



# Interim Report

*January - September 2008*

*Outotec is a worldwide technology leader in minerals and metals processing, providing innovative and environmentally sound solutions for a wide variety of customers in minerals processing, iron and steel, aluminum and non-ferrous metals industries. Outotec Oyj is listed on the NASDAQ OMX Helsinki. [www.outotec.com](http://www.outotec.com)*

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# OUTOTEC OYJ - INTERIM REPORT JANUARY-SEPTEMBER 2008

## Stable performance from operations - strong net cash flow

### Reporting period Q1-Q3/2008 in brief

(2007 corresponding figures in parentheses):

- Sales: EUR 819.2 million (EUR 684.6 million)
- Operating profit: EUR 72.7 million (EUR 63.1 million)
- Profit before taxes: EUR 83.9 million (EUR 68.7 million)
- Earnings per share: EUR 1.40 (EUR 1.20)
- Order intake: EUR 1,033.9 million (EUR 1,078.8 million)
- Order backlog: EUR 1,484.5 million (EUR 1,264.4 million)
- Net cash flow from operating activities: EUR 143.4 million (EUR 97.7 million)

### Q3/2008 in brief

(2007 corresponding figures in parentheses):

- Sales: EUR 318.1 million (EUR 245.9 million)
- Operating profit: EUR 28.9 million (EUR 26.0 million)
- Profit before taxes: EUR 34.0 million (EUR 28.8 million)
- Order intake: EUR 259.8 million (EUR 417.9 million)
- Net cash flow from operating activities: EUR 19.1 million (EUR 75.4 million)
- Mainly unrealized losses related to fair valuation of currency forward contracts amounted to EUR 11.4 million (Q3/2007: gains of EUR 2.0 million)

### CEO, Tapani Järvinen:

"We have continued being successful in executing our projects during the reporting period. Our gross margin has continued to develop nicely although the proportion of projects with larger scopes has steadily increased. Increased project volumes associated with our good project management skills have also helped us in delivering solid results.

I am also pleased to see how our service and after sales business has developed. We have been increasing our resources both organically and through an acquisition. The Canadian service company Auburn Group, which we acquired this fall, will increase our resource base and service products. We are well on our way growing the service business to an annual level of 250-300 million euros by the end of 2010."

### Revised outlook for 2008 in brief:

- Sales will be approximately EUR 1,200 million
- Operating profit will be approximately EUR 120 million
- The closing order backlog for 2008 will exceed that of the previous year-end

Summary of key figures	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	LTM *)	Q1-Q4 2007
Sales, EUR million	<b>318.1</b>	245.9	<b>819.2</b>	684.6	1,134.7	1,000.1
Gross margin, %	<b>21.7</b>	19.9	<b>20.9</b>	20.3	20.8	20.4
Operating profit, EUR million	<b>28.9</b>	26.0	<b>72.7</b>	63.1	105.7	96.1
Operating profit in relation to sales, %	<b>9.1</b>	10.6	<b>8.9</b>	9.2	9.3	9.6
Profit before taxes, EUR million	<b>34.0</b>	28.8	<b>83.9</b>	68.7	120.1	104.8
Net cash from operating activities, EUR million	<b>19.1</b>	75.4	<b>143.4</b>	97.7	188.7	143.0
Net interest-bearing debt at the end of period, EUR million	<b>-370.5</b>	-247.8	<b>-370.5</b>	-247.8	-370.5	-292.9
Gearing at the end of period, %	<b>-175.4</b>	-131.6	<b>-175.4</b>	-131.6	-175.4	-136.4
Working capital at the end of period, EUR million	<b>-239.3</b>	-145.6	<b>-239.3</b>	-145.6	-239.3	-153.9
Return on investment, %	<b>65.8</b>	66.3	<b>53.5</b>	56.9	60.8	59.8
Return on equity, %	<b>46.6</b>	53.7	<b>36.8</b>	40.5	43.1	43.3
Order backlog at the end of period, EUR million	<b>1,484.5</b>	1,264.4	<b>1,484.5</b>	1,264.4	1,484.5	1,317.2
Order intake, EUR million	<b>259.8</b>	417.9	<b>1,033.9</b>	1,078.8	1,418.2	1,463.0
Personnel average for the period	<b>2,572</b>	2,091	<b>2,434</b>	1,980	2,372	2,031
Earnings per share, EUR	<b>0.57</b>	0.56	<b>1.40</b>	1.20	2.05	1.85

\*) Last twelve months.

### Markets

Because of the global financial crisis and general uncertain economic conditions in many regions, it has become more difficult for companies to arrange financing. As a result, mining and metals companies' investment activities have started to slow down. The major mining and metals companies continue to see a positive long term outlook for demand for metals, 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.

In the reporting period, Outotec's customers initiated various projects related to technologies applicable for ferrous metals, base metals, and sulfuric acid. Continuous good demand was 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.

Environmental regulations and rising production costs require that mining and metals companies keep their facilities up to date by investing continuously in more energy-efficient and environmentally sustainable processes. When commodity prices are low, customers need to reduce their unit costs and improve competitiveness by investing in plant modernizations, equipment and services projects. Because of various operative issues causing production losses and declining ore grades, there is a continuous need also for new capacity investments in order to maintain production that corresponds to current demand. The customers' decision-making process is lengthy especially in new plant projects, but it is potentially prolonged further because of the global financial situation.

### Order intake

Order intake in the reporting period amounted to EUR 1,033.9 million (Q1-Q3/2007: EUR 1,078.8 million). The third-quarter order intake totaled EUR 259.8 million (Q3/2007: EUR 417.9 million). Orders received in the third quarter included plant deliveries to some new customers and several smaller equipment deliveries and services to existing customers.

Major new orders in the third quarter included:

- an iron ore pelletizing plant for Tata Steel in Jamshedpur, India (EUR 70 million); and
- an iron ore sinter plant for SAIL's Rourkela Steel Plant in Orissa, India (over EUR 25 million).

Major new orders in the second quarter included:

- grinding technology for a major international mining company (EUR 75 million);
- grinding technology, including spare parts and services for Nordic Mines of Sweden for the Laiva gold project in Finland and for Polymetal Trading of Russia for the Albazino and Dukat projects (EUR 25 million);
- new environmentally sound technology for Shougang Jingtang United Iron & Steel for Shougang's iron ore pelletizing plant project in Caofeidan, China (EUR 29 million);
- engineering and equipment delivery for a new sulfuric acid plant in Moron, Venezuela for Petroquimica de Venezuela (EUR 90 million);
- flotation and thickening technology for Salobo Metais in Brazil (EUR 9 million); and
- a copper solvent extraction and electrowinning plant for Southern Peru Copper Corporation in Peru (USD 150 million, or over EUR 90 million, out of which USD 90 million was already included in the second quarter order backlog).

