Interim Review

January 1 – September 30, 2013

Matti Kähkönen, President and CEO
Harri Nikunen, CFO

October 24, 2013

Forward looking statements

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for customer industry profitability and investment willingness, expectations for company growth, development and profitability and the realization of synergy benefits and cost savings, and statements preceded by ”expects”, ”estimates”, ”forecasts” or similar expressions, are forward-looking statements. These statements are based on current decisions and plans and currently known factors. They involve risks and uncertainties which may cause the actual results to materially differ from the results currently expected by the company.

Such factors include, but are not limited to:

1) general economic conditions, including fluctuations in exchange rates and interest levels which influence the operating environment and profitability of customers and thereby the orders received by the company and their margins
2) the competitive situation, especially significant technological solutions developed by competitors
3) the company’s own operating conditions, such as the success of production, product development and project management and their continuous development and improvement
4) the success of pending and future acquisitions and restructuring.

Presentation contents

1. Quarterly highlights
2. Strategic priorities
3. Financial performance
4. Outlook and guidance





Q3/2013 highlights

Matti Kähkönen

President and CEO

Q3 highlights

- Challenging market environment and strong currency impact on orders and sales, neutral on profitability
- Order intake totaled EUR 1,249 million (EUR 1,511 million); demand for big equipment and projects is soft
- EBITA before non-recurring items was EUR 143 million, 9.1% of net sales (EUR 171 million and 9.8%)
- Profitability improved at Mining and Construction and Automation year-on-year; Pulp, Paper and Power’s EBITA was satisfactory
- Substantial non-recurring costs
- Weak quarter for non-core Valmet Automotive
- Free cash flow was EUR 95 million (EUR 118 million)
- EGM approved the demerger on October 1

Figures in the bracket refer to same period last yer unless otherwise stated

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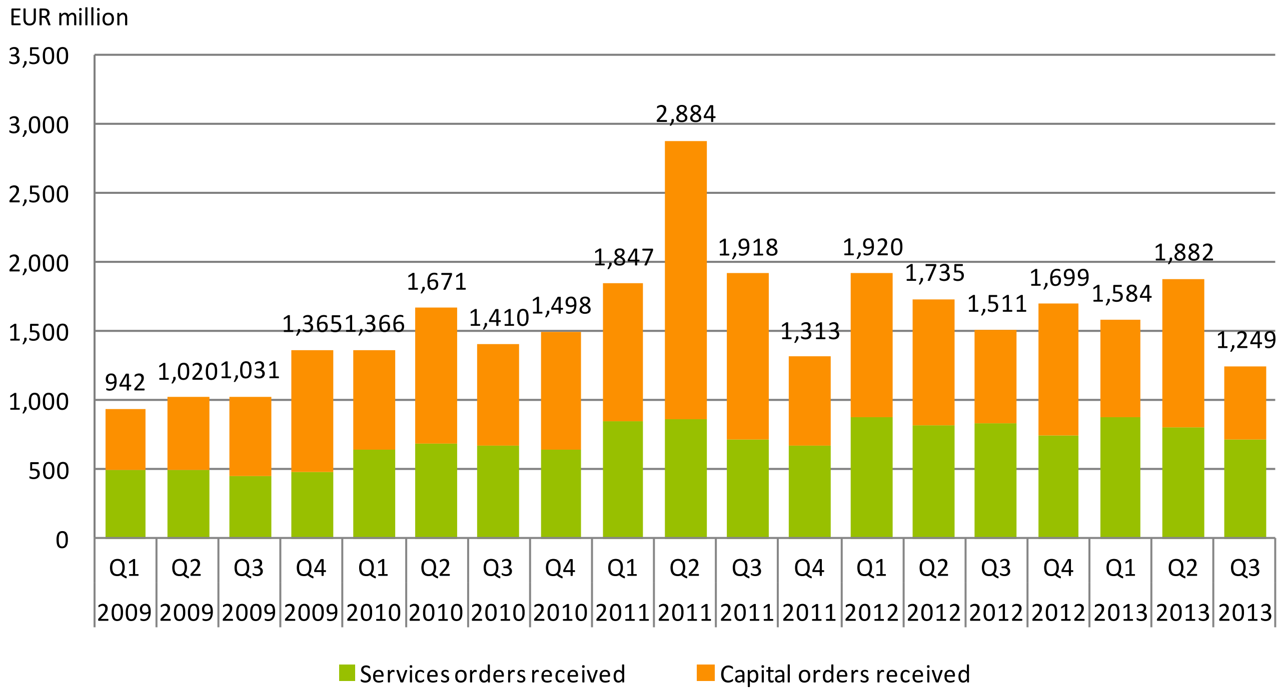
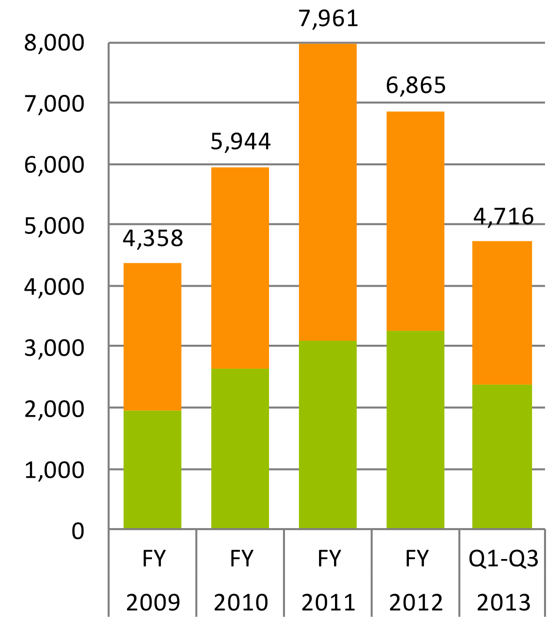
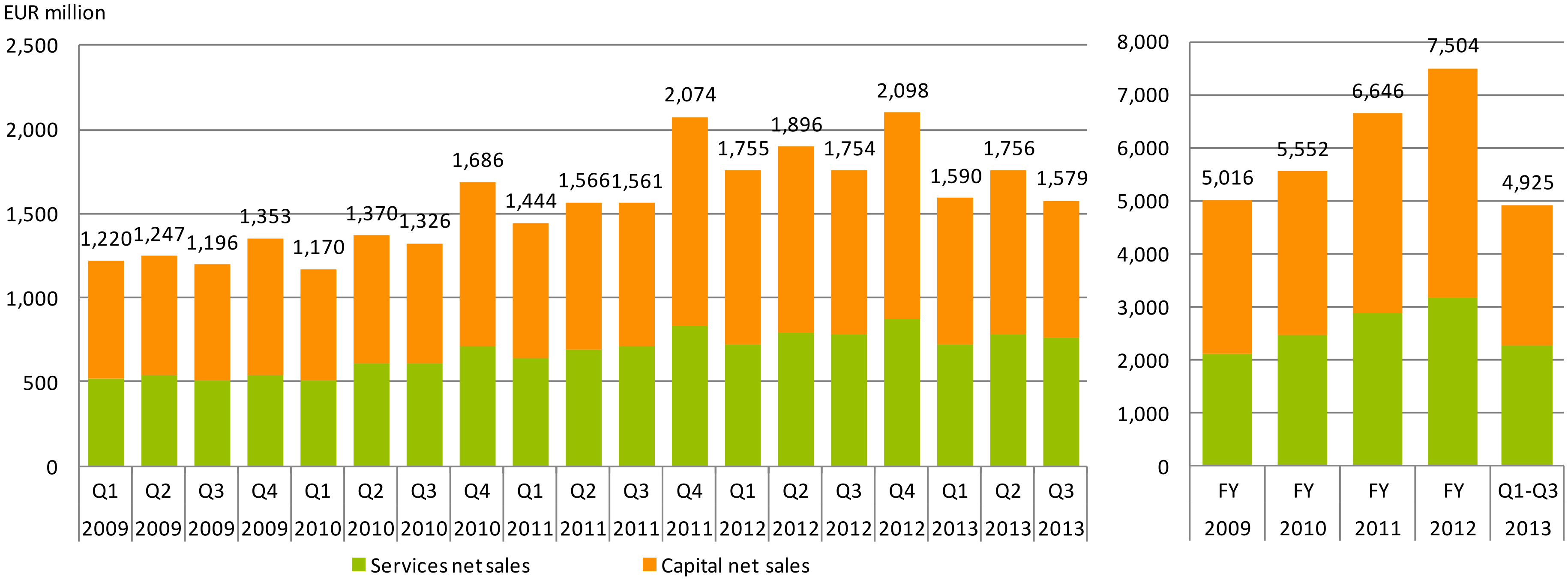
Order intake





