

Sustainable use of Earth's natural resources



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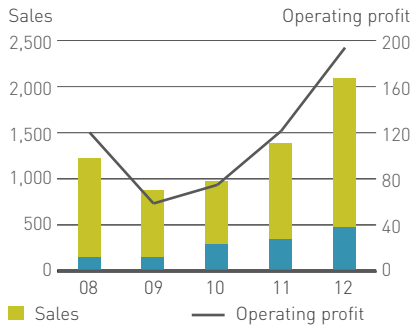
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All figures in the Financial Statements have been rounded and consequently the sum of individual figures may deviate from the sum presented.

Key figures have been calculated using exact figures.

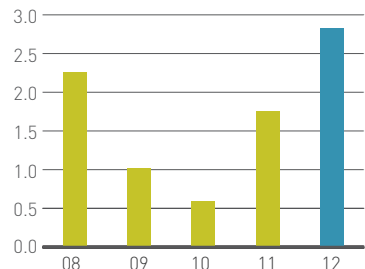
YEAR 2012 IN BRIEF

Sales and operating profit from business operations^{*)}, EUR million

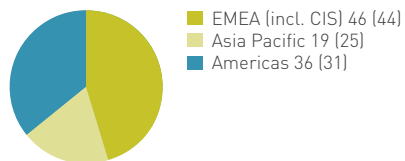


^{*)} excl. one-time items and PPA amortizations

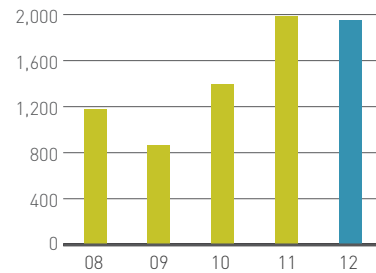
Earnings per share, EUR



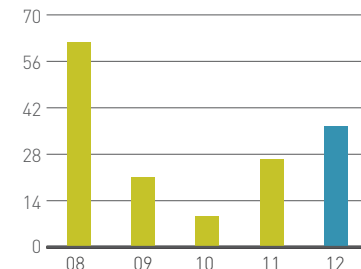
Sales by destination, %



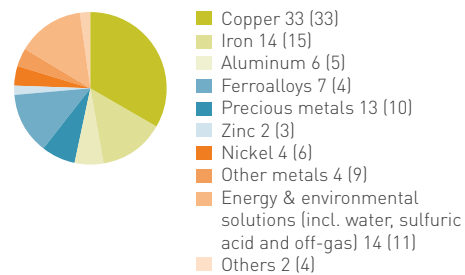
Order backlog, EUR million



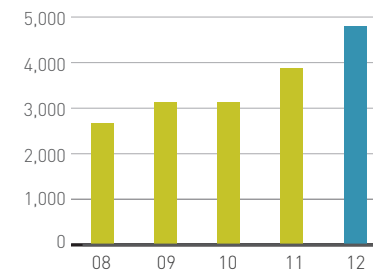
Return on investment, %



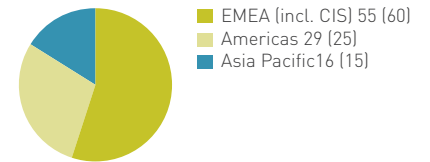
Sales by materials, %



Personnel



Personnel by area, %



The year 2012 was very successful for Outotec and an important milestone in our strategy implementation. For the first time, our sales exceeded two billion euros. We launched our current operational model and strategy in 2010 as a platform for sustainable growth. These initiatives have been very successful, delivering strong profitable growth even beyond our own expectations. We made good progress in all our 2012 key focus areas.

Ensuring continuous sales growth

Firstly, we have worked hard to ensure that we continue on our growth path through growing order intake and ensuring scalability of our operations and successful execution.

Despite the sluggish world economy and uncertainty of the business environment, the demand for our technologies and services continued solid throughout the year and our order intake grew four percent. This was due to our competitive offerings, good market position and comprehensive portfolio of technologies and services. Our customers' investment decisions are increasingly driven by environmental and energy efficiency factors, which boosted the demand for our advanced technologies. Environmental Goods and Services accounted for approximately 89% of total 2012 order intake (by OECD criteria), consisting of sustainable solutions for minerals and met-

als processing and environmental solutions including gas cleaning, sulfuric acid, alternative and renewable energy. Our sales grew faster than the market as a result of strong order book and successful operational execution and scaling of capacity.

Steps toward continued profitability improvement

As our second focus area, we took forward initiatives to enhance our profitability in line with our long term target of average 10% EBIT margin from business operations. We worked on several initiatives to extract more value from our leading technologies, to manage our supply chain more efficiently and to improve operational scalability. We advanced well in all of these areas.

Capturing more value through life cycle solutions

Thirdly, we continued our efforts to further strengthen Outotec's offerings and earnings logic to capture a higher share of industry's overall capital and operational spending. We made good progress in enhancing our offerings and achieved a strong growth in service sales. We received several large orders where we were able to leverage our full earnings logic model including technology, proprietary equipment, systems integration, turn-key project delivery and life cycle services.

In our Ferrous Solutions business, we received the largest single order in Outotec's history for the turn-key ilmenite smelter delivery to Cristal Global in Saudi Arabia. Our Non-ferrous Solutions business progressed strongly on all fronts. We made also very good progress in environmental solutions, especially in waste-to-energy and industrial water treatment business and received several breakthrough orders. In our Services business I am especially delighted for the long term operation and maintenance contract with the Russian Copper Company's Mikheevsky concentrator (published in January 2013), and I strongly believe that this type of service solutions leveraging our unique competence in process technology offers considerable growth opportunities for us in the future.

Acquisitions supporting growth and technology development

As the fourth focus area, we continued to execute bolt-on service and technology acquisitions to further enhance our growth. By acquiring technology companies, or intellectual property, we are seeking to further enhance our own technology development and often also save a great deal in time to market. Since 2010 we have acquired and successfully integrated 12 companies, four of these in 2012.



CEO'S PRESENTATION AT
FULL YEAR 2012 RESULTS BRIEFING:
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OUTOTEC'S STRATEGY:
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We made also very good progress in environmental solutions, especially in waste-to-energy and industrial water treatment business and received several breakthrough orders.

Continuing technology development to stay ahead of market

In addition to our four focus areas, we have been continuously increasing our investments into R&D and technology development. These efforts can be seen both in the large number of new products and solutions that we introduced to the market last year, and in our patenting activities. We filed 70 new priority patent applications and received almost 300 new national patents in order to protect our valuable intellectual property. At the end of 2012, we had 630 patent families, and almost 6,000 national patents. As a technology company, we will further increase our investments in technology development going forward.

Strides in our sustainability agenda

"Sustainable use of Earth's natural resources" is Outotec's mission and it provides the purpose for our work. We strive to incorporate sustainability into all aspects of our operations, from our own business processes to the solutions we develop for our customers. We have systematically developed our reporting since 2010, and therefore I am very pleased that Outotec was ranked 12th in Corporate Knights' Global 100 list of the world's most

sustainable companies. Outotec was also recognized in the RobecoSAM 2013 Sustainability Yearbook as the company that achieved the largest proportional improvement in the sustainability performance within its sector, and included for the fourth consecutive year in Carbon Disclosure Leadership Index.

We strive to incorporate sustainability into all aspects of our operations, from our own business processes to the solutions we develop for our customers.

Long term drivers intact, our focus remains on profitable growth in 2013

The combination of increasing metals demand and sustainability drivers continues to support investments in our customer industries. As ore grades are declining and more complex ores are being utilized, more efficient process technologies are needed. With advanced technology it is possible to maximize recovery of valuable materials while reducing the environmental footprint including energy consumption and emissions as well as using less water. Additionally, there continues to be demand for renewable and alternative energy as well as recycling solutions. These trends are all very positive for Outotec and offer us great business opportunities.

The mood in the world economy has somewhat improved during the past few months, but the positive trend is still fragile. Uncertainty in the

market may delay our customers' decisions to invest in new production capacity, impacting our order intake going forward. We believe that environmental investments will further increase as governments are paying more and more attention to the necessity of sustainable development, also in developing markets.

Our strong order backlog gives us a good start in 2013, and we believe that there are plenty of growth opportunities for all our business areas. We estimate that our sales growth in 2013 will be moderate due to only slightly higher order intake in 2012 compared to the previous year. In addition to relentless focus on winning new orders and growing our services business, we plan to continue to boost our growth through acquisitions. Besides growth, we plan to further improve our profitability and develop our operations in line with our strategy.

I would like to thank all Outotec employees for their great spirit, dedication, and the great results. In addition to a good financial result, the commitment of our people is demonstrated in the high participation rate of 34% in Outotec's Employee Share Savings Plan launched in the fourth quarter of 2012. I would also like to express my gratitude towards our customers, who are placing their trust on our people and our solutions time and again. I am also extending my thanks to our shareholders for sharing our mission of 'Sustainable use of Earth's natural resources'. We will continue our work towards this also in 2013.

Pertti Korhonen
President and CEO

OUTOTEC'S SUSTAINABILITY REPORT:
WWW.OUTOTEC.COM/SUSTAINABILITY

REPORT BY THE BOARD OF DIRECTORS

Operating environment

Despite the adverse global macroeconomic environment, in 2012 the demand for Outotec's solutions continued at a good level because of the company's competitive offering and good market position. The long term outlook for metals demand continued to be positive, driving investments to new capacity especially in non-ferrous metals value chain. Some mining companies announced revised investment plans mainly in the areas of iron ore and coal. Towards year-end base metal prices in particular strengthened and strong recovery was seen also in iron ore prices. In addition to greenfield investments, customers continued to seek additional operational improvements through the expansion and modernization of existing processing capacity.

Market activity continued to be high in copper, gold, sulfuric acid, and aluminum markets but zinc, nickel, and platinum group metals markets were more subdued. In general, Outotec's project deliveries progressed well. Customers' production capacity utilization rates stayed high, supporting Outotec's spare parts and services sales. In addition, there was strong demand for operation and maintenance as well as shut down services due to Outotec's special capabilities in these areas. The competitive landscape remained relatively unchanged with some industry consolidation.

Despite continued macroeconomic uncertainties, investment financing for solid projects continued to be available. However, local legislation, tighter environmental permitting and the complexity of financing packages slowed sales negotiations in some projects. In alternative energy solutions, low energy prices and uncertainties in

political regulation impacted investment decisions in some countries.

Order intake

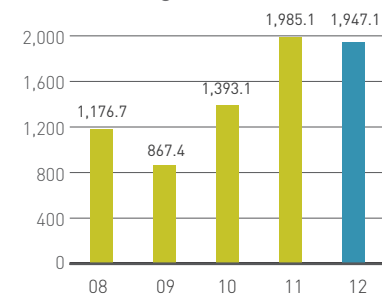
Order intake in 2012 totaled EUR 2,084.4 million (2011: EUR 2,005.4 million), a 4% increase from the comparison period. The largest order in 2012, and in Outotec's history, over EUR 350 million, was received in the second quarter. Orders received also included new breakthroughs in renewable energy as well as industrial water and environmental solutions. Foreign exchange rates did not have material effect on order intake growth. Orders from EMEA (incl. CIS) represented 59%, Americas 26%, and Asia Pacific 15% of the total order intake.

Major new orders in 2012:

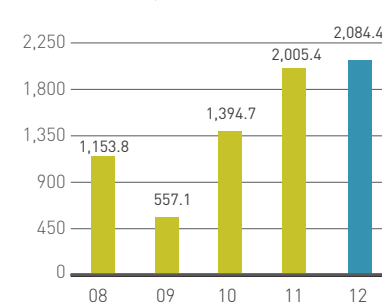
- One of the world's largest ilmenite smelters as a turn-key delivery for Cristal Global, Saudi Arabia (value over EUR 350 million)
- An integrated solution consisting of gas cleaning, sulfuric acid, and effluent treatment technologies for Namibia Custom Smelters, Namibia (value approx. EUR 130 million) to reduce the emissions and improve working conditions of the existing copper smelter
- The world's largest metallurgical sulfuric acid plant and gas cleaning system for Kansanshi Mining, Zambia (value over EUR 80 million)
- Technology, proprietary equipment and services for National Iranian Copper Industries' copper and molybdenum projects, Iran (total value EUR 265 million with EUR 58 million booked in Q3/2012 order intake)

- Sustainable biomass power plant for Eren Holding, Turkey (value approx. EUR 55 million will be booked in Outotec's Q1/2013 order intake)
- The largest and most advanced sewage sludge thermal treatment plant in Switzerland for the City of Zürich (value nearly EUR 50 million, of which the first phase engineering was included in Outotec's 2012 order intake, and the main delivery contract will be included in the Q2/2013 order intake)
- Modernization of Mexicana de Cobre's flash smelter including shutdown services and latest proprietary equipment, Mexico (value approx. EUR 30 million)
- Flotation technology including the world's largest flotation cells with energy saving features for copper concentrator expansion, South America (value over EUR 30 million)
- Eco-efficient process technology, proprietary equipment and services for Grupo México's new copper concentrator, Mexico (value nearly EUR 28 million)
- Technology, key process equipment and advisory services for pelletizing iron ores and magnetites for Gol-E-Gohar Mining & Industrial, Iran (value approx. EUR 80-85 million with EUR 25 million booked in Q2/2012 order intake)
- Technology and proprietary equipment for aluminum smelters and related industry, China (value approx. EUR 24 million)
- Technology, proprietary and key process equipment and services for the world's largest solvent extraction and electrowinning plant for Grupo México, Mexico (value approx. EUR 22 million)

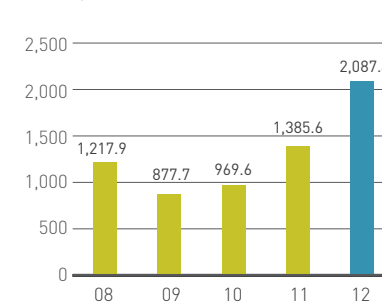
Order backlog, EUR million



Order intake, EUR million



Sales, EUR million



- Innovative Emission Optimized Sintering technology for BPSL's new iron ore sintering plant, India (value approx. EUR 20 million)
- Filtration technology including the world's largest and most advanced filters for MMX Mineração e Metálicos' iron ore processing facility, Brazil (value some tens of millions of EUR)
- Advanced technology and proprietary equipment for a new nickel matte treatment facility for Enerchem, South Korea (value over EUR 10 million)
- Integrated advanced solution including grinding, flotation and filtration as well as various services for a slag treatment plant for Codelco, Chile (value some EUR 10 million)
- Filtration technology for lithium processing pilot plant for Corporación Minera de Bolivia, Bolivia (some millions of EUR)
- Flotation and automation technology, proprietary equipment and new Virtual Experience Training program for Kennecott Utah Copper concentrator, U.S. (value not disclosed, booked in Q1 order intake)
- Technology for Orbite Aluminae's new high purity alumina plant, Canada (value not disclosed)
- Feasibility study for Indonesia's first smelter-grade alumina refinery including comprehensive mineralogical investigations, laboratory-scale hydrometallurgical tests and basic engineering for PT ANTAM (Persero), Indonesia.

Order backlog

The order backlog at the end of 2012 was EUR 1,947.1 million (December 31, 2011: EUR 1,985.1 million), a 2% decrease from the previous year-end. At the end of 2012, Outotec had 38 projects with an order backlog value in excess of EUR 10 million, accounting for 70% of the total backlog. Based on the 2012 year-end project evaluation, management estimates that roughly 77% (approximately EUR 1,500 million) of the year-end order backlog value will be delivered in 2013 and the rest in 2014 and beyond.

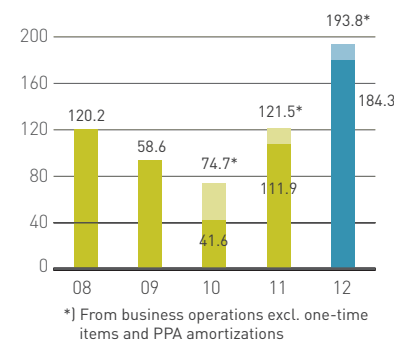
Sales and financial result

Outotec's sales in 2012 totaled EUR 2,087.4 million (2011: EUR 1,385.6 million), up 51% from the comparison period. The sales growth resulted from successful customer project deliveries from the strong opening order backlog and growth of services business. Recent acquisitions (Kiln Services, Energy Products of Idaho, Numcore, Demil, TME Group, and Backfill Specialists) accounted for approximately 5% of the total growth (2011: no impact). Foreign exchange rates did not have material effect on sales growth.

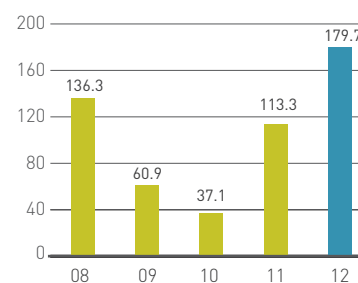
Sales in the Services business area, which is included in the sales figures of the three reporting segments, totaled EUR 476.0 million in 2012 (2011: EUR 343.5 million), up 39% from the comparison period and accounting for 23% of Outotec's sales (2011: 25%). Recent acquisitions (Kiln Services, TME Group and Demil) accounted for approximately 9% of the Services business area sales growth (2011: no impact). Services growth was achieved by further penetrating the old installed base and services delivered to the new installed base. In addition, demand for operation and maintenance as well as shutdown services grew in 2012.

Operating profit from business operations in 2012 was EUR 193.8 million (2011: EUR 121.5 million), up 60% from the comparison period and representing 9.3% of sales (2011: 8.8%). The operating profit in 2012 was positively impacted by higher sales as well as successful project and service deliveries. The operating profit was negatively impacted by increased risk provisions in two customer projects. In 2012, the company also received less license fee income than in 2011. Unrealized and realized exchange gains related to currency forward contracts totaled EUR 2.1 million (2011: gain of EUR 1.7 million). Operating profit in 2012 was EUR 184.3 million (2011: EUR 111.9 million), representing 8.8% of sales (2011: 8.1% of sales). The total impact of PPA amortizations in 2012 was EUR 12.5 million (2011: EUR 4.9 million). The increase in the PPA amortizations resulted pri-

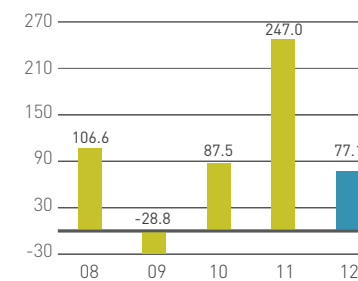
Operating profit, EUR million



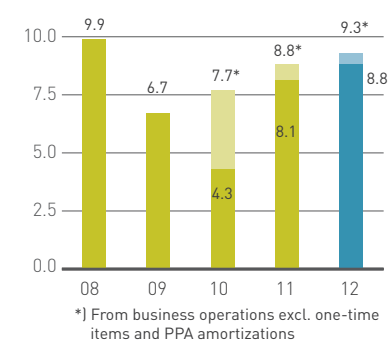
Profit before taxes, EUR million



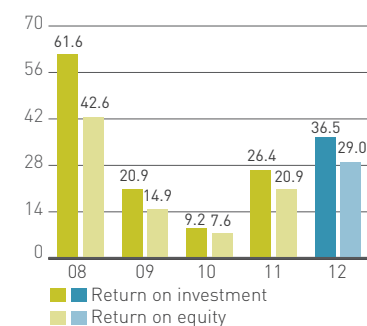
Net cash from operating activities, EUR million



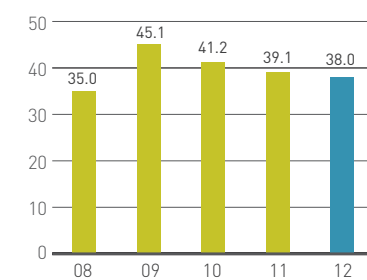
Operating profit margin, %



Return on investment and equity, %



Equity ratio, %



marily from the Energy Products of Idaho (EPI) acquisition in December 2011. One-time items in 2012 totaled a gain of EUR 3.0 million (2011: cost of EUR 4.7 million) including acquisition related costs of EUR 2.7 million (2011: costs of EUR 2.0 million), restructuring related costs of EUR 0.6 million (2011: costs of EUR 2.6 million) and the positive impact of EUR 6.3 million reduction from EPI earn-out payment liability of EUR 8.8 million.

Fixed costs in 2012 were EUR 254.7 million (2011: EUR 217.7 million) equivalent to 12% (2011: 16%) of sales. The cost increase was primarily due to expanding of the sales and marketing network, acquisitions, R&D activities as well as investments in developing and deploying the global operational model in line with the strategy. Profit before taxes in 2012 was EUR 179.7 million (2011: EUR 113.3 million). It included net finance expenses of EUR 4.6 million (2011: net finance income EUR 1.4 million) of which EUR 1.2 million was related to impairment of loan receivables from available-for-sale investments and EUR 2.6 million related to valuation of financial items and related hedges. Net profit for the year 2012 was EUR 127.8 million (2011: EUR 79.3 million). Taxes totaled EUR 51.9 million (2011: EUR 34.0 million). Earnings per share were EUR 2.82 (2011: EUR 1.75), up 61% from the comparison period.

Outotec's return on equity in 2012 was 29.0% (2011: 20.9%), and the return on investment was 36.5% (2011: 26.4%).

Non-ferrous Solutions

Sales in the Non-ferrous Solutions business area in 2012 totaled EUR 1,305.5 million (2011: EUR 947.6 million), up 38% from the comparison period. The increase was due to good progress in customer deliveries from the order backlog, continued strong order intake, and growth in Services sales. The operating profit from business operations in 2012 was EUR 163.2 million, 12.5% of sales (2011: EUR 113.1 million, 11.9% of sales), and operating profit was EUR 157.5 million, 12.1% of sales (2011: EUR 107.7 million, 11.4% of sales). Operating profit was improved due to operating

leverage resulting from higher sales and good performance in project deliveries. The unrealized and realized exchange gains related to currency forward contracts increased profitability in 2012 by EUR 1.8 million (2011: loss of EUR 1.3 million).

Ferrous Solutions

Sales in the Ferrous Solutions business area in 2012 totaled EUR 371.2 million (2011: EUR 221.1 million), up 68% from the comparison period. The increase was due to the successful execution of long term projects from the order backlog and growth in Services sales especially related to Demil acquisition. The operating profit from business operations in 2012 was EUR 31.4 million, 8.5% of sales (2011: EUR 9.8 million, 4.4% of sales) and operating profit was EUR 30.0 million, 8.1% of sales (2011: EUR 6.7 million, 3.1% of sales). The unrealized and realized exchange gains related to currency forward contracts increased profitability in 2012 by EUR 0.6 million (2011: loss of EUR 0.0 million).

Energy, Light Metals and Environmental Solutions

Sales in the Energy, Light Metals and Environmental Solutions business area in 2012 totaled EUR 427.0 million (2011: EUR 236.1 million), up 81% from the comparison period. The increase was due to the good progress in the execution of long term projects, acquisitions, and growth in Services sales. The operating profit from business operations in 2012 was EUR 22.6 million, 5.3% of sales (2011: EUR 25.8 million, 10.9% of sales) and operating profit was EUR 20.3 million, 4.8% of sales (2011: EUR 23.8 million, 10.1% of sales). Operating profit from business operations in 2012 decreased due to higher than planned project costs and increased risk provisions in two customer projects in the third and fourth quarter as well as fewer project completions compared to the comparison period. In addition, unrealized and realized exchange losses of EUR 0.6 million (2011: gain of EUR 2.9 million) related to currency forward contracts impacted the profitability in 2012.

Balance sheet, financing and cash flow

The consolidated balance sheet total was EUR 1,629.0 million at the end of 2012 (December 31, 2011: EUR 1,421.4 million). The equity to shareholders of the parent company was EUR 481.0 million (December 31, 2011: EUR 398.4 million), representing EUR 10.66 (December 31, 2011: EUR 8.75) per share.

Sales by destination, %

	2012	2011
EMEA (incl. CIS)	46	44
Asia Pacific	19	25
Americas	36	31
Total	100	100

Sales by materials, %

	2012	2011
Copper	33	33
Iron	14	15
Aluminum	6	5
Ferroalloys	7	4
Precious metals	13	10
Zinc	2	3
Nickel	4	6
Other metals	4	9
Energy & environmental solutions (incl. water, sulfuric acid and off-gas)	14	11
Others	2	4
Total	100	100

Sales by segment

EUR million	2012	2011
Non-ferrous Solutions	1,305.5	947.6
Ferrous Solutions	371.2	221.1
Energy, Light Metals and Environmental Solutions	427.0	236.1
Unallocated items ¹⁾ and intra-group sales	-16.3	-19.2
Total	2,087.4	1,385.6

Operating profit by segment

EUR million	2012	2011
Non-ferrous Solutions	157.5	107.7
Ferrous Solutions	30.0	6.7
Energy, Light Metals and Environmental Solutions	20.3	23.8
Unallocated ²⁾ and intra-group items	-23.5	-26.3
Total	184.3	111.9

¹⁾ Unallocated items primarily include invoicing of group management and administrative services.

²⁾ Unallocated items primarily include group management and administrative services.

growth as well as paid taxes. Gearing for the year 2012 was -54.9% (December 31, 2011: -84.9%).

The working capital amounted to EUR -177.8 million at the end of 2012 (December 31, 2011: EUR -270.3 million). The advance and milestone payments received at the end of 2012 were EUR 358.8 million (December 31, 2011: EUR 399.0 million), representing a decrease of 10% from the comparison period. The advance and milestone payments paid to subcontractors at the end of 2012 were EUR 46.4 million (December 31, 2011: EUR 43.5 million).

Cash and cash equivalents totaled EUR 358.6 million at the end of 2012 (December 31, 2011: EUR 402.5 million). Cash and cash equivalents was affected by the dividend payment of EUR 38.9 million (EUR 0.85 per share) on April 11, 2012 (April 2011: EUR 34.3 million), acquisitions EUR 34.6 million (2011: EUR 34.5 million), and purchases of own shares EUR 19.3 million (2011: no purchases). The company invests excess cash in short term money market instruments such as bank deposits and corporate commercial certificates of deposit.

In September 2012, the European Investment Bank granted a EUR 45 million loan to Outotec to finance research and development programs in sustainable minerals and metallurgical processing technologies as well as industrial water treatment and energy-related applications. The repayment period is up to 11 years. At the end of 2012, Outotec had EUR 155 million of committed undrawn credit facilities available.

Outotec's financing structure and liquidity was good. The net interest-bearing debt at the end of 2012 was EUR -264.7 million (December 31, 2011: EUR -339.1 million). The equity-to-assets ratio was 38.0% (December 31, 2011: 39.1%). The company's capital expenditure in 2012 was EUR 76.2 million (2011: EUR 98.3 million) including acquisitions of EUR 43.2 million (2011: EUR 58.4 million) as well as investments in IT systems, R&D-related equipment, and intellectual property rights.

At the end of year 2012, guarantees for commercial commitments, including advance payment

guarantees issued by the parent and other Group companies, were EUR 570.6 million (December 31, 2011: EUR 477.1 million).

Corporate structure

On October 3, 2012, Outotec completed the acquisition of Backfill Specialists Pty Ltd (Australia), which is a technical consulting and engineering company specialized in mine backfilling solutions.

On August 31, 2012, Outotec completed the acquisition of Australian-owned TME Group. TME is a mining services company and provides grinding mill relining and mineral processing plant maintenance services to customers mainly in Australia, Africa, and Southeast Asia.

On June 1, 2012, Outotec completed the acquisition of Demil Manutenção Industrial Ltda. The Brazilian company provides industrial maintenance services mainly for iron ore agglomeration plants, and is located in Guarapari, Espírito Santo.

On March 12, 2012, Outotec acquired all of the shares in Numcore Ltd, which is a Finnish technology company that develops and markets innovative online process control solutions based on 3D imaging.

In 2013, the total impact for PPA amortizations from completed acquisitions is estimated to be approximately EUR 13 million.

Research and technology development

In 2012, Outotec's research and technology development expenses totaled EUR 41.6 million (2011: EUR 33.5 million), increasing 24% from the comparison period and representing 2.0% of sales (2011: 2.4%). Outotec filed 70 new priority patent applications (2011: 41), which is record high number showing excellent innovation activity of Outotec's personnel. Further, 286 new national patents were granted (2011: 326). At the end of 2012, Outotec had 630 patent families, including a total of 5,745 national patents or patent applications.

