Outotec

Sustainable use of Earth's natural resources

Interim Report

Q1-Q2 2015

Performance in Q1−Q2 2015 – negatives and positives

- Investments in industry progressed slowly
- Postponements in periodic services orders
- Fixed cost increases
- Increased working capital, negative cash flow

- Growth in capex and spare part orders
- Service sales growth
- Improved profitability due to Metals, Energy & Water business area's better project execution
- Kempe acquisition

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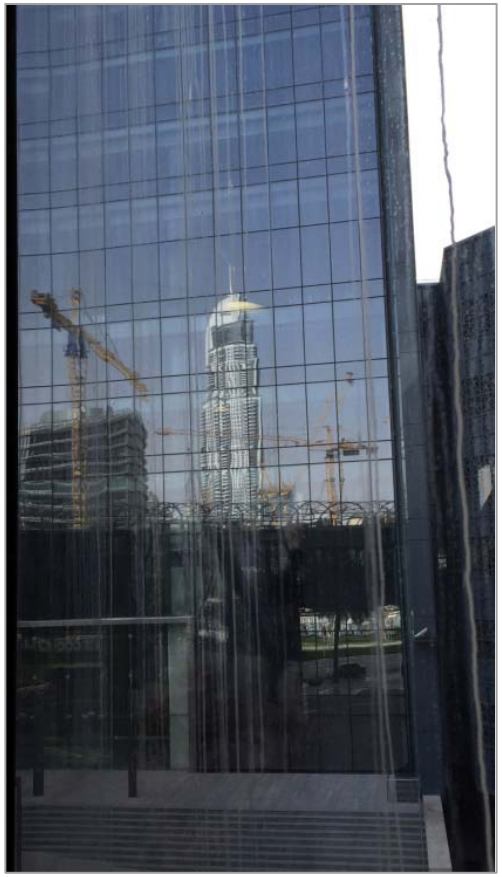
The market continued moving sideways in Q2

- Weak metal prices, slow metals demand growth, and concerns regarding China's growth projections slowed investments
- Zinc, copper and aluminum more active, gold and iron ore weak
- Europe and the Middle East more active compared to Asia Pacific and Americas
- Demand for spare parts continued to grow, upgrade and shutdown service market weak
- Activity in waste-to-energy and renewable energy solutions improved in certain markets



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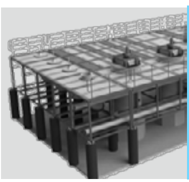
Q1-Q2 plant and spare parts order intake grew, weaker market in equipment and other services

Minerals Processing orders: EUR 245 million, -15%[1)]

Metals, Energy & Water orders: EUR 410 million, +36%[2)]

Americas **32** (38)%

Zinc plant technology and services for Met-Mex Peñoles, Mexico
~ EUR 60 million



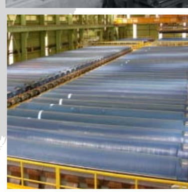
Modular SX technology and services
South America
~ EUR 30 million in Q1

EMEA **52** (33)%

Alumina calcination plants for EGA
United Arab Emirates
> EUR 80 million

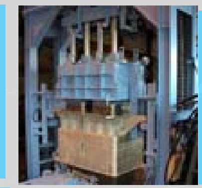
Iron ore pelletizing technology for B-MISCO, Iran
< EUR 10 million in Q2
(80-100 million in total)

Aluminum smelter technology for EMAL
United Arab Emirates
> EUR 10 million in Q1

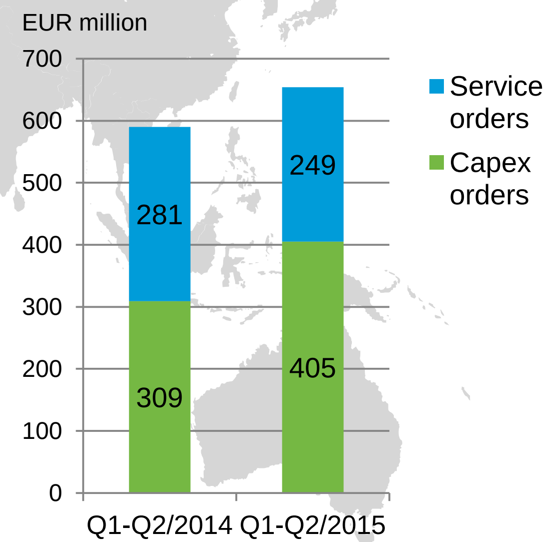


Zinc direct leaching for Boliden, Norway
Not published, Q1 (typically EUR 10-20 million)

APAC **16** (29)%



Aluminum rodshop technology for Chiping Xinyuan Aluminium, China
> EUR 12 million



