



# Interim Review

January 1 – March 31, 2015

Matti Kähkönen, President and CEO  
Harri Nikunen, CFO

April 23, 2015

# Forward looking statements

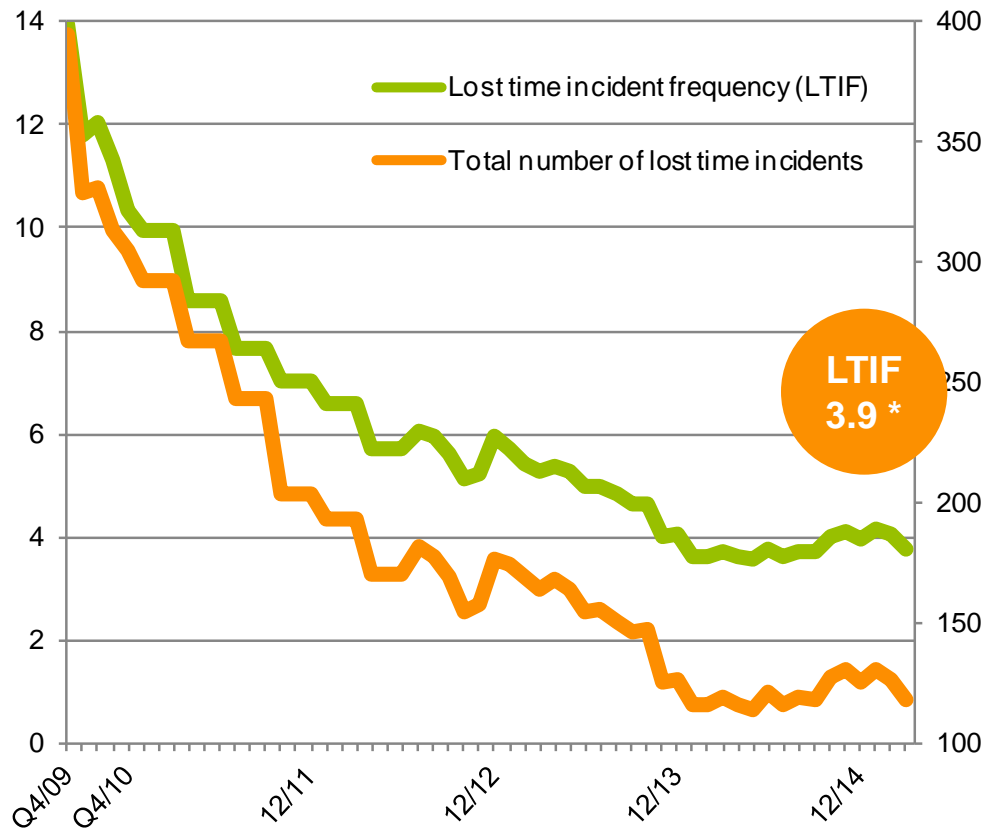
It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for customer industry profitability and investment willingness, expectations for company growth, development and profitability and the realization of synergy benefits and cost savings, and statements preceded by "expects", "estimates", "forecasts" or similar expressions, are forward-looking statements. These statements are based on current decisions and plans and currently known factors. They involve risks and uncertainties which may cause the actual results to materially differ from the results currently expected by the company.

Such factors include, but are not limited to:

- 1) general economic conditions, including fluctuations in exchange rates and interest levels which influence the operating environment and profitability of customers and thereby the orders received by the company and their margins
- 2) the competitive situation, especially significant technological solutions developed by competitors
- 3) the company's own operating conditions, such as the success of production, product development and project management and their continuous development and improvement
- 4) the success of pending and future acquisitions and restructuring.

# Safety is our top priority

Continuous focus on our LTIF target of less than 1 leads to results



## Actions leading to improvement

- Active and visible management support
- HSE part of every decision
- HSE part of incentive plans
- HSE culture development
- Development of safe working methods
- Learning from every incident

# Highlights

## First quarter 2015

- Services orders flat, services net sales increased
- Mining equipment market very weak; oil & gas-related project pipeline softened
- Gross margins remained healthy; lower net sales had an impact on profitability
- Flow Control (valves and pumps) performed well
- Process Automation Systems (PAS) business was sold to Valmet

Order intake:  
EUR 799 million, -9%

Net sales:  
EUR 787 million, -4%

EBITA margin\*:  
8.9% (10.7%)

Gross margin:  
30.0% (28.8%)

