Metso

H1

Half-Year Report

January – June 2024

Metso’s Half-Year Report January 1 – June 30, 2024

Figures in brackets refer to the corresponding period in 2023, unless otherwise stated.

Second quarter 2024 in brief

- Customer activity remained at the previous quarter's level with continued delayed decision-making
- Orders received declined 14% to EUR 1,162 million (EUR 1,344 million); equipment -23% and services -6%
- Sales declined 13% to EUR 1,214 million (EUR 1,396 million); equipment -21% and services -6%
- Adjusted EBITA was EUR 205 million, or 16.9% of sales (EUR 238 million, or 17.1%)
- Operating profit was EUR 195 million, or 16.1% of sales (EUR 222 million, or 15.9%)
- Cash flow from operations improved to EUR 152 million (EUR 62 million)

January-June 2024 in brief

- Orders received declined 11% to EUR 2,523 million (EUR 2,829 million)
- Sales declined 11% to EUR 2,431 million (EUR 2,729 million)
- Adjusted EBITA declined 10% to EUR 405 million, or 16.7% of sales (EUR 449 million, or 16.5%)
- Operating profit declined to EUR 383 million, or 15.8% of sales (EUR 416 million, or 15.2%)
- Earnings per share were EUR 0.30 (EUR 0.34) and for continuing operations EUR 0.31 (EUR 0.34)
- Cash flow from operations improved to EUR 309 million (EUR 173 million)

President and CEO Pekka Vauramo:

> **"Thanks to a healthy gross margin, supported by ongoing cost management and a higher proportion of services in the sales mix, we achieved an adjusted EBITA margin of 16.9% for the quarter."**

We maintained robust profitability during the second quarter, thanks to our focused actions. However, market dynamics evolved as anticipated: customer decision-making remained slow in Minerals, and Aggregates faced challenges in the North American mobile equipment market. Consequently, our total order intake declined by 14% year-on-year, primarily due to a decrease in equipment orders. Although the services businesses remained more stable, the aforementioned issues led to a slight decline in services orders, which were further affected by exchange rates.

Our income statement for the quarter closely resembles that of the first quarter. Lower equipment backlogs and the timing of deliveries led to reduced sales compared to the same period last year, but the Group's sales were sequentially at the same level. Thanks to a healthy gross margin, supported by ongoing cost management and a higher proportion of services in the sales mix, we achieved an adjusted EBITA margin of 16.9% for the quarter. This confirms that we are making progress in fortifying our financial performance against cyclicality. Another positive development was in the cash flow from operations, which improved to EUR 152 million.

The Aggregates segment sales declined 14% compared to the previous year, primarily due to reduced orders in the preceding quarters. Despite this decrease in volume, the segment achieved a solid adjusted EBITA margin of 16.6%, underscoring the effectiveness of efforts made to enhance business resilience. In May, we launched the Lokotrack EC range, bringing a new diesel-electric power line to the aggregates market. Designed with modularity in mind, these units can adapt to customers' future requirements and run on interruptible renewable energy. Furthermore, the process functions in these mobile units operate entirely on electricity, significantly reducing the use of hydraulic oil in crushing operations. Additionally, in June, we committed to investing EUR 150 million in a state-of-the-art aggregates technology center in Tampere, Finland. The production of track-mounted Lokotrack crushing plants is scheduled to commence at the new site in the third quarter of 2027, with plans to eventually relocate all our existing Tampere operations to this modern facility.

Minerals experienced a 13% decline in sales, primarily due to reduced equipment backlog and delivery timing. However, the segment demonstrated increased resilience, reporting an adjusted EBITA margin of 17.3%. This positive performance can be attributed to the favorable impact of effective cost management and sales mix on the gross margin. Notably, during the quarter, we received a substantial order from India for recycling electronic waste. Our e-scrap solutions offer compelling opportunities for customers by enabling the recovery of valuable metals from waste.

We anticipate that customer decision-making in Minerals will gain momentum during the second half of the year, driven by favorable copper prices. Additionally, Minerals services are poised for sustained demand, thanks to robust mine production volumes. However, in Aggregates, activity is expected to continue at a lower level year-on-year. This can be attributed to the surplus of distributor inventories in the North American mobile equipment market.

Internally, we have successfully maintained strong profitability, and our focus remains on cost control and cash flow, while delivering value-added products and services to our customers.

Market outlook

Metso expects that the market activity in both Minerals and Aggregates will remain at the current level.

In its previously published outlook, Metso expected the market activity in both Minerals and Aggregates to remain at the current level.

According to the company's disclosure policy, Metso's market outlook describes the expected sequential development of market activity, adjusting for seasonality, during the following six-month period using three categories: improve, remain at the current level, or decline.

Group review

Key figures

EUR million	Q2/2024	Q2/2023	Change %	Q1–Q2/2024	Q1–Q2/2023	Change %	2023
Orders received	1,162	1,344	-14	2,523	2,829	-11	5,252
Orders received by services business	701	742	-6	1,516	1,597	-5	2,955
% of orders received	60	55	–	60	56	–	56
Order backlog				3,091	3,311	-7	2,951
Sales	1,214	1,396	-13	2,431	2,729	-11	5,390
Sales by services business	690	734	-6	1,417	1,423	0	2,891
% of sales	57	53	–	58	52	–	54
Adjusted EBITA	205	238	-14	405	449	-10	887
% of sales	16.9	17.1	–	16.7	16.5	–	16.5
Operating profit	195	222	-12	383	416	-8	805
% of sales	16.1	15.9	–	15.8	15.2	–	14.9
Earnings per share, continuing operations, EUR	0.16	0.18	-11	0.31	0.34	-9	0.65
Cash flow from operations	152	62	143	309	173	79	550
Gearing, %	40.6	35.5	–	40.6	35.5	–	33.8
Personnel at end of period				17,105	16,836	2	17,134

The Group's financial performance

In both the Aggregates and Minerals segments, market activity remained consistent with the first quarter. Within Aggregates, order intake declined year-on-year and was seasonally lower compared to the beginning of the year. The Minerals equipment business showed healthy activity, but slow decision-making by customers continued to negatively impact order intake. The Minerals services business experienced healthy demand for spare parts and consumables, while decision-making related to rebuilds and modernizations was sluggish. Overall, the Group's orders received decreased by 14% year-on-year, totaling EUR 1,162 million (EUR 1,344 million). Equipment orders declined in both segments, showing a 23% year-on-year decrease, while services orders declined by 6%.

Sales were EUR 1,214 million (EUR 1,396 million), largely driven by declines in equipment businesses due to lower order backlogs. The Group's equipment sales declined 21%, while services sales were 6% lower year-on-year.

Adjusted EBITA was EUR 205 million and the adjusted EBITA margin was 16.9% (EUR 238 million and 17.1%). Both segments reported lower profitability due to lower sales. This was partially offset by the improved gross margin, which was supported by productivity and cost actions, and by a higher share of services in the sales mix. Adjusted EBITA of Group items was EUR -3 million (EUR -11 million).

Operating profit (EBIT) was EUR 195 million and the EBIT margin 16.1% (EUR 222 million and 15.9%). Adjustments in the quarter were EUR 6 million (EUR 0 million), including a provision release after settlement of the pre-war projects in Russia. PPA amortization was EUR -13 million. Net financing expenses amounted to EUR -16 million (EUR -20 million).

Profit before taxes was EUR 180 million (EUR 202 million). Earnings per share for continuing operations were EUR 0.16 (EUR 0.18).

Cash flow from operations increased to EUR 152 million (EUR 62 million), supported by robust profitability and less money being tied in the net working capital.