Major new orders in the first quarter included:

- basic engineering and proprietary and special equipment for two iron ore sinter plants for Bhushan Steel in Orissa State, India (EUR 18 million);
- several aluminum technology orders in China, among them a sow casting system for Huomei Hongjun Aluminium-Power Company, a vibrocompactor and rodshop process equipment for China Aluminium International Trading, and a sow casting system and key rodshop equipment for Yellow River Hydropower Development Company (EUR 17 million);
- minerals processing technology for Mirabela Mineração of Brazil for a new nickel sulfide concentrator and a slag concentrator for Umicore Med for the Piridop copper smelter in Bulgaria (EUR 21 million);
- modernization of a copper flash smelting furnace for KGHM Polska Miedz in Poland (over EUR 10 million);
- a chromite ore pelletizing plant and preheating kilns for ASA Metals in South Africa (EUR 25 million); and
- three-year service agreements with Boliden's Harjavalta and Kokkola plants and with Norilsk Nickel's Harjavalta plants in Finland.

### Order backlog

The order backlog at the end of the reporting period totaled EUR 1,484.5 million (September 30, 2007: EUR 1,264.4 million), representing 17% growth from the 2007

corresponding figure.

At the end of the reporting period, Outotec's order backlog included 28 projects with a value in excess of EUR 10 million, accounting for 62% of the total backlog. Based on the management's estimate, some 25% of the current backlog will be delivered in 2008 and the rest in 2009 and beyond. Mining companies, which are developing their first processing plants, account for roughly 5% of Outotec's current backlog.

The drinking water treatment facility project for the eastern coastal towns of Ampara District in Sri Lanka (USD 100 million) is pending the customer's financing agreement. It is not included in the order backlog on September 30, 2008.

## Sales and financial result

Outotec's sales in the reporting period totaled EUR 819.2 million (Q1-Q3/2007: EUR 684.6 million), representing 20% growth from the previous year's corresponding figure. Sales for the third quarter were EUR 318.1 million (Q3/2007: EUR 245.9 million). The growth resulted from higher delivery volumes and improved pricing.

Services and after sales business, which is included in the divisions' sales figures, contributed EUR 87.0 million to sales during the reporting period (Q1-Q3/2007: EUR 51.8 million), up 68% from the corresponding 2007 level. The sales volume of the services and after sales business in the third quarter of 2008 totaled EUR 35.4 million (Q3/2007: EUR 18.8 million), up 88% from the corresponding 2007 level.

The operating profit for the reporting period was EUR 72.7 million (Q1-Q3/2007: EUR 63.1 million), representing 8.9% of sales (Q1-Q3/2007: 9.2%). The mainly unrealized losses related to fair valuation of currency forward contracts, mostly between the Chilean peso and the U.S. dollar against the euro and between the Australian and U.S. dollar, which are not included in the hedge accounting, weakened profitability by EUR 9.1 million in the reporting period (Q1-Q3/2007: gain of EUR 4.6 million). For the third quarter of 2008, the operating profit was EUR 28.9 million (Q3/2007: EUR 26.0 million), and the corresponding profit margin was 9.1% (Q3/2007: 10.6%). There were no major final project completions in the third quarter. The mainly unrealized losses from the fair valuation of currency forward contracts in the third quarter amounted to EUR 11.4 million (Q3/2007: gains of EUR 2.0 million).

In the reporting period, Outotec's fixed costs were EUR 9.0 million higher than in the corresponding period of 2007. The increase was mainly caused by higher administration costs relating to business development and growth, recruiting of new personnel worldwide, management and employee bonuses, and information technology (IT) costs. The increase in IT costs came from Outotec's independent status, purchasing of IT licenses and tools necessitated by business growth, and increased personnel numbers, as well as infrastructure costs for the newly established companies in India and Kazakhstan.

During the reporting period, the shares of Intune Cir-

cuits Ltd were sold and a loss of EUR 1.1 million was recognized from the divestment.

Outotec's profit before taxes for the reporting period was EUR 83.9 million (Q1-Q3/2007: EUR 68.7 million). Profit before taxes was impacted favorably by the net financial income of EUR 11.2 million from the high net cash position. Net profit for the period was EUR 58.8 million (Q1-Q3/2007: EUR 50.4 million). Taxes totaled EUR 25.1 million (Q1-Q3/2007: EUR 18.2 million), taking into account taxes proportionate to the amount estimated for the financial year. This represents an effective tax rate of 29.9%. Earnings per share were EUR 1.40 (Q1-Q3/2007: EUR 1.20).

Outotec's return on equity for the reporting period was 36.8% (Q1-Q3/2007: 40.5%), and return on investment was 53.5% (Q1-Q3/2007: 56.9%).

### *Minerals Processing*

The Minerals Processing division's sales grew 43% in the reporting period from the previous year's corresponding figure and totaled EUR 274.8 million (Q1-Q3/2007: EUR 192.4 million). Operating profit was EUR 10.4 million (Q1-Q3/2007: EUR 8.9 million). The growth in sales and the higher proportion of process solution projects under execution improved the division's operating profit. The division's operating profit suffered a EUR 6.8 million loss (Q1-Q3/2007: gain of EUR 3.2 million) related to the fair valuation of the currency forward contracts, mainly between the Australian dollar and the U.S. dollar. With the seasonal nature of the fiscal year, profit generation for the Minerals Processing division is typically weaker in the first half of the year and stronger in the second half.

### *Base Metals*

The Base Metals division's sales grew 11% in the reporting period from the previous year's corresponding figure, totaling EUR 208.9 million (Q1-Q3/2007: EUR 188.6 million). The operating profit was EUR 31.5 million (Q1-Q3/2007: EUR 34.7 million). Lengthening lead times in the construction phases of some projects, mainly caused by reasons outside Outotec's project scope, affected the operating profit during the reporting period. Operating profit for the reporting period included also loss of EUR 1.7 million related to fair valuation of currency forward contracts between the Chilean peso, euro, and the U.S. dollar (Q1-Q3/2007: loss of EUR 0.1 million).

