metso

2018 Half-Year Review

January 1 – June 30

Metso's Half-Year Review January 1 – June 30, 2018

All figures relating to 2017 have been restated to reflect the adoption of the IFRS 15 standard and the revision in the reporting of the Flow Control segment's services business. The restated figures were published on April 16, 2018. Figures in brackets refer to the corresponding period in 2017, unless otherwise stated.

Second-quarter 2018 in brief

- Healthy activity in all markets
- Orders received increased 14%, or 22% in constant currencies, to EUR 853 million (749 million)
- Services orders grew 7%, or 15% in constant currencies, to EUR 463 million (431 million)
- Sales grew 15%, or 23% in constant currencies, and totaled EUR 776 million (675 million)
- Services sales grew 10%, or 18% in constant currencies, and totaled EUR 442 million (403 million)
- Adjusted EBITA was EUR 91 million, or 11.7% of sales (70 million, or 10.4%)
- Operating profit (EBIT) up 45%, totaling EUR 86 million, or 11.1% of sales (60 million, or 8.9%)
- Earnings per share were EUR 0.38 (0.24)
- Free cash flow was EUR 21 million (4 million)

Half-year 2018 in brief

- Orders received increased 16%, or 23% in constant currencies, to EUR 1,712 million (1,482 million)
- Services orders grew 8%, or 16% in constant currencies, to EUR 954 million (882 million)
- Sales grew 13%, or 20% in constant currencies, and totaled EUR 1,490 million (1,322 million)
- Services sales grew 10%, or 18% in constant currencies, and totaled EUR 864 million (786 million)
- Adjusted EBITA was EUR 176 million, or 11.8% of sales (136 million, or 10.3%)
- Operating profit (EBIT) up 40%, totaling EUR 167 million, or 11.2% of sales (119 million, or 9.0%)
- Earnings per share were EUR 0.71 (0.47)
- Free cash flow was EUR 23 million (43 million)

Market outlook

The outlook represents expected sequential market development with a rolling six-month view. Our market conditions are expected to develop as follows:

- Growth in demand to increase for Minerals equipment
- Growth in demand to remain stable for Minerals services
- Growth in demand to level off for Flow Control

Previous outlook (published April 25, 2018)

Our market conditions are expected to develop as follows:

- Growth in demand to remain stable for Minerals equipment and services
- Growth in demand to remain stable for Flow Control equipment and services

Interim President and CEO Eeva Sipilä:

We saw continued healthy market activity across our businesses and were particularly pleased to see the project activity in the mining equipment market increase during the second quarter. The solid growth in both equipment and services is a clear indication of our strong position in our key markets. The recent increased uncertainty relating to global trade is something we are obviously watching closely. However, we currently estimate the direct impact of the tariffs enforced so far on Metso to be limited.

Going forward, we will continue to focus on operational excellence as well as on implementing Metso's other strategic fundamentals. We are moving forward with our Digital Strategy and currently successfully piloting comminution analytics at customer sites in North America, Africa, and Australia. We are also taking R&D plans forward across our portfolio to strengthen our offering further. Also, our work on adjacent acquisitions supporting our growth strategy continues. Overall, while we have a lot of areas of further improvement ahead of us, I am encouraged by the results we have achieved during the first six months of the year.

Key figures

EUR million	**Q2/2018**	Q2/2017	Change %	**H1/2018**	H1/2017	Change %	2017
Orders received	**853**	749	14	**1,712**	1,482	16	2,982
Orders received by the services business	**463**	431	7	**954**	882	8	1,717
% of orders received	**54**	58		**56**	60		58
Order backlog at the end of the period				**1,601**	1,411	13	1,439
Sales	**776**	675	15	**1,490**	1,322	13	2,699
Sales of the services business	**442**	403	10	**864**	786	10	1,595
% of sales	**57**	60		**58**	59		59
Earnings before interest, tax and amortization (EBITA), adjusted	**91**	70	30	**176**	136	29	244
% of sales	**11.7**	10.4		**11.8**	10.3		9.0
Operating profit (EBIT)	**86**	60	45	**167**	119	40	218
% of sales	**11.1**	8.9		**11.2**	9.0		8.1
Earnings per share, EUR	**0.38**	0.24	58	**0.71**	0.47	51	0.68
Free cash flow	**21**	4	425	**23**	43	-47	158
Return on capital employed (ROCE) before taxes, annualized, %				**16.8**	11.1		10.3
Equity-to-assets ratio at the end of the period, %				**47.0**	45.9		44.5
Net gearing at the end of the period, %				**13.7**	7.5		1.8
Personnel at the end of the period				**12,708**	11,788	8	12,037

Operating environment

Healthy market activity continued in all our businesses during the second quarter. The market for mining equipment improved, which resulted in increased quotation activity, and aggregates equipment saw continued strong demand especially in India and North America. The demand for services was healthy from both mining and aggregates customers. In the valves business, project and day-to-day activity alike remained healthy. Good development continued also in the demand for pumps and recycling.

Orders and sales

Second-quarter orders received increased 14%, or 22% in constant currencies, compared to the same quarter in 2017 and totaled EUR 853 million (EUR 749 million). Order growth was 17% in the Minerals segment and 6% in the Flow Control segment. Services orders grew 7% from comparison period to EUR 463 million. Services orders increased 7% in Minerals and 11% in Flow Control. Equipment orders increased 34% in Minerals and 3% in Flow Control.

Quarterly sales totaled EUR 776 million (EUR 675 million) and increased 15%, or 23% in constant currencies, from the comparison period. Sales growth in both segments was mainly driven by equipment. Minerals' sales grew 14% and totaled EUR 596 million, while Flow Control's sales increased 18% to EUR 180 million.

Orders in January-June totaled EUR 1,712 million, which is 16% higher than in the corresponding period of 2017. Orders grew 17% in Minerals to EUR 1,325 million and 12% in Flow Control to EUR 389 million. The order backlog at the end of June 2018 totaled EUR 1,601 million (EUR 1,439 million at the end of 2017). Approximately 80% of the order backlog is expected to be delivered in 2018.

January-June sales totaled EUR 1,490 million, which is 13% higher than in the first half of 2017. Minerals' sales increased 14% and Flow Control's sales 10% year-on-year.

Currency impact on orders received *(compared to the same period in 2017)*

	Q2/2018 change using reported rates, %	Q2/2018 change using constant rates, %	H1/2018 change using reported rates, %	H1/2018 change using constant rates, %
Minerals	17	25	17	25
Services business	7	15	8	16
Flow Control	6	12	12	19
Services business	11	18	8	15
Metso total	**14**	**22**	**16**	**23**
Services business	**7**	**16**	**8**	**16**

Currency impact on sales *(compared to the same period in 2017)*

	Q2/2018 change using reported rates, %	Q2/2018 change using constant rates, %	H1/2018 change using reported rates, %	H1/2018 change using constant rates, %
Minerals	14	22	14	21
Services business	10	18	10	18
Flow Control	18	26	10	17
Services business	13	18	7	14
Metso total	**15**	**23**	**13**	**20**
Services business	**10**	**18**	**10**	**18**

Financial performance

Adjusted EBITA in the second quarter totaled EUR 91 million, or 11.7% of sales (EUR 70 million, or 10.4%). Sales growth had a positive impact on profitability, whereas sales mix had a negative impact. Minerals' adjusted EBITA totaled EUR 64 million, or 10.7% of sales (EUR 55 million, or 10.5%). Flow Control's adjusted EBITA totaled EUR 29 million, or 16.4% of sales (EUR 16 million, or 10.8%).

