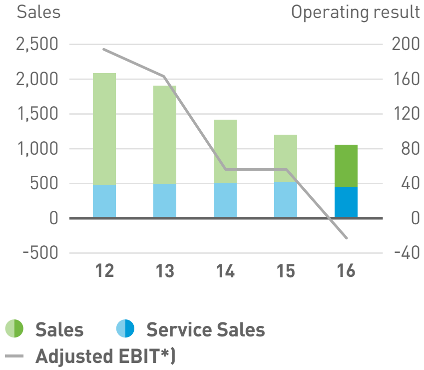
FINANCIAL STATEMENTS AND REPORT BY THE BOARD OF DIRECTORS 2016

Outotec

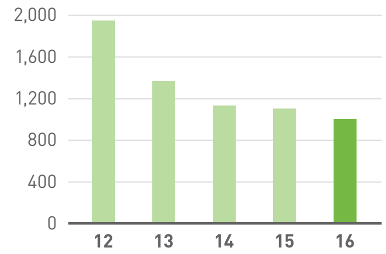
CONTENT

SALES AND ADJUSTED EBIT*), EUR MILLION

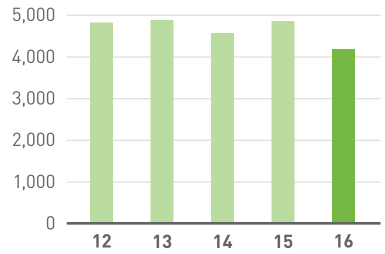


*) excluding restructuring and acquisition-related items and PPA amortizations

ORDER BACKLOG, EUR MILLION

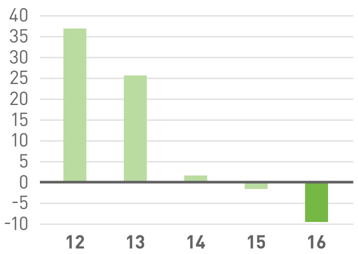


PERSONNEL

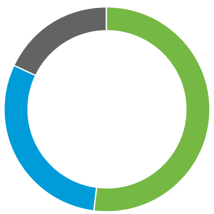


EARNINGS PER SHARE, EUR

RETURN ON INVESTMENT, %

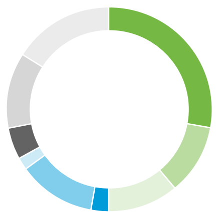


SALES BY REGION, %



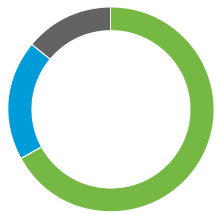
- EMEA (incl. CIS) 52 (53)
- Americas 30 (31)
- APAC 18 (16)

SALES BY MATERIALS, %



- Copper 28 (32)
- Iron 11 (17)
- Aluminum 11 (7)
- Ferroalloys 3 (4)
- Precious metals 12 (8)
- Zinc 2 (4)
- Nickel 5 (11)
- Other metals 0 (4)
- Energy & environmental solutions (incl. water, sulfuric acid and off-gas) 12 (8)
- Others 16 (6)

PERSONNEL BY REGION, %



- EMEA (incl. CIS) 67 (65)
- Americas 19 (21)
- APAC 14 (14)

PRESIDENT & CEO MARKKU TERÄSVASARA

In 2016, our two business segments were in different phases. The order intake in the Minerals Processing segment started to increase from the second quarter, which together with the achieved cost savings, contributed to the segment's good profitability. The segment ended the year with a solid order backlog, and the market is expected to continue to bring new opportunities.

The Metals, Energy & Water segment's order intake remained weak. However, we saw positive signs in the market towards the end of the year. Due to the segment's lower order backlog, we have initiated further cost saving actions. Increased risk provisions especially in one large project significantly weakened the segment's result.

Our two business segments in different phases

GOOD DEVELOPMENT IN SPARE PART SALES

In services, the recurring spare parts and technical maintenance orders grew slightly from 2015, and the growth accelerated towards the end of the year. Large shutdown service and new operation & maintenance contracts declined from the comparison period.

NEW SERVICES BUSINESS UNIT TO STAR OPERATIONS IN APRIL 2017

The new Services business unit, which will start operations in April, will prioritize and develop our offering, as well as strengthen our customer service. Our strong global installed base brings us attractive service business opportunities.

EXPECTATIONS FOR 2017

The overall sentiment in the mining industry has improved. The Minerals Processing market started to grow from the second quarter of 2016 and is expected to continue to bring new opportunities.

Activity increased in the Metals, Energy & Water segment's markets towards the end of 2016. This is expected to continue. It is, however, more difficult to predict customers' decision-making due to the current global economic and political uncertainty.

Market activity increased towards the year-end

We expect our profitability to improve due to the pick-up in the Minerals Processing segment as well as our cost-saving actions. Securing large orders will, in addition to cost savings action, remain crucial to stabilize the Metals, Energy & Water segment and to achieve sales growth in this segment.

Finally, I would like to thank Outotec's employees for their good work. I would also like to extend my appreciation to our customers and business partners for their commitment and good cooperation. Finally, I would like to thank all our stakeholders for sharing our mission of sustainable use of Earth's natural resources.

MARKKU TERÄSVASARA
President & CEO

REPORT BY BOARD OF DIRECTORS 2016

OPERATING ENVIRONMENT

In 2016, the recovery in metal prices allowed customers to strengthen their financial position, increasing their willingness to update investment plans and place orders. The demand for smaller process equipment and spare parts picked up in minerals processing since the second quarter. Activity in Metals, Energy & Water was weak, but it increased towards the year-end.

Market activity varied by metals, regions, and technologies. Markets in the Middle East, South and Central America, as well as in Russia were more active during 2016. Towards the year-end, market activity picked up also in Europe, North America, Australia and Africa. Market activity in Asia continued to be slow. Gold, copper, nickel, zinc and lithium projects were most active. Competition remained intense.

ORDER INTAKE AND BACKLOG

Order intake in 2016 totaled EUR 1,008 (1,190) million, down 15% (-12% in comparable currencies) from the comparison period. The decline was mainly due to fewer large plant orders and weaker service order intake in the Metals, Energy & Water segment.

In 2016, service order intake decreased 11% (-6% in comparable currencies) from the comparison period and totaled EUR 443 (497) million, mainly due to a decline in shutdown services and fewer new long-term services contracts in the Metals, Energy & Water segment.

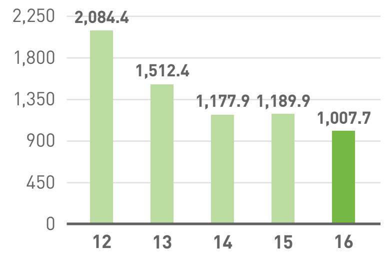
BACKLOG

The order backlog at the end of 2016 was EUR 1,002 (1,103) million, down 9% from the comparison period. Services represented EUR 204 (229) million of the total order backlog. In addition to the reported backlog, Outotec has approximately EUR 200 (230) million in orders from Iran that will be booked when payments are secured.

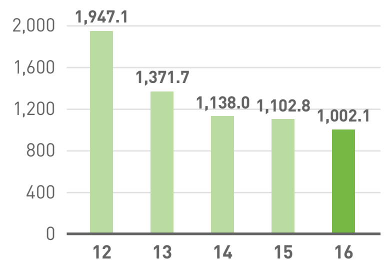
At the end of 2016, Outotec had 24 (24) projects with an order backlog value in excess of EUR 10 million, accounting for 58 (66) % of the total backlog. It is estimated that roughly 74 (70) % or EUR 740 (760) million of the year-end order backlog value will be delivered in 2017.

Order intake by region, %	**2016**	2015
EMEA (including the CIS)	**49**	56
Americas	**33**	26
APAC	**18**	18
Total	**100**	100

ORDER INTAKE, EUR MILLION



ORDER BACKLOG, EUR MILLION



Announced orders in 2016

Project	Customer	Value, EUR million	Business unit
Two sulfuric acid plants, Iran (January 18)	NICICO	50	Metals, Energy & Water
Copper concentrator technology, Chile (December 30)	Not disclosed	18	Minerals Processing
Lithium beneficiation plant, Brazil (November 18)	AMG	35	Minerals Processing
Flotation and dewatering technology, Russia (August 15)	Not disclosed	Approx. 30	Minerals Processing
Process equipment (pyrite leach process), Mexico (August 23)	Goldcorp's Peñasquito Mine	Approx. 23	Minerals Processing
Process equipment to greenfield gold project, Senegal (August 26)	Lycopodium Minerals Pty Ltd.	Approx. 10	Minerals Processing
Mine backfill plant, Philippines (September 30)	OceanaGold (Philippines) Inc.	not disclosed, similar Approx. 10	Minerals Processing
Mine backfill plant, Australia (October 3)	MMG Limited	not disclosed, similar over 10	Minerals Processing
Two VSF®X Modular Solvent Extraction technology packages, Macedonia and Egypt (October 7)	Sardich MC in Kazandol and Desmet Ballestra S.p.A	25	Metals, Energy & Water
New modular flotation cPlant, Saudi Arabia (October 14)	Ma'aden Gold	Nearly 10	Minerals Processing
Process equipment, Burkina Faso (April 25)	Houndé Gold Operation	13	Minerals Processing
Sulfuric acid technology, Egypt (June 2)	Intesca Industrial	Over 30	Metals, Energy & Water
Copper smelter and sulfuric acid plant revamp, South America (June 20)	not published	Over 33	Metals, Energy & Water
Process equipment for the greenfield Gökirmak copper project, Turkey (July 4)	Acacia Maden Isletmeleri	Approx. 14	Minerals Processing
Process equipment for the gold project, Kazakhstan (July 12)	Bakyrchik Mining	Approx. 15–20	Minerals Processing
Process equipment to iron project, Iran (July 26)	Shangdong Province Metallurgical Engineering	Approx. 10	Minerals Processing
Proprietary equipment for a sulfuric acid plant, Finland (March 31)	Boliden	not disclosed	Metals, Energy & Water

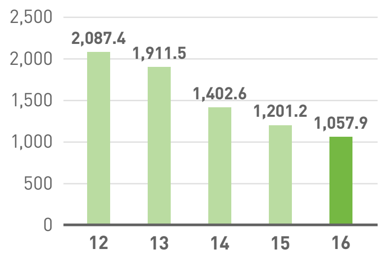
SALES AND FINANCIAL RESULT

Sales in 2016 decreased by 12% (-9% in comparable currencies) from previous year and totaled EUR 1,058 (1,201) million. Reduced order intake in the Metals, Energy & Water segment in the first half of 2016 was the main reason for the decrease in sales.

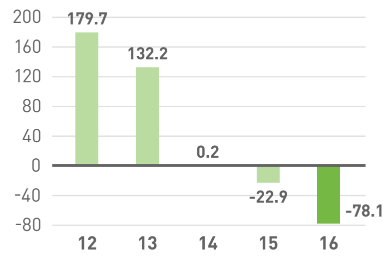
In 2016, service sales fell 13% (-8% in comparable currencies) from the comparison period and totaled EUR 447 (511) million, representing 42 (43) % of sales. The decline resulted mainly from fewer upgrades and long-term service contracts in the Metals, Energy & Water segment.

Fixed costs in 2016, including selling and marketing, administrative, R&D and fixed delivery expenses, fell 17% (in comparable currencies -16%) from the comparison period and totaled EUR 277 (334) million or 26 (28)% of sales.

SALES, EUR MILLION



RESULT BEFORE TAXES, EUR MILLION



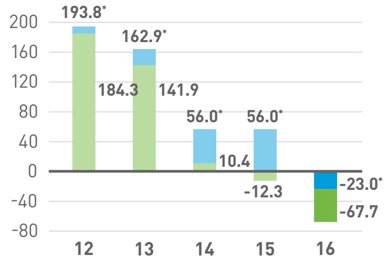
Sales and financial result EUR million	2016	2015
Sales	**1,057.9**	1,201.2
Service sales [1]	**447.0**	511.3
Share of service sales, %	**42.3**	42.6
Gross margin, %	**22.1**	27.9
Adjusted EBIT [2]	**-23.0**	56.0
Adjusted EBIT [2], %	**-2.2**	4.7
- restructuring and acquisition-relateditems [3]	**-37.2**	-58.9
- PPA amortization	**-7.4**	-9.4
EBIT	**-67.7**	-12.3
EBIT, %	**-6.4**	-1.0
Result before taxes	**-78.1**	-22.9
Result for the period	**-69.3**	-17.2
Unrealized and realized exchange gains and losses [4]	**-8.1**	-5.3

[1] Included in the sales figures of the two reporting segments.
[2] Excluding restructuring and acquisition-related costs and PPA amortizations.
[3] Including restructuring related costs of EUR 31.3 (48.9) million, acquisition-related costs of EUR 1.5 (2.0) million, and arbitration costs related to past acquisition EUR 4.4 (9.0) million. The comparison period included a positive impact of a EUR 1.0 million reduction from an earn-out payment liability related to acquisition.
[4] Related to foreign exchange forward agreements and bank accounts.

Adjusted EBIT in 2016 was negative EUR 23 (positive 56) million. The poor performance of a few large projects in the Metals, Energy & Water segment contributed to the negative result. At the end of the year, EUR 40 million risk provision was booked related to project issues, especially in one large project in the Metals, Energy & Water segment. Exchange had a negative impact on profitability also in 2016, losses totaling to EUR 8 (-5) million. Provision releases related to the progress and completion of projects as well as higher service sales improved profitability in the comparison period.

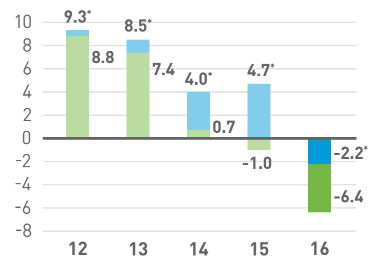
The result before taxes in 2016 was negative EUR 78 (-23) million. It included net finance expenses of EUR 10 (11) million due to interest costs and the valuation of foreign exchange forward agreements. The net result in 2016 was negative EUR 69 (-17) million. The net impact from taxes in 2016 totaled EUR 9 (6) million. Earnings per share totaled EUR -0.42 (-0.10).

OPERATING RESULT, EUR MILLION



*) excluding restructuring and acquisition-related items and PPA amortizations

OPERATING RESULT MARGIN, %



*) excluding restructuring and acquisition-related items and PPA amortizations

Sales by region EUR million	2016	2015	% 2016	Change %
EMEA (incl. the CIS)	**547.4**	640.7	**52**	-14.6
Americas	**315.6**	368.5	**30**	-14.3
APAC	**194.9**	192.0	**18**	1.5
Total	**1,057.9**	1,201.2	**100**	-11.9

Sales by materials %	2016	2015
Copper	**28**	32
Nickel	**5**	11
Zinc	**2**	4
Ferroalloys	**3**	4
Aluminum	**11**	7
Iron	**11**	17
Precious metals	**12**	8
Other metals	**0**	4
Energy and environmental solutions (incl. water, sulfuric acid and off-gas)	**12**	8
Others	**16**	6
Total	**100**	100

SEGMENTS

Minerals Processing

Reporting segment – Minerals Processing EUR million	**2016**	2015	**Change %**
Order intake	**626.7**	495.6	**26**[1]
Sales	**539.5**	548.8	**-2**[2]
Service sales	**283.1**	311.9	**-9**[3]
PPAs	**-3.3**	-3.3	
Restructuring and acquisition-related tems	**-12.2**	-32.6	
Adjusted EBIT [4]	**37.1**	19.5	
Adjusted EBIT [4], %	**6.9**	3.5	
EBIT	**21.6**	-16.5	
EBIT, %	**4.0**	-3.0	
Unrealized and realized exchange gains and losses [5]	**-3.8**	-3.9	

[1] In comparable currencies 33%
[2] In comparable currencies 2%
[3] In comparable currencies -5%
[4] Excluding restructuring and acquisition-related costs and PPA amortizations
[5] Related to foreign exchange forward agreements and bank accounts

In 2016, the order intake in the Minerals Processing segment grew 26% from the comparison period mainly due to increase in equipment orders. The segment's sales decreased 2% due to low order intake in the fourth quarter of 2015 and the first half of 2016. Fixed cost savings and high utilization rate contributed to improved profitability.

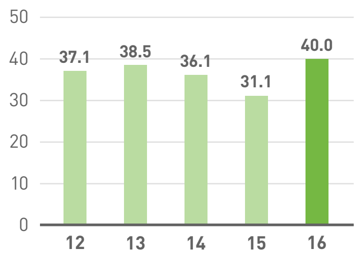
Metals, Energy & Water

Reporting segment – Metals, Energy & Water EUR million	**2016**	2015	**Change %**
Order intake	**381.0**	694.3	**-45**[1]
Sales	**518.4**	652.4	**-21**[2]
Service sales	**163.9**	199.4	**-18**[3]
PPAs	**-4.2**	-6.0	
Restructuring and acquisition-related tems	**-22.9**	-23.5	
Adjusted EBIT [4]	**-55.0**	42.5	
Adjusted EBIT [4], %	**-10.6**	6.5	
EBIT	**-82.1**	13.0	
EBIT, %	**-15.8**	2.0	
Unrealized and realized exchange gains and losses [5]	**-4.0**	-1.5	

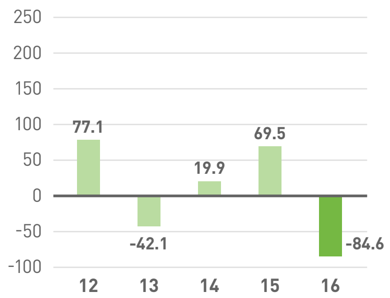
[1] In comparable currencies -44%
[2] In comparable currencies -19%
[3] In comparable currencies -14%
[4] Excluding restructuring and acquisition-related costs and PPA amortizations
[5] Related to foreign exchange forward agreements and bank accounts

In 2016, the order intake in the Metals, Energy & Water segment decreased 45% from the comparison period due to the decline in plant and service orders. As a result, segment's sales declined 21%. Lower sales, low utilization rates and weak performance in certain projects impacted profitability. In the fourth quarter, EUR 40 million risk provision was booked related to project issues especially in one large project.

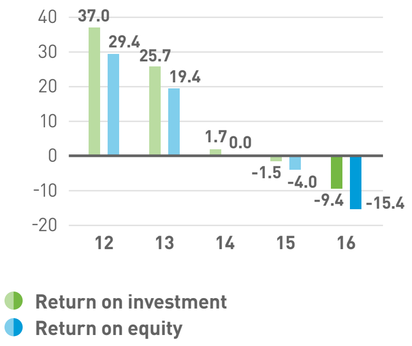
EQUITY RATIO, %



NET CASH FROM OPERATING ACTIVITIES, EUR MILLION



RETURN ON INVESTMENT AND EQUITY, %



BALANCE SHEET, FINANCING AND CASH FLOW

The consolidated balance sheet total on December 31, 2016, was EUR 1,427 (1,531) million. Equity to shareholders of the parent company totaled EUR 495 (402) million, representing EUR 2.73 (2.22) per share. In 2016, Outotec issued a EUR 150 million hybrid bond. In addition, equity was impacted by the negative net result of EUR 69 (-17) million and positive translation differences of EUR 14 (-9) million.

Outotec's cash and cash equivalents at the end of 2016 totaled EUR 233 (301) million. The net cash from operating activities was EUR -85 (70) million. The main reasons for the change in cash flow were large projects tying up more capital, the lack of large advance payments, and restructuring-related payments. The advance and milestone payments received at the end of 2016 came to EUR 181 (232) million. The advance and milestone payments to subcontractors totaled EUR 53 (61) million. In 2016, the net effect of the drawdown of the hybrid bond (EUR 150 million) and repayment of bank loan (EUR 100 million) exerted a positive impact on cash and cash equivalents.

Net interest-bearing debt on December 31, 2016, was EUR -4 (40) million and gearing was 1 (10) %. Outotec's equity-to-assets ratio was 40 (31) %. The company's capital expenditure, related mainly to IT programs and IPRs, totaled EUR 22 (105) million in the reporting period.

Guarantees for commercial commitments, including advance payment guarantees issued by the parent and other Group companies at the end of the reporting period, totaled EUR 551 (632) million.

Balance sheet, financing and cash flow EUR million	**2016**	2015
Net cash from operating activities	**-84.6**	69.5
Net interest-bearing debt at the end of the period	**-4.5**[1]	39.9
Equity at the end of the period	**498.1**	404.7
Equity-to-assets ratio at the end of the period, %	**40.0**[1]	31.1
Gearing at the end of the period, %	**-0.9**[1]	9.9
Working capital at the end of the period	**-23.5**	-89.4

[1] If the hybrid bond were treated as a liability the equity-to-assets ratio would be 27.9%, gearing 41.8%, and net interest-bearing debt EUR 145.5 million.

COST-SAVING PROGRAM

Outotec achieved targeted EUR 70 million annualized savings in fixed costs by reference to the Q3/2015 situation. Approximately 650 jobs were reduced as part of the program. Total restructuring costs related to this program totaled EUR 40 million.

Employee cooperation negotiations with respect to the restructuring and possible reduction of the workforce in the filters manufacturing units (November 1) and in certain units in the Metals, Energy & Water segment (November 17) were initiated in Finland and Germany. On December 30, 2016, employee cooperation negotiations in Finland were completed, leading to a reduction of approximately 50 employees. Temporary lay-offs may also be applied. In Germany, negotiations will continue in 2017 and may lead to the reduction of approximately 100 permanent positions. Some individual redundancies may also be made in other countries. The related restructuring costs of EUR 23 million were booked during the fourth quarter of 2016.

DEVELOPMENT OF PRODUCT, TECHNOLOGY, AND SERVICE OFFERING

During the reporting period, Outotec's research and development expenses totaled EUR 55 (61) million, representing 5 (5) % of sales.

Outotec filed 57 (93) new priority applications, and 630 (531) new national patents were granted. At the end of the reporting period, Outotec had 786 (824) patent families, including a total of 6,772 (7,458) national patents or patent applications.

On September 15, Outotec announced a partnership with Thermo-System GmbH, a Germany-based global leader in low-energy drying technology, to complement its waste-to-energy and sludge incineration technologies.

On March 11, Outotec announced that Outotec and Newcrest Mining have agreed on a strategic partnership to develop and use new metallurgical technologies in Newcrest's businesses. Newcrest, which is based in Melbourne, Australia, and operates globally, is one of the world's largest gold and copper mining companies.

Product launches in 2016

On August 17, Outotec announced the successful delivery of a new type of mine backfill system together with operation, maintenance and management services to OZ Minerals for the Prominent Hill copper-gold mine in South Australia.

On May 23, Outotec introduced a cost-effective modular product for water treatment – the Outotec® EWT-40. The Electrochemical Water Treatment process solution is a highly automated process to handle contaminated waste waters and effluents in remote mining and metallurgical operations.

In March, Outotec published the "Outotec Flotation Modernization Guidebook" providing insight into how Outotec services can improve grade and recovery, process stabilization, process control, capacity, maintenance cost, availability, energy consumption, wear life and safety.

SUSTAINABILITY

Outotec's approach to sustainability is defined in the company's mission, strategy, values, code of conduct, and management system documents. Outotec's most significant impact on sustainability occurs indirectly through its customers' resource-efficient operations. "Sustainable use of Earth's natural resources" is the mission that the company works to achieve in cooperation with its customers. According to its core value, "committed to sustainability", Outotec intends to incorporate sustainability – consisting of all the social, economic, and environmental elements of sustainability – into every aspect of its operations.

In December 2016, the University of Helsinki and Outotec launched a challenge-based Sustainability Master Class program for students, young researchers and professionals interested in new approaches to innovation, as well as learning-by-doing and co-creation as tools for building a vision and concrete solutions for a sustainable future. The multidisciplinary Sustainability Master Class will discuss and tackle issues such as social impacts and social license to operate in the mining industry, the integration of sustainability into business decisions and disruptive business models, as well as technology transfer and leapfrogging. During the four-month program, multidisciplinary teams will explore, analyze and challenge the topics and create new solutions to specific problems (re)defined as part of the process.

Outotec announced on April 7, 2016 that it has published its annual sustainability report, describing the company's approach to sustainability, performance and achievements in 2015 as well as future targets. "Working for resource efficiency" is the theme of the report, illustrating the positive impacts of Outotec's solutions and services in the circular economy context.

In January 2016, Outotec was ranked for the second time as the world's third most sustainable company on the Global 100 Index of Corporate Knights. Outotec also received the Silver Class distinction for its excellent sustainability performance in RobecoSAM's annual Corporate Sustainability Assessment.

PERSONNEL

At the end of December 2016, Outotec had a total of 4,192 (4,859) and on average 4,344 (4,855) employees in the reporting period. Temporary personnel accounted for 5 (8) % of total personnel.