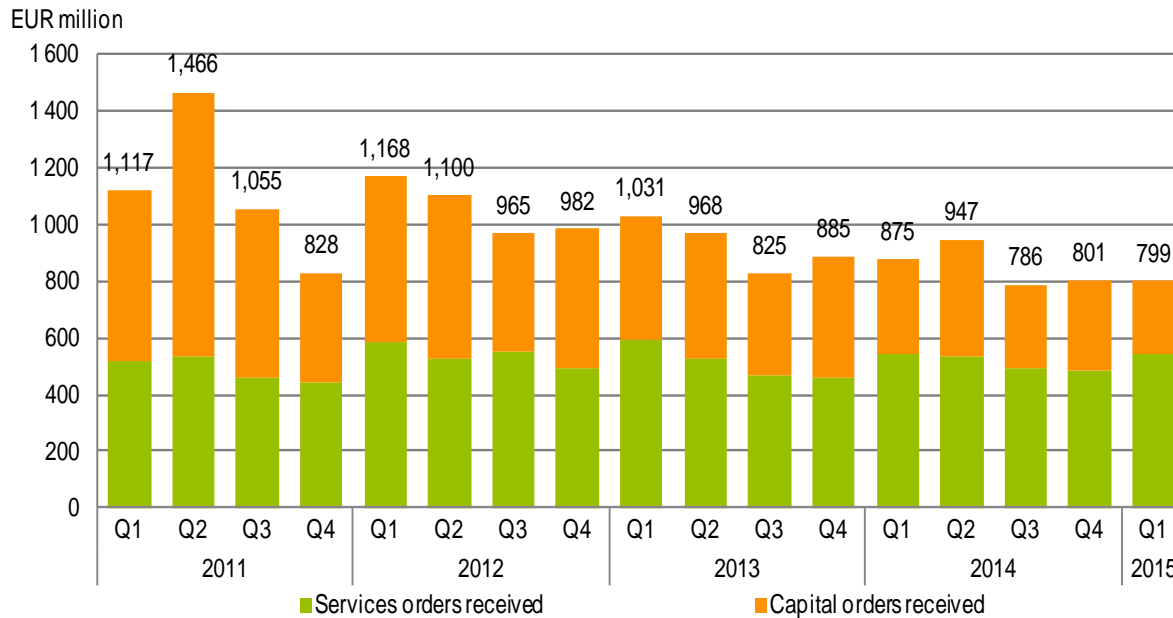
## First quarter 2015 pro forma (excl.PAS)

- Orders received EUR 737 million (EUR 791 million)
- Net sales EUR 732 million (EUR 756 million)
- EBITA\* EUR 78 million (EUR 85 million)
- EBITA\* margin 10.6% (11.3%)

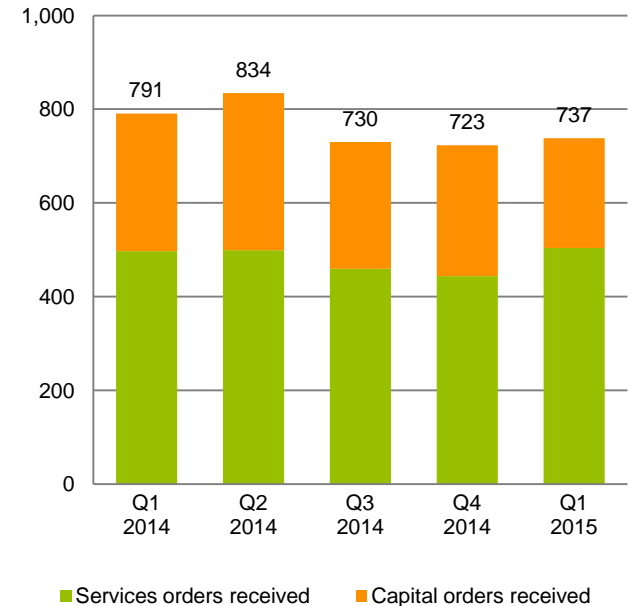
Figures in the brackets refer to same period last year unless otherwise stated  
\* before non-recurring items

