

January 1 – December 31, 2017

# 2017

Q4 and full-year  
results



# 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.

# Q4/2017 in brief

Healthy market activity

Good overall performance in Flow Control

Lower mining orders and sales, and weaker profitability in Minerals

Acquisition of WEARX in Australia

Expansion of the aggregates and flow control distribution network continued

# Group quarterly financials

**Orders received +2% (+5% in constant currencies) to EUR 684 million**

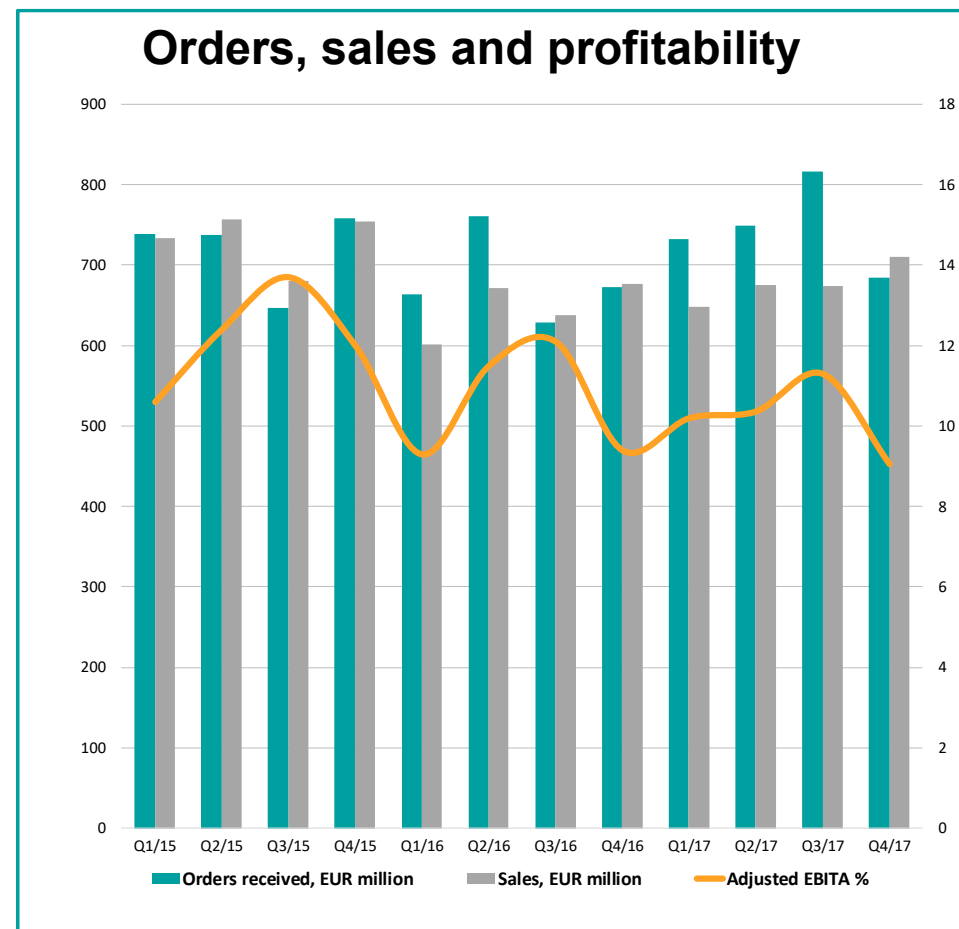
**Sales grew 5% (+8% in constant currencies) to EUR 710 million**

**Adjusted EBITA was EUR 64 million or 9.1% (64 million or 9.4%)**

**Operating profit was EUR 60 million or 8.4% (44 million or 6.6%)**

**Earnings per share were EUR 0.08 (EUR 0.17)**

**Free cash flow totaled EUR 57 million (EUR 97 million)**



# Minerals quarterly financials

## Orders declined 2% (+2% in constant currencies)

- Solid aggregates and recycling
- Timing and tighter controls on terms and conditions in mining

