Interim Review
January 1 – March 31, 2014

Matti Kähkönen, President and CEO
Harri Nikunen, CFO

April 24, 2014

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.

Content

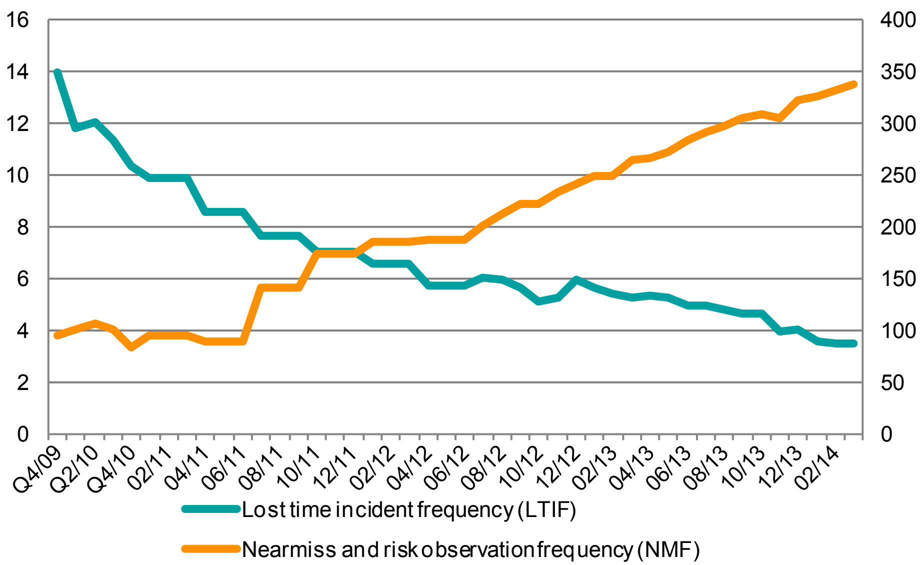
1. Quarterly highlights
2. Metso value creation
3. Financial performance
4. Outlook and guidance





Safety is our top priority

- We are committed to taking personal responsibility for our own safety and for the safety of others
- All incidents can be prevented
- Our LTIF has been trending down



Target: LTIF less than 1

Long term occupational safety target: LTIF 0
Our lost time incident frequency in 2013 was 4.2

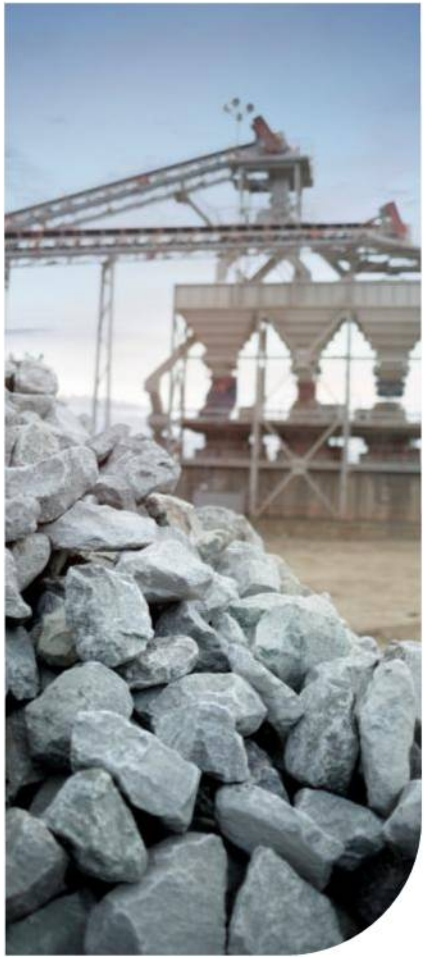
LTIF = Lost time incident frequency (per million working hours)
NMF= Near miss and risk observation frequency (per million working hours)

Q1/2014 highlights

Matti Kähkönen
President and CEO

Quarterly highlights

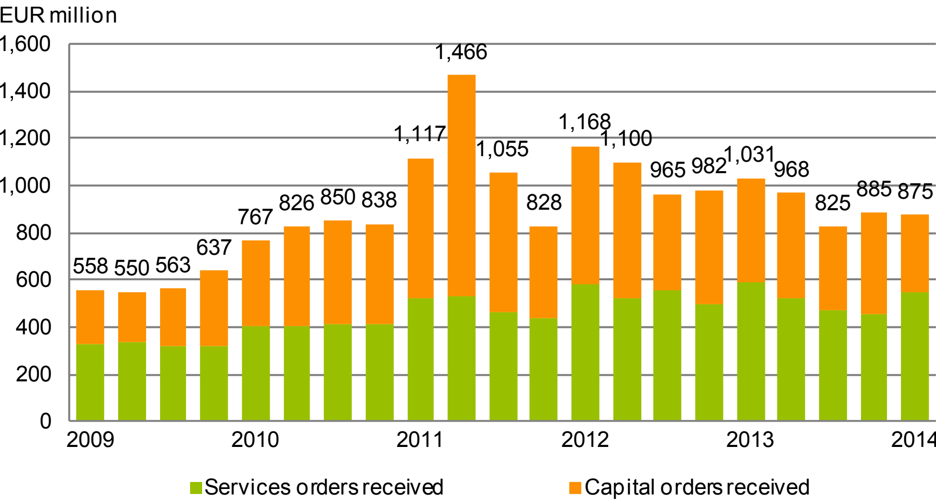
- Oil and gas demand remained strong; construction is recovering
- Services business picked up sequentially
- Demand for mining equipment and projects seems to be bottoming out
- Profit improvement program proceeded according to plan
- Fluctuation of currencies had a significant impact on net sales and order intake
- Orders received totaled EUR 875 million (EUR 1,031 million), of which EUR 545 million (EUR 589 million) were services orders
- Net sales totaled EUR 817 million (EUR 915 million), of which services accounted for EUR 438 million (EUR 466 million)
- EBITA before non-recurring expenses was EUR 88 million and 10.7% of net sales (EUR 103 million and 11.2%)
- In April, Metso Board rejected approach by The Weir Group



