Strong growth in order intake and sales, profitability improving

Half year Financial Report 2018

Sustainable use of Earth's natural resources

Market development
CEO Markku Teräsvasara

Market activity continued positive in H1

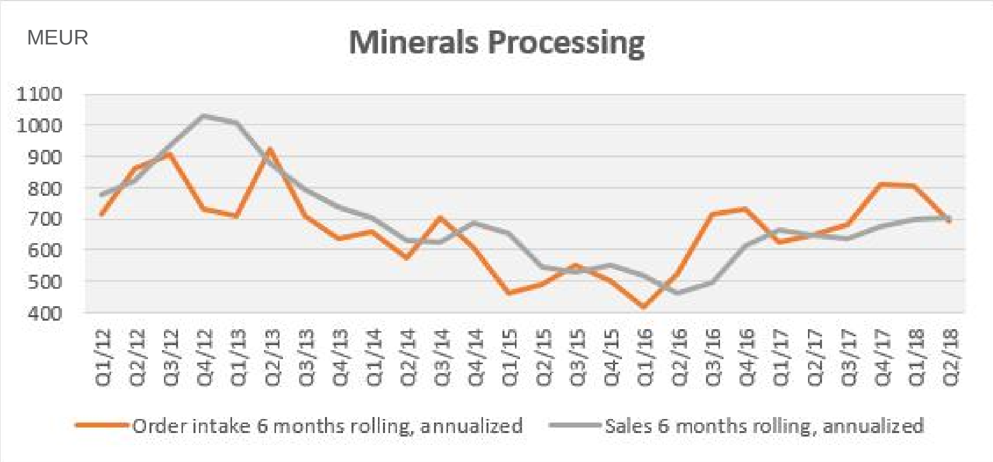
Demand
- Brownfield investments
-Modernizations
- Services

