Q1

Interim Report

January – March 2021

Metso:Outotec

Metso Outotec Interim Report January 1 – March 31, 2021

The 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.

This transaction is treated in IFRS reporting as a reverse acquisition, where Metso Minerals is the accounting acquirer and Outotec the accounting acquiree. The historical IFRS-based information for January-June 2020 includes only Metso Minerals carve-out information.

Metso Outotec has prepared both illustrative and IFRS-based historical quarterly segment information for January-June 2020. The illustrative historical segment information is presented as a combination of Metso Minerals carve-out information and Outotec information, according to the Metso Outotec segment structure. The Outotec information is based on Outotec's historical accounting principles; Outotec's Minerals Processing segment is included in Metso Outotec's Minerals segment, and Outotec's Metals Refining segment is included in Metso Outotec's Metals segment.

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

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

- Orders received EUR 1,102 million (EUR 1,084 million)
- Sales EUR 925 million (EUR 947 million)
- Adjusted EBITA EUR 115 million, or 12.4% of sales (EUR 95 million, or 10.0%)
- Operating profit EUR 91 million, or 9.8% of sales (EUR 68 million, or 7.2%)
- Earnings per share EUR 0.08
- Cash flow from operations EUR 165 million
- EUR 83 million annual run rate of the Metso Outotec cost synergies realized by the end of the quarter

President and CEO Pekka Vauramo:

"Our focus will be on completing the integration and realizing the full potential of the related synergies."

We continued to see positive development in many areas across the company during the first quarter. The integration and synergy work are proceeding according to plan and the results are clearly visible in our performance. In cost synergies we reached a run rate of EUR 83 million by the end of March, and we are well in line with the target of reaching the 120 million run rate at the end of the year. Good progress has been achieved also in realizing revenue synergies, and we expect them to support our sales during 2021 and beyond.

Covid-19 continued to have an impact on the market activity. Despite this, our orders received increased 2% during the quarter, which was largely driven by a strong demand in the aggregates market. In addition, both the Minerals and Metals segments have seen overall customer activity improving. Our quarterly sales were affected by the timing of deliveries from the order backlog. Despite the slightly lower volumes year-on-year, our profitability improved significantly, and adjusted EBITA margin increased to 12.4%. The Aggregates and Minerals segments benefited from realized synergies and business improvement actions and the loss in the Metals segment narrowed sequentially. In addition, operating profit improved year-on-year and cash flow from operations was good at EUR 165 million.

Sustainability is one of our strategic priorities, and we saw good development also on that front during the first quarter. In January, Metso Outotec was recognized as 8th most sustainable company in the world by Corporate Knights, which proves our strong starting point to add value in this area. In March, we introduced an all-encompassing approach to sustainability, Planet Positive. The Planet Positive portfolio focuses on the most environmentally efficient technologies in our current portfolio, responding to our customers' the sustainability requirements relating to energy or water efficiency, reduction of emissions, circularity, and safety. We are committed to limiting global warming to 1.5°C by minimizing the environmental impact of our own operations and our supply chain. To achieve this, we have published targets validated by the Science Based Targets initiative. For our customers, we aim to maximize our handprint, which already is significantly bigger than our footprint.

Going forward, our focus will be on completing the integration and realizing the full potential of the related synergies. At the same time, we are ready to maximize opportunities in our end markets, where I expect to see recovery during the year.

Covid-19 market update

The Covid-19 pandemic continued to affect Metso Outotec's end markets and customer operations during the first quarter. The most severe impact is resulting from restrictions on workforce mobility and limited access to customer sites. This has affected especially the services business in all segments and, to some extent, also decision-making and commissioning related to customers' large investments. The demand for spare parts and consumables has continued to be good, supported by healthy utilization rates at mines thanks to high metal prices. Metso Outotec's own operations have been running with additional health and safety measures and without major disruptions.

The positive news related to the roll out of Covid-19 vaccinations as well as the gradual opening of domestic travel in several countries support the view that the impact of the pandemic could diminish towards the end of 2021.

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 improve, subject to the development of the Covid-19 pandemic.

Key figures (Q1/2021 IFRS, other periods illustrative combined)

EUR million	IFRS Q1/2021	Restated* Q1/2020	Change %	2020
Orders received	**1,102**	1,084	2	**4,150**
Orders received by services business	**559**	561	0	**2,071**
% of orders received	**51**	52	-	**50**
Order backlog	**2,569**	-	-	**2,366**
Sales	**925**	947	-2	**3,897**
Sales by services business	**482**	499	-3	**2,017**
% of sales	**52**	53	-	**52**
Adjusted EBITA	**115**	95	20	**448**
% of sales	**12.4**	10.0	-	**11.5**
Operating profit	**91**	68	33	**253**
% of sales	**9.8**	7.2	-	**6.5**
Earnings per share, continuing operations, EUR (IFRS)	**0.08**	-	-	**0.20**
Cash flow from operations (IFRS)	**165**	-	-	**587**
Gearing, % (IFRS)	**31.7**	-	-	**39.2**
Personnel at end of period	**15,773**	-	-	**15,466**

*Excluding Recycling business, which is classified as discontinued operations

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

Metso Outotec Group's orders received increased 2% to EUR 1,102 million in the first quarter, compared to EUR 1,084 million in the first quarter of 2020. Equipment orders increased 4%, thanks to a strong order intake in the Aggregates segment. Services orders were unchanged year-on-year, as orders for spare parts and consumables were healthy, but access to customer sites was limited due to the Covid-19 pandemic.

The Group's sales totaled EUR 925 million (EUR 947 million). Equipment sales were 1% lower and services sales 3% lower year-on-year. In constant currencies, the total sales increased 2%.

Adjusted EBITA improved to EUR 115 million and adjusted EBITA margin to 12.4% of sales (EUR 95 million and 10.0%). Profitability of the Aggregates and Minerals segments improved significantly, thanks to strong operational performance, benefits from cost synergies and other improvement actions.

The Group's operating profit (EBIT) increased to EUR 91 million and EBIT margin to 9.8% (EUR 68 million and 7.2%). Operating profit included negative adjustments of EUR 6 million (EUR 15 million negative), the majority of which were related to the Metso Outotec integration. PPA amortization totaled EUR 13 million.

Impacts of currencies and structural changes

EUR million, %	Orders received Q1	Sales Q1
2020	**1,084**	**947**
Organic growth in constant currencies, %	6	2
Impact of changes in exchange rates, %	-5	-4
Structural changes, %	0	0
Total change, %	**2**	**-2**
2021	**1,102**	**925**

The Group’s financial position

The Group’s net interest-bearing liabilities were EUR 675 million at the end of March (Dec 31, 2020: EUR 799 million), gearing was 31.7% (Dec 31, 2020: 39.2%) and the debt-to-capital ratio 33.2% (Dec 31, 2020: 37.2%). The equity-to-assets ratio was 41.5% (Dec 31, 2020: 39.9%).

Metso Outotec’s liquidity position is solid. In addition to liquid funds amounting to EUR 516 million, the Group had committed and undrawn revolving credit facilities of EUR 790 million at the end of March. A syndicated EUR 600 million revolving credit facility has a maturity in 2025 with one one-year extension option. To be prepared for Covid-19-related liquidity needs, Metso Outotec arranged further liquidity buffers during 2020, of which EUR 100 million revolving credit facilities mature in April 2021 and EUR 90 million in 2022. Metso Outotec also has a EUR 600 million Finnish commercial paper program, which has not been utilized at the end of the quarter.

