



FY 2012 Financial Statements Review








Pertti Korhonen
President and CEO

February 7, 2013

Outotec

2012 – passing the EUR 2bn milestone

- focus areas progressed well

Objective	Status
Order intake, scalability and execution excellence to ensure continuous growth	
Value based pricing, supply savings and scalability to ensure profitability improvement	
Solution offering and services to strengthen earnings logic (O&M, shut down)	
<p>M&A to strengthen offering portfolio and accelerate growth</p> <ul style="list-style-type: none"> - Alternative energy business slower than expected in certain areas, but EPI's technology key in getting breakthrough projects (Zürich & Turkey) - Success in service acquisitions (Demil & TME Group) - Success in technology bolt on acquisitions (Numcore & Backfill Specialists) - IWT acquisition 	   



Financial Statements Review 2012

Outotec

Demand for Outotec's solutions continued on a good level, because of our competitive offering and good market position



- The long term outlook for metals demand continued positive and metal prices recover toward year-end
- New capacity investments in non-ferrous metals and ilmenite, customers seeking operational improvements through expansions and modernizations
- Capacity utilization rates supported services sales in all business areas and interest in operation and maintenance as well as shut down services
- Local legislation, tighter environmental permitting and the complexity of large financing packages slowed down some sales negotiations
- In alternative energy solutions, low energy prices and uncertainties in political regulation impacted investment decisions in some countries
- Approximately 89% of 2012 order intake consisted of Environmental Goods and Services (OECD criteria)

Q4 orders received included new breakthroughs in environmental solutions

Order intake in 2012 totaled EUR **2,084.4** million (2011: EUR 2,005.4 million), up 4%. Largest order in Outotec's history, over EUR 350 million, was received in the second quarter of 2012.

Americas 26%

EMEA 59%

Asia Pacific 15%

Published orders in **Q4/2012:**



- The largest sewage sludge thermal treatment plant Switzerland (nearly EUR 50 million, mainly booked Q2/2013 order intake)



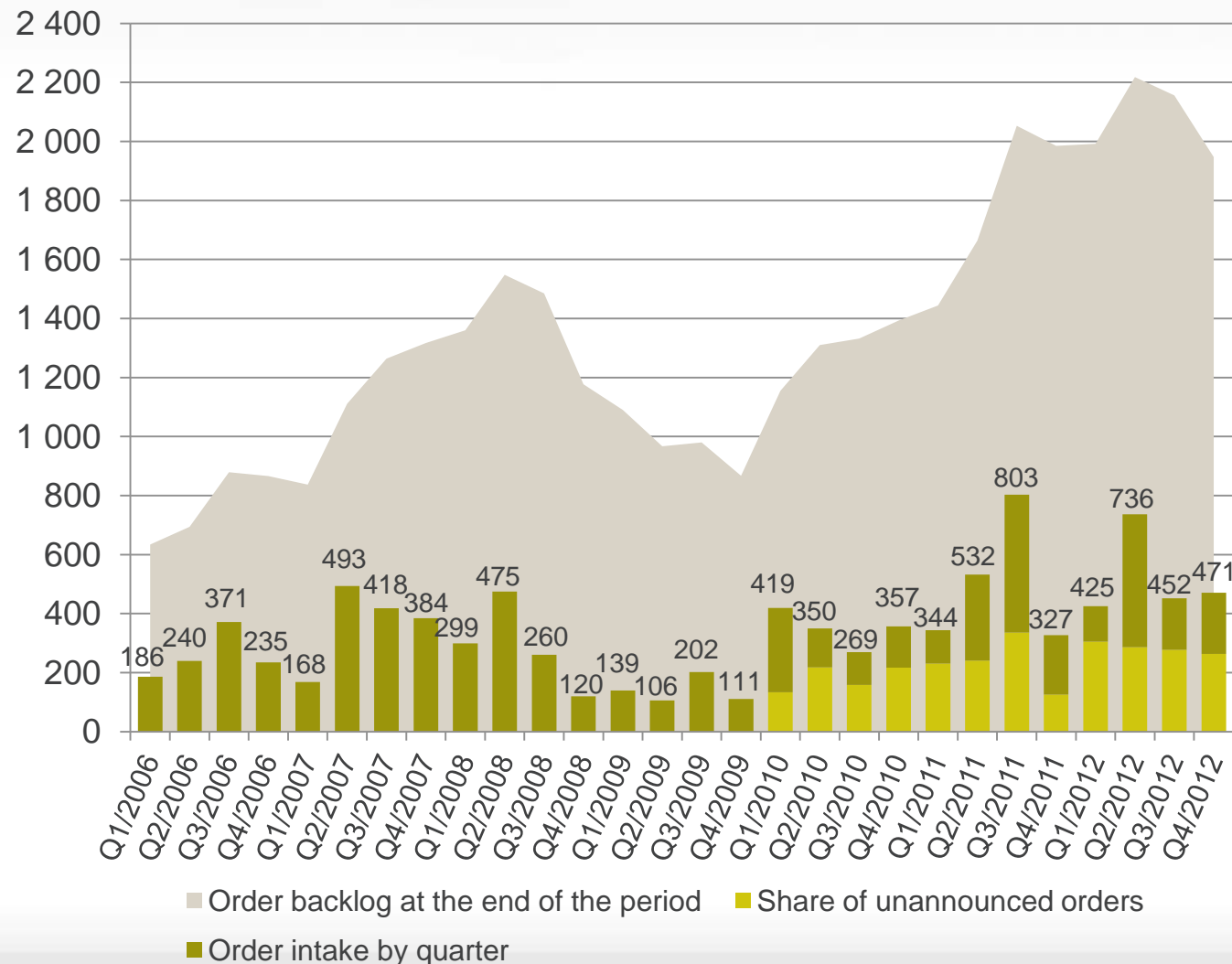
- Biomass power plant Turkey (approx. EUR 55 million, booked in Q1/2013 order intake)



- Gas cleaning system, sulfuric acid plant and related technologies Namibia (approx. EUR 130 million)

Solid order intake despite of the uncertain global macroeconomic environment, strong year end backlog

EUR million



- Order backlog at the end of 2012 was EUR **1,947.1** (1,985.1) million, decrease of 2% from 2011
- **38** projects with value in excess of EUR **10** million, accounting for **70%** of the backlog
- Roughly **77%** (or approx. EUR **1,500** million) of the backlog is estimated to be delivered in 2013

Strong profitable growth

EUR million	2012	2011	Chg %	Q4 2012	Q4 2011
Sales	2,087.4	1,385.6	+51	649.8	496.8
Gross margin, %	20.8	24.0	-	21.8	23.9
Operating profit from business operations	193.8	121.5	+60	74.0	54.9
- one-time costs	+3.0**	-4.7*	-	+4.3	-4.7
- PPA amortization	-12.5	-4.9	-	-3.3	-1.3
Reported operating profit	184.3	111.9	+65	74.9	48.9
FX impact (unrealized, realized)	+2.1	+1.7	-	+2.3	-0.6
Operating profit margin, %	8.8	8.1	-	11.5	9.9
- from business operations, %	9.3	8.8	-	11.4	11.0