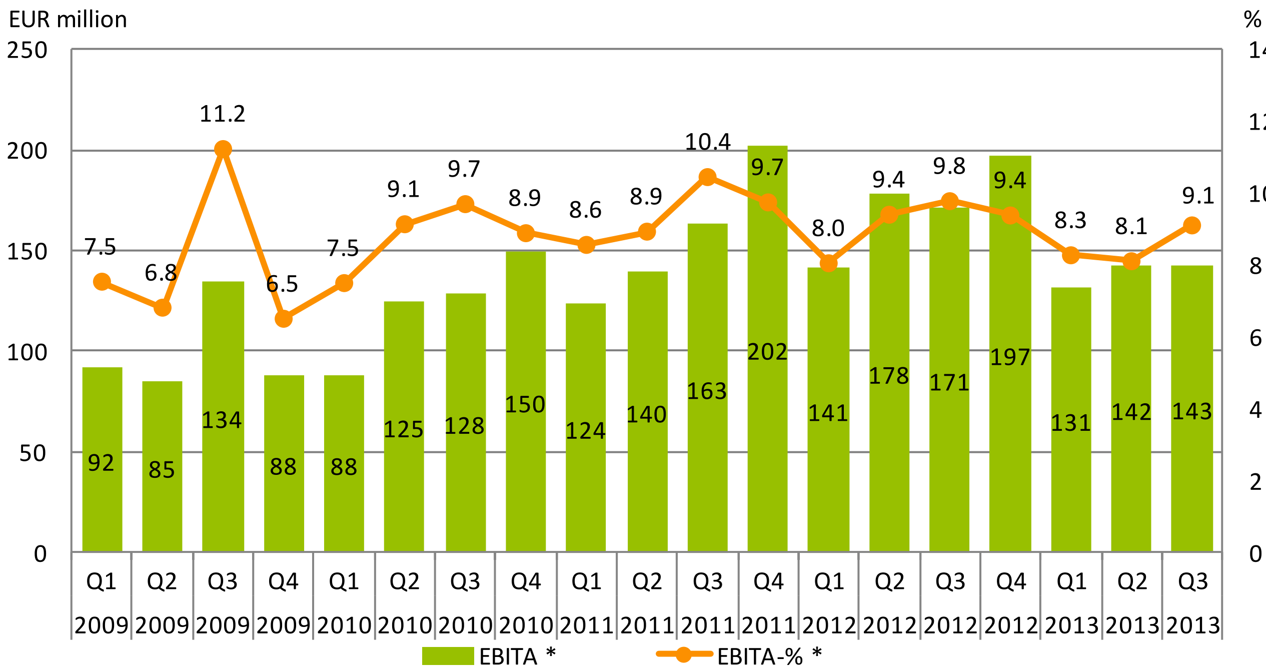
- Orders declined 17% or 11% with constant currencies year-on-year
- Drop was mainly due to Mining and Construction and Pulp, Paper and Power equipment and project orders
- Automation orders increased (Flow Control)

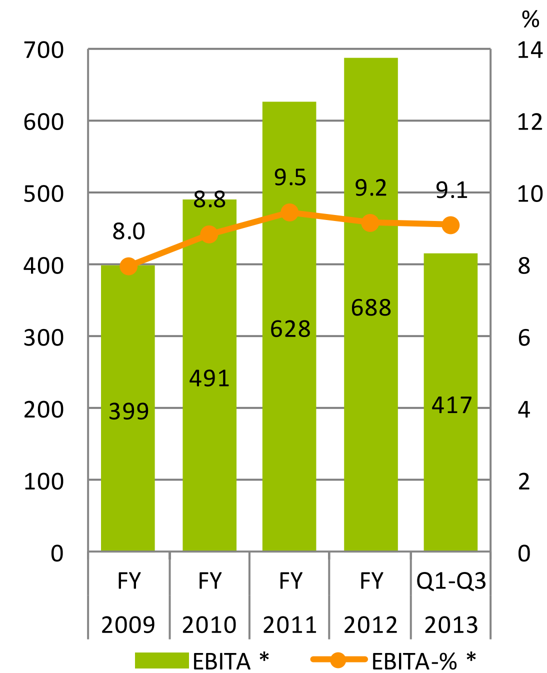
Net sales



- Services grew 4% with constant currencies
- 10% decline y-o-y, or 4% with constant currencies, primarily due to lower mining equipment and project deliveries