During the quarter, Metso Outotec used its liquid funds to make an early repayment of a EUR 100 million term loan, which would have matured in 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 March (EUR 689 million at the end of 2020). EUR 587 million (EUR 589 million) of the outstanding amount were public bonds and EUR 100 million (EUR 100 million) private placements.

The average interest rate of total loans and derivatives was 1.16%, on March 31, 2021 (1.21% on Dec 31, 2020). The duration of medium and long-term interest-bearing debt was 2.1 years (2.1 years on Dec 31, 2020) and the average maturity 3.7 years (3.7 years on Dec 31, 2020).

After the reporting period in April, Moody’s Investor Service confirmed a ‘Baa2’ long-term issuer rating with stable outlook. S&P Global Ratings has a ‘BBB-’ long-term issuer credit rating with negative outlook.

Update on the integration and synergy process

The Metso Outotec integration, which started after the transaction was completed on June 30, 2020, continued during the first quarter of 2021.

The realization of the cost synergies is proceeding according to plan: by the end March, an annual run rate of EUR 83 million had been reached. Around 75% of the realized synergies have resulted from the restructuring of the organization and the rest have come from facilities, IT, and procurement.

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 March, the revenue synergies realized as sales totaled EUR 11 million and an additional EUR 60 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, subject to the development of the Covid-19 pandemic.

The realization of cost and revenue synergies is expected to result in one-off, pre-tax costs of approximately EUR 75 million. Around EUR 40 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 the year.

Aggregates

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

- **Strong order growth**
- **Profitability increased**
- **Improvement measures implemented successfully**

EUR million, %	Orders received Q1	Sales Q1
2020	**290**	**244**
Organic growth in constant currencies, %	27	13
Impact of changes in exchange rates, %	-5	-4
Structural changes, %	0	0
Total change, %	**22**	**9**
2021	**356**	**265**

Operating environment and orders received

Customer activity in the equipment business was strong during the quarter. The most active market area was Europe, with strong growth also in North America. Activity in China continued to be good.

Orders received increased 22% to EUR 356 million (290 million) in the first quarter. The growth was driven by the equipment business.

Financial performance

Sales grew 9% in the first quarter, thanks to the growth in orders that started in the fourth quarter of 2020. Improved adjusted EBITA of EUR 37 million (EUR 16 million) and adjusted EBITA margin of 14.1% (6.6%) were supported by volume growth, lower costs, and successful implementation of other business improvement measures. It should be noted that Covid-19 had a negative impact on the business especially in China in the comparison period.

Key figures

EUR million	Q1/2021	Q1/2020	Change %	2020
Orders received	**356**	290	22	**1,107**
Orders received by services business	**91**	91	-1	**319**
% of orders received	**26**	31	-	**29**
Order backlog	**492**	-	-	**402**
Sales	**265**	244	9	**992**
Sales by services business	**72**	84	-14	**312**
% of sales	**27**	35	-	**32**
Adjusted EBITA	**37**	16	133	**107**
% of sales	**14.1**	6.6	-	**10.8**
Operating profit	**33**	13	165	**95**
% of sales	**12.6**	5.2	-	**9.5**

Minerals

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

- Market activity improved
- Services still affected by Covid-19
- Profitability supported by synergies

EUR million, %	Orders received Q1	Sales Q1
2020	**710**	**596**
Organic growth in constant currencies, %	-4	1
Impact of changes in exchange rates, %	-6	-7
Structural changes, %	0	0
Total change, %	**-9**	**-5**
2021	**645**	**566**

Operating environment and orders received

The overall customer activity continued to improve, which was seen in new proposals and quotations made during the quarter. In the equipment business, customers are most active in planning small and brownfield investments; in the services business, high metal prices and utilization rates at mines support demand for spare parts and consumables. The pandemic continues to affect activity in terms of restricted access to customer sites, which is limiting opportunities for upgrades, modernizations, and expert services.

The segment's orders declined 9% to EUR 645 million (710 million). Equipment orders declined year-on-year, as no large orders were booked. Services orders were at the same level as a year ago. Exchange rates had a negative impact of 6% on the order intake.

Financial performance

Sales totaled EUR 566 million, compared to EUR 596 million in the comparison quarter. The decline was due to exchange rates, timing of the order backlog as well as Covid-19. Covid-19 continued to affect the business through limited access to planning, preparing, and carrying out maintenance and modernization work at customer sites. Logistical bottlenecks caused by the pandemic also posed challenges for deliveries. Adjusted EBITA improved to EUR 80 million (EUR 72 million) and adjusted EBITA margin improved to 14.2% (12.1%). The higher profitability was driven by integration synergies and a higher share of services.

Key figures

EUR million	Q1/2021	Q1/2020	Change %	2020
Orders received	**645**	710	-9	**2,601**
Orders received by services business	**446**	448	0	**1,673**
% of orders received	**69**	63	-	**64**
Order backlog	**1,500**	-	-	**1,426**
Sales	**566**	596	-5	**2,523**
Sales by services business	**387**	387	0	**1,603**
% of sales	**68**	65	-	**64**
Adjusted EBITA	**80**	72	11	**365**
% of sales	**14.2**	12.1	-	**14.5**
Operating profit	**67**	66	1	**291**
% of sales	**11.8**	11.1	-	**11.5**

Metals

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

- **Improving market activity**
- **Sales still at a low level**
- **Profitability improved sequentially**

EUR million, %	Orders received Q1	Sales Q1
2020	**84**	**107**
Organic growth in constant currencies, %	27	-9
Impact of changes in exchange rates, %	-7	-3
Structural changes, %	0	0
Total change, %	**20**	**-12**
2021	**101**	**95**

Operating environment and orders received

Customer activity related to small and mid-size orders continued to improve compared to last year. While a pick-up has been seen across all business lines, our sustainable pelletizing offering saw the strongest demand in the beginning of the year.

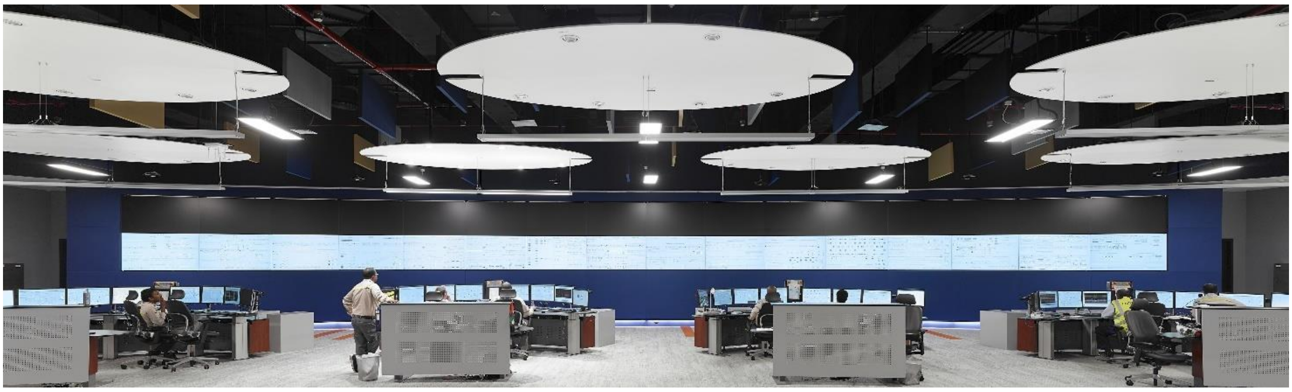
Order intake increased 20% in the first quarter and totaled EUR 101 million (EUR 84 million).

