

Our roadmap to reach 10% adjusted EBIT by 2020

Outotec Capital Markets Day 2017

Markku Teräsvasara, President & CEO

Outotec House - September 21



My agenda today

- My first year at Outotec
- Our market outlook
- Our key levers to reach our targets
- How we will ensure execution

My first year at Outotec



Positive observations






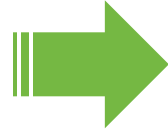

- Strong reputation with customers
 - Leading technologies
 - Brand
 - Expertise
- Strategy has the right elements
- Outotec can do what many others cannot
- Significant installed base

Our opportunities

- Work closer with our customers
- Become more cost competitive
- Improve execution
- Improve risk management
- Leverage the installed base



What we have achieved during the year

- Updated our strategy 
- Prioritized our business portfolio 
- Created a dedicated service organization 
- Made key appointments to the Executive Board 
- Established a team at group level to lead development of customer relationships 
- Started to reduce fixed costs in Metals, Energy & Water 
- Improved project risk management 

This is Outotec 2020

URBANIZATION
RESOURCE EFFICIENCY
SUSTAINABILITY
DIGITALIZATION
VOLATILITY



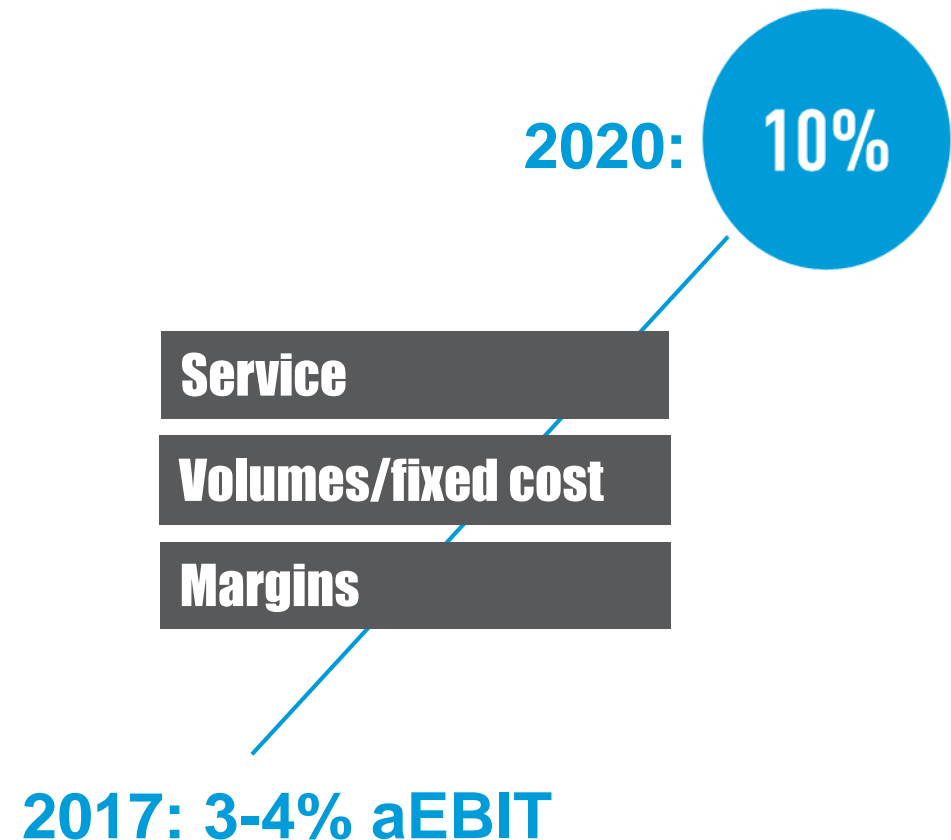
Sustainable use of Earth's natural resources

We serve our customers with leading technologies, superior customer service and excellent execution

