



Outotec

Sustainable use of Earth's natural resources

Interim Report

Q1 2014

Market uncertainty continues but long-term demand drivers intact

- China growth concerns
- Emerging market currency volatility
- Political instability in many countries
- Producers' cash optimization continues
- Slow investment decision-making
- Competition fiercer



- Long-term demand drivers intact
- Good development in Services
- Good and active sales pipeline
- High activity level in process testing for customers
- Project financing available
- Interest in energy and IWT solutions continued



Order intake

Order intake Q1/2014: EUR 210.3 (491.1) million, -57% YoY, comparable currencies, -51%

Service order intake Q1/2014: EUR 133.3 (133.5) million, -0% YoY, comparable currencies, +15%

Americas 40 (25)%

EMEA 36 (53)%

APAC 24 (21)%



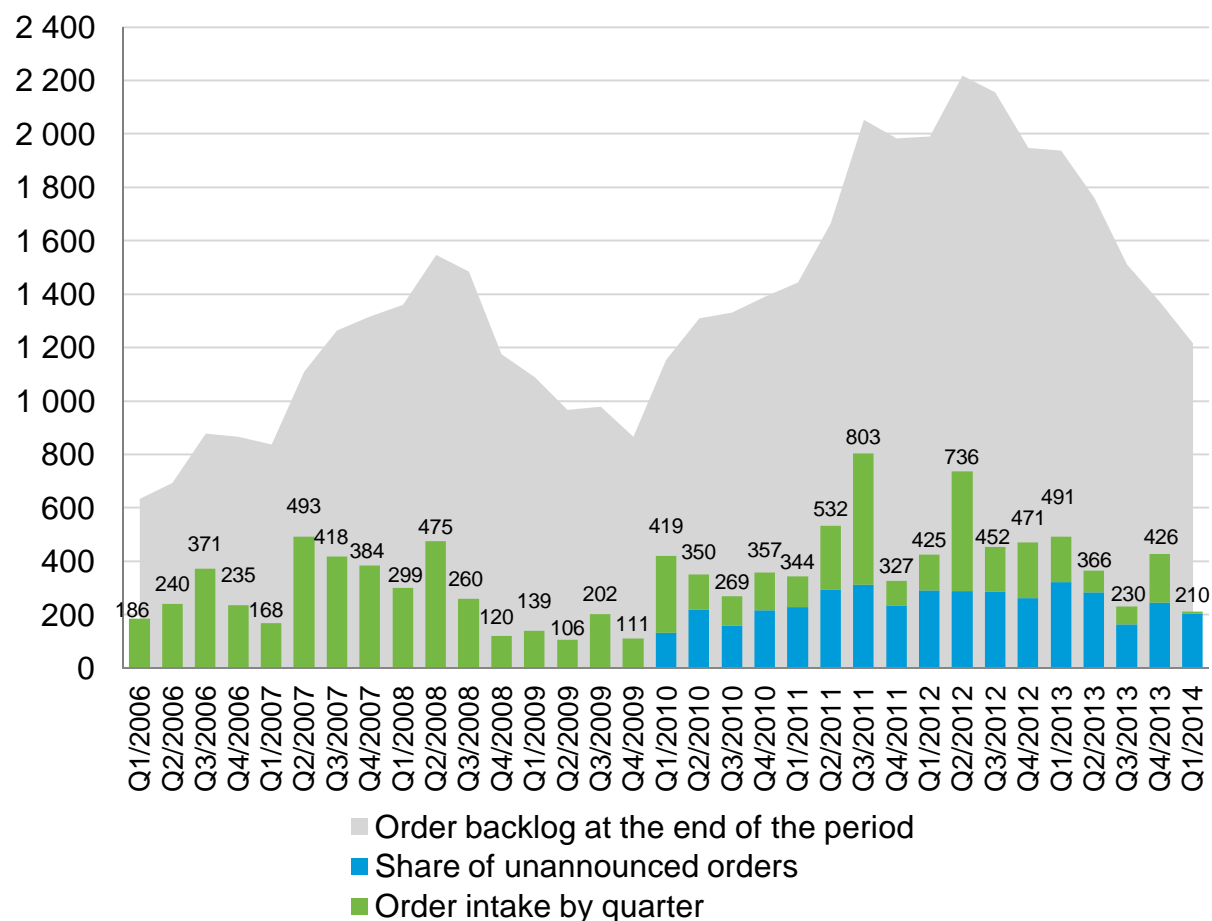
High purity alumina calcination system, Orbite Aluminae Inc, Canada, < EUR 10 million (announced in April)



