

Financial
Statements
Review
2016

Metso's Financial Statements Review January 1 – December 31, 2016

Figures in brackets refer to the corresponding period in 2015, unless otherwise stated.

Fourth-quarter 2016 in brief (compared to the fourth quarter of 2015)

- Demand for aggregates equipment improved and demand for mining services stabilized during the quarter.
- Orders received totaled EUR 672 million (EUR 758 million), of which EUR 442 million (EUR 441 million) were services orders.
- Sales totaled EUR 676 million (EUR 754 million), of which services accounted for EUR 442 million (EUR 481 million).
- Adjusted EBITA totaled EUR 64 million, or 9.4 percent of sales (EUR 91 million, 12.0%). The lower EBITA resulted from lower volumes, project overrun costs and warranty costs in Minerals, as well as from a negative impact related to non-operative items in the Group head office.

Full-year 2016 in brief (compared to 2015)

- Market environment was challenging.
- Orders received totaled EUR 2,724 million (EUR 2,965 million), of which EUR 1,741 million (EUR 1,879 million) were services orders.
- Orders clearly exceeded sales and consequently the year-end backlog grew 4 percent
- Sales totaled EUR 2,586 million (EUR 2,923 million), of which services accounted for EUR 1,703 million (EUR 1,840 million).
- Adjusted EBITA totaled EUR 274 million, or 10.6 percent of sales (EUR 356 million, 12.2%).
- Operating profit totaled EUR 227 million, or 8.8 percent of sales (EUR 555 million, 18.7%), and was negatively impacted by net adjustment items resulting from continued restructuring to adapt the structure and footprint to market conditions.
- Strong free cash flow of EUR 339 million (EUR 341 million), resulting from a release of net working capital.
- The Board of Directors proposes a dividend of EUR 1.05 per share (EUR 1.05)

Outlook for 2017

Metso's overall trading conditions are expected to be slightly better than in 2016. Demand for our products and services in 2017 is expected to develop as follows:

- Remain weak for mining equipment and satisfactory for mining services.
- Improve to good for aggregates equipment and services (previously: satisfactory both for equipment and services)
- Remain satisfactory for Flow Control products related to customers' new investments and satisfactory for Flow Control services, with some positive signs seen in the oil & gas markets in the beginning of the year.

At the end of December 2016, our backlog for 2017 totaled approximately EUR 1.2 billion. In the current market conditions, we continue to expect some postponements to planned delivery timetables. Negative adjustment items from restructuring programs initiated in 2016 are expected to be EUR 10-15 million. Capital expenditure excluding acquisitions is expected to increase compared to 2016 but remain below depreciation and amortization.

President and CEO Matti Kähkönen:



Last year proved to be challenging, especially in the mining and oil & gas markets. The demand for mining equipment was more or less in line with 2015, and the demand for services seemed to stabilize in the last quarter. In aggregates we saw positive development as the demand for equipment strengthened in the US, Northern Europe, and India. The biggest change in 2016 was seen in the oil & gas market, where customers became clearly more cautious about downstream investments during the second half of the year.

On a positive note, our annual orders exceeded sales, and the Group's profitability was satisfactory, despite lower sales in both Minerals and Flow Control. In addition, we reported a strong free cash flow and our balance sheet strengthened significantly. Though I am pleased with the cost-efficiency measures we have carried out so far, we will continue to look after our costs and take measures where necessary also going forward.

We proceeded with many internal actions during the year. The digitalization of both our offering and business models is under way and good progress was made during 2016. We implemented a new operating model in the Minerals equipment business and made notable progress with the standardization of our products and projects for a smoother sales-to-delivery process. We also continued to broaden our distribution network and add new distributors in both Flow Control and Aggregates.

Our market outlook for 2017 illustrates some optimism, as we expect the market situation to be slightly better compared to 2016. The most prominent improvement, which started already last year, seems to be taking place in the aggregates business. In the mining and oil & gas markets the year has started in a relatively positive way, but it is still too early to announce a meaningful recovery.

Key figures

EUR million	Q4/2016	Q4/2015	Change %	2016	2015*	Change %
Orders received	672	758	-11	2,724	2,965	-8
Orders received by the services business	442	441	0	1,741	1,879	-7
% of orders received	66	58		64	63	
Order backlog at the end of the year				1,320	1,268	4
Sales	676	754	-10	2,586	2,923	-12
Sales of the services business	442	481	-8	1,703	1,840	-7
% of sales	65	64		66	63	
Earnings before interest, tax and amortization (EBITA), adjusted	64	91	-30	274	356	-23
% of sales	9.4	12.0		10.6	12.2	
Personnel at the end of the year				11,542	12,619	-9

* The Process Automation Systems (PAS) business was divested on April 1, 2015. The full-year 2015 comparison numbers for Metso Group and Flow Control including the PAS business are presented in the tables section.

IFRS figures

EUR million	Q4/2016	Q4/2015	Change %	2016	2015	Change %
Operating profit	44	67	-34	227	555*	-59
% of sales	6.6	8.9		8.8	18.7*	
Earnings per share, EUR	0.17	0.35	-53	0.87	2.95*	-71
Free cash flow	97	59	64	339	341	-1
Return on capital employed (ROCE) before taxes, %				10.4	25.7*	
Equity-to-asset ratio at the end of the year, %				48.0	48.3	
Net gearing at the end of the year, %				-1.8	10.6	

* Including a capital gain on the disposal of PAS

Currency impact on orders received *(compared to the same period in 2015)*

	Q4/2016 Change %	Q4/2016 Change % using constant rates	2016 Change %	2016 Change % using constant rates
Minerals	-8	-9	-6	-4
Services business	1	-1	-9	-6
Flow Control	-21	-22	-14	-13
Services business	-2	-3	-2	0
Metso total	-11	-12	-8	-6
Services business	0	-1	-7	-5

Currency impact on sales *(compared to the same period in 2015)*

	Q4/2016 Change %	Q4/2016 Change % using constant rates	2016 Change %	2016 Change % using constant rates
Minerals	-9	-10	-11	-9
Services business	-9	-9	-8	-5
Flow Control	-14	-14	-13	-12
Services business	-7	-8	-6	-4
Metso total	-10	-11	-12	-10
Services business	-8	-9	-7	-5

Operating environment

The market environment was challenging in 2016, due to uncertainty especially in the mining and oil & gas industries. Low investments in the mining sector impacted the demand for new equipment, rebuilds and refurbishments. Underlying demand for smaller mining equipment improved slightly during the year, while there were only a few large project investments. Demand for wear and spare parts was stable following healthy production rates in mines. Market activity in the aggregates business varied substantially across different market areas, but the overall demand for aggregates equipment improved as a result of growth in the United States, Northern Europe and India. The oil & gas downstream market deteriorated in the second half of the year and we saw less new project orders. Investments in the pulp & paper markets were also significantly lower than in 2015. The day-to-day and services-related activity in Flow Control held up better.

Orders received and backlog

Fourth-quarter orders were EUR 672 million, which is 11 percent lower than in the comparison period. Minerals' orders were EUR 536 million, which is 8 percent lower than in the comparison period. Excluding a big mining order in the fourth quarter of 2015, Minerals' orders increased 6 percent. Minerals' services orders increased 1 percent and totaled EUR 346 million (EUR 344 million). Flow Control orders were EUR 136 million, a 21-percent decline from the comparison period. Flow Control's services orders totaled EUR 96 million, which was on the same level as in the last quarter of 2015.

