Interim Review

January 1 – June 30, 2015

Matti Kähkönen, President and CEO

Harri Nikunen, CFO

July 23, 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.

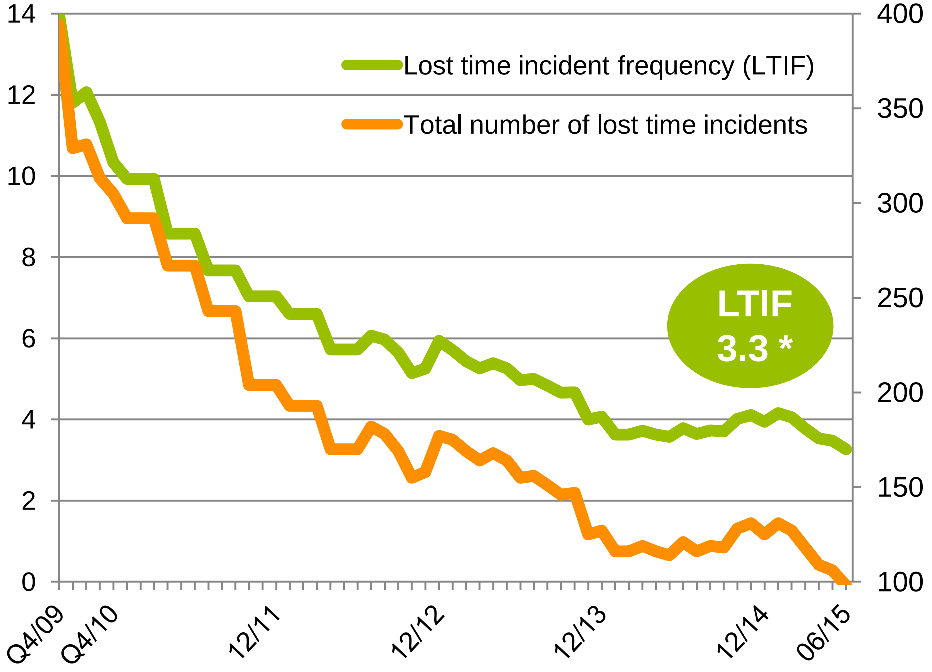
Such factors include, but are not limited to:

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

Safety is our top priority

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



Actions leading to improvement

- Active and visible management support
- Safety is part of every decision
- Safety included in incentive plans
- Development of safety culture
- Development of safe working methods
- Learning from every incident

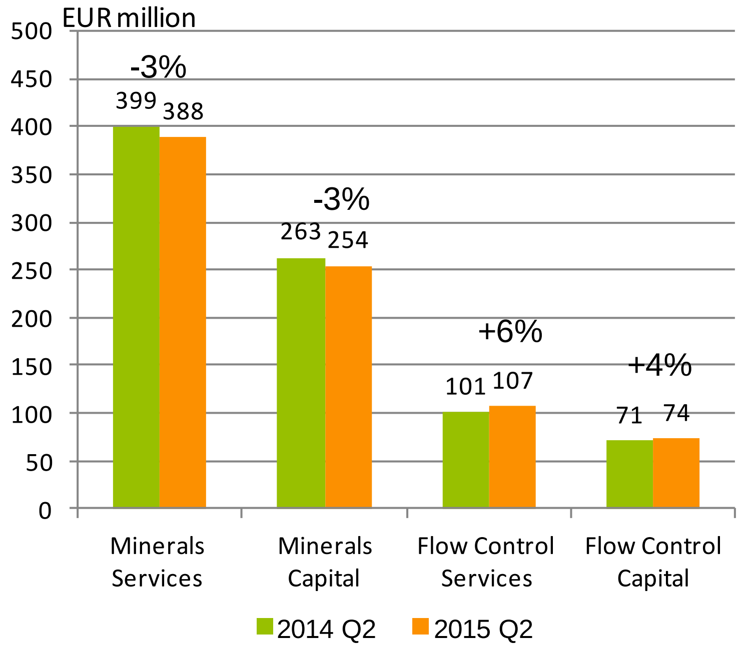
* LTIF June 2015

Markets in brief

- Demand for customers' capex projects remained soft; services demand stable
- Equipment pricing under pressure. Services prices holding up better.
- Mining equipment orders increased y-o-y and q-o-q to around EUR 140 million, thanks to the few large orders
- Aggregate equipment and services demand declined in the emerging markets
- We saw demand in oil & gas stabilized at a moderate level; demand in pulp & paper good

