2018 Interim Review January 1 – September 30

Metso's Interim Review January 1 – September 30, 2018

Figures relating to 2017 have been restated to reflect the adoption of IFRS 15 and the revision in the reporting of the Flow Control segment's services business. The restated figures were published on April 16, 2018. Figures in brackets refer to the corresponding period in 2017, unless otherwise stated.

Third-quarter 2018 in brief

- Healthy activity in all markets
- Orders received increased 8%, or 16% in constant currencies, to EUR 883 million (817 million)
- Services orders grew 4%, or 12% in constant currencies, to EUR 461 million (443 million)
- Sales grew 18%, or 25% in constant currencies, and totaled EUR 786 million (667 million)
- Services sales grew 10%, or 18% in constant currencies, and totaled EUR 436 million (397 million)
- Adjusted EBITA was EUR 96 million, or 12.2% of sales (43 million, or 6.4%)
- Operating profit (EBIT) totaled EUR 91 million, or 11.6% of sales (39 million, or 5.9%)
- Earnings per share were EUR 0.40 (0.13)
- Free cash flow was EUR 66 million (58 million)

January-September 2018 in brief

- Orders received increased 13%, or 20% in constant currencies, to EUR 2,595 million (2,298 million)
- Services orders grew 7%, or 14% in constant currencies, to EUR 1,415 million (1,324 million)
- Sales grew 14%, or 21% in constant currencies, and totaled EUR 2,276 million (1,989 million)
- Services sales grew 10%, or 17% in constant currencies, and totaled EUR 1,300 million (1,183 million)
- Adjusted EBITA was EUR 272 million, or 11.9% of sales (179 million, or 9.0%)
- Operating profit (EBIT) totaled EUR 258 million, or 11.3% of sales (159 million, or 8.0%)
- Earnings per share were EUR 1.11 (0.60)
- Free cash flow was EUR 89 million (101 million)

Market outlook

Previous outlook, published on July 26, 2018, in brackets.

Our market conditions are expected to develop as follows:
- Growth in demand to increase for Minerals equipment
- Growth in demand to remain stable for Minerals services
- Growth in demand to remain stable (to level off) for Flow Control

The outlook represents expected sequential market development with a rolling six-month view.

Key figures

EUR million	**Q3/2018**	Q3/2017	Change %	**Q1-Q3/ 2018**	Q1-Q3/ 2017	Change %	2017
Orders received	**883**	817	8	**2,595**	2,298	13	2,982
Orders received of services business	**461**	443	4	**1,415**	1,324	7	1,717
% of orders received	**52**	54		**55**	58		58
Order backlog at end of period				**1,686**	1,491	13	1,439
Sales	**786**	667	18	**2,276**	1,989	14	2,699
Sales of services business	**436**	397	10	**1,300**	1,183	10	1,595
% of sales	**55**	60		**57**	60		59
Adjusted EBITA	**96**	43	122	**272**	179	51	244
% of sales	**12.2**	6,4		**11.9**	9,0		9.0
Operating profit	**91**	39	131	**258**	159	63	218
% of sales	**11.6**	5.9		**11.3**	8.0		8.1
Earnings per share, EUR	**0.40**	**0.13**	205	**1.11**	0.60	85	0.68
Free cash flow	**66**	**58**	15	**89**	101	-12	158
Return on capital employed (ROCE) before taxes, annualized, %				**17.1**	9.8		10.3
Equity-to-assets ratio at the end of period, %				**47.8**	45.3		44.5
Net gearing at the end of period, %				**10.3**	3.8		1.8
Personnel at the end of period				**12,772**	11,698	9	12,037

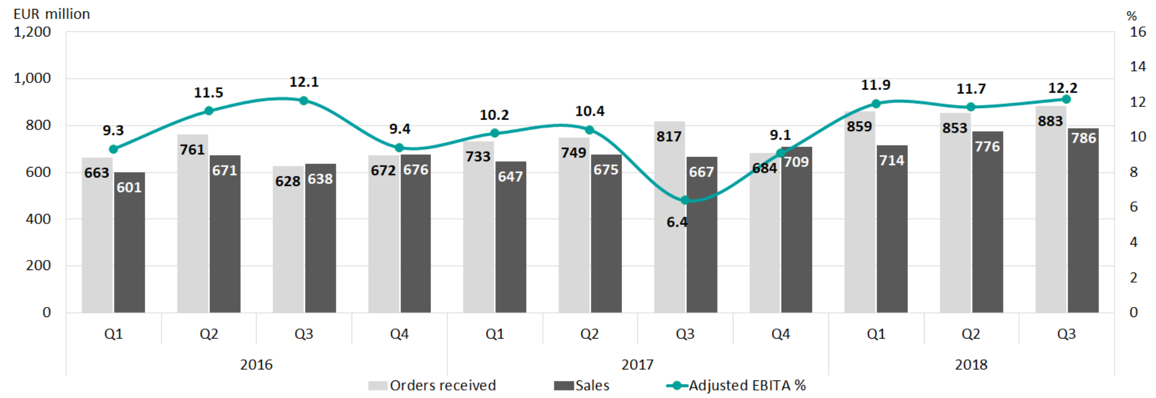
Interim President and CEO Eeva Sipilä:

I am very pleased with our strong order growth of 8% during the third quarter. Despite global political and economic uncertainty, we have been successful in offering our customers solutions that deliver sustainable productivity improvements. We continue our intense efforts on R&D and digitalization to further develop our offering globally. In addition, work on growth investments and adjacent acquisitions supporting our profitable growth strategy has continued as planned, demonstrated by our announcement in September to invest in additional foundry capacity in India.

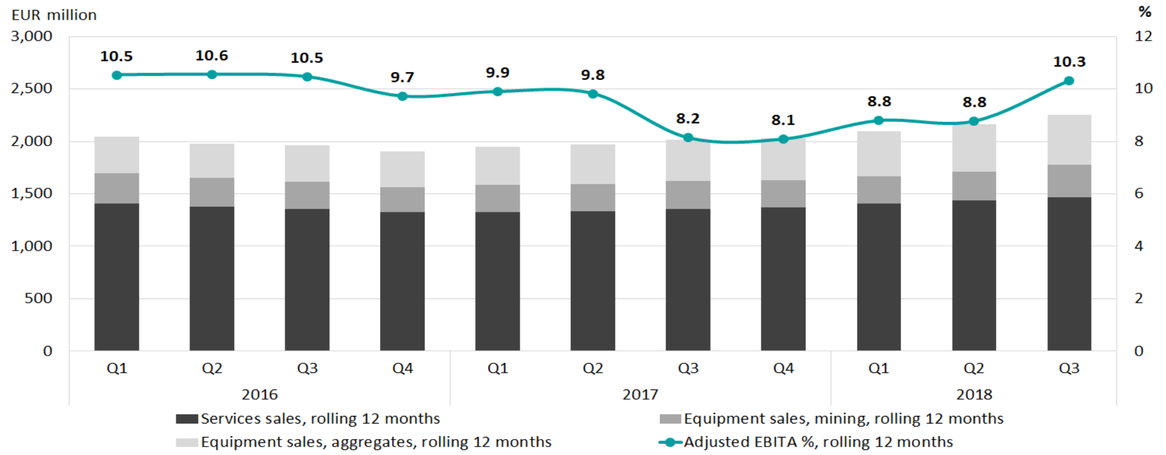
Our 18% sales growth reflects progress in ramping-up our supply chain. We continue to drive multiple actions to further improve our delivery capabilities and flexibility. Our sales mix in Minerals is changing, as indicated earlier, with higher growth in equipment than services. While this affects our margin development to some extent, the expansion of our installed base is important for our future. Nevertheless, we reached an adjusted EBITA margin of 12.2% in the quarter.

Metso's year-to-date financial results demonstrate, that we have been able to make a step change in our performance this year. The energy and commitment of the Metso people all over the world has been instrumental in this, and we will continue to build on these strengths under the leadership of our new President and CEO Pekka Vauramo, who is taking charge on November 1.