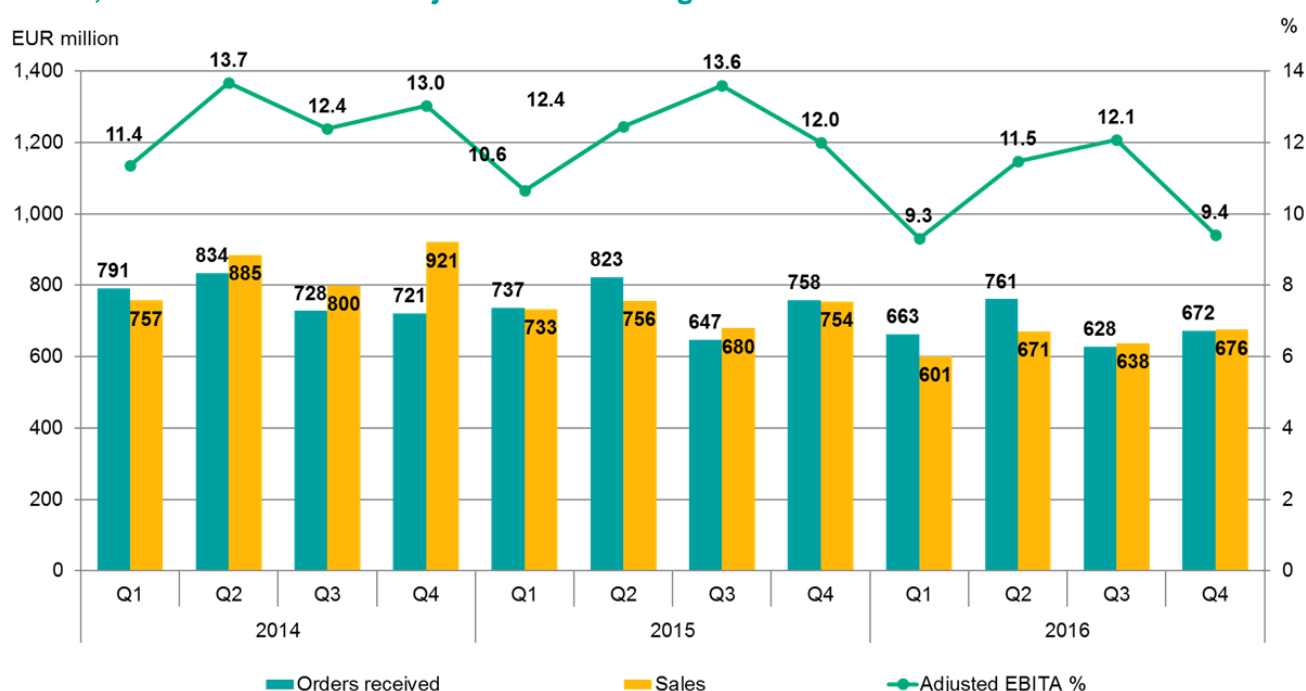
Orders received in 2016 totaled EUR 2,724 million, which is 8 percent lower than in 2015. Services orders accounted for 64 percent and totaled EUR 1,741 million, which is 7 percent lower than in 2015. The Group's lower order intake resulted from weaker demand for mining equipment, rebuilds and refurbishments as well as Flow Control projects. This was only partly offset by strengthening demand for aggregates equipment. The Group's order backlog totaled EUR 1,320 million, which is 4 percent higher than at the end of 2015. Around 90 percent of the backlog have delivery dates in 2017.

Sales development

Sales in the fourth quarter declined 10 percent from the comparison period and totaled EUR 676 million. Lower sales both to mining and oil & gas customers was the main reason for the decline. Minerals' sales were EUR 522 million a decline of 9 percent, while Flow Control's sales declined 14 percent and totaled EUR 155 million.

Sales in 2016 totaled EUR 2,586 million, which is 12 percent lower than in 2015. Sales of services totaled EUR 1,703 million and accounted for 66 percent of sales (EUR 1,840 million and 63 percent). Minerals' sales were EUR 1,956 million (EUR 2,198 million) and Flow Control's sales totaled EUR 631 million (EUR 723 million). Sales declined in both Minerals and Flow Control due to lower equipment sales during the year. Minerals services was also affected by a decline in the sales of rebuilds and refurbishments to the mining sector.

Sales, orders received and adjusted EBITA margin



Financial performance

Adjusted EBITA (earnings before interest, taxes and amortization) in the fourth quarter was EUR 64 million, or 9.4 percent of sales (EUR 91 million or 12.0%). EBITA weakened due to lower volumes and EUR 6 million in costs related to project overruns and warranties in Minerals, as well as from a negative impact related to non-operative items in the Group head office. The fourth quarter operating profit of EUR 44 million, or 6.6 percent of sales (EUR 67 million or 8.9%), was negatively impacted by EUR 14 million in restructuring costs, mainly in the US.

Adjusted EBITA in 2016 was EUR 274 million, or 10.6 percent of sales (EUR 356 million or 12.2%). Minerals' EBITA declined as a result of lower volumes in mining equipment, rebuilds and refurbishments, and totaled EUR 190 million (EUR 241 million). Fewer deliveries to the oil & gas industry affected Flow Control's EBITA, which amounted to EUR 95 million (EUR 126 million). Operating profit for the full year was EUR 227 million, or 8.8 percent of sales. Net adjustment items in 2016 were EUR 30 million negative and included the income from the divestment of the head office property and restructuring costs from adapting the structure and footprint to market conditions.

Profit before taxes was EUR 188 million (EUR 516 million including the gain from the divestment of PAS). The effective tax rate for 2016 was 30.8 percent. Net cash generated by operating activities totaled EUR 346 million (EUR 360 million) and free cash flow was EUR 339 million (EUR 341 million). Decrease in net working capital had a EUR 92 million positive impact on the cash flow (EUR 62 million positive impact).

Net financing expenses in 2016 were EUR 39 million (EUR 39 million). Interest expenses accounted for EUR 29 million (EUR 28 million), interest income for EUR 7 million (EUR 8 million), foreign exchange net losses for EUR 1 million (EUR 4 million loss), and other net financial expenses for EUR 16 million (EUR 15 million).

Financial position

Metso's liquidity position is strong. Total cash assets at the end of 2016 were EUR 807 million (EUR 657 million at the end of 2015), of which EUR 109 million (EUR 67 million) was invested in financial instruments with an initial maturity exceeding three months, and the remaining EUR 698 million (EUR 590 million) is accounted for as cash and cash equivalents. The Group has a committed EUR 500 million revolving credit facility, which is undrawn.

The Group's balance sheet strengthened in 2016. Net interest-bearing liabilities were EUR 26 million negative at the end of December (EUR 153 million positive at the end of 2015) and gearing was -1.8 percent (10.6% at the end of 2015). The equity-to-asset ratio was 48.0 percent (48.3% at the end of 2015). Our credit rating in 2016 was unchanged and Standard & Poor's Ratings Services confirmed the latest rating in March 2016: long-term corporate credit rating BBB and short-term A-2, outlook stable.

Capital expenditure

Gross capital expenditure in 2016, excluding business acquisitions, was EUR 31 million (EUR 45 million). Maintenance accounted for 89 percent, i.e. EUR 28 million (80% and EUR 36 million). In 2017, capital expenditure excluding acquisitions is expected to increase compared to 2016 but remain below depreciation and amortization.

Reporting Segments

Minerals

- Aggregates demand improved during the year
- Services orders declined during 2016 but turned to growth in the fourth quarter
- Challenging mining market affected sales and profitability



EUR million	Q4/2016	Q4/2015	Change %	2016	2015	Change %
Orders received	536	585	-8	2,115	2,260	-6
Orders received by the services business	346	344	1	1,348	1,477	-9
% of orders received	65	59		64	65	
Order backlog at the end of the year				1,078	1,006	7
Sales	522	574	-9	1,956	2,198	-11
Sales of the services business	342	374	-9	1,325	1,437	-8
% of sales	66	65		68	65	
Earnings before interest, taxes and amortization (EBITA), adjusted	47	69	-32	190	241	-21
% of sales	9.1	12.1		9.7	11.0	
Operating profit	33	50	-35	148	213	-31
% of sales	6.2	8.7		7.6	9.7	
Return on operative capital employed (ROCE), %				13.4	17.5	
Personnel at the end of the year				8,370	9,222	-9

Quarterly performance

Minerals' fourth-quarter orders totaled EUR 536 million (EUR 585 million), of which services accounted for 65 percent. Excluding the big order received in the fourth quarter of 2015, Minerals' orders increased 6 percent. Mining equipment orders were on the same level as in the previous quarters and totaled EUR 60 million. Aggregates equipment orders grew 38 percent from the comparison period, following a stronger demand in several market areas. Services orders were 1 percent higher than in the fourth quarter of 2015. Fourth quarter sales were 9 percent lower than in the comparison period and totaled EUR 522 million, of which EUR 342 million (EUR 374 million) was services. Mining sales declined, while both recycling and aggregates sales remained roughly stable compared to the last quarter of 2015. Minerals' adjusted EBITA totaled EUR 47 million, or 9.1 percent of sales (EUR 69 million or 12.1%). Profitability weakened due to lower sales and EUR 6 million in costs related to project overruns and warranties. Operating profit was EUR 33 million, or 6.2 percent of net sales (EUR 50 million, or 8.7%), and included EUR 13 million in restructuring costs resulting from adapting our structure and footprint to current market conditions.