Beneficiation technology
Tata Steel,
India
Value not disclosed

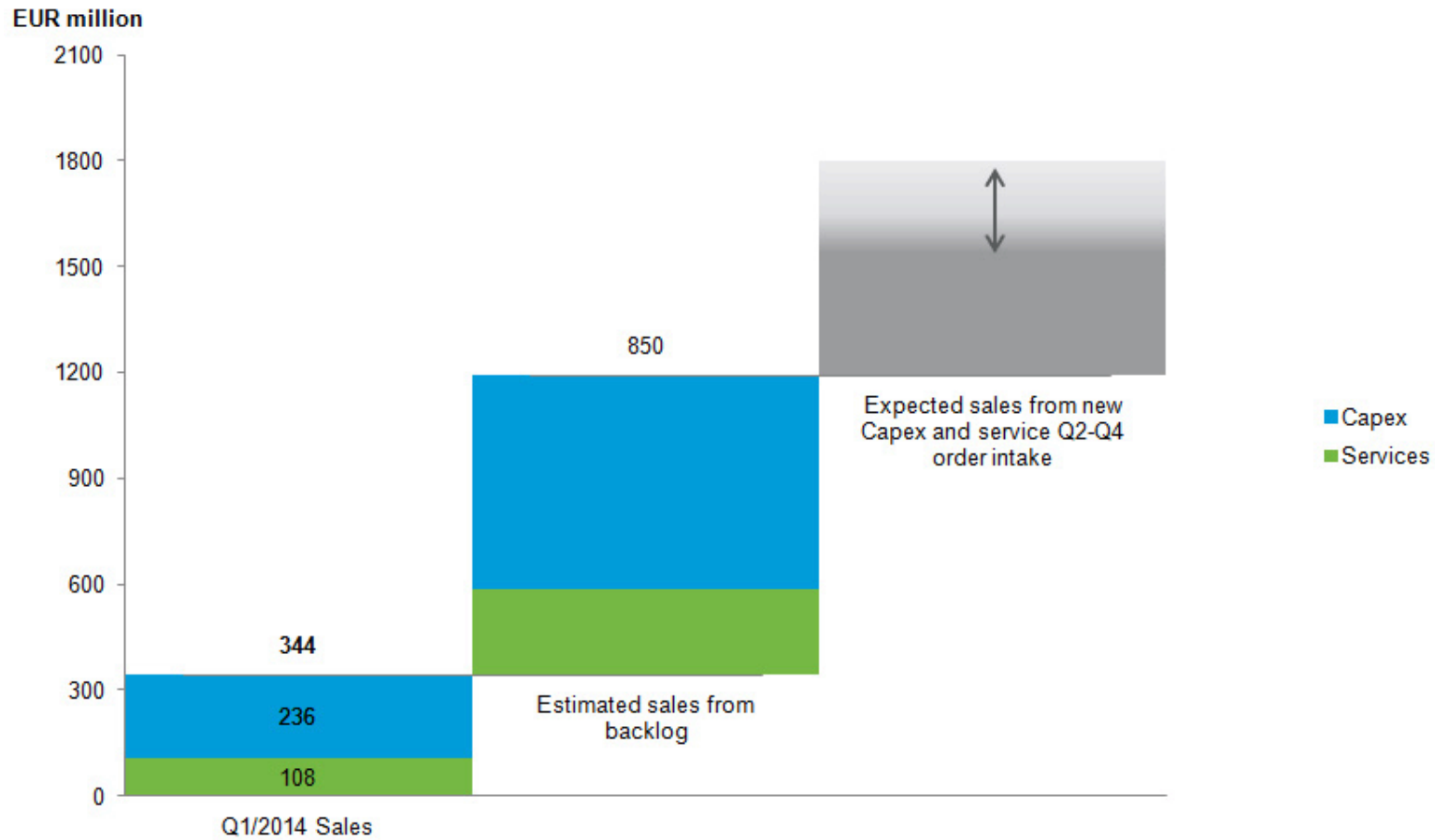
Order backlog

EUR million



- Order backlog at the end of Q1/2014: EUR **1,215.8** (1,938.9) million, service orders representing EUR **241.7** (218.0) million
- **18** (40) projects with value in excess of EUR 10 million, accounting for **55** (70) % of the backlog
- Order backlog included **3** suspended projects with a total value of approximately EUR **14** million, some **1.2%** of the total backlog.
- Roughly **70** (67)% (or approx. EUR **850** (1,300) million) of the backlog is estimated to be delivered in 2014

Full year 2014 sales bridge from order backlog



Low order intake in 2013 resulted in reduced sales and operating profit

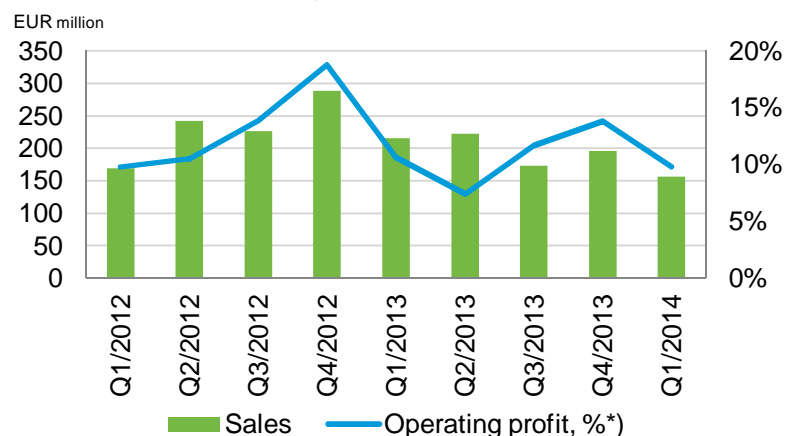
EUR million	Q1 2014	Q1 2013	Change%
