



# Interim report January – September 2008

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# Outotec

More out of ore

# Good operative result and strong gross margin in Q3

EUR million	Q3 2008	Q3 2007	Change-%
Sales	<b>318.1</b>	245.9	+ 29.4
Gross margin, %	<b>21.7</b>	19.9	+ 9.0
Operating profit	<b>28.9</b>	26.0	+ 11.2
Operating profit margin, %	<b>9.1</b>	10.6	- 14.2
Profit before taxes	<b>34.0</b>	28.8	+ 18.1
Earnings per share, EUR	<b>0.57</b>	0.56	+ 1.8
Order intake	<b>259.8</b>	417.9	- 37.8
Order backlog <sup>*)</sup>	<b>1,484.5</b>	1,264.4	+ 17.4
Net cash from operating activities	<b>19.1</b>	75.4	- 74,7
Return on investment, %	<b>65.8</b>	66.3	- 0.8
Return on equity, %	<b>46.6</b>	53.7	- 13.2

\*) At the end of the period

# Stable performance from operations and strong net cash flow during Q1-Q3

EUR million	Q1-Q3 2008	Q1-Q3 2007	Change- %	LTM <sup>*)</sup>	2007
Sales	<b>819.2</b>	684.6	+ 19.6	1,134.7	1,000.1
Gross margin, %	<b>20.9</b>	20.3	+3.0	20.8	20.4
Operating profit	<b>72.7</b>	63.1	+ 15.2	105.7	96.1
Operating profit margin, %	<b>8.9</b>	9.2	- 3.3	9.3	9.6
Profit before taxes	<b>83.9</b>	68.7	+ 22.1	120.1	104.8
Earnings per share, EUR	<b>1.40</b>	1.20	+ 16.7	2.05	1.85
Order intake	<b>1,033.9</b>	1,078.8	- 4.2	1,418.2	1,463.0
Order backlog	<b>1,484.5</b>	1,264.4	+ 17.4	1,484.5	1,317.2
Net cash from operating activities	<b>143.4</b>	97.7	+ 46.8	188.7	143.0
Return on investment, %	<b>53.5</b>	56.9	- 6.0	60.8	59.8
Return on equity, %	<b>36.8</b>	40.5	- 9.1	43.1	43.3

<sup>\*)</sup> Last twelve months

# Markets

- Because of the global financial crisis and the general uncertain economic conditions in many regions, it has become more difficult for companies to arrange financing. As a result, some mining and metals companies' investment activities have started to slow down.
- Major mining and metals companies continue to see a positive long-term outlook for metals demand, but in the short term the economic outlook has deteriorated and is putting pressure on metals consumption and prices, as well as on current investment plans.
- Outotec's customers have initiated various ferrous metals, base metals, and sulfuric acid plant projects. Continuous good demand is seen also in the areas of aluminum and ferroalloys technologies.
- Opportunities for cross-selling of the existing technologies to other process industries continued to emerge, particularly in the fertilizer industry.

# Largest orders in Q1-Q3

- Order intake was EUR 1,033.9 million (Q1-Q3/2007: EUR 1,078.8 million)
- Order intake in Q3 was EUR 259.8 million (Q3/2007: EUR 417.9 million)



Modernization of KGHM's copper flash smelting furnace, Poland

€ 10 million



Sulfuric acid plant technology for Pequiven, Venezuela

€ 90 million



Copper SX-EW plant for SPCC, Peru

USD 150 million (over €90 million)



