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**2017**

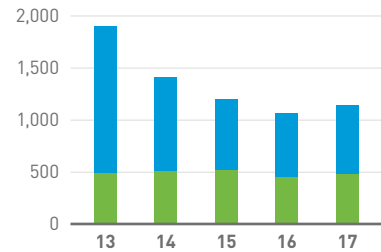
**FINANCIAL STATEMENTS  
AND REPORT BY THE  
BOARD OF DIRECTORS**

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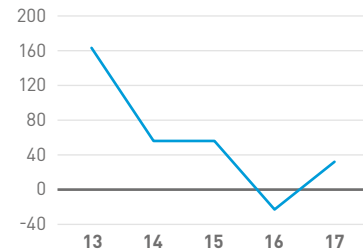
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## SALES, EUR MILLION



- Sales
- Service Sales

## ADJUSTED EBIT\*, EUR MILLION

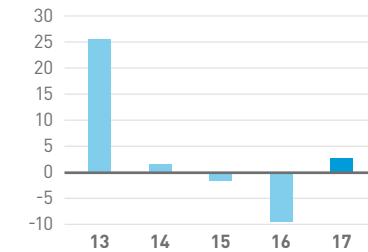


\* excluding restructuring and acquisition-related items as well as PPA amortizations

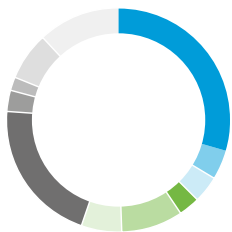
## EARNINGS PER SHARE, EUR



## RETURN ON INVESTMENT, %

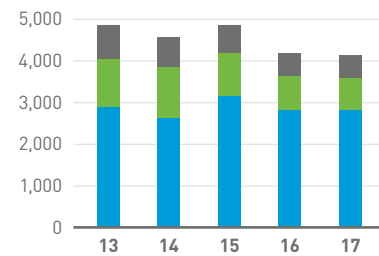


## SALES BY MATERIALS, %



- Copper 30 (28)
- Nickel 4 (5)
- Zinc 4 (2)
- Ferroalloys 3 (3)
- Aluminum 9 (11)
- Iron 6 (11)
- Precious metals 21 (12)
- Lithium 3 (-\*)
- Other metals 2 (4)
- Energy and environmental solutions (incl. water, sulfuric acid and off-gas) 7 (12)
- Others 12 (16)

## PERSONNEL BY REGION



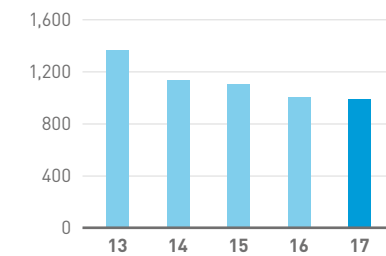
- EMEA
- Americas
- APAC

## ORDER INTAKE BY REGION, %



- EMEA 51 (49)
- Americas 30 (33)
- APAC 19 (18)

## ORDER BACKLOG, EUR MILLION



\* In 2016, lithium was reported as part of Other metals due to low sales volume.

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# PRESIDENT & CEO

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# MARKKU TERÄSVASARA

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## ORDER INTAKE INCREASED AND PROFITABILITY IMPROVED

After several challenging years, 2017 was clearly more positive for Outotec. The minerals and metals processing market improved, but the market situation varied significantly by business.

## SERVICES CONTINUED STEADY

The demand for equipment and services in the Minerals Processing segment continued to pick up. We also saw increased demand for our hydrometallurgical and smelting solutions offered by the Metals, Energy & Water segment, whereas the demand for large metallurgical and waste-to-energy plants remained subdued. The demand for spare parts, equipment upgrades and plant modernization services continued to be steady.

## ORDERS CAME FROM MANY DIFFERENT METALS

Boosted by increased metals prices and demand from the electric car industry, both our business segments received orders from copper, cobalt, nickel, and lithium producers. We also received large orders for aluminum and copper/cobalt plants. Our 2017 total order intake increased by 20% from 2016 and we saw an accelerated growth towards the end of the year.

## TWO SEGMENTS IN DIFFERENT PHASES

In terms of sales and profitability, our two business segments were in different phases. The sales of the Minerals Processing segment and services developed favorably throughout the year, whereas the sales of the Metals, Energy & Water segment decreased. Group sales increased by 8% and service sales by 6% from 2016.

Our order intake  
increased by 20%  
from 2016



### MEASURES TO INCREASE FLEXIBILITY

I am pleased with the sales growth and our fixed cost savings which improved our profitability. In Minerals Processing, the adjusted EBIT improved in 2017. The adjusted EBIT of Metals, Energy & Water improved, but remained negative. Therefore, we initiated new measures – such as the outsourcing of some engineering activities – to enhance flexibility and ensure the future profitability of the segment.

### VISITING CUSTOMERS AND SITES EXTENSIVELY

I have visited many customers during my first year at Outotec. Our advanced technologies and the expertise of our people are highly valued by our customers, and we are well-positioned along the entire value chain from ore to metal. That said, all our businesses need to be profitable, and we focus on five development programs to reach our profitability target: customer focus, service business, product competitiveness, project excellence, and our employees. We have already made good progress.

### FOCUSING OUR SERVICE OPERATIONS

To capitalize the significant growth potential in the service business, we established a Services organization in April to develop our competences and service offering. Our ambition is to grow service sales annually by over 10% on average.

Global  
megatrends  
provide us with  
good growth  
opportunities

### IMPROVING COMPETITIVENESS IN MANY FRONTS

In the area of product competitiveness, we have launched new products for sustainable tailings and water management, as well as enhanced digitalization of our products, and have further developed our virtual plant concepts. In 2017, we invested EUR 56 million in R&D. I believe that our leading technologies, new products and plant concepts, combined with increased best-cost-country sourcing, will help us to further improve our competitiveness and win more market share.

### IMPROVED EMPLOYER SATISFACTION

We have also worked on various fronts to develop our leadership culture and increase the motivation and engagement of our employees. I am very pleased that in our recent employee survey, the employee engagement index improved significantly from 2016.

In 2018, our target is to grow our sales as well as improve profitability. Together with improved market sentiment, global megatrends – such as resource efficiency, sustainability and digitalization – provide us with good growth opportunities.

I want to thank our customers and business partners for their cooperation and feedback, our employees for their commitment and valuable work contribution, and our shareholders for the trust they have shown towards Outotec.

### MARKKU TERÄSVASARA

President & CEO

# REPORT BY BOARD OF DIRECTORS 2017

## MARKET DEVELOPMENT

Positive development in metal prices, demand outlook and production levels supported investments during 2017. The market activity increased towards the end of the year. The demand for spare parts, equipment upgrades, plant modernizations and services continued steady. In general, producers continued to be cost-conscious in order to improve their cash flow and profitability. For this reason, decisions regarding larger investments continued to be delayed.

The demand for Minerals Processing equipment and services continued to pick up. There was also increased demand for hydrometallurgical and smelting solutions during the year, but the demand for large metallurgical and waste-to-energy plants in the Metals, Energy & Water segment remained subdued.

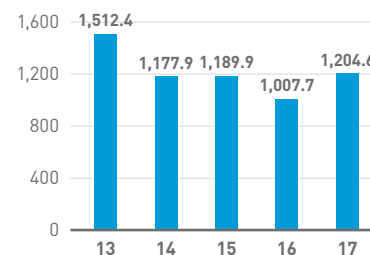
Copper, gold, zinc, lithium, silver, cobalt and lead projects were the most active. Competition continued to be intense.

## ORDER INTAKE AND BACKLOG

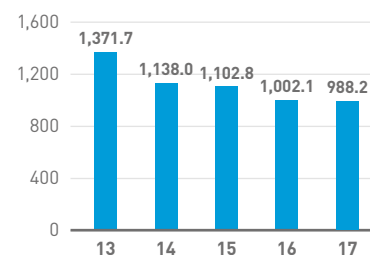
The order intake in 2017 was EUR 1,205 (1,008) million, up 20% from the comparison period. This growth was attributable to both plant and equipment orders, as well as services. Service order intake was EUR 495 (443) million, up 12% from the comparison period, due to growth in modernizations, spare parts and shutdown services.

Order intake by region, %	2017	2016
EMEA	51	49
Americas	30	33
APAC	19	18
<b>Total</b>	<b>100</b>	<b>100</b>

## ORDER INTAKE, EUR MILLION



## ORDER BACKLOG, EUR MILLION



**Announced orders**

Project/location (published)	Value, EUR million	Segment
Minerals processing technology to a new copper concentrator in Turkey (December 21)	approx. 13	Minerals Processing
Hydrometallurgical and minerals processing solutions to a new copper and cobalt plant in Republic of Congo (December 14)	approx. 65	Metals, Energy, & Water / Minerals Processing
Minerals processing equipment to a greenfield copper concentrator in Australia (December 5)	approx. 17	Minerals Processing
Electrowinning technology to a zinc plant modernization in Poland (November 30)	approx. 10	Metals, Energy, & Water
Grinding technology to a copper concentrator in Southern Africa (November 29)	>10	Minerals Processing
Process equipment for a copper concentrator expansion in Chile (November 2)	approx. 14	Minerals Processing
Gold processing technology for a greenfield gold mine in Ecuador (October 19)	>10	Minerals Processing
Minerals processing technology and services for a nickel mine in Russia (September 29)	>13	Minerals Processing
Copper smelter shutdown service in South America (July 17)	12	Metals, Energy, & Water
Technology and services for a greenfield gold project in West Africa (July 12)	13	Minerals Processing
Technology for a lithium carbonate plant in South America (July 11)	20	Metals, Energy, & Water
Grinding technology for a greenfield gold project in Western Australia (May 11)	14	Minerals Processing
Grinding and flotation technology for a copper concentrator expansion in Russia (April 19)	17	Minerals Processing
Filtration plant for a copper concentrator expansion in Peru (January 19)	>15	Minerals Processing
Zinc plant technology to Mexico (March 22)	24	Metals, Energy, & Water
Aluminium technology to Bahrain (April 13)	N/D	Metals, Energy, & Water

The order backlog at the end of 2017 was EUR 988 (1,002) million, down 1% from the comparison period. The order backlog included services worth EUR 194 (204) million. At the end of 2017, Outotec had 19 (24) projects with an order backlog value in excess of EUR 10 million, accounting for 50 (58) % of the total backlog. It is estimated that roughly 76 (74) % or EUR 750 (740) million of the year-end order backlog value will be delivered in 2018.

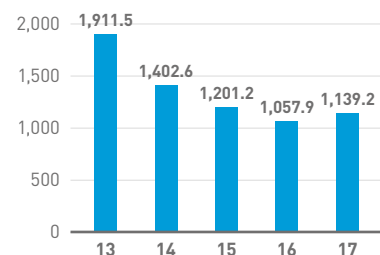
## SALES AND FINANCIAL RESULT

Sales in 2017 increased 8% from the comparison period and totaled EUR 1,139 (1,058) million. Growth came from process equipment deliveries in the Minerals Processing segment. Service sales increased by 6% and represented 42 (42) % of sales. The growth came from shutdown services and spare parts.

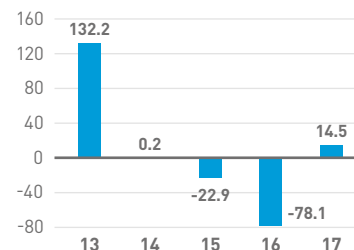
Fixed costs in 2017 – including selling and marketing, administrative, R&D and fixed delivery expenses – declined 3% (in comparable currencies -3%) from the comparison period, totaling EUR 270 (277) million, or 24 (26)% of sales.

Increased sales and fixed cost savings improved the adjusted EBIT in 2017. Negative impacts came from sales mix and cost overruns in some project deliveries, as well as low work load in Metals, Energy & Water. In 2016, adjusted EBIT included EUR 40 million risk provision related to especially one large project in the Metals, Energy & Water segment.

### SALES, EUR MILLION



### RESULT BEFORE TAXES, EUR MILLION



#### Sales and financial result EUR million

	2017	2016	% <sup>1</sup>	% <sup>2</sup>
Sales	1,139.2	1,057.9	8	7
Service sales <sup>3</sup>	475.2	447.0	6	5
Share of service sales, %	41.7	42.3		
Gross margin, %	23.6	22.1		
Adjusted EBIT <sup>4</sup>	32.1	-23.0		
Adjusted EBIT <sup>4</sup> , %	2.8	-2.2		
- Restructuring and acquisition-related costs <sup>5</sup>	-0.2	-37.2		
- PPA amortization	-7.3	-7.4		
EBIT	24.6	-67.7		
EBIT, %	2.2	-6.4		
Result before taxes, EUR million	14.5	-78.1		
Net result for the period	1.9	-69.3		
Unrealized and realized exchange gains and losses <sup>6</sup>	7.9	-8.1		

<sup>1</sup> Change, %

<sup>2</sup> Change in comparable currencies, %

<sup>3</sup> Included in the sales figures of the two reporting segments.

<sup>4</sup> Excluding restructuring and acquisition-related items and PPA amortizations.

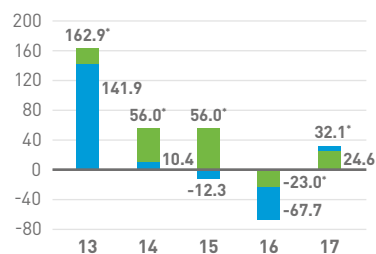
<sup>5</sup> Including restructuring-related items of EUR -1.4 [-31.3] million, acquisition-related items of EUR 0.3 [-1.5] million, and no arbitration costs related to past acquisition (EUR -4.4 million). The reporting period also includes the positive impact of a EUR 0.9 million reduction from an earn-out payment liability related to acquisition.

<sup>6</sup> Related to foreign exchange forward agreements and bank accounts.



The result before taxes for 2017 was EUR 15 (-78) million, including net finance expenses of EUR 10 (10) million due to interest costs and the valuation of foreign exchange forward agreements. The net result was EUR 2 (-69) million. The net impact from taxes totaled EUR -13 (9) million, including EUR 6 million negative impact from the US tax reform. Earnings per share totaled EUR 0.04 (-0.42), including accrued hybrid bond interest net of tax of EUR 9 million.

## OPERATING RESULT, EUR MILLION



\* excluding restructuring and acquisition-related items as well as PPA amortizations

## OPERATING RESULT MARGIN, %



\* excluding restructuring and acquisition-related items as well as PPA amortizations

Sales by region EUR million	2017	2016	% 2017	Change %
EMEA	562.1	547.4	49	3
Americas	383.3	315.6	34	21
APAC	193.8	194.9	17	-1
<b>Total</b>	<b>1,139.2</b>	<b>1,057.9</b>	<b>100</b>	<b>8</b>

Sales by materials %	2017	2016
Copper	30	28
Nickel	4	5
Zinc	4	2
Ferroalloys	3	3
Aluminum	9	11
Iron	6	11
Precious metals	21	12
Lithium <sup>1</sup>	3	-
Other metals	2	0
Energy and environmental solutions (incl. water, sulfuric acid and off-gas)	7	12
Others	12	16
<b>Total</b>	<b>100</b>	<b>100</b>

<sup>1</sup> In 2016, lithium was reported as part of Other metals, due to low sales volume.

## SEGMENTS

## Minerals Processing

Reporting segment – Minerals Processing EUR million	2017	2016	% <sup>1</sup>	% <sup>2</sup>
Order intake	<b>727.0</b>	626.7	<b>16</b>	14
Sales	<b>660.8</b>	539.5	<b>22</b>	21
Service sales	<b>304.0</b>	283.1	<b>7</b>	6
Adjusted EBIT <sup>3</sup>	<b>61.3</b>	37.1		
Adjusted EBIT <sup>3</sup> , %	<b>9.3</b>	6.9		
PPAs	<b>-3.1</b>	-3.3		
Restructuring and acquisition costs	<b>-0.4</b>	-12.2		
EBIT	<b>57.8</b>	21.6		
EBIT, %	<b>8.7</b>	4.0		
Unrealized and realized exchange gains and losses <sup>4</sup>	<b>5.9</b>	-3.8		

<sup>1</sup> Change, %

<sup>2</sup> Change in comparable currencies, %

<sup>3</sup> Excluding restructuring and acquisition-related items as well as PPA amortizations

<sup>4</sup> Related to foreign exchange forward agreements and bank accounts

In 2017, the order intake in the Minerals Processing segment grew 16% from the comparison period, mainly due to increased process equipment orders. The segment's sales increased by 22% due to increased plant and process equipment deliveries, as well as services. Higher sales improved the segment's profitability.

The market condition improved towards the end of the year which led to a growth in order intake compared to the previous year.

## Metals, Energy &amp; Water

Reporting segment – Metals, Energy & Water EUR million	2017	2016	% <sup>1</sup>	% <sup>2</sup>
Order intake	<b>477.6</b>	381.0	<b>25</b>	25
Sales	<b>478.5</b>	518.4	<b>-8</b>	-8
Service sales	<b>171.2</b>	163.9	<b>4</b>	4
Adjusted EBIT <sup>3</sup>	<b>-22.3</b>	-55.0		
Adjusted EBIT <sup>3</sup> , %	<b>-4.7</b>	-10.6		
PPAs	<b>-4.2</b>	-4.2		
Restructuring and acquisition costs	<b>0.1</b>	-22.9		
EBIT	<b>-26.4</b>	-82.1		
EBIT, %	<b>-5.5</b>	-15.8		
Unrealized and realized exchange gains and losses <sup>4</sup>	<b>2.0</b>	-4.0		

<sup>1</sup> Change, %

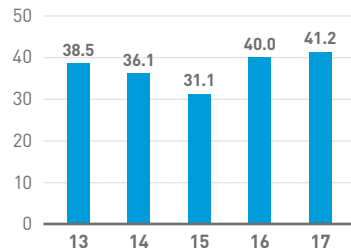
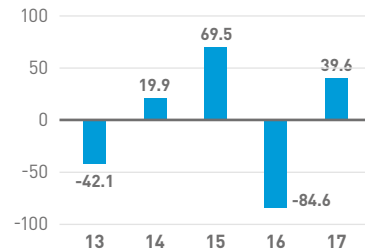
<sup>2</sup> Change in comparable currencies, %

<sup>3</sup> Excluding restructuring and acquisition-related items as well as PPA amortizations

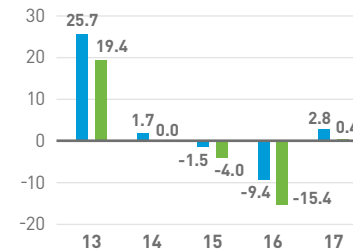
<sup>4</sup> Related to foreign exchange forward agreements and bank accounts

In 2017, the order intake in the Metals, Energy & Water segment increased by 25% from the comparison period, mainly due to increased plant orders, as well as modernization and shutdown services. The sales in the segment declined by 8%, due to low order intake in the second half of 2016 and first half of 2017. Lower sales and low utilization rates weakened the segment's profitability. In 2016, the adjusted EBIT included a EUR 40 million risk provision related to especially one large project.

## EQUITY RATIO, %

NET CASH FROM OPERATING ACTIVITIES,  
EUR MILLION

## RETURN ON INVESTMENT AND EQUITY, %



● Return on investment  
● Return on equity

BALANCE SHEET, FINANCING  
AND CASH FLOW

The consolidated balance sheet total on December 31, 2017 was EUR 1,346 (1,427) million. Equity attributable to shareholders of the parent company totaled EUR 467 (495) million, representing EUR 2.57 (2.73) per share. During the reporting period, equity was impacted by translation differences of EUR -23 (14) million, hybrid bond interest net of tax of EUR -9 (no interest in 2016) million, and a net result of EUR 2 (-69) million. In 2016, Outotec issued a EUR 150 million hybrid bond.

Outotec's cash and cash equivalents at the end of 2017 totaled EUR 230 (233) million. Net cash flow from operating activities improved during the third and fourth quarter and was EUR 40 (-85) million in 2017. Advance and milestone payments received in 2017 came to EUR 203 (181) million. Advance and milestone payments to subcontractors totaled EUR 33 (53) million. In 2017, Outotec paid EUR 11 (no

Balance sheet, financing and cash flow  
EUR million

	2017	2016
Net cash from operating activities	39.6	-84.6
Net interest-bearing debt at the end of the period <sup>1</sup>	-5.5	-4.5
Equity at the end of the period	470.1	498.1
Gearing at the end of the period, % <sup>1</sup>	-1.2	-0.9
Equity-to-assets ratio at the end of the period, % <sup>1</sup>	41.2	40.0
Net Working capital at the end of the period	-4.9	-23.5

<sup>1</sup> If the hybrid bond were treated as a liability: net interest-bearing debt would be EUR 144.5 million, gearing 45.1%, and the equity-to-assets ratio 28.0% on December 31, 2017 (December 31, 2016: EUR 145.5 million, 41.8% and 27.9% respectively).

interest in 2016) million in hybrid bond annual interest. The drawdown of the hybrid bond (EUR 150 million) in 2016 had a positive impact on cash and cash equivalents.

Net interest-bearing debt on December 31, 2017 was EUR -6 (-4) million and gearing was -1 (-1) %. Outotec's equity-to-assets ratio was 41 (40) %. The company's capital expendi-

ture, related mainly to IT programs and IPRs, totaled EUR 21 (22) million in 2017.

