



Outotec

**Significant improvement in performance
excluding ilmenite smelter project provision**

Financial Statements Review 2018

Sustainable use of Earth's natural resources

Current status of the ilmenite smelter project

- EUR 350 million EPC order received in May 2012
- Start-up of the furnace was safely discontinued in October 2018
- Agreement with the customer to find out the root causes October 2018
- Investigation was started in December 2018
- EUR 110 million provision was made for possible costs related to project in Q4/2018 based on progress made with the analysis of the furnace
- The outcome of the analysis, together with other factors such as Outotec's contractual position, will determine the eventual liability and financial impact of this incident for Outotec

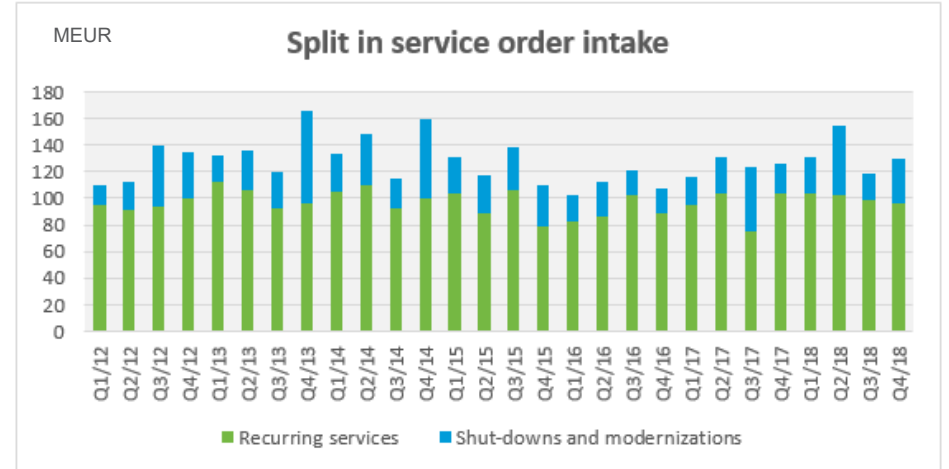
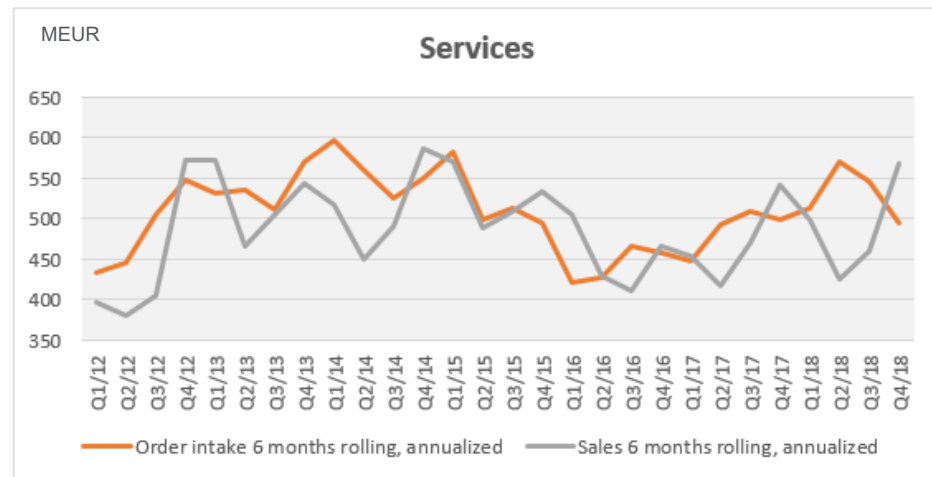
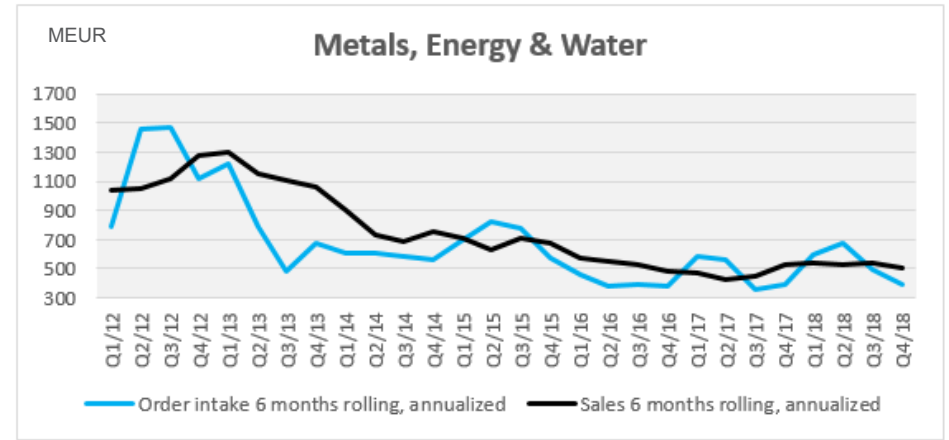
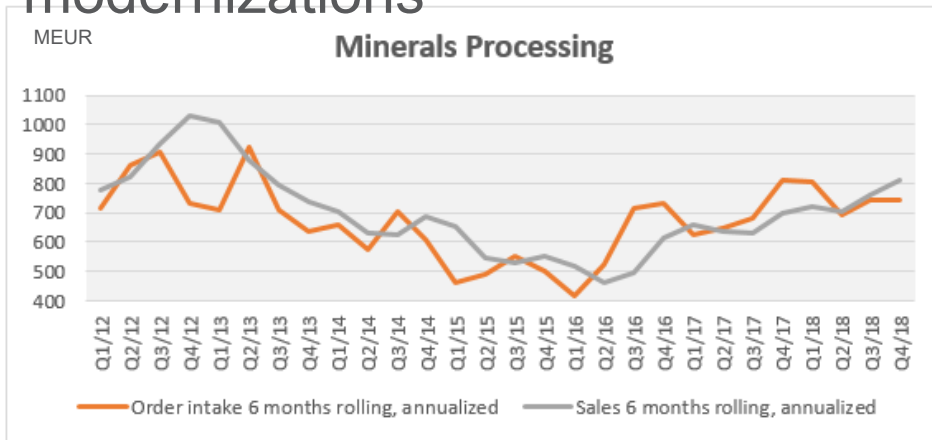
Market development