*) Costs related to M&A and restructuring

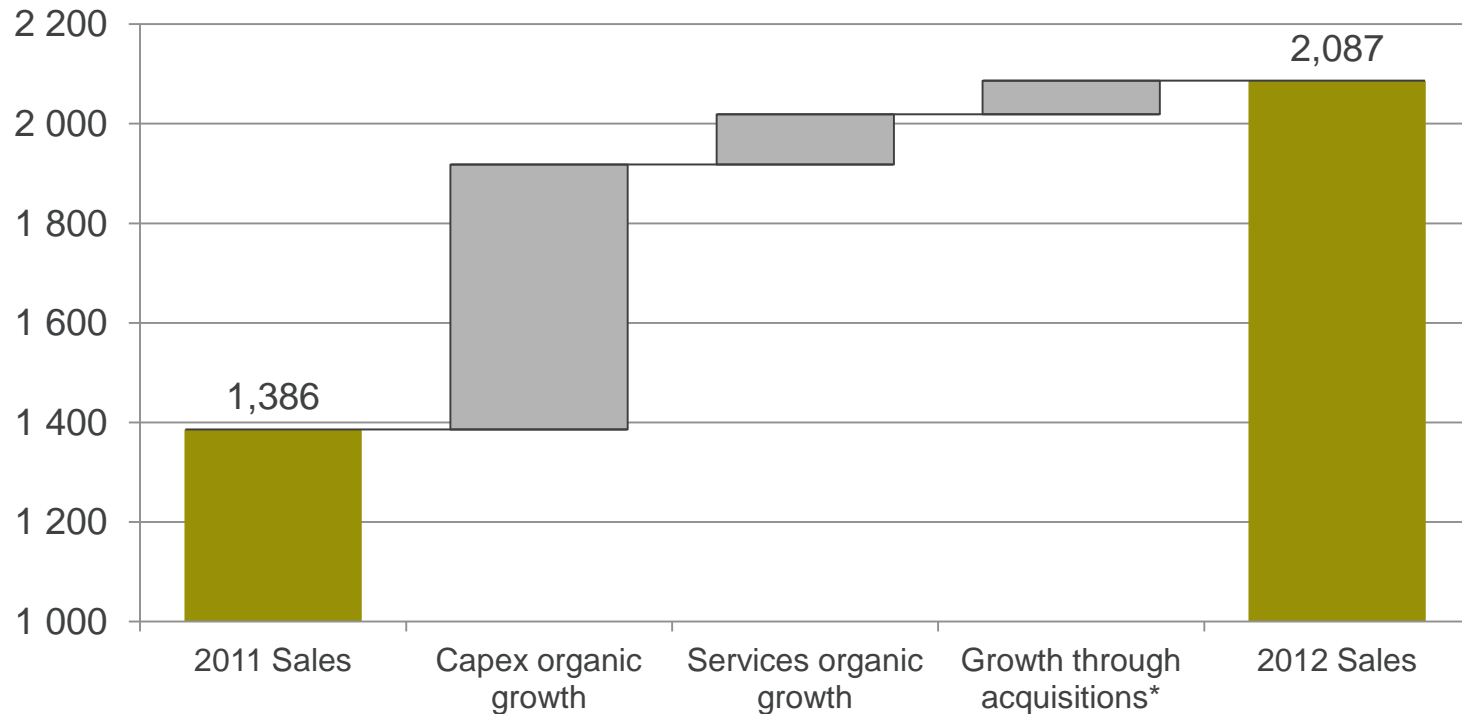
***) Costs related to M&A and restructuring as well as EUR 6.3 million positive impact from the reduction of EPI earn out payment liability of EUR 8.8 million.



**Top 10 customers
accounted for 35%
of sales**

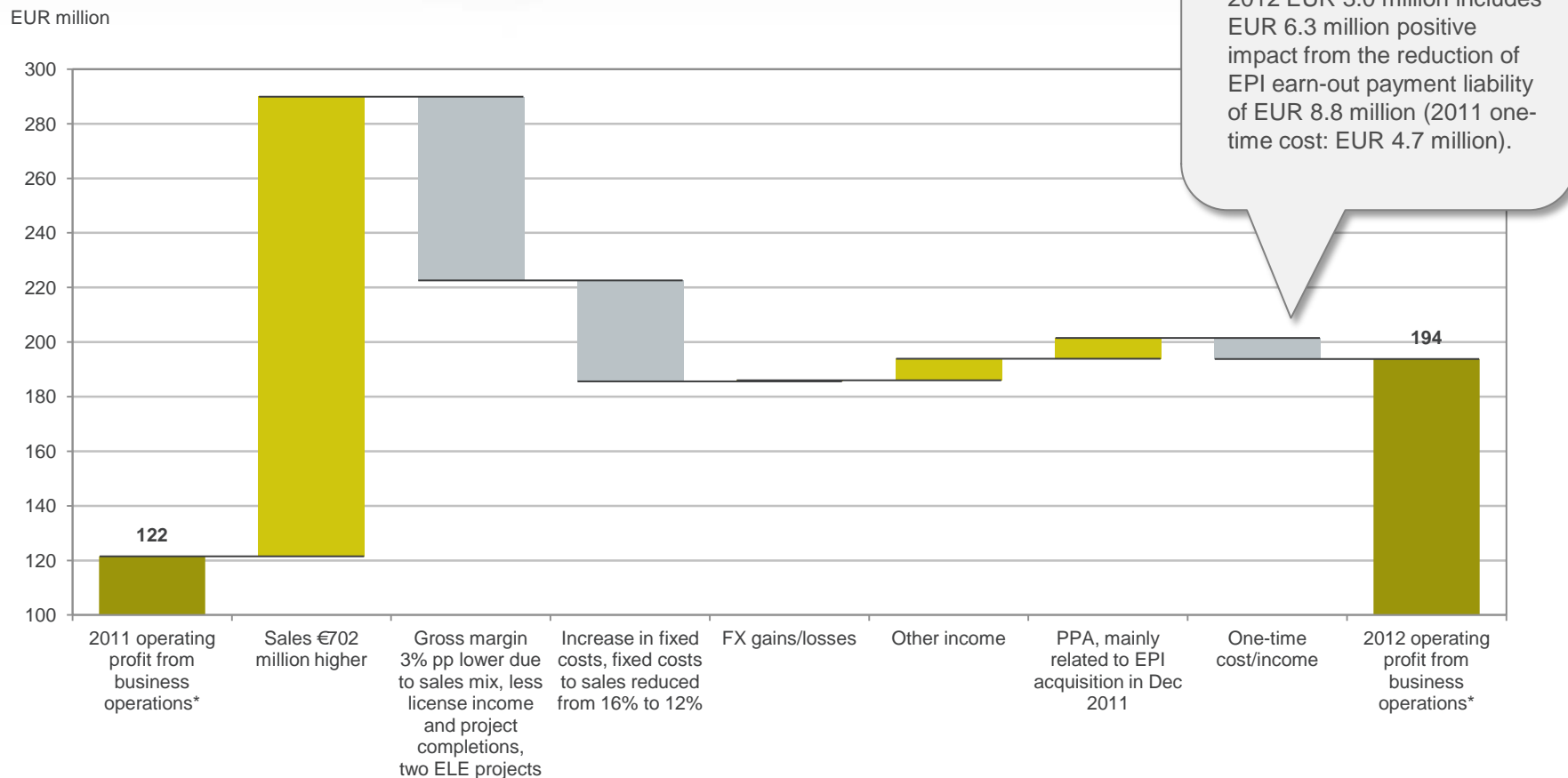
Sales growth +51% was achieved mainly organically

