Q1
2016

Interim Review

January 1 – March 31, 2016

Matti Kähkönen, President and CEO
Harri Nikunen, CFO

April 22, 2016

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Forward looking statements

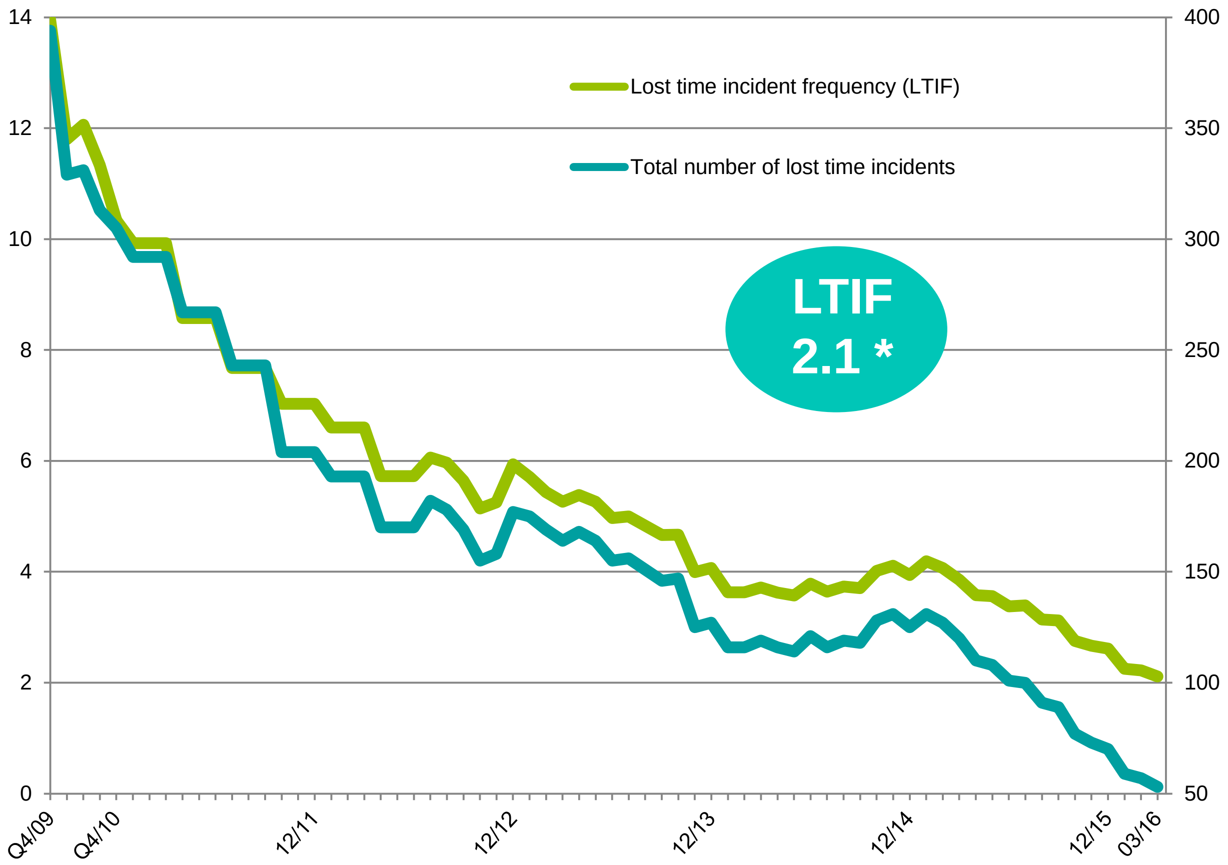
It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for customer industry profitability and investment willingness, expectations for company 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.

Safety is an important driver for success

Continuous focus on safety leads to results



- Safe working environment for all employees
- Improved safety performance supports productivity
- Demand from customers: license to operate
- Actions leading to improvement:
  - ✓ Active and visible management support
  - ✓ Safety being part of every decision
  - ✓ Safety included in incentive plans
  - ✓ Continuous development of safety culture
  - ✓ High focus on safe working methods
  - ✓ Continuous learning

* LTIF March 2016

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The first quarter 2016 in brief

- Challenging market environment continued; aggregates market was slightly positive
- Orders were higher than net sales with book-to-bill of 1.1
- Both orders and net sales impacted by a slowdown in the equipment business
- Services profitability improved; Flow Control impacted by weakness in the North American oil and gas transportation business
- Solid balance sheet and financial position

Order intake:
EUR 663 million, -10%

Net sales:
EUR 601 million, -18%

Adjusted EBITA margin:
9.3% (10.6%)

