



# Q1-Q3 2012 Interim report

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President and CEO

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**Outotec**

# Overall market activity continued solid in Q3, iron ore value chain slow



- Revised mining CAPEX plans
- Long-term outlook for metals demand continues to be positive
- Social responsibility and environmental sustainability high on customers' agenda
- Iron ore value chain demand is slow
- Financing continued to be available for solid projects
- Uncertainties and delays in political regulation slow investment decisions especially in renewable energy
- Customers' capacity utilization rates high supporting Service sales
- No cancellations or postponements of existing orders

# Activity was high in copper, gold, acid and aluminum markets, also zinc market activated

Order intake by region:

Americas 27%

EMEA 57%

Asia Pacific 16%

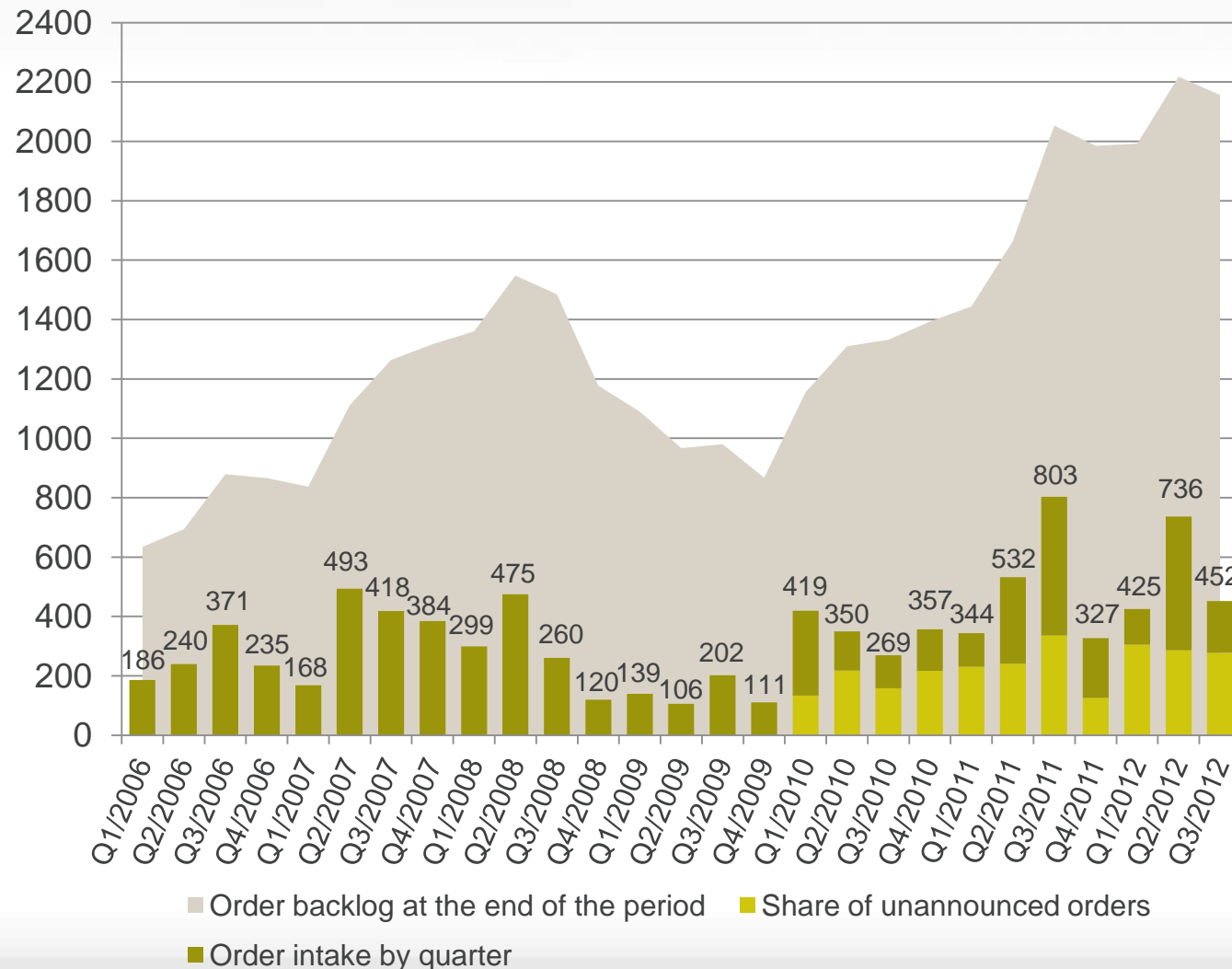
- Alumina technology, Canada (value not published)
- Copper smelter modernization, Mexico, approx. EUR 30 million
- Flotation technology for copper concentrator expansion, South America, over EUR 30 million

