



Outokumpu Technology

January - December, 2006

Tapani Järvinen, President and CEO

More out of ore!

Outokumpu
Technology

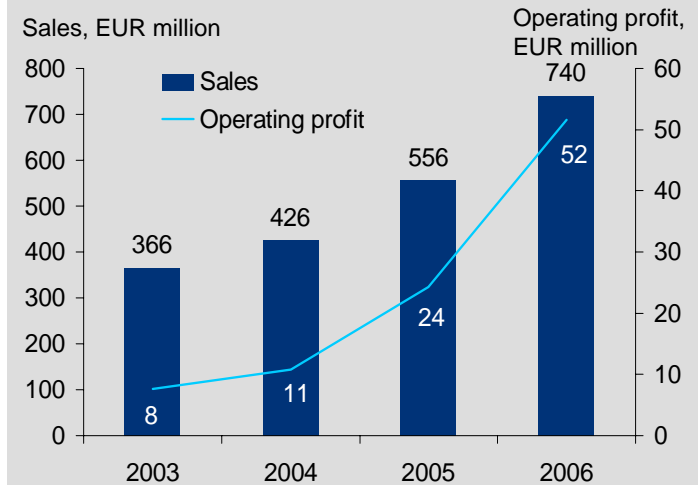
Outokumpu Technology in brief

- Develops and supplies technologies for mining, metals and related processing industries
- Market leadership in several markets and segments
- Expertise covers the whole process chain from mine to metal
- 1,797 employees in 18 countries
- Comprehensive R&D resources
 - Two own research centers in Pori, Finland, and in Frankfurt, Germany with a total of 167 employees
- Flexible and cost-efficient use of resources and subcontractors in optimal geographical locations
- Global operations and presence in all the key markets

Three business divisions:

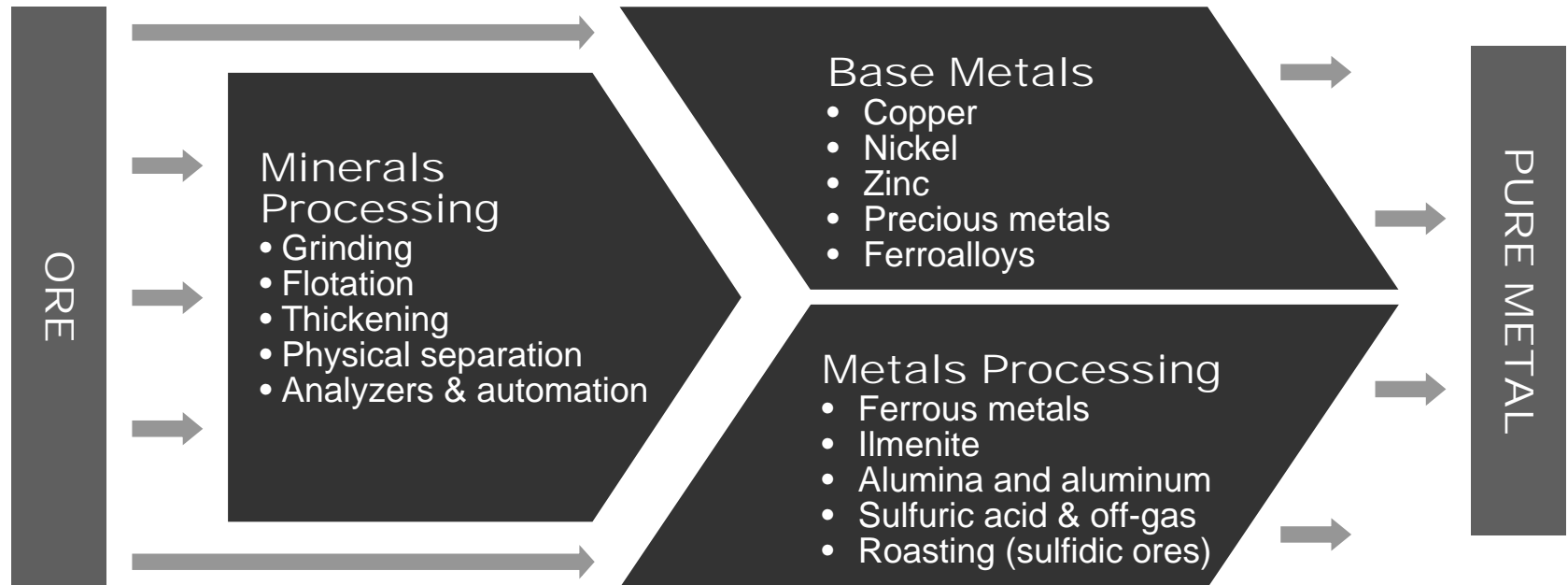
- Minerals Processing
- Base Metals
- Metals Processing