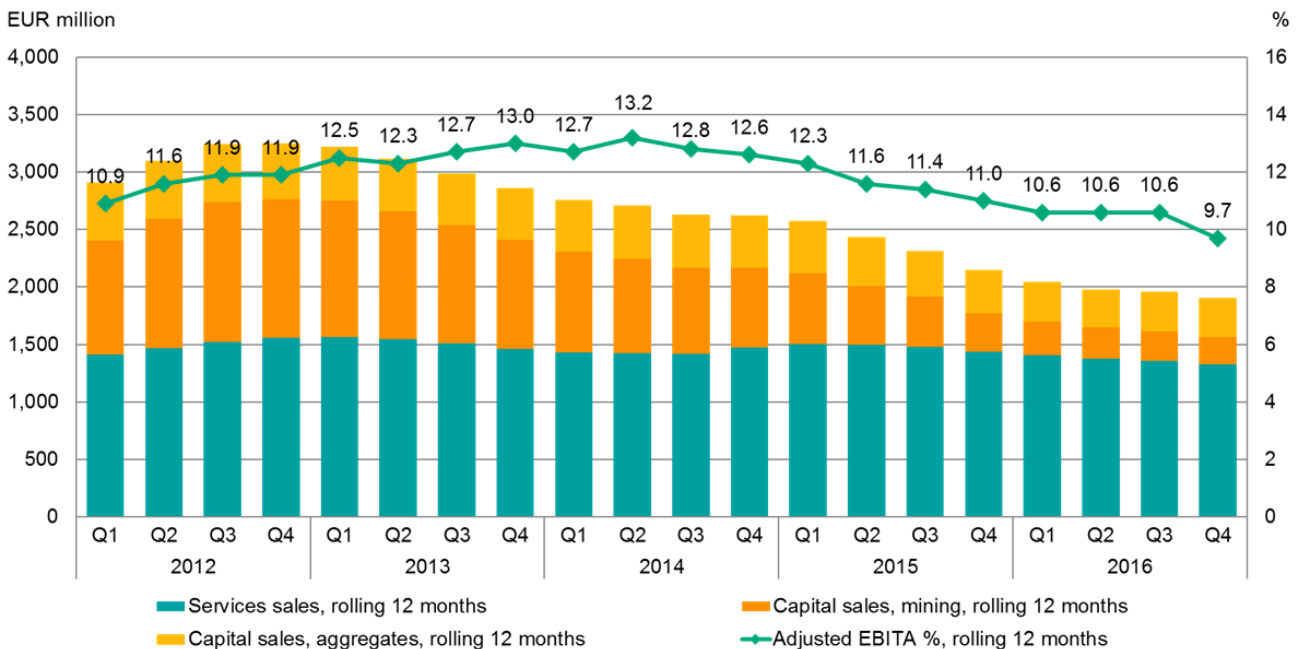
Full-year performance

Orders in 2016 totaled EUR 2,115, which is 6 percent lower than in 2015. Mining equipment orders totaled EUR 337 million, including one large order (EUR 399 million and two large orders in 2015). Demand for small equipment improved slightly during the year, while there were very few large project opportunities. Aggregates equipment orders increased 10 percent during 2016 and totaled EUR 390 million following improved activity in the United States, Northern Europe and India. Minerals services orders declined 9 percent during the year, as our customers' limited investment budgets continued to affect the demand for rebuilds and refurbishments.

Full-year sales for the segment totaled EUR 1,956 million, of which services accounted for 68 percent (EUR 2,198 million and 65%). The decline resulted from a lower order backlog and some postponements of deliveries in the equipment business. Low investments in the mining sector affected the services business, rebuilds and refurbishments in particular, in which we saw sales decline 15 percent during 2016. Adjusted EBITA was EUR 190 million, or 9.7 percent of sales (EUR 241 million or 11.0%). Mining equipment was loss-making in 2016 and lower sales in rebuilds and refurbishments affected the profitability of services negatively. Operating profit was EUR 148 million, or 7.6 percent of sales (EUR 213 million or 9.7%).

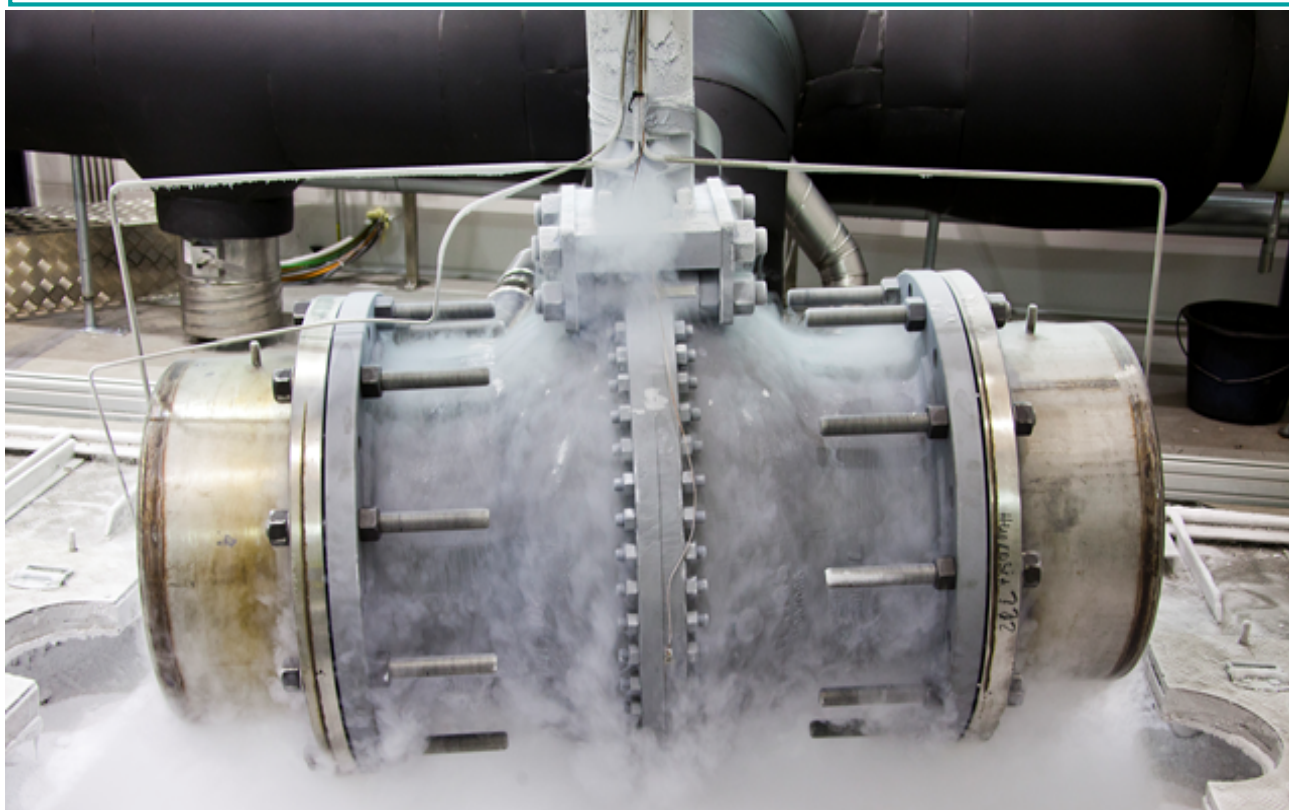
The order backlog in Minerals at the end of 2016 was EUR 1,078 million, which is 7 percent higher than at the end of 2015. Around 90 percent of the backlog's delivery dates are for 2017.