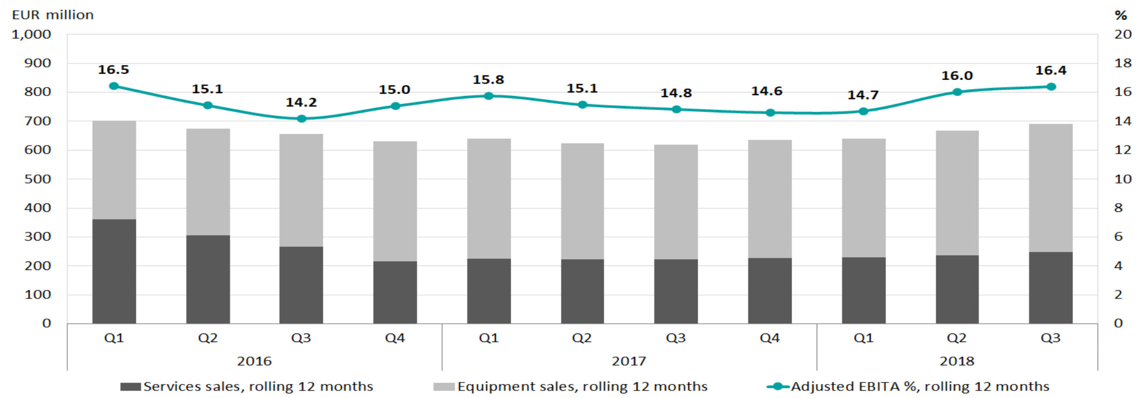
Metso Group: Orders, sales and profitability



Minerals: Orders, sales and profitability



Flow Control: Orders, sales and profitability



Operating environment

Healthy market activity continued in all our businesses during the third quarter. Mining equipment market activity grew and resulted in a sequential increase in orders received both from brownfield and greenfield projects. Aggregates equipment saw continued strong demand especially in India and China. The demand for services was healthy both from mining and aggregates customers. Activity in the valves business was strong in day-to-day and distribution. Demand continued to develop well also in the pumps and recycling businesses.

Orders and sales

Third-quarter orders received increased 8%, or 16% in constant currencies, compared to the same quarter in 2017, and totaled EUR 883 million (EUR 817 million). Order growth was 9% in the Minerals segment and 6% in the Flow Control segment, driven by a double-digit increase in both segments' equipment orders. Services orders grew 4% from the comparison period to EUR 461 million. Minerals accounted for 5% order growth, while Flow Control was flat. Acquisitions contributed EUR 27 million to the Group's quarterly orders.

Quarterly sales totaled EUR 786 million (EUR 667 million), which represents an increase of 18 %, or 25% in constant currencies, from the comparison period. In both segments, equipment grew faster than services. Overall, equipment sales grew 30% and services sales 10%. Minerals' sales grew 19% and totaled EUR 609 million, while Flow Control's sales increased 15% to EUR 178 million. Acquisitions contributed EUR 14 million to the Group's quarterly sales.

Orders received in January-September totaled EUR 2,595 million, which is 13% higher than in the corresponding period of 2017. Orders grew 14% in Minerals to EUR 2,027 million and 10% in Flow Control to EUR 570 million. Acquisitions contributed EUR 40 million to the Group's orders.

The order backlog at the end of September totaled EUR 1,686 million (EUR 1,439 million at the end of 2017).

January-September sales totaled EUR 2,276 million, which is 14% higher than during the same period in 2017. Minerals' sales increased 15% and Flow Control's sales 12% year-on-year. Acquisitions contributed EUR 29 million to the nine-month sales.

Currency impact on orders received *(compared to the same period in 2017)*

	Q3/2018 change using reported rates, %	Q3/2018 change using constant rates, %	Q1-Q3/2018 change using reported rates, %	Q1-Q3/2018 change using constant rates, %
Minerals	9	17	14	21
Services Business	5	13	7	14
Flow Control	6	12	10	16
Services Business	0	7	6	12
Metso total	**8**	**16**	**13**	**20**
Services Business	**4**	**12**	**7**	**14**

Currency impact on sales *(compared to the same period in 2017)*

	Q3/2018 change using reported rates, %	Q3/2018 change using constant rates, %	Q1-Q3/2018 change using reported rates, %	Q1-Q3/2018 change using constant rates, %
Minerals	19	27	15	22
Services Business	8	16	10	16
Flow Control	15	21	12	17
Services Business	22	30	12	18
Metso total	**18**	**25**	**14**	**21**
Services Business	**10**	**18**	**10**	**17**

Financial performance

Adjusted EBITA in the third quarter totaled EUR 96 million, or 12.2% of sales (EUR 43 million, or 6.4%). Sales growth had a positive impact on profitability, which was somewhat diluted by the higher share of equipment sales. Minerals' adjusted EBITA totaled EUR 62 million, or 10.2% of sales (EUR 21 million, or 4.2%). Flow Control's adjusted EBITA totaled EUR 32 million, or 17.9% of sales (EUR 25 million, or 16.3%).

Operating profit (EBIT) in the third quarter reached EUR 91 million, or 11.6% of sales (EUR 39 million, or 5.9%). Minerals' operating profit totaled EUR 60 million, or 9.9% of sales (EUR 20 million, or 4.0%). Flow Control's operating profit totaled EUR 31 million, or 17.6% of sales (EUR 25 million, or 16.0%). Both adjusted EBITA and operating profit (EBIT) for the 2017 comparison period included EUR 33 million charges related to mining projects in the backlog.

The January-September 2018 adjusted EBITA totaled EUR 272 million, or 11.9% of sales (EUR 179 million, or 9.0%). Operating profit (EBIT) was EUR 258 million or 11.3% of sales (EUR 159 million, or 8.0%) and profit before taxes EUR 237 million (EUR 132 million). Earnings per share were EUR 1.11 (EUR 0.60). Return on capital employed (ROCE) improved significantly and was 17.1% (10.3% at the end of 2017) due to both improved earnings and lower capital employed. The effective tax rate was 29.8%.

Net financial expenses in January-September were EUR 21 million (EUR 27 million). Net cash generated by operating activities totaled EUR 74 million (EUR 108 million) and free cash flow was EUR 89 million (EUR 101 million). Cash flow was affected by a residual tax payment of EUR 21 million conducted in the first quarter and related to a reassessment decision from the Finnish tax authority. Metso is appealing the decision, but the payment was made to avoid any additional interest costs during the expected long complaint process.

An increase in net working capital, arising from a ramp-up in the supply chain in response to higher demand, had a negative impact of EUR 106 million on cash flow (negative impact of EUR 45 million).

Financial position

Metso's balance sheet and liquidity position remain strong. Total cash assets at the end of September were EUR 429 million (EUR 827 million at the end of 2017), of which EUR 36 million (EUR 154 million at the end of 2017) was invested in financial instruments with an initial maturity exceeding three months, and the remaining EUR 393 million (EUR 673 million at the end of 2017) is accounted for as cash and cash equivalents. The decline in cash and cash equivalents compared to the year-end resulted from repayments of a loan and a private placement during the second quarter of 2018. In addition, a dividend of EUR 157 million was paid on April 4, 2018.

Net interest-bearing liabilities were EUR 138 million at the end of September (EUR 24 million at the end of 2017) and net gearing was 10.3% (1.8% at the end of 2017). The equity-to-assets ratio was 47.8% (44.5% at the end of 2017).

Our credit rating remains unchanged: Standard & Poor's Ratings Services confirmed Metso's long-term corporate credit rating of BBB and short-term credit rating of A-2, with a stable outlook, in March 2018. Metso has an undrawn, committed EUR 500 million revolving credit facility and an undrawn, committed EUR 40 million loan from the European Investment Bank.

