



Financial Statements Review 2008

Tapani Järvinen

President & CEO, Outotec Oyj

January 30, 2009

Outotec

More out of ore

Good fourth quarter

EUR million	Q4 2008	Q4 2007	Change- %
Sales	398.8	315.5	+ 26.4
Gross margin, %	22.8	20.6	+ 10.7
Operating profit	47.5	33.0	+ 43.9
Operating profit margin, %	11.9	10.5	+ 13.8
Profit before taxes	52.4	36.1	+ 45.0
Earnings per share, EUR	0.84	0.65	+ 29.9
Order intake	119.9	384.2	- 68.8
Order backlog *)	1,176.7	1,317.2	- 10.7
Net cash from operating activities	- 36.7	45.3	- 181.1
Return on investment, %	92.7	71.9	+ 29.0
Return on equity, %	64.1	53.9	+ 18.9

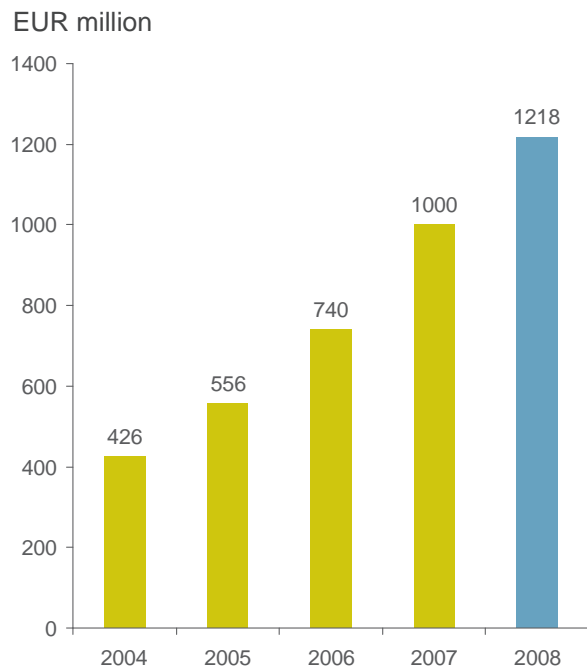
*) at the end of the period

FY 2008: Profitable growth continued

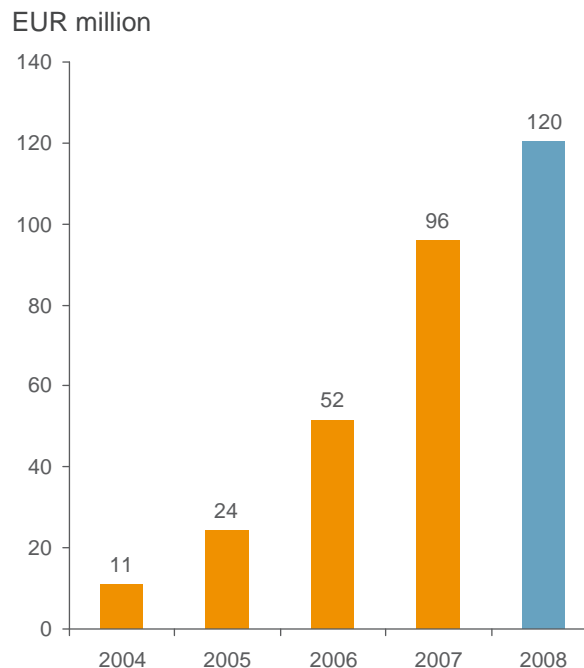
EUR million	2008	2007	Change- %
Sales	1,217.9	1,000.1	+ 21.8
Gross margin, %	21.5	20.4	+ 5.5
Operating profit	120.2	96.1	+ 25.1
Operating profit margin, %	9.9	9.6	+ 2.8
Profit before taxes	136.3	104.8	+ 30.1
Earnings per share, EUR	2.25	1.85	+ 21.7
Order intake	1,153.8	1,463.0	- 21.2
Order backlog	1,176.7	1,317.2	- 10.7
Net cash from operating activities	106.6	143.0	- 25.5
Return on investment, %	61.6	59.8	+ 3.0
Return on equity, %	42.6	43.3	- 1.6

