



# CEO's review

Pertti Korhonen, President and CEO

Annual General Meeting 2012  
March 23, 2012

**Outotec**

# Industries served

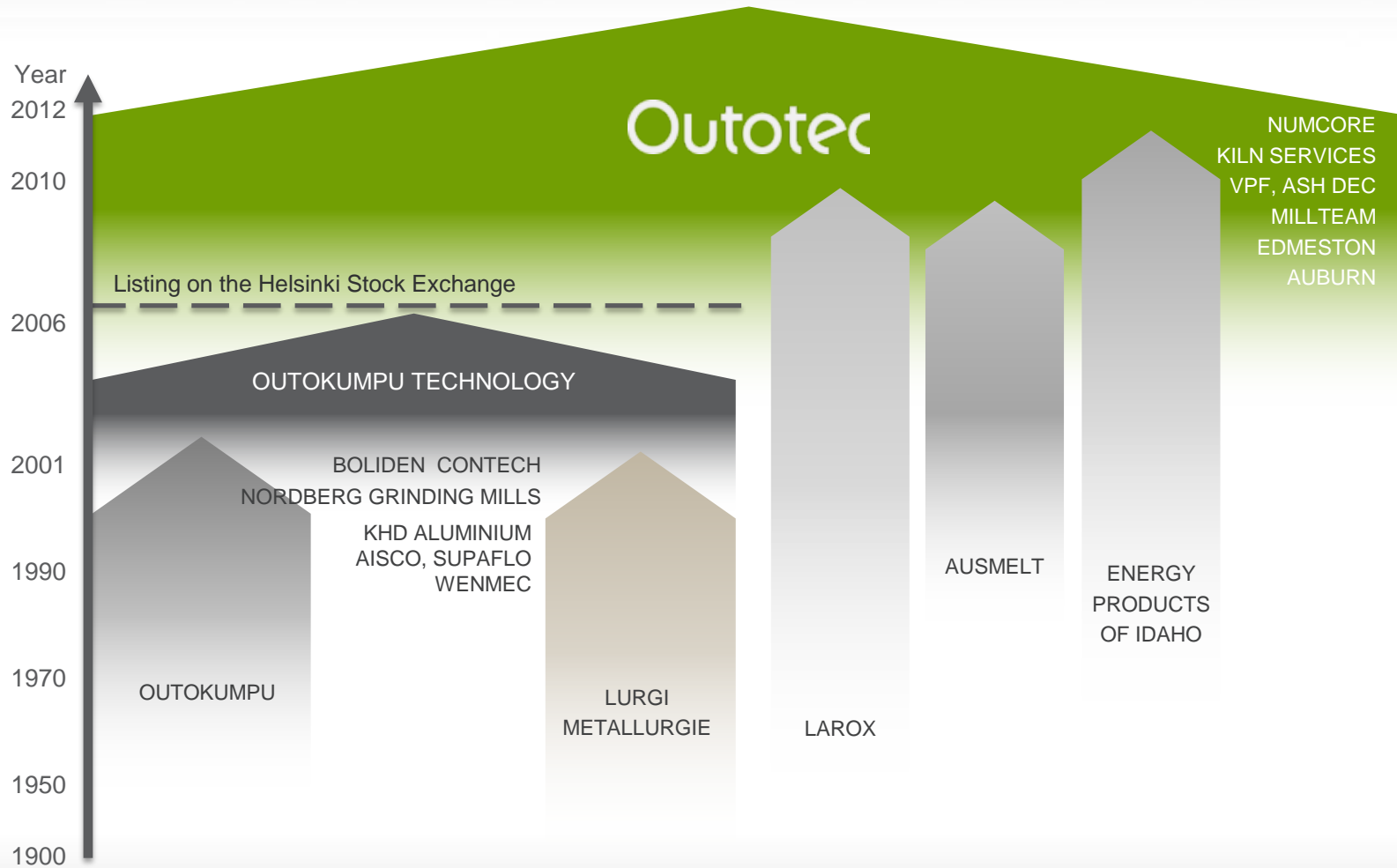
We innovate, develop and deliver sustainable technology solutions and life cycle services to:

- Minerals and metals industries (84% of sales)
- Energy industry
- Industrial water treatment
- Chemical industry



