



Metso
Capital Markets
Day 2015

September 29,
London

Making the big
difference to
our customers

In a strong position to grow
and improve profitability

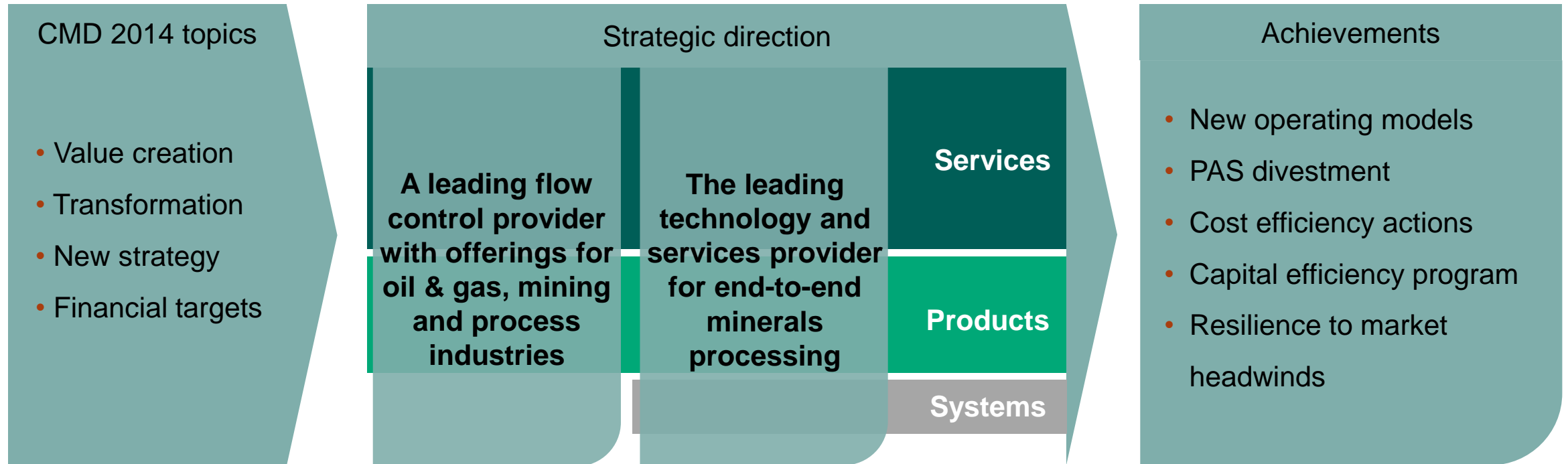
Matti Kähkönen
President and CEO

A firm foundation to build on

- Strong foundation for further development
- Sound strategy offering growth and higher profitability
- Culture and leadership are driving our success



Our achievements since CMD 2014



Metso today – a focused and integrated company



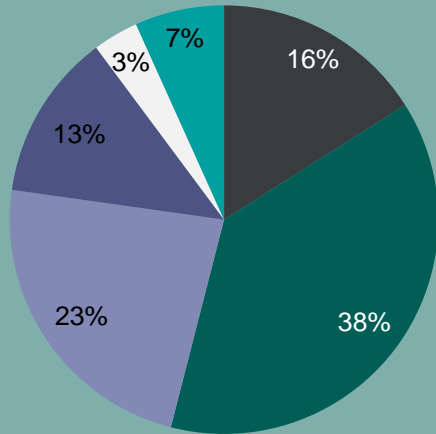
* Q3/2014-Q2/2015

** Q3/2014-Q2/2015, before non-recurring items

***Q2 2015 year-to-date, annualized

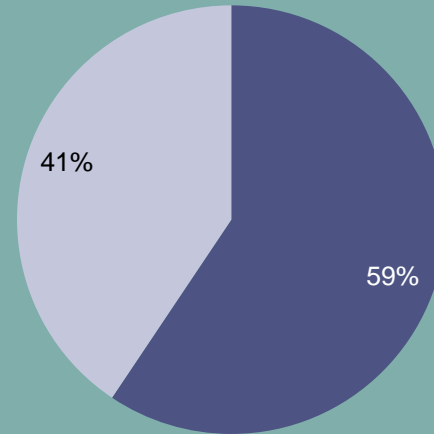
Portfolio supporting higher margins and lower volatility