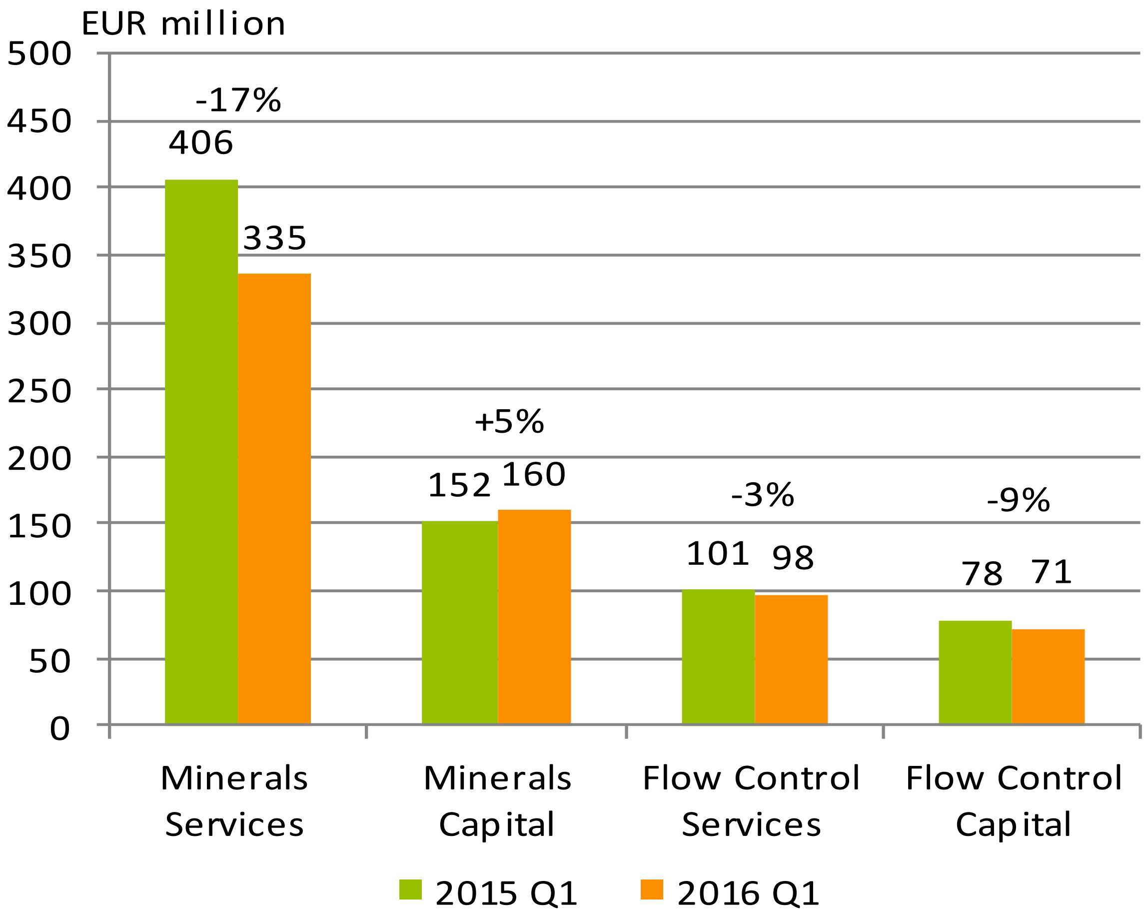
Free cash flow:
EUR 62 million (87 million)

Net gearing:
6.9% (10.6%)

Markets in Q1/16

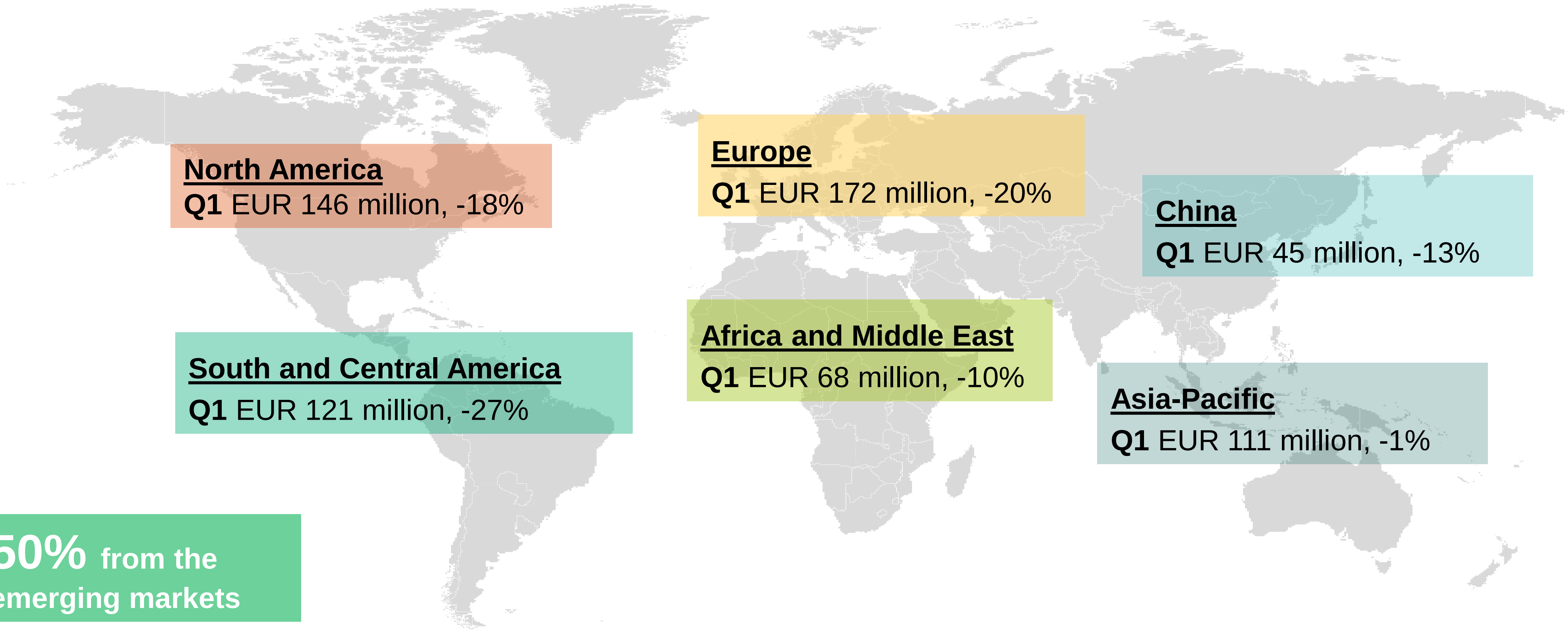
- **Mining** **(orders -17%):**
  - Equipment orders close to Q1/15 level
  - Services orders declined 19%, mainly due to capex driven services
- **Aggregates** **(orders -1%):**
  - Equipment orders increased 11%
  - Growth in India, North America and Australia
  - Services down 14%, or 2% when adjusting for the foundry divested in April 2015
- **Flow Control** **(orders -5%):**
  - North American oil & gas-related transportation segment was weak
  - Orders from other oil & gas markets increased
  - Pump orders at Q1/15 level