- Copper and molybdenum technologies, Iran, total EUR 265 million (EUR 58 million in Q3/2012)

- Technology for a nickel matte treatment facility, South Korea, over EUR 10 million
- Technology and proprietary equipment from aluminum smelters and related industry, China, approx. EUR 24 million

# Order intake remained solid with both greenfield and brownfield orders

EUR million



- Order backlog at the end of Q3/2012 was EUR **2,155.8** (2,052.5) million, up 5% from comparison period
- 43** projects with value in excess of EUR **10** million, accounting for **70%** of the backlog
- Roughly **27%** (or approx. EUR **580** million) of the backlog is estimated to be delivered in 2012



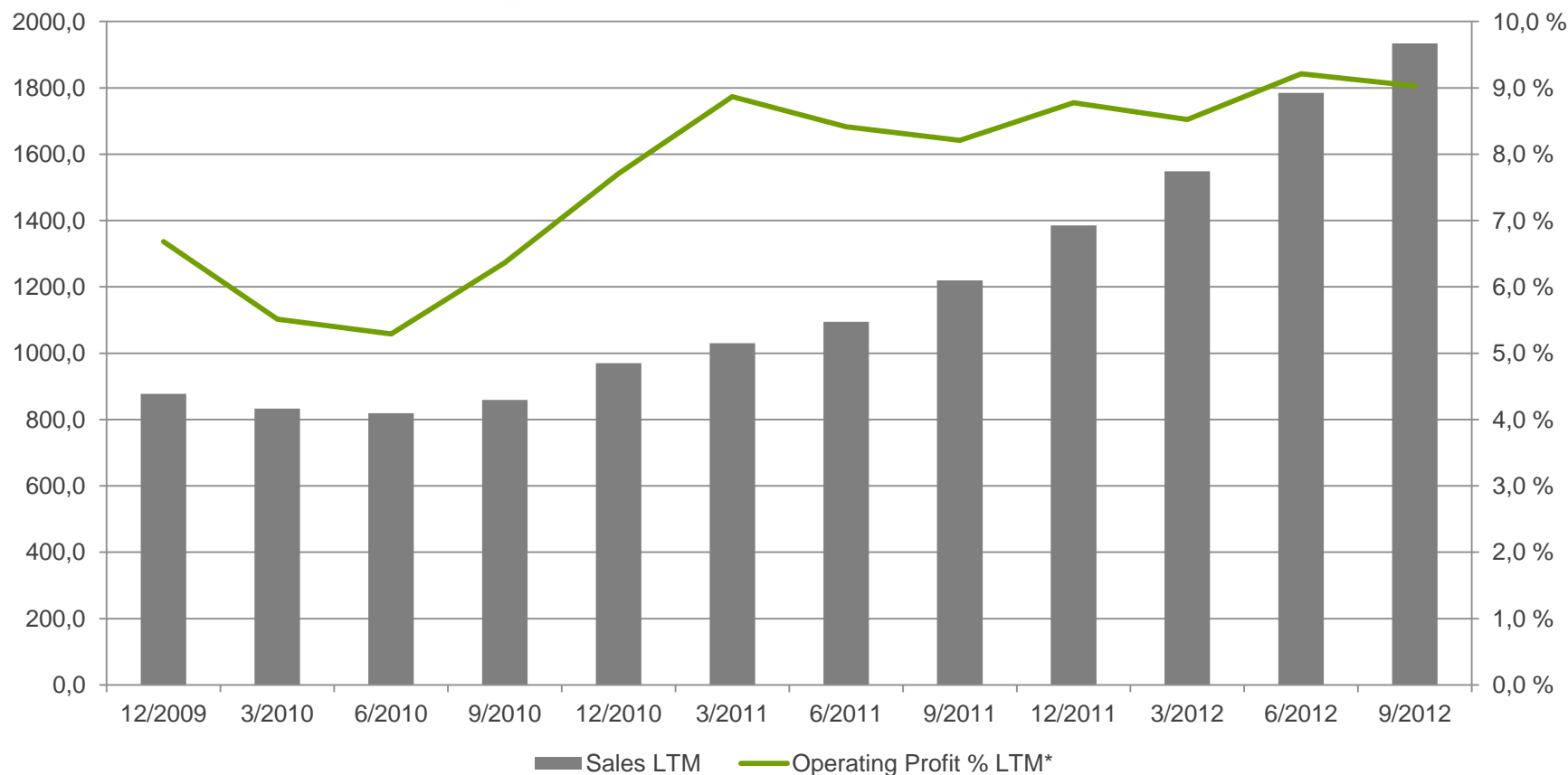
# Very strong sales and profit growth due to the strong order backlog, successful project deliveries and services growth

