

# Investor Presentation

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September 2021



**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:

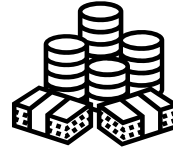
- 1) general economic conditions, including fluctuations in exchange rates and interest levels which influence the operating environment and profitability of customers and thereby the orders received by the company and their margins
- 2) the competitive situation, especially significant technological 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.

# Metso Outotec in brief

Metso Outotec is a frontrunner in sustainable technologies, end-to-end solutions and services for the aggregates, minerals processing, and metals refining industries globally.

By improving our customers' energy and water efficiency, increasing their productivity and reducing environmental risks with our process and product expertise, **we are the partner for positive change.**

Metso:Outotec



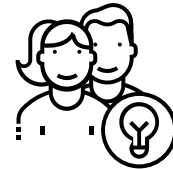
**3.9**

billion euro  
sales



**50+**

countries with  
presence



**15,000+**

employees, 80+  
nationalities



**150** years of  
expertise in mining  
and metal

# Our business areas

## Aggregates



Crushing and screening equipment for the production of aggregates

## Minerals



Equipment and full plant solutions for minerals processing

## Metals



Processing solutions and equipment for metals refining and chemical processing

## Services



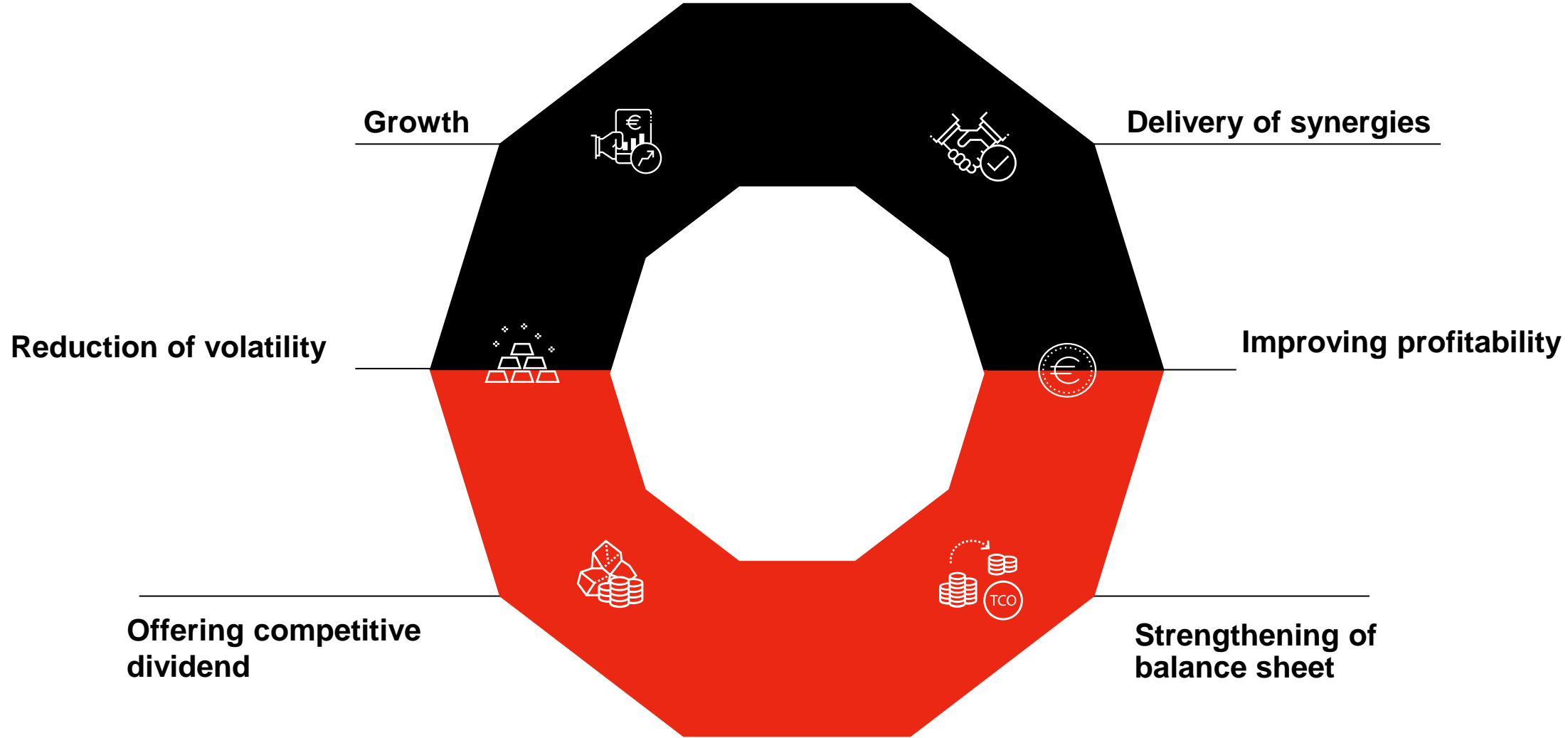
Spare parts, refurbishments and professional services for mining, metals and aggregates customers

## Consumables



Comprehensive offering of wear parts for mining and aggregates processes

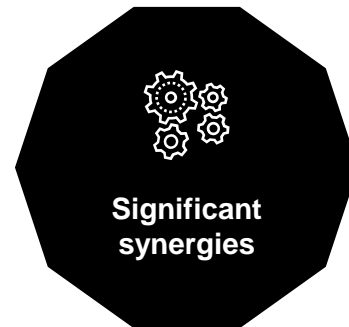
# We will deliver shareholder value through various means



# Metso Outotec investment highlights



**We have created a stronger platform in an industry that is transforming through consolidation, digitalization and an increased focus on sustainability**



# Metso Outotec key financials for 2020



Sales  
EUR million  
**3,897**

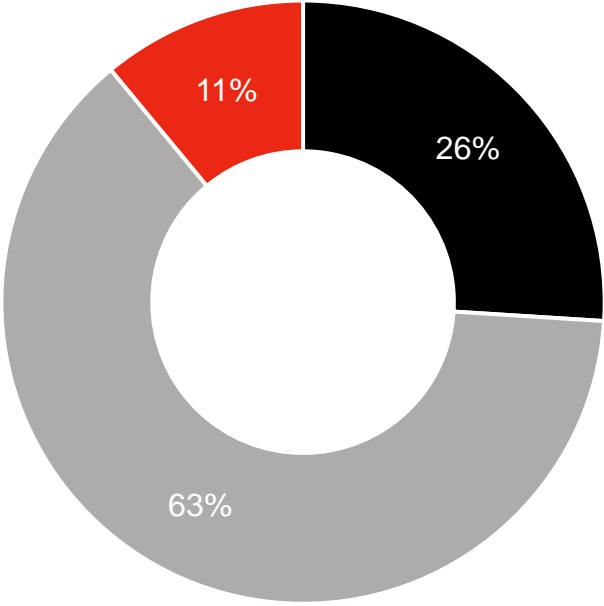


Services  
share of sales  
**52%**



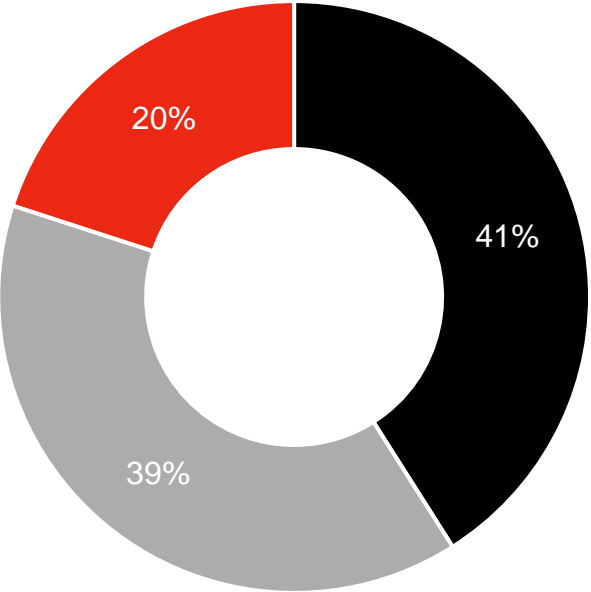
Adjusted EBITA  
EUR million / %  
**448 / 11.5%**

### Sales by industry



- Aggregates
- Minerals
- Metals

### Sales by geography



- EMEA
- Americas
- APAC

An aerial, high-angle photograph of a modern city at night. The city is densely packed with buildings, many of which are brightly lit from within, creating a warm glow. A prominent feature is a large, curved elevated roadway or highway that winds through the center of the frame. The streets below are also illuminated, with light trails from moving vehicles. The overall scene conveys a sense of a vibrant, active urban environment.

**Our purpose**

**Enabling sustainable modern life**

Metso:Outotec



# Our vision



To be customers' number-one choice for sustainable use of earth's natural resources.

Together we deliver service, reliability, innovation and results – safely.