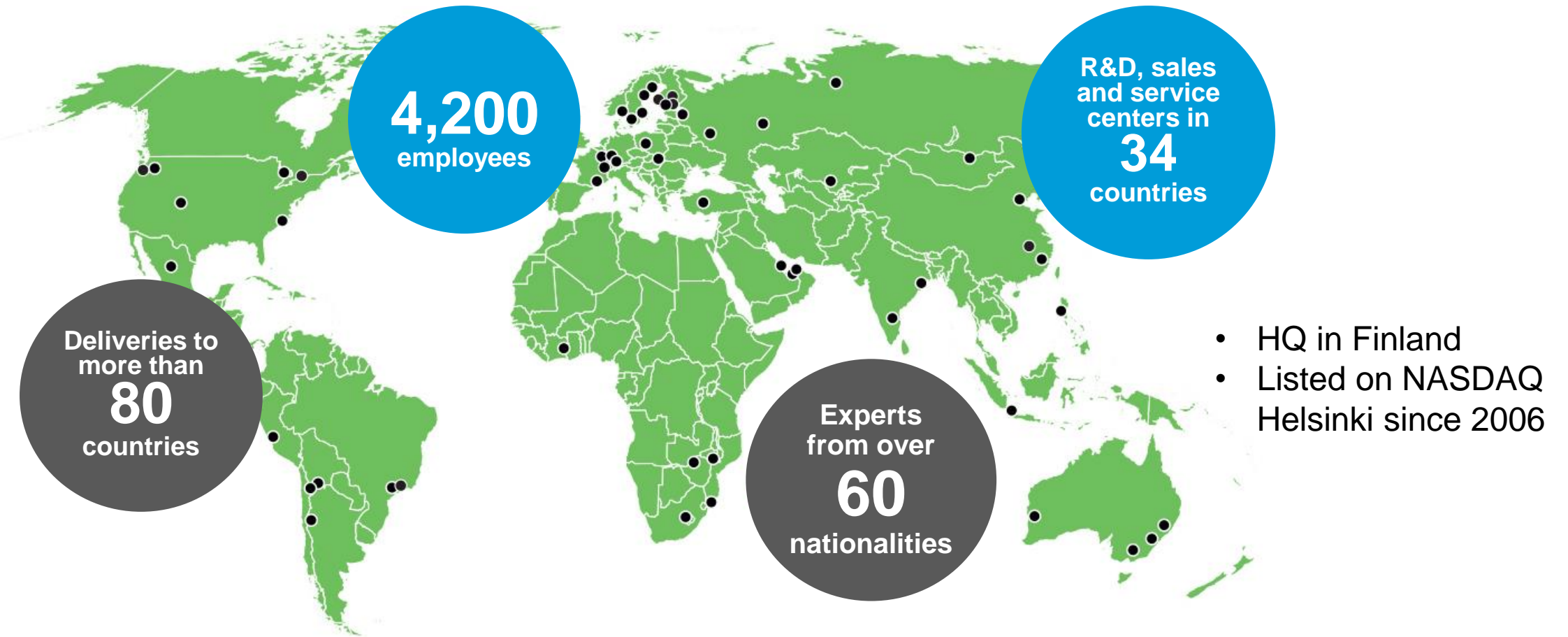


How will we achieve 10% adjusted EBIT by 2020

- Annual average service sales growth over 10%
- Grow volumes while containing fixed cost
- Improve margins through product competitiveness and project excellence