Sales and profitability development

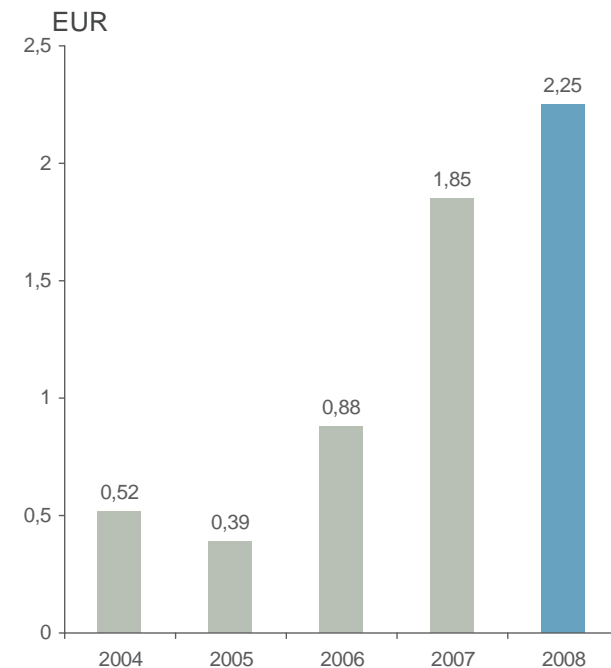
Sales



Operating profit



Earnings per share



Markets

- The markets in the mining and metals industry were strong in the beginning of the year, but uncertainty in the world economy weakened the demand for Outotec's products and services toward the year-end.
- In 2008, customers initiated various ferrous metals, base metals, and sulfuric acid projects. There was also demand in aluminum and ferroalloys technologies. Opportunities for selling existing technologies to other process industries, such as fertilizer and energy industry, continued to emerge.
- As long as the uncertainty in the financial market continues, investment activity will also be low. However, the updated investment plans of the mining and metals companies are still above the historical levels and the companies see a positive long-term outlook for demand for metals.
- Countries with vast population and strong economic growth continue to need metals.
- Tightening environmental regulations and rising energy and other production costs require mining and metals companies to invest in more energy-efficient and environmentally sustainable processes.

Largest orders in 2008

- Order intake was EUR 1,153.8 million (2007: EUR 1,463.0 million)
- Order intake in Q4 was EUR 119.9 million (Q4/2007: EUR 384.2 million)



Modernization of KGHM's copper flash smelting furnace, Poland

€ 10 million



Sulfuric acid plant technology for Pequiven, Venezuela

€ 90 million



Copper SX-EW plant for SPCC, Peru

USD 150 million (over € 90 million)