CEO Markku Teräsvasara

Minerals and metals market continued to advance in H1, in H2 larger investments delayed

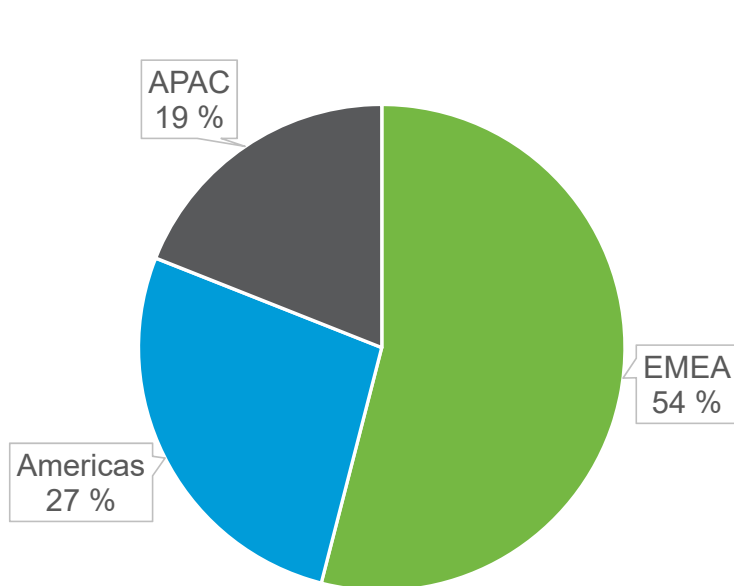


Order intake growth from MEW plant & equipment, spare parts and modernizations

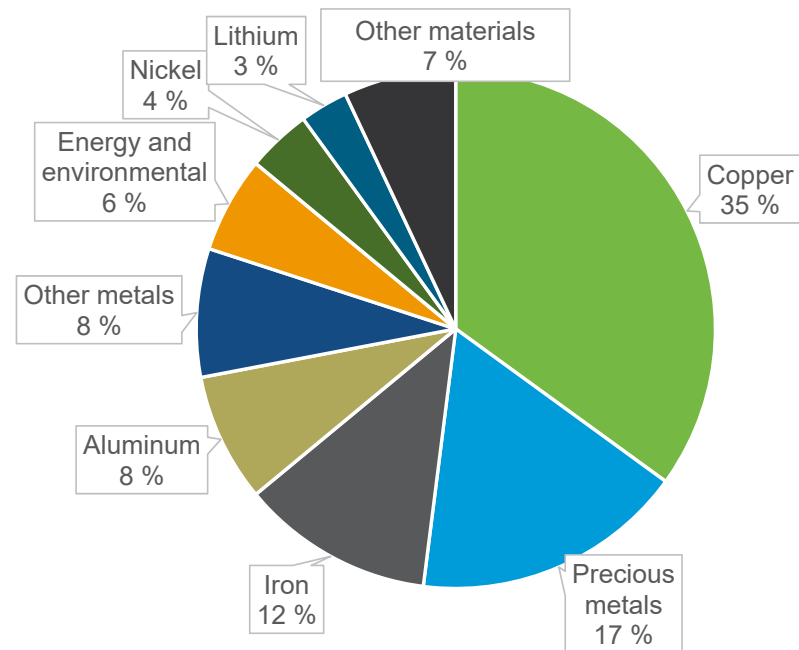


Sales distribution

Sales by region



Sales by end product



Fewer large equipment orders in Minerals Processing in Q4, good development in services

Americas 30 (30) %

EMEA 48 (51) %

APAC 22 (19) %

SILVER

