



# CEO's review

**Markku Teräsvasara**

Annual General Meeting, March 11, 2020

**Outotec**

*Figures for 2019 and 2018 prior to Q4/2019 have been restated due to business divestments in the Metals, Energy & Water segment.*

*Renaming of the Metals, Energy & Water segment to Metals Refining.*

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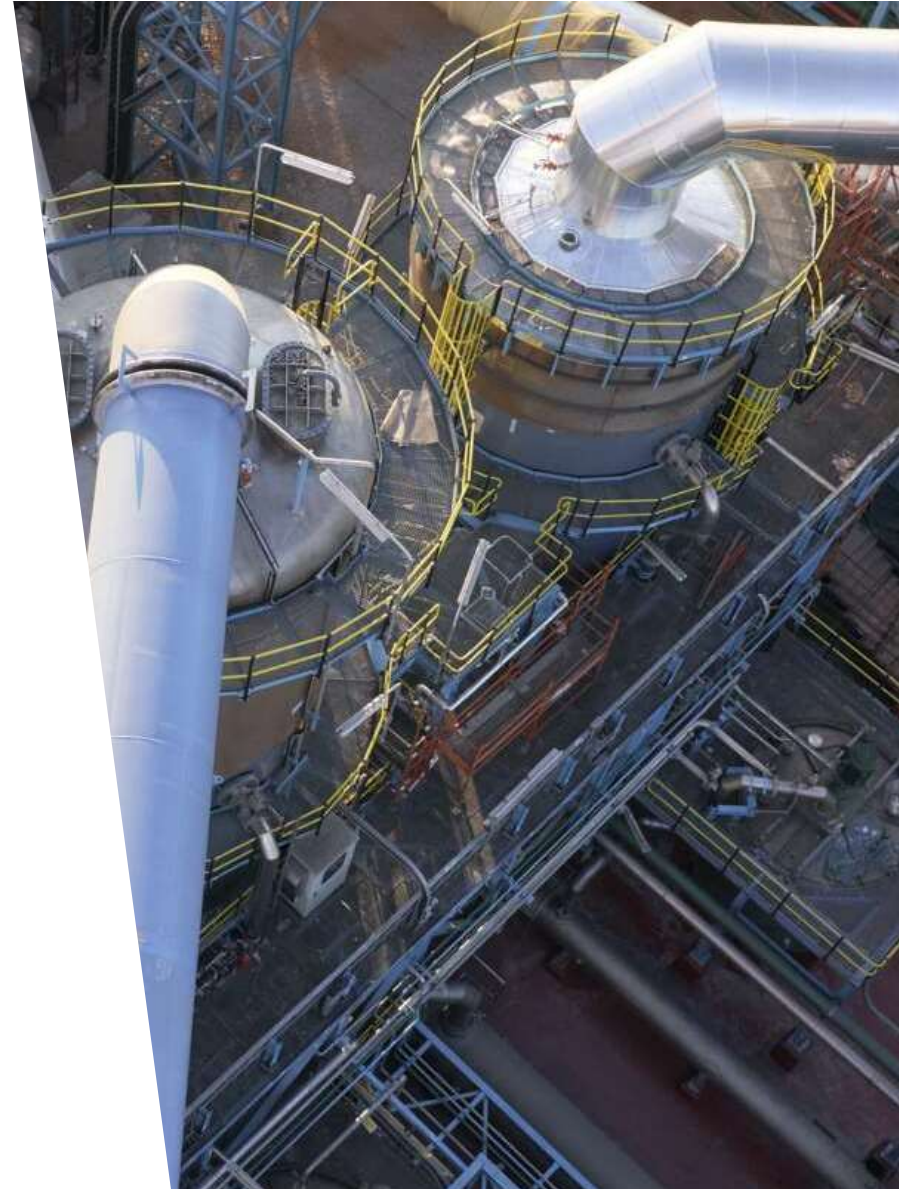
1. Outotec today
2. Progress in 2019
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# Global operations and local presence



## Strategic focus areas


- Leading technology expertise
- Leading in sustainability
- Active development of:
  - Customer focus
  - Service business
  - Project execution





## Leading technologies are our core strength

- R&D highlights in 2019
  - **New range of grinding mills** that are easy to operate and maintain across the mill's lifecycle
  - **Modular paste backfilling plant** for small-scale underground mining applications
  - **Filter press** for efficient and cost-effective solid-liquid separation
  - **Polymer hydrostatic shoe bearing system** to maximize mill's availability and simplify maintenance



