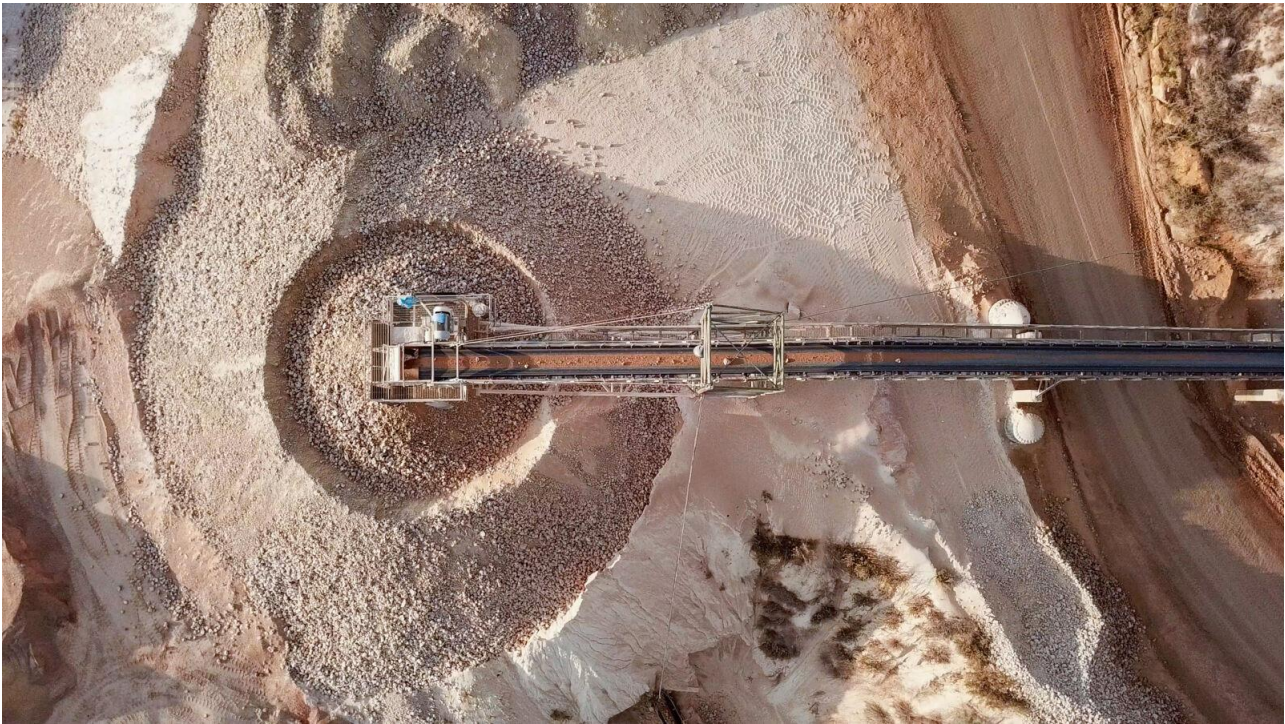




H1

**Half-Year Report
2021**

Metso:Outotec



Metso Outotec's Half-Year Report January 1 – June 30, 2021

Metso Outotec has prepared both illustrative and IFRS-based historical segment information for January-June 2020, prior to the merger of Metso Minerals and Outotec. The illustrative combined historical information is presented as a combination of Metso Minerals carve-out information and Outotec information, according to the Metso Outotec structure.

Figures in brackets refer to the corresponding period in 2020, unless otherwise stated.

Second quarter 2021 in brief, IFRS (comparison period illustrative combined)

- Strong market activity in all segments
- 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%)

January-June 2021 in brief, IFRS (comparison period illustrative combined)

- Orders received grew by 21 percent to EUR 2,462 million (EUR 2,037 million)
- Sales EUR 1,935 million (EUR 1,963 million)
- Adjusted EBITA EUR 245 million, or 12.7% of sales (EUR 234 million, or 11.9%)
- Operating profit EUR 188 million, or 9.7% of sales (EUR 158 million, or 8.0%)
- Earnings per share EUR 0.15
- Cash flow from operations EUR 272 million
- EUR 105 million annual run rate of the Metso Outotec cost synergies achieved by the end of June

President and CEO Pekka Vauramo:



“Market activity, which started to improve in late 2020, was strong in all our segments and translated into an order growth of 43%.”

During the second quarter, we saw continued positive market development as well as good progress in our integration and sustainability actions. Market activity, which started to improve in late 2020, was strong in all our segments and translated into an order growth of 43% in the second quarter. The Aggregates business has enjoyed a robust recovery of infrastructure investments in Europe and in the US, and quarterly orders were even higher than in the first quarter. The Minerals and Metals segments had a steady flow of small and mid-size orders, and in addition, received a few larger orders. Importantly, we have won many of these orders thanks to our Planet Positive portfolio, which is designed to help our customers to improve the sustainability and productivity of their operations. The pandemic continues to limit the opportunities in the services business, as restrictions to site access are in place in some markets. On the other hand, in those markets, where the situation has eased, activity related to on-site service work is increasing.

The Metso Outotec integration has proceeded ahead of plan, and as of the end of June we had achieved a run-rate of EUR 105 million in cost synergies. This compares to our target of EUR 120 million run-rate at the end of 2021, which we are confident to meet. Revenue synergies are also materializing, and our backlog related to revenue synergies stood at EUR 91 million at the end of June. In addition to the integration, we are making progress on our portfolio streamlining with the divestments of the Aluminium business and most recently the Waste Recycling business.

Our quarterly sales were flat year-on-year, despite the strong growth in the Aggregates segment. The Minerals and Metals segments are, as expected, impacted by timing of deliveries in our backlog being weighted to the second half of the year. The rapid economic recovery has put pressure on global supply chains and logistics, and as this has coincided with the implementation of our

internal footprint and warehouse consolidation, it resulted in delivery delays in our Minerals business. We have implemented corrective actions and will be able to deliver more efficient and sustainable logistics to our customers. Lower sales affected Minerals' profitability, while Aggregates achieved a stronger adjusted EBITA margin than ever before. The profitability of the Metals segment turned to positive, thanks to the successful turnaround actions.

Looking forward to the second half of the year, we expect to see further recovery from the pandemic and our customers being active in their ongoing operations and future investments. Sustainability is becoming one of the top priorities for consumers and industries and it is a strategic priority for us as well. Thanks to this approach, we are confident that we are well-positioned and have the most comprehensive offering to help our customers to meet their sustainability and productivity targets.

Covid-19 market update

The Covid-19 pandemic continued to affect Metso Outotec's end markets and customer operations during January-June 2021. Restrictions on workforce mobility and limited access to customer sites were still effective in the second quarter in several countries, while in some other markets, such as North America and Australia, domestic travel has recovered enabling an increase in customer activity related to on-site work. Metso Outotec's own operations have continued to run with additional health and safety measures and without major disruptions.

Market outlook

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.

Metso Outotec expects the market activity to remain at the current strong level, subject to the development of the Covid-19 pandemic.



Group review

Key figures (Q2/2021 IFRS, other periods illustrative combined)

EUR million	IFRS Q2/2021	Restated* Q2/2020	Change %	Q1- Q2/2021	Restated Q1- Q2/2020	Change %	2020
Orders received	1,360	953	43	2,462	2,037	21	4,150
Orders received by services business	577	531	9	1,136	1,092	4	2,071
% of orders received	42	56	-	46	54	-	50
Order backlog	-	-	-	2,876	-	-	2,366
Sales	1,010	1,016	-1	1,935	1,963	-1	3,897
Sales by services business	511	513	0	993	1,012	-2	2,017
% of sales	51	51	-	51	52	-	52
Adjusted EBITA	131	139	-6	245	234	5	448
% of sales	12.9	13.7	-	12.7	11.9	-	11.5
Operating profit	97	89	9	188	158	19	253
% of sales	9.6	8.8	-	9.7	8.0	-	6.5
Earnings per share, continuing operations, EUR (IFRS)	0.07	-	-	0.15	-	-	0.20
Cash flow from operations (IFRS)	107	-	-	272	-	-	587
Gearing, % (IFRS)	-	-	-	33.5	45.6	-	39.2
Personnel at end of period	15,681	-	-	-	-	-	15,466

*Excluding Recycling business, which is classified as discontinued operations

The Group's financial performance, IFRS (comparison period illustrative combined)

The global economic recovery, coupled with a further focus on sustainability, has strengthened customers' investment appetite, which has been seen in increased quotation and proposal activity. Metso Outotec's orders received increased 43% to EUR 1,360 million in the second quarter, compared to EUR 953 million in the second quarter of 2020. Equipment orders increased 86%, driven by strong market activity in all three segments. Services orders grew 9% year-on-year, as customers continued to produce at high utilization rates. Orders for on-site services were still lower than normal because of limited access to sites due to the Covid-19 pandemic.

