

INTERIM REPORT



2011

January-March

Outotec develops and provides technology solutions for the sustainable use of Earth's natural resources. As the global leader in minerals and metals processing technology, Outotec has developed over decades several breakthrough technologies. The company also offers innovative solutions for the chemical industry, industrial water treatment and the utilization of alternative energy sources. Outotec shares are listed on the NASDAQ OMX Helsinki. www.outotec.com

Outotec

April 29, 2011

INTERIM REPORT JANUARY-MARCH 2011

Strong sales growth and strong profitability improvement
January-March 2011 in brief (Q1/2010):

- Sales: EUR 247.5 million (EUR 187.0 million), +32%
- Operating profit from business operations (excluding one-time items and purchase price allocation (PPA) amortizations): EUR 20.2 million (EUR 3.3 million), +506%
- Order backlog: EUR 1,444.4 million (EUR 1,155.7 million), +25%
- Order intake: EUR 343.7 million (EUR 419.4 million), -18%
- Net cash flow from operating activities: EUR 59.8 million (EUR 7.5 million)

Financial guidance for 2011 reiterated.

President and CEO Pertti Korhonen:

"The market continued to strengthen during the first quarter of 2011 across all Outotec's business areas. The activity was especially strong in gold, base metals and iron industries. Our personnel were highly engaged in making new proposals and offers to customers, and in delivering solutions and services. I am very pleased with the strong order intake in Q1, which included the turnkey delivery of a new copper flash smelter and related services to RTB Bor in Serbia, as well as the delivery of an effluent treatment plant for Codelco's new Mina Ministro Hales project in Chile, marking an important milestone in taking our industrial water treatment strategy forward. Both our sales and profitability developed very strongly due to strong demand and order book across solutions, process equipment and services. We can conclude that the new operational model, which is aimed at supporting growth and scalability, is beginning to pay off. We acquired the phosphorus recycling technology business of ASH DEC Umwelt AG in Austria in order to strengthen our portfolio of environmental technologies and to emphasize the growing importance of recycling technologies in our mission of sustainable use of Earth's natural resources. All in all, we are on the right track in terms of planned growth and the market outlook is good."

Summary of key figures	Q1 2011	Q1 2010	Last 12 months	Q1-Q4 2010
Sales, EUR million	247.5	187.0	1,030.1	969.6
Gross margin, %	26.6	24.4	26.6	26.2
Operating profit from business operations, EUR million	20.2	3.3	91.6	74.7
Operating profit margin from business operations, %	8.2	1.8	8.9	7.7
Operating profit, EUR million	19.0	-10.1	70.7	41.6
Operating profit margin, %	7.7	-5.4	6.9	4.3
Profit before taxes, EUR million	18.1	-10.3	65.4	37.1
Net cash from operating activities, EUR million	59.8	7.5	139.8	87.5
Net interest-bearing debt at the end of period, EUR million	-248.7	-179.5	-248.7	-200.9
Gearing at the end of period, %	-75.9	-57.9	-75.9	-56.2
Working capital at the end of period, EUR million	-153.0	-79.0	-153.0	-113.5
Return on investment, %	20.4	-11.1	17.6	9.2
Return on equity, %	14.7	-8.9	14.6	7.6
Order backlog at the end of period, EUR million	1,444.4	1,155.7	1,444.4	1,393.1
Order intake, EUR million	343.7	419.4	1,319.0	1,394.7
Personnel, average for the period	3,221	3,163	3,165	3,151
Earnings per share, EUR	0.28	-0.16	1.03	0.59

INTERIM REPORT JANUARY-MARCH 2011

OPERATING ENVIRONMENT

The overall market conditions continued to be strong in the first quarter of 2011. The mining and metals industry was supported by a positive long term outlook for metals demand especially in the emerging economies. In general, the production capacity utilization rates of the Outotec's customers remained on good level supporting the investment activity and demand for services. Companies continued to activate their investment projects, leading to continued strong marketing and sales activity in the first quarter. Markets in South America, Australia and India were strong, especially with regard to copper, gold and iron projects. Additionally, the activity in aluminum as well as zinc and nickel projects started to strengthen again. In some technology areas, the expert resources have been tight due to the strong activity, but delivery times and subcontractor network capacity remained on normal levels.

The mining and metals industry benefitted from strong metals prices. The financing market continued to recover despite the turbulence in global markets. However, the more complex structures in financing packages slowed the overall decision making process particularly in terms of projects involving construction of significant new capacity.

Interest in sustainable solutions is continuously increasing and the requirements on the technology are becoming more restrictive. This trend is positive for Outotec, as the company delivers advanced technology solutions enabling the customers to minimize their processes' life time costs and environmental impacts and to maximize the recovery of valuable materials.

ORDER INTAKE

Order intake in the first quarter of 2011 amounted to EUR 343.7 million (Q1/2010: EUR 419.4 million) including plant deliveries, technology and equipment deliveries as well as services. In the reporting period, orders from EMEA (Europe, Middle East and Africa, including CIS) represented roughly one half of the total order intake. The second half was split evenly between the Americas and Asia Pacific. The 18% year-on-year reduction in the order intake is due to exceptionally strong order intake of the comparison period due to timing of two particularly large orders in the first quarter of 2010. However, the value of unannounced small-to-mid-size orders grew both from the comparison period (Q1/2010) and sequentially (Q4/2010).

Major new orders in the first quarter:

- copper flash smelting furnace and related services together with SNC-Lavalin for RTB Bor, Serbia (EUR 60 million);
- new oil shale preparation plant for Eesti Energia, Estonia (EUR 20 million);
- effluent treatment plant for Codelco, Chile (EUR 18 million); and
- key process technologies and services for a copper/gold concentrator for Sandfire Resources, Australia (EUR 15 million).

ORDER BACKLOG

The order backlog at the end of the reporting period totaled EUR 1,444.4 million, which is 25% higher than at the end of the comparison period (Q1/2010: EUR 1,155.7 million).