- 87 % of the order intake Environmental Goods and Services, OECD

# We have been a technology leader for over a century



# Examples of benchmark technologies

- Half of the world's pyrometallurgical primary copper is produced with Outotec® Flash Smelting
- One-third of the world's hydrometallurgical copper is produced with Outotec® SX-EW
- Over a third of the world's sulfuric acid capacity runs on Outotec technology
- Most of the world's iron ore pellets are produced using Outotec's traveling grate process
- Extensive IPR portfolio
  - Over 5,300 national patents or applications, over 70 trademarks
  - EUR 34 million investment in R&D (2011)

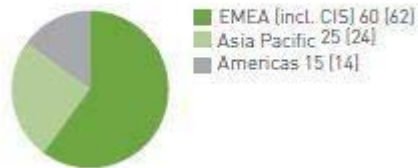




# Flexible operational model

- Presence in 24 countries, some 3,900 professionals deliveries to over 80 countries
- Global subcontractor/partner network
- Thousands of suppliers for engineering and construction, manufacturing, components, raw materials and services
- 90% of manufacturing sourced from external suppliers

Personnel by area, %



● Outotec office    ● Outotec manufacturing/assembly    ● Outotec research center

# Four business areas providing sustainable solutions

## Non-ferrous Solutions

For processing copper, nickel, zinc, lead, gold, silver and platinum group metals in the entire value chain from ore to metal

## Ferrous Solutions

For processing iron ores and other ferriferous materials in the entire value chain from ore to metal

## Energy, Light Metals and Environmental Solutions

For sulfuric acid production, off gas handling, alumina refining, roasting, calcining, biomass processing, oil shale & oil sands processing and industrial water treatment

Services for a plant's entire lifetime



# Long-term customer relationships with all the industry's top companies

## Selected reference customers of Outotec

Large global mining companies (seniors)	Small and medium sizes companies (juniors)	Local mining and metallurgical companies in emerging region
		

## Peers and competitors

### Non-ferrous Solutions:

Jacobs (Aker), Andritz, Bateman Engineering/Litwin, BGRIMM, CITIC, Delcor, EPCM, FLS, Krupp Polysius, Mesco, Metso, PERI, Siemens, SMS Meer, Thermo Fisher, WesTech, Xstrata

### Ferrous Solutions:

Jacobs (Aker), Bateman Engineering, BSIET, Danieli, Downer, FLS, Kobelco, Metso, Midrex, Siemens, SMS Siemag, Tenova Pyromet

### ELE Solutions:

Jacobs (Aker), Alcan, Alstom, Brochot, FLS, Foster Wheeler, GEA, MECS, Siemens, Solios, Stultz, Veolia

### Services:

FLS, Metso, local competitors, internal maintenance departments

Engineering: AMEC, Ausenco, Bechtel, Chalico, Enfi, Fluor, Hatch, MCC, NERIN, NFC, SNC-Lavalin, SRK, Worley Parsons

# 2011 - a record breaking year

EUR million	2011	2010	Change
Order intake	<b>2,005.4</b>	1,394.7	+44%
Order backlog	<b>1,985.1</b>	1,393.1	+42%
Sales	<b>1,385.6</b>	969.6	+43%
Operating profit from business operations*)	<b>121.5</b>	74.7	+63%
Operating profit from business operations, %	<b>8.8</b>	7.7	
Net cash flow from operating activities	<b>247.0</b>	87.5	+182%
Earnings per share, EUR	<b>1.75</b>	0.59	+197%

\*) excluding one-time items and purchase price allocation (PPA) amortizations



# Demand for Outotec's technologies was high in all market areas and end products

- Order intake in 2011 EUR **2,005.4** million (2010: EUR 1,394.7 million), **+44%**
- Order intake in Q4/2011 EUR **327.0** million (Q4/2010: EUR 356.6 million), **-8%**









Americas 33%

EMEA (including CIS) 49%

Asia Pacific 18%



-  **Iron ore pelletizing plant for Samarco Mineracao, Brazil**  
€200 million
-  **Effluent treatment plant for Codelco, Chile**  
€18 million
-  **Concentrator technology for Codelco, Chile**  
approx. €24 million
-  **Copper-molybdenum concentrator for Quadra FNX Mining, Chile**  
€26 million