# Group order intake

## Quarterly



## Pro forma (excl.PAS)

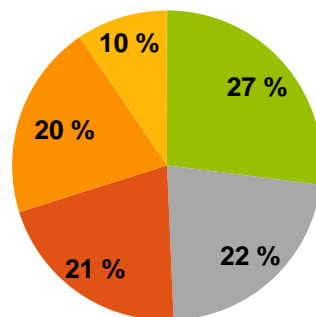


### Q1/2015:

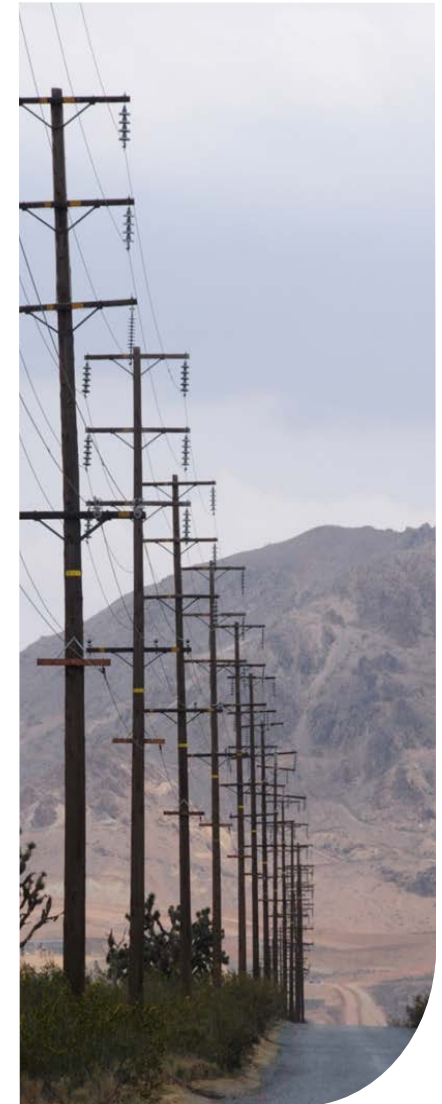
- Total services orders were flat; mining services orders grew 11%
- Lower oil & gas project orders in Flow Control, whereas pulp & paper orders increased
- Mining equipment orders on a very low level

# Orders by country

EUR million	Q1/2015	Q1/2014	Change %
USA	143	135	6
Brazil	56	70	-20
Chile	53	37	43
China	51	75	-32
Australia	44	48	-9
Finland	43	38	12
Canada	36	54	-34
Mexico	28	22	27
Sweden	26	27	-2
India	24	35	-32
Others	295	333	-11
Metso total	799	875	-9