Minerals, sales and adjusted EBITA margin, rolling 12 months



Flow Control

- Oil & gas and pulp & paper markets weakened compared to 2015
- Healthy profitability despite lower sales



EUR million	Q4/2016	Q4/2015	Change %	2016	2015*	Change %
Orders received	136	173	-21	609	705	-14
Orders received by the services business	96	98	-2	393	402	-2
% of orders received	71	57		65	57	
Order backlog at the end of the year				242	262	-8
Sales	155	180	-14	631	723	-13
Sales of the services business	100	107	-7	378	402	-6
% of sales	65	59		60	56	
Earnings before interest, taxes and amortization (EBITA), adjusted	26	24	8	95	126	-25
% of sales	16.6	13.1		15.1	17.5	
Operating profit (EBIT)	25	22	12	90	119	-24
% of sales	15.9	12.2		14.3	16.5	
Return on operative capital employed (ROCE), %				28.5	37.2	
Personnel at the end of the year				2,663	2,821	-6

*Comparison numbers including PAS are presented in the tables section.

Quarterly performance

Flow Control's orders received in the fourth quarter decreased 21 percent to EUR 136 million, and we continued to see a low demand for new projects among oil & gas and pulp & paper customers. Services orders were on the same level and accounted for 71 percent of orders received. Sales in the fourth quarter decreased 14 percent. Flow Control's adjusted EBITA in the fourth quarter totaled EUR 26 million, or 16.6 percent of sales (EUR 24 million or 13.1%). Operating profit (EBIT) was EUR 25 million, or 15.9 percent of sales in the quarter (EUR 22 million or 12.2%).

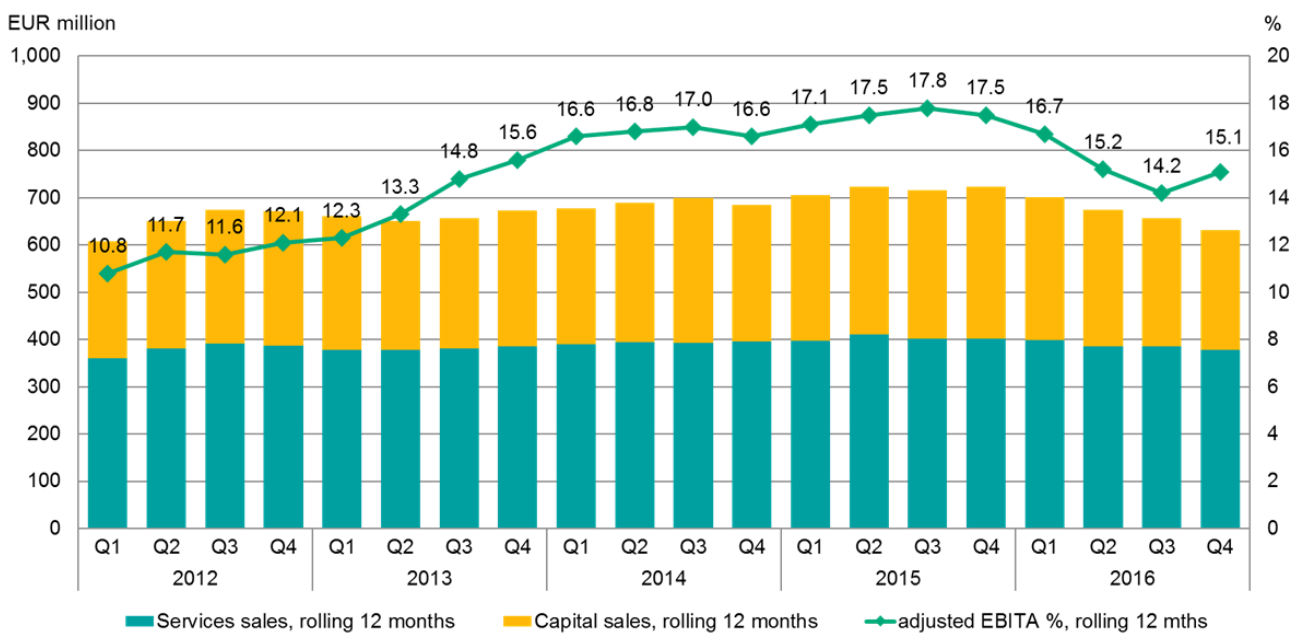
Full year performance

Orders received in 2016 decreased 14 percent and totaled EUR 609 million. Services orders declined 2 percent, and we continued to see high utilization rates at our customers' production facilities. Flow Control's sales in 2016 were EUR 631 million, of which services were 60 percent (EUR 723 million and 56%). Lower project demand from oil & gas and pulp & paper customers affected both orders and sales for Flow Control's new equipment. In oil & gas, the demand for new downstream projects deteriorated in the second half of the year.

Adjusted EBITA in 2016 was EUR 95 million, or 15.1 percent of sales (EUR 126 million and 17.5%). The decline was largely volume related. Profitability of pumps was on the same level as in 2015. Full-year operating profit was EUR 90 million, or 14.3 percent of sales (EUR 110 million and 16.5%), and it included EUR 2 million in restructuring related adjustments.

Flow Control's order backlog at the end of December was EUR 242 million, which is 8 percent lower than at the end of 2015. The backlog's delivery dates are for 2017.

Flow Control, sales and adjusted EBITA margin, rolling 12 months



Research and technology development

Research and development expenses in 2016 totaled EUR 34 million, i.e. 1.3 percent of sales (EUR 33 million or 1.1%). Metso's research and technology development (RTD) network encompasses approximately 20 units around the world. Metso actively develops and protects new technologies, processes, and service solutions, and the RTD network made 91 (93) invention disclosures during 2016, resulting in 15 (21) priority patent applications. As of the end of 2016, Metso had 283 (293) inventions that were protected by patents. Expenses related to intellectual property rights amounted to EUR 2.6 million in 2016 (EUR 2 million).

In the Minerals equipment business, we continued to develop a lean and agile sales-to-delivery process to increase profitability, competitiveness and growth rate. We introduced a set of new products at MINExpo 2016: the new MHC™ Hydrocyclones and UltraFine™ Screens make it easier for customers to adopt wet fine classifying technologies to improve efficiency and profitability. An energy-efficient comminution solution that combines the HRC™ high-pressure grinding roll with Vertimill®'s stirred milling technology was also launched in 2016.

In Minerals Services, we launched several products that increase uptime and improve operational efficiency for our customers. A new Life Cycle Services (LCS) package for the aggregates industry was launched in early 2016. The LCS package introduces a new way of maintaining and operating the equipment and is easily accessible for our clients across different markets. One of the new digital solutions offered to aggregates customers is Metso Metrics, a cloud-based, remote monitoring and data visualization service for Metso Lokotrack® mobile crushing plants. A new crusher upgrade package, designed to improve product rate capability, simplify setting adjustments and reduce bridging from oversized materials, was also launched in 2016.

In Flow Control, the Neles NDX valve controller and the BWX butterfly valve, both launched in 2015, won more ground in 2016, thanks to their usability in different process industries. In 2016 we launched a partial stroke test system called NelesValvGuard. The solution helps customers diagnose the performance of emergency shutdown valves and hence eliminate risks with such installations for our oil & gas customers. At MINExpo 2016, we also launched the heavy-duty MD Series mill discharge pump for slurry pumping applications.

Health, safety and environment

Metso's safety culture, prioritizing the health, safety and wellbeing of our employees, customers and partners in all our operations, has improved significantly and resulted in fewer work-related incidents. In 2016, we continued to improve our safety performance, and our total recordable incident frequency declined by 9 percent compared to 2015. Our occupational safety target is to achieve an LTIF (Lost Time Incident Frequency) of less than one. The LTIF reflects the number of incidents resulting in an absence of at least one workday per million hours worked. Our LTIF in 2016 was 2.4 (2.7). We continued with our safety leadership training and our internal HSE audit was carried out in 28 locations.

In order to develop our environmental performance throughout our global value chain, we set a Group-wide water reduction target of 15 percent in our own operations by 2020. We also set a new waste reduction goal in 2016; the target is to reduce the share of waste going to landfill by 15 percent by 2020 compared to 2014. Our Group-wide energy-savings and carbon dioxide emissions reduction targets for our own production were launched in 2009 to reduce energy use and CO₂ emissions by 20 percent by 2020. Since the beginning of the program, 13 percent, i.e. a total of 50,600 MWh of energy (16,700 tons of CO₂), has been saved through a wide range of actions around the world. To avoid environmental accidents because of lack of knowledge, a global environmental training program created in 2015 was rolled out as mandatory personnel training in 2016.

