



## Interim Review

January 1 – March 31, 2013

## Metso Corporation's Interim Review January 1 – March 31, 2013

# Good margin development in a slightly softer market environment

Figures in brackets, unless otherwise stated, refer to the comparison period, i.e. the same period last year.

### Highlights of the first quarter of 2013

- New orders worth EUR 1,584 million were received in January–March (EUR 1,920 million). Orders received by the services business were at a similar level to those in the first quarter of 2012 and totaled EUR 873 million, i.e. 57 percent of all orders received (EUR 881 million and 48%).
- Net sales were EUR 1,590 million (EUR 1,755 million). Net sales in the services business were at the level of comparison period, EUR 727 million and accounted for 47 percent of Metso's net sales (EUR 721 million and 43%).
- Earnings before interest, tax and amortization (EBITA), before non-recurring items, were EUR 132 million, i.e. 8.3 percent of net sales (EUR 141 million and 8.0%).
- Earnings per share were EUR 0.48 (EUR 0.56).
- Free cash flow was EUR 74 million (EUR 116 million).
- The Board decided to start a strategy study relating to a possible demerger of Metso.

### Guidance for financial performance during 2013 unchanged

Based on the current economic situation, the market outlook, our order backlog for 2013, and foreign exchange rates remaining similar to those at the end of March, we estimate that our EBITA before non-recurring items in 2013 will be at around 2012 levels and our net sales at the 2012 level or slightly below.

### Metso's President and CEO Matti Kähkönen comments on the first quarter:

The first quarter was two-fold for Metso. Firstly, as expected, demand for new equipment and projects remained similar to that seen in the previous quarter and below that in the first quarter of 2012. Secondly, and even more importantly, Metso's flexible business model and focus on its services business yielded a good operating result (EBITA) and an improved EBITA margin for the quarter, despite net sales coming in a little slower than in early 2012. The Mining and Construction and Automation segments recorded a strong improvement in their margins, and we expect these segments to perform well going forward. Pulp, Paper and Power, however, was weak, as had been expected. The challenges in this segment are known and we will continue our actions to improve profitability in the business. The results of this work, together with our slightly more optimistic view of the segment's customer industries, are expected to be seen in better performance later this year.

In March, the Board launched a strategy study to review the possibilities of separating Metso into two independent listed companies. This work is proceeding at a good pace and according to the planned milestones. We are confident that this project will be in the best interests of our customers, personnel, shareholders and other stakeholders.

### Metso's key figures

EUR million	Q1/2013	Q1/2012	Change %	2012
Orders received	<b>1,584</b>	1,920	-18	6,865
Orders received of services business	<b>873</b>	881	-1	3,264
% of orders received <sup>*)</sup>	<b>57</b>	48		49
Order backlog at end of period	<b>4,558</b>	5,407	-16	4,515
Net sales	<b>1,590</b>	1,755	-9	7,504
Net sales of services business	<b>727</b>	721	1	3,174
% of net sales <sup>*)</sup>	<b>47</b>	43		44
Earnings before interest, tax and amortization (EBITA) and non-recurring items	<b>131.5</b>	141.2	-7	687.5
% of net sales	<b>8.3</b>	8.0		9.2
Operating profit	<b>119.2</b>	129.0	-8	601.7
% of net sales	<b>7.5</b>	7.4		8.0
Earnings per share, EUR	<b>0.48</b>	0.56	-14	2.46
Free cash flow	<b>74</b>	116	-36	257
Return on capital employed (ROCE) before taxes, annualized %	<b>15.3</b>	17.9		19.7
Equity to assets ratio at end of period, %	<b>36.8</b>	36.3		40.5
Net gearing at end of period, %	<b>13.5</b>	7.6		14.2

<sup>\*)</sup> Excluding Valmet Automotive

## Operating environment and demand

Capacity utilization rates in our customer industries during the first quarter continued to support demand for our services business. Demand for new equipment and projects was weaker year-on-year, but remained comparable to that in the last quarter of 2012. Raw material prices were stable and wage inflation in emerging markets continued at last year's level.

Demand for mining equipment and projects remained at the level typical of the end of last year. Thanks to stable utilization rates at mines and our large installed equipment base, demand for our mining services remained excellent.

Demand for construction equipment remained satisfactory, with some positive signs in emerging markets, especially China. Ongoing infrastructure projects in Brazil have also maintained demand for construction equipment. Demand in developed markets remained relatively low. Demand for our construction industry services remained satisfactory.

Demand for products and services supplied by our Automation business to the energy, oil and gas industries remained good, while demand from pulp and paper customers remained satisfactory.

The pulp mill market remained satisfactory, but decision-making relating to orders under negotiation was further delayed. Demand for rebuilds and services was good as a result of more stable pulp prices and good capacity utilization rates.

Structural changes in paper industry continue and the demand for paper and board lines remained weak, whereas demand for tissue lines continued to be good. We have seen some signs of recovery in customer activity in China. Stable capacity utilization rates in the paper and board industry kept demand for our services at a good level.

Demand for recovery boilers for the pulping industry remained unchanged. Increase in shale gas investments has impacted negatively on the demand for renewable energy solutions, especially in North America. All in all, we expect the demand for power plants and for related services to remain satisfactory.

### Orders received

We received new orders worth EUR 1,584 million during the first quarter, 18 percent less than in the comparison period (EUR 1,920 million). This decrease was mainly due to a decline in new capital equipment orders from mining, power, and pulp customers. Exchange rates had no impact on comparison of new orders. Emerging markets accounted for 55 percent (45%) of orders. At Group level, services orders were at a similar level to the same period last year and accounted for 57 percent of all orders (48%). Exchange rates had a positive impact of 1 percentage point on orders received. Emerging markets accounted for 44 percent (41%) of services orders received.

Major orders received during the first quarter included:

- a tissue paper line for Forestal y Papelera Concepción in Chile,

- a containerboard production line for Siam Kraft Industry in Thailand,
- two tissue lines and an automation package for Hayat Kimya in Turkey,
- a tissue production line and an automation package for Syktyvkar Tissue Group in Russia,
- two repeat orders, including complete secondary, tertiary and quaternary crushing and screening plants, as well as an automation system for Altay Polimetally for their copper mine in Kazakhstan,
- a crushing and screening plant rebuild for Sablières Malet in France,
- six and half year life-cycle services contract with ZAO Russian Copper Company's copper concentrator in the southwestern Russia.
- significant automation systems for power stations in Finland, the US, and Poland.

The top three countries for new orders were the US, China, and Brazil, which accounted for 29 percent of all orders received. Orders from mining customers remained at the previous quarter's level, but were down 22 percent year-on-year. Orders received from construction customers were down 8 percent year-on-year. Orders received by the Flow Control business increased 17 percent, and those booked by Process Automation Systems increased 16 percent. In Pulp, Paper and Power, orders received were lower than during the comparison period, particularly in the power industry, but also pulp industry. Orders from paper customers were at a similar level to those received during the first quarter of 2012.

### Order backlog

Our order backlog at the end of March was EUR 4,558 million, which is slightly higher than at the end of 2012 (EUR 4,515 million). Around 70 percent of Metso's backlog, i.e. EUR 3.3 billion, is expected to be recognized as net sales this year (75% and EUR 3.4 billion), and around 33 percent of this is related to the services business.

The proportion of order backlog expected to be recognized as net sales in 2013, by segment, is as follows:

- Mining and Construction: 74 percent (72%),
- Automation: 91 percent (96%) and
- Pulp, Paper and Power: 68 percent (52%).

In addition to our backlog, we have more than EUR 400 million of services orders extending over a number of years. We book these multi-year services contracts in our backlog on a phased basis, depending on what is estimated to be the contractually secured portion of each order. The majority of large multi-year service contacts are in our Mining and Construction segment.