In October, Outotec and Central South University, China agreed on Sustainable Development Creative Award which aims at building active R&D

relationships between Central South University and Outotec. Furthermore, Outotec's expert Dr. Markus Reuter was appointed as Visiting Professor of Central South University.

In April-June, based on the cooperation agreement with the Ministry of Minerals Resources and Energy of Mongolia, Outotec and Aalto University organized together a training course in Finland in Minerals Engineering and Metallurgy for Mongolian Bachelor of Science Graduates and professors.

Outotec's new product launches in 2012 Non-ferrous Solutions

Outotec agreed with Korea Zinc Company on the global marketing rights for the Ausmelt Top Submerged Lance (TSL) technology for the fuming of zinc bearing residues. The TSL zinc fuming technology is able to maximize the recovery of valuable metals from zinc residues and produce an environmentally-friendly slag product, which is clean and safe as a substitute for aggregates and various construction materials (press release on Dec 12).

Outotec delivered the world's first university-based minipilot concentrator to the Department of Process and Environmental Engineering of the University of Oulu, Finland. The small research and minerals processing plant is designed for a learning environment and represents the concentrating process of the Pyhäsalmi mine in Finland on the scale of 1:5000. It offers an innovative environment for education and research of minerals processing unit operations (press release on Dec 11).

Outotec launched the world's largest semi-autogenous (SAG) grinding mill to the market in response to growing metals demand and declining ore grades. The mill is driven by a 28 MW Gearless Motor Drive, which is the largest grinding mill power ever used. The SAG mill offers increased efficiency and up to 15% larger mill capacity with low energy consumption.

Outotec and Sandvik Mining announced closer cooperation in minerals processing solutions. This enables Outotec to offer an entire processing plant,

including crushing, grinding, and concentrating as well as process testing, design, basic engineering, and process guarantees (press release on Sep 24).

Outotec received exclusive rights from Swiss Tower Mills Minerals Ltd to distribute and sell its Tower Mills (STM) grinding technology. High-intensity grinding mills marketed as Outotec® HIGmill bring a new option to the market, enabling Outotec to compete for the position of market leader in fine and ultra-fine grinding (press release on Apr 5).

Outotec launched the world's largest flotation cell, the Outotec TankCell® e500. It has been designed for plants with high material throughputs, such as large copper and gold concentrators. Outotec offers the broadest size range of flotation cells on the market (from 5 m³ to 500 m³), which allows for a flexible layout with symmetrical design. The benefits include lower equipment costs and energy consumption, less installation work, and a smaller plant footprint. Fewer units per installation result in fewer components, spare parts, and less maintenance.

Outotec launched the Outotec® Larox PF 180, the world's largest pressure filter. The PF 180 series are 50% larger than the previous model and lowering operating cost per ton.

Ferrous Solutions

Outotec has developed a new Outotec® EOS - Emission Optimized Sintering process for iron ore sintering. Besides iron ores, it can also be applied for sintering of manganese ore fines. The process reduces the substantial off-gas volume by 50-60% by re-circulating the off-gas and using its CO content as an energy source. As there are less off-gases, the off-gas cleaning investment and operational costs will be lower, and the consumption of coke used as energy can be cut by up to 20%, which significantly reduces dust and emissions.

Outotec introduced an automated pallet car changer for iron ore sintering and pelletizing plants. The new solution increases plant productivity since no stoppage is necessary during the changing procedure. The automated process allows continuous change of multiple pallet cars.

The solution can be applied both in new and brownfield sintering and pelletizing plants.

Outotec has added Direct Current Furnaces to its ferroalloy smelting technology portfolio, and in partnership with Allied Furnace Consultants (AFC) based in South Africa, has developed and patented a new conductive anode design, which will be installed in all new Outotec® Direct Current Smelting furnaces worldwide.

Outotec has developed an ilmenite smelting process, which applies Outotec's ferroalloy smelting technology. The new technology will be implemented in Cristal Global's mega size ilmenite smelter project in the Kingdom of Saudi Arabia (stock exchange release on May 31). The initial annual capacity of one of the world's largest ilmenite plants will be 500,000 tonnes of titanium dioxide slag, and 235,000 tonnes of high purity pig iron.

Energy, Light Metals and Environmental Solutions

Outotec has developed a patented clay calcination process to activate different clay minerals in a fluidized bed furnace. Depending on the quality requirements, solid fuels can also be used as an energy source for the reaction. In Outotec's trial plants, diverse samples can be produced for verification of the product quality. Clay calcination offers a significant reduction in carbon dioxide compared to the traditional clinker production process.

The acquisition of Energy Products of Idaho has significantly improved Outotec's capabilities to offer biomass and waste-to-energy systems, which can operate on over 200 different biomass fuels and fuel mixes. Covering the entire chain of converting different biomass materials into energy, our circulating and stationary fluidized bed systems allow utilization of a variety of fuel substances - from waste wood up to biomass sludge such as lignin sludge from bio-ethanol production. The new energy systems will be applied, for example, in the Karton 90 MW biomass power plant in Turkey (press release on Nov 16) and in the

advanced sewage sludge thermal treatment plant in Zürich, Switzerland (press release on Nov 9).

Sustainability

In October, Outotec was recognized for the fourth consecutive year in Carbon Disclosure Leadership Index.

In September 2012, Outotec hosted a seminar in Indonesia for customers, partners, ministries, industry associations, and academics on the implementation of a framework for sustainability in the Indonesian mining and metals processing industries. The seminar was organized jointly with the Indonesian Ministry of Environment. Outotec presented sustainable solutions and environmental considerations in minerals and metals processing as well as trends in environmental legislation in Europe.

Outotec published its sustainability report for 2011 in April 2012. The report is based on the Global Reporting Initiative (GRI) guidelines and conforms to Application Level B+ and is third-party assured by Ecobio Ltd. In November, the report was awarded Readers' Choice in the competition evaluating the corporate responsibility reporting of the Finnish companies.

Personnel

At the end of 2012, Outotec had a total of 4,805 employees (December 31, 2011: 3,883; December 31, 2010: 3,130). New employees were primarily recruited for project deliveries and for the service business. Acquisitions increased personnel from the comparison period by 450. In 2012, Outotec had on average 4,456 employees (2011: 3,516, 2010: 3,151). The average number of personnel grew by 940 compared to the previous year, which supports overall business growth objectives. Temporary personnel accounted for approximately 9% (2011: 9%) of the total number of employees.

At the end of 2012, the company had, in addition to its own personnel, approximately 660 (December 31, 2011: 620) full-time equivalent, contracted professionals working in project execu-

tion. 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 2012, salaries and other employee benefits totaled EUR 362.6 million (2011: EUR 284.4 million, 2010: EUR 224.4 million). The increase from the comparison period was due to the increase in personnel, wage inflation, and wage increases.

Changes in top management

In November, Outotec appointed Ms. Kirsi Nuotto, M.A., as Senior Vice President - Human Capital and member of the Executive Board as of January 9, 2013. Outotec's former SVP - Human Capital, Mr. Ari Jokilaakso, Ph.D. (Tech.), took up a new position in Outotec as Head of Research and Technology Development in the Non-ferrous Solutions business area.

Nomination Board

The Annual General Meeting 2012 of Outotec Oyj decided to establish a Nomination Board to prepare proposals for the election and remuneration of the members of the Board of Directors to the Annual General Meeting 2013. The Nomination Board comprises three members nominated by the largest shareholders, and the Chairman and Vice Chairman of the Board of Directors. The largest shareholders of the company were determined on the basis of the shareholdings registered in the Finnish book-entry systems on October 1, 2012. On October 16, 2012, Outotec announced that the following persons have been nominated as members of the Nomination Board:

- Kari A.J. Järvinen, Chairman (Solidium Oy)
- Harri Sailas (Ilmarinen Mutual Pension Insurance Company)
- Chaim (Poju) Zabłudowicz (Tamares Nordic Investments B.V.)
- Carl-Gustaf Bergström
- Karri Kaitue

The Nomination Board's proposals were announced on January 10, 2013.

Share-based incentive program and employee share savings plan

Share-based incentive program

Outotec's Board of Directors decided on April 23, 2010, to adopt a share-based incentive program 2010-2012 for the company's key personnel.

Earning period 2011

A total of 138,144 Outotec shares were allocated for the 2010 earning period with a cost of approximately EUR 9.6 million, which was booked for the financial periods 2010-2012.

Earning period 2011

A total of 130,063 Outotec shares were allocated for the 2011 earning period with a cost of approximately EUR 9.5 million, which is booked for the financial periods 2011-2013.

Earning period 2012

The Board of Directors approved (March 28, 2012) 148 individuals for the program's 2012 earning period and set targets for order intake, earnings per share and sales growth. At the end of 2012,

Distribution of personnel by region	Dec 31, 2012	Dec 31, 2011	Change, %
EMEA (incl. CIS)	2,642	2,327	13.5
Americas	1,400	972	44.0
Asia Pacific	763	584	30.7
Total	4,805	3,883	23.7

there were 146 participants with right to earn, on the basis of achievement of set targets, a maximum number of 194,375 shares and cash to cover income taxes.

Employee share savings plan

Outotec's Board of Directors decided on September 25, 2012, to launch an employee share savings plan for Outotec employees globally. The plan will commence from January 1, 2013, with the first savings period being one calendar year. The following savings periods are subject to a separate board decision. Approximately 34% of employees in 22 countries have signed up. Participation in Finland, Sweden and five other countries exceeds 50% of the employees.

Shares and share capital

Outotec's shares are listed on the NASDAQ OMX Helsinki (OTE1V). At the end of the reporting period, 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 shareholders' meetings. At the end of 2012, the company holds a total of 564,327 Outotec shares, which represents a relative share of 1.23% of Outotec Oyj's shares and votes.

Third-party share-based incentive program agreement

Outotec has an agreement with a third-party service provider concerning the administration of the share-based incentive program for key personnel. These shares are accounted for as treasury shares on Outotec's consolidated balance sheet. At the end of 2012, the amount of these treasury shares was 64,327 (2011: 194,390).

Board authorizations

The Annual General Meeting for 2012 authorized Outotec's Board of Directors to determine the repurchase of the company's own shares, and to issue new shares. The maximum number of shares related to both authorizations is 4,578,037. The authorizations are valid until the next Annual

General Meeting. On September 10, Outotec announced that the Board of Directors has decided to exercise its authorization. During the period September 18-24, 2012, Outotec purchased a total of 500,000 of the company's own shares through public trading at an average price of approximately EUR 38.55 per share. The total purchase price paid for the shares was EUR 19,274,589.43. The acquired shares will be used for the company's share based incentive programs.

The Annual General Meeting gave the Board of Directors the authority to donate an aggregate amount of EUR 100,000 for non-profit purposes or to universities. In accordance with the given authorization, the Board of Directors has approved donations to various causes, totaling EUR 94,000. The biggest individual donation was made to Baltic Sea Action Group (EUR 40,000).

Trading, market capitalization and shareholders

In 2012, the volume-weighted average price for a share in the company was EUR 38.08, the highest quotation for a share was EUR 46.67, and the lowest EUR 30.31. The trading of Outotec shares in 2012 exceeded 88 million shares, with a total value of over EUR 3,357 million. At the end of the reporting period, Outotec's market capitalization was EUR 1,940 million and the last quotation for a share was EUR 42.37. At the end of 2012, the company did not hold any treasury shares for trading purposes.

At the end of 2012, Outotec had 15,312 shareholders. Shares held in 16 nominee registers accounted for 44.39% and Finnish households held 10.74% of all Outotec shares.

Outotec has consolidated Outotec Management Oy into the Group's balance sheet. At the end of 2012, Outotec Management Oy held 203,434 or 0.44% (February 7, 2013: 203,434) of Outotec shares, which have been accounted for as treasury shares on Outotec's balance sheet. An announcement to dissolve Outotec Management Oy in accordance with its terms and conditions was made on October 25, 2012. The share ownership plan shall

be dissolved after the publication of Outotec Oyj's Interim Report Q1/2013 through a share exchange so that all the shares in Outotec Management Oy will be transferred to Outotec Oyj against Outotec shares. Outotec Oyj will receive 203,434 own Outotec shares as well as the company's loan receivable and accrued interest in full from Outotec Management Oy. The number of new shares to be given in the share exchange shall be determined on the basis of Outotec Management Oy's net assets as of the date of dissolution of the plan. With the share exchange the Executive Board members' previously indirect share ownership will become a direct ownership in Outotec. However, the Outotec Management Oy share ownership plan will be continued by one year at a time, in case the Outotec share price during five trading days after the publication of the Interim Report Q1/2013, Q1/2014, Q1/2015 or Q1/2016 is lower than the average share price, which Outotec Management Oy paid for its Outotec shares. The dissolution of the plan and possible delay in such dissolution will be announced separately.

Changes in share holdings

On April 18, 2012, the holdings of BlackRock, Inc (voting right held by BlackRock Investment Management (UK) Limited) in shares of Outotec Oyj exceeded 5% (2,311,857 shares), representing 5.05% of the shares and votes.

On March 6, 2012, the holdings of Solidium Oy in shares of Outotec Oyj exceeded 5% (2,314,000 shares), representing 5.05% of the shares and votes.

On March 1, 2012, the group holdings of Goldman Sachs Group, Inc. in shares of Outotec Oyj exceeded 5% (2,458,638 shares), representing 5.37% of the shares and votes and fell below 5% on March 2, 2012 (191,499 shares), representing 0.42% of the shares and votes.

Events after the reporting period

On January 30, 2013, Outotec announced it had agreed with a major cellulosic ethanol producer on the design and delivery of a renewable energy

solution for a bio-ethanol facility in the USA. The order has been included in Outotec's Q4 2012 order intake and its value will not be disclosed.

On January 14, 2013, Outotec announced it had agreed on the operation and maintenance of a copper concentrator (6 years plus) with ZAO Mikheevsky GOK, Russia. The contract value exceeds EUR 140 million, which will be gradually booked in Outotec's order intake starting in 2013, with only a small amount in the first year.

On January 10, 2013, Outotec announced it had agreed on the design and turnkey delivery of a gas cleaning plant to Luossavaara-Kiirunavaara AB's (LKAB) iron ore pellet plant, Sweden. The order value is approximately EUR 38 million and it has been booked in Outotec's order intake in the fourth quarter of 2012.

On January 25, 2013, Outotec announced that it has been ranked 12th in the Corporate Knights' Global 100 list of the world's most sustainable companies. This is the first time Outotec was included in the index. Overall, the Global 100 drew companies from 22 countries on six continents. Outotec was also recognized in another sustainability index, the RobecoSAM 2013 Sustainability Yearbook as the company that achieved the largest proportional improvement in the sustainability performance within its sector.

On January 24, 2013, Outotec submitted an application for summons against Outokumpu Oyj in a patent dispute regarding a new invention in ferroalloys technology.

On January 24, 2013, Outotec announced the appointment of Ms Nina Kiviranta, Master of Laws, as General Counsel and member of the Executive Board as of March 18, 2013.

On January 16, 2013, Outotec announced that the Board of Directors has decided to adopt a new share-based incentive program for the company's key personnel. The program comprises three earning periods: calendar years 2013, 2014 and 2015. The Board of Directors determines on an annual basis the maximum amount of shares to be allocated in each calendar year, participants of the program, amount of the maximum reward for

each individual, the earning criteria and the targets established for them.

On January 10, 2013, Outotec's Nomination Board announced its proposal for composition and remuneration of the Board of Directors as follows:

Composition of the Board of Directors

Outotec's Nomination Board proposes to the Annual General Meeting on March 26, 2013, that the current members of the Board of Directors Eija Ailasmaa, Tapani Järvinen, Hannu Linnoinen, Timo Ritakallio and Chaim (Poju) Zabludowicz be re-elected as members of the Board for the term ending at the closure of the Annual General Meeting of 2014. The Nomination Board also proposes that Matti Alahuhta and Anja Korhonen be elected as new members of the Board. The current Chairman of the Board of Directors Carl-Gustaf Bergström and Vice Chairman Karri Kaitue have given notification that they are no longer available for re-election at the Annual General Meeting of 2013. The Nomination Board proposes that the Annual General Meeting resolves to elect Matti Alahuhta as the Chairman of the Board of Directors for the term ending at the closure of the Annual General Meeting of 2014. All candidates have given their consent to the election.

Remuneration of the Board of Directors

Outotec's Nomination Board proposes further to the Annual General Meeting on March 26, 2013 that the members of the Board of Directors be paid the following annual remuneration: EUR 72,000 for the Chairman of the Board of Directors and EUR 36,000 for the other members of the Board of Directors each, as well as an additional EUR 12,000 for both the Vice Chairman of the Board, and the Chairman of the Audit Committee; and that the members of the Board each be paid EUR 600 for attendance at each board and committee meeting and are reimbursed for direct costs arising from board work. Of the annual remuneration, 60% would be paid in cash and 40% in the form of Outotec Oyj shares, which would be acquired to the members from the stock exchange, within one

week upon the AGM 2013 date, in amounts corresponding to EUR 28,800 for the Chairman, EUR 19,200 for the Vice Chairman and Chairman of the Audit Committee each, and EUR 14,400 for each of the other members. The part of the annual fee payable in cash corresponds to the approximate sum necessary for the payment of the income taxes on the remunerations and would be paid no later than April 30, 2013. The annual fees shall encompass the full term of office of the Board of Directors. The attendance fee shall be paid in cash.

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. In the current economic environment, conditions may rapidly change and have a negative impact on the availability and conditions of financing for Outotec's customers as well as create delays and changes in order placement and execution. Outotec may operate in politically unstable countries where potential economic sanctions or trade restrictions may cause project delays or even prevent project execution and Outotec's business operations.

As part of its overall project delivery, Outotec often gives performance guarantees and takes liabilities for the warranty period defects. Projects in Outotec's order backlog may contain risks related to delivery, quality, functionality or costs. Large turnkey projects may involve more risks, for example, due to their complex scope, long delivery times, and contractual liabilities. Operation and maintenance service contracts may include performance, personnel, and working capital related risks. In order to manage these business risks, Outotec has developed close management of both the project itself but in particular, the supply chain. Outotec aims to mitigate project risks through contract management, advance and milestone payments as well as gradual booking of orders in the backlog according to actual project progress in some cases. According to standard practice, all

unfinished projects are evaluated quarterly and provisions for performance guarantees and warranty period guarantees are updated.

Outotec follows the percentage of completion method for project revenue recognition. Based on project time schedules, management estimates the revenues to be recognized from the order backlog for the calendar year. As a result, deviations in project time schedules may have an impact on the company's financial projections. Financial result may also fluctuate due to the sales mix and relative share of Services, changes in foreign exchange rates, timing of new orders, license fee income, and project completions. The nature of international 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 strategy. Goodwill may be generated from acquisitions and if estimated synergy benefits do not materialize it may lead to goodwill impairment.

Outotec's business model is primarily based on customer advance and milestone payments as well as on-demand guarantees issued by Outotec's relationship banks. Securing the continuity of Outotec's business operations and supporting the strategic objectives requires that the company has sufficient funding available under all circumstances. Cash held by the company is primarily invested in short term bank deposits and in Finnish corporate short term certificates of deposit. Outotec's customers and subcontractors may experience financial difficulties and lack of financing may result in project and payment delays or credit losses.

More than 50% of Outotec's total cash flow is denominated in euros. The rest is divided among various currencies, including the US dollar, Australian 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 over the short term and long term. In the short term, currency fluctuations may create volatility in prof-

itability. 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 primarily forward agreements.

The most relevant risks related to Outotec's business are presented in more detail at the company's website www.outotec.com.

Market outlook

Many global macroeconomic indicators including metals prices have been strengthening during recent months due to the more positive GDP growth outlook in the BRIC countries, Africa, the USA, and Europe. The overall market outlook for minerals and metals as well as alternative energy and industrial water treatment is positive due to the favorable megatrends. In addition, project financing is available and interest rate levels are expected to stay low.

In minerals and metals processing, new investments are needed as current production capacity and ongoing investments in new capacity are not sufficient to fulfill the long term demand of metals. The main drivers for increasing metals demand are global GDP growth and the growing middle class in emerging economies. In addition, declining ore grades and more complex ores require investments in capacity and advanced technology to enable sufficient recovery of metals. In addition to these production capacity drivers, tightening environmental regulations, increasing energy efficiency requirements, and reducing of energy costs, carbon dioxide and other emissions as well as scarcity of fresh water increase investments in sustainable technology. Additionally, many developing countries, which in the past have been exporting raw materials with low value, are now investing in domestic capacity in order to capture more value from their natural resources. All in all, the industry is increasingly focusing on the social and environmental impacts of their opera-

tions and this is increasing the demand for sustainable processing technologies.

There are still uncertainties in the world economy. However, metal prices are currently at a good level, and therefore, mining and metal companies are seeking ways to increase the capacity of their existing operations, which is often the fastest route to a return on investment. As a result, the industry CAPEX has been somewhat shifting from large greenfield projects requiring significant infrastructure investments to brownfield modernization and capacity enhancements. Outotec believes that the market continues to be solid in brownfield and mid-tier projects as well as services. New projects are developed, especially in the CIS, Middle East, Africa, and Southeast Asia. Large turnkey projects are currently being developed more slowly as investment costs have been increasing, environmental permitting has been getting stricter, and industry's human resources continue to be scarce. These trends create favorable opportunities for Outotec's life cycle solutions when the company can provide the best return on the customer's investment with predictable investment cost, time to market, and process performance, leveraging the company's unique technologies and core competencies.

Demand for alternative energy solutions continues to be stable, but in many countries current low energy prices and the lack of local regulations are slowing down the growth of investments in this area. However, niche waste-to-energy projects, where several raw materials can be used to create renewable energy for solving a local waste problem, are identified globally.

Revised financial guidance for 2013 (earlier guidance in parenthesis)

Based on the strong order backlog, current market outlook and the customer tendering activity, the management expects that in 2013:

- Sales will be approximately EUR 2.1–2.3 billion (grow from 2012), and
- Operating profit margin from business operations*) will be approximately 9.5–10.5% (further improve from 2012)

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

Board of directors proposal for profit distribution

The Board of Directors of Outotec proposes to the Annual General Meeting that a dividend of EUR 1.20 per share be paid from Outotec Oyj's distributable funds for December 31, 2012, and that any remaining distributable funds be allocated to retained earnings. The suggested dividend record date is April 2, 2013, with the dividend to be paid on April 16, 2013. According to the financial statement for December 31, 2012, the parent company distributable funds total EUR 251.6 million. The proposed dividend corresponds to 43% of the Group's profit for the financial year 2012.

There have been no substantial changes in the financial position of the company after the balance sheet date. According to the Board of Directors, the liquidity of the company is good and the proposed profit sharing will not affect the solvency of the company.

Corporate governance statement

Corporate governance statement 2012 has been given as a separate statement and it is available on Outotec's internet pages, www.outotec.com/cg.

Espoo, February 7, 2013
Outotec Oyj

Board of Directors
Carl-Gustaf Bergström (Chairman)
Karri Kaitue (Vice Chairman)
Eija Ailasmaa
Tapani Järvinen
Hannu Linnoinen
Timo Ritakallio
Chaim (Poju) Zabłudowicz

Pertti Korhonen, President and CEO

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	2012	2011
Sales	3, 5	2,087.4	1,385.6
Cost of sales	8	-1,653.9	-1,053.1
Gross profit		433.6	332.5
Other income	6	9.3	3.9
Selling and marketing expenses	8	-103.1	-86.4
Administrative expenses	8	-110.0	-97.7
Research and development expenses	8	-41.6	-33.5
Other expenses	7	-3.6	-6.7
Share of results of associated companies	16	-0.3	-0,0
Operating profit		184.3	111.9
Finance income	11	7.2	8.2
Finance expenses	11	-9.2	-6.6
Market price gains and losses	11	-2.6	-0.3
Net finance income		-4.6	1.4
Profit before income taxes		179.7	113.3
Income tax expenses	12	-51.9	-34.0
Profit for the period		127.8	79.3
Other comprehensive income			
Exchange differences on translating foreign operations		-0.6	-3.9
Cash flow hedges		9.4	-4.3
Income tax relating to cash flow hedges		-0.5	1.3
Available-for-sale financial assets		-0.1	-0.2
Other comprehensive income for the period		8.2	-7.2
Total comprehensive income for the period		136.0	72.1
Profit for the period attributable to			
Equity holders of the parent company		127.8	79.3
Total comprehensive income for the period attributable to			
Equity holders of the parent company		136.0	72.1
Earnings per share for profit attributable to the equity			
Basic earnings per share, EUR	13	2.82	1.75
Diluted earnings per share, EUR		2.82	1.75

The Notes on pages 17 to 59 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	Dec 31, 2012	Dec 31, 2011
ASSETS			
Non-current assets			
Intangible assets	14	335.0	286.8
Property, plant and equipment	15	75.3	62.5
Deferred tax assets	12	53.2	47.3
Investments in associated companies	16	0.1	0.3
Available-for-sale financial assets ¹⁾	17	1.3	1.2
Derivative financial instruments	19	2.3	2.1
Trade and other receivables	21		
Interest-bearing ¹⁾		2.5	1.2
Non interest-bearing		0.0	0.0
Total non-current assets		469.7	401.5
Current assets			
Inventories	20	180.8	148.6
Derivative financial instruments	19	18.0	5.0
Trade and other receivables	21		
Interest-bearing ¹⁾		0.2	0.7
Non interest-bearing		601.7	463.1
Cash and cash equivalents ¹⁾	22	358.6	402.5
Total current assets		1,159.3	1,019.9
TOTAL ASSETS		1,629.0	1,421.4

¹⁾ Included in net interest-bearing debt.

The Notes on pages 17 to 59 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	Dec 31, 2012	Dec 31, 2011
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent company			
Share capital		17.2	17.2
Share premium fund		20.2	20.2
Treasury shares		-25.5	-7.5
Reserve for invested non-restricted equity		87.7	87.7
Other reserves		8.1	-0.8
Retained earnings		245.6	202.3
Profit for the period		127.8	79.3
		481.0	398.4
Non-controlling interest		1.2	1.1
Total equity	23	482.2	399.5
Non-current liabilities			
Interest-bearing debt ¹⁾	26	74.3	47.6
Derivative financial instruments	19	0.4	3.1
Deferred tax liabilities	12	51.6	56.4
Employee benefits	24	27.2	26.2
Provisions	25	21.7	15.6
Trade and other payables	27	3.9	5.7
Total non-current liabilities		179.1	154.6
Current liabilities			
Interest-bearing debt ¹⁾	26	23.6	18.9
Derivative financial instruments	19	8.2	13.7
Current tax liabilities		33.2	25.3
Provisions	25	19.1	25.4
Trade and other payables	27	883.5	784.0
Total current liabilities		967.6	867.3
Total liabilities		1,146.7	1,021.9
TOTAL EQUITY AND LIABILITIES		1,629.0	1,421.4

¹⁾ Included in net interest-bearing debt.