Operating profit (EBIT) in the second quarter was EUR 86 million, or 11.1% of sales (EUR 60 million, or 8.9%). Minerals' operating profit totaled EUR 62 million, or 10.4% of sales (EUR 47 million, or 9.1%). Flow Control's operating profit totaled EUR 29 million, or 16.1% of sales (EUR 16 million, or 10.4%).

In January-June 2018, adjusted EBITA totaled EUR 176 million, or 11.8% of sales (EUR 136 million, or 10.3%). Operating profit (EBIT) was EUR 167 million or 11.2% of sales (EUR 119 million, or 9.0%)

and profit before taxes EUR 152 million (EUR 103 million). Earnings per share were EUR 0.71 (EUR 0.47). Return on capital employed (ROCE) improved significantly and was 16.8% (10.3% at the end of 2017) due to both improved earnings and lower capital employed after a repayment of debt and dividend payment in the second quarter. The effective tax rate was 29.8%.

Net financial expenses in January-June were EUR 15 million (EUR 16 million). Net cash generated by operating activities totaled EUR 34 million (EUR 54 million) and free cash flow was EUR 23 million (EUR 43 million). Cash flow was affected by a residual tax payment of EUR 21 million in the first quarter related to a reassessment decision from the Finnish tax authority. Metso is appealing the decision, but the payment was made to avoid any additional interest costs during the expected long complaint process.

An increase in net working capital, arising mainly from a ramp-up in supply chain in response to higher demand, had a negative impact of EUR 95 million on cash flow (negative impact of EUR 56 million).

Financial position

Metso's liquidity position remains strong. Total cash assets at the end of June were EUR 423 million (EUR 827 million at the end of 2017), of which EUR 88 million (EUR 154 million at the end of 2017) was invested in financial instruments with an initial maturity exceeding three months, and the remaining EUR 335 million (EUR 673 million at the end of 2017) is accounted for cash and cash equivalents. The decline in cash and cash equivalents resulted from a repayment of a USD-denominated loan with a nominal value of EUR 211 million and a private placement with a nominal value of EUR 37 million during the quarter. In addition, a dividend of EUR 157 million was paid on April 4, 2018.

Metso has an undrawn, committed EUR 500 million revolving credit facility and an undrawn, committed EUR 40 million loan from the European Investment Bank.

Metso's balance sheet is solid. Net interest-bearing liabilities were EUR 177 million at the end of June (EUR 24 million at the end of 2017) and net gearing was 13.7% (1.8% at the end of 2017). The equity-to-assets ratio was 47.0% (44.5% at the end of 2017). Our credit rating remains unchanged: Standard & Poor's Ratings Services confirmed Metso's long-term corporate credit rating of BBB and short-term credit rating of A-2, with a stable outlook, in March 2018.

Capital expenditure and investments

Gross capital expenditure in January-June, excluding business acquisitions, was EUR 26 million (EUR 15 million). Maintenance accounted for 52%, or EUR 14 million (88%, or EUR 13 million). Growth investments relate mainly to increased aggregates equipment manufacturing capacity in Alwar, India, and Tampere, Finland, and foundry capacity in South Africa and China as well as rubber consumables manufacturing at multiple locations globally.

Capital expenditure excluding acquisitions is expected to increase in 2018 compared to 2017.

Research and development

Research and development (R&D) expenses started to slowly build up in the second quarter and were EUR 16 million, or 1.1% of sales, for the first half of the year (EUR 13 million, or 1.0%). Expenditures related to the Digital Program are excluded from R&D expenses.

Acquisitions

Metso announced two acquisitions during the second quarter.

On April 4, Metso announced an agreement to acquire the valve automation division of the India-based valve technology company Rotex Manufacturers and Engineers Pvt. Ltd. The company has a market-leading position in India in the actuator business and an advanced offering of switches, process valves, and valve automation products and solutions. The acquired division's sales in the last fiscal year ending

March 31, 2018, were approximately EUR 19 million and it employs around 275 people. The closing of the acquisition is expected to take place during the third quarter of 2018.

On April 9, Metso announced an agreement to acquire the mobile crushing and screening plant provider P.J. Jonsson och Söner, based in Sweden. With the acquisition, Metso will strengthen the breadth and availability of its product and service offering for the aggregates industry in the Nordics. The company's sales in the fiscal year 2017 were EUR 33 million and it has 40 employees. The closing of the acquisition took place after the reporting period on July 2, 2018.

Personnel

Metso had 12,708 employees at the end of June, which is 671 more than at the end of December 2017. From the year end, personnel increased by 569 to 9,459 in Minerals and by 91 to 2,751 in Flow Control. Personnel in the Group Head Office and support functions totaled 498 (487 at the end of 2017).

Personnel by area

	June 30, 2018	**% of personnel**	June 30, 2017	% of personnel	Change %	Dec 31, 2017
Europe	**4,388**	**34**	4,206	36	4	4,113
North America	**1,635**	**13**	1,566	13	4	1,563
South and Central America	**2,883**	**23**	2,630	22	10	2,725
Asia-Pacific	**2,933**	**23**	2,509	21	17	2,795
Africa and Middle East	**869**	**7**	877	7	-1	841
Metso total	**12,708**	**100**	11,788	100	8	12,037

Reporting segments: Minerals

Order growth of 17% was supported by an increase in mining orders

Equipment was driving the sales growth of 14%

Operating profit improved significantly year-on-year

EUR million	Q2/2018	Q2/2017	Change %	H1/2018	H1/2017	Change %	2017
Orders received	**671**	575	17	**1,325**	1,135	17	2,308
Orders received by the services business	**395**	370	7	**817**	756	8	1,474
% of orders received	**59**	64		**62**	67		64
Order backlog at the end of the period				**1,292**	1,140	13	1,173
Sales	**596**	523	14	**1,149**	1,012	14	2,064
Sales of the services business	**380**	347	10	**743**	673	10	1,368
% of sales	**64**	66		**65**	67		66
Earnings before interest, tax and amortization (EBITA), adjusted	**64**	55	17	**127**	98	29	168
% of sales	**10.7**	10.5		**11.1**	9.7		8.1
Operating profit (EBIT)	**62**	47	31	**123**	87	42	153
% of sales	**10.4**	9.1		**10.7**	8.6		7.4
Return on operative capital employed (ROCE), annualized, %				**23.1**	16.3		14.7
Personnel at the end of the period				**9,459**	8,567	10	8,890

Minerals' orders received in the second quarter increased 17% year-on-year and totaled EUR 671 million (EUR 575 million). Orders grew in all businesses with the strongest growth in mining equipment. Second-quarter orders received by the services business accounted for EUR 395 million (EUR 370 million).

Quarterly sales totaled EUR 596 million (EUR 523 million) and the increase of 14% was mainly due to growth in the equipment business.