Sales	343.9	502.9	-32*)
Gross margin, %	19.5	19.1	-
Operating profit from business operations	12.4	35.0	-65
- one-time items**)	-1.6	-0.0	-
- PPA amortization	-2.0	-3.3	-
Operating profit	8.7	31.7	-72
FX impact (unrealized, realized)	-0.1	1.4	-
Operating profit margin, %	2.5	6.3	-
- from business operations, %	3.6	7.0	-

*) Comparable currencies, -26%

***) One-time costs related to M&A and cost efficiency program

Minerals Processing

Sales and operating profit*) development



*) excl. one time items and PPA

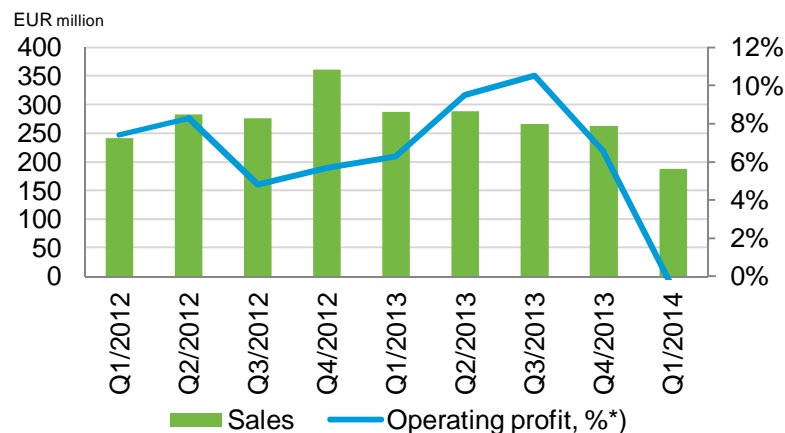
- Sales with comparable currencies, -18%
- Good margin levels despite the sales decline
- Strong and active sales pipeline but customers' decision-making for new Capex investments continues to be slow
- Good traction in modernization cases