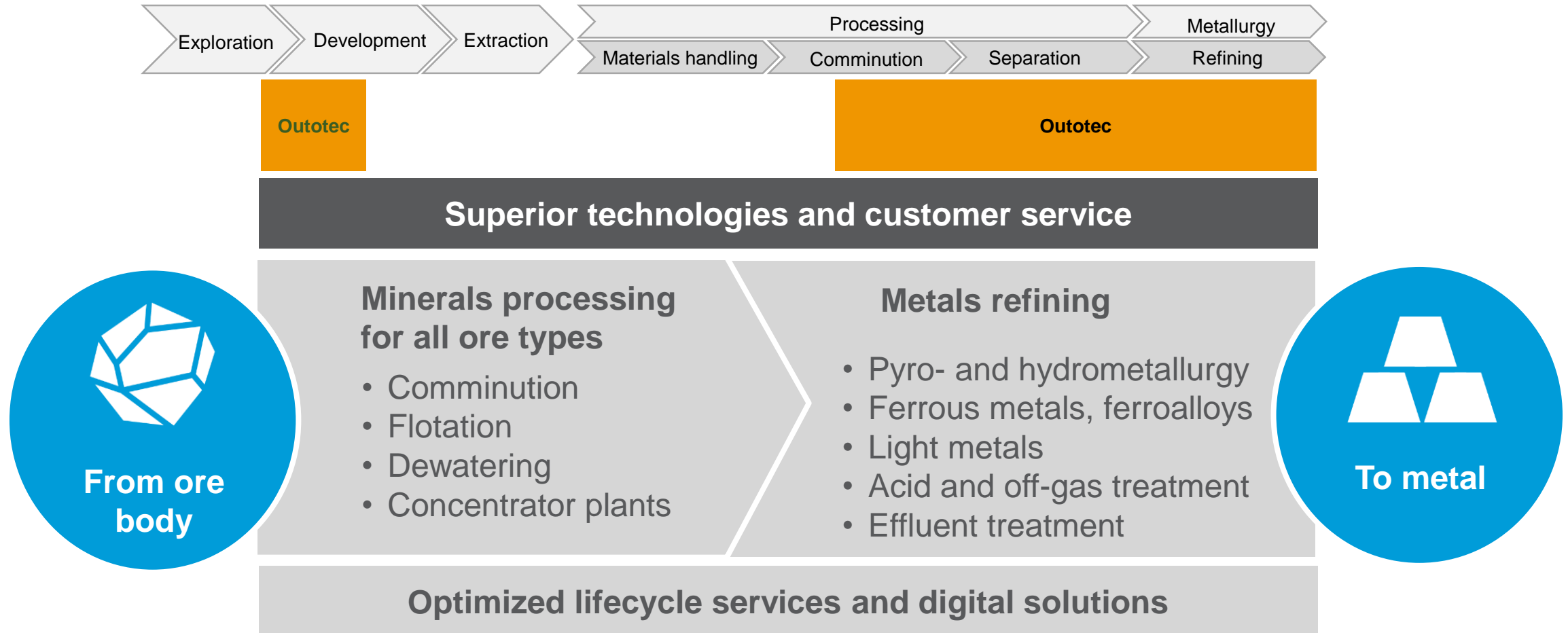


Our global coverage



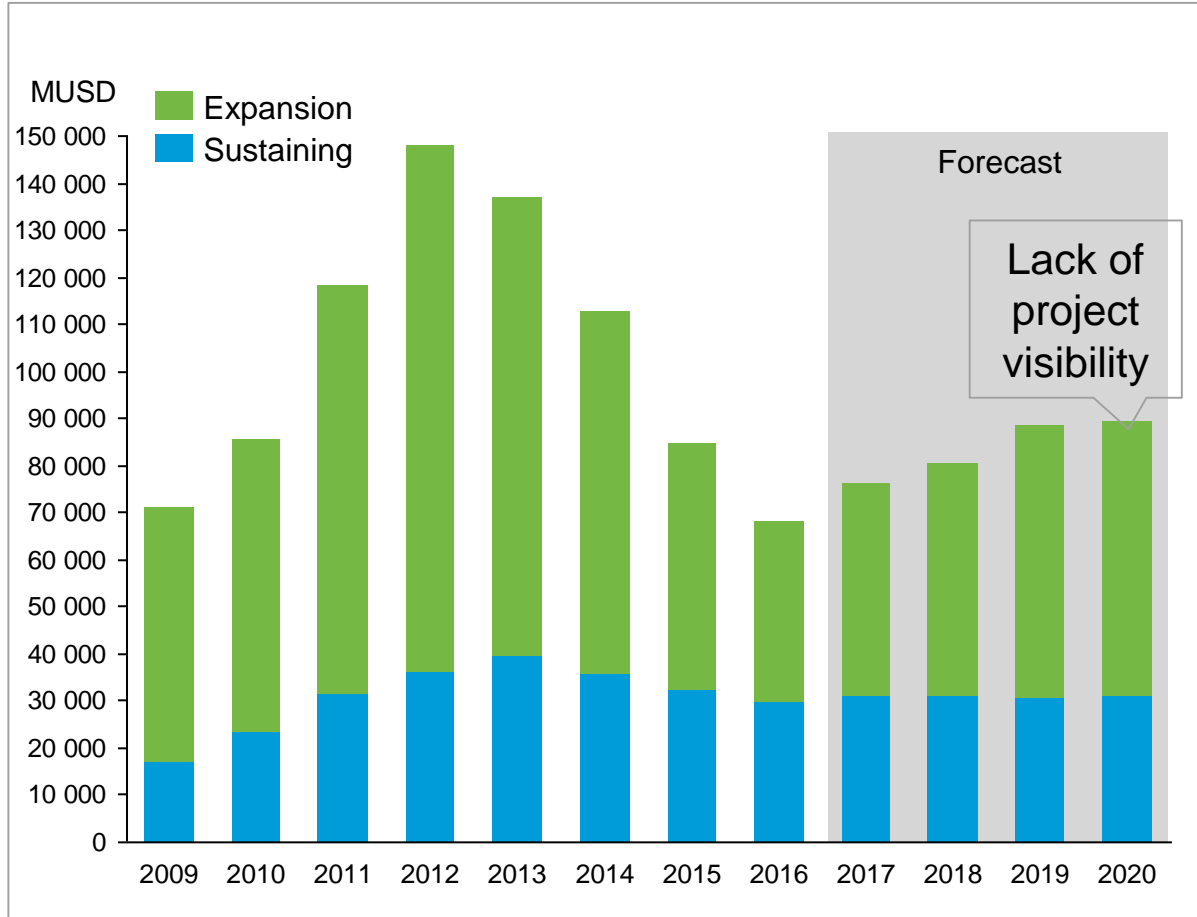
Wide supplier network with established long-term relationships