Personnel

Metso had 11,542 employees at the end of December, 1,077 less than at the end of December 2015. Personnel in Minerals and Flow Control decreased by 852 and 158, respectively. Personnel in emerging markets accounted for 50 percent (49%).

Personnel by area

	Dec 31, 2016	% of personnel	Dec 31, 2015	% of personnel	Change %
Europe	4,097	35	4,380	35	-6
North America	1,609	14	1,961	15	-18
South and Central America	2,420	21	2,623	21	-8
China	1,032	9	1,189	9	-13
Other Asia-Pacific	1,498	13	1,493	12	0
Africa and Middle East	886	8	973	8	-9
Metso total	11,542	100	12,619	100	-9

Decisions of the Annual General Meeting

Metso's Annual General Meeting (AGM) was held on March 21, 2016. The AGM approved the Financial Statements for 2015 and discharged the members of the Board of Directors and the President and CEO from liability for the 2015 financial year. The dividend of EUR 1.05 per share was paid on April 1, 2016, in accordance with the AGM's decision.

The Annual General Meeting also approved the proposal of the Board of Directors to authorize the Board to decide on the repurchase of Metso shares, share issuance and issuance of special rights entitling to shares. The Nomination Board's Proposals concerning Board members and their remuneration were also approved. Authorized Public Accountant firm Ernst & Young was elected as the company's Auditor until the end of the next Annual General Meeting.

Board of Directors

The Annual General Meeting confirmed the number of Board members as eight, and Mikael Lilius was elected as Chairman and Christer Gardell as Vice Chairman. Wilson Nélio Brumer, Ozey K. Horton Jr., Lars Josefsson and Nina Kopola were re-elected for a new term, and Arja Talma and Peter Carlsson were elected as new members. The term of office of the Board members will last until the end of the next AGM.

The Board elected the members of its Audit Committee and the Remuneration and HR Committee. The Audit Committee consists of Arja Talma (Chairman), Lars Josefsson and Nina Kopola. The Remuneration and HR Committee consists of Mikael Lilius (Chairman), Christer Gardell and Ozey K. Horton Jr.

After the reporting period, on January 23, 2017, Metso's Nomination Board announced that it will propose to the next Annual General Meeting that the number of members of the Board of Directors will be seven and that Mikael Lilius, Christer Gardell, Ozey K. Horton, Jr., Lars Josefsson, Arja Talma, Peter Carlsson and Nina Kopola will be re-elected as members of the Board of Directors. Mikael Lilius is proposed to be re-elected as Chairman and Christer Gardell as Vice Chairman.

Changes in Metso's Executive Team

On June 9, 2016, Metso announced the following changes in its Executive Team; the changes took effect on August 1, 2016. The new members of the Executive Team were Eeva Sipilä, Chief Financial Officer; Jani Purooranta, Chief Digital Officer; Urs Pennanen, Senior Vice President, Marketing and Customer Operations; and Olli-Pekka Oksanen, Senior Vice President, Strategy and Business Development. Former CFO, Harri Nikunen, was appointed SVP, Mergers & Acquisitions.

After the review period, on February 2, 2017, Metso's Board of Directors appointed Chief Financial Officer Eeva Sipilä, as Deputy to the CEO with immediate effect.

Metso's Executive Team consists of:

Matti Kähkönen, President and CEO (Chairman)

Eeva Sipilä, CFO and Deputy to the CEO

João Ney Colagrossi, President, Minerals Capital

Perttu Louhiluoto, President, Minerals Services

John Quinlivan, President, Flow Control

Merja Kamppari, Senior Vice President, Human Resources

Olli-Pekka Oksanen, Senior Vice President, Strategy and Business Development

Urs Pennanen, Senior Vice President, Customer and Marketing Operations

Jani Purooranta, Chief Digital Officer

On December 14, 2016, Metso announced that Victor Tapia will join Metso as President of Minerals Capital. He will join Metso in February 2017 and start in his new role on July 1, 2017, at the latest. João Ney Colagrossi will continue heading Minerals Capital until the end of June, after which he will take on a new role in Metso as a part of planned job rotation.

Divestment of the head office property

On July 12, 2016, Metso completed the divestment of its head office property in Helsinki, Finland, for a value of EUR 19 million. Following the divestment, Metso booked a EUR 10 million capital gain before taxes in the third quarter of 2016. Metso's head office moved to Töölönlahdenkatu 2 in Helsinki in December 2016.

Shares and share trading

As of December 31, 2016, Metso's share capital was EUR 140,982,843.80 and the number of shares was 150,348,256. This included 363,718 shares held by the Parent Company, which represented 0.2 percent of all shares and votes. A total of 143,948,012 Metso shares were traded on NASDAQ OMX Helsinki in 2016, equivalent to a turnover of EUR 3,269 million. The volume-weighted average trading price for the period was EUR 22.71. The highest quotation was EUR 28.34 and the lowest EUR 17.40. The closing price on December 31, 2016, was EUR 22.71, giving Metso a market capitalization, excluding shares held by the Parent Company, of EUR 4,065 million (EUR 3,105 million at the end of 2015).

Metso's ADRs (American Depositary Receipts) are traded on the International OTCQX market in the United States, under the ticker symbol 'MXCYY', with four ADRs representing one Metso share. The closing price of the Metso ADR on December 31, 2016, was USD 6.99.

Flagging notifications

In 2016, Metso received the following flagging notifications of changes in direct shareholding, shareholding through financial instruments or their total amount. Metso is not aware of any shareholders' agreements regarding the ownership of Metso shares and voting rights. Metso has 150,348,256 issued shares.

Date	Shareholder	Threshold	Direct, %	Indirect, %	Total, %	Total shares
April 4, 2016	Blackrock, Inc.	above 5%	5.19	1.55	6.75	10,161,873
April 7, 2016	Blackrock, Inc.	below 5%	4.81	1.40	6.22	9,352,194
April 11, 2016	Blackrock, Inc.	at 5%	5.00	1.21	6.21	9,340,068
April 15, 2016	Blackrock, Inc.	below 5%	4.85	1.36	6.21	9,350,928
June 9, 2016	Blackrock, Inc.	above 5%	5.05	1.00	6.05	9,097,501
June 13, 2016	Blackrock, Inc.	below 5%	4.96	1.08	6.04	9,086,976
June 22, 2016	Blackrock, Inc.	above 5%	5.03	1.09	6.13	9,218,427
June 23, 2016	Blackrock, Inc.	below 5%	4.95	1.08	6.04	9,081,528
June 28, 2016	Blackrock, Inc.	above 5%	5.06	0.97	6.04	9,081,795
June 29, 2016	Blackrock, Inc.	below 5%	4.96	1.02	5.98	9,000,535
August 16, 2016	Blackrock, Inc.	above 5%	5.01	0.91	5.92	8,910,131
August 19, 2016	Blackrock, Inc.	below 5%	4.84	1.02	5.87	8,834,722
August 22, 2016	Blackrock, Inc.	above 5%	5.07	1.01	6.08	9,155,653
August 23, 2016	Blackrock, Inc.	below 5%	4.85	1.05	5.90	8,877,298
August 25, 2016	Blackrock, Inc.	above 5%	5.09	0.94	6.03	9,074,575
August 31, 2016	Blackrock, Inc.	below 5%	4.97	0.87	5.85	8,799,162
September 2, 2016	Blackrock, Inc.	above 5%	5.03	0.76	5.80	8,727,744
September 5, 2016	Blackrock, Inc.	below 5%	4.93	0.92	5.86	8,817,007
November 8, 2016	Blackrock, Inc.	above 5%	5.11	0.64	5.76	8,661,879
November 11, 2016	Blackrock, Inc.	below 5%	4.93	0.82	5.76	8,659,259

Corporate Governance Statement

Metso will publish a separate Corporate Governance Statement for 2016 that complies with the recommendations of the Finnish Corporate Governance Code for listed companies and also covers other central areas of corporate governance. The statement will be published on our website, separately from the Board of Directors' Report.

Short-term business risks and market uncertainties

Uncertainties surrounding economic growth and political developments globally might affect our customer industries, reduce the investment appetite and cut spending among our customers, and thereby weaken the demand for Metso's products and services and also affect business operations and projects under negotiation. There are also other market or customer-related factors that may cause on-going projects to be postponed, delayed or discontinued.

