



# Interim Report January – September 2009

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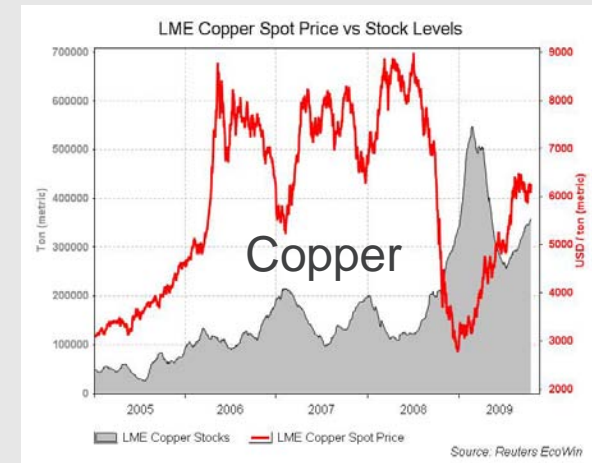
October 23, 2009

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# Markets

- The market conditions in the mining and metals industry remain challenging.
- Many mining companies have been updating their investment plans for 2010, but the decision-making is slow because of financing issues and idle production capacity.
- Market conditions vary by metal.
- Developing countries need more metals. China represents nearly 50% of the growth in metals consumption.
- There is a continuous need for more efficient production, energy-efficient and sustainable technologies as well as for various services.