### *Metals Processing*

The Metals Processing division's sales in the reporting period grew 6% from the previous year's figure, to EUR 330.8 million (Q1-Q3/2007: EUR 311.4 million). The growth came from the sulfuric acid plant and roasting plant projects. Operating profit improved significantly and was EUR 38.9 million (Q1-Q3/2007: EUR 26.6 million). The positive effects came from the volume growth, license fee income, project margin improvements, change orders, and successful project completions.



Sales and operating profit by segment EUR million	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	Q1-Q4 2007
<b>Sales</b>					
Minerals Processing	122.0	72.7	274.8	192.4	302.9
Base Metals	76.9	64.1	208.9	188.6	274.2
Metals Processing	116.9	113.0	330.8	311.4	432.3
Other Businesses	11.4	11.1	37.2	26.7	37.8
Unallocated items*) and intra-group sales	-9.2	-15.0	-32.6	-34.5	-47.0
<b>Total</b>	<b>318.1</b>	<b>245.9</b>	<b>819.2</b>	<b>684.6</b>	<b>1,000.1</b>
<b>Operating profit</b>					
Minerals Processing	3.1	3.6	10.4	8.9	25.2
Base Metals	13.3	12.1	31.5	34.7	43.9
Metals Processing	14.9	11.5	38.9	26.6	38.1
Other Businesses	1.7	1.3	3.3	1.9	2.2
Unallocated **) and intra-group items	-4.1	-2.5	-11.4	-8.9	-13.3
<b>Total</b>	<b>28.9</b>	<b>26.0</b>	<b>72.7</b>	<b>63.1</b>	<b>96.1</b>

\*) Unallocated items primarily include invoicing of internal management and administrative services.

\*\*) Unallocated items primarily include internal management and administrative services and share of the result of associated companies.

## Balance sheet, financing and cash flow

Net cash flow from operating activities in the reporting period continued strong at EUR 143.4 million (Q1-Q3/2007: EUR 97.7 million). In comparison to the corresponding period in 2007, significant improvement in net cash flow from operating activities was achieved. The main reasons for this were the good result, a significant decrease in working capital, and interest income created by the strong cash position. The parent company paid out EUR 39.9 million (Q2/2007: EUR 14.7 million) in dividends in April 2008.

In the third quarter, Outotec's cash and cash equivalents totaled EUR 371.4 million (Q3/2007: EUR 248.9 million). The company invests its excess cash to short-term money market instruments like bank deposits and corporate commercial papers. Investments are made within pre-approved counterparty-specific limits and tenors, which Outotec is reviewing regularly. On September 30, 2008, no money market investment had remaining maturity exceeding three months.

Outotec's working capital amounted to EUR -239.3 million on September 30, 2008 (September 30, 2007: EUR -145.6 million). The working capital improved mostly because of advances received from customers and low inventory levels.

The balance sheet structure remained strong, and the financing structure was healthy. Net interest-bearing debt on September 30, 2008, came to EUR -370.5 million (September 30, 2007: EUR -247.8 million). The advances received at the end of the reporting period totaled EUR 264.7 million (September 30, 2007: EUR 167.6 million), representing an increase of 58% from the corresponding period. Net advances at the end of the period amounted to EUR 252.0 million taking into account the advances paid to subcontractors, EUR 12.7 million. Outotec's gearing at the end of the reporting period was -175.4% (September 30, 2007: -131.6%), and the equity-to-assets ratio was 38.9% (September 30, 2007: 40.1%).

The company's capital expenditure in the reporting period was EUR 10.0 million (Q1-Q3/2007: EUR 9.9 mil-

lion), which consisted mainly of investments in information technology, intellectual property rights, and machinery in the Outotec Turula workshop. In 2007, capital expenditure included one-time costs related to the separation from the ex-parent company. Outotec's acquisition of Auburn Group, a Canadian service provider for the mining and metallurgical industries, was signed on September 5, 2008, and valued at approximately EUR 10 million (CAD 15 million), which will be paid in the fourth quarter.

The committed multi-currency guarantee facility, with a nominal value of EUR 480 million, is Outotec's main credit agreement. In the third quarter, the final maturity date of this agreement was successfully extended by one year to 2011. In addition to this facility, the company has other bilateral facility agreements. These facilities enable business volume growth for the company.

Guarantees for commercial commitments, including advance payment guarantees issued by the parent and other Group companies, came to EUR 435.0 million at the end of the reporting period, showing an increase from the previous year's corresponding level relative to business growth (September 30, 2007: EUR 347.1 million).

Outotec has entered into an agreement with a third-party service provider concerning administration and hedging of the share-based incentive program for key personnel. As part of this agreement, for hedging of the underlying cash flow risk, the service provider has purchased 250,000 Outotec shares that have been funded by Outotec and accounted as treasury shares in Outotec's consolidated balance sheet.

## Research and technology development

Outotec's research and technology development expenses for the reporting period totaled EUR 14.7 million (Q1-Q3/2007: EUR 14.3 million), representing 1.8% of sales (Q1-Q3/2007: 2.1%). Outotec filed 29 new priority patent

applications (Q1-Q3/2007: 28), and 182 new national patents (Q1-Q3/2007: 211) were granted during the reporting period.

In September, preparation of the HydroCopper® demonstration plant in Pori was completed for a continuous pilot-scale test run with Zangezur's copper concentrate. The test run with 280 tons of concentrate will be carried out in the fourth quarter. In April, the companies signed Heads of Agreement for the basic engineering and implementation of a HydroCopper® plant in Armenia.

In August, an internal assessment of Outotec's technologies and their environmental impact or energy-efficiency was completed. According to OECD definitions, some 80% of the 2007 order intake can be classified as Environmental Goods and Services (EGS). The study also showed that 63% of Outotec's technologies are clearly EGS technologies and 33% may be, depending on the application.

In June 2008, Outotec granted 22 employees a technology award for their innovative work in developing new and existing technologies. The awards totaled EUR 96,000.

In April 2008, Outotec joined the energy research program of Helsinki University of Technology. One of the research topics is minimization of energy losses in combustion processes.

In the first quarter of 2008, Outotec and the Geological Survey of Finland reached a partnership agreement for enhancing collaboration in research and development of mineral technology.

## Personnel

At the end of the reporting period, Outotec had a total of 2,498 employees (September 30, 2007: 2,121). For the reporting period, Outotec had on average 2,434 employees (Q1-Q3/2007: 1,980). The average number of personnel increased by 454 persons from that for the corresponding period in 2007, through business growth and active recruitment. Temporary employees accounted for close to 17% of the total number of employees.