Guarantees for commercial commitments totaled EUR 680 (551) million at the end of 2017, including advance payment guarantees issued by the parent and other Group companies.

## RESEARCH & DEVELOPMENT

In 2017, Outotec's research and development expenses represented 5 (5) % of sales.

### Product launches

In December, Outotec introduced three new products for sustainable tailings and water management.

In April, Outotec launched a new mobile application which provides immediate feedback from equipment inspections. The app allows technicians to capture all relevant technical data and images. After inspection, a preliminary report can be sent immediately to the customer.

Outotec's new 7-Axis Beam Mill Reline Machines set a new benchmark for safety and are the only mill reline machines on the market that fully comply with the European Machinery Directive.

## PERSONNEL

At the end of 2017, Outotec had a total of 4,146 (4,192) employees. In 2017, Outotec had an average of 4,149 (4,344) employees. Temporary personnel accounted for 5 (5) % of the total.

At the end of 2017, the company had, in addition to its own personnel, 368 (330) full-time equivalent, contracted professionals working in project execution.

Salaries and other employee benefits during the reporting period totaled EUR 326 (329) million.

## CHANGES IN MANAGEMENT

August 14: Tomas Hakala was appointed head of Services, starting in November.

R&D	2017	2016
R&D expenses, EUR million	56	55
New priority applications filed	38	57
New national patents granted	672	630
Number of patent families	763	786
Number of national patents or patent applications	6,521	6,772

Personnel by region	December 31, 2017	December 31, 2016	Change
EMEA	2,813	2,824	-11
Americas	758	801	-43
APAC	575	567	8
<b>Total</b>	<b>4,146</b>	<b>4,192</b>	<b>-46</b>

August 3: Gustav Kildén was appointed head of Strategic Customers and Business Development. Adel Hattab left the company on August 31.

## RESOLUTIONS OF OUTOTEC'S AGM 2017

Outotec Oyj's Annual General Meeting (AGM) was held on March 30, 2017, in Helsinki, Finland. The AGM approved the parent company's financial statements and the consolidated financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the 2016 financial year. The AGM decided that no dividend would be distributed for the financial year ending on December 31, 2016.

The AGM decided that the total number of Board members will be seven (7). Mr. Matti Alahuhta, Ms. Eija Ailasmaa, Mr. Klaus Cawén,

Ms. Anja Korhonen, Mr. Patrik Nolåker, Mr. Ian W. Pearce, and Mr. Timo Ritakallio were re-elected as members of the Board of Directors for the term expiring at the end of the next AGM. The AGM elected Mr. Alahuhta as the Chairman, and Mr. Ritakallio as Vice Chairman of the Board of Directors.

The AGM confirmed the Board's remunerations for 2017, of which 60% will be paid in cash and 40% in shares:

- Chairman of the Board of Directors: EUR 72,000
- Members of the Board of Directors: EUR 36,000
- Vice Chairman of the Board and the Chairman of the Audit and Risk Committee: additional EUR 12,000
- Attendance fee EUR 600/meeting

- Reimbursement for the direct costs arising from Board-related work

PricewaterhouseCoopers Oy, a firm of Authorized Public Accountants, was re-elected as the company's auditor.

The AGM authorized the Board of Directors to decide on the repurchase and issuance of shares and special rights entitling holders to shares. Both authorizations relate to an aggregate maximum of 18,312,149 (approximately 10%) of the company's own shares. The authorizations will be in force until the closing of the next AGM. The authorizations have not been exercised as of February 2, 2018.

The Board of Directors elected Ms. Korhonen (Chairman of the Committee), Mr. Cawén, Mr. Pearce, and Mr. Ritakallio as members of the Audit and Risk Committee.

Ms. Ailasmaa, Dr. Alahuhta (Chairman of the Committee), and Mr. Nolåker were elected as members of the Human Capital Committee.

## SHARES AND SHARE CAPITAL

Outotec's shares are listed on the Nasdaq Helsinki exchange (OTE1V). At the end of 2017, 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 meetings.

## OUTOTEC OYJ OWN SHAREHOLDING

At the end of 2017, the company directly held a total of 1,677,929 Outotec shares, representing 0.92% of Outotec Oyj's shares and votes.

## TRADING, MARKET CAPITALIZATION, AND SHAREHOLDERS

Shares on NASDAQ Helsinki January-December 2017	No. of shares traded	Total value EUR	High EUR	Low EUR	Average EUR <sup>1</sup>	Last paid EUR
OTE1V	246,698,814	1,478,294,531	7.41	4.88	6.03	7.10

<sup>1</sup> Volume weighted average

	31.12.2017	31.12.2016
Market capitalization, EUR million	1,300	914
No. of shareholders	25,478	29,686
Nominee registered shareholders (no of registers 11), %	35.1	30.6
Finnish private investors, %	14.2	25.6

### SHARE-BASED INCENTIVES

Outotec has a Share-based Incentive Program for the company's key personnel as well as an 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](http://www.outotec.com/cg).

### LEGAL DISPUTES

January 9: Outotec and Outokumpu settled their patent dispute, commenced in 2013, concerning the rights to inventions related to ferroalloys technology.

### STATEMENT OF NON-FINANCIAL INFORMATION

Outotec, headquartered in Finland, operates globally with offices in 36 countries. Outotec develops and delivers resource-efficient technology and service solutions for processing minerals and metals, for water treatment, and for producing energy from biomass and wastes. Outotec can offer an entire process or plant, or single piece of equipment with related engineering, sourcing, commissioning, training and life-cycle services.

The key resources for Outotec's value creation are deep know-how of processing natural resources, technology patents, research and development, as well as Outotec brand. In addition, long customer and supplier relationships are essential resources for the company.

The safety of employees and products, environmentally sound solutions for customers, responsible business practices including working against corruption and respecting human rights, a sustainable supply chain, and competent, engaged employees are the most essential non-financial topics for Outotec. Outotec reports annually in accordance with the Global Reporting Initiative (GRI).

The Board of Directors' diversity principles are detailed in Outotec's Corporate Governance Statement 2017. Outotec has set a target to increase the percentage of female representation in senior management.

Outotec generates employment and wealth in local communities as a buyer of goods and services. The company also contributes to local communities through university cooperation and subcontracting R&D work. Outotec

technologies often help to improve the environmental conditions surrounding customers' plants. Outotec is a compliant taxpayer in each country where it operates. The company pursues transparency and non-discrimination in its tax practices, and does not engage in aggressive tax planning. Outotec neither paid dividends nor contributions to charities in 2017 due to a negative result in 2016. Outotec aims to maintain its leadership in sustainable technologies and grow its service business to enhance its ability to create value over the cycle.

Outotec's Code of Conduct, approved by the Board of Directors, sets the company's business conduct for all employees. The Code of Conduct, Supplier Policy, HR policies and Donation Policy, as well as Quality, Environment, Health and Safety (QEHS) Policy, define the basic requirements for Outotec's environmental, social and economic sustainability.

Outotec's risk management is based on its Enterprise Risk Management Policy. Environmental, social and economic sustainability-related risks are covered in the project risk assessment tool, which is used to assess all projects worth at least one million euros. Appropriate follow-up actions are defined as based on these findings. The company is globally certified to ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (safety) standards. In addition, the locations in Finland and Germany are certified to ISO 50001 (energy). Internal and external audits are performed regularly.

### Environment

Outotec's most significant environmental impact materializes through solutions provided for customers. In line with its Technology Policy, Outotec continuously develops its technologies so that they become even more resource-efficient.

In the metallurgical industry, emissions and eco-toxic substances can cause negative environmental impacts. From Outotec's perspective, environmental risks lie in the defective use of Outotec technologies and product quality in the supply chain. To mitigate these risks, Outotec offers training and other services to customers. Furthermore, the company provides training to its suppliers, and audits them.

Outotec reduces global carbon dioxide emissions by delivering advanced technologies for its customers' industrial processes. The company measures this positive impact, its handprint, by the emissions customers avoid through the use of Outotec technologies. Seven of these technologies are measured annually. Outotec has two long-term targets related to environmental performance of its products and services: 1) customers generate 20% less CO<sub>2</sub> when using seven Outotec technologies compared to annual baselines; and 2) keep the share of environmental goods and services in order intake, measured by OECD criteria, permanently above 90%. In 2017, Outotec's customers generated 6.2 million tonnes (2016: 5.9) less of CO<sub>2</sub> equivalent, representing over 20% reduction compared to

annual baselines. The share of environmental goods and services was 88% (2016: 90%).

To a lesser degree, the company's environmental impact arises from its supply chain and own operations. Outotec continuously aims to reduce its impacts related to, for example, CO<sub>2</sub> emissions from flights and energy consumption. Only a few of Outotec's operations require an environmental permit, and the risks related to these operations are managed by certified environmental management systems.

### Social responsibility and employees

According to Outotec's QEHS Policy, safety is a priority in the company's operations. Outotec targets zero harm in occupational health and safety as well as in product safety.

There are considerable occupational health and safety risks in the mining and metals processing industry. The main health and safety risks for Outotec occur on project sites, manufacturing units, and during the defective use of its technologies. The safety of products directly impacts the health and safety of employees, contractors and customers. Outotec has selected the lost-time injury rate (LTIR, lost-time injuries per million working hours) as its key indicator for safety. In 2017, the LTIR was 1.7 (2016: 1.8). This health and safety indicator covers Outotec's premises, employees and contractors working under Outotec's direct supervision, as well as project sites. All employees have the right to refuse work that would expose them to hazard or incident.

The Product Compliance Management process ensures that the products and services designed and supplied by the company worldwide reliably meet all applicable safety requirements during all phases of the product life-cycle. The company follows incidents and hazards through its QEHS management system and product compliance management system, as well as through customer feedback collected after each major delivery and in customer surveys.

Outotec aims to employ the best people in the industry. HR Handbook, Competence Development Policy, and Compensation Policy are the key policies which define the principles in human resources management aimed at enhancing employee engagement. Outotec treats people in an equal and fair manner and follows the principle of equal opportunity. All employees are entitled to good leadership and professional growth.

The main risk related to low employee engagement is losing talent and competences. Outotec mitigates employee retention risks through fair and competitive compensation, culture and leadership development programs, succession planning, internal job rotation, and talent management, as well as various programs to support professional growth.

Outotec's target is to achieve 70% employee engagement by 2020, and the company measures it regularly in addition to monitoring attrition rate and reasons for departure. In 2017, several global competence development programs were launched. Outotec managers

participated in leadership programs, and the progress is being followed by a new leadership index. The employee engagement index improved significantly to 60% in 2017 (2016: 42%).

### Human rights

Outotec respects internationally proclaimed human rights in line with the company's commitment to the United Nations Guiding Principles on Business and Human Rights. Outotec joined the United Nations Global Compact Initiative in 2010, and is committed to its principles as well as the principles of the Universal Declaration of Human Rights. These commitments are re-iterated in Outotec's Code of Conduct and substantiated in its HR, QEHS and Supplier policies.

In line with its target for 2017, Outotec assessed the human rights risks in its own operations as based on the United Nations Guiding Principles. Potential risks and human rights impacts in Outotec's business relate to project site work in high-risk countries. In order to identify potential human rights-related risks and impacts in the company's own operations, a self-assessment was conducted in Outotec's main service and manufacturing sites, to assess local working conditions and labor practices concerning blue-collar workers. As a result, no significant human rights risks were identified. There will be targeted actions to address smaller areas of concern, and global guidelines for blue-collar workers' working conditions will be prepared.

As the majority of Outotec's manufacturing is sourced from external suppliers, there are potentially more human rights-related risks in the supply chain. Outotec has categorized its suppliers into three risk categories. Geographically, China, India and Mexico have been identified as countries with potentially high sustainability risks. To mitigate sustainability risks, suppliers are required to commit to Outotec's Supplier Policy, which reflects the principles of the company's Code of Conduct. However, there may be unidentified human rights risks or impacts in the supply chain.

Most of the new suppliers are assessed through the Supplier Assessment Process before approval. Outotec audits key suppliers on quality, health and safety as well as human rights-related issues regularly. Supplier development actions are drawn up according to audit findings. In 2017, there were no human rights issues or impacts raised through grievance mechanisms. Outotec audited 21% (2016: 8%) of its key suppliers. The long-term target is to audit all key suppliers regularly over a period of two years with supplier development actions drawn up according to audit findings.

### Anti-corruption and bribery

Outotec endorses responsible business practices and complies with national and international laws and regulations. The company has zero tolerance against corruption and works against corruption in all its forms. Outotec requires suppliers and business partners to follow the same principles and fully comply with all applicable anti-corruption laws. Anti-

Corruption Policy, Anti-Money Laundering Policy, Export Control Policy, Agent Policy, and Operational Risk Management Policy are the key policies that define the anti-corruption measures required from Outotec's employees, agents and suppliers.

In order to mitigate risks related to corruption and bribery, Outotec's target is to have employees participate in e-learning on the Code of Conduct, or attend the related classroom training on a regular basis. During 2013-2017, 57% of employees have completed Code of Conduct training. In 2017, 38% of blue-collar workers participated in Code of Conduct classroom training. In addition, Outotec trains its sales agents and representatives, and requires them to commit to Outotec's principles. The company conducts compliance checks on new customers and project related third parties.

Outotec's compliance helpline on the company website is available for anyone to raise concerns related to corruption, human rights or any unethical behavior. All concerns raised are treated confidentially, and there is a clear no-retaliation policy. The Chief Compliance Officer reports compliance cases and actions taken quarterly to the Audit and Risk Committee of Outotec's Board of Directors. As a result of compliance investigations, one employment contract was terminated in 2017. Outotec did not have to pay any fines or fulfil any non-monetary sanctions for non-compliance with anti-corruption laws in 2017.

## SHORT-TERM RISKS AND UNCERTAINTIES

Major investments continue to develop slowly, and new investments may be delayed or existing projects may be put on hold or cancelled. There is also a continued risk of credit losses, especially in receivables from emerging markets. Any uncertainty in China's economic outlook may impact metals demand and prices.

Outotec has identified a risk of disputes related to project execution, 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 has identified a significant risk of claims related to a few large projects in the Metals, Energy & Water segment. If the project risks are materialized in full, they could have a material impact on Outotec's financial results and could lead to decreasing headroom under financial covenants related to capital structure and liquidity.

Risks related to Outotec's business operations are high in certain markets, such as the Middle East, Russia, and Turkey. The geopolitical situation, sanctions, security situation, economic conditions and regulatory environment may change rapidly and cause ongoing business to be delayed, suspended or cancelled, or completely prevent Outotec from operating in these areas. These may result in a material impact on Outotec's financial results and valuation of its assets.

Outotec is involved in a few disputes that may lead to arbitration and court proceed-

ings. 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.

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](http://www.outotec.com/investors).

## EVENTS AFTER THE REPORTING PERIOD

February 2: Outotec to design and deliver two iron ore pelletizing plants valued over EUR 40 million for Shougang Jingtang United Iron & Steel in Caofeidian, China.

January 29: Outotec to deliver three modular sulfuric acid plants valued EUR 33 million for Shalina Resources in the Democratic Republic of Congo.

January 23: Outotec ranked fifth in the Global 100 list of most sustainable companies.



## MARKET OUTLOOK

The demand for many metals is expected to continue to grow, and the sentiment in the mining and metals industry is improving. Mining and metals industry is benefiting from higher prices and many of our customers are ready to deploy capital. Generally, investments in the mining industry move along the value chain starting from the mine, followed by minerals processing and then metals refining. Replacement cycles typically range from five to ten years at the mine site to over twenty years in metals refining.

New metal uses, such as in electric vehicles, support the long-term view. New technology and reprocessing of tailings also enable customers to maximize metals recovery from an existing site. Decisions, however, may be delayed in the short-term, due to volatility in metal prices and uncertainty in China's economic outlook.

Investments in minerals processing will continue to be driven by increased mining activity, production levels and continued emphasis on optimizing existing operations. Metals demand growth projections, and more complex ores continue to provide opportunities for process optimization, equipment deliveries, and services. Copper, nickel, zinc, lithium, cobalt, aluminium and gold projects are expected to continue to be the most active.

The Metals, Energy & Water segment's wide technology portfolio provides opportunities in a number of end markets. Activity has already been increasing especially in metals refining in smelting and hydrometallurgical invest-

ments. Currently, copper, zinc, lithium and gold projects are the most active. Sulfuric acid projects and small plant modernizations are also expected to materialize.

There is a global need for waste-to-energy and sludge incineration solutions, but investments are often linked to regional needs and decisions made by the public sector.

## 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 items, 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, 2017, due to the negative earnings per share. According to the financial statements for December 31, 2017, the parent company's distributable funds total EUR 261.9 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 Outotec's website at [www.outotec.com](http://www.outotec.com).

Espoo, February 2, 2018

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

# CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	2017	2016
<b>Sales</b>	3, 5	<b>1,139.2</b>	1,057.9
Cost of sales	8	<b>-870.5</b>	-824.6
<b>Gross result</b>		<b>268.8</b>	233.3
Other income	6	<b>10.1</b>	1.2
Selling and marketing expenses	8	<b>-119.6</b>	-114.8
Administrative expenses	8	<b>-75.9</b>	-85.5
Research and development expenses	8	<b>-55.6</b>	-55.2
Other expenses	7	<b>-3.2</b>	-46.4
Share of results of associated companies	16	<b>0.0</b>	-0.4
<b>Operating result</b>		<b>24.6</b>	-67.7
Finance income	11	<b>4.8</b>	4.9
Finance expenses	11	<b>-12.2</b>	-11.7
Market price gains and losses	11	<b>-2.6</b>	-3.6
Net finance income		<b>-10.0</b>	-10.4
<b>Result before income taxes</b>		<b>14.5</b>	-78.1
Income tax expenses	12	<b>-12.6</b>	8.8
<b>Result for the period</b>		<b>1.9</b>	-69.3

EUR million	Note	2017	2016
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligations		<b>-3.7</b>	-0.6
Income tax relating to items that will not be reclassified to profit or loss		<b>1.1</b>	0.2
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		<b>-23.0</b>	14.4
Cash flow hedges		<b>4.3</b>	-1.6
Available for sale financial assets		<b>-0.1</b>	0.1
Income tax relating to items that may be reclassified to profit or loss		<b>-0.9</b>	0.4
<b>Other comprehensive income for the period</b>		<b>-22.3</b>	12.8
<b>Total comprehensive income for the period</b>		<b>-20.4</b>	-56.5
<b>Result for the period attributable to:</b>			
Equity holders of the parent company		<b>2.0</b>	-69.6
Non-controlling interest		<b>-0.1</b>	0.3
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the parent company		<b>-20.3</b>	-56.9
Non-controlling interest		<b>-0.1</b>	0.4
<b>Earnings per share for result attributable to the equity holders of the parent company:</b>			
Basic earnings per share, EUR	13	<b>-0.04</b>	-0.42
Diluted earnings per share, EUR	13	<b>-0.04</b>	-0.42

The Notes on pages 21 to 64 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	31.12.2017	31.12.2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	14	359.1	386.3
Property, plant and equipment	15	56.0	65.9
Deferred tax assets	12	89.6	92.7
Investments in associated companies	16	0.4	0.3
Available-for-sale financial assets	17, 26	2.2	2.3
Derivative financial instruments	19	4.6	5.3
Trade and other receivables	21		
Interest-bearing	26	1.5	1.3
Non interest-bearing		2.3	2.4
<b>Total non-current assets</b>		<b>515.7</b>	556.4
<b>Current assets</b>			
Inventories	20	185.8	210.0
Derivative financial instruments	19	4.7	3.8
Trade and other receivables	21		
Interest-bearing	26	0.1	0.1
Non interest-bearing		409.3	423.7
Cash and cash equivalents	22, 26	230.2	233.0
<b>Total current assets</b>		<b>830.0</b>	870.6
<b>TOTAL ASSETS</b>		<b>1,345.7</b>	1,427.0

The Notes on pages 21 to 64 are an integral part of these consolidated financial statements.

EUR million	Note	31.12.2017	31.12.2016
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the equity holders of the parent company</b>			
Share capital		17.2	17.2
Share premium fund		20.2	20.2
Treasury shares		-15.0	-15.9
Reserve for invested non-restricted equity		96.6	95.7
Other reserves		-15.0	-15.7
Hybrid bond		150.0	150.0
Cumulative translation differences		-16.7	6.2
Retained earnings		227.8	306.7
Result for the period		2.0	-69.6
		<b>467.0</b>	494.8
<b>Non-controlling interest</b>		<b>3.2</b>	3.3
<b>Total equity</b>	23	<b>470.1</b>	498.1
<b>Non-current liabilities</b>			
Interest-bearing debt <sup>1</sup>	26	183.5	189.1
Derivative financial instruments	19	0.4	1.2
Deferred tax liabilities	12	39.7	34.9
Employee benefits	24	58.2	53.5
Trade and other payables <sup>1</sup>	27	8.1	8.6
<b>Total non-current liabilities</b>		<b>289.9</b>	287.3
<b>Current liabilities</b>			
Interest-bearing debt	26	45.0	43.1
Derivative financial instruments	19	7.5	8.4
Current tax liabilities		8.0	7.9
Provisions	25	45.2	67.3
Trade and other payables	27	479.9	514.9
<b>Total current liabilities</b>		<b>585.6</b>	641.6
<b>Total liabilities</b>		<b>875.6</b>	928.9
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,345.7</b>	1,427.0

<sup>1</sup> Comparatives have been restated by regrouping of a bond revaluation item in Non-current liabilities from Trade and other payables to Interest-bearing debt.