Sales and operating profit development



Process value chain from mine to metal

Technology deliveries range from single equipment to turnkey plants



The entire process chain from mine to metal

Main Project Types

EPC / Turnkey (€ 15-200 million, 15-36 months)

- Basic and detail engineering
- Full supply and erection
- Training of customers' personnel
- Commissioning of the plant
- Performance and other guarantees for OT's supply scope
- Typically many subcontractors and third party suppliers
- PRIMA risk assessments

Technology Package (€ 3-70 million, 10-36 months)

- Basic and detail engineering
- Typically proprietary and/or key hardware components
- Erection supervision
- Training of customers personnel
- Commissioning of the plant
- Performance guarantee for OT's supply scope
- PRIMA risk assessment

Equipment Deliveries (up to € 10 million)



➔ Delivery of proprietary technology is an essential part in all project types

Market development in 2006

- Unprecedented demand for metals from high population economies
 - China currently accounts for more than half of global metals demand growth
 - Exploration and project development began to shift from traditional mining countries to emerging markets such as India, Kazakhstan, Mongolia, Middle East, Zambia and Congo
- Significant investments required to meet the demand
- Record profits by metals and mining companies
 - Pressure and means to invest for future growth
- Market situation favorable for all Outokumpu Technology divisions

Financial targets and dividend policy

Outokumpu Technology has defined sustainable profitable growth as its objective and adopted the following financial targets:

EPS growth

- Average annual increase in earnings per share in excess of 10%

Minimum operating profit margin

- Annual operating profit margin always above 5%

Balance sheet

- Strong balance sheet providing operational flexibility and enabling Outokumpu Technology to finance potential acquisitions

Dividends representing approximately 40% of the annual net income

Financial performance in 2006

- Order intake grew by 52% compared to the previous year and was all-time high EUR 1,032 million
- Strong order backlog (EUR 866 million) was 45% higher than at year-end 2005
- Sales grew substantially to EUR 740 million
- Operating profit improved by 112% and was EUR 52 million, representing 7% of sales
- Profit before taxes more than doubled to EUR 57 million
- Balance sheet remained strong
- EPS grew markedly and was EUR 0.88 (2005: EUR 0.39)
- BoD will propose a dividend of EUR 0.35 per share

Largest orders in 2006



Cobre Las Cruces
Copper plant
€ 45 million
Spain



Aluminij Mostar
Technology for anode plant
€ 28 million
Bosnia-Herzegovina



Various customers in Australia, Africa, Americas, Sweden
Grinding mills
€ 50 million




Aktyubinsk Copper Company
Copper-zinc concentrator
€ 30 million
Kazakhstan



Queensland Alumina
Bauxite residue neutralization plant
€ 20 million
Australia

Outokumpu Technology offices

MBR
Iron ore pelletizing plant
€ 110 million
Brazil



CSA
Iron ore sinter plant
€ 160 million
Brazil



KCM
Copper flash smelter
€ 48 million
Zambia

Business highlights

- Successful listing on the Helsinki stock exchange
- All divisions succeeded in selling solutions which create more value
- Large pelletizing plant orders from the Brazilian iron ore producers
- Extensive investments in R&D continued
- New technologies launched and commercialized, for example:
 - Atmospheric direct leaching process sold to Cobre Las Cruces, Spain
 - Engineering for the first HydroCopper plant for Erdenet Mining Company, Mongolia
 - Circo prereduction technologies successfully tested for ilmenite processing