Financial performance

Quarterly sales were EUR 95 million, which is 12% lower compared to the first quarter of 2020. The decline was a result of the low order intake during the first three quarters of 2020 and no material impact from the orders received in the fourth quarter. The low volume resulted in an adjusted EBITA of EUR -1 million and adjusted EBITA margin of -1.0% (EUR 7 million and 6.4%). The impact of the restructuring actions implemented during the first quarter will become visible in the coming quarters. The restructuring resulted in a reduction of approximately 100 jobs and savings of EUR 15 million.

Key figures

EUR million	Q1/2021	Q1/2020	Change %	2020
Orders received	**101**	84	20	**443**
Orders received by services business	**22**	22	-1	**78**
% of orders received	**22**	26	-	**18**
Order backlog	**577**	-	-	**538**
Sales	**95**	107	-12	**382**
Sales by services business	**23**	28	-17	**101**
% of sales	**25**	26	-	**27**
Adjusted EBITA	**-1**	7	-114	**-2**
% of sales	**-1.0**	6.4	-	**-0.6**
Operating profit	**-5**	4	-220	**-23**
% of sales	**-5.1**	3.7	-	**-6.1**



Capital expenditure and investments

Gross capital expenditure, excluding right-of-use assets, was EUR 17 million in the first quarter of 2021. The investments included finalization of the new Consumables manufacturing plants in Lithuania and India.

Research and development

Research and development (R&D) expenses and investments were EUR 15 million, or 1.6% of sales in the first quarter of 2021.

Personnel

Metso Outotec had 15,773 employees at the end of March 2021.

Personnel by area on March 31, 2021

	Share, %
Europe	36
North and Central America	13
South America	27
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 March 31, 2021.

Share performance on Nasdaq Helsinki

EUR	January 1 to March 31, 2021
Closing price	9.51
Highest share price	9.68
Lowest share price	7.75
Volume-weighted average trading price	8.83

Other main events between January 1 and March 31, 2021

Shareholders' Nomination Board's proposals regarding the composition and remuneration of the Board of Directors of Metso Outotec

On January 22, 2021, the Shareholders' Nomination Board published its proposals regarding the composition and remuneration of the Board of Directors of Metso Outotec Corporation.

The Shareholders' Nomination Board proposes that the Board of Directors should have seven members and that Klaus Cawén, Christer Gardell, Antti Mäkinen, Ian W. Pearce, Emanuela Speranza, Kari Stadigh, and Arja Talma should be re-elected as Board members. Mikael Lilius, Matti Alahuhta, and Hanne de Mora were not available for re-election.

The Nomination Board proposes that Kari Stadigh should be elected as Chair of the Board and Klaus Cawén as Vice Chair.

All the Board member candidates have given their consent to be elected and have been assessed to be independent of the company and its significant shareholders, except for Antti Mäkinen, who has been assessed to be independent of the company but not independent of its significant shareholder.

The Nomination Board proposes the same fixed annual remuneration to the Board members as in the previous term:

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

The same additional remuneration as in the previous term is proposed for the Board members that are elected as members of the Audit Committee and the Remuneration and HR Committee:

- Chair of the Audit Committee EUR 23,000
- Members of the Audit Committee EUR 10,000
- Chair of the Remuneration and HR Committee EUR 12,000
- Member of the Remuneration and HR Committee EUR 5,000

The Nomination Board proposes that, as a condition for the annual remuneration, the Board members should be obliged, directly based on the Annual General Meeting's decision, to use 20% or 40% of their fixed total annual remuneration for purchasing Metso Outotec shares from the market at a price formed in public trading, and that the purchase will be carried out within two weeks from the publication of the interim report for January 1 – March 31, 2021.

The Nomination Board proposes the same meeting fees as in the previous term as follows: a fee of EUR 900 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.

Composition of the Nomination Board

Metso Outotec's Shareholders' Nomination Board comprises Annareetta Lumme-Timonen (Investment Director, Solidium Oy) as the Chair and Niko Pakalén (Partner, Cevian Capital Partners Ltd.), Risto Murto (President and CEO, Varma Mutual Pension Insurance Company), Mikko Mursula (Deputy CEO, Ilmarinen Mutual Pension Insurance Company), and Mikael Lilius (Chair of Metso Outotec's Board of Directors). The Shareholders' Nomination Board consists of the representatives of the four largest registered shareholders of the company based on the ownership situation as of August 15 annually.

Mikael Lilius did not participate in the decision-making concerning the remuneration of the Board members.

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.

Annual Report for 2020

On March 17, 2021, Metso Outotec published its Annual Report for 2020. The report consists of five sections: Business Overview, Financial Review, Corporate Governance Statement, Remuneration Report and GRI Supplement. All sections are available for downloading on the company's website at mogroup.com/2020.

Events after the reporting period

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.

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. His previous role was President, Services business area. He also continues as Deputy CEO of the company. Sami Takaluoma was nominated 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. The previous President of the Minerals business area, Stephan Kirsch, left the company for personal reasons.

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. A prolonged pandemic can continue to affect the investment appetite and spending among our customers weakening the demand for Metso Outotec's products and services as well as affect operations.

While the pandemic's negative impact on economic growth seems to reduce 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.

There are also risks and uncertainties related to a more positive outcome in the pandemic: a rapid increase in demand to compensate for Covid-19 induced restraint may create inflationary pressures and challenges in the supply chain's ability to react quickly enough. Trade imbalances caused by the pandemic have created challenges in the availability of containers globally and could, when continued and paired with economic recovery, impact the availability of logistics and hence affect 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 improve, subject to the development of the Covid-19 pandemic.

Helsinki, April 23, 2021

Metso Outotec Corporation's Board of Directors

Metso Outotec Interim Report January 1–March 31, 2021: Tables

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Consolidated statement of income, IFRS

EUR million	**Metso Outotec 1–3/2021**	Metso Minerals combined restated[1] 1–3/2020	Metso Outotec 1–12/2020
Sales	925	662	3,319
Cost of sales	-662	-462	-2,429
Gross profit	263	200	889
Selling and marketing expenses	-83	-64	-283
Administrative expenses	-72	-58	-303
Research and development expenses	-15	-8	-53
Other operating income and expenses, net	-2	-12	-10
Share of results of associated companies	0	0	0
Operating profit	91	59	239
Finance income	1	3	5
Foreign exchange gains/losses	2	6	0
Finance expenses	-10	-10	-44
Finance income and expenses, net	-7	-1	-38
Profit before taxes	84	58	201
Income taxes	-21	-14	-52
Profit for the period from continuing operations	63	44	149
Profit from discontinued operations	-4	-1	-11
Profit for the period	59	43	138
Profit from continuing operations attributable to			
Shareholders of the Parent Company	59	43	138
Non-controlling interests	0	0	0
Earnings per share, EUR [2]	0.07	-	0.19
Earnings per share, diluted, EUR	0.07	-	0.19
Earnings per share, continuing operations, EUR [2]	0.08	-	0.20

[1] Excluding Recycling business, which is classified as discontinued operations.
[2] More information in “Key figures, IFRS”

