

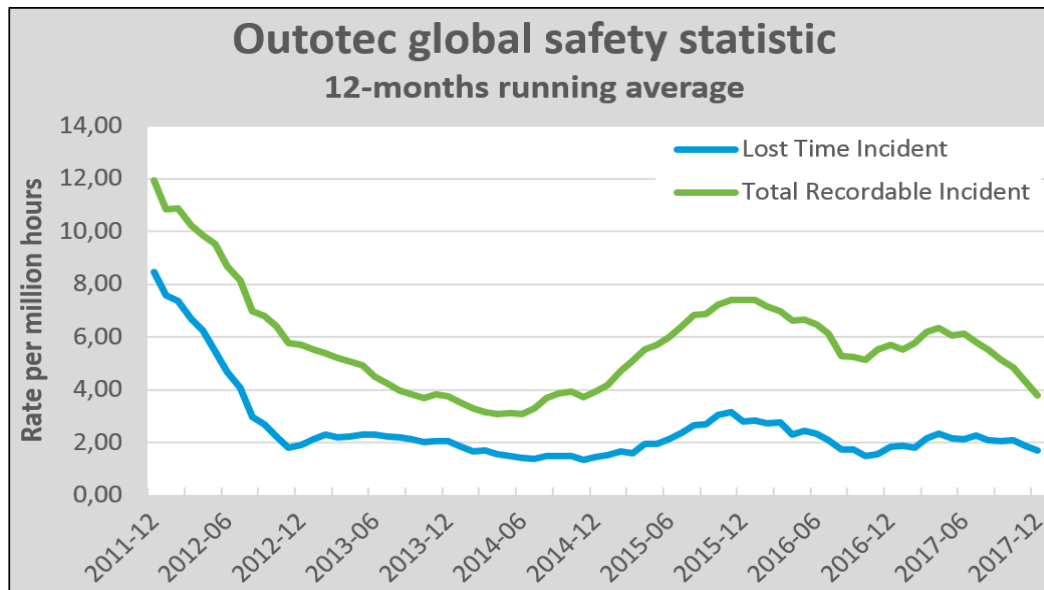


Sustainable use of  
Earth's natural resources

Financial Statements Review 2017

February 2, 2018

# Safety performance



- **1.7** Lost Time Incidents per million working hours (LTIR), includes Outotec employees and contractors working under Outotec's supervision.
- Since 2015, Outotec has had less working hours than in 2013-14 when there were large projects with extraordinary safety performance compared to global peers.