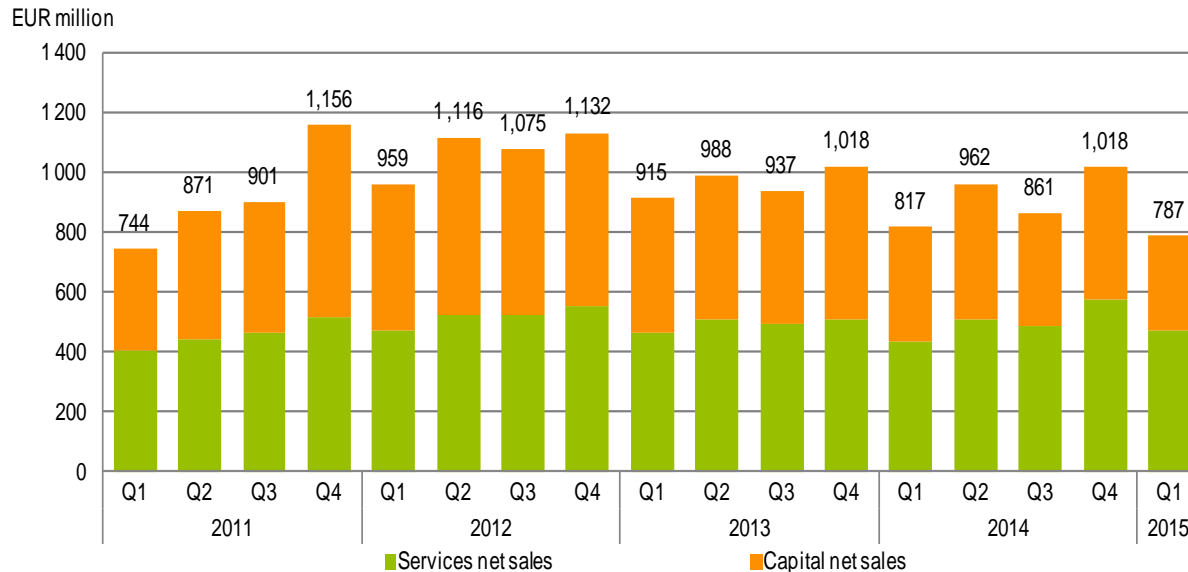


- Europe
- North America
- South America
- Asia-Pacific
- Africa and Middle East

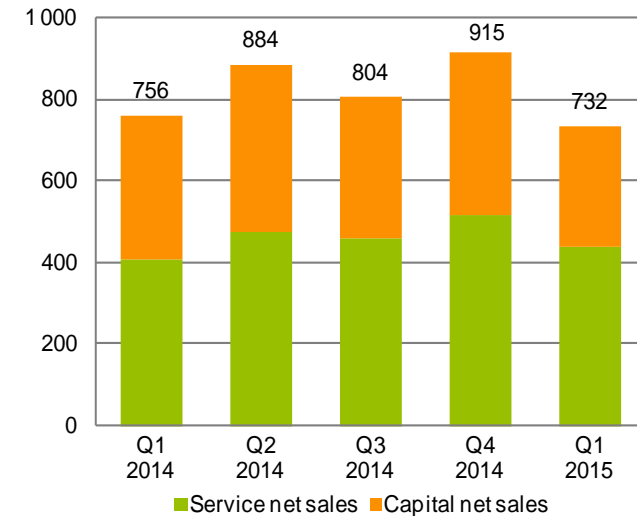


# Group net sales

## Quarterly



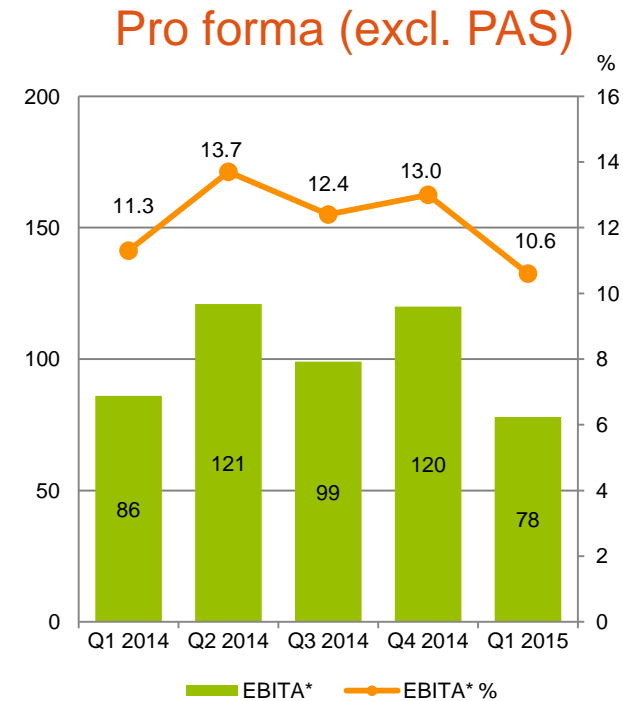
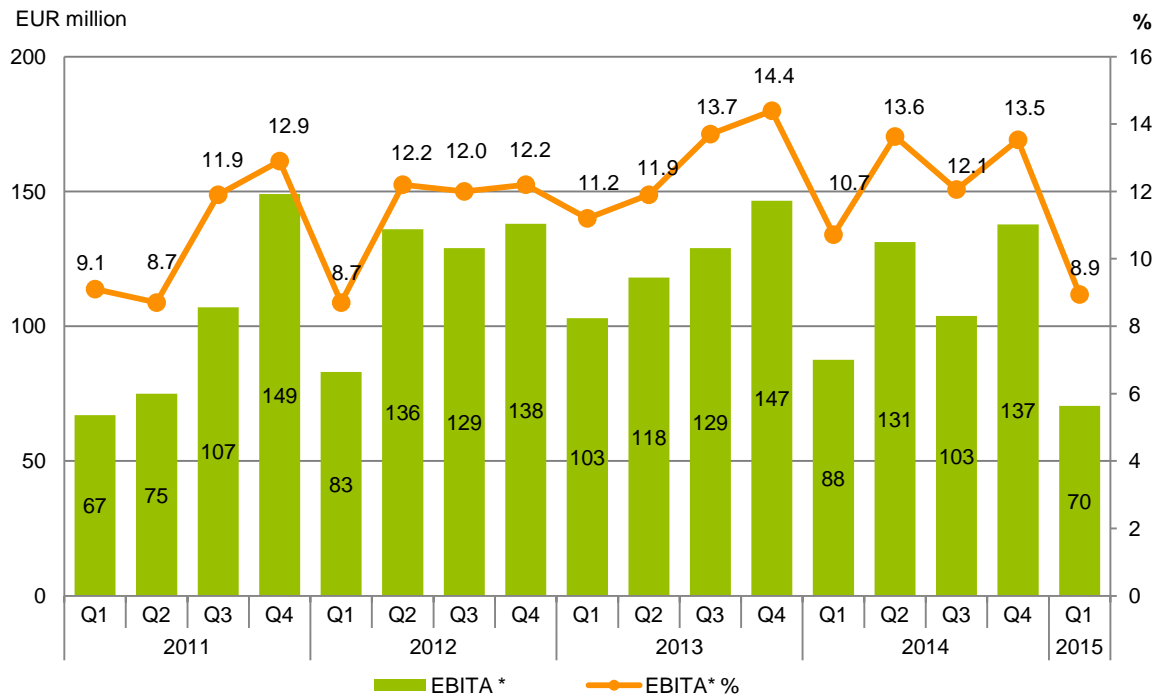
## Pro forma (excl.PAS)



### Q1/2015:

- Services net sales grew 7% overall
- Flow Control (valves and pumps) +14%
- 47% decline in mining equipment sales

