



October 28, 2020

# Q3/2020 interim report

Pekka Vauramo, President and CEO  
Eeva Sipilä, CFO

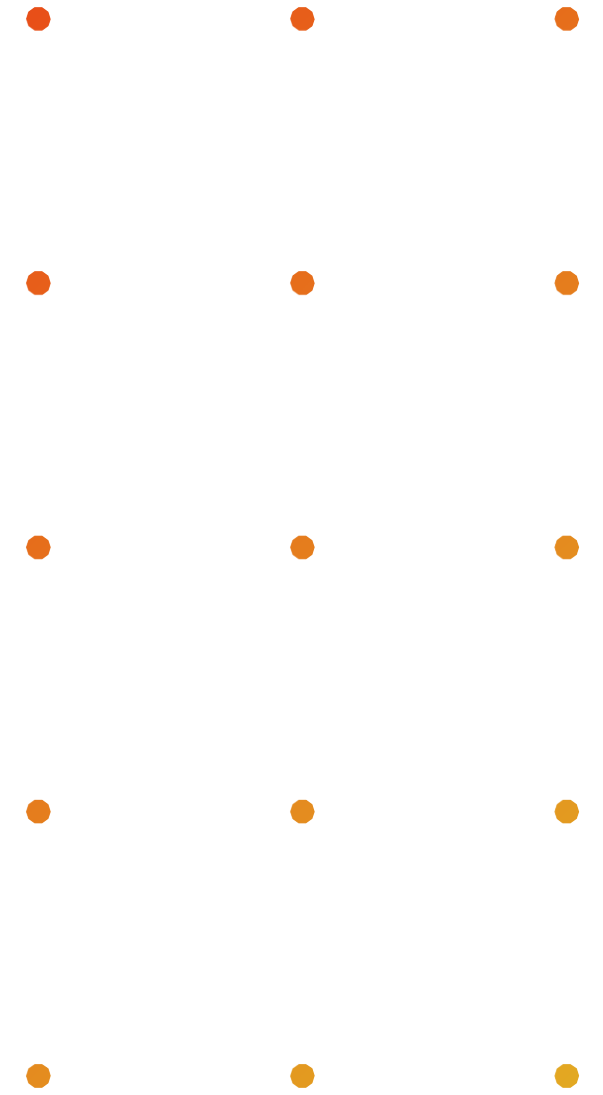
Metso:Outotec

# Forward looking statements

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for customer industry profitability and investment willingness, expectations for company growth, development and profitability and the realization of synergy benefits and cost savings, and statements preceded by "expects", "estimates", "forecasts" or similar expressions, are forward looking statements. These statements are based on current decisions and plans and currently known factors. They involve risks and uncertainties which may cause the actual results to materially differ from the results currently expected by the company.

Such factors include, but are not limited to:

- 1) general economic conditions, including fluctuations in exchange rates and interest levels which influence the operating environment and profitability of customers and thereby the orders received by the company and their margins
- 2) the competitive situation, especially significant technological solutions developed by competitors
- 3) the company's own operating conditions, such as the success of production, product development and project management and their continuous development and improvement
- 4) the success of pending and future acquisitions and restructuring.



# About this financial information

- Under IFRS, the merger of Metso's Minerals business and Outotec is treated as a reverse acquisition, where Metso Minerals is the accounting acquirer and Outotec the accounting acquiree.
- In this interim report, the segment reporting is based on the new Metso Outotec organization, consisting of the Minerals, Aggregates and Metals & Recycling segments.
- Metso Outotec has prepared both illustrative and IFRS-based historical quarterly segment information for 2019 and January - June 2020. The illustrative historical segment information is presented as a combination of Metso Minerals carve-out information and Outotec information, according to the Metso Outotec segment structure. The Outotec information is based on Outotec's historical accounting principles, and Outotec's Minerals Processing segment is included in Metso Outotec's Minerals segment and Outotec's Metals Refining segment is included in Metso Outotec's Metals & Recycling segment.

