

Q4/2019 and full-year 2019 results

Pekka Vauramo, President and CEO
Eeva Sipilä, CFO

February 6, 2020

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.

Information related to the Financial Statements

Metso has classified its Minerals segment as discontinued operations from October 29, 2019, in accordance with IFRS. This was based on the decision taken by Metso's Extraordinary General Meeting on October 29, 2019, to approve the partial demerger of the company.

As a result, the depreciation and amortization of the Minerals segments is calculated only for the period of January-October 2019 according to IFRS. Metso has also prepared consolidated financial information, where the depreciation and amortization of Minerals is calculated for the full-year 2019, and these figures are comparable to the year 2018.

Analysis of the fourth-quarter 2019 and January-December 2019 in this presentation is based on the comparable figures unless otherwise noted.



Results in brief

Pekka Vauramo
President and CEO

Highlights

Record performance in 2019

Good market activity throughout the year

Strong demand for services; decision-making in capex projects still slow

Sales increased 15% and adjusted EBITA margin improved 1.4%-points

McCloskey consolidated since October

Metso Outotec and Neles transaction proceeding according to plan. Closing currently expected on June 30, 2020

The Board will propose a dividend of EUR 1.47 per share for 2019

Fourth-quarter group financials

Orders received up 1% to EUR 914 million (902 million)

Sales up 7% to EUR 963 million (897 million)

Adjusted EBITA* was EUR 117 million, margin of 12.2% (98 million and 10.9%)

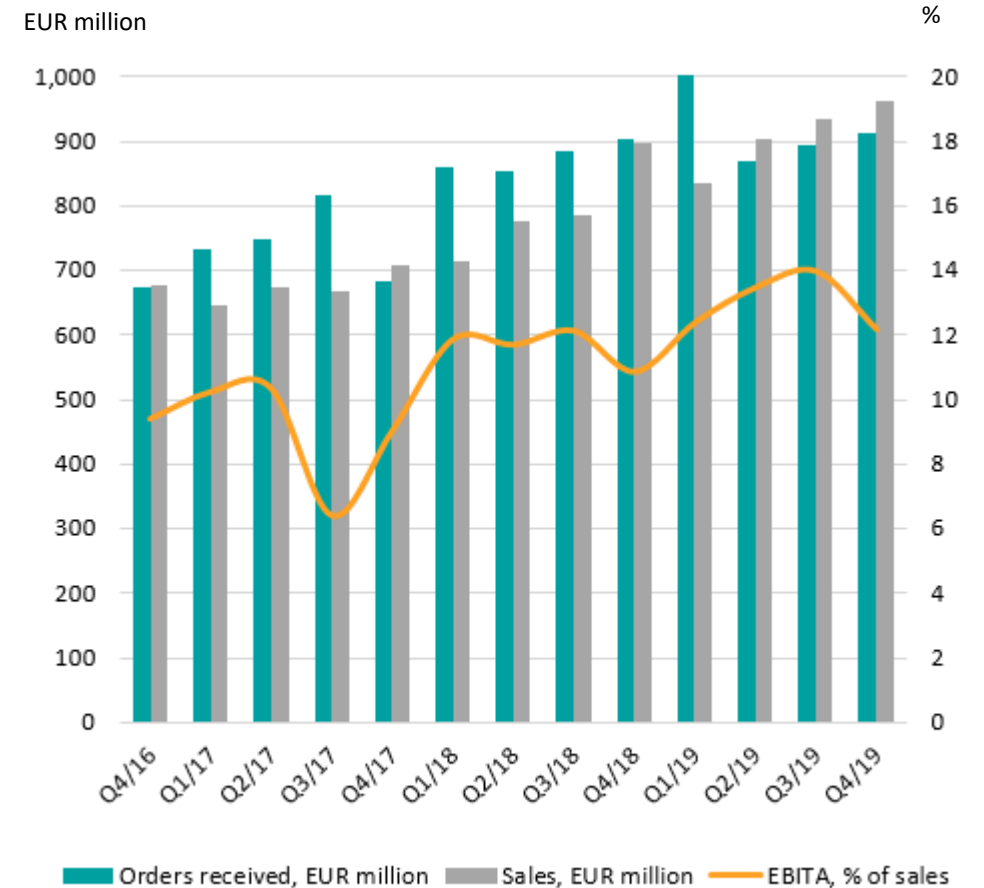
Footprint and M&A-related cost adjustments EUR 15 million

Operating profit was EUR 96 million, margin of 10.0% (93 million or 10.4%)

Earnings per share were EUR 0.41 (EUR 0.42)

Free cash flow was EUR 18 million (57 million)

Orders, sales and profitability



Flow Control quarterly highlights

Orders declined 2% to EUR 154 million (157 million)

- Fewer orders from oil & gas projects
- Softer market in North America

Sales declined 1% to EUR 167 million (168 million)

- Services up 22%
- Equipment sales declined, due to a three-day strike in Finland

Adjusted EBITA* margin 13.6% (16.4%)

- Solid underlying profitability
- Cost impact related to the strike in Finland, new manufacturing plant in China and preparations for the future Neles

Orders, sales and profitability



Minerals quarterly highlights

Orders increased 2% to EUR 759 million (745 million)

- Services orders up 3%
- Aggregates equipment orders supported by McCloskey
- Lower mining equipment orders due to slow decision-making