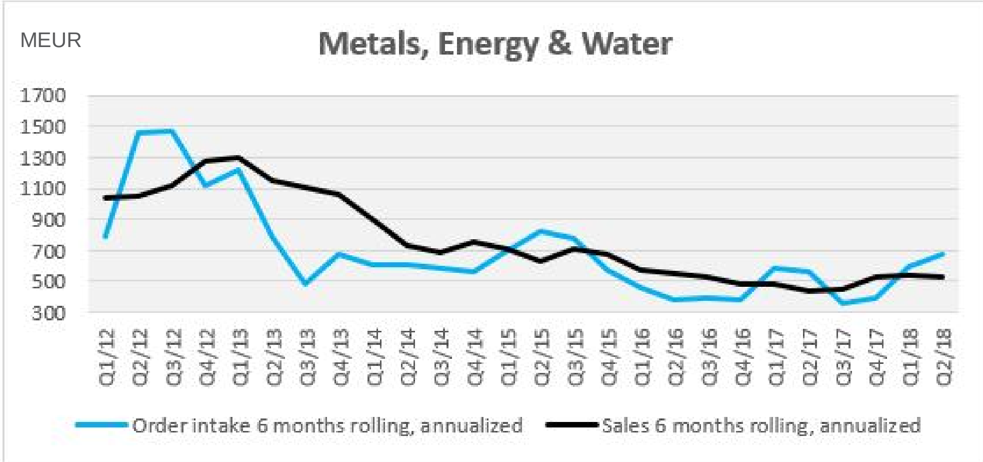
Strong growth
Both
Capex &
Services

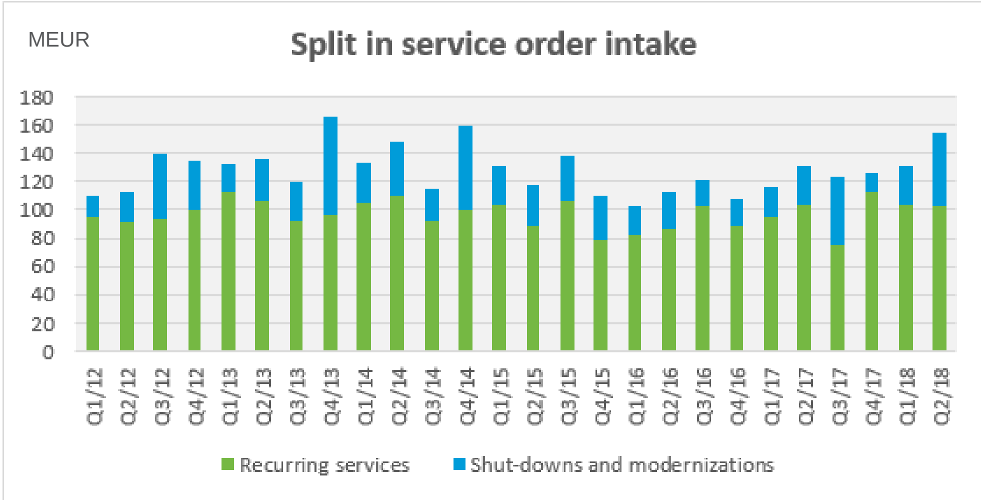
Energy
- Biomass project
- Decisions slow

Metals+
- Copper, gold, iron, nickel, tin
- Sulfuric acid

Strong growth in orders, service sales impacted by supply issues



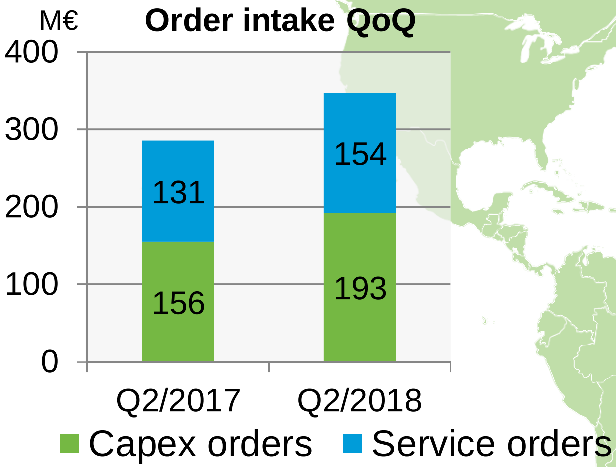




Outotec

Q2: Order intake up 21%, service orders increased by 18%

Americas 24 (32) %



EMEA 51 (50) %

ACID

Technology for Boliden's sulfuric acid plant, Sweden

BASE METALS

- Minerals processing equipment to Kazakhstan ~15 M€
- Minerals processing equipment to Russia ~24 M€

