



Outotec

Good growth in order intake and sales,
profitability improved and solid cashflow

Interim Report Q1-Q3 2018

Sustainable use of Earth's natural resources

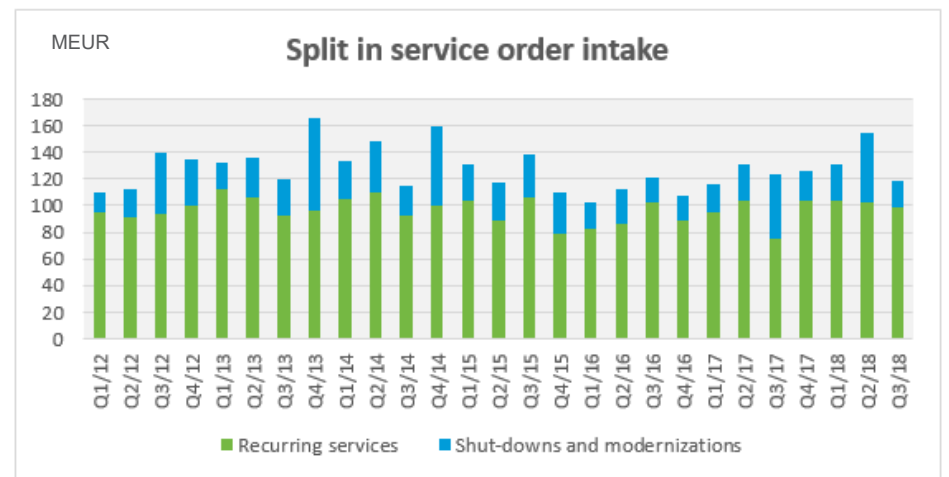
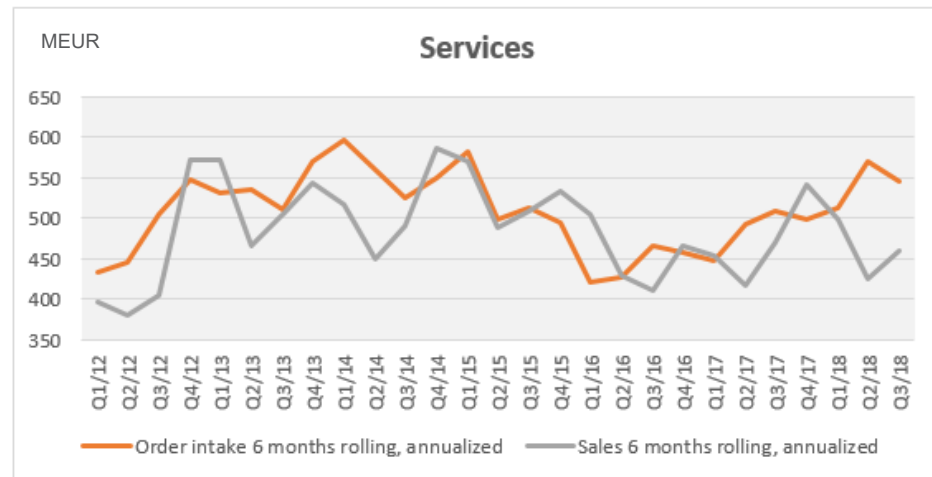
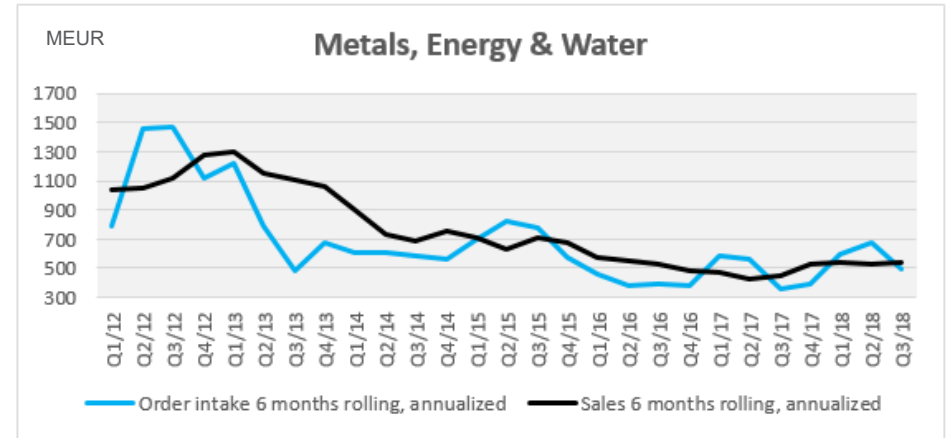
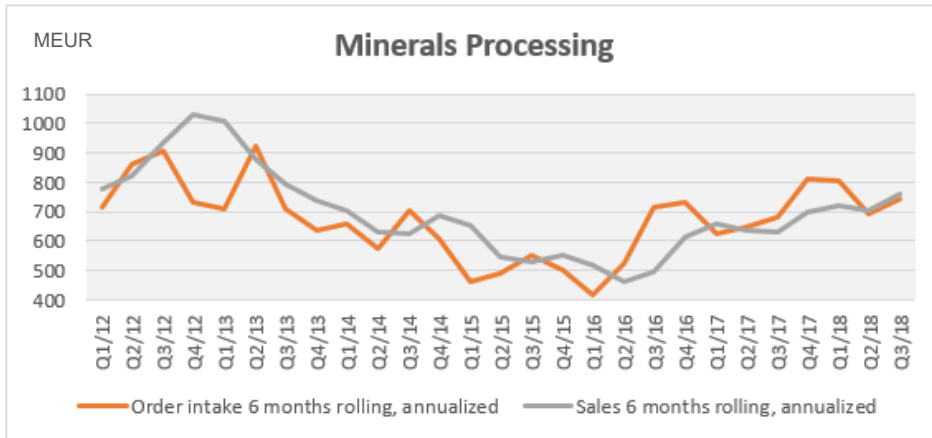
Market development