Net sales by customer industries*



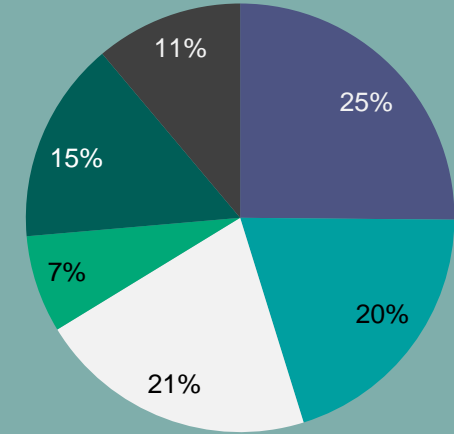
- Mining capital 16% (23%)
- Mining services 38% (31%)
- Aggregates 23% (20%)
- Oil & gas 13% (13%)
- Pulp & paper 3% (9%)
- Other 7%** (4%)

Net sales by type



- Services 59%
- Capital equipment 41%

Net sales by geographic area

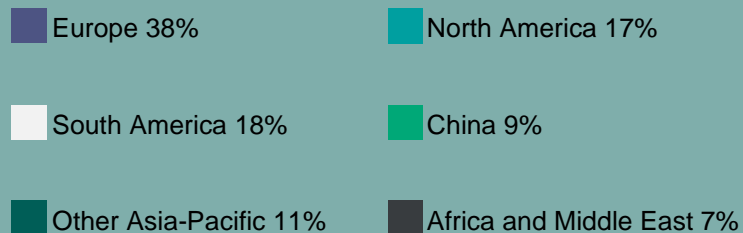
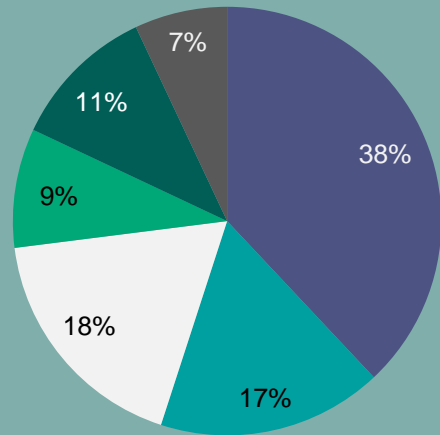


- Europe 25%
- North America 20%
- South America 21%
- China 7%
- Other Asia-Pacific 15%
- Africa and Middle East 11%

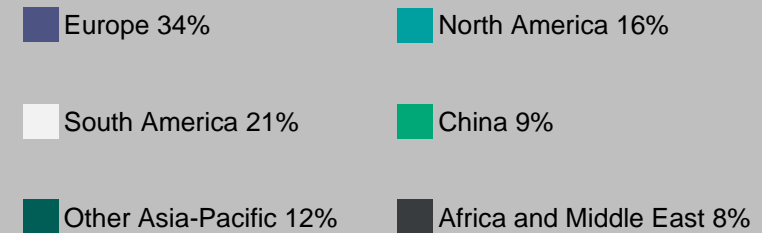
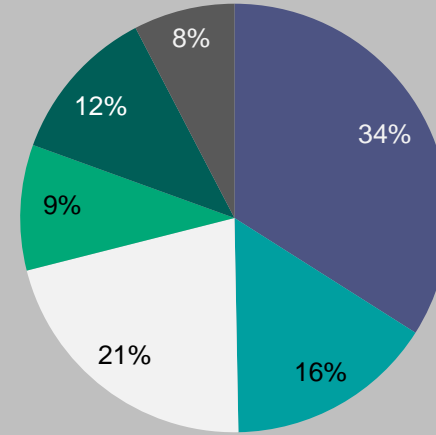
*Q3/2014 – Q2/2015, comparison period Q2/2013–Q3/2014 **Including Metal Recycling and other Flow Control process industries