Exchange rate fluctuations and changes in commodity prices might affect our order intake, sales and financial performance, although the wide scope of our operations limits the exposure to single currencies or commodities. Metso hedges currency exposure linked to firm delivery and purchase agreements.

Uncertain market conditions might adversely affect our customers' payment behavior and increase the risk of lawsuits, claims and disputes taken against Metso in various countries related to, among other things, Metso's products, projects and other operations.

Outlook for 2017

Metso's overall trading conditions are expected to be slightly better than in 2016. Demand for our products and services in 2017 is expected to develop as follows:

- Remain weak for mining equipment and satisfactory for mining services.
- Improve to good for aggregates equipment and services (previously: satisfactory both for equipment and services)
- Remain satisfactory for Flow Control products related to customers' new investments and satisfactory for Flow Control services, with some positive signs seen in the oil & gas markets in the beginning of the year.

At the end of December 2016, our backlog for 2017 totaled approximately EUR 1.2 billion. In the current market conditions, we continue to expect some postponements to planned delivery timetables. Negative adjustment items from restructuring programs initiated in 2016 are expected to be EUR 10-15 million. Capital expenditure excluding acquisitions is expected to increase compared to 2016 but remain below depreciation and amortization.

Board of Directors' proposal on the use of profit

The Company's distributable funds on December 31, 2016, totaled EUR 924,869,578.11, of which the net profit for 2016 was EUR 165,948,580.22.

The Board of Directors proposes that a dividend of EUR 1.05 per share be paid based on the balance sheet to be adopted for the financial year, which ended December 31, 2016, and that the remaining portion of the profit is retained and included in the Company's unrestricted equity.

Annual General Meeting 2017

Metso Corporation's Annual General Meeting 2017 will be held on Thursday, March 23, 2017. The Board will convene the meeting by separate invitation.

Helsinki, February 2, 2017
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.

This Financial Statements Review has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The same accounting policies have been applied in the Annual Financial Statements. The figures in this Financial Statements Review are based on the audited Financial Statements 2016.

Consolidated statement of income

EUR million	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Sales	676	754	2,586	2,977
Cost of goods sold	-492	-534	-1,849	-2,062
Gross profit	184	220	737	915
Selling, general and administrative expenses	-135	-149	-516	-593
Other operating income and expenses, net	-5	-3	6	234
Share in profits of associated companies	0	-1	0	-1
Operating profit	44	67	227	555
Financial income	1	4	8	10
Financial expenses	-9	-12	-47	-49
Financial expenses, net	-8	-8	-39	-39
Profit before taxes	36	59	188	516
Income taxes	-11	-6	-58	-74
Profit	25	53	130	442
Attributable to:				
Shareholders of the company	25	53	130	442
Non-controlling interests	0	0	0	0
Profit	25	53	130	442
Earnings per share				
Basic, EUR	0.17	0.35	0.87	2.95
Diluted, EUR	0.17	0.35	0.87	2.95

Consolidated statement of comprehensive income

EUR million	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Profit	25	53	130	442
Items that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedges, net of tax	-2	0	-2	2
Available-for-sale equity investments, net of tax	0	0	0	0
Currency translation on subsidiary net investments	20	5	23	-19
	18	5	21	-17
Items that will not be reclassified to profit or loss:				
Defined benefit plan actuarial gains (+) / losses (-), net of tax	3	12	3	12
Other comprehensive income (+) / expense (-)	21	17	24	-5
Total comprehensive income (+) / expense (-)	46	70	154	437
Attributable to:				
Shareholders of the company	46	70	154	437
Non-controlling interests	0	0	0	0
Total comprehensive income (+) / expense (-)	46	70	154	437

Consolidated balance sheet

ASSETS

EUR million	Dec 31, 16	Dec 31, 15
Non-current assets		
Intangible assets		
Goodwill	452	452
Other intangible assets	86	98
	538	550
Tangible assets		
Land and water areas	45	49
Buildings and structures	113	123
Machinery and equipment	149	161
Assets under construction	8	10
	315	343
Financial and other assets		
Investments in associated companies	1	1
Available-for-sale equity investments	1	1
Loan and other interest bearing receivables	3	11
Derivative financial instruments	8	10
Deferred tax asset	112	108
Other non-current assets	32	39
	157	170
Total non-current assets	1,010	1,063
Current assets		
Inventories	709	715
Receivables		
Trade and other receivables	605	632
Cost and earnings of projects under construction in excess of advance billings	66	90
Loan and other interest bearing receivables	10	1
Financial instruments held for trading	109	67
Derivative financial instruments	9	6
Income tax receivables	20	45
Receivables total	819	841
Cash and cash equivalents	698	590
Total current assets	2,226	2,146
TOTAL ASSETS	3,236	3,209

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Dec 31, 16	Dec 31, 15
Equity		
Share capital	141	141
Cumulative translation adjustments	-48	-71
Fair value and other reserves	299	302
Retained earnings	1,039	1,064
Equity attributable to shareholders	1,431	1,436
Non-controlling interests	8	8
Total equity	1,439	1,444
Liabilities		
Non-current liabilities		
Long-term debt	767	765
Post employment benefit obligations	88	99
Provisions	40	27
Derivative financial instruments	5	7
Deferred tax liability	11	15
Other long-term liabilities	2	2
Total non-current liabilities	913	915
Current liabilities		
Current portion of long-term debt	0	27
Short-term debt	27	30
Trade and other payables	470	469
Provisions	81	68
Advances received	186	164
Billings in excess of cost and earnings of projects under construction	54	54
Derivative financial instruments	21	9
Income tax liabilities	45	29
Total current liabilities	884	850
Total liabilities	1,797	1,765
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,236	3,209

NET INTEREST BEARING LIABILITIES

EUR million	Dec 31, 16	Dec 31, 15
Long-term interest bearing debt	767	765
Short-term interest bearing debt	27	57
Cash and cash equivalents	-698	-590
Other interest bearing assets	-122	-79
Net interest bearing liabilities	-26	153

Condensed consolidated cashflow statement

EUR million	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Cash flows from operating activities:				
Profit	25	53	130	442
Adjustments to reconcile profit to net cash provided by operating activities				
Depreciation and amortization	15	19	61	69
Financial income and expenses, net	8	8	39	39
Income taxes	11	6	58	74
Other	13	3	12	-232
Change in net working capital	55	-6	92	64
Cash flows from operations	127	83	392	456
Financial income and expenses, net paid	-11	-10	-25	-24
Income taxes paid	-8	-7	-21	-72
Net cash provided by operating activities	108	66	346	360
Cash flows from investing activities:				
Capital expenditures on fixed assets	-10	-15	-31	-46
Proceeds from sale of fixed assets	-1	4	21	17
Proceeds from sale of businesses, net of cash sold	-	1	-	305
Proceeds from (+)/ Investments in (-) financial assets	-8	2	-42	-56
Other	-1	0	1	-5
Net cash provided by (+) / used in (-) investing activities	-20	-8	-51	215
Cash flows from financing activities:				
Dividends paid	-	-	-157	-217
Net funding	-15	-7	-40	-40
Net cash provided by (-) / used in (-) financing activities	-15	-7	-197	-257
Net increase (+) / decrease (-) in cash and cash equivalents	73	51	98	318
Effect from changes in exchange rates	5	2	10	-7
Cash and cash equivalents at beginning of period	620	537	590	279
Cash and cash equivalents at end of period	698	590	698	590

FREE CASH FLOW

EUR million	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Net cash provided by operating activities	108	66	346	360
Capital expenditures on maintenance investments	-10	-11	-28	-36
Proceeds from sale of fixed assets	-1	4	21	17
Free cash flow	97	59	339	341

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, 2015	141	-52	302	830	1,221	8	1,229
Profit	-	-	-	442	442	0	442
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	-	-19	-	-	-19	-	-19
Defined benefit plan actuarial gains (+) / losses (-), net of tax	-	-	-	12	12	-	12
Total comprehensive income (+) / expense (-)	-	-19	2	454	437	0	437
Dividends	-	-	-	-217	-217	0	-217
Share-based payments, net of tax	-	-	-1	-1	-2	-	-2
Other	-	-	-1	1	0	0	0
Changes in non-controlling interests	-	-	-	-3	-3	-	-3
Balance at December 31, 2015	141	-71	302	1,064	1,436	8	1,444
Balance at Jan 1, 2016	141	-71	302	1,064	1,436	8	1,444
Profit	-	-	-	130	130	0	130
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	-	23	-	-	23	-	23
Defined benefit plan actuarial gains (+) / losses (-), net of tax	-	-	-	3	3	-	3
Total comprehensive income (+) / expense (-)	-	23	-2	133	154	0	154
Dividends	-	-	-	-157	-157	0	-157
Share-based payments, net of tax	-	-	1	-	1	-	1
Other	-	-	-2	-1	-3	0	-3
Changes in non-controlling interests	-	-	-	0	0	0	0
Balance at December 31, 2016	141	-48	299	1,039	1,431	8	1,439

Acquisitions and disposals of businesses

Metso made no business acquisitions during 2016 or 2015.