The most notable increase in personnel was seen in South America, where large projects are in the commissioning phase. At the end of September 2008, the company had, in addition to the personnel on Outotec's payroll, close to 600 full-time-equivalent contracted people

Distribution of personnel by country	Sep 30, 2008	Sep 30, 2007	change %
Finland	913	831	9.9
Germany	366	309	18.4
Rest of Europe	240	222	8.1
Americas	627	446	40.6
Australia	217	204	6.4
Rest of the world	135	109	23.9
<b>Total</b>	<b>2,498</b>	<b>2,121</b>	<b>17.8</b>

working in project execution. The number of contracted workers at any given time changes in response to the active project mix and project commissioning, local legislation and regulations, and seasonal fluctuations.

In the reporting period, salaries and other employee benefits totaled EUR 114.5 million (Q1-Q3/2007: EUR 94.0 million).

## Share-based incentive programs

Outotec has two share-based incentive programs for the company's key personnel: Incentive Program 2007-2008 and Incentive Program 2008-2010.

Some 20 key employees participate in the Share-based Incentive Program 2007-2008, which started on January 1, 2007, and ends on December 31, 2008. The reward payable is determined by the achievement of the targets set by the Board of Directors for the development of the company's net profit and order backlog. The reward is paid in shares and as a cash payment. The shares will be allocated to the key personnel in the spring of 2009. The maximum reward of the incentive program is EUR 6.7 million. For more information, please see Outotec's stock exchange release on March 23, 2007.

Share-based Incentive Program 2008-2010 comprises three calendar year periods. For the 2009 and 2010 earning periods, the incentive program covers approximately 60 key employees. The reward payable is determined by the achievement of the annual corporate growth targets set by the Board of Directors for earnings per share, order backlog, and the company's services and after sales business. The potential incentives for the 2008 earning period will be paid in 2009. Approximately half of the incentives will be paid as Outotec shares and half in cash. In the 2008 earning period, the incentive program covers approximately 30 key employees. Those some 20 key employees who belong to Share-based Incentive Program 2007-2008 are not included in the 2008 earning period of the 2008-2010 program. For more information, please see Outotec's stock exchange release on March 3, 2008.

## Resolutions of the Annual General Meeting 2008

The Outotec Annual General Meeting was held on March 18, 2008, in Espoo, Finland. The Annual General Meeting decided that a dividend of EUR 0.95 per share be paid for the financial year that ended on December 31, 2007. The dividends, totaling EUR 39.9 million, were paid on April 1, 2008.

The Annual General Meeting decided that the number of Board members, including the Chairman and Vice Chairman, should be five. Mr. Carl-Gustaf Bergström, Mr. Karri Kaitue, Mr. Hannu Linnoinen, Mr. Anssi Soila, and Mr. Risto Virrankoski were re-elected as members of the Board of Directors for the term expiring at the end of the next Annual General Meeting. The Annual General Meeting re-elected Mr. Risto Virrankoski as the Chair-

man of the Board of Directors, and in its assembly meeting the Board of Directors elected Mr. Karri Kaitue as its Vice Chairman.

The Annual General Meeting confirmed the remuneration of Board members as follows: Chairman EUR 5,000 per month, and other Board members EUR 3,000 per month each, Vice Chairman and Chairman of the Audit Committee in addition EUR 1,000 per month each. In addition, each Board member will be paid EUR 500 for attendance of each Board and Committee meeting, as well as reimbursement for direct costs arising from Board work.

KPMG Oy Ab, Authorized Public Accountants, was re-elected as the company's auditor, with Mr. Mauri Palvi as Auditor in charge.

The Annual General Meeting authorized the Board of Directors to resolve upon issues of shares as follows:

- The authorization includes the right to issue new shares, distribute own shares held by the company, and the right to issue special rights referred to in Chapter 10, Section 1 of the Companies Act. However, this authorization to the Board of Directors does not entitle the Board of Directors to issue share option rights as an incentive to the personnel.
- The total number of new shares to be issued and own shares held by the company to be distributed under the authorization may not exceed 4,200,000 shares.
- The Board of Directors is entitled to decide on the terms of the share issue, such as the grounds for determining the subscription price of the shares and the final subscription price as well as the approval of the subscriptions, the allocation of the issued new shares and the final amount of issued shares.

The Annual General Meeting authorized the Board of Directors to resolve upon the repurchase of the company's own shares as follows:

- The company may repurchase the maximum number of 4,200,000 shares using free equity and deviating from the shareholders' pre-emptive rights to the shares, provided that the number of own shares held by the company will not exceed ten (10) percent of all shares of the company.
- The shares are to be repurchased in public trading at the NASDAQ OMX Helsinki Ltd at the price established in the trading at the time of acquisition.

The above-mentioned authorizations shall be in force until the next Annual General Meeting. The authorizations had not been exercised as of October 23, 2008.

## Shares and share capital

Outotec's shares are listed on the NASDAQ OMX Helsinki Ltd (OTE1V). Outotec's share capital is EUR 16.8 million,

consisting of 42.0 million shares. Each share entitles its holder to one vote at general meetings of shareholders of the company.

## Trading and market capitalization

In the reporting period, the volume-weighted average price for a share in the company was EUR 33.64, the highest quotation for a share being EUR 45.76 and the lowest EUR 18.00. The trading of Outotec shares in the reporting period exceeded 104 million shares, with a total value of over EUR 3,494 million. On September 30, 2008, Outotec's market capitalization was EUR 789 million and the last quotation for the share was EUR 18.78.

On September 30, 2008, the company did not hold any treasury shares for trading purposes. In the first quarter, Outotec entered into an agreement with a third-party service provider concerning the administration and hedging of the share-based incentive program for key personnel. As part of this agreement, in order to hedge the underlying cash flow risk, the service provider has purchased 250,000 Outotec shares that have been funded by Outotec and accounted (IFRS) as treasury shares in Outotec's consolidated balance sheet.

On January 7, 2008, UBS AG's group holding in shares of Outotec Oyj fell under 5% and amounted to 2,040,807 shares, which represented 4.86% of the share capital and votes in the company. On January 4, 2008, UBS AG's group holding in shares of Outotec Oyj exceeded 5% and amounted to 2,331,573 shares, which represented 5.55% of the share capital and votes in the company. On April 25, 2008, Morgan Stanley's group holding in shares of Outotec Oyj fell under 5% and amounted to 2,062,917 shares, which represented 4.91% of the share capital and votes in the company. On March 25, 2008, Morgan Stanley's group holding in shares of Outotec Oyj exceeded 5% and amounted to 3,517,978 shares, which represented 8.37% of the share capital and votes in the company. On September 30, 2008, shares held in 11 nominee registers accounted for some 79% of all Outotec shares.