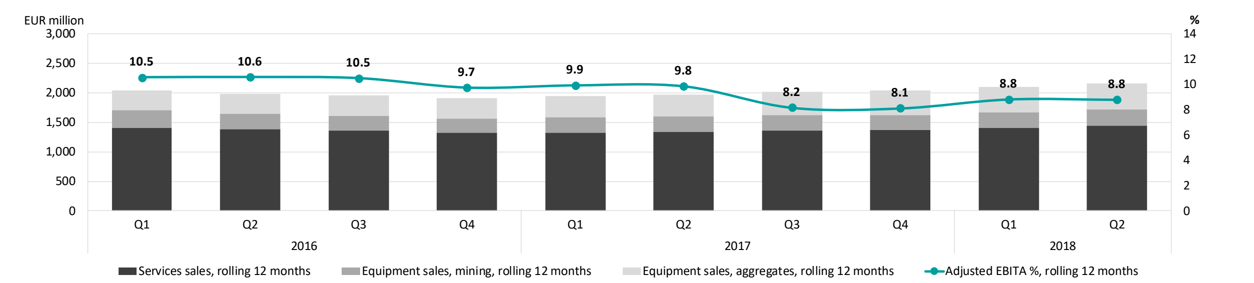
The aggregates business reported strong second-quarter growth for equipment orders, driven by North America and India. Mining equipment orders increased, driven by an order for one sizable pellet plant and an order for three grinding lines for an iron ore operation. Services orders increased, thanks to healthy market activity in the main mining markets.

Improved activity in the metal recycling market increased both orders and sales of the Recycling business.

Higher sales resulted in an adjusted EBITA totaling EUR 64 million (EUR 55 million), while the sales mix had a negative impact on the adjusted EBITA margin of 10.7% (10.5%). Operating profit (EBIT) improved significantly, since the comparison period included efficiency-related adjustment items, and totaled EUR 62 million, or 10.4% of sales (EUR 47 million, or 9.1%).

Orders in January-June increased 17% from the comparison period and totaled EUR 1,325 million. Sales during the same period grew 14%, totaling EUR 1,149 million. Adjusted EBITA was EUR 127 million, or 11.1%, and operating profit EUR 123 million, or 10.7%

Minerals: Sales and profitability



Reporting segments: Flow Control

Healthy order growth

Strong sales and operating profit development

EUR million	Q2/2018	Q2/2017	Change %	H1/2018	H1/2017	Change %	2017
Orders received	**184**	174	6	**389**	347	12	675
Orders received by the services business	**68**	61	11	**136**	126	8	243
% of orders received	**37**	35		**35**	36		36
Order backlog at the end of the period				**312**	271	15	267
Sales	**180**	152	18	**341**	310	10	635
Sales of the services business	**62**	55	13	**121**	113	7	228
% of sales	**34**	36		**35**	36		36
Earnings before interest, tax and amortization (EBITA), adjusted	**29**	16	80	**55**	41	33	93
% of sales	**16.4**	10.8		**16.1**	13.3		14.6
Operating profit (EBIT)	**29**	16	83	**54**	40	35	91
% of sales	**16.1**	10.4		**15.8**	12.9		14.3
Return on operative capital employed (ROCE), annualized, %				**36.2**	25.1		29.7
Personnel at the end of the period				**2,751**	2,685	2	2,660

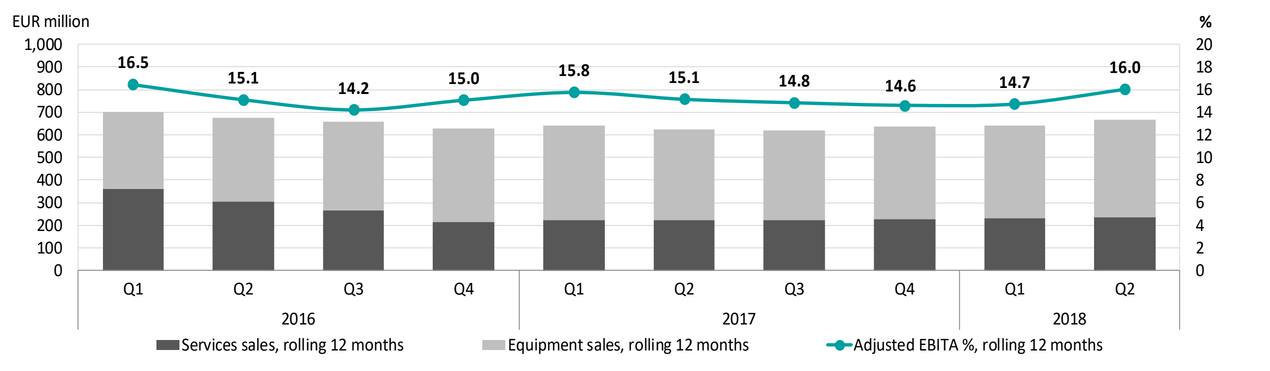
Flow Control's second-quarter orders received increased 6% to EUR 184 million (EUR 174 million). Pumps posted solid order growth and valve orders increased, thanks to continued healthy project activity in the pulp and paper market as well as good activity in the day-to-day business. However, as expected, valve orders did not reach the record level of the first quarter 2018.

Sales increased 18% year-on-year to EUR 180 million (EUR 152 million), thanks to a good order backlog built up during the previous quarters.

Good operational performance contributed to strong profitability in the quarter. Adjusted EBITA was EUR 30 million, or 16.4% of sales (EUR 16 million, or 10.8%) and operating profit EUR 29 million, or 16.1% of sales (EUR 16 million, or 10.4%).

Orders in January-June increased 12% from the comparison period and totaled EUR 389 million (EUR 347 million). Growth came from both equipment and valve services. Sales totaling EUR 341 million in the first half grew 10% from the comparison period, driven by equipment business. Adjusted EBITA for the same period was EUR 55 million, or 16.1% of sales, and operating profit EUR 54 million, or 15.8% of sales.

Flow Control: Sales and profitability



Decisions of the Annual General Meeting (AGM)

The Annual General Meeting was held in Helsinki on March 22, 2018. The AGM approved the Financial Statements for 2017 and discharged the members of the Board of Directors and the President and CEOs from liability for the 2017 financial year. The Authorized Public Accountant firm Ernst & Young was elected as Metso's Auditor with Mikko Järventausta as principal responsible auditor. The dividend of EUR 1.05 per share, approved by the AGM, was paid on April 4, 2018. In addition, the AGM approved the proposals of the Board of Directors to authorize the Board to decide on both the repurchase of Metso shares as well as the issuance of shares and special rights entitling to shares. The Nomination Board's proposals concerning Board members and their remuneration were also approved. The minutes of the meeting are available at www.metso.com/agm.

President and CEO

On May 21, Metso's Board of Directors appointed Pekka Vauramo as President and CEO of Metso, effective as of November 2018 at the latest. He has served as President and CEO of Finnair since 2013, and prior to that held several management positions at Cargotec (2007-2013) and Sandvik (1985-2007). Eeva Sipilä, CFO, has served as Metso's interim President and CEO since February 3, 2018, and will continue in the role until Pekka Vauramo joins Metso. The previous President and CEO Nico Delvaux left his duties on February 2, 2018.

Annual report

Metso's annual report for 2017 was published on February 23, 2018. The report entity includes the financial statements, annual review, corporate governance statement and externally assured sustainability supplement. It is available at www.metso.com/2017.

Shares and share trading

Metso's share capital was EUR 140,982,843.80 and the number of shares 150,348,256 on June 30, 2018. This included 351,128 treasury shares held by the Parent Company, which represented 0.2% of all shares and votes. A total of 73,463,332 Metso shares were traded on Nasdaq Helsinki in January-June 2018, equivalent to a turnover of EUR 2,025 million. Metso's market capitalization at the end of June, excluding shares held by the Parent Company, was EUR 4,305 million (EUR 4,270 million at the end of 2017).

