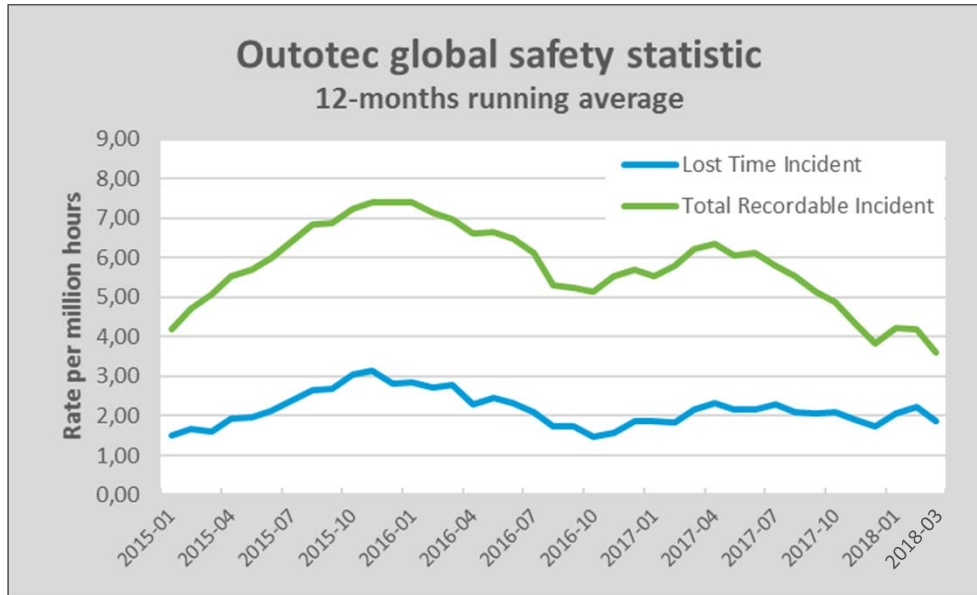




# Outotec

Sustainable use of  
Earth's natural resources  
Interim Report Q1 2018

# Safety performance



**1.7** Lost Time Incidents per million working hours (LTIR), includes Outotec employees and contractors working under Outotec's supervision.