## Events after the reporting period

Outotec signed a major contract with ZAO Miheevsky GOK, a subsidiary of Russian Copper Company, 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. Russian Copper Company 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.

On October 15, 2008, Ilmarinen Mutual Pension Insurance Company's holding in shares of Outotec Oyj on October 15, 2008 exceeded 5%. Ilmarinen's holding in shares of Outotec is 2,138,448 shares, which represented 5.09% of the share capital and votes in the company.

## Short-term risks and uncertainties

Outotec's customers operate mainly in the mining and metals industry and in geographical areas that are at different stages of the economic cycle. A general global economic downturn could reduce the demand for Outotec's products and services as need for metals decreases. At the same time, the financial crisis and the tightening situation in the financial market have started to influence some of Outotec customers' investment activities and decision-making in the negotiation phases for new projects. Some further projects may be put on hold, postponed or cancelled because companies experience difficulties in arranging reasonable financing packages. Also the demand for export credits has been on the rise. This is evidenced by the increase in total value of export guarantee applications linked to Outotec's sales projects.

Some Outotec's projects in the implementation phase have proceeded slower than planned, and the lengthening delivery times, caused mainly by reasons outside Outotec's project scope, could generate more costs, quality issues, and functionality problems, which could have an impact on Outotec's financial performance. Outotec has established and developed systematic procedures to monitor these exposures and projects and has added steering resources for these projects.

In connection with Outotec's risk assessment for the third quarter, all unfinished projects using percentage of completion and completed contract method were monitored and evaluated, and contingencies were updated. Projects whose stage of completion was close to 100% were evaluated, and provisions for performance guarantees and warranty period guarantees, along with possible provisions for project losses, were updated. There were no material increases in the total project risk provisions.

At the end of the reporting period, the financial crisis had not resulted in payment- or performance-related problems for Outotec's counterparties. More than half of Outotec's total cash flow is denominated in euros, and the rest is divided among various currencies, which include the U.S. dollar, Australian dollar, Brazilian real, Canadian dollar, and South African rand. The relative proportion of the U.S. dollar has been rising. In new projects the weight of any given currency can fluctuate substantially, but the majority of cash-flow-related risks are hedged in the short and long term. These currency fluctuations may in the short-term create volatility in the operating profit. The forecast and probable cash flows are hedged

selectively and always on the basis of separate decisions and risk analysis. The cost of hedging is taken into account in project pricing.

Because of the shortage of skilled personnel in certain regions, the company may face wage inflation and limited growth potential. Therefore, the company continuously develops its global subcontractor network. Rising costs, issues of quality, and shortage of certain components and equipment, as well as global challenges in recruiting skilled personnel and finding suitable subcontractors, may affect sales growth, delivery times, and timing of project completions and subsequent profit recognition.

Outotec is involved in a few legal and arbitration proceedings. The management believes that the outcome of the pending proceedings will not have a material effect on Outotec's financial result.

## Outlook for 2008

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.

Based on the 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.
- Operating profit will be approximately EUR 120 million, depending on the timing of project completions and impacts of currency hedging.
- 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.

## Previous outlook for 2008

Outotec's market outlook is expected to remain good in 2008. The mining and metals industry's outlook continues robust, and the tightness in the supply of metals encourages Outotec's customer industry to invest extensively in new plants, modernization projects, and expansions. Driven by the favorable market situation, the demand for Outotec's process technologies and services is expected to continue on a strong level in 2008.

Outotec reiterates its full-year outlook in terms of sales, operating profit and closing order backlog. Based on the strong existing order backlog, new order prospects, and second-half-year-loaded sales and operating profit generation the management expects that in 2008:

- sales will grow over 25% compared to 2007,



- operating profit will improve from 2007 and the operating profit margin will be moderately above the 2007 level, depending on the mix of new orders received and the timing of project completions, and that
- the closing order backlog for 2008 will exceed that of the previous year-end.

## Financial reporting schedule for 2008

Outotec's fourth quarter results and financial statements review for January-December 2008 will be published on Friday, January 30, 2009.

Espoo, October 23, 2008

Outotec Oyj

Board of Directors

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## Interim financial statements (unaudited)

Income statement EUR million	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	Q1-Q4 2007
<b>Sales</b>	<b>318.1</b>	245.9	<b>819.2</b>	684.6	1,000.1
Cost of sales	<b>-249.1</b>	-196.9	<b>-648.2</b>	-545.8	-796.4
<b>Gross profit</b>	<b>69.0</b>	48.9	<b>170.9</b>	138.9	203.8
Other operating income	<b>0.2</b>	1.8	<b>0.3</b>	4.7	5.9
Selling and marketing expenses	<b>-12.0</b>	-10.2	<b>-33.8</b>	-32.8	-44.6
Administrative expenses	<b>-11.8</b>	-10.2	<b>-39.4</b>	-31.8	-47.0
Research and development expenses	<b>-4.8</b>	-4.0	<b>-14.7</b>	-14.3	-19.9
Other operating expenses	<b>-11.7</b>	0.0	<b>-10.6</b>	-0.5	-0.7
Share of results of associated companies	-	-0.3	-	-1.0	-1.4
<b>Operating profit</b>	<b>28.9</b>	26.0	<b>72.7</b>	63.1	96.1
Financial income and expenses					
Interest income and expenses	<b>4.9</b>	3.3	<b>12.5</b>	8.7	12.4
Market price gains and losses	<b>1.1</b>	0.3	<b>1.5</b>	-0.1	0.2
Other financial income and expenses	<b>-1.0</b>	-0.8	<b>-2.9</b>	-3.0	-3.9
Total financial income and expenses	<b>5.0</b>	2.8	<b>11.2</b>	5.6	8.7
<b>Profit before taxes</b>	<b>34.0</b>	28.8	<b>83.9</b>	68.7	104.8
Income taxes	<b>-10.1</b>	-5.4	<b>-25.1</b>	-18.2	-27.2
<b>Net profit for the period</b>	<b>23.9</b>	23.4	<b>58.8</b>	50.4	77.6
<b>Attributable to:</b>					
Equity holders of the parent company	<b>23.9</b>	23.4	<b>58.9</b>	50.5	77.6
Minority interest	-	-0.0	<b>-0.0</b>	-0.0	0.0
<b>Earnings per share for profit attributable to the equity holders of the parent company:</b>					
Earnings per share, EUR	<b>0.57</b>	0.56	<b>1.40</b>	1.20	1.85
Diluted earnings per share, EUR	<b>0.57</b>	0.56	<b>1.40</b>	1.20	1.85