Moving personnel closer to customers

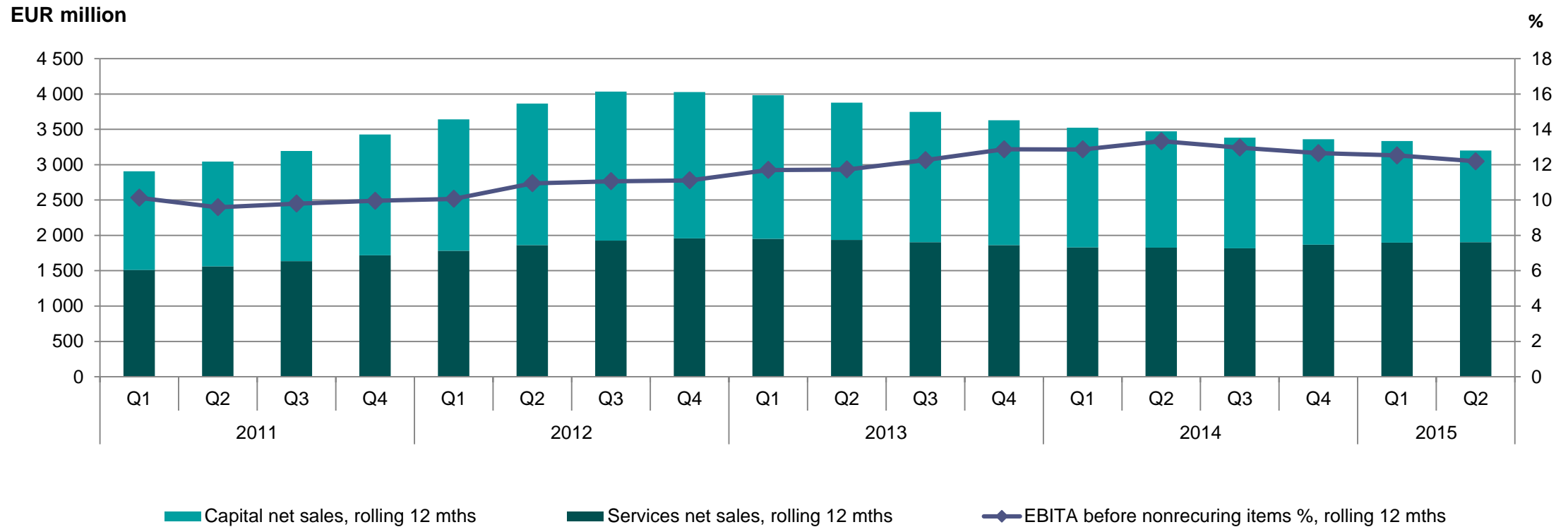
December 31, 2013
~ 16,000 employees



June 30, 2015
~ 13,000 employees



Strong performance despite market headwinds



Our strategy implementation is well on track

Flow Control

A leading flow control provider with offerings for oil & gas, mining and process industries

Minerals

The leading technology and services provider for end-to-end minerals processing

Services

Products

Systems

Targeting higher profitability and lower volatility

Markets have turned more challenging since the launch of strategy in 2014

Mining

54% of net sales*



Equipment
30%



Services
70%



- Weakness has continued in equipment and systems business
- Mine closures and cost actions continued to impact services market

Aggregates

23% of net sales*



Equipment
60%



Services
40%



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

Flow Control

23% of net sales*



Equipment
40%



Services
60%



- Oil & gas-related project pipeline is soft
- Replacement and services demand remained healthy
- Other process industries offer opportunities

* Q3/2014 – Q2/2015

Confirming the guidance for 2015

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

Guidance is excluding the Process Automation Systems business and is based on:

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

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



Our financial targets remain valid

Profitability target to be reached in 2017

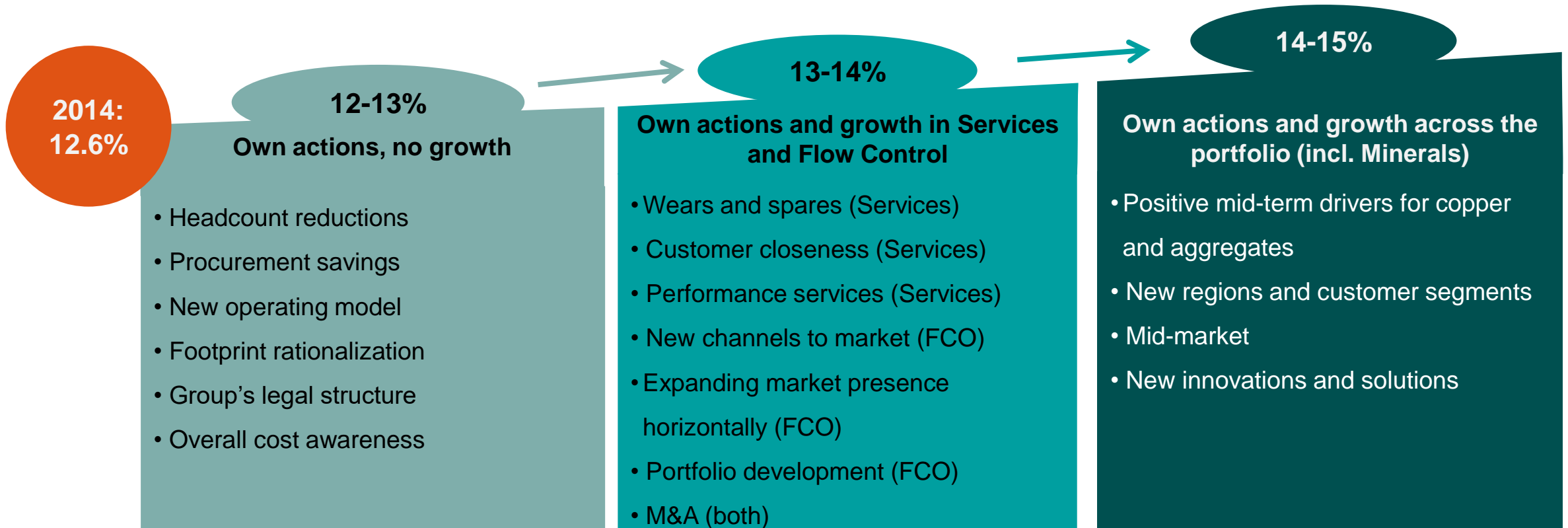
Target	Q3/2014 - Q2/2015
Net sales growth exceeding market growth	On par with the market
EBITA margin before non-recurring items >15%	12.2%
Return on capital employed (ROCE), before taxes >30%	17.1%*



*Q2/2015 Annualized and excluding initial gain on disposal of PAS

Targeting 15% EBITA margin

Delivering the target on time is under pressure due to challenging market conditions



Targeting ROCE of more than 30%

Focusing on capital efficiency across the Group

Requires EBITA margin of 15%

Requires capital employed turnover of at least 2

Net working capital efficiency (inventories, receivables)

Implementing asset-light business models (divestment of assets, outsourcing)
• Fully outsourced in Mining

Continued strict capital expenditure policy
• CAPEX to remain below depreciation

Redefined cash policy
• Reduced cash assets but large capital gain from divestment of PAS



Capital allocation focuses on growth

1. We will maintain a capital structure and liquidity position that secure:
 - Ability to execute our dividend policy (>50% of EPS)
 - Investment-grade credit rating