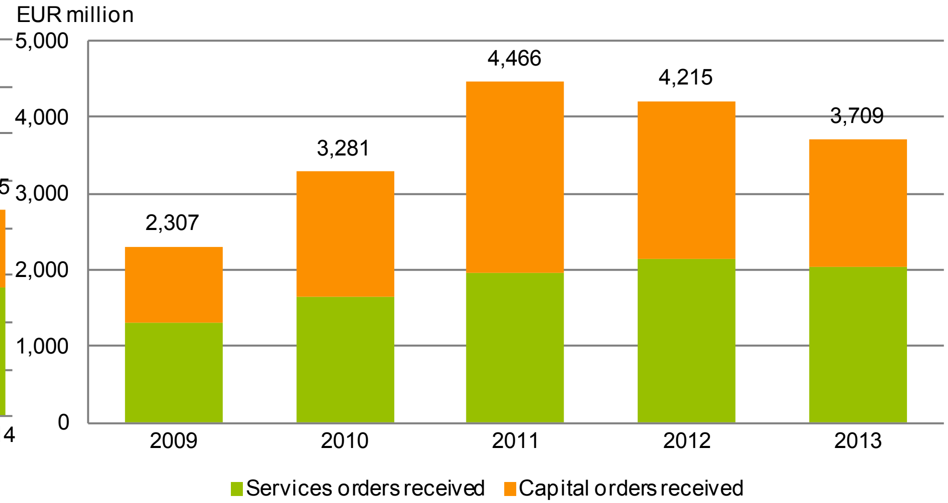
Figures in the brackets refer to same period last year unless otherwise stated