Capital expenditure and investments

Gross capital expenditure excluding business acquisitions in January-September, was EUR 39 million (EUR 26 million) of which maintenance investments accounted for 59%, or EUR 23 million (85%, or EUR 22 million).

During the third quarter, Metso announced an investment of approximately EUR 25 million to expand its foundry capacity in India, to respond to the global market demand of cast wear parts. The first product deliveries are expected by the end of 2019 and the production will fully ramp up in 2020.

Smaller growth investments in January-September relate mainly to increased aggregates equipment manufacturing capacity in Alwar, India, and Tampere, Finland, and foundry capacity in South Africa and China as well as rubber consumables manufacturing at multiple locations globally.

Research and development

Research and development (R&D) expenses were EUR 28 million, or 1.2% of sales in January-September (EUR 19 million, or 0.9%).

Acquisitions

Metso has announced two acquisitions in 2018.

On July 2, Metso closed the acquisition of the mobile crushing and screening plant provider P.J. Jonsson och Söner AB, based in Sweden. The acquisition strengthened the breadth and availability of Metso's product and service offering for the aggregates industry in the Nordics. The acquired company's sales in the fiscal year 2017 were EUR 33 million and it has 40 employees.

On April 4, Metso announced an agreement to acquire the valve automation division of the India-based valve technology company Rotex Manufacturers and Engineers Pvt. Ltd. The company has a market-leading position in India in the actuator business and an advanced offering of switches, process valves, and valve automation products and solutions. The acquired division's sales in the last fiscal year ending March 31, 2018, were approximately EUR 19 million and it employs around 275 people. The closing is expected to take place before the end of 2018.

Personnel

Metso had 12,772 employees at the end of September 2018, which is 735 more than at the end of December 2017. From the year end, personnel increased by 662 to 9,552 in Minerals and by 83 to 2,743 in Flow Control. Personnel in the Group Head Office and support functions totaled 477 (487 at the end of 2017).

Personnel by area

	Sept 30, 2018	**% of personnel**	Sept 30, 2017	% of personnel	Change %	Dec 31, 2017
Europe	**4,381**	**34**	4,098	35	7	4,113
North America	**1,662**	**13**	1,543	13	8	1,563
South and Central America	**2,862**	**22**	2,623	22	9	2,725
Asia-Pasific	**2,994**	**23**	2,589	22	16	2,795
Africa and Middle East	**873**	**7**	845	7	3	841
Metso total	**12,772**	**100**	11,698	100	9	12,037

Reporting segments: Minerals

Healthy order growth

Positive impact on profitability from growing sales

The relative share of equipment increased in sales mix

Acquisition in Sweden consolidated as of July 2, 2018

Key figures

EUR million	Q3/2018	Q3/2017	Change %	Q1-Q3/ 2018	Q1-Q3/ 2017	Change %	2017
Orders received	**702**	646	9	**2,027**	1,781	14	2,308
Orders received of services business	**397**	380	4	**1,215**	1,136	7	1,474
% of orders received	**57**	59		**60**	64		64
Order backlog at end of period				**1,373**	1,212	13	1,173
Sales	**609**	513	19	**1,758**	1,524	15	2,064
Sales of services business	**371**	344	8	**1,114**	1,017	10	1,368
% of sales	**61**	67		**63**	67		66
Earnings before interest, tax and amortization (EBITA), adjusted *)	**62**	21	193	**189**	120	58	168
% of sales	**10.2**	4.2		**10.8**	7.8		8.1
Operating profit (EBIT) *)	**60**	20	198	**184**	107	72	153
% of sales	**9.9**	4.0		**10.4**	7.0		7.4
Return on operative capital employed (Segment ROCE), annualized, %				**22.2**	7.8		14.7
Personnel at the end of period				**9,552**	8,607	11	8,890

*) The adjusted EBITA and operating profit (EBIT) for the 2017 comparison periods included EUR 33 million charges related mining projects in the backlog.

Minerals' orders received in the third quarter increased 9% year-on-year and totaled EUR 702 million (EUR 646 million). Orders grew in both the equipment and services business. The aggregates equipment business reported strong growth year-on-year, driven by India and the US, and further supported in the Nordics by the acquisition of P.J. Jonsson och Söner AB that was closed in the beginning of the third quarter.

Mining equipment orders increased from the second quarter and were at the same level as in the comparison quarter of 2017, which included one large order. Third-quarter orders included comminution and material handling technologies to three greenfield iron ore and copper projects in Australia and South America as well as dewatering solutions for greenfield and brownfield potash projects in Belarus. Services orders increased on the back of healthy market activity in the main mining and aggregates markets.

Third-quarter sales totaled EUR 609 million (EUR 513 million) and the increase of 19% was mainly driven by the equipment business. Adjusted EBITA for the quarter increased to EUR 62 million (EUR 21 million) and adjusted EBITA margin to 10.2% (4.2%). The positive impact from higher sales was somewhat diluted by the sales mix. Operating profit (EBIT) improved to EUR 60 million, or 9.9% of sales (EUR 20 million, or 4.0%). Both adjusted EBITA and operating profit (EBIT) for the 2017 comparison period included EUR 33 million charges related to mining projects in the backlog.

Orders received in January-September increased 14% from the comparison period and totaled EUR 2,027 million. Sales during the same period grew 15%, totaling EUR 1,758 million. Adjusted EBITA was EUR 189 million, or 10.8% (EUR 120 million, or 7.8%) and operating profit EUR 183 million, or 10.4% (EUR 107 million, or 7.0%) of sales in January-September.

Reporting segments: Flow Control

Solid market activity in day-to-day. Project activity lower, as expected

Strong year-on-year sales growth of 15%

Profitability improved significantly

Key figures

EUR million	Q3/2018	Q3/2017	Change %	Q1-Q3/ 2018	Q1-Q3/ 2017	Change %	2017
Orders received	**181**	171	6	**570**	518	10	675
Orders received by the services business	**62**	62	0	**199**	188	6	243
% of orders received	**34**	36		**35**	36		36
Order backlog at end of period				**315**	279	13	267
Sales	**178**	155	15	**519**	465	12	635
Sales of services business	**65**	53	23	**186**	166	12	228
% of sales	**37**	34		**36**	36		36
Earnings before interest, tax and amortization (EBITA), adjusted	**32**	25	26	**87**	67	30	93
% of sales	**17.9**	16.3		**16.7**	14.3		14.6
Operating profit (EBIT)	**31**	25	26	**85**	65	32	91
% of sales	**17.6**	16.0		**16.4**	13.9		14.3
Return on operative capital employed (Segment ROCE), annualized				**42.1**	31.6		29.7
Personnel at the end of period				**2,743**	2,584	6	2,660

Flow Control's third-quarter orders received increased 6% to EUR 181 million (EUR 171 million). The growth resulted from the valves business and orders for the pumps business remained healthy.

Sales increased 15% year-on-year to EUR 178 million (EUR 155 million), thanks to the previous quarters' strong order intake. Sales growth was double-digit in both the valves and pumps business.

Sales growth and good operational performance contributed to strong profitability in the quarter. Adjusted EBITA was EUR 32 million, or 17.9% of sales (EUR 25 million, or 16.3%), and operating profit EUR 31 million, or 17.6% of sales (EUR 25 million, or 16.0%).

Orders received in January-September increased 10% from the comparison period and totaled EUR 570 million (EUR 518 million). Growth came from both equipment and services business. Sales totaling EUR 519 million in January-September grew 12% from the comparison period, and both equipment and services business sales grew at a double-digit rate. Adjusted EBITA for the same period was EUR 87 million, or 16.7% of sales, (EUR 67 million and 14.3%) and operating profit EUR 85 million, or 16.4% of sales (EUR 65 million and 13.9%).

Changes in the Metso Executive Team

Metso's new President and CEO Pekka Vauramo will assume his duties on November 1, 2018. His appointment was published on May 21. CFO Eeva Sipilä has served as interim President and CEO since February 3, 2018, after the previous President and CEO Nico Delvaux left his duties on February 2.

