Interim Review

January 1 – September 30, 2013

Metso's Interim Review for January 1 – September 30, 2013

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

Highlights of the third quarter of 2013

- Order intake totaled EUR 1,249 million (EUR 1,511 million), which was 17 percent, or 11 percent using comparable exchange rates, lower than in the comparison period. Orders received by the services business were down 15 percent, or 8 percent using comparable exchange rates, on the comparison period, and totaled EUR 709 million, i.e. 59 percent of all orders received (EUR 830 million and 57%).
- Net sales totaled EUR 1 579 million (EUR 1 754 million), down by 10 percent, or 4 percent using comparable exchange rates. Services net sales were 3 percent down, and 4 percent up using comparable exchange rates, compared to those booked during the same quarter last year. Services sales totaled EUR 762 million and accounted for 50 percent of total net sales (EUR 788 million and 46%).
- Earnings before interest, tax and amortization (EBITA), before non-recurring items, were EUR 143 million, i.e. 9.1 percent of net sales (EUR 171 million and 9.8%) The decline was mainly due to lower profitability at Valmet Automotive.
- Earnings per share were EUR 0.39 (EUR 0.73).
- Free cash flow was EUR 95 million (EUR 118 million).

Our guidance for Metso's 2013 financial performance

We repeat our guidance for 2013 financial performance, which was published on October 17, 2013 and at the time lowered from previous guidance given in our January-June Interim Review on July 25, 2013. Lowering was primarily resulting from lower profitability at the separate business entity Valmet Automotive during the second half of the year.

Our guidance for 2013:

We estimate that our net sales and EBITA before non-recurring items in 2013 will be significantly lower than those in 2012.

The previous guidance, published on July 25, 2013:

We estimate that our net sales and EBITA before non-recurring items in 2013 will be somewhat lower than those in 2012.

Both statements above are related to Metso's current segment reporting and are based on the economic situation, market outlook, order backlog for 2013, and foreign exchange rates remaining similar to those at the time of publishing.

In addition to the updated guidance for the group, we published the following additional segment information for 2013:

- *Mining and Construction segment:* Net sales are expected to be somewhat lower and EBITA before non-recurring items at around the same level compared to 2012
- *Automation segment:* Net sales are expected to be at around the same level and EBITA before non-recurring items is expected to improve significantly compared to 2012
- *Pulp Paper and Power segment* (businesses to be demerged from Metso): Both net sales and EBITA before non-recurring items are expected to be significantly lower compared to 2012. Net sales and EBITA before non-recurring items during the second half are expected to be at about the first half's level.
- *Valmet Automotive* is expected to book a substantial loss for 2013.

Metso plans to publish separate guidance statements for its continuing operations and Valmet Corporation during the fourth quarter.

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

The third quarter was somewhat mixed. We were able to improve the profitability of the Mining and Construction and Automation segments, despite continued soft demand for larger equipment and project orders, thanks to improved productivity and a resilient services business, which also supported a favorable delivery mix. Pulp, Paper and Power booked satisfactory quarterly EBITA. However, work continues to improve its profitability. Significant negative development was seen at Valmet Automotive and corrective actions have been taken.

The demerger project has progressed according to plan and shareholders approved the demerger of the Pulp, Paper and Power businesses to the new Valmet Corporation in the Extraordinary General Meeting in October.

Metso's key figures

EUR million	Q3/2013	Q3/2012	Change %	Q1-Q3/2013	Q1-Q3/2012	Change %	2012
Orders received	**1,249**	1,511	-17	**4,716**	5,166	-9	6,865
Orders received of services business	**709**	830	-15	**2,388**	2,523	-5	3,264
% of orders received *)	**59**	57		**52**	51		49
Order backlog at end of period				**3,736**	5,031	-26	4,515
Net sales	**1,579**	1,754	-10	**4,925**	5,406	-9	7,504
Net sales of services business	**762**	788	-3	**2,268**	2,304	-2	3,174
% of net sales *)	**50**	46		**47**	44		44
Earnings before interest, tax and amortization (EBITA) and non-recurring items	**142.9**	171.4	-17	**416.6**	490.8	-15	687.5
% of net sales	**9.1**	9.8		**8.5**	9.1		9.2
Operating profit	**90.2**	157.7	-43	**306.3**	451.4	-32	601.7
% of net sales	**5.7**	9.0		**6.2**	8.3		8.0
Earnings per share, EUR	**0.39**	0.73	-47	**1.21**	1.98	-39	2.46
Free cash flow	**95**	118	-19	**149**	188	-21	257
Return on capital employed (ROCE) before taxes, annualized %				**12.8**	20.2		19.7
Equity to assets ratio at end of period, %				**38.7**	41.8		40.5
Net gearing at end of period, %				**24.0**	16.7		14.2

*) Excluding Valmet Automotive

Operating environment and demand in July–September

Mining and Construction, and Automation segments

Mining customers continued to be cautious about new investment decisions. Demand for mining equipment and projects was satisfactory and for related services good. Lower iron ore and copper prices have had no major impact on our customers' utilization rates and their output remained at the good level.

Demand for construction equipment and related services remained unchanged and was satisfactory.

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

Pulp, Paper and Power segment

The pulp mill market remained satisfactory, but decision-making relating to many orders under negotiation was further delayed. Demand for rebuilds and services was satisfactory.

Structural changes in the paper industry continued and the demand for paper and board remained weak, whereas demand for tissue lines continued to be good. Stable capacity utilization rates in the paper, board, and tissue industry kept demand for services at a satisfactory level.

Demand for recovery boilers for the pulping industry remained unchanged and was satisfactory, while demand for power plants based on renewable energy sources remained weak due to increased shale gas investments, especially in North America.

Orders received

We received new orders worth EUR 1,249 million during the third quarter of 2013, i.e. 17 percent less than in the third quarter last year. Orders received by the Automation segment increased 5 percent, while those received by Mining and Construction and Pulp, Paper and Power decreased around 20 percent. Decrease in Mining and Construction was partly due to timing issues. Emerging markets accounted for 48 percent (46%) of new orders received. Services orders in July-September decreased 15 percent year-on-year, or 8 percent using comparable exchange rates, and accounted for 59 percent (57%) of all orders received. Emerging markets accounted for 44 percent (40%) of services orders received.

Major orders received during the third quarter included:

- a tissue production line in Abu Dhabi,
- a biomass-fired power plant and automation system for Oskarshamn Energi in Sweden,
- a crushing and screening system for Monier's quarry in Papua New Guinea, and
- valves for GS Engineering in Korea.

We received new orders worth EUR 4,716 million in January–September, i.e. 9 percent less than in the comparison period. The biggest decline in new orders was in the Mining capital business. Orders received by Automation increased 8 percent and those by Pulp, Paper and Power remained similar to those received during the first nine months of last year. In Mining and Construction, orders received decreased 18 percent. Emerging markets accounted for 54 percent (47%) of new orders. Services order intake decreased 5 percent from those seen during the comparison period and accounted for 52 percent (51%) of all orders received. Exchange rates had a negative impact of 3 percentage points on the comparison of services business orders received in January–September. Emerging markets accounted for 43 percent (41%) of services orders received.

The top three countries for new orders were Brazil, the US, and China, which together accounted for 36 percent of all new orders received.

In addition to orders booked during the third quarter, orders received this year have included:

- two tissue lines and an automation package for Hayat Kimya in Turkey,
- a fully automated tissue paper line for Forestal y Papelera Concepción in Chile,
- a containerboard production line and automation solution for Siam Kraft Industry in Thailand,
- two repeat orders for Altay Polimetally's copper mine in Kazakhstan, including complete secondary, tertiary, and quaternary crushing and screening plants, as well as an automation system,
- a six-and-a-half-year life-cycle services contract covering ZAO Russian Copper Company's copper concentrator in southwestern Russia,
- automation systems for power plants in Finland, the US, and Poland,
- key pulp mill technology and automation package for CMPC's Guaíba II pulp line in Brazil, and
- a containerboard line and comprehensive automation package for Lee & Man Paper Manufacturing in China.

Currency impact on orders received

	Q3/2013 Change %	Q3/2013 Change % with constant rates	Q1-Q3/2013 Change %	Q1-Q3/2013 Change % with constant rates
Mining and Construction	**-19**	-12	-18	**-15**
Automation	**5**	10	8	**11**
Pulp, Paper and Power	**-24**	-19	-1	**1**
Others total	**-2**	-2	-14	**-14**
Metso total	**-17**	**-11**	**-9**	**-6**

Order backlog

The order backlog at the end of September was EUR 3,736 million, which was 17 percent lower than at the end of 2012 (EUR 4,515 million). Around 43 percent of the backlog, i.e. EUR 1.6 billion, is expected to be recognized as net sales this year (35% and EUR 1.8 billion), and 1.9 billion in 2014. Around 43 percent of the order backlog for 2013 is related to the services business.

