

# FINANCIAL STATEMENTS REVIEW

JANUARY-DECEMBER 2015



 Sustainable use of  
Earth's natural resources

**Outotec**

FEBRUARY 9, 2016

## FINANCIAL STATEMENTS REVIEW JANUARY-DECEMBER 2015

### Orders and service sales maintained, sales declined

#### January-December 2015 in brief (comparison period in 2014):

- Order intake: EUR 1,190 (1,178) million, 1% (in comparable currencies -2%)
- Order backlog: EUR 1,103 (1,138) million
- Sales: EUR 1,201 (1,403) million, -14% (in comparable currencies -15%)
- Service sales: EUR 511 (519) million, -1% (in comparable currencies -2%)
- EBIT: EUR -12 (10) million
- EBITA (excluding one-time items): EUR 56 (56) million
- EBITA (excluding one-time items), %: 5 (4)
- Net cash flow from operating activities: EUR 70 (20) million
- Earnings per share: EUR -0.10 (0.00)
- Dividend: Due to the negative net profit in 2015, the Board of Directors proposes that the AGM not to pay out a dividend

#### October-December 2015 in brief (comparison period in 2014):

- Order intake: EUR 267 (322) million, -17% (in comparable currencies -20%)
- Sales: EUR 306 (403) million, -24% (in comparable currencies -23%)
- Service sales: EUR 138 (166) million, -17% (in comparable currencies -15%)
- EBIT: EUR -31 (2) million
- EBITA (excluding one-time items): EUR 18 (26) million, -31%
- EBITA (excluding one-time items), %: 6 (6)
- Net cash flow from operating activities: EUR 48 (38) million

### Financial guidance for 2016

Based on the current market outlook, customer business activity and order backlog, management expects that in 2016:

- Sales will be approximately EUR 1.0-1.2 billion, and
- Adjusted EBIT\* will be approximately 2-5%

The market weakened last year and the weakening accelerated towards the end of the year. The wide guidance range reflects the current volatility and limited visibility of the market.

We expect the profits to be weighted towards the second half of the year and expect a loss at the start of the year. Normal seasonality, expected timing of project deliveries from the order backlog and the timing of savings impact from the restructuring program drive the annual phasing of the profit.

\* Excluding restructuring and acquisition-related costs as well as purchase price allocation amortizations.

Summary of the Group's key figures	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
Order intake, EUR million	<b>267.2</b>	322.4	<b>1,189.9</b>	1,177.9
Service order intake, EUR million	<b>109.3</b>	159.1	<b>496.6</b>	555.0
Share of services in order intake, %	<b>40.9</b>	49.4	<b>41.7</b>	47.1
Order backlog at the end of the period, EUR million	<b>1,102.8</b>	1,138.0	<b>1,102.8</b>	1,138.0
Sales, EUR million	<b>305.7</b>	403.2	<b>1,201.2</b>	1,402.6
Service sales, EUR million	<b>138.0</b>	166.1	<b>511.3</b>	519.0
Share of services in sales, %	<b>45.1</b>	41.2	<b>42.6</b>	37.0
Gross margin, %	<b>26.4</b>	22.9	<b>27.9</b>	22.9
EBITA (excluding one-time items), EUR million	<b>17.6</b>	25.5	<b>56.0</b>	56.0
EBITA (excluding one-time items), %	<b>5.8</b>	6.3	<b>4.7</b>	4.0
EBIT, EUR million	<b>-30.6</b>	2.3	<b>-12.3</b>	10.4
EBIT, %	<b>-10.0</b>	0.6	<b>-1.0</b>	0.7
Profit before taxes, EUR million	<b>-32.1</b>	-1.1	<b>-22.9</b>	0.2
Net cash from operating activities, EUR million	<b>47.7</b>	37.9	<b>69.5</b>	19.9
Net interest-bearing debt at the end of the period, EUR million	<b>39.9</b>	-5.8	<b>39.9</b>	-5.8
Gearing at the end of the period, %	<b>9.9</b>	-1.3	<b>9.9</b>	-1.3
Working capital at the end of the period, EUR million	<b>-89.4</b>	-28.2	<b>-89.4</b>	-28.2
Return on investment, %, LTM	<b>-1.5</b>	1.7	<b>-1.5</b>	1.7
Return on equity, %, LTM	<b>-4.0</b>	0.0	<b>-4.0</b>	0.0
Personnel at the end of the period	<b>4,859</b>	4,571	<b>4,859</b>	4,571
Earnings per share, EUR	<b>-0.13</b>	0.00	<b>-0.10</b>	0.00
Dividend per share, EUR	-	-	<sup>1</sup>	0.10

<sup>1</sup> Board of Directors' proposal for AGM

### President and CEO Pertti Korhonen:

Year 2015 was extremely challenging in the mining and metals industry. The growth of metals demand slowed down and metals prices weakened on average by 30% and hit the low levels of year 2009. Increased uncertainty of China's growth outlook and accelerated weakening of metals prices led to further deterioration of the market environment in the second half of 2015. Continued uncertainty and shrinking profitability have caused producers to cut production, postpone investments, and seek all possible measures to maximize cash flow and reduce costs, which also had an impact on the service market towards the end of the year.

I am pleased that we were able to achieve a flat order intake in the very difficult market conditions. Although our mining and metals related orders went down in line with the market, we were able to win orders in the waste-to-energy sector due to competitive offering and a more active market. Many governments are seeking ways to decarbonize energy production and produce energy from waste rather than dump it to landfills. Our service order intake declined as the producers continued to postpone their modernization activities. On the other hand, orders for spare and wear parts increased as we continue to increase the coverage of our installed base.

Our full year sales contracted due to customers' fewer investment projects and slower progress in them. Full year service sales were equal to the previous year's level despite the market having declined. Customer-induced slowdown in project deliveries as well as lower demand for modernization services were reasons for declining sales in the fourth quarter.

Our EBITA before one-time costs and purchase price allocations of M&A cases was on the same level as in 2014. Our gross profit deteriorated due to lower sales, but gross margin improved

significantly due to the larger share of services in sales and improved project margins. The 45 million euro cost savings program reached its gross cost reduction targets, but its net effects were diluted by lower than planned resource utilization, currency exchange effects, and extraordinary IPR litigation costs.

The profit before taxes was negative due to significant one-time costs from restructuring programs and risk provisions related to certain old litigation cases. The cash flow from operations improved due to positive development in working capital. Outotec made four acquisitions in order to strengthen the service and technology offerings in promising growth segments.

The market outlook in the mining and metals industry is challenging and difficult to predict due to the slower outlook for global economic and metals demand growth, weak metal prices, supply overcapacity, and the highly leveraged balance sheets of many producers. We expect the plant and equipment demand to further contract in 2016 and the service demand to be weaker due to postponements of maintenance and modernization activities. In response to the soft market outlook, we are implementing the previously announced actions to adjust our operating model and fixed costs to counter the lower sales. These actions are progressing as planned and are key to improving our profitability. Improving the free cash flow and ensuring a solid balance sheet are key priorities for us in 2016.

## FINANCIAL STATEMENTS REVIEW JANUARY-DECEMBER 2015

### OPERATING ENVIRONMENT

Year 2015 was extremely challenging in the mining and metals industry. The growth of metals demand slowed down and metals prices weakened on average by 30% and hit the low levels of 2009. The increased uncertainty of China's growth outlook and accelerated weakening of metals prices led to further deterioration of the markets. Continued uncertainty and shrinking profitability has caused producers to cut production, postpone their investments further, and seek all possible measures to maximize cash flow and reduce costs. This had also an impact on the services market towards the end of the year.

Markets in Europe and the Middle East were somewhat more active, while those in Asia Pacific, Africa, Eurasia, and the Americas progressed slowly. Investments were directed predominantly to projects that improved the efficiency of existing operations and yield fast returns. Zinc, copper, and aluminum projects were more active, while gold and iron ore investments continued to be weak. Waste-to-energy projects developed more actively, especially in the UK.

Competition continued at an intense level.

### ORDER INTAKE AND BACKLOG

Order intake in the fourth quarter of 2015 totaled EUR 267 (322) million, down 17% (-20% in comparable currencies) from the comparison period. Most orders were received in the EMEA region.

Order intake in 2015 totaled EUR 1,190 (1,178) million, up 1% (-2% in comparable currencies) from 2014. Of the orders received in 2015, 58 (50)% came from the Metals, Energy, & Water segment and 42 (50)% from the Minerals Processing segment.

Service order intake in the fourth quarter of 2015 was EUR 109 (159) million, a decrease of 31% (-28% in comparable currencies) from the comparison period. The decrease was mainly due to lower demand for equipment upgrade and plant modernization services, and lack of typical year-end peak in customers' spare parts purchases.

In 2015, service order intake decreased 11% (-13% in comparable currencies) from 2014 and totaled EUR 497 (555) million. The decrease was mainly due to the lower level of equipment upgrade and operation and maintenance services. Spare and wear part orders grew.

Order intake by region, %	Q1-Q4 2015	Q1-Q4 2014
EMEA (including the CIS)	56	40
Americas	26	37
APAC	18	23
<b>Total</b>	<b>100</b>	100

### Announced orders in 2015

Project/location (published)	Customer	Value, EUR Million	Business area
<b>Booked into order backlog Q4/2015</b>			

Ferrochrome plant, China (January 7, 2016)	Mintal Group	Over 25	Metals, Energy & Water
Two waste-to-energy plants, UK (December 4, 2015)	Not published	43	Metals, Energy & Water
Waste-to-energy plant, UK (December 3, 2015)	M+E Group	35	Metals, Energy & Water
<b>Booked into order backlog Q3/2015</b>			
Three contracts for renewable energy plants, UK and Canada (October 12, 2015)	Not published	55	Metals, Energy & Water
Iron ore beneficiation plant, Iran (September 1, 2015)	Iran International Engineering Company	45 (of which 10 in Q3/2015)	Minerals Processing
Tailings treatment plant, Finland (August 18, 2015)	Yara	Over 40	Minerals Processing
<b>Booked into order backlog Q2/2015</b>			
Two alumina calcination plants, UAE (July 8, 2015)	Emirates Global Aluminium	Over 80	Metals, Energy & Water
Aluminum rodshop technology, China (June 26, 2015)	Chiping Xinyuan Aluminium	Over 12	Metals, Energy & Water
Iron ore pelletizing technology, Iran (June 1, 2015)	B-MISCO	Not published, but typically 80-100 (<10 booked in Q2/2015)	Metals, Energy & Water
Technology and services for zinc plant, Mexico (April 14, 2015)	Met-Mex Peñoles	Approx. 60	Metals, Energy & Water
<b>Booked into order backlog Q1/2015</b>			
Modular copper solvent extraction technology, and services, South America (April 24, 2015)	Not published	Approx. 30	Metals, Energy & Water
Technology to aluminum smelter, UAE (April 14, 2015)	EMAL	Over 10	Metals, Energy & Water
Zinc concentrate direct leaching technology, Norway (April 13, 2015)	Boliden	Not published, but typically 10-20	Metals, Energy & Water
Technology and O&M services for a waste-to-energy plant, UK (March 23, 2015)	Levenseat Renewable Energy Limited	Approx. 60 (30 in Q1/2015)	Metals, Energy & Water

The order backlog at the end of 2015 was EUR 1,103 (1,138) million, including services EUR 229 (247) million, or 21%. Outotec has approximately EUR 230 (150) million of orders from Iran which are not included in the reported order backlog, because orders are booked only for the value equaling to received prepayments.

