



Financial statements review

January - December 2007

Outotec is a worldwide technology leader in minerals and metals processing, providing innovative and environmentally sound solutions for a wide variety of customers in minerals processing, iron and steel, aluminum and non-ferrous metals industries. Outotec Oyj is listed on the OMX Nordic Exchange Helsinki. www.outotec.com

Outotec
More out of ore

OUTOTEC OYJ - FINANCIAL STATEMENTS REVIEW JANUARY - DECEMBER 2007

Strong profitable growth in 2007

- Board of directors' dividend proposal EUR 0.95 per share

Financial year Jan 1-Dec 31 2007 in brief

(2006 corresponding figures in parentheses):

- Sales: EUR 1,000.1 million (EUR 740.4 million)
- Operating profit: EUR 96.1 million (EUR 51.6 million)
- Profit before taxes: EUR 104.8 million (EUR 56.6 million)
- Earnings per share: EUR 1.85 (EUR 0.88)
- Order intake: EUR 1,463.0 million (EUR 1,032.2 million)
- Order backlog at the end of the period: EUR 1,317.2 million (EUR 866.4 million)
- Net cash flow from operating activities: EUR 143.0 million (EUR 67.8 million)

Fourth quarter of 2007 in brief

(2006 corresponding figures in parentheses):

- Sales: EUR 315.5 million (EUR 239.6 million)
- Operating profit: EUR 33.0 million (EUR 23.0 million)
- Profit before taxes: EUR 36.1 million (EUR 23.5 million)
- Order intake: EUR 384.2 million (EUR 235.3 million)

CEO, Tapani Järvinen:

"The year 2007 was successful for Outotec, with strong growth and improved profitability. Our order intake rose to an all-time high level, sales increased by 35% and earnings per share more than doubled.

We were able to recruit nearly 350 employees despite of the shortage of skilled employees in certain countries. In addition, we further improved our project management skills and our global engineering and subcontractor network was working efficiently.

After winning several large orders in 2007, our existing order backlog gives us good visibility and a solid platform for 2008. We estimate that the strong demand for all metals is continuing and that our technologies and products are well positioned to serve the markets in the whole value chain from mine to metal. In addition, we have taken steps to speed up the growth of the Services and After Sales business and make it a significant part of our business in the coming years."

Summary of key figures	Q4 2007	Q4 2006	Q1-Q4 2007	Q1-Q4 2006
Sales, EUR million	315.5	239.6	1,000.1	740.4
Gross margin, %	20.6	22.2	20.4	20.7
Operating profit, EUR million	33.0	23.0	96.1	51.6
Operating profit in relation to sales, %	10.5	9.6	9.6	7.0
Profit before taxes, EUR million	36.1	23.5	104.8	56.6
Net cash from operating activities, EUR million	45.3	47.4	143.0	67.8
Net interest-bearing debt at the end of period, EUR million	-292.9	-170.0	-292.9	-170.0
Gearing at the end of period, %	-136.4	-118.0	-136.4	-118.0
Working capital at the end of period, EUR million	-153.9	-122.3	-153.9	-122.3
Return on investment, %	71.9	73.3	59.8	45.4
Return on equity, %	53.9	50.0	43.3	29.1
Order backlog at the end of period, EUR million	1,317.2	866.4	1,317.2	866.4
Order intake, EUR million	384.2	235.3	1,463.0	1,032.2
Personnel average for the period	2,185	1,809	2,031	1,825
Earnings per share, EUR	0.65	0.40	1.85	0.88
Dividend per share, EUR	-	-	0.95 *)	0.35

*) Board of Director's proposal for dividend per share

Outlook for 2008

Outotec's market outlook is expected to remain good in 2008. The mining and metals industry's outlook remains robust and the underlying global imbalance in the supply and demand for all metals encourages the industry to invest extensively in greenfield projects and expansions. Driven by the strong market situation, the demand for Outotec's process technologies and services is expected to continue strong in 2008.

Based on the strong existing order backlog and new order prospects, the management expects that in 2008:

- sales will grow over 25% compared to 2007, and
- operating profit will continue to improve from 2007 and the operating profit margin will be moderately above the 2007 level, depending on the mix of new orders received and the timing of project completions.

Financial statements review January-December 2007

Markets

In 2007, the economies in most of Outotec's geographical market areas developed strongly and this was also evidenced by the strong demand for Outotec's products and services for the mining and metals industry. New prospects further increased because of the strong cash position and capital investments of mining and metals companies. Outotec's customers initiated projects related to technologies for iron ore, aluminum, copper, nickel, zinc, and precious metals. In addition, demand from other process industries outside the mining and metals sectors was more active in 2007 than earlier.

In 2007, major mining and metals companies upgraded their investment plans for the next three to five years in anticipation of continuing growth in the global consumption of metals. In addition, these companies are actively looking for new expansion opportunities and avenues for rapidly satisfying the growing demand foreseen for all metals.

In addition to the traditional mining and metals market areas such as Africa, Australia and South America, customers also initiated projects in the CIS, Middle East and South Asia.

In 2007, Outotec established subsidiaries in New Delhi, India and in Almaty, Kazakhstan in order to better serve customers in the growing markets in these and the surrounding countries.

Order intake

The order intake continued to grow in 2007 and the total orders received amounted to EUR 1,463.0 million (2006: EUR 1,032.2 million), representing growth of 41.7%. The fourth-quarter 2007 order intake totaled EUR 384.2 million (Q4/2006: EUR 235.3 million). Both the strong market and Outotec's extensive product portfolio contributed to the growth.