# Our purpose - 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 • SERVICES • CONSUMABLES

### VALUES



High ambition – always



Customer in center



Getting it done – together



Open and honest

# Tier One Priorities

## Strategy implementation



Integration and financial performance



Customer centricity



Sustainability



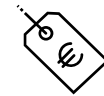
Performance culture



# Target to be industry leading company with strong financial performance



Adjusted EBITA  
margin of  
**>15%**  
over the cycle



Maintaining  
investment  
grade credit  
rating



Dividend payout of  
at least  
**50%**  
of earnings per share



Progress in sustainability  
in alignment with the  
**1.5°C**  
commitment

# Our key strengths provide a strong base...



Widest offering  
and capabilities



Leading services  
expertise



Customer base  
and strong brand



Strong technology  
and R&D power



Scale & financial  
position

...which is supported by focused organization with clear roles and responsibilities

## Business areas

- P&L responsibility
- Offering
- Go-to-market models
- R&D

5

## Market areas

- Customer service
- Sales & account management
- Local operations

8

## Global functions

- Scale benefits
- Best practices
- Global tools
- Cost efficiency

4

# Our strong portfolio with aftermarket opportunities



**Aggregates**  
25% of sales

**Global #1**

Aftermarket potential  
**~35-45%**



**Minerals processing**  
63% of sales

**Global #1**

Aftermarket potential  
**~60-70%**



**Metals**  
8% of sales

**Global #1**

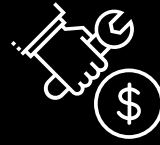
Aftermarket potential  
**~30-40%**

Note: sales split year-to-date 2020, excluding Recycling 4%

# Emphasizing services and product development

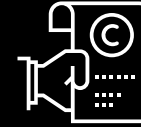


Metso:Outotec



## CONTINUOUSLY GROW SERVICES

- Reinforce presence in **service-intensive businesses**
- **Profitability and stability** over cycles
- Grow coverage of **own installed base** and grow beyond that



## FOCUS ON PRODUCT DEVELOPMENT

- Building on our end-to-end **process knowledge**
- **Standardized and pre-engineered products**
- Securing service business potential via **design to service**
- **Reducing dependency on big projects**



# We are on track in delivering the integration synergies

## Synergies at announcement of transaction (July 4, 2019):

- EUR 100 million cost synergies
- EUR 150 million revenue synergies
- In three years

## Synergies confirmed after merger (August 4, 2020):

- EUR 120 million cost synergies by end of 2021
- EUR 50 million run-rate by end of 2020
- EUR 150 million revenue synergies by end of 2022

## Current update at Q2/2021:

- EUR 105 million annual run-rate in cost synergies realized by the end of the quarter
- Run rate of EUR 120 million to be achieved in the end of 2021

# Business specific profitability improvement actions continue

Earlier initiated actions continue uninterrupted in Minerals and Aggregates, Metals restructuring and turnaround actions ongoing



## Supply footprint

- Ensuring scale and competitiveness
- Focusing on reducing internal logistics and complexity
- Improving lead times to reduce working capital



## Customer centricity

- Improving on-time delivery
- Ensuring availability and reliability



## R&D

- Ensuring consistent roadmap and gate structure
- Focusing on productization, serviceability and sustainability

# Strategy execution will result in measurable financial improvement

## Financial targets

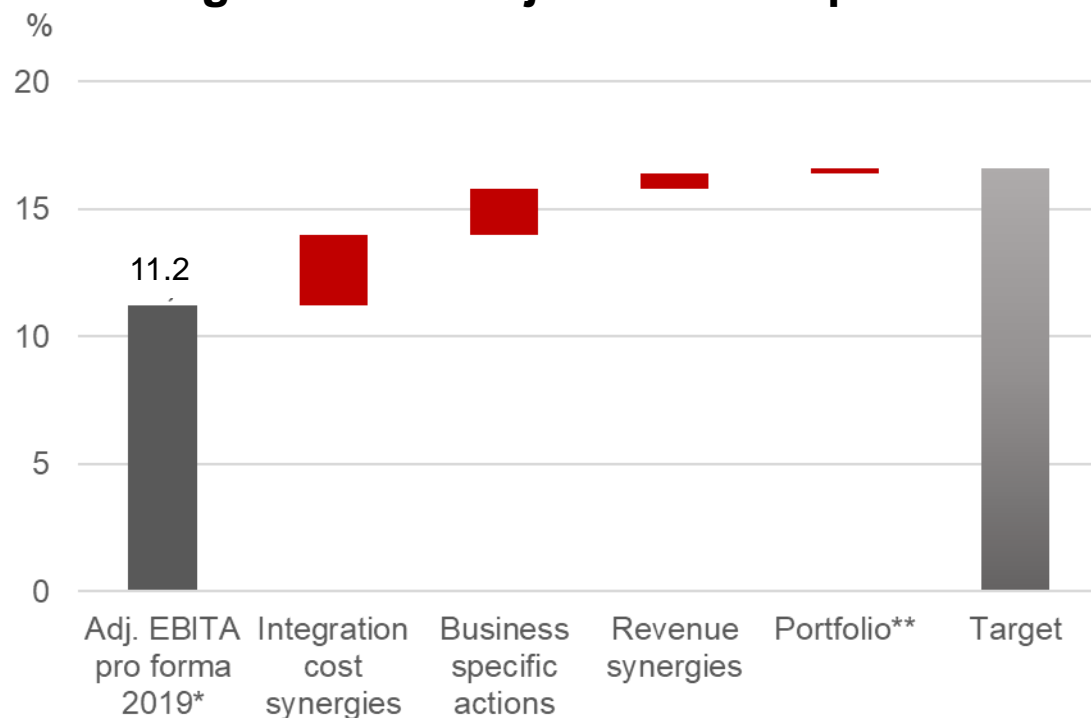
Adjusted EBITA >15% over the cycle

Maintaining an 'investment-grade' credit rating

Dividend pay-out of at least 50% of earnings per share

Progress in sustainability in alignment with the 1.5 °C commitment

## Building blocks of adj. EBITA % improvement



\* Pro forma as published for continuing operations

\*\* Recycling divestment considered, Metals turnaround tbc (work-in-progress)

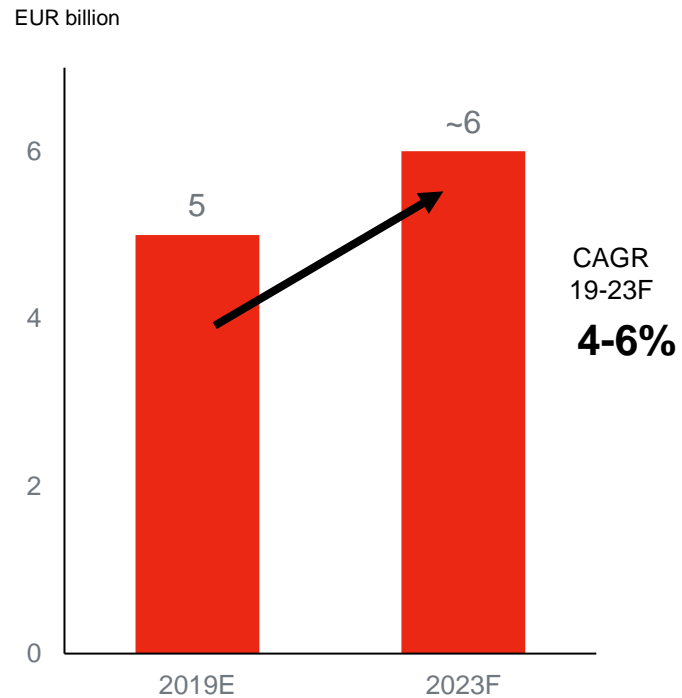
# Action taken in Metals & Recycling

- **Metals business area** turnaround completed in H1/2021
- Business scope and cost structure addressed
- 15M annual savings
- Aluminium business divested in April 2021
- **Waste recycling** business announced to be divested, closing in Q4/2021
- Metal recycling divestment process ongoing

