Q3
2016

Interim Review

January 1 – September 30, 2016

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Forward looking statements

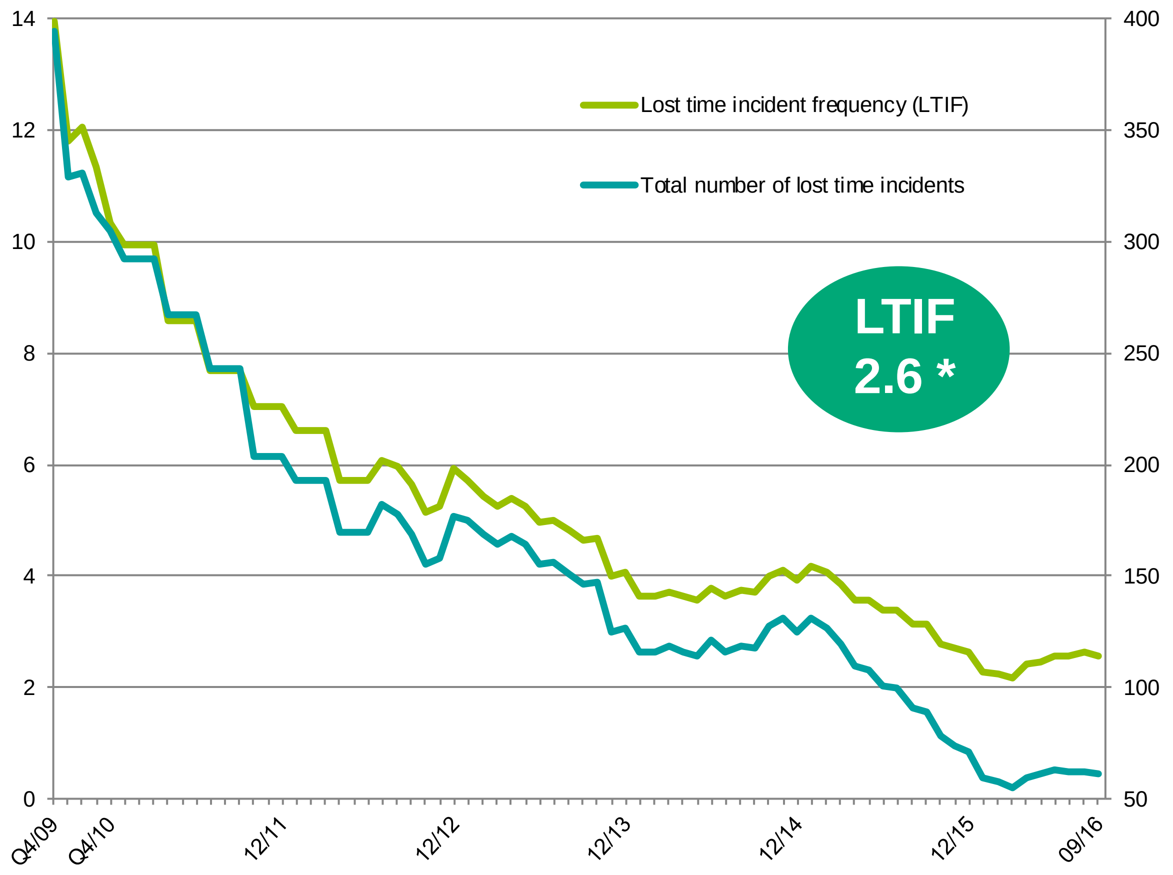
It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for customer industry profitability and investment willingness, expectations for company 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.

Safety is an important driver for success

Continuous focus on safety leads to results



- Safe working environment for all employees
- Improved safety performance supports productivity
- Demand from customers: license to operate
- Actions leading to improvement:
  - Active and visible management support
  - Safety being part of every decision
  - Safety included in incentive plans
  - Continuous development of safety culture
  - High focus on safe working methods
  - Continuous learning

* LTIF September 2016

Third quarter 2016 in brief

- Market environment continued to be challenging
- Minerals equipment orders increased 19%
- Flow Control saw weakening in the oil and gas sector
- Profitability at a healthy level
- Good free cash flow
- Strong balance sheet

Orders received:
EUR 628 million, -3%

Net sales:
EUR 638 million, -6%

Adjusted EBITA margin:
12.1% (13.6%)

Free cash flow:
EUR 106 million (117 million)