The Notes on pages 17 to 59 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	2012	2011
Cash flows from operating activities			
Profit for the period		127.8	79.3
Adjustments for			
Taxes	12	51.9	34.0
Depreciation and amortization	14, 15	31.4	19.4
Impairments	14, 15, 21	1.3	-
Share of results of associated companies	16	0.3	0.0
Gains and losses on sale of property, plant and equipment	6, 7	-0.1	-0.3
Interest income	11	-7.2	-8.2
Interest expense	11	2.0	2.0
Other adjustments		16.3	1.1
		95.8	48.1
Change in working capital			
Increase (-) in trade and other receivables		-152.2	-107.6
Increase (-) in inventories		-31.4	-51.9
Increase (+) in trade and other payables		89.9	294.6
Decrease (-) and increase (+) in provisions		0.7	-0.7
		-93.0	134.4
Interest received		7.4	8.0
Interest paid		-2.4	-2.0
Income tax paid		-58.4	-20.8
Net cash from operating activities		77.1	247.0
Cash flows from investing activities			
Acquisition of shares in associated companies	16	-	-0.1
Acquisition of subsidiaries and business operations	4	-34.6	-34.5
Purchases of property, plant and equipment	15	-20.4	-17.6
Purchases of intangible assets	14	-27.1	-16.8
Proceeds from sale of available-for-sale financial assets	17	-	0.1
Proceeds from sale of property, plant and equipment	15	0.9	1.3
Change in other non-current receivables		-2.5	-0.1
Net cash used in investing activities		-83.8	-67.7
Cash flows from financing activities			
Repayments of non-current debt		-8.7	-11.5
Borrowings of non-current debt		40.0	-
Decrease in current debt		-6.2	-4.9
Purchase of treasury shares		-19.3	-
Related party net investment to Outotec Oyj shares ¹⁾		-0.2	-0.2
Dividends paid		-38.9	-34.3
Repayments of finance lease liabilities		-0.1	-0.2
Cash flows from other financing activities		0.1	0.6
Net cash used in financing activities		-33.2	-50.6
Net change in cash and cash equivalents		-39.9	128.8
Cash and cash equivalents at January 1		402.5	280.3
Foreign exchange rate effect on cash and cash equivalents		-4.0	-6.6
Net change in cash and cash equivalents		-39.9	128.8
Cash and cash equivalents at December 31	22	358.6	402.5

¹⁾ Consolidation of Outotec Management Oy (incentive plan for Outotec executive board members). At the end of 2012, Outotec Management Oy held 203,434 (31.12.2011: 199,747) Outotec shares, which have been accounted as treasury shares in Outotec's consolidated statement of financial position.

The Notes on pages 17 to 59 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to the equity holders of the parent company									
EUR million	Note	Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Reserve for invested non-rest- icted equity	Cumulative translation differences	Retained earnings	Non- control- ling interest	Total equity
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
Profit for the period		-	-	-	-	-	-	-	79.3	-	79.3
Other comprehensive income for the period	11	-	-	-	-3.2	-	-	-3.9	-	-	-7.2
Total comprehensive income for the period		-	-	-	-3.2	-	-	-3.9	79.3	-	72.1
Dividends paid	23	-	-	-	-	-	-	-	-34.3	-	-34.3
Management incentive plan for Outotec Executive Board ¹⁾	23	-	-	-	-	-0.3	-	-	-	0.1	-0.2
Share-based compensation	10	-	-	-	-	2.4	-	-	0.9	-	3.3
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
Profit for the period		-	-	-	-	-	-	-	127.8	-	127.8
Other comprehensive income for the period	11	-	-	-	8.8	-	-	-0.6	-	-	8.2
Total comprehensive income for the period		-	-	-	8.8	-	-	-0.6	127.8	-	136.0
Dividends paid	23	-	-	-	-	-	-	-	-38.9	-	-38.9
Management incentive plan for Outotec Executive Board ¹⁾	23	-	-	-	-	-0.2	-	-	-	0.1	-0.1
Purchase of treasury shares	23	-	-	-	-	-19.3	-	-	-	-	-19.3
Share-based compensation	10	-	-	-	-	1.5	-	-	3.1	-	4.6
Other changes		-	-	0.0	-	-	-	-	0.4	-	0.4
Equity at December 31, 2012		17.2	20.2	0.5	7.6	-25.5	87.7	24.5	348.9	1.2	482.2

¹⁾ Consolidation of Outotec Management Oy (incentive plan for Outotec executive board members). At the end of 2012, Outotec Management Oy held 203,434 Outotec shares (31.12.2011: 199,747), which have been accounted as treasury shares in Outotec's consolidated statement of financial position.

The Notes on pages 17 to 59 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Outotec Oyj (“the company” or “Parent company”), is a Finnish public limited liability company organized under the laws of Finland with its registered office in Espoo. The parent company, Outotec Oyj, has been listed on the NASDAQ OMX Helsinki since October 10, 2006.

Outotec is a leading global provider of process solutions, technologies, and services for the mining and metallurgical industries. The company utilizes its extensive experience and advanced process know-how by providing plants, equipment, and services based mainly on proprietary technologies. Outotec works in close partnership with its customers and provides environmentally sound and energy saving solutions.

Outotec and its subsidiaries (collectively “the Group” or “Outotec”) operate through four business areas of which three are reported operating segments: Non-ferrous Solutions, Ferrous Solutions and Energy, Light Metals and Environmental Solutions. Services is an integral part of the three operating segments and thus reported as part of the segments.

In 2012, Outotec had 4,805 employees in 26 countries and generated sales of EUR 2,087.4 million.

A copy of the financial statements of Outotec is available at the Group’s website www.outotec.com.

2. Accounting principles to the consolidated financial statements

Basis of preparation

The consolidated financial statements of Outotec have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union by applying the IAS and IFRS standards as well as SIC and IFRIC interpretations in force at December 31, 2012.

Notes to the consolidated financial statements have been prepared also in accordance with Finnish accounting Standards and Finnish corporate legislation. The consolidated financial statements are presented in millions of euros and have been prepared on the historical cost basis, unless otherwise stated in the accounting principles or disclosures.

Adoption of new and amended standards

Outotec has applied the following revised or new standards and interpretations since the beginning of 2012, which do not have material impact on the Group’s financial statements:

- IFRS 7 – Financial Instruments, Disclosures – Transfer of Financial Assets (Amendment to IFRS 7). The amendment introduces new disclosure requirements about transfer of financial assets in two cases; financial assets that are not derecognized in their entirety and financial assets that are derecognized in their entirety but for which the entity retains continuing involvement. This amendment will promote transparency and improve understanding of the risk exposures relating to transfers of financial assets. Currently Outotec Group does not have such transferred financial assets and thus the amendment does not impact on the published information.
- IAS 12 – Income taxes, Deferred tax - Deferred tax accounting for investment property at fair value (Amendment to IAS 12). The amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value according to IAS 40 (Investment property). Outotec Group does not have currently investment properties measured using the fair value model in IAS 40 and thus the amendment does not impact on the published information.

The following new standards and interpretations have been published, but they are not effective in 2012, neither has Outotec early adapted them. These changes are not expected to have material impact on Outotec’s figures.

- IAS 1 – Financial statement presentation. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The standard is not expected to have material impact on Outotec’s financial statements. Standard will be applied for accounting periods beginning on January 1, 2013.
- 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 standard is not expected to have material impact on Outotec’s financial statements. Standard will be applied for accounting periods beginning on January 1, 2013.
- IAS 32 - Financial instruments: Presentation. These amendments are to the application guidance to the standard and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. Outotec estimates the impact of the change and intends to adopt changes during the accounting period beginning on or after January 1, 2014.
- 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 the parts of IAS 39 that 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 amortised 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 is 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. The standard is not expected to have material impact on Outotec’s financial statements. Standard will be applied for accounting periods beginning on January 1, 2014.
- IFRS 11 – Joint arrangements. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangement:

joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venturer has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The standard is not expected to have material impact on Outotec's financial statements. Standard will be applied for accounting periods beginning on January 1, 2014.

- 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, 2014.
- 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. The standard is not expected to have material impact on Outotec's financial statements. Standard will be applied for accounting periods beginning on January 1, 2013.

Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that 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 realizability of certain assets, the useful lives of tangible and intangible assets, revenue recognition of long

term construction contracts, income taxes, project liabilities pension obligations, and impairment of goodwill. The basis for the estimates is described in more detail in these accounting principles and in connection with the relevant disclosure to the financial statement. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates used in the financial statements.

Principles of consolidation

The consolidated financial statements include the parent company Outotec Oyj and all subsidiaries where over 50% of a subsidiary's voting rights are controlled directly or indirectly by the parent company, or the parent company is otherwise in control of the company. Also the existence of the potential controlling interest has been taken into consideration when the instruments of the potential right of control can be implemented at the time of the assessment. Disposed subsidiaries are included in the consolidated financial statement until the controlling right is finished and acquired subsidiaries from the date where the Group has gained the control. Associated companies, where Outotec holds voting rights of 20–50% and in which Outotec has significant influence, but not control, over the financial and operating policies, are included in the consolidated financial statements using the equity method. When Outotec's share of losses exceeds the interest in the associated company, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associated companies. The interest in an associated company is the carrying amount of the investment under the equity method together with any long term interest that, in substance, forms part of the investor's net investment in the associated company. The Group's share of the result of the associated companies has been presented as separate item in the statement of comprehensive income. The Group's share of changes in associated com-

panies' other comprehensive income have been booked similarly. Associated companies of the Group have not had other comprehensive income items in the reporting period 2011 or 2012.

Acquired companies are accounted for using the purchase method, according to which the assets, liabilities, and contingent liabilities of the acquired company are measured at fair value at the date of acquisition. Goodwill arising on an acquisition represents the excess of the cost of the acquisition, non-controlling interest and previous ownership at the acquired subsidiary over the fair value of the net identifiable assets, liabilities, and contingent liabilities acquired. The share of the non-controlling interest is recognized at the fair value or value, which corresponds with the relative share of the acquired entity's net assets. Subsidiaries acquired during the year are included in the consolidated financial statements from the date of their acquisition and disposed subsidiaries are included up to the date of sale.

The purchase price related to subsidiary acquisitions includes possible assets at the fair value, liabilities of the acquirer for the earlier owners of the company and issued equity shares. Also possible contingent liabilities or assets at the fair value are considered as a part of the payment. Costs related to the acquisition are recognized in profit or loss when incurring or when services are rendered.

All intra-group transactions, receivables, liabilities, and unrealized margins, as well as distribution of profits within the Group, are eliminated in the consolidation. Net profit or loss for the reporting period and comprehensive income items are allocated to the parent company's shareholders and non-controlling interest parties and are presented in the comprehensive income. The share of the non-controlling interest is disclosed separately from the equity belonging to the shareholders of the parent company. The comprehensive income is allocated to the shareholders of the parent company and non-controlling parties even if this concludes to a negative share for the non-controlling interest unless non-controlling inter-

est has no conclusive application to cover the loss exceeding the investment. Changes in subsidiary shares that do not conclude the loss of the control are reported as changes in equity.

In consolidated financial statements translation differences, that arise from translating hedging instruments of net investments in foreign operations, debts, and similar investments, are booked to other comprehensive income and cumulative translation difference is presented in equity. Translation reserve and post acquisition cumulative translation differences from acquired foreign companies are booked to other comprehensive income and presented as a separate item in equity.

Operating segments

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. The operating segments are based on the Group's internal organization and financial reporting structure.

The reportable operating segments according to IFRS 8 are Non-ferrous Solutions, Ferrous Solutions, and Energy, Light Metals and Environmental Solutions. Services is an integral part of the three operating segments and thus reported as part of the segments. Outotec's highest operative decision maker (Chief Operating Decision maker according to IFRS 8) is the President and CEO of Outotec Group with the support of the Executive Board. The President and CEO assess the Group's financial position and its development as a whole and based on the three business areas.

Geographical information is based on the main areas where the Group has activities and sales and is divided as follows: Finland, Germany, rest of Europe, North Africa and Middle East, North America, South America, Australia and Oceania, Asia, and Sub-Saharan Africa.

Foreign currency transactions

Items of each subsidiary included in the consolidated financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that subsidiary ("the functional currency"). The consolidated financial statements are presented in euros, which is the functional currency of the parent company. Group companies' foreign currency transactions are translated into functional currencies using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into functional currencies at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement or translation of monetary interest-bearing assets and liabilities denominated in foreign currencies and related derivatives are recognized in financial income and expenses. Foreign exchange differences arising in respect of other financial instruments are included in operating profit under sales, purchases or other income and expenses. Comprehensive income and cash flows of subsidiaries, whose functional and reporting currencies is not euro, are translated into euros at the average exchange rates during the financial period. Their statements of financial positions are translated at the exchange rates prevailing at the reporting date. The differences between average exchange rates and reporting date rates are entered into equity and the change entered in other comprehensive income.

Revenue recognition

Sales are recognized after the significant risks and rewards that are connected with ownership have been transferred to the buyer, and the Group retains neither a continuing managerial involvement to the degree usually associated with ownership, nor effective control of those goods. Revenues from services are recorded when the service has been performed. Sales are shown net of indirect sales taxes and discounts.

Revenue from long term construction contracts is recognized based on the stage of completion when the outcome of the project can be reliably measured. The outcome of the project can be measured reliably, when total contract revenues and expenses can be measured reliably and when the progress of the project can be measured reliably and it is probable that the economic benefits associated with the project will flow to the Group. When the outcome of the project cannot be measured reliably, revenue shall be recognized only to the extent of contract costs incurred that is probable that they will be recoverable.

The stage of completion is measured by using the cost-to-cost method under which the percentage of completion is defined as the ratio of costs incurred to total estimated costs. Revenue recognition according to the stage of completion is based on the estimates of anticipated contract revenues and expenses and on the reliable measurement of the project progress. Revenue recognized and result will be adjusted if the estimates of the project outcome change. The cumulative effect of a change in the estimates will be recorded in the financial period in which the change was first time estimated and known. The expected loss of the project shall be recognized as an expense immediately.

All unfinished projects under the method of the percentage of completion are reviewed and the needed project liabilities are updated including possible provisions for project losses. In projects where the stage of completion is close to 100%, liabilities for performance guarantees, warranty period guarantees, and accruals for project expenses are made. Risks related to new commercialized products are also evaluated and quantified, and the necessary accruals are reserved.

License income is recognized on an accrual basis in accordance with the substance of the relevant technology transfer agreement.

Research and development expenses

Research expenses are expensed as they are incurred. Development costs are capitalized when

it is probable that a development project will generate future economic benefits, and certain criteria, including commercial and technological feasibility, have been met. Capitalized development expenses comprise mainly materials, supplies, direct labor, and related overhead costs. The carrying value of capitalized development expenses in the statement of financial position represents the cost less accumulated depreciation and any impairment charges. Capitalized development expenses are amortized on a systematic basis over their expected useful life. If the carrying value of capitalized development expenses exceeds the amount of the cash flows expected to be generated by the asset, the difference shall be recognized as an expense immediately.

Operating profit

Operating profit is the net amount that equals to sales less cost of sales, added with other operating income, less selling and marketing, administration and research and development expenses, less other operating expenses and added with the share of the result of the associated companies.

Income tax expenses

The Group income tax expense includes taxes of the Group companies based on taxable profit for the period, together with tax adjustments for previous periods and the change in deferred income taxes. The income tax effects of items recognized directly in equity or in other comprehensive income are similarly recognized. The share of results of associated companies is reported in the statement of comprehensive income as calculated from net profit and thus includes the income tax charge. Deferred income taxes are stated using the liability method, as measured with enacted tax rates, to reflect the net tax effects of all temporary differences between the financial reporting and tax bases of assets and liabilities. The main temporary differences arise from the timing differences for the projects, project provisions, provisions for operating expenses and other items,

purchase price allocation and depreciation difference on property, plant and equipment. Deductible temporary differences are recognized as a deferred tax asset to the extent that it is probable that future taxable profits will be available, against which the deductible temporary difference can be utilized.

Non-recurring items

Non-recurring or one-time items are unusual items in the statement of comprehensive income that do not occur regularly and thus are not normal business operations in Outotec. They are one-time expenses or income that the management does not expect to encounter again. Non-recurring items are reported under other operating expenses or income and defined in the Note 8.

Goodwill and other intangible assets

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets, liabilities, and contingent liabilities acquired. Goodwill is stated at cost and is not amortized, but tested annually for impairment.

In respect of associated companies, the carrying amount of goodwill is included in the carrying amount of the investment.

Other intangible assets include customer relationships, capitalized development expenses, patents, copyrights, licenses, and software. The valuation of intangible assets acquired in a business combination is based on fair value. Development costs or acquisition costs of new software clearly associated with an identifiable product, which will be controlled by the Group and has probable economic benefit exceeding its cost beyond one year, are recognized as an intangible asset and depreciated over the software's expected useful life. Associated costs include staff costs of the development team. An intangible asset is recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the Group, and the cost of the asset can be measured reliably. All other

expenditure is expensed as incurred. Amortization is based on the following expected useful lives:

Intangible rights	3–20 years
Software	3–10 years

Property, plant and equipment

Property, plant and equipment acquired by Group companies are stated at historical cost, less impairment, except the assets of acquired companies that were stated at their fair values at the date of acquisition. Depreciation is calculated based on the useful lives of the assets. The carrying value of the property, plant and equipment in the statement of financial position represents the cost less accumulated depreciation and any impairment charges.

Depreciation is based on the following expected useful lives:

Buildings	10–20 years
Machinery and equipment	5–20 years
Research and development equipment	3–10 years
Land	is not depreciated.

The expected useful lives of non-current assets are reviewed at each reporting date and, where they differ significantly from previous estimates, depreciation periods are changed accordingly. Ordinary repairs and maintenance costs are charged to the statement of comprehensive income during the financial year in which they are incurred. The cost of major renovations is included in the asset's carrying amount when it is probable that the Group will derive future economic benefits in excess of the originally assessed standard of performance of the existing asset. Major renovations are depreciated over the useful lives of the related assets. Gains and losses on sales and disposals are determined by comparing the received proceeds with the carrying amount and are included in operating profit.

Government grants

Government or other grants are recognized as income on a systematic basis over the periods necessary to match them with the related costs, which they are intended to compensate. Invest-

ment grants are recognized as revenue on a systematic basis over the useful life of the asset. In the statement of financial position, investment grants are deducted from the value of the asset they relate to.

Impairments

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Goodwill and intangible assets, which are not yet available for use are tested at least annually. For the purposes of assessing impairment, assets are grouped at the lowest cash generating unit level for which there is separately identifiable, mainly independent, cash inflows and outflows. An impairment loss is the amount by which the carrying amount of the assets exceeds the recoverable amount. The recoverable amount is the asset's value in use. The value in use is determined by reference to discounted future cash flows expected to be generated by the asset. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount. However, the reversal must not result in the adjusted value being higher than the carrying amount that would have been determined if no impairment loss had been recognized in prior years. Impairment losses recognized for goodwill are not reversed.

Leases

Leases of property, plant and equipment, where the Group has substantially all the rewards and risks of ownership, are classified as finance leases. Finance leases are capitalized at the commencement of the lease term at the lower of the fair value of the leased property or the estimated present value of the underlying lease payments. Each lease payment is allocated between the capital liability and finance charges, to achieve a constant interest rate on the finance balance outstanding. The corresponding rental obligations,

net of finance charges, are included in interest-bearing liabilities with the interest element of the finance charge being recognized in the statement of comprehensive income over the lease period. Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the useful life of the asset or lease period. Leases of assets, where the lessor retains all the risks and benefits of ownership, are classified as operating leases. Payments made under other rental agreements, are expensed on a straight-line basis over the lease periods.

Financial instruments

Financial instruments are classified as loans and receivables, held-to-maturity investments, available-for-sale financial assets, financial liabilities at amortized cost, and financial assets and liabilities at fair value through profit and loss. Equity investments are classified as available-for-sale financial assets. Interest-bearing securities and convertible loan receivables are classified as financial assets at fair value through profit and loss. However, highly liquid marketable securities with maturity not exceeding three months are classified as cash equivalents.

According to the IFRS 7 standard, the company is required to classify available-for-sale financial assets into the following fair value hierarchy levels:

- Level 1 – fair values are measured using quoted prices (unadjusted) in active markets for identical instruments
- Level 2 – fair values are measured using directly or indirectly observable inputs, other than those included in Level 1
- Level 3 – fair values are measured using inputs that are not based on observable market data.

Available-for-sale financial assets, as well as financial assets and liabilities at fair value through profit and loss, are measured at fair value and the valuation is based on quoted rates and market prices and appropriate valuation models. Unlisted equity securities for which fair value cannot be reliably measured are recognized at cost less impairment. The unrealized fair value changes of

available-for-sale financial assets are recognized in other comprehensive income and presented in fair value reserve of equity net of taxes. In the event such an asset is disposed of, the accumulated fair value changes are released from equity to financial income and expenses in the statement of comprehensive income. Impairments of available-for-sale financial assets are recognized in the statement of comprehensive income. Purchases and sales of available-for-sale financial assets are recognized at the trade date.

Loans and receivables as well as all financial liabilities, except for derivatives, are recognized at the settlement date and measured at amortized cost using the effective interest rate method. Transaction costs are included in the initially recognized amount. The need for impairment is assessed separately for each loan receivable and when realized it is deducted from the carrying value. The impairment shall be based on evidence that it is probable that the Group will not be able to collect the loan receivable according to initial terms. Financial assets and liabilities at fair value through profit and loss are recognized at the trade date and measured at fair value.

All derivatives, including embedded derivatives, are initially recognized at fair value on the date Outotec has entered into the derivative contract, and are subsequently re-measured at fair value. Determination of fair values is based on quoted market prices and rates, discounting of cash flows, and option valuation models.

Fair values of currency forwards and swaps are determined by discounting the future nominal cash flows with relevant interest rates and then converting the discounted cash flows to the base currency using spot rates. The fair value of currency options is determined by utilizing commonly applied option valuation models.

The majority of Outotec's derivatives are hedging underlying operative transactions although in accordance with the IAS 39 standard they are not classified as hedging instruments as they do not meet the IAS 39 standard criteria for hedge accounting. The fair value changes of these derivatives are recognized in operating profit

under other income and expenses. However, if the derivative is assigned to financial items, the fair value changes are recognized in financial income and expenses.

For those projects where cash flow hedge accounting is applied, the effectiveness of the hedge is tested and documented according to IAS 39. The hedge results are recognized in the statement of comprehensive income in the same periods as the project revenue. The hedged cash flows are mainly customer prepayments that are recognized as revenue in the statement of comprehensive income using the percentage of completion method. The respective proportion of the hedge results has been recognized in the statement of comprehensive income as an adjustment to sales, and the remaining part in the other comprehensive income and presented in the cash flow hedge reserve in equity. The amounts in the cash flow hedge reserve also include a respective proportion of the realized result of hedges of customer prepayments that have already taken place but not recognized in statement of comprehensive income.

All recognized fair value changes to equity are net of tax.

Commitments and contingent liabilities

Outotec Oyj has issued commercial guarantees in connection with long term construction contracts on its own and on behalf of its subsidiaries. Guarantees have been given in order to secure customers' advance payments or counter secure commercial guarantees given by a bank to a customer or financing needs of local subsidiaries. Certain guarantees relate also to other commercial contractual obligations.

Guarantees, pledges, and mortgages have been presented as commitments and contingent liabilities in notes to the consolidated financial statements.

Guarantees issued will be discharged as agreed under the terms of the commercial contract and the contract of guarantee.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average cost method or FIFO method (first-in, first-out). The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs, and related production overheads, but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Trade receivables

Trade receivables are carried at their anticipated realizable value, which is the original invoice amount less an estimated valuation allowance for impairment of these receivables. A valuation allowance for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Trade receivables are classified in compliance with IFRS 7 to loans and receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities in the statement of financial position.

Treasury shares

The purchase of treasury shares with associated transaction costs has been deducted from shareholder's equity in the consolidated financial statements. Accordingly assigning of the treasury shares increases the shareholder's equity with the original acquisition cost.

Provisions

Provisions are recognized in the statement of financial position when Outotec has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions can arise from warranty period guarantees or provisions for project losses, restructuring plans, litigation, environmental or from tax plans.

Employee benefits

Pension obligations

Group companies in different countries have various pension plans in accordance with local conditions and practices. The plans are classified as either defined contribution plans or defined benefit plans. The contributions to defined contribution plans are charged to the statement of comprehensive income in the year to which they relate. The present value of the obligation of defined benefit plans is determined using the projected unit credit method. In calculating the Group's obligation with respect to a plan, the extent to which the cumulative unrecognized actuarial gain or loss exceeds the greater of the present value of the defined benefit obligation by more than 10% is identified. That excess portion is recognized in the statement of comprehensive income over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

Share-based payments

Share-based incentive program 2010-2012

Outotec's board of directors decided to adopt a share-based incentive program for the company's key personnel on April 23, 2010. The program has three earning periods: calendar years 2010, 2011 and 2012. The board 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 fair value of share-based payment is measured on the day on which the share-based payment plan is agreed upon between the counterparties. Since the person is not entitled to receive dividends during the earning period, the dividends expected to be paid have been deducted from the share price of the grant date when measuring the fair value. The component settled in shares will be recognized in shareholders' equity and the payment settled in cash in liabilities. Correspondingly, the fair value of the liability incurred in respect of a cash-settled transaction is re-measured on each reporting date until the reward payment, and the fair value of the liability will thus change in accordance with the Outotec share price.

Employee share savings plan

Outotec's Board of Directors decided on September 25, 2012, to launch an employee share savings plan for Outotec employees globally. The plan will commence from January 1, 2013, with the first savings period being one calendar year. The following savings periods are subject to a separate board decision. Approximately 34% of employees in 22 countries have signed up. Participation in Finland, Sweden and five other countries exceeds 50% of the employees.

Dividends

The dividend proposed by the Board of Directors is not deducted from distributable equity until approved by the Annual General Meeting of Shareholders.

Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the equity holders of the parent company by the weighted average number of shares in issue during the year, excluding purchased treasury shares. Diluted earnings per share is calculated as if the warrants and

options were exercised at the beginning of the period. In addition to the weighted average number of shares outstanding, the denominator includes the incremental shares obtained through the assumed exercise of the warrants and options. The assumption of exercise is not reflected in earnings per share when the exercise price of the warrants and options exceeds the average market price of the shares during the period. The warrants and options have a diluting effect only when the average market price of the share during the period exceeds the exercise price of the warrants and options.

3. Operating Segments

Outotec's business operations are divided into operating segments. The operating segments are based on the Group's internal organization and financial reporting structure. Outotec's reportable operating segments are: Non-ferrous Solutions, Ferrous Solutions and Energy, Light Metals and Environmental Solutions. Services is an integral part of the three operating segments and thus reported as part of the segments. Outotec's highest operative decision maker (Chief Operating Decision maker according to IFRS 8) is the President and CEO of Outotec Group with the support of the Executive Board. The President and CEO assess the Group's financial position and its development as a whole and based on the three operating segments.

Pricing of inter-segment transactions is based on current market prices. Segment assets and liabilities are operative items, which are used in a segment's business operations or which can on a reasonable basis be allocated to the segments. Unallocated items include taxes, financial items, and items which are common for the whole group. Investments consist of additions in intangible and tangible assets, which are used on during more than one financial year.

Non-ferrous Solutions

Non-ferrous Solutions consists of businesses related to the processing of copper, nickel, zinc, lead, gold, silver and platinum group metals as a full process chain from ore to metal as well as industrial minerals. The offering of the business area comprises technologies based on proprietary product development, engineering, production equipment, system integrations, project deliveries, as well as training, maintenance, and spare parts services. Deliveries may vary from small equipment deliveries to large solutions and services. Its advanced technologies are used to process copper, nickel, zinc, lead, gold, silver, platinum metals, and industrial minerals. The international customers of the business area mainly consist of mining companies, non-ferrous metals producers, as well as engineering and project firms. In 2012, Outotec acquired businesses of Numcore Oy, TME Group, and Backfill Specialists Pty Ltd, which are included in this business area.

Ferrous Solutions

Ferrous Solutions consists of businesses related to the processing of iron ores and other ferriferous materials to produce concentrates, pellets, sinter, direct reduced and hot briquette iron, ferroalloys and titanium feedstock (ilmenite). The offering of the business area includes feasibility studies, engineering, process equipment, automation, project implementation, and services covering the life cycle of a plant. Due to their energy efficiency and environmental soundness, many of the processes developed by the business area are rated best available technologies according to the EU's classification. Ferrous Solutions' customers are producers of steel and ferroalloys around the world. In 2012, Outotec acquired business of Demil Manutenção Industrial Ltda, which is included in this business area.

Energy, Light Metals and Environmental Solutions

Energy, Light Metals and Environmental Solutions consists of businesses related to energy (incl. oil shale, oil sands and biomass materials) alumina, aluminum and light metals processing. Business areas solutions include sulfuric acid plants, applications for gas cleaning and heat recovery, as well as industrial water treatment.

