

January 1 – June 30, 2017

H1

Half-Year Financial
Review 2017

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 a key driver throughout our value chain

People

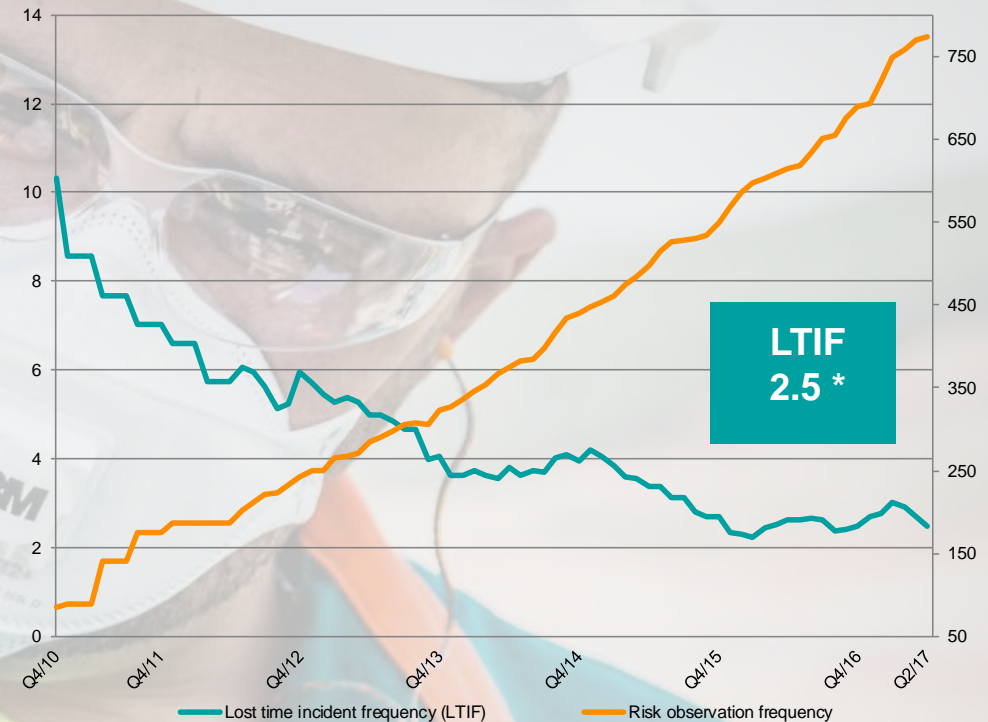
Encourages employee commitment and motivation

Productivity

Improves productivity and lowers quality costs

Partnership

Improves stakeholder recognition as a sustainable partner



Demand from customers: License to operate



Quarterly highlights

Matti Kähkönen
President and CEO

Q2/2017 in brief

Healthy market activity continued with improvement in mining equipment

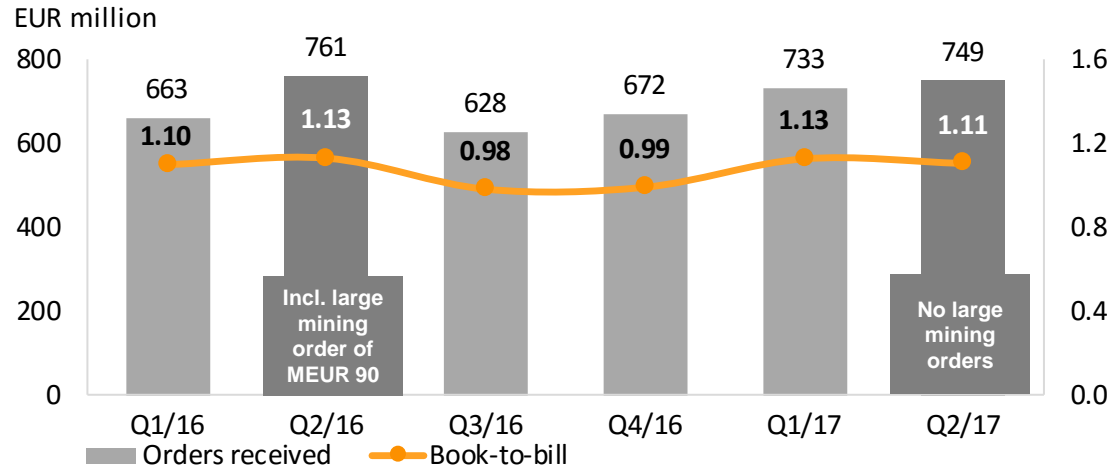
Sales are not yet reflecting the growth in orders

