Outokumpu Technology

# Financial statements review

## *January - December 2006*

Outokumpu Technology is a worldwide technology leader in minerals and metals processing, providing innovative tailored solutions for a wide variety of customer needs in iron and steel, aluminum and non-ferrous metals industries. With a global network of sales and service centers, research facilities and some 1,800 experts the company generated annual sales of EUR 740 million in 2006. www.outokumputechnology.com

# JANUARY-DECEMBER 2006 FINANCIAL STATEMENTS REVIEW

## *Strong demand for minerals and metals processing technologies and products continued in 2006. Outokumpu Technology achieved 33% annual sales growth and 112% operating profit growth for the period.*

Highlights of the reporting period (Q1-Q4) and the fourth quarter (Q4):

- **Order intake** grew by 52% from the previous year totaling EUR 1,032.2 million (Q1-Q4/2005: EUR 678.5 million). The fourth quarter order intake totaled EUR 235.3 million (Q4/2005: EUR 259.8 million).
- **Order backlog** was EUR 866.4 million (December 31, 2005: EUR 596.0 million), up 45%.
- **Sales** for Q1-Q4 2006 came to EUR 740.4 million (Q1-Q4/2005: EUR 556.2 million). Sales amounted to EUR 239.6 million in the fourth quarter (Q4/2005: EUR 206.4 million).
- **Operating profit** improved by 112% to EUR 51.6 million (Q1-Q4/2005: EUR 24.3 million), with EUR 23.0 million generated in the fourth quarter (Q4/2005: EUR 22.2 million). **Profit before taxes** amounted to EUR 56.6 million (Q1-Q4/2005: EUR 25.6 million). **Earnings per share** were EUR 0.88 for the reporting period (Q1-Q4/2005: EUR 0.39).
- **Net cash flow** from operating activities totaled EUR 67.8 million (Q1-Q4/2005: EUR 80.2 million).
- The Board of Directors will propose a **dividend of EUR 0.35** per share for 2006.

## *CEO, Tapani Järvinen:*

*"We were able to benefit from the growth in global metals demand and enjoyed an extremely good year. Our customers in the mining and metallurgical industry invested in modernization and expansions, new production plants, and new technologies, taking our order intake to record heights. Our sales grew by 33 percent in 2006, which further strengthened our market share, particularly for iron ore sintering and pelletizing technologies. We set new records in relation to key business indicators – orders, sales, and profits. It was also delightful to see the fruits of our extensive R&D work when the customers invested in our new hydrometallurgical technologies. In addition, we met all our financial targets in 2006. The operating profit margin moved up some three-percentage points from the previous year's level and was 7 percent in 2006. The balance sheet remained strong as well, and our earnings per share more than doubled from 2005. The listing of Outokumpu Technology on the Helsinki Stock Exchange was a great success from both the company's point of view and that of our shareholders."*

| Summary of key figures | Oct - Dec 2006 | Oct - Dec 2005 | Jan - Dec 2006 | Jan - Dec 2005 |
|---|---|---|---|---|
| Sales, EUR million | **239.6** | 206.4 | **740.4** | 556.2 |
| Operating profit , EUR million | **23.0** | 22.2 | **51.6** | 24.3 |
| Gross margin, % | **22.2** | 20.8 | **20.7** | 18.8 |
| Operating profit in relation to sales, % | **9.6** | 10.7 | **7.0** | 4.4 |
| Profit before taxes, EUR million | **23.5** | 21.3 | **56.6** | 25.6 |
| Net cash from operating activities, EUR million | **47.4** | 76.3 | **67.8** | 80.2 |
| Net interest-bearing debt at the end of period, EUR million | **(170.0)** | (116.1) | **(170.0)** | (116.1) |
| Gearing at the end of period, % | **(118.0)** | (104.9) | **(118.0)** | (104.9) |
| Return on investment, % | **73.3** | 77.0 | **45.4** | 24.3 |
| Return on equity, % | **50.0** | 59.5 | **29.1** | 16.3 |
| Order backlog at the end of period, EUR million | **866.4** | 596.0 | **866.4** | 596.0 |
| Order intake, EUR million | **235.3** | 259.8 | **1,032.2** | 678.5 |
| Personnel at the end of period | **1,797** | 1,802 | **1,797** | 1,802 |
| Earnings per share, EUR | **0.40** | 0.36 | **0.88** | 0.39 |
| Board of Directors' proposal for dividend per share, EUR | **-** | - | **0.35** | - |

## *Outlook for 2007*

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's 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.

In 2007, the management expects similar sales growth than during 2006. Operating profit will grow clearly from 2006.

# Review by the Board of Directors

Outokumpu Technology's goal is to further strengthen its position as a leading global provider of process solutions, technologies, and services principally for the mining and metals industries.

In line with this, the company will continue to implement its business strategy through seeking sustainable growth by developing and introducing new technological solutions, applying the company's existing technologies in new customer industries, expanding the scope of operations in selected geographic markets, increasing after-sales business, and undertaking acquisitions.

The company is also seeking to improve its profitability further and to decrease its susceptibility to business cycles by improving the efficiency of operations, optimizing cost structures and the flexibility of fixed costs, and increasing the proportion of value-added components in its offerings. Outokumpu Technology's operations are organized into three divisions: Minerals Processing, Base Metals, and Metals Processing. Minerals Processing operates at the beginning of the value chain from mine to metal, where as the Base Metals and Metals Processing divisions focus on further processing of ores and concentrates.

## A continuing strong market

Minerals and metals industry market conditions have improved significantly in the past three years mainly driven by accelerated metals consumption. This has created an imbalance in the minerals and metals supply and demand, which has resulted in rising minerals and metals commodity prices. The positive sentiment and strong overall investment activity in the industry continued throughout 2006 in both increasing of existing plant capacities and in greenfield plants.

Although countries with long traditions in mining and metals production, such as Chile, Brazil, Australia, and South Africa, continued to build new capacity, the exploration and project development began to shift in 2006 to emerging markets and areas such as India, Kazakhstan, Mongolia, the Middle East, Zambia, and Congo. These new markets offer a great resource potential to bring balance to the metals supply and also offer new business opportunities for Outokumpu Technology.

## Record-high order intake

All divisions of Outokumpu Technology were able to increase their order intake in 2006. The value of orders received amounted to EUR 1,032.2 million (Q1-Q4/2005: EUR 678.5 million). The order intake in the fourth quarter of 2006 totaled EUR 235.3 million (Q4/2005: 259.8 million). Because of the timing of the project orders there is a natural quarterly fluctuation in order intake. Therefore, quarterly fluctuations in order intake figures are not in themselves indicators of the overall market situation.

