



Outotec

Sustainable use of Earth's natural resources

Interim Report

Q1-Q3 2015

Performance in Q1–Q3 2015

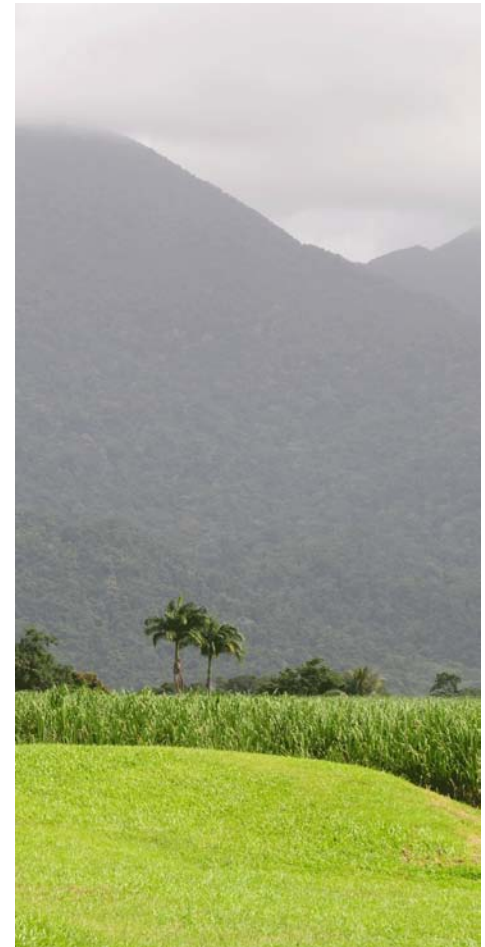
– negatives and positives

- Markets continue slow
- Weak order intake in Minerals Processing
- Capex sales down
- Fixed costs to sales ratio not improving

- Solid order intake
- Solid service orders and sales
- Strong order intake in Metals, Energy & Water
- Strong cash flow
- Good project execution
- Improved profitability

The market environment deteriorated in the third quarter

- China's growth outlook, weakened metal prices and emerging markets economies
- Production cuts, investments postponed further
- Production levels supporting spare parts business
- Markets in Europe and the Middle East most active
- Zinc, copper, and aluminum and waste-to-energy projects more active, iron ore and gold slow
- Competition intense, but margins healthy

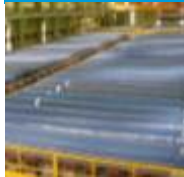


Q1-Q3 multiple zinc, aluminum, and energy orders, growth in spare parts

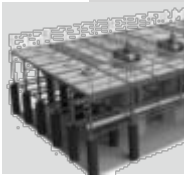
Minerals Processing orders: EUR 393 million, -18%¹⁾

Metals, Energy & Water orders: EUR 530 million, 41%²⁾

Americas 28 (38)%



Zinc plant technology and services for Met-Mex Peñoles, Mexico
~ EUR 60 million



Modular SX technology and services South America
~ EUR 30 million in Q1

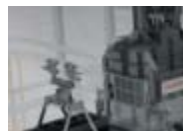
EMEA 56 (37)%



Alumina calcination plants for EGA, UAE
> EUR 80 million



Iron ore pelletizing technology for B-MISCO, Iran
< EUR 10 million in Q2 (80-100 million in total)



Aluminum smelter technology for EMAL, UAE
> EUR 10 million in Q1



Zinc direct leaching for Boliden, Norway
Not published, Q1 (typically EUR 10-20 million)



Tailings treatment plant for Yara, Finland
> EUR 40 million in Q3

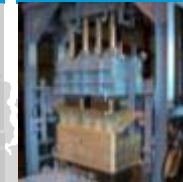


Iron ore beneficiation plant, IIEC, Iran
EUR 45 million (10 in Q3)



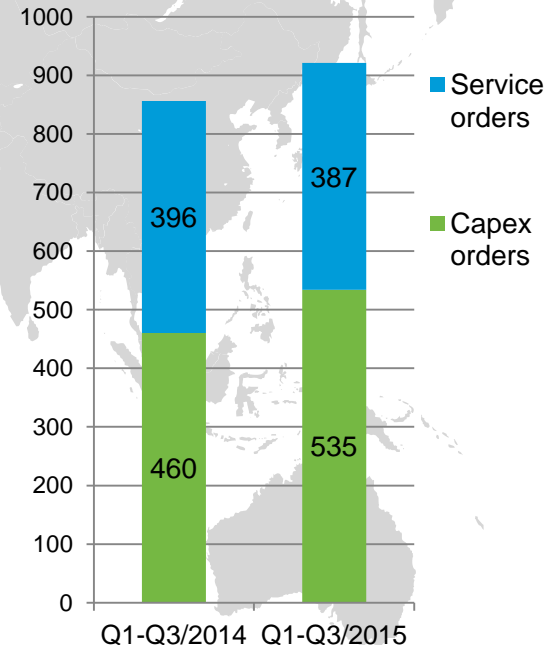
Three contracts for renewable energy plants, UK and Canada
EUR 55 million in Q3

APAC 16 (25)%



Aluminum rodshop technology for Chiping Xinyuan Aluminium, China
> EUR 12 million