Order intake

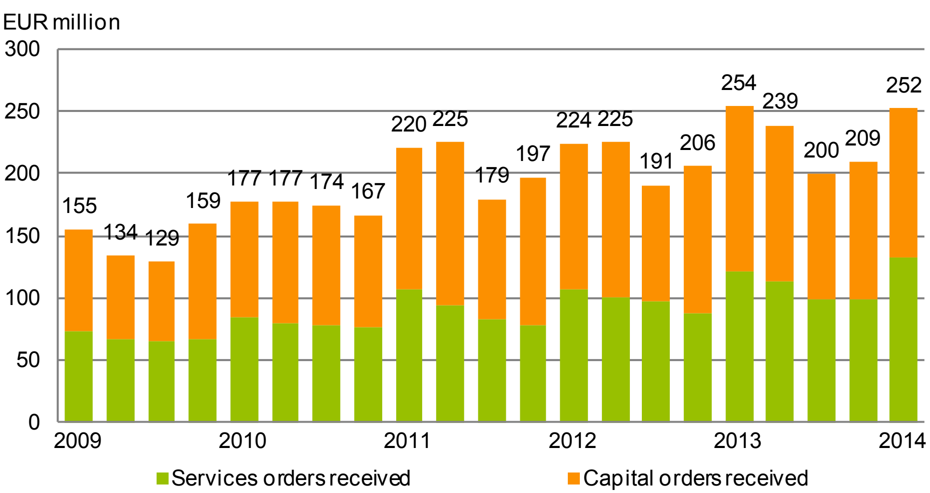
Metso



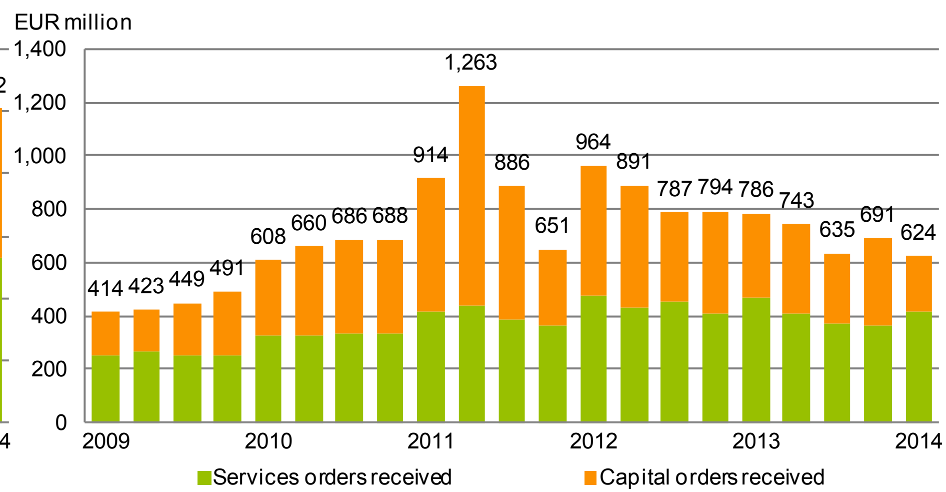
Metso



Automation

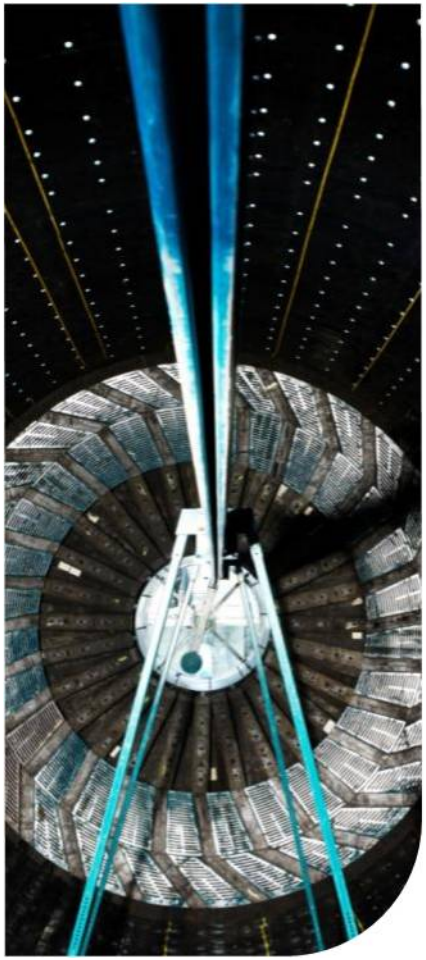


Mining and construction



Order intake by country

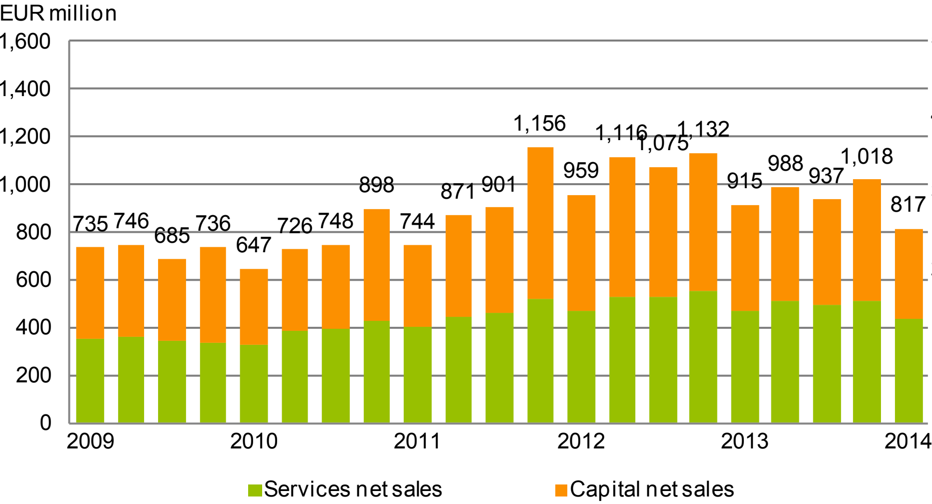
EUR million	Q1/2014	Q4/2013	Change %	% of all orders
USA	**135**	114	19	**15**
China	**75**	51	47	**9**
Brazil	**70**	94	-24	**8**
Canada	**54**	27	100	**6**
Australia	**48**	45	7	**5**
Finland	**38**	42	-11	**4**
Chile	**37**	135	-72	**4**
India	**35**	25	40	**4**
Russia	**30**	27	11	**3**
Sweden	**27**	23	17	**3**



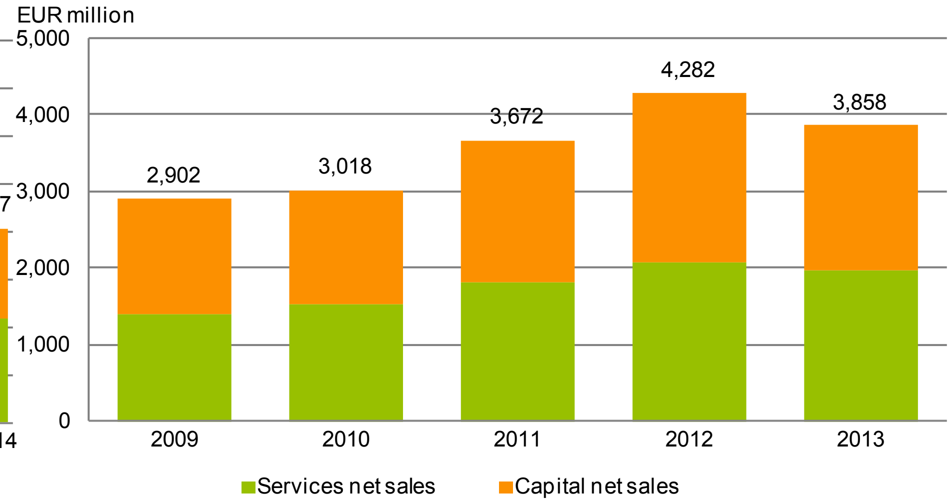
- Orders from the US and Canada were significantly higher
- Orders from China grew in Mining and Construction
- No big project orders from South America

