# Interim Report

## *January – June 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 OMX Nordic Exchange Helsinki.*
***www.outotec.com***

Outotec
More out of ore

# OUTOTEC OYJ - INTERIM REPORT JANUARY-JUNE 2008

## *Record-high order backlog - strong net cash flow from operations*

### Reporting period Q1-Q2/2008 in brief

(2007 corresponding figures in parentheses):

- Sales: EUR 501.0 million (EUR 438.8 million)
- Operating profit: EUR 43.8 million (EUR 37.1 million)
- Profit before taxes: EUR 50.0 million (EUR 39.9 million)
- Earnings per share: EUR 0.83 (EUR 0.64)
- Order intake: EUR 774.2 million (EUR 660.9 million)
- Order backlog: EUR 1,548.4 million (EUR 1,110.8 million)
- Net cash flow from operating activities: EUR 124.2 million (EUR 22.3 million)

### Q2/2008 in brief

(2007 corresponding figures in parentheses):

- Sales: EUR 275.5 million (EUR 227.1 million)
- Operating profit: EUR 22.9 million (EUR 23.4 million)
- Profit before taxes: EUR 26.8 million (EUR 24.6 million)
- Order intake: EUR 475.4 million (EUR 492.9 million)
- Net cash flow from operating activities: EUR 83.6 million (EUR 1.2 million)

**Outlook unchanged: the company reiterates its full-year 2008 outlook regarding sales, operating profit and closing backlog**

## CEO, Tapani Järvinen:

*"Activity in the served markets continued on high level in the first half of 2008. Our business developed favorably despite of the continued uncertainty in the general economic conditions. We were able to achieve an all-time high order backlog. I am pleased with the large orders for the copper solvent extraction and electrowinning plant in Peru and the sulfuric acid plant from a fertilizer producer in Venezuela. Our operating profit continued to grow although in the second quarter it remained at the previous year's level because of different timing of project completions and changes in foreign exchange rates, as well as one-time cost items.*

*Growing service and after sales business, strong order backlog and good financial performance during the reporting period support our full-year outlook for 2008."*

| Summary of key figures | Q2 2008 | Q2 2007 | Q1-Q2 2008 | Q1-Q2 2007 | LTM *) | Q1-Q4 2007 |
|---|---|---|---|---|---|---|
| Sales, EUR million | **275.5** | 227.1 | **501.0** | 438.8 | 1,062.4 | 1,000.1 |
| Gross margin, % | **20.3** | 21.9 | **20.3** | 20.5 | 20.3 | 20.4 |
| Operating profit, EUR million | **22.9** | 23.4 | **43.8** | 37.1 | 102.8 | 96.1 |
| Operating profit in relation to sales, % | **8.3** | 10.3 | **8.7** | 8.5 | 9.7 | 9.6 |
| Profit before taxes, EUR million | **26.8** | 24.6 | **50.0** | 39.9 | 114.9 | 104.8 |
| Net cash from operating activities, EUR million | **83.6** | 1.2 | **124.2** | 22.3 | 245.0 | 143.0 |
| Net interest-bearing debt at the end of period, EUR million | **-358.5** | -176.3 | **-358.5** | -176.3 | -358.5 | -292.9 |
| Gearing at the end of period, % | **-180.4** | -110.3 | **-180.4** | -110.3 | -180.4 | -136.4 |
| Working capital at the end of period, EUR million | **-240.3** | -105.5 | **-240.3** | -105.5 | -240.3 | -153.9 |
| Return on investment, % | **60.0** | 64.0 | **50.1** | 54.8 | 64.9 | 59.8 |
| Return on equity, % | **39.6** | 42.6 | **33.8** | 35.6 | 47.7 | 43.3 |
| Order backlog at the end of period, EUR million | **1,548.4** | 1,110.8 | **1,548.4** | 1,110.8 | 1,548.4 | 1,317.2 |
| Order intake, EUR million | **475.4** | 492.9 | **774.2** | 660.9 | 1,576.3 | 1,463.0 |
| Personnel average for the period | **2,545** | 1,990 | **2,365** | 1,925 | 2,251 | 2,031 |
| Earnings per share, EUR | **0.44** | 0.40 | **0.83** | 0.64 | 2.04 | 1.85 |

**) Last twelve months*

## 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.

## Markets

During the reporting period, the positive sentiment and strong investment activity in the mining and metallurgical industry continued, driven by healthy global industrial production and consumption of metals. Customer industry consolidation has continued, and these mergers may also have an effect on individual project developments and new investment decisions. However, as long as the underlying demand for and consumption of metals continues to grow, there will be a need to invest in new capacity. At the same time, lower-grade and more complex ore bodies need to be mined, environmental regulations are tightening, and requirements for more energy-efficient processes are growing. All these factors provide new opportunities for Outotec and its advanced technologies.