Process equipment to silver concentrator in Mexico ~30 M€



BATTERY CHEMICALS

Battery chemicals technology to Finland ~34 M€



COPPER

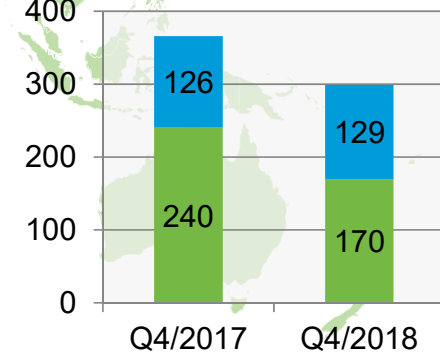
Feasibility study for a copper smelter in Indonesia ~10 M€



MEW order

MP order

Order intake Q4oQ4



■ Capex orders ■ Service orders
Outotec

Key financials

CFO Jari Ålgars

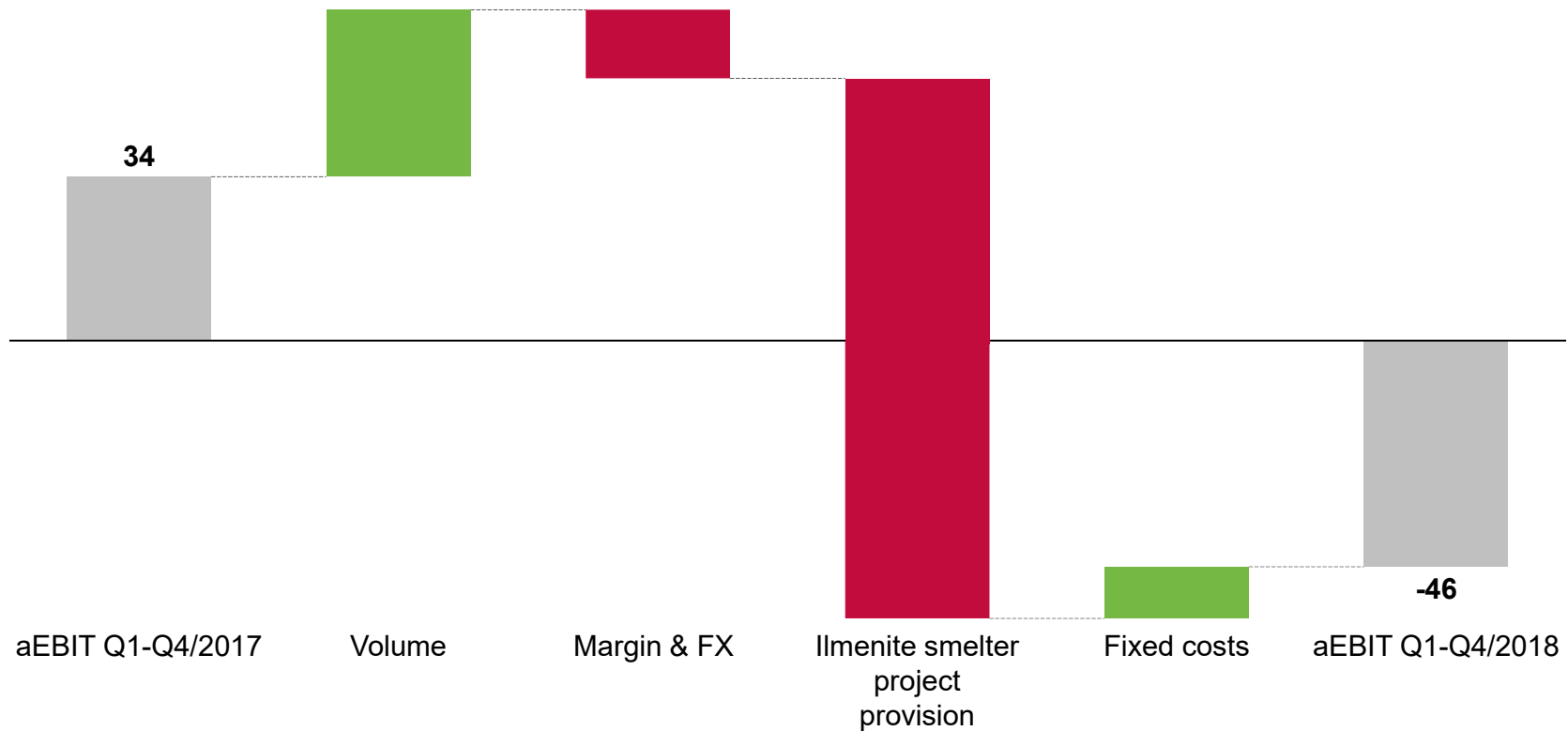
Significant improvement in performance excluding ilmenite smelter project provision