1) in comparable currencies, -19%
2) in comparable currencies, 30%

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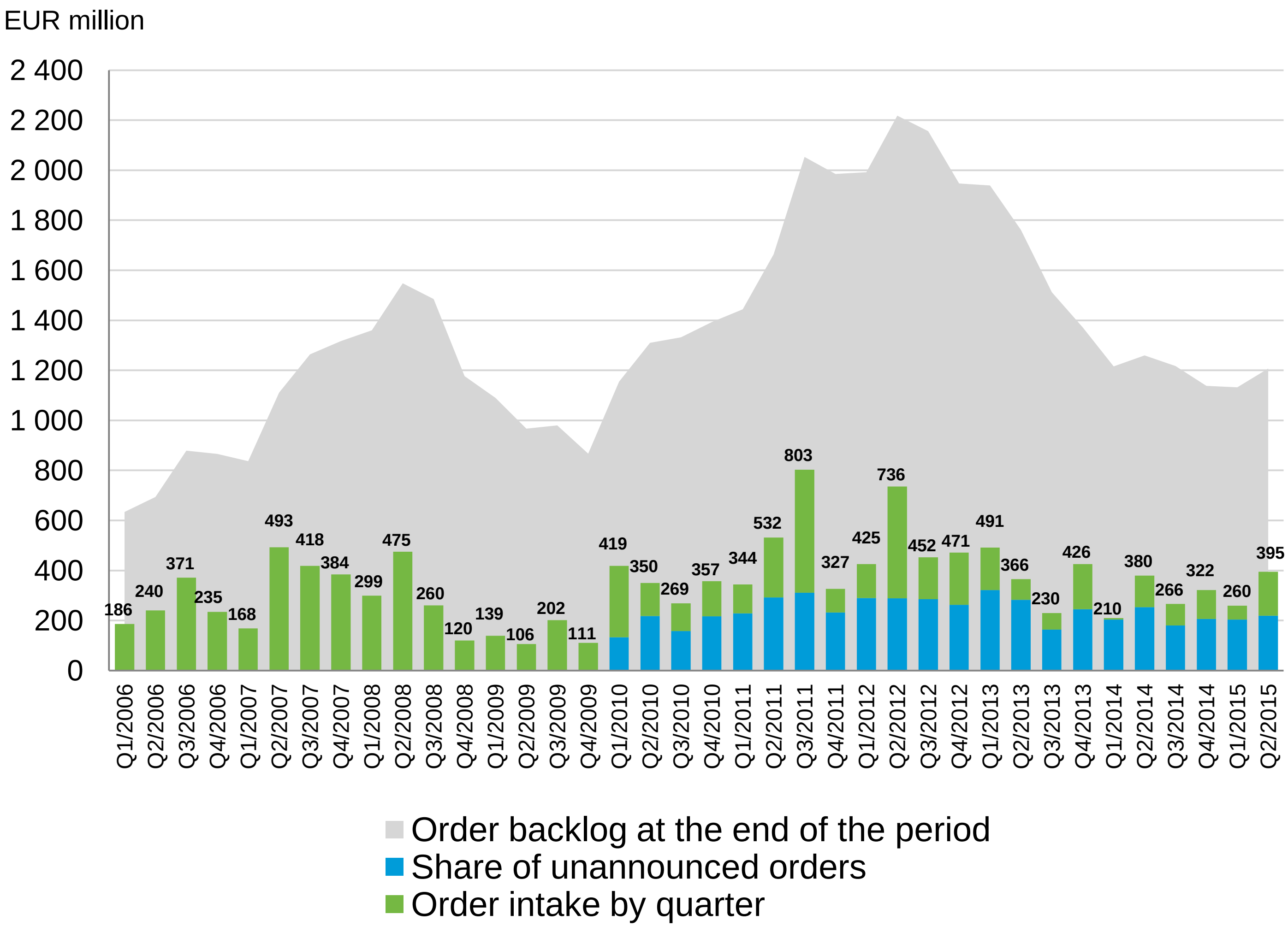
Order backlog provides a solid basis for full year sales revenue forecast



- Order backlog: EUR 1,207 (1,260) million, of which services EUR 262 (280) million
- 23 (24) projects with value in excess of EUR 10 million, accounting for 62 (63)% of the backlog
- Roughly 50 (50)% (roughly EUR 600 (630) million) of the backlog is estimated to be delivered in 2015

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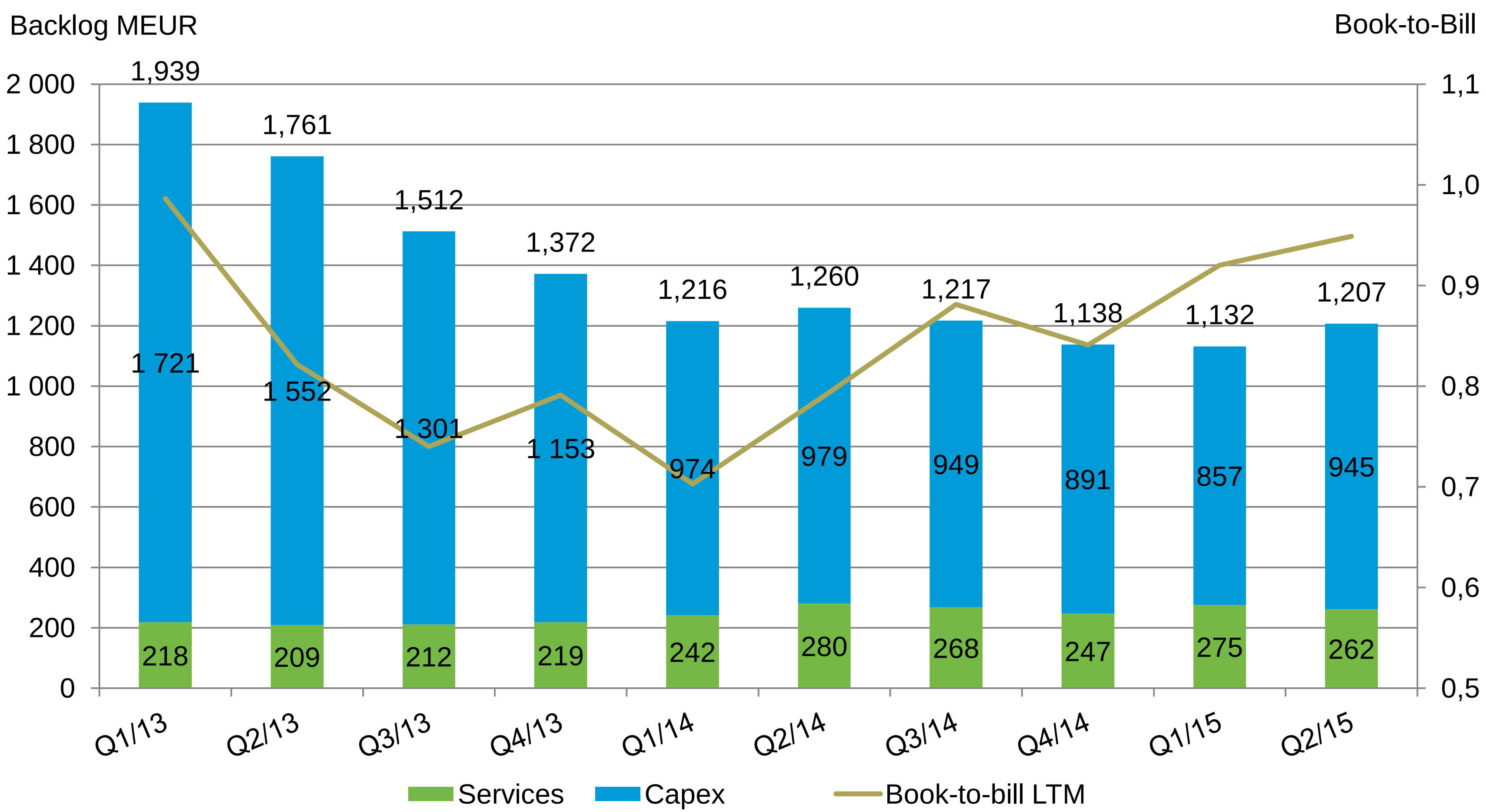
Book-to-bill above one in H1/2015, showing growing trend in the last five quarters