In the reporting period, Outotec's customers initiated projects related to technologies applicable to ferrous metals, base metals and sulfuric acid. Strong demand was seen also in aluminum and ferroalloys technologies. Opportunities for cross-selling of the existing technologies to other process industries continued to emerge, particularly in the fertilizer industry.

New potential projects continued to emerge in the rapidly developing economies such as India and China, as well as in traditional mining countries like Australia, Chile and Russia. Market activity in the Middle East also continued robust.

In June, Outotec and Kazgiprotsvetmet of Kazakhstan signed a strategic cooperation agreement on the marketing and providing of minerals processing and metallurgical plants along with related services, in Kazakhstan and its neighboring countries. This new partnership agreement further strengthens Outotec's presence in the area.

## Order intake

Order intake in the reporting period amounted to EUR 774.2 million (Q1-Q2/2007: EUR 660.9 million), representing 17% growth from the previous year's corresponding figure. The orders received in the second quarter of 2008 came to EUR 475.4 million (Q2/2007: EUR 492.9 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 is already included in the second quarter order backlog).

Major new orders in the first quarter included:

- the 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 Pirdop 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 1,548.4 million (June 30, 2007: EUR 1,110.8 million), representing growth of 39% from the 2007 corresponding figure, further strengthening from the first quarter 2008 level.

At the end of the reporting period, Outotec's order backlog included 33 projects with a value in excess of EUR 10 million, accounting for 62% of the total backlog. The management estimates that 46% of the current backlog will be delivered in 2008 and the rest in 2009 and beyond.

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 June 30, 2008.

## Sales and financial result

Outotec's sales in the reporting period totaled EUR 501.0 million (Q1-Q2/2007: EUR 438.8 million), representing 14% growth from the previous year's corresponding figure. Sales for the second quarter were EUR 275.5 million (Q2/2007: EUR 227.1 million). The growth resulted from increased delivery volumes and the higher percentage of completion in certain projects.

Services and after sales business, which is included in the divisions' sales figures, contributed EUR 51.6 million to sales during the reporting period (Q1-Q2/2007: EUR 33.0 million), up 56% from the corresponding 2007 level. The sales volume of the services and after sales business in the second quarter of 2008 totaled EUR 30.8 million (Q2/2007: EUR 17.7 million).

The operating profit for the reporting period was EUR 43.8 million (Q1-Q2/2007: EUR 37.1 million), representing 8.7% of sales (Q1-Q2/2007: 8.5%). The realized and unrealized exchange gains related to currency hedging, mainly between the euro and the U.S. dollar, which are not included in the hedge accounting, improved the profitability by EUR 2.3 million in the reporting period (Q1-Q2/2007: EUR 2.7 million). In the reporting period, Outotec's fixed costs were EUR 4.8 million higher than in the corresponding period of 2007. The increase was mainly because of higher administration costs relating to business growth, recruiting of new personnel worldwide, management and employee bonuses as well as information technology (IT) costs. Increase in IT costs was caused by Outotec's independent status, purchasing of IT licenses and tools because of the business growth and increased personnel numbers as well as IT infrastructure costs for the newly established companies in India and Kazakhstan.

For the second quarter of 2008, the operating profit was EUR 22.9 million (Q2/2007: EUR 23.4 million), and the corresponding profit margin was 8.3% (Q2/2007: 10.3%). During the second quarter, there were no major final project completions. The realized and unrealized exchange losses amounted to EUR 1.0 million (Q2/2007: gains of EUR 2.6 million). Operating profit included also a one-time EUR 1.0 million cost provision related to the impairment of receivables and investment in Intune Circuits Ltd.

Outotec's profit before taxes for the reporting period was EUR 50.0 million (Q1-Q2/2007: EUR 39.9 millon). Profit before taxes was effected favorably by the net interest income from the high net cash position. Net profit for the period was EUR 34.9 million (Q1-Q2/2007: EUR 27.0 million). Earnings per share were EUR 0.83 (Q1-Q2/2007: EUR 0.64).

Outotec's return on equity for the reporting period was 33.8% (Q1-Q2/2007: 35.6%), and return on investment was 50.1% (Q1-Q2/2007: 54.8%).

### *Minerals Processing*

The Minerals Processing division's sales grew 28% in the reporting period from the previous year's figure and totaled EUR 152.8 million (Q1-Q2/2007: EUR 119.7 million). Operating profit was EUR 7.3 million (Q1-Q2/2007: EUR 5.3 million). The growth in sales and the higher proportion of process solution projects under execution improved the division's operating profit. In addition, the division's operating profit included a EUR 2.1 million gain related to the fair valuation of the unrealized currency hedging contracts. Because of the seasonality within a 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.