At the end of 2015, Outotec had 24 (19) projects with an order backlog value in excess of EUR 10 million, accounting for 66 (58)% of the total backlog. Based on management estimates, roughly 70 (81)% or EUR 760 (925) million of the quarter-end order backlog value will be delivered in 2016.

## SALES AND FINANCIAL RESULT

Sales and financial result	Q4	Q4	Q1-Q4	Q1-Q4
EUR million	2015	2014	2015	2014

Sales	<b>305.7</b>	403.2	<b>1,201.2</b>	1,402.6
Service sales <sup>1</sup>	<b>138.0</b>	166.1	<b>511.3</b>	519.0
Share of service sales, %	<b>45.1</b>	41.2	<b>42.6</b>	37.0
Gross margin, %	<b>26.4</b>	22.9	<b>27.9</b>	22.9
EBITA (excluding one-time items)	<b>17.6</b>	25.5	<b>56.0</b>	56.0
EBITA (excluding one-time items), %	<b>5.8</b>	6.3	<b>4.7</b>	4.0
- one-time items <sup>2</sup>	<b>-45.8</b>	-21.0	<b>-58.9</b>	-37.2
- PPA amortization	<b>-2.4</b>	-2.2	<b>-9.4</b>	-8.4
EBIT	<b>-30.6</b>	2.3	<b>-12.3</b>	10.4
EBIT, %	<b>-10.0</b>	0.6	<b>-1.0</b>	0.7
Profit before taxes	<b>-32.1</b>	-1.1	<b>-22.9</b>	0.2
Profit for the period	<b>-23.6</b>	0.0	<b>-17.2</b>	0.2
Unrealized and realized exchange gains and losses <sup>3</sup>	<b>-1.7</b>	-2.2	<b>-5.3</b>	-8.8

<sup>1</sup> Included in the sales figures of the two reporting segments

<sup>2</sup> During the January-December 2015 period, one-time items totaled EUR -58.9 (-37.2) million including acquisition-related costs of EUR -2.0 (-0.7) million, restructuring costs of EUR -48.9 (-36.6) million, arbitration provisions EUR -9.0 (-) million and EUR 1.0 (-) million reduction from earn-out payment liability related to acquisition.

<sup>3</sup> Related to foreign exchange forward agreements and bank accounts

Sales by region				%	Change
EUR million	2015	2014	2015	%	%
EMEA (incl. the CIS)	<b>640.7</b>	809.2	53		-20.8
Americas	<b>368.5</b>	327.0	31		12.7
APAC	<b>192.0</b>	266.5	16		-28.0
Total	<b>1,201.2</b>	1,402.6	100		-14.4

Sales by materials, %		2015	2014
Copper		32	28
Nickel		11	7
Zinc		4	3
Ferroalloys		4	5
Aluminum		7	5
Iron		17	15
Precious metals		8	10
Other metals		4	10
Energy and environmental solutions (incl. water, sulfuric acid and off-gas)		8	13
Others		6	5
Total		100	100

Sales in the fourth quarter of 2015 were EUR 306 (403) million, down by 24% (-23% in comparable currencies) from the comparison period. Sales in 2015 decreased by 14% (-15% in comparable currencies) from 2014 and totaled EUR 1,201 (1,403) million. The main reasons for the lower sales in 2015 were the weak order intake in 2014 and customer-driven postponements in project deliveries.

Service sales in the fourth quarter of 2015 declined by 17% (-15% in comparable currencies) from the comparison period and totaled EUR 138 (166) million. In 2015, service sales declined 1% (-2% in comparable currencies) from 2014 and totaled EUR 511 (519) million, representing 43 (37)% of sales. The decline came mainly from technical, equipment upgrades and plant modernizations,

and O&M services, while operational spare parts sales grew. However, the typical customers' discretionary spend for spare parts did not materialize at the end of 2015.

Improved project execution and higher share of service sales had a positive impact on EBITA (excluding one-time items) in 2015. In 2015, the unrealized and realized losses from the valuation of foreign exchange forward agreements amounted to EUR 5 (loss of 9) million. In 2015, one-time costs totaled EUR 59 million, including EUR 49 million restructuring costs, EUR 9 million provision for anticipated arbitration costs related to ongoing legal cases from past acquisitions, and EUR 1 million in net impact from acquisitions.

Fixed costs in 2015, including selling and marketing, administrative, R&D, and fixed delivery expenses, were EUR 334 (332) million (in comparable currencies EUR 331 million), or 28 (24)% of sales. Cost saving actions reduced fixed costs by approximately EUR 32 million in 2015. Lower resource utilization due to customers' delays in certain projects, currency impacts, IPR related litigation costs, acquisitions and depreciations from investments increased costs by EUR 35 million.

Profit before taxes was negative EUR 23 (0) million. It included net finance expenses of EUR 11 (10) million. Profit for 2015 was negative EUR 17 (0) million. Net impact from taxes was EUR 6 million positive. Earnings per share were EUR -0.10 (0.00).

## SEGMENTS

### Minerals Processing

#### Q1-Q4 highlights

- Weak order intake in the minerals processing solutions continued
- Profitability weakened due to lower sales
- Operational spare part sales increased

Reporting segment – Minerals Processing EUR million	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014	Change %
Order intake	102.6	114.6	495.6	593.6	-17 <sup>1</sup>
Sales	147.0	190.6	548.8	659.6	-17 <sup>2</sup>
Service sales	83.2	104.0	311.9	319.6	-2 <sup>3</sup>
EBITA (excluding one-time items)	0.0	22.8	19.5	63.2	
EBITA (excluding one-time items), %	0.0	12.0	3.5	9.6	
PPAs	-0.8	-0.9	-3.3	-3.4	
One-time items	-26.5	-9.6	-32.6	-13.9	
EBIT	-27.3	12.4	-16.5	45.9	
EBIT, %	-18.6	6.5	-3.0	7.0	
Unrealized and realized exchange gains and losses <sup>4</sup>	-1.2	-0.7	-3.9	-4.1	

<sup>1</sup> In comparable currencies -16%

<sup>2</sup> In comparable currencies -17%

<sup>3</sup> In comparable currencies -3%

<sup>4</sup> Related to foreign exchange forward agreements and bank accounts

In 2015, the Minerals Processing market continued to be slow as customers minimized their investments and reduced operating costs. The segment's order intake in 2015 decreased by 17% (-16% in comparable currencies) from the comparison period, which was mainly due to a decrease in equipment orders as well as O&M, technical, and equipment upgrade services.



The segment's sales in 2015 declined 17% (-17% in comparable currencies) mainly due to fewer plant and equipment orders in 2014. Service sales in 2015 decreased by 2% (-3% in comparable currencies) from 2014. The decrease came mainly from technical and equipment upgrade services. Competition continued at an intense level.

### Metals, Energy & Water

#### Q1-Q4 highlights

- Multiple aluminum, zinc, iron, and energy solutions increased order intake
- Improved profitability due to improved project execution and product cost improvements
- Flat service sales despite weak modernization demand

Reporting segment – Metals, Energy & Water EUR million	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014	Change %
Order intake	<b>164.6</b>	207.7	<b>694.3</b>	584.1	<b>19<sup>1</sup></b>
Sales	<b>158.8</b>	212.6	<b>652.4</b>	743.1	<b>-12<sup>2</sup></b>
Service sales	<b>54.7</b>	62.1	<b>199.4</b>	199.4	<b>0<sup>3</sup></b>
EBITA (excluding one-time items)	<b>18.1</b>	4.4	<b>42.5</b>	-1.1	
EBITA (excluding one-time items), %	<b>11.4</b>	2.1	<b>6.5</b>	-0.2	
PPAs	<b>-1.5</b>	-1.3	<b>-6.0</b>	-5.0	
One-time items	<b>-17.3</b>	-10.6	<b>-23.5</b>	-12.2	
EBIT	<b>-0.6</b>	-7.5	<b>13.0</b>	-18.2	
EBIT, %	<b>-0.4</b>	-3.5	<b>2.0</b>	-2.5	
Unrealized and realized exchange gains and losses <sup>4</sup>	<b>-0.5</b>	-1.1	<b>-1.5</b>	-4.5	

<sup>1</sup> In comparable currencies 12%

<sup>2</sup> In comparable currencies -13%

<sup>3</sup> In comparable currencies -1%

<sup>4</sup> Related to foreign exchange forward agreements and bank accounts

The Metals, Energy & Water segment's order intake in 2015 improved from the comparison period due to good progress made in waste-to-energy solutions. The segment's order intake in the reporting period increased by 19% (12% in comparable currencies) from the comparison period. In 2015, the segment's sales declined by 12% (-13% in comparable currencies) due to the low order intake in 2014.

Service sales in 2015 remained on previous year's level (-1% in comparable currencies). The Kempe acquisition balanced out weak modernization services market. Improved project execution was the main reason for segment's improved profitability.