EUR million	Q1-Q3 2012	Q1-Q3 2011	Chg %	Q3 2012	Q3 2011
Sales	1,437.6	888.8	+62	502.8	352.8
Gross margin, %	20.3	24.0	-	19.3	24.9
Operating profit from business operations	119.8	66.6	+80	44.7	34.3
- one-time costs	-1.3	-	-	-0.5	-
- PPA amortization	-9.2	-3.6	-	-3.2	-1.2
Reported operating profit	109.4	63.0	+74	41.0	33.2
FX impact (unrealized, realized)	-0.2	+2.3	-	+3.6	-2.5
Operating profit margin, %	7.6	7.1	-	8.1	9.4
- from business operations, %	8.3	7.5	-	8.9	9.7



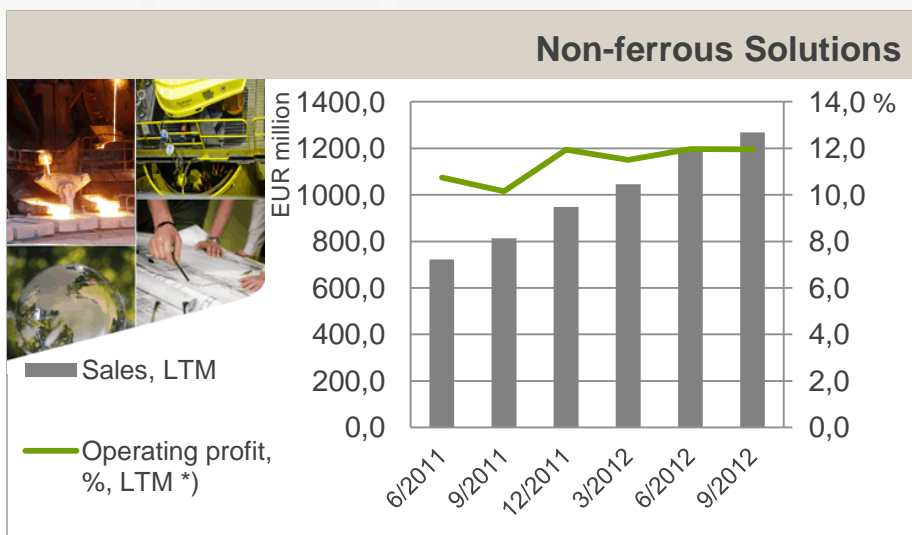
# Delivering profitable growth

## Sales last 12 months



\*) from business operations excl. one time items and PPA

# NFE: very good performance with all metrics



\*) from business operations excl. one time items and PPA

EUR million	Q1-Q3/2012	Q1-Q3/2011	Chg %
Sales	<b>909.0</b>	588.9	+54
Operating profit from business operations *)	<b>97.1</b>	58.6	+66
Operating profit margin from business operations, %	<b>10.7</b>	9.9	-