CEO Markku Teräsvasara

Min & Met market continued to develop positively, major investments slow



Order intake and sales up, some impacts from supplier constraints

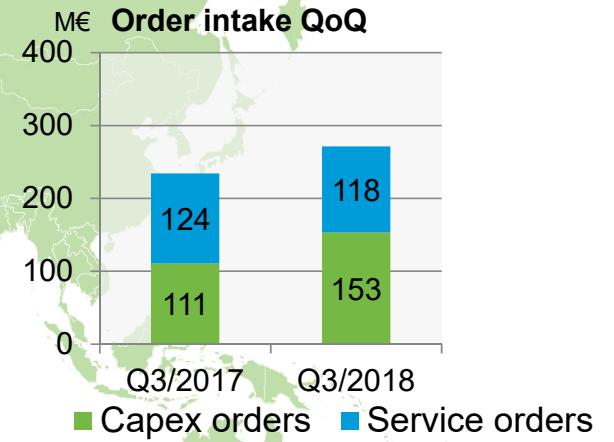


Q3: Order intake up 16%, service orders decreased by 4%, lack of large service orders



COPPER

Minerals processing technology to South America ~25 M€



MEW order

MP order

Key financials

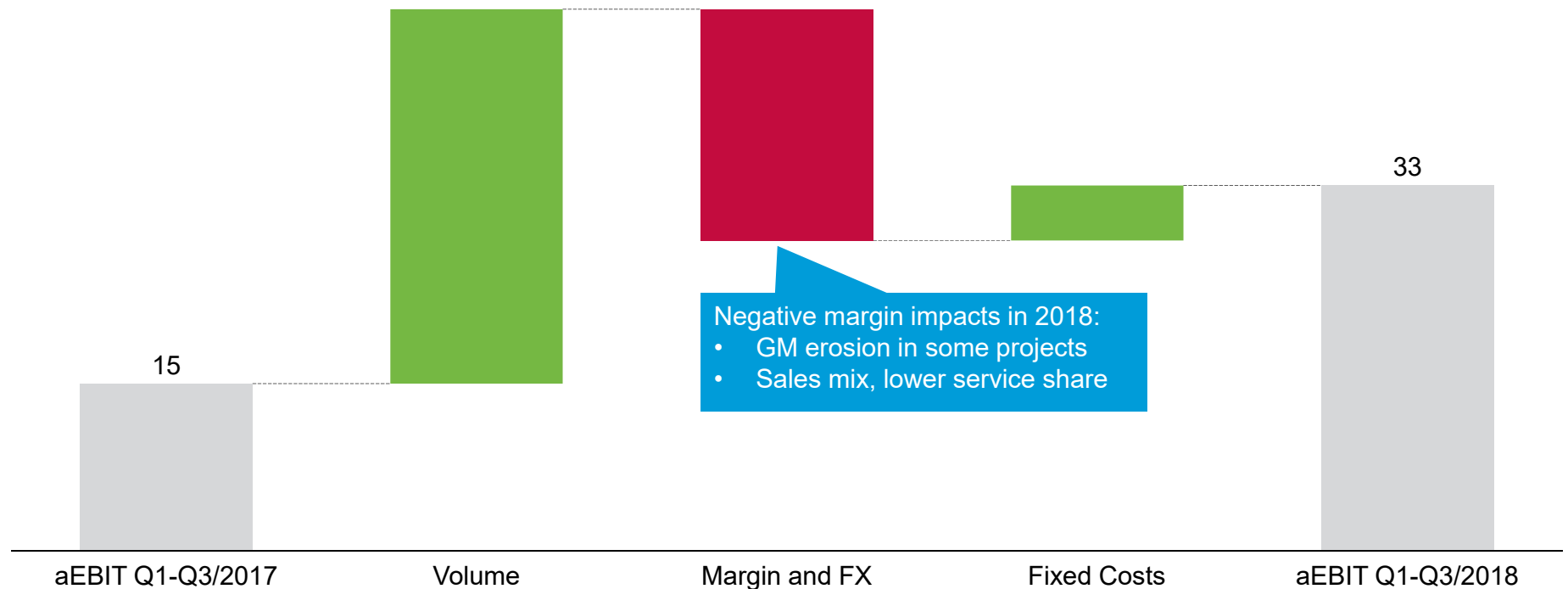
CFO Jari Ålgars

Sales grew 17%, profitability improved

EUR million	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Change, %	In comparable currency, %
Sales	320	274	939	803	17	22
Service sales	121	125	333	334	-0	6
Share of services in sales, %	38	46	36	42		
Gross margin, %	23	24	23	23		
Adjusted EBIT [*]	18	14	33	15		
Adjusted EBIT [*] , %	6	5	4	2		