3.1 Operating segments

EUR million	Non-ferrous Solutions	Ferrous Solutions	Energy, Light Metals and Environmental Solutions	Reportable segments	Unallocated items ¹⁾	Eliminations	Consolidated
2012							
External sales	1,294.2	370.7	422.3	2,087.2	0.2	-	2,087.4
Inter-segment sales	11.4	0.5	4.7	16.5	38.2	-54.7	-
Sales	1,305.5	371.2	427.0	2,103.7	38.4	-54.7	2,087.4
Share of results of associated companies	-	-	-0.3	-0.3	-	-	-0.3
Operating profit	157.5	30.0	20.3	207.8	-18.1	-5.5	184.3
Financial income and expenses	-	-	-	-	-	-	-4.6
Profit before taxes	-	-	-	-	-	-	179.7
Income taxes	-	-	-	-	-	-	-51.9
Net profit for the financial year	-	-	-	-	-	-	127.8
Depreciation and amortization	-14.8	-1.6	-11.8	-28.1	-3.2	-	-31.4
Impairments ²⁾	-	-	-0.0	-0.0	-1.2	-	-1.3
Non interest-bearing assets	787.0	144.0	219.0	1,150.0	211.9	-167.3	1,194.6
Investments in associated companies	-	-	0.1	0.1	-	-0.0	0.1
Other interest-bearing assets	-	-	-	-	-	-	362.6
Income tax receivable	-	-	-	-	-	-	18.5
Deferred tax assets	-	-	-	-	-	-	53.2
Total assets	-	-	-	-	-	-	1,629.0
Non interest-bearing liabilities	598.3	208.0	248.0	1,054.3	77.4	-167.8	964.0
Interest-bearing liabilities	-	-	-	-	-	-	97.9
Income tax liabilities	-	-	-	-	-	-	33.2
Deferred tax liabilities	-	-	-	-	-	-	51.6
Total liabilities	-	-	-	-	-	-	1,146.7
Capital expenditure	41.4	10.7	3.0	55.0	21.2	-	76.2

¹⁾ Unallocated items primarily include group management and administrative services.

²⁾ Including impairment from intangible assets and impairment of loan receivable from available-for-sale investments

EUR million	Non-ferrous Solutions	Ferrous Solutions	Energy, Light Metals and Environmental Solutions	Reportable segments	Unallocated items ¹⁾	Eliminations	Consolidated
2011							
External sales	933.8	218.6	233.2	1,385.6	-0.0	-	1,385.6
Inter-segment sales	13.8	2.5	2.9	19.2	25.0	-44.3	-
Sales	947.6	221.1	236.1	1,404.8	25.0	-44.3	1,385.6
Share of results of associated companies	-	-	-0.0	-0.0	-	-	-0.0
Operating profit	107.7	6.7	23.8	138.2	-19.6	-6.7	111.9
Financial income and expenses	-	-	-	-	-	-	1.4
Profit before taxes	-	-	-	-	-	-	113.3
Income taxes	-	-	-	-	-	-	-34.0
Net profit for the financial year	-	-	-	-	-	-	79.3
Depreciation and amortization	-14.0	-1.3	-3.0	-18.3	-1.1	-	-19.4
Non interest-bearing assets	648.3	105.6	187.6	941.5	114.1	-104.8	950.9
Investments in associated companies	-	-	0.3	0.3	-	-	0.3
Other interest-bearing assets	-	-	-	-	-	-	405.6
Income tax receivable	-	-	-	-	-	-	17.4
Deferred tax assets	-	-	-	-	-	-	47.3
Total assets	-	-	-	-	-	-	1,421.4
Non interest-bearing liabilities	541.1	93.5	290.4	925.0	53.5	-104.8	873.7
Interest-bearing liabilities	-	-	-	-	-	-	66.5
Income tax liabilities	-	-	-	-	-	-	25.3
Deferred tax liabilities	-	-	-	-	-	-	56.4
Total liabilities	-	-	-	-	-	-	1,021.9
Capital expenditure	20.9	2.0	58.1	80.9	17.4	-	98.3

¹⁾ Unallocated items primarily include group management and administrative services.

3.2 Information about geographical areas

EUR million	Finland	Germany	Rest of Europe ¹⁾ , North Africa and Middle East	North America	South America	Australia and Oceania	Asia	Sub Saharan Africa	Inter-area eliminations	Investments in associated companies	Consolidated
2012											
Sales by destination ²⁾	55.8	10.3	628.4	201.3	544.7	234.5	155.9	256.6	-	-	2,087.4
Sales by origin ³⁾	734.0	368.4	67.0	206.7	432.4	345.5	67.8	153.9	-288.3	-	2,087.4
Non-current assets ³⁾	116.1	9.5	23.8	7.3	9.8	46.9	1.6	2.1	193.3	0.1	410.4
Capital expenditure ³⁾	45.8	2.6	0.8	1.6	5.5	18.5	0.6	0.7	-	-	76.2
2011											
Sales by destination ²⁾	85.0	8.7	300.9	126.9	306.0	189.9	159.6	208.6	-	-	1,385.6
Sales by origin ³⁾	505.6	243.2	91.2	145.2	203.3	246.9	45.6	114.9	-210.3	-	1,385.6
Non-current assets ³⁾	142.4	50.5	23.3	13.8	6.2	28.0	1.4	1.9	81.9	0.3	349.8
Capital expenditure ³⁾	21.9	2.2	0.7	56.4	2.4	13.3	0.5	0.9	-	-	98.3

¹⁾ Includes the CIS countries

²⁾ Sales by destination is presented for external sales.

³⁾ Sales, non-current assets and capital expenditure are presented by the location of the company.

3.3 Information about major customers

In 2012 and in 2011, no single customer accounted for over 10% of the Group's total sales.

4. Business combinations

Update to acquisition calculation completed in 2011.

Energy Products of Idaho LP

Outotec has acquired on December 30, 2011 all interests in Energy Products of Idaho Limited Partnership (referred to as 'EPI') in Coeur d'Alene, the United States. EPI has pioneered in the area of biomass and difficult waste materials combus-

tion and delivered over 100 renewable energy solutions.

Purchase price allocation has been adjusted during 2012. The acquisition price consists of two components: a fixed cash element of EUR 45.8 million and an earn-out payment of EUR 25 million at maximum based on EPI's financial performance in 2012 and 2013. Original book value for the earn-out liability was EUR 8.8 million of which EUR 1.3 million was paid in 2012. In addition,

based on the management assessment a reduction of EUR 6.3 million was made to the earn-out liability in December 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. Synergy benefits come partly from combining EPI and Outotec sales and service networks.

EUR million	Note	Fair values recorded on acquisition at Dec 31, 2012	Fair values recorded on acquisition at Dec 31, 2011	Carrying amounts prior to acquisition
Intangible assets	14	34.1	21.9	0.3
Property, plant and equipment	15	1.2	1.2	0.7
Inventories	20	0.2	0.2	0.2
Trade and other receivables	21	5.4	6.6	6.8
Cash and cash equivalents	22	12.4	12.4	12.4
Total assets		53.3	42.4	20.3
Trade and other payables	27	16.5	17.2	17.0
Total liabilities		16.5	17.2	17.0
Net assets		36.8	25.2	3.3
Acquisition cost		54.6	55.2	
Goodwill ^{*)}	14	17.8	30.0	
Acquisition cost paid		-0.6	46.4	
Earn-out paid		1.3	-	
Cash and cash equivalents in subsidiaries acquired		-	12.4	
Exchange differences		-	-2.4	
Cash flow effect at December 31, 2012		0.7	31.6	
Earn-out liability January 1, 2012		8.8	-	
Earn-out paid		-1.3	-	
Reduction of earn-out liability		-6.3	-	
Exchange differences		0.1	-	
Earn-out liability December 31, 2012		1.3	8.8	

*) Goodwill is tax deductible

Acquisitions during 2012

Outotec has acquired the following entities during 2012. The purchase price allocation specification is combined for all acquired entities.

Numcore Ltd

Outotec has acquired Numcore Ltd in Kuopio, Finland. The acquisition was completed in March, 2012. Numcore is a company developing and marketing innovative online process control solutions based on 3D imaging. This acquisition supports Outotec's growth strategy and strengthens Outotec's competitive edge in providing advanced tech-

nology solutions. Numcore's technology is already proven in flotation and thickener applications. Furthermore, EIT technology can be utilized in other Outotec's business segments.

The purchase price has been allocated to technologies. The remaining goodwill, EUR 4.5 million, is mainly based on experienced personnel of Numcore and synergy benefits.

Demil Manutenção Industrial Ltda

Outotec has acquired Demil Manutenção Industrial Ltda in Brazil. The acquisition was completed in June, 2012. Demil provides industrial maintenance

services for iron ore pelletizing plants and is located in Guarapari, Espírito Santo in Brazil.

Demil has approximately 300 employees and its annual sales are at the level of EUR 10 million. The acquisition will provide a platform for further developing Outotec's service business and capabilities in Brazil. Demil's services can be offered to Outotec's Brazilian customers, pelletizing technology users in particular.

The purchase price has been allocated mainly to customer relationships. The remaining goodwill EUR 4.6 million is mainly based on the synergy benefits of the customer relationship.

TME Group

Outotec has acquired the assets of Australian-owned TME Group. The acquisition was completed in August, 2012. TME is a mining services company with offices throughout Australia and in South Africa. TME provides grinding mill relining and mineral processing plant maintenance services to customers mainly in Australia, Africa, and South-east Asia.

With annual sales of approximately EUR 35 million, TME has 130 permanent employees and a large casual labor workforce.

The purchase price has been allocated mainly to customer relationships. The remaining goodwill EUR 14.9 million is mainly based on experienced personnel of TME and synergy benefits. Purchase price allocation is preliminary and will be finalized during 2013.

Backfill Specialists Pty Ltd

Outotec has acquired all the shares of Australian-based Backfill Specialists Pty Ltd. The acquisition was completed in October, 2012. The acquisition complements Outotec's expertise in paste plants and enables the company to offer more compre-

hensive tailings treatment solutions to the mining industry worldwide.

Backfill Specialists is a technical consulting and engineering company specialized in mine backfilling solutions mostly in Australia. Its annual sales have been roughly EUR 18 million.

The purchase price has been allocated to fixed assets and order backlog. The remaining goodwill EUR 8.6 million is mainly based on experienced personnel and synergy benefits. Purchase price allocation is preliminary and will be finalized during 2013.

EUR million	Note	Fair values recorded on acquisition at Dec 31, 2012	Carrying amounts prior to acquisition
Customer contracts and related customer relationships		4.8	-
Intangible assets	14	2.1	0.8
Property, plant and equipment	15	5.2	4.5
Inventories	20	1.6	1.4
Trade and other receivables	21	5.1	4.5
Cash and cash equivalents	22	3.0	3.0
Total assets		21.7	14.1
Interest-bearing liabilities	26	1.3	1.3
Deferred tax liabilities	12	2.0	-
Trade and other payables	27	7.8	7.8
Total liabilities		11.1	9.1
Net assets		10.6	5.0
Acquisition cost		43.0	
Exchange differences		0.2	
Goodwill	14	32.6	
Acquisition cost paid		36.3	
Cash and cash equivalents in subsidiary acquired		3.0	
Exchange differences		0.0	
Cash flow effect at December 31, 2012*)		33.3	
Earn-out liability December 31, 2012		7.3	

*) The reported figure in the financial statements review has been adjusted to include cash flow effect from acquisitions completed in 2012.

Effect of acquired business combinations on Outotec Group's sales and profit for the period in 2012

Outotec's sales for January 1, 2012 to December 31, 2012 would have been EUR 2,121.1 million and profit for the period EUR 128.2 million if the acquisitions of Numcore Ltd, Demil Manutenção Industrial Ltda, TME Group and Backfill Specialists Pty Ltd would have been completed on January 1, 2012.

5. Construction contracts

EUR million	2012	2011
Revenue from construction contracts recognized as income during the financial year	1,411.1	844.5
Incurred costs and profits (less recognized losses) related to work in progress constructions contracts at the end of financial year	-893.4	-564.2
Advances received related to work in progress construction contracts ¹⁾	1,577.5	1,416.7
Gross amount due from customers related to work in progress construction contracts	280.5	204.2
Gross amount due to customers related to work in progress construction contracts ²⁾	311.0	426.2
Retentions	6.2	0.3

¹⁾ Includes gross advances received related to work in progress construction contracts.

²⁾ Includes net advances received after percentage of completion revenue recognition.

6. Other income

EUR million	2012	2011
Gains on sale of intangible and tangible assets	0.2	0.5
Reduction of earn-out payment liability related to acquisition of Energy Products of Idaho LP	6.3	-
Market price gains from derivatives	2.1	1.7
One-time income related to reorganization of business	-	1.1
Other income	0.6	0.6
	9.3	3.9

7. Other expenses

EUR million	2012	2011
Losses on disposals of intangible and tangible assets	-0.1	-0.1
Impairments on intangible assets and property, plant and equipment related to restructuring	-0.0	-
One-time costs related to reorganization of business	-0.6	-3.7
Costs related to acquisitions	-2.7	-2.0
Other expenses	-0.2	-1.0
	-3.6	-6.7

8. Function expenses by nature

EUR million	2012	2011
Merchandise and raw materials	-1,061.2	-686.8
Logistics expenses	-36.8	-21.5
Employee benefit expenses	-362.6	-284.4
Rents and leases	-25.5	-18.9
Depreciation and amortization ¹⁾	-31.4	-19.4
Change in inventories	9.2	11.6
Services purchased ²⁾	-255.4	-135.9
Other expenses ³⁾	-145.0	-115.6
	-1,908.6	-1,270.8

¹⁾ Purchase price allocation amortizations related to acquisitions were 12.5 million in 2012 (2011: 4.9 million).

²⁾ Services purchased includes audit fees of EUR 0.7 million (2011: EUR 0.9 million) and fees for ancillary services of EUR 0.9 million (2011: EUR 0.9 million) paid to the companies operated by the firm of independent public accountants PWC (2011: to KPMG), in different countries.

³⁾ Includes grants received EUR 1.8 million in 2012 (2011: EUR 2.1 million).

Expenses by function include cost of sales, selling and marketing, administrative as well as research and development expenses.

Other income and expenses comprise following non-recurring items, which have affected financial performance for the period:

Non-recurring items

EUR million	2012	2011
One-time costs related to reorganization of business	-0.6	-3.7
One-time income related to reorganization of business	-	1.1
Costs related to acquisitions	-2.7	-2.0
Reduction of earn-out payment liability related to acquisition of Energy Products of Idaho LP	6.3	-

9. Employee benefit expenses

EUR million	2012	2011
Wages and salaries	-295.8	-228.4
Share based payments	-9.7	-7.6
Termination benefits	-0.1	-1.6
Social security costs	-27.1	-20.7
Pension and other post-employment benefits		
Defined benefit plans	-2.2	-2.1
Defined contribution plans	-20.9	-16.6
Other post-employment benefits	-0.2	-0.2
Other personnel expenses	-6.7	-7.1
	-362.6	-284.4

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.

Earning period 2010

A total of 138,144 Outotec shares were allocated for the 2010 earning period with a cost of approximately EUR 9.6 million, which was booked for the financial periods 2010-2012.

Earning period 2011

A total of 130,063 Outotec shares were allocated for the 2011 earning period with a cost of approx-

imately EUR 9.5 million, which is booked for the financial periods 2011-2013.

Earning period 2012

The Board of Directors approved (March 28, 2012) 148 individuals for the program's 2012 earning period and set targets for order intake, earnings per share and sales growth. At the end of 2012, there were 146 participants with right to earn, on the basis of achievement of set targets, a maximum number of 194,375 shares and cash to cover income taxes.

Employee share saving plan

Outotec's Board of Directors decided on September 25, 2012, to launch an employee share savings plan for Outotec employees globally. The plan will commence from January 1, 2013, with the first savings period being one calendar year. The following savings periods are subject to a separate board decision. Approximately 34% of employees in 22 countries have signed up. Participation in Finland, Sweden and five other countries exceeds 50% of the employees.

For information about key management employee benefits, please see Note 31. Related party transactions.

10. Share-based payments

Share-based payments include share-based incentive program for key personnel and employee share savings plan.

Share-based incentive program

In April 23, 2010 the Board of Directors of Outotec Oyj agreed to establish the Share-based incentive program 2010-2012. It was established as a part of the incentive and commitment program for the key personnel of the company and its subsidiaries. The program offers the target group the opportunity to earn the company shares as a reward for achieving targets established for the earning period. The program includes three earning periods, each with a duration of one calendar year.

Under the program a reward of up to 500,000 shares may be given and also a cash payment of up to the amount needed for payment of the taxes and tax-related costs incurred by the key persons as a result of the reward at the time the shares are transferred.

The program includes three earning periods, which are the calendar years 2010, 2011 and 2012. The Board of Directors shall determine the

amount of the maximum reward, the earning criteria and the targets established for them separately on an annual basis. The attaining of the targets established for the earning criteria will determine how large a portion of the maximum will be paid to the key persons.

The reward paid on the basis of the share-based incentive program will be paid in the spring of the year following the closing of the earning period as a combination of shares and a cash. The reward will not be paid if the person's employment ends before the close of the earning period. The person must also hold the earned shares and remain employed for at least two years after the close of the earning period.

Employee share savings plan

In September 2012 the Board of Directors decided to launch an Employee Share Savings Plan for Outotec employees globally. The plan includes a saving period of one calendar year commencing on January 1, 2013, during which the participants have a possibility to save 2 to 5% of their gross salary for purchasing Outotec shares. The total amount of all savings in 2013 will be approxi-

mately EUR 3.7 million, which equals approximately 86,260 shares using the share price of December 31, 2012. Shares will be acquired with the accumulated savings at the market price quarterly, after the publication of Outotec's interim results, commencing from April 2013. Company gives one free share against each purchased share after three years ownership period. The conditions for receiving the free share are ownership of the share and continuous employment contract until the end of the ownership period i.e. until May 2016. Free shares are taxable income for the recipient in most countries and will thus be paid partly in Outotec's shares and partly in cash. The cash proportion is intended for covering taxes and tax-related payments.

Key characteristics of the share-based incentive program and Employee share savings plan are listed in the table below:

Basic data	Employee share savings plan		Share-based incentive program 2010-2012	
	Savings period 2013	Earning period 2012	Earning period 2011	Earning period 2010
Grant dates	December 14, 2012	March 28, 2012, August 27, 2012	March 1, 2011	April 22, 2010
Form of the reward	Equity and cash	Equity and cash	Equity and cash	Equity and cash
Target group	Personnel	Key personnel	Key personnel	Key personnel
Beginning of earning period	January 1, 2013	January 1, 2012	January 1, 2011	January 1, 2010
End of earning period	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Vesting conditions	Share ownership. Employment until the end of the restriction period	Net order intake, EPS, sales growth. Employment until the end of the restriction period	Net order intake, EPS, sales growth. Employment until the end of the restriction period.	Net order intake, EPS, cost savings. Employment until the end of the restriction period
End of restriction period	May 15, 2016	January 1, 2015	January 1, 2014	January 1, 2013
Maximum contractual life, years	3.4	2.8	2.8	2.7
Remaining contractual life, years	3.4	2	1	0
Number of persons at 31 December 2012	1,513	146	87	0

The changes in the amounts of share based incentive program in the 2012 financial year are presented in the table below. Since the cash component of the share reward is also recognised as a share-based expense, the amounts below are presented in gross terms, i.e. the share reward figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

Changes in the 2012 financial year	Savings period 2013	Earning period 2012	Earning period 2011	Earning period 2010	Total	Weighted remaining contractual life in years
Gross amounts at January 1, 2012, number of shares ^{*)}						
Outstanding at the beginning of the period	0	0	415,643	272,963	688,606	
Changes during the period, number of shares						
Share reward granted	86,260	488,438	0	0	574,698	
Share reward forfeited	0	5,000	5,000	0	10,000	
Share reward exercised	0	0	0	272,963	272,963	
Share reward expired	0	0	145,389	0	145,389	
Gross amounts at December 31, 2012, number of shares ^{*)}						
Outstanding at the end of the period	86,260	438,438	265,254	0	834,951	1.7
Exercisable at the end of the period	86,260	438,438	0	0	569,698	

^{*)} Number of shares include cash-settled payments of the program [in terms of number of shares]

Fair value determination

IFRS 2 requires an entity to measure the shares granted to employees at their fair value at the day at which the share-based payment is agreed upon between the counterparties. Since the person is not entitled to receive dividends during the earning period, the dividends expected to be paid have been deducted from the share price of the grant date when measuring the fair value.

Since the share reward is paid as a combination of shares and cash, the measurement of the

fair value of the reward consists of two parts under IFRS 2: the component settled in shares and the component settled in cash. The component settled in shares will be recognized in shareholders' equity and the payment settled in cash in liabilities. Correspondingly, the fair value of the liability incurred in respect of a cash-settled transaction is remeasured at each reporting date until the reward payment, and the fair value of the liability will thus change in accordance with the Outotec share price.

Inputs to the fair value determination of the rewards expensed during the financial year 2012 are listed in the below table. The total fair value of the rewards is based on the company's estimate on December 31, 2012 as to the number of share to be eventually vesting. The fair value of granted share rewards during the financial year are presented as weighted average values.

Measurement of fair value of the share reward	Granted 2012	Granted 2011	Granted 2010	
Share price at the grant date, EUR	39.96	40.99	27.04	
Expected dividends, EUR	0.85	0.75	0.76	
Fair value per share accounted for as equity-settled reward, EUR	39.45	39.52	27.04	
Fair value per share of the cash-settled reward at the settlement date/at the end of the period, EUR	42.37	36.20	44.60	
Fair value at December 31, 2012, EUR million	15.5	9.5	9.6	
Effect on earnings during the period and financial position at December 31, 2012, EUR million	Total	Granted 2012	Granted 2011	Granted 2010
Expense recognized for the period from share-based payments	9.7	3.3	3.0	3.4
Expense accounted for as equity-settled share-based payment	4.6	1.5	1.8	1.3
Value of liability for cash-settled share-based payments Dec 31, 2012	1.8	1.8	-	-
Effect on earnings during the period and financial position at December 31, 2011, EUR million	Total	Granted 2011	Granted 2010	
Expense recognized for the period from share-based payments	7.6	3.1	4.5	
Expense accounted for as equity-settled share-based payment	3.3	1.6	1.8	
Value of liability for cash-settled share-based payments Dec 31, 2011	1.5	1.5	-	

11. Finance income and expenses

Recognized in profit or loss

EUR million	2012	2011
Interest income on bank deposits and commercial papers	6.8	7.9
Interest income on loans and receivables	0.3	0.3
Interest income on derivatives	0.0	-
Other finance income	0.1	0.0
Total finance income	7.2	8.2
Interest expenses		
Financial liabilities measured at amortized cost		
Current and non-current debt	-2.0	-2.2
Finance lease arrangements	-	-0.0
Financial liabilities measured at amortized cost		
Current and non-current debt	-0.0	-
Other finance expenses	-7.1	-4.4
Total finance expenses	-9.2	-6.6
Exchange gains and losses	-2.7	-0.5
Other market price gains and losses	0.0	0.2
Total market price gains and losses	-2.6	-0.3
Total finance income and expenses	-4.6	1.4

Exchange gains and losses recognized in profit or loss

EUR million	2012	2011
In sales	1.6	0.5
In purchases	-0.5	-2.7
In other income and expenses	2.1	1.9
In finance income and expenses	-2.7	-0.5
	0.5	-0.8

Recognized in other comprehensive income

EUR million	2012	2011
Exchange differences on translating foreign operations	-0.6	-3.9
Cash flow hedges	9.4	-4.3
Income tax related to cash flow hedges	-0.5	1.3
Available-for-sale financial assets	-0.1	-0.2
	8.2	-7.2

12. Income tax expenses

Income tax expenses recognized in profit or loss

EUR million	2012	2011
Current taxes		
Accrued taxes for the year		
Finnish companies	-20.7	-4.4
Companies outside Finland	-39.2	-24.0
Tax adjustments for prior years		
Finnish companies	0.2	-0.1
Companies outside Finland	-4.8	-4.8
	-64.6	-33.4
Deferred taxes		
Deferred taxes		
Finnish companies	-3.6	-6.6
Companies outside Finland	16.6	3.6
Effect of consolidation and eliminations	-0.3	2.4
	12.6	-0.6
Total income tax expenses	-51.9	-34.0

Income taxes recognized in other comprehensive income

EUR million	2012	2011
Income tax related to cash flow hedges	-0.5	1.3

The difference between income taxes at the statutory tax rate in Finland (24.5% in 2012 and 26% in 2011) and income taxes recognized is reconciled as follows:

EUR million	2012	2011
Hypothetical income taxes at Finnish tax rate on consolidated profit before tax	-44.0	-29.5
Effect of different tax rates outside Finland	-1.9	-1.2
Non-credited foreign withholding taxes	-1.1	-0.5
Tax effect of non-deductible expenses and tax exempt income	0.5	1.1
Tax effect of losses for which no deferred tax asset is recognized	-1.7	-1.1
Previous year losses for which deferred tax asset is recognized	-0.5	-1.0
Utilization of tax losses for which no deferred tax asset was recognized	0.8	2.4
Effect of consolidation and eliminations	0.0	-0.7
Taxes for prior years	-4.6	-4.9
Effect of enacted change in future tax rates	1.7	-0.6
Share-based payment plan tax deduction in excess of IFRS cost	-0.3	-0.2
Other items	-0.7	2.1
Income taxes recognized in profit or loss	-51.9	-34.0

Deferred taxes in consolidated statement of financial position

EUR million	2012	2011
Deferred tax assets	53.2	47.3
Deferred tax liabilities	51.6	56.4
	1.6	-9.1

Deferred taxes have been reported as a net balance of those companies that file a consolidated tax return or that may otherwise be consolidated for current tax purposes.

Changes in deferred tax assets and liabilities during the financial year

EUR million	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Acquired subsidiaries	Translation differences	December 31
2012						
Deferred tax assets						
Tax losses carried forward	7.0	-6.1	-	-	-	1.0
Timing difference in revenue recognition	18.1	3.8	-	-	0.3	22.2
Pension provisions	1.5	-1.2	-	-	-	0.2
Depreciation difference	0.6	2.3	-	-	-	2.9
Project provisions	13.8	4.7	-	-	0.4	19.0
Effects of consolidation and eliminations	2.9	0.7	-	-	-	3.6
Valuation gain on assets and derivative instruments	0.9	-	-0.3	-	-	0.6
Provisions for operating expenses and other items	14.5	-0.2	-	-	-0.3	14.0
Purchase price allocation	0.2	-	-	-0.1	-	0.1
Netting of deferred tax	-12.3	2.0	-	-	-	-10.3
	47.3	6.0	-0.3	-0.1	0.4	53.2
Deferred tax liabilities						
Timing difference in revenue recognition	46.9	-9.1	-	-	-	37.8
Depreciation difference	5.1	-0.5	-	-	-	4.5
Other untaxed reserves	2.2	-0.7	-	-	-	1.5
Purchase price allocation	11.9	-3.7	-	1.6	-	9.9
Valuation gain on assets and derivative instruments	-	-	0.1	-	-	0.1
Other items	2.5	5.5	-	-	-	8.0
Netting of deferred tax	-12.3	2.0	-	-	-	-10.3
	56.4	-6.6	0.1	1.6	-	51.6
Net deferred tax liability	-9.1	12.6	-0.5	-1.8	0.4	1.6

EUR million	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Acquired subsidiaries	Translation differences	December 31
2011						
Deferred tax assets						
Tax losses carried forward	7.6	-0.5	-	-	-	7.0
Timing difference in revenue recognition	21.0	-2.3	-	-	-0.6	18.1
Pension provisions	1.4	0.1	-	-	-	1.5
Depreciation difference	0.8	-0.2	-	-	-	0.6
Project provisions	14.1	0.1	-	-	-0.4	13.8
Effects of consolidation and eliminations	1.3	1.7	-	-	-	2.9
Valuation gain on assets and derivative instruments	0.1	-	0.9	-	-	0.9
Provisions for operating expenses and other items	8.8	5.6	-	-	-	14.5
Purchase price allocation	0.0	-	-	0.2	-	0.2
Netting of deferred tax	-17.2	4.9	-	-	-	-12.3
	37.8	9.4	0.9	0.2	-1.0	47.3
Deferred tax liabilities						
Timing difference in revenue recognition	43.9	3.1	-	-	-	46.9
Depreciation difference	3.3	1.8	-	-	-	5.1
Other untaxed reserves	0.9	1.3	-	-	-	2.2
Purchase price allocation	13.5	-1.6	-	-	-	11.9
Valuation gain on assets and derivative instruments	0.4	-	-0.4	-	-	-
Other items	2.0	0.5	-	-	-	2.5
Netting of deferred tax	-17.2	4.9	-	-	-	-12.3
	46.8	10.0	-0.4	-	-	56.4
Net deferred tax liability	-9.0	-0.6	1.3	0.2	-1.0	-9.1

Deferred tax assets of EUR 4.9 million (2011: EUR 4.1 million) have not been recognized in the consolidated financial statements because the realization of the tax benefit included in these assets is not probable. Majority of these unrecognized deferred tax assets relate to tax losses and tax credits amounting to EUR 18.5 million (2011: EUR 14.6 million), of which EUR 7.0 million will expire within five years and EUR 11.5 million after five years.