EUR million	Q1 2014	Q1 2013	Change %
Sales	156.2	215.3	-27
Operating profit from business operations *)	15.3	22.8	-33
Operating profit margin from business operations, %	9.8	10.6	-

*) Unrealized and realized exchange gains related to currency forward contracts and bank accounts decreased profitability by EUR -0.3 (increased by 1.2) million in Q1 2014.

Metals, Energy & Water

Sales and operating profit*) development



*) excl. one time items and PPA

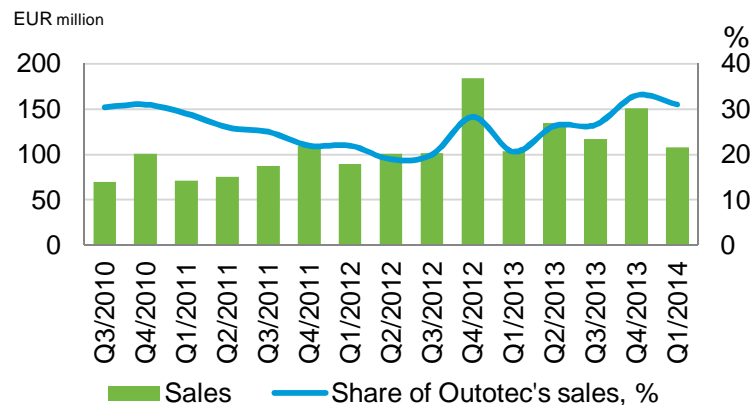
- Sales with comparable currencies, -32%
- Profitability impacted by low sales and three projects where costs EUR 8 million higher (impact on operating profit 4.3% units)
- Strong and active sales pipeline but customers' decision-making for new Capex investments continues to be slow

EUR million	Q1 2014	Q1 2013	Change %
Sales	187.7	287.8	-35
Operating profit from business operations *)	-1.2	18.2	-107
Operating profit margin from business operations, %	-0.6	6.3	-

*) Unrealized and realized exchange gains related to currency forward contracts and bank accounts increased profitability by EUR 0.2 (0.3) million in Q1 2014.

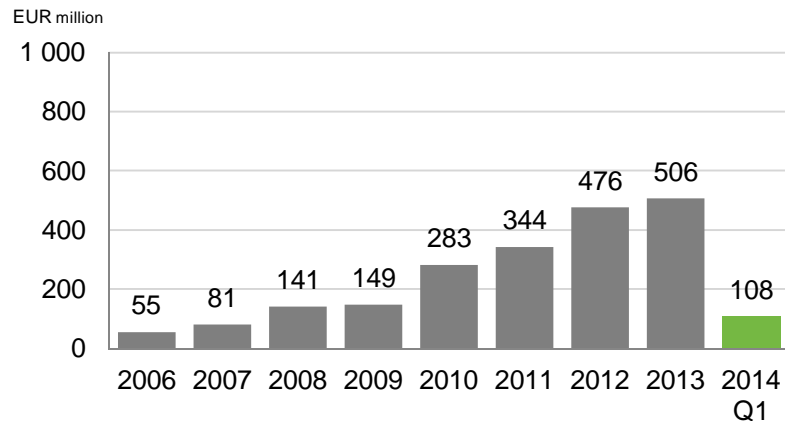
Service business growth momentum continued

