



Three horizons of profitable growth

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Metso Capital Markets Day

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We are the undisputed leader

Broad global presence, large installed base, unique offering and deep industry knowledge

Market is on our side

Customer push for productivity improvements favors us

Customer at the center

Strong customer-centricity supporting both equipment and service businesses

Metso is the leading full-scope supplier of services for minerals processing

We ensure **availability** and **quality** and **optimize** the performance of our customers' operations.

Sales*
EUR 1,262 million

Orders received*
EUR 1,327 million

~48%

of sales

~47%

of orders received

~2,000

Field service technicians

40

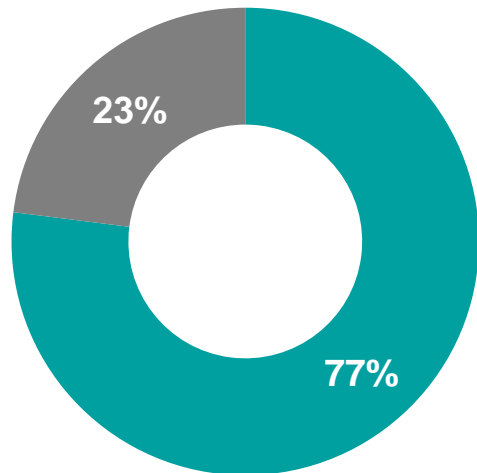
Distribution and warehouse locations

30

Service and repair centers

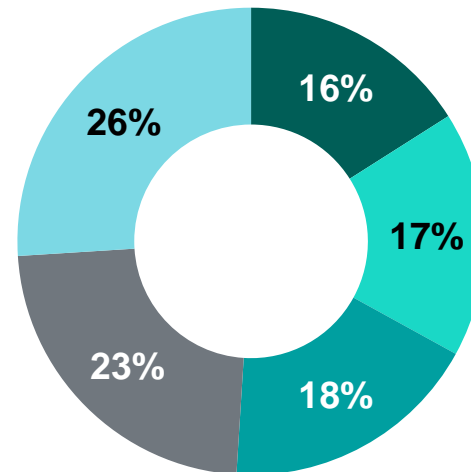
We serve mining and aggregates customer industries globally

