metso
Expect results

Q2
2014

Interim Review
January 1 – June 30, 2014

Metso's Interim Review January 1 – June 30, 2014

Highlights of the second quarter of 2014

- Good performance continued in unchanged market conditions
- Services business developed positively
- Orders received: EUR 947 million (EUR 968 million), of which EUR 534 million (EUR 522 million) were services orders
- Net sales: EUR 962 million (EUR 988 million), of which EUR 507 million came from the services business (EUR 507 million)
- EBITA before non-recurring items: EUR 131 million or 13.6 percent of net sales (EUR 118 million, 11.9%). Non-recurring items totaled EUR 25 million (EUR 21 million)

Financial guidance for 2014

Our guidance for 2014 (published originally on February 6, 2014) remains unchanged. We estimate that our net sales in 2014 will be somewhat below 2013 and that our EBITA margin before non-recurring items for 2014 will be around 12 percent of net sales.

This guidance is based on our current market outlook, order backlog for 2014, and cost efficiency actions, as well as foreign exchange rates remaining similar to those in June 2014.

Figures in brackets refer to the comparison period, i.e. the same period last year and all figures relate to Metso's continuing operations, unless otherwise stated.

President and CEO Matti Kähkönen:

"Market conditions have remained similar to those in the first quarter and we can be very satisfied with our second-quarter results, as we succeeded in improving our profitability substantially. Our both segments performed well and Automation also booked its highest-ever order intake. In addition, we have seen positive development in our services businesses. Demand for mining equipment was stable and we do not anticipate a rapid recovery here, although orders increased as expected compared to the first quarter. Our order intake in this area consisted of small and mid-sized orders, reflecting current market activity and current uncertainties.

Overall, the second quarter shows that our delivery mix and the strong contribution that comes from our services business enables us to improve profitability even when volumes are lower. The new strategy we published today is designed to increase our focus on our high-margin businesses and, together with our in-house initiatives, will help make Metso an even stronger performer going forward and able to deliver greater value to our shareholders."

Key figures

EUR million	Q2/2014	Q2/2013	Change %	Q1-Q2/ 2014	Q1-Q2/ 2013	Change %	2013
Orders received	**947**	968	-2	**1,822**	1,999	-9	3,709
Orders received of services business	**534**	522	2	**1,079**	1,111	-3	2,038
% of orders received	**56**	54		**59**	56		55
Order backlog at the end of the period				**1,938**	2,306	-16	1,927
Net sales	**962**	988	-3	**1,779**	1,903	-7	3,858
Net sales of services business	**507**	507	0	**945**	973	-3	1,976
% of net sales	**53**	51		**53**	51		51
Earnings before interests, tax and amortization (EBITA) and non-recurring items	**131.2**	117.7	11	**218.7**	220.5	-1	496
% of net sales	**13.6**	11.9		**12.3**	11.6		12.8
Operating profit	**101.9**	92.4	10	**178.2**	190.5	-6	423
% of net sales	**10.6**	9.4		**10.0**	10.0		11.0
Earnings per share, EUR	**0.35**	0.35		**0.63**	0.72		1.59
Free cash flow	**47**	35	34	**95**	82	16	251
Return on capital employed (ROCE) before taxes, annualized %				**16.6**	16.7		18.6
Equity to asset ratio at end of period, %				**37.3**	36.2		36.9
Net gearing at end of period, %				**53.4**	46.7		41.6

For illustrative purposes, the balance sheet key figures for comparison period have been restated to represent continuing operations.

Operating environment, orders received, and order backlog

Economic growth has continued in North America and there are signs of improvement in Europe, while uncertainties continue to surround the growth outlook of many emerging countries. Activity in the oil and gas, as well as in the pulp and paper industries continued at a high level, which benefited our Flow Control and Process Automation Systems businesses. Demand for automation services was good. Investment appetite in the mining industry remained at the same low level seen during the first months of this year. Mine production continued at a good level, benefiting the demand for mining services and rebuild activity in particular. Demand for construction equipment and related services returned to normal following the higher level of demand seen during the first quarter of this year.

Order intake during the second quarter totaled EUR 947 million (EUR 968 million). Mining equipment and project orders were lower year-on-year but increased significantly compared to the first quarter of this year. Mining and Construction segment's total orders using constant currencies were flat compared to the same quarter last year. Orders in the Automation segment increased 14 percent on the comparison period using constant currencies. Services orders increased 2 percent compared to the same quarter last year and accounted for 56 percent of all orders (54%), totaling EUR 534 million (EUR 522 million).

We received new orders worth EUR 1,822 million in January-June, i.e. 9 percent less than in the comparison period (EUR 1,999 million). Exchange rates had a 7 percentage point negative impact on new orders. Orders received by Automation increased 4 percent during the first half, and declined 14 percent in Mining and Construction. Emerging markets accounted for 53 percent (55%) of new orders. The top three countries for new orders were the US, China and Brazil, which together accounted for 29 percent of all orders received. Services order intake was some 3 percent weaker to that seen during the first half last year and accounted for 59 percent (56%) of all orders received. Using constant currencies, services orders grew 5 percent in January-June. Emerging markets accounted for 51 percent (51%) of services orders received.

Order backlog remained similar to that at the end of 2013 and totaled EUR 1.9 billion at the end of June. We expect to recognize around 70 percent of our backlog, i.e. EUR 1.3 billion, as net sales in 2014 (65% and EUR 1.5 billion) and 0.6 billion in 2015. Around 47 percent of the order backlog for 2014 is related to the services business.

Currency impact on orders received
compared to the same period in 2013

	Q2/2014 Change %	Q2/2014 Change % with constant rates
Mining and Construction	-8	0
Services business	2	12
Automation	10	14
Services business	1	3
Metso total	**-2**	**5**

Currency impact on net sales
compared to the same period in 2013

	Q2/2014 Change %	Q2/2014 Change % with constant rates
Mining and Construction	-9	-1
Services business	-3	6
Automation	12	17
Services business	12	14
Metso total	**-3**	**4**

Major changes were seen in raw material currencies, such as the South African rand (ZAR), the Brazilian real (BRL), the Australian dollar (AUD) and the Indian rupee (INR).

Net sales and financial performance

Metso's net sales declined 3 percent during the second quarter to EUR 962 million (EUR 988 million). Using constant currencies, net sales improved 4 percent. Services net sales were similar to the comparison period and totaled EUR 507 million, accounting for 53 percent of total net sales. Using constant currencies, services net sales increased 8 percent.

Net sales in January-June decreased by 7 percent to EUR 1,779 million (EUR 1,903 million). This figure was mainly affected by lower volumes in the mining capital equipment business. Exchange rates had a 7 percentage point negative impact. Net sales in the services business decreased slightly and totaled EUR 945 million, accounting for 53 percent of net sales (EUR 973 million and 51%). The top three countries in terms of net sales were the US, China, and Brazil, which together accounted for 29 percent of total net sales. Emerging markets accounted for 49 percent of services net sales and 53 percent of total net sales (54%).