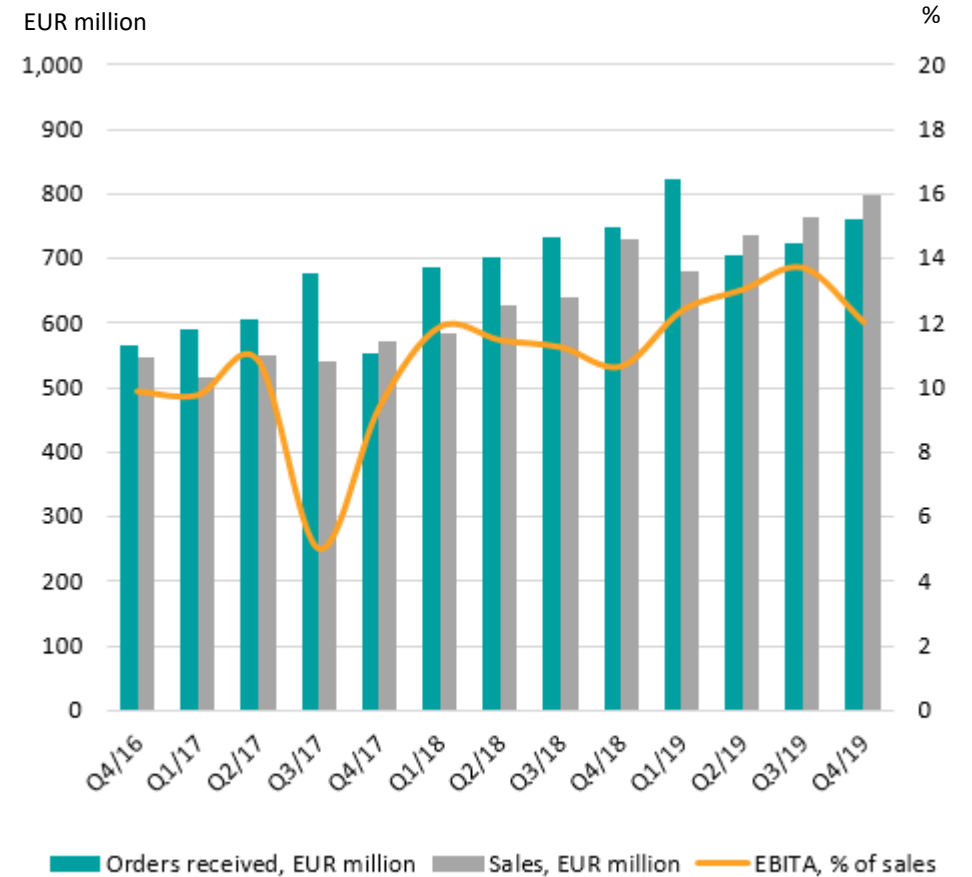
Sales up 9% to EUR 797 million (729 million)

- Services up 8%
- Equipment sales increased thanks to McCloskey

Adjusted EBITA* margin improved to 12.0% (10.6%)

- Sales growth and improved operational efficiency
- McCloskey had a slight negative impact on margin
- Additional impact from unrest in Chile and strike in Finland
- Footprint and M&A-related cost adjustments EUR 15 million

