Financial Statements 2014

January 1 – December 31

Matti Kähkönen, President and CEO

Harri Nikunen, CFO

February 5, 2015

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.

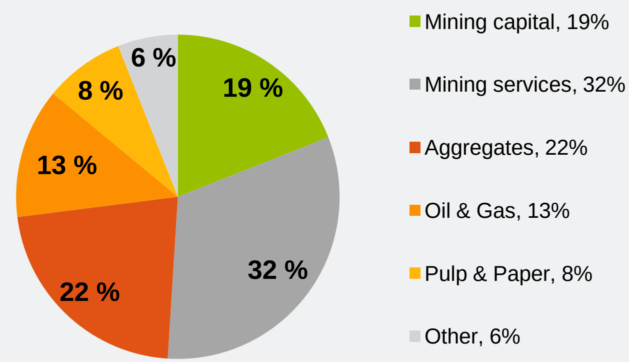
Such factors include, but are not limited to:

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.

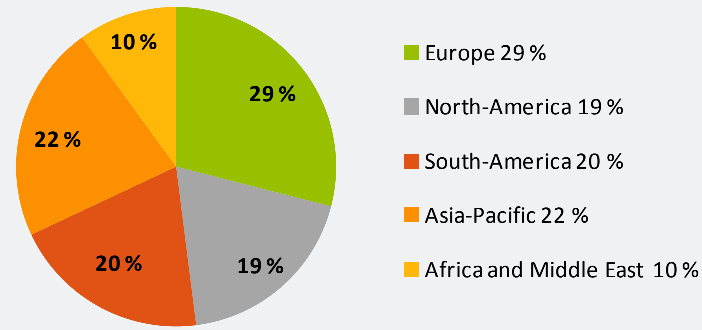
Metso in brief

- Strong positions and competencies in the mining, aggregates and oil & gas industries
- Ambitious financial targets backed by a solid strategy targeting growth and higher profitability
- Major portfolio and structural actions both completed and on-going to add focus and integration across the Group
- Balanced capital allocation focusing on growth and shareholder returns

Net sales **by customer industry**



Net sales **by geographic area**

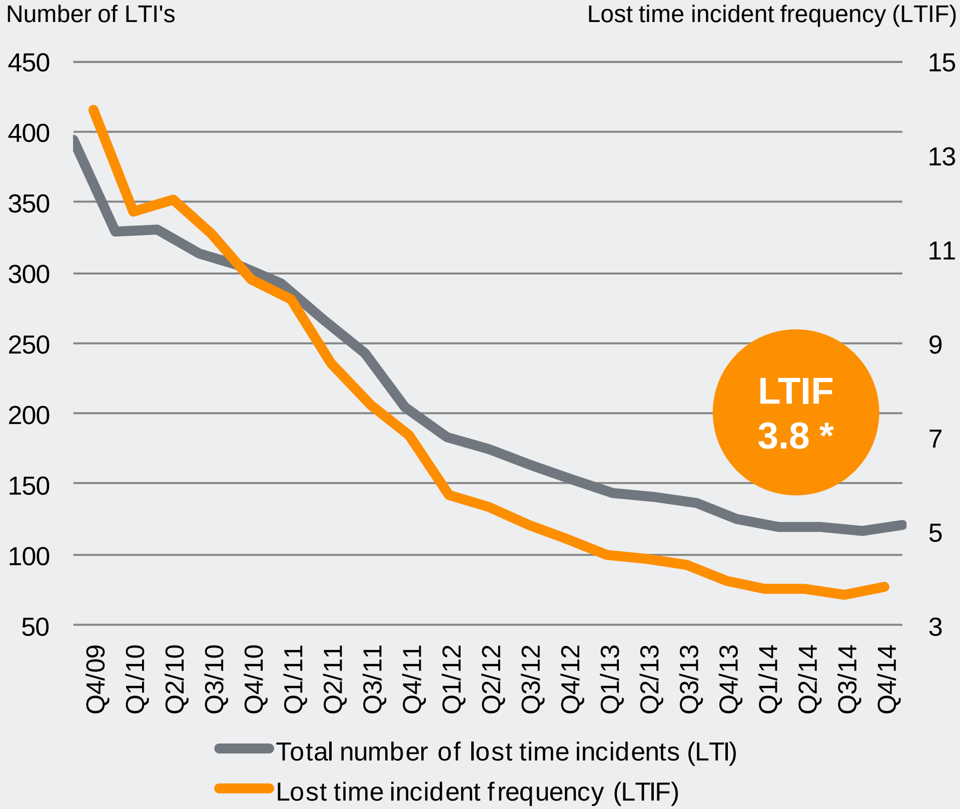


16,000 employees in **270** locations in more than **50** countries

Safety is our top priority

Continuous focus on our LTIF target of less than 1 leads to results

LTIF and number of LTI's development 2010 through December 2014



Actions leading to improvement

- Active and visible management support, follow up and action plans
- Mindset development and self audits
- Learning from every incident
- Full compliance with minimum safety standards
- Continuous development of professional ability

* LTIF December 2014

Strategic achievements in 2014

Targeting growth and higher profitability

Growth

- Services and Flow Control continued to grow
- 8 new service centers opened
- New valve technology center opened in South Korea
- Local capabilities strengthened across all market areas
- Ongoing product renewal

Profitability

- S,G&A reduced 6%*
- Headcount reduced 5%
- Footprint rationalization in the mining equipment business
- Procurement savings
- Simplification of the Group’s legal structure

Capital efficiency

- Launch of Capital Efficiency Program
- Balance sheet management culture strengthened
- Cash policy redefined
- Strict capex policy (capex below depreciation and amortization)
- Development of asset-light business models

*excluding non-recurring expenses

Highlights

Fourth quarter 2014

- Orders increased in Flow Control and Services
- Mining equipment market remained weak
- Services net sales increased
- All businesses improved profitability, except for Minerals capital equipment

Order intake:
EUR 801 million, -9%

Net sales:
EUR 1,018 million, 0%

EBITA margin*:
13.5% (14.4%)

Full-year 2014

- Good development in Flow Control and Services, mining equipment market weak
- Overall good results, thanks to cost control and strong product and services businesses
- The Board's dividend proposal:
  - annual dividend of EUR 1.05 per share
  - extra dividend of up to EUR 0.40 if the divestment of PAS is completed