Orders received totaled EUR 663 million, -10%



Orders received by market area

Q1/16 compared to Q1/15



50% from the emerging markets

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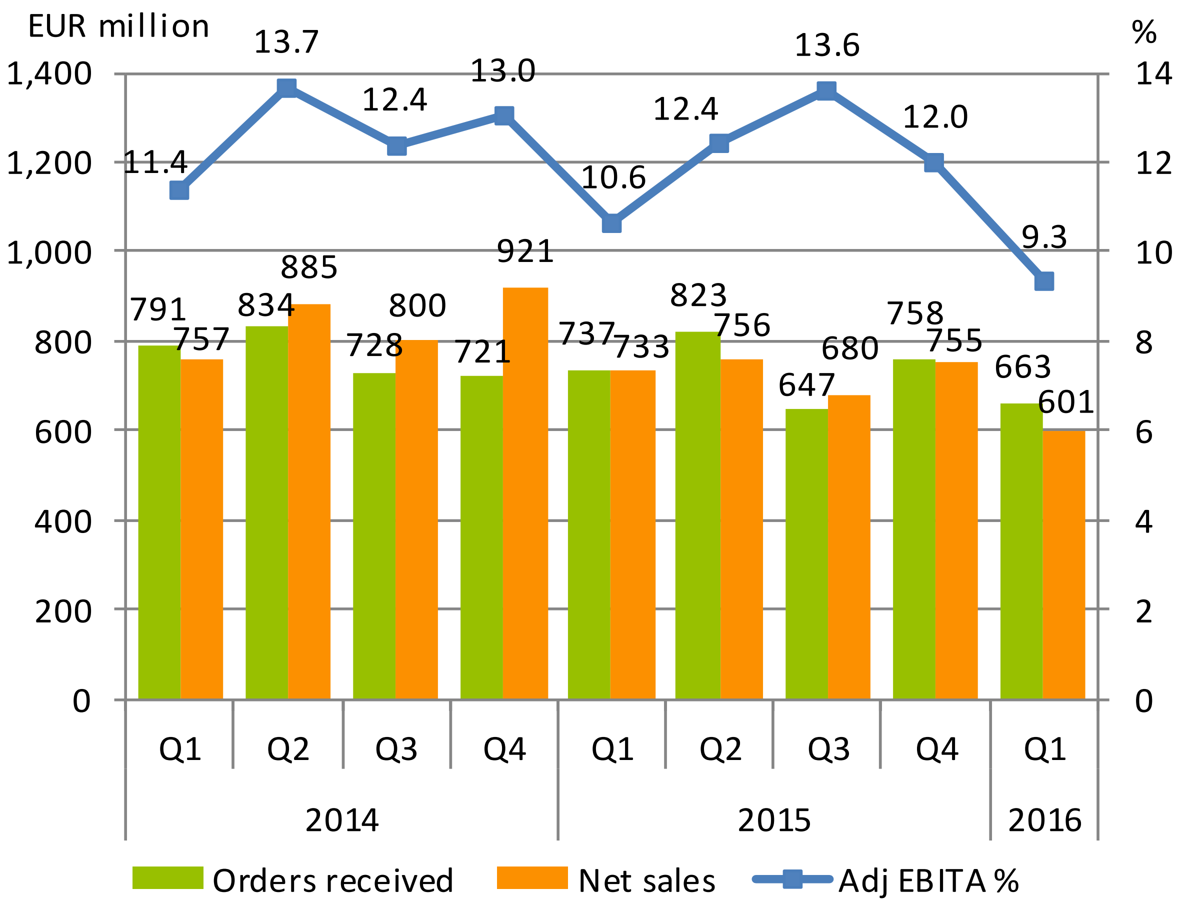
Financial highlights

- Satisfactory adjusted EBITA margin
- Services profitability improved in both segments
- Lower net sales in the equipment businesses
- Mining equipment business was loss-making
- Good cost control
- Strong cash flow and balance sheet

Quarterly orders received, net sales and EBITA*%



* Adjusted

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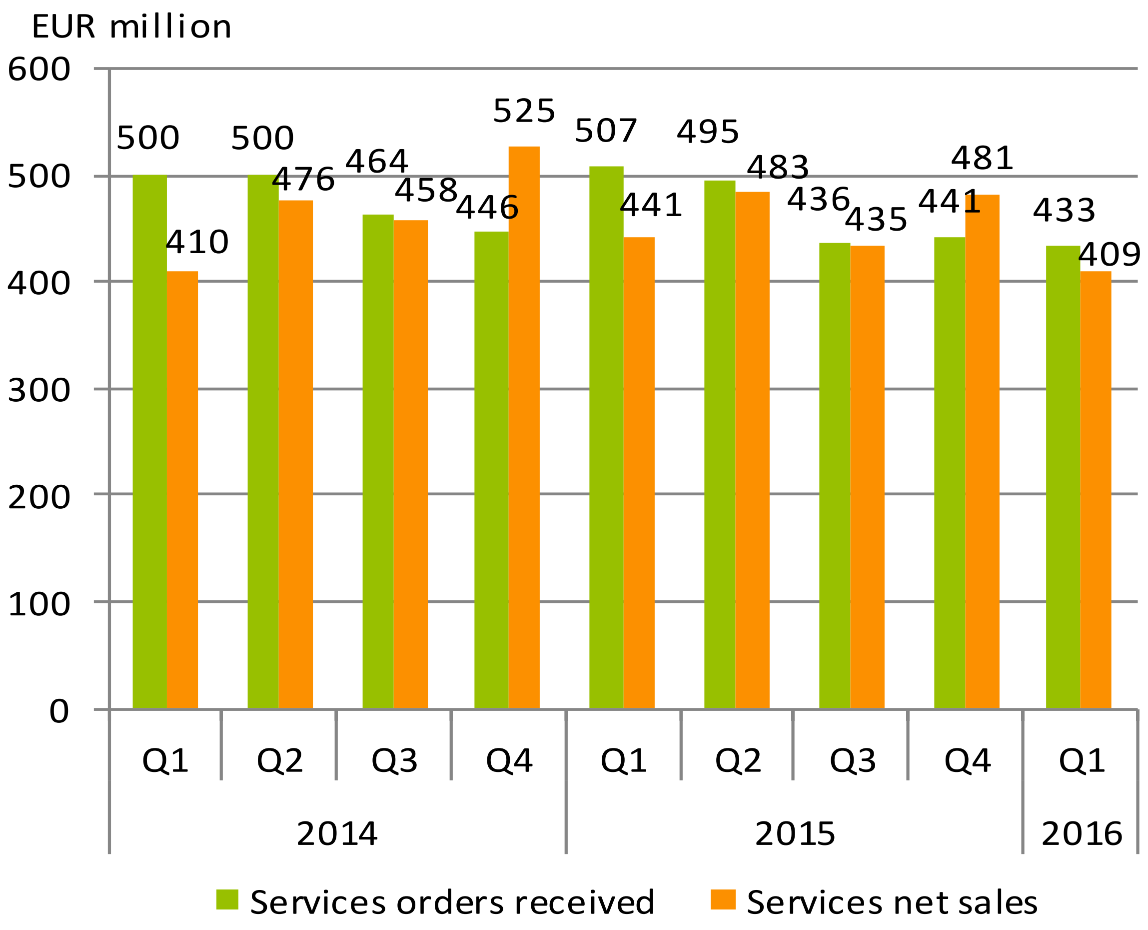
Services development