The proportion of order backlog expected to be delivered in 2013 is as follows:

- Mining and Construction: 44 percent,
- Automation: 55 percent, and
- Pulp, Paper and Power: 39 percent.

In addition, we have around EUR 430 million worth of services orders extending over a number of years. These multi-year services contracts are booked on a phased basis, depending on what is estimated to be the contractually secured portion of each order. The majority of these large multi-year services contracts are in our Mining and Construction segment. There were no major cancellations or postponements of orders during the reporting period.

Orders received and order backlog by reporting segment

EUR million	Q3/2013	Q3/2012	Change %	Q1-Q3/2013	Q1-Q3/2012	Change %	2012
Mining and Construction	**635**	787	-19	**2,164**	2,642	-18	3,436
Services business	**372**	456	-18	**1,255**	1,362	-8	1,771
Equipment, product and project business	**261**	328	-20	**905**	1,275	-29	1,658
Intra-Metso orders received	**2**	3		**4**	5		7
Order backlog				**1,701**	2,189	-22	1,983
Automation	**200**	190	5	**693**	639	8	845
Services business	**98**	96	2	**326**	297	10	382
Equipment, product and project business	**94**	84	12	**339**	299	13	404
Intra-Metso orders received	**8**	10		**28**	43		59
Order backlog				**418**	374	12	343
Pulp, Paper and Power	**382**	504	-24	**1,754**	1,767	-1	2,444
Services business	**239**	278	-14	**807**	864	-7	1,111
Equipment, product and project business	**141**	223	-37	**936**	896	4	1,323
Intra-Metso orders received	**2**	3		**11**	7		10
Order backlog				**1,658**	2,534	-35	2,249
Valmet Automotive	**44**	45	-2	**148**	173	-14	216
Intra-Metso orders received	**-12**	-15		**-43**	-55		-76
Metso total	**1,249**	1,511	-17	**4,716**	5,166	-9	6,865
Intra-Metso orders received in order backlog				**-41**	-66		-60
Order backlog				**3,736**	5,031	-26	4,515

Orders received by market area

EUR million	Q3/2013	Q3/2012	Change %	Q1-Q3/2013	Q1-Q3/2012	Change %	2012
Emerging markets	**597**	692	-14	**2,543**	2,443	4	3,278
Mining and Construction	**369**	447		**1,247**	1,556		2,010
% of Mining and Construction orders received	**58**	57		**58**	59		58
Automation	**92**	83		**311**	268		356
% of Automation orders received	**46**	44		**45**	42		42
Pulp, Paper and Power	**136**	166		**991**	632		933
% of Pulp, Paper and Power orders received	**36**	33		**56**	36		38
Developed markets	**652**	819	-20	**2,173**	2,723	-20	3,587
Metso total	**1,249**	1,511	-17	**4,716**	5,166	-9	6,865

Net sales

Our net sales decreased in July–September 10 percent to EUR 1,579 million. Net sales in the services business decreased 3 percent during the third quarter, equaling 50 percent of total net sales. Using comparable exchange rates, services net sales increased 4 percent.

Net sales in January–September decreased 9 percent to EUR 4,925 million. This derived from all segments. Net sales of the services business were on a par with the comparison period and totaled EUR 2,268 million, accounting for 47 percent of net sales. The top three countries in terms of net sales were the US, China, and Brazil, which together accounted for 34 percent of total net sales. Net sales from emerging markets decreased 7 percent and accounted for 51 percent (49%) of net sales.

Currency impact on net sales

	Q3/2013 Change %	Q3/2013 Change % with constant rates	Q1-Q3/2013 Change %	Q1-Q3/2013 Change % with constant rates
Mining and Construction	**-16**	-9	-11	**-7**
Automation	**1**	6	-3	**-1**
Pulp, Paper and Power	**-5**	0	-7	**-5**
Others total	**-2**	-2	-14	**-14**
Metso total	**-10**	**-4**	**-9**	**-6**

Net sales by reporting segment

EUR million	Q3/2013	Q3/2012	Change %	Q1-Q3/2013	Q1-Q3/2012	Change %	2012
Mining and Construction	**742**	882	-16	**2,286**	2,568	-11	3,492
Services business	**393**	432	-9	**1,186**	1,247	-5	1,692
Equipment, product and project business	**348**	450	-23	**1,093**	1,316	-17	1,793
Intra-Metso net sales	**1**	0		**7**	5		7
Automation	**214**	212	1	**605**	626	-3	859
Services business	**102**	95	7	**282**	275	3	380
Equipment, product and project business	**94**	99	-5	**279**	312	-11	416
Intra-Metso net sales	**18**	18		**44**	39		63
Pulp, Paper and Power	**601**	635	-5	**1,946**	2,089	-7	3,014
Services business	**267**	261	2	**801**	782	2	1,102
Equipment, product and project business	**330**	372	-11	**1,135**	1,301	-13	1,903
Intra-Metso net sales	**4**	2		**10**	6		9
Valmet Automotive	**45**	45	0	**149**	173	-14	216
Intra-Metso net sales	**-23**	-20		**-61**	-50		-77
Metso total	**1,579**	1,754	-10	**4,925**	5,406	-9	7,504
Services business	**762**	788	-3	**2,268**	2,304	-2	3,174
% of total net sales *	**50**	46		**47**	44		44

*) Excluding Valmet Automotive

Net sales by market area

EUR million	Q3/2013	Q3/2012	Change %	Q1-Q3/2013	Q1-Q3/2012	Change %	2012
Emerging markets	**814**	873	-7	**2,489**	2,663	-7	3,718
Developed markets	**765**	881	-13	**2,436**	2,743	-11	3,786
Metso total	**1,579**	1,754	-10	**4,925**	5,406	-9	7,504

Financial performance

Earnings before interest, tax and amortization (EBITA), and before non-recurring items, were EUR 143 million in the third quarter, i.e. 9.1 percent of net sales (EUR 171 million and 9.8%). The decline was mainly due to lower profitability at Pulp, Paper and Power and Valmet Automotive.

Our operating profit (EBIT) during the third quarter was EUR 90 million, i.e. 5.7 percent of net sales (EUR 158 million and 9.0%). Operating profit was negatively impacted by EUR 41 million of non-recurring items (EUR 1 million) related to the Pulp, Paper and Power segment's cost-competitiveness program and preparations related to the Metso's demerger. Non-recurring items are detailed in the tables section.

Earnings before interest, tax and amortization (EBITA), and before non-recurring items in January–September were EUR 417 million, i.e. 8.5 percent of net sales (EUR 491 million and 9.1%). Profitability improved in Automation and in Mining and Construction and weakened in Pulp, Paper and Power, largely due to lower product margins resulting from a tougher competitive situation and underabsorption.

Metso's operating profit (EBIT) during January–September was EUR 306 million, i.e. 6.2 percent of net sales (EUR 451 million and 8.3%), and included non-recurring expenses of EUR 74 million (EUR 2 million).

Net financing expenses in January–September were EUR 49 million (EUR 35 million). Interest expenses accounted for EUR 50 million (EUR 51 million), interest income for EUR 8 million (EUR 18 million), foreign exchange gains for EUR 2 million (EUR 4 million), and other net financial expenses for EUR 9 million (EUR 6 million), of which EUR 7 million related to the demerger process.

Profit before taxes was EUR 257 million (EUR 417 million), and Metso's tax rate for 2013 is expected to be similar to that in 2012 (32%). The profit attributable to shareholders in January–September was EUR 182 million (EUR 297 million), corresponding to earnings per share (EPS) of EUR 1.21 (EUR 1.98). Return on capital employed (ROCE) before taxes was in January-September 12.8 percent (20.2%) and return on equity (ROE) 11.0 percent (19.0%).

EBITA before non-recurring items and percentage of net sales

EUR million	Q3/2013	Q3/2012	Change %	Q1-Q3/2013	Q1-Q3/2012	Change %	2012
Mining and Construction	**100.8**	106.2	-5	**288.5**	300.9	-4	419.9
% of net sales	**13.6**	12.0		**12.6**	11.7		12.0
Automation	**34.3**	28.8	19	**78.9**	70.4	12	101.2
% of net sales	**16.0**	13.6		**13.0**	11.2		11.8
Pulp, Paper and Power	**31.6**	45.1	-30	**87.1**	147.0	-41	203.8
% of net sales	**5.3**	7.1		**4.5**	7.0		6.8
Metso total	**142.9**	171.4	-17	**416.6**	490.8	-15	687.5
% of net sales	**9.1**	9.8		**8.5**	9.1		9.2

Reporting Segments

Mining and Construction

Net sales in Mining and Construction decreased 11 percent during January–September to EUR 2,286 million. Net sales related to equipment and projects for mining customers were down 21 percent and those for construction customers declined 10 percent. The services business' net sales decreased 5 percent on the comparison period and accounted for 52 percent of the segment's total net sales.

