



Outotec

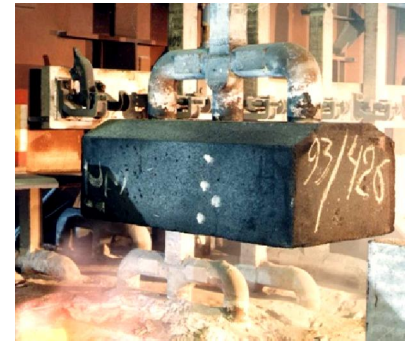
Sustainable use of Earth's natural resources

Interim Report

Q1 2015

Challenging operating environment continued in Q1

- Investments continued on a low level due to
 - weak metal price development
 - lower metals demand growth and rising supply
 - concerns regarding China's growth projections
- Focus on increasing production capacity and improving operational efficiency
- Zinc and copper projects more active, gold and iron ore continued on a weak level
- Demand for certain services affected by customers' pressure to maximize cash flow
- Need for renewable energy solutions despite low fossil energy prices and regulation
- Competition continued on an intense level

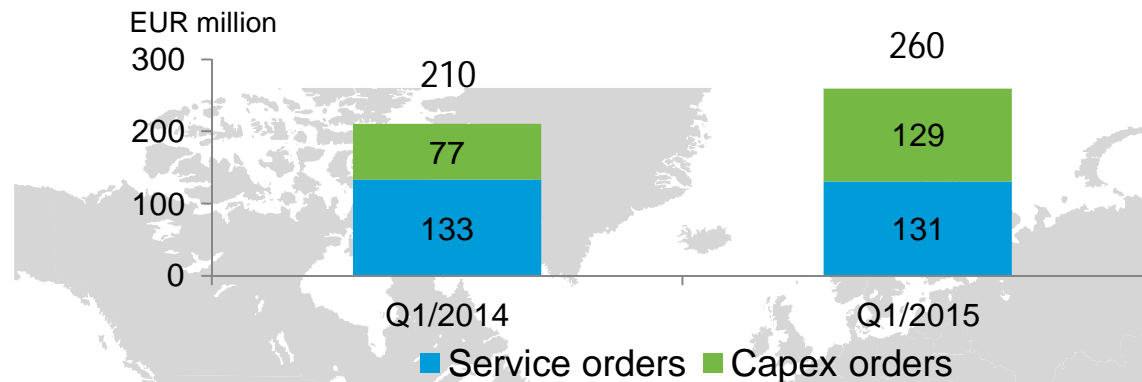


Performance in Q1 2015 – negatives and positives

- Service orders declined 10% in comparable currencies
- Sales decreased 22% in comparable currencies due to low Capex orders in 2014
- Competition continued intense
- FX forward agreement valuation losses had 2.3 percentage unit negative impact on EBITA margin

- Capex order intake grew 65% in comparable currencies
- Service sales grew 7% in comparable currencies
- Improved project execution
- Cost saving program proceeding as planned

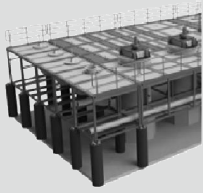
Zinc, aluminum, copper and renewable energy orders received in Q1



Total orders +23%
(+18% in comp. currency)


Service orders -2%
(-10% in comp. currency)

Americas 34 (40%)




Modular SX technology and services to a copper plant, South America
30 M€


EMEA 48 (36%)



Waste-to-energy plant and O&M services for Levensat Renewable Energy, Scotland
60 M€ (Q1: 30 M€)



Zinc leaching technology for Boliden, Odde zinc plant
Value not disclosed (typically 10-20 M€)