\*)The unrealized and realized exchange gains related to currency forward contracts increased profitability by EUR 1.0 million (Q1-Q3/2011: gain of EUR 1.0 million)

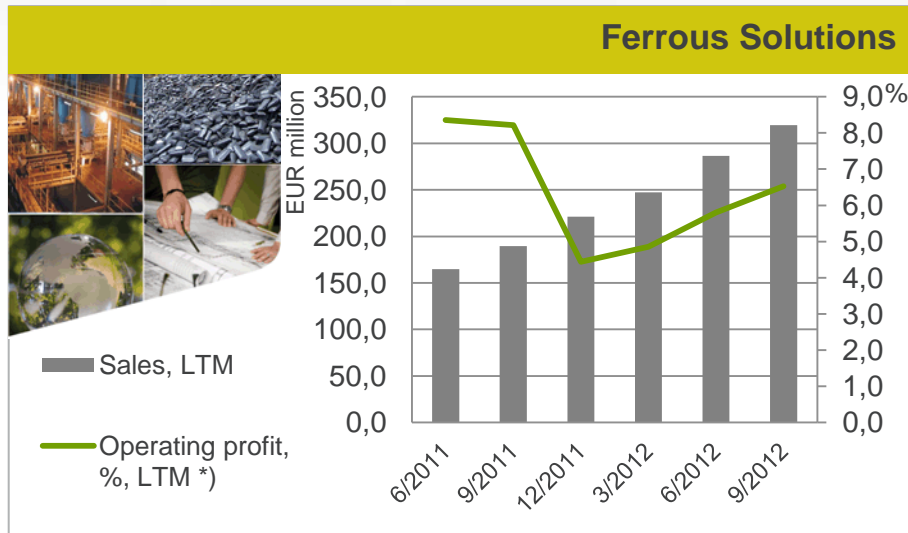
## Q1-Q3/2012

- Good progress in deliveries
- Continued strong order intake
- Growth in Services sales
- Operating leverage from higher sales

## Going forward

- Copper, gold, zinc, and silver technologies markets expected to continue active across the ore-to-metal value chain
- Customers' high capacity utilization rates and large installed base driving service sales
- Competition for new projects remains tight, varies by market and offering

# FER: Good project execution resulting in strong growth and profitability improvement



\*) from business operations excl. one time items and PPA

EUR million	Q1-Q3/2012	Q1-Q3/2011	Chg %
Sales	<b>244.7</b>	146.3	+67
Operating profit from business operations *)	<b>18.4</b>	7.3	+153
Operating profit margin from business operations, %	<b>7.5</b>	5.0	-

## Q1-Q3/2012

- Successful execution of large projects
- Services sales growth (Demil)
- Operating leverage from higher sales