Pekka Vauramo  
President and CEO

# Results in brief

## Q3/2020 highlights

- Market activity largely unchanged compared to the end of Q2
- Orders and sales affected by Covid-19
- Performance of the Aggregates and Minerals segments healthy
- Integration has started quickly with good progress
- EUR 31 million annual run rate of cost synergies achieved
- Metals to focus on restructuring and turnaround during the next 12 months
- Recycling to be divested

## Group highlights in Q3, IFRS (comparison period illustrative combined)

- Orders received EUR 836 million (EUR 1,169 million)
- Sales EUR 985 million (EUR 1,073 million)
- Adjusted EBITA EUR 109 million, or 11.1% of sales (EUR 153 million or 14.3%)
- EBIT EUR 47 million, or 4.8% of sales (EUR 126 million or 11.7%)
- Earnings per share EUR 0.03
- Net debt EUR 943 million
- Gearing 47%

# Covid-19 impacts in Q3

- Negative impact continued due to lockdowns affecting operations and widespread restrictions limiting travel and workforce mobility
- Own operations have been running with additional health and safety measures without major disruptions since early June
- Aggregates demand stabilized to about 75-80% of normal, with growth in China
- Decision-making related to bigger investment projects continues to be slow in minerals and metals markets
- Services business continues to be affected by limited access to plan, prepare and carry out maintenance and modernization work at customer sites. The demand for spare parts and consumables has been good, thanks to healthy utilization rates at mines.

# Aggregates highlights

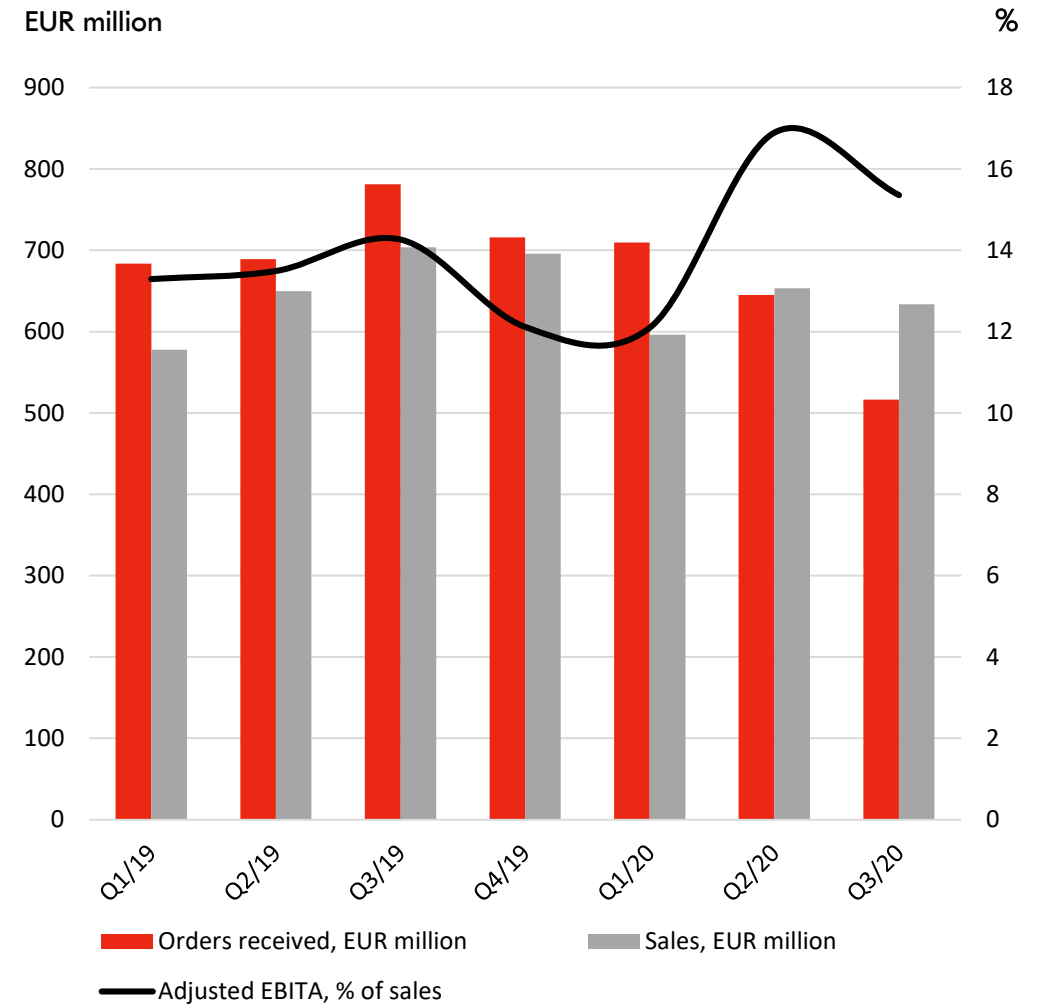
- Orders received EUR 232 million (EUR 211 million)
  - Strong development in China
  - Organic growth -14% due to Covid-19
  - McCloskey impact on growth +29%
- Sales EUR 244 million (EUR 217 million)
  - Organic growth -12%
  - McCloskey impact on growth +30%
- Adjusted EBITA EUR 26 million (EUR 28 million)
  - Margin of 10.7% (12.7%)
  - Impact of sales mix offset by successful execution of cost savings





