Metso:Outotec

H1

Half-Year Report
January – June 2022

Metso Outotec's Half-Year Report January 1 – June 30, 2022

Segment information for 2021 has been restated to reflect the segment structure changes that were announced in January 2022.

Figures in brackets refer to the corresponding period in 2021, unless otherwise stated.

Second-quarter 2022 in brief

- Strong market activity for mining equipment and services in particular
- Orders received increased 18% to EUR 1,610 million (EUR 1,360 million)
- Sales grew 28% to EUR 1,295 million (EUR 1,010 million)
- Adjusted EBITA increased to EUR 155 million, or 12.0% of sales (EUR 131 million, or 12.9%); volatility in currencies negatively impacted adjusted EBITA by around EUR 34 million (0 million)
- Operating profit was EUR -13 million, or -1.0% of sales (EUR 97 million, or 9.6%), due to EUR 150 million non-recurring charge related to the wind-down of business in Russia
- Cash flow from operations was EUR 15 million (EUR 107 million), affected by increase in net working capital

January–June 2022 in brief

- Orders received increased 23% to EUR 3,034 million (EUR 2,462 million)
- Sales grew 27% to EUR 2,459 million (EUR 1,935 million)
- Adjusted EBITA increased to EUR 312 million, or 12.7% of sales (EUR 245 million, or 12.7%)
- Operating profit was EUR 127 million, or 5.1% of sales (EUR 188 million, or 9.7%), including EUR 150 million non-recurring charge related to the wind-down of the business in Russia
- Earnings per share were EUR 0.08 (EUR 0.15)
- Cash flow from operations was EUR 89 million (EUR 272 million)

President and CEO Pekka Vauramo:

> **"Orders received in the Minerals segment grew 40% in constant currencies, with strong growth in both equipment and services orders."**

We delivered a strong order intake and healthy underlying results in the second quarter. The quarter included some unusual elements, mainly related to the wind-down of our business in Russia and high volatility in the currency market, which had an impact on both our volumes and results.

Our orders increased 11% year-on-year in constant currencies, thanks to the strong activity and demand in the mining markets as well as our strong position and Planet Positive product offering. Orders received in the Minerals segment grew 40% in constant currencies, with strong growth in both equipment and services orders. Orders in the Aggregates segment were flat year-on-year, despite softening of the European markets, and the Metals segment reported somewhat low order intake due to the timing of customers investments.

Our sales growth of 21% in constant currencies was supported by the backlog built during the previous quarters, and both equipment and services reported double-digit growth rates.

Our underlying performance was healthy, although still somewhat under pressure due to high raw material, component, logistics and energy costs. This pressure is most visible in our consumables business, where the mitigation actions continue. Unusually high volatility in the currency market had a EUR 34 million negative impact on adjusted EBITA, due to the strengthening of the US dollar and the weakening of currencies in some key mining countries.

We continued to make good progress in sustainability during the quarter. We completed a number of actions that will result in emission reductions of our own operations. Our Planet Positive product portfolio was expanded with several launches of new products, for example, for real-time monitoring of crushers and screens and sustainable tailings management. We received a significant order for a comminution circuit flowsheet developed for a new concentrator plant, which represents the most sustainable technology currently available and features a combination of HRC™e high-pressure grinding rolls (HPGR) and Vertimill® grinding mills that help to achieve the best energy-efficiency with the lowest operating and life cycle costs. In addition, we took an important step in linking our overall strategy implementation to financing by publishing a Sustainability-Linked Finance Framework, which specifies several performance indicators measuring our own, our suppliers' and our customers' emission reductions as an input to our future financing instruments.

Looking ahead, we see strong activity continuing in the mining markets during the second half of the year despite the metal prices recently trending down from very high levels. Following the expected softening of the overall economy due to inflation and the continuing war in Europe, we are slightly cautious regarding the activity in the aggregates market in Europe in particular. While volatility is likely to continue in the global economy and in our key markets, I'm confident that we are well-placed to continue delivering on our strategy, including the review of the Metals segment, as part of the continuous development of our portfolio.

Russia business update

Metso Outotec condemns Russia's military offensive against Ukraine and is deeply saddened by the humanitarian crisis it has caused. The offensive continues to have an impact on Metso Outotec's business and operations. The company continued to wind down its business operations and customer contracts in Russia during the second quarter, in line with the disclosure in its January-March 2022 interim report. The possibilities to wind down through final deliveries or termination agreements have been limited, due to the continuation of the conflict, sanctions and export control restrictions, as well as the availability of banking services and logistics.

At the end of March 2022, Metso Outotec had an order backlog of EUR 479 million to Russia. Around EUR 315 million was originally expected to be recognized as sales in 2022; approximately EUR 215 million of it was to non-sanctioned customers at the end of March.

Metso Outotec made deliveries worth EUR 67 million to non-sanctioned Russian customers during the second quarter. In early July, the company decided to make a provision totaling EUR 150 million, including wind-down and restructuring costs, which is expected to cover the remaining exposure in Russia. The provision was booked as a non-recurring adjustment in the company's second-quarter financials, and therefore had no impact on adjusted EBITA. The negative impact of the wind down in the Group's order backlog at the end of June is approximately EUR 380 million. Metso Outotec has not recognized any revenue from sanctioned customers or contracts and is not taking new orders for deliveries to Russia.

Metso Outotec will continue to monitor the situation closely, as further changes are expected in the sanctions and export control restrictions, as well as in the availability of banking facilities and logistics.

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 overall market activity to remain at the current level with the mining market remaining strong and aggregates market declining slightly.

Group review

Key figures

EUR million	Q2/2022	Q2/2021	Change %	Q1-Q2/2022	Q1-Q2/2021	Change %	2021
Orders received	1,610	1,360	18	3,034	2,462	23	5,421
Orders received by services business	752	594	27	1,464	1,167	25	2,393
% of orders received	47	44	–	48	47	–	44
Order backlog				3,756	2,876	31	3,536
Sales	1,295	1,010	28	2,459	1,935	27	4,236
Sales by services business	616	527	17	1,167	1,021	14	2,126
% of sales	48	52	–	47	53	–	50
Adjusted EBITA	155	131	19	312	245	27	547
% of sales	12.0	12.9	–	12.7	12.7	–	12.9
Operating profit*	-13	97	-113	127	188	-33	425
% of sales	-1.0	9.6	–	5.1	9.7	–	10.0
Earnings per share, continuing operations, EUR	-0.02	0.07	–	0.08	0.15	-47	0.35
Cash flow from operations	15	107	-86	89	272	-67	608
Gearing, %	28.5	33.5	–	28.5	33.5	–	20.9
Personnel at end of period				15,992	15,681	2	15,630

*EUR 150 million non-recurring charge related to Russia has been booked in Group Head Office and other.

The Group's financial performance

Healthy activity continued in Metso Outotec's customer industries during the second quarter. The Group's orders received increased 18% to EUR 1,610 million (EUR 1,360 million). Equipment orders grew 12% and services orders 27%.

The Group's sales increased 28% to EUR 1,295 million (EUR 1,010 million), driven by 41% growth in equipment deliveries. Services sales grew 17% year-on-year, thanks to both pricing and higher volumes.