The consolidated balance sheet includes net deferred tax assets of EUR 5.4 million (2011: EUR 7.8 million) in subsidiaries, which have generated losses in current or in prior year. The recognition of the assets is based on result estimates, which indicate that the realization of these deferred tax assets is probable.

Deferred tax liability on the undistributed earnings of subsidiaries, to the extent that the decision to distribute has not already been made,

has not been recognized in the consolidated balance sheet because distribution of the earnings is in the control of Outotec and such distribution is not probable within foreseeable future. The amount of such undistributed earnings in subsidiaries, which may attract withholding or other tax consequences upon distribution, was at the end of 2012 EUR 192.3 million (2011: EUR 235.0 million).

13. Earnings per share

	2012	2011
Profit attributable to the equity holders of the parent company, EUR million	127.8	79.3
Weighted average number of shares, in thousands	45,359	45,379
Earnings per share for profit attributable to the equity holders of the parent company:		
Basic earnings per share, EUR	2.82	1.75
Diluted earnings per share, EUR	2.82	1.75

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of shares outstanding. Since Outotec has not granted any options, there is no dilution.

14. Intangible assets

EUR million	Intangible asset, internally generated ¹⁾	Intangible asset, acquired ^{2),3)}	Goodwill	Advances paid and construction work in progress	Total
Historical cost at January 1, 2012	3.4	150.7	182.9	8.9	345.9
Translation differences	0.0	-0.4	0.1	-	-0.2
Additions	0.3	17.2	-	9.5	27.0
Disposals	-0.0	-0.0	-	-	-0.0
Acquired subsidiaries	-	18.8	20.4	-	39.3
Reclassifications	-0.0	8.3	-	-7.2	1.2
Historical cost at December 31, 2012	3.7	194.6	203.5	11.3	413.1
Accumulated amortization and impairment at January 1, 2012	-1.3	-56.1	-1.6	-	-59.1
Translation differences	-0.0	0.0	0.1	-	0.1
Disposals	0.0	0.0	-	-	0.0
Reclassifications	-	-0.3	-	-	-0.3
Amortization during the period	-0.1	-18.8	-	-	-18.9
Impairment during the period	-	-0.0	-	-	-0.0
Accumulated amortization and impairment at December 31, 2012	-1.5	-75.2	-1.5	-	-78.2
Carrying value at December 31, 2012	2.3	119.4	202.0	11.3	335.0
Historical cost at January 1, 2011	3.6	119.0	149.9	-	272.4
Translation differences	-	0.3	1.4	-	1.7
Additions	-	8.1	-	8.7	16.8
Disposals	-0.0	-0.0	-	-	-0.0
Acquired subsidiaries	0.2	22.7	31.6	-	54.5
Reclassifications	-0.4	0.6	-	0.2	0.5
Historical cost at December 31, 2011	3.4	150.7	182.9	8.9	345.9
Accumulated amortization and impairment at January 1, 2011	-1.3	-45.9	-1.4	-	-48.6
Translation differences	-	-0.0	-0.2	-	-0.2
Disposals	-	-	-	-	-
Amortization during the period	-0.0	-10.2	-	-	-10.2
Accumulated amortization and impairment at December 31, 2011	-1.3	-56.1	-1.6	-	-59.1
Carrying value at December 31, 2011	2.1	94.5	181.3	8.9	286.8

¹⁾ of which carrying value of patents amounted to EUR 0.3 million (2011: EUR 0.3 million) and other internally generated intangible assets EUR 2.0 million (2011: EUR 1.8 million).

²⁾ of which carrying value of patents amounted to EUR 14.0 million (2011: EUR 11.9 million), licenses EUR 5.9 million (2011: EUR 4.3 million), IT software EUR 17.3 million (2011: EUR 5.7 million) and other acquired intangible assets EUR 82.1 million (2011: EUR 72.7 million) including purchase price fair valuation EUR 52.6 million (2011: EUR 56.7 million).

³⁾ includes EUR 0.3 million received grants (2011: no grants received).

Amortization by function

EUR million	2012	2011
Cost of sales	-5.6	-1.8
Selling and marketing expenses	-3.3	-2.0
Administrative expenses	-3.7	-2.7
Research and development expenses	-6.6	-3.6
	-19.2	-10.1

Impairments on intangible assets during the financial year

Impairments amounted to EUR -0.0 million in 2012 (2011: no impairments).

Impairment testing of goodwill

Goodwill is allocated to the Group's cash-generating units which is the lowest level of assets for which there are separately identifiable cash flows.

In 2012 the testing was performed on operating segment level according to the business organization and responsibilities. Calculations are prepared during the fourth quarter of the year.

Goodwill allocation to the segments

EUR million	2012	2011
Non-ferrous Solutions	126.9	98.8
Ferrous Solutions	18.5	13.9
Energy, Light Metals and Environmental Solutions	56.6	68.7
	202.0	181.3

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. The cash flow projections are based on long-range financial plan approved by the Management and the Board for a five year period. In defining the long-range plans for each cash-generating units, the management makes use of growth, demand, and price estimates by market research institutions. Furthermore, the estimated sales and profits and the cash-generating unit-specific long-range plan are based on the current backlog and estimated order intake as well as cost development. The most important assumptions relate to gross margin levels in various products and the

estimated overall gross margin level in relation to fixed costs. Cash flows beyond the five year period are calculated using the terminal value method, where the EBITDA (=earnings before interest, taxes, amortizations and depreciation) of the fifth planning period is multiplied by six.

The discount rate applied to cash flow projections is the weighted average pre-tax cost of capital (WACC) as defined for Outotec. The components of WACC are the risk-free long term government bond rates, market and industry risk premiums, cost of debt, and target capital structure. The WACC used in the calculations was 7.6% in 2012 (2011: 9.2%).

In conjunction with the impairment testing a sensitivity analysis was performed. The sensitivity analysis was made under the assumption that there would be a decline in the growth rate of cash flows during and after the forecasting period. A general increase in interest rates has also been taken into consideration as well as a decrease in profitability. Based on the sensitivity analysis, it is not probable that the recoverable amount will fall below the carrying amount at December 31, 2012, even if the assumptions used in the sensitivity analysis will face reasonable permanent changes.

Based on the conducted impairment testing there was no need for goodwill impairment in year 2012 (2011: no impairments).

15. Property, plant and equipment

EUR million	Land	Buildings	Machinery	Office equipment	Other tangible assets	Advances paid and construction work in progress	Total
Historical cost at January 1, 2012	2.1	24.9	73.3	40.3	1.8	2.3	144.8
Translation differences	-0.0	-0.0	0.0	-0.1	0.0	-0.0	-0.1
Additions	0.2	1.9	9.5	7.0	0.2	2.3	21.2
Disposals	-	-	-0.7	-2.3	0.2	-0.4	-3.3
Acquired subsidiaries	-	-	3.6	1.6	-	-	5.2
Reclassifications	-	-0.1	2.1	-2.4	-0.1	-0.4	-1.0
Historical cost at December 31, 2012	2.3	26.7	87.8	44.0	2.1	3.8	166.7
Accumulated depreciation and impairment at January 1, 2012	-	-9.1	-48.4	-24.1	-0.7	-	-82.2
Translation differences	-	-0.0	0.0	-0.0	-0.0	-	-0.0
Disposals	-	-	0.5	2.2	-0.1	-	2.6
Reclassifications	-	0.1	-1.5	1.5	-	-	0.1
Depreciation during the period	-	-1.1	-5.1	-5.4	-0.2	-	-11.8
Accumulated depreciation and impairment at December 31, 2012	-	-10.2	-54.4	-25.8	-1.1	-	-91.4
Carrying value at December 31, 2012	2.3	16.5	33.3	18.3	1.0	3.8	75.3
Historical cost at January 1, 2011	1.5	24.4	67.9	32.1	1.5	1.4	128.9
Translation differences	0.0	-0.0	-0.2	-0.3	-0.0	0.0	-0.5
Additions	-	0.4	4.6	10.7	0.3	1.9	17.9
Disposals	-	-0.2	-1.9	-2.3	-0.1	-	-4.5
Acquired subsidiaries	0.6	0.2	2.6	0.1	-	-	3.5
Reclassifications	-	0.2	0.2	0.0	0.0	-1.0	-0.6
Historical cost at December 31, 2011	2.1	24.9	73.3	40.3	1.8	2.3	144.8
Accumulated depreciation and impairment at January 1, 2011	-	-8.0	-45.5	-22.1	-0.5	-	-76.2
Translation differences	-	0.0	0.1	0.1	0.0	-	0.2
Disposals	-	0.0	1.5	1.8	0.1	-	3.4
Reclassifications	-	-0.0	-0.1	-0.1	-0.0	-	-0.3
Depreciation during the period	-	-1.1	-4.4	-3.7	-0.2	-	-9.5
Accumulated depreciation and impairment at December 31, 2011	-	-9.1	-48.4	-24.1	-0.7	-	-82.2
Carrying value at December 31, 2011	2.1	15.8	24.9	16.3	1.1	2.3	62.5

Depreciation by function

EUR million	2012	2011
Cost of sales	-7.4	-4.4
Selling and marketing expenses	-0.0	-0.8
Administrative expenses	-3.9	-2.9
Research and development expenses	-0.9	-1.3
	-12.1	-9.4

Impairments on property, plant and equipment during the financial year

There were no impairments during 2012 or 2011.

Assets leased by finance lease agreements

EUR million	2012	2011
Historical cost	0.8	0.8
Translation differences	0.0	0.0
Reclassifications	-0.1	0.0
Accumulated depreciation	-0.6	-0.6
Carrying value at December 31	0.0	0.2

All finance lease agreements are related to machinery and equipment.

16. Investments in associated companies

EUR million	2012	2011
Investments in associated companies at cost		
Historical cost at January 1	0.9	0.7
Translation differences	0.0	0.1
Additions	-	0.1
Historical cost at December 31	0.9	0.9
Equity adjustment to investments in associated companies at January 1	-0.6	-0.5
Share of results of associated companies	-0.3	0.0
Equity adjustment to investments in associated companies at December 31	-0.8	-0.6
Carrying value of investments in associated companies at December 31	0.1	0.3

Summary of financial information for associated companies

EUR million	Domicile	Assets	Liabilities	Sales	Profit/loss	Ownership, %
2012						
Enefit Outotec Technology Oü	Estonia	7.2	8.0	1.9	-0.8	40.0
GreenExergy AB	Sweden	1.2	0.5	1.5	0.1	45.0
Middle East Metals Processing Company Ltd.	Saudi Arabia	0.4	0.3	-	-	49.0
2011						
Enefit Outotec Technology Oü	Estonia	1.9	1.8	0.3	-0.1	40.0
GreenExergy AB	Sweden	1.0	0.4	1.0	0.0	45.0
Middle East Metals Processing Company Ltd.	Saudi Arabia	0.4	0.3	-	-	49.0

17. Available-for-sale financial assets

EUR million	2012	2011
Carrying value at January 1	1.2	1.4
Translation differences	0.0	0.0
Additions	0.2	-
Disposals	-	-0.1
Fair value changes	-0.1	-0.2
Carrying value at December 31	1.3	1.2
Listed equity securities	0.2	0.2
Unlisted equity securities	1.2	1.0
Fair value	1.3	1.2
Deferred tax liability	-1.3	-1.1
Fair value reserve in equity	0.0	0.1

18. Financial risk management

Financial Risk Management and Insurances

According to Outotec's Financial Risk Management policy the CEO and the Executive Committee monitor implementation of risk management procedures in coordination with the Board of Directors. The CFO is responsible for implementation and development of financial risk management.

The Group Audit Committee oversees how the management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted by Internal Audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures.

Financial risks consist of market, credit and liquidity risks. Market risks are caused by changes in foreign exchange and interest rates, as well as commodity or other prices. Especially changes in foreign exchange rates may have a significant impact on Group's earnings, cash flows and balance sheet. As the main principle Outotec's business units hedge their market risks by entering into agreements with Group Treasury which does most of the financial contracts with banks and other financial institutions. Outotec's Treasury is

also responsible for managing certain Group level risks, such as interest rate risk and foreign currency transaction risk in accordance with the Financial Risk Management policy.

The Group is sensitive to the fluctuations of raw material, external suppliers, and subcontractors. The price fluctuation is prevented and the availability of raw material ascertained by long term contracts, timing of the acquisitions, and fixed contract prices.

Foreign exchange rate risk

Major part of Outotec's sales is in euros, US dollars, Australian dollars, Brazilian reais, Canadian dollars, and South African rand. A significant part of costs arise in euros, US dollars, Australian dollars, Brazilian reais, Canadian dollars, and South African rand.

The overall objective of foreign exchange risk management is to limit the short term negative impact on earnings and cash flow from exchange rate fluctuations, therefore increasing the predictability of the financial results.

Foreign exchange risk is the principal market risk within Outotec and as such has a significant potential impact on the income statement and balance sheet.

The currencies related to sales and costs can vary materially depending on the projects. Outotec hedges most of its fair value risk. Cash flow risk related to firm commitments is hedged almost completely, within subsidiary specific limits defined in Financial Risk Management policy, where as forecasted and probable cash flows are hedged only selectively with financial instruments based on separate decisions.

Major part of cash flow risk hedging takes place operatively i.e. by matching sales and cost currencies, and the remaining net open positions are normally hedged with derivative contracts (typically forward agreements). Hedging currency pairs with large difference in interest rates may increase hedging costs. Subsidiary level foreign exchange exposures are monitored and consolidated on a monthly basis.

Substantial part of derivative contracts hedge underlying business transactions, although they do not fulfill the criteria for applying hedge accounting according to IAS 39. However, Outotec is applying hedge accounting for derivative contracts in selected projects. In this description of financial risk management the term hedging has been used in its broadest sense and, therefore, it

Transaction risk

EUR million	USD exposure in companies reporting in EUR		USD exposure in companies reporting in AUD		AUD exposure in companies reporting in EUR		EUR exposure in companies reporting in SEK	
	2012	2011	2012	2011	2012	2011	2012	2011
Bank accounts	2.6	-0.5	4.4	0.9	0.6	1.1	0.7	1.4
Trade receivables	12.2	6.7	14.2	12.6	8.2	3.2	10.8	8.6
Trade payables	-1.8	-1.3	-1.7	-1.0	-2.3	-1.4	-2.6	-5.4
Loans and receivables	11.9	13.9	-	-	98.4	25.2	-	-
Net balance sheet exposure	24.9	18.8	16.9	12.5	104.9	28.1	9.0	4.7
Sales order book	350.4	59.7	11.1	34.4	4.6	2.5	31.6	53.0
Purchase order book	-106.8	-4.0	-7.0	-18.3	-4.2	-2.0	-27.9	-13.2
	243.5	55.7	4.1	16.0	0.4	0.5	3.7	39.8
Hedges:								
Foreign exchange forward contracts	-272.3	-72.8	-20.9	-28.4	-104.8	-29.8	-12.4	-42.9
Total net exposure	-3.9	1.7	0.2	0.1	0.5	-1.2	0.2	1.5

Sensitivity of financial instruments on foreign currency exchange rates

EUR million	2012		2011	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
+/-10% change in EUR/USD exchange rate	+1.6/-1.9	+20.9/-25.6	+0.8/-1.0	+4.1/-5.0
+/-10% change in EUR/AUD exchange rate	-0.0/+0.0		+0.2/-0.2	
+/-10% change in EUR/SEK exchange rate	-0.3/+0.4		-3.5/+4.3	
+/-10% change in AUD/USD exchange rate	+0.4/-0.4		+1.6/-1.6	

The following assumptions were made when calculating the sensitivity to changes in exchange rates:

The variation in currency is assumed to be +/- 10%. The position includes currency denominated financial assets and liabilities, such as borrowings, deposits, trade and other receivables, liabilities, and cash and cash equivalents, as well as derivative financial instruments. The position excludes order book items and cash flow hedges.

also includes usage of non-hedge-accounted derivatives.

Outotec does not typically hedge its equity translation risk. The total non-euro-denominated equity of Outotec's foreign subsidiaries and associated companies was on December 31, 2012 EUR 297.0 million (December 31, 2011: EUR 312.0 million).

In certain cases commercial contracts may include so called embedded derivatives, the volume of these may at times amount to a substantial share of all derivatives.

On December 31, 2012 Outotec had the following foreign exchange derivative contract amounts, including embedded derivatives (more detailed information of foreign exchange exposures in Note 19):

EUR million	2012	2011
Foreign exchange derivative contracts	831.3	545.4

See the tables "Transaction risk" and "Sensitivity of financial instruments on foreign exchange rates".

Interest rate risk

Interest rate risk is the risk of repricing and price caused by the changes in market interest rates. To control interest rate risks the Group disperses its loans in fixed and floating rate instruments.

Total loan risk position is stabilized by changing the portion of fixed and foreign currency denominated debts. On December 31, 2012, the share of fixed rate loans of all interest-bearing debt was 22.2%.

Significant part of the financial investments have short term interest rate as a reference rate. On December 31, 2012, Outotec had EUR 358.6 million of cash and cash equivalent funds (December 31, 2011: EUR 402.5 million), majority of which is invested in short term money market instruments. The advance payments received from projects in the emerging markets and the related financial investments cause occasionally interest rate risks. The largest interest rate exposures are in euros, Brazilian reais, Chilean pesos, and South African rand.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss for fixed rate instruments. On December 31, 2012, the total nominal value of interest rate swaps was EUR 40 million (more detailed information in Note 19).

For variable rate interest-bearing financial instruments a shift of one percentage point would have increased (decreased) profit or loss by EUR

1.9 million for December 31, 2012 (December 31, 2011: EUR 2.4 million).

Securities price risk

Outotec is the owner of 5 million shares of Pacific Ore Limited. The shares are quoted in ASX of Australia. Outotec does not have any material amounts of other listed equity securities which are classified as available-for-sale.

Credit risks

Credit risk arises from the potential failure of a counterparty to meet its contractual payment obligations. In addition, counterparty risk arises in conjunction with financial investments and hedging instruments. The objective of credit and counterparty risk management is to minimize in a cost efficient manner the losses incurred as a result of counterparty not fulfilling its obligations.

Outotec's trade receivables and other potential sources of sales contract related credit risk are generated by a large number of customers worldwide, but occasionally, risk concentrations may develop due to large individual contracts. Outotec's Project Risk Management Policy (PRIMA) has been created to manage the various project related risks and address them in a more concised manner. The PRIMA policy and related procedures require identification of counterparty risks in a project together with the evaluation of the available and cost efficient mitigation of risks

with contractual terms, and/or different financial instruments. The credit risks related to business operations can be mitigated, for example, by the use of advance payments and other payment terms under sales contracts, project specific credit insurances, and letters of credit. The trade receivable exposures are reviewed regularly in Outotec's project level reporting. During 2012 the reporting of overdue external trade receivables, their rotation periods and collection was intensified. Geographically the trade receivables are mostly from South America 33.5% (December 31, 2011 17.5%), Africa 19.0% (December 31, 2011 13.7%), Europe (including CIS) 16.3% (December 31, 2011 15.7%), Asia 13.1% (December 31, 2011 21.1%), and Australia and Pacific 10.5% (December 31, 2011 15.5%). More detailed analysis of trade receivables is included in Note 21.

Outotec's Treasury manages substantial part of the credit risk related to Group's financial investments. Outotec seeks to reduce these risks by limiting the counterparties to banks, other financial institutions and other counterparties, which have a good credit standing. Investments related to liquidity management are made in liquid money market instruments with, as far as possible, low credit risk and within pre-agreed credit limits, and maturities. The limits are reviewed regularly. Part of Outotec's project advance payments can be invested in local money markets in emerging countries.

The total amount of credit risk is the carrying amount of group financial assets that amounted to EUR 984.7 million on December 31, 2012 (December 31, 2011: EUR 876.0 million). See Note 28.

Insurances

Outotec Oyj acquires Group wide insurances on a case by case basis covering all or part of Group companies' insurance needs. Furthermore

Outotec companies acquire local insurances on a case by case basis in separately defined areas and specific delivery contracts. The most important insurance lines relate to liability. On the other hand, decisions to insure credit risks in projects are usually made on a project by project basis.

General liability is the most important line of insurance and a major part of insurance premiums paid relate to these type of risks. For production units Outotec has adequate property damage and business interruption insurance cover.

Liquidity risk

Outotec ensures required liquidity through a combination of cash management, liquid investment portfolios, and committed and uncommitted facilities. Liquidity and refinancing risks are sought to be reduced with availability of sufficient amount of credit lines, which have a balanced maturity profile. Efficient cash and liquidity management is also reducing liquidity risk.

Outotec's Treasury raises centrally most of the Group's interest-bearing debt. During 2012 the need for external debt on Group level has continued to be limited. A drawdown of EUR 40 million was made in November 2012 from the originally EUR 100 million term loan facility from Pohjola Bank plc. In order to strengthen its financial reserves, Outotec agreed a new EUR 45 million loan from European Investment Bank. This loan was fully undrawn in December 2012. Outotec's subsidiaries have had some local credit lines of their own which mostly have been counter-guaranteed by Outotec Oyj. The share of long term loans was 89.9% of the total interest-bearing loan portfolio.

The Group maintains the following committed lines of credit:

- EUR 50 million multicurrency revolving credit facility that is unsecured. Final maturity of the revolving facility is on November 25, 2015.

- EUR 60 million term loan facility from Pohjola Bank plc that is unsecured. Final availability date is on December 14, 2013, and the final maturity is five years from the last disbursement.
- EUR 45 million term loan facility from EIB that is unsecured. Final availability date is on March 25, 2014, and the final maturity is up to eleven years from the last disbursement.

See the tables "Contractual cash flows of liabilities" and "Cash and cash equivalents and committed unutilized credit facilities".

Capital management

Outotec's capital structure is characterized by low gearing ratio (-54.9% on December 31, 2012 and -84.9% on December 31, 2011). The Board's target is to maintain a strong capital base in order to maintain investor, creditor, and market confidence and to sustain future development of the business, and the capability to pay dividends. The capital structure of the Group is reviewed by the Board of Directors on a regular basis. The Board has an authorization from the Annual General Meeting to purchase its own shares on the market.

There were no changes in the Group's approach to capital management during the year.

Certain externally imposed capital requirements exist. Outotec's main credit facilities include financial covenants, which define a minimum level of liquidity, net worth and equity ratio for the Group. The documentation also defines the maximum level of gross gearing. The Group has operated in compliance with the covenants during 2006–2012.

Contractual cash flows of liabilities at December 31, 2012

EUR million	2013 ¹⁾	2014	2015	2016	2017	2018-	Total
Loans from financial institutions							
Finance charges	-1.5	-0.9	-0.8	-0.7	-0.6	-	-4.4
Repayments	-12.0	-7.1	-6.8	-6.8	-43.5	-	-76.3
Loans from pension institutions							
Finance charges	-0.3	-0.1	-0.0	-0.0	-	-	-0.4
Repayments	-6.3	-6.3	-0.2	-0.2	-	-	-13.0
Other long term loans							
Finance charges	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.7
Repayments	-0.4	-0.3	-0.3	-0.3	-0.3	-2.0	-3.7
Other Current loans							
Finance charges	-0.0	-	-	-	-	-	-0.0
Repayments	-5.0	-	-	-	-	-	-5.0
Derivative liabilities							
Designated as cash flow hedges							
Outflow	-36.2	-13.6	-	-	-	-	-49.8
Inflow	35.3	13.6	-	-	-	-	48.9
Other foreign exchange forward contracts							
Outflow	-167.2	-12.7	-1.9	-	-	-	-181.9
Inflow	163.3	12.3	1.9	-	-	-	177.4
Trade payables	-175.9	-	-	-	-	-	-175.9

¹⁾ Repayments in 2013 are included in current debt.

All non-current debt will be repaid by the end of 2023. Average maturity of long term debt was 3.52 years and the average interest rate 1.65%.

Contractual cash flows of liabilities at December 31, 2011

EUR million	2012 ¹⁾	2013	2014	2015	2016	2017-	Total
Loans from financial institutions							
Finance charges	-1.1	-0.8	-0.6	-0.4	-0.2	-0.0	-3.2
Repayments	-2.8	-7.1	-7.1	-6.7	-6.7	-3.3	-33.7
Loans from pension institutions							
Finance charges	-0.5	-0.3	-0.1	-0.0	-0.0	-	-0.9
Repayments	-7.4	-6.3	-6.3	-0.2	-0.2	-	-20.4
Finance lease liabilities							
Rents	-0.1	-	-	-	-	-	-0.1
Other long term loans							
Finance charges	-0.2	-0.1	-0.1	-0.1	-0.1	-0.4	-1.1
Repayments	-0.5	-0.4	-0.3	-0.3	-0.3	-2.3	-4.2
Other Current loans							
Finance charges	-0.0	-	-	-	-	-	-0.0
Repayments	-8.0	-	-	-	-	-	-8.0
Derivative liabilities							
Designated as cash flow hedges							
Outflow	-32.8	-13.6	-	-	-	-	-46.4
Inflow	30.4	12.6	-	-	-	-	43.0
Other foreign exchange forward contracts							
Outflow	-219.4	-7.2	-3.9	-	-	-	-230.5
Inflow	209.3	6.7	3.6	-	-	-	219.5
Trade payables	-107.3	-	-	-	-	-	-107.3

¹⁾ Repayments in 2012 are included in current debt.

Average maturity of long term debt was 2.83 years and the average interest rate 2.67%.

Maturity analysis for guarantee contracts at December 31, 2012

EUR million	2013	2014	2015	2016	2017	2018-
Guarantees for financing	-15.7	-6.3	-0.2	-0.2	-	-
All commercial guarantees including down payment guarantees	-564.3	-	-0.1	-	-	-6.2

Maturity analysis for guarantee contracts at December 31, 2011

EUR million	2012	2013	2014	2015	2016	2017-
Guarantees for financing	-12.8	-6.3	-6.3	-0.2	-0.2	-
All commercial guarantees including down payment guarantees	-472.4	-	-	-0.1	-	-4.6

All sales project related commercial guarantees are included in short term liabilities as they secure ongoing contractual obligations. However,

claims that affect liquidity have historically been rare. No claims were made in 2012 (two claims of EUR 1.9 million and EUR 2.7 million were made

in 2010 which were settled without payment to beneficiaries).

Cash and cash equivalents and committed unutilized credit facilities

EUR million	2012	2011
Cash at bank and in hand	168.9	164.8
Short term bank deposits	106.8	132.2
Cash equivalent marketable securities	82.9	105.5
Overdraft facilities	18.1	18.8
Revolving credit facility	155.0	150.0

19. Derivative instruments

Fair values of derivative contracts

EUR million	Positive fair value				Negative fair value			
	<1 year	1-2 years	2-3 years	3-4 years	<1 year	1-2 years	2-3 years	3-4 years
Remaining maturity								
2012								
Foreign exchange forward contracts								
Designated as cash flow hedges	9.3	1.7	0.0	-	-0.9	-0.0	-	-
Other foreign exchange forward contracts	8.8	0.5	-	-	-7.3	-0.4	-0.0	-
Interest rate swaps								
Designated as cash flow hedges	-	-	-	0.0	-	-	-	-
Total	18.0	2.2	0.0	0.0	-8.2	-0.4	-0.0	-
2011								
Foreign exchange forward contracts								
Designated as cash flow hedges	0.0	-	-	-	-2.5	-1.1	-	-
Other foreign exchange forward contracts	5.0	1.8	0.4	-	-11.1	-2.0	-0.0	-
Total	5.0	1.8	0.4	-	-13.7	-3.1	-0.0	-

Fair values are estimated based on market rates and prices and discounted future cash flows.