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Lower sales due to weak 2014 order intake, improved gross margin and EBITA due to better project execution and increased share of service sales

	Q2 2015	Q2 2014	**Q1-Q2 2015**	Q1-Q2 2014	**Change, %**	
Sales, EUR million	**310.8**	335.2	**588.3**	679.1	-13	1)
Service sales, EUR million	**125.8**	118.4	**244.1**	225.9	8	2)
Share of services in sales, %	**40.5**	35.3	**41.5**	33.3	-	
Gross Margin, %	**28.8**	21.3	**28.6**	21.5	-	
EBITA, EUR million (excl. one-time items)	**16.1**	3.9	**23.7**	16.3	46	
EBITA, % (excl. one-time items)	**5.2**	1.2	**4.0**	2.4	-	
EBIT, EUR million	**8.0**	-0.3	**11.6**	8.4	-	
EBIT, %	**2.6**	-0.1	**2.0**	1.2	-	
Unrealized and realized losses related to valuation of FX forward agreements, EUR million	**3.5**	-2.5	**-3.0**	-2.6	-	

1) in comparable currencies, -16%
2) in comparable currencies, 4%

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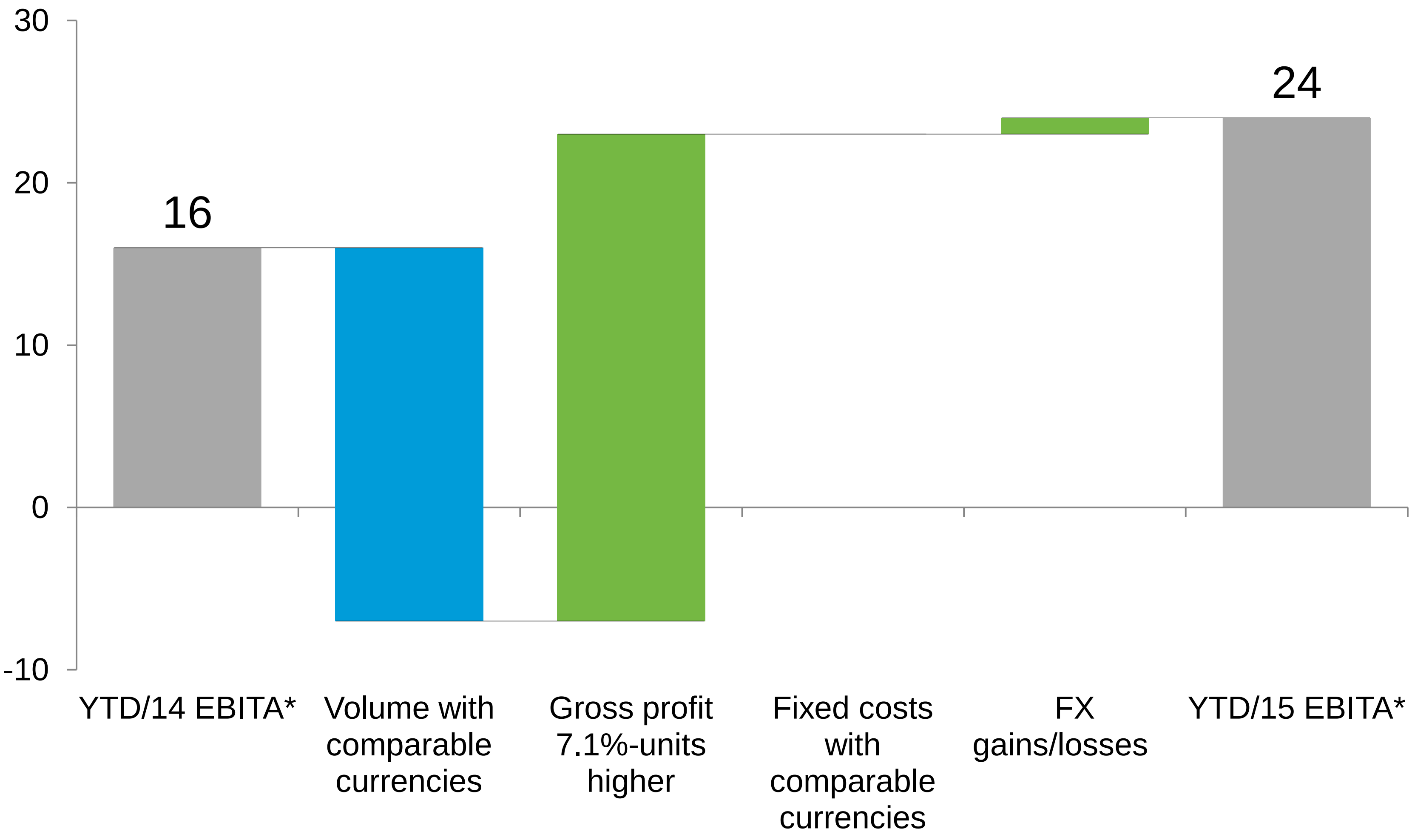
Profitability improved due to better project execution



*) excluding one-time items

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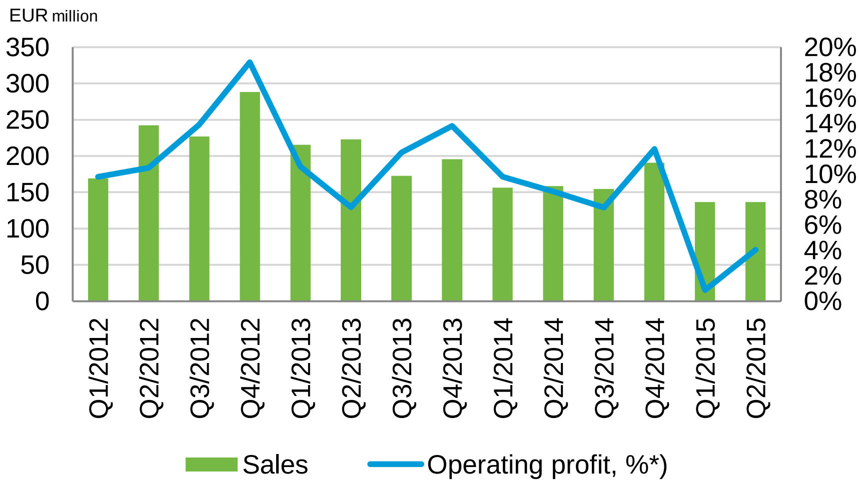
Minerals Processing: weaker performance in challenging market