EBITA* development





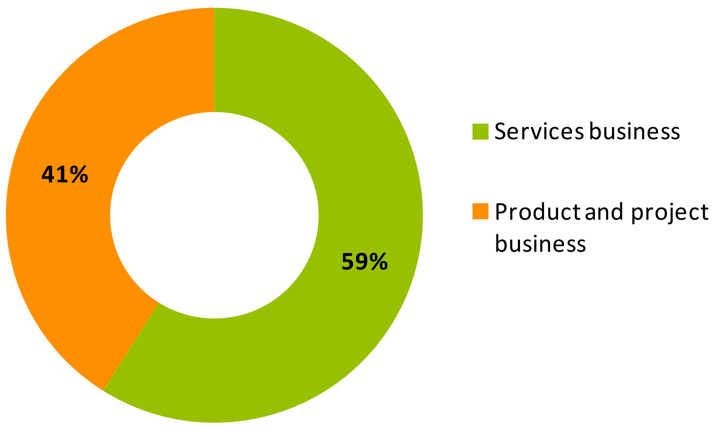
	Q3/2013	Q3/2012	Target range	
Mining and Construction	**13.6**	12.0	**10-15%**	Gross margin improved
Automation	**16.0**	13.6	**11-16%**	Flow Control continues to perform well
Pulp, Paper and Power	**5.3**	7.1	**6-9%**	Lower margins and volumes in the capital businesses
Metso total	**9.1**	9.8		Diluted by Valmet Automotive's loss of EUR 18 million

* Before non-recurring items

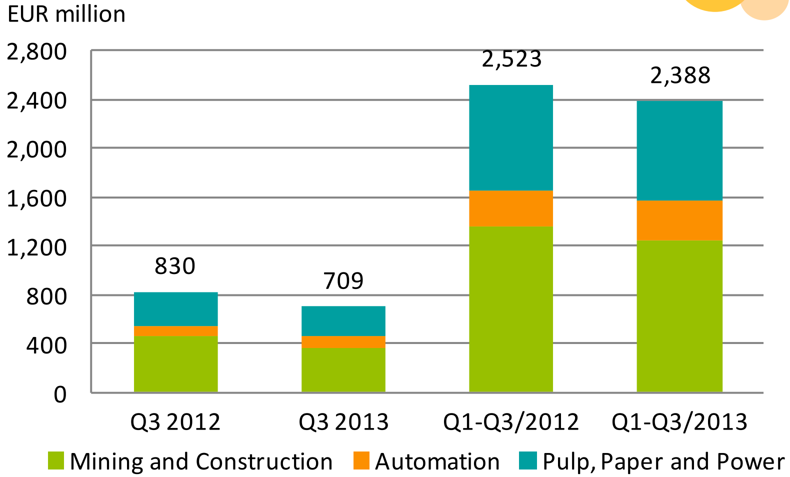
Services business development

Strategic priority #1

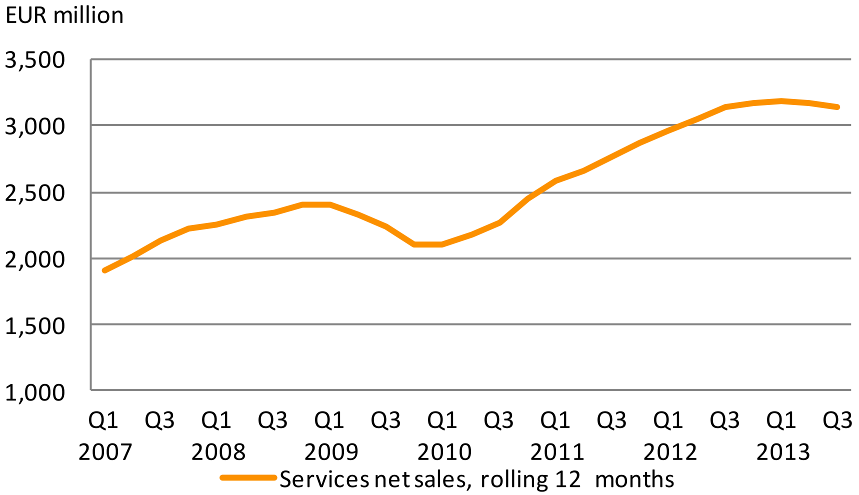
Orders by type Q3/2013



Services orders by segment



Rolling 12-month net sales



- Underlying activity at a good level (large contracts were booked in Q3/12)
- Strong negative currency impact on orders; gross margin has improved
- Less deliveries of new equipment equals less 'start-up' wears and spares
- Substantial amount of non-booked long-term services contracts

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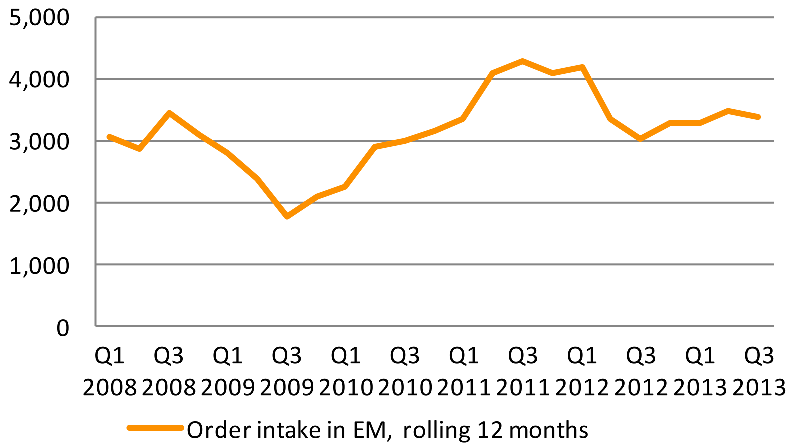
Emerging markets