At the end of the reporting period, the company had, in addition to its own personnel, 330 (405) full-time equivalent, contracted professionals working in project execution.

For the reporting period, salaries and other employee benefits totaled EUR 329 (353) million.

Personnel by region	**December 31, 2016**	December 31, 2015	Change
EMEA (including the CIS)	**2,824**	3,159	-335
Americas	**801**	1,012	-211
APAC	**567**	688	-121
Total	**4,192**	4,859	-667

CHANGES IN THE MANAGEMENT 2016

December 21: Outotec announced that Mr Kimmo Kontola has been appointed Executive Vice President and President of the Minerals Processing segment and a member of the Executive Board of Outotec as of January 1, 2017.

October 24: Mr Taneli Salervo, Vice President Strategy & Business Development of Minerals Processing, led the Minerals Processing segment October 24–December 31.

October 24: Outotec appointed Dr Kalle Härkki as Executive Vice President and President of the Metals, Energy & Water segment.

June 22: Outotec's Board of Directors appointed Mr Markku Teräsvasara as Outotec's new President & CEO. He commenced work in his new position on October 1. Mr Pertti Korhonen left the CEO position on June 22. CFO Mr Jari Ålgars was the acting CEO during the transition period.

March 7: Outotec appointed Ms Kaisa Aalto-Luoto as Senior Vice President, Human Resources and Communications as of April 1. Ms Kirsi Nuotto, previously holding the position, continued working until April 30.

March 7: Mr Olli Nastamo was appointed Senior Vice President, Strategy, Marketing and Operational Excellence and member of the Executive Board as of April 1. Ms Pia Kåll, previously head of strategy, continued working until May 30.

January 25: Outotec announced the resignation of Mr Robin Lindahl, head of Metals, Energy & Water segment, and he left the company on March 30. Mr Jyrki Makkonen, Senior Vice President of Non-Ferrous business line, led the segment March 30–October 24.

RESOLUTIONS OF OUTOTEC'S AGM

Outotec Oyj's Annual General Meeting (AGM) was held on April 11, 2016, in Helsinki, Finland.

Financial Statements

The AGM approved the parent company and the consolidated Financial Statements, and discharged the members of the Board of Directors and the President and CEO from liability for the 2015 financial year.

Dividend

The AGM decided that no dividend would be distributed for the financial year ending on December 31, 2015.

The Board of Directors

The AGM decided that the total number of Board members, including the Chairman and Vice Chairman, will be eight (8). Dr Matti Alahuhta, Ms Eija Ailasmaa, Ms Anja Korhonen, Dr Timo Ritakallio, Mr Chaim (Poju) Zabludowicz, Mr Ian W. Pearce and Mr Klaus Cawén were re-elected as members of the Board of Directors, and Mr Patrik Nolåker was elected as a new member of the Board for the term expiring at the next AGM.

The AGM elected Matti Alahuhta as the Chairman, and Timo Ritakallio as Vice Chairman of the Board of Directors.

The AGM confirmed the annual remunerations to the Board members as follows: 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 and Risk Committee; and that each member of the Board be paid EUR 600 for attendance at each board and committee meeting as well as be reimbursed for the direct costs arising from Board-related work.

Of the annual remuneration, 60 percent will be paid in cash and 40 percent in the form of Outotec Oyj shares, which will be acquired from the stock exchange within one week from the date of the Annual General Meeting in amounts corresponding to EUR 28,800 for the Chairman, EUR 19,200 for the Vice Chairman of the Board and the Chairman of the Audit and Risk Committee each, and EUR 14,400 for each of the other members of the Board of Directors. The part of the annual fee payable in cash corresponds to the approximate sum necessary for the payment of the income taxes on the annual remuneration, and will be paid no later than May 11, 2016. The annual fees encompass the full term of office of the Board of Directors. The attendance fee will be paid in cash.

Auditor

Public Accountants PricewaterhouseCoopers Oy was re-elected as the company's auditor. The auditor will be paid remuneration against the auditor's reasonable invoice approved by the company.

Board's authorizations

The AGM authorized the Board of Directors to decide on the repurchase of an aggregate maximum of 18,312,149 of the company's own shares. The amount of shares corresponds to approximately 10 percent of all the current shares of the company. However, the company together with its subsidiaries cannot at any moment own more than 10 percent of all shares of the company. Own shares may be repurchased on the basis of this authorization only by using unrestricted equity. Own shares can be repurchased at a price formed in trading on the regulated market on the date of the repurchase or otherwise at a price formed on the market. The Board of Directors is entitled to determine how shares are repurchased. Own shares may be repurchased otherwise than in proportion to the shares held by the shareholders (directed repurchase).

The AGM further authorized the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act as follows: The number of shares to be issued on the basis of this authorization shall not exceed an aggregate maximum of 18,312,149 shares, which corresponds to approximately 10 percent of all the current shares of the company. The Board of Directors is entitled to decide on all terms of the issuance of shares and of special rights entitling to shares, and is entitled to deviate from the shareholders' pre-emptive subscription rights (directed issue). This authorization applies to both the issuance of new shares and the conveyance of own shares held by the company.

The authorizations shall be in force until the closing of the next AGM.

Board's assembly meeting

In its assembly meeting, the Board of Directors elected Anja Korhonen, Timo Ritakallio, Ian W. Pearce and Klaus Cawén as members of the Audit and Risk Committee, with Anja Korhonen as the Chairman of the Committee.

Eija Ailasmaa, Matti Alahuhta and Poju Zabludowicz act as members of the Human Capital Committee with Matti Alahuhta as the Chairman of the Committee.

LEGAL DISPUTES IN 2016

On January 9, 2017 Outotec and Outokumpu have settled their patent dispute, commenced in 2013, concerning the rights to inventions relating to ferroalloys technology.The settlement relates to the award issued by the Arbitral Tribunal on August 28, 2015 confirming that the rights of ownership and use ferroalloys technology inventions belong to both Outotec and Outokumpu jointly. With the settlement, the parties withdraw all their claims against each other and Outotec gets the exclusive right to sell and license the said ferroalloys technology inventions against a license fee mutually agreed by the companies.

On September 27, 2013, Outotec announced that Sarda Energy and Minerals Ltd (SEML) submitted application for arbitration at the International Court of Arbitration against Outotec in dispute regarding a filter delivery in 2007. The content value was approximately EUR 0.6 million. SEML´s claim equals approximately 18 million US dollars. On April 18, 2016 Outotec accounced that the Parties has reached a settlement agreement.

CHANGES IN SHAREHOLDING IN 2016

On December 5, 2016, Outotec announced that Harris Associates L.P.'s holding in shares of Outotec Oyj (OTE1V) on December 1, 2016 has fallen below 5% and was 9,146,947 shares, which represents 4.99% of the share capital and votes in the company.

On June 27, 2016, Outotec announced that Harris Associates Investment Trust's Oakmark International Small Cap Fund's holding in shares of Outotec Oyj (OTE1V) on June 23, 2016 had fallen below 5% and were 8,807,514 shares, which represents 4.81% of the share capital and votes in the company.

On March 31, 2016, Outotec announced that Edinburgh Partners Limited's holdings in shares of Outotec Oyj on March 30, 2015 had fallen below 5% and were 8,951,358 shares, which represents 4.89% of the share capital. Of these shares voting authority applies to 6,167,802 (3.37%).

On February 29, 2016, Outotec announced that Edinburgh Partners Limited's holdings in shares of Outotec Oyj on February 26, 2016 had exceeded 5% and were 9,294,508 shares, which represents 5.08% of the share capital. Of these shares, voting authority applies to 6,167,802 (3.37%).

SHARES AND SHARE CAPITAL

Outotec's shares are listed on the Nasdaq Helsinki (OTE1V). At the end of the reporting period, Outotec's share capital was EUR 17,186,442.52, consisting of 183,121,492 shares. Each share entitles its holder to one vote at the company's general shareholder meetings.

OUTOTEC OYJ OWN SHAREHOLDING

At the end of the reporting period, the company held directly a total of 1,803,963 Outotec shares, which represents a relative share of 0.99% of Outotec Oyj's shares and votes.

Outotec has an agreement with a third-party service provider concerning the administration and hedging of the Share-based Incentive Program for key personnel. At the end of 2016, the number of these shares was 0 (675).

TRADING, MARKET CAPITALIZATION, AND SHAREHOLDERS

Shares on NASDAQ Helsinki January-December 2016	No. of shares traded	Total value EUR	High EUR	Low EUR	Average EUR[1]	Last paid EUR
OTE1V	283,186,658	1,108,551,050	5.63	2.49	3.91	4.99

[1] Volume weighted average

	31.12.2016	31.12.2015
Market capitalization, EUR million	**914**	623
No. of shareholders	**29,686**	33,830
Nominee registered shareholders (no of registers 10), %	**30.6**	27.0
Finnish private investors, %	**25.6**	21.1

SHARE-BASED INCENTIVES

Outotec has a Share-based Incentive Program for the company's key personnel and Employee Share Savings Program for all employees globally. All shares related to the programs are acquired through public trading. More detailed information about present and past programs is available at www.outotec.com/cg.

SHORT-TERM RISKS AND UNCERTAINTIES

The global economic and political uncertainty continues. Although metals prices have recovered, major investments continue to develop slowly and the global economic outlook is uncertain. This may cause delayed investments or existing projects to be put on hold or cancelled. With a significant amount of receivables from emerging markets, there is also a continued risk of credit losses.

Outotec sees a risk of disputes related to project implementation, which may result in extra costs and/or penalties. In the contracts related to the delivery of major projects, the liquidated damages attributable to, for instance, delayed delivery or non-performance may be significant. In particular, Outotec sees significant risk of claims and credit losses related to a few large projects in the Metals, Energy and Water segment. Outotec has booked increased project costs and risk provisions for these projects. In the fourth quarter of 2016, an additional EUR 40 million risk provision was booked to resolving project issues, especially in one large project. If the project risks would materialize in full, these could have a material impact on Outotec's financial results.

Risks related to Outotec's business operations are high in certain markets such as the Middle East, Russia, and Turkey. The geopolitical situation, sanctions, uncertainties around Brexit, security situation or economic conditions may change rapidly, and causing ongoing projects to be delayed, suspended, cancelled or completely prevent Outotec from operating in these areas. This may result in a material impact on Outotec's assets.

Outotec is involved in a number of disputes which may lead to arbitration and court proceedings. Differing interpretations of international contracts and laws may cause uncertainty in estimating the final outcome of these disputes. The enforceability of contracts in certain market areas may be challenging or difficult to foresee.

Outotec's policy is to hedge 100% of foreign exchange transaction risks. When there are significant currency fluctuations, the IFRS mark-to-market valuation of the foreign exchange forward agreements principle may cause volatility in Outotec's quarterly profit and loss statements. In the current market situation, the short-term risk and uncertainties involved may lead to decreasing headroom under financial covenants related to capital structure and liquidity in Outotec's main credit facilities.

More information about Outotec's business risks and risk management is available in the Notes to the Financial Statements, as well as on the company's website at www.outotec.com/investors.

EVENTS AFTER THE REPORTING PERIOD

January 20: Outotec announced the appointment of Mr Adel Hattab as EVP, Strategic Customers and Business Development as of April 1, 2017.

Outotec Executive Board as of April 1, 2017:

- Markku Teräsvasara, President and CEO
- Kalle Härkki, Executive Vice President, President of Metals, Energy & Water
- Kimmo Kontola, Executive Vice President, President of Minerals Processing
- Markku Teräsvasara (act.), Executive Vice President, President of Services
- Adel Hattab, Executive Vice President, Strategic Customers and Business Development
- Jari Ålgars, Chief Financial Officer
- Kaisa Aalto-Luoto, Senior Vice President, Human Resources & Communications
- Nina Kiviranta, Senior Vice President, General Counsel
- Olli Nastamo, Senior Vice President, Operational Excellence

January 19: Outotec announced the delivery of a concentrate filtration plant to Southern Copper Corporation, to a concentrator expansion in Southern Peru. The contract value exceeds EUR 15 million, and it has been booked in the Q1/2017 order intake.

January 18: Outotec announced that for the fifth consecutive year it was included in the Global 100 Index of most sustainable companies in the world (rank 90th).

January 9: Outotec announced that it had settled a patent dispute with Outokumpu regarding ferroalloys technology inventions.

MARKET OUTLOOK

The overall sentiment in the mining industry has improved. The Minerals Processing market started to grow from the second quarter of 2016 and is expected to continue to bring new opportunities. Activity increased in the Metals, Energy & Water segment's markets towards the end of 2016. This is expected to continue. It is, however, more difficult to predict customers' decision-making due to the current global economic and political uncertainty.

FINANCIAL GUIDANCE FOR 2017

Guidance for 2017 is based on the current order backlog and market outlook as well as achieved cost savings.

- Sales are expected to be approximately EUR 1,050–1,150 million, and
- Adjusted EBIT* is expected to be approximately 3–5%

* Excluding restructuring and acquisition-related costs as well as purchase price allocation amortizations.

BOARD OF DIRECTORS' PROPOSAL FOR PROFIT DISTRIBUTION

The Board of Directors of Outotec proposes to the Annual General meeting that no dividend will be paid for the year ending December 31, 2016. According to the financial statements for December 31, 2016, the parent company's distributable funds total EUR 262.7 million. There have been no substantial changes in the financial position of the company after the balance sheet date.

Corporate governance statement

The corporate governance statement has been issued as a separate statement and is available on Outetec's website at www.outotec.com.

Espoo, February 13, 2017

Board of Directors
Matti Alahuhta
Timo Ritakallio
Eija Ailasmaa
Klaus Cawén
Anja Korhonen
Patrik Nolåker
Ian W. Pearce
Chaim (Poju) Zabludowicz
Markku Teräsvasara, President and CEO

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	2016	2015
Sales	3, 5	**1,057.9**	1,201.2
Cost of sales	8	**-824.6**	-866.6
Gross result		**233.3**	334.6
Other income	6	**1.2**	3.2
Selling and marketing expenses	8	**-114.8**	-108.4
Administrative expenses	8	**-85.5**	-113.9
Research and development expenses	8	**-55.2**	-61.2
Other expenses	7	**-46.4**	-66.1
Share of results of associated companies	16	**-0.4**	-0.4
Operating result		**-67.7**	-12.3
Finance income	11	**4.9**	4.6
Finance expenses	11	**-11.7**	-12.9
Market price gains and losses	11	**-3.6**	-2.3
Net finance income		**-10.4**	-10.6
Result before income taxes		**-78.1**	-22.9
Income tax expenses	12	**8.8**	5.7
Result for the period		**-69.3**	-17.2

EUR million	Note	2016	2015
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligations		**-0.6**	0.5
Income tax relating to items that will not be reclassified to profit or loss		**0.2**	-0.1
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		**14.4**	-8.5
Cash flow hedges		**-1.6**	-2.0
Available for sale financial assets		**0.1**	0.0
Income tax relating to items that may be reclassified to profit or loss		**0.4**	0.5
Other comprehensive income for the period		**12.8**	-9.6
Total comprehensive income for the period		**-56.5**	-26.7
Result for the period attributable to:			
Equity holders of the parent company		**-69.6**	-17.3
Non-controlling interest		**0.3**	0.2
Total comprehensive income for the period attributable to:			
Equity holders of the parent company		**-56.9**	-26.9
Non-controlling interest		**0.4**	0.2
Earnings per share for result attributable to the equity holders of the parent company:			
Basic earnings per share, EUR	13	**-0.42**	-0.10
Diluted earnings per share, EUR	13	**-0.42**	-0.10

The Notes on pages 21 to 62 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Intangible assets	14	**386.3**	405.0
Property, plant and equipment	15	**65.9**	83.0
Deferred tax assets	12	**92.7**	88.6
Investments in associated companies	16	**0.3**	0.1
Available-for-sale financial assets [1]	17	**2.3**	2.2
Derivative financial instruments	19	**5.3**	5.6
Trade and other receivables	21		
Interest-bearing [1]		**1.3**	1.9
Non interest-bearing		**2.4**	2.4
Total non-current assets		**556.4**	588.7
Current assets			
Inventories	20	**210.0**	202.2
Derivative financial instruments	19	**3.8**	3.5
Trade and other receivables	21		
Interest-bearing [1]		**0.1**	0.1
Non interest-bearing		**423.7**	436.2
Cash and cash equivalents [1]	22	**233.0**	300.7
Total current assets		**870.6**	942.6
TOTAL ASSETS		**1,427.0**	1,531.4

[1] Included in net interest-bearing debt.

The Notes on pages 21 to 62 are an integral part of these consolidated financial statements.

EUR million	Note	31.12.2016	31.12.2015
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		**-15.9**	-17.4
Reserve for invested non-resticted equity		**95.7**	93.8
Other reserves		**-15.7**	-14.2
Hybrid bond		**150.0**	-
Retained earnings		**313.0**	319.6
Result for the period		**-69.6**	-17.3
		494.8	401.8
Non-controlling interest		**3.3**	2.9
Total equity	23	**498.1**	404.7
Non-current liabilities			
Interest-bearing debt [1]	26	**183.7**	291.4
Derivative financial instruments	19	**1.2**	1.0
Deferred tax liabilities	12	**34.9**	51.9
Employee benefits	24	**53.5**	51.8
Provisions	25	**-**	1.1
Trade and other payables	27	**14.0**	18.0
Total non-current liabilities		**287.3**	415.2
Current liabilities			
Interest-bearing debt [1]	26	**43.1**	47.7
Derivative financial instruments	19	**8.4**	5.4
Current tax liabilities		**7.9**	4.6
Provisions	25	**67.3**	81.4
Trade and other payables	27	**514.9**	572.4
Total current liabilities		**641.6**	711.5
Total liabilities		**928.9**	1,126.7
TOTAL EQUITY AND LIABILITIES		**1,427.0**	1,531.4

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	2016	2015
Cash flows from operating activities			
Result for the period		**-69.3**	-17.2
Adjustments for			
Taxes	12	**-8.8**	-5.7
Depreciation and amortization	14, 15	**42.6**	40.2
Impairment	14, 15	**17.7**	0.8
Share of results of associated companies	16	**0.4**	0.4
Gains and losses on disposal of property, plant and equipment	6, 7	**0.5**	0.1
Interest income	11	**-4.9**	-4.5
Interest expense	11	**8.9**	9.3
Other adjustments		**6.8**	-0.5
		63.0	40.1
Change in working capital			
Increase (-) and decrease (+) in trade and other receivables		**24.9**	23.4
Increase (-) and decrease (+) in inventories		**-3.6**	-34.7
Increase (+) and decrease (-) and in trade and other payables		**-72.8**	45.4
Increase (+) and decrease (-) in provisions		**-15.2**	19.9
		-66.8	54.1
Interest received		**4.8**	4.4
Interest paid		**-9.9**	-8.6
Income tax paid		**-6.4**	-3.3
Net cash from operating activities		**-84.6**	69.5

EUR million	Note	2016	2015
Cash flows from investing activities			
Acquisition of subsidiaries and business operations	4	**-3.0**	-30.8
Purchases of property, plant and equipment	15	**-6.4**	-15.1
Purchases of intangible assets	14	**-15.3**	-41.0
Proceeds from sale of intangible and tangible assets	14, 15	**1.8**	0.6
Change in other non-current receivables		**0.0**	-0.5
Net cash used in investing activities		**-22.9**	-86.8
Cash flows from financing activities			
Repayments of non-current debt (-)		**-111.5**	-11.5
Borrowings of non-current debt (+)		**-**	60.0
Decrease in current debt (-)		**-35.6**	-2.8
Increase in current debt (+)		**30.1**	16.5
Hybrid bond		**150.0**	-
Dividends paid		**-**	-18.1
Change in other financing activities		**-0.9**	1.4
Net cash used in financing activities		**32.1**	45.4
Net change in cash and cash equivalents		**-75.5**	28.2
Cash and cash equivalents at January 1		**300.7**	281.9
Foreign exchange rate effect on cash and cash equivalents		**7.8**	-9.3
Net change in cash and cash equivalents		**-75.5**	28.2
Cash and cash equivalents at December 31	22	**233.0**	300.7

The Notes on pages 21 to 62 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to the equity holders of the Company									
EUR million	Note	Share capital	Share premium fund	Fair value and other reserves	Treasury shares	Reserve for invested non-restricted equity	Hybrid bond	Cumulative translation differences	Retained earnings	Non-controlling interest	Total equity
Equity at January 1, 2015		17.2	20.2	-13.1	-18.0	93.0	-	0.4	345.5	-	445.3
Result for the period		-	-	-	-	-	-	-	-17.3	0.2	-17.2
Other comprehensive income for the period	11	-	-	-1.0	-	-	-	-8.5	-	-	-9.6
Total comprehensive income for the period		-	-	-1.0	-	-	-	-8.5	-17.3	0.2	-26.7
Dividends paid	23	-	-	-	-	-	-	-	-18.3	-	-18.3
Share-based compensation	10	-	-	-	0.6	0.7	-	-	0.2	-	1.5
Acquisition of non-controlling interest in subsidiaries		-	-	-	-	-	-	-	-	2.7	2.7
Other changes		-	-	0.0	-	-	-	-	0.2	-	0.2
Equity at December 31, 2015		**17.2**	**20.2**	**-14.2**	**-17.4**	**93.8**	**-**	**-8.1**	**310.3**	**2.9**	**404.7**
Result for the period		-	-	-	-	-	-	-	-69.6	0.4	-69.2
Other comprehensive income for the period	11	-	-	-1.6	-	-	-	14.3	-	-	12.7
Total comprehensive income for the period		-	-	-1.6	-	-	-	14.3	-69.6	0.4	-56.5
Proceeds from hybrid bond		-	-	-	-	-	150.0	-	-	-	150.0
Hybrid bond expenses		-	-	-	-	-	-	-	-0.7	-	-0.7
Share-based compensation	10	-	-	-	1.5	1.9	-	-	-2.7	-	0.8
Other changes		-	-	-	-	-	-	-	-0.1	-	-0.1
Equity at December 31, 2016		**17.2**	**20.2**	**-15.7**	**-15.9**	**95.7**	**150.0**	**6.2**	**237.1**	**3.3**	**498.1**

The Notes on pages 21 to 62 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 Helsinki since 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 two business areas which are also reporting segments: Minerals Processing and Metals, Energy & Water. The service business is reported under the two segments. However, its sales volume, order intake and order backlog are also reported separately.

In 2016, Outotec had 4,192 employees in 35 countries (1,293 in Finland) and generated sales of EUR 1,057.9 million. A copy of Outotec's financial statements is available on the Group's website at www.outotec.com.

The Board of Directors has authorized the Consolidated Financial Statements for issue on February 13, 2017. According to the Finnish Limited Liability Companies Act the shareholders have the right to approve or reject the Consolidated Financial Statements in the Annual General Meeting held after issuing. The Annual General Meeting also has the right to make the decision to change the Consolidated Financial Statements.

2. ACCOUNTING PRINCIPLES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

The consolidated financial statements of Outotec have been prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted by the European Union by applying the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force on December 31, 2016. Notes to the consolidated financial statements have been prepared also in accordance with the 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 revised standards and interpretations that have become effective during the accounting period. The amendments did not have a material impact on the result or the financial position of the Group or on the presentation of the financial statements.

The following new standards, amendments and interpretations have been published, but they are not effective in 2016, neither has Outotec early adopted them:

IFRS 9 – Financial Instruments:

- The new standard replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement. It addresses the classification, measurement and recognition of financial assets and financial liabilities. Based on IFRS 9, financial assets are required to be classified into three measurement categories: amortized cost, fair value through other comprehensive income, or fair value through profit or loss. 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 standard also changes the recognition of impairment losses and the application of hedge accounting.
- Outotec is assessing the impact of IFRS 9 and intends to fully adopt it in 2018.
- The Group is not expecting the categorization of financial assets to exert a significant impact on the income statement and balance sheet. The Group has particularly paid attention to the amendments in applying hedge accounting. The changes are expected to at least moderately improve the applicability of foreign exchange cash flow hedge accounting in Outotec's business operations and, therefore, to reduce volatility to some extent in the income statement. The effect of changes in hedge accounting on the balance sheet is not expected to be significant.
- The Group has established a model for evaluation of credit losses under IFRS 9. This model is not expected to have a significant impact on the income statement or balance sheet.

IFRS 15 – Revenue from Contracts with Customers:

- The new standard aims to establish principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with its customers. It replaces IAS 18 and IAS 11 standards and related interpretations. The new standard includes a five-step guideline to the recognition of revenue from contracts with customers.
- Outotec is assessing the impact of IFRS 15 and intends to adopt it in 2018. Outotec expects to transition to the new standard, incorporating the full retrospective method.