January–June in brief

The Group’s orders received decreased by 11% to EUR 2,523 million (EUR 2,829 million), largely due to weaker market activity in Aggregates and lower equipment orders in Minerals. Services orders declined 5%. Due to lower order backlogs, sales declined in both segments, resulting in the Group's sales declining 11% to EUR 2,431 million (EUR 2,729 million). The order backlog at the end of June was EUR 3,091 million (EUR 3,311 million).

The Group's adjusted EBITA declined to EUR 405 million from EUR 449 million in the comparison period. The adjusted EBITA margin improved to 16.7% from 16.5%. The improvement was attributable to cost management and sales mix. Operating profit was EUR 383 million, or 15.8% of sales (EUR 416 million and 15.2%), including adjustments of EUR 10 million (EUR 2 million negative). Profit before taxes was EUR 345 million (EUR 384 million). The effective tax rate was 25% (25%). Earnings per share for continuing operations were EUR 0.31 (EUR 0.34).

Cash flow from operations improved to EUR 309 million (EUR 173 million).

Impacts of currencies and structural changes

		Orders received		Sales
EUR million, %	Q2	Q1–Q2	Q2	Q1–Q2
2023	**1,344**	**2,829**	**1,396**	**2,729**
Organic growth in constant currencies, %	-12	-9	-12	-9
Impact of changes in exchange rates, %	-2	-2	-2	-2
Structural changes, %	1	1	1	1
Total change, %	**-14**	**-11**	**-13**	**-11**
2024	**1,162**	**2,523**	**1,214**	**2,431**

The Group’s financial position

At the end of June, the Group’s net interest-bearing liabilities were EUR 1,036 million (Dec 31, 2023: EUR 884 million). The Group's gearing was 40.6% (Dec 31, 2023: 33.8%) and debt-to-capital ratio 33.3% (Dec 31, 2023: 35.0%). The equity-to-assets ratio was 40.9% (Dec 31, 2023: 40.2%).

The Group's liquidity position remained strong. Liquid funds, consisting of cash and cash equivalents, amounted to EUR 348 million (Dec 31, 2023: EUR 638 million), following the payment of the first dividend installment of EUR 149 million in May and repayment of EUR 197 million of a public bond in June. There were no deposits or securities with a maturity of more than three months (Dec 31, 2023: EUR 0 million).

Metso maintains a committed syndicated revolving credit facility of EUR 600 million, maturing in 2026. This facility incorporates sustainability performance targets that influence borrowing costs. As of the end of the quarter, the facility remained undrawn. Additionally, the company operates a EUR 600 million Finnish commercial paper program, with EUR 90 million issued at the end of June.

Metso has a Euro Medium Term Note Program (EMTN) of EUR 2 billion, under which EUR 879 million at carrying value was outstanding at the end of June (Dec 31, 2023: EUR 1,081 million).

The average interest rate of total loans and derivatives was 4.3% on June 30, 2024. The duration of total interest-bearing debt was 1.8 years and the average maturity 3.8 years.

At the end of June, Metso had a ‘BBB’ long-term issuer credit rating with stable outlook from S&P Global Ratings and a ‘Baa2’ long-term issuer rating with stable outlook from Moody’s Investor Service.

Segment review

Aggregates

- **Low orders for mobile equipment**
- **Sales declined due to lower backlog**
- **Solid profitability**

	Orders received		Sales	
EUR million, %	Q2	Q1–Q2	Q2	Q1–Q2
2023	**330**	**709**	**386**	**749**
Organic growth in constant currencies, %	-6	-5	-15	-17
Impact of changes in exchange rates, %	-1	-1	0	0
Structural changes, %	2	2	2	2
Total change, %	**-5**	**-4**	**-14**	**-15**
2024	**314**	**679**	**331**	**634**

Second quarter

- Market activity remained consistent with the previous quarter, but was lower compared to the same period last year. Orders for new equipment declined by 5% year-on-year, while services orders decreased by 3%. Notably, the North American mobile equipment market was challenging.
- The sales decline of 14% year-on-year was due to lower order intake during the previous quarters. Equipment sales declined 19% and services sales declined 1%.
- The adjusted EBITA amounted to EUR 55 million (EUR 66 million), with an adjusted EBITA margin of 16.6% (17.0%). Cost management and sales mix partially offset the impact of lower sales.

January–June in brief

- Market activity was lower year-on-year and orders received declined 4% to EUR 679 million. The largest declines were seen in North America and Europe; growth was seen in other parts of the world.
- Low order backlog resulted in a 15% decline in sales. Equipment sales were 21% lower and services sales 3% lower year-on-year.
- Adjusted EBITA was EUR 106 million (EUR 131 million), corresponding to a margin of 16.8% (17.5%).

Key figures

EUR million	**Q2/2024**	Q2/2023	Change %	**Q1–Q2/2024**	Q1–Q2/2023	Change %	2023
Orders received	314	330	-5	679	709	-4	1,274
Orders received by services business	105	109	-3	225	227	-1	442
% of orders received	33	33	–	33	32	–	35
Order backlog				471	486	-3	453
Sales	331	386	-14	634	749	-15	1,346
Sales by services business	109	109	-1	217	224	-3	434
% of sales	33	28	–	34	30	–	32
Adjusted EBITA	55	66	-17	106	131	-19	232
% of sales	16.6	17.0	–	16.8	17.5	–	17.2
Operating profit	51	62	-17	99	124	-20	214
% of sales	15.5	16.0	–	15.5	16.5	–	15.9

Segment review

Minerals

- **Slow decision-making affected order intake**
- **Sales declined due to lower backlog**
- **Profitability remained solid**

	Orders received		Sales	
EUR million, %	Q2	Q1–Q2	Q2	Q1–Q2
2023	**1,014**	**2,121**	**1,010**	**1,980**
Organic growth in constant currencies, %	-14	-10	-10	-7
Impact of changes in exchange rates, %	-3	-3	-3	-3
Structural changes, %	0	0	0	0
Total change, %	**-16**	**-13**	**-13**	**-9**
2024	**847**	**1,844**	**883**	**1,797**

Second quarter

- Market activity remained consistent with the previous quarter. In the equipment business, customer decision-making continued to be slow, despite the higher copper price and the anticipated demand growth for copper and other electrification minerals. Meanwhile, in the services business, the demand for spare parts and consumables was healthy, although slow decision-making impacted rebuilds and modernizations.
- Equipment orders declined 34% year-on-year and services orders declined 6%.
- Services sales declined 7% and represented 66% (62%) of the segment's sales. Equipment sales declined 22% year-on-year as a result of timing of deliveries from the lower order backlog. The segment's total sales declined 13% to EUR 883 million (EUR 1,010 million).
- Adjusted EBITA totaled EUR 152 million (EUR 184 million) and the adjusted EBITA margin was 17.3% (18.2%). Cost management and sales mix partially offset lower sales.

January–June in brief

- Orders received saw a 13% decline year-on-year, due to lower equipment orders, while services orders declined 6%.
- Sales declined 9% to EUR 1,797 million, due to a lower order backlog. Equipment sales declined 24% and services sales were flat year-on-year.
- Adjusted EBITA declined to EUR 312 million and the adjusted EBITA margin was 17.4% (EUR 354 million and 17.9%).