Profitability was affected mainly by low sales and mix

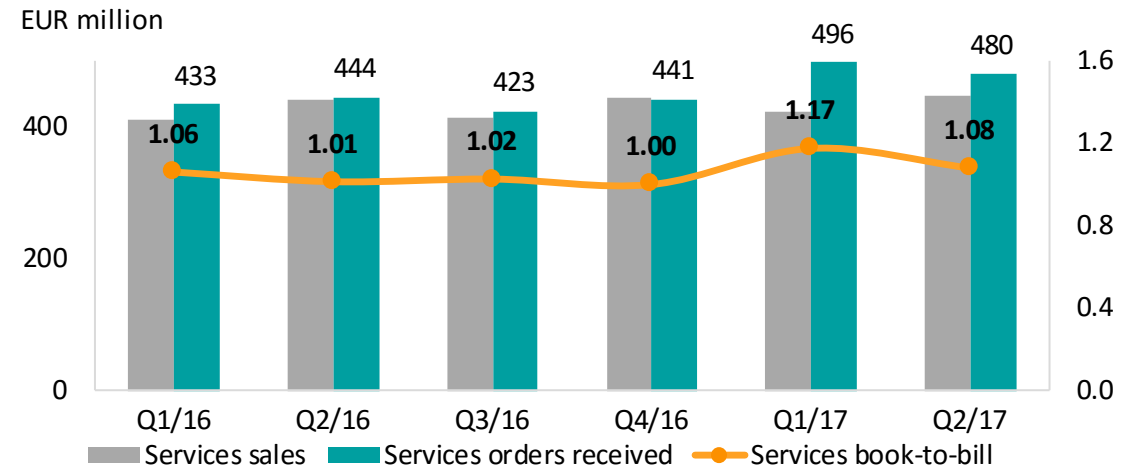
Good progress in strategic initiatives

Q2/2017 financial highlights

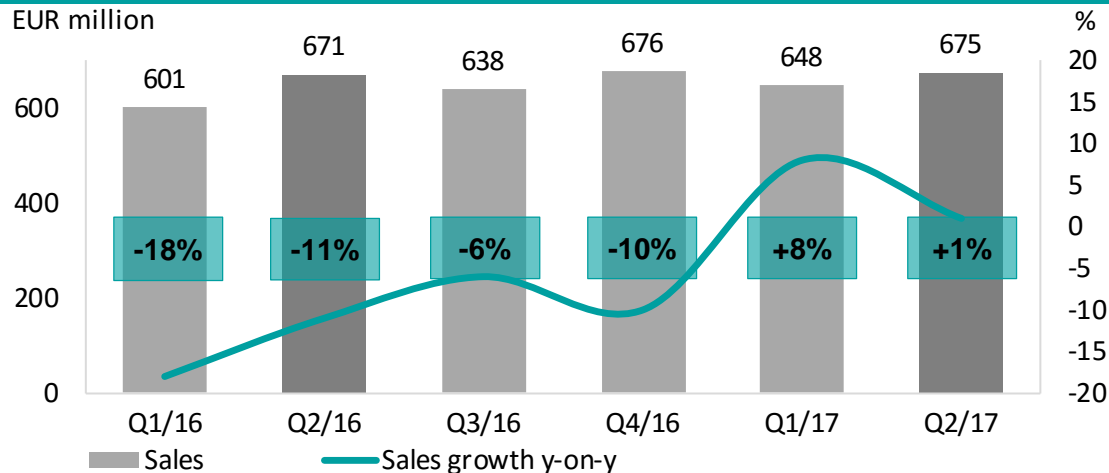
Good order intake without large orders



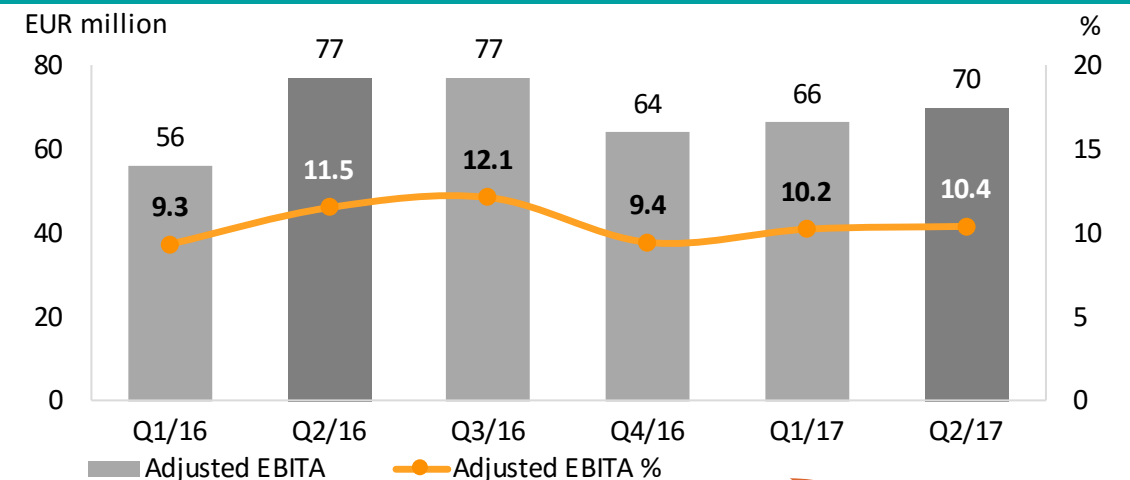
Services orders grew 8%; positive book-to-bill continued