EUR million



*) Acquisitions between Dec 2011-Dec 2012: Kiln Services, Energy Products of Idaho, Numcore, Demil, TME Group and Backfill Specialists

Operating profit from business operations* improved by +60% y-o-y mainly due to higher sales volume

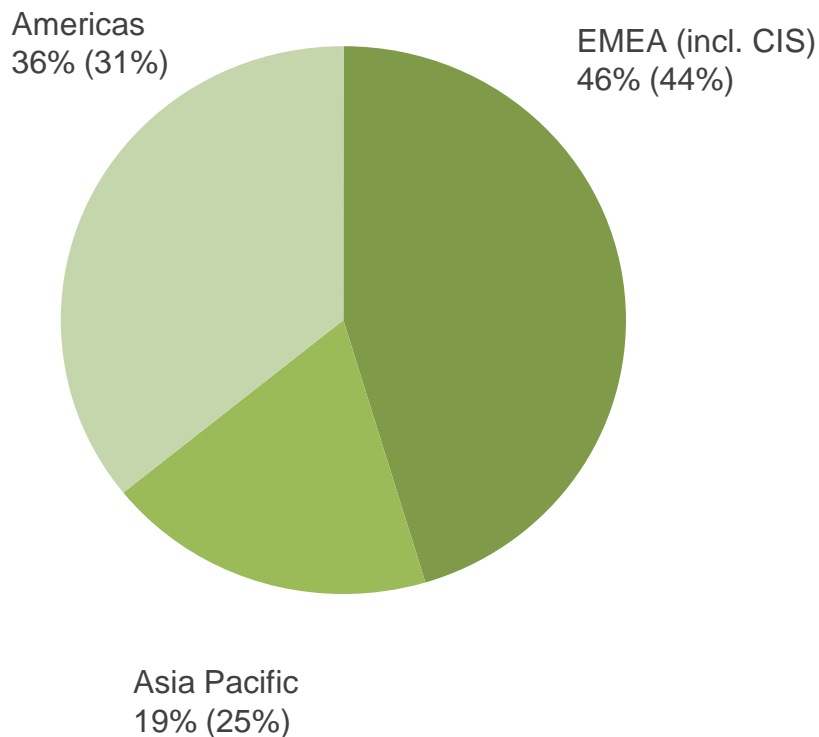


*) excluding purchase price allocation (PPA) amortizations and one-time items

Diversified sales split in terms of geography and materials - roughly 2/3 coming from emerging markets

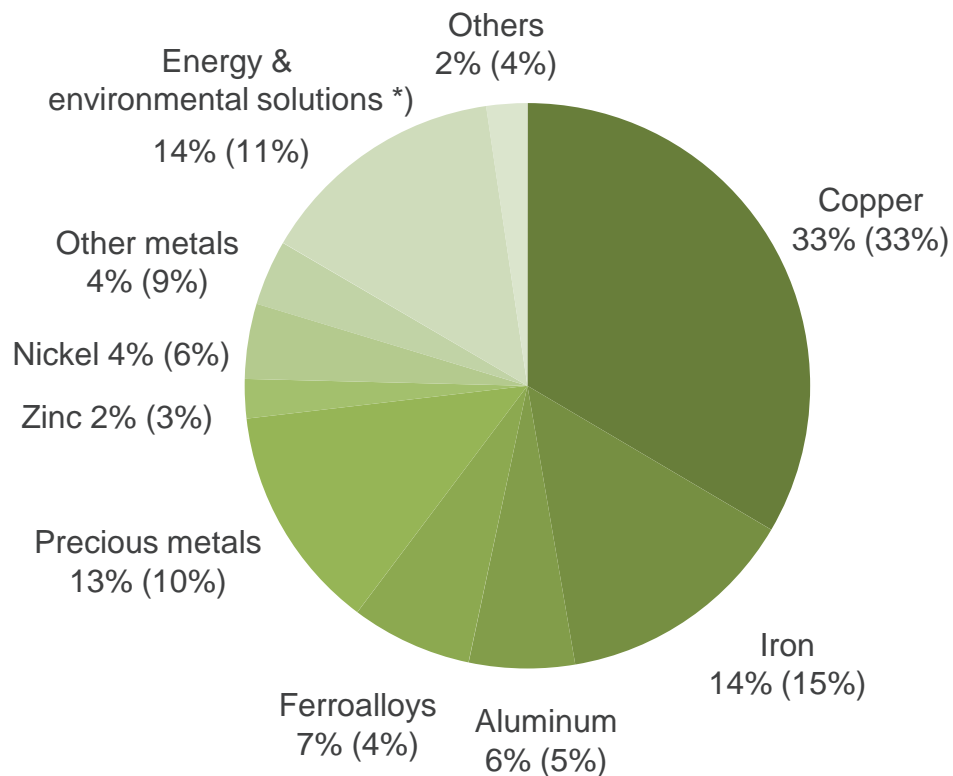
Sales by destination

2012 (2011)