Nominal values of derivative contracts

EUR million	<1 year	1–2 years	2–3 years	3–4 years
Remaining maturity				
2012				
Foreign exchange forward contracts				
Designated as cash flow hedges	228.4	53.1	22.7	-
Other foreign exchange forward contracts	509.6	15.6	1.9	-
Interest rate swaps				
Designated as cash flow hedges	-	-	-	40.0
Total	737.9	68.7	24.6	40.0
2011				
Foreign exchange forward contracts				
Designated as cash flow hedges	32.7	13.1	-	-
Other foreign exchange forward contracts	431.2	61.6	6.9	-
Total	463.8	74.7	6.9	-

Effect of cash flow hedges

EUR million	2012	2011
Recognized in profit and loss		
In other income	0.7	0.0
Adjustment to sales	1.5	0.1
Recognized in equity		
As deferred tax asset	0.6	0.9
As deferred tax liability	-0.1	-
Hedge result	6.1	-3.3

20. Inventories

EUR million	2012	2011
Raw materials and consumables	27.9	8.4
Work in progress	54.1	54.6
Finished goods and merchandise	52.4	42.1
Advance payments	46.4	43.5
	180.8	148.6

21. Trade and other receivables

EUR million	2012	2011
Non-current		
Interest-bearing		
Loans receivable from associated companies	2.5	-
Subordinated loans receivable	-	1.2
Non interest-bearing		
Other receivables	0.0	0.0
Current		
Interest-bearing		
Loans receivable	0.2	0.7
Non interest-bearing		
Trade receivables	246.9	202.3
Project related receivables	280.5	204.6
Current tax assets	18.5	17.4
VAT receivable	35.4	21.6
Grants and subsidies receivable	0.5	0.0
Other accruals	6.6	7.2
Other receivables	13.2	10.0
	601.7	463.1
Trade receivables (gross)	251.0	206.9
Doubtful trade receivables		
Doubtful trade receivables at January 1	4.6	3.6
Translation differences	-0.0	0.0
Additions	2.5	2.7
Deductions	-2.8	-1.7
Recovery of doubtful receivables	-0.3	-0.1
Doubtful trade receivables at December 31	4.0	4.6
Total trade receivables	246.9	202.3
The ageing of trade receivables:		
Not due	144.4	116.1
Overdue by:		
Between 1 and 30 days	47.1	39.9
Between 31 and 60 days	10.5	15.1
More than 60 days	49.0	35.7
Total trade receivables (gross)	251.0	206.9
Maximum exposure to credit risk for trade receivables by geographic region:		
Finland	9.9	7.5
Germany	1.2	1.4
CIS	3.9	3.3
Rest of Europe	25.3	19.6
North America	18.9	33.4
South America	82.6	35.3
Australia	25.9	31.3
Asia	32.4	42.7
Africa	46.9	27.6
Total	246.9	202.3

Trade receivables are according to the customer's head office location.

22. Cash and cash equivalents

EUR million	2012	2011
Cash at bank and in hand	168.9	164.8
Short term bank deposits	106.8	132.2
Cash equivalent marketable securities	82.9	105.5
	358.6	402.5

Majority of Outotec's investments were made in the following currencies: Euro, Brazilian real, Chilean peso, and South African rand. Relevant refer-

ence rate of euro has varied during 2012 between 0.1–1.0%. Brazilian real reference rate varied between 7.0–10.7%, and Chilean peso reference rate

between 5.1–6.1%. South African rand relevant reference rate Prime went down from 9.0% to 8.5% during 2012.

23. Equity

EUR million	Number of shares 1,000	Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Reserve for invested non-restricted equity	Total
At December 31, 2012	45,780	17.2	20.2	0.5	7.6	-25.5	87.7	107.7
At December 31, 2011	45,780	17.2	20.2	0.4	-1.2	-7.5	87.7	116.8

Outotec Outotec Oyj's shares were entered into the Finnish Book-Entry Securities System on September 25, 2006. According to the Articles of Association, the maximum number of Outotec Oyj shares is 100.0 million. Each share entitles its holder to one vote at the general meetings of shareholders of the company.

Share premium fund

Share premium fund includes the share premium paid over the nominal share value in Outotec Oyj.

Other reserves

Other reserves include reserve fund and other reserves. Reserve fund includes amounts transferred from the distributable equity under the Articles of Association or by a decision by General Meeting of Shareholders. Other reserves include other items based on the local regulations of the group companies.

Fair value reserves

The fair value reserves includes the fair value change of available-for-sale financial instruments and the effective portion of fair value change based on hedge accounting applied to derivatives. The changes in the reserve are stated in comprehensive income.

Treasury shares

Outotec has an agreement with a third-party service provider concerning administration and hedging of share-based incentive program for key personnel. As part of this agreement, for hedging the underlying cash flow risk, the service provider purchased Outotec shares during 2009 and 2008. The purchase of Outotec shares by third-party service provider have been accounted as treasury shares in Outotec's consolidated balance sheet. At the end of 2012, the amount of these treasury shares was 64,327 (2011: 194,390). Outotec's consolidated balance sheet and consolidated changes in equity reflect the substance of the arrangement with a deduction amounting to EUR 0.6 million (2011: EUR 2.1 million) in equity.

On May 21, 2010, Outotec's board of directors determined a 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 company, whose entire share capital is owned by them. The purpose of the plan is to commit Executive Board members to Outotec by encouraging them to acquire and hold Outotec shares and thus increase the company's shareholder value in the long run. Outotec has consolidated Outotec Management Oy (incentive plan for Outotec Executive Board members)

into the Group's balance sheet. At the end of 2012, Outotec Management Oy held 203,434 (2011: 199,747) Outotec shares, which have been accounted as treasury shares in Outotec's balance sheet. This has decreased the Group's equity by EUR 5.6 million (2011: EUR 5.4 million).

On September 10, 2012, Outotec announced that the Board of Directors has decided to exercise its authorization given by the Annual General Meeting 2012 to purchase the company's own shares, and in September 2012, Outotec purchased a total of 500,000 of the company's own shares through public trading at an average price of approximately EUR 38.55 per share. The total purchase price paid for the shares was EUR 19.3 million. The acquired shares will be used for the company's share-based incentive programs.

Reserve for invested non-restricted equity

Outotec completed acquisition of control in Larox through directed share issue at December 21, 2009, and made a mandatory public tender offer for the remaining Larox shares. On January 27, 2010, Outotec announced the final result of the tender offer, according to which the Larox shares in Outotec's ownership represented approximately 98.5% of all the Larox shares and approximately 99.7% of all the votes attached to the Larox

shares. On June 10, 2010, the Arbitral Tribunal confirmed that Outotec has gained title to all the Larox shares by lodging security for the payment of the redemption price and the interest accruing thereon. Most of the consideration for the Larox shares purchased was paid in the form of

3,780,373 (2009: 2,763,419) new Outotec shares which totalled to EUR 88.1 million (2009: EUR 63.4 million). EUR 0.4 million of these new Outotec shares are reported under share capital and EUR 87.7 million under the reserve for invested non-restricted equity.

Dividend

The Board of Directors will propose a dividend of EUR 1.20 per share for 2012. The parent company's distributable funds were EUR 251.6 million at December 31, 2012.

24. Employee benefit obligations

Outotec has several pension plans in various countries, which are mainly classified as defined

contribution pension plans. Defined benefit pension plans are in Germany. Other post-employ-

ment benefits relate to retirement medical arrangements in Germany.

Pension and other post-employment benefits

Amounts recognized in the income statement

EUR million	2012	2011
Defined benefit pension expenses	-2.2	-2.1
Defined contribution pension expenses	-20.9	-16.6
Other post-employment benefits	-0.2	-0.2
	-23.3	-18.8

EUR million	Defined benefit pension plans		Other post-employment benefits	
	2012	2011	2012	2011
By function				
Cost of sales	-1.6	-1.4	-0.1	-0.1
Selling and marketing expenses	-0.2	-0.2	-0.0	-0.0
Administrative expenses	-0.3	-0.4	-0.0	-0.1
Research and development expenses	-0.1	-0.1	-0.0	-0.0
	-2.2	-2.1	-0.2	-0.2

Pension cost in employee benefit expenses

Current service cost	-0.7	-0.5	-0.0	-0.0
Interest cost	-1.2	-1.2	-0.1	-0.2
Employee contributions	-0.2	-0.2	-	-
Recognized net actuarial gains and losses	-0.2	-0.1	-	-
	-2.2	-2.1	-0.2	-0.2

Amounts recognized in the statement of financial position related to defined benefit pension plans and to other post-employment benefits

EUR million	2012	2011	2010	2009	2008
Present value of unfunded obligations	40.9	31.6	26.3	28.2	23.9
Unrecognized actuarial losses	-13.8	-5.4	-4.4	-3.5	-0.7
Net liability	27.2	26.2	21.9	24.7	23.3

All pension and other post-employment obligations were unfunded.

Reconciliation of liability

EUR million	Defined benefit pension plans		Other post-employment benefits	
	2012	2011	2012	2011
Net liability at January 1	22.8	21.9	3.4	3.5
Net periodic pension cost in income statement	2.0	1.8	0.2	0.2
Benefits paid	-1.0	-1.0	-0.2	-0.2
Net liability at December 31	23.9	22.8	3.3	3.4

Movement in the present value of the defined benefit obligation

EUR million	Defined benefit pension plans		Other post-employment benefits	
	2012	2011	2012	2011
Unfunded obligation at January 1	28.3	26.3	3.3	3.4
Service cost	0.5	0.5	0.0	0.0
Interest cost	1.2	1.2	0.1	0.2
Unrecognized actuarial gains(+) and losses (-)	8.1	1.2	0.5	-0.1
Employee contributions	0.2	0.2	-	-
Benefits paid	-1.1	-1.1	-0.2	-0.2
Unfunded obligation at December 31	37.2	28.3	3.7	3.3

Principal actuarial assumptions

%	2012	2011
Discount rate	3.0	5.0
Future benefit increase expectation	2.0	2.0

Pensions do not depend on salary development.

25. Provisions

EUR million	Project provisions ¹⁾	Other provisions ²⁾	2012
Non-current			
Provisions at January 1	15.6	-	15.6
Translation differences	0.0	-	0.0
Additions	21.9	-	21.9
Provisions utilized during the period	-4.6	-	-4.6
Provisions released	-4.6	-	-4.6
Other changes	-6.6	-	-6.6
Provisions at December 31	21.7	-	21.7
Current			
Provisions at January 1	22.1	3.4	25.4
Translation differences	-0.1	-0.1	-0.2
Additions	17.0	0.0	17.0
Provisions utilized during the period	-14.4	-2.4	-16.7
Provisions released	-7.4	0.0	-7.4
Other changes	1.7	-0.8	0.9
Provisions at December 31	18.9	0.1	19.1

Provisions are based on best estimates on the balance sheet date.

¹⁾ Non-current project provisions include EUR 15.6 million warranty provisions and EUR 6.1 million project loss provisions at December 31, 2012. Current project provisions include EUR 17.9 million warranty provisions and EUR 1.0 million project loss provisions at December 31, 2012. Other changes in non-current project provisions include EUR 4.0 million reclassification of warranty provision to project accrued expenses.

²⁾ Current other provisions include EUR 0.1 million restructuring provisions at December 31, 2012.

26. Interest-bearing liabilities

EUR million	Carrying amount		Fair value	
	2012	2011	2012	2011
Non-current				
Loans from financial institutions	64.3	30.9	64.3	30.9
Loans from pension institutions	6.7	13.0	6.8	13.0
Other non-current loans	3.3	3.7	3.3	3.7
	74.3	47.6	74.4	47.6
Current				
Loans from financial institutions	12.0	2.8	12.0	2.8
Loans from pension institutions	6.3	7.4	6.6	7.8
Finance lease liabilities	-	0.1	-	0.1
Other current loans	5.3	8.6	5.3	8.6
	23.6	18.9	23.9	19.3

The fair value of interest-bearing liabilities is higher compared to the carrying value due to valuation of the fixed-interest loans when using current interest rate level, which is lower than the fixed rate.

Finance lease liabilities

EUR million	Minimum lease payments 2012	Minimum lease payments 2011	Present value of minimum lease pay- ments 2012	Present value of minimum lease payments 2011
Not later than 1 year	-	0.1	-	0.1
1-2 years	-	-	-	-
2-3 years	-	-	-	-
3-4 years	-	-	-	-
4-5 years	-	-	-	-
Future finance charges	-	-	-	-
	-	0.1	-	0.1

27. Trade and other payables

EUR million	2012	2011
Non-current		
Other non-current liabilities	3.9	5.7
Non interest-bearing		
Trade payables	175.9	107.3
Advances received	358.8	399.0
Project related liabilities	217.0	169.9
Accrued employee-related expenses	63.4	52.4
VAT payable	17.5	10.4
Withholding tax and social security liabilities	11.2	7.5
Earnout liability	9.4	10.3
Other accruals	23.3	26.1
Other payables	7.0	1.2
	883.5	784.0

All trade and other payables were non interest-bearing.

28. Carrying amounts of financial assets and liabilities by categories

2012 EUR million	Financial assets at fair value through profit or loss	Loans and receivables	Available-for- sale financial assets	Financial liabil- ities at fair value through profit or loss	Financial liabil- ities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
Non-current financial assets							
Derivative assets							
Foreign exchange forward contracts	2.3	-	-	-	-	2.3	2.3
Interest rate swaps	0.0	-	-	-	-	0.0	0.0
Other shares and securities	-	-	1.3	-	-	1.3	1.3
Trade and other receivables							
Interest-bearing	-	2.5	-	-	-	2.5	2.5
Non interest-bearing	-	0.0	-	-	-	0.0	0.0
Current financial assets							
Derivative assets							
Foreign exchange forward contracts	18.0	-	-	-	-	18.0	18.0
Trade and other receivables							
Interest-bearing	-	0.2	-	-	-	0.2	0.2
Non interest-bearing	-	601.7	-	-	-	601.7	601.7
Cash and cash equivalents	-	358.6	-	-	-	358.6	358.6
Carrying amount by category	20.3	963.1	1.3	-	-	984.7	984.7
Non-current financial liabilities							
Loans from financial institutions	-	-	-	-	64.3	64.3	64.3
Loans from pension institutions	-	-	-	-	6.7	6.7	6.8
Derivative liabilities							
Foreign exchange forward contracts	-	-	-	0.4	-	0.4	0.4
Other non-current loans	-	-	-	-	3.3	3.3	3.3
Other non-current liabilities	-	-	-	-	3.9	3.9	3.9
Current financial liabilities							
Loans from financial institutions	-	-	-	-	12.0	12.0	12.0
Loans from pension institutions	-	-	-	-	6.3	6.3	6.6
Derivative liabilities							
Foreign exchange forward contracts	-	-	-	8.2	-	8.2	8.2
Other current loans	-	-	-	-	5.3	5.3	5.3
Trade payables	-	-	-	-	175.9	175.9	175.9
Carrying amount by category	-	-	-	8.6	277.7	286.3	286.7

Loans have been valued at current market rates, which causes differences against carrying values.

2011 EUR million	Financial assets at fair value through profit or loss	Loans and receivables	Available-for- sale financial assets	Financial liabili- ties at fair value through profit or loss	Financial liabil- ities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
Non-current financial assets							
Derivative assets							
Foreign exchange forward contracts	2.1	-	-	-	-	2.1	2.1
Other shares and securities	-	-	1.2	-	-	1.2	1.2
Trade and other receivables							
Interest-bearing	-	1.2	-	-	-	1.2	1.2
Non interest-bearing	-	0.0	-	-	-	0.0	0.0
Current financial assets							
Derivative assets							
Foreign exchange forward contracts	5.0	-	-	-	-	5.0	5.0
Trade and other receivables							
Interest-bearing	-	0.7	-	-	-	0.7	0.7
Non interest-bearing	-	463.2	-	-	-	463.2	463.2
Cash and cash equivalents	-	402.5	-	-	-	402.5	402.5
Carrying amount by category	7.2	867.6	1.2	-	-	876.0	876.0
Non-current financial liabilities							
Loans from financial institutions	-	-	-	-	30.9	30.9	30.9
Loans from pension institutions	-	-	-	-	13.0	13.0	13.0
Derivative liabilities							
Foreign exchange forward contracts	-	-	-	3.1	-	3.1	3.1
Other non-current loans	-	-	-	-	3.7	3.7	3.7
Other non-current liabilities	-	-	-	-	5.7	5.7	5.7
Current financial liabilities							
Loans from financial institutions	-	-	-	-	2.8	2.8	2.8
Loans from pension institutions	-	-	-	-	7.4	7.4	7.8
Finance lease liabilities	-	-	-	-	0.1	0.1	0.1
Derivative liabilities							
Foreign exchange forward contracts	-	-	-	13.7	-	13.7	13.7
Other current loans	-	-	-	-	8.6	8.6	8.6
Trade payables	-	-	-	-	107.3	107.3	107.3
Carrying amount by category	-	-	-	16.8	179.6	196.3	196.8

Loans have been valued at current market rates, which causes differences against carrying values.

Fair value hierarchy

The revised IFRS 7 standard requires use of three-level fair value hierarchy of financial instruments.

For more information please see the principles to the consolidated financial statements.

2012 EUR million	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	0.2	-	1.2	1.3
Derivative financial assets	-	20.3	-	20.3
	0.2	20.3	1.2	21.6
Derivative financial liabilities	-	8.6	-	8.6
	-	8.6	-	8.6
2011				
Available-for-sale financial assets	0.2	-	1.0	1.2
Derivative financial assets	-	7.2	-	7.2
	0.2	7.2	1.0	8.4
Derivative financial liabilities	-	16.8	-	16.8
	-	16.8	-	16.8

29. Commitments and contingent liabilities

EUR million	2012	2011
Guarantees for commercial commitments at December 31	273.5	209.1

Present value of minimum lease payments on operating leases

No securities or collateral have been pledged. Commercial guarantees are related to performance obligations of project and equipment deliveries. These are issued by financial institutions or Outotec Oyj on behalf of Group companies. The total value of commercial guarantees above does

not include advance payment guarantees issued by the parent or other Group companies or guarantees for financial obligations. The total amount of guarantees for financing issued by Group companies amounted to EUR 22.4 million at December 31, 2012 (at December 31, 2011: EUR 25.8 million)

and for commercial guarantees including advance payment guarantees EUR 570.6 million at December 31, 2012 (at December 31, 2011: EUR 477.1 million). High exposure of on-demand guarantees may increase the risk of claims that may have an impact on the liquidity of Outotec Oyj.

EUR million	2012	2011
Not later than 1 year	14.9	16.7
1–2 years	18.3	16.7
2–3 years	18.2	16.1
3–4 years	17.6	16.0
4–5 years	15.1	15.6
Later than 5 years	73.7	80.2
Present value of minimum lease payments	157.8	161.3

Major off-balance sheet investment commitments

The Group has no major off-balance sheet investment commitments at December 31, 2012.

30. Disputes and litigations

In 1995, a former officer of Prometal SA, a Brazilian corporation, commenced legal actions against, among others, Oku-Tec Ltda, a former agent of Outokumpu Technology in Brazil, and Outokumpu Enhangeria e Comercio, Ltda (currently Outotec Tecnologia Brasil Ltda). The former officer of Prometal SA was claiming a commission of USD 200,000 allegedly due to him as a commission for intermediation in the acquisition of certain mining rights in Buritama, Brazil, owned by Prometal SA.

Had the former officer been successful in his claim regarding the said commission, he could have commenced legal proceedings for a success fee of approximately USD 4.7 million relating to the same acquisition allegedly due to him. The case was resolved to the benefit of Outotec by the 5th Civil Court of Sao Paulo, Brazil, and the claimant had appealed the decision before higher Courts. The appeals have been finally rejected in 2012.

On January 24, 2013 Outotec submitted an application for summons against Outokumpu Oyj in a patent dispute regarding new invention in ferroalloys technology.

In addition to the proceedings described above, some Outotec companies are involved in disputes incidental to their business. Outotec management believes that the outcome of said disputes will not have material effect on Outotec's financial position.

31. Related party transactions

Transactions and balances with associated companies

EUR million	2012	2011
Sales	0.2	0.0
Other Income	0.0	0.6
Purchases	-0.4	-0.3
Trade and other receivables	0.3	0.3
Current liabilities	2.5	0.6
Loan receivables	2.5	0.6

Transactions and balances with management

Employee benefits for key management

EUR million	2012	2011
Executive Board (including President and CEO)		
Wages, salaries and other short term employee benefits	4.4	3.7
Share-based payments	3.5	4.8
	7.9	8.5
President and CEO		
Wages, salaries and other short term employee benefits	0.9	0.8
Share-based payments	0.6	0.9
	1.5	1.6

During 2012 Executive Board received a total number of 52,666 Outotec shares (2011: 53,483) as part of the share-based incentive program (including in short term employee benefits).

There were no loans from key management at December 31, 2012.

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 the Outotec shares. The amount of the outstanding loan was EUR 4.4 million at December 31, 2012 (at December 31, 2012: EUR 4.3 million).

Fees paid to the Board of Directors

EUR thousand	2012	2011
Carl-Gustaf Bergström (Chairman)	96.4	71.0
Karri Kaitue (Vice Chairman)	69.4	58.0
Eija Ailasmaa	52.4	46.5
Tapani Järvinen	54.4	47.0
Hannu Linnoinen	67.9	58.5
Anssi Soila	11.0	45.0
Timo Ritakallio	52.9	36.5
Chaim [Poju] Zabłudowicz	39.6	-
	444.0	362.5

32. Events after the balance sheet date

On January 30, 2013, Outotec announced to have agreed with a major cellulosic ethanol producer on the design and delivery of a renewable energy solution for a bio-ethanol facility in Iowa, USA. The order has been included in Outotec's Q4 2012 order intake and its value will not be disclosed.

On January 25, 2013, Outotec announced that it has been ranked 12th in the The Global 100 list of the world's most sustainable companies. This is the first time Outotec was included in the index. Overall, the Global 100 drew companies from 22 countries on six continents. Also, Outotec was recognized in another sustainability index, the RobecoSAM 2013 Sustainability Yearbook as a company who achieved the largest proportional improvement in the sustainability performance within their sector.

On January 24, 2013, Outotec submitted application for summons against Outokumpu Oyj in a patent dispute regarding a new invention in ferroalloys technology.

On January 24, 2013, Outotec announced the appointment of Ms Nina Kiviranta, Master of Laws, as General Counsel and member of the Executive Board as of March 18, 2013.

On January 16, 2013, Outotec announced that the Board of Directors has decided to adopt a new share-based incentive program for the company's key personnel. The program comprises three earning periods: calendar years 2013, 2014 and 2015. The Board of Directors determines on an annual basis the maximum amount of shares to be allocated in each calendar year, participants of the program, amount of the maximum reward for each individual, the earning criteria and the targets established for them.

On January 14, 2013, Outotec announced to have agreed on operation and maintenance of a copper concentrator (6 years plus) with ZAO Mikheevsky GOK, Russia. The contract value exceeds EUR 140 million which will be gradually booked in Outotec's order intake starting in 2013, with only small amount in the first year.

On January 10, 2013, Outotec announced to have agreed on design and turnkey delivery of a gas cleaning plant to Luossavaara-Kiirunavaara AB's (LKAB) iron ore pellet plant, Sweden. The order value is approximately EUR 38 million and it has been booked in Outotec's order intake in the fourth quarter of 2012.

On January 10, 2013, Outotec's Nomination Board announced its proposal for composition and remuneration of the board of directors as follows:

Composition of the Board of Directors

March 26, 2013 Outotec's Nomination Board proposes to the Annual General Meeting that the current members of the Board of Directors Eija Ailasmaa, Tapani Järvinen, Hannu Linnoinen, Timo Ritakallio and Chaim (Poju) Zabłudowicz be re-elected as members of the Board for the term ending at the closure of the Annual General Meeting of 2014. The Nomination Board also proposes that Matti Alahuhta and Anja Korhonen to be elected as new members of the Board. The current Chairman of the Board of Directors Carl-Gustaf Bergström and Vice Chairman Karri Kaitue have notified that they are no longer available for re-election at the Annual General Meeting of 2013. The Nomination Board proposes that the Annual General Meeting resolves to elect Matti Alahuhta as the Chairman of the Board of Directors for the term ending at the closure of the Annual General

Meeting of 2014. All candidates have given their consent to the election.

Remuneration of the Board of Directors

Outotec's Nomination Board proposes further to the Annual General Meeting on March 26, 2013 that the members of the Board of Directors be paid the following annual remuneration: EUR 72,000 for the Chairman of the Board of Directors and EUR 36,000 for the other members of the Board of Directors each, as well as an additional EUR 12,000 for both the Vice Chairman of the Board, and the Chairman of the Audit Committee; and that the members of the Board each be paid EUR 600 for attendance at each board and committee meeting as well as be reimbursed for direct costs arising from board work. Of the annual remuneration, 60% would be paid in cash and 40% in the form of Outotec Oyj shares, which would be acquired to the members from the stock exchange, within one week upon the AGM 2013 date, in amounts corresponding to EUR 28,800 for the Chairman, EUR 19,200 for the Vice Chairman and Chairman of the Audit Committee each, and EUR 14,400 for each of the other members. The part of the annual fee payable in cash corresponds to the approximate sum necessary for the payment of the income taxes on the remunerations and would be paid no later than April 30, 2013. The annual fees shall encompass the full term of office of the Board of Directors. The attendance fee shall be paid in cash.

33. Subsidiaries

Subsidiaries at December 31, 2012	Country	Group holding, %
Aisco Systems Inc. Chile y Compañía Ltda	Chile	100
Auburn Project Management Inc.	United States	100
Ausiron Development Corporation Pty. Ltd.	Australia	100
Cia Minera Trinidad S.A.C.	Peru	100
Explotaciones Mineras Metalicas S.A.C.	Peru	100
International Project Services Ltd. Oy	Finland	100
Kumpu GmbH	Germany	100
Larox AB	Sweden	100
Larox India Private Ltd.	India	100
Larox SA (Proprietary) Ltd.	South Africa	100
MP Metals Processing Engineering Oy	Finland	100
000 Larox	Russia	100
000 Outotec Norilsk	Russia	100
Outotec (Australasia) Pty. Ltd.	Australia	100
Outotec (Canada) Ltd.	Canada	100
Outotec (Ceramics) Oy	Finland	100
Outotec (Chile) S.A.	Chile	100
Outotec (Filters) GmbH	Germany	100
Outotec (Filters) Oy	Finland	100
Outotec (Finland) Oy	Finland	100
Outotec (Ghana) Limited	Ghana	100
Outotec (Kazakhstan) LLP	Kazakhstan	100
Outotec (Mexico), S.A. de C.V.	Mexico	100
Outotec (Netherlands) B.V.	The Netherlands	100
Outotec (Norway) AS	Norway	100
Outotec (Peru) S.A.C.	Peru	100
Outotec (Polska) Sp. z o.o.	Poland	100
Outotec (RSA) (Pty) Ltd.	South Africa	100
	People's Republic of	
Outotec (Shanghai) Co. Ltd.	China	100
Outotec (Sweden) AB	Sweden	100
Outotec (UK) Ltd.	Great Britain	100
Outotec (USA) Inc.	United States	100
Outotec (Zambia) Ltd.	Zambia	100
Outotec Ausmelt Pty. Ltd.	Australia	100
Outotec B.V.	The Netherlands	100

Subsidiaries at December 31, 2012	Country	Group holding, %
Outotec Deutschland GmbH	Germany	100
Outotec Filters Australia Pty. Ltd.	Australia	100
Outotec GmbH	Germany	100
Outotec Holding GmbH	Germany	100
Outotec India Private Ltd.	India	100
Outotec International Holdings Oy	Finland	100
Outotec Pty. Ltd.	Australia	100
Outotec Servicios Industriales Ltda.	Chile	100
	People's Republic of	
	China	100
Outotec Suzhou Co. Ltd.	China	100
Outotec Tecnologia Brasil Ltda.	Brazil	100
Outotec Turula Oy	Finland	100
Petrobau Ingenieur Bulgaria EOOD	Bulgaria	100
Scheibler Filters Ltd.	Great Britain	100
ZAO Outotec St. Petersburg	Russia	100

All companies owned directly by the parent company Outotec Oyj are included. The Group holding corresponds to the Group's share of voting rights.

