



# Half-Year results 2018

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Interim President & CEO and CFO

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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.

# Second quarter in brief

Healthy market activity

Strong double-digit order and sales growth

Significant profitability improvement

Operational efficiency improvement and strategy implementation continues

New President and CEO Pekka Vauramo appointed

# Group second-quarter financials

**Orders received up 14% (+22% in constant currencies) to EUR 853 million**

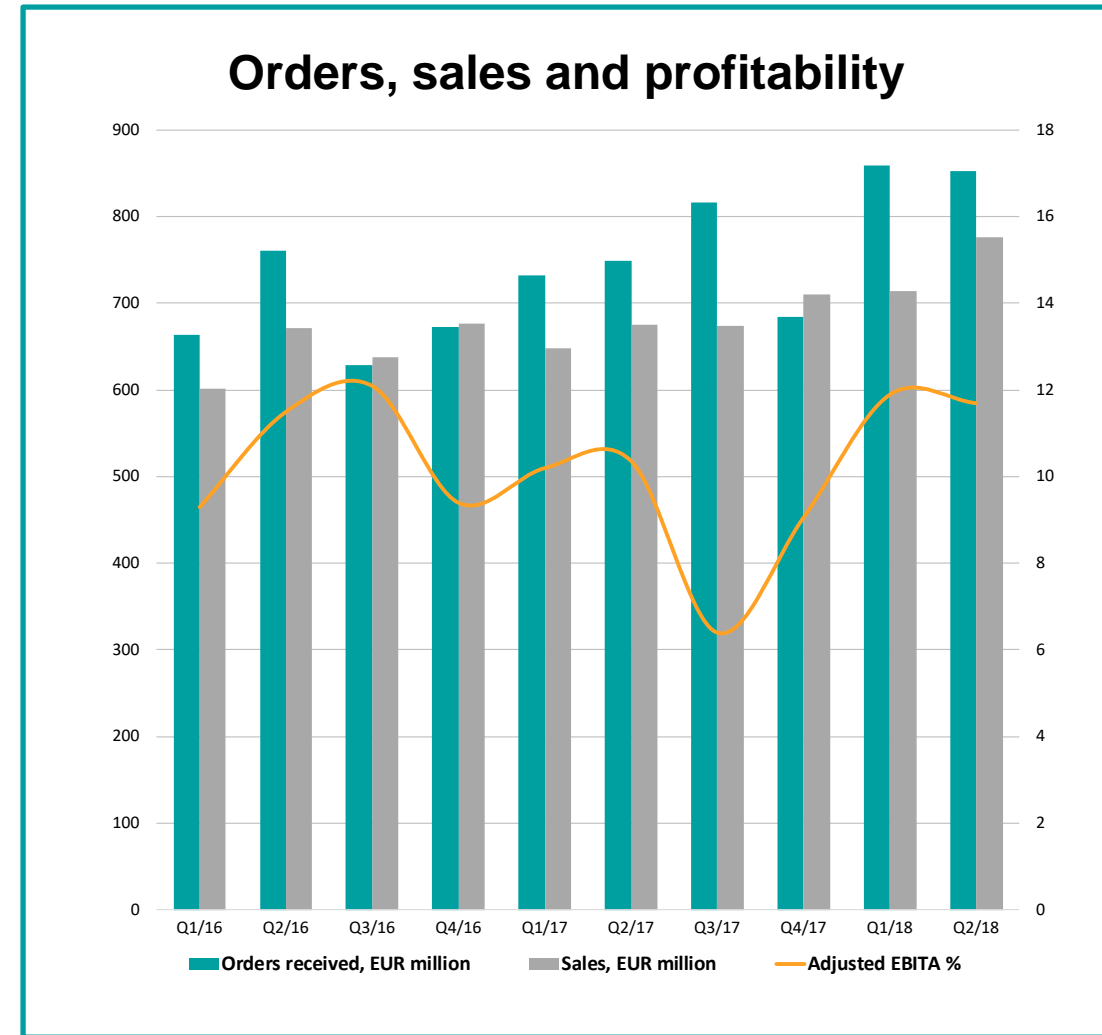
**Sales grew 15% (+23% in constant currencies) to EUR 776 million**