Consolidated statement of comprehensive income, IFRS

EUR million	Metso Outotec 1–3/2021	Metso Minerals combined 1–3/2020	Metso Outotec 1–12/2020
Continuing and discontinued operations			
Profit for the period	59	43	138
Other comprehensive income			
Cash flow hedges, net of tax	-7	0	9
Currency translation on subsidiary net investment	33	-48	-58
Items that may be reclassified to profit or loss in subsequent periods	26	-48	-49
Defined benefit plan actuarial gains and losses, net of tax	-	-	-6
Items that will not be reclassified to profit or loss	-	-	-6
Other comprehensive income	26	-48	-56
Total comprehensive income	85	-5	82
Attributable to			
Shareholders of Parent Company	85	-5	83
Non-controlling interests	0	0	0

Consolidated Balance Sheet – Assets, IFRS

EUR million	Metso Outotec Mar 31, 2021	Metso Minerals combined Mar 31, 2020	Metso Outotec Dec 31, 2020
Non-current assets			
Intangible assets			
Goodwill	1,060	547	1,052
Other intangible assets	933	158	942
Total intangible assets	1,994	704	1,994
Property, plant, and equipment			
Land and water areas	42	42	42
Buildings and structures	116	92	116
Machinery and equipment	165	127	157
Assets under construction	37	52	41
Total property, plant, and equipment	361	313	356
Right-of-use assets	136	81	132
Other non-current assets			
Investments in associated companies	10	8	10
Non-current financial assets	4	3	4
Loan receivables	6	5	6
Derivative financial instruments	0	3	3
Deferred tax assets	185	100	157
Other non-current receivables	46	118	43
Total other non-current assets	252	237	223
Total non-current assets	2,742	1,336	2,705
Current assets			
Inventories	1,113	965	1,038
Trade receivables	565	549	556
Customer contract assets	299	73	298
Loan receivables	2	50	2
Derivative financial instruments	23	48	43
Income tax receivables	39	42	36
Other current receivables	151	110	147
Liquid funds	516	292	537
Total current assets	2,709	2,128	2,658
Assets held for sale	142	-	145
TOTAL ASSETS	5,592	3,464	5,508

Consolidated Balance Sheet – Equity and liabilities, IFRS

EUR million	**Metso Outotec Mar 31, 2021**	Metso Minerals combined Mar 31, 2020	Metso Outotec Dec 31, 2020
Equity			
Share capital	107	-	107
Share premium fund	20	-	20
Cumulative translation adjustments	-177	-199	-210
Fair value and other reserves	1,131	0	1,136
Retained earnings	1,042	1,475	983
Equity attributable to shareholders	2,124	1,276	2,037
Non-controlling interests	4	2	3
Total equity	2,128	1,279	2,040
Liabilities			
Non-current liabilities			
Borrowings	1,027	729	1,129
Lease liabilities	109	64	106
Post-employment benefit obligations	119	62	102
Provisions	66	27	73
Derivative financial instruments	2	3	2
Deferred tax liability	234	63	223
Other non-current liabilities	2	8	4
Total non-current liabilities	1,560	955	1,639
Current liabilities			
Borrowings	30	201	78
Lease liabilities	33	19	32
Trade payables	591	384	539
Provisions	120	69	122
Advances received	177	191	161
Customer contract liabilities	288	68	236
Derivative financial instruments	27	24	29
Income tax liabilities	54	34	40
Other current liabilities	458	240	445
Total current liabilities	1,777	1,231	1,682
Liabilities held for sale	127	-	148
TOTAL EQUITY AND LIABILITIES	5,592	3,464	5,508

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	-	-	-	-	59	59	0	59
Other comprehensive income								
Cash flow hedges, net of tax	-	-	-	-7	-	-7	-	-7
Currency translation on subsidiary net investments	-	-	33	-	-	33	0	33
Total comprehensive income	-	-	33	-7	59	85	0	85
Share-based payments, net of tax	-	-	-	2	-	2	-	2
Other items	-	-	-	0	1	1	0	0
Mar 31, 2021	107	20	-177	1,131	1,042	2,124	4	2,128

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	-	-	-	-	43	43	0	43
Other comprehensive income								
Cash flow hedges, net of tax	-	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	-	-48	-	-	-48	0	-48
Total comprehensive income	-	-	-48	0	43	-5	0	-5
Dividends to related party	-	-	-	-	-2	-2	-	-2
Share-based payments, net of tax	-	-	-	-	-4	-4	-	-4
Changes in invested equity	-	-	-	-	34	34	-	34
Net change from winding up the consolidated tax groups	-	-	-	-	-2	-2	-	-2
Other items	-	-	-	-	4	4	-1	3
Mar 31, 2020	-	-	-199	0	1,476	1,276	2	1,279

Consolidated statement of cash flows, IFRS

EUR million	Metso Outotec 1–3/2021	Metso Minerals combined 1–3/2020	Metso Outotec 1–12/2020
Operating activities			
Profit for the period	59	43	138
Adjustments			
Depreciation and amortization	39	21	160
Financial expenses, net	7	1	38
Income taxes	20	14	58
Other items	10	1	0
Change in net working capital	30	35	193
Net cash flow from operating activities before financial items and taxes	165	115	587
Financial income and expenses paid, net	-6	-3	-35
Income taxes paid	-16	-19	-62
Net cash flow from operating activities	143	93	491
Investing activities			
Capital expenditures on intangible and tangible assets	-17	-26	-88
Proceeds from sale of intangible and tangible assets	2	1	3
Proceeds from sale of intangible and tangible assets, Metso Group	-	-	6
Proceeds from and investments in financial assets, net	-	-	0
Business acquisitions, net of cash acquired	-	1	209
Business acquisitions, net of cash acquired, Metso Group	-	0	-6
Proceeds from sale of businesses, net of cash sold, Metso Group	-	5	87
Net cash flow from investing activities	-15	-19	211
Financing activities			
Dividends paid	-	-	-177
Dividends paid, Metso Group	-	-2	-2
Increase in loan receivables	0	0	-1
Proceeds from increases in non-current debt	-	40	836
Repayment of non-current debt	-100	-	-400
Proceeds from and repayment of current debt, net	-49	110	-395
Proceeds from and repayment of debt, net, Metso Group	-	-75	-139
Repayment of lease liabilities	-10	-5	-31
Net cash flow from financing activities	-159	68	-309
Net change in liquid funds	-30	142	393
Effect from changes in exchange rates	10	-7	-6
Cash classified as assets held for sale	-1	-	-6
Liquid fund equivalents at beginning of period	537	156	156
Liquid funds at end of period	516	292	537

Key figures, IFRS

EUR million, %	**Metso Outotec Mar 31, 2021**	Metso Outotec Dec 31, 2020
Profit for the period, continuing operations	63	149
Earnings per share, continuing operations, EUR	0.08	0.20[1)]
Profit for the period	59	138
Earnings per share, EUR	0.07	0.19[1)]
Earnings per share, EUR	0.07	0.17[2)]
Equity / share at end of period, EUR	2.57	2.46
Number of shares at Jun 30, 2020 (thousands)	-	183,121
New shares issued as demerger consideration to Metso's shareholders (thousands)	-	645,851
Total number of shares at end of period (thousands)	828,972	828,972
Own shares held by Parent Company (thousands)	925	993
The number of outstanding shares at end of period (thousands)	828,047	827,979
Average number of outstanding shares (thousands)	828,010	737,413
Net debt	675	799
Gearing, %	31.7%	39.2%
Equity-to-assets ratio, %	41.5%	39.9%
Debt to capital, %	33.2%	37.2%
Debt to equity, %	49.7%	59.1%
Net working capital (NWC)	353	421

1) Based on average number of outstanding shares of 737,413.
2) Based on outstanding shares of 827,979.