- There are new opportunities in the energy sector and industrial water treatment.

## Stock levels and price development of metals



# Good project execution and gross margin in Q3

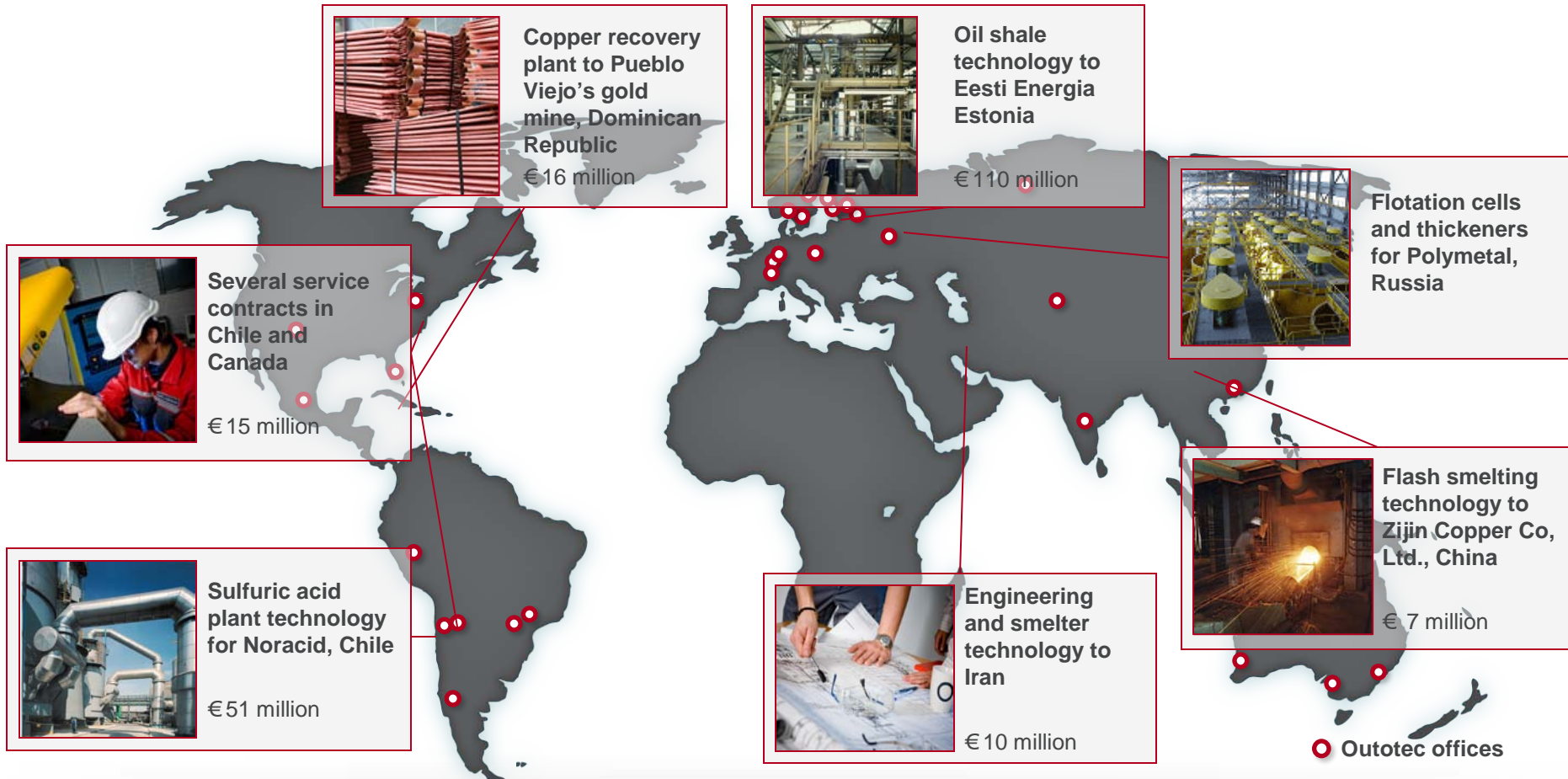
EUR million	Q3 2009	Q3 2008	Change-%
Sales	188.7	318.1	-40.7
Gross margin, %	24.6	21.7	13.3
Operating profit	15.1	28.9	-47.8
Operating profit margin, %	8.0	9.1	-12.0
Profit before taxes	16.0	34.0	-52.8
Earnings per share, EUR	0.28	0.57	-51.6
Order intake	201.5	259.8	-22.4
Order backlog at the end of the period	980.0	1,484.5	-34.0
Net cash from operating activities	2.5	19.1	-86.7
Return on investment, %	31.0	65.8	-52.8
Return on equity, %	20.3	46.6	-56.6