-  **Copper flash smelting furnace and services for RTB Bor, Serbia**  
€60 million
-  **Copper concentrator for ZAO Miheevsky, Russia**  
€60 million
-  **Pelletizing plant for Novolipetsk Metallurgisk Kombinat, Russia**  
€150 million
-  **Gold concentrator and pressure oxidation technology for Petropavlovsk, Russia**  
€25 million + €34 million
-  **Gas cleaning and sulfuric acid plant for Almalyk Min. & Met., Uzbekistan**  
€30 million
-  **2 Calciners for Ma'aden Bauxite Aluminium Company, Saudi Arabia**  
€62 million
-  **Copper flash smelter for NICICO, Iran**  
€61 million
-  **Aluminum smelter technology for EMAL, Abu Dhabi**  
over €100 million

-  **Ferrochrome plant for Mintal Group, China**  
value not disclosed
-  **Ferrochrome plant for TISCO joint venture, China**  
value not disclosed
-  **Copper/gold concentrator technology and services for Sandfire Resources, Australia** €15 million

 Outotec offices



# Strong cash flow, balance sheet, ROI, ROE and EPS

EUR million	2011	2010
Net cash from operating activities	247.0	87.5
Net interest-bearing debt <sup>*)</sup>	-339.1	-200.9
Equity <sup>*)</sup>	399.5	357.7
Equity-to assets ratio, % <sup>*)</sup>	39.1	41.2
Gearing, % <sup>*)</sup>	-84.9	-56.2
Working capital <sup>*)</sup>	-270.3	-113.5
ROI, %	26.4	9.2
ROE, %	20.9	7.6
Earnings per share, EUR	1.75	0.59

*\*) At the end of the period*

# World megatrends impacting our industry

## SUSTAINABILITY

Awareness increasing in environmental, social and economic sustainability.

## ENVIRONMENTAL PROBLEMS

Global warming, pollution of environment, lack of clean water

## FOCUSING

Outsourcing of non-core activities increasing and Asia is established as the world's manufacturing powerhouse.

## NEW ENERGY PARADIGM

Oil will run out by 2050 and nuclear power is being abandoned by many countries.

## POLARIZATION OF THE WORLD

Increasing gap between stagnating developed economies and fast growing emerging markets, dominance of China.

## GLOBALIZATION

Increasing competition, consolidation and intensifying global talent war

## NATURAL RESOURCES

Natural resources are being exhausted and with current exploitation rate many resources will run out during the next decades.

## GLOBAL ECONOMY

World economy has become highly interconnected and financial crises follow each others every few years.

## DEMOGRAPHIC CHANGES

World population will grow rapidly and demand for commodities will increase.



# Demand for sustainable technology increases



Ore grade

Ore grades are declining and the demand for metals is increasing. In order to meet the demand, more ore needs to be processed with more advanced technology.



Energy

Making metals requires a lot of energy and energy costs are constantly climbing. More energy-efficient processes are needed.



Emissions

Mining and metallurgical industries are major emitters of CO<sub>2</sub> and eco-toxic substances. Cleaner solutions must be developed.



Water

Water availability and pollution are critical issues. Advanced solutions for water cleaning, conservation and recycling are needed.



Peak oil

Peak oil is approaching. Oil is expected to run out by 2050 with current production rates, thus alternative sources are needed.



Recycling

The need for recycling is growing, thus requiring new technologies for turning scrap and waste into products.