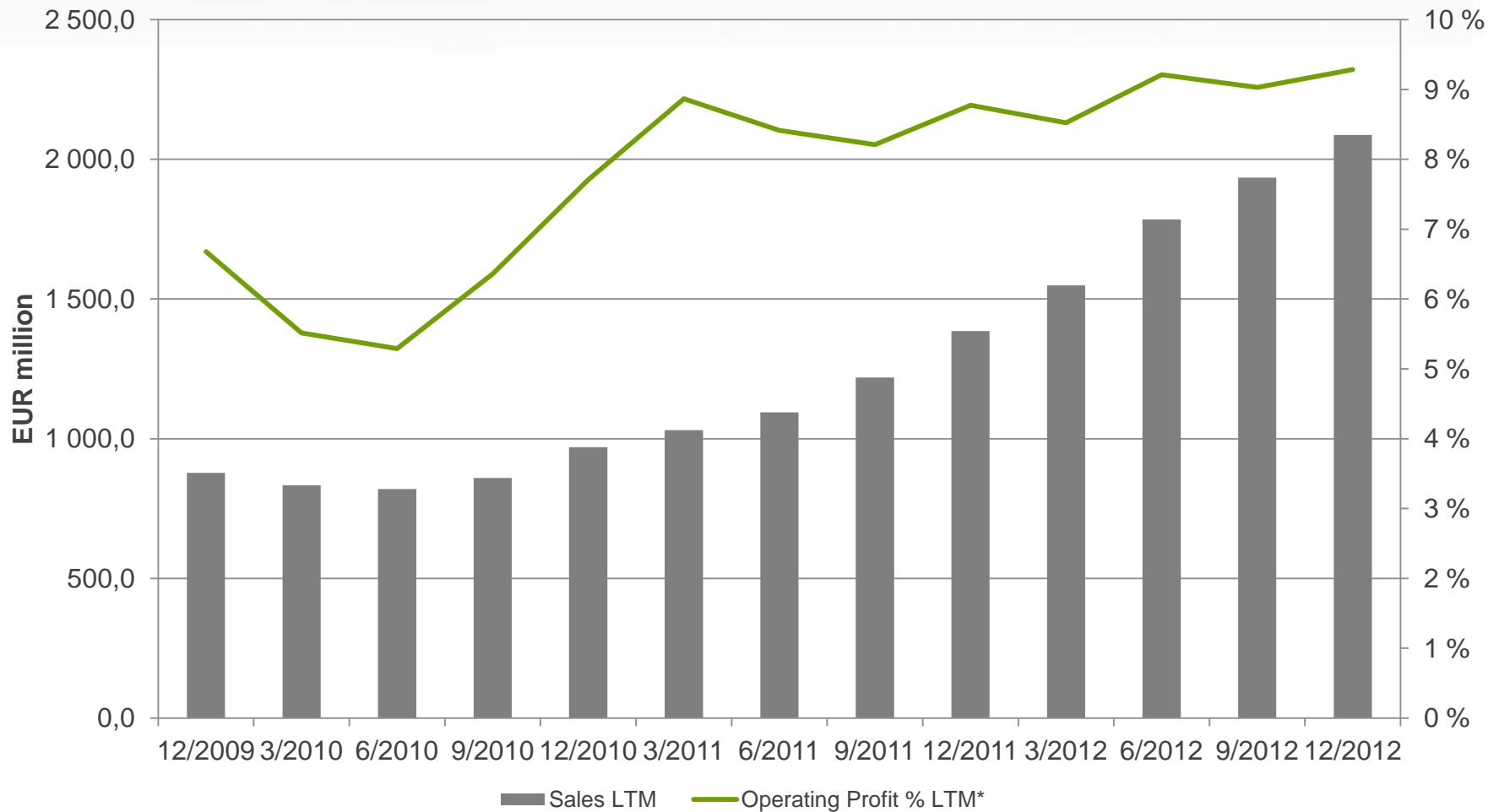
Sales by end product

2012 (2011)



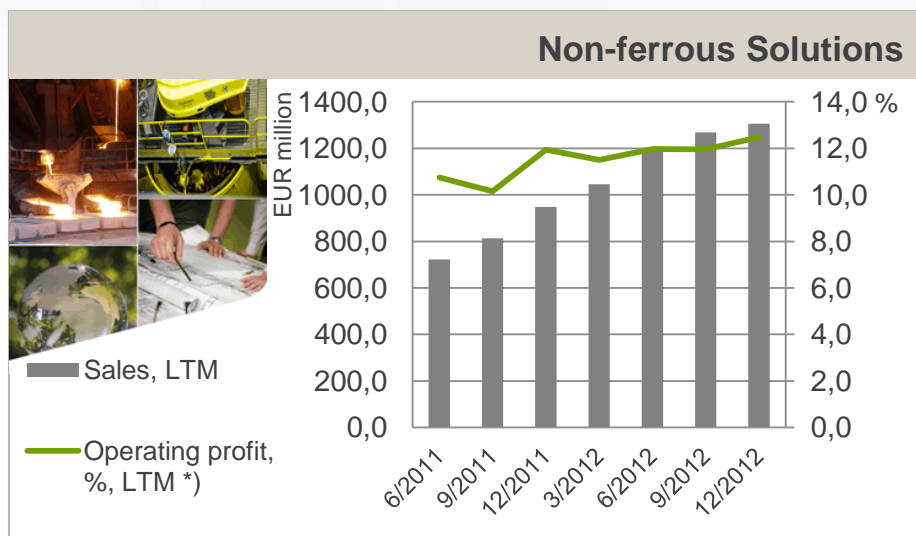
*) incl. water, sulfuric acid and off-gas

Sales and profitability developed during last twelve months (LTM) in line with long term targets



*) from business operations excl. one-time items and PPA amortizations

Non-ferrous Solutions: Strong performance with all metrics



*) from business operations excl. one time items and PPA

EUR million	2012	2011	Chg %
Sales	1,305.5	947.6	+38
Operating profit from business operations *)	163.2	113.1	+44
Operating profit margin from business operations, %	12.5	11.9	-

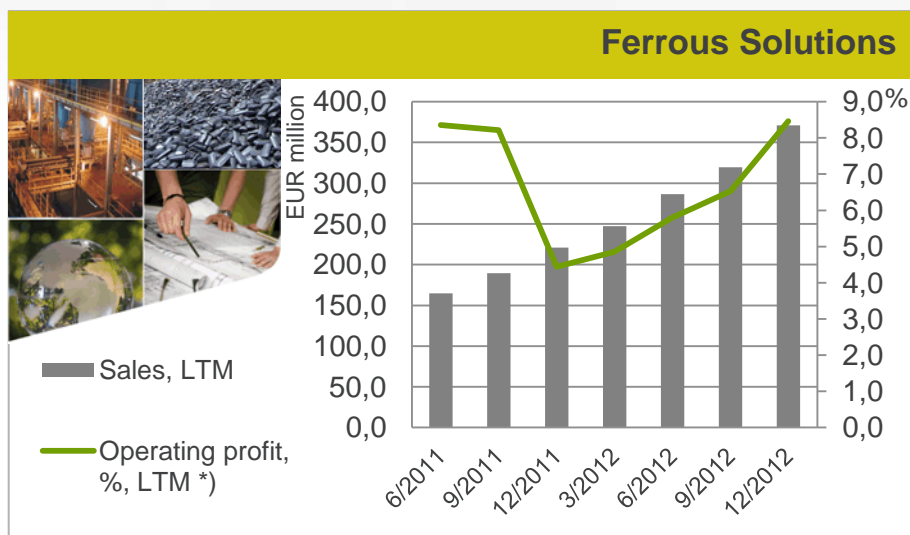
2012 highlights

- Success in winning larger scope orders
- Strong service growth
- Solid project execution
- Improved profitability due to operating leverage
- Numcore, TME Group and Backfill Specialists acquisitions