# Market development

## CEO Markku Teräsvasara

# Markets improving



# Highlights of 2017: Strong development in many areas

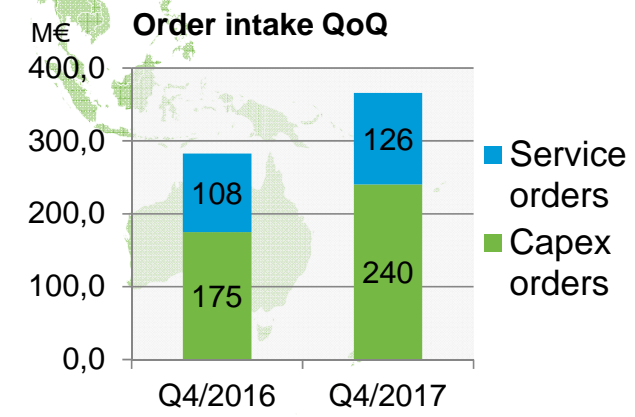
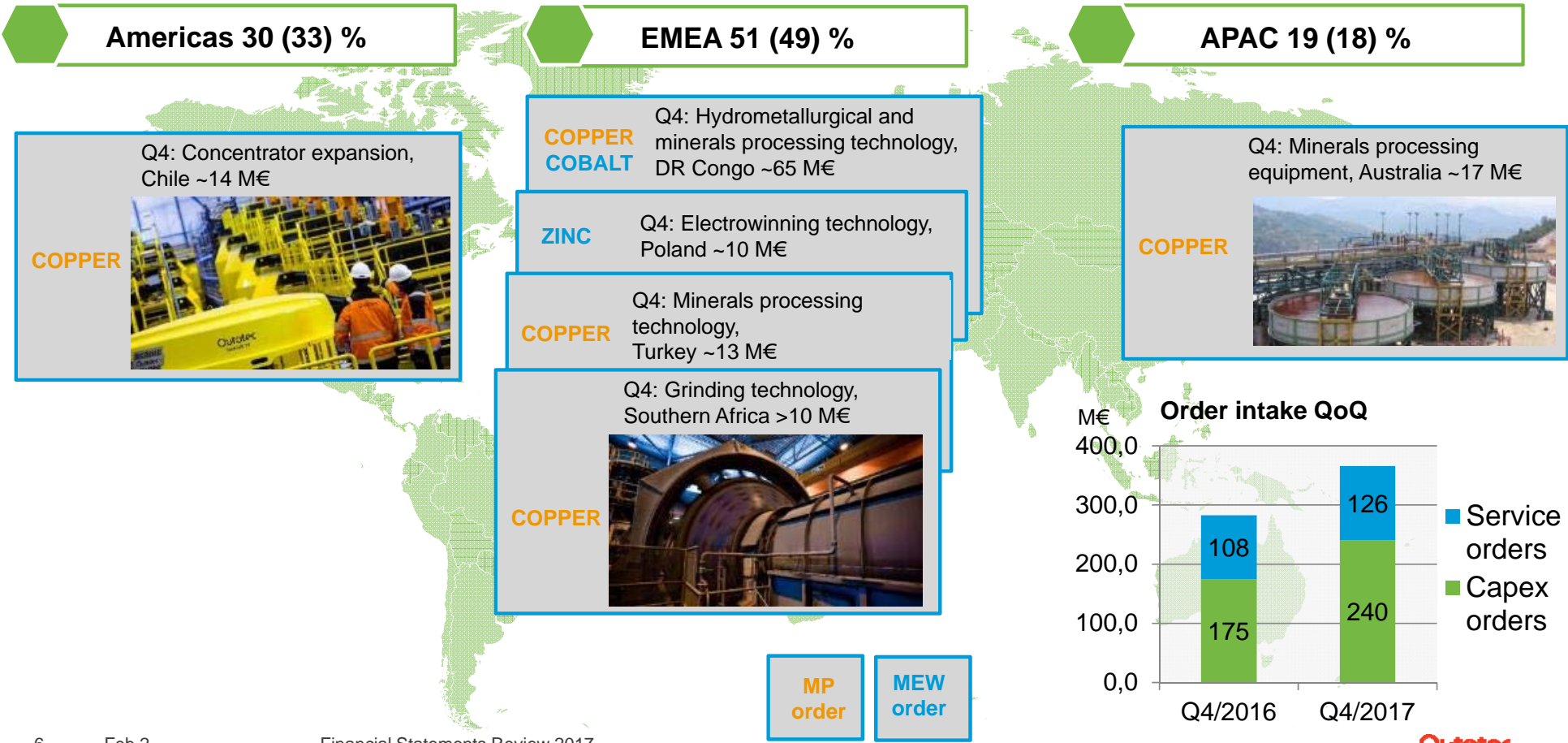
- New strategy and vision
- New Services organization
- Order intake
- Sales
- Profitability
- Cashflow
- People