### BALANCE SHEET, FINANCING, AND CASH FLOW

Balance sheet, financing and cash flow EUR million	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
Net cash from operating activities	<b>47.7</b>	37.9	<b>69.5</b>	19.9
Net interest-bearing debt at the end of the period	<b>39.9</b>	-5.8	<b>39.9</b>	-5.8
Equity at the end of the period	<b>404.7</b>	445.3	<b>404.7</b>	445.3
Equity-to-assets ratio at the end of the period, %	<b>31.1</b>	36.1	<b>31.1</b>	36.1
Gearing at the end of the period, %	<b>9.9</b>	-1.3	<b>9.9</b>	-1.3
Working capital at the end of the period	<b>-89.4</b>	-28.2	<b>-89.4</b>	-28.2

The consolidated balance sheet total was EUR 1,531 (1,442) million on December 31, 2015. The equity to shareholders of the parent company was EUR 402 (445) million, representing EUR 2.22 (2.47) per share. The dividend payment of EUR 18 million (paid on April 16, 2015), negative translation differences of EUR 9 million (EUR 9 million positive), and EUR 17 million negative net profit all had an impact upon equity.

Outotec's cash and cash equivalents at the end of 2015 totaled EUR 301 (282) million. The net cash from operating activities in the fourth quarter of 2015 was EUR 48 (38) million, and in 2015 EUR 70 (20) million. Working capital development and lower taxes contributed positively to the cash flow. The advance and milestone payments received at the end of 2015 were EUR 232 (208) million. The advance and milestone payments paid to subcontractors at the end of the reporting period were EUR 61 (35) million.

Investments, acquisitions and dividends contributed to cash outflow. Cash inflow from interest-bearing debt drawdowns was EUR 77 million. Outotec invests its excess cash in short-term money market instruments such as bank deposits and corporate commercial certificates of deposit.

Outotec increased its investments in 2015. Net interest-bearing debt at the end of 2015 was EUR 40 (-6) million. Gearing at the end of 2015 was 10 (-1)%. Outotec's equity-to-assets ratio was 31 (36)%. The company's capital expenditure in 2015 totaled EUR 105 (69) million, of which acquisitions accounted for EUR 42 (8) million and the rest was related mainly to IT systems and R&D equipment. Since 2011, Outotec has been investing in consolidating and integrating its fragmented IT platforms and business processes. Year 2015 was the last year of these significant investments and the roll out has now been completed.

At the end of 2015, guarantees for commercial commitments, including advance payment guarantees issued by the parent and other Group companies, were EUR 632 (511) million.

## **COST SAVINGS PROGRAMS**

### **EUR 45 million program closed**

Outotec's EUR 45 million cost savings program (announced on October 30, 2014) has been completed. The achieved annualized savings at the end of 2015 totaled EUR 45 million, the majority of which came from the reduction of 568 employees. Acquisitions in 2015 increased the headcount by 449 people, mainly in services.

Total one-time costs for the program were EUR 42 million at the end of 2015. In 2015, one-time costs were EUR 21 million (Q4/2014: EUR 21 million).

### **New EUR 70 million program**

Outotec initiated an additional cost structure program in the fourth quarter of 2015 as a response to the further weakening of the market during the second half of the year. The program aims at EUR 70 million annualized savings in fixed costs compared to the Q3/2015 situation. The majority of the savings will materialize in 2016. The estimated one-time costs from the program will be at maximum EUR 40 million. The planned measures may lead to the reduction of maximum of 650 permanent employees globally.

One-time costs in the fourth quarter of 2015 were EUR 28 million.

## **CORPORATE STRUCTURE**

### New operating structure

On November 20, 2015, Outotec announced changes in its operating structure as of January 1, 2016. In the new operating model, Outotec's business operations consist of two Business Units – Minerals Processing and Metals, Energy & Water - and a Markets Unit. The Business Units continue as reporting segments and the Markets Unit will be responsible for managing customer relationships and geographical Market Areas as well as spare and wear part and field service business.

### Acquisitions

On December 15, 2015, Outotec announced that it had successfully completed the acquisition of the business of Sinter Plant Services CC in South Africa. The acquisition price was not disclosed.

On November 23, 2015, the acquisition of the majority of the shares in Biomin South Africa Pty. Ltd. and certain assets from Biomin Technologies S.A. in Switzerland was completed. The acquisition price was not disclosed.

On August 13, 2015, the acquisition of Kovit Engineering was completed. The acquisition price was not disclosed.

On March 2, 2015, Outotec closed the acquisition of Kempe Engineering's aluminum smelter technologies, and its service and spare parts businesses in the Middle East and Africa.

In 2016, PPA amortizations from completed acquisitions are expected to be EUR 10 million.

### PRODUCT, TECHNOLOGY AND SERVICE OFFERING DEVELOPMENT

On April 8, 2015, Outotec published the reclassified research and development expenses per January 1, 2015 including 2014 comparison figures. The reclassification of costs is consistent with the redefinition of the product management business processes.

In 2015, Outotec's research and development expenses totaled EUR 61 (57) million, and represented 5 (4)% of sales.

Outotec filed 93 (62) new priority applications and 531 (370) new national patents were granted. At the end of 2015, Outotec had 824 (749) patent families, including a total of 7,458 (6,769) national patents or patent applications. According to the Finnish Patent and Registration Office, of the domestic companies, in 2015, Outotec had the highest number (74) of patent applications of companies in Finland.

On December 15, Outotec completed the acquisition of the business of Sinter Plant Services CC in South Africa. Sinter Plant Services provides spare parts and life-cycle services to South African ferrochrome plants from its service center and manufacturing facility close to Johannesburg. The acquisition complements Outotec's service offering to South African ferrochrome plants.

On November 23, Outotec completed the acquisition of the majority of the shares in Biomin South Africa Pty. Ltd. and certain assets from Biomin Technologies S.A. in Switzerland. Outotec got the full intellectual property and marketing rights of BIOX® bio-oxidation technology. BIOX® bio-oxidation is a proven method for the pre-treatment of refractory gold ores, and it complements Outotec's portfolio of gold processing technologies.

On October 22, Outotec announced that it had agreed with GIW Industries, Inc., a subsidiary of KSB Partners, to enter into partnership for the sales and marketing of GIW® slurry pumps and related services to metal mining customers globally. GIW Industries is an international leader in design of high performance slurry pumps, which are used in minerals processing grinding, flotation and dewatering circuits. The partnership will expand Outotec's service offering and enhance its value to its customers.

On September 8, Outotec announced the establishment of a Dewatering Technology Center in Lappeenranta, Finland, to further strengthen its position as a leader in dewatering solutions. The center is dedicated to developing new products, processes, and services for solid-liquid separation and raw material reuse for the entire life cycle of processing plants. Outotec's customers are constantly looking for more efficient processes in mineral slurry dewatering, process water reuse, and by-product handling in metals and chemical processing, as well as in industrial water treatment.

On August 13, Outotec announced that it had acquired Canadian company Kovit Engineering Limited to complement its tailings management solutions. Kovit Engineering is one of the leading technical consulting and engineering companies specializing in surface and underground mine tailings solutions. The acquisition complements Outotec's existing dewatering and tailings treatment solutions and services as well as strengthens Outotec's position as a global provider of sustainable tailings management solutions.

On March 2, Outotec announced that it had completed the acquisition of Kempe Engineering's aluminum smelter technologies as well as its service and spare parts businesses in the Middle East and Africa. The acquisition of Kempe will strengthen Outotec's technology and service business in the Middle East and Africa, doubling the installed base and providing new capabilities to expand the service business in the region. A large amount of Kempe's proprietary equipment will complement Outotec's aluminum product portfolio and enable further growth of Outotec's equipment and spare parts business globally.

### Product launches 2015

#### **Outotec cPlant concept**

Outotec has developed and is launching a new cPlant concept for flotation of ores. The modularized Outotec® cPlant provides a novel way to design, manufacture, transport, install, operate and maintain a flotation plant with environmentally sound and safe methods and lower total cost of ownership. The Outotec® cPlant can be fully automated utilizing modern online analyzers and process control systems. The modular concept enables fast-track deliveries, efficient logistics, predefined costs, fast installation, and easy maintenance. The standardized modules are easy to replace or upgrade, securing a reliable operation of a minerals processing plant.

#### **A new tool for estimating value of flotation cell replacement**

In October, Outotec introduced a new tool for estimating the value of flotation cell replacement. The tool provides a fast and effective way to evaluate how much operating costs will decrease and what the monetary values of gained process improvements by replacing aging flotation cells with Outotec TankCell® technology will be. Based on the given parameters and case specific values for electricity, slurry and other variables, the tool not only recommends the solution, but also calculates the savings for the new flotation circuit solution.

### **Modular hydrometallurgical precious metals process**

In May, Outotec introduced a novel modular hydrometallurgical process enabling the high direct recovery of precious metals that is cost-effective and has a low environmental impact. The process can be adapted for a variety of different applications and combined with other precious metals technologies. High grade silver and gold are melted and cast into ingots or granules, while impurities can be converted into saleable products such as selenium, copper telluride, and lead sulfate to improve operational profitability.

### **Ilmenite smelting with DC furnace**

In June, Outotec introduced test results of ilmenite smelting in a pilot scale direct current (DC) furnace at the company's research center in Pori, Finland to the ferroalloys industry at the INFACON conference. The pilot scale DC furnace has played an important role in the development of Outotec's DC furnace smelting technology launched in May 2014.

### **Steam dryer pilot plant for sewage sludges**

In June, Outotec introduced a pilot plant at the Life+ conference in Sweden. It has been developed in collaboration with KIC InnoEnergy and the University of Stuttgart to demonstrate efficient biomass use in energy production and the recovery of nutrients. Outotec's dryers and gasification technology can now be used for sewage sludge, farmyard manure, and biomass slurries in renewable energy applications.

## **SUSTAINABILITY**

Outotec's approach to sustainability is defined in the company's mission, strategy, values, code of conduct, and management system documents. Outotec's most significant impact on sustainability occurs indirectly through its customers' resource-efficient operations. "Sustainable use of Earth's natural resources" is the mission the company works towards achieving, in cooperation with its customers. According to its core value, "committed to sustainability", Outotec intends to incorporate sustainability into all aspects of its operations, comprising the social, economic, and environmental elements of sustainability.

On November 26, 2015, Outotec's sustainability report 2014 received Readers' Choice award in the competition evaluating all 173 of the Nasdaq Helsinki-listed companies' corporate responsibility reports. Outotec's report was amongst the top 10 reports in the competition and this was the fourth consecutive year that the company's report was chosen as the Readers' Choice, this time in two categories – by Media and NGOs.