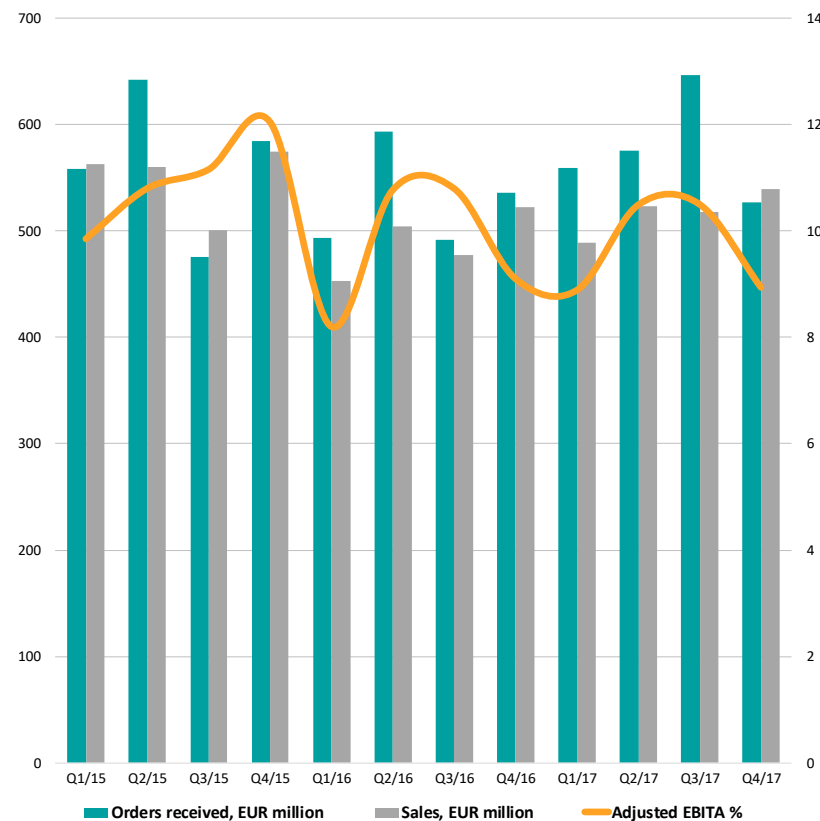
## Sales increased 3% (+6% in constant currencies)

- Driven by aggregates equipment
- Mining flat

## Adjusted EBITA margin was 8.9% ( 9.1%)

- Unfavorable sales mix between equipment and services
- Unfavorable sales mix within services
- Margin pressure in consumables
- Constraints in the services supply chain