The largest orders in 2006 included a pelletizing plant for Minerações Brasileiras Reunidas in Brazil (EUR 110 million); a sinter plant for ThyssenKrupp CSA Companhia Siderúrgica in Brazil (EUR 160 million, of which approximately EUR 90 million will be recognized as sales of Outokumpu Technology); a copper Flash Smelting plant for Konkola Copper Mines in Zambia (EUR 48 million); an aluminum technology package for the anode plant of Aluminij Mostar (EUR 28 million) in Bosnia-Herzegovina; new copper processing technology for Cobre Las Cruces in Spain (EUR 45 million); a copper-zinc concentrator for Aktyubinsk Copper Company in Kazakhstan (EUR 30 million); a residue neutralization plant for Queensland Alumina in Australia (EUR 20 million); and a fracturing sand plant for Pattison Sand Company in the United States. (EUR 14 million).

In 2006, Outokumpu Technology succeeded in commercializing several new technologies. The contract with Erdenet Mining Corporation is an important step for the commercialization of HydroCopper®, and the company expects there to be good markets for this new technology. HydroCopper is Outokumpu Technology's new hydrometallurgical process for producing copper directly from concentrates at the mine site. Other important steps in commercializing new technologies were the orders received from Cobre Las Cruces in Spain for atmospheric leaching technology, from Boliden Harjavalta in Finland for the new electrorefining technology with high-quality permanent cathodes, and from Konkola Copper Mines in Zambia for a newly developed slag cleaning process.

### Minerals Processing

Several noteworthy new contracts were signed in 2006, including agreements for grinding mills and thickeners for LKAB Kiruna in Sweden; a new fracturing sand plant for Pattison Sand Company in the U.S.A.; a new copper-zinc concentrator for Aktyubinsk Copper Company in Kazakhstan; and a complete flash flotation circuit and thickening circuit for Boddington Gold Mine in Australia, as well as several grinding mill orders worldwide. The most active market areas were Australia, Europe and CIS, North America, and Africa. The division succeeded in winning orders with larger scope and value.

### Base Metals

Base metals producers all over the world were investing intensively in modernizing their processes and expanding their production capacities. Thus, market demand for base metals technologies was strong. Many investments are still in the study phase and final decisions on new projects are expected in 2007.

Several contracts were signed during 2006 for traditional technologies, but the division succeeded also in selling new technologies, such as atmospheric leaching and HydroCopper processes. Major orders included a new copper Flash Smelting plant for Konkola Copper Mines in Zambia; modernization of Boliden Harjavalta's copper refinery in Pori, Finland; new copper processing technology for Cobre Las Cruces, Spain; and the first-phase engineering of a HydroCopper plant for Erdenet Mining Corporation, Mongolia.

### *Metals Processing*

The demand for ferrous technologies remained strong throughout 2006. The key market for the Metals Processing division was Brazil, the world's largest producer of iron ore. Major new orders included a large pelletizing plant for Minerações Brasileiras Reunidas; a sinter plant for ThyssenKrupp CSA Companhia Siderúrgica; and two new alumina calcination plants for Alunorte in Brazil. These new projects in Brazil will further strengthen Outokumpu Technology's market leadership in ferrous and alumina technologies.

Other large orders came from Australia, India and Europe, including a residue neutralization plant for Queensland Alumina in Australia and an aluminum technology package for the anode plant of Aluminij Mostar.

## *Strong order backlog*

The order backlog at the end of December 2006 totaled EUR 866.4 million (December 31, 2005: EUR 596.0 million). The value of the order backlog grew by 45.4% compared to the level at the end of December 2005.

At the end of December 2006, the order backlog consisted of 18 projects with a value in excess of EUR 10 million each, accounting for 61% of the total backlog. Because of the timing of the projects, the fluctuations in quarterly order intake and backlog figures do not constitute sufficient indicators of the overall market situation. According to the management estimate, some 80% of the current backlog will be delivered in 2007, and the rest in 2008 and beyond.

## *Sales and financial result*

Outokumpu Technology's sales increased by 33% in 2006 and totaled EUR 740.4 million (Q1-Q4/2005: EUR 556.2 million). The fourth quarter sales 2006 were EUR 239.6 million (Q4/2005: EUR 206.4 million), up 16% from the previous year's figure. Growth in sales was considerable in all divisions and was based on the organic growth. After-sales business, which is included in the divisions' sales figures, remained at the same level as in 2005, being some EUR 55.3 million in 2006.

| Sales generated by regions, % | 2006 | 2005 |
|---|---|---|
| Europe (including Russia and CIS) | **21** | 22 |
| South America | **22** | 18 |
| Asia | **18** | 30 |
| Africa | **17** | 11 |
| Australia | **14** | 14 |
| North America | **8** | 4 |

The operating profit for January - December 2006 improved markedly compared to the same period in 2005 and stood at EUR 51.6 million (Q1-Q4/2005: EUR 24.3 million), representing 7.0% of sales. The profitability improved because of volume growth and improvement in project implementations. For the fourth quarter, the operating profit was EUR 23.0 million (Q4/2005: EUR 22.2 million), representing 9.6% of sales. The improvement in operating profit seen in the last quarter and 2006 was mainly due to improved efficiency in projects as well as the product mix and industry-specific seasonality in equipment and service business.

Outokumpu Technology's profit before taxes for the review period was EUR 56.6 million (Q1-Q4/2005: EUR 25.6 million). The interest income came mainly from the Metals Processing division and the advances received from several Brazilian projects. Profit before taxes for the fourth quarter of 2006 was EUR 23.5 million (Q4/2005: EUR 21.3 million), with net profit for the full fiscal year coming to EUR 37.0 million (Q1-Q4/2005: EUR 16.4 million). Earnings per share for 2006 were EUR 0.88 (Q1-Q4/2005: EUR 0.39).

Outokumpu Technology's return on equity for January – December 2006 was 29.1% (Q1-Q4/2005: 16.3%), and return on investment during the reporting period was 45.4% (Q1-Q4/2005: 24.3%).

### *Minerals Processing*

The division's sales grew by 39% in 2006, coming to EUR 256.6 million compared to EUR 184.8 million in 2005. Operating profit was EUR 12.7 million, showing an increase of 53% from the 2005 figure of EUR 8.3 million in 2005. The growth in sales was primarily due to increased investment activity in the market and the division's ability to capture its share of the market well.

Improvement in profit followed the growth of sales, but in a delayed fashion, as project sizes kept growing and delivery times increased. Profit generation for the Minerals Processing division is typically weaker in the first half of the year and stronger in the second half of the due to the seasonality within a fiscal year.