Orders received totaled EUR 823 million

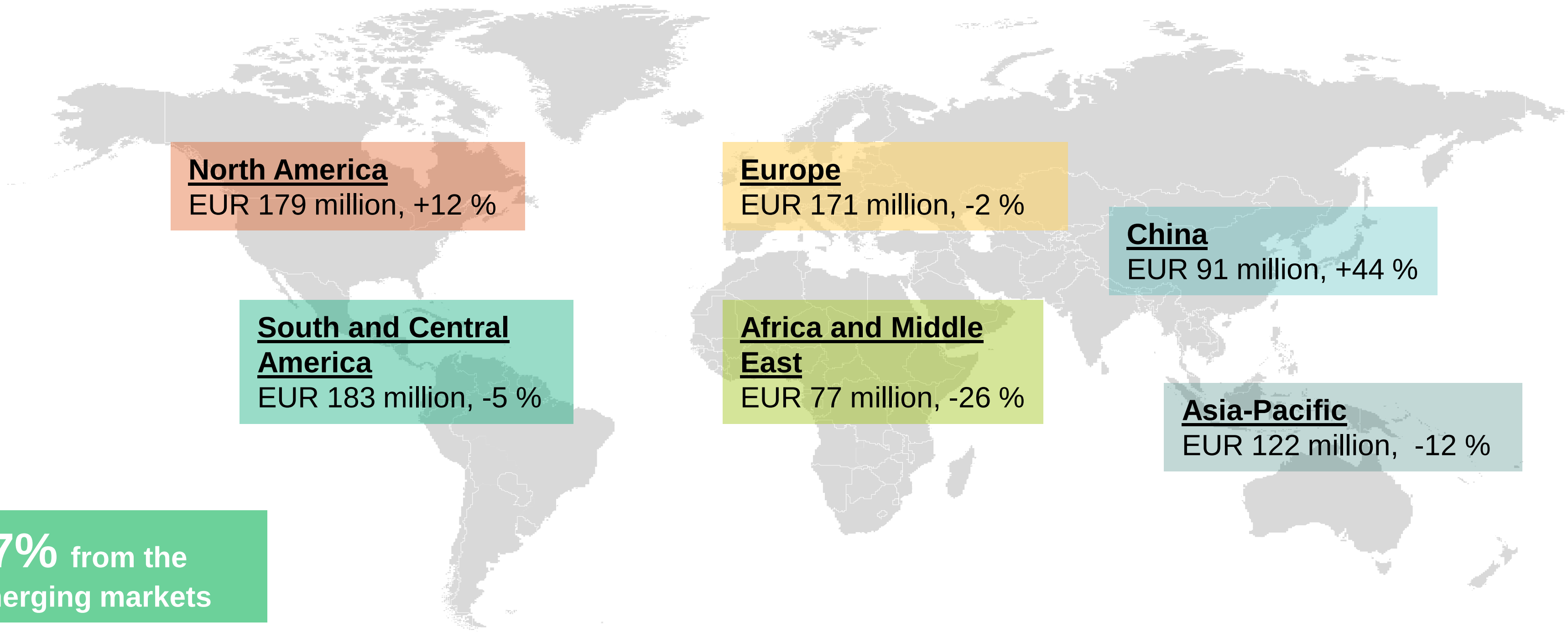
Excluding PAS



metso

Orders received by market area

Order intake in Q2/15 and change year-on-year (excluding PAS)