Major new orders in the fourth quarter of 2007 included:

- a complete zinc roasting plant for Votorantim Metais in Cajamarquilla, Peru (EUR 80 million);
- a copper-gold concentrator plant for Hellas Gold in Skouries, Greece (EUR 30 million);
- grinding technology for Scandinavian Minerals' Kevitsa project in Finland. (EUR 20 million);
- two iron ore sinter plants for Steel Authority of India (SAIL) for IISCO Steel Plant, Burnpur in India (EUR 22 million);

- a complete flotation circuit and engineering services for an entire concentrator for the copper project of Boliden's Aitik mine in Sweden (EUR 25 million); and
- a copper solvent extraction and electrowinning plant for Centenario Copper for the Franke project in Chile (EUR 30 million).

Major new orders in the third quarter of 2007 included:

- an alumina calcination plant for Companhia Brasileira de Alumínio in Alumínio, Sao Paulo state, Brazil (EUR 40 million);
- a new green anode plant and spent anode crushing facility for Dubai Aluminium's aluminum smelter in Abu Dhabi (EUR 100 million);
- a chromite pelletizing and sinter plant for Samancor Chrome in South Africa (EUR 15 million);
- iron ore sintering technology for Tata Steel's new Kalinganagar steel plant in India (EUR 35 million);
- metals recovery technology including reactors and thickeners for Talvivaara nickel project in Sotkamo, Finland (EUR 40 million);
- grinding technology for Boliden Aitik mine in Sweden and Tara Mine in Ireland;
- grinding technology for Kazzinc of Kazakhstan;
- a new zinc roaster with gas cleaning and sulfuric acid plant for OZK Kardzhali for the zinc smelter expansion in Bulgaria (EUR 25 million);
- an iron ore sinter plant for JSW Steel's integrated steelworks at Toranagulla, India; and
- a drinking water treatment facility for the eastern coastal towns of Ampara District in Sri Lanka (USD 100 million). The order will become effective after the approval of the finance agreement between the government of Sri Lanka, the Australian and New Zealand Banking Group, and Export Finance Insurance Corporation of Australia.

Major new orders in the second quarter of 2007 included:

- grinding technology for Mirabela Nickel of Australia, for the Santa Rita nickel sulfide project in Bahia state, Brazil;
- grinding technology for Adanac Molybdenum of Canada for the Ruby Creek molybdenum project in British Columbia, Canada;

- grinding technology for Shalkiya Zinc for the Shalkiya zinc-lead project in Kazakhstan;
- a second gas cleaning plant for the new 208 MW Bluewaters Power Station for IHI Engineering in Australia;
- design and expansion of heavy mineral sands processing plants for Sierra Rutile, a subsidiary of Titanium Resources Group in Sierra Leone, Western Africa;
- two turntable anode vibrocompactors for Gansu Hualu Aluminum in Gansu Province, China;
- two sow casting systems for Henan Wanji Aluminum in China;
- one vibrocompactor to Qingtongxia Qingxin Fangyuan Carbon, which belongs for Qingtongxia Aluminum Group in Ningxia Province, China;
- a second chromite pellet plant for Kazchrome's Donskoy chrome mine in Kazakhstan. The new pellet plant, in combination with Outotec's earlier delivery of a similar plant in 2005, will be the world's largest production unit for chromite pellets (EUR 40 million);
- the world's largest sulfuric acid plant delivery, to Ma'aden (EUR 270 million);
- two alumina calciners for ZAO Komi Aluminium's Sosnogorsk Alumina Refinery in the Republic of Komi, Russia (EUR 20 million).

Major new orders in the first quarter of 2007 included:

- silver refinery equipment for the JSC Krasnoyarsk Non-Ferrous Metals Plant in Russia;
- a complete thickening circuit for Boddington Gold Mine in Australia;
- a zinc plant expansion with new, environmentally advanced leaching technology for Hunan Zhuye Torch Metals in China (EUR 30 million);
- modernization of a Flash Smelting production line for Norilsk Nickel's Nadezha metallurgical plant in Russia (EUR 16 million);
- three TankCell[®]-300 flotation cells for OceanaGold's Macraes operation in New Zealand;
- a gas cleaning plant for the new 208 MW Bluewaters Power Station for IHI Engineering in Australia;
- KALDO precious metals technology for Tongling Non-ferrous Metals in China;
- a copper converter and gas handling technology for Engineering Dobersek's new copper smelter of Kazzinc in Kazakhstan.

Order backlog

The order backlog at the end of December 2007 totaled EUR 1,317.2 million (December 31, 2006: EUR 866.4 million). The value of the order backlog represents growth of 52% from the 2006 level due to the record high order intake in 2007.

At the end of December 2007, Outotec's order backlog included 30 projects with a value in excess of EUR 10 million, accounting for 72% of the total backlog. According to the management's estimate, some 70% of the current backlog will be delivered in 2008, and the rest in 2009 and beyond.

The drinking water treatment facility project for the eastern coastal towns of Ampara District in Sri Lanka (USD 100 million) is pending the customer's financial agreement and is not included in the backlog at the end of 2007.

Sales and financial result

Outotec's sales in 2007 totaled EUR 1,000.1 million (2006: EUR 740.4 million), up 35% from 2006. All three divisions contributed to the organic growth of the company. The Services and After Sales business, which is included in the divisions' sales figures, contributed EUR 80.6 million (2006: EUR 55.3 million) to the sales, up 46% from the 2006 level. The sales for the fourth quarter came to EUR 315.5 million (Q4/2006: EUR 239.6 million), up 32% from the corresponding 2006 level.

The operating profit for 2007 improved significantly compared to 2006 and was EUR 96.1 million (2006: EUR 51.6 million), representing 9.6% of sales (2006: 7.0%). Operating profit for the fourth quarter of 2007 was EUR 33.0 million (Q4/2006: EUR 23.0 million), and the corresponding profit margin was 10.5% (Q4/2006: 9.6%).