- Restructuring and acquisition-related costs	-1	-0	-10	0		
- PPA amortization	-2	-2	-5	-6		
EBIT	16	12	18	10		
EBIT, %	5	4	2	1		
Result for the period	9	7	7	1		
Unrealized and realized gains related to valuation of FX forward agreements	2	4	-0	9		

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

Positive impacts from higher volumes and lower fixed costs; negative impacts from high impact cases and lower share of service

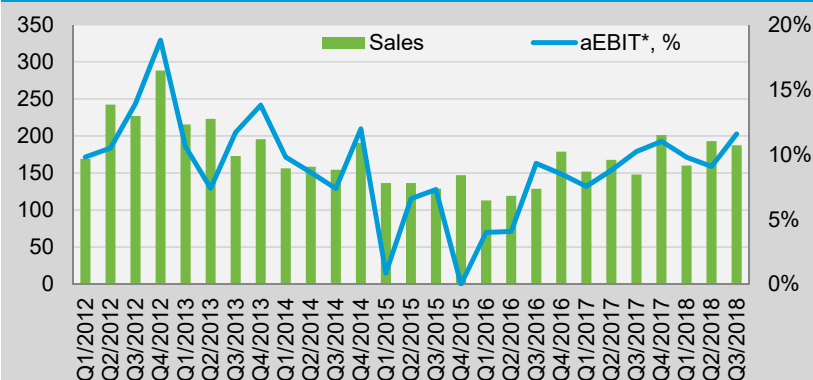


Continued good progress in Minerals Processing

Minerals Processing EUR million	Q1-Q3 2018	Q1-Q3 2017	Change, %	In comp. currency, %
Order intake	535	487	10	16
Sales	540	467	16	23
Service sales	234	214	9	17
Adjusted EBIT ^{*)}	55	41		
Adjusted EBIT ^{*)} , %	10	9		
Unrealized and realized gains/losses related to valuation of FX forward agreements	-0	6		



