



# Interim Report

*January – March 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](http://www.outotec.com)

**Outotec**  
More out of ore

# OUTOTEC OYJ - INTERIM REPORT JANUARY-MARCH 2008

## Order intake grew 78%, and good profit performance continued

### January-March 2008 in brief (2007 corresponding figures in parentheses):

- Sales: EUR 225.6 million (EUR 211.7 million)
- Operating profit: EUR 21.0 million (EUR 13.6 million)
- Profit before taxes: EUR 23.1 million (EUR 15.3 million)
- Earnings per share: EUR 0.39 (EUR 0.25)
- Order intake: EUR 298.8 million (EUR 168.1 million)
- Order backlog: EUR 1,359.6 million (EUR 836.5 million)
- Net cash flow from operating activities: EUR 40.7 million (EUR 21.1 million)
- Outotec reiterates its full-year 2008 outlook for sales and operating profit; furthermore, the order backlog at year-end 2008 is estimated to exceed that of the previous year-end.

### CEO, Tapani Järvinen:

*"The demand for Outotec's technologies and services continued strong in the first quarter and our order intake was successful. Several new orders had high proportion of proprietary technology. Our order backlog strengthened further from the record high year-end figure and the good profit performance continued in the first quarter of 2008.*

*I am also pleased with the development of our services and after sales business, particularly with the new three-year service contracts with Boliden and Norilsk Nickel plants in Finland. These agreements demonstrate our capability of delivering value-adding services to our customers and are well in line with our intention to grow the services and after sales business significantly in the next few years. The first quarter performance together with the continuing favorable market outlook in the mining and metals industry gives us confidence for the rest of 2008."*

Summary of key figures	Q1 2008	Q1 2007	LTM*)	Q1-Q4 2007
Sales, EUR million	225.6	211.7	1,014.0	1,000.1
Gross margin, %	20.4	19.0	20.7	20.4
Operating profit, EUR million	21.0	13.6	103.4	96.1
Operating profit in relation to sales, %	9.3	6.4	10.2	9.6
Profit before taxes, EUR million	23.1	15.3	112.6	104.8
Net cash from operating activities, EUR million	40.7	21.1	162.6	143.0
Net interest-bearing debt at the end of period, EUR million	-316.8	-187.8	-316.8	-292.9
Gearing at the end of period, %	-178.2	-121.7	-178.2	-136.4
Working capital at the end of period, EUR million	-176.7	-129.7	-176.7	-153.9
Return on investment, %	47.4	44.5	68.1	59.8
Return on equity, %	33.2	27.6	50.3	43.3
Order backlog at the end of period, EUR million	1,359.6	836.5	1,359.6	1,317.2
Order intake, EUR million	298.8	168.1	1 593.8	1 463.0
Personnel average for the period	2,185	1,860	2,113	2,031
Earnings per share, EUR	0.39	0.25	1.99	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 good market situation, the demand for Outotec's process technologies and services is expected to continue on a good level in 2008.

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

- sales will grow over 25% compared to 2007, and
- 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.

Furthermore, the management estimates that the closing order backlog for 2008 will exceed that of the previous year-end.

### Markets

In the first quarter, the positive sentiment and strong investment activity in the mining and metals industry continued, driven by healthy global industrial production and consumption of metals. Customer-industry consolidation has continued and these changes may affect individual project developments. However, as long as the underlying demand and consumption for metals continues there will be a need to invest in new capacity. At the same time, ore bodies are depleting, environmental regulations are tightening and requirements for energy efficiency are growing, which all provide new opportunities for Outotec and its advanced technologies.

In the first quarter, Outotec's customers initiated projects related to technologies applicable to base metals and aluminum, but also strong demand prevailed for technologies applicable to ferrous metals, ferroalloys and sulfuric acid.

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

### Order intake

Order intake in the first quarter amounted to EUR 298.8 million (Q1/2007: EUR 168.1 million), representing 78% growth from the previous year's corresponding order intake figure. The orders received in the first quarter were rather narrow in scope but included a large proportion of proprietary technologies and equipment.