Key figures

EUR million	**Q2/2024**	Q2/2023	Change %	**Q1–Q2/2024**	Q1–Q2/2023	Change %	2023
Orders received	847	1,014	-16	1,844	2,121	-13	3,978
Orders received by services business	595	633	-6	1,291	1,369	-6	2,513
% of orders received	70	62	–	70	65	–	63
Order backlog				2,620	2,825	-7	2,498
Sales	883	1,010	-13	1,797	1,980	-9	4,044
Sales by services business	582	624	-7	1,200	1,199	0	2,458
% of sales	66	62	–	67	61	–	61
Adjusted EBITA	152	184	-17	312	354	-12	707
% of sales	17.3	18.2	–	17.4	17.9	–	17.5
Operating profit	133	168	-21	274	324	-15	627
% of sales	15.1	16.6	–	15.2	16.3	–	15.5

Sustainability

- **Order for integrated electronic waste recycling plant in India**
- **Reduction in own operations' emissions on track at -76%**
- **Metso maintained its position in the top 5% of industry benchmark for inclusion and top 10% for employee engagement**

Sustainability KPI	Target	H1/2024	FY 2023
Lost time injury frequency rate (LTIFR)	Zero harm	1.5	1.2
Total recordable injury frequency rate (TRIFR)	Zero harm	3.2	3.0
Employee Net Promoter Score (eNPS)	Top 10% of industry benchmark	Top 10%	Top 10%
Inclusion score	Top 10% of industry benchmark	Top 5%	Top 5%
Planet Positive sales (EUR million)*	To grow faster than overall Group sales	1,411	1,447
Reduction of CO_2 emissions: own operations (scope 1 and 2)**	Net zero by 2030	-76%	-73%
Reduction of CO_2 emissions: logistics***	-20% by 2025	-8%	-7%
Spend with direct suppliers having set Science Based Targets	30% by 2025	28.2%	25.6%

*Rolling 12 months as of end of May 2024. Discontinued operations excluded. **Rolling 12 months as of end of June 2024 with approx. 10% estimated based on previous months' actual data. Baseline 2019. ***Baseline 2019.

Health and safety. Metso's overall safety performance is behind target. A significant incident occurred in March at the Irapuato plant in Mexico, resulting in injuries to eleven employees and contractors. This incident adversely affected the Lost Time Injury Frequency Rate (LTIFR). To address safety concerns, Metso continues its gap analysis program across its locations. As part of the 2024 safety objectives, a new training course on risk observation and management has been introduced.

People and culture. Metso's engagement score (eNPS) maintained its positive trend compared to the last full survey conducted in Q4/2023. In the Q2/2024 full engagement survey, the score was 56 (up from 54 in Q4/2023), placing Metso in the top 10% of the external benchmark. The global participation rate for the survey was 85%. The inclusion score remained high at 70, and Metso retained its position in the top 5% of the industry benchmark. Metso remained committed to fostering diversity and inclusion through a range of initiatives. These included celebrating International Women's Day and Pride events. Additionally, the company actively raised awareness and recognized the accomplishments of women leaders through the Women's Leadership Forum.

Planet Positive. Planet Positive sales totaled EUR 1,411 million during the 12-month period to the end of May. During the second quarter, Metso received a substantial order for India's first large-scale electronic waste recycling facility, which includes Metso's Outotec® eScrap solutions. This energy-efficient process allows for high metal recoveries from waste and conforms to tight emission controls with zero liquid discharge. Other orders were small- or medium-sized and included e.g. high-rate thickeners and filters for a mine water treatment project in Peru and grinding plant equipment for a critical minerals project in the United States. In May, Metso introduced the first diesel-electric Lokotrack EC range units that have been developed using new, modular architecture and can be run with interruptible renewable energy. In June Metso launched the pCAM plant – an intelligent solution for optimized precursor cathode active material production for lithium-ion batteries – that integrates advanced technology and decades of know-how to ensure an energy-efficient and sustainable production process.

Footprint. Renewable energy generation from solar panels grew by approximately 8% year-on-year, and around 20 energy savings and/or CO_2 reduction projects were completed. This included the installation of LED lights, drive upgrades and renewable energy sourcing across multiple locations. One of the Heat Treat furnaces in Quzhou, China, was upgraded from gas to electricity.

The supplier engagement program continued to yield good results. More than 35 new suppliers committed to science-based emissions targets during the second quarter. 28.2% of direct procurement spend was with suppliers who have validated their emission reduction targets through the Science-Based Targets initiative (SBTi). More broadly, 28.9% of total procurement spend was with suppliers committed to SBTi or equivalent ambitious climate targets that have been validated by Metso.

Capital expenditure and investments

Gross capital expenditure, excluding right-of-use assets, was EUR 101 million in January–June 2024 (EUR 72 million). This consisted of various investments at manufacturing sites as well as new service centers.

Research and development

Research and development (R&D) expenses and investments were EUR 54 million, or 2.2% of sales, in January–June 2024 (EUR 42 million, or 1.5% of sales). Copper and battery minerals play a significant role in the current R&D and customer raw material test work.

Personnel

Metso had 17,105 (16,836) employees at the end of June 2024.

Personnel by area on June 30, 2024

	Share, %
Europe	33
North and Central America	13
South America	27
Asia Pacific and Greater China	13
Africa, Middle East and India	14
Total	100

Shares and share trading

Metso has a total of 828,972,440 shares and its share capital is EUR 107,186,442.52. On March 20, 2024, a total of 984,288 treasury shares were conveyed to participants of the company's long-term incentive plans. Treasury shares totaled 1,659,961 at the end of June.

Share performance on Nasdaq Helsinki

EUR	January 1–June 30, 2024
Closing price	9.88
Highest share price	11.95
Lowest share price	8.81
Volume-weighted average trading price	10.38

Other main events between January 1 and June 30, 2024

Conveyance of own shares based on the long-term incentive plans

On March 20, 2024, a total of 984,288 treasury shares were conveyed without consideration to 144 key persons and executives from the Performance Share Plan 2021–2023. The Board of Directors had decided on the conveyance on February 15, and the directed share issue was based on an authorization given by the Annual General Meeting 2023.

Annual report 2023

On March 20, 2024, Metso published its Annual Report for 2023. The report consists of five sections: Business Overview, Financial Review, Corporate Governance Statement, Remuneration Report and GRI Supplement.

Largest service center opened in Australia

On March 21, 2024, Metso opened its largest service center globally in Karratha, Western Australia. The center supports the growing demand from mining and aggregates customers by delivering more sustainable, state-of-the-art services. Located in Pilbara, a region that is a very significant global supplier of iron ore and lithium, the center provides comprehensive maintenance and repair solutions.

Frame agreement for major copper smelter delivery

On April 2, 2024, Metso and JSC Almalyk Mining and Metallurgical company (Almalyk MMC) signed a frame agreement for significant process technology deliveries for Almalyk MMC's new copper smelter investment in Uzbekistan. Equipment package contracts under the framework agreement will be booked once they have been signed and become effective.

Metso's Lokotrack® EC range

On May 16, 2024, Metso launched the first diesel-electric Lokotrack EC range units. Metso's Lokotrack® EC range brings a new diesel-electric power line to the aggregates market. All the process functions of the range are electric, significantly reducing the use of hydraulic oil needed in crushing operations. All Lokotrack EC range units can be powered with external electricity.

Aggregates technology center investment

On June 3, 2024, Metso announced an estimated EUR 150 million investment in a modern aggregates technology center in Tampere, Finland. Metso plans to gradually move its current operations in Tampere to this new Lokomotion technology center.

Short-term business risks and market uncertainties

The uncertainty in the global markets may affect Metso's market environment. While easing of the prevailing tight monetary policy by central banks has started, as inflation has moderated, macroeconomic risks continue to pose uncertainty for global economic growth, causing challenges both for Metso's customers and suppliers. High financing costs risk continue having a negative impact on customers' capex decision-making. There are also other market and customer-related risks that could cause on-going projects to be postponed, delayed, discontinued or terminated.