Strategic priority #2

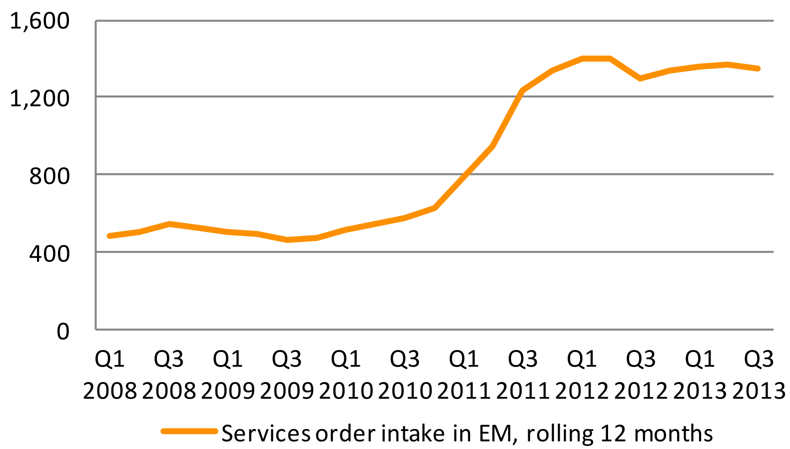
Order intake in emerging markets

EUR million



Services order intake in emerging markets

EUR million



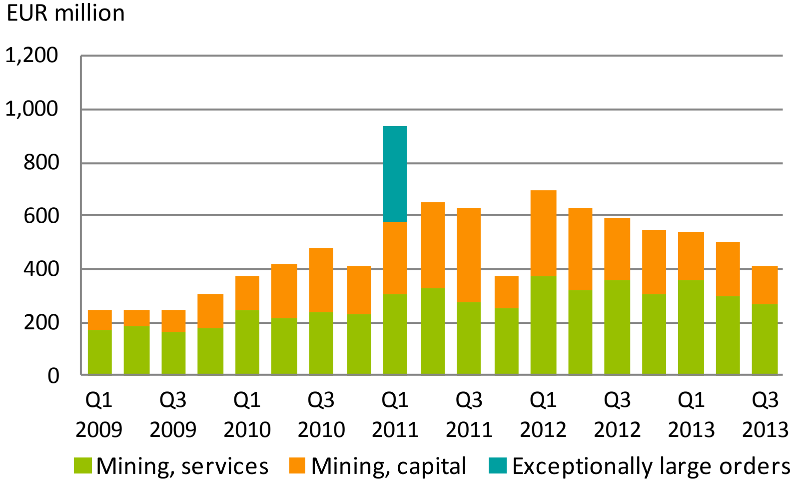
Order intake in top 10 growth countries (EUR million)

Country	Q1-Q3/2013	Q1-Q3/2012	Change %
Brazil	**644**	373	73
China	**430**	438	- 2
Russia	**173**	237	- 27
Chile	**168**	165	2
Mexico	**126**	88	44
India	**102**	185	- 45
South Africa	**84**	147	- 43
Thailand	**69**	27	157
Indonesia	**62**	53	16
Peru	**55**	97	- 43

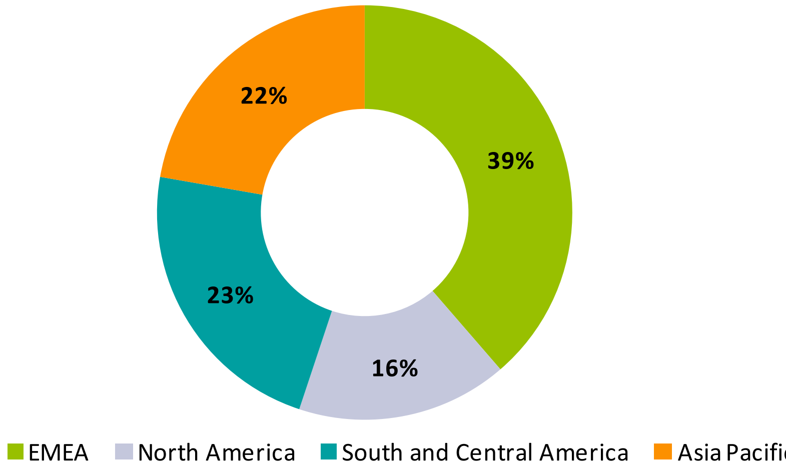
- Growth countries accounted for 48% of total orders in Q3
- Mining and Construction: China and Mexico up; Russia, India and Brazil down
- Automation: China and Indonesia up; Brazil and India down
- Pulp, Paper and Power: Brazil, Thailand, Mexico up; China and Turkey down

Mining business

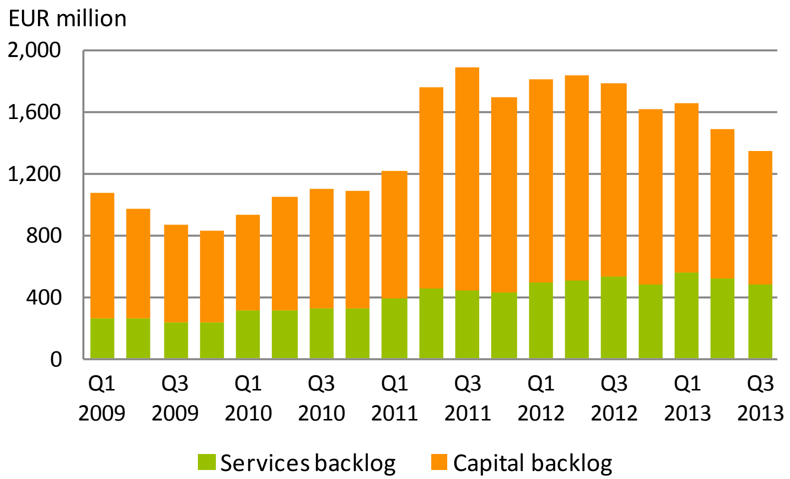
Mining order intake



Q3/2013 mining orders by market area



Mining order backlog



- Miners' investment appetite weaker than before
- Booking of some orders moved to Q4
- Average quarterly orders in 2013 are around 20% lower than 2012
- Underlying services activity broadly flat year-on-year (excl. fx and large contracts booked in Q3/2012)

Financial performance

Harri Nikunen, CFO

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Group 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
Services orders received	**709**	830	- 15	**2,388**	2,523	- 5	3,264
Net sales	**1,579**	1,754	- 10	**4,925**	5,406	- 9	7,504
Services net sales	**762**	788	- 3	**2,268**	2,304	- 2	3,174
% of net sales *	**50**	46		**47**	44		44
EBITA **	**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
EBIT ***	**90.2**	157.7	- 43	**306.3**	451.4	- 32	601.7
Earnings per share, EUR	**0.39**	0.73		**1.21**	1.98		2.46

Non-recurring items excluded from EBITA

EUR million	Q3/2013	Q3/2012	Q1-Q3/ 2013	Q1-Q3/ 2012
Restructuring	**38.2**	0.5	46	**0.5**
Demerger	**2.4**	-	7	**-**
Other	**0**	0.5	21	**1.7**
Total	**41**	1	74	**2.2**

* Excluding Valmet Automotive
** Before non-recurring items
*** Q3/2013 includes non-recurring expenses of EUR 41 million and year 2012 EUR 36 million