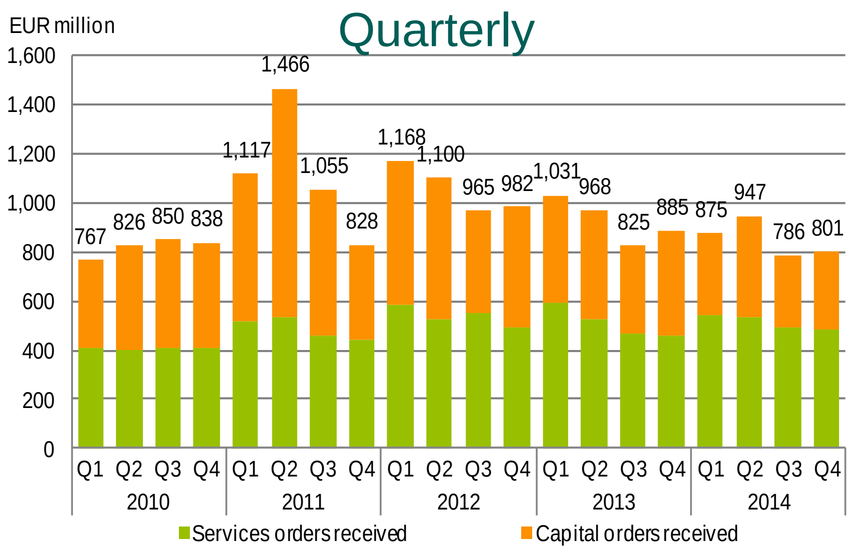
Order intake:
EUR 3,409 million, -8%

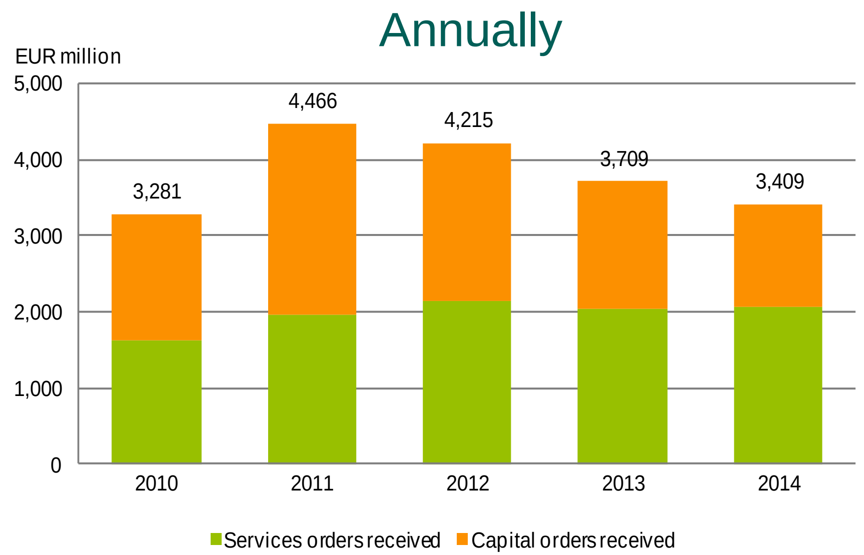
Net sales:
EUR 3,658 million, -5%

EBITA margin*:
12.6% (12.8%)

Figures in the brackets refer to same period last year unless otherwise stated
* before non-recurring items

Group order intake





Q4/2014:

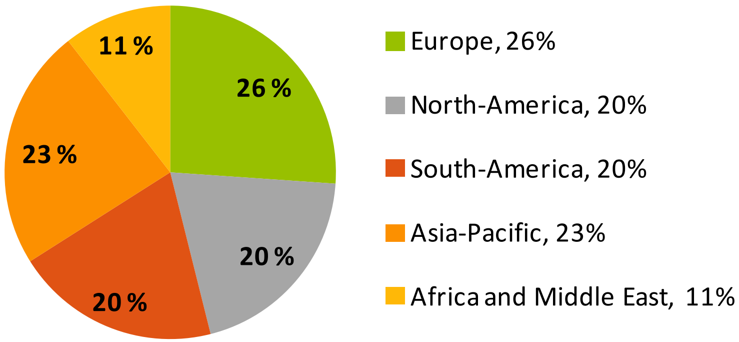
- Services orders increased 5%
- Flow Control orders grew 10%
- Mining equipment orders remained weak

FY 2014:

- Mining equipment was the main reason for order decline

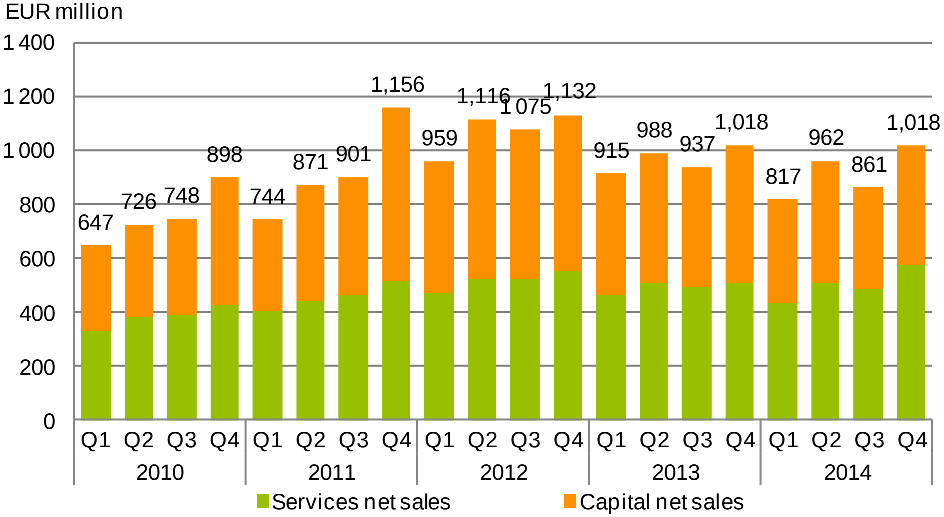
Orders by country

EUR Million	2014	2013	Change %
USA	**503**	486	3
China	**279**	317	-12
Brazil	**246**	314	-22
Australia	**207**	213	-3
Finland	**207**	183	13
Canada	**179**	147	22
Chile	**160**	245	-35
India	**104**	121	-14
Russia	**101**	163	-28
Sweden	**92**	152	-44
Others	**1331**	1 379	-3
Metso Total	**3409**	3 709	-8