Ferrochrome technology for Asa Metals, South Africa

€ 25 million



Iron ore sinter plant for SAIL, India

over € 25 million



Iron ore pelletizing plant for Tata Steel, India

€ 70 million



Engineering and project services for Boliden and Norilsk Nickel, Finland



Grinding mills for Nordic Mines, Polymetal, and undisclosed customer

€ 100 million



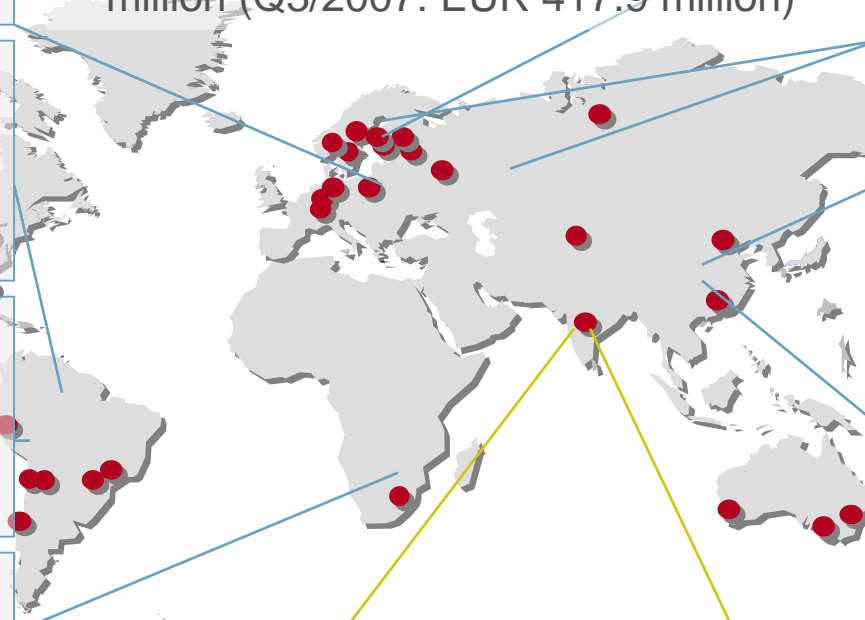
Aluminum smelter technology to China