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Group key figures

Balance sheet

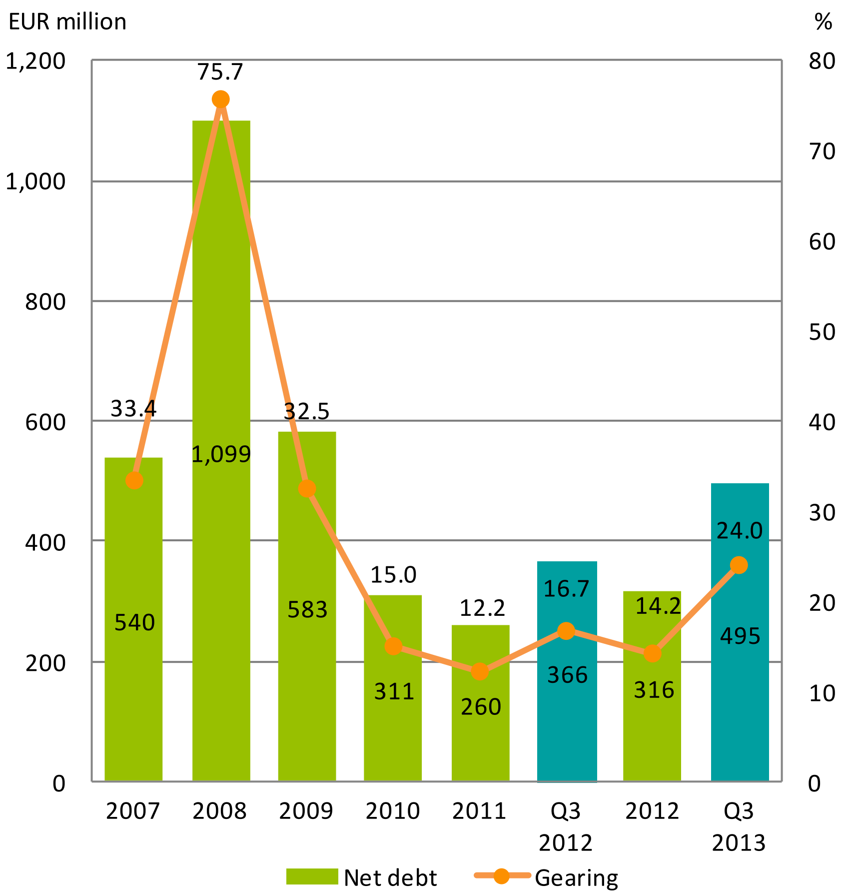
EUR million	Q1-Q3/ 2013	Q1-Q3/ 2012	Change %	2012
Return on equity (ROE), % *	**11.0**	19.0		17.3
Return on capital employed (ROCE) before taxes, % *	**12.8**	20.2		19.7
Free cash flow	**149**	188	- 21	257
Cash conversion, %				70
Gearing at the end of the period, %	**24.0**	16.7		14.2

- Improved capital turnover
- Free cash flow in Q3 was EUR 95 million (EUR 118 million)
- Good inventory control in Mining and Construction and Automation
- Non-recurring items and lower profitability of Pulp, Paper and Power and Valmet Automotive impacting ROE and ROCE

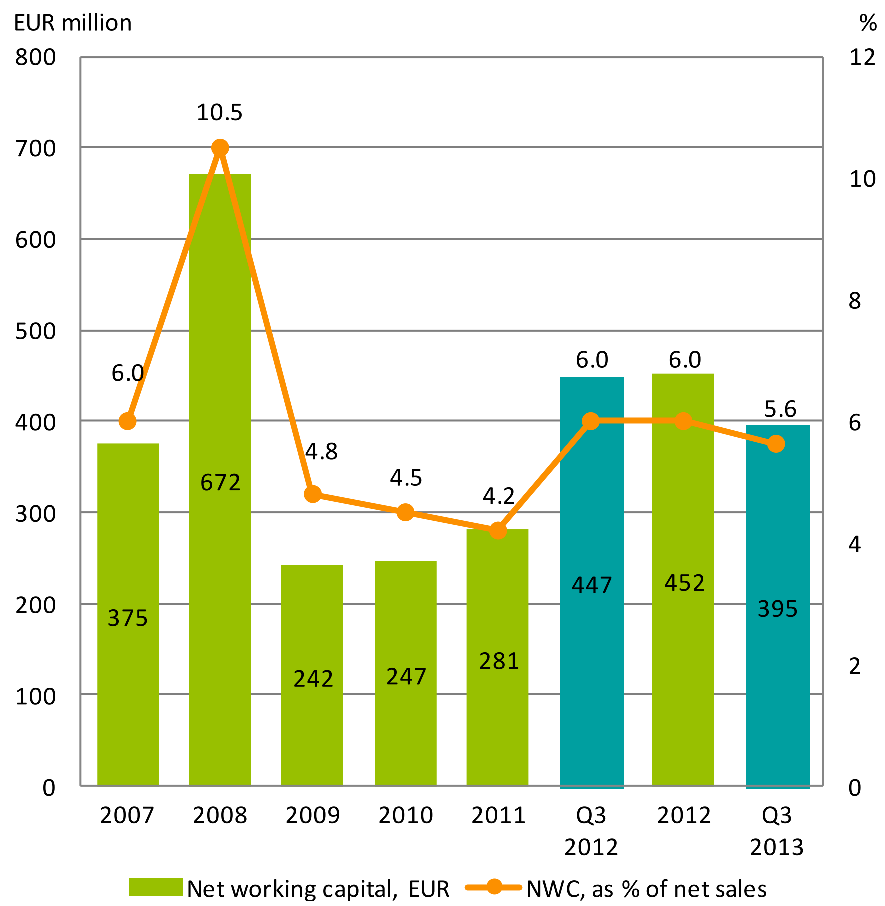
* Annualized

Net debt and net working capital

Net debt and gearing



Net working capital



Mining and Construction key figures

EUR million	Q3/2013	Q3/2012	Change %	Q1-Q3 /2013	Q1-Q3 /2012	Change %	2012
Orders received	**635**	787	- 19	**2,164**	2,642	- 18	3,436
w/o currency impact			-12			-15	
Services orders received	**372**	456	- 18	**1,255**	1,362	- 8	1,771
Net sales	**742**	882	- 16	**2,286**	2,568	- 11	3,492
w/o currency impact			-9			-7	
Services net sales	**393**	431	- 9	**1,186**	1,247	- 5	1,692
% of net sales	**53**	49		**52**	49		48
EBITA *	**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
Return on capital employed **				**25.2**	28.5		28.9