| Sales and operating profit by segment<br>EUR million | Q2<br>2008 | Q2<br>2007 | Q1-Q2<br>2008 | Q1-Q2<br>2007 | Q1-Q4<br>2007 |
|---|---|---|---|---|---|
| **Sales** | | | | | |
| Minerals Processing | **92.7** | 64.6 | **152.8** | 119.7 | 302.9 |
| Base Metals | **72.0** | 64.5 | **132.0** | 124.6 | 274.2 |
| Metals Processing | **109.2** | 100.9 | **213.9** | 198.4 | 432.3 |
| Other Businesses | **16.7** | 8.9 | **25.8** | 15.6 | 37.8 |
| Unallocated items*) and intra-group sales | **-15.0** | -11.7 | **-23.4** | -19.5 | -47.0 |
| **Total** | **275.5** | 227.1 | **501.0** | 438.8 | 1,000.1 |
| **Operating profit** | | | | | |
| Minerals Processing | **3.2** | 3.3 | **7.3** | 5.3 | 25.2 |
| Base Metals | **11.9** | 13.2 | **18.2** | 22.5 | 43.9 |
| Metals Processing | **11.8** | 10.5 | **24.1** | 15.1 | 38.1 |
| Other Businesses | **1.2** | 0.6 | **1.6** | 0.6 | 2.2 |
| Unallocated**) and intra-group items | **-5.1** | -4.1 | **-7.3** | -6.5 | -13.3 |
| **Total** | **22.9** | 23.4 | **43.8** | 37.1 | 96.1 |

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

### *Base Metals*

The Base Metals division's sales grew 6% in the reporting period from the previous year's figure, totaling EUR 132.0 million (Q1-Q2/2007: EUR 124.6 million). The operating profit was EUR 18.2 million (Q1-Q2/2007: EUR 22.5 million). The sales increased from the corresponding period of 2007 despite of lengthening lead-times in the construction phases of the projects and slow new order intake. These impacted also the operating profit during the reporting period.

### *Metals Processing*

The Metals Processing division's sales in the reporting period grew 8% from the previous year's figure to EUR 213.9 million (Q1-Q2/2007: EUR 198.4 million). The growth came from the aluminum and sulfuric acid plant projects as well as roasting plant projects. Operating profit improved significantly and was EUR 24.1 million (Q1-Q2/2007: EUR 15.1 million). The positive effects came from the volume growth, license fee income, project margin improvements, and profitable change orders.

## Balance sheet, financing and cash flow

Net cash flow from operating activities in the reporting period was strong at EUR 124.2 million (Q1-Q2/2007: EUR 22.3 million). Compared to the corresponding period in 2007, the first half of 2008 saw an improvement of over EUR 100 million in net cash flow from operating activities. The main reasons for the improvement were the good result, the significant decrease in working capital, and interest income created by the strong cash position. The parent company paid EUR 39.9 million (Q2/2007: EUR 14.7 million) in dividends in April 2008.

Outotec's working capital amounted to EUR -240.3 million on June 30, 2008 (June 30, 2007: EUR -105.5 million). The working capital improved because of advances received from the customers and low inventory levels.

The balance sheet structure remained strong. Net interest-bearing debt on June 30, 2008 came to EUR -358.5 million (June 30, 2007: EUR -176.3 million). The advances received at the end of the reporting period totaled EUR 298.1 million (June 30, 2007: EUR 189.3 million), representing an increase of more than 57% from the corresponding period. Outotec's gearing at the end of the reporting period was -180.4% (June 30, 2007: -110.3%), and the equity-to-assets ratio was 40.0% (June 30, 2007: 39.8%).

The company's capital expenditure in the reporting period was EUR 6.3 million (Q1-Q2/2007: EUR 7.0 million), 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.

Guarantees for commercial commitments, including advance payment guarantees issued by the parent and other Group companies, came to EUR 415.6 million at the end of the reporting period, showing an increase from the previous year's level relative to business growth (June 30, 2007: EUR 273.7 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 9.9 million (Q1-Q2/2007: EUR 10.3 million), representing 2.0% of sales (Q1-Q2/2007: 2.3%). Outotec filed 20 new priority patent applications (Q1-Q2/2007: 16), and 119 new national patents (Q1-Q2/2007: 121) were granted during the reporting period.

In April 2008, Outotec agreed with Zangezur Copper-Molybdenum Combine CJSC upon continuous test runs to be performed with Zangezur's concentrate at Outotec's HydroCopper® demonstration plant in Pori, Finland. Outotec has completed successful batch leaching tests with Zangezur copper concentrate. The companies have also signed Heads of Agreement for the basic engineering and implementation of a HydroCopper® plant in Armenia.