Sales* by segment



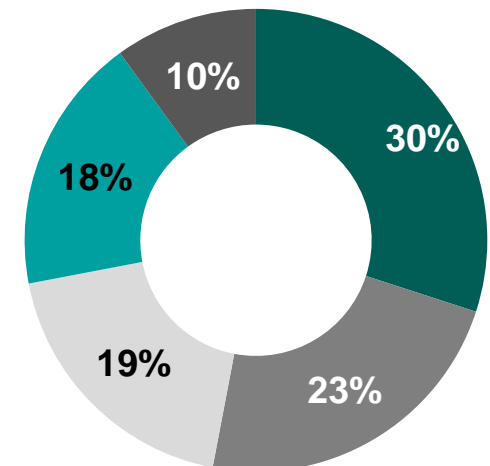
- Mining 77%
- Aggregates 23%

Sales* by commodity



- Gold 16%
- Others 17%
- Iron ore 18%
- Aggregates 23%
- Copper 26%

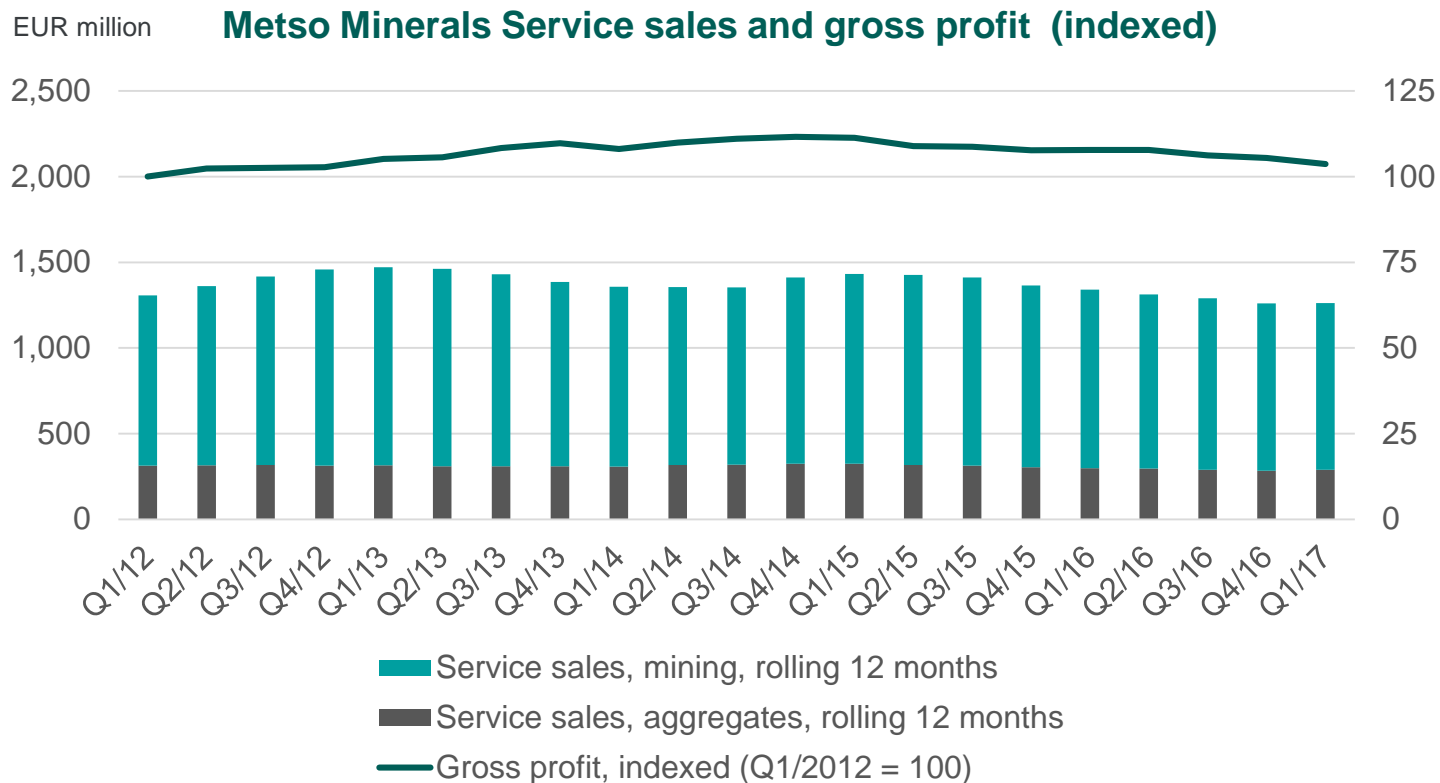
Sales* by region



- South America 30%
- Asia-Pacific 23%
- Europe 19%
- North America 18%
- Africa and Middle East 10%

We maintained our position and ability to grow through the downturn

We have been resilient during the downturn...



...through operational adjustments

- Cost cutting without sacrificing customer presence
 - Pricing management
 - Volatility of raw material prices
- Offering development
 - Life Cycle Services (LCS) contracts
- Growth investments
- Supply chain readiness for market pick-up

We cater to all customer needs

Customer operations in mining comminution and beneficiation and in aggregate crushing and screening

Extensive sales and service network with continuous presence

End-to-end process expertise

Solutions

Systems/Product combination | Performance optimization | Risk sharing | Finance

Minerals Capital
products

Minerals Services
products

Our ambition: Global # 1 or # 2 in every category

Mining: Customers focus on productivity, availability and throughput

Commodities super cycle > 2011

- Key buying factor (KBF) on securing supply
- The majority of OEMs focusing on project equipment (“easy money”)
- Metso investing heavily in building a broad-based services business

Metals downturn 2011 - 2016

- KBF is preserving cash > willingness to try new, unproven suppliers
- Other OEM’s push for services handicapped by heavy cost-cutting
- Metso maintains the service presence while protecting profitability

Productivity mission 2017 >

- Customers push for productivity improvements provide three horizons of growth
- 1) Addressing maintenance deficit and decreasing risk through restocking
 - 2) KBF shifting from cash preservation to economic performance
 - 3) Process and mine-to-mill optimization