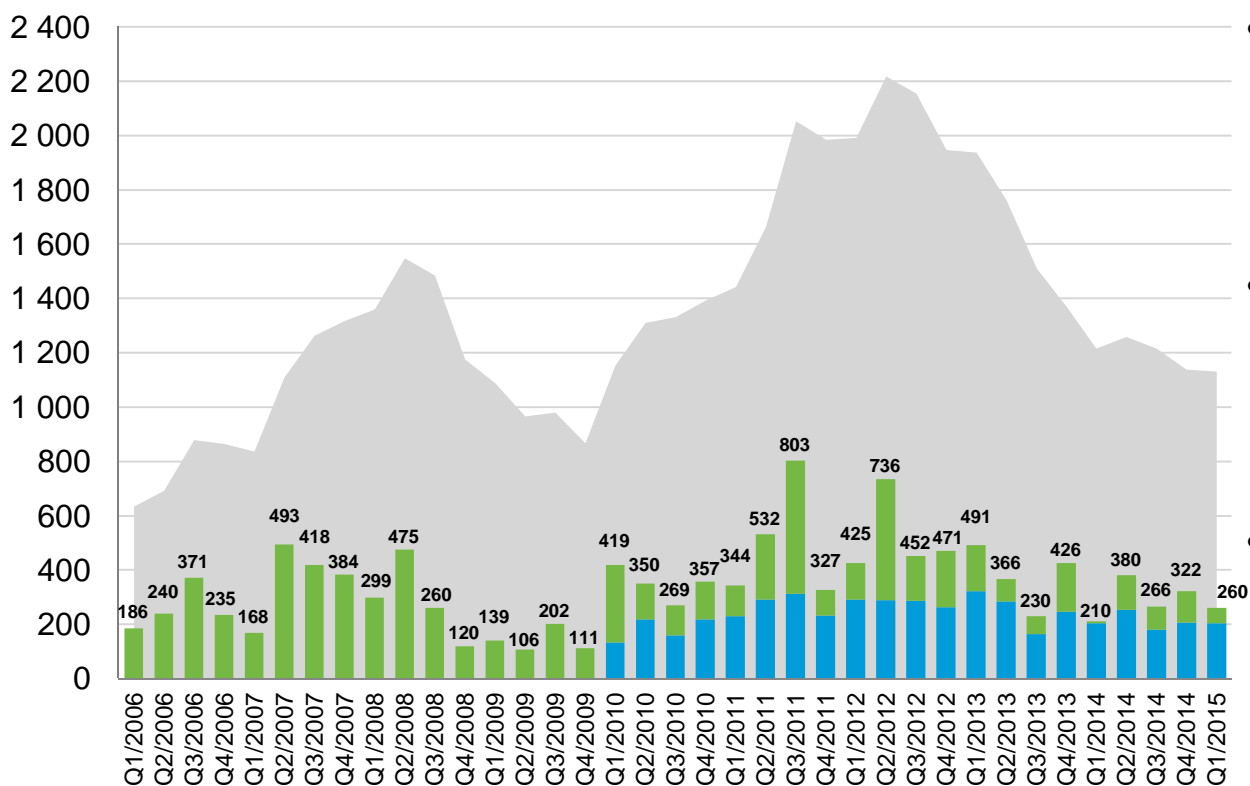
Aluminum smelter technology for EMAL, Al Taweelah, Abu Dhabi
10 M€

APAC 18 (24%)



Stabile order backlog, 65% to be delivered in 2015

EUR million



- Order backlog at the end of the period
- Share of unannounced orders
- Order intake by quarter

- Order backlog: EUR 1,132 (1,216) million, of which services EUR 275 (242) million
- 21 (18) projects with value in excess of EUR 10 million, accounting for 58 (55)% of the backlog
- Roughly 65 (70)% (roughly EUR 740 (850) million) of the backlog is estimated to be delivered in 2015