The Group has, in particular, paid attention to the identification of performance obligations and the criteria for the recognition of revenue over time.

- Based on the impact analysis, the current understanding of the management is that there will be no significant impact on the Group's income statement and balance sheet. Management has assessed certain scenarios during the evaluation project. These scenarios relate mainly to combining contracts, identifying performance obligations, evaluating variable considerations and defining the method for revenue recognition. The new standard will, to some extent, even out the margin recognition over time due to the combination of contracts. Certain customer contracts that are currently recognized as revenue over time would be recognized at a point in time in accordance with IFRS 15. However, the current understanding is that these changes will not exert significant impact on the income statement or balance sheet.

IFRS 16 – Leases:

- The new standard requires lessees to recognize assets and liabilities for most leases. Leases are no longer classified as operating leases or finance leases, and all leases will have a single accounting model with certain exemptions. For lessors, there are no major changes. The new standard replaces the IAS 17 standard and related interpretations. Outotec is planning to assess the impacts of the standard and intends to adopt it in 2019.

There are no other IFRS standards, amendments to standards or interpretations that are not yet effective that would be expected to have a material impact on the Group's financial statements.

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 on 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 life 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 the parent company is in control of the company. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Disposed subsidiaries are included in the consolidated financial statement until the controlling right is finished and has acquired subsidiaries from the date where the Group has gained control. Associated companies, 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 with respect to 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 a separate item in the statement of comprehensive income. The Group's share of changes in associated companies' other comprehensive income have been booked similarly. Associated companies of the Group have not had any other comprehensive income items during the reporting period 2016 or 2015.

Acquired companies are accounted by using the purchase method, according to which the assets, liabilities, and contingent liabilities of the acquired company are measured at fair value on the date of acquisition. Goodwill arising on an acquisition represents the excess of the cost of the acquisition, non-controlling interest and previous ownership of 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 incurred or when services are rendered.

All intra-group transactions, receivables, liabilities, and unrealized margins, as well as the 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 the non-controlling interest has no conclusive application to cover the loss exceeding the investment. Changes in subsidiary shares that do not conclude the loss of control are reported as changes in equity.

In the consolidated financial statements translation differences, arising from translating hedging instruments of net investments in foreign operations, debts, and similar investments are booked to other comprehensive income and the 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 Minerals Processing and Metals, Energy & Water. Outotec's highest operative decision maker (according to IFRS 8) is the President and CEO of the parent company 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 two business areas concerned.

Geographical information is based on the three main areas where the Group has activities. The Regions are Americas, EMEA (including Europe, Middle East, Africa and CIS countries) and APAC (including Asia, Pacific, China and India).

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 on 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 with respect to 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 currency is not euro, are converted into euros at the average exchange rates during the financial period. Their statements of financial positions are converted at the exchange rates prevailing on the reporting date. The differences between average exchange rates and the reporting date rates are entered into equity and the change is entered in other comprehensive income.

Revenue recognition

Sales are recognized after the significant risks and rewards 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 the contract costs incurred that appear likely to 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 in accordance with the stage of completion is based on the estimates of anticipated contract revenues and expenses as well as on the reliable measurement of project progress. Revenue recognized as well as 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 estimated and known for the first time. The expected loss of the project will be immediately recognized as an expense.

All unfinished projects under the method of the percentage of completion are reviewed and the needed project liabilities are updated. In projects where the stage of completion is close to 100%, liabilities for performance guarantees, warranty period guarantees, possible provisions for project losses, and changes in accruals for project expenses are evaluated and 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 costs 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 will be immediately recognized as an expense.

Operating result

Operating profit is the net amount that equals to sales less cost of sales, added with other operating income, less selling and marketing, in addition to 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 thereby including the income tax charge. Deferred income taxes are stated using the liability method, as measured with enacted tax rates, in order 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 depreciation differences, tax losses carried forward, provisions for operating expenses and other items, and timing differences in revenue recognition, as well as project provisions. 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.

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 is tested annually for impairment. With respect to 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.

Periods of amortization used for intangible assets are:

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 as based on the useful life of the assets. The carrying value of the property, plant and equipment in the statement of financial position represents the cost accumulated depreciation and any impairment charges.

Depreciation is based on the following expected useful life:

Buildings	10–20 years
Machinery and equipment	5–20 years
Research and development equipment	3–10 years

Land is not depreciated.

The expected useful life of non-current assets is reviewed on 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 life 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. Investment 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 lessee has substantially all the rewards and risks of ownership of an asset, are classified as finance leases. The lessee capitalizes the finance leases 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 in accordance with 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 in accordance with 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 are not recognized in the 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 in accordance with 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 a fair value.

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, tax or from environmental 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.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognized in the balance sheet with respect to defined benefit pension plans is the present values of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in income.

Share-based payments

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.

Share-based Incentive Program 2016–2018

Outotec's Board of Directors decided 29 February 2016 to adopt a Share-based Incentive Program for the company's key personnel for years the 2016–2018. The Board of Directors annually determines the maximum number of allocated shares, the participants, length of earning period, amount of the maximum reward for each individual, earning criteria and targets established for them. The length of the earning and measurement period can vary from one to three years. A precondition for the Executive Board members for being eligible for the Share-based Incentive Program is that s/he also participates in Outotec's Employee Share Savings Plan.

Share-based Incentive Program 2013–2015

Outotec's Board of Directors decided on January 16, 2013 to adopt a Share-based Incentive Program for the company's key personnel for the years 2013–2015. The Board of Directors annually determines the maximum number of allocated shares, the participants, length of earning period, amount of maximum reward for each individual, earning criteria and targets established for them. The length of the earning and measurement period can vary from one to three years. A precondition for the Executive Board members for being eligible for the Share-based Incentive Program is that s/he also participates in Outotec's Employee Share Savings Plan.

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 commenced from January 1, 2013, with the first savings period being one calendar year. Outotec employees have the possibility to save a portion of their salary for the purchase of Outotec shares. To encourage participation, Outotec offered each participant in the 2013 plan one free share for each acquired share, and in 2014, 2015, 2016 and 2017 the ratio was/is one free share for two acquired shares, after a designated holding period of approximately three years. Free shares are taxable income for the recipient and will be paid partly in Outotec shares and partly in cash. The cash proportion is intended for covering taxes and tax related payments. On October 28, 2016, the Board of Directors decided to continue the plan in 2017 as well. The following savings periods are subject to a separate Board decision.

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 are calculated by dividing the net result attributable to the equity holders of the parent company by the outstanding weighted average number of shares during the period. Accrued interest on loans treated as equity instruments has been reduced from the net result. The number of purchased treasury shares has been excluded from the outstanding average number of shares. Also shares given based on share-based incentive programs are excluded, if the restriction period is still on going. Diluted earnings per share are calculated by taking into account the diluting effect of the employee share saving plan and share-based incentive programs. In addition to the weighted average number of shares outstanding, the denominator includes the shares earned in the programs. Earned shares have been proportioned to the average market price during the period if they have not been distributed out yet.

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: Minerals Processing and Metals, Energy & Water. Outotec's highest operative decision maker (Chief Operating Decision maker according to IFRS 8) is the President and CEO of the parent company of Outotec Group along 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 two operating segments. The pricing of inter-segment transactions is based on current market prices. Segment assets and liabilities are operative items, 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 during more than one financial year.

Minerals Processing

Outotec provides the mining industry with sustainable mineral processing solutions, from pre-feasibility studies to complete plants and life cycle services. Outotec's comprehensive offering makes the efficient and profitable treatment of virtually all ore types possible.

Metals, Energy & Water

Outotec provides sustainable solutions for metal processing, renewable energy production and industrial water treatment.

Metals include extensive range of metal processing solutions for processing virtually all types of ores and concentrates to refined metals.

Energy includes innovative solutions for biomass, coal, sludge, agricultural and industrial by-products as well as oil shale and phosphorus recycling from sewage sludge ashes.

Water includes solutions producing water that meets environmental discharge standards, maximize water recycling, and reduce water and energy consumption.

3.1 OPERATING SEGMENTS

2016 EUR million	Metals, Energy & Water	Minerals Processing	Reportable segments total	Unallocated items	Eliminations	Group
External sales	**518.4**	**539.5**	**1,057.9**	**-**	**-**	**1,057.9**
Inter-segment sales	**-**	**-**	**-**	**32.5**	**-32.5**	**-**
Sales	**518.4**	**539.5**	**1,057.9**	**32.5**	**-32.5**	**1,057.9**
Share of results of associated companies	**-0.4**	**-**	**-0.4**	**-**	**-**	**-0.4**
Operating profit	**-82.1**	**21.6**	**-60.5**	**-7.3**	**-**	**-67.7**
Financial income and expenses	**-**	**-**	**-**	**-**	**-**	**-10.4**
Profit before taxes	**-**	**-**	**-**	**-**	**-**	**-78.1**
Income taxes	**-**	**-**	**-**	**-**	**-**	**8.8**
Net profit for the financial year	**-**	**-**	**-**	**-**	**-**	**-69.3**
Depreciation and amortization	**-22.6**	**-19.8**	**-42.4**	**-0.3**	**-**	**-42.6**
Impairments	**-8.7**	**-8.9**	**-17.7**	**-**	**-**	**-17.7**
Non interest-bearing assets	**458.9**	**616.2**	**1,075.1**	**22.7**	**-17.4**	**1,080.5**
Investments in associated companies	**0.3**	**-**	**0.3**	**-**	**-**	**0.3**
Other interest-bearing assets	**-**	**-**	**-**	**-**	**-**	**236.7**
Income tax receivable	**-**	**-**	**-**	**-**	**-**	**16.8**
Deferred tax assets	**-**	**-**	**-**	**-**	**-**	**92.7**
Total assets						**1,427.0**
Non interest-bearing liabilities	**363.5**	**262.6**	**626.0**	**33.2**	**0.0**	**659.3**
Interest-bearing liabilities	**-**	**-**	**-**	**-**	**-**	**226.9**
Income tax liabilities	**-**	**-**	**-**	**-**	**-**	**7.9**
Deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**34.9**
Total liabilities	**-**	**-**	**-**	**-**	**-**	**928.9**
Capital expenditure	**7.7**	**13.7**	**21.3**	**0.4**	**-**	**21.6**

2015 EUR million	Metals, Energy & Water	Minerals Processing	Reportable segments total	Unallocated items	Eliminations	Group
External sales	652.4	548.8	1,201.2	-	-	1,201.2
Inter-segment sales	-	-	-	32.2	-32.2	-
Sales	652.4	548.8	1,201.2	32.2	-32.2	1,201.2
Share of results of associated companies	-0.4	-	-0.4	-	-	-0.4
Operating profit	13.0	-16.5	-3.5	-8.8	-	-12.3
Financial income and expenses	-	-	-	-	-	-10.6
Profit before taxes	-	-	-	-	-	-22.9
Income taxes	-	-	-	-	-	5.7
Net profit for the financial year	-	-	-	-	-	-17.2
Depreciation and amortization	-21.0	-18.9	-39.9	-0.3	-	-40.2
Impairments	-0.4	-0.4	-0.8	-	-	-0.8
Non interest-bearing assets	523.7	592.7	1,116.4	21.2	-16.7	1,120.8
Investments in associated companies	0.1	-	0.1	-	-	0.1
Other interest-bearing assets	-	-	-	-	-	304.9
Income tax receivable	-	-	-	-	-	17.0
Deferred tax assets	-	-	-	-	-	88.6
Total assets						1,531.4
Non interest-bearing liabilities	419.5	274.0	693.6	37.4	0.0	731.0
Interest-bearing liabilities	-	-	-	-	-	339.1
Income tax liabilities	-	-	-	-	-	4.6
Deferred tax liabilities	-	-	-	-	-	51.9
Total liabilities	-	-	-	-	-	1,126.7
Capital expenditure	53.6	50.6	104.3	0.6	-	104.8

3.2 INFORMATION ABOUT GEOGRAPHICAL AREAS

EUR million	Americas	EMEA	APAC	Inter-area eliminations	Investments in associated companies	**Consolidated**
2016						
Sales by destination [1]	**315.6**	**547.4**	**194.9**	**-**	**-**	**1,057.9**
Sales by origin [2]	**317.0**	**780.5**	**233.3**	**-272.9**	**-**	**1,057.9**
Non-current assets [2]	**59.0**	**292.9**	**41.0**	**59.3**	**0.3**	**452.5**
Capital expenditure [2]	**2.2**	**19.1**	**0.3**	**-**	**-**	**21.6**
2015						
Sales by destination [1]	368.5	640.7	192.0	-	-	1,201.2
Sales by origin [2]	341.0	924.5	213.0	-277.3	-	1,201.2
Non-current assets [2]	59.9	325.6	45.1	57.5	0.1	488.2
Capital expenditure [2]	13.3	87.3	4.2	-	-	104.8

[1] Sales by destination is presented for external sales.
[2] Sales, non-current assets and capital expenditure are presented by the location of the company.

3.3 INFORMATION ABOUT MAJOR CUSTOMERS

In 2016 and 2015 there were no such external customers from which recognized sales would have been over ten percent of Group's total sales.

4. BUSINESS COMBINATIONS

Acquisitions and disposals during 2016

Outotec had no acquisitions or disposals during 2016. During 2016 Outotec paid earn-out liability relating to past acquisitions total-ling EUR 3.0 million.

Acquisitions during 2015

Kovit Engineering Ltd

In August 2015, Outotec completed the acquisition of Kovit Engineering Limited. Kovit Engineerig is specialized in surface and underground mine tailings solutions. The acquisition complements Outotec's existing dewatering and tailings treatment solutions and services as well as strengthens Outotec's position as a global provider of sustainable tailings management solutions. The annual sales of the acquired businesses are some EUR 5 - 10 million. Approximately 30 of Kovit's employees joined Outotec. The acquisition price has not been disclosed. The goodwill of approximately EUR 6 million is mainly based on the personnel know-how, order pipeline and synergy benefits.

Biomin

In November 2015, Outotec completed the acquisition of the majority of the shares in Bi-omin South Africa Pty. Ltd. and certain assets from Biomin Technologies S.A. in Switzerland. Biomin's BIOX® bio-oxidation is a proven method for the pre-treatment of refractory gold ores, and it complements Outotec's portfolio of gold processing technologies.The annual sales of the acquired businesses are some millions of euros. The acquisition price has not been disclosed.

The goodwill of approximately EUR 4 million is mainly based on the personnel know-how, customer relationships and synergy benefits.

Sinter Plant Services

In December 2015, Outotec completed the acquisition of the business of Sinter Plant Services CC in South Africa. Sinter Plant Services provides spare parts and services to South African ferrochrome plants.The acquisition complements Outotec's service offering to South African ferrochrome plants. Sinter Plant Services' some 40 employees were transfered to Outotec. The annual sales of the acquired business are some millions of euros. The acquisition price has not been disclosed.

The goodwill of approximately EUR 2 million is mainly based on the customer relationships and synergy benefits.

Kovit Engineering, Biomin and Sinter Plant Services

EUR million	Note	Fair values recorded on acquisition at Dec 31, 2015	Carrying amounts prior to acquisition
Technologies	14	**3.1**	-
Intangible assets	14	**0.1**	-
Property, plant and equipment	15	**0.8**	0.8
Inventories	20	**0.3**	0.3
Trade and other receivables	21	**1.6**	1.1
Cash and cash equivalents	22	**0.8**	1.2
Total assets		**6.6**	3.5
Interest bearing liabilities	26	**0.7**	0.7
Deferred tax liabilities	12	**0.8**	-
Trade and other payables	27	**1.7**	1.7
Total liabilities		**3.3**	2.4
Net assets		**3.3**	1.1
Acquisition cost	14	**15.4**	
Non-controlling interest at fair value		**0.8**	
Exchange differences		**-0.0**	
Goodwill		**12.8**	
Acquisition cost paid		**7.5**	
Cash and cash equivalents in subsidiary acquired		**0.8**	
Exchange differences		**-0.1**	
Cash flow effect at December 31, 2015		**6.7**	
Earn-out liability December 31, 2015		**8.4**	

Kempe Engineering

EUR million	Note	Fair values recorded on acquisition at Dec 31, 2015	Carrying amounts prior to acquisition
Technologies	14	**7.0**	-
Property, plant and equipment	15	**6.7**	6.2
Inventories	20	**0.6**	0.5
Trade and other receivables	21	**5.4**	5.4
Cash and cash equivalents	22	**1.7**	1.7
Total assets		**21.4**	13.8
Interest bearing liabilities	26	**0.9**	0.9
Deferred tax liabilities	12	**0.8**	-
Trade and other payables	27	**2.1**	2.1
Total liabilities		**3.8**	3.0
Net assets		**17.6**	10.8
Acquisition cost	14	**27.7**	
Non-controlling interest at fair value		**1.9**	
Goodwill		**12.0**	
Acquisition cost paid		**25.0**	
Cash and cash equivalents in subsidiary acquired		**1.7**	
Cash flow effect at December 31, 2015		**23.2**	
Earn-out liability December 31, 2015		**2.8**	

Kempe Engineering

In March 2015, Outotec completed the acquisition of Kempe Engineering's aluminum smelter technologies, as well as its service and spare parts businesses in the Middle East and Africa. The acquisition strengthens Outotec's technology and service business in the Middle East and Africa, doubling the installed base and providing new capabilities to expand the service business in the region. Kempe also brings additional best cost country sourcing and a manufacturing facility in the United Arab Emirates. The annual sales of the acquired businesses are approximately EUR 25 million. A total of 371 of Kempe's employees joined Outotec. The purchase price has been allocated to technologies. The remaining goodwill of approximately EUR 12 million is mainly based on the personnel knowhow and synergy benefits.

Effect of acquired business combinations on Outotec Group's sales and profit for the period in 2015.

Outotec's sales for January 1–December 31, 2015 would have been EUR 1,213.5 million and loss for the period EUR 15.9 million if all acquisitions would have been completed on January 1, 2015.

5. CONSTRUCTION CONTRACTS

EUR million	2016	2015
Revenue from construction contracts recognized as income during the financial year	**618.2**	688.0
Incurred costs and profits (less recognized losses) related to work in progress constructions contracts at the end of the financial year	**1,701.0**	1,813.5
Advances received related to work in progress construction contracts [1]	**1,420.2**	1,510.5
Gross amount due from customers related to work in progress construction contracts	**143.2**	145.0
Gross amount due to customers related to work in progress construction contracts [2]	**154.7**	177.6

[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	2016	2015
Gains on sale of intangible and tangible assets	**0.3**	0.4
Reversal of earn-out liability from acquisitions	**-**	1.2
Other income	**0.9**	1.6
	1.2	3.2

7. OTHER EXPENSES

EUR million	2016	2015
Losses on sale of intangible and tangible assets	**-0.2**	-0.2
Impairments of intangible assets and property,plant and equipment	**-11.3**	-0.8
Personnel related restructuring costs	**-18.8**	-20.1
Other restructuring related costs	**-1.9**	-27.9
Costs related to acquisitions	**-1.5**	-2.2
Market price losses from derivatives	**-8.1**	-5.3
Arbitration cost	**-4.4**	-9.0
Other expenses	**-0.3**	-0.5
	-46.4	-66.1

8. FUNCTION EXPENSES BY NATURE

EUR million	2016	2015
Merchandise and raw materials	**-457.0**	-478.4
Logistics expenses	**-16.5**	-22.2
Employee benefit expenses	**-329.1**	-353.4
Rents and leases	**-29.9**	-32.2
Depreciation and amortization [1]	**-42.6**	-40.2
Change in inventories	**6.6**	18.1
Services purchased [2]	**-119.8**	-151.5
Other expenses [3]	**-91.9**	-90.3
	-1,080.1	-1,150.1

[1] Purchase price allocation amortizations related to acquisitions were EUR 7.4 million in 2016 (2015: EUR 9.4 million).
[2] Services purchased includes audit fees of EUR 0.9 million (2015: EUR 0.9 million) and fees for ancillary services of EUR 0.4 million (2015: EUR 0.5 million) paid to the companies operated by the firm of independent public accountants PwC in various countries.
[3] Includes grants received EUR 2.2 million in 2016 (2015: EUR 3.0 million).

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

Restructuring and acquisition costs

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

EUR million	2016	2015
Costs related to reorganization of business [1] [2]	**-31.3**	-48.9
Costs related to acquisitions [2]	**-1.5**	-2.0
Reversal of earn-out liability from acquisitions [2]	**-**	1.0
Arbitration cost [2]	**-4.4**	-9.0

[1] Includes impairments and impairment provisions related to intangible, tangible and other long-term assets EUR 10.7 (in 2015: EUR 9.4), personnel related restructurings EUR 18.8 million (2015: EUR 20.1 million) and other restructuring related costs EUR 1.9 million (2015: EUR 19.3 million).

[2] In segment reporting the costs related to the restructuring programs and acquisitions have been divided into Metals, Energy& Water to the amount of EUR 22.9 million (2015: EUR 23.5 million), Minerals Processing EUR 12.2 million (2015: EUR 32.6 million) and unallocated items EUR 2.1 million (2015: EUR 2.8 million).

9. EMPLOYEE BENEFIT EXPENSES

EUR million	**2016**	2015
Wages and salaries	**-267.8**	-290.3
Share based payments	**-1.9**	-2.1
Social security costs	**-26.8**	-26.8
Pension and other post-employment benefits		
Defined benefit plans	**-2.7**	-2.9
Defined contribution plans	**-25.6**	-26.6
Other post-employment benefits	**-0.1**	-0.1
Other personnel expenses	**-4.2**	-4.6
	-329.1	-353.4

Personnel related restructuring costs of EUR 18.8 million (2015: EUR 20.1 million) are reported in other expenses.

Share-based incentive programs and employee share savings plan

Share-based Incentive Program 2016–2018

Outotec's Board of Directors decided 29 February 2016 to adopt a Share-based Incentive Program for the company's key personnel for the years 2016–2018. The Board of Directors annually determines the maximum number of allocated shares, the participants, length of earning period, amount of maximum reward for each individual, earning criteria and targets established for them. The length of the earning and measurement period can vary from one to three years. A precondition for the Executive Board members for being eligible for the Share-based Incentive Program is that s/he also participates in Outotec's Employee Share Savings Plan.

Earning period 2016

The Board of Directors set targets for net profit and free cash flow, in addition to authorizing the President and CEO to decide on the participants for the program's 2016 earning period. There are 142 participants with a right to earn a maximum number of 629,367 Outotec shares and a cash payment that equals income taxes.

Share-based Incentive Program 2013–2015

Outotec's Board of Directors decided on January 16, 2013 to adopt a Share-based Incentive Program for the company's key personnel for years 2013–2015. The Board of Directors annually determines the maximum number of allocated shares, the participants, length of earning period, amount of maximum reward for each individual, earning criteria and targets established for them. The length of the earning and measurement period can vary from one to three years. A precondition for the Executive Board members for being eligible for the Share-based Incentive Program is that s/he also participates in Outotec's Employee Share Savings Plan.

Earning period 2013

A total of 36,423 Outotec shares were allocated for the 2013 earning period with a cost of approximately EUR 0.7 million, which is booked for the financial periods 2013–2015.

Earning period 2014

A total of 91,420 Outotec shares were allocated for the 2014 earning period with a cost of approximately EUR 1.5 million, which is booked for the financial periods 2014–2016.

Earning period 2015

Outotec's Board of Directors decided that no shares would be paid for the 2015 earning period, because the targets were not reached.

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 commenced from January 1, 2013, with the first savings period being one calendar year.

Outotec employees have the possibility to save a portion of their salary for purchasing Outotec shares. To encourage participation, Outotec offered each participant in the 2013 plan one free share for each acquired share, and in 2014, 2015, 2016 and 2017 the ratio is one free share for two acquired shares, after a designated holding period of approximately three years. Free shares are taxable income for the recipient and will be paid partly in Outotec shares and partly in cash. The cash proportion is intended for covering taxes and tax related payments. On October 28, 2016, the Board of Directors decided to continue the plan also in 2017. The following savings periods are subject to a separate Board decision. The total savings of employees have been capped to EUR 7 million in 2013 and EUR 6 million in 2014, 2015, 2016 and 2017. Globally approximately 34% of Outotec employees in 2013, 33% in 2014, 27% in 2015 and 22% in 2016 are participating in the Employee Share Savings Plan.

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

On February 29, 2016, the Board of Directors of Outotec Oyj decided to adopt a new Share-based Incentive Program for the company's key personnel. The program comprises three earning periods: calendar years 2016, 2017 and 2018. The Board of Directors determines on an annual basis the maximum amount of shares to be allocated in each calendar year, participants in the program, the amount of the maximum reward for each individual, the length of earning period and the earning criteria, and the targets established for them. The reward based on the earning period 2016 will not be paid due to not meeting the earning criteria for the period.

