



# Interim Report January – June 2009

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President and CEO, Outotec Oyj

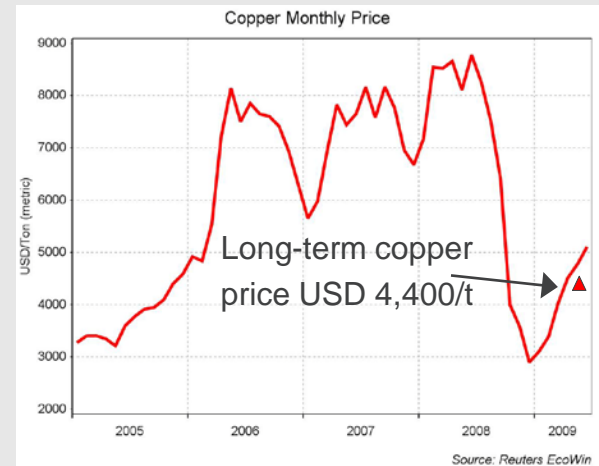
July 24, 2009

**Outotec**  
More out of ore

# Markets

- Investment activity within the mining and metals industry continues to be low.
- Customers are experiencing difficulties in funding their projects and there is idle capacity in the production plants.
- Consolidation of assets continues.
- Prices for most metals have further climbed, which has improved the financial position of many mining companies.
- Developing countries need more metals.
- There is continuous need for energy-efficient and sustainable technologies and various services.
- There are new opportunities in the energy sector and industrial water treatment.

Price development of metals and long-term average prices



# Low order intake in Q2

EUR million	Q2 2009	Q2 2008	Change-%
Sales	237.6	275.5	- 13.7
Gross margin, %	18.3	20.3	- 9.6
Operating profit	13.9	22.9	- 39.1
Operating profit margin, %	5.9	8.3	- 29.4
Profit before taxes	13.6	26.8	- 49.4
Earnings per share, EUR	0.22	0.44	- 49.4
Order intake	105.8	475.4	- 77.8
Order backlog at the end of the period	966.6	1,548.4	- 37.6
Net cash from operating activities	23.4	83.6	- 72.0
Return on investment, %	30.8	60.0	- 48.7
Return on equity, %	17.9	39.6	- 55.0

# Profitability remained at a good level in Q1-Q2

EUR million	Q1-Q2 2009	Q1-Q2 2008	Change- %	Last 12 months	2008
Sales	469.2	501.0	- 6.4	1,186.1	1,217.9
Gross margin, %	19.3	20.3	- 5.0	21.1	21.5
Operating profit	30.2	43.8	- 31.1	106.6	120.2
Operating profit margin, %	6.4	8.7	- 26.4	9.0	9.9
Profit before taxes	31.6	50.0	- 36.8	117.9	136.3
Earnings per share, EUR	0.53	0.83	- 36.7	1.94	2.25
Order intake	245.1	774.2	- 68.3	624.7	1,153.8
Order backlog at the end of the period	966.6	1,548.4	- 37.6	966.6	1,176.7
Net cash from operating activities	12.6	124.2	- 89.8	- 5.0	106.6
Return on investment, %	30.9	50.1	- 38.5	56.8	61.6
Return on equity, %	19.6	33.8	- 42.0	38.7	42.6