Continued geopolitical uncertainties may impact global supply chains and may affect Metso's ability to deliver on time and/or on budget. The financial position of suppliers may be at risk, due to working capital requirements and increased funding costs, which could also lead to challenges with on-time deliveries. If suppliers are unable to deliver and the company is unable to find alternative sources in the time required, it may lead to contractual penalties and/or obligations.

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.

Even though currency exposure of firm delivery and purchase agreements is hedged, exchange rate fluctuations may impact the company's financial position.

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

In discontinued operations, the company has a risk related to the UK waste-to-energy projects from 2015, where, in addition to delayed delivery and non-performance claims, the customer is claiming fraudulent misrepresentation and deliberate breach in its claims and lawsuits. Metso has assessed that it can protect itself against these claims and lawsuits. Even though provisions have been made against these risks, the possibility of additional liabilities materializing cannot be excluded.

Disputes related to delivery execution and resulting in extra costs and/or penalties are a risk for Metso. In contracts related to the delivery of major projects, the liquidated damages attributable to, for instance, delayed delivery or non-performance may be significant. Even though provisions are provided for in accordance with accounting principles, the possibility of additional liabilities materializing cannot be excluded.

Metso is involved in some disputes that may lead to or are in litigation and arbitration. Differing interpretations of international contracts and laws may cause uncertainties in estimating the outcome of these disputes. The enforceability of contracts in certain market areas may be challenging or difficult to foresee.

Market outlook

Metso expects that the market activity in both Minerals and Aggregates will remain at the current level.

In its previously published outlook, Metso expected the market activity in both Minerals and Aggregates to remain at the current level.

According to the company's disclosure policy, Metso's market outlook describes the expected sequential development of market activity, adjusting for seasonality, during the following six-month period using three categories: improve, remain at the current level, or decline.

Helsinki, July 24, 2024

Metso Corporation's Board of Directors

Metso Half-Year Report January 1–June 30, 2024: Tables

Consolidated statement of income, IFRS

Figures comprise continuing operations; figures for the 2023 comparison period have been restated accordingly.

EUR million	**4–6/2024**	4–6/2023	**1–6/2024**	1–6/2023	1–12/2023
Sales	1,214	1,396	2,431	2,729	5,390
Cost of sales	-791	-939	-1,591	-1,856	-3,687
Gross profit	423	457	840	873	1,703
Selling and marketing expenses	-113	-117	-217	-225	-438
Administrative expenses	-80	-102	-174	-193	-372
Research and development expenses	-24	-18	-48	-33	-66
Other operating income and expenses, net	-10	1	-18	-7	-25
Share of results of associated companies	0	0	0	0	0
Operating profit	195	222	383	416	805
Finance income	5	5	11	8	17
Foreign exchange gains/losses	0	-1	3	8	4
Finance expenses	-21	-23	-52	-47	-101
Finance income and expenses, net	-16	-20	-38	-32	-80
Profit before taxes	180	202	345	384	724
Income taxes	-45	-52	-86	-96	-187
Profit for the period from continuing operations	134	151	259	288	537
Profit from discontinued operations	-5	1	-9	-2	8
Profit for the period	129	152	250	286	546
Profit attributable to					
Shareholders of the Parent company	128	148	249	283	543
Non-controlling interests	1	5	1	4	2
Profit from continuing operations attributable to					
Shareholders of the Parent company	134	146	258	284	535
Non-controlling interests	1	5	1	4	2
Profit from discontinued operations attributable to					
Parent company shareholders	-5	1	-9	-2	8
Non-controlling interest	0	0	0	0	0
Earnings per share, EUR	0.16	0.18	0.30	0.34	0.66
Earnings per share, diluted, EUR	0.16	0.18	0.30	0.34	0.66
Earnings per share, continuing operations, EUR	0.16	0.18	0.31	0.34	0.65
Earnings per share, discontinued operations, EUR	0.00	0.00	-0.01	0.00	0.01

More information under "Key figures, IFRS".

Metso has classified two of its businesses as discontinued operations starting from September 30, 2023. Consequently, the figures related to the consolidated statement of income are presented separately from the continuing operations, and figures for the 2023 comparison period have been restated accordingly. More information is disclosed under Note 10. Discontinued operations.

Consolidated statement of comprehensive income, IFRS

Figures comprise continuing operations; figures for the 2023 comparison period have been restated accordingly.

EUR million	**4–6/2024**	4–6/2023	**1–6/2024**	1–6/2023	1–12/2023
Profit for the period	129	152	250	286	546
Other comprehensive income					
Cash flow hedges, net of tax	0	-3	3	-2	-2
Currency translation on subsidiary net investment	-8	-5	-13	-17	-27
Items that may be reclassified to profit or loss in subsequent periods	-8	-8	-10	-19	-29
Defined benefit plan actuarial gains and losses, net of tax	–	0	–	0	-4
Items that will not be reclassified to profit or loss	–	0	–	0	-4
Other comprehensive income	-8	-8	-10	-19	-33
Total comprehensive income	121	144	240	268	513
Total comprehensive income attributable to					
Parent company shareholders	120	139	239	264	510
Non-controlling interest	1	5	1	4	2
Total comprehensive income attributable to, continuing operations					
Parent company shareholders	125	138	248	266	502
Non-controlling interest	1	5	1	4	2
Total comprehensive income attributable to, discontinued operations					
Parent company shareholders	-5	1	-9	-2	8
Non-controlling interest	0	0	0	0	0

Consolidated balance sheet – Assets, IFRS

EUR million	**Jun 30, 2024**	Jun 30, 2023	Dec 31, 2023
Non-current assets			
Goodwill and intangible assets			
Goodwill	1,095	1,126	1,097
Other intangible assets	778	821	790
Total goodwill and intangible assets	1,873	1,947	1,886
Property, plant and equipment			
Land and water areas	39	40	39
Buildings and structures	138	113	131
Machinery and equipment	215	191	211
Assets under construction	120	91	91
Total property, plant and equipment	511	435	472
Right-of-use assets	109	114	114
Other non-current assets			
Investments in associated companies	3	6	3
Non-current financial assets	2	2	2
Derivative financial instruments	4	2	10
Deferred tax assets	224	256	234
Other non-current receivables	21	21	22
Total other non-current assets	254	288	271
Total non-current assets	2,748	2,784	2,744
Current assets			
Inventories	1,978	2,008	1,951
Trade receivables	853	859	855
Customer contract assets	195	425	308
Loan receivables	3	8	6
Derivative financial instruments	9	41	36
Income tax receivables	98	130	107
Other current receivables	298	292	273
Liquid funds	348	365	638
Total current assets	3,783	4,129	4,175
Assets held for sale	236	–	238
TOTAL ASSETS	6,766	6,913	7,156

Metso has classified two of its businesses as discontinued operations starting from September 30, 2023. The assets and liabilities held for sale have been transferred to separate lines in the consolidated balance sheet on June 30, 2024, and December 31, 2023. The comparative figures for June 30, 2023, related to the consolidated balance sheet have not been restated. More information is disclosed under Note 10. Discontinued operations.