Sales and adjusted EBIT development
by quarter



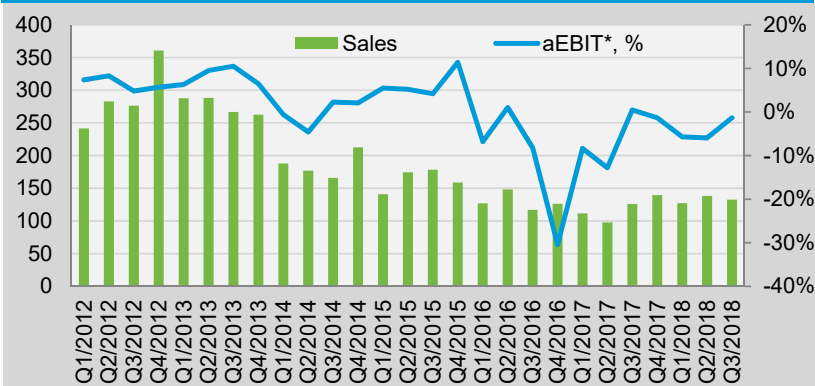
* Excl. restructuring and acquisition-related costs as well as PPA amortizations

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

Metals, Energy & Water EUR million	Q1-Q3 2018	Q1-Q3 2017	Change, %	In comp. currency, %
Order intake	417	351	19	23
Sales	398	336	19	22
Service sales	99	120	-18	-14
Adjusted EBIT ^{*)}	-17	-21		
Adjusted EBIT ^{*)} , %	-4	-6		
Unrealized and realized gains/losses related to valuation of FX forward agreements	-0	3		



Sales and adjusted EBIT development by quarter



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

Financial situation stable, solid cashflow

	Q3 2018	Q3 2017
Net cash from operation activities	88	-7
Net interest-bearing debt*, EUR million	-64	37
Gearing*, %	-14	8
Equity-to-assets ratio*, %	39	40
Return on investment, %, LTM	4	-7
Return on equity, %, LTM	2	-10
Net working capital at the end of the period, EUR million	-65	16
Advances received	217	204
Equity, EUR million	455	469
Balance sheet total, EUR million	1,374	1,385

* If the hybrid bond were treated as a liability, the net interest-bearing debt EUR 86.0 million, gearing 28.2%, and the equity-to-assets ratio 26.4% on September 30, 2018 (September 30, 2017: EUR 186.8 million, 58.5% 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
 - Simplifying selected business processes continue
 - Some non-profitable operations discontinued
 - EUR 25 million savings, full impact end of 2019
-
- To date in 2018: Restructuring costs EUR 10 million of total EUR 12 million

Market outlook positive

Solid 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

New uses such as EVs support long-term view

- Copper
- Lithium
- Cobalt
- Nickel



Financial guidance for 2018 sales reiterated, aEBIT guidance narrowed

The guidance for 2018 is based on the current order backlog as well as expected order intake excluding possible material additional costs related to the ilmenite smelter project as announced on October 26, 2018.

- **Sales are expected to be approx. EUR 1.2 – 1.3 billion, and**
- **Adjusted EBIT* is expected to be approx. 5 – 6% (prev 5-7%)**

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

Achievements in our focus areas in Q1-Q3



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
- Company values being redefined

Status of the ilmenite smelter project, October 26

- What is the problem in the project?
 - We have delivered our first ilmenite smelter with two large electric furnaces.
 - Process was not starting up as planned so the start-up of the furnace was safely discontinued
- What does this mean for Outotec?
 - Detailed investigation will be started once the furnace has cooled down, in approximately one months' time.
 - If the responsibility would be Outotec's, it would negatively impact our 2018 aEBIT
 - Building a new furnace would take approximately one year
 - Potential material costs to be booked in Q4, cash flow impact later
- Agreement with the customer to examine and identify the root causes of the problems in the ilmenite smelter project

Outotec



Sustainable use of
Earth's natural resources