Ferrochrome technology for Asa Metals, South Africa

€ 25 million



Iron ore sinter plant for SAIL, India

over € 25 million



Iron ore pelletizing plant for Tata Steel, India

€ 70 million



Engineering and project services for Boliden and Norilsk Nickel, Finland



Concentrator expansion for Yara, Finland

€ 28 million



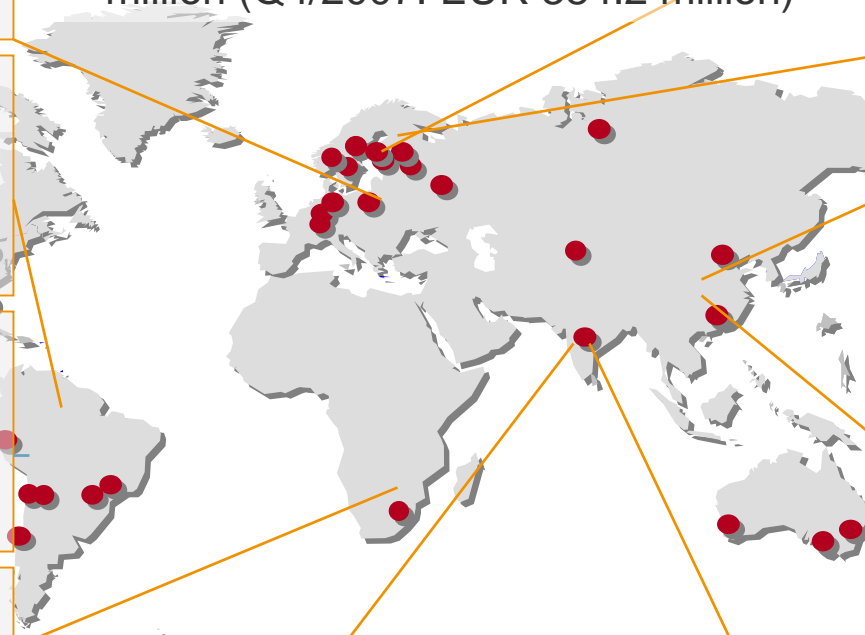
Aluminum smelter technology to China

€ 17 million



Iron ore pelletizing plant for Shougang, China

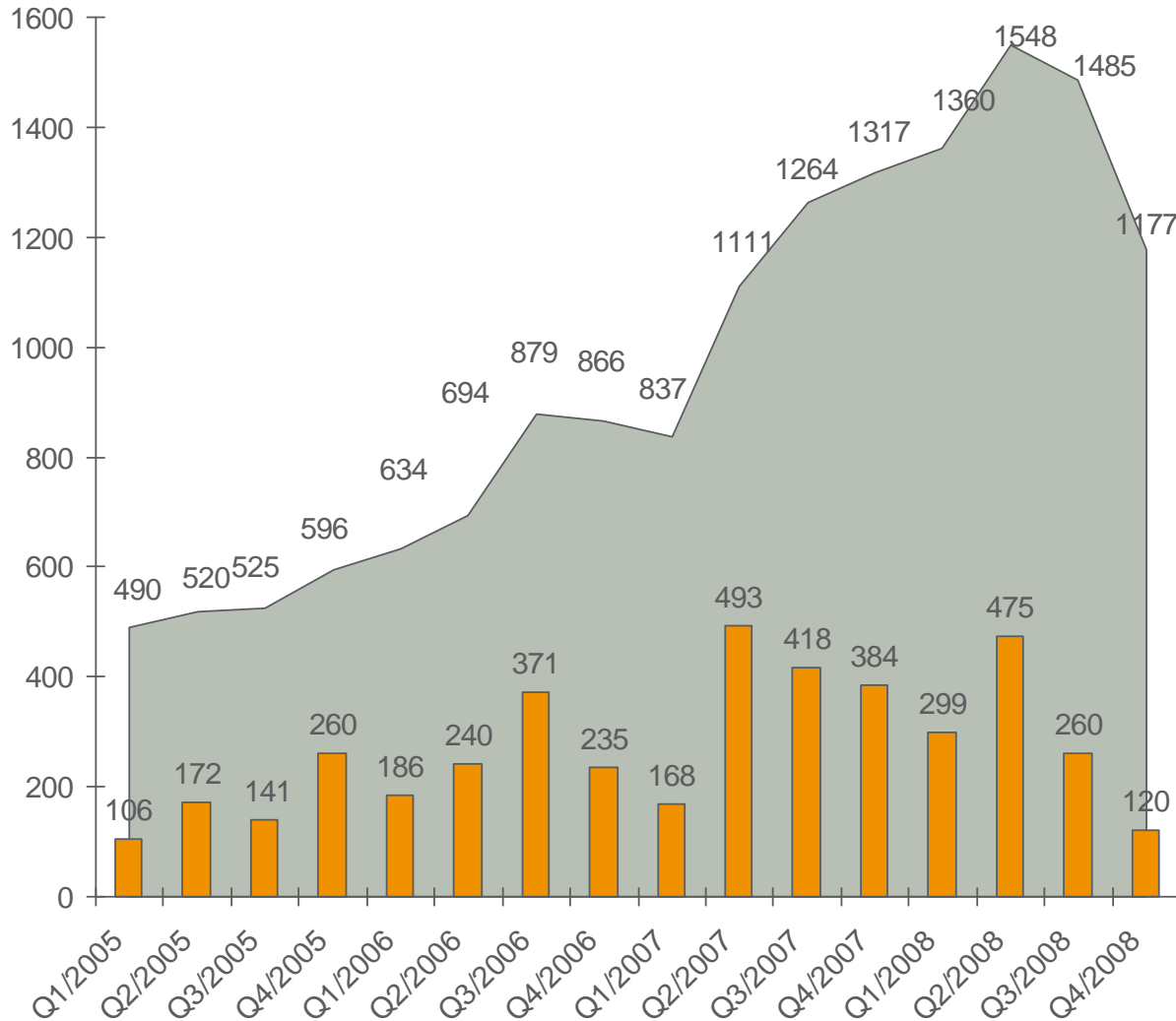
€ 29 million



● Outotec offices

Order intake and backlog development

EUR million

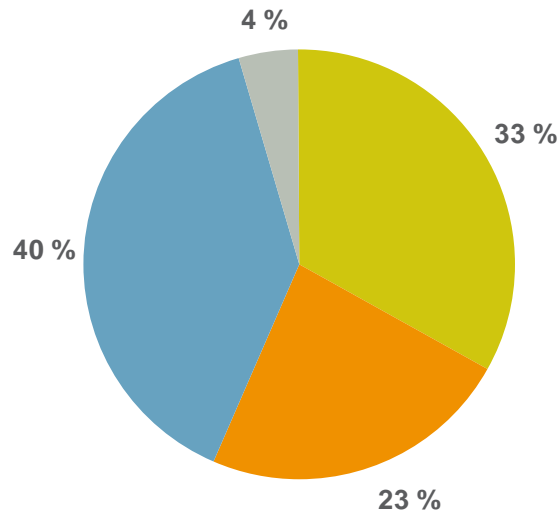


- Order intake in 2008 was 21% smaller and order backlog 11% lower compared to Dec 31, 2007