On August 22, it was announced that Merja Kamppari, Senior Vice President for Human Resources and a member of Metso Executive Team since 2009, has decided to leave Metso for personal reasons at the end of January 2019.

Composition of the Shareholders' Nomination Board

Metso's four largest registered shareholders as of September 1, 2018, nominated the following members to the Nomination Board on September 3, 2018:

- Petter Söderström, Investment Director, Solidium Oy (14.88% of share capital and votes);
- Niko Pakalén, Partner, Cevian Capital AB (13.84% of share capital and votes);
- Risto Murto, President and CEO, Varma Mutual Pension Insurance Company (2.46% of share capital and votes); and
- Mikko Mursula, Chief Investment Officer, Ilmarinen Mutual Pension Insurance Company (2.42% of share capital and votes).

Petter Söderström will chair the Nomination Board and Mikael Lilius, Chair of Metso's Board of Directors, will serve as its expert member. The Shareholders' Nomination Board is responsible for preparing proposals covering the composition of the Board of Directors and remuneration of the Board members to the next Annual General Meeting, planned to be held on April 25, 2019.

Decisions of the Annual General Meeting (AGM)

The Annual General Meeting (AGM) was held in Helsinki on March 22, 2018. The AGM approved the Financial Statements for 2017 and discharged the members of the Board of Directors and the President and CEOs from liability for the 2017 financial year. The Authorized Public Accountant firm Ernst & Young was elected as Metso's Auditor with Mikko Järventausta as principal responsible auditor. The dividend of EUR 1.05 per share, approved by the AGM, was paid on April 4, 2018. In addition, the AGM approved the proposals of the Board of Directors to authorize the Board to decide on both the repurchase of Metso shares as well as the issuance of shares and special rights entitling to shares. The Nomination Board's proposals concerning Board members and their remuneration were also approved. The minutes of the meeting are available at www.metso.com/agm.

Annual report

Metso's annual report for 2017 was published on February 23, 2018. The report entity includes the annual review, financial statements, corporate governance statement and externally assured sustainability supplement. It is available at www.metso.com/2017.

Shares and share trading

Metso's share capital was EUR 140,982,843.80 and the number of shares 150,348,256 on September 30, 2018. This included 351,128 treasury shares held by the Parent Company, which represented 0.2% of all shares and votes. A total of 95,134,307 Metso shares were traded on Nasdaq Helsinki in January-September 2018, equivalent to a turnover of EUR 2,671 million. Metso's market capitalization at the end of September 2018, excluding shares held by the Parent Company, was EUR 4,581 million (EUR 4,270 million at the end of 2017).

Metso share performance on Nasdaq Helsinki January 1- September 30, 2018

EUR	
Closing price	30.54
Highest share price	32.27
Lowest share price	23.79
Volume-weighted average trading price	28.06

In addition to Nasdaq Helsinki, 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 September 30, 2018 was USD 8.57.

Flagging notifications

In 2018, Metso has received one flagging notification. BlackRock, Inc. announced that on January 8, 2018, its direct holding in Metso's shares exceeded the 5 percent threshold. BlackRock's direct holding (5.02%) and holding through financial instruments (0.76%) amounted to 8,706,776 shares, which corresponds to 5.79 percent of Metso's total number of shares and votes.

Metso is not aware of any shareholders' agreements regarding the ownership of Metso shares and voting rights.

Short-term business risks and market uncertainties

Uncertainties in economic growth and political developments globally could affect our customer industries, reduce the investment appetite and spending among our customers, and thereby weaken the demand for Metso's products and services as well as affect our business operations. There are also other market- and customer-related risks that could cause on-going projects to be postponed, delayed or discontinued. Concern about the possible effects of the ongoing trade disputes on economic growth has had an impact on metal prices. This could further impact our customers' behavior.

Continued market growth and inflation as well as the impact of tariffs or other trade barriers could pose challenges to our supply chain and price management with an impact on our growth capability and margins.

Exchange rate fluctuations and changes in commodity prices could affect our orders received, sales and financial performance. Metso hedges currency exposure linked to firm delivery and purchase agreements.

Uncertain market conditions could 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.

Information security and cyber threats could disturb or disrupt Metso's businesses and operations.

Market outlook

Previous outlook, published on July 26, 2018, in brackets.

Our market conditions are expected to develop as follows:

- Growth in demand to increase for Minerals equipment
- Growth in demand to remain stable for Minerals services
- Growth in demand to remain stable (to level off) for Flow Control

The outlook represents expected sequential market development with a rolling six-month view.

Helsinki, October 26, 2018
Metso Corporation's Board of Directors

Interim Review, tables

CONSOLIDATED STATEMENT OF INCOME

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	1–12/2017
Sales	**786**	667	**2,276**	1,989	2,699
Cost of goods sold	**-559**	-496	**-1,608**	-1,447	-1,968
Gross profit	**227**	171	**668**	542	731
Selling, general and administrative expenses	**-132**	-128	**-395**	-381	-510
Other operating income and expenses, net	**-4**	-3	**-15**	-2	-2
Share in profits of associated companies	**0**	0	**0**	0	0
Operating profit	**91**	39	**258**	159	218
Financial income	**2**	1	**6**	5	12
Financial expenses	**-8**	-11	**-27**	-32	-47
Financial expenses, net	**-6**	-10	**-21**	-27	-35
Profit before taxes	**85**	29	**237**	132	184
Income taxes	**-25**	-10	**-70**	-42	-82
Profit for the period	**60**	19	**167**	90	102
Attributable to:					
Shareholders of the parent company	**60**	20	**166**	90	102
Non-controlling interests	**0**	0	**0**	0	0
Profit for the period	**60**	19	**167**	90	102
Earnings per share					
Basic, EUR	**0.40**	0.13	**1.11**	0.60	0.68
Diluted, EUR	**0.40**	0.13	**1.11**	0.60	0.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	1–12/2017
Profit for the period	**60**	19	**167**	90	102
Items that may be reclassified to profit or loss in subsequent periods:					
Cash flow hedges, net of tax	**0**	1	**0**	4	3
Equity instruments at fair value, net of tax	**0**	0	**0**	0	0
Currency translation on subsidiary net investments	**-7**	-10	**-22**	-36	-39
	-7	-9	**-22**	-32	-36
Items that will not be reclassified to profit or loss:					
Defined benefit plan actuarial gains (+) / losses (-), net of tax	-	-	**1**	-	1
Other comprehensive income	**-7**	-9	**-21**	-32	-35
Total comprehensive income	**53**	10	**146**	57	67
Attributable to:					
Shareholders of the parent company	**53**	11	**145**	57	67
Non-controlling interests	**0**	0	**0**	0	0
Total comprehensive income	**53**	10	**146**	57	67

CONSOLIDATED BALANCE SHEET

ASSETS

EUR million	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Non-current assets			
Intangible assets			
Goodwill	**480**	448	466
Other intangible assets	**75**	72	79
	555	520	545
Tangible assets			
Land and water areas	**40**	43	43
Buildings and structures	**92**	100	98
Machinery and equipment	**127**	133	136
Assets under construction	**21**	10	10
	280	285	287
Other non-current assets			
Investments in associated companies	**1**	1	1
Non-current financial assets	**5**	3	5
Loan and other interest bearing receivables	**8**	6	3
Deferred tax asset	**95**	102	93
Other non-current assets	**27**	30	29
	137	141	130
Total non-current assets	**971**	946	961
Current assets			
Inventories	**906**	736	750
Receivables			
Trade and other receivables	**674**	610	644
Receivables from customers under revenue contracts	**99**	76	66
Loan and other interest bearing receivables	**1**	1	0
Other current financial assets	**36**	156	154
Income tax receivables	**39**	33	38
	848	875	903
Cash and cash equivalents	**393**	643	673
Total current assets	**2,147**	2,254	2,326
TOTAL ASSETS	**3,119**	3,200	3,287