EUR million	**Metso Outotec Mar 31, 2021**	Metso Outotec Dec 31, 2020
Borrowings	1,057	1,206
Lease liabilities	142	138
Gross debt	1,199	1,345
Loan receivables	9	8
Liquid funds	516	537
Net debt	675	799
Gearing	31.7%	39.2%

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, %	=	$\frac{\text{Net interest-bearing liabilities}}{\text{Total equity}}$	x 100
Equity to assets ratio, %	=	$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}}$	x 100
Debt to capital, %	=	$\frac{\text{Interest-bearing liabilities – lease liabilities}}{\text{Total equity + interest-bearing liabilities – lease liabilities}}$	x 100
Debt to equity, %	=	$\frac{\text{Interest-bearing liabilities – lease liabilities}}{\text{Total equity}}$	x 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 Interim Report

Contents

1. Basis of preparation

This Interim 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 Interim Report is unaudited.

All figures presented have been rounded and 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 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–March 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 March 31, 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.

Q1

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	**1–3/2021**	1–3/2020	1–12/2020
Aggregates	265	244	992
Minerals	566	399	2,112
Metals	95	19	215
Sales	925	662	3,319

EXTERNAL SALES BY CATEGORY

EUR million	**1–3/2021**	1–3/2020	1–12/2020
Sales of service	482	389	1,793
Aggregates	72	84	312
Minerals	387	305	1,430
Metals	23	-	51
Sales of projects, equipment, and goods	443	272	1,526
Aggregates	193	159	680
Minerals	179	94	682
Metals	71	19	164
Sales	925	662	3,319

EXTERNAL SALES BY TIMING OF REVENUE RECOGNITION

EUR million	**1–3/2021**	1–3/2020	1–12/2020
At a point in time	695	577	2,613
Over time	231	85	706
Sales	925	662	3,319

EXTERNAL SALES BY DESTINATION

EUR million	**1–3/2021**	1–3/2020	1–12/2020
Europe	266	177	879
North and Central America	192	168	721
South America	152	128	569
APAC	187	108	669
Africa, Middle East & India	128	80	481
Sales	925	662	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 cash amounting to EUR 516 million, the company had committed and undrawn revolving credit facilities of EUR 790 million at the end of March. A syndicated EUR 600 million revolving credit facility has a maturity in 2025 with one one-year extension option.

To be prepared for any Covid-19-related liquidity needs, Metso Outotec arranged further liquidity buffers during 2020, of which the EUR 100 million in revolving credit facilities mature in April 2021 and EUR 90 million in 2022.

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 used its liquid funds to make an early repayment of a EUR 100 million term loan, which would have matured in 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 in 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 March 31, 2021, the equity attributable to shareholders was EUR 2,124 million, and the amount of gross debt was EUR 1,057 million excluding lease liabilities.

Metso Outotec has a target to maintain an investment-grade credit rating. After the reporting period in April, Moody’s Investor Service confirmed a ‘Baa2’ long-term issuer rating with stable outlook. S&P Global Ratings has a ‘BBB-’ preliminary long-term issuer credit rating with negative outlook for Metso Outotec.

There are no prepayment covenants in Metso Outotec's financial contracts that would be triggered by changes in credit rating. The 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:

- 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 March 31, 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.

		Mar 31, 2021	
EUR million	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	-	21	-
Financial liabilities at fair value through other comprehensive income			
Derivatives under hedge accounting	-	11	-
Total	-	32	-

		Dec 31, 2020	
EUR million	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 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	**Metso Outotec Mar 31, 2021**	Metso Outotec Dec 31, 2020
Forward exchange rate contracts	1,742	1,638
Interest rate swaps	275	295

7. Contingent liabilities and other commitments

EUR million	**Metso Outotec Mar 31, 2021**	Metso Outotec Dec 31, 2020
Guarantees		
External guarantees given by Parent and Group companies	1,298	1,260
Other commitments		
Repurchase commitments	0	0
Other contingencies	1	1
Total	1,299	1,262

8. Acquisitions and business disposals

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. The accounting of the acquisition is still provisional pending the finalization of the valuation of the assets and liabilities assumed. The provisional amounts recognized may be adjusted within 12 months after the date of acquisition to reflect new information obtained about the facts and circumstances that existed at the date of the acquisition. For more information, please see Metso Outotec Financial Statements for year 2020, note 5.4 Acquisitions and 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 divested aluminium business comprises green anode plant, rod shop and certain cast house technologies, as well as related service operations. The divested 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.

9. 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	1–3/2021	1–3/2020	1–12/2020
Aggregates	356	290	1,107
Minerals	645	517	2,250
Metals	101	36	340
Metso Outotec total	1,102	844	3,696

ORDERS RECEIVED BY SERVICES BUSINESS

EUR million	**1–3/2021**	1–3/2020	1–12/2020
Aggregates	91	91	319
% of orders received	25.5	31.4	28.9
Minerals	446	350	1,485
% of orders received	69.2	67.6	66.0
Metals	22	-	35
% of orders received	21.5	-	10.4
Metso Outotec total	559	441	1,840
% of orders received	50.8	52.3	49.8

SALES

EUR million	**1–3/2021**	1–3/2020	1–12/2020
Aggregates	265	244	992
Minerals	566	399	2,112
Metals	95	19	215
Metso Outotec total	925	662	3,319

SALES BY SERVICES BUSINESS

EUR million	**1–3/2021**	1–3/2020	1–12/2020
Aggregates	72	84	312
% of sales	27.3	34.6	31.5
Minerals	387	305	1,430
% of sales	68.3	76.5	67.7
Metals	23	-	51
% of sales	24.7	-	23.7
Metso Outotec total	482	389	1,793
% of sales	52.1	58.9	54.0

ADJUSTED EBITA AND OPERATING PROFIT

EUR million, %	1–3/2021	1–3/2020	1–12/2020
Aggregates			
Adjusted EBITA	37	16	107
% of sales	14.1	6.6	10.8
Amortization of intangible assets	-4	-3	-13
Adjustment items	0	0	1
Operating profit	33	13	95
% of sales	12.6	5.2	9.5
Minerals			
Adjusted EBITA	80	55	318
% of sales	14.2	13.7	15.0
Amortization of intangible assets	-12	-1	-55
Adjustment items	-2	0	-10
Operating profit	67	53	253
% of sales	11.8	13.3	12.0
Metals			
Adjusted EBITA	-1	2	-10
% of sales	-1.0	12.6	-4.6
Amortization of intangible assets	-2	-	-14
Adjustment items	-2	-	0
Operating profit	-5	2	-24
% of sales	-5.1	12.6	-11.2
Group Head Office and other			
Adjusted EBITA	-2	2	-18
Amortization of intangible assets	0	-1	-4
Adjustment items	-2	-9	-63
Operating profit	-4	-9	-84
Metso Outotec total			
Adjusted EBITA	115	75	397
% of sales	12.4	11.3	11.9
Amortization of intangible assets	-17	-6	-85
Adjustment items	-6	-10	-72
Operating profit	91	59	239
% of sales	9.8	8.9	7.2

Quarterly segment information, IFRS

ORDERS RECEIVED

EUR million	1–3/2021	10–12/2020	7–9/2020	4–6/2020	1–3/2020
Aggregates	356	363	232	222	290
Minerals	645	730	516	486	517
Metals	101	212	61	32	36
Metso Outotec total	1,102	1,304	809	739	844