On September 10, 2015, Outotec announced that it had been selected for the third consecutive year to the Dow Jones Sustainability Europe Index for 2015-2016. As much as 90% of Outotec's order intake in 2014 comprised of environmental goods and services according to the OECD (Organisation for Economic Co-operation and Development) criteria. The company has developed many breakthrough technologies for metals and minerals processing and is also creating innovative solutions for the renewable energy industry and industrial water treatment.

In June, Outotec awarded sustainability prizes at Central South University in China to encourage students to apply theories to practice and innovation in a sustainable way. Outotec also awards similar prizes to students in Australia and South Africa.

In June, Outotec organized the third Sustainable Mining and Metallurgy seminar for its customers in Mongolia, supported by the Mongolian Mining and Industry Ministries. The seminar focused on minerals processing, smelting and refining technologies, hydrometallurgical solutions, and Outotec's approach on project implementation as well as research and development.

In April, Outotec and the China Non-ferrous Metals Industry Association (CNIA) hosted a mercury capture & gas cleaning technology seminar in Xiamen, China for representatives of the Ministry of Environmental Protection, Central South University, and Engineering Center for Mercury Pollution Prevention and Control, as well as non-ferrous metals producing companies.

On March 27, 2015, Outotec published its annual sustainability report, which describes the company's approach to sustainability, performance, and achievements during 2014 as well as future targets. Key achievements were the larger positive effect (5.9 million tonnes CO<sub>2</sub>-e emissions avoided) from the use of Outotec's five metals-related technologies and the share of Environmental Goods and Services in order intake, which reached 90% for the first time.

On January 22, 2015, Outotec announced that it was ranked 12th on the 2015 Global 100 Most Sustainable Corporations in the World (Global 100) Index. This was the third consecutive year Outotec was included in the index (ranking 3rd in 2014).

## PERSONNEL

At the end of 2015, Outotec had a total of 4,859 (4,571) employees of whom 1,684 (1,507) were service-related employees. Outotec had on average 4,855 (4,845) employees in the reporting period. Temporary personnel accounted for 8 (8)% of the total personnel.

Outotec's headcount totaled 4,948 at September-end 2014 when the EUR 45 million cost saving program started. As part of the plan, personnel numbers have been reduced by 568. Acquisitions in 2015 increased the headcount by 449 people, mainly in services.

Personnel by region	December 31, 2015	December 31, 2014	Change
EMEA (including the CIS)	3,159	2,627	532
Americas	1,012	1,214	-202
APAC	688	730	-42
<b>Total</b>	<b>4,859</b>	<b>4,571</b>	<b>288</b>

At the end of 2015, the company had, in addition to its own personnel, 405 (454) 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 2015, salaries and other employee benefits totaled EUR 353 (363) million.

## CHANGES IN OUTOTEC'S MANAGEMENT

On November 20, 2015, in relation to the changes in the company's operational structure, Outotec announced changes in its Executive Board. The Executive Board members and their responsibilities as of January 1, 2016 will be:

- Mr. Pertti Korhonen, President and CEO

- Dr. Kalle Härkki, Executive Vice President, President of Minerals Processing Business Unit
- Mr. Robin Lindahl, Executive Vice President, President of Metals, Energy & Water Business Unit (until May 1, 2016)
- Mr. Adel Hattab, Executive Vice President, President of Markets Unit
- Mr. Jari Älgars, Chief Financial Officer, Finance & Control
- Ms. Nina Kiviranta, Senior Vice President, Legal, Contract Management & Corporate Responsibility
- Ms. Pia Käll, Senior Vice President, Strategy, Marketing & Operational Excellence
- Ms. Kirsi Nuotto, Senior Vice President, Human Resources & Communications

On September 22, Outotec announced the nomination of Mr. Jari Älgars, M.Sc. (Econ) as the Chief Financial Officer and member of the Outotec Executive Board from October 1, 2015. Mr. Mikko Puolakka, CFO, continued working for Outotec until January 31, 2016, ensuring the smooth transition of his responsibilities to his successor.

On September 22, Outotec announced that Ms. Minna Aila, Senior Vice President, Marketing, Communications, and Corporate Responsibility and member of Outotec Executive Board, will pursue her career outside of the company as of October 18, 2015. Her previous duties are currently being covered by other Executive Board Members.

On September 18, Mr. Björn Rosengren, member of Outotec's Board of Directors since 2014, resigned from Outotec's Board. He was nominated CEO for Sandvik AB, which operates in the same industry as Outotec.

## RESOLUTIONS OF THE 2015 ANNUAL GENERAL MEETING

Outotec Oyj's Annual General Meeting (AGM) was held on March 30, 2015, in Helsinki, Finland.

### Financial Statements

The AGM 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 2014.

### Dividend

The AGM decided that a dividend of EUR 0.10 per share be paid for the financial year ending on December 31, 2014. The dividend record date was April 1, 2015, and the dividend was paid on April 17, 2015.

### The Board of Directors

The AGM decided that the number of the Board members, including Chairman and Vice Chairman, should be eight (8). Dr. Matti Alahuhta, Ms. Eija Ailasmaa, Ms. Anja Korhonen, Mr. Timo Ritakallio, Mr. Björn Rosengren and Mr. Poju Zabłudowicz were re-elected as members of the Board of Directors, and while Mr. Ian W. Pearce and Mr. Klaus Cawén were elected as new members of the Board. On September 18, 2015, Björn Rosengren resigned from Outotec's Board. He has been nominated as the CEO for Sandvik AB, operating in the same industry as Outotec.

The AGM elected Matti Alahuhta as the Chairman and Timo Ritakallio as the Vice Chairman of the Board of Directors.

The AGM confirmed the annual remunerations to the Board members as follows: EUR 72,000 for the Chairman of the Board of Directors and EUR 36,000 each for the other members of the Board

of Directors, as well as an additional EUR 12,000 for both the Vice Chairman of the Board, and the Chairman of the Audit and Risk Committee; and that the members of the Board each be paid EUR 600 for attendance at each board and committee meeting, as well as being reimbursed for the direct costs arising from board work.

Of the annual remuneration, 60% will be paid in cash and 40% in the form of Outotec Oyj shares, which will be acquired from the stock exchange within one week of the date of the AGM, in amounts corresponding to EUR 28,800 for the Chairman, EUR 19,200 each for the Vice Chairman of the Board and the Chairman of the Audit and Risk Committee, and EUR 14,400 for each of the other members of the Board of Directors. The part of the annual fee payable in cash corresponds to the approximate sum necessary for the payment of the income taxes on the annual remuneration and will be paid no later than April 30, 2015. The annual fees encompass the full term of office of the Board of Directors. The attendance fee will be paid in cash.

### Auditor

Public Accountants PricewaterhouseCoopers Oy was re-elected as the company's auditor. The auditor will be paid remuneration against the auditor's reasonable invoice approved by the company.

### Board's authorizations

The AGM authorized the Board of Directors to decide on the repurchase of the company's own shares as follows:

- Maximum number of the company's own shares to be repurchased is 18,312,149 (corresponds to approximately 10% of all the current shares of the company).
- Own shares may be repurchased on the basis of this authorization only by using unrestricted equity.
- Own shares can be repurchased at a price formed in trading on the regulated market on the date of the repurchase or otherwise at a price formed on the market.
- The Board of Directors is entitled to decide how shares are repurchased.
- Own shares may be repurchased in a way other than in proportion to the shares held by the shareholders (directed repurchase).
- The authorization shall be in force until the closing of the next AGM.

As of February 9, 2016, the Board has not executed this authorization.

The AGM further authorized the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares, referred to in Chapter 10, Section 1 of the Companies Act as follows:

- The maximum number of shares to be issued is 18,312,149 shares (corresponds to approximately 10% of all the current shares of the company).
- The Board of Directors is entitled to decide on all terms of the issuance of shares and of special rights entitling to shares and it is entitled to deviate from the shareholders' pre-emptive subscription rights (directed issue).
- This authorization applies to both the issuance of new shares and the conveyance of own shares held by the company.
- The authorization shall be in force until the closing of the next AGM.

On April 28, 2015, Outotec announced that the Board of Directors had decided on a directed share issuance of a total maximum number of 77,227 Outotec shares held by the company as a payment



of the Share-based Incentive Program 2013-2015 from the 2014 earning period. The reward equals 10.95% of the eligible maximum reward for the earning period; it can be paid to a maximum of 167 Outotec employees and is at maximum 100,621 shares. The 23,394 Outotec shares held by the Share-based Incentive Program's third-party administrator were used as part of the reward payment.

The AGM further authorized the Board of Directors to decide on donations in the aggregate amount of EUR 70,000 to universities and institutions of higher education, or other non-profit purposes. The donations can be made in one or more installments. This authorization shall be in force until the closing of the next AGM.

#### **Amendment of Articles of Association**

The AGM decided to amend the Articles of Association Section 8, as well as subsections 6 and 11 of Section 11, of the company's Articles of Association so that the company shall have one Auditor, which shall be an audit firm certified by the Central Chamber of Commerce.

#### **Amendment of the Charter of the Nomination Board**

The AGM decided to amend Section 6 of the Charter of the Nomination Board so that the Nomination Board shall submit its proposals to the Board of Directors at the latest on February 15 preceding the AGM.

#### **Board's assembly meeting**

In its assembly meeting, the Board of Directors elected Klaus Cawén, Anja Korhonen, Ian W. Pearce, and Timo Ritakallio as members of the Audit and Risk Committee. Anja Korhonen acts as the Chairman of the Audit and Risk Committee.

Eija Ailasmaa, Matti Alahuhta, and Poju Zabłudowicz will act as members of the Human Capital Committee, with Matti Alahuhta as the Chairman of the Committee.

### **LEGAL DISPUTES IN 2015**

On December 27, 2013, Outotec announced that Outotec and the Brazilian mining company MMX Sudeste Mineração S.A. (MMX) had started separate arbitration processes against each other at the International Court of Arbitration in a dispute regarding the delivery of 17 filters. On January 27, 2016, Outotec announced that the arbitration court's final decision for Outotec had a EUR 6.4 million negative impact. This has been booked in non-recurring items in the fourth quarter of 2015.