# Solid performance in challenging market conditions during Q1-Q3

EUR million	Q1-Q3 2009	Q1-Q3 2008	Change- %	Last 12 months	2008
Sales	657.9	819.2	-19.7	1,056.7	1,217.9
Gross margin, %	20.8	20.9	-0.2	21.6	21.5
Operating profit	45.3	72.7	-37.7	92.8	120.2
Operating profit margin, %	6.9	8.9	-22.5	8.8	9.9
Profit before taxes	47.6	83.9	-43.3	100.0	136.3
Earnings per share, EUR	0.80	1.40	-42.8	1.65	2.25
Order intake	446.6	1,033.9	-56.8	566.5	1,153.8
Order backlog at the end of the period	980.0	1,484.5	-34.0	980.0	1,176.7
Net cash from operating activities	15.2	143.4	-89.4	- 21.6	106.6
Return on investment, %	30.2	53.5	-43.7	46.3	61.6
Return on equity, %	19.3	36.8	-47.7	30.7	42.6

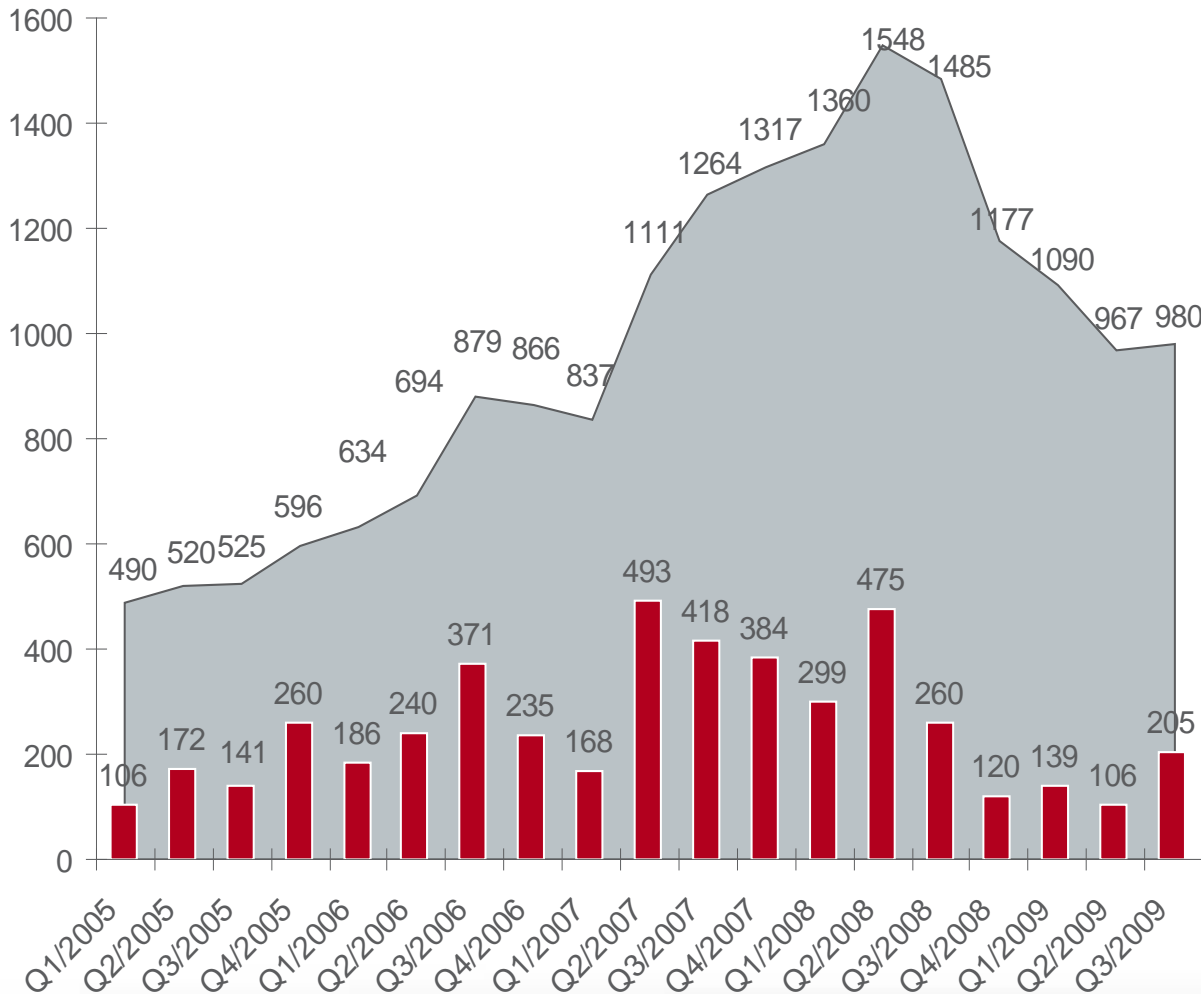
# Largest orders in Q1-Q3

- Order intake EUR 446.6 million (Q1-Q3/2008: EUR 1,033.9 million)
- Order intake in Q3 EUR 201.5 million (Q3/2008: EUR 259.8 million)



# Order intake and backlog development

EUR million



Order intake in Q1-Q3/ 2009 was 57% smaller and order backlog 34% lower compared to September 30, 2008  
Some 23% 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-Q3 2009	Q1-Q3 2008	Q3 2009	Q3 2008	2008
Minerals Processing	255.0	274.8	79.4	122.0	419.6
Base Metals	102.4	208.9	28.0	76.9	295.3
Metals Processing	278.0	330.8	77.4	116.9	494.7
Other businesses	49.8	37.2	11.5	11.4	56.0
Unallocated items and intra-group sales	-27.3	-32.6	-7.6	-9.2	- 47.7
<b>TOTAL</b>	<b>657.9</b>	<b>819.2</b>	<b>188.7</b>	<b>318.1</b>	<b>1,217.9</b>