EUR million	Q4 2018	Q4 2017	Q1-Q4 2018	Q1-Q4 2017	Change, %	Change in comparable currency, %
Sales	338	341	1,276	1,144	12	16
Service sales	163	146	497	480	3	9
Share of services in sales, %	48	43	39	42		
Gross margin, %	-4	24	15	24		
Adjusted EBIT ^{1,2}	-79	18	-46	34		
Adjusted EBIT ^{1,2} , %	-24	5	-4	3		
- Restructuring and acquisition-related costs	-4	-0	-13	-0		
- PPA amortization	-2	-2	-7	-7		
EBIT	-85	16	-66	26		
EBIT, %	-25	5	-5	2		
Result for the period	-74	1	-67	3		
Unrealized and realized gains related to valuation of FX forward agreements	-1	-1	-2	8		

¹ Excl. restructuring and acquisition-related costs as well as PPA amortizations.

² aEBIT for the full year was EUR 63.8 million (5.0%) and EUR 30.7 million (9.1%) for Q4/2018, excluding the provision (EUR 110 million) for the ilmenite smelter project.

aEBIT was impacted by ilmenite smelter project provision

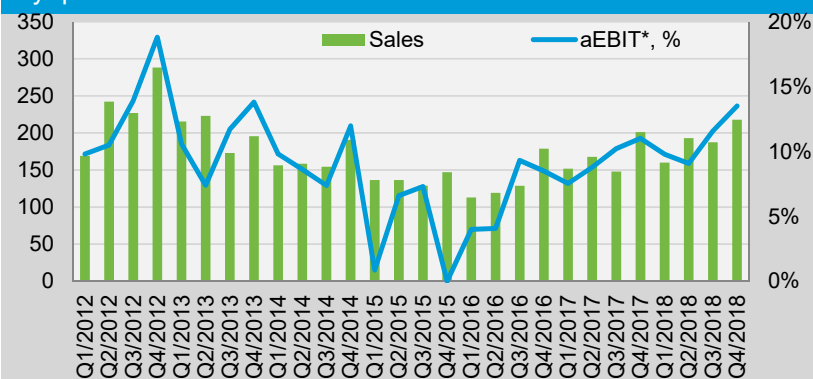


Good progress in Minerals Processing – service sales improved profitability

Minerals Processing EUR million	Q1-Q4 2018	Q1-Q4 2017	Change, %	Change in comp. currency, %
Order intake	719	727	-1	4
Sales	758	668	13	19
Service sales	344	306	13	20
Adjusted EBIT ^{*)}	84	63		
Adjusted EBIT ^{*)} , %	11	9		
Unrealized and realized gains/losses related to valuation of FX forward agreements	-1	6		