Record-high order intake

EUR million	2006	2005	Q4 2006	Q4 2005
Order intake	1,032.2	678.5	235.3	259.8
Order backlog ^{*)}	866.4	596.0	866.4	596.0
Sales	740.4	556.2	239.6	206.4

**) December 31, 2006*

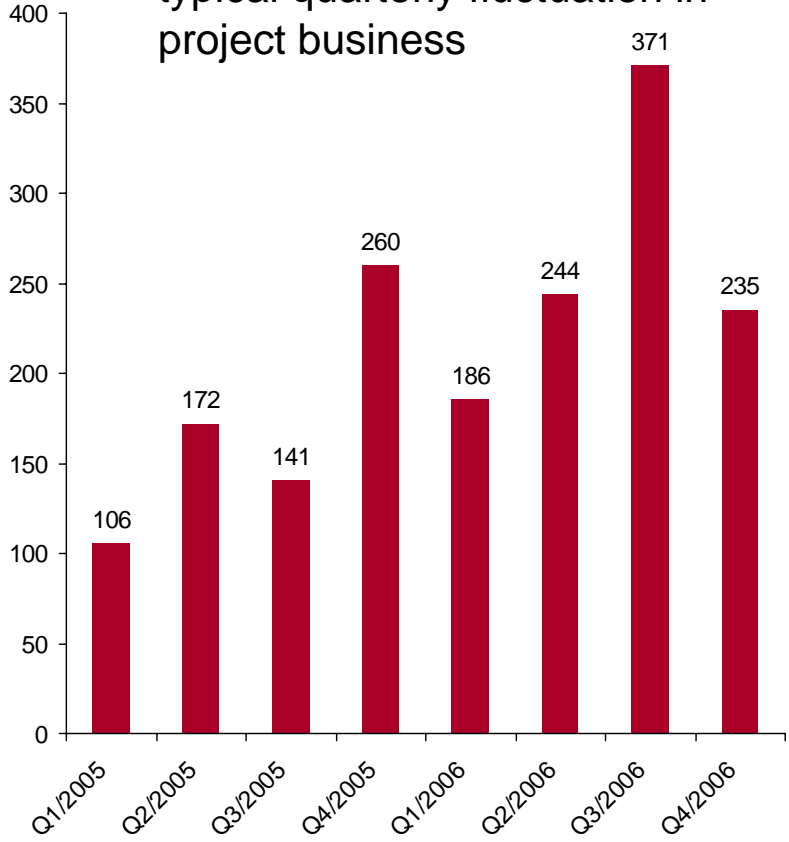
- Order intake grew by 52% compared to 2005
- Order backlog strengthened further by 45%, some 80% will be delivered during 2007 and the rest in 2008 and beyond
- Considerable sales increase in all business divisions