Net sales

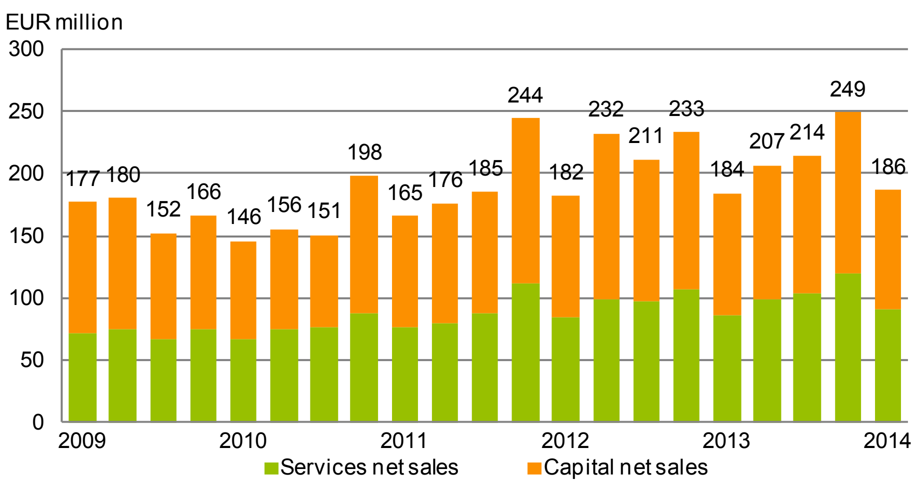
Metso



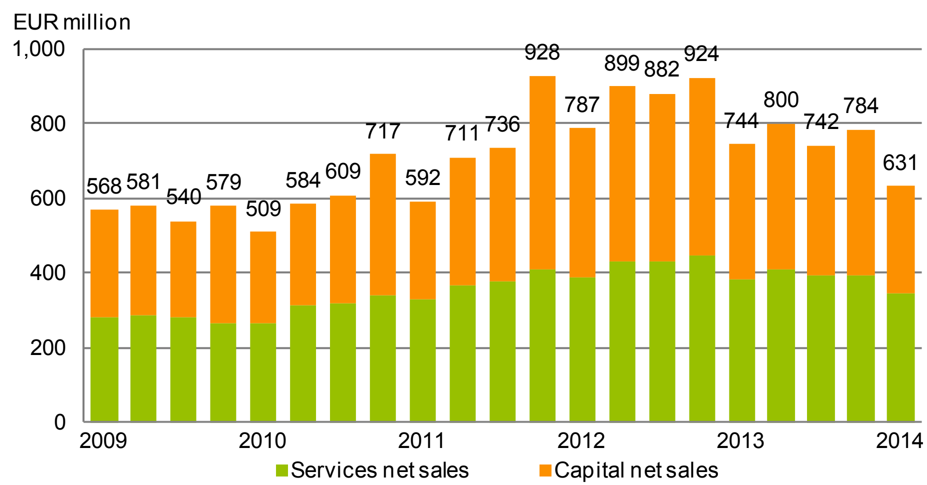
Metso



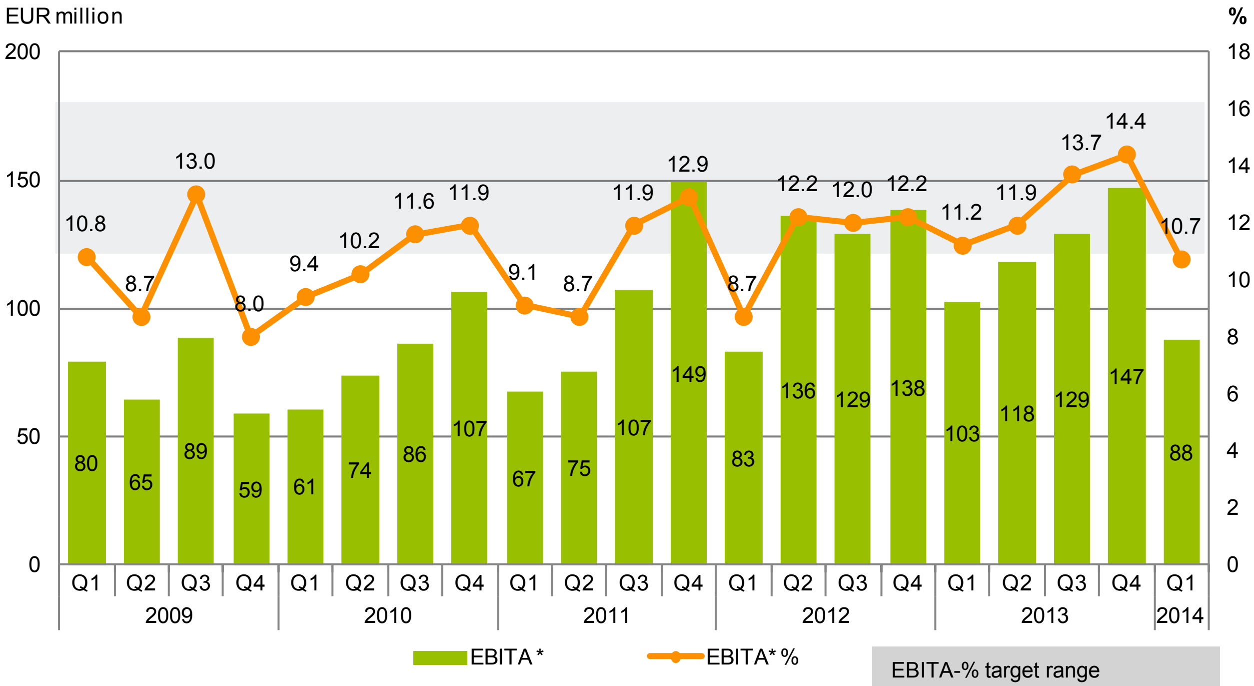
Automation

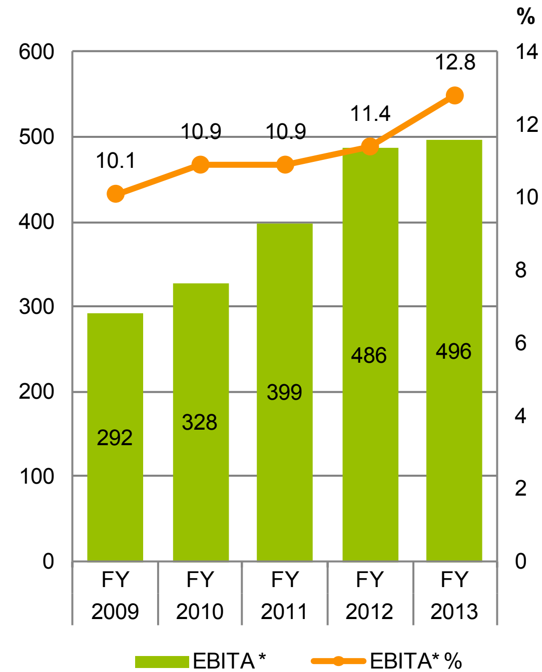


Mining and construction



EBITA* and EBITA* margin





EBITA* %	Q1/2014	Q1/2013	
Mining and Construction	**11.4**	12.3	Stable margins, lower volumes
Automation	**10.5**	8.8	Stable margins, cost savings
Metso total	**10.7**	11.2	Reasonably good result in this market environment

* Before non-recurring items

Metso value creation

- Significant shareholder value has been created through the demerger
  - Both Metso and Valmet share prices have shown positive development
- We will continue leveraging our
  - unrivaled services presence and capabilities
  - strong global market positions to capitalize on growth opportunities
  - competitive advantage through a unique combined offering
  - ongoing profit improvement and capital efficiency programs
  - strong financial track record

Our value creation platform

Assets

- ↗ Well-positioned to benefit from **long-term growth trends**
- ↗ **Global footprint,** with leading positions in all the markets we serve
- ↗ **Services-driven business model**
- ↗ **Competitive advantage** through unique combined offering
- ↗ **Strong financial track record** to support superior performance

Strategy

- **Services**
- **Technology offering**
- **Growth countries**
- **Operational excellence**
- **People and leadership**

Targets

> Market growth	**Sales growth**
> 10% p.a.	**Services sales**
11-16%	**EBITA margin**
≥ 30%	**ROCE %** *