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 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 the first quarter of 2008, the 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 2,667 employees (June 30, 2007: 2,042). For the same period, Outotec had on average, 2,365 employees (Q1-Q2/2007: 1,925). The average number of personnel increased by 440 persons from that of the corresponding period in 2007 through business growth and the accompanying active recruitment. Temporary employees accounted for some 25% of the total number of employees, including seasonal trainees.

| Distribution of personnel by country | June 30, 2008 | June 30, 2007 | change % |
|---|---|---|---|
| Finland | **934** | 848 | **10.1** |
| Germany | **350** | 301 | **16.3** |
| Rest of Europe | **241** | 210 | **14.8** |
| Americas | **809** | 369 | **119.2** |
| Australia | **205** | 212 | **-3.3** |
| Rest of the world | **128** | 102 | **25.5** |
| **Total** | **2,667** | 2,042 | **30.6** |

The most notable increase in personnel was in South America where large projects are in the commissioning phase. At the end of June, in addition to the personnel on Outotec's payroll, the company had more than 600 full-time-equivalent contracted people working in project execution. The number of contracted workers at any given time changes with the active project mix, local legislation and regulations, and seasonal fluctuations.

In the reporting period, salaries and other employee benefits totaled EUR 76.7 million (Q1-Q2/2007: EUR 62.3 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.

### *Share-based Incentive Program 2007-2008*

Some 20 key employees participate in the two-year incentive program. The program started on January 1, 2007, and ends on December 31, 2008. The reward paid to the key personnel is determined by the achievement of the targets set 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.

### *Share-based Incentive Program 2008-2010*

Incentive program comprises three earning periods: calendar years 2008, 2009, and 2010. For the 2009 and 2010 earning periods, the incentive program covers approximately 60 key employees. The number of shares granted as incentive depends on the achievement of the annual corporate growth targets defined and 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 approximately 20 key employees who belong to Share-based Incentive Program 2007-2008 are not included in the new, 2008-2010 program in the 2008 earning period.

The maximum gross value of the incentive program (2008-2010) will equal approximately 500,000 Outotec shares (including the proportion to be paid in cash), of which for the 2008 earning period the maximum amount will equal 80,000 shares. With the February 29, 2008, quotation for a share in the company (EUR 36.83), the incentives for the 2008 earning period would be some EUR 3 million, but the maximum value for the incentive in the 2008 earning period may not be more than doubled.

## Resolutions of the 2008 Annual General Meeting

The Outotec Annual General Meeting was held on March 18, 2008, in Espoo, Finland.

### *Dividend*

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 Board of Directors*

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 Chairman 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.

### *Auditors*

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

### *Board's authorizations*

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 OMX Nordic Exchange Helsinki 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 July 23, 2008.

## Shares and share capital

Outotec's shares are listed on the OMX Nordic Exchange Helsinki (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 36.21, the highest quotation for a share being EUR 45.76 and the lowest EUR 27.06. The trading of Outotec shares in the reporting period exceeded 61.8 million shares, with a total value of over EUR 2,239 million. On June 30, 2008, Outotec's market capitalization was EUR 1,700 million and the last quotation for the share was EUR 40.48.

On June 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 June 30, 2008, shares held in 13 nominee registers accounted for some 82% of all Outotec shares. 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.

## Events after the reporting period

Outotec signed a five-year agreement with Boliden concerning consulting, engineering and project services for Boliden's mines and smelters in Sweden and Tara mine in Ireland.

Outotec won a significant order (EUR 75 million, included in Q2 order backlog) for the delivery of grinding technology to a major international mining company.

Outotec agreed with Southern Peru Copper Corporation (SPCC) for the delivery of a copper solvent extraction and electrowinning plant for the Tía María project in Peru. The contract value is USD 150 million (over EUR 90 million), out of which USD 90 million is already included in Outotec's 2008 second quarter order backlog.

Outotec sold its 17.9% holding of Intune Circuits Ltd, an RFID (radio frequency identification) antenna producer, to Savcor Group Ltd.

## Short-term risks and uncertainties

Development in the global economy and uncertainty in the financial markets in the short term may have an impact on Outotec's business prospects in the future; however, these market uncertainties have not stopped any of the ongoing negotiations between Outotec and its customers. In particular, uncertainty in the market may effect the timing and implementation of the larger customer projects and the availability and price development of raw materials and components.

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

More than half of Outotec's total cash flow is denominated in euros, and the rest is divided among various currencies, which include the Australian dollar, Brazilian real, Canadian dollar, South African rand, and U.S. dollar. 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. 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 people and finding suitable subcontractors may effect 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

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.