**Adjusted EBITA was EUR 91 million or 11.7% of sales (70 million or 10.4%)**

**Operating profit was EUR 86 million or 11.1% of sales (60 million or 8.9%)**

**Earnings per share were EUR 0.38 (0.24)**

**Free cash flow totaled EUR 21 million (4 million)**





# Minerals highlights and key financials

**Orders received up 17% (+25% in constant currencies) to EUR 671 million**

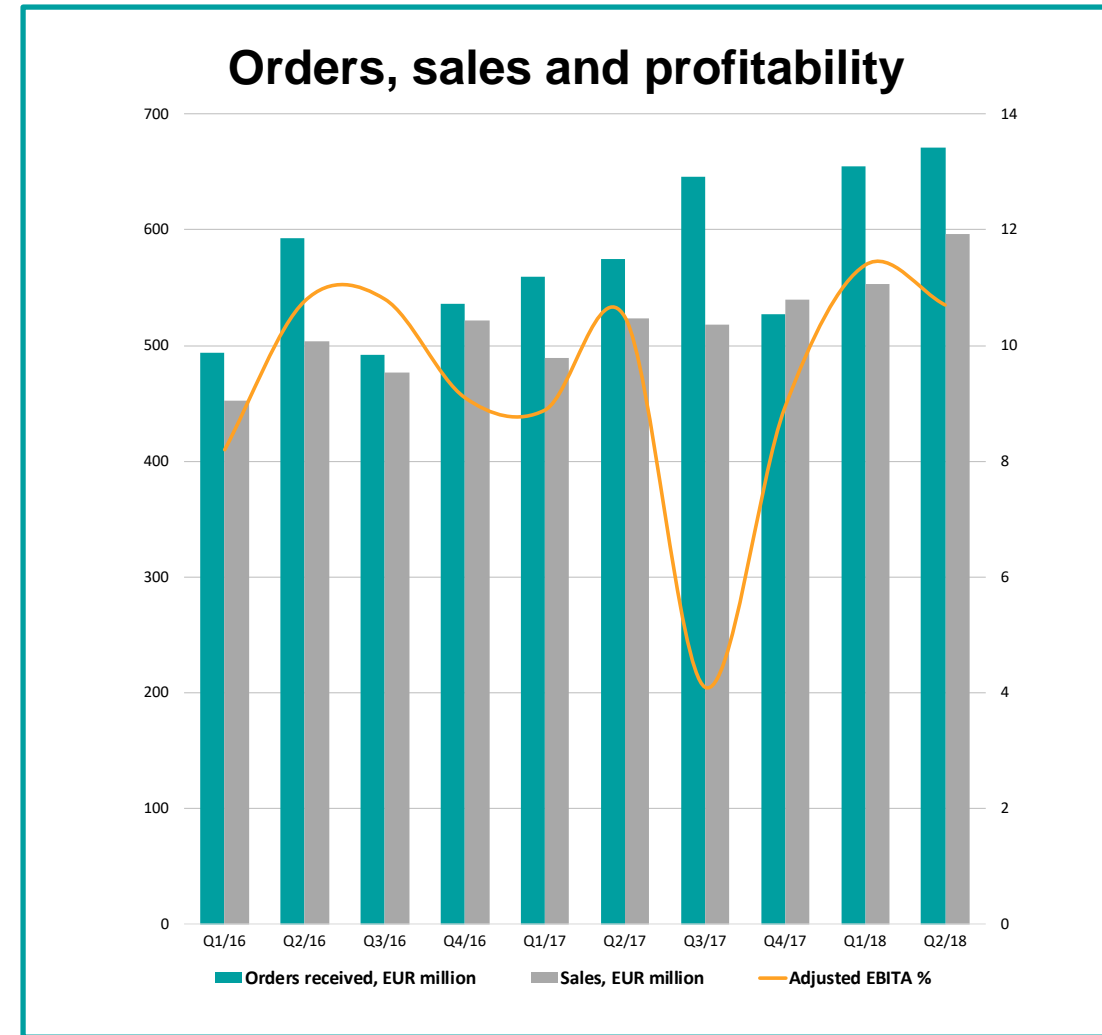
- Mining equipment orders grew fastest

**Sales grew 14% (+22% in constant currencies) to EUR 596 million**

- Sales growth driven by the equipment business

**Adjusted EBITA margin was 10.7% (10.5%)**

- Higher sales contributed positively
- Sales mix had a negative impact
- Further focus on improving operational leverage in the equipment business