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	2017	2016
<b>Cash flows from operating activities</b>			
Result for the period		1.9	-69.3
Adjustments for			
Taxes	12	12.6	-8.8
Depreciation and amortization	14, 15	40.9	42.6
Impairment	14, 15	1.1	17.7
Share of results of associated companies	16	-0.0	0.4
Gains and losses on disposal of property, plant and equipment	6, 7	-0.2	0.5
Interest income	11	-4.5	-4.9
Dividend income	11	-0.3	-
Interest expense	11	7.9	8.9
Other adjustments		6.9	6.8
		<b>64.4</b>	<b>63.0</b>
Change in working capital			
Increase (-) and decrease (+) in trade and other receivables		-9.2	24.9
Increase (-) and decrease (+) in inventories		15.5	-3.6
Increase (+) and decrease (-) and in trade and other payables		-8.8	-72.8
Increase (+) and decrease (-) in provisions		-18.0	-15.2
		<b>-20.4</b>	<b>-66.8</b>
Dividend received		0.3	-
Interest received		4.5	4.8
Interest paid		-8.6	-9.9
Income tax paid		-2.5	-6.4
<b>Net cash from operating activities</b>		<b>39.6</b>	<b>-84.6</b>

EUR million	Note	2017	2016
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries and business operations	4	-0.2	-3.0
Purchases of property, plant and equipment	15	-9.1	-6.4
Purchases of intangible assets	14	-11.8	-15.3
Proceeds from sale of intangible and tangible assets	14, 15	2.3	1.8
Change in other non-current receivables		-0.2	0.0
<b>Net cash used in investing activities</b>		<b>-18.9</b>	<b>-22.9</b>
<b>Cash flows from financing activities</b>			
Repayments of non-current debt (-)	26	-7.9	-111.5
Decrease in current debt (-)	26	-22.2	-35.6
Increase in current debt (+)	26	29.0	30.1
Hybrid bond		-	150.0
Interest paid on hybrid bond		-11.1	-
Change in other financing activities		-0.7	-0.9
<b>Net cash used in financing activities</b>		<b>-12.9</b>	<b>32.1</b>
<b>Net change in cash and cash equivalents</b>		<b>7.8</b>	<b>-75.5</b>
Cash and cash equivalents at January 1		233.0	300.7
Foreign exchange rate effect on cash and cash equivalents		-10.6	7.8
Net change in cash and cash equivalents		7.8	-75.5
<b>Cash and cash equivalents at December 31</b>	22	<b>230.2</b>	<b>233.0</b>

The Notes on pages 21 to 64 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	Total, attributable to holders of parent company	Non-controlling interest	Total equity
<b>Equity at January 1, 2016</b>		17.2	20.2	-14.2	-17.4	93.8	-	-8.1	310.3	401.8	2.9	404.7
Result for the period		-	-	-	-	-	-	-	-69.6	-69.6	0.3	-69.3
Other comprehensive income for the period	11	-	-	-1.6	-	-	-	14.3	-	12.7	0.1	12.8
<b>Total comprehensive income for the period</b>		-	-	-1.6	-	-	-	14.3	-69.6	-56.9	0.4	-56.5
Proceeds from hybrid bond		-	-	-	-	-	150.0	-	-	150.0	-	150.0
Hybrid bond expenses		-	-	-	-	-	-	-	-0.7	-0.7	-	-0.7
Share-based compensation	10	-	-	-	1.5	1.9	-	-	-2.7	0.8	-	0.8
Other changes		-	-	-	-	-	-	-	-0.1	-0.1	-	-0.1
<b>Equity at December 31, 2016</b>		<b>17.2</b>	<b>20.2</b>	<b>-15.7</b>	<b>-15.9</b>	<b>95.7</b>	<b>150.0</b>	<b>6.2</b>	<b>237.1</b>	<b>494.8</b>	<b>3.3</b>	<b>498.1</b>
<b>Equity at January 1, 2017</b>		<b>17.2</b>	<b>20.2</b>	<b>-15.7</b>	<b>-15.9</b>	<b>95.7</b>	<b>150.0</b>	<b>6.2</b>	<b>237.1</b>	<b>494.8</b>	<b>3.3</b>	<b>498.1</b>
Result for the period		-	-	-	-	-	-	-	2.0	2.0	-0.1	1.9
Other comprehensive income for the period	11	-	-	0.7	-	-	-	-22.9	-	-22.2	0.0	-22.3
<b>Total comprehensive income for the period</b>		-	-	0.7	-	-	-	-22.9	2.0	-20.3	-0.1	-20.4
Hybrid bond interest (net of tax)		-	-	-	-	-	-	-	-8.9	-8.9	-	-8.9
Share-based compensation	10	-	-	-	0.8	0.9	-	-	-0.5	1.2	-	1.2
<b>Equity at December 31, 2017</b>		<b>17.2</b>	<b>20.2</b>	<b>-15.0</b>	<b>-15.0</b>	<b>96.6</b>	<b>150.0</b>	<b>-16.7</b>	<b>229.8</b>	<b>467.0</b>	<b>3.2</b>	<b>470.1</b>

The Notes on pages 21 to 64 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 also provides innovative solutions for industrial water treatment, energy production and chemical industry. Outotec utilizes its extensive experience and process know-how by providing environmentally sound and energy efficient plants, proprietary equipment, and services and works in close partnership with its customers.

Outotec and its subsidiaries (collectively “the Group” or “Outotec”) operate through two business units 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 on Outotec level.

In 2017, Outotec had 4,146 employees in 36 countries (1,266 in Finland) and generated sales of EUR 1,139.2 million. A copy of Outotec’s financial statements is available on the Group’s website at [www.outotec.com](http://www.outotec.com).

The Board of Directors has authorized the Consolidated Financial Statements for issue

on February 2, 2018. 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, 2017. 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 dur-

ing 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 2017, 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 credit losses and the application of hedge accounting.

Outotec has assessed the impact of IFRS 9 and will fully adopt it in January 2018. Based on the assessment, Outotec is not expecting categorization of financial assets to significantly affect the income statement or balance sheet. The tables below illustrate the changes in the transition from IAS 39 to IFRS 9:

### Non-Current Financial Assets

Financial Asset Description	Classification under IAS 39	Classification under IFRS 9
Derivative Assets - Foreign Exchange Forward Contracts	Financial Assets at Fair Value through Profit and Loss	Fair Value through profit and loss
Derivative Assets - Interest Rate Swaps	Derivatives under Hedge Accounting	Fair Value through profit and loss *
Other Shares and Securities	Available for Sale Assets	Fair Value through other comprehensive income
Trade and other Receivables - Interest bearing	Loans and Receivables	Amortized Cost
Trade and other Receivables - Non-Interest bearing	Loans and Receivables	Amortized Cost

\* Assets under fair value hedge accounting are included here.

### Current Financial Assets

Financial Asset Description	Classification under IAS 39	Classification under IFRS 9
Derivative Assets - Foreign Exchange Forward Contracts	Financial Assets at Fair Value through Profit and Loss	Fair Value through profit and loss
Derivative Assets - Foreign Exchange Forward Contracts	Derivatives under Hedge Accounting	Fair Value through other Comprehensive income *
Trade and other Receivables - Interest bearing	Loans and Receivables	Amortized Cost
Trade and other Receivables - Non-Interest bearing	Loans and Receivables	Amortized Cost

\* Assets under cash flow hedge accounting are included here. Otherwise Fair Value through profit and loss.

Outotec has particularly paid attention to the amendments in applying hedge accounting. The conclusion is that IFRS 9 does not materially affect the group cash flow hedges in terms of hedging reserves in balance sheet. Under IFRS 9 the recognition of reserves to profit and loss statement, when hedging order backlog, will have to be recognized in Sales. The overall impact on profit and loss as well as profitability is not expected to be significant. We do not expect any changes to the fair value hedge with regards to the interest rate swaps.

Outotec has established a model for evaluating credit losses under IFRS 9. Adopting this impairment methodology means that the existing bad debt provision policy needs to be updated, as well as the related processes. The group's current bad debt policy focus on a case by case decision making, whereas IFRS 9 requires a more systematic approach when it comes to bad debt provisions. For undue and 0-360 day overdue accounts receivable a 0.5-2.0% provision is applied. Case by case - credit loss provision decisions are still to be implemented for overdue accounts receivables over 360 days due to the project nature of

Outotec's business. Bad debt provision is estimated to be increased by approximately EUR 1 million in accordance with the new policy.

Outotec will not restate the comparative periods, and the impact of the transition period will be recognized in the opening balance of retained earnings on January 1, 2018.

### IFRS 15 – Revenue from Contracts with Customers

#### Background

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 the IAS 18 and IAS 11 standards and related interpretations.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when control of the good or service underlying the particular performance obligation is transferred to the customer. These principles are applied using the following five steps: (1) Identify the contract(s) with a cus-

tomers, (2) Identify the performance obligations in the contract, (3) Determine the transaction price, (4) Allocate the transaction price to the performance obligations in the contract and (5) Recognize revenue.

#### Impact analysis

Outotec's business constitutes of Minerals Processing and Metals, Energy & Water segments. Outotec offers mineral processing solutions, from pre-feasibility studies to complete plants and life-cycle services and solutions for metals processing, renewable energy production and industrial water treatment.

When applying the new standard Outotec has especially focused in its analysis on the need to combine contracts for revenue recognition purposes, the identification of performance obligations, how to estimate variable considerations and whether revenue will be recognized over time or at a point in time.

Outotec has performed an analysis of on-going projects to assess the impacts of IFRS 15 on its project business. Focus in the analysis has been in identifying distinct performance obligations and assessing if the criteria for recognizing revenue over time is met in Outotec's customer contracts.

Outotec delivers customized solutions of plant and equipment for its customers and thus a project delivery at Outotec is typically considered as one performance obligation under IFRS 15. Based on the analysis of Outotec's on-going projects the criteria for recognizing revenue over time is typically met in Outotec's project deliveries. Typically Outotec's performance creates an asset with no alternative use and Outotec has an enforce-

able right to payment for the performance completed to date. Currently Outotec uses cost-to-cost method to measure progress under the percentage of completion method. According to the management's assessment cost-to-cost method will be used also going forward to measure the stage of completion for the contracts for which revenue is recognized over time.

Management has assessed that in the project business the new standard will impact revenue recognition as certain customer contracts currently recognized as revenue over time, would be recognized as revenue at a point in time. Combining contracts and definition of performance obligations will also have an impact on the revenue recognition process.

In addition Outotec continues to recognize revenue for standard equipment and spare parts deliveries at a point in time based on delivery terms. Revenue for services is recognized when benefits have been rendered to the customer. No changes are expected in transition to IFRS 15 in standard equipment, spare part deliveries or services.

#### Transition

Outotec will adopt IFRS 15 as of January 1, 2018 by using the full retrospective method in transition to the new standard. The cumulative effect of the new standard is estimated to decrease the retained earnings with approximately EUR 4 million as of January 1, 2017 and increase the net result in 2017 with approximately EUR 1 million. Outotec will publish additional qualitative and quantitative impact analysis as a separate company announcement during the first quarter of 2018.

### **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.

### **IFRS 2 – Share-based Payment**

The standard amendments relate to the classification and measurement of share-based payment transactions. The amendments are intended to eliminate diversity in practice in three main areas: (1) the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; (2) the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and (3) the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

The amended IFRS 2 standard has not yet been endorsed for use by the European Union. Based on a preliminary assessment, the changes in Outotec relate to areas (1) and (2), and is not expected to have a significant impact on the income statement and balance sheet.

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 2017 or 2016.

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**

In accordance with IFRS 8 Outotec has determined that operating segments are based on end customers and customer value chain. The operating segments are reported in a manner consistent with the internal reporting provided to Board of Directors, which has been identified as Outotec's chief operating decision-maker as described in the Charter of the Board of Directors. The Board of Directors is responsible for deciding on basic strategies of Outotec Group, deciding on major investments, business acquisitions and divestments, major sales contracts as well as significant financing arrangements. In addition, the Board of Directors is nominating top management resources and deciding on significant changes in the business organization of the Group.

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 the 2014–2018 plans 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 September 27, 2017, the Board of Directors decided to continue the plan in 2018 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 logic is to serve its customers by providing solutions throughout the entire lifecycle of customer operations in order to ensure optimized total cost of ownership. Outotec reports its result in line with the Group's strategy and internal financial reporting structure. Outotec's reportable operating segments are: Minerals Processing and Metals, Energy & Water. The Board of Directors assess the Group's financial position and its development as a whole and based on the two operating segments.

Pricing of inter-segment transactions is based on current market prices. Segment assets and liabilities are operative items, which are 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 on 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

2017 EUR million	Metals, Energy & Water	Minerals Processing	Reportable segments total	Unallocated items	Eliminations	Group
External sales	<b>478.5</b>	<b>660.8</b>	<b>1,139.2</b>	-	-	<b>1,139.2</b>
Inter-segment sales	-	-	-	<b>27.7</b>	<b>-27.7</b>	-
Sales	<b>478.5</b>	<b>660.8</b>	<b>1,139.2</b>	<b>27.7</b>	<b>-27.7</b>	<b>1,139.2</b>
Share of results of associated companies	<b>0.0</b>	-	<b>0.0</b>	-	-	<b>0.0</b>
Operating profit	<b>-26.4</b>	<b>57.8</b>	<b>31.4</b>	<b>-6.8</b>	-	<b>24.6</b>
Financial income and expenses	-	-	-	-	-	<b>-10.0</b>
Profit before taxes	-	-	-	-	-	<b>14.5</b>
Income taxes	-	-	-	-	-	<b>-12.6</b>
Net profit for the financial year	-	-	-	-	-	<b>1.9</b>
Depreciation and amortization	<b>-20.0</b>	<b>-20.6</b>	<b>-40.6</b>	<b>-0.3</b>	-	<b>-40.9</b>
Impairments	<b>-0.6</b>	<b>-0.5</b>	<b>-1.1</b>	-	-	<b>-1.1</b>
Non interest-bearing assets	<b>455.4</b>	<b>541.5</b>	<b>996.9</b>	<b>26.6</b>	<b>-15.7</b>	<b>1,007.8</b>
Investments in associated companies	<b>0.4</b>	-	<b>0.4</b>	-	-	<b>0.4</b>
Other interest-bearing assets	-	-	-	-	-	<b>234.1</b>
Income tax receivable	-	-	-	-	-	<b>13.9</b>
Deferred tax assets	-	-	-	-	-	<b>89.6</b>
Total assets						<b>1,345.7</b>
Non interest-bearing liabilities	<b>337.9</b>	<b>246.9</b>	<b>584.8</b>	<b>14.6</b>	<b>0.0</b>	<b>599.4</b>
Interest-bearing liabilities	-	-	-	-	-	<b>228.5</b>
Income tax liabilities	-	-	-	-	-	<b>8.0</b>
Deferred tax liabilities	-	-	-	-	-	<b>39.7</b>
Total liabilities	-	-	-	-	-	<b>875.6</b>
Capital expenditure	<b>7.5</b>	<b>13.0</b>	<b>20.5</b>	<b>0.2</b>	-	<b>20.7</b>

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	27.8	0.0	653.9
Interest-bearing liabilities	-	-	-	-	-	232.3
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

### 3.2 INFORMATION ABOUT GEOGRAPHICAL AREAS

EUR million	Americas	EMEA	APAC	Inter-area eliminations	Investments in associated companies	<b>Consolidated</b>
<b>2017</b>						
Sales by destination <sup>1</sup>	<b>383.3</b>	<b>562.1</b>	<b>193.8</b>	-	-	<b>1,139.2</b>
Sales by origin <sup>2</sup>	<b>377.1</b>	<b>808.3</b>	<b>273.8</b>	<b>-320.0</b>	-	<b>1,139.2</b>
Non-current assets <sup>2</sup>	<b>48.9</b>	<b>273.1</b>	<b>35.8</b>	<b>57.3</b>	<b>0.4</b>	<b>415.5</b>
Capital expenditure <sup>2</sup>	<b>1.6</b>	<b>17.9</b>	<b>1.1</b>	-	-	<b>20.7</b>
<b>2016</b>						
Sales by destination <sup>1</sup>	315.6	547.4	194.9	-	-	1,057.9
Sales by origin <sup>2</sup>	317.0	780.5	233.3	-272.9	-	1,057.9
Non-current assets <sup>2</sup>	59.0	292.9	41.0	59.3	0.3	452.5
Capital expenditure <sup>2</sup>	2.2	19.1	0.3	-	-	21.6

<sup>1</sup> Sales by destination is presented for external sales.

<sup>2</sup> Sales, non-current assets and capital expenditure are presented by the location of the company.

### 3.3 INFORMATION ABOUT MAJOR CUSTOMERS

In 2017 and 2016 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

Outotec had no acquisitions or disposals in 2017 and 2016. During 2017 Outotec paid earn-out liability relating to past acquisitions totaling EUR 0.2 million (2016: EUR 3.0 million).

## 5. CONSTRUCTION CONTRACTS

EUR million	Percentage of completion sales (IAS 11)	Other sales (IAS 18)	Total
<b>Allocation of sales</b>			
<b>2017</b>			
Project sales	583.2	80.8	664.0
Service sales	55.3	419.9	475.2
<b>Sales total</b>	<b>638.5</b>	<b>500.7</b>	<b>1,139.2</b>
2016			
Project sales	562.0	48.9	610.9
Service sales	56.2	390.9	447.0
Sales total	618.2	439.8	1,057.9

EUR million	On-going construction contracts	Other	Total
<b>Balance sheet items</b>			
<b>December 31, 2017</b>			
Gross advances received	1,453.0	37.3	1,490.4
Percentage of completion revenue recognition	-1,287.0		-1,287.0
<b>Amount due to customers (net advances received)</b>	<b>166.0</b>	<b>37.3</b>	<b>203.4</b>
Amount due from customers, project related	160.8	0.5	161.2
December 31, 2016			
Gross advances received	1,420.2	26.0	1,446.2
Percentage of completion revenue recognition	-1,265.5		-1,265.5
Amount due to customers (net advances received)	154.7	26.0	180.7
Amount due from customers, project related	143.2	1.3	144.5

Incurring costs and profits (less recognized losses) related to work in progress constructions contracts at the end of year 2017 were EUR 1,816.0 million (at end of 2016: EUR 1,701.0 million).

## 6. OTHER INCOME

EUR million	2017	2016
Gains on sale of intangible and tangible assets	0.7	0.3
Reversal of earn-out liability from acquisitions	0.9	-
Other income related to acquisitions	0.3	-
Market price gains from derivatives	7.9	-
Other income	0.4	0.9
	<b>10.1</b>	<b>1.2</b>

## 7. OTHER EXPENSES

EUR million	2017	2016
Losses on sale of intangible and tangible assets	-0.5	-0.2
Impairments of intangible assets and property, plant and equipment	-1.1	-11.3
Personnel related restructuring costs	-0.5	-18.8
Other restructuring related costs	-0.1	-1.9
Costs related to acquisitions	-	-1.5
Market price losses from derivatives	-	-8.1
Arbitration cost	-	-4.4
Other expenses	-1.1	-0.3
	<b>-3.2</b>	<b>-46.4</b>



## 8. FUNCTION EXPENSES BY NATURE

EUR million	2017	2016
Merchandise and raw materials	-512.6	-457.0
Logistics expenses	-21.0	-16.5
Employee benefit expenses	-326.4	-329.1
Rents and leases	-30.4	-29.9
Depreciation and amortization <sup>1</sup>	-40.9	-42.6
Change in inventories	4.4	6.6
Services purchased <sup>2</sup>	-118.6	-119.8
Other expenses <sup>3</sup>	-76.0	-91.9
	<b>-1,121.6</b>	<b>-1,080.1</b>

<sup>1</sup> Purchase price allocation amortizations related to acquisitions were EUR 7.3 million in 2017 (2016: EUR 7.4 million).

<sup>2</sup> Services purchased includes audit fees of EUR 0.9 million (2016: EUR 0.9 million) and fees for ancillary services of EUR 0.4 million (2016: EUR 0.4 million) paid to the companies operated by the firm of independent public accountants PwC in different countries. Fees for ancillary services paid to PwC Finland amount to EUR 0.1 million in 2017.

