Q1

2016

Interim Review

January 1 – March 31, 2016

Metso's Interim Review January 1 – March 31, 2016

Figures in brackets refer to the corresponding period in 2015, unless otherwise stated. The Process Automation Systems (PAS) business was divested on April 1, 2015. The comparison numbers for Metso Group and Flow Control including the PAS business can be found in the tables section.

First quarter 2016 in brief

- Challenging market conditions had a negative impact on the demand for services in the mining and aggregates industry as well as on the demand for valves sold to the oil & gas transportation segment in North America.
- Orders for aggregates equipment increased and those for mining equipment were at the same level compared to the first quarter of 2015.
- Orders received totaled EUR 663 million (EUR 737 million), of which EUR 433 million (EUR 507 million) were services orders.
- Net sales were EUR 601 million (EUR 733 million), of which EUR 409 million for services (EUR 441 million). The decline was mainly due to a slowdown in project deliveries.
- Adjusted EBITA totaled EUR 56 million, or 9.3% of net sales (EUR 78 million, 10.6%). The profitability of the services business remained healthy as expected, whereas profitability of the mining equipment business was weak.

Outlook for 2016 (changes in brackets)

Metso's overall trading conditions in 2016 will be somewhat weaker compared to 2015. Demand for our products and services is expected to develop as follows:

- remain weak for mining equipment and satisfactory for mining services
- remain satisfactory for aggregates equipment and services
- remain satisfactory for Flow Control products related to customers' new investments and good for Flow Control services.

From our end of March, 2016 backlog we expect to invoice EUR 1.1 billion during 2016. Internal efficiency actions will continue to improve competitiveness and mitigate the price pressure that can be seen in markets that are facing weak or satisfactory demand. Restructuring costs are expected to be on the same level as in 2015 (previously: lower than in 2015). Capital expenditure without acquisitions and net financial costs are expected to be lower than in 2015 (previously: at the same level as in 2015).

President and CEO Matti Kähkönen:

Orders and net sales were at a low level in the project businesses during the first quarter, as uncertainties in the markets tend to slow down both the decision-making relating to new orders and the execution of ongoing projects. This is most visible in the mining business and to some extent also in the oil & gas-related valve business in North America. In addition, the low order volume for capex driven engineered services in particular resulted in a slow start for mining services in the first quarter. Positive development was seen in the aggregates business, where equipment orders grew in India and some other regions.

Despite the challenges with volumes in the equipment businesses, our profitability remains at a satisfactory level, thanks to the services business and overall cost control. Services net sales have been somewhat impacted by our customers' cost cutting, which we have offset with internal initiatives; profitability of the services business in both Minerals and Flow Control improved in the first quarter. Going forward, we do not foresee any significant changes in the activity of our end-markets and our focus continues to be on developing our cost competitiveness and our product and services offering to help our customers to improve their productivity.

Key figures

EUR million	Q1/ 2016	Q1/ 2015 *	Change %	2015 *
Orders received	**663**	737	-10	2,965
Orders received by the services business	**433**	507	-15	1,879
% of orders received	**65**	69		63
Order backlog at the end of the period	**1,300**	1,445	-10	1,268
Net sales	**601**	733	-18	2,923
Net sales of the services business	**409**	441	-7	1,840
% of net sales	**68**	60		63
Earnings before interest, tax and amortization (EBITA), adjusted	**56**	78	-28	356
% of net sales	**9.3**	10.6		12.2
Personnel at the end of the period	**12,386**	14,015	-12	12,619

* Comparison numbers including the divested PAS business can be found in the tables section.

EUR million	Q1/ 2016	Q1/ 2015	Change %	2015
Operating profit	**50**	65	-23	555
% of net sales	**8.4**	8.3		18.7
Earnings per share, EUR	**0.18**	0.25	-28	2.95
Free cash flow	**62**	87	-29	341
Return on capital employed (ROCE) before taxes, annualized, %	**9.4**	12.9		25.7
Equity-to-asset ratio at the end of the period, %	**43.9**	36.6		48.3
Net gearing at the end of the period, %	**6.9**	41.4		10.6

Currency impact on orders received
compared to the same period in 2015

	Q1/2016 Change %	Q1/2016 Change % using constant rates
Minerals	-11	-6
Services business	-17	-12
Flow Control	-6	-4
Services business	-3	0
Metso total	**-10**	**-6**
Services business	**-15**	**-9**

Currency impact on net sales
compared to the same period in 2015

	Q1/2016 Change %	Q1/2016 Change % using constant rates
Minerals	-20	-15
Services business	-8	-2
Flow Control	-13	-12
Services business	-3	0
Metso total	**-18**	**-14**
Services business	**-7**	**-2**

Operating environment, orders received and backlog

Activity in our customer industries was broadly unchanged in the first quarter. Metal prices increased somewhat, but the trading activity in the mining market did not improve. The market remains challenging as miners are cautious with regards to spending in both capital equipment and services. The demand for aggregates equipment increased in some regions while weaker demand in the emerging countries impacted services orders in this business. Project delays and postponements within the oil & gas sector continued as the oil price remains at a relatively low level. While the adverse effect of the lower oil price on upstream investments has been apparent, also downstream projects have been put on hold or postponed.

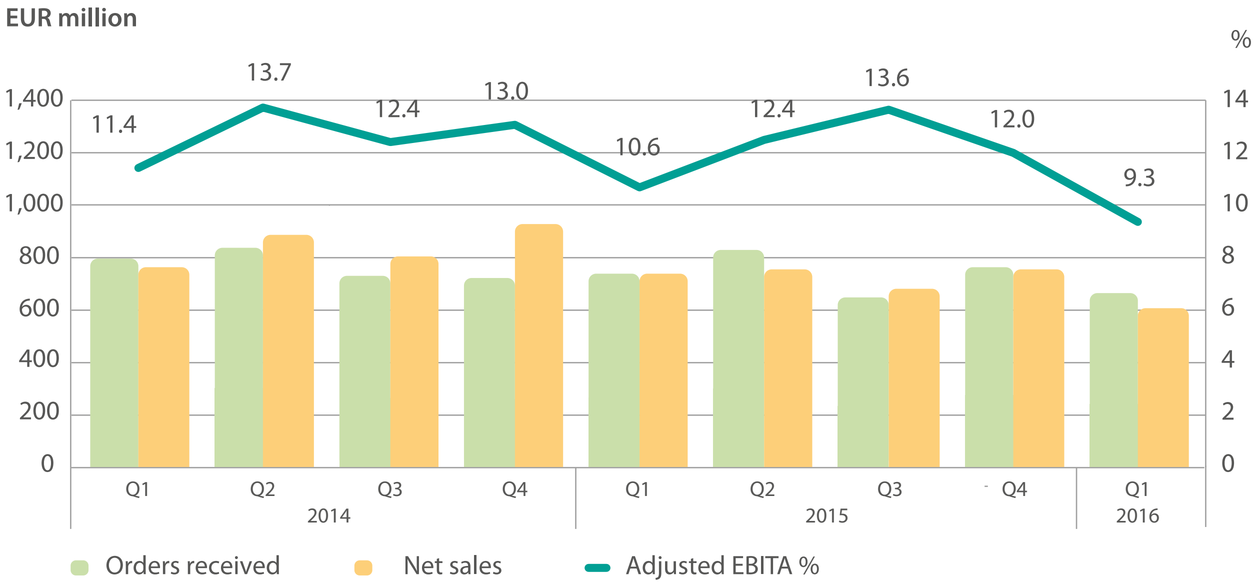
Our order intake during the first quarter declined 10 percent to EUR 663 million (EUR 737 million), following a weaker order intake for Minerals. The Group's services orders amounted to EUR 433 million (EUR 507 million). The Group's equipment orders were flat year-on-year. Orders declined in both emerging and developed countries and emerging countries accounted for 50 percent (51%) of total orders. Orders from BRIC countries declined 17 percent, mainly due to a 42 percent decline in Brazil. Orders from Russia and India increased 15 percent, while orders from China declined 13 percent.