Metso share performance on Nasdaq Helsinki January 1- June 30, 2018

EUR

Closing price	28.70
Highest share price	31.02
Lowest share price	23.79
Volume-weighted average trading price	27.55

In addition to Nasdaq Helsinki, Metso's ADRs (American Depositary Receipts) are traded on the International OTCQX market in the United States under the ticker symbol 'MXCYY', with four ADRs representing one Metso share. The closing price of the Metso ADR on June 30, 2018, was USD 8.35.

Flagging notifications

In January-June 2018, Metso received one flagging notification relating to changes in the direct shareholding, shareholding through financial instruments or their total amount. Metso is not aware of any shareholders' agreements regarding the ownership of Metso shares and voting rights.

Date	Shareholder	Threshold	Direct, %	Indirect, %	Total, %	Total shares
January 8	Blackrock, Inc.	above 5%	5.02	0.76	5.79	8,706,776

Short-term business risks and market uncertainties

Uncertainties in economic growth and political developments globally might affect our customer industries, reduce the investment appetite and spending among our customers, and thereby weaken the demand for Metso's products and services as well as affect our business operations. There are also other market- and customer-related risks that may cause on-going projects to be postponed, delayed or discontinued. While the direct impact of the tariffs imposed between the US and China is estimated to be limited on Metso, the possible indirect impacts on economic growth and customer behavior are currently difficult to estimate.

Continued market growth and inflation as well as the impact of tariffs or other trade barriers could pose challenges to our supply chain and price management with an impact on our growth capability and margins.

Exchange rate fluctuations and changes in commodity prices could affect our orders received, sales and financial performance, although the wide scope of our operations limits the exposure to single currencies or commodities. Metso hedges currency exposure linked to firm delivery and purchase agreements.

Uncertain market conditions might adversely affect our customers' payment behavior and increase the risk of lawsuits, claims and disputes taken against Metso in various countries related to, among other things, Metso's products, projects and other operations.

Information security and cyber threats can potentially disturb or disrupt Metso's businesses and operations.

Market outlook

The outlook represents expected sequential market development with a rolling six-month view. Our market conditions are expected to develop as follows:

- Growth in demand to increase for Minerals equipment
- Growth in demand to remain stable for Minerals services
- Growth in demand to level off for Flow Control

Previous market outlook (published April 25, 2018)

Our market conditions are expected to develop as follows:

- Growth in demand to remain stable for Minerals equipment and services
- Growth in demand to remain stable for Flow Control equipment and services

Helsinki, July 25, 2018
Metso Corporation's Board of Directors

Half-Year Review, tables

CONSOLIDATED STATEMENT OF INCOME

EUR million	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
Sales	**776**	675	**1,490**	1,322	2,699
Cost of goods sold	**-543**	-488	**-1,049**	-951	-1,968
Gross profit	**233**	187	**441**	371	731
Selling, general and administrative expenses	**-134**	-127	**-263**	-253	-510
Other operating income and expenses, net	**-13**	0	**-11**	1	-2
Share in profits of associated companies	**0**	0	**0**	0	0
Operating profit	**86**	60	**167**	119	218
Financial income	**4**	2	**5**	3	12
Financial expenses	**-9**	-9	**-20**	-19	-47
Financial expenses, net	**-5**	-7	**-15**	-16	-35
Profit before taxes	**81**	53	**152**	103	184
Income taxes	**-24**	-17	**-45**	-32	-82
Profit for the period	**57**	36	**107**	70	102
Attributable to:					
Shareholders of the parent company	**57**	36	**107**	70	102
Non-controlling interests	**0**	0	**0**	0	0
Profit for the period	**57**	36	**107**	70	102
Earnings per share					
Basic, EUR	**0.38**	0.24	**0.71**	0.47	0.68
Diluted, EUR	**0.38**	0.24	**0.71**	0.47	0.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
Profit for the period	**57**	36	**107**	70	102
Items that may be reclassified to profit or loss in subsequent periods:					
Cash flow hedges, net of tax	**0**	2	**0**	3	3
Equity instruments at fair value, net of tax	**0**	0	**0**	0	0
Currency translation on subsidiary net investments	**-6**	-32	**-15**	-26	-39
	-6	-30	**-15**	-23	-36
Items that will not be reclassified to profit or loss:					
Defined benefit plan actuarial gains (+) / losses (-), net of tax	**0**	-	**1**	-	1
Other comprehensive income	**-6**	-30	**-14**	-23	-35
Total comprehensive income	**51**	6	**93**	47	67
Attributable to:					
Shareholders of the parent company	**51**	6	**93**	47	67
Non-controlling interests	**0**	0	**0**	0	0
Total comprehensive income	**51**	6	**93**	47	67

CONSOLIDATED BALANCE SHEET

ASSETS

EUR million	June 30, 18	June 30, 17	Dec 31, 17
Non-current assets			
Intangible assets			
Goodwill	**466**	449	466
Other intangible assets	**72**	76	79
	538	525	545
Tangible assets			
Land and water areas	**42**	43	43
Buildings and structures	**95**	103	98
Machinery and equipment	**129**	138	136
Assets under construction	**18**	8	10
	284	293	287
Other non-current assets			
Investments in associated companies	**1**	1	1
Non-current financial assets	**7**	3	5
Loan and other interest bearing receivables	**3**	3	3
Deferred tax asset	**90**	103	93
Other non-current assets	**28**	31	29
	127	140	130
Total non-current assets	**950**	958	961
Current assets			
Inventories	**857**	721	750
Receivables			
Trade and other receivables	**702**	616	644
Receivables from customers under revenue contracts	**82**	65	66
Loan and other interest bearing receivables	**1**	1	0
Other current financial assets	**88**	119	154
Income tax receivables	**36**	29	38
	910	829	903
Cash and cash equivalents	**335**	629	673
Total current assets	**2,102**	2,179	2,326
TOTAL ASSETS	**3,052**	3,138	3,287

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	June 30, 18	June 30, 17	Dec 31, 17
Equity			
Share capital	**141**	141	141
Cumulative translation adjustments	**-102**	-74	-87
Fair value and other reserves	**304**	302	302
Retained earnings	**939**	954	988
Equity attributable to shareholders	**1,282**	1,323	1,344
Non-controlling interests	**7**	7	7
Total equity	**1,289**	1,330	1,351
Liabilities			
Non-current liabilities			
Long-term debt	**559**	590	554
Post employment benefit obligations	**70**	85	68
Provisions	**33**	39	37
Non-current financial liabilities	**4**	2	2
Deferred tax liability	**17**	6	18
Total non-current liabilities	**683**	722	680
Current liabilities			
Current portion of long-term debt	**29**	243	279
Short-term debt	**15**	18	21
Trade and other payables	**582**	475	547
Provisions	**72**	66	74
Advances received	**211**	192	198
Liabilities to customers under revenue contracts	**97**	47	58
Other current financial liabilities	**21**	4	10
Income tax liabilities	**53**	40	70
Total current liabilities	**1,080**	1,085	1,257
Total liabilities	**1,763**	1,807	1,937
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,052**	3,138	3,287