The Group's sales totaled EUR 1,010 million, compared to EUR 1,016 million in the comparison period. In constant currencies, sales increased 1%. Sales growth was affected by the timing of the deliveries of the order backlog, with some further additional impact of bottlenecks in the supply chain.

Adjusted EBITA came in at EUR 131 million, corresponding to an adjusted EBITA margin of 12.9% of sales (EUR 139 million and 13.7%). The comparison period included significant Covid-19 related short-term cost savings. Profitability of the Aggregates segment improved markedly, thanks to strong volume growth and profitability improvement actions. Performance of the Metals segment turned positive, compared to the previous quarters, following the successful

implementation of restructuring actions. The Minerals segment reported weaker profitability year-on-year, due to lower volumes, especially in the services business.

The Group's operating profit (EBIT) increased to EUR 97 million and EBIT margin to 9.6% (EUR 89 million and 8.8%). Operating profit included negative adjustments of EUR 13 million (EUR 38 million negative), the majority of which were related to the Metso Outotec integration. PPA amortization totaled EUR 13 million.

January-June in brief

Orders received increased 21% during the first half of 2021 and totaled EUR 2,462 million (2,037 million). The growth resulted from improvement in customer activity seen in all segments. Sales totaled EUR 1,935 million (EUR 1,963 million). Adjusted EBITA improved to EUR 245 million (EUR 234 million), corresponding to a margin of 12.7% (11.9%). Operating profit totaled EUR 188 million or 9.7% of sales (EUR 158 million and 8.0%).

Impacts of currencies and structural changes

EUR million, %	Q2	Orders received Q1-Q2	Q2	Sales Q1-Q2
2020	953	2,037	1,016	1,963
Organic growth in constant currencies, %	45	24	1	1
Impact of changes in exchange rates, %	-2	-4	-1	-3
Structural changes, %	0	0	0	0
Total change, %	43	21	-1	-1
2021	1,360	2,462	1,010	1,935

The Group's financial position

The Group's net interest-bearing liabilities were EUR 686 million at the end of June (Dec 31, 2020: EUR 799 million), gearing was 33.5% (Dec 31, 2020: 39.2%) and the debt-to-capital ratio 33.4% (Dec 31, 2020: 37.2%). The equity-to-assets ratio was 39.7% (Dec 31, 2020: 39.5%).

Metso Outotec's liquidity position is solid. In addition to liquid funds amounting to EUR 469 million, the Group had committed and undrawn revolving credit facilities of EUR 600 million at the end of June. A syndicated EUR 600 million revolving credit facility has a maturity in 2025 with a one one-year extension option. Metso Outotec also has a EUR 600 million Finnish commercial paper program, which was not utilized at the end of the quarter.

During the second quarter Metso Outotec cancelled two bilateral revolving credit facilities totaling EUR 90 million which would have matured in 2022. Also during the quarter, Metso Outotec used its liquid funds to make an early repayment of EUR 50 million on its EUR 150 million term loan. The remaining EUR 100 million will mature in September 2022. The Group has a Euro Medium Term Note Program (EMTN) of EUR 2 billion, under which EUR 687 million at carrying value was outstanding at the end of June (EUR 687 million at the end of March). EUR 587 million (EUR 587 million) of the outstanding amount was public bonds and EUR 100 million (EUR 100 million) private placements.

The average interest rate of total loans and derivatives was 1.18%, on June 30, 2021 (1.21% on March 31, 2021). The duration of medium and long-term interest-bearing debt was 2.3 years (2.1 years on March 31, 2021) and the average maturity 3.5 years (3.7 years on March 31, 2021).

In May, S&P Global Ratings changed the outlook of 'BBB-' long-term issuer credit rating from negative to stable. Metso Outotec has also a 'Baa2' long-term issuer rating with stable outlook from Moody's Investor Service.

Update on the integration and synergy process

The realization of the cost synergies is proceeding ahead of plan: by the end of June, an annual run-rate of EUR 105 million had been reached. This run-rate implies that around EUR 26 million cost synergies will be realized in the third quarter adjusted EBITA, which compares to around EUR 20 million of cost synergies being realized in the second quarter. Around 65% of the realized synergies have resulted from the restructuring of the organization and the rest have come from procurement, facilities, and IT. The target of the annual pre-tax cost synergies is EUR 120 million, and the run-rate is expected to be realized by the end of 2021.

As of the end of June, revenue synergies realized as sales totaled EUR 40 million and an additional EUR 91 million was recognized in the order backlog. The annual revenue run-rate synergy target of EUR 150 million is expected to be realized by the end of 2022.

The realization of cost and revenue synergies is expected to result in one-off, pre-tax costs of approximately EUR 75 million. Around EUR 51 million of this has been booked since the beginning of the integration program, and most of the remaining is expected to be incurred by the end of 2021.

Announced orders January – June 2021

During the first half of 2021, Metso Outotec announced the following orders, several of which highlighted its Planet Positive portfolio.

Orders announced in the first quarter:

- Minerals: Key comminution technology for IAMGOLD Corporation and Sumitomo Metal Mining's joint venture, the Côté Gold Project at Gogama, in northeastern Ontario, Canada. The value of the order exceeds EUR 10 million.
- Minerals: Heavy-duty mine conveyor system for a South American customer consisting of high-reliability overland conveyors. The order value is approximately EUR 10 million.
- Minerals: All the main process technologies for Sandfire Resources' flagship Motheo copper-silver concentrator in Botswana. The order value is approximately EUR 17 million.
- Metals: Engineering and delivery of two 170 t/h Bayer process flash evaporation plants to National Aluminium Company's (NALCO) Damanjodi Alumina Refinery in Odisha, India. The value of the order is approximately EUR 13 million.
- Metals: Tankhouse material handling equipment for the expansion of a copper electro refinery in China. The order value was not disclosed.
- Metals: A large-capacity Grate-Kiln pellet plant in the State of Odisha, India. Typically, the value for this type of an order is in the range of EUR 30-40 million, depending on the scope of delivery.

Orders announced in the second quarter:

- Minerals: Key grinding technology to the Turkish conglomerate Mapa Group's gold mine expansions in Liberia and Burkina Faso. The value of the order is approximately EUR 19 million.
- Minerals: Multiple energy-efficient Vertimill® VTM-3000 stirred mills to Ferrexpo to iron ore mine in Ukraine. These vertical grinding mills will be the largest of their kind to be installed in Ukraine and Ferrexpo's iron ore beneficiation complex will be the largest VTM installation on the continent. Typical value for this type of an order is in the range of EUR 30 to 40 million, depending on the scope of delivery.
- Minerals: Engineering and delivery of a bauxite grinding package to National Aluminium Company's (NALCO) Damanjodi Alumina Refinery for their 5th stream expansion project in Odisha, India. Typically, the value of this type of an order is in the range of EUR 12-15 million.
- Minerals: Design of Karara Mining Limited's tailings filtration plant expansion project at their iron ore mine in Western Australia including the delivery of key filtration and material handling equipment and associated services. The typical value for an order like this is in the range of EUR 15 to 20 million, depending on the scope of delivery.
- Metals and Minerals: Delivery of an iron ore beneficiation and travelling grate pelletizing plant to Africa. The parties have agreed to not disclose the value of the contract.
- Metals: Environmentally sound pelletizing technology for Yunnan Yuxi Yukun Iron and Steel Group Co., Ltd. in China. The order value was not disclosed.
- Metals: Sustainable technology and equipment for a single settler washer train for PT Inalum's new 1 million ton per annum alumina refinery to be built in Mempawah, West Kalimantan in Indonesia. The order value was not disclosed.
- Metals: Environmentally sound pelletizing technology for Beijing Shougang International Engineering Technology Co, Ltd. (BSIET). The order value was not disclosed.
- Metals: Engineering and delivery of key equipment for the expansion of a precious metals recycling plant. Metso Outotec's equipment delivery consists of a direct current (DC) furnace with feeding equipment and process control system. The customer and the value of the contract were not disclosed. Typically, this type of an order is in the range of EUR 8 to 15 million.
- Metals: Metso Outotec's patented lithium hydroxide process was chosen for production of battery-grade lithium hydroxide at Halmek Lithium's greenfield plant in the Tula region in Russia. The order value was not disclosed.

Aggregates

January – June 2021 based on IFRS, other periods illustrative combined figures

- **Strong market activity**
- **Sales growth of 26%**
- **Excellent adj. EBITA margin of 14.6%**

EUR million, %	Orders received		Sales	
	Q2	Q1-Q2	Q2	Q1-Q2
2020	222	512	253	496
Organic growth in constant currencies, %	68	44	29	21
Impact of changes in exchange rates, %	-4	-4	-3	-3
Structural changes, %	0	0	0	0
Total change, %	64	40	26	18
2021	363	718	320	585

Operating environment and orders received

Customer activity in the Aggregates business continued to be very high throughout January-June, resulting from a strong recovery in infrastructure-related spending and seasonality. Especially the equipment side of the business was strong. The most active market area was Europe, with strong growth also in North America. Activity in China continued to be good.