Use of available capital to grow

2. Organic growth based on the existing strategy

3. Mergers & acquisitions to support strategy implementation

4. Return excess cash to shareholders

Driving a performance culture – sustainable success

Develop a working environment that enables business and customer success

Leadership

Strong global
leaders sharing
the same values

Capabilities

Competent and
motivated
employees

Performance

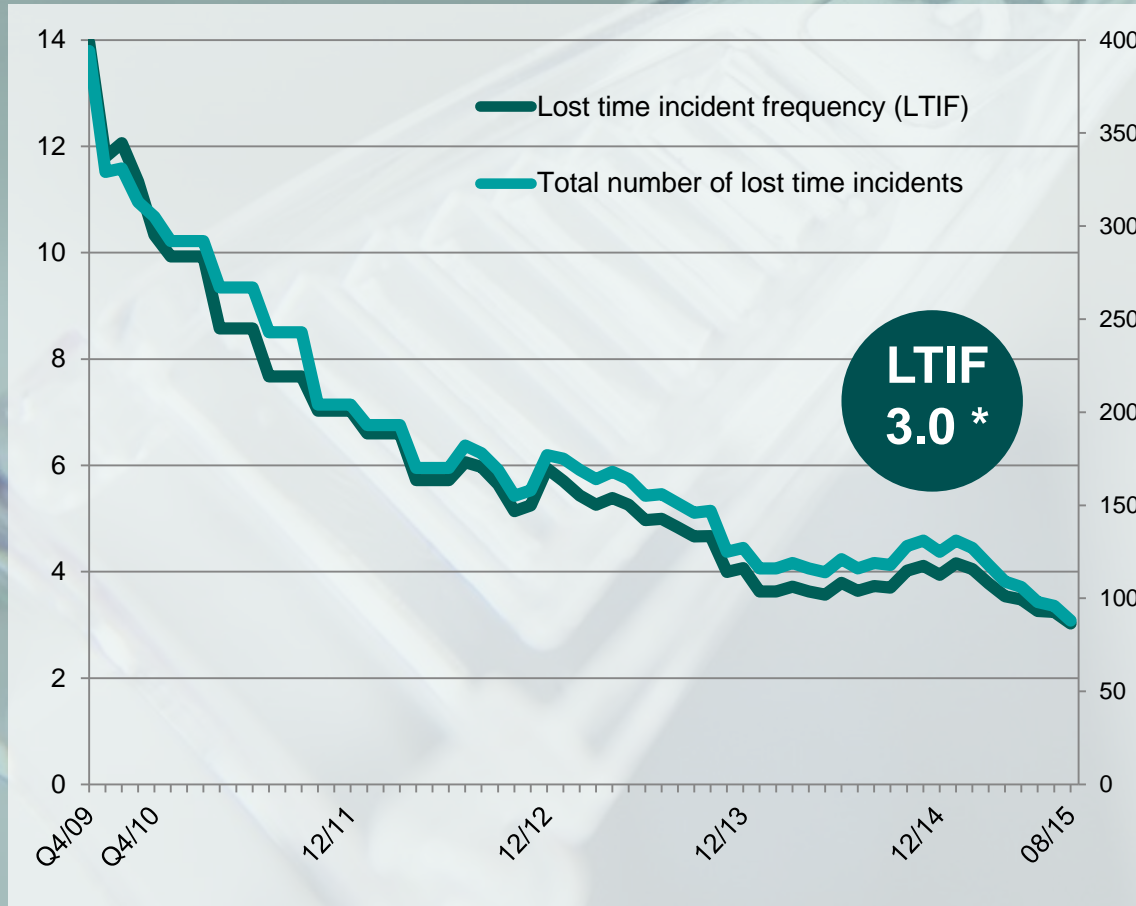
Result-driven
organization with
clear accountability

Resourcing

Right people in
right positions

Safety is an important driver for success

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



- Demand from customers: license to play
- Safe working environment for the whole personnel
- Improved safety performance supports productivity
- Actions leading to improvement
 - ✓ Active and visible management support
 - ✓ Safety being part of every decision
 - ✓ Safety included in incentive plans
 - ✓ Development of safety culture
 - ✓ Development of safe working methods
 - ✓ Learning from every incident

* LTIF August 2015

Global, performance-driven leadership team

Metso Executive Team as of July 2015

Matti Kähkönen

President & CEO



- With Metso since 1980
- President of Mining and Construction Technology 2008-2011
- President of Minerals 2006-2008
- President of Automation 2001-2006
- President of Metso Field Systems 1999-2001 and President of Neles Controls Division in Rauma 1993-1999

Harri Nikunen

CFO, EVP



- With Metso since 1986
- SVP, Finance of Paper and Fiber Technology 2005-2011
- SVP, Business Infrastructure 2004-2005
- Various senior business management positions in Metso Minerals 1994-2004

Perttu Louhiluoto

President, Services



- With Metso since 2008
- President, Flow Control 2014-2015 and Automation 2012-2014.
- President of Energy and Environmental Technology in 2011
- SVP, EMEA Market Area, Mining and Construction 2009-2011

João Ney Colagrossi

President, Minerals



- With Metso since 2001
- President, Services business line, Mining and Construction 2009-2013
- President, Construction business line, Mining and Construction Technology 2008-2009
- President, Metso South America 2001-2008