6,928  
patents, 461  
new patents  
in 2019

# Our commitment to sustainability

## SUSTAINABLE TECHNOLOGIES AND INNOVATIONS

- 90%** of order intake represent Environmental Goods and Services according to OECD's criteria
- 6.6** million tonnes carbon dioxide emissions avoided through use of Outotec technologies in 2019

## TOP INDUSTRY EXPERTS

- 4,000** top industry experts contribute to the success of our customers and are driven by their unique challenges
- 67** nationalities work for Outotec

## RESPONSIBLE SUPPLY CHAIN

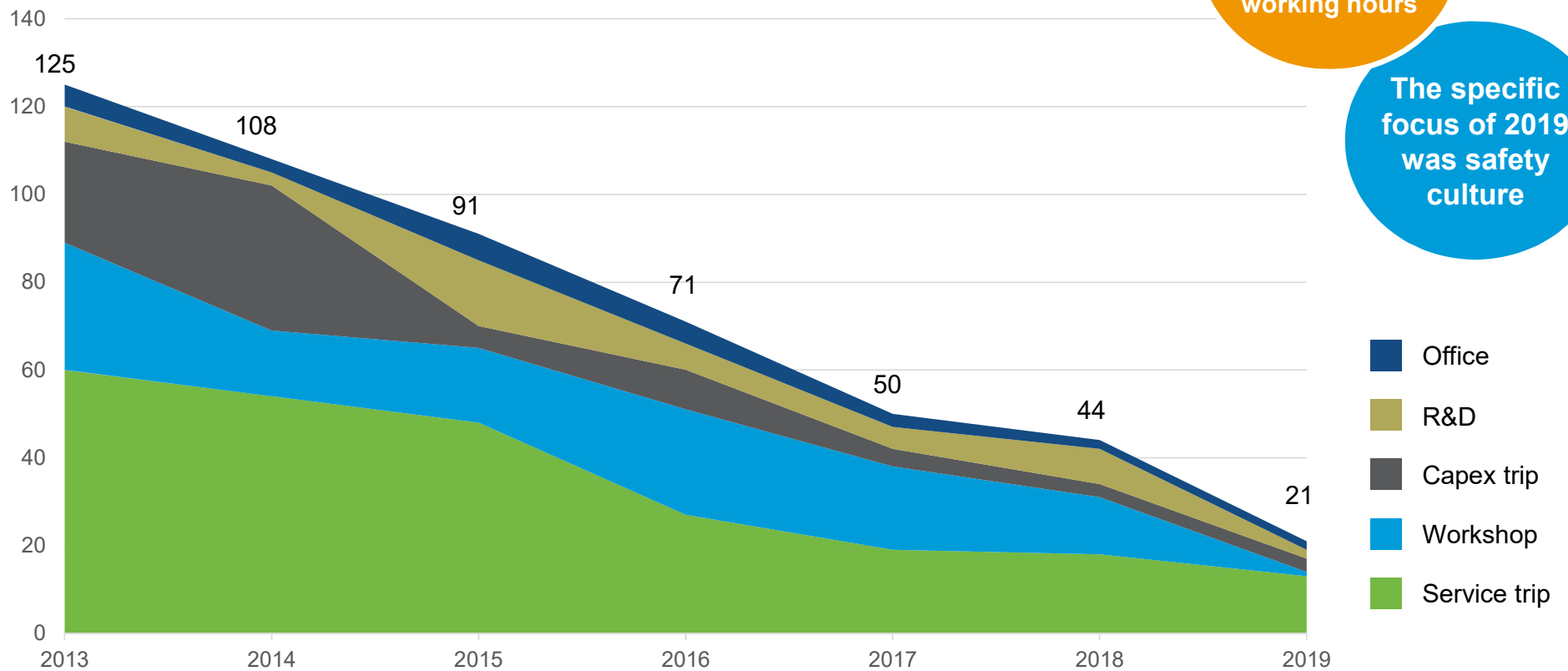
- 18<sup>th</sup>** on the Global Knights 2020 list of 100 most sustainable companies in the world
- 48%** of electricity consumption carbon dioxide free
- 34%** of key suppliers audited



**Our mission  
is sustainable  
use of Earth's  
natural  
resources.**

# Our safety performance

## Total recordable injuries





# Good progress in our focus areas



## Customer focus

Customer satisfaction improved, increased sales to large customers



## Service business

Faster lead times, strong growth in spare parts sales and service agreements



## Product competitiveness

Productization, reduced engineering hours and improved quality



## Project excellence

Improved project control and execution, risk management



## Our people

Strong employee engagement and leadership performance

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# 2019 – A year of many notable achievements