At the end of the reporting period, Outotec's order backlog included 29 projects with an order backlog value in excess of EUR 10 million, accounting for 67% of the total backlog. Management estimates that roughly 60% (approximately EUR 840 million) of the current backlog value will be delivered in 2011 and the rest in 2012 and beyond. The order backlog at the end of the reporting period included roughly EUR 40 million (March 31, 2010: EUR 70 million) in suspended projects.

SALES AND FINANCIAL RESULT

Sales in the reporting period totaled EUR 247.5 million (Q1/2010: EUR 187.0 million), a 32% increase from the comparison period. Currencies did not have material effect on sales growth. The growth resulted from strong service and equipment sales and good progress in project deliveries especially in the Non-ferrous Solutions business area. In addition, the Ferrous Solutions business area returned to growth track.

Sales in the Services business, which is included in the sales figures of the three reporting segments totaled EUR 71.1 million in the reporting period (Q1/2010: EUR 50.5 million), up 41% from the comparison period and accounting for 29% of Outotec's sales (Q1/2010: 27%).

Operating profit from business operations for the reporting period was EUR 20.2 million (Q1/2010: EUR 3.3 million), representing 8.2% of sales (Q1/2010: 1.8%). The increase resulted from a higher sales volume and better gross margin of 26.6% (Q1/2010: 24.4%). PPA amortizations for the reporting period were EUR 1.2 million.

Operating profit for the reporting period was EUR 19.0 million (Q1/2010: EUR -10.1 million). The unrealized and realized exchange gains related to currency forward contracts increased profitability by EUR 3.8 million (Q1/2010: unrealized and realized gain of EUR 0.3 million).

Fixed costs for the reporting period were EUR 50.8 million (Q1/2010: EUR 45.6 million). The increase was primarily due to investments in building Outotec's global operational platforms, personnel increases supporting the growth, fixed costs of the acquired companies, business development projects and costs of the share-based incentive program. Profit before taxes for the reporting period was EUR 18.1 million (Q1/2010: EUR -10.3 million). It included net finance expense of EUR 0.9 million (Q1/2010: net finance expense EUR 0.2 million). The net finance expense increased primarily due to low interest rates and fees related to the new financing credit facilities. Net profit for the reporting period was EUR 12.6 million (Q1/2010: EUR -7.3 million). Taxes totaled EUR 5.5 million (Q1/2010: EUR 3.0 million positive). Earnings per share were EUR 0.28 (Q1/2010: EUR -0.16).

Outotec's return on equity for the reporting period was 14.7% (Q1/2010: -8.9%), and return on investment was 20.4% (Q1/2010: -11.1%).

Sales and Operating Profit by Segment	Q1	Q1	Q1-Q4
EUR million	2011	2010	2010
Sales			
Non-ferrous Solutions	162.0	113.5	623.3
Ferrous Solutions	43.6	20.0	131.5
Energy, Light Metals and Environmental Solutions	46.1	54.6	222.8
Unallocated items*) and intra-group sales	-4.1	-1.0	-8.0
Total	247.5	187.0	969.6
Operating profit			
Non-ferrous Solutions	18.1	-15.4	26.1
Ferrous Solutions	3.2	-2.5	11.3
Energy, Light Metals and Environmental Solutions	3.3	10.0	26.8
Unallocated**) and intra-group items	-5.7	-2.2	-22.6
Total	19.0	-10.1	41.6

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

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Non-ferrous Solutions

Sales in the Non-ferrous Solutions business area in the first quarter of 2011 increased 43% over the comparison period and totaled EUR 162.0 million (Q1/2010: EUR 113.5 million). The increase in sales was due to growth of service business sales, strong opening backlog, good progress in deliveries and a favorable product mix during the quarter. Operating profit from business operations was EUR 19.1 million (Q1/2010: EUR -3.2 million) and operating profit was EUR 18.1 million (Q1/2010: EUR -15.4 million). The unrealized and realized exchange gains related to currency forward contracts increased profitability by EUR 3.9 million (Q1/2010: unrealized and realized loss of EUR 0.6 million). The operating profit increase was due to the higher sales, better gross margins and good project execution.

Ferrous Solutions

Sales in the Ferrous Solutions business area in the reporting period totaled EUR 43.6 million (Q1/2010: EUR 20.0 million). The 118% increase in sales compared to the first quarter in 2010 was due to execution of large orders received during 2010. The operating profit from business operations was EUR 3.2 million (Q1/2010: EUR -2.2 million) and operating profit was EUR 3.2 million (Q1/2010: EUR -2.5 million). The operating profit improvement came from higher sales.

Energy, Light Metals and Environmental Solutions

Sales in the Energy, Light Metals and Environmental Solutions business area in the first quarter of 2011 totaled EUR 46.1 million (Q1/2010: EUR 54.6 million). The decline in sales was mainly due to the timing of revenue recognition of long term projects. Operating profit from business operations was EUR 3.5 million (Q1/2010: EUR 10.3 million) and operating profit was EUR 3.3 million (Q1/2010: EUR 10.0 million). The comparison period's operating profit was improved by the release of project provisions related to successful project completions. The unrealized and realized exchange gains related to currency forward contracts increased profitability by EUR 0.1 million (Q1/2010: unrealized and realized gain of EUR 0.6 million).

BALANCE SHEET, FINANCING AND CASH FLOW

The consolidated balance sheet total was EUR 1,140.2 million at the end of the reporting period (March 31, 2010: EUR 911.8 million). The equity to shareholders of the parent company was EUR 326.6 million (March 31, 2010: EUR 310.1 million), representing EUR 7.20 (Q1/2010: EUR 6.82) per share.

The net cash flow from operating activities in the reporting period was EUR 59.8 million (Q1/2010: EUR 7.5 million). The net cash flow from operating activities increased because of advance payments. Gearing improved further from comparison period and was -75.9% (March 31, 2010: -57.9%).