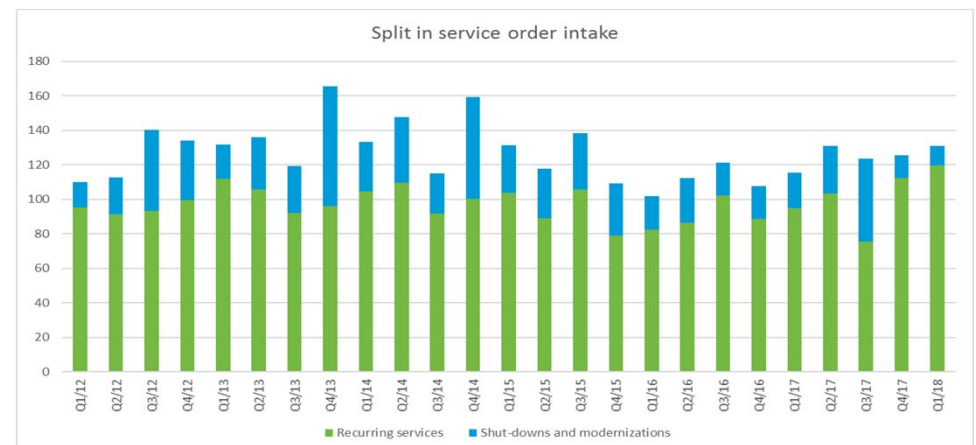
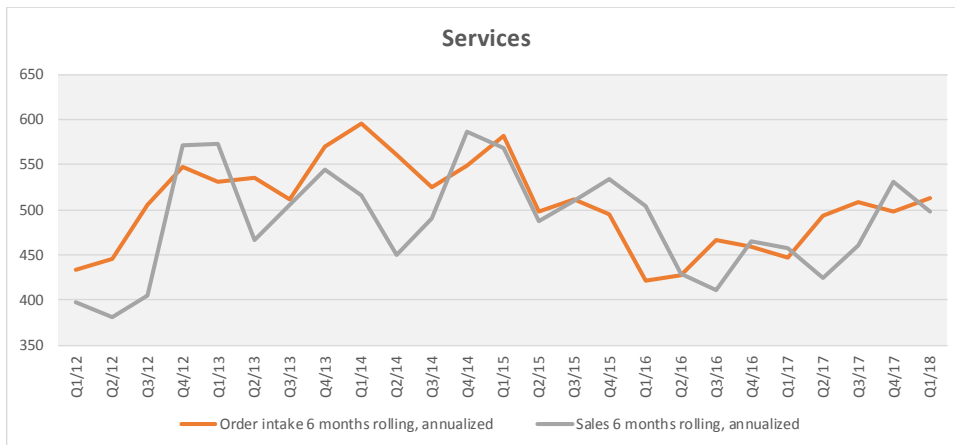
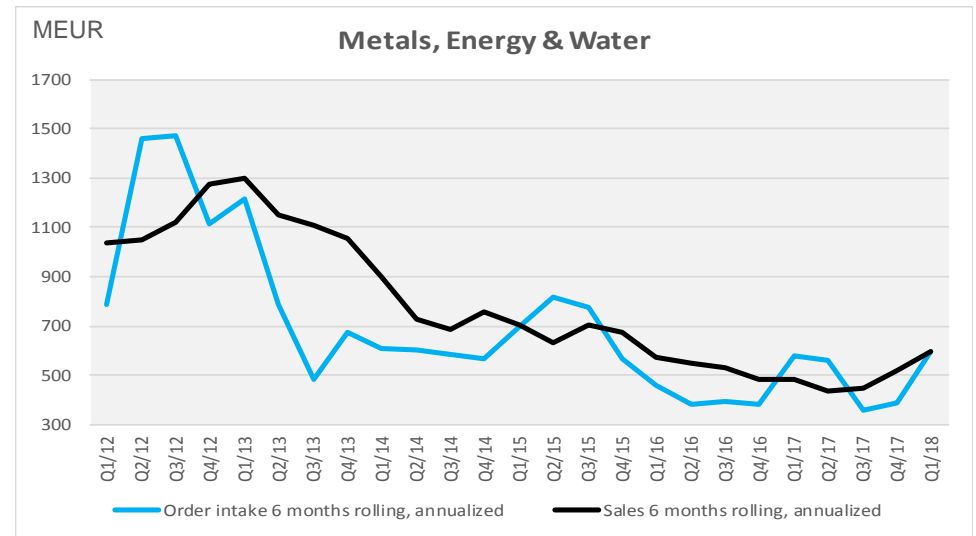
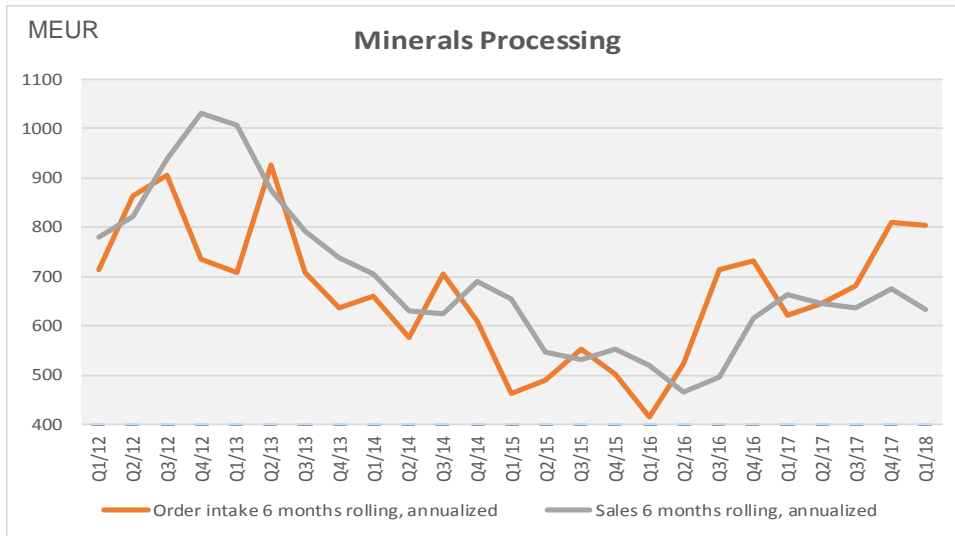
# Market development