## **Good progress in minerals processing and hydrometallurgical businesses**

- Order intake increased 29%
- Sales remained at previous year's level

## **Significant profitability improvement**

- Improved project execution, a few larger project completions and a higher share of services behind improvement
- Good progress in must-win battles supported profitability

## **Spare parts and modernizations brought growth to service business**

- Service sales grew 16%

## **Employee engagement and customer satisfaction improved**



# Key figures in 2019

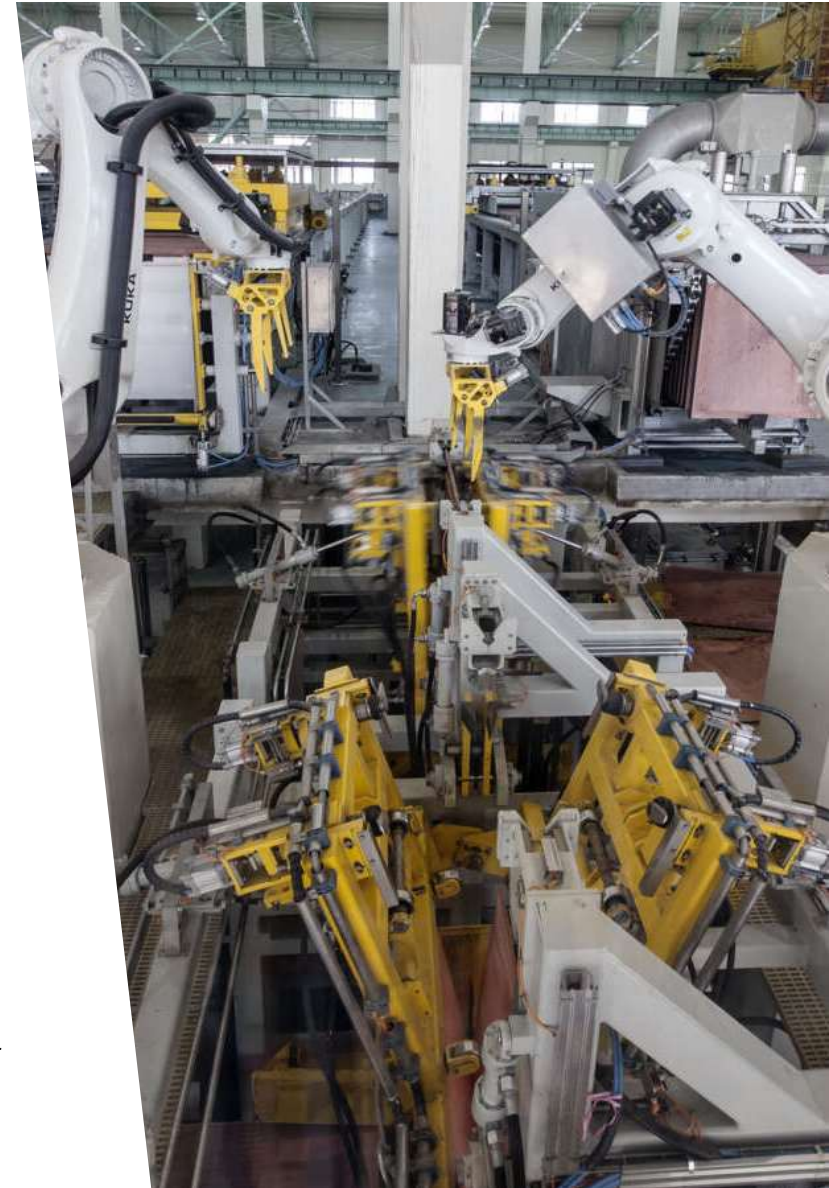
Comparison period 2018 in parenthesis

- **Order intake**<sup>1</sup>: EUR 1,501 (1,166) million, +29%
- **Sales**<sup>1</sup>: EUR 1,210 (1,198) million, +1%
- **Adjusted EBIT**<sup>1 2 3</sup>: EUR 122 (-32) million
- **EPS**<sup>1</sup>: EUR 0.10 (-0.42)
- **Service sales**<sup>1</sup>: EUR 550 (472) million, +16%

<sup>1</sup> Comparison figures related to the income statement have been restated due to business divestments in the Metals, Energy & Water segment being classified as discontinued operations.