All figures in the tables have been rounded and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

Condensed balance sheet EUR million	Sep 30 2008	Sep 30 2007	Dec 31 2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	73.8	75.3	74.8
Property, plant and equipment	26.5	25.1	24.6
<b>Non-current financial assets</b>			
Interest-bearing	0.5	1.7	3.4
Non interest-bearing	13.0	19.9	17.3
<b>Total non-current assets</b>	<b>113.8</b>	<b>122.0</b>	<b>120.0</b>
<b>Current assets</b>			
Inventories *)	95.5	96.4	117.0
<b>Current financial assets</b>			
Interest-bearing	0.5	0.3	0.8
Non interest-bearing	226.1	169.9	224.0
Cash and cash equivalents	371.4	248.9	291.0
<b>Total current assets</b>	<b>693.5</b>	<b>515.4</b>	<b>632.8</b>
<b>TOTAL ASSETS</b>	<b>807.3</b>	<b>637.3</b>	<b>752.8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to the equity holders of the parent company	211.2	188.3	214.7
Minority interest	-	0.0	0.1
<b>Total equity</b>	<b>211.2</b>	<b>188.4</b>	<b>214.8</b>
<b>Non-current liabilities</b>			
Interest-bearing	1.2	2.0	1.2
Non interest-bearing	62.5	42.7	47.4
<b>Total non-current liabilities</b>	<b>63.6</b>	<b>44.7</b>	<b>48.6</b>
<b>Current liabilities</b>			
Interest-bearing	0.7	1.1	1.0
Non interest-bearing **)	531.7	403.2	488.5
<b>Total current liabilities</b>	<b>532.4</b>	<b>404.3</b>	<b>489.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>807.3</b>	<b>637.3</b>	<b>752.8</b>

\*) Of which advances paid for inventories amounted to EUR 12.7 million at September 30, 2008 (September 30, 2007: EUR 17.8 million and at December 31, 2007: EUR 34.8 million).

\*\*) Of which gross advances received amounted to EUR 953.5 million at September 30, 2008 (September 30, 2007: EUR 698.3 million and at December 31, 2007: EUR 589.7 million). Net advances received after percentage of completion revenue recognition amounted to EUR 264.7 million at September 30, 2008 (September 30, 2007: EUR 167.6 million and at December 31, 2007: EUR 190.1 million).

Condensed statement of cash flows EUR million	Q1-Q3 2008	Q1-Q3 2007	Q1-Q4 2007
<b>Cash flow from operating activities</b>			
Net profit for the period	58.8	50.4	77.6
Adjustments for			
Depreciation and amortization	8.6	8.4	11.3
Other adjustments	5.8	18.2	25.8
Decrease in working capital	85.0	24.5	29.2
Interest received	12.2	7.8	11.8
Interest paid	-0.3	-0.1	-0.2
Income tax paid	-26.8	-11.4	-12.6
<b>Net cash from operating activities</b>	<b>143.4</b>	<b>97.7</b>	<b>143.0</b>
Purchases of assets	-10.1	-9.4	-11.6
Proceeds from sale of assets	0.4	0.5	0.2
Change in other investing activities	-	-0.6	-0.6
<b>Net cash from investing activities</b>	<b>-9.7</b>	<b>-9.5</b>	<b>-12.1</b>
<b>Cash flow before financing activities</b>	<b>133.6</b>	<b>88.2</b>	<b>131.0</b>
Repayments of non-current debt	-0.3	-0.3	-1.0
Increase in current debt	-	0.0	-
Dividends paid	-39.9	-14.7	-14.7
Purchase of treasury shares *)	-9.3	-	-
Change in other financing activities	0.1	-0.2	-0.8
<b>Net cash from financing activities</b>	<b>-49.3</b>	<b>-15.2</b>	<b>-16.5</b>
<b>Net change in cash and cash equivalents</b>	<b>84.3</b>	<b>73.0</b>	<b>114.5</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>291.0</b>	<b>171.4</b>	<b>171.4</b>
Foreign exchange rate effect on cash and cash equivalents	-3.9	4.4	5.1
Net change in cash and cash equivalents	84.3	73.0	114.5
<b>Cash and cash equivalents at the end of the period</b>	<b>371.4</b>	<b>248.9</b>	<b>291.0</b>

\*) Outotec has entered into an agreement with a third-party service provider concerning the administration and hedging of share-based incentive program for key personnel. As part of this agreement, for hedging the underlying cash flow risk, the service provider has purchased 250,000 Outotec shares that have been funded by Outotec and accounted as treasury shares in Outotec's consolidated balance sheet.



Statement of changes in equity EUR million	Attributable to the equity holders of the parent company							Minority interest	Total equity
	Share capital	Premium fund	Other reserves	Fair value reserves	Treasury shares	Cumulative translation differences	Retained earnings		
Equity on Jan 1, 2007	16.8	20.2	0.1	-	-	5.8	101.1	0.0	144.1
Cash flow hedges:									
Hedge result deferred to equity	-	-	-	7.6	-	-	-	-	7.6
Deferred tax in equity	-	-	-	-2.2	-	-	-	-	-2.2
Change in translation differences	-	-	-	-	-	3.1	-	0.0	3.1
Items recognized directly in equity	-	-	-	5.4	-	3.1	-	0.0	8.5
Net profit for the period	-	-	-	-	-	-	50.5	-0.0	50.4
Total recognized income and expenses	-	-	-	5.4	-	3.1	50.5	-0.0	59.0
Dividends paid	-	-	-	-	-	-	-14.7	-	-14.7
Equity on Sep 30, 2007	16.8	20.2	0.1	5.4	-	8.9	136.9	0.0	188.4
Equity on Jan 1, 2008	16.8	20.2	0.2	7.9	-	5.7	164.0	0.1	214.8
Cash flow hedges:									
Hedge result deferred to equity	-	-	-	-7.7	-	-	-	-	-7.7
Deferred tax in equity	-	-	-	1.9	-	-	-	-	1.9
Available for sale financial assets:									
Fair value changes recognized in equity	-	-	-	-2.0	-	-	-	-	-2.0
Change in translation differences	-	-	-	-	-	-5.7	-	0.0	-5.7
Items recognized directly in equity	-	-	-	-7.9	-	-5.7	-	0.0	-13.6
Net profit for the period	-	-	-	-	-	-	58.9	-0.0	58.8
Total recognized income and expenses	-	-	-	-7.9	-	-	58.9	-0.0	45.3
Dividends paid	-	-	-	-	-	-	-39.9	-	-39.9
Purchase of treasury shares *)	-	-	-	-	-9.3	-	-	-	-9.3
Share-based payments:									
value of received services	-	-	-	-	-	-	0.1	-	0.1
Acquisition of minority interest	-	-	-	-	-	-	-	-0.0	-0.0
Other changes	-	-	-0.0	-	-	-	0.2	-	0.2
<b>Equity on Sep 30, 2008</b>	<b>16.8</b>	<b>20.2</b>	<b>0.1</b>	<b>0.0</b>	<b>-9.3</b>	<b>0.0</b>	<b>183.4</b>	<b>0.0</b>	<b>211.2</b>