The largest projects completed in 2006 were the concentrator delivery for the Russian Copper Company project "Green Mountain 1" in Kazakhstan and grinding mill deliveries for LKAB Kiruna and Malmberget in Sweden. Several flotation, thickener, and mill equipment installations facilities worldwide were completed during 2006.

### *Base Metals*

Several technology transfer projects were successfully implemented, creating sales of EUR 192.3 million, which represents a growth of 20% from the previous year's figures (Q1-Q4/2005: EUR 160.0 million). The increased sales and higher project margins significantly improved the profitability of the division, which saw 103% growth in operating profit from the previous year and was EUR 23.6 million (Q1-Q4/2005: EUR 11.6 million). Ferrochrome plant projects proceeded on schedule and as budgeted, generating good profit during the period. In addition, the Flash Smelting projects, which included license fees, contributed to the solid profit performance.

| Sales and operating profit by division EUR million | Oct - Dec 2006 | Oct - Dec 2005 | Jan - Dec 2006 | Jan - Dec 2005 |
|---|---|---|---|---|
| **Sales** | | | | |
| Minerals Processing | **95.3** | 69.8 | **256.6** | 184.8 |
| Base Metals | **53.4** | 64.2 | **192.3** | 160.0 |
| Metals Processing | **90.8** | 70.2 | **292.2** | 205.9 |
| Other Businesses | **11.9** | 10.5 | **32.6** | 32.2 |
| Unallocated items*) and intra-group sales | **(11.9)** | (8.3) | **(33.2)** | (26.7) |
| **Total** | **239.6** | 206.4 | **740.4** | 556.2 |
| | | | | |
| **Operating profit** | | | | |
| Minerals Processing | **13.1** | 4.6 | **12.7** | 8.3 |
| Base Metals | **6.7** | 12.7 | **23.6** | 11.6 |
| Metals Processing | **5.3** | 6.1 | **21.2** | 7.1 |
| Other Businesses | **1.0** | (0.1) | **0.3** | 0.2 |
| Unallocated **) and intra-group items | **(3.0)** | (1.1) | **(6.1)** | (2.8) |
| **Total** | **23.0** | 22.2 | **51.6** | 24.3 |

**) Unallocated items primarily include invoicing of internal management and administrative services.*

***) Unallocated items primarily include management and administrative services and share of result of associated companies.*

Major projects completed and commissioned in 2006 were a ferrochrome plant for Hernic Ferrochrome in South Africa, a copper solvent extraction and electrowinning plant for Milpillas in Mexico, a copper solvent extraction plant for BHP Billiton Escondida in Chile, and a ferrochrome plant for Kazchrome in Kazakhstan. The market continued to be active, especially owing to small expansions and modernization projects for existing plants to secure high production levels and increased capacities for smelters, as well as ferrochrome and hydrometallurgical plants.

### *Metals Processing*

Several large projects were completed successfully, including two alumina calciners each for Alunorte in Brazil, and a pelletizing plant for LKAB in Sweden. As a result, sales stood at a record high EUR 292.2 million for 2006 (Q1-Q4/2005: EUR 205.9 million).

The Metals Processing division's profitability improved significantly. The operating profit for 2006 was EUR 21.2 million, an increase of EUR 14.1 million, or 200%, from the 2005 operating profit of EUR 7.1 million. The increase was primarily due to the revenue recognition resulting from a higher sales volume, good progress in large pelletizing and sintering plant projects, and successful completion of certain alumina and ferrous metals projects.

## *Balance sheet, financing, and cash flow*

Net cash from operating activities for January through December 2006 was good, at EUR 67.8 million (Q1-Q4/2005: EUR 80.2 million), but weakened slightly during the period from the previous year, because of strong growth and the fact that capital was tied up in project deliveries, inventories, and receivables. The working capital continued to be strong due to several new large projects and related advance payments. At the end of December 2006, net working capital was EUR -122.3 million (December 31, 2005: EUR -110.1 million). Liquidity was good and improved further with cash and cash equivalents at 2006 year-end coming to EUR 171.1 million (December 31, 2005: EUR 118.5 million).

The balance sheet remained strong and its total value increased due to the impact of business growth on inventories and receivables. Net interest-bearing debt at the end of December 2006 was EUR -170.0 million (December 31, 2005: EUR -116.1 million). The advance payments at the end of the period totaled EUR 194.8 million (December 31, 2005: EUR 102.8 million). Outokumpu Technology's gearing was -118.0% (December 31, 2005: -104.9%), and the equity-to-assets ratio was 36.9% (December 31, 2005: 36.1%). The company's capital expenditure was EUR 8.0 million (Q1-Q4/2005: EUR 12.1 million), which consisted mainly of replacements for machines, information technology, and of investments in new Intellectual Property Rights (IPRs).

Guarantees for commercial commitments, including advance payment guarantees issued by the parent and other group companies, came to EUR 259.4 million at the end of December 2006, increasing from the 2005 level along with business growth (December 31, 2005: EUR 187.3 million).

In order to manage its financing as an independent public company, Outokumpu Technology entered into a committed EUR 330.0 million multi-currency revolving guarantee issuance facility, which is a part of the financing package provided to Outokumpu Technology by the mandated lead arranger of the initial public offering and which became effective upon the listing of the shares on the OMX Helsinki stock exchange. The financing package also includes a commitment for a EUR 50.0 million revolving credit facility and a EUR 20.0 million limit for foreign exchange, derivative and overdraft facility purposes. The guarantee facility and the credit facility include customary covenants, provisions for the event of default, and terms for representation and warranties. Under the guarantee facility, the company is required to pledge a certain portion of its cash funds as security for the credit facility. Based on the outstanding total liabilities of EUR 260.2 million as of December 31, 2006, the required security amounted to approximately EUR 25.8 million. Outokumpu Technology continues to receive interest income on the pledged amount. Furthermore, the guarantee facility includes a covenant requiring that Outokumpu Technology's liquidity (including the undrawn portion of the credit facility) not fall below EUR 30.0 million.

## *Research and technology development*

Research and technology development (RTD) is a corporate function of Outokumpu Technology and the key area for the future success and development of the company. The RTD function focuses on improving and developing existing technologies in collaboration with the business divisions as well as on coordinating development activities and the commercialization of new technologies.

Outokumpu Technology's research and technology development expenses for the reporting period totaled EUR 19.2 million (Q1-Q4/2005: EUR 13.9 million), representing 2.6% of sales. In total, Outokumpu Technology has 210 people working in research and technology development. The Pori Research Center employs 155 people, and 12 people work at the Frankfurt Research Center.