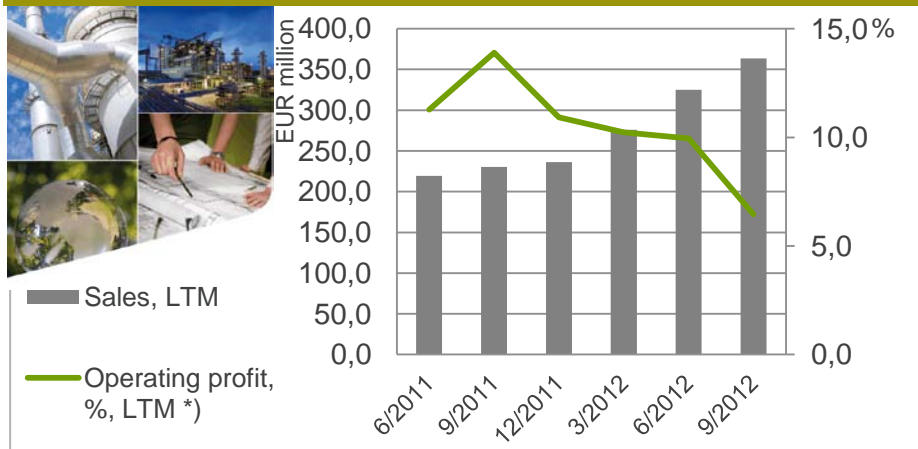
## Going forward

- Active demand for ferroalloy and ilmenite technologies, services, modernizations and smaller projects
- Negotiations in large iron ore greenfield investments slow
- The Middle East developing beneficiation, pelletizing, and ilmenite projects
- China's increased environmental awareness creates new opportunities



# ELE: Strong sales growth, profitability impacted by execution of two customer projects

## Energy, Light Metals and Environmental Solutions



\*) from business operations excl. one time items and PPA

EUR million	Q1-Q3/2012	Q1-Q3/2011	Chg %
Sales	<b>292.8</b>	165.2	+77
Operating profit from business operations *)	<b>18.2</b>	20.6	-11
Operating profit margin from business operations, %	<b>6.2</b>	12.5	-

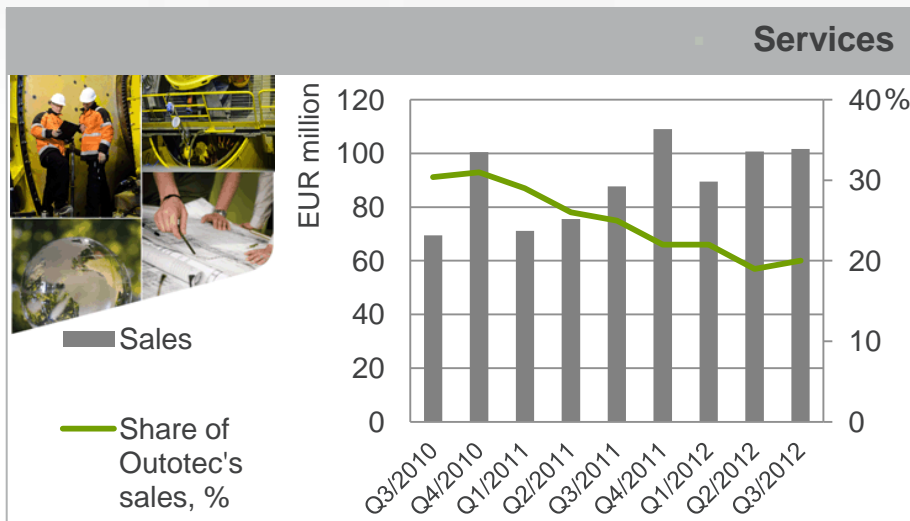
## Q1-Q3/2012

- Operating profit decreased due to
  - higher than planned costs and increased risk provisions in two customer projects
  - fewer project completions vs comparison period

## Going forward

- Solid demand in alternative energy solutions, timing impacted by unpredictability of governmental regulations
- Market for industrial water treatment solutions is growing
- Tightening environmental regulations driving demand of sulfuric acid technologies
- Hot commissioning of Narva Oil shale reference plant progressing

