

Q1-Q3 INTERIM REPORT

JANUARY-SEPTEMBER 2015



 Sustainable use of
Earth's natural resources

Outotec

October 29, 2015

INTERIM REPORT JANUARY-SEPTEMBER 2015

Solid order intake, strong cash flow, financial guidance narrowed

January-September 2015 in brief (comparison period in 2014):

- Order intake: EUR 923 (855) million, 8% (in comparable currencies 5%)
- Order backlog: EUR 1,117 (1,217) million, -8%
- Sales: EUR 895 (999) million, -10% (in comparable currencies -11%)
- Service sales: EUR 373 (353) million, 6% (in comparable currencies 4%)
- EBITA (excluding one-time items): EUR 38 (30) million, 26%
- EBITA (excluding one-time items), %: 4 (3)
- Earnings per share: EUR 0.03 (0.00)
- Net cash from operating activities: EUR 22 (-18) million

July-September 2015 in brief (comparison period in 2014):

- Order intake: EUR 268 (266) million, 1% (in comparable currencies 1%)
- Sales: EUR 307 (320) million, -4% (in comparable currencies -2%)
- Service sales: EUR 129 (127) million, 2% (in comparable currencies 4%)
- EBITA (excluding one-time items): EUR 15 (14) million, 3%
- EBITA (excluding one-time items), %: 5 (4)
- Net cash from operating activities: EUR 65 (-25) million

Financial guidance for 2015 narrowed

Based on the current market outlook, customer business activity and order backlog, the management expects that in 2015:

- Sales will be approximately EUR 1.2-1.3 (previously 1.2-1.4) billion, and
- EBITA (excluding one-time items) will be approximately 5-6 (previously 5-7)%

Summary of the Group's key figures	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Last 12 months	Q1-Q4 2014
Order intake, EUR million	268.4	265.6	922.7	855.5	1,245.1	1,177.9
Service order intake, EUR million	138.3	114.9	387.4	395.9	546.5	555.0
Share of services in order intake, %	51.5	43.2	42.0	46.3	43.9	47.1
Order backlog at the end of the period, EUR million	1,116.7	1,217.3	1,116.7	1,217.3	1,116.7	1,138.0
Sales, EUR million	307.2	320.3	895.5	999.4	1,298.7	1,402.6
Service sales, EUR million	129.2	127.0	373.3	352.9	539.4	519.0
Share of services in sales, %	42.1	39.6	41.7	35.3	41.5	37.0
Gross margin, %	27.9	25.6	28.4	22.8	26.7	22.9
EBITA (excluding one-time items), EUR million	14.7	14.2	38.4	30.5	63.9	56.0
EBITA (excluding one-time items), %	4.8	4.4	4.3	3.0	4.9	4.0
EBIT, EUR million	6.7	-0.3	18.3	8.1	20.6	10.4
EBIT, %	2.2	-0.1	2.0	0.8	1.6	0.7
Profit before taxes, EUR million	2.5	-3.1	9.2	1.4	8.1	0.2
Net cash from operating activities, EUR million	64.8	-25.3	21.9	-18.0	59.8	19.9
Net interest-bearing debt at the end of the period, EUR million	74.3	9.0	74.3	9.0	74.3	-5.8
Gearing at the end of the period, %	17.4	2.0	17.4	2.0	17.4	-1.3
Working capital at the end of the period, EUR million	-12.0	6.7	-12.0	6.7	-12.0	-28.2
Return on investment, %, LTM	3.7	5.1	3.7	5.1	3.7	1.7
Return on equity, %, LTM	1.5	2.9	1.5	2.9	1.5	0.0
Personnel at the end of the period	4,913	4,948	4,913	4,948	4,913	4,571
Earnings per share, EUR	0.01	-0.02	0.03	0.00	0.03	0.00

President and CEO Pertti Korhonen:

“The market environment in the minerals and metals processing industry has deteriorated in the third quarter due to increased uncertainty of China’s growth outlook, weakened metal prices, and weakening of emerging market economies. Continued uncertainty has caused many producers to cut production and postpone investments further.

Markets in Europe and the Middle East were more active, while those in Asia Pacific, Africa, Eurasia, and the Americas continued slow. Predominantly, investments were directed to improve the efficiency of existing operations. In the reporting period, investments into zinc, copper, and aluminum projects were more active, while gold and iron ore investments continued to be weak. Good production rates supported demand for spare parts. Our customers, however, continued to postpone discretionary upgrades and modernizations. Competition continued on an intense level.

The demand for sustainable energy solutions increased in some geographical markets as governments seek to promote waste-to-energy production. In the third quarter, Outotec won several waste-to-energy projects in the UK and Canada, demonstrating the competitiveness of our technology.

Our service orders in the third quarter grew 21% in comparable currencies as we were able to grow shut-down as well as operation and maintenance orders. The total order intake was flat year-on-year due to weaker capex market. Sales in the third quarter were down by 2% in comparable currencies. Our service sales grew 4% in comparable currencies. Despite the lower sales, EBITA (excluding one-time items) improved, thanks to better project execution and a higher share of services. While the company’s fixed cost reduction program has progressed according to plan, the market has deteriorated more than expected, which has caused customer delays in certain projects, resulting to underutilization of resources. This combined with currency impacts, IPR related litigation costs, and acquisitions has resulted to increased fixed costs. Our net cash flow improved significantly in the third quarter.

The market outlook continues to be weak due to depressed metal prices and postponements of investments in the mining and metals sector. However, Outotec has good sales opportunities relating to certain commodities, geographies, and customers as well as waste-to-energy solutions. In anticipation of prolonged market weakness, we continue looking for areas to further streamline our cost structure and improve our profitability. Our priority going forward, in addition to improving our profitability, is to secure order intake and increase service business in a difficult market.”

FINANCIAL REPORTING SCHEDULE IN 2016

- Financial Statements Review 2015 will be published on February 9, 2016
- January-March Interim Report will be published on April 27, 2016
- January-June Interim Report will be published on July 28, 2016
- January-September Interim Report will be published on October 28, 2016

The Financial Statements for 2015 will be published in week 8/2016 at the latest. The Annual General Meeting 2016 is planned for April 11, 2016.

FURTHER INFORMATION

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INTERIM REPORT JANUARY-SEPTEMBER 2015

OPERATING ENVIRONMENT

The market environment in the minerals and metals processing industry deteriorated in the third quarter due to the increased uncertainty of China's growth outlook, weakened metal prices, and weakening of emerging market economies. Continued uncertainty has caused many producers to cut production and postpone investments further.

Markets in Europe and the Middle East were more active while those in Asia Pacific, Africa, Eurasia, and the Americas continued to be slow. Predominantly, investments were directed to improve the efficiency of existing operations. In the reporting period, zinc, copper, and aluminum projects were more active, while gold and iron ore investments continued to be weak. Waste-to-energy projects developed more actively, mainly in the UK.

Production was at a good level, supporting demand for spare parts. As part of customers' cash optimization activities, larger periodic upgrade services continued to be postponed.

Competition continued at an intense level.

ORDER INTAKE AND BACKLOG

Order intake in the third quarter of 2015 totaled EUR 268 (266) million, up 1% (1% in comparable currencies) with the EMEA as the strongest region. Order intake in the reporting period totaled EUR 923 (855) million, up 8% (5% in comparable currencies) from the comparison period. Of the orders received in the reporting period, 57% came from the Metals, Energy & Water segment and 43% from the Minerals Processing segment.

Service order intake in the third quarter of 2015 increased 20% (21% in comparable currencies) from the comparison period and was EUR 138 (115) million. The increase came from operation and maintenance services, shut-down services, and spare parts. Service order intake in the reporting period decreased 2% (-6% in comparable currencies) from the comparison period and totaled EUR 387 (396) million. The decrease was mainly due to the decline in technical and operation and maintenance services, while spare part orders continued to grow.