# Economical growth and its impact on environment can be decoupled by ecoefficiency enabled by advanced technologies

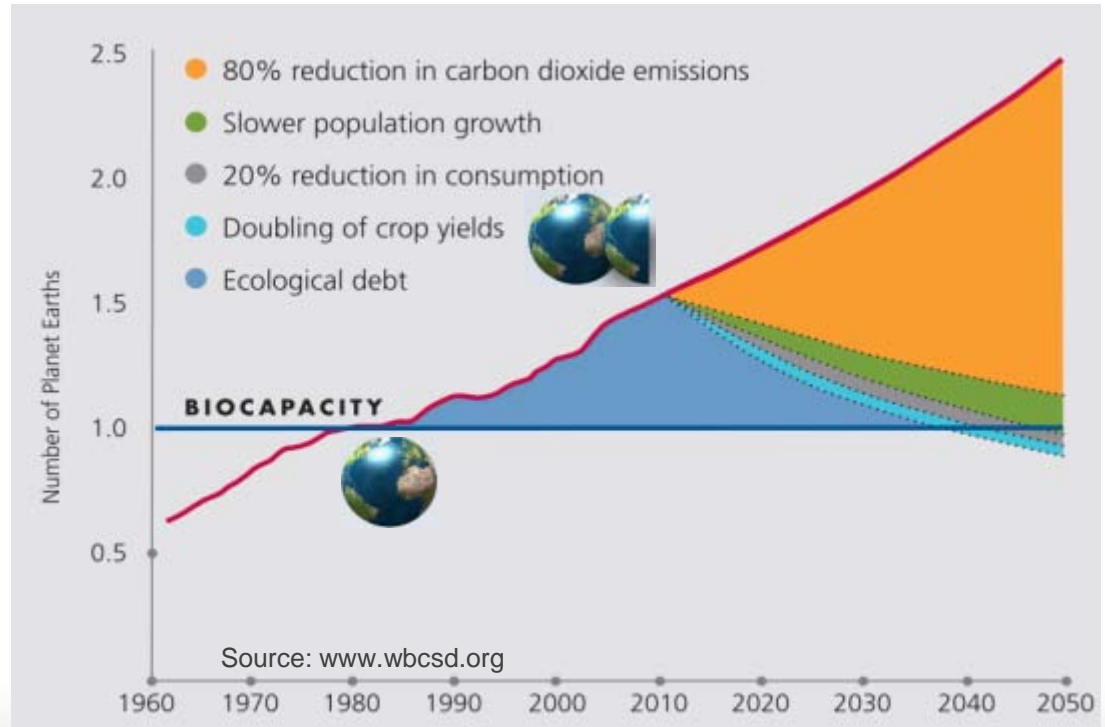


welfare  
environmental impact

eco-efficiency

Advanced technologies

environmental impact





# Sustainability at Outotec

- Sustainability is a core element in our mission and principles
- Outotec has signed the United Nations Global Compact initiative and has committed to its principles of human rights, environment, labor and anti-corruption.
- Outotec is member of Cleantech Finland.
- 87% of order intake (2011) classified as Environmental Goods and Services (OECD definition).
- Reporting based on GRI guidelines level B+ since 2010.
- Outotec is included in Carbon Disclosure Leadership Index for third year in a row.
- Outotec received jury's honorary mention in the competition evaluating the corporate responsibility reporting of the Finnish listed companies in 2011



CARBON DISCLOSURE PROJECT



Outotec

# Outotec's mission and strategy

Our strategic intent:

The leading provider of sustainable minerals and metals processing solutions,

and

an innovative provider of sustainable energy and water processing solutions.

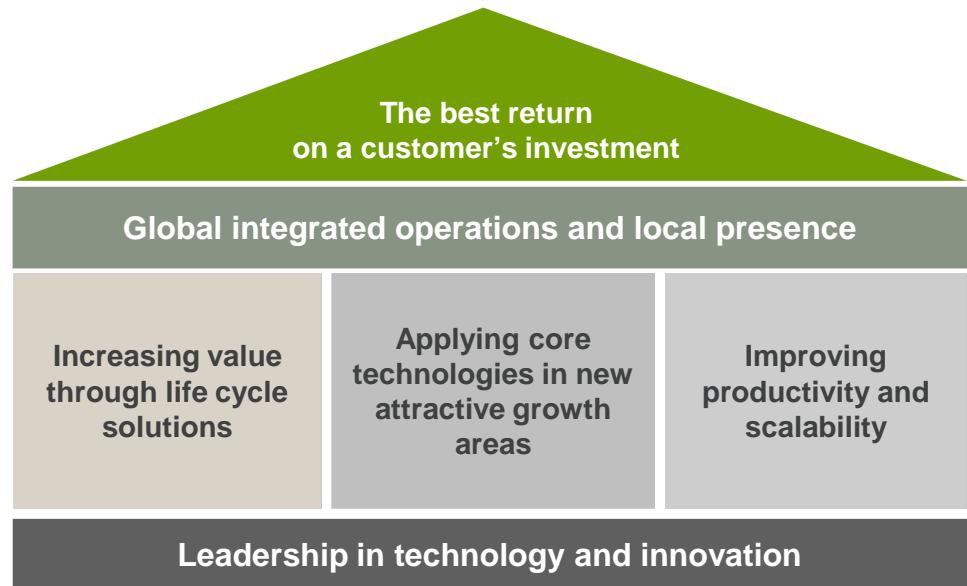


Our mission:

Sustainable use of Earth's natural resources.