EUR million

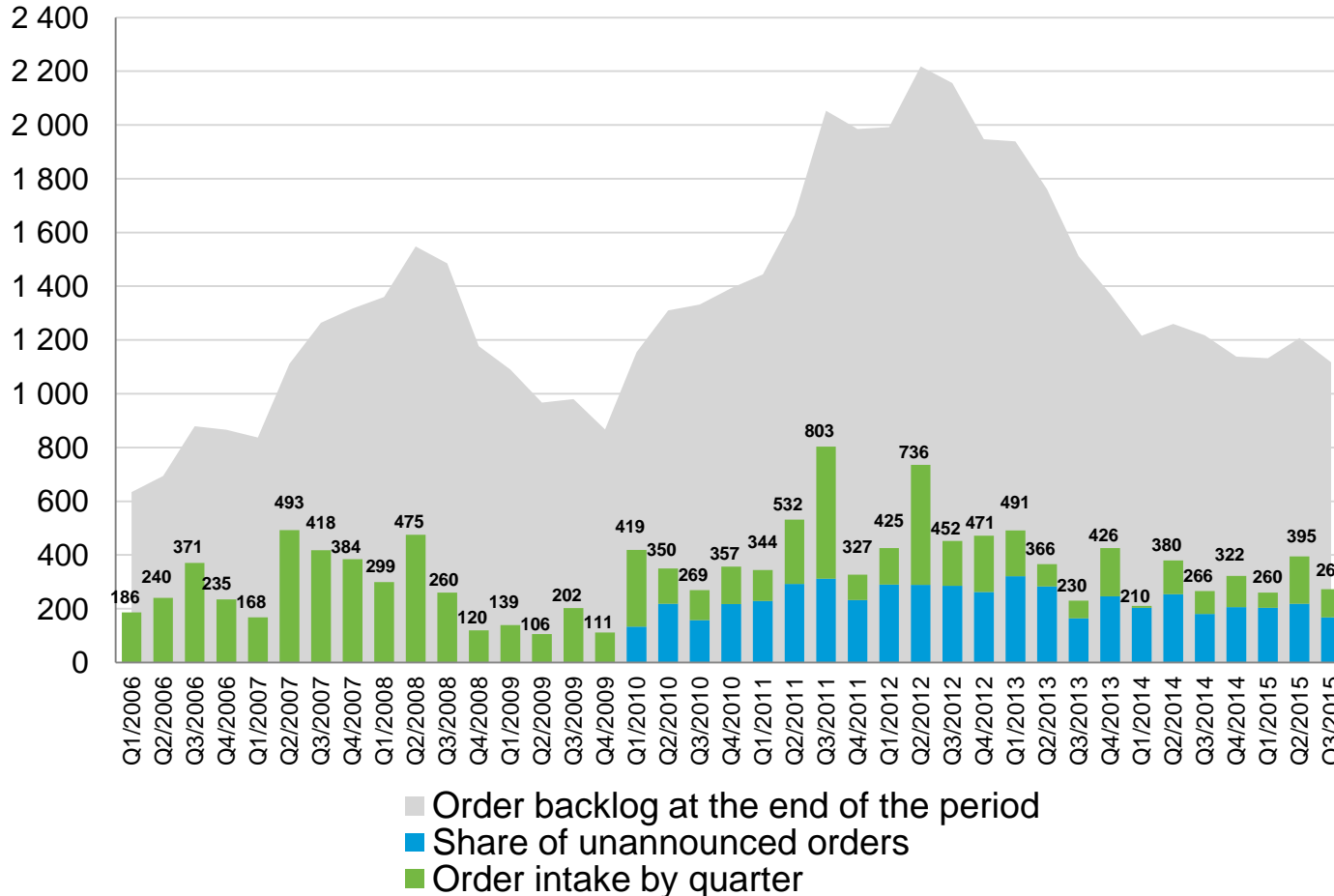


¹⁾ in comparable currencies, -19%

²⁾ in comparable currencies, 35%

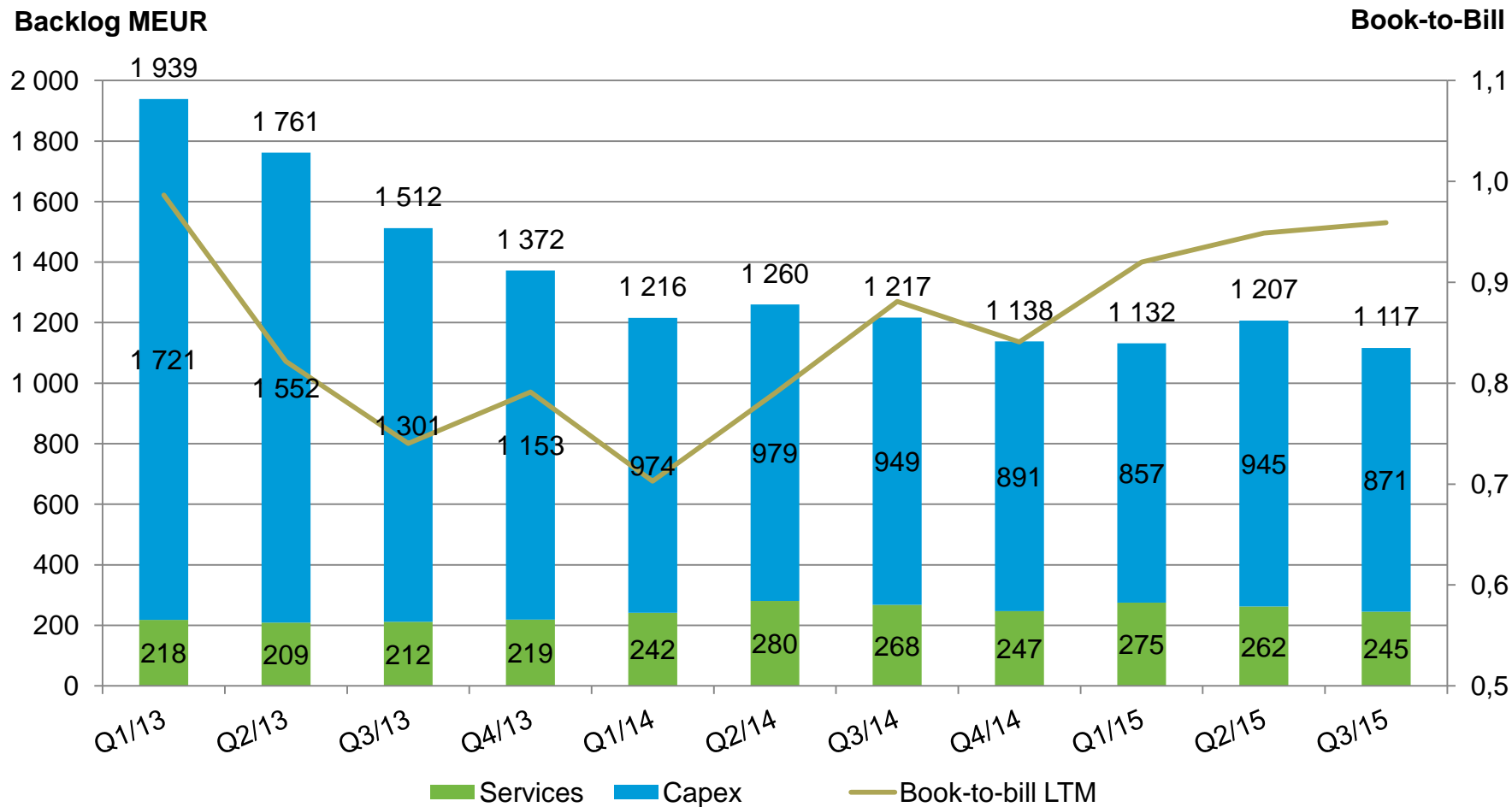
Stabile order backlog with healthy margins

EUR million



- Order backlog: EUR 1,117 (1,217) million, of which services EUR 245 (268) million
- 23 (22) projects with value in excess of EUR 10 million, accounting for 64 (59)% of the backlog
- Roughly 27 (33)% (roughly EUR 300 (400) million) of the backlog is estimated to be delivered in 2015

Book-to-bill showing a strengthening trend



Lower sales due to weak 2014 order intake, improved gross margin and EBITA due to better project execution and increased share of service sales