Sales and operating profit development



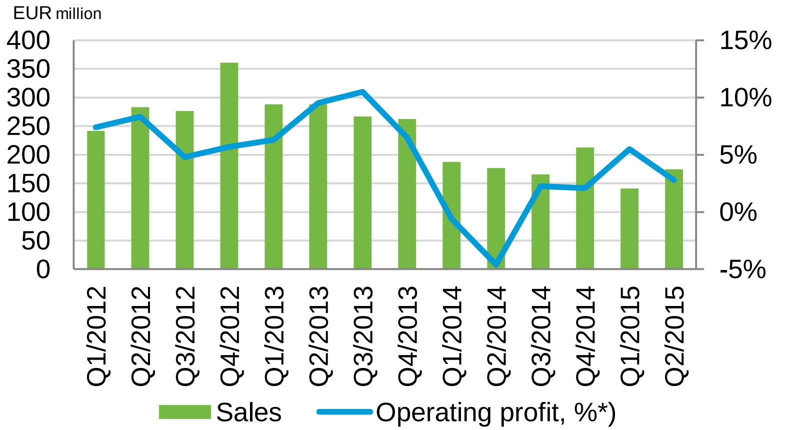
Q1-Q2 highlights

- Weak market in minerals processing solutions, especially in APAC and the Americas
- Growth in spare part orders and sales, delays in upgrade service orders
- Profitability weakened by lower sales and currency exchange impacts

EUR million	**Q2 2015**	Q2 2014	**Q1-Q2 2015**	Q1-Q2 2014	Change, %	Change in comp currency,%
Order intake	**127.9**	161.5	**244.8**	288.2	-15	-19
Sales	**136.4**	158.4	**272.8**	314.5	-13	-16
Service sales	**74.1**	76.6	**150.5**	141.5	6	2
EBITA (excluding one-time items)	**8.9**	13.7	**10.1**	29.0		
EBITA (excluding one-time items), %	**6.6**	8.6	**3.7**	9.2		
Unrealized and realized losses related to valuation of FX forward agreements	**2.3**	-1.3	**-4.1**	-1.6		

Metals, Energy & Water: good orders and service growth, turnaround in profitability

Sales and operating profit development

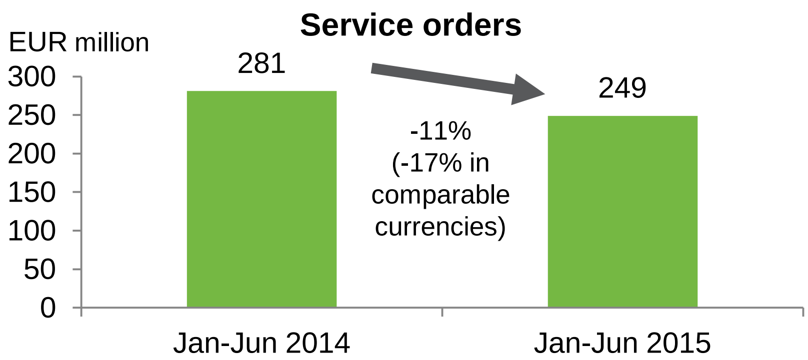


Q1-Q2 highlights

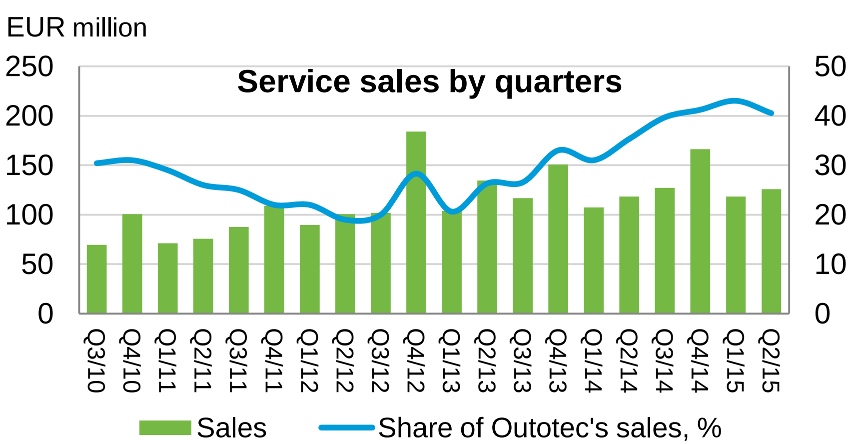
- Largest orders from aluminum, zinc, copper and alternative energy solutions
- Service sales growth due to the Kempe acquisition, shutdown services and upgrades
- Turnaround in profitability due to improved project execution

EUR million	**Q2 2015**	Q2 2014	**Q1-Q2 2015**	Q1-Q2 2014	Change, %	Change in comp. currency, %
Order intake	**266.8**	218.0	**409.5**	301.6	36	30
Sales	**174.5**	176.9	**315.4**	364.6	-13	-16
Service sales	**51.7**	41.8	**93.6**	84.4	11	6
EBITA (excluding one-time items)	**9.2**	-8.1	**16.9**	-9.3		
EBITA (excluding one-time items), %	**5.2**	-4.6	**5.3**	-2.6		
Unrealized and realized losses related to valuation of FX forward agreements	**1.2**	-1.3	**1.1**	-1.0		

Strong growth in spare parts orders and sales, weak demand in periodic maintenance services