On April 13, 2015, Metso completed the sale of its Tampere foundry in Finland to a Finnish company TEVO Oy. The divestment was treated as sale of fixed assets and it had no significant effect on Metso's result.

On April 1, 2015 Metso closed the disposal of Process Automation Systems (PAS) business. The PAS business included process automation solutions for the pulp, paper and power industries, covering automation and quality control systems, analyzers and measurements and related services and was reported in Metso's Flow Control segment.

The final cash consideration was EUR 312 million. The net assets of the entity disposed were EUR 55 million, direct transaction costs were EUR 6 million and related cumulative translation adjustments were EUR 1 million positive, whereby Metso booked a gain of EUR 252 million on the transaction.

Exchange rates

		1-12/2016	1-12/2015	Dec 31, 16	Dec 31, 15
USD	(US dollar)	1.1021	1.113	1.0541	1.0887
SEK	(Swedish krona)	9.4496	9.3414	9.5525	9.1895
GBP	(Pound sterling)	0.8159	0.7284	0.8562	0.734
CAD	(Canadian dollar)	1.463	1.4236	1.4188	1.5116
BRL	(Brazilian real)	3.8571	3.7024	3.4305	4.3117
CNY	(Chinese yuan)	7.3199	6.9924	7.3202	7.0608
AUD	(Australian dollar)	1.4856	1.4836	1.4596	1.4897

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 2015 or 2016.

December 31, 2016

EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
• Derivatives	-	4	-
• Securities	7	103	-
Derivatives qualified for hedge accounting	-	13	-
Available for sale investments			
• Equity investments	-	-	-
• Debt investments	-	-	-
Total assets	7	120	-
Liabilities			
Financial liabilities at fair value through profit and loss			
• Derivatives	-	20	-
• Long term debt at fair value	-	414	-
Derivatives qualified for hedge accounting	-	6	-
Total liabilities	-	440	-

December 31, 2015

EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
• Derivatives	-	4	-
• Securities	21	46	-
Derivatives qualified for hedge accounting for sale	-	12	-
• Equity investments	0	-	-
• Debt investments	-	-	-
Total assets	21	62	-
Liabilities			
Financial liabilities at fair value through profit and loss			
• Derivatives	-	11	-
• Long term debt at fair value	-	419	-
Derivatives qualified for hedge accounting	-	5	-
Total liabilities	-	435	-

Carrying value of other financial assets and liabilities than those presented in this fair value level hierarchy table approximates their fair value. Fair values of other debt is calculated as net present values.

Assets pledged and contingent liabilities

EUR million	Dec 31, 16	Dec 31, 15
On own behalf		
Mortgages	-	-
On behalf of others		
Guarantees	1	1
Other commitments		
Repurchase commitments	2	2
Other contingencies	3	3
Lease commitments	140	142

Notional amounts of derivative financial instruments

EUR million	Dec 31, 16	Dec 31, 15
Forward exchange rate contracts	998	1,009
Interest rate swaps	245	265
Cross currency swaps	244	244
Option agreements		
Bought	-	-
Sold	-	20

The notional amount of electricity forwards was 35 GWh as of December 31, 2016 and 69 GWh as of December 31, 2015.

The notional amount of nickel forwards to hedge stainless steel prices was 288 tons as of December 31, 2016 and 324 tons as of December 31, 2015.

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

Key ratios

	1-12/2016	1-12/2015
Earnings per share, EUR	0.87	2.95
Diluted earnings per share, EUR	0.87	2.95
Equity/share at end of year, EUR	9.54	9.58
Return on equity (ROE), %	9.0	33.1
Return on capital employed (ROCE) before taxes, %	10.4	25.7
Return on capital employed (ROCE) after taxes, %	7.8	22.4
Equity to assets ratio at end of year, %	48.0	48.3
Net gearing at end of year, %	-1.8	10.6
Free cash flow, EUR million	339	341
Free cash flow/share, EUR	2.26	2.27
Cash conversion, % ¹⁾	261	180
Gross capital expenditure (excl. business acquisitions), EUR million	31	46
Business acquisitions, net of cash acquired, EUR million	-	-
Depreciation and amortization, EUR million	61	69
Number of outstanding shares at end of period (thousands)	149,985	149,985
Average number of shares (thousands)	149,985	149,965
Average number of diluted shares (thousands)	150,113	149,989

¹⁾ Gain on disposal of the PAS business is excluded from Profit, when calculating Cash conversion in 2015.

Formulas for calculation of indicators

Earnings before interest, tax and amortization (EBITA), adjusted:

Operating profit + adjustment items + amortization + goodwill impairment

Earnings per share, basic:

Profit attributable to shareholders

Average number of outstanding shares during period

Earnings per share, diluted:

Profit attributable to shareholders

Average number of diluted shares during period

Equity/share:

Equity attributable to shareholders

Number of outstanding shares at the end of period

Return on equity (ROE), %:

Profit

Total equity (average for period) x 100

Return on capital employed (ROCE) before taxes, %:

Profit before tax + interest and other financial expenses

Balance sheet total - non-interest bearing liabilities (average for period) x 100

Return on capital employed (ROCE) after taxes, %:

Profit + interest and other financial expenses

Balance sheet total - non-interest bearing liabilities (average for period) x 100

Net gearing, %:

Net interest bearing liabilities

Total equity x 100

Equity to assets ratio, %:

Total equity

Balance sheet total – advances received x 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:

Free cash flow

Average number of outstanding shares during period x 100

Cash conversion, %:

Free cash flow

Profit x 100

Net interest bearing liabilities:

Long term debt + current portion of long term debt + short term debt - loan and other interest bearing receivables (non-current and current) - financial instruments held for trading - cash and cash equivalents

Capital employed:

Balance sheet total - non interest bearing liabilities

Operative capital employed:

Fixed assets + investments in associated companies and joint ventures + available-for-sale equity investments + inventories + non-interest bearing operative assets and receivables (external) - non-interest bearing operating liabilities (external)

Return on operative capital employed (ROCE) for reporting segments, %:

Operating profit

Operative capital employed (month-end average) x 100

Segment information

ORDERS RECEIVED

EUR million	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Minerals	536	585	2,115	2,260
Flow Control	136	173	609	767
Group Head Office and other	-	-	-	-
Intra Metso orders received	0	0	0	0
Metso total	672	758	2,724	3,027

SALES

EUR million	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Minerals	522	574	1,956	2,198
Flow Control	155	180	631	778
Group Head Office and other	-	-	-	2
Intra Metso sales	-1	0	-1	-1
Metso total	676	754	2,586	2,977

ADJUSTED EBITA

EUR million	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Minerals	47.4	69.2	190.3	240.7
Flow Control	25.7	23.6	95.0	117.5
Group Head Office and other	-9.3	-2.1	-11.3	-11.0
Metso total	63.8	90.7	274.0	347.2

ADJUSTED EBITA, % OF SALES

%	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Minerals	9.1	12.1	9.7	11.0
Flow Control	16.6	13.1	15.1	15.1
Group Head Office and other	n/a	n/a	n/a	n/a
Metso total	9.4	12.0	10.6	11.7

ADJUSTMENT ITEMS

EUR million	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Minerals	-13.4	-16.8	-36.3	-20.1
Flow Control	-0.4	-1.2	-2.0	-4.5
Group Head Office and other	-1.3	-0.6	8.6	250.8
Metso total	-15.1	-18.6	-29.7	226.2