On September 15, 2015, Outotec announced that the company and Yanggu Xiangguang Copper Co. (Yanggu) have settled all legal disputes regarding license agreements and intellectual property rights relating to Outotec Flash Smelting technology (Press Release on April 2, 2014, and Stock Exchange Release on March 23, 2015). Yanggu has withdrawn its application for summons at the High Court of Shandong Province in China and Outotec has withdrawn its arbitration process at the ICC International Court of Arbitration. These settlements have no impact on Outotec's financial guidance for 2015.

On September 7, 2015, Outotec announced that the Price Supervision and Anti-Monopoly Bureau of the National Development and Reform Commission of the P.R. China (NDRC) has closed its investigations of Outotec's market position regarding the Flash Smelting and Flash Converting technologies in China (Stock Exchange Release on March 23, 2015). Outotec has been

cooperating with NDRC during the investigation and undertaken to adapt modifications required by Chinese anti-monopoly laws into Outotec's license agreements in China. Outotec will continue its Flash Smelting and Flash Converting technology business in China.

On August 28, 2015, Outotec announced that the Arbitral Tribunal has issued an award concerning the patent dispute between Outotec and Outokumpu Oyj relating to ferroalloys technology inventions. According to the award, rights of ownership and use of the inventions belong to both Outotec and Outokumpu jointly. In addition, the Arbitral Tribunal stated that Outokumpu had breached the Technology Cooperation Agreement between the parties. Outotec's claims for compensation were dismissed as premature. Outotec will disclose separately possible implications of the Arbitral tribunal's awards to the legal proceedings related to the same technologies at the Helsinki District Court.

No new legal disputes were started in the fourth quarter of 2015. Ongoing material legal disputes are listed in the risk section of the company's website at [www.outotec.com/investors](http://www.outotec.com/investors).

## SHARES AND SHARE CAPITAL

Outotec's shares are listed on the Nasdaq Helsinki (OTE1V). At the end of the reporting period, Outotec's share capital was EUR 17,186,442,52, consisting of 183,121,492 shares. Each share entitles its holder to one vote at the company's general shareholder meetings.

## OUTOTEC OYJ OWN SHAREHOLDING

At the end of the reporting period, the company held directly a total of 2,030,011 Outotec shares, which represents a relative share of 1.1% of Outotec Oyj's shares and votes.

Outotec has an agreement with a third-party service provider concerning the administration and hedging of the Share-based Incentive Program for key personnel. At the end of 2015, the number of these shares was 675.

## TRADING, MARKET CAPITALIZATION, AND SHAREHOLDERS

### Shares on NASDAQ Helsinki

January-December 2015	No. of shares traded	Total value EUR	High EUR	Low EUR	Average EUR <sup>1</sup>	Last paid EUR
OTE1V	236,182,191	1,120,463,587	6.85	3.10	4.74	3.40

<sup>1</sup> Volume weighted average

	December 31, 2015	December 31, 2014
Market capitalization, EUR million	623	803
No. of shareholders	33,830	32,408
Nominee registered shareholders (no of registers 11), %	27.0	27.9
Finnish private investors, %	21.1	19.0

## SHARE-BASED INCENTIVES

Outotec has a Share-based Incentive Program for the company's key personnel and an Employee Share Savings Program for all employees globally. All shares related to the programs are acquired through public trading. More detailed information about present and past programs is available at [www.outotec.com/cg](http://www.outotec.com/cg).

### CHANGES IN SHAREHOLDING IN 2015

On November 26, 2015, Edinburgh Partners Limited announced that its holdings in shares of Outotec Oyj on November 25, 2015 had fallen below 5% and were 9,121,184 shares, which represents 4.98% of the share capital. Of these shares voting authority applies for 6,349,964 (3.47%).

On August 28, 2015, Harris Associates Investment Trust announced that its Oakmark International Small Cap Funds' holdings in shares of Outotec Oyj on August 26, 2015 had exceeded 5% and were 9,336,814 shares, which represents 5.10% of the share capital.

On July 30, 2015, Mandarine Gestion announced that its holdings in shares of Outotec Oyj on July 30, 2015 had fallen below 5% and were 9,009,106 shares, which represents 4.92% of the share capital.

On July 27, 2015, Mandarine Gestion announced that its holdings in shares of Outotec Oyj on July 24, 2015 had exceeded 5% and were 9,253,697 shares, which represents 5.05% of the share capital.

On July 8, 2015, Harris Associates L.P. announced that its holdings in shares of Outotec Oyj on July 6, 2015 had exceeded 5% and were 9,289,114 shares, which represents 5.07% of the share capital.

On January 29, 2015, Franklin Templeton Investment Management Limited announced that its Franklin Templeton Investment Funds' holdings in shares of Outotec Oyj on January 27, 2015 had fallen below 5% and were 8,862,083 shares, which represents 4.84% of the share capital.

On January 23, 2015, Edinburgh Partners Limited announced that its holdings in shares of Outotec Oyj on January 21, 2015 had exceeded 5% and were 9,231,529 shares, which represents 5.04% of the share capital. Of these shares voting authority applies for 6,303,343 (3.44%).

### OTHER ANNOUNCEMENTS IN Q4 2015

On November 20, 2015, Outotec announced that as part of Outotec's EUR 70 million cost savings program, the company will start employee cooperation negotiations in Finland. On January 4, 2016, Outotec announced that it had completed employee cooperation negotiations in Finland and as a result 150 jobs were reduced.

On October 22, 2015, Outotec announced that it had agreed with GIW Industries, Inc., a subsidiary of KSB Partners, to enter into partnership for the sales and marketing of GIW® slurry pumps and related services to metal mining customers globally.

On October 7, 2015, Outotec's three largest shareholders on October 1, 2015 nominated the following persons as members of the Nomination Board of Outotec: Kari A.J. Järvinen (Solidium Oy), Pekka Pajamo (Varma Mutual Pension Insurance Company), and Mikko Mursula (Ilmarinen Mutual Pension Insurance Company). In addition, the Chairman of the Board of Directors of Outotec, Matti Alahuhta is a member of the Nomination Board.

## SHORT-TERM RISKS AND UNCERTAINTIES

Increased uncertainty at China's growth outlook, weakened metals prices, weakening of emerging market economies, or lack of financing may cause customers to postpone investments or service purchases. In some cases, existing projects may be put on hold or cancelled. There is also an increased risk of credit losses, considering mining customers' poor cash flows and weakened financials.

In the current difficult market situation, Outotec sees an increased risk of disputes relating to project implementation, cost overruns, delayed delivery, or guaranteed performance. In the contracts that relate to delivery of major projects, the liquidated damages claims attributable to for instance delayed delivery or non-performance may have a material impact on the financials results of Outotec.

Risks related to Outotec's business operations are high in certain markets, such as Russia, Turkey, and the Middle East. The geopolitical situation, sanctions, or economic conditions may change rapidly and cause delays, suspension or cancellations of ongoing projects, or completely prevent Outotec from operating in these areas.

Outotec is involved in a number of arbitration and court proceedings. Different interpretations of international contracts and laws may cause uncertainty in estimating the final outcome of the disputes. Outotec makes provisions for the amounts related to the claims, when an unfavorable outcome is probable and the amount can be reasonably estimated.

Approximately 60% of Outotec cash flows are denominated in euros. Outotec's policy is to hedge 100% of transaction risks. When there are significant currency fluctuations, the IFRS mark to market valuation of foreign exchange forward agreements principle may cause volatility in Outotec's quarterly profit and loss statements. In the current market situation, the short-term risk and uncertainties involved may lead to decreasing headroom under financial covenants related to capital structure and liquidity in Outotec's main credit facilities.

More information about Outotec's business risks and risk management is available in the Notes to the Financial Statements, as well as the company's website at [www.outotec.com](http://www.outotec.com).

## EVENTS AFTER THE REPORTING PERIOD

On December 27, 2013, Outotec announced that Outotec and the Brazilian mining company MMX Sudeste Mineração S.A. (MMX) had started separate arbitration processes against each other at the International Court of Arbitration in a dispute regarding the delivery of 17 filters. On January 27, 2016, Outotec announced that the arbitration court's final decision for Outotec had a EUR 6.4 million negative impact. This has been booked in non-recurring items in the fourth quarter of 2015.

On January 25, 2016, Outotec announced that Robin Lindahl, Executive Vice President and President of Metals, Energy & Water business has decided to leave Outotec to join Normet Group as their new President and CEO on May 1, 2016 at the latest.

On January 21, 2016, Outotec announced that it was ranked the world's third most sustainable company on the Global 100 Index of Corporate Knights. Outotec has also received the Silver Class distinction for its excellent sustainability performance in RobecoSAM's annual Corporate Sustainability Assessment.

On January 7, 2016, Outotec announced that it had agreed with Mintal Group on the design and delivery of a ferrochrome plant for Mintal in Baotou, China. The contract value exceeds EUR 25 million and has been booked in the fourth quarter 2015 order intake.

On January 4, 2016, Outotec announced that it had completed employee cooperation negotiations and as a result, 150 jobs have been reduced in Finland.

## MARKET OUTLOOK

If the uncertainties regarding China's economy continue, it will likely continue to depress both metals prices and the outlook for metals demand growth. The industry is expected to continue adjusting the capacity down, which over time should start supporting the strengthening of metals prices and increase the attractiveness of maintenance and new investments. Until today, however, the announced and implemented production cuts have not yet had a material positive effect on the demand and supply outlook and metals prices. Most producers are suffering from the current market conditions and long-term price outlook is not supportive for investment, because the long-term consensus prices are still much below investment incentive prices. Most mining and metals analysts are forecasting a flat or somewhat lower investment level for 2016.

There is demand for sustainable solutions in certain minerals and metals processing areas due to tightening environmental regulations and companies' need to better manage their environmental risks. The scarcity and cost of water is another important driver for process modernizations, but sluggish industry sentiment and customers' cash flow constraints continue to slow down project development and postpone investments in general. Some geographic areas such as the Middle East offer attractive business opportunities as governments want to develop and diversify their countries' economies.

Service business is dependent on the industry's production volumes and the investment appetite for maintaining, upgrading and modernizing the production assets. Customers' pressures to improve productivity creates opportunities for performance services business. The reduction of operating costs and maximization of free cash flow are expected to continue, putting pressure on the demand for, and pricing of, services.