Consolidated balance sheet – Equity and liabilities, IFRS

EUR million	**Jun 30, 2024**	Jun 30, 2023	Dec 31, 2023
Equity			
Share capital	107	107	107
Share premium fund	20	20	20
Cumulative translation adjustments	-190	-168	-177
Fair value and other reserves	1,136	1,124	1,131
Retained earnings	1,472	1,271	1,527
Equity attributable to shareholders	2,544	2,355	2,608
Non-controlling interests	10	11	10
Total equity	2,554	2,366	2,618
Liabilities			
Non-current liabilities			
Borrowings	1,111	808	1,167
Lease liabilities	81	86	86
Post-employment benefit obligations	89	95	90
Provisions	65	65	63
Derivative financial instruments	19	28	18
Deferred tax liability	185	236	182
Other non-current liabilities	8	2	7
Total non-current liabilities	1,559	1,320	1,614
Current liabilities			
Borrowings	163	288	243
Lease liabilities	32	31	32
Trade payables	602	764	675
Provisions	209	225	235
Advances received	339	319	325
Customer contract liabilities	178	469	322
Derivative financial instruments	19	49	28
Income tax liabilities	142	190	186
Other current liabilities	811	892	711
Total current liabilities	2,495	3,227	2,756
Liabilities held for sale	159	–	169
TOTAL EQUITY AND LIABILITIES	6,766	6,913	7,156

Metso has classified two of its businesses as discontinued operations starting from September 30, 2023. The assets and liabilities held for sale have been transferred to separate lines in the consolidated balance sheet on June 30, 2024, and December 31, 2023. The comparative figures for June 30, 2023, related to the consolidated balance sheet have not been restated. More information is disclosed under Note 10. Discontinued operations.

Consolidated statement of changes in shareholders' equity, IFRS

EUR million	Share capital	Share premium fund	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
Jan 1, 2024	107	20	-177	1,131	1,527	2,608	10	2,618
Profit for the period	–	–	–	–	249	249	1	250
Other comprehensive income								
Cash flow hedges, net of tax	–	–	–	3	–	3	–	3
Currency translation on subsidiary net investments	–	–	-13	–	–	-13	–	-13
Total comprehensive income	–	–	-13	3	249	239	1	240
Dividends	–	–	–	–	-298	-298	0	-298
Share-based payments, net of tax	–	–	–	2	-8	-6	–	-6
Other items	–	–	–	–	0	0	0	0
Changes in non-controlling interests	–	–	–	–	1	1	-1	–
Jun 30, 2024	107	20	-190	1,136	1,472	2,544	10	2,554

EUR million	Share capital	Share premium fund	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
Jan 1, 2023	107	20	-150	1,122	1,243	2,342	7	2,350
Profit for the period	–	–	–	–	283	283	4	286
Other comprehensive income								
Cash flow hedges, net of tax	–	–	–	-2	–	-2	–	-2
Currency translation on subsidiary net investments	–	–	-17	–	–	-17	–	-17
Defined benefit plan actuarial gains (+) / losses (-), net of tax	–	–	–	–	0	0	–	0
Total comprehensive income	–	–	-17	-2	283	264	4	268
Dividends	–	–	–	–	-248	-248	–	-248
Share-based payments, net of tax	–	–	–	3	-7	-3	–	-3
Other items	–	–	–	–	0	0	0	-1
Jun 30, 2023	107	20	-168	1,124	1,271	2,355	11	2,366

Condensed consolidated statement of cash flow, IFRS

EUR million	**4–6/2024**	4–6/2023	**1–6/2024**	1–6/2023	1–12/2023
Operating activities					
Profit for the period	129	152	250	286	546
Adjustments:					
Depreciation and amortization	40	39	82	78	158
Financial expenses, net	16	20	38	32	80
Income taxes	48	53	91	99	199
Other items	21	15	15	22	15
Change in net working capital	-102	-217	-166	-344	-449
Net cash flow from operating activities before financial items and taxes	152	62	309	173	550
Financial income and expenses paid, net	-42	-13	-46	-5	-17
Income taxes paid	-61	-51	-118	-110	-231
Net cash flow from operating activities	49	-2	145	58	302
Investing activities					
Capital expenditures on non-current assets	-67	-40	-101	-72	-170
Proceeds from sale of non-current assets	3	2	7	7	16
Business acquisitions, net of cash acquired	–	–	–	–	-28
Cash received from liquidation of associated companies	–	–	–	–	4
Change in loan receivables, net	0	-2	0	-3	0
Net cash flow from investing activities	-64	-41	-93	-67	-178
Financing activities					
Dividends paid	-149	-124	-149	-124	-248
Proceeds from and repayments of non-current debt, net	-197	–	-197	0	347
Proceeds from and repayments of current debt, net	39	9	25	-81	-139
Repayment of lease liabilities	-10	-9	-19	-18	-37
Net cash flow from financing activities	-317	-123	-340	-222	-76
Net change in liquid funds	-332	-165	-289	-232	47
Effect from changes in exchange rates	0	0	-1	-4	-10
Liquid funds at beginning of period	680	531	638	601	601
Liquid funds at end of period	348	365	348	365	638

Key figures, IFRS

EUR million	**Jun 30, 2024**	Jun 30, 2023	Dec 31, 2023
Profit for the period from continuing operations	259	288	537
Earnings per share from continuing operations, EUR	0.31	0.34	0.65
Profit for the period from discontinued operations	-9	-2	8
Earnings per share from discontinued operations, EUR	-0.01	0.00	0.01
Profit for the period	250	286	546
Earnings per share, EUR	0.30	0.34	0.66
Equity/share at end of period, EUR	3.08	2.85	3.16
Total number of shares at end of period (thousands)	828,972	828,972	828,972
Own shares held by Parent Company (thousands)	1,660	2,644	2,644
Number of outstanding shares at end of period (thousands)	827,312	826,328	826,328
Average number of outstanding shares (thousands)	826,880	826,103	826,216

EUR million	**Jun 30, 2024**	Jun 30, 2023	Dec 31, 2023
Net debt	1,036	840	884
Gearing, %	40.6%	35.5%	33.8%
Equity-to-asset ratio, %	40.9%	38.6%	40.2%
Debt to capital, %	33.3%	31.7%	35.0%
Debt to equity, %	49.9%	46.3%	53.9%
Net working capital (NWC)	1,184	874	990
Net debt and gearing			
Borrowings	1,274	1,096	1,410
Lease liabilities	113	117	118
Gross debt	1,388	1,214	1,528
Loan receivables	3	8	6
Liquid funds	348	365	638
Net debt	1,036	840	884
Gearing, %	40.6%	35.5%	33.8%

Formulas for key figures

Earnings before financial expenses, net, taxes, and amortization, adjusted (adjusted EBITA)	=	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	=	$\frac{\text{Equity attributable to shareholders}}{\text{Number of outstanding shares at the end of the period}}$	
Gearing, %	=	$\frac{\text{Net interest-bearing liabilities}}{\text{Total equity}}$	x 100
Debt to capital, %	=	$\frac{\text{Interest-bearing liabilities - lease liabilities}}{\text{Total equity + interest-bearing liabilities - lease liabilities}}$	x 100
Debt to equity, %	=	$\frac{\text{Interest-bearing liabilities - lease liabilities}}{\text{Total equity}}$	x 100
Equity-to-asset ratio, %		$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}}$	x 100
Interest-bearing liabilities (Gross debt)	=	Interest-bearing liabilities, non-current and current + lease liabilities, non-current and current	
Net interest-bearing liabilities (Net debt)	=	Interest-bearing liabilities - non-current financial assets - loan and other interest-bearing receivables (current and non-current) - liquid funds	
Net working capital (NWC)	=	Inventories + trade receivables + other non-interest-bearing receivables + customer contract assets and liabilities, net - trade payables - advances received - other non-interest-bearing liabilities	

Alternative performance measures

Metso presents certain key figures (alternative performance measures) as additional information to the financial measures presented in the consolidated statements of comprehensive income and the consolidated balance sheet and cash flows prepared in accordance with IFRS. In Metso's view, alternative performance measures provide meaningful supplemental information on its operational results, financial position and cash flows and are widely used by analysts, investors and other parties.