SALES

EUR million	1–3/2021	10–12/2020	7–9/2020	4–6/2020	1–3/2020
Aggregates	265	251	244	253	244
Minerals	566	640	634	440	399
Metals	95	86	79	30	19
Metso Outotec total	925	977	957	722	662

Adjusted EBITA

EUR million	1–3/2021	10–12/2020	7–9/2020	4–6/2020	1–3/2020
Aggregates	37	31	26	34	16
Minerals	80	85	97	81	55
Metals	-1	-9	-8	5	2
Group Head Office and other	-2	-3	-5	-12	2
Metso Outotec total	115	103	111	108	75

Adjusted EBITA, % OF SALES

%	1–3/2021	10–12/2020	7–9/2020	4–6/2020	1–3/2020
Aggregates	14.1	12.2	10.7	13.5	6.6
Minerals	14.2	13.3	15.4	18.4	13.7
Metals	-1.0	-10.1	-10.3	15.7	12.6
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso Outotec total	12.4	10.6	11.6	15.0	11.3

AMORTIZATION

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

ADJUSTMENT ITEMS

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

OPERATING PROFIT

EUR million	1–3/2021	10–12/2020	7–9/2020	4–6/2020	1–3/2020
Aggregates	33	31	21	30	13
Minerals	67	49	72	79	53
Metals	-5	-14	-18	5	2
Group Head Office and other	-4	-22	-24	-29	-9
Metso Outotec total	91	44	51	85	59

OPERATING PROFIT, % OF SALES

%	1–3/2021	10–12/2020	7–9/2020	4–6/2020	1–3/2020
Aggregates	12.6	12.2	8.7	12.0	5.2
Minerals	11.8	7.6	11.3	18.0	13.3
Metals	-5.1	-15.7	-22.3	15.5	12.6
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso Outotec total	9.8	4.5	5.4	11.8	8.9

ORDER BACKLOG

EUR million	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020
Aggregates	492	402	303	321	356
Minerals	1,500	1,426	1,341	962	916
Metals	577	538	405	102	102
Metso Outotec total	2,569	2,366	2,049	1,385	1,373

10. Exchange rates

Currency		1–3/2021	1–3/2020	1–12/2020	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
USD	(US dollar)	1.2063	1.1055	1.1452	1.1725	1.0956	1.2271
SEK	(Swedish krona)	10.1306	10.7147	10.4789	10.2383	11.0613	10.0343
GBP	(Pound sterling)	0.8764	0.8580	0.8864	0.8521	0.8864	0.8990
CAD	(Canadian dollar)	1.5317	1.4900	1.5320	1.4782	1.5617	1.5633
BRL	(Brazilian real)	6.6089	4.9637	5.8847	6.7409	5.7001	6.3735
CNY	(Chinese yuan)	7.8367	7.7329	7.8916	7.6812	7.7784	8.0225
AUD	(Australian dollar)	1.5683	1.6833	1.6523	1.5412	1.7967	1.5896

11. Events after reporting period

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.

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.

Appendix 1 - Illustrative historical segment information by quarters

The following historical financial information is disclosed only for illustrative purposes. These are not part of the IFRS reporting. The illustrative historical segment information for the period January–June 2020 is presented as a combination of Metso Minerals carve-out information and Outotec information, according to the Metso Outotec segment structure. The Outotec information is based on Outotec's historical accounting principles; Outotec's Minerals Processing segment is included in Metso Outotec's Minerals segment and Outotec's Metals Refining segment is included in Metso Outotec's Metals segment. The historical IFRS-based segment information for January-June 2020 includes only Metso Minerals carve-out information. 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 2020 have been restated accordingly.

ORDERS RECEIVED

EUR million	1–3/2021	1–3/2020	4–6/2020	7–9/2020	10–12/2020	1–12/2020
Aggregates	356	290	222	232	363	1,107
Minerals	645	710	645	516	730	2,601
Metals	101	84	87	61	212	443
Metso Outotec total	1,102	1,084	953	809	1,304	4,150

ORDERS RECEIVED BY SERVICES BUSINESS

EUR million	1–3/2021	1–3/2020	4–6/2020	7–9/2020	10–12/2020	1–12/2020
Aggregates	91	91	70	75	83	319
% of orders received	25.5	31.4	31.6	32.3	22.9	28.9
Minerals	446	448	440	375	410	1,673
% of orders received	69.2	63.1	68.2	72.6	56.2	64.3
Metals	22	22	21	10	26	78
% of orders received	21.5	26.2	24.2	16.1	12.1	17.7
Metso Outotec total	559	561	531	460	519	2,071
% of orders received	50.8	51.7	55.7	56.8	39.8	49.9

SALES

EUR million	1–3/2021	1–3/2020	4–6/2020	7–9/2020	10–12/2020	1–12/2020
Aggregates	265	244	253	244	251	992
Minerals	566	596	653	634	640	2,523
Metals	95	107	110	79	86	382
Metso Outotec total	925	947	1,016	957	977	3,897

SALES BY SERVICES BUSINESS

EUR million	1–3/2021	1–3/2020	4–6/2020	7–9/2020	10–12/2020	1–12/2020
Aggregates	72	84	80	75	73	312
% of sales	27.3	34.6	31.7	30.6	29.1	31.5
Minerals	387	387	410	413	394	1,603
% of sales	68.3	64.9	62.7	65.1	61.6	63.5
Metals	23	28	23	34	17	101
% of sales	24.7	26.2	20.5	43.2	19.2	26.5
Metso Outotec total	482	499	513	522	483	2,017
% of sales	52.1	52.7	50.5	54.5	49.5	51.7

ADJUSTED EBITA AND OPERATING PROFIT

EUR million	1–3/2021	1–3/2020	4–6/2020	7–9/2020	10–12/2020	1–12/2020
Aggregates						
Adjusted EBITA	37	16	34	26	31	107
% of sales	14.1	6.6	13.5	10.7	12.2	10.8
Amortization of intangible assets	-4	-3	-3	-3	-3	-13
Adjustment items	0	0	-1	-2	3	1
Operating profit	33	13	30	21	31	95
% of sales	12.6	5.2	12.0	8.7	12.2	9.5
Minerals						
Adjusted EBITA	80	72	110	97	85	365
% of sales	14.2	12.1	16.9	15.4	13.3	14.5
Amortization of intangible assets	-12	-5	-5	-24	-29	-63
Adjustment items	-2	-1	-1	-2	-7	-11
Operating profit	67	66	104	72	49	291
% of sales	11.8	11.1	15.9	11.3	7.6	11.5
Metals						
Adjusted EBITA	-1	7	8	-8	-9	-2
% of sales	-1.0	6.4	7.2	-10.3	-10.1	-0.6
Amortization of intangible assets	-2	-2	-2	-10	-5	-19
Adjustment items	-2	-1	-2	0	0	-2
Operating profit	-5	4	4	-18	-14	-23
% of sales	-5.1	3.7	3.6	-22.3	-15.7	-6.1
Group Head Office and other						
Adjusted EBITA	-2	0	-14	-5	-3	-22
Amortization of intangible assets	0	-1	-1	-1	-1	-4
Adjustment items	-2	-14	-34	-18	-18	-85
Operating profit	-4	-14	-49	-24	-22	-110
Metso Outotec total						
Adjusted EBITA	115	95	139	111	103	448
% of sales	12.4	10.0	13.7	11.6	10.6	11.5
Amortization of intangible assets	-17	-12	-11	-37	-38	-98
Adjustment items	-6	-15	-38	-22	-22	-97
Operating profit	91	68	89	51	44	253
% of sales	9.8	7.2	8.8	5.4	4.5	6.5

Appendix 2 – Pro forma information by quarters

Voluntary Unaudited Pro Forma Financial Information

Metso Outotec presents unaudited pro forma financial information of the continuing business for the year 2020 per quarter and for the whole year 2019 to illustrate the impacts of the combination of the business performance. The pro forma financial information has been presented for illustrative purposes only and addresses a hypothetical situation as if the combination took place on January 1, 2019, and, therefore, does not represent Metso Outotec’s actual historical results of operations.