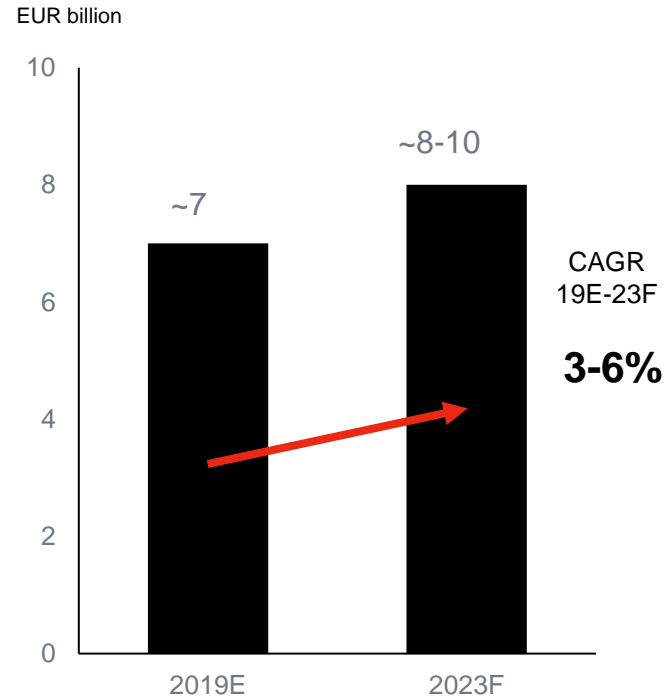


# Our core industries have a solid growth outlook...

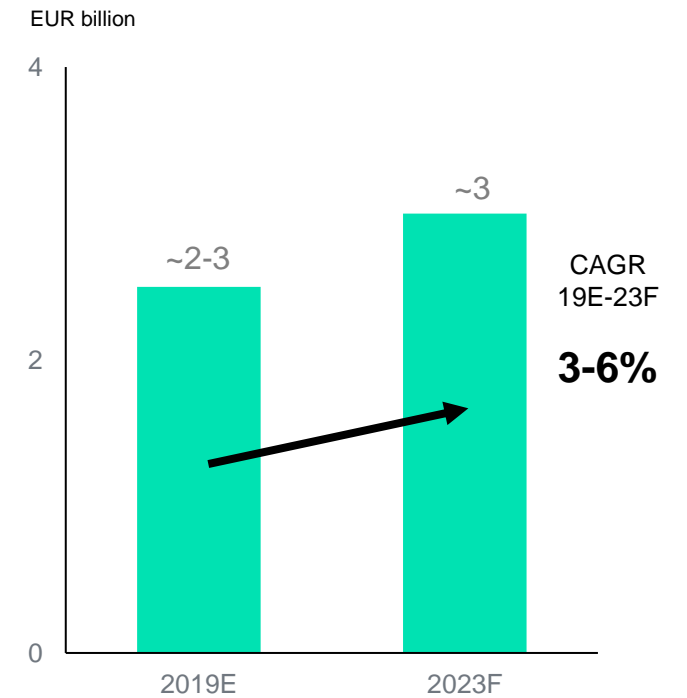
## AGGREGATES – equipment market growth



## MINERALS PROCESSING – equipment market growth



## METAL REFINING – equipment market growth



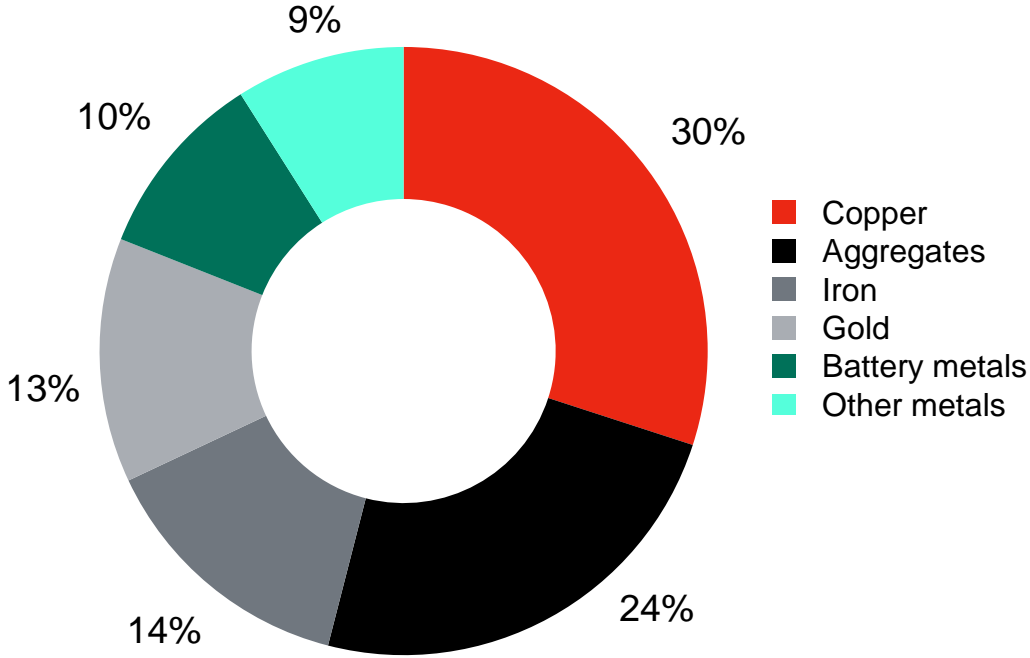
Source: Woodmac; projects data evaluation

**Metso:Outotec**

# ...and our exposure is balanced...



~80% of sales spread across 4 major applications

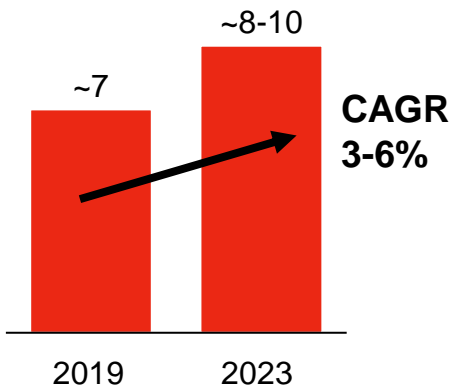


Excluding recycling and other industries

# ...between three major growing metals...

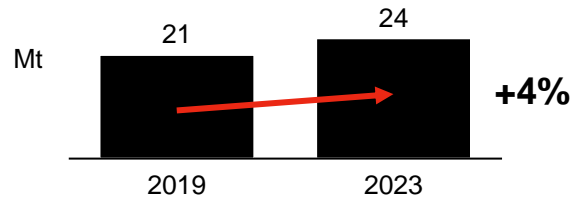
## MINING CAPEX

M:O addressable market, EUR billion



## PRODUCTION 2019-2023

COPPER (total committed)



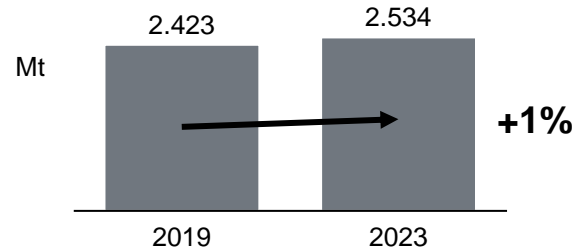
Current market balance

Slight oversupply  
Deficit expected >2023

Share of M:O sales

30%

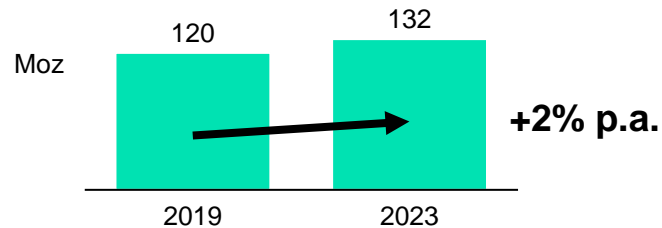
IRON ORE



Slight oversupply  
Strong demand from China continues  
Pelletizing driving growth

14%

GOLD



Balanced

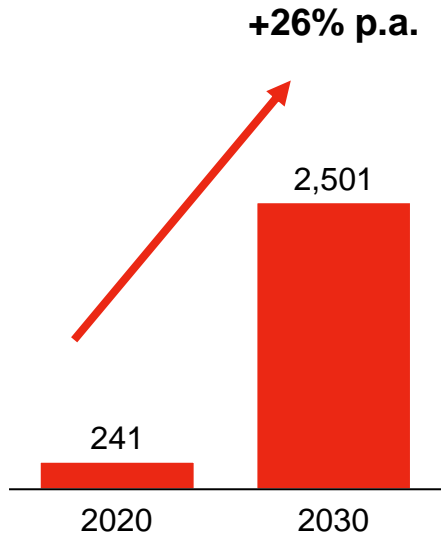
13%

Source: Woodmac, S&P Global Market intelligence

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# ...and a good position in fast-emerging battery metal processing and recycling markets

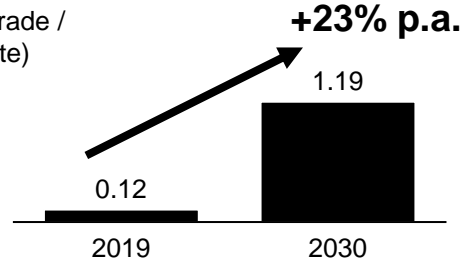
## GLOBAL LI-ION BATTERY CELL DEMAND GWh



## DEMAND 2019-30, Mt

### NICKEL

(battery-grade / HPAL route)



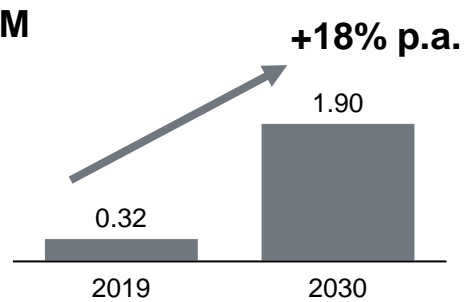
Current market balance

Slight oversupply

Future market balance

Shortage of battery-grade is expected after 2025

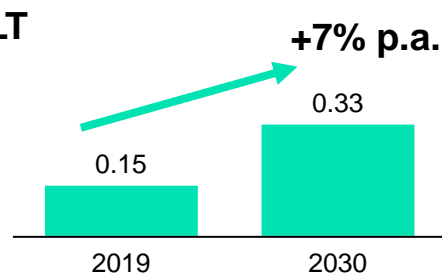
### LITHIUM



Oversupply expected to last until 2026

Shortage after 2026

### COBALT



Balanced market 2010-17, no major disruptions

Shortage

Magnitude dependent on intensity in batteries is expected to decline

Source: S&P Global Market Intelligence

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# Our commitment to the 1.5 °C journey