## Orders, sales and profitability



# Flow Control quarterly financials

## Orders increased 15% (+19% in constant currencies)

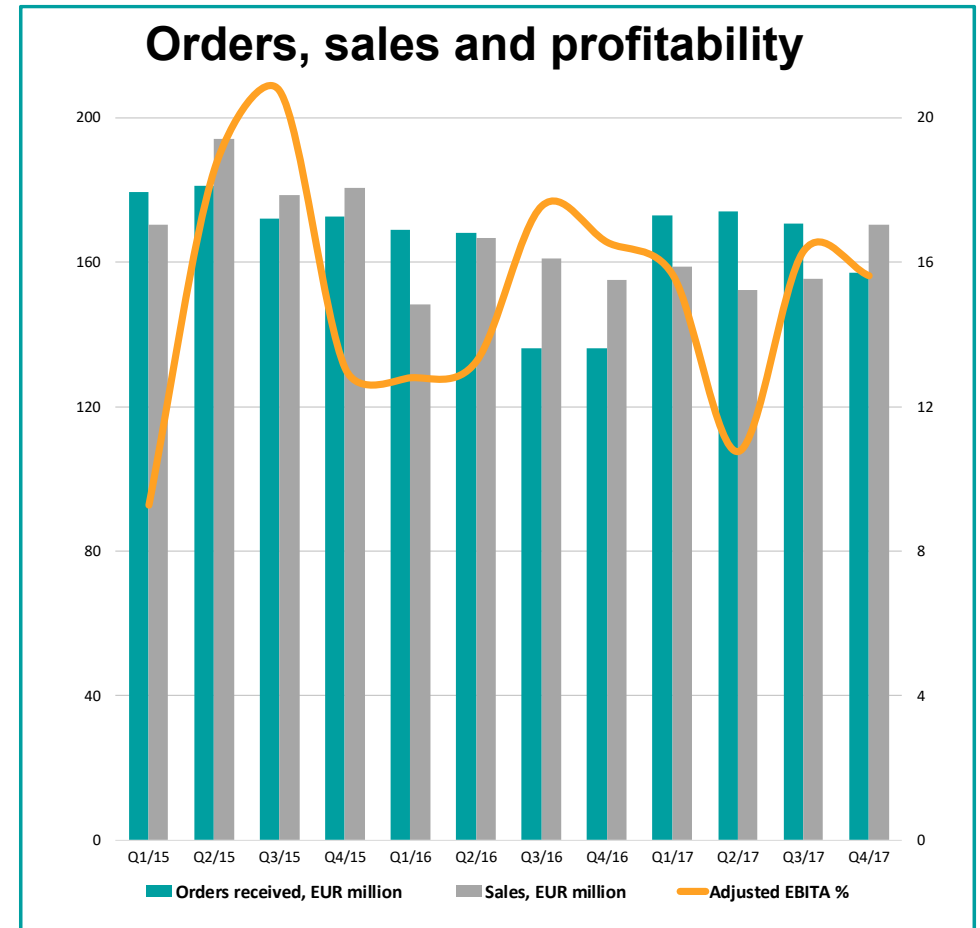
- Strong performance for both equipment and services

## Sales increased 10% (+14% in constant currencies)

- Higher growth in equipment than in services

## Adjusted EBITA margin 15.6% (16.6%)

- Good performance despite unfavorable mix



# Income statement

EUR million	Q4/2017	Q4/2016	Change %	Q1-Q4/ 2017	Q1-Q4/ 2016	Change %
<b>Orders received</b>	684	672	2%	2,982	2,724	9%
<b>Orders received, services business</b>	435	442	-2%	1,897	1,741	9%
<b>Sales</b>	710	676	5%	2,706	2,586	5%
<b>Sales, services business</b>	458	442	4%	1,767	1,703	4%
<b>Adjusted EBITA</b>	64	64	1%	244	274	-11%
<b>% of sales</b>	9.1	9.4		9.0	10.6	
<b>Operating profit</b>	60	44	34%	218	227	-4%
<b>% of sales</b>	8.4	6.6		8.1	8.8	
<b>Profit for the period</b>	12	25	-52%	102	130	-22%
<b>Earnings per share, EUR</b>	0.08	0.17	-53%	0.68	0.87	-22%
<b>Return on capital employed before taxes, %, annualized</b>				10.3	10.4	

# Balance sheet

EUR million	Dec 31, 2017	% of total	Dec 31, 2016	% of total
Intangible assets	545	16.6%	538	16.6%
Tangible assets	287	8.7%	315	9.7%
Financial and other assets	130	4.0%	157	4.9%
Inventories	750	22.8%	709	21.9%
Receivables	631	27.5%	605	18.7%
Current financial assets	271	5.1%	214	6.6%
Cash and cash equivalents	673	20.5%	698	21.6%
<b>TOTAL ASSETS</b>	<b>3,287</b>		<b>3,236</b>	
Total equity	1,351	41.1%	1,439	44.5%
Interest-bearing liabilities	854	26.0%	794	24.5%
Non-interest-bearing liabilities	1,082	32.9%	1,003	31.0%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,287</b>		<b>3,236</b>	



# Cash flow

EUR million	Q4/2017	Q4/2016	Q1-Q4/ 2017	Q1-Q4/ 2016
Profit	12	25	102	130
Adjustments	54	47	192	170
Change in net working capital	22	55	-23	92
Financial items, paid	-7	-11	-21	-25
Taxes paid	-15	-8	-64	-21
<b>Net cash provided by operating activities</b>	<b>65</b>	<b>108</b>	<b>185</b>	<b>346</b>
Capital expenditure on fixed assets	-12	-10	-38	-31
Other	0	-1	-2	0
<b>Net cash from investments</b>	<b>-41</b>	<b>-12</b>	<b>-66</b>	<b>-10</b>
<b>Free cash flow</b>	<b>57</b>	<b>97</b>	<b>158</b>	<b>339</b>