Espoo, July 23, 2008
Outotec Oyj
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## *Interim financial statements (unaudited)*

| Income statement<br>EUR million | Q2<br>2008 | Q2<br>2007 | Q1-Q2<br>2008 | Q1-Q2<br>2007 | Q1-Q4<br>2007 |
|---|---|---|---|---|---|
| **Sales** | **275.5** | 227.1 | **501.0** | 438.8 | 1,000.1 |
| Cost of sales | **-219.6** | -177.3 | **-399.1** | -348.8 | -796.4 |
| **Gross profit** | **55.9** | 49.8 | **101.9** | 90.0 | 203.8 |
| Other operating income | **0.0** | 2.6 | **3.4** | 2.8 | 5.9 |
| Selling and marketing expenses | **-11.0** | -11.4 | **-21.9** | -22.7 | -44.6 |
| Administrative expenses | **-14.7** | -11.4 | **-27.6** | -21.6 | -47.0 |
| Research and development expenses | **-5.3** | -5.2 | **-9.9** | -10.3 | -19.9 |
| Other operating expenses | **-2.0** | -0.5 | **-2.1** | -0.5 | -0.7 |
| Share of results of associated companies | **-** | -0.4 | **-** | -0.7 | -1.4 |
| **Operating profit** | **22.9** | 23.4 | **43.8** | 37.1 | 96.1 |
| Financial income and expenses | | | | | |
| Interest income and expenses | **3.9** | 2.8 | **7.6** | 5.4 | 12.4 |
| Market price gains and losses | **0.9** | -0.7 | **0.4** | -0.4 | 0.2 |
| Other financial income and expenses | **-0.8** | -1.0 | **-1.9** | -2.2 | -3.9 |
| Total financial income and expenses | **4.0** | 1.1 | **6.1** | 2.8 | 8.7 |
| **Profit before taxes** | **26.8** | 24.6 | **50.0** | 39.9 | 104.8 |
| Income taxes | **-8.2** | -7.8 | **-15.0** | -12.8 | -27.2 |
| **Net profit for the period** | **18.7** | 16.8 | **34.9** | 27.0 | 77.6 |
| | | | | | |
| **Attributable to:** | | | | | |
| Equity holders of the Company | **18.7** | 16.8 | **35.0** | 27.1 | 77.6 |
| Minority interest | **-** | -0.0 | **-0.0** | -0.0 | 0.0 |
| | | | | | |
| **Earnings per share for profit attributable to the equity holders of the Company:** | | | | | |
| Earnings per share, EUR | **0.44** | 0.40 | **0.83** | 0.64 | 1.85 |
| Diluted earnings per share, EUR | **0.44** | 0.40 | **0.83** | 0.64 | 1.85 |

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

| **Condensed balance sheet<br>EUR million** | **June 30 2008** | **June 30 2007** | **Dec 31 2007** |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | **74.3** | 75.5 | 74.8 |
| Property, plant and equipment | **25.1** | 25.8 | 24.6 |
| **Non-current financial assets** | | | |
| Interest-bearing | **1.7** | 1.7 | 3.4 |
| Non interest-bearing | **15.2** | 12.7 | 17.3 |
| **Total non-current assets** | **116.3** | 115.7 | 120.0 |
| | | | |
| **Current assets** | | | |
| Inventories *) | **93.9** | 108.8 | 117.0 |
| Current financial assets | | | |
| Interest-bearing | **0.7** | 1.0 | 0.8 |
| Non interest-bearing | **225.9** | 187.4 | 224.0 |
| Cash and cash equivalents | **358.0** | 178.6 | 291.0 |
| **Total current assets** | **678.4** | 475.8 | 632.8 |
| | | | |
| **TOTAL ASSETS** | **794.7** | **591.5** | **752.8** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity attributable to the equity holders of the Company | **198.7** | 159.9 | 214.7 |
| Minority interest | **-** | 0.0 | 0.1 |
| **Total equity** | **198.7** | 159.9 | 214.8 |
| | | | |
| **Non-current liabilities** | | | |
| Interest-bearing | **1.2** | 2.0 | 1.2 |
| Non interest-bearing | **57.6** | 39.1 | 47.4 |
| **Total non-current liabilities** | **58.8** | 41.2 | 48.6 |
| | | | |
| **Current liabilities** | | | |
| Interest-bearing | **0.7** | 3.0 | 1.0 |
| Non interest-bearing **) | **536.5** | 387.5 | 488.5 |
| **Total current liabilities** | **537.2** | 390.5 | 489.5 |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | **794.7** | **591.5** | **752.8** |

**) Of which advances paid for inventories amounted to EUR 16.7 million at June 30, 2008 (June 30, 2007: EUR 51.2 million and at December 31, 2007: EUR 34.8 million).*
***) Of which gross advances received amounted to EUR 907.8 million at June 30, 2008 (June 30, 2007: EUR 613.2 million and at December 31, 2007: EUR 589.7 million). Net advances received after percentage of completion revenue recognition amounted to EUR 298.1 million at June 30, 2008 (June 30, 2007: EUR 189.3 million and at December 31, 2007: EUR 190.1 million).*