Adjusted EBITA increased to EUR 155 million and the adjusted EBITA margin was 12.0% (EUR 131 million and 12.9%). The result increased in all segments, supported by higher sales volumes as well as realized synergies and other improvement actions, while cost pressures related to raw materials, components, logistics and energy continued to have a negative impact. Additional negative impact of EUR 34 million (0 million), corresponding to around 2.6 percentage points on the adjusted EBITA margin, was due to the significant changes in the fair value of currency hedges as well as operating currency losses, resulting from a strong appreciation of the US dollar and depreciation of currencies in several key mining countries during the quarter.

The Group's operating profit (EBIT) was affected by negative adjustments of EUR 152 million (EUR 13 million negative), of which EUR 150 million resulted from the wind-down of the business in Russia. Including these adjustments, operating profit totaled EUR -13 million and the EBIT margin -1.0% (EUR 97 million and 9.6%). PPA amortization was EUR -13 million. Net financing expenses totaled EUR -11 million (-11 million).

Profit before taxes was EUR -24 million (EUR 86 million). Earnings per share for continuing operations were EUR -0.02 (EUR 0.07).

January–June in brief

The Group's orders received grew 23% and totaled EUR 3,034 million (EUR 2,462 million). Sales increased 27% to EUR 2,459 million (EUR 1,935 million), with the strongest growth seen in the Minerals and Metals segments. The order backlog totaled EUR 3,756 million (EUR 2,876 million) at the end of June.

Adjusted EBITA increased to EUR 312 million (EUR 245 million) and the adjusted EBITA margin was unchanged at 12.7% (12.7%). Negative adjustments of EUR 153 million (EUR 19 million negative) had an impact on the operating profit (EBIT), the majority of which was related to the wind-down of the business in Russia. Operating profit totaled EUR 127 million, or 5.1% of sales (EUR 188 million and 9.7%). Profit before taxes was EUR 95 million (EUR 170 million). The effective tax rate was 28% (25%). Earnings per share for continuing operations were EUR 0.08 (EUR 0.15).

Impacts of currencies and structural changes

	Orders received		Sales	
EUR million, %	Q2	Q1-Q2	Q2	Q1-Q2
2021	**1,360**	**2,462**	**1,010**	**1,935**
Organic growth in constant currencies, %	11	17	21	22
Impact of changes in exchange rates, %	7	6	7	5
Structural changes, %	0	0	0	0
Total change, %	**18**	**23**	**28**	**27**
2022	**1,610**	**3,034**	**1,295**	**2,459**

The Group’s financial position

The Group’s net interest-bearing liabilities were EUR 617 million at the end of June (Dec 31, 2021: EUR 470 million), gearing increased to 28.5% (Dec 31, 2021: 20.9%) and the debt-to-capital ratio to 30.4% (Dec 31, 2021: 26.7%). The equity-to-assets ratio was 37.9% (Dec 31, 2021: 43.2%).

The Group's liquidity position is strong. Liquid funds, consisting of cash and cash equivalents, amounted to EUR 451 million (Dec 31, 2021: EUR 473 million), and there were no deposits or securities with a maturity more than three months (Dec 31, 2021: EUR 0 million).

In addition, Metso Outotec has a committed syndicated revolving credit facility of EUR 600 million with a maturity in 2026. The facility includes sustainability performance targets. At the end of the period the facility was undrawn. The company also has a EUR 600 million Finnish commercial paper program, of which EUR 160 million was utilized at the end of the period.

In June, Metso Outotec published its Sustainability-Linked Finance Framework, which can be utilized when issuing bonds or agreeing on loans or other financing agreements that include sustainability performance targets.

During the second quarter, Metso Outotec drew the Nordic Investment Bank's EUR 100 million loan with a maturity of eight years, and which includes sustainability performance targets. In June, the company repaid EUR 100 million in private placements that had matured.

Metso Outotec has a Euro Medium Term Note Program (EMTN) of EUR 2 billion, under which EUR 571 million at carrying value was outstanding at the end of June (Dec 31, 2021: EUR 687 million). The total outstanding amount was public bonds (Dec 31, 2021: EUR 587 million).

The average interest rate of total loans and derivatives was 1.18% on June 30, 2022. The duration of medium- and long-term interest-bearing debt was 2.6 years and the average maturity 4.0 years.

Metso Outotec has a ‘BBB-’ long-term issuer credit rating with positive outlook from S&P Global Ratings, and a ‘Baa2’ long-term issuer rating with stable outlook from Moody’s Investor Service.

Aggregates

- **Strong market activity in North America**
- **Sales growth supported by backlog**
- **Profitability affected by cost pressures and currencies**

	Orders received		Sales	
EUR million, %	Q2	Q1-Q2	Q2	Q1-Q2
2021	**363**	**718**	**320**	**585**
Organic growth in constant currencies, %	-8	0	7	13
Impact of changes in exchange rates, %	7	6	7	6
Structural changes, %	1	1	1	1
Total change, %	**0**	**7**	**15**	**19**
2022	**363**	**765**	**368**	**697**

Operating environment and orders received

Market activity remained strong in North America during the second quarter, while the European market saw some softening. Orders received were flat year-on-year at EUR 363 million (363 million), including a positive impact from currencies and the acquisition of Tesab. Equipment orders declined 6%, while services orders grew 17% year-on-year.

Financial performance

Sales increased 15% year-on-year in the second quarter, supported by a strong order backlog. Adjusted EBITA totaled EUR 48 million (EUR 47 million). The adjusted EBITA margin of 13.1% (14.6%) was affected by continued cost pressures especially in the consumables business relating to raw materials, logistics and energy. Changes in the fair value of currency hedges as well as operating currency losses had a negative impact of around 2.5 percentage points on the adjusted EBITA margin.

January-June in brief

Orders received increased 7% to EUR 765 million. Sales grew 19% and adjusted EBITA improved to EUR 94 million (EUR 84 million), corresponding to a margin of 13.5% (14.4%).

Key figures

EUR million	**Q2/2022**	Q2/2021	Change %	**Q1-Q2/2022**	Q1-Q2/2021	Change %	2021
Orders received	363	363	0	765	718	7	1,374
Orders received by services business	122	105	17	247	210	18	429
% of orders received	34	29	–	32	29	–	31
Order backlog				613	536	14	545
Sales	368	320	15	697	585	19	1,202
Sales by services business	127	99	28	240	184	31	396
% of sales	35	31	–	35	31	–	33
Adjusted EBITA	48	47	3	94	84	12	161
% of sales	13.1	14.6	–	13.5	14.4	–	13.4
Operating profit	45	40	11	89	74	21	148
% of sales	12.1	12.6	–	12.8	12.6	–	12.3

Note: EUR 150 million non-recurring charge related to Russia has been booked in Group Head Office and other.

Segment review

Minerals

- Strong market activity and order growth
- Equipment sales growing faster than services
- Profitability impacted by cost pressures and currencies

	Orders received		Sales	
EUR million, %	Q2	Q1-Q2	Q2	Q1-Q2
2021	**789**	**1,467**	**622**	**1,227**
Organic growth in constant currencies, %	40	34	23	21
Impact of changes in exchange rates, %	9	6	7	5
Structural changes, %	—	—	—	—
Total change, %	**49**	**40**	**30**	**26**
2022	**1,176**	**2,056**	**810**	**1,541**

Operating environment and orders received

Customer activity continued to be strong in the second quarter in both new equipment and services business. The segment's orders increased 49% to EUR 1,176 million (789 million). Equipment orders increased 80% year-on-year and included one large order and a healthy amount of small and mid-sized orders. Services orders grew 29%; the continued growth was attributable to the healthy demand for spare parts and consumables and the increased demand for productivity improvements and other on-site services.