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Equity			
Share capital	**141**	141	141
Cumulative translation adjustments	**-109**	-84	-87
Fair value and other reserves	**306**	303	302
Retained earnings	**999**	975	988
Equity attributable to shareholders	**1,336**	1,335	1,344
Non-controlling interests	**7**	7	7
Total equity	**1,344**	1,341	1,351
Liabilities			
Non-current liabilities			
Long-term debt	**555**	559	554
Post employment benefit obligations	**70**	80	68
Provisions	**32**	43	37
Non-current financial liabilities	**4**	3	2
Deferred tax liability	**18**	6	18
Total non-current liabilities	**680**	690	680
Current liabilities			
Current portion of long-term debt	**-**	277	279
Short-term debt	**21**	17	21
Trade and other payables	**612**	517	547
Provisions	**66**	67	74
Advances received	**210**	184	198
Liabilities to customers under revenue contracts	**98**	56	58
Other current financial liabilities	**14**	9	10
Income tax liabilities	**74**	42	70
Total current liabilities	**1,096**	1,169	1,257
Total liabilities	**1,775**	1,860	1,937
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,119**	3,200	3,287

NET INTEREST BEARING LIABILITIES

EUR million	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Long-term interest bearing debt	**555**	559	833
Short-term interest bearing debt	**21**	294	21
Cash and cash equivalents	**-393**	-643	-673
Other interest bearing assets	**-45**	-160	-157
Net interest bearing liabilities	**138**	50	24

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	1–12/2017
Operating activities:					
Profit for the period	**60**	20	**166**	90	102
Adjustments:					
Depreciation and amortization	**15**	14	**43**	43	59
Financial expenses, net	**6**	10	**21**	27	35
Income taxes	**25**	10	**70**	42	82
Other items	**-4**	14	**-4**	26	16
Change in net working capital	**-11**	11	**-106**	-45	-23
Net cash flow from operating activities before financing items and taxes	**91**	78	**191**	182	270
Net financial expenses paid	**-3**	-1	**-12**	-14	-21
Income taxes paid	**-14**	-12	**-71**	-49	-64
Net cash flow from operating activities	**74**	66	**108**	120	185
Investing activities:					
Capital expenditures on intangible and tangible assets	**-13**	-11	**-39**	-26	-38
Proceeds from sale of intangible and tangible assets	**1**	1	**4**	3	5
Business acquisitions, net of cash acquired	**-25**	-	**-25**	-	-30
Other items	**-**	-2	**-**	-2	-2
Net cash flow from investing activities	**-37**	-12	**-61**	-25	-66
Financing activities:					
Dividends paid	-	-	**-157**	-157	-157
Proceeds from (+) / investments in (-) financial assets, net	**52**	-37	**117**	-37	-35
Proceeds from (+) / repayments of (-) debt, net	**-26**	-1	**-281**	55	59
Other items	**-**	-	**-**	-1	-1
Net cash flow from financing activities	**26**	-38	**-321**	-140	-134
Net change in cash and cash equivalents	**63**	16	**-274**	-45	-15
Effect from changes in exchange rates	**-5**	-3	**-6**	-11	-12
Cash and cash equivalents at beginning of period	**335**	629	**673**	2,052	698
Cash and cash equivalents at end of period	**393**	643	**393**	1,997	673

FREE CASH FLOW

EUR million	7–9/2018	7–9/2017	7–9/2018	1–9/2017	1–12/2017
Net cash flow from operating activities	**74**	66	**108**	120	185
Maintenance investments	**-9**	-9	**-23**	-22	-32
Proceeds from sale of intangible and tangible assets	**1**	1	**4**	3	5
Free cash flow	**66**	58	**89**	101	158

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
Jan 1, 2017	**141**	**-48**	**299**	**1,039**	**1,431**	**8**	**1,439**
Profit for the period	-	-	-	90	**90**	0	**90**
Other comprehensive income							
Cash flow hedges, net of tax	-	-	4	-	**4**	-	**4**
Equity instruments at fair value, net of tax	-	-	0	-	**0**	-	**0**
Currency translation on subsidiary net investments	-	-36	-	-	**-36**	0	**-36**
Total comprehensive income	-	-36	4	90	**58**	0	**58**
Dividends	-	-	-	-157	**-157**	0	**-157**
Donations to universities	-	-	-	-1	**-1**	-	**-1**
Share-based payments, net of tax	-	-	0	0	**0**	-	**0**
Other items	-	-	0	3	**3**	0	**3**
Changes in non-controlling interests	-	-	-	0	**0**	0	**0**
Sep 30, 2017	**141**	**-84**	**303**	**974**	**1,334**	**7**	**1,341**
Dec 31, 2017	**141**	**-87**	**302**	**988**	**1,344**	**7**	**1,351**
Effect from adoption of new IFRS standards [1]	-	-	3	0	**2**	0	**2**
Jan 1, 2018	**141**	**-87**	**305**	**987**	**1,346**	**7**	**1,353**
Profit for the period	-	-	-	166	**166**	0	**167**
Other comprehensive income							
Cash flow hedges, net of tax	-	-	0	-	**0**	-	**0**
Equity instruments at fair value, net of tax	-	-	0	-	**0**	-	**0**
Currency translation on subsidiary net investments	-	-22	-	-	**-22**	0	**-22**
Defined benefit plan actuarial gains (+) / losses (-), net of tax	-	-	-	1	**1**	-	**1**
Total comprehensive income	-	-22	0	167	**145**	0	**146**
Dividends	-	-	-	-157	**-157**	0	**-157**
Share-based payments, net of tax	-	-	1	-	**1**	-	**1**
Other items	-	-	0	1	**1**	0	**1**
Changes in non-controlling interests	-	-	-	-	**-**	-	**-**
Sep 30, 2018	**141**	**-109**	**306**	**999**	**1,336**	**7**	**1,344**

[1] Impact of the adoption of IFRS 9 on retained earnings was EUR 491 thousand negative, and IFRS 2 amendment's effect on fair value reserve was EUR 2,594 thousand positive.

Notes to the Interim Review

Contents

1. BASIS OF PREPARATION

This interim review has been prepared in accordance with IAS 34 'Interim Financial Reporting', applying the accounting policies of the Financial Statements 2017. In addition, new accounting standards have been adopted as described in section 2 of this interim review. This interim review is unaudited.

All figures relating to 2017 have been restated to reflect the adoption of IFRS 15 and the revision in the reporting of the Flow Control segment's services business. The restated figures were published on April 16, 2018.

All figures presented have been rounded and, consequently, the sum of individual figures might differ from the presented total figure.

Reporting segments

Metso is a global supplier of sustainable technology and services for mining, aggregates, oil and gas, pulp, paper and other process industries.

Metso reports its results consistently with its strategy and reporting structure, which consists of two segments: Minerals and Flow Control.

The **Minerals segment** supplies technology, process solutions, machinery and services for aggregates production, mining, minerals processing and recycling. The Minerals segment is organized in five business areas: Minerals Equipment, Aggregates Equipment, Minerals Services, Minerals Consumables and Recycling.

The **Flow Control segment** supplies process industry flow control solutions and services. Flow Control customers operate in oil and gas, pulp and paper and other process industries. The segment is organized in two business areas: Valves and Pumps.

The **Group Head Office and other** is comprised of the parent company with centralized group functions such as treasury and tax as well as shared service centers and holding companies.

Metso measures the performance of segments with operating profit/ loss (EBIT). In addition, Metso uses alternative performance measures to reflect the underlying business performance and to improve comparability between financial periods: "earnings before interest, tax and amortization (EBITA), adjusted" and "return on operative capital employed for reporting segments (segment ROCE)". Alternative performance measures should not, however, be considered as a substitute for measures of performance in accordance with the IFRS.