NET INTEREST BEARING LIABILITIES

EUR million	June 30, 18	June 30, 17	Dec 31, 17
Long-term interest bearing debt	**588**	833	833
Short-term interest bearing debt	**15**	18	21
Cash and cash equivalents	**-335**	-629	-673
Other interest bearing assets	**-91**	-123	-157
Net interest bearing liabilities	**177**	99	24

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
Operating activities:					
Profit for the period	**57**	36	**107**	70	102
Adjustments:					
Depreciation and amortization	**14**	14	**29**	29	59
Financial expenses, net	**5**	7	**15**	16	35
Income taxes	**24**	17	**45**	32	82
Other items	**-1**	7	**0**	12	16
Change in net working capital	**-51**	-35	**-95**	-56	-23
Net cash flow from operating activities before financing items and taxes	**48**	46	**100**	103	270
Net financial expenses paid	**-7**	-9	**-9**	-13	-21
Income taxes paid	**-19**	-25	**-57**	-37	-64
Net cash flow from operating activities	**23**	12	**34**	54	185
Investing activities:					
Capital expenditures on intangible and tangible assets	**-14**	-9	**-26**	-15	-38
Proceeds from sale of intangible and tangible assets	**1**	-	**3**	2	5
Business acquisitions, net of cash acquired	**-**	-	**-**	-	-30
Other items	**-**	-	**-**	-	-2
Net cash flow from investing activities	**-12**	-9	**-24**	-13	-66
Financing activities:					
Dividends paid	**-157**	-157	**-157**	-157	-157
Proceeds from (+) / investments in (-) financial assets	**37**	-8	**65**	0	-35
Proceeds from (+) / repayments of (-) debt, net	**-250**	76	**-255**	56	59
Other items	**-**	-1	**-**	-1	-1
Net cash flow from financing activities	**-370**	-90	**-347**	-102	-134
Net change in cash and cash equivalents	**-360**	-87	**-337**	-61	-15
Effect from changes in exchange rates	**0**	-9	**-1**	-7	-12
Cash and cash equivalents at beginning of period	**694**	725	**673**	698	698
Cash and cash equivalents at end of period	**335**	629	**335**	629	673

FREE CASH FLOW

EUR million	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
Net cash flow from operating activities	**23**	12	**34**	54	185
Maintenance investments	**-3**	-8	**-14**	-13	-32
Proceeds from sale of intangible and tangible assets	**1**	-	**3**	2	5
Free cash flow	**21**	4	**23**	43	158

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
Jan 1, 2017	**141**	**-48**	**299**	**1,039**	**1,431**	**8**	**1,439**
Profit for the period	-	-	-	70	70	0	70
Other comprehensive income							
Cash flow hedges, net of tax	-	-	3	-	3	-	3
Equity instruments at fair value, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	-26	-	-	-26	-	-26
Defined benefit plan actuarial gains (+) / losses (-), net of tax	-	-	-	-	0	-	0
Total comprehensive income	-	-26	3	70	47	0	47
Dividends	-	-	-	-157	-157	0	-157
Donations to universities	-	-	-	-1	-1	-	-1
Share-based payments, net of tax	-	-	0	0	0	-	0
Other items	-	-	0	3	3	0	3
Changes in non-controlling interests	-	-	-	0	0	0	0
June 30, 2017	**141**	**-74**	**302**	**954**	**1,323**	**7**	**1,330**
Dec 31, 2017	**141**	**-87**	**302**	**988**	**1,344**	**7**	**1,351**
Effect from adoption of new IFRS standards 1)	-	-	3	0	2	0	2
Jan 1, 2018	**141**	**-87**	**305**	**987**	**1,346**	**7**	**1,353**
Profit for the period	-	-	-	107	107	0	107
Other comprehensive income							
Cash flow hedges, net of tax	-	-	-	-	0	-	0
Equity instruments at fair value, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	-15	-	-	-15	0	-15
Defined benefit plan actuarial gains (+) / losses (-), net of tax	-	-	-	1	1	-	1
Total comprehensive income	-	-15	0	108	93	0	93
Dividends	-	-	-	-157	-157	0	-157
Share-based payments, net of tax	-	-	-1	-	-1	-	-1
Other items	-	-	0	1	1	0	1
Changes in non-controlling interests	-	-	-	-	-	-	-
June 30, 2018	**141**	**-102**	**304**	**939**	**1,282**	**7**	**1,289**

1) IFRS 9 effect on retained earnings was EUR 491 thousand negative and IFRS 2 amendment effect on fair value reserve was EUR 2,594 thousand positive.

Notes to the Half-Year Review

Contents

1. BASIS OF PREPARATION

This Half-Year Review has been prepared in accordance with IAS 34 'Interim Financial Reporting', applying the accounting policies of the Financial Statements 2017. In addition, new accounting standards have been adopted from the beginning of 2018 as described in section 2 of this Half-Year Review. This Half-Year Review is unaudited.

All figures presented have been rounded and consequently the sum of individual figures might differ from the presented total figure.

Reporting segments

Metso Group is a global supplier of sustainable technology and services for mining, aggregates, oil and gas, pulp, paper and other process industries.

Metso reports its results consistently with the strategy and reporting structure, which consists of two segments: Minerals and Flow Control.

The **Minerals segment** supplies technology, process solutions, machinery and services for aggregates production, mining, minerals processing and recycling. The Minerals segment is organized in five business areas: Minerals Equipment, Aggregates Equipment, Minerals Services, Minerals Consumables and Recycling.

The **Flow Control segment** supplies process industry flow control solutions and services. Flow Control customers operate in oil and gas, pulp and paper and other process industries. The segment is organized in two business areas: Valves and Pumps.

The **Group Head Office and other** is comprised of the Parent Company with centralized group functions such as treasury and tax as well as shared service centers and holding companies.

Metso is measuring the performance of segments with operating profit/ loss (EBIT). In addition, Metso uses alternative performance measures to reflect the underlying business performance and to improve comparability between financial periods: "earnings before interest, tax and amortization (EBITA), adjusted" and "return on operative capital employed for reporting segments (segment ROCE)". Alternative performance measures should, however, not be considered as a substitute for measures of performance in accordance with the IFRS.

2. NEW ACCOUNTING STANDARDS

NEW AND AMENDED STANDARDS ADOPTED 2018

IFRS 15

Metso has adopted the new IFRS 15 *Revenue from Contracts with Customers* standard from January 1, 2018. Adoption was done fully retrospectively using permitted practical expedients. IFRS 15 introduces a five-step model for assessing revenue recognition. The principle is that revenue is recognized at an amount that reflects the consideration to which an entity expects to receive in exchange for transferring goods or services to a customer. The revenue is recognized when the control of goods or service is transferred to a customer. Revenue will be recognized either at a point in time or over time.

Adoption of the new standard has had no impact on timing of revenue recognition or on balance sheet presentation. Reported sales will be reduced by the amounts of late delivery penalties, which have up until now been expensed. Accordingly, cost of goods sold (COGS) will be affected positively with the same amount. Gross profit and other income statement items as well as balance sheet will be unchanged.

The used practical expedients:

- client contracts signed and satisfied in 2017 were not adjusted
- client contracts fully satisfied by January 1, 2017 were not adjusted
- disclosure on transaction price allocated to unsatisfied performance obligations as at December 31, 2017 and the expected recognition period will not be reported

The IFRS 15 impact on Metso’s Consolidated Statement of Income for 2017 is as follows:

Metso	**Restated**	**Adjustment**	**Reported**
EUR million	**1-12/2017**		**1-12/2017**
Sales	2,699	-8	2,706
Cost of goods sold	-1,968	8	-1,976
Gross profit	**731**	**0**	**731**

Restated financial information for 2017 reflecting the impact of the IFRS 15 transition on quarterly figures and segment information was published on April 16, 2018.

Revenue recognition principles 2018

Metso’s Minerals segment provides standardized equipment deliveries and services consisting of wear or spare parts as well as customized large scale engineered system and/or equipment deliveries. Metso’s Flow Control segment provides process industry flow control solutions delivering pumps and valves and related services.

Engineered system deliveries

With customized large scale engineered system and/or equipment deliveries, where customer receives simultaneously the benefits provided and Metso has the right to payment for the performance completed, revenue will be recognized over time. Metso will continue to measure progress using the cost-to-cost method. In these contracts Metso typically requires advance payments from customers. These advance payments do not include a financing component, because the payment schedule of advances follows (closely) the timing of performance obligations to be satisfied.

Delivery of standardized equipment, pumps and valves

When Metso provides standardized equipment, equipment and wear or spare parts to customer, revenue will be recognized when control for the goods is transferred, typically at the delivery of the goods or after commissioning.

Service agreements

A long-term service agreement is either a separate one or combined with an equipment delivery agreement. Metso's service commitments are mainly treated as separate performance obligations, and they will be recognized when the services are delivered over time. Short-term service agreements will be recognized at the point in time or by invoicing criteria. Some minor adjustments to the timing of the long-term service contracts might occur, due to the diversity of the performance obligations in the contracts.

Variable components affecting to revenue recognitions

Typical variable components in Metso's agreements are late delivery penalties, rebates, possible extended warranties or right to return clauses. These elements might in the future reduce the amount to be recognized as revenue or postpone the recognition. Except for the late delivery penalties, the impact of these variable elements has not been significant in the current contract portfolio and in the comparative period.

IFRS 9

Metso has adopted IFRS 9 *Financial instruments* standard from January 1, 2018. In Metso, IFRS 9 adoption is related to three areas: new requirements for the classification and measurement of financial assets, the impairment model for financial assets based on expected loss method, and to a new guidance on hedge accounting which will align more closely with common risk management practices.

Applying IFRS 9 did not have any significant impact on the classification or valuation of financial assets, impairment bookings on trade receivables and other financial assets or hedge accounting.

However, the adoption of IFRS 9 caused an adjustment to the carrying value of a debt instrument, for which the earlier modification loss has not been recognized. The adjustment in the opening retained earnings as at January 1, 2018, amounted to EUR 0.5 million.

IFRS 2

Metso has adopted the amendment to IFRS 2 *Classification and measurement of Share-based Payment Transactions* from January 1, 2018. The amendment clarifies the measurement and accounting treatment for cash-settled share-based payments. When an employer is committed to the net settlement feature so, that it withholds and pays to the tax authority an amount for the employee's tax obligation associated with a share-based payment, the whole award should be treated as if it would be equity-settled. The adoption of IFRS 2 amendment caused EUR 2.6 million adjustment increasing the fair value and other reserves in equity and releasing current liabilities as at January 1, 2018.

NEW STANDARDS TO BE APPLIED

IFRS 16

IFRS 16 *Leases* standard, replacing IAS 17, will be effective from January 1, 2019 onwards. Metso expects to adopt the standard from the same date onwards by applying the simplified retrospective method whereby the effect of initially applying IFRS 16 will be recognized to the assets and liabilities without restating the comparative information.

Metso is currently assessing the full impact of IFRS 16, and has already earlier estimated that the adoption will have some impact on reported EBITDA, operating profit, non-current assets, interest-bearing liabilities and total balance sheet values as well as on related key figures. The change will also affect the presentation of cash flows from operating activities and from financing activities. As of June 30, 2018, Metso's operating lease commitments amounted to EUR 130 million.

3.1 KEY FIGURES

	1-6/2018	1-6/2017	1-12/2017
Earnings per share, EUR	**0.71**	0.47	0.68
Diluted earnings per share, EUR	**0.71**	0.47	0.68
Equity/share at end of the period, EUR	**8.55**	8.82	8.96
Return on equity (ROE), %, (annualized)	**16.2**	10.2	7.3
Return on capital employed (ROCE) before taxes, %, (annualized)	**16.8**	11.1	10.3
Return on capital employed (ROCE) after taxes, %, (annualized)	**12.3**	8.1	6.6
Equity to assets ratio at end of the period, %	**47.0**	45.9	44.5
Net gearing at end of the period, %	**13.7**	7.5	1.8
Free cash flow, EUR million	**23**	43	158
Free cash flow/share, EUR	**0.15**	0.29	1.05
Cash conversion, %	**21**	61	155
Gross capital expenditure (excl. business acquisitions), EUR million	**26**	15	38
Business acquisitions, net of cash acquired, EUR million	-	-	30
Depreciation and amortization, EUR million	**29**	29	59
Number of outstanding shares at end of the period (thousands)	**149,997**	149,997	149,997
Average number of shares (thousands)	**149,997**	149,993	149,995
Average number of diluted shares (thousands)	**150,136**	150,190	150,151

3.2 FORMULAS FOR KEY FIGURES

Earnings before financial expenses, net, taxes and amortization (EBITA), adjusted	=	Operating profit + adjustment items + amortization	
Earnings per share, basic	=	$\frac{\text{Profit attributable to shareholders}}{\text{Average number of outstanding shares during the period}}$	
Earnings per share, diluted	=	$\frac{\text{Profit attributable to shareholders}}{\text{Average number of diluted shares during the period}}$	
Equity/share	=	$\frac{\text{Equity attributable to shareholders}}{\text{Number of outstanding shares at the end of the period}}$	
Return on equity (ROE), %	=	$\frac{\text{Profit for the period}}{\text{Total equity (average for the period)}}$	x 100
Return on capital employed (ROCE) before taxes, %	=	$\frac{\text{Profit before tax + interest and other financial expenses}}{\text{Capital employed (average for the period)}}$	x 100
Return on capital employed (ROCE) after taxes, %	=	$\frac{\text{Profit for the period + interest and other financial expenses}}{\text{Capital employed (average for the period)}}$	x 100
Net gearing, %	=	$\frac{\text{Net interest bearing liabilities}}{\text{Total equity}}$	x 100
Equity to assets ratio, %	=	$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}}$	x 100
Free cash flow	=	Net cash provided by operating activities - capital expenditures on maintenance investments + proceeds from sale on intangible and tangible assets	
Free cash flow/share	=	$\frac{\text{Free cash flow}}{\text{Average number of outstanding shares during the period}}$	
Cash conversion, %	=	$\frac{\text{Free cash flow}}{\text{Profit for the period}}$	x 100
Interest bearing liabilities	=	Long term debt + current portion of long term debt + short term debt	
Net interest bearing liabilities	=	Interest bearing liabilities - loan and other interest bearing receivables (non-current and current) - interest bearing financial assets - cash and cash equivalents	
Net working capital (NWC)	=	Inventory + trade receivables + receivables from customers under revenue contracts + other non-interest bearing receivables - trade payables - liabilities to customers under revenue contracts - advances received - other non-interest bearing liabilities	
Capital employed	=	Net working capital + intangible and tangible assets + non-current investments + interest bearing receivables + financial assets + cash and cash equivalents + tax receivables, net + interest receivables, net	
Operative capital employed	=	Intangible and tangible assets + investments in associated companies and joint ventures + inventories + non-interest bearing operative assets and receivables (external) - non-interest bearing operating liabilities (external)	
Return on operative capital employed (ROCE) for reporting segments, %	=	$\frac{\text{Operating profit}}{\text{Operative capital employed (month-end average)}}$	x 100

4. DISAGGREGATION OF SALES

Sales by segments

EUR million	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
Minerals	**596**	523	**1,149**	1,012	2,064
Flow Control	**180**	152	**341**	310	635
Group Head Office and other	**-**	0	**-**	0	-
Intra Metso sales	**0**	0	**0**	0	0
Sales	**776**	675	**1,490**	1,322	2,699

Sales by category

EUR million	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
Sales of services, total	**442**	403	**864**	786	1,595
Minerals	**380**	347	**743**	673	1,368
Flow Control	**62**	55	**121**	113	228
Sales of projects, equipment and goods, total	**334**	272	**626**	536	1,103
Minerals	**215**	176	**406**	339	696
Flow Control	**119**	97	**220**	197	407
Sales	**776**	675	**1,490**	1,322	2,699

Sales by geographical area

EUR million	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
Finland	**21**	22	**44**	39	85
Other European countries	**186**	143	**348**	278	596
North America	**162**	155	**299**	295	553
South and Central America	**134**	121	**281**	258	536
Asia-Pacific	**202**	164	**385**	318	670
Africa and Middle East	**71**	69	**133**	134	258
Sales	**776**	675	**1,490**	1,322	2,699

Timing of revenue recognition

EUR million	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
At a point in time, total	**721**	619	**1,390**	1,203	2,489
Minerals	**541**	467	**1,049**	893	1,855
Flow Control	**180**	152	**340**	310	635
Over time, total	**55**	56	**100**	119	209
Minerals	**55**	56	**100**	119	209
Flow Control	**0**	-	**1**	0	-
Sales	**776**	675	**1,490**	1,322	2,699

5. 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 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 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 presents Metso's financial assets and liabilities that are measured at fair value. There has been no transfers between fair value levels during 2018 or 2017.

June 30, 2018

EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Derivatives	-	8	-
Securities	-	88	-
Derivatives qualified for hedge accounting	-	8	-
Total assets	**-**	**104**	**-**
Liabilities			
Financial liabilities at fair value through profit and loss			
Derivatives	-	14	-
Long term debt at fair value	-	188	-
Derivatives qualified for hedge accounting	-	9	-
Total liabilities	**-**	**211**	**-**

June 30, 2017

EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Derivatives	-	13	-
Securities	2	117	-
Derivatives qualified for hedge accounting	-	8	-
Total assets	**2**	**138**	**-**
Liabilities			
Financial liabilities at fair value through profit and loss			
Derivatives	-	4	-
Long term debt at fair value	-	399	-
Derivatives qualified for hedge accounting	-	4	-
Total liabilities	**-**	**407**	**-**

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.

6. NOTIONAL AMOUNTS OF DERIVATIVE INSTRUMENTS

EUR million	June 30, 18	June 30, 17	Dec 31, 17
Forward exchange rate contracts	**1,212**	961	1,347
Interest rate swaps	**345**	345	432
Cross currency swaps	**33**	244	244

The notional amount of electricity forwards was 7 GWh as of June 30, 2018 and 25 GWh as of June 30, 2017.
The notional amount of nickel forwards to hedge stainless steel prices was 282 tons as of June 30, 2018 and 264 tons as of June 30, 2017.
The notional amounts indicate the volumes in the use of derivatives, but do not indicate the exposure to risk.

7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

EUR million	June 30, 18	June 30, 17	Dec 31, 17
Metso Group			
On behalf of others			
External guarantees given by parent and group companies	**288**	251	274
Other commitments			
Repurchase commitments	**2**	2	3
Other contingencies	**6**	3	3
Lease commitments	**130**	134	126

8. ACQUISITIONS

Acquisitions in 2018

During the reporting period January 1 – June 30, 2018 Metso made no acquisitions.

Acquisitions in 2017

On November 1, 2017, Metso acquired 100% of the share capital of Australian WearX Holding Pty Ltd, which is wear lining solutions provider. The acquisition strengthens Metso's position in mining services in Australian markets. The business was consolidated into the Minerals segment. Purchase price paid amounted to EUR 31 million, the Identifiable net assets EUR 12 million and generated goodwill EUR 19 million.

The acquired business contributed sales of EUR 4.7 million to the Metso Group for the period from November 1, 2017, to December 31, 2017, and the number of personnel was 142. The company's sales in the twelve months fiscal year 2017 that ended June 30, amounted to EUR 23 million.

9. SEGMENT INFORMATION

On April 16, 2018, Metso published restated financial information for 2017 concerning IFRS 15 adoption and change in the definition of Flow Control's Services business. Here presented figures are restated.

ORDERS RECEIVED

EUR million	**4-6/2018**	4-6/2017	**1-6/2018**	1-6/2017	7/2017-6/2018	1-12/2017
Minerals	**671**	575	**1,325**	1,135	2,498	2,308
Flow Control	**184**	174	**389**	347	717	675
Intra Metso orders received	**-2**	0	**-3**	0	0	0
Metso total	**853**	749	**1,712**	1,482	3,213	2,982

SALES

EUR million	**4-6/2018**	4-6/2017	**1-6/2018**	1-6/2017	7/2017-6/2018	1-12/2017
Minerals	**596**	523	**1,149**	1,012	2,202	2,064
Flow Control	**180**	152	**341**	311	666	635
Intra Metso sales	**0**	0	**0**	0	0	0
Metso total	**776**	675	**1,490**	1,322	2,868	2,699

ADJUSTED EBITA AND OPERATING PROFIT
EUR million

Minerals	**4-6/2018**	4-6/2017	**1-6/2018**	1-6/2017	7/2017-6/2018	1-12/2017
Adjusted EBITA	**64.0**	54.9	**127.0**	98.3	196.5	167.8
% of sales	**10.7**	10.5	**11.1**	9.7	8.9	8.1
Capacity adjustment expenses	**-**	-6.0	**-**	-8.7	-0.5	-8.1
Amortization of intangible assets	**-2.0**	-1.4	**-3.9**	-2.9	-7.4	-6.3
Operating profit (EBIT)	**62.0**	47.4	**123.1**	86.7	189.8	153.4
% of sales	**10.4**	9.1	**10.7**	8.6	8.6	7.4

Flow Control	**4-6/2018**	4-6/2017	**1-6/2018**	1-6/2017	7/2017-6/2018	1-12/2017
Adjusted EBITA	**29.5**	16.4	**54.9**	41.2	106.8	93.1
% of sales	**16.4**	10.8	**16.1**	13.2	16.0	14.6
Amortization of intangible assets	**-0.5**	-0.6	**-1.1**	-1.2	-2.3	-2.4
Operating profit (EBIT)	**28.9**	15.8	**53.8**	40.0	104.5	90.8
% of sales	**16.1**	10.4	**15.8**	12.9	15.7	14.3

Group Head Office and other	**4-6/2018**	4-6/2017	**1-6/2018**	1-6/2017	7/2017-6/2018	1-12/2017
Adjusted EBITA	**-2.5**	-1.3	**-5.9**	-3.1	-20.1	-17.3
Amortization of intangible assets	**-2.0**	-2.2	**-4.0**	-4.4	-8.1	-8.5
Operating profit (EBIT)	**-4.5**	-3.4	**-9.9**	-7.4	-28.2	-25.7

Metso total	**4-6/2018**	4-6/2017	**1-6/2018**	1-6/2017	7/2017-6/2018	1-12/2017
Adjusted EBITA	**91.0**	70.0	**175.9**	136.5	283.2	243.6
% of sales	**11.7**	10.4	**11.8**	10.3	9.9	9.0
Capacity adjustment expenses	**-**	-6.0	**-**	-8.7	-0.5	-8.1
Amortization of intangible assets	**-4.5**	-4.2	**-9.0**	-8.5	-17.7	-17.2
Operating profit (EBIT)	**86.5**	59.8	**167.0**	119.2	266.2	218.5
% of sales	**11.1**	8.9	**11.2**	9.0	9.3	8.1

OPERATIVE CAPITAL EMPLOYED AND SEGMENT ROCE-%

EUR million, %	**4-6/2018**	4-6/2017	1-12/2017
Minerals	**1,127**	1,032	1,050
Segment ROCE-%, annualized	**23.2**	17.8	14.7
Flow Control	**304**	311	290
Segment ROCE-%, annualized	**39.0**	19.9	29.7

10. QUARTERLY INFORMATION

ORDERS RECEIVED

EUR million	4-6/2018	1-3/2018	10-12/2017	7-9/2017	4-6/2017
Minerals	**671**	654	527	646	575
Flow Control	**184**	205	157	171	174
Group Head Office and other	**0**	0	0	0	0
Intra Metso orders received	**-2**	0	0	0	0
Metso total	**853**	859	684	817	749

SALES

EUR million	4-6/2018	1-3/2018	10-12/2017	7-9/2017	4-6/2017
Minerals	**596**	553	540	513	523
Flow Control	**180**	161	170	155	152
Group Head Office and other	**0**	0	0	0	0
Intra Metso sales	**-0**	0	0	0	0
Metso total	**776**	714	710	668	675

ADJUSTED EBITA

EUR million	4-6/2018	1-3/2018	10-12/2017	7-9/2017	4-6/2017
Minerals	**64.0**	63.0	48.2	21.3	54.9
Flow Control	**29.5**	25.4	26.6	25.3	16.4
Group Head Office and other	**-2.5**	-3.5	-10.5	-3.6	-1.3
Metso total	**91.0**	84.9	64.3	43.0	70.0

ADJUSTED EBITA, % OF SALES

%	4-6/2018	1-3/2018	10-12/2017	7-9/2017	4-6/2017
Minerals	**10.7**	11.4	8.9	4.2	10.5
Flow Control	**16.4**	15.8	15.6	16.3	10.8
Group Head Office and other	**n/a**	n/a	n/a	n/a	n/a
Metso total	**11.7**	11.9	9.1	6.4	10.4

ADJUSTMENT ITEMS

EUR million	4-6/2018	1-3/2018	10-12/2017	7-9/2017	4-6/2017
Minerals	**-**	-	0.1	0.5	-6.0
Flow Control	**-**	-	-	-	-
Group Head Office and other	**-**	-	-	-	-
Metso total	**-**	-	0.1	0.5	-6.0

AMORTIZATION

EUR million	4-6/2018	1-3/2018	10-12/2017	7-9/2017	4-6/2017
Minerals	**-2.0**	-1.9	-2.0	-1.5	-1.4
Flow Control	**-0.5**	-0.6	-0.6	-0.6	-0.6
Group Head Office and other	**-2.0**	-2.0	-2.0	-2.1	-2.2
Metso total	**-4.5**	-4.5	-4.6	-4.1	-4.2

OPERATING PROFIT (LOSS)

EUR million	4-6/2018	1-3/2018	10-12/2017	7-9/2017	4-6/2017
Minerals	**62.0**	61.1	46.4	20.3	47.4
Flow Control	**28.9**	24.8	26.0	24.8	15.8
Group Head Office and other	**-4.5**	-5.4	-12.6	-5.7	-3.4
Metso total	**86.5**	80.5	59.8	39.4	59.8

OPERATING PROFIT (LOSS), % OF SALES

%	4-6/2018	1-3/2018	10-12/2017	7-9/2017	4-6/2017
Minerals	**10.4**	11.0	8.6	4.0	9.1
Flow Control	**16.1**	15.4	15.3	16.0	10.4
Group Head Office and other	**n/a**	n/a	n/a	n/a	n/a
Metso total	**11.1**	11.3	8.4	5.9	8.9

CAPITAL EMPLOYED

EUR million	June 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	June 30, 2017
Minerals *	**1,127**	1,077	1,051	1,018	1,032
Flow Control *	**304**	298	290	295	311
Group Head Office and other	**462**	717	863	881	838
Metso total	**1,892**	2,092	2,204	2,194	2,181

* Operative capital employed includes only external balance sheet items.

ORDER BACKLOG

EUR million	June 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	June 30, 2017
Minerals	**1,292**	1,248	1,173	1,212	1,140
Flow Control	**312**	306	267	279	271
Group Head Office and other	**-**	-	-	-	-
Intra Metso order backlog	**-3**	0	0	0	0
Metso total	**1,601**	1,553	1,439	1,491	1,411

PERSONNEL	June 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	June 30, 2017
Minerals	**9,459**	9,313	8,890	8,607	8,567
Flow Control	**2,751**	2,575	2,660	2,584	2,685
Group Head Office and other	**498**	468	487	507	536
Metso total	**12,708**	12,356	12,037	11,698	11,788

11. EXCHANGE RATES

		1-6/2018	1-6/2017	1-12/2017	**June 30,2018**	June 30, 2017	Dec 31, 2017
USD	(US dollar)	**1.2060**	1.0878	1.1307	**1.1658**	1.1412	1.1993
SEK	(Swedish krona)	**10.1722**	9.5900	9.6392	**10.4530**	9.6398	9.8438
GBP	(Pound sterling)	**0.8811**	0.8605	0.8742	**0.8861**	0.8793	0.8872
CAD	(Canadian dollar)	**1.5408**	1.4471	1.4684	**1.5442**	1.4785	1.5039
BRL	(Brazilian real)	**4.1441**	3.4750	3.6271	**4.4876**	3.7600	3.9729
CNY	(Chinese yuan)	**7.7119**	7.4685	7.6299	**7.7170**	7.7385	7.8044
AUD	(Australian dollar)	**1.5656**	1.4445	1.4780	**1.5787**	1.4851	1.5346

12. EVENTS AFTER THE REPORTING PERIOD

On July 2, 2018, Metso completed the acquisition of the Swedish mobile crushing and screening solution provider P.J. Jonsson och Söner AB. The acquired business will be consolidated into Aggregate Equipment business area of Minerals segment from the beginning of July. The company's sales in the fiscal year 2017 were EUR 33 million and it has 40 employees. The parties have agreed not to disclose the acquisition price.

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.

Metso’s financial information in 2018

Financial Statements Review for 2017 on February 2

Annual Report 2017 on February 23

Interim Review for January – March 2018 on April 25

Half-Year Financial Review for 2018 on July 26

Interim Review for January – September 2018 on October 26

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