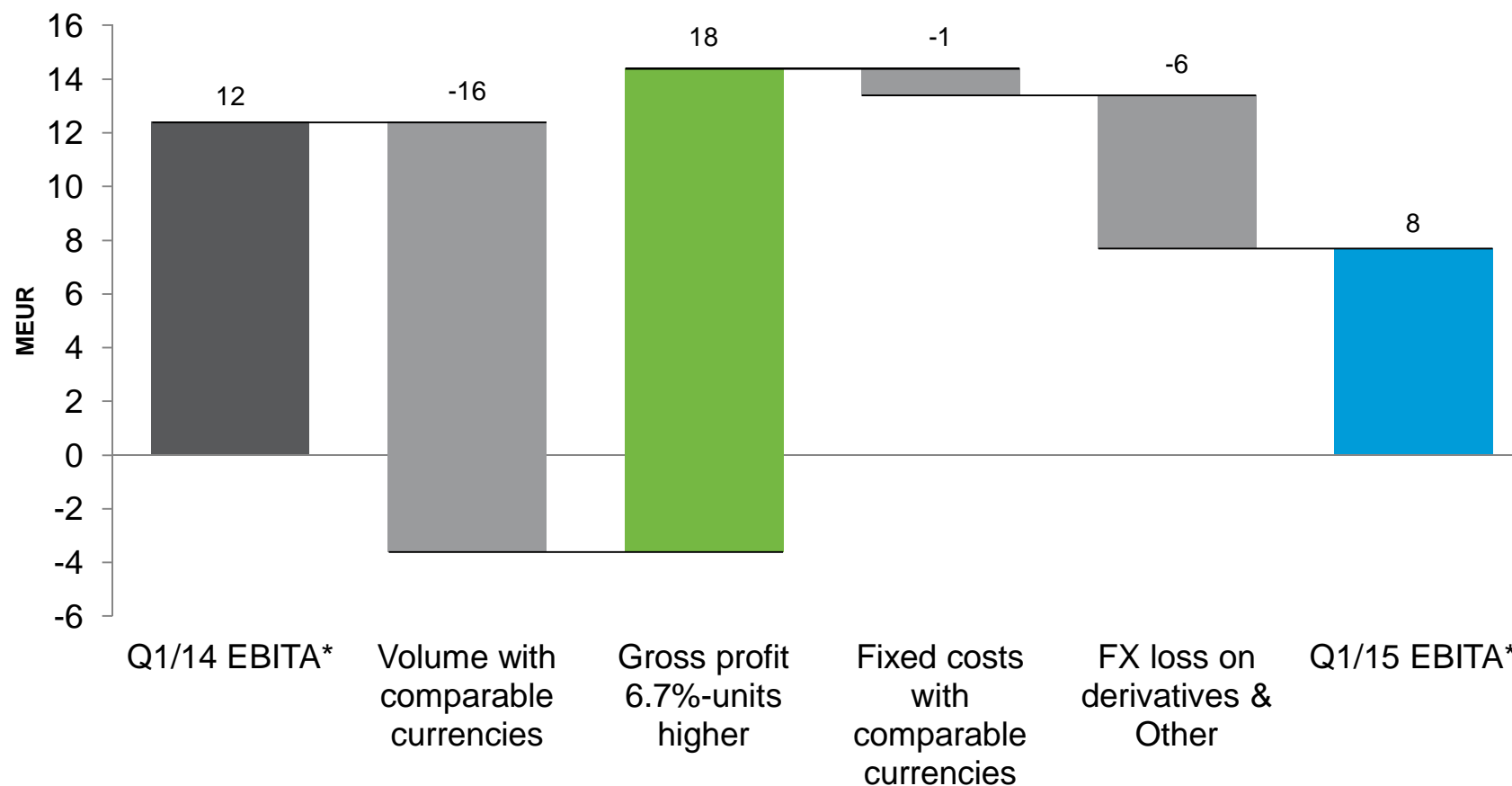
Low Capex order intake in 2014 lowered sales and profitability, 2.3% negative impact from open hedges

	Q1 2015	Q1 2014	Change %
Sales, EUR million	277	344	-19 ¹⁾
Service sales, EUR million	118	108	+10 ²⁾
Share of services in sales, %	43	31	
Gross Margin, %	28.4	21.7	-
EBITA, EUR million (excl. one-time items)	8	12	-38
EBITA, %	2.8	3.6	
EBIT, EUR million	4	9	-59
EBIT, %	1.3	2.5	
Unrealized and realized losses related to valuation of FX forward agreements, EUR million	-6.5	-0.1	-