- Our offering and competitiveness remain strong; internal actions help keeping margins healthy
- Mining
  - Customers' cost-cutting has intensified
  - Demand for rebuilds low during the quarter
  - Orders from Australia, the Nordics and Russia were stable
  - Strong headwind from currencies
- Aggregates
  - India, Australia, and North America grew; Brazil still declining
- Flow Control
  - Both net sales and profitability holding up

Services orders and net sales



Financial performance

Harri Nikunen
CFO

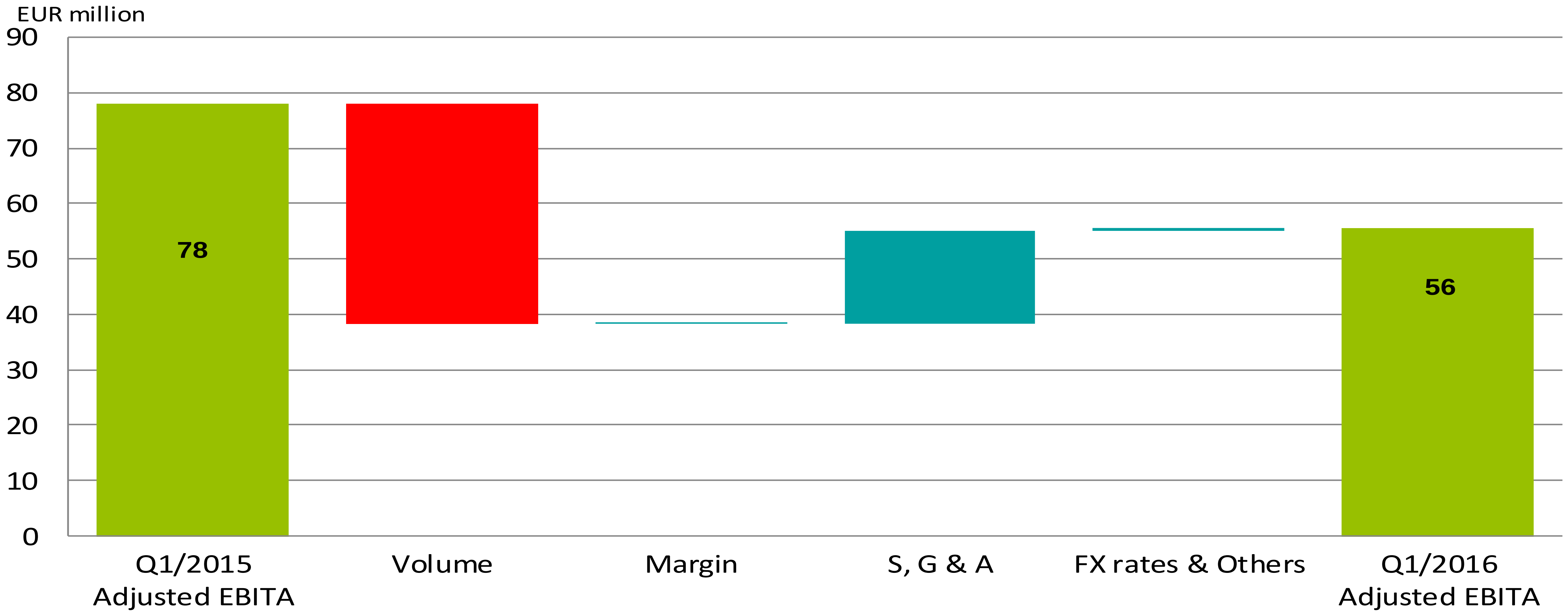
Group key figures

EUR million	Q1/2016	Q1/2015*	Change %	2015*
Orders received	**663**	737	-10	2,965
without currency impact			-6	
Service orders received	**433**	507	-15	1,879
without currency impact			-9	
Net sales	**601**	733	-18	2,923
without currency impact			-14	
Services net sales	**409**	441	-7	1,840
without currency impact			-2	
Adjusted EBITA	**56**	78	-28	356
% of net sales	**9.3**	10.6		12.2
	Q1/2016	**Q1/2015**	**Change %**	**2015**
EBIT	**50**	65	-23	555
Earnings per share, EUR	**0.18**	0.25	-28	2.95
Return on capital employed (ROCE) before taxes, %	**9.4**	12.9		25.7
Free cash flow	**62**	87	-29	341