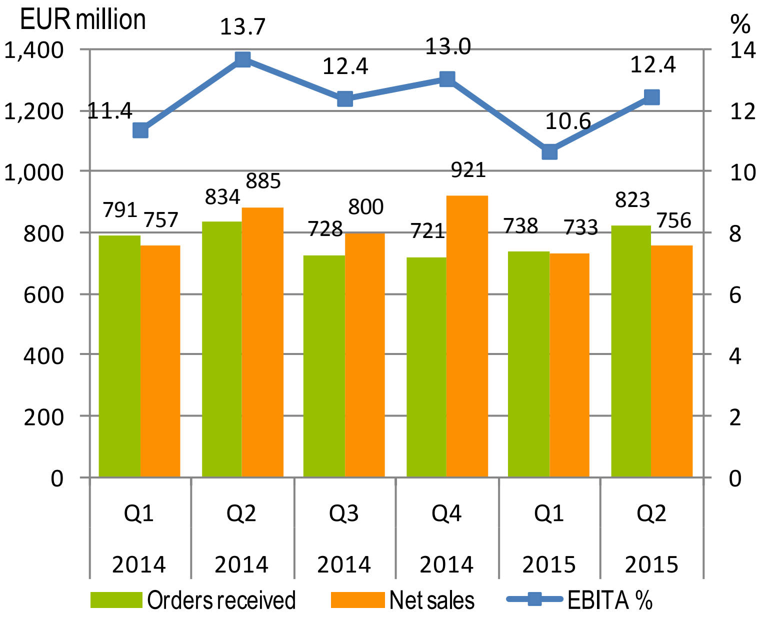
57% from the emerging markets

Financial highlights

Current structure

- Net sales decline was primarily due to lower mining equipment sales
- Book-to-bill 1.09
- Very good profitability at Flow Control
- Solid cash generation
- Divestment of PAS completed; initial gain on disposal of EUR 258 million was booked
- After the reporting period on July 23, the Board decided to pay an extra dividend of EUR 0.40 per share

Quarterly orders received, net sales and EBITA - %*



* Before non-recurring items

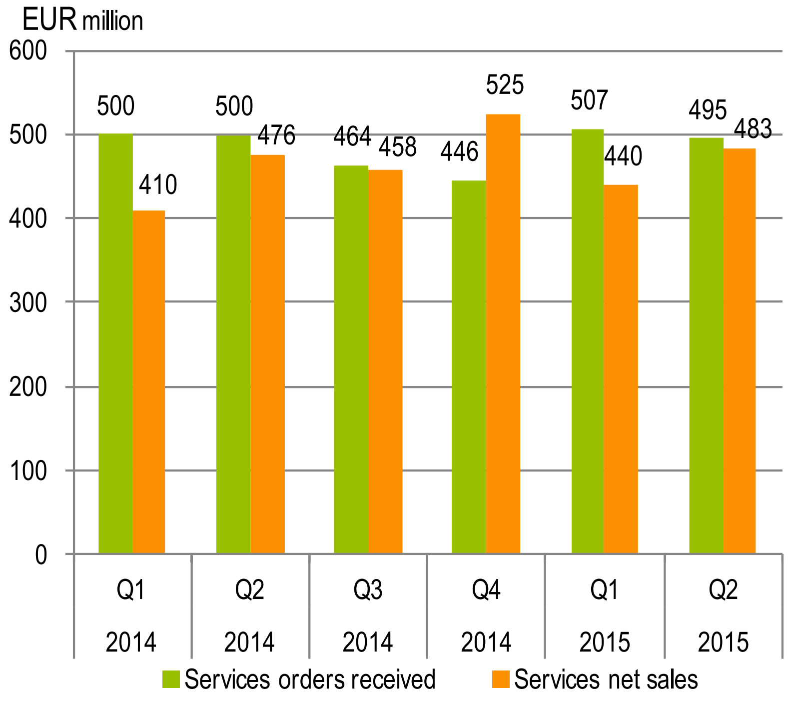
Services development

Current structure

- Total services sales grew 1.5%
- Book-to-bill 1.02
- Minerals
  - Performance services orders declined (timing)
  - Good demand for life-cycle services
  - Wears and spares flat
- Flow Control
  - Orders rebounded after low Q1
  - Orders for mining pumps increased about 30%