Our backlog increased by 3 percent from the end of 2015 and totaled EUR 1,300 million at the end of March. We expect to recognize around 87 percent of this backlog, i.e. EUR 1,135 million, as net sales in 2016 and EUR 137 million in 2017.

Net sales

Net sales in the first quarter totaled EUR 601 million (EUR 733 million). The most significant decline was seen in the mining equipment business, where deliveries have been slowing down due to uncertainties in the markets. The sales of new equipment declined 39 percent in Minerals and 22 percent in Flow Control. Net sales of the services business declined 7 percent year-on-year and totaled EUR 409 million (EUR 441 million), accounting for 68 percent of total net sales. Services net sales declined 3 percent in Flow Control and 8 percent in Minerals.

Orders received, net sales and EBITA margin



Financial performance

Adjusted EBITA (earnings before interest, taxes and amortization) in the first quarter was EUR 56 million, or 9.3 percent of net sales (EUR 78 million and 10.6%). Profitability of the services business remained healthy, but EBITA was negatively impacted by lower sales in the mining and aggregates equipment business and the oil & gas-related valve business.

Net financing expenses in January-March were EUR 12 million (EUR 10 million). Interest expenses accounted for EUR 9 million (EUR 6 million), interest income for EUR 2 million (EUR 1 million), foreign exchange losses for EUR 2 million (EUR 1 million loss), and other net financial expenses for EUR 3 million (EUR 4 million).

Operating profit (EBIT) during the first quarter was EUR 50 million and 8.4 percent of net sales (EUR 65 million and 8.3%). Profit before taxes was EUR 38 million (EUR 55 million). Net cash generated by operating activities totaled EUR 67 million (EUR 91 million) and free cash flow was EUR 62 million (EUR 87 million). Changes in net working capital had a EUR 11 million negative impact on cash flow.

Financial position

Metso's liquidity position remains solid. Total cash assets at the end of March 2016 were EUR 721 million (EUR 657 million at the end of 2015), of which EUR 95 million (EUR 67 million) was invested in financial instruments with an initial maturity exceeding three months, and the remaining EUR 626 million (EUR 590 million) is accounted for as cash and cash equivalents. Metso has a committed EUR 500 million revolving credit facility, which is undrawn.

The Group's balance sheet remains strong. Net interest-bearing liabilities totaled EUR 90 million at the end of March (EUR 153 million at the end of 2015) and gearing was 6.9 percent (10.6%). The equity-to-asset ratio was 43.9 percent (48.3%).

There were no changes in our credit rating during the reporting period. Standard & Poor's Ratings Services confirmed the latest rating in March 2016: long-term corporate credit rating BBB and short-term A-2, outlook stable.

Capital expenditure and RTD

Gross capital expenditure in January-March, excluding business acquisitions, was EUR 6 million (EUR 12 million). Maintenance accounted for 83 percent, i.e. EUR 5 million (83% and EUR 10 million). Capital expenditure in 2016 is expected to decline compared to 2015 (EUR 46 million). Research and development expenses in January-March totaled EUR 9 million, i.e. 1.5 percent of net sales (EUR 9 million and 1.2%).

Reporting Segments

Minerals

- Services profitability improved
- Equipment orders increased
- Lower delivery volume impacted EBITA margin

EUR million	Q1/ 2016	Q1/ 2015	Change %	2015
Orders received	**494**	558	-11	2,260
Orders received by the services business	**335**	406	-17	1,477
% of orders received	**68**	73		65
Order backlog at the end of the period	**1,020**	1,120	-9	1,006
Net sales	**453**	563	-20	2,198
Net sales of the services business	**323**	351	-8	1,437
% of net sales	**71**	62		65
Earnings before interest, tax and amortization (EBITA), adjusted	**37**	55	-33	241
% of net sales	**8.1**	9.9		11.0
Operating profit	**35**	54	-36	213
% of net sales	**7.7**	9.6		9.7
Return on operative capital employed (ROCE), %	**11.7**	16.9		17.5
Personnel at the end of the period	**9,068**	10,372	-13	9,222

In the aggregates business, we saw healthy equipment demand in some regions, while activity in most of the emerging markets continued to be weak. Growth originated from India, Australia and North America, while Brazil in particular continued to decline. Overall, orders from aggregates customers declined 1 percent, resulting from 11 percent growth in equipment orders and offset by a 14 percent decline in services orders. Services orders declined only 2 percent when adjusted for the orders for the Tampere foundry, which was divested in April 2015.