There were no major cancellations or exceptional postponements of orders during the reporting period. The only uncertain order in our backlog as of the end of March was the Fibria pulp mill project in Brazil, which is valued at around EUR 340 million.

## Orders received and order backlog by reporting segment

EUR million	Q1/2013	Q1/2012	Change %	2012
<b>Mining and Construction</b>	<b>786</b>	964	-18	3,436
Services business	471	477	-1	1,771
Equipment, product and project business	314	485	-35	1,658
Intra-Metso orders received	1	2		7
Order backlog at the end of period	2,061	2,276	-9	1,983
<b>Automation</b>	<b>254</b>	224	13	845
Services business	118	104	13	382
Equipment, product and project business	128	103	24	404
Intra-Metso orders received	8	17		59
Order backlog at the end of period	417	399	5	343
<b>Pulp, Paper and Power</b>	<b>511</b>	677	-25	2,444
Services business	284	300	-5	1,111
Equipment, product and project business	222	375	-41	1,323
Intra-Metso orders received	5	2		10
Order backlog at the end of period	2,138	2,801	-24	2,249
Valmet Automotive	47	77	-39	216
Intra-Metso orders received	-14	-22		-76
<b>Metso total</b>	<b>1,584</b>	1,920	-18	6,865
Intra-Metso orders received in order backlog	-58	-69		-60
Order backlog at the end of period	4,558	5,407	-16	4,515

## Orders received by market area

EUR million	Q1/2013	Q1/2012	Change %	2012
Emerging markets	867	869	0	3,278
% of Mining and Construction orders received	63	60		58
% of Automation orders received	44	40		42
% of Pulp, Paper and Power orders received	52	31		38
Developed markets	717	1,051	-32	3,587
<b>Metso total</b>	<b>1,584</b>	1,920	-18	6,865

## Financial performance

Our net sales in January-March decreased 9 percent year-on-year and were EUR 1,590 million (EUR 1,755 million). Net sales in the Automation segment increased somewhat, whereas net sales decreased in Mining and Construction and in Pulp, Paper and Power in particular. Net sales in the services business remained at the good level typical of the first quarter of 2012 and totaled EUR 727 million, which was 47 percent of total net sales (EUR 721 million and 43%). Exchange rates had no impact on comparison of net sales.

In terms of net sales, the top three countries were the US, Brazil, and China, which accounted for 35 percent of total net sales. Net sales from emerging markets decreased by 11 percent and accounted for 49 percent (50%) of net sales.

Our earnings before interest, tax and amortization (EBITA), and before non-recurring items, were EUR 132 million in January-March, i.e. 8.3 percent of net sales (EUR 141 million and 8.0%). Profitability improved in Mining and Construction and Automation, whereas the profitability of the Pulp, Paper and Power segment declined, mainly due to lower net sales.

Our operating profit (EBIT) for January-March was EUR 119 million, i.e. 7.5 percent of net sales (EUR 129 million and 7.4%).

Net financing expenses in January-March were EUR 15 million (EUR 6 million). Interest expenses accounted for EUR 17 million (EUR 16 million), interest income for EUR 3 million (EUR 9 million), foreign exchange loss for EUR 2 million (EUR 3 million of foreign exchange gain), and other net financial income for EUR 1 million (EUR 2 million of other net financial expenses).

Profit before taxes was EUR 104 million (EUR 123 million), and the tax rate for 2013 is expected to be similar to that in 2012 (32%).

Profit attributable to shareholders in January-March was EUR 72 million (EUR 83 million), corresponding to earnings per share (EPS) of EUR 0.48 (EUR 0.56).

Return on capital employed (ROCE) before taxes during January-March was 15.3 percent (17.9%) and return on equity (ROE) was 13.5 percent (17.1%).

## Net sales by reporting segment

EUR million	Q1/2013	Q1/2012	Change %	2012
<b>Mining and Construction</b>	<b>744</b>	787	-5	3,492
Services business	<b>383</b>	388	-1	1,692
Equipment, product and project business	<b>357</b>	398	-10	1,793
Intra-Metso net sales	<b>4</b>	1		7
<b>Automation</b>	<b>184</b>	182	1	859
Services business	<b>83</b>	83	0	380
Equipment, product and project business	<b>92</b>	91	1	416
Intra-Metso net sales	<b>9</b>	8		63
<b>Pulp, Paper and Power</b>	<b>631</b>	721	-12	3,014
Services business	<b>260</b>	250	4	1,102
Equipment, product and project business	<b>369</b>	470	-21	1,903
Intra-Metso net sales	<b>2</b>	1		9
Valmet Automotive	<b>47</b>	77	-39	216
Intra-Metso net sales	<b>-16</b>	-12		-77
<b>Metso total</b>	<b>1,590</b>	1,755	-9	7,504

## Net sales by market area

EUR million	Q1/2013	Q1/2012	Change %	2012
Emerging markets	<b>784</b>	878	-11	3,718
Developed markets	<b>806</b>	877	-8	3,786
<b>Metso total</b>	<b>1,590</b>	1,755	-9	7,504

## EBITA before non-recurring items and percentage of net sales

EUR million	Q1/2013	Q1/2012	Change %	2012
<b>Mining and Construction</b>	<b>91.2</b>	82.1	11	419.9
% of net sales	<b>12.3</b>	10.4		12.0
<b>Automation</b>	<b>16.1</b>	11.1	44	101.2
% of net sales	<b>8.8</b>	6.2		11.8
<b>Pulp, Paper and Power</b>	<b>28.3</b>	55.8	-49	203.8
% of net sales	<b>4.5</b>	7.7		6.8
<b>Metso total</b>	<b>131.5</b>	141.2	-7	687.5
% of net sales	<b>8.3</b>	8.0		9.2

## Reporting Segments

### Mining and Construction

Net sales in Mining and Construction during the first quarter decreased 5 percent and were EUR 744 million. Net sales related to capital equipment for mining customers were down 3 percent and for construction customers 10 percent. Net sales in the services business remained at the healthy level typical of the comparison period, and accounted for 51 percent of the segment's total net sales.

Mining and Construction's EBITA before non-recurring items rose 11 percent during the period and was EUR 91 million, i.e. 12.3 percent of net sales. This favorable development was mainly due to improved gross margins.

Operating profit (EBIT) for the reporting period was EUR 89 million, i.e. 11.9 percent of net sales.

The segment's return on operative capital employed (ROCE) was 25.3 percent (25.0%).

### Automation

Net sales in the Automation segment were comparable to those seen in the first quarter of 2012 and totaled EUR 184 million. Net sales in the Flow Control business decreased 5 percent, while those in the Process Automation Systems business increased 10 percent year-on-year. Net sales in the services business were similar to those seen in the first quarter of 2012 and accounted for 45 percent of the segment's net sales.

Automation's EBITA before non-recurring items improved 44 percent year-on-year, to EUR 16 million, i.e. 8.8 percent of net sales. The Flow Control and services businesses had a positive impact thanks to improved gross margins, while Process Automation Systems was largely unchanged year-on-year.

Automation's operating profit (EBIT) was EUR 15 million, i.e. 8.1 percent of net sales.

The segment's return on operative capital employed (ROCE) was 19.9 percent (15.0%).

### Pulp, Paper and Power

Pulp, Paper and Power's net sales during the first quarter decreased 12 percent and were EUR 631 million. This decrease came from capital businesses, especially from Paper and Fiber, whereas net sales in the services business increased 4 percent year-on-year. Services business accounted for 41 percent of the segment's net sales.