Our business on the value chain from ore to metal

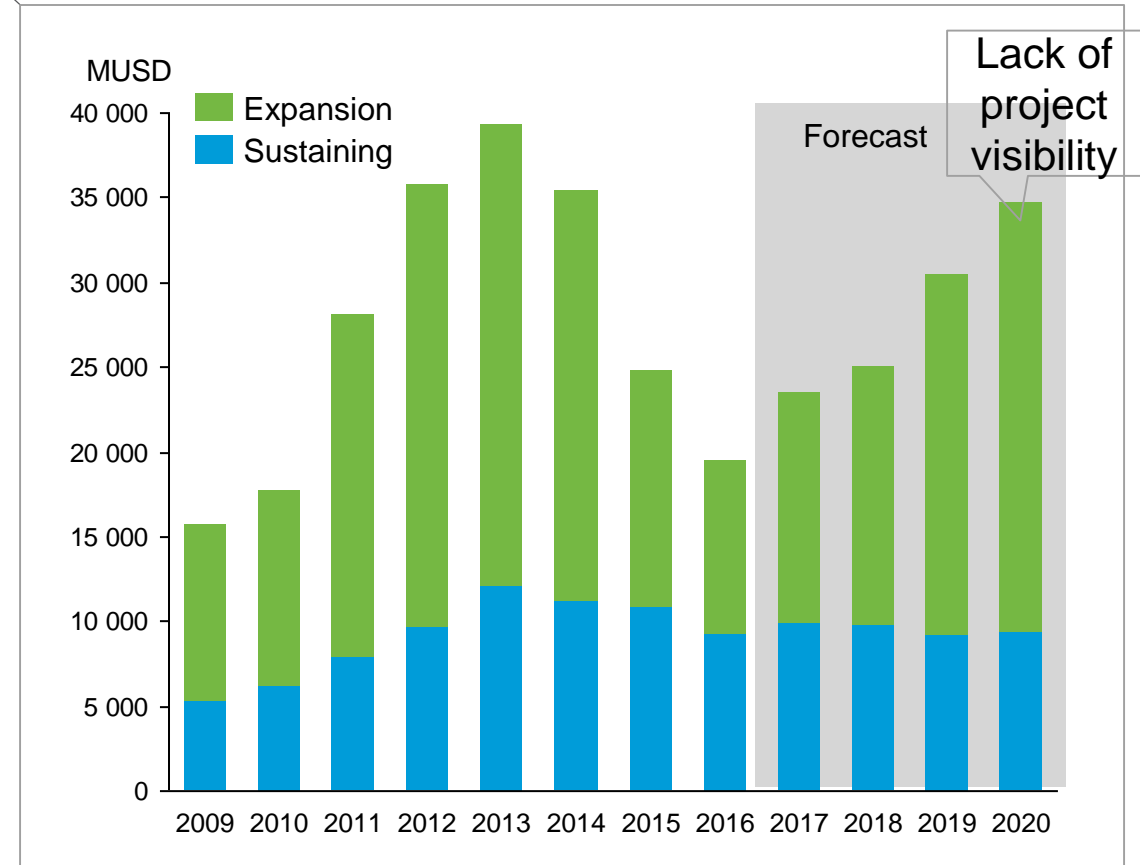


Mining & metals market outlook is improving and we are well positioned for investment growth