John Quinlivan

President, Flow Control



- With Metso since 1989
- SVP, Global Operations, Flow Control and Automation 2012-2015
- President of Metso Automation, North America 2004-2012
- President of Metso Field Systems, North America 1998-2003

Merja Kamppari

SVP, Human Resources



- With Metso since 2009
- Head of Operational Excellence, HR and Head of Global HR, Nokia Siemens Network 2007-2009
- Various senior HR management positions in Nokia Networks 1994-2007

Simo Säaskilahti

SVP, Strategy and Business Development



- With Metso since 2011
- VP, Business Development of Metso Automation 2011-2013
- Various management positions in Comptel 2001-2011
- McKinsey 1997-2001

We are fully committed to create more shareholder value

Investor proposition

Strong market positions in core businesses

- Market leader in mining and aggregates
- Strong niche positions in Flow Control
- Low investment needs

Strong global presence

- Operational in over 50 countries
- Over 80 service centers serving customers globally

Extensive services offering

- Large installed base
- Close to customers
- Excellent supply chain and logistics network

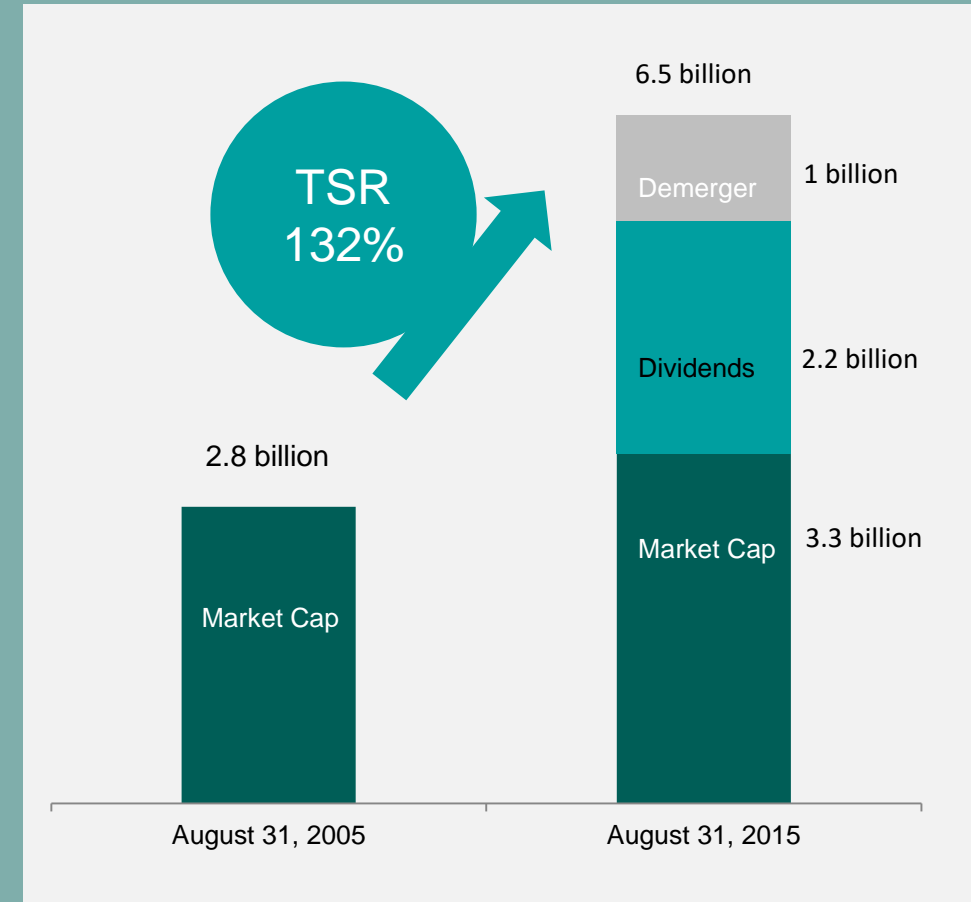
Strong balance sheet and financial position

- Steady cash generation
- Investment-grade rating
- Low gearing (currently below 20%)

Stable dividend

- Average payout ratio above 70%

Total shareholder return 2005 - 2015



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