

January 1 – September 30, 2017

Q3

Interim Review  
2017

# 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.

# Q3/2017 in brief

Healthy market activity and strong order growth

Sales increased, profitability was unsatisfactory

Extraordinary EUR 33.3 million charges related to mining projects in the backlog

New operating model to support profitable growth strategy was announced

# Group quarterly financials

**Orders increased 30% to EUR 817 million**

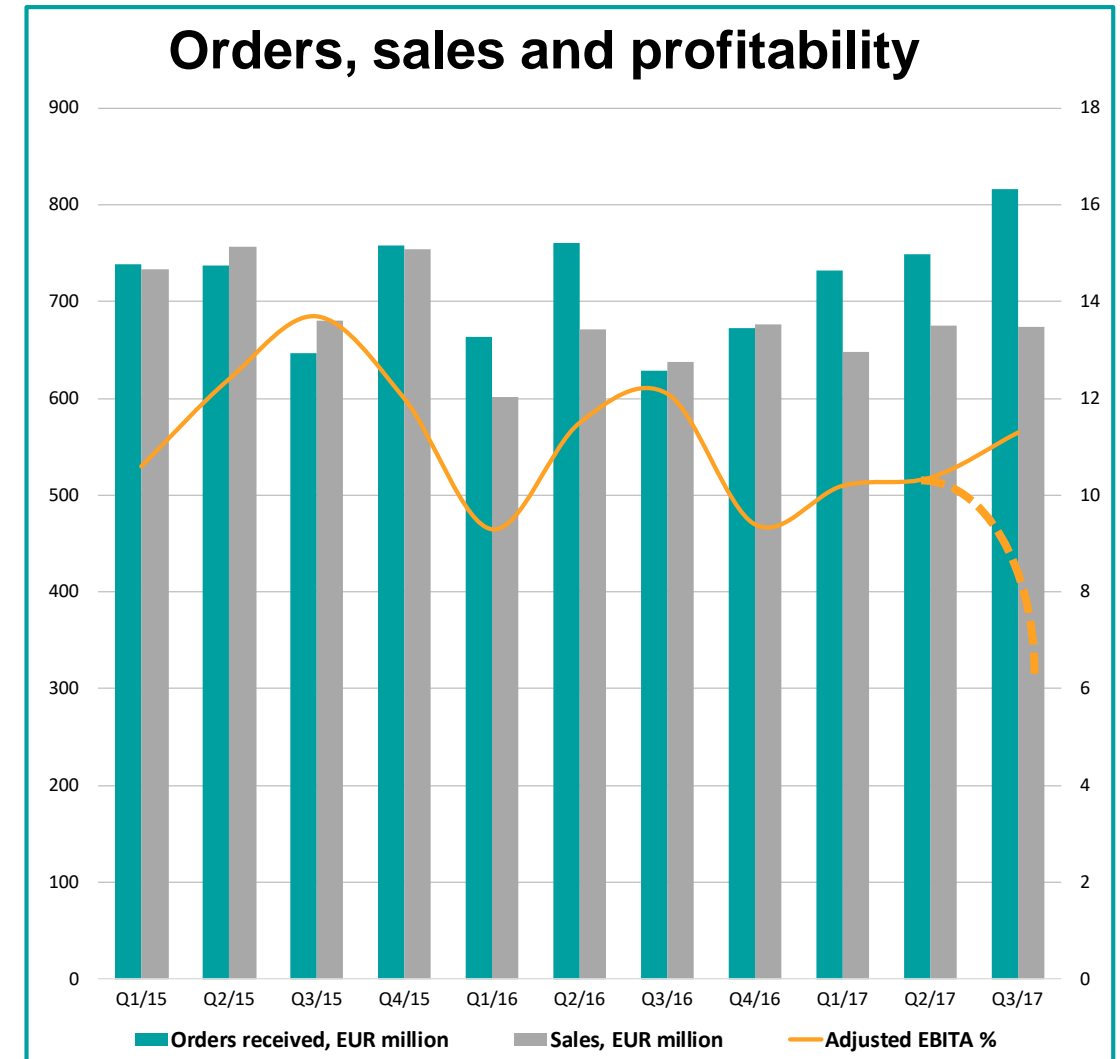
**Sales grew 5% to EUR 673 million**

**Adjusted EBITA was EUR 43.0 million or 6.4%, including EUR 33.3 million charges**

**Adjusted EBITA of the running business was EUR 76.3 million or 11.3%**

**Earnings per share were EUR 0.13 (EUR 0.24)**

**Free cash flow totaled EUR 58 million (EUR 106 million)**



# Minerals quarterly financials

## Orders increased 31%

- Strong mining equipment with one large order
- Double-digit growth also in aggregates equipment
- Services up 15%
- Book-to-bill was 1.25