€ 17 million



Iron ore pelletizing plant for Shougang, China

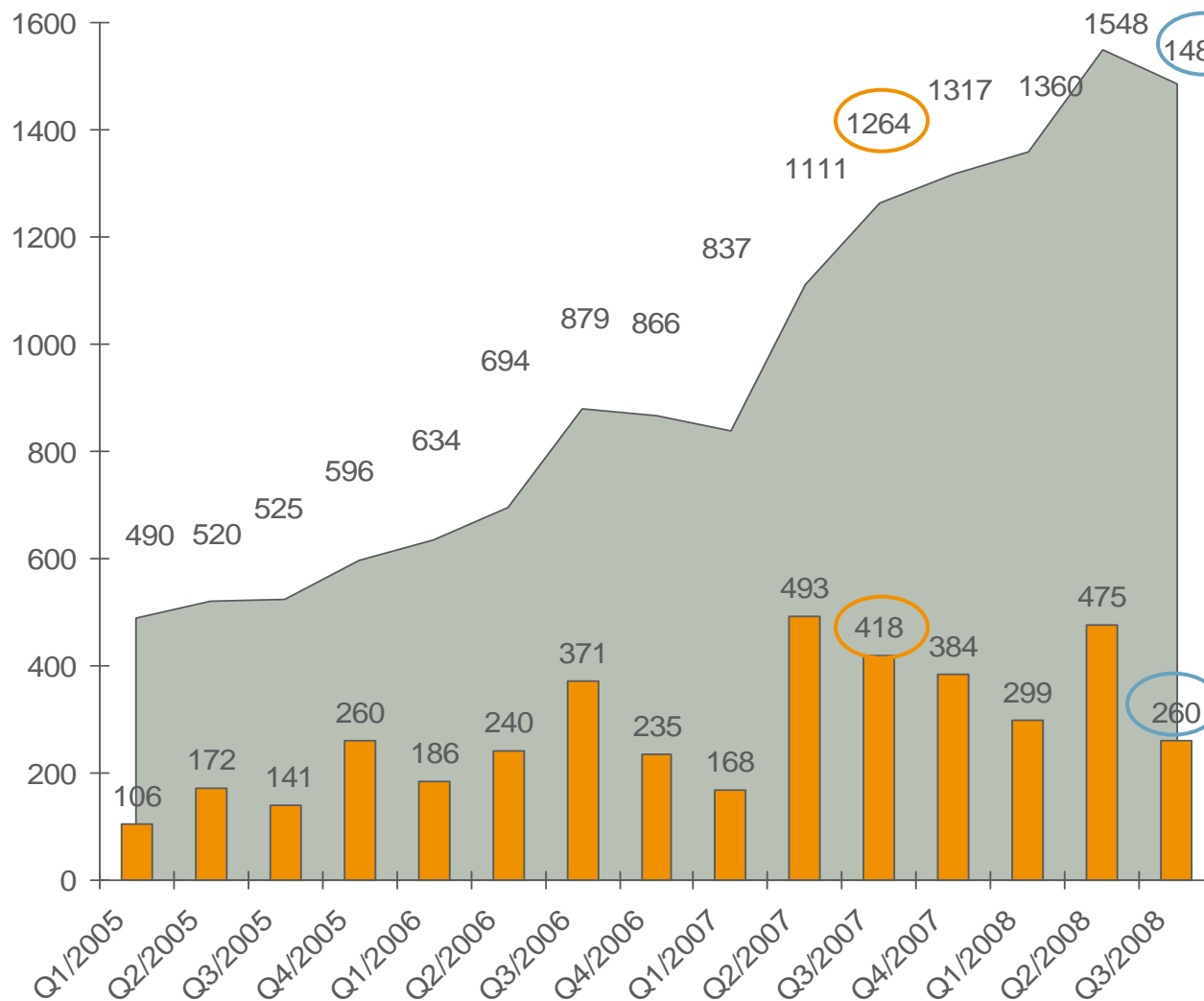
€ 29 million



● Outotec offices

# Order intake and backlog development

EUR million



- Order intake in Q1-Q3/2008 was 4.2 % smaller and order backlog 17.4% higher compared to Sep 30, 2007

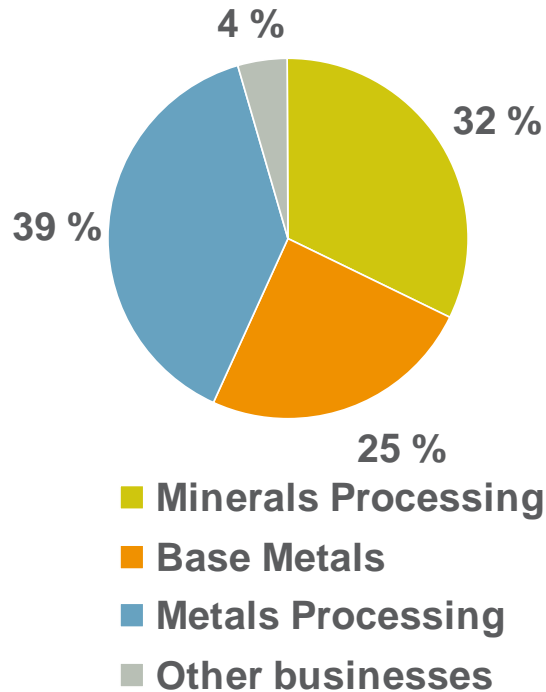
- 25% of the current backlog is estimated to be delivered in 2008 and the rest in 2009 and beyond