Orders, sales and profitability

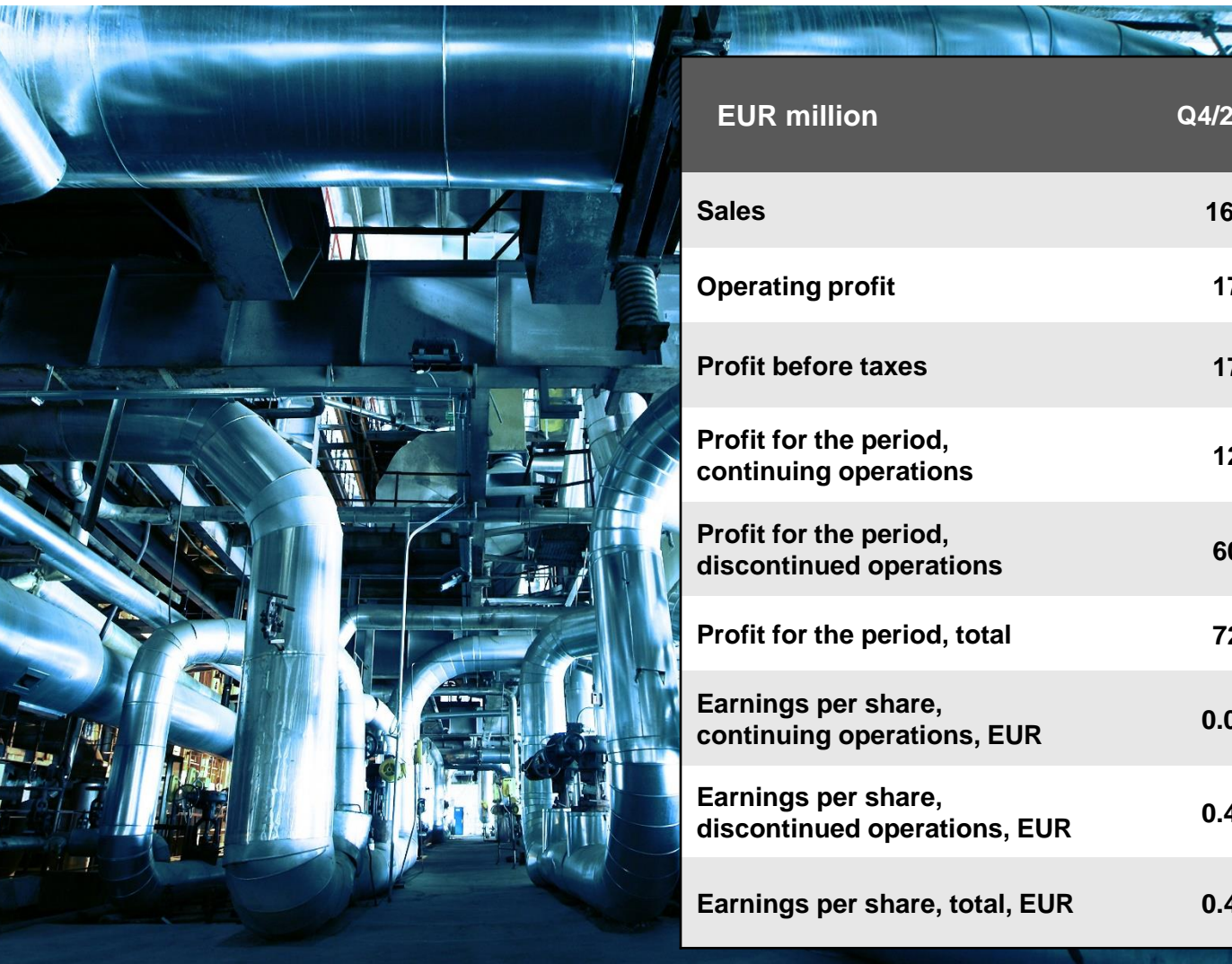




Financials in detail

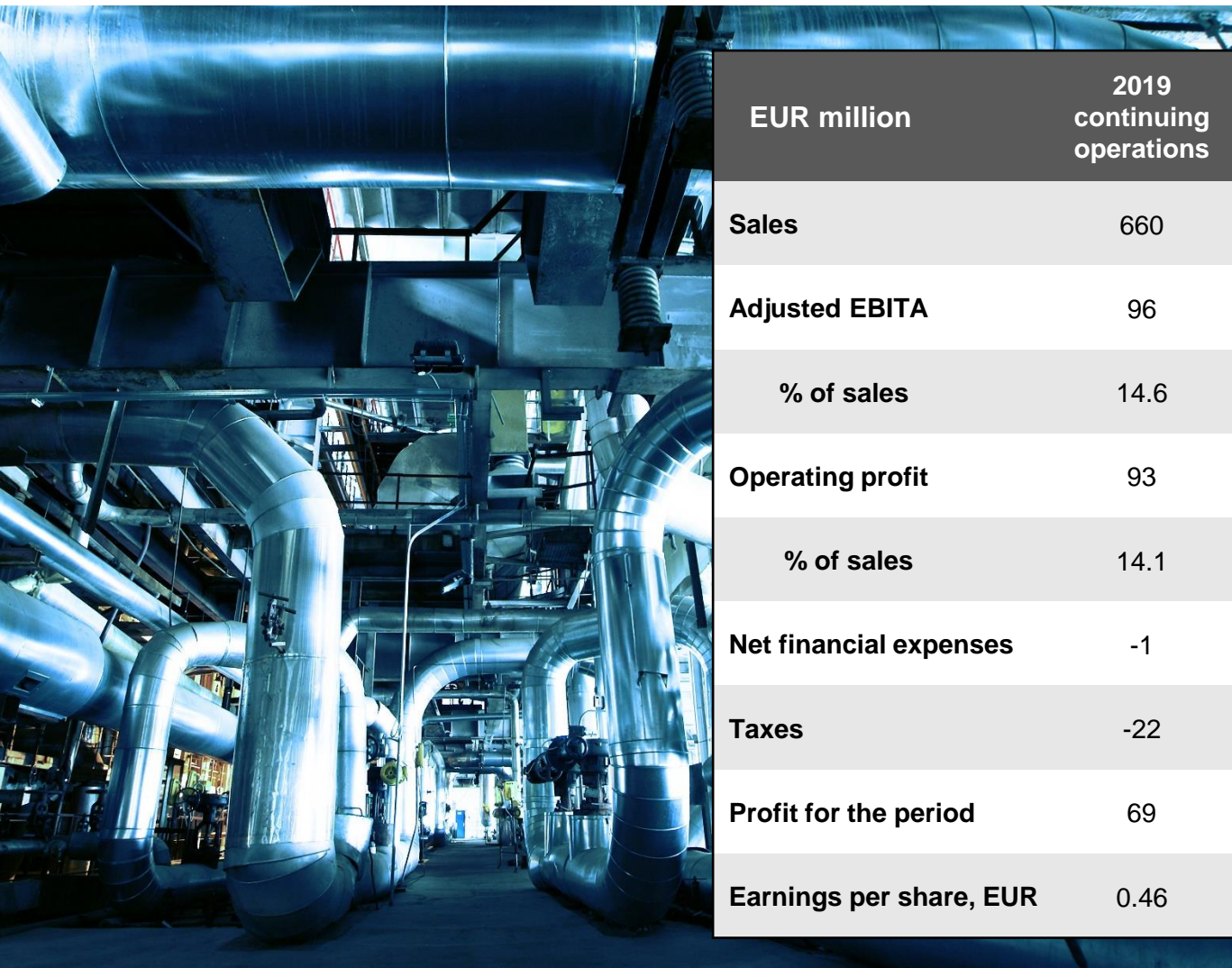
Eeva Sipilä
CFO

IFRS Income Statement



EUR million	Q4/2019	Q4/2018	Change %	2019	2018	Change %
Sales	166	168	-1	660	593	11
Operating profit	17	25	-32	93	83	12
Profit before taxes	17	25	-32	91	85	7
Profit for the period, continuing operations	12	19	-37	69	65	6
Profit for the period, discontinued operations	60	43	40	230	164	40
Profit for the period, total	72	62	16	299	229	31
Earnings per share, continuing operations, EUR	0.08	0.14	-43	0.46	0.43	7
Earnings per share, discontinued operations, EUR	0.40	0.29	38	1.54	1.10	40
Earnings per share, total, EUR	0.48	0.42	14	2.00	1.53	31