* Q1/15 and full-year 2015 excluding PAS

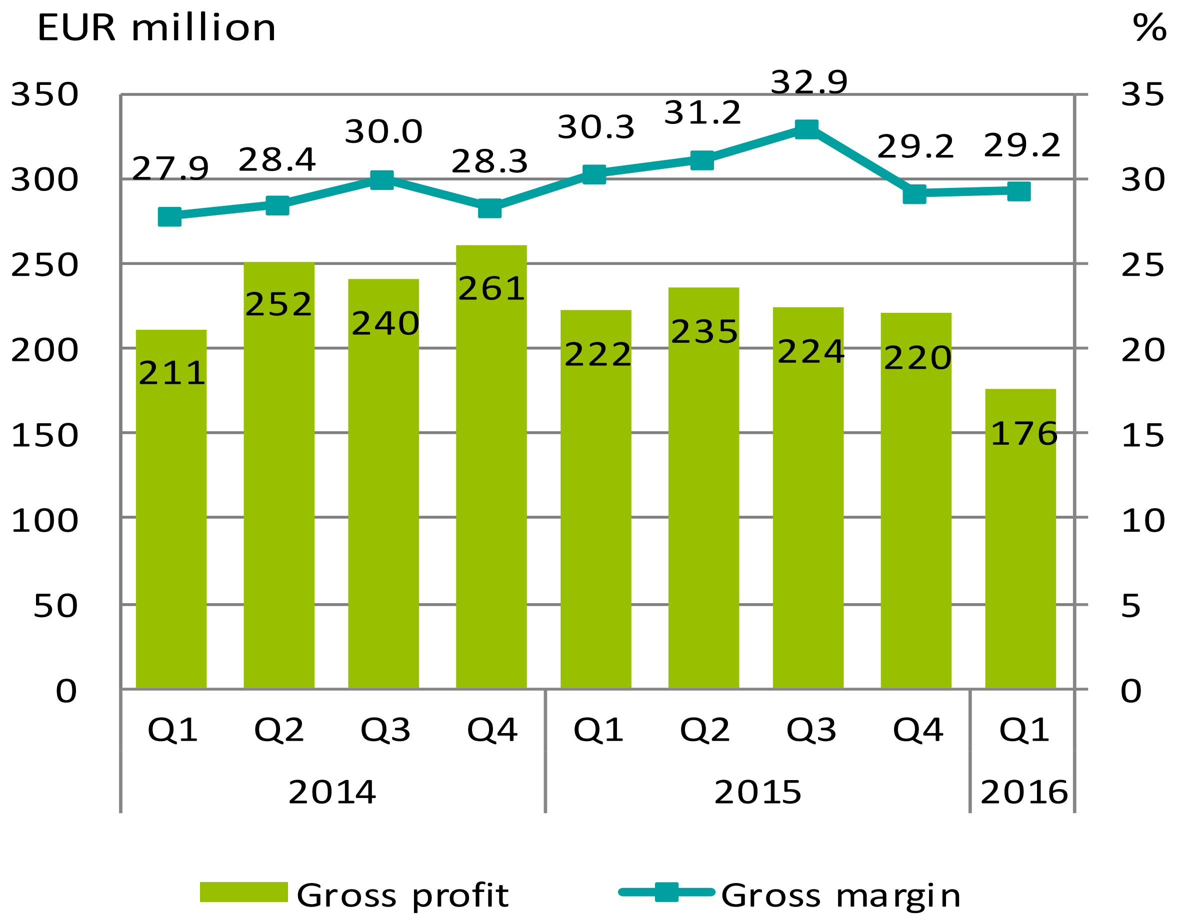
Margins holding up and cost savings continue

Illustrative



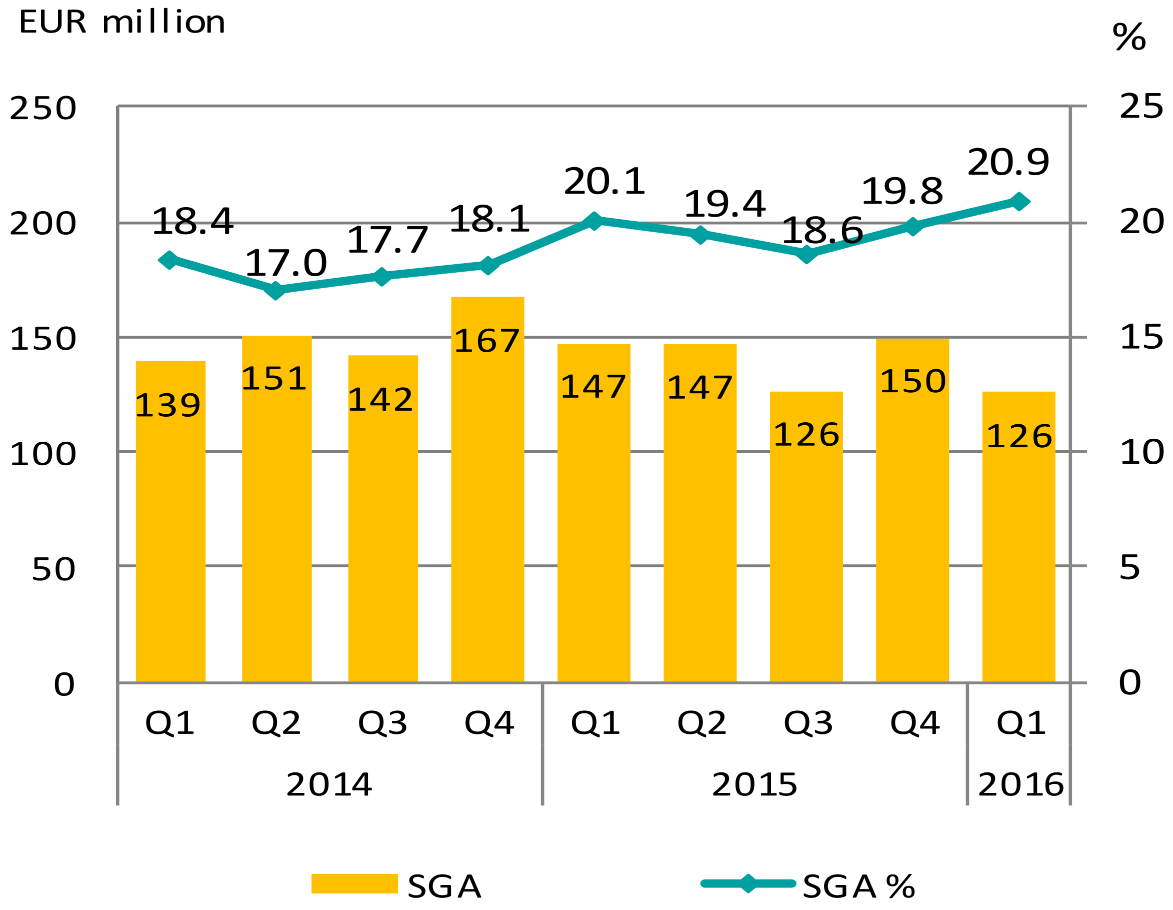
Note: Volume, margin and SG&A changes calculated with constant currencies. Currency impact is included in ’FX rates & Others’.