■ Order backlog at the end of the period

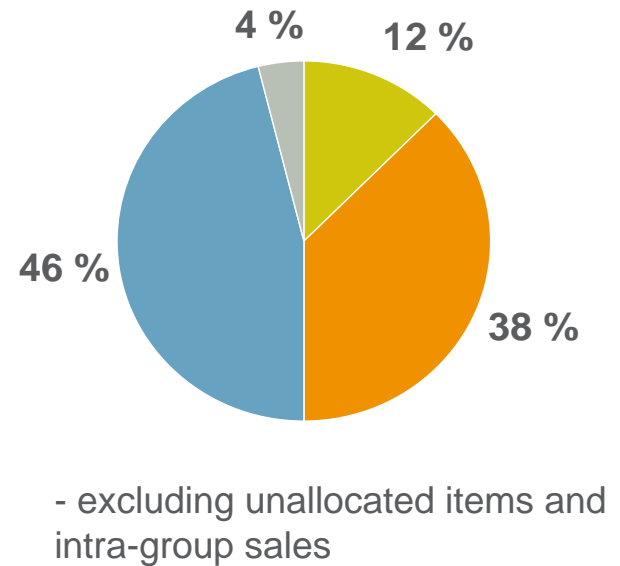
■ Order intake by quarter

# Sales and operating profit by division

Sales Q1-Q3/2008



Operating profit Q1-Q3/2008



# Sales by division

EUR million	Q1-Q3 2008	Q1-Q3 2007	Q3 2008	Q3 2007	2007
Minerals Processing	274.8	192.4	122.0	72.7	302.9
Base Metals	208.9	188.6	76.9	64.1	274.2
Metals Processing	330.8	311.4	116.9	113.0	432.3
Other businesses	37.2	26.7	11.4	11.1	37.8
Unallocated items and intra-group sales	- 32.6	- 34.5	- 9.2	- 15.0	- 47.0
<b>TOTAL</b>	<b>819.2</b>	684.6	<b>318.1</b>	245.9	1,000.1



# Operating profit by division

EUR million	Q1-Q3 2008	In relation to division sales	Q1-Q3 2007	In relation to division sales	Q3 2008	In relation to division sales	Q3 2007	In relation to division sales	2007	In relation to division sales
Minerals Processing	10.4	3.8%	8.9	4.6%	3.1	2.6%	3.6	5.0%	25.2	8.3%
Base Metals	31.5	15.1%	34.7	18.4%	13.3	17.3%	12.1	18.9%	43.9	16.0%
Metals Processing	38.9	11.8%	26.6	8.5%	14.9	12.7%	11.5	10.2%	38.1	8.8%
Other businesses	3.3	8.8%	1.9	7.1%	1.7	14.8%	1.3	11.5%	2.2	5.7%
Unallocated and intra-group items	- 11.4		- 8.9		- 4.1		- 2.5		-13.3	
<b>TOTAL</b>	<b>72.7</b>	<b>8.9%</b>	<b>63.1</b>	<b>9.2%</b>	<b>28.9</b>	<b>9.1%</b>	<b>26.0</b>	<b>10.6%</b>	<b>96.1</b>	<b>9.6%</b>

# Services and after sales business

- The service business is included in the figures of Outotec's three business divisions and it is reported as a total on Corporate level.
- The target is to grow the service business to the annual level of EUR 250-300 million by the end of 2010.
- The sales volume of the service business in Q1-Q3/2008 totaled EUR 87.0 million (Q1-Q3/2007: EUR 51.8 million), up by 68% from the corresponding 2007 figure.
- Sales of the service business in Q3 totaled EUR 35.4 million (Q3/2007: EUR 18.8 million)
- Canadian service company Auburn Group (acquisition announced in September 2008) brought 150 service experts and increased Outotec's service products.