Order intake by region, %	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014
EMEA (including the CIS)	56	37	40
Americas	28	38	37
APAC	16	25	23
Total	100	100	100

Announced orders

Project/location (published)	Customer	Value, EUR Million	Business area
Booked into order backlog Q3/2015			
Three contracts for renewable energy plants, UK and Canada (October 12, 2015)	Not published	55	Metals, Energy & Water
Iron ore beneficiation plant, Iran (September 1, 2015)	Iran International Engineering Company	45 (of which 10 in Q3/2015)	Minerals Processing
Tailings treatment plant, Finland (August 18, 2015)	Yara	Over 40	Minerals Processing
Booked into order backlog Q2/2015			
Two alumina calcination plants, UAE (July 8, 2015)	Emirates Global Aluminium	Over 80	Metals, Energy & Water
Aluminum rodshop technology, China (June 26, 2015)	Chiping Xinyuan Aluminium	Over 12	Metals, Energy & Water
Iron ore pelletizing technology, Iran (June 1, 2015)	B-MISCO	Not published, but typically 80-100 (<10 booked in Q2/2015)	Metals, Energy & Water
Technology and services for zinc plant, Mexico (April 14, 2015)	Met-Mex Peñoles	Approx. 60	Metals, Energy & Water
Booked into order backlog Q1/2015			
Modular copper solvent extraction technology, and services, South America (April 24, 2015)	Not published	Approx. 30	Metals, Energy & Water
Technology to aluminum smelter, UAE (April 14, 2015)	EMAL	Over 10	Metals, Energy & Water
Zinc concentrate direct leaching technology, Norway (April 13, 2015)	Boliden	Not published, but typically 10-20	Metals, Energy & Water
Technology and O&M services for a waste-to-energy plant, UK (March 23, 2015)	Levenseat Renewable Energy Limited	Approx. 60 (30 in Q1/2015)	Metals, Energy & Water

The order backlog at the end of the reporting period was EUR 1,117 (1,217) million, down 8% from the comparison period. Services represented EUR 245 (268) million of the total order backlog.

At the end of the reporting period, Outotec had 23 (22) projects with an order backlog value in excess of EUR 10 million, accounting for 64 (59)% of the total backlog. Based on management estimates, roughly 27 (33)% or EUR 300 (400) million of the quarter-end order backlog value will be delivered in 2015.

SALES AND FINANCIAL RESULT

Sales and financial result EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Last 12 months	Q1-Q4 2014
Sales	307.2	320.3	895.5	999.4	1,298.7	1,402.6
Service sales ¹⁾	129.2	127.0	373.3	352.9	539.4	519.0
Share of service sales, %	42.1	39.6	41.7	35.3	41.5	37.0
Gross margin, %	27.9	25.6	28.4	22.8	26.7	22.9
EBITA (excluding one-time items)	14.7	14.2	38.4	30.5	63.9	56.0
EBITA (excluding one-time items), %	4.8	4.4	4.3	3.0	4.9	4.0
- one-time items ²⁾	-5.7	-12.3	-13.1	-16.2	-34.1	-37.2
- PPA amortization	-2.3	-2.1	-7.0	-6.2	-9.2	-8.4
EBIT	6.7	-0.3	18.3	8.1	20.6	10.4
EBIT, %	2.2	-0.1	2.0	0.8	1.6	0.7
Profit before taxes	2.5	-3.1	9.2	1.4	8.1	0.2
Profit for the period	1.8	-3.0	6.5	0.1	6.5	0.2
Unrealized and realized exchange gains and losses ³⁾	-0.6	-4.0	-3.6	-6.5	-5.8	-8.8

¹⁾ Included in the sales figures of the two reporting segments

²⁾ In January-September 2015, one-time items totaled EUR -13.1 (-16.2) million including acquisition-related costs of EUR 1.4 (0.7) million, cost efficiency program-related costs of EUR 12.8 (15.5) million, and the positive impact of EUR 1.1 (-) million reduction from earn-out payment liability related to acquisition.

³⁾ Related to foreign exchange forward agreements and bank accounts

Sales in the third quarter of 2015 were EUR 307 (320) million, down by 4% (-2% in comparable currencies) from the comparison period. Sales in the reporting period decreased by 10% (-11% in comparable currencies) from the comparison period and totaled EUR 895 (999) million. The main reason for the lower sales was the weak plant and equipment order intake in 2014.

Service sales in the third quarter of 2015 grew 2% (4% in comparable currencies) from the comparison period and totaled EUR 129 (127) million. In the reporting period, service sales grew 6% (4% in comparable currencies) from the comparison period and totaled EUR 373 (353) million, representing 42 (35)% of sales. Growth came mainly from spare part and shut-down service sales.

EBITA (excluding one-time items) grew in the third quarter of 2015 and in the reporting period due to improved project execution and a higher share of services. In the comparison period, the profitability was weakened by EUR 24 million in cost overruns in five large Metals, Energy & Water business area projects, of which EUR 4 million came in the third quarter of 2014. For the reporting period, the unrealized and realized losses from the valuation of foreign exchange forward agreements amounted to EUR 4 (loss of 7) million.

Fixed costs in the reporting period, including selling and marketing, administrative, R&D, and fixed delivery expenses, were EUR 261 (249) million (in comparable currencies EUR 257 million), or 29 (25)% of sales. Lower resource utilization due to customer delays in certain projects, currency impacts, IPR related litigation costs, acquisitions and depreciations from investments increased costs by EUR 29 million. Cost saving actions reduced fixed costs by approximately EUR 17 million in the reporting period.

Profit before taxes was EUR 9 (1) million. It included net finance expenses of EUR 9 (7) million. Profit for the reporting period was EUR 6 (0) million. Taxes totaled EUR 3 (1) million. Earnings per share were EUR 0.03 (0.00).

SEGMENTS

Minerals Processing

Q1-Q3 highlights

- Weak order intake in the minerals processing solutions continued
- Profitability weakened due to lower sales
- Growth in spare part orders and sales

Reporting segment – Minerals Processing EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Change %	Q1-Q4 2014
Order intake	148.1	190.8	393.0	479.1	-18¹⁾	593.6
Sales	129.0	154.4	401.8	468.9	-14²⁾	659.6
Service sales	78.2	74.1	228.7	215.6	6³⁾	319.6
EBITA (excluding one-time items)	9.4	11.4	19.5	40.4		63.2
EBITA (excluding one-time items), %	7.3	7.4	4.8	8.6		9.6
PPAs	-0.8	-0.9	-2.5	-2.6		-3.4
One-time items	-3.1	-1.6	-6.1	-4.3		-13.9
EBIT	5.4	8.9	10.8	33.5		45.9
EBIT, %	4.2	5.8	2.7	7.1		7.0
Unrealized and realized exchange gains and losses ⁴⁾	1.5	-1.9	-2.6	-3.5		-4.1

¹⁾ In comparable currencies -19%

²⁾ In comparable currencies -15%

³⁾ In comparable currencies 4%

⁴⁾ Related to foreign exchange forward agreements and bank accounts

In the reporting period, the Minerals Processing market continued to be slow as customers minimized their capex investments and reduced operating costs. In the reporting period, the segment's order intake decreased by 18% (-19% in comparable currencies) from the comparison period which was mainly due to a decrease in equipment orders as well as operation and maintenance, technical, and upgrade services.

The segment's sales in the reporting period declined 14% (-15% in comparable currencies) mainly due to fewer plant and equipment orders in 2014. Service sales in the reporting period increased by 6% (4% in comparable currencies) from the comparison period. The increase came mainly from spare parts and operation and maintenance services. The segment's profitability was weakened by lower sales. Competition continued on an intense level.

Metals, Energy & Water

Q1-Q3 highlights

- Strong order intake including multiple energy, aluminum, and zinc solutions
- Improved profitability due to better project execution
- Service sales growth came from upgrade and shut-down services related to the Kempe acquisition

Reporting segment – Metals, Energy & Water EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Change %	Q1-Q4 2014
Order intake	120.2	74.8	529.7	376.4	41¹⁾	584.1
Sales	178.2	165.9	493.6	530.5	-7²⁾	743.1
Service sales	51.0	52.9	144.6	137.3	5³⁾	199.4
EBITA (excluding one-time items)	7.5	3.7	24.3	-5.6		-1.1
EBITA (excluding one-time items), %	4.2	2.3	4.9	-1.1		-0.2
PPAs	-1.5	-1.3	-4.5	-3.6		-5.0
One-time items	-2.3	-0.4	-6.2	-1.6		-12.2
EBIT	3.7	2.0	13.6	-10.8		-18.2
EBIT, %	2.1	1.2	2.8	-2.0		-2.5
Unrealized and realized exchange gains and losses ⁴⁾	-2.1	-2.3	-0.9	-3.4		-4.5

¹⁾ In comparable currencies 35%

²⁾ In comparable currencies -8%

³⁾ In comparable currencies 3%

⁴⁾ Related to foreign exchange forward agreements and bank accounts

The Metals, Energy & Water business area's order intake in the reporting period improved from the comparison period due to increased activity especially in waste-to-energy solutions. The segment's order intake in the reporting period increased by 41% (35% in comparable currencies) from the comparison period and totaled EUR 530 (376) million. In the reporting period, the segment's sales declined by 7% (-8% in comparable currencies) due to the low plant and equipment order intake in 2014.