Orders received increased 64% to EUR 363 million (222 million) in the second quarter. The orders for equipment grew 81%, while services orders increased 26%.

Financial performance

Sales increased 26% year-on-year in the second quarter, thanks to the strong order growth since the fourth quarter of 2020. Adjusted EBITA improved to EUR 47 million (EUR 34 million) and adjusted EBITA margin increased to 14.6% (13.5%). The improvement was driven by volume growth and successful implementation of earlier business improvement measures.

January-June in brief

Orders received increased 40% to EUR 718 million, thanks to strong customer activity. Sales grew 18% year-on-year and adjusted EBITA improved to EUR 84 million (EUR 50 million), corresponding to a margin of 14.4% (10.1%).

Key figures

EUR million	IFRS Q2/2021	Q2/2020	Change %	IFRS Q1-Q2/2021	Q1-Q2/2020	Change %	2020
Orders received	363	222	64	718	512	40	1,107
Orders received by services business	88	70	26	179	161	11	319
% of orders received	24	32	-	25	31	-	29
Order backlog	536	-	-	-	-	-	402
Sales	320	253	26	585	496	18	992
Sales by services business	83	80	4	156	164	-5	312
% of sales	26	32	-	27	33	-	32
Adjusted EBITA	47	34	37	84	50	67	107
% of sales	14.6	13.5	-	14.4	10.1	-	10.8
Operating profit	40	30	33	74	43	71	95
% of sales	12.6	12.0	-	12.6	8.7	-	9.5

Minerals

January – June 2021 based on IFRS, other periods illustrative combined figures

- **Orders grew 17%**
- **Sales down y-o-y and flat sequentially**
- **Lower deliveries had an impact on profitability**

EUR million, %	Orders received		Sales	
	Q2	Q1-Q2	Q2	Q1-Q2
2020	645	1,355	653	1,250
Organic growth in constant currencies, %	23	8	-7	-4
Impact of changes in exchange rates, %	-6	-5	-4	-4
Structural changes, %	0	0	0	0
Total change, %	17	3	-12	-8
2021	755	1,400	578	1,144

Operating environment and orders received

Customer activity continued to improve throughout January-June, driven by strong focus on sustainability and productivity. The improvement was seen, as expected, during the second quarter in both new proposals and quotations as well as in orders received. In the equipment business, small and brownfield investments saw the strongest improvement, while the activity related to larger investments also increased. The demand for spare parts and consumables was healthy, but the pandemic continued to affect activity in some markets due to restricted access to customer sites. In the markets that are recovering from the pandemic, customers have restarted planning and preparing for on-site services.

The segment's orders increased 17% to EUR 755 million (645 million). Equipment orders increased 42% year-on-year. Services orders grew 5%, as access to customer sites was still limited in some main markets. Exchange rates had a negative impact of 6% on the order intake.

Financial performance

Quarterly sales totaled EUR 578 million (EUR 653 million). Adjusted EBITA totaled EUR 82 million (EUR 110 million) and adjusted EBITA margin was 14.2% (16.9%). The decline was due to timing of the order backlog and lower volumes in services, due to some short-term inefficiencies related to the completion of footprint and warehouse consolidation actions.

January-June in brief

Orders received increased 3% to EUR 1,400 million (1,355 million), driven by the equipment business. Sales were 8% lower year-on-year, due to the timing of deliveries from the backlog as well as logistics and supply chain constraints. Adjusted EBITA totaled EUR 162 million and adjusted EBITA margin was 14.2% (EUR 183 million and 14.6%).

Key figures

EUR million	IFRS Q2/2021	Q2/2020	Change %	IFRS Q1-Q2/2021	Q1-Q2/2020	Change %	2020
Orders received	755	645	17	1,400	1,355	3	2,601
Orders received by services business	463	440	5	909	888	2	1,673
% of orders received	61	68	-	65	66	-	64
Order backlog	1,633	-	-	-	-	-	1,426
Sales	578	653	-12	1,144	1,250	-8	2,523
Sales by services business	396	410	-3	783	797	-2	1,603
% of sales	69	63	-	69	64	-	64
Adjusted EBITA	82	110	-26	162	183	-11	365
% of sales	14.2	16.9	-	14.2	14.6	-	14.5
Operating profit	66	104	-37	133	170	-22	291
% of sales	11.4	15.9	-	11.6	13.6	-	11.5

Segment review

Metals

January – June 2021 based on IFRS, other periods illustrative combined figures

	EUR million, %		Orders received	Sales	
	Q2	Q1-Q2	Q2	Q1-Q2	
2020	87	171	110	217	
Organic growth in constant currencies, %	180	105	4	-2	
Impact of changes in exchange rates, %	0	-3	-2	-2	
Structural changes, %	0	0	0	0	
Total change, %	180	102	2	-5	
2021	243	344	112	207	

- **Strong market activity and order intake**
- **Turnaround program delivering results**

Operating environment and orders received

Customer activity improved throughout the first half, and, in addition to small and mid-size orders, some larger orders were awarded during the second quarter. Supported by the strong market activity, Metals' order intake increased 180% year-on-year in the second quarter and totaled EUR 243 million (EUR 87 million). While pelletizing continued to be the most active market, the strong order intake overall reflects the strength of Metals' portfolio in supporting customers' sustainability targets.

Financial performance

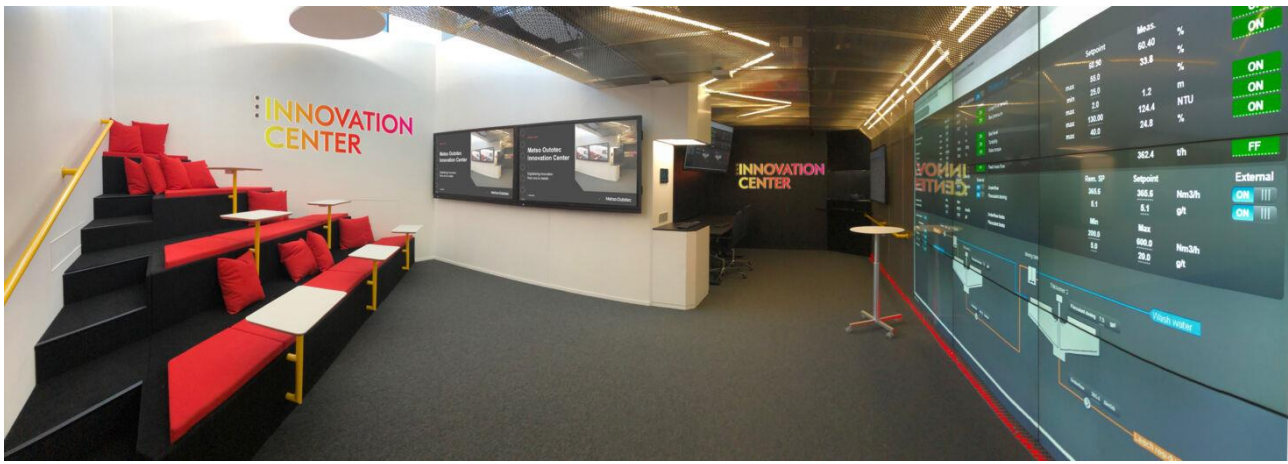
Sales in the second quarter were EUR 112 million, which is 2% higher compared to the second quarter of 2020. Adjusted EBITA was EUR 2 million and adjusted EBITA margin 1.6% (EUR 8 million and 7.2%). The sequential improvement on a negative adjusted EBITA in the first quarter resulted from the first impact of the restructuring actions. The restructuring will result in total annual savings of EUR 15 million.

January-June in brief

Orders received increased 102% to EUR 344 million (171 million), thanks to the improved market activity. Sales were 5% lower year-on-year, due to the timing of deliveries from the backlog, and adjusted EBITA 1 million (15 million), corresponding to a margin of 0.4% (6.8%)

Key figures

EUR million	IFRS Q2/2021	Q2/2020	Change %	IFRS Q1-Q2/2021	Q1-Q2/2020	Change %	2020
Orders received	243	87	180	344	171	102	443
Orders received by services business	26	21	26	48	43	12	78
% of orders received	11	24	-	14	25	-	18
Order backlog	707	-	-	-	-	-	538
Sales	112	110	2	207	217	-5	382
Sales by services business	31	23	38	54	51	8	101
% of sales	28	21	-	26	23	-	27
Adjusted EBITA	2	8	-77	1	15	-94	-2
% of sales	1.6	7.2	-	0.4	6.8	-	-0.6
Operating profit	-4	4	-214	-9	8	-217	-23
% of sales	-4.0	3.6	-	-4.5	3.7	-	-6.1



Capital expenditure and investments

Gross capital expenditure, excluding right-of-use assets, was EUR 41 million in the first half of 2021. This included investments in the Indian foundries and other services operations globally.