# Services: Strong growth continued

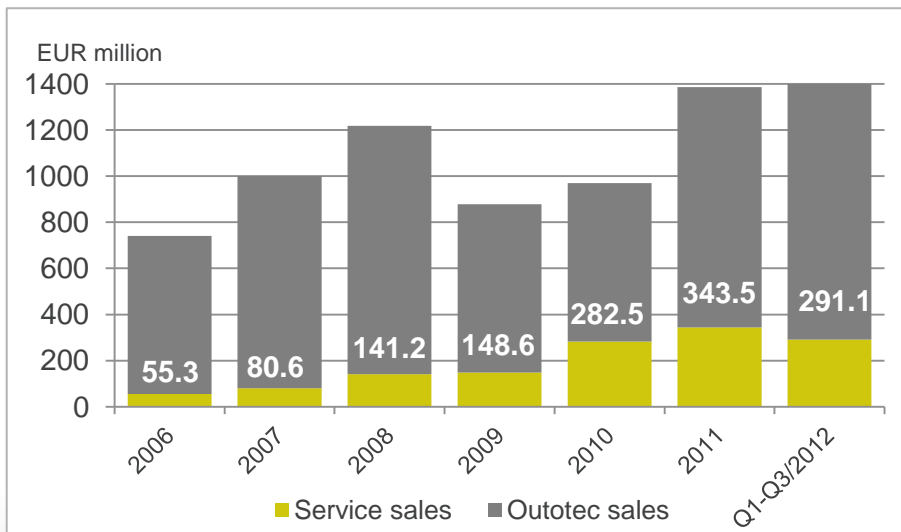


## Q1-Q3/2012

- Growth came from scaling up sales and delivery capability and addressing the installed base

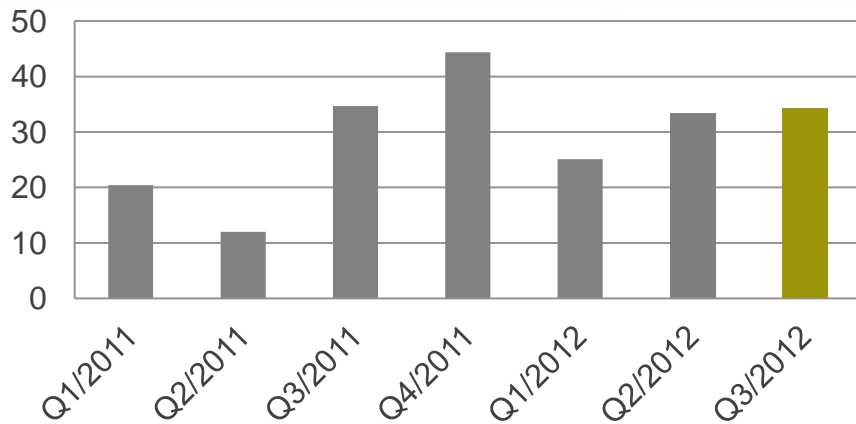
## Going forward

- Continue growth by
  - further penetrating to Outotec's large installed base and scaling up sales and delivery capability
  - launching new service offerings (especially Operate and Maintain)
  - acquisitions
- Current high volume delivery of Outotec's equipment and plant solutions results in new installed capacity requiring lifecycle services