# Flow Control highlights and key financials

## Orders received up 6% (+12% in constant currencies) to EUR 184 million

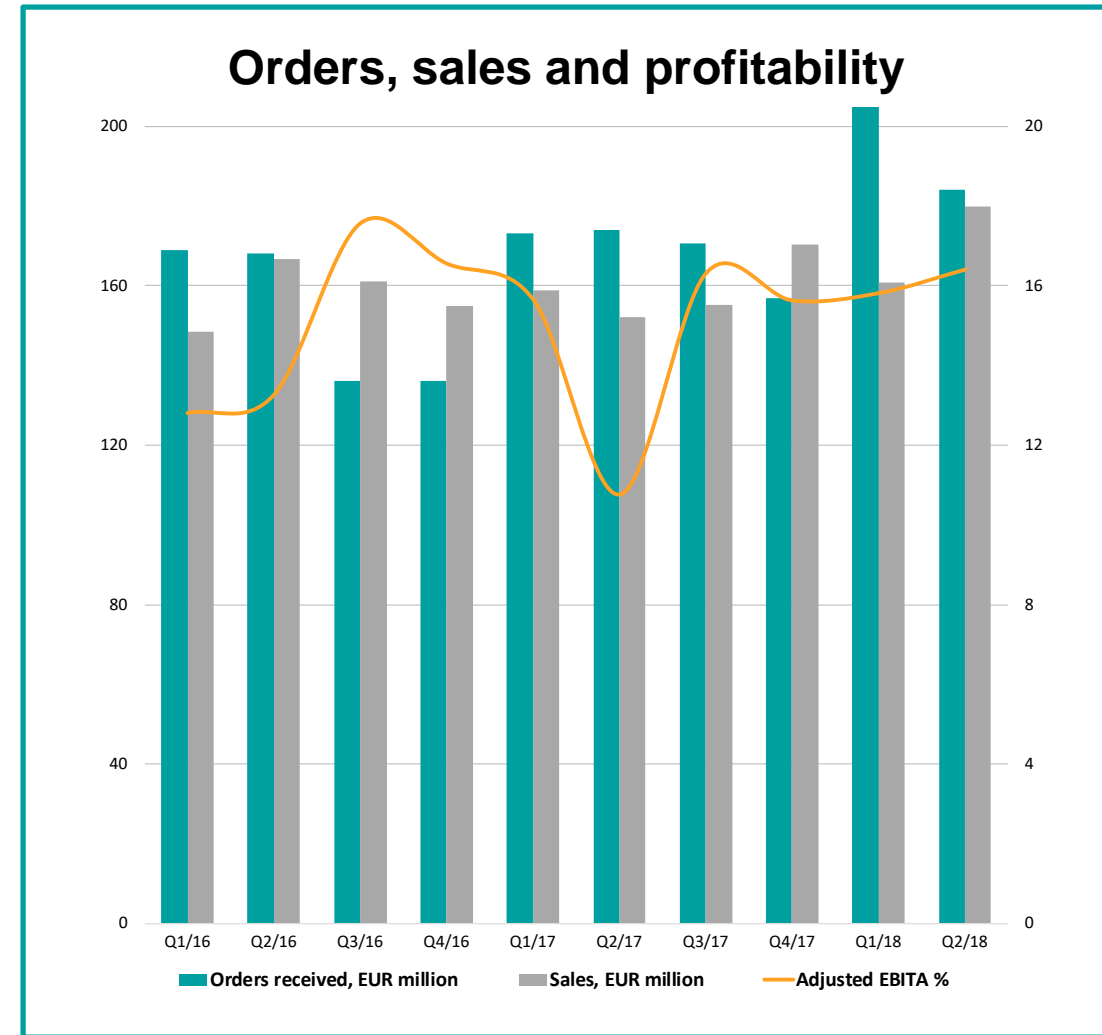
- Activity healthy in the pulp and paper projects and good in day-to-day