<sup>3</sup> Includes grants received EUR 2.6 million in 2017 (2016: EUR 2.2 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	2017	2016
Personnel related restructuring costs	-0.5	-18.8
Impairments of non-current assets	-0.8	-10.7
Other restructuring related items	-0.1	-1.9
Items related to restructuring, total	-1.4	-31.3
Items related to acquisitions	0.3	-1.5
Reversal of earn-out liability from acquisitions	0.9	-
Arbitration cost related to past acquisitions	-	-4.4
Restructuring and acquisition costs, total	-0.2	-37.2

Restructuring and acquisition items are allocated to:

Minerals Processing	-0.4	-12.2
Metals, Energy & Water	0.1	-22.9
Unallocated items	-0.0	-2.1

## 9. EMPLOYEE BENEFIT EXPENSES

EUR million	2017	2016
Wages and salaries	-267.6	-267.8
Share based payments	-2.0	-1.9
Social security costs	-25.6	-26.8
Pension and other post-employment benefits		
Defined benefit plans	-2.8	-2.7
Defined contribution plans	-23.3	-25.6
Other post-employment benefits	-0.1	-0.1
Other personnel expenses	-5.1	-4.2
	<b>-326.4</b>	<b>-329.1</b>

Personnel related restructuring costs of EUR 0.5 million (2016: EUR 18.8 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 years 2016–2018. The Board of Directors determines annually the maximum number of allocated shares, the participants, the length of earning period, the amount of the maximum reward for each individual, the earning criteria and the 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 2017

The Board of Directors set targets for adjusted EBIT and free cash flow, as well as decided on the participants for the program's 2017 earning period. There were 94 participants with a right to earn a maximum number of 649,125 Outotec shares and a cash payment that equals income taxes.

#### Earning period 2016

Outotec's Board of Directors decided that no shares were paid for the 2016 earning period, because the targets were not reached.

#### 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 determines annually the maximum number of

allocated shares, the participants, the length of earning period, the amount of the maximum reward for each individual, the earning criteria and the 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 2015

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

#### 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 was booked for the financial periods 2014–2016.

#### 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 was booked for the financial periods 2013–2015.

#### 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 a 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 2014–2018 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 September 27, 2017, the Board of Directors decided to continue the plan also in 2018. 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 2014–2018. Globally approximately 34% of Outotec employees in 2013, 33% in 2014, 27% in 2015, 22% in 2016 and 20% in 2017 were participating in Employee Share Savings Plan.

#### Additional shares - Saving period 2014

On May 16, 2017, Outotec paid totally 126,472 shares for saving period 2014, as well as a cash portion needed to cover income taxes, to 1,223 participants. The cost for saving period 2014 of approximately EUR 1.3 million was booked for the financial periods 2014–2017.

Information about key management employee benefits is disclosed in 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 programs

On February 29, 2016, the Board of Directors of Outotec Oyj decided to adopt a share-based incentive program 2016–2018 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 shares subject to the maximum earning opportunity of earning period 2017 were granted during 2017. The reward based on the earning period 2016 was not 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 restriction period for the shares earned on the basis of the earning period 2014 ended in the beginning of 2017.

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. At the end of 2017, plan periods 2015–2018 were active. The participants have a possibility to save 2 to 5% of their gross salary for purchasing 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 company. The 2014 plan ended during the reporting period, under which a reward corresponding to a total of 213,319 was delivered to the participants in cash and equity.

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		
	Savings period 2018	Savings period 2017	Savings period 2016	Savings period 2015	Savings period 2014	Earning period 2017	Earning period 2016	Earning period 2015	Earning period 2014	Earning period 2013
31.12.2017										
Grant dates	11.12.2017	14.12.2016	10.2.2016	10.12.2014	11.12.2013	25.4.2017	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	Equity and cash
Target group	Personnel	Personnel	Personnel	Personnel	Personnel	Key personnel	Key personnel	Key personnel	Key personnel	Key personnel
Beginning of earning period	1.1.2018	1.1.2017	1.1.2016	1.1.2015	1.1.2014	1.1.2017	1.1.2016	1.1.2015	1.1.2014	1.1.2013
End of earning period	15.5.2021	15.5.2020	15.5.2019	15.5.2018	15.5.2017	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Vesting condition						Adjusted EBIT and free cash flow	Net profit and free cash flow	Net order intake, EPS, Outotec Services sales	Net order intake, EPS, sales growth	Net order intake, EPS, sales growth
	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	Employment until the end of the restriction period	Employment until the end of the restriction period	Employment until the end of the restriction period	Employment until the end of the restriction period	Employment until the end of the restriction period
End of restriction/ownership period	15.5.2021	15.5.2020	15.5.2019	15.5.2018	15.5.2017	1.1.2020	1.1.2019	1.1.2018	1.1.2017	1.1.2016
Maximum contractual life, years	3.4	3.4	3.3	3.4	3.4	2.7	2.6	2.8	2.6	2.6
Remaining contractual life, years	3.4	2.4	1.4	0.4	-	2.0	-	-	-	-
Number of persons at 31.12.2017	721	765	819	985	-	94	-	-	-	-

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The changes in the amounts of share ownership plan in the 2017 financial year are presented in the table below. Since the cash component of the share reward is also recognised as a share-based expense, 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 2017 financial year	Savings period 2018	Savings period 2017	Savings period 2016	Savings period 2015	Savings period 2014	Earning period 2017	Earning period 2014	Total
<b>Gross amounts at January 1, 2017, number of shares *</b>								
Outstanding at the beginning of the period	-	178,600	186,911	295,304	223,220	-	109,747	<b>993,782</b>
<b>Changes during the period, number of shares</b>								
Share reward granted	116,254	1,650	-	-	-	1,743,750	-	<b>1,861,654</b>
Share reward forfeited	-	47,401	20,098	27,244	9,901	94,688	435	<b>199,767</b>
Share reward exercised	-	-	-	-	213,319	-	109,312	<b>322,631</b>
Share reward expired	-	-	-	-	-	-	-	<b>-</b>
<b>Gross amounts at December 31, 2017, number of shares *</b>								
Outstanding at the end of the period	116,254	132,849	166,813	268,060	-	1,649,063	-	<b>2,333,038</b>
Exercisable at the end of the period	116,254	132,849	166,813	268,060	-	1,649,063	-	<b>2,333,038</b>
Weighted remaining contractual life in years								<b>1.86</b>

\*Number of shares include cash-settled payments of the plan (in terms of number of shares). The amount of cash to be paid in conjunction 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 at 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 in respect of a cash-settled transaction is remeasured at each reporting date until the reward payment, and the fair value of the liability will thus change in accordance with the Outotec share price. Inputs to the fair value determination of the rewards

expensed during the financial year 2017 are listed in the below table. The total fair value of the rewards is based on the company's estimate on December 31, 2017 as to the number of share to be eventually vesting. The fair value of granted share rewards during the financial year are presented as weighted average values.

Measurement of fair value of the share reward	Granted 2017	Granted 2016	Granted 2015	Granted 2014	Granted 2013
Share price at the grant date, EUR	6.78	4.06	3.13	7.02	6.63
Expected dividends, EUR	0.00	0.04	0.10	0.09	0.20
Fair value per share accounted for as equity-settled reward, EUR	6.78	3.91	3.03	6.89	5.83
Fair value per share of the cash-settled reward at the settlement date/ at the end of the period, EUR	7.10	4.99	3.39	5.69	4.99
<b>Fair value at December 31, 2017, EUR million</b>	<b>3.4</b>	<b>0.6</b>	<b>1.0</b>	<b>1.3</b>	<b>1.3</b>

Effect on earnings during the period and financial position at December 31, 2017 EUR million	2017	Granted 2017	Granted 2016	Granted 2015	Granted 2014	Granted 2013
Expenses for the financial year, share-based payments	2.2	0.9	0.2	0.4	0.4	0.3
Expenses for the financial year, share-based payments, equity-settled	1.1	0.3	0.1	0.1	0.3	0.2
Liabilities arising from share-based payments 31 December 2017	1.4	0.5	0.1	0.3	0.5	0.0

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

## 11. FINANCE INCOME AND EXPENSES

Recognized in profit or loss

EUR million	2017	2016
Dividend income	0.3	-
Interest income on bank deposits and commercial papers	2.5	2.8
Interest income on loans and receivables	0.5	0.5
Interest income on derivatives	1.6	1.5
Other finance income	0.0	0.0
<b>Total finance income</b>	<b>4.8</b>	4.9
Interest expenses		
Financial liabilities measured at amortized cost		
Current and non-current debt	-7.9	-8.8
Financial liabilities at fair value through profit or loss		
Derivatives	-	-0.3
Other finance expenses	-4.3	-2.6
<b>Total finance expenses</b>	<b>-12.2</b>	-11.7
Exchange gains and losses	-2.6	-3.9
Fair value changes from interest rate derivatives	-1.4	-0.2
Other fair value changes	1.5	0.2
Other market price gains and losses	0.0	0.2
<b>Total market price gains and losses</b>	<b>-2.6</b>	-3.6
<b>Total finance income and expenses</b>	<b>-10.0</b>	-10.4

Exchange gains and losses recognized in profit or loss

EUR million	2017	2016
In sales	-0.6	-12.8
In purchases	-5.9	3.4
In other income and expenses	7.9	-8.1
<b>In finance income and expenses</b>	<b>-2.6</b>	-3.9
	-1.3	-21.4

Recognized in other comprehensive income

EUR million	2017	2016
Exchange differences on translating foreign operations	-23.0	14.4
Cash flow hedges	4.3	-1.6
Income tax related to cash flow hedges	-0.9	0.4
Available for sale financial assets	-0.1	0.1
<b>Total</b>	<b>-19.6</b>	13.2

## 12. INCOME TAX EXPENSES

Income tax expenses recognized in profit or loss EUR million	2017	2016
Current taxes	-6.7	-10.5
Adjustments to current tax for prior years	1.6	0.1
Change in deferred taxes	-7.6	19.2
<b>Total income tax expenses</b>	<b>-12.6</b>	<b>8.8</b>
Income taxes recognized in other comprehensive income EUR million	2017	2016
Income tax related to cash flow hedges	-0.9	0.4
Income tax related to defined benefit plans	1.1	0.2
Income taxes booked to equity EUR million	2017	2016
Income tax related to hybrid bond	2.2	0.2

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

EUR million	2017	2016
Hypothetical income taxes at Finnish tax rate on consolidated profit before tax	-2.9	15.6
Effect of different tax rates outside Finland	-1.3	1.6
Non-credited foreign withholding taxes	-0.8	-3.6
Non-deductible expenses and tax exempt income	-1.3	-0.9
Tax losses and temporary differences for which no deferred tax asset is recognized	-0.7	-1.6
Writedown of prior years' deferred tax asset	-1.3	-3.9
Utilization of tax losses for which no deferred tax asset was recognized	0.0	0.8
Effect of consolidation and eliminations	0.1	0.8
Adjustments to current tax for prior years	1.6	0.1
Adjustments to prior years' deferred taxes	0.8	-0.1
Effect of enacted change in future tax rates	-6.2	-0.1
Other items	-0.6	0.1
Income taxes recognized in profit or loss	<b>-12.6</b>	<b>8.8</b>

The tax rate change from the US tax reform resulted in the re-measurement of deferred tax assets. The negative impact of this was 6.0 EUR million.

### Deferred taxes in consolidated statement of financial position

EUR million	2017	2016
Deferred tax assets	89.6	92.7
Deferred tax liabilities	39.7	34.9
	<b>49.9</b>	<b>57.8</b>

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.



**CONSOLIDATED FINANCIAL  
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Changes in deferred tax assets and liabilities during the financial year

2017 EUR million	January 1	Recognized in profit or loss	Recognized in other com- prehensive income	Charged to equity	Translation and other differences	December 31
<b>Deferred tax assets</b>						
Tax losses and credits carried forward	24.9	-3.7	-	-	-1.6	19.6
Timing difference in revenue recognition	0.8	1.1	-	-	-	1.9
Pension provisions	2.1	-0.4	-	-	-	1.7
Depreciaton difference	22.2	4.1	-	-	-0.4	26.0
Project provisions	14.1	-0.3	-	-	-	13.8
Effects of consolidation and eliminations	1.4	4.0	-	-	-	5.4
Valuation loss on assets and derivative instruments	6.9	0.0	0.7	-	-	7.5
Provisions for operating expenses and other items	20.3	-6.1	-	-	-0.4	13.8
	<b>92.7</b>	<b>-1.3</b>	<b>0.7</b>	<b>-</b>	<b>-2.4</b>	<b>89.6</b>
<b>Deferred tax liabilities</b>						
Timing difference in revenue recognition	16.8	1.9	-	-	-	18.7
Depreciaton difference	6.2	-1.9	-	-	-	4.3
Purchase price allocation	9.0	-1.6	-	-	0.2	7.6
Valuation gain on assets and derivative instruments	0.0	0.0	0.5	-	-	0.5
Hybrid loan <sup>1</sup>	1.7	2.2	-	-2.2	-	1.7
Other items	1.2	5.7	-	-	-	6.9
	<b>34.9</b>	<b>6.3</b>	<b>0.5</b>	<b>-2.2</b>	<b>0.2</b>	<b>39.7</b>
<b>Net deferred tax asset</b>	<b>57.8</b>	<b>-7.6</b>	<b>0.1</b>	<b>2.2</b>	<b>-2.6</b>	<b>49.9</b>

Changes in deferred tax assets and liabilities during the financial year

2016 EUR million	January 1	Recognized in profit or loss	Recognized in other com- prehensive income	Charged to equity	Translation and other differences	December 31
<b>Deferred tax assets</b>						
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
Depreciaton 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
	<b>88.6</b>	<b>2.0</b>	<b>0.6</b>	<b>0.2</b>	<b>1.4</b>	<b>92.7</b>
<b>Deferred tax liabilities</b>						
Timing difference in revenue recognition	29.5	-12.6	-	-	-0.1	16.8
Other untaxed reserves	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 items <sup>1</sup>	4.9	-2.0	-	-	-	2.9
	<b>51.9</b>	<b>-17.2</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>34.9</b>
<b>Net deferred tax asset</b>	<b>36.6</b>	<b>19.2</b>	<b>0.6</b>	<b>0.2</b>	<b>1.2</b>	<b>57.8</b>

<sup>1</sup> Deferred tax from hybrid loan is presented as separate line in the 2017 note. In the 2016 note, this was included in Other items.

In determining the deferred tax assets and liabilities, Outotec management has made certain assumptions and estimates regarding future operating performance and taxable income of subsidiaries, recoverability of tax loss carry forwards and potential changes in tax laws in jurisdictions where Outotec operates. Because the future tax consequences are difficult to predict, the deferred tax assets and liabilities may need to be adjusted in coming financial years, which will have impact in the period when such determination is made.

Deferred tax assets of EUR 16.3 million (2016: EUR 21.4 million) have not been recognized in the consolidated financial statements as the realization of the tax benefit included in these assets is not probable. Majority of these unrecognized deferred tax assets relate to tax losses amounting to EUR 52.5 million (2016: EUR 58.3 million), of which EUR 10.2 million will expire within five years and EUR 42.3 million have no expiry date or will expire after five years.

The consolidated balance sheet includes net deferred tax assets of EUR 30.1 million (2016: EUR 48.1 million) in companies, which have generated losses in current or in 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

### 13. EARNINGS PER SHARE

	2017	2016
Result attributable to the equity holders of the parent Company, EUR million	2.0	-69.6
Interest of hybrid bond, net of tax, EUR million	-8.9	-6.8
Total earnings attributable to the equity holders of the parent Company, EUR million	-6.9	-76.4
Weighted average number of shares, in thousands	181,305	181,124
Weighted average number of shares, dilution adjusted, in thousands	181,562	181,471
Earnings per share for profit attributable to the equity holders of the parent company:		
Basic earnings per share, EUR	-0.04	-0.42
Diluted earnings per share, EUR	-0.04	-0.42

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.

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 the foreseeable future. The amount of such undistributed earnings in subsidiaries, which may attract withholding or other tax consequences upon distribution, was at the end of the year 2017 EUR 185.8 million (2016: EUR 210.0 million).

## 14. INTANGIBLE ASSETS

EUR million	Intangible asset, internally generated	Intangible asset, acquired <sup>1</sup>	Goodwill	Advances paid and construction work in progress	Total
Historical cost at January 1, 2017	0.7	295.0	235.4	0.1	531.3
Translation differences	-0.0	-7.0	-7.1	0.0	-14.1
Additions	-	11.8	-	0.0	11.8
Disposals	-	-1.1	-	-	-1.1
Reclassifications	-	-0.3	-	0.0	-0.3
Impairment during the period	-	-1.8	-	-	-1.8
<b>Historical cost at December 31, 2017</b>	<b>0.7</b>	<b>296.6</b>	<b>228.3</b>	<b>0.2</b>	<b>525.8</b>
Accumulated amortization and impairment at January 1, 2017	-0.7	-142.8	-1.4	-	-144.9
Translation differences	0.0	4.6	-	-	4.7
Disposals	-	0.8	-	-	0.8
Reclassifications	-	-	-	-	-
Amortization during the period	-	-27.9	-	-	-27.9
Impairment during the period	-	0.8	-	-	0.8
<b>Accumulated amortization and impairment at December 31, 2017</b>	<b>-0.7</b>	<b>-164.5</b>	<b>-1.4</b>	<b>-</b>	<b>-166.6</b>
<b>Carrying value at December 31, 2017</b>	<b>-</b>	<b>132.1</b>	<b>226.8</b>	<b>0.2</b>	<b>359.1</b>

EUR million	Intangible asset, internally generated	Intangible asset, acquired <sup>1</sup>	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
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

<sup>1</sup> of which carrying value of patents amounted to EUR 21.2 million (2016: EUR 21.1 million), licenses EUR 5.5 million (2016: EUR 6.6 million), IT software EUR 54.0 million (2016: EUR 63.0 million) and other acquired intangible assets EUR 51.4 million (2016: EUR 61.6 million) including purchase price fair valuation EUR 31.7 million (2016: EUR 37.5 million).

### Amortization by function

EUR million	2017	2016
Cost of sales	<b>-7.6</b>	-8.9
Selling and marketing expenses	<b>-3.6</b>	-2.5
Administrative expenses	<b>-5.2</b>	-4.4
Research and development expenses	<b>-11.7</b>	-12.5
	<b>-28.1</b>	-28.3

### Impairments on intangible assets during the financial year

The Group has recorded writedowns of EUR 1.1 million from intangible assets (2016: EUR 8.9 million). In 2017 writedowns 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 2017 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 2017.

Goodwill allocation to the segments EUR million	<b>2017</b>	2016
Metals, Energy & Water	<b>133.1</b>	138.6
Minerals Processing	<b>93.7</b>	95.4
	<b>226.8</b>	234.0

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.

Key assumptions used in the calculations EUR million	<b>2017</b>	2016
Discount rate, pre tax	<b>7.7</b>	8.2
EBITDA multiple	<b>6.0</b>	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 2.5 (2016: 2) times higher

than the assets employed of the business areas. In the sensitivity analysis the ratio was decreased to 1.4 (2016: 1.1). Based on the sensitivity analysis, it is not probable that the recoverable amount will fall below the carrying amount at December 31, 2017, 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, 2017	2.6	33.8	72.9	42.6	1.8	1.9	155.5
Translation differences	-0.2	-1.0	-2.1	-1.2	-0.1	-0.2	-4.7
Additions	-	0.4	2.4	3.5	-	2.5	8.8
Disposals	-	-0.1	-2.9	-1.5	-	-0.5	-4.9
Reclassifications	-	-	0.1	0.0	-	-0.2	-0.0
Impairment during period	-	-1.2	-2.4	-0.0	-0.0	-	-3.6
<b>Historical cost at December 31, 2017</b>	<b>2.5</b>	<b>31.9</b>	<b>68.1</b>	<b>43.4</b>	<b>1.7</b>	<b>3.6</b>	<b>151.2</b>
Accumulated depreciation and impairment at January 1, 2017	-	-9.8	-46.4	-32.0	-1.5	-	-89.7
Translation differences	-	0.2	1.0	0.9	0.1	-	2.1
Disposals	-	0.0	2.0	1.1	-	-	3.1
Reclassifications	-	-	0.1	-0.0	-	-	0.1
Depreciation during the period	-	-1.5	-6.8	-4.2	-0.1	-	-12.6
Impairment during the period	-	-0.1	1.8	0.0	0.0	-	1.7
<b>Accumulated depreciation and impairment at December 31, 2017</b>	<b>-</b>	<b>-11.1</b>	<b>-48.3</b>	<b>-34.2</b>	<b>-1.5</b>	<b>-</b>	<b>-95.2</b>
<b>Carrying value at December 31, 2017</b>	<b>2.5</b>	<b>20.8</b>	<b>19.7</b>	<b>9.2</b>	<b>0.2</b>	<b>3.6</b>	<b>56.0</b>
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
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

Depreciation by function EUR million	2017	2016
Cost of sales	-6.2	-7.3
Selling and marketing expenses	-0.3	-0.5
Administrative expenses	-3.3	-3.1
Research and development expenses	-3.0	-3.4
	<b>-12.8</b>	-14.3

#### Impairments on property, plant and equipment during the financial year

The Group has recorded impairments of EUR 1.8 million from tangible assets (2016: EUR 8.8 million), which was entirely reclassified from provisions (2016: EUR 6.4 million). In 2017 writedowns 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	2017	2016
Investments in associated companies at cost		
Historical cost at January 1	2.3	1.7
Translation differences	0.0	0.0
Additions	-	0.6
Historical cost at December 31	2.3	2.3
Equity adjustment to investments in associated companies at January 1	-2.0	-1.6
Share of results of associated companies	0.0	-0.4
Equity adjustment to investments in associated companies at December 31	-1.9	-2.0
<b>Carrying value of investments in associated companies at December 31</b>	<b>0.4</b>	0.3

#### Summary of financial information for associated companies 2017

EUR million	Domicile	Assets	Liabilities	Sales	Profit/loss	Owner-ship, %
Enefit Outotec Technology Oü	Estonia	5.1	4.3	1.0	-0.1	40.0
GreenExergy AB	Sweden	0.6	0.4	1.4	-0.0	45.0
Middle East Metals Processing Company Ltd.	Saudi Arabia	0.2	0.2	1.0	-0.0	49.0
Sidvin Outotec Engineering Private Ltd	India	0.6	0.6	0.9	0.2	25.1

#### Summary of financial information for associated companies 2016

EUR million	Domicile	Assets	Liabilities	Sales	Profit/loss	Owner-ship, %
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

## 17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

EUR million	2017	2016
Carrying value at January 1	2.3	2.2
Translation differences	-0.0	0.0
Impairments	-	-
Fair value changes	-0.1	0.1
Carrying value at December 31	2.2	2.3
Listed equity securities	0.1	0.1
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	-0.2	-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 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, therefore 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 in full the transaction risk. 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.