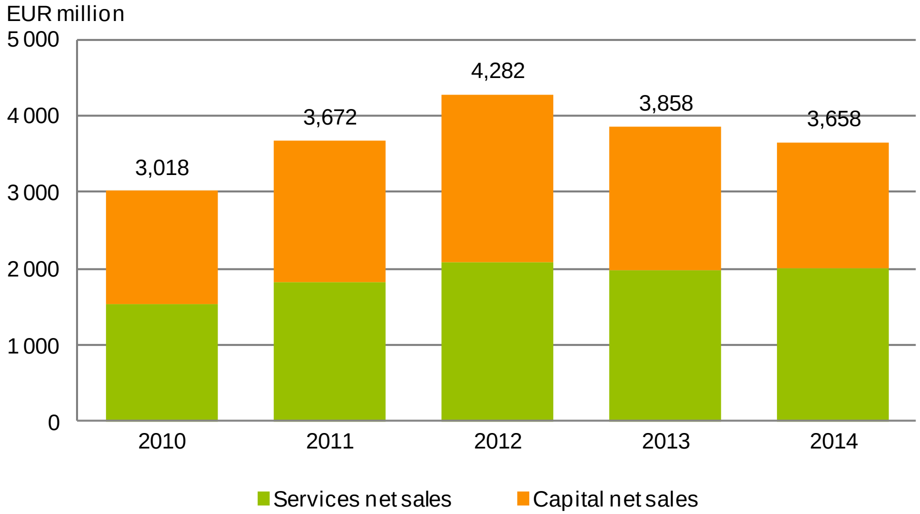


Group net sales

Quarterly



Annually



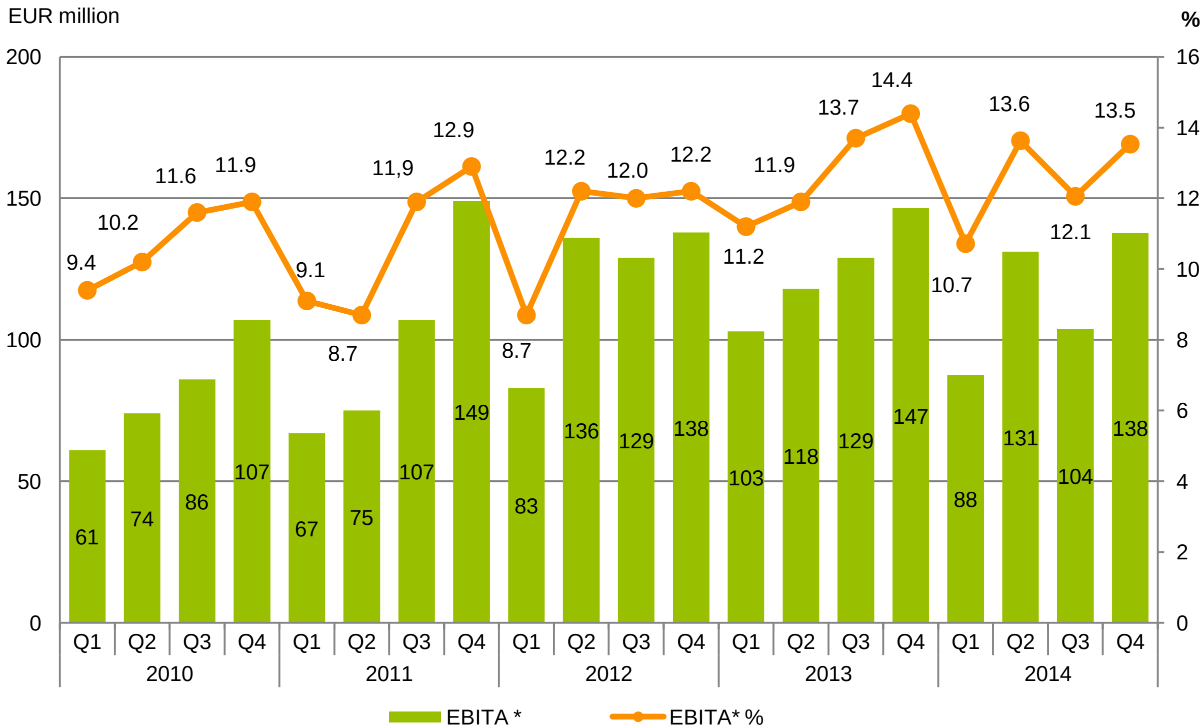
Q4/2014:

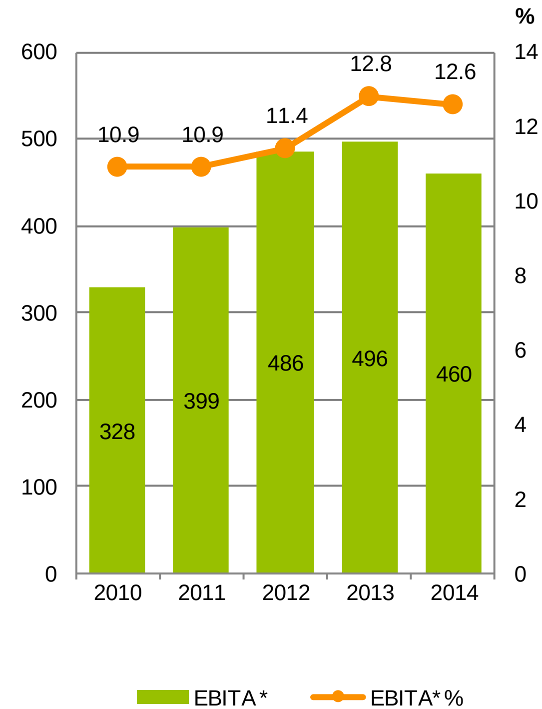
- Services net sales increased 12%

FY 2014:

- All businesses grew except for mining equipment
- Net sales were flat using constant currencies
- Services net sales increased 7% using constant currencies

Stable profitability in the challenging market





EBITA* %	Q4/2014	Q4/2013	2014	2013
Minerals	**13.5%**	14.1%	**12.6%**	13.0%
Flow Control	**15.6%**	15.4%	**15.1%**	13.8%
Metso total	**13.5%**	14.4%	**12.6%**	12.8%