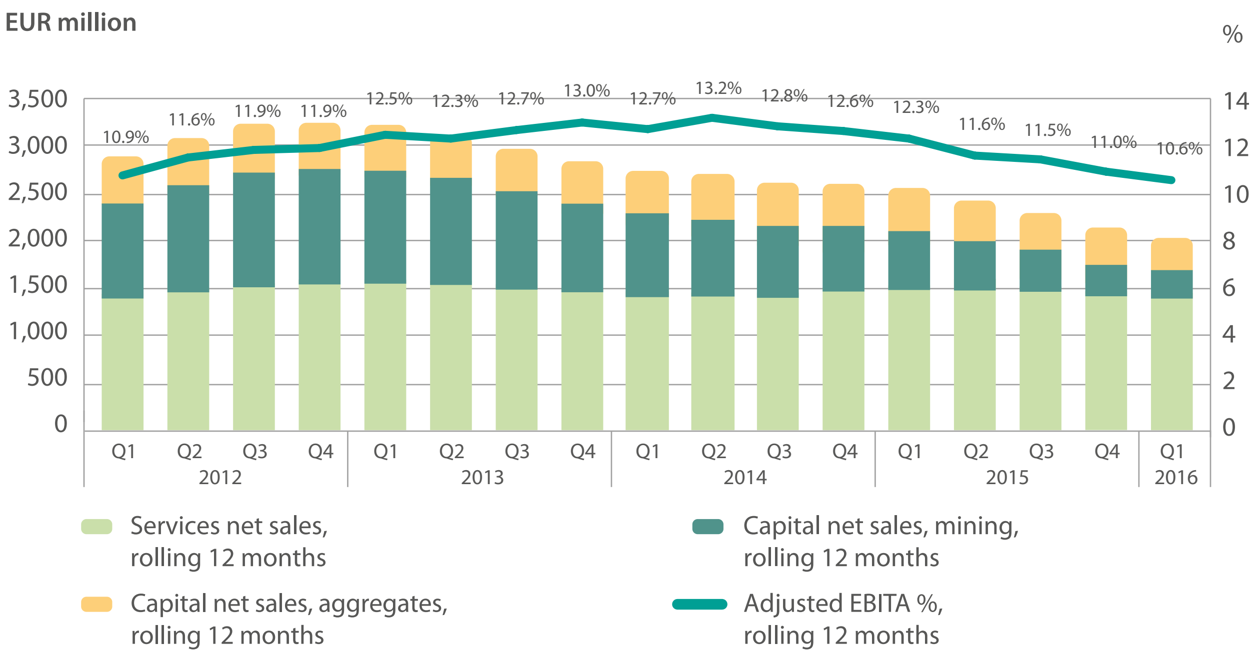
The mining business continued to be affected by customers' cost cutting measures, which was clearly seen in the services activity, especially for engineered services and wear parts. Overall, orders from mining customers declined 17 percent during the quarter, resulting from a 9 percent decline in equipment orders and 19 percent decline in services orders. Weakness in equipment orders was seen across the sector. The demand for services held up in Australia, the Nordic countries and Russia, while other markets saw lower activity. In addition, a weakening of the currencies of the countries in the emerging markets had a negative impact on services orders.

The segment's net sales totaled EUR 453 million in the first quarter, which is 20 percent less than in the comparison period. Net sales related to equipment and projects for mining customers were down 47 percent, due to the slower pace of deliveries, while those for aggregates customers decreased 32 percent. Services net sales decreased 8 percent to EUR 323 million, accounting for 71 percent (62%) of the segment's total net sales. Both mining and aggregates services sales decreased 8 percent, negatively impacted by customers' cost cutting measures and a weakening of the currencies of countries in the emerging markets.

The segment's adjusted EBITA was EUR 37 million, which is 8.1 percent of net sales (EUR 55 million and 9.9%). Profitability of the services business improved, but was not enough to compensate for the weakening of the mining equipment business. Operating profit was EUR 35 million and 7.7% of net sales (EUR 54 million and 9.6%).

The order backlog in Minerals at the end of March was EUR 1,020 million, which is 1 percent higher than at the end of 2015. We expect 85 percent of the order backlog to be delivered in 2016.

Minerals, rolling net sales and EBITA



Flow Control

- Services profitability improved
- North American oil & gas-related transportation business declined

EUR million	Q1/ 2016	Q1/ 2015 *	Change %	2015 *
Orders received	**169**	179	-6	705
Orders received by the services business	**98**	101	-3	402
% of orders received	**58**	56		57
Order backlog at the end of the period	**280**	324	-14	262
Net sales	**148**	171	-13	723
Net sales of the services business	**86**	89	-3	402
% of net sales	**58**	52		56
Earnings before interest, tax and amortization (EBITA), adjusted	**19**	28	-33	126
% of net sales	**12.8**	16.6		17.5
Personnel at the end of the period	**2,797**	2,956	-5	2,821

* Comparison numbers including the divested PAS business can be found in the tables section.

EUR million	Q1/ 2016	Q1/ 2015	Change %	2015
Operating profit	**18**	19	-5	110
% of net sales	**12.4**	8.6		14.2
Return on capital employed (ROCE), %	**22.4**	20.3		32.5

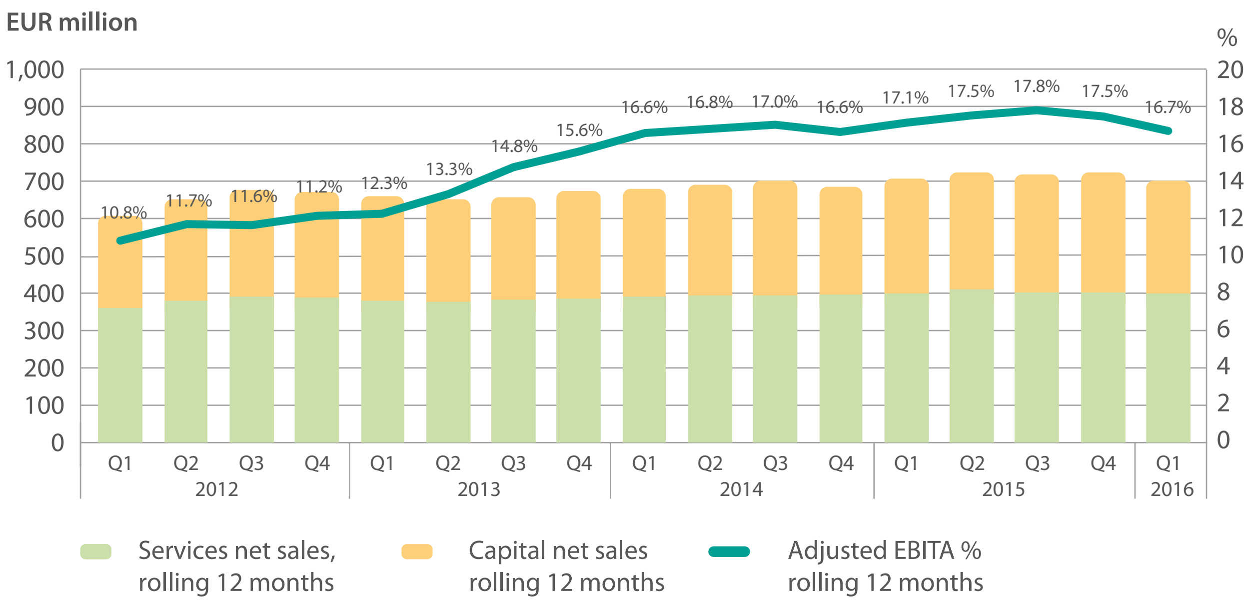
The segment's order intake totaled EUR 169 million in January-March, which is 6 percent less than in the same period last year. Valve orders from the oil & gas industry declined in North America, especially in the transportation segment. Valve orders from Africa and Asia-Pacific increased slightly, while Europe remained flat. Pump orders remained at the same level year-on-year with small regional differences. Services orders decreased 3 percent and accounted for 58 percent of all orders received.