Outotec's working capital amounted to EUR -153.0 million at the end of the reporting period (March 31, 2010: EUR -79.0 million). During the reporting period, working capital developed positively due to advance payments related to projects under execution and new orders received.

At the end of the first quarter of 2011, Outotec's cash and cash equivalents totaled EUR 318.2 million (March 31, 2010: EUR 232.1 million). The company invests its excess cash in short term money market instruments such as bank deposits and corporate commercial papers.

Outotec's financing structure remained strong and liquidity was good. Net interest-bearing debt at the end of the reporting period was EUR -248.7 million (March 31, 2010: EUR -179.5 million). The advance payments received at the end of the reporting period totaled EUR 244.1 million (March 31, 2010: EUR 150.7 million), representing an increase of 62% from the comparison period. Outotec's equity-to-assets ratio was 36.6% (March 31, 2010: 40.7%). The company's capital expenditure in the first quarter of 2011 was EUR 3.5 million (Q1/2010: EUR 53.7 million). Capital expenditure included investments mainly in information technology, machinery and intellectual property rights.

At the end of the reporting period, guarantees for commercial commitments, including advance payment guarantees issued by the parent and other Group companies were EUR 318.5 million (March 31, 2010: EUR 295.3 million).

RESEARCH AND TECHNOLOGY DEVELOPMENT

In the reporting period, Outotec's research and technology development expenses totaled EUR 7.5 million (Q1/2010: EUR 7.1 million), representing 3.0% of sales (Q1/2010: 3.8%). Outotec filed 6 new priority applications (Q1/2010: 17), and 68 new national patents were granted (Q1/2010: 31).

In February, Outotec acquired the technologies, trademarks and patents of ASH DEC Umwelt AG. This Austrian based company has developed a process to extract recycled phosphorus fertilizer from ash which is also a by-product of incinerated biomass/sludge. The ASH DEC process complements Outotec's existing biomass incineration solutions based on fluidized bed technology. The acquisition price was not disclosed.

PERSONNEL

At the end of the reporting period, Outotec had a total of 3,274 employees (March 31, 2010: 3,167). Outotec had on average 3,221 employees (Q1/2010: 3,163). The average number of personnel increased by 58 from the comparison period supporting the overall business growth. Temporary personnel accounted for about 7.5% of the total number of employees.

Distribution of Personnel by Region	March 31, 2011	March 31, 2010	Change %	Dec 31, 2010
EMEA (including CIS)	1,998	1,998	0.0 %	1,945
Americas	802	742	8.1 %	759
Asia Pacific	474	427	11.0 %	426
Total	3,274	3,167	3.4 %	3,130

At the end of the reporting period, the company had, in addition to its own personnel, approximately 349 (March 2010: 230) full-time equivalent, contracted professionals working in project execution. The number of contracted workers at any given time changes with the active project mix and project commissioning, local legislation and regulations as well as seasonal fluctuations.

In the reporting period, salaries and other employee benefits totaled EUR 62.6 million (Q1/2010: EUR 50.6 million). The increase from the comparison period was due to wage inflation, bonuses and incentive programs, acquisitions, and personnel increases.

SHARE-BASED INCENTIVE PROGRAMS AND EXECUTIVE BOARD SHARE OWNERSHIP PLAN

Share-based Incentive Program 2010-2012

Outotec's Board of Directors decided on April 23, 2010 to adopt a share-based Incentive Program for the company's key personnel. The Program comprises three earning periods: calendar years 2010, 2011 and 2012. The Board of Directors determines the amount of the maximum reward for each individual, the earning criteria and the targets established for them separately on an annual basis. The maximum value of the rewards for the entire program equals approximately 1,000,000 shares, including a cash payment which equals income taxes.

Earning period 2010

The reward paid to 68 individuals was determined by reaching of the targets set by the Board of Directors for cost savings, order intake and earnings per share. The reward is paid in shares and as a cash payment, with the shares (138,554 no of shares) allocated to the key personnel in the spring of 2011. The reward to the President and CEO Pertti Korhonen is paid in Outotec shares (9,824 no of shares) and amount of cash which equals income taxes. The person must hold the earned shares for at least two years after the end of the earning period.

The former President and CEO Tapani Järvinen participated, according to his CEO agreement, also in the Incentive Program 2010-2012 earning period 2010. The reward is paid in Outotec shares (9,824 no of shares) and amount of cash which equals income taxes.

Earning period 2011

The Board of Directors approved (March 1, 2011) 94 individuals for the Program's 2011 earning period and set targets for order intake, earning per share and sales growth. The maximum total reward (including a cash payment which equals income taxes) for the 2011 earning period equals 435,625 Outotec shares.

Executive Board share ownership plan

In 2010 Outotec's board of directors determined a new share ownership plan directed to the members of the Outotec executive board. As part of the plan, the members of the executive board established Outotec Management Oy company, whose entire share capital is owned by them. The purpose of the plan is to commit executive board members to Outotec by encouraging them to acquire and hold Outotec shares and thus increase the company's shareholder value in the long run. They invest a considerable amount of their own funds in company shares and partly through a loan provided by Outotec. The company's board of directors granted to Outotec Management Oy an interest-bearing loan at the maximum amount of EUR 4,980,000 to finance the acquisition of the Outotec shares. The members of the executive board members hold approximately 0.34% of Outotec shares through the company.

Outotec has consolidated Outotec Management Oy into the Group's balance sheet. At the end of the reporting period, Outotec Management Oy held 191,211 (April 29, 2011: 191,211) Outotec shares which have been accounted as treasury shares in Outotec's balance sheet.

RESOLUTIONS OF THE 2011 ANNUAL GENERAL MEETING

Outotec Oyj's Annual General Meeting was held on March 22, 2011, in Espoo, Finland. The meeting was opened by the chairman of the Board of Directors, Mr. Carl-Gustaf Bergström, and chaired by Mr. Tomas Lindholm, attorney-at-law.