In 2007, the positive profit development was attributable to the increased volume of sales, better project mix, successful project execution and completion of some long-term projects and license fee income. In the fourth quarter of 2007, the operating profit further improved from the fourth quarter of 2006 because of successfully completed projects.

Sales generated by regions, %	2007	2006
Europe (including CIS)	27	21
Africa	11	17
Asia	15	18
Australia	11	14
North America	4	8
South America	32	22
Total	100	100

Sales and operating profit by segment EUR million	Q4 2007	Q4 2006	Q1-Q4 2007	Q1-Q4 2006
Sales				
Minerals Processing	110.5	95.3	302.9	256.6
Base Metals	85.6	53.4	274.2	192.3
Metals Processing	120.8	90.8	432.3	292.2
Other Businesses	11.1	11.9	37.8	32.6
Unallocated items*) and intra-group sales	-12.5	-11.9	-47.0	-33.2
Total	315.5	239.6	1,000.1	740.4
Operating profit				
Minerals Processing	16.3	13.1	25.2	12.7
Base Metals	9.3	6.7	43.9	23.6
Metals Processing	11.5	5.3	38.1	21.2
Other Businesses	0.3	1.0	2.2	0.3
Unallocated **) and intra-group items	-4.4	-3.0	-13.3	-6.1
Total	33.0	23.0	96.1	51.6

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

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

Profitability improvement was also impacted by the fair valuation of the unrealized currency hedging contracts between the euro and the U.S. dollar for the amount of EUR 3.7 million (2006: EUR 2.0 million), which are not included in hedge accounting.

At the beginning of the third quarter in 2007, Outotec started to apply cash flow hedge accounting to one major project in accordance with IAS 39 in order to hedge its exposure to the euro and the U.S. dollar foreign exchange rate fluctuations inherent to U.S. dollar denominated cash flows. In 2007, Outotec recognized gains of EUR 1.8 million in the income statement and reserved net gains of EUR 8.1 million in equity.

Outotec's fixed costs in 2007 were higher than in the corresponding period of 2006. The increase in administration costs came mainly from the change in Outotec's company status to a listed company on October 10, 2006 and the subsequent strengthening of some management and support functions, as well as from the finalization of the information technology separation from the former parent company. The increase in some administration costs was also related to the business divisions worldwide, the change of the company's name and higher employee incentive accruals.

Outotec's profit before taxes in 2007 was EUR 104.8 million (2006: EUR 56.6 million). The profit before taxes was affected by the net interest income from the high net cash position. Net profit for 2007 was EUR 77.6 million (2006: EUR 37.0 million). In 2007, the Group's effective tax rate was exceptionally low because of the tax reform enacted in Germany. Earnings per share were EUR 1.85 (2006: EUR 0.88).

Outotec's return on equity for 2007 was 43.3% (2006: 29.1%) and return on investment 59.8% (2006: 45.4%).

Minerals Processing

The Minerals Processing division's sales in 2007 totaled EUR 302.9 million (2006: EUR 256.6 million). Operating profit in 2007 was EUR 25.2 million (2006: EUR 12.7 million). The improvement in the division's operating profit resulted from growth in sales, efficient project implementation and completion and better project mix. In addition, the division's profit includes some EUR 3 million related to the fair valuation of the unrealized currency hedging contracts between the euro and the U.S. dollar. Profit generation for the Minerals Processing division is typically weaker in the first half of the year and stronger in the second half due to the seasonality within a fiscal year.

Base Metals

The Base Metals division's sales in 2007 totaled EUR 274.2 million (2006: EUR 192.3 million) and operating profit was EUR 43.9 million (2006: EUR 23.6 million). The growth in sales and the increased proportion of proprietary technologies in deliveries significantly improved the division's profitability. In addition, some license fee income and the completion of four long-term projects in 2007 had a favorable impact on the operating profit. The operating profit for the fourth quarter was lower than in the previous quarters in 2007 due to the project mix and increase of provisions in some unfinished projects.

Metals Processing

The Metals Processing division's sales grew significantly in 2007 and totaled EUR 432.3 million (2006: EUR 292.2 million). The growth came from the ferrous technology projects and new aluminum and sulfuric acid plant as well as roasting plant projects in 2007. The operating profit improved to EUR 38.1 million (2006: EUR 21.2 million). The main positive impacts came from the volume growth, successful project completions and project margin improvements.

Balance sheet, financing and cash flow

Net cash flow from operating activities for 2007 was strong at EUR 143.0 million (2006: EUR 67.8 million). Compared to the corresponding period in 2006, an improvement of over 110% in net cash flow from operating activities was achieved. The main reasons for the improvement were the good result and the decrease in working capital and interest income from the strong cash position. The parent company paid EUR 14.7 million in dividends in April 2007.

Outotec's working capital amounted to EUR -153.9 million on December 31, 2007 (December 31, 2006: EUR -122.3 million). The working capital improved due to favorable payment terms and conditions in customer and sub-supplier contracts.

The balance sheet structure remained strong. Net interest-bearing debt on December 31, 2007 was EUR -292.9 million (December 31, 2006: EUR -170.0 million). The advances received at the end of 2007 totaled EUR 190.1 million (December 31, 2006: EUR 194.8 million). Outotec's gearing at the end of 2007 was -136.4% (December 31, 2006: -118.0%), and the equity-to-assets ratio was 38.2% (December 31, 2006: 36.9%).

The company's capital expenditure in 2007 was EUR 11.6 million (2006: EUR 8.0 million), which consisted mainly of costs related to the separation from the former parent company in terms of information technology, investments in intellectual property rights (IPRs), and maintenance investments.