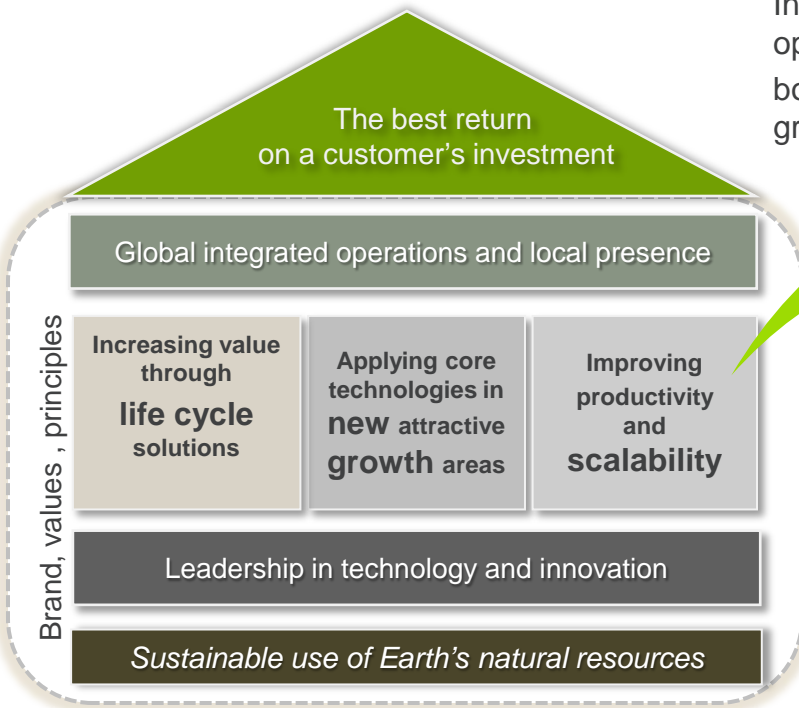
Sustainable solutions providing life cycle solutions create the best everyday value for the customers.



Strategy



# Outotec strategy in action



Outotec strategy in nutshell

**2010-2012:**  
Integrated global operations, bounce back to growth track

**2012-2014:**  
True organic growth

**2014-2015:**  
Lifecycle solutions in place

- All BAs and MAs on growth track
- Focus on life cycle solution offerings and delivery capabilities
- New operational model enabling scalability - global processes and IT systems in place
- Key acquisitions done and partnerships established
- Grow the Services business to EUR 500 million by 2015

Implementation path

## Strategic intent:

The **leading** provider of **sustainable minerals and metals** processing solutions, and an **innovative** provider of sustainable **energy and water** processing solutions.



## Financial targets: €

- 10-20% sales growth annually on average
- Operating profit 10% of sales on average
- Strong balance sheet
- 500 M€ annual service sales

# Outotec's long-term financial targets

## Targeting continuous profitable growth

Sales	CAGR 10-20%	Outotec targets to grow faster than the market resulting in compound average annual sales growth target in the range of 10-20%.
Operating profit margin	On average 10%	Annual operating profit margin from business operations is targeted to be on average 10%, excluding one time costs and purchase price allocations of acquired business.
Balance sheet		Maintain strong balance sheet to provide operational flexibility and enable acquisitions.

Dividend policy: Outotec aims to pay at least 40% of the annual net income.