Services orders and net sales

Excluding PAS



Financial performance

Harri Nikunen
CFO

Group key figures

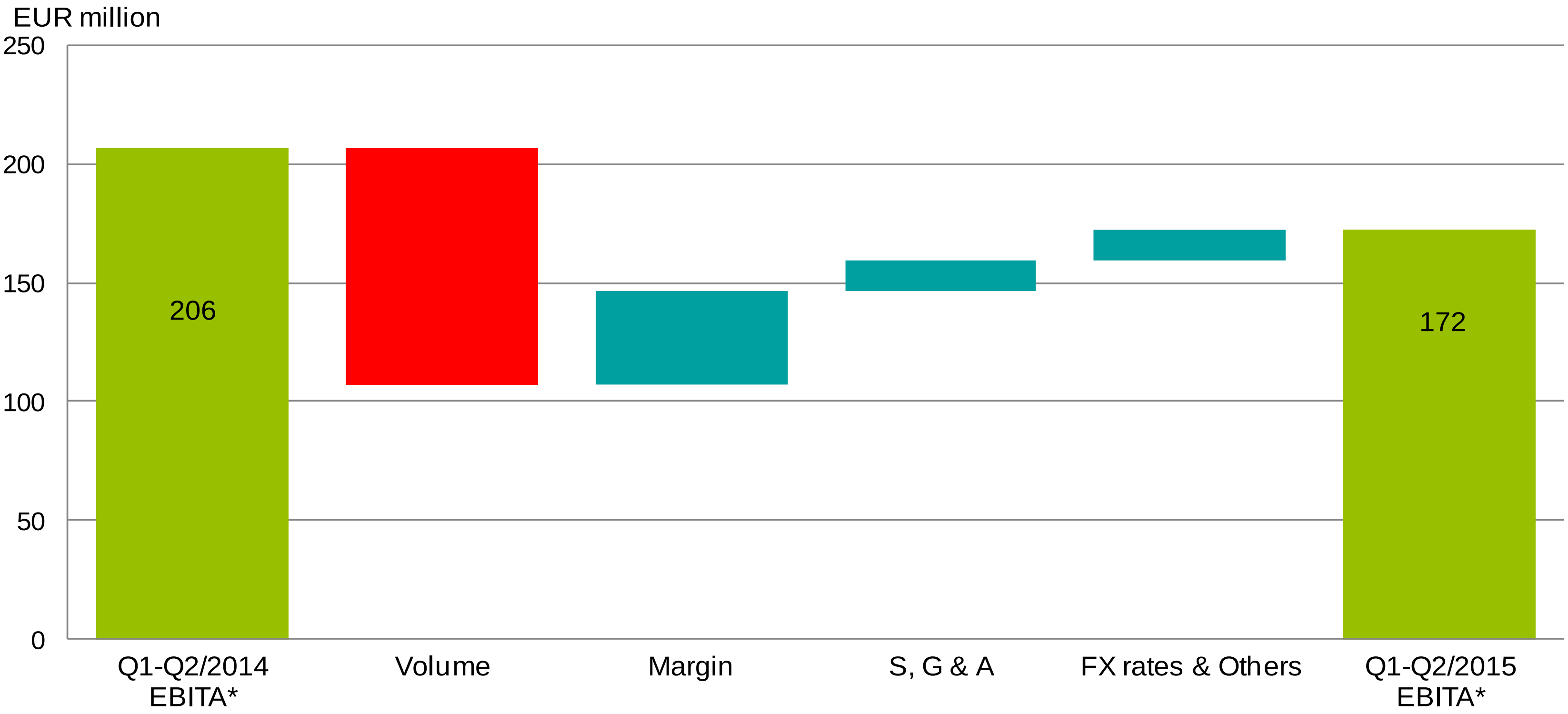
Current structure except when noted

EUR million	Q2/2015	Q2/2014	Change %	Q1-Q2/ 2015	Q1-Q2/ 2014	Change %	2014
Orders received	**823**	833	-1	1,560	1,625	-4	3,074
without currency impact			-8			-10	
Service orders received	**495**	500	-1	1,002	1,000	0	1,910
without currency impact			-7			-6	
Net sales	**756**	884	-15	1,489	1,644	-9	3,363
without currency impact			-20			-16	
Services net sales	**483**	476	1	924	886	4	1,869
without currency impact			-4			-2	
EBITA*	**94**	121	-22	172	206	-17	426
% of net sales	**12.4**	13.7		11.6	12.6		12.7
EBIT **	**347**	102	243	412	178	133	351
Earnings per share**, EUR	**2.06**	0.35	489	2.31	0.63	267	1.25
Return on capital employed (ROCE) before taxes, annualized, %**				26.2	16.6		16.4
Free cash flow	**78**	47	66	165	95	74	204

*Before non-recurring items
** Including initial gain from disposal of PAS Q2/2015 as well as PAS's result for Q1/2015 and full-year 2014