Research and development activities proceeded according to plans and new technology products were accomplished. For example, Minerals Processing division launched a new FloatForce™ mechanism for flotation technology and the first large grinding mills based on the newly designed multi-pad hydrostatic bearings. New technology improving performance of lining system for semi autogenous (SAG) grinding mills was also installed to Gortez Gold Mines of Barrick Gold Corporation in the U.S.A.

In hydrometallurgy new developments included a new atmospheric reactor design for leaching of copper and a method for direct leaching of zinc. An important step was taken in the marketing of the HydroCopper process when Erdenet Mining signed the engineering agreement for the first production HydroCopper plant to be built, in Mongolia.

A new Lurec™ system developed by Outokumpu Technology represents the latest technology in high sulfur dioxide processing and will be built for Yanggu Xiangguang Copper Company in China. In development of Circo technologies, Outokumpu Technology has successfully conducted first large-scale tests in a demonstration plant with the process for ilmenite prereduction. Outokumpu Technology has patented the Circosmelt® process, a combination of Circofer® prereduction and submerged arc furnace smelting for the production of titania slag.

In addition to Outokumpu Technology's own R&D operations, a significant amount of test work for the customers was carried out at the Frankfurt and Pori research centers. Further, the amount of automation has been increased in several processes, for example in grinding mill circuits, ferrous smelting process and in tankhouse technology.

Outokumpu Technology filed 34 new priority patent applications in 2006 (Q1-Q4/2005: 26), and in the same period, 298 new national patents were granted (Q1-Q4/2005: 343).

## *Personnel*

In 2006, Outokumpu Technology had, on average, 1,825 employees. At the end of the year, the company had a total of 1,797 employees (December 31, 2005: 1,802), in 18 countries. Because the company has been able to make efficient use of its network of international contractors and temporary employees, the permanent personnel numbers have remained approximately at the same level as in 2005. Temporary employees accounted for under 10% of the total number of employees, and contracted employees accounted for 10 to 30% of the company's permanent employees, depending on the number of projects in process.

| Distribution of personnel by countries, % | 2006 | 2005 |
|---|---|---|
| Finland | **43** | 41 |
| Germany | **16** | 19 |
| Rest of Europe | **11** | 10 |
| Americas | **15** | 17 |
| Australia | **10** | 8 |
| Rest of the world | **5** | 4 |

Outokumpu Technology's ability to maintain and enhance its business and to provide high-quality technologies and services will depend, to a large extent, upon its ability to retain, develop, and motivate the company's experts, as well as to hire qualified and experienced new personnel. In addition to the company's own personnel, Outokumpu Technology has developed an international network of subcontractors for engineering and manufacturing. The company continues its global programs to strengthen and improve the work culture to support performance improvements and continuous learning.

| Personnel | Dec 31 2006 | Dec 31 2005 |
|---|---|---|
| Minerals Processing | **450** | 354 |
| Base Metals | **549** | 593 |
| Metals Processing | **429** | 482* |
| Other businesses | **294** | 337 |
| Corporate Management and Service Functions | **75** | 36 |
| **Total** | **1,797** | 1,802 |

** Reporting method in Germany included temporary and permanent employees as well as subcontractors.*

## Changes in Outokumpu Technology's top management

The Extraordinary General Meeting elected a new Board of Directors for Outokumpu Technology Oyj on September 25, 2006. The Board of Directors comprises of Risto Virrankoski, Chairman; Karri Kaitue, Vice Chairman; Carl-Gustaf Bergström, member; Hannu Linnoinen, member and Anssi Soila, member. The Board took office on October 10, 2006.

The members of Outokumpu Technology's new Executive Committee as of October 10, 2006 are: Tapani Järvinen, President and Chief Executive Officer; Seppo Rantakari, Executive Vice President and Deputy CEO; Markku Jortikka, Executive Vice President and President – Base Metals division; Jari Rosendal, Executive Vice President and President – Minerals Processing division; Vesa-Pekka Takala, Executive Vice President and Chief Financial Officer and Peter Weber, Executive Vice President and President – Metals Processing division.

In addition, the company has a Management Committee consisting of the Executive Committee members and the following persons: Martti Haario, Senior Vice President – Marketing Development; Ari Jokilaakso, Senior Vice President – Human Resources; Kari Knuutila, Senior Vice President and Chief Technology Officer and Ilkka Virtanen, Senior Vice President – Business Development (until December 31, 2006).

## Financial targets and dividend policy

Outokumpu Technology's financial targets and dividend policy are derived from the company's strategy. The company has defined sustainable profitable growth as its objective and has the following financial targets: an average annual increase in earnings per share in excess of 10%; an annual operating profit margin always above 5%; and a strong balance sheet providing operational flexibility and enabling Outokumpu Technology to finance further development of its operations including potential acquisitions.

Board of Directors of Outokumpu Technology has adopted a dividend policy whereby it is in their intentions to propose for the approval of the company's shareholders dividends representing approximately 40% of the company's annual net income for the preceding financial year. The amount of future dividends, if any, is subject to company's future earnings, financial conditions and strategy.

## Events after the reporting period

In January, Outokumpu Technology signed an agreement with the JSC Krasnoyarsk Non-Ferrous Metals Plant for delivery of a silver refinery installation to Russia for the world's biggest platinum-group-metals refinery in Krasnoyarsk, Siberia. This project further enhances Outokumpu Technology's position as the market leader in precious metals technologies.

The company concluded an agreement in January with the leading Chinese zinc producer, Hunan Zhuye Torch Metals Co. Ltd., for the design and delivery of a zinc plant expansion with new environmentally sound leaching technology. The value of  the contract is nearly EUR 30 million.

Also in January, the company announced a contract with the world's largest nickel and platinum-group-metals producer, MMC Norilsk Nickel, for the modernization of a Flash Smelting production line at the Nadezha metallurgical plant in Norilsk, Russia. The value of the contract is some EUR 16 million, and this project was already in the closing backlog at year-end, due to the effectiveness of the contract.

In Australia, Outokumpu Technology signed an additional contract with Boddington Gold Mine for the delivery of a complete thickening circuit; the thickening contract follows an earlier order for a complete flash flotation circuit.

## Board of Directors' proposal for profit distribution

The Board of Directors of Outokumpu Technology proposes to the Annual General Meeting that a dividend of EUR 0.35 per share be paid from Outokumpu Technology Oyj's distributable funds for December 31, 2006, and that any remaining distributable funds be allocated to retained earnings. The suggested dividend record date is April 5, 2007, with the dividend to be paid on April 17, 2007.