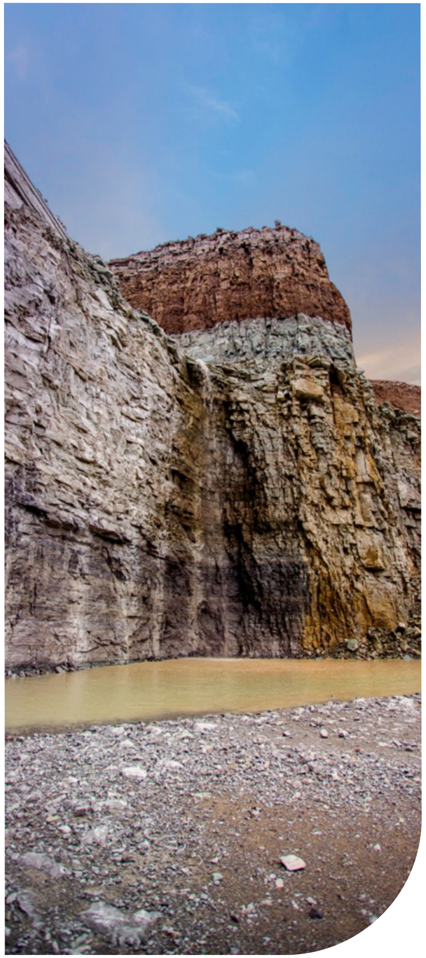
* Before taxes

Financial performance

Harri Nikunen, CFO

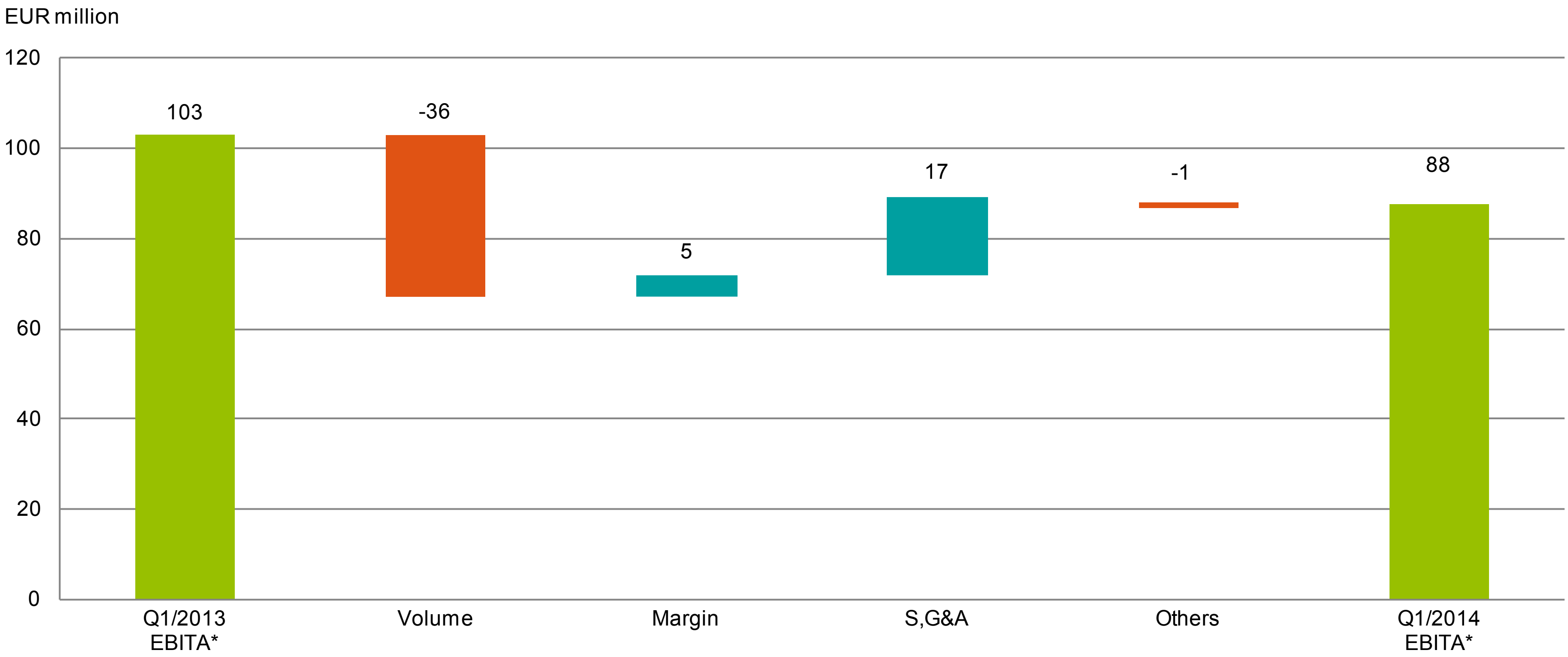
Group key figures

EUR million	Q1/2014	Q1/2013	Change %	2013
Orders received	**875**	1,031	-15	**3,709**
without currency impact			-8	
Services orders received	**545**	589	-7	**2,038**
without currency impact			2	
Net sales	**817**	915	-11	**3,858**
without currency impact			-3	
Services net sales	**438**	466	-6	**1,976**
% of net sales	**54**	51		**51**
EBITA *	**88**	103	-15	**496**
% of net sales	**10.7**	11.2		**12.8**
EBIT **	**76**	98	-22	**423**
Earnings per share, EUR	**0.28**	0.38		**1.59**



* Before non-recurring items
** Q1/2014 includes non-recurring expenses of EUR 6.6 million and FY 2013 of EUR 54 million

Stable margins and visible cost savings



* Before non-recurring items

Balance sheet key figures

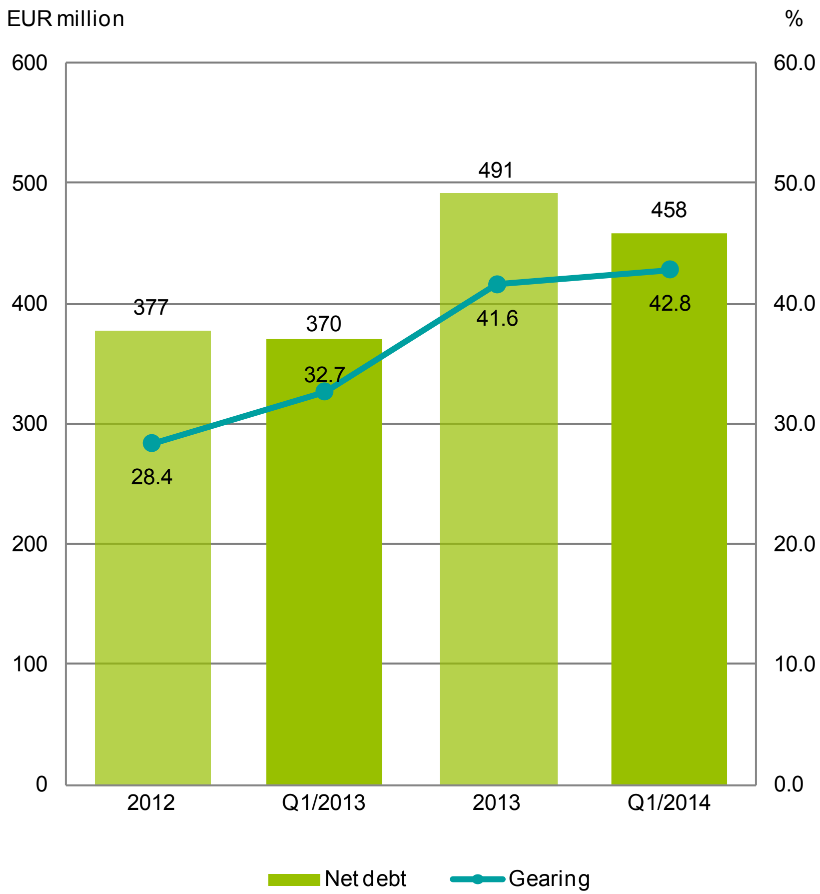
	Q1/2014	Q1/2013	2013
Return on equity (ROE), %	**14.9**	18.2	**19.0**
Return on capital employed (ROCE) before taxes, %	**14.3**	17.0	**18.6**
Gearing at the end of the period, %	**42.8**	32.7	**41.6**
Cash conversion, %	**114**	84	**105**
Debt to capital, %	**48.9**	49.4	**47.0**
Net debt / EBITDA	**1.2**	0.8	**1.0**
Interest cover (EBITDA)	**6.9**	7.7	**9.2**