Service sales by quarters



- Services growth on track, significant impact from currencies
 - Order intake EUR 133.3 million, growth -0%, comparable currencies, +15%
 - Sales EUR 107.5 million, growth +4%, comparable currencies, +16%
- Growth mainly from technical and upgrade services
- Capex spares on a low level due to the low Capex order intake

Service sales

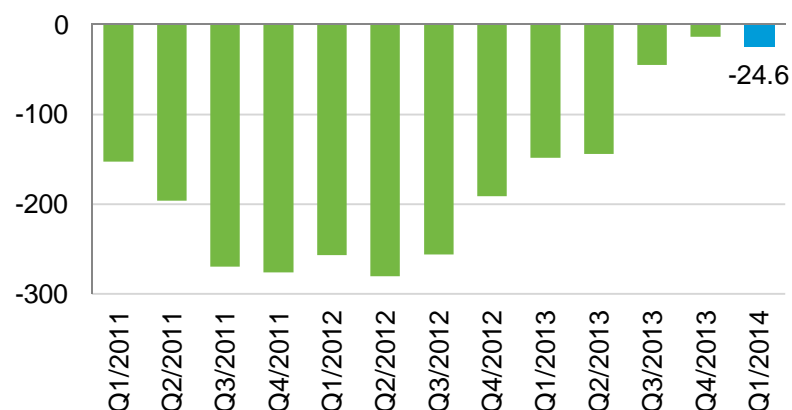


Working capital and cash flow impacted by the low order intake and deliveries from order backlog