Focus in 2013

- Winning new orders and larger scopes
- Continue strong growth in services
- Successful backlog execution

Ferrous Solutions: Good project execution and profitability improvement



*) from business operations excl. one time items and PPA

EUR million	2012	2011	Chg %
Sales	371.2	221.1	+68
Operating profit from business operations*)	31.4	9.8	+221
Operating profit margin from business operations, %	8.5	4.4	-

2012 highlights

- Received the largest order in Outotec's history
- Solid project execution
- Improved profitability
- Demil acquisition supporting good development and growth in Service offering

Focus in 2013

- Further development of service offering
- Ensuring solid execution of large turnkey deliveries
- New opportunities in India and China due to environmental legislation
- Expanding mid-tier business

Energy, Light Metals and Environmental Solutions: Strong sales growth, profitability impacted by two customer projects

Energy, Light Metals and Environmental Solutions



*) from business operations excl. one time items and PPA

EUR million	2012	2011	Chg %
Sales	427.0	236.1	+81
Operating profit from business operations *)	22.6	25.8	-12
Operating profit margin from business operations, %	5.3	10.9	-

*)The unrealized and realized exchange gains related to currency forward contracts decreased profitability by EUR 0.6 million (2011: gain of EUR 2.9 million).

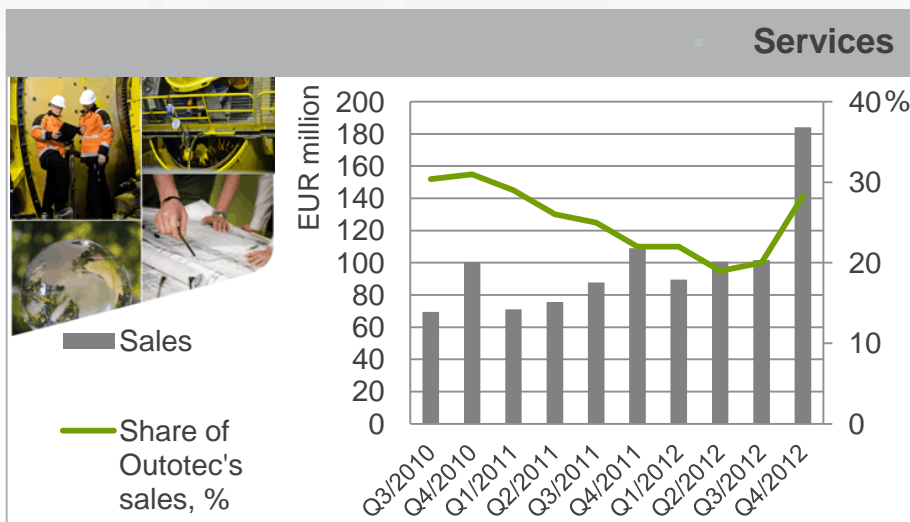
2012 highlights

- Good progress in expanding alternative & waste-to-energy solution businesses (biomass, sludge)
- Industrial water treatment (IWT) offering developed positively
- Higher than planned costs and increased risk provisions in two customer projects decreased profitability

Focus in 2013

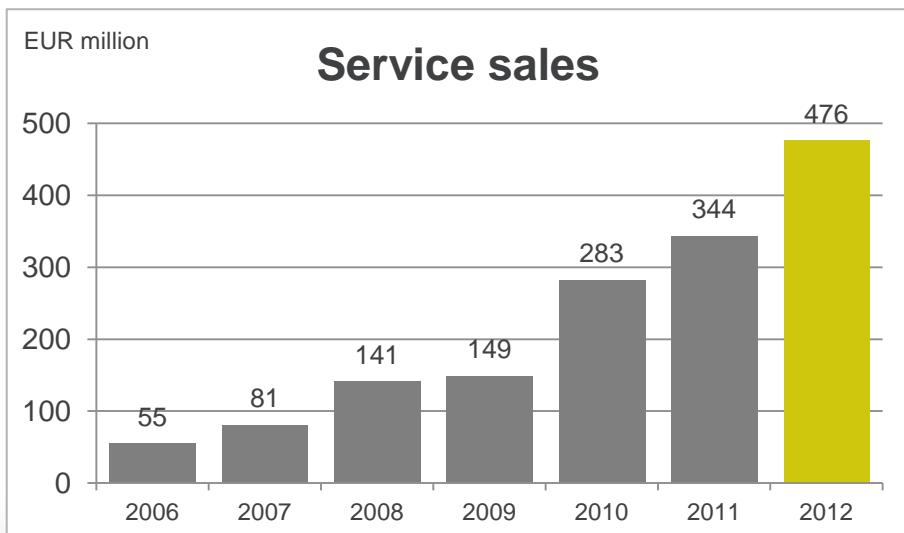
- Fully capitalize the solid demand for environmental solutions
- Increase sales of IWT solutions
- Expanding the market reach of renewable energy solutions
- Grow services business

Services: Strong growth, almost hitting 2015 sales target



2012 highlights

- 39% growth from 2011, 23% (Q4: 28%) of Outotec sales (2011: 25%)
- Acquisitions (TME Group, Demil) accounted for approximately 9% of the sales growth (2011: no impact)
- 69% growth in the fourth quarter from 2011, 28% of sales (Q4/2011: 22%)
- New service offerings (such as O&M)



Focus in 2013

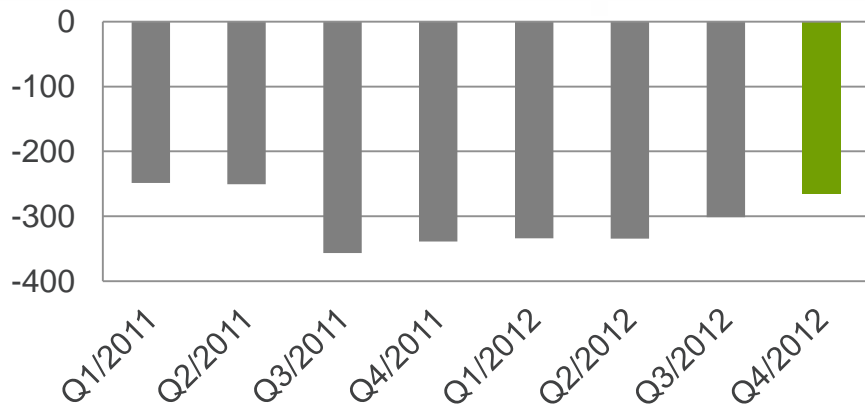
- Further penetrating installed base
- Leveraging new life cycle service offerings (O&M, shut down)
- Acquisitions to enhance global footprint and service offering