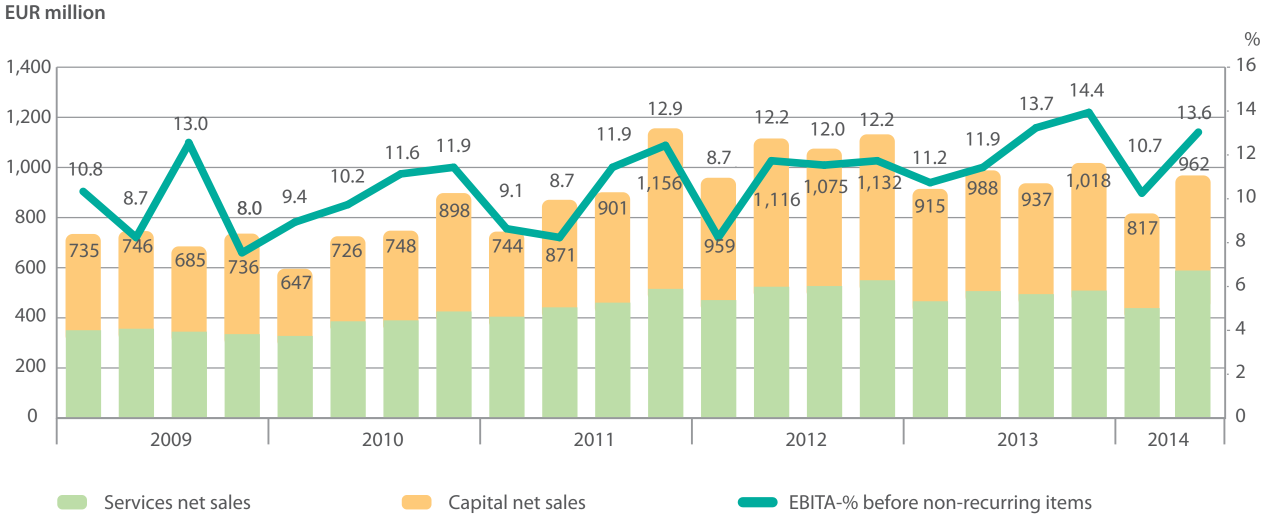
Earnings before interest, tax, and amortization (EBITA), and before non-recurring items improved 11 percent during the second quarter and were EUR 131 million, i.e. 13.6 percent of net sales (EUR 118 million and 11.9%). Our operating profit (EBIT) during the second quarter was EUR 102 million, i.e. 10.6 percent of net sales (EUR 92 million and 9.4%). Operating profit was negatively impacted by non-recurring items totaling EUR 25 million (EUR 21 million). Non-recurring items are detailed in the tables section.

Earnings before interest, tax, and amortization (EBITA), and before non-recurring items in January-June were EUR 219 million, i.e. 12.3 percent of net sales (EUR 221 million and 11.6%). EBITA before non-recurring items improved 29 percent in Automation during the first half and declined 9 percent in Mining and Construction. Overall operating profit (EBIT) during the first half was EUR 178 million, i.e. 10.0 percent of net sales (EUR 191 million and 10.0%) and included non-recurring items of EUR 31 million (EUR 21 million).

Net financing expenses in the first half were EUR 36 million (EUR 31 million). Interest expenses accounted for EUR 20 million (EUR 27 million), interest income for EUR 4 million (EUR 3 million), foreign exchange losses for 4 million (EUR 1 million profit), and other net financial expenses for EUR 16 million (EUR 8 million), including a one-time impairment loss totaling EUR 8 million linked to the valuation of a financial instrument.

Profit before taxes was EUR 142 million (EUR 159 million), and the tax rate for 2014 is expected to be around 33 percent (2013: 35%).

Net sales and EBITA margin



Cash flow and financing

Net cash generated by operating activities totaled EUR 110 million (EUR 102 million). Net working capital increased EUR 14 million (decreased EUR 27 million). Free cash flow was EUR 95 million (EUR 82 million).

Metso's liquidity position remains strong. Total cash assets at the end of the period were EUR 289 million, of which EUR 18 million were invested in financial instruments with an initial maturity exceeding three months and the remaining EUR 271 million have been accounted for as cash and cash equivalents. In May, we signed a refinancing package for our syndicated EUR 500 million revolving credit facility, which is intended for general corporate purposes. The facility is currently undrawn, and has a tenor of 5 years, with two 1-year extension options dependent on the approval of the banks concerned.

Metso's balance sheet remains strong. As part of the implementation of our capital efficiency program, debt reimbursement totaling around EUR 200 million has been made to lighten our balance sheet structure. Net interest-bearing liabilities totaled EUR 603 million at the end of June (EUR 555 million) and gearing was 53.4 percent (46.7%). The equity-to-assets ratio was 37.3 percent. Following the Annual General Meeting, EUR 150 million was paid in dividends in April, increasing gearing by approximately 14 percentage points.

Capital expenditure

Gross capital expenditure in January-June, excluding business acquisitions, was EUR 25 million (EUR 32 million). Capital expenditure included a new globe valve technology center in South Korea and service centers for mining industry needs in Peru, the US, and Canada. Maintenance investments accounted for 80 percent, i.e. EUR 20 million (69% and EUR 22 million). Capital expenditure in 2014 is expected to decline compared to 2013 (EUR 95 million). Research and development expenses in the first half totaled approximately EUR 30 million, i.e. 1.7 percent of net sales (EUR 29 million and 1.5%).

Reporting Segments

Mining and Construction

- Services orders increased 12 percent using constant currencies
- Services net sales grew 6 percent using constant currencies
- EBITA before non-recurring items improved and the EBITA margin was strong, at 13.5 percent of net sales

EUR million	Q2/2014	Q2/2013	Change %	Q1-Q2/ 2014	Q1-Q2/ 2013	Change %	2013
Orders received	685	743	-8	1,309	1,529	-14	2,855
Orders received of services business	423	412	3	836	883	-5	1,616
% of orders received	62	55		64	58		57
Order backlog at the end of the period				1,467	1,872	-22	1,555
Net sales	730	800	-9	1,361	1,544	-12	3,070
Net sales of services business	398	410	-3	745	793	-6	1,579
% of net sales	55	51		55	51		51
Earnings before interest, tax and amortization (EBITA) and non-recurring items	98.6	96.5	2	170.8	187.7	-9	400.8
% of net sales	13.5	12.1		12.6	12.2		13.1
Operating profit	70.6	73.3	-4	134.2	161.9	-17	339.9
% of net sales	9.7	9.2		9.9	10.5		11.1
Return on operative capital employed (ROCE), %				20.5	23.0		25.1
Personnel at the end of the period				11,187	11,620	-4	11,670

Demand for mining equipment and projects was low, but activity improved compared to the first quarter, and there was good demand for mining services. Demand for construction equipment and related services remained satisfactory overall.

Orders received in April-June consisted of numerous smaller orders and totaled EUR 685 million, i.e. 8 percent less than in the second quarter of 2013. Using constant currencies, the order level was similar to that seen during the comparison quarter. Emerging markets accounted for 59 percent (52%) of new orders received. Order intake in the services business grew 3 percent year-on-year, or 12 percent using constant currencies, and accounted for 62 percent (55%) of the segment's orders received. Total orders received from mining customers declined by 6 percent, and those received from construction customers by 12 percent compared to the second quarter of 2013

Orders received during the first half of the year totaled EUR 1,309 million, which is 14 percent less than in the comparison period. Using constant currencies, orders received improved 5 percent. Orders received declined in mining and construction industries. Emerging markets accounted for 58 percent (57%) of new orders. Services order intake declined 5 percent, or increased 5 percent using constant currencies, compared to 2013 and accounted for 64 percent (58%) of all orders received.