- 60% of the current backlog is estimated to be delivered in 2009 and the rest in 2010 and beyond

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

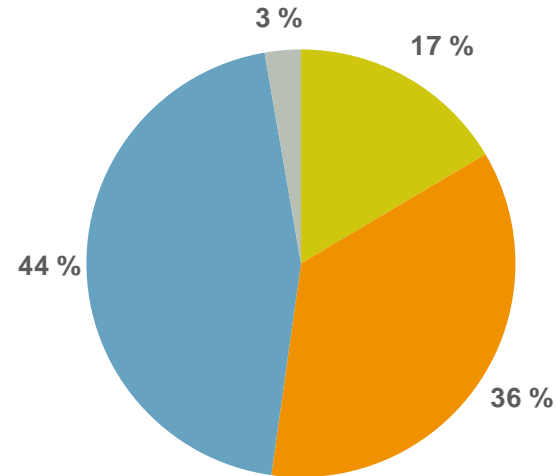
Sales and operating profit by division

Sales in 2008



- Minerals Processing
- Base Metals
- Metals Processing
- Other businesses

Operating profit in 2008



- excluding unallocated items and intra-group sales

Sales by division

EUR million	Q4 2008	Q4 2007	2008	2007
Minerals Processing	144.8	110.5	419.6	302.9
Base Metals	86.4	85.6	295.3	274.2
Metals Processing	163.9	120.8	494.7	432.3
Other businesses	18.8	11.1	56.0	37.8
Unallocated items and intra-group sales	-15.1	- 12.5	-47.7	- 47.0
TOTAL	398.8	315.5	1,217.9	1,000.1