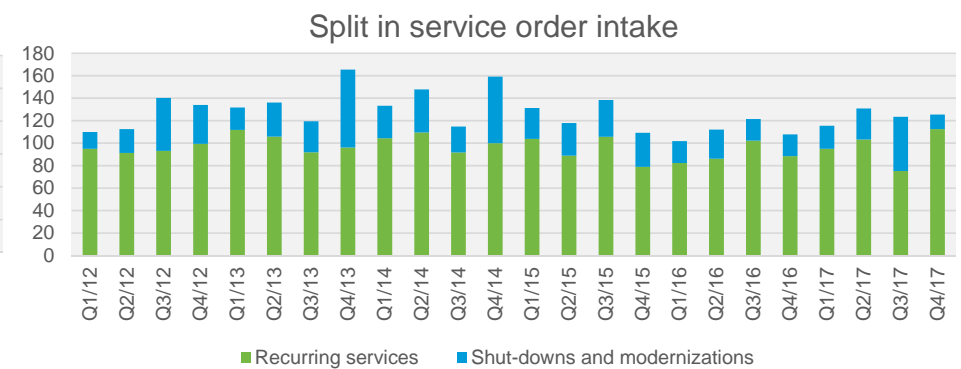
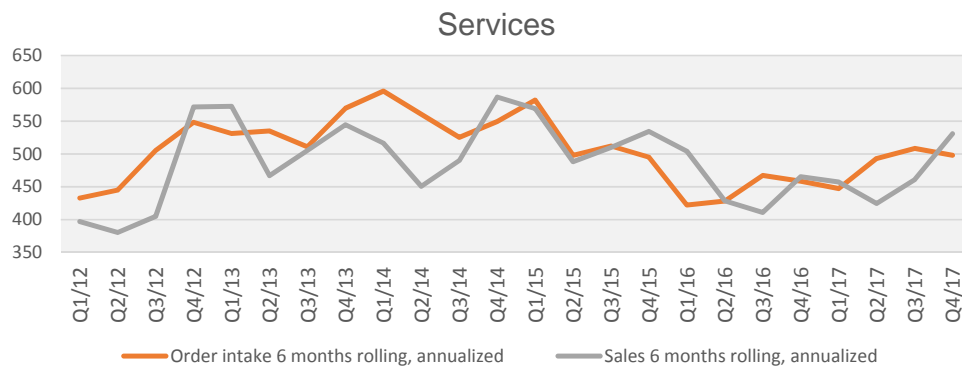
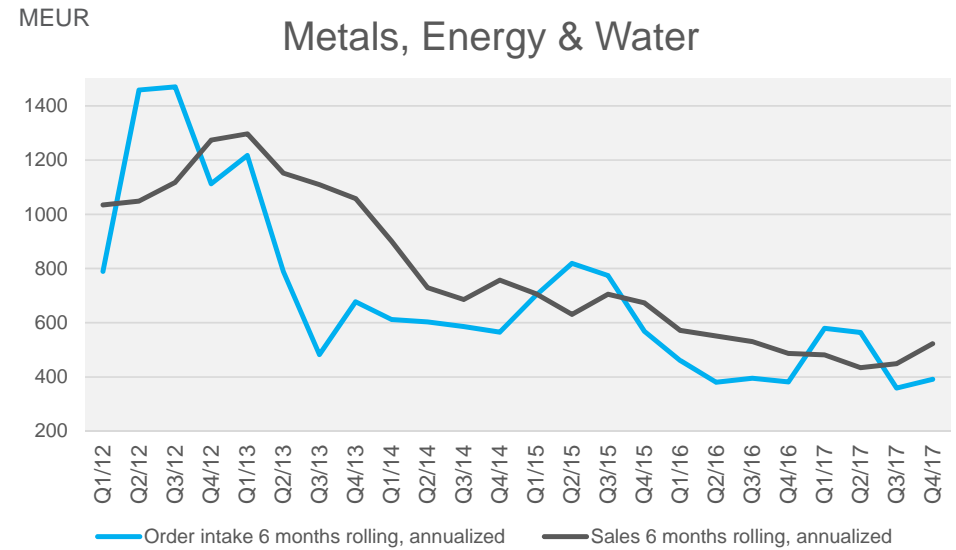
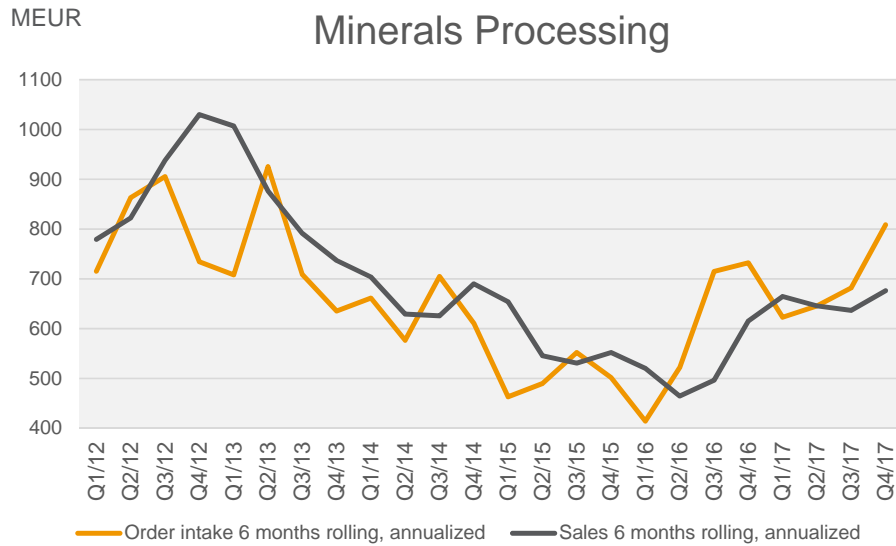
**5th** most sustainable company in Global 100