Service sales in the reporting period increased by 5% (3% in comparable currencies). The growth came from upgrade and shut-down services related to the Kempe acquisition. Provision releases resulting from the progress, completions, and risk assessment of projects, as well as a higher share of service sales, improved the segment's profitability. In the comparison period, EUR 24 million negative impact came from project costs overruns.

BALANCE SHEET, FINANCING AND CASH FLOW

Balance sheet, financing and cash flow EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Last 12 months	Q1-Q4 2014
Net cash from operating activities	64.8	-25.3	21.9	-18.0	59.8	19.9
Net interest-bearing debt at the end of the period	74.3	9.0	74.3	9.0	74.3	-5.8
Equity at the end of the period	425.8	449.6	425.8	449.6	425.8	445.3
Equity-to-assets ratio at the end of the period, %	32.2	37.1	32.2	37.1	32.2	36.1
Gearing at the end of the period, %	17.4	2.0	17.4	2.0	17.4	-1.3
Working capital at the end of the period	-12.0	6.7	-12.0	6.7	-12.0	-28.2

The consolidated balance sheet total was EUR 1,527 (1,450) million on September 30, 2015. The equity to shareholders of the parent company was EUR 424 (450) million, representing EUR 2.34 (2.48) per share. Equity was impacted by a dividend payment of EUR 18 million (paid on April 16, 2015) and negative translation differences of EUR 13 million (EUR 8 million positive).

The net cash from operating activities in the third quarter of 2015 was EUR 65 (-25) million, and for the reporting period EUR 22 (-18) million. Lower taxes, favorable working capital development, and improved profitability contributed to the positive cash flow. The advance and milestone payments received at the end of the reporting period were EUR 205 (236) million, representing a decrease of 13% from the comparison period. The advance and milestone payments paid to subcontractors at the end of the reporting period were EUR 52 (37) million.

Outotec's cash and cash equivalents at the end of the reporting period totaled EUR 267 (282) million. In the reporting period, cash outflow came mainly from investments and dividends. Cash inflow from interest-bearing debt drawdowns totaled EUR 74 million, of which EUR 45 million was related to a Pohjola bank loan and EUR 29 (10) million to new emissions of Finnish short-term certificates of deposit. Outotec invests its excess cash in short-term money market instruments, such as bank deposits and corporate commercial certificates of deposit.

Outotec has increased investments in the third quarter of 2015, but the company's financing structure remained solid. Net interest-bearing debt at the end of the reporting period was EUR 74 (9) million. Gearing at the end of the reporting period was 17 (2)%. Outotec's equity-to-assets ratio was 32 (37)%. The company's capital expenditure in the reporting period totaled EUR 79 (47) million, of which acquisitions accounted for EUR 36 (9) million and the rest was related mainly to IT systems and R&D equipment.

At the end of the reporting period, guarantees for commercial commitments, including advance payment guarantees issued by the parent and other Group companies, were EUR 663 (495) million.

EUR 45 MILLION COST SAVINGS PROGRAM

On October 30, 2014, Outotec launched a program to save EUR 45 million in operating fixed costs (gross). The savings are expected to contribute in full to 2015 profitability. Savings are mainly related to personnel costs. The measures include redundancies, early retirements, and discontinuing fixed-term agreements and leases.

The achieved annualized savings by the end of the reporting period totaled EUR 34 million. As part of the plan, personnel numbers have been reduced by 533 since September-end 2014.

Total one-time costs for the program were EUR 34 million at the end of the reporting period. One-time costs in the reporting period were EUR 13 million (Q4/2014: EUR 21 million). Estimated remaining one-time costs for the program are at a maximum of EUR 6 million.

CORPORATE STRUCTURE

On August 13, 2015, Outotec announced that it had acquired Canadian based Kovit Engineering Limited from its founders. Kovit Engineering is one of the leading technical consulting and engineering companies specializing in surface and underground mine tailings solutions. Kovit Engineering's annual sales are some EUR 5-10 million and its approximately 30 specialists based in Sudbury, Canada, will transfer to Outotec. The acquisition price was not disclosed. The acquisition will not impact Outotec's financial guidance for 2015.

On July 31, 2015, Outotec announced that it had agreed to acquire the majority of the shares in Biomin South Africa Pty. Ltd. and certain assets from Biomin Technologies S.A. in Switzerland. With this acquisition Outotec gets the full intellectual property and marketing rights of BIOX® bioleaching technology, which is a proven method for the treatment of refractory gold ores. The acquisition price was not disclosed. The acquisition will not impact Outotec's financial guidance for 2015.

In 2015, PPA amortizations from completed acquisitions are expected to be EUR 9 million.

PRODUCT AND TECHNOLOGY DEVELOPMENT

On April 8, 2015, Outotec published the reclassified research and development expenses per January 1, 2015 including 2014 comparison figures. The reclassification of costs is consistent with the redefinition of the product management business processes. Reclassification does not impact Outotec's sales, EBITA, EBIT, or 2015 financial guidance.

In the reporting period, Outotec's research and development expenses totaled EUR 49 (44) million, and represented 5 (4)% of sales. This increase is mainly due to IPR related litigation costs.

Outotec filed 56 (37) new priority applications and 427 (259) new national patents were granted. At the end of the reporting period, Outotec had 801 (728) patent families, including a total of 7,267 (6,471) national patents or patent applications.

On September 8, 2015, Outotec announced the establishment of a Dewatering Technology Center in Lappeenranta, Finland, to further strengthen its position as a leader in dewatering solutions. The center is dedicated to developing new products, processes, and services for solid-liquid separation and raw material reuse for the entire life cycle of processing plants. Outotec's customers are constantly looking for more efficient processes in mineral slurry dewatering, process water reuse and by-product handling in metals and chemical processing, as well as in industrial water treatment.

SUSTAINABILITY

Outotec's approach to sustainability is defined in the company's mission, strategy, values, code of conduct, and management system documents. Outotec's most significant impact on sustainability occurs indirectly through its customers' resource-efficient operations. "Sustainable use of Earth's natural resources" is the mission the company works towards achieving, in cooperation with customers. According to its core value, "committed to sustainability", Outotec intends to incorporate sustainability into all aspects of its operations, comprising the social, economic, and environmental elements of sustainability.

On September 10, 2015, Outotec announced that it had been selected for the third consecutive year to the Dow Jones Sustainability Europe Index for 2015-2016. As much as 90% of Outotec's order intake in 2014 comprised of environmental goods and services according to the OECD criteria. The company has developed many breakthrough technologies for metals and minerals processing, and is also creating innovative solutions for the renewable energy industry and industrial water treatment.

PERSONNEL

At the end of the reporting period, Outotec had a total of 4,913 (4,948) employees of whom 1,790 (1,759) were service-related employees. Outotec had on average 4,853 (4,868) employees in the reporting period. Temporary personnel accounted for 8 (10)% of the total personnel.

Outotec's headcount totaled 4,948 at September-end 2014 when the EUR 45 million cost saving program started. As part of the plan, personnel numbers have been reduced by 533. Acquisitions in the reporting period increased the headcount by 375 people. In addition, 123 people have been recruited mainly to sales, supply, and delivery functions.

Personnel by region	September 30, 2015	September 30, 2014	Change	December 31, 2014
EMEA (including the CIS)	3,132	2,877	255	2,627
Americas	1,079	1,323	-244	1,214
APAC	702	748	-46	730
Total	4,913	4,948	-35	4,571

At the end of the reporting period, the company had, in addition to its own personnel, 514 (466) full-time equivalent, contracted professionals working in project execution. The number of contracted workers at any given time changes with the active project mix and project commissioning, local legislation, and regulations, as well as seasonal fluctuations.