## Handprint: Sustainable offering and innovations



Energy efficiency and emissions



Water efficiency



Offering in circularity



Safe operations

## Footprint: Responsible and trusted partner



Environmental efficiency in operations



Responsible procurement



Engaged and diverse experts



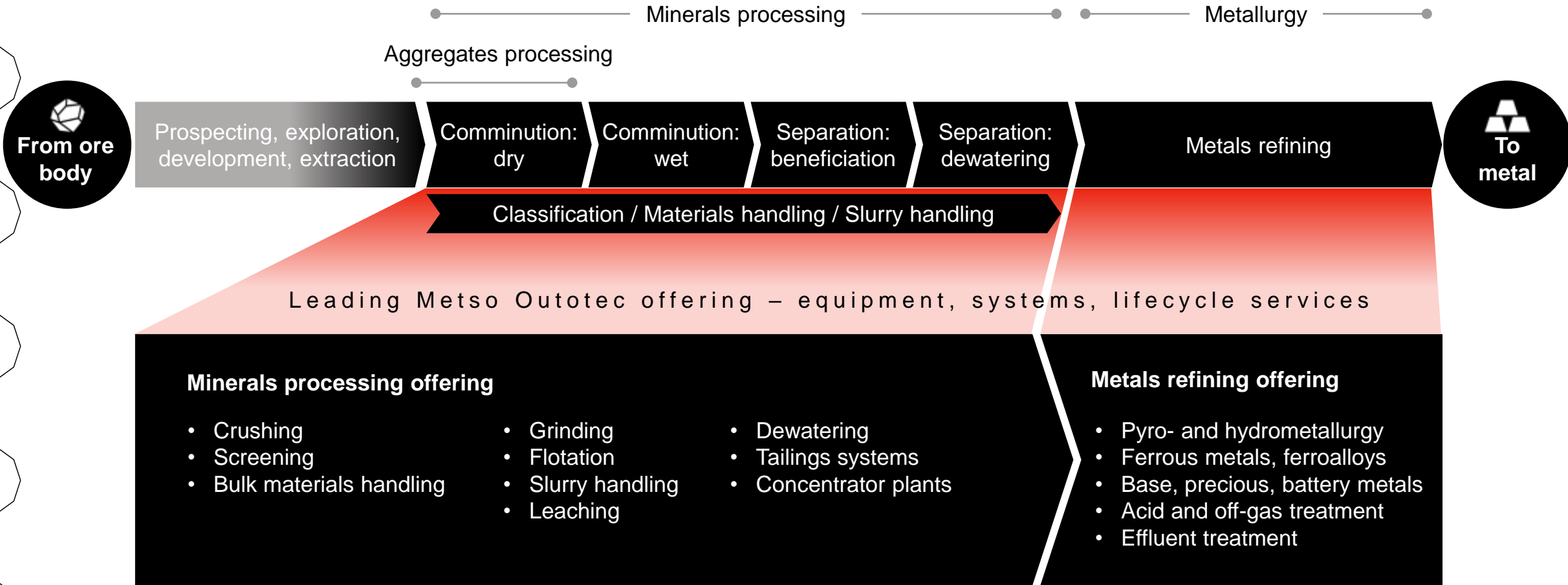
Health and safety

# Planet Positive – our 1.5°C journey

- We are committed to limiting global warming to 1.5°C with Science Based Targets (SBT):
  - Cut CO2 emissions by 50% in own production by 2030
  - 20% lower CO2 emissions in logistics by 2025
  - 20% lower CO2 emissions in product use by 2025
  - 30% of the supplier spend by the end of 2025 with partners who have set SBT targets
- Planet Positive product portfolio focuses on improving our ecological handprint (scope 3) further
- Good development in safety with year-to-date LTIF 0.6 (FY 2020: 1.5), including own and external employees



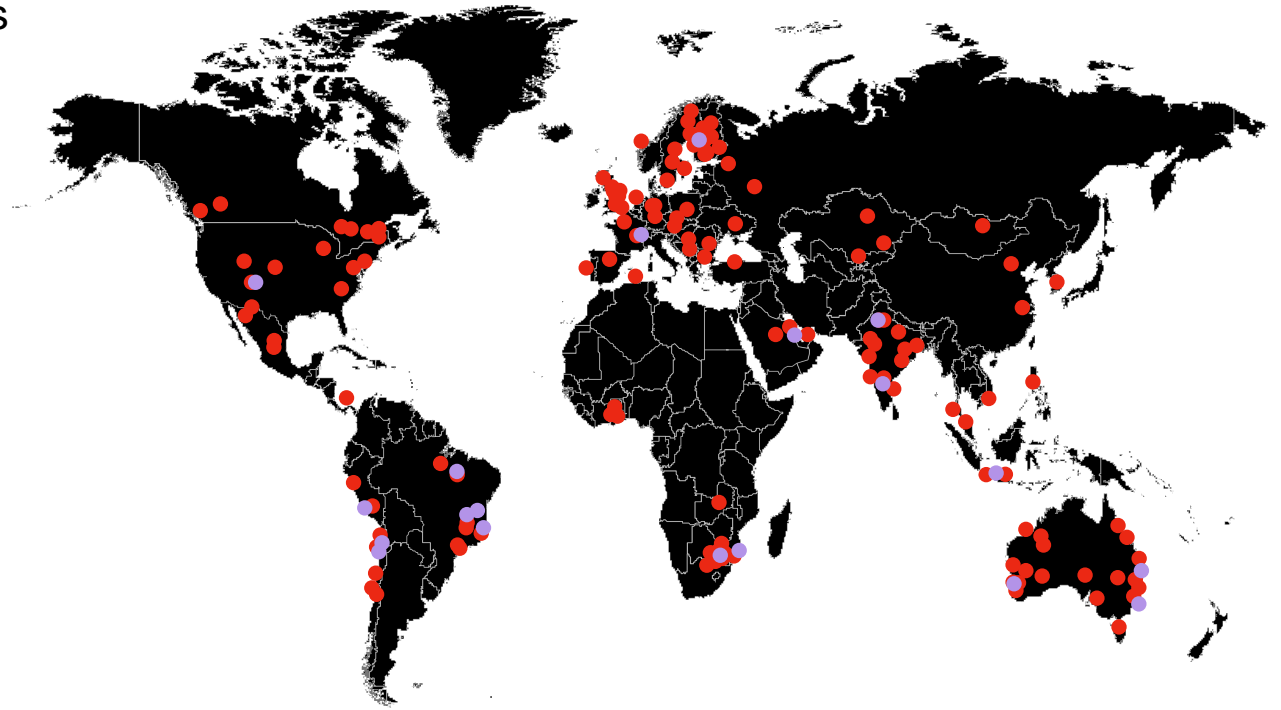
# Our full offering from ore to metal



Not in Metso Outotec scope
  In Metso Outotec scope

# Industry-leading service expertise and global network

- Comprehensive service portfolio from spares and wears to advanced lifecycle services
- World-class team of experts
- Efficient service processes to enable our experts to get it right – fast
- Deep understanding of customer process, product design and technology



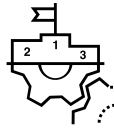
**~5,000**

Service experts



**~140**

Service locations



**3**

Performance Centers

● Service locations

● Repair Centers

# Sustainable technologies to help customers

Examples of technologies with higher energy, water, emissions and resource efficiency

25-35%

Lower energy consumption with Vertimills<sup>®</sup> in grinding

65%

Lower water consumption at copper concentrator with Pretium Water Advisor & Process Water Recycling Plant

6.6  
Mt / y

Less CO<sub>2</sub> emissions thanks to our leading metals refining technologies<sup>1</sup>

Up to  
60%

Lower crushing noise distance from Lokotrack<sup>®</sup> Urban<sup>™</sup> Series unique noise encapsulation features



1. Ferrochrome process, copper flash smelting, alumina calcination, ceramic filters, TankCell 300 and coated titanium anodes