Outotec's Board of Directors decided on January 16, 2013, to adopt a share-based incentive program 2013–2015 for the company's key personnel. The program comprised three earning periods: calendar years 2013, 2014, and 2015. The reward based on the earning period 2015 was not paid due to not meeting the earning criteria for the period.

The reward paid on the basis of the share ownership plan will be paid in the spring of the year following the close of the earning period as a combination of shares and a cash. The cash proportion is intended for covering taxes and tax-related payments. 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

Outotec's Board of Directors decided on September 25, 2012 to launch a global Employee Share Savings Plan for Outotec employees. The plan commenced on January 1, 2013. In the end of the reporting period, plan periods 2014, 2015, 2016 and 2017 were active. The participants have the possibility to save 2 to 5% of their gross salary for the purchase of Outotec shares. Shares will be acquired with the accumulated savings at market price quarterly. Each participant receives one free share for each two savings shares acquired. Free shares will be paid after a holding period of approximately three years, provided that the participant is still employed by the Group Company. The O'Share 2013 plan ended during the reporting period, under which a reward corresponding to a total of 390,446 shares was delivered to the participants in cash and equity.

Key characteristics of the share ownership plans are listed in the table below:

Key characteristics of the share ownership plans are listed in the table below:

Basic data	Employee Share Savings Plan					Share-based Incentive Program 2016–2018	Share-based Incentive Program 2013–2015		
31.12.2016	Savings period 2017	Savings period 2016	Savings period 2015	Savings period 2014	Savings period 2013	Earning period 2016	Earning period 2015	Earning period 2014	Earning period 2013
Grant dates	14.12.2016	10.2.2016	10.12.2014	11.12.2013	14.12.2012	10.6.2016	6.3.2015	12.6.2014	30.5.2013
							30.10.2015	27.11.2014	22.10.2013
Form of the reward	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash	Equity and cash
Target group	Personnel	Personnel	Personnel	Personnel	Personnel	Key personnel	Key personnel	Key personnel	Key personnel
Beginning of earning period	1.1.2017	1.1.2016	1.1.2015	1.1.2014	1.1.2013	1.1.2016	1.1.2015	1.1.2014	1.1.2013
End of earning period	15.5.2020	15.5.2019	15.5.2018	15.5.2017	15.5.2016	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Vesting condition	Share ownership, employment until the end of the ownership period	Share ownership, employment until the end of the ownership period	Share ownership, employment until the end of the ownership period	Share ownership, employment until the end of the ownership period	Share ownership, employment until the end of the ownership period	Net profit and free cash flow Employment until the end of the restriction period	Net order intake, EPS, Outotec Services sales 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
End of restriction/ownership period	15.5.2020	15.5.2019	15.5.2018	15.5.2017	15.5.2016	1.1.2019	1.1.2018	1.1.2017	1.1.2016
Maximum contractual life, years	3.4	3.3	3.4	3.4	3.4	2.6	2.8	2.6	2.6
Remaining contractual life , years	3.4	2.4	1.4	0.4	-	-	-	-	-
Number of persons at 31.12.2016	776	883	1,091	1,286	-	-	-	153	-

The changes in the amounts of share ownership plan in the 2016 financial year are presented in the table below. Since the cash component of the share reward is also recognised as a share-based expence, 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 2016 financial year	Savings period 2017	Savings period 2016	Savings period 2015	Savings period 2014	Savings period 2013	Earning period 2016	Earning period 2015	Earning period 2014	Earning period 2013	Total	Weighted remaining contractual life in years
Gross amounts at January 1, 2016, number of shares *											
Outstanding at the beginning of the period	-	-	304,512	238,996	404,255	-	-	131,067	45,129	**1,123,959**	
Changes during the period, number of shares											
Share reward granted	178,600	191,343	-	-	-	1,811,168	-	-	-	**2,181,111**	
Share reward forfeited	-	4,432	9,209	15,776	13,809	1,811,168	-	21,320	3,684	**1,879,398**	
Share reward exercised	-	-	-	-	390,446	-	-	-	5,022	**395,468**	
Share reward expired	-	-	-	-	-	-	-	-	36,423	**36,423**	
Gross amounts at December 31, 2016, number of shares *											
Outstanding at the end of the period	178,600	186,911	295,304	223,220	-	-	-	109,747	-	**993,781**	1.54
Exercisable at the end of the period	178,600	186,911	295,304	223,220	-	-	-	109,747	-	**993,781**	

*Number of shares include cash-settled payments of the plan (in terms of number of shares). The amount of cash to be paid in conjuction with the Share-based Incentive Program corresponds to an assumption of the plan terms maximum number, i.e. 1.5 times the value of shares at the time of transfer.

Fair value determination

IFRS 2 requires an entity to measure the shares granted to employees at their fair value on 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 with respect to a cash-settled transaction is remeasured at each reporting date until the reward payment, and the fair value of the liability will thereby change in accordance with the Outotec share price. Inputs to the fair value determination of the rewards expensed during the financial year 2016 are listed in the below table. The total fair value of the rewards is based on the company's estimate on December 31, 2016 as to the number of share eventually vested. The fair value of granted share rewards during the financial year are presented as weighted average values. The fair values of the previous periods have been adjusted to the free share issue (split).

Measurement of fair value of the share reward	Granted 2016	Granted 2015	Granted 2014	Granted 2013	Granted 2012
Share price at the grant date, EUR	4.1	3.1	7.0	6.6	10.6
Expected dividends, EUR	0.0	0.1	0.1	0.2	0.3
Fair value per share accounted for as equity-settled reward, EUR	3.9	3.0	6.9	5.8	9.7
Fair value per share of the cash-settled reward at the settlement date/ at the end of the period, EUR	5.0	3.4	5.7	5.0	3.4
Fair value at December 31, 2016, EUR million	**1.4**	**0.3**	**2.8**	**1.2**	**2.7**

Effect on earnings during the period and financial position at December 31, 2016 EUR million	2016	Granted 2016	Granted 2015	Granted 2014	Granted 2013	Granted 2012
Expenses for the financial year, share-based payments	2.2	0.1	0.1	1.2	0.4	0.4
Expenses for the financial year, share-based payments, equity-settled	1.6	0.0	0.0	0.6	0.5	0.4
Liabilities arising from share-based payments 31 December 2016	1.2	0.1	0.0	0.5	0.5	0.0

Effect on earnings during the period and financial position at December 31, 2015 EUR million	2015	Granted 2015	Granted 2014	Granted 2013	Granted 2012
Expenses for the financial year, share-based payments	2.0	-	0.9	0.5	0.6
Expenses for the financial year, share-based payments, equity-settled	1.4	-	0.5	0.3	0.6
Liabilities arising from share-based payments 31 December 2015	1.1	-	0.2	0.3	0.7

11. FINANCE INCOME AND EXPENSES

Recognized in profit or loss

EUR million	**2016**	2015
Interest income on bank deposits and commercial papers	**2.8**	2.6
Interest income on loans and receivables	**0.5**	0.5
Interest income on derivatives	**1.5**	1.4
Other finance income	**0.0**	0.1
Total finance income	**4.9**	4.6
Interest expenses		
Financial liabilities measured at amortized cost		
Current and non-current debt	**-8.8**	-9.2
Financial liabilities at fair value through profit or loss		
Derivatives	**-0.3**	-0.3
Other finance expenses	**-2.6**	-3.4
Total finance expenses	**-11.7**	-12.9
Exchange gains and losses	**-3.9**	-2.6
Fair value changes from interest rate derivatives	**-0.2**	-0.9
Other fair value changes	**0.2**	1.0
Other market price gains and losses	**0.2**	0.3
Total market price gains and losses	**-3.6**	-2.3
Total finance income and expenses	**-10.4**	-10.6

Exchange gains and losses recognized in profit or loss

EUR million	**2016**	2015
In sales	**-12.8**	-8.9
In purchases	**3.4**	-7.2
In other income and expenses	**-8.1**	-5.3
In finance income and expenses	**-3.9**	-2.6
	-21.4	-24.0

Recognized in other comprehensive income

EUR million	**2016**	2015
Exchange differences on translating foreign operations	**14.4**	-8.5
Cash flow hedges	**-1.6**	-2.0
Income tax related to cash flow hedges	**0.4**	0.5
Available for sale financial assets	**0.1**	0.0
	13.2	-10.0

12. INCOME TAX EXPENSES

Income tax expenses recognized in profit or loss

EUR million	2016	2015
Accrued taxes for the year	-10.5	-5.3
Tax adjustments for prior years	0.1	7.0
Deferred taxes	19.2	4.0
Total income tax expenses	8.8	5.7

Income taxes recognized in other comprehensive income

EUR million	2016	2015
Income tax related to cash flow hedges	0.4	0.5
Income tax related to defined benefit plans	0.2	-0.1

Income taxes booked to equity

EUR million	2016	2015
Income tax related to hybrid bond	0.2	-

The difference between income taxes at the statutory tax rate in Finland (20%) and income taxes recognized in the combined income statement is reconciled as follows:

EUR million	2016	2015
Hypothetical income taxes at Finnish tax rate on consolidated result before tax	15.6	4.6
Effect of different tax rates outside Finland	1.6	4.4
Non-credited foreign withholding taxes	-3.6	-0.4
Tax effect of non-deductible expenses and tax exempt income	-0.9	-6.3
Tax effect of losses and temporary differences for which no deferred tax asset is recognized	-1.6	-1.4
Previous year losses and temporary differences for which deferred tax asset is recognized	-3.9	0.4
Utilization of tax losses for which no deferred tax asset was recognized	0.8	0.0
Effect of consolidation and eliminations	0.8	0.8
Taxes for prior years	0.1	7.0
Adjustments to prior years' deferred taxes	-0.1	-3.8
Effect of enacted change in future tax rates	-0.1	0.2
Share-based payment plan related tax deduction	0.0	-0.2
Other items	0.1	0.4
Income taxes recognized in profit or loss	8.8	5.7

Deferred taxes in consolidated statement of financial position

EUR million	2016	2015
Deferred tax assets	92.7	88.6
Deferred tax liabilities	34.9	51.9
	57.8	36.6

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

2016 EUR million	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Charged to equity	Acquired subsidiaries	Translation differences	December 31
Deferred tax assets							
Tax losses and credits carried forward	26.2	-2.0	-	-	-	0.7	24.9
Timing difference in revenue recognition	1.1	-0.4	-	-	-	0.0	0.8
Pension provisions	2.1	0.1	-	-	-	-	2.1
Depreciation difference	16.9	5.1	-	-	-	0.2	22.2
Project provisions	11.7	2.2	-	-	-	0.2	14.1
Effects of consolidation and eliminations	5.5	-4.1	-	-	-	-	1.4
Valuation loss on assets and derivative instruments	6.3	-	0.6	-	-	-	6.9
Provisions for operating expenses and other items	18.8	1.2	-	0.2	-	0.2	20.3
Purchase price allocation	-	-	-	-	-	-	-
Netting of deferred tax	0.0	0.0	-	-	-	-	0.0
	88.6	**2.0**	**0.6**	**0.2**	**-**	**1.4**	**92.7**
Deferred tax liabilities							
Timing difference in revenue recognition	29.5	-12.6	-	-	-	-0.1	16.8
Depreciation difference	7.0	-0.8	-	-	-	-	6.2
Purchase price allocation	10.5	-1.8	-	-	-	0.2	9.0
Valuation gain on assets and derivative instruments	-	-	-	-	-	-	-
Other temporary differences	4.9	-2.0	-	-	-	-	2.9
Netting of deferred tax	0.0	0.0	-	-	-	-	0.0
	51.9	**-17.2**	**-**	**-**	**-**	**0.1**	**34.9**
Net deferred tax asset	**36.6**	**19.2**	**0.6**	**0.2**	**-**	**1.2**	**57.8**

Changes in deferred tax assets and liabilities during the financial year

2015 EUR million	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Acquired subsidiaries	Translation differences	December 31
Deferred tax assets						
Tax losses and credits carried forward	11.3	14.9	-	-	-0.1	26.2
Timing difference in revenue recognition	6.5	-5.5	-	-	0.1	1.1
Pension provisions	1.8	0.2	-	-	-	2.1
Depreciation difference	16.8	-0.4	-	-	0.5	16.9
Project provisions	11.8	0.2	-	-	-0.2	11.7
Effects of consolidation and eliminations	5.1	0.4	-	-	-	5.5
Valuation loss on assets and derivative instruments	6.0	-	0.4	-	0.0	6.3
Provisions for operating expenses and other items	12.7	6.1	-	-	-0.0	18.8
Purchase price allocation	0.2	-0.2	-	-	-	-
Netting of deferred tax	-1.8	1.8	-	-	-	-0.0
	70.5	17.5	0.4	-	0.2	88.6
Deferred tax liabilities						
Timing difference in revenue recognition	18.1	11.3	-	-	0.1	29.5
Depreciation difference	6.6	0.5	-	-	-	7.0
Purchase price allocation	9.9	-1.0	-	1.6	-	10.5
Valuation gain on assets and derivative instruments	0.0	-	-0.0	-	-	-
Other temporary differences	3.9	1.0	-	-	-	4.9
Netting of deferred tax	-1.8	1.8	-	-	-	-0.0
	36.7	13.5	-0.0	1.6	0.1	51.9
Net deferred tax asset	33.8	4.0	0.4	-1.6	0.1	36.6

Deferred tax assets of EUR 21.4 million (2015: EUR 15.9 million) have not been recognized in the consolidated financial statements as the realization of the tax benefit included in these assets is not probable. The majority of these unrecognized deferred tax assets relate to tax losses and tax credits amounting to EUR 58.3 million (2015: EUR 44.2 million), of which EUR 13.0 million will expire within five years and EUR 45.3 million either have no expiry date or will expire after five years.

The consolidated balance sheet includes net deferred tax assets of EUR 48.1 million (2015: EUR 42.2 million) in Group companies, which have generated losses in the current or during the 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 on the consolidated balance sheet as 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 consequenses upon distribution, was EUR 210.0 million (2015: EUR 187.3 million) at the end of the year 2016.

13. EARNINGS PER SHARE

	2016	2015
Result attributable to the equity holders of the parent Company, EUR million	**-69.6**	-17.3
Interest of hybrid bond, net of tax, EUR million	**-6.8**	-
Total earnings attributable to the equity holders of the parent Company, EUR million	**-76.4**	-17.3
Weighted average number of shares, in thousands	**181,124**	180,960
Weighted average number of shares, dilution adjusted, in thousands	**181,471**	181,579
Earnings per share for profit attributable to the equity holders of the parent company:		
Basic earnings per share, EUR	**-0.42**	-0.10
Diluted earnings per share, EUR	**-0.42**	-0.10

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the parent company by the weighted average number of shares outstanding. Diluted earnings per share is calculated by adjusting the weighted average number of shares by the effect of diluting shares of employee share saving plan and share-based incentive programs.

14. INTANGIBLE ASSETS

EUR million	Intangible asset, internally generated	Intangible asset, acquired [1]	Goodwill	Advances paid and construction work in progress	Total
Historical cost at January 1, 2016	0.7	281.6	232.8	12.4	527.7
Translation differences	-0.0	2.7	2.6	-	5.2
Additions	-	15.3	-	0.1	15.4
Disposals	-	-0.9	-	-0.1	-1.0
Acquired subsidiaries	-	-	-	-	-
Reclassifications	-	12.2	-	-12.3	-0.1
Impairment during the period	-	-15.9	-	-	-15.9
Historical cost at December 31, 2016	**0.7**	**295.0**	**235.4**	**0.1**	**531.3**
Accumulated amortization and impairment at January 1, 2016	-0.7	-120.4	-1.4	-	-122.6
Translation differences	0.0	-1.2	-	-	-1.1
Disposals	-	0.2	-	-	0.2
Reclassifications	-	0.1	-	-	0.1
Amortization during the period	-	-28.5	-	-	-28.5
Impairment during the period	-	7.0	-	-	7.0
Accumulated amortization and impairment at December 31, 2016	**-0.7**	**-142.8**	**-1.4**	**-**	**-144.9**
Carrying value at December 31, 2016	**-**	**152.2**	**234.0**	**0.1**	**386.3**

EUR million	Intangible asset, internally generated	Intangible asset, acquired [1]	Goodwill	Advances paid and construction work in progress	Total
Historical cost at January 1, 2015	0.7	213.3	205.6	19.6	439.3
Translation differences	0.0	2.4	2.2	0.0	4.6
Additions	-	32.4	-	7.9	40.3
Disposals	-	-1.0	-	-	-1.0
Acquired subsidiaries	-	10.1	25.1	-	35.2
Reclassifications	-	26.2	-	-15.1	11.1
Impairment during the period	-	-1.8	-	-	-1.8
Historical cost at December 31, 2015	0.7	281.6	232.8	12.4	527.7
Accumulated amortization and impairment at January 1, 2015	-0.7	-86.5	-1.3	-	-88.8
Translation differences	-0.0	-1.1	-0.0	-	-1.1
Disposals	-	0.9	-	-	0.9
Reclassifications	-	-9.3	-	-	-9.3
Amortization during the period	-	-25.3	-	-	-25.3
Impairment during the period	-	1.0	-	-	1.0
Accumulated amortization and impairment at December 31, 2015	-0.7	-120.4	-1.4	-	-122.6
Carrying value at December 31, 2015	-	161.3	231.4	12.4	405.0

[1] of which carrying value of patents amounted to EUR 21.1 million (2015: EUR 21.3 million), licenses EUR 6.6 million (2015: EUR 8.2 million), IT software EUR 63.0 million (2015: EUR 64.7 million) and other acquired intangible assets EUR 61.6 million (2015: EUR 67.0 million) including purchase price fair valuation EUR 37.5 million (2015: EUR 43.7 million).

Amortization by function

EUR million	**2016**	2015
Cost of sales	**-8.9**	-2.9
Selling and marketing expenses	**-2.5**	-1.9
Administrative expenses	**-4.4**	-10.1
Research and development expenses	**-12.5**	-10.4
	-28.3	-25.2

Impairments on intangible assets during the financial year

The Group has recorded write-downs of EUR 8.9 million from intangible assets (2015: EUR 0.8 million). In 2016 write-downs were related to software and intellectual property rights. The impairments have been recorded under other expenses in the Statement of Comprehensive income.

Impairment testing of goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) which is the lowest level of assets for which there are separately identifiable cash flows. In 2016 the testing was performed on Business Area level, which is the cash-generating unit for Outotec, according to the current business organization and responsibilities. Calculations are prepared during the fourth quarter of the year. Based on the conducted impairment testing there was no need for goodwill impairment in year 2016.

The recoverable amount of a CGU is determined based on value-in-use calculations (discounted cash flow method). The planning period for cash flows is five years. The cash flow projections are based on long-range financial plan which is the outcome of the strategy approved by the Management and the Board. In defining the long-range plans for each CGUs, the management makes use of growth, demand, and price estimates by market research institutions. Furthermore, the estimated sales and profits and the CGU-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.

Goodwill allocation to the segments

EUR million	**2016**	2015
Metals, Energy & Water	**138.6**	137.0
Minerals Processing	**95.4**	94.3
	234.0	231.4

Key assumptions used in the calculations

EUR million	**2016**	2015
Discount rate	**8.2**	9.1
EBITDA multiple	**6.0**	6.0

The impairment testing process includes a sensitivity analysis in which the business area cash flow estimates were reduced in Metals, Energy & Water by 60 percent and in Minerals Processing 35 percent. Discount rates were increased by 2 percentage points. Under the basic scenario, the value-in-use calculations were on average 2 (2015: 2.5) times higher than the assets employed in the business areas. In the sensitivity analysis the ratio was decreased to 1.1 (2015: 1.1). Based on the sensitivity analysis, it is not probable that the recoverable amount will fall below the carrying amount at December 31, 2016, even if the assumptions used in the sensitivity analysis will face reasonable permanent changes.

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, 2016	2.6	40.4	80.2	43.6	2.8	0.9	170.5
Translation differences	0.0	0.4	1.3	0.8	0.0	0.0	2.6
Additions	-	0.8	1.7	1.9	-	1.8	6.2
Disposals	-	-0.6	-1.0	-3.3	-0.2	-0.3	-5.3
Acquired subsidiaries	-	-	-	-	-	-	-
Reclassifications	-	0.2	0.5	-0.2	-0.2	-0.5	-0.1
Impairment during period	-	-7.5	-10.0	-0.2	-0.6	-	-18.3
Historical cost at December 31, 2016	**2.6**	**33.8**	**72.9**	**42.6**	**1.8**	**1.9**	**155.5**
Accumulated depreciation and impairment at January 1, 2016	-	-11.4	-44.6	-29.5	-1.9	-	-87.5
Translation differences	-	-0.1	-0.5	-0.4	0.0	-	-0.9
Disposals	-	0.0	0.6	2.8	0.2	-	3.6
Reclassifications	-	0.0	0.1	0.0	-	-	0.2
Depreciation during the period	-	-1.7	-7.8	-5.0	-0.1	-	-14.6
Impairment during the period	-	3.4	5.7	0.1	0.3	-	9.5
Accumulated depreciation and impairment at December 31, 2016	**-**	**-9.8**	**-46.4**	**-32.0**	**-1.5**	**-**	**-89.7**
Carrying value at December 31, 2016	**2.6**	**24.0**	**26.4**	**10.6**	**0.2**	**1.9**	**65.9**
Historical cost at January 1, 2015	2.4	30.2	73.3	45.6	2.5	5.4	159.3
Translation differences	0.1	-0.0	-1.6	-1.0	0.1	0.0	-2.5
Additions	-	4.7	7.4	2.8	0.2	0.5	15.6
Disposals	-	-0.1	-2.0	-3.1	-	-0.0	-5.4
Acquired subsidiaries	0.0	3.4	3.2	0.7	-	-	7.3
Reclassifications	0.1	2.2	0.1	-1.3	0.0	-4.9	-3.7
Historical cost at December 31, 2015	2.6	40.4	80.2	43.6	2.8	0.9	170.5
Accumulated depreciation and impairment at January 1, 2015	0.1	-9.8	-40.5	-29.2	-1.7	-0.0	-81.2
Translation differences	-	0.1	0.8	0.7	-0.0	-0.0	1.5
Disposals	-	0.1	2.1	2.7	-	-	4.8
Reclassifications	-0.1	-0.0	0.5	1.6	-0.0	0.0	2.0
Depreciation during the period	-	-1.7	-7.5	-5.2	-0.2	-	-14.6
Accumulated depreciation and impairment at December 31, 2015	-	-11.4	-44.6	-29.5	-1.9	-	-87.5
Carrying value at December 31, 2015	2.6	29.0	35.6	14.1	0.9	0.9	83.0

Depreciation by function

EUR million	2016	2015
Cost of sales	**-7.3**	-7.2
Selling and marketing expenses	**-0.5**	-0.9
Administrative expenses	**-3.1**	-3.6
Research and development expenses	**-3.4**	-3.2
	-14.3	-14.9

Impairments on property, plant and equipment during the financial year

The Group has recorded impairments of EUR 8.8 million from tangible assets (2015 no impairments), of which EUR 6.4 million has been reclassified from provisions. In 2016 write-downs were mainly related to machinery and equipment as well as buildings. The impairments have been recorded under other expenses in the Statement of Comprehensive income.

16. INVESTMENTS IN ASSOCIATED COMPANIES

EUR million	2016	2015
Investments in associated companies at cost		
Historical cost at January 1	**1.7**	1.7
Translation differences	**0.0**	0.0
Additions	**0.6**	-
Historical cost at December 31	**2.3**	1.7
Equity adjustment to investments in associated companies at January 1	**-1.2**	-0.8
Share of results of associated companies	**-0.4**	-0.4
Equity adjustment to investments in associated companies at December 31	**-1.6**	-1.2
Carrying value of investments in associated companies at December 31	**0.7**	0.5

Summary of financial information for associated companies 2016

EUR million	Domicile	Assets	Liabilities	Sales	Profit/loss	Ownership, %
Enefit Outotec Technology Oü	Estonia	5.1	4.4	0.5	-0.4	40.0
GreenExergy AB	Sweden	0.6	0.3	0.8	0.0	45.0
Middle East Metals Processing Company Ltd.	Saudi Arabia	0.1	0.1	-	-0.1	49.0
Sidvin Outotec Engineering Private Ltd	India	0.4	0.7	0.9	-0.2	25.1

Summary of financial information for associated companies 2015

EUR million	Domicile	Assets	Liabilities	Sales	Profit/loss	Ownership, %
Enefit Outotec Technology Oü	Estonia	6.2	6.6	0.8	-0.1	40.0
GreenExergy AB	Sweden	0.7	0.3	0.7	-0.0	45.0
Middle East Metals Processing Company Ltd.	Saudi Arabia	0.2	0.0	-	0.1	49.0

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

EUR million	**2016**	2015
Carrying value at January 1	**2.2**	2.2
Translation differences	**0.0**	0.0
Impairments	**-**	-0.0
Fair value changes	**0.1**	0.0
Carrying value at December 31	**2.3**	2.2
Listed equity securities	**0.1**	0.0
Unlisted equity securities	**2.2**	2.2
Fair value reserve in equity at January 1	**-0.1**	-0.1
Fair value changes	**0.0**	0.0
Fair value reserve in equity at December 31	**-0.1**	-0.1

18. FINANCIAL RISK MANAGEMENT

Financial Risk Management and Insurances

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

The Board's Audit and Risk 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 Audit and Risk 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.