According to the financial statements for December 31, 2006, the parent company's distributable funds total EUR 17.6 million.

There have been no substantial changes in the financial position of the company after the balance sheet date. According to the Board of Directors, the liquidity of the company is good and the proposed profit sharing will not affect the solvency of the company.

## Outlook for 2007

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's 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.

In 2007, the management expects similar sales growth than during 2006. Operating profit will grow clearly from 2006.

## *Financial reporting in 2007*

Outokumpu Technology will publish the following financial information during 2007:

| | |
|---|---|
| Interim report<br>January - March | Thursday<br>April 26, 2007 |
| Interim report<br>January - June | Wednesday<br>July 25, 2007 |
| Interim report<br>January - September | Thursday<br>October 25, 2007 |

## *Annual General Meeting 2007*

The Annual General Meeting (AGM) of Outokumpu Technology will be held at 1:00 pm on Monday, April 2, 2007 at the Dipoli Congress Center in Espoo, Finland.

Espoo, February 5, 2007
Board of Directors

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## *Combined financial statements*

(Unaudited)

| Combined income statement<br>EUR million | Oct - Dec 2006 | Oct - Dec 2005 | Jan - Dec 2006 | Jan-Dec 2005 |
|---|---|---|---|---|
| **Sales** | **239.6** | 206.4 | **740.4** | 556.2 |
| Cost of sales | **(186.3)** | (163.5) | **(587.5)** | (451.5) |
| **Gross margin** | **53.3** | 42.9 | **153.0** | 104.7 |
| Other operating income | **1.7** | 0.8 | **3.7** | 2.2 |
| Selling and marketing expenses | **(13.0)** | (10.5) | **(46.1)** | (39.2) |
| Administrative expenses | **(11.0)** | (6.8) | **(35.0)** | (28.0) |
| Research and development expenses | **(6.4)** | (3.9) | **(19.2)** | (13.9) |
| Other operating expenses | **(1.2)** | (0.0) | **(3.8)** | (0.8) |
| Share of results of associated companies | **(0.4)** | (0.3) | **(1.1)** | (0.6) |
| **Operating profit** | **23.0** | 22.2 | **51.6** | 24.3 |
| Financial income and expenses | | | | |
| Interest income and expenses | **2.0** | 0.2 | **9.3** | 1.9 |
| Market price gains and losses | **0.2** | (0.4) | **(1.4)** | 0.7 |
| Other financial income and expenses | **(1.8)** | (0.7) | **(2.9)** | (1.3) |
| Total financial income and expenses | **0.5** | (0.9) | **5.0** | 1.3 |
| **Profit before taxes** | **23.5** | 21.3 | **56.6** | 25.6 |
| Income taxes | **(6.5)** | (6.0) | **(19.6)** | (9.2) |
| **Net profit for the period** | **16.9** | 15.3 | **37.0** | 16.4 |
| | | | | |
| **Attributable to:** | | | | |
| Equity holders of the company | **16.9** | 15.3 | **37.1** | 16.4 |
| Minority interest | **0.0** | 0.0 | **(0.0)** | 0.0 |
| | | | | |
| **Earnings per share for profit attributable to the equity holders of the company:** | | | | |
| Earnings per share, EUR | **0.40** | 0.36 | **0.88** | 0.39 |
| Diluted earnings per share, EUR | **0.40** | 0.36 | **0.88** | 0.39 |

*All figures in the tables have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.*

| **Combined condensed balance sheet EUR million** | **Dec 31 2006** | **Dec 31 2005** |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Intangible assets | **72.7** | 75.2 |
| Property, plant and equipment | **26.7** | 30.5 |
| **Non-current financial assets** | | |
| Interest-bearing | **1.1** | 0.8 |
| Non interest-bearing | **13.0** | 15.0 |
| **Total non-current assets** | **113.5** | 121.5 |
| | | |
| **Current assets** | | |
| **Inventories *)** | **84.4** | 35.2 |
| **Current financial assets** | | |
| Interest bearing | **1.0** | 0.0 |
| Non interest bearing | **214.7** | 126.2 |
| Cash and cash equivalents | **171.4** | 126.3 |
| **Total current assets** | **471.4** | 287.7 |
| | | |
| **TOTAL ASSETS** | **584.9** | **409.2** |
| | | |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Equity attributable to the equity holders of the company | **144.0** | 110.6 |
| Minority interest | **0.0** | 0.1 |
| **Total equity** | **144.1** | 110.7 |
| | | |
| **Non-current liabilities** | | |
| Interest-bearing | **2.2** | 3.1 |
| Non interest-bearing | **35.6** | 34.7 |
| **Total non-current liabilities** | **37.8** | 37.9 |
| | | |
| **Current liabilities** | | |
| Interest-bearing | **1.2** | 7.8 |
| Non interest-bearing **) | **401.7** | 252.8 |
| **Total current liabilities** | **403.0** | 260.6 |
| | | |
| **TOTAL EQUITY AND LIABILITIES** | **584.9** | **409.2** |

**) Of which advances paid for inventories amounted to EUR 30.0 million at December 31, 2006 (EUR 8.4 million at December 31, 2005)*
***) Of which advances received amounted to EUR 194.8 million at December 31, 2006 (EUR 102.8 million at December 31, 2005)*

| Combined statement of changes in equity<br>EUR million | Attributable to the equity holders of the company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Premium fund | Other reserves | Fair value reserves | Cumulative translation differences | Retained earnings | Minority interest | Total equity |
| Equity on Jan. 1, 2005 | 16.8 | 20.2 | 0.1 | 0.1 | 5.8 | 47.8 | 0.0 | 90.9 |
| Fair value losses on available-for-sale financial assets | - | - | - | (0.1) | - | - | - | (0.1) |
| Change in translation differences | - | - | - | - | 3.4 | - | 0.0 | 3.5 |
| Items recognized directly in equity | - | - | - | (0.1) | 3.4 | - | 0.0 | 3.3 |
| Net profit for the period | - | - | - | - | - | 16.4 | 0.0 | 16.4 |
| Total recognized income and expenses | - | - | - | (0.1) | 3.4 | 16.4 | 0.0 | 19.7 |
| Management stock option program: value of received services | - | - | - | - | - | 0.1 | - | 0.1 |
| Other changes | - | - | 0.0 | - | - | - | - | 0.0 |
| Equity on Dec. 31, 2005 | 16.8 | 20.2 | 0.1 | 0.0 | 9.3 | 64.2 | 0.1 | 110.7 |
| Fair value losses on available-for-sale financial assets | - | - | - | (0.0) | - | - | - | (0.0) |
| Change in translation differences | - | - | - | - | (3.5) | - | (0.0) | (3.5) |
| Items recognized directly in equity | - | - | - | (0.0) | (3.5) | - | (0.0) | (3.5) |
| Net profit for the period | - | - | - | - | - | 37.1 | (0.0) | 37.0 |
| Total recognized income and expenses | - | - | - | (0.0) | (3.5) | 37.1 | (0.0) | 33.6 |
| Management stock option program:value of received services | - | - | - | - | - | (0.2) | - | (0.2) |
| **Equity on Dec. 31, 2006** | **16.8** | **20.2** | **0.1** | **-** | **5.8** | **101.1** | **0.0** | **144.1** |