## Sales grew 18% (+26% in constant currencies) to EUR 180 million

- Healthy order backlog development contributed

## Adjusted EBITA margin was 16.4% (10.8%)

- Good operational performance



# Income statement

EUR million	Q2/2018	Q2/2017	Change %	H1/2018	H1/2017	Change %	2017
<b>Orders received</b>	<b>853</b>	749	14	1,712	1,482	16	2,982
<b>Services orders received</b>	<b>463</b>	431	7	954	882	8	1,717
<b>Sales</b>	<b>776</b>	675	15	1,490	1,322	13	2,699
<b>Services sales</b>	<b>442</b>	403	10	864	786	10	1,595
<b>Adjusted EBITA</b>	<b>91</b>	70	30	176	137	29	244
<b>% of sales</b>	<b>11.7</b>	10.4		11.8	10.3		9.0
<b>Operating profit</b>	<b>87</b>	60	45	167	119	40	218
<b>% of sales</b>	<b>11.1</b>	8.9		11.2	9.0		8.1
<b>Profit for the period</b>	<b>57</b>	36	58	107	70	53	102
<b>Earnings per share, EUR</b>	<b>0.38</b>	0.24	58	0.71	0.47	51	0.68



# Balance sheet

EUR million	June 30, 2018	% of total	Dec 31, 2017	% of total
Tangible assets	284	9%	287	9%
Intangible assets	538	18%	545	17%
Other non-current assets	127	4%	130	4%
Inventories	857	28%	750	23%
Receivables (trade and other)	702	23%	644	20%
Current financial assets	207	7%	258	8%
Cash and cash equivalents	335	11%	673	20%
<b>TOTAL ASSETS</b>	<b>3,052</b>		<b>3,287</b>	
Total equity	<b>1,289</b>	42%	1,351	41%
Interest-bearing liabilities	<b>603</b>	20%	851	26%
Non interest-bearing liabilities	<b>1,160</b>	38%	1,085	33%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,052</b>		<b>3,287</b>	



# Cash flow

EUR million	H1/2018	H1/2017	2017
Profit for the period	107	70	102
Adjustments	89	90	192
Change in net working capital	-95	-56	-23
Financial items, paid	-9	-13	-21
Taxes paid	-57	-37	-64
<b>Net cash flows from operating activities</b>	<b>34</b>	<b>54</b>	<b>185</b>
Capital expenditure on fixed assets	-26	-15	-38
Business acquisitions, net of cash	-	-	-30
Other	3	2	3
<b>Net cash flow from investments</b>	<b>-24</b>	<b>-13</b>	<b>-66</b>
<b>Free cash flow</b>	<b>23</b>	<b>43</b>	<b>158</b>

# Financial position



	June 30, 2018	December 31, 2017
Return on capital employed before taxes, %, annualized	<b>16.8</b>	10.3
Return on equity (ROE), %, annualized	<b>16.2</b>	7.3
Net gearing at the end of the period, %	<b>13.7</b>	1.8
Cash conversion, %	<b>21</b>	155
Equity-to-assets ratio at the end of the period, %	<b>47.0</b>	44.5
Debt to capital, %	<b>31.9</b>	38.7
Net debt / EBITDA	<b>0.5</b>	0.1
Interest cover (EBITDA)	<b>13.4</b>	8.0



# Execution of profitable growth strategy continued

## Capital expenditure

- Growth investments relate mainly to aggregates equipment, foundry capacity and rubber consumables