In addition, 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, and a significant part of costs arises in euros, US dollars, Australian dollars, Chilean peso 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, thereby 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's policy is to hedge the transaction risk in full. Cash flow risk related to firm commitments is hedged almost completely, within subsidiary specific limits defined in Financial Risk Management policy, whereas 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 by matching sales and cost currencies, and the remaining open net 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.

A substantial part of derivative contracts hedge underlying business transactions, although they do not fulfill the criteria for applying hedge accounting according to IAS 39. Nevertheless, 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 it therefore 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, 2016 EUR 352.3 million (December 31, 2015: EUR 317.4 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, 2016 Outotec had the following foreign exchange derivative contract amounts, including embedded derivatives (more detailed information of foreign exchange exposures in note 19):

EUR million	**2016**	2015
Foreign exchange derivative contracts	**571.2**	429.7

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 the price resulting from the changes in the market interest rates. To control interest rate risks in the loan portfolio the Group has agreed both fixed and floating rate instruments. On December 31, 2016 the share of fixed rate loans of all interest-bearing debt was 96.1 percent.

A significant part of the financial investments have short-term interest rate as a reference rate. On December 31, 2016 Outotec had EUR 233.0 million of cash and cash equivalent funds (December 31, 2015: EUR 300.7 million), the majority of which are invested in short-term money market instruments. The advance payments received from projects in the emerging markets and the related financial investments occasionally cause interest rate risks. The largest interest rate exposures are in euros, US dollars and Chilean pesos.

The Group is designating derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model and account for fixed rate financial liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would affect profit or loss for fixed rate instruments. On December 31, 2016 the total nominal value of interest rate swaps was EUR 75.0 million (December 31, 2015: EUR 115.0 million).

For variable rate interest-bearing financial investments a shift of one percentage point would have increased (decreased) profit or loss by EUR 0.7 million for December 31, 2016 (December 31, 2015: EUR 0.7 million) and for variable rate interest bearing-debt by EUR 0.8 million for December 31, 2016 (December 31, 2015: EUR 1.5 million).

Securities price risk

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 operational and financial risk management policies have been created to manage the various project related risks and address them in a concised manner. The policies 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 and other operative reporting. During 2016, the reporting of overdue external trade receivables, their rotation periods and collection was intensified further. Geographically the trade receivables are mostly from Asia at 26.7% (December 31, 2015 34.9%), South America at 18.3% (December 31, 2015 17.3%), Europe (including CIS) at 15.8% (December 31, 2015 16.6%), Africa at 10.3% (December 31, 2015 8.9%), Australia at and Pacific at 9.2% (December 31, 2015 8.2%). 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, that 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 669.6 million on December 31, 2016 (December 31, 2015: EUR 750.1 million). See note 28.

Particular measures have been introduced with respect to managing counterparty risks in the Russian Federation during 2015 and 2016; enhanced payment terms in sales contracts and payment security instruments, i.e. letters of credits and credit risk guarantees, have been utilized among the others.

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 a sufficient amount of credit lines, which have a balanced maturity profile. Efficient cash and liquidity management also reduces liquidity risk.

Outotec's Treasury centrally raises most of the Group's interest-bearing debt.

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 84.5% of the total interest-bearing loan portfolio.

- With regard to interest bearing debt the Group has available the following commit-

ted lines of credit available: EUR 100 million multicurrency revolving credit facility that is unsecured. The final maturity date is on January 15, 2020.
- EUR 60 million revolving credit facility that is unsecured. The final maturity date is on January 10, 2020.

As of December 31, 2016 the above credit lines were fully unutilized.

Additionally Outotec has several bilateral uncommitted commercial bank guarantee limits the total aggregate nominal value of which exceeds EUR 500 million.

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

Capital management

Outotec's gearing ratio was -0.9% on December 31, 2016 (9.9% on December 31, 2015). 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 and the Board has set the following long-term target in 2014:

- Gearing at maximum 50%

The Board of Directors of Outotec has a mandate to purchase its own shares on the market.

Certain externally imposed capital requirements exist. Outotec's main credit facilities from financial institutions include financial covenants related to adjusted equity ratio and liquidity. The Group has operated in compliance with the covenants during 2006–2016.

As part of the Group's capital management operations, on March 24, 2016, Outotec Oyj issued a 150 million euro 5-year hybrid bond with a fixed coupon rate of 7.375 percent per annum. The hybrid bond is treated as equity in the IFRS consolidated financial statements. Outotec can postpone interest payment if it does not distribute dividends or other equity to its shareholders. The bond has no maturity date, but the company has the right to redeem it five years after the issue date.

The hybrid bond is unsecured and in a weaker preference position than an unsecured debt obligation. A holder of hybrid bond notes has no shareholder rights.

Transaction risk	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	
EUR million	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Bank accounts	**-16.1**	-2.8	**3.6**	0.9	**0.6**	0.9	**4.3**	0.2
Trade receivables	**26.7**	25.8	**4.9**	2.7	**1.5**	4.8	**1.2**	4.6
Trade payables	**-0.9**	-1.3	**-0.6**	-0.4	**-2.7**	-7.6	**-1.5**	-1.4
Loans and receivables	**2.1**	1.5	**-**	-	**56.1**	65.3	**-**	-
Net balance sheet exposure	**11.8**	23.3	**7.8**	3.2	**55.5**	63.5	**4.0**	3.5
Sales order book	**104.4**	88.8	**18.9**	5.7	**5.3**	3.0	**13.5**	8.3
Purchase order book	**-49.8**	-13.0	**-7.5**	-3.4	**-2.5**	-1.2	**-0.7**	-
	54.6	75.8	**11.5**	2.2	**2.8**	1.8	**12.8**	8.3
Hedges:								
Foreign exchange forward contracts	**-62.3**	-92.3	**-18.4**	-4.6	**-60.2**	-70.3	**-16.9**	-11.9
Total net exposure	**4.1**	6.8	**0.8**	0.9	**-1.9**	-5.1	**-0.1**	-0.1

Sensitivity of financial instruments on foreign currency exchange rates

	2016		2015	
EUR million	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
+/-10% change in EUR/USD exchange rate	**+1.1/-1.4**	**+3.5/-4.2**	-0.6/+0.8	+6.9/-8.4
+/-10% change in EUR/AUD exchange rate	**+0.4/-0.5**		+0.6/-0.8	
+/-10% change in EUR/SEK exchange rate	**+1.2/-1.4**		-0.8/+0.9	
+/-10% change in AUD/USD exchange rate	**-0.2/+0.2**	**+1.2/-1.4**	+0.1/-0.1	

The following assumptions were made when calculating the sencitivity 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 finansial instruments. The position excludes order book items and cash flow hedges.

Contractual cash flows of liabilites at December 31, 2016

EUR million	2017 [1]	2018	2019	2020	2021	2022	2023-	**Total**
Bonds								
Finance charges	-5.6	-5.6	-5.6	-5.6	-	-	-	**-22.5**
Repayments	-	-	-	-150.0	-	-	-	**-150.0**
Loans from financial institutions								
Finance charges	-1.3	-0.7	-0.6	-0.3	-	-	-	**-2.9**
Repayments	-12.9	-4.1	-4.1	-24.5	-	-	-	**-45.6**
Loans from pension institutions								
Finance charges	-	-	-	-	-	-	-	**0.0**
Repayments	-	-	-	-	-	-	-	**0.0**
Finance lease liabilities								
Rents	-0.0	-0.0	-0.0	-	-	-	-	**-0.0**
Other long-term loans								
Finance charges	-0.1	-0.1	-0.1	-0.1	-0.0	-0.0	-0.0	**-0.4**
Repayments	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	**-2.3**
Other current loans								
Finance charges	-0.0	-	-	-	-	-	-	**-0.0**
Repayments	-30.0	-	-	-	-	-	-	**-30.0**
Derivative liabilities								
Designated as cash flow hedges								
Outflow	-42.7	-12.7	-	-	-	-	-	**-55.4**
Inflow	40.7	11.4	-	-	-	-	-	**52.1**
Other derivative contracts								
Outflow	-304.2	-1.6	-	-	-	-	-	**-305.8**
Inflow	298.2	1.5	-	-	-	-	-	**299.7**
Trade payables	-88.4	-	-	-	-	-	-	**-88.4**

[1] Repayments in 2017 are included in current debt.
All non-current debt will be repaid by the end of 2023. Average maturity of long-term debt was 5.36 years and the average interest rate 3.52%.

Contractual cash flows of liabilites at December 31, 2015

EUR million	2016 [1]	2017	2018	2019	2020	2021	2022-	Total
Bonds								
Finance charges	-5.6	-5.6	-5.6	-5.6	-5.6	-	-	-28.1
Repayments	-	-	-	-	-150.0	-	-	-150.0
Loans from financial institutions								
Finance charges	-3.0	-2.0	-1.4	-0.6	-0.3	-	-	-7.3
Repayments	-18.4	-47.6	-64.1	-4.1	-24.5	-	-	-158.7
Loans from pension institutions								
Finance charges	-0.0	-	-	-	-	-	-	-0.0
Repayments	-0.2	-	-	-	-	-	-	-0.2
Finance lease liabilities								
Rents	-0.0	-0.0	-0.0	-0.0	-0.0	-	-	-0.0
Other long-term loans								
Finance charges	-0.1	-0.1	-0.1	-0.1	-0.1	-0.0	-0.0	-0.5
Repayments	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.7	-2.7
Other current loans								
Finance charges	-0.0	-	-	-	-	-	-	-0.0
Repayments	-30.0	-	-	-	-	-	-	-30.0
Derivative liabilities								
Designated as cash flow hedges								
Outflow	-71.2	-6.5	-12.3	-	-	-	-	-90.1
Inflow	69.6	6.1	11.4	-	-	-	-	87.1
Other derivative contracts								
Outflow	-160.7	-1.2	-	-	-	-	-	-161.9
Inflow	156.5	1.2	-	-	-	-	-	157.7
Trade payables	-129.2	-	-	-	-	-	-	-129.2

[1] Repayments in 2016 are included in current debt.
All non-current debt will be repaid by the end of 2023. Average maturity of long-term debt was 4.33 years and the average interest rate 2.67%.

Maturity analysis for guarantee contracts at December 31, 2016

EUR million	2017	2018	2019	2020	2021	2022–
Guarantees for financing	-13.6	-	-	-	-	-
All commercial guarantees including down payment guarantees	-541.6	-1.3	-0.9	-0.0	-0.1	-7.3

Maturity analysis for guarantee contracts at December 31, 2015

EUR million	2016	2017	2018	2019	2020	2021–
Guarantees for financing	-14.3	-	-	-	-	-
All commercial guarantees including down payment guarantees	-622.7	-0.1	-1.3	-0.7	-0.0	-7.6

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. There was no claim to a guarantee in 2016. Previous claim to a guarantee was settled through a payment of EUR 0.1 million in 2013.

Cash and cash equivalents and committed unutilized credit facilities

EUR million	**2016**	2015
Cash at bank and in hand	**164.9**	234.0
Short-term bank deposits	**54.5**	52.6
Cash equivalent marketable securities	**13.6**	14.0
Overdraft facilities	**19.6**	15.8
Revolving and other credit facilities	**160.0**	100.0

19. DERIVATIVE INSTRUMENTS

Fair values of derivative contracts

Remaining maturity	Positive fair value				Negative fair value			
EUR million	<1 year	1–2 years	2–3 years	3– years	<1 year	1–2 years	2–3 years	3– years
2016								
Foreign exchange forward contracts								
Designated as cash flow hedges	0.1	-	-	-	-2.2	-1.1	-	-
Other foreign exchange forward contracts	3.7	0.0	-	-	-6.2	-0.1	-	-
Interest rate swaps								
Designated as fair value hedges	-	-	-	5.3	-	-	-	-
Total	3.8	0.0	-	5.3	-8.4	-1.2	-	-
2015								
Foreign exchange forward contracts								
Designated as cash flow hedges	0.1	-	-	-	-1.2	-0.3	-0.6	-
Other foreign exchange forward contracts	3.3	0.0	-	-	-3.9	-0.0	-	-
Interest rate swaps								
Designated as cash flow hedges	-	-	-	-	-0.2	-	-	-
Designated as fair value hedges	-	-	-	5.5	-	-	-	-
Total	3.5	0.0	-	5.5	-5.4	-0.3	-0.6	-

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

Nominal values of derivative contracts

EUR million Remaining maturity	<1 year	1–2 years	2–3 years	3– years
2016				
Foreign exchange forward contracts				
Designated as cash flow hedges	62.4	12.1	-	-
Other foreign exchange forward contracts	494.4	2.3	-	-
Interest rate swaps				
Designated as fair value hedges	-	-	-	75.0
Total	556.9	14.3	-	75.0
2015				
Foreign exchange forward contracts				
Designated as cash flow hedges	77.9	6.3	11.9	-
Other foreign exchange forward contracts	328.8	4.8	-	-
Interest rate swaps				
Designated as cash flow hedges	40.0	-	-	-
Designated as fair value hedges	-	-	-	75.0
Total	446.6	11.1	11.9	75.0

Effect of cash flow hedges

EUR million	2016	2015
Recognized in profit and loss		
In other expenses	**-0.0**	-0.1
Adjustment to sales	**-2.4**	-6.5
Recognized in equity		
As deferred tax asset	**1.0**	0.6
Hedge result	**-3.9**	-2.4

20. INVENTORIES

EUR million	2016	2015
Work in progress	**92.3**	81.7
Finished goods, merchandise and raw materials	**65.2**	59.5
Advance payments	**52.5**	61.1
	210.0	202.2

21. TRADE AND OTHER RECEIVABLES

EUR million	2016	2015
Non-current		
Interest-bearing		
Loans receivable from associated companies	**1.3**	1.9
Non interest-bearing		
Other receivables	**2.4**	2.4
Current		
Interest-bearing		
Loans receivable	**0.1**	0.1
Non interest-bearing		
Trade receivables	**187.7**	200.0
Project-related receivables	**144.5**	146.1
Current tax assets	**16.8**	17.0
VAT receivable	**52.5**	45.9
Grants and subsidies receivable	**4.3**	5.4
Other accruals	**4.9**	4.3
Other receivables	**13.0**	17.5
	423.7	436.2
Trade receivables (gross)	**196.6**	205.2
Doubtful trade receivables		
Doubtful trade receivables at January 1	**5.1**	5.0
Translation differences	**0.1**	-0.2
Additions	**4.4**	2.5
Deductions	**-0.7**	-1.7
Recovery of doubtful receivables	**-0.1**	-0.4
Doubtful trade receivables at December 31	**8.8**	5.1
Total trade receivables	**187.7**	200.0

The ageing of trade receivables:

EUR million	2016	2015
Not due	**93.5**	80.8
Overdue by:		
Between 1 and 30 days	**25.3**	29.1
Between 31 and 60 days	**6.4**	12.9
Between 61 and 180 days	**13.8**	33.0
Between 181 and 360 days	**13.5**	20.9
Over 361 days	**44.1**	28.4
Total trade receivables (gross)	**196.6**	205.2

Maximum exposure to credit risk for trade receivables by geographic region:

EUR million	2016	2015
Finland	**2.4**	1.8
Germany	**1.0**	1.0
CIS	**9.6**	17.3
Rest of Europe	**21.9**	16.6
North America	**10.3**	10.5
South America	**40.5**	38.2
Australia	**20.4**	18.0
Asia	**59.0**	77.0
Africa	**22.7**	19.7
Total	**187.7**	200.0

Trade receivables are according to the customer's location.

22. CASH AND CASH EQUIVALENTS

EUR million	2016	2015
Cash at bank and in hand	**164.9**	234.0
Short-term bank deposits	**54.5**	52.6
Cash equivalent marketable securities	**13.6**	14.0
	233.0	300.7

The majority of Outotec's investments were made in the following currencies: Euro, US dollar and Chilean peso. The relevant reference rate of euro has varied during 2016 between -0.374 – -0.21%. the US dollar reference rate varied between 0.20–0.95% and the Chilean peso reference rate between 3.40–4.03%.

23. EQUITY

Share capital and share premium fund

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	Hybrid bond	Total
31.12.2016	**183,121**	**17.2**	**20.2**	**0.4**	**-16.2**	**-15.9**	**95.7**	**150.0**	**251.5**
31.12.2015	183,121	17.2	20.2	0.4	-14.6	-17.4	93.8	-	99.5

Outotec Oyj's shares were entered into the Finnish Book-Entry Securities System on September 25, 2006. Outotec's share capital was EUR 17,186,442.52 at December 31, 2016 (December 31, 2015: EUR 17,186,442.52) consisting of 183,121,492 shares. 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, effective portion of fair value change based on hedge accounting applied to derivatives and changes in actuarial estimates related to defined pension plans. 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 the year 2016, there was none left of these treasury shares (2015: 675). Outotec's consolidated balance sheet and consolidated changes in equity reflect the substance of the arrangement with a deduction amounting to EUR 0.0 million (2015: EUR 0.0 million) in equity.

On September 10, 2012, Outotec purchased a total of 2,000,000 of the company's own shares through public trading. In December 31, 2013 Outotec Management Oy was merged to Outotec Oyj. In the merger 813,736 shares, previously owned by Outotec Management Oy, were transferred. At the end of the year the number of these shares was 1,803,963 (2015: 2,030,011) and book value EUR 15.9 million. (2015: EUR 17,4 million).

Hybrid bond

Outotec Oyj has issued EUR 150.0 million hybrid bond, which is considered equity under IFRS. The coupon rate of the bond is 7.375% per annum. The bond has no specified maturity date but the company may exercise an early redemption option for the first time on March 24, 2021. The settlement date of the bond was March 24, 2016.

Reserve for invested non-restricted equity

Outotec completed acquisition of control in Larox through directed share in 2009 and made a mandatory public tender offer for the remaining Larox shares. In 2010 Outotec announced the final result of the tender offer, according to which the Larox shares in Outotec ownership represented approximately 98.5% of all the Larox shares and approximately 99.7% of all the votes attached to the Larox shares. In 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 15,121,492 (2009: 11,053,676) 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.

The fair value changes of disposals have been booked to the reserve for invested non-restricted equity . The disposals were related to acquisition of Outotec Management Oy and share-based incentive programs.

Dividend

The Board of Directors will propose that no dividend will be paid for 2016. The parent company's distributable funds were EUR 262.7 million at December 31, 2016.

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. The basis for all the plans is a fixed pension amount earned for every service year. The amount depends on the salary group at date of retirement. In case of early retirement the pension is reduced until the normal retirement age. Furthermore there are entitlements for widow's and orphan's pensions which are part of the spouse's pension. Other post-employment benefits relate to retirement medical arrangements in Germany.

Pension and other post-employment benefits

Amounts recognized in the income statement

EUR million	**2016**	2015
Defined benefit pension expenses	**-2.7**	-2.9
Defined contribution pension expenses	**-24.1**	-26.6
Other post-employment benefits	**-0.1**	-0.1
	-26.9	-29.6

By function	Defined benefit pension plans		Other post-employment benefits	
EUR million	**2016**	2015	**2016**	2015
Cost of sales	**-1.3**	-1.4	**-**	-
Selling and marketing expenses	**-0.5**	-0.4	**-**	-
Administrative expenses	**-0.4**	-0.4	**-0.1**	-0.1
Research and development expenses	**-0.6**	-0.7	**-**	-
	-2.7	-2.9	**-0.1**	-0.1

Pension cost in employee benefit expenses	Defined benefit pension plans		Other post-employment benefits	
EUR million	**2016**	2015	**2016**	2015
Current service cost	**-1.4**	-1.7	**-**	-
Interest cost	**-1.1**	-1.1	**-0.1**	-0.1
Employee contributions	**-0.2**	-0.2	**-**	-
	-2.7	-2.9	**-0.1**	-0.1

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

Movement in the present value of the defined benefit obligation	Defined benefit pension plans		Other post-employment benefits	
EUR million	**2016**	2015	**2016**	2015
Unfunded obligation at January 1	**48.5**	47.0	**3.4**	3.7
Prior year adjustment to opening balance	**0.0**	0.5	**-**	-0.1
Service cost	**1.4**	1.7	**0.0**	-
Interest cost	**1.1**	1.1	**0.1**	0.1
Actuarial gains(-) and losses (+) 1)	**0.5**	-0.5	**0.1**	-0.0
Employee contributions	**0.2**	0.2	**-**	-
Benefits paid	**-1.6**	-1.4	**-0.2**	-0.2
Unfunded obligation at December 31	**50.2**	48.5	**3.3**	3.4

Expected benefit payments	
2017	1.9
2018	2.0
2019	2.1
2020	2.2
2021	2.2
Next 5 years	11.3

The weighted average duration of the defined benefit obligation was 17.1 years on December 31, 2016.

Principal actuarial assumptions

%	**2016**	2015
Discount rate	**1.75**	2.20
Future benefit increase expectation	**1.00**	1.80

Assumption for the retirement age follows the normal age in Germany. Assumptions regarding the mortality are done in accordance with to the actuarial guidelines and are based on the local statistics and knowledge. Other post-employment benefit oblications are influenced by the medical cost trend.

Sensitivity analysis of principal actuarial assumptions

%	Change in assumption	Impact of increase	Impact of decrease
Discount rate	0.25%	-4.1%	4.4%
Future benefit increase expectation	0.25%	2.2%	-2.1%
Medical cost trend expectation	1.00%	0.6%	-0.5%
Change in expected lifetime	1 year	3.1%	-3.1%

The above sensitivity analysis is calculated by changing one assumption while others are expected to remain unchanged. In reality this is unlikely and assumptions may correlate with each others. Defined benefit liability in the sensitivity analysis is calculated with the same method as in the balance sheet.

Defined benefit plans expose the Group to different type of risks the most relevant being the interest risk. In case assumptions behind the discount rate change substantially and the discount rate decreases significantly, also the present value of the defined benefit plan obligations increases. Outotec's discount rate is based on the markets for fixed interest long running papers.

Defined benefit plans include lifetime benefits for the beneficiaries. Therefore decrease in mortality assumption increases the pension and health care obligations.

25. PROVISIONS

EUR million	Project provisions [1]	Other provisions [2]	2016
Non-current			
Provisions at January 1	-	1.1	**1.1**
Translation differences	-	0.2	**0.2**
Additions	-	-	**-**
Provisions utilized during the period	-	-1.3	**-1.3**
Provisions released	-	-	**-**
Reclassifications	-	-	**-**
Other changes	-	-	**-**
Provisions at December 31	-	-	**-**
Current			
Provisions at January 1	42.1	39.3	**81.4**
Translation differences	0.5	0.6	**1.1**
Additions	48.1	18.8	**66.9**
Acquired subsidiaries	-	-	**-**
Provisions utilized during the period	-33.8	-33.4	**-67.2**
Provisions released	-12.6	-1.3	**-14.0**
Reclassifications	-	-	**-**
Other changes	-0.2	-0.9	**-1.0**
Provisions at December 31	44.2	23.1	**67.3**

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

[1] Current project provisions include EUR 36.5 million warranty provisions and EUR 7.7 million project loss provisions at December 31, 2016.
[2] Current other provisions include EUR 23.1 million restructuring provisions at December 31, 2016.