In the reporting period, salaries and other employee benefits totaled EUR 276 (271) million. In comparable currencies, the salaries and other employee benefits, including acquisitions, would have been EUR 272 million.

CHANGES IN OUTOTEC'S MANAGEMENT

On September 22, 2015, Outotec announced the nomination of Mr Jari Ålgars, M.Sc. (Econ) as the Chief Financial Officer and member of the Outotec Executive Board from October 1, 2015. Mr Mikko Puolakka, CFO, will continue working for Outotec until January 31, 2016, ensuring the smooth transition of his responsibilities to his successor.

On September 22, 2015, Outotec announced that Ms Minna Aila, Senior Vice President, Marketing, Communications and Corporate Responsibility and member of Outotec Executive Board, will pursue her career outside the company as of October 18, 2015. Her previous duties are currently being covered by other Executive Board Members.

On September 18, 2015, Mr Björn Rosengren, member of Outotec's Board of Directors since 2014, resigned from Outotec's Board. He has been nominated CEO for Sandvik AB, which operates in the same industry as Outotec.

LEGAL DISPUTES

On September 15, 2015, Outotec announced that the company and Yanggu Xiangguang Copper Co. (Yanggu) have settled all legal disputes regarding license agreements and intellectual property rights relating to Outotec Flash Smelting technology (Press Release on April 2, 2014 and Stock Exchange Release on March 23, 2015). Yanggu has withdrawn its application for summons at the High Court of Shandong Province in China and Outotec has withdrawn its arbitration process at the ICC International Court of Arbitration. These settlements have no impact on Outotec's financial guidance for 2015.

On September 7, 2015, Outotec announced that the Price Supervision and Anti-Monopoly Bureau of the National Development and Reform Commission of the P.R. China (NDRC) has closed its investigations of Outotec's market position regarding the Flash Smelting and Flash Converting technologies in China (Stock Exchange Release on March 23, 2015). Outotec has been cooperating with NDRC during the investigation and undertaken to adapt modifications required by Chinese anti-monopoly laws into Outotec's license agreements in China. Outotec will continue its Flash Smelting and Flash Converting technology business in China.

On August 28, 2015, Outotec announced that the arbitration proceedings concerning the patent dispute relating to ferroalloys technology between Outotec and Outokumpu Oyj have reached a verdict. The Arbitral award confirmed Outotec's joint ownership rights for the patents and Outokumpu's breach of cooperation agreement. Outotec's claims for compensation were dismissed as premature. Outotec will peruse the award in more detail and separately disclose its possible implications for the legal proceedings related to the same technologies at the Helsinki District Court.

All ongoing legal disputes are listed in the risk section of the company's website at www.outotec.com/investors.

CHANGES IN SHAREHOLDING IN Q3 2015

On August 28, 2015, Harris Associates Investment Trust (111 S. Wacker Drive, Suite 4600, Chicago, Illinois, USA) announced that its Oakmark International Small Cap Funds' holdings in shares of Outotec Oyj (OTE1V) on August 26, 2015 had exceeded 5% and were 9,336,814 shares, which represents 5.10% of the share capital.

On July 30, 2015, Mandarine Gestion (40 avenue George V - 75008 Paris, France) announced that its holdings in shares of Outotec Oyj (OTE1V) on July 30, 2015 had fallen below 5% and were 9,009,106 shares, which represents 4.92% of the share capital.

On July 27, 2015, Mandarine Gestion (40 avenue George V - 75008 Paris, France) announced that its holdings in shares of Outotec Oyj (OTE1V) on July 24, 2015 had exceeded 5% and were 9,253,697 shares, which represents 5.05% of the share capital.

On July 8, 2015, Harris Associates L.P. (111 S. Wacker Drive, Suite 4600, Chicago, Illinois, USA) announced that its holdings in shares of Outotec Oyj (OTE1V) on July 6, 2015 had exceeded 5% and were 9,289,114 shares, which represents 5.07% of the share capital.

OTHER ANNOUNCEMENTS IN Q3 2015

On September 30, 2015, Outotec announced that the Board of Directors has decided to continue Outotec's Employee Share Savings Plan (announced on September 25, 2012) for the calendar year 2016.

SHORT-TERM RISKS AND UNCERTAINTIES

Risks related to Outotec's business operations are high in certain markets, such as Russia, Turkey and the Middle East. The geopolitical situation, sanctions, or economic conditions may change rapidly and cause delays, suspensions, or cancelations of ongoing projects, or completely prevent Outotec from operating in these areas.

Increased uncertainty of China's growth outlook, weakened metal prices, weakening of emerging market economies, or lack of financing may cause customers to postpone investments or service purchases. In some cases, existing projects may be put on hold or cancelled.

Outotec delivers equipment, process solutions, complete plants, and services, which are complex in nature and require advanced technology know-how and precise subcontractor performance management. Deviations from original plans during the execution phase may cause significant additional operational costs or delay penalties. In difficult market situations, the risks related to disagreements about agreed scope, delivery time, and performance may increase. Disagreements may lead to legal disputes, higher costs, deviations from agreed payment schedules, claiming on-demand bonds, or credit losses.

Outotec is involved in some arbitration and court proceedings. Different interpretations of international contracts and laws may cause uncertainty in estimating the final outcome of the disputes. Outotec makes provisions for the amounts related to the claims, when an unfavorable outcome is probable and the amount can be reasonably estimated.

Approximately 60% of Outotec cash flows are denominated in euros. Outotec's policy is to hedge 100% of transaction risks. When there are significant currency fluctuations, IFRS mark to market valuation of foreign exchange forward agreements principle may cause volatility in Outotec's quarterly profit and loss statements.

For more information about Outotec's business risks and risk management, please refer to the Notes to the Financial Statements, as well as the company's website at www.outotec.com.

EVENTS AFTER THE REPORTING PERIOD

On October 22, 2015, Outotec announced that it had agreed with GIW Industries, Inc., a subsidiary of KSB Partners, to enter into partnership for the sales and marketing of GIW® slurry pumps and related services to metal mining customers globally. High performance slurry pumps are used in minerals processing grinding, flotation, and dewatering circuits.

On October 12, 2015, Outotec announced that it had been awarded three technology and service contracts by different renewable energy producers in the UK and Canada. The total value of the orders is approximately EUR 55 million, which has been booked into Outotec's 2015 third quarter order intake.

On October 7, 2015, Outotec announced the members of the Nomination Board of Outotec Oyj. The Nomination Board comprises representatives of the three largest shareholders of Outotec as of October 1, 2015, and in addition, Chairman of the Board of Directors of the company. The members are:

- Kari A.J. Järvinen (Solidium Oy)
- Pekka Pajamo (Varma Mutual Pension Insurance Company)
- Mikko Mursula (Ilmarinen Mutual Pension Insurance Company)
- Matti Alahuhta (Outotec Oyj's Chairman of the Board of Directors).

MARKET OUTLOOK

The market outlook continues to be uncertain due to increased uncertainty of China's growth outlook, weakened metal prices and weakening of emerging market economies. There is demand for sustainable solutions in certain metals, geographic regions, and parts of the processing technology value chain. However, sluggish industry sentiment continues to slow down project development and postpone investments.

Iron ore investments are expected to continue at a low level. Recent weakening of base metals and aluminum prices is expected to slow down investments also in these value chains. The concerns regarding China's growth have increased during recent months, which is expected to further postpone the recovery of investments.

The service business is expected to continue to develop in line with the industry's production volumes and productivity improvement needs. However, customers' needs to reduce operating costs and maximize free cash flow are expected to cause continued pressure on pricing and postponements in larger periodic maintenance and upgrade services.

The outlook for industrial water treatment solutions continues to be solid. The scarcity of water and tightening environmental regulations are increasing the need to invest in better water treatment technologies, as the mining and metals industry is one of the largest users of water in the world.

There is demand for waste-to-energy, renewable, and alternative energy solutions in certain countries, but in the short-term, decision making continues to be slow due to uncertainty in subsidy regulation and low energy prices.