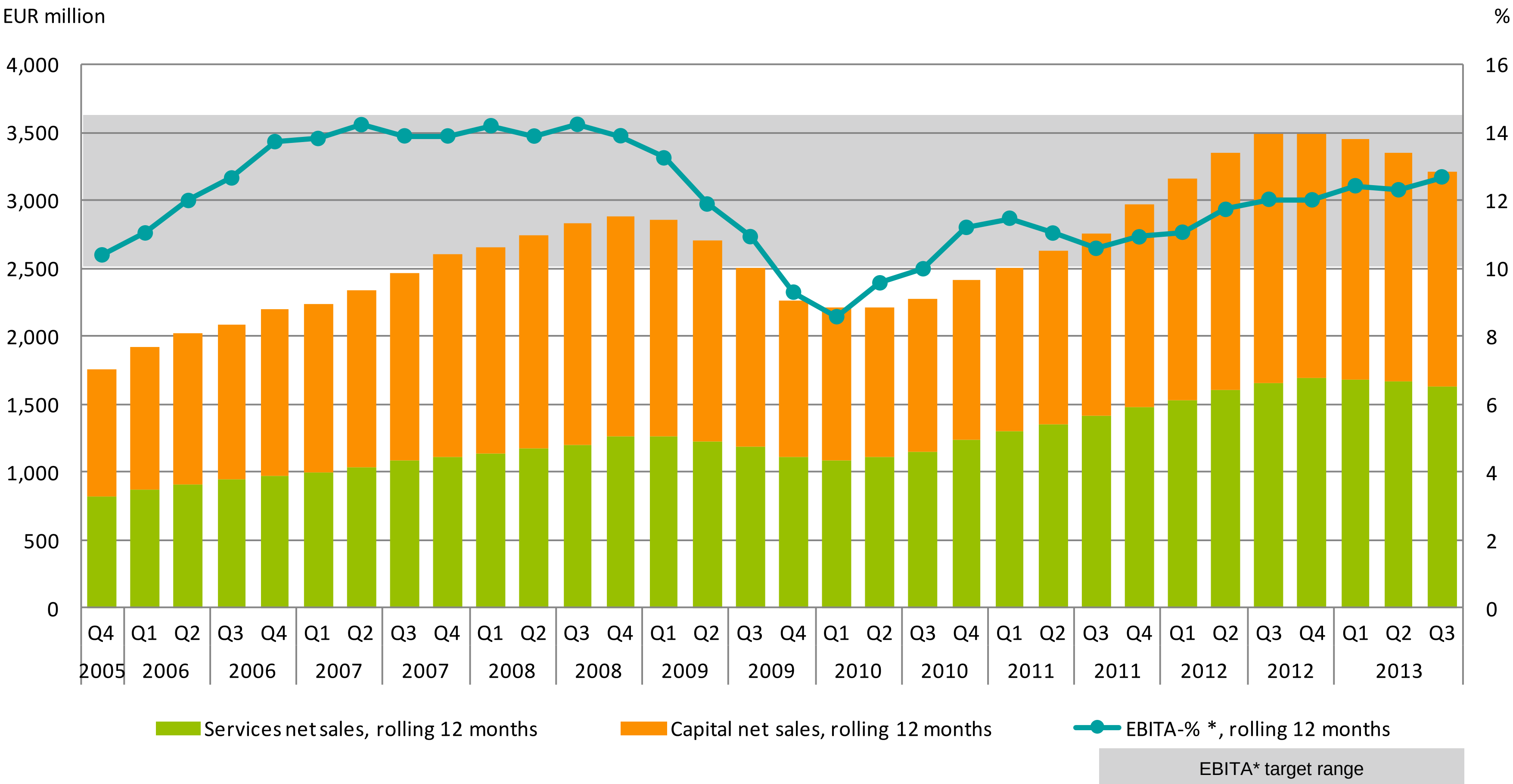
Q3/2013 vs. Q3/2012

- Gross margin improved
- S,G&A in good control
- Good cash generation

* Before non-recurring items
** Excluding cash and other non-operative balance sheet items, annualised

Mining and Construction

Rolling 12-month net sales



* Before non recurring items

Automation key figures

EUR million	Q3/2013	Q3/2012	Change %	Q1-Q3/ 2013	Q1-Q3/ 2012	Change %	2012
Orders received	**200**	190	5	**693**	639	8	845
w/o currency impact			10			11	
Services orders received	**98**	96	2	**326**	297	10	382
Net sales	**214**	212	1	**605**	626	- 3	859
w/o currency impact			6			- 1	
Services net sales	**102**	96	7	**282**	275	3	380
% of net sales	**48**	45		**47**	44		44
EBITA *	**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
Return on capital employed **				**35.3**	29.8		31.9

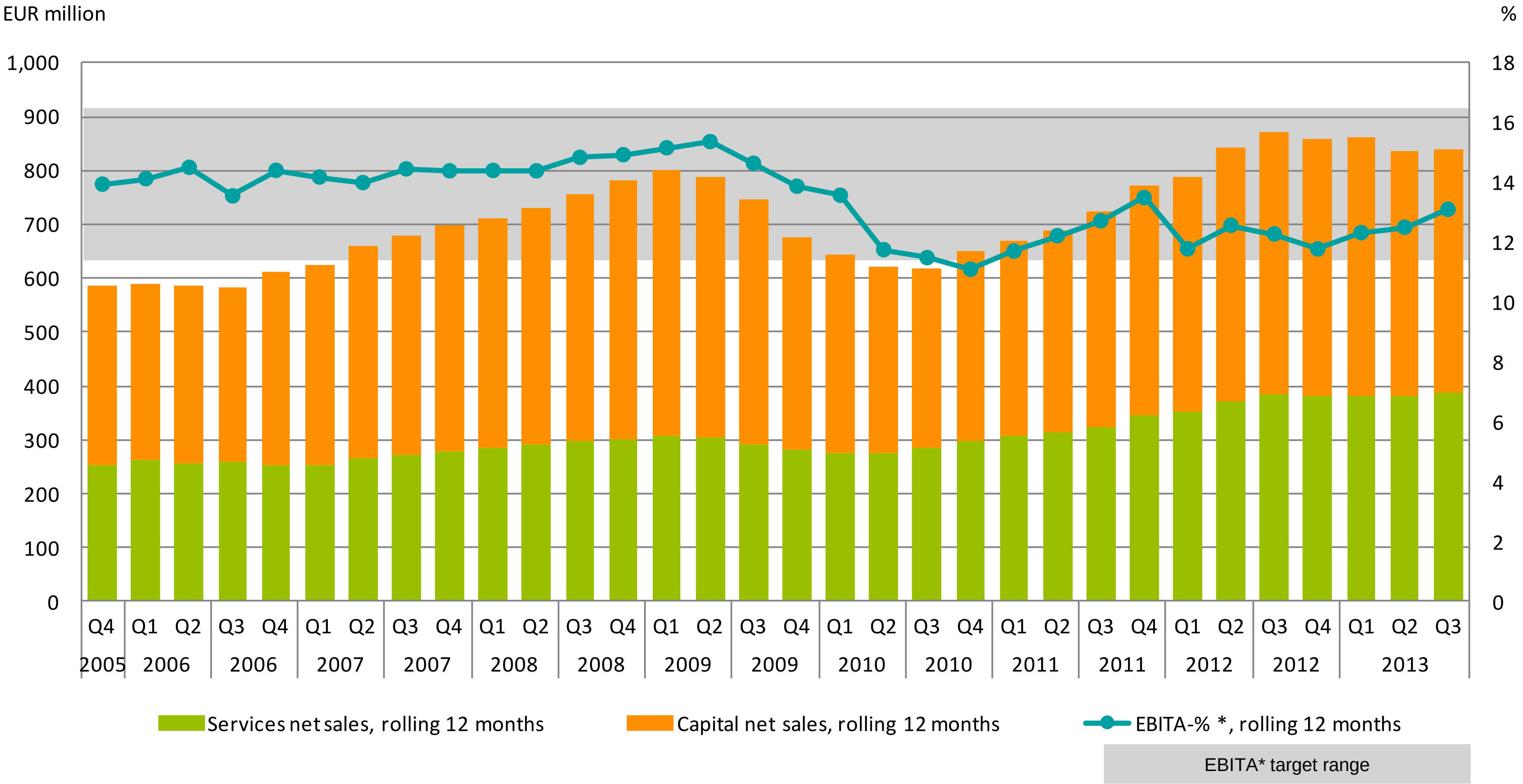
Q3/2013 vs. Q3/2012

- Improvement driven by Flow Control
- Stable cash generation and good return on capital employed