EBITA* target:
15% by 2017

* Before non-recurring items

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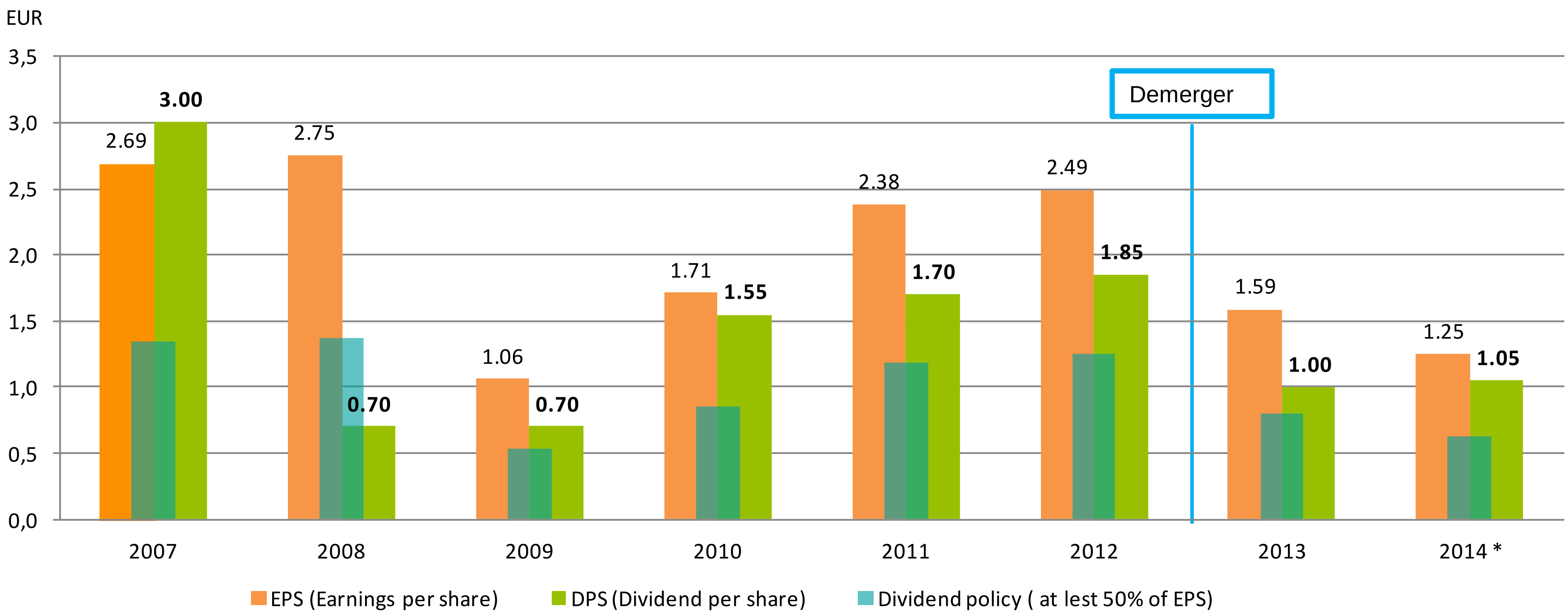
The Board's dividend proposal of EUR 1.05



- The Board proposes an annual dividend of EUR 1.05, i.e. 84% of annual EPS
- In addition, the Board asks for an authorization to pay an extra dividend of up to EUR 0.40 if the divestment of PAS is completed (closing expected on April 1, 2015)
- The proposed payout will not limit our future growth opportunities

Divestment of the Process Automation Systems

- Evaluation of strategic alternatives for PAS started last summer
- The business will be sold to Valmet for an enterprise value of EUR 340 million
- Transaction expected to close on April 1, 2015
- We will book a significant capital gain after the closing
- Metso will continue to serve the pulp & paper market through its valve offering

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Financial performance

Harri Nikunen
CFO

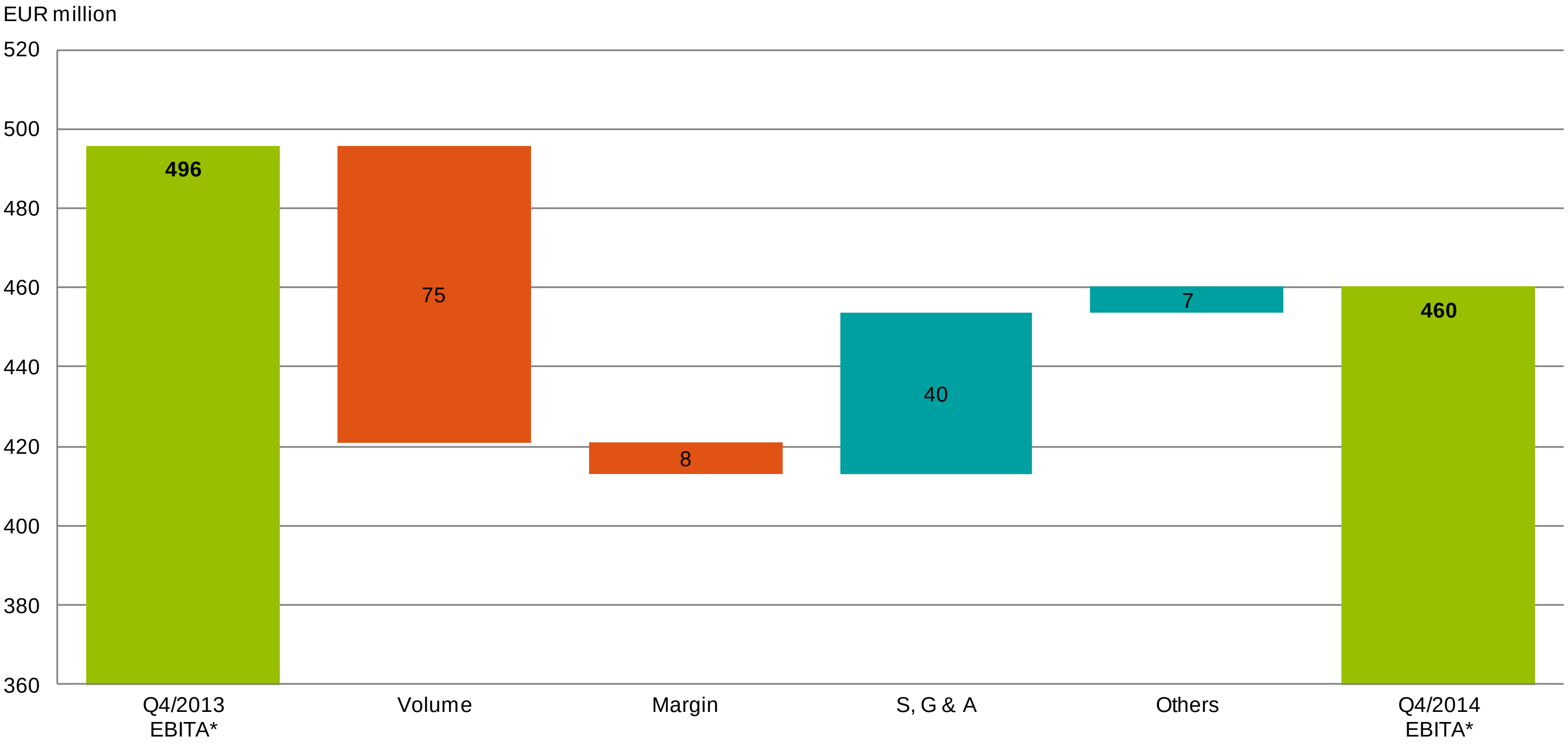
Group key figures

EUR million	Q4/2014	Q4/2013	Change%	Q1-Q4/2014	Q1-Q4/2013	Change%
Orders received	**801**	885	-9	**3,409**	3,709	-8
without currency impact			-11			-4
Services orders received	**481**	457	5	**2,052**	2,038	1
without currency impact			5			6
Net sales	**1,018**	1,018	0	**3,658**	3,858	-5
without currency impact			0			-1
Services net sales	**572**	509	12	**2,007**	1,976	2
% of net sales	**56**	50		**55**	51	
EBITA *	**138**	147	-6	**460**	496	-7
% of net sales	**13.5**	14.4		**12.6**	12.8	
EBIT **	**101**	108	-7	**351**	423	-17
Earnings per share, EUR	**0.36**	0.35	3	**1.25**	1.59	-21