1) in comparable currencies, -22%

2) in comparable currencies, +7%

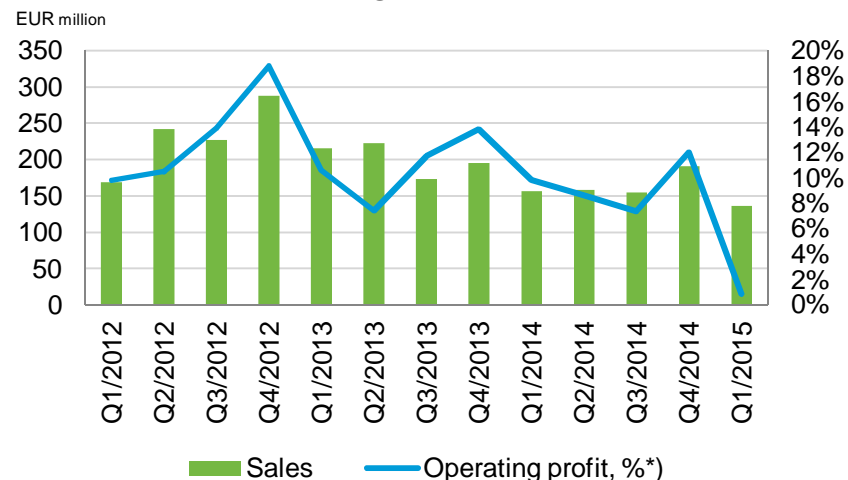
Profitability impacted by volume, provision releases and currency hedge valuation



*) excluding one-time items

Minerals Processing

Sales and operating profit development

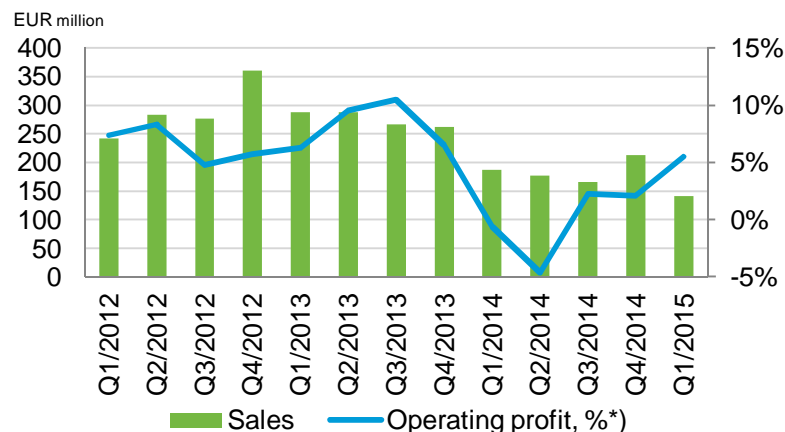


- Market continued to be slow
- Order intake decreased 11% in comparable currencies
- Service sales grew 15% in comparable currencies
- Profitability weakened by lower sales and losses from valuation of foreign exchange forward agreements

EUR million	Q1 2015	Q1 2014	Change, %	Change in comp currency, %
Order intake	116.9	126.7	-8	-11
Sales	136.4	156.2	-13	-15
Service sales	76.4	64.9	+18	+15
EBITA (excluding one-time items)	1.2	15.3		
EBITA (excluding one-time items), %	0.9	9.8		
Unrealized and realized losses related to valuation of FX forward agreements	-6.4	-0.3		

Metals, Energy & Water

Sales and operating profit development



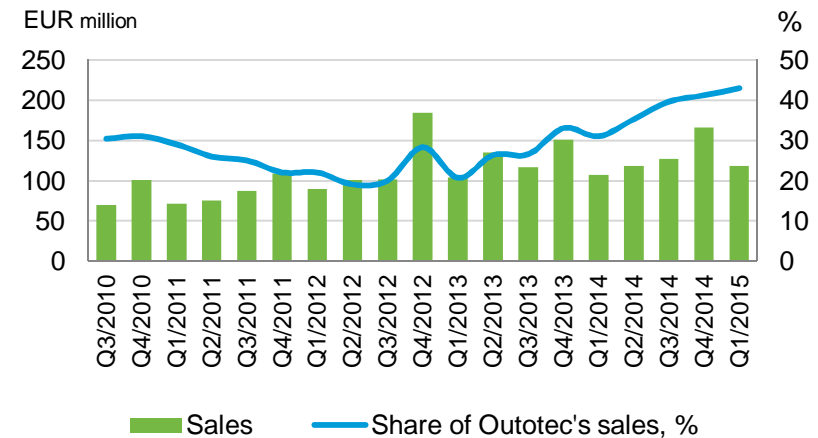
- Market activity improved
- Order intake grew 61% in comparable currencies
- Waste-to-energy order from the UK
- Several zinc technology orders
- Profitability improved due to project progress and risk related provision releases
- Acquisition of Kempe's aluminum technology and service business