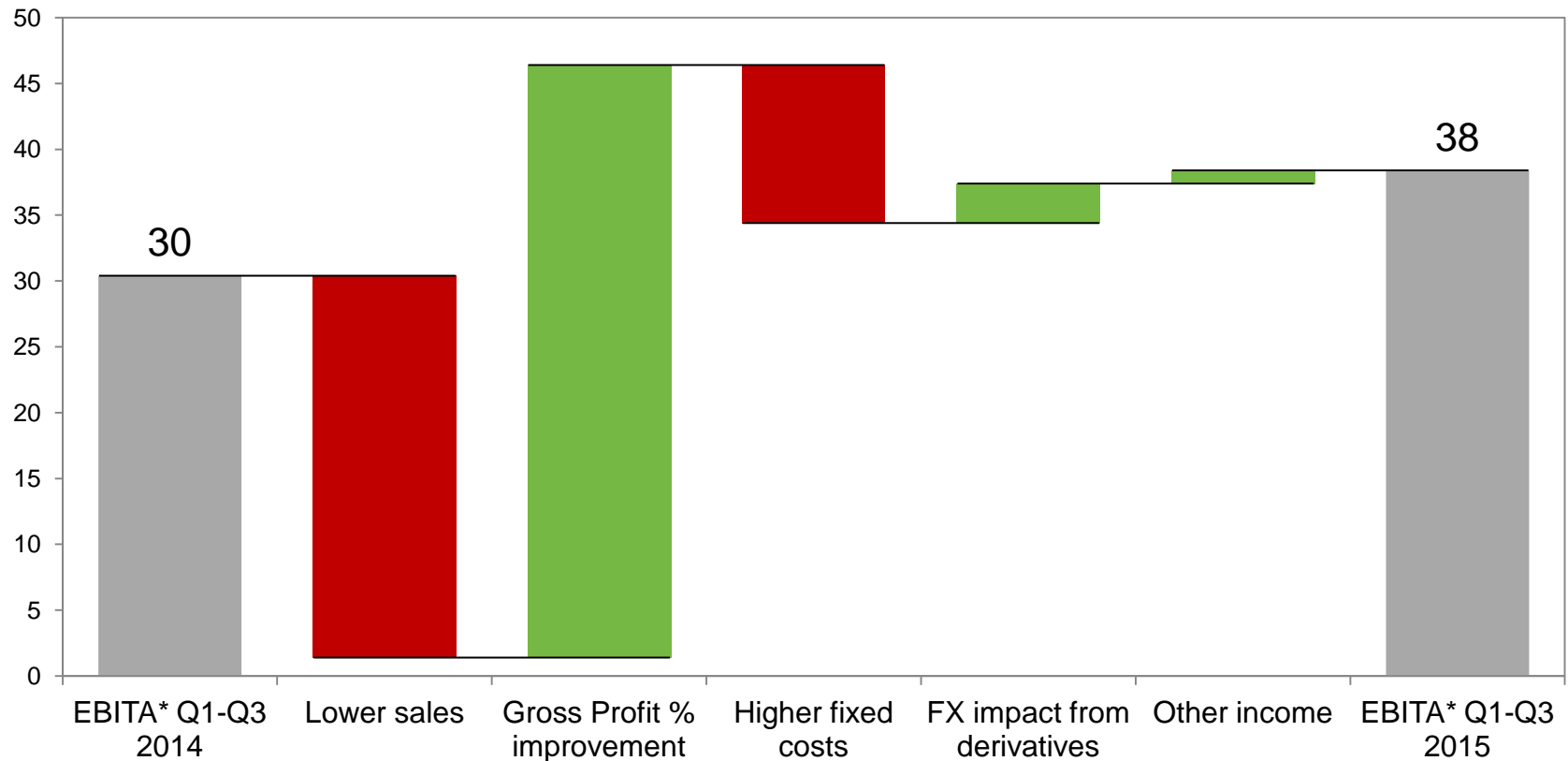
	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Change, %
Sales, EUR million	307	320	895	999	-10 ¹⁾
Service sales, EUR million	129	127	373	353	6 ²⁾
Share of services in sales, %	42	40	42	35	-
Gross Margin, %	27.9	25.6	28.4	22.8	-
EBITA, EUR million (excl. one-time items)	15	14	38	30	26
EBITA, % (excl. one-time items)	4.8	4.4	4.3	3.0	-
EBIT, EUR million	7	-0	18	8	-
EBIT, %	2.2	-0,1	2.0	0.8	-
Unrealized and realized losses related to valuation of FX forward agreements, EUR million	-0.6	-4.0	-3.6	-6.5	-

¹⁾ in comparable currencies, -11%

²⁾ in comparable currencies, 4%

Profitability improved due to better project execution and higher share of services

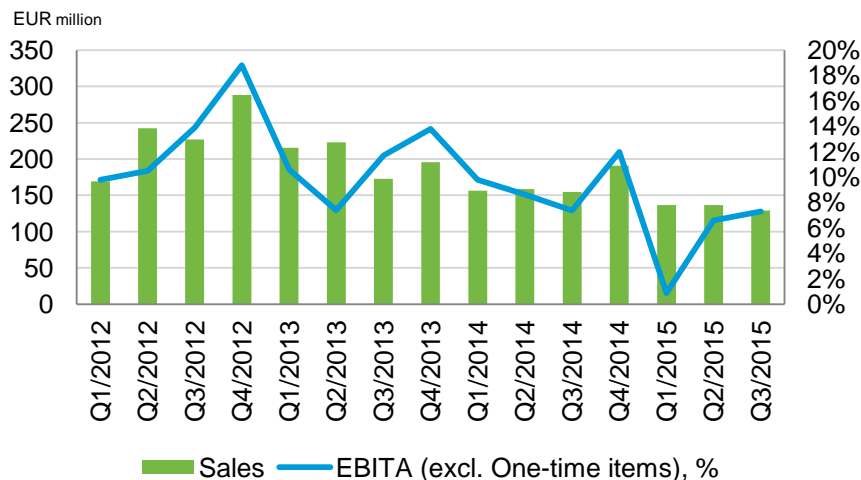
EUR million



*) excluding one-time items

Minerals Processing: decline in orders, sales and profitability

Sales and EBITA development



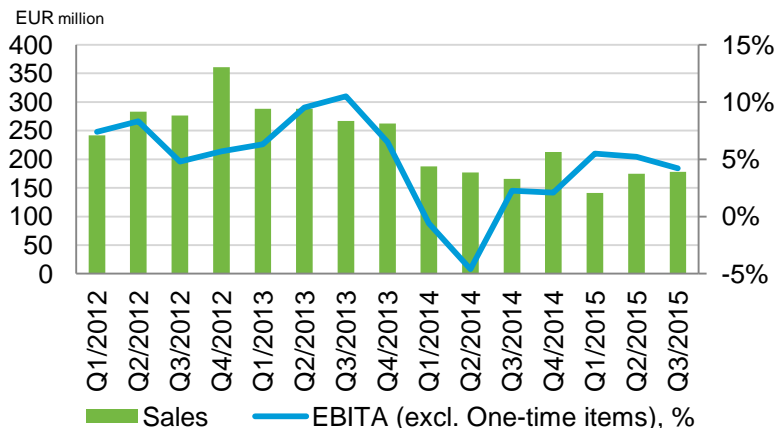
Q1-Q3 highlights

- Weak order intake in the minerals processing solutions continued
- Profitability weakened due to lower sales
- Growth in spare part orders and sales

EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Change, %	Change in comp currency, %
Order intake	148	191	393	479	-18	-19
Sales	129	154	402	469	-14	-15
Service sales	78	74	229	216	6	4
EBITA (excluding one-time items)	9	11	19	40		
EBITA (excluding one-time items), %	7.3	7.4	4.8	8.6		
Unrealized and realized losses related to valuation of FX forward agreements	1.5	-1.9	-2.6	-3.5		

Metals, Energy & Water: strong order intake, improved profitability

Sales and EBITA development

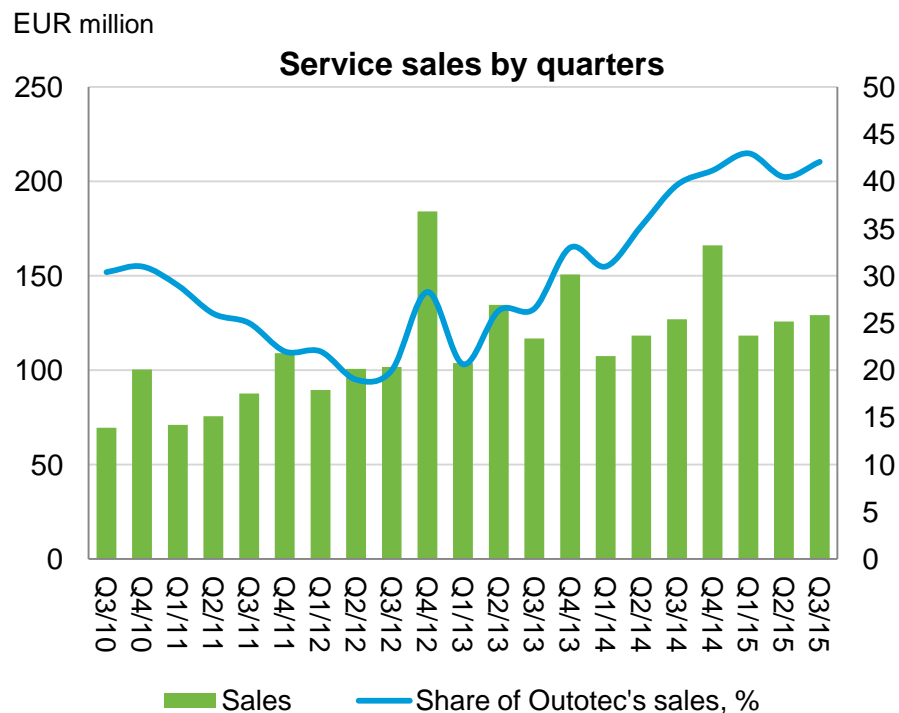


Q1-Q3 highlights

- Strong order intake including multiple energy, aluminum and zinc solutions
- Improved profitability due to better project execution
- Service sales growth came from upgrade and shut-down services related to the Kempe acquisition

EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Change, %	Change in comp. currency, %
Order intake	120	75	530	376	41	35
Sales	178	166	494	531	-7	-8
Service sales	51	53	145	137	5	3
EBITA (excluding one-time items)	7	4	24	-6		
EBITA (excluding one-time items), %	4.2	2.3	4.9	-1.1		
Unrealized and realized losses related to valuation of FX forward agreements	-2.1	-2.3	-0.9	-3.4		

Strong growth in spare parts orders and sales, weak demand in larger maintenance services