To improve the comparability between periods, Metso presents adjusted EBITA, being earnings before interest, tax, and amortization, adjusted by capacity adjustment costs, acquisition costs, gains and losses on business disposals, as well as Metso transaction and integration costs. Their nature and net effect on cost of goods sold, selling, general and administrative expenses, as well as other income and expenses are presented in the segment information. Net debt, gearing, equity-to-asset ratio, debt-to-capital ratio, and debt-to-equity ratio are presented as complementing measures because, in Metso's view, they are useful measures of Metso's ability to obtain financing and to service its debts. Net working capital provides additional information concerning the cash flow needs of Metso's operations.

Alternative performance measures should not be viewed in isolation or as a substitute to the IFRS financial measures. All companies do not calculate alternative performance measures in a uniform manner, and therefore Metso's alternative performance measures may not be comparable with similarly named measures presented by other companies.

Notes to the Half-Year Report

Contents

1. Basis of preparation

This Half-Year Report has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’, applying the accounting policies of Metso, which are consistent with the accounting policies of Metso Financial Statements 2023. New accounting standards have been adopted, as described in Note 2. This Half-Year Report is unaudited.

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

On March 29, 2023, Metso announced its decision to initiate the divestment of the Metals & Chemical Processing and Ferrous & Heat Transfer businesses. Starting from September 30, 2023, these businesses have been classified as discontinued operations. Consequently, both the 2024 figures as well as the comparative figures for 2023 related to the consolidated statement of income are presented separately from continuing operations. The assets and liabilities held for sale have been transferred to separate lines in the consolidated balance sheet. The comparative figures for June 30, 2023, and March 31, 2023, related to the consolidated balance sheet have not been restated. More information is disclosed under Note 10. Discontinued operations.

In 2022, the balance sheet classification of the Waste-to-energy business was changed, and the assets and liabilities directly attributable to it have been classified as part of continuing operations. Due to the change in classification, depreciation of fixed assets and right-of-use assets continues, and the cumulative effect of depreciation has been recorded in the balance sheet of continuing operations through the income statement. All the income statement items related to the Waste-to-energy business continue to be adjusted to show the discontinued operations separately from continuing operations.

Reporting segments

Metso Group is a global supplier of sustainable technologies, end-to-end solutions, and services for the minerals processing and aggregates industries. Metso has a broad offering in terms of equipment, solutions and various types of aftermarket services. Reportable segments of Metso are based on end-customer groups, which are differentiated both by offering and business model.

On September 30, 2023, Metso updated its segment reporting by moving its two businesses currently under divestment (Metals & Chemical Processing and Ferrous & Heat Transfer), both of which have been reported under the Metals segment, into discontinued operations, and transferring the Smelting business to the Minerals segment. As a result, and in line with the Group’s strategy, Metso’s segment reporting consists of two segments: Aggregates and Minerals. Metso’s restated segment information based on the new reporting structure for the financial year 2022 and for January–June 2023 was published on October 2, 2023.

The segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, Metso’s chief operating decision-maker with responsibility for allocating resources and assessing the performance of the segments, deciding on strategy, selecting key employees, as well as deciding on major development projects, business acquisitions, investments, organizational structure, and financing. The accounting principles applied to the segment reporting are the same as those used in preparing the consolidated financial statements.

Aggregates offers a wide range of equipment, aftermarket parts, and services for quarries, aggregates contractors and construction companies. Minerals supplies a wide portfolio of process solutions, equipment, and aftermarket services, as well as plant delivery capability for minerals operations. The Group Head Office and other is comprised of the Parent Company with centralized Group functions, such as treasury, tax, legal and compliance, as well as global business service center and holding companies.

Segment performance is measured 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), and adjusted net working capital. Alternative performance measures, however, should not be considered as a substitute for measures of performance in accordance with the IFRS.

2. New accounting standards

Metso has applied the IFRS revisions that have been effective since January 1, 2024. These amendments have not had a material impact on the reported figures.

3. Disaggregation of sales

SALES BY SEGMENT

EUR million	4–6/2024	4–6/2023	1–6/2024	1–6/2023	1–12/2023
Aggregates	331	386	634	749	1,346
Minerals	883	1,010	1,797	1,980	4,044
Sales, continuing operations	**1,214**	**1,396**	**2,431**	**2,729**	**5,390**

SALES BY SEGMENT

EUR million	4–6/2024	4–6/2023	1–6/2024	1–6/2023	1–12/2023
Sales of services	**690**	**734**	**1,417**	**1,423**	**2,891**
Aggregates	109	109	217	224	434
Minerals	582	624	1,200	1,199	2,458
Sales of projects, equipment and goods	**524**	**662**	**1,013**	**1,307**	**2,499**
Aggregates	223	276	417	526	913
Minerals	301	386	596	781	1,586
Sales, continuing operations	**1,214**	**1,396**	**2,431**	**2,729**	**5,390**

EXTERNAL SALES BY TIMING OF REVENUE RECOGNITION

EUR million	4–6/2024	4–6/2023	1–6/2024	1–6/2023	1–12/2023
At a point in time	1,047	1,145	1,993	2,188	4,306
Over time	167	251	438	541	1,084
Sales, continuing operations	**1,214**	**1,396**	**2,431**	**2,729**	**5,390**

EXTERNAL SALES BY DESTINATION

EUR million	4–6/2024	4–6/2023	1–6/2024	1–6/2023	1–12/2023
Europe	237	270	460	550	1,061
North and Central America	277	362	560	711	1,260
South America	261	287	541	556	1,142
APAC	242	279	489	547	1,086
Africa, Middle East and India	198	199	381	366	840
Sales, continuing operations	**1,214**	**1,396**	**2,431**	**2,729**	**5,390**

4. Financial risk management

As a global company, Metso is exposed to a variety of business and financial risks. Financial risks are managed centrally by Group Treasury under annually reviewed written policies approved by the Board of Directors. Treasury operations are monitored by the Treasury Management Team chaired by the CFO. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the operating units. Group Treasury functions as a counterparty to the operating units, centrally manages external funding, and is responsible for the management of financial assets and appropriate hedging measures. The objective of financial risk management is to minimize potential adverse effects on Metso's financial performance.

Liquidity and refinancing risk, capital structure management

Liquidity or refinancing risk arises when a company is not able to arrange funding on terms and conditions corresponding to its creditworthiness. Sufficient cash, short-term investments, and committed and uncommitted credit facilities are maintained to protect short-term liquidity. Diversification of funding among different markets and an adequate number of financial institutions is used to safeguard liquidity. Group Treasury monitors bank account structures, cash balances and forecasts of the operating units, and manages the utilization of the consolidated cash resources.

The Group's liquidity position remained strong. As of June 30, 2024, liquid funds, consisting of cash and cash equivalents, amounted to EUR 348 million (EUR 638 million on December 31, 2023), following the payment of the first dividend installment of EUR 149 million in May and repayment of EUR 197 million of a public bond in June. There were no deposits or securities with a maturity of more than three months (EUR 0 million on December 31, 2023).

The Group has a committed syndicated revolving credit facility of EUR 600 million with a maturity in 2026. The facility includes sustainability performance targets impacting the cost of borrowing. At the end of the quarter, the facility was undrawn. The company also has a EUR 600 million Finnish commercial paper program, under which EUR 90 million was issued at the end of June.