EUR million	Q1 2015	Q1 2014	Change %	Change in comp currency, %
Order intake	142.7	83.6	+71	+61
Sales	141.0	187.7	-25	-27
Service sales	41.9	42.6	-2	-5
EBITA (excluding one-time items)	7.7	-1.2		
EBITA (excluding one-time items), %	5.5	-0.6		
Unrealized and realized losses related to valuation of FX forward agreements	-0.1	0.2		

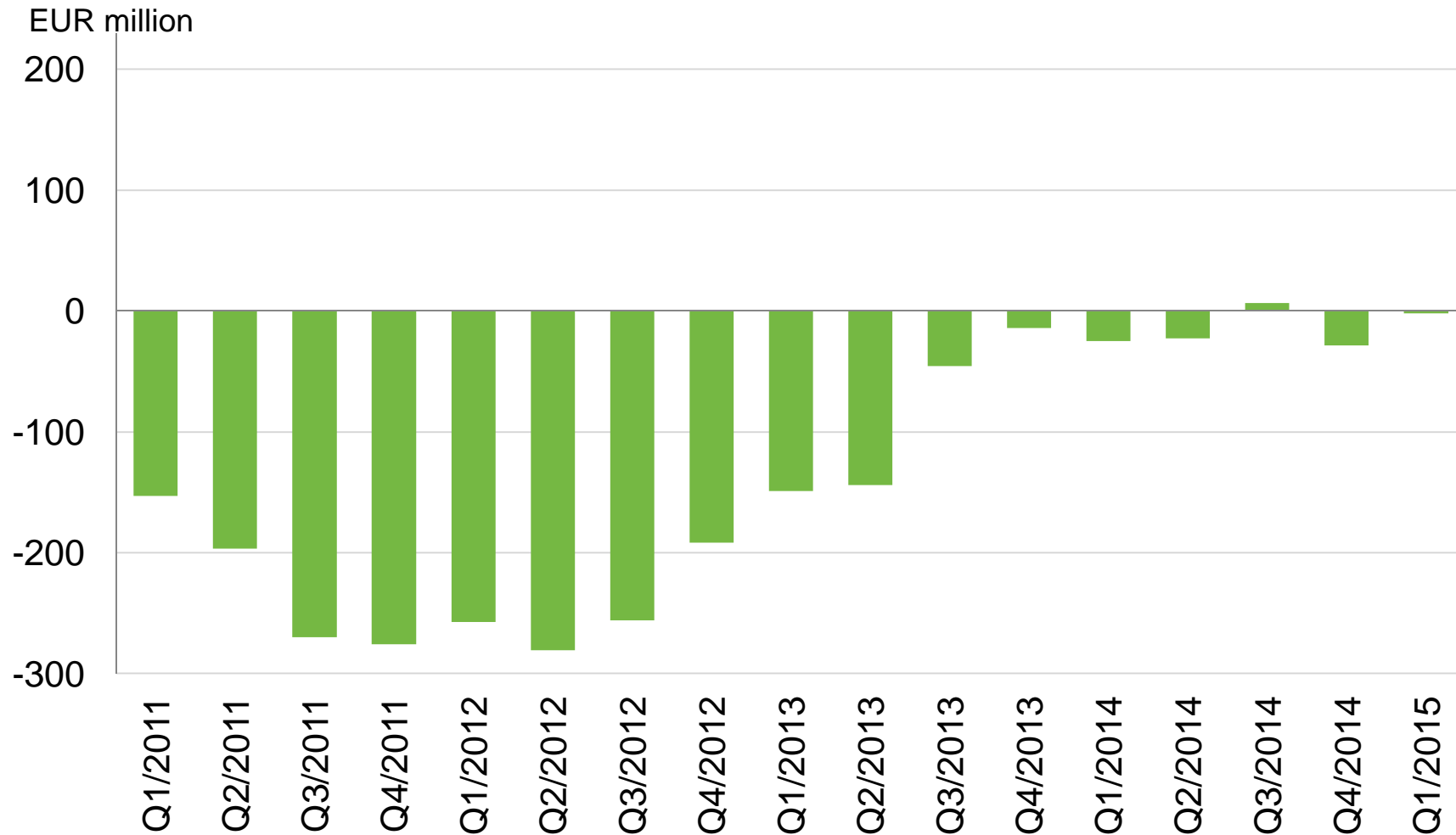
Service sales growth came mainly from spare part sales

- Service order intake decreased 10% in comparable currencies due to fewer O&M and shut-down service orders
- Service order backlog grew to EUR 275 (242) million
- Service sales grew 7% in comparable currencies, and was 43 (31)% of sales. Growth came mainly from spare part sales.