# Strong innovation and R&D power

**15+**

New series of  
innovative products  
launched each year

**100**

million euros

Investment in research and  
development annually

**30**

R&D centers, co-creating  
with and customizing  
solutions to customers

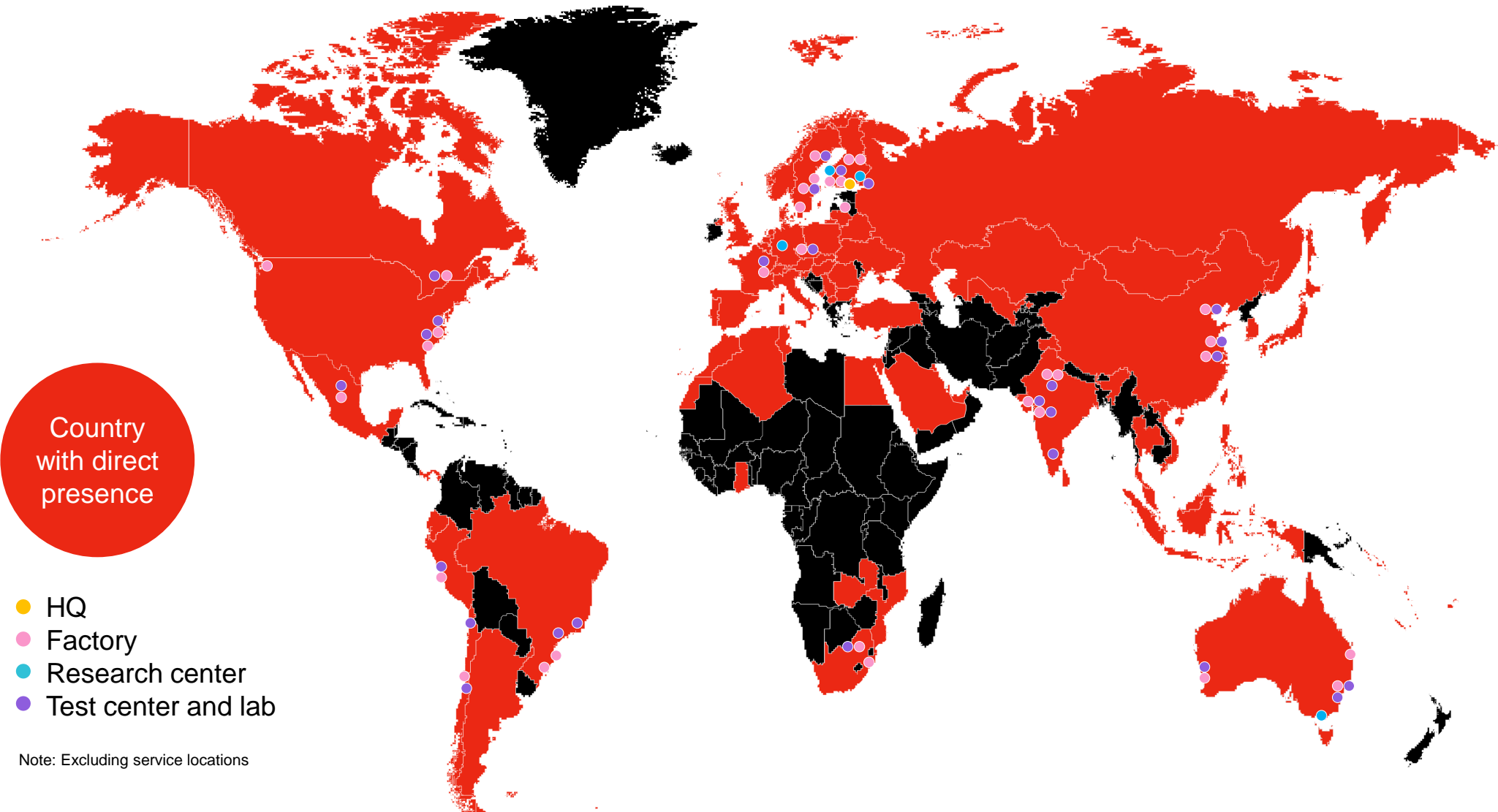
**8,200+**

Patents

Metso:Outotec



# Metso Outotec R&D and operations footprint



Country with direct presence

- HQ
- Factory
- Research center
- Test center and lab

Note: Excluding service locations

# Uncompromising safety in offering and operations



## Safe products and services

- Products designed for safety
- Safe and professional service teams



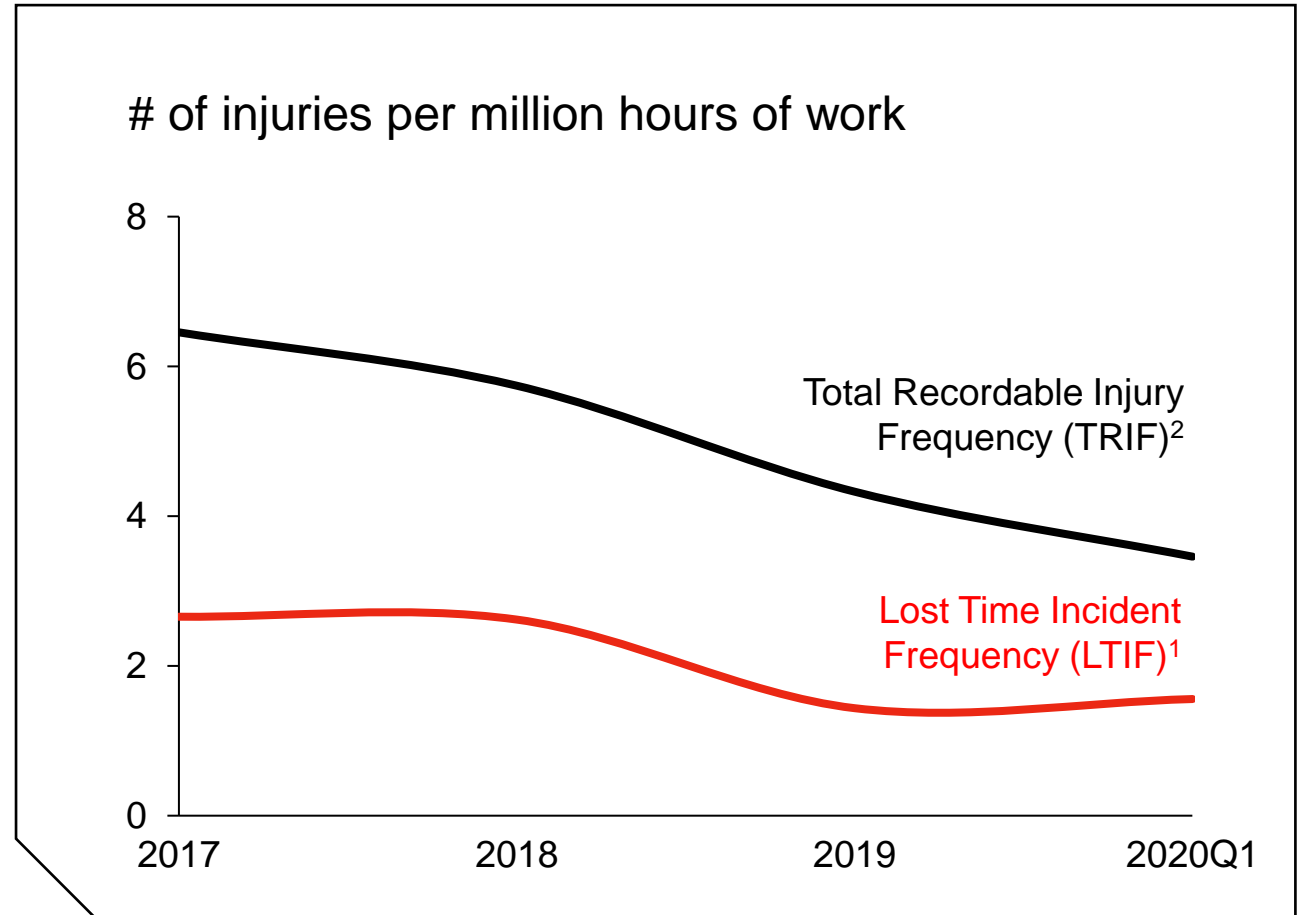
## Safe and responsible supply chain

- Rigorous supplier screening
- Supplier code of conduct



## Health and safety of people

- Safe and secure workplace
- Proactive attitude towards zero harm

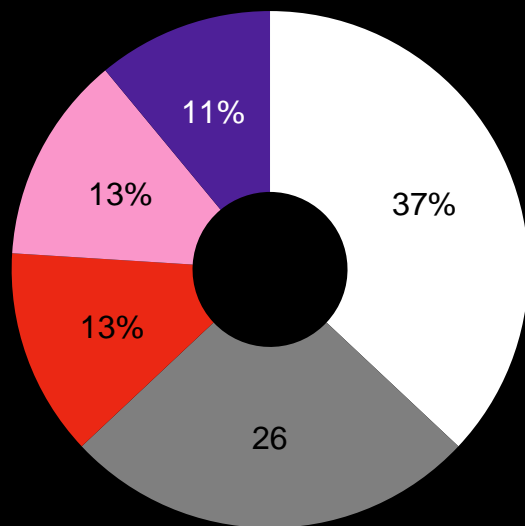


1. Number of injuries resulting in absence of at least one workday per million hours of work (own employees and contractors)  
2. Number of injuries per million hours worked (own employees and contractors)



# Metso Outotec global team of professionals

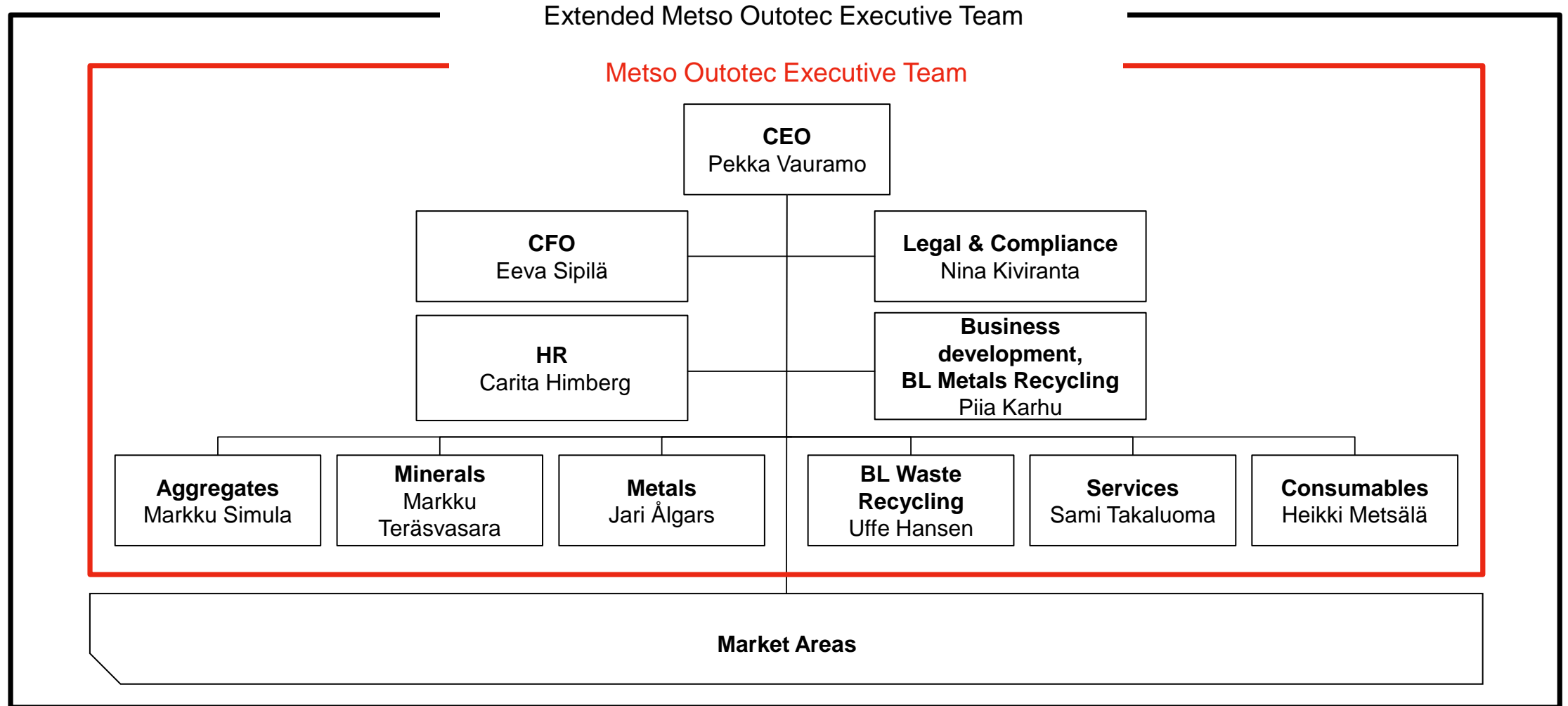
Our 15,000+ people by geography



- Europe
- South America
- Asia-Pacific and Greater China
- North and Central America
- Africa, ME and India