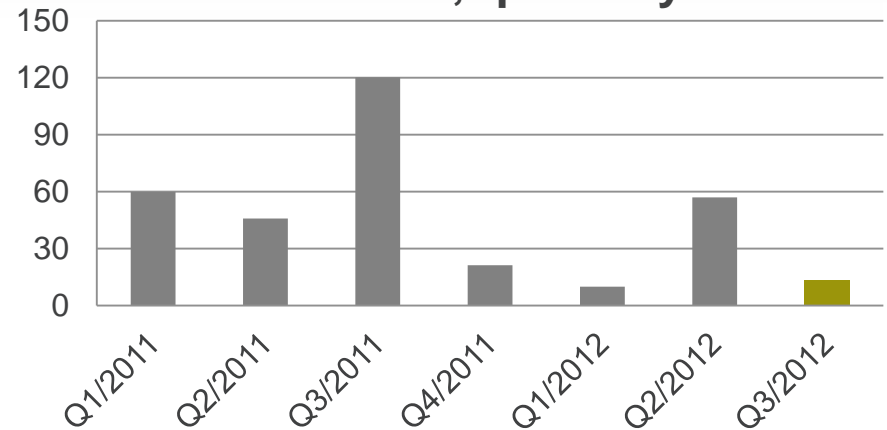


# Financing structure continued to be strong and liquidity was good

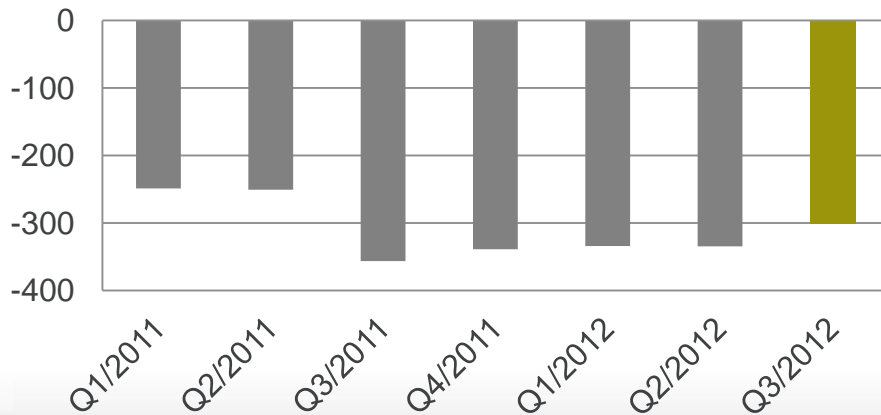
## ROI %, quarterly



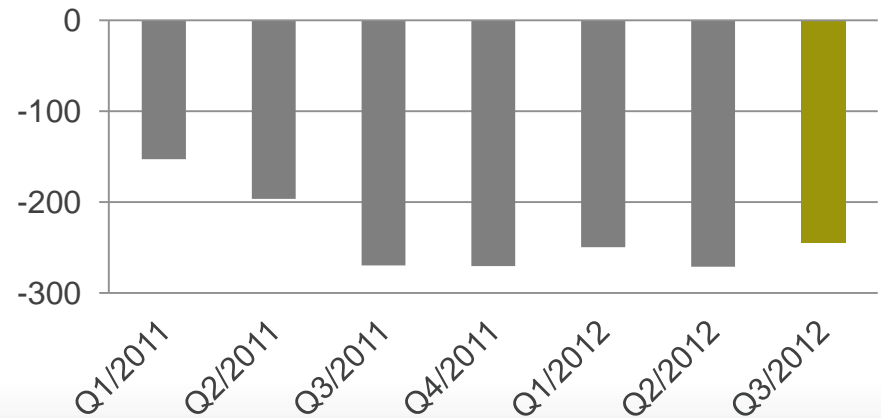
## Net cash flow from operating activities, quarterly