Guarantees for commercial commitments, including advance payment guarantees issued by the parent and other Group companies, came to EUR 391.9 million at the end of 2007, showing an increase from the previous year's level relative to business growth (December 31, 2006: EUR 259.4 million).

Research and technology development

In 2007, Outotec's research and technology development expenses totaled EUR 19.9 million (2006: EUR 19.2 million), representing 2.0% of sales (2006: 2.6%). Outotec filed 45 new priority patent applications (2006: 34), and 303 new national patents (2006: 298) were granted.

In the fourth quarter of 2007, Outotec received the Cleantech Finland[®] award for developing new ferrochrome production technology that promotes sustainable development. By winning the Cleantech Finland[®] competition in the process category, Outotec was qualified for the European Business Awards for the Environment 2008 competition.

In addition, Outotec's new copper production method for the Cobre Las Cruces project was selected as the Quality Innovation of the Year 2007 by Excellence Finland.

The FloatForce[™] mixing technology was commercialized in the flotation plant delivery for Boliden's Aitik mine in Sweden. The patented FloatForce[™] technology was first published in 2006 and it has been proven in several field-tests. Another break-through was the autogenous grinding mills of Outotec's proprietary design to be delivered to Scandinavian Minerals' Kevitsa project in Finland. The three fully autogenous mills will bring substantial savings in operational costs of the grinding circuit compared to traditional SAG mills.

Other major achievements in research and technology development in 2007:

Development of bioleaching technology began in 1987 at Outotec's research center in Pori, Finland. The aim was to find a process that could be used to recover metals from the low-grade Talvivaara nickel ore. The progress of the Talvivaara nickel project in Sotkamo, Finland, represents an important step in the commercialization of bioleaching. The new bioleaching technology is now in commercial use, allowing economical exploitation of the low-grade nickel deposits.

During the third quarter of 2007, Outotec achieved a new break-through with its aluminum technology when an agreement was signed with Emirates Aluminium for the supply of a new green anode plant and spent anode-crushing facility for the aluminum smelter in Abu Dhabi. The new plant is based on the latest technical development, including a special grinding and mixing concept as well as innovative Regenerative Thermal Oxidization technology for efficient pitch fume treatment.

During the second quarter of 2007, Outotec strengthened its halide technology know-how, on which the HydroCopper[®] process is based, by entering into a collaboration agreement in the field of chloride hydrometallurgy with Intec Ltd. of Australia. Under the agreement, Intec makes available to Outotec its globally patented mixed halide technology, which enhances the recovery of gold and other precious metals from mineral ores and concentrates.

During the first quarter of 2007, Outotec commercialized two new products. First, Outotec signed an agreement with the leading Chinese zinc producer, Hunan Zhuye Torch Metals Co. Ltd, on the design and delivery of a zinc plant expansion with new environmentally advanced leaching technology. Secondly, Outotec agreed to deliver three TankCell[®]-300 flotation cells to OceanaGold's Macraes operation in New Zealand. The TankCell[®]-300, with an active capacity of over 300 m³, is the largest mechanical flotation cell in the world.

In the first quarter, Outotec complemented its technologies by acquiring the Chena[®] (Chemistry Navigator) technology and trademark from the Finnish company Liqum. The technology acquisition will further improve Outotec's competitiveness in the fields of minerals

processing and hydrometallurgical process solutions. Chena[®] technology is a patented electrochemistry measurement technology for improving the efficiency of production processes.

Outotec's research centers in Pori and Frankfurt were active in carrying out in-house development and implementation projects as well as test work for customers in 2007. In total, some 175 employees work in the Pori and Frankfurt Research Centers.

Personnel

At the end of 2007, Outotec had a total of 2,144 employees (December 31, 2006: 1,797). In 2007, Outotec had an average of 2,031 employees (2006: 1,825). The number of personnel increased by 347 compared to the corresponding period of 2006 due to business growth and the accompanying active recruitment. Temporary employees accounted for some 14% of the total number of employees.

At the end of December 2007, in addition to the personnel on Outotec's payroll, the company had roughly 490 full-time equivalent contracted people working in project engineering, management and construction. The number of contracted people at any given time changes depending on the active project mix and local rules and regulations.

In 2007, salaries and other employee benefit expenses totaled EUR 135.4 million (2006: EUR 116.6 million).

Distribution of personnel by country	Dec 31. 2007	Dec 31. 2006	change %
Finland	835	765	9.2
Germany	323	295	9.5
Rest of Europe	219	200	9.5
Americas	463	265	74.7
Australia	185	176	5.1
Rest of the world	119	96	24.0
Total	2 144	1 797	19.3

Share-based incentive program for key personnel

On March 23, 2007, Outotec published a share-based incentive program. The purpose of the incentive program is to obtain key employees' commitment and to encourage them in achieving the company's financial targets, as well as to increase the company's shareholder value. Some 20 key employees are participants in the two-year share-based incentive program. The earnings period started on January 1, 2007 and ends on December 31, 2008.

The reward paid to the key personnel is determined by the achievement of the targets set for the development of the company's net profit and order backlog. The reward is paid in shares and as a cash payment (which roughly covers income taxes payable for the reward). The

shares will be allocated to the key personnel in the spring of 2009, if the earnings criteria are met. The maximum reward of the incentive program is EUR 6.7 million.

Shares and share capital

Outotec's shares were entered in the Finnish Book-Entry Securities System on September 22, 2006. The company's share capital is EUR 16.8 million, consisting of 42.0 million shares. The counter-book value of the share is EUR 0.40 per share. Each share entitles its holder to one vote at general meetings of shareholders of the company. At the end of 2007, the company did not hold any treasury shares. Shares held in 14 nominee registers accounted for 85.86% of all Outotec shares at the end of 2007.