- Customers generated **6.2** million tonnes less of CO<sub>2</sub>-e when using Outotec's technologies compared to annual baselines. From Outotec Ferrochrome Process alone the CO<sub>2</sub>-e emissions avoided are 2.9 million tonnes.
- **88%** of order intake represent Environmental Goods and Services (OECD criteria).

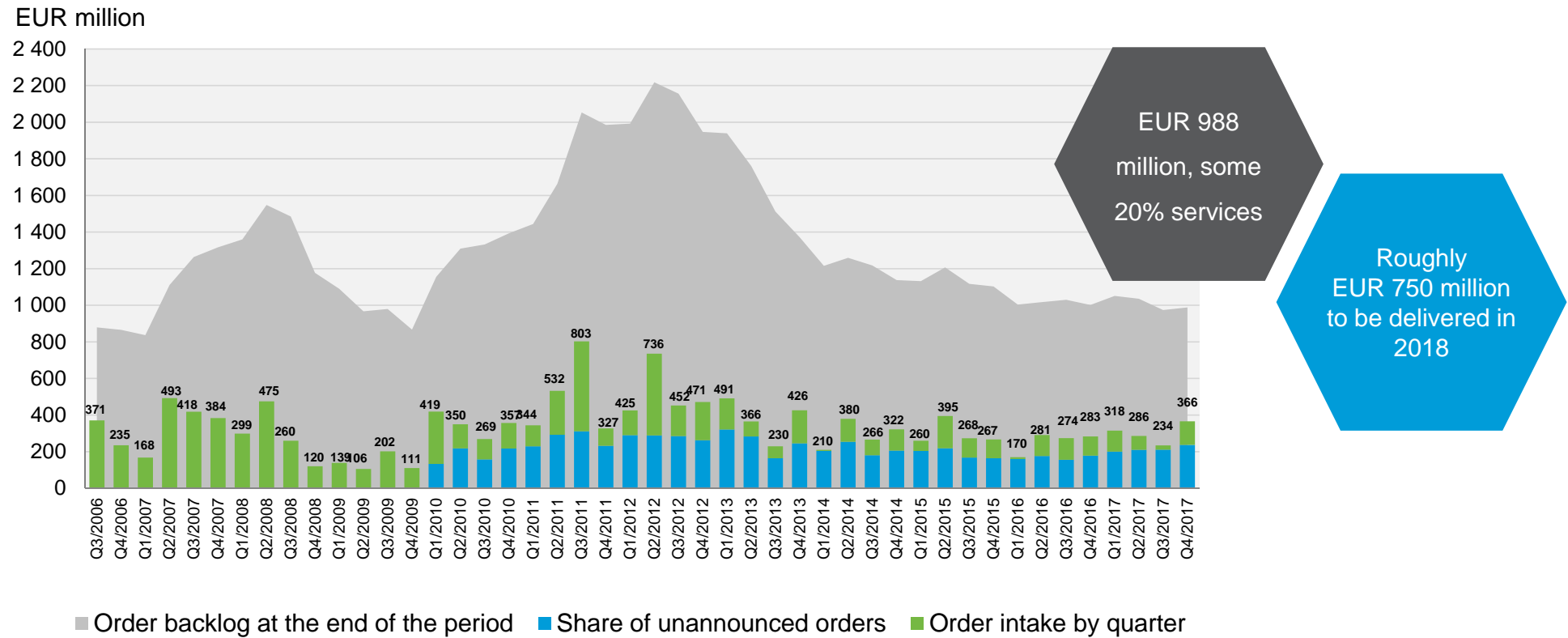
# Order intake up 20% YoY, up 29% QoQ



# Good Q4 order intake in MP, large orders volatile in MEW



# Solid order backlog





# Key financials

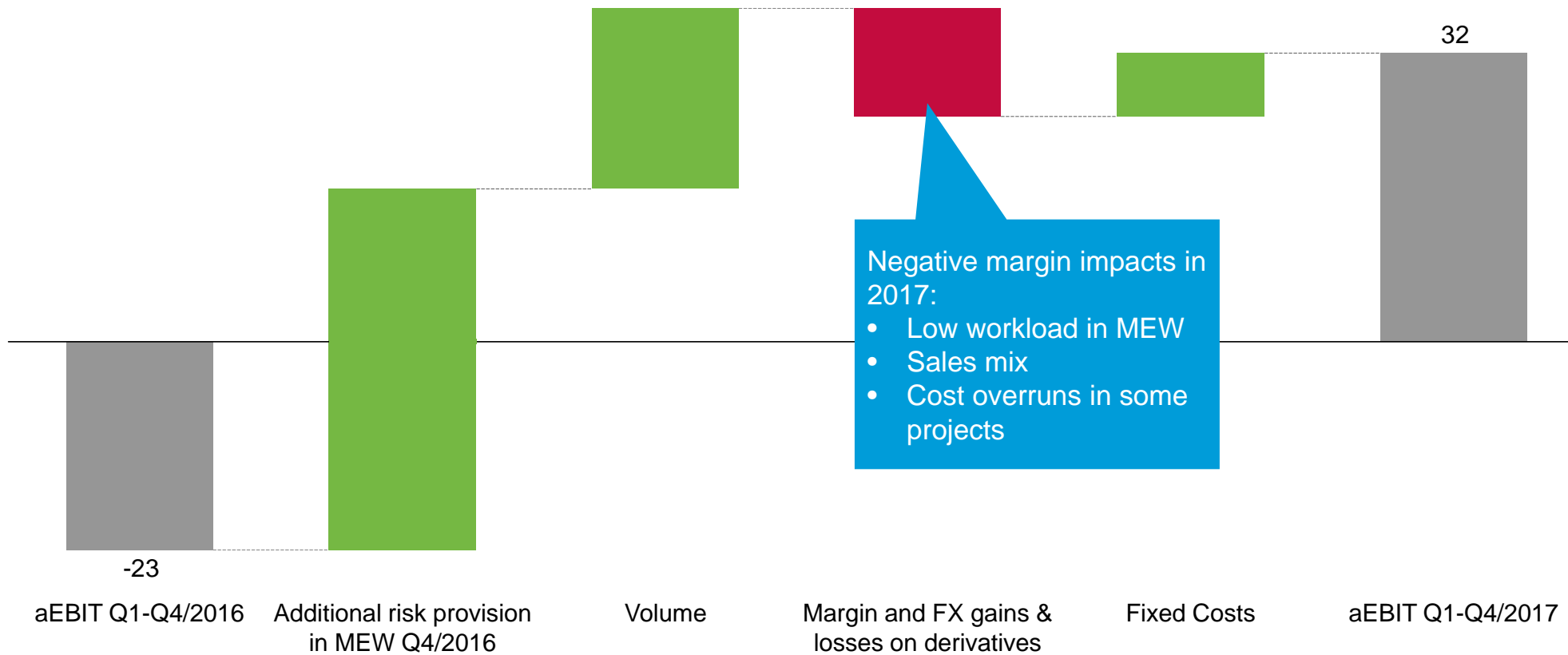
CFO Jari Ålgars

## Sales grew and profitability improved

EUR million	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016	Change, %	In compa- rable currency, %
Sales	<b>329</b>	305	<b>1139</b>	1058	8	7
