

CEO's review

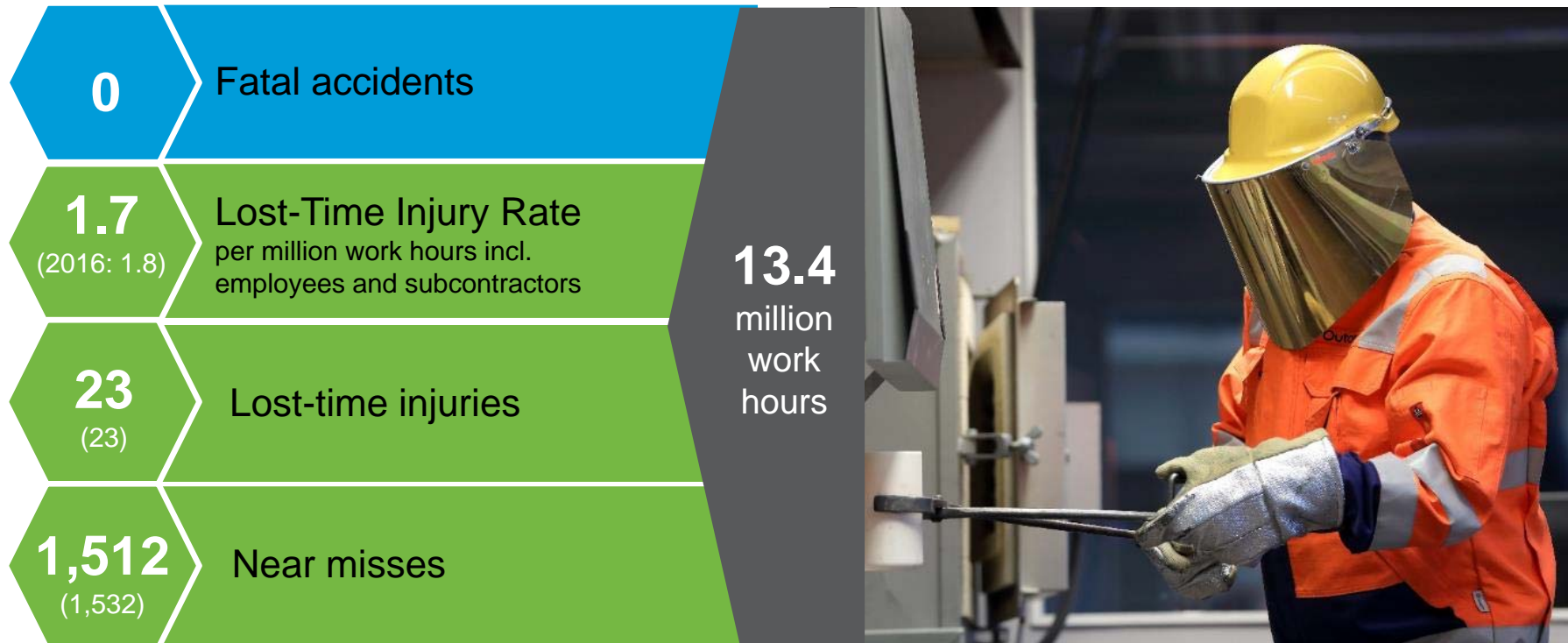
Markku Teräsvasara

Annual General Meeting, March 27, 2018

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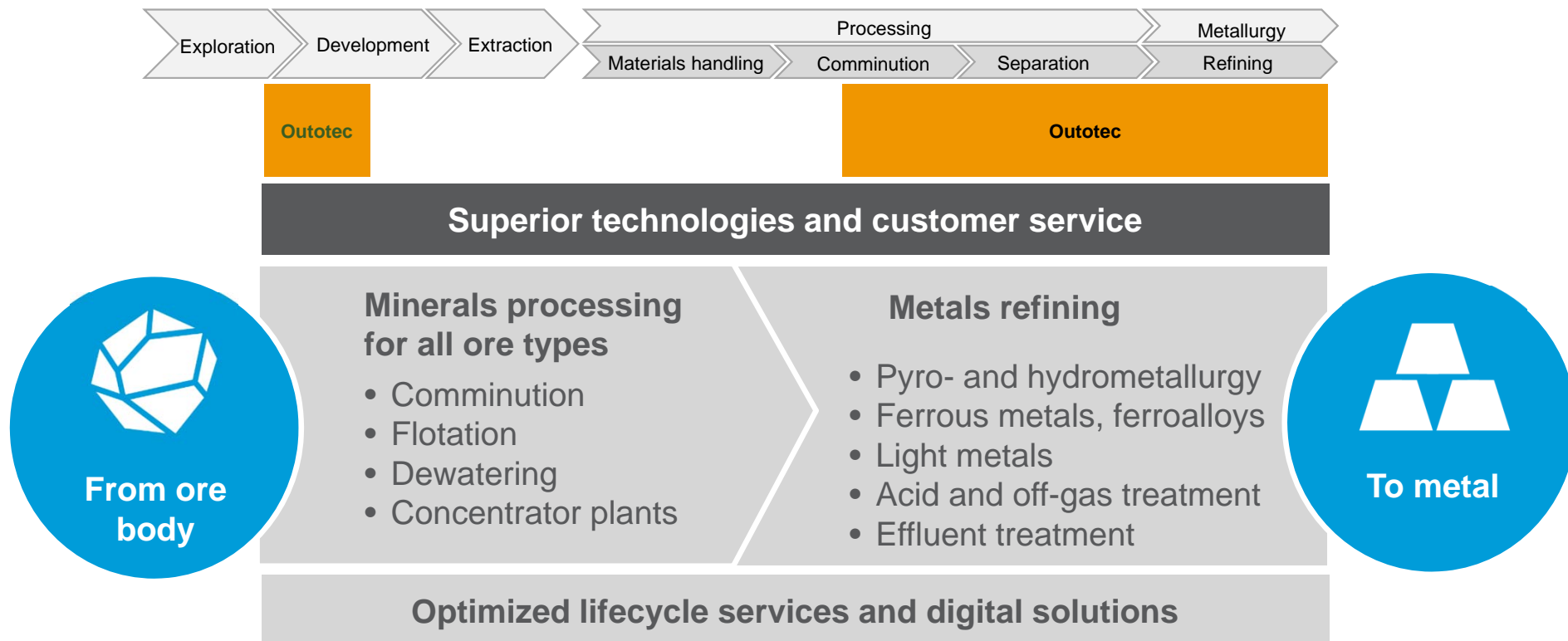
Safety performance