- Our capital structure and financial position remains strong

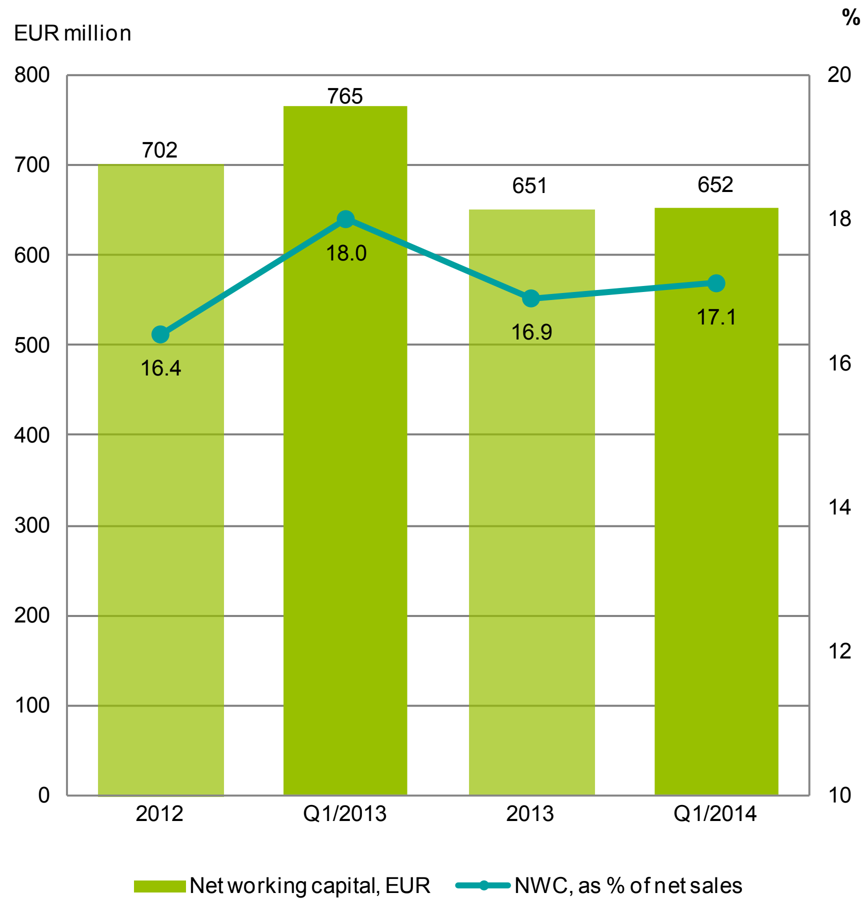
* All figures annualised but cash conversion

Indebtedness and net working capital

Net debt and gearing



Net working capital



Mining and Construction key figures

EUR million	Q1/2014	Q1/2013	Change %	2013
Orders received	**624**	786	-21	**2,855**
without currency impact			-12	
Services orders received	**413**	471	-12	**1,616**
Net sales	**631**	744	-15	**3,070**
without currency impact			-7	
Services net sales	**347**	383	-10	**1,579**
% of net sales	**55**	52		**51**
EBITA *	**72**	91	-21	**401**
% of net sales	**11.4**	12.3		**13.1**
Return on operative capital employed **	**19.0**	25.3		**25.1**