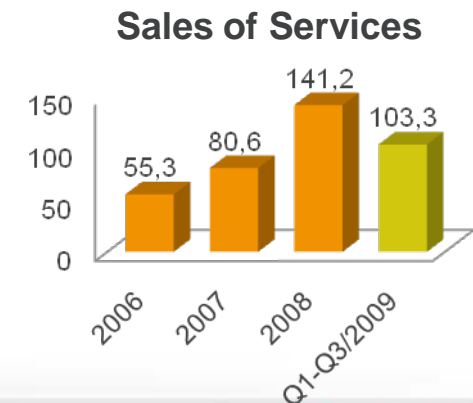
# Operating profit by division

EUR million	Q1-Q3 2009	In relation to division sales, %	Q1-Q3 2008	In relation to division sales, %	Q3 2009	In relation to division sales, %	Q3 2008	In relation to division sales, %
Minerals Processing	23.1	9.1	10.4	3.8	9.1	11.5	3.1	2.6
Base Metals	5.6	5.4	31.5	15.1	1.6	5.9	13.3	17.3
Metals Processing	24.6	8.8	38.9	11.8	6.3	8.2	14.9	12.7
Other businesses	-1.0	-1.9	3.3	8.8	-0.5	-4.3	1.7	14.8
Unallocated and intra-group items	-7.0		-11.4		-1.5		-4.1	
<b>TOTAL</b>	<b>45.3</b>	<b>6.9</b>	<b>72.7</b>	<b>8.9</b>	<b>15.1</b>	<b>8.0</b>	<b>28.9</b>	<b>9.1</b>



# 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 Services business to the annual level of EUR 250-300 million by the end of 2010.
- Sales of the Services business increased by 19% in Q1-Q3 to EUR 103.3 million (Q1-Q3/2008: EUR 87.0 million), representing some 16% of Outotec's sales.



# Capital structure

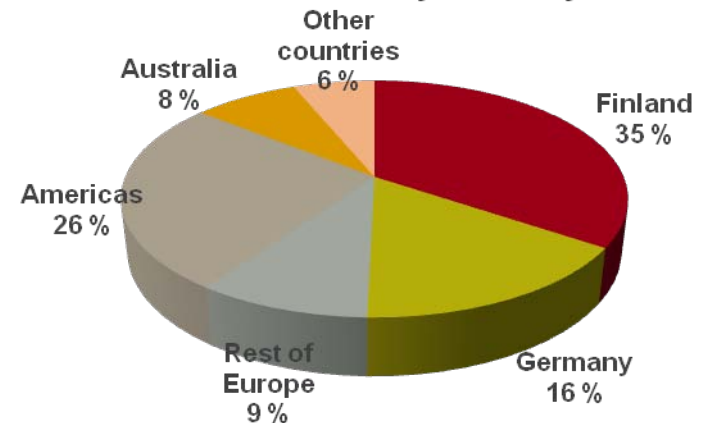
EUR million	Q1-Q3 2009	Q1-Q3 2008	Q3 2009	Q3 2008	2008
Net cash from operating activities	15.2	143.4	2.5	19.1	106.6
Net interest-bearing debt <sup>*)</sup>	-279.3	-370.5	-279.3	-370.5	- 314.6
Equity <sup>*)</sup>	234.5	211.2	234.5	211.2	226.4
Equity-to assets ratio, % <sup>*)</sup>	44.5	38.9	44.5	38.9	35.0
Gearing, % <sup>*)</sup>	-119.1	-175.4	-119.1	-175.4	-139.0
Working capital <sup>*)</sup>	-147.3	-239.3	-147.3	-239.3	-171.2
ROI, %	30.2	53.5	31.0	65.8	61.6
ROE, %	19.3	36.8	20.3	46.6	42.6

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

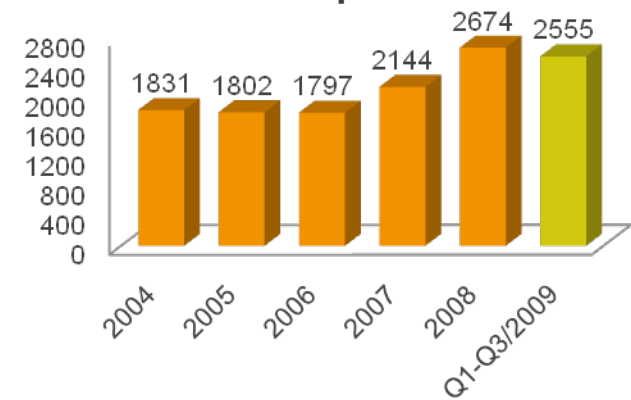
# Personnel

- An average of 2,568 employees (Q1-Q3/2008: 2,434)
- 6% increase was due to business growth, acquisition of Auburn and active recruitment in 2008.
- A reduction of 119 employees since the year-end 2008
- Temporary personnel accounted for 8% of the total number of employees.
- Additionally some 240 FTE contracted people for engineering, construction and project management – a reduction of 320 since the year-end 2008