Metso has a Euro Medium Term Note Program (EMTN) of EUR 2 billion, under which EUR 879 million at carrying value was outstanding at the end of June (Dec 31, 2023: EUR 1,081 million).

The average interest rate of total loans and derivatives was 4.3% on June 30, 2024. The duration of total interest-bearing debt was 1.8 years and the average maturity 3.8 years.

Capital structure management in Metso comprises both equity and interest-bearing debt. As of June 30, 2024, the equity attributable to shareholders was EUR 2,544 million (EUR 2,608 million on December 31, 2023), and the amount of interest-bearing debt, excluding lease liabilities, was EUR 1,274 million (EUR 1,410 million on December 31, 2023).

One of Metso's key financial targets is to maintain an investment-grade credit rating. Metso has a ‘BBB’ long-term issuer credit rating with stable outlook from S&P Global Ratings and a ‘Baa2’ long-term issuer rating with stable outlook from Moody’s Investor Service.

There are no prepayment covenants in Metso’s financial contracts that would be triggered by changes in the credit rating. Covenants included in some financing agreements would only become valid if Metso's credit rating was below investment-grade, and the covenants would be related to Metso’s capital structure. Metso is in compliance with all covenants and other terms of its debt instruments.

5. Fair value estimation

For those financial assets and liabilities that have been recognized at fair value in the balance sheet, the following measurement hierarchy and valuation methods have been applied:

Level 1 Unadjusted quoted prices in active markets at the balance sheet date. 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 fund investments classified as 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. There were no such instruments on June 30, 2024, or on December 31, 2023.

The next table presents financial assets and liabilities that are measured at fair value. There have been no transfers between fair value levels during the presented period.

	Jun 30, 2024		
EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Derivatives not under hedge accounting	–	6	–
Financial assets at fair value through other comprehensive income			
Derivatives under hedge accounting	–	8	–
Total	–	14	–
Liabilities			
Financial liabilities at fair value through profit and loss			
Derivatives not under hedge accounting	–	13	–
Financial liabilities at fair value through other comprehensive income			
Derivatives under hedge accounting	–	25	–
Total	–	38	–

	Dec 31, 2023		
EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Derivatives not under hedge accounting	–	33	–
Financial assets at fair value through other comprehensive income			
Derivatives under hedge accounting	–	12	–
Total	–	46	–
Liabilities			
Financial liabilities at fair value through profit and loss			
Derivatives not under hedge accounting	–	36	–
Financial liabilities at fair value through other comprehensive income			
Derivatives under hedge accounting	–	9	–
Total	–	45	–

The carrying value of financial assets and liabilities other 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	**Jun 30, 2024**	Jun 30, 2023	Dec 31, 2023
Forward exchange rate contracts	3,029	3,690	3,269
Interest-rate swaps	505	425	605

7. Contingent liabilities and commitments

EUR million	**Jun 30, 2024**	Jun 30, 2023	Dec 31, 2023
Guarantees			
External guarantees given by Parent and Group companies	1,457	1,614	1,608
Other commitments			
Other contingencies	0	1	0
Total	1,457	1,614	1,608

8. Acquisitions

Acquisitions 2024

There have been no business acquisitions in 2024.

Acquisitions 2023

Metso acquired a 100% share of Ab A. Häggblom Oy, a Finnish engineering and manufacturing company, on August 1, 2023. The acquisition broadens Metso's offering in mining truck bodies and buckets and strengthens its position in the aftermarket. The acquired business was consolidated into the Minerals segment. Häggblom's sales in 2022 were approximately EUR 25 million. The company employs about 100 people.

Metso acquired a 100% share of Brouwer Engineering Ltd on August 1, 2023. Brouwer is an Australian company specialized in automation, control systems, and electrical solutions for bulk material handling solutions. The acquired business was consolidated into the Minerals segment. Brouwer's sales in the financial year that ended in June 2023 were approximately EUR 8 million. The company employs about 30 people.

Metso acquired a 100% share of Tedd Engineering Ltd on November 1, 2023. Tedd Engineering employs approximately 70 people and is based in Chesterfield, UK. The company is specialized in automation, control systems, and electrical solutions for mobile equipment and aftermarket, primarily focusing on the aggregates business. The acquired business was consolidated into the Aggregates segment. The company's sales in the financial year that ended in June 2023 were approximately EUR 17 million.

9. Business disposals

There have been no business disposals during 2024, and no business disposals took place in 2023.

10. Discontinued operations

On March 29, 2023, Metso announced its decision to initiate the divestment of the Metals & Chemical Processing and the Ferrous & Heat Transfer businesses. These businesses have been reported under the Metals segment. Starting from September 30, 2023, these businesses have been classified as discontinued operations, including the transfer of assets and liabilities held for sale on separate lines in the consolidated balance sheet. The comparative figures in the consolidated balance sheet on March 31, 2023, and on June 30, 2023, have not been restated. The figures in the consolidated statement of income have been adjusted to show the discontinued operations separately from continuing operations. In addition to the previously mentioned businesses, the result of discontinued operations includes the income statement items related to the Waste-to-energy business, which was already classified as a discontinued operation.

The result from discontinued operations was EUR -9 million for January 1–June 30, 2024 (EUR -2 million for January 1–June 30, 2023). Assets held for sale totaled EUR 236 million and liabilities EUR 159 million on June 30, 2024.

EUR million	Continuing operations	1–6/2024 Discontinued operations	**Metso total**
Sales	2,431	109	2,540
Cost of sales	-1,591	-85	-1,676
Gross profit	840	24	864
Selling and marketing expenses	-217	-13	-230
Administrative expenses	-174	-5	-179
Research and development expenses	-48	-5	-53
Other operating income and expenses, net	-18	-5	-23
Share of results of associated companies	0	–	0
Operating profit	383	-4	379
Finance income and expenses, net	-38	–	-38
Profit before taxes	345	-4	341
Income taxes	-86	-5	-91
Profit for the period	259	-9	250
Profit attributable to			
Shareholders of the Parent Company	258	-9	249
Non-controlling interests	1	0	1
Earnings per share, EUR	0.31	-0.01	0.30

EUR million	Continuing operations	Jun 30, 2024 Discontinued operations	**Metso total**
Non-current assets	2,748	99	2,847
Inventories	1,978	26	2,005
Trade and other receivables	1,456	110	1,566
Liquid funds	348	–	348
Assets total	6,530	236	6,766
Non-current liabilities	1,559	41	1,600
Short-term liabilities	2,495	118	2,612
Liabilities total	4,053	159	4,212

EUR million	1–6/2023 Continuing operations	 Discontinued operations	 **Metso total**
Sales	2,729	176	2,906
Cost of sales	-1,856	-153	-2,010
Gross profit	873	23	896
Selling and marketing expenses	-225	-9	-234
Administrative expenses	-193	-7	-200
Research and development expenses	-33	-6	-39
Other operating income and expenses, net	-7	1	-6
Share of results of associated companies	0	–	0
Operating profit	416	1	417
Finance income and expenses, net	-32	–	-32
Profit before taxes	384	1	385
Income taxes	-96	-3	-99
Profit for the period	288	-2	286
Profit attributable to			
Shareholders of the Parent Company	284	-2	283
Non-controlling interests	4	0	4
Earnings per share, EUR	0.34	0.00	0.34

11. Segment information, IFRS

Figures comprise continuing operations; figures for the 2023 comparison period have been restated accordingly.