Research and development

Research and development (R&D) expenses and investments were EUR 35 million, or 1.8% of sales in the first half of 2021.

Personnel

Metso Outotec had 15,681 employees at the end of June 2021.

Personnel by area on June 30, 2021

	Share, %
Europe	37
North and Central America	13
South America	26
Asia Pacific and Greater China	13
Africa, Middle East, and India	11
Total	100

Shares and share trading

Metso Outotec has a total of 828,972,440 shares and its share capital is EUR 107,186,442.52. Treasury shares totaled 925,021 on June 30, 2021.

Share performance on Nasdaq Helsinki

EUR	January 1 to June 30, 2021
Closing price	9.80
Highest share price	10.43
Lowest share price	7.75
Volume-weighted average trading price	9.21

Annual General Meeting 2021

Metso Outotec Corporation's Annual General Meeting (AGM) was held on April 23, 2021, in Helsinki through exceptional procedures in accordance with temporary legislative act, which entered into force on October 3, 2020 to limit the spread of the Covid-19 pandemic. The AGM adopted the financial statements and discharged the members of the Board of Directors and the President & CEOs from liability for the financial year 2020 and adopted the company's remuneration report for governing bodies through an advisory resolution.

Dividend for 2020

The AGM resolved to approve the Board of Directors' proposal to pay a dividend of EUR 0.20 per share from the financial year 2020 in two installments.

The first dividend installment of EUR 0.10 per share was paid on May 4, 2021, and the second installment of EUR 0.10 per share will be paid in November 2021. The Board of Directors will resolve on the record date and the date of payment in its meeting agreed to be held on November 1, 2021. Pursuant to the current rules of the Finnish book-entry system, the dividend record date would be November 3, 2021, and the date of payment November 10, 2021.

Composition of the Board of Directors

The AGM resolved to elect seven members to the Board of Directors. The AGM resolved to re-elect the following members of the Board of Directors: Kari Stadigh was elected as the Chair, Klaus Cawén as the Vice Chair, and Christer Gardell, Antti Mäkinen, Ian W. Pearce, Emanuela Speranza and Arja Talma as members of the Board. The term of office of the Board will expire at the end of Metso Outotec's next Annual General Meeting.

Remuneration of the Board of Directors

The AGM resolved that the members of the Board of Directors will be paid the same fixed annual remuneration as in the previous term as follows:

- Chair: EUR 150,000
- Vice Chair: EUR 80,000
- Other members: EUR 65,000 each

and the additional remuneration to be paid for the members of the Board of Directors that are elected as members of the committees of the Board will be also unchanged as follows:

- EUR 23,000 for the Chair of the Audit Committee
- EUR 10,000 each for the other members of the Audit Committee
- EUR 12,000 for the Chair of the Remuneration and HR Committee
- EUR 5,000 each for the other members of the Remuneration and HR Committee.

As a condition for the annual remuneration, the Board members are obliged, directly based on the AGM's decision, to use 20 or 40 percent of their fixed total annual remuneration for purchasing Metso Outotec shares from the market at a price formed in public trading. These purchases were carried out on April 27, 2021.

Meeting fees

The AGM also resolved to approve the following unchanged meeting fees: for each Board and committee meeting as in the previous term as follows: a fee of EUR 900 to be paid to the members residing in the Nordic countries, a fee of EUR 1,800 to be paid to the members residing in other European countries and a fee of EUR 2,700 to be paid to the members residing outside Europe. In addition, members of the Board of Directors are to be compensated for direct expenses arising from Board work.

Auditor

Authorized public accounting firm Ernst & Young Oy was re-elected as Auditor for a term ending at the closing of the Annual General Meeting 2022. Ernst & Young Oy has announced that it would appoint Mikko Järventausta, APA, as the principally responsible auditor. The remuneration to the Auditor was decided to be paid against the Auditor's reasonable invoice approved by the company.

Authorizations to repurchase the Company's own shares and to issue shares and special rights entitling to shares

The AGM approved the Board's proposals, which related to authorizing the Board to decide on the repurchase of an aggregate maximum of 82,000,000 of Metso Outotec's own shares (corresponding to approximately 9.9 percent of all shares) and authorizing the Board to decide on the issuance of shares and the issuance of special rights entitling to shares.

Changes in the Metso Outotec Executive Team

On April 12, 2021, the following changes were made in the Metso Outotec Executive Team with immediate effect. Markku Teräsvasara was nominated President, Minerals business area following the departure of Stephan Kirsch from the company. His previous role was President, Services business area. He also continues as Deputy CEO of the company. Sami Takaluoma was nominated as the new President, Services business area. He was previously President, Consumables business area. Heikki Metsälä was appointed President, Consumables business area. Previously he served as SVP, Mill & Chute lining business line in the Consumables business area management team.

Other main events between January 1 and June 30, 2021

Metso Outotec ranked 8th on the Global 100 list of the world's most sustainable companies

On January 25, 2021, it was announced that Metso Outotec is ranked 8th on the Corporate Knights 2021 Global 100 Index of the most sustainable companies in the world and places as a top-ranking company among its peers.

Corporate Knights analyzed 8,080 companies on various indicators relative to industry peers.

Conveyance of own shares based on the long-term incentive plans

On February 19, 2021, a total of 68,217 of Metso Outotec's treasury shares were conveyed without consideration in accordance with the terms and conditions of the Restricted Share Plan 2018-2020 (RSP 2018–2020) and Matching Share Plan to the President and CEO. The directed share issue is based on an authorization given by the Annual General Meeting held on March 11, 2020.

Divestment of the Aluminium business

On April 6, 2021, Metso Outotec completed the divestment of its Aluminium business to REEL International. The divested business comprises equipment and plant solutions to green anode plants, anode rod shops, and cast houses used in aluminium smelters, as well as the related services. Metso Outotec will continue to serve its customers in certain other parts of the aluminium value chain, such as alumina refinery and petroleum coke calcination technologies.

Events after the reporting period

On July 16, 2021, Metso Outotec signed an agreement to divest its Waste Recycling business line to Ahlström Capital, a family-owned investment company. Metso Outotec had earlier announced its decision to divest its Recycling business which comprises the Waste recycling and Metal recycling business lines, due to its strategic focus on the aggregates and mining industries. The closing of the transaction is expected to take place during the fourth quarter of 2021. The company is continuing with its plans to divest the Metal recycling business line.

On July 21, 2021, Metso Outotec signed a major engineering and technology contract as well as license agreements for the delivery of a landmark copper smelter complex to be built in Gresik, East Java, in Indonesia. The project owner is PT Freeport Indonesia, and PT Chiyoda International Indonesia is the EPC contractor. Four-fifths of the approximately EUR 360 million contract has been booked in Metals' Q3/2021 order intake and the rest in Minerals' Q3/2021 order intake. Metso Outotec's scope of delivery is based on the licensed, well-proven Metso Outotec Flash Smelting, Flash Converting and Lurec® technology. It includes the design and supply of key process equipment and process control systems for the main areas of the smelter complex, the copper electrolytic refinery, the gas cleaning and sulphuric acid plant, the slag concentrator, and the effluent treatment plant.

Short-term business risks and market uncertainties

The global development of the Covid-19 pandemic continues to pose short-term risks and uncertainties to Metso Outotec's markets and operations. While the pandemic's negative impact on economic growth seems to lessen with vaccinations being rolled out across the world, possible abrupt measures taken by various national and local governments to restrict the spread may continue to have an impact on Metso Outotec's own and its customers' operations. This could restrict the ability to provide services at customer sites and to run manufacturing sites. To protect its personnel, the company may also need to take abrupt measures that are likely to affect the efficiency of its operations and customer deliveries.

Risks related to a more positive outcome in the pandemic have begun to appear as a rapid increase in demand to compensate for Covid-19 induced restraint has already created inflationary pressures and challenges in the supply chain and these may further increase and challenge the company's ability to deliver on-time and on budget. Trade imbalances caused by the pandemic have created challenges in the availability of containers globally and risk further affecting the availability and cost of logistics and hence supply chain efficiency.

There are also other market- and customer-related risks that could cause on-going projects to be postponed, delayed, or discontinued.

Uncertain market conditions could adversely affect our customers' payment behavior and increase the risk of lawsuits, claims and disputes taken against Metso Outotec in various countries related to, among other things, Metso Outotec's products, projects, and other operations.

Tariffs or other trade barriers could pose challenges to our supply chain and price management, impacting our capability to secure customer deliveries and margins.

Exchange rate fluctuations and changes in commodity prices could affect our orders received, sales and financial position. Metso Outotec hedges currency exposure linked to firm delivery and purchase agreements.

Information security and cyber threats could disturb or disrupt Metso Outotec's businesses and operations.

Metso Outotec has identified a significant risk related to its ilmenite smelter project in Saudi Arabia in line with earlier disclosures. Provisions have been made against this risk. The contractual position and other factual circumstances will ultimately determine the eventual liability and financial impact.