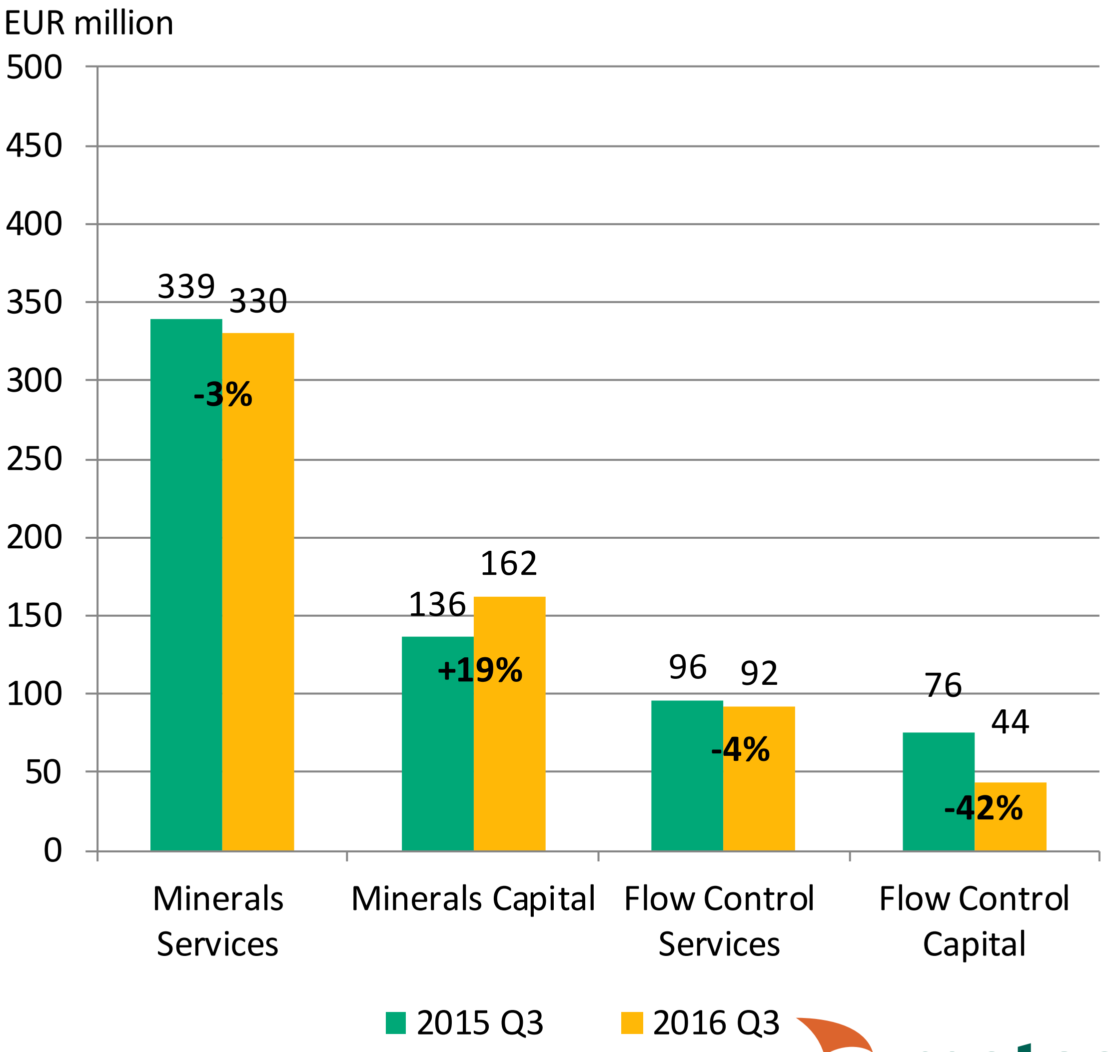
Net gearing:
5.1% (15.0%)

Figures in brackets refer to the corresponding period in 2015, unless otherwise stated.