Sales are not yet reflecting the order growth



Profitability slightly disappointing



Short-term market outlook for 2017

Mining

45% of sales
80% services *

Equipment

satisfactory

Services

good

Previously: weak

Aggregates

25% of sales
45% services *

Equipment

good

Services

good

Flow Control

25% of sales
60% services *

Equipment

good

Services

good

Current topics in the second quarter

Good progress in growth initiatives

- Investments in assembly capacity of Lokotracks in Finland, and in the manufacturing of crusher wear parts in South Africa totaling EUR 4.5 million
- Continued expansion of distribution network in Flow Control and Aggregates

Digital strategy proceeding according to plan

- Platform was chosen to create new industry-leading IoT solutions for mining and aggregates customers

New President and CEO and changes in management team

- Nico Delvaux will start as the new President and CEO on August 1
- Victor Tapia started as President of Minerals Capital on June 1



Financial performance

Eeva Sipilä
CFO

Orders were healthy in both segments

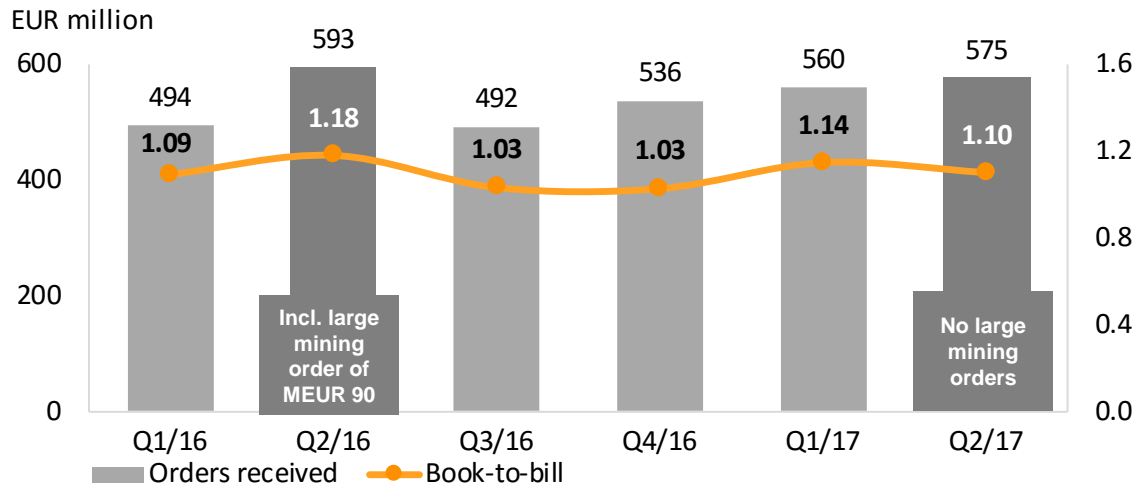
Orders increased 12%, adjusting for the big order in the comparison period