Disputes related to project execution and resulting in extra costs and/or penalties are a risk for Metso Outotec. In the contracts related to the delivery of major projects, the liquidated damages attributable to, for instance, delayed delivery or non-performance may be significant. Even though provisions are provided for, in accordance with accounting principles, there is no certainty that additional liabilities would not materialize.

Metso Outotec is involved in a few disputes that may lead to arbitration and court proceedings. Differing interpretations of international contracts and laws may cause uncertainties in estimating the outcome of these disputes. The enforceability of contracts in certain market areas may be challenging or difficult to foresee.

Market outlook

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.

Metso Outotec expects the market activity to remain at the current strong level, subject to the development of the Covid-19 pandemic.

Helsinki, August 4, 2021

Metso Outotec Corporation's Board of Directors

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Consolidated statement of income, IFRS

EUR million	Metso Outotec 4–6/2021	Metso Minerals combined restated ¹⁾ 4–6/2020	Metso Outotec 1–6/2021	Metso Minerals combined restated ¹⁾ 1–6/2020	Metso Outotec 1–12/2020
Sales	1,010	722	1,935	1,384	3,319
Cost of sales	-718	-503	-1,380	-965	-2,429
Gross profit	291	219	554	419	889
Selling and marketing expenses	-87	-54	-170	-118	-283
Administrative expenses	-90	-69	-161	-127	-303
Research and development expenses	-17	-7	-32	-14	-53
Other operating income and expenses, net	-1	-4	-3	-16	-10
Share of results of associated companies	0	0	0	0	0
Operating profit	97	85	188	144	239
Finance income	1	0	2	4	5
Foreign exchange gains/losses	-2	-2	0	4	0
Finance expenses	-10	-7	-20	-18	-44
Finance income and expenses, net	-11	-9	-18	-10	-38
Profit before taxes	86	76	170	134	201
Income taxes	-22	-22	-43	-36	-52
Profit for the period for continuing operations	64	54	127	98	149
Profit from discontinued operations	22	1	19	1	-11
Profit for the period	86	55	145	99	138
Profit attributable to					
Shareholders of the Parent Company	86	55	145	98	138
Non-controlling interests	1	0	1	0	0
Earnings per share, EUR ²⁾	0.10		0.17		0.19
Earnings per share, diluted, EUR	0.10		0.17		0.19
Earnings per share for continuing operations, EUR ²⁾	0.07		0.15		0.20

¹⁾ Excluding Recycling business, which is classified as discontinued operations.

²⁾ More information on section Key figures.

Consolidated statement of comprehensive income, IFRS

EUR million	Metso Outotec 4-6/2021	Metso Minerals combined 4-6/2020	Metso Outotec 1-6/2021	Metso Minerals combined 1-6/2020	Metso Outotec 1-12/2020
Continuing and discontinued operations					
Profit for the period	86	55	145	99	138
Other comprehensive income					
Cash flow hedges, net of tax	-4	-1	-11	-1	9
Currency translation on subsidiary net investment	-1	-5	32	-53	-58
Items that may be reclassified to profit or loss in subsequent periods	-5	-6	21	-54	-49
Defined benefit plan actuarial gains and losses, net of tax	-	0	-	0	-6
Items that will not be reclassified to profit or loss	-	0	-	0	-6
Other comprehensive income	-5	-6	21	-54	-56
Total comprehensive income	81	49	166	44	82
Attributable to					
Shareholders of Parent Company	81	49	166	44	83
Non-controlling interests	1	0	1	0	0

Consolidated Balance Sheet – Assets, IFRS

EUR million	Jun 30, 2021	Restated Jun 30, 2020	Restated Dec 31, 2020
Non-current assets			
Intangible assets			
Goodwill	1,125	1,135	1,118 ¹⁾
Other intangible assets	916	1,016	942
Total intangible assets	2,041	2,151	2,060
Property, plant, and equipment			
Land and water areas	42	44	42
Buildings and structures	123	116	116
Machinery and equipment	172	161	157
Assets under construction	34	37	41
Total property, plant, and equipment	372	357	356
Right-of-use assets	132	141	132 ¹⁾
Other non-current assets			
Investments in associated companies	10	10	10
Non-current financial assets	4	4	4
Loan receivables	6	7	6
Derivative financial instruments	0	5	3
Deferred tax assets	183	172	149 ¹⁾
Other non-current receivables	47	38	43
Total other non-current assets	250	235	215
Total non-current assets	2,795	2,884	2,764
Current assets			
Inventories	1,154	1,106	1,038
Trade receivables	601	601	556
Customer contract assets	259	275	298
Loan receivables	3	1	2
Derivative financial instruments	23	38	43
Income tax receivables	40	44	36
Other current receivables	184	138	147 ¹⁾
Liquid funds	469	528	537
Total current assets	2,735	2,730	2,658
Assets held for sale	143	39	145
TOTAL ASSETS	5,673	5,653	5,567

¹⁾ Balance sheet for year 2020 and for June 30, 2020 has been restated due to adjustments in the fair values of Outotec at the acquisition date. For more information, please see note 8. Acquisitions.

Consolidated Balance Sheet – Equity and liabilities, IFRS

EUR million	Jun 30, 2021	Restated Jun 30, 2020	Restated Dec 31, 2020
Equity			
Share capital	107	107	107
Share premium fund	20	20	20
Cumulative translation adjustments	-177	-204	-210
Fair value and other reserves	1,129	1,131	1,136
Retained earnings	966	950	983
Equity attributable to shareholders	2,044	2,003	2,037
Non-controlling interests	4	5	3
Total equity	2,049	2,009	2,040
Liabilities			
Non-current liabilities			
Borrowings	977	830	1,129
Lease liabilities	107	110	106
Post-employment benefit obligations	118	129	102
Provisions	70	75	73
Derivative financial instruments	2	3	2
Deferred tax liability	229	252	223
Other non-current liabilities	2	5	4
Total non-current liabilities	1,504	1,404	1,639
Current liabilities			
Hybrid bond	-	150	-
Borrowings	48	328	78
Lease liabilities	32	33	32 ¹⁾
Trade payables	621	477	539
Provisions	120	143	122
Advances received	201	185	161
Customer contract liabilities	312	224	236
Derivative financial instruments	24	32	29
Income tax liabilities	67	46	42 ¹⁾
Other current liabilities	581	484	453 ¹⁾
Total current liabilities	2,006	2,101	1,690
Liabilities held for sale	114	139	198 ¹⁾
TOTAL EQUITY AND LIABILITIES	5,673	5,653	5,567

¹⁾ Balance sheet for year 2020 and for June 30, 2020 has been restated due to adjustments in the fair values of Outotec at the acquisition date. For more information, please see note 8. Acquisitions.

Consolidated statement of changes in shareholders' equity, IFRS

EUR million	Share capital	Share premium fund	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
Jan 1, 2021	107	20	-210	1,136	983	2,037	3	2,040
Profit for the period	-	-	-	-	145	145	1	145
Other comprehensive income								
Cash flow hedges, net of tax	-	-	-	-11	-	-11	-	-11
Currency translation on subsidiary net investments	-	-	32	-	-	32	-	32
Total comprehensive income	-	-	32	-11	145	166	1	166
Dividends	-	-	-	-	-166	-166	-	-166
Share-based payments, net of tax	-	-	-	4	0	4	-	4
Other items	-	-	-	0	4	4	0	4
Jun 30, 2021	107	20	-177	1,129	966	2,044	4	2,049

EUR million	Share capital	Share premium fund	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
Jan 1, 2020	-	-	-151	0	1,403	1,252	3	1,254
Profit for the period	-	-	-	-	98	98	0	99
Other comprehensive income								
Cash flow hedges, net of tax	-	-	-	-1	-	-1	-	-1
Currency translation on subsidiary net investments	-	-	-53	-	-	-53	0	-53
Defined benefit plan actuarial gains (+) and losses (-), net of tax	-	-	-	-	0	0	-	0
Total comprehensive income	-	-	-53	-1	98	44	0	44
Dividends	-	-	-	-	-177	-177	-	-177
Dividends to related party	-	-	-	-	-2	-2	-	-2
Share-based payments, net of tax	-	-	-	-	-4	-4	-	-4
Changes in invested equity	-	-	-	-	-15	-15	-	-15
Demerger effect	90	-	-	272	-356	7	-	7
Reverse acquisition	17	20	-	860	-	897	3	900
Other items	-	-	-	0	3	3	-1	2
Jun 30, 2020	107	20	-204	1,131	950	2,003	5	2,009