| Condensed statement of cash flows<br>EUR million | Q1-Q2<br>2008 | Q1-Q2<br>2007 | Q1-Q4<br>2007 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Net profit for the period | **34.9** | 27.0 | 77.6 |
| Adjustments for | | | |
| Depreciation and amortization | **5.9** | 5.3 | 11.3 |
| Other adjustments | **9.6** | 8.3 | 25.8 |
| Decrease (+) / increase (-) in working capital | **86.7** | -16.5 | 29.2 |
| Interest received | **7.7** | 5.0 | 11.8 |
| Interest paid | **-0.1** | -0.1 | -0.2 |
| Income tax paid | **-20.4** | -6.6 | -12.6 |
| **Net cash from operating activities** | **124.2** | 22.3 | 143.0 |
| Purchases of assets | **-6.4** | -7.0 | -11.6 |
| Proceeds from sale of assets | **0.1** | 0.1 | 0.2 |
| Change in other investing activities | **-** | -0.8 | -0.6 |
| **Net cash from investing activities** | **-6.4** | -7.7 | -12.1 |
| **Cash flow before financing activities** | **117.9** | 14.6 | 131.0 |
| Repayments of long-term debt | **-0.2** | -0.2 | -1.0 |
| Increase in current debt | **-** | 1.8 | - |
| Dividends paid | **-39.9** | -14.7 | -14.7 |
| Purchase of treasury shares*) | **-9.3** | - | - |
| Change in other financing activities | **0.1** | -0.1 | -0.8 |
| **Net cash from financing activities** | **-49.3** | -13.2 | -16.5 |
| **Net change in cash and cash equivalents** | **68.6** | 1.4 | 114.5 |
| | | | |
| **Cash and cash equivalents at the beginning of the period** | **291.0** | 171.4 | 171.4 |
| Foreign exchange rate effect on cash and cash equivalents | **-1.6** | 5.8 | 5.1 |
| Net change in cash and cash equivalents | **68.6** | 1.4 | 114.5 |
| **Cash and cash equivalents at the end of the period** | **358.0** | 178.6 | 291.0 |

**) 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.*

| Statement of changes in equity<br>EUR million | Attributable to the equity holders of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Premium fund | Other reserves | Fair value reserves | Treasury shares | Cumulative translation differences | Retained earnings | Minority interest | Total equity |
| Equity on Jan 1, 2007 | 16.8 | 20.2 | 0.1 | - | - | 5.8 | 101.1 | 0.0 | 144.1 |
| Change in translation differences | - | - | - | - | - | 3.5 | - | 0.0 | 3.5 |
| Items recognized directly in equity | - | - | - | - | - | 3.5 | - | 0.0 | 3.5 |
| Net profit for the period | - | - | - | - | - | - | 27.1 | -0.0 | 27.0 |
| Total recognized income and expenses | - | - | - | - | - | 3.5 | 27.1 | -0.0 | 30.5 |
| Dividends paid | - | - | - | - | - | - | -14.7 | - | -14.7 |
| Equity on June 30, 2007 | 16.8 | 20.2 | 0.1 | - | - | 9.3 | 113.5 | 0.0 | 159.9 |
| | | | | | | | | | |
| 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 | - | - | - | 2.2 | - | - | - | - | 2.2 |
| Deferred tax in equity | - | - | - | -0.6 | - | - | - | - | -0.6 |
| Available for sale financial assets: | | | | | | | | | |
| Fair value changes recognized in equity | - | - | - | -1.9 | - | - | - | - | -1.9 |
| Change in translation differences | - | - | - | - | - | -1.8 | - | -0.0 | -1.8 |
| Items recognized directly in equity | - | - | - | -0.4 | - | -1.8 | - | -0.0 | -2.2 |
| Net profit for the period | - | - | - | - | - | - | 35.0 | -0.0 | 34.9 |
| Total recognized income and expenses | - | - | - | -0.4 | - | -1.8 | 35.0 | -0.0 | 32.8 |
| Dividends paid | - | - | - | - | - | - | -39.9 | - | -39.9 |
| Purchase of treasury shares*) | - | - | - | - | -9.3 | - | - | - | -9.3 |
| Management stock option program: | | | | | | | | | |
| value of received services | - | - | - | - | - | - | 0.1 | - | 0.1 |
| Acquisition of minority interest | - | - | - | - | - | - | - | -0.0 | -0.0 |
| Other changes | - | - | - | - | - | - | 0.2 | - | 0.2 |
| **Equity on June 30, 2008** | **16.8** | **20.2** | **0.2** | **7.5** | **-9.3** | **3.9** | **159.4** | **-** | **198.7** |