Analysis of Income Statement

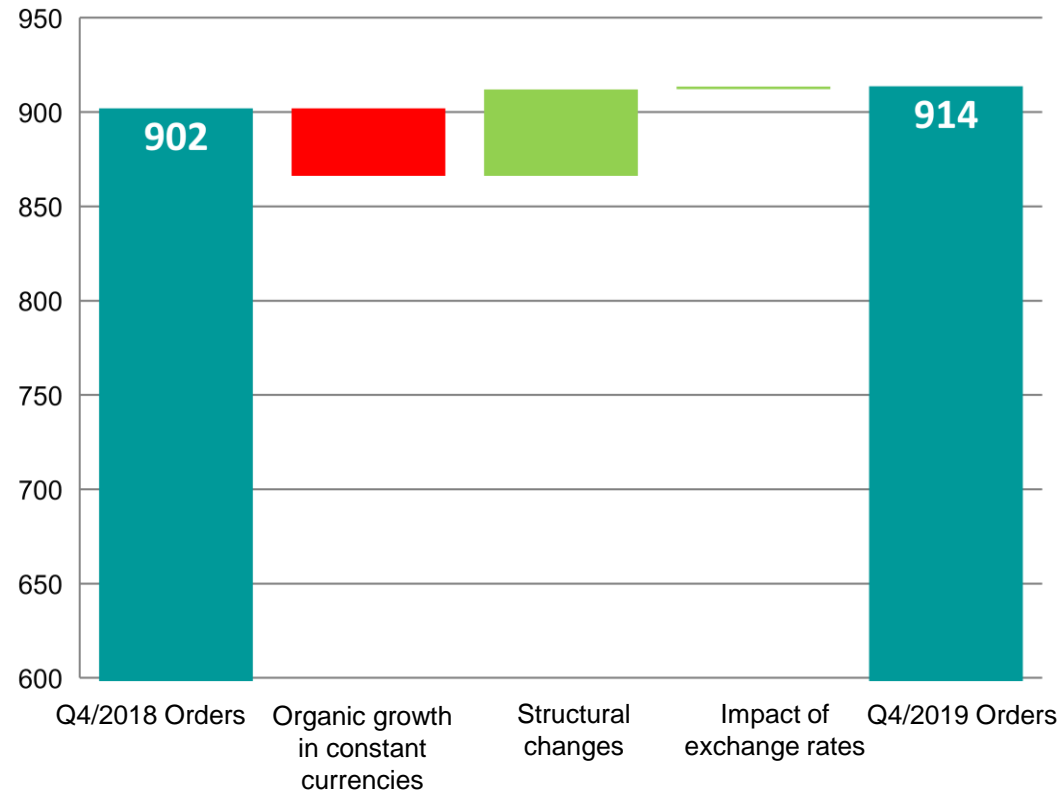


EUR million	2019 continuing operations	2019 discontinued operations	2019 Metso total	2019 Metso comparable	2018 Metso total	2018 continuing operations	2018 discontinued operations
Sales	660	2,976	3,635	3,635	3,173	593	2,580
Adjusted EBITA	96	388	484	474	369	86	284
% of sales	14.6	13.0	13.3	13.0	11.6	14.5	11.0
Operating profit	93	340	432	418	351	83	268
% of sales	14.1	11.4	11.9	11.5	11.1	14.0	10.4
Net financial expenses	-1	-37	-38	-38	-30	1	-32
Taxes	-22	-72	-95	-91	-92	-20	-72
Profit for the period	69	230	299	289	229	65	164
Earnings per share, EUR	0.46	1.54	2.00	1.94	1.53	0.43	1.10