Condensed consolidated statement of cash flows, IFRS

EUR million	Metso Outotec 4–6/2021	Metso Minerals combined 4–6/2020	Metso Outotec 1–6/2021	Metso Minerals combined 1–6/2020	Metso Outotec 1–12/2020
Operating activities					
Profit for the period	86	55	145	99	138
Adjustments:					
Depreciation and amortization	44	20	83	41	160
Financial expenses, net	11	9	18	10	38
Income taxes	23	22	43	36	58
Other items	-23	3	-14	4	0
Change in net working capital	-34	132	-4	167	193
Net cash flow from operating activities before financial items and taxes	107	242	272	357	587
Financial income and expenses paid, net	-15	-11	-21	-14	-35
Income taxes paid	-16	-20	-32	-40	-62
Net cash flow from operating activities	75	210	219	303	491
Investing activities					
Capital expenditures on non-current assets	-23	-16	-41	-42	-88
Proceeds from sale of non-current assets	25	0	27	1	3
Proceeds from sale of non-current assets, Metso Group	-	89	-	94	93
Business acquisitions, net of cash acquired	-	215	-	216	209
Business acquisitions, net of cash acquired, Metso Group	-	-6	-	-6	-6
Net cash flow from investing activities	1	283	-14	264	211
Financing activities					
Dividends paid	-83	-177	-83	-177	-177
Dividends paid, Metso Group	-	-1	-	-2	-2
Increase in loan receivables	0	0	0	-	-1
Proceeds from and repayments of non-current debt, net	-50	-35	-150	5	436
Proceeds from and repayment of current debt, net	19	29	-29	140	-395
Proceeds from and repayment of debt, net, Metso Group	-	-64	-	-139	-139
Repayment of lease liabilities	-10	-7	-19	-12	-31
Net cash flow from financing activities	-123	-254	-282	-185	-309
Net change in liquid funds	-46	240	-77	382	393
Effect from changes in exchange rates	0	-3	10	-10	-6
Cash classified as assets held for sale	0	-	-1	-	-6
Liquid funds equivalents at beginning of period	516	292	537	156	156
Liquid funds at end of period	469	528	469	528	537

Key figures, IFRS

EUR million	Metso Outotec 1-6/2021	Metso Minerals combined 1-6/2020	Metso Outotec 1-12/2020
Profit for the period for continuing operations	127	98	149
Earnings per share for continuing operations, EUR	0.15	-	0.20 ¹⁾
Profit for the period	145	99	138
Earnings per share, EUR	0.17	0.15 ²⁾	0.17
Earnings per share, EUR			0.19 ¹⁾
Equity/share at end of period, EUR	2.47	2.42	2.46
Number of shares at Jun 30, 2020 (thousands)	-	183,121	183,121
New shares issued as demerger consideration to Metso's shareholders (thousands)	-	645,851	645,851
Total number of shares at end of period (thousands)	828,972	828,972	828,972
Own shares held by Parent Company	925	993	993
Outstanding shares at end of period (thousands)	828,047	827,979	827,979
Average number of outstanding shares (thousands)	828,029	-	737,413

¹⁾ Based on average number of outstanding shares of 737,413 thousand.

²⁾ Based on new shares issued as demerger consideration to Metso's shareholders (thousands).

EUR million	Metso Outotec Jun 30, 2021	Metso Minerals combined, restated Jun 30, 2020	Metso Outotec restated Dec 31, 2020
Net debt	686	915	799
Gearing, %	33.5%	45.6%	39.2%
Equity-to-assets ratio, %	39.7%	38.3%	39.5%
Debt to capital, %	33.4%	39.4%	37.2%
Debt to equity, %	50.1%	65.1%	59.1%
Net working capital (NWC)	303	448	414
Net debt and gearing			
Borrowings	1,026	1,308	1,206
Lease liabilities	139	143	138
Gross debt	1,164	1,451	1,345
Loan receivables	9	8	8
Liquid funds	469	528	537
Net debt	686	915	799
Gearing	33.5%	45.6%	39.2%

Balance sheet for year 2020 and for June 30, 2020 has been restated due to adjustments in the fair values of Outotec at the acquisition date. For more information, please see note 8. Acquisitions.

Formulas for key figures

Earnings before financial expenses, net, taxes, and amortization, adjusted (adjusted EBITA)	=	Operating profit + adjustment items + amortization	
Earnings per share, basic	=	$\frac{\text{Profit attributable to shareholders}}{\text{Average number of outstanding shares during the period}}$	
Earnings per share, diluted	=	$\frac{\text{Profit attributable to shareholders}}{\text{Average number of diluted shares during the period}}$	
Equity/share	=	$\frac{\text{Equity attributable to shareholders}}{\text{Number of outstanding shares at the end of the period}}$	
Gearing, %	=	$\frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$	
Equity-to-assets ratio, %	=	$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}} \times 100$	
Debt to capital, %	=	$\frac{\text{Interest-bearing liabilities} - \text{lease liabilities}}{\text{Total equity} + \text{interest-bearing liabilities} - \text{lease liabilities}} \times 100$	
Debt to equity, %	=	$\frac{\text{Interest-bearing liabilities} - \text{lease liabilities}}{\text{Total equity}} \times 100$	
Interest-bearing liabilities (Gross debt)	=	Interest-bearing liabilities, non-current and current + lease liabilities, non-current and current	
Net interest-bearing liabilities (Net debt)	=	Interest-bearing liabilities - non-current financial assets - loan and other interest-bearing receivables (current and non-current) - liquid funds	
Net working capital (NWC)	=	Inventories + trade receivables + other non-interest-bearing receivables + customer contract assets and liabilities, net - trade payables - advances received - other non-interest-bearing liabilities	

Alternative Performance Measures

Metso Outotec presents certain key figures (alternative performance measures) as additional information to the financial measures presented in the consolidated statements of comprehensive income and the consolidated balance sheet and cash flows prepared in accordance with IFRS. In Metso Outotec's view, alternative performance measures provide meaningful supplemental information on its operational results, financial position and cash flows and are widely used by analysts, investors, and other parties.

To improve the comparability between periods, Metso Outotec presents adjusted EBITA, being earnings before interest, tax and amortization adjusted by capacity adjustment costs, acquisition costs, gains, and losses on business disposals as well as Metso Outotec transaction and integration costs. Their nature and net effect on cost of goods sold, selling, general and administrative expenses, as well as other income and expenses are presented in the segment information. Net debt, gearing, equity-to-assets ratio, debt-to-capital ratio and debt-to-equity ratio are presented as complementing measures because, in Metso Outotec's view, they are useful measures of Metso Outotec's ability to obtain financing and service its debts. Net working capital provides additional information concerning the cash flow needs of Metso Outotec's operations.

Alternative performance measures should not be viewed in isolation or as a substitute to the IFRS financial measures. All companies do not calculate alternative performance measures in a uniform manner, and therefore Metso Outotec's alternative performance measures may not be comparable with similarly named measures presented by other companies.

Notes to the Half-Year Report

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1. Basis of preparation

This Half-Year Report has been prepared in accordance with IAS 34 'Interim Financial Reporting', applying the accounting policies of Metso Outotec, which are consistent with the accounting policies of Metso Outotec Financial Statements 2020. New accounting standards have been adopted, as described in note 2. This Half-Year Report is unaudited.

All figures presented have been rounded; consequently, the sum of individual figures might differ from the presented total figures.

The partial demerger of Metso Corporation and the combination of Metso's Minerals business and Outotec was completed on June 30, 2020. In the transaction, the legal acquirer Outotec issued new shares to Metso shareholders and received all assets, rights, debts, and liabilities related to Metso's Minerals business. In the consolidated financial statements according to IFRS, this transaction is treated as a reverse acquisition, where Metso Minerals is the accounting acquirer and Outotec the accounting acquiree. The historical IFRS-based statement of income and cash flow for the comparison period January–June 2020 includes only Metso Minerals carve-out data. The July–December 2020 consolidated statement of income and cash flows includes Metso Outotec Group financial data.

On October 28, 2020, Metso Outotec announced its decision to divest the Recycling business, and it has been classified as discontinued operations. Comparative figures for the period January–June 2020 have been restated accordingly. The assets and liabilities held for sale have been transferred to separate lines in the consolidated balance sheet. The comparative figures for June 30, 2020 related to the consolidated balance sheet have not been restated.

Reporting segments

Metso Outotec Group is a global supplier of sustainable technologies, end-to-end solutions and services for the minerals processing, aggregates, and metals refining industries. Metso Outotec has a broad offering in terms of equipment, solutions, and various types of aftermarket services. Reportable segments of Metso Outotec are based on end customer groups, which are differentiated by both offering and business model: Aggregates, Minerals and Metals.

The segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, Metso Outotec's chief operating decision-maker with responsibility for allocating resources and assessing the performance of the segments, deciding on strategy, selecting key employees, as well as deciding on major development projects, business acquisitions, investments, organizational structure, and financing. The accounting principles applied to the segment reporting are the same as those used in preparing the consolidated financial statements.

Aggregates offers a wide range of equipment, aftermarket parts and services for quarries, aggregates contractors and construction companies. Minerals supplies a wide portfolio of process solutions, equipment, and aftermarket services, as well as plant delivery capability for mining operations. Metals provides sustainable solutions for processing virtually all types of ores and concentrates to refined metals. The Group Head Office and other segment is comprised of the Parent Company with centralized Group functions, such as treasury and tax, as well as shared service centers and holding companies.