For financial reporting purposes, the combination is accounted for as a reverse acquisition using the IFRS acquisition method of accounting, where Metso Minerals has been defined to be the accounting acquirer and Outotec the acquiree.

Outotec’s net assets have been identified and recognized at their fair values as of the acquisition date on June 30, 2020. The pro forma financial information also takes into account the effects of the demerger on the financial information, estimated direct transaction costs and combination, certain accounting policy alignments as well as certain refinancing transactions.

Pro forma adjustments

The pro forma financial information reflects the application of pro forma adjustments that are based upon certain assumptions, described below, that management believes are reasonable under the circumstances.

As a result of the detailed valuation of Outotec’s net assets, a fair value adjustment of EUR 810 million of intangible assets was recognized in the acquisition balance sheet. Respectively, a fair value adjustment of EUR 5 million of property, plant, and equipment was recognized to the acquisition balance sheet. The depreciations and amortizations from the fair value adjustments have been recognized in accordance with the new depreciation periods.

Transaction costs of EUR 71 million have been recorded as Administrative expenses in the pro forma statement of income as if they had been incurred as at January 1, 2019. For pro forma purposes, the costs already recorded as an expense of EUR 47 million for the twelve months ended December 31, 2020, have been eliminated.

Metso Outotec redeemed Outotec’s EUR 150 million hybrid bond. To refinance the hybrid bond, the company has drawn up a EUR 150 million term loan. The impact of refinancing is recorded as a finance expense.

The tax rate used for the fair value adjustments has been the Finnish statutory tax rate of 20.0 percent or the blended tax rate of 22.9 percent as applicable.

Pro Forma Income Statement 1–12/2020, Continuing Operations

EUR million	Metso Outotec, IFRS 1-12/2020	Outotec historical reclassified 1-6/2020	Metso Outotec combined 1-12/2020	Pro forma adjustments 1-12/2020	Metso Outotec pro forma 1-12/2020
Sales	3,319	579	3,897	1	3,899
Cost of sales	-2,429	-433	-2,863	35	-2,828
Gross profit	889	146	1,035	36	1,071
Selling and marketing expenses	-283	-52	-336	-7	-343
Administrative expenses	-303	-30	-334	48	-286
Research and development expenses	-53	-26	-79	-4	-83
Other operating income and expenses, net	-10	-24	-34	-	-34
Share of results of associated companies	0	0	1	-	1
Operating profit	239	14	253	73	326
Finance expenses, net	-38	-6	-44	0	-44
Profit before taxes	201	8	209	73	282
Income taxes	-52	2	-50	-14	-64
Profit for the period, continuing operations	149	10	159	59	218

ADJUSTED EBITA AND OPERATING PROFIT

EUR million	Metso Outotec, IFRS 1–12/2020	Outotec historical reclassified 1–6/2020	Metso Outotec combined 1–12/2020	Pro forma adjustments 1–12/2020	Metso Outotec pro forma 1–12/2020
Depreciation of tangible and right-of-use assets	-71	-11	-82	0	-84
Adjusted EBITA	397	51	448	1	449
% of sales	11.9	8.9	11.5	-	11.5
Amortization of intangible assets	-85	-12	-98	25	-72
Adjustment items	-72	-26	-97	47	-51
Operating profit	239	14	253	73	326
% of sales	7.2	2.4	6.5	-	8.3
Metso Outotec transaction costs	-25	-21	-46	47	0
Other costs	-47	-5	-52	-	-51
Adjustment items total	-72	-26	-97	47	-51

PRO FORMA ADJUSTMENTS

EUR million	Fair valuation of Outotec's net assets 1–12/2020	Demerger impact and accounting alignment 1–12/2020	Refinancing 1–12/2020	Pro forma adjustments 1–12/2020
Sales	-	1	-	1
Cost of sales	35	-	-	35
Selling, marketing and administrative expenses	-10	47	-	37
Operating profit	25	48	-	73
Finance expenses, net	-	-	0	0
Profit before taxes	25	48	0	73
Income taxes	-6	-8	0	-14
Profit for the period, continuing operations	19	40	0	59

Pro Forma Income Statement 1–9/2020, Continuing Operations

EUR million	Metso Outotec, IFRS 1–9/2020	Outotec historical reclassified 1–6/2020	Metso Outotec combined 1–9/2020	Pro forma adjustments 1–9/2020	Metso Outotec pro forma 1–9/2020
Sales	2,341	579	2,920	1	2,922
Cost of sales	-1,684	-433	-2,117	15	-2,101
Gross profit	658	146	803	17	820
Selling and marketing expenses	-202	-52	-254	-7	-262
Administrative expenses	-211	-30	-241	47	-194
Research and development expenses	-32	-26	-57	-4	-61
Other operating income and expenses, net	-18	-24	-42	-	-42
Share of results of associated companies	0	0	1	-	1
Operating profit	195	14	209	53	261
Finance expenses, net	-20	-6	-25	0	-25
Profit before taxes	175	8	183	53	236
Income taxes	-50	2	-48	-10	-58
Profit for the period, continuing operations	125	10	135	43	178

ADJUSTED EBITA AND OPERATING PROFIT

EUR million	Metso Outotec, IFRS 1–9/2020	Outotec historical reclassified 1–6/2020	Metso Outotec combined 1–9/2020	Pro forma adjustments 1–9/2020	Metso Outotec pro forma 1–9/2020
Depreciation of tangible and right-of-use assets	-48	-11	-59	0	-59
Adjusted EBITA	293	51	345	1	345
% of sales	12.5	8.9	11.8	-	11.8
Amortization of intangible assets	-48	-12	-61	5	-55
Adjustment items	-49	-26	-75	46	-29
Operating profit	195	14	209	53	261
% of sales	8.3	2.4	7.2	-	8.9
Metso Outotec transaction costs	-25	-21	-46	46	-
Other costs	-24	-5	-29	-	-29
Adjustment items total	-49	-26	-75	46	-29

PRO FORMA ADJUSTMENTS

EUR million	Fair valuation of Outotec's net assets 1–9/2020	Demerger impact and accounting alignment 1–9/2020	Refinancing 1–9/2020	Pro forma adjustments 1–9/2020
Sales	-	1	-	1
Cost of sales	15	-	-	15
Selling, marketing and administrative expenses	-10	46	-	36
Operating profit	5	48	-	53
Finance expenses, net	-	-	0	0
Profit before taxes	5	48	0	53
Income taxes	-1	-8	0	-10
Profit for the period, continuing operations	4	39	0	43