Positive margin and SG&A impact on EBITA

Current structure, illustrative

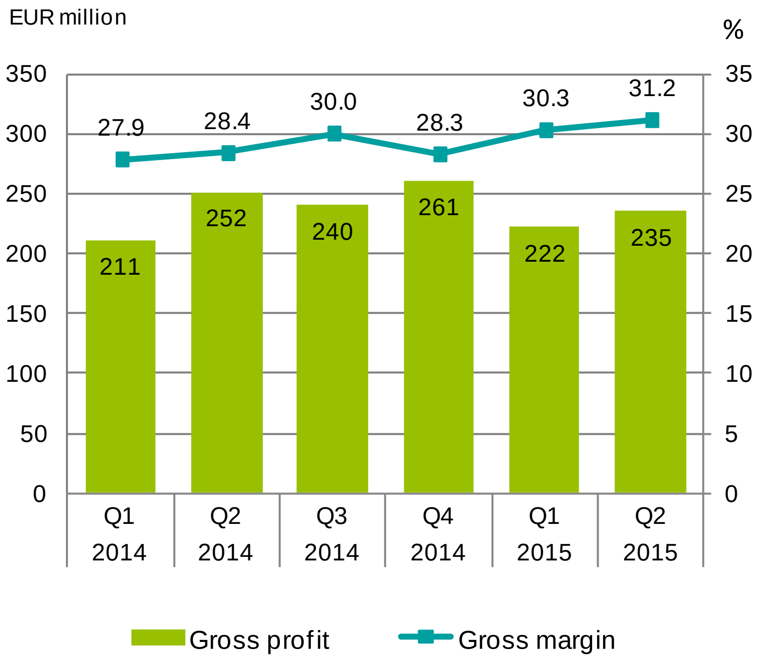


Note: Volume, margin, and SG&A changes calculated with constant currencies. Currency impact is included in 'FX rates & Others'.

* Before non-recurring items

Gross margins remain healthy

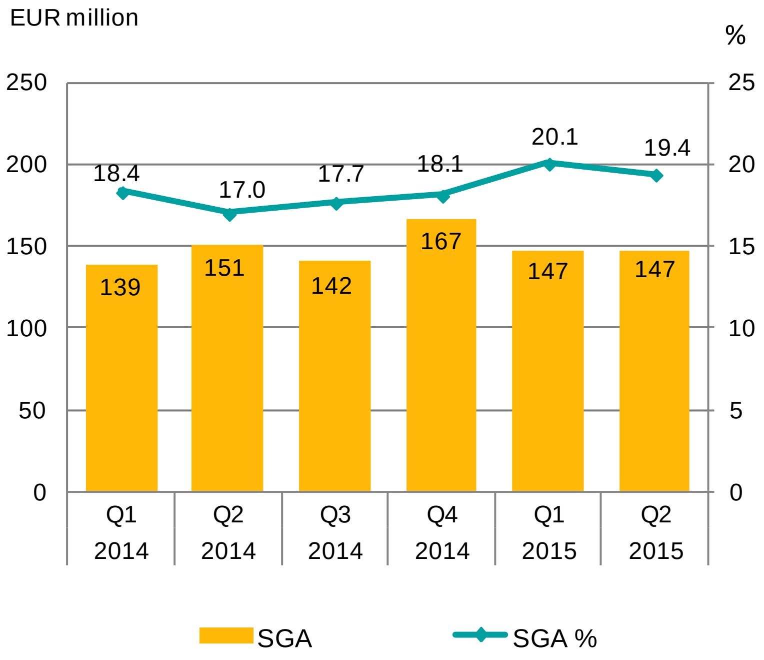
Current structure



- The mix has improved (services vs. equipment)
- Margins in all businesses have remained healthy
- Cost competitiveness an important element of RTD
- Good cost control
  - Head count reduction 2013- 2015 YTD > - 1000
  - Purchase savings
  - Savings in other direct / indirect costs
- 2015 y-t-d restructuring costs not booked as non recurring items