Substantial part of derivative contracts hedge underlying business transactions, although they do not fulfill the criteria for applying hedge accounting according to IAS 39. However, 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 therefore it 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, 2017 EUR 327.0 million (December 31, 2016: EUR 352.3 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, 2017 Outotec had the following foreign exchange derivative contract amounts, including embedded derivatives (more detailed information of foreign exchange exposures in note 19):

EUR million	2017	2016
Foreign exchange derivative contracts	531.4	571.2

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 price caused by the changes in 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, 2017 the share of fixed rate loans of all interest-bearing debt was 100 percent.

Significant part of the financial investments have short-term interest rate as a reference rate. On December 31, 2017 Outotec had EUR 230.2 million of cash and cash equivalent funds (December 31, 2016: EUR 233.0 million), majority of which is invested in bank accounts, bank deposits and short-term money market instruments. The advance payments received from projects in the emerging markets and the related financial investments cause occasionally interest rate risks. The largest interest rate exposures are in euros, United States 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, 2017 the total nominal value of interest rate swaps was EUR 75.0 million (December 31, 2016: EUR 75.0 million).

For variable rate interest-bearing financial investments a shift of one percentage point would have increased (decreased) profit or loss by EUR 0.6 million for December 31, 2017 (December 31, 2016: EUR 0.7 million). and for variable rate interest bearing-debt by EUR 0.8

million for December 31, 2017 (December 31, 2016: EUR 0.8 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 2017, the reporting of overdue external trade receivables, their rotation periods and collection was intensified further. Geographically the trade receivables are mostly from Asia 31.4% (December 31, 2016 26.7%), South America 22.2% (December 31, 2016 18.3%), Europe 21.2% (December 31, 2016 15.8%), Australia and Pacific 10.2% (December 31, 2016 9.2%). 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, which 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 652.6 million on December 31, 2017 (December 31, 2016: EUR 669.6 million). See note 28.

Particular measures have been introduced in relation of managing counterparty risks in Russian Federation since 2015; 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 sufficient amount of credit lines, which have a balanced maturity profile. Efficient cash and liquidity management is also reducing liquidity risk.

Outotec's Treasury raises centrally 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 81.9% of the total interest-bearing loan portfolio.

- With regard to interest bearing debt the Group has available the following committed lines of credit: EUR 100 million



multicurrency revolving credit facility that is unsecured. Final maturity is on January 15, 2020.

- EUR 60 million revolving credit facility that is unsecured. Final maturity is on January 10, 2020.

As of December 31, 2017 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 liabilities" and "Cash and cash equivalents and committed unutilized credit facilities".

### Capital management

Outotec's gearing ratio was -1.2% on December 31, 2017 (-0.9% on December 31, 2016).

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 in 2014 set the following long-term target:

- 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 2006–2017.

As part of Group's capital management operations Outotec Oyj on 24 March 2016 issued a 150 million euro 5-year hybrid bond with a fixed coupon rate of 7.375 per cent 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 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	
	2017	2016	2017	2016	2017	2016	2017	2016
EUR million								
Bank accounts	7.3	-16.1	4.4	3.6	2.4	0.6	3.7	4.3
Trade receivables	29.8	26.7	2.2	4.9	0.3	1.5	3.3	1.2
Trade payables	-1.4	-0.9	-0.3	-0.6	-3.0	-2.7	-2.4	-1.5
Loans and receivables	-33.1	2.1	-	-	50.2	56.1	-	-
Net balance sheet exposure	2.5	11.8	6.4	7.8	49.8	55.5	4.6	4.0
Sales order book	108.2	104.4	41.6	18.9	8.7	5.3	18.5	13.5
Purchase order book	-49.8	-49.8	-6.7	-7.5	-1.5	-2.5	-5.0	-0.7
	58.4	54.6	34.9	11.5	7.2	2.8	13.5	12.8
Hedges:								
Foreign exchange forward contracts	-63.8	-62.3	-42.8	-18.4	-58.7	-60.2	-15.0	-16.9
Total net exposure	-2.9	4.1	-1.5	0.8	-1.8	-1.9	3.2	-0.1

### Sensitivity of financial instruments on foreign currency exchange rates

EUR million	2017		2016	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
+/-10% change in EUR/USD exchange rate	+1.4/-1.7	+4.2/-5.1	+1.1/-1.4	+3.5/-4.2
+/-10% change in EUR/AUD exchange rate	+0.8/-1.0		+0.4/-0.5	
+/-10% change in EUR/SEK exchange rate	+0.9/-1.2		+1.2/-1.4	
+/-10% change in AUD/USD exchange rate	+2.0/-2.0	+1.5/-1.9	-0.2/+0.2	+1.2/-1.4

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

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Contractual cash flows of liabilities at December 31, 2017

EUR million	2018 <sup>1</sup>	2019	2020	2021	2022	2023	2024-	Total
<b>Bonds</b>								
Finance charges	-5.6	-5.6	-5.6	-	-	-	-	<b>-16.9</b>
Repayments	-	-	-150.0	-	-	-	-	<b>-150.0</b>
<b>Loans from financial institutions</b>								
Finance charges	-0.7	-0.6	-0.3	-	-	-	-	<b>-1.6</b>
Repayments	-6.9	-4.1	-24.5	-	-	-	-	<b>-35.5</b>
<b>Finance lease liabilities</b>								
Rents	-0.0	-0.0	-0.0	-	-	-	-	<b>-0.0</b>
<b>Other long-term loans</b>								
Finance charges	-0.1	-0.1	-0.0	-0.0	-0.0	-0.0	-	<b>-0.2</b>
Repayments	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-	<b>-2.0</b>
<b>Other current loans</b>								
Finance charges	-0.0	-	-	-	-	-	-	<b>-0.0</b>
Repayments	-38.0	-	-	-	-	-	-	<b>-38.0</b>
<b>Derivative liabilities</b>								
<b>Designated as cash flow hedges</b>								
Outflow	-21.0	-7.7	-	-	-	-	-	<b>-28.7</b>
Inflow	20.2	7.8	-	-	-	-	-	<b>28.0</b>
<b>Other derivative contracts</b>								
Outflow	-233.6	-1.7	-	-	-	-	-	<b>-235.3</b>
Inflow	222.5	1.6	-	-	-	-	-	<b>224.1</b>
Trade payables	-99.5	-	-	-	-	-	-	<b>-99.5</b>

<sup>1</sup> Repayments in 2018 are included in current debt.

All non-current debt will be repaid by the end of 2023. Average maturity of long-term debt was 2.66 years and the average interest rate 3.60%.

Contractual cash flows of liabilities at December 31, 2016

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

<sup>1</sup> 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%.

Maturity analysis for guarantee contracts at December 31, 2017

EUR million	2018	2019	2020	2021	2022	2023-
Guarantees for financing	-7.1	-	-	-	-	-
All commercial guarantees including down payment guarantees	-670.8	-0.7	-0.2	-0.3	-0.6	-7.3

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

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 2017. 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	2017	2016
Cash at bank and in hand	169.9	164.9
Short-term bank deposits	47.0	54.5
Cash equivalent marketable securities	13.3	13.6
Overdraft facilities	20.9	19.6
Revolving and other credit facilities	160.0	160.0

## 19. DERIVATIVE INSTRUMENTS

### Fair values of derivative contracts

Remaining maturity EUR million	Positive fair value				Negative fair value			
	<1 year	1-2 years	2-3 years	3- years	<1 year	1-2 years	2-3 years	3- years

#### 2017

Foreign exchange forward contracts								
Designated as cash flow hedges	0.4	0.5	-	-	-1.1	-0.4	-	-
Other foreign exchange forward contracts	4.2	0.2	-	-	-6.4	-0.0	-	-
Interest rate swaps								
Designated as fair value hedges	-	-	3.9	-	-	-	-	-
Total	4.7	0.7	3.9	-	-7.5	-0.4	-	-

#### 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	-	-

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
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#### 2017

Foreign exchange forward contracts				
Designated as cash flow hedges	50.4	27.5	-	-
Other foreign exchange forward contracts	448.7	4.7	-	-
Interest rate swaps				
Designated as fair value hedges	-	-	-	75.0
<b>Total</b>	<b>499.1</b>	<b>32.2</b>	<b>-</b>	<b>75.0</b>

#### 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
<b>Total</b>	<b>556.9</b>	<b>14.3</b>	<b>-</b>	<b>75.0</b>

### Effect of cash flow hedges

EUR million	2017	2016
Recognized in profit and loss		
In other income	0.1	-
In other expenses	-	-0.0
Adjustment to sales	0.7	-2.4
Recognized in equity		
As deferred tax asset	0.1	1.0
As deferred tax liability	-	-
Hedge result	0.5	-3.9

## 20. INVENTORIES

EUR million	2017	2016
Work in progress	97.2	92.3
Finished goods, merchandise and raw materials	55.3	65.2
Advance payments	33.3	52.5
	<b>185.8</b>	210.0

## 21. TRADE AND OTHER RECEIVABLES

EUR million	2017	2016
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### Non-current

Interest-bearing		
Loans receivable from associated companies	1.5	1.3
Non interest-bearing		
Other receivables	2.3	2.4

### Current

Interest-bearing		
Loans receivable	0.1	0.1
Non interest-bearing		
Trade receivables	187.7	187.7
Project-related receivables	161.2	144.5
Current tax assets	13.9	16.8
VAT receivable	22.1	52.5
Grants and subsidies receivable	2.1	4.3
Other accruals	2.5	4.9
Other receivables	19.8	13.0
	<b>409.3</b>	423.7

Trade receivables (gross)	192.9	196.6
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### Doubtful trade receivables

Doubtful trade receivables at January 1	8.8	5.1
Translation differences	-0.5	0.1
Additions	1.5	4.4
Deductions	-2.4	-0.7
Recovery of doubtful receivables	-2.1	-0.1
Doubtful trade receivables at December 31	5.2	8.8

<b>Total trade receivables</b>	<b>187.7</b>	187.7
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The ageing of trade receivables: EUR million	2017	2016
Not due	<b>99.4</b>	93.5
Overdue by:		
Between 1 and 30 days	<b>26.7</b>	25.3
Between 31 and 60 days	<b>8.0</b>	6.4
Between 61 and 180 days	<b>8.8</b>	13.8
Between 181 and 360 days	<b>19.0</b>	13.5
Over 361 days	<b>30.9</b>	44.1
Total trade receivables (gross)	<b>192.9</b>	196.6

Maximum exposure to credit risk for trade receivables by geographic region: EUR million	2017	2016
Finland	<b>6.7</b>	2.4
Germany	<b>1.6</b>	1.0
CIS	<b>9.7</b>	9.6
Rest of Europe	<b>21.8</b>	21.9
North America	<b>14.9</b>	10.3
South America	<b>41.8</b>	40.5
Australia	<b>19.1</b>	20.4
Asia	<b>59.0</b>	59.0
Africa	<b>13.1</b>	22.7
Total	<b>187.7</b>	187.7

Trade receivables are according to the customer's location.

## 22. CASH AND CASH EQUIVALENTS

EUR million	2017	2016
Cash at bank and in hand	<b>169.9</b>	164.9
Short-term bank deposits	<b>47.0</b>	54.5
Cash equivalent marketable securities	<b>13.3</b>	13.6
	<b>230.2</b>	233.0

Majority of Outotec's investments were made in the following currencies: Euro, U. S. dollar and Chilean peso. Relevant reference rate of euro has varied during 2017 between -0.375 – -0.366%. U.S. dollar reference rate varied between 0.763–1.569% and Chilean peso reference rate between 2.54–3.95%.

## 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
<b>31.12.2017</b>	<b>183,121</b>	<b>17.2</b>	<b>20.2</b>	<b>0.4</b>	<b>-15.5</b>	<b>-15.0</b>	<b>96.6</b>	<b>150.0</b>	<b>253.9</b>
31.12.2016	183,121	17.2	20.2	0.4	-16.2	-15.9	95.7	150.0	251.5

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, 2017 (December 31, 2016: 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

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. Treasury shares have been used for the share-based incentive program and the employee share savings plan. At year-end the number of these shares was 1,677,929 (2016: 1,803,963) and book value EUR 15.0 million. (2016: EUR 15.9 million).

### Hybrid bond

In March 2016, Outotec Oyj issued a EUR 150.0 million hybrid bond. 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.

### Reserve for invested non-restricted equity

Outotec acquired control in Larox through a directed share issue in 2009. Most of the consideration for the Larox shares purchased was paid in the form of 15,121,492 new Outotec shares which totalled to EUR 88.1 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.

Additionally, 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 2017. The parent company's distributable funds were EUR 261.9 million at December 31, 2017.

## 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	2017	2016
Defined benefit pension expenses	-2.8	-2.7
Defined contribution pension expenses	-23.3	-25.6
Other post-employment benefits	-0.1	-0.1
	<b>-26.1</b>	<b>-28.4</b>

By function EUR million	Defined benefit pension plans		Other post-employment benefits	
	2017	2016	2017	2016
Cost of sales	-1.3	-1.3	-	-
Selling and marketing expenses	-0.5	-0.5	-	-
Administrative expenses	-0.4	-0.4	-0.1	-0.1
Research and development expenses	-0.6	-0.6	-	-
	<b>-2.8</b>	<b>-2.7</b>	<b>-0.1</b>	<b>-0.1</b>

Pension cost in employee benefit expenses EUR million	Defined benefit pension plans		Other post-employment benefits	
	2017	2016	2017	2016
Current service cost	-1.8	-1.4	-	-
Interest cost	-1.0	-1.1	-0.1	-0.1
Employee contributions	-	-0.2	-	-
	<b>-2.8</b>	<b>-2.7</b>	<b>-0.1</b>	<b>-0.1</b>

**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	
	2017	2016	2017	2016
EUR million				
Unfunded obligation at January 1	50.2	48.5	3.3	3.4
Prior year adjustment to opening balance	-	0.0	-	-
Service cost	1.8	1.4	0.0	0.0
Interest cost	1.0	1.1	0.1	0.1
Actuarial gains(-) and losses (+)	3.8	0.5	-0.1	0.1
Employee contributions	-	0.2	-	-
Benefits paid	-1.6	-1.6	-0.2	-0.2
Unfunded obligation at December 31	55.2	50.2	3.1	3.3

**Expected benefit payments**

2018	1.8
2019	1.9
2020	2.0
2021	2.1
2022	2.2
Next 5 years	11.7

The weighted average duration of the defined benefit obligation was 17.6 years on December 31, 2017.

**Principal actuarial assumptions**

%	2017	2016
Discount rate	1.75	1.75
Future benefit increase expectation	1.80	1.00

Assumption for the retirement age follows the normal age in Germany. Assumptions regarding the mortality are done according to the actuarial guidelines and are based on the local statistics and knowledge. Other post-employment benefit obligations 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%	-4.2%	4.5%
Future benefit increase expectation	0.25%	2.3%	-2.2%
Medical cost trend expectation	1.00%	0.5%	-0.4%
Change in expected lifetime	1 year	3.3%	-3.3%

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 for 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 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 <sup>1</sup>	Other provisions <sup>2</sup>	2017
<b>Non-current</b>			
Provisions at January 1	44.2	23.1	<b>67.3</b>
Translation differences	-1.3	-0.3	<b>-1.6</b>
Additions	24.4	0.8	<b>25.2</b>
Provisions utilized during the period	-20.2	-15.7	<b>-35.9</b>
Provisions released	-9.8	-	<b>-9.8</b>
Provisions at December 31	37.2	8.0	<b>45.2</b>

Provisions are based on best estimates on the balance sheet date. Group had no non-current provisions at December 31, 2017.

<sup>1</sup> Current project provisions include EUR 32.5 million warranty provisions and EUR 4.7 million project loss provisions at December 31, 2017.

<sup>2</sup> Current other provisions include EUR 8.0 million restructuring provisions at December 31, 2017.

## 26. INTEREST-BEARING LIABILITIES

EUR million	Carrying amount 2017	2016	Fair value 2017	2016
<b>Non-current</b>				
Bonds and debentures	<b>149.3</b>	149.0	<b>155.3</b>	151.2
Revaluation of bonds and debentures	<b>3.9</b>	5.4		
Loans from financial institutions	<b>28.6</b>	32.7	<b>29.6</b>	34.4
Finance lease liabilities	<b>0.0</b>	0.0	<b>0.0</b>	0.0
Other non-current loans	<b>1.7</b>	2.0	<b>1.7</b>	2.0
	<b>183.5</b>	189.1	<b>186.5</b>	187.6
<b>Current</b>				
Loans from financial institutions	<b>6.9</b>	12.9	<b>7.6</b>	13.7
Finance lease liabilities	<b>0.0</b>	0.0	<b>0.0</b>	0.0
Other current loans	<b>38.1</b>	30.2	<b>38.1</b>	30.2
	<b>45.0</b>	43.1	<b>45.7</b>	43.9

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.

### Change in net interest-bearing liabilities

2017 EUR million	Non-current interest-bearing debt	Current interest-bearing debt	Financial assets	Cash and cash equivalents	Total
Net interest-bearing liabilities at January 1	<b>189.1</b>	<b>43.1</b>	<b>-3.7</b>	<b>-233.0</b>	<b>-4.5</b>
Changes, cash:					
Repayments of non-current debt	-4.4	-3.5	-	-	-7.9
Increase/decrease in current debt	-	6.8	-	-	6.8
Change in investing activities	-	-	-0.2	-	-0.2
Change in cash and cash equivalents	-	-	-	-7.8	-7.8
Changes, non-cash:					
Exchange gains and losses	-	-1.4	-	10.6	9.2
Other non-cash change	-1.2	-	0.1	-	-1.1
Net interest-bearing liabilities at December 31	<b>183.5</b>	<b>45.0</b>	<b>-3.8</b>	<b>-230.2</b>	<b>-5.5</b>
2016					
EUR million	Non-current interest-bearing debt	Current interest-bearing debt	Financial assets	Cash and cash equivalents	Total
Net interest-bearing liabilities at January 1	297.0	47.7	-4.2	-300.7	39.9
Changes, cash:					
Repayments of non-current debt	-107.9	-3.5	-	-	-111.5
Increase/decrease in current debt	-	-5.5	-	-	-5.5
Change in investing activities	-	-	0.6	-	0.6
Change in cash and cash equivalents	-	-	-	75.5	75.5
Changes, non-cash:					
Exchange gains and losses	-	4.4	-	-7.8	-3.4
Other non-cash change	0.0	-	-0.1	-	-0.1
Net interest-bearing liabilities at December 31	189.1	43.1	-3.7	-233.0	-4.5

### 27. TRADE AND OTHER PAYABLES

EUR million	2017	2016
<b>Non-current</b>		
Other non-current liabilities <sup>1</sup>	<b>2.0</b>	1.6
Earnout liability	<b>6.1</b>	7.0
	<b>8.1</b>	8.6
<b>Non interest-bearing</b>		
Trade payables	<b>99.5</b>	88.4
Advances received	<b>203.4</b>	180.7
Project-related liabilities	<b>107.8</b>	149.5
Accrued employee-related expenses	<b>33.8</b>	33.3
VAT payable	<b>14.1</b>	33.7
Withholding tax and social security liabilities	<b>6.5</b>	5.8
Earnout liability	<b>2.5</b>	3.4
Other accruals	<b>11.3</b>	15.8
Other payables	<b>1.1</b>	4.3
	<b>479.9</b>	514.9

<sup>1</sup> The comparative figure has been restated by regrouping of a bond revaluation item in Non-current liabilities from Trade and other payables to Interest-bearing debt.