¹⁾ Shares and stock held by the parent company Outotec Oyj.

²⁾ Companies were acquired or established in 2012.

Branch Offices at December 31, 2012

International Project Services Ltd. Oy Ogranak, branch office in Serbia
 Outotec Pty. Ltd, Sri Lanka, branch office in Sri Lanka
 Outotec (RSA) (Pty) Ltd. Zambia, branch office in Zambia
 Outotec (Filters) Oy Sucursal, branch office in Peru
 Outotec (Abu Dhabi) UAE, branch office in United Arab Emirates

Changes in 2012

Energy Products of Idaho Limited Partnership was merged to Outotec (USA) Inc. on January 3, 2012
 Outotec (Finland) Oy acquired Numcore Oy on 12.3.2012
 Outotec Tecnologia Brasil Ltda. and International Project Services Ltd. Oy acquired Demil Manutencao Industrial Ltda on June 1, 2012
 Demil Manutencao Industrial Ltda was merged to Outotec Tecnologia Brasil Ltda on June 29, 2012
 Filtros Larox Mexico S.A. de C.V. was liquidated on July 30, 2012
 Outotec Pty. Ltd. acquired Backfill Specialists Pty. Ltd. on October 3, 2012
 Backfill Specialists Pty. Ltd was merged to Outotec Pty. Ltd. on December 1, 2012
 Outotec International Holdings Oy was established on December 27, 2012
 Numcore Oy was merged to Outotec (Finland) Oy on December 31, 2012

KEY FINANCIAL FIGURES OF THE GROUP

		2012	2011	2010	2009	2008
Scope of activity						
Sales	EUR million	2,087.4	1,385.6	969.6	877.7	1,217.9
- change in sales	%	50.7	42.9	10.5	-27.9	21.8
- exports from and sales outside Finland, of total sales	%	97.4	94.2	95.6	93.6	95.0
Capital expenditure	EUR million	76.2	98.3	96.7	98.0	23.9
- in relation to sales	%	3.7	7.1	10.0	11.2	2.0
Research and development expenses	EUR million	41.6	33.5	28.5	20.5	20.2
- in relation to sales	%	2.0	2.4	2.9	2.3	1.7
Personnel at December 31		4,805	3,883	3,130	3,128	2,674
- average for the year		4,456	3,516	3,151	2,612	2,483
Order backlog at the end of the period	EUR million	1,947.1	1,985.1	1,393.1	867.4	1,176.7
Order intake	EUR million	2,084.4	2,005.4	1,394.7	557.1	1,153.8
Profitability						
Operating profit	EUR million	184.3	111.9	41.6	58.6	120.2
- in relation to sales	%	8.8	8.1	4.3	6.7	9.9
Profit before taxes	EUR million	179.7	113.3	37.1	60.9	136.3
- in relation to sales	%	8.6	8.2	3.8	6.9	11.2
Gross margin	%	20.8	24.0	26.2	21.7	21.5
Return on equity	%	29.0	20.9	7.6	14.9	42.6
Return on investment	%	36.5	26.4	9.2	20.9	61.6
Financing and financial position						
Equity-to-assets ratio at the end of the period	%	38.0	39.1	41.2	45.1	35.0
Gearing at the end of the period	%	-54.9	-84.9	-56.2	-55.8	-139.0
Net interest-bearing debt	EUR million	-264.7	-339.1	-200.9	-191.0	-314.6
Net cash generated from operating activities	EUR million	77.1	247.0	87.5	-28.8	106.6
Dividends	EUR million	54.9¹¹	38.9	34.3	32.0	42.0

¹¹ The Board of Directors' proposal to the Annual General Meeting on March 26, 2013.

QUARTERLY INFORMATION (UNAUDITED)

EUR million	Q1/11	Q2/11	Q3/11	Q4/11	Q1/12	Q2/12	Q3/12	Q4/12
Sales								
Non-ferrous Solutions	162.0	191.4	235.5	358.8	260.7	335.9	312.5	396.5
Ferrous Solutions	43.6	42.6	60.0	74.8	70.0	81.8	92.9	126.5
Energy, Light Metals and Environmental Solutions	46.1	57.7	61.4	70.9	86.0	106.8	100.1	134.1
Unallocated items ¹⁾ and intra-group sales	-4.1	-3.4	-4.1	-7.7	-6.2	0.0	-2.7	-7.3
Total	247.5	288.4	352.9	496.8	410.4	524.4	502.8	649.8
Operating profit								
Non-ferrous Solutions	18.1	12.6	24.6	52.4	25.4	35.0	33.7	63.4
Ferrous Solutions	3.2	-1.9	6.0	-0.6	5.5	2.2	9.9	12.5
Energy, Light Metals and Environmental Solutions	3.3	5.2	11.7	3.6	3.8	7.3	0.6	8.6
Unallocated items ²⁾ and intra-group sales	-5.7	-5.0	-9.1	-6.5	-7.2	-3.6	-3.2	-9.5
Total	19.0	10.9	33.2	48.9	27.6	40.8	41.0	74.9
Order backlog at the end of period	1,444.4	1,664.1	2,052.5	1,985.1	1,991.8	2,218.4	2,155.8	1,947.1

¹⁾ Unallocated items primarily include invoicing of group management and administrative services.

²⁾ Unallocated items primarily include group management and administrative services.

SHARE-RELATED KEY FIGURES

		2012	2011	2010	2009	2008
Earnings per share	EUR	2.82	1.75	0.59	1.01	2.25
Equity per share	EUR	10.66	8.75	7.87	7.09	5.43
Dividend per share	EUR	1.20¹⁾	0.85	0.75	0.70	1.00
Dividend payout ratio	%	42.6	48.6	128.8	75.7	44.7
Dividend yield	%	2.8	2.3	1.6	2.8	9.3
Price/earnings ratio		15.0	20.8	78.6	24.5	4.8
Development of share price						
Average trading price	EUR	38.08	35.21	28.76	17.39	26.28
Lowest trading price	EUR	30.31	23.86	18.85	9.30	8.52
Highest trading price	EUR	46.67	46.78	47.25	24.87	45.76
Trading price at the end of the period	EUR	42.37	36.40	46.24	24.74	10.80
Market capitalization at the end of the period	EUR million	1,939.7	1,666.4	2,116.9	1,107.4	453.6
Development in trading volume						
Trading volume	1,000 shares	88,125	81,610	99,942	106,506	158,008
In relation to weighted average number of shares	%	194.3	179.8	220.3	254.5	378.1
Adjusted average number of shares		45,359,159	45,379,408	45,356,862	41,843,793	41,790,417
Number of shares at the end of the period ²⁾		45,142,173	45,520,633	45,332,738	44,435,787	41,735,000

¹⁾ The Board of Directors' proposal to the Annual General Meeting on March 26, 2013.

²⁾ Number of registered shares at December 31, 2012 was 45,780,373 [at December 31, 2011: 45,780,373].

DEFINITIONS OF KEY FINANCIAL FIGURES

Research and development expenses	=	Research and development expenses in the statement of comprehensive income (including expenses covered by grants received)	
Return on equity	=	$\frac{\text{Profit for the period}}{\text{Total equity (average for the period)}}$	× 100
Return on investment	=	$\frac{\text{Operating profit + finance income}}{\text{Total assets - non-interest-bearing debt (average for the period)}}$	× 100
Net interest-bearing debt	=	Interest-bearing debt - Interest-bearing assets	
Equity-to-assets ratio	=	$\frac{\text{Total equity}}{\text{Total assets - advances received}}$	× 100
Gearing	=	$\frac{\text{Net interest-bearing debt}}{\text{Total equity}}$	× 100
Earnings per share	=	$\frac{\text{Profit for the period attributable to the equity holders of the parent company}}{\text{Average number of shares during the period, as adjusted for stock split}}$	
Equity per share	=	$\frac{\text{Equity attributable to the equity holders}}{\text{Number of shares at the end of the period, as adjusted for stock split}}$	
Dividend per share	=	$\frac{\text{Dividend for the financial year}}{\text{Number of shares at the end of the period, as adjusted for stock split}}$	
Dividend payout ratio	=	$\frac{\text{Dividend for the financial year}}{\text{Profit for the period attributable to the equity holders of the parent company}}$	× 100
Dividend yield	=	$\frac{\text{Dividend per share}}{\text{Adjusted trading price at the end of the period}}$	× 100
Price/earnings ratio (P/E)	=	$\frac{\text{Adjusted trading price at the end of the period}}{\text{Earnings per share}}$	
Average trading price	=	$\frac{\text{EUR amount traded during the period}}{\text{Adjusted number of shares traded during the period}}$	
Market capitalization at end of the period	=	Number of shares at the end of period × trading price at the end of the period	
Trading volume	=	Number of shares traded during the period, and in relation to the weighted average number of shares during the period	

PARENT COMPANY'S FINANCIAL STATEMENTS, FAS

INCOME STATEMENT OF THE PARENT COMPANY

EUR million	Note	2012	2011
Sales	2	43.2	29.9
Cost of sales	3	-4.8	-3.3
Gross profit		38.4	26.6
Other operating income	4	1.4	2.2
Selling and marketing expenses		-9.1	-6.7
Administrative expenses		-31.5	-30.6
Research and development expenses		-8.0	-6.7
Other operating expenses	8	-0.2	-0.3
Operating profit		-9.1	-15.6
Finance income	9	79.9	11.0
Finance expenses	10	-19.2	-12.9
Net finance income		60.7	-2.0
Profit before extraordinary items		51.6	-17.5
Extraordinary items	11	76.0	50.8
Profit before appropriations and taxes		127.6	33.3
Appropriations	12	0.2	0.1
Income tax expenses	13	-17.7	-3.7
Profit for the period		110.0	29.6

BALANCE SHEET OF THE PARENT COMPANY

EUR million	Note	Dec 31, 2012	Dec 31, 2011
ASSETS			
Non-current assets	14		
Intangible assets		47.7	30.0
Property, plant and equipment		1.0	1.3
Non-current financial assets		372.4	407.2
Total non-current assets		421.1	438.5
Current assets			
Inventories	15	0.2	0.1
Non-current receivables	16	2.7	17.4
Current receivables	16	345.9	175.7
Cash and cash equivalents		121.8	206.1
Total current assets		470.5	399.3
TOTAL ASSETS		891.7	837.8
EQUITY AND LIABILITIES			
Shareholders' equity	17		
Share capital		17.2	17.2
Share premium fund		20.2	20.2
Cash flow hedging reserve		0.0	-
Treasury shares		-19.9	-2.1
Reserve for invested non-restricted equity		87.7	87.7
Retained earnings		73.8	82.0
Profit for the period		110.0	29.6
Total shareholders' equity		289.0	234.5
Appropriations	12	0.0	0.2
Liabilities	19		
Non-current liabilities		67.2	38.1
Current liabilities		535.4	565.1
Total liabilities		602.6	603.2
TOTAL EQUITY AND LIABILITIES		891.7	837.8

CASH FLOW STATEMENT OF THE PARENT COMPANY

EUR million	2012	2011
Cash flows from operating activities		
Profit before extraordinary items	51.6	-17.5
Adjustments for		
Depreciation and amortization	5.1	3.5
Impairment	2.1	-
Interest income	-6.7	-4.5
Dividend income	-61.2	-
Interest expenses	3.7	6.5
Other adjustments ¹⁾	1.7	2.5
	-3.7	-9.5
Change in working capital		
Increase (-) in current receivables	-37.3	-22.7
Increase (-)/decrease (+) in inventories	-0.1	0.1
Increase (+)/decrease (-) in current liabilities	-0.7	10.1
	-41.8	-22.0
Dividends received	61.2	4.5
Interest received	6.1	4.2
Interest paid	-4.5	-6.0
Income tax paid	-12.8	-0.6
Net cash from operating activities	8.3	-20.0
Cash flows from investing activities		
Purchases of intangible and tangible assets	-22.4	-17.4
Acquisition of subsidiaries and other equity investments	-0.2	10.1
Repayment of capital	35.0	-
Net cash used in investing activities	12.4	-7.3
Cash flows from financing activities		
Increase (+) and decrease (-) in long term debt	29.9	-3.4
Increase (+) and decrease (-) in current debt	-40.3	178.0
Increase in non-current loans receivable	3.2	11.1
Increase in current loans receivable	-91.5	-41.3
Purchases of treasury shares	-19.3	-
Sales of treasury shares	1.0	1.2
Dividends paid	-38.9	-34.3
Cash flow from group contributions	50.8	3.6
Other financing cash flow	0.2	0.2
Net cash from financing activities	-104.9	115.1
Net change in cash and cash equivalents	-84.3	87.8
Cash and cash equivalents at January 1	206.1	133.3
Cash related to transfer of assets	-	-15.0
Net change in cash and cash equivalents	-84.3	87.8
Cash and cash equivalents at December 31	121.8	206.1

1) Includes gains and losses on sale of fixed assets, change in provisions and unrealized exchange gains and losses.

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Accounting principles

The financial statements of Outotec Oyj have been prepared according to Finnish Accounting Standards (FAS). The accounting principles for the parent company's financial statements are the same as those for the consolidated financial statements, with the exceptions presented below.

Appropriations

The difference between depreciation according to plan and depreciation for tax purposes is pre-

sented under appropriations in the parent company's income statement and the accumulated depreciation difference is presented as appropriations in the balance sheet.

Income taxes

Income tax expenses in income statement consist of accrued taxes for the financial year and tax adjustments for previous years. Deferred tax liabilities and assets have not been recognized but disclosed in the notes to the financial statements.

Non-current financial assets

Non-current financial assets are measured at cost or if the estimated future income is expected to be permanent lower than the book value, the difference is recognized as a write-down.

2. Sales by market area

EUR million	2012	2011
Europe	26.0	19.6
Africa	2.0	1.2
Asia	1.2	1.2
North and South America	9.3	4.9
Australia	4.6	3.0
	43.2	29.9

3. Cost of sales

EUR million	2012	2011
Merchandise and supplies	-0.6	-0.7
Logistics expenses	-0.0	-0.1
Employee benefit expenses	-1.9	-1.3
Rents and leases	-0.1	-0.1
Depreciation, amortization and impairment	-0.0	-
Services purchased	-2.4	-1.7
Other expenses	0.3	0.5
	-4.8	-3.3

4. Other operating income

EUR million	2012	2011
One-time income related to reorganization of business	-	1.1
Exchange gains of forward contracts	1.3	1.1
Other income	0.1	-
	1.4	2.2

5. Personnel expenses

EUR million	2012	2011
Wages and salaries	-18.1	-17.7
Pension contributions	-2.5	-2.0
Other personnel expenses	-0.8	-0.8
	-21.5	-20.4
of which wages and salaries for key management		
Members of the Board of Directors	-0.4	-0.4
CEO	-1.5	-1.6
Other members of Executive Board	-3.6	-6.9
	-5.6	-8.9

During year 2012 Executive Board received a total number of 52,666 Outotec shares (2011: 53,483) as part of the share-based incentive program (including in short term employee benefits).

Outotec's Board of Directors granted to Outotec Management Oy (incentive plan for Outotec Executive Board members) an interest-bearing loan at the maximum amount of EUR 5.0 million to finance the acquisition of the Outotec shares. The amount of the outstanding loan was EUR 4.4 million at December 31, 2012 (2011: 4.3 million). There were no loans from key management at December 31, 2012.

There are no special pension arrangements for key management, instead pension arrangements are according to normal legislation.

Number of personnel	2012	2011
Average number of personnel for the period	164	127
Personnel at December 31	174	146

6. Auditor fees

EUR million	2012	2011
Auditing fees	-0.1	-0.1
Tax advising fees	-0.0	-0.1
Other services	-0.1	-0.3
	-0.2	-0.5

7. Depreciation, amortization and impairment

EUR million	2012	2011
Depreciation and amortization according to plan	-5.1	-3.5
	-5.1	-3.5
Depreciation, amortization and impairment by group of assets		
Intangible assets	-2.6	-2.1
Other long term expenses	-1.9	-1.0
Machinery and equipment	-0.5	-0.4
	-5.1	-3.5
Depreciation, amortization and impairment by function		
Cost of sales	-0.0	-
Selling and marketing expenses	-0.0	-0.0
Administrative expenses	-3.0	-1.7
Research and development expenses	-2.1	-1.7
	-5.1	-3.5

8. Other operating expenses

EUR million	2012	2011
Liquidation of a subsidiary	-	-0.1
Exchange losses of forward contracts	-0.2	-0.2
	-0.2	-0.3

9. Finance income

EUR million	2012	2011
Dividend income	61.2	-
Interest income and other finance income	11.8	9.1
Exchange gains	6.9	1.9
	79.9	11.0
Finance income from subsidiaries		
Dividend income	61.2	-
Interest income and other finance income	10.4	6.2
	71.6	6.2

The treasury operations of Outotec are centralized to Outotec Oyj.

10. Financial expenses

EUR million	2012	2011
Interest expenses and other finance expenses	-9.7	-9.5
Exchange losses	-9.5	-3.4
	-19.2	-12.9
Finance expenses for subsidiaries		
Interest expenses	-2.6	-5.4

11. Extraordinary items

EUR million	2012	2011
Group contributions received	76.0	50.8

12. Appropriations

EUR million	2012	2011
Decrease in depreciation difference	0.2	0.1
Depreciation difference in the balance sheet	0.0	0.2

All appropriations relate to machinery and equipment.

13. Income tax expenses

EUR million	2012	2011
Income tax expenses from previous year	-0.0	-
Income tax expenses from extraordinary items	-18.6	-12.4
Income tax expenses from operations	0.9	8.7
	-17.7	-3.7
Deferred tax assets		
Temporary differences	1.1	0.8
Deferred tax liabilities		
Temporary differences	0.0	0.1

14. Non-current assets

EUR million	Intangible assets	Property, plant and equipment
Historical cost at January 1, 2012	35.2	2.9
Additions	20.0	0.2
Transfer of assets	-0.4	-
Historical cost at December 31, 2012	54.9	3.1
Accumulated depreciation, amortization and impairment at January 1, 2012	-14.1	-1.6
Accumulated depreciation and amortization on disposals	0.2	-
Depreciation, amortization and impairment during the period	-4.6	-0.5
Accumulated depreciation, amortization and impairment at December 31, 2012	-18.4	-2.1
Construction in progress at December 31, 2012	11.3	-
Carrying value at December 31, 2012	47.7	1.0
Historical cost at January 1, 2011	26.9	3.0
Additions	8.3	0.3
Disposals	0.0	-0.4
Historical cost at December 31, 2011	35.2	2.9
Accumulated depreciation, amortization and impairment at January 1, 2011	-11.0	-1.5
Accumulated depreciation and amortization on disposals	0.0	0.2
Depreciation, amortization and impairment during the period	-3.1	-0.4
Accumulated depreciation, amortization and impairment at December 31, 2011	-14.1	-1.6
Construction in progress at December 31, 2011	8.9	-
Carrying value at December 31, 2011	30.0	1.3

Long term financial assets

EUR million	Shares in subsidiaries	Other shares and holdings	Total
Historical cost at January 1, 2012	406.9	0.4	407.2
Additions	0.0	0.2	0.2
Disposals	-35.0	-	-35.0
Carrying value at December 31, 2012	371.9	0.6	372.4
Historical cost at January 1, 2011	396.7	0.4	397.0
Additions	23.0	-	23.0
Disposals	-12.8	-	-12.8
Carrying value at December 31, 2011	406.9	0.4	407.2

During 2012 Outotec Holding GmbH returned capital to Outotec Oyj, this was booked against the subsidiary share value.

Operational business was transferred from Outotec Oyj to Outotec (Finland) Oy on January 1,

2011. During 2011 Larox SA (Proprietary) Limited returned capital to Outotec Oyj, this was booked against the subsidiary share value.

Investments in subsidiary shares are disclosed in more detail in the Group Note 33.

15. Inventories

EUR million	2012	2011
Materials and supplies	0.2	0.1

16. Receivables

EUR million	2012	2011
Non-current receivables		
Interest-bearing		
Loans receivable	0.4	5.2
Non interest-bearing		
Subordinated loans	-	10.2
Unrealized exchange gains of forward contracts	2.3	2.1
	2.7	17.4
Current receivables		
Interest-bearing		
Loans receivable	180.5	83.3
Other receivables from group companies	1.9	2.3
Non interest-bearing		
Trade receivables	17.3	14.3
Prepaid expenses and accrued income	1.2	0.6
Other receivables	145.0	75.1
	345.9	175.7
Prepaid expenses and accrued income		
Interest receivables	1.2	0.6
Other receivables	0.0	0.0
	1.2	0.6

EUR million	2012	2011
Receivables from subsidiaries		
Non-current receivables		
Interest-bearing		
Loans receivable	0.4	5.2
Subordinated loans	-	9.0
Current receivables		
Interest-bearing		
Loans receivable	180.5	83.3
Other receivables from group companies	1.9	2.3
Non interest-bearing		
Trade receivables	17.2	14.2
Prepaid expenses and accrued income	1.1	0.3
Group contribution receivables	76.0	50.8
Other receivables	48.8	19.4
	326.0	184.5

17. Shareholders' equity

EUR million	2012	2011
Share capital	17.2	17.2
Share premium fund	20.2	20.2
Treasury shares	-19.9	-2.1
Cash flow hedging reserve, foreign exchange	0.0	-
Reserve for invested non-restricted equity	87.7	87.7
Retained earnings at January 1	111.6	114.7
Dividend	-38.9	-34.3
Change in value of treasury shares	1.0	1.4
Dividend related to treasury shares	0.2	0.2
Profit for the period	110.0	29.6
Total shareholders' equity at December 31	289.0	234.5
Distributable funds		
Reserve for invested non-restricted equity	87.7	87.7
Treasury shares	-19.9	-2.1
Retained earnings	73.8	82.0
Profit for the period	110.0	29.6
Distributable funds at December 31	251.6	197.1

Outotec has an agreement with a third-party service provider concerning administration and hedging of share-based incentive program for key personnel. As part of this agreement, for hedging the underlying cash flow risk, the service provider purchased Outotec shares during 2009 and 2008. The purchase of Outotec shares by third-party service provider have been accounted as treasury shares in Outotec's consolidated balance sheet.

At the end of 2012, the amount of these treasury shares was 64,327 (2011: 194,390). Outotec's consolidated balance sheet and consolidated changes in equity reflect the substance of the arrangement with a deduction amounting to EUR 0.6 million (2011: EUR 2.1 million) in equity.

On September 10, 2012 Outotec announced that the Board of Directors has decided to exercise its authorization. In September 2012, Outotec pur-

chased a total of 500,000 of the company's own shares through public trading at an average price of approximately EUR 38.55 per share. The total purchase price paid for the shares was EUR 19.3 million. The acquired shares will be used for the company's share-based incentive programs.

18. Provisions

EUR million	2012	2011
Project related provisions at January 1	-	6.8
Transfer of assets	-	-6.8
Project related provisions at December 31	-	-

Provisions for comparable year include warranty period and project loss provisions concerning the constructions contracts.

19. Liabilities

EUR million	2012	2011
Non-current liabilities		
Interest-bearing		
Loans from financial institutions	63.8	30.9
Pension loans	3.0	6.0
Non interest-bearing		
Unrealized exchange losses of forward contracts	0.4	1.2
	67.2	38.1
Current liabilities		
Interest-bearing		
Loans from subsidiaries	353.6	343.0
Other current loans from group companies	131.6	182.7
Pension loans	3.0	3.0
Non interest-bearing		
Trade payables	7.5	9.6
Accrued expenses and prepaid income	18.1	12.8
Other current liabilities	21.6	14.1
	535.4	565.1
Accrued expenses and prepaid income		
Accrued personnel expenses	5.2	4.3
Other liabilities	12.9	8.5
	18.1	12.8
Liabilities to subsidiaries		
Current liabilities		
Interest-bearing		
Current loans	341.5	334.5
Other current loans from group companies	131.6	182.7
Non interest-bearing		
Trade payables	3.5	5.3
Accrued expenses and prepaid income	0.1	0.9
Other current liabilities	17.0	4.6
	493.7	528.0

20. Commitments

EUR million	2012	2011
Guarantees		
On behalf of subsidiaries		
For financing	16.4	16.3
For other commitments	533.5	450.6
On behalf of own commercial commitments (excluding advance payment guarantees)	9.3	10.3

The total value of commercial guarantees issued by the parent company on behalf of subsidiaries includes advance payment guarantees EUR 288,5 million (at December 31, 2011: EUR 263,2 million).

The total amount of guarantees for commercial commitments including advance payment guarantees issued by the parent company

amounted to EUR 542,7 million at December 31, 2012 (at December 31, 2011: EUR 461,4 million).

Minimum future lease payments on operating leases

Not later than 1 year	6.8	6.2
1-2 years	7.2	6.1
2-3 years	8.2	6.8
3-4 years	9.1	7.9
4-5 years	8.6	9.0
Later than 5 years	55.2	62.8
	95.2	98.7

21. Derivative instruments

EUR million	2012	2011
Net fair values		
Contracts made with financial institutions	15.0	-5.3
Contracts made with subsidiaries	-13.0	3.2
	1.9	-2.1
Nominal values		
Contracts made with financial institutions	745.6	427.6
Contracts made with subsidiaries	584.7	329.8
	1,330.3	757.4

SHARES AND SHAREHOLDERS

Outotec Oyj's shares are listed on the NASDAQ OMX Helsinki Ltd (OMXH). The trading symbol of Outotec is OTE1V and trading lot is one share.

Shares and share capital

Outotec's shares are listed on the NASDAQ OMX Helsinki (OTE1V). At the end of 2012, Outotec's share capital was EUR 17.2 million, consisting of 45,780,373 shares. Each share entitles its holder to one vote at the company's general shareholders' meetings. At the end of 2012, the company holds a total of 564,327 Outotec shares which represents a relative share of 1.23% of Outotec Oyj's shares and votes.

Outotec has an agreement with a third-party service provider concerning the administration of the share-based incentive program for key personnel. These shares are accounted for as treasury shares on Outotec's consolidated balance sheet. At the end of 2012, the amount of these treasury shares was 64,327 (2011: 194,390).

Trading and market capitalization

Outotec's shares have been listed on the NASDAQ OMX Helsinki since October 10, 2006. In 2012, the volume-weighted average price for a share in the company was EUR 38.08, the highest quotation for a share was EUR 46.67, and the lowest EUR 30.31. The trading of Outotec shares in 2012 exceeded 88 million shares, with a total value of over EUR 3,357 million. At the end of 2012, Outotec's market capitalization was EUR 1,940 million and the last quotation for a share was EUR 42.37. At the end of 2012, the company did not hold any treasury shares for trading purposes.

At the end of 2012, Outotec had 15,312 shareholders. Shares held in 16 nominee registers accounted for 44.39% and Finnish households held 10.74% of all Outotec shares.

Outotec has consolidated Outotec Management Oy into the Group's balance sheet. At the end of 2012, Outotec Management Oy held 203,434 or 0.44% (February 7, 2013: 203,434) of Outotec shares, which have been accounted as treasury shares in Outotec's balance sheet. An announcement to dissolve Outotec Management Oy in accordance with its terms and conditions was made on October 25, 2012. The share ownership plan shall be dissolved after the publication of Outotec Oyj's Interim Report Q1/2013 through a share exchange so that all the shares in Outotec Management Oy will be transferred to Outotec Oyj against Outotec shares. Outotec Oyj will receive 203,434 own Outotec shares as well as the company's loan receivable and accrued interest in full from Outotec Management Oy. The number of new shares to be given in the share exchange shall be determined on the basis of Outotec Management Oy's net assets as of the date of dissolution of the plan. With the share exchange the Executive Board members' previously indirect share ownership will become a direct ownership in Outotec. However, the Outotec Management Oy share ownership plan will be continued by one year at a time, in case the Outotec share price during five trading days after the publication of the Interim Report Q1/2013, Q1/2014, Q1/2015 or Q1/2016 is lower than the

Dividend payment

Year	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
2013 (financial year 2012)	1.20 ¹⁾	43	2.8

¹⁾ Board of Directors' proposal for dividend per share.

average share price which Outotec Management Oy paid for its Outotec shares. The dissolution of the plan and possible delay in such dissolution will be announced separately.