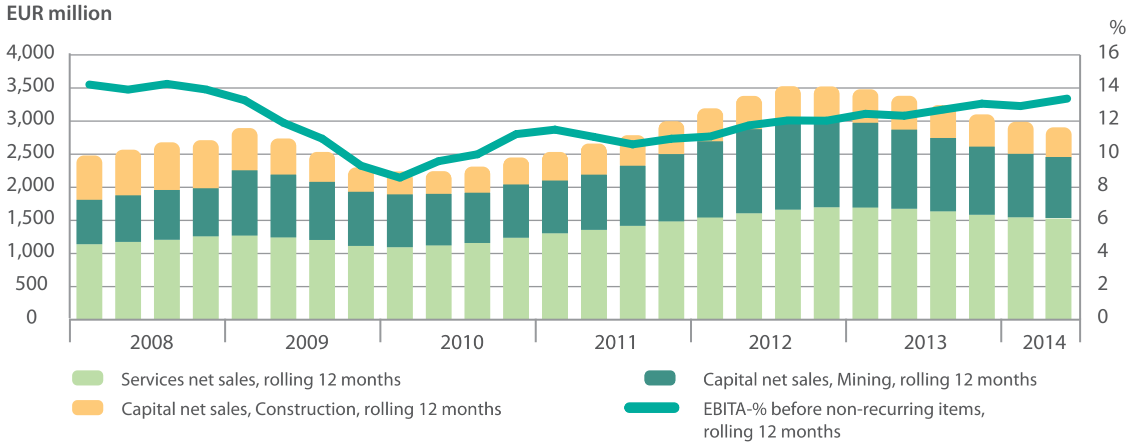
The order backlog in Mining and Construction at the end of June was EUR 1.5 billion, which was 6 percent lower than at the end of 2013. There were no major order cancellations or postponements during the period. We expect 66 percent of the order backlog to be delivered in 2014. In addition, there are unbooked services orders extending over a number of years worth around EUR 300 million. The contractually secured portion of these multi-year service contracts is booked annually to backlog.

Mining and Construction's net sales during the second quarter totaled EUR 730 million. Net sales related to equipment and projects for mining customers were down 25 percent, and those for construction customers increased 16 percent. Net sales in the services business decreased 3 percent compared to the same period in 2013 or improved 6 percent using constant currencies, and accounted for 55 percent (51%) of the segment's total net sales.

Net sales in the first half of 2013 declined 12 percent to EUR 1,361 million. Net sales related to equipment and projects for mining customers were down 27 percent and those for construction customers increased 8 percent. Net sales in the services business decreased 6 percent compared to 2013 and accounted for 55 percent (51%) of the segment's total net sales.

Mining and Construction's result remained at a good level during the second quarter of the year, despite lower volumes in the equipment and project business. The improvement resulted from efficiency improvement actions, such as reorganizations or closures of some smaller manufacturing sites, especially in Europe. EBITA before non-recurring items improved 2 percent and was EUR 99 million, i.e. 13.5 percent of net sales. Operating profit (EBIT) was EUR 71 million, i.e. 9.7 percent of net sales. EBITA before non-recurring items during the first half of the year declined 9 percent and totaled EUR 171 million, i.e. 12.6 percent of net sales. Operating profit (EBIT) was EUR 134 million, i.e. 9.9 percent of net sales. The segment's return on operative capital employed (ROCE) was 20.5 percent (23.0%).

Mining and Construction, net sales and EBITA



We received numerous smaller orders during the second quarter; the largest single order was worth EUR 26 million. These included:

- a five year life-cycle services contract for Alderon's Kami iron ore mine in Canada, and
- a grinding media order for a gold mine in Egypt.

Orders received during the first quarter included:

- an 18-month services contract for Codelco's Chuquicamata facility in Chile including changing the components in 33 ball mills,
- a ball mill, SAG mill and mining services for the mine expansion project at Minera Chinalco in Peru and
- mining equipment for the Angang Group in China.

Automation

- Demand in the oil and gas industry was good and that in the pulp and paper industry progressed well
- Order intake was a record high and 10 percent up year-on-year; order backlog reached an all-time high
- Strong performance continued, as EBITA before non-recurring items increased 33 percent year-on-year and the EBITA margin was 16.4 percent of net sales

EUR million	Q2/2014	Q2/2013	Change %	Q1-Q2/ 2014	Q1-Q2/ 2013	Change %	2013
Orders received	263	239	10	515	493	4	902
Orders received of services business	111	110	1	243	228	7	422
% of orders received	42	46		47	46		47
Order backlog at the end of the period				471	438	8	373
Net sales	232	207	12	418	391	7	854
Net sales of services business	109	97	12	200	180	11	398
% of net sales	47	47		48	46		47
Earnings before interest, tax and amortization (EBITA) and non-recurring items	38.0	28.5	33	57.7	44.6	29	116.2
% of net sales	16.4	13.8		13.8	11.4		13.6
Operating profit	37.1	27.4	36	55.9	42.3	32	108.5
% of net sales	16.0	13.2		13.4	10.8		12.7
Return on capital employed (ROCE), %				38.5	28.8		38.5
Personnel at the end of the period				4,313	4,336	-1	4,241

Demand for Automation products and related services in the oil and gas industry remained good. Demand from pulp and paper customers remained satisfactory and active.

Automation received new orders worth EUR 263 million in April-June, which is 10 percent more than in the same period last year. Exchange rates had a 4 percent negative impact on orders received. This increase was driven by orders from Finland, Eastern Europe, and South America in particular. Emerging markets accounted for 37 percent (45%) of orders received. Services orders in the second quarter increased 1 percent year-on-year, or 6 percent using constant currencies, and accounted for 42 percent (46%) of all orders received.

Automation received new orders worth EUR 515 million in January-June, a 4 percent increase on the first half of 2013 and a 9 percent increase using constant currencies. Order intake improved in the services and Process Automation Systems businesses. Flow Control orders remained comparable to those booked during the first half of last year. Emerging markets accounted for 40 percent (44%) of orders received. Services orders in the first half increased 7 percent year-on-year, or 11 percent using constant currencies, and accounted for 47 percent (46%) of all orders received.

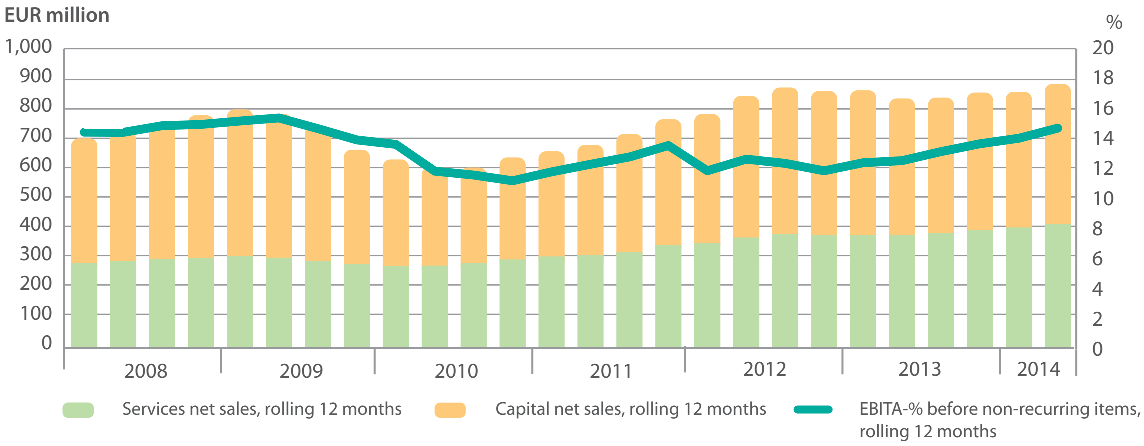
Automation's order backlog at the end of June was EUR 471 million, which was 26 percent higher than at the end of 2013. 75 percent of the order backlog is expected to be delivered in 2014.

Automation's net sales during the second quarter improved 12 percent and totaled EUR 232 million. Net sales improved 12 percent in the Flow Control business and 15 percent in Process Automation Systems. Net sales in the services business improved 12 percent compared to the same period last year and accounted for 47 percent of the segment's net sales.