Major new orders in the first quarter included:

- 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 in Poland (over EUR 10 million);
- a chromite ore pelletizing plant and preheating kilns for ASA Metals in South Africa (EUR 25 million); and
- a 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 first quarter totaled EUR 1,359.6 million (Q1/2007: EUR 836.5 million), representing a growth of 63% from the previous year's corresponding figure. On March 31, 2008, the company's order backlog was valued at EUR 20 million less than in December 31, 2007, due to the changes in the exchange rates.

On March 31, 2008, Outotec's order backlog included 32 projects with a value in excess of EUR 10 million, accounting for 63% of the total backlog. According to the management's estimate, some 60% 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 March 31, 2008.

### Sales and financial result

Outotec's sales in the first quarter totaled EUR 225.6 million (Q1/2007: EUR 211.7 million). Delays in the execution of certain projects, beyond Outotec's project scopes, slowed down the sales recognition in the reporting period. However, these projects will be recognized as sales later in 2008. Services and After Sales business, which is included in the divisions' sales figures, contributed EUR 20.8 million (Q1/2007: EUR 15.3 million) to the sales, up 36% from the corresponding 2007 level.

The operating profit for the first quarter improved compared to the same period in 2007 and was EUR 21.0 million (Q1/2007: EUR 13.6 million), representing 9.3% of sales (Q1/2007: 6.4%). Good profit performance continued largely because of the successful execution of large turnkey and other technology projects. Increased sales volume and a better project mix also contributed to the positive profit development.

In addition, the fair valuation of the unrealized currency hedging contracts between the euro and the U.S. dollar, which are not included in hedge accounting, improved the profitability by EUR 0.6 million (Q1/2007: EUR -0.1 million). According to the cash flow hedge accounting, which was started on July 1, 2007, Outotec recognized hedge gains of EUR 3.5 million in the income statement and recognized net gains of EUR 2.6 million in equity in the first quarter of 2008.

In the first quarter, Outotec's fixed costs were some EUR 1.9 million higher than in the corresponding period of 2007. The increase in administration costs was mainly related to business growth, recruiting of new personnel worldwide, and the investments in building the information technology infrastructure for the newly established companies in India and Kazakhstan.



Outotec's profit before taxes for the first quarter was EUR 23.1 million (Q1/2007: EUR 15.3 million). Profit before taxes was affected favorably by the net interest income from the high net cash position. Net profit for the first quarter was EUR 16.3 million (Q1/2007: EUR 10.3 million). Earnings per share were EUR 0.39 (Q1/2007: EUR 0.25).

Outotec's return on equity for January-March 2008 was 33.2% (Q1/2007: 27.6%), and return on investment was 47.4% (Q1/2007: 44.5%).

## Sales and operating profit by segment

### Minerals Processing

The Minerals Processing division's sales grew 9% in the first quarter and totaled EUR 60.1 million (Q1/2007: EUR 55.2 million). Operating profit was EUR 4.1 million (Q1/2007: EUR 1.9 million). The growth in sales and the higher proportion of process solution projects under implementation improved the division's operating profit. In addition, the division's profit included EUR 2.8 million gain related to the fair valuation of the unrealized currency hedging contracts. Profit generation for the Minerals Processing division is typically weaker in the first half of the year and stronger in the second half, due to the seasonality within a fiscal year.

### Base Metals

The Base Metals division's sales in the first quarter totaled EUR 60.1 million (Q1/2007: EUR 60.1 million), and operating profit was EUR 6.3 million (Q1/2007: EUR 9.4 million). The sales remained on the same level as in the corresponding period of 2007 and this was mainly due to delays in the execution of certain projects beyond Outotec's project scopes. The division's profitability compared to that in the corresponding period of 2007 was lower, because of less license fee income and fewer project completions.

### Metals Processing

The Metals Processing division's sales grew 7% from the previous year's figure to EUR 104.6 million (Q1/2007: EUR 97.5 million). The growth came from the aluminum and sulfuric acid plant projects as well as roasting plant projects. Operating profit improved to EUR 12.3 million (Q1/2007: EUR 4.7 million). The positive impacts 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 first quarter was strong at EUR 40.7 million (Q1/2007: EUR 21.1 million). Compared to the corresponding period in 2007, the first quarter saw an improvement of over 93% in net cash flow from operating activities. The main reasons for the improvement were the good result, the decrease in working capital, and interest income created by the strong cash position. The parent company paid EUR 39.9 million in dividends on April 1, 2008, subsequent to the March 31, 2008, balance sheet date.