Net sales in the first quarter decreased 13 percent following a slowdown in valve deliveries to oil & gas customers. Valve sales to the pulp & paper industry grew 27 percent, and valve controls also continued to grow slightly. Net sales of services decreased 3 percent.

Flow Control's adjusted EBITA for January-March declined 33 percent year-on-year to EUR 19 million or 12.8 percent of net sales (EUR 28 million and 16.6%). The decline was largely due to lower net sales of the transportation business in North America. Margins in the project business continued to be under pressure, while profitability of the services business improved. Operating profit was EUR 18 million and 12.4% of net sales (EUR 19 million and 8.6%).

Flow Control's order backlog at the end of March was EUR 280 million, which is 7 percent higher than at the end of 2015. We expect 98 percent of the order backlog to be delivered in 2016.

Flow Control, rolling net sales and EBITA



Personnel

Metso had 12,386 employees at the end of March 2016, 233 fewer than at the end of December 2015. Personnel numbers decreased by 154 and 24, respectively, in Minerals and Flow Control. Personnel in emerging markets accounted for 50 percent (50%).

Personnel by area

	Mar 31, 2016	% of personnel	Mar 31, 2015	% of personnel	Change %	Dec 31, 2015
Europe	**4,256**	**34**	4,786	34	-11	4,380
North America	**1,882**	**15**	2,187	16	-14	1,961
South and Central America	**2,659**	**22**	3,097	22	-14	2,623
China	**1,156**	**9**	1,295	9	-11	1,189
Other Asia-Pacific	**1,503**	**12**	1,604	11	-6	1,493
Africa and Middle East	**930**	**8**	1,046	8	-11	973
Metso total	**12,386**	**100**	14,015	100	-12	12,619

	Mar 31, 2016	% of personnel	Mar 31, 2015	% of personnel	Change %	Dec 31, 2015
Emerging markets	**6,188**	**50**	6,977	50	-11	6,221
Developed markets	**6,198**	**50**	7,038	50	-12	6,398
Metso total	**12,386**	**100**	14,015	100	-12	12,619

Decisions of the Annual General Meeting

Metso's Annual General Meeting (AGM) was held on March 21, 2016. The AGM approved the Financial Statements for 2015 and discharged the members of the Board of Directors and the President and CEO from liability for the 2015 financial year. The dividend of EUR 1.05 per share was paid on April 1, 2016, in accordance with the AGM's decision.

The number of Board members was confirmed as eight, and Mikael Lilius was elected as Chairman of the Board and Christer Gardell as Vice Chairman. Wilson Nélio Brumer, Ozey K. Horton Jr., Lars Josefsson and Nina Kopola were re-elected for a new term, and Arja Talma and Peter Carlsson were elected as new members. The term of office of Board members will last until the end of the next AGM.

The following annual remuneration for the Board members was approved: EUR 110,000 for the Chairman, EUR 62,000 for the Vice Chairman, and EUR 50,000 for members, and additional remuneration of EUR 15,000 for the Chairman of the Audit Committee and EUR 5,000 for the Chairman of the HR and Remuneration Committee. The AGM also decided that the Board members will be obliged to use 40% of their fixed annual remuneration for purchasing Metso shares from the market at a price formed in public trading and that such purchases shall be carried out within two weeks following the publication of this interim review.

Authorized Public Accountant Ernst & Young Oy was elected to act as the company's Auditor until the end of the next Annual General Meeting. The remuneration to the Auditor was decided to be paid against the invoice approved by the Audit Committee.

The Annual General Meeting approved the proposal of the Board of Directors to authorize the Board to decide on the repurchase of Metso shares.

In addition, the Board of Directors was authorized to decide on the issuance of shares and the issuance of special rights entitling to shares. The minutes of the Annual General Meeting are available on Metso's website at www.metso.com.

Shares and share trading

As of March 31, 2016, Metso's share capital was EUR 140,982,843.80 and the number of shares was 150,348,256. This included 363,718 shares held by the Parent Company, which represented 0.2 percent of all shares and votes. The average number of shares outstanding in January-March 2016, excluding those held by the Parent Company, was 149,984,538, and the average number of diluted shares was 150,026,217.

A total of 40,023,404 Metso shares were traded on NASDAQ OMX Helsinki in January-March 2016, equivalent to a turnover of EUR 795 million. The average trading price for the period was EUR 19.86. The highest quotation was EUR 22.91, and the lowest EUR 17.40. The share price on the last trading day of the period, March 31, 2016, was EUR 20.97, giving Metso a market capitalization, excluding shares held by the Parent Company, of EUR 3,145 million (EUR 3,105 million at the end of 2015). Metso is not aware of any shareholders' agreements regarding the ownership of Metso shares and voting rights.

Metso's ADRs (American Depositary Receipts) are traded on the International OTCQX, the premier tier of the OTC (over-the-counter) market in the United States, under the ticker symbol 'MXCYY', with each ADR representing one Metso share. The closing price of the Metso ADR on March 31 was USD 6.20.

Events after the reporting period

In accordance with the decision of the AGM on March 21, 2016, a dividend of EUR 1.05 per share was paid on April 1, 2016. The total payout amounted to EUR 157 million, which was accounted for as short-term debt on March 31, 2016.

Flaggings

There were no flagging notifications during the period.

Short-term business risks and market uncertainties

Uncertainties surrounding economic growth globally might affect our customer industries and weaken the demand for Metso's products and services. A significant slowdown in global growth might further reduce market size and lead to tougher price competition. Our backlog, projects under negotiation and other business operations might also be adversely affected by political turbulence seen, for example, in Eastern Europe, Russia and the Middle East.

A prolonged uncertainty in the Chinese economy might affect our business negatively through declining foreign investments made in the country and falling commodity prices. Low commodity prices reduce the investment appetite and cut spending among our customers. This may cause projects to be postponed, delayed or discontinued. A tougher pricing environment also makes it harder to integrate increasing labor and manufacturing costs into our prices.

Economic uncertainty could lead to short-term financing deficits and indirect adverse effects on Metso's operations due to our customers' reduced investment appetite. Exchange rate fluctuations are likely to increase with economic uncertainty, although the wide geographical scope of our operations reduces the impact of any individual currency. Metso Group hedges currency exposure linked to firm delivery and purchase agreements. Sufficient funding and financing is crucial at all times in order to ensure the continuity of our own operations. Our current cash assets and funding are considered sufficient to secure liquidity and flexibility in the short and long run.