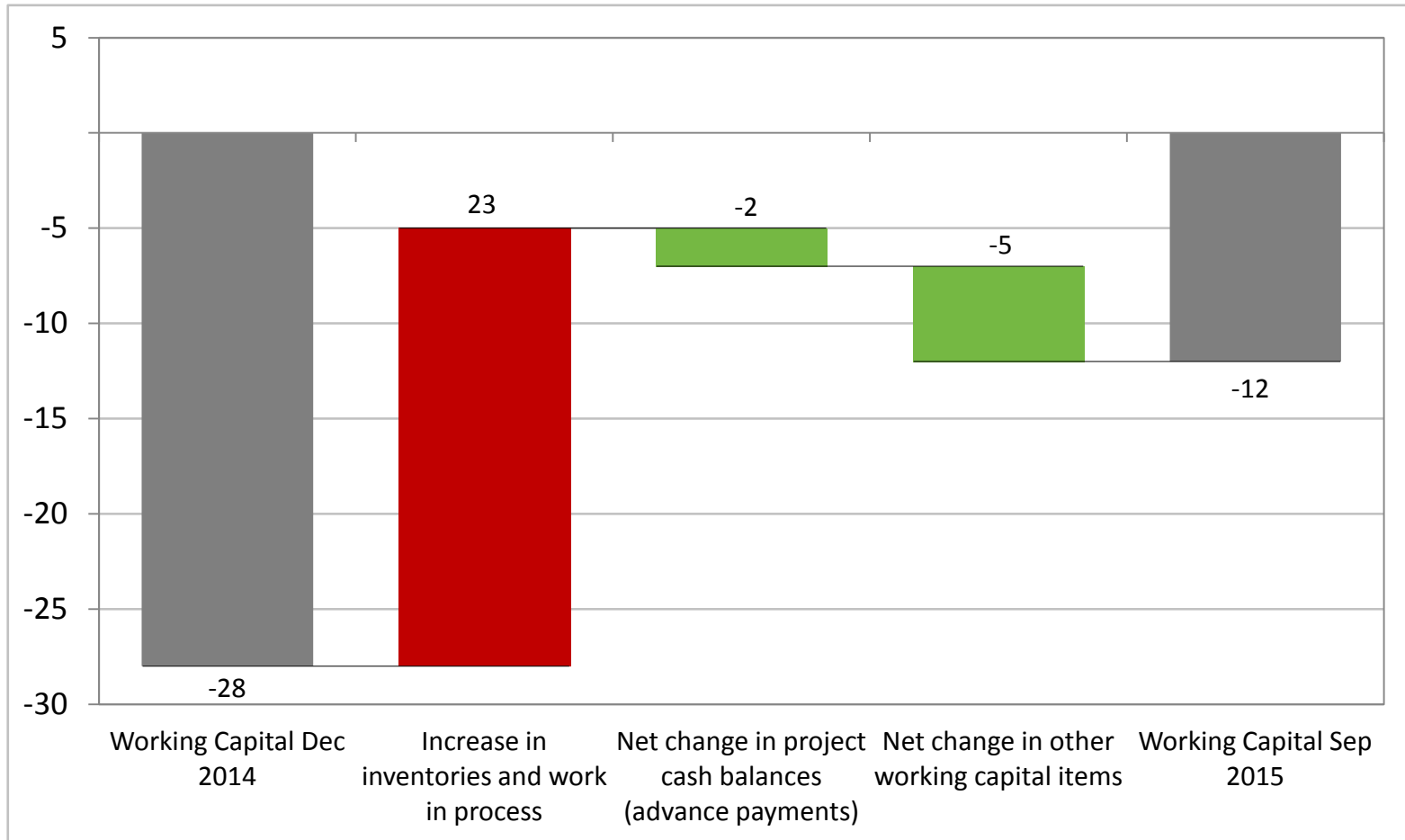
- Q3 service orders grew 20% (21% in comparable currencies)
- Q1-Q3 service orders declined 2% (-6% in comparable currencies)
- Growth in spare part orders, decline in technical and O&M services
- Q1-Q3 service sales growth 6% (+4% in comparable currencies)
- Growth came mainly from spare parts and shut down services
- Service share of sales 42% (35)

Lower taxes, favorable working capital development and improved profitability contributed to cash flow

EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014
Cash from operations	15.5	18.0	43.3	44.0	54.6
Change in working capital	56.1	-31.8	-10.5	-32.7	-1.2
Interest	-4.2	-4.1	-3.2	-3.0	-3.2
Taxes	-2.6	-7.4	-7.8	-26.3	-30.3
CASH FROM OPERATING ACTIVITIES	64.8	-25.3	21.9	-18.0	19.9
Capital expenditure	-11.8	-15.8	-43.3	-37.3	-57.1
Acquisitions	-5.7	-1.7	-27.7	-7.9	-8.0
Other investing activities	-0.2	0.1	0.3	0.3	-0.1
CASH FLOW AFTER INVESTING ACTIVITIES	47.0	-42.6	-48.9	-62.8	-45.3

Increase in working capital is mainly due to the maturity of large capex projects in the backlog, as well as increased share of service business.