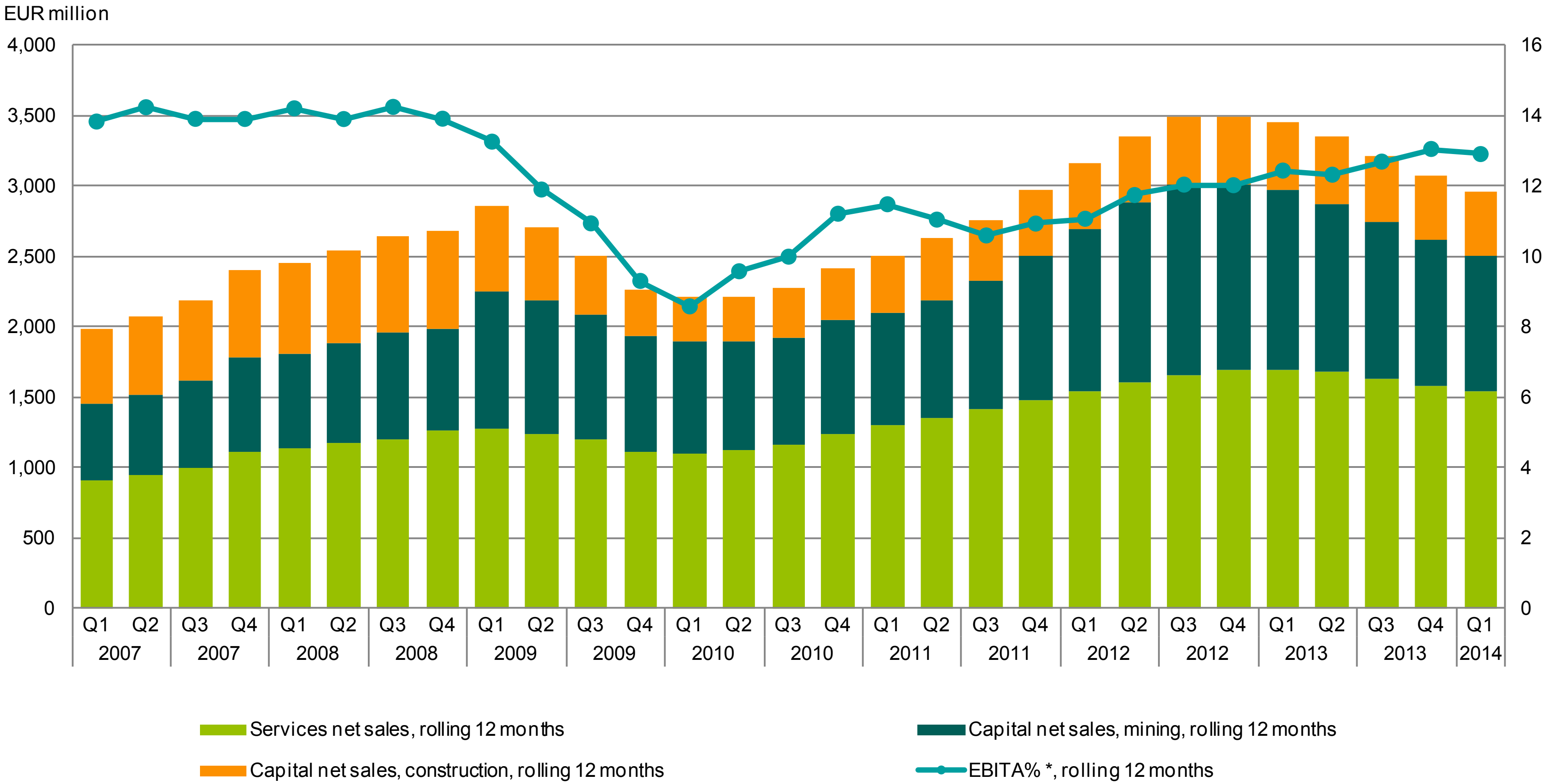
Q1/2014 vs. Q1/2013

- Margins have held up well and fixed costs are under control
- Decline in net sales had a negative impact on results

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

Mining and Construction

Rolling 12-month net sales and EBITA%*



* Before non recurring items

Automation key figures

EUR million	Q1/2014	Q1/2013	Change %	2013
Orders received	**252**	254	-1	**902**
without currency impact			4	
Services orders received	**132**	118	12	**422**
Net sales	**186**	184	1	**854**
without currency impact			6	
Services net sales	**91**	83	10	**398**
% of net sales	**49**	45		**47**
EBITA *	**20**	16	22	**116**
% of net sales	**10.5**	8.8		**13.6**
Return on operative capital employed **	**26.5**	19.9		**38.5**

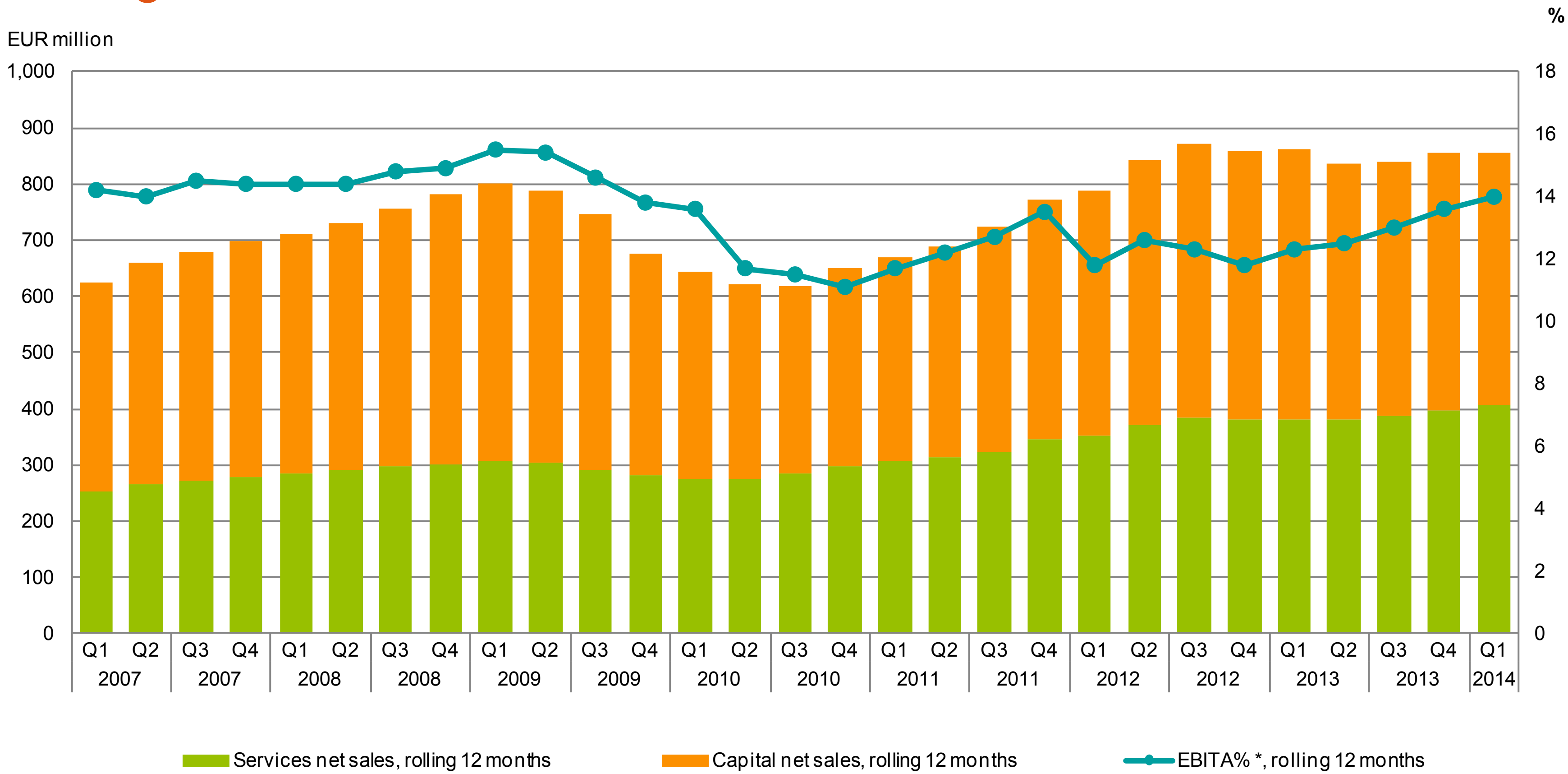
Q1/2014 vs. Q1/2013

- Net sales up 6% and services 12% with constant currencies
- Lower fixed costs
- 5% higher order backlog