## CEO Markku Teräsvasara

# Markets continued positive in Q1



# Order intake picking up in MEW, service demand solid

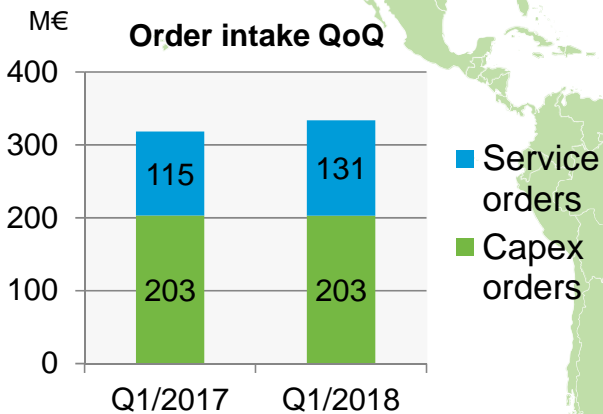


# Order intake up 5%, service orders increased by 14%

Americas 23 (35) %

EMEA 40 (53) %

APAC 37 (12) %



COPPER,  
COBALT

Modular sulfuric acid plants,  
Democratic Republic of Congo  
~33 M€



IRON

Iron ore pelletizing plant and  
filter press, India > 50 M€



IRON

Iron ore pelletizing technology,  
China > 40 M€



MEW  
order

# Key financials

CFO Jari Ålgars

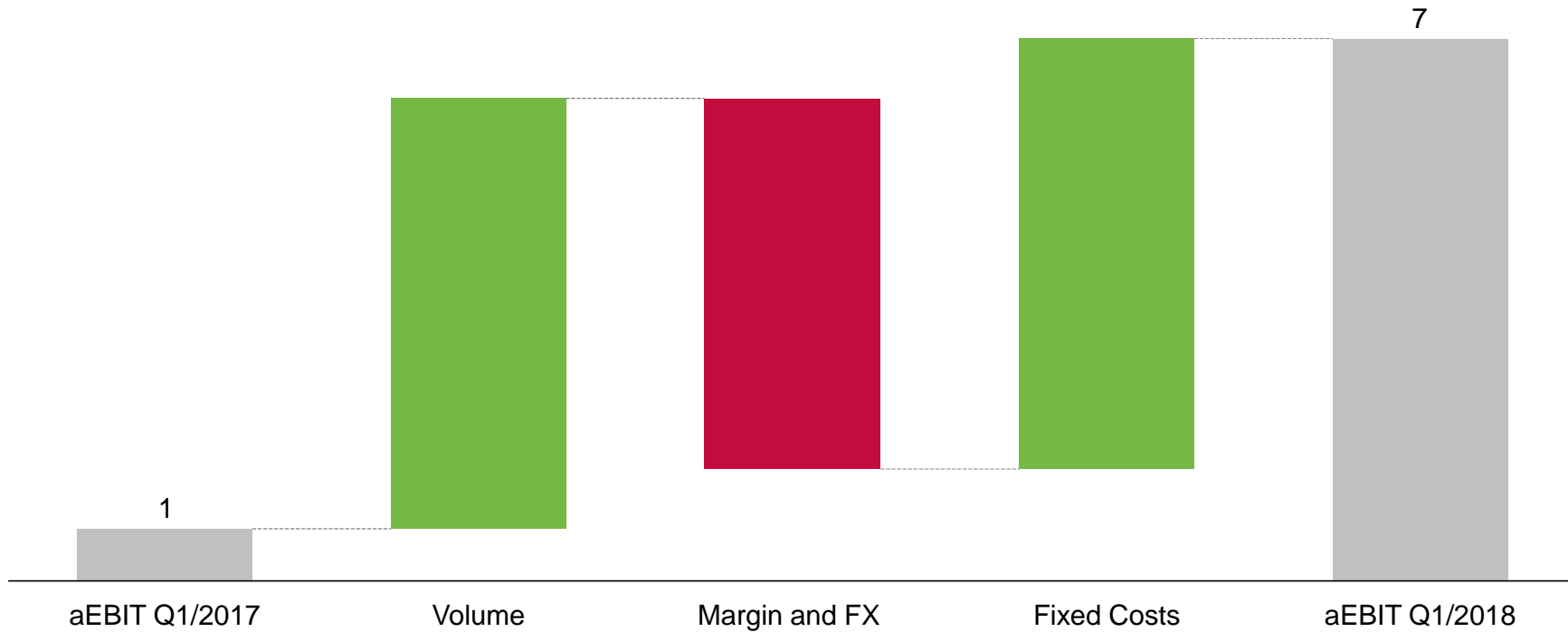
## Sales grew and profitability improved