Net sales during the first half increased 7 percent on the comparison period and totaled EUR 418 million. Net sales increased 11 percent in the Flow Control business and remained similar to the comparison period in Process Automation Systems. Net sales in the services business improved 11 percent compared to the same period last year and accounted for 48 percent of the segment's net sales.

EBITA before non-recurring items for April-June improved 33 percent year-on-year, and was EUR 38 million, i.e. 16.4 percent of net sales. Improved margins resulted from strong volumes coupled with fixed cost control and healthy gross margins. Operating profit (EBIT) was EUR 37 million, i.e. 16 percent of net sales. EBITA before non-recurring items during the first half of the year improved 29 percent and was EUR 58 million, i.e. 13.8 percent of net sales. Operating profit (EBIT) for the first half was EUR 56 million, i.e. 13.4 percent of net sales. The segment's return on operative capital employed (ROCE) was 38.5 percent (28.8%).

Automation, net sales and EBITA



Orders received during the second quarter included:

- modernization of automation systems for Fortum's Loviisa nuclear power plant in Finland,
- modernization of automation and flow control technology for the sulfur plant at Neste Oil's Porvoo refinery in Finland,
- a comprehensive package of process automation technologies and valve solutions for JSC Svetlogorsk Pulp & Board Plant's new bleached kraft pulp mill in Svetlogorsk, Belarus,
- flow control technology for the PETRONAS Gas Berhad gas processing plant modernization project in Malaysia,
- a process automation system for the Klabin pulp mill in Brazil,
- a process automation system for the OKI pulp mill in Indonesia, and
- a process automation system for UPM's pulp mill in China.

Orders received during the first quarter included:

- valves for rail tank cars transporting crude oil and an oil pipeline upgrade in the US,
- a large automation package for a corrugated packaging customer in the US, and
- critical valves for one of the largest Indian companies in the refining sector.

Personnel

As of the end of June, Metso had 16,248 employees, which was 177 less than at the end of 2013 (16,425 employees). Metso employed about 380 trainees and summer workers at the end of June. Personnel numbers decreased by 483 in Mining and Construction and increased by 72 in Automation compared to the end of 2013. Personnel in emerging markets accounted for 46 percent (42%). Metso employed an average of 16,290 people in January-June 2014.

Personnel by area

	June 30, 2014	% of personnel	June 30, 2013	% of personnel	Change %	Dec 31, 2013
Europe	6,300	39	7,006	42	-10	6,277
North America	2,653	16	2,891	17	-8	2,740
South and Central America	3,021	19	2,962	18	2	3,020
China	1,468	9	919	5	60	1,493
Other Asia-Pacific	1,721	10	1,788	11	-4	1,738
Africa and Middle East	1,085	7	1,173	7	-8	1,157
Metso total	**16,248**	**100**	16,739	100	-3	**16,425**

	June 30, 2014	% of personnel	June 30, 2013	% of personnel	Change %	Dec 31, 2013
Emerging markets	7,499	46	6,966	42	8	7,592
Developed markets	8,749	54	9,773	58	-11	8,833
Metso total	**16,248**	**100**	16,739	100	-3	**16,425**

Approach from Weir

On April 1, Metso announced that it had been approached by The Weir Group Plc to commence discussions regarding a potential merger. On April 16, Metso's Board of Directors announced that it is not in the best interest of Metso's shareholders to commence discussions on a potential merger. The Board rejected a new approach from Weir on May 28 for the same reason.

Events after the review period

New strategy and financial targets

On July 31, Metso published its new strategy and financial targets. According to its strategy, Metso will continue its transformation into more focused and higher-margin industrial company. Metso targets a business model, where more than 50 percent of net sales consists of services, sizable amount of net sales come from product business and system deliveries are concentrating on proprietary technology, which supports future services business. Such a portfolio will offer opportunity for positive profitability development and resilience to the cyclicality typical for our customer industries.

Metso will study strategic alternatives, including potential divestment, for its current Process Automation Systems business, which is primarily serving pulp, paper and power industries.

Metso's new financial targets are:

- net sales growth exceeding market growth
- EBITA margin (before non-recurring items) exceeding 15 percent within the next three years
- return on capital employed (ROCE) before taxes at least 30 percent

Metso's dividend policy of paying at least 50 percent of annual earnings per share as dividend will remain unchanged. Metso also aims to maintain a balance sheet structure that would support its current investment grade credit rating.

Short-term business risks and market uncertainties

Turbulence in terms of global economic growth, particularly in emerging markets, as well as increased political risks in the Middle East and Ukraine, may have an adverse impact on new projects under negotiation or on projects in Metso's order backlog. Some projects may be postponed, suspended, or canceled.

In 2013, we participated in the refinancing of one of our customers, Northland Resources, by investing in Northland's convertible bonds and reclassifying Northland's short-term trade receivables as a long-term interest-bearing loan at the same time. After second quarter reevaluation, there is a risk related to the remainder of this receivable.

Financial uncertainty, 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 increase receivables-related risks.

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 289 million, together with available credit facilities, are sufficient to secure our short-term liquidity and overall financial flexibility.

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 strengthening commodity prices and hampered by declining commodity prices.

Short-term outlook

Market development

We expect demand for mining equipment and projects to remain weak but stable. Due to our large installed equipment base and our stronger services presence, we expect demand for our mining services to remain good.

Demand for construction equipment and related services is expected to be satisfactory.

Demand for products and services for our flow control business is expected to remain good, whereas for our process automation systems business is expected to remain satisfactory.

Financial performance

We estimate that our net sales in 2014 will be somewhat below 2013 and that our EBITA margin before non-recurring items for 2014 will be around 12 percent of net sales.

This guidance is based on our current market outlook, order backlog for 2014, and cost efficiency actions, as well as foreign exchange rates remaining similar to those in June 2014.

Helsinki, July 31, 2014

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.

The Interim Review is unaudited

On December 31, 2013 all the assets, debts, and liabilities relating to Metso's Pulp, Paper and Power businesses were transferred to Valmet Corporation in connection with the demerger of Metso and Metso disposed its controlling interest in Valmet Automotive. The net results of the Pulp, Paper and Power business and Valmet Automotive are reported in the income statement under "Profit from discontinued operations" separately from continuing operations for all comparative periods presented. The balance sheet for the comparative period ending June 30, 2013 includes all assets and liabilities attributable to the discontinued operations. The cash flows for the comparative periods have been allocated to cash flows from continuing operations and discontinued operations.

Consolidated statement of income

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Net sales	**962**	988	**1,779**	1,903	3,858
Cost of goods sold	**-679**	-691	**-1,261**	-1,334	-2,707
Gross profit	**283**	297	**518**	569	1,151
Selling. general and administrative expenses	**-172**	-184	**-333**	-360	-703
Other operating income and expenses. net	**-9**	-21	**-7**	-19	-26
Share in profits of associated companies	**0**	0	**0**	0	1
Operating profit	**102**	92	**178**	190	423
Financial income and expenses. net	**-23**	-16	**-36**	-31	-54
Profit before taxes	**79**	76	**142**	159	369
Income taxes	**-26**	-24	**-47**	-51	-131
Profit from continuing operations	**53**	52	**95**	108	238
Profit from discontinued operations	**-**	0	**-**	15	57
Profit	**53**	52	**95**	123	295
Attributable to:					
Shareholders of the company	**53**	52	**95**	108	238
Non-controlling interests	**0**	0	**0**	0	0
Profit from continuing operations	**53**	52	**95**	108	238
Shareholders of the company	**-**	-1	**-**	15	74
Non-controlling interests	**-**	1	**-**	0	-17
Profit from discontinued operations	**-**	0	**-**	15	57
Earnings per share from continuing operations					
Basic. EUR	**0.35**	0.35	**0.63**	0.72	1.59
Diluted. EUR	**0.35**	0.35	**0.63**	0.72	1.59
Earnings per share from discontinued operations					
Basic. EUR	**-**	-0.01	**-**	0.10	0.49
Diluted. EUR	**-**	-0.01	**-**	0.10	0.49