Outotec's working capital amounted to EUR -176.7 million on March 31, 2008 (March 31, 2007: EUR -129.7 million). The working capital improved because of favorable payment terms and conditions in customer, subcontractor, and sub-supplier contracts.

The balance sheet structure remained strong. Net interest-bearing debt on March 31, 2008, came to EUR -316.8 million (March 31, 2007: EUR -187.8 million). The advances received at the end of the first quarter totaled EUR 231.9 million (March 31, 2007: EUR 141.0 million), representing an increase of more than 64%. Outotec's gearing at the end of the reporting period was -178.2% (March 31, 2007: -121.7%), and the equity-to-assets ratio was 34.3% (March 31, 2007: 35.6%).

The company's capital expenditure in the first quarter was EUR 3.3 million (Q1/2007: EUR 4.6 million), which

Sales and operating profit by segment EUR million	Q1 2008	Q1 2007	Q1-Q4 2007
<b>Sales</b>			
Minerals Processing	60.1	55.2	302.9
Base Metals	60.1	60.1	274.2
Metals Processing	104.6	97.5	432.3
Other Businesses	9.1	6.7	37.8
Unallocated items*) and intra-group sales	-8.3	-7.8	-47.0
<b>Total</b>	<b>225.6</b>	211.7	1,000.1
<b>Operating profit</b>			
Minerals Processing	4.1	1.9	25.2
Base Metals	6.3	9.4	43.9
Metals Processing	12.3	4.7	38.1
Other Businesses	0.4	0.0	2.2
Unallocated**) and intra-group items	-2.2	-2.4	-13.3
<b>Total</b>	<b>21.0</b>	13.6	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.

consisted mainly of investments in information technology, intellectual property rights, and machinery in the Outotec Turula workshop. In 2007, capital expenditure included one-time investments 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 400.1 million at the end of March 2008, showing an increase from the previous year's level relative to business growth (March 31, 2007: EUR 248.8 million).

In the first quarter, Outotec 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, 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 as treasury shares in Outotec's consolidated balance sheet.

## Research and technology development

Outotec's research and technology development expenses in the first quarter totaled EUR 4.6 million (Q1/2007: EUR 5.0 million), representing 2.0% of sales (Q1/2007: 2.4%). Outotec filed new priority patent applications (Q1/2007: 7), and 26 new national patents (Q1/2007: 49) were granted.

Outotec and the Geological Survey of Finland made a partnership agreement in March 2008 for developing collaboration in the research and development of mineral technology. This collaboration includes process development for new ore deposits on laboratory, minipilot, and demonstration plant scale as well as process improvements in existing concentrators. Outotec and the Geological Survey of Finland have also agreed on researcher exchange in demonstration plant tests and in commissioning of new plants for Outotec's customers. The partnership agreement further deepens the long-term relationship between the Geological Survey of Finland and Outotec in exploitation of natural resources and in development of new technologies for minerals processing.

## Personnel

At the end of the first quarter, Outotec had a total of 2,318 employees (March 31, 2007: 1,921). The average number of employees in the first quarter was 2,185 employees (Q1/2007: 1,860). The average number of personnel increased by 325 from that of the corresponding period in 2007, through business growth and the accompanying

active recruitment. Temporary employees accounted for some 17% of the total number of employees.

At the end of the first quarter, in addition to the personnel on Outotec's payroll, the company had more than 500 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 first quarter, salaries and other employee benefit expenses totaled EUR 36.2 million (Q1/2007: EUR 29.4 million).

## Share-based incentive programs

Outotec has two share-based incentive programs for the company's key personnel: the first, Incentive Program 2007-2008, was published on March 23, 2007, and the second, Incentive Program 2008-2010, was published on March 3, 2008.

### *Share-based incentive program 2007-2008*

Some 20 key employees participate in the two-year share-based 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*

The second incentive program comprises three earning periods: calendar years 2008, 2009, and 2010. For the 2009 and 2010 earning periods, the incentive program concerns approximately 60 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 services and after sales business. The potential incentives for the earning period 2008 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 concerns approximately 30 key employees. Those approximately 20 key employees who belong to Outotec's first share-based incentive program for 2007 and 2008, are not included in the new program in the 2008 earning period.

