
Outotec announces Q2 and H1 operating results

Thursday, 30 Jul, 2009

Finland's Outotec posted a lower than expected second quarter operating profit, hit by weakness in its metals processing technology unit, and repeated sales would slump by a quarter in 2009.

It posted second quarter operating profit of EUR 13.9 million, down by 39% YoY and missing the mean forecast of EUR 19 million. The result was weighed by the firm's Base Metals division, which skidded to a loss of EUR 0.4 million from a year ago profit of EUR 11.9 million. The unit's result was well below all expectations in the poll.

Mr Tapani Järvinen CEO of Outotec said that "Difficult market conditions continued in our core market, the mining and metals industry. Our customers' decision making has slowed down and companies are experiencing difficulties in obtaining funding with reasonable terms for their projects. Our order intake was low in the first half of the year. Sales have declined only slightly but are still at a good level as we continue to execute our large order backlog. Profitability suffered from lower business volume and lack of major project completions. We have been adjusting our operations to the changing market by reducing the number of temporary employees and subcontractors in the first half of the year and we are prepared to increase our cost saving measures."

He added that "However, it is equally important for us to maintain our delivery capabilities and technological competitive advantages as well as to be prepared to capitalize on growth opportunities. We have been strengthening our presence in India, China and CIS, and we have also developed our offerings for the energy and industrial water treatment sectors and our efforts have already reaped benefits. On July 10th 2009, Outotec and Eesti Energia signed a EUR 110 million contract for a new oil shale processing plant and agreed on a joint venture to sell the new technology globally. I am also pleased that our services business continues to grow. Our customers always have a need for various services, spare parts and equipment."

Sales and operating profit by segment

Sales

?	Q2 '09	Q2 '08	H1 '09	H1 '08
Minerals Processing	91.1	92.7	175.6	152.8
Base Metals	29.6	72	74.4	132
Metals Processing	103.4	109.2	200.6	213.9
Other Businesses	20	16.7	38.3	25.8
Total	237.6	275.5	469.2	501

In EUR million

Operating profit

?	Q2 '09	Q2 '08	H1 '09	H1 '08
Minerals Processing	7.9	3.2	14	7.3
Base Metals	-0.4	11.9	3.9	18.2
Metals Processing	9.3	11.8	18.2	24.1
Other Businesses	-0.1	1.2	-0.5	1.6
Total	13.9	22.9	30.2	43.8

In EUR million