Mining and Construction's EBITA before non-recurring items in January-September declined 4 percent and was EUR 289 million, i.e. 12.6 percent of net sales. Operating profit (EBIT) was EUR 260 million, i.e. 11.4 percent of net sales. The segment's return on operative capital employed (ROCE) was 25.2 percent (28.5%).

Mining and Construction's net sales during the third quarter totaled EUR 742 million and EBITA before non-recurring items was EUR 101 million. Thanks to improved gross margins, the segment's profitability improved to 13.6 percent.

Automation

Net sales in the Automation segment during January-September declined 3 percent on the comparison period and totaled EUR 605 million. Net sales declined 3 percent in the Flow Control business and 15 percent in the Process Automation Systems business. Net sales in the services business increased 3 percent on the comparison period and accounted for 47 percent of the segment's net sales.

Automation's EBITA before non-recurring items increased 12 percent to EUR 79 million, i.e. 13 percent of net sales. This favorable development was mainly due to good performance in the Flow Control business. Automation's operating profit (EBIT) was EUR 76 million, i.e. 12.5 percent of net sales. The segment's return on operative capital employed (ROCE) was 35.3 percent (29.8%).

Automation's net sales during the third quarter totaled EUR 214 million and EBITA before non-recurring items was EUR 34 million. The segment's profitability improved to 16.0 percent, thanks to good performance in the Flow Control business.

Pulp, Paper and Power

Pulp, Paper and Power's net sales in January–September decreased 7 percent to EUR 1,946 million, mainly as a result of low volumes in all capital businesses. Net sales of the services business were similar to those in the comparison period and accounted for 41 percent of the segment's net sales.

EBITA before non-recurring items declined 41 percent to EUR 87 million, i.e. 4.5 percent of net sales. This was mainly due to lower volumes in the capital business, a tougher competitive environment, and underabsorption. Pulp, Paper and Power's operating profit (EBIT) was EUR 21 million, i.e. 1.1 percent of net sales. EBIT included non-recurring costs of EUR 46 million related to the ongoing cost-competitiveness program. The segment's return on operative capital employed (ROCE) was 3.5 percent (28.1%).

Pulp, Paper and Power's performance in July-September improved from the first two quarters of this year and EBITA before non-recurring items totaled EUR 32 million and 5.3 percent of net sales.

Separate business entity

Valmet Automotive

Valmet Automotive's net sales in January–September totaled EUR 149 million (EUR 173 million). EBITA before non-recurring items was EUR 18 million negative (EUR 1 million negative). The loss was mainly due to the ending of production of Fisker Karma and issues related to some development projects, capacity utilization of engineering and manufacturing services as well as roof systems operations. Production of Mercedes-Benz A-Class cars in Finland started in August. As of the end of September, Valmet Automotive employed 1,602 people (1,093 employed at the end of 2012). Around half of the personnel were employed in Finland and the rest mainly in Germany and Poland.

Cash flow and financing

Net cash generated by operating activities in January–September totaled EUR 218 million (EUR 257 million). Net working capital decreased EUR 2 million (increased EUR 146 million) and amounted to EUR 395 million at the end of September (EUR 447 million). Free cash flow in January–September was EUR 149 million (EUR 188 million).

Net interest-bearing liabilities totaled EUR 495 million at the end of the period (EUR 366 million). Metso's liquidity position remains strong. Total cash assets at the end of September were EUR 681 million, of which EUR 23 million has been invested in financial instruments with an initial maturity exceeding three months and can be liquidated at short notice if needed. The remaining EUR 658 million has been accounted for as cash and cash equivalents. In addition, Metso has an undrawn syndicated EUR 500 million revolving credit facility available until 2015 and primarily intended for short-term funding purposes.

Gearing at the end of September was 24.0 percent (16.7%) and the equity-to-assets ratio was 38.7 percent (41.8%). EUR 277 million was paid in dividends for 2012 in April following the Annual General Meeting.

Metso participated in the refinancing of one of its customers, Northland Resources, in May, by investing USD 22 million in Northland's convertible bonds and reclassifying Northland's short-term trade receivables as a long-term interest-bearing loan. A non-recurring, non-cash expense of EUR 21 million has been booked related to IFRS-based fair valuation of the receivable.

Capital expenditure

Gross capital expenditure in January–September was EUR 186 million (EUR 108 million) and reflected investments in production line changes and modifications at Valmet Automotive related to the Mercedes-Benz A-Class contract. Maintenance investments accounted for 41 percent, i.e. EUR 77 million (71% and EUR 77 million). Capital expenditure in our main businesses in 2013 is expected to decline slightly compared to 2012. Investments related to Valmet Automotive's Mercedes-Benz contract, however, will increase total investments.

Capital expenditure in January–September included:
- the ongoing expansion of global rubber mill lining capacity at production plants in Chile, Sweden, Canada, Mexico, and Peru
- the inauguration of mining service hub in Chile and the construction of new hubs in Canada, Mexico and Peru, and
- the global ERP system project in the Automation segment, which is nearing completion.

Research and development expenses in January–September totaled EUR 86 million, i.e. 1.7 percent of Metso's net sales (EUR 90 million and 1.7%).

Acquisitions, divestments, and associated companies

Business acquisitions

In September, we concluded the acquisition of crushing and screening equipment manufacturer, Shaorui Heavy Industries, in China. 75 percent stake in Shaorui and approx. 330 employees transferred to Metso on September 27, 2013.

In August, we closed the acquisition of the JX manganese steel foundry in China and 230 employees transferred to Metso. The acquisition will improve our ability to supply wear parts to the mining and construction industry in China and other markets in the Asia-Pacific region.

In June, we acquired Indian-based EPT Engineering Services, a company that provides engineering services to the power, oil & gas, and petrochemical sectors. The company employs 90 people.

In June, we completed the acquisition of FLSmidth's lime kiln and recausticizing technology business, which has been integrated into the Pulp, Paper and Power segment's Fiber business line. A new lime kiln technology center will be established in Copenhagen, Denmark and will employ 15–25 people.

Business divestments

In September, we agreed to divest parts of our industrial rubber conveyor belt manufacturing and related sales and services operations in Northern Europe to ContiTech and Lutze Group. The transaction concerns 27 locations and around 340 employees in Metso's Mining and Construction segment. The sales and services units in question primarily serve other industries than mining and construction. The divestment is expected to be closed in the fourth quarter of 2013.

In September, we finalized the divestment of our 50 percent holding in Shanghai-Neles Jamesbury (SNJ) to the other partner in the joint venture, Shanghai Electric Corporation, and production of Jamesbury valves in China will be transferred to our Technology Center in Shanghai. SNJ employs around 280 people.

In May, we sold our 70-percent stake in Metso ND Engineering to the former minority owner. The company has around 250 employees and serves industries such as pulp and paper, mining, petrochemicals, and sugar, and has its offices and manufacturing facilities in Durban, South Africa.

In January, we divested all our shares in Metso Husum AB to Pichano Holding AB as a result of a restructuring plan related to our Pulp and Paper service workshop network in Sweden.

Personnel

As of the end of September, Metso had 30,437 employees, which was 225 more than at the end of 2012 (30,212 employees). Personnel numbers increased by around 380 in Mining and Construction due to acquisitions in China, by 120 in the Automation segment, and declined by close to 770 in the Pulp, Paper and Power segment from the year-end levels. Personnel in emerging markets accounted for 36 percent (35%). Metso employed an average of 30,194 people in January–September.

Personnel by area

	Sep 30, 2013	% of personnel	Sep 30, 2012	% of personnel	Change %	Dec 31, 2012
Finland	**8,452**	**28**	8,608	28	-2	8,464
Other Nordic countries	**2,887**	**9**	3,013	10	-4	2,934
Rest of Europe	**4,491**	**15**	4,594	15	-2	4,546
North America	**3,948**	**13**	3,917	13	1	3,974
South and Central America	**3,454**	**11**	3,365	11	3	3,406
China	**3,609**	**12**	3,208	10	13	3,156
Other Asia-Pacific	**2,416**	**8**	2,298	8	5	2,313
Africa and Middle East	**1,180**	**4**	1,424	5	-17	1,419
Metso total	**30,437**	**100**	30,427	100	0	30,212

	Sep 30, 2013	% of personnel	Sep 30, 2012	% of personnel	Change %	Dec 31, 2012
Emerging markets	**11,035**	**36**	10,706	35	3	10,669
Developed markets	**19,402**	**64**	19,721	65	-2	19,543
Metso total	**30,437**	**100**	30,427	100	0	30,212

Cost-competitiveness program in Pulp, Paper and Power

The Pulp, Paper and Power business initiated a global cost competitiveness program in April to adapt to changes in the marketplace and improve profitability. The program, which has been speeded-up from the initial schedule, targets an annual cost reduction of approximately EUR 100 million by 2015.