Order intake and backlog by quarter

Order intake

€ million

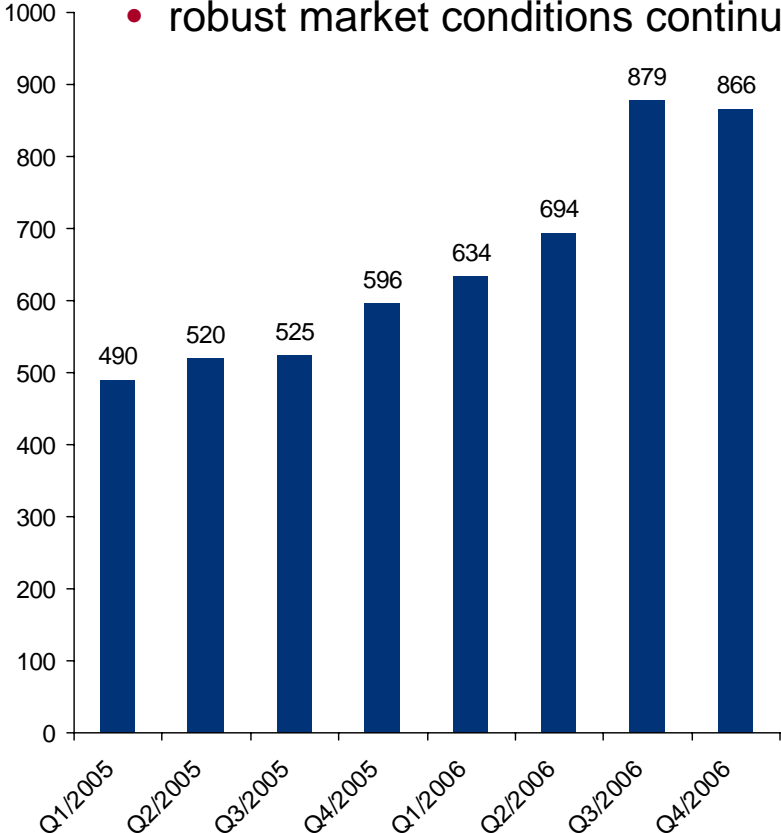
- typical quarterly