Development of working capital since year-end 2014



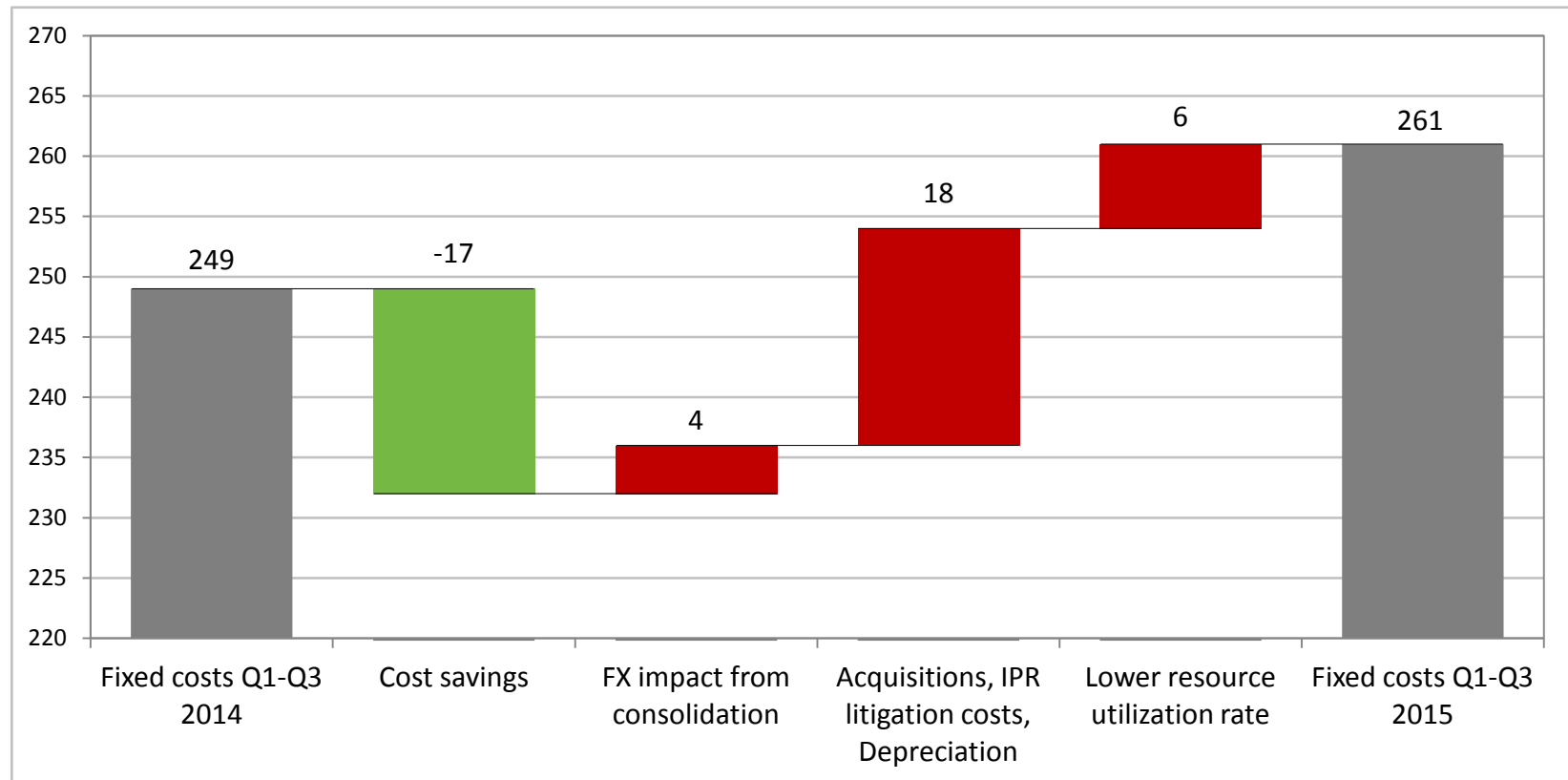
Increased investments in the third quarter, but the company's financing structure remained solid

	Q3 2015	Q3 2014	Q4 2014
Net interest-bearing debt, EUR million	74	9	-6
Gearing, %	17	2	-1
Equity-to-assets ratio, %	32	37	36
Return on investment, %, LTM	3.7	5.1	1.7
Return on equity, %, LTM	1.5	2.9	0.0
Working capital at the end of the period, EUR million	-12	7	-28
Equity, EUR million	426	450	445
Balance sheet total, EUR million	1,527	1,450	1,442

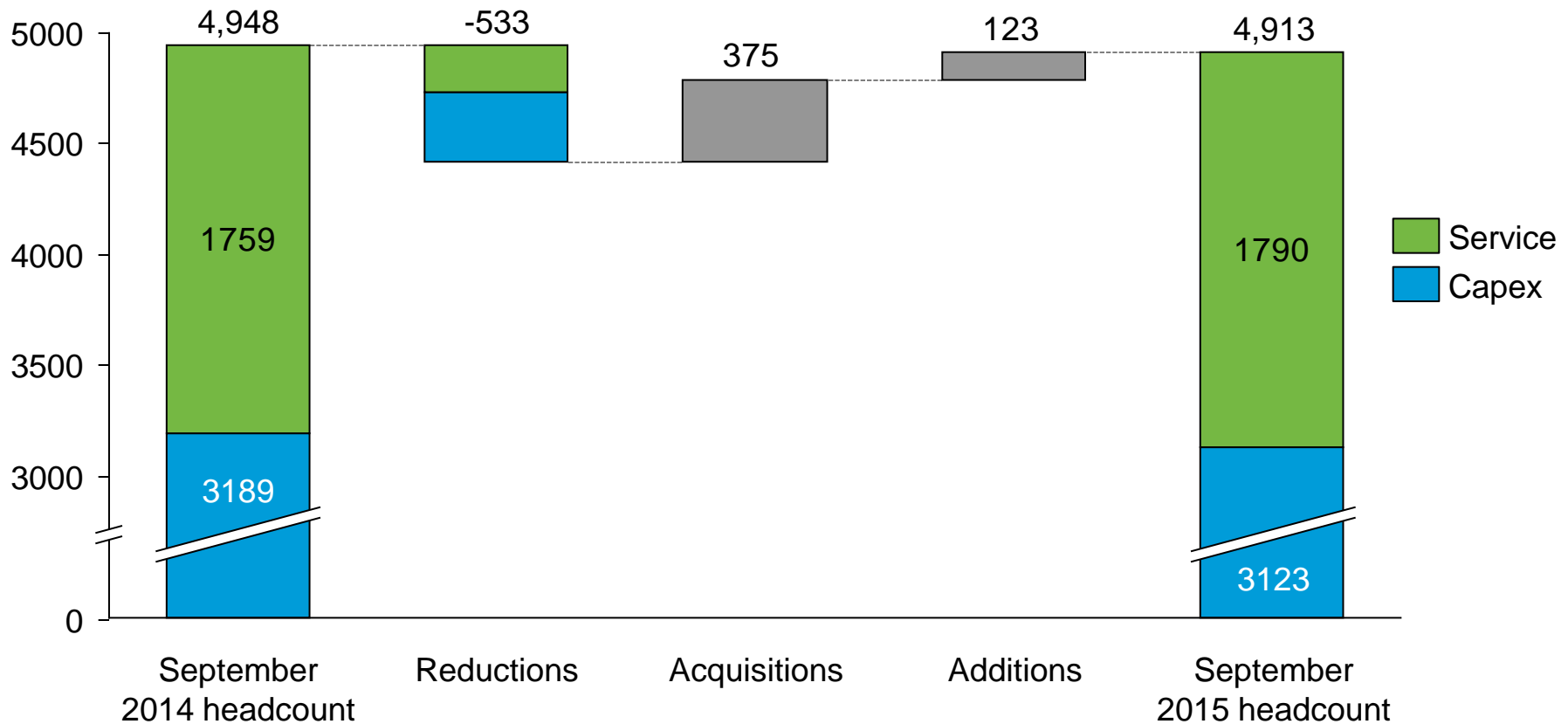
Savings program progressing as planned, lower resource utilization, currencies and litigation costs increased costs