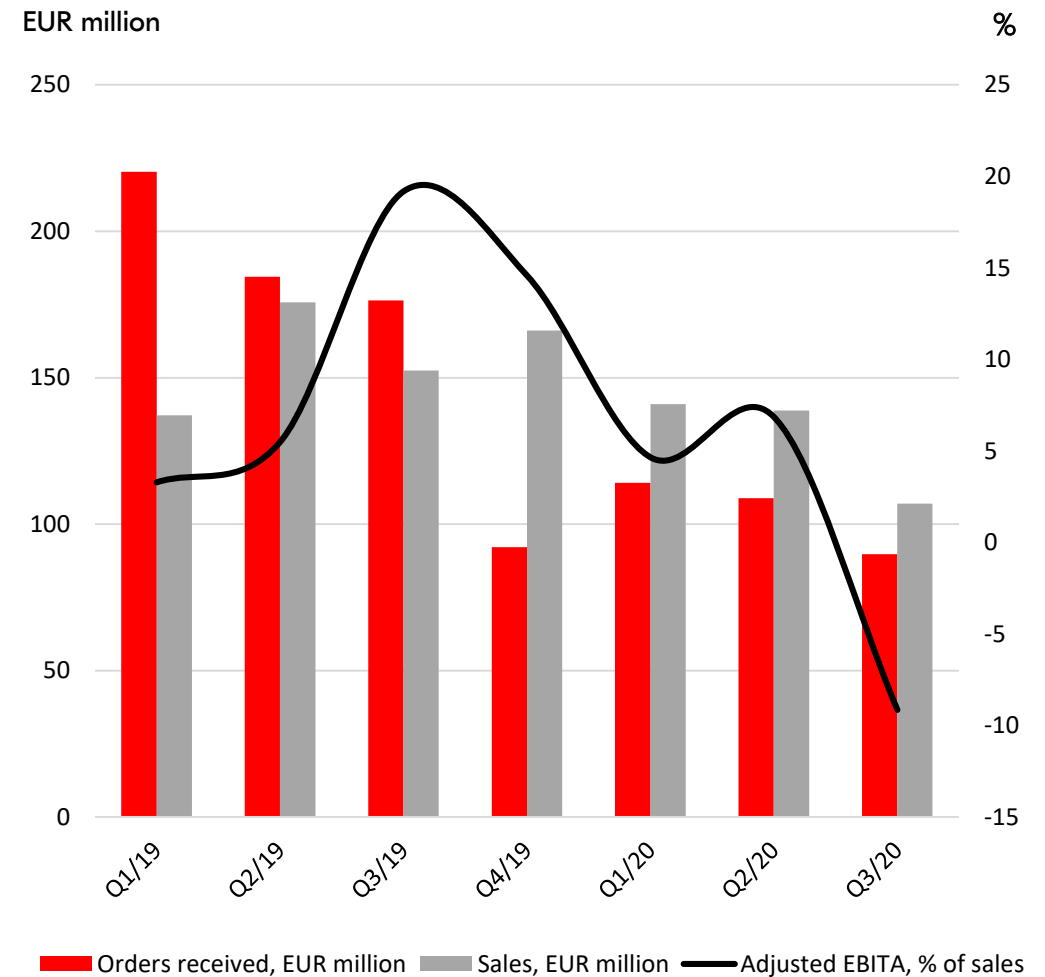
# Minerals highlights

- Orders EUR 516 million (EUR 781 million)
  - Major project orders in the comparison period
  - Project pipeline active but decision making slow
  - Upgrades and modernization services orders low
  - Currency impact -8%
- Sales EUR 634 million (EUR 704 million)
  - Organically in constant currencies -1%
  - Currency impact -9%
  - Services share 65% (63%)
- Adjusted EBITA EUR 97 million (EUR 100 million)
  - Margin of 15.3% (14.3%)
  - Good mix
  - Strong performance in Consumables