Actions to reduce SG&A continue

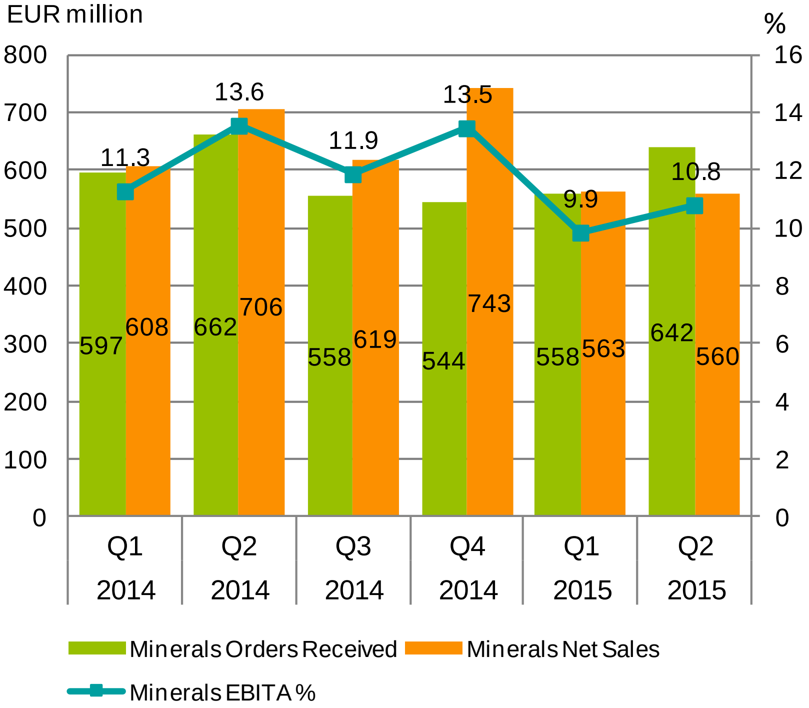
Current structure



- 6% (300 persons) reduction in headcount from 2Q- 2014 and a reduction > 500 since 2013
- People costs and spend down from 2Q/2014
- Total y-t-d 4% down in constant currencies
- Biggest decline in the mining equipment business
- Y-t-d 2015 restructuring costs not booked as non recurring items

Minerals quarterly performance

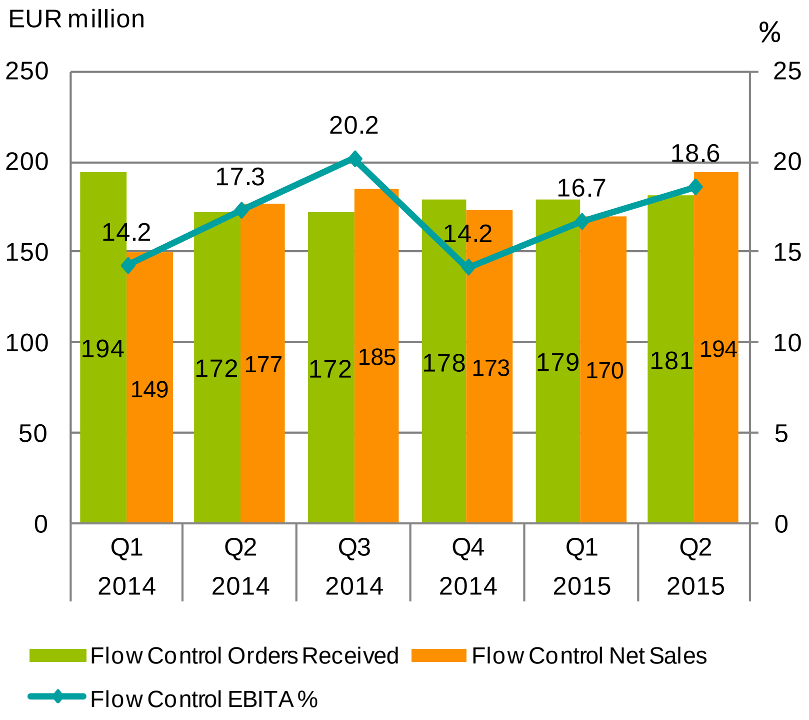
- Mining equipment sales declined 55% y-o-y; orders were high and book-to-bill 1.77
- Lower SG&A could not compensate for the volume drop
- Stable gross margins
- Operational ROCE of 17.6% (20.8%)
- Personnel totaled 9,739 (10,724)



Flow Control quarterly performance

Current structure

- Strong quarter in all respects
- Profitability improvement driven by net sales
- Stable margins in both valves and pumps
- Operational ROCE of 38.2% (32.0%)