Financial performance

Sales increased 30% and totaled EUR 810 million (EUR 622 million). Sales of new equipment grew 63% and services sales grew 14%. Adjusted EBITA totaled EUR 103 million (EUR 79 million) and the adjusted EBITA margin was unchanged at 12.7% (12.7%). Positive impacts related to higher volumes and realized synergies were offset by a lower share of services as well as continued cost pressures especially in the consumables business relating to raw materials, logistics and energy. In addition, changes in the fair value of currency hedges as well as operating currency losses negatively impacted the adjusted EBITA margin by around 2.1 percentage points.

January-June in brief

Orders received increased 40% to EUR 2,056 million (1,467 million). Sales increased 26% to EUR 1,541 million. Adjusted EBITA totaled EUR 211 million and the adjusted EBITA margin was 13.7% (EUR 163 million and 13.3%).

Key figures

EUR million	**Q2/2022**	Q2/2021	Change %	**Q1-Q2/2022**	Q1-Q2/2021	Change %	2021
Orders received	1,176	789	49	2,056	1,467	40	3,437
Orders received by services business	612	475	29	1,173	931	26	1,914
% of orders received	52	60	–	57	63	–	56
Order backlog				2,518	1,831	38	2,330
Sales	810	622	30	1,541	1,227	26	2,724
Sales by services business	476	417	14	901	817	10	1,689
% of sales	59	67	–	58	67	–	62
Adjusted EBITA	103	79	30	211	163	30	371
% of sales	12.7	12.7	–	13.7	13.3	–	13.6
Operating profit	93	61	52	187	130	44	311
% of sales	11.5	9.8	–	12.2	10.6	–	11.4

Note: EUR 150 million non-recurring charge related to Russia has been booked in Group Head Office and other.

Segment review

Metals

- Healthy market activity
- Deliveries from backlog increased
- Profitability at a good level

	Orders received		Sales	
EUR million, %	Q2	Q1-Q2	Q2	Q1-Q2
2021	**208**	**277**	**68**	**123**
Organic growth in constant currencies, %	-69	-27	68	75
Impact of changes in exchange rates, %	3	4	4	3
Structural changes, %	—	—	—	—
Total change, %	**-66**	**-23**	**72**	**79**
2022	**71**	**212**	**117**	**221**

Operating environment and orders received

Customer activity continued to be healthy in all businesses. However, no large orders were booked during the quarter, resulting in orders received of EUR 71 million (EUR 208 million).

Financial performance

Sales increased 72% to EUR 117 million (EUR 68 million), driven by increased deliveries from the backlog. Higher volumes and an improved cost structure resulted in the increase of adjusted EBITA to EUR 11 million (EUR 5 million) and the improvement in the adjusted EBITA margin to 9.3% (7.0%).

January-June in brief

Orders received declined -23% to EUR 212 million (277 million). Sales increased 79% year-on-year, and adjusted EBITA was 20 million (0 million), corresponding to a margin of 9.3% (0.3%)

Key figures

EUR million	**Q2/2022**	Q2/2021	Change %	**Q1-Q2/2022**	Q1-Q2/2021	Change %	2021
Orders received	71	208	-66	212	277	-23	610
Orders received by services business	19	14	33	44	26	70	50
% of orders received	26	7	–	21	9	–	8
Order backlog				624	508	23	208
Sales	117	68	72	221	123	79	310
Sales by services business	13	11	25	25	20	25	41
% of sales	12	16	–	12	17	–	13
Adjusted EBITA	11	5	–	20	0	–	24
% of sales	9.3	7.0	–	9.3	0.3	–	7.7
Operating profit	10	0	–	18	-7	–	13
% of sales	8.5	0.6	–	8.2	-5.6	–	4.0

Note: EUR 150 million non-recurring charge related to Russia has been booked in Group Head Office and other.

Sustainability

- Strong order flow of Planet Positive technologies
- Actions completed to reduce CO_2 emissions
- Sustainability-Linked Finance Framework published

Sustainability KPI (%)	Target	Q2/2022*	FY 2021
Lost time injury frequency rate (LTIFR)	Zero harm	1.3	1.1
Total recordable injury frequency rate (TRIFR)	Zero harm	3.0	3.1
Planet Positive sales (EUR million)	Group sales growth +3%	720	592
Reduction of CO_2 emissions: own operations**	Net zero by 2030; -50% by 2024	N/A	-57%
Reduction of CO_2 emissions: logistics***	-20% by 2025	-12%	-18%
Spend with suppliers having set Science Based Targets	30% by 2025	12.8%	10.1%

*Planet Positive sales and logistics emissions are rolling 12 months as of the end of May 2022. **Scope 1 and 2, baseline 2019. ***Baseline 2019.

Health and safety. The fatality risk management program continued according to plan.

Planet Positive sales and orders. Rolling 12-month Planet Positive sales as of the end of May 2022 were EUR 720 million. During the second quarter, two major Planet Positive orders were booked: a EUR 100 million order for the delivery of key process technology to a copper-gold-molybdenum concentrator complex in Uzbekistan and a EUR 45 million order to a greenfield iron ore project in South America consisting of a full-scope sustainable comminution circuit flowsheet concept including several Planet Positive crushing, screening and grinding technologies, such as HRC™e high-pressure grinding rolls (HPGR) and Vertimill® grinding mills to achieve the best energy-efficiency with the lowest operating and life cycle costs. In addition, there were several medium-sized and small orders with significant Planet Positive content, including two large horizontal grinding mills for a copper mine expansion in Zambia, key crushing and grinding equipment for a gold project in Canada and key concentrator plant equipment for a copper mining complex expansion in the Democratic Republic of Congo.

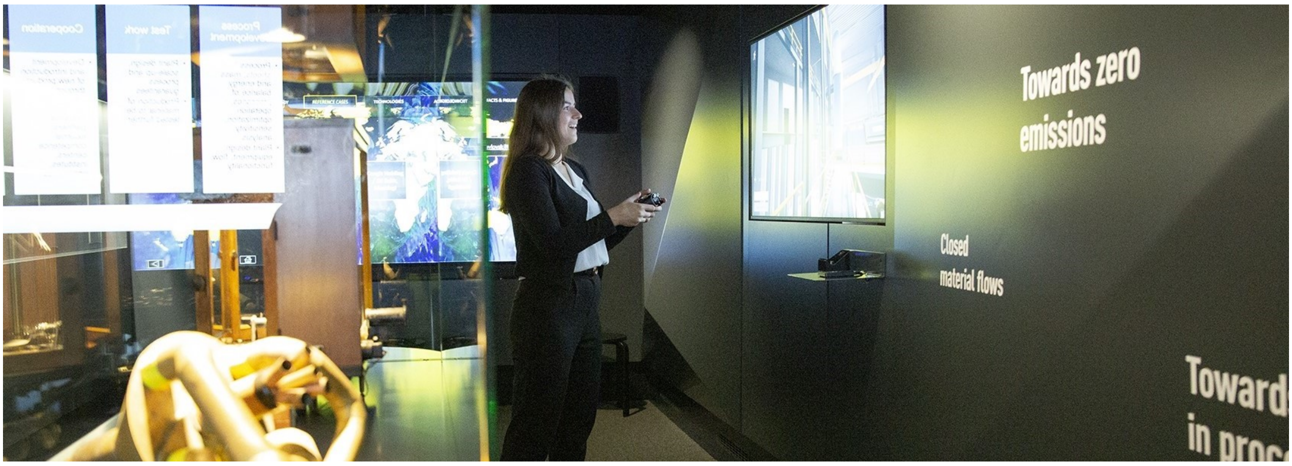
Planet Positive products. Product launches included in the Planet Positive portfolio during the second quarter:

- Upgraded version of Metrics, a next generation cloud-based tool for real-time 24/7 monitoring of screens and Lokotrack mobile crushers. Features also include CO_2 tracking.
- Tailings Management Solutions portfolio for the sustainable management of mine tailings. The portfolio covers tailings thickening and dewatering solutions as well as tailings handling through conveying and dry stacking.
- Metso Outotec Sense series portfolio designed for optimizing minerals and hydrometallurgical processes from comminution and milling to flotation.
- A scalable and customizable Filtration Plant Units offering for different types of dewatering applications to maximize operational reliability and increase water and energy efficiency with special attention to the units' operation and maintainability through advanced digitalization.
- Mill Discharge Low Rider pumps that are a cost-efficient and easy alternative for pump replacements and upgrades, especially where there are space constraints.

Footprint. Second-quarter CO_2 emissions from own operations were roughly at the same level as year-end 2021, i.e. around 60% below 2019 levels. Several actions were completed during the second quarter to reduce CO_2 emissions in own operations, e.g. modernization of an electric induction furnace, preheating of ladles and switching to LED lighting. A successful completion of the solar electrification project at McCloskey's Northern Ireland sites will result in an emissions reduction of 71 tCO_2 per year. The total amount of renewable electricity from own generation from solar panels has almost doubled from Q1/2021. In addition, progress is being made in sustainable packaging solutions with the focus on high utilization of recyclable packing materials to reduce logistics costs and CO_2 emissions during transportation. In Metals, Metso Outotec has now engaged with all high-volume suppliers regarding CO_2 emissions reductions; engaging with high-volume suppliers in Minerals has also kicked off.

Sustainability-Linked Finance Framework. In June, Metso Outotec published a Sustainability-Linked Finance Framework. This framework supports the linking of sustainability performance with the terms of financing and is part of implementing the company's overall strategy. The selected performance indicators in the Framework cover CO_2 emissions reductions of Metso Outotec's own operations, its suppliers' and its customers', i.e. it addresses emissions across Metso Outotec's full value chain:

- KPI 1: Scope 1 & 2 CO_2 emissions (tCO_2)
- KPI 2: Suppliers signed up for the Science-Based Targets initiative
- KPI 3: Annual increase in revenue from Planet Positive portfolio



Capital expenditure and investments

Gross capital expenditure, excluding right-of-use assets, was EUR 44 million in January–June 2022 (EUR 41 million). This consisted of small investments in the company's foundries and manufacturing sites.

Research and development

Research and development (R&D) expenses and investments were EUR 32 million, or 1.3% of sales in January–June 2022 (EUR 35 million, or 1.8% of sales).

Personnel

Metso Outotec had 15,992 (15,681) employees at the end of June 2022.

Personnel by area on June 30, 2022

	Share, %
Europe	35
North and Central America	13
South America	27
Asia Pacific and Greater China	12
Africa, Middle East, and India	13
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 300,505 at the end of June.

Share performance on Nasdaq Helsinki

EUR	January 1-June 30, 2022
Closing price	7.15
Highest share price	10.47
Lowest share price	6.54
Volume-weighted average trading price	8.01

Annual General Meeting 2022

Metso Outotec Corporation’s Annual General Meeting (AGM) was held on April 21, 2022, in Helsinki under exceptional meeting procedures without the presence of shareholders’ or their proxy representatives, 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 & CEO from liability for the financial year 2021 and adopted the company’s remuneration report for governing bodies through an advisory resolution.

Dividend for 2021

The AGM resolved to approve the Board of Directors’ proposal to pay a dividend of EUR 0.24 per share in two installments for the financial year 2021.

The first dividend installment of EUR 0.12 per share was paid on May 2, 2022, and the second installment of EUR 0.12 per share will be paid in November 2022. The Board of Directors will resolve on the record date and the date of payment in its meeting agreed to be held on October 27, 2022. Based on the current rules of the Finnish book-entry system, the dividend record date would be October 31, 2022, and the date of payment November 7, 2022.

Composition of the Board of Directors

The AGM decided to elect nine members to the Board of Directors. Kari Stadigh was re-elected as Chair, Klaus Cawén as Vice Chair, and Christer Gardell, Antti Mäkinen, Ian W. Pearce, Emanuela Speranza and Arja Talma as members of the Board. Brian Beamish and Terhi Koipijärvi were elected as new Board members. The Board's term of office will end at the closing of the Annual General Meeting 2023.

Remuneration of the Board of Directors

The AGM resolved that the members of the Board of Directors will be paid the following fixed annual remuneration:

- Chair: EUR 156,000
- Vice Chair: EUR 82,500
- Other members: EUR 67,000 each

The additional remuneration to be paid for the members of the Board of Directors that are elected as members of the Board's committees was decided as follows:

- EUR 23,800 for the Chair of the Audit and Risk Committee
- EUR 10,300 each for the other members of the Audit and Risk Committee
- EUR 12,400 for the Chair of the Remuneration and HR Committee
- EUR 5,150 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. The purchase was carried out on April 22, 2022.

Meeting fees

The AGM also resolved to approve the following meeting fees for each Board and committee meeting: EUR 900 for meetings requiring travel within the Nordic countries, EUR 1,800 for meetings requiring travel within a continent, EUR 3,000 for meetings requiring intercontinental travel, and EUR 900 for meetings with remote attendance.

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 2023. Ernst & Young Oy appointed 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 proposal to authorize the Board to decide on the repurchase of an aggregate maximum of 82,000,000 of Metso Outotec's own shares, which corresponds to approximately 9.9 percent of all shares. However, the company together with its subsidiaries cannot at any moment own more than 10 percent of all the shares of the company. The AGM also approved the proposal to decide on the issuance of shares and the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act as follows: The number of shares to be issued on the basis of this authorization shall not exceed an aggregate maximum of 82,000,000 shares, which corresponds to approximately 9.9 percent of all shares.

Other main events between January 1 and June 30, 2022

Development of the Metals business

On January 17, 2022, Metso Outotec announced that it will transfer its Hydrometallurgy business from the Metals segment to the Minerals segment and commence a strategic review in the remaining Metals business area. The target of the review is to evaluate the best environment for developing the Metals business and its strategic fit in Metso Outotec's business portfolio. Restated segment information for 2021 was published on April 6.