FINANCIAL GUIDANCE FOR 2015 NARROWED

Based on the current market outlook, customer business activity and order backlog, the management expects that in 2015:

- Sales will be approximately EUR 1.2-1.3 (previously 1.2-1.4) billion, and
- EBITA (excluding one-time items) will be approximately 5-6 (previously 5-7)%.

Espoo, October 29, 2015

Outotec Oyj

Board of Directors

INTERIM FINANCIAL STATEMENTS (unaudited)

Consolidated statement of comprehensive income EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014
Sales	307.2	320.3	895.5	999.4	1,402.6
Cost of sales	-221.6	-238.3	-641.5	-771.3	-1,082.1
Gross profit	85.7	82.0	254.0	228.1	320.5
Other income	0.2	0.1	2.6	0.8	1.6
Selling and marketing expenses	-26.7	-24.8	-82.7	-74.8	-102.5
Administrative expenses	-32.1	-27.6	-88.0	-78.7	-104.7
Research and development expenses	-14.2	-13.3	-49.0	-43.7	-56.9
Other expenses	-6.2	-16.7	-18.2	-23.4	-47.2
Share of results of associated companies	-	0.0	-0.4	-0.2	-0.3
Operating profit	6.7	-0.3	18.3	8.1	10.4
Finance income and expenses					
Interest income and expenses	-1.5	-1.1	-3.7	-2.7	-3.9
Market price gains and losses	-1.8	-0.7	-2.5	-0.8	-1.8
Other finance income and expenses	-0.9	-1.0	-2.9	-3.2	-4.6
Net finance income expense	-4.2	-2.8	-9.0	-6.7	-10.2
Profit before income taxes	2.5	-3.1	9.2	1.4	0.2
Income tax expenses	-0.7	0.1	-2.8	-1.2	-0.1
Profit for the period	1.8	-3.0	6.5	0.1	0.2
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit obligations	-0.2	-	3.0	-	-7.5
Income tax relating to items that will not be reclassified to profit or loss	0.1	-	-0.9	-	2.2
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations	-20.9	6.4	-12.9	8.1	8.7
Cash flow hedges	0.4	-0.4	-0.4	-1.5	-1.6
Available for sale financial assets	0.0	-	0.0	-0.1	-0.1
Income tax relating to items that may be reclassified to profit or loss	-0.1	0.0	0.0	0.0	0.0
Other comprehensive income for the period	-20.8	6.0	-11.1	6.6	1.8
Total comprehensive income for the period	-19.1	3.0	-4.7	6.7	1.9
Profit for the period attributable to:					
Equity holders of the parent company	1.6	-3.0	6.2	0.1	0.2
Non-controlling interest	-0.1	-	-0.3	-	-
Total comprehensive income for the period attributable to:					
Equity holders of the parent company	-19.2	3.0	-4.9	6.7	1.9
Non-controlling interest	-0.1	-	-0.3	-	-
Earnings per share for profit attributable to the equity holders of the parent company:					
Basic earnings per share, EUR	0.01	-0.02	0.03	0.00	0.00
Diluted earnings per share, EUR	0.01	-0.02	0.03	0.00	0.00

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 consolidated statement of financial position EUR million	September 30, 2015	September 30, 2014	December 31, 2014
ASSETS			
Non-current assets			
Intangible assets	386.9	337.8	350.5
Property, plant and equipment	82.7	82.3	78.1
Deferred tax asset	95.2	64.6	70.5
Non-current financial assets			
Interest-bearing	3.6	2.2	3.6
Non-interest-bearing	8.1	6.4	9.3
Total non-current assets	576.4	493.2	512.0
Current assets			
Inventories ¹⁾	210.8	191.4	170.0
Current financial assets			
Interest-bearing	0.2	0.2	0.2
Non-interest-bearing	472.8	483.0	478.0
Cash and cash equivalents	267.1	282.0	281.9
Total current assets	950.9	956.5	930.1
TOTAL ASSETS	1,527.3	1,449.7	1,442.1
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the parent company	423.7	449.6	445.3
Non-controlling interest	2.2	-	-
Total equity	425.8	449.6	445.3
Non-current liabilities			
Interest-bearing	279.8	245.9	242.6
Non-interest-bearing	129.8	118.2	115.5
Total non-current liabilities	409.5	364.1	358.1
Current liabilities			
Interest-bearing	59.6	41.6	30.7
Non-interest-bearing			
Advances received ²⁾	204.5	236.2	207.6
Other non interest-bearing liabilities	427.8	358.2	400.4
Total current liabilities	691.9	636.0	638.7
Total liabilities	1,101.5	1,000.1	996.9
TOTAL EQUITY AND LIABILITIES	1,527.3	1,449.7	1,442.1

¹⁾ Of which advances paid for inventories amounted to EUR 52.3 million at September 30, 2015 (September 30, 2014: EUR 36.5 million, December 31, 2014: EUR 34.7 million).

²⁾ Gross advances received before percentage of completion revenue recognition amounted to EUR 1,580.7 million at September 30, 2015 (September 30, 2014: EUR 1,751.2 million, December 31, 2014: EUR 1,632.2 million).

Condensed consolidated statement of cash flows EUR million	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014
Cash flows from operating activities			
Profit for the period	6.5	0.1	0.2
Adjustments for			
Depreciation and amortization	29.6	24.1	32.6
Other adjustments	7.2	19.7	21.9
Decrease (+)/Increase (-) in working capital	-10.5	-32.7	-1.2
Interest received	3.1	4.2	5.6
Interest paid	-6.3	-7.2	-8.7
Income tax paid	-7.8	-26.3	-30.3
Net cash from operating activities	21.9	-18.0	19.9
Purchases of assets	-43.3	-37.3	-57.1
Acquisition of subsidiaries and business operations, net of cash	-27.7	-7.9	-8.0
Proceeds from sale of assets	0.3	0.6	1.7
Cash flows from other investing activities	-	-0.3	-1.8
Net cash used in investing activities	-70.8	-44.9	-65.2
Cash flow before financing activities	-48.9	-62.8	-45.3
Repayments of non-current debt	-8.0	-6.8	-13.7
Borrowings of non-current debt	45.0	45.0	45.0
Decrease in current debt	-1.8	-0.4	-2.5
Increase in current debt	24.2	15.1	6.1
Dividends paid	-18.1	-36.6	-36.6
Cash flows from other financing activities	0.9	0.3	0.4
Net cash used in financing activities	42.1	16.5	-1.3
Net change in cash and cash equivalents	-6.8	-46.4	-46.6
Cash and cash equivalents at the beginning of the period	281.9	323.7	323.7
Foreign exchange rate effect on cash and cash equivalents	-7.9	4.6	4.8
Net change in cash and cash equivalents	-6.8	-46.4	-46.6
Cash and cash equivalents at the end of the period	267.1	282.0	281.9

Consolidated statement of changes in equity

Attributable to the equity holders of the parent company										
EUR million	Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Reserve for invested non-restricted equity	Cumulative translation differences	Retained earnings	Non-controlling interest	Total equity
Equity at January 1, 2014	17.2	20.2	0.5	-6.7	-18.1	92.7	-8.2	379.8	-	477.4
Dividends	-	-	-	-	-	-	-	-36.6	-	-36.6
Share-based compensation	-	-	-	-	0.1	0.2	-	1.5	-	1.7
Total comprehensive income for the period	-	-	-	-1.5	-	-	8.1	0.1	-	6.7
Other changes	-	-	-	-	-	-	-	0.4	-	0.4
Equity at September 30, 2014	17.2	20.2	0.5	-8.2	-18.0	92.9	-0.1	345.2	-	449.6
Equity at January 1, 2015	17.2	20.2	0.4	-13.6	-18.0	93.0	0.4	345.5	-	445.3
Dividends	-	-	-	-	-	-	-	-18.1	-	-18.1
Share-based compensation	-	-	-	-	0.6	0.7	-	0.2	-	1.4
Total comprehensive income for the period	-	-	-	1.8	-	-	-12.9	6.2	0.3	-4.7
Minority acquisition	-	-	-	-	-	-	-	-	1.9	1.9
Other changes	-	-	-	-	-	-	-	0.0	-	0.0
Equity at September 30, 2015	17.2	20.2	0.4	-11.8	-17.4	93.8	-12.5	333.8	2.2	425.8