Personnel by country



Number of employees at the end of the period



# Actions to adjust operations

- Number of contract workers has been reduced by 116 since end of June 2009 and by 320 since the year-end.
  - Insourcing of standard engineering work
- Number of own personnel has been reduced by 119 since the year-end.
  - Internal transfers
- Other measures taken
  - Opportunity to replace holiday compensation with off-time in Finland
  - Optimization of office network has continued.
- Cost-saving measures will be increased according to market conditions and workload.

# 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
- Acquisitions

# Events after the reporting period

- On October 15, 2009, Outotec agreed with main shareholders of Larox Corporation on share transactions, in which they sell all their Larox series A and B shares to Outotec. The shares to be purchased correspond altogether to 94.40 % of all the votes in Larox, to 99.99 % of all Larox series A shares and to 61.89 % of all Larox series B shares.
- The purchase price for the shares shall be paid in the form of new Outotec shares.
- Outotec will make a mandatory public tender offer for all the remaining Larox series A and B shares.
- The transaction values Larox as a whole at approximately EUR 93 million.
- The completion of the Share Transactions is conditional on the receipt of necessary approvals from the competition authorities.



# Synergy benefits of combining Outotec and Larox businesses

- Customers can be offered total solutions for minerals concentrators and metallurgical plants as well as comprehensive services and process guarantees.
- Larox increases Outotec's Services business annually by over EUR 70 million and enables further growth due to a larger combined customer base and utilization of best practices.
- Additional sales opportunities from cross selling and access to chemical industry
- Estimated synergy benefits of at least EUR 7 million as of 2011
- Estimated neutral effect on EPS in 2010 when excluding possible one-time costs, estimated positive effect as of 2011
- Outotec's strong financial position and balance sheet provide better growth opportunities for the Larox business.

# 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 January-September 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.

# New CEO as of January 1, 2010

- Mr. Pertti Korhonen, M. Sc. Eng., COO, CEO as of 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

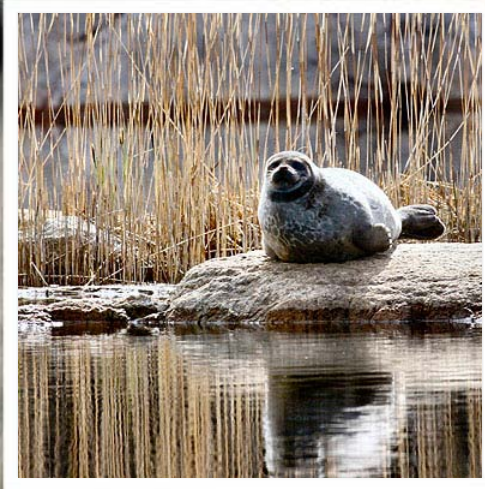


# Drivers boosting Outotec business mid- to long-term

- CO<sub>2</sub> limitations
  - force inefficient mining and metallurgical processes to be replaced by new technologies
- Oil peak coming up
  - one replacing energy source will be oil shale where reserves are huge and Outotec has sustainable technology for the process
- Clean water
  - Outotec's modern technologies reduce water consumption in mines and metallurgical plants, potentially also in other industries
- Energy efficiency
  - Outotec's technologies are second to none when it comes to energy efficiency
- Ores are becoming lower grade and more complex
  - more volumes and better technologies will be needed in the future.

# Short-term priorities for Outotec

- Strengthen Outotec's offerings for the customers in the mining and metallurgical industry
- Increase the sales of the Services business
- Leverage Outotec's technologies and solutions in new vertical markets (such as energy and water)
- Improve internal efficiency
- Seek acquisition opportunities



Q & A

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