# EBITA\* and EBITA margin\*



## EBITA\* %

Minerals

Flow Control

Metso Total

Q1/2015

Q1/2014

Q1/2015\*\*

9.9

11.3

9.9

9.2

11.1

16.7

8.9

10.7

10.6

EBITA\* target:  
15% by 2017





# Financial performance

Harri Nikunen  
CFO

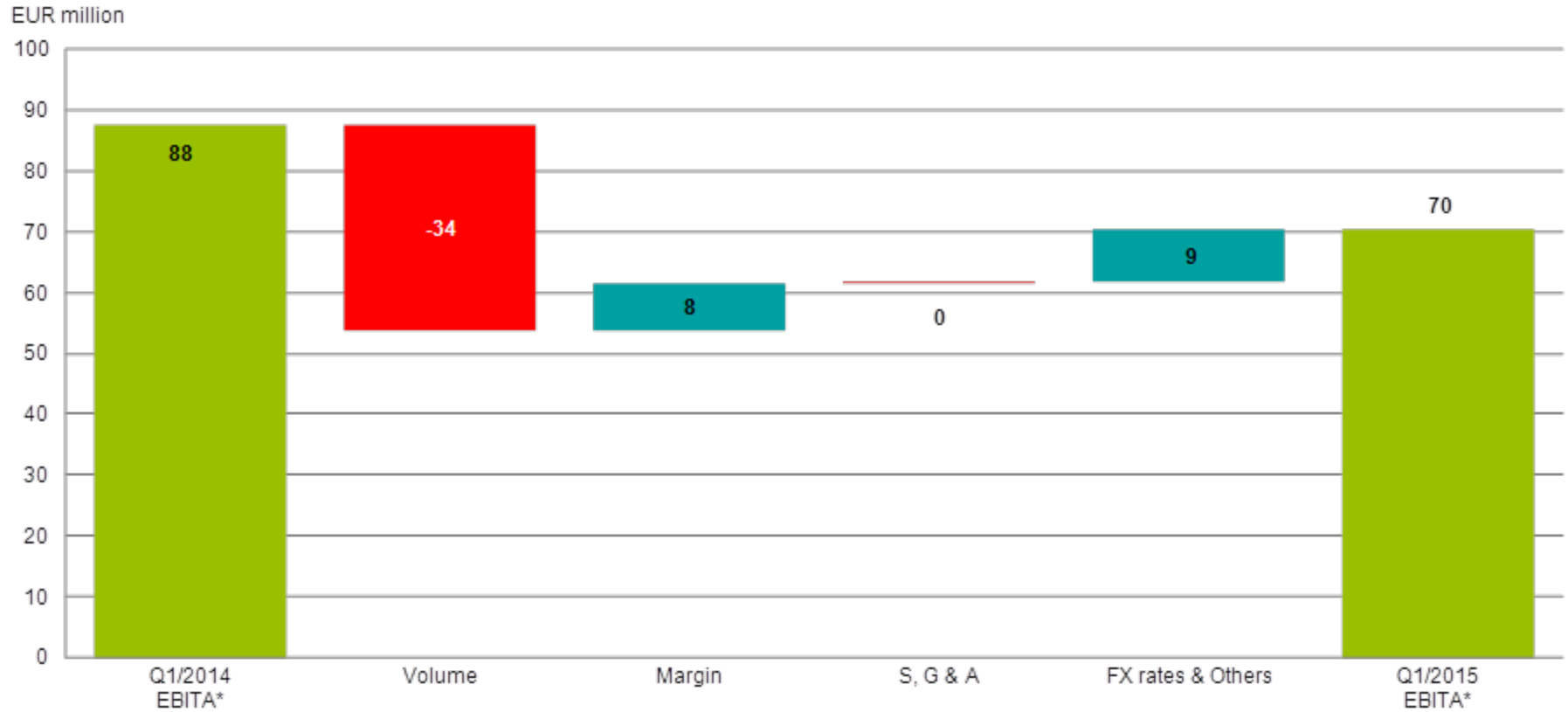
# Group key figures

EUR million	Q1/2015	Q1/2014	Change%
Orders received	799	875	-9
without currency impact			-15
Services orders received	542	545	-1
without currency impact			-6
Net sales	787	817	-4
without currency impact			-10
Services net sales	470	438	7
% of net sales	60	54	
EBITA *	70	88	-20
% of net sales	8.9	10.7	
EBIT **	65	76	-14
Earnings per share, EUR	0.25	0.28	-11

- Major headwind from lower net sales for mining equipment
- Healthy gross margins
- No non-recurring items in EBIT

\* Before non-recurring items

# EBITA declined due to volume



Note: Volume, margin, and SG&A changes calculated with constant currencies. Currency impact is included in 'FX rates & Others'.