Outlook for 2016 (changes in brackets)

Metso's overall trading conditions in 2016 will be somewhat weaker compared to 2015. Demand for our products and services is expected to develop as follows:

- remain weak for mining equipment and satisfactory for mining services
- remain satisfactory for aggregates equipment and services
- remain satisfactory for Flow Control products related to customers' new investments and good for Flow Control services.

From our end of March, 2016 backlog we expect to invoice EUR 1.1 billion during 2016. Internal efficiency actions will continue to improve competitiveness and mitigate the price pressure that can be seen in markets that are facing weak or satisfactory demand. Restructuring costs are expected to be on the same level as in 2015 (previously: lower than in 2015). Capital expenditure without acquisitions and net financial costs are expected to be lower than in 2015 (previously: at the same level as in 2015).

Helsinki, April 21, 2016
Metso Corporation's Board of Directors

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 that 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.

This Interim Review has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The same accounting policies have been applied in the Annual Financial Statements. This Interim Review is unaudited.

Consolidated statement of income

EUR million	1-3/2016	1-3/2015	1-12/2015
Net sales	**601**	787	2,977
Cost of goods sold	**-425**	-551	-2,062
Gross profit	**176**	236	915
Selling, general and administrative expenses	**-126**	-170	-593
Other operating income and expenses, net	**0**	-1	234
Share in profits of associated companies	**0**	0	-1
Operating profit	**50**	65	555
Financial income and expenses, net	**-12**	-10	-39
Profit before taxes	**38**	55	516
Income taxes	**-11**	-18	-74
Profit	**27**	37	442
Attributable to:			
Shareholders of the company	**27**	37	442
Non-controlling interests	**0**	0	0
Profit	**27**	37	442
Earnings per share			
Basic, EUR	**0.18**	0.25	2.95
Diluted, EUR	**0.18**	0.25	2.95

Consolidated statement of comprehensive income

EUR million	1-3/2016	1-3/2015	1-12/2015
Profit	**27**	37	442
Items that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges, net of tax	**1**	1	2
Available-for-sale equity investments, net of tax	**0**	0	-2
Currency translation on subsidiary net investments	**-5**	54	-19
	-4	55	-19
Items that will not be reclassified to profit or loss:			
Defined benefit plan actuarial gains (+) / losses (-), net of tax	**-**	-	12
Other comprehensive income (+) / expense (-)	**-4**	55	-7
Total comprehensive income (+) / expense (-)	**23**	92	435
Attributable to:			
Shareholders of the company	**23**	92	435
Non-controlling interests	**0**	0	0
Total comprehensive income (+) / expense (-)	**23**	92	435

Consolidated balance sheet

ASSETS

EUR million	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Non-current assets			
Intangible assets			
Goodwill	**450**	467	452
Other intangible assets	**92**	111	98
	542	578	550
Property, plant and equipment			
Land and water areas	**48**	54	49
Buildings and structures	**120**	152	123
Machinery and equipment	**153**	181	161
Assets under construction	**9**	23	10
	330	410	343
Financial and other assets			
Investments in associated companies	**1**	10	1
Available-for-sale equity investments	**1**	1	1
Loan and other interest bearing receivables	**12**	11	11
Derivative financial instruments	**12**	13	10
Deferred tax asset	**102**	147	108
Other non-current assets	**39**	37	39
	167	219	170
Total non-current assets	**1,039**	1,207	1,063
Current assets			
Inventories	**726**	871	715
Receivables			
Trade and other receivables	**588**	803	632
Cost and earnings of projects under construction in excess of advance billings	**82**	226	90
Loan and other interest bearing receivables	**1**	0	1
Financial instruments held for trading	**95**	8	67
Derivative financial instruments	**13**	11	6
Income tax receivables	**28**	45	45
Receivables total	**807**	1,093	841
Cash and cash equivalents	**626**	376	590
Total current assets	**2,159**	2,340	2,146
TOTAL ASSETS	**3,198**	3,547	3,209

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Equity			
Share capital	**141**	141	141
Cumulative translation adjustments	**-76**	2	-71
Fair value and other reserves	**303**	299	302
Retained earnings	**935**	708	1,064
Equity attributable to shareholders	**1,303**	1,150	1,436
Non-controlling interests	**8**	9	8
Total equity	**1,311**	1,159	1,444
Liabilities			
Non-current liabilities			
Long-term debt	**766**	794	765
Post employment benefit obligations	**98**	121	99
Provisions	**27**	27	27
Derivative financial instruments	**8**	9	7
Deferred tax liability	**10**	13	15
Other long-term liabilities	**3**	3	2
Total non-current liabilities	**912**	967	915
Current liabilities			
Current portion of long-term debt	**28**	0	27
Short-term debt	**30**	81	30
Trade and other payables	**591**	804	469
Provisions	**69**	95	68
Advances received	**170**	292	164
Billings in excess of cost and earnings of projects under construction	**45**	85	54
Derivative financial instruments	**6**	21	9
Income tax liabilities	**36**	43	29
Total current liabilities	**975**	1,421	850
Total liabilities	**1,887**	2,388	1,765
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,198**	3,547	3,209

NET INTEREST BEARING LIABILITIES

EUR million	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Long-term interest bearing debt	**766**	794	765
Short-term interest bearing debt	**58**	81	57
Cash and cash equivalents	**-626**	-376	-590
Other interest bearing assets	**-108**	-19	-79
Net interest bearing liabilities	**90**	480	153

Condensed consolidated cash flow statement

EUR million	1-3/2016	1-3/2015	1-12/2015
Cash flows from operating activities:			
Profit	**27**	37	442
Adjustments to reconcile profit to net cash provided by operating activities			
Depreciation and amortization	**16**	19	69
Financial income and expenses, net	**12**	10	39
Income taxes	**12**	18	74
Other	**3**	4	-232
Change in net working capital	**-11**	36	64
Cash flows from operations	**59**	124	456
Financial income and expenses, net paid	**-4**	-3	-24
Income taxes paid	**12**	-30	-72
Net cash provided by operating activities	**67**	91	360
Cash flows from investing activities:			
Capital expenditures on fixed assets	**-6**	-12	-46
Proceeds from sale of fixed assets	**0**	6	17
Business acquisitions, net of cash acquired	**-**	-	-
Proceeds from sale of businesses, net of cash sold	**-**	-	305
Proceeds from (+)/ Investments in (-) financial assets	**-25**	4	-56
Other	**0**	-2	-5
Net cash provided by (+) / used in (-) investing activities	**-31**	-4	215
Cash flows from financing activities:			
Dividends paid	**-**	-	-217
Net funding	**1**	-	-40
Other	**0**	-	0
Net cash provided by (-) / used in (-) financing activities	**1**	-	-257
Net increase (+) / decrease (-) in cash and cash equivalents	**37**	87	318
Effect from changes in exchange rates	**-1**	10	-7
Cash and cash equivalents at beginning of period	**590**	279	279
Cash and cash equivalents at end of period	**626**	376	590