Mining supported by customers' focus on productivity

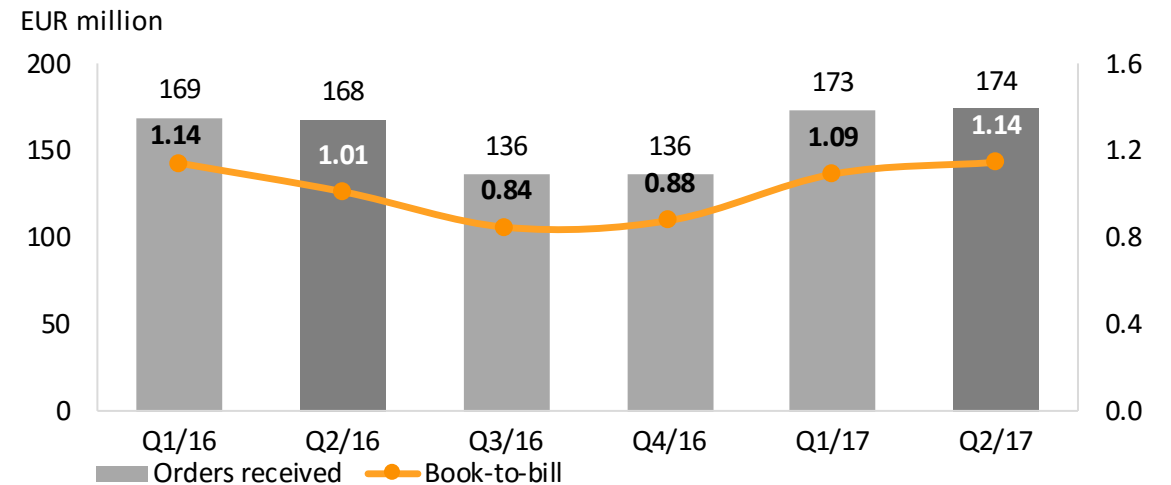
Aggregates equipment orders increased

Pump orders up in Flow Control

Minerals: Productivity focus of customers supports growth in replacement and services orders



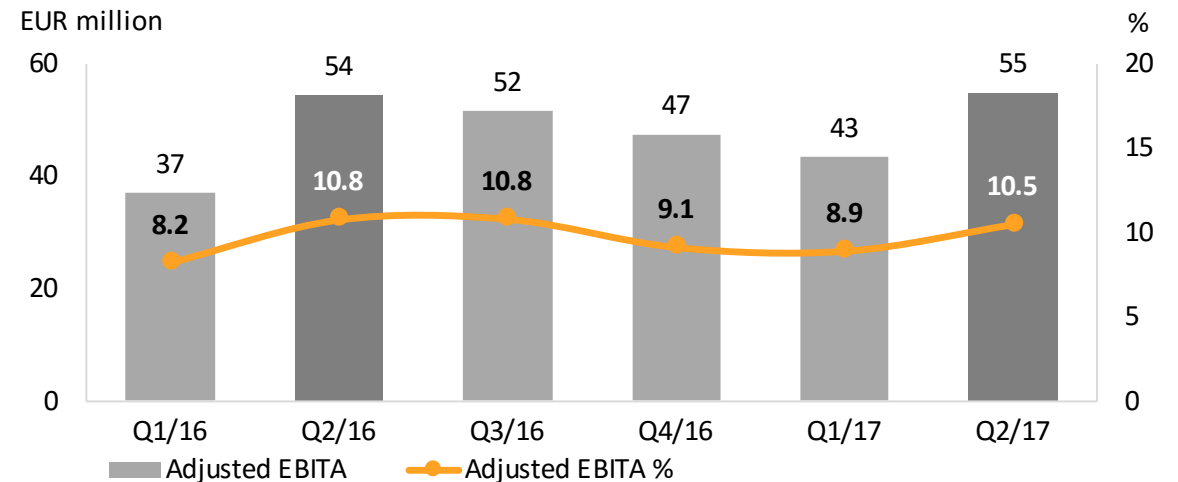
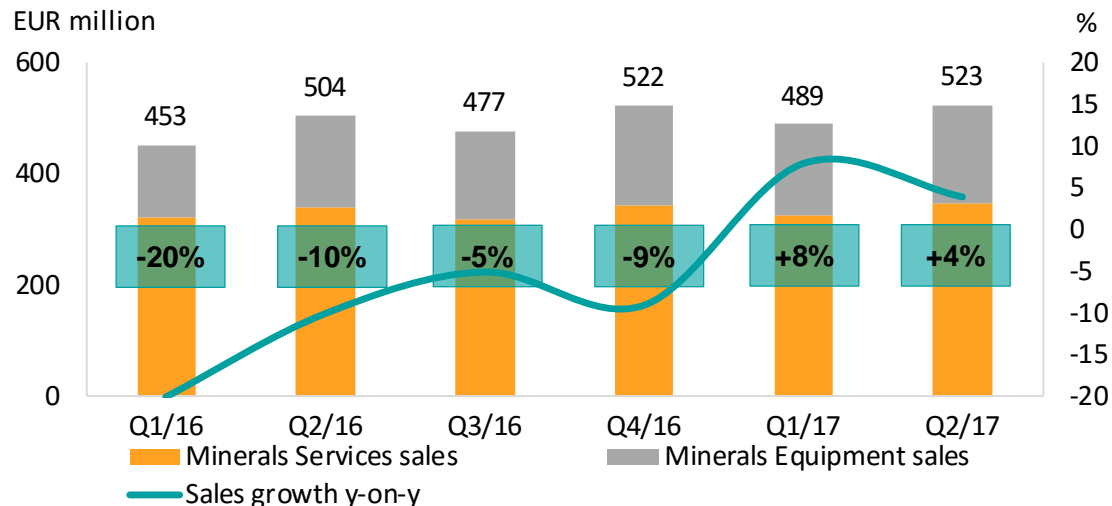
Flow Control: Healthy order intake in valves while pumps improved significantly