Financial Statements

The Annual General Meeting approved the parent company and the consolidated Financial Statements, and discharged the members of the Board of Directors and the president and CEO from liability for the financial year 2010.

Dividend

The Annual General Meeting decided that a dividend of EUR 0.75 per share be paid for the financial year ended on December 31, 2010. The dividend record date was March 25, 2011, and the dividend was paid on April 8, 2011.

The Board of Directors and auditors

The Annual General Meeting determined the number of Board members, including chairman and vice chairman, to be seven (7). The following members were elected: Mr. Carl-Gustaf Bergström, Mr. Karri Kaitue, Ms. Eija Ailasmaa, Mr. Tapani Järvinen, Mr. Hannu Linnoinen, and Mr. Anssi Soila were re-elected as members to the Board of Directors and Mr. Timo Ritakallio was elected as a new Board member for the term expiring at the end of the next Annual General Meeting. The Annual General Meeting elected Mr. Carl-Gustaf Bergström as the Chairman of the Board of Directors.

The Annual General Meeting confirmed the Board members' remunerations as follows: chairman EUR 5,000 per month and other Board members EUR 3,000 per month each, vice chairman and chairman of the audit committee in addition EUR 1,000 per month each, and each Board member EUR 500 for attendance at each Board and committee meeting as well as reimbursement for direct costs stemming from Board work.

KPMG Oy Ab, Authorized Public Accountants, was re-elected as the company's auditor, with Mauri Palvi as auditor in charge. The fees for the auditor are paid according to a reasonable invoice.

Board's authorizations

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

- The company may repurchase the maximum number of 4,578,037 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 NASDAQ OMX Helsinki at the price established in the trading at the time of acquisition.

The authorization is valid until the next Annual General Meeting. This authorization has not been executed as of April 29, 2011.

The Annual General Meeting authorized the Board of Directors to resolve share issues and other special rights entitling to 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 4,578,037 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 authorizations are effective until the next Annual General Meeting. These authorizations have not been executed as of April 29, 2011.

The Annual General Meeting amended Section 9 of the Articles of Association so that the notice to convene the General Meeting shall be published with a notice in one or more daily newspapers with a wide circulation or at the company's website.

Board's assembly meeting

In its assembly meeting, the Board of Directors elected Mr. Karri Kaitue as the vice chairman of the Board of Directors. In addition, the Board elected Ms. Eija Ailasmaa, Mr. Hannu Linnoinen, Mr. Timo Ritakallio and Mr. Anssi Soila as members of the audit committee. Mr. Linnoinen acts as the chairman of the audit committee. Mr. Carl-Gustaf Bergström, Mr. Tapani Järvinen and Mr. Karri Kaitue will continue as members of the human capital committee with Mr. Carl-Gustaf Bergström as the chairman of the committee.

SHARES AND SHARE CAPITAL

Outotec's shares are listed on the NASDAQ OMX Helsinki (OTE1V). At the end of the reporting period, Outotec's share capital was EUR 17,186,442.52 consisting of 45,780,373 shares. Each share entitles its holder to one vote at the company's general shareholder meetings.

TRADING, MARKET CAPITALIZATION AND SHAREHOLDERS

In the reporting period, the volume-weighted average price for a share in the company was EUR 41.43; the highest quotation for a share was EUR 46.78 and the lowest EUR 37.61. The trading of Outotec shares in the reporting period exceeded 23 million shares, with a total value of over EUR 984 million. At the end of the reporting period, Outotec's market capitalization was EUR 1,943 million and the last quotation for the share was EUR 42.44. At the end of the reporting period, the company did not hold any treasury shares for trading purposes.

Outotec has an agreement with a third-party service provider concerning administration and hedging of the share-based incentive program for key personnel. These shares are accounted as treasury shares in Outotec's consolidated balance sheet. At the end of the reporting period, the amount of these treasury shares was 332,534. There have been no purchases of Outotec shares based on this agreement during the reporting period.

Outotec has consolidated Outotec Management Oy (incentive plan for Outotec executive board members) into the Group's balance sheet. At the end of the reporting period, Outotec Management Oy held 191,211 (April 29, 2011: 191,211) Outotec shares which have been accounted as treasury shares in Outotec's balance sheet.

At the end of the reporting period, Outotec had 14,621 shareholders. Shares held in 15 nominee registers accounted for 54.9% and Finnish households held roughly 12.8% of all Outotec shares.

EVENTS AFTER THE REPORTING PERIOD

On April 1, Outotec acquired the Vertical Pressure Filter (VPF) technology and its intellectual property rights from Australian Process Technology Pty Ltd, a filters supplier for the alumina refining industry. The acquisition will not include personnel transfer. The purchase price was not disclosed.

SHORT-TERM RISKS AND UNCERTAINTIES

Risks related to the global operating environment

Outotec's global business operations are subject to various political, economic and social conditions. Operations in global markets may present risks related to economic and political instability. Conditions may rapidly change and create delays and changes in order placement and execution.

Risks related to Outotec's business

As part of the overall project delivery Outotec gives performance guarantees and is liable for the warranty period defects. In the project risk assessment during the reporting period, all unfinished projects were evaluated and provisions for performance guarantees and warranty period guarantees were updated. There were no material changes in the Group's project risk provisions.

The global economic uncertainty may reduce the demand for Outotec's products and services. Volatility in sales may affect the operating profit margin as the adjustments in fixed costs may become effective with a delay. Outotec's gross margin is also impacted by project mix. Particularly orders which include license fees may have a major impact on the gross margin. Also changes in labor costs especially when operating in high inflationary countries, changes in prices of raw materials and purchased services as well as the availability of components can affect Outotec's profitability.

As a result of the international project business, different interpretations of international and local tax rules and regulations may cause additional direct or indirect taxes for Outotec, which would reduce the company's net result.