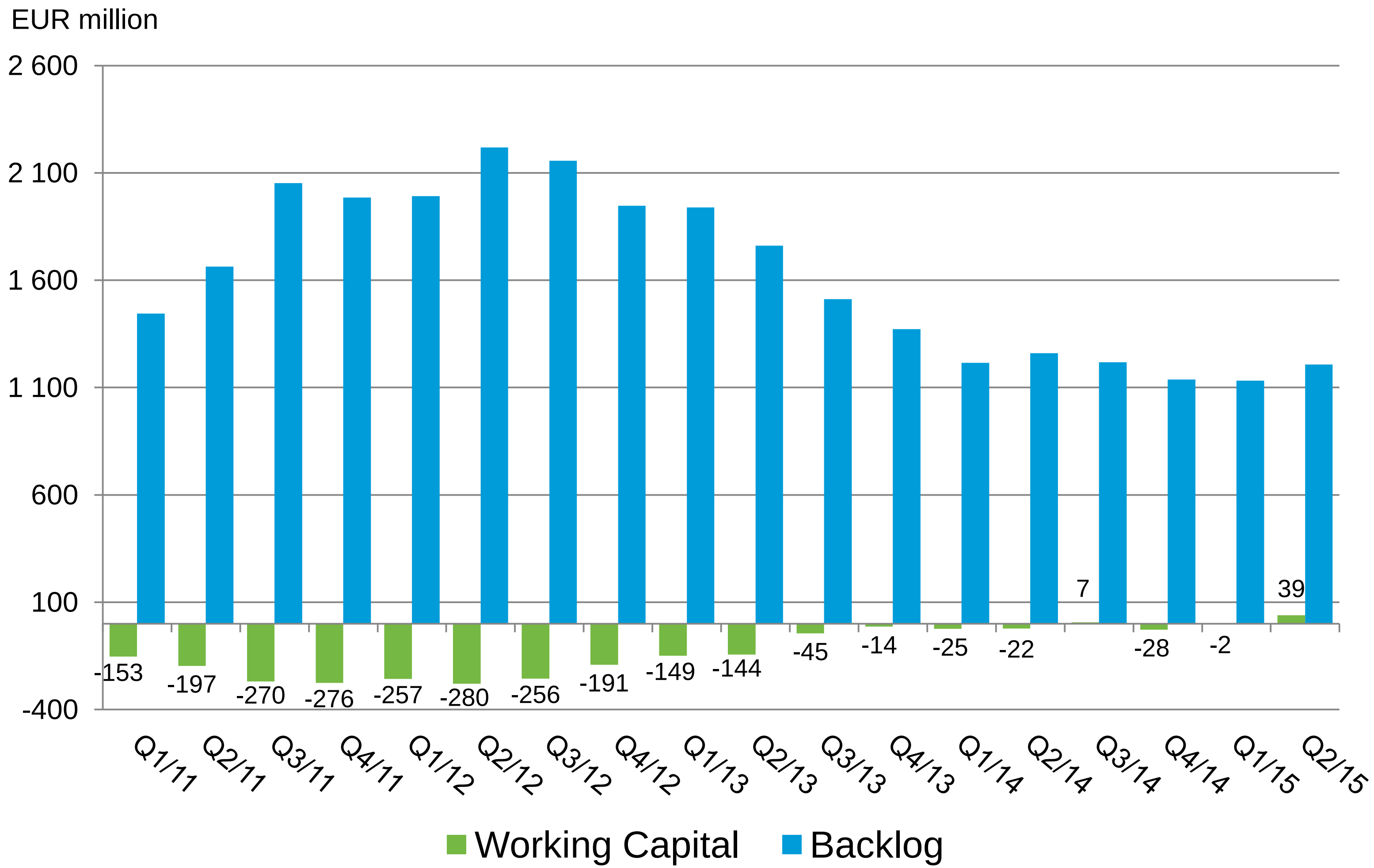


- Spare part orders continued to grow, decline in shut down, O&M and technical services

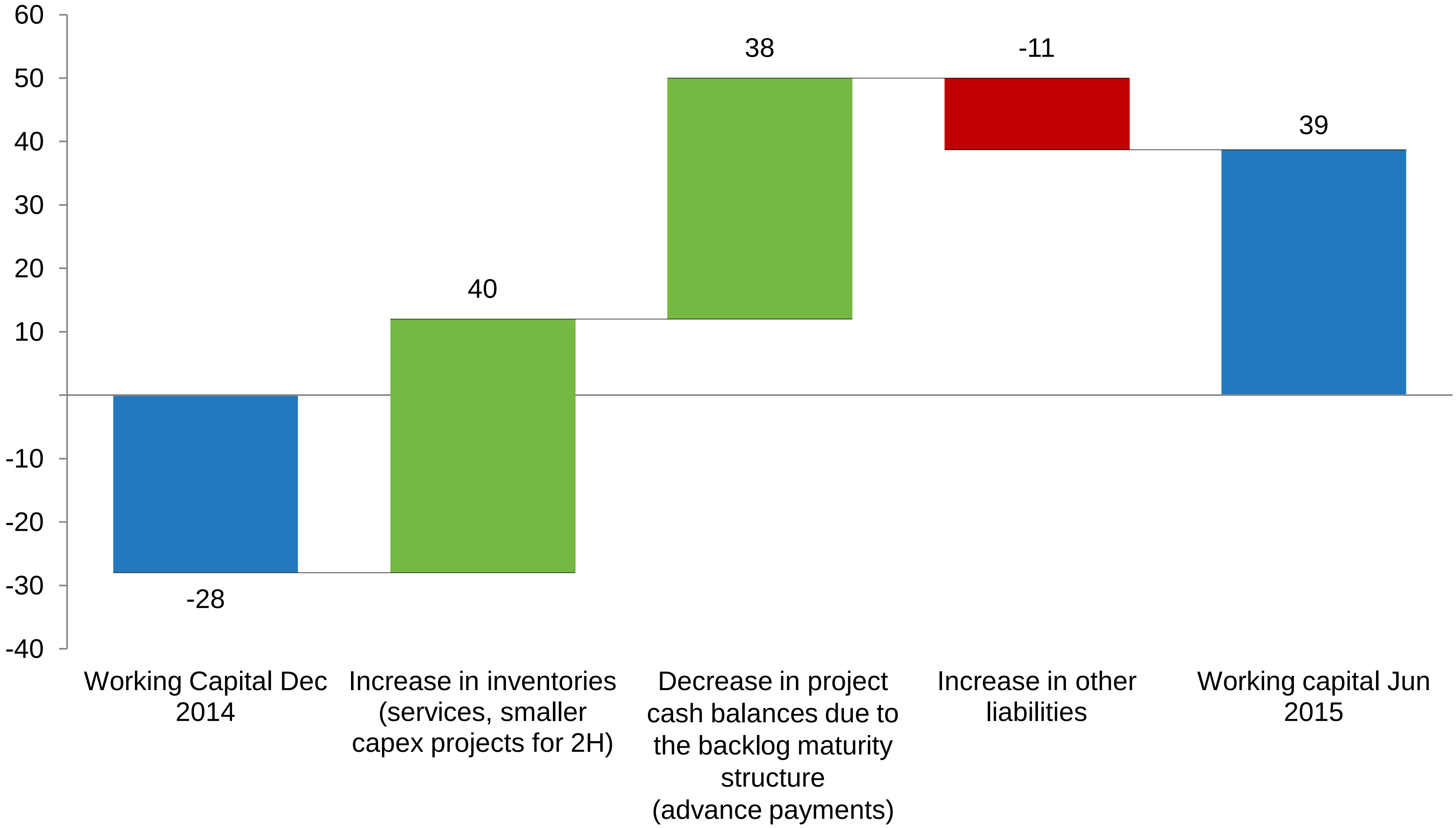


- Sales growth +8% (+4% in comparable currencies) from spare parts, upgrades and shut downs
- Services represented 41% (33) of total sales