The maximum gross value of the new 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. Accounted with the February 29, 2008 quotation for the company's share (EUR 36.83), the incentives for the 2008 earning period would be some EUR 3 million, but the maximum value for the incentive in 2008 earning period may not be more than double that.

Distribution of personnel by country	March 31, 2008	March 31, 2007	change %
Finland	867	778	11.4
Germany	334	297	12.5
Rest of Europe	229	205	11.7
Americas	576	337	70.9
Australia	196	205	-4.4
Rest of the world	116	99	17.2
<b>Total</b>	<b>2,318</b>	<b>1,921</b>	<b>20.7</b>

## Resolutions of the 2008 Annual General Meeting

Outotec's Annual General Meeting was held on March 18, 2008, in Espoo, Finland. The Annual General Meeting approved the parent company and the consolidated Financial Statements, and discharged the members of the Board of Directors and the CEO from liability for the financial year 2007.

### *Dividend*

The Annual General Meeting decided that a dividend of EUR 0.95 per share be paid for the financial year 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 on the number of the Board members, including Chairman and Vice Chairman, to be five (5). 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 the Vice Chairman of the Board of Directors.

The Annual General Meeting confirmed the remunerations to the 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, and each Board member EUR 500 for attendance at 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 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. This authorization to the Board of Directors does not, however, 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.

## 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 first quarter, the volume-weighted average price for a share in the company was EUR 34.12, the highest quotation for a share being EUR 39.86 and the lowest EUR 27.06. The trading of Outotec shares in the reporting period exceeded 34.6 million shares, with a total value of over EUR 1,183 million. On March 31, 2008, Outotec's market capitalization was EUR 1,415 million and the last quotation for the share was EUR 33.70. On March 31, 2008, the company did not hold any treasury shares.

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 March 31, 2008, shares held in 12 nominee registers accounted for some 83% of all Outotec shares.

## Events after the reporting period

In April, Outotec announced a contract (EUR 18 million) signed with Bhushan Steel for the basic engineering and proprietary and special equipment for two iron ore sinter plants, to be built in Meramandali, Orissa State, India. This order is included in Outotec's 2008 first-quarter order backlog.

In April, Outotec received two grinding technology orders (EUR 25 million), including spare parts and services, from Nordic Mines AB of Sweden for the Laiva gold project in Finland and from Polymetal Trading of Russia for Albazino and Dukat projects.

Also in April, the company signed a contract (EUR 29 million) with Shougang Jingtang United Iron & Steel for the delivery of new, environmentally sound technology for Shougang's iron ore pelletizing plant project in Cao-feidan, China.

## Short-term risks and uncertainties

Outotec monitors its key risks through active risk management in order to increase transparency and manage the risks related to the business operations.

In the first quarter risk assessment, all unfinished projects under the method of the percentage of completion and completed contracts were evaluated and contingencies were updated. Projects, where 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 project risk provisions.

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 affect sales growth, delivery times, and timing of project completions and subsequent profit recognition.

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.

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 forecasted and probable cash flows are hedged selec-

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

Development in the global economy and uncertainty in the financial markets in short term may have an impact on Outotec's business prospects in the future; however, these uncertainties have not stopped any of the ongoing negotiations between Outotec and its customers.

## 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 good market situation, the demand for Outotec's process technologies and services is expected to continue on a good level in 2008.

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

- sales will grow over 25% compared to 2007, and
- 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.

Furthermore, the management estimates that the closing order backlog for 2008 will exceed that of the previous year-end.