## 28. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

2017

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
<b>Non-current financial assets</b>								
Derivative assets								
Foreign exchange forward contracts	0.2	-	-	-	0.5	-	0.7	0.7
Interest rate swaps	-	-	-	-	3.9	-	3.9	3.9
Other shares and securities	-	-	2.2	-	-	-	2.2	2.2
Trade and other receivables								
Interest-bearing	-	1.5	-	-	-	-	1.5	1.5
Non interest-bearing	-	0.0	-	-	-	-	0.0	0.0
<b>Current financial assets</b>								
Derivative assets								
Foreign exchange forward contracts	4.2	-	-	-	0.4	-	4.6	4.6
Trade and other receivables								
Interest-bearing	-	0.1	-	-	-	-	0.1	0.1
Non interest-bearing	-	409.3	-	-	-	-	409.3	409.3
Cash and cash equivalents	-	230.2	-	-	-	-	230.2	230.2
<b>Carrying amount by category</b>	<b>4.5</b>	<b>641.2</b>	<b>2.2</b>	<b>-</b>	<b>4.8</b>	<b>-</b>	<b>652.6</b>	<b>652.6</b>
<b>Non-current financial liabilities</b>								
Bonds	-	-	-	-	-	149.3	149.3	155.3
Loans from financial institutions	-	-	-	-	-	28.6	28.6	29.6
Finance lease liabilities	-	-	-	-	-	0.0	0.0	0.0
Derivative liabilities								
Foreign exchange forward contracts	-	-	-	0.0	0.4	-	0.4	0.4
Other non-current loans	-	-	-	-	-	1.7	1.7	1.7
Other non-current liabilities	-	-	-	-	-	2.0	2.0	2.0
<b>Current financial liabilities</b>								
Loans from financial institutions	-	-	-	-	-	6.9	6.9	7.6
Finance lease liabilities	-	-	-	-	-	0.0	0.0	0.0
Derivative liabilities								
Foreign exchange forward contracts	-	-	-	6.4	1.1	-	7.5	7.5
Other current loans	-	-	-	-	-	38.1	38.1	38.1
Trade payables	-	-	-	-	-	99.5	99.5	99.5
<b>Carrying amount by category</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.4</b>	<b>1.5</b>	<b>326.2</b>	<b>334.1</b>	<b>341.7</b>

**CONSOLIDATED FINANCIAL  
STATEMENTS, IFRS**

2016	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
EUR million								
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

Loans have been valued at current market rates which causes differences 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.

2017 EUR million	Level 1	Level 2	Level 3	Total
Available for sale financial assets	0.1	-	2.2	2.2
Derivative financial assets	-	9.3	-	9.3
	<b>0.1</b>	<b>9.3</b>	<b>2.2</b>	<b>11.5</b>

Bonds	-	155.3	-	155.3
Loans from financial institutions	-	37.2	-	37.2
Loans from pension institutions	-	-	-	-
Derivative financial liabilities	-	7.9	-	7.9
	-	<b>200.3</b>	-	<b>200.3</b>

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

### Offsetting financial assets and financial liabilities

31.12.2017	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	9.3	-	9.3	-4.5	-	4.8
<b>Total</b>	<b>9.3</b>	<b>-</b>	<b>9.3</b>	<b>-4.5</b>	<b>-</b>	<b>4.8</b>

31.12.2017	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	7.9	-	7.9	-4.5	-	3.4
<b>Total</b>	<b>7.9</b>	<b>-</b>	<b>7.9</b>	<b>-4.5</b>	<b>-</b>	<b>3.4</b>

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
<b>Total</b>	<b>9.1</b>	<b>-</b>	<b>9.1</b>	<b>-3.5</b>	<b>-</b>	<b>5.6</b>

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
<b>Total</b>	<b>9.6</b>	<b>-</b>	<b>9.6</b>	<b>-3.5</b>	<b>-</b>	<b>6.1</b>

## 29. COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	2017	2016
Guarantees for commercial commitments at December 31	<b>475.2</b>	434.3

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 7.1 million at December 31, 2017 (December 31, 2016: EUR 13.6 million) and for commercial commitments including advance payment guarantees EUR 679.8 million at December 31, 2017 (December 31, 2016: EUR 551.2 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	2017	2016
Not later than 1 year	<b>19.8</b>	21.7
1–2 years	<b>15.1</b>	17.3
2–3 years	<b>12.6</b>	13.6
3–4 years	<b>9.3</b>	11.3
4–5 years	<b>5.7</b>	8.9
Later than 5 years	<b>26.7</b>	32.9
Present value of minimum lease payments	<b>89.2</b>	105.6

### Major off-balance sheet investment commitments

The Group had no major off-balance sheet investment commitments at December 31, 2017.

## 30. DISPUTES AND LITIGATIONS

Outotec has no on-going legal disputes.

On January 9, 2017, Outotec and Outokumpu settled their patent dispute, commenced in 2013, concerning the rights to inventions relating to ferroalloys technology.

## 31. RELATED PARTY TRANSACTIONS

Transactions and balances with associated companies

EUR million	2017	2016
Sales	<b>0.3</b>	0.0
Other Income	-	-
Purchases	<b>2.3</b>	1.0
Loan receivables	<b>1.5</b>	1.3
Trade and other receivables	<b>0.5</b>	0.5
Current liabilities	<b>0.2</b>	0.1

Outotec has a 40 percent investment in Enefit Outotec Technology Oü from which the company has a EUR 1.5 million loan receivable at December 31, 2017 (December 31, 2016: 1.3 million).

### Transactions and balances with management

There were no loan receivables from current key management at December 31, 2017 (December 31, 2016: no loan receivables). Loan receivables from former key management were EUR 0.1 million at December 31, 2017 (December 31, 2016: EUR 0.1 million).

Employee benefits for key management	<b>2017</b>	2016
EUR million		

#### Executive Board (including President and CEO)

Wages, salaries and other short-term employee benefits <sup>1</sup>	<b>2.6</b>	4.2
Share-based payments	<b>0.0</b>	0.2
Statutory pension payments	<b>0.4</b>	0.5
<b>Total</b>	<b>3.0</b>	4.9

#### President and CEO

Wages, salaries and other short-term employee benefits <sup>1</sup>	<b>0.7</b>	
President and CEO, as from 1 October 2016		0.2
Deputy President and CEO, from 22 June to 30 September 2016		0.1
President and CEO, until 22 June 2016		1.7
Share-based payments	-	-
Statutory pension payments	<b>0.1</b>	0.2
<b>Total</b>	<b>0.8</b>	2.2

<sup>1</sup> In 2016 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 2017 Executive Board received a total number of 1,261 Outotec shares (2016: 28,522) as part of the share-based incentive program (included in Share-based payments), of which CEO did not receive Outotec shares (2016: former CEO Pertti Korhonen received a total of 1,682).

### Fees paid to the Board of Directors

EUR thousand	<b>2017</b>	2016
Matti Alahuhta (Chairman)	<b>89.4</b>	82.2
Timo Ritakallio (Vice Chairman)	<b>62.4</b>	58.2
Eija Ailasmaa	<b>52.8</b>	45.6
Klaus Cawén	<b>51.0</b>	46.2
Anja Korhonen	<b>63.0</b>	58.2
Ian W. Pearce	<b>49.2</b>	45.6
Patrik Nolåker	<b>50.4</b>	40.8
Poju Zabłudowicz	<b>5.4</b>	43.2
	<b>423.6</b>	420.0

## 32. EVENTS AFTER THE BALANCE SHEET DATE

On February 2, 2018, Outotec announced a design and delivery order, valued over EUR 40 million, of two iron ore pelletizing plants for Shougang Jingtang United Iron & Steel in Caofeidian, China.

On January 29, 2018, Outotec announced a delivery order, valued approximately EUR 33 million, of modular sulfuric acid plants for Shalina Resources in the Democratic Republic of Congo.

On January 23, 2018, Outotec ranked fifth in the Global 100 list of most sustainable companies.

### 33. SUBSIDIARIES

Subsidiaries at December 31, 2017	Country	Group holding, %
AO Outotec St. Petersburg	Russia	100
International Project Services Ltd. Oy	Finland	100
Larox AB	Sweden	100
Larox India Private Ltd.	India	100
Outotec (Canada) Ltd.	Canada	100
Outotec (Ceramics) Oy	Finland	100
Outotec (Chile) S.A.	Chile	100
Outotec (Filters) GmbH	Germany	100
Outotec (Filters) Oy	Finland	100
Outotec (Finland) Oy	Finland	100
Outotec (Ghana) Limited	Ghana	100
Outotec (Kazakhstan) LLP	Kazakhstan	100
Outotec (Netherlands) B.V.	The Netherlands	100
Outotec (New Caledonia), SAS	New Caledonia	100
Outotec (Norway) AS	Norway	100
Outotec (Panama) S.A.	Panama	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.	Spain	100
Outotec (Sweden) AB	Sweden	100
Outotec (Tete) Lda	Mozambique	100
Outotec (UK) Limited	Great Britain	100
Outotec (USA) Inc.	United States	100
Outotec (Zambia) Limited	Zambia	100
Outotec Africa Holdings (Pty) Ltd	South Africa	100
Outotec Ausmelt Pty Ltd	Australia	100
Outotec Austria GmbH	Austria	100
Outotec B.V.	The Netherlands	100
Outotec Biomin (Pty) Ltd	South Africa	51
Outotec Deutschland GmbH	Germany	100
Outotec Engineering DMCC	United Arab Emirates	100
Outotec Engineering RAK LLC	United Arab Emirates	48
Outotec GmbH & Co KG	Germany	100
Outotec Holding GmbH	Germany	100
Outotec India Private Ltd.	India	100
Outotec International Holdings Oy	Finland	100

Subsidiaries at December 31, 2017	Country	Group holding, %
Outotec Iranian Minerals and Metals Processing	Iran	100
Outotec Lda	Mozambique	100
Outotec Mexico S.A. de C.V.	Mexico	100
Outotec Middle East Industrial Projects Consultancy LLC <sup>2</sup>	United Arab Emirates	49
Outotec Mongolia LLC	Mongolia	100
Outotec Morocco LLC	Morocco	100
Outotec Namibia (Pty.) Ltd	Namibia	100
Outotec Pty. Ltd.	Australia	100
Outotec Saudi Arabia LLC	Saudi Arabia	100
Outotec Services (RSA) Proprietary Limited	South Africa	100
Outotec Servicios Industriales Ltda.	Chile	100
Outotec Shanghai Co. Ltd.	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	Turkey	100
Outotec Turula Oy	Finland	100
Petrobau Ingenieur EOOD Bulgaria	Bulgaria	100
PT. Outotec Technology Solutions	Indonesia	100
Scanalyse Holding Pty Ltd	Australia	100
Scanalyse Pty Ltd	Australia	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.

<sup>1</sup> Shares and stock held by the parent company Outotec Oyj.

<sup>2</sup> The voting rights or control in the company differ from the percentage of ownership, the reported number represents the percent of voting rights in the company held by Outotec corporation.

<sup>3</sup> The entity has opted for certain facilitation rules allowed under German commercial law (Par. 264b German Commercial code).

<sup>4</sup> The company is exempt from the requirements of section 479A of the UK Companies Act 2006 relating to the audit of individual accounts. The parent company Outotec (Finland) Oy guarantees the debts of the subsidiary as at 31 December 2017.



**Branch Offices at December 31, 2017**

International Project Services Ltd Oy Greek Branch, branch office in Greece  
International Project Services Ltd. Oy Ogranak Branch, branch office in Serbia  
Outotec Pty. Ltd, Sri Lanka Branch Office, branch office in Sri Lanka  
Outotec (RSA) (Pty) Ltd. (Branch Office), branch office in Zambia  
Outotec (Filters) Oy Sucursal Branch Office Peru, branch office in Peru  
Outotec (Netherlands) B.V. Philippine Branch, branch office in Philippines  
Outotec (USA) Inc. UK Branch Office, branch office in United Kindom

**Changes in 2017**

OOO Outotec Norilsk was liquidated on February 7, 2017  
Scanalyse Chile S.A. was deregistered on February 8, 2017  
Biomin South Africa (Pty) Ltd changed its name to Outotec Biomin (Pty) Ltd on March 2, 2017  
Scheibler Filters Ltd. was dissolved on April 11, 2017  
ZAO Outotec St. Petersburg changed its name to AO Outotec St. Petersburg in June 3, 2017  
Larox SA (Proprietary) Ltd was liquidated on June 21, 2017  
Ausiron Development Corporation Pty. Ltd. was deregistered on December 13, 2017  
MP Metals Processing Engineering Oy was liquidated on December 22, 2017  
Outotec (Panama) S.A. was established on December 27, 2017

**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

## KEY FINANCIAL FIGURES

Key financial figures of the Group		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Scope of activity</b>											
Sales	EUR million	<b>1,139.2</b>	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	%	<b>7.7</b>	-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	%	<b>96.7</b>	93.4	98.0	98.6	99.0	97.4	94.2	95.6	93.6	95.0
Capital expenditure	EUR million	<b>20.7</b>	21.6	104.8	68.5	53.0	76.2	98.3	96.7	98.0	23.9
in relation to sales	%	<b>1.8</b>	2.0	8.7	4.9	2.8	3.7	7.1	10.0	11.2	2.0
Research and development expenses <sup>1</sup>	EUR million	<b>55.6</b>	55.2	61.2	56.9	48.7	41.6	33.5	28.5	20.5	20.2
in relation to sales	%	<b>4.9</b>	5.2	5.1	4.1	2.6	2.0	2.4	2.9	2.3	1.7
Personnel at December 31		<b>4,146</b>	4,192	4,859	4,571	4,855	4,805	3,883	3,130	3,128	2,674
average for the year		<b>4,149</b>	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	EUR million	<b>988.2</b>	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	EUR million	<b>1,204.6</b>	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
<b>Profitability</b>											
Operating result	EUR million	<b>24.6</b>	-67.7	-12.3	10.4	141.9	184.3	111.9	41.6	58.6	120.2
in relation to sales	%	<b>2.2</b>	-6.4	-1.0	0.7	7.4	8.8	8.1	4.3	6.7	9.9
Result before taxes	EUR million	<b>14.5</b>	-78.1	-22.9	0.2	132.2	179.7	113.3	37.1	60.9	136.3
in relation to sales	%	<b>1.3</b>	-7.4	-1.9	0.0	6.9	8.6	8.2	3.8	6.9	11.2
Gross margin	%	<b>23.6</b>	22.1	27.9	22.9	20.7	20.8	24.0	26.2	21.7	21.5
Return on equity	%	<b>0.4</b>	-15.4	-4.0	0.0	19.4	29.4	20.9	7.6	14.9	42.6
Return on investment	%	<b>2.8</b>	-9.4	-1.5	1.7	25.7	37.0	26.4	9.2	20.9	61.6
<b>Financing and financial position</b>											
Equity-to-assets ratio at the end of the period	%	<b>41.2</b>	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	%	<b>-1.2</b>	-0.9	9.9	-1.3	-18.2	-56.0	-84.9	-56.2	-55.8	-139.0
Net interest-bearing debt	EUR million	<b>-5.5</b>	-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	<b>39.6</b>	-84.6	69.5	19.9	-42.1	77.1	247.0	87.5	-28.8	106.6
Dividends	EUR million	<b>-<sup>2</sup></b>	-	-	18.1	36.6	54.9	38.9	34.3	32.0	42.0

<sup>1</sup> Reclassification of product management costs in 2015. The 2014 figures have been restated.

<sup>2</sup> The Board of Directors' proposal to the Annual General Meeting on March 27, 2018.

## QUARTERLY INFORMATION (UNAUDITED)

EUR million	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17
<b>Sales</b>								
Minerals Processing	112.5	119.3	128.9	<b>178.8</b>	153.4	169.4	148.9	<b>189.2</b>
Metals, Energy & Water	127.2	148.3	116.5	<b>126.4</b>	114.3	102.8	121.5	<b>139.8</b>
Unallocated items <sup>1</sup> and intra-group sales	0.1	-0.0	-0.2	<b>0.1</b>	0.0	0.0	0.0	<b>-0.1</b>
<b>Total</b>	<b>239.8</b>	<b>267.6</b>	<b>245.2</b>	<b>305.4</b>	<b>267.7</b>	<b>272.2</b>	<b>270.4</b>	<b>328.9</b>
<b>Operating result</b>								
Minerals Processing	-0.3	3.3	10.8	<b>7.8</b>	10.3	14.4	14.7	<b>18.5</b>
Metals, Energy & Water	-10.2	-1.1	-11.2	<b>-59.7</b>	-9.6	-11.6	-2.7	<b>-2.4</b>
Unallocated items <sup>2</sup> and intra-group sales	-1.8	-3.0	-0.9	<b>-1.6</b>	-1.4	-2.0	-1.4	<b>-2.0</b>
<b>Total</b>	<b>-12.3</b>	<b>-0.8</b>	<b>-1.2</b>	<b>-53.5</b>	<b>-0.8</b>	<b>0.8</b>	<b>10.6</b>	<b>14.0</b>
<b>Order backlog at the end of period</b>	<b>1,004.5</b>	<b>1,017.3</b>	<b>1,029.7</b>	<b>1,002.1</b>	<b>1,051.2</b>	<b>1,035.6</b>	<b>973.7</b>	<b>988.2</b>

<sup>1</sup> Unallocated items primarily include invoicing of group management and administrative services.

<sup>2</sup> Unallocated items primarily include group management and administrative services.

## SHARE-RELATED KEY FIGURES

Share-related key figures

EUR million		2017	2016	2015	2014	2013	2012
Earnings per share	EUR	<b>-0.04</b>	-0.42	-0.10	0.00	0.51	0.70
Equity per share	EUR	<b>2.57</b>	2.73	2.22	2.47	2.64	2.61
Dividend per share	EUR	- <sup>1</sup>	-	-	0.10	0.20	0.30
Dividend payout ratio	%	-	-	-	10,497	40	43
Dividend yield	%	-	-	-	2.3	2.6	2.8
Price/earnings ratio		<b>-177.5</b>	-11.9	-34.0	4,608.1	14.9	15.0
Development of share price							
Average trading price	EUR	<b>6.03</b>	3.91	4.74	6.88	10.01	9.52
Lowest trading price	EUR	<b>4.88</b>	2.49	3.10	4.19	6.55	7.58
Highest trading price	EUR	<b>7.41</b>	5.63	6.85	9.28	13.03	11.67
Trading price at the end of the period	EUR	<b>7.10</b>	4.99	3.40	4.39	7.61	10.59
Market capitalization at the end of the period	EUR million	<b>1,300.2</b>	914.1	622.6	803.2	1,393.6	1,939.7
Development in trading volume							
Trading volume	1,000 shares	<b>246,699</b>	283,187	236,182	255,600	242,841	352,500
In relation to weighted average number of shares	%	<b>136.1</b>	156.4	130.5	141.6	134.3	194.3
Adjusted average number of shares		<b>181,305,030</b>	181,123,686	180,959,804	180,469,018	180,827,549	181,436,638
Number of shares at the end of the period <sup>2</sup>		<b>181,419,563</b>	181,226,109	180,956,227	180,470,383	181,149,768	180,568,692

<sup>1</sup> The Board of Directors' proposal to the Annual General Meeting on March 27, 2018.

<sup>2</sup> Number of registered shares at December 31, 2017 was 183,121,492 [at December 31, 2016: 183,121,492].