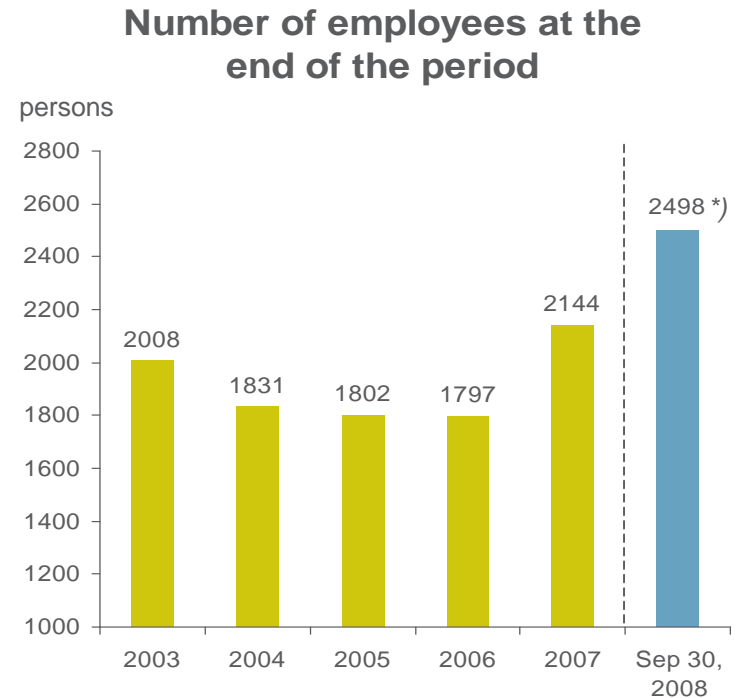
# Capital structure

EUR million	Q1-Q3 2008	Q1-Q3 2007	Q3 2008	Q3 2007	2007
Net cash from operating activities	143.4	97.7	19.1	75.4	143.0
Net interest-bearing debt <sup>*)</sup>	- 370.5	- 247.8	- 370.5	- 247.8	- 292.9
Equity <sup>*)</sup>	211.2	188.4	211.2	188.4	214.8
Equity-to-assets ratio, % <sup>*)</sup>	38.9	40.1	38.9	40.1	38.2
Gearing, % <sup>*)</sup>	- 175.4	- 131.6	- 175.4	- 131.6	- 136.4
Working capital <sup>*)</sup>	- 239.3	- 145.6	- 239.3	- 145.6	- 153.9
ROI, %	53.5	56.9	65.8	66.3	59.8
ROE, %	36.8	40.5	46.6	53.7	43.3

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

# Personnel

- An average of 2,434 employees during Q1-Q3/2008 (Q1-Q3/2007: 1,980)
- Increase due to business growth and active recruitment
- Workforce planning and resourcing is of top priority on Outotec's human capital roadmap in order to enable further growth
- Several actions going on to improve performance management, rewarding and employer image in order to ensure expertise for future needs



In addition to own employees, Outotec had close to 600 full-time equivalent contracted people in project execution during Q1-Q3/2008.

\*) Including 419 temporary employees

## Events after the reporting period

- Outotec signed a major contract with ZAO Miheevsky GOK, a subsidiary of Russian Copper Company (RCC), for the design and delivery of a new copper concentrator plant for the Miheevsky porphyry-copper project located in Chelyabinsk, Russia. The contract value exceeds EUR 175 million. RCC will implement the construction of the Miheevsky mine pending of the successful completion of project financing.
- Outotec's acquisition of Auburn Group, a Canadian service provider for the mining and metallurgical industries, was successfully closed on October 10, 2008. This acquisition, initially announced on September 5, 2008, and valued at approximately EUR 10 million (CAD 15 million), supports Outotec's strategy to grow the service business to the annual level of EUR 250-300 million by the end of 2010.

# Outlook for 2008

## Market

Because of the global financial crisis and the general uncertain economic conditions in many regions, it has become more difficult for companies to arrange financing. As a result, some mining and metals companies' investment activities have started to slow down.

## Outotec

Based on current market view, existing order backlog and the number of sales enquiries, the management expects that:

- Sales for 2008 will be approximately EUR 1,200 million. The sales growth will be slower than what was estimated earlier in the year. This is caused by timing of new orders received and lengthening of delivery times in certain projects, the reasons of which are mainly outside Outotec's project scope.  
[Previously: Sales will grow over 25% compared to 2007.]
- Operating profit will be approximately EUR 120 million, depending on timing of project completions and impacts of currency hedging.  
[Previously: Operating profit will improve from 2007 and the operating profit margin will be moderately above the 2007 level.]
- The closing order backlog for 2008 will exceed that of the previous year-end unless the uncertainty in the financial markets further delays customers' decision making.



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

Q&A