Pulp, Paper and Power's EBITA before non-recurring items declined 49 percent and was EUR 28 million, i.e. 4.5 percent of net sales. Decline resulted mainly from low volumes, under-absorption and low gross margins in the equipment and project businesses.

Pulp, Paper and Power's operating profit (EBIT) was EUR 22 million, i.e. 3.4 percent of net sales.

The segment's return on operative capital employed (ROCE) was 12.7 percent (29.8%).

## Separate business entity

### Valmet Automotive

Valmet Automotive's net sales during the first quarter were EUR 47 million (EUR 77 million), and its EBITA before non-recurring items was EUR 1 million, i.e. 1.7 percent of net sales (EUR 4 million and 5.3%). Valmet Automotive employed a total of 1,609 people at the end of March (1,678 at the end of 2012), of whom approximately 370 were temporarily laid-off. About half of the personnel were employed in Finland and the rest mainly in Germany and Poland. The project to start manufacturing Mercedes-Benz A-Class vehicles with Daimler AG proceeded as planned. Production is scheduled to start in Finland during the second half of 2013.

### Cash flow and financing

Net cash provided by operating activities during the first quarter totaled EUR 93 million (EUR 136 million).

Net working capital increased by EUR 9 million (EUR 1 million) and amounted to EUR 461 million (EUR 286 million) as of the end of March.

Free cash flow was EUR 74 million (EUR 116 million). Net interest-bearing liabilities totaled EUR 277 million as of the end of the period (EUR 148 million).

Our liquidity position remains strong. Total cash assets as of the end of March were EUR 990 million, of which EUR 178 million has been invested in financial instruments with an initial maturity exceeding three months. The remaining EUR 812 million has been accounted for as cash and cash equivalents. In addition, we have an undrawn syndicated EUR 500 million revolving credit facility available until 2015 and primarily intended for short-term funding purposes.

Our gearing at the end of March was 13.5 percent (7.6%) and the equity to assets ratio was 36.8 percent (36.3%). Following the Annual General Meeting, EUR 277 million was paid as dividends in April, increasing gearing by approximately 14 percentage points.

## Capital expenditure

Our gross capital expenditure during the first quarter, excluding business acquisitions, was EUR 57 million (EUR 30 million). Maintenance investments accounted for 35 percent, i.e. EUR 20 million (77% and EUR 23 million). Capital expenditure in 2013 is expected to remain at around 2012 levels, not including investments related to Valmet Automotive's Daimler contract, which will increase our total investments.

Our capital expenditure in January–March included:

- Expansion of our global rubber mill lining capacity at production plants in Chile, Sweden, Canada, Mexico and Peru is ongoing.
- A mining service hub in Chile was inaugurated and new hubs in Mexico and Peru are now under construction.
- The global ERP system project is ongoing in the Automation segment.

Research and development expenses in the first quarter of 2013 totaled EUR 28 million, i.e. 1.8 percent of Metso's net sales (EUR 31 million and 1.8%).

## Acquisitions, divestments and associated companies

In February, we agreed to acquire the JX steel foundry in China. This will improve our capability to supply wear parts to our mining and construction industry customers in China and other markets in the Asia-Pacific region. The acquired assets and approximately 275 employees will be transferred to Metso upon final closing of the transaction. The transaction is subject to local regulatory approvals, which are expected in the second quarter.

On January 1, Metso divested all of its shares in Metso Husum AB to Pichano Holding AB as a result of a restructuring plan covering the pulp and paper service workshop network in Sweden. The company has a turnover of EUR 1.5 million and 12 employees, all of whom will remain with the company.

## Personnel

As of end of March, we had 30,017 employees, which is 195 less than at the end of 2012 (30,212 employees). Personnel numbers remained at year-end levels in the Automation segment and declined in the Mining and Construction and Pulp, Paper and Power segments. Personnel in emerging markets accounted for 35 percent (34%). We had an average of 30,115 employees during the first quarter.

## Personnel by area

	Mar 31, 2013	% of total personnel	Mar 31, 2012	% of total personnel	Change %	Dec 31, 2012
Finland	8,345	28	9,253	30	-10	8,464
Other Nordic countries	2,901	10	2,977	10	-3	2,934
Rest of Europe	4,558	15	4,499	15	1	4,546
North America	3,979	13	3,886	13	2	3,974
South and Central America	3,429	11	3,241	10	6	3,406
China	3,038	10	3,198	11	-5	3,156
Other Asia-Pacific	2,322	8	2,210	7	5	2,313
Africa and Middle East	1,445	5	1,415	4	2	1,419
<b>Metso total</b>	<b>30,017</b>	<b>100</b>	<b>30,679</b>	<b>100</b>	<b>-2</b>	<b>30,212</b>

	Mar 31, 2013	% of total personnel	Mar 31, 2012	% of total personnel	Change %	Dec 31, 2012
Emerging markets	10,603	35	10,473	34	1	10,669
Developed markets	19,414	65	20,206	66	-4	19,543
<b>Metso total</b>	<b>30,017</b>	<b>100</b>	<b>30,679</b>	<b>100</b>	<b>-2</b>	<b>30,212</b>

## Strategy study on the possible demerger of Metso

In March, Metso's Board of Directors decided to embark on a process to study the potential separation of the Pulp, Paper and Power businesses into a new company. Following such a demerger, the Mining and Construction and Automation businesses would remain in the current company. If Metso decides to proceed with a demerger, the Board expects to approve and register a demerger plan, after which an Extraordinary General Meeting would be convened to make the final decision on a demerger. The demerger and listing of the new company's shares is planned to take place at the end of 2013.

## Decisions of the Annual General Meeting

Metso's Annual General Meeting (AGM) on March 28, 2013 approved the Financial Statements for 2012 and discharged the members of the Board of Directors and the President and CEO from liability for the 2012 financial year. The AGM approved the proposals of the Board of Directors to authorize the Board to decide on a repurchase of Metso shares, to amend the Articles of Association, and to establish a Shareholders' Nomination Board.

The AGM decided that a dividend of EUR 1.85 per share should be paid for the financial year ending on December 31, 2012. The dividend was paid on April 11, 2013.

The Annual General Meeting confirmed the number of Board members as eight and Jukka Viinanen was elected as Chairman of the Board and Mikael von Frenckell as Vice Chairman. Mikael Lilius was elected as a new Board member. Christer Gardell, Ozey K. Horton, Jr, Erkki Pehu-Lehtonen, Pia Rudengren, and Eeva Sipilä were re-elected for a new term.

The Annual General Meeting decided the following annual remuneration for Board members: EUR 100,000 for the Chairman, EUR 60,000 for the Vice Chairman and for the Chairman of the Audit Committee, and EUR 48,000 for members. In addition, it was decided that a meeting fee of EUR 700 be paid to members who reside in the Nordic countries, EUR 1,400 to members who reside elsewhere in Europe, and EUR 2,800 to members who reside outside of Europe for each meeting they attend, including committee meetings. The AGM also decided that, as a condition for receiving their annual remuneration, the members of the Board of Directors will be obliged, based on the AGM's decision, to use 40 percent of their fixed annual remuneration for purchasing Metso Corporation shares from the market at a price formed in public trading, and that such purchases shall be carried out within the 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 Annual General Meeting decided to establish a Nomination Board of the Annual General Meeting to prepare proposals for the following Annual General Meeting regarding the composition of the Board of Directors and director remuneration. Representatives of the four largest shareholders will be elected to the Nomination Board, and the Chairman of the

Metso's Board of Directors will serve as the Nomination Board's expert member.