# Metals & Recycling highlights

- Orders received EUR 88 million (EUR 176 million)
  - Slow decision-making on projects and modernization services, pipeline unchanged
  - Large orders in the comparison period
- Sales EUR 107 million (EUR 152 million)
  - Low order backlog from previous quarters
- Adjusted EBITA EUR -10 million (EUR 29 million)
  - Too high fixed-cost structure compared to sales
  - Comparison period included positive one-off items



Eeva Sipilä

CFO

# Financials in detail

# IFRS Income Statement

EUR million	Q3/2020	1-9/2020	1-9/2019	1-12/2019
Sales	985	2,432	2,179	2,976
Gross profit	243	676	644	858
Adj. EBITA	109	293	278	377
Adj. EBITA, %	11.1	12.0	12.8	12.7
Operating profit	47	193	247	325
Operating profit, %	4.8	7.9	11.3	10.9
Net financial expenses	-9	-20	-23	-34
Profit before taxes	38	173	224	292
Income taxes	-15	-51	-51	-69
Profit for the period	24	123	173	223
Earnings per share, EUR	0.03	0.17*	-	-

# Income Statement (illustrative combined)

EUR million	Q3/2020	Q3/2019	1-9/2020	1-9/2019
Sales	985	1,073	3,011	3,054
Adjusted EBITA	109	153	344	378
% of sales	11.1	14.3	11.4	12.4
Operating profit	47	126	206	327
% of sales	4.8	11.7	6.9	10.7
Earnings per share*, EUR	-	-	0.15	-

\* based on the number of outstanding shares at the end of period (827,979 thousand)