Gross margins at a healthy level



- Product and services businesses maintained good margins
- Equipment margins were negatively affected by low volume
- COGS personnel was reduced by 65 persons from Dec 31, 2015 (FY 2015: 1,200) and decline will continue during the rest of the year
- Targeting similar purchasing savings as last year (EUR 50 million)

Actions to reduce SG&A continue



- SG&A headcount was reduced by 168 persons during 1Q (FY 2015: 595)
- The SG&A spend was significantly reduced
- No significant credit losses

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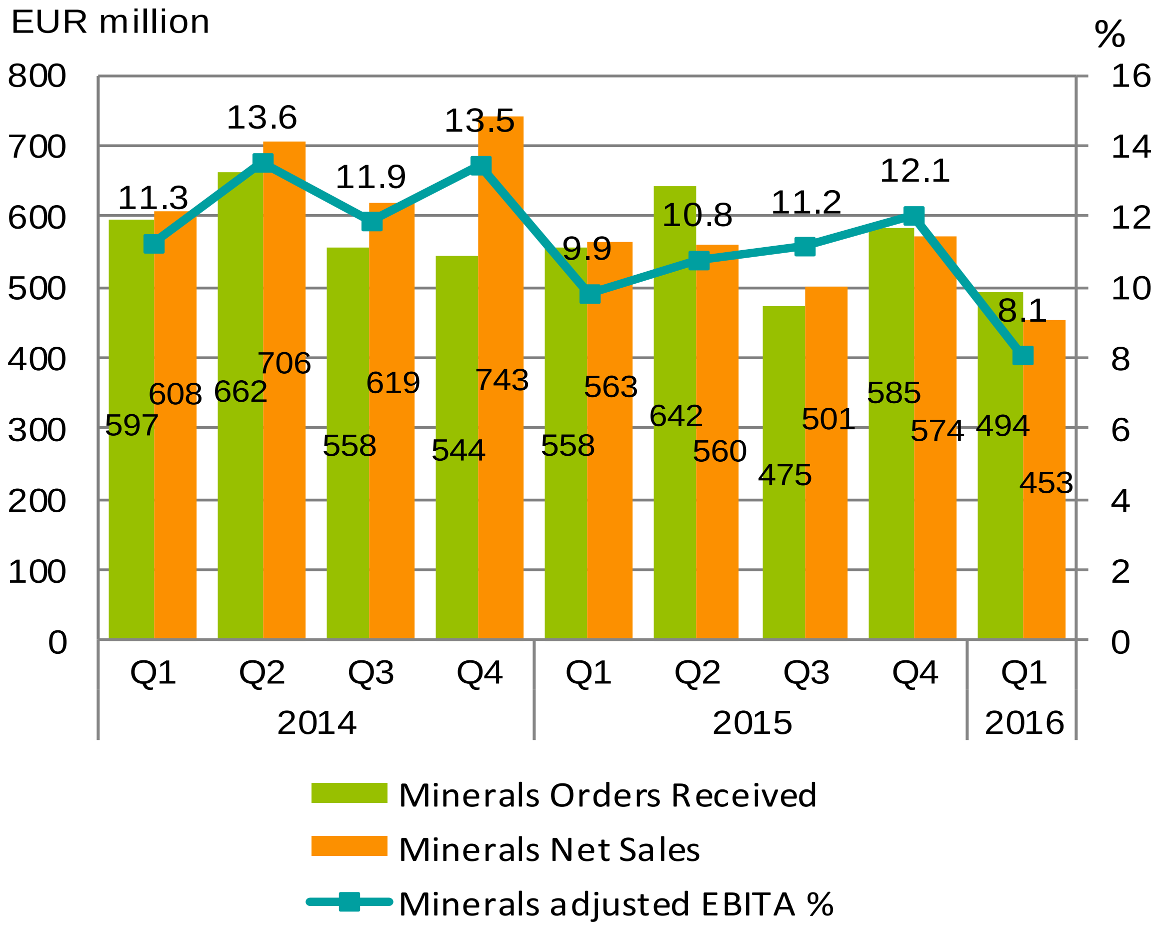
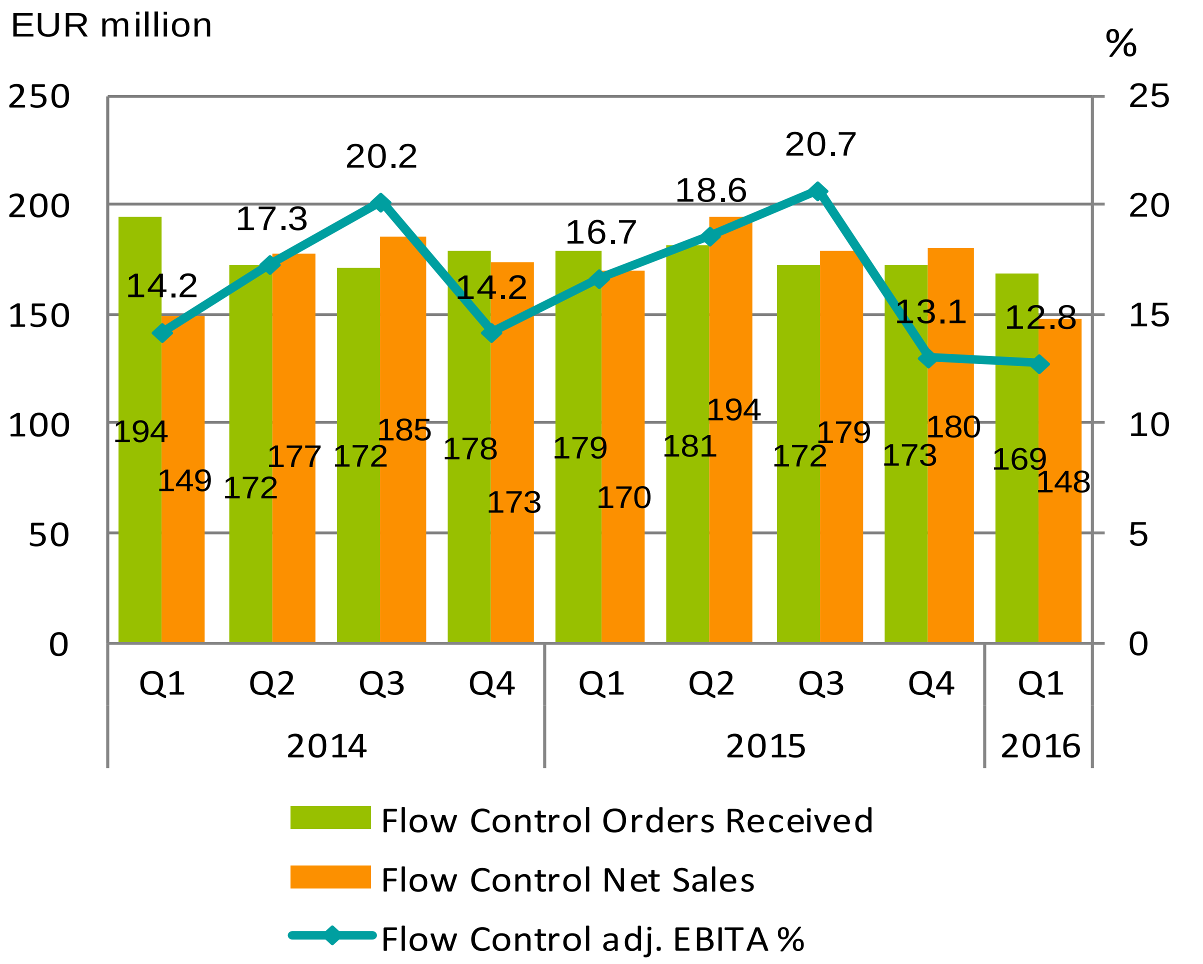
Minerals quarterly performance