Segment performance is measured with operating profit/loss (EBIT). In addition, Metso Outotec uses alternative performance measures to reflect the underlying business performance and to improve comparability between financial periods: earnings before interest, tax and amortization (EBITA), adjusted and net working capital. Alternative performance measures, however, should not be considered as a substitute for measures of performance in accordance with the IFRS.

2. New accounting standards

Metso Outotec has applied the revised IFRS Standards that have been effective since January 1, 2021. These amendments have not had a material impact on the reported figures.

3. Disaggregation of sales

The Recycling business has been reclassified as discontinued operations and its figures are not included in the figures below.

SALES BY SEGMENTS

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Aggregates	320	253	585	496	992
Minerals	578	440	1,144	839	2,112
Metals	112	30	207	49	215
Sales	1,010	722	1,935	1,384	3,319

EXTERNAL SALES BY CATEGORY

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Sales of service	511	398	993	788	1,793
Aggregates	83	80	156	164	312
Minerals	396	318	783	623	1,430
Metals	31	0	54	0	51
Sales of projects, equipment, and goods	499	324	942	596	1,526
Aggregates	236	173	429	332	680
Minerals	181	121	361	215	682
Metals	81	30	152	49	164
Sales	1,010	722	1,935	1,384	3,319

EXTERNAL SALES BY TIMING OF REVENUE RECOGNITION

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
At a point in time	800	598	1,494	1,175	2,613
Over time	210	124	440	209	706
Sales	1,010	722	1,935	1,384	3,319

EXTERNAL SALES BY DESTINATION

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Europe	295	184	562	361	879
North and Central America	215	171	406	339	721
South America	158	122	310	249	569
APAC	213	149	400	257	669
Africa, Middle East and India	129	97	257	177	481
Sales	1,010	722	1,935	1,384	3,319

4. Financial risk management

As a global company, Metso Outotec is exposed to a variety of business and financial risks.

Financial risks are managed centrally by the Group Treasury under annually reviewed written policies approved by the Board of Directors. Treasury operations are monitored by the Treasury Management Team chaired by the CFO. Group Treasury identifies, evaluates, and hedges financial risks in close cooperation with the operating units. Group Treasury functions as counterparty to the operating units, manages centrally external funding and is responsible for the management of financial assets and appropriate hedging measures. The objective of financial risk management is to minimize potential adverse effects on Metso Outotec's financial performance.

Liquidity and refinancing risk, capital structure management

Metso Outotec's liquidity position is solid. In addition to liquid funds amounting to EUR 469 million, the Group had committed and undrawn revolving credit facilities of EUR 600 million at the end of June. A syndicated EUR 600 million revolving credit facility has a maturity in 2025 with a one one-year extension option. Metso Outotec also has a EUR 600 million Finnish commercial paper program, which was not utilized at the end of the quarter. During the quarter Metso Outotec cancelled two bilateral revolving credit facilities totaling EUR 90 million that would have matured in 2022.

During the second quarter, Metso Outotec used its liquid funds to make an early repayment of EUR 50 million on its EUR 150 million term loan, the remaining EUR 100 million will mature in September 2022.

Metso Outotec's refinancing risk is managed by balancing the proportion of short-term and long-term debt as well as the average remaining maturity of long-term debt.

Capital structure is assessed regularly by the Board of Directors and managed operationally by the Group Treasury. Capital structure management at Metso Outotec comprises both equity and interest-bearing debt and its objectives are to safeguard the ongoing business operations and to optimize the cost of capital. As of June 30, 2021, the equity attributable to shareholders was EUR 2,044 million, and the amount of gross debt was EUR 1,026 million excluding lease liabilities.

Metso Outotec has a target to maintain an investment-grade credit rating. In May S&P Global Ratings changed the outlook of 'BBB-' long-term issuer credit rating from negative to stable. Metso Outotec has also a 'Baa2' long-term issuer rating with stable outlook from Moody's Investor Service.

There are no prepayment covenants in Metso Outotec's financial contracts that would be triggered by changes in credit rating. Covenants included in some financing agreements refer to a combination of certain credit rating level and Metso Outotec's capital structure. Metso Outotec is in compliance with all covenants and other terms of its debt instruments.

5. Fair value estimation

For those financial assets and liabilities that have been recognized at fair value in the balance sheet, the following measurement hierarchy and valuation methods have been applied:

- | | |
|---------|--|
| Level 1 | Unadjusted quoted prices in active markets at the balance sheet date. The market prices are readily and regularly available from an exchange, dealer, broker, market information service system, pricing service, or regulatory agency. The quoted market price used for financial assets is the current bid price. Level 1 financial instruments include fund investments classified as fair value through profit and loss |
| Level 2 | The fair value of financial instruments in Level 2 is determined using valuation techniques. These techniques utilize observable market data readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. Level 2 financial instruments include: <ul style="list-style-type: none">• Over-the-counter derivatives classified as financial assets/liabilities at fair value through profit and loss or qualified for hedge accounting• Debt securities classified as financial instruments at fair value through profit and loss• Fixed-rate debt under fair value hedge accounting |
| Level 3 | A financial instrument is categorized into Level 3 if the calculation of the fair value cannot be based on observable market data. There were no such instruments on June 30, 2021, or on December 31, 2020. |

The table below presents financial assets and liabilities that are measured at fair value. There have been no transfers between fair value levels during the presented period.

EUR million	Jun 30, 2021		
	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Derivatives not under hedge accounting	-	6	-
Financial assets at fair value through other comprehensive income			
Derivatives under hedge accounting	-	20	-
Total	-	26	-
Liabilities			
Financial liabilities at fair value through profit and loss			
Derivatives not under hedge accounting	-	17	-
Financial liabilities at fair value through other comprehensive income			
Derivatives under hedge accounting	-	12	-
Total	-	29	-

EUR million	Dec 31, 2020		
	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Derivatives not under hedge accounting	-	20	-
Financial assets at fair value through other comprehensive income			
Derivatives under hedge accounting	-	27	-
Total	-	47	-
Liabilities			
Financial liabilities at fair value through profit and loss			
Derivatives not under hedge accounting	-	21	-
Financial liabilities at fair value through other comprehensive income			
Derivatives under hedge accounting	-	10	-
Total	-	31	-

The carrying value of other financial assets and liabilities other than those presented in this fair value level hierarchy table approximates their fair value. Fair values of other debt are calculated as net present values.

6. Notional amounts of derivative instruments

EUR million	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Forward exchange rate contracts	2,282	2,234	1,638
Interest rate swaps	275	220	295

7. Contingent liabilities and other commitments

EUR million	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Guarantees			
External guarantees given by Parent and Group Companies	1,307	1,225	1,260
Other commitments			
Repurchase commitments	0	0	0
Other contingencies	1	1	1
Total	1,309	1,227	1,262

8. Acquisitions

Outotec acquisition in 2020

The partial demerger of Metso Corporation and combination of Metso's Minerals business and Outotec was completed on June 30, 2020. In the consolidated financial statements according to IFRS this transaction is treated as a reverse acquisition, where Metso Minerals is the accounting acquirer and Outotec the accounting acquiree. The acquisition of Outotec has been accounted for in the consolidated financial statements as a business combination using the acquisition method.

Consideration transferred

The consideration transferred amounted to EUR 899 million and was measured using the market price of the Outotec share (EUR 4.91) as of June 30, 2020, and the number of Outotec shares outstanding (183.1 million) before the completion of the transaction.

Recognized amounts of identifiable assets acquired and liabilities assumed

Outotec's net assets were identified and recognized at fair value as of the acquisition date on June 30, 2020. Based on new information about facts and circumstances at the acquisition date measurement period adjustments have been made on deferred tax assets on prior year timing differences EUR -16 million, other liabilities 13 million, right-of-use assets EUR 3 million, current liabilities EUR 2 million, increases in provisions related to discontinued operations EUR 61 million compared to the original fair value calculation, and other minor items. Due to the adjustments in fair values of Outotec at acquisition date, the value of goodwill increased EUR 67 million in year 2021. The following table summarizes the fair values of assets and liabilities assumed.

Assets and liabilities recognized as a result of the acquisition

EUR million	Fair value
Intangible assets	858
Property, plant, and equipment	43
Right-of-use assets	61
Deferred tax assets	71
Other non-current assets	8
Inventory	219
Trade receivables	115
Customer contract assets	181
Income tax receivables	15
Other receivables	67
Liquid funds	215
Assets	1,854
Non-current interest bearing liabilities	-43
Deferred tax liability	-188
Other non-current liabilities	-124
Current interest bearing liabilities	-468
Trade payables	-126
Customer contract liabilities	-145
Accrued income taxes	-13
Other liabilities	-329
Liabilities	-1,437
Net liabilities, held for sale	-100
Net identifiable assets acquired at fair value	316
Goodwill	584
Purchase consideration	899

Due to adjustments in the fair values of Outotec at the acquisition date, the balance sheet for year 2020 and for June 30, 2020 has been restated. The adjustments had no effect on the Income statement.