Trading and market capitalization

Outotec's shares are listed on the OMX Nordic Exchange Helsinki (OTE1V). In 2007, the highest quotation for a share in the company was EUR 54.75 and the lowest EUR 19.25. The trading of Outotec shares in 2007 exceeded 138 million shares, with a total value of over EUR 5,000 million. On April 27, 2007, former parent company Outokumpu Oyj sold its remaining stake of 12% in Outotec Oyj. On December 31, 2007, Outotec's market capitalization was EUR 1,579 million and the last quotation for Outotec's share was EUR 37.60.

Resolutions of the Annual General Meeting 2007

Outokumpu Technology Oyj's Annual General Meeting (AGM) was held on April 2, 2007, in Espoo, Finland. The AGM approved the parent company's and the group's Financial Statements, and discharged the members of the Board of Directors and the CEO from liability for the 2006 financial year. The AGM decided that a dividend of EUR 0.35 per share be paid for the financial year that ended on December 31, 2006. The dividend record date was April 5, 2007, and the dividends (totaling EUR 14.7 million) were paid on April 17, 2007.

The AGM decided that the number of Board members, including Chairman and Vice Chairman, should be five (5). Mr. Carl-Gustaf Bergström, Mr. Karri Kaitue, Mr. Hannu Linnoinen, Mr. Anssi Soila and Mr. Risto Virrankoski were re-elected as members of the Board of Directors for the term expiring at the end of the next AGM. The AGM re-elected Mr. Risto Virrankoski as the Chairman and Mr. Karri Kaitue as the Vice Chairman of the Board of Directors.

The AGM confirmed the monthly remunerations paid to the Board members as follows: Chairman EUR 3,000, Vice Chairman EUR 2,500, and other Board members EUR 2,000, and in addition a meeting remuneration of EUR 500 per meeting for each Board member.

KPMG Oy Ab, Authorized Public Accountants, was re-elected as the company's auditor, with Mauri Palvi as auditor in charge.

Amendment to the Articles of Association and company's business name

The AGM approved the amendments to the Articles of Association, including the change of the company's business name, to Outotec Oyj. The change of business name became effective on April 24, 2007. Other amendments included the technical revision of the company's line of business and the election procedure of the Vice Chairman of the Board, and other amendments of a technical nature.

Board's authorizations

The AGM authorized the Board of Directors to resolve upon issues of shares as follows:

- The authorization includes the right to issue new shares, distribute own shares held by the company, and the right to issue special rights referred to in Chapter 10, Section 1 of the Companies Act. This authorization to the Board of Directors does not, however, entitle the Board of Directors to issue share option rights as an incentive to the personnel.

- The total number of new shares to be issued and own shares held by the company to be distributed under the authorization may not exceed 4,200,000 shares.

- The Board of Directors is entitled to decide on the terms of the share issue, such as the grounds for determining the subscription price of the shares and the final subscription price as well as the approval of the subscriptions, the allocation of the issued new shares, and the final amount of issued shares.

The authorization shall be in force until the end of the next AGM.

The Annual General Meeting authorized the Board of Directors to resolve upon the repurchase of the company's own shares as follows:

- The company may repurchase the maximum number of 4,200,000 shares using free equity and deviating from the shareholders' pre-emptive rights to the shares, provided that the number of own shares held by the company will not exceed ten (10) percent of all shares of the company.

- The shares are to be repurchased in public trading at the OMX Nordic Exchange Helsinki at the price established in the trading at the time of acquisition.

The authorization shall be in force until the end of the next AGM. The authorizations have not been exercised by February 1, 2008.

Events after the reporting period

In January 2008, Outotec specified its strategic goals to grow its Services and After Sales business and to become the lifetime service partner for its customers. The growth target for the Services and After Sales business

is to increase the business to an annual level of EUR 250-300 million by the end of 2010.

In 2007, the Services and After Sales business, which is included in the divisions' sales figures, contributed EUR 80.6 million (2006: EUR 55.3 million) to the sales. Outotec's Services and After Sales business consists of spare part services, maintenance contracts, process expert services, certain engineering services and studies, plant audits, debottlenecking, upgrading and customer training.

Short-term risks and uncertainties

Outotec monitors its key risks by active risk management. In the fourth quarter 2007 risk assessment all unfinished projects under the method of the percentage of completion were reviewed and the needed contingencies were updated. In projects where the stage of completion was close to 100%, provisions for performance guarantees and warranty period guarantees and possible provisions for project losses were evaluated and made.

Generally, high demand has led to a shortage of certain components and equipment, and availability has remained tight in some regions and affected delivery times and profit recognition. In one large ongoing project, there is still a further risk that material and labor costs may rise later on during the implementation of the project.

Skilled personnel is the key asset for Outotec. In certain regions, the company may face challenges in recruiting skilled people and finding suitable subcontractors. This may cause wage inflation and slow-down in operations. Outotec manages these risks by strengthening its image as an attractive employer and a technology leader in the industry. Furthermore, the company continuously develops its existing global subcontractor network.

Risks related to new commercialized products were also evaluated and quantified, and the necessary provisions for quality related costs were reserved.

More than half of Outotec's total cash flow is denominated in euros, and the rest is divided among various currencies, which include the U.S. dollar, Brazilian real, and Australian dollar. In some of new projects the weight of any given currency can fluctuate change substantially, but the majority of cash-flow-related risks are hedged in the short and long term. The forecasted and probable cash flows are hedged selectively and always based on separate decisions and risk analysis.

Changes in the global economy or uncertainty in the financial markets may have an impact on Outotec's business prospects in the future; however, these have not affected the ongoing negotiations between Outotec and its customers.

Outlook for 2008

Outotec's market outlook is expected to remain good in 2008. The mining and metals industry's outlook remains robust and the underlying global imbalance in the supply and demand for all metals encourages the industry to invest extensively in greenfield projects and expansions. Driven by the strong market situation, the demand for Outotec's process technologies and services is expected to continue strong in 2008.