Impacts of structural changes and currencies

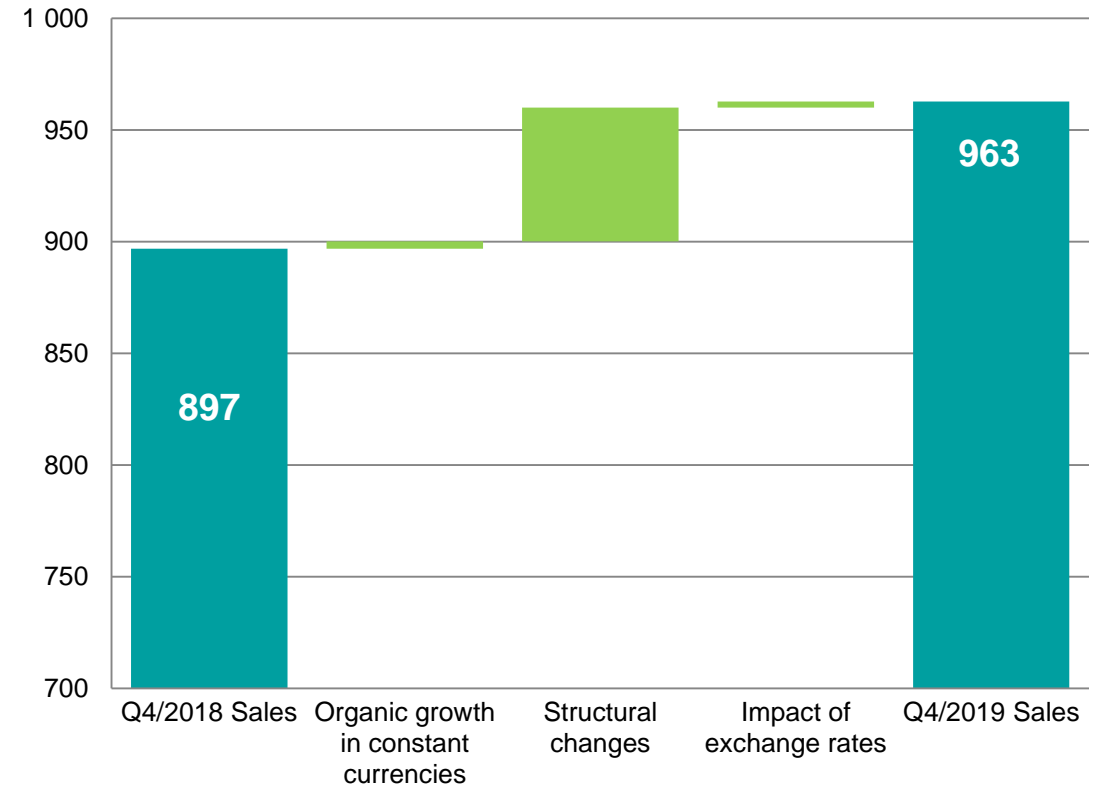
Orders received

EUR million



Sales

EUR million



IFRS Balance Sheet



EUR million	Dec 31, 2019	Dec 31, 2018
Intangible assets	81	608
Tangible assets	67	305
Right-of-use assets	46	0
Other non-current assets	14	157
Inventories	181	950
Receivables (trade and other)	137	834
Liquid funds	57	426
Assets, discontinued operations	3,305	-
TOTAL ASSETS	3,887	3,279
Total equity	1,526	1,416
Interest bearing liabilities	103	598
Non-interest bearing liabilities	157	1,265
Liabilities, discontinued operations	2,102	-
TOTAL EQUITY AND LIABILITIES	3,887	3,279

Analysis of Balance Sheet



EUR million	2019 Continuing operations	2019 Discontinued operations	2019 Metso total	2019 Metso comparable	2018 Metso total
Intangible assets	81	727	807	804	608
Tangible assets	67	321	388	382	305
Right-of-use assets	46	93	140	135	0
Other non-current assets	14	169	183	183	157
Inventories	181	975	1,156	1,156	950
Receivables (trade and other)	137	864	1,000	1,000	833
Liquid funds	57	156	213	213	426
Assets, discontinued operations	3,305	3,305			
TOTAL ASSETS	3,887		3,887	3,873	3,279
Total equity	1,526		1,526	1,516	1,416
Interest bearing liabilities	103	915	1,017	1,017	598
Non-interest bearing liabilities	157	1,187	1,345	1,341	1,264
Liabilities, discontinued operations	2,102				
TOTAL EQUITY AND LIABILITIES	3,887		3,887	3,873	3,279

IFRS Cash Flow



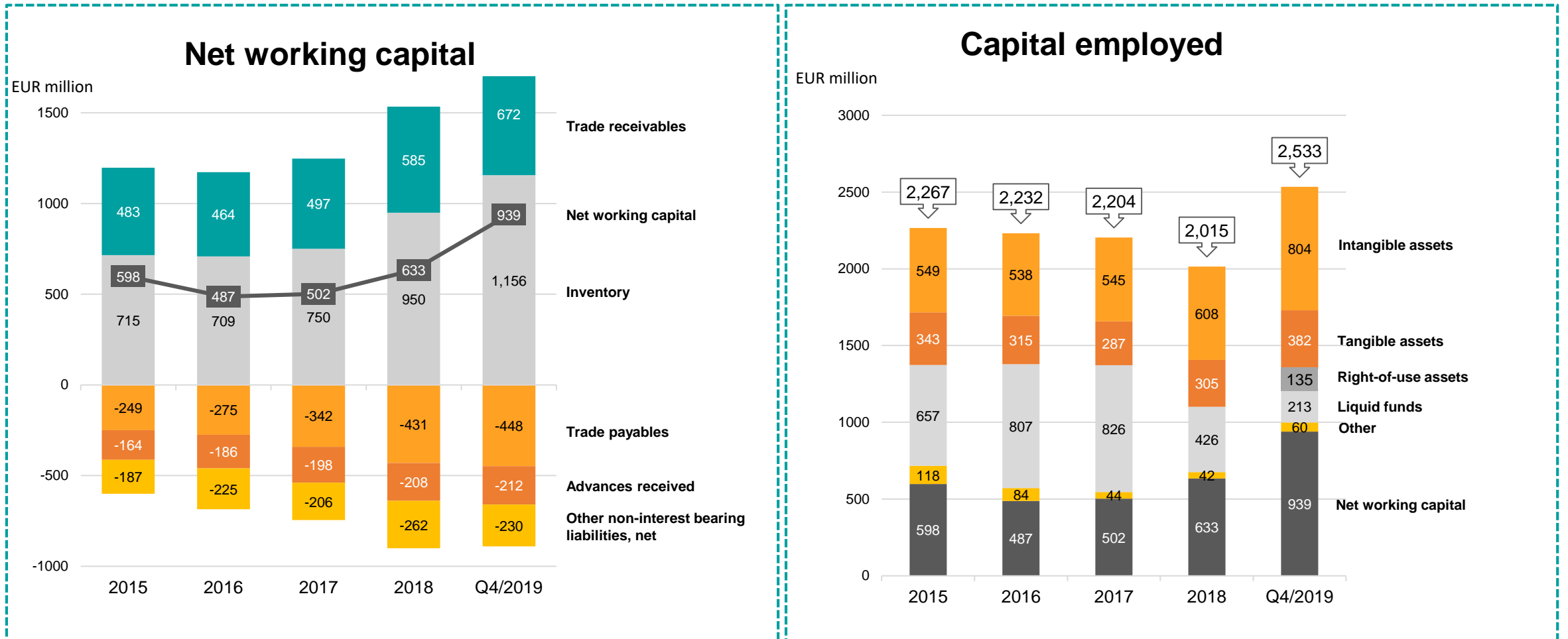
EUR million	Q4/2019	Q4/2018	2019	2018
Profit for the period, continuing operations	12	20	69	65
Profit for the period, discontinued operations	60	42	230	164
Adjustments	46	50	213	180
Change in net working capital	-11	-23	-254	-129
Financial income and expenses paid, net	-12	-5	-30	-17
Income taxes paid	-55	-16	-137	-87
Net cash flows from operating activities	39	69	91	177
Capital expenditure on fixed assets	-35	-28	-107	-67
Business acquisitions, net of cash	-184	-52	-214	-77
Proceeds from sale of businesses, net of cash sold	-	-	9	-
Other	0	-3	5	1
Net cash flow from investments	-219	-83	-308	-143
Free cash flow	18	57	39	146