Board's authorizations

The Annual General Meeting authorized the Board of Directors to resolve repurchasing the company's own shares as follows:

- The company may repurchase the maximum number of 4,578,037 shares using free equity and deviating from the shareholders' pre-emptive rights to the shares, provided that the number of own shares held by the company will not exceed ten (10) percent of all shares of the company.
- The shares are to be repurchased in public trading at the NASDAQ OMX Helsinki at the price established in the trading at the time of acquisition.

On September 10, Outotec announced that the Board of Directors has decided to exercise its authorization. During the period September 18-24, 2012, Outotec purchased a total of 500,000 of the company's own shares through public trading at an average price of approximately EUR 38.55 per share. The total purchase price paid for the shares was EUR 19,274,589.43. The acquired

UPDATED LIST OF THE
LARGEST SHAREHOLDERS:
WWW.OUTOTEC.COM/INVESTORS

UPDATED INFORMATION ON
BOARD AND MANAGEMENT
SHAREHOLDING:
WWW.OUTOTEC.COM/CG

shares will be used for the company's share based incentive programs.

The Annual General Meeting authorized the Board of Directors to resolve share issues and other special rights entitling to shares as follows:

- The authorization includes the right to issue new shares, distribute own shares held by the company, and the right to issue special rights referred to in Chapter 10, Section 1 of the Companies Act. This authorization to the Board of Directors does not, however, entitle the Board of Directors to issue share option rights as an incentive to the personnel.
- The total number of new shares to be issued and own shares held by the company to be distributed under the authorization may not exceed 4,578,037 shares.
- The Board of Directors is entitled to decide on the terms of the share issue, such as the grounds for determining the subscription price

of the shares and the final subscription price as well as the approval of the subscriptions, the allocation of the issued new shares and the final amount of issued shares.

The authorization is effective until the next Annual General Meeting. This authorization has not been executed.

The Annual General Meeting gave the Board of Directors the authority to donate an aggregate amount of EUR 100,000 to for non-profit purposes or to universities. In accordance with the given authorization, the Board of Directors has approved donations to various causes, totaling EUR 94,000. The biggest individual donation, EUR 40,000, was made to Baltic Sea Action Group.

Board and management shareholding

The total Outotec Oyj share holding of the Board of Directors, CEO and Executive Board at the end of 2012 was 370,918 shares, including shares

owned through Outotec Management Oy (203,434 shares). More details of the individual shareholdings can be found on the company's website at www.outotec.com/cg.

Dividend policy

The Board of Directors adopted a dividend policy November, 2010 whereby the company aims to propose for the approval of the company's shareholders dividends representing at least 40% of the annual net income of Outotec for the preceding financial year. The amount of future dividends, if any, will be subject to Outotec's future earnings, financial, condition, cash flows, and working capital requirements. In addition, investments in either organic growth or acquisitions as part of Outotec's growth strategy may impact the level of future dividends. Although the Board of Directors has no reason to believe that dividend payments under this policy will not generally be made, there

SHARE-RELATED KEY FIGURES

		2012	2011	2010	2009	2008
Earnings per share	EUR	2.82	1.75	0.59	1.01	2.25
Equity per share	EUR	10.66	8.75	7.87	7.09	5.43
Dividend per share	EUR	1.20¹⁾	0.85	0.75	0.70	1.00
Dividend payout ratio	%	42.6	48.6	128.8	75.7	44.7
Dividend yield	%	2.8	2.3	1.6	2.8	9.3
Price/earnings ratio		15.0	20.8	78.6	24.5	4.8
Development of share price						
Average trading price	EUR	38.08	35.21	28.76	17.39	26.28
Lowest trading price	EUR	30.31	23.86	18.85	9.30	8.52
Highest trading price	EUR	46.67	46.78	47.25	24.87	45.76
Trading price at the end of the period	EUR	42.37	36.40	46.24	24.74	10.80
Market capitalization at the end of the period	EUR million	1,939.7	1,666.4	2,116.9	1,107.4	453.6
Development in trading volume						
Trading volume	1,000 shares	88,125	81,610	99,942	106,506	158,008
In relation to weighted average number of shares	%	194.3	179.8	220.3	254.5	378.1
Adjusted average number of shares		45,359,159	45,379,408	45,356,862	41,843,793	41,790,417
Number of shares at the end of the period ²⁾		45,142,173	45,520,633	45,332,738	44,435,787	41,735,000

¹⁾ The Board of Directors' proposal to the Annual General Meeting on March 26, 2013

²⁾ Number of registered shares at December 31, 2012 was 45,780,373 [at December 31, 2011: 45,780,373].

can be no assurance that any annual dividend will actually be paid, nor can there be any assurance as to the amount to be paid in any given year.

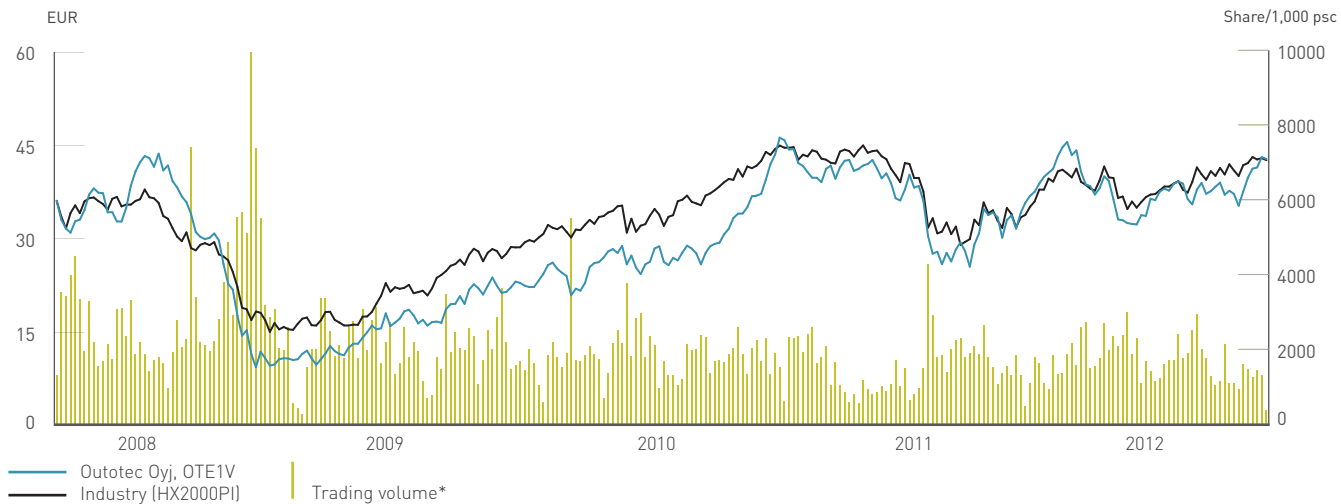
Board of Directors' proposal for profit distribution

The Board of Directors of Outotec proposes to the Annual General meeting that a dividend of EUR

1.20 per share be paid from Outotec Oyj's distributable funds for December 31, 2012, and that any remaining distributable funds be allocated to retained earnings. The suggested dividend record date is April 2, 2013, with the dividend to be paid on April 16, 2013. According to the financial statement for December 31, 2012, the parent company distributable funds total EUR 251.6 million. The

proposed dividend corresponds to 43% of the Group's profit for the financial year 2012. There have been no substantial changes in the financial position of the company after the balance sheet date. According to the Board of Directors, the liquidity of the company is good and the proposed profit sharing will not affect the solvency of the company.

Outotec's share price performance and trading volume in NASDAQ OMX Helsinki Oy



*) In 2012, NASDAQ OMX Helsinki Oy's share accounted for 64.8% (2011: 74.9%) of all shares traded

DISTRIBUTION OF SHAREHOLDINGS ON DECEMBER 31, 2012

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1–100	6,639	43.4	389,325	0.9
101–1,000	7,593	49.6	2,613,798	5.7
1,001–10,000	932	6.1	2,513,587	5.5
10,001–100,000	115	0.8	3,568,447	7.8
100,001–1,000,000	26	0.2	6,082,867	13.3
1,000,001+	7	0.0	30,612,349	66.9
Total	15,312	100.0	45,780,373	100.0
In the joint book-entry account			0	0.0
In special accounts			0	0.0
Number of shares issued			45,780,373	100.0
Nominee registered	16	0.0	20,323,423	44.4

SHAREHOLDERS BY GROUP ON DECEMBER 31, 2012

Sectors	Number of holdings	% of shares and votes
Private companies	1,024	18.40
Financial and insurance institutions	100	8.23
Public-sector organizations	27	13.89
Households	13,812	10.74
Non-profit organizations	233	2.41
Foreigners	116	1.94
Total	15,312	55.61
In the joint book-entry account	0	0.00
In special accounts	0	0.00
Nominee registered	0	44.39

LARGEST SHAREHOLDERS ON DECEMBER 31, 2012

Shareholders	Shares	% of shares and votes
Solidium Oy	3,801,373	8.30
Tamara Nordic Investments Bv	2,511,419	5.49
Ilmarinen Mutual Pension Insurance Company	2,440,935	5.33
Varma Mutual Pension Insurance Company	2,205,785	4.82
The State Pension Fund	660,000	1.44
The Local Government Pensions Institution	606,280	1.32
Outotec Oyj	500,000	1.09
OP-Delta Fund	315,000	0.69
Nordea Fennia Fund	295,000	0.64
Handelsbanken Norden Selektiv Fund	285,000	0.62
Total	13,620,729	29.74

To the Annual General Meeting of Outotec Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Outotec Oyj for the year ended 31 December, 2012. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated finan-

cial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Espoo, February 21, 2013

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Katajisto
Authorised Public Accountant

BOARD OF DIRECTORS

CARL-GUSTAF BERGSTRÖM

Chairman of the Board of Directors
B.Sc. (Econ.)
b. 1945, Finnish citizen

Board member since 2006, Chairman since 2010, Chairman of the Human Capital Committee

Member of the Board of Directors of Dacke PMC Holding AB, Förlags AB Sydvästkusten and Gunnebo Industrier AB
Shareholding: 1,742 Outotec shares
Independent of the company and owner

KARRI KAITUE

Vice Chairman of the Board of Directors
LL.Lic.
b. 1964, Finnish citizen

Board member since 2006, member of the Human Capital Committee

Deputy CEO of Outokumpu Oyj 2005–2011
Chairman of the Board of Directors of Destia Ltd, member of the Board of Directors of Car-gotec Corporation and CapMan Plc
Shareholding: 495 Outotec shares
Independent of the company and owner

EIJA AILASMAA

M. Soc. Sc, Graduate of the Sanoma School of Journalism
b. 1950, Finnish citizen

Board member since 2010, member of the Human Capital Committee

CEO of Sanoma Media B.V. 2003–2011
Vice Chairman of the Board of Directors of Solidium Oy, member of the Board of Directors of Huhtamäki Oyj
Shareholding: 371 Outotec shares
Independent of the company and owner

TAPANI JÄRVINEN

M.Sc. (Eng.), Lic.Sc. (Tech.)
b. 1946, Finnish citizen

Board member since 2010, member of the Human Capital Committee

President and CEO of Outotec 2003–2009
Chairman of the Board of Directors of Talvivaara Mining Plc, member of the Board of Directors of Finpro, Mustavaara Kaivos Oy, Konecranes Oyj, Okmetic Oyj, Normet Oy, Dragon Mining NL, chairman of the Board of Directors of Finnish-Latin American Trade Association, Industry Council of Technology Academy of Finland and Cleantech Finland Business Forum
Shareholding: 37,000 Outotec shares
Not independent of the company and owner

HANNU LINNOINEN

B.Sc. (Econ.), LL.M.
b. 1957, Finnish citizen

Board member since 2006, Chairman of the Audit Committee

Senior Executive Vice President and CFO of SRV Group Plc
Member of the Board of Directors of Green-stream Network Plc and Garantia Insurance Company Ltd
Shareholding: 4,595 Outotec shares
Independent of the company and owner

TIMO RITAKALLIO

LL.M., MBA
b. 1962, Finnish citizen

Board member since 2011, member of the Audit Committee

Deputy Chief Executive Officer of Ilmarinen Mutual Pension Insurance Company
Member of the Nomination Board of Elisa, Munksjö, Tieto, Uponor, Tikkurila, Suominen, Kemira, VVO, Oriola-KD, Rautaruukki, Neste Oil and Orion corporations, Ekokem Oy Ab and Sponda Plc, member of the Board of Directors and chairman of the Audit and Remuneration Committees of Technopolis Plc
Shareholding: 1,171 Outotec shares
Independent of the company and owner

CHAIM (POJU) ZABLUDOWICZ

B.A. (Economics and International Relations)
b. 1953, Finnish citizen
Board member since 2012, member of the Audit Committee

Chairman and CEO of Tamares Group
Member of the Board of Mustavaara Kaivos Oy, patron of Finnish British Chamber of Commerce, member of the Board of Kiasma, chairman of the Advisory Board of Synova Capital LLP, council member of Tate Modern International, co-founder and trustee of The Zabłudowicz Collection
Shareholding: 371 Outotec shares
Independent of the company and owner

DETAILED INFORMATION
ABOUT BOARD MEMBERS:
WWW.OUTOTEC.COM/CG

EXECUTIVE BOARD

PERTTI KORHONEN

President and CEO
Chairman of the Executive Board
M. Sc. [Electronics Engineering]
b. 1961, Finnish citizen
President and CEO since 2010
Member of the Executive Board since 2009
Employed by Outotec since 2009
Shareholding: 22,335 Outotec shares¹⁾
Positions of trust: Vice Chairman of the Board of Directors of Ahlström Oyj, member of the Board of Directors of Rautaruukki Oyj, Vice Chair of International Chamber of Commerce ICC Finland, member of the Finnish Council of International Chamber of Commerce, Steering Group member of Finland's External Economic Relations, member of the board of the Federation of Finnish Technology Industries, Finland Chamber of Commerce and Association of Finnish Steel and Metal Producers, member of the Supervisory Board of Foundation for Pediatric Research

JARI ROSENDAL

President, Non-ferrous Solutions business area
M. Sc. [Eng.]
b. 1965, Finnish citizen
Member since 2006
Employed by Outotec since 2006
Employed by Outokumpu group 1989–2006
Shareholding: 21,677 Outotec shares¹⁾
Positions of trust: member of the Board of Uponor Group, Finnish Associations of Mining and Metallurgical Engineers and International Copper Association

PEKKA ERKKILÄ

President, Ferrous Solutions business area
M. Sc. [Eng.]
b. 1958, Finnish citizen
Member since 2010
Employed by Outotec since 2010
Employed by Outokumpu group 1983–2000 and 2004–2010
Shareholding: 10,305 Outotec shares¹⁾
Positions of trust: member of the Board of Directors of University of Oulu and Grängesberg Iron AB

PETER WEBER

President, Energy, Light Metals and Environmental Solutions business area
Ph.D. [Tech.]
b. 1963, German citizen
Member since 2006
Employed by Outotec since 2006
Employed by Outokumpu group 1992–2006
Shareholding: 9,968 Outotec shares¹⁾
Positions of trust: member of the Board of Directors of Enefit Outotec Technology Oü

KALLE HÄRKKI

President, Services business area
Ph. D. [Tech.]
b. 1969, Finnish citizen
Member since 2010
Employed by Outotec since 2006
Employed by Outokumpu group 1998–2006
Shareholding: 10,001 Outotec shares¹⁾

ROBIN LINDAHL

Executive Vice President - Market Operations
M.Sc. [Econ.]
b. 1964, Finnish citizen
Member and employed by the company since October 1, 2011
Shareholding: 6,000 Outotec shares¹⁾
Positions of trust: member of the Board of Directors and Chairman of Audit Committee of Norvestia Oyj

MICHAEL FREI

Senior Vice President, Supply
Ph. D. [Tech.]
b. 1968, Swiss citizen
Member since 2010
Employed by Outotec since 2010
Shareholding: 5,438 Outotec shares¹⁾

TAPIO NISKANEN

Senior Vice President, Business Infrastructure
M. Sc. [Engineering]
b. 1959, Finnish citizen
Member since 2010
Employed by Outotec since 2010
Shareholding: 5,448 Outotec shares¹⁾

MIKA SAARIAHO

Chief Strategy Officer
Ph. D. [Tech.]
b. 1973, Finnish citizen
Member since 2010
Employed by Outotec since 2010
Employed by Outokumpu group 2004–2007
Shareholding: 5,438 Outotec shares¹⁾

KARI KNUUTILA

Chief Technology Officer
D. Sc. [Tech.]
b. 1958, Finnish citizen
Member since October 1, 2011
Employed by Outotec since 2006
Employed by Outokumpu group since 1986
Shareholding 8,935 Outotec shares¹⁾
Positions of trust: Chairman of the Board of Centre for Metrology and Accreditation (Mikes), member of the Board of Finnish Academy of Technology, Industry Council of Technology Academy of Finland (TAF) and European Industrial Research Management Association (EIRMA)

MIKKO PUOLAKKA

Chief Financial Officer
M.Sc. [Econ.]
b. 1969, Finnish citizen
Member since 2010
Employed by Outotec since 2010
Shareholding: 10,756 Outotec shares¹⁾
Positions of trust: member of the Board of Okmetic Oyj and Gold Gemex Oy

NINA KIVIRANTA

General Counsel [as of March 18, 2013]
Master of Laws
b. 1964, Finnish citizen
Member and employed by Outotec as of March 18, 2013
No shareholding on December 31, 2012

KIRSI NUOTTO

Senior Vice President, Human Capital
M.A. (French, communications)
b. 1959, Finnish citizen
Member and employed by Outotec as of January 9, 2013
No shareholding on December 31, 2012

ARI JOKILAAKSO

Senior Vice President, Human Capital (until January 9, 2013)
Ph.D. [Tech.]
b. 1961, Finnish citizen
Member since 2010
Employed by Outotec since 2006
Employed by Outokumpu group 1998–2006
Shareholding: 5,438 Outotec shares¹⁾

MINNA AILA

Senior Vice President, Communications and Corporate Responsibility
LL.M.
b. 1966, Finnish citizen
Member since 2012
Employed by the company since 2012
No shareholding on December 31, 2012¹⁾

DETAILED INFORMATION ABOUT
EXECUTIVE BOARD MEMBERS:

WWW.OUTOTEC.COM/CG ➔

INFORMATION ABOUT
OUTOTEC MANAGEMENT OY:

WWW.OUTOTEC.COM/CG ➔

¹⁾ Members of the Executive Board own Outotec Management Oy which owns 203,434 shares of Outotec Oyj (December 31, 2012).

CORPORATE GOVERNANCE IN 2012

Outotec's Corporate Governance Statement 2012 has been given as a separate report from the financial statements. In addition, Outotec's Corporate Governance Policy in its entirety is available on Company's web site.

Nomination Board

The Annual General Meeting on March 23, 2012 decided to establish a Nomination Board. Its duties consist of search, preparation and presentation of Board member candidates, and related remuneration matters.

The Nomination Board shall be convened by the Chairman of the Board of Directors and the Nomination Board elects amongst its members its chairman. The Nomination Board's composition in 2012 was Kari Järvinen (Solidium Oy), Harri Sailas (Keskinäinen Eläkevakuutusyhtiö Ilmarinen), Chaim (Poju) Zabłudowicz (Tamares Nordic Investments BV.), Carl-Gustaf Bergström and Karri Kaitue.

Board of directors and committees

The Annual General Meeting on March 23, 2012 re-elected the following members: Mr. Carl-Gustaf Bergström (Chairman), Mr. Karri Kaitue, Mr.

Hannu Linnoinen, Ms. Eija Ailasmaa Mr. Tapani Järvinen and Mr. Timo Ritakallio. Mr. Chaim (Poju) Zabłudowicz was elected as new Board member. In 2012, the Board of Directors met 13 times. The average attendance of members at Board meetings was 96%.

AGM 2012 decided that of the annual remuneration, 60% would be paid in cash and 40% in the form of Outotec Oyj shares. Fees paid to the Board of Directors in 2012 totaled EUR 444,000.

Audit Committee

The members of the Audit Committee were Hannu Linnoinen (Chairman), Eija Ailasmaa (until March 23, 2012), Timo Ritakallio, Anssi Soila (until March 23, 2012) and Chaim (Poju) Zabłudowicz (from March 23, 2012), all having appropriate education and experience in corporate finance. In 2012, the Audit Committee met 4 times. The average atten-

dance of members in Audit Committee meetings was 92%.

Human Capital Committee

The members of the Human Capital Committee are Carl-Gustaf Bergström (Chairman), Karri Kaitue, Eija Ailasmaa and Tapani Järvinen. The Human Capital Committee convened 5 times during 2012. The average attendance of members in Human Capital Committee meetings was 95%.

Dividend

The Annual General Meeting on March 23, 2012 decided that a dividend of EUR 0.85 per share will be paid from the financial year that ended Decem-

OUTOTEC'S CORPORATE GOVERNANCE STATEMENT AND POLICY:
WWW.OUTOTEC.COM/CG ➔

MORE INFO ABOUT OUTOTEC'S INCENTIVE PROGRAMS:
WWW.OUTOTEC.COM/CG ➔

Remuneration paid to the CEO and Executive Board members in 2012

EUR	Wages	Benefits	Bonuses	Share-based benefits	Total
CEO	538,014	19,028	300,537	630,153	1,487,732
Other Executive Board ^{*)}	2,475,304	159,787	874,236	2,861,032	6,411,054

^{*)} Changes in Executive Board in 2012: Minna Aila, new member from March 1, 2012

Fees paid to the board of directors in 2012 EUR

Ailasmaa Eija	52,400
Bergström Carl-Gustaf	96,400
Järvinen Tapani	54,400
Kaitue Karri	69,400
Linnonen Hannu	67,900
Ritakallio Timo	52,900
Soila Anssi (until March 23, 2012)	11,000
Zabłudowicz Chaim (Poju) (from March 23, 2012)	39,600
Total	444,000

Board member participation in 2012

	Board meeting	Audit Committee	Human Capital Committee
Bergström Carl-Gustaf (Chairman)	13/13		5/5
Kaitue Karri (Vice Chairman)	13/13		5/5
Ailasmaa Eija	13/13	1/1	4/4
Järvinen Tapani	13/13		4/5
Linnonen Hannu	13/13	4/4	
Ritakallio Timo	13/13	4/4	
Soila Anssi (until March 23, 2012)	3/3	1/1	
Zabłudowicz Chaim (Poju) (from March 23, 2012)	6/10	2/3	

ber 31, 2011. The dividend (total of EUR 38.9 million) was paid on April 11, 2012.

Authorizations

The Annual General Meeting for 2012 authorized Outotec's Board of Directors to determine the repurchase of the company's own shares, and to issue new shares. The maximum number of shares related to both authorizations is 4,578,037. The authorizations are valid until the next Annual General Meeting. On September 10, Outotec announced that the Board of Directors has decided to exercise its authorization. During the period September 18-24, 2012, Outotec purchased a total of 500,000 of the company's own shares through public trading at an average price of approximately EUR 38.55 per share. The total purchase price paid for the shares was EUR 19,274,589.43. The acquired shares will be used for the company's share based incentive programs.

The Annual General Meeting gave the Board of Directors the authority to donate an aggregate amount of EUR 100,000 for non-profit purposes or to universities. In accordance with the given authorization, the Board of Directors has approved donations to various causes, totaling EUR 94,000. The biggest individual donation was made to Baltic Sea Action Group (EUR 40,000).

President and CEO

The President and CEO of Outotec Oyj is Pertti Korhonen (b. 1961). Detailed information about the CEO and the Board of Directors are available on www.outotec.com/cg.

Share-based incentive program and employee share savings plan

Share-based incentive program

Outotec's Board of Directors decided on April 23, 2010, to adopt a share-based incentive program 2010-2012 for the company's key personnel.

Earning period 2010

A total of 138,144 Outotec shares were allocated for the 2010 earning period with a cost of approx-

imately EUR 9.6 million, which was booked for the financial periods 2010-2012.

Earning period 2011

A total of 130,063 Outotec shares were allocated for the 2011 earning period with a cost of approximately EUR 9.5 million, which is booked for the financial periods 2011-2013.

Earning period 2012

The Board of Directors approved (March 28, 2012) 148 individuals for the program's 2012 earning period and set targets for order intake, earnings per share and sales growth. At the end of 2012, there were 146 participants with right to earn, on the basis of achievement of set targets, a maximum number of 194,375 shares and cash to cover income taxes.

Employee share savings plan

Outotec's Board of Directors decided on September 25, 2012, to launch an employee share savings plan for Outotec employees globally. The plan will commence from January 1, 2013, with the first savings period being one calendar year. The following savings periods are subject to a separate board decision. Approximately 34% of employees in 22 countries have signed up.

Executive Board share ownership plan

In 2010, Outotec's board of directors determined an incentive 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, 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 2012 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 2012, Outotec Management Oy held 203,434 or 0.44% (February 7, 2013: 203,434) of Outotec shares, which have been accounted for as treasury shares on Outotec's balance sheet. An announcement to dissolve Outotec Management Oy in accordance with its terms and conditions was made on October 25, 2012. The share ownership plan shall be dissolved after the publication of Outotec Oyj's Interim Report Q1/2013 through a share exchange so that all the shares in Outotec Management Oy will be transferred to Outotec Oyj against Outotec shares. Outotec Oyj will receive 203,434 own Outotec shares as well as the company's loan receivable and accrued interest in full from Outotec Management Oy. The number of new shares to be given in the share exchange shall be determined on the basis of Outotec Management Oy's net assets as of the date of dissolution of the plan. With the share exchange the Executive Board members' previously indirect share ownership will become a direct ownership in Outotec. However, the Outotec Management Oy share ownership plan will be continued by one year at a time, in case the Outotec share price during five trading days after the publication of the Interim Report Q1/2013, Q1/2014, Q1/2015 or Q1/2016 is lower than the average share price which Outotec Management Oy paid for its Outotec shares. The dissolution of the plan and possible delay in such dissolution will be announced separately.

Audit

The Annual General Meeting on March 23, 2012 elected Public Accountants PricewaterhouseCoopers Oy as the company's auditor. In 2012, the company paid a fee of EUR 679,000 (2011: 858,000) for the auditing services. Additionally, the company paid EUR 886,000 (2011: 880,000) for non-auditing related consultation.

Corporate Governance Statement and Policy

Outotec's Corporate Governance Statement has been given separately from the financial statements and it is available on Outotec's website. In addition, Outotec's Corporate Governance Policy is in its entirety on www.outotec.com/cg.

Interim reports 2013

- January - March: April 26
- January - June: July 31
- January - September: October 30

Annual General Meeting 2013

The Annual General Meeting will be held on March 26, 2013 at 11.00 a.m. (Finnish time) at Finlandia-talo, Mannerheimintie 13, 00100 Helsinki, Finland. More information: www.outotec.com/agm.

Dividend

The Board of Directors proposes to the Annual General Meeting 2013 that a dividend of EUR 1.20 per share be paid for the financial year 2012. More information on Financial Statements, page 11 and on www.outotec.com/agm.

Share information

Listing: NASDAQ OMX Helsinki, OMXH
Trading symbol: OTE1V
Number of shares: 45,780,373 (February 7, 2013)
Sector: Industry
ISIN: FI0009014575

Analysts

Analysts following Outotec: www.outotec.com/investors.

Consensus

Consensus estimates provided by Vara Research: www.outotec.com/investors.

Investor relations contact

Ms Riitta Lind, Executive Assistant, IR
Tel.: +358 (0)20 529 2005, riitta.lind@outotec.com

**OUTOTEC'S CORPORATE GOVERNANCE
STATEMENT AND POLICY:**
WWW.OUTOTEC.COM/CG ➔

OUTOTEC'S AGM 2013:
WWW.OUTOTEC.COM/AGM ➔

INFORMATION FOR INVESTORS:
WWW.OUTOTEC.COM/INVESTORS ➔