# Metso Outotec leadership team



# Metso Outotec for aggregates industry



## Our customers

Large international companies as well as numerous smaller and local ones in aggregates industry

## Our offering

- Crushers, screens and feeders
- Mobile and portable machines and plants
- Stationary crushing and screening plant systems
- Spares, upgrades, and wear parts
- Professional services: Installation, inspections, plant audit, maintenance, shutdowns, optimization
- Life cycle services and performance solutions

## Customer benefits

- Best cost, best availability, easy-to-buy, and easy-to-own solutions
- Range of brands and solutions that cover needs from essential to high-performance: Metso, McCloskey, Jonsson & Söner, Shaorui, Liugong Metso
- Environmentally friendly and low-noise, low-dust solutions for urban environments
- Timely and reliable expert service and parts near customers through our own and distributors' networks

# Aggregates: unparalleled offering for crushing and screening

## Lokotrack® Urban™ series

Community-friendly crushing plants with advanced noise and dust protection – incl electric and hybrid



## Cone and jaw crushers

World-leading offering in crushing



## Life Cycle Services and financing services

Service models that make leasing and investing simple and optimize total cost of ownership



## Simulation tools

Tools that help simulate performance for a wide range of rocks and applications – and find the optimal solutions



## my.metso.com

E-commerce platform to order original Metso spare and wear parts easily



# Metso Outotec for minerals processing



## Our customers

Large global miners, major and mid-sized regional operators and junior miners

## Our offering

- Equipment for comminution, beneficiation, dewatering, classification, material handling, and slurry handling
- Plant solutions and systems including in-pit crushing systems, concentrator plants, tailings management systems and bulk material handling
- Spares, upgrades and wear parts
- Professional services: Installation, inspections, maintenance, shutdowns and optimization
- Life cycle services and performance solutions

## Customer benefits

- Most technologically advanced equipment and solutions with
  - Highest recovery rate and throughput
  - Lowest total cost of ownership
  - Best energy and water efficiency
- Broad portfolio of equipment as a basis to always crafting the optimal solution for any application
- World-class service expertise close to customers
- Secure parts availability with optimal performance

# Minerals: full offering from ore to concentrate

## **Vertimill®**

Industry benchmark in stirred milling technology



## **HIGmill®**

Advanced and energy-efficient fine and ultra-fine grinding solution



## **HRC™**

High pressure grinding rolls for efficient size reduction in mining and aggregates



## **Nordberg MP Series™ cone crushers**

Maximum performance from high crushing force and availability



## **TankCell® e300**

The best selling flotation cell in the world in its size range



## **Larox® PF pressure filters**

Fully automatic recessed-plate diaphragm filters



## **MD series mill discharge pumps**

Heavy duty solutions for slurry pumping applications



## **Life Cycle Services and Performance Solutions**

Customizable packages delivering performance outcomes



# Metso Outotec for metals refining



## Our customers

Large and mid-sized mining companies, as well as local mining and metallurgical companies in emerging markets

## Our offering

- Pre-engineered products and solutions for process islands and full plants
- Tailored EP, EPS and EPC plant deliveries
- Delivery, construction, commissioning, training, ramp-up of plant solutions incl financing
- Operate & maintain, access & optimize, guaranteed production
- Remote services, R&D centers, pilot plants
- Spares and upgrades
- Professional services: Installation, inspections, maintenance, shutdowns, optimization

## Customer benefits

- Full solutions for processing almost any ore or concentrate to refined metal, incl sulfuric acid production
- In-house test work and world-class R&D provide our customers with the optimum solution
- Technologies with low emissions, high energy efficiency
- Strong technological expertise and close support throughout the project

# Metals: advanced solutions from ore or concentrate to metal

## Iron Ore Agglomeration

World leader with more than 400 Sinter Plants and more than 100 -incl. the world's biggest-Pellet Plants supplied globally



## Acid plant process solutions

Over 650 completed acid plant deliveries to date



## Light Metals

Over 70 delivered Alumina Calcination and Tube Digestion Plants



## Fluid Bed Technology

More than 300 Fluid Bed Roasting installation incl. largest partial Roasting plant



## World-class smelting technologies

Operated by world's largest copper, nickel and ferrochrome operations and widely used in various secondary smelters. World leader in anode casting

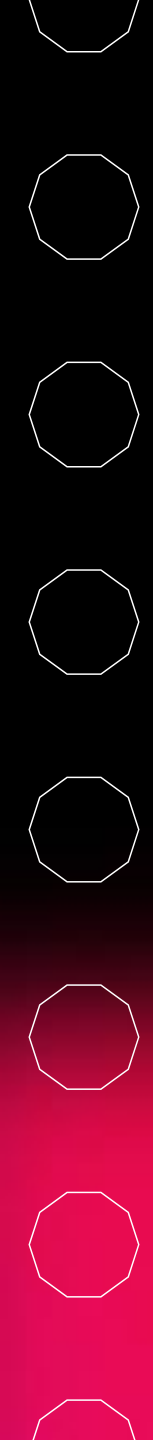


## Hydrometallurgy solutions and equipment for Base Metals, Gold and Battery Metals

VSF<sup>®</sup> SX equipment used extensively in copper solvent extraction worldwide







# Q2/2021 and Half-year results

## Q2 in short

- Strong market activity and order intake in all segments
- Strong sales and profitability in Aggregates
- Low sales affected Minerals
- Metals turnaround progressing
- Integration ahead of plan
- Good development in sustainability

## Group Q2 key figures, IFRS (comparison period illustrative combined)

- Orders received grew by 43 percent to EUR 1,360 million (EUR 953 million)
- Sales EUR 1,010 million (EUR 1,016 million)
- Adjusted EBITA EUR 131 million, or 12.9% of sales (EUR 139 million, or 13.7%)
- Operating profit EUR 97 million, or 9.6% of sales (EUR 89 million, or 8.8%)
- Cash flow from operations EUR 107 million
- EUR 105 million run-rate of integration cost synergies achieved

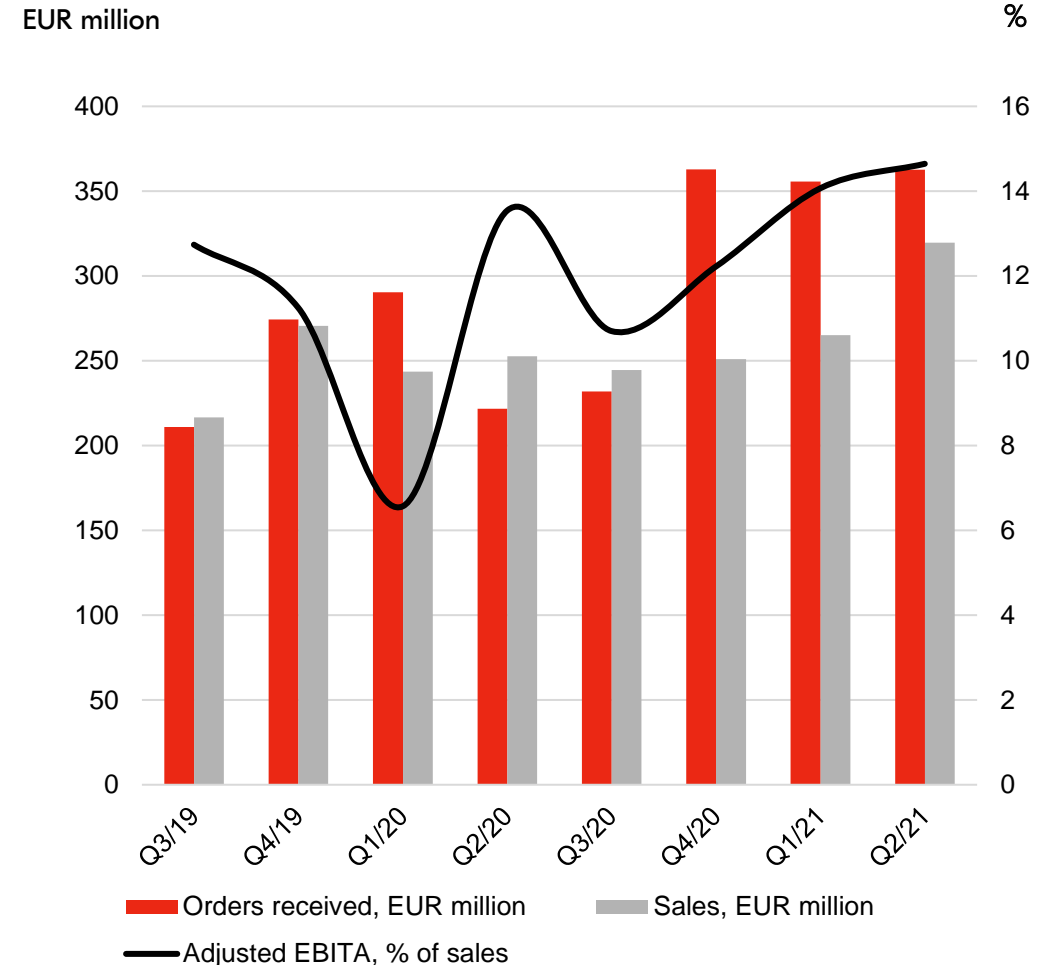


## Covid-19 impacts in Q2

- Workforce mobility and access to sites still limited in several countries
- In North America and Australia, the domestic travel has recovered, and increased customer activity related to on-site work
- Our own operations have been running with additional health and safety measures and without major disruptions