| Condensed combined statement of cash flows<br>EUR million | Jan - Dec 2006 | Jan - Dec 2005 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Net profit for the period | **37.0** | 16.4 |
| Adjustments for | | |
| Depreciation and amortization | **10.1** | 9.4 |
| Impairments | **3.3** | - |
| Other adjustments | **10.9** | 6.6 |
| Decrease in working capital | **12.4** | 49.5 |
| Interest received | **9.8** | 3.0 |
| Interest paid | **(0.4)** | (1.1) |
| Income tax paid | **(15.3)** | (3.6) |
| **Net cash from operating activities** | **67.8** | 80.2 |
| Purchases of assets | **(8.0)** | (12.1) |
| Proceeds from sale of assets | **0.3** | 2.3 |
| Change in other investing activities | **(0.3)** | (0.2) |
| **Net cash from investing activities** | **(8.0)** | (10.1) |
| **Cash flow before financing activities** | **59.8** | 70.1 |
| Borrowings of long-term debt | **(0.4)** | (0.7) |
| Decrease in current debt | **(4.8)** | (3.1) |
| Change in other financing activities | **(0.9)** | 2.2 |
| **Net cash from financing activities** | **(6.1)** | (1.6) |
| Other adjustments | **-** | (0.3) |
| **Net change in cash and cash equivalents** | **53.6** | 68.2 |
| | | |
| **Cash and cash equivalents at the beginning of the period** | **126.3** | 52.9 |
| Foreign exchange rate effect on cash and cash equivalents | **(8.6)** | 5.2 |
| Net change in cash and cash equivalents | **53.6** | 68.2 |
| **Cash and cash equivalents at the end of the period** | **171.4** | 126.3 |

| Key figures | Oct - Dec 2006 | Oct - Dec 2005 | Jan - Dec 2006 | Jan - Dec 2005 |
|---|---|---|---|---|
| Sales, EUR million | **239.6** | 206.4 | **740.4** | 556.2 |
| Operating profit , EUR million | **23.0** | 22.2 | **51.6** | 24.3 |
| Gross margin, % | **22.2** | 20.8 | **20.7** | 18.8 |
| Operating profit in relation to sales, % | **9.6** | 10.7 | **7.0** | 4.4 |
| Profit before taxes, EUR million | **23.5** | 21.3 | **56.6** | 25.6 |
| Profit before taxes in relation to sales, % | **9.8** | 10.3 | **7.6** | 4.6 |
| Net cash from operating activities, EUR million | **47.4** | 76.3 | **67.8** | 80.2 |
| Net interest-bearing debt at the end of the period, EUR million | **(170.0)** | (116.1) | **(170.0)** | (116.1) |
| Gearing at the end of the period, % | **(118.0)** | (104.9) | **(118.0)** | (104.9) |
| Equity-to-assets ratio at the end of the period, % | **36.9** | 36.1 | **36.9** | 36.1 |
| Capital expenditure, EUR million | **2.5** | 3.5 | **8.0** | 12.1 |
| Return on investment, % | **73.3** | 77.0 | **45.4** | 24.3 |
| Return on equity, % | **50.0** | 59.5 | **29.1** | 16.3 |
| Order backlog at the end of the period, EUR million | **866.4** | 596.0 | **866.4** | 596.0 |
| Order intake, EUR million | **235.3** | 259.8 | **1,032.2** | 678.5 |
| Personnel at the end of period | **1,797** | 1,802 | **1,797** | 1,802 |
| Personnel average for the period | **1,809** | 1,834 | **1,825** | 1,783 |
| Net profit for the period in relation to sales, % | **7.1** | 7.4 | **5.0** | 2.9 |
| Capital expenditure in relation to sales, % | **1.0** | 1.7 | **1.1** | 2.2 |
| Research and development expenses, EUR million | **6.4** | 3.9 | **19.2** | 13.9 |
| Research and development expenses in relation to sales, % | **2.7** | 1.9 | **2.6** | 2.5 |
| Earnings per share, EUR *) | **0.40** | 0.36 | **0.88** | 0.39 |
| Equity per share, EUR *) | **3.43** | 2.63 | **3.43** | 2.63 |
| Dividend per share, EUR **) | **-** | - | **0.35** | - |

**) Outokumpu Technology Oyj shares have been split on August 10, 2006 from 8.4 million to 42.0 million shares, after which counter-book value of a share is EUR 0.40. Earnings per share and equity per share have been calculated with 42.0 million shares.*
***) The Board of Directors' proposal to the Annual General Meeting.*

## Notes to income statement and balance sheet

### Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Accounting estimates are employed in the financial statements to determine reported amounts, including the realizability of certain assets, the useful lives of tangible and intangible assets, income taxes, provisions, pension obligations, impairment of goodwill and other items. The basis for the estimates is described in more detail in these accounting principles and in connection with the relevant disclosure to the financial statement. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates.

## Accounting principles of combined financial statements

The combined financial statements of Outokumpu Technology have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union. The combined financial statements are presented in millions of euros and have been prepared under the historical cost conventions, unless otherwise stated in the accounting principles.

IFRS does not include specific guidance for preparation of the combined financial statements. In accordance with IAS 8:10 the management has used the following principles in preparation of Outokumpu Technology's combined financial statements.

Outokumpu Technology was organized as a legal consolidated group, for the first time, when the Outokumpu Technology companies, which were under the common control of a Finnish listed company, Outokumpu Oyj (Outokumpu), were transferred to the ownership of Outokumpu Technology prior to June 30, 2006. The combined financial statements of Outokumpu Technology have been prepared so that business structure and combined financial information of Outokumpu Technology, which was organized after the transfer of Outokumpu Technology companies to and from Outokumpu, would fairly present the result of operations, cash flows and financial position of Outokumpu Technology's current operations.