# Financial position



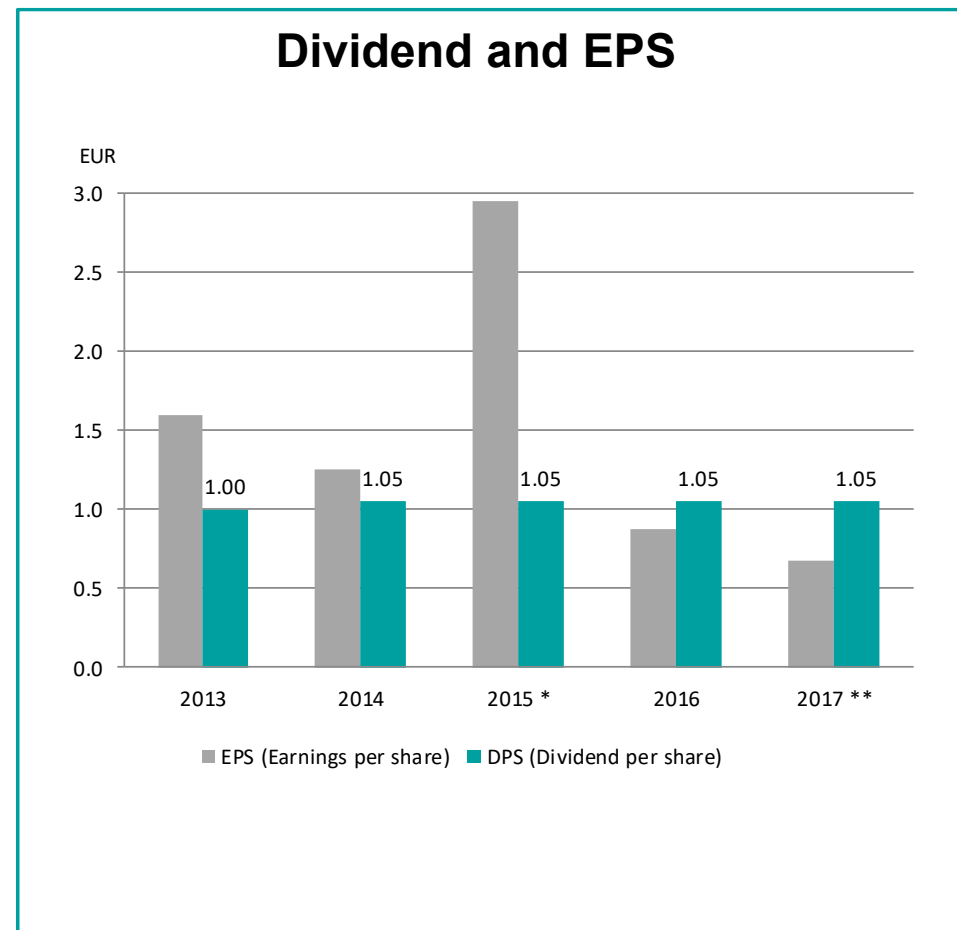
	Dec 31, 2017	Dec 31, 2016
Return on equity (ROE), %	7.3	9.0
Net gearing at the end of the year, %	1.8	-1.8
Cash conversion, %	155	261
Equity-to-assets ratio at the end of the year, %	44.5	48.0
Debt to capital, %	38.7	35.6
Net debt / EBITDA	0.1	-0.1
Interest cover (EBITDA)	8.0	7.4
Cash assets	673	698



Metso MX4

# Dividend proposal of EUR 1.05

The proposed dividend totals EUR 157 million  
154% of earnings per share



# Market outlook

Remain stable for Minerals equipment and services

Remain stable for Flow Control equipment and services



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**Expect results**

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