Service sales by quarters



Working capital increased slightly due to timing of advance payments



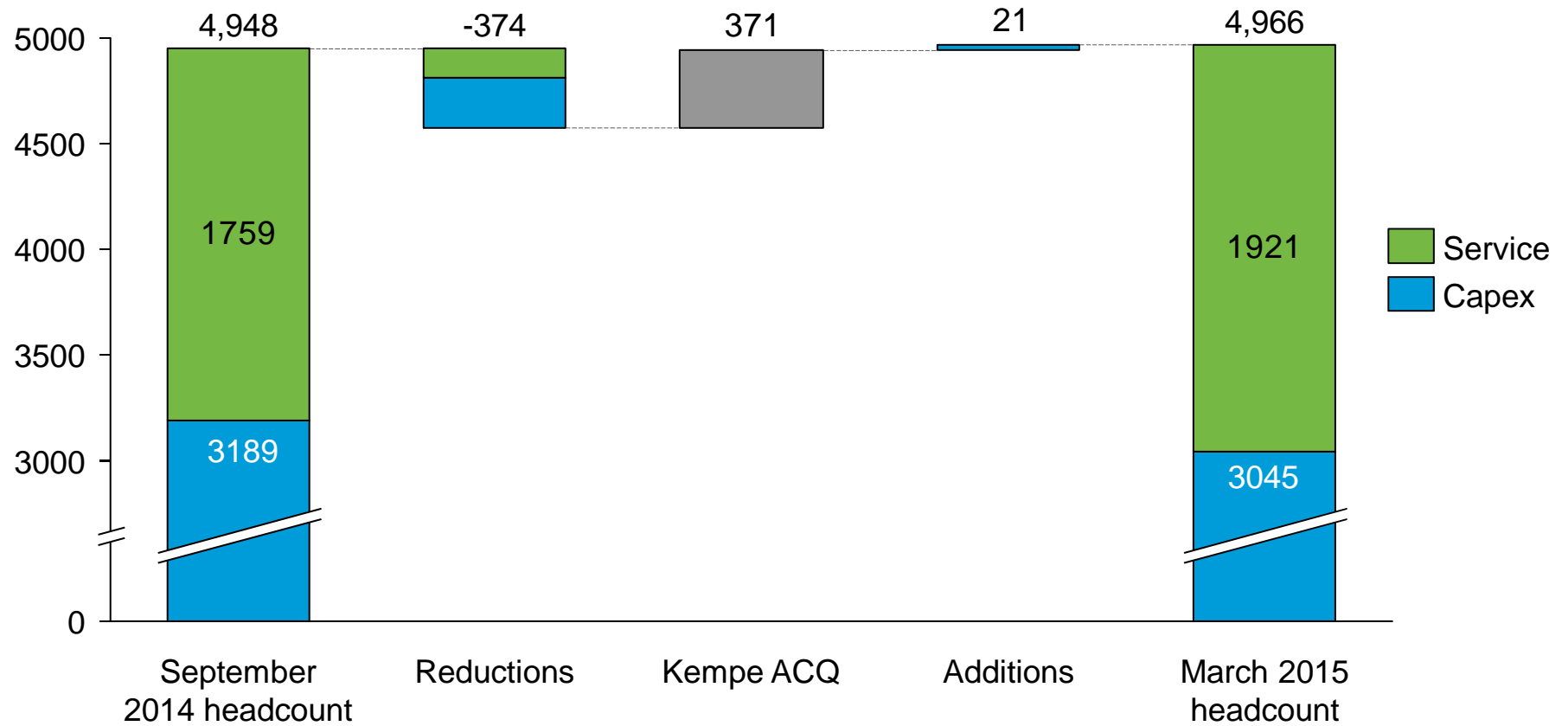
Cash flow impacted by increase in working capital