ENERGY

Biomass power plant to Turkey ~ 55 M€

APAC 25 (17) %

TIN

Technology for a tin smelter for TIMAH, Indonesia

MEW order

MP order

Outotec

Key financials

CFO Jari Ålgars

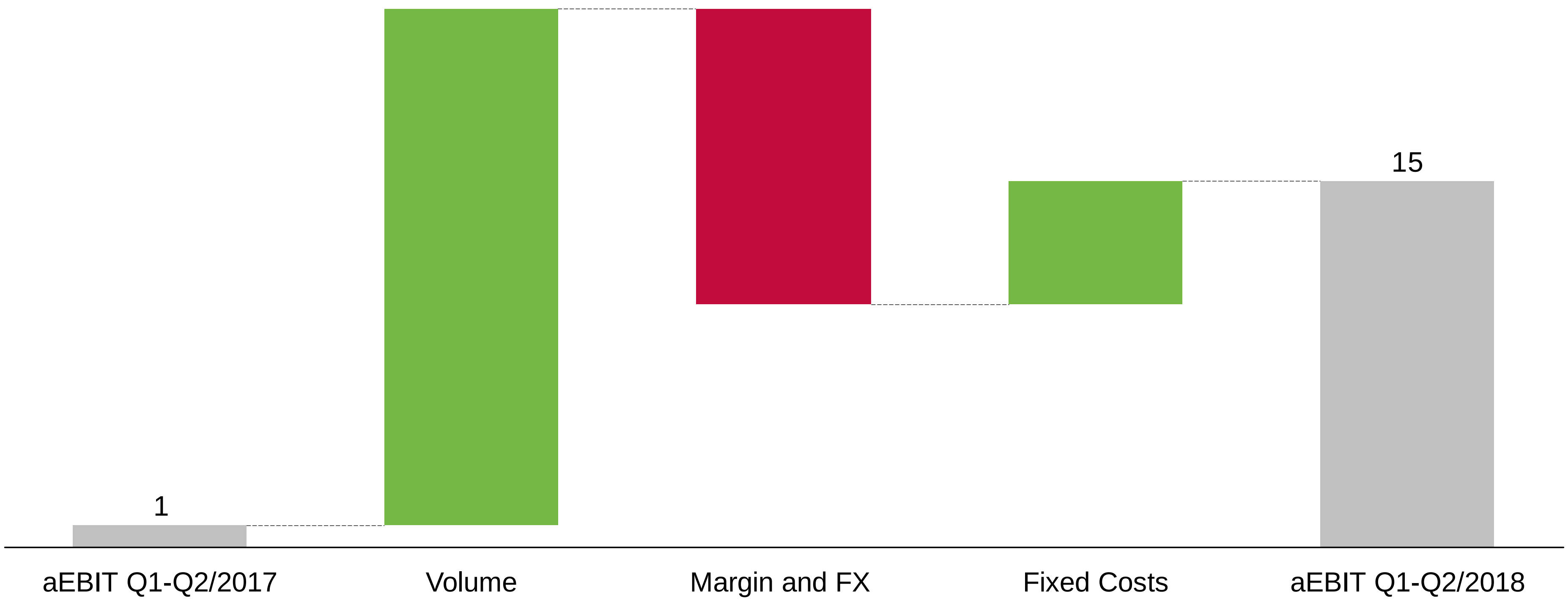
Sales grew 17%, profitability improving

EUR million	**Q2 2018**	Q2 2017	**Q1-Q2 2018**	Q1-Q2 2017	**Change, %**	**In comparable currency, %**
Sales	**331**	266	**618**	529	17	23
Service sales	**109**	110	**212**	209	2	9
Share of services in sales, %	**33**	41	**34**	40		
Gross margin, %	**22**	22	**22**	23		
Adjusted EBIT*	**8**	0	**15**	1		
Adjusted EBIT*, %	**2**	0	**2**	0		
- Restructuring and acquisition-related costs	**-9**	0	**-9**	0		
- PPA amortization	**-2**	-2	**-3**	-4		
EBIT	**-3**	-1	**2**	-3		
EBIT, %	**-1**	-1	**0**	-0		
Result for the period	**-4**	-3	**-2**	-6		
Unrealized and realized gains related to valuation of FX forward agreements	**-3**	3	**-2**	5		

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

Outotec

Higher volume and lower fixed costs improved profitability

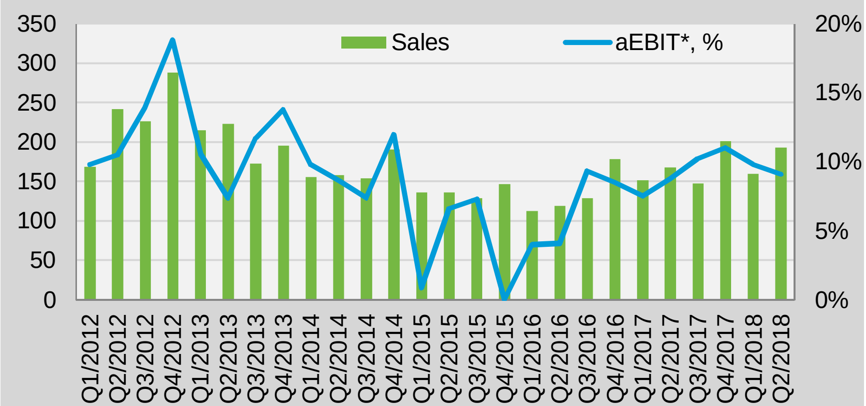


Negative margin impacts in 2018:
- Sales mix, lower service share
- GM erosion in some projects