As a result of the first two phases of the program, more than 200 jobs have been reduced in the Fabrics and Power businesses and 660 jobs have been reduced in the Paper business in Finland. The cost savings resulting from these two phases are estimated to be around EUR 75 million. A one-off restructuring cost of EUR 8 million was booked in the second quarter and EUR 38 million in the third quarter.

On October 21, we announced the third stage of the program where the business will begin statutory negotiations in Finland and Sweden. Personnel reductions concern Energy business, where the estimated total necessary headcount reduction is 390 persons, and also Fabrics business, where the estimated total amount of headcount reduction is 35. In both businesses, the majority of the reduction measures are expected to be implemented during the last quarter of 2013. The target is to achieve a reduction of approximately EUR 25 million in annual operating costs as a result of the negotiations. It is estimated that the savings will be realized in full as from the fourth quarter of 2014.

The demerger project

After the reporting period, on October 1, Metso's Extraordinary General Meeting (EGM) decided to partially demerge Metso into two companies and transfer Pulp, Paper and Power business operations to a new company and retain the Mining and Construction and Automation businesses within Metso. The Board of Directors' demerger proposal followed a strategic study on the subject started in March, which was concluded by the signing of a demerger plan in May. The new parent company for Metso's Pulp, Paper and Power businesses will be named Valmet Corporation, and Pasi Laine was appointed as the new company's President and CEO. The demerger is expected to be completed before the end of 2013, and the listing of Valmet shares will commence at the beginning of 2014.

The necessary waivers and consents from lenders and bondholders in the consent solicitation process were received in June. The creditors' hearing process ended on September 23 and no objections were received.

Costs related to the demerger process totaled EUR 14 million in January–September. The total cost of the process in 2013 is estimated to be around EUR 30 million.

In September, Metso's Board of Directors approved the strategy, organization, and financial targets for Valmet Corporation. A demerger prospectus, which is available on Metso's website, was also published.

The EGM also decided on Valmet Corporation's Articles of Association, the composition, number of members, and remuneration of its Board of Directors, and the selection and remuneration of its auditor. The EGM also authorized Valmet's

Board of Directors to decide on the purchase and issuing of Valmet's own shares.

The EGM additionally decided on the composition, number of members, and remuneration of Metso's Board of Directors following the demerger. Metso's new Board of Directors elected the members of the Audit Committee and the Remuneration and HR Committee at its assembly meeting: Eeva Sipilä as Chair of the Audit Committee and Lars Josefsson and Nina Kopola as members. Mikael Lilius was elected as Chair of the Remuneration and HR Committee, with Christer Gardell and Ozey K. Horton, Jr. as members.

The decisions of the Extraordinary General Meeting and the term of the selected Boards and Board's committees will take effect once the demerger is officially registered, around December 31, 2013.

Strategy, organization, and financial targets for the new Metso

In September, in preparation for Metso's demerger, the Board of Directors approved a new strategy, organization, and financial targets for Metso.

Following the demerger, Metso's core customer industries will be mining, construction, and oil and gas. The new Metso intends to improve its profitability by expanding its services business, developing its operational excellence, and increasing its internal integration.

Metso's long-term financial targets after the demerger are:

- Net sales growth to exceed market growth
- Services net sales annual growth of more than 10 percent on average
- EBITA margin before non-recurring items of 11–16 percent
- Return on capital employed (ROCE) before tax of 30 percent
- Earnings per share to grow faster than net sales
- Capital structure that supports a solid investment-grade credit rating
- Dividend payout of at least 50 percent of annual earnings per share.

Following the demerger, Metso will have two reporting segments: Mining and Construction, and Automation. Valmet Automotive and Group Head Office will be reported separately.

As of October 2, 2013, Metso's Executive Team (MET) consists of the following members: Matti Kähkönen, President and CEO; Harri Nikunen, CFO; Andrew Benko, President, Mining and Construction, (until his retirement on December 31, 2013); João Ney Colagrossi, President, Mining and Construction (as of January 1, 2014); Perttu Louhiluoto, President, Automation; Kalle Reponen, SVP, Strategy and M&A (until October 31, 2013); Simo Sääskilahti, SVP, Strategy and M&A (as of November 1, 2013); Merja Kamppari, SVP, HR. Mr. Colagrossi, currently President, Services Business Line, Mining and Construction, will also be responsible for the development of the Metso Group's overall services business until he takes over as head of Mining and Construction.

Valmet to be reported as discontinued operations

In Metso's full-year consolidated financial statements for 2013, Valmet will be reported as discontinued operations (IFRS 5) as a result of the demerger. The post-tax net profit of Valmet will be presented as a single amount at the bottom of Metso's income statement. Valmet's balance sheet at December 31,2013, will not be consolidated into Metso's balance sheet. As a result, earnings per share for discontinued operations will be reported separately from continuing operations and Metso's equity per share at December 31, 2013, will not include Valmet's net assets. Valmet will publish its Financial Statement for 2013 on February 6, 2014.

Legal proceedings

In May, the US Court of Appeals reversed an earlier favorable verdict in a patent infringement case and held Metso's patent invalid with respect to the ongoing dispute between Metso and Powerscreen International, owned by Terex Corporation. Metso is seeking a reversal of this decision. The final outcome of the lawsuit can be expected during 2014. Based on the earlier decisions related to this case, Metso has not booked any compensation in its financial results.

Composition of Metso's Nomination Board

Metso's four largest registered shareholders on August 30, 2013 named the following as their representatives on Metso's Nomination Board: Lars Förberg for Cevian Capital, Kari Järvinen for Solidium, Harri Sailas for Ilmarinen Mutual Pension Insurance Company, and Matti Vuoria for Varma Mutual Pension Insurance Company. The Chairman of Metso's Board of Directors serves as the Nomination Board's expert member.

Events after the review period

Change in Metso Executive Team

On October 17, Simo Sääskilahti (M.Sc. Engineering, M.Sc. Economics) was appointed Senior Vice President, Strategy and Business Development for Metso Group, and member of Metso Executive team as of November 1, 2013. Kalle Reponen, Metso's current Senior Vice President, Strategy and M&A, has decided to leave Metso at the end of 2013.

Short-term business risks

Turbulence in terms of global economic growth, particularly in emerging markets, may have an adverse impact on new projects under negotiation or on projects in our order backlog. Some projects may be postponed, suspended, or canceled.

Financial uncertainty in the euro zone, 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 658 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

Many of our customer industries continue to be characterized by a weaker investment appetite compared to previous year. Although some initial positive signs have been seen at the macro economic level, these have not had a material impact on our businesses.

Mining and Construction and Automation segments:
We expect demand for mining equipment to remain satisfactory. 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 projected to remain satisfactory.

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

Pulp, Paper and Power segment (businesses to be separated in the demerger):
In the Services business, demand is expected to remain satisfactory.

In the Pulp and Energy business, demand for pulp mills and rebuilds is expected to remain satisfactory, while that for power plants based on renewable energy sources is expected to remain weak.

In the paper business, structural change in the paper industry is likely to continue and demand for papermaking lines is expected to remain weak.

Financial performance

We repeat our guidance for our 2013 financial performance, which was published on October 17, and at the time lowered from our January-June interim review (published on July 25, 2013). Lowering was primarily resulting from lower profitability at the separate business entity Valmet Automotive during the second half of the year.

Our guidance for 2013:

We estimate that our net sales and EBITA before non-recurring items in 2013 will be significantly lower than those in 2012.

The previous guidance, published on July 25, 2013:

We estimate that our net sales and EBITA before non-recurring items in 2013 will be somewhat lower than those in 2012.

Both statements above are related to Metso's current segment reporting and are based on the economic situation, market outlook, order backlog for 2013, and foreign exchange rates remaining similar to those at the time of publishing.

In addition to the updated guidance for the whole company, we published the following additional segment information for 2013:

- *Mining and Construction segment:* Net sales are expected to be somewhat lower and EBITA before non-recurring items at around the same level compared to 2012
- *Automation segment:* Net sales are expected to be at around the same level and EBITA before non-recurring items is expected to improve significantly compared to 2012
- *Pulp Paper and Power segment* (businesses to be demerged from Metso): Both net sales and EBITA before non-recurring items are expected to be significantly lower compared to 2012. Net sales and EBITA before non-recurring items during the second half are expected to be at about the first half's level.
- *Valmet Automotive* is expected to book a substantial loss for 2013.

Helsinki, October 24, 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.