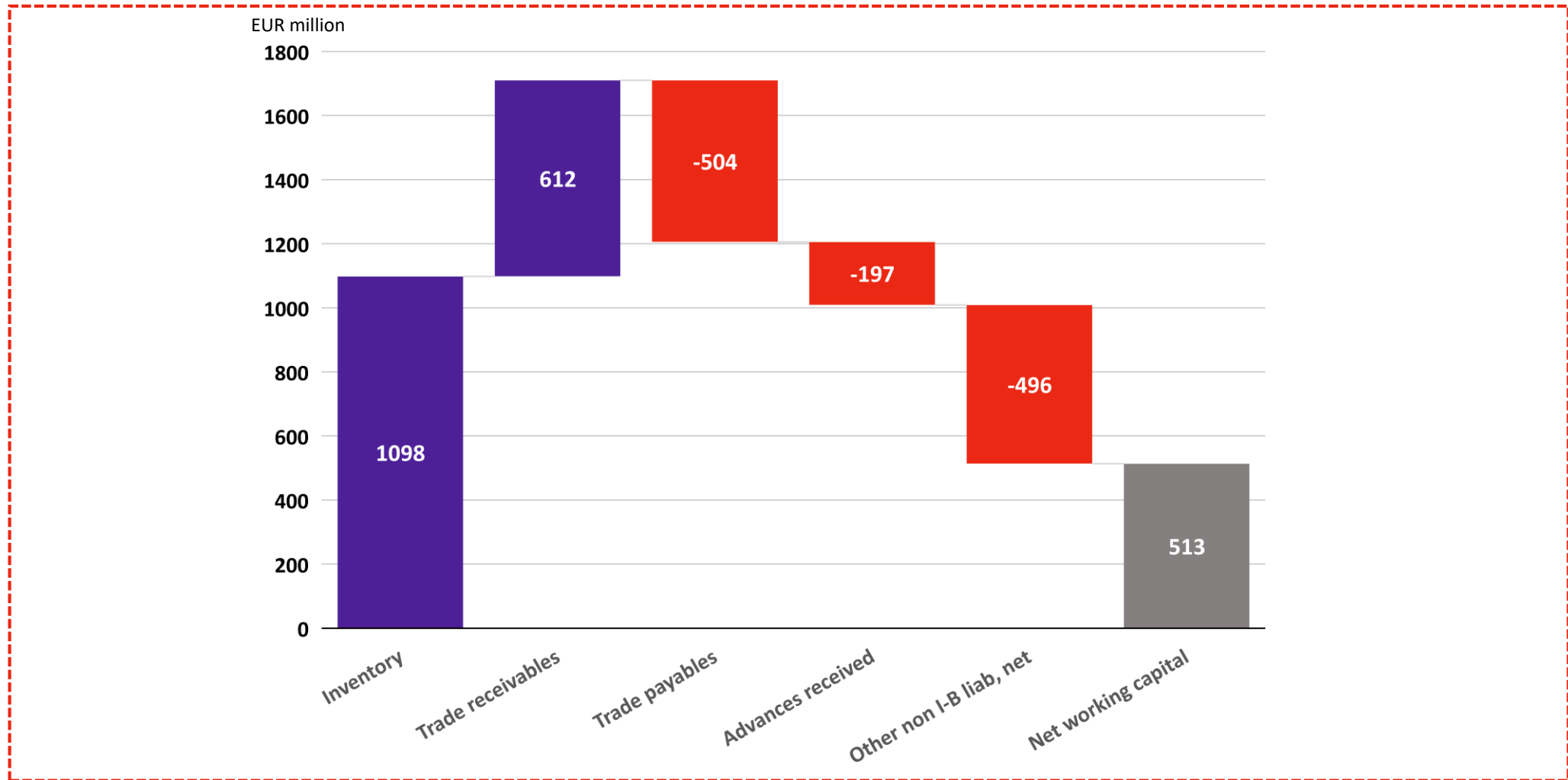
# IFRS Balance Sheet

EUR million	September 30, 2020	June 30, 2020	December 31, 2019
Intangible assets	2,027	2,062	723
Total property, plant and equipment	353	357	315
Right-of-use assets	126	138	89
Other non-current assets	237	251	282
Inventories	1,098	1,106	975
Receivables (trade and other)	1,157	1,094	916
Liquid funds	477	528	156
Assets held for sale	37	39	-
<b>TOTAL ASSETS</b>	<b>5,511</b>	<b>5,575</b>	<b>3,457</b>
Total equity	2,003	2,009	1,254
Interest bearing liabilities	1,427	1,449	915
Non-interest-bearing liabilities	2,019	2,040	1,288
Liabilities held for sale	62	78	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,511</b>	<b>5,575</b>	<b>3,457</b>

# Analysis of Cash Flow

EUR million	1-9/2020	1-12/2019
Profit for the period	123	223
Adjustments	175	166
Change in net working capital	112	-216
Financial income and expenses paid, net	-21	-31
Income taxes paid	-72	-100
<b>Net cash flow from operating activities</b>	<b>317</b>	<b>43</b>
Capital expenditure on fixed assets	-74	-87
Proceeds from and investments in financial assets, net	-	31
Business acquisitions, net of cash	203	-214
Proceeds from sale of businesses, net of cash sold	88	58
Other	7	5
<b>Net cash flow from investing activities</b>	<b>224</b>	<b>-207</b>

# Net working capital per September 30, 2020





# Financial position

- Committed and undrawn revolving credit facilities totaled EUR 790 million at the end of September
- Outotec's EUR 150 million hybrid bond was repaid on July 31, refinanced by a bank term loan
- Outotec's EUR 150 million bond maturing in September 2020 was refinanced with a bank term loan

EUR million	September 30, 2020
Liquid funds	477
Net debt	943
Gearing, %	47.0
Equity-to-assets ratio, %	39.4
Debt to capital, %	39.3
Equity/share, EUR	2.42

Pekka Vauramo

President and CEO

# Integration, strategy and outlook

## Integration proceeding fast

- Large majority of the nominations to the new organization had been made at the end of Q3
- Realization of the cost synergies is proceeding according to plan
- At the end of Q3, an annual run rate of EUR 31 million had been reached
- The main source of the synergies has been the restructuring of the organization

# Metso Outotec – Enabling sustainable modern life

## MEGATRENDS

Urbanization  
Electrification  
Sustainability  
Resource scarcity

## VISION

To be customers' number one choice for sustainable use of Earth's natural resources.  
Together we deliver service, reliability, innovation and results – safely.