<sup>2</sup> Excluding restructuring and acquisition-related items and PPA amortizations.

<sup>3</sup> Adjusted EBIT for Q1-Q4/2018 was EUR 78,4 million (6.5%), excluding the provision for the ilmenite smelter project.





# Orders significantly up in 2019

## Copper

Mine paste backfill tailings management system to copper-gold mine, Australia  
15M€ (Q2)

Greenfield copper concentrator and hydrometallurgical plant, Russia  
250M€ (36M€/Q2, rest in Q3)

Coated titanium anodes to new tank house for copper electrowinning plant, Norway  
10M€ (Q3)

Copper concentrator modernization, Georgia  
10M€ (Q4)

## Gold

Gold processing plant, Saudi Arabia  
140M€ (Q2)

## Lithium

Filtration technology to lithium processing plant, Australia  
12M€ (Q1)

## Nickel

Mine paste backfill system to nickel mine, Canada  
typical value 20-30M€ (Q1)

## Sulphuric acid

Sulfuric acid plant, Morocco  
80M€ (Q1)

## Iron

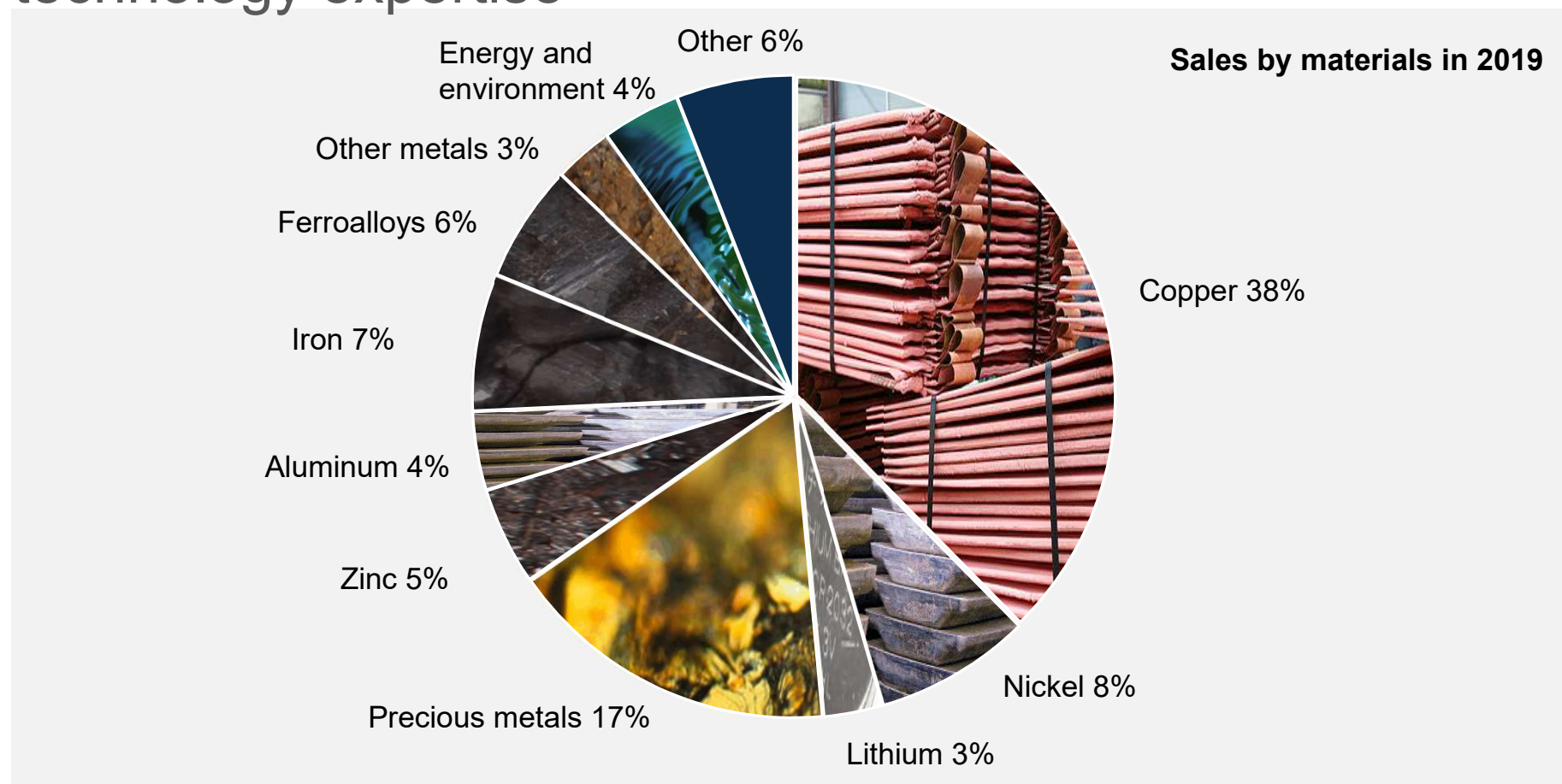
High intensity grinding mills and services for iron magnetite project, Australia  
50M€ (Q4)