- Major headwind due to lower volumes in the mining equipment business mitigated by cost actions
- Stable gross margins in both Q4/2014 and FY 2014
- Non-recurring items had a negative impact on EBIT and EPS

* Before non-recurring items
** Non-recurring expenses totaled 32 million in Q4/2014 (Q4/2013: 33 million) and 90 million in FY 2014 (FY 2013: 54 million)

Lower EBITA driven by volume



* Before non-recurring items

Our balance sheet remains strong

	Dec 31, 2014	Dec 31, 2013
Return on equity (ROE), %	**15.7**	**19.0**
Return on capital employed (ROCE) before taxes, %	**16.4**	**18.6**
Gearing, %	**45.6**	**41.6**
Cash conversion, %	**108**	**105**
Debt to capital, %	**41.2**	**47.0**
Net debt / EBITDA	**1.3**	**1.0**
Interest cover (EBITDA)	**6.2x**	**9.2x**

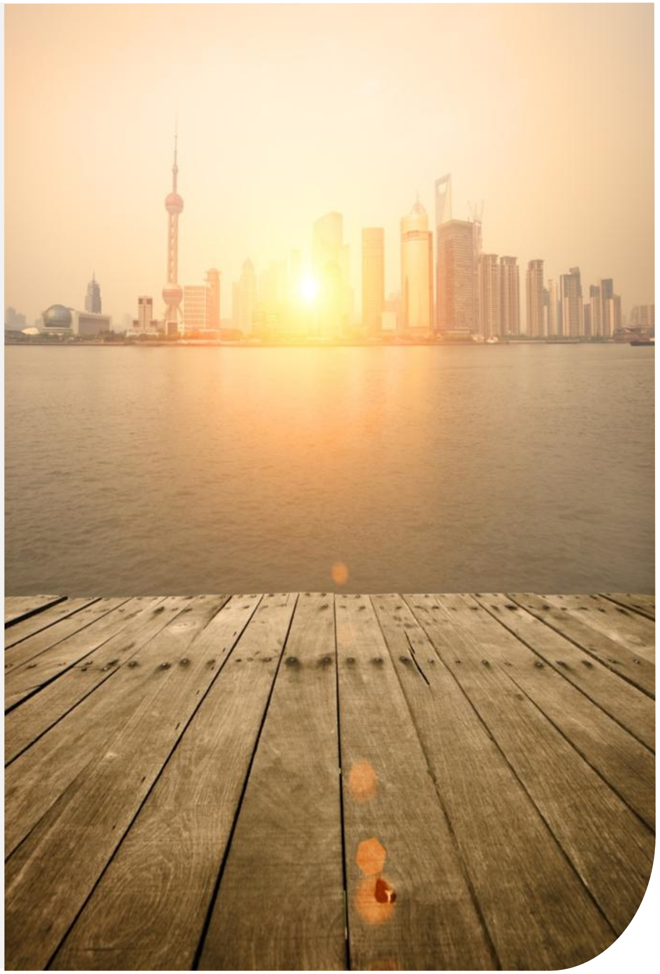
Capital employed development in 2014

	Dec 31, 2013	Dec 31, 2014	Comments
Capital employed (MEUR)	2,230	2,092	
turnover	1.7	1.7	
Capital expenditure (MEUR)	95	74	2014 below depreciation and amortization
Total net working capital (MEUR)	651	709	Increase in non-operational assets
Net working capital operational (MEUR)	1,006	1,009	Improved inventory and receivables performance. Negative impact of declining project business
Net working capital operational as % net sales	26.1%	27.5%	
Cash (MEUR)	467	279	