## Sales grew 9%

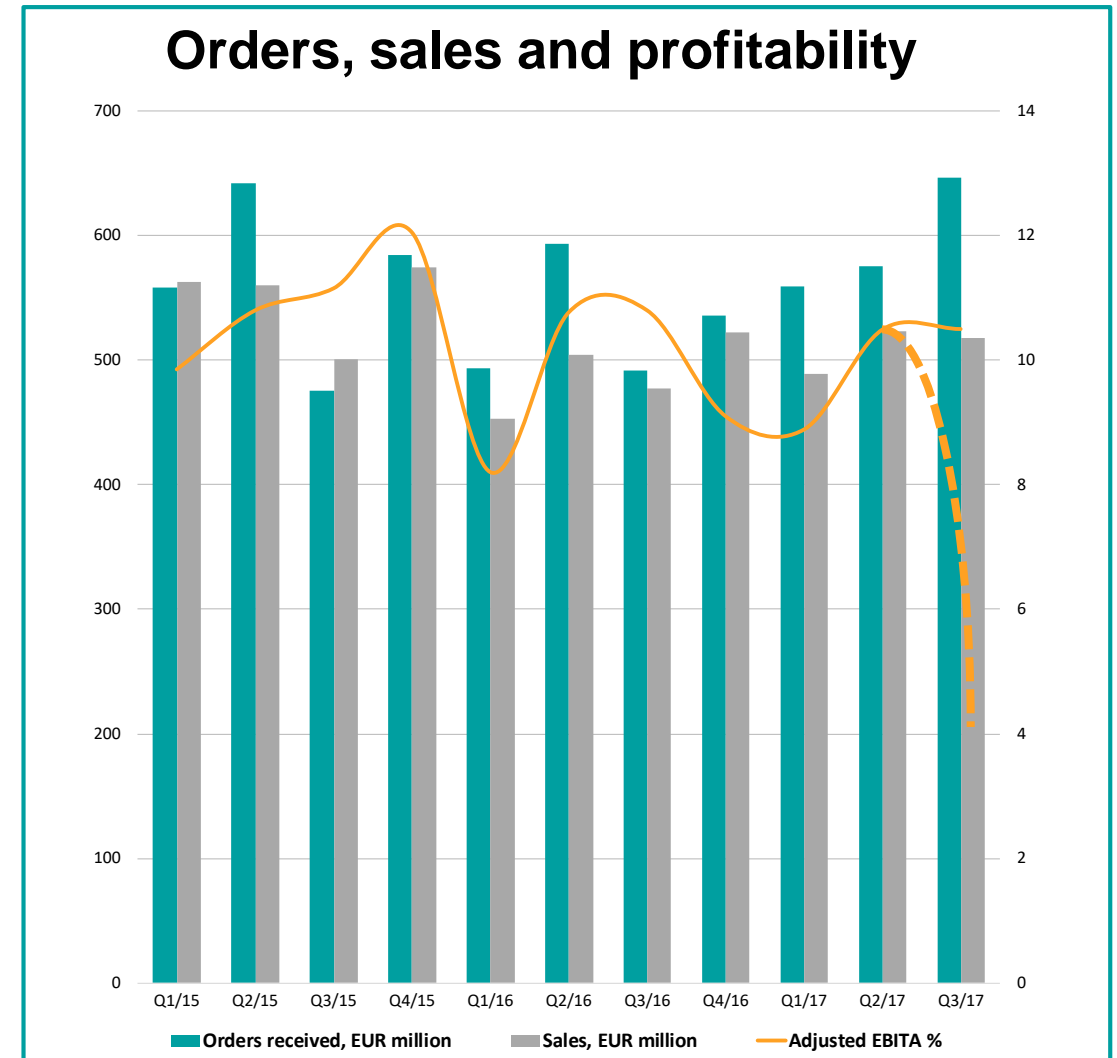
- Equipment up 11%
- Services up 7%

## Adjusted EBITA margin 4.1%

- Including EUR 33.3 million charges related to mining projects in the backlog

## Adjusted EBITA margin for running business 