## Research and development

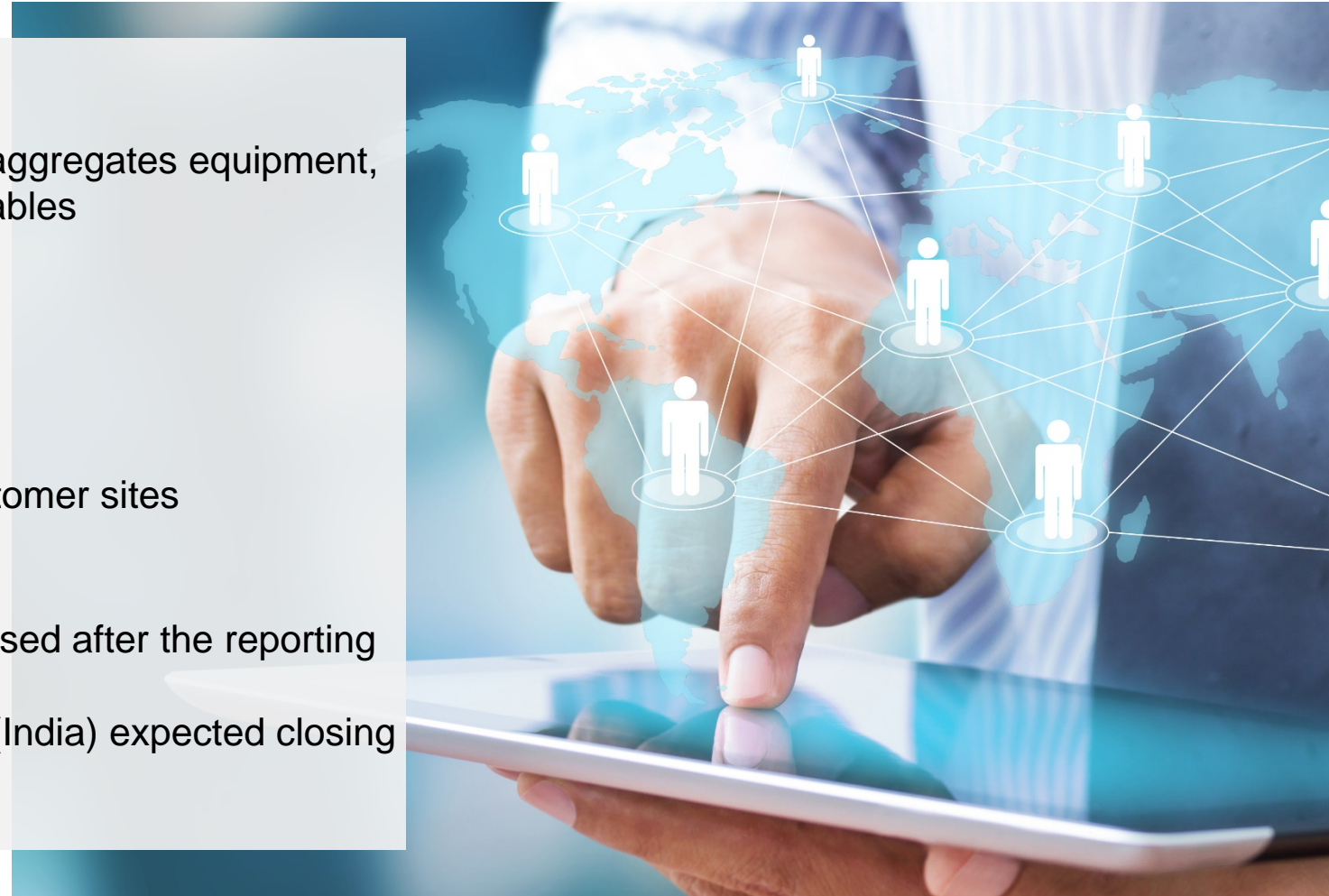
- Activity building up

## Digital Strategy

- Piloting comminution analytics at customer sites

## Acquisitions

- P.J. Jonsson och Söner (Sweden) closed after the reporting period on July 2
- Rotex Manufacturers and Engineers (India) expected closing during Q3/18





# Market outlook

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 level off for Flow Control

Previous market outlook (updated April 25, 2018)

- Growth in demand to remain stable for Minerals equipment and services
- Growth in demand to remain stable for Flow Control equipment and services



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