26. INTEREST-BEARING LIABILITIES

	Carrying amount		Fair value	
EUR million	**2016**	2015	**2016**	2015
Non-current				
Bonds and debentures	**149.0**	148.7	**151.2**	151.5
Loans from financial institutions	**32.7**	140.3	**34.4**	142.4
Finance lease liabilities	**0.0**	0.0	**0.0**	0.0
Other non-current loans	**2.0**	2.3	**2.0**	2.3
	183.7	291.4	**187.6**	296.2
Current				
Loans from financial institutions	**12.9**	18.4	**13.7**	19.3
Loans from pension institutions	**-**	0.2	**-**	0.2
Finance lease liabilities	**0.0**	0.0	**0.0**	0.0
Other current loans	**30.2**	29.1	**30.2**	29.1
	43.1	47.7	**43.9**	48.6

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	Minimum lease payments		Present value of minimum lease payments	
EUR million	**2016**	2015	**2016**	2015
Not later than 1 year	**0.0**	0.0	**0.0**	0.0
1–2 years	**0.0**	0.0	**0.0**	0.0
2–3 years	**0.0**	0.0	**0.0**	0.0
3–4 years	**0.0**	0.0	**0.0**	0.0
4–5 years	**-**	0.0	**-**	0.0
Future finance charges	**-**	0.0	**-**	0.0

27. TRADE AND OTHER PAYABLES

EUR million	**2016**	2015
Non-current		
Other non-current liabilities	**7.0**	7.6
Earnout liability	**7.0**	10.3
	14.0	18.0
Non interest-bearing		
Trade payables	**88.4**	129.2
Advances received	**180.7**	232.1
Project-related liabilities	**149.5**	119.1
Accrued employee-related expenses	**33.3**	31.6
VAT payable	**33.7**	22.4
Withholding tax and social security liabilities	**5.8**	5.7
Earnout liability	**3.4**	2.0
Other accruals	**15.8**	24.3
Other payables	**4.3**	6.0
	514.9	572.4

28. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

2016

EUR million	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Derivatives under hedge accounting	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
Non-current financial assets								
Derivative assets								
Foreign exchange forward contracts	0.0	-	-	-	-	-	0.0	0.0
Interest rate swaps	-	-	-	-	5.3	-	5.3	5.3
Other shares and securities	-	-	2.3	-	-	-	2.3	2.3
Trade and other receivables								
Interest-bearing	-	1.3	-	-	-	-	1.3	1.3
Non interest-bearing	-	0.0	-	-	-	-	0.0	0.0
Current financial assets								
Derivative assets								
Foreign exchange forward contracts	3.7	-	-	-	0.1	-	3.8	3.8
Trade and other receivables								
Interest-bearing	-	0.1	-	-	-	-	0.1	0.1
Non interest-bearing	-	423.7	-	-	-	-	423.7	423.7
Cash and cash equivalents	-	233.0	-	-	-	-	233.0	233.0
Carrying amount by category	**3.7**	**658.2**	**2.3**	**-**	**5.4**	**-**	**669.6**	**669.6**
Non-current financial liabilities								
Bonds	-	-	-	-	-	149.0	149.0	151.2
Loans from financial institutions	-	-	-	-	-	32.7	32.7	34.4
Finance lease liabilities	-	-	-	-	-	0.0	0.0	0.0
Derivative liabilities								
Foreign exchange forward contracts	-	-	-	0.1	1.1	-	1.2	1.2
Other non-current loans	-	-	-	-	-	2.0	2.0	2.0
Other non-current liabilities	-	-	-	-	-	1.6	1.6	1.6
Current financial liabilities								
Loans from financial institutions	-	-	-	-	-	12.9	12.9	13.7
Finance lease liabilities	-	-	-	-	-	0.0	0.0	0.0
Derivative liabilities								
Foreign exchange forward contracts	-	-	-	6.2	2.2	-	8.4	8.4
Other current loans	-	-	-	-	-	30.2	30.2	30.2
Trade payables	-	-	-	-	-	88.4	88.4	88.4
Carrying amount by category	**-**	**-**	**-**	**6.3**	**3.3**	**316.9**	**326.5**	**331.1**

2015 EUR million	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Derivatives under hedge accounting	Financial liabilites measured at amortized cost	Carrying amounts by balance sheet item	Fair value
Non-current financial assets								
Derivative assets								
Foreign exchange forward contracts	0.0	-	-	-	-	-	0.0	0.0
Interest rate swaps	-	-	-	-	5.5	-	5.5	5.5
Other shares and securities	-	-	2.2	-	-	-	2.2	2.2
Trade and other receivables								
Interest-bearing	-	1.9	-	-	-	-	1.9	1.9
Non interest-bearing	-	0.0	-	-	-	-	0.0	0.0
Current financial assets								
Derivative assets								
Foreign exchange forward contracts	3.3	-	-	-	0.1	-	3.5	3.5
Trade and other receivables								
Interest-bearing	-	0.1	-	-	-	-	0.1	0.1
Non interest-bearing	-	436.2	-	-	-	-	436.2	436.2
Cash and cash equivalents	-	300.7	-	-	-	-	300.7	300.7
Carrying amount by category	3.3	738.9	2.2	-	5.7	-	750.1	750.1
Non-current financial liabilities								
Bonds	-	-	-	-	-	148.7	148.7	151.5
Loans from financial institutions	-	-	-	-	-	140.3	140.3	142.4
Finance lease liabilities	-	-	-	-	-	0.0	0.0	0.0
Derivative liabilities								
Foreign exchange forward contracts	-	-	-	0.0	1.0	-	1.0	1.0
Other non-current loans	-	-	-	-	-	2.3	2.3	2.3
Other non-current liabilities	-	-	-	-	-	2.0	2.0	2.0
Current financial liabilities								
Loans from financial institutions	-	-	-	-	-	18.4	18.4	19.3
Loans from pension institutions	-	-	-	-	-	0.2	0.2	0.2
Finance lease liabilities	-	-	-	-	-	0.0	0.0	0.0
Derivative liabilities								
Foreign exchange forward contracts	-	-	-	3.9	1.2	-	5.2	5.2
Interest rate swaps	-	-	-	-	0.2	-	0.2	0.2
Other current loans	-	-	-	-	-	29.1	29.1	29.1
Trade payables	-	-	-	-	-	129.2	129.2	129.2
Carrying amount by category	-	-	-	3.9	2.4	470.3	476.7	482.4

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

Fair value hierarchy

The revised IFRS 13 standard requires use of three-level fair value hierarchy of financial instruments. For more information please see the principles to the consolidated financial statements.

2016

EUR million	Level 1	Level 2	Level 3	Total
Available for sale financial assets	0.1	-	2.2	2.3
Derivative financial assets	-	9.1	-	9.1
	0.1	**9.1**	**2.2**	**11.4**
Bonds	-	151.2	-	151.2
Loans from financial institutions	-	48.1	-	48.1
Derivative financial liabilities	-	9.6	-	9.6
	-	**208.9**	**-**	**208.9**

2015

EUR million	Level 1	Level 2	Level 3	Total
Available for sale financial assets	0.0	-	2.2	2.2
Derivative financial assets	-	9.0	-	9.0
	0.0	9.0	2.2	11.2
Bonds	-	151.5	-	151.5
Loans from financial institutions	-	161.7	-	161.7
Loans from pension institutions	-	0.2	-	0.2
Derivative financial liabilities	-	6.3	-	6.3
	-	319.7	-	319.7

Offsetting financial assets and financial liabilities

31.12.2016	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Cash collateral received	Net amount
Derivative financial assets	9.1	-	9.1	-3.5	-	5.6
Total	**9.1**	**-**	**9.1**	**-3.5**	**-**	**5.6**

31.12.2016	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Cash collateral received	Net amount
Derivative financial liabilities	9.6	-	9.6	-3.5	-	6.1
Total	**9.6**	**-**	**9.6**	**-3.5**	**-**	**6.1**

31.12.2015	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Cash collateral received	Net amount
Derivative financial assets	9.0	-	9.0	-3.0	-	6.0
Total	9.0	-	9.0	-3.0	-	6.0

31.12.2015	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Cash collateral received	Net amount
Derivative financial liabilities	6.3	-	6.3	-3.0	-	3.3
Total	6.3	-	6.3	-3.0	-	3.3

29. COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	**2016**	2015
Guarantees for commercial commitments at December 31	**434.3**	415.9

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 13.6 million at December 31, 2016 (December 31, 2015: 14.3 million) and for commercial guarantees including advance payment guarantees EUR 551.2 million at December 31, 2016 (December 31, 2015: 632.3 million). High exposure of on-demand guarantees may increase the risk of claims that may have an impact on the liquidity of Outotec.

Present value of minimum lease payments on operating leases

EUR million	**2016**	2015
Not later than 1 year	**21.7**	22.4
1–2 years	**17.3**	20.9
2–3 years	**13.6**	16.3
3–4 years	**11.3**	12.9
4–5 years	**8.9**	11.3
Later than 5 years	**32.9**	41.6
Present value of minimum lease payments	**105.6**	125.3

Major off-balance sheet investment commitments

The Group had no major off-balance sheet investment commitments at December 31, 2016.

30. DISPUTES AND LITIGATIONS

On January 9, 2017 Outotec and Outokumpu have settled their patent dispute, commenced in 2013, concerning the rights to inventions relating to ferroalloys technology.The settlement relates to the award issued by the Arbitral Tribunal on August 28, 2015 confirming that the rights of ownership and use ferroalloys technology inventions belong to both Outotec and Outokumpu jointly. With the settlement, the parties withdraw all their claims against each other and Outotec gets the exclusive right to sell and license the said ferroalloys technology inventions against a license fee mutually agreed by the companies.

On September 27, 2013, Outotec announced that Sarda Energy and Minerals Ltd (SEML) submitted application for arbitration at the International Court of Arbitration against Outotec in dispute regarding a filter delivery in 2007. The content value was approximately EUR 0.6 million. SEML´s claim equals approximately 18 million US dollars. Outotec announced on April 18, 2016 that the Parties had reached a settlement agreement.

31. RELATED PARTY TRANSACTIONS

Transactions and balances with associated companies

EUR million	**2016**	2015
Sales	**0.0**	0.0
Other Income	**-**	0.1
Purchases	**1.0**	0.6
Loan receivables	**1.3**	1.9
Trade and other receivables	**0.5**	0.2
Current liabilities	**0.1**	0.0

Outotec has a 40 percent investment in Enefit Outotec Technology Oü from which the company has EUR 1.3 million loan receivable at December 31, 2016 (December 31, 2015: 1.9 million).

Transactions and balances with management

There were no loan receivables from current key management at December 31, 2016 (December 31, 2015: EUR 0,0 million). Loan receivables from former key management were EUR 0.1 million at December 31, 2016.

Employee benefits for key management

EUR million	**2016**	2015
Executive Board (including President and CEO)		
Wages, salaries and other short-term employee benefits [2]	**4.2**	4.3
Share-based payments	**0.2**	0.5
Statutory pension payments	**0.5**	0.7
Defined benefit pensions [1]	**-**	-
Total	**4.9**	5.5
President and CEO		
Wages, salaries and other short-term employee benefits [2]		
President and CEO, as from October 1, 2016	**0.2**	-
Deputy President and CEO, from June 22 - September 30, 2016	**0.1**	-
President and CEO, until June 22, 2016	**1.7**	0.7
Share-based payments	**-**	0.1
Statutory pension payments	**0.2**	0.1
Defined benefit pensions [1]	**-**	-
Total	**2.2**	0.9

[1] Further information in the note 24 Employee benefit obligations.

[2] Wages, salaries and other short-term employee benefits include severance and lump sum payments and holiday compensations to a total of EUR 1.9 million, of which EUR 1.4 million was paid to former President and CEO Pertti Korhonen.

During year 2016 Executive Board received a total number of 28,522 Outotec shares (2015: 42,555) as part of the share-based incentive program included in short-term employee benefits, of which former CEO Pertti Korhonen received a total of 1,682 (2015: 6,750).

Fees paid to the Board of Directors

EUR thousand	**2016**	2015
Matti Alahuhta (Chairman)	**82.2**	84.0
Timo Ritakallio (Vice Chairman)	**58.2**	59.4
Eija Ailasmaa	**45.6**	48.0
Klaus Cawén	**46.2**	43.8
Anja Korhonen	**58.2**	59.4
Ian W. Pearce	**45.6**	44.4
Poju Zabludowicz	**43.2**	43.8
Patrik Nolåker	**40.8**	-
Björn Rosengren	**-**	41.4
Tapani Järvinen	**-**	4.2
Hannu Linnoinen	**-**	3.0
	420.0	431.4

32. EVENTS AFTER THE BALANCE SHEET DATE

January 20: Outotec announced the appointment of Mr. Adel Hattab, M.Sc. (Eng.), MBA, as EVP, Strategic Customers and Business Development as of April 1, 2017.

Outotec Executive Board as of April 1, 2017:

- Markku Teräsvasara, President and CEO
- Kalle Härkki, Executive Vice President, President of Metals, Energy & Water
- Kimmo Kontola, Executive Vice President, President of Minerals Processing
- Markku Teräsvasara (act.), Executive Vice President, President of Services
- Adel Hattab, Executive Vice President, Strategic Customers and Business Development
- Jari Ålgars, Chief Financial Officer
- Kaisa Aalto-Luoto, Senior Vice President, Human Resources & Communications
- Nina Kiviranta, Senior Vice President, General Counsel
- Olli Nastamo, Senior Vice President, Operational Excellence

January 19: Outotec announced the delivery of a concentrate filtration plant to Southern Copper Corporation, to a concentrator expansion in Southern Peru. The contract value exceeds EUR 15 million, and it has been booked in the Q1/2017 order intake.

January 18: Outotec announced that for the fifth consecutive year it was included in the Global 100 Index of most sustainable companies in the world (rank 90th).

January 9: Outotec announced that it had settled a patent dispute with Outokumpu regarding ferroalloys technology inventions.

33. SUBSIDIARIES

Subsidiaries at December 31, 2016		Country	Group holding, %
Ausiron Development Corporation Pty. Ltd.		Australia	100
Biomin South Africa (Pty) Ltd	2) 100%	South Africa	51
International Project Services Ltd. Oy		Finland	100
Larox AB		Sweden	100
Larox India Private Ltd.		India	100
Larox SA (Proprietary) Ltd.		South Africa	100
MP Metals Processing Engineering Oy	1)	Finland	100
OOO Outotec Norilsk	1)	Russia	100
Outotec (Canada) Ltd.	1)	Canada	100
Outotec (Ceramics) Oy		Finland	100
Outotec (Chile) S.A.		Chile	100
Outotec (Filters) GmbH		Germany	100
Outotec (Filters) Oy	1)	Finland	100
Outotec (Finland) Oy	1)	Finland	100
Outotec (Ghana) Limited		Ghana	100
Outotec (Kazakhstan) LLP		Kazakhstan	100
Outotec (Netherlands) B.V.		The Netherlands	100
Outotec (New Caledonia) S.A.R.L.		New Caledonia	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
Outotec (Spain) S.L.	1)	Spain	100
Outotec (Sweden) AB	1)	Sweden	100
Outotec (UK) Limited		Great Britain	100
Outotec (USA) Inc.		United States	100
Outotec (Zambia) Limited		Zambia	100
Outotec Africa Holdings (Pty) Ltd	1)	South Africa	100
Outotec Ausmelt Pty Ltd		Australia	100
Outotec Austria GmbH	1)	Austria	100
Outotec B.V.		The Netherlands	100
Outotec Deutschland GmbH		Germany	100
Outotec Engineering DMCC		United Arab Emirates	100
Outotec Lda		Mozambique	100
Outotec Engineering RAK LLC	2) 100%	United Arab Emirates	48
Outotec (Tete) Lda		Mozambique	100
Outotec GmbH & Co KG		Germany	100

Subsidiaries at December 31, 2016		Country	Group holding, %
Outotec Holding GmbH	1)	Germany	100
Outotec India Private Ltd.		India	100
Outotec International Holdings Oy	1)	Finland	100
Outotec Mexico S.A. de C.V.		Mexico	100
Outotec Middle East Industrial Projects Consultancy LLC		United Arab Emirates	49
Outotec Mongolia LLC		Mongolia	100
Outotec Morocco LLC	1)	Morocco	100
Outotec Namibia (Pty.) Ltd		Namibia	100
Outotec Pty. Ltd.	1)	Australia	100
Outotec Saudi Arabia LLC		Saudi Arabia	100
Outotec Services (RSA) (Pty) Ltd		South Africa	100
Outotec Servicios Industriales Ltda.		Chile	100
Outotec Shanghai Co. Ltd.	1)	People's Republic of China	100
Outotec Suzhou Co.,Ltd.		People's Republic of China	100
Outotec Tecnologia Brasil Ltda		Brazil	100
Outotec Trading & Contracting WLL		Qatar	49
Outotec Turkey Metal Enerji ve su Teknolojileri Anonim Sirketi	1)	Turkey	100
Outotec Turula Oy	1)	Finland	100
Petrobau Ingenieur Bulgaria EOOD		Bulgaria	100
PT. Outotec Technology Solutions		Indonesia	100
Scanalyse Chile S.A.		Chile	100
Scanalyse Holding Pty Ltd		Australia	100
Scanalyse Pty Ltd		Australia	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, unless otherwise specified.

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

2) The voting rights in the company differ from the percentage of ownership, the reported number represents the percent of voting rights in the company held by Outotec corportation.

Branch Offices at December 31, 2016

International Project Services Ltd Oy Greek Branch, branch office in Greece
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 (Netherlands) B.V. Philippine Branch, branch office in Philippines
Outotec (USA) Inc. UK Branch, branch office in United Kindom

Changes in 2016

Outotec GmbH & Co. KG United Arab Emirates Branch office was closed on August 2, 2016
International Projects Services Ltd. Oy Greek Branch office was founded on May 13, 2016.
Outotec (USA) Inc. Branch office in United Kindom was founded on November 14, 2016

Changes in 2015

Kumpu GmbH merged with Outotec Deutschland GmbH on January 1, 2015.
Outotec Engineering JLT changed its name to Outotec Engineering DMCC on January 8, 2015
Outotec Filters Australia Pty. Ltd. deregistered on February 5, 2015
Backfill Specialists Pty Ltd deregistered on February 5,2015
Outotec Africa Holdings (Pty) Ltd established on March 1, 2015
Outotec Engineering Mozambique Ltda acquired on March 1, 2015
Outotec Engineering RAK LLC acquired on March 1, 2015
Outotec Engineering Tete Ltda acquired on March 1, 2015
Outotec Trading & Contracting WLL acquired on March 1, 2015
Outotec Services (RSA) (Pty) Ltd established on June 5, 2015
Kovit Engineering Ltd acquired on August 10, 2015
Auburn Project Management Inc. dissolved on October 1, 2015
Kovit Engineering Ltd merged to Outotec (Canada) Ltd. on November 1, 2015
Scanalyse Processamento de Dados Ltda liquidated on November 10, 2015
Biomin South Africa (Pty) Ltd acquired on November 18, 2015
Outotec Middle East Industrial Projects Consultancy LLC established on December 17, 2015

KEY FINANCIAL FIGURES

Key financial figures of the Group		2016	2015	2014	2013	2012	2011	2010	2009	2008
Scope of activity										
Sales	EUR million	**1,057.9**	1,201.2	1,402.6	1,911.5	2,087.4	1,385.6	969.6	877.7	1,217.9
change in sales	%	**-11.9**	-14.4	-26.6	-8.4	50.7	42.9	10.5	-27.9	21.8
exports from and sales outside Finland, of total sales	%	**93.4**	98.0	98.6	99.0	97.4	94.2	95.6	93.6	95.0
Capital expenditure	EUR million	**21.6**	104.8	68.5	53.0	76.2	98.3	96.7	98.0	23.9
in relation to sales	%	**2.0**	8.7	4.9	2.8	3.7	7.1	10.0	11.2	2.0
Reseach and development expenses [1]	EUR million	**55.2**	61.2	56.9	48.7	41.6	33.5	28.5	20.5	20.2
in relation to sales	%	**5.2**	5.1	4.1	2.6	2.0	2.4	2.9	2.3	1.7
Personnel at December 31		**4,192**	4,859	4,571	4,855	4,805	3,883	3,130	3,128	2,674
average for the year		**4,344**	4,855	4,845	4,927	4,456	3,516	3,151	2,612	2,483
Order backlog at the end of the period		**1,002.1**	1,102.8	1,138.0	1,371.7	1,947.1	1,985.1	1,393.1	867.4	1,176.7
Order intake		**1,007.7**	1,189.9	1,177.9	1,512.4	2,084.4	2,005.4	1,394.7	557.1	1,153.8
Profitability										
Operating result	EUR million	**-67.7**	-12.3	10.4	141.9	184.3	111.9	41.6	58.6	120.2
in relation to sales	%	**-6.4**	-1.0	0.7	7.4	8.8	8.1	4.3	6.7	9.9
Result before taxes	EUR million	**-78.1**	-22.9	0.2	132.2	179.7	113.3	37.1	60.9	136.3
in relation to sales	%	**-7.4**	-1.9	0.0	6.9	8.6	8.2	3.8	6.9	11.2
Gross margin	%	**22.1**	27.9	22.9	20.7	20.8	24.0	26.2	21.7	21.5
Return on equity	%	**-15.4**	-4.0	0.0	19.4	29.4	20.9	7.6	14.9	42.6
Return on investment	%	**-9.4**	-1.5	1.7	25.7	37.0	26.4	9.2	20.9	61.6
Financing and financial position										
Equity-to-assets ratio at the end of the period	%	**40.0**	31.1	36.1	38.5	37.1	39.1	41.2	45.1	35.0
Gearing at the end of the period	%	**-0.9**	9.9	-1.3	-18.2	-56.0	-84.9	-56.2	-55.8	-139.0
Net interest-bearing debt	EUR million	**-4.5**	39.9	-5.8	-87.1	-264.7	-339.1	-200.9	-191.0	-314.6
Net cash generated from operating activities	EUR million	**84.6**	69.5	19.9	-42.1	77.1	247.0	87.5	-28.8	106.6
Dividends	EUR million	**-** [2]	-	18.1	36.6	54.9	38.9	34.3	32.0	42.0

[1] Reclassification of product management costs in 2015. The 2014 figures have been restated.
[2] The Board of Directors' proposal to the Annual General Meeting on March 30, 2017.

QUARTERLY INFORMATION (UNAUDITED)

EUR million	Q1/15	Q2/15	Q3/15	**Q4/15**	Q1/16	Q2/16	Q3/16	**Q4/16**
Sales								
Metals, Energy & Water	141.0	174.5	178.2	**158.8**	127.2	148.3	116.5	**126.4**
Minerals Processing	136.4	136.4	129.0	**147.0**	112.5	119.3	128.9	**178.8**
Unallocated items [1] and intra-group sales	0.0	0.0	0.0	**0.0**	0.1	0.0	-0.2	**0.1**
Total	277.5	310.8	307.2	**305.7**	239.8	267.6	245.2	**305.4**
Operating result								
Metals, Energy & Water	5.1	4.8	3.7	**-0.6**	-10.2	-1.1	-11.2	**-59.7**
Minerals Processing	-0.1	5.5	5.4	**-27.3**	-0.3	3.3	10.8	**7.8**
Unallocated items [2] and intra-group sales	-1.4	-2.4	-2.4	**-2.6**	-1.8	-3.0	-0.9	**-1.6**
Total	3.6	8.0	6.7	**-30.6**	-12.3	-0.8	-1.2	**-53.5**
Order backlog at the end of period	1,132.2	1,207.2	1,116.7	**1,102.8**	1,004.5	1,017.3	1,029.7	**1,002.1**

[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

Share-related key figures

EUR million		**2016**	2015	2014	2013	2012	2011
Earnings per share	EUR	**-0.42**	-0.10	0.00	0.51	0.70	0.44
Equity per share	EUR	**2.73**	2.22	2.47	2.64	2.61	2.19
Dividend per share	EUR	**-** [1]	-	0.10	0.20	0.30	0.21
Dividend payout ratio	%	**-**	-	10,497	40	43	49
Dividend yield	%	**-**	-	2.3	2.6	2.8	2.3
Price/earnings ratio		**-11.9**	-34.0	4,608.1	14.9	15.0	20.8
Development of share price							
Average trading price	EUR	**3.91**	4.74	6.88	10.01	9.52	8.80
Lowest trading price	EUR	**2.49**	3.10	4.19	6.55	7.58	5.97
Highest trading price	EUR	**5.63**	6.85	9.28	13.03	11.67	11.70
Trading price at the end of the period	EUR	**4.99**	3.40	4.39	7.61	10.59	9.10
Market capitalization at the end of the period	EUR million	**914.1**	622.6	803.2	1,393.6	1,939.7	1,666.4
Development in trading volume							
Trading volume	1,000 shares	**283,187**	236,182	255,600	242,841	352,500	326,440
In relation to weighted average number of shares	%	**156.4**	130.5	141.6	134.3	194.3	179.8
Adjusted average number of shares		**181,123,686**	180,959,804	180,469,018	180,827,549	181,436,638	181,517,634
Number of shares at the end of the period [2]		**181,226,109**	180,956,227	180,470,383	181,149,768	180,568,692	182,082,532

[1] The Board of Directors' proposal to the Annual General Meeting on March 30, 2017.

[2] Number of registered shares at December 31, 2016 was 183,121,492 (at December 31, 2015: 183,121,492).