Total mining & metals investments



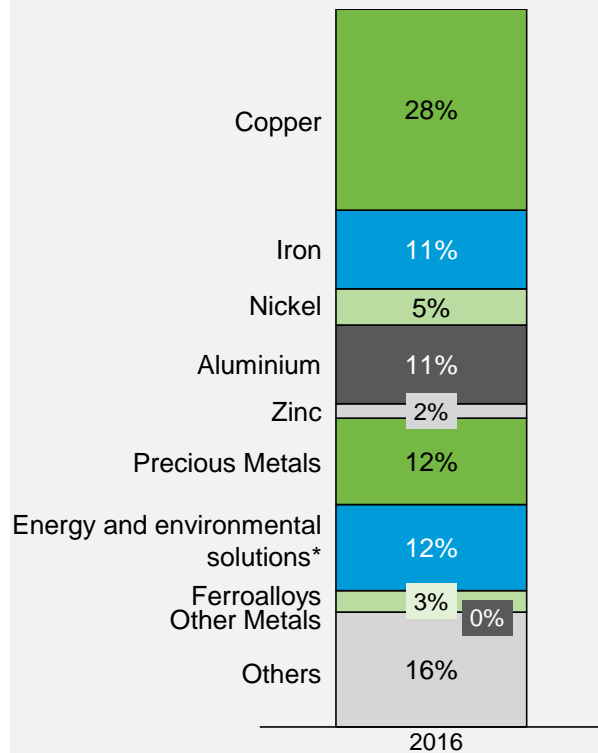
Copper investments



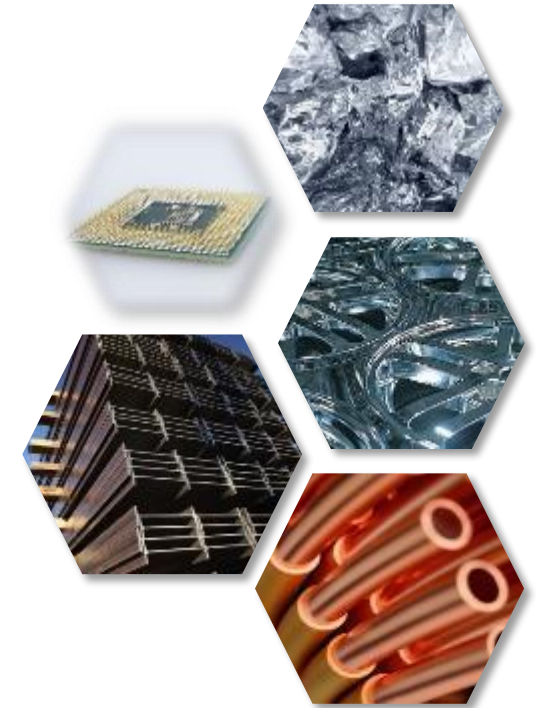
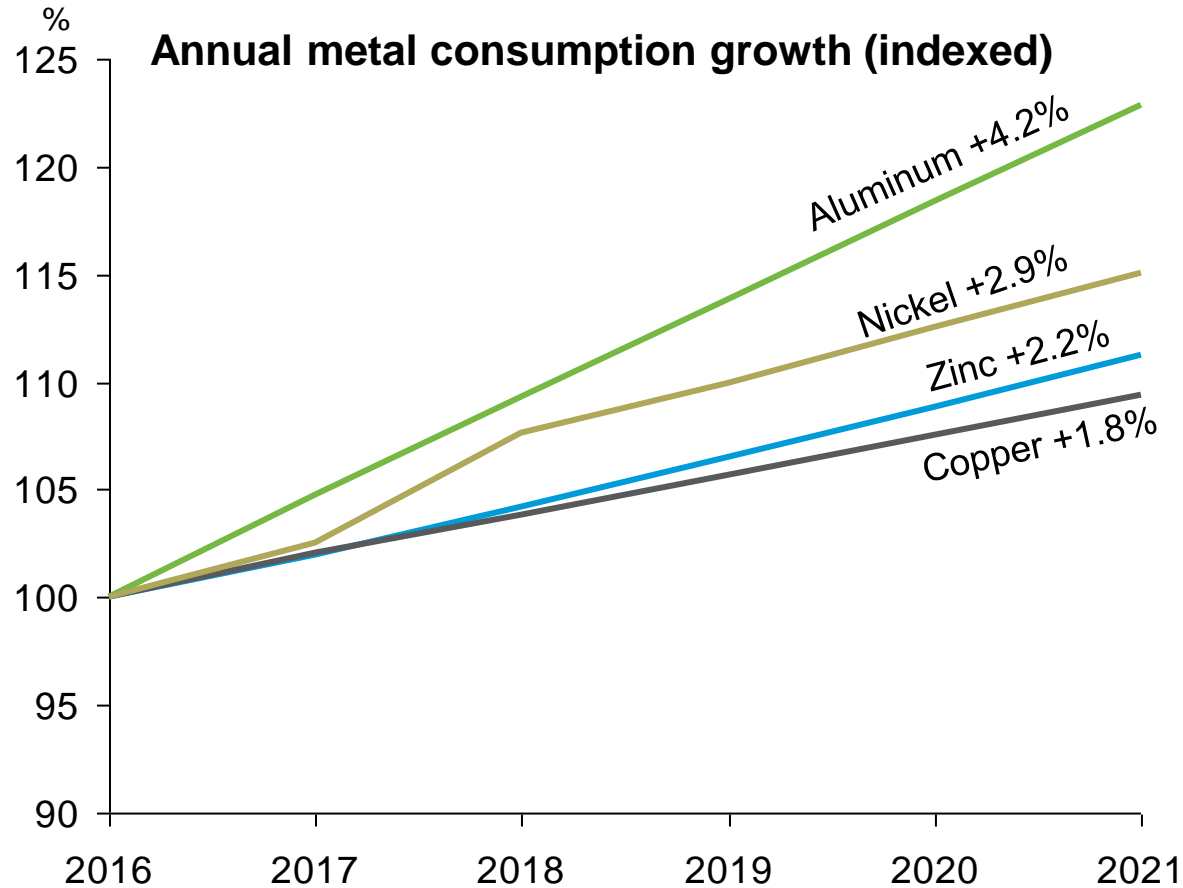
Source: Woodmac (Q2 2017)