FREE CASH FLOW

EUR million	1-3/2016	1-3/2015	1-12/2015
Net cash provided by operating activities	**67**	91	360
Capital expenditures on maintenance investments	**-5**	-10	-36
Proceeds from sale of fixed assets	**0**	6	17
Free cash flow	**62**	87	341

Consolidated statement of changes in shareholders' equity

EUR million	Share capital	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	**Equity attributable to shareholders**	Non-controlling interests	**Total equity**
Balance at Jan 1, 2015	**141**	**-52**	**302**	**830**	**1,221**	**8**	**1,229**
Profit	-	-	-	37	37	0	37
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	1	-	1	-	1
Available-for-sale equity investments, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	54	-	-	54	-	54
Net investment hedge gains (losses), net of tax	-	-	-	-	-	-	-
Total comprehensive income (+) / expense (-)	-	54	1	37	92	0	92
Dividends	-	-	-	-157	-157	0	-157
Share-based payments, net of tax	-	-	0	0	0	-	0
Other	-	-	-4	-2	-6	1	-5
Changes in non-controlling interests	-	-	-	-	-	-	-
Balance at March 31, 2015	**141**	**2**	**299**	**708**	**1,150**	**9**	**1,159**
Balance at Jan 1, 2016	**141**	**-71**	**302**	**1,064**	**1,436**	**8**	**1,444**
Profit	-	-	-	27	27	0	27
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	1	-	1	-	1
Available-for-sale equity investments, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	-5	-	-	-5	-	-5
Total comprehensive income (+) / expense (-)	-	-5	1	27	23	0	23
Dividends	-	-	-	-157	-157	0	-157
Share-based payments, net of tax	-	-	0	0	0	-	0
Other	-	-	0	1	1	0	1
Changes in non-controlling interests	-	-	-	-	-	-	-
Balance at March 31, 2016	**141**	**-76**	**303**	**935**	**1,303**	**8**	**1,311**

Acquisitions and disposals of businesses

Metso made no business acquisitions during 2016 or 2015.

On April 13, 2015, Metso completed the sale of its Tampere foundry in Finland to a Finnish company TEVO Oy. The divestment was treated as sale of fixed assets and it had no significant effect on Metso's result.

On April 1, 2015 Metso closed the disposal of Process Automation Systems (PAS) business. The PAS business included process automation solutions for the pulp, paper and power industries, covering automation and quality control systems, analyzers and measurements and related services and was reported in Metso's Flow Control segment.

The final cash consideration was EUR 312 million. The net assets of the entity disposed of were EUR 55 million, direct transaction costs were EUR 6 million and related cumulative translation adjustments were EUR 1 million positive, whereby Metso booked a gain of EUR 252 million on the transaction.

Fair value estimation

For those financial assets and liabilities which have been recognized at fair value in the balance sheet, the following measurement hierarchy and valuation methods have been applied:

Level 1 Quoted unadjusted prices at the balance sheet date in active markets. The market prices are readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. The quoted market price used for financial assets is the current bid price. Level 1 financial instruments include debt and equity investments classified as financial instruments available-for-sale or at fair value through profit and loss.

Level 2 The fair value of financial instruments in Level 2 is determined using valuation techniques. These techniques utilize observable market data readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. Level 2 financial instruments include:

- Over-the-counter derivatives classified as financial assets/liabilities at fair value through profit and loss or qualified for hedge accounting.
- Debt securities classified as financial instruments available-for-sale or at fair value through profit and loss.
- Fixed rate debt under fair value hedge accounting.

Level 3 A financial instrument is categorized into Level 3 if the calculation of the fair value cannot be based on observable market data. Metso had no such instruments.

The table below present Metso's financial assets and liabilities that are measured at fair value. There has been no transfers between fair value levels during 2015 or 2016.

March 31, 2016

EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
• Derivatives	-	9	-
• Securities	21	74	-
Derivatives qualified for hedge accounting	-	16	-
Available for sale investments			
• Equity investments	0	-	-
• Debt investments		-	
Total assets	**21**	**99**	**-**
Liabilities			
Financial liabilities at fair value through profit and loss			
• Derivatives	-	7	-
• Long term debt at fair value	-	420	-
Derivatives qualified for hedge accounting	-	6	-
Total liabilities	**-**	**433**	**-**

March 31, 2015

EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
• Derivatives	-	6	-
• Securities	8	-	-
Derivatives qualified for hedge accounting	-	18	-
Available for sale investments			
• Equity investments	0	-	-
• Debt investments		-	
Total assets	**8**	**24**	**-**
Liabilities			
Financial liabilities at fair value through profit and loss			
• Derivatives	-	18	-
• Long term debt at fair value	-	421	-
Derivatives qualified for hedge accounting	-	11	-
Total liabilities	**-**	**450**	**-**

Carrying value of other financial assets and liabilities than those presented in this fair value level hierarchy table approximates their fair value. Fair values of other debt is calculated as net present values..

Assets pledged and contingent liabilities

EUR million	**Mar 31, 2016**	Mar 31, 2015	Dec 31, 2015
On own behalf			
Mortgages	**-**	1	-
On behalf of others			
Guarantees	**-**	0	1
Other commitments			
Repurchase commitments	**2**	2	2
Other contingencies	**3**	2	3
Lease commitments	**128**	157	142

Notional amounts of derivative financial instruments

EUR million	**Mar 31, 2016**	Mar 31, 2015	Dec 31, 2015
Forward exchange rate contracts	**980**	1,074	1,009
Interest rate swaps	**225**	265	265
Cross currency swaps	**244**	244	244
Option agreements			
Bought	**-**	-	-
Sold	**-**	20	20

The notional amount of electricity forwards was 59 GWh as of March 31, 2016 and 101 GWh as of March 31, 2015.

The notional amount of nickel forwards to hedge stainless steel prices was 294 tons as of March 31, 2016 and 360 tons as of March 31, 2015.

The notional amounts indicate the volumes in the use of derivatives, but do not indicate the exposure to risk.