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

On February 9, 2022, the Board of Directors decided to convey a total of 624,516 Metso Outotec's treasury shares without consideration to 60 key persons and executives in accordance with the terms and conditions of the Performance Share Plans 2019–2021 (PSP 2019–2021), Restricted Share Plan 2019–2021 (RSP 2019–2021) and Matching Share Plan directed to the President and CEO (MSP 2018–2021). The directed share issue was based on an authorization given by the Annual General Meeting held on April 23, 2021.

On June 30, 2022, a total of 17,669 of Metso Outotec's treasury shares were conveyed without consideration to the President and CEO in the third and final matching share tranche of the Matching Share Plan originally decided by the Board of Metso Corporation in 2018. The continuation of the plan in Metso Outotec was announced on July 1, 2020.

Annual Report for 2021

On March 16, 2022, Metso Outotec published its Annual Report for 2021. The report consists of five sections: Business Overview, Financial Review, Corporate Governance Statement, Remuneration Report and GRI Supplement.

Changes in Metso Outotec Executive Team

On March 29, 2022, the following changes were made in the Metso Outotec Executive Team with immediate effect. Piia Karhu was nominated President, Metals business area. Her previous role in the Executive Team was Senior Vice President, Business Development. The previous President of the Metals business area, Jari Ålgars, resigned from Metso Outotec.

Acquisition of Tesab Engineering Ltd

On April 11, 2022, Metso Outotec signed an agreement to acquire Tesab Engineering Ltd, a Northern Ireland-based company offering mobile crushing equipment for aggregates applications, including quarrying, recycling, asphalt and concrete. Tesab's turnover in 2021 was approx. EUR 30 million, and it has more than 60 employees primarily in Europe. The acquisition was completed in May.

Divestment of Metal Recycling business

On June 2, 2022, Metso Outotec completed the divestment of its metal recycling business line to Mimir, an investment company based in Stockholm, Sweden.

Short-term business risks and market uncertainties

The current unprecedented uncertainty in the global markets may affect Metso Outotec's market environment. Inflation has risen sharply and has resulted in higher production costs and even lack of availability in many markets. Whilst higher prices of minerals and metals typically have a positive impact on demand for Metso Outotec's products and services, the recent high volatility is challenging for customers and suppliers. Rising interest rates and high foreign exchange rate volatility could have a further negative impact on customers' capex decision-making. There are also other market and customer-related risks that could cause on-going projects to be postponed, delayed or discontinued.

Global supply chains continue to be very tight, challenged by inflation and the availability of materials and components; these challenges may be further exacerbated and jeopardize the company’s ability to deliver on-time and/or on-budget. The financial position of suppliers may be at risk and could also lead to challenges with on-time deliveries if suppliers are unable to deliver and the company is unable to find alternative sources in the time required, which may lead to contractual penalties and/or obligations.

Covid-19's impact on the market and Metso Outotec have gradually softened, but there is still a risk of further variants spreading and causing similar business challenges to those seen in 2020 and 2021. Restrictions continue to ease globally with the stark exception of China, where the zero-tolerance policy risks are causing further disruption on Metso Outotec’s supply chain, own operations or personnel. Metso Outotec remains vigilant and ready to take various measures to protect the health and safety of its people.

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.

Whilst Metso Outotec has made a provision for the wind-down of its customer contracts and operations in Russia, the extent to which the wind-down can be done and its final cost could be affected by possible further escalation of the war in Ukraine, sanctions and export controls, as well as availability of banking services and logistics. The wind-down can lead to an increased risk of claims, disputes or lawsuits.

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 level with the mining market remaining strong and aggregates market declining slightly.

Helsinki, July 22, 2022

Metso Outotec Corporation’s Board of Directors

Metso Outotec Half-Year Report January 1–June 30, 2022: Tables

Contents

Consolidated statement of income, IFRS

EUR million	**4–6/2022**	4–6/2021	**1–6/2022**	1–6/2021	1–12/2021
Sales	1,295	1,010	2,459	1,935	4,236
Cost of sales	-1,073	-718	-1,916	-1,380	-3,058
Gross profit	222	291	542	554	1,178
Selling and marketing expenses	-108	-87	-203	-170	-348
Administrative expenses	-79	-90	-153	-161	-321
Research and development expenses	-14	-17	-29	-32	-66
Other operating income and expenses, net	-32	-1	-30	-3	-18
Share of results of associated companies	-1	0	-1	0	-1
Operating profit	-13	97	127	188	425
Finance income	2	1	4	2	4
Foreign exchange gains/losses	0	-2	-11	0	-4
Finance expenses	-14	-10	-24	-20	-40
Finance income and expenses, net	-11	-11	-31	-18	-39
Profit before taxes	-24	86	95	170	385
Income taxes	5	-22	-27	-43	-92
Profit for the period from continuing operations	-19	64	69	127	294
Profit from discontinued operations	-5	22	-4	19	48
Profit for the period	-24	86	64	145	342
Profit attributable to					
Shareholders of the Parent Company	-23	86	65	145	342
Non-controlling interests	-1	1	0	1	0
Earnings per share, EUR	-0.03	0.10	0.08	0.17	0.41
Earnings per share, diluted, EUR	-0.03	0.10	0.08	0.17	0.41
Earnings per share from continuing operations, EUR	-0.02	0.07	0.08	0.15	0.35

More information under "Key figures, IFRS".

Consolidated statement of comprehensive income, IFRS

EUR million	**4–6/2022**	4–6/2021	**1–6/2022**	1–6/2021	1–12/2021
Profit for the period	-24	86	64	145	342
Other comprehensive income					
Cash flow hedges, net of tax	2	-4	1	-11	-13
Currency translation on subsidiary net investment	13	-1	56	32	46
Items that may be reclassified to profit or loss in subsequent periods	16	-5	57	21	33
Defined benefit plan actuarial gains and losses, net of tax	0	—	-1	—	5
Items that will not be reclassified to profit or loss	0	—	-1	—	5
Other comprehensive income	16	-5	56	21	38
Total comprehensive income	-8	81	120	166	380
Attributable to					
Shareholders of the Parent Company	-8	81	121	166	380
Non-controlling interests	-1	1	0	1	0

Consolidated balance sheet – Assets, IFRS

EUR million	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Non-current assets			
Intangible assets			
Goodwill	1,135	1,125	1,124
Other intangible assets	872	916	878
Total intangible assets	2,007	2,041	2,002
Property, plant and equipment			
Land and water areas	35	42	35
Buildings and structures	125	123	121
Machinery and equipment	186	172	174
Assets under construction	48	34	43
Total property, plant and equipment	394	372	373
Right-of-use assets	125	132	127
Other non-current assets			
Investments in associated companies	5	10	7
Non-current financial assets	2	4	4
Loan receivables	6	6	6
Derivative financial instruments	—	0	2
Deferred tax assets	260	183	178
Other non-current receivables	39	47	38
Total other non-current assets	313	250	234
Total non-current assets	2,838	2,795	2,737
Current assets			
Inventories	1,665	1,154	1,269
Trade receivables	711	601	668
Customer contract assets	386	259	324
Loan receivables	2	3	3
Derivative financial instruments	76	23	46
Income tax receivables	28	40	36
Other current receivables	256	184	210
Liquid funds	451	469	473
Total current assets	3,576	2,735	3,028
Assets held for sale	13	143	65
TOTAL ASSETS	6,427	5,673	5,830