New sales target

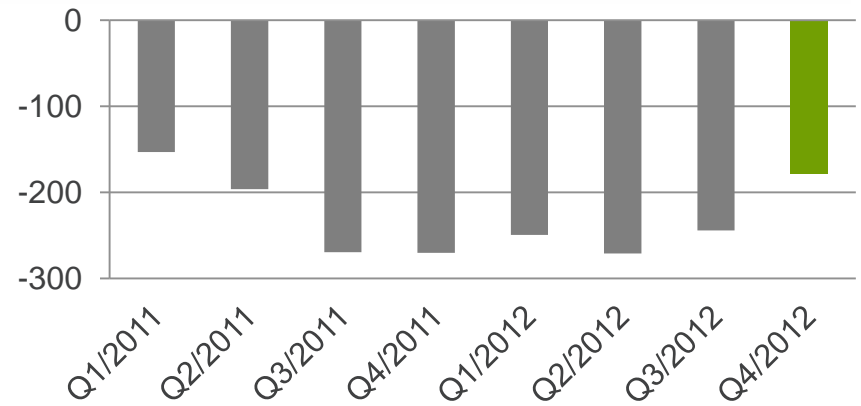
- EUR 1bn by 2017 (previously: EUR 500 million by 2015)

Financing structure continued to be strong and liquidity was good

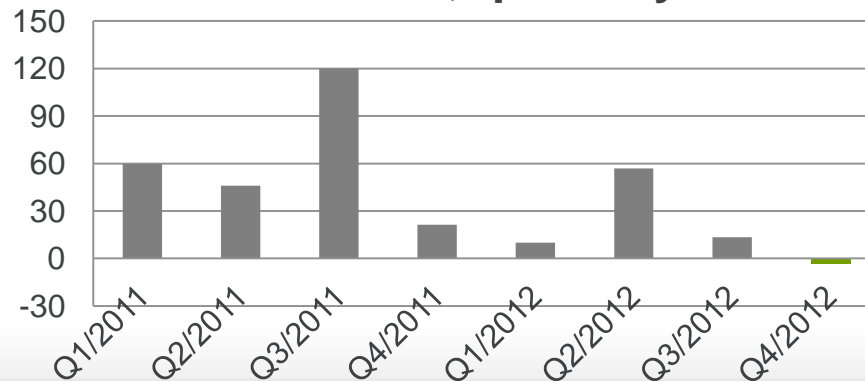
Net interest-bearing debt



Working capital

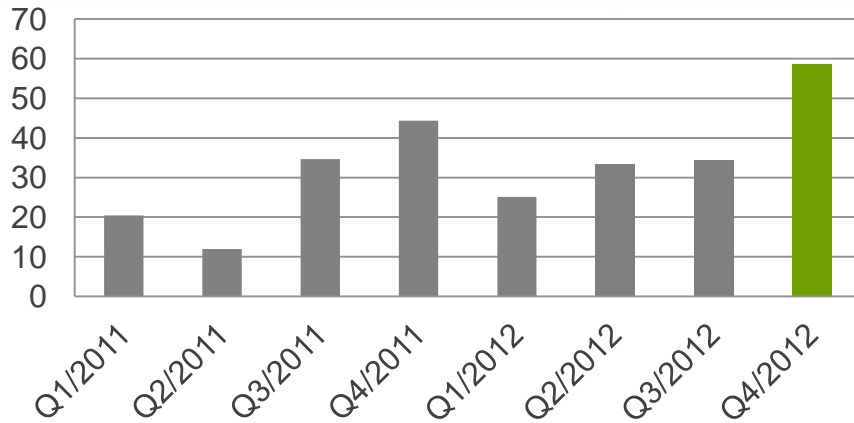


Net cash flow from operating activities, quarterly

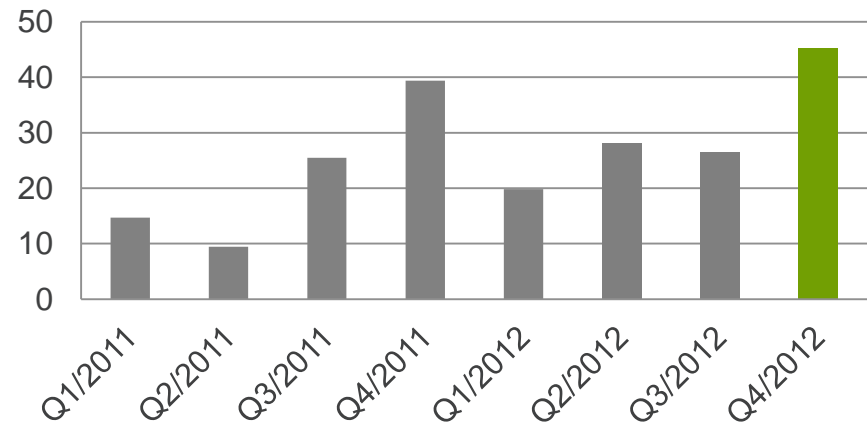


Significant improvement in ROI and ROE due to strong financial result

ROI%, quarterly

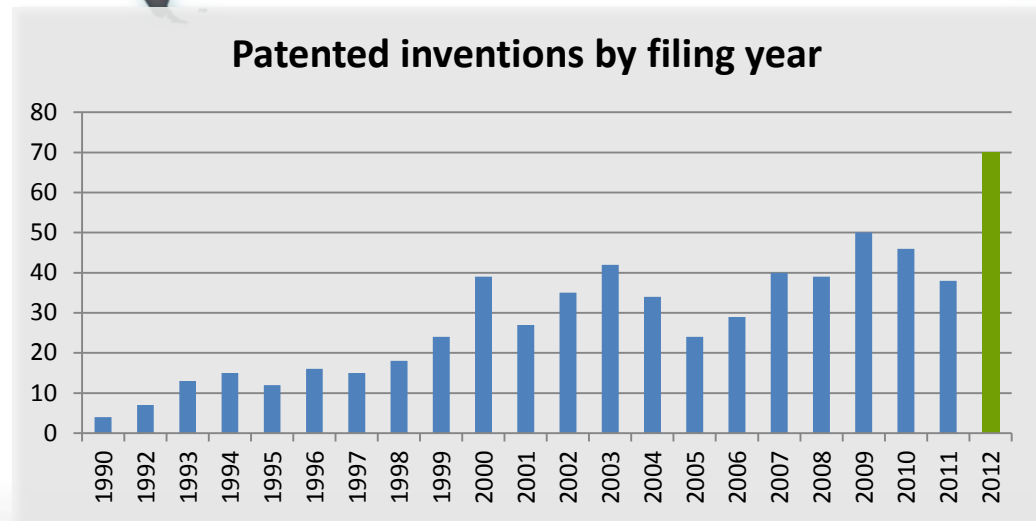
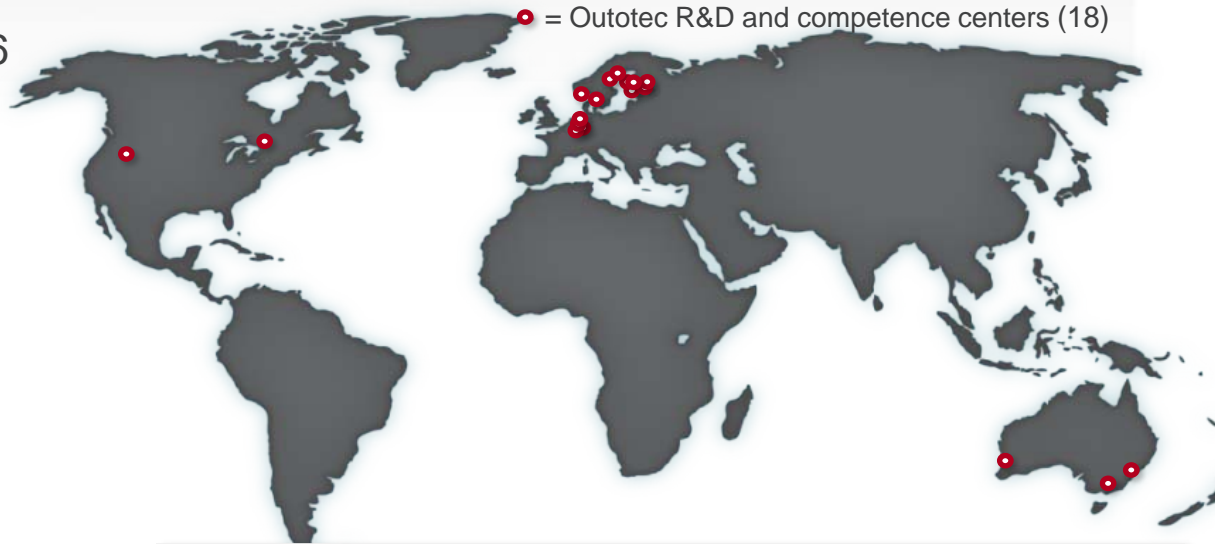


ROE%, quarterly



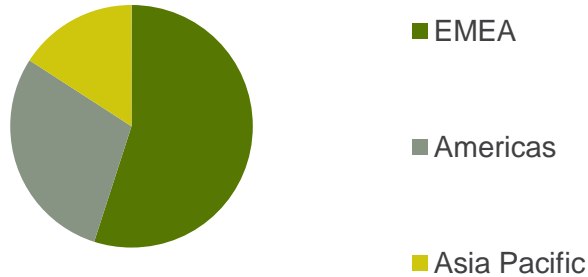
Record-high number of patent applications due to strong innovation activity and increased R&D investments

- R&D expenses totaled EUR 41.6 million (2011: EUR 33.5 million), up 24% from 2011 and 2.0% of sales (2011: 2.4%)
- Outotec filed 70 new priority patent applications (2011: 41) and 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.

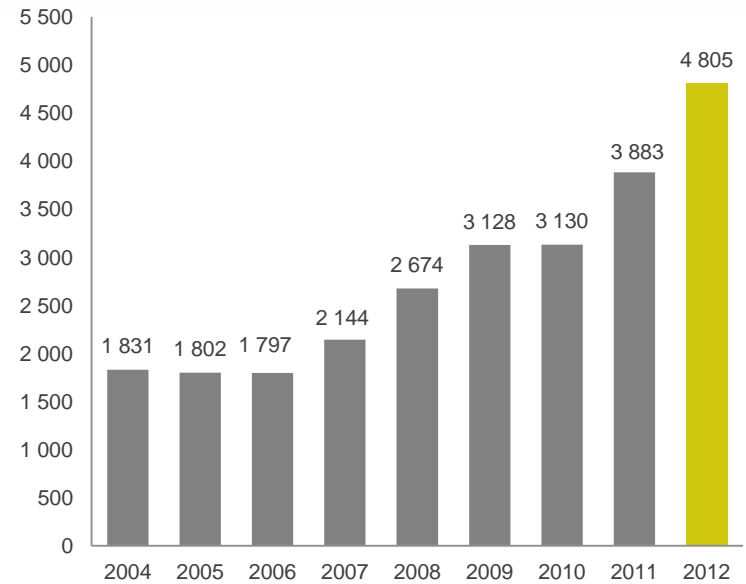


Personnel increased due to acquisitions and recruitments to services and project delivery

Personnel by region at the end of the period



Personnel at the end of the period



- Increase from acquisitions: **450**
- Temporary personnel: **9%** (2011: 9%)
- FTE contracted people: some **660** (2011: 620)
- Competence centers in **18** locations

Events after the reporting period

- Design and delivery of a renewable energy solution for a major cellulosic ethanol producer on the in USA. Value not disclosed. (Jan 30)
- Operation and maintenance contract (6 years plus) with ZAO Mikheevsky copper concentrator, Russia. Value exceeds EUR 140 million. Only small portion booked in 2013. (Jan 14)