Key ratios

	1-3/2016	1-3/2015	1-12/2015
Earnings per share, EUR	**0.18**	0.25	2.95
Diluted earnings per share, EUR	**0.18**	0.25	2.95
Equity/share at end of period, EUR	**8.69**	7.66	9.58
Return on equity (ROE), %	**7.8**	12.6	33.1
Return on capital employed (ROCE) before taxes, %	**9.4**	12.9	25.7
Return on capital employed (ROCE) after taxes, %	**7.2**	9.4	22.4
Equity to assets ratio at end of period, %	**43.9**	36.6	48.3
Net gearing at end of period, %	**6.9**	41.4	10.6
Free cash flow, EUR million	**62**	87	341
Free cash flow/share, EUR	**0.41**	0.58	2.27
Cash conversion, % *	**230**	235	180
Gross capital expenditure (excl. business acquisitions), EUR million	**6**	12	46
Business acquisitions, net of cash acquired, EUR million	**-**	-	-
Depreciation and amortization, EUR million	**16**	19	69
Number of outstanding shares at end of period (thousands)	**149,985**	149,985	149,985
Average number of shares (thousands)	**149,985**	149,904	149,965
Average number of diluted shares (thousands)	**150,026**	149,927	149,989

* Gain on disposal of the PAS business is excluded from profit, when calculating cash conversion in 1-12/2015.

Exchange rates used

		1-3/2016	1-3/2015	1-12/2015	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
USD	(US dollar)	**1.1020**	1.1361	1.1130	**1.1385**	1.0759	1.0887
SEK	(Swedish krona)	**9.2713**	9.3534	9.3414	**9.2253**	9.2901	9.1895
GBP	(Pound sterling)	**0.7689**	0.7463	0.7284	**0.7916**	0.7273	0.7340
CAD	(Canadian dollar)	**1.4996**	1.4030	1.4236	**1.4738**	1.3738	1.5116
BRL	(Brazilian real)	**4.2995**	3.2465	3.7024	**4.1174**	3.4958	4.3117
CNY	(Chinese yuan)	**7.1821**	7.0798	6.9924	**7.3514**	6.6710	7.0608
AUD	(Australian dollar)	**1.5088**	1.4469	1.4836	**1.4807**	1.4154	1.4897

Formulas for calculation of indicators

Earnings before interest, tax and amortization (EBITA), adjusted

Operating profit + amortization + goodwill impairment

Earnings per share, basic:

$$\frac{\text{Profit attributable to shareholders}}{\text{Average number of outstanding shares during period}}$$

Earnings per share, diluted:

$$\frac{\text{Profit attributable to shareholders}}{\text{Average number of diluted shares during period}}$$

Equity / share

$$\frac{\text{Equity attributable to shareholders}}{\text{Number of outstanding shares at the end of period}}$$

Return on equity (ROE), %:

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

Return on capital employed (ROCE) before taxes, %:

$$\frac{\text{Profit before tax + interest and other financial expenses}}{\text{Balance sheet total - non-interest bearing liabilities (average for period)}} \times 100$$

Return on capital employed (ROCE) after taxes, %:

$$\frac{\text{Profit + interest and other financial expenses}}{\text{Balance sheet total - non-interest bearing liabilities (average for period)}} \times 100$$

Net gearing, %:

$$\frac{\text{Net interest bearing liabilities}}{\text{Total equity}} \times 100$$

Equity to assets ratio, %:

$$\frac{\text{Total equity}}{\text{Balance sheet total – advances received}} \times 100$$

Free cash flow:

Net cash provided by operating activities
- capital expenditures on maintenance investments
+ proceeds from sale of fixed assets

= Free cash flow

Free cash flow / share:

$$\frac{\text{Free cash flow}}{\text{Average number of outstanding shares during period}}$$

Cash conversion, %:

$$\frac{\text{Free cash flow}}{\text{Profit}} \times 100$$

Segment information

ORDERS RECEIVED

EUR million	1-3/2016	1-3/2015	4/2015-3/2016	1-12/2015
Minerals	**494**	558	2,196	2,260
Flow Control	**169**	241	695	767
Group Head Office and other	**-**	-	-	-
Intra Metso orders received	**0**	0	0	0
Metso total	**663**	799	2,891	3,027

NET SALES

EUR million	1-3/2016	1-3/2015	4/2015-3/2016	1-12/2015
Minerals	**453**	563	2,088	2,198
Flow Control	**148**	225	701	778
Group Head Office and other	**0**	-	2	2
Intra Metso net sales	**0**	-1	0	-1
Metso total	**601**	787	2,791	2,977

ADJUSTED EBITA

EUR million	1-3/2016	1-3/2015	4/2015-3/2016	1-12/2015
Minerals	**36.9**	55.4	222.2	240.7
Flow Control	**19.0**	20.8	115.7	117.5
Group Head Office and other	**-0.2**	-5.9	-5.3	-11.0
Metso total	**55.7**	70.3	332.6	347.2

ADJUSTED EBITA, % OF NET SALES

%	1-3/2016	1-3/2015	4/2015-3/2016	1-12/2015
Minerals	**8.1**	9.9	10.6	11.0
Flow Control	**12.8**	9.2	16.5	15.1
Group Head Office and other	**n/a**	n/a	n/a	n/a
Metso total	**9.3**	8.9	11.9	11.7

ADJUSTMENT ITEMS

EUR million	1-3/2016	1-3/2015	4/2015-3/2016	1-12/2015
Minerals	**-0.7**	-	-20.8	-20.1
Flow Control	**-**	-	-4.5	-4.5
Group Head Office and other	**-0.2**	-	250.6	250.8
Metso total	**-0.9**	-	225.3	226.2

AMORTIZATION

EUR million	1-3/2016	1-3/2015	4/2015-3/2016	1-12/2015
Minerals	**-1.6**	-1.6	-7.4	-7.4
Flow Control	**-0.6**	-1.3	-1.9	-2.6
Group Head Office and other	**-2.2**	-2.0	-8.3	-8.1
Metso total	**-4.4**	-4.9	-17.6	-18.1

OPERATING PROFIT (LOSS)

EUR million	1-3/2016	1-3/2015	4/2015-3/2016	1-12/2015
Minerals	**34.7**	53.8	194.1	213.2
Flow Control	**18.4**	19.4	109.4	110.4
Group Head Office and other	**-2.7**	-7.9	236.9	231.7
Metso total	**50.4**	65.3	540.4	555.3

OPERATING PROFIT (LOSS), % OF NET SALES

%	1-3/2016	1-3/2015	4/2015-3/2016	1-12/2015
Minerals	**7.7**	9.6	9.3	9.7
Flow Control	**12.4**	8.6	15.6	14.2
Group Head Office and other	**n/a**	n/a	n/a	n/a
Metso total	**8.4**	8.3	19.4	18.7

Quarterly information

ORDERS RECEIVED

EUR million	1-3/2015	4-6/2015	7-9/2015	10-12/2015	1-3/2016
Minerals	558	642	475	585	**494**
Flow Control	241	181	172	173	**169**
Group Head Office and other	-	-	-	-	**-**
Intra Metso orders received	0	0	0	0	**0**
Metso total	799	823	647	758	**663**

NET SALES

EUR million	1-3/2015	4-6/2015	7-9/2015	10-12/2015	1-3/2016
Minerals	563	560	501	574	**453**
Flow Control	225	194	179	180	**148**
Group Head Office and other	-	1	1	-	**0**
Intra Metso net sales	-1	1	-1	0	**0**
Metso total	787	756	680	754	**601**