We have the right portfolio to capture this growth

Production essentials to ensure availability and quality of operations

Expert services to optimize performance of operations



Wear parts
~35% of sales

Spare parts
~25% of sales

Field service and repairs
~10% of sales

Refurbishments and
upgrades ~15% of
sales

Life cycle services
and other ~15% of sales



Maintenance deficit is likely to drive demand for many years

1 Maintenance deficit and restocking

- Maintenance deficit will not be covered in one budget cycle but will continue - assuming the current economic condition prevails
- Impact on restocking is limited by customers' unwillingness to carry inventory
 - Consignment inventory and similar solutions
- Spare part order intake YTD 2017 up more than minerals services orders overall



Benefiting from economic performance as key buying factor when value is tangible

2 Economic performance as KBF

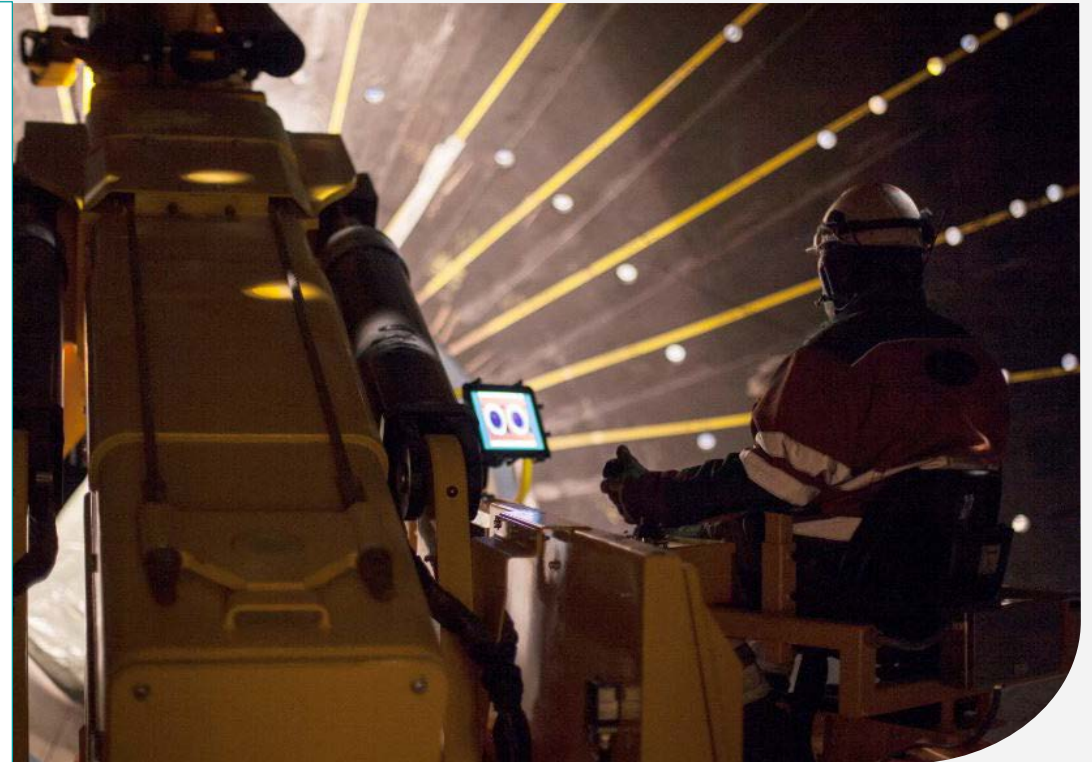
- Availability and productivity of key equipment drives economic performance of customer operations
- Suppliers need to be able to demonstrate and quantify the economic benefit of their offering beyond cash cost
- Likely trend during this phase of industry cycle
- For example, prolonged change interval at mill lining is a big factor in improving productivity



Mining industry has significant improvement potential from (mine-to-mill) process optimization

3 Process optimization

- Mining majors estimate huge cost reduction and productivity improvement potential through process optimization and mine-to-mill optimization
- Digitalization is a key enabler
- Partnerships with leading suppliers are essential for fast progress