Continued good progress in Minerals Processing

Minerals Processing EUR million	Q1-Q2 2018	Q1-Q2 2017	Change, %	In comp. currency, %
Order intake	**346**	323	7	15
Sales	**353**	319	10	18
Service sales	**150**	143	4	13
Adjusted EBIT*)	**33**	26		
Adjusted EBIT*), %	**9**	8		
Unrealized and realized gains/losses related to valuation of FX forward agreements	**-1**	1		

Sales and adjusted EBIT development by quarter



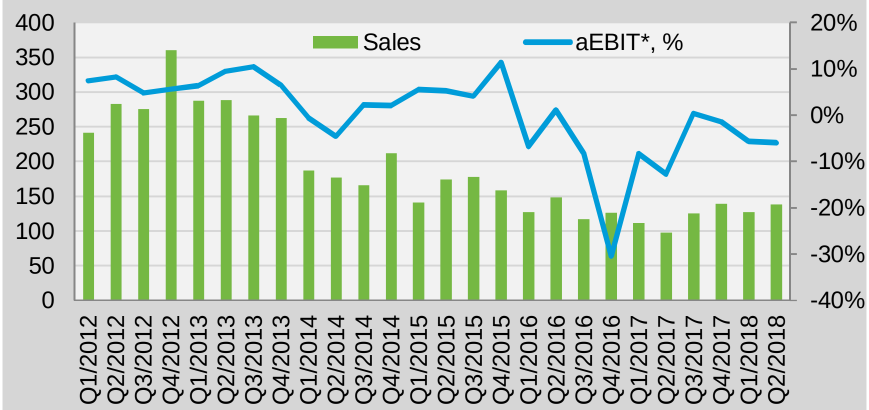
* Excl. restructuring and acquisition-related costs as well as PPA amortizations

Outotec

Order intake and sales developed well, increased provisions impacted profitability in Metals, Energy & Water

Metals, Energy & Water EUR million	**Q1-Q2 2018**	Q1-Q2 2017	Change, %	In comp. currency, %
Order intake	**335**	282	19	22
Sales	**266**	210	27	30
Service sales	**63**	66	-5	1
Adjusted EBIT*)	**-15**	-22		
Adjusted EBIT*), %	**-6**	-10		
Unrealized and realized gains/losses related to valuation of FX forward agreements	**-2**	4		

Sales and adjusted EBIT development
by quarter



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

Outotec

Improved net working capital and gearing

	Q2 2018	Q2 2017
Net interest-bearing debt*, EUR million	**-26**	57
Gearing*, %	**-6**	12
Equity-to-assets ratio*, %	**39**	40
Return on investment, %, LTM	**4**	-8
Return on equity, %, LTM	**1**	-12
Net working capital at the end of the period, EUR million	**-43**	27
Advances received	**196**	196
Equity, EUR million	**447**	469
Balance sheet total, EUR million	**1,333**	1, 376

* *If the hybrid bond were treated as a liability, the net interest-bearing debt EUR 123.6 million, gearing 41.6%, and the equity-to-assets ratio 26.1% on June 30, 2018 (June 30, 2017: EUR 206.8 million, 64.9% and 27.0% respectively).*

Market outlook and guidance

CEO Markku Teräsvasara

Simplifying our organization and way of working – progressing as planned

- Simplified structure and streamlined global functions (July 1)
- Reduction of 200 persons globally, will continue in H2
- Simplifying business processes, will continue in H2
- Some non-profitable operations discontinued
- EUR 25 million savings, full impact end of 2019
- Restructuring costs approximately EUR 12 million