# Our balance sheet remains strong

	Mar 31, 2015	Dec 31, 2014
Return on equity (ROE), % *	12.6	15.7
Return on capital employed (ROCE) before taxes, % *	12.9	16.4
Gearing at the end of the period, %	41.4	45.6
Cash conversion, %	235	108
Debt to capital, %	43.0	41.2
Net debt / EBITDA *	1.4	1.3
Interest cover (EBITDA) *	8.4	6.2



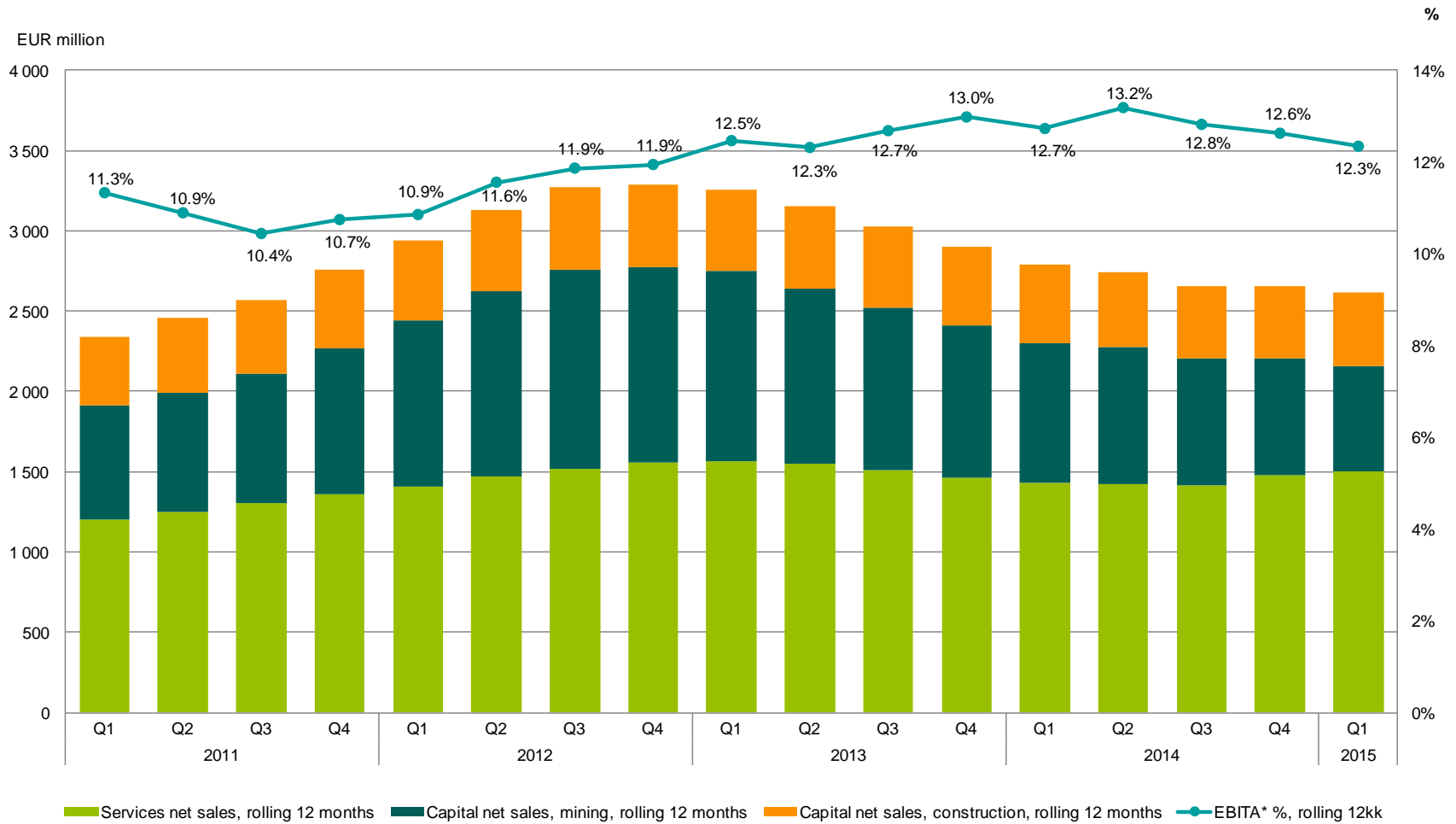
# Minerals key figures

EUR million	Q1/2015	Q1/2014	Change%
Orders received	558	597	-7
without currency impact			-13
Services orders received	406	386	5
Net sales	563	608	-7
without currency impact			-13
Services net sales	351	323	9
% of net sales	62	53	
EBITA *	55	69	-19
% of net sales	9.9	11.3	
Return on operative capital employed **, %	16.9	19.1	

## Q1/2015:

- Strong growth in mining services (wear parts and performance services)
- Good gross margins
- Cost actions to continue to mitigate pressure from lower volumes