Consolidated statement of comprehensive income

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Profit	**53**	52	**95**	123	295
Items that may be reclassified to profit or loss in subsequent periods:					
Cash flow hedges, net of tax	**-1**	2	**-2**	2	4
Available-for-sale equity investments, net of tax	**0**	0	**0**	0	0
Currency translation on subsidiary net investments	**10**	-10	**6**	-40	-106
Net investment hedge gains (+) / losses (-), net of tax	**-**	-	**-**	-	-
	9	-8	**4**	-38	-102
Items that will not be reclassified to profit or loss:					
Defined benefit plan actuarial gains (+) / losses (-), net of tax	**-**	-	**-**	-	28
Other comprehensive income (+) / expense (-)	**9**	-8	**4**	-38	-74
Total comprehensive income (+) / expense (-)	**62**	44	**99**	85	221
Attributable to:					
Shareholders of the company	**62**	43	**99**	85	238
Non-controlling interests	**0**	1	**0**	0	-17
Total comprehensive income (+) / expense (-)	**62**	44	**99**	85	221

Consolidated balance sheet

ASSETS

EUR million	June 30, 2014	June 30, 2013	Dec 31, 2013
Non-current assets			
Intangible assets			
Goodwill	**457**	887	456
Other intangible assets	**106**	238	113
	563	1,125	569
Property, plant and equipment			
Land and water areas	**49**	68	50
Buildings and structures	**130**	282	131
Machinery and equipment	**172**	426	173
Assets under construction	**26**	88	22
	377	864	376
Financial and other assets			
Investments in associated companies	**7**	18	6
Available-for-sale equity investments	**1**	6	2
Loan and other interest bearing receivables	**56**	70	71
Available-for-sale financial investments	**-**	16	0
Derivative financial instruments	**6**	0	-
Deferred tax asset	**119**	172	117
Other non-current assets	**40**	46	32
	229	328	228
Total non-current assets	**1,169**	2,317	1,173
Current assets			
Inventories	**913**	1,529	921
Receivables			
Trade and other receivables	**834**	1,288	866
Cost and earnings of projects under construction in excess of advance billings	**217**	414	212
Loan and other interest bearing receivables	**0**	1	1
Available-for-sale financial assets	**-**	1	-
Financial instruments held for trading	**18**	44	20
Derivative financial instruments	**3**	23	11
Income tax receivables	**50**	54	7
Receivables total	**1,122**	1,825	1,117
Cash and cash equivalents	**271**	581	467
Total current assets	**2,306**	3,935	2,505
TOTAL ASSETS	**3,475**	6,252	3,678

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	June 30, 2014	June 30, 2013	Dec 31, 2013
Equity			
Share capital	**141**	241	141
Cumulative translation adjustments	**-79**	-17	-85
Fair value and other reserves	**304**	725	305
Retained earnings	**757**	1,069	812
Equity attributable to shareholders	**1,123**	2,018	1,173
Non-controlling interests	**7**	18	8
Total equity	**1,130**	2,036	1,181
Liabilities			
Non-current liabilities			
Long-term debt	**787**	907	771
Post employment benefit obligations	**90**	238	96
Provisions	**24**	53	22
Derivative financial instruments	**9**	12	9
Deferred tax liability	**16**	28	14
Other long-term liabilities	**2**	5	4
Total non-current liabilities	**928**	1,243	916
Current liabilities			
Current portion of long-term debt	**0**	256	179
Short-term debt	**161**	105	99
Trade and other payables	**646**	1,339	679
Provisions	**101**	178	97
Advances received	**299**	608	339
Billings in excess of cost and earnings of projects under construction	**150**	410	140
Derivative financial instruments	**12**	29	17
Income tax liabilities	**48**	48	31
Total current liabilities	**1,417**	2,973	1,581
Total liabilities	**2,345**	4,216	2,497
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,475**	6,252	3,678

NET INTEREST BEARING LIABILITIES

EUR million	June 30, 2014	June 30, 2013	Dec 31, 2013
Long-term interest bearing debt	**787**	907	771
Short-term interest bearing debt	**161**	361	278
Cash and cash equivalents	**-271**	-581	-467
Other interest bearing assets	**-74**	-132	-92
Net interest bearing liabilities	**603**	555	490

Condensed consolidated cash flow statement

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Cash flows from operating activities:					
Profit	**53**	52	**95**	108	238
Adjustments to reconcile profit to net cash provided by operating activities					
Depreciation and amortization	**19**	15	**37**	33	71
Interests and dividend income	**9**	12	**17**	25	43
Income taxes	**26**	26	**47**	54	126
Other	**26**	-64	**27**	-59	-82
Change in net working capital	**-21**	66	**-14**	27	52
Cash flows from operations	**112**	107	**209**	188	448
Interest paid and dividends received	**-23**	-28	**-24**	-20	-29
Income taxes paid	**-35**	-33	**-75**	-66	-118
Continuing operations total	**54**	46	**110**	102	301
Discontinued operations	**-**	-37	**-**	0	15
Net cash provided by operating activities	**54**	9	**110**	102	316
Cash flows from investing activities:					
Capital expenditures on fixed assets	**-13**	-14	**-25**	-31	-95
Proceeds from sale of fixed assets	**3**	1	**5**	2	5
Business acquisitions, net of cash acquired	**-11**	-	**-11**	-	-44
Proceeds from sale of businesses, net of cash sold	**-**	-	**-**	-	-12
Proceeds from sale of / (Investments in) financial assets	**2**	134	**2**	188	212
Other	**-1**	-18	**-10**	-20	-11
Continuing operations total	**-20**	103	**-39**	139	55
Discontinued operations	**-**	-49	**-**	-88	-137
Net cash provided by (+) / used in (-) investing activities	**-20**	54	**-39**	51	-82
Cash flows from financing activities:					
Dividends paid	**-150**	-277	**-150**	-277	-277
Net funding	**-84**	-10	**-119**	-25	-16
Net funding of discontinued operations	**-**	-168	**-**	-142	-177
Other	**-**	-	**0**	0	5
Continuing operations total	**-234**	-455	**-269**	-444	-465
Discontinued operations	**-**	182	**-**	151	213
Net cash used in financing activities	**-234**	-273	**-269**	-293	-252
Net increase (+) / decrease (-) in cash and cash equivalents	**-200**	-210	**-198**	-140	-18
Effect from changes in exchange rates	**4**	-21	**2**	-10	-35
Cash and cash equivalents transferred in demerger	**-**	-	**-**	-	-211
Cash and cash equivalents at beginning of period	**467**	812	**467**	731	731
Cash and cash equivalents at end of period	**271**	581	**271**	581	467

FREE CASH FLOW

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Net cash provided by operating activities	**54**	46	**110**	102	301
Capital expenditures on maintenance investments	**-10**	-12	**-20**	-22	-55
Proceeds from sale of fixed assets	**3**	1	**5**	2	5
Free cash flow, continuing operations	**47**	35	**95**	82	251