MP sales and adjusted EBIT development by quarter



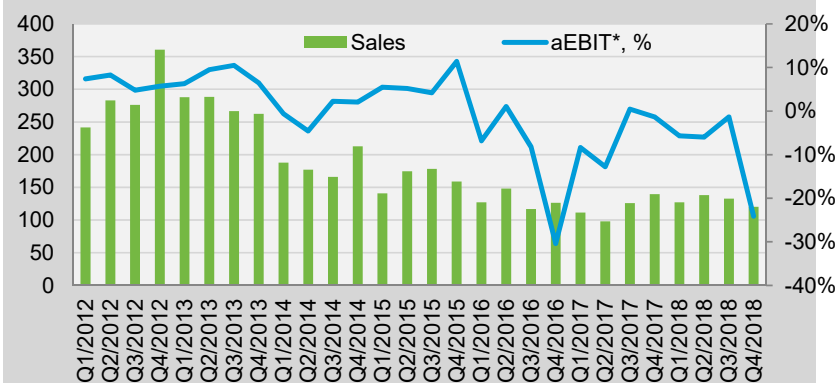
* Excl. restructuring and acquisition-related costs as well as PPA amortizations

Solid order intake and sales development, ilmenite smelter project provision impacted profitability in Metals, Energy & Water

Metals, Energy & Water EUR million	Q1-Q4 2018	Q1-Q4 2017	Change, %	Change in comp. currency, %
Order intake	532	478	11	15
Sales	519	475	9	12
Service sales	152	175	-13	-10
Adjusted EBIT ^{1,2)}	-125	-23		
Adjusted EBIT ^{1,2)} , %	-24	-5		
Unrealized and realized gains/losses related to valuation of FX forward agreements	-1	2		



MEW sales and adjusted EBIT development by quarter



¹ Excl. restructuring and acquisition-related costs as well as PPA amortizations

² aEBIT for the full year was EUR -15.0 million (-2.9%) and EUR 2.1 million (1.7%) for Q4/2018, excluding the provision (EUR 110 million) for the ilmenite smelter project.

Financial position stable

	Q4 2018	Q4 2017
Net cash from operation activities	70	40
Net interest-bearing debt*, EUR million	-38	-6
Gearing*, %	-10	-1
Equity-to-assets ratio*, %	33	41
Return on investment, %, LTM	-11	3
Return on equity, %, LTM	-16	1
Net working capital at the end of the period, EUR million	-123	-9
Advances received	211	220
Equity, EUR million	377	467
Balance sheet total, EUR million	1,358	1,357

** If the hybrid bond were treated as a liability: net interest-bearing debt would be EUR 111.9 million, gearing 49.2%, and the equity-to-assets ratio 19.8% on December 31, 2018 (December 31, 2017: EUR 144.5 million, 45.6% and 27.9% respectively).*

Market outlook and guidance

CEO Markku Teräsvasara

Simplifying our organization and way of working – progressed as planned

- Simplified structure and streamlined global functions (July 1)
- Reduction of 200 persons
- Simplifying selected business processes continue
- Some non-profitable operations discontinued
- EUR 25 million savings, full impact end of 2019

- Restructuring costs in 2018: EUR 14 million

Market outlook solid

Solid market - complex ores and process challenges offer attractive opportunities

- New energy efficient technology
- Digital solutions
- Tailings reprocessing

Ample service opportunities in all categories

- Spare parts
- Asset walks
- Technical services

Prospects in several metals

- Copper, gold, battery metals
- Iron ore pelletizing
- Sulfuric acid

New uses such as EVs support long-term view

- Copper
- Cobalt
- Nickel
- Lithium

Financial guidance for 2019



Based on the current market outlook, we expect our sales to increase, and our aEBIT* to increase significantly from the 2018 aEBIT (EUR 63.8 million) without the provision for the ilmenite smelter project.

**Excluding restructuring- and acquisition-related items, as well as PPA amortizations.*

Achievements in our focus areas in 2018



Customer focus

- Significant improvement in customer satisfaction
- Differentiated service approach for each customer category to improve proactivity
- >300 sales and sales support people trained



Service business

- Productization advanced
- Remote connected equipment increased
- Unprofitable workshop closed



Product competitiveness

- Supply costs decreased for several products
- Engineering hours reduced for certain plants through productization
- Prioritized R&D budget



Project excellence

- New partnerships for large EPC deliveries
- >10M€ new business due to increased focus and training related to time claims and change orders



Our people

- >300 service people trained and certified
- Training program for 60 project managers
- Redefined company values

Outotec



Sustainable use of
Earth's natural resources