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 = $\frac{\text{Result for the period}}{\text{Total equity (average for the period)}} \times 100$

Return on investment = $\frac{\text{Operating result + finance income}}{\text{Total assets - non-interest-bearing debt (average for the period)}} \times 100$

Net interest-bearing debt = Interest-bearing debt - Interest-bearing assets

Equity-to-assets ratio = $\frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$

Gearing = $\frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$

Earnings per share = $\frac{\text{Result for the period attributable to the equity holders of the parent company}}{\text{Average number of shares during the period, as adjusted for stock split}}$

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 = $\frac{\text{Dividend for the financial year}}{\text{Number of the shares at the end of period, as adjusted for stock split}}$

Dividend payout ratio = $\frac{\text{Dividend for the financial year}}{\text{Result for the period attributable to the equity holders of the parent company}} \times 100$

Dividend yield = $\frac{\text{Dividend per share}}{\text{Adjusted trading price at the end of the period}} \times 100$

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

Working capital = Other non-current assets + Inventories + Trade and other receivables + Project related receivables + Derivatives (assets) - Provisions -Trade and other payables - Net advances received - Other project liabilities - Derivatives (liabilities)

PARENT COMPANY FINANCIAL STATEMENTS, FAS

INCOME STATEMENT OF THE PARENT COMPANY

EUR million	Note	**2016**	2015
Sales	2	**32.5**	32.2
Cost of sales	3, 5, 7	**-9.1**	-3.1
Gross result		**23.4**	29.2
Other operating income	4	**3.3**	0.0
Selling and marketing expenses	5, 6, 7	**-0.9**	-0.0
Administrative expenses	5, 6, 7	**-33.0**	-39.7
Research and development expenses	5, 7	**-2.6**	-1.9
Other operating expenses	8	**-34.0**	-4.7
Operating result		**-43.8**	-17.1
Finance income	9, 11	**14.1**	17.3
Finance expenses	10, 11	**-28.0**	-17.1
Net finance income		**-13.9**	0.2
Result before appropriations and taxes		**-57.7**	-17.0
Appropriations	12	**9.7**	27.3
Income tax expenses	13	**-0.5**	-0.2
Result for the period		**-48.4**	10.1

BALANCE SHEET OF THE PARENT COMPANY

EUR million	Note	**31.12.2016**	31.12.2015
ASSETS			
Non-current assets	14		
Intangible assets		**58.9**	62.6
Property, plant and equipment		**1.0**	1.2
Non-current financial assets		**539.5**	556.5
Total non-current assets		**599.3**	620.3
Current assets			
Inventories	15	**0.3**	0.1
Non-current receivables	16	**5.3**	32.4
Current receivables	16	**243.6**	188.5
Cash and cash equivalents		**68.7**	106.6
Total current assets		**317.9**	327.7
TOTAL ASSETS		**917.2**	947.9

EUR million	Note	**31.12.2016**	31.12.2015
EQUITY AND LIABILITIES			
Shareholders' equity	17		
Share capital		**17.2**	17.2
Share premium fund		**20.2**	20.2
Cash flow hedging reserve		**-**	-0.2
Treasury shares		**-15.9**	-17.4
Reserve for invested non-restricted equity		**98.5**	97.0
Retained earnings		**228.5**	220.0
Result for the period		**-48.4**	10.1
Total shareholders' equity		**300.1**	346.9
Liabilities	18		
Non-current liabilities		**338.3**	295.5
Current liabilities		**278.8**	305.6
Total liabilities		**617.2**	601.0
TOTAL EQUITY AND LIABILITIES		**917.2**	947.9

CASH FLOW STATEMENT OF THE PARENT COMPANY

EUR million	2016	2015
Cash flows from operating activities		
Result before appropriations and taxes	**-57.7**	-17.0
Adjustments for		
Depreciation and amortization	**11.8**	8.5
Impairment	**30.3**	-
Interest income	**-5.8**	-6.8
Dividend income	**-**	-4.4
Interest expenses	**16.5**	8.6
Other adjustments [1]	**1.1**	-0.8
	-3.8	-11.9
Change in working capital		
Decrease (+) in current receivables	**-18.9**	-0.6
Decrease (+) in inventories	**-0.3**	-0.0
Increase (+), decrease (-) in current liabilities	**-10.1**	5.3
	-33.1	-7.2
Dividends received	**-**	4.4
Interest received	**7.3**	7.1
Interest paid	**-8.2**	-8.6
Income tax paid	**-**	6.3
Net cash from operating activities	**-34.0**	2.1

EUR million	2016	2015
Cash flows from investing activities		
Purchases of intangible and tangible assets	**-8.7**	-24.4
Acquisition of subsidiaries and other equity investments	**-12.5**	-125.4
Net cash used in investing activities	**-21.2**	-149.8
Cash flows from financing activities		
Increase (+) in long-term debt	**150.0**	60.0
Decrease (-) in current debt	**-104.1**	-10.8
Increase (+), decrease (-) in current loans	**-28.0**	32.0
Increase (-), decrease (+) in non-current loans receivable	**-**	0.1
Decrease (+) in current loans receivable	**-2.1**	54.8
Sales of treasury shares	**1.3**	0.4
Dividends paid	**-**	-18.3
Cash flow from group contributions	**-**	11.0
Other financing cash flow	**0.0**	-0.5
Net cash from financing activities	**17.2**	128.8
Net change in cash and cash equivalents	**-37.9**	-18.9
Cash and cash equivalents at January 1	**106.6**	125.5
Net change in cash and cash equivalents	**-37.9**	-18.9
Cash and cash equivalents at December 31	**68.7**	106.6

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

1. ACCOUNTING PRINCIPLES

The financial statements of Outotec Oyj have been prepared in accordance with 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.

Income taxes

Income tax expenses in income statement consist of accrued taxes for the financial year and tax adjustments to 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 permanently lower than the book value, the difference is recognized as a write-down.

2. SALES BY MARKET AREA

EUR million	**2016**	2015
Europe	**27.0**	27.5
Africa	**0.5**	0.3
Asia	**0.7**	0.9
North and South America	**2.5**	2.3
Australia	**1.7**	1.2
	32.5	32.2

3. COST OF SALES

EUR million	**2016**	2015
Merchandise and supplies	**-0.1**	-0.0
Logistics expenses	**-**	-0.0
Employee benefit expenses	**-0.0**	-1.9
Rents and leases	**-0.1**	-0.3
Depreciation and amortization	**-7.6**	-
Services purchased	**-0.1**	-0.3
Other expenses	**-1.2**	-0.5
	-9.1	-3.1

4. OTHER OPERATING INCOME

EUR million	**2016**	2015
Exchange gains of forward contracts	**3.2**	-
Other income	**0.1**	0.0
	3.3	0.0

5. PERSONNEL EXPENSES

EUR million	**2016**	2015
Wages and salaries	**-9.8**	-12.8
Pension contributions	**-2.3**	-2.4
Other personnel expenses	**-0.6**	-0.7
	-12.7	-15.9
of which wages and salaries for key management		
Members of the Board of Directors	**-0.4**	-0.4
CEO	**-2.0**	-0.7
Other members of Executive Committee	**-1.6**	-2.8
	-4.0	-4.0
of which pension expenses for key management		
CEO	**-0.2**	-0.1
Other members of Executive Committee	**-0.2**	-0.4
	-0.4	-0.5

During year 2016 executive board members in Outotec Oyj received a total number of 27,141 Outotec shares (2015: 42,555) as part of the share-based incentive program included in short-term employee benefits. The portion of former CEO Pertti Korhonen was 1,682 shares (2015: 6,750).

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

Number of personnel	**2016**	2015
Average number of personnel for the period	**166**	149
Personnel at December 31	**163**	146

6. AUDITOR FEES

EUR million	**2016**	2015
Auditing fees	**-0.2**	-0.1
Tax advising fees	**-0.2**	-0.1
Other services	**-0.0**	-0.2
	-0.4	-0.4

7. DEPRECIATION AND AMORTIZATION

EUR million	**2016**	2015
Depreciation and amortization according to plan	**-11.8**	-8.5
	-11.8	-8.5
Depreciation and amortization by group of assets		
Intangible assets	**-1.7**	-1.6
Other long-term expenses	**-9.6**	-6.4
Machinery and equipment	**-0.5**	-0.5
	-11.8	-8.5
Depreciation and amortization by function		
Cost of sales	**-7.6**	-
Selling and marketing expenses	**-0.8**	-
Administrative expenses	**-2.0**	-8.5
Research and development expenses	**-1.5**	-
	-11.8	-8.5

8. OTHER OPERATING EXPENSES

EUR million	**2016**	2015
Impairment of other long-term expenses	**-0.8**	-
Impairment of subsidiary shares	**-29.5**	-
Restructuring	**-3.1**	-2.3
Exchange losses of forward contracts	**-0.6**	-2.0
Other expenses	**-0.0**	-0.4
	-34.0	-4.7

9. FINANCE INCOME

EUR million	**2016**	2015
Dividend income	**-**	4.4
Interest income	**5.8**	6.8
Finance income	**3.6**	3.9
Exchange gains from loans and receivables	**4.4**	1.1
	13.8	16.3
Finance income from subsidiaries [1]		
Dividend income	**-**	4.4
Interest income and other finance income	**7.9**	9.2
	7.9	13.7

[1] Finance income from subsidiaries are included in finance income above

10. FINANCE EXPENSES

EUR million	**2016**	2015
Interest expenses	**-16.5**	-8.6
Finance expenses	**-1.7**	-2.1
Exchange losses from loans and receivables	**-4.0**	-2.5
Exchange losses from forward agreements	**-5.6**	-3.0
	-27.8	-16.2
Finance expenses to subsidiaries [1]		
Interest expenses	**-0.1**	-0.3

[1] Finance expenses to subsidiaries are included in finance expenses above

11. DERIVATIVES UNDER HEDGE ACCOUNTING

EUR million	**2016**	2015
Fair value changes from interest rate derivatives [1]	**-0.0**	-0.8
Change in fair value revaluation reserve [1] [2]	**-0.2**	-0.1
Other fair value changes [2]	**0.2**	1.0
	0.0	0.0

[1] Changes in fair value are included in finance income of income statement
[2] Changes in fair value are included in finance expenses of income statement

Treasury operations of the Group are centralized in Outotec Oyj.

12. APPROPRIATIONS

EUR million	**2016**	2015
Group contributions received	**9.7**	27.3

13. INCOME TAX EXPENSES

EUR million	**2016**	2015
Income tax expenses from previous year	**0.2**	-
Income tax expenses from operations	**-0.7**	-0.2
	-0.5	-0.2
Deferred tax assets		
Temporary differences	**5.5**	1.7

14. NON-CURRENT ASSETS

	Intangible assets			Tangible assets
EUR million	Patents and licenses	Long-term expense items	Total	Property, plant and equipment
Historical cost at January 1, 2016	11.8	67.1	78.8	3.0
Additions	0.6	16.2	16.8	0.4
Disposals	-1.2	-1.8	-3.0	0.0
Historical cost at December 31, 2016	**11.2**	**81.4**	**92.6**	**3.3**
Accumulated amortization and impairment at January 1, 2016	-4.6	-20.1	-24.7	-1.8
Amortization during period	-1.7	-9.6	-	-0.5
Amortization from disposals during period	0.9	1.4	-	-
Accumulated amortization and impairment at December 31, 2016	**-5.4**	**-28.3**	**-33.7**	**-2.3**
Construction in progress at December 31, 2016	**-**	**-**	**-**	**-**
Carrying value at December 31, 2016	**5.8**	**53.1**	**58.9**	**1.0**
Historical cost at January 1, 2015	8.5	43.7	52.3	3.2
Additions	3.2	23.3	26.6	0.6
Disposal	-	-0.0	-0.0	-0.8
Historical cost at December 31, 2015	11.8	67.1	78.8	3.0
Accumulated amortization and impairment at January 1, 2015	-3.1	-13.6	-16.7	-2.1
Amortization during period	-1.6	-6.4	-8.0	-0.5
Amortization from disposals during period	-	0.0	0.0	0.8
Accumulated amortization and impairment at December 31, 2015	-4.6	-20.1	-24.7	-1.8
Construction in progress at December 31, 2015	-	8.5	8.5	-
Carrying value at December 31, 2015	7.1	55.5	62.6	1.2

Long-term financial assets EUR million	Shares in subsidiaries	Other shares and holdings	Total
Historical cost at January 1, 2016	556.3	0.2	556.5
Additions	12.5	-	12.5
Impairment	-29.5	-	-29.5
Carrying value at December 31, 2016	**539.2**	**0.2**	**539.5**
Historical cost at January 1, 2015	430.9	0.2	431.1
Additions	125.4	-	125.4
Carrying value at December 31, 2015	556.3	0.2	556.5

Investments in subsidiary shares are disclosured in more detail in the Group note 33.

15. INVENTORIES

EUR million	2016	2015
Advance payments received	**0.3**	-
Materials and supplies	**0.0**	0.1
	0.3	0.1

16. RECEIVABLES

EUR million	2016	2015
Non-current receivables		
Interest-bearing		
Loans receivable	**-**	26.9
Non interest-bearing		
Unrealized exchange gains of forward contracts	**5.3**	5.6
	5.3	32.4
Current receivables		
Interest-bearing		
Loans receivable	**137.8**	106.0
Other receivables from group companies	**1.9**	5.6
Non interest-bearing		
Trade receivables	**50.6**	35.2
Prepaid expenses and accrued income	**1.7**	3.2
Other receivables	**51.5**	38.6
	243.6	188.5
Prepaid expenses and accrued income		
Interest receivables	**0.9**	2.5
Tax receivables	**-**	0.7
Arrangement fee of hybrid loan	**0.8**	-
Other receivables	**0.1**	0.1
	1.7	3.2
Receivables from subsidiaries		
Non-current receivables		
Interest-bearing		
Loans receivable	**-**	26.9
Current receivables		
Interest-bearing		
Loans receivable	**137.8**	105.9
Other receivables from group companies	**1.9**	5.6
Non interest-bearing		
Trade receivables	**50.5**	35.1
Prepaid expenses and accrued income	**0.4**	2.0
Group contribution receivables	**37.0**	27.3
Other receivables	**8.2**	4.6
	235.8	207.5

17. SHAREHOLDERS' EQUITY

EUR million	**2016**	2015
Share capital	**17.2**	17.2
Share premium fund	**20.2**	20.2
Treasury shares	**-15.9**	-17.4
Cash flow hedging reserve, foreign exchange	**-**	-0.2
Reserve for invested non-restricted equity	**98.5**	97.0
Retained earnings at January 1	**230.1**	238.7
Dividend	**-**	-18.3
Change in value of treasury shares	**-1.6**	-0.6
Dividend related to treasury shares	**0.0**	0.2
Result for the period	**-48.4**	10.1
Total shareholders' equity at December 31	**300.1**	346.9
Distributable funds		
Reserve for invested non-restricted equity	**98.5**	97.0
Treasury shares	**-15.9**	-17.4
Retained earnings	**228.5**	220.0
Result for the period	**-48.4**	10.1
Distributable funds at December 31	**262.7**	309.7

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 the year 2016, the amount of these treasury shares was 0 (2015: 675). Outotec's consolidated balance sheet and consolidated changes in equity reflect the substance of the arrangement with a deduction amounting to EUR 0.0 million (2015: EUR 0.0 million) in equity.

On September 10, 2012, Outotec purchased a total of 2,000,000 of the company's own shares through public trading. In December 31, 2013 Outotec Management Oy was merged to Outotec Oyj. In the merger 813,736 shares, previously owned by Outotec Management Oy, were transferred. At the end of the year the number of these shares was 1,803,963 (2015: 2,030,011) and book value EUR 15.9 million. (2015: EUR 17.4 million).

18. LIABILITIES

EUR million	**2016**	2015
Non-current liabilities		
Interest-bearing		
Bonds	**154.4**	154.4
Loans from financial institutions	**32.7**	140.2
Hybrid loan	**150.0**	-
Non interest-bearing		
Unrealized exchange losses of forward contracts	**1.2**	1.0
	338.3	295.5
Current liabilities		
Interest-bearing		
Loans from subsidiaries	**47.4**	120.2
Other current loans from group companies	**198.3**	150.2
Non interest-bearing		
Trade payables	**3.3**	12.6
Accrued expenses and prepaid income	**15.9**	11.7
Other current liabilities	**13.9**	10.8
	278.8	305.6
Accrued expenses and prepaid income		
Accrued personnel expenses	**2.2**	3.3
Interest liability of hybrid loan	**8.5**	-
Other liabilities	**5.1**	8.4
	15.9	11.7
Liabilities to subsidiaries		
Current liabilities		
Interest-bearing		
Current loans	**10.0**	79.5
Other current loans from group companies	**198.3**	150.2
Non interest-bearing		
Trade payables	**0.2**	0.4
Accrued expenses and prepaid income	**0.0**	0.1
Other current liabilities	**2.5**	1.5
	211.1	231.7

19. COMMITMENTS

EUR million	**2016**	2015
Guarantees		
On behalf of subsidiaries		
For financing	**13.6**	12.3
For other commitments	**543.5**	624.6
On behalf of own commercial commitments (excluding advance payment guarantees)	**7.7**	7.7

The total value of commercial guarantees issued by the parent company on behalf of subsidiaries includes advance payment guarantees EUR 116.8 million at December 31, 2016 (at December 31, 2015: EUR 216.5 million).

The total amount of guarantees for commercial commitments including advance payment guarantees issued by the parent company amounted to EUR 551.2 million at December 31, 2016 (at December 31, 2015: EUR 632.3 million).

Minimum future lease payments on operating leases		
Not later than 1 year	**7.8**	8.3
1–2 years	**6.1**	7.8
2–3 years	**5.4**	6.1
3–4 years	**5.4**	5.4
4–5 years	**5.3**	5.3
Later than 5 years	**30.7**	36.0
	60.7	68.9

20. DERIVATIVE INSTRUMENTS

EUR million	**2016**	2015
Net fair values		
Contracts made with financial institutions		
Foreign exchange forward contracts	**-5.4**	-1.4
Interest rate swaps	**5.3**	5.4
Contracts made with subsidiaries		
Foreign exchange forward contracts	**4.5**	1.8
	4.4	5.7
Nominal values		
Contracts made with financial institutions		
Foreign exchange forward contracts	**512.8**	369.8
Interest rate swaps	**75.0**	115.0
Contracts made with subsidiaries		
Foreign exchange forward contracts	**409.0**	244.4
	996.8	729.2

21. ADDITIONAL INFORMATION RELATED TO FINANCIAL INSTRUMENTS AND DERIVATIVE CONTRACTS

Fair values of derivative contracts

Remaining maturity	Positive fair value				Negative fair value			
EUR million	< 1 years	1–2 years	2–3 years	3– years	< 1 years	1–2 years	2–3 years	3– years
2016								
Foreign exchange forward contracts								
Designated as cash flow hedges								
With financial institutions	-	-	-	-	-	-	-	-
With subsidiaries	-	-	-	-	-	-	-	-
Other foreign exchange forward contracts								
With financial institutions	3.4	0.0	-	-	-7.7	-1.2	-	-
With subsidiaries	5.8	1.2	-	-	-2.5	-0.1	-	-
Interest rate swaps								
Designated as cash flow hedges								
With financial institutions	-	-	-	-	-	-	-	-
Designated as fair value hedges								
With financial institutions	-	-	-	5.3	-	-	-	-
Total	**9.3**	**1.2**	**-**	**5.3**	**-10.1**	**-1.3**	**-**	**-**
2015								
Foreign exchange forward contracts								
Designated as cash flow hedges								
With financial institutions	-	-	-	-	-	-	-	-
With subsidiaries	-	-	-	-	-	-	-	-
Other foreign exchange forward contracts								
With financial institutions	2.9	0.0	-	-	-3.4	-0.3	-0.6	-
With subsidiaries	2.4	0.3	0.6	-	-1.5	-0.0	-0.0	-
Interest rate swaps								
Designated as cash flow hedges								
With financial institutions	-	-	-	-	-0.2	-	-	-
Designated as fair value hedges								
With financial institutions	-	-	-	5.5	-	-	-	-
Total	5.2	0.4	0.6	5.5	-5.0	-0.3	-0.7	-

Nominal values of derivative contracts

Remaining maturity				
EUR million	<1 years	1–2 years	2–3 years	3– years
2016				
Foreign exchange forward contracts				
Designated as cash flow hedges				
With financial institutions	-	-	-	-
With subsidiaries	-	-	-	-
Other foreign exchange forward contracts				
With financial institutions	498.4	14.3	-	-
With subsidiaries	393.4	15.6	-	-
Interest rate swaps				
Designated as cash flow hedges				
With financial institutions	-	-	-	-
Designated as fair value hedges				
With financial institutions	-	-	-	75.0
Total	**891.8**	**29.9**	**-**	**75.0**
2015				
Foreign exchange forward contracts				
Designated as cash flow hedges				
With financial institutions	-	-	-	-
With subsidiaries	-	-	-	-
Other foreign exchange forward contracts				
With financial institutions	346.8	11.1	11.9	-
With subsidiaries	221.4	10.0	13.1	-
Interest rate swaps				
Designated as cash flow hedges				
With financial institutions	40.0	-	-	-
Designated as fair value hedges				
With financial institutions	-	-	-	75.0
Total	608.1	21.1	25.0	75.0

Transaction risk

	USD risk		AUD risk		SEK risk		MXN risk	
EUR million	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Bank accounts	**-18.0**	-13.5	**0.4**	-0.1	**-1.4**	0.6	**0.1**	0.0
Trade receivables	**6.6**	4.9	**-0.9**	0.0	**0.0**	0.0	**0.0**	0.0
Trade payables	**-0.0**	-0.0	**-0.0**	-0.9	**-0.0**	-0.0	**-0.0**	-0.0
Loans and receivables								
From financial institutions	**-**	-	**-**	-	**-**	-	**-**	-
From subsidiaries	**2.1**	1.5	**56.1**	66.8	**10.0**	14.1	**-**	3.4
Net balance sheet exposure	**-9.3**	-7.0	**55.7**	65.7	**8.6**	14.7	**0.1**	3.4
Hedges:								
Foreign exchange forward contracts								
With financial institutions	**-130.7**	-107.1	**-43.0**	-52.8	**16.1**	13.7	**30.2**	1.0
With subsidiaries	**139.9**	113.1	**-13.4**	-13.6	**-24.6**	-28.4	**-30.3**	-4.4
Total net exposure	**-0.1**	-1.0	**-0.7**	-0.6	**0.1**	0.0	**0.0**	0.0

Sensitivity of financial instruments on foreign currency exchange rates

EUR million	**2016** Effect on profit or loss	2015 Effect on profit or loss
+/- 10% change in EUR/USD exchange rate	+0.0/-0.0	+0.1/-0.1
+/- 10% change in EUR/AUD exchange rate	+0.1/-0.1	+0.1/-0.1
+/- 10% change in EUR/SEK exchange rate	-0.0/+0.0	+0.0/-0.0
+/- 10% change in EUR/MXN exchange rate	-0.0/+0.0	+0.0/-0.0

Fair value hierarchy

2016

EUR million	Level 1	Level 2	Level 3	Total
Available for sale financial assets	0.1	-	0.1	0.2
Derivative financial assets				
With financial institutions	-	8.8	-	8.8
With subsidiaries	-	7.0	-	7.0
Total	**0.1**	**15.8**	**0.1**	**16.0**
Derivative financial liabilities				
With financial institutions	-	8.8	-	8.8
With subsidiaries	-	2.5	-	2.5
Total	-	11.4	-	11.4

2015

EUR million	Level 1	Level 2	Level 3	Total
Available for sale financial assets	0.0	-	0.1	0.1
Derivative financial assets				
With financial institutions	-	8.4	-	8.4
With subsidiaries	-	3.3	-	3.3
Total	0.0	11.8	0.1	11.9
Derivative financial liabilities				
With financial institutions	-	4.5	-	4.5
With subsidiaries	-	1.5	-	1.5
Total	-	6.0	-	6.0

Fair values of financial assets and liabilities

2016 EUR million	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value
Non-current financial assets						
Derivative assets						
Foreign exchange forward contracts						
With financial institutions	0.0	-	-	-	0.0	0.0
With subsidiaries	1.2	-	-	-	1.2	1.2
Interest rate swaps						
With financial institutions	-	-	-	5.3	5.3	5.3
Other shares and securities	-	0.2	-	-	0.2	0.2
Current financial assets						
Derivative assets						
Foreign exchange forward contracts						
With financial institutions	3.4	-	-	-	3.4	3.4
With subsidiaries	5.8	-	-	-	5.8	5.8
Interest rate swaps						
With financial institutions	-	-	-	-	-	-
Carrying amount by category	**10.5**	**0.2**	**-**	**5.3**	**16.0**	**16.0**
Non-current financial liabilities						
Derivative liabilities						
Foreign exchange forward contracts						
With financial institutions	-	-	1.2	-	1.2	1.2
With subsidiaries	-	-	0.1	-	0.1	0.1
Interest rate swaps						
With financial institutions	-	-	-	-	-	-
Current financial liabilities						
Derivative liabilities						
Foreign exchange forward contracts						
With financial institutions	-	-	7.7	-	7.7	7.7
With subsidiaries	-	-	2.5	-	2.5	2.5
Interest rate swaps						
With financial institutions	-	-	-	-	0.0	0.0
Carrying amount by category	**-**	**-**	**11.4**	**-**	**11.4**	**11.4**

Fair values of financial assets and liabilities

2015 EUR million	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value
Non-current financial assets						
Derivative assets						
Foreign exchange forward contracts						
With financial institutions	0.0	-	-	-	0.0	0.0
With subsidiaries	1.0	-	-	-	1.0	1.0
Interest rate swaps						
With financial institutions	-	-	-	5.5	5.5	5.5
Other shares and securitites	-	0.1	-	-	0.1	0.1
Current financial assets						
Derivative assets						
Foreign exchange forward contracts						
With financial institutions	2.9	-	-	-	2.9	2.9
With subsidiaries	2.4	-	-	-	2.4	2.4
Interest rate swaps						
With financial institutions	-	-	-	-	-	-
Carrying amount by category	6.2	0.1	-	5.5	11.9	11.9
Non-current financial liabilities						
Derivative liabilities						
Foreign exchange forward contracts						
With financial institutions	-	-	1.0	-	1.0	1.0
With subsidiaries	-	-	0.0	-	0.0	0.0
Interest rate swaps						
With financial institutions	-	-	-	-	-	-
Current financial liabilities						
Derivative liabilities						
Foreign exchange forward contracts						
With financial institutions	-	-	3.4	-	3.4	3.4
With subsidiaries	-	-	1.5	-	1.5	1.5
Interest rate swaps						
With financial institutions	-	-	0.2	-	0.2	0.2
Carrying amount by category	-	-	6.0	-	6.0	6.0

Offsetting financial assets and financial liabilities

2016 EUR	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Related amounts not set off in the balance sheet: Cash collateral received	Net amount
Derivative financial assets						
With financial institutions	8.8	-	8.8	-4.5	-	4.3
With subsidiaries	7.0	-	7.0	-2.5	-	4.6
Total	**15.8**	**-**	**15.8**	**-7.0**	**-**	**8.8**

2016 EUR	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Related amounts not set off in the balance sheet: Cash collateral received	Net amount
Derivative financial liabilities						
With financial institutions	8.8	-	8.8	-4.5	-	4.3
With subsidiaries	2.5	-	2.5	-2.5	-	0.1
Total	**11.4**	**-**	**11.4**	**-7.0**	**-**	**4.4**

2015 EUR	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Related amounts not set off in the balance sheet: Cash collateral received	Net amount
Derivative financial assets						
With financial institutions	8.4	-	8.4	-2.5	-	5.9
With subsidiaries	3.3	-	3.3	-1.1	-	2.2
Total	11.8	-	11.8	-3.6	-	8.1

2015 EUR	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Related amounts not set off in the balance sheet: Cash collateral received	Net amount
Derivative financial liabilities						
With financial institutions	4.5	-	4.5	-2.5	-	2.0
With subsidiaries	1.5	-	1.5	-1.1	-	0.4
Total	6.0	-	6.0	-3.6	-	2.4

For the external financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default by the other party.