# Largest orders in Q1-Q2

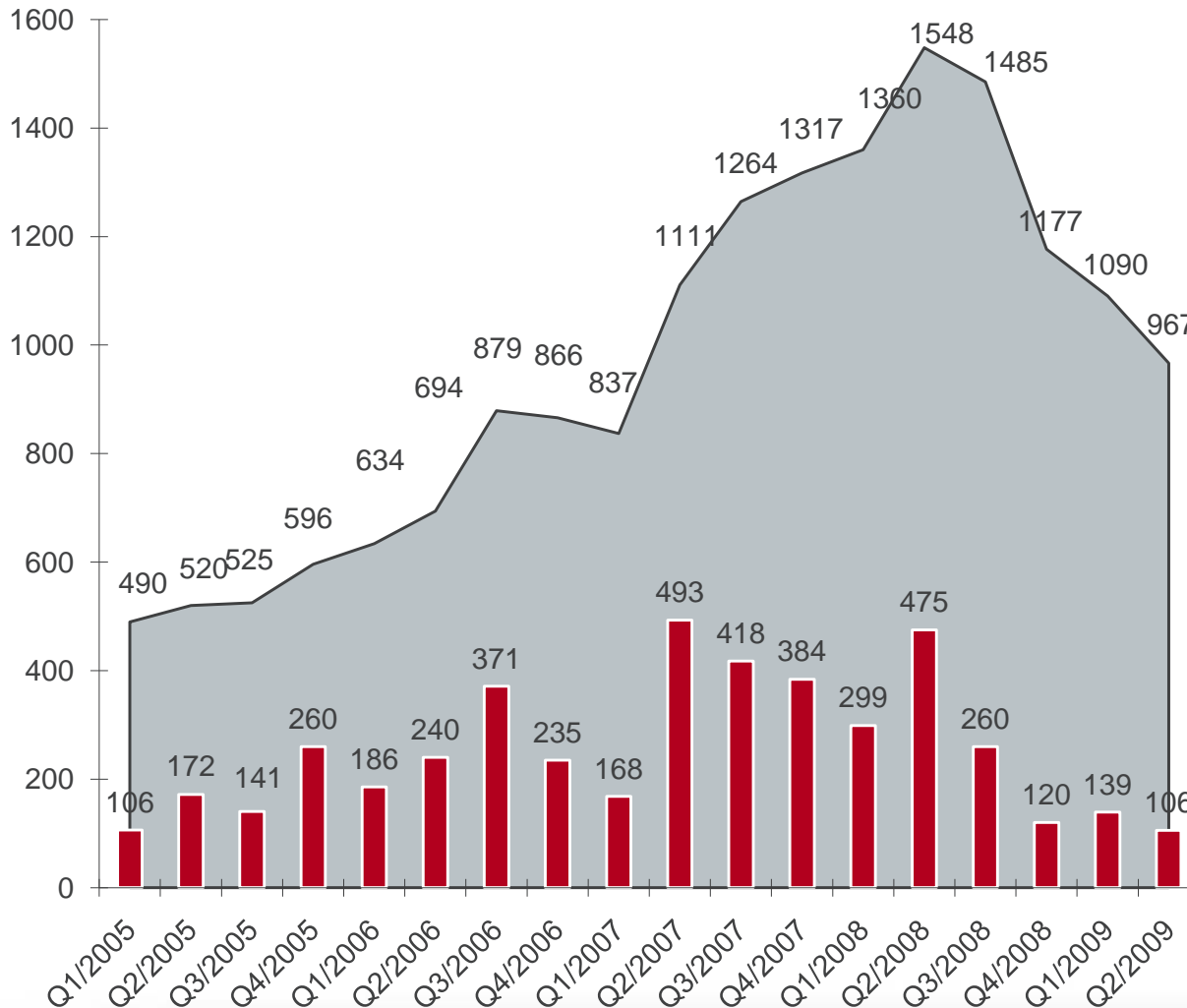
- Order intake EUR 245.1 million (Q1-Q2/2008: EUR 774.2 million)
- Order intake in Q2 EUR 105.8 million (Q2/2008: EUR 475.4 million)





# Order intake and backlog development

EUR million



- Order intake in Q1-Q2/2009 was 68% smaller and order backlog 38% lower compared to June 30, 2008
- Some 40% of the current backlog is estimated to be delivered in 2009 and the rest in 2010 and beyond

- Order backlog at the end of the period
- Order intake by quarter

# Sales by division

EUR million	Q1-Q2 2009	Q1-Q2 2008	Q2 2009	Q2 2008	2008
Minerals Processing	175.6	152.8	91.1	92.7	419.6
Base Metals	74.4	132.0	29.6	72.0	295.3
Metals Processing	200.6	213.9	103.4	109.2	494.7
Other businesses	38.3	25.8	20.0	16.7	56.0
Unallocated items and intra-group sales	-19.7	- 23.4	-6.5	-15.0	- 47.7
<b>TOTAL</b>	<b>469.2</b>	<b>501.0</b>	<b>237.6</b>	<b>275.5</b>	<b>1,217.9</b>