Waste-to-energy solutions are in demand in certain countries. However, as the decision making in these countries is linked to subsidy and environmental regulations as well as energy prices, the development of this market will be volatile.

## FINANCIAL GUIDANCE FOR 2016

Based on the current market outlook, customer business activity and order backlog, management expects that in 2016:

- Sales will be approximately EUR 1.0-1.2 billion, and
- Adjusted EBIT\* will be approximately 2-5%

The market weakened last year and the weakening accelerated towards the end of the year. The wide guidance range reflects the current volatility and limited visibility of the market.

We expect the profits to be weighted towards the second half of the year and expect a loss at the start of the year. Normal seasonality, expected timing of project deliveries from the order backlog

and the timing of savings impact from the restructuring program drive the annual phasing of the profit.

\* Excluding restructuring and acquisition-related costs as well as purchase price allocation amortizations.

Espoo, February 9, 2016  
Outotec Oyj  
Board of Directors

## CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Consolidated statement of comprehensive income EUR million	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
<b>Sales</b>	<b>305.7</b>	403.2	<b>1,201.2</b>	1,402.6
Cost of sales	-225.1	-310.7	-866.6	-1,082.1
<b>Gross profit</b>	<b>80.6</b>	92.5	<b>334.6</b>	320.5
Other income	0.6	0.8	3.2	1.6
Selling and marketing expenses	-25.8	-27.7	-108.4	-102.5
Administrative expenses	-25.8	-26.1	-113.9	-104.7
Research and development expenses	-12.2	-13.2	-61.2	-56.9
Other expenses	-47.9	-23.7	-66.1	-47.2
Share of results of associated companies	-	-0.1	-0.4	-0.3
<b>Operating profit</b>	<b>-30.6</b>	2.3	<b>-12.3</b>	10.4
Finance income and expenses				
Interest income and expenses	-1.4	-1.2	-5.1	-3.9
Market price gains and losses	0.2	-0.9	-2.3	-1.8
Other finance income and expenses	-0.4	-1.4	-3.2	-4.6
Net finance income expense	-1.6	-3.5	-10.6	-10.2
<b>Profit before income taxes</b>	<b>-32.1</b>	-1.1	<b>-22.9</b>	0.2
Income tax expenses	8.5	1.2	5.7	-0.1
<b>Profit for the period</b>	<b>-23.6</b>	0.0	<b>-17.2</b>	0.2
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit obligations	-2.5	-7.5	0.5	-7.5
Income tax relating to items that will not be reclassified to profit or loss	0.8	2.2	-0.1	2.2
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translating foreign operations	4.4	0.6	-8.5	8.7
Cash flow hedges	-1.6	-0.1	-2.0	-1.6
Available for sale financial assets	-0.0	-0.0	0.0	-0.1
Income tax relating to items that may be reclassified to profit or loss	0.5	0.0	0.5	0.0
<b>Other comprehensive income for the period</b>	<b>1.6</b>	-4.8	<b>-9.6</b>	1.8
<b>Total comprehensive income for the period</b>	<b>-22.0</b>	-4.8	<b>-26.7</b>	1.9
<b>Profit for the period attributable to:</b>				
Equity holders of the parent company	-23.5	0.0	-17.3	0.2
Non-controlling interest	-0.1	-	0.2	-
<b>Total comprehensive income for the period attributable to:</b>				
Equity holders of the parent company	-22.0	-4.8	-26.9	1.9
Non-controlling interest	-0.1	-	0.2	-
<b>Earnings per share for profit attributable to the equity holders of the parent company:</b>				
Basic earnings per share, EUR	-0.13	0.00	-0.10	0.00
Diluted earnings per share, EUR	-0.13	0.00	-0.10	0.00

All figures in the tables have been rounded to the nearest whole number 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	December 31, 2015	December 31, 2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	405.0	350.5
Property, plant and equipment	83.0	78.1
Deferred tax asset	88.6	70.5
<b>Non-current financial assets</b>		
Interest-bearing	4.1	3.6
Non-interest-bearing	8.0	9.3
<b>Total non-current assets</b>	<b>588.7</b>	<b>512.0</b>
<b>Current assets</b>		
Inventories <sup>1</sup>	202.2	170.0
<b>Current financial assets</b>		
Interest-bearing	0.1	0.2
Non-interest-bearing	439.7	478.0
Cash and cash equivalents	300.7	281.9
<b>Total current assets</b>	<b>942.6</b>	<b>930.1</b>
<b>TOTAL ASSETS</b>	<b>1,531.4</b>	<b>1,442.1</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity attributable to the equity holders of the parent company	401.8	445.3
Non-controlling interest	2.9	-
<b>Total equity</b>	<b>404.7</b>	<b>445.3</b>
<b>Non-current liabilities</b>		
Interest-bearing	291.4	242.6
Non-interest-bearing	123.8	115.5
<b>Total non-current liabilities</b>	<b>415.2</b>	<b>358.1</b>
<b>Current liabilities</b>		
Interest-bearing	47.7	30.7
Non-interest-bearing		
Advances received <sup>2</sup>	232.1	207.6
Other non interest-bearing liabilities	431.7	400.4
<b>Total current liabilities</b>	<b>711.5</b>	<b>638.7</b>
<b>Total liabilities</b>	<b>1,126.7</b>	<b>996.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,531.4</b>	<b>1,442.1</b>

<sup>1</sup> Of which advances paid for inventories amounted to EUR 61.1 million at December 31, 2015 (December 31, 2014: EUR 34.7 million).

<sup>2</sup> Gross advances received before percentage of completion revenue recognition amounted to EUR 1,565.1 million at December 31, 2015 (December 31, 2014: EUR 1,632.2 million).



Condensed consolidated statement of cash flows EUR million	Q1-Q4 2015	Q1-Q4 2014
<b>Cash flows from operating activities</b>		
Profit for the period	-17.2	0.2
Adjustments for		
Depreciation and amortization	40.2	32.6
Other adjustments	-0.1	21.9
Decrease (+)/Increase (-) in working capital	54.1	-1.2
Interest received	4.4	5.6
Interest paid	-8.6	-8.7
Income tax paid	-3.3	-30.3
<b>Net cash from operating activities</b>	<b>69.5</b>	<b>19.9</b>
Purchases of assets	-56.1	-57.1
Acquisition of subsidiaries and business operations, net of cash	-30.8	-8.0
Proceeds from sale of assets	0.6	1.7
Cash flows from other investing activities	-0.5	-1.8
<b>Net cash used in investing activities</b>	<b>-86.8</b>	<b>-65.2</b>
<b>Cash flow before financing activities</b>	<b>-17.3</b>	<b>-45.3</b>
Repayments of non-current debt	-11.5	-13.7
Borrowings of non-current debt	60.0	45.0
Decrease in current debt	-2.8	-2.5
Increase in current debt	16.5	6.1
Dividends paid	-18.1	-36.6
Cash flows from other financing activities	1.4	0.4
<b>Net cash used in financing activities</b>	<b>45.4</b>	<b>-1.3</b>
<b>Net change in cash and cash equivalents</b>	<b>28.2</b>	<b>-46.6</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>281.9</b>	<b>323.7</b>
Foreign exchange rate effect on cash and cash equivalents	-9.3	4.8
Net change in cash and cash equivalents	28.2	-46.6
<b>Cash and cash equivalents at the end of the period</b>	<b>300.7</b>	<b>281.9</b>

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, 2014	17.2	20.2	0.5	-6.7	-18.1	92.7	-8.2	379.8	-	477.4
Dividends	-	-	-	-	-	-	-	-36.6	-	-36.6
Share-based compensation	-	-	-	-	0.1	0.4	-	1.7	-	2.2
Total comprehensive income for the period	-	-	-	-6.9	-	-	8.7	0.2	-	1.9
Other changes	-	-	-0.0	-	-	-	-	0.4	-	0.4
Equity at December 31, 2014	17.2	20.2	0.4	-13.6	-18.0	93.0	0.4	345.5	-	445.3
Equity at January 1, 2015	17.2	20.2	0.4	-13.6	-18.0	93.0	0.4	345.5	-	445.3
Dividends	-	-	-	-	-	-	-	-18.3	-	-18.3
Share-based compensation	-	-	-	-	0.6	0.7	-	0.2	-	1.5
Total comprehensive income for the period	-	-	-	-1.0	-	-	-8.5	-17.3	0.2	-26.7
Acquisition of non-controlling interest in subsidiaries	-	-	-	-	-	-	-	-	2.7	2.7
Other changes	-	-	0.0	-	-	-	-	0.2	-	0.2
Equity at December 31, 2015	17.2	20.2	0.4	-14.6	-17.4	93.8	-8.1	310.3	2.9	404.7

Group key figures	Q4	Q4	Q1-Q4	Q1-Q4
	2015	2014	2015	2014
Sales, EUR million	<b>305.7</b>	403.2	<b>1,201.2</b>	1,402.6
Gross margin, %	<b>26.4</b>	22.9	<b>27.9</b>	22.9
EBIT, EUR million	<b>-30.6</b>	2.3	<b>-12.3</b>	10.4
EBIT, %	<b>-10.0</b>	0.6	<b>-1.0</b>	0.7
Profit before taxes, EUR million	<b>-32.1</b>	-1.1	<b>-22.9</b>	0.2
Profit before taxes in relation to sales, %	<b>-10.5</b>	-0.3	<b>-1.9</b>	0.0
Net cash from operating activities, EUR million	<b>47.7</b>	37.9	<b>69.5</b>	19.9
Net interest-bearing debt at the end of period, EUR million	<b>39.9</b>	-5.8	<b>39.9</b>	-5.8
Gearing at the end of period, %	<b>9.9</b>	-1.3	<b>9.9</b>	-1.3
Equity-to-assets ratio at the end of period, %	<b>31.1</b>	36.1	<b>31.1</b>	36.1
Working capital at the end of period, EUR million	<b>-89.4</b>	-28.2	<b>-89.4</b>	-28.2
Capital expenditure, EUR million	<b>26.1</b>	21.5	<b>104.8</b>	68.5
Capital expenditure in relation to sales, %	<b>8.5</b>	5.3	<b>8.7</b>	4.9
Return on investment, %, LTM	<b>-1.5</b>	1.7	<b>-1.5</b>	1.7
Return on equity, %, LTM	<b>-4.0</b>	0.0	<b>-4.0</b>	0.0
Order backlog at the end of period, EUR million	<b>1,102.8</b>	1,138.0	<b>1,102.8</b>	1,138.0
Order intake, EUR million	<b>267.2</b>	322.4	<b>1,189.9</b>	1,177.9
Personnel at the end of the period	<b>4,859</b>	4,571	<b>4,859</b>	4,571
Profit for the period in relation to sales, %	<b>-7.7</b>	0.0	<b>-1.4</b>	0.0
Research and development expenses, EUR million	<b>12.2</b>	13.2	<b>61.2</b>	56.9
Research and development expenses in relation to sales, %	<b>4.0</b>	3.3	<b>5.1</b>	4.1
Earnings per share, EUR	<b>-0.13</b>	0.00	<b>-0.10</b>	0.00
Equity per share, EUR	<b>2.22</b>	2.47	<b>2.22</b>	2.47
Dividend per share, EUR	-	-	- <sup>1</sup>	0,10