* Before non-recurring items
** Excluding cash and other non-operative balance sheet items, annualised

Automation

Rolling 12-month net sales



* Before non-recurring items

Pulp, Paper and Power key figures

EUR million	Q3/2013	Q3/2012	Change %	Q1-Q3 /2013	Q1-Q3 /2012	Change %	2012
Orders received	**382**	504	- 24	**1,754**	1,767	- 1	2,444
w/o currency impact			- 19			1	
Services orders received	**239**	278	- 14	**807**	864	- 7	1,111
Net sales	**601**	635	- 5	**1,946**	2,089	- 7	3,014
w/o currency impact			0			- 5	
Services net sales	**267**	261	2	**801**	782	2	1,102
% of net sales	**44**	41		**41**	37		37
EBITA *	**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
Return on capital employed **				**3.5**	28.1		23.8

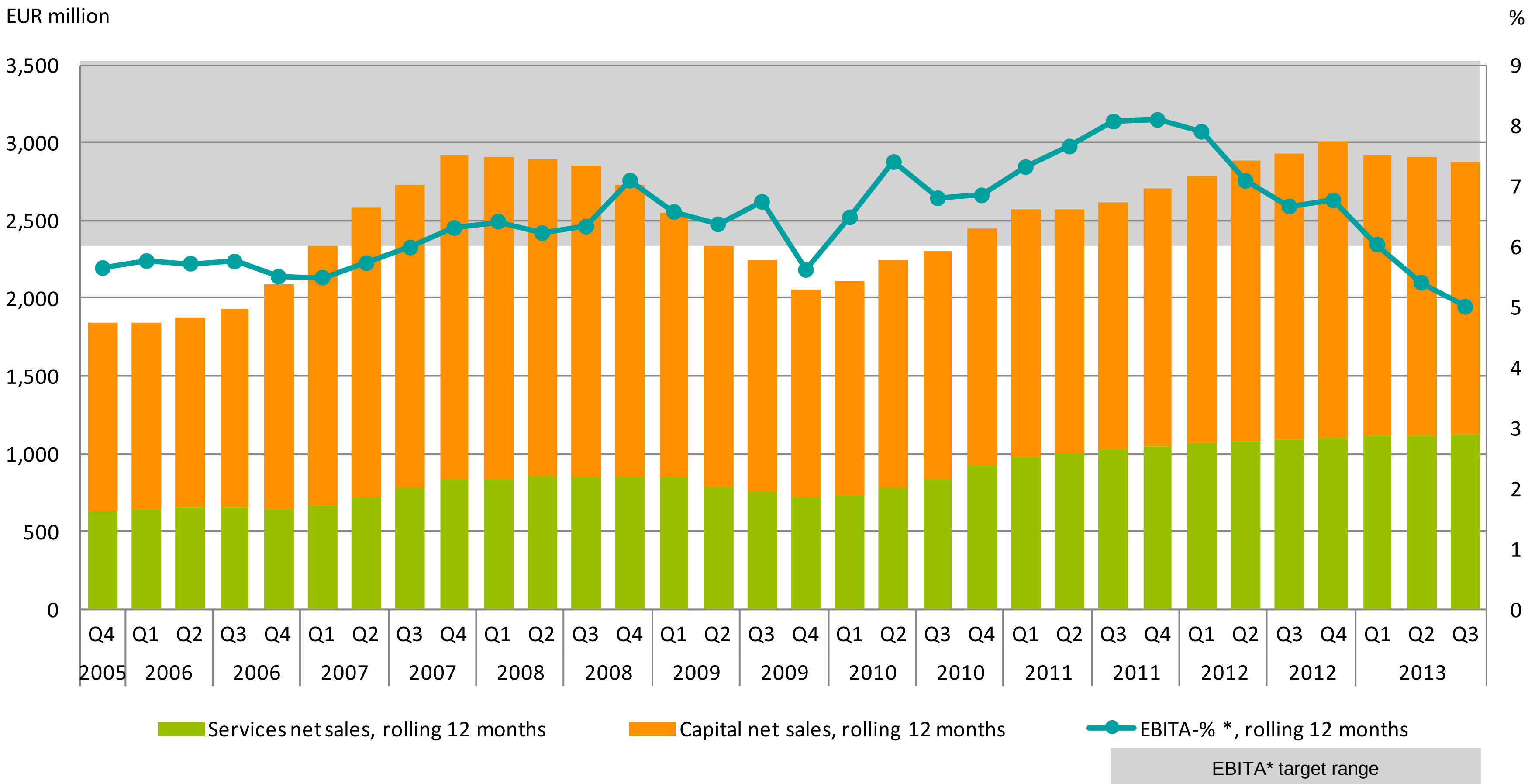
Q3/2013 vs. Q3/2012

- EBITA decline resulting from the Paper and Power capital businesses
- Net working capital change supported cash flow

* Before non-recurring items
** Excluding cash and other non-operative balance sheet items, annualised

Pulp, Paper and Power

Rolling 12-month net sales



* Before non-recurring items

Outlook and guidance

Matti Kähkönen
President and CEO

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Market outlook

Uncertainties continue to impact our customer industries

32% of net sales

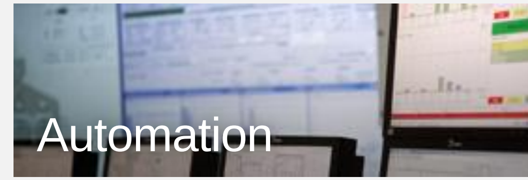
55% service intensity

- Positive for capital and services
- Satisfactory for capital business with volatility expected to continue. Services good.

11% of net sales

40% service intensity

- Positive in emerging markets; flat in developed markets
- Satisfactory for equipment and services



12% of net sales

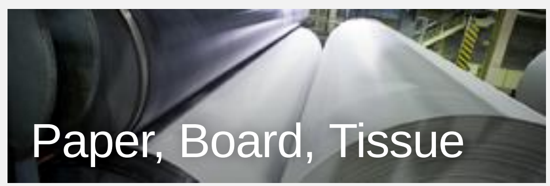
45% service intensity

- Positive for oil & gas customers; flat for pulp & paper
- Good in oil & gas; satisfactory in pulp & paper. Services good.

10% of net sales

30% service intensity

- Subject to the development of the bio-energy market
- Weak for power plants



21% of net sales

50% service intensity

- Demand for board and tissue growing; other grades flat or down
- Weak for paper and board machines. Tissue good. Services satisfactory.