### Adjustments to combined financial statements

#### Acquisitions

The combined financial statements have been derived from the historical financial statements of Outokumpu and are based on the historical acquisition cost of assets and liabilities and on the results of operations, unless otherwise stated in the accounting principles, as if Outokumpu Technology had been a stand-alone independent group. The effect of transfers of the Outokumpu Technology companies to and from Outokumpu has been taken into account in the net interest-bearing receivables and liabilities and interest as if the actual transfers would have been implemented as of January 1, 2005. The retained earnings of Outokumpu Technology companies, which have been transferred to and from Outokumpu, have been combined in the financial statements of Outokumpu Technology as of January 1, 2005 so that difference between the equity and the actual acquisition cost has been reported in the combined equity.

#### Patents

Patents, which have been transferred from Outokumpu to Outokumpu Technology in May 2005, have been presented as the transfer would have been made already as of January 1, 2005. Net interest-bearing receivables and interest have been adjusted accordingly. Amortization of these patents is included in income statement also for the period January-May 2005.

#### Interest-bearing receivables and liabilities and financial items

The interest expenses calculated on adjustments to the combined financial statements are derived from financial markets. The interest-bearing receivables and liabilities between Outokumpu Technology and Outokumpu have been offset in the balance sheet at December 31, 2005. For 2005, the difference has been reported in cash and cash equivalents as the interest-bearing receivables have exceeded the interest bearing liabilities. At December 31, 2006 these kinds of receivables and liabilities between Outokumpu Technology and Outokumpu has not existed.

#### Group contributions and income taxes

While Outokumpu Technology was part of Outokumpu, it was also part of Outokumpu's tax planning To combine profits and losses in tax jurisdictions of Finland and Sweden, Outokumpu Technology companies have both taken and given group contributions from or to other Outokumpu companies. The group contributions given to and received from Outokumpu companies have been reversed in each year in the combined financial statements. The effect of these adjustments has been recognized in the opening balance sheet as of January 1 and December 31, 2005 and for income statement by adjusting equity, interest-bearing receivables and liabilities, taxes and interest. The income taxes of Outokumpu Technology have been presented on a stand-alone basis The deferred income taxes of Outokumpu Technology have been stated using the balance sheet liability method, as measured with the enacted rates, to reflect the net tax effect of all temporary differences between the financial reporting and tax bases of assets and liabilities.

**Commitments**

The guarantees, which relate to the business of Outokumpu Technology and have been issued by Outokumpu Oyj have been presented for 2005 as if they had been issued by Outokumpu Technology Oyj due to that Outokumpu Technology has issued a counter commitment to Outokumpu. As at December 31, 2006 all guarantees are issued by Outokumpu Technology.

## Shares and share capital

Outokumpu Technology's shares were entered into the Finnish Book-Entry Securities System on September 22, 2006. The company's share capital on September 25, 2006 is EUR 16.8 million consisting of 42.0 million shares. The counter-book value of the shares is EUR 0.40 per share. Each share entitles its holder to one vote at the general meetings of shareholders of the company.

## Trading and market capitalization

Outokumpu Technology's shares were listed on the Helsinki stock exchange (OTE1V) on October 10, 2006. The market capitalization increased by EUR 445.2 million during the period October 10 to December 31, 2006 being EUR 540.5 million on the first day of trading. During the period October 10 - December 31, 2006 the highest quotation for the company's share was EUR 22.70 and the lowest EUR 12.40. The average daily trading volume for the period was 1.6 million shares (or EUR 22.5 million). Outokumpu Technology's market capitalization was EUR 953.4 million on December 31, 2006.

## Decisions taken at the extraordinary general meeting and board authorizations

According to the resolution of the extraordinary general meeting of Outokumpu Technology Oy's (currently Outokumpu Technology Oyj) shareholders on August 4, 2006, the number of Outokumpu Technology Oy's shares was split from 8.4 million shares to 42.0 million shares, after which the counter-book value of a share is EUR 0.40. The maximum share capital after the split is EUR 40.0 million. The resolution was registered with the Finnish Trade Register on August 10, 2006.

On August 11, 2006, the extraordinary general meeting of Outokumpu Technology Oy's shareholders authorized the company's Board of Directors to increase the company's share capital by issuing new shares, granting stock options or issuing convertible bonds and to decide upon the repurchase and transfer of the company's own shares. According to the authorization, the issuance of new shares may not increase Outokumpu Technology Oy's share capital on one or several occasions by more than EUR 1,680,000. Accordingly, an aggregate maximum of 4,200,000 shares (counter-book value EUR 0.40 per share) may be issued.

Outokumpu Technology's Board of Directors was authorized to decide who will have the right to subscribe for any new shares, stock options or convertible bonds. The Board of Directors may decide the subscription price and the other terms and conditions of the issue of shares, stock options or convertible bonds. The Board of Directors may also decide that the subscription price for new shares be paid by means of contribution in kind, set-off or otherwise subject to specific terms and conditions.

According to the authorization, Outokumpu Technology's shares may be repurchased in order to improve the company's capital structure or to be used as consideration when acquiring assets for the company's business or as consideration in possible corporate acquisitions, in the manner and to the extent decided by the Board of Directors. Repurchased shares may also be used as a part of incentive and bonus schemes directed to the personnel of the company. The number of shares to be repurchased may not exceed 4,200,000. Shares may be repurchased pursuant to a decision of the Board of Directors through purchases in public trading at the Helsinki stock exchange at the prevailing market price. The purchase price shall be paid to the sellers within the time limit provided in the rules of the Helsinki stock exchange and the Finnish Central Securities Depository Ltd. The shares shall be repurchased with distributable funds and accordingly repurchasing will reduce distributable equity of the company.

According to the authorization, the maximum number of the company's repurchased shares to be transferred shall be 4,200,000. The shares may be transferred on one or several occasions. The company's Board of Directors shall be authorized to decide on the recipients of the shares and the procedure and terms to be applied. The Board of Directors may decide to transfer the shares in deviation of the pre-emptive right of the shareholders to the company's shares. Shares may be transferred as consideration when acquiring assets for the company's business or as consideration in possible corporate acquisitions, in the manner and to the extent decided by the Board of Directors. The Board of Directors may decide to sell the shares through public trading at the Helsinki stock exchange in order to obtain funds for the company for investments and possible corporate acquisitions.

Shares can also be transferred as a part of incentive and bonus schemes directed to the personnel of the company, including the Chief Executive Officer and her/his deputy.

All the above-mentioned authorizations are valid until the annual general meeting of the company's shareholders to be held in 2007, however not longer than one year from the decision of the general meeting of shareholders.