SHARES AND SHAREHOLDERS

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

Shares and share capital

At the end of 2016, Outotec's share capital was EUR 17,186,442.52, consisting of 183,121,492 shares. Each share entitles its holder to one vote at the company's general shareholders' meetings.

Outotec Oyj's own shareholding

At the end of 2016, the company held directly a total 1,803,963 Outotec shares, which represents a relative share of 0.99% of Outotec Oyj's shares and votes.

Board's authorizations

The Annual General Meeting 2016 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 18,312,149. The authorizations are valid until the closing of the next Annual General Meeting.

Board and management shareholding

The total shareholding of the Board of Directors, CEO and Executive Board at the end of 2016 was 356,197 Outotec shares. More details of the individual shareholdings can be found on the company's website at www.outotec.com/cg.

Board of Directors' proposal for profit distribution

The Board of Directors proposes to the Annual General Meeting 2017 that no dividend will be paid for the financial year 2016. Additional information is available on the company's website at www.outotec.com/cg.

SHARES ON NASDAQ HELSINKI LTD

January-December 2016	No. of shares traded	Total value EUR	High EUR	Low EUR	Average EUR [1]	Last paid EUR
OTE1V	283,186,658	1,108,551,050	5.63	2.49	3.91	4.99

	31.12.2016	31.12.2015
Market capitalization, EUR million	**914**	623
No. of shareholders	**29,686**	33,830
Nominee registered shareholders (10), %	**30.6**	27.0
Finnish households, %	**25.6**	21.1

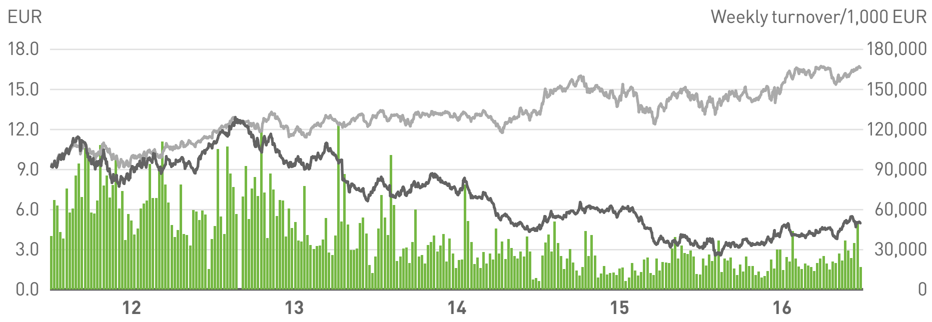
[1] Volume weighted average

DIVIDEND PAYMENT

Year	Dividend per share, EUR	Payout ratio, %	Yield, %
2008 (financial year 2007)	0.24	51	2.5
2009 (financial year 2008)	0.25	45	9.3
2010 (financial year 2009)	0.18	76	2.8
2011 (financial year 2010)	0.19	129	1.6
2012 (financial year 2011)	0.21	49	2.3
2013 (financial year 2012)	0.30	43	2.8
2014 (financial year 2013)	0.20	40	2.6
2015 (financial year 2014)	0.10	10,497	2.3
2016 (financial year 2015)	-	-	-
2017 (financial year 2016)	- [1]	-	-

[1] The Board of Directors' proposal to the Annual General Meeting on March 30, 2017.

OUTOTOEC SHARE PRICE PERFORMANCE AND TURNOVER IN NASDAQ HELSINKI



— Outotec Oyj, OTE1V
— Industry (HX2000PI)
● Trading volume*

*) In 2016, Nasdaq Helsinki's share accounted for 67.9% (2015: 73.6%) of all shares traded.
Source: Fidessa Fragulator

SHARE-RELATED KEY FIGURES

		2016	2015
Earnings per share	EUR	**-0.42**	-0.10
Equity per share	EUR	**2.73**	2.22
Dividend per share	EUR	**- [1]**	-
Dividend payout ratio	%	**-**	-
Dividend yield	%	**-**	-
Price/earnings ratio		**-11.9**	-34.0
Development of share price			
Average trading price	EUR	**3.91**	4.74
Lowest trading price	EUR	**2.49**	3.10
Highest trading price	EUR	**5.63**	6.85
Trading price at the end of period	EUR	**4.99**	3.40
Market capitalization at the end of period	EUR million	**914.1**	622.6
Development in trading volume			
Trading volume	1,000 shares	**283,187**	236,182
In relation to weighted average number of shares	%	**156.4**	130.5
Adjusted average number of shares		**181,123,686**	180,959,804
Number of shares at the end of period [2]		**181,226,109**	180,956,227

[1] The Board of Directors' proposal to the Annual General Meeting on March 30, 2017.
[2] Number of registered shares at December 31, 2016 was 183,121,492 (2015: 183,121,492).

DISTRIBUTION OF SHAREHOLDINGS ON DECEMBER 31, 2016

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1–100	5,172	17.4	306,012	0.2
101–1,000	16,853	56.8	7,813,934	4.3
1,001–10,000	7,115	24.0	19,541,013	10.7
10,001–100,000	485	1.6	11,590,880	6.3
100,001–1,000,000	48	0.2	13,902,828	7.6
1,000,001+	13	-	129,966,825	71.0
Total	29,686	100	183,121,492	100
In the joint book-entry account	-	-	-	-
In special accounts	-	-	-	-
Number of shares issued	29,686	100	183,121,492	-
Nominee registered	10	-	56,076,038	30.6

SHAREHOLDERS BY GROUP ON DECEMBER 31, 2016

Sectors	Number of holdings	% of shares and votes
Non-Finnish holders	930	9.20
Finnish institutions, companies and foundations	1,433	65.16
Finnish private investors	27,323	25.64
Total	29,686	100
Of which nominee registered	10	30.62

LARGEST SHAREHOLDERS ON DECEMBER 31, 2016

Shareholders	Shares	% of shares and votes
Solidium Oy	27,265,232	14.89
Varma Mutual Pension Insurance Company	12,778,363	6.98
Ilmarinen Mutual Pension Insurance Company	11,234,530	6.14
Tamares Nordic Investments B.V.	10,192,356	5.57
The State Pension Fund	4,000,000	2.18
Kumera Oy	2,428,175	1.33
Keva	2,425,120	1.32
Outotec Oyj	1,803,963	0.99
Holding Manutas Oy	1,600,000	0.87
Nordea Nordic Small Cap Fund	1,459,301	0.80
Total	75,187,040	41.06

AUDITOR'S REPORT

(Translation of the Finnish Original)

To the Annual General Meeting of Outotec Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial performance and financial position in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

What we have audited

We audited the financial statements of Outotec Oyj (business identity code 0828105-4) for the year ended 31 December, 2016. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

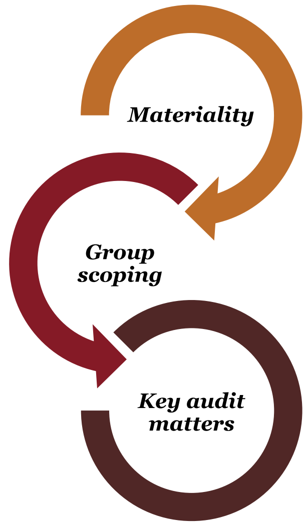
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH

Overview



- Overall group materiality: € 12 million

- The group audit scope consisted of 11 of the most significant entities within the group. A significant amount of the audit work was performed centrally by the group audit team in Finland. The centralized work was complemented by local teams' procedures in the respective countries.

- Timing of percentage of completion revenue recognition
- Valuation of goodwill
- Valuation of trade receivables
- Valuation of the deferred tax asset

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 12 million
How we determined it	We used the combination of 1% of total revenues and 1% of total assets to determine overall group materiality.
Rationale for the materiality benchmark applied	We assessed for Outotec the suitability of the commonly accepted benchmarks for the determination of materiality. Due to the volatility in in profitability caused by uncertainty in especially the global Mining industry, we determined that total assets and total revenues as a combination provide a suitable representation of the magnitude of Outotec's operations. The percentages applied are within the commonly accepted range as set out in relevant auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

We determined the type of work that needed to be performed at group companies by us, as the group engagement team, or by auditors from other PwC networks firms operating under our instructions. Audits were performed in group companies which are considered significant either because of their individual financial significance or due to their specific nature, covering the majority of revenue, assets and liabilities of the Group. We also performed additional specified procedures as well as analytical procedures at group-level.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Timing of percentage of completion revenue recognition Refer to notes 2, 5, 21, 25 and 27 in the financial statements	
A significant portion of the company's sales is recognized through the percentage of completion method. As described in the accounting principles to the consolidated financial statements, the stage of completion of a project is measured by using the cost-to-cost method under which the stage of completion is defined as the ratio of costs incurred to total estimated costs. Appropriate timing of revenue recognition is dependent on estimates regarding anticipated contract revenues and expenses. There is a risk that these estimates are incorrect and hence contract revenue is incorrectly recognized across reporting periods. This risk is emphasized when the company delivers new types of technical solutions or applications, for which there is no extensive past experience. The risk is also emphasized when in comprehensive plant deliveries, where the company is responsible for construction of the plant in addition to the process technology. Due to the significance of percentage of completion revenue and the aforementioned risks that affect appropriate recognition of revenue across accounting periods, it is considered a key audit matter.	We tested the company's key processes that affect the percentage of completion revenue recognition. In addition to processes and controls we focused on detailed audit procedures relating to the accounting treatment of individual contracts. As part of the procedures we • tested the IT-system configurations for percentage of completion calculations • tested values used in the calculations against customer contracts • obtained an understanding of contracts to assess whether any terms with unaccounted terms are present • tested the approval process for setting up new projects in the system • tested the risk assessment process for determining risk provision amounts • assessed management estimates relating to projects with particular risk characteristics • assessed the company's ability to make reliable estimates by performing retrospective analysis of past estimates of actual outcomes

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of goodwill Refer to notes 2, 3 and 14 in the financial statements	
The goodwill balance amounts to € 234 million representing 16,4% of the balance sheet. The company is responsible for performing annual impairment tests on goodwill. The company has two cash flow generating units (CGU) Minerals Processing (MP) representing an amount of € 95 million in goodwill and Metals Energy and Water (MEW) representing € 139 million in goodwill. The goodwill impairment assessment involves considerable judgment with respect to assumptions used in the cash flow projections specifically relating to the revenue growth rates, margins and determination of the discount rates. The financial performance measured in sales in MEW has been declining for several years. During 2016 the company's sales declined and the MEW business recorded an operating loss, as disclosed under the segment note 3. The financial performance of MP has improved in 2016 measured by the operating profit. For 2016 the company's sales declined however the operating profit was positive, as disclosed under the segment note 3. Due to the high degree of management judgement with respect to the assumptions used in the cash flow forecast and the aforementioned trends in the MEW segment, goodwill valuation is considered a key audit matter.	We obtained an understanding of the goodwill impairment test performed by the company and tested the key factors that affect it. As part of the procedures we • assessed the company's assumptions relating to the estimated future results on reasonableness and consistency with the approved budgets and the company's forecast • tested the company's determination of the identified CGUs • assessed management's expectations and assumptions used, specifically around the growth rate in the MEW segment considering the current market conditions • involved our valuation experts to verify that the WACC, the long term growth rate and other assumptions are consistent with observable market data • tested management's sensitivity analysis around 2 key assumptions (the forecasted sales and discount rate) to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired • assessed the adequacy of the disclosures particularly related to assumptions and sensitivities

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of trade receivables Refer to notes 2 and 21 in the financial statements	
The company has significant trade receivables from a wide range of customers across the world. The customers include private and state actors in a number of industries. Trade receivables include inherent risk of credit loss, in addition to which a significant portion of the receivables are aged, as disclosed in note 21 to the financial statements. Significant aging is considered an indication of heightened risk of credit loss. The risk of credit loss is also emphasized by the challenging market environment in which the company operates. The Company carries trade receivables in the balance sheet at the anticipated realizable value, which is the original invoice amount less an estimated valuation allowance for impairment. Due to the significant amount of aged trade receivables and the estimation risk involved in their valuation, this is considered a key audit matter.	We obtained an understanding of the Company's process for monitoring receivables and recording provisions relating to receivables with risk of non-recoverability. We also performed audit procedures to assess the valuation of the company's receivable portfolio at the balance sheet date. We • identified and tested the key controls in place to ensure identification of risks within trade receivables • analysed the trade receivables recorded in the balance sheet and obtained evidence regarding the appropriate valuation of items with particular risk characteristics • assessed management assessment of recoverability particularly for significant aged items by corroborating them against internal and external evidence regarding the likelihood of payment • assessed the company's ability to make reliable estimates by performing retrospective analysis of past estimates

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of deferred tax asset Refer to notes 2 and 12 in the financial statements	
The group has significant net deferred tax assets position originating from several jurisdictions. Where deferred tax assets arise, management judgement is required to assess the recoverability of the balance, in particular by reference to forecast future taxable income. As a result of the economic uncertainty in especially the MEW segment, the company's taxable result has been under pressure. This emphasizes the uncertainty relating to the recoverability of deferred tax assets. As a result of this uncertainty, deferred tax asset recoverability assessment is considered a key audit matter.	We obtained an understanding of the Company's process for monitoring the deferred tax position. We • assessed the company's ability to make reliable estimates by performing retrospective analysis of past estimates and changes made to the current estimates • assessed management assessment of the recoverability particularly in light of the economic uncertainty in the company's industry • tested management's detailed recoverability analysis in the jurisdictions with the most significant net deferred tax positions

We have no key audit matters to report with respect to our audit of the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

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, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the information included in the report of the Board of Directors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 17 February 2017

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Katajisto
Authorised Public Accountant

BOARD OF DIRECTORS

Matti Alahuhta
Chairman of the Board of Directors
D.Sc.(Tech.)
b. 1952, Finnish citizen
Board member and chairman since 2013, chairman of the Human Capital Committee
Independent of the company and owner
President and CEO of KONE Corporation until 2014
Positions of trust: Chairman of the Board of Directors of DevCo Partners; member of the Board of Directors of KONE Corporation, ABB Group, and AB Volvo
Outotec shareholding and share-based rights on 31.12.2016: 118,766 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Timo Ritakallio
Vice Chairman of the Board of Directors
D.Sc. (Tech.), LL.M., MBA
b. 1962, Finnish citizen
Board member since 2011, member of the Audit and Risk Committee
Independent of the company and owner
President and CEO of Ilmarinen Mutual Pension Insurance Company
Positions of trust: Chairman of the Board of Directors of the Finnish Pension Alliance TELA and The Finnish Olympic Committee; Vice Chairman of the Board of Directors of Securities Market Association; Member of the Board of Directors of the Federation of Finnish Financial Services (Finance Finland, FFI)
Outotec shareholding and share-based rights on 31.12.2016: 19,274 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Eija Ailasmaa
M. Pol. Sc, Graduate of the Sanoma School of Journalism
b. 1950, Finnish citizen
Board member since 2010, member of the Human Capital Committee
Independent of the company, not independent of owner
President and CEO of Sanoma Media B.V. until 2011
Positions of trust: Vice Chairman of the Board of Directors of Solidium Oy; member of the Board of Directors of Huhtamäki Oyj
Outotec shareholding and share-based rights on 31.12.2016: 10,926 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Klaus Cawén
LL.M. Columbia University, LL.M. University of Helsinki
b. 1957, Finnish citizen
Board member since March 30, 2015, member of the Audit and Risk Committee
Independent of the company and owner
Executive Vice President of KONE Corporation
Positions of trust: Member of the Board of Directors of Oy Karl Fazer Ab, Toshiba Elevator and Building Systems Corporation, and East Office of Finnish Industries Ltd
Outotec shareholding and share-based rights on 31.12.2016: 8,392 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Anja Korhonen
M.Sc. (Economics)
b. 1953, Finnish citizen
Board member since 2013, chairman of the Audit and Risk Committee
Independent of the company and owner
Senior Vice President, Corporate Controller of Nokia Corporation until 2011
Positions of trust: Member of the Board of Directors of Oriola-KD Oyj
Outotec shareholding and share-based rights on 31.12.2016: 11,574 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Patrik Nolåker
B.Sc., Business Administration & Economics, MBA
b. 1963, Swedish citizen
Board member since April 11, 2016
Independent of the company and owner
Group CEO of DYWIDAG Systems International until 2016
Positions of trust: Member of the Board of AQ Group, Systemair AB and Dywidag-Systems International S.a.r.l
Outotec shareholding and share-based rights on 31.12.2016: 3,876 shares (and 4,000 nominee registered shares).
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Ian W. Pearce
B.Sc., University of the Witwatersrand, South Africa
b. 1957, Canadian citizen
Board member since March 30, 2015, member of the Audit and Risk Committee
Independent of the company and owner
Founding Partner of X2 Resources Partners LP Inc.
Positions of trust: Chairman of the Board of Directors of MineSense (Canada) and Newgold; member of the Board of Directors of Nevsun
Outotec shareholding and share-based rights on 31.12.2016: 6,392 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Poju Zabludowicz
B.A. (Economics and International Relations)
b. 1953, Finnish citizen
Board member since 2012, member of the Human Capital Committee
Independent of the company and owner
Chairman and CEO of Tamares Group
Positions of trust: Member of the Board of Mustavaara Kaivos Oy, patron of Finnish British Chamber of Commerce, member of the Board of Kiasma - Museum of Contemporary Art, council member of Tate Modern International, and co-founder and trustee of The Zabludowicz Collection
Outotec shareholding and share-based rights on 31.12.2016: 10,926 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: Tamares Nordic Investments B.V. 10,192,356 shares

EXECUTIVE BOARD

Markku Teräsvasara
Chairman of the Executive Board
President and CEO (since October 1, 2016)
B.Sc. Civil engineering
b. 1965, Finnish citizen
Outotec shareholding and share-based rights on 31.12.2016: 0 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Jari Ålgars
Acting CEO since June 22, 2016 until October 1, 2016, Chief Financial Officer
M.Sc. (Econ.)
b. 1964, Finnish citizen
Outotec shareholding and share-based rights on 31.12.2016: 26,086 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Adel Hattab
Executive Vice President, Markets Unit
M.Sc. (Eng.), MBA
b. 1962, Finnish citizen
Outotec shareholding and share-based rights on 31.12.2016: 16,681 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Kalle Härkki
Executive Vice President, President of Metals, Energy & Water Business Unit (since October 24, 2016), President of Minerals Processing Business Unit (until October 24, 2016)
D.Sc. (Tech.)
b. 1969, Finnish citizen
Outotec shareholding and share-based rights on 31.12.2016: 86,801 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Taneli Salervo
Executive Vice President, President of Minerals Processing Business Unit (acting, since October 24, 2016)
M.Sc. (Eng.)
b. 1954, Finnish citizen
Outotec shareholding and share-based rights on 31.12.2016: 16,550 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Kaisa Aalto-Luoto
Senior Vice President, Human Resources and Communications (since April 1, 2016)
M.Sc. (Econ.)
b. 1979, Finnish citizen
Outotec shareholding and share-based rights on 31.12.2016: 2,486 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Nina Kiviranta
General Counsel, Legal, Contract Management and Corporate Responsibility
Master of Laws
b. 1964, Finnish citizen
Outotec shareholding and share-based rights on 31.12.2016: 7,989 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Olli Nastamo
Senior Vice President, Strategy, Marketing and Operational Excellence (from April 1, 2016)
M.Sc. (Engineering)
b. 1956, Finnish citizen
Outotec shareholding and share-based rights on 31.12.2016: 7,964 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2016: 0 shares

Former Executive Board members with duties in 2016:

- Pertti Korhonen
  President and CEO
  (until June 22, 2016)
  M. Sc. (Eng)
  born in 1961, Finnish citizen
- Robin Lindahl
  Executive Vice President, President of Metals, Energy & Water Business Unit
  (until April 30, 2016)
  M.Sc. (Econ.)
  born in 1964, Finnish citizen
- Jyrki Makkonen
  Acting Head of Metals, Energy & Water Business Unit (since May 1, 2016 until October 23, 2016)
  M. Sc. (Metallurgy)
  b. 1968, Finnish citizen
- Pia Kåll
  Senior Vice President, Strategy and M&A, Marketing, Product Management
  (until May 30, 2016)
  M.Sc. (Engineering Physics and Mathematics)
  born in 1980, Finnish citizen
- Kirsi Nuotto
  Senior Vice President, Human Resources, Communications
  (until April 30, 2016)
  M.A. (French, Communications)
  born in 1959, Finnish citizen

INVESTOR INFORMATION

CORPORATE GOVERNANCE STATEMENT AND POLICY

Outotec's Corporate Governance Statement 2016 has been given separately from the Financial Statements. The Statement as well as Outotec's Corporate Governance Policy in its entirety are available on Outotec's website at www.outotec.com/cg.

ANNUAL GENERAL MEETING 2017

The Annual General Meeting 2016 will be held on March 30, 2017 at 11.00 a.m. (Finnish time). More information at www.outotec.com/agm.

DIVIDEND

The Board of Directors proposes to the Annual General Meeting 2017 that no dividend will be paid for the financial year 2016.

INTERIM REPORTS 2017

- January–March on May 4, 2017
- January–June on July 27, 2017
- January–September on November 2, 2017

SHARE INFORMATION

Listing: Nasdaq Helsinki, OMXH
Trading symbol: OTE1V
No of shares: 183,121,492 (Feb 13, 2017)
Sector: Industry
ISIN: FI0009014575

ANALYSTS

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

CONSENSUS

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

INVESTOR RELATIONS CONTACT

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