Service sales	<b>146</b>	127	<b>475</b>	447	6	5
Share of services in sales, %	<b>44</b>	42	<b>42</b>	42		
Gross margin, %	<b>24</b>	16	<b>24</b>	22		
Adjusted EBIT*	<b>16</b>	-25	<b>32</b>	-23		
Adjusted EBIT*, %	<b>5</b>	-8	<b>3</b>	-2		
- Restructuring and acquisition-related costs	<b>-0</b>	-27	<b>-0</b>	-37		
- PPA amortization	<b>-2</b>	-2	<b>-7</b>	-7		
EBIT	<b>14</b>	-53	<b>25</b>	-68		
EBIT, %	<b>4</b>	-18	<b>2</b>	-6		
Result for the period	<b>-0</b>	-52	<b>2</b>	-69		
Unrealized and realized gains related to valuation of FX forward agreements	<b>-1</b>	-5	<b>8</b>	-8		

\* Excl. restructuring and acquisition-related costs as well as PPA amortizations.

# YoY aEBIT analysis



# Minerals Processing

- Order intake and sales improved
- Profitability improved
- Service sales increased

## Q4:

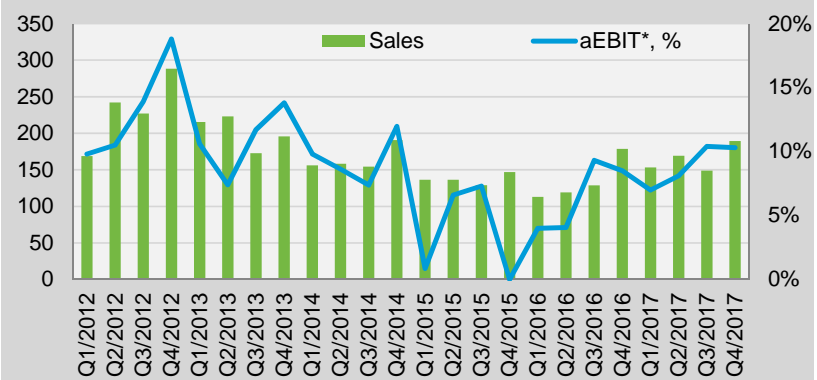
- Order intake up 45%
- Sales up 6%
- Service sales up 7%



Minerals Processing EUR million	Q1-Q4 2017	Q1-Q4 2016	Change, %	In comp currency, %
Order intake	<b>727</b>	627	<b>16</b>	14
Sales	<b>661</b>	540	<b>22</b>	21
Service sales	<b>304</b>	283	<b>7</b>	6
Adjusted EBIT <sup>*)</sup>	<b>61</b>	37		
Adjusted EBIT <sup>*)</sup> , %	<b>9</b>	7		
Unrealized and realized gains/losses related to valuation of FX forward agreements	<b>6</b>	-4		

\* Excl. restructuring and acquisition-related costs as well as PPA amortizations

Sales and adjusted EBIT development  
by quarter



# Metals, Energy & Water

- Order intake increased 25%
- Sales declined
- Profitability improved but remained negative