Group key figures	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Last 12 months	Q1-Q4 2014
Sales, EUR million	307.2	320.3	895.5	999.4	1,298.7	1,402.6
Gross margin, %	27.9	25.6	28.4	22.8	26.7	22.9
EBIT, EUR million	6.7	-0.3	18.3	8.1	20.6	10.4
EBIT, %	2.2	-0.1	2.0	0.8	1.6	0.7
Profit before taxes, EUR million	2.5	-3.1	9.2	1.4	8.1	0.2
Profit before taxes in relation to sales, %	0.8	-1.0	1.0	0.1	0.6	0.0
Net cash from operating activities, EUR million	64.8	-25.3	21.9	-18.0	59.8	19.9
Net interest-bearing debt at the end of period, EUR million	74.3	9.0	74.3	9.0	74.3	-5.8
Gearing at the end of period, %	17.4	2.0	17.4	2.0	17.4	-1.3
Equity-to-assets ratio at the end of period, %	32.2	37.1	32.2	37.1	32.2	36.1
Working capital at the end of period, EUR million	-12.0	6.7	-12.0	6.7	-12.0	-28.2
Capital expenditure, EUR million	21.0	15.5	78.7	47.0	100.2	68.5
Capital expenditure in relation to sales, %	6.8	4.9	8.8	4.7	7.7	4.9
Return on investment, %, LTM	3.7	5.1	3.7	5.1	3.7	1.7
Return on equity, %, LTM	1.5	2.9	1.5	2.9	1.5	0.0
Order backlog at the end of period, EUR million	1,116.7	1,217.3	1,116.7	1,217.3	1,116.7	1,138.0
Order intake, EUR million	268.4	265.6	922.7	855.5	1,245.1	1,177.9
Personnel at the end of the period	4,913	4,948	4,913	4,948	4,913	4,571
Profit for the period in relation to sales, %	0.6	-0.9	0.7	0.0	0.5	0.0
Research and development expenses, EUR million	14.2	13.3	49.0	43.7	62.3	56.9
Research and development expenses in relation to sales, %	4.6	4.2	5.5	4.4	4.8	4.1
Earnings per share, EUR	0.01	-0.02	0.03	0.00	0.03	0.00
Equity per share, EUR	2.34	2.48	2.34	2.48	2.34	2.47

Definitions for key financial figures

Net interest-bearing debt = Interest-bearing debt - interest-bearing assets

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

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

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

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

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

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

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

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

These Interim Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting. In these Interim Financial Statements, the same accounting policies and methods have been applied as in the latest Annual Financial Statements. These Interim Financial Statements are unaudited.

The following new standards and interpretations have been published, but they are not effective in 2015, neither has Outotec early adapted them:

- IFRS 9 – Financial Instruments. The new standard replaces the current standard IAS 39 Financial Instruments: Recognition and measurement. It addresses the classification, measurement, and recognition of financial assets and financial liabilities. Based on IFRS 9, financial assets are required to be classified into three measurement categories: amortized cost, fair value through other comprehensive income, or fair value through profit or loss. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The standard also changes the recognition of impairment losses and the application of hedge accounting. Outotec is assessing the impact of the standard and intends to adopt it in 2018.
- IFRS 15 – Revenue from Contracts with Customers. The new standard aims to establish principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It includes a five-step instructions for the recognition of revenue from contracts with customers and replaces IAS 18 and IAS 11 standards and related interpretations. Outotec is assessing the impact of the new standard and intends to adopt it in 2018.

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 in the reporting period. Accounting estimates are employed in the 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, and impairment of goodwill. These estimates are based on the management's best knowledge of current events and actions; however, it is possible that the actual results may differ from the estimates used in the financial statements.

Major non-recurring Items in operating profit EUR million	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014
One-time costs related to restructuring of business ^{1) 2)}	-12.8	-15.5	-36.6
Costs related to acquisitions ¹⁾	-1.4	-0.7	-0.7
Reversal of earn-out liability from acquisitions ¹⁾	1.1	-	-

¹⁾ Excluded from EBITA

²⁾ No impairments related to intangible, tangible and other long-term assets (in 2014: EUR 11.4 million), personnel related restructurings of EUR 4.2 (in 2014: EUR 20.1) million and other restructuring related costs EUR 8.7 (in 2014: 5.1) million. In segment reporting, the one-time costs related to the restructuring program have been divided between Metals, Energy and Water EUR 5.2 (in 2014: 12.2) million, Minerals Processing 6.9 (in 2014: 13.9) million, and unallocated items EUR 0.8 (in 2014: EUR 10.5) million.

Income tax expenses EUR million	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014
Current taxes	-14.9	-12.1	-21.2
Deferred taxes	12.1	10.9	21.1
Total income tax expenses	-2.8	-1.2	-0.1

Property, plant and equipment EUR million	September 30, 2015	September 30, 2014	December 31, 2014
Historical cost at the beginning of the period	159.3	170.9	170.9
Translation differences	-4.1	2.6	2.0
Additions	11.9	18.1	18.5
Disposals	-1.2	-4.4	-6.6
Acquired subsidiaries	6.9	-	-
Reclassifications	-1.2	-5.4	-25.4
Impairment during the period	-	-	-0.0
Historical cost at the end of the period	171.7	181.6	159.3
Accumulated depreciation and impairment at the beginning of the period	-81.2	-92.0	-92.0
Translation differences	2.1	-1.1	-0.8
Disposals	1.0	3.9	5.1
Reclassifications	-0.2	0.1	19.9
Impairment during the period	-	-	0.0
Depreciation during the period	-10.7	-10.4	-13.5
Accumulated depreciation and impairment at the end of the period	-88.9	-99.4	-81.2
Carrying value at the end of the period	82.7	82.3	78.1

Commitments and contingent liabilities EUR million	September 30, 2015	September 30, 2014	December 31, 2014
Guarantees for commercial commitments	454.9	299.8	307.5
Minimum future lease payments on operating leases	118.0	135.1	131.7

No securities or collateral have been pledged. Commercial guarantees are related to the performance obligations of project and equipment deliveries. These are issued by financial institutions or Outotec Oyj on behalf of the group companies. The total value of the commercial guarantees above does not include advance payment guarantees issued by the parent or other group companies, or guarantees for financial obligations. The total amount of guarantees for financing issued by the group companies amounted to EUR 17.5 million at September 30, 2015 (September 30, 2014: EUR 28.3 million, December 31, 2014: EUR 17.3 million) and for commercial guarantees including advance payment guarantees EUR 662.7 million at September 30, 2015 (September 30, 2014: EUR 495.0 million, December 31, 2014: EUR 511.0 million). High exposure of on-demand guarantees may increase the risk of claims that may have an impact on the liquidity of Outotec.

Derivative instruments

Currency and interest derivatives EUR million	September 30, 2015	September 30, 2014	December 31, 2014
Fair values, net	11.4 ¹⁾	1.0 ²⁾	4.0 ³⁾
Nominal values	600.1	525.5	576.8

¹⁾ Of which EUR -0.7 million designated as cash flow hedges (EUR -0.5 million from currency derivatives, EUR -0.2 million from interest derivatives) and EUR 5.6 million designated as fair value hedge from interest derivatives.

²⁾ Of which EUR -0.4 million designated as cash flow hedges (EUR -0.1 million from currency derivatives, EUR -0.3 million from interest derivatives) and EUR 5.7 million designated as fair value hedge from interest derivatives.

³⁾ Of which EUR -1.3 million designated as cash flow hedges (EUR -1.0 million from currency derivatives, EUR -0.3 million from interest derivatives) and EUR 6.5 million designated as fair value hedge from interest derivatives.