- Outotec announced its newest sustainability placements (Global 100 and RobecoSAM). (Jan 25)
- Design and turnkey delivery of a gas cleaning plant to LKAB's iron ore pellet plant, Sweden. Value approx. EUR 38 million was booked in Q4/2012. (Jan 10)



High participation in Employee Share Savings Plan

- New Employee Share Savings Plan launched in 2012 for Outotec employees globally.
- The first savings period is calendar year 2013. Following periods are subject to Board decision.
- For each share purchased in 2013, Outotec gives one free share after 3 years holding period.
- 1,513 employees in 22 countries (approx. 34%) have signed up in this voluntary Plan. Participation in Finland, Sweden and 5 other countries exceeds 50% of the employees.
- Savings in 2013 will be approx. EUR 3.65 million, which equals 83,715 shares (using the Dec 19, 2012 share price of 43.60 EUR).

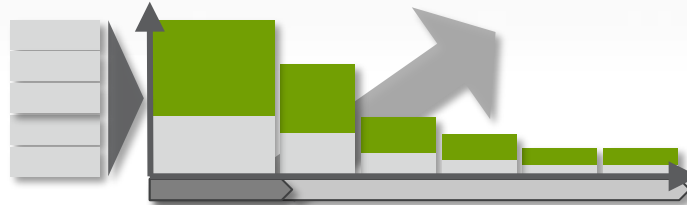
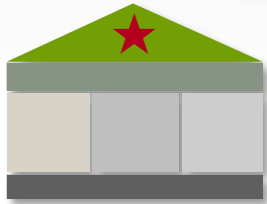




Focus in 2013

Outotec

Outotec's focus areas in 2013



Focus area	Status
Ensure continuous sales growth through order intake and services growth as well as earnings logic enhancement	
Improve profitability through value based pricing, supply savings and sales mix improvement	
Continue making acquisitions to strengthen the offering portfolio and accelerate growth	
Continue investments in developing and rolling out global platforms to ensure future growth and profitability improvement	



Market outlook and financial guidance for 2013

Outotec

Constantly increasing demand for sustainable technologies drives Outotec's business



Ore grade

Ore grades are declining and ores are becoming more complex.