**) 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.*

| Key figures | Q2 2008 | Q2 2007 | Q1-Q2 2008 | Q1-Q2 2007 | LTM *) | Q1-Q4 2007 |
|---|---|---|---|---|---|---|
| Sales. EUR million | **275.5** | 227.1 | **501.0** | 438.8 | 1,062.4 | 1,000.1 |
| Gross margin, % | **20.3** | 21.9 | **20.3** | 20.5 | 20.3 | 20.4 |
| Operating profit, EUR million | **22.9** | 23.4 | **43.8** | 37.1 | 102.8 | 96.1 |
| Operating profit in relation to sales, % | **8.3** | 10.3 | **8.7** | 8.5 | 9.7 | 9.6 |
| Profit before taxes, EUR million | **26.8** | 24.6 | **50.0** | 39.9 | 114.9 | 104.8 |
| Profit before taxes in relation to sales, % | **9.7** | 10.8 | **10.0** | 9.1 | 10.8 | 10.5 |
| Net cash from operating activities, EUR million | **83.6** | 1.2 | **124.2** | 22.3 | 245.0 | 143.0 |
| Net interest-bearing debt at the end of period, EUR million | **-358.5** | -176.3 | **-358.5** | -176.3 | -358.5 | -292.9 |
| Gearing at the end of period, % | **-180.4** | -110.3 | **-180.4** | -110.3 | -180.4 | -136.4 |
| Equity-to-assets ratio at the end of period, % | **40.0** | 39.8 | **40.0** | 39.8 | 40.0 | 38.2 |
| Working capital at the end of period, EUR million | **-240.3** | -105.5 | **-240.3** | -105.5 | -240.3 | -153.9 |
| Capital expenditure, EUR million | **3.0** | 2.4 | **6.3** | 7.0 | 11.0 | 11.6 |
| Capital expenditure in relation to sales, % | **1.1** | 1.1 | **1.3** | 1.6 | 1.0 | 1.2 |
| Return on investment, % | **60.0** | 64.0 | **50.1** | 54.8 | 64.9 | 59.8 |
| Return on equity, % | **39.6** | 42.6 | **33.8** | 35.6 | 47.7 | 43.3 |
| Order backlog at the end of period, EUR million | **1,548.4** | 1,110.8 | **1,548.4** | 1,110.8 | 1,548.4 | 1,317.2 |
| Order intake, EUR million | **475.4** | 492.9 | **774.2** | 660.9 | 1,576.3 | 1,463.0 |
| Personnel average for the period | **2,545** | 1,990 | **2,365** | 1,925 | 2,251 | 2,031 |
| Net profit for the period in relation to sales, % | **6.8** | 7.4 | **7.0** | 6.2 | 8.0 | 7.8 |
| Research and development expenses, EUR million | **5.3** | 5.2 | **9.9** | 10.3 | 19.5 | 19.9 |
| Research and development expenses in relation to sales, % | **1.9** | 2.3 | **2.0** | 2.3 | 1.8 | 2.0 |
| Earnings per share, EUR | **0.44** | 0.40 | **0.83** | 0.64 | 2.04 | 1.85 |
| Equity per share, EUR | **4.73** | 3.81 | **4.73** | 3.81 | 4.73 | 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 management's best knowledge of current events and actions, however, it is possible that the actual results 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-Q2 2008** | **Q1-Q2 2007** | **Q1-Q4 2007** |
|---|---|---|---|
| Gain from available-for-sale financial assets *) | **-** | - | 1.9 |
| Impairment of assets **) | **-1.0** | - | - |

**) 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 June 30, 2008 EUR -2.2 million (December 31, 2007: EUR -0.3 million) is booked to the revaluation reserve for available-for-sale assets in Outotec's equity.*
***) Relates to impairment of receivables and investment in Intune Circuits Ltd. From the beginning of 2008 Intune Circuits Ltd is no longer an associated company of Outotec Group. The ownership was decreased to 17.9% as a result of a directed share issue in the last quarter of 2007 and in the first quarter of 2008. Remaining investment in the company is accounted as available-for-sale financial asset in the consolidated balance sheet.*

| **Income taxes EUR million** | **Q1-Q2 2008** | **Q1-Q2 2007** | **Q1-Q4 2007** |
|---|---|---|---|
| Current taxes | **-8.5** | -10.8 | -24.5 |
| Deferred taxes | **-6.6** | -2.1 | -2.7 |
| **Total income taxes** | **-15.0** | -12.8 | -27.2 |

| **Property, plant and equipment EUR million** | **June 30 2008** | **June 30 2007** | **Dec 31 2007** |
|---|---|---|---|
| Historical cost at the beginning of the period | **81.3** | 77.4 | 77.4 |
| Translation differences | **-1.0** | 1.0 | 0.0 |
| Additions | **4.7** | 2.3 | 5.1 |
| Disposals | **-0.8** | -0.3 | -1.5 |
| Reclassifications | **-0.1** | - | 0.2 |
| Historical cost at the end of the period | **84.1** | 80.5 | 81.3 |
| | | | |
| Accumulated depreciation and impairment at the beginning of the period | **-56.7** | -50.7 | -50.7 |
| Translation differences | **0.6** | -0.6 | 0.1 |
| Disposals | **0.7** | 0.1 | 1.1 |
| Reclassifications | **-0.0** | - | 0.0 |
| Depreciation during the period | **-3.6** | -3.5 | -7.2 |
| Accumulated depreciation and impairment at the end of the period | **-59.0** | -54.7 | -56.7 |
| | | | |
| **Carrying value at the end of the period** | **25.1** | 25.8 | 24.6 |

| **Commitments and contingent liabilities EUR million** | **June 30 2008** | **June 30 2007** | **Dec 31 2007** |
|---|---|---|---|
| Pledges | **1.6** | 30.1 | 2.1 |
| Guarantees for commercial commitments | **178.1** | 147.8 | 185.7 |
| Minimum future lease payments on operating leases | **43.2** | 48.0 | 51.4 |