EUR million	Q1 2015	Q1 2014	Q1-Q4 2014
Cash from operations	10.8	16.7	54.5
Change in working capital	-35.7	5.6	-1.2
Interest	-0.2	0.7	-3.1
Taxes	-10.2	-18.2	-30.3
CASH FROM OPERATING ACTIVITIES	-35.3	4.7	19.9
Capital expenditure	-16.2	-8.3	-57.1
Acquisitions	-21.2	0	-8.0
Other investing activities	0.3	0.1	-0.1
CASH FLOW AFTER INVESTING ACTIVITIES	-72.4	-3.5	-45.3

Solid financing structure, weak ROI & ROE due to low profitability

	Q1 2015	Q1 2014	Q4 2014
Net interest-bearing debt	51.2	-82.7	-5.8
Gearing, %	11.4	-18.7	-1.3
Equity-to-assets ratio, %	34.0	36.6	36.1
Return on investment, %, LTM	0.2	21.6	1.7
Return on equity, %, LTM	-0.8	17.0	0.0
Equity, EUR million	448.0	443.0	445.3
Balance sheet total, EUR million	1,481.8	1,472.9	1,442.1

Personnel development since September 2014



Key events after March 31, 2015

- Delivery of modular solvent extraction technology and services to a brownfield copper production plant in South America (30 M€ in Q1)
- Technology and site services delivery for the expansion of Met-Mex Peñoles' zinc production facilities in Torreon, Mexico (60 M€ in Q2)
- Delivery of anode carbon plant technology for an expansion at EMAL's aluminum smelter complex at Al Taweelah, Abu Dhabi (+10 M€ in Q1)
- Zinc concentrate direct leaching and iron precipitation technologies and site services for the expansion of Boliden's Odda zinc production facilities, Norway (Value typically EUR 10-20 million, in Q1)



EUR 45 million cost efficiency program is proceeding on plan

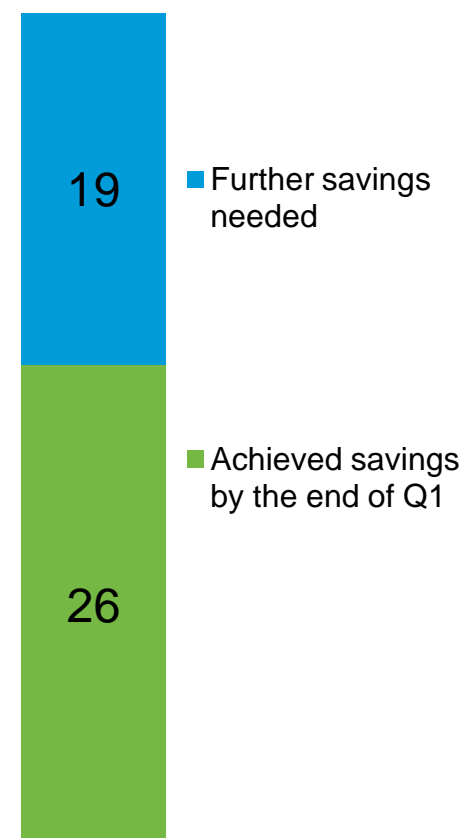
Launched in October 2014

- EUR 45 million savings in fixed costs, full gross effect in 2015
- Estimated one-time costs maximum EUR 40 million
- Up to 400 full time equivalent employees or contractors expected to be reduced

At the end of Q1

- 374 persons reduced as part of the program
- Savings totalled EUR 26 million (Q1/2015: EUR 7 million)
- One-time costs totalled EUR 24 million (Q1/2015: EUR 3 million), mainly related to personnel lay-offs and consolidation of resources
- Q1 fixed costs were EUR 82 (87) million, 9% reduction in comparable currencies