ORDERS RECEIVED

EUR million	4–6/2024	4–6/2023	1–6/2024	1–6/2023	1–12/2023
Aggregates	314	330	679	709	1,274
Minerals	847	1,014	1,844	2,121	3,978
Metso total, continuing operations	1,162	1,344	2,523	2,829	5,252

ORDERS RECEIVED BY SERVICES BUSINESS

EUR million	4–6/2024	4–6/2023	1–6/2024	1–6/2023	1–12/2023
Aggregates	105	109	225	227	442
% of orders received	33.5	32.9	33.1	32.1	34.7
Minerals	595	633	1,291	1,369	2,513
% of orders received	70.3	62.5	70.0	64.6	63.2
Metso total, continuing operations	701	742	1,516	1,597	2,955
% of orders received	60.3	55.2	60.1	56.4	56.3

SALES

EUR million	4–6/2024	4–6/2023	1–6/2024	1–6/2023	1–12/2023
Aggregates	331	386	634	749	1,346
Minerals	883	1,010	1,797	1,980	4,044
Metso total, continuing operations	1,214	1,396	2,431	2,729	5,390

SALES BY SERVICES BUSINESS

EUR million	4–6/2024	4–6/2023	1–6/2024	1–6/2023	1–12/2023
Aggregates	109	109	217	224	434
% of sales	32.8	28.4	34.2	29.9	32.2
Minerals	582	624	1,200	1,199	2,458
% of sales	65.9	61.8	66.8	60.6	60.8
Metso total, continuing operations	690	734	1,417	1,423	2,891
% of sales	56.8	52.6	58.3	52.1	53.6

ADJUSTED EBITA AND OPERATING PROFIT

EUR million, %	4–6/2024	4–6/2023	1–6/2024	1–6/2023	1–12/2023
Aggregates					
Adjusted EBITA	55	66	106	131	232
% of sales	16.6	17.0	16.8	17.5	17.2
Amortization of intangible assets	-3	-4	-7	-7	-15
Adjustment items	0	0	-1	-1	-4
Operating profit	51	62	99	124	214
% of sales	15.5	16.0	15.5	16.5	15.9
Minerals					
Adjusted EBITA	152	184	312	354	707
% of sales	17.3	18.2	17.4	17.9	17.5
Amortization of intangible assets	-11	-12	-24	-23	-48
Adjustment items	-8	-4	-14	-7	-32
Operating profit	133	168	274	324	627
% of sales	15.1	16.6	15.2	16.3	15.5
Group Head Office and other					
Adjusted EBITA	-3	-11	-14	-36	-52
Amortization of intangible assets	-1	0	-1	-1	-2
Adjustment items	14	4	25	5	17
Operating profit	11	-8	11	-32	-36
Metso total, continuing operations					
Adjusted EBITA	205	238	405	449	887
% of sales	16.9	17.1	16.7	16.5	16.5
Amortization of intangible assets	-15	-16	-33	-31	-65
Adjustment items	6	0	10	-2	-18
Operating profit	195	222	383	416	805
% of sales	16.1	15.9	15.8	15.2	14.9

ADJUSTMENT ITEMS BY CATEGORY

EUR million	4–6/2024	4–6/2023	1–6/2024	1–6/2023	1–12/2023
Capacity adjustment costs	-7	-2	-11	-4	-27
Acquisition costs	0	–	–	–	-2
Profits on disposals, net	0	2	–	2	1
Wind-down of Russian business	13	–	22	–	9
Adjustment items, total	6	0	10	-2	-18

Quarterly segment information, IFRS

ORDERS RECEIVED

EUR million	**4–6/2024**	1–3/2024	10–12/2023	7–9/2023	4–6/2023
Aggregates	314	365	297	269	330
Minerals	847	997	935	922	1,014
Metso total, continuing operations	1,162	1,361	1,232	1,191	1,344

SALES

EUR million	**4–6/2024**	1–3/2024	10–12/2023	7–9/2023	4–6/2023
Aggregates	331	303	289	308	386
Minerals	883	914	1,052	1,011	1,010
Metso total, continuing operations	1,214	1,217	1,342	1,319	1,396

Adjusted EBITA

EUR million	**4–6/2024**	1–3/2024	10–12/2023	7–9/2023	4–6/2023
Aggregates	55	52	47	53	66
Minerals	152	160	179	174	184
Group Head Office and other	-3	-11	-1	-15	-11
Metso total, continuing operations	205	200	225	213	238

Adjusted EBITA, % OF SALES

%	**4–6/2024**	1–3/2024	10–12/2023	7–9/2023	4–6/2023
Aggregates	16.6	17.0	16.2	17.3	17.0
Minerals	17.3	17.5	17.0	17.2	18.2
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso total, continuing operations	16.9	16.5	16.8	16.1	17.1

AMORTIZATION OF INTANGIBLE ASSETS

EUR million	**4–6/2024**	1–3/2024	10–12/2023	7–9/2023	4–6/2023
Aggregates	-3	-4	-4	-4	-4
Minerals	-11	-13	-13	-12	-12
Group Head Office and other	-1	-1	0	0	0
Metso total, continuing operations	-15	-17	-17	-16	-16

ADJUSTMENT ITEMS

EUR million	4–6/2024	1–3/2024	10–12/2023	7–9/2023	4–6/2023
Aggregates	0	-1	-3	0	0
Minerals	-8	-6	-23	-2	-4
Group Head Office and other	14	11	18	-6	4
Metso total, continuing operations	6	4	-8	-8	0

OPERATING PROFIT

EUR million	4–6/2024	1–3/2024	10–12/2023	7–9/2023	4–6/2023
Aggregates	51	47	41	49	62
Minerals	133	141	143	160	168
Group Head Office and other	11	0	16	-21	-8
Metso total, continuing operations	195	188	200	189	222

OPERATING PROFIT, % OF SALES

%	4–6/2024	1–3/2024	10–12/2023	7–9/2023	4–6/2023
Aggregates	15.5	15.5	14.0	16.1	16.0
Minerals	15.1	15.4	13.6	15.8	16.6
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso total, continuing operations	16.1	15.4	14.9	14.3	15.9

ORDER BACKLOG

EUR million	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
Aggregates	471	499	453	451	486
Minerals	2,620	2,499	2,498	2,728	2,825
Metso total, continuing operations	3,091	2,998	2,951	3,179	3,311
Discontinued operations	241	251	287	452	518
Metso total	3,333	3,249	3,238	3,632	3,829

12. Exchange rates

Currency		4–6/2024	4–6/2023	1–12/2023	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
USD	(US dollar)	1.0828	1.0789	1.0816	1.0705	1.0866	1.1050
SEK	(Swedish krona)	11.3768	11.3733	11.4563	11.3595	11.8055	11.0960
GBP	(Pound sterling)	0.8557	0.8752	0.8702	0.8464	0.8583	0.8691
CAD	(Canadian dollar)	1.4677	1.4591	1.4606	1.4670	1.4415	1.4642
BRL	(Brazilian real)	5.5102	5.4878	5.4128	5.8915	5.2788	5.3618
CNY	(Chinese yuan)	7.8038	7.5156	7.6589	7.7748	7.8983	7.8509
AUD	(Australian dollar)	1.6406	1.6108	1.6297	1.6079	1.6398	1.6263

13. Events after the reporting period

On July 22, 2024, Metso announced, that it has signed an agreement to acquire Jindex Pty Ltd, a privately owned Australian company specializing in valves and process flow control. The company employs 25 people. The acquisition is expected to be closed in August 2024, and it has no material impact on Metso's financials.

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 differ materially 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 2024

Interim Report for January–September 2024 on October 24

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