Acquisitions are an integral part of Outotec's growth strategy. There is a risk that the estimated synergy benefits will not materialize as planned.

Outotec is involved in a few arbitral and court proceedings. Management expects that these cases and their outcomes will have no material effect on Outotec's financial result.

Financial risks

There is a risk that customers and suppliers may experience financial difficulties and a lack of financing may result in project and payment delays as well as bankruptcies, which can also result in losses for Outotec. These risks are reduced by advance and milestone payments and letters of credit. In the reporting period, there were no material credit losses related to payments by Outotec's counter-parties and at the end of the reporting period all receivables were reviewed and credit loss provisions were updated.

Outotec's business model is based primarily on customer advance payments and on-demand guarantees issued by Outotec's relationship banks. Changes in advance payments received due to e.g. change in business volume have an impact on the liquidity of Outotec. Exposure to on-demand guarantees has remained high. Cash held by Outotec is primarily invested in short-term bank deposits and in Finnish corporate short-term certificates of deposit. The lower interest rate levels reduce the interest income generated from these investments.

More than half of Outotec's total cash flow is denominated in euros. The rest is divided among various currencies, including the US dollar, Australian dollar, Brazilian real, Canadian dollar, and South African rand. The weight of any given currency in new projects can fluctuate substantially, but most cash-flow-related risks are hedged in the short and long term. In the short-term, currency fluctuations may create volatility in the operating profit. The forecasted and probable cash flows are selectively hedged and are always on the basis of separate decisions and risk analysis. Natural hedging is used as widely as possible and the remaining open foreign exchange exposures related to committed cash flows are fully hedged using forward agreements. The cost of hedging is taken into account in project pricing.

MARKET OUTLOOK

The market activity is expected to continue strong. Several mining and metals companies have announced increased investments in 2011 compared to 2010, as they are reactivating many projects that were put on hold. Although project financing is again available, decision lead times, especially in large investments, are long. Despite of the capacity increases implemented over the last few years, metals production is not sufficient to satisfy the continuously growing demand. Companies in the mining and metals industries will need to increase their production and make it more efficient. Tightening efficiency and environmental requirements and the decreasing metal content of ore bodies continue to attract investments in plant modernization, optimization and increased automation. Rising energy prices are driving the industry to improve processes in order to achieve lower unit costs. Labor costs are increasing in the key markets and the changes in prices of raw materials, components and purchased services are causing pricing pressures.

Non-ferrous Solutions

The activity in the non-ferrous technology market is expected to strengthen further. Primarily gold and copper projects are being developed, but also zinc and nickel projects are coming to the market. Investments in new mines and concentrators are progressing faster than investments in the downstream metals refining technologies. Competition continues to be tight in new projects. However, long term fundamentals are strong as ore grades decline; thus, more processing capacity and advanced technology solutions will be needed, in both concentrators and metals refining. At the same time, environmental regulations tighten and the cost of energy and water is climbing; increasing the need for new and modern technological solutions.

Ferrous Solutions

The demand for raw materials used in steel making, iron ore and coking coal is expected to continue high. The demand for stainless steel raw materials shows strong growth and the activity in ferroalloy projects is continuously strengthening. Brazil, India and South Africa continue to rapidly develop their infrastructure and to utilize their large natural resource base. There are several iron ore processing plant expansions and new investments under development particularly in Brazil and India, catering mainly for the Chinese market where concentrates and pellets are in continuous demand. In addition, the depletion of lump ore deposits is driving sinter and pellet plant investments in India. Outotec's sustainable solutions - both in iron ore as well as ferroalloys sintering and pelletizing technologies – continue to be in strong demand because of their energy efficiency, capacity and environmental aspects. In the future, unconventional techniques, such as the direct reduction of iron ore, offer

more and more opportunities to use lower grade raw material resources as well as optimized energy production and the reduction of CO₂ emissions.

Energy, Light Metals and Environmental Solutions

Rising oil prices and the depletion of oil reserves increase the demand for alternative energy sources, such as oil shale, oil sands, and biomass. The world's recoverable oil shale and oil sand resources are at least ten times greater than those of conventional oil reserves, with large deposits found in the US, Canada, Brazil, China, Jordan, Russia and Estonia. Outotec and Eesti Energia have jointly developed a new technology solution, Enefit, utilizing Outotec's circulating fluidized bed technology. This technology will be used in Eesti Energia's oil shale plant currently under construction in Narva, Estonia. The Enefit technology can be applied globally for processing oil shales as well as oil sands in the future.

The demand for aluminum is growing. Consequently, aluminum and thus bauxite and alumina projects are being revitalized. The Middle East is leveraging its advantageous energy position by building new smelters and refining capacity.

The business area's environmental solutions include sulfuric acid plants as well as applications for gas cleaning and heat recovery systems. The outlook for the sulfuric acid market remains positive as sulfuric acid is needed in hydrometallurgical processes and is produced as a by-product in the pyrometallurgical processes including the minimization of environmental impacts of the process. The sulfuric acid market is also driven by continuous need from the fertilizer industry. In addition to sulfuric acid plants, any metallurgical processes require off-gas cleaning and effluent and water treatment technologies to limit environmental impacts.

New opportunities in environmental technologies, such as materials recycling and waste management as well as industrial waste water treatment are continuously increasing. The technologies acquired in the first quarter further strengthen the business area's portfolio.

Services business

Outotec's Services business is driven by a life cycle service concept involving increase of capacity utilization levels, modernizations, upgrades and new capital investment projects. Customer needs for spare parts, services and modernizations are increasing due to re-commissioning of production lines and higher utilization rates. Customers have various needs for services ranging from single spare parts to completely outsourced service agreements. This industry trend creates growth opportunities on many levels and supports the company's goal to be a life cycle partner for its customers. The businesses acquired in 2010 further bolster Outotec's service offering and strengthen capabilities globally.