Espoo, April 23, 2008

Outotec Oyj

Board of Directors

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## Interim financial statements (unaudited)

Income statement EUR million	Q1 2008	Q1 2007	Q1-Q4 2007
<b>Sales</b>	<b>225.6</b>	211.7	1 000.1
Cost of sales	<b>-179.5</b>	-171.5	-796.4
<b>Gross margin</b>	<b>46.1</b>	40.2	203.8
Other operating income	<b>3.4</b>	0.2	5.9
Selling and marketing expenses	<b>-10.8</b>	-11.2	-44.6
Administrative expenses	<b>-12.9</b>	-10.2	-47.0
Research and development expenses	<b>-4.6</b>	-5.0	-19.9
Other operating expenses	<b>-0.1</b>	-0.0	-0.7
Share of results of associated companies	<b>-</b>	-0.3	-1.4
<b>Operating profit</b>	<b>21.0</b>	13.6	96.1
Financial income and expenses			
Interest income and expenses	<b>3.8</b>	2.6	12.4
Market price gains and losses	<b>-0.5</b>	0.3	0.2
Other financial income and expenses	<b>-1.1</b>	-1.2	-3.9
Total financial income and expenses	<b>2.2</b>	1.7	8.7
<b>Profit before taxes</b>	<b>23.1</b>	15.3	104.8
Income taxes	<b>-6.9</b>	-5.0	-27.2
<b>Net profit for the period</b>	<b>16.3</b>	10.3	77.6
<b>Attributable to:</b>			
Equity holders of the Company	<b>16.3</b>	10.3	77.6
Minority interest	<b>-0.0</b>	-0.0	0.0
<b>Earnings per share for profit attributable to the equity holders of the Company:</b>			
Earnings per share, EUR	<b>0.39</b>	0.25	1.85
Diluted earnings per share, EUR	<b>0.39</b>	0.25	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	March 31 2008	March 31 2007	Dec 31 2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	74.5	74.9	74.8
Property, plant and equipment	24.6	26.3	24.6
<b>Non-current financial assets</b>			
Interest-bearing	2.6	1.4	3.4
Non interest-bearing	17.4	12.4	17.3
<b>Total non-current assets</b>	<b>119.0</b>	<b>115.0</b>	<b>120.0</b>
<b>Current assets</b>			
Inventories *)	109.6	131.7	117.0
Current financial assets			
Interest-bearing	0.8	1.0	0.8
Non interest-bearing	202.7	137.8	224.0
Cash and cash equivalents	317.6	188.8	291.0
<b>Total current assets</b>	<b>630.7</b>	<b>459.3</b>	<b>632.8</b>
<b>TOTAL ASSETS</b>	<b>749.7</b>	<b>574.2</b>	<b>752.8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to the equity holders of the Company	177.8	154.3	214.7
Minority interest	-	0.0	0.1
<b>Total equity</b>	<b>177.8</b>	<b>154.3</b>	<b>214.8</b>
<b>Non-current liabilities</b>			
Interest-bearing	1.2	2.2	1.2
Non interest-bearing	53.2	38.0	47.4
<b>Total non-current liabilities</b>	<b>54.4</b>	<b>40.1</b>	<b>48.6</b>
<b>Current liabilities</b>			
Interest-bearing	2.9	1.2	1.0
Non interest-bearing **) ***)	514.4	378.6	488.5
<b>Total current liabilities</b>	<b>517.4</b>	<b>379.8</b>	<b>489.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>749.7</b>	<b>574.2</b>	<b>752.8</b>

\*) Of which advances paid for inventories amounted to EUR 30.1 million on March 31, 2008 (on March 31, 2007: EUR 45.1 million and on December 31, 2007: EUR 34.8 million).

\*\*) Of which gross advances received amounted to EUR 725.3 million on March 31, 2008 (on March 31, 2007: EUR 497.1 million and on December 31, 2007: EUR 589.7 million). Net advances received after percentage of completion revenue recognition amounted to EUR 231.9 million on March 31, 2008 (on March 31, 2007: EUR 141.0 million and on December 31, 2007: EUR 190.1 million).

\*\*\*) On March 31, 2008 EUR 39.9 million dividend payable is included.