AMORTIZATION

EUR million	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Minerals	-1.4	-2.2	-6.0	-7.4
Flow Control	-0.7	-0.5	-2.6	-2.6
Group Head Office and other	-2.1	-2.0	-8.7	-8.1
Metso total	-4.2	-4.7	-17.3	-18.1

OPERATING PROFIT (LOSS)

EUR million	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Minerals	32.5	50.2	148.0	213.2
Flow Control	24.6	21.9	90.4	110.4
Group Head Office and other	-12.7	-4.7	-11.4	231.7
Metso total	44.5	67.4	227.1	555.3

OPERATING PROFIT (LOSS), % OF SALES

%	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Minerals	6.2	8.7	7.6	9.7
Flow Control	15.9	12.2	14.3	14.2
Group Head Office and other	n/a	n/a	n/a	n/a
Metso total	6.6	8.9	8.8	18.7

Quarterly information

ORDERS RECEIVED

EUR million	10-12/2015	1-3/2016	4-6/2016	7-9/2016	10-12/2016
Minerals	585	494	593	492	536
Flow Control	173	169	168	136	136
Group Head Office and other	-	-	-	-	-
Intra Metso orders received	0	0	0	0	0
Metso total	758	663	761	628	672

SALES

EUR million	10-12/2015	1-3/2016	4-6/2016	7-9/2016	10-12/2016
Minerals	574	453	504	477	522
Flow Control	180	148	167	161	155
Group Head Office and other	-	-	-	-	-
Intra Metso net sales	0	0	0	0	-1
Metso total	754	601	671	638	676

ADJUSTED EBITA

EUR million	10-12/2015	1-3/2016	4-6/2016	7-9/2016	10-12/2016
Minerals	69.2	36.9	54.3	51.7	47.4
Flow Control	23.6	19.0	22.1	28.2	25.7
Group Head Office and other	-2.1	-0.2	0.9	-2.7	-9.3
Metso total	90.7	55.7	77.3	77.2	63.8

ADJUSTED EBITA, % OF SALES

%	10-12/2015	1-3/2016	4-6/2016	7-9/2016	10-12/2016
Minerals	12.1	8.2	10.8	10.8	9.1
Flow Control	13.1	12.8	13.2	17.5	16.6
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso total	12.0	9.3	11.5	12.1	9.4

ADJUSTMENT ITEMS

EUR million	10-12/2015	1-3/2016	4-6/2016	7-9/2016	10-12/2016
Minerals	-16.8	-0.7	-2.9	-19.3	-13.4
Flow Control	-1.2	-	-	-1.6	-0.4
Group Head Office and other	-0.6	-0.2	-0.8	10.9	-1.3
Metso total	-18.6	-0.9	-3.7	-10.0	-15.1

AMORTIZATION

EUR million	10-12/2015	1-3/2016	4-6/2016	7-9/2016	10-12/2016
Minerals	-2.2	-1.6	-1.5	-1.5	-1.4
Flow Control	-0.5	-0.6	-0.7	-0.6	-0.7
Group Head Office and other	-2.0	-2.2	-2.2	-2.2	-2.1
Metso total	-4.7	-4.4	-4.4	-4.3	-4.2

OPERATING PROFIT (LOSS)

EUR million	10-12/2015	1-3/2016	4-6/2016	7-9/2016	10-12/2016
Minerals	50.2	34.7	49.9	30.9	32.5
Flow Control	21.9	18.4	21.4	26.0	24.6
Group Head Office and other	-4.7	-2.7	-2.0	6.0	-12.7
Metso total	67.4	50.4	69.3	62.9	44.5

OPERATING PROFIT (LOSS), % OF SALES

%	10-12/2015	1-3/2016	4-6/2016	7-9/2016	10-12/2016
Minerals	8.7	7.7	9.9	6.5	6.2
Flow Control	12.2	12.4	12.8	16.1	15.9
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso total	8.9	8.4	10.3	9.9	6.6

CAPITAL EMPLOYED

EUR million	Dec 31, 2015	Mar 31, 2016	June 30, 2016	Sep 30, 2016	Dec 31, 2016
Minerals *	1,162	1,142	1,141	1,075	1,046
Flow Control *	321	323	322	322	314
Group Head Office and other	784	827	701	800	873
Metso total	2,267	2,292	2,164	2,197	2,233

* Operative capital employed includes only external balance sheet items.

ORDER BACKLOG

EUR million	Dec 31, 2015	Mar 31, 2016	June 30, 2016	Sep 30, 2016	Dec 31, 2016
Minerals	1,006	1,020	1,113	1,046	1,078
Flow Control	262	280	286	259	242
Group Head Office and other	-	-	-	-	-
Intra Metso order backlog	0	0	0	0	0
Metso total	1,268	1,300	1,399	1,305	1,320

PERSONNEL

	Dec 31, 2015	Mar 31, 2016	June 30, 2016	Sep 30, 2016	Dec 31, 2016
Minerals	9,222	9,068	8,701	8,447	8,370
Flow Control	2,821	2,797	2,878	2,735	2,663
Group Head Office and other	576	521	520	465	509
Metso total	12,619	12,386	12,099	11,647	11,542

Adjustments and amortization of intangible assets

10-12/2016

EUR million	Minerals	Flow Control	Group Head office and other	Metso total
Adjusted EBITA	47.4	25.7	-9.3	63.8
% of net sales	9.1	16.5	-	9.4
Capacity adjustment expenses	-13.3	-0.4	-	-13.7
Other costs	-0.1	-	-1.2	-1.3
Amortization of intangible assets	-1.4	-0.7	-2.1	-4.2
Operating profit (EBIT)	32.5	24.6	-12.6	44.5

1-12/2016

EUR million	Minerals	Flow Control	Group Head office and other	Metso total
Adjusted EBITA	190.3	95.0	-11.3	274.0
% of net sales	9.7	15.1	-	10.6
Capacity adjustment expenses	-33.1	-2.0	0	-35.1
Gain on sale of fixed assets	-	-	10.4	10.4
Other costs	-3.2	-	-1.8	-5.0
Amortization of intangible assets	-6.0	-2.6	-8.7	-17.3
Operating profit (EBIT)	148.0	90.4	-11.4	227.1

10-12/2015

EUR million	Minerals	Flow Control	Group Head office and other	Metso total
Adjusted EBITA	69.2	23.6	-2.1	90.7
% of net sales	12.1	13.1	-	12.0
Capacity adjustment expenses	-16.8	-1.2	-	-18.0
Other costs	-	-	-0.6	-0.6
Amortization of intangible assets	-2.2	-0.5	-2.0	-4.7
Operating profit (EBIT)	50.2	21.9	-4.7	67.4

1-12/2015

EUR million	Minerals	Flow Control	Group Head office and other	Metso total
Adjusted EBITA, excluding PAS	240.7	126.2	-11.0	355.9
% of net sales	11.0	17.5	-	12.2
PAS adjustment	-	-8.7	-	-8.7
Adjusted EBITA	240.7	117.5	-11.0	347.2
Gain on disposal of the PAS business	-	-	252.3	252.3
Capacity adjustment expenses	-20.1	-1.2	-	-21.3
Other costs	-	-3.3	-1.5	-4.8
Amortization of intangible assets	-7.4	-2.6	-8.1	-18.1
Operating profit (EBIT)	213.2	110.4	231.7	555.3

Reconciliation concerning PAS figures in 2015

The Process Automation Systems (PAS) business was disposed on April 1, 2015 and was included in Flow Control -segment and Metso total figures in first quarter in 2015.

FLOW CONTROL SEGMENT

1-12/2015

EUR million	Flow Control including PAS	PAS	Flow Control without PAS
Orders received	767	62	705
Order backlog	262	-	262
Sales	778	54	723

METSO TOTAL

1-12/2015

EUR million	Metso including PAS	PAS	Metso without PAS
Orders received	3,027	62	2,965
Order backlog	1,268	-	1,268
Sales	2,977	54	2,923

Metso's Financial Reports publication dates in 2017

Annual Report in the week of February 22 at the latest

Interim Review for January – March 2017 on April 25

Half-Year Financial Review for January – June 2017 on July 21

Interim Review for January – September 2017 on October 20

Metso's Annual General Meeting will be held on March 23, 2017.

Metso's Capital Markets Day will be held on June 1, 2017.



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