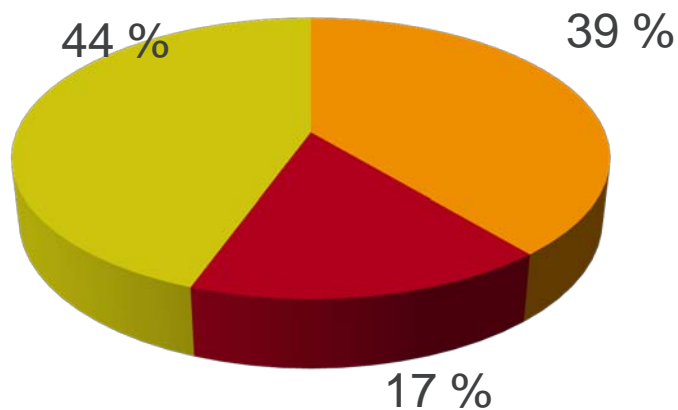
# Operating profit by division

EUR million	Q1-Q2 2009	In relation to division sales, %	Q1-Q2 2008	In relation to division sales, %	Q2 2009	In relation to division sales, %	Q2 2008	In relation to division sales, %
Minerals Processing	14.0	8.0	7.3	4.8	7.9	8.6	3.2	3.4
Base Metals	3.9	5.3	18.2	13.8	- 0.4	- 1.3	11.9	16.5
Metals Processing	18.2	9.1	24.1	11.3	9.3	9.0	11.8	10.8
Other businesses	-0.5	- 1.2	1.6	6.1	- 0.1	- 0.6	1.2	7.1
Unallocated and intra-group items	-5.5		- 7.3		- 2.7		-5.1	
<b>TOTAL</b>	<b>30.2</b>	<b>6.4</b>	<b>43.8</b>	<b>8.7</b>	<b>13.9</b>	<b>5.9</b>	<b>22.9</b>	<b>8.3</b>



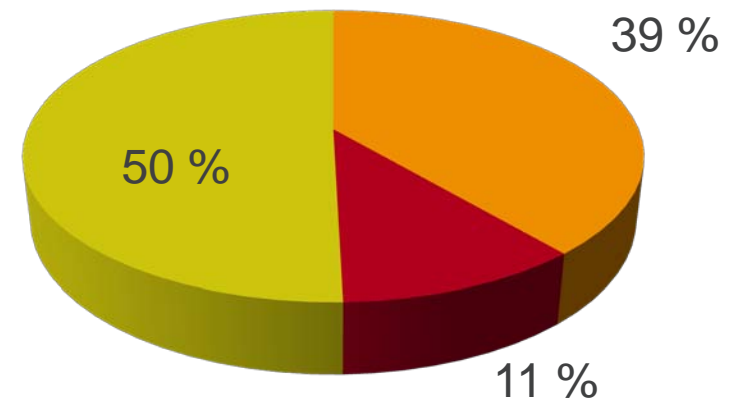
# Sales and operating profit by division

## Sales Q1-Q2/2009



- Minerals Processing
- Base Metals
- Metals Processing

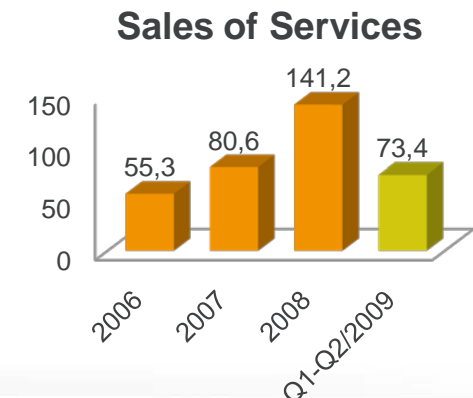
## Operating profit Q1-Q2/2009



- Excluding Other businesses, which had a negative operating profit
- Excluding unallocated items and intragroup sales

# Services business

- The Services business is included in the sales figures of Outotec's business divisions and Other businesses, and it is reported as a total on the Group level.
- The target is to grow the service business to the annual level of EUR 250-300 million by the end of 2010.
- Sales of the Services business in Q1-Q2 were EUR 73.4 million (Q1-Q2/2008: EUR 51.6 million), representing some 16% of Outotec's sales.
- Part of the growth came from Outotec Auburn acquired in late 2008.