Minerals: Aggregates' improvement offset by mining

Sales driven by double-digit growth in aggregates equipment; other businesses flat

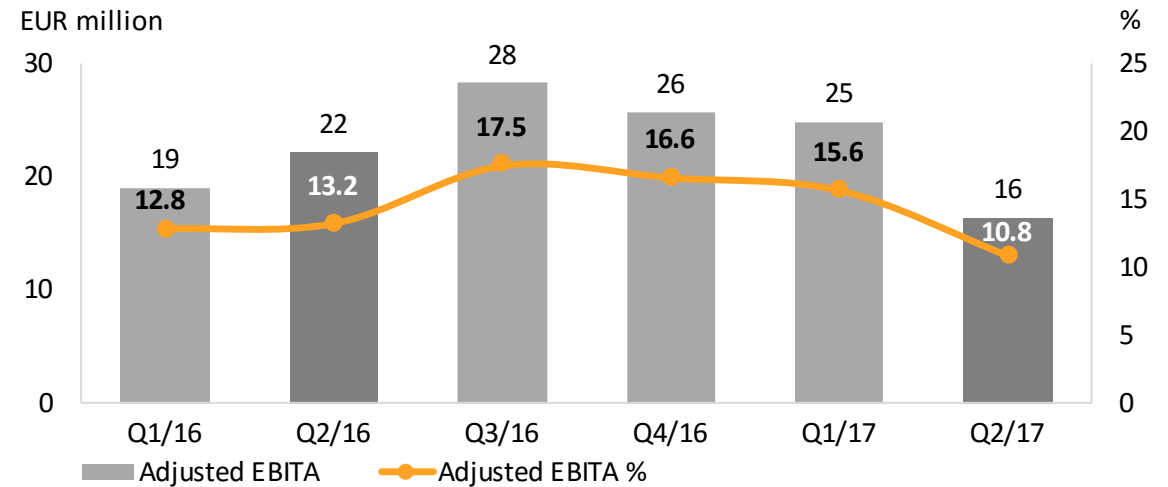
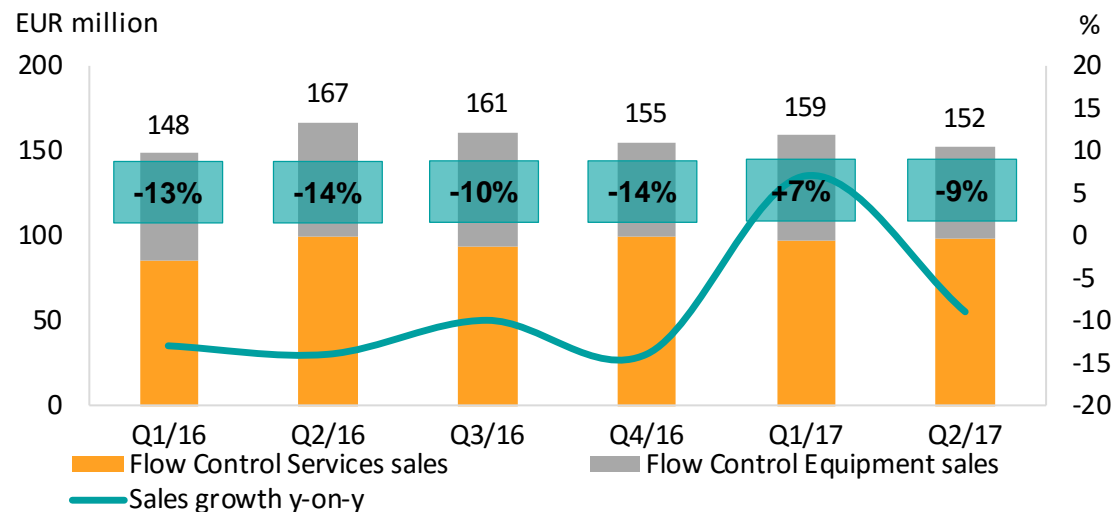
Mining services margins affected by higher raw material prices and sales mix



Flow Control: H1 performance flat with positive book-to-bill

Sales reflecting H2/16 order intake

Low sales and related under-absorption as well as sales mix impacted profitability