## Net interest-bearing debt

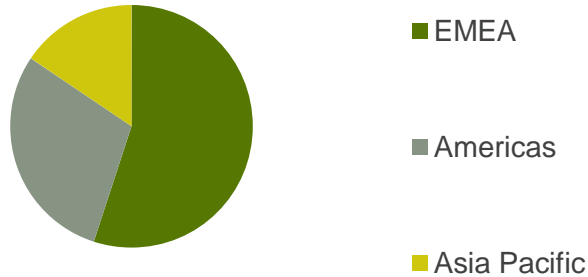


## Working capital

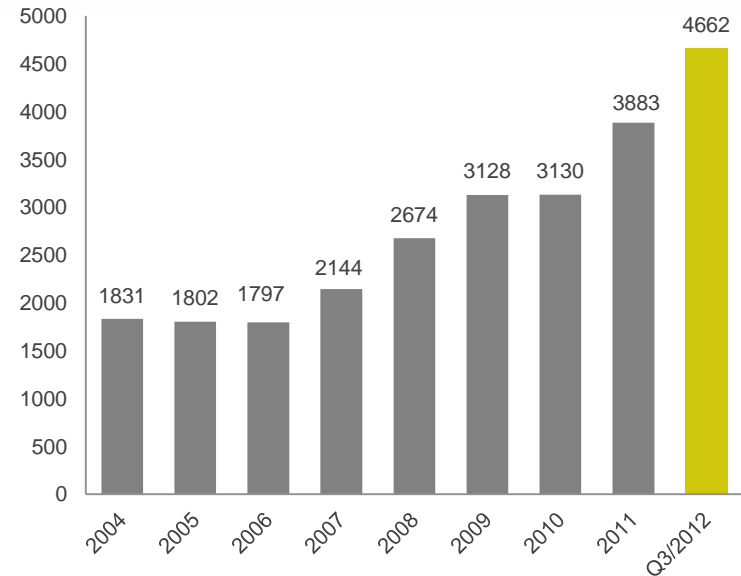


# Personnel increased due to acquisitions and recruitments to project and service delivery

Personnel by region at the end of the period



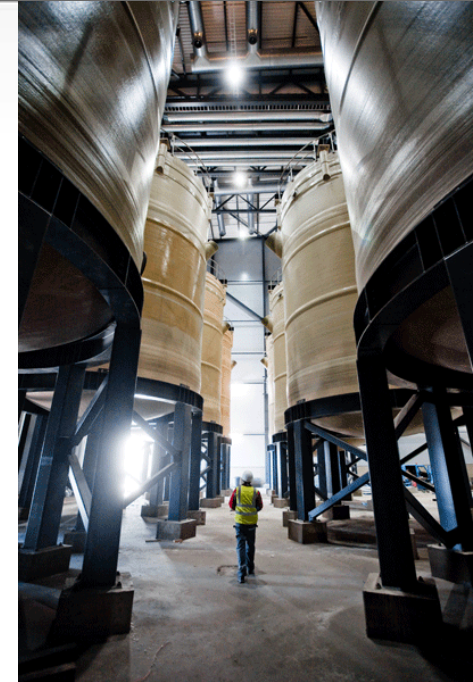
Personnel at the end of the period



- Increase from acquisitions: **435**, representing 56% of the growth compared to 2011
- Temporary personnel: **8%** (2011: 9%)
- FTE contracted people: some **800** (2011: 480)





# Events after the reporting period

- Outotec expands its paste plant business by acquiring (Oct 3) Backfill Specialists Pty Ltd in Australia
- According to the AGM's decision, Outotec announced on October 16 the following members to the Nomination Board
  - Mr. Kari A.J. Järvinen CEO (Solidium Oy)
  - Mr. Harri Sailas CEO (Ilmarinen Mutual Pension Insurance Company)
  - Mr. Poju Zabłudowicz CEO (Tamares Nordic Investments B.V.)
  - Mr. Carl-Gustaf Bergström, chairman of the board of Outotec
  - Mr. Karri Kaitue, vice chairman of the board of Outotec





# All 2012 focus areas are progressing well

Objective	Status
Order intake, scalability and execution excellence to ensure continuous growth	
Value based pricing, supply savings and scalability to ensure profitability improvement	
Solution offering and services to strengthen earnings logic	
M&A to strengthen offering portfolio and accelerate growth	

# Market outlook

- The long-term outlook for metals demand is expected to support further investments
- Ongoing investments are not sufficient to fulfill the metals demand in the long-term
- Industry is increasingly focusing on social and environmental impacts
- Despite of adjustments, CAPEX spending will remain on a high level going forward
- Large number of mining and metallurgical projects in different planning phases
- Financing available for solid projects, export financing agencies are actively involved
- The potential escalation of macro-economic uncertainties may cause Outotec's customers to delay their investment decisions



# Revised financial guidance for 2012

Based on the first nine months' financial performance, strong order backlog at the end of September, execution of CAPEX projects and market outlook, the management expects that in 2012:

- sales will grow to approximately EUR 1.9-2.1 billion (previously: EUR 1.8-2.0 billion), especially driven by the project revenue recognition, and
- operating profit margin from business operations will be approximately 9-10% (excluding one-time items and PPA amortizations)

Achieving the guidance is subject to the sales mix and relative share of Services, fluctuation in foreign exchange rates, project progress in the order backlog, timing of new orders, license fee income and project completions as well as the general development of the world economy and financial markets.



Q&A

**Outotec**