Carrying amounts of financial assets and liabilities by category

September 30, 2015

	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Derivatives under hedge accounting	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
EUR million								
Non-current financial assets								
Derivative assets								
- foreign exchange forward contracts	0.1	-	-	-	-	-	0.1	0.1
- interest rate swaps	-	-	-	-	5.6	-	5.6	5.6
Other shares and securities	-	-	2.2	-	-	-	2.2	2.2
Trade and other receivables								
- interest-bearing	-	1.4	-	-	-	-	1.4	1.4
- non-interest-bearing	-	0.0	-	-	-	-	0.0	0.0
Current financial assets								
Derivative assets								
- foreign exchange forward contracts	12.6	-	-	-	0.3	-	13.0	13.0
Trade and other receivables								
- interest-bearing	-	0.2	-	-	-	-	0.2	0.2
- non-interest-bearing	-	459.8	-	-	-	-	459.8	459.8
Cash and cash equivalents	-	267.1	-	-	-	-	267.1	267.1
Carrying amount by category	12.7	728.6	2.2	-	6.0	-	749.4	749.4
Non-current financial liabilities								
Bonds	-	-	-	-	-	148.7	148.7	152.2
Loans from financial institutions	-	-	-	-	-	128.7	128.7	131.4
Finance lease liabilities	-	-	-	-	-	0.0	0.0	0.0
Derivative liabilities								
- foreign exchange forward contracts	-	-	-	0.3	0.8	-	1.1	1.1
- interest rate swaps	-	-	-	-	0.2	-	0.2	0.2
Other non-current loans	-	-	-	-	-	2.4	2.4	2.4
Other non-current liabilities	-	-	-	-	-	4.8	4.8	4.8
Current financial liabilities								
Loans from financial institutions	-	-	-	-	-	16.5	16.5	17.4
Loans from pension institutions	-	-	-	-	-	0.2	0.2	0.2
Derivative liabilities								
- foreign exchange forward contracts	-	-	-	5.9	0.0	-	6.0	6.0
Other current loans	-	-	-	-	-	42.9	42.9	42.9
Trade payables	-	-	-	-	-	114.6	114.6	114.6
Carrying amount by category	-	-	-	6.2	1.1	458.8	466.1	473.2

Carrying amounts of financial assets and liabilities by category

December 31, 2014

EUR million	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Derivatives under hedge accounting	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
Non-current financial assets								
Derivative assets								
- foreign exchange forward contracts	0.0	-	-	-	-	-	0.0	0.0
- interest rate swaps	-	-	-	-	6.5	-	6.5	6.5
Other shares and securities	-	-	2.2	-	-	-	2.2	2.2
Trade and other receivables								
- interest-bearing	-	1.4	-	-	-	-	1.4	1.4
- non-interest-bearing	-	0.0	-	-	-	-	0.0	0.0
Current financial assets								
Derivative assets								
- foreign exchange forward contracts	6.1	-	-	-	0.1	-	6.2	6.2
Trade and other receivables								
- interest-bearing	-	0.2	-	-	-	-	0.2	0.2
- non-interest-bearing	-	471.8	-	-	-	-	471.8	471.8
Cash and cash equivalents	-	281.9	-	-	-	-	281.9	281.9
Carrying amount by category	6.1	755.3	2.2	-	6.6	-	770.3	770.3
Non-current financial liabilities								
Bonds	-	-	-	-	-	148.5	148.5	153.0
Loans from financial institutions	-	-	-	-	-	91.3	91.3	94.6
Loans from pension institutions	-	-	-	-	-	0.2	0.2	0.2
Derivative liabilities								
- foreign exchange forward contracts	-	-	-	0.1	-	-	0.1	0.1
- Interest rate swaps	-	-	-	-	0.3	-	0.3	0.3
Other non-current loans	-	-	-	-	-	2.7	2.7	2.7
Other non-current liabilities	-	-	-	-	-	2.4	2.4	2.4
Current financial liabilities								
Loans from financial institutions	-	-	-	-	-	15.1	15.1	16.1
Loans from pension institutions	-	-	-	-	-	0.2	0.2	0.2
Derivative liabilities								
- foreign exchange forward contracts	-	-	-	7.3	1.0	-	8.3	8.3
Other current loans	-	-	-	-	-	15.4	15.4	15.4
Trade payables	-	-	-	-	-	116.7	116.7	116.7
Carrying amount by category	-	-	-	7.4	1.4	392.3	401.1	409.9

Fair value hierarchy
September 30, 2015

EUR million	Level 1	Level 2	Level 3	Total
Available for sale financial assets	0.0	-	2.1	2.2
Derivative financial assets	-	18.6	-	18.6
	0.0	18.6	2.1	20.8
Bonds	-	152.2	-	152.2
Loans from financial institutions	-	148.8	-	148.8
Loans from pension institutions	-	0.2	-	0.2
Derivative financial liabilities	-	7.3	-	7.3
	-	308.5	-	308.5
December 31, 2014				
Available for sale financial assets	0.0	-	2.2	2.2
Derivative financial assets	-	12.7	-	12.7
	0.0	12.7	2.2	14.9
Bonds	-	153.0	-	153
Loans from financial institutions	-	110.7	-	110.7
Loans from pension institutions	-	0.4	-	0.4
Derivative financial liabilities	-	8.7	-	8.7
	-	272.8	-	272.8

Available-for-sale financial assets (level 3 of fair value hierarchy) EUR million	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014
Carrying value at the beginning of the period	2.2	0.7	0.7
Translation differences	-0.0	0.0	0.0
Additions	-	-	1.5
Disposals	-0.0	-	-
Carrying value at the end of the period	2.1	0.7	2.2

Related party transactions

Transactions and balances with associated companies EUR million	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014
Sales	0.0	0.1	2.1
Other income	0.1	0.1	0.1
Purchases	0.3	0.2	0.2
Trade and other receivables	0.2	0.3	0.6
Current liabilities	-	1.8	0.4
Loan receivables	1.4	1.4	1.4

Outotec has a 40% investment in Enefit Outotec Technology Oü from which the company had a EUR 1.4 million loan receivable at September 30, 2015 (September 30, 2014: EUR 1.4 million, December 31, 2014: EUR 1.4 million)

Business combinations

Kempe Engineering

In March 2015, Outotec completed the acquisition of Kempe Engineering's aluminum smelter technologies, as well as its service and spare parts businesses in the Middle East and Africa. The acquisition strengthens Outotec's technology and service business in the Middle East and Africa, doubling the installed base and providing new capabilities to expand the service business in the region. Kempe also brings additional, best-cost country sourcing and a manufacturing facility in the United Arab Emirates. The annual sales of the acquired businesses are approximately EUR 25 million. 371 of Kempe's employees joined Outotec. The purchase price has been allocated to technologies. The remaining goodwill of approximately EUR 12 million is mainly based on the personnel know-how and synergy benefits. Purchase price allocation is preliminary and will be finalized during 2015.

Kovit Engineering Ltd

In August 2015, Outotec completed the acquisition of Kovit Engineering Limited. Kovit Engineering specializes in surface and underground mine tailings solutions. The acquisition complements Outotec's existing dewatering and tailings treatment solutions and services as well as strengthening Outotec's position as a global provider of sustainable tailings management solutions. The annual sales of the acquired businesses are some EUR 5-10 million. Approximately 30 of Kovit's employees joined Outotec. The acquisition price was not disclosed. The goodwill of approximately EUR 5 million is mainly based on the personnel know-how, order pipeline, and synergy benefits. Purchase price allocation is preliminary and will be finalized during 2015.

Segments' sales and operating profit by quarters

EUR million	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15
Sales									
Metals, Energy & Water	266.6	262.5	187.7	176.9	165.9	212.6	141.0	174.5	178.2
Minerals Processing	172.8	195.6	156.2	158.4	154.4	190.6	136.4	136.4	129.0
Unallocated items ¹⁾ and intra-group sales	0.7	-0.9	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Total	440.1	457.2	343.9	335.2	320.3	403.2	277.5	310.8	307.2
EBIT									
Metals, Energy & Water	27.0	11.7	-2.9	-9.9	2.0	-7.5	5.1	4.8	3.7
Minerals Processing	22.0	24.9	13.5	11.1	8.9	12.4	-0.1	5.5	5.4
Unallocated ²⁾ and intra-group items	-4.0	-11.2	-1.8	-1.6	-11.2	-2.6	-1.4	-2.4	-2.4
Total	45.0	25.4	8.7	-0.3	-0.3	2.3	3.6	8.0	6.7

¹⁾ Unallocated items primarily include invoicing of group management and administrative services

²⁾ Unallocated items primarily include group management and administrative services

RECLASSIFICATION OF PRODUCT MANAGEMENT COSTS IN OUTOTEC'S INCOME STATEMENT

In Outotec's income statement from January 1, 2015, all costs related to technical product management have been included in Research and Development (R&D) expenses, and all costs related to commercial product management have been included in Selling and Marketing expenses. Previously, some of the costs related to product management activities were reported in the Cost of Sales above the Gross Margin in the income statement.