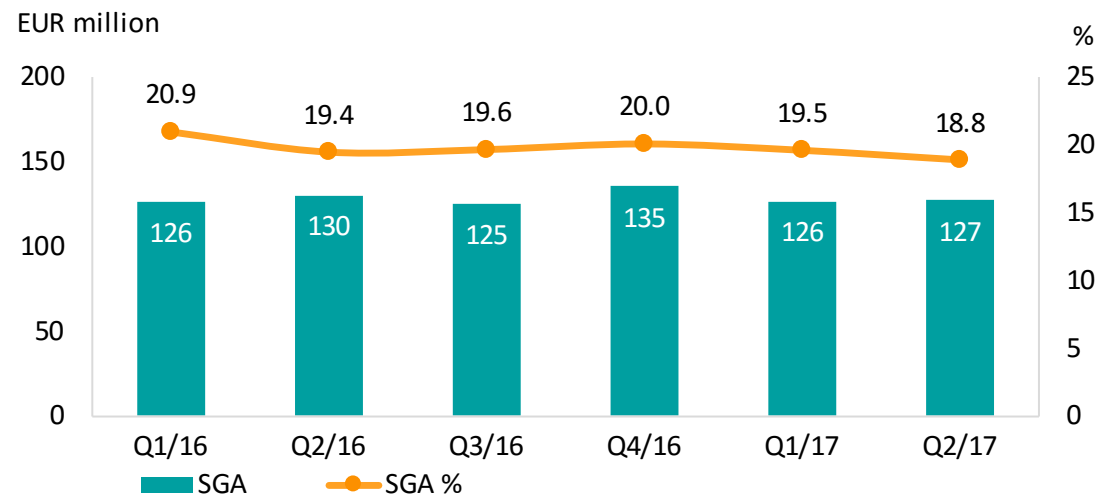
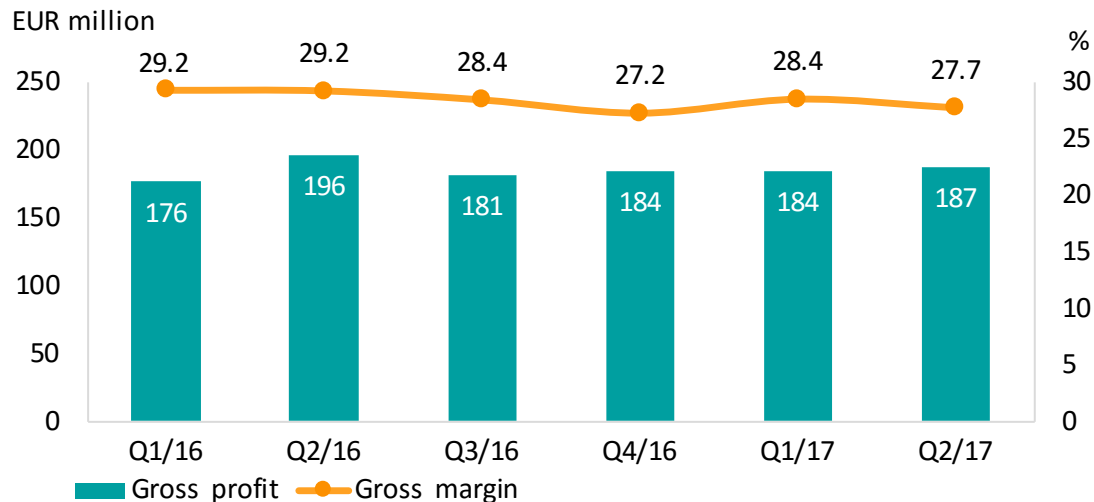


Differing trending in Q2 margins

Gross margin in the second quarter reflected :

- the mix in both segments,
- raw material pressure in Minerals and
- under-absorption in Flow Control.