Funding is well in place

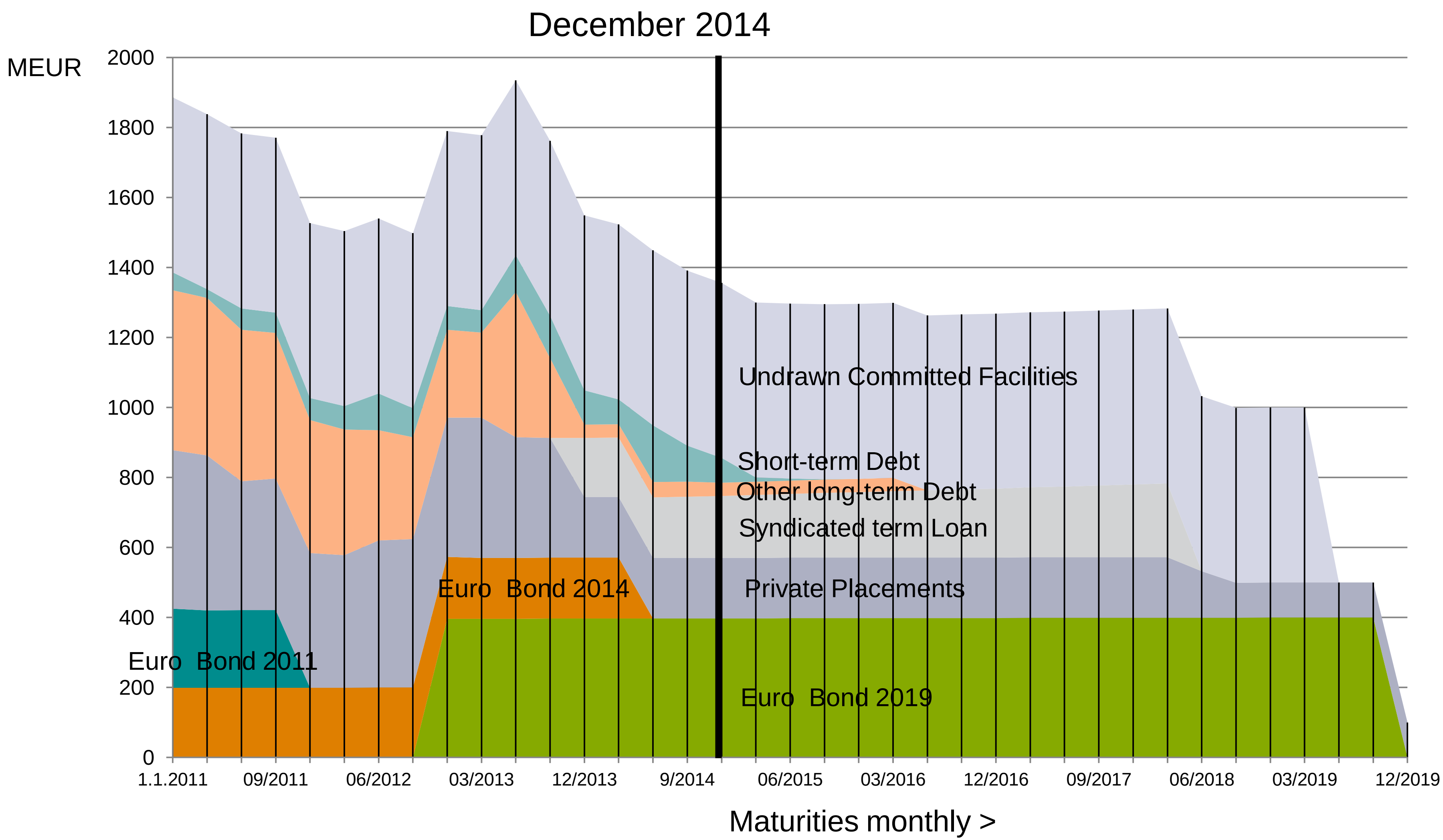
Corporate level funding facilities

- EUR 1.5 billion EMTN program
- EUR 400 million 2.75% bond due in 2019
- EUR 170 million private placements due in 2018 – 2022
- Syndicated long-term loan: EUR 215 million
- Committed EUR 500 million 5-year syndicated revolving credit facility available until 2019 with two extension options for one year
  - currently undrawn
- EUR 500 million domestic CP program
- Uncommitted lines of credit
- Stable credit outlook and rating maintained:
  - Standard & Poor's: BBB
  - Moody's: Baa2



Our maturity profile is healthy

No major refinancing needs short term



Minerals key figures

EUR million	Q4/2014	Q4/2013	Change%	2014	2013	Change%
Orders received	**544**	667	-18	**2,361**	2,745	-14
without currency impact			-19			-10
Services orders received	**353**	337	5	**1,511**	1,506	0
Net sales	**743**	754	-1	**2,676**	2,955	-9
without currency impact			-1			-5
Services net sales	**418**	363	15	**1,474**	1,464	1
% of net sales	**56**	48		**55**	50	
EBITA *	**100**	107	-6	**338**	383	-12
% of net sales	**13.5**	14.1		**12.6**	13.0	
Return on operative capital employed **, %				**19.4**	25.3	

Q4/2014:

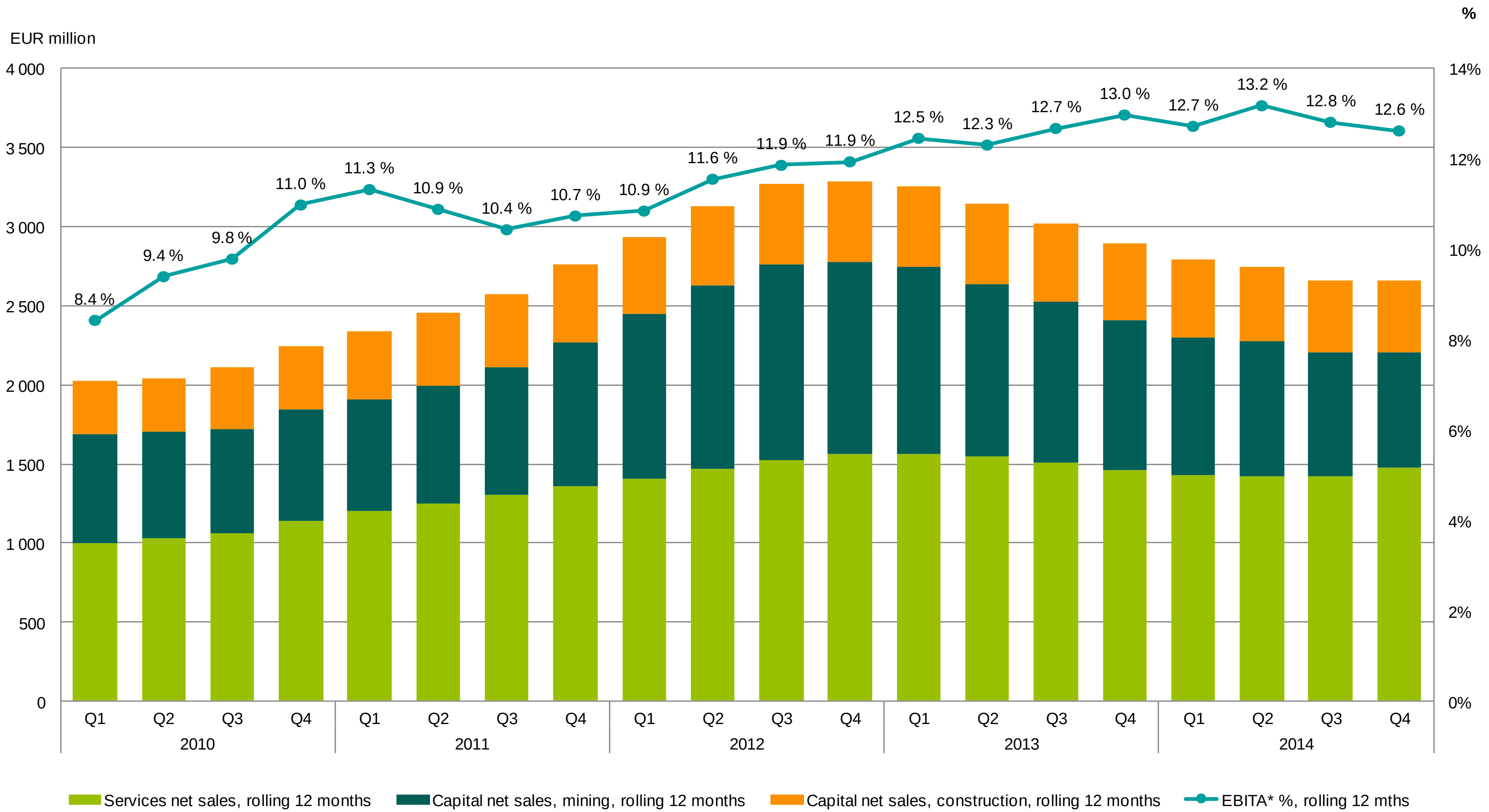
- Impact of lower volumes was mitigated by cost cutting and strong services