The Interim Review is unaudited

Consolidated statement of income

EUR million	7-9/2013	7-9/2012	1-9/2013	1-9/2012	1-12/2012
Net sales	**1,579**	1,754	**4,925**	5,406	7,504
Cost of goods sold	**-1,192**	-1,322	**-3,698**	-4,075	-5,703
Gross profit	**387**	432	**1,227**	1,331	1,801
Selling, general and administrative expenses	**-278**	-276	**-887**	-868	-1,184
Other operating income and expenses, net	**-19**	2	**-35**	-11	-16
Share in profits of associated companies	**0**	0	**1**	0	1
Operating profit	**90**	158	**306**	452	602
Financial income and expenses, net	**-15**	-12	**-49**	-35	-59
Profit before taxes	**75**	146	**257**	417	543
Income taxes	**-23**	-37	**-82**	-121	-175
Profit	**52**	109	**175**	296	368
Attributable to:					
Shareholders of the company	**59**	110	**182**	297	369
Non-controlling interests	**-7**	-1	**-7**	-1	-1
Profit	**52**	109	**175**	296	368
Earnings per share, EUR	**0.39**	0.73	**1.21**	1.98	2.46
Diluted earnings per share, EUR	**0.39**	0.73	**1.21**	1.98	2.46

Consolidated statement of comprehensive income

EUR million	7-9/2013	7-9/2012	1-9/2013	1-9/2012	1-12/2012
Profit	**52**	109	**175**	296	368
Items that may be reclassified to profit or loss in subsequent periods:					
Cash flow hedges, net of tax	**0**	8	**2**	7	7
Available-for-sale equity investments, net of tax	**0**	0	**0**	0	0
Currency translation on subsidiary net investments	**-30**	-8	**-70**	8	-22
Net investment hedge gains (+) / losses (-), net of tax	**-**	-	**-**	-	-
	-30	0	**-68**	15	-15
Items that will not be reclassified to profit or loss:					
Defined benefit plan actuarial gains (+) / losses (-), net of tax	**-**	-	**-**	-	-16
Other comprehensive income (+) / expense (-)	**-30**	0	**-68**	15	-31
Total comprehensive income (+) / expense (-)	**29**	109	**114**	311	337
Attributable to:					
Shareholders of the company	**36**	110	**121**	312	338
Non-controlling interests	**-7**	-1	**-7**	-1	-1
Total comprehensive income (+) / expense (-)	**29**	109	**114**	311	337

Consolidated balance sheet

ASSETS

EUR million	Sep 30, 2013	Sep 30, 2012	Dec 31, 2012
Non-current assets			
Intangible assets			
Goodwill	**894**	890	887
Other intangible assets	**235**	256	253
	1,129	1,146	1,140
Property, plant and equipment			
Land and water areas	**73**	69	69
Buildings and structures	**290**	298	289
Machinery and equipment	**476**	433	429
Assets under construction	**46**	54	46
	885	854	833
Financial and other assets			
Investments in associated companies	**8**	16	17
Available-for-sale equity investments	**6**	6	6
Loan and other interest bearing receivables	**85**	9	9
Available-for-sale financial investments	**0**	0	0
Derivative financial instruments	**0**	0	3
Deferred tax asset	**173**	172	177
Other non-current assets	**33**	39	38
	305	242	250
Total non-current assets	**2,319**	2,242	2,223
Current assets			
Inventories	**1,503**	1,919	1,529
Receivables			
Trade and other receivables	**1,259**	1,417	1,442
Cost and earnings of projects under construction in excess of advance billings	**417**	409	420
Loan and other interest bearing receivables	**1**	1	1
Available-for-sale financial assets	**1**	1	1
Financial instruments held for trading	**22**	52	232
Derivative financial instruments	**26**	46	36
Income tax receivables	**64**	50	27
Receivables total	**1,790**	1,976	2,159
Cash and cash equivalents	**658**	568	731
Total current assets	**3,951**	4,463	4,419
TOTAL ASSETS	**6,270**	6,705	6,642

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Sep 30, 2013	Sep 30, 2012	Dec 31, 2012
Equity			
Share capital	**241**	241	241
Cumulative translation adjustments	**-47**	53	23
Fair value and other reserves	**725**	717	718
Retained earnings	**1,130**	1,168	1,225
Equity attributable to shareholders	**2,049**	2,179	2,207
Non-controlling interests	**18**	21	20
Total equity	**2,067**	2,200	2,227
Liabilities			
Non-current liabilities			
Long-term debt	**893**	743	1,086
Post employment benefit obligations	**235**	233	245
Provisions	**57**	63	58
Derivative financial instruments	**11**	9	10
Deferred tax liability	**29**	38	34
Other long-term liabilities	**5**	7	6
Total non-current liabilities	**1,230**	1,093	1,439
Current liabilities			
Current portion of long-term debt	**248**	171	136
Short-term debt	**121**	83	68
Trade and other payables	**1,407**	1,399	1,349
Provisions	**188**	210	198
Advances received	**544**	741	570
Billings in excess of cost and earnings of projects under construction	**391**	701	567
Derivative financial instruments	**25**	34	31
Income tax liabilities	**49**	73	57
Total current liabilities	**2,973**	3,412	2,976
Total liabilities	**4,203**	4,505	4,415
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**6,270**	6,705	6,642

NET INTEREST BEARING LIABILITIES

EUR million	Sep 30, 2013	Sep 30, 2012	Dec 31, 2012
Long-term interest bearing debt	**893**	743	1 086
Short-term interest bearing debt	**369**	254	204
Cash and cash equivalents	**-658**	-568	-731
Other interest bearing assets	**-109**	-63	-243
Net interest bearing liabilities	**495**	366	316

Condensed consolidated cash flow statement

EUR million	7-9/2013	7-9/2012	1-9/2013	1-9/2012	1-12/2012
Cash flows from operating activities:					
Profit	**52**	109	**175**	296	368
Adjustments to reconcile profit to net cash provided by operating activities					
Depreciation and amortization	**44**	42	**126**	124	166
Interests and dividend income	**13**	13	**42**	33	52
Income taxes	**23**	37	**82**	121	175
Other	**21**	-7	**-38**	2	1
Change in net working capital	**9**	-3	**2**	-146	-176
Cash flows from operations	**162**	191	**389**	430	586
Interest paid and dividends received	**-3**	-3	**-34**	-26	-39
Income taxes paid	**-43**	-47	**-137**	-147	-188
Net cash provided by operating activities	**116**	141	**218**	257	359
Cash flows from investing activities:					
Capital expenditures on fixed assets	**-70**	-44	**-186**	-108	-156
Proceeds from sale of fixed assets	**5**	4	**8**	8	10
Business acquisitions, net of cash acquired	**2**	-	**-1**	-5	-5
Proceeds from sale of businesses, net of cash sold	**-**	-	**-1**	-	-
Proceeds from sale of / (Investments in) financial assets	**22**	28	**210**	118	-62
Other	**10**	-1	**-10**	-1	0
Net cash provided by (+) / used in (-) investing activities	**-31**	-13	**20**	12	-213
Cash flows from financing activities:					
Dividends paid	**-**	-	**-277**	-254	-254
Changes in ownership interests in subsidiaries	**-**	-	**-5**	-	-
Net funding	**4**	-36	**-7**	-28	268
Other	**0**	0	**0**	0	-1
Net cash used in financing activities	**4**	-36	**-289**	-282	13
Net increase (+) / decrease (-) in cash and cash equivalents	**89**	92	**-51**	-13	159
Effect from changes in exchange rates	**-12**	-3	**-22**	-9	-18
Cash and cash equivalents at beginning of period	**581**	479	**731**	590	590
Cash and cash equivalents at end of period	**658**	568	**658**	568	731

FREE CASH FLOW

EUR million	7-9/2013	7-9/2012	1-9/2013	1-9/2012	1-12/2012
Net cash provided by operating activities	**116**	141	**218**	257	359
Capital expenditures on maintenance investments	**-26**	-27	**-77**	-77	-112
Proceeds from sale of fixed assets	**5**	4	**8**	8	10
Free cash flow	**95**	118	**149**	188	257

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, 2012	**241**	**45**	**706**	**1,123**	**2,115**	**21**	**2,136**
Profit	-	-	-	300	300	-1	299
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	7	-	7	-	7
Available-for-sale equity investments, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	8	-	-	8	-	8
Net investment hedge gains (losses), net of tax	-	-	-	-	-	-	-
Total comprehensive income (+) / expense (-)	-	8	7	300	315	-1	314
Dividends	-	-	-	-254	-254	0	-254
Redemption of own shares	-	-	0	-	0	-	0
Share-based payments, net of tax	-	-	2	0	2	-	2
Other	-	-	2	-1	1	1	2
Balance at Sep 30, 2012	**241**	**53**	**717**	**1,168**	**2,179**	**21**	**2,200**
Balance at Jan 1, 2013	**241**	**23**	**718**	**1,225**	**2,207**	**20**	**2,227**
Profit	-	-	-	182	182	-7	175
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	-	-70	-	-	-70	-	-70
Net investment hedge gains (losses), net of tax	-	-	-	-	-	-	-
Total comprehensive income (+) / expense (-)	-	-70	2	182	114	-7	107
Dividends	-	-	-	-277	-277	-	-277
Redemption of own shares	-	-	-	-	-	-	-
Share-based payments, net of tax	-	-	4	0	4	-	4
Other	-	-	1	2	3	-	3
Changes in non-controlling interests	-	-	-	-2	-2	5	3
Balance at Sep 30, 2013	**241**	**-47**	**725**	**1,130**	**2,049**	**18**	**2,067**

Acquisitions 2013

In September, Metso completed the acquisition of 75% ownership in Shaorui Heavy Industries Ltd in China at a price of EUR 36 million. The company was consolidated into the Mining and Construction segment as of September 27, 2013. A preliminary goodwill of EUR 9 million was recognized.