Markets in Q3/16

- **Mining (orders +5%):**
  - Equipment order increase supported by small and medium sized orders; unchanged demand compared to the previous quarters
  - Book-to-bill for the equipment business has been positive for the last 12 months
  - Services orders -3%, due to a decline in wear parts
- **Aggregates (orders +1%):**
  - Nordic countries, the US, and India have grown
  - South America remains weak
- **Flow Control (orders -21%):**
  - Decline in the capital orders mainly related to oil & gas
  - Services and pumps stable

Orders received totaled EUR 628 million, -3%



Orders received by market area

North America
Q3/ EUR 134 million, -4%
Q1-Q3/ EUR 420 million, -13%

Europe
Q3/ EUR 179 million, +16%
Q1-Q3/ EUR 522 million, +3%

China
Q3/ EUR 34 million, -4%
Q1-Q3/ EUR 119 million, -31%

Africa and Middle East
Q3/ EUR 61 million, +2%
Q1-Q3/ EUR 208 million, -2%

South and Central America
Q3/ EUR 114 million, -9%
Q1-Q3/ EUR 444 million, -6%

Asia-Pacific
Q3/ EUR 106 million, -20%
Q1-Q3/ EUR 339 million, -6%

48% from the emerging markets (Q3/2016)

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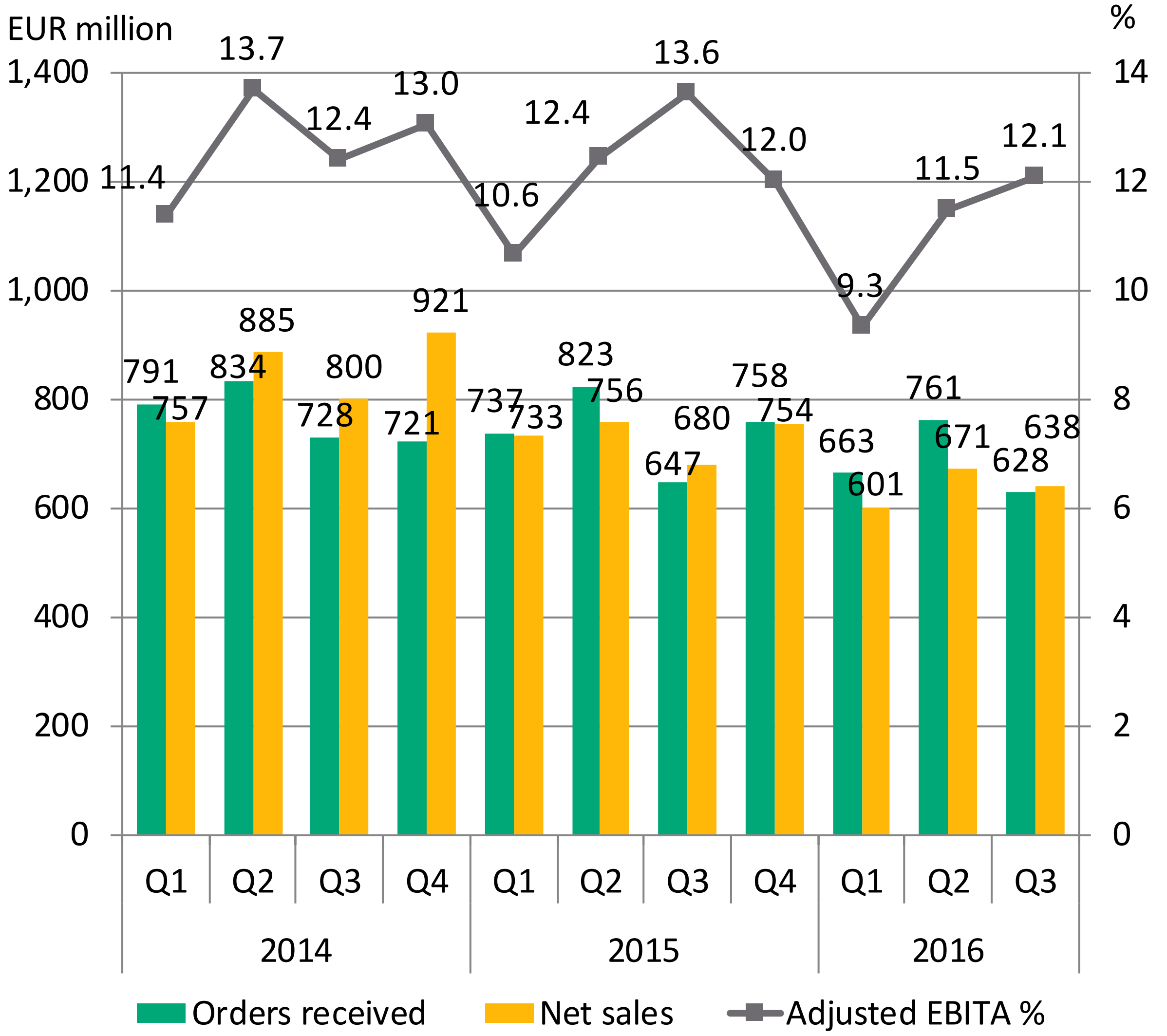
Financial highlights