Pro Forma Income Statement 1–6/2020, Continuing Operations

EUR million	Metso Minerals carve-out historical 1–6/2020	Outotec historical reclassified 1–6/2020	Metso Outotec combined 1–6/2020	Pro forma adjustments 1–6/2020	Metso Outotec pro forma 1–6/2020
Sales	1,384	579	1,963	1	1,964
Cost of sales	-965	-433	-1,399	-4	-1,403
Gross profit	419	146	564	-3	562
Selling and marketing expenses	-118	-52	-170	-7	-178
Administrative expenses	-127	-30	-157	42	-115
Research and development expenses	-14	-26	-40	-4	-44
Other operating income and expenses, net	-16	-24	-40	0	-40
Share of results of associated companies	0	0	1	0	1
Operating profit	144	14	158	28	186
Finance expenses, net	-10	-6	-16	-1	-17
Profit before taxes	134	8	142	28	169
Income taxes	-36	2	-33	-4	-38
Profit for the period, continuing operations	98	10	108	24	132

ADJUSTED EBITA AND OPERATING PROFIT

EUR million	Metso Minerals carve-out historical 1–6/2020	Outotec historical reclassified 1–6/2020	Metso Outotec combined 1–6/2020	Pro forma adjustments 1–6/2020	Metso Outotec pro forma 1–6/2020
Depreciation of tangible and right-of-use assets	-29	-11	-40	0	-40
Adjusted EBITA	183	51	234	1	235
% of sales	13.2	8.9	11.9	-	12.0
Amortization of intangible assets	-11	-12	-23	-14	-37
Adjustment items	-28	-26	-53	42	-12
Operating profit	144	14	158	28	186
% of sales	10.4	2.4	8.0	-	9.5
Metso Outotec transaction costs	-21	-21	-42	42	-
Other costs	-7	-5	-12	-	-12
Adjustment items total	-28	-26	-53	42	-12

PRO FORMA ADJUSTMENTS

EUR million	Fair valuation of Outotec's net assets 1–6/2020	Demerger impact and accounting alignment 1–6/2020	Refinancing 1–6/2020	Pro forma adjustments 1–6/2020
Sales	-	1	-	1
Cost of sales	-4	-	-	-4
Selling, marketing and administrative expenses	-10	42	-	31
Operating profit	-15	43	-	28
Finance expenses, net	-	-	-1	-1
Profit before taxes	-15	43	-1	28
Income taxes	3	-7	0	-4
Profit for the period, continuing operations	-11	36	0	24

Pro Forma Income Statement 1–3/2020, Continuing Operations

EUR million	Metso Minerals carve-out historical 1–3/2020	Outotec historical reclassified 1–3/2020	Metso Outotec combined 1–3/2020	Pro forma adjustments 1–3/2020	Metso Outotec pro forma 1–3/2020
Sales	662	285	947	-1	946
Cost of sales	-462	-215	-677	-2	-679
Gross profit	200	70	270	-3	267
Selling and marketing expenses	-64	-28	-92	-4	-96
Administrative expenses	-58	-16	-73	10	-63
Research and development expenses	-8	-13	-20	-2	-22
Other operating income and expenses, net	-12	-5	-17	-	-17
Share of results of associated companies	0	0	1	-	1
Operating profit	59	9	68	1	70
Finance expenses, net	-1	-4	-5	0	-6
Profit before taxes	58	5	63	1	64
Income taxes	-14	-1	-15	0	-16
Profit for the period, continuing operations	44	4	48	1	48

ADJUSTED EBITA AND OPERATING PROFIT

EUR million	Metso Minerals carve-out historical 1–3/2020	Outotec historical reclassified 1–3/2020	Metso Outotec combined 1–3/2020	Pro forma adjustments 1–3/2020	Metso Outotec pro forma 1–3/2020
Depreciation of tangible and right-of-use assets	-14	-6	-20	0	-20
Adjusted EBITA	75	21	95	-1	94
% of sales	11.3	7.2	10.0	-	9.9
Amortization of intangible assets	-6	-6	-12	-7	-19
Adjustment items	-10	-5	-15	10	-5
Operating profit	59	9	68	1	70
% of sales	8.9	3.3	7.2	-	7.4
Metso Outotec transaction costs	-7	-3	-10	10	-
Other costs	-3	-2	-5	-	-5
Adjustment items total	-10	-5	-15	10	-5

PRO FORMA ADJUSTMENTS

EUR million	Fair valuation of Outotec's net assets 1–3/2020	Demerger impact and accounting alignment 1–3/2020	Refinancing 1–3/2020	Pro forma adjustments 1–3/2020
Sales	-	-1	-	-1
Cost of sales	-2	-	-	-2
Selling, marketing and administrative expenses	-5	10	-	4
Operating profit	-7	9	-	1
Finance expenses, net	-	-	0	0
Profit before taxes	-7	9	0	1
Income taxes	2	-2	0	0
Profit for the period, continuing operations	-6	7	0	1

Pro Forma Income Statement 1–12/2019, Continuing Operations

EUR million	Metso Minerals carve-out historical 1–12/2019	Outotec historical reclassified 1–12/2019	Metso Outotec combined 1–12/2019	Pro forma adjustments 1–12/2019	Metso Outotec pro forma 1–12/2019
Sales	2,819	1210	4,030	-54	3,976
Cost of sales	-1,998	-850	-2,848	-47	-2,895
Gross profit	821	360	1,181	-101	1,080
Selling and marketing expenses	-249	-117	-366	-14	-381
Administrative expenses	-204	-77	-280	-45	-326
Research and development expenses	-28	-55	-84	-7	-91
Other operating income and expenses, net	-25	-4	-29	-	-29
Share of results of associated companies	1	1	2	-	2
Operating profit	316	107	423	-168	255
Finance expenses, net	-33	-14	-48	-4	-52
Profit before taxes	282	93	376	-173	203
Income taxes	-66	-21	-86	35	-52
Profit for the period, continuing operations	217	73	289	-138	151

ADJUSTED EBITA AND OPERATING PROFIT

EUR million	Metso Minerals carve-out historical 1–12/2019	Outotec historical reclassified 1–12/2019	Metso Outotec combined 1–12/2019	Pro forma adjustments 1–12/2019	Metso Outotec pro forma 1–12/2019
Depreciation of tangible and right-of-use assets	-53	-24	-77	-1	-77
Adjusted EBITA	368	142	509	-55	455
% of sales	13.0	11.7	12.6	-	11.4
Amortization of intangible assets	-16	-24	-40	-67	-107
Adjustment items	-36	-10	-46	-47	-93
Operating profit	316	107	423	-168	255
% of sales	11.2	8.9	10.5	-	6.4
Metso Outotec transaction costs	-12	-11	-23	-47	-70
Other costs	-24	1	-23	-	-23
Adjustment items total	-36	-10	-46	-47	-93

PRO FORMA ADJUSTMENTS

EUR million	Fair valuation of Outotec's net assets 1–12/2019	Demerger impact and accounting alignment 1–12/2019	Refinancing 1–12/2019	Pro forma adjustments 1–12/2019
Sales	-	-54	-	-54
Cost of sales	-47	-	-	-47
Selling, marketing and administrative expenses	-20	-47	-	-67
Operating profit	-67	-101	-	-168
Finance expenses, net	-	-3	-1	-4
Profit before taxes	-67	-104	-1	-173
Income taxes	15	20	0	35
Profit for the period, continuing operations	-52	-85	-1	-138

Metso Outotec’s information in 2021

Half-Year Report for 2021 on August 4

Interim Report for January – September 2021 on November 2

**Metso Outotec Corporation, Group Head Office, Töölönlahdenkatu 2,
PO Box 1220, FIN-00101 Helsinki, Finland
Tel. +358 20 484 100 Fax +358 20 484 101 www.mogroup.com**

Metso:Outotec

Partner for positive change