Consolidated balance sheet – Equity and liabilities, IFRS

EUR million	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Equity			
Share capital	107	107	107
Share premium fund	20	20	20
Cumulative translation adjustments	-107	-177	-164
Fair value and other reserves	1,139	1,129	1,130
Retained earnings	999	966	1,156
Equity attributable to shareholders	2,159	2,044	2,250
Non-controlling interests	8	4	1
Total equity	2,167	2,049	2,251
Liabilities			
Non-current liabilities			
Borrowings	711	977	627
Lease liabilities	99	107	104
Post-employment benefit obligations	126	118	124
Provisions	48	70	45
Derivative financial instruments	20	2	6
Deferred tax liability	254	229	209
Other non-current liabilities	2	2	2
Total non-current liabilities	1,261	1,504	1,117
Current liabilities			
Borrowings	236	48	192
Lease liabilities	29	32	30
Trade payables	753	621	692
Provisions	340	120	178
Advances received	281	201	235
Customer contract liabilities	423	312	388
Derivative financial instruments	115	24	52
Income tax liabilities	78	67	76
Other current liabilities	741	581	585
Total current liabilities	2,997	2,006	2,428
Liabilities held for sale	3	114	35
TOTAL EQUITY AND LIABILITIES	6,427	5,673	5,830

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, 2022	107	20	-164	1,130	1,156	2,250	1	2,251
Profit for the period	—	—	—	—	65	65	0	64
Other comprehensive income								
Cash flow hedges, net of tax	—	—	—	1	—	1	—	1
Currency translation on subsidiary net investments	—	—	56	—	—	56	—	56
Defined benefit plan actuarial gains (+) / losses (-), net of tax	—	—	—	—	-1	-1	—	-1
Total comprehensive income	—	—	56	1	64	121	0	120
Dividends	—	—	—	—	-199	-199	—	-199
Share-based payments, net of tax	—	—	—	8	-3	5	—	5
Other items	—	—	—	0	-10	-10	—	-10
Changes in non-controlling interests	—	—	—	—	-9	-9	8	-1
Jun 30, 2022	107	20	-107	1,139	999	2,159	8	2,167

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
Defined benefit plan actuarial gains (+) / losses (-), net of tax	—	—	—	—	—	—	—	—
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
Changes in non-controlling interests	—	—	—	—	—	—	—	—
Jun 30, 2021	107	20	-177	1,129	966	2,044	4	2,049

Condensed consolidated statement of cash flows, IFRS

EUR million	**4–6/2022**	4–6/2021	**1–6/2022**	1–6/2021	1–12/2021
Operating activities					
Profit for the period	-24	86	64	145	342
Adjustments:					
Depreciation and amortization	39	44	77	83	167
Financial expenses, net	11	11	31	18	39
Income taxes	-5	23	26	43	92
Other items	11	-23	14	-14	-2
Change in net working capital	-16	-34	-124	-4	-31
Net cash flow from operating activities before financial items and taxes	15	107	89	272	608
Financial income and expenses paid, net	-9	-15	-35	-21	-35
Income taxes paid	-47	-16	-61	-32	-64
Net cash flow from operating activities	-40	75	-7	219	508
Investing activities					
Capital expenditures on non-current assets	-19	-23	-43	-41	-91
Proceeds from sale of non-current assets	4	25	7	27	22
Business acquisitions, net of cash acquired	-16	—	-16	—	—
Proceeds from sale of businesses, net of cash sold	-7	—	-9	0	74
Proceeds from sale of associated companies	—	—	—	—	1
Proceeds from sale of non-current financial assets	2	—	2	—	—
Net cash flow from investing activities	-36	1	-59	-14	5
Financing activities					
Dividends paid	-100	-83	-100	-83	-166
Change in loan receivables, net	0	0	0	0	0
Proceeds from and repayments of non-current debt, net	0	-50	-50	-150	-350
Proceeds from and repayment of current debt, net	132	19	194	-29	-37
Repayment of lease liabilities	-9	-10	-17	-19	-38
Net cash flow from financing activities	24	-123	27	-282	-591
Net change in liquid funds	-52	-46	-39	-77	-78
Effect from changes in exchange rates	2	0	16	10	14
Cash classified as assets held for sale	0	0	0	-1	0
Liquid funds at beginning of period	501	516	473	537	537
Liquid funds at end of period	451	469	451	469	473

Key figures, IFRS

EUR million	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Profit for the period from continuing operations	69	127	294
Earnings per share from continuing operations, EUR	0.08	0.15	0.35
Profit for the period	64	145	342
Earnings per share, EUR	0.08	0.17	0.41
Equity/share at end of period, EUR	2.60	2.47	2.72
Total number of shares at end of period (thousands)	828,972	828,972	828,972
Own shares held by Parent Company (thousands)	301	925	925
Number of outstanding shares at end of period (thousands)	828,672	828,047	828,047
Average number of outstanding shares (thousands)	828,473	828,029	828,038

EUR million	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Net debt	617	686	470
Gearing, %	28.5%	33.5%	20.9%
Equity-to-asset ratio, %	37.9%	39.7%	43.2%
Debt to capital, %	30.4%	33.4%	26.7%
Debt to equity, %	43.7%	50.1%	36.4%
Net working capital (NWC)	383	303	254
Net debt and gearing			
Borrowings	948	1,026	819
Lease liabilities	128	139	133
Gross debt	1,076	1,164	952
Loan receivables	8	9	9
Liquid funds	451	469	473
Net debt	617	686	470
Gearing	28.5%	33.5%	20.9%

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-asset 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-asset 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

Contents

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 2021. 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.

On October 28, 2020, Metso Outotec announced its decision to divest the Recycling business, and it has been classified as discontinued operations. The assets and liabilities held for sale have been transferred to separate lines in the consolidated balance sheet. The divestment of the Waste Recycling business was finalized on December 1, 2021, and the Metal Recycling business divestment was finalized on June 2, 2022.

Reporting segments

Metso Outotec’s segment structure changed as of January 1, 2022. The Hydrometallurgy business in the Metals segment was transferred to the Minerals segment. In addition to changes in the Minerals and Metals segments, small changes were made in the Aggregates segment that relate to the McCloskey and P.J. Jonsson och Söner businesses; business that had previously been reported under the equipment business was reclassified and reported as services. Due to the segment structure change as of January 1, 2022, Metso Outotec’s comparison figures for 2021 have been restated according to the new segment structure. The restatement had no impact on the Group’s total figures. More information on the segment restatement can be found in the stock exchange release published on April 6, 2022.

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 is comprised of the Parent Company with centralized Group functions, such as treasury and tax, as well as global business service center 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), and adjusted 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, 2022. These amendments have not had a material impact on the reported figures.

3. Disaggregation of sales

Metso Outotec's segment structure changed as of January 1, 2022. Metso Outotec's comparison figures for 2021 have been restated according to the new segment structure.