Increase in working capital mainly due to the maturity of large capex projects and higher share of services



Development of working capital since year-end 2014



Cash flow impacted by the increase in working capital and investments

EUR million	**Q1-Q2 2015**	Q1-Q2 2014	Q1-Q4 2014
Cash from operations	27.8	26.0	54.6
Change in working capital	-66.6	-0.9	-1.2
Interest	1.1	1.1	-3.2
Taxes	-5.1	-18.9	-30.3
CASH FROM OPERATING ACTIVITIES	**-42.9**	7.3	**19.9**
Capital expenditure	-31.5	-21.5	-57.1
Acquisitions	-22.0	-6.2	-8.0
Other investing activities	0.5	0.1	-0.1
CASH FLOW AFTER INVESTING ACTIVITIES	**-95.9**	-20.2	**-45.3**

Increase in working capital is mainly due to the maturity of large capex projects in the backlog, as well as increased share of service business.

Financing structure solid but impacted by the increase in working capital and investments

	Q2 2015	Q2 2014	Q4 2014
Net interest-bearing debt	**105.0**	-29.6	-5.8
Gearing, %	**23.7**	-6.6	-1.3
Equity-to-assets ratio, %	**33.4**	39.0	36.1
Return on investment, %, LTM	**1.8**	13.9	1.7
Return on equity, %, LTM	**0.4**	10.5	0
Equity, EUR million	**444.1**	445.6	445.3
Balance sheet total, EUR million	**1,501.0**	1,391.1	1,442.1

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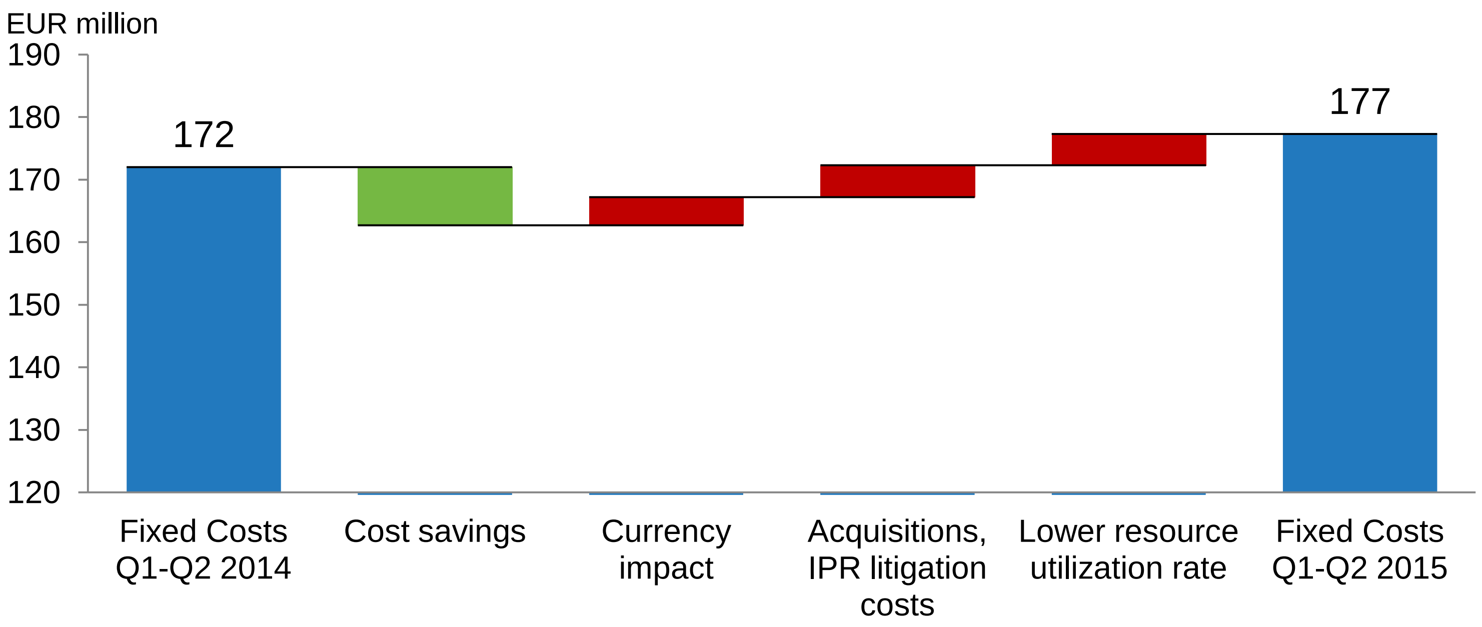
EUR 45 million cost efficiency program proceeding as planned but negatives from resource utilization, currencies and litigation costs

Status at the end of Q2/2015

- EUR 30 million fixed cost reduction
- 439 FTEs reduced
- One-time costs EUR 29 million (of which EUR 8 million in 2015). Estimated remaining one-time costs for the program maximum EUR 10 million.



In total, fixed costs were increased by approximately EUR 15 million due to currency impacts, lower resource utilization rate, IPR related litigation costs, and the Kempe acquisition.