Our business is well placed to meet the fastest growing metal markets

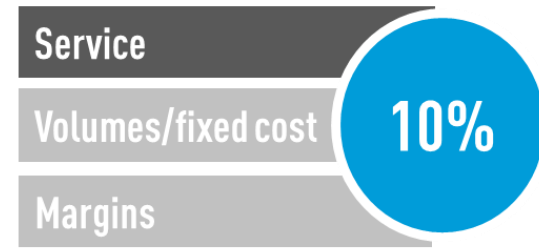
Share of Outotec sales by end product



* Incl. water, sulfuric acid and off-gas



We see big opportunities to grow our service business



- + Large installed base
 - + Strong market position in services, especially in filters
 - + Well positioned in digitalization
 - + Proprietary spare parts provide good lifecycle service opportunities
 - + Our technology knowledge is world renowned
- ▶ Work closer with our customers
 - ▶ Increased standardization and itemization lead to shorter lead times
Increase the number of service agreements
 - ▶ Deliver a small number of high impact projects
 - ▶ Increase design for service
 - ▶ Better customer management and better asset management

Digitalization is increasingly embedded into everything we do

Service

Volumes/fixed cost

Margins

10%

Our elements:

Value:



- Smart connected equipment
- Smart processes
- Smart sites
- Smart services
- Smart ways of working

- Asset performance and reliability
- Process productivity
- Process optimization
- Service effectiveness and efficiency
- Efficient internal processes

Our service business is already improving

Service

Volumes/fixed cost

Margins

10%

Dedicated and focused organization with new management

Site account management in place

Prioritized business portfolio

Order intake accelerating

Opportunities to grow while containing fixed costs



Improve efficiency in customers' processes



Filters refurbishment and services

Help customers invest in leading, sustainable technologies



Dundee Precious Metals sulfuric acid plant

Recycle water efficiently



Yara paste plant

Circular economy and declining ore grades



AMG lithium plant

Increase market share in China



Mintal ferrochrome plant

With prioritized business portfolio we are improving our profitability

Service

Volumes/fixed cost

Margins

10%

- **Prioritization is based on:**
 - Market opportunities
 - Profitability
 - Ability to generate healthy service business
 - Business risk
- **We continue improving execution**

We will increase outsourcing while protecting our core competences

Service

Volumes/fixed cost

Margins

10%

	Product development	Sales	Equipment / plant delivery	Services delivery
More	<ul style="list-style-type: none"> • Research center • Strong proprietary equipment • Basic engineering 	<ul style="list-style-type: none"> • Sales in core markets • Agents in non-core markets • Own technical sales support • Flexible estimation and proposal work 	<ul style="list-style-type: none"> • Project management • IPR-critical manufacturing • EPC partner network 	<ul style="list-style-type: none"> • Site account management • Field service management • Parts with proprietary design
Less	<ul style="list-style-type: none"> • Large own detailed engineering 	<ul style="list-style-type: none"> • Large own salesforce in non-core markets 	<ul style="list-style-type: none"> • Non IPR critical manufacturing • Detailed engineering • Generic site works 	<ul style="list-style-type: none"> • General labor hire for sites • General service shops

We build more flexibility utilizing our global network and business processes.