In June, Metso acquired EPT Engineering Services Pvt. Ltd. in India into its Power business line.

Disposals of businesses 2013

In May, Metso sold its 70% holding in ND Engineering (Pty) Ltd in South Africa. This transaction had no material effect on Metso.

In January, Metso divested Metso Husum AB, a service workshop servicing pulp and paper in Sweden. The transaction had no material effect on Metso.

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.

September 30, 2013

EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
• Derivatives	-	11	-
• Securities	22	-	-
Derivatives qualified for hedge accounting	-	15	-
Available for sale investments			
• Equity investments	1	-	-
• Debt investments	1	-	-
Total assets	**24**	**26**	**-**
Liabilities			
Financial liabilities at fair value through profit and loss			
• Derivatives	-	16	-
• Long term debt at fair value	-	195	-
Derivatives qualified for hedge accounting	-	20	-
Total liabilities	**-**	**231**	**-**

Assets pledged and contingent liabilities

EUR million	Sep 30, 2013	Sep 30, 2012	Dec 31, 2012
Mortgages on corporate debt	**58**	0	0
Other pledges and contingencies			
Mortgages	**5**	5	5
Other guarantees	**3**	3	2
Repurchase and other commitments	**6**	6	5
Lease commitments	**205**	222	223

Notional amounts of derivative financial instruments

EUR million	Sep 30, 2013	Sep 30, 2012	Dec 31, 2012
Forward exchange rate contracts	**2,078**	2,539	2,488
Interest rate swaps	**285**	85	285
Cross currency swaps	**33**	33	33
Option agreements			
Bought	**2**	-	1
Sold	**24**	20	10

The notional amount of electricity forwards was 558 GWh as of September 30, 2013 and 674 GWh as of September 30, 2012.

The notional amount of nickel forwards to hedge stainless steel prices was 432 tons as of September 30, 2013 and 474 tons as of September 30, 2012.

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

Key ratios

	1-9/2013	1-9/2012	1-12/2012
Earnings per share, EUR	**1.21**	1.98	2.46
Diluted earnings per share, EUR	**1.21**	1.98	2.46
Equity/share at end of period, EUR	**13.67**	14.55	14.74
Return on equity (ROE), % (annualized)	**11.0**	19.0	17.3
Return on capital employed (ROCE) before taxes, % (annualized)	**12.8**	20.2	19.7
Return on capital employed (ROCE) after taxes, % (annualized)	**9.5**	15.1	14.2
Equity to assets ratio at end of period, %	**38.7**	41.8	40.5
Net gearing at end of period, %	**24.0**	16.7	14.2
Free cash flow, EUR million	**149**	188	257
Free cash flow/share, EUR	**0.99**	1.26	1.72
Cash conversion, %	**85**	64	70
Gross capital expenditure (excl. business acquisitions), EUR million	**186**	108	156
Business acquisitions, net of cash acquired, EUR million	**1**	5	5
Depreciation and amortization, EUR million	**126**	124	166
Number of outstanding shares at end of period (thousands)	**149,864**	149,756	149,756
Average number of shares (thousands)	**149,813**	149,702	149,715
Average number of diluted shares (thousands)	**149,936**	149,861	149,870

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

	1-9/2013	1-9/2012	1-12/2012
Earnings per share, EUR, restated	**1.21**	1.98	2.46
Earnings per share, EUR, as published in 2012		2.00	2.49
Operating profit, restated	**306**	452	602
Operating profit, as published in 2012		449	599
Financial income and expenses, net, restated	**-49**	-35	-59
Financial income and expenses, net, as published in 2012		-27	-49
Income taxes, restated	**-82**	-121	-175
Income taxes, as published in 2012		-123	-178
Profit, restated	**175**	296	368
Profit, as published in 2012		299	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

		1-9/2013	1-9/2012	1-12/2012	Sep 30, 2013	Sep 30, 2012	Dec 31, 2012
USD	(US dollar)	**1.3185**	1.2895	1.2932	**1.3505**	1.2930	1.3194
SEK	(Swedish krona)	**8.6040**	8.7275	8.7015	**8.6575**	8.4498	8.5820
GBP	(Pound sterling)	**0.8500**	0.8145	0.8137	**0.8361**	0.7981	0.8161
CAD	(Canadian dollar)	**1.3507**	1.2904	1.2930	**1.3912**	1.2684	1.3137
BRL	(Brazilian real)	**2.8016**	2.4704	2.5220	**3.0406**	2.6232	2.7036
CNY	(Chinese yuan)	**8.1345**	8.1485	8.1462	**8.2645**	8.1261	8.2207
AUD	(Australian dollar)	**1.3523**	1.2437	1.2468	**1.4486**	1.2396	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	7-9/2013	7-9/2012	1-9/2013	1-9/2012	10/2012-9/2013	1-12/2012
Mining and Construction	**742**	882	**2,286**	2,568	3,210	3,492
Automation	**214**	212	**605**	626	838	859
Pulp, Paper and Power	**601**	635	**1,946**	2,089	2,871	3,014
Valmet Automotive	**45**	45	**149**	173	192	216
Group Head Office and other	**-**	-	**-**	-	-	-
Group Head Office and others total	**45**	45	**149**	173	192	216
Intra Metso net sales	**-23**	-20	**-61**	-50	-88	-77
Metso total	**1,579**	1,754	**4,925**	5,406	7,023	7,504

EBITA BEFORE NON-RECURRING ITEMS

EUR million	7-9/2013	7-9/2012	1-9/2013	1-9/2012	10/2012-9/2013	1-12/2012
Mining and Construction	**100.8**	106.2	**288.5**	300.9	407.5	419.9
Automation	**34.3**	28.8	**78.9**	70.4	109.7	101.2
Pulp, Paper and Power	**31.6**	45.1	**87.1**	147.0	143.9	203.8
Valmet Automotive	**-17.3**	-1.7	**-17.5**	-0.8	-16.1	0.6
Group Head Office and other	**-6.5**	-7.0	**-20.4**	-26.7	-31.7	-38.0
Group Head Office and others total	**-23.8**	-8.7	**-37.9**	-27.5	-47.8	-37.4
Metso total	**142.9**	171.4	**416.6**	490.8	613.3	687.5

EBITA BEFORE NON-RECURRING ITEMS, % OF NET SALES

%	7-9/2013	7-9/2012	1-9/2013	1-9/2012	10/2012-9/2013	1-12/2012
Mining and Construction	**13.6**	12.0	**12.6**	11.7	12.7	12.0
Automation	**16.0**	13.6	**13.0**	11.2	13.1	11.8
Pulp, Paper and Power	**5.3**	7.1	**4.5**	7.0	5.0	6.8
Valmet Automotive	**-38.4**	-3.8	**-11.7**	-0.5	-8.4	0.3
Group Head Office and other	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Group Head Office and others total	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Metso total	**9.1**	9.8	**8.5**	9.1	8.7	9.2

NON-RECURRING ITEMS

EUR million	7-9/2013	7-9/2012	1-9/2013	1-9/2012	10/2012-9/2013	1-12/2012
Mining and Construction	**0.0**	-1.0	**-20.7**	-1.0	-27.9	-8.2
Automation	**-**	-	**-**	-	-1.0	-1.0
Pulp, Paper and Power	**-38.2**	-	**-46.2**	-	-69.9	-23.7
Valmet Automotive	**-**	-	**-**	-	-1.1	-1.1
Group Head Office and other	**-2.4**	-	**-6.8**	-1.2	-7.6	-2.0
Group Head Office and others total	**-2.4**	-	**-6.8**	-1.2	-8.7	-3.1
Metso total	**-40.6**	-1.0	**-73.7**	-2.2	-107.5	-36.0