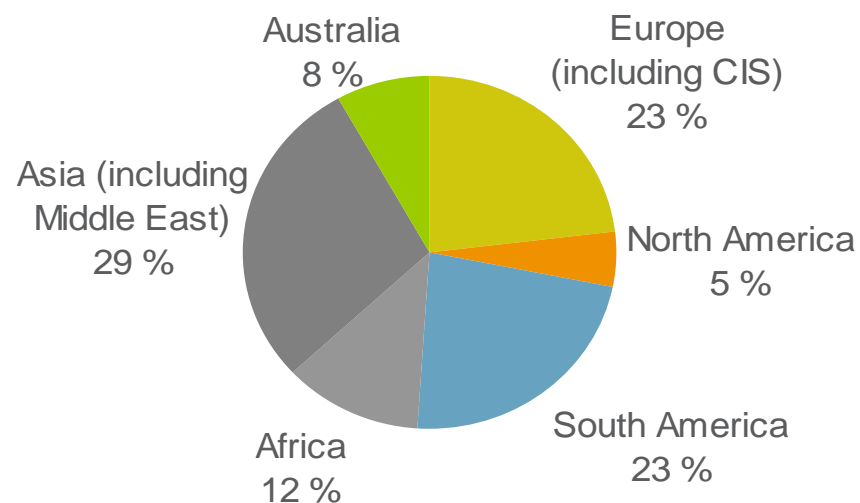
- The Services business, included in the divisional figures, grew by 75%, and totalled EUR 141.2 million (2007: EUR 80.6 million).

Operating profit by division

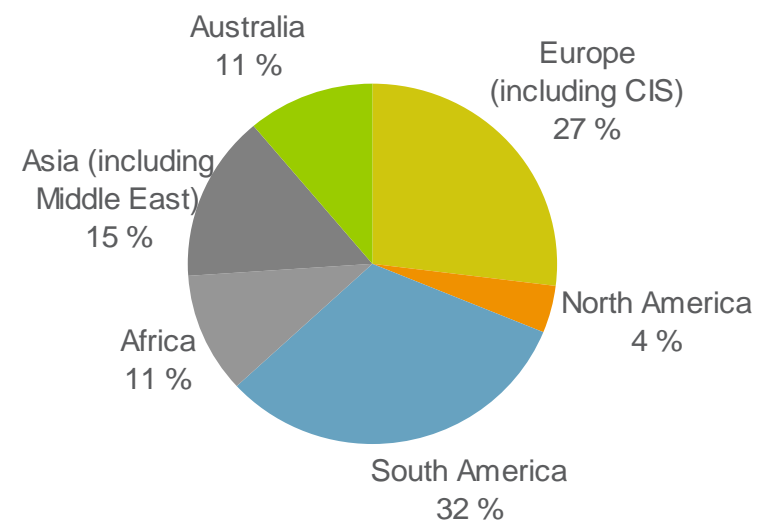
EUR million	Q4 2008	In relation to division sales, %	Q4 2007	2008	In relation to division sales, %	2007
Minerals Processing	12.1	8.3	16.3	22.5	5.4	25.2
Base Metals	17.2	19.9	9.3	48.7	16.5	43.9
Metals Processing	22.1	13.5	11.5	61.1	12.3	38.1
Other businesses	0.7	3.5	0.3	3.9	7.0	2.2
Unallocated items and intra-group sales	- 4.6		- 4.4	- 16.0		- 13.3
TOTAL	47.5	11.9	33.0	120.2	9.9	96.1