Our technologies decrease customers' total cost of ownership

Service	10%
Volumes/fixed cost	
Margins	

Technologies we have recently commercialized



HIGMILL® ultrafine grinding



FeCrNi processing



Modular VSFX and flotation units



Paste backfill solutions



Full concentrator plants with high digital content



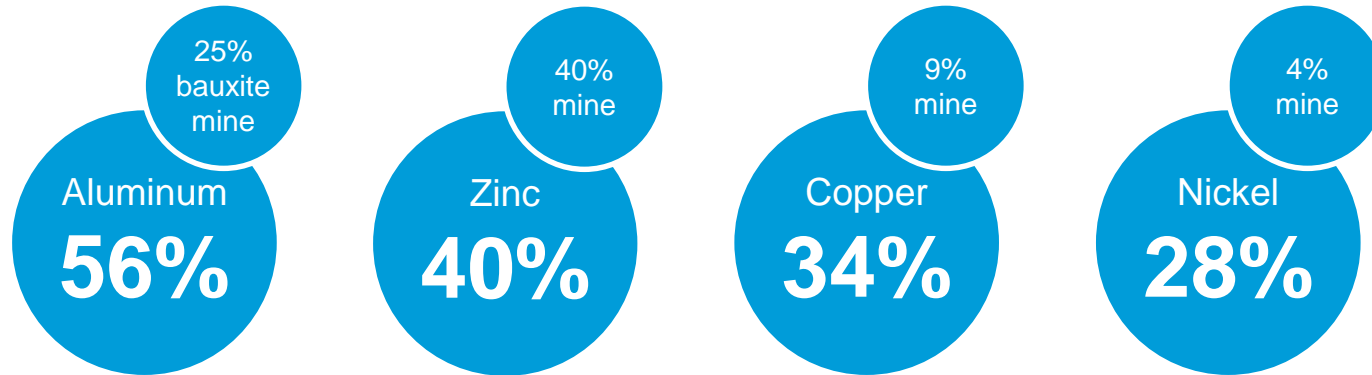
Waste to energy plants

Sustainability guides our technology and R&D investments

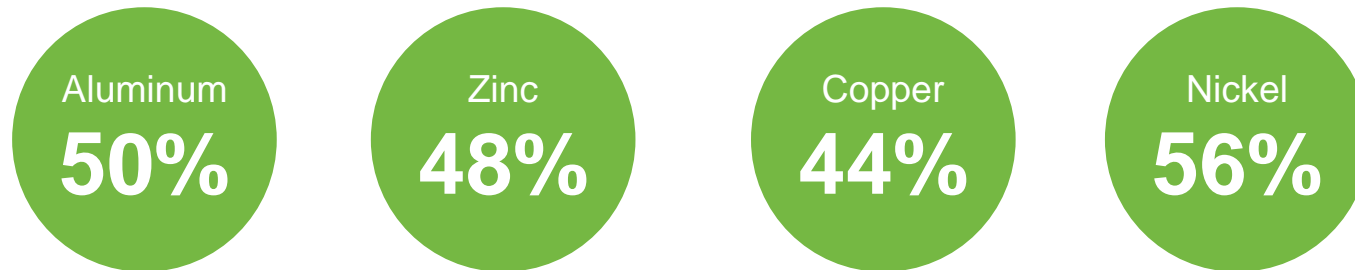
China is leading the global production and consumption of base metals



% of global production (2017F)



% of global consumption



In addition, China is becoming a major owner of mining assets outside China

We are increasing our presence in China

Service

Volumes/fixed cost

Margins

10%

- **Localize our expertise**
- **Create China specific products**
- **Support the Chinese driven business outside China with strong relationships**
- **Increase local content**
- **Expand supply out of China**

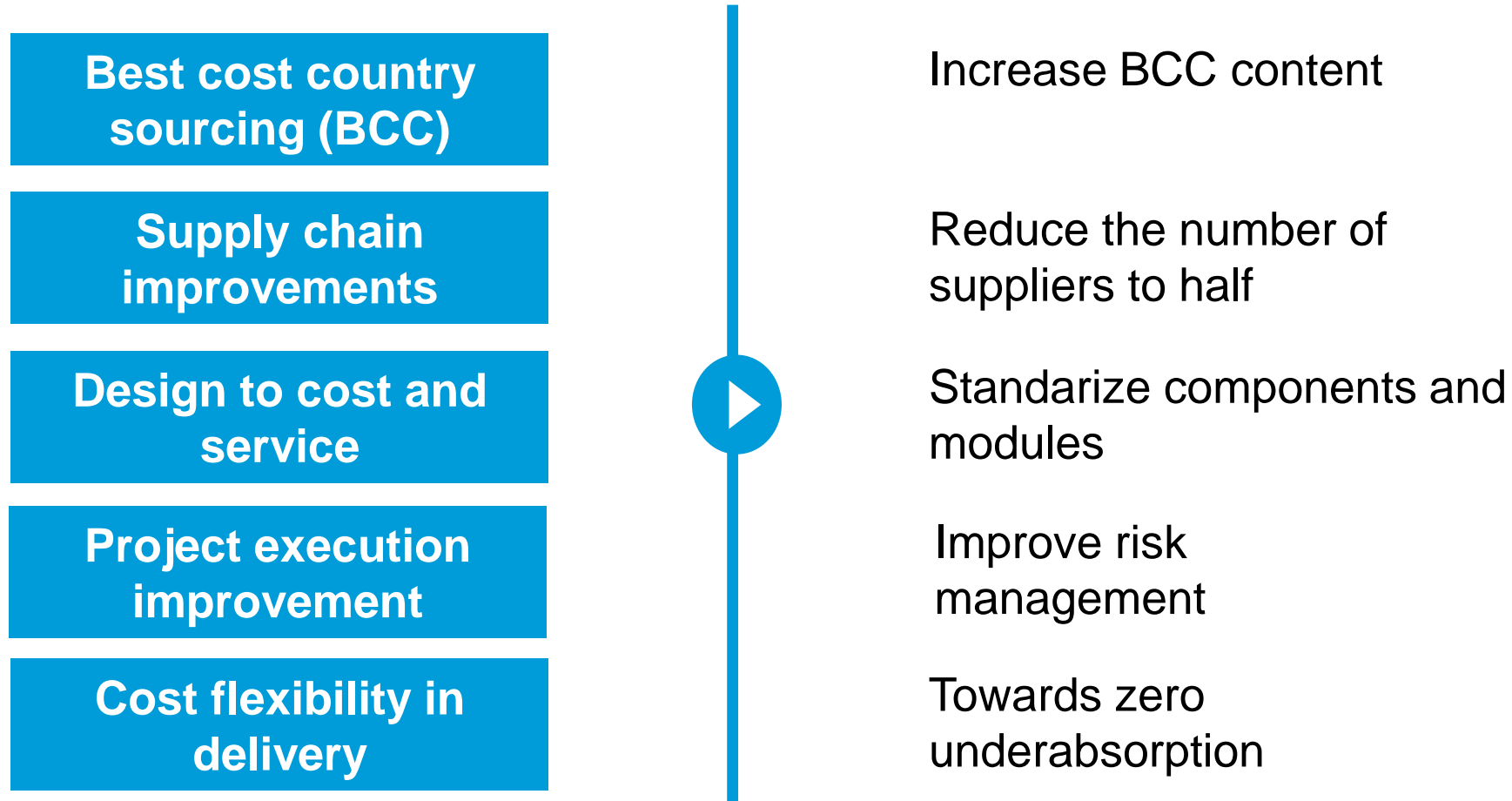
We have leading technologies but we will improve cost competitiveness