FINANCIAL GUIDANCE FOR 2011

Outotec reiterates the previous guidance for the year 2011. Based on a strong opening order backlog and active market, in 2011:

- order intake is expected to continue to grow,
- sales are expected to grow to approximately EUR 1.25-1.35 billion, and
- operating profit is expected to improve from 2010 and operating profit margin from business operations is expected to be approximately 8-9%.

Operating profit is dependent on exchange rates, product mix, timing of new orders and project completions.

Espoo, April 29, 2011

Outotec Oyj
Board of Directors

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INTERIM FINANCIAL STATEMENTS (unaudited)

Consolidated Statement of Comprehensive Income EUR million	Q1 2011	Q1 2010	Q1-Q4 2010
Sales	247.5	187.0	969.6
Cost of sales	-181.8	-141.5	-715.7
Gross profit	65.8	45.5	253.9
Other income	4.2	3.0	7.1
Selling and marketing expenses	-19.8	-20.8	-85.0
Administrative expenses	-23.5	-17.7	-75.1
Research and development expenses	-7.5	-7.1	-28.5
Other expenses	-0.2	-12.9	-30.6
Share of results of associated companies	-0.0	-0.2	-0.3
Operating profit	19.0	-10.1	41.6
Finance income and expenses			
Interest income and expenses	1.1	0.5	1.5
Market price gains and losses	-0.4	0.0	-1.7
Other finance income and expenses	-1.6	-0.7	-4.4
Net finance income	-0.9	-0.2	-4.5
Profit before income taxes	18.1	-10.3	37.1
Income tax expenses	-5.5	3.0	-10.4
Profit for the period	12.6	-7.3	26.7
Other comprehensive income			
Exchange differences on translating foreign operations	-9.7	9.3	25.5
Cash flow hedges	-0.0	-0.1	0.9
Income tax relating to cash flow hedges	0.0	0.0	-0.2
Available for sale financial assets	0.2	-0.0	0.3
Income tax relating to available for sale financial assets	-	-	0.0
Other comprehensive income for the period	-9.5	9.2	26.5
Total comprehensive income for the period	3.1	2.0	53.1
Profit for the period attributable to:			
Equity holders of the parent company	12.6	-7.3	26.7
Non-controlling interest	-	-	-
Total comprehensive income for the period attributable to:			
Equity holders of the parent company	3.1	2.0	53.1
Non-controlling interest	-	-	-
Earnings per share for profit attributable to the equity holders of the parent company:			
Basic earnings per share, EUR	0.28	-0.16	0.59
Diluted earnings per share, EUR	0.28	-0.16	0.59

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

Condensed Consolidated Statement of Financial Position EUR million	March 31, 2011	March 31, 2010	December 31, 2010
ASSETS			
Non-current assets			
Intangible assets	220.4	202.4	223.8
Property, plant and equipment	51.6	52.6	52.7
Non-current financial assets			
Interest-bearing	2.7	1.5	2.5
Non interest-bearing	41.2	41.9	40.0
Total non-current assets	315.9	298.5	319.0
Current assets			
Inventories *)	126.4	105.0	101.0
Current financial assets			
Interest-bearing	0.5	0.8	0.5
Non interest-bearing	379.3	275.5	367.2
Cash and cash equivalents	318.2	232.1	280.3
Total current assets	824.3	613.4	748.9
TOTAL ASSETS	1,140.2	911.8	1,068.0
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the parent company	326.6	310.1	356.7
Non-controlling interest	1.0	-	1.0
Total equity	327.6	310.1	357.7
Non-current liabilities			
Interest-bearing	55.1	39.4	56.6
Non interest-bearing	100.4	105.8	98.1
Total non-current liabilities	155.4	145.2	154.7
Current liabilities			
Interest-bearing	17.5	15.5	25.7
Non interest-bearing			
Advances received **)	244.1	150.7	198.7
Other non interest-bearing liabilities	395.6	290.4	331.1
Total current liabilities	657.1	456.5	555.5
Total liabilities	812.6	601.7	710.2
TOTAL EQUITY AND LIABILITIES	1,140.2	911.8	1,068.0

*) Of which advances paid for inventories amounted to EUR 33.7 million at March 31, 2011 (March 31, 2010: EUR 23.8 million, December 31, 2010: EUR 17.9 million).

***) Gross advances received before percentage of completion revenue recognition amounted to EUR 1,089.1 million at March 31, 2011 (March 31, 2010: EUR 1,045.5 million, December 31, 2010: EUR 1,042.1 million).

Condensed Consolidated Statement of Cash Flows	Q1	Q1	Q1-Q4
EUR million	2011	2010	2010
Cash flows from operating activities			
Profit for the period	12.6	-7.3	26.7
Adjustments for			
Depreciation and amortization	4.7	5.3	19.0
Other adjustments	5.6	7.6	28.1
Decrease in working capital	42.4	6.2	41.0
Interest received	1.5	1.0	5.2
Interest paid	-0.1	-0.2	-0.9
Income tax paid	-6.9	-5.1	-31.6
Net cash from operating activities	59.8	7.5	87.5
Purchases of assets	-3.4	-2.5	-16.8
Acquisition of subsidiaries, net of cash	-	-20.6	-38.8
Acquisition of business operations	-	-	-2.3
Acquisition of shares in associated companies	-	-	-0.2
Proceeds from disposal of subsidiaries	-	-	0.8
Proceeds from sale of assets	0.5	3.5	5.2
Change in other investing activities	-0.0	-	-
Net cash used in investing activities	-3.0	-19.6	-52.1
Cash flow before financing activities	56.8	-12.1	35.3
Repayments of non-current debt	-1.8	-8.7	-17.3
Borrowings of non-current debt	-	-	30.0
Decrease in current debt	-8.7	-11.9	-17.7
Increase in current debt	0.5	1.6	11.4
Related party net investment to Outotec Oyj shares	-	-	-4.1
Dividends paid	-	-	-32.0
Change in other financing activities	-0.0	-0.1	0.4
Net cash used in financing activities	-10.0	-19.1	-29.4
Net change in cash and cash equivalents	46.8	-31.3	5.9
Cash and cash equivalents at the beginning of the period	280.3	258.5	258.5
Foreign exchange rate effect on cash and cash equivalents	-8.9	4.9	15.9
Net change in cash and cash equivalents	46.8	-31.3	5.9
Cash and cash equivalents at the end of the period	318.2	232.1	280.3