9. Business disposals

Discontinued operations

On October 28, 2020, Metso Outotec announced its decision to divest its Recycling business. The Recycling business sells products and services for metal and waste recycling.

In late 2019, Outotec announced its decision to divest the businesses related to aluminium and waste-to-energy. The aluminium business comprises green anode plant, rod shop and certain cast house technologies, as well as related service operations. The waste-to-energy business comprises biomass, wood waste and various other fuel plants, including related service operations.

The divested businesses have been classified as discontinued operations, including the transfer of assets and liabilities held for sale on separate lines in the consolidated balance sheet. The figures in the statement of income have been adjusted to show the discontinued operations separately from continuing operations.

Business disposals in 2021

On April 6, 2021, Metso Outotec completed the divestment of its aluminium business to REEL International. The divested business comprises equipment and plant solutions to green anode plants, anode rod shops, and cast houses used in aluminium smelters, as well as the related services.

The capital gain of approximately EUR 20 million from the disposal of aluminium business has been reported under discontinued operations.

10. Segment information, IFRS

The Recycling business has been reclassified as discontinued operations and its figures are not included in the segment figures below.

ORDERS RECEIVED

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Aggregates	363	222	718	512	1,107
Minerals	755	486	1,400	1,004	2,250
Metals	243	32	344	67	340
Metso Outotec total	1,360	739	2,462	1,583	3,696

ORDERS RECEIVED BY SERVICES BUSINESS

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Aggregates	88	70	179	161	319
% of orders received	24,3	31,6	24,9	31,5	28,9
Minerals	463	350	909	700	1,485
% of orders received	61,3	72,0	64,9	69,7	66,0
Metals	26	-	48	-	35
% of orders received	10,9	-	14,0	-	10,4
Metso Outotec total	577	420	1,136	861	1,840
% of orders received	42,4	56,8	46,1	54,4	49,8

SALES

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Aggregates	320	253	585	496	992
Minerals	578	440	1 144	839	2 112
Metals	112	30	207	49	215
Metso Outotec total	1,010	722	1,935	1,384	3,319

SALES BY SERVICES BUSINESS

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Aggregates	83	80	156	164	312
% of sales	26.1	31.7	26.6	33.1	31.5
Minerals	396	318	783	623	1,430
% of sales	68.6	72.4	68.5	74.4	67.7
Metals	31	-	54	-	51
% of sales	27.7	-	26.3	-	23.7
Metso Outotec total	511	398	993	788	1,793
% of sales	50.6	55.2	51.3	56.9	54.0

ADJUSTED EBITA AND OPERATING PROFIT

EUR million, %	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Aggregates					
Adjusted EBITA	47	34	84	50	107
% of sales	14.6	13.5	14.4	10.1	10.8
Amortization of intangible assets	-3	-3	-7	-7	-13
Adjustment items	-3	-1	-3	-1	1
Operating profit	40	30	74	43	95
% of sales	12.6	12.0	12.6	8.7	9.5
Minerals					
Adjusted EBITA	82	81	162	135	318
% of sales	14.2	18.4	14.2	16.2	15.0
Amortization of intangible assets	-12	-1	-24	-2	-55
Adjustment items	-4	0	-6	-1	-10
Operating profit	66	79	133	132	253
% of sales	11.4	18.0	11.6	15.8	12.0
Metals					
Adjusted EBITA	2	5	1	7	-10
% of sales	1.6	15.7	0.4	14.5	-4.6
Amortization of intangible assets	-5	0	-6	0	-14
Adjustment items	-2	-	-4	-	0
Operating profit	-4	5	-9	7	-24
% of sales	-4.0	15.5	-4.5	14.4	-11.2
Group Head Office and other					
Adjusted EBITA	0	-12	-2	-10	-18
Amortization of intangible assets	-1	-1	-1	-2	-4
Adjustment items	-4	-17	-6	-26	-63
Operating profit	-5	-29	-9	-38	-84
Metso Outotec total					
Adjusted EBITA	131	108	245	183	397
% of sales	12.9	15.0	12.7	13.2	11.9
Amortization of intangible assets	-21	-5	-39	-11	-85
Adjustment items	-13	-18	-19	-28	-72
Operating profit	97	85	188	144	239
% of sales	9.6	11.8	9.7	10.4	7.2

ADJUSTING ITEMS BY CATEGORY

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Capacity adjustment costs	-11	0	-17	-2	-38
Acquisition costs	-2	-	-2	-	5
Metso Outotec integration costs	-	-	-	-	-14
Metso Outotec transaction costs	-	-18	-	-26	-25
Adjustments items, total	-13	-18	-19	-28	-72

Quarterly segment information, IFRS**ORDERS RECEIVED**

EUR million	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020
Aggregates	363	356	363	232	222
Minerals	755	645	730	516	486
Metals	243	101	212	61	32
Metso Outotec total	1,360	1,102	1,304	809	739

SALES

EUR million	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020
Aggregates	320	265	251	244	253
Minerals	578	566	640	634	440
Metals	112	95	86	79	30
Metso Outotec total	1,010	925	977	957	722

Adjusted EBITA

EUR million	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020
Aggregates	47	37	31	26	34
Minerals	82	80	85	97	81
Metals	2	-1	-9	-8	5
Group Head Office and other	0	-2	-3	-5	-12
Metso Outotec total	131	115	103	111	108

Adjusted EBITA, % OF SALES

%	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020
Aggregates	14.6	14.1	12.2	10.7	13.5
Minerals	14.2	14.2	13.3	15.4	18.4
Metals	1.6	-1.0	-10.1	-10.3	15.7
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso Outotec total	12.9	12.4	10.6	11.6	15.0

AMORTIZATION

EUR million	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020
Aggregates	-3	-4	-3	-3	-3
Minerals	-12	-12	-29	-24	-1
Metals	-5	-2	-5	-10	0
Group Head Office and other	-1	0	-1	-1	-1
Metso Outotec total	-21	-17	-38	-37	-5

ADJUSTMENT ITEMS

EUR million	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020
Aggregates	-3	0	3	-2	-1
Minerals	-4	-2	-7	-2	0
Metals	-2	-2	0	0	0
Group Head Office and other	-4	-2	-18	-18	-17
Metso Outotec total	-13	-6	-22	-22	-18

OPERATING PROFIT

EUR million	4–6/2021	1–3/2021	10–12/2020	7–9/2020	4–6/2020
Aggregates	40	33	31	21	30
Minerals	66	67	49	72	79
Metals	-4	-5	-14	-18	5
Group Head Office and other	-5	-4	-22	-24	-29
Metso Outotec total	97	91	44	51	85

OPERATING PROFIT, % OF SALES

%	4–6/2021	1–3/2021	10–12/2020	7–9/2020	4–6/2020
Aggregates	12.6	12.6	12.2	8.7	12.0
Minerals	11.4	11.8	7.6	11.3	18.0
Metals	-4.0	-5.1	-15.7	-22.3	15.5
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso Outotec total	9.6	9.8	4.5	5.4	11.8

ORDER BACKLOG

EUR million	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020
Aggregates	536	492	402	303	321
Minerals	1,633	1,500	1,426	1,341	962
Metals	707	577	538	405	102
Metso Outotec total	2,876	2,569	2,366	2,049	1,385

11. Exchange rates

Currency	1–6/2021	1–6/2020	1–12/2020	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
USD (US dollar)	1.2060	1.1061	1.1452	1.1884	1.1198	1.2271
SEK (Swedish krona)	10.1312	10.6435	10.4789	10.1110	10.4948	10.0343
GBP (Pound sterling)	0.8703	0.8735	0.8864	0.8581	0.9124	0.8990
CAD (Canadian dollar)	1.5078	1.5040	1.5320	1.4722	1.5324	1.5633
BRL (Brazilian real)	6.4553	5.3983	5.8847	5.9050	6.1118	6.3735
CNY (Chinese yuan)	7.8010	7.7808	7.8916	7.6742	7.9219	8.0225
AUD (Australian dollar)	1.5706	1.6708	1.6523	1.5853	1.6344	1.5896

12. Events after reporting period

On July 16, 2021, Metso Outotec signed an agreement to divest its Waste Recycling business line to Ahlström Capital. Metso Outotec announced in October 2020 its decision to divest its Recycling business which comprises the waste recycling and metal recycling business lines, due to the company's strategic focus on the aggregates and mining industries. The closing Waste Recycling of the transaction is expected to take place during the fourth quarter of 2021. The company is continuing with its plans to divest the Metal recycling business line. The Recycling business is presented as discontinued operations.

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 that 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's information in 2021

Interim Report for January – September 2021 on November 2

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