AMORTIZATION

EUR million	7-9/2013	7-9/2012	1-9/2013	1-9/2012	10/2012-9/2013	1-12/2012
Mining and Construction	**-2.6**	-2.5	**-7.7**	-7.7	-10.4	-10.4
Automation	**-0.9**	-1.2	**-3.2**	-3.4	-4.3	-4.5
Pulp, Paper and Power	**-6.7**	-7.3	**-20.2**	-21.8	-27.4	-29.0
Valmet Automotive	**-0.9**	-0.8	**-2.5**	-2.3	-3.3	-3.1
Group Head Office and other	**-1.0**	-0.9	**-2.9**	-2.0	-3.7	-2.8
Group Head Office and others total	**-1.9**	-1.7	**-5.4**	-4.3	-7.0	-5.9
Metso total	**-12.1**	-12.7	**-36.5**	-37.2	-49.1	-49.8

OPERATING PROFIT (LOSS)

EUR million	7-9/2013	7-9/2012	1-9/2013	1-9/2012	10/2012-9/2013	1-12/2012
Mining and Construction	**98.4**	102.5	**260.2**	292.1	369.6	401.4
Automation	**33.3**	27.7	**75.6**	67.0	104.2	95.6
Pulp, Paper and Power	**-13.4**	37.8	**20.6**	125.2	46.5	151.1
Valmet Automotive	**-18.1**	-2.4	**-20.0**	-2.9	-20.5	-3.4
Group Head Office and other	**-10.0**	-7.9	**-30.1**	-30.0	-43.1	-43.0
Group Head Office and others total	**-28.1**	-10.3	**-50.1**	-32.9	-63.6	-46.4
Metso total	**90.2**	157.7	**306.3**	451.4	456.7	601.7

OPERATING PROFIT (LOSS), % OF NET SALES

%	7-9/2013	7-9/2012	1-9/2013	1-9/2012	10/2012-9/2013	1-12/2012
Mining and Construction	**13.3**	11.6	**11.4**	11.4	11.5	11.5
Automation	**15.6**	13.1	**12.5**	10.7	12.4	11.1
Pulp, Paper and Power	**-2.2**	6.0	**1.1**	6.0	1.6	5.0
Valmet Automotive	**-40.2**	-5.3	**-13.4**	-1.7	-10.7	-1.6
Group Head Office and other	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Group Head Office and others total	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Metso total	**5.7**	9.0	**6.2**	8.3	6.5	8.0

ORDERS RECEIVED

EUR million	7-9/2013	7-9/2012	1-9/2013	1-9/2012	10/2012-9/2013	1-12/2012
Mining and Construction	**635**	787	**2,164**	2,642	2,958	3,436
Automation	**200**	190	**693**	639	899	845
Pulp, Paper and Power	**382**	504	**1,754**	1,767	2,431	2,444
Valmet Automotive	**44**	45	**148**	173	191	216
Group Head Office and other	**-**	-	**-**	-	-	-
Group Head Office and others total	**44**	45	**148**	173	191	216
Intra Metso orders received	**-12**	-15	**-43**	-55	-64	-76
Metso total	**1,249**	1,511	**4,716**	5,166	6,415	6,865

Quarterly information

NET SALES

EUR million	7-9/2012	10-12/2012	1-3/2013	4-6/2013	7-9/2013
Mining and Construction	882	924	744	800	**742**
Automation	212	233	184	207	**214**
Pulp, Paper and Power	635	925	631	714	**601**
Valmet Automotive	45	43	47	57	**45**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	45	43	47	57	**45**
Intra Metso net sales	-20	-27	-16	-22	**-23**
Metso total	1,754	2,098	1,590	1,756	**1,579**

EBITA BEFORE NON-RECURRING ITEMS

EUR million	7-9/2012	10-12/2012	1-3/2013	4-6/2013	7-9/2013
Mining and Construction	106.2	119.0	91.2	96.5	**100.8**
Automation	28.8	30.8	16.1	28.5	**34.3**
Pulp, Paper and Power	45.1	56.8	28.3	27.2	**31.6**
Valmet Automotive	-1.7	1.4	0.8	-1.0	**-17.3**
Group Head Office and other	-7.0	-11.3	-4.9	-9.0	**-6.5**
Group Head Office and others total	-8.7	-9.9	-4.1	-10.0	**-23.8**
Metso total	171.4	196.7	131.5	142.2	**142.9**

EBITA BEFORE NON-RECURRING ITEMS, % OF NET SALES

%	7-9/2012	10-12/2012	1-3/2013	4-6/2013	7-9/2013
Mining and Construction	12.0	12.9	12.3	12.1	**13.6**
Automation	13.6	13.2	8.8	13.8	**16.0**
Pulp, Paper and Power	7.1	6.1	4.5	3.8	**5.3**
Valmet Automotive	-3.8	3.3	1.7	-1.8	**-38.4**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Group Head Office and others total	n/a	n/a	n/a	n/a	**n/a**
Metso total	9.8	9.4	8.3	8.1	**9.1**

NON-RECURRING ITEMS

EUR million	7-9/2012	10-12/2012	1-3/2013	4-6/2013	7-9/2013
Mining and Construction	-1.0	-7.2	-	-20.7	**0.0**
Automation	-	-1.0	-	-	**-**
Pulp, Paper and Power	-	-23.7	-	-8.0	**-38.2**
Valmet Automotive	-	-1.1	-	-	**-**
Group Head Office and other	-	-0.8	-	-4.4	**-2.4**
Group Head Office and others total	-	-1.9	-	-4.4	**-2.4**
Metso total	-1.0	-33.8	-	-33.1	**-40.6**

AMORTIZATION

EUR million	7-9/2012	10-12/2012	1-3/2013	4-6/2013	**7-9/2013**
Mining and Construction	-2.5	-2.7	-2.6	-2.5	**-2.6**
Automation	-1.2	-1.1	-1.2	-1.1	**-0.9**
Pulp, Paper and Power	-7.3	-7.2	-6.7	-6.8	**-6.7**
Valmet Automotive	-0.8	-0.8	-0.8	-0.8	**-0.9**
Group Head Office and other	-0.9	-0.8	-1.0	-0.9	**-1.0**
Group Head Office and others total	-1.7	-1.6	-1.8	-1.7	**-1.9**
Metso total	-12.7	-12.6	-12.3	-12.1	**-12.1**

OPERATING PROFIT (LOSS)

EUR million	7-9/2012	10-12/2012	1-3/2013	4-6/2013	**7-9/2013**
Mining and Construction	102.5	109.3	88.6	73.3	**98.4**
Automation	27.7	28.6	14.9	27.4	**33.3**
Pulp, Paper and Power	37.8	25.9	21.6	12.4	**-13.4**
Valmet Automotive	-2.4	-0.5	0.0	-1.9	**-18.1**
Group Head Office and other	-7.9	-13.0	-5.9	-14.2	**-10.0**
Group Head Office and others total	-10.3	-13.5	-5.9	-16.1	**-28.1**
Metso total	157.7	150.3	119.2	97.0	**90.2**

OPERATING PROFIT (LOSS), % OF NET SALES

%	7-9/2012	10-12/2012	1-3/2013	4-6/2013	**7-9/2013**
Mining and Construction	11.6	11.8	11.9	9.2	**13.3**
Automation	13.1	12.3	8.1	13.2	**15.6**
Pulp, Paper and Power	6.0	2.8	3.4	1.7	**-2.2**
Valmet Automotive	-5.3	-1.2	0.0	-3.3	**-40.2**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Group Head Office and others total	n/a	n/a	n/a	n/a	**n/a**
Metso total	9.0	7.2	7.5	5.5	**5.7**

CAPITAL EMPLOYED

EUR million	Sep 30, 2012	Dec 31, 2012	Mar 31, 2013	June 30, 2013	**Sep 30, 2013**
Mining and Construction	1,449	1,357	1,456	1,328	**1,320**
Automation	299	289	290	286	**276**
Pulp, Paper and Power	697	786	782	811	**790**
Valmet Automotive	36	35	24	75	**82**
Group Head Office and other	717	1,050	778	812	**860**
Group Head Office and others total	753	1,085	802	887	**942**
Metso total	3,198	3,517	3,330	3,312	**3,328**

Capital employed includes only external balance sheet items.