Strong cash generation

	Q1-Q2/15	Q1-Q2/14	Comments
EBITDA	**447**	**215**	
Adjustments	(255)	19	
Change in net working capital	52	(14)	Inventories and receivables declined
Financial items and taxes, paid	(69)	(110)	
NET CASH FROM OPERATIONS (CFFO)	**175**	**110**	
Capex on fixed assets	(23)	(25)	FY2015 significantly lower than FY2014
Acquisitions and divestments	242	(14)	2015 includes initial gain on disposal of PAS
NET CASH FROM INVESTING ACTIVITIES (CFFI)	**219**	**(39)**	
CFFO + CFFI	**394**	**71**	

Capital employed and net working capital

Larger cash position increased capital employed

EUR million	June 30, 2015	Dec 31, 2014	Change
Net working capital	645	681	-36
Tangible assets	373	398	-25
Intangible assets	557	560	-3
Other	206	176	+30
Cash	542	277	+265
TOTAL	**2,323**	**2,092**	**+231**
Turnover	1.5	1.7	

NWC declined thanks to lower investories and receivables

EUR million	June 30, 2015	Dec 31, 2014	Change
Inventories	784	842	-58
Receivables	577	645	-68
Payables	-313	-333	+20
Advances + POC	-157	-145	-12
Customer NWC	**891**	**1,009**	**-118**
Other	-246	-328	+82
TOTAL	**645**	**681**	**-36**
% of net sales	21.5%	20.2%	

Solid balance sheet and financial position

	Jun 30, 2015	Jun 30, 2014	Dec 31, 2014
Return on equity (ROE), % *	32.5	16.4	15.7
Return on capital employed (ROCE) before taxes, %*	26.2/17.1**	16.6	16.4
Gearing at the end of the period, %	16.6	53.4	45.6
Cash conversion, %	186	100	108
Debt to capital, %	36.4	45.6	41.2
Net debt / EBITDA *	0.5	2.8	1.3
Interest cover (EBITDA) *	22.8	5.8	6.2

*Annualized
**Excluding initial gain on disposal of PAS.

Outlook and guidance

Matti Kähkönen
President and CEO

Challenging outlook for new equipment demand

Mining

48% of net sales* of which 75% services

Outlook:

- Weakness to continue in equipment and systems business
- A few large orders in the pipeline; timing is uncertain
- Demand for services to remain healthy, thanks to high mine utilization
- Mine closures and cost actions continue to impact services market

Aggregates

24% of net sales* of which 40% services

Outlook:

- Demand for equipment and services in the emerging markets is weak
- Better demand in US and Europe

Flow Control

24% of net sales* of which 50% services

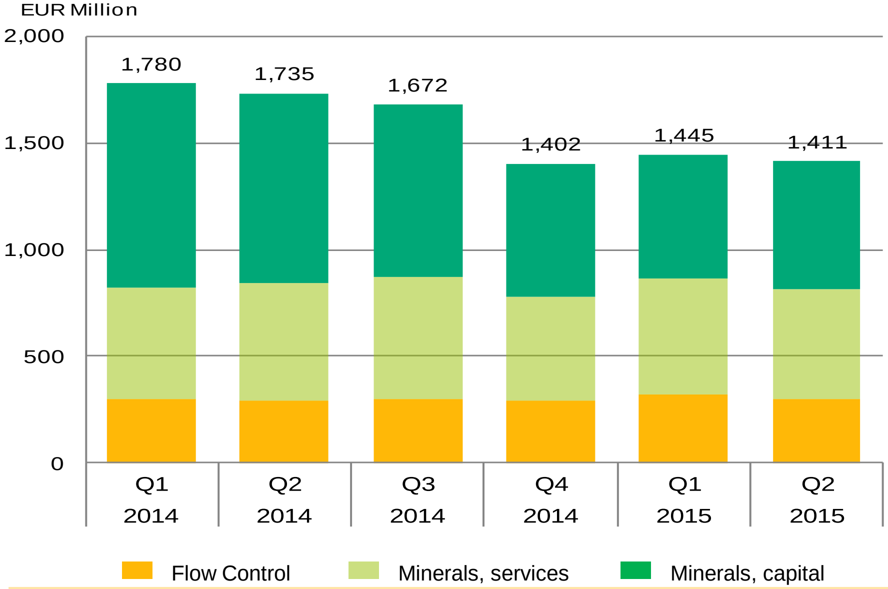
Outlook:

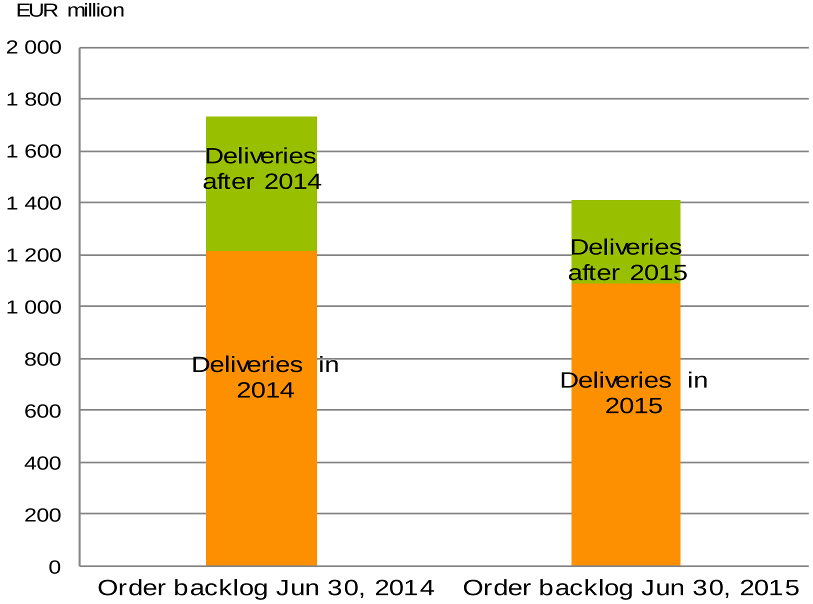
- Oil & gas-related project pipeline is soft
- Replacement and services demand remains healthy
- Other industries (pulp & paper, power, etc.) offer opportunities

*year-to-date 2015

Order backlog

Current structure





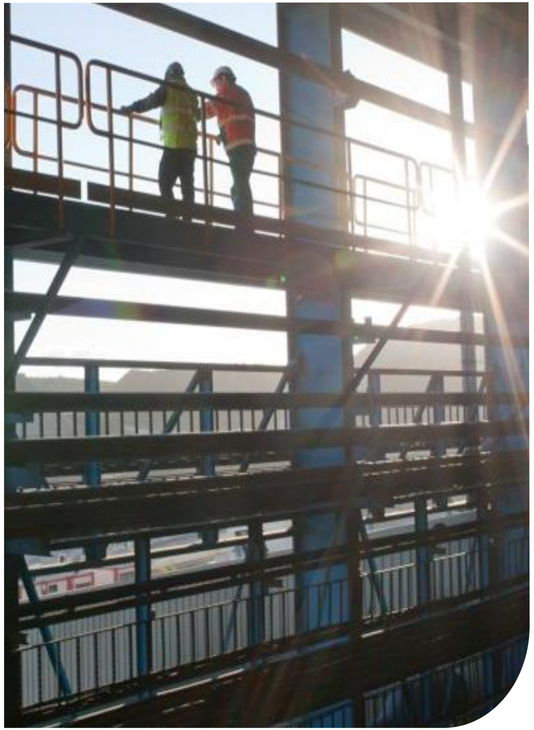
- Flow Control backlog has increased 3% y-o-y
- Current backlog is healthy (uncertain deliveries removed)

Updated guidance for 2015

Excluding the Process Automation Systems business

- Our net sales in 2015 will be between EUR 3,000 and 3,200 million (previously between 3,000 and 3,300) million and
- Our EBITA margin* before non-recurring items for 2015 will be around 12.5% (12.0-13.0%), previously around 13% (12.5-13.5%).

Guidance is based on:
- net sales of EUR 1,488 million in H1/2015
- backlog of EUR 1,090 million for H2/2015
- expected short-cycle sales (services, valves) during H2/2015



In addition, the guidance takes into account the current market activity in our customer industries and current exchange rates.

*before non-recurring items

Appointments in the Metso Executive Team

Perttu Louhiluoto, President, Services

- born 1964, Finnish citizen
- previously President, Flow Control (2014-2015) and Automation (2012-2014)
- joined Metso in 2008

John Quinlivan, President, Flow Control

- born 1961, US citizen
- previously SVP, Global Operations in Flow Control
- joined Metso in 1989


Invitation
Metso Capital Markets Day
September 29, 2015
London

metso

Expect results

www.metso.com

in company/metso   metsoworld   metsogroup   metsoworld   metsogroup