Based on the strong existing order backlog and new order prospects, the management expects that in 2008:

- sales will grow over 25% compared to 2007, and
- operating profit will continue to improve from 2007 and the operating profit margin will be moderately above the 2007 level, depending on the mix of new orders received and the timing of project completions.

Board of Directors' proposal for profit distribution

The Board of Directors of Outotec proposes to the Annual General Meeting that a dividend of EUR 0.95 per share be paid from Outotec Oyj's distributable funds for December 31, 2007, and that any remaining distributable funds be allocated to retained earnings. The suggested dividend record date is March 25, 2008, with the dividend to be paid on April 1, 2008.

According to the financial statements for December 31, 2007, the parent company's distributable funds total EUR 122.4 million. The proposed dividend corresponds to 51% of the Group's profit for the financial year 2007.

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.

Espoo, February 1, 2008
Outotec Oyj
Board of Directors

For further information, please contact:

Outotec Oyj
Tapani Järvinen, CEO
tel. +358 20 529211

Vesa-Pekka Takala, CFO
tel. +358 20 529211, mobile +358 40 5700074

Eila Paatela, Vice President - Corporate Communications
tel. +358 20 5292004, mobile +358 400 817198

Rita Uotila, Vice President - Investor Relations
tel. +358 20 5292003, mobile +358 400 954141

Format for e-mail addresses: firstname.lastname@outotec.com

Consolidated financial statements (unaudited)

Income statement EUR million	Q4 2007	Q4 2006	Q1-Q4 2007	Q1-Q4 2006
Sales	315.5	239.6	1,000.1	740.4
Cost of sales	-250.6	-186.3	-796.4	-587.5
Gross margin	64.9	53.3	203.8	153.0
Other operating income	2.2	1.7	5.9	3.7
Selling and marketing expenses	-11.8	-13.0	-44.6	-46.1
Administrative expenses	-15.1	-11.0	-47.0	-35.0
Research and development expenses	-5.6	-6.4	-19.9	-19.2
Other operating expenses	-1.1	-1.2	-0.7	-3.8
Share of results of associated companies	-0.4	-0.4	-1.4	-1.1
Operating profit	33.0	23.0	96.1	51.6
Financial income and expenses				
Interest income and expenses	3.7	2.0	12.4	9.3
Market price gains and losses	0.3	0.2	0.2	-1.4
Other financial income and expenses	-0.9	-1.8	-3.9	-2.9
Total financial income and expenses	3.1	0.5	8.7	5.0
Profit before taxes	36.1	23.5	104.8	56.6
Income taxes	-9.0	-6.5	-27.2	-19.6
Net profit for the period	27.2	16.9	77.6	37.0
Attributable to:				
Equity holders of the Company	27.1	16.9	77.6	37.1
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	0.65	0.40	1.85	0.88
Diluted earnings per share, EUR	0.65	0.40	1.85	0.88

All figures in the tables have been rounded; consequently, the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

Condensed balance sheet EUR million	Dec 31 2007	Dec 31 2006
ASSETS		
Non-current assets		
Intangible assets	74.8	72.7
Property, plant and equipment	24.6	26.7
Non-current financial assets		
Interest-bearing	3.4	1.1
Non interest-bearing	17.3	13.0
Total non-current assets	120.0	113.5
Current assets		
Inventories *)	117.0	84.4
Current financial assets		
Interest-bearing	0.8	1.0
Non interest-bearing	224.0	214.7
Cash and cash equivalents	291.0	171.4
Total current assets	632.8	471.4
TOTAL ASSETS	752.8	584.9
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the Company	214.7	144.0
Minority interest	0.1	0.0
Total equity	214.8	144.1
Non-current liabilities		
Interest-bearing	1.2	2.2
Non interest-bearing	47.4	35.6
Total non-current liabilities	48.6	37.8
Current liabilities		
Interest-bearing	1.0	1.2
Non interest-bearing **)	488.5	401.7
Total current liabilities	489.5	403.0
TOTAL EQUITY AND LIABILITIES	752.8	584.9

*) Of which advances paid for inventories amounted to EUR 34.8 million on December 31, 2007 (December 31, 2006: EUR 30.0 million).

**) Of which gross advances received amounted to EUR 589.7 million on December 31, 2007 (December 31, 2006: EUR 435.0 million). Net advances received after percentage of completion revenue recognition amounted to EUR 190.1 million on December 31, 2007 (December 31, 2006: EUR 194.8 million).

Condensed statement of cash flows EUR million	Q1-Q4 2007	Q1-Q4 2006
Cash flow from operating activities		
Net profit for the period	77.6	37.0
Adjustments for		
Depreciation and amortization	11.3	10.1
Impairments	-	3.3
Other adjustments	25.8	10.9
Decrease in working capital	29.2	12.4
Interest received	11.8	9.8
Interest paid	-0.2	-0.4
Income tax paid	-12.6	-15.3
Net cash from operating activities	143.0	67.8
Purchases of assets	-11.6	-8.0
Proceeds from sale of assets	0.2	0.3
Change in other investing activities	-0.6	-0.3
Net cash from investing activities	-12.1	-8.0
Cash flow before financing activities	131.0	59.8
Repayments of long-term debt	-1.0	-0.4
Decrease in current debt	-	-4.8
Dividends paid	-14.7	-
Change in other financing activities	-0.8	-0.9
Net cash from financing activities	-16.5	-6.1
Net change in cash and cash equivalents	114.5	53.6
Cash and cash equivalents at the beginning of the period	171.4	126.3
Foreign exchange rate effect on cash and cash equivalents	5.1	-8.6
Net change in cash and cash equivalents	114.5	53.6
Cash and cash equivalents at the end of the period	291.0	171.4