10.5%

- Unfavorable mix and margin pressure in wear parts



# Flow Control quarterly financials

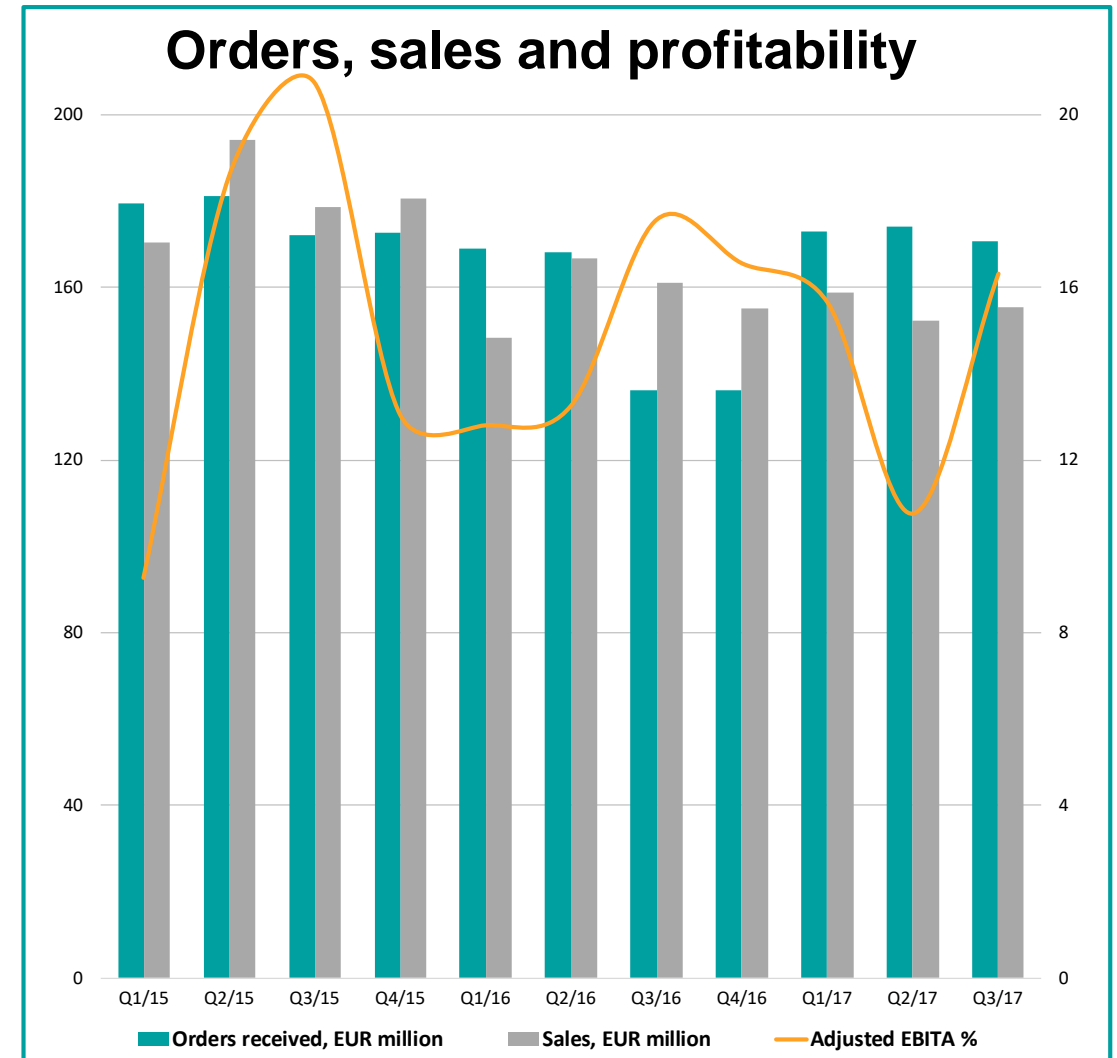
## Orders increased 26%

- Strong double-digit growth for valves and pumps
- Services up 13%
- Book-to-bill was 1.1