ORDERS RECEIVED

EUR million	7-9/2012	10-12/2012	1-3/2013	4-6/2013	7-9/2013
Mining and Construction	787	794	786	743	**635**
Automation	190	206	254	239	**200**
Pulp, Paper and Power	504	677	511	861	**382**
Valmet Automotive	45	43	47	57	**44**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	45	43	47	57	**44**
Intra Metso orders received	-15	-21	-14	-17	**-12**
Metso total	1,511	1,699	1,584	1,883	**1,249**

ORDER BACKLOG

EUR million	Sep 30, 2012	Dec 31, 2012	Mar 31, 2013	June 30, 2013	Sep 30, 2013
Mining and Construction	2,189	1,983	2,061	1,872	**1,701**
Automation	374	343	417	438	**418**
Pulp, Paper and Power	2,534	2,249	2,138	1,883	**1,658**
Valmet Automotive	-	-	-	-	**-**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	-	-	-	-	**-**
Intra Metso order backlog	-66	-60	-58	-52	**-41**
Metso total	5,031	4,515	4,558	4,141	**3,736**

PERSONNEL

	Sep 30, 2012	Dec 31, 2012	Mar 31, 2013	June 30, 2013	Sep 30, 2013
Mining and Construction	11,754	11,721	11,686	11,620	**12,094**
Automation	4,119	4,128	4,124	4,336	**4,250**
Pulp, Paper and Power	12,650	12,439	12,170	11,970	**11,671**
Valmet Automotive	1,086	1,093	1,216	1,334	**1,602**
Group Head Office and other	818	831	821	851	**820**
Group Head Office and others total	1,904	1,924	2,037	2,185	**2,422**
Metso total	30,427	30,212	30,017	30,111	**30,437**

Non-recurring items and amortization of intangible assets

7-9/2013 EUR million	Mining and Construction	Automation	Pulp, Paper and Power	Metso total
EBITA before non-recurring items	**100.8**	**34.3**	**31.6**	**142.9**
% of net sales	**13.6**	**16.0**	**5.3**	**9.1**
Capacity adjustment expenses **)	-	-	-38.2	**-38.2**
Costs related to demerger process	-	-	-	**-2.4**
Amortization of intangible assets *)	-2.6	-0.9	-6.7	**-12.1**
Operating profit (EBIT)	98.4	33.3	-13.4	**90.2**
Non-recurring items in other financial expenses related to demerger process	-	-	-	**-2.5**

*)Includes EUR 20.6 million impairment of fixed assets and inventory.

**)Includes EUR 20.6 million impairment of fixed assets and inventory.

7-9/2012 EUR million	Mining and Construction	Automation	Pulp, Paper and Power	Metso total
EBITA before non-recurring items	**106.2**	**28.8**	**45.1**	**171.4**
% of net sales	**12.0**	**13.6**	**7.1**	**9.8**
Capacity adjustment expenses	-0.5	-	-	**-0.5**
Intellectual property items	-0.5	-	-	**-0.5**
Amortization of intangible assets *)	-2.5	-1.2	-7.3	**-12.7**
Operating profit (EBIT)	102.5	27.7	37.8	**157.7**

*)Includes EUR 5.3 million amortization of intangible assets acquired through business acquisitions.

1-9/2013 EUR million	Mining and Construction	Automation	Pulp, Paper and Power	Metso total
EBITA before non-recurring items	**288.5**	**78.9**	**87.1**	**416.6**
% of net sales	**12.6**	**13.0**	**4.5**	**8.5**
Loss on revaluation of Northland receivables reclassified as long-term interest bearing loan	-20.7	-	-	**-20.7**
Capacity adjustment expenses **)	-	-	-46.2	**-46.2**
Costs related to demerger process	-	-	-	**-6.8**
Amortization of intangible assets *)	-7.7	-3.2	-20.2	**-36.5**
Operating profit (EBIT)	260.2	75.6	20.6	**306.3**
Non-recurring items in other financial expenses related to demerger process	-	-	-	**-7.0**

*)Includes EUR 13.5 million amortization of intangible assets acquired through business acquisitions.

**)Includes EUR 20.6 million impairment of fixed assets and inventory.

1-9/2012 EUR million	Mining and Construction	Automation	Pulp, Paper and Power	Metso total
EBITA before non-recurring items	**300.9**	**70.4**	**147.0**	**490.8**
% of net sales	**11.7**	**11.2**	**7.0**	**9.1**
Capacity adjustment expenses	-0.5	-	-	**-0.5**
Intellectual property items	-0.5	-	-	**-0.5**
Costs related to business acquisition projects	-	-	-	**-1.2**
Amortization of intangible assets *)	-7.7	-3.4	-21.8	**-37.2**
Operating profit (EBIT)	292.1	67.0	125.2	**451.4**

*) Includes EUR 15.4 million amortization of intangible assets acquired through business acquisitions.

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

[*)] 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 Financial Statements for 2012, 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 remeasurement 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.

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 would be paid for the financial year ending on December 31, 2012, and the dividend was paid on April 11, 2013.

The Annual General Meeting confirmed the number of Board members as eight and elected Jukka Viinanen 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 Annual General Meeting decided that, as a condition for this annual remuneration, the members of the Board of Directors will be obliged, directly based on the General Meeting's decision, to use 40 percent of their fixed annual remuneration for purchasing Metso shares from the 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 23, 2013. A total of 6,304 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 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 directors' remuneration. Representatives of the four largest shareholders were elected to the Nomination Board, and the Chairman of Metso's Board of Directors serves 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 the Remuneration and HR Committee at its assembly meeting on March 28, 2013. The Board also decided to establish a new committee (Demerger Committee) related to the preparations for a possible demerger. 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, and Mikael Lilius, with Metso's President and CEO, Matti Kähkönen, as an expert member.

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

Shares and share capital

At the end of September 2013, Metso's share capital was EUR 240,982,843.80 and the number of shares was 150,348,256. The number of shares included 484,050 shares held by the Parent Company, which represented 0.32 percent of all shares and votes.

The average number of shares outstanding in January–September, excluding Metso shares held by the Parent Company, was 149,813,092 and the average number of diluted shares was 149,936,204.

Metso's market capitalization, excluding shares held by the Parent Company, was EUR 4,352 million on September 30, 2013 (EUR 4,165 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.

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

The following share ownership plans are currently in effect:

SOP 2010–2012. In May 2013, Metso distributed rewards to 79 participants, amounting to 108,172 shares, of which 17,632 shares were allocated to the Executive Team. The directed share issue without consideration is based on the authorization granted to the Board of Directors by Metso's Annual General Meeting of Shareholders held on March 29, 2012.

SOP 2011–2013. This plan had 66 participants as of the end of September 2013 and the potential rewards it offers correspond to a maximum of 230,748 Metso shares.

Long-term Incentive Plan for 2012–2014. This plan had 93 participants as of the end of September for the 2012 performance period and potential rewards correspond to a maximum of 414,880 Metso shares.

Long-term Incentive Plan for 2012–2014. This plan had 99 participants as of the end of September for the 2013 performance period and potential rewards correspond to a maximum of 413,472 Metso shares.

Trading in Metso shares

A total of 133,104,261 Metso shares were traded on NASDAQ OMX Helsinki in January–September, equivalent to a turnover of EUR 4,059 million. The share price on the last trading day of the period, September 30, 2013, was EUR 29.04 and the average trading price for the period was EUR 30.50. The highest quotation during the review period was EUR 34.93 and the lowest EUR 25.64.

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 September 30, 2013, the closing price of the Metso ADR was USD 39.31. Metso is traded on the OTCQX market under the ticker symbol 'MXCYY', with each ADR representing one Metso share.

Flagging notifications

In September, Cevian announced a change in shareholding within its funds. Cevian Capital II Master Fund L.P.'s holdings of Metso's shares exceeded the 5 percent threshold on August 29, 2013. The holding amounted to 7,560,170 shares, which corresponds to 5.03 percent of the total amount of shares and votes in Metso Corporation. The total holding of Cevian funds (Cevian Capital II Master Fund L.P. and Cevian Capital Partners Ltd.) amounted to 20,068,239 shares on August 29, 2013, which corresponded to 13.35 percent of the total amount of shares and votes in Metso Corporation.

In July, Metso received a flagging notification concerning Cevian Capital II Master Fund L.P. and Cevian Capital Partners Ltd. The combined holding of Cevian Capital II Master Fund L.P. and Cevian Capital Partners Ltd exceeded the 10 percent threshold on July 26, 2013. The holding amounted to 15,540,039 Metso shares, which corresponded to 10.34 percent of the total amount of shares and votes in Metso Corporation.

In addition to Cevian, Solidium Oy also holds more than 5.0 percent of Metso and currently owns 11.1 percent of the company's share capital and voting rights (flagging notification: December 31, 2011).

Credit ratings

Standard & Poor's Ratings Services, June 2013: Metso's long-term corporate credit rating BBB and short-term A-2 and outlook stable.

Moody's Investors Service, June 2013: long-term credit rating Baa2, outlook rating under review due to the company's possible demerger.

Metso's Financial Reporting and Events in 2013 and 2014

Metso and Valmet Capital Markets Day will take place on November 26–27, 2013. Metso's Financial Statement Review for 2013 will be published on February 6, 2014. Metso's Interim Reviews for 2014 will be published as follows: January–March on April 24, January–June on July 31, and January–September on October 24.

The planned date for Metso's Annual General Meeting is Wednesday, March 26, 2014. Metso's Board of Directors will convene the AGM separately at a later date.

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