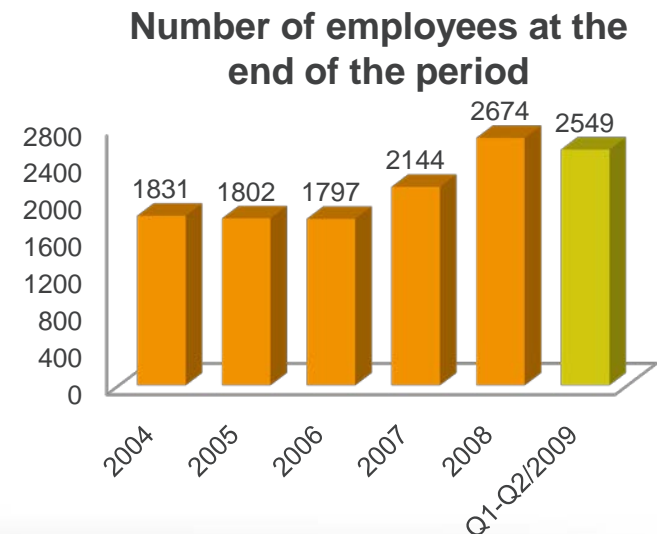
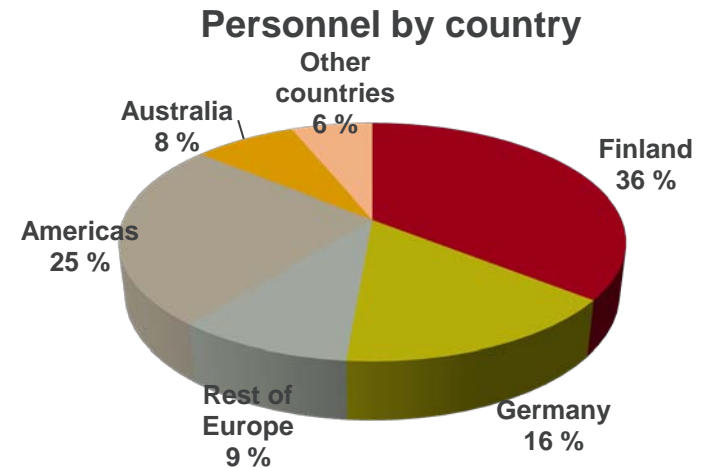
# Capital structure

EUR million	Q1-Q2 2009	Q1-Q2 2008	Q2 2009	Q2 2008	2008
Net cash from operating activities	12.6	124.2	23.4	83.6	106.6
Net interest-bearing debt <sup>*)</sup>	- 278.3	- 358.5	- 278.3	- 358.5	- 314.6
Equity <sup>*)</sup>	219.0	198.7	219.0	198.7	226.4
Equity-to assets ratio, % <sup>*)</sup>	40.2	40.0	40.2	40.0	35.0
Gearing, % <sup>*)</sup>	-127.1	-180.4	-127.1	-180.4	-139.0
Working capital <sup>*)</sup>	-150.7	-240.3	-150.7	-240.3	-171.2
ROI, %	30.9	50.1	30.8	60.0	61.6
ROE, %	19.6	33.8	17.9	39.6	42.6

<sup>\*)</sup> At the end of the period

# Personnel

- An average of 2,569 employees (Q1-Q2/2008: 2,365)
- 9% increase was due to business growth, acquisition of Auburn and active recruitment in 2008.
- A reduction of 125 employees since the year-end 2008
- Temporary personnel accounted for 8% of the total number of employees.
- Additionally some 350 FTE contracted people for engineering, construction and project management – a reduction of 210 since the year-end 2008



# Actions to adjust cost structure

- Number of contract workers has been reduced by 170 since end of March 2009 and by 210 since year-end.
  - Insourcing of standard engineering work
- Number of own personnel has been reduced by 125 since year-end.
  - Internal transfers
- Other measures taken
  - Voluntary replacement of the holiday compensation with off-time in Finland
- Cost-saving measures will be increased according to market conditions.