2. NEW ACCOUNTING STANDARDS

NEW AND AMENDED STANDARDS ADOPTED 2018

IFRS 15

Metso adopted the new IFRS 15 *Revenue from Contracts with Customers* standard from January 1, 2018. The adoption was done fully retrospectively using permitted practical expedients. IFRS 15 introduces a five-step model for assessing revenue recognition. The principle is that revenue is recognized at an amount that reflects the consideration to which an entity expects to receive in exchange for transferring goods or services to a customer. Revenue is recognized when the control of goods or service is transferred to a customer. Revenue is recognized either at a point in time or over time.

Adoption of the new standard has had no impact on the timing of revenue recognition or on the balance sheet presentation. Reported sales is reduced by the amounts of late delivery penalties, which have up until now been expensed. Accordingly, cost of goods sold (COGS) is affected positively by the same amount. Gross profit and other income statement items as well as the balance sheet are unchanged.

The used practical expedients:

- client contracts signed and satisfied in 2017 were not adjusted
- client contracts fully satisfied by January 1, 2017 were not adjusted
- disclosure on transaction price allocated to unsatisfied performance obligations as at December 31, 2017 and the expected recognition period will not be reported

The IFRS 15 impact on Metso's Consolidated Statement of Income for 2017 is as follows:

EUR million	Restated 1-12/2017	Adjustment	Reported 1-12/2017
Sales	2,699	-8	2,706
Cost of goods sold	-1,968	8	-1,976
Gross profit	**731**	**-**	**731**

Restated financial information for 2017 reflecting the impact of the IFRS 15 transition on quarterly figures and segment information was published on April 16, 2018.

Revenue recognition principles in 2018

Metso's Minerals segment provides standardized equipment deliveries and services consisting of wear or spare parts as well as customized, large-scale engineered system and/or equipment deliveries. Metso's Flow Control segment provides process industry flow control solutions delivering pumps and valves and related services.

Engineered system deliveries

With customized, large-scale engineered system and/or equipment deliveries, where the customer receives simultaneously the benefits provided and Metso has the right to payment for the performance completed, revenue is recognized over time. Metso will continue to measure progress using the cost-to-cost method. In these contracts, Metso typically requires advance payments from customers. These advance payments do not include a financing component, because the payment schedule of advances follows closely the timing of performance obligations to be satisfied.

Delivery of standardized equipment, pumps and valves

When Metso provides standardized equipment, valves and pumps as well as wear and spare parts to the customer, revenue is recognized when control of the goods is transferred, typically at the delivery of the goods or after commissioning.

Service agreements

A long-term service agreement is either a separate agreement or it is combined with an equipment delivery agreement. Metso's service commitments are mainly treated as separate performance obligations, and they are recognized when the services are delivered over time. Short-term service agreements are recognized at the point in time or by invoicing criteria. Some minor adjustments to the timing of the long-term service contracts can occur as a result of the diversity of the performance obligations in the contracts.

Variable components affecting to revenue recognitions

Typical variable components in Metso’s agreements are late delivery penalties, rebates, possible extended warranties or right to return clauses. These elements could eventually reduce the amount to be recognized as revenue or postpone the recognition. Except for the late delivery penalties, the impact of these variable elements has not been significant in the current contract portfolio and in the comparative period.

IFRS 9

Metso has adopted the IFRS 9 *Financial instruments* standard from January 1, 2018. The IFRS 9 adoption at Metso is related to three areas: the classification and measurement of financial assets, the impairment model for financial assets based on expected loss method, and to a new guidance on hedge accounting that will align more closely with common risk management practices.

Applying IFRS 9 did not have any significant impact on the classification or valuation of financial assets, impairment bookings on trade receivables and other financial assets or hedge accounting.

However, the adoption of IFRS 9 caused an adjustment to the carrying value of a debt instrument, for which the earlier modification loss has not been recognized. The adjustment in the opening retained earnings as at January 1, 2018, amounted to EUR 0.5 million.

IFRS 2

Metso has adopted the amendment to IFRS 2 *Classification and measurement of Share-based Payment Transactions* from January 1, 2018. The amendment clarifies the measurement and accounting treatment for cash-settled share-based payments. When an employer is committed to the net settlement feature and thereby withholds and pays to the tax authority an amount for the employee’s tax obligation associated with a share-based payment, the whole award should be treated as if it were equity-settled. The adoption of the IFRS 2 amendment caused a EUR 2.6 million adjustment increasing the fair value and other reserves in equity and releasing current liabilities as at January 1, 2018.

NEW STANDARDS TO BE APPLIED

IFRS 16

IFRS 16 *Leases*, replacing IAS 17, will be effective from January 1, 2019 onwards. Metso expects to adopt the standard from the same date onwards by applying the modified retrospective method, whereby the effect of initially applying IFRS 16 will be recognized to the assets and liabilities without restating the comparative information. IFRS 16 requires that a right-of-use asset is recognized for almost all leases, along with a corresponding lease liability. Accordingly, the depreciation of the right of use asset and the interest for the lease liability are recognized separately in the income statement.

Metso is currently assessing the full impact of IFRS 16 and has already earlier estimated that the adoption will have some impact on reported EBITDA, operating profit, non-current assets, interest-bearing liabilities and total balance sheet values as well as on related key figures. The change will also affect the presentation of cash flows from operating activities and from financing activities. As of September 30, 2018, Metso’s operating lease commitments amounted to EUR 123 million.

3.1 KEY FIGURES

	1–9/2018	1–9/2017	1–12/2017
Earnings per share, basic, EUR	**1.11**	0.60	0.68
Earnings per share, diluted, EUR	**1.11**	0.60	0.68
Equity/share at end of the period, EUR	**8.91**	8.90	8.96
Return on equity (ROE), %, (annualized)	**16.5**	8.6	7.3
Return on capital employed (ROCE) before taxes, %, (annualized)	**17.1**	9.8	10.3
Return on capital employed (ROCE) after taxes, %, (annualized)	**12.5**	7.2	6.6
Equity to assets ratio at end of the period, %	**47.8**	45.3	44.5
Net gearing at end of the period, %	**10.3**	3.8	1.8
Free cash flow, EUR million	**89**	101	158
Free cash flow/share, EUR	**0.59**	0.67	1.05
Cash conversion, %	**53**	112	155
Gross capital expenditure (excl. business acquisitions), EUR million	**39**	26	38
Business acquisitions, net of cash acquired, EUR million	**25**	-	30
Depreciation and amortization, EUR million	**43**	43	59
Number of outstanding shares at end of the period (thousands)	**149,997**	149,994	149,997
Average number of shares (thousands)	**149,997**	149,997	149,995
Average number of diluted shares (thousands)	**150,161**	150,117	150,151