- EBITA margin negatively impacted by a slowdown of equipment deliveries
- Services net sales declined slightly, whereas profitability improved
- SG&A down 20% year-on-year
- Restructuring measures are ongoing



Flow Control quarterly performance

- Good order intake
- Product and gross margins holding up, SG&A in good control
- EBITA decline driven by volume
  - Services profitability improved
  - Net sales declined in the North American oil&gas transportation valve business
- Cost reductions will continue



Solid balance sheet and financial position

EUR million	March 31, 2016	December 31, 2015
Return on equity (ROE), % *	7.8	33.1
Return on capital employed (ROCE) before taxes, %*	9.4	16.1**
Gearing at the end of the period, %	6.9	10.6
Cash conversion, %	230	180
Debt to capital, %	38.6	36.3
Net debt / EBITDA *	0.3	0.2
Interest cover (EBITDA)	5.5	15.8
Credit rating (Standard & Poor's)	BBB, stable outlook	BBB, stable outlook
Cash assets	626	590

* Annualized
** Excluding PAS

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Good cash generation continued

EUR million	Q1/2016	Q1/2015	2015	Comments
EBITDA	**65**	**84**	**624**	
Adjustments	5	4	-232	
Change in net working capital	-11	36	64	
Financial items and taxes, paid	8	-33	-96	
NET CASH FROM OPERATIONS	**67**	**91**	**360**	
Capex on fixed assets	-6	-12	-46	Low investment needs
Proceeds from sale of fixed assets	0	6	17	
Acquisitions and divestments	0	0	305	2015 includes PAS disposal
Proceeds from (+)/Investments in (-) other assets	-25	4	-56	
Other	0	-2	-5	
NET CASH FROM INVESTING ACTIVITIES	**-31**	**-4**	**215**	
❖ **Cash flow from operations and investing activities**	**36**	**87**	**575**	

Capital employed and net working capital

Larger cash position increased capital employed

EUR million	Mar 31, 2016	Dec 31, 2015	Change
Net working capital	609	598	11
Tangible assets	330	343	-13
Intangible assets	542	550	-8
Other	185	186	-1
Cash	626	590	36
TOTAL	**2,292**	**2,267**	**25**
Turnover	1.0	1.3	

Customer-related NWC declined

EUR million	Mar 31, 2016	Dec 31, 2015	Change
Inventories	726	715	11
Trade receivables	450	482	-32
Trade payables	-234	-249	15
Advances + POC	-133	-128	-5
Customer NWC	**809**	**820**	**-11**
Other	-200	-222	22
TOTAL	**609**	**598**	**11**
% of net sales	25.3	20.1	

Outlook and backlog

Matti Kähkönen
President and CEO

No changes in the short-term market outlook

Mining

48% of net sales of which 75% services

Outlook:

- Weakness to continue in the equipment and systems business
- Few large orders being negotiated; timing is uncertain
- Demand for services satisfactory, impacted by miners’ cost actions

Aggregates

23% of net sales of which 45% services

Outlook:

- US, India, and Europe show positive development
- Brazil and China continue to be weak