FY 2014:

- Mining equipment volumes declined by more than 25%, other businesses grew

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

Minerals rolling net sales and EBITA%



* Before non recurring items

Flow Control key figures

EUR million	Q4/2014	Q4/2013	Change%	Q1-Q4/2014	Q1-Q4/2013	Change%
Orders received	**256**	233	10	**1,051**	1,012	4
without currency impact			7			6
Services orders received	**128**	120	7	**542**	533	2
Net sales	**270**	279	-3	**982**	969	1
without currency impact			-5			3
Services net sales	**154**	146	5	**533**	513	4
% of net sales	**57**	52		**54**	53	
EBITA *	**42**	43	-2	**148**	134	11
% of net sales	**15.6**	15.4		**15.1**	13.8	
Return on operative capital employed **, %				**36.5**	34.7	

Q4/2014:

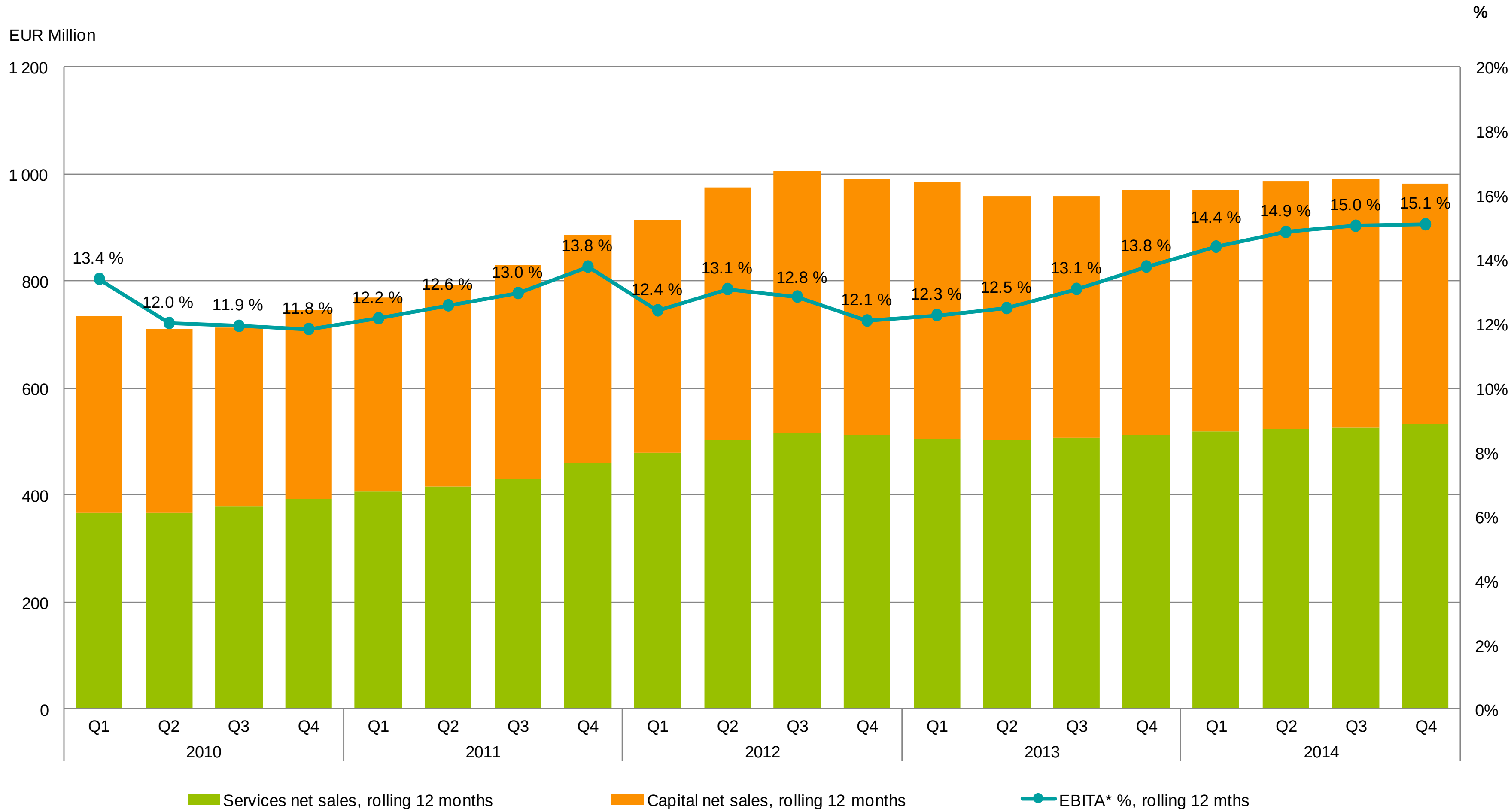
- Strong order intake, thanks to a big order from pulp industry; oil & gas remained stable

FY 2014:

- Profitability improved due to stable margins and cost control

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

Flow Control rolling net sales and EBITA%



* Before non-recurring items

Outlook and guidance

Matti Kähkönen
President and CEO

Market outlook unchanged but challenging

Mining

52% of net sales

of which 60% services

Current demand:

- Weak for the equipment and project business
- Services good

Aggregates

21% of net sales

of which 40% services

Current demand:

- Satisfactory for equipment and good for services

Flow Control

24% of net sales

of which 45% services

Current demand:

- Good in oil and gas with increased uncertainties due to the oil price; satisfactory in pulp and paper
- Services good

3-6 months market outlook

Mining		Aggregates		Flow Control	
→ Equipment	→ Services	→ Equipment	→ Services	→ Equipment	→ Services