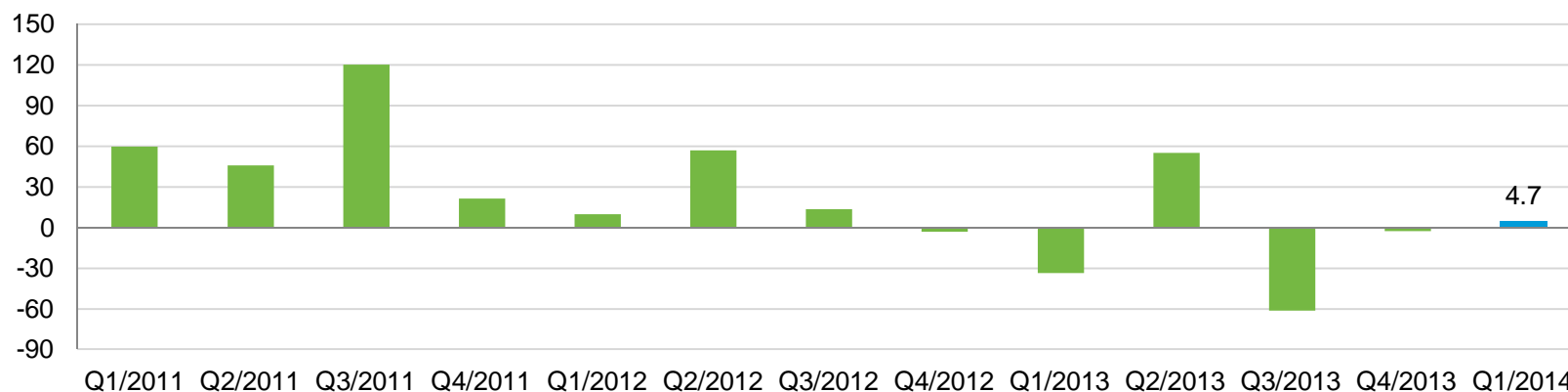
Net interest-bearing debt



Working capital



Net cash flow from operating activities, quarterly

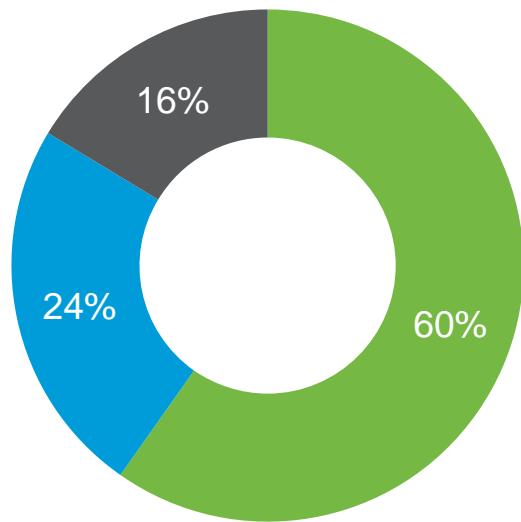


Solid financing structure

	3 / 2014	12 / 2013
Gearing, %	-18.7	-18.2
Equity-to-assets ratio, %	36.6	38.5
Return on investment, %, LTM	21.6	25.7
Return on equity, %, LTM	17.0	19.4
Equity, EUR million	443	477
Balance sheet total, EUR million	1,473	1,530

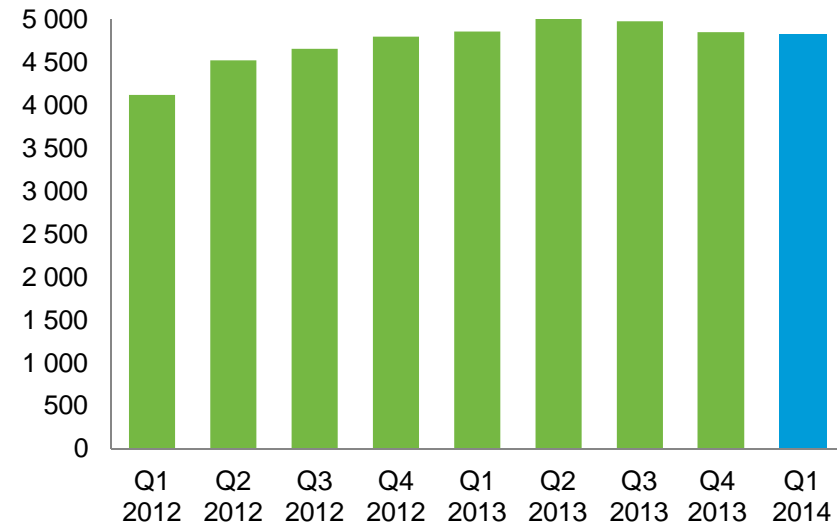
Personnel

Personnel by geography at the end of the period



■ EMEA ■ Americas ■ Asia Pacific

Personnel at the end of the period



- **357** reduced as part of the efficiency improvement program; net reduction **144** employees since September-end 2013
- Temporary personnel: **7** (8) %
- FTE contracted people: **451** (666)
- Service personnel at March-end: **1,565** (1,434)

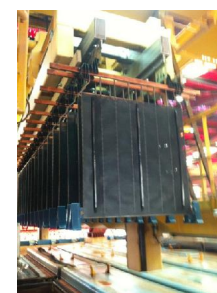
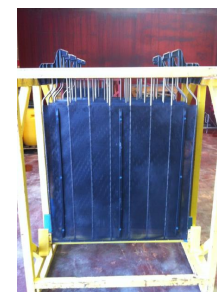
Key events after reporting period

- Order from an Indian customer (approx. EUR 70 million, booked in Q2 order intake) for an iron ore pelletizing plant to be constructed in North-East India.
- Order on the delivery of a new calcination system for Orbite Aluminae Inc. for high purity alumina production facility in Canada (below EUR 10 million, booked in Q1 order intake).
- Acquisition of Republic Alternative Technologies Inc., a premium coated titanium anode engineering and fabrication company based in Cleveland, Ohio, USA. The acquisition price is not disclosed.
- Cooperation with Tomra Sorting GmbH in the supply of Outotec-branded sorting solutions for the mining and metallurgical industry.