- Healthy profitability in the current market situation
  - 12.1% adjusted EBITA margin
- Services margins remain good
- Cost control measures have delivered results and actions will continue
- Strong cash flow and balance sheet

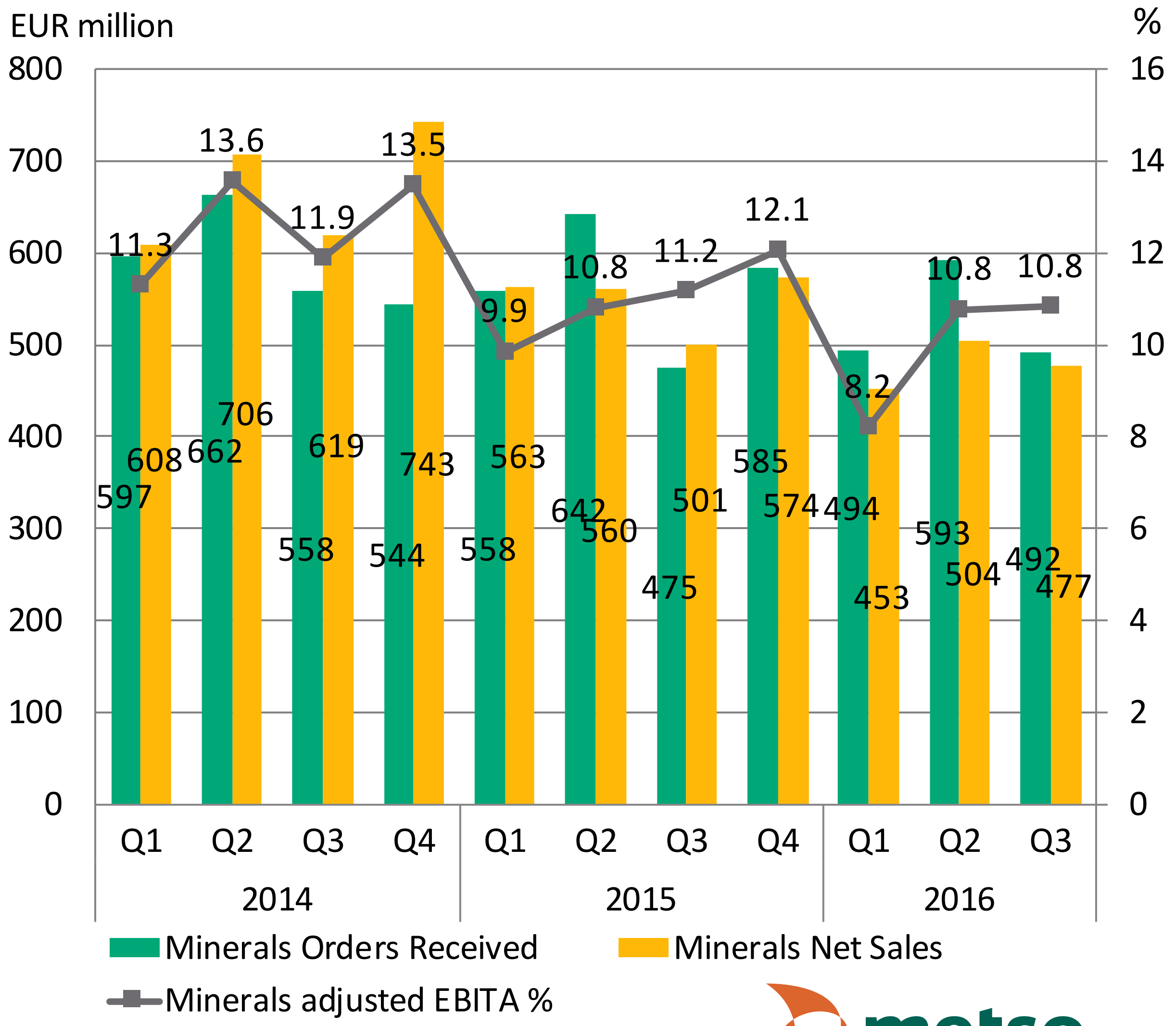


Financial performance

Eeva Sipilä
CFO

Minerals quarterly performance

- Equipment orders increased 19 percent while services orders decreased 3 percent
- EBITA remained at a good level even with lower volumes, thanks to sales mix and cost control
- Equipment business is making small profit with current volumes
- Cost efficiency actions continue
- Strong cashflow



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