10% of net sales

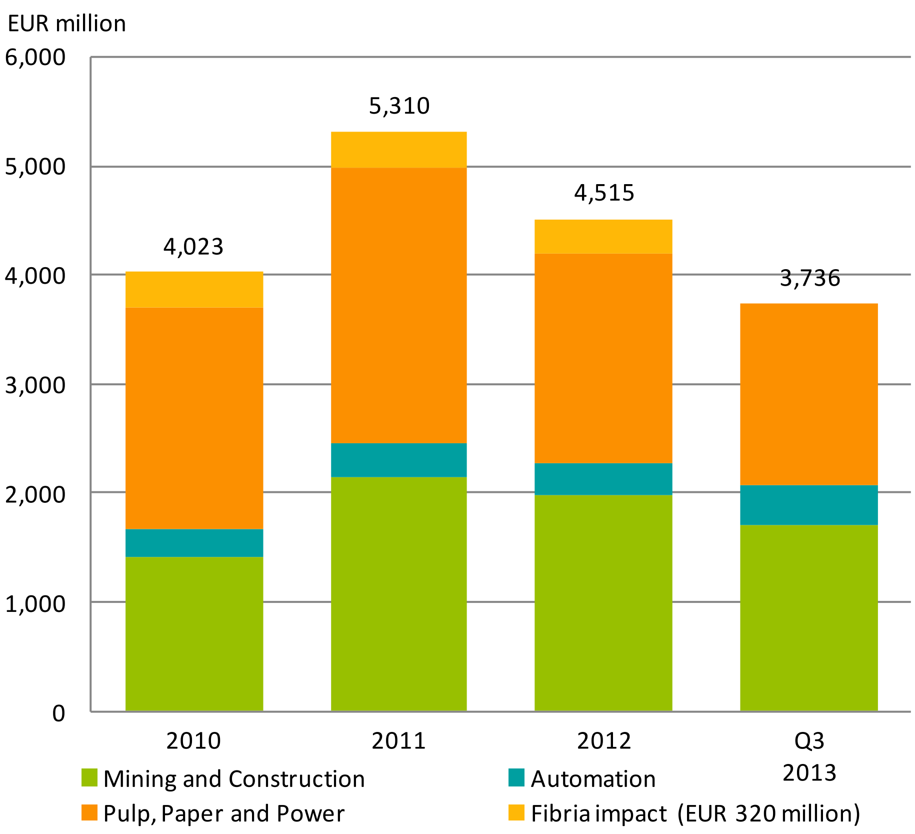
45% service intensity

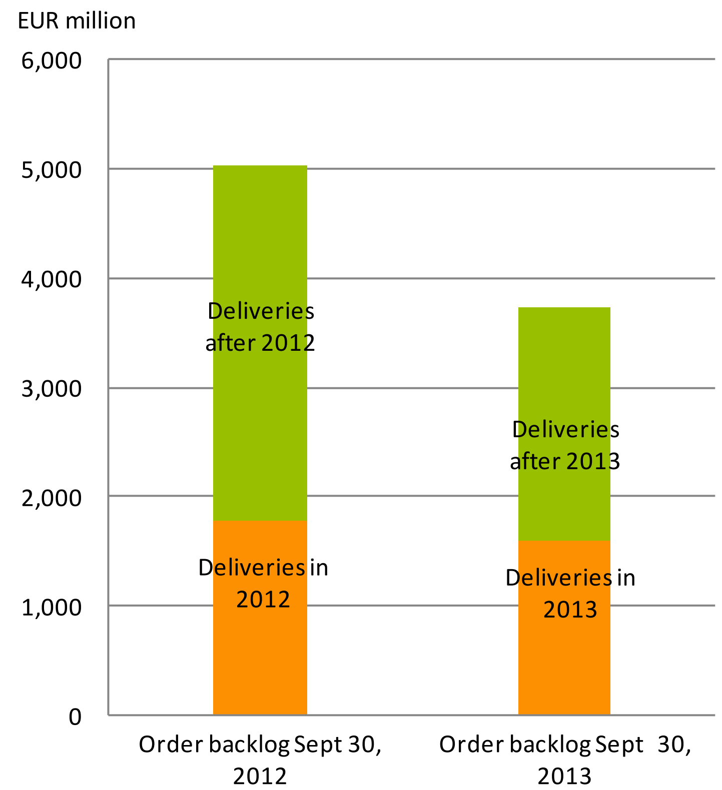
- Positive, mainly due to packaging board and tissue
- Mills, rebuilds and services satisfactory.

■ Long-term demand ■ Short-term demand

Share of Metso's net sales in January – September 2013

Order backlog *



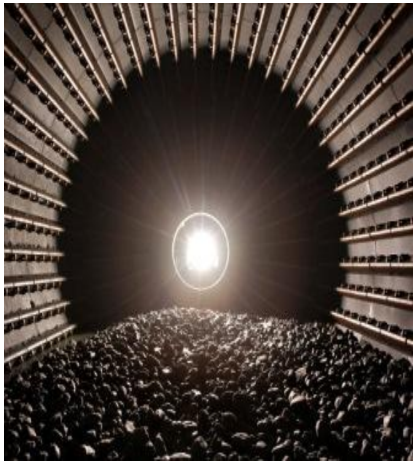


44% of deliveries for 2013 consist of services orders
42% of deliveries for 2012 consisted of services orders

* At the end of the period

Guidance for 2013

- Our net sales and EBITA before non-recurring items in 2013 will be significantly lower compared to 2012



Additional information:

<u>Mining and Construction segment</u>: Net sales are expected to be somewhat lower and EBITA before non-recurring items at around the same level compared to 2012

<u>Automation segment</u>: 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

<u>Pulp Paper and Power segment</u> (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

<u>Valmet Automotive</u> is expected to book a substantial loss for 2013

The estimates for our financial performance in 2013 are based on the current market outlook, order backlog for 2013 and foreign exchange rates in September 2013.

Global efficiency program under way

Targeting annual cost savings of around EUR 100 million by end of 2015

- The program is designed to improve cost structure and operational efficiency of Metso's continuing operations following the demerger
- Part of continuous efforts to maintain competitiveness and increase productivity
- Program consists of both on-going and new initiatives
    - streamlining structures and organizations (estimated savings of EUR 60-80 million)
    - procurement efficiency (estimated savings of EUR 30-50 million of which EUR 20-30 million in 2013)
- Majority of total savings to be achieved in 2014

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Demerger update

- EGM approved the demerger on October 1
- Strategies, financial targets and management teams of both Metso and Valmet were published in September
- Capital Markets Day for both companies scheduled for November 26 and 27 in London
- Demerger to be completed by the end of 2013 and listing of the Valmet shares to commence in the beginning of 2014

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Expect results

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