Since 2011, Outotec has been developing and deploying uniform global business processes and related information technology platforms. The company has now established a more comprehensive technical product management process as part of its R&D, and a commercial product management process as part of its selling and marketing. The reclassification of product management costs is consistent with the redefinition of the product management business processes, and reflects the true nature of these activities in the profit and loss statement.

When applying the reclassification to Outotec's 2014 full year income statement, EUR 19.6 million transfers from Cost of Sales to R&D expenses, and EUR 6.9 million to Selling and Marketing expenses.

Reclassification does not impact Outotec's sales, EBITA, EBIT, or 2015 financial guidance.

ADDITIONAL SEGMENT INFORMATION

Outotec has started to report the segments' order intake and service sales figures as of January 1, 2015.

RESOLUTIONS OF THE 2015 ANNUAL GENERAL MEETING

Outotec Oyj's Annual General Meeting (AGM) was held on March 30, 2015, in Helsinki, Finland.

Financial Statements

The AGM approved the parent company and the consolidated Financial Statements, and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2014.

Dividend

The AGM decided that a dividend of EUR 0.10 per share be paid for the financial year ending on December 31, 2014. The dividend record date is April 1, 2015, and the dividend was paid on April 17, 2015.

The Board of Directors

The AGM decided that the number of the Board members, including Chairman and Vice Chairman, shall be eight (8). Dr Matti Alahuhta, Ms Eija Ailasmaa, Ms Anja Korhonen, Mr Timo Ritakallio, Mr Björn Rosengren and Mr Poju Zabłudowicz were re-elected as members of the Board of Directors, and Mr Ian W. Pearce and Mr Klaus Cawén were elected as new members of the Board. On September 18, 2015, Björn Rosengren resigned from Outotec's Board. He has been nominated as the CEO for Sandvik AB, operating in the same industry as Outotec.

The AGM elected Matti Alahuhta as the Chairman and Timo Ritakallio as the Vice Chairman of the Board of Directors.

The AGM confirmed the annual remunerations to the Board members as follows: EUR 72,000 for the Chairman of the Board of Directors and EUR 36,000 each for the other members of the Board of Directors, as well as an additional EUR 12,000 for both the Vice Chairman of the Board, and the Chairman of the Audit and Risk Committee; and that the members of the Board each be paid EUR 600 for attendance at each board and committee meeting, as well as being reimbursed for the direct costs arising from board work.

Of the annual remuneration, 60% will be paid in cash and 40% in the form of Outotec Oyj shares, which will be acquired from the stock exchange within one week of the date of the AGM, in amounts corresponding to EUR 28,800 for the Chairman, EUR 19,200 each for the Vice Chairman of the Board and the Chairman of the Audit and Risk Committee, and EUR 14,400 for each of the other members of the Board of Directors. The part of the annual fee payable in cash corresponds to the approximate sum necessary for the payment of the income taxes on the annual remuneration and will be paid no later than April 30, 2015. The annual fees encompass the full term of office of the Board of Directors. The attendance fee will be paid in cash.

Auditor

Public Accountants PricewaterhouseCoopers Oy was re-elected as the company's auditor. The auditor will be paid remuneration against the auditor's reasonable invoice approved by the company.

Board's authorizations

The AGM authorized the Board of Directors to decide on the repurchase of the company's own shares as follows:

- Maximum number of the company's own shares to be repurchased is 18,312,149 (corresponds to approximately 10 percent of all the current shares of the company).
- Own shares may be repurchased on the basis of this authorization only by using unrestricted equity.
- Own shares can be repurchased at a price formed in trading on the regulated market on the date of the repurchase or otherwise at a price formed on the market.
- The Board of Directors is entitled to decide how shares are repurchased.
- Own shares may be repurchased in a way other than in proportion to the shares held by the shareholders (directed repurchase).
- The authorization shall be in force until the closing of the next AGM.

As of October 29, 2015, the Board has not executed this authorization.

The AGM further authorized the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares, referred to in Chapter 10, Section 1 of the Companies Act as follows:

- The maximum number of shares to be issued is 18,312,149 shares (corresponds to approximately 10 percent of all the current shares of the company).
- The Board of Directors is entitled to decide on all terms of the issuance of shares and of special rights entitling to shares and it is entitled to deviate from the shareholders' pre-emptive subscription rights (directed issue).

- This authorization applies to both the issuance of new shares and the conveyance of own shares held by the company.
- The authorization shall be in force until the closing of the next AGM.

On April 28, 2015, Outotec announced that the Board of Directors had decided on a directed share issuance of a total maximum number of 77,227 Outotec shares held by the company as a payment of the Share-based Incentive Program 2013-2015 from the 2014 earning period. The reward equals 10.95% of the eligible maximum reward for the earning period, it can be paid to a maximum of 167 Outotec employees and is at maximum 100,621 shares. The 23,394 Outotec shares held by the Share-based Incentive Program's third-party administrator were used as part of the reward payment.

The AGM further authorized the Board of Directors to decide on donations in the aggregate amount of EUR 70,000 to universities and institutions of higher education, or other non-profit purposes. The donations can be made in one or more installments. This authorization shall be in force until the closing of the next AGM.

Amendment of Articles of Association

The AGM decided to amend the Articles of Association Section 8, as well as subsections 6 and 11 of Section 11, of the company's Articles of Association so that the company shall have one Auditor, which shall be an audit firm certified by the Central Chamber of Commerce.

Amendment of the Charter of the Nomination Board

The AGM decided to amend Section 6 of the Charter of the Nomination Board so that the Nomination Board shall submit its proposals to the Board of Directors at the latest on February 15 preceding the AGM.

Board's assembly meeting

In its assembly meeting, the Board of Directors elected Klaus Cawen, Anja Korhonen, Ian W. Pearce, and Timo Ritakallio as members of the Audit and Risk Committee. Anja Korhonen acts as the Chairman of the Audit and Risk Committee.

Eija Ailasmaa, Matti Alahuhta, and Poju Zabłudowicz will act as members of the Human Capital Committee, with Matti Alahuhta as the Chairman of the Committee.

CORPORATE STRUCTURE

The acquisition of Kempe Engineering's aluminum smelter technologies, and its service and spare parts businesses in the Middle East and Africa was closed on March 2, 2015.

In 2015, PPA amortizations from completed acquisitions are expected to be EUR 9 million.

SHARES AND SHARE CAPITAL

Outotec's shares are listed on the Nasdaq Helsinki (OTE1V). At the end of the reporting period, Outotec's share capital was EUR 17,186,442.52, consisting of 183,121,492 shares. Each share entitles its holder to one vote at the company's general shareholder meetings.

OUTOTEC OYJ OWN SHAREHOLDING

At the end of the reporting period, the company held directly a total of 2,028,532 Outotec shares, which represents a relative share of 1.11% of Outotec Oyj's shares and votes.

TRADING, MARKET CAPITALIZATION, AND SHAREHOLDERS

Shares on Nasdaq Helsinki

January-September 2015	No. of shares traded	Total value EUR	High EUR	Low EUR	Average EUR ¹⁾	Last paid EUR
OTE1V	146,917,274	799,282,543	6.85	3.26	5.44	3.31

¹⁾ Volume weighted average

	September 30, 2015	September 30, 2014
Market capitalization, EUR million	605	1,101
No. of shareholders	32,489	29,976
Nominee registered shareholders (no of registers 11), %	28.8	36.0
Finnish private investors, %	19.1	16.3

SHARE-BASED INCENTIVES

Outotec has a Share-based Incentive Program for the company's key personnel and an Employee Share Savings Program for all employees globally. All shares related to the programs are acquired through public trading. More detailed information about present and past programs is available at www.outotec.com/cg.

Outotec provides leading technologies and services for the Sustainable use of Earth's natural resources. As the global leader in minerals and metals processing technology, we have developed many breakthrough technologies over the decades for our customers in the metals and mining industry. We also provide innovative solutions for industrial water treatment, the utilization of alternative energy sources and the chemical industry. Outotec shares are listed on Nasdaq Helsinki.