Condensed statement of cash flows EUR million	Q1 2008	Q1 2007	Q1-Q4 2007
<b>Cash flow from operating activities</b>			
Net profit for the period	16.3	10.3	77.6
Adjustments for			
Depreciation and amortization	2.8	2.7	11.3
Other adjustments	6.7	2.6	25.8
Decrease in working capital	21.4	11.6	29.2
Interest received	4.0	2.4	11.8
Interest paid	-0.2	-0.1	-0.2
Income tax paid	-10.4	-8.4	-12.6
<b>Net cash from operating activities</b>	<b>40.7</b>	<b>21.1</b>	<b>143.0</b>
Purchases of assets	-3.3	-4.3	-11.6
Proceeds from sale of assets	0.0	0.0	0.2
Change in other investing activities	-	-0.4	-0.6
<b>Net cash from investing activities</b>	<b>-3.3</b>	<b>-4.7</b>	<b>-12.1</b>
<b>Cash flow before financing activities</b>	<b>37.4</b>	<b>16.4</b>	<b>131.0</b>
Repayments of long-term debt	-0.0	-0.0	-1.0
Increase (+) / decrease (-) in current debt	2.0	-0.0	-
Dividends paid	-	-	-14.7
Purchase of treasury shares*)	-9.3	-	-
Change in other financing activities	-0.1	-0.1	-0.8
<b>Net cash from financing activities</b>	<b>-7.4</b>	<b>-0.1</b>	<b>-16.5</b>
<b>Net change in cash and cash equivalents</b>	<b>30.0</b>	<b>16.3</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	-3.4	1.1	5.1
Net change in cash and cash equivalents	30.0	16.3	114.5
<b>Cash and cash equivalents at the end of the period</b>	<b>317.6</b>	<b>188.8</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, 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 as treasury shares in Outotec's consolidated balance sheet.

Statement of changes in equity 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	-	-	-	-	-	-0.1	-	0.0	-0.1
Items recognized directly in equity	-	-	-	-	-	-0.1	-	0.0	-0.1
Net profit for the period	-	-	-	-	-	-	10.3	-0.0	10.3
Total recognized income and expenses	-	-	-	-	-	-0.1	10.3	-0.0	10.2
Equity on March 31, 2007	16.8	20.2	0.1	-	-	5.7	111.4	0.0	154.3
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	-	-	-	3.6	-	-	-	-	3.6
Deferred tax in equity	-	-	-	-1.0	-	-	-	-	-1.0
Available for sale financial assets:									
Fair value changes recognized in equity	-	-	-	-1.2	-	-	-	-	-1.2
Change in translation differences	-	-	-	-	-	-5.7	-	-0.0	-5.7
Items recognized directly in equity	-	-	-	1.3	-	-5.7	-	-0.0	-4.3
Net profit for the period	-	-	-	-	-	-	16.3	-0.0	16.3
Total recognized income and expenses	-	-	-	1.3	-	-5.7	16.3	-0.0	12.0
Dividends	-	-	-	-	-	-	-39.9	-	-39.9
Purchase of treasury shares*)	-	-	-	-	-9.3	-	-	-	-9.3
Management stock option program:									
value of received services	-	-	-	-	-	-	0.0	-	0.0
Acquisition of minority interest	-	-	-	-	-	-	-	-0.0	-0.0
Other changes	-	-	-0.0	-	-	-	0.2	-	0.2
<b>Equity on March 31, 2008</b>	<b>16.8</b>	<b>20.2</b>	<b>0.1</b>	<b>9.2</b>	<b>-9.3</b>	<b>0.1</b>	<b>140.7</b>	<b>-</b>	<b>177.8</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, 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 as treasury shares in Outotec's consolidated balance sheet.