SG&A costs were stable and as % of sales trending downwards



Balance sheet continues to be strong

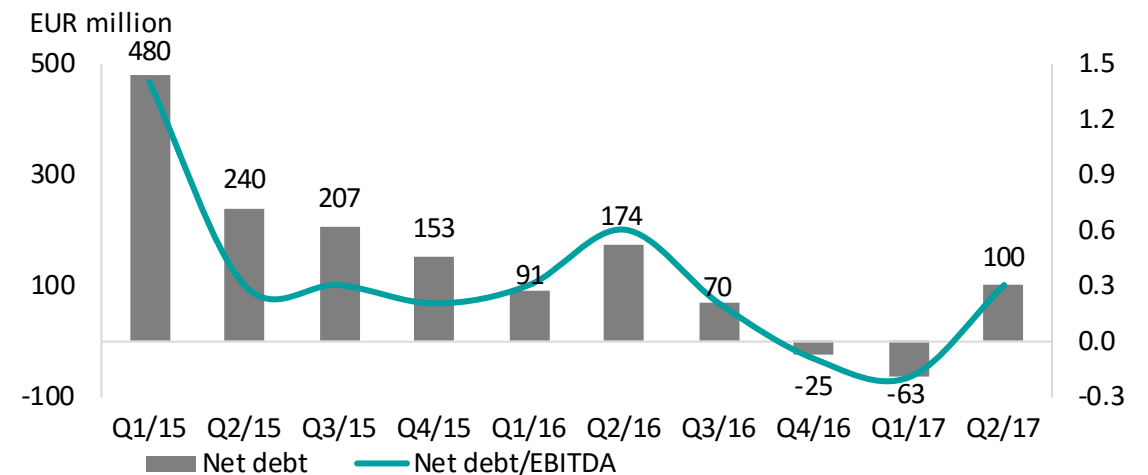
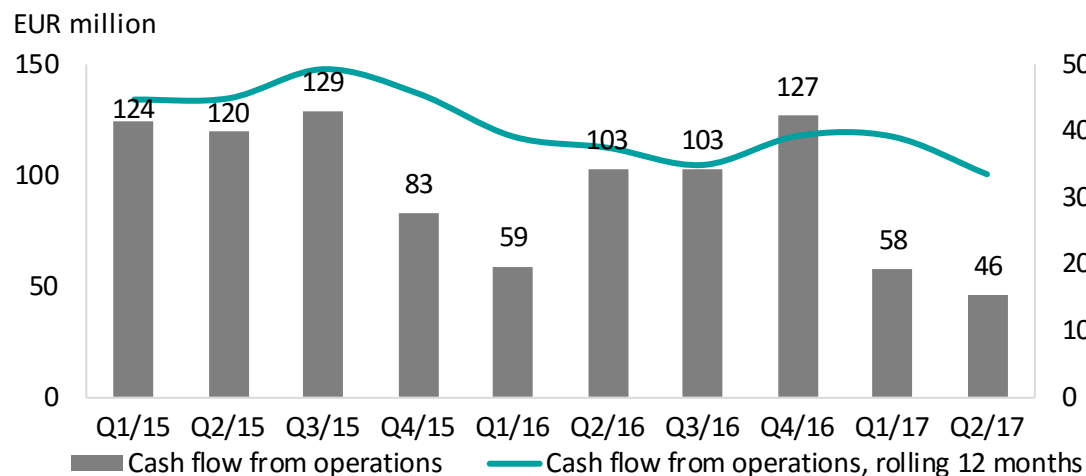
Free cash flow affected mainly by EUR 56 million increase of net working capital

Paid income taxes totaled EUR 37 million

Dividend of EUR 157 million paid in April

Maturity structure of debt was extended

- New EUR 300 million bond issued
- EUR 205 million of the 2019 outstanding EUR 400 million bond purchased back



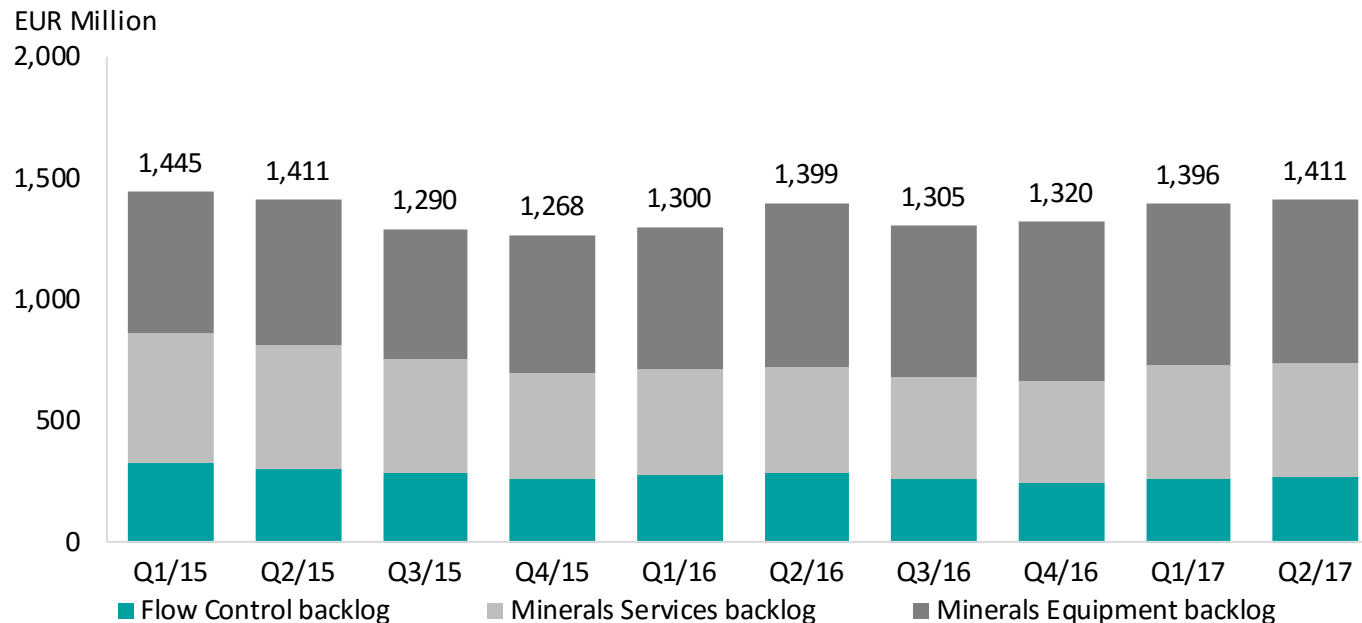
Order backlog increased

Our backlog at end of June for 2017 deliveries totaled approximately EUR 1 billion