# Services business continues on a growth track

## Sales target for Services

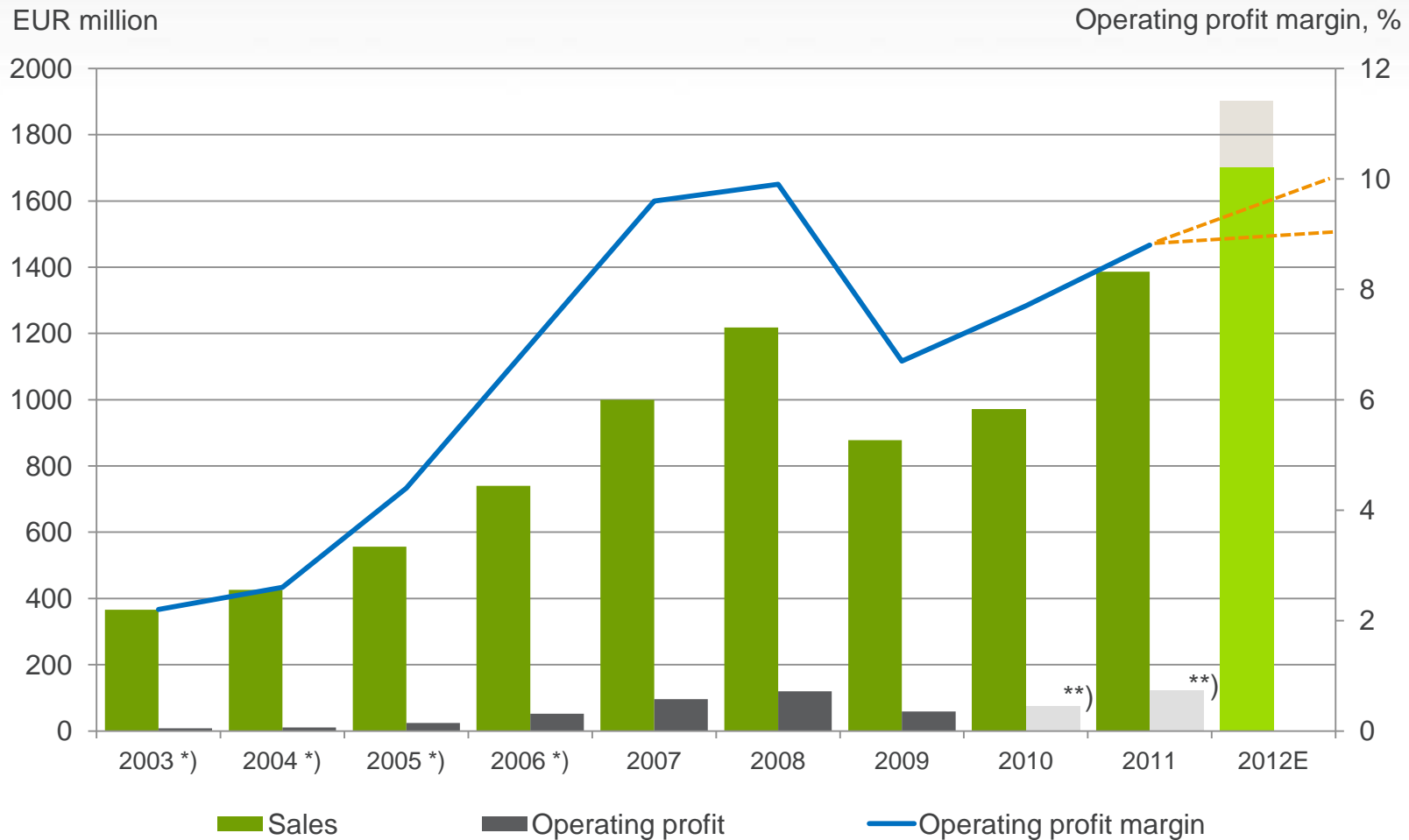
EUR 500 million  
by the end of 2015

The growth will be achieved through:

- Organic means
- Bolt-on acquisitions
- New life cycle service offerings



# Long term financial targets performance



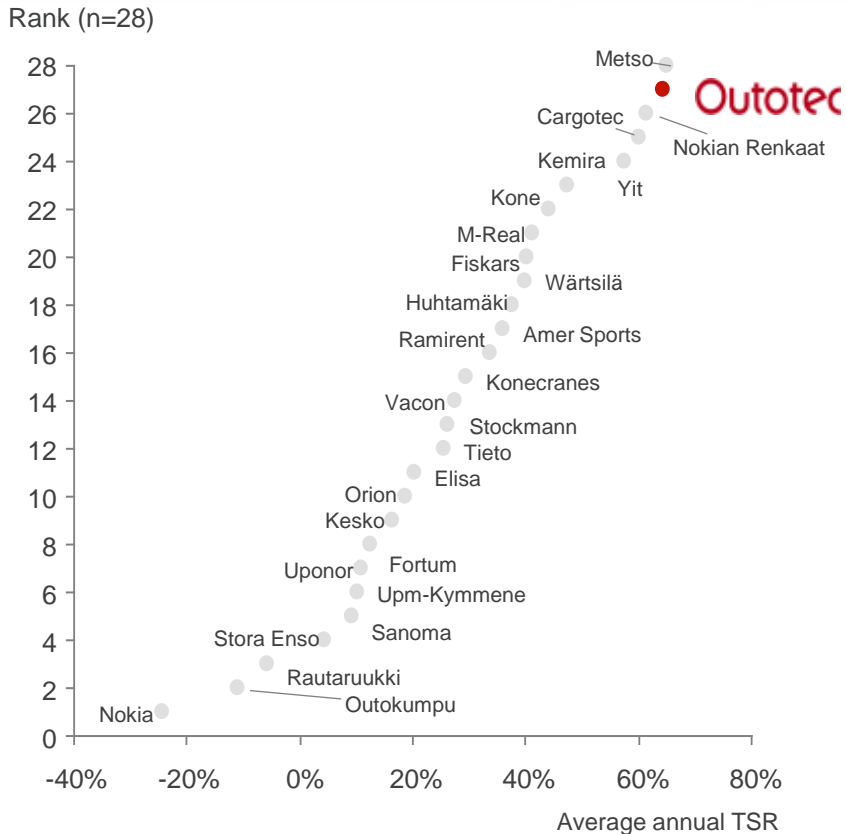
\*) Combined basis    \*\*) from operations, excl. one time costs and PPAs

# Outotec share price development

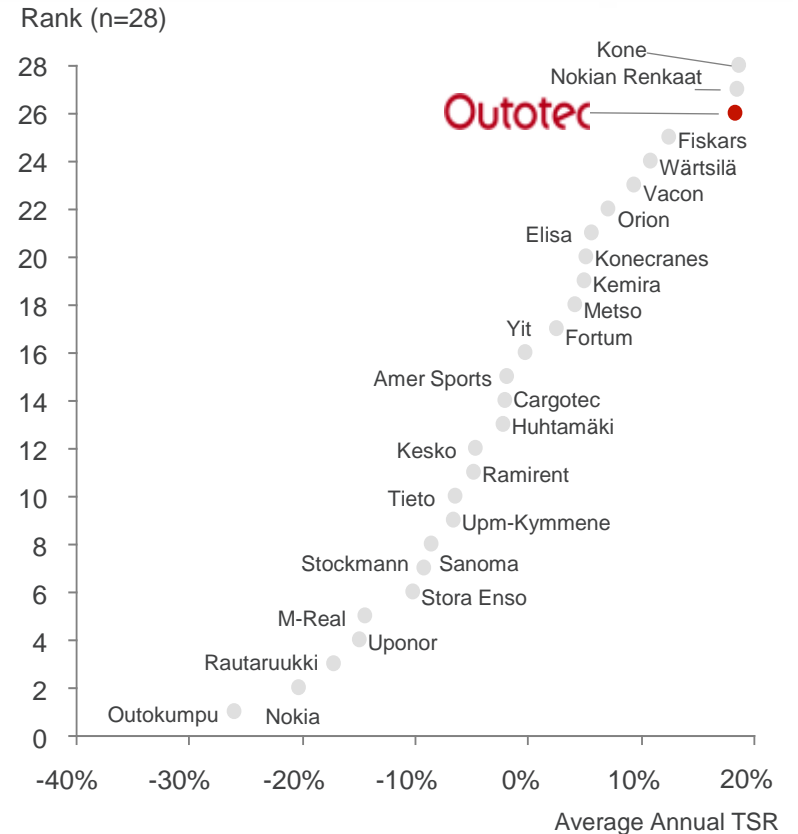


# Outotec one of the top performers on Total Shareholder Return in OMX Helsinki

Average annual TSR  
Jan 2009- Feb 2012 (3 years)



Average annual TSR  
Jan 2007- Feb 2012 (5 years)



Note: Total Shareholder Return (TSR)= capital gain + dividends and dividend-like items  
Source: Thomson Reuters Datastream; BCG analysis

# Dividend history

	Dividend per share, EUR	Pay out ratio, %	Yield, %
2007 (financial year 2006)	0.35	40	1.5
2008 (financial year 2007)	0.95	51	2.5
2009 (financial year 2008)	1.00	45	9.3
2010 (financial year 2009)	0.70	76	2.8
2011 (financial year 2010)	0.75	129	1.6
2012 (financial year 2011)	0.85*)	49	2.3

\*) Board proposal

# 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.