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Our business on the value chain from ore to metal



Minerals Processing segment's offering

A complete portfolio of leading process solutions and services with full plant delivery capability

Grinding	Flotation	Thickening	Filtering	Analyzers	Automation	Tailings management	Services
							
1,100 grinding mills delivered, strong in S/M size mills and process technology	10,000 flotation units delivered since 1960s, big cell technology references, automation	1,800 thickeners delivered, global project execution capability, feedwell design	3,500 filters delivered, most efficient concentrate filtering, proven performance	Full analyser portfolio, lowest min detection limits	Unique combination of automation & analysers, important for risk management	Full process and equipment portfolio, effluent treatment and backfill plants	Prop equipment and total process knowhow, global service network

Outotec globally #1-3

Competition fragmented, a number of players competing in part of the portfolio

FLSmidth, CITIC, Metso, ThyssenKrupp	FLSmidth, Metso, BGRIMM, Tenova, Woodgrove	FLSmidth, Tenova - Delcor, WesTech	Aqseptence - Diemme, Metso, Andritz, FLSmidth	Thermo Fisher, BGRIMM, Blue Cube	APC: Metso, Woodgrove, SGS Minerals DCS: Major DCS suppliers	FLSmidth, Golder, GR Engineering, AMC	Customers own maintenance, Major tech. suppliers, Local companies
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Metals, Energy & Water segment's offering

Industry-leading technologies, process solutions and services

Alumina, Aluminum	Ferrous metals	Ferroalloys	Sulfuric acid/Off-gas/Roasting	Base metals (Cu, Ni, Zn, Au, Ag, PGM)	Energy	Water	Services
							
Alumina calciner, Green anode plants, Rod Shop	Sintering, Pelletizing, Direct Smelting	Smelting, Preheating, Steel Belt Sintering	Sulfuric acid plant, Roasting	Smelting, Converting, Leaching, SX/EW, electrorefining	Waste-to-energy, Sludge incineration, Oil shale processing	Industrial water treatment, municipal water systems	Advisory, maintenance, operations & remote services, upgrades
Strong in CFB Aluminium Calcination and HOT Tube Digestion	Strong in traveling grate technology, some 100 iron ore pelletizing and over 300 sintering plants	Strong in Ferro Chrome, 20 pelletizing and sinter plants and 9 smelters for ferroalloys	650 acid plants and 270 non-ferrous roasting plants. Strong in midsize	Strong in Cu smelting, anode casting, SX and Zn leaching, strong in Ni smelting and EW	Versatile waste-to-energy solution, over 250 materials used	Effluent treatment plants, backfill plants, water recycling	Shutdown services, best suited to provide services for own technologies