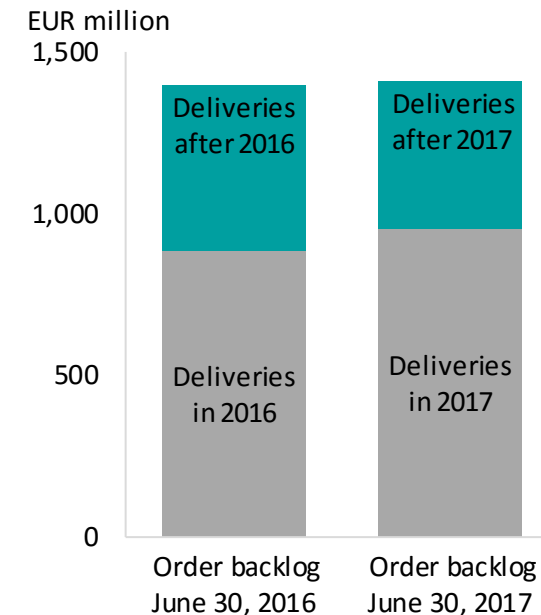
Deliveries for the remainder of the year higher compared to the end of June 2016

- We continue to expect some postponements to planned delivery timetables

Order backlog



Delivery timetable

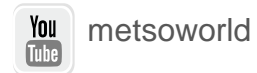
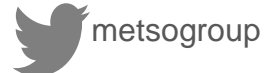
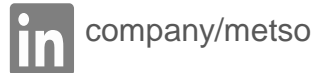




metso

Expect results

www.metso.com



A close-up photograph of industrial machinery, likely a large pump or turbine, featuring several large, bolted flanges and a central shaft. The scene is brightly lit, creating a clean, metallic appearance. A semi-transparent white horizontal band is overlaid across the middle of the image, serving as a background for the text.

Appendix

Key figures

EUR million	Q2/2017	Q2/2016	Change %	H1/2017	H1/2016	Change %	2016
Orders received	749	761	-2	1,482	1,424	4	2,724
without currency effect			-3			1	
Orders received, services business	480	444	8	976	877	11	1,741
without currency effect			7			8	
Sales	675	671	1	1,323	1,272	4	2,586
without currency effect			0			2	
Sales, services business	445	439	1	868	848	2	1,703
without currency effect			0			-1	
Adjusted EBITA	70.0	77.3	-9	136.5	133.0	3	274.0
% of sales	10.4	11.5		10.3	10.5		10.6
Operating profit	59.8	69.3	-14	119.2	119.7	0	227.1
Earnings per share, EPS, EUR	0.24	0.28	-14	0.47	0.46	2	0.87
Return on capital employed (ROCE), before tax, annualized, %				11.1	11.0		10.4
Free cash flow	4	74	-95	43	136	-68	339

Cash flow and financial position

	June 30, 2017	Dec 31, 2016
Return on equity (ROE), annualized, %	10.2	9.0
Return on capital employed (ROCE) before taxes, annualized, %	11.1	10.4
Gearing at the end of the period, %	7.5	-1.8
Cash conversion, %	61	261
Equity to assets ratio at the end of the period, %	45.9	48.0
Debt to capital, %	39.0	35.6
Net debt / EBITDA	0.3	-0.1
Interest cover (EBITDA)	9.0	7.4
Cash assets	629	698

Geographical figures in Q2/2017

EMEA
35% of sales

Minerals sales +6%
Flow Control sales -2%

North America
23% of sales

Minerals sales flat
Flow Control sales -1%

Asia-Pacific
24% of sales

Minerals sales +16%
Flow Control sales -3%

South and Central America
18% of sales

Minerals sales flat
Flow Control sales flat

Mining

Orders were EUR 342 million and -15%

- + Services orders +12% with increase across the services offering
- + Recovery more visible in the equipment business

Aggregates

Orders were EUR 194 million and +19%

- + Good activity continued in several regions
- + Equipment orders +36%, services flat

Flow Control

Orders were EUR 174 million and +4%

- + Orders from oil & gas as well as pulp & paper customers slightly higher
- + Pumps grew significantly