# Actions to secure topline

- Development of operations
  - New local management and employees hired for Outotec India
  - New managers hired in China and the CIS countries
- Internal transfers of personnel from projects and R&D to sales, proposal work and services
- Selling existing technologies to new customer industries
- Development of offerings for industrial water treatment and the energy sector
- Further development of the Services business



# Energy business

- Outotec's offerings for the energy sector cover oil shale and oil sand processing, coal charring, gasification and combustion technologies, heat recovery systems as well as process for producing bio-energy from forestry and sawmill residues.
- Accomplishments so far
  - Flotation cell deliveries for oil sand processing in Canada
  - Joint venture with Eesti Energia for selling new oil shale technology (Outotec's ownership 40%)
  - Contract (EUR 110 million) for the first oil shale processing plant to be built in Narva, Estonia
  - Joint venture GreenExergy AB with Skellefteå Kraft AB for the development, marketing and delivery of technologies for bio-energy production (Outotec's ownership 45%)

# Water business

- Outotec's offerings for the industrial water treatment include solutions for concentrators, hydrometallurgical plants, non-ferrous and ferrous smelters and refineries, sulfuric acid plants, alumina plants, closed mines and old tailings ponds.
- Business plan and marketing being developed

# New CEO as of January 1, 2010

- Mr. Pertti Korhonen, M. Sc. Eng., will join Outotec on September 1, 2009, begin as Chief Operating Officer on October 1, 2009 and then assume the duties of CEO on January 1, 2010.
- Current CEO Tapani Järvinen will retire at the end of 2009.
- Previous positions:
  - CEO of Elektrobit Corporation Plc in Finland, 2006 – 2009
  - Chief Technology Officer of Nokia, Executive Vice President, Nokia Technology Platforms, 2004 – 2006
  - Member of the Nokia Group Executive Board, 2002 – 2006
  - Various management positions in Nokia, 1990 – 2003



# Events after the reporting period

- In July, Outotec agreed with Eesti Energia for the design, delivery and construction of a new oil shale processing plant to be built in Narva, Estonia. The contract is valued at approximately EUR 110 million.
- Outotec and Eesti Energia entered into a joint venture for the commercialization of new sustainable oil shale processing technology. Eesti Energia has a 60% stake in the new company with Outotec owning the remaining 40%. The goal is to become a significant supplier of oil shale technology solutions, benefiting from Eesti Energia's experience in oil shale mining and processing and Outotec's expertise in fluidized bed technologies, engineering and project implementation.

# Outlook for 2009 reiterated

## Markets

The investments in the mining and metals industry will fall from the previous year because of the uncertainty in the worldwide economic conditions. There are feasibility studies in progress, which may turn into new orders, but the decision-making process takes time. Many customers are evaluating project scopes and prices, but they still face difficulties in arranging financing packages.

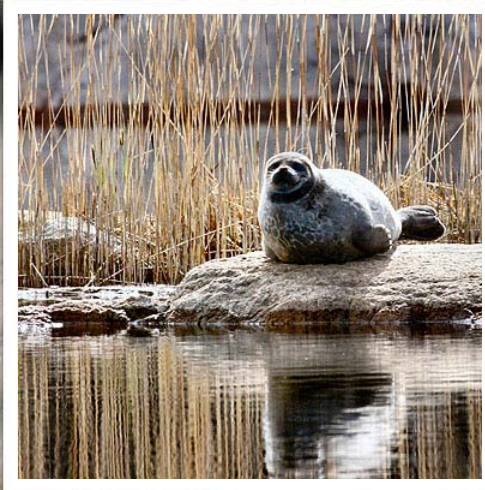
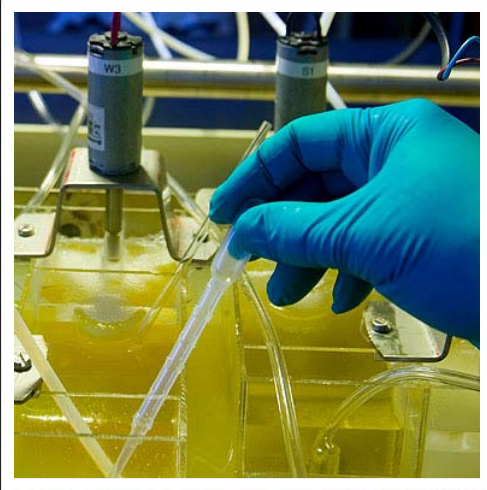
## Outotec

The prevailing uncertainty continues to obscure the outlook for the mining and metals industry. On the basis of the first half year result, existing order backlog, and new order prospects, the management expects that in 2009:

- Sales will contract by approximately one quarter from 2008 figure,
- Gross margin will continue on a healthy level, and
- Operating profit margin will be lower than in 2008 because of lower sales volume.

Operating profit is dependent on exchange rates, product mix, timing of new orders, and project completions. Operating profit tends to accrue more toward the year-end.





Q & A

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