Sales by destination

2008

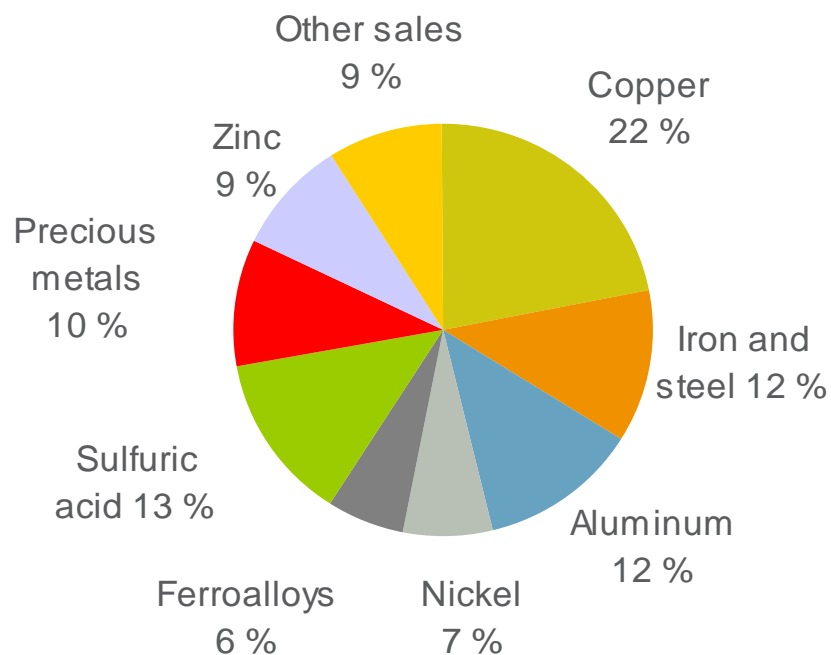


2007

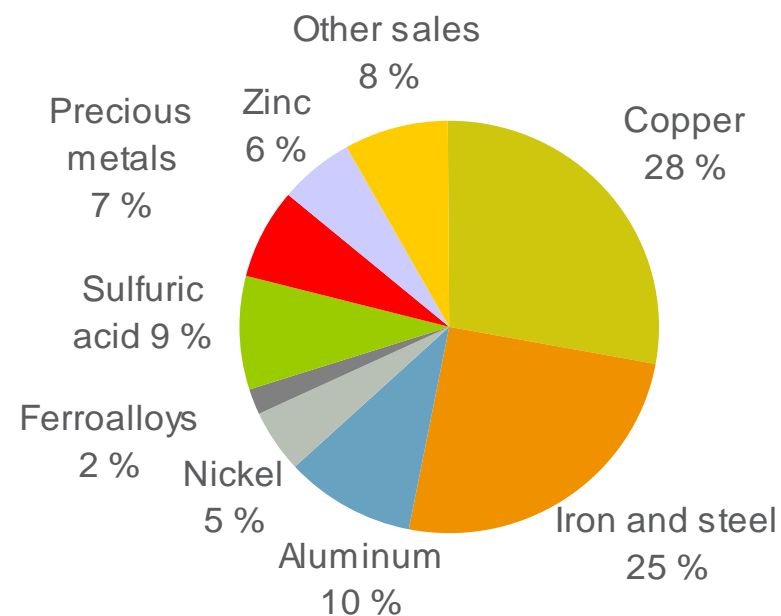


Sales by metal

2008

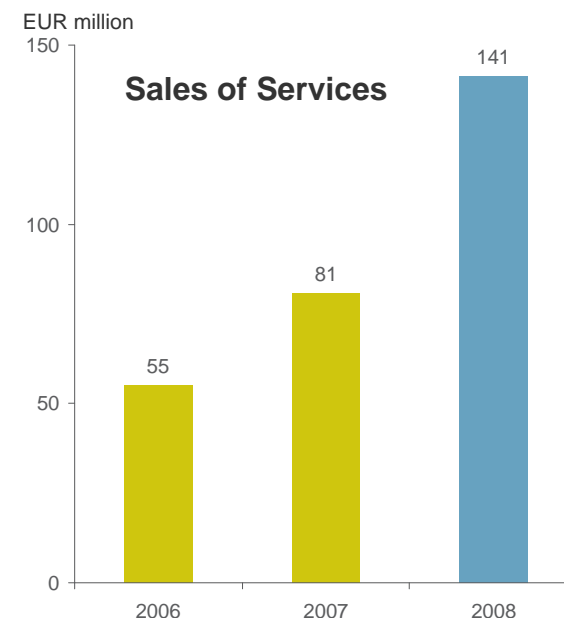


2007



Services business

- The Services business is included in the figures of Outotec's business divisions and it is reported as a total on the Corporate level.
- The target is to grow the service business to the annual level of EUR 250-300 million by the end of 2010.
- In 2008, the sales of the Services business totaled EUR 141.2 million (2007: EUR 80.6 million), up by 75% from 2007.
- Sales of the service business in Q4 were EUR 54.2 million (Q4/2007: EUR 28.8 million)
- Acquisition of Canadian service company Auburn Group in October 2008