EUR 45 million



Value creation in continued uncertain market environment

2015 Stabilize and improve profitability

Q1 developments

2015 Strategic programs

Customer focused sales



Building the structure and achieving the first concrete results as orders

Service growth and profitability



Resourcing, building the teams and creating unique value proposition

Product competitiveness



Work on modularization, supply and product redesign to reduce costs

Delivery excellence



Improved project delivery practices and risk management in place

One Outotec



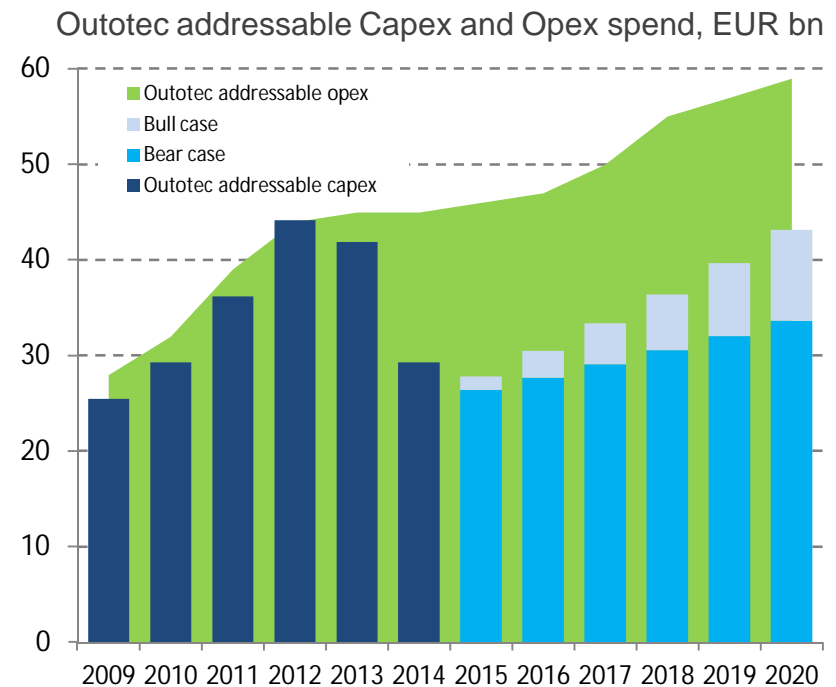
Process and IT systems implementation, building shared service centers and consolidating resources

EUR 26 million cost reduction achieved since September 2014

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

Market Outlook for 2015 is uncertain due to depressed metal prices and producers' focus on maximizing free cash flows

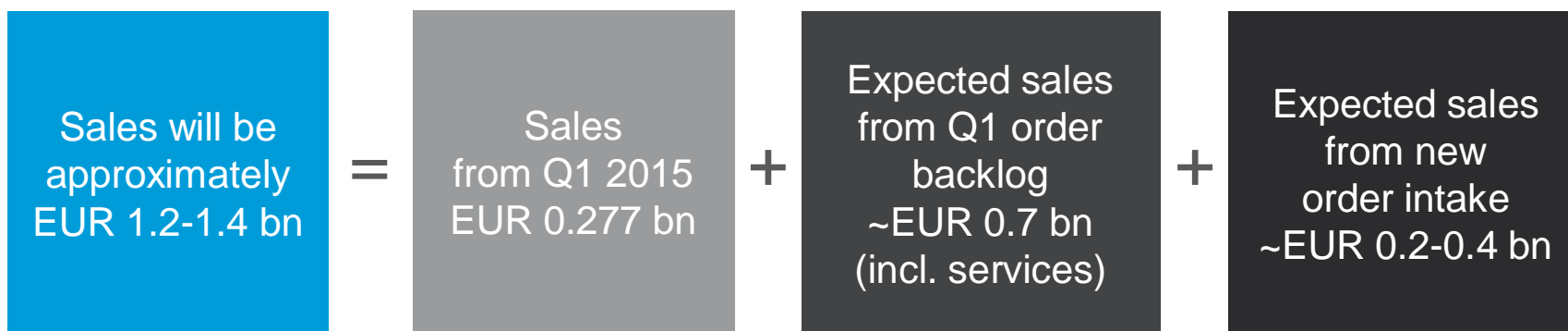
- Investments in base metals and sulfuric acid expected to start to revitalize, but iron ore continue on a low level
- Service business in line with the industry's production volumes and productivity improvement needs
- The outlook for industrial water treatment solutions continues solid
- Waste-to-energy, renewable and alternative energy solutions are needed but uncertainty in subsidy regulation



Capex includes Outotec's addressable market for iron ore, copper, gold, alumina, aluminum, nickel, lead and zinc. OPEX includes spares, wears and labor. Sources: Wood Mackenzie, McKinsey, Outotec analysis (Feb 2015)

Financial guidance for 2015 reiterated

Based on the 2014 year-end backlog and current operating environment, the management estimates that in 2015:



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

Outotec



Sustainable use of
Earth's natural resources