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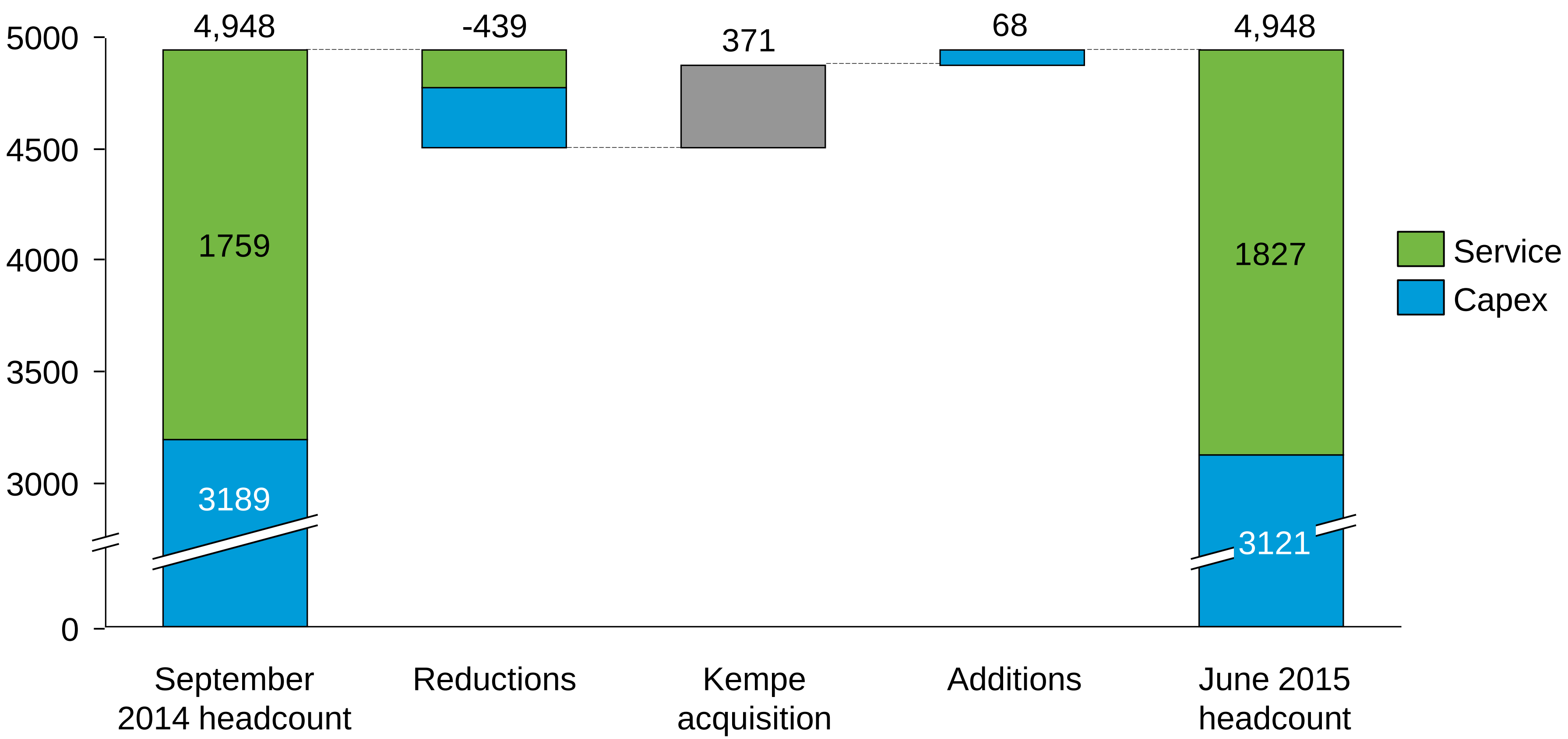
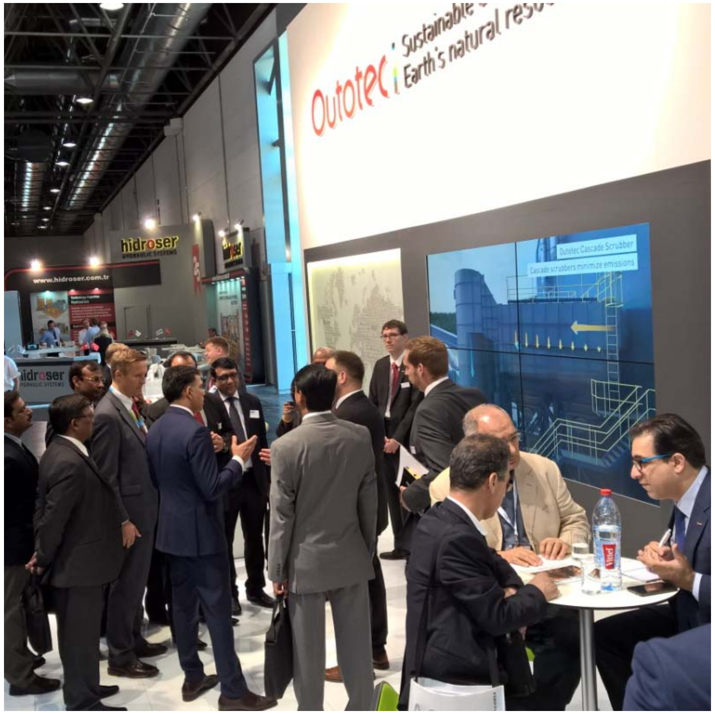
Personnel development since September 2014



Key events after June 30, 2015

- On July 27, 2015, Outotec announced that Mandarine Gestion's shareholding in shares of Outotec Oyj exceeded 5% and were 9,253,697 shares, which represents 5.05% of the share capital.

- On July 8, 2015, Outotec announced that Harris Associates L.P. shareholding in shares of Outotec Oyj exceeded 5% and were 9,289,114 shares, which represents 5.07% of the share capital



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Strategic programs and 45 m€ cost reduction program progressing in line with plans at large

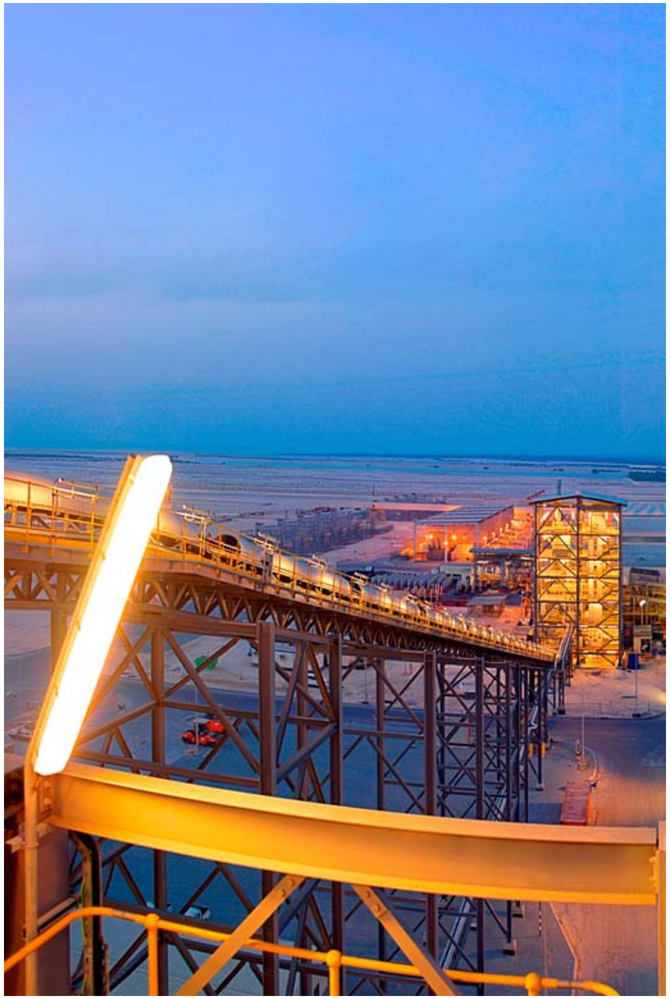
2015 Focus: Stabilize and improve profitability	Q2 Developments
2015 Strategic programs	
Customer focused sales	New sales and account management structure helps us winning more orders
Service growth and profitability	Good growth in spare & wear part orders and sales, weak order intake in other services, cost-savings from purchasing,
Product competitiveness	Improvements in product competitiveness from modularization, product redesigns and purchasing
Delivery excellence	Improved project delivery practices and risk management resulting in better margins
One Outotec	Common Processes and IT systems largely implemented, building shared service centers and consolidating resources