# Minerals rolling net sales and EBITA%



# Flow Control key figures

## Excluding PAS

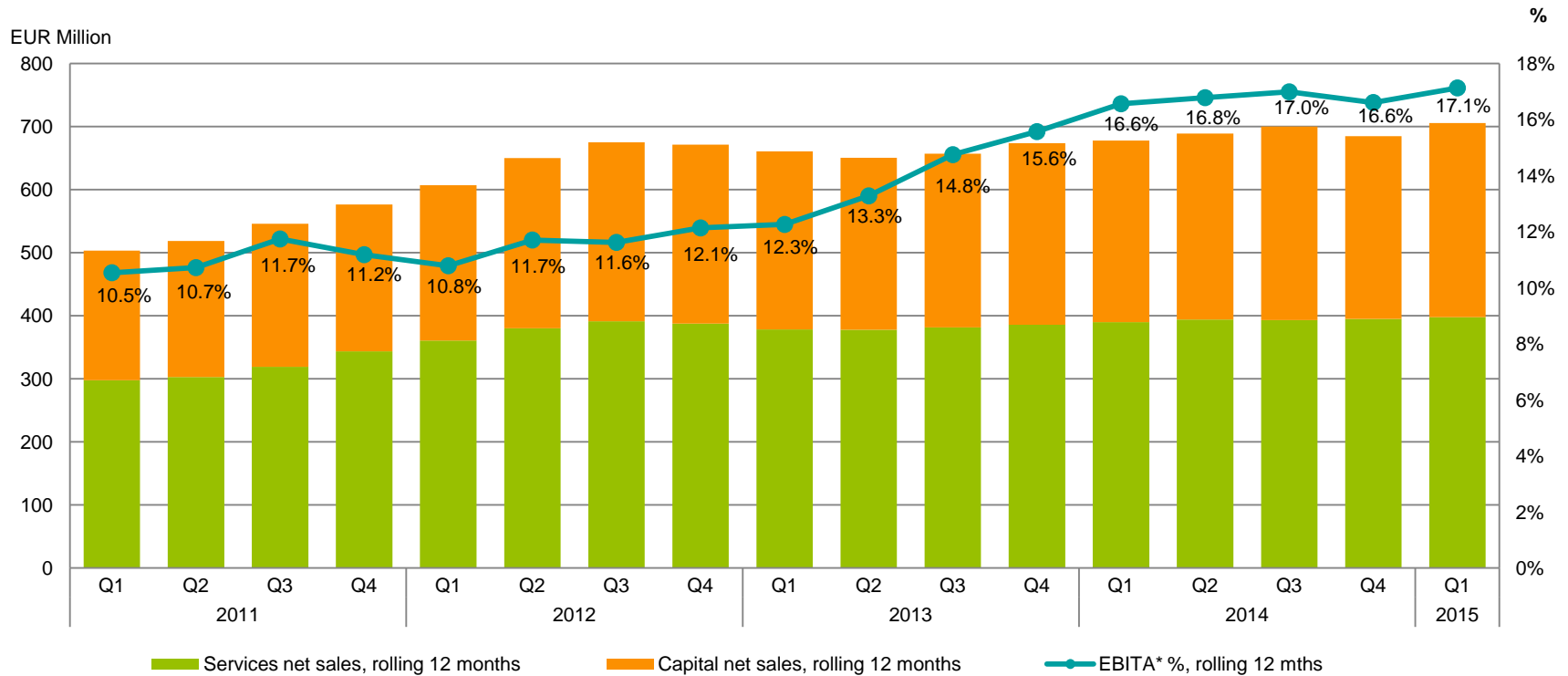
EUR million	Q1/2015	Q1/2014	Change%
Orders received	179	194	-8
Services orders received	101	114	-11
Net sales	170	149	14
Services net sales	89	87	3
% of net sales	52	58	
EBITA *	28	21	33
% of net sales	16.7	14.2	

### Q1/2015:

- New equipment deliveries in the valves business grew 28%
- Strong performance overall with improved EBITA margin
- Healthy backlog for remainder of 2015