## Related party transactions

It was  Outokumpu's policy to charge the cost related to centralized services using matching principle to the subsidiaries. As part of Outokumpu, income statement includes these costs for 2005 and from January 1 to September 30, 2006. In addition Outokumpu Technology has agreed to purchase some centralized services, mainly relating to information technology from Outokumpu also during the separation period.

| Transactions and balances with Outokumpu Group<br>EUR million | Jan - Dec<br>2006 | Jan - Dec<br>2005 |
|---|---|---|
| Sales | **0.7** | 4.3 |
| Purchases | **(20.6)** | (7.1) |
| Leases | **(2.3)** | (2.7) |
| Other expense items *) | **(1.1)** | (6.1) |
| Financial income and expenses *) | **1.3** | 0.4 |
| Derivative financial instruments | **2.6** | (2.4) |
| | **Dec 31, 2006** | **Dec 31, 2005** |
| **Current receivables** | | |
| Trade receivable | **0.2** | 0.7 |
| Derivative financial instruments | **0.6** | 0.1 |
| Other receivables | **-** | 0.1 |
| | | |
| Cash and cash equivalents | **-** | 46.1 |
| | | |
| **Current liabilities** | | |
| Trade payable | **3.9** | 4.9 |
| Derivative financial instruments | **0.1** | 1.1 |
| Other current liabilities | **-** | 0.1 |
| **Commitments** | | |
| Advance payments guarantees | **-** | 115.0 |
| Other guarantees for commercial commitments | **-** | 59.0 |

**) The 2005 figures have been restated due to account reclassification. Reclassification has no impact on result nor equity for 2005.*

| Major non-recurring items in operating profit for the period<br>EUR million | Jan - Dec<br>2006 | Jan - Dec<br>2005 |
|---|---|---|
| One-time expenses related to the listing | **1.3** | - |
| Release of the Finnish TEL disability pension liability | **-** | 0.8 |
| **Total** | **1.3** | 0.8 |

| Income taxes<br>EUR million | Jan - Dec<br>2006 | Jan - Dec<br>2005 |
|---|---|---|
| Current taxes | **(17.9)** | (4.4) |
| Deferred taxes | **(1.7)** | (4.9) |
| **Total** | **(19.6)** | (9.2) |

| Commitments<br>EUR million | Dec 31<br>2006 | Dec 31<br>2005 |
|---|---|---|
| Pledges | **27.8** | 2.3 |
| Guarantees for commercial commitments | **121.3** | 61.8 |
| Minimum future lease payments on operating leases | **24.1** | 19.7 |

*The total value of commercial guarantees does not include advance payment guarantees issued by the parent or other group companies. The total amount of guarantees for financing issued by group companies amounted to EUR 0.4 million at December 31, 2006 (at December 31, 2005 EUR 2.0 million) and for commercial guarantees EUR 259.4 million at December 31, 2006 (at December 31, 2005 EUR 187.3 million).*

**Open derivative instruments**

| Currency forwards<br>EUR million | Dec 31<br>2006 | Dec 31<br>2005 |
|---|---|---|
| Net fair values | **2.0** | (0.5) |
| Contract amounts | **103** | 75 |

| Sales and operating profit by quarters EUR million | Q1/05 | Q2/05 | Q3/05 | Q4/05 | Q1/06 | Q2/06 | Q3/06 | Q4/06 |
|---|---|---|---|---|---|---|---|---|
| **Sales** | | | | | | | | |
| Minerals Processing | 19.5 | 46.0 | 49.6 | 69.8 | 36.4 | 57.4 | 67.5 | **95.3** |
| Base Metals | 20.6 | 35.6 | 39.6 | 64.2 | 44.9 | 50.6 | 43.3 | **53.4** |
| Metals Processing | 22.8 | 68.2 | 44.6 | 70.2 | 62.9 | 67.5 | 71.0 | **90.8** |
| Other Businesses | 6.0 | 9.8 | 5.9 | 10.5 | 6.6 | 8.1 | 6.0 | **11.9** |
| Unallocated items*) and intra-group sales | (3.7) | (8.2) | (6.5) | (8.3) | (6.7) | (6.8) | (7.9) | **(11.9)** |
| Total | 65.3 | 151.4 | 133.1 | 206.4 | 144.2 | 176.8 | 179.9 | **239.6** |
| **Operating profit** | | | | | | | | |
| Minerals Processing | 0.1 | 1.4 | 2.3 | 4.6 | (3.7) | (1.9) | 5.2 | **13.1** |
| Base Metals | (3.6) | 1.4 | 1.2 | 12.7 | 5.6 | 7.1 | 4.1 | **6.7** |
| Metals Processing | (4.1) | 2.1 | 2.9 | 6.1 | 4.1 | 6.1 | 5.6 | **5.3** |
| Other Businesses | (0.0) | 0.5 | (0.1) | (0.1) | (0.5) | 0.2 | (0.3) | **1.0** |
| Unallocated **) and intra-group items | 0.1 | (1.2) | (0.7) | (1.1) | (1.5) | (1.5) | (0.2) | **(3.0)** |
| Total | (7.6) | 4.2 | 5.5 | 22.2 | 4.1 | 10.0 | 14.5 | **23.0** |

**) Unallocated items primarily include invoicing of internal management and administrative services.*
***) Unallocated items primarily include management and administrative services and share of result of associated companies.*

## Definitions of key financial figures

$$\text{Net interest-bearing debt} = \text{Interest-bearing debt - interest-bearing assets}$$

$$\text{Gearing} = \frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$$

$$\text{Equity-to-assets ratio} = \frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$$

$$\text{Capital employed} = \text{Total equity + net interest-bearing debt}$$

$$\text{Return on investment} = \frac{\text{Operating profit + financial income}}{\text{Total assets – non-interest-bearing debt (average for the period)}} \times 100$$

$$\text{Return on equity} = \frac{\text{Net profit for the period}}{\text{Total equity (average for the period)}} \times 100$$

Research and development costs = Research and development expenses in the income statement (including expenses covered by grants received)

$$\text{Earnings per share} = \frac{\text{Net profit for the financial period attributable to the equity holders}}{\text{Average number of shares during the period, as adjusted for stock split}}$$

$$\text{Dividend per share} = \frac{\text{Dividend for the financial year}}{\text{Number of shares at the end of the period as adjusted for stock split}}$$

### *Official financial reporting language*

Outokumpu Technology publishes all financial reports in Finnish and English (US). Because of the international business, the official and approved version is prepared in English from which the Finnish translation is made.