SALES BY SEGMENTS

EUR million	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Aggregates	368	320	697	585	1,202
Minerals	810	622	1,541	1,227	2,724
Metals	117	68	221	123	310
Sales	1,295	1,010	2,459	1,935	4,236

SALES BY SEGMENTS

EUR million	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Sales of services	616	527	1,167	1,021	2,126
Aggregates	127	99	240	184	396
Minerals	476	417	901	817	1,689
Metals	13	11	25	20	41
Sales of projects, equipment, and goods	679	483	1,292	914	2,111
Aggregates	241	220	456	401	806
Minerals	335	205	640	410	1,035
Metals	103	57	195	103	270
Sales	1,295	1,010	2,459	1,935	4,236

EXTERNAL SALES BY TIMING OF REVENUE RECOGNITION

EUR million	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
At a point in time	953	800	1,756	1,494	3,215
Over time	341	210	703	440	1,021
Sales	1,295	1,010	2,459	1,935	4,236

EXTERNAL SALES BY DESTINATION

EUR million	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Europe	293	295	612	562	1,198
North and Central America	302	215	539	406	861
South America	217	158	402	310	677
APAC	299	213	539	400	878
Africa, Middle East, and India	184	129	366	257	622
Sales	1,295	1,010	2,459	1,935	4,236

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, centrally manages 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.

High volatility in the currency markets during the second quarter was visible in a strong appreciation of the US dollar and depreciation of several key mining countries' currencies. This resulted in significant changes in the fair value of currency hedges as well as operating currency losses having a negative impact on adjusted EBITA. The change in fair value hedges is attributed to the non-hedge accounted hedges, which are typically related to product sales and purchases. There is a timing and line mismatch with the hedge and the operative underlying transaction; later, when the customer invoicing is concluded and revenue is recognized, the appreciated USD impact will flow through. The hedges related to larger projects are hedge accounted, and their fair value is not recognized in the income statement.

Liquidity and refinancing risk, capital structure management

Liquidity or refinancing risk arises when a company is not able to arrange funding at terms and conditions corresponding to its creditworthiness. Sufficient cash, short-term investments, and committed and uncommitted credit facilities are maintained to protect short-term liquidity. Diversification of funding among different markets and an adequate number of financial institutions is used to safeguard the availability of liquidity at all times. Group Treasury monitors bank account structures, cash balances, and forecasts of the operating units, and manages the utilization of the consolidated cash resources.

The liquidity position of Metso Outotec remained good. As of June 30, 2022 liquid funds, consisting of cash and cash equivalents, amounted to EUR 451 million (EUR 473 million on December 31, 2021), and there were no deposits or securities with a maturity more than three months (EUR 0 million on December 31, 2021).

In addition, Metso Outotec has a committed and undrawn EUR 600 million syndicated revolving credit facility with a maturity in 2026. The facility includes sustainability performance targets. At the end of the period the facility was undrawn. The company also has a EUR 600 million Finnish commercial paper program, of which EUR 160 million was utilized at the end of the period.

During the second quarter, Metso Outotec drew the Nordic Investment Bank's EUR 100 million loan with a maturity of eight years, and which includes sustainability performance targets. In June, the company repaid the EUR 100 million in private placements.

Capital structure management in Metso Outotec comprises both equity and interest-bearing debt. As of June 30, 2022, the equity attributable to shareholders was EUR 2,159 million (EUR 2,250 million on December 31, 2021), and the amount of interest-bearing debt, excluding lease liabilities, was EUR 948 million (EUR 819 million on December 31, 2021).

Metso Outotec has a target to maintain an investment-grade credit rating. Metso Outotec has ‘BBB-’ long-term issuer credit rating with positive outlook from S&P Global Ratings and ‘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:

- 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, 2022, or on December 31, 2021.

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.

	Jun 30, 2022		
EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Derivatives not under hedge accounting	–	48	–
Financial assets at fair value through other comprehensive income			
Derivatives under hedge accounting	–	30	–
Total	–	78	–
Liabilities			
Financial liabilities at fair value through profit and loss			
Derivatives not under hedge accounting	–	77	–
Financial liabilities at fair value through other comprehensive income			
Derivatives under hedge accounting	–	59	–
Total	–	136	–

	Dec 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	–	24	–
Financial assets at fair value through other comprehensive income			
Derivatives under hedge accounting	–	24	–
Total	–	48	–
Liabilities			
Financial liabilities at fair value through profit and loss			
Derivatives not under hedge accounting	–	29	–
Financial liabilities at fair value through other comprehensive income			
Derivatives under hedge accounting	–	29	–
Total	–	58	–

The carrying value of 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, 2022**	Jun 30, 2021	Dec 31, 2021
Forward exchange rate contracts	3,022	2,282	2,456
Interest-rate swaps	275	275	275

7. Contingent liabilities and commitments

EUR million	**Jun 30, 2022**	Jun 30, 2021	Dec 31, 2021
Guarantees			
External guarantees given by Parent and Group companies	1,713	1,307	1,575
Other commitments			
Repurchase commitments	0	0	0
Other contingencies	1	1	1
Total	1,715	1,309	1,577

8. Acquisitions

Metso Outotec completed the acquisition of Tesab Engineering Ltd on May 3, 2022. Tesab is a Northern Ireland based company specializing mostly in mobile crushing equipment for aggregates applications, including quarrying, recycling, asphalt and concrete. The acquired business was consolidated into the Aggregates segment. Tesab's turnover in 2021 was approx. EUR 30 million. The company employs about 60 people.

Assets and liabilities recognized as a result of the acquisitions

EUR million	Tesab Engineering Ltd.
Fixed assets	8
Inventory	7
Other assets	4
Liabilities	-7
Net identifiable assets acquired at fair value	**12**
Goodwill	4
Purchase consideration	**16**

Goodwill is mainly attributable to synergies. The goodwill is not deductible for tax purposes. The initial calculation of goodwill generated is based on the result of the acquired company, adjusted by changes in accounting principles and effects from the fair value adjustment of acquired assets and related tax adjustments.

Assets and liabilities recognized as a result of the acquisitions

EUR million	Tesab Engineering Ltd.
Cash consideration paid	-16
Cash and cash equivalents acquired	0
Net cash flow for the year	-16
Cash considerations, total	**-16**

9. Business disposals

On June 2, 2022, Metso Outotec completed the divestment of its Metal Recycling business line to Mimir, a Swedish investment company. The sold Metal Recycling business includes the brands Lindemann and Texas Shredder. Its approximately 160 employees have been transferred to the new company.

The disposal of the Metal Recycling business did not have a material impact on Metso Outotec's financials. Metal Recycling related items have been reported under discontinued operations.

10. Segment information, IFRS

Metso Outotec's segment structure changed as of January 1, 2022. Metso Outotec's comparison figures for 2021 have been restated according to the new segment structure.