fluctuation in project business



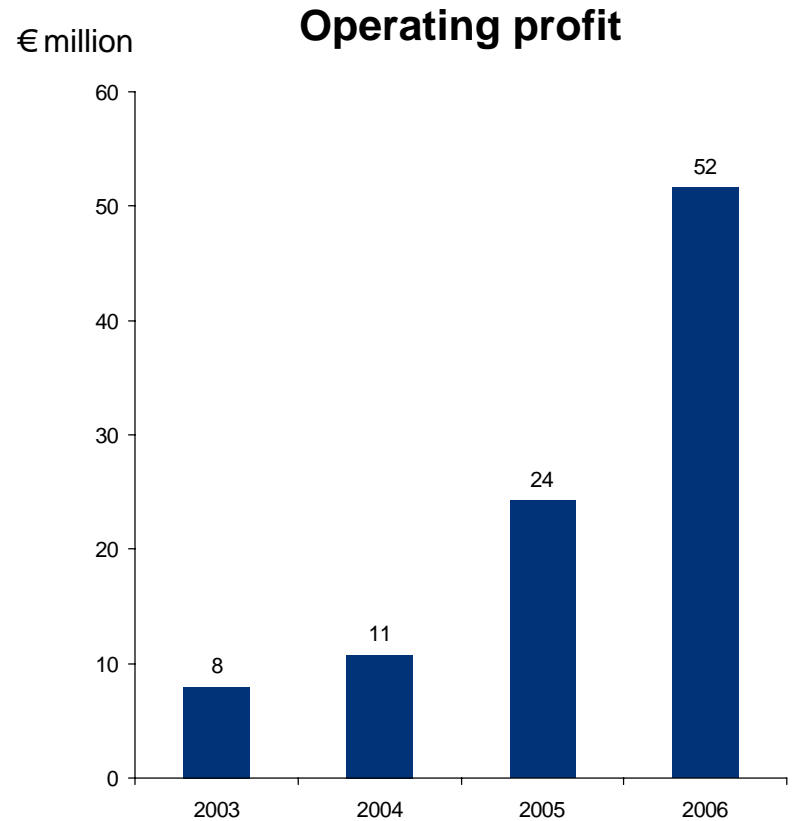
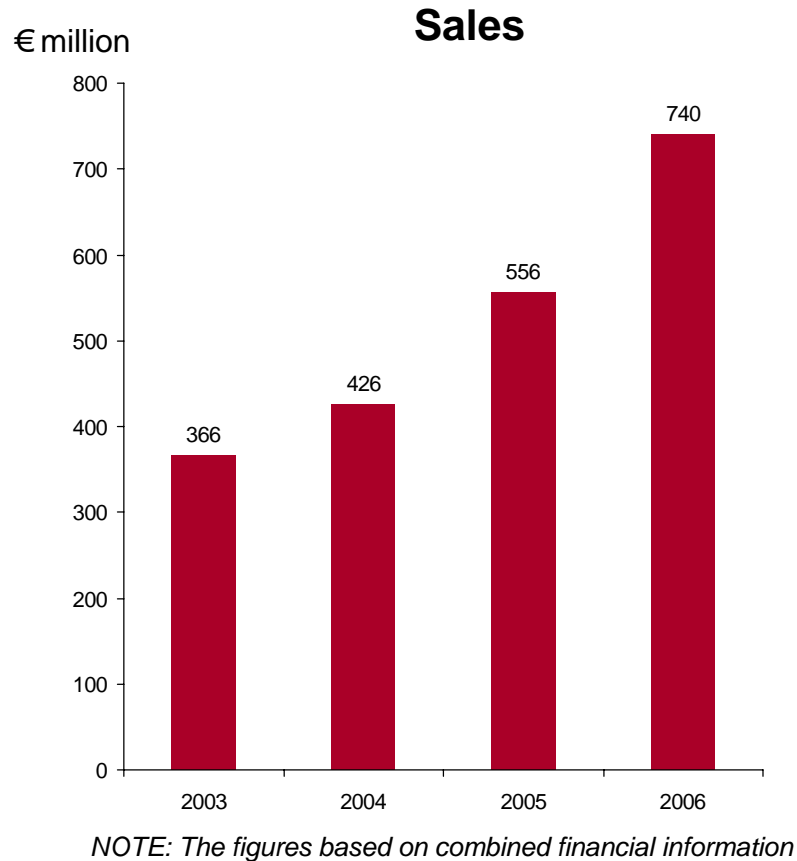
Order backlog