## DEFINITIONS OF KEY FINANCIAL FIGURES

Net working capital	= $\frac{\text{Other non-current assets} + \text{Inventories} + \text{Trade and other receivables} + \text{Project related receivables} + \text{Derivatives (assets)} - \text{Provisions} - \text{Trade and other payables} - \text{Net advances received} - \text{Other project liabilities} - \text{Derivatives (liabilities)}}{\text{Total equity (average for the period)}} \times 100$	Earnings per share	= $\frac{\text{Result for the period attributable to the equity holders of the parent company}}{\text{Average number of shares during the period, as adjusted for stock split}}$
Return on equity	= $\frac{\text{Result for the period}}{\text{Total equity (average for the period)}} \times 100$	Equity per share	= $\frac{\text{Equity attributable to the equity holders}}{\text{Number of shares at the end of the period, as adjusted for stock split}}$
Return on investment	= $\frac{\text{Operating result} + \text{finance income}}{\text{Total assets} - \text{non-interest-bearing debt (average for the period)}} \times 100$	Dividend per share	= $\frac{\text{Dividend for the financial year}}{\text{Number of the shares at the end of period, as adjusted for stock split}}$
Net interest-bearing debt	= Interest-bearing debt - Interest-bearing assets	Dividend payout ratio	= $\frac{\text{Dividend for the financial year}}{\text{Result for the period attributable to the equity holders of the parent company}} \times 100$
Equity-to-assets ratio	= $\frac{\text{Total equity}}{\text{Total assets} - \text{advances received}} \times 100$	Dividend yield	= $\frac{\text{Dividend per share}}{\text{Adjusted trading price at the end of the period}} \times 100$
Gearing	= $\frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$	Price/earnings ratio (P/E)	= $\frac{\text{Adjusted trading price at the end of the period}}{\text{Earnings per share}}$
Research and development expenses	= Research and development expenses in the statement of comprehensive income (including expenses covered by grants received)	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

# PARENT COMPANY FINANCIAL STATEMENTS, FAS

## INCOME STATEMENT OF THE PARENT COMPANY

EUR million	Note	2017	2016
<b>Sales</b>	2	<b>27.7</b>	32.5
Cost of sales	3, 5, 7	<b>-5.8</b>	-9.1
<b>Gross result</b>		<b>21.9</b>	23.4
Other operating income	4	<b>0.3</b>	3.3
Selling and marketing expenses	6, 7	<b>-1.9</b>	-0.9
Administrative expenses	5, 6, 7	<b>-36.3</b>	-33.0
Research and development expenses	5, 7	<b>-2.9</b>	-2.6
Other operating expenses	8	<b>-3.1</b>	-34.0
<b>Operating result</b>		<b>-22.0</b>	-43.8
Finance income	9, 11	<b>14.6</b>	14.1
Finance expenses	10, 11	<b>-27.9</b>	-28.0
Net finance income		<b>-13.4</b>	-13.9
<b>Result before appropriations and taxes</b>		<b>-35.3</b>	-57.7
Appropriations	12	<b>34.1</b>	9.7
Income tax expenses	13	<b>-0.4</b>	-0.5
<b>Result for the period</b>		<b>-1.6</b>	-48.4

## BALANCE SHEET OF THE PARENT COMPANY

EUR million	Note	31.12.2017	31.12.2016
<b>ASSETS</b>			
<b>Non-current assets</b>	14		
Intangible assets		53.0	58.9
Property, plant and equipment		1.6	1.0
Non-current financial assets		537.5	539.5
<b>Total non-current assets</b>		<b>592.1</b>	599.3
<b>Current assets</b>			
Inventories	15	0.4	0.3
Non-current receivables	16	4.6	5.3
Current receivables	16	237.7	243.6
Cash and cash equivalents		64.9	68.7
<b>Total current assets</b>		<b>307.5</b>	317.9
<b>TOTAL ASSETS</b>		<b>899.6</b>	917.2

EUR million	Note	31.12.2017	31.12.2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	17		
Share capital		17.2	17.2
Share premium fund		20.2	20.2
Treasury shares		-15.0	-15.9
Reserve for invested non-restricted equity		99.3	98.5
Retained earnings		179.3	228.5
Result for the period		-1.6	-48.4
<b>Total shareholders' equity</b>		<b>299.2</b>	300.1
<b>Liabilities</b>			
	18		
Non-current liabilities		332.3	338.3
Current liabilities		268.1	278.8
<b>Total liabilities</b>		<b>600.4</b>	617.2
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>899.6</b>	917.2

## CASH FLOW STATEMENT OF THE PARENT COMPANY

EUR million	2017	2016
<b>Cash flows from operating activities</b>		
Result before appropriations and taxes	<b>-35.3</b>	-57.7
Adjustments for		
Depreciation and amortization	<b>13.0</b>	11.8
Impairment	<b>1.8</b>	30.3
Interest income	<b>-4.4</b>	-5.8
Interest expenses	<b>18.2</b>	16.5
Other adjustments <sup>1</sup>	<b>0.0</b>	1.1
	<b>-6.7</b>	-3.8
Change in working capital		
Increase (-), decrease (+) in current receivables	<b>10.7</b>	-18.9
Increase (-), decrease (+) in inventories	<b>-0.0</b>	-0.3
Increase (+), decrease (-) in current liabilities	<b>-2.9</b>	-10.1
	<b>1.1</b>	-33.1
Interest received	<b>4.3</b>	7.3
Interest paid	<b>-18.2</b>	-8.2
<b>Net cash from operating activities</b>	<b>-12.8</b>	-34.0

EUR million	2017	2016
<b>Cash flows from investing activities</b>		
Purchases of intangible and tangible assets	<b>-7.7</b>	-8.7
Acquisition of subsidiaries and other equity investments	<b>0.1</b>	-12.5
<b>Net cash used in investing activities</b>	<b>-7.6</b>	-21.2
<b>Cash flows from financing activities</b>		
Increase (+) in long-term debt	-	150.0
Decrease (-) in long-term debt	<b>-4.1</b>	-104.1
Decrease (-) in current loans	<b>-8.6</b>	-28.0
Increase (-) in current loans receivable	-	-2.1
Decrease (+) in current loans receivable	<b>1.3</b>	-
Sales of treasury shares	<b>0.8</b>	1.3
Cash flow from group contributions	<b>27.3</b>	-
Other financing cash flow	-	0.0
<b>Net cash from financing activities</b>	<b>16.6</b>	17.2
<b>Net change in cash and cash equivalents</b>	<b>-3.8</b>	-37.9
Cash and cash equivalents at January 1	<b>68.7</b>	106.6
Net change in cash and cash equivalents	<b>-3.8</b>	-37.9
<b>Cash and cash equivalents at December 31</b>	<b>64.9</b>	68.7

<sup>1</sup> 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 according to 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	2017	2016
Europe	23.3	27.0
Africa	0.5	0.5
Asia	0.6	0.7
North and South America	2.0	2.5
Australia	1.4	1.7
	<b>27.7</b>	32.5

## 3. COST OF SALES

EUR million	2017	2016
Merchandise and supplies	-0.4	-0.1
Employee benefit expenses	-0.0	-0.0
Rents and leases	0.0	-0.1
Depreciation and amortization	-7.1	-7.6
Services purchased	-0.0	-0.1
Other expenses	1.6	-1.2
	<b>-5.8</b>	-9.1

## 4. OTHER OPERATING INCOME

EUR million	2017	2016
Exchange gains of forward contracts	0.3	3.2
Other income	0.0	0.1
	<b>0.3</b>	3.3

## 5. PERSONNEL EXPENSES

EUR million	2017	2016
Wages and salaries	-10.9	-9.8
Pension contributions	-1.8	-2.3
Other personnel expenses	-0.5	-0.6
	<b>-13.2</b>	-12.7

### of which wages and salaries for key management

Members of the Board of Directors	-0.4	-0.4
CEO	-0.7	-2.0
Other members of Executive Committee	-1.0	-1.6
	<b>-2.1</b>	-4.0

### of which pension expenses for key management

CEO	-0.1	-0.2
Other members of Executive Committee	-0.2	-0.2
	<b>-0.3</b>	-0.4

During year 2017 executive board members in Outotec Oyj received a total number of 760 Outotec shares (2016: 27,141) as part of the share-based incentive program (including in short-term employee benefits), of which CEO did not receive Outotec shares (2016: former CEO Pertti Korhonen received a total of 1,682).

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

Number of personnel	2017	2016
Average number of personnel for the period	157	166
Personnel at December 31	145	163

## 6. AUDITOR FEES

EUR million	2017	2016
Auditing fees	-0.3	-0.2
Tax advising fees	-0.0	-0.2
Other services	-0.0	-0.0
	<b>-0.4</b>	-0.4

## 7. DEPRECIATION AND AMORTIZATION

EUR million	2017	2016
Depreciation and amortization according to plan	<b>-13.0</b>	-11.8
	<b>-13.0</b>	-11.8
Depreciation and amortization by group of assets		
Intangible assets	<b>-1.6</b>	-1.7
Other long-term expenses	<b>-10.8</b>	-9.6
Machinery and equipment	<b>-0.6</b>	-0.5
	<b>-13.0</b>	-11.8
Depreciation and amortization by function		
Cost of sales	<b>-7.1</b>	-7.6
Selling and marketing expenses	<b>-1.7</b>	-0.8
Administrative expenses	<b>-2.7</b>	-2.0
Research and development expenses	<b>-1.5</b>	-1.5
	<b>-13.0</b>	-11.8

## 8. OTHER OPERATING EXPENSES

EUR million	2017	2016
Impairment of other long-term expenses	-	-0.8
Impairment of subsidiary shares	<b>-1.8</b>	-29.5
Restructuring	<b>-0.5</b>	-3.1
Exchange losses of forward contracts	<b>-0.8</b>	-0.6
Other expenses	-	-0.0
	<b>-3.1</b>	-34.0

## PARENT COMPANY FINANCIAL STATEMENTS

## 9. FINANCE INCOME

EUR million	2017	2016
Interest income	<b>4.4</b>	5.8
Finance income	<b>2.8</b>	3.6
Exchange gains from loans and receivables	<b>3.3</b>	4.4
Exchange gains from forward agreements	<b>2.5</b>	-
	<b>13.1</b>	13.8
Finance income from subsidiaries <sup>1</sup>		
Interest income and other finance income	<b>5.5</b>	7.9
	<b>5.5</b>	7.9

<sup>1</sup> Finance income from subsidiaries are included in finance income above

## 10. FINANCE EXPENSES

EUR million	2017	2016
Interest expenses	<b>-18.2</b>	-16.5
Finance expenses	<b>-2.2</b>	-1.7
Exchange losses from loans and receivables	<b>-5.7</b>	-4.0
Exchange losses from forward agreements	<b>-0.4</b>	-5.6
	<b>-26.5</b>	-27.8
Finance expenses to subsidiaries <sup>1</sup>		
Interest expenses	<b>-0.3</b>	-0.1

<sup>1</sup> Finance expenses to subsidiaries are included in finance expenses above

## 11. DERIVATIVES UNDER HEDGE ACCOUNTING

EUR million	2017	2016
Fair value changes from interest rate derivatives <sup>2</sup>	<b>-1.4</b>	-0.0
Change in fair value revaluation reserve <sup>1 2</sup>	-	-0.2
Other fair value changes <sup>1</sup>	<b>1.5</b>	0.2
	<b>0.0</b>	0.0

<sup>1</sup> Changes in fair value are included in finance income of income statement

<sup>2</sup> 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	2017	2016
Group contributions received	34.1	9.7

## 13. INCOME TAX EXPENSES

EUR million	2017	2016
Income tax expenses from previous year	-	0.2
Income tax expenses from operations	-0.4	-0.7
	-0.4	-0.5
Deferred tax assets		
Temporary differences	5.8	5.5

## PARENT COMPANY FINANCIAL STATEMENTS

## 14. NON-CURRENT ASSETS

EUR million	Intangible assets			Tangible assets
	Patents and licenses	Long-term expense items	Total	Property, plant and equipment
Historical cost at January 1, 2017	11.2	81.4	92.6	3.3
Additions	0.7	5.9	6.5	1.2
<b>Historical cost at December 31, 2017</b>	<b>11.8</b>	<b>87.3</b>	<b>99.1</b>	<b>4.5</b>
Accumulated amortization and impairment at January 1, 2017	-5.4	-28.3	-33.7	-2.3
Amortization during period	-1.6	-10.8	-12.4	-0.6
<b>Accumulated amortization and impairment at December 31, 2017</b>	<b>-7.0</b>	<b>-39.2</b>	<b>-46.2</b>	<b>-3.0</b>
<b>Carrying value at December 31, 2017</b>	<b>4.8</b>	<b>48.1</b>	<b>53.0</b>	<b>1.6</b>
Historical cost at January 1, 2016	11.8	67.1	78.8	3.0
Additions	0.6	16.2	16.8	0.4
Disposal	-1.2	-1.8	-3.0	-
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	-11.3	-0.5
Amortization from disposals during period	0.9	1.4	2.3	-
Accumulated amortization and impairment at December 31, 2016	-5.4	-28.3	-33.7	-2.3
Carrying value at December 31, 2016	5.8	53.1	58.9	1.0

Long-term financial assets EUR million	Shares in subsidiaries	Other shares and holdings	Total
Historical cost at January 1, 2017	539.2	0.2	539.5
Impairment	-1.9	-	-1.9
<b>Carrying value at December 31, 2017</b>	<b>537.3</b>	<b>0.2</b>	<b>537.5</b>
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	<b>539.2</b>	<b>0.2</b>	<b>539.5</b>

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

## 15. INVENTORIES

EUR million	2017	2016
Advance payments received	<b>0.3</b>	0.3
Materials and supplies	<b>0.1</b>	0.0
	<b>0.4</b>	0.3

## PARENT COMPANY FINANCIAL STATEMENTS

## 16. RECEIVABLES

EUR million	2017	2016
<b>Non-current receivables</b>		
Non interest-bearing		
Unrealized exchange gains of forward contracts	<b>4.6</b>	5.3
	<b>4.6</b>	5.3
<b>Current receivables</b>		
Interest-bearing		
Loans receivable	<b>136.1</b>	137.8
Other receivables from group companies	<b>0.7</b>	1.9
Non interest-bearing		
Trade receivables	<b>42.9</b>	50.6
Prepaid expenses and accrued income	<b>1.6</b>	1.7
Other receivables	<b>56.2</b>	51.5
	<b>237.7</b>	243.6
Prepaid expenses and accrued income		
Interest receivables	<b>1.0</b>	0.9
Arrangement fee of hybrid loan	<b>0.6</b>	0.8
Other receivables	<b>0.0</b>	0.1
	<b>1.6</b>	1.7

### Receivables from subsidiaries

	2017	2016
<b>Current receivables</b>		
Interest-bearing		
Loans receivable	<b>136.1</b>	137.8
Other receivables from group companies	<b>0.7</b>	1.9
Non interest-bearing		
Trade receivables	<b>42.9</b>	50.5
Prepaid expenses and accrued income	<b>0.6</b>	0.4
Group contribution receivables	<b>43.8</b>	37.0
Other receivables	<b>6.4</b>	8.2
	<b>230.5</b>	235.8

## 17. SHAREHOLDERS' EQUITY

EUR million	2017	2016
Share capital	17.2	17.2
Share premium fund	20.2	20.2
Treasury shares	-15.0	-15.9
Reserve for invested non-restricted equity	99.3	98.5
Retained earnings at January 1	180.1	230.1
Change in value of treasury shares	-0.8	-1.6
Dividend related to treasury shares	-	0.0
Result for the period	-1.6	-48.4
Total shareholders' equity at December 31	299.2	300.1
<b>Distributable funds</b>		
Reserve for invested non-restricted equity	99.3	98.5
Treasury shares	-15.0	-15.9
Retained earnings	179.3	228.5
Result for the period	-1.6	-48.4
Distributable funds at December 31	261.9	262.7

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 1,677,929 (2016: 1,803,936) and book value EUR 15,0 million. (2016: EUR 15,9 million).

## PARENT COMPANY FINANCIAL STATEMENTS

## 18. LIABILITIES

EUR million	2017	2016
<b>Non-current liabilities</b>		
Interest-bearing		
Bonds	153.2	154.4
Loans from financial institutions	28.6	32.7
Hybrid loan	150.0	150.0
Non interest-bearing		
Unrealized exchange losses of forward contracts	0.4	1.2
	332.3	338.3
<b>Current liabilities</b>		
Interest-bearing		
Current loans	45.2	47.4
Other current loans from group companies	192.0	198.3
Non interest-bearing		
Trade payables	3.7	3.3
Accrued expenses and prepaid income	13.7	15.9
Other current liabilities	13.6	13.9
	268.1	278.8
Accrued expenses and prepaid income		
Accrued personnel expenses	2.0	2.2
Interest liability of hybrid loan	8.5	8.5
Other liabilities	3.1	5.1
	13.7	15.9
<b>Liabilities to subsidiaries</b>		
<b>Current liabilities</b>		
Interest-bearing		
Current loans	3.1	10.0
Other current loans from group companies	192.0	198.3
Non interest-bearing		
Trade payables	0.4	0.2
Accrued expenses and prepaid income	0.0	0.0
Other current liabilities	4.3	2.5
	199.8	211.1

## 19. COMMITMENTS

EUR million	2017	2016
<b>Guarantees</b>		
On behalf of subsidiaries		
For financing	7.1	13.6
For other commitments	672.1	543.5
On behalf of own commercial commitments (excluding advance payment guarantees)	7.8	7.7

The total value of commercial guarantees issued by the parent company on behalf of subsidiaries includes advance payment guarantees EUR 204.6 million at December 31, 2017 (at December 31, 2016: EUR 116.8 million).

The total amount of guarantees for commercial commitments including advance payment guarantees issued by the parent company amounted to EUR 679.8 million at December 31, 2017 (at December 31, 2016: EUR 551.2 million).

### Minimum future lease payments on operating leases

Not later than 1 year	6.6	7.8
1–2 years	5.5	6.1
2–3 years	5.4	5.4
3–4 years	5.4	5.4
4–5 years	4.9	5.3
Later than 5 years	25.3	30.7
	<b>53.1</b>	<b>60.7</b>

## 20. DERIVATIVE INSTRUMENTS

EUR million	2017	2016
<b>Net fair values</b>		
Contracts made with financial institutions		
Foreign exchange forward contracts	-2.2	-5.4
Interest rate swaps	3.9	5.3
Contracts made with subsidiaries		
Foreign exchange forward contracts	1.1	4.5
	<b>2.9</b>	<b>4.4</b>

### Nominal values

Contracts made with financial institutions		
Foreign exchange forward contracts	430.9	512.8
Interest rate swaps	75.0	75.0
Contracts made with subsidiaries		
Foreign exchange forward contracts	388.7	409.0
	<b>894.6</b>	<b>996.8</b>

## 21. ADDITIONAL INFORMATION RELATED TO FINANCIAL INSTRUMENTS AND DERIVATIVE CONTRACTS

## Fair values of derivative contracts

Remaining maturity EUR million	Positive fair value				Negative fair value			
	< 1 years	1-2 years	2-3 years	3- years	< 1 years	1-2 years	2-3 years	3- years
<b>2017</b>								
Foreign exchange forward contracts								
Designated as cash flow hedges								
With financial institutions	-	-	-	-	-	-	-	-
With subsidiaries	-	-	-	-	-	-	-	-
Other foreign exchange forward contracts								
With financial institutions	3.3	0.7	-	-	-5.8	-0.4	-	-
With subsidiaries	5.0	0.4	-	-	-3.6	-0.7	-	-
Interest rate swaps								
Designated as cash flow hedges								
With financial institutions	-	-	-	-	-	-	-	-
Designated as fair value hedges								
With financial institutions	-	-	-	3.9	-	-	-	-
<b>Total</b>	<b>8.3</b>	<b>1.1</b>	<b>-</b>	<b>3.9</b>	<b>-9.3</b>	<b>-1.1</b>	<b>-</b>	<b>-</b>
<b>2016</b>								
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	-	-	-	-
<b>Total</b>	<b>9.3</b>	<b>1.2</b>	<b>-</b>	<b>5.3</b>	<b>-10.1</b>	<b>-1.3</b>	<b>-</b>	<b>-</b>

**Nominal values of derivative contracts**

Remaining maturity EUR million	<1 years	1–2 years	2–3 years	3– years
<b>2017</b>				
Foreign exchange forward contracts				
Designated as cash flow hedges				
With financial institutions	-	-	-	-
With subsidiaries	-	-	-	-
Other foreign exchange forward contracts				
With financial institutions	398.7	32.2	-	-
With subsidiaries	356.5	32.2	-	-
Interest rate swaps				
Designated as cash flow hedges				
With financial institutions	-	-	-	-
Designated as fair value hedges				
With financial institutions	-	-	-	75.0
<b>Total</b>	<b>755.2</b>	<b>64.4</b>	<b>-</b>	<b>75.0</b>
<b>2016</b>				
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
<b>Total</b>	<b>891.8</b>	<b>29.9</b>	<b>-</b>	<b>75.0</b>



### Transaction risk

EUR million	USD risk		AUD risk		SEK risk		MXN risk	
	2017	2016	2017	2016	2017	2016	2017	2016
Bank accounts	<b>-10.7</b>	-18.0	<b>1.8</b>	0.4	<b>-0.8</b>	-1.4	<b>1.8</b>	0.1
Trade receivables	<b>5.9</b>	6.6	<b>-2.5</b>	-0.9	<b>-0.3</b>	0.0	<b>0.0</b>	0.0
Trade payables	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>0.0</b>	0.0
Loans and receivables								
From financial institutions	-	-	-	-	-	-	-	-
From subsidiaries	<b>4.4</b>	2.1	<b>50.2</b>	56.1	<b>9.7</b>	10.0	<b>0.0</b>	-
Net balance sheet exposure	<b>-0.4</b>	-9.3	<b>49.5</b>	55.7	<b>8.6</b>	8.6	<b>1.8</b>	0.1
Hedges:								
Foreign exchange forward contracts								
With financial institutions	<b>-149.5</b>	-130.7	<b>-49.7</b>	-43.0	<b>13.6</b>	16.1	<b>19.0</b>	30.2
With subsidiaries	<b>150.0</b>	139.9	<b>0.0</b>	-13.4	<b>-22.0</b>	-24.6	<b>-20.9</b>	-30.3
Total net exposure	<b>0.1</b>	-0.1	<b>-0.2</b>	-0.7	<b>0.2</b>	0.1	<b>-0.1</b>	0.0

### Sensitivity of financial instruments on foreign currency exchange rates

EUR million	2017	2016
	Effect on profit or loss	Effect on profit or loss
+/- 10% change in EUR/USD exchange rate	-0.0/+0.0	+0.0/-0.0
+/- 10% change in EUR/AUD exchange rate	+0.0/-0.0	+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

2017

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	-	7.9	-	7.9
With subsidiaries	-	5.5	-	5.5
<b>Total</b>	<b>0.1</b>	<b>13.4</b>	<b>0.1</b>	<b>13.5</b>
Derivative financial liabilities				
With financial institutions	-	6.2	-	6.2
With subsidiaries	-	4.3	-	4.3
<b>Total</b>	<b>-</b>	<b>10.5</b>	<b>-</b>	<b>10.5</b>

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
<b>Total</b>	<b>0.1</b>	<b>15.8</b>	<b>0.1</b>	<b>16.0</b>
Derivative financial liabilities				
With financial institutions	-	8.8	-	8.8
With subsidiaries	-	2.5	-	2.5
<b>Total</b>	<b>-</b>	<b>11.4</b>	<b>-</b>	<b>11.4</b>