We have a deep knowledge of minerals and metals processing technologies for low-grade and complex ores.



Energy

Making metals is energy-intensive.

We provide the most energy-efficient process technologies in the industry.



Emissions

Cleaner solutions must be developed to reduce CO₂ and other emissions.

Adoption of our best practice technologies worldwide could save 40-70 million tonnes of CO₂ in non-ferrous metals production only.



Water

Water availability and pollution are critical issues.

Our solutions provide significant reduction in fresh water consumption and water loss by recycling the process water.



Peak oil

Alternative energy sources are needed.

We enable environmentally sustainable use of oil shale and oil sand as well as biomass and waste as alternative energy sources.



Recycling

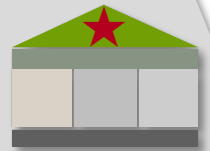
More recycling is needed.

We provide technologies for metals recycling and waste to energy solutions.

Market outlook - emerging markets GDP growth is driving metals demand

- Strengthening of macroeconomic indicators
 - metal prices
 - interest rate levels are expected to stay low
- Positive market outlook for minerals and metals as well as alternative energy and industrial water treatment
- Growth in GDP and middle class in emerging economies drives metals demand and new investments are needed
- New projects are developed, especially in the CIS, Middle East, Africa and South-East Asia
- Developing countries investing to capture more value from their natural resources
- Increased focus on the social and environmental impacts of their operations
- Mining and metal companies seeking ways to increase production of their existing operations
- Demand for alternative and waste-to-energy solutions continues stable, but in many countries current low energy prices and lack of local regulations are slowing down the growth of investments

These trends create favorable opportunities for Outotec's life cycle solutions. By leveraging the company's unique technologies and core competences Outotec can provide the best return on customer's investment with predictable investment cost, time to market and process performance.



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:

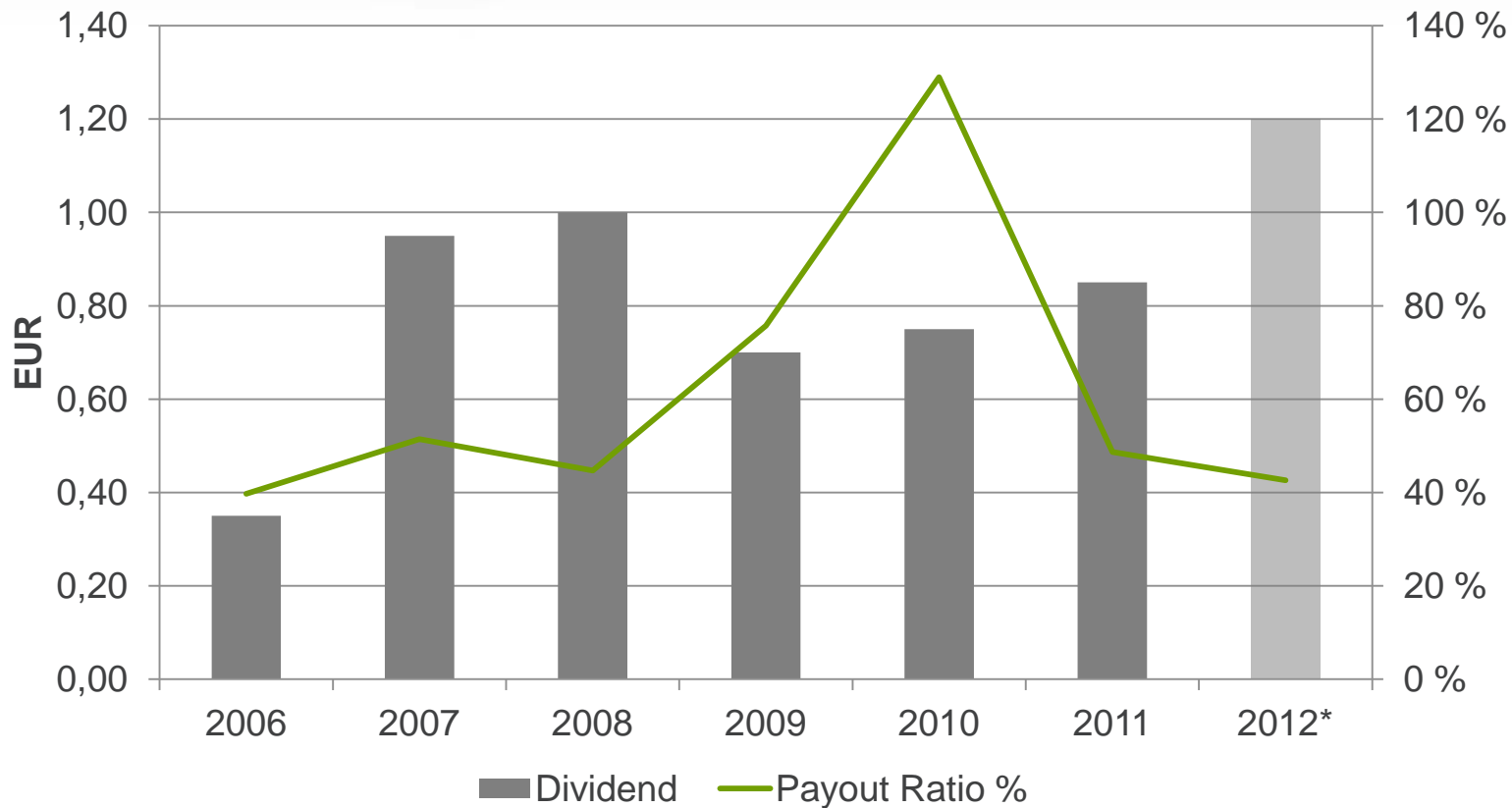
- Sales will be approximately EUR 2.1-2.3 billion (grow from 2012), and
- Operating profit margin from business operations*) will be approximately 9.5-10.5% (further improve from 2012).

*) excluding one-time items and PPA amortizations

In 2013, PPA amortizations are estimated to be approximately EUR 13 million.




Outotec has been distributing dividends in line with the dividend policy while executing the growth strategy



*Board of Directors dividend proposal for the AGM: EUR 1.20 per share

Our mission



Sustainable use
of Earth's
natural resources.