Consolidated statement of changes in shareholders' equity

EUR million	Share capital	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	**Equity attributable to shareholders**	Non-controlling interests	**Total equity**
Balance at Jan 1, 2013	**241**	**23**	**718**	**1,225**	**2,207**	**20**	**2,227**
Profit from continuing operations	-	-	-	108	108	0	108
Profit from discontinued operations	-	-	-	15	15	0	15
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	2	-	2	-	2
Available-for-sale equity investments, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	-40	-	-	-40	-	-40
Net investment hedge gains (losses), net of tax	-	-	-	-	-	-	-
Total comprehensive income (+) / expense (-)	-	-40	2	123	85	0	85
Dividends	-	-	-	-277	-277	-	-277
Share-based payments, net of tax	-	-	4	0	4	-	4
Other	-	-	1	0	1	0	1
Changes in non-controlling interests	-	-	-	-2	-2	-2	-4
Balance at June 30, 2013	**241**	**-17**	**725**	**1,069**	**2,018**	**18**	**2,036**
Balance at Jan 1, 2014	**141**	**-85**	**305**	**812**	**1,173**	**8**	**1,181**
Profit	-	-	-	95	95	0	95
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	-2	-	-2	-	-2
Available-for-sale equity investments, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	6	-	-	6	-	6
Net investment hedge gains (losses), net of tax	-	-	-	-	-	-	-
Total comprehensive income (+) / expense (-)	-	6	-2	95	99	0	99
Dividends	-	-	-	-150	-150	-	-150
Share-based payments, net of tax	-	-	0	0	0	-	0
Other	-	-	1	0	1	-1	0
Changes in non-controlling interests	-	-	-	-	-	-	-
Balance at June 30, 2014	**141**	**-79**	**304**	**757**	**1,123**	**7**	**1,130**

Acquisitions and disposals of businesses 2014

In June, Metso paid a deferred consideration of EUR 11 million relating to an acquisition closed in 2013.

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 or 2014.

June 30, 2014

EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
• Derivatives	-	2	-
• Securities	18	-	-
Derivatives qualified for hedge accounting	-	8	-
Available for sale investments			
• Equity investments	0	-	-
• Debt investments	-	-	-
Total assets	**18**	**10**	**-**
Liabilities			
Financial liabilities at fair value through profit and loss			
• Derivatives	-	15	-
• Long term debt at fair value	-	415	-
Derivatives qualified for hedge accounting	-	6	-
Total liabilities	**-**	**436**	**-**

June 30, 2013

EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
• Derivatives	-	10	-
• Securities	33	11	-
Derivatives qualified for hedge accounting	-	13	-
Available for sale investments			
• Equity investments	1	-	-
• Debt investments	16	-	-
Total assets	**50**	**34**	**-**
Liabilities			
Financial liabilities at fair value through profit and loss			
• Derivatives	-	16	-
• Long term debt at fair value	-	194	-
Derivatives qualified for hedge accounting	-	25	-
Total liabilities	**-**	**235**	**-**

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

Assets pledged and contingent liabilities

EUR million	June 30, 2014	June 30, 2013	Dec 31, 2013
Mortgages on corporate debt	**-**	39	-
Other pledges and contingencies			
Mortgages	**1**	5	1
Other guarantees	**1**	3	2
Repurchase and other commitments	**6**	5	6
Lease commitments	**146**	212	144

Notional amounts of derivative financial instruments

EUR million	June 30, 2014	June 30, 2013	Dec 31, 2013
Forward exchange rate contracts	**1,167**	2,311	1,349
Interest rate swaps	**285**	285	285
Cross currency swaps	**243**	33	244
Option agreements			
Bought	**-**	-	-
Sold	**20**	20	20

The notional amount of electricity forwards was 205 GWh as of June 30, 2014 and 616 GWh as of June 30, 2013.

The notional amount of nickel forwards to hedge stainless steel prices was 312 tons as of June 30, 2014 and 498 tons as of June 30, 2013.

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

Key ratios

	1-6/2014	1-6/2013	1-12/2013
Earnings per share, EUR	**0.63**	0.82	2.08
- continuing operations, EUR	**0.63**	0.72	1.59
- discontinued operations, EUR	**-**	0.10	0.49
Diluted earnings per share, EUR	**0.63**	0.82	2.08
- continuing operations, EUR	**0.63**	0.72	1.59
- discontinued operations, EUR	**-**	0.10	0.49
Equity/share at end of period, EUR	**7.49**	7.63	7.83
Return on equity (ROE), %, (annualized)	**16.4**	17.5	19.0
Return on capital employed (ROCE) before taxes, %, (annualized)	**16.6**	16.7	18.6
Return on capital employed (ROCE) after taxes, %, (annualized)	**12.3**	12.9	12.9
Equity to assets ratio at end of period, %	**37.3**	36.2	36.9
Net gearing at end of period, %	**53.4**	46.7	41.6
Free cash flow, continuing operations, EUR million	**95**	82	251
Free cash flow/share, EUR	**0.63**	0.55	1.68
Cash conversion, %	**100**	75	105
Gross capital expenditure (excl. business acquisitions), EUR million	**25**	31	95
Business acquisitions, net of cash acquired, EUR million	**11**	-	44
Depreciation and amortization, EUR million	**37**	33	71
Number of outstanding shares at end of period (thousands)	**149,889**	149,864	149,865
Average number of shares (thousands)	**149,879**	149,787	149,826
Average number of diluted shares (thousands)	**149,933**	149,924	149,942

For illustrative purposes, the balance sheet of comparison period has been restated to represent the continuing operations.

Exchange rates used

		1-6/2014	1-6/2013	1-12/2013	June 30, 2014	June 30, 2013	Dec 31, 2013
USD	(US dollar)	**1.3718**	1.3119	1.3300	**1.3658**	1.3080	1.3791
SEK	(Swedish krona)	**8.9774**	8.5599	8.6625	**9.1762**	8.7773	8.8591
GBP	(Pound sterling)	**0.8210**	0.8481	0.8475	**0.8015**	0.8572	0.8337
CAD	(Canadian dollar)	**1.4987**	1.3365	1.3722	**1.4589**	1.3714	1.4671
BRL	(Brazilian real)	**3.1481**	2.6900	2.8791	**3.0002**	2.8899	3.2576
CNY	(Chinese yuan)	**8.4645**	8.1209	8.1769	**8.4722**	8.0280	8.3491
AUD	(Australian dollar)	**1.5059**	1.3028	1.3842	**1.4537**	1.4171	1.5423

Formulas for calculation of indicators

EBITA before non-recurring items:
Operating profit + amortization + goodwill impairment + non-recurring items

Earnings per share from continuing operations, basic:

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

Earnings per share from continuing operations, diluted:

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

Earnings per share from discontinued operations, basic:

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

Earnings per share from discontinued operations, diluted:

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

Equity / share

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

Return on equity (ROE), %:

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

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, %:

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

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, continuing operations:
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, %:

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

Segment information

ORDERS RECEIVED

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	7/2013-6/2014	1-12/2013
Mining and Construction	**685**	743	**1,309**	1,529	2,635	2,855
Automation	**263**	239	**515**	493	924	902
Group Head Office and other	**-**	-	**-**	-	-	-
Intra Metso orders received	**-1**	-14	**-2**	-23	-27	-48
Metso total	**947**	968	**1,822**	1,999	3,532	3,709

NET SALES

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	7/2013-6/2014	1-12/2013
Mining and Construction	**730**	800	**1,361**	1,544	2,887	3,070
Automation	**232**	207	**418**	391	881	854
Group Head Office and other	**-**	-	**-**	-	-	-
Intra Metso net sales	**0**	-19	**0**	-32	-34	-66
Metso total	**962**	988	**1,779**	1,903	3,734	3,858

EBITA BEFORE NON-RECURRING ITEMS

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	7/2013-6/2014	1-12/2013
Mining and Construction	**98.6**	96.5	**170.8**	187.7	383.9	400.8
Automation	**38.0**	28.5	**57.7**	44.6	129.4	116.3
Group Head Office and other	**-5.4**	-7.3	**-9.8**	-11.8	-19.5	-21.5
Metso total	**131.2**	117.7	**218.7**	220.5	493.8	495.6

