategy</li> </ul>	Technology acquisitions: <ul style="list-style-type: none"> <li>• ASH DEC</li> <li>• Vertical Pressure Filter</li> </ul> Solid M&A pipeline in execution	
Grow the Services business to EUR 500 million by 2015	<ul style="list-style-type: none"> <li>• Strengthen the resources in Services</li> <li>• Develop and launch new service products</li> <li>• Execute acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>• Active recruitment</li> <li>• Good progress in developing and launching new service products</li> <li>• Service acquisitions in pipeline</li> </ul>	  





# Market outlook and reiterated financial guidance for 2011

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# Market outlook (excerpts from Q1-Q3 interim report)

- The market activity is expected to continue robust
- Issues related to uncertain outlook of the global economy may delay or postpone customers' planning and decision-making process
- Quarterly order intake will continue to fluctuate considerably
- Project financing is available especially for companies with strong balance sheets, good cash flows and investments in projects in the emerging countries.
- Tightening efficiency and environmental regulations and the declining ore grades continue to attract investments
- In addition, rising energy prices are driving the industry to improve processes in order to achieve lower unit costs
- Global relocation of production is driving the investments to new capacity

# Financial guidance for 2011

Based on strong order intake in 2011 and good progress in project execution, the management expects that:

- order intake is expected to continue to grow,
- sales are expected to grow to approximately EUR 1.35-1.45 billion (raised on September 19, 2011, previously EUR 1.25-1.35 billion), and
- operating profit is expected to improve from 2010 and operating profit margin from business operations is expected to be approximately 8 - 9%.

Operating profit is dependent on exchange rates, product mix, timing of new orders and project completions.



Q&A

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