Key figures	Q1 2008	Q1 2007	LTM*)	Q1-Q4 2007
Sales, EUR million	<b>225.6</b>	211.7	1,014.0	1,000.1
Gross margin, %	<b>20.4</b>	19.0	20.7	20.4
Operating profit, EUR million	<b>21.0</b>	13.6	103.4	96.1
Operating profit in relation to sales, %	<b>9.3</b>	6.4	10.2	9.6
Profit before taxes, EUR million	<b>23.1</b>	15.3	112.6	104.8
Profit before taxes in relation to sales, %	<b>10.3</b>	7.2	11.1	10.5
Net cash from operating activities, EUR million	<b>40.7</b>	21.1	162.6	143.0
Net interest-bearing debt at the end of period, EUR million	<b>-316.8</b>	-187.8	-316.8	-292.9
Gearing at the end of period, %	<b>-178.2</b>	-121.7	-178.2	-136.4
Equity-to-assets ratio at the end of period, %	<b>34.3</b>	35.6	34.3	38.2
Working capital at the end of period, EUR million	<b>-176.7</b>	-129.7	-176.7	-153.9
Capital expenditure, EUR million	<b>3.3</b>	4.6	10.4	11.6
Capital expenditure in relation to sales, %	<b>1.5</b>	2.2	1.0	1.2
Return on investment, %	<b>47.4</b>	44.5	68.1	59.8
Return on equity, %	<b>33.2</b>	27.6	50.3	43.3
Order backlog at the end of period, EUR million	<b>1,359.6</b>	836.5	1,359.6	1,317.2
Order intake, EUR million	<b>298.8</b>	168.1	1,593.8	1,463.0
Personnel average for the period	<b>2,185</b>	1,860	2,113	2,031
Net profit for the period in relation to sales, %	<b>7.2</b>	4.9	8.2	7.8
Research and development expenses, EUR million	<b>4.6</b>	5.0	19.4	19.9
Research and development expenses in relation to sales, %	<b>2.0</b>	2.4	1.9	2.0
Earnings per share, EUR	<b>0.39</b>	0.25	1.99	1.85
Equity per share, EUR	<b>4.23</b>	3.67	4.23	5.11
Dividend per share, EUR	-	-	0.95	0.95

\*) Last twelve months

## Notes to the income statement and balance sheet

This interim financial statements 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 statements 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 interim financial statements to determine reported amounts, including the realizability of certain assets, the useful lives of tangible and intangible assets, income taxes, provisions, pension obligations,

impairment of goodwill and other items. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates.

### Adoption of new and amended standards and interpretations

- IFRIC 11 - IFRS 2 Group and Treasury Share Transactions (effective date March 1, 2007)
- IFRIC 12 - Service Concession Arrangements (effective date January 1, 2008). The interpretation has not yet been approved to be applied in the EU.
- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective date January 1, 2008). The interpretation has not yet been approved to be applied in the EU.

The adoption of these interpretations will not have impact on 2008 financial statements.

Outotec will estimate the impacts on the following standards and will apply the new standards from the financial period beginning January 1, 2009 onwards:

- IFRS 2 Share-based Payment Vesting Conditions and



Cancellations (effective date January 1, 2009). The amended standard has not yet been approved to be applied in the EU.

- IFRS 3 Business Combinations (effective date July 1, 2009). The amended standard has not yet been approved to be applied in the EU.

- IFRS 8 Operating Segments (effective date January 1, 2009)

- IAS 1 Presentation of Financial Statements (effective date January 1, 2009). The amended standard has not yet been approved to be applied in the EU.

- IAS 23 Borrowing Costs (effective date January 1, 2009). The amended standard has not yet been approved to be applied in the EU.

- IAS 27 Consolidated and Separate Financial Statements (effective date July 1, 2009). The amended standard has not yet been approved to be applied in the EU.

- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements Puttable Financial Instruments and Obligations Arising on Liquidation (effective date January 1, 2009). The amended standard has not yet been approved to be applied in the EU.

Major non-recurring items in operating profit for the period EUR million	Q1 2008	Q1 2007	Q1-Q4 2007
Gain from available-for-sale financial assets	-	-	1.9

*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 March 31, 2008 EUR -1.5 million (December 31, 2007: EUR -0.3 million) is booked to the revaluation reserve for available-for-sale assets in Outotec's equity.*

Income taxes EUR million	Q1 2008	Q1 2007	Q1-Q4 2007
Current taxes	-3.4	-3.0	-24.5
Deferred taxes	-3.4	-2.1	-2.7
<b>Total income taxes</b>	<b>-6.9</b>	<b>-5.0</b>	<b>-27.2</b>