EBITA BEFORE NON-RECURRING ITEMS, % OF NET SALES

%	4-6/2014	4-6/2013	1-6/2014	1-6/2013	7/2013-6/2014	1-12/2013
Mining and Construction	**13.5**	12.1	**12.6**	12.2	13.3	13.1
Automation	**16.4**	13.8	**13.8**	11.4	14.7	13.6
Group Head Office and other	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Metso total	**13.6**	11.9	**12.3**	11.6	13.2	12.8

NON-RECURRING ITEMS

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	7/2013-6/2014	1-12/2013
Mining and Construction	**-24.6**	-20.7	**-30.1**	-20.7	-59.5	-50.1
Automation	**-**	-	**-**	-	-3.6	-3.6
Group Head Office and other	**0.1**	-	**-1.0**	-	-1.2	-0.2
Metso total	**-24.5**	-20.7	**-31.1**	-20.7	-64.3	-53.9

AMORTIZATION

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	7/2013-6/2014	1-12/2013
Mining and Construction	**-3.4**	-2.5	**-6.5**	-5.1	-12.4	-11.0
Automation	**-0.9**	-1.1	**-1.8**	-2.3	-3.6	-4.1
Group Head Office and other	**-0.5**	-0.9	**-1.1**	-1.8	-3.0	-3.7
Metso total	**-4.8**	-4.5	**-9.4**	-9.2	-19.0	-18.8

OPERATING PROFIT (LOSS)

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	7/2013-6/2014	1-12/2013
Mining and Construction	**70.6**	73.3	**134.2**	161.9	312.2	339.9
Automation	**37.1**	27.4	**55.9**	42.3	122.1	108.5
Group Head Office and other	**-5.8**	-8.3	**-11.9**	-13.7	-23.6	-25.4
Metso total	**101.9**	92.4	**178.2**	190.5	410.7	423.0

OPERATING PROFIT (LOSS), % OF NET SALES

%	4-6/2014	4-6/2013	1-6/2014	1-6/2013	7/2013-6/2014	1-12/2013
Mining and Construction	**9.7**	9.2	**9.9**	10.5	10.8	11.1
Automation	**16.0**	13.2	**13.4**	10.8	13.9	12.7
Group Head Office and other	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Metso total	**10.6**	9.4	**10.0**	10.0	11.0	11.0

Quarterly information

ORDERS RECEIVED

EUR million	4-6/2013	7-9/2013	10-12/2013	1-3/2014	**4-6/2014**
Mining and Construction	743	635	691	624	**685**
Automation	239	200	209	252	**263**
Group Head Office and other	-	-	-	-	**-**
Intra Metso orders received	-14	-10	-15	-1	**-1**
Metso total	968	825	885	875	**947**

NET SALES

EUR million	4-6/2013	7-9/2013	10-12/2013	1-3/2014	**4-6/2014**
Mining and Construction	800	742	784	631	**730**
Automation	207	214	249	186	**232**
Group Head Office and other	-	-	-	-	**-**
Intra Metso net sales	-19	-19	-15	0	**0**
Metso total	988	937	1 018	817	**962**

EBITA BEFORE NON-RECURRING ITEMS

EUR million	4-6/2013	7-9/2013	10-12/2013	1-3/2014	**4-6/2014**
Mining and Construction	96.5	100.8	112.3	72.2	**98.6**
Automation	28.5	34.3	37.4	19.7	**38.0**
Group Head Office and other	-7.3	-6.5	-3.2	-4.4	**-5.4**
Metso total	117.7	128.6	146.5	87.5	**131.2**

EBITA BEFORE NON-RECURRING ITEMS, % OF NET SALES

%	4-6/2013	7-9/2013	10-12/2013	1-3/2014	**4-6/2014**
Mining and Construction	12.1	13.6	14.3	11.4	**13.5**
Automation	13.8	16.0	15.0	10.5	**16.4**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Metso total	11.9	13.7	14.4	10.7	**13.6**

NON-RECURRING ITEMS

EUR million	4-6/2013	7-9/2013	10-12/2013	1-3/2014	**4-6/2014**
Mining and Construction	-20.7	0.0	-29.4	-5.5	**-24.6**
Automation	-	-	-3.6	-	**-**
Group Head Office and other	-	-	-0.2	-1.1	**0.1**
Metso total	-20.7	-	-33.2	-6.6	**-24.5**

AMORTIZATION

EUR million	4-6/2013	7-9/2013	10-12/2013	1-3/2014	**4-6/2014**
Mining and Construction	-2.5	-2.6	-3.3	-3.1	**-3.4**
Automation	-1.1	-0.9	-0.9	-0.9	**-0.9**
Group Head Office and other	-0.9	-0.9	-1.0	-0.6	**-0.5**
Metso total	-4.5	-4.4	-5.2	-4.6	**-4.8**

OPERATING PROFIT (LOSS)

EUR million	4-6/2013	7-9/2013	10-12/2013	1-3/2014	**4-6/2014**
Mining and Construction	73.3	98.4	79.6	63.6	**70.6**
Automation	27.4	33.3	32.9	18.8	**37.1**
Group Head Office and other	-8.3	-7.3	-4.4	-6.1	**-5.8**
Metso total	92.4	124.4	108.1	76.3	**101.9**

OPERATING PROFIT (LOSS), % OF NET SALES

%	4-6/2013	7-9/2013	10-12/2013	1-3/2014	**4-6/2014**
Mining and Construction	9.2	13.3	10.2	10.1	**9.7**
Automation	13.2	15.6	13.2	10.1	**16.0**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Metso total	9.4	13.3	10.6	9.3	**10.6**

CAPITAL EMPLOYED

EUR million	June 30, 2013	Sep 30, 2013	Dec 31, 2013	Mar 31, 2014	**June 30, 2014**
Mining and Construction	1,328	1,320	1,344	1,327	**1,343**
Automation	286	276	266	304	**323**
Group Head Office and other	493	630	699	610	**412**
Metso total	2,107	2,226	2,309	2,241	**2,078**

Capital employed includes only external balance sheet items.

ORDER BACKLOG

EUR million	June 30, 2013	Sep 30, 2013	Dec 31, 2013	Mar 31, 2014	**June 30, 2014**
Mining and Construction	1,872	1,701	1,555	1,507	**1,467**
Automation	438	418	373	438	**471**
Group Head Office and other	-	-	-	-	**-**
Intra Metso order backlog	-4	-2	-1	-1	**0**
Metso total	2,306	2,117	1,927	1,944	**1,938**

PERSONNEL

	June 30, 2013	Sep 30, 2013	Dec 31, 2013	Mar 31, 2014	**June 30, 2014**
Mining and Construction	11,620	12,094	11,670	11,269	**11,187**
Automation	4,336	4,250	4,241	4,185	**4,313**
Group Head Office and other	783	752	514	744	**748**
Metso total	16,739	17,096	16,425	16,198	**16,248**

Non-recurring items and amortization of intangible assets

4-6/2014 EUR million	Mining and Construction	Automation	Group Head office and other	Metso total
EBITA before non-recurring items	**98.6**	**38.0**	**-5.4**	**131.2**
% of net sales	**13.5**	**16.4**	**-**	**13.6**
Loss on revaluation of Northland receivables reclassified as long-term interest bearing loan	-12.8	-	-	**-12.8**
Capacity adjustment expenses	-11.8	-	-	**-11.8**
Demerger costs	-	-	0.1	**0.1**
Amortization of intangible assets	-3.4	-0.9	-0.5	**-4.8**
Operating profit (EBIT)	70.6	37.1	-5.8	**101.9**
Loss on revaluation of Northland bonds in other financial expenses			-8.2	