€ million

- good visibility for 2007 and beyond
- robust market conditions continue

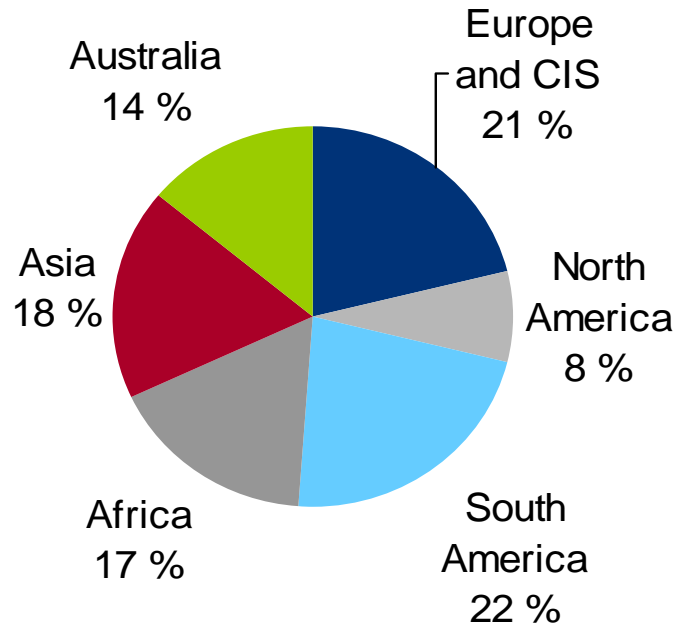


Strong improvement in sales and profitability



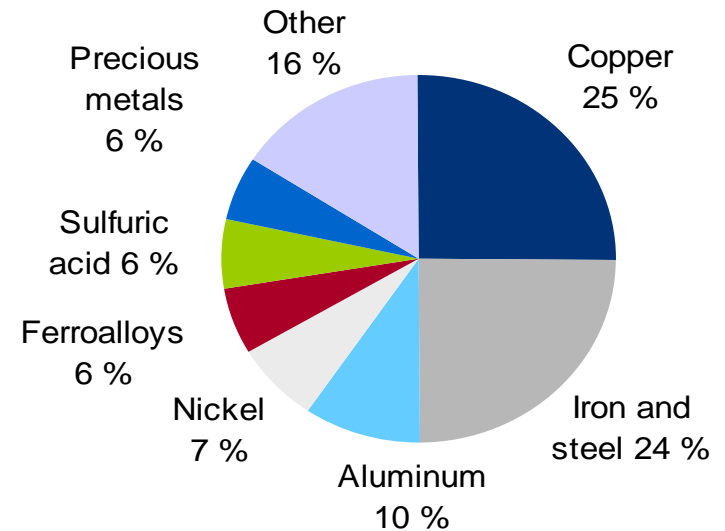
Sales by region

December 31, 2006



- balanced geographical distribution

Technology sales by metal



- diversified technology portfolio, processes and products for several metals

Sales by division

EUR million	2006	2005	Q4 2006	Q4 2005
Minerals Processing	256.6	184.8	95.3	69.8
Base Metals	192.3	160.0	53.4	64.2
Metals Processing	292.2	205.9	90.8	70.2
Other businesses	32.6	32.2	11.9	10.5
Unallocated items and intra-group sales	(33.2)	(26.7)	(11.9)	(8.3)
TOTAL	740.4	556.2	239.6	206.4

Operating profit by division

EUR million	2006	2005	Q4 2006	Q4 2005
Minerals Processing	12.7	8.3	13.1	4.6
Base Metals	23.6	11.6	6.7	12.7
Metals Processing	21.2	7.1	5.3	6.1
Other businesses	0.3	0.2	1.0	(0.1)
Unallocated items and intra-group sales	(6.1)	(2.8)	(3.0)	(1.1)
TOTAL	51.6	24.3	23.0	22.2

Operating profit improved markedly

EUR million	2006	2005	Q4 2006	Q4 2005
Operating profit	51.6	24.3	23.0	22.2
Profit before taxes (PBT)	56.6	25.6	23.5	21.3
Earnings per share (EPS), €	0.88	0.39	0.40	0.36

- Operating profit grew by 112% due to volume growth and improvement in project implementation
- Return on equity (ROE) was 29.1% during 2006
- Return on investment (ROI) was 45.4% during 2006

Capital structure

EUR million	2006	2005
Net cash from operating activities	67.8	80.2
Net interest-bearing debt ^{*)}	(170.0)	(116.1)
Equity	144.1	110.7
Equity-to-assets ratio, % ^{*)}	36.9	36.1
Gearing, % ^{*)}	(118.0)	(104.9)
Working capital ^{*)}	(122.3)	(110.1)

^{*)} December 31, 2006

- Cash flow was good despite the strong growth and that capital was tied up in project deliveries, inventories and receivables
- Working capital continued to be strong due to advance payments from several large projects

Outlook for 2007

Market

- The mining and metals industry remains robust and the underlying supply and demand imbalance encourages the industry to invest both in greenfield projects and expansions.

Outokumpu Technology

Order intake / Order backlog

- Strong existing and growing order backlog provides a solid base for 2007. Due to the timing issues in certain projects, some projects that were assumed to become effective during the fourth quarter of 2006, and strengthen the existing backlog even further, are expected to be closed during the first quarter of 2007.
- Management is confident that the company has the resources and capacity to meet the expected further growth in its market in 2007.

Sales

- Management expects similar sales growth than during 2006.

Operating profit

- Operating profit will grow clearly from 2006.



More out of ore!

www.outokumputechnology.com

Q & A