Aggregates: Business drivers for services partially different from mining

Markets

Regional market cycles, correlating with local construction and infrastructure market development

Operation/Processes

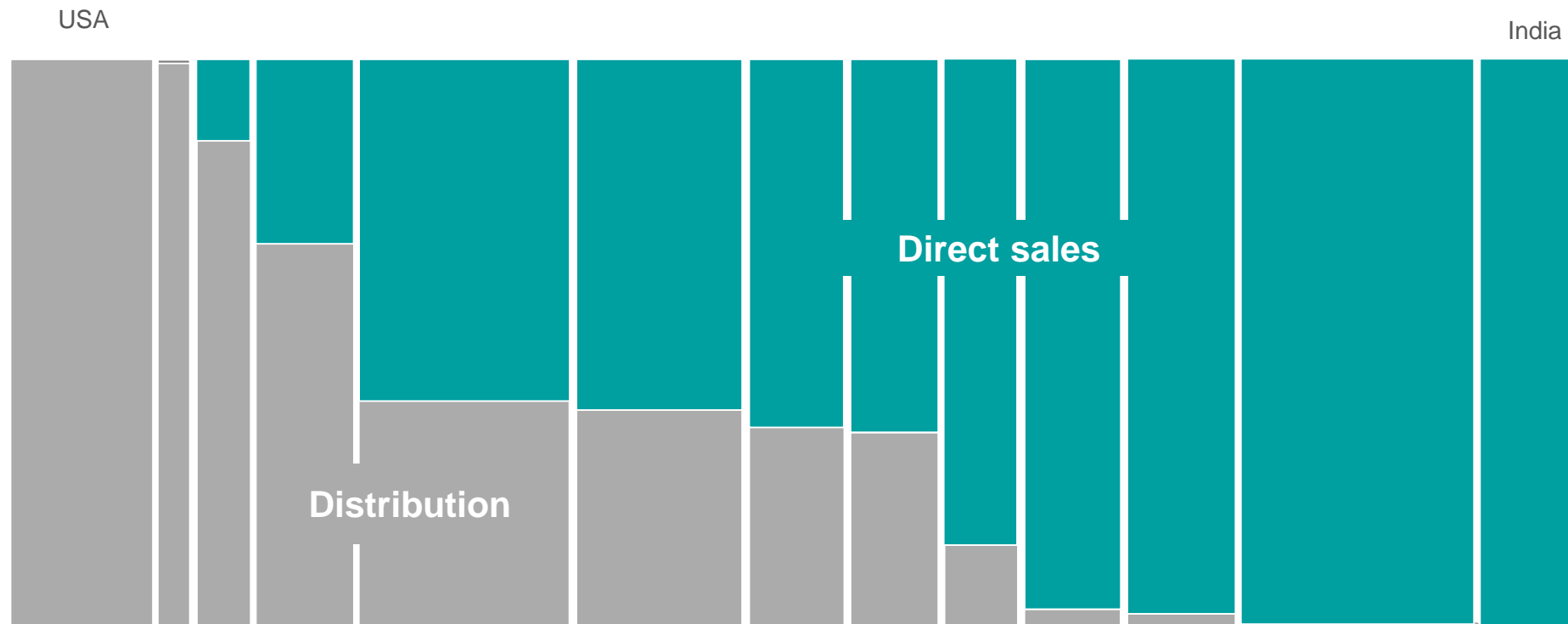
Aggregates production processes are shorter than in mining, require less equipment, and are easier to optimize

Competition

Competition is multi-regional or local. Customers expect local service presence

Our customers benefit from the global scale, local service presence, process knowledge and Metso being an OEM

We combine direct and distribution models to ensure sufficient local presence



Growing Life Cycle Services (LCS) market for Aggregates in India

Changing the mindset for profitable, value-adding business models

- We are the only player in the market providing LCS to this extent
- 55 nearly identical cost-per-ton contracts in place
- Equipment combined with wears and spares
- Specific concept that can be scaled and replicated
- Bundling service portfolio with equipment
- Increased availability for our customers
- Perfect fit for growth markets with insufficient quarry capacity



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metso

Expect results

www.metso.com