## Sales declined 4%

- Good day-to-day and services business
- Lower valve project deliveries

**Solid operational performance with adjusted EBITA margin of 16.3%**



# Income statement

EUR million	Q3/2017	Q3/2016	Change %	Q1-Q3/ 2017	Q1-Q3/ 2016	Change %	Last 12 months
<b>Orders received</b>	817	628	30%	2,298	2,052	12%	2,971
<b>Orders received, services business</b>	486	422	15%	1,462	1,299	13%	1,903
<b>Sales</b>	673	638	5%	1,996	1,910	5%	2,672
<b>Sales, services business</b>	440	413	7%	1,308	1,261	4%	1,750
<b>Adjusted EBITA</b>	43.0	77.2	-44%	179.4	210.2	-15%	243.2
<b>% of sales</b>	6.4	12.1		9.0	11.0		9.1
<b>Operating profit</b>	39.4	62.9	-37%	158.6	182.6	-13%	203.1
<b>% of sales</b>	5.9	9.9		7.9	9.6		7.6
<b>Profit for the period</b>	19	36	-47%	90	105	-14%	114
<b>Earnings per share, EUR</b>	0.13	0.24	-46%	0.60	0.70	-14%	0.77
<b>Return on capital employed before taxes, %, annualized</b>				9.8	11.2		10.6

# Balance sheet

EUR million	Sept 30, 2017	% of total	Sept 30, 2016	% of total	Dec 31, 2016	% of total
Intangible assets	520	16.2%	537	17.2%	538	16.6%
Tangible assets	285	8.9%	310	9.9%	315	9.7%
Financial and other assets	141	4.4%	156	5.0%	157	4.9%
Inventories	736	22.9%	709	22.7%	709	21.9%
Receivables	599	18.7%	607	19.4%	605	18.7%
Current financial assets	276	8.6%	186	6.0%	214	6.6%
Cash and cash equivalents	643	20.0%	620	19.8%	698	21.6%
<b>TOTAL ASSETS</b>	<b>3,200</b>		<b>3,125</b>		<b>3,236</b>	
Total equity	1,341	42.4%	1,394	44.6%	1,439	44.5%
Interest-bearing liabilities	853	26.6%	803	25.7%	794	24.5%
Non-interest-bearing liabilities	1,006	31.4%	928	29.7%	1,003	31.0%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,200</b>		<b>3,125</b>		<b>3,236</b>	



# Cash flow

EUR million	Q3/2017	Q3/2016	Q1-Q3/ 2017	Q1-Q3/ 2016	Last 12 months
Profit	20	36	90	105	115
Adjustments	48	34	138	123	185
Change in net working capital	11	33	-45	37	10
Financial items, paid	-1	-2	-14	-14	-25
Taxes paid	-12	-10	-49	-13	-57
<b>Net cash provided by operating activities</b>	<b>66</b>	<b>91</b>	<b>120</b>	<b>238</b>	<b>228</b>
Capital expenditure on fixed assets	-11	-6	-26	-21	-36
Other	-2	2	-2	2	-4
<b>Net cash from investments</b>	<b>-12</b>	<b>16</b>	<b>-25</b>	<b>3</b>	<b>-38</b>
<b>Free cash flow</b>	<b>58</b>	<b>106</b>	<b>101</b>	<b>242</b>	<b>198</b>

# Financial position



	Sept 30, 2017	Dec 31, 2016
Return on equity (ROE), annualized, %	8.6	9.0
Gearing at the end of the period, %	3.8	-1.8
Cash conversion, %	112	261
Equity-to-assets ratio at the end of the period, %	45.3	48.0
Debt to capital, %	38.9	35.6
Net debt / EBITDA	0.2	-0.1
Interest cover (EBITDA)	7.5	7.4
Cash assets	643	698



Metso MX4

# Market outlook

Remain stable for Minerals equipment and services

Remain stable for Flow Control equipment and services

# New operating model

Targeting profitable growth and enhanced accountability

Lean, agile and customer-focused

Our strategic fundamentals remain unchanged

# Seven dedicated business areas with clear accountabilities

President and CEO Nico Delvaux							
	Mining Equipment	Aggregates Equipment	Minerals Services	Minerals Consumables	Recycling	Pumps	Valves
<b>CFO's Office</b> Eeva Sipilä	Victor Tapia	Markku Simula	Mikko Keto	Sami Takaluoma	Uffe Hansen	John Quinlivan	John Quinlivan
<b>Human Resources</b> Merja Kamppari							
<b>Strategy and Business Development</b> Olli-Pekka Oksanen							
<b>Digital Development</b> Jani Puroranta							

Businesses are built around similar customer, competitive and business dynamics.

More focused and agile organizations

Current reporting segments, Minerals\* and Flow Control\*\*, remain unchanged

\* Minerals segment consisting of Mining, Aggregates, Minerals Services, Minerals Consumables and Recycling

\*\* Flow Control segment consisting of Valves and Pumps .



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