Outotec globally #1-3

Selected niches

Opportunistic approach

Competition fragmented, a number of players competing in part of the portfolio

Fives, FLSmidth, Metso, Aqseptence-Diemme

Kobelco, Metso, Primetals, Jemeco

SMS Siemag, Tenova, Jemeco

GEA Bischoff, MECS

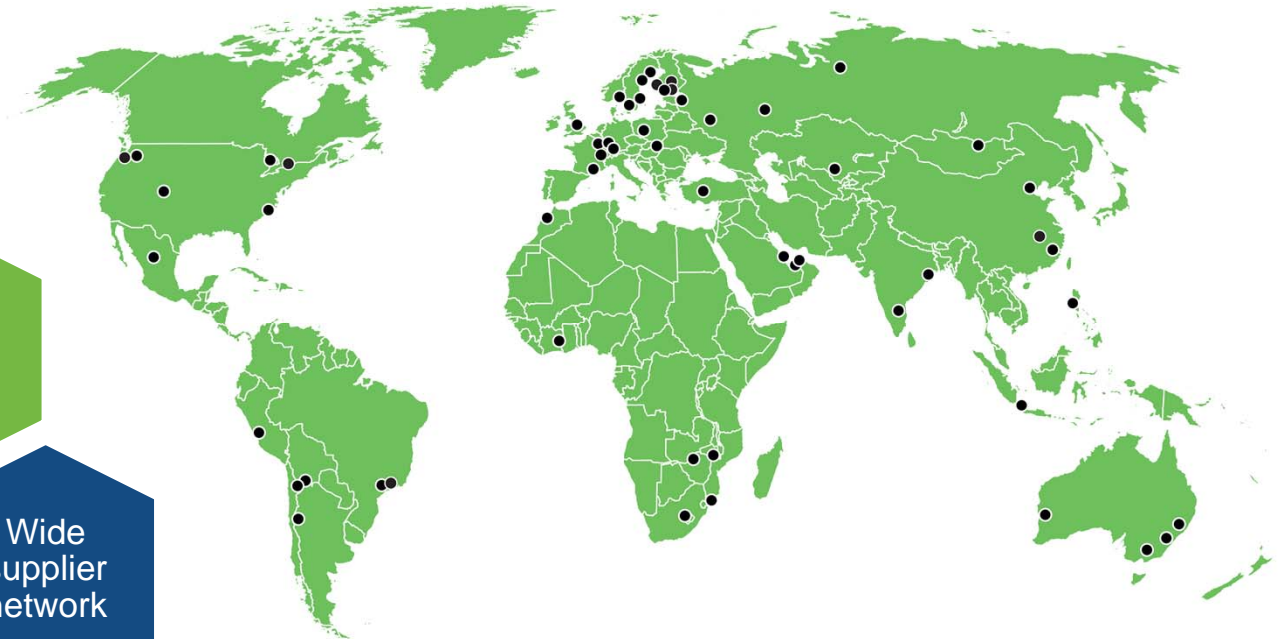
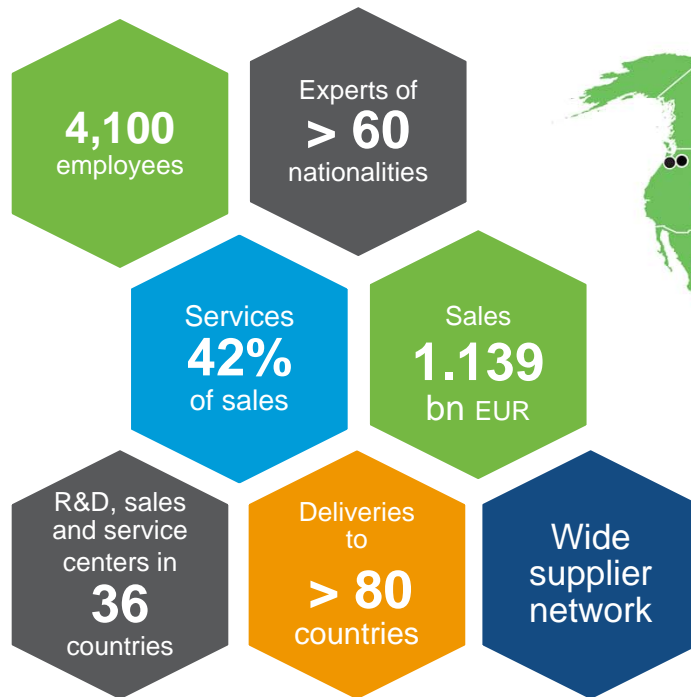
Glencore Technology, Tenova

Valmet, Andritz, Babcock&Wilcox

Veolia, GE Water, Suez

FLSmidth, Metso, major tech suppliers, locals and customers

Outotec in numbers



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Highlights of 2017: Strong development in many areas

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



5th most sustainable company in Global 100

- Customers generated **6.2** million tonnes less of CO₂e when using Outotec's metals related technologies compared to annual baselines. From Outotec Ferrochrome Process alone, the CO₂e emissions avoided are 2.9 million tonnes.
- **88%** of order intake represent Environmental Goods and Services.

Order intake increased 20% from 2016

Americas 30 (33) %

COPPER Q1: Filtration plant to copper concentrator in Peru >15 M€

ZINC Q1: Zinc plant technology to Mexico ~ 24 M€

COPPER Q2: Shutdown services to a smelter in South America, 12 M€

LITHIUM Q2: Technology for lithium carbonate plant in South America, 20 M€

GOLD Q3: Gold processing technology, Lundin Gold, Ecuador >10 M€

Q4: Concentrator expansion, Chile ~14 M€



COPPER

Minerals Processing

Metals, Energy & Water

EMEA 51 (49) %

ALUMINUM Q1: Aluminum technology to Bahrain

COPPER Q2: Technology to a concentrator expansion in Russia, 17 M€

GOLD Q2: Technology for a greenfield project in West Africa, 13 M€

NICKEL Q3: Minerals processing technology, Norilsk Nickel, Russia >13 M€

COPPER COBALT Q4: Hydrometallurgical and minerals processing technology, DR Congo ~65 M€

ZINC Q4: Electrowinning technology, Poland ~10 M€

COPPER Q4: Minerals processing technology, Turkey ~13 M€

Q4: Grinding technology, Southern Africa >10 M€

COPPER

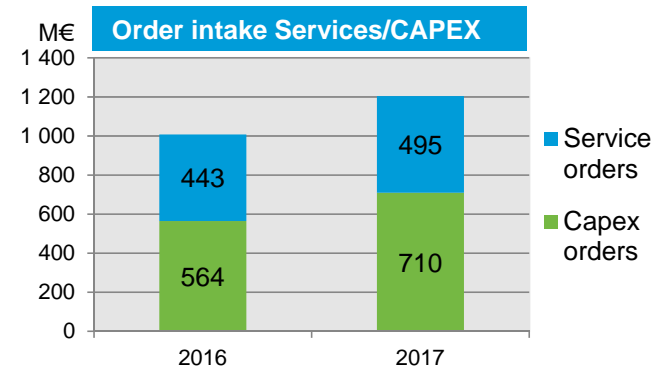


APAC 19 (18) %

GOLD Q2: Grinding technology to Western Australia, 14 M€

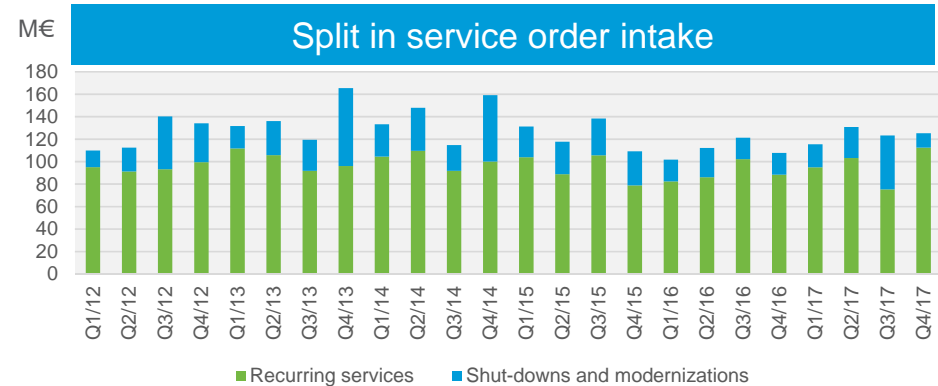
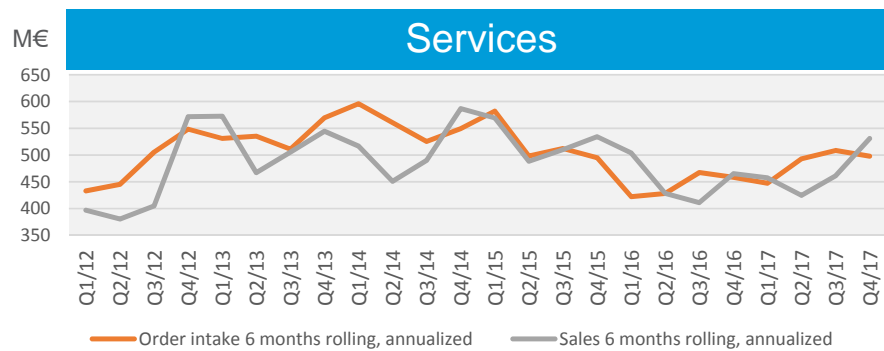
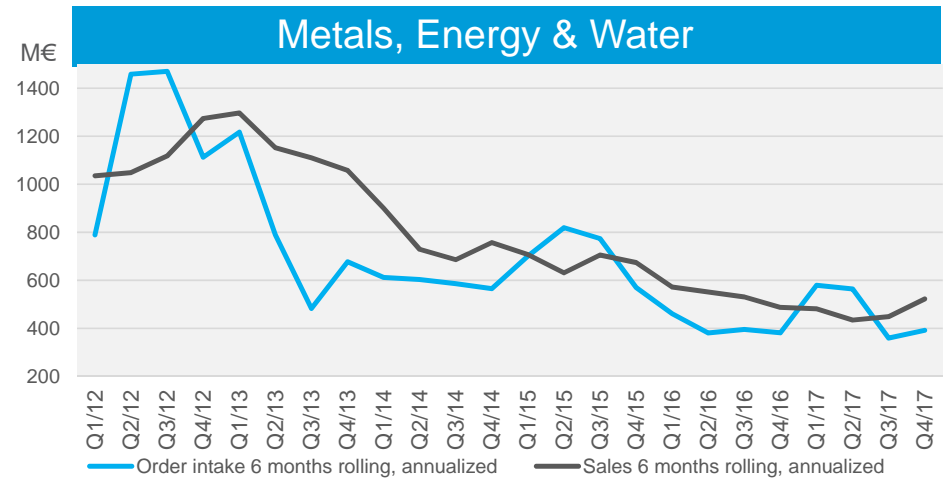
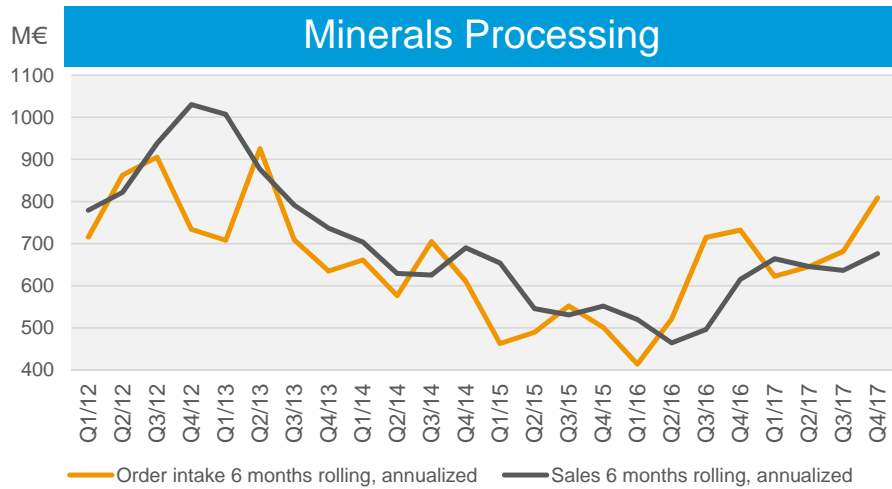
Q4: Minerals processing equipment, Australia ~17 M€

COPPER



Outotec

Orders increased toward the year end



Our profitability improved

EUR million	2017	2016	Change, %
Sales	1,139	1,058	8
Service sales	475	447	6
Share of services in sales, %	42	42	
Gross margin, %	24	22	
Adjusted EBIT	32	-23	
Adjusted EBIT*, %	3	-2	
- Restructuring and acquisition-related costs	-	-37	
- PPA amortization	-7	-7	
EBIT	25	-68	
EBIT, %	2	-6	
Result for the period	2	-69	

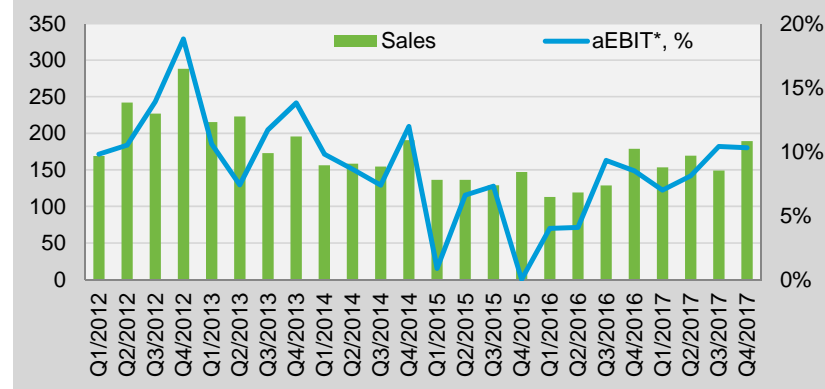
Minerals Processing

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

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



Sales and adjusted EBIT development



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

Metals, Energy & Water

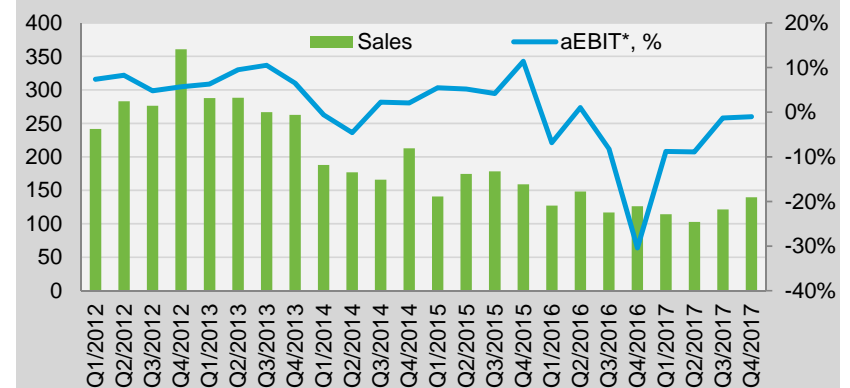
- Order intake increased 25%
- Sales declined
- Profitability improved but remained negative

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

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



Sales and adjusted EBIT development

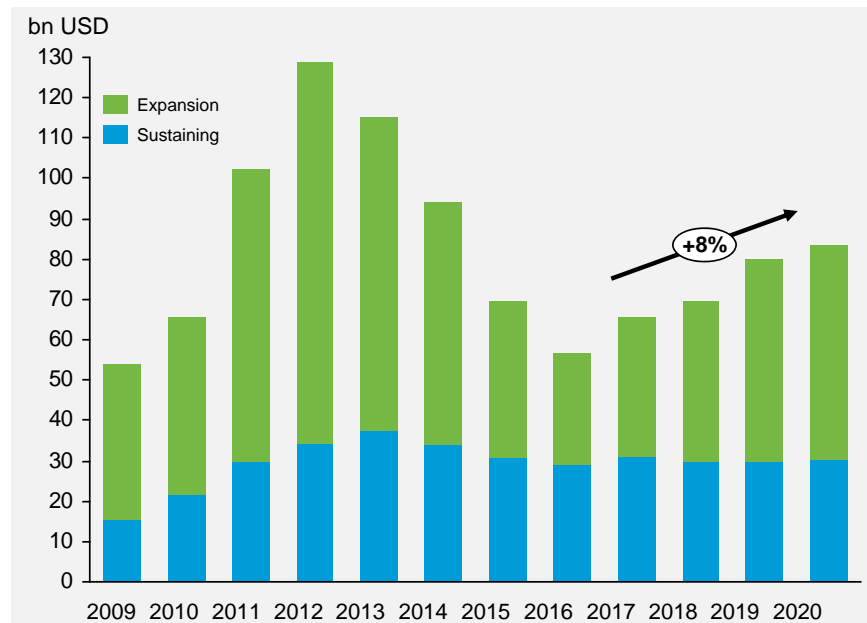


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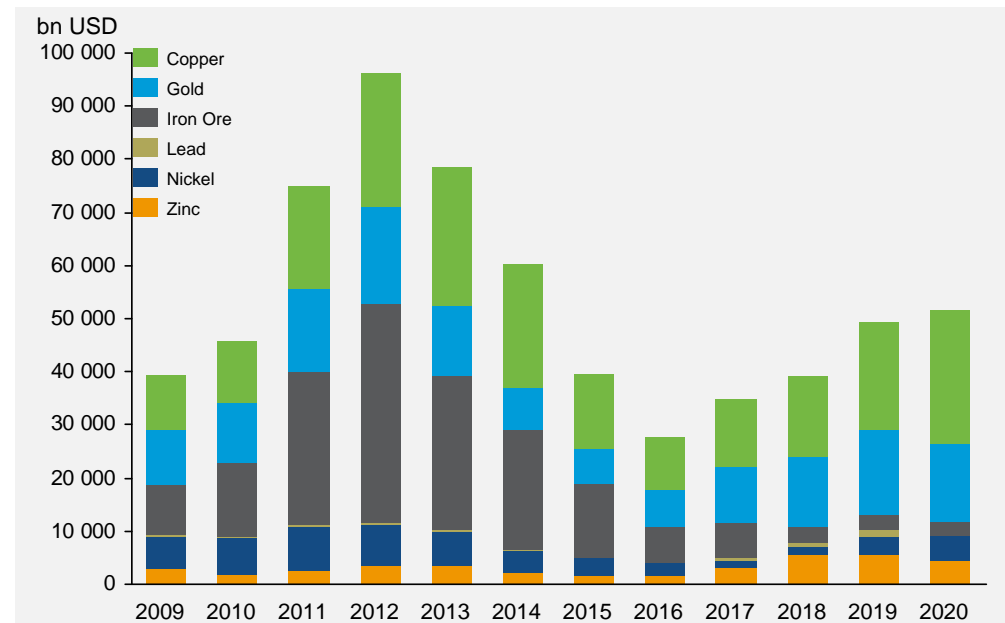
Capex investments regarding most metals have grown, copper and gold leading

Total capex investments for Copper, Gold, Iron ore, Lead, Nickel and Zinc (mine only)

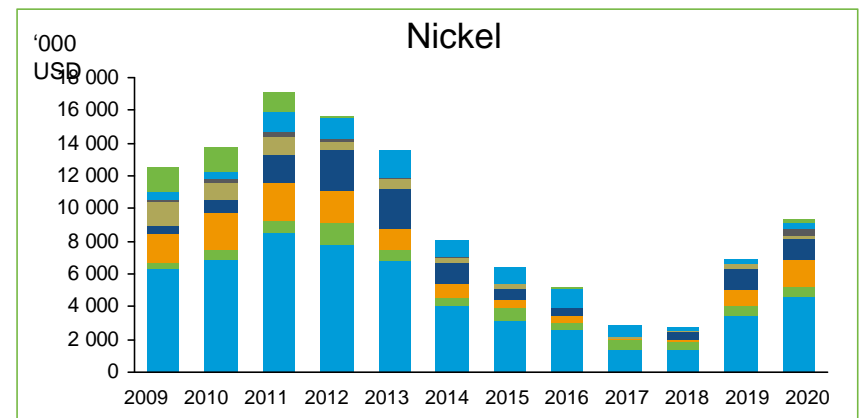
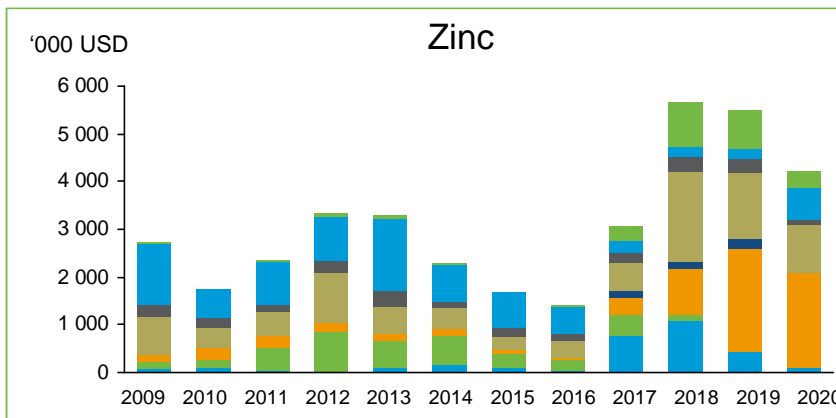
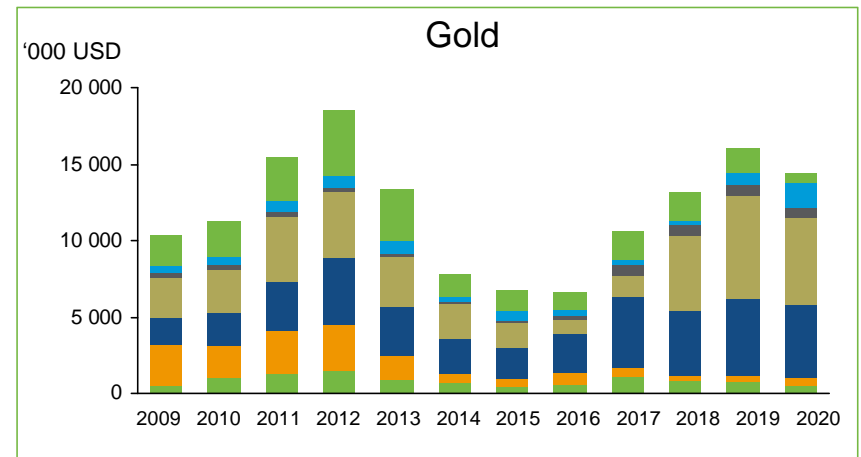
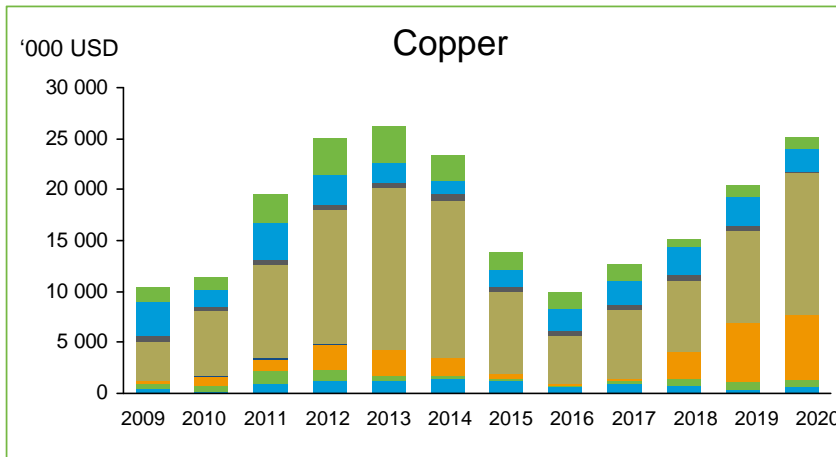


Source: Woodmac, February 2018

Expansion capex investments by commodity: Copper and Gold expected to lead the growth

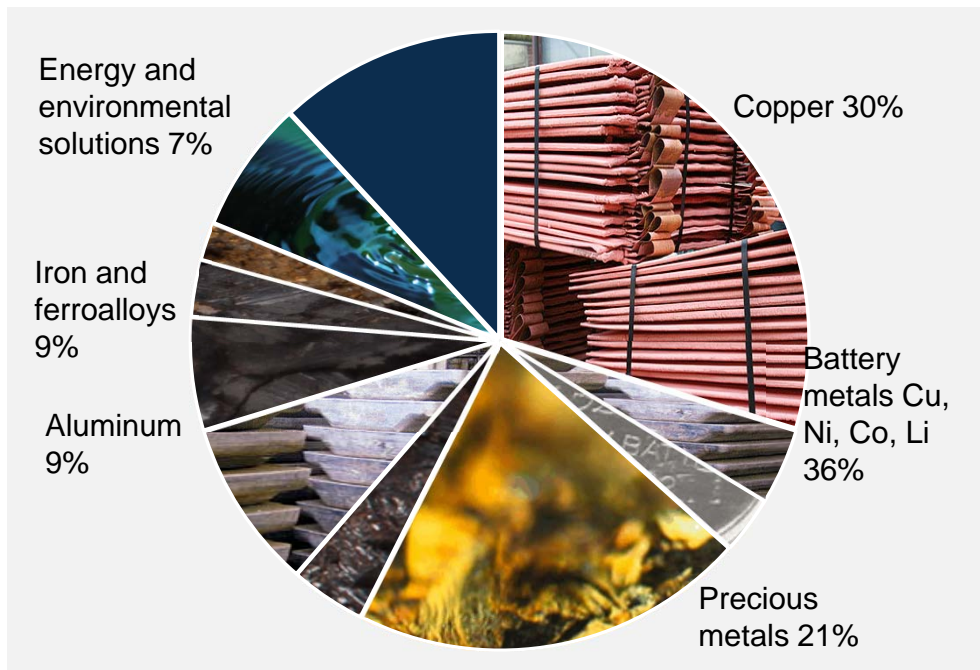


Expansion investments by region



Source: February 2018, Woodmac

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



81% of Outotec's sales coming from metals related technologies and services

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Mining companies' key challenges: energy, water, and productivity improvement

Energy



Making metals is energy intensive, energy contributes largely to CO₂ emissions.

Outotec's solutions

Energy-efficient process technologies, gas handling and heat recovery systems



Water



Water scarcity is a concern and cost factor, concerns with tailings ponds at mine sites.

Water management solutions for significant reduction in freshwater consumption through recycling and purification of wastewater

Productivity improvement



Ores are more complex and grades are declining.

Deep knowledge of processing all types of ores to achieve high yields and optimize plant performance; Lifecycle services to further improve productivity



Emission trading schemes, increasing regulation and social license to operate.

Clean technologies to avoid emissions



More recycling is needed.

Technologies for producing metals from secondary raw materials and tailings



Our industry needs digitalization to solve its challenges



"All technology suppliers should furnish their equipment with advanced diagnostics to increase our productivity."
- *Dragan Janicievic*
Global Supply Manager,
Anglo American



"We are very good at running our plants and expect Outotec to bring their global experience for our use."
- *L. Evrell*, Boliden
CEO



"When purchasing Outotec solution I expect to get an access to metallurgical know-how, not just piece of equipment"
- *A. Bariliuk*,
Polyus Managing
Director



Outotec's solutions

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

Safety
Asset performance and reliability
Improved productivity
Process optimization
Service effectiveness and efficiency

Actionable information
Co-creation with customers
Efficient internal processes
Digital workplace
New business models



Must-win battles help us to achieve our targets

<p>Customer focus</p>	<p>Service business</p>	<p>Product competitiveness</p>	<p>Project excellence</p>	<p>Our people</p>
<p>Delivering the best customer experience</p>	<p>Steady cash flow, long-term customer relationships and sustained margins</p>	<p>Improving cost competitiveness to improve margins</p>	<p>Improving the quality of our project deliveries and bringing flexibility to the cost base</p>	<p>Creating an environment for our people to develop, succeed and find joy in their work</p>

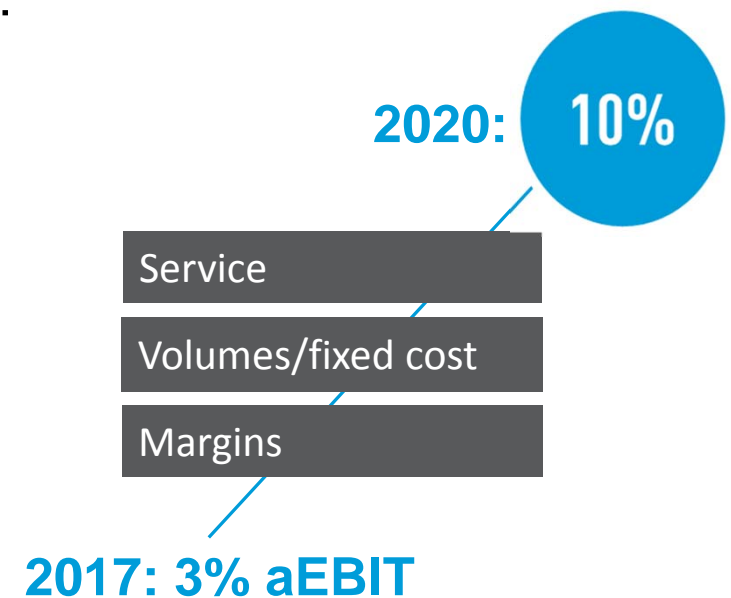
Health and safety is our first priority

Our targets

By 2020, we aim to achieve the following targets:

- ① Sales growth faster than the market
- ② Annual average service sales growth over 10%
- ③ Profitability (aEBIT) 10% of sales by 2020
- ④ Gearing at maximum 50%

We aim to grow volumes while containing fixed cost and improve margins through product competitiveness and project excellence.



Outotec's Executive Board



Tomas Hakala
Services

Olli Nastamo
Operational
Excellence

Kaisa Aalto-Luoto
Human Resources &
Communications

Kimmo Kontola
Minerals Processing

Gustav Kildén
Strategic Customers &
Business Development

Markku Teräsvasara
CEO

Nina Kiviranta
Legal, Contract
Management
& Corporate
Responsibility

Jari Älgars
CFO

Kalle Härkki
Metals, Energy
& Water

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Market sentiment improving



Financial guidance for 2018

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

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

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

Outotec



Sustainable use of
Earth's natural resources