Consolidated Statement of Changes in Equity

Attributable to the equity holders of the parent company

EUR million	Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Reserve for invested non-restricted equity	Cumulative translation differences	Retained earnings	Non-controlling interest	Total equity
Equity at January 1, 2010	16.8	20.2	0.3	1.1	-4.6	63.4	3.5	214.3	27.4	342.4
Dividends paid	-	-	-	-	-	-	-	-32.0	-	-32.0
Share issue	0.4	-	-	-	-	24.3	-	-	-	24.7
Share-based payments:										
value of received services	-	-	-	-	-	-	-	0.2	-	0.2
Total comprehensive income for the period	-	-	-	-0.1	-	-	9.3	-7.3	-	2.0
Non-controlling interest related to Larox Group acquisition	-	-	-	-	-	-	-	-	-27.4	-27.4
Other changes	-	-	0.0	-	-	-	-	0.2	-	0.3
Equity at March 31, 2010	17.2	20.2	0.3	1.0	-4.6	87.7	12.8	175.4	-	310.1
Equity at January 1, 2011	17.2	20.2	0.4	2.1	-9.7	87.7	29.0	210.0	1.0	357.7
Dividends paid	-	-	-	-	-	-	-	-34.3	-	-34.3
Management incentive plan for Outotec Executive Board *)	-	-	-	-	-	-	-	-	0.0	0.0
Share-based payments:										
value of received services	-	-	-	-	-	-	-	0.9	-	0.9
Total comprehensive income for the period	-	-	-	0.2	-	-	-9.7	12.6	-	3.1
Other changes	-	-	0.0	-	-	-	-	0.2	-	0.2
Equity at March 31, 2011	17.2	20.2	0.4	2.2	-9.7	87.7	19.3	189.3	1.0	327.6

*) Consolidation of Outotec Management Oy (incentive plan for Outotec executive board members). At the end of the reporting period, Outotec Management Oy held 191,211 Outotec shares which have been accounted as treasury shares in Outotec's consolidated statement of financial position.

Key figures	Q1 2011	Q1 2010	Last 12 months	Q1-Q4 2010
Sales, EUR million	247.5	187.0	1,030.1	969.6
Gross margin, %	26.6	24.4	26.6	26.2
Operating profit, EUR million	19.0	-10.1	70.7	41.6
Operating profit margin, %	7.7	-5.4	6.9	4.3
Profit before taxes, EUR million	18.1	-10.3	65.4	37.1
Profit before taxes in relation to sales, %	7.3	-5.5	6.4	3.8
Net cash from operating activities, EUR million	59.8	7.5	139.8	87.5
Net interest-bearing debt at the end of period, EUR million	-248.7	-179.5	-248.7	-200.9
Gearing at the end of period, %	-75.9	-57.9	-75.9	-56.2
Equity-to-assets ratio at the end of period, %	36.6	40.7	36.6	41.2
Working capital at the end of period, EUR million	-153.0	-79.0	-153.0	-113.5
Capital expenditure, EUR million	3.5	53.7	46.6	96.7
Capital expenditure in relation to sales, %	1.4	28.7	4.5	10.0
Return on investment, %	20.4	-11.1	17.6	9.2
Return on equity, %	14.7	-8.9	14.6	7.6
Order backlog at the end of period, EUR million	1,444.4	1,155.7	1,444.4	1,393.1
Order intake, EUR million	343.7	419.4	1,319.0	1,394.7
Personnel, average for the period	3,221	3,163	3,165	3,151
Profit for the period in relation to sales, %	5.1	-3.9	4.5	2.8
Research and development expenses, EUR million	7.5	7.1	28.9	28.5
Research and development expenses in relation to sales, %	3.0	3.8	2.8	2.9
Earnings per share, EUR	0.28	-0.16	1.03	0.59
Equity per share, EUR	7.20	6.82	7.20	7.87
Dividend per share, EUR	-	-	0.75	0.75

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

These interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting policies and methods have been applied in these interim financial statements as in the recent annual financial statements and also the following revised standards have been applied which have been effective from the beginning of 2011. These interim financial statements are unaudited.

Adoption of new and revised IFRS standards and IFRIC -interpretations

Outotec has applied the following revised or new standards and interpretations since the beginning of 2011, which do not have material impact on the Group's interim financial statements or financial statements:

- IAS 24 Related Party Disclosures. The changed standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.
- IAS 32 Financial Instruments: Presentation: Classification of Rights Issues. The amendment concerns the accounting of rights issues denominated in a currency other than the issuer's operating currency. A derivative associated with the party's equity is an equity instrument if it entitles to receive a fixed number of shares in the company for a fixed amount of currency or other financial receivable. Previously, such subscription rights were classified as derivative liabilities.
- IFRIC 14 – Prepayments of a Minimum Funding Requirement (an interpretation of IAS 19). The interpretation removes unintended consequences arising from the treatment of prepayments when there is a minimum funding requirement. The amendment results in prepayments of contributions in certain circumstances being recognized as an asset rather than as an expense.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. According to the interpretation a debtor and creditor may renegotiate the terms of a financial liability with the result that the liability is fully or partially extinguished by the debtor issuing equity instruments to the creditor. This way the debt is swapped for equity. Such equity instruments are "consideration paid," in accordance with IAS 39.41 and the difference between the financial liability (or part thereof) and the fair valuation price of the granted equity instruments is recognized through profit and loss statement.
- Annual Improvements of IFRS standards

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 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. These estimates are based on management's best knowledge of current events and actions; however, it is possible that the actual results may differ from the estimates used in the financial statements.