Service

Volumes/fixed cost

Margins

10%



To improve efficiency, we have five must-win battles with concrete actions



Examples of actions

Redesign account management model for largest customers

Refocus service business

Shift supply to BCC

Develop risk and project management capabilities

Increase job rotations and share expertise

Our long-term financial targets are based on winning our five must-win battles

- **Sales** growth faster than the market
- **Annual average service** sales growth over 10%
- **Profitability** (adjusted EBIT) 10% of sales by 2020
- **Gearing** at maximum 50%



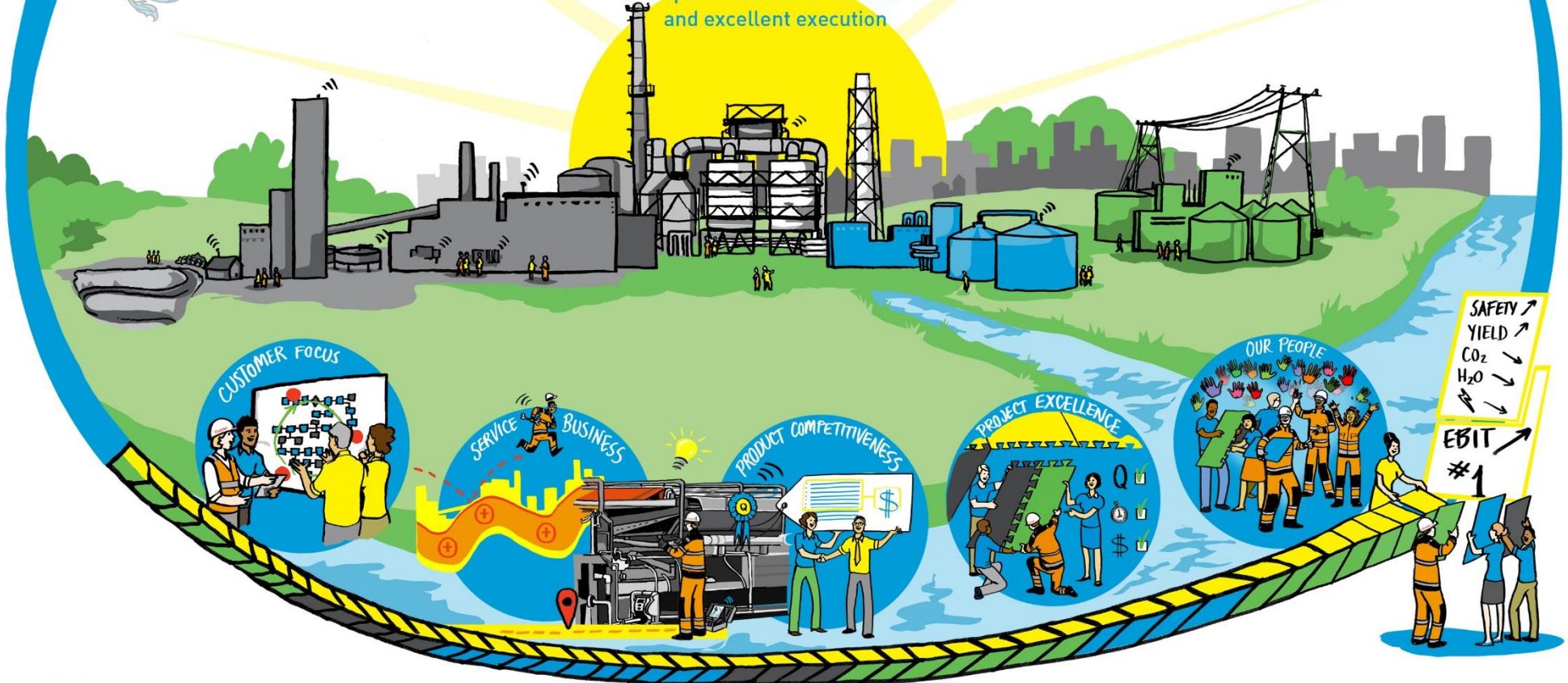
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Outotec



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At the wrap up (end of the webcast after MP&MEW presentations)

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