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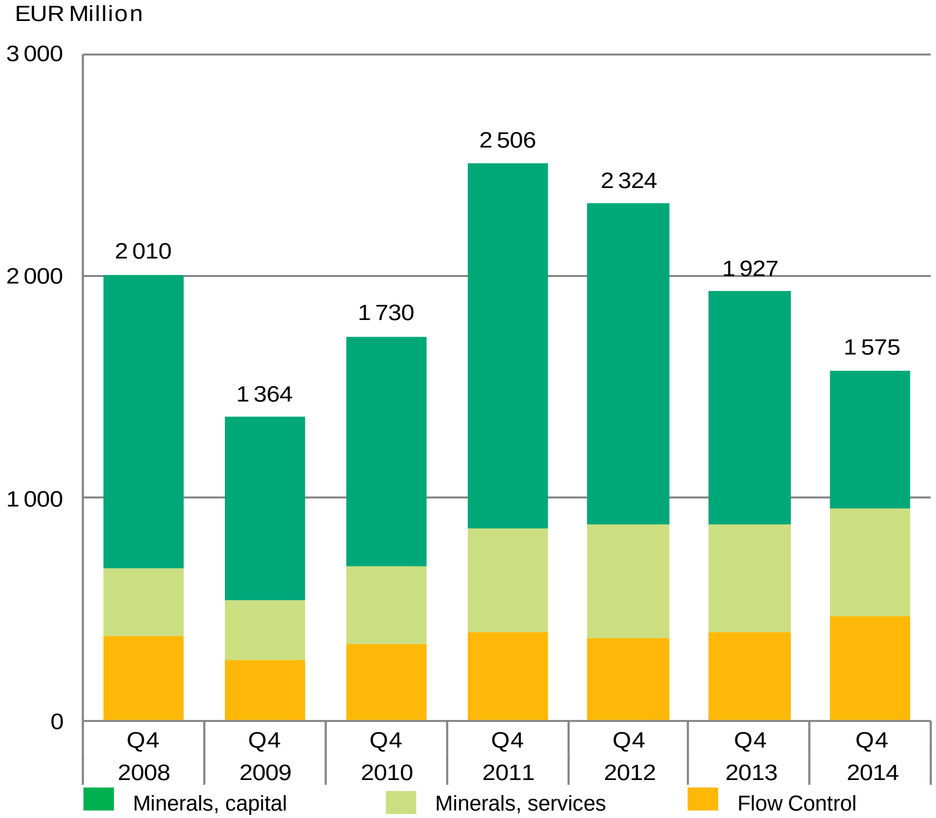
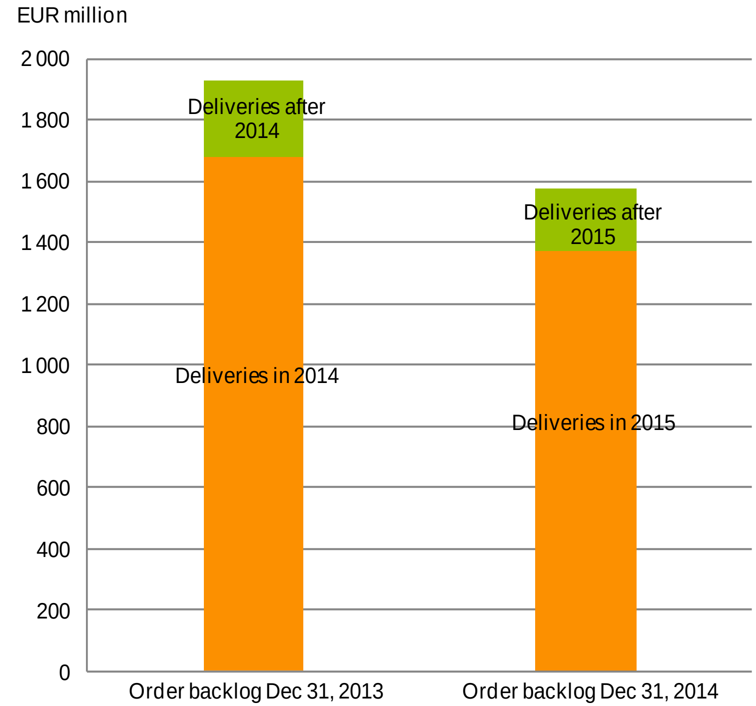
Order backlog





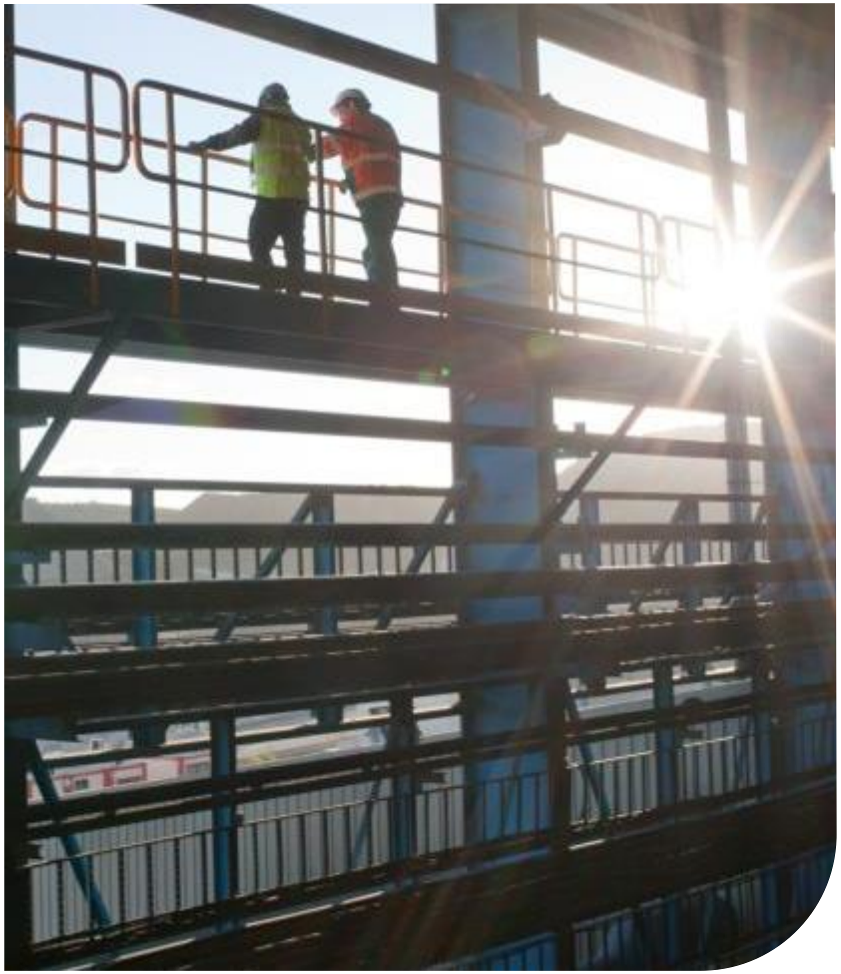
- Flow Control backlog 19% higher than a year ago
- Minerals services backlog at the same level
- Deliveries for 2015 stand at a little below EUR 1.4 billion

Guidance for 2015

Excluding the Process Automation Systems business

The guidance for 2015 is based on the current market activity in our customer industries, our current backlog for 2015, and the current exchange rates.

In addition, the divestment of our Process Automation Systems business is expected to be completed on April 1, 2015. Annual net sales of the Process Automation Systems business is about EUR 300 million.



We estimate that

- our net sales in 2015 will be between EUR 3,000 and 3,300 million and
- our EBITA margin* before non- recurring items for 2015 will be around 13%.

*before non-recurring items

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Expect results

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