- Q2 2018: Restructuring costs EUR 9 million

Market outlook positive

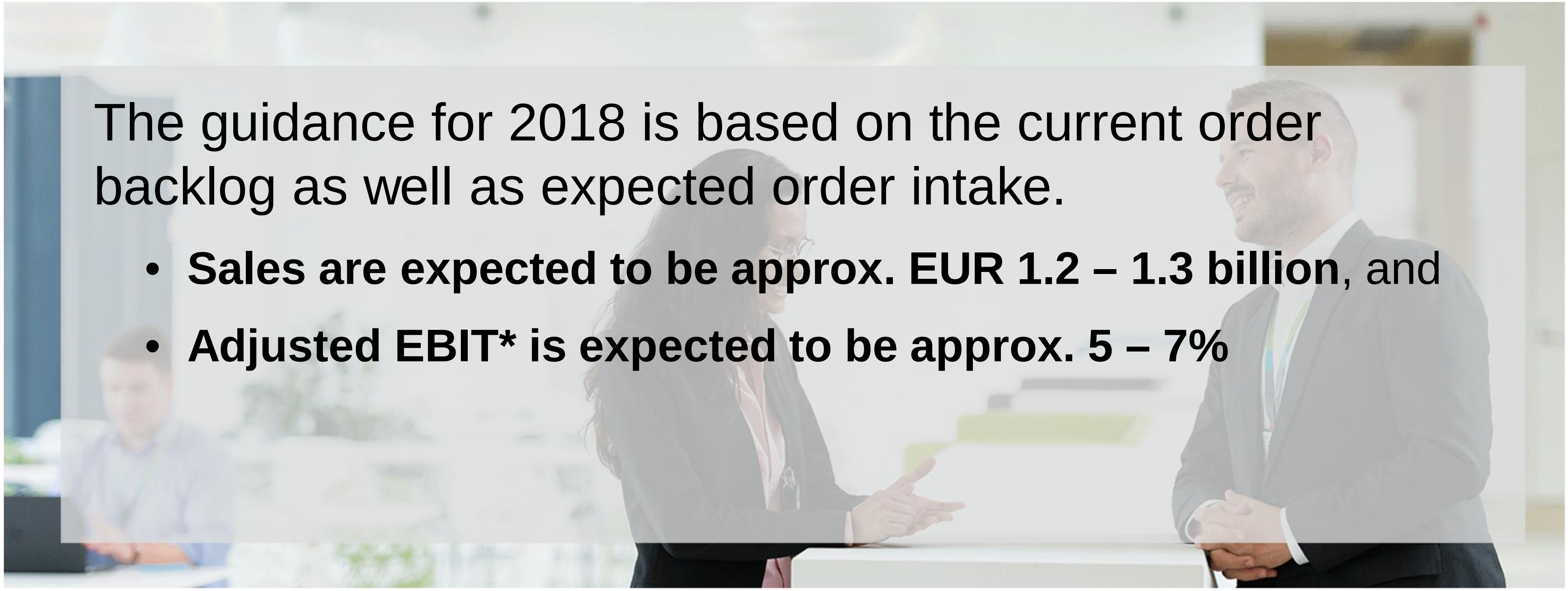
New uses such as EVs support long-term view
- Copper
- Lithium
- Cobalt
- Nickel

Positive market and complex ores offer attractive opportunities
- New technology
- Tailings reprocessing

Service opportunities in all categories
- Asset walks
- Expert services

Prospects in several metals and energy
- Copper, gold, aluminum, zinc
- Sulfuric acid
- Biomass and waste-to-energy

Financial guidance for 2018 reiterated



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

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

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

Our focus areas 2018 – towards profitable growth!

Customer focus

Service business

Product competitiveness

Project excellence

Our people

Outotec

Outotec

Sustainable use of
Earth's natural resources