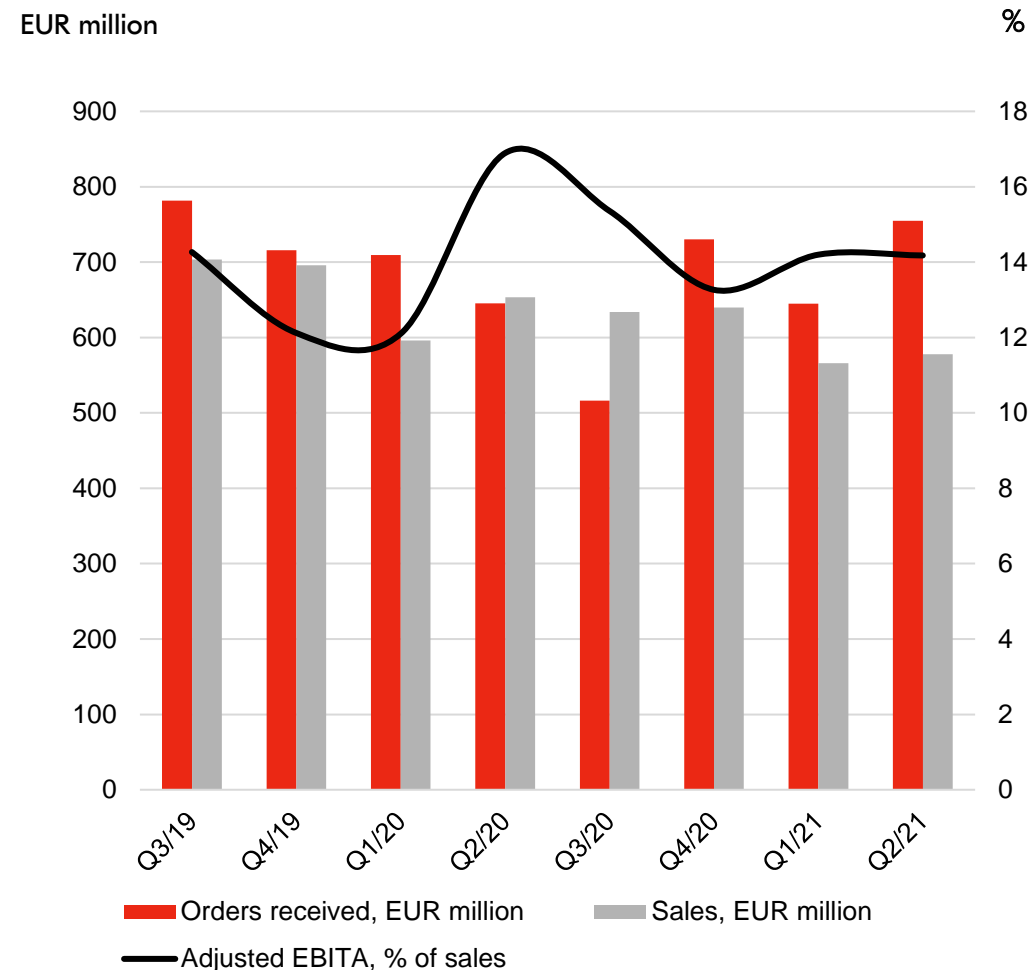
# Aggregates segment quarterly highlights

- Orders received EUR 363 million (EUR 222 million)
  - Organic growth +68%
  - Strong recovery in infrastructure spending
  - Robust H1 season
- Sales EUR 320 million (EUR 253 million)
  - Organic growth +29%
  - Driven by strong orders since Q4/20
- Adjusted EBITA EUR 47 million (EUR 34 million)
  - Record margin of 14.6% (13.5%)
  - Volume growth
  - Successful implementation of improvement measures



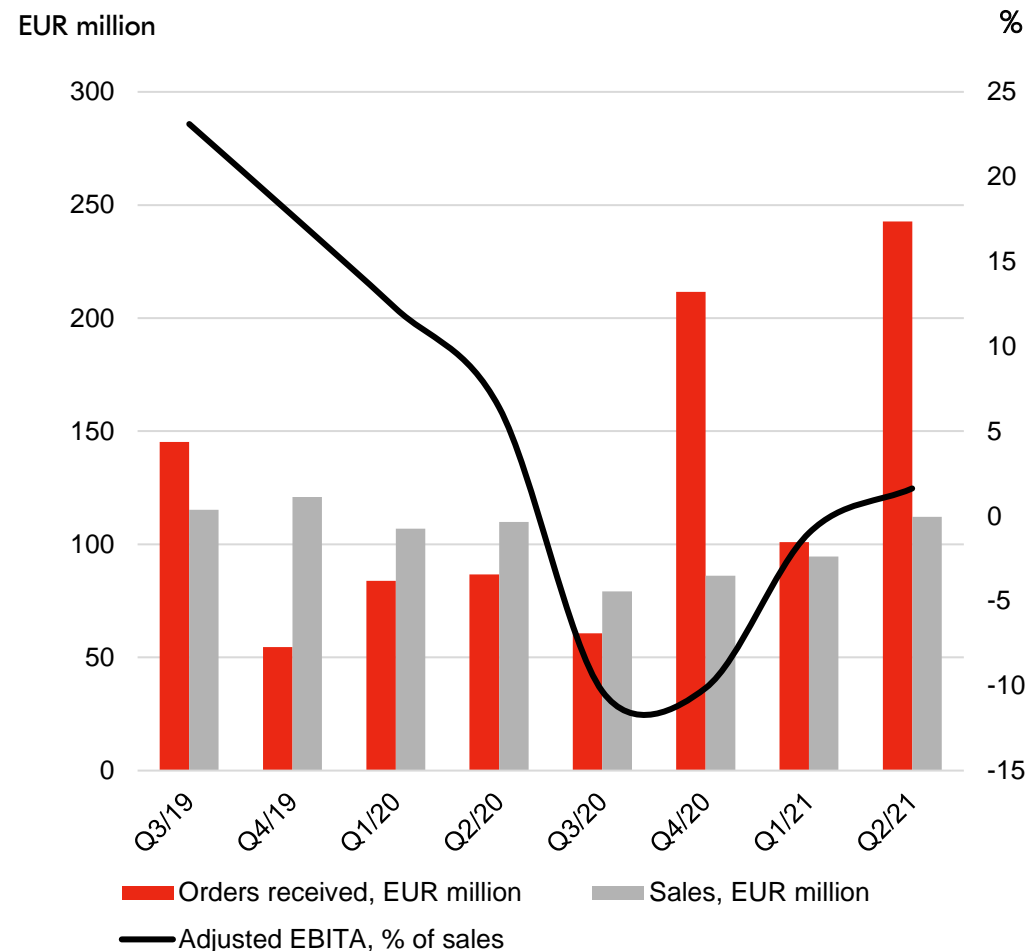
# Minerals segment quarterly highlights

- Orders EUR 755 million (EUR 645 million)
  - Focus on sustainability and productivity
  - On-site services still affected by Covid-19
  - Currency impact -6%
- Sales EUR 578 million (EUR 653 million)
  - Organic growth -7%
  - Timing of order backlog and lower services sales
- Adjusted EBITA EUR 82 million (EUR 110 million)
  - Margin of 14.2% (16.9%)
  - Lower sales
  - Affected by the completion of footprint and warehouse consolidation actions



# Metals segment quarterly highlights

- Orders received EUR 243 million (EUR 87 million)
  - Improved market activity
  - Strongest growth in pelletizing
- Sales EUR 112 million (EUR 110 million)
  - Low due to timing of deliveries from backlog
- Adjusted EBITA EUR 2 million (EUR 8 million)
  - Improved sequentially back to positive
  - First impacts of the turnaround actions visible



# Income Statement (illustrative combined)

EUR million	Q2/2021	Q2/2020	Q1-Q2/2021	Q1-Q2/2020	1-12/2020
Sales	1,010	1,016	1,935	1,963	3,897
Gross profit	291	294	554	564	1,035
% of sales	28.9	29.0	28.7	28.8	26.6
SG&A expenses	-194	-182	-363	-368	-748
Adjusted EBITA	131	139	245	234	448
% of sales	12.9	13.7	12.7	11.9	11.5
Adjustments	-13	-38	-19	-53	-97
Operating profit	97	89	188	158	253
% of sales	9.6	8.8	9.7	8.0	6.5



# IFRS Income Statement

EUR million	Q2/2021	Q1-Q2/2021	1-12/2020
Sales	1,010	1,935	3,319
Adj. EBITA	131	245	397
Adj. EBITA, %	12.9	12.7	11.9
Operating profit	97	188	239
Operating profit, %	9.6	9.7	7.2
Net financial expenses	-11	-18	-38
Profit before taxes	86	170	201
Income taxes	-22	-43	-52
Profit for the period, continuing operations	64	127	149
Profit for the period	86	145	138
Earnings per share, continuing operations, EUR	0.07	0.15	0.20