3.2 FORMULAS FOR KEY FIGURES

Earnings before financial expenses, net, taxes and amortization (EBITA), adjusted	=	Operating profit + adjustment items + amortization	
Earnings per share, basic	=	$\frac{\text{Profit attributable to shareholders}}{\text{Average number of outstanding shares during the period}}$	
Earnings per share, diluted	=	$\frac{\text{Profit attributable to shareholders}}{\text{Average number of diluted shares during the period}}$	
Equity/share	=	$\frac{\text{Equity attributable to shareholders}}{\text{Number of outstanding shares at the end of the period}}$	
Return on equity (ROE), %	=	$\frac{\text{Profit for the period}}{\text{Total equity (average for the period)}}$	x 100
Return on capital employed (ROCE) before taxes, %	=	$\frac{\text{Profit before tax + interest and other financial expenses}}{\text{Capital employed (average for the period)}}$	x 100
Return on capital employed (ROCE) after taxes, %	=	$\frac{\text{Profit for the period + interest and other financial expenses}}{\text{Capital employed (average for the period)}}$	x 100
Net gearing, %	=	$\frac{\text{Net interest bearing liabilities}}{\text{Total equity}}$	x 100
Equity to assets ratio, %	=	$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}}$	x 100
Free cash flow	=	Net cash provided by operating activities - capital expenditures on maintenance investments + proceeds from sale on intangible and tangible assets	
Free cash flow/share	=	$\frac{\text{Free cash flow}}{\text{Average number of outstanding shares during the period}}$	
Cash conversion, %	=	$\frac{\text{Free cash flow}}{\text{Profit for the period}}$	x 100
Interest bearing liabilities	=	Long term debt + current portion of long term debt + short term debt	
Net interest bearing liabilities	=	Interest bearing liabilities - loan and other interest bearing receivables (non-current and current) - interest bearing financial assets - cash and cash equivalents	
Net working capital (NWC)	=	Inventory + trade receivables + receivables from customers under revenue contracts + other non-interest bearing receivables - trade payables - liabilities to customers under revenue contracts - advances received - other non-interest bearing liabilities	
Capital employed	=	Net working capital + intangible and tangible assets + non-current investments + interest bearing receivables + financial assets + cash and cash equivalents + tax receivables, net + interest receivables, net	
Operative capital employed	=	Intangible and tangible assets + investments in associated companies and joint ventures + inventories + non-interest bearing operative assets and receivables (external) - non-interest bearing operating liabilities (external)	
Return on operative capital employed for reporting segments (segment ROCE) , %	=	$\frac{\text{Operating profit}}{\text{Operative capital employed (month-end average)}}$	x 100

4. DISAGGREGATION OF SALES

Sales by segments

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	1–12/2017
Minerals	**609**	513	**1,758**	1,524	2,064
Flow Control	**178**	155	**519**	465	635
Intra Metso sales	**-1**	0	**-1**	0	0
Sales	**786**	667	**2,276**	1,989	2,699

External sales by category

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	1–12/2017
Sales of services	**436**	397	**1,300**	1,183	1,595
Minerals	**371**	344	**1,114**	1,017	1,368
Flow Control	**65**	53	**186**	166	228
Sales of projects, equipment and goods	**350**	270	**976**	806	1,103
Minerals	**237**	169	**644**	507	696
Flow Control	**113**	102	**333**	299	407
Sales	**786**	667	**2,276**	1,989	2,699

External sales by destination

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	1–12/2017
Finland	**21**	23	**65**	62	85
Other European countries	**182**	148	**530**	426	596
North America	**155**	132	**454**	427	553
South and Central America	**156**	134	**437**	392	536
Asia-Pacific	**203**	172	**589**	490	670
Africa and Middle East	**69**	59	**202**	193	258
Sales	**786**	667	**2,276**	1,989	2,699

External sales by timing of revenue recognition

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	1–12/2017
At a point in time	**717**	610	**2,106**	1,807	2,489
Minerals	**541**	455	**1,590**	1,342	1,855
Flow Control	**176**	155	**517**	465	635
Over time	**70**	58	**170**	182	209
Minerals	**68**	58	**168**	182	209
Flow Control	**2**	-	**2**	-	-
Sales	**786**	667	**2,276**	1,989	2,699

5. 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 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 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 have been no transfers between fair value levels during 2018 or 2017.

Sep 30, 2018

EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Derivatives	-	5	-
Securities	-	36	-
Derivatives qualified for hedge accounting	-	8	-
Total assets	**-**	**49**	**-**
Liabilities			
Financial liabilities at fair value through profit and loss			
Derivatives	-	9	-
Long term debt at fair value	-	187	-
Derivatives qualified for hedge accounting	-	7	-
Total liabilities	**-**	**203**	**-**

Sep 30, 2017

EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Derivatives	-	7	-
Securities	2	154	-
Derivatives qualified for hedge accounting	-	10	-
Total assets	**2**	**171**	**-**
Liabilities			
Financial liabilities at fair value through profit and loss			
Derivatives	-	7	-
Long term debt at fair value	-	399	-
Derivatives qualified for hedge accounting	-	6	-
Total liabilities	**-**	**411**	**-**

The 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 are calculated as net present values.

6. NOTIONAL AMOUNTS OF DERIVATIVE INSTRUMENTS

EUR million	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Forward exchange rate contracts	**1,196**	1,319	1,347
Interest rate swaps	**345**	345	432
Cross currency swaps	**0**	244	244

The notional amount of electricity forwards was 39 GWh as of September 30, 2018, 14 GWh as of December 31, 2017, and 19 GWh as of September 30, 2017.

The notional amount of nickel forwards to hedge stainless steel prices was 54 tons as of September 30, 2018, 270 tons as of December 31, 2017, and 264 as of September 30, 2017.

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

7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

EUR million	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Guarantees			
External guarantees given by parent and group companies	**318**	251	274
Other commitments			
Repurchase commitments	**3**	2	3
Other contingencies	**5**	3	3
Lease commitments	**123**	125	126

8. ACQUISITIONS

Acquisitions in 2018

On July 2, 2018, Metso acquired 100% of the share capital of the Swedish mobile crushing and screening solution provider P.J. Jonsson och Söner AB. The acquired business was consolidated into the Aggregates Equipment business area of the Minerals segment.

The fair values of the provisional assets and liabilities recognized as a result of the acquisition were as follows:

EUR million	
Intangible and tangible assets	10
Inventories	7
Trade receivables	4
Other Receivables	0
Cash	3
Trade payables	-7
Other liabilities	-1
Deferred tax liability	-2
Net identifiable assets acquired	**14**
Goodwill	15
Net assets acquired	**29**
Purchase consideration	29

The net cash flow impact from the acquisition was as follows:

EUR million	
Cash consideration	-28
Contingent consideration	-1
Cash and cash equivalents acquired	3
Net cash flow on acquisition	**-25**

The goodwill is attributable mainly to sales synergies and personnel know-how. Goodwill is not deductible for tax purposes.

The acquired business contributed sales of EUR 8 million to the Metso Group for the period from July 2, 2018, to September 31, 2018. The company's sales in the twelve-month fiscal year 2017 that ended August 31, amounted to EUR 33 million and the number of personnel was 40.

The impact has been calculated based on the acquired company's result, adjusted by changes in accounting principles and effects from the fair value adjustments of acquired assets and related tax adjustments.

Acquisition costs of EUR 0.4 million are expensed and included in other expenses in the income statement and in operating cash flow in the statement of cash flows.

Acquisitions in 2017

On November 1, 2017, Metso acquired 100% of the share capital of the Australian WearX Holding Pty Ltd, which is a wear lining solutions provider. The business was consolidated into the Minerals segment. Purchase price paid amounted to EUR 31 million, the identifiable net assets EUR 12 million and generated goodwill EUR 19 million.

The acquired business contributed sales of EUR 4.7 million to the Metso Group for the period from November 1, 2017, to December 31, 2017, and the number of personnel was 142. The company's sales in the twelve-month fiscal year 2017 that ended June 30, amounted to EUR 23 million.