EUR million	Q1 2018	Q1 2017	Change, %	In comparable currency, %
Sales	<b>287</b>	263	9	15
Service sales	<b>103</b>	99	4	13
Share of services in sales, %	<b>36</b>	38		
Gross margin, %	<b>23</b>	24		
Adjusted EBIT <sup>*</sup>	<b>7</b>	1		
Adjusted EBIT <sup>*</sup> , %	<b>2</b>	0		
- Restructuring and acquisition-related costs	<b>0</b>	-0		
- PPA amortization	<b>-2</b>	-2		
EBIT	<b>5</b>	-1		
EBIT, %	<b>2</b>	-0		
Result for the period	<b>2</b>	-3		
Unrealized and realized gains related to valuation of FX forward agreements	<b>1</b>	2		

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



# Higher volume and lower fixed costs improved profitability



Negative margin impacts in 2018:

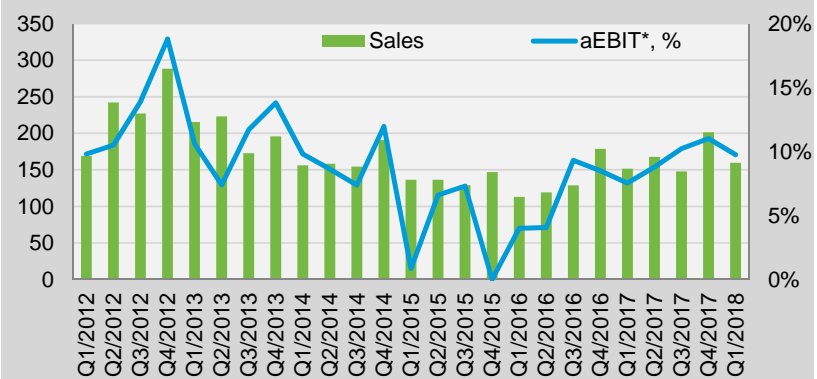
- GM erosion in some projects
- Sales mix

# Minerals Processing

Minerals Processing EUR million	Q1 2018	Q1 2017	Change, %	In comp currency, %
Order intake	<b>162</b>	146	<b>11</b>	18
Sales	<b>160</b>	152	<b>5</b>	14
Service sales	<b>71</b>	70	<b>2</b>	11
Adjusted EBIT <sup>*)</sup>	<b>16</b>	11		
Adjusted EBIT <sup>*)</sup> , %	<b>10</b>	8		
Unrealized and realized gains/losses related to valuation of FX forward agreements	<b>0</b>	-0		