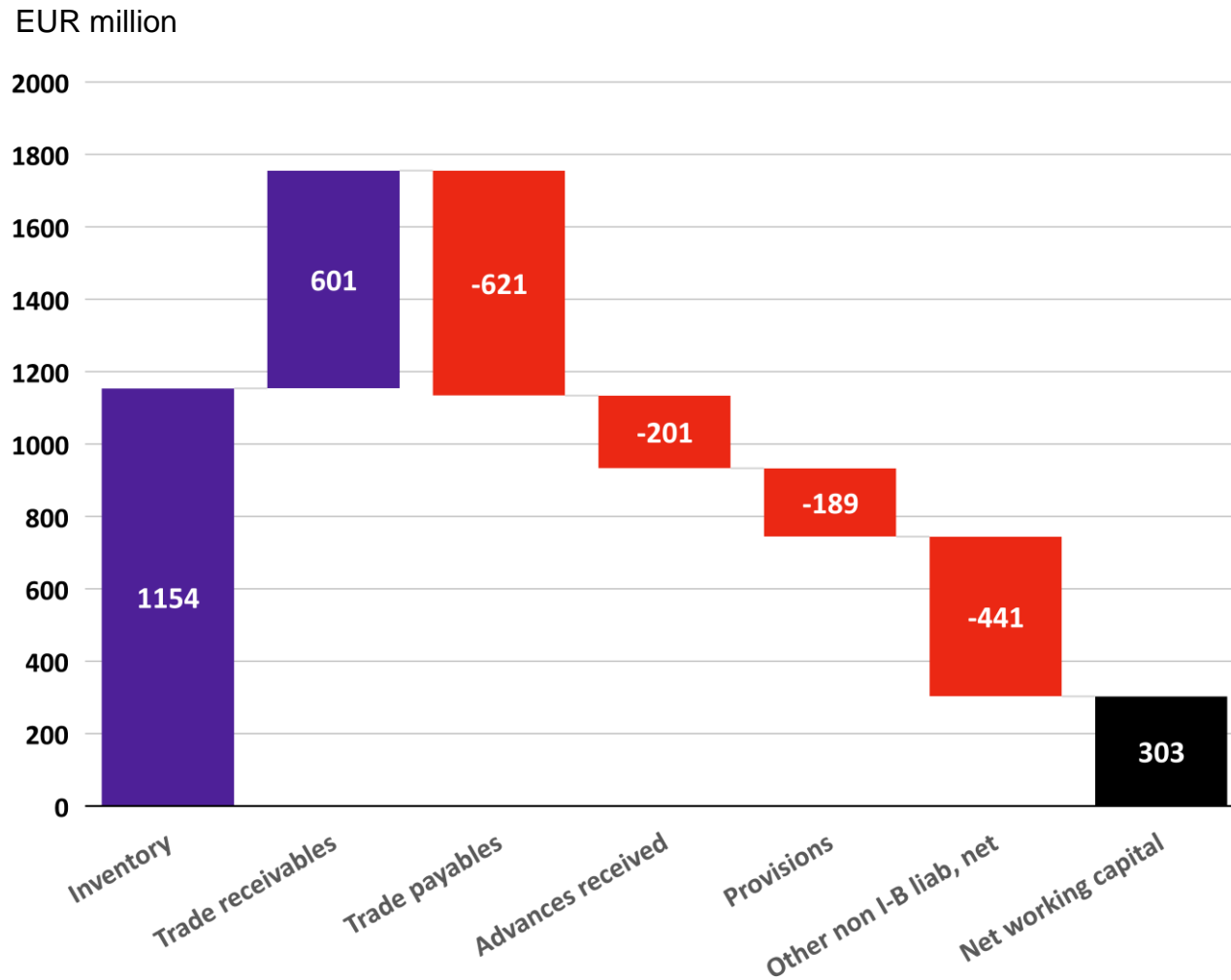
# IFRS Balance Sheet

EUR million	June 30, 2021	December 31, 2020
Intangible assets	2,041	2,060
Total property, plant and equipment	372	356
Right-of-use assets	132	132
Other non-current assets	250	215
Inventories	1,154	1,038
Receivables (trade and other)	1,112	1,083
Liquid funds	469	537
Assets held for sale	143	145
<b>TOTAL ASSETS</b>	<b>5,673</b>	<b>5,567</b>
Total equity	2,049	2,040
Interest bearing liabilities	1,164	1,345
Non-interest-bearing liabilities	2,346	1,984
Liabilities held for sale	114	198
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,673</b>	<b>5,567</b>

# Analysis of Cash Flow

EUR million	Q2/2021	Q1-Q2/2020	1-12/2020
Profit for the period, continuing operations	64	127	149
Profit for the period, discontinued operations	22	19	-11
Adjustments:	55	131	256
Depreciation and amortization	44	83	160
Financial expenses, net	11	18	38
Income taxes	23	43	58
Other items	-23	-14	0
Change in net working capital	-34	-4	193
<b>Net cash flow from operating activities before financial items and taxes</b>	<b>107</b>	<b>272</b>	<b>587</b>

# Net working capital on June 30, 2021



# Financial position

- Committed and undrawn revolving credit facilities totaled EUR 600 million on June 30
- Two bilateral revolving credit facilities cancelled, totaling EUR 90 million (maturity in 2022)
- Early repayment of EUR 50 million on the EUR 150 million term loan
- Ratings:
  - Moody's (April 2021): 'Baa2' long-term rating with stable outlook
  - S&P (May 2021): 'BBB-' long-term rating with stable outlook

EUR million	June 30, 2021	Dec 31, 2020
Liquid funds	469	537
Net debt	686	799
Gearing, %	33.5	39.2
Equity-to-assets ratio, %	39.7	39.5
Debt to capital, %	33.4	37.2
Equity/share, EUR	2.47	2.46

# Integration and synergies proceeding ahead of plan

- Run-rate of EUR 105 million reached in cost synergies
- 65% of realized synergies come from the restructuring of the organization and the rest from facilities, IT, and procurement
- Realized revenue synergies as sales totaled EUR 40 million and additional EUR 91 million have been booked in the order backlog
- Around EUR 51 million of the estimated one-off, pre-tax costs of approximately EUR 75 million has been booked so far

# Planet Positive well presented in Q2 orders

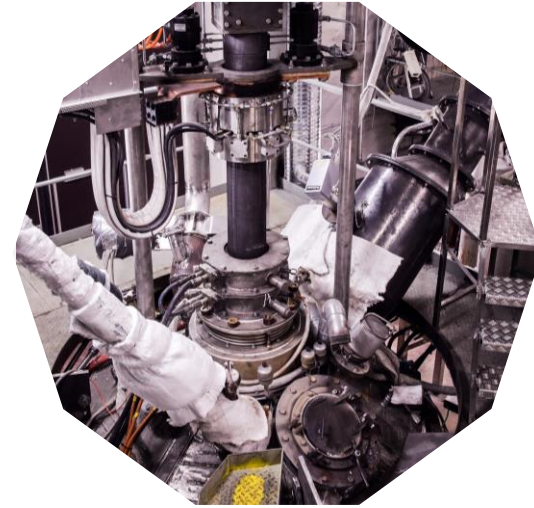
## Top picks



- Four pellet plant orders from China within 10 months
- The first integrated beneficiation and pelletizing plant



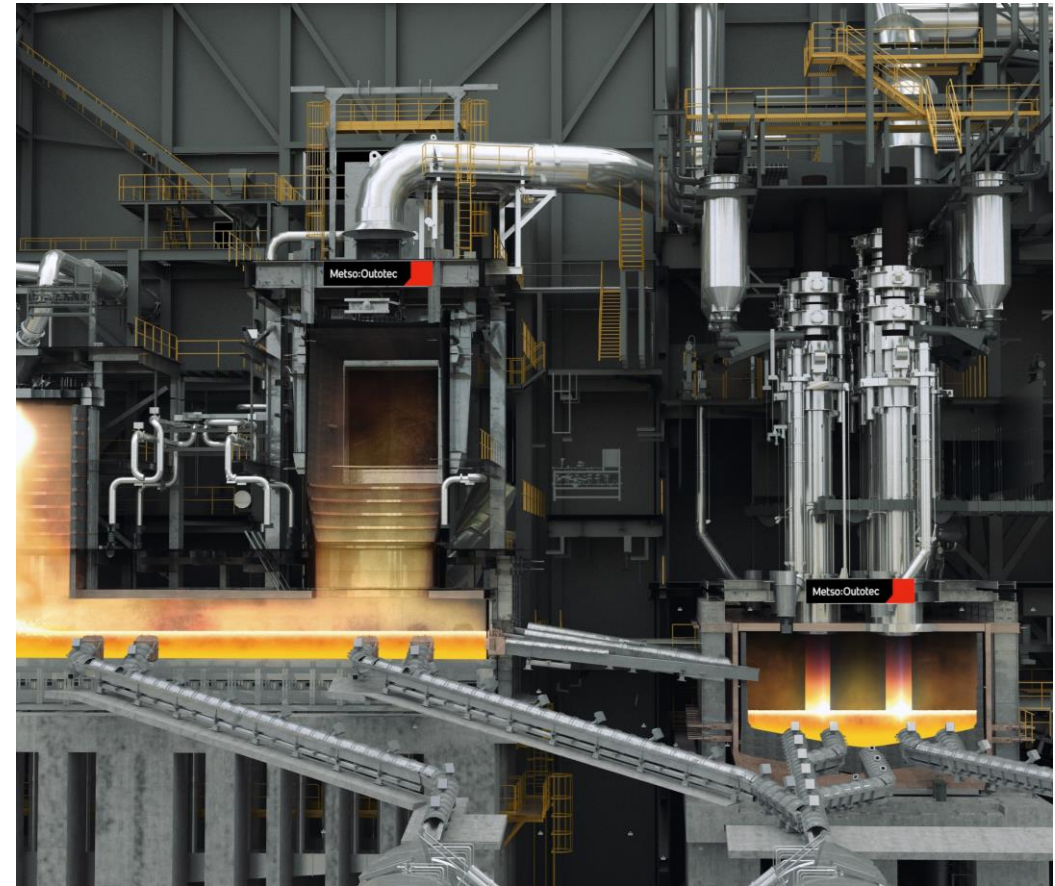
- First Metso Outotec Truck Body to Americas



- Process technology to a precious metals recycling plant
- Lithium hydroxide process for production of battery-grade lithium hydroxide

# Highlights after the reporting period

- EUR 360 million order for the design and engineering of a copper smelter to Freeport Indonesia Manyar Project
- Waste Recycling agreed to be divested to Ahlström Capital – Metals Recycling divestment process on-going



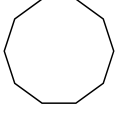




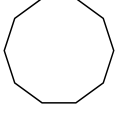
# Market outlook



Metso Outotec expects the market activity to remain at the current strong level, subject to the development 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.



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