Pellet plant expansion, Russia  
15M€ (Q1)

## Zinc

Two grinding mills to zinc concentrator plant, Mexico  
typical value 20M€ (Q4)

# Expected metals demand growth fits well with our core technology expertise



# Minerals Processing

## All-time high order intake

Minerals Processing MEUR	2019	2018	Change, %
Order intake	<b>1,049</b>	719	<b>46</b>
Sales	<b>799</b>	758	<b>5</b>
Service sales	<b>388</b>	344	<b>13</b>
Adjusted EBIT <sup>1</sup>	<b>81</b>	84	
Adjusted EBIT <sup>1</sup> , %	<b>10</b>	11	

<sup>1</sup> Excl. restructuring and acquisition-related costs as well as PPA amortizations

Figures for 2019 and 2018 quarters prior to Q4/2019 have been restated due to business divestments in the Metals, Energy & Water segment. Figures for 2017 and earlier years have not been restated.





# Metals Refining

## Significantly improved profitability

Metals Refining MEUR	2019	Restated <sup>3</sup> 2018	Change, %
Order intake	<b>453</b>	447	<b>1</b>
Sales	<b>411</b>	440	<b>-6</b>
Service sales	<b>162</b>	128	<b>26</b>
Adjusted EBIT <sup>1</sup>	<b>46</b>	-110	
Adjusted EBIT <sup>1 2</sup> , %	<b>11</b>	-25	

<sup>1</sup> Excluding restructuring and acquisition-related items as well as PPA amortizations

<sup>2</sup> Adjusted EBIT for Q1-Q4/2018 was EUR -0.4 million (-0.1%) excluding the provision for the ilmenite smelter project.

<sup>3</sup> Comparison figures related to the income statement have been restated due to business divestments in the Metals, Energy & Water segment being classified as discontinued operations.





# Focus on core technologies

## Business divestments

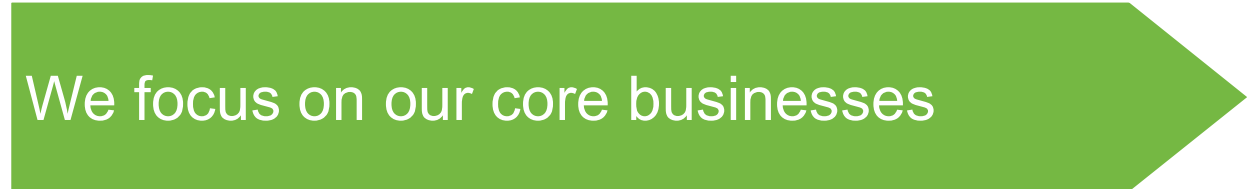
Aluminum

Waste-to-energy

Sludge incineration



We focus on our core businesses



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# Customers' key challenges: productivity, water and energy



Declining ore grades and complex ores

new technologies | plant optimization | digitalization | tailings management



Water scarcity is a concern and a cost

solutions for reducing freshwater consumption | purification of wastewater | tailings management



Emission trading and tightening regulation

energy efficiency | emission reduction | gas handling and gas cleaning | heat recovery | recycling



Optimizing productivity through digitalization

smart sites and processes | smart connected equipment | advanced diagnostics



Service opportunities

lifecycle services

## Outlook for 2020

“ The market activity in minerals processing and metals refining is currently expected to remain at present level. Copper, gold and nickel projects are expected to continue to be the most active. The timing of large investments is uncertain. ”