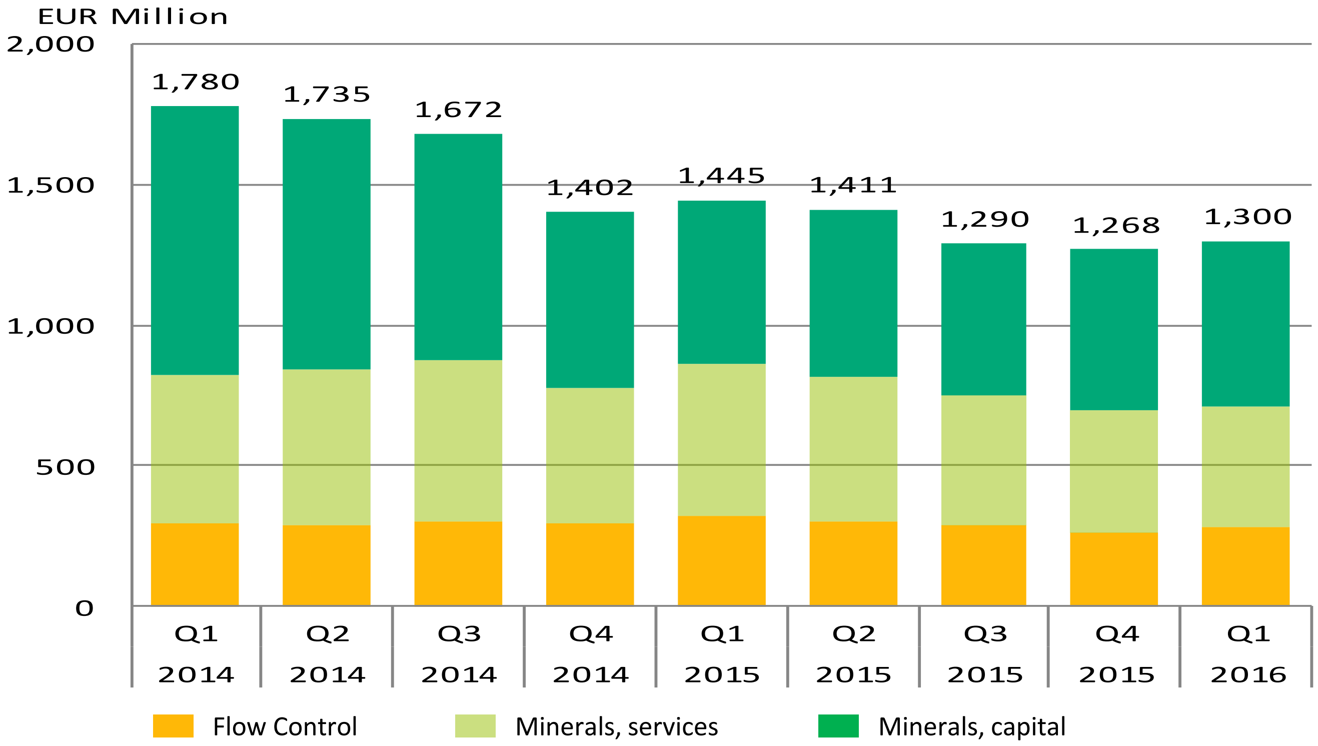
Flow Control

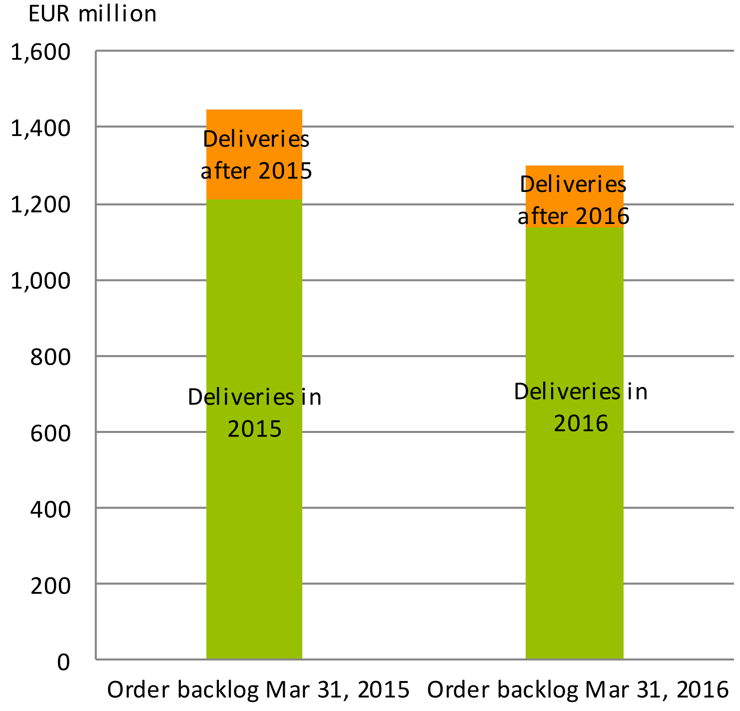
25% of net sales of which 55% services

Outlook:

- Oil & gas capex-related demand is satisfactory; demand from other process industries remains stable
- Good demand for replacements and services

Order backlog





- Market uncertainties causing some delays in deliveries

Outlook for 2016

Metso's overall trading conditions will be somewhat weaker in 2016 compared to 2015. Demand for our products and services is expected to develop as follows:

- remain weak for mining equipment and satisfactory for mining services
- remain satisfactory for aggregates equipment and services
- remain satisfactory for Flow Control products related to customers' new investments and good for Flow Control services

From our backlog at the end of March, we expect to invoice EUR 1.1 billion during 2016. Internal efficiency actions will continue to improve competitiveness and mitigate price pressure that can be seen in the markets that are facing weak or satisfactory demand.

Restructuring costs are expected to be on the same level as in 2015 (previously: lower than in 2015). Capital expenditure without acquisitions and net financial costs are expected to be on the lower than in 2015 (previously: same level as in 2015).

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