Status Q3/2014-Q3/2015

- EUR 34 million annualized savings
- 533 FTEs reduced
- One-time costs EUR 34 million (of which EUR 13 million in 2015). Estimated remaining one-time costs for the program maximum EUR 6 million.



Personnel development since September 2014



Key events after September 30, 2015

- Oct 22, 2015: Outotec announced partnership with GIW Industries for the sales and marketing of GIW® slurry pumps and related services to metal mining customers globally.
- Oct 12, 2015: Outotec awarded 3 technology and service contracts (EUR 55 million/Q3) by different renewable energy producers in the UK and Canada.
- Oct 7, 2015: Outotec announced the members of the Nomination Board to be Kari A.J. Järvinen (Solidium Oy), Pekka Pajamo (Varma Mutual Pension Insurance Company), Mikko Mursula (Ilmarinen Mutual Pension Insurance Company) and Matti Alahuhta (Chairman of Outotec's Board of Directors).



Strategic programs and 45 m€ cost reduction program

2015 Focus:
Stabilize and improve profitability

Q3
Developments

2015 Strategic programs

Customer focused sales



Solid order intake in difficult market

Service growth and profitability



Solid growth in spare part orders and sales, weak order intake in larger periodic services

Product competitiveness



Product cost improvements contributing to sales margin

Delivery excellence



Improved project delivery resulted in better profitability

One Outotec



Common processes, IT systems and shared service centers largely implemented

EUR 45 million cost reduction program (EUR 34 million achieved at Q3 end)

Selected bolt-on M&A to strengthen earnings logic and support profitable growth

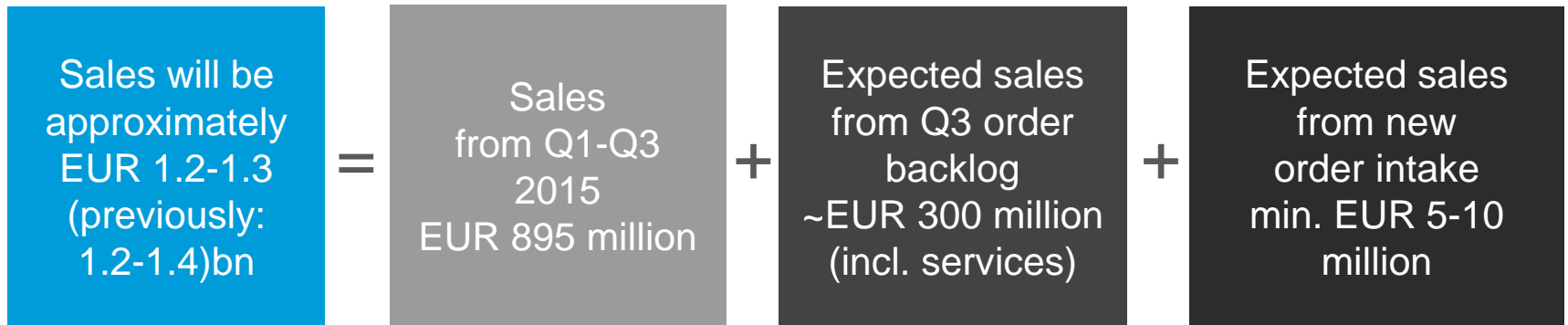
The market outlook continues uncertain, opportunities in certain parts of the value chain

- China's growth outlook, weakened metal prices and emerging markets
- Sluggish industry sentiment slows down project development, investments postponed further
- Spare part business develops in line with the production volumes, delays in larger periodic maintenance and upgrade services
- The outlook continues solid for industrial water treatment solutions
- There is demand for waste-to-energy, renewable and alternative energy solutions, but decision-making continues to be slow



Financial guidance for 2015 narrowed

Based on the current market outlook, customer business activity and assessment of order backlog, the management expects that in 2015:



EBITA (excluding one-time items) will be approximately 5-6 (previously: 5-7)%

Outotec



Sustainable use of
Earth's natural resources