9. SEGMENT INFORMATION

ORDERS RECEIVED

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	10/2017–9/2018	1–12/2017
Minerals	**702**	646	**2,027**	1,781	2,498	2,308
Flow Control	**181**	171	**570**	518	717	675
Intra Metso orders received	**0**	0	**-3**	0	-2	0
Metso total	**883**	817	**2,595**	2,298	3,213	2,982

SALES

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	10/2017–9/2018	1–12/2017
Minerals	**609**	513	**1,758**	1,524	2,202	2,064
Flow Control	**178**	155	**519**	465	666	635
Intra Metso sales	**-1**	0	**-1**	0	0	0
Metso total	**786**	667	**2,276**	1,989	2,867	2,699

ADJUSTED EBITA AND OPERATING PROFIT
EUR million

Minerals	7–9/2018	7–9/2017	1–9/2018	1–9/2017	10/2017–9/2018	1–12/2017
Adjusted EBITA	**62.4**	21.3	**189.4**	119.6	196.5	167.8
% of sales	**10.2**	4.2	**10.8**	7.8	8.9	8.1
Capacity adjustment expenses	**-**	0.5	**-**	-8.2	-	-8.1
Amortization of intangible assets	**-2.0**	-1.5	**-5.8**	-4.4	-7.4	-6.3
Operating profit (EBIT)	**60.4**	20.3	**183.6**	107.0	189.8	153.4
% of sales	**9.9**	4.0	**10.4**	7.0	8.6	7.4

Flow Control	7–9/2018	7–9/2017	1–9/2018	1–9/2017	10/2017–9/2018	1–12/2017
Adjusted EBITA	**31.8**	25.3	**86.7**	66.5	106.8	93.1
% of sales	**17.9**	16.3	**16.7**	14.3	16.0	14.6
Amortization of intangible assets	**-0.5**	-0.6	**-1.6**	-1.8	-2.3	-2.4
Operating profit (EBIT)	**31.3**	24.8	**85.1**	64.7	104.5	90.8
% of sales	**17.6**	16.0	**16.4**	13.9	15.7	14.3

Group Head Office and other	7–9/2018	7–9/2017	1–9/2018	1–9/2017	10/2017–9/2018	1–12/2017
Adjusted EBITA	**1.4**	-3.6	**-4.5**	-6.7	-20.1	-17.3
Amortization of intangible assets	**-2.0**	-2.1	**-6.0**	-6.5	-8.1	-8.5
Operating profit (EBIT)	**-0.6**	-5.7	**-10.6**	-13.2	-28.2	-25.7

Metso total	7–9/2018	7–9/2017	1–9/2018	1–9/2017	10/2017–9/2018	1–12/2017
Adjusted EBITA	**95.6**	43.0	**271.6**	179.4	283.2	243.6
% of sales	**12.2**	6.4	**11.9**	9.0	9.9	9.0
Capacity adjustment expenses	**-**	0.5	**-**	-8.2	0.0	-8.1
Amortization of intangible assets	**-4.5**	-4.1	**-13.4**	-12.6	-17.7	-17.2
Operating profit (EBIT)	**91.1**	39.4	**258.1**	158.6	266.2	218.5
% of sales	**11.6**	5.9	**11.3**	8.0	9.3	8.1

OPERATIVE CAPITAL EMPLOYED AND SEGMENT ROCE-%

EUR million, %	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Minerals	**1,149**	1,019	1,050
Segment ROCE-%, annualized	**22.2**	7.8	14.7
Flow Control	**314**	295	290
Segment ROCE-%, annualized	**42.1**	31.6	29.7

10. QUARTERLY INFORMATION

ORDERS RECEIVED

EUR million	**7–9/2018**	4–6/2018	1–3/2018	10–12/2017	7–9/2017
Minerals	**702**	671	654	527	646
Flow Control	**181**	184	205	157	171
Group Head Office and other	**0**	0	0	0	0
Intra Metso orders received	**0**	-2	0	0	0
Metso total	**883**	853	859	684	817

SALES

EUR million	**7–9/2018**	4–6/2018	1–3/2018	10–12/2017	7–9/2017
Minerals	**609**	596	553	540	513
Flow Control	**178**	180	161	170	155
Group Head Office and other	**0**	0	0	0	0
Intra Metso sales	**-1**	0	0	0	0
Metso total	**786**	776	714	710	667

ADJUSTED EBITA

EUR million	**7–9/2018**	4–6/2018	1–3/2018	10–12/2017	7–9/2017
Minerals	**62.4**	64.0	63.0	48.2	21.3
Flow Control	**31.8**	29.5	25.4	26.6	25.3
Group Head Office and other	**1.4**	-2.5	-3.5	-10.5	-3.6
Metso total	**95.6**	91.0	84.9	64.3	43.0

ADJUSTED EBITA

% of sales	**7–9/2018**	4–6/2018	1–3/2018	10–12/2017	7–9/2017
Minerals	**10.2**	10.7	11.4	8.9	4.2
Flow Control	**17.9**	16.4	15.8	15.6	16.3
Group Head Office and other	**n/a**	n/a	n/a	n/a	n/a
Metso total	**12.2**	11.7	11.9	9.1	6.4

ADJUSTMENT ITEMS

EUR million	**7–9/2018**	4–6/2018	1–3/2018	10–12/2017	7–9/2017
Minerals	**-**	-	-	0.1	0.5
Flow Control	**-**	-	-	-	-
Group Head Office and other	**-**	-	-	-	-
Metso total	**-**	-	-	0.1	0.5

AMORTIZATION

EUR million	**7–9/2018**	4–6/2018	1–3/2018	10–12/2017	7–9/2017
Minerals	**-2.0**	-2.0	-1.9	-2.0	-1.5
Flow Control	**-0.5**	-0.5	-0.6	-0.6	-0.6
Group Head Office and other	**-2.0**	-2.0	-2.0	-2.0	-2.1
Metso total	**-4.5**	-4.5	-4.5	-4.6	-4.1

OPERATING PROFIT (LOSS)

EUR million	7–9/2018	4–6/2018	1–3/2018	10–12/2017	7–9/2017
Minerals	**60.4**	62.0	61.1	46.4	20.3
Flow Control	**31.3**	28.9	24.8	26.0	24.8
Group Head Office and other	**-0.6**	-4.5	-5.4	-12.6	-5.7
Metso total	**91.1**	86.5	80.5	59.8	39.4

OPERATING PROFIT (LOSS), % OF SALES

%	7–9/2018	4–6/2018	1–3/2018	10–12/2017	7–9/2017
Minerals	**9.9**	10.4	11.0	8.6	4.0
Flow Control	**17.6**	16.1	15.4	15.3	16.0
Group Head Office and other	**n/a**	n/a	n/a	n/a	n/a
Metso total	**11.6**	11.1	11.3	8.4	5.9

CAPITAL EMPLOYED

EUR million	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017
Minerals *	**1,149**	1,127	1,077	1,051	1,018
Flow Control *	**314**	304	298	290	295
Group Head Office and other	**457**	462	717	863	881
Metso total	**1,920**	1,892	2,092	2,204	2,194

* Operative capital employed includes only external balance sheet items.

ORDER BACKLOG

EUR million	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017
Minerals	**1,373**	1,292	1,248	1,173	1,212
Flow Control	**315**	312	306	267	279
Group Head Office and other	**-**	-	-	-	-
Intra Metso order backlog	**-2**	-3	0	0	0
Metso total	**1,686**	1,601	1,553	1,439	1,491

PERSONNEL	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017
Minerals	**9,552**	9,459	9,313	8,890	8,607
Flow Control	**2,743**	2,751	2,575	2,660	2,584
Group Head Office and other	**477**	498	468	487	507
Metso total	**12,772**	12,708	12,356	12,037	11,698

11. EXCHANGE RATES

		1–9/2018	1–9/2017	1–12/2017	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
USD	(US dollar)	**1.1938**	1.0878	1.1307	**1.1576**	1.1412	1.1993
SEK	(Swedish krona)	**10.2392**	9.5900	9.6392	**10.3090**	9.6398	9.8438
GBP	(Pound sterling)	**0.8845**	0.8605	0.8742	**0.8873**	0.8793	0.8872
CAD	(Canadian dollar)	**1.5341**	1.4471	1.4684	**1.5064**	1.4785	1.5039
BRL	(Brazilian real)	**4.2903**	3.4750	3.6271	**4.6535**	3.7600	3.9729
CNY	(Chinese yuan)	**7.7934**	7.4685	7.6299	**7.9662**	7.7385	7.8044
AUD	(Australian dollar)	**1.5757**	1.4445	1.4780	**1.6048**	1.4851	1.5346

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.

Metso's financial information in 2019

Financial Statements Review for 2018 on February 6

Annual Report 2018 during week commencing March 4 at the latest

Interim Review for January – March 2019 on April 25

Half-Year Financial Review for 2019 on July 25

Interim Review for January – September 2019 on October 25

Annual General Meeting is planned to be held on April 25, 2019.
Board will convene the meeting at a separate invitation.

metso

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