Analysis of Cash Flow

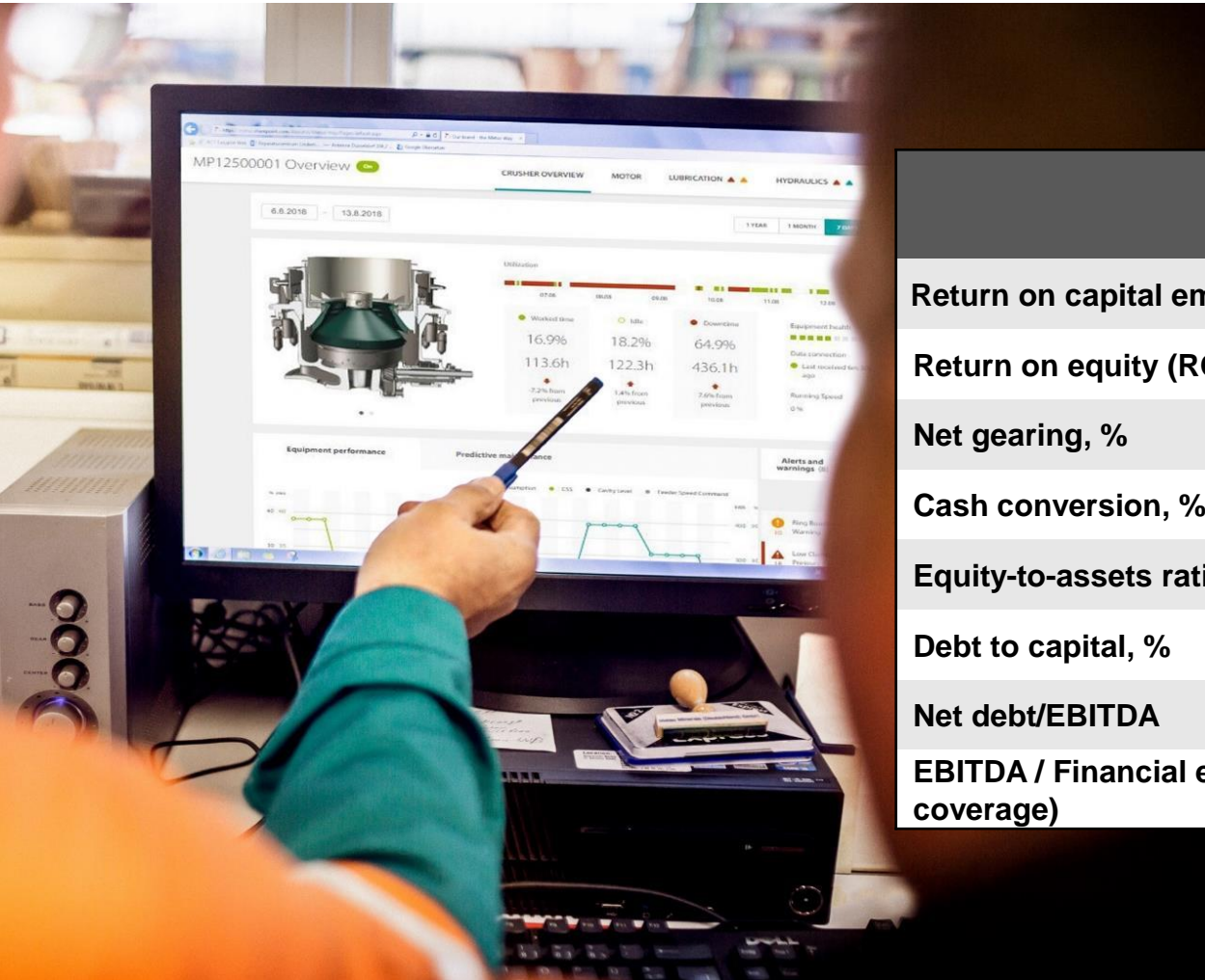


EUR million	2019 Continuing operations	2019 Discontinued operations	2019 Metso total	2019 Metso comparable	2018 Metso total	2018 Continuing operations	2018 Discontinued operations
Profit for the year	69	230	299	289	229	65	164
Adjustments	54	159	213	223	182	35	147
Change in net working capital	-30	-224	-254	-254	-129	-19	-111
Financial income and expenses paid, net	0	-30	-30	-30	-17	2	-20
Income taxes paid	-38	-100	-137	-137	-87	-2	-85
Net cash flows from operating activities	54	36	91	91	177	81	96
Capital expenditure on fixed assets	-20	-87	-107	-107	-67	-8	-59
Business acquisitions, net of cash	-	-214	-214	-214	-77	-	-77
Proceeds from sale of businesses, net of cash sold	-	9	9	9	-	-	-
Acquisitions/divestments, Metso Group	-50	50	0	0	-	-	-
Other	0	5	5	5	1	0	0
Net cash flow from investments	-70	-238	-308	-308	-143	-8	-135

Net working capital and capital employed



Key figures



	Dec 31, 2019	Dec 31, 2018
Return on capital employed before taxes (ROCE), %	18.7	16.9