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

Automation

Rolling 12-month net sales and EBITA%*



* Before non-recurring items

Profit improvement program proceeding according to plan

- Program was announced in autumn 2013
- We are responding to the soft market environment in mining and adjusting to the new Group structure
- The current scope encompasses headcount reduction of 1,300-1,400
- Targeted gross savings total EUR 120-130 million
- Completion rate is 60%, targeting full completion by the end of 2014
- Savings to be fully achieved in H1/2015

metso

Major structural changes in headcount during 2013 and Q1/2014

Headcount December 31, 2012	**16,612**
Acquisitions	+ 623
Divestments	- 326
Headcount after structural changes	**16,909**
Profit improvement program and other changes	**- 711**
Headcount March 31, 2014	16,198
Reduction in Europe and North America	**~ 900**
Increase in emerging markets	**~ 530**

Outlook and guidance

Matti Kähkönen
President and CEO

Market outlook

Mining

55% of net sales

55% service intensity

Current demand:

- Weak for the equipment and project business
- Services good

Construction

20% of net sales

40% service intensity

Current demand:

- Satisfactory for the equipment and services

Automation

22% of net sales

45% service intensity

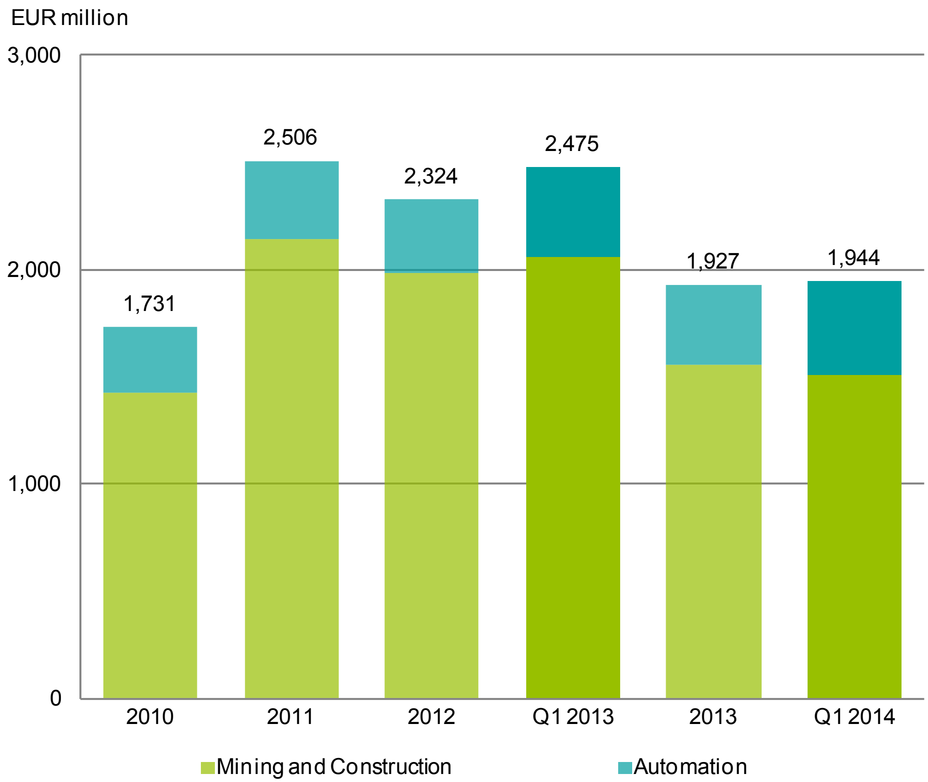
Current demand:

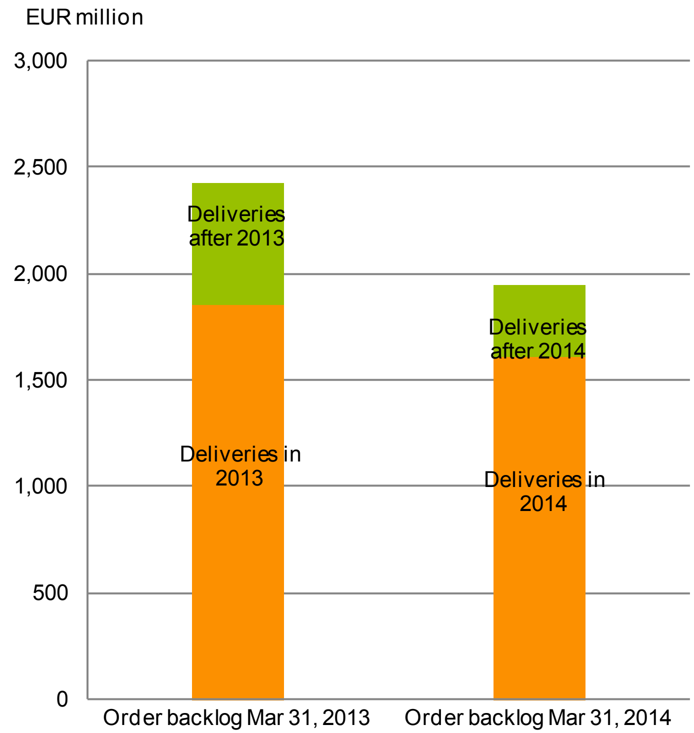
- Good in oil and gas; satisfactory in pulp and paper
- Services good

3-6 months market outlook

Mining		Construction		Automation	
→ Equipment	→ Services	→ Equipment	→ Services	→ Equipment	→ Services

Order backlog





- Backlog about EUR 300 million lower than a year ago
- 83% of the backlog expected to be recognized as sales during 2014
- Services account for 40% of the backlog for 2014
- Backlog is overall healthy with no major cancellations or delays

Guidance for 2014

Based on our market outlook, backlog for 2014, current exchange rates and ongoing cost-efficiency actions, we estimate that

- our net sales in 2014 will be somewhat below 2013
- and EBITA margin before non recurring items for 2014 will be at around 12%

metso

Expect results

www.metso.com

company/metso metsoworld metsogroup metsoworld metsogroup