ADJUSTED EBITA

EUR million	1-3/2015	4-6/2015	7-9/2015	10-12/2015	1-3/2016
Minerals	55.4	60.2	55.9	69.2	**36.9**
Flow Control	20.8	36.1	37.0	23.6	**19.0**
Group Head Office and other	-5.9	-2.4	-0.6	-2.1	**-0.2**
Metso total	70.3	93.9	92.3	90.7	**55.7**

ADJUSTED EBITA, % OF NET SALES

%	1-3/2015	4-6/2015	7-9/2015	10-12/2015	1-3/2016
Minerals	9.9	10.8	11.2	12.1	**8.1**
Flow Control	9.2	18.6	20.7	13.1	**12.8**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Metso total	8.9	12.4	13.6	12.0	**9.3**

ADJUSTMENT ITEMS

EUR million	1-3/2015	4-6/2015	7-9/2015	10-12/2015	1-3/2016
Minerals	-	-	-3.3	-16.8	**-0.7**
Flow Control	-	-	-3.3	-1.2	**-**
Group Head Office and other	-	257.2	-5.8	-0.6	**-0.2**
Metso total	-	257.2	-12.4	-18.6	**-0.9**

AMORTIZATION

EUR million	1-3/2015	4-6/2015	7-9/2015	10-12/2015	**1-3/2016**
Minerals	-1.6	-1.9	-1.7	-2.2	**-1.6**
Flow Control	-1.3	-0.1	-0.7	-0.5	**-0.6**
Group Head Office and other	-2.0	-2.1	-2.0	-2.0	**-2.2**
Metso total	-4.9	-4.1	-4.4	-4.7	**-4.4**

OPERATING PROFIT (LOSS)

EUR million	1-3/2015	4-6/2015	7-9/2015	10-12/2015	**1-3/2016**
Minerals	53.8	58.3	50.9	50.2	**34.7**
Flow Control	19.4	36.1	33.0	21.9	**18.4**
Group Head Office and other	-7.9	252.7	-8.4	-4.7	**-2.7**
Metso total	65.3	347.1	75.5	67.4	**50.4**

OPERATING PROFIT (LOSS), % OF NET SALES

%	1-3/2015	4-6/2015	7-9/2015	10-12/2015	**1-3/2016**
Minerals	9.6	10.4	10.2	8.7	**7.7**
Flow Control	8.6	18.6	18.4	12.2	**12.4**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Metso total	8.3	45.9	11.1	8.9	**8.4**

CAPITAL EMPLOYED

EUR million	Mar 31, 2015	June 30, 2015	Sep 30, 2015	Dec 31, 2015	**Mar 31, 2016**
Minerals	1,308	1,252	1,167	1,162	**1,142**
Flow Control	389	329	322	321	**323**
Group Head Office and other	494	695	718	784	**827**
Metso total	2,191	2,276	2,207	2,267	**2,292**

Capital employed includes only external balance sheet items.

ORDER BACKLOG

EUR million	Mar 31, 2015	June 30, 2015	Sep 30, 2015	Dec 31, 2015	**Mar 31, 2016**
Minerals	1,120	1,109	1,004	1,006	**1,020**
Flow Control	510	300	285	262	**280**
Intra Metso order backlog	1	2	1	0	**0**
Metso total	1,631	1,411	1,290	1,268	**1,300**

PERSONNEL

	Mar 31, 2015	June 30, 2015	Sep 30, 2015	Dec 31, 2015	**Mar 31, 2016**
Minerals	10,372	9,920	9,493	9,222	**9,068**
Flow Control	2,956	2,966	2,858	2,821	**2,797**
Group Head Office and other	687	664	589	576	**521**
Metso total	14,015	13,550	12,940	12,619	**12,386**

Adjustments and amortization of intangible assets

1-3/2016 **EUR million**	Minerals	Flow Control	Group Head office and other	**Metso total**
Adjusted EBITA	**36.9**	**19.0**	**-0.2**	**55.7**
% of net sales	**8.2**	**12.8**	**-**	**9.3**
Capacity adjustment expenses	-0.7	-	-0.2	**-0.9**
Amortization of intangible assets	-1.6	-0.6	-2.2	**-4.4**
Operating profit (EBIT)	34.7	18.4	-2.7	**50.4**

1-3/2015 **EUR million**	Minerals	Flow Control	Group Head office and other	**Metso total**
Adjusted EBITA, excluding PAS	**55.4**	**28.4**	**-5.9**	**77.9**
% of net sales	**9.9**	**16.6**	**-**	**10.6**
PAS adjustment	-	-7.6	-	**-7.6**
Adjusted EBITA	**55.4**	**20.8**	**-5.9**	**70.3**
Amortization of intangible assets	-1.6	-1.3	-2.0	**-4.9**
Operating profit (EBIT)	53.8	19.4	-7.9	**65.3**

1-12/2015 **EUR million**	Minerals	Flow Control	Group Head office and other	**Metso total**
Adjusted EBITA, excluding PAS	**240.7**	**126.2**	**-11.0**	**355.9**
% of net sales	**11.0**	**17.5**	**-**	**12.2**
PAS adjustment	-	-8.7	-	**-8.7**
Adjusted EBITA	**240.7**	**117.5**	**-11.0**	**347.2**
Gain on disposal of the PAS business	-	-	252.3	**252.3**
Capacity adjustment expenses	-20.1	-1.2	-	**-21.3**
Other costs	-	-3.3	-1.5	**-4.8**
Amortization of intangible assets	-7.4	-2.6	-8.1	**-18.1**
Operating profit (EBIT)	213.2	110.4	231.7	**555.3**

Reconciliation concerning PAS figures in 2015

FLOW CONTROL SEGMENT

1–3/2015 **EUR million**	Flow Control including PAS	PAS	Flow Control without PAS
Orders received	241	62	179
Order backlog	510	186	324
Net sales	225	54	171

1–12/2015 **EUR million**	Flow Control including PAS	PAS	Flow Control without PAS
Orders received	767	62	705
Order backlog	262	-	262
Net sales	778	54	723

METSO TOTAL

1–3/2015 **EUR million**	Metso including PAS	PAS	Metso without PAS
Orders received	799	62	737
Order backlog	1,631	186	1,445
Net sales	787	54	733

1–12/2015 **EUR million**	Metso including PAS	PAS	Metso without PAS
Orders received	3,027	62	2,965
Order backlog	1,268	-	1,268
Net sales	2,977	54	2,923

Metso's Financial Reporting in 2016

Metso's upcoming Interim Reviews for 2016 will be published as follows:
January–June on July 21, and January–September on October 21.

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