Acquisition of Republic Alternative Technologies

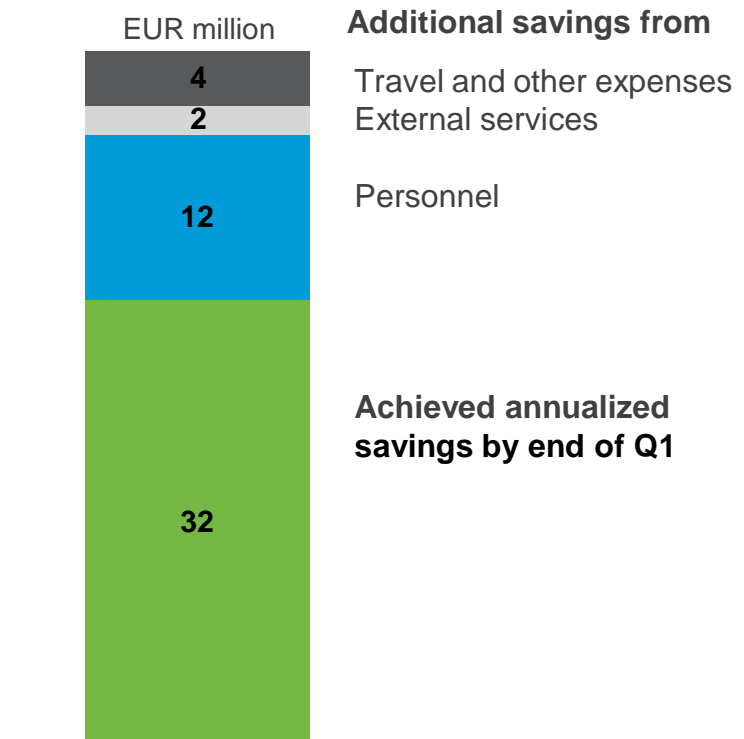
- Outotec has acquired the business and IPRs of Republic Alternative Technologies Inc. (RALT), a family-owned company based in Cleveland, USA.
- RALT has world leading technology for anodes
- Premium coated titanium anodes are used in copper electrowinning processes, also applicable for zinc, cobalt, and nickel electrowinning processes.
- RALT employs 18 persons and its annual sales in 2013 were approximately EUR 9 million, there's potential for significant growth as part of Outotec.
- The acquisition price is not disclosed.



EUR 50 million efficiency improvement program is on track

- Annualized EUR **32** million savings reached by end Q1
- Cumulative one-time costs EUR 14.3 million, total estimated one-time costs at maximum EUR 30 million
- A total of 357 (net reduction 144) persons reduced as part of the program since September-end 2013
- A significant part of the annualized savings will materialize in 2014

Up to EUR 50 million cost savings



Our priorities in 2014

- Win new orders through expanding solution scopes and addressable market
- Grow services
- Protect profitability through improved internal efficiency, and supply savings
- Continue developing the operating model
- Enhance growth through acquisitions



Market outlook: uncertainty continues

- Metal price pressures are expected to continue due to sluggish demand and high stock levels
- Uncertainty of China's metals demand growth is the main contributor for the industry uncertainty impacting Capex investments
- Political instability, currency fluctuations and changes in local tax regulations are expected to impact investments in several emerging countries
- Some early signs that the market may have reached the bottom

Minerals & Metals

Demand for service solutions is expected to grow in line with industry's output volumes and efficiency improvements

Capex spending expected to still contract in 2014

Energy & Water

Short-term outlook for alternative and renewable energy is somewhat uncertain

Outlook for industrial water treatment solutions continues to be good driven by increasing production volumes and cost of water

Financial guidance for 2014 reiterated

Based on the year-end order backlog, current market outlook, customer tendering activity, and volatility in exchange rates, the management expects that in 2014:

- Sales will be approximately EUR 1.5-1.8 billion, and
- Operating profit from business operations^{*)} be approximately 5-8%

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

In 2014, PPA amortizations from completed acquisitions is estimated to be approximately EUR 8.5 million and one-time items related to the cost savings program at maximum EUR 18 million.



Outotec



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Earth's natural resources