Research and technology development

- CFB technology tested in Frankfurt research center for the processing of oil shale
- Continuous HydroCopper[®] test run with Zangezur concentrate going on in the Pori research center
- “Recognised for Excellence” quality award for the Pori research center in Finland
- 22 employees were granted Outotec technology awards (in total EUR 96,000)

	2008	2007
R&D expenses, EUR million	20.2	19.9
New priority patent applications filed	45	45
New national patents granted	277	303
Total number of national patents	2,694	2,322

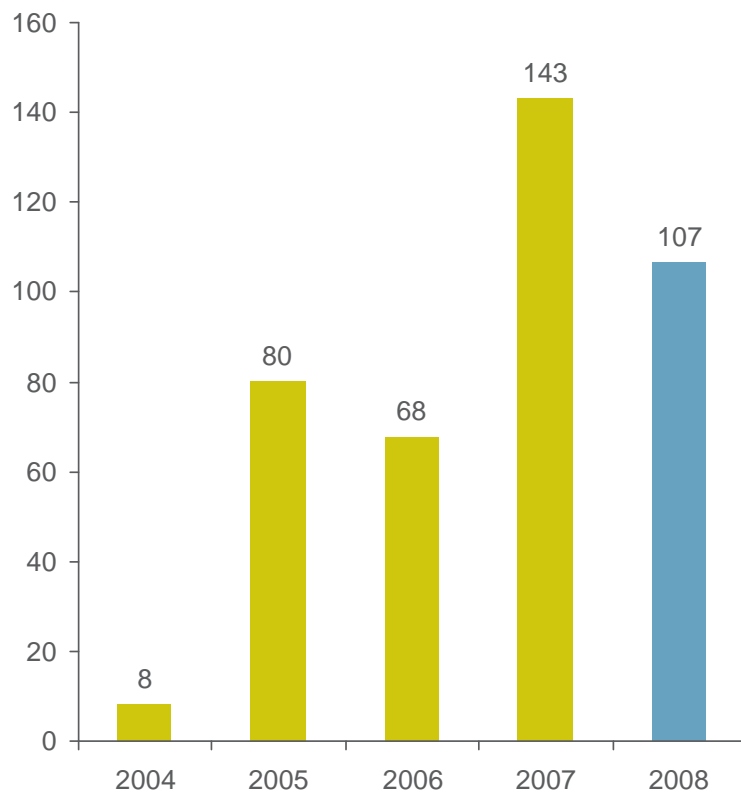
According to OECD definition 63% of Outotec technologies are Environmental Goods and Services (EGS) and, depending on application, 33% can be considered as EGS.