Major Non-Recurring Items in Operating Profit	Q1	Q1	Q1-Q4
EUR million	2011	2010	2010
One-time costs related restructuring	-	-12.4	-26.5
Net effect from acquisition costs and revaluation of Ausmelt Ltd. Shares	-	2.2	2.2

Income Tax Expenses	Q1	Q1	Q1-Q4
EUR million	2011	2010	2010
Current taxes	-7.8	-4.4	-30.9
Deferred taxes	2.3	7.4	20.5
Total income tax expenses	-5.5	3.0	-10.4

Property, Plant and Equipment	March 31,	March 31,	December 31,
EUR million	2011	2010	2010
Historical cost at the beginning of the period	128.9	117.8	117.8
Translation differences	-1.6	2.4	4.5
Additions	2.1	1.3	10.7
Disposals	-0.5	-0.0	-3.6
Acquired subsidiaries	-	0.9	1.6
Reclassifications	0.0	-0.1	-2.0
Historical cost at the end of the period	128.8	122.3	128.9
Accumulated depreciation and impairment at the beginning of the period	-76.2	-65.7	-65.7
Translation differences	0.9	-1.3	-2.6
Disposals	0.3	0.0	2.2
Reclassifications	-0.0	-	1.9
Impairment during the period	-	-0.4	-2.4
Depreciation during the period	-2.2	-2.3	-9.6
Accumulated depreciation and impairment at the end of the period	-77.2	-69.6	-76.2
Carrying value at the end of the period	51.6	52.6	52.7

Commitments and Contingent Liabilities EUR million	March 31, 2011	March 31, 2010	December 31, 2010
Pledges and mortgages	0.0	2.5	0.6
Guarantees for commercial commitments	177.6	189.4	184.7
Minimum future lease payments on operating leases	71.1	60.7	70.5

The pledges and mortgages are used to secure credit facilities in Outotec (Shanghai) Co. Ltd.

The above 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 31.8 million at March 31, 2011 (March 31, 2010: EUR 41.5 million, December 31, 2010: EUR 36.5 million) and for commercial guarantees including advance payment guarantees EUR 318.5 million at March 31, 2011 (March 31, 2010: EUR 295.3 million, December 31, 2010: EUR 308.1 million).

Derivative Instruments			
Currency Forwards EUR million	March 31, 2011	March 31, 2010	December 31, 2010
Fair values, net	-0.8 *)	-5.6**)	-1.3 ***)
Nominal values	411.5	313.6	444.4

*) of which EUR 0.0 million designated as cash flow hedges.

***) of which EUR -0.2 million designated as cash flow hedges.

****) of which EUR 0.0 million designated as cash flow hedges

Related Party Transactions

Balances with Key Management

Outotec's board of directors granted to Outotec Management Oy an interest-bearing loan at the maximum amount of EUR 5.0 million to finance the acquisition of the Outotec shares. The amount of the outstanding loan was EUR 4.1 million at March 31, 2011. (December 31, 2010: EUR 4.1 million)

Transactions and Balances with Associated Companies EUR million	Q1 2011	Q1 2010	Q1-Q4 2010
Sales	-	0.0	0.1
Purchases	-0.1	-	-0.7
Trade and other receivables	0.2	0.0	0.4
Current liabilities	-	-	0.2
Loan receivables	0.2	-	0.2

Segments' Sales and Operating Profit by Quarters									
EUR million	Q1/09	Q2/09	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11
Sales									
Non-ferrous Solutions	129.9	132.2	104.6	115.9	113.5	141.3	144.6	223.9	162.0
Ferrous Solutions	27.7	34.2	34.9	49.9	20.0	32.9	35.5	43.2	43.6
Energy, Light Metals and Environmental Solutions	76.8	74.3	51.3	56.3	54.6	52.6	50.3	65.3	46.1
Unallocated items *) and intra-group sales	-2.7	-3.1	-2.2	-2.3	-1.0	-3.0	-1.8	-2.2	-4.1
Total	231.6	237.6	188.7	219.8	187.0	223.8	228.5	330.3	247.5
Operating profit									
Non-ferrous Solutions	10.5	7.3	9.4	7.9	-15.4	4.8	13.5	23.2	18.1
Ferrous Solutions	1.6	0.2	2.6	5.1	-2.5	1.4	4.2	8.2	3.2
Energy, Light Metals and Environmental Solutions	7.0	9.2	4.6	6.8	10.0	1.9	3.5	11.4	3.3
Unallocated **) and intra-group items	-2.7	-2.7	-1.5	-6.5	-2.2	-2.6	-3.1	-14.7	-5.7
Total	16.3	13.9	15.1	13.3	-10.1	5.5	18.1	28.1	19.0

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

**) Unallocated items primarily include group management and administrative services.

FINANCIAL REPORTING SCHEDULE IN 2011

Outotec will publish the following financial reports in 2011:

- Interim Report for January - June 2011, Friday, July 29; and
- Interim Report for January - September 2011, Thursday, October 27.

Definitions for 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	=	$\frac{\text{Total equity}}{\text{Total assets - advances received}} \times 100$	
Return on investment	=	$\frac{\text{Operating profit + finance income}}{\text{Total assets - non interest-bearing debt (average for the period)}} \times 100$	
Return on equity	=	$\frac{\text{Profit for the period}}{\text{Total equity (average for the period)}} \times 100$	
Research and development expenses	=	<p>Research and development expenses in the statement of comprehensive income</p> <p>(including expenses covered by grants received)</p>	
Earnings per share	=	$\frac{\text{Profit for the period attributable to the equity holders of the parent company}}{\text{Average number of shares during the period, as adjusted for stock split}}$	
Dividend per share	=	$\frac{\text{Dividend for the financial year}}{\text{Number of shares at the end of the period, as adjusted for stock split}}$	