# Flow Control rolling net sales and EBITA%

Excluding PAS







# Outlook and guidance

Matti Kähkönen  
President and CEO

# Challenging outlook for new equipment demand

## Mining



**48% of net sales\***  
**of which 75% services**

**Current demand:**

- Weak for the equipment and project business
- Services good

## Aggregates



**23% of net sales\***  
**of which 40% services**

**Current demand:**

- Satisfactory for equipment and good for services

## Flow Control



**18% of net sales\***  
**of which 50% services**

**Current demand:**

- Satisfactory for capex projects
- Services good

### 3 - 6 months market outlook



Equipment



Services



Equipment



Services



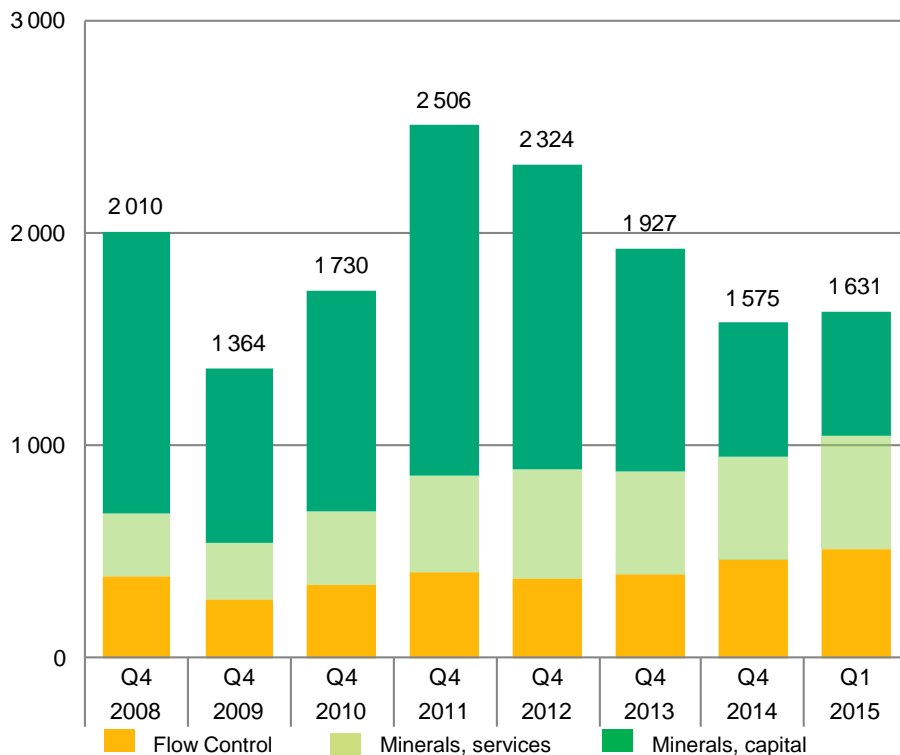
Equipment



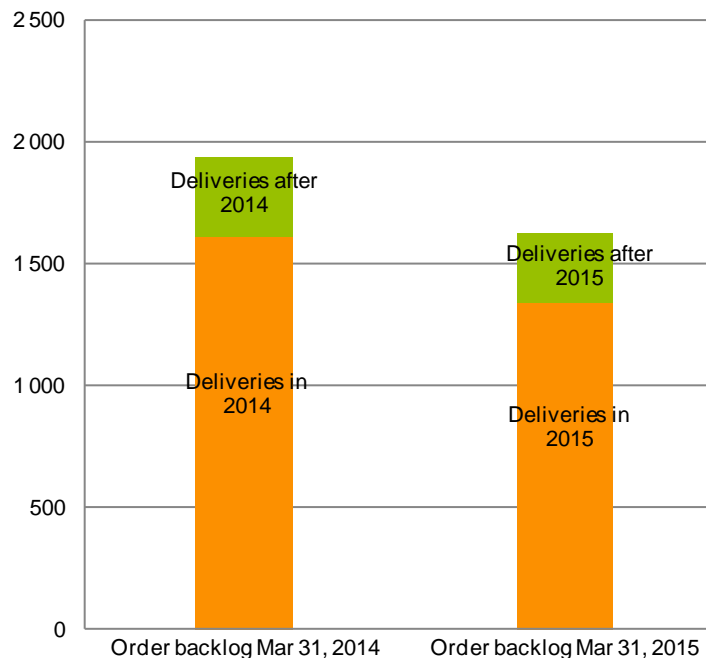
Services

# Order backlog

EUR Million



EUR million



- Flow Control (excl. PAS) backlog 10% higher compared to the end of 2014
- Minerals services backlog 12% higher compared to the end of 2014
- Deliveries for 2015 stand at EUR 1.3 billion

# Guidance for 2015

## Excluding the Process Automation Systems business

The guidance for 2015 is based on the current market activity in our customer industries, our current backlog for 2015, and the current exchange rates.

### We estimate that

- our net sales in 2015 will be between EUR 3,000 and 3,300 million and
- our EBITA margin\* before non-recurring items for 2015 will be around 13%.



# The Metso Way – how we solve our customers' challenges

## Knowledge



We have deep knowledge about our customers' business environment, drivers and challenges.

## People



Our committed and highly competent people make the big difference to our customers.

## Solutions



We create the technology and services required to meet our customers' needs.

# Save the date

Metso Capital Markets Day

**September 29, 2015**  
London, United Kingdom



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