ORDERS RECEIVED

EUR million	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Aggregates	363	363	765	718	1,374
Minerals	1,176	789	2,056	1,467	3,437
Metals	71	208	212	277	610
Metso Outotec total	1,610	1,360	3,034	2,462	5,421

ORDERS RECEIVED BY SERVICES BUSINESS

EUR million	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Aggregates	122	105	247	210	429
% of orders received	33.6	28.8	32.3	29.2	31.3
Minerals	612	475	1,173	931	1,914
% of orders received	52.0	60.2	57.0	63.5	55.7
Metals	19	14	44	26	50
% of orders received	26.5	6.8	20.8	9.4	8.1
Metso Outotec total	752	594	1,464	1,167	2,393
% of orders received	46.7	43.6	48.3	47.4	44.1

SALES

EUR million	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Aggregates	368	320	697	585	1,202
Minerals	810	622	1,541	1,227	2,724
Metals	117	68	221	123	310
Metso Outotec total	1,295	1,010	2,459	1,935	4,236

SALES BY SERVICES BUSINESS

EUR million	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Aggregates	127	99	240	184	396
% of sales	34.5	31.1	34.5	31.4	32.9
Minerals	476	417	901	817	1,689
% of sales	58.7	67.0	58.5	66.6	62.0
Metals	13	11	25	20	41
% of sales	11.5	15.9	11.5	16.6	13.1
Metso Outotec total	616	527	1,167	1,021	2,126
% of sales	47.6	52.2	47.5	52.8	50.2

ADJUSTED EBITA AND OPERATING PROFIT

EUR million, %	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Aggregates					
Adjusted EBITA	48	47	94	84	161
% of sales	13.1	14.6	13.5	14.4	13.4
Amortization of intangible assets	-4	-3	-7	-7	-14
Adjustment items	0	-3	3	-3	1
Operating profit	45	40	89	74	148
% of sales	12.1	12.6	12.8	12.6	12.3
Minerals					
Adjusted EBITA	103	79	211	163	371
% of sales	12.7	12.7	13.7	13.3	13.6
Amortization of intangible assets	-11	-14	-22	-26	-49
Adjustment items	1	-4	-2	-7	-11
Operating profit	93	61	187	130	311
% of sales	11.5	9.8	12.2	10.6	11.4
Metals					
Adjusted EBITA	11	5	20	0	24
% of sales	9.3	7.0	9.3	0.3	7.7
Amortization of intangible assets	-1	-3	-2	-5	-7
Adjustment items	0	-1	0	-3	-4
Operating profit	10	0	18	-7	13
% of sales	8.5	0.6	8.2	-5.6	4.2
Group Head Office and other					
Adjusted EBITA	-6	0	-12	-2	-8
Amortization of intangible assets	-1	-1	-1	-1	-3
Adjustment items*	-154	-4	-155	-6	-36
Operating profit	-160	-5	-168	-9	-47
Metso Outotec total					
Adjusted EBITA	155	131	312	245	547
% of sales	12.0	12.9	12.7	12.7	12.9
Amortization of intangible assets	-16	-21	-33	-39	-72
Adjustment items*	-152	-13	-153	-19	-50
Operating profit	-13	97	127	188	425
% of sales	-1.0	9.6	5.1	9.7	10.0

*Including wind-down of Russian business totaling EUR 150 million in Q2/2022.

ADJUSTMENT ITEMS BY CATEGORY

EUR million, %	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Capacity adjustment costs	-3	-11	-5	-17	-59
Acquisition costs	-1	-2	2	-2	6
Profit and loss on disposal	2	—	0	—	3
Wind-down of Russian business	-150	—	-150	—	—
Adjustment items, total	-152	-13	-153	-19	-50

Quarterly segment information, IFRS

ORDERS RECEIVED

EUR million	**4–6/2022**	1–3/2022	10–12/2021	7–9/2021	4–6/2021
Aggregates	363	402	331	325	363
Minerals	1,176	880	849	1,121	789
Metals	71	141	129	204	208
Metso Outotec total	1,610	1,424	1,310	1,649	1,360

SALES

EUR million	**4–6/2022**	1–3/2022	10–12/2021	7–9/2021	4–6/2021
Aggregates	368	329	324	293	320
Minerals	810	731	847	650	622
Metals	117	104	106	81	68
Metso Outotec total	1,295	1,164	1,278	1,023	1,010

Adjusted EBITA

EUR million	**4–6/2022**	1–3/2022	10–12/2021	7–9/2021	4–6/2021
Aggregates	48	45	34	42	47
Minerals	103	108	109	99	79
Metals	11	10	21	2	5
Group Head Office and other	-6	-6	-1	-5	0
Metso Outotec total	155	157	164	139	131

Adjusted EBITA, % OF SALES

%	**4–6/2022**	1–3/2022	10–12/2021	7–9/2021	4–6/2021
Aggregates	13.1	13.8	10.6	14.4	14.6
Minerals	12.7	14.7	12.9	15.3	12.7
Metals	9.3	9.2	19.8	3.1	7.0
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso Outotec total	12.0	13.5	12.8	13.6	12.9

AMORTIZATION OF INTANGIBLE ASSETS

EUR million	**4–6/2022**	1–3/2022	10–12/2021	7–9/2021	4–6/2021
Aggregates	-4	-4	-3	-4	-3
Minerals	-11	-11	-11	-12	-14
Metals	-1	-1	-1	-1	-3
Group Head Office and other	-1	-1	-1	-1	-1
Metso Outotec total	-16	-17	-16	-18	-21

ADJUSTMENT ITEMS

EUR million	4–6/2022	1–3/2022	10–12/2021	7–9/2021	4–6/2021
Aggregates	0	2	6	-1	-3
Minerals	1	-2	-7	3	-4
Metals	0	0	-1	0	-1
Group Head Office and other*	-154	-1	-15	-15	-4
Metso Outotec total	-152	-1	-17	-14	-13

OPERATING PROFIT

EUR million	4–6/2022	1–3/2022	10–12/2021	7–9/2021	4–6/2021
Aggregates	45	44	37	37	40
Minerals	93	94	91	90	61
Metals	10	8	19	1	0
Group Head Office and other*	-160	-8	-17	-21	-5
Metso Outotec total	-13	139	130	107	97

*Including wind-down of Russian business totaling EUR 150 million in Q2/2022.

OPERATING PROFIT, % OF SALES

%	4–6/2022	1–3/2022	10–12/2021	7–9/2021	4–6/2021
Aggregates	12.1	13.5	11.5	12.7	12.6
Minerals	11.5	12.9	10.7	13.9	9.8
Metals	8.5	7.8	17.9	1.2	0.6
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso Outotec total	-1.0	12.0	10.2	10.5	9.6

ORDER BACKLOG

EUR million	Jun 30, 2021	Mar 31, 2021	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
Aggregates	613	606	545	560	536
Minerals	2,518	2,514	2,330	2,293	1,831
Metals	624	703	662	642	508
Metso Outotec total	3,756	3,823	3,536	3,496	2,876

11. Exchange rates

Currency		4–6/2022	4–6/2021	1–12/2021	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
USD	(US dollar)	1.0917	1.2060	1.1851	1.0387	1.1884	1.1326
SEK	(Swedish krona)	10.4590	10.1312	10.1469	10.7300	10.1110	10.2503
GBP	(Pound sterling)	0.8431	0.8703	0.8615	0.8582	0.8581	0.8403
CAD	(Canadian dollar)	1.3887	1.5078	1.4868	1.3425	1.4722	1.4393
BRL	(Brazilian real)	5.5824	6.4553	6.3782	5.4229	5.9050	6.3101
CNY	(Chinese yuan)	7.0636	7.8010	7.6388	6.9624	7.6742	7.1947
AUD	(Australian dollar)	1.5215	1.5706	1.5792	1.5099	1.5853	1.5615

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 financial information in 2022

Interim Report for January–September 2022 on October 28

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