<sup>1</sup> Board of Directors' proposal for AGM

## Definitions for key financial figures

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Net interest-bearing debt = Interest-bearing debt - interest-bearing assets

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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 = Research and development expenses in the statement of comprehensive income (including expenses covered by grants received)

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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 =  $\frac{\text{Dividend for the financial year}}{\text{Number of shares at the end of the period. as adjusted for stock split}}$

## NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

This Financial Statements review is prepared in accordance with IAS 34 Interim Financial Reporting. In the Financial Statements review, the same accounting policies and methods have been applied as in the latest Annual Financial Statements. This Financial Statements review is unaudited.

**The following new standards and interpretations have been published, but they are not effective in 2015, neither has Outotec early adapted them:**

- IAS 1 – Presentation of Financial Statements. The aim of the amendments is to improve and simplify the disclosures in financial statements. The amendments clarify guidance on materiality, the aggregation of income statement and balance sheet items, the presentation of subtotals, the structure of financial statements, and the disclosure of accounting principles. Outotec is assessing the presentation of its financial statements. If changes are to be made, they are intended to be adopted in 2016.
- IFRS 9 – Financial Instruments. The new standard replaces current standard IAS 39 Financial Instruments: Recognition and measurement. It addresses the classification, measurement and recognition of financial assets and financial liabilities. Based on IFRS 9, financial assets are required to be classified into three measurement categories: amortized cost, fair value through other comprehensive income, or fair value through profit or loss. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Standard also changes the recognition of impairment losses and the application of hedge accounting. Outotec is assessing the impact of IFRS 9 and intends to fully adopt it in 2018. The Group has paid attention especially to the amendments in applying hedge accounting. It is not yet possible to estimate the impact of the new standard on the company's financial statements.
- IFRS 15 – Revenue from Contracts with Customers. The new standard aims to establish principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with its customers. It replaces IAS 18 and IAS 11 standards and related interpretations. The new standard includes a five-step guideline to the recognition of revenue from contracts with customers. Outotec is assessing the impact of IFRS 15 and intends to adopt it in 2018. The Group has especially paid attention to the identification of performance obligations and the criteria for the recognition of revenue over time. It is not yet possible to estimate the impact of the new standard on the company's financial statements.

### Use of estimates

IFRS requires company 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 in 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, and the impairment of goodwill. These estimates are based on the 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.

## RECLASSIFICATION OF PRODUCT MANAGEMENT COSTS IN OUTOTEC'S INCOME STATEMENT

In Outotec's income statement from January 1, 2015, all costs related to technical product management have been included in Research and Development (R&D) expenses, and all costs related to commercial product management have been included in Selling and Marketing expenses. Previously, some of the costs related to product management activities were reported in the Cost of Sales above the Gross Margin in the income statement.

Since 2011, Outotec has been developing and deploying uniform global business processes and related information technology platforms. The company has now established a more comprehensive technical product management process as part of its R&D, and a commercial product management process as part of its selling and marketing. The reclassification of product management costs is consistent with the redefinition of the product management business processes, and reflects the true nature of these activities in the profit and loss statement.

When applying the reclassification to Outotec's 2014 full year income statement, EUR 19.6 million transfers from Cost of Sales to R&D expenses, and EUR 6.9 million to Selling and Marketing expenses.

Reclassification does not impact Outotec's sales, EBITA, EBIT, or 2015 financial guidance.

## ADDITIONAL SEGMENT INFORMATION

Outotec has started to report the segments' order intake and service sales figures as of January 1, 2015.

Major non-recurring items in operating profit EUR million	Q1-Q4 2015	Q1-Q4 2014
One-time costs related to restructuring of business <sup>1,2</sup>	-48.9	-36.6
Costs related to acquisitions <sup>1</sup>	-2.0	-0.7
Reversal of earn-out liability from acquisitions <sup>1</sup>	1.0	-
Arbitration cost <sup>1</sup>	-9.0	-

<sup>1</sup> Excluded from EBITA (excluding one-time items)

<sup>2</sup> Includes impairments and impairment provisions related to intangible, tangible and other long-term assets EUR 9.4 (in 2014: EUR 11.4) million, personnel related restructurings of EUR 20.1 (in 2014: EUR 20.1) million, and other restructuring related costs EUR 19.3 (in 2014: 5.1) million. In segment reporting the one-time costs related to the restructuring program have been divided to Metals, Energy and Water EUR 19.0 (in 2014: 12.2) million, Minerals Processing 27.0 (in 2014: 13.9) million and unallocated items EUR 2.8 (in 2014: EUR 10.5) million.

Income tax expenses EUR million	Q1-Q4 2015	Q1-Q4 2014
Current taxes	1.7	-21.2
Deferred taxes	4.0	21.1
<b>Total income tax expenses</b>	<b>5.7</b>	<b>-0.1</b>

Property, plant and equipment EUR million	December 31, 2015	December 31, 2014
Historical cost at the beginning of the period	159.3	170.9
Translation differences	-2.5	2.0

Additions	15.6	18.5
Disposals	-5.4	-6.6
Acquired subsidiaries	7.3	-
Reclassifications	-3.7	-25.4
Impairment during the period	-	-0.0
<b>Historical cost at the end of the period</b>	<b>170.5</b>	<b>159.3</b>
Accumulated depreciation and impairment at the beginning of the period	-81.2	-92.0
Translation differences	1.5	-0.8
Disposals	4.8	5.1
Reclassifications	2.0	19.9
Impairment during the period	-	0.0
Depreciation during the period	-14.6	-13.5
<b>Accumulated depreciation and impairment at the end of the period</b>	<b>-87.5</b>	<b>-81.2</b>
<b>Carrying value at the end of the period</b>	<b>83.0</b>	<b>78.1</b>

<b>Commitments and contingent liabilities</b> EUR million	<b>December 31,</b> <b>2015</b>	<b>December 31,</b> <b>2014</b>
Guarantees for commercial commitments	415.9	307.5
Minimum future lease payments on operating leases	125.3	131.7

No securities or collateral have been pledged. Commercial guarantees are related to performance obligations of project and equipment deliveries. These are issued by financial institutions or Outotec Oyj on behalf of group companies. The total value of the commercial guarantees given above does not include advance payment guarantees issued by the parent or other group companies or guarantees for financial obligations. The total amount of guarantees for financing issued by group companies amounted to EUR 14.3 million at December 31, 2015 (December 31, 2014: EUR 17.3 million) and for commercial guarantees including advance payment guarantees EUR 632.3 million at December 31, 2015 (December 31, 2014: EUR 511.0 million). High exposure of on-demand guarantees may increase the risk of claims that may have an impact on the liquidity of Outotec.

#### Derivative instruments

<b>Currency and interest derivatives</b> EUR million	<b>December 31,</b> <b>2015</b>	<b>December 31,</b> <b>2014</b>
Fair values, net	2.7 <sup>1</sup>	4.0 <sup>2</sup>
Nominal values	544.7	576.8

<sup>1</sup> Of which EUR -2.3 million designated as cash flow hedges (EUR -2.1 million from currency derivatives, EUR -0.2 million from interest derivatives) and EUR 5.5 million designated as fair value hedge from interest derivatives.

<sup>2</sup> Of which EUR -1.3 million designated as cash flow hedges (EUR -1.0 million from currency derivatives, EUR -0.3 million from interest derivatives) and EUR 6.5 million designated as fair value hedge from interest derivatives.

## Carrying amounts of financial assets and liabilities by category

December 31, 2015

	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Derivatives under hedge accounting	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
<b>EUR million</b>								
<b>Non-current financial assets</b>								
Derivative assets								
- foreign exchange forward contracts	0.0	-	-	-	-	-	0.0	0.0
- interest rate swaps	-	-	-	-	5.5	-	5.5	5.5
Other shares and securities	-	-	2.2	-	-	-	2.2	2.2
Trade and other receivables								
- interest-bearing	-	1.9	-	-	-	-	1.9	1.9
- non-interest-bearing	-	0.0	-	-	-	-	0.0	0.0
<b>Current financial assets</b>								
Derivative assets								
- foreign exchange forward contracts	3.3	-	-	-	0.1	-	3.5	3.5
Trade and other receivables								
- interest-bearing	-	0.1	-	-	-	-	0.1	0.1
- non-interest-bearing	-	436.2	-	-	-	-	436.2	436.2
Cash and cash equivalents	-	300.7	-	-	-	-	300.7	300.7
<b>Carrying amount by category</b>	<b>3.3</b>	<b>738.9</b>	<b>2.2</b>	<b>-</b>	<b>5.7</b>	<b>-</b>	<b>750.1</b>	<b>750.1</b>
<b>Non-current financial liabilities</b>								
Bonds	-	-	-	-	-	148.7	148.7	151.5
Loans from financial institutions	-	-	-	-	-	140.3	140.3	142.4
Finance lease liabilities	-	-	-	-	-	0.0	0.0	0.0
Derivative liabilities								
- foreign exchange forward contracts	-	-	-	0.0	1.0	-	1.0	1.0
Other non-current loans	-	-	-	-	-	2.3	2.3	2.3
Other non-current liabilities	-	-	-	-	-	2.0	2.0	2.0
<b>Current financial liabilities</b>								
Loans from financial institutions	-	-	-	-	-	18.4	18.4	19.3
Loans from pension institutions	-	-	-	-	-	0.2	0.2	0.2
Finance lease liabilities	-	-	-	-	-	0.0	0.0	0.0
Derivative liabilities								
- foreign exchange forward contracts	-	-	-	3.9	1.2	-	5.2	5.2
- interest rate swaps	-	-	-	-	0.2	-	0.2	0.2
Other current loans	-	-	-	-	-	29.1	29.1	29.1
Trade payables	-	-	-	-	-	129.2	129.2	129.2
<b>Carrying amount by category</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.9</b>	<b>2.4</b>	<b>470.3</b>	<b>476.7</b>	<b>482.4</b>