### Fair values of financial assets and liabilities

2017	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
EUR million						
<b>Non-current financial assets</b>						
Derivative assets						
Foreign exchange forward contracts						
With financial institutions	0.7	-	-	-	0.7	0.7
With subsidiaries	0.4	-	-	-	0.4	0.4
Interest rate swaps						
With financial institutions	-	-	-	3.9	3.9	3.9
Other shares and securities	-	0.2	-	-	0.2	0.2
<b>Current financial assets</b>						
Derivative assets						
Foreign exchange forward contracts						
With financial institutions	3.3	-	-	-	3.3	3.3
With subsidiaries	5.0	-	-	-	5.0	5.0
Interest rate swaps						
With financial institutions	-	-	-	-	-	-
<b>Carrying amount by category</b>	<b>9.5</b>	<b>0.2</b>	<b>-</b>	<b>3.9</b>	<b>13.5</b>	<b>13.5</b>
<b>Non-current financial liabilities</b>						
Derivative liabilities						
Foreign exchange forward contracts						
With financial institutions	-	-	0.4	-	0.4	0.4
With subsidiaries	-	-	0.7	-	0.7	0.7
Interest rate swaps						
With financial institutions	-	-	-	-	-	-
<b>Current financial liabilities</b>						
Derivative liabilities						
Foreign exchange forward contracts						
With financial institutions	-	-	5.8	-	5.8	5.8
With subsidiaries	-	-	3.6	-	3.6	3.6
Interest rate swaps						
With financial institutions	-	-	-	-	-	-
<b>Carrying amount by category</b>	<b>-</b>	<b>-</b>	<b>10.5</b>	<b>-</b>	<b>10.5</b>	<b>10.5</b>

### Fair values of financial assets and liabilities

2016	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
EUR million						
<b>Non-current financial assets</b>						
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
<b>Current financial assets</b>						
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	-	-	-	-	-	-
<b>Carrying amount by category</b>	<b>10.5</b>	<b>0.2</b>	<b>-</b>	<b>5.3</b>	<b>16.0</b>	<b>16.0</b>
<b>Non-current financial liabilities</b>						
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	-	-	-	-	-	-
<b>Current financial liabilities</b>						
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	-	-	-	-	-	-
<b>Carrying amount by category</b>	<b>-</b>	<b>-</b>	<b>11.4</b>	<b>-</b>	<b>11.4</b>	<b>11.4</b>

**Offsetting financial assets and financial liabilities**

2017 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		Net amount
				Financial instruments	Cash collateral received	
Derivative financial assets						
With financial institutions	7.9	-	7.9	-3.8	-	4.1
With subsidiaries	5.5	-	5.5	-3.5	-	1.9
<b>Total</b>	<b>13.4</b>	<b>-</b>	<b>13.4</b>	<b>-7.4</b>	<b>-</b>	<b>6.0</b>

2017 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		Net amount
				Financial instruments	Cash collateral received	
Derivative financial liabilities						
With financial institutions	6.2	-	6.2	-3.8	-	2.3
With subsidiaries	4.3	-	4.3	-3.5	-	0.8
<b>Total</b>	<b>10.5</b>	<b>-</b>	<b>10.5</b>	<b>-7.4</b>	<b>-</b>	<b>3.1</b>

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		Net amount
				Financial instruments	Cash collateral received	
Derivative financial assets						
With financial institutions	8.8	-	8.8	-4.5	-	4.3
With subsidiaries	7.0	-	7.0	-2.5	-	4.6
<b>Total</b>	<b>15.8</b>	<b>-</b>	<b>15.8</b>	<b>-7.0</b>	<b>-</b>	<b>8.8</b>

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		Net amount
				Financial instruments	Cash collateral received	
Derivative financial liabilities						
With financial institutions	8.8	-	8.8	-4.5	-	4.3
With subsidiaries	2.5	-	2.5	-2.5	-	0.1
<b>Total</b>	<b>11.4</b>	<b>-</b>	<b>11.4</b>	<b>-7.0</b>	<b>-</b>	<b>4.4</b>

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 of 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 2017, 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 2017, the company held directly a total 1,677,929 Outotec shares, which represents a relative share of 0.92% of Outotec Oyj's shares and votes.

## Board's authorizations

The Annual General Meeting 2017 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. The authorizations have not been exercised as of February 2, 2018.

## Board and management shareholding

The total shareholding of the Board of Directors, CEO and Executive Board at the end of 2017 was 392,210 Outotec shares. More details of the individual shareholdings

can be found at the company's website at [www.outotec.com/cg](http://www.outotec.com/cg).

## Board of Directors' proposal for profit distribution

The Board of Directors proposes to the Annual General Meeting 2018 that no dividend will be paid for the financial year 2017. Further information can be found at the company's website at [www.outotec.com/agm](http://www.outotec.com/agm).

## SHARES ON NASDAQ HELSINKI LTD

January-December 2017	No. of shares traded	Total value EUR	High EUR	Low EUR	Average EUR <sup>1</sup>	Last paid EUR
OTE1V	246,698,814	1,478,294,531	7.41	4.88	6.03	7.10
					<b>31.12.2017</b>	31.12.2016
Market capitalization, EUR million					<b>1,300</b>	914
No. of shareholders					<b>25,478</b>	29,686
Nominee registered shareholders (11), %					<b>35.1</b>	30.6
Finnish households, %					<b>14.2</b>	25.6

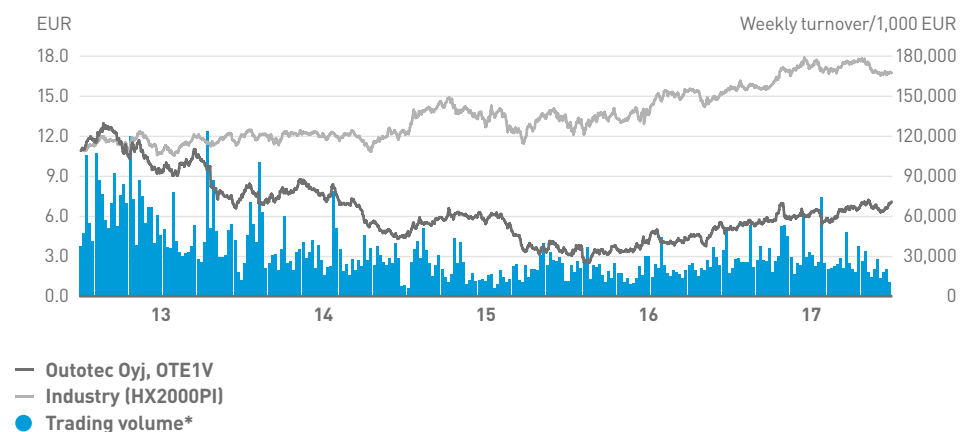
<sup>1</sup> Volume-weighted average

## 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)	-	-	-
2018 (financial year 2017)	- <sup>1</sup>	-	-

<sup>1</sup>The Board of Directors' proposal to the Annual General Meeting on March 27, 2018.

## OUTOTEC SHARE PRICE PERFORMANCE AND TURNOVER IN NASDAQ HELSINKI



\* In 2017, Nasdaq Helsinki's share accounted for 69.2% (2016: 67.9%) of all shares traded.  
Source: Fidessa Fragulator

## SHARE-RELATED KEY FIGURES

		2017	2016
Earnings per share	EUR	<b>-0.04</b>	-0.42
Equity per share	EUR	<b>2.57</b>	2.73
Dividend per share	EUR	- <sup>1</sup>	-
Dividend payout ratio	%	-	-
Dividend yield	%	-	-
Price/earnings ratio		<b>-177.5</b>	-11.9
Development of share price			
Average trading price	EUR	<b>6.03</b>	3.91
Lowest trading price	EUR	<b>4.88</b>	2.49
Highest trading price	EUR	<b>7.41</b>	5.63
Trading price at the end of period	EUR	<b>7.10</b>	4.99
Market capitalization at the end of period	EUR million	<b>1,300.2</b>	914.1
Development in trading volume			
Trading volume	1,000 shares	<b>246,699</b>	283,187
In relation to weighted average number of shares	%	<b>136.1</b>	156.4
Adjusted average number of shares		<b>181,305,030</b>	181,123,686
Number of shares at the end of period <sup>2</sup>		<b>181,419,563</b>	181,226,109

<sup>1</sup>The Board of Directors' proposal to the Annual General Meeting on March 27, 2018.

<sup>2</sup> Number of registered shares at December 31, 2017 was 183,121,492 (2016: 183,121,492).

## DISTRIBUTION OF SHAREHOLDINGS ON DECEMBER 31, 2017

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1-100	4,997	19.61	281,884	0.15
101-1,000	14,268	56.00	6,521,467	3.56
1,001-10,000	5,767	22.64	15,631,937	8.54
10,001-100,000	386	1.52	9,256,866	5.06
100,001-1,000,000	45	0.18	11,765,947	6.43
1,000,001+	15	0.06	139,663,391	76.27
Total	25,478	100.00	183,121,492	100.00
In the joint book-entry account	-	-	-	-
In special accounts	-	-	-	-
Number of shares issued	-	-	183,121,492	100.00
Nominee registered	11	0.04	64,348,793	35.14

## SHAREHOLDERS BY GROUP ON DECEMBER 31, 2017

Sectors	Number of holdings	% of shares and votes
Non-Finnish holders	809	7.24
Finnish institutions, companies and foundations	1,162	78.56
Finnish private investors	23,507	14.20
Total	25,478	100.00
On common and special accounts	-	-
Of which nominee registered	11	35.14

## LARGEST SHAREHOLDERS ON DECEMBER 31, 2017

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
Tamara Nordic Investments B.V.	10,192,356	5.57
The State Pension Fund	4,200,000	2.29
Keva	2,425,120	1.32
Holding Manutas Oy	1,700,000	0.93
Outotec Oyj	1,677,929	0.92
QRT-invest Oy	1,347,290	0.74
Mandatum Life Insurance Company Limited	1,269,247	0.69
Total	86,811,617	47.41



# 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 position and financial performance and cash flows 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.

Our opinion is consistent with the additional report to the Audit Committee.

### What we have audited

We have audited the financial statements of Outotec Oyj (business identity code 0828105-4) for the year ended 31 December 2017. 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.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 8 to the Financial Statements.

### OUR AUDIT APPROACH

#### Overview

	<ul style="list-style-type: none"> <li>• Overall group materiality: € 12 million (€ 2016: 12 million)</li> </ul>
	<ul style="list-style-type: none"> <li>• The group audit scope consisted of 10 of the most significant entities within the group. The audit work was performed in cooperation between local teams in each respective country and the group audit team.</li> </ul>
	<ul style="list-style-type: none"> <li>• Timing of percentage of completion revenue recognition</li> <li>• Valuation of goodwill</li> <li>• Valuation of trade receivables</li> <li>• Valuation of the deferred tax asset</li> </ul>

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.

<b>Overall group materiality</b>	€ 12 million (2016: € 12 million)
<b>How we determined it</b>	We used the combination of 1% of total revenues and 1% of total assets to determine overall group materiality.
<b>Rationale for the materiality benchmark applied</b>	We assessed for Outotec the suitability of the commonly accepted benchmarks for the determination of materiality. Due to the volatility in in profitability of the company, 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
<p><b>Timing of percentage of completion revenue recognition</b> Refer to notes 2, 5 and 21 in the financial statements</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>This matter is a significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014.</p>	<p>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</p> <ul style="list-style-type: none"> <li>• tested the IT-system configurations for percentage of completion calculations</li> <li>• tested values used in the calculations against customer contracts</li> <li>• obtained an understanding of contracts to assess whether any terms with unaccounted terms are present</li> <li>• tested the approval process for setting up new projects in the system</li> <li>• tested the risk assessment process for determining risk provision amounts</li> <li>• assessed management estimates relating to projects with particular risk characteristics</li> <li>• assessed the company's ability to make reliable estimates by performing retrospective analysis of past estimates of actual outcomes</li> </ul>

Key audit matter in the audit of the group	How our audit addressed the key audit matter
<p><b>Valuation of goodwill</b> Refer to notes 2, 3 and 14 in the financial statements</p> <p>The goodwill balance amounts to € 227 million representing 16,9% of the balance sheet. The company is responsible for performing annual impairment tests on goodwill.</p> <p>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.</p> <p>The company has two cash flow generating units (CGUs): Minerals Processing (MP) and Metals Energy and Water (MEW). Due to the challenging market conditions and negative results in MEW over recent years, goodwill valuation is considered a key audit matter.</p>	<p>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</p> <ul style="list-style-type: none"> <li>• assessed the company's assumptions relating to the estimated future results on reasonableness and consistency with the approved budgets and the company's forecast</li> <li>• tested the company's determination of the identified CGUs</li> <li>• assessed management's expectations and assumptions used, specifically around the growth rate in the MEW segment considering the current market conditions</li> <li>• involved our valuation experts to verify that the WACC, the long term growth rate and other assumptions are consistent with observable market data</li> <li>• 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</li> <li>• assessed the adequacy of the disclosures particularly related to assumptions and sensitivities</li> </ul>

Key audit matter in the audit of the group	How our audit addressed the key audit matter
<p><b>Valuation of trade receivables</b> Refer to notes 2 and 21 in the financial statements</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Due to the significant amount of aged trade receivables and the estimation risk involved in their valuation, this is considered a key audit matter.</p>	<p>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</p> <ul style="list-style-type: none"> <li>• identified and tested the key controls in place to ensure identification of risks within trade receivables</li> <li>• analysed the trade receivables recorded in the balance sheet and obtained evidence regarding the appropriate valuation of items with particular risk characteristics</li> <li>• assessed management assessment of recoverability particularly for significant aged items by corroborating them against internal and external evidence regarding the likelihood of payment</li> <li>• assessed the company's ability to make reliable estimates by performing retrospective analysis of past estimates</li> </ul>

Key audit matter in the audit of the group	How our audit addressed the key audit matter
<p><b>Valuation of deferred tax asset</b> Refer to notes 2 and 12 in the financial statements</p> <p>The group has significant net deferred tax assets position originating from several jurisdictions.</p> <p>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.</p> <p>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.</p>	<p>We obtained an understanding of the Company's process for monitoring the deferred tax position. We</p> <ul style="list-style-type: none"> <li>• assessed the company's ability to make reliable estimates by performing retrospective analysis of past estimates and changes made to the current estimates</li> <li>• assessed management assessment of the recoverability particularly in light of the economic uncertainty in the company's industry</li> <li>• tested management's detailed recoverability analysis in the jurisdictions with the most significant net deferred tax positions</li> </ul>

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 a 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 to 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 about 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 with 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

### Appointment

We were first appointed as auditors by the annual general meeting on 23.3.2012. Our appointment represents a total period of uninterrupted engagement of 6 years.

### Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have 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 other information that we obtained prior to the date of this auditor's report, 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 16 February 2018

### **PricewaterhouseCoopers Oy**

Authorised Public Accountants

Markku Katajisto

Authorised Public Accountant (KHT)

# 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 31.12.2017: 156,877 shares

Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 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 The Finnish Olympic Committee; Vice Chairman of the Board of Directors of the Finnish Pension Alliance TELA and 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 31.12.2017: 22,481 shares

Outotec shareholding and share-based rights of controlled corporations on 31.12.2017:

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 31.12.2017: 13,331 shares

Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 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 Supervisory Board of Ilmarinen Mutual Pension Insurance Company, 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 31.12.2017: 10,797 shares

Outotec shareholding and share-based rights of controlled corporations on 31.12.2017:

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 Oyj

Outotec shareholding and share-based rights on 31.12.2017: 14,781 shares

Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

## Patrik Nolåker

B.Sc., Business Administration & Economics, MBA

b. 1963, Swedish citizen

Board member since 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 31.12.2017: 6,281 shares (and 4,000 nominee registered shares).

Outotec shareholding and share-based rights of controlled corporations on 31.12.2017:

0 shares

## Ian W. Pearce

B.Sc., University of the Witwatersrand, South Africa

b. 1957, Canadian citizen

Board member since 2015, member of the Audit and Risk Committee

Independent of the company and owner Founding Partner of X2 Resources Partners LP Inc. until 2017

**Positions of trust:** Chairman of the Board of Directors of MineSense Technologies Ltd. (Canada); Newgold (Canada) and Nevsun Resources Ltd (Canada)

Outotec shareholding and share-based rights on 31.12.2017: 8,797 shares

Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

## Change in Board composition in 2017

- Poju Zabłudowicz  
born 1953, Finnish citizen  
B.A. (Economics and International Relations)  
Board member 2012–2017

Detailed information about members of the Board of Directors: [www.outotec.com/cg](http://www.outotec.com/cg).

# EXECUTIVE BOARD

## Markku Teräsvasara

Chairman of the Executive Board  
President and CEO  
B.Sc. Civil engineering  
b. 1965, Finnish citizen  
President and CEO of Outotec as of October 2016.  
Outotec shareholding and share-based rights on 31.12.2017: 5,243 shares  
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

## Gustav Kildén

Senior Vice President, Strategic Customers and Business Development (since September 1, 2017)  
B.Sc. (Mechanical Engineering & Energy Technology)  
b. 1971, Swedish citizen  
Member of the Executive Board as of September 2017. Employed by the company since 2015 and during 2007–2014.  
Outotec shareholding and share-based rights on 31.12.2017: 1,426 shares  
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

## Kalle Härkki

Executive Vice President, President of Metals, Energy & Water Business Unit  
D.Sc. (Tech.)  
b. 1969, Finnish citizen

Member of the Executive Board since 2008.  
Employed by the company since 2006.  
Outotec shareholding and share-based rights on 31.12.2017: 89,182 shares  
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

## Kimmo Kontola

Executive Vice President, President of Minerals Processing Business Unit  
MBA, B.Sc. (Chemical Eng.)  
b. 1962, Finnish citizen  
Member of the Executive Board in 2013–2015 and as of 2017. Employed by Outotec since 2006.  
Outotec shareholding and share-based rights on 31.12.2017: 10,346 shares  
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

## Tomas Hakala

Executive Vice President, President of Services Business Unit (since November 13, 2017)  
B.Sc. Production Economics  
b. 1968, Finnish citizen  
Member of Outotec Executive Board as of November 13, 2017 and employed by the company since 2017.  
Outotec shareholding and share-based rights on 31.12.2017: 0 shares  
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

## Jari Älgars

Chief Financial Officer  
M.Sc. (Econ.)  
b. 1964, Finnish citizen  
Member of the Executive Board and employed by the company since October 2015.  
Outotec shareholding and share-based rights on 31.12.2017: 28,683 shares  
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

## Kaisa Aalto-Luoto

Senior Vice President, Human Resources and Communications  
M.Sc. (Econ.)  
b. 1979, Finnish citizen  
Member of the Executive Board as of April 2016 and employed by the company since 2013.  
Outotec shareholding and share-based rights on 31.12.2017: 3,884 shares  
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

## Nina Kiviranta

General Counsel, Senior Vice President  
Legal and Contract Management, Corporate Responsibility  
Master of Laws, trained on the bench  
b. 1964, Finnish citizen  
Member of the Executive Board and employed by the company since 2013.

Outotec shareholding and share-based rights on 31.12.2017: 10,130 shares  
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

## Olli Nastamo

Senior Vice President, Operational Excellence (since April 1, 2017), Senior Vice President of Strategy, Marketing & Operational Excellence (until March 31, 2017)  
M.Sc. (Engineering)  
b. 1956, Finnish citizen  
Member of the Executive Board 2013–2015 and as of April 2016. Employed by the company since 2013.  
Outotec shareholding and share-based rights on 31.12.2017: 9,971 shares  
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

## Former Executive Board members with duties in 2017:

- Adel El Hattab  
Executive Vice President, Markets Unit (until March 31, 2017); Executive Vice President, Strategic Customers and Business Development (since April 1, 2017 until August 31, 2017)

More detailed information about the Executive Board members is available at [www.outotec.com](http://www.outotec.com)



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# INVESTOR INFORMATION

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## CORPORATE GOVERNANCE STATEMENT AND POLICY

Outotec's Corporate Governance Statement 2017 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](http://www.outotec.com/cg).

## ANNUAL GENERAL MEETING

The Annual General Meeting 2018 will be held on March 27, 2018 at 2.00 p.m. (Finnish time). More information at [www.outotec.com/agm](http://www.outotec.com/agm).

## DIVIDEND

The Board of Directors proposes to the Annual General Meeting 2018 that no dividend will be paid for the financial year 2017.

## INTERIM REPORTS 2018

- January–March on April 25
- Half Year Financial Report on July 25
- January–September on October 31

## SHARE INFORMATION

Listing: Nasdaq Helsinki, OMXH  
Trading symbol: OTE1V  
No of shares: 183,121,492 (Feb 2, 2018)  
Sector: Industry  
ISIN: FI0009014575

## ANALYSTS

Analysts following Outotec at [www.outotec.com/investors](http://www.outotec.com/investors).

## CONSENSUS

Consensus estimates provided by Vara Research at [www.outotec.com/investors](http://www.outotec.com/investors).

## INVESTOR RELATIONS CONTACT

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