EUR 45 million cost reduction program (EUR 30 million achieved at Q2 end)

Selected bolt-on M&A to strengthen earnings logic and support profitable growth

The 2015 market outlook is uncertain, opportunities in specific segments

- Recent further drop in metal prices may further postpone the recovery of the investments and cause postponements in larger periodic maintenance and upgrade decisions
- Stricter environmental regulations are requiring investments
- The demand for water treatment solutions is growing in minerals and metals industry
- Demand for waste-to-energy and renewable energy solutions is improving in in certain countries



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Financial guidance for 2015 reiterated

Based on the 2014 year-end backlog and current operating environment, the management estimates that in 2015:

Sales will be approximately EUR 1.2-1.4 bn = Sales from Q1-Q2 2015 EUR 588 million + Expected sales from Q2 order backlog ~EUR 600 million (incl. services) + Expected sales from new order intake ~EUR 10-200 million

EBITA (excluding one-time items) will be approximately 5-7%

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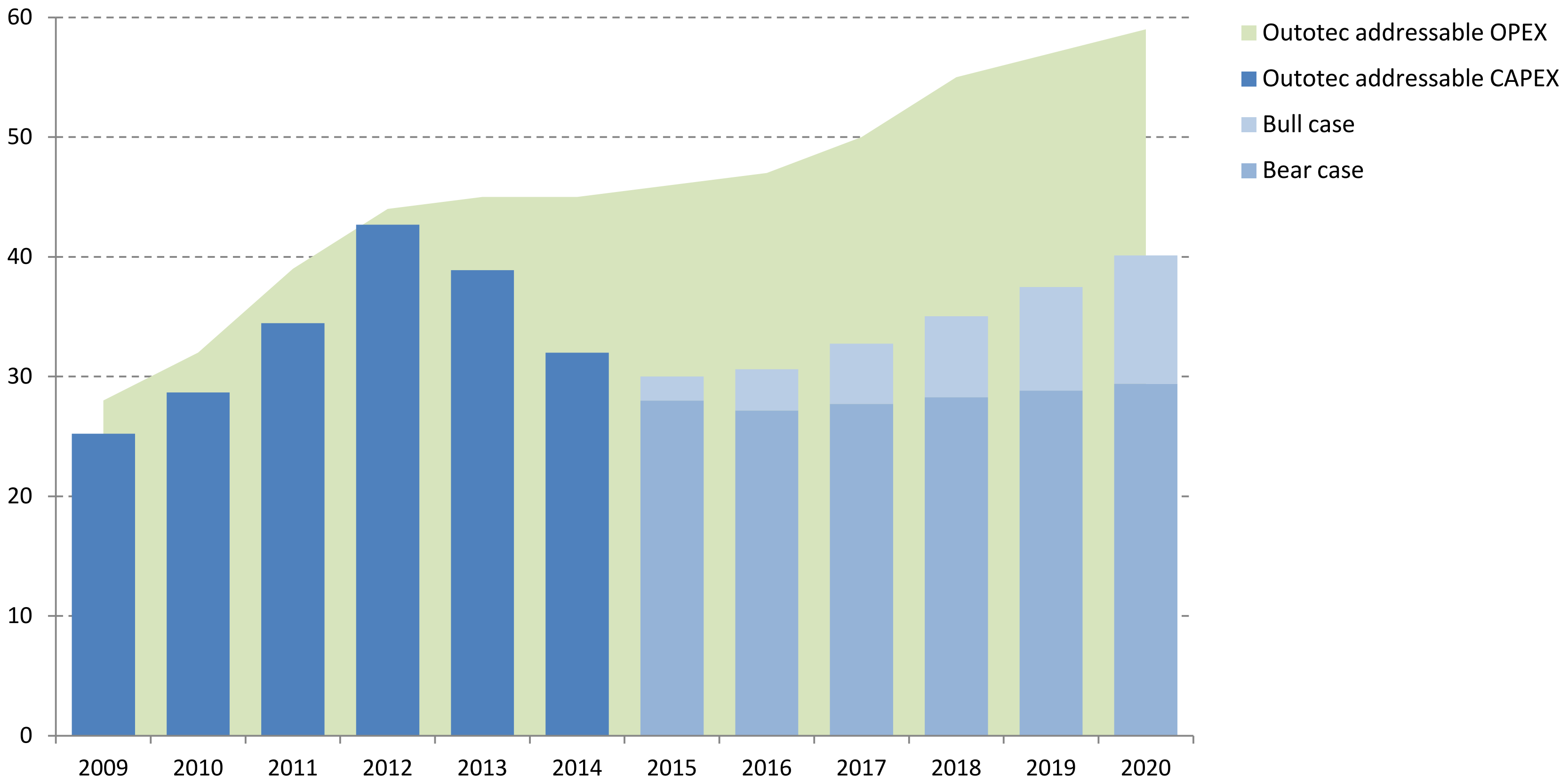
Sustainable use of
Earth's natural resources

Outotec addressable Capex and Opex

Outotec addressable Capex and Opex spend, EUR bn



Capex includes Outotec's addressable market for iron ore, copper, gold, alumina, aluminum, nickel, lead and zinc. OPEX includes spares, wears and labor.
Sources: Wood Mackenzie, McKinsey, Outotec analysis (June 2015)

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