\*) Outotec has entered into an agreement with a third-party service provider concerning the administration and hedging of share-based incentive program for key personnel. As part of this agreement, for hedging the underlying cash flow risk, the service provider has purchased 250,000 Outotec shares that have been funded by Outotec and accounted as treasury shares in Outotec's consolidated balance sheet.

Key figures	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	LTM *)	Q1-Q4 2007
Sales, EUR million	<b>318.1</b>	245.9	<b>819.2</b>	684.6	1,134.7	1,000.1
Gross margin, %	<b>21.7</b>	19.9	<b>20.9</b>	20.3	20.8	20.4
Operating profit, EUR million	<b>28.9</b>	26.0	<b>72.7</b>	63.1	105.7	96.1
Operating profit in relation to sales, %	<b>9.1</b>	10.6	<b>8.9</b>	9.2	9.3	9.6
Profit before taxes, EUR million	<b>34.0</b>	28.8	<b>83.9</b>	68.7	120.1	104.8
Profit before taxes in relation to sales, %	<b>10.7</b>	11.7	<b>10.2</b>	10.0	10.6	10.5
Net cash from operating activities, EUR million	<b>19.1</b>	75.4	<b>143.4</b>	97.7	188.7	143.0
Net interest-bearing debt at the end of period, EUR million	<b>-370.5</b>	-247.8	<b>-370.5</b>	-247.8	-370.5	-292.9
Gearing at the end of period, %	<b>-175.4</b>	-131.6	<b>-175.4</b>	-131.6	-175.4	-136.4
Equity-to-assets ratio at the end of period, %	<b>38.9</b>	40.1	<b>38.9</b>	40.1	38.9	38.2
Working capital at the end of period, EUR million	<b>-239.3</b>	-145.6	<b>-239.3</b>	-145.6	-239.3	-153.9
Capital expenditure, EUR million	<b>3.6</b>	2.9	<b>10.0</b>	9.9	11.6	11.6
Capital expenditure in relation to sales, %	<b>1.1</b>	1.2	<b>1.2</b>	1.4	1.0	1.2
Return on investment, %	<b>65.8</b>	66.3	<b>53.5</b>	56.9	60.8	59.8
Return on equity, %	<b>46.6</b>	53.7	<b>36.8</b>	40.5	43.1	43.3
Order backlog at the end of period, EUR million	<b>1,484.5</b>	1,264.4	<b>1,484.5</b>	1,264.4	1,484.5	1,317.2
Order intake, EUR million	<b>259.8</b>	417.9	<b>1,033.9</b>	1,078.8	1,418.2	1,463.0
Personnel average for the period	<b>2,572</b>	2,091	<b>2,434</b>	1,980	2,372	2,031
Net profit for the period in relation to sales, %	<b>7.5</b>	9.5	<b>7.2</b>	7.4	7.6	7.8
Research and development expenses, EUR million	<b>4.8</b>	4.0	<b>14.7</b>	14.3	20.3	19.9
Research and development expenses in relation to sales, %	<b>1.5</b>	1.6	<b>1.8</b>	2.1	1.8	2.0
Earnings per share, EUR	<b>0.57</b>	0.56	<b>1.40</b>	1.20	2.05	1.85
Equity per share, EUR	<b>5.03</b>	4.48	<b>5.03</b>	4.48	5.03	5.11
Dividend per share, EUR	-	-	-	-	0.95	0.95

\*) Last twelve months.

## Notes to the income statement and balance sheet

This interim financial report is prepared in accordance with IAS 34 Interim Financial Reporting in keeping with the accounting policies and methods as in the recent annual financial statements. This interim financial report is unaudited.

Starting from March 2008, Outotec is applying IFRS 2 Share-based payment for a new share-based incentive program for Outotec's key personnel for the period 2008-2010.

### Use of estimates

IFRS requires 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 during the reporting period. Accounting estimates are employed in the financial statements review to determine reported amounts, including the realizability of certain assets, the useful lives of tangible and intangible assets, income taxes, provisions, pension obligations, impairment of goodwill. These estimates are based on man-

agement's best knowledge of current events and actions, however, it is possible that the actual result may differ from the estimates.

### Adoption of new interpretations

New interpretations, issued by IASB, for which the effective date is January 1, 2008, will not have impact on 2008 interim financial reports or 2008 financial statements.

Major non-recurring items in operating profit for the period EUR million	Q1-Q3 2008	Q1-Q3 2007	Q1-Q4 2007
Gain from available-for-sale financial assets *)	-	-	1.9
Loss on sale of Intune Circuits Ltd.	<b>-1.1</b>	-	-

\*) The value of shares owned by Outotec in Pacific Ore Ltd. (UK) was EUR 0.8 million on December 31, 2006. In 2007, the shares were changed into shares of Trajan Minerals Limited. Trajan Minerals Limited was listed to Australian stock exchange (ASX) on November 30, 2007. For Outotec, the listing resulted in EUR 1.9 million gain. The change in the fair value of the shares between the listing and September 30, 2008 EUR -2.3 million (December 31, 2007: EUR -0.3 million) is booked to the revaluation reserve for available-for-sale financial assets in Outotec's equity.