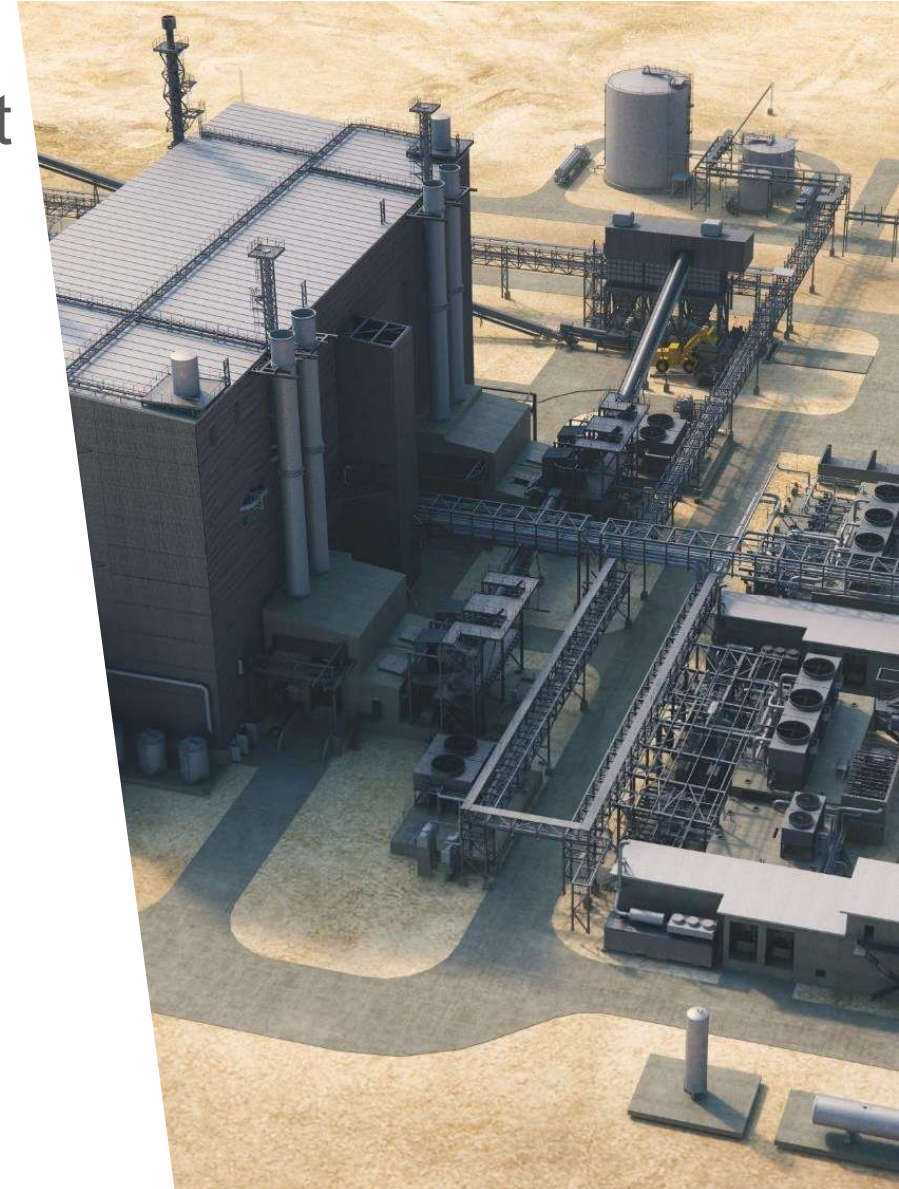




## Status of the ilmenite smelter project

We remain confident that EUR 110 million provision booked for 2018 is adequate

- Further updates will be announced following any substantial news



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# Transaction to create Metso Outotec

**The combination of Outotec and Metso Minerals will create a leading company** in process technology equipment and services for minerals, metals and aggregates industries.

Considering the progress of the regulatory approval process, **Outotec and Metso currently expect the completion of the combination of Outotec and Metso's Minerals business to take place on June 30, 2020**, subject to the receipt of all required regulatory and other approvals, including competition clearances.

## **Competition clearances received:**

Australia, Kenya, Montenegro, North Macedonia, Russia, South Africa, United States, Ukraine and Common Market for Eastern and Southern Africa (COMESA)





## Combination of highly complementary companies and significant synergies

- Strengths in different parts of the value chain
- Complementary product portfolios
- Outotec strong in technologies, Metso strong in services
- Strengths in different geographical areas
- Significant cost and revenue synergies



# Extensive offering for minerals and metals processing industries



- Outotec strengths
- Metso Minerals strengths

Outotec



Sustainable use of  
Earth's natural resources