Statement of changes in equity EUR million	Attributable to the equity holders of the Company							Minority interest	Total equity
	Share capital	Premium fund	Other reserves	Fair value reserves	Cumulative translation differences	Retained earnings			
Equity on Jan 1, 2006	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	
Equity on Jan 1, 2007	16.8	20.2	0.1	-	5.8	101.1	0.0	144.1	
Cash flow hedges:									
Hedge result deferred to equity	-	-	-	11.3	-	-	-	11.3	
Deferred tax in equity	-	-	-	-3.2	-	-	-	-3.2	
Available for sale financial assets:									
Fair value changes recognized in equity	-	-	-	-0.2	-	-	-	-0.2	
Deferred tax in equity	-	-	-	-0.0	-	-	-	-0.0	
Change in translation differences	-	-	-	-	-0.1	-	-0.0	-0.1	
Other changes	-	-	0.0	-	-	-	-	0.0	
Items recognized directly in equity	-	-	0.0	7.9	-0.1	-	-0.0	7.8	
Net profit for the period	-	-	-	-	-	77.6	0.0	77.6	
Total recognized income and expenses	-	-	0.0	7.9	-0.1	77.6	0.0	85.4	
Dividends paid	-	-	-	-	-	-14.7	-	-14.7	
Equity on Dec 31, 2007	16.8	20.2	0.2	7.9	5.7	164.0	0.1	214.8	

Key figures	Q4 2007	Q4 2006	Q1-Q4 2007	Q1-Q4 2006
Sales, EUR million	315.5	239.6	1,000.1	740.4
Gross margin, %	20.6	22.2	20.4	20.7
Operating profit, EUR million	33.0	23.0	96.1	51.6
Operating profit in relation to sales, %	10.5	9.6	9.6	7.0
Profit before taxes, EUR million	36.1	23.5	104.8	56.6
Profit before taxes in relation to sales, %	11.5	9.8	10.5	7.6
Net cash from operating activities, EUR million	45.3	47.4	143.0	67.8
Net interest-bearing debt at the end of period, EUR million	-292.9	-170.0	-292.9	-170.0
Gearing at the end of period, %	-136.4	-118.0	-136.4	-118.0
Equity-to-assets ratio at the end of period, %	38.2	36.9	38.2	36.9
Working capital at the end of period, EUR million	-153.9	-122.3	-153.9	-122.3
Capital expenditure, EUR million	1.7	2.5	11.6	8.0
Capital expenditure in relation to sales, %	0.5	1.0	1.2	1.1
Return on investment, %	71.9	73.3	59.8	45.4
Return on equity, %	53.9	50.0	43.3	29.1
Order backlog at the end of period, EUR million	1,317.2	866.4	1,317.2	866.4
Order intake, EUR million	384.2	235.3	1,463.0	1,032.2
Personnel average for the period	2,185	1,809	2,031	1,825
Net profit for the period in relation to sales, %	8.6	7.1	7.8	5.0
Research and development expenses, EUR million	5.6	6.4	19.9	19.2
Research and development expenses in relation to sales, %	1.8	2.7	2.0	2.6
Earnings per share, EUR *)	0.65	0.40	1.85	0.88
Equity per share, EUR *)	5.11	3.43	5.11	3.43
Dividend per share, EUR	-	-	0.95 **)	0.35

*) *Outotec 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.*

***) *Board of Director's proposal for dividend per share*

Notes to the income statement and balance sheet

This financial statements review is prepared in accordance with IAS 34 Interim Financial Reporting in keeping with the accounting policies and methods as in the recent annual financial statements. In 2007, Outotec has adopted the following new standards which have become effective on January 1, 2007: IFRS 7 Financial instruments: Disclosures and Amendment to IAS 1 - Presentation of financial statements: Capital disclosures. The adoption of these new standards has mainly impact on the disclosure information on the 2007 financial statements. This financial statements review is unaudited.

Starting from July 1, 2007, Outotec is applying cash flow hedge accounting for one major project to hedge its exposure to EUR/USD foreign exchange rate fluctuations inherent to USD denominated cash flows. The hedge results are recognized in the income statement in the same periods as the project revenue. The hedged cash flows are customer prepayments that are recognized as revenue in the income statement using the percentage of completion method. The respective proportion of the hedge results has been recognized in the income statement as an adjustment to sales, and the remaining part in the cash flow hedge reserve in equity. The amounts in the cash flow hedge reserve also include a respective proportion of the realized result of hedges of customer

prepayments that have already taken place but not recognized in income statement.

The comparison figures for 2006 are based on combined financial statements, which have been prepared so that business structure and combined financial information of Outotec would fairly present the result of operations, cash flows and financial position of Outotec's current operations.

Use of estimates

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 review 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. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates.

Adoption of new and amended standards and interpretations

- IFRIC 8 - Scope of IFRS 2 (effective date May 1, 2006)
- IFRIC 9 - Reassessment of Embedded Derivatives (effective date June 1, 2006)
- IFRIC 10 Interim Financial Reporting and Impairment (effective date November 1, 2006)
- IFRIC 11 –IFRS 2 Group and Treasury Share Transactions (effective date March 1, 2007)
- IFRIC 12 - Service Concession Arrangements (effective date January 1, 2008). The interpretation has not yet been approved to be applied in the EU.
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective date January 1, 2008). The interpretation has not yet been approved to be applied in the EU.

The adoption of these interpretations will not have impact on 2007 financial statements.