## TOP PRIORITIES

Integration and financial performance  
Customer centricity  
Sustainability  
Performance culture

## BRAND PROMISE

We are the partner for positive change



BUSINESSES: AGGREGATES • MINERALS • METALS • RECYCLING • SERVICES • CONSUMABLES

## VALUES



High ambition  
– always



Customer in  
center



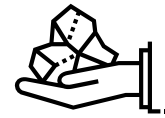
Getting it done  
– together



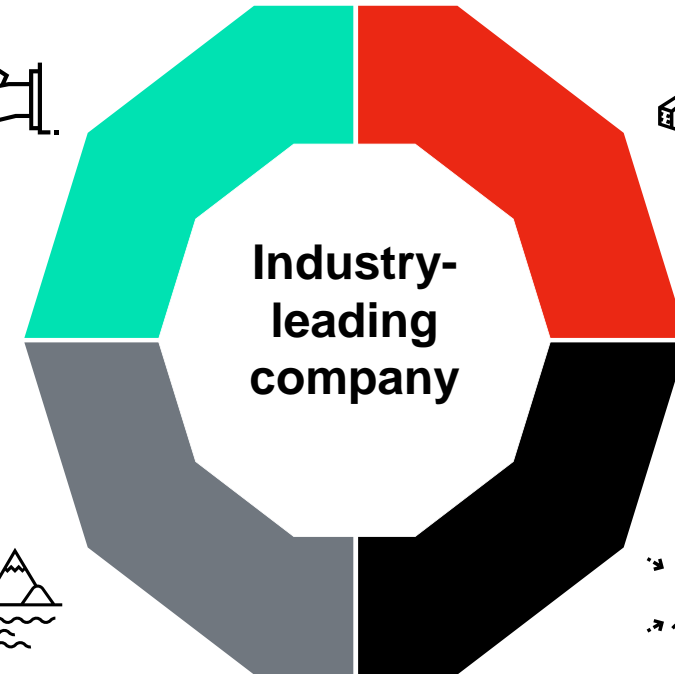
Open and  
honest

# Top priorities in strategy implementation

Performance culture



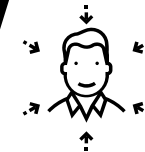
Integration and  
financial performance



Sustainability



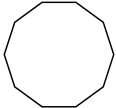
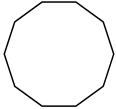
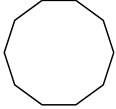
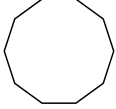
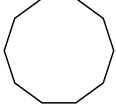
Customer centricity





## New financial targets



- Adjusted EBITA margin of  $>15\%$  over the cycle
  - Maintaining investment grade rating
  - Dividend payout of at least 50% of earnings per share
  - Progress in sustainability in alignment with the 1.5 °C commitment
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# Metals & Recycling update

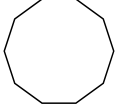
- Performance of Metals is unsatisfactory and disappointing
- Metals businesses to focus on restructuring and turnaround during the next 12 months
- Business scope and cost structure to be addressed
- Recycling business to be divested as a result of portfolio assessment
- Target to find a new owner to leverage the full potential of the business



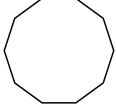
# Market outlook



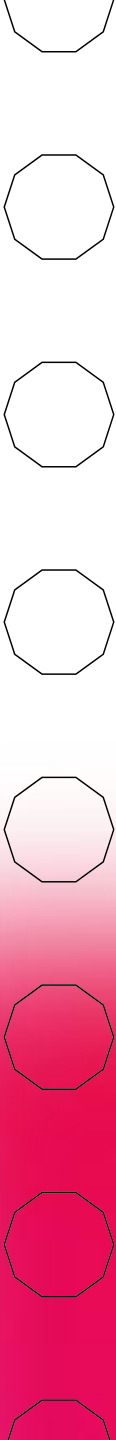
Metso Outotec expects the market activity to remain at the current level, subject to a possible worsening of the Covid-19 pandemic.



According to its disclosure policy, Metso Outotec's market outlook describes the expected sequential development of market activity during the following six-month period using three categories: improve, remain at the current level, or decline.







# Partner for positive change



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