*The above mentioned 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 4.3 million at June 30, 2008 (June 30, 2007: EUR 5.5 million and at December 31, 2007: EUR 2.8 million) and for commercial guarantees including advance payment quarantees EUR 415.6 million at June 30, 2008 (June 30, 2007: EUR 273.7 million and at December 31, 2007: EUR 391.9 million).*

| Derivative instruments | | | |
|---|---|---|---|
| **Currency forwards EUR million** | **June 30 2008** | **June 30 2007** | **Dec 31 2007** |
| Net fair values | **17.5 (*** | 4.4 | 13.9 (** |
| Number of contracts | **382** | 355 | 344 |

*(* of which EUR 13.6 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-Q2 2008** | **Q1-Q2 2007** | **Q1-Q4 2007** |
| Sales | **-** | 1.3 | 0.0 |
| Financial income and expenses | **-** | 0.1 | 0.2 |
| Loan receivables | **-** | 1.9 | 1.2 |
| Trade and other receivables | **0.1** | 1.0 | 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%. Due to this Intune Circuits Ltd. is no longer accounted as associated company of Outotec Group starting from 2008. Remaining ownership in the company has been accounted as available-for-sale financial asset in the consolidated balance sheet.*

| Sales and operating profit by quarters EUR million | Q2/06 | Q3/06 | Q4/06 | Q1/07 | Q2/07 | Q3/07 | Q4/07 | Q1/08 | Q2/08 |
|---|---|---|---|---|---|---|---|---|---|
| **Sales** | | | | | | | | | |
| Minerals Processing | **57.4** | 67.5 | 95.3 | 55.2 | **64.6** | 72.7 | 110.5 | 60.1 | **92.7** |
| Base Metals | **50.6** | 43.3 | 53.4 | 60.1 | **64.5** | 64.1 | 85.6 | 60.1 | **72.0** |
| Metals Processing | **67.5** | 71.0 | 90.8 | 97.5 | **100.9** | 113.0 | 120.8 | 104.6 | **109.2** |
| Other Businesses | **8.1** | 6.0 | 11.9 | 6.7 | **8.9** | 11.1 | 11.1 | 9.1 | **16.7** |
| Unallocated items*) and intra-group sales | **-6.8** | -7.9 | -11.9 | -7.8 | **-11.7** | -15.0 | -12.5 | -8.3 | **-15.0** |
| **Total** | **176.8** | 179.9 | 239.6 | 211.7 | **227.1** | 245.9 | 315.5 | 225.6 | **275.5** |
| | | | | | | | | | |
| **Operating profit** | | | | | | | | | |
| Minerals Processing | **-1.9** | 5.2 | 13.1 | 1.9 | **3.3** | 3.6 | 16.3 | 4.1 | **3.2** |
| Base Metals | **7.1** | 4.1 | 6.7 | 9.4 | **13.2** | 12.1 | 9.3 | 6.3 | **11.9** |
| Metals Processing | **6.1** | 5.6 | 5.3 | 4.7 | **10.5** | 11.5 | 11.5 | 12.3 | **11.8** |
| Other Businesses | **0.2** | -0.3 | 1.0 | 0.0 | **0.6** | 1.3 | 0.3 | 0.4 | **1.2** |
| Unallocated items **) | **-1.5** | -0.2 | -3.0 | -2.4 | **-4.1** | -2.5 | -4.4 | -2.2 | **-5.1** |
| **Total** | **10.0** | 14.5 | 23.0 | 13.6 | **23.4** | 26.0 | 33.0 | 21.0 | **22.9** |

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

$$\text{Gearing} = \frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$$

$$\text{Equity-to-assets ratio} = \frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$$

$$\text{Return on investment} = \frac{\text{Operating profit + financial income}}{\text{Total assets – non-interest-bearing debt (average for the period)}} \times 100$$

$$\text{Return on equity} = \frac{\text{Net profit for the period}}{\text{Total equity (average for the period)}} \times 100$$

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

$$\text{Earnings per share} = \frac{\text{Net profit for the financial period attributable to the equity holders}}{\text{Average number of shares during the period, as adjusted for stock split}}$$

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

## Financial reporting schedule for 2008

Outotec will disclose the following financial information in 2008:

- Interim report for January-September 2008, on Thursday, October 23