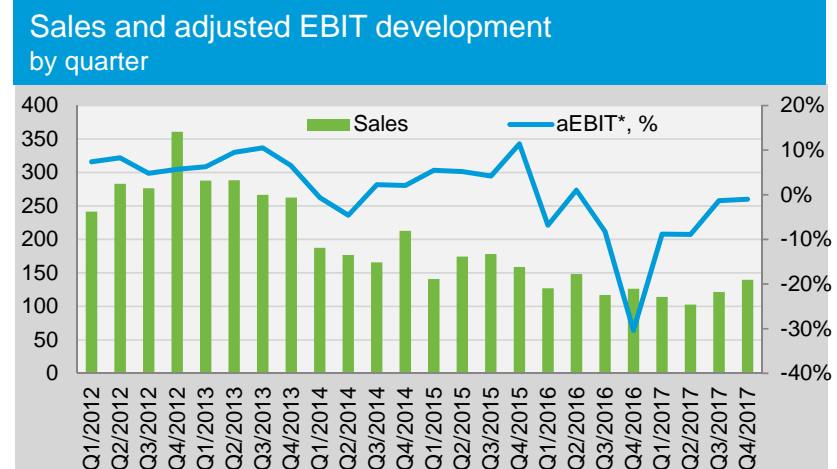
## Q4:

- Order intake up 7%
- Sales up 11%
- Service sales up 31%



Metals, Energy & Water EUR million	Q1-Q4 2017	Q1-Q4 2016	Change, %	In comp currency, %
Order intake	<b>478</b>	381	<b>25</b>	25
Sales	<b>478</b>	518	<b>-8</b>	-8
Service sales	<b>171</b>	164	<b>4</b>	4
Adjusted EBIT <sup>*)</sup>	<b>-22</b>	-55		
Adjusted EBIT <sup>*)</sup> , %	<b>-5</b>	-11		
Unrealized and realized gains/losses related to valuation of FX forward agreements	<b>2</b>	-4		

\* Excl. restructuring and acquisition-related costs as well as PPA amortizations



# Improved cashflow as orders returned

EUR MILLION	Q1-Q4 2017	Q1-Q4 2016
<b>OPERATING PROFIT</b>	<b>25</b>	-68
Total depreciation and amortization	41	43
<b>EBITDA</b>	<b>65</b>	-25
Total change in net working capital	-20	-67
Other	2	20
Capital Expenditure & other investing activities	-19	-23
<b>FREE CASH FLOW</b>	<b>28</b>	<b>-95</b>
Interest received	5	5
Interest paid	-9	-10
Income tax paid	-3	-6
<b>INTEREST AND TAXES</b>	<b>-7</b>	-12
<b>FREE CASH FLOW AFTER INTEREST AND TAXES</b>	<b>21</b>	<b>-107</b>
Repayments of long-term debt	-8	-112
Change in current debt	7	-5
Hybrid bond & interest	-11	150
Other financing cash flow	-1	-2
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>-13</b>	32
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>8</b>	<b>-75</b>
Foreign exchange rate effect on cash and cash equivalents	-11	8
Cash and cash equivalents at December 31	<b>230</b>	233

# Solid balance sheet

	Q4 2017	Q4 2016
Net interest-bearing debt*, EUR million	-6	-4
Gearing*, %	-1	-1
Equity-to-assets ratio*, %	41	40
Return on investment, %, LTM	3	-9
Return on equity, %, LTM	0	-15
Net working capital at the end of the period, EUR million	-5	-24
Advances received	203	181
Equity, EUR million	470	498
Balance sheet total, EUR million	1,346	1,427

*\* If the hybrid bond were treated as a liability, the net interest-bearing debt EUR 144.5 million, gearing 45.1% and equity-to-assets ratio would be 28.0% on December 31, 2017 (December 31, 2016: EUR 145.5 million, 41.8% and 27.9% respectively).*

# Market sentiment improving





# Financial guidance for 2018

The guidance for 2018 is based on the current order backlog as well as expected order intake.

- Sales are expected to be approximately EUR 1.2 – 1.3 billion, and
- Adjusted EBIT\* is expected to be approximately 5 – 7%

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

# Our focus areas 2018 - towards profitable growth!



Customer focus



Service business



Product competitiveness



Project excellence



Our people

Outotec



Sustainable use of  
Earth's natural resources