Outotec will estimate the impacts on the following standards and will apply the new standards from the financial period beginning January 1, 2009 onwards:

- IFRS 8 Operating segments (effective date January 1, 2009)
- IAS 1 Presentation of Financial Statements (effective date January 1, 2009). The amended standard has not yet been approved to be applied in the EU.
- IAS 23 Borrowing costs (effective date January 1, 2009). The amended standard has not yet been approved to be applied in the EU.

Major non-recurring items in operating profit for the period EUR million	Q1-Q4 2007	Q1-Q4 2006
One-time expenses related to the listing	-	-1.3
Gain from available-for-sale financial assets	1.9	-

The value of shares owned by Outotec in Pacific Ore Ltd (UK) was EUR 0.8 million on December 31, 2006. In 2007, the shares were changed into shares of Trajan Minerals Limited. Trajan Minerals Limited was listed to Australian stock exchange (ASX) on November 30, 2007. For Outotec, the listing resulted in EUR 1.9 million gain. The change in the fair value of the shares between the listing and December 31, 2007 (EUR -0.3 million) was booked to the revaluation reserve for available-for-sale financial assets in Outotec's equity.

Income taxes EUR million	Q1-Q4 2007	Q1-Q4 2006
Current taxes	-24.5	-17.9
Deferred taxes	-2.7	-1.7
Total income taxes	-27.2	-19.6

In 2007, the effective tax rate of the Group was 26%. The most significant item affecting the tax rate was the tax reform enacted in Germany, which lowered the tax rate of the Group by approximately four percentage points.

Property, plant and equipment EUR million	Dec 31 2007	Dec 31 2006
Historical cost at the beginning of the period	77.4	76.2
Translation differences	0.0	-1.7
Additions	5.1	5.2
Disposals	-1.5	-2.6
Reclassifications	0.2	0.0
Historical cost at the end of the period	81.3	77.4
Accumulated depreciation and impairment at the beginning of the period	-50.7	-45.7
Translation differences	0.1	0.6
Disposals	1.1	2.3
Reclassifications	0.0	0.0
Depreciation during the period	-7.2	-7.0
Impairment during the period	-	-1.0
Accumulated depreciation and impairment at the end of the period	-56.7	-50.7
Carrying value at the end of the period	24.6	26.7

Commitments and contingent liabilities EUR million	Dec 31 2007	Dec 31 2006
Pledges	2.1	27.8
Guarantees for commercial commitments	185.7	121.3
Minimum future lease payments on operating leases	51.4	51.2

The 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 2.8 million at December 31, 2007 (December 31, 2006: EUR 0.4 million) and for commercial guarantees including advance payment guarantees EUR 391.9 million at December 31, 2007 (December 31, 2006: EUR 259.4 million).

Derivative instruments		
Currency forwards EUR million	Dec 31 2007	Dec 31 2006
Net fair values	13.9 *)	2.0
Number of contracts	344	103

*) of which EUR 11.1 million designated as cash flow hedges

Related party transactions		
Transactions and balances with associated companies EUR million	Q1-Q4 2007	Q1-Q4 2006
Sales	0.0	0.3
Financial income and expenses	0.2	0.1
Loan receivables	1.2	1.3
Trade and other receivables	1.0	0.9
Current liabilities	-	2.2

Sales and operating profit by quarters EUR million	Q4/05	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07
Sales									
Minerals Processing	69,8	36,4	57,4	67,5	95,3	55,2	64,6	72,7	110,5
Base Metals	64,2	44,9	50,6	43,3	53,4	60,1	64,5	64,1	85,6
Metals Processing	70,2	62,9	67,5	71,0	90,8	97,5	100,9	113,0	120,8
Other Businesses	10,5	6,6	8,1	6,0	11,9	6,7	8,9	11,1	11,1
Unallocated items*) and intra-group sales	-8,3	-6,7	-6,8	-7,9	-11,9	-7,8	-11,7	-15,0	-12,5
Total	206,4	144,2	176,8	179,9	239,6	211,7	227,1	245,9	315,5
Operating profit									
Minerals Processing	4,6	-3,7	-1,9	5,2	13,1	1,9	3,3	3,6	16,3
Base Metals	12,7	5,6	7,1	4,1	6,7	9,4	13,2	12,1	9,3
Metals Processing	6,1	4,1	6,1	5,6	5,3	4,7	10,5	11,5	11,5
Other Businesses	-0,1	-0,5	0,2	-0,3	1,0	0,0	0,6	1,3	0,3
Unallocated items **)	-1,1	-1,5	-1,5	-0,2	-3,0	-2,4	-4,1	-2,5	-4,4
Total	22,2	4,1	10,0	14,5	23,0	13,6	23,4	26,0	33,0

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

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

Definitions of key financial figures

Net interest-bearing debt	=	Interest-bearing debt - interest-bearing assets
Gearing	=	$\frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$
Equity-to-assets ratio	=	$\frac{\text{Total equity}}{\text{Total assets} - \text{advances received}} \times 100$
Return on investment	=	$\frac{\text{Operating profit} + \text{financial income}}{\text{Total assets} - \text{non-interest-bearing debt (average for the period)}} \times 100$
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)
Earnings per share	=	$\frac{\text{Net profit for the financial period attributable to the equity holders}}{\text{Average number of shares during the period, as adjusted for stock split}}$
Dividend per share	=	$\frac{\text{Dividend for the financial year}}{\text{Number of shares at the end of the period as adjusted for stock split}}$

Financial reporting schedule for 2008

Outotec will disclose the following financial information in 2008:

Interim report for January-March 2008, on Wednesday, April 23, 2008

Interim report for January-June 2008, on Wednesday, July 23, 2008

Interim report for January-September 2008, on Thursday, October 23, 2008

The Outotec Annual General Meeting is expected to be held on Tuesday, March 18, 2008, in Espoo, Finland.

Outotec's Annual Report 2007 will be published in week 10.