Income taxes EUR million	Q1-Q3 2008	Q1-Q3 2007	Q1-Q4 2007
Current taxes	<b>-16.0</b>	-18.0	-24.5
Deferred taxes	<b>-9.1</b>	-0.2	-2.7
<b>Total income taxes</b>	<b>-25.1</b>	-18.2	-27.2

Property, plant and equipment EUR million	Sep 30 2008	Sep 30 2007	Dec 31 2007
Historical cost at the beginning of the period	<b>81.3</b>	77.4	77.4
Translation differences	<b>-1.1</b>	0.8	0.0
Additions	<b>7.5</b>	3.6	5.1
Disposals	<b>-2.9</b>	-0.7	-1.5
Reclassifications	<b>-0.1</b>	-	0.2
Historical cost at the end of the period	<b>84.7</b>	81.2	81.3
Accumulated depreciation and impairment at the beginning of the period	<b>-56.7</b>	-50.7	-50.7
Translation differences	<b>0.7</b>	-0.3	0.1
Disposals	<b>2.9</b>	0.3	1.1
Reclassifications	<b>0.0</b>	-	0.0
Depreciation during the period	<b>-5.1</b>	-5.4	-7.2
Accumulated depreciation and impairment at the end of the period	<b>-58.3</b>	-56.1	-56.7
<b>Carrying value at the end of the period</b>	<b>26.5</b>	25.1	24.6

Commitments and contingent liabilities EUR million	Sep 30 2008	Sep 30 2007	Dec 31 2007
Pledges	<b>1.1</b>	32.8	2.1
Guarantees for commercial commitments	<b>180.3</b>	203.8	185.7
Minimum future lease payments on operating leases	<b>56.6</b>	47.8	51.4

The above value of commercial guarantees does not include advance payment guarantees issued by the parent or other group companies. The total amount of guarantees for financing issued by group companies amounted to EUR 5.7 million at September 30, 2008 (at September 30, 2007: EUR 4.1 million and at December 31, 2007: EUR 2.8 million) and for commercial guarantees including advance payment guarantees EUR 435.0 million at September 30, 2008 (at September 30, 2007: EUR 347.1 million and at December 31, 2007: EUR 391.9 million).

Derivative instruments	Sep 30 2008	Sep 30 2007	Dec 31 2007
Currency forwards EUR million	Sep 30 2008	Sep 30 2007	Dec 31 2007
Fair values, net	<b>-6.5(*)</b>	12.5	13.9(**)
Nominal values	<b>469,8</b>	388,2	344,2

(\* of which EUR 0.2 million designated as cash flow hedges

(\*\* of which EUR 11.1 million designated as cash flow hedges

Related party transactions			
Transactions and balances with associated companies EUR million	Q1-Q3 2008	Q1-Q3 2007	Q1-Q4 2007
Sales	-	0.0	0.0
Financial income and expenses	-	0.1	0.2
Loan receivables	-	1.2	1.2
Trade and other receivables	<b>0.1</b>	1.1	1.0

As a consequence of a directed share issue in Intune Circuits Ltd. in the last quarter of 2007 and in the first quarter of 2008, Outotec's ownership in the company was decreased to 17.9%. Remaining ownership in the company was sold in the third quarter of 2008. Due to these ownership changes Intune Circuits Ltd is no longer consolidated to Outotec Group.

## Business Combination

### Acquisition of Auburn Group

Outotec acquired Auburn Group, a Canadian service provider for the mining and metallurgical industries, on October 10, 2008. The company provides maintenance and technical services for the mining and metals industries mainly in Canada and Chile, but it also has some global activities. The net sales for Auburn Group in 2007 was approximately EUR 27 million (CAD 41 million).

The acquisition price was approximately EUR 10 million (CAD 15 million). According to the acquisition contract the seller will prepare the closing balance sheet, as of October 10, 2008, by the end of November. The final purchase price allocation will be completed during the last quarter of the year.

Sales and operating profit by quarters EUR million	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08
<b>Sales</b>									
Minerals Processing	<b>67.5</b>	95.3	55.2	64.6	<b>72.7</b>	110.5	60.1	92.7	<b>122.0</b>
Base Metals	<b>43.3</b>	53.4	60.1	64.5	<b>64.1</b>	85.6	60.1	72.0	<b>76.9</b>
Metals Processing	<b>71.0</b>	90.8	97.5	100.9	<b>113.0</b>	120.8	104.6	109.2	<b>116.9</b>
Other Businesses	<b>6.0</b>	11.9	6.7	8.9	<b>11.1</b>	11.1	9.1	16.7	<b>11.4</b>
Unallocated items*) and intra-group sales	<b>-7.9</b>	-11.9	-7.8	-11.7	<b>-15.0</b>	-12.5	-8.3	-15.0	<b>-9.2</b>
<b>Total</b>	<b>179.9</b>	239.6	211.7	227.1	<b>245.9</b>	315.5	225.6	275.5	<b>318.1</b>
<b>Operating profit</b>									
Minerals Processing	<b>5.2</b>	13.1	1.9	3.3	<b>3.6</b>	16.3	4.1	3.2	<b>3.1</b>
Base Metals	<b>4.1</b>	6.7	9.4	13.2	<b>12.1</b>	9.3	6.3	11.9	<b>13.3</b>
Metals Processing	<b>5.6</b>	5.3	4.7	10.5	<b>11.5</b>	11.5	12.3	11.8	<b>14.9</b>
Other Businesses	<b>-0.3</b>	1.0	0.0	0.6	<b>1.3</b>	0.3	0.4	1.2	<b>1.7</b>
Unallocated items **)	<b>-0.2</b>	-3.0	-2.4	-4.1	<b>-2.5</b>	-4.4	-2.2	-5.1	<b>-4.1</b>
<b>Total</b>	<b>14.5</b>	23.0	13.6	23.4	<b>26.0</b>	33.0	21.0	22.9	<b>28.9</b>

\*) Unallocated items primarily include invoicing of internal management and administrative services.

\*\*) Unallocated items primarily include internal management and administrative services and share of the result of associated companies.



## Definitions of key financial figures

Net interest-bearing debt	=	Interest-bearing debt - interest-bearing assets
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	=	$\frac{\text{Operating profit + financial income}}{\text{Total assets - non-interest-bearing debt (average for the period)}} \times 100$
Return on equity	=	$\frac{\text{Net profit for the period}}{\text{Total equity (average for the period)}} \times 100$
Research and development expenses	=	Research and development expenses in the income statement (including expenses covered by grants received)
Earnings per share	=	$\frac{\text{Net profit for the financial period attributable to the equity holders of the parent company}}{\text{Average number of shares during the period, as adjusted for stock split}}$
Dividend per share	=	$\frac{\text{Dividend for the financial year}}{\text{Number of shares at the end of the period as adjusted for stock split}}$

### *Financial reporting schedule for 2008*

Outotec's fourth quarter results and financial statements review for January-December 2008 will be published on Friday, January 30, 2009.