## Members of the Board committees and personnel representative

The Board of Directors elected the members of the Audit Committee and Remuneration and HR Committee at its assembly meeting on March 28, 2013. The Board also decided to establish a new committee related to the preparations for a possible demerger of the company ('Demerger Committee'). The Audit Committee consists of Pia Rudengren (Chairman), Erkki Pehu-Lehtonen, and Eeva Sipilä. The Remuneration and HR Committee consists of Jukka Viinanen (Chairman), Mikael von Frenckell, Christer Gardell, and Mikael Lilius. The Demerger Committee comprises Jukka Viinanen (Chairman), Pia Rudengren, Mikael Lilius, and Metso's President and CEO, Matti Kähkönen as an expert member.

Metso's personnel groups in Finland have elected Eija Lahti-Jääntti as the personnel representative on the Board of Directors. She participates in Board meetings as an invited expert, and her term of office is the same as that of Board members.

## Short-term business operation risks

Financial and economical uncertainties, coupled with fluctuations in exchange rates and tightening financial market regulations, may have an adverse effect on the availability of financing from banks and capital markets, and could reduce our customers' investment appetite and would increase receivables risk. Our Swedish mining customer Northland Resources AB filed for corporate reorganization on February 8, 2013. Metso is one of the major technology supplier for Northland's Kaunisvaara project and has significant receivables pursuant to this order.

Developments in the global economy, especially in emerging markets, as well as changes in our customers' financial positions ability, might have an impact on new projects under negotiation or on projects in our order backlog. Some projects may be postponed, suspended, or canceled.

We may see changes in the competitive situation of our individual businesses, such as the emergence of new, cost-effective players in emerging markets.

Securing the continuity of our operations requires that we have sufficient funding available under all circumstances. We estimate that our cash assets, totaling EUR 990 million, together with available credit facilities, are sufficient to secure our short-term liquidity and overall financial flexibility. The average maturity of our long-term debt is 4.4 years. There are no prepayment covenants in our debt facilities that would be triggered by changes in credit ratings. Some debt facilities include financial covenants related to Metso's capital structure. We fully meet the requirements of our covenants and the other terms related to our financing agreements.

Net working capital and capital expenditure levels have a key impact on the adequacy of our financing.

Changes in labor costs and the prices of raw materials and components can affect our profitability. On the other hand, some of our customers are raw material producers, and their ability to operate and invest may be enhanced by stronger raw material prices and hampered by declining raw material prices.

Currency exchange rate risks are among Metso's most substantial financial risks. In general, economic uncertainty is likely to increase exchange rate fluctuations.

A detailed risk profile can be found in Metso's on-line Annual Report at [www.metso.com/2012](http://www.metso.com/2012).

## Short-term outlook

### Market development

The global economic situation and demand in our customer industries have remained largely unchanged during the early part of the year. Some initial positive signs have been seen in the US and China, which may have a positive impact on the activity of our customer industries in the second half of 2013. Stable capacity utilization levels and the need to increase production efficiency will continue to support demand for our services business.

We expect underlying demand in the mining market to remain at the good level seen during the first quarter of the year. Due to expected high utilization rates at mines, our large installed equipment base, and stronger services presence, we expect demand for our mining services to remain excellent.

Demand for construction equipment is projected to strengthen somewhat in emerging markets, especially China. In developed markets, we anticipate demand to remain at current relatively low levels going forward. Demand for our construction industry services is expected to remain satisfactory.

Demand for our process automation and flow control solutions and services is expected to remain good. Strong demand in the oil and gas industry is expected to offset continuing softness in the pulp and paper industry.

The market for pulp mills is expected to remain satisfactory, with good demand for rebuilds and services. Structural changes in the paper industry are likely to continue and the demand for papermaking lines is expected to remain weak and the outlook for services good. Demand for recovery boilers for the pulping industry is projected to continue stable, whereas shale gas will continue to have a negative impact on market of renewable energy solutions. All in all, we expect the demand for power plants and for related services to remain satisfactory.

### Financial development

In line with our earlier statement and based on the current economic situation, the market outlook, our order backlog for 2013, and foreign exchange rates remaining similar to those at the end of March, we estimate that our EBITA before non-recurring items in 2013 will be at around 2012 levels and that our net sales at the 2012 level or slightly below.

Helsinki, April 23, 2013

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.

## Consolidated statement of income

EUR million	1-3/2013	1-3/2012	1-12/2012
Net sales	1,590	1,755	7,504
Cost of goods sold	-1,179	-1,332	-5,703
Gross profit	411	423	1,801
Selling, general and administrative expenses	-294	-284	-1,184
Other operating income and expenses, net	1	-10	-16
Share in profits of associated companies	1	0	1
Operating profit	119	129	602
Financial income and expenses, net	-15	-6	-59
Profit before taxes	104	123	543
Income taxes	-33	-38	-175
<b>Profit</b>	<b>71</b>	<b>85</b>	<b>368</b>
Attributable to:			
Shareholders of the company	72	83	369
Non-controlling interests	-1	2	-1
<b>Profit</b>	<b>71</b>	<b>85</b>	<b>368</b>
Earnings per share, EUR	0.48	0.56	2.46
Diluted earnings per share, EUR	0.48	0.56	2.46

## Consolidated statement of comprehensive income

EUR million	1-3/2013	1-3/2012	1-12/2012
Profit	71	85	368
<b>Items that may be reclassified to profit or loss in subsequent periods:</b>			
Cash flow hedges, net of tax	1	6	7
Available-for-sale equity investments, net of tax	0	0	0
Currency translation on subsidiary net investments	30	-11	-22
Net investment hedge gains (+) / losses (-), net of tax	-	-	-
	31	-5	-15
<b>Items that will not be reclassified to profit or loss:</b>			
Defined benefit plan actuarial gains (+) / losses (-), net of tax	-	-	-16
<b>Other comprehensive income (+) / expense (-)</b>	<b>31</b>	<b>-5</b>	<b>-31</b>
<b>Total comprehensive income (+) / expense (-)</b>	<b>102</b>	<b>80</b>	<b>337</b>
Attributable to:			
Shareholders of the company	101	78	338
Non-controlling interests	1	2	-1
<b>Total comprehensive income (+) / expense (-)</b>	<b>102</b>	<b>80</b>	<b>337</b>

## Consolidated balance sheet

### ASSETS

EUR million	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	891	881	887
Other intangible assets	246	262	253
	<b>1,137</b>	1,143	1,140
<b>Property, plant and equipment</b>			
Land and water areas	70	67	69
Buildings and structures	294	287	289
Machinery and equipment	431	438	429
Assets under construction	75	53	46
	<b>870</b>	845	833
<b>Financial and other assets</b>			
Investments in associated companies	18	16	17
Available-for-sale equity investments	7	6	6
Loan and other interest bearing receivables	9	9	9
Available-for-sale financial investments	0	2	0
Derivative financial instruments	2	0	3
Deferred tax asset	172	164	177
Other non-current assets	45	41	38
	<b>253</b>	238	250
<b>Total non-current assets</b>	<b>2,260</b>	2,226	2,223
<b>Current assets</b>			
<b>Inventories</b>	<b>1,572</b>	1,833	1,529
<b>Receivables</b>			
Trade and other receivables	1,415	1,376	1,442
Cost and earnings of projects under construction in excess of advance billings	370	337	420
Loan and other interest bearing receivables	2	1	1
Available-for-sale financial assets	1	23	1
Financial instruments held for trading	178	91	232
Derivative financial instruments	35	46	36
Income tax receivables	43	15	27
Receivables total	<b>2,044</b>	1,889	2,159
<b>Cash and cash equivalents</b>	<b>812</b>	730	731
<b>Total current assets</b>	<b>4,428</b>	4,452	4,419
<b>TOTAL ASSETS</b>	<b>6,688</b>	6,678	6,642

## SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
<b>Equity</b>			
Share capital	241	241	241
Cumulative translation adjustments	53	34	23
Fair value and other reserves	719	713	718
Retained earnings	1,019	953	1,225
<b>Equity attributable to shareholders</b>	<b>2,032</b>	1,941	2,207
<b>Non-controlling interests</b>	<b>19</b>	23	20
<b>Total equity</b>	<b>2,051</b>	1,964	2,227
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term debt	1,073	734	1,086
Post employment benefit obligations	246	220	245
Provisions	64	70	58
Derivative financial instruments	9	6	10
Deferred tax liability	30	38	34
Other long-term liabilities	6	6	6
<b>Total non-current liabilities</b>	<b>1,428</b>	1,074	1,439
<b>Current liabilities</b>			
Current portion of long-term debt	142	203	136
Short-term debt	64	67	68
Trade and other payables	1,628	1,815	1,349
Provisions	175	215	198
Advances received	640	663	570
Billings in excess of cost and earnings of projects under construction	481	601	567
Derivative financial instruments	32	26	31
Income tax liabilities	47	50	57
<b>Total current liabilities</b>	<b>3,209</b>	3,640	2,976
<b>Total liabilities</b>	<b>4,637</b>	4,714	4,415
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>6,688</b>	6,678	6,642

## NET INTEREST BEARING LIABILITIES

EUR million	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
Long-term interest bearing debt	1,073	734	1,086
Short-term interest bearing debt	206	270	204
Cash and cash equivalents	-812	-730	-731
Other interest bearing assets	-190	-126	-243
<b>Net interest bearing liabilities</b>	<b>277</b>	148	316

## Condensed consolidated cash flow statement

EUR million	1-3/2013	1-3/2012	1-12/2012
<b>Cash flows from operating activities:</b>			
Profit	71	85	368
Adjustments to reconcile profit to net cash provided by operating activities			
Depreciation and amortization	41	41	166
Interests and dividend income	14	7	52
Income taxes	33	38	175
Other	2	1	1
Change in net working capital	-9	-1	-176
Cash flows from operations	152	171	586
Interest paid and dividends received	-3	2	-39
Income taxes paid	-56	-37	-188
<b>Net cash provided by operating activities</b>	<b>93</b>	<b>136</b>	<b>359</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures on fixed assets	-57	-30	-156
Proceeds from sale of fixed assets	1	3	10
Business acquisitions, net of cash acquired	-	-1	-5
Proceeds from sale of / (Investments in) financial assets	54	53	-62
Other	-1	0	0
<b>Net cash provided by (+) / used in (-) investing activities</b>	<b>-3</b>	<b>25</b>	<b>-213</b>
<b>Cash flows from financing activities:</b>			
Dividends paid	-	-	-254
Net funding	-20	-17	268
Other	-	-	-1
<b>Net cash used in financing activities</b>	<b>-20</b>	<b>-17</b>	<b>13</b>
Net increase (+) / decrease (-) in cash and cash equivalents	70	144	159
Effect from changes in exchange rates	11	-4	-18
Cash and cash equivalents at beginning of period	731	590	590
<b>Cash and cash equivalents at end of period</b>	<b>812</b>	<b>730</b>	<b>731</b>

### FREE CASH FLOW

EUR million	1-3/2013	1-3/2012	1-12/2012
Net cash provided by operating activities	93	136	359
Capital expenditures on maintenance investments	-20	-23	-112
Proceeds from sale of fixed assets	1	3	10
<b>Free cash flow</b>	<b>74</b>	<b>116</b>	<b>257</b>

## 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
<b>Balance at Jan 1, 2012</b>	<b>241</b>	<b>45</b>	<b>706</b>	<b>1,123</b>	<b>2,115</b>	<b>21</b>	<b>2,136</b>
Profit	-	-	-	84	84	2	86
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	6	-	6	-	6
Available-for-sale equity investments, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	-11	-	-	-11	-	-11
Net investment hedge gains (losses), net of tax	-	-	-	-	-	-	-
Total comprehensive income (+) / expense (-)	-	-11	6	84	79	2	81
Dividends	-	-	-	-254	-254	0	-254
Redemption of own shares	-	-	0	-	0	-	0
Share-based payments, net of tax	-	-	1	0	1	-	1
Other	-	-	0	0	0	0	0
<b>Balance at Mar 31, 2012</b>	<b>241</b>	<b>34</b>	<b>713</b>	<b>953</b>	<b>1,941</b>	<b>23</b>	<b>1,964</b>
<b>Balance at Jan 1, 2013</b>	<b>241</b>	<b>23</b>	<b>718</b>	<b>1,225</b>	<b>2,207</b>	<b>20</b>	<b>2,227</b>
Profit	-	-	-	72	72	-1	71
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	-	30	-	-	30	-	30
Net investment hedge gains (losses), net of tax	-	-	-	-	-	-	-
Total comprehensive income (+) / expense (-)	-	30	1	72	103	-1	102
Dividends	-	-	-	-277	-277	-	-277
Redemption of own shares	-	-	-	-	-	-	-
Share-based payments, net of tax	-	-	0	0	0	-	0
Other	-	-	0	-1	-1	-	-1
<b>Balance at Mar 31, 2013</b>	<b>241</b>	<b>53</b>	<b>719</b>	<b>1,019</b>	<b>2,032</b>	<b>19</b>	<b>2,051</b>

## 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 2013.

### March 31, 2013

EUR million	Level 1	Level 2	Level 3
<b>Assets</b>			
Financial assets at fair value through profit and loss			
• Derivatives	-	12	-
• Securities	23	154	-
Derivatives qualified for hedge accounting	-	25	-
Available for sale investments			
• Equity investments	1	-	-
• Debt investments	1	-	-
<b>Total assets</b>	25	191	-
<b>Liabilities</b>			
Financial liabilities at fair value through profit and loss			
• Derivatives	-	21	-
• Long term debt at fair value	-	200	-
Derivatives qualified for hedge accounting	-	20	-
<b>Total liabilities</b>	-	241	-

## Assets pledged and contingent liabilities

EUR million	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
Mortgages on corporate debt	2	0	0
Other pledges and contingencies			
Mortgages	5	5	5
Other guarantees	2	7	2
Repurchase and other commitments	6	7	5
Lease commitments	214	222	223

## Notional amounts of derivative financial instruments

EUR million	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
Forward exchange rate contracts	2,627	2,912	2,488
Interest rate swaps	285	105	285
Cross currency swaps	33	33	33
Option agreements			
Bought	-	1	1
Sold	20	20	10

The notional amount of electricity forwards was 674 GWh as of March 31, 2013 and 645 GWh as of March 31, 2012.

The notional amount of nickel forwards to hedge stainless steel prices was 510 tons as of March 31, 2013 and 564 tons as of March 31, 2012.