Carrying amounts of financial assets and liabilities by category

December 31, 2014

EUR million	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Derivatives under hedge accounting	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
<b>Non-current financial assets</b>								
<b>Derivative assets</b>								
- foreign exchange forward contracts	0.0	-	-	-	-	-	0.0	0.0
- interest rate swaps	-	-	-	-	6.5	-	6.5	6.5
Other shares and securities	-	-	2.2	-	-	-	2.2	2.2
<b>Trade and other receivables</b>								
- interest-bearing	-	1.4	-	-	-	-	1.4	1.4
- non-interest-bearing	-	0.0	-	-	-	-	0.0	0.0
<b>Current financial assets</b>								
<b>Derivative assets</b>								
- foreign exchange forward contracts	6.1	-	-	-	0.1	-	6.2	6.2
<b>Trade and other receivables</b>								
- interest-bearing	-	0.2	-	-	-	-	0.2	0.2
- non-interest-bearing	-	471.8	-	-	-	-	471.8	471.8
Cash and cash equivalents	-	281.9	-	-	-	-	281.9	281.9
<b>Carrying amount by category</b>	<b>6.1</b>	<b>755.3</b>	<b>2.2</b>	<b>-</b>	<b>6.6</b>	<b>-</b>	<b>770.3</b>	<b>770.3</b>
<b>Non-current financial liabilities</b>								
<b>Bonds</b>								
Bonds	-	-	-	-	-	148.5	148.5	153.0
<b>Loans from financial institutions</b>								
Loans from financial institutions	-	-	-	-	-	91.3	91.3	94.6
<b>Loans from pension institutions</b>								
Loans from pension institutions	-	-	-	-	-	0.2	0.2	0.2
<b>Derivative liabilities</b>								
- foreign exchange forward contracts	-	-	-	0.1	-	-	0.1	0.1
- Interest rate swaps	-	-	-	-	0.3	-	0.3	0.3
Other non-current loans	-	-	-	-	-	2.7	2.7	2.7
Other non-current liabilities	-	-	-	-	-	2.4	2.4	2.4
<b>Current financial liabilities</b>								
<b>Loans from financial institutions</b>								
Loans from financial institutions	-	-	-	-	-	15.1	15.1	16.1
<b>Loans from pension institutions</b>								
Loans from pension institutions	-	-	-	-	-	0.2	0.2	0.2
<b>Derivative liabilities</b>								
- foreign exchange forward contracts	-	-	-	7.3	1.0	-	8.3	8.3
Other current loans	-	-	-	-	-	15.4	15.4	15.4
Trade payables	-	-	-	-	-	116.7	116.7	116.7
<b>Carrying amount by category</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.4</b>	<b>1.4</b>	<b>392.3</b>	<b>401.1</b>	<b>409.9</b>

## Fair value hierarchy

December 31, 2015

EUR million	Level 1	Level 2	Level 3	Total
Available for sale financial assets	0.0	-	2.2	2.2
Derivative financial assets	-	9.0	-	9.0
	<b>0.0</b>	<b>9.0</b>	<b>2.2</b>	<b>11.2</b>
Bonds	-	151.5	-	151.5
Loans from financial institutions	-	161.7	-	161.7
Loans from pension institutions	-	0.2	-	0.2
Derivative financial liabilities	-	6.3	-	6.3
	-	<b>319.7</b>	-	<b>319.7</b>
December 31, 2014				
Available for sale financial assets	0.0	-	2.2	2.2
Derivative financial assets	-	12.7	-	12.7
	0.0	12.7	2.2	14.9
Bonds	-	153.0	-	153.0
Loans from financial institutions	-	110.7	-	110.7
Loans from pension institutions	-	0.4	-	0.4
Derivative financial liabilities	-	8.7	-	8.7
	-	272.8	-	272.8

Available-for-sale financial assets (level 3 of fair value hierarchy) EUR million	Q1-Q4 2015	Q1-Q4 2014
Carrying value at the beginning of the period	2.2	0.7
Translation differences	0.0	0.0
Additions	-	1.5
Disposals	-0.0	-
<b>Carrying value at the end of the period</b>	<b>2.2</b>	<b>2.2</b>

## Related party transactions

Transactions and balances with associated companies EUR million	Q1-Q4 2015	Q1-Q4 2014
Sales	0.0	2.1
Other income	0.1	0.1
Purchases	0.6	0.2
Trade and other receivables	0.2	0.6
Current liabilities	0.0	0.4
Loan receivables	1.9	1.4

Outotec has a 40% investment in Enefit Outotec Technology Oü from which the company had EUR 1.9 million loan receivable at December 31, 2015 (December 31, 2014: EUR 1.4 million).

## Transactions and balances with management

Loan receivables from key management were EUR 0.0 million at December 31, 2015. No loan receivables at December 31, 2014.

#### Business combinations

##### **Kempe Engineering**

In March 2015, Outotec completed the acquisition of Kempe Engineering's aluminum smelter technologies, as well as its service and spare parts businesses in the Middle East and Africa. The acquisition strengthens Outotec's technology and service business in the Middle East and Africa, doubling the installed base and providing new capabilities to expand the service business in the region. Kempe also brings additional best cost country sourcing and a manufacturing facility in the United Arab Emirates. The annual sales of the acquired businesses are approximately EUR 25 million. 371 of Kempe's employees joined Outotec.

The purchase price has been allocated to technologies. The remaining goodwill of approximately EUR 12 million is mainly based on the personnel's expertise and synergy benefits.

##### **Kovit Engineering Ltd**

In August 2015, Outotec completed the acquisition of Kovit Engineering Limited. Kovit Engineering is specialized in surface and underground mine tailings solutions. The acquisition complements Outotec's existing dewatering and tailings treatment solutions and services as well as strengthens Outotec's position as a global provider of sustainable tailings management solutions. The annual sales of the acquired businesses are some EUR 5–10 million. Approximately 30 of Kovit's employees joined Outotec. The acquisition price is not disclosed.

The goodwill of approximately EUR 6 million is mainly based on the personnel's expertise, order pipeline, and synergy benefits.

##### **Biomin**

In November 2015, Outotec completed the acquisition of the majority of the shares in Biomin South Africa Pty, Ltd. and certain assets from Biomin Technologies S.A. in Switzerland. Biomin's BIOX® bio-oxidation is a proven method for the pre-treatment of refractory gold ores, and it complements Outotec's portfolio of gold processing technologies. The annual sales of the acquired businesses are some millions of euros. The acquisition price is not disclosed.

The goodwill of approximately EUR 4 million is mainly based on the personnel's expertise and synergy benefits. Purchase price allocation is preliminary and will be finalized during Q1 2016.

##### **Sinter Plant Services**

In December 2015, Outotec completed the acquisition of the business of Sinter Plant Services CC in South Africa. Sinter Plant Services provides spare parts and services to South African ferrochrome plants. The acquisition complements Outotec's service offering to South African ferrochrome plants. Sinter Plant Services' 40 or so employees were transferred to Outotec. The annual sales of the acquired business are some millions of euros. The acquisition price is not disclosed.

The goodwill of approximately EUR 2 million is mainly based on the personnel's expertise and synergy benefits. Purchase price allocation is preliminary and will be finalized during Q1 2016.

**Segments' sales and operating profit by quarters**

EUR million	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15
<b>Sales</b>									
Metals, Energy & Water	<b>262.5</b>	187.7	176.9	165.9	<b>212.6</b>	141.0	174.5	178.2	<b>158.8</b>
Minerals Processing	<b>195.6</b>	156.2	158.4	154.4	<b>190.6</b>	136.4	136.4	129.0	<b>147.0</b>
Unallocated items <sup>1</sup> and intra-group sales	<b>-0.9</b>	0.0	0.0	0.1	<b>0.0</b>	0.0	0.0	0.0	<b>0.0</b>
<b>Total</b>	<b>457.2</b>	343.9	335.2	320.3	<b>403.2</b>	277.5	310.8	307.2	<b>305.7</b>
<b>EBIT</b>									
Metals, Energy & Water	<b>11.7</b>	-2.9	-9.9	2.0	<b>-7.5</b>	5.1	4.8	3.7	<b>-0.6</b>
Minerals Processing	<b>24.9</b>	13.5	11.1	8.9	<b>12.4</b>	-0.1	5.5	5.4	<b>-27.3</b>
Unallocated <sup>2</sup> and intra-group items	<b>-11.2</b>	-1.8	-1.6	-11.2	<b>-2.6</b>	-1.4	-2.4	-2.4	<b>-2.6</b>
<b>Total</b>	<b>25.4</b>	8.7	-0.3	-0.3	<b>2.3</b>	3.6	8.0	6.7	<b>-30.6</b>

<sup>1</sup> Unallocated items primarily include invoicing of group management and administrative services

<sup>2</sup> Unallocated items primarily include group management and administrative services

## FURTHER INFORMATION

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## FINANCIAL REPORTING SCHEDULE IN 2016

- The Annual General Meeting 2016 planned to be held on April 11, 2016
- January-March Interim Report will be published on April 27, 2016
- January-June Interim Report will be published on July 27, 2016
- January-September Interim Report will be published on October 28, 2016

The Financial Statements for 2015 will be published on company's web site in week 8/2016 at the latest.

## DISTRIBUTION

Nasdaq Helsinki

Main media

[www.outotec.com](http://www.outotec.com)

Outotec provides leading technologies and services for the Sustainable use of Earth's natural resources. As the global leader in minerals and metals processing technology, we have developed many breakthrough technologies over the decades for our customers in the metals and mining industry. We also provide innovative solutions for the treatment of industrial water, the utilization of alternative energy sources and the chemical industry. Outotec shares are listed on Nasdaq Helsinki.