Return on equity (ROE), %	19.8	16.5
Net gearing, %	52.7	11.7
Cash conversion, %	14	64
Equity-to-assets ratio, %	42.1	47.7
Debt to capital, %	40.2	29.7
Net debt/EBITDA	1.6	0.4
EBITDA / Financial expenses, net (interest coverage)	13.4	13.7



Strategy and outlook

Pekka Vauramo
President and CEO

Strategy execution

Record performance in 2019

- Profitable growth in all businesses
- Improvement in safety performance
- Customer satisfaction improved significantly

Strategic acquisitions

- McCloskey acquisition closed on October 1
- Chilean mining services company acquired in May

Supply footprint development

- Closures of a foundry in South Africa and a consumables manufacturing plant in Sweden
- Planning of centralization of warehouse operations ongoing in several markets

Research and development were 1.7% of sales in 2019

- EUR 11 million growth year-on-year
- Several product launches



Transaction to create Metso Outotec and Neles

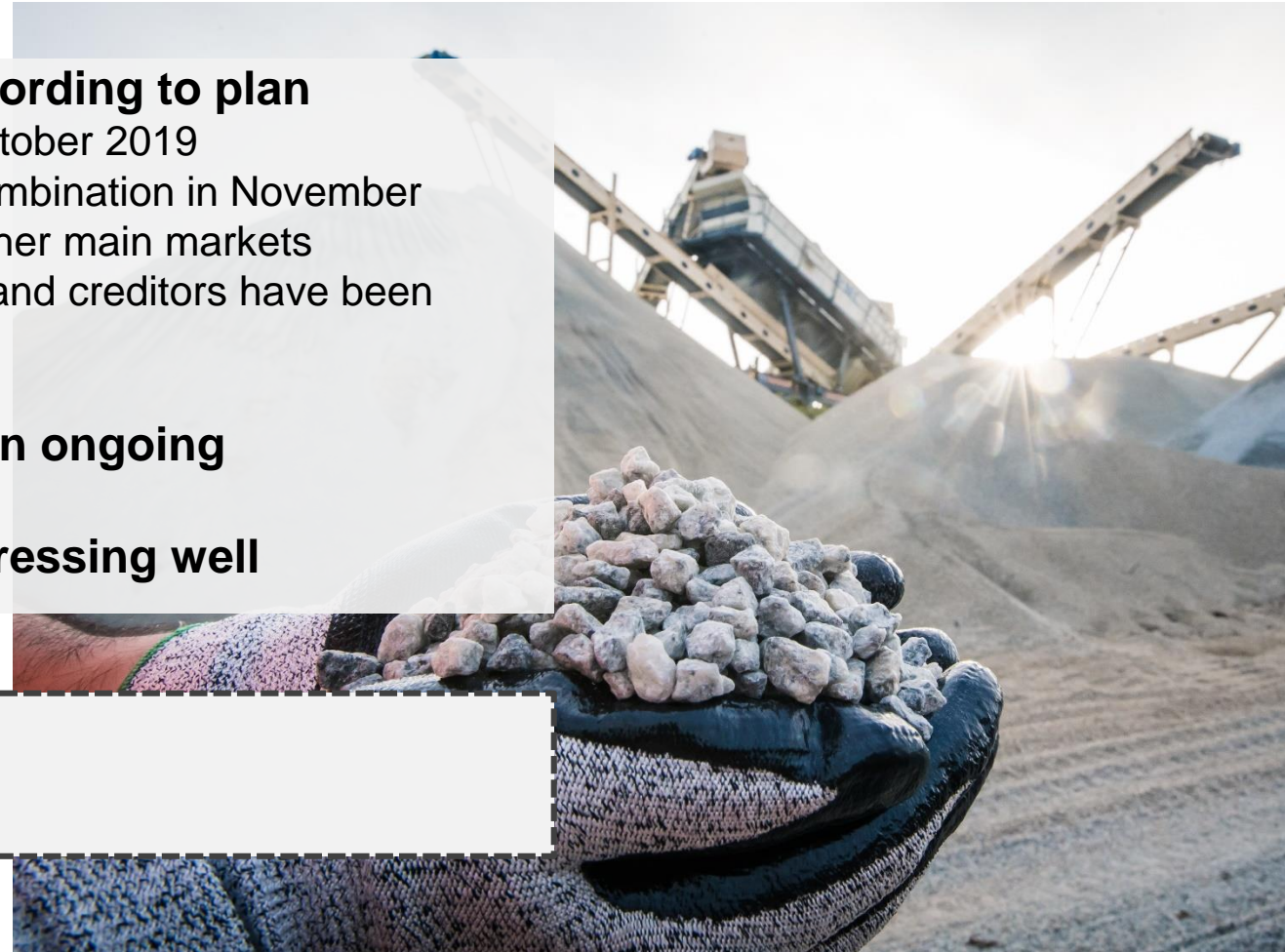
Preparations of the transaction proceeding according to plan