Capital structure

EUR million	Q4 2008	Q4 2007	2008	2007
Net cash from operating activities	- 36.7	45.3	106.6	143.0
Net interest-bearing debt*)	- 314.6	- 292.9	- 314.6	- 292.9
Equity*)	226.4	214.8	226.4	214.8
Equity-to-assets ratio, %*)	35.0	38.2	35.0	38.2
Gearing, %*)	- 139.0	- 136.4	- 139.0	- 136.4
Working capital*)	- 171.2	- 153.9	- 171.2	- 153.9
ROI, %	92.7	71.9	61.6	59.8
ROE, %	64.1	53.9	42.6	43.3

*) at the end of the period

Net cash from operating activities

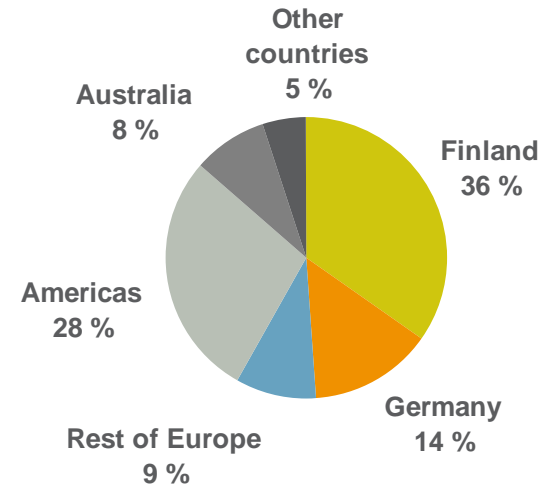


- Net cash flow from operating activities continued strong due to good result and interest income. Taxes and financing needed for business operations lowered the net cash flow.
- The parent company paid EUR 39.9 million in dividends in April 2008.
- The Board will propose to the AGM EUR 1.00 dividend per share.

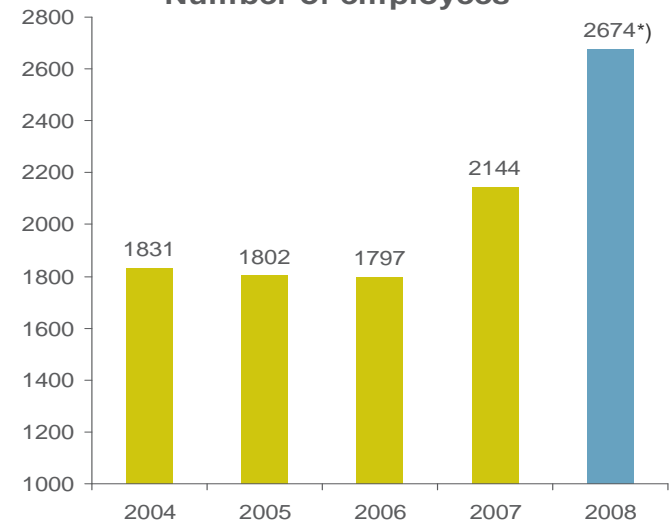
Personnel

- An average of 2,483 employees (2007: 2,031)
- 24.7 % increase was due to business growth (Auburn acquisition brought 224 employees) and active recruitment.
- Temporary employees accounted for 15% of the total.
- Additionally some 560 full-time equivalent contracted people for engineering, construction and project management
- In 2008, salaries and other employee benefit expenses totaled EUR 157.7 million (2007: EUR 135.4 million).

Personnel by country



Number of employees



*) includes 400 temporary employees

Events after the reporting period

- Outotec agreed with Noracid S.A. on the delivery of a new sulfuric acid plant to be built in Mejillones, Chile. The contract value is approximately EUR 51 million.

Outlook for 2009

Market

The investment activity in the mining and metals industry is low because the worldwide economic climate is uncertain. Furthermore, the crisis in the financial markets impacts the investments of the industry, especially concerning major greenfield projects and companies with weak capital structure. Customers who have financing available for their new investments are re-evaluating project scopes and prices in anticipation of possibly lower capital costs.

Outotec

The prevailing uncertainty obscures the current outlook for the mining and metals industry. However, Outotec has a relatively good starting point for 2009. On the basis of the existing order backlog and new order prospects, 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