Property, plant and equipment EUR million	March 31 2008	March 31 2007	Dec 31 2007
Historical cost at the beginning of the period	81.3	77.4	77.4
Translation differences	-1.5	0.2	0.0
Additions	2.4	1.4	5.1
Disposals	-0.1	-0.2	-1.5
Reclassifications	-0.1	-0.0	0.2
Historical cost at the end of the period	82.0	78.9	81.3
Accumulated depreciation and impairment at the beginning of the period	-56.7	-50.7	-50.7
Translation differences	0.9	-0.1	0.1
Disposals	0.1	0.0	1.1
Reclassifications	-	-	0.0
Depreciation during the period	-1.7	-1.8	-7.2
Accumulated depreciation and impairment at the end of the period	-57.4	-52.7	-56.7
<b>Carrying value at the end of the period</b>	<b>24.6</b>	<b>26.3</b>	<b>24.6</b>

Commitments and contingent liabilities EUR million	March 31 2008	March 31 2007	Dec 31 2007
Pledges	1.8	29.7	2.1
Guarantees for commercial commitments	167.1	129.7	185.7
Minimum future lease payments on operating leases	47.5	48.1	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 0.4 million on March 31, 2008 (on March 31, 2007: EUR 0.4 million and on December 31, 2007: EUR 2.8 million) and for commercial guarantees including advance payment guarantees EUR 400.1 million on March 31, 2008 (on March 31, 2007: EUR 248.8 million and on December 31, 2007: EUR 391.9 million).

Derivative instruments			
Currency forwards EUR million	March 31 2008	March 31 2007	Dec 31 2007
Net fair values	20.8 *)	1.7	13.9 **)
Number of contracts	328	117	344

\*) of which EUR 16.3 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 2008	Q1 2007	Q1-Q4 2007
Sales	-	0.7	0.0
Financial income and expenses	-	0.0	0.2
Loan receivables	-	1.6	1.2
Trade and other receivables	0.1	1.8	1.0

As a consequence of a directed share issue in Intune Circuits Oy 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 Oy 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 investment in the consolidated balance sheet.

Sales and operating profit by quarters EUR million	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08
<b>Sales</b>									
Minerals Processing	36.4	57.4	67.5	95.3	55.2	64.6	72.7	110.5	60.1
Base Metals	44.9	50.6	43.3	53.4	60.1	64.5	64.1	85.6	60.1
Metals Processing	62.9	67.5	71.0	90.8	97.5	100.9	113.0	120.8	104.6
Other Businesses	6.6	8.1	6.0	11.9	6.7	8.9	11.1	11.1	9.1
Unallocated items*) and intra-group sales	-6.7	-6.8	-7.9	-11.9	-7.8	-11.7	-15.0	-12.5	-8.3
<b>Total</b>	<b>144.2</b>	<b>176.8</b>	<b>179.9</b>	<b>239.6</b>	<b>211.7</b>	<b>227.1</b>	<b>245.9</b>	<b>315.5</b>	<b>225.6</b>
<b>Operating profit</b>									
Minerals Processing	-3.7	-1.9	5.2	13.1	1.9	3.3	3.6	16.3	4.1
Base Metals	5.6	7.1	4.1	6.7	9.4	13.2	12.1	9.3	6.3
Metals Processing	4.1	6.1	5.6	5.3	4.7	10.5	11.5	11.5	12.3
Other Businesses	-0.5	0.2	-0.3	1.0	0.0	0.6	1.3	0.3	0.4
Unallocated items **)	-1.5	-1.5	-0.2	-3.0	-2.4	-4.1	-2.5	-4.4	-2.2
<b>Total</b>	<b>4.1</b>	<b>10.0</b>	<b>14.5</b>	<b>23.0</b>	<b>13.6</b>	<b>23.4</b>	<b>26.0</b>	<b>33.0</b>	<b>21.0</b>

\*) 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
Gearing	=	$\frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$
Equity-to-assets ratio	=	$\frac{\text{Total equity}}{\text{Total assets} - \text{advances received}} \times 100$
Return on investment	=	$\frac{\text{Operating profit} + \text{financial income}}{\text{Total assets} - \text{non-interest-bearing debt (average for the period)}} \times 100$
Return on equity	=	$\frac{\text{Net profit for the period}}{\text{Total equity (average for the period)}} \times 100$
Research and development costs	=	Research and development expenses in the income statement (including expenses covered by grants received)
Earnings per share	=	$\frac{\text{Net profit for the financial period attributable to the equity holders}}{\text{Average number of shares during the period, as adjusted for stock split}}$
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 will disclose the following financial information in 2008:

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