4-6/2013 EUR million	Mining and Construction	Automation	Group Head office and other	Metso total
EBITA before non-recurring items	**96.5**	**28.5**	**-7.3**	**117.7**
% of net sales	**12.1**	**13.8**	**-**	**11.9**
Loss on revaluation of Northland receivables reclassified as long-term interest bearing loan	-20.7	-	-	**-20.7**
Amortization of intangible assets	-2.5	-1.1	-0.9	**-4.5**
Operating profit (EBIT)	73.3	27.4	-8.3	**92.4**

1-6/2014 EUR million	Mining and Construction	Automation	Group Head office and other	Metso total
EBITA before non-recurring items	**170.8**	**57.7**	**-9.8**	**218.7**
% of net sales	**12.6**	**13.8**	**-**	**12.3**
Loss on revaluation of Northland receivables reclassified as long-term interest bearing loan	-12.8	-	-	**-12.8**
Capacity adjustment expenses	-17.3	-	-	**-17.3**
Demerger costs	-	-	-1.0	**-1.0**
Amortization of intangible assets	-6.5	-1.8	-1.1	**-9.4**
Operating profit (EBIT)	134.2	55.9	-11.9	**178.2**
Loss on revaluation of Northland bonds in other financial expenses			-8.2	

1-6/2013 EUR million	Mining and Construction	Automation	Group Head office and other	Metso total
EBITA before non-recurring items	**187.7**	**44.6**	**-11.8**	**220.5**
% of net sales	**12.2**	**11.4**	**-**	**11.6**
Loss on revaluation of Northland receivables reclassified as long-term interest bearing loan	-20.7	-	-	**-20.7**
Amortization of intangible assets	-5.1	-2.3	-1.8	**-9.2**
Operating profit (EBIT)	161.9	42.3	-13.7	**190.5**

1-12/2013 EUR million	Mining and Construction	Automation	Group Head office and other	Metso total
EBITA before non-recurring items	**400.8**	**116.2**	**-21.3**	**495.7**
% of net sales	**13.1**	**13.6**	**-**	**12.8**
Loss on revaluation of Northland receivables reclassified as long-term interest bearing loan	-29.7	-	-	**-29.7**
Capacity adjustment expenses	-23.4	-3.6	-0.2	**-27.2**
Gain on business disposals	3.9	-	-	**3.9**
Intellectual property items	-0.6	-	-	**-0.6**
Amortization of intangible assets	-10.9	-4.1	-3.9	**-18.9**
Operating profit (EBIT)	339.9	108.5	-25.4	**423.0**

Notes to the Interim Review

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

As of January 1, 2014 Metso applied the new IFRS 10 'Consolidated Financial Statements' standard, the new IFRS 11 'Joint Arrangements' standard, and the new IFRS 12 'Disclosure of Interest in Other Entities'-standard. These standards have no material impact on our financial statements.

Decisions of the Annual General Meeting

Metso's Annual General Meeting (AGM) on March 26, 2014 approved the Financial Statements for 2013 and discharged the members of the Board of Directors and the President and CEO from liability for the 2013 financial year. The AGM decided to pay a dividend of EUR 1.00 per share for the 2013 financial year. Payment was made on April 8, 2014.

The AGM decided that the Board of Directors consists of seven members and elected Mikael Lilius Chairman of the Board and Christer Gardell as Vice Chairman. Wilson Nélio Brumer, Ozey K. Horton Jr., Lars Josefsson, Nina Kopola and Eeva Sipilä were elected as members for a term lasting until the end of the next AGM.

The annual remuneration for Board members was confirmed as follows: 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, a meeting fee of EUR 700 will be paid to members resident in the Nordic countries, EUR 1,400 to members resident elsewhere in Europe, and EUR 2,800 to members resident outside 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 to use 40 percent of their fixed annual remuneration for purchasing Metso shares from the stock market at a price formed in public trading. Board members acquired the shares from the market within two weeks following the publication of the first-quarter Interim Review on April 24, 2014. A total of 5,639 shares were acquired at the beginning of May.

Authorized Public Accountant Ernst & Young Oy was elected to act as the company's Auditor until the end of the next AGM. It was decided to pay remuneration to the Auditor against the invoice approved by the Board's Audit Committee.

The AGM also approved the proposals of the Board of Directors to authorize the Board to decide on the repurchase and / or acceptance as pledge of Metso shares and the issuance of new shares or special rights entitling to shares.

Members of Board committees and personnel representative

At its assembly meeting following the AGM, the Board of Directors elected the members of the Audit Committee and the Remuneration and HR Committee from among its members. The Board's Audit Committee consists of Eeva Sipilä (Chairman), Lars Josefsson and Nina Kopola. The Remuneration and HR Committee consists of Mikael Lilius (Chairman), Christer Gardell and Ozey K. Horton Jr.

Metso's personnel groups in Finland elected Juha Lehtonen as personnel representative on the Board of Directors. He will participate in Board meetings as an invited expert and his term of office is the same as that of Board members.

Shares and share capital

At the end of June 30, 2014, following the completion of the demerger, Metso's share capital was EUR 140,982,843.80 and the number of shares was 150,348,256. The number of shares included 458,988 shares held by the Parent Company, which represented 0.31 percent of all shares and votes.

The average number of shares outstanding in January-June 2014, excluding Metso shares held by the Parent Company, was 149,879,327 and the average number of diluted shares was 149,932,877.

Metso's market capitalization, excluding shares held by the Parent Company, was EUR 4,147 million on June 30, 2014 (EUR 4,970 million).

The number of shares and market capitalization at the end of June 2013 relate to the company structure at that time, including Valmet. Metso is not aware of any shareholders' agreements regarding the ownership of Metso shares and voting rights.

Share-based incentive plans

Metso's share-based incentive plans are part of the remuneration and commitment program for management. For further information, see www.metso.com/investors.

On March 14, 2014, the Board decided to pay rewards related to the Share Ownership Plan 2011-2013. A total of 24,649 of Metso's treasury shares were used to pay rewards to 39 participants. The total reward also included 24,649 Valmet shares. The directed share issue was based on an authorization given by the Annual General Meeting held on March 29, 2012. Reward shares were acquired from the stock market and did not dilute the share value.

Trading in Metso shares

A total of 107,944,183 Metso shares were traded on NASDAQ OMX Helsinki in January-June 2014, equivalent to a turnover of EUR 2,791 million. The share price on the last trading day of the period, June 30, 2014, was EUR 27.67 and the average trading price for the period was EUR 25.85. The highest quotation during the period was EUR 30.11 and the lowest EUR 21.74.

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 June 30, 2014, the closing price of the Metso ADR was USD 37.99. Metso is traded on the OTCQX market under the ticker symbol 'MXCYY', with each ADR representing one Metso share.

Flagging notifications

There were no flagging notifications during the reporting period.

As of June 30, 2014, there were two shareholders with a more than 5.0 percent or 10.0 percent holding in Metso: Cevian funds (Cevian Capital II Master Fund L.P. and Cevian Capital Partners Ltd) had a combined holding of 13.8 percent (as of April 30, 2014) of Metso's shares; and Solidium Oy had a total holding of 11.7 percent (as of June 30, 2014) of the company's share capital and voting rights.

Credit ratings

Standard & Poor's Ratings Services, April 8, 2014: reiterated its long-term corporate credit rating BBB and short-term A-2, outlook stable.

Moody's Investors Service, November 2013: long-term credit rating Baa2, outlook negative.

Metso's financial reporting and events in 2014

Metso's Interim Review for January–September 2014 will be published on October 23.
A Capital Markets Day is planned for November 26, 2014.

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