Sales and adjusted EBIT development  
by quarter

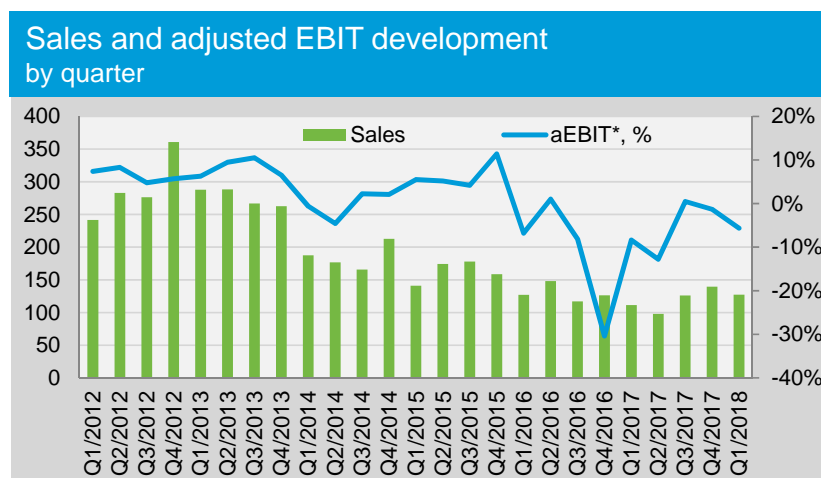


\* Excl. restructuring and acquisition-related costs as well as PPA amortizations

# Metals, Energy & Water

Metals, Energy & Water EUR million	Q1 2018	Q1 2017	Change, %	In comp currency, %
Order intake	171	172	-0	2
Sales	127	112	14	17
Service sales	32	29	8	16
Adjusted EBIT <sup>*)</sup>	-7	-9		
Adjusted EBIT <sup>*)</sup> , %	-6	-8		
Unrealized and realized gains/losses related to valuation of FX forward agreements	1	3		

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



# Strong cashflow due to new orders and receivables

EUR MILLION	Q1 2018	Q1 2017
OPERATING PROFIT	5	-1
Total depreciation and amortization	10	10
EBITDA	15	9
Total change in net working capital	56	-42
Other	-1	2
Capital expenditure & other investing activities	-5	-4
<b>FREE CASH FLOW</b>	<b>65</b>	<b>-35</b>
Interest received	1	1
Interest paid	-1	-2
Income tax paid	-2	-2
INTEREST AND TAXES	-1	-3
<b>FREE CASH FLOW AFTER INTEREST AND TAXES</b>	<b>64</b>	<b>-39</b>
Repayments of long-term debt	-0	-0
Change in current debt	-28	11
Hybrid bond & interest	-11	-11
Other financing cash flow	-0	-0
NET CASH FROM FINANCING ACTIVITIES	-39	-1
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>25</b>	<b>-39</b>
Foreign exchange rate effect on cash and cash equivalents	-2	2
Cash and cash equivalents at March 31	253	195

# Solid balance sheet

	Q1 2018	Q1 2017
Net interest-bearing debt*, EUR million	<b>-56</b>	44
Gearing*, %	<b>-12</b>	9
Equity-to-assets ratio*, %	<b>42</b>	39
Return on investment, %, LTM	<b>4</b>	-8
Return on equity, %, LTM	<b>2</b>	-12
Net working capital at the end of the period, EUR million	<b>-63</b>	11
Advances received	<b>230</b>	198
Equity, EUR million	<b>454</b>	486
Balance sheet total, EUR million	<b>1,319</b>	1,436

*\* If the hybrid bond were treated as a liability, the net interest-bearing debt EUR 94.0 million, gearing 30.9%, and the equity-to-assets ratio 27.9% on March 31, 2018 (March 31, 2017: EUR 194.1 million, 57.8% and 27.1% respectively).*