- Shareholder approvals obtained at EGMs in October 2019
- The US Department of Justice approved the combination in November
- Competition clearance processes ongoing in other main markets
- Consent solicitation processes of bondholders and creditors have been finalized

Planning of the future Metso Outotec integration ongoing

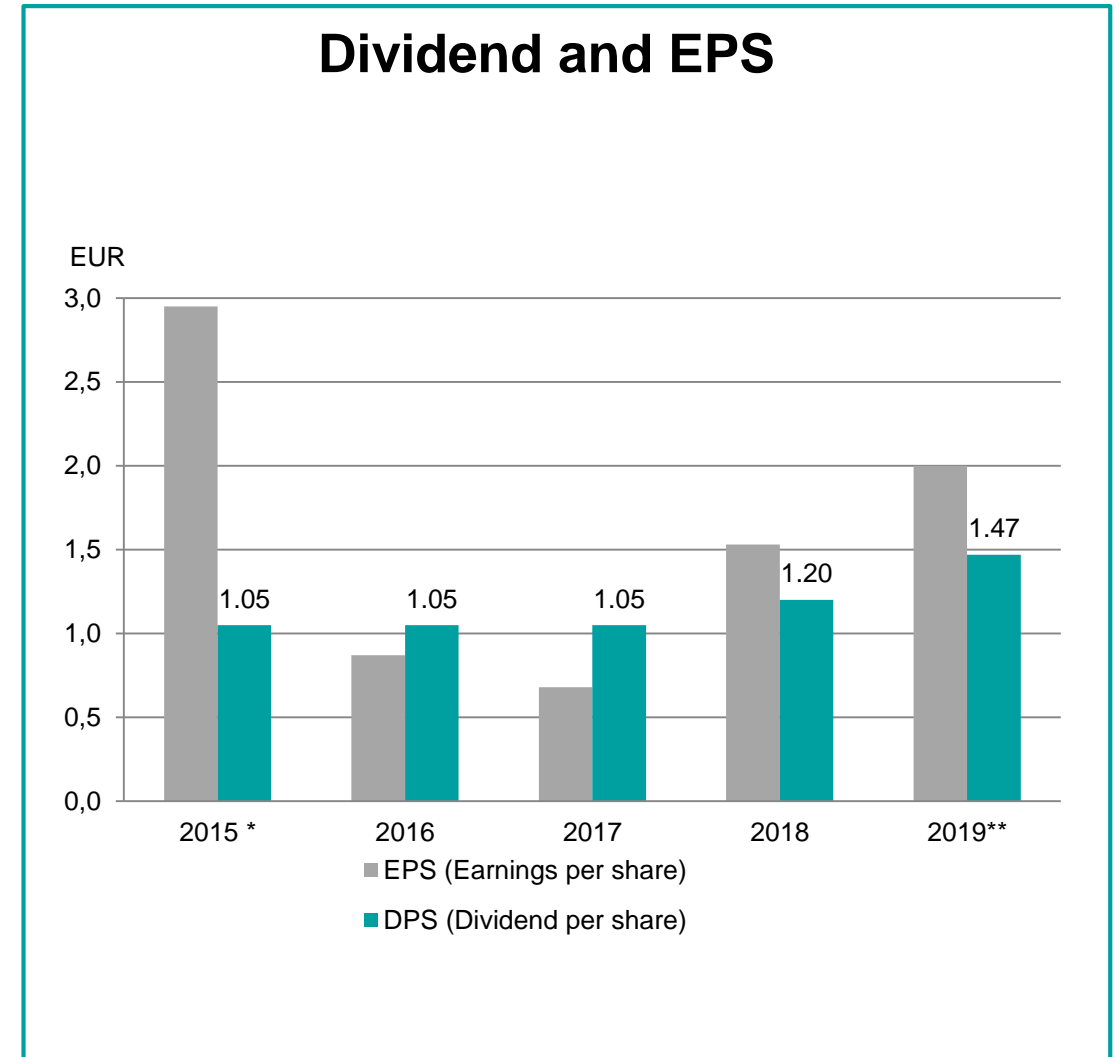
Preparations for the future Neles strategy progressing well

Closing currently expected on June 30, 2020



Board's dividend proposal of EUR 1.47

- **Proposed dividend of EUR 1.47 per share totals EUR 221 million**
- **Corresponds to 74% of earnings per share**
- **The Board considered the dividend policy and Metso Outotec combination agreement in its proposal**



Market outlook

Market activity in both segments, Minerals and Flow Control, is expected to remain at the current level in both the equipment and services business.

Metso's market outlook describes the expected sequential development in market activity during the following six-month period using three categories: improve, remain at the current level, or decline.



metso
Expect results

www.metso.com