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

## Key ratios

	1-3/2013	1-3/2012	1-12/2012
Earnings per share, EUR	<b>0.48</b>	0.56	2.46
Diluted earnings per share, EUR	<b>0.48</b>	0.56	2.46
Equity/share at end of period, EUR	<b>13.57</b>	12.97	14.74
Return on equity (ROE), % (annualized)	<b>13.5</b>	17.1	17.3
Return on capital employed (ROCE) before taxes, % (annualized)	<b>15.3</b>	17.9	19.7
Return on capital employed (ROCE) after taxes, % (annualized)	<b>11.2</b>	13.0	14.2
Equity to assets ratio at end of period, %	<b>36.8</b>	36.3	40.5
Net gearing at end of period, %	<b>13.5</b>	7.6	14.2
Free cash flow, EUR million	<b>74</b>	116	257
Free cash flow/share, EUR	<b>0.49</b>	0.78	1.72
Cash conversion, %	<b>104</b>	136	70
Gross capital expenditure (excl. business acquisitions), EUR million	<b>57</b>	30	156
Business acquisitions, net of cash acquired, EUR million	-	1	5
Depreciation and amortization, EUR million	<b>41</b>	41	166
Number of outstanding shares at end of period (thousands)	<b>149,756</b>	149,629	149,756
Average number of shares (thousands)	<b>149,756</b>	149,629	149,715
Average number of diluted shares (thousands)	<b>149,954</b>	149,860	149,870

## Impact on income statement due to changes in accounting principles following implementation of IAS 19 R 'Employee benefits' amendment

	1-3/2013	1-3/2012	1-12/2012
Earnings per share, EUR, restated	<b>0.48</b>	0.56	2.46
Earnings per share, EUR, as published in 2012		0.56	2.49
Operating profit, restated	<b>119</b>	129	602
Operating profit, as published in 2012		128	599
Financial income and expenses, net, restated	<b>-15</b>	-6	-59
Financial income and expenses, net, as published in 2012		-3	-49
Income taxes, restated	<b>-33</b>	-38	-175
Income taxes, as published in 2012		-39	-178
Profit, restated	<b>71</b>	85	368
Profit, as published in 2012		86	372

According to IAS 19 R amendment, Metso now determines the net interest expense on the net defined benefit plan by applying the discount rate used to measure the defined benefit obligation, and the plan assets can not anymore have a higher return in the calculations than the liability discount rate. The net interest is now booked into financial income and expenses in the income statement.

## Exchange rates used

	1-3/2013	1-3/2012	1-12/2012	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
USD (Yhdysvaltain dollari)	<b>1.3170</b>	1.3229	1.2932	<b>1.2805</b>	1.3356	1.3194
SEK (Ruotsin kruunu)	<b>8.5043</b>	8.8658	8.7015	<b>8.3553</b>	8.8455	8.5820
GBP (Englannin punta)	<b>0.8454</b>	0.8371	0.8137	<b>0.8456</b>	0.8339	0.8161
CAD (Kanadan dollari)	<b>1.3299</b>	1.3236	1.2930	<b>1.3021</b>	1.3311	1.3137
BRL (Brasilian real)	<b>2.6376</b>	2.3562	2.5220	<b>2.5703</b>	2.4323	2.7036
CNY (Kiinan yuan)	<b>8.1949</b>	8.3352	8.1462	<b>7.9600</b>	8.4089	8.2207
AUD (Australian dollari)	<b>1.2710</b>	1.2585	1.2468	<b>1.2308</b>	1.2836	1.2712

## Formulas for calculation of indicators

### EBITA before non-recurring items:

Operating profit + amortization + goodwill impairment + non-recurring items

### Earnings/share, basic:

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

### Earnings/share, diluted:

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

### Equity/share:

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

### 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

### NET SALES

EUR million	1-3/2013	1-3/2012	4/2012-3/2013	1-12/2012
Mining and Construction	744	787	3,449	3,492
Automation	184	182	861	859
Pulp, Paper and Power	631	721	2,924	3,014
Valmet Automotive	47	77	186	216
Group Head Office and other	-	-	-	-
Group Head Office and others total	47	77	186	216
Intra Metso net sales	-16	-12	-81	-77
<b>Metso total</b>	<b>1,590</b>	<b>1,755</b>	<b>7,339</b>	<b>7,504</b>

### EBITA BEFORE NON-RECURRING ITEMS

EUR million	1-3/2013	1-3/2012	4/2012-3/2013	1-12/2012
Mining and Construction	91.2	82.1	429.0	419.9
Automation	16.1	11.1	106.2	101.2
Pulp, Paper and Power	28.3	55.8	176.3	203.8
Valmet Automotive	0.8	4.1	-2.7	0.6
Group Head Office and other	-4.9	-11.9	-31.0	-38.0
Group Head Office and others total	-4.1	-7.9	-33.7	-37.4
<b>Metso total</b>	<b>131.5</b>	<b>141.2</b>	<b>677.8</b>	<b>687.5</b>

### EBITA BEFORE NON-RECURRING ITEMS, % OF NET SALES

%	1-3/2013	1-3/2012	4/2012-3/2013	1-12/2012
Mining and Construction	12.3	10.4	12.4	12.0
Automation	8.8	6.2	12.3	11.8
Pulp, Paper and Power	4.5	7.7	6.0	6.8
Valmet Automotive	1.7	5.3	-1.5	0.3
Group Head Office and other	n/a	n/a	n/a	n/a
Group Head Office and others total	n/a	n/a	n/a	n/a
<b>Metso total</b>	<b>8.3</b>	<b>8.0</b>	<b>9.2</b>	<b>9.2</b>

### NON-RECURRING ITEMS

EUR million	1-3/2013	1-3/2012	4/2012-3/2013	1-12/2012
Mining and Construction	-	-	-8.2	-8.2
Automation	-	-	-1.0	-1.0
Pulp, Paper and Power	-	-	-23.7	-23.7
Valmet Automotive	-	-	-1.1	-1.1
Group Head Office and other	-	-	-2.0	-2.0
Group Head Office and others total	-	-	-3.1	-3.1
<b>Metso total</b>	<b>-</b>	<b>-</b>	<b>-36.0</b>	<b>-36.0</b>

## AMORTIZATION

EUR million	1-3/2013	1-3/2012	4/2012-3/2013	1-12/2012
Mining and Construction	-2.6	-2.6	-10.4	-10.4
Automation	-1.2	-1.1	-4.6	-4.5
Pulp, Paper and Power	-6.7	-7.2	-28.5	-29.0
Valmet Automotive	-0.8	-0.7	-3.2	-3.1
Group Head Office and other	-1.0	-0.6	-3.2	-2.8
Group Head Office and others total	-1.8	-1.3	-6.4	-5.9
<b>Metso total</b>	<b>-12.3</b>	<b>-12.2</b>	<b>-49.9</b>	<b>-49.8</b>

## OPERATING PROFIT (LOSS)

EUR million	1-3/2013	1-3/2012	4/2012-3/2013	1-12/2012
Mining and Construction	88.6	79.5	410.5	401.4
Automation	14.9	10.0	100.5	95.6
Pulp, Paper and Power	21.6	48.6	124.1	151.1
Valmet Automotive	0.0	3.4	-6.8	-3.4
Group Head Office and other	-5.9	-12.5	-36.4	-43.0
Group Head Office and others total	-5.9	-9.2	-43.2	-46.4
<b>Metso total</b>	<b>119.2</b>	<b>129.0</b>	<b>591.9</b>	<b>601.7</b>

## OPERATING PROFIT (LOSS), % OF NET SALES

%	1-3/2013	1-3/2012	4/2012-3/2013	1-12/2012
Mining and Construction	11.9	10.1	11.9	11.5
Automation	8.1	5.5	11.7	11.1
Pulp, Paper and Power	3.4	6.7	4.2	5.0
Valmet Automotive	0.0	4.4	-3.7	-1.6
Group Head Office and other	n/a	n/a	n/a	n/a
Group Head Office and others total	n/a	n/a	n/a	n/a
<b>Metso total</b>	<b>7.5</b>	<b>7.4</b>	<b>8.1</b>	<b>8.0</b>

## ORDERS RECEIVED

EUR million	1-3/2013	1-3/2012	4/2012-3/2013	1-12/2012
Mining and Construction	786	964	3,258	3,436
Automation	254	224	875	845
Pulp, Paper and Power	511	677	2,278	2,444
Valmet Automotive	47	77	186	216
Group Head Office and other	-	-	-	-
Group Head Office and others total	47	77	186	216
Intra Metso orders received	-14	-22	-68	-76
<b>Metso total</b>	<b>1,584</b>	<b>1,920</b>	<b>6,529</b>	<b>6,865</b>

## Quarterly information

### NET SALES

EUR million	1-3/2012	4-6/2012	7-9/2012	10-12/2012	1-3/2013
Mining and Construction	787	899	882	924	<b>744</b>
Automation	182	232	212	233	<b>184</b>
Pulp, Paper and Power	721	733	635	925	<b>631</b>
Valmet Automotive	77	51	45	43	<b>47</b>
Group Head Office and other	-	-	-	-	-
Group Head Office and others total	77	51	45	43	<b>47</b>
Intra Metso net sales	-12	-18	-20	-27	<b>-16</b>
<b>Metso total</b>	<b>1,755</b>	<b>1,897</b>	<b>1,754</b>	<b>2,098</b>	<b>1,590</b>

### EBITA BEFORE NON-RECURRING ITEMS

EUR million	1-3/2012	4-6/2012	7-9/2012	10-12/2012	1-3/2013
Mining and Construction	82.1	112.6	106.2	119.0	<b>91.2</b>
Automation	11.1	30.5	28.8	30.8	<b>16.1</b>
Pulp, Paper and Power	55.8	46.1	45.1	56.8	<b>28.3</b>
Valmet Automotive	4.1	-3.2	-1.7	1.4	<b>0.8</b>
Group Head Office and other	-11.9	-7.8	-7.0	-11.3	<b>-4.9</b>
Group Head Office and others total	-7.9	-11.0	-8.7	-9.9	<b>-4.1</b>
<b>Metso total</b>	<b>141.2</b>	<b>178.2</b>	<b>171.4</b>	<b>196.7</b>	<b>131.5</b>

### EBITA BEFORE NON-RECURRING ITEMS, % OF NET SALES

%	1-3/2012	4-6/2012	7-9/2012	10-12/2012	1-3/2013
Mining and Construction	10.4	12.5	12.0	12.9	<b>12.3</b>
Automation	6.2	13.1	13.6	13.2	<b>8.8</b>
Pulp, Paper and Power	7.7	6.3	7.1	6.1	<b>4.5</b>
Valmet Automotive	5.3	-6.3	-3.8	3.3	<b>1.7</b>
Group Head Office and other	n/a	n/a	n/a	n/a	<b>n/a</b>
Group Head Office and others total	n/a	n/a	n/a	n/a	<b>n/a</b>
<b>Metso total</b>	<b>8.0</b>	<b>9.4</b>	<b>9.8</b>	<b>9.4</b>	<b>8.3</b>

### NON-RECURRING ITEMS

EUR million	1-3/2012	4-6/2012	7-9/2012	10-12/2012	1-3/2013
Mining and Construction	-	-	-1.0	-7.2	-
Automation	-	-	-	-1.0	-
Pulp, Paper and Power	-	-	-	-23.7	-
Valmet Automotive	-	-	-	-1.1	-
Group Head Office and other	-	-1.2	-	-0.8	-
Group Head Office and others total	-	-1.2	-	-1.9	-
<b>Metso total</b>	<b>-</b>	<b>-1.2</b>	<b>-1.0</b>	<b>-33.8</b>	<b>-</b>

## AMORTIZATION

EUR million	1-3/2012	4-6/2012	7-9/2012	10-12/2012	1-3/2013
Mining and Construction	-2.6	-2.6	-2.5	-2.7	<b>-2.6</b>
Automation	-1.1	-1.1	-1.2	-1.1	<b>-1.2</b>
Pulp, Paper and Power	-7.2	-7.3	-7.3	-7.2	<b>-6.7</b>
Valmet Automotive	-0.7	-0.8	-0.8	-0.8	<b>-0.8</b>
Group Head Office and other	-0.6	-0.5	-0.9	-0.8	<b>-1.0</b>
Group Head Office and others total	-1.3	-1.3	-1.7	-1.6	<b>-1.8</b>
<b>Metso total</b>	<b>-12.2</b>	<b>-12.3</b>	<b>-12.7</b>	<b>-12.6</b>	<b>-12.3</b>

## OPERATING PROFIT (LOSS)

EUR million	1-3/2012	4-6/2012	7-9/2012	10-12/2012	1-3/2013
Mining and Construction	79.5	110.1	102.5	109.3	<b>88.6</b>
Automation	10.0	29.3	27.7	28.6	<b>14.9</b>
Pulp, Paper and Power	48.6	38.8	37.8	25.9	<b>21.6</b>
Valmet Automotive	3.4	-3.9	-2.4	-0.5	<b>0.0</b>
Group Head Office and other	-12.5	-9.6	-7.9	-13.0	<b>-5.9</b>
Group Head Office and others total	-9.2	-13.5	-10.3	-13.5	<b>-5.9</b>
<b>Metso total</b>	<b>129.0</b>	<b>164.7</b>	<b>157.7</b>	<b>150.3</b>	<b>119.2</b>

## OPERATING PROFIT (LOSS), % OF NET SALES

%	1-3/2012	4-6/2012	7-9/2012	10-12/2012	1-3/2013
Mining and Construction	10.1	12.2	11.6	11.8	<b>11.9</b>
Automation	5.5	12.6	13.1	12.3	<b>8.1</b>
Pulp, Paper and Power	6.7	5.3	6.0	2.8	<b>3.4</b>
Valmet Automotive	4.4	-7.6	-5.3	-1.2	<b>0.0</b>
Group Head Office and other	n/a	n/a	n/a	n/a	<b>n/a</b>
Group Head Office and others total	n/a	n/a	n/a	n/a	<b>n/a</b>
<b>Metso total</b>	<b>7.4</b>	<b>8.7</b>	<b>9.0</b>	<b>7.2</b>	<b>7.5</b>

## CAPITAL EMPLOYED

EUR million	Mar 31, 2012	June 30, 2012	Sep 30, 2012	Dec 31, 2012	Mar 31, 2013
Mining and Construction	1,360	1,432	1,449	1,357	<b>1,456</b>
Automation	301	325	299	289	<b>290</b>
Pulp, Paper and Power	572	653	697	786	<b>782</b>
Valmet Automotive	67	47	36	35	<b>24</b>
Group Head Office and other	669	671	717	1,050	<b>778</b>
Group Head Office and others total	736	718	753	1,085	<b>802</b>
<b>Metso total</b>	<b>2,969</b>	<b>3,128</b>	<b>3,198</b>	<b>3,517</b>	<b>3,330</b>

Capital employed includes only external balance sheet items.

## ORDERS RECEIVED

EUR million	1-3/2012	4-6/2012	7-9/2012	10-12/2012	1-3/2013
Mining and Construction	964	891	787	794	<b>786</b>
Automation	224	225	190	206	<b>254</b>
Pulp, Paper and Power	677	586	504	677	<b>511</b>
Valmet Automotive	77	51	45	43	<b>47</b>
Group Head Office and other	-	-	-	-	-
Group Head Office and others total	77	51	45	43	<b>47</b>
Intra Metso orders received	-22	-18	-15	-21	<b>-14</b>
<b>Metso total</b>	<b>1,920</b>	<b>1,735</b>	<b>1,511</b>	<b>1,699</b>	<b>1,584</b>

## ORDER BACKLOG

EUR million	Mar 31, 2012	June 30, 2012	Sep 30, 2012	Dec 31, 2012	Mar 31, 2013
Mining and Construction	2,276	2,299	2,189	1,983	<b>2,061</b>
Automation	399	398	374	343	<b>417</b>
Pulp, Paper and Power	2,801	2,663	2,534	2,249	<b>2,138</b>
Valmet Automotive	-	-	-	-	-
Group Head Office and other	-	-	-	-	-
Group Head Office and others total	-	-	-	-	-
Intra Metso order backlog	-69	-70	-66	-60	<b>-58</b>
<b>Metso total</b>	<b>5,407</b>	<b>5,290</b>	<b>5,031</b>	<b>4,515</b>	<b>4,558</b>

## PERSONNEL

	Mar 31, 2012	June 30, 2012	Sep 30, 2012	Dec 31, 2012	Mar 31, 2013
Mining and Construction	11,585	11,772	11,754	11,721	<b>11,686</b>
Automation	3,995	4,171	4,119	4,128	<b>4,124</b>
Pulp, Paper and Power	12,596	13,030	12,650	12,439	<b>12,170</b>
Valmet Automotive	1,708	1,514	1,086	1,093	<b>1,216</b>
Group Head Office and other	795	851	818	831	<b>821</b>
Group Head Office and others total	2,503	2,365	1,904	1,924	<b>2,037</b>
<b>Metso total</b>	<b>30,679</b>	<b>31,338</b>	<b>30,427</b>	<b>30,212</b>	<b>30,017</b>

## Non-recurring items and amortization of intangible assets

<b>1-3/2013</b> EUR million	Mining and Construction	Automation	Pulp, Paper and Power	<b>Metso total</b>
<b>EBITA before non-recurring items</b>	<b>91.2</b>	<b>16.1</b>	<b>28.3</b>	<b>131.5</b>
<b>% of net sales</b>	<b>12.3</b>	<b>8.8</b>	<b>4.5</b>	<b>8.3</b>
Amortization of intangible assets <sup>*)</sup>	-2.6	-1.2	-6.7	<b>-12.3</b>
Operating profit (EBIT)	88.6	14.9	21.6	<b>119.2</b>

<sup>\*)</sup> Includes EUR 4.5 million amortization of intangible assets acquired through business acquisitions.

<b>1-3/2012</b> EUR million	Mining and Construction	Automation	Pulp, Paper and Power	<b>Metso total</b>
<b>EBITA before non-recurring items</b>	<b>82.1</b>	<b>11.2</b>	<b>55.8</b>	<b>141.2</b>
<b>% of net sales</b>	<b>10.4</b>	<b>6.2</b>	<b>7.7</b>	<b>8.0</b>
Amortization of intangible assets <sup>*)</sup>	-2.6	-1.1	-7.2	<b>-12.2</b>
Operating profit (EBIT)	79.5	10.1	48.6	<b>129.0</b>

<sup>\*)</sup> Includes EUR 5.1 million amortization of intangible assets acquired through business acquisitions.

<b>1-12/2012</b> EUR million	Mining and Construction	Automation	Pulp, Paper and Power	<b>Metso total</b>
<b>EBITA before non-recurring items</b>	<b>419.9</b>	<b>101.2</b>	<b>203.8</b>	<b>687.5</b>
<b>% of net sales</b>	<b>12.0</b>	<b>11.8</b>	<b>6.8</b>	<b>9.2</b>
Capacity adjustment expenses	-10.7	-1.0	-23.7	<b>-35.6</b>
Intellectual property items	2.5	-	-	<b>2.5</b>
Costs related to business acquisition projects	-	-	-	<b>-1.8</b>
Costs related to bankruptcy of THINK Global A/S	-	-	-	<b>-1.1</b>
Amortization of intangible assets <sup>*)</sup>	-10.4	-4.5	-29.0	<b>-49.8</b>
Operating profit (EBIT)	401.4	95.6	151.1	<b>601.7</b>

<sup>\*)</sup> Includes EUR 20.4 million amortization of intangible assets acquired through business acquisitions.

## Notes to the Interim Review

We have prepared this Interim Review in accordance with IAS 34 'Interim Financial Reporting'. The same accounting policies have been applied as in the 2012 annual Financial Statement, except for the amendment to the IAS19 'Employee Benefits' standard. This requires the immediate recognition of changes in net defined liability (asset).

Disaggregation of the defined benefit cost is split into three components: service, net interest, and rereasurement components, with the latter recognized under other comprehensive income. Henceforward, Metso will present net interest under financial items.

The figures for the comparative period have been amended to reflect the requirements of the amended standard. This Interim Review is unaudited.

### Shares and share capital

As of the end of March 2013, our share capital was EUR 240,982,843.80 and the number of shares was 150,348,256. The number of shares included 592 222 shares held by the Parent Company, which represent 0.39 percent of all shares and votes. The average number of shares outstanding during the first quarter of 2013, excluding shares held by the Parent Company, was 149,756,034 and the average number of diluted shares was 149,953,510.

Metso's market capitalization, excluding shares held by the Parent Company, was EUR 4,970 million on March 31, 2013 (EUR 4,796 million).

Metso is not aware of any shareholders' agreements regarding the ownership of Metso shares and voting rights.

### Share-based incentive plans

Metso's share ownership plans are part of the remuneration and commitment program for Metso management. For further information, see [www.metso.com/investors](http://www.metso.com/investors).

As reward shares for these plans are acquired in public trading, plans do not have a diluting effect on share value.

The following share ownership plans are effective:

- SOP 2010–2012. This plan had 80 participants as of the end of March 2013 and potential rewards correspond to a maximum of 307,200 Metso shares.
- SOP 2011–2013. This plan had 68 participants as of the end of March 2013 and potential rewards correspond to a maximum of 236,748 Metso shares.
- Long-term Incentive Plan for 2012–2014, performance period 2012. This plan had 93 participants at the end of March 2013 and potential rewards correspond to a maximum of 414,880 Metso shares.
- Long-term Incentive Plan for 2012–2014, performance period 2013. This plan had 99 participants at the end of March 2013 and potential rewards correspond to a maximum of 413,472 Metso shares.

After the reporting period on April 19, the Board decided to pay rewards related to the Share Ownership Plan 2010-2012. The 80 people participating in the plan will be assigned a total maximum of 108,592 shares. The decision on the directed share issue is based on the authorization granted to the Board by the Metso's Annual General Meeting held on March 29, 2012.

### Trading of Metso's shares

A total of 43,855,157 Metso shares were traded on NASDAQ OMX Helsinki during the first quarter of 2013, equivalent to a turnover of EUR 1,453 million. The share price on the last trading day of the period, March 28, was EUR 33.19 and the average trading price for the period was EUR 33.14. The highest quotation during the review period was EUR 34.93 and the lowest EUR 30.71.

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. On March 28, 2013, the closing price of a Metso ADR was USD 42.28. Metso is traded on the OTCQX market under the ticker symbol 'MXCYY', with each ADR representing one Metso share.

### Flagging notifications

Metso did not receive any flagging notifications during the period under review.

Shareholders with the greater than 5 percent ownership in Metso at the moment are Solidium Oy, with 11.1 percent of share capital and voting rights (flagging notification on December 31, 2011), and Cevian Capital Partners Limited, with 8.32 percent of share capital and voting rights (flagging notification on December 18, 2012).

### Credit ratings

In March, Standard & Poor's confirmed Metso's BBB long-term and A-2 short-term corporate credit ratings with a positive outlook and Moody's confirmed Baa2 long-term credit rating with a positive outlook.

In March, after the initial announcement that Metso has started a strategy study related to a possible demerger, both Moody's and Standard & Poor's placed Metso's ratings under review.

### Metso's Financial Reporting in 2013

The Interim Review for January-June 2013 will be published on July 25, 2013, and the Interim Review for January-September 2013 on October 24, 2013.



Metso Corporation, Group Head Office, Fabianinkatu 9 A, PO Box 1220, FIN-00101 Helsinki, Finland  
Tel. +358 20 484 100 • Fax +358 20 484 101 • [www.metso.com](http://www.metso.com)