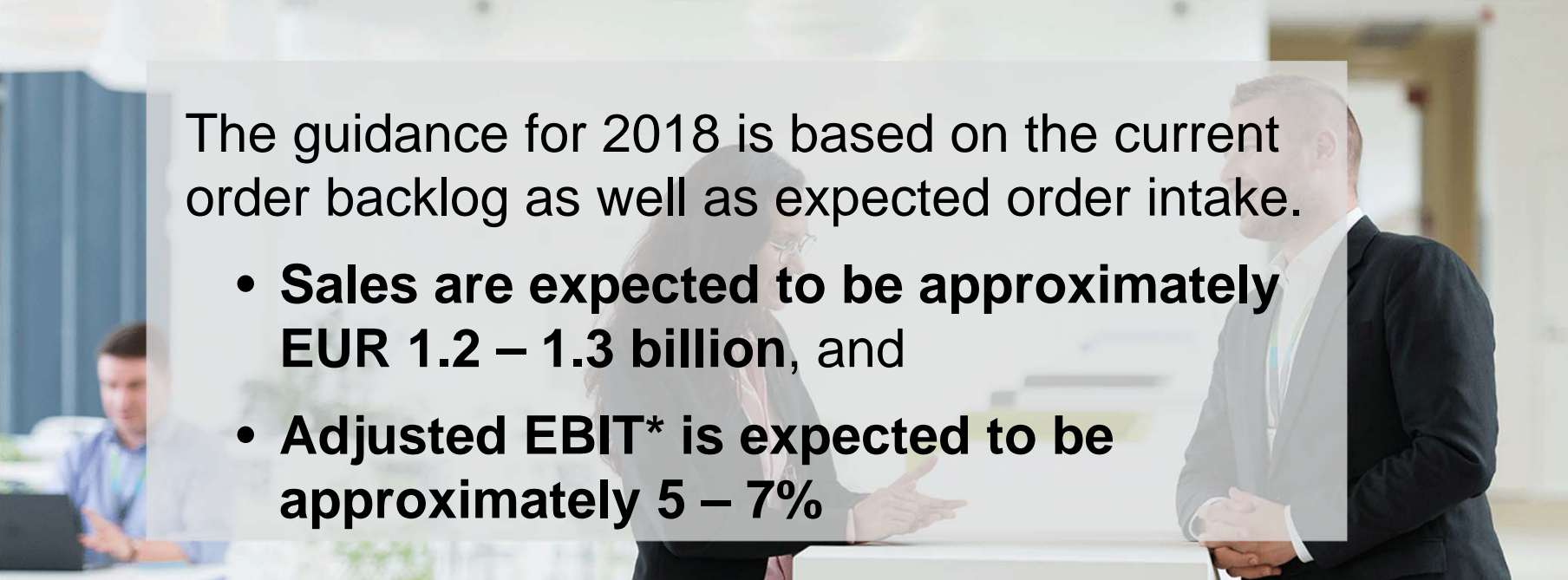
# Market outlook and guidance

## CEO Markku Teräsvasara

# Market sentiment continues solid



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

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



# Our focus areas 2018 – towards profitable growth!



Customer focus



Service business



Product competitiveness



Project excellence

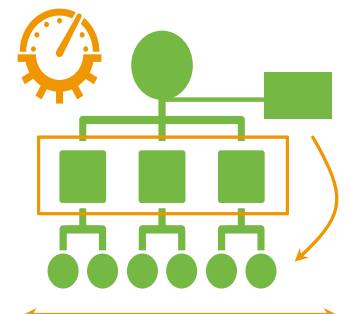


Our people

# Simplifying our organization and way of working

Outotec takes the next steps in implementing its strategy to achieve 2020 targets. The planned changes clarify the roles and responsibilities and include:

- Simplifying the structure of the segments with global end-to-end business responsibility
- Reducing management layers and streamlining global functions
- Simplifying business processes



New structure as of July 1, 2018

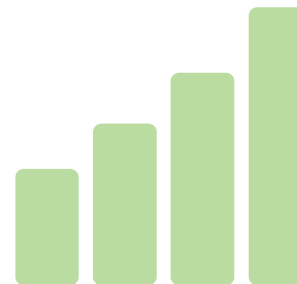


Reduction of approx. 200 employees globally

EUR 25 million impact on cost structure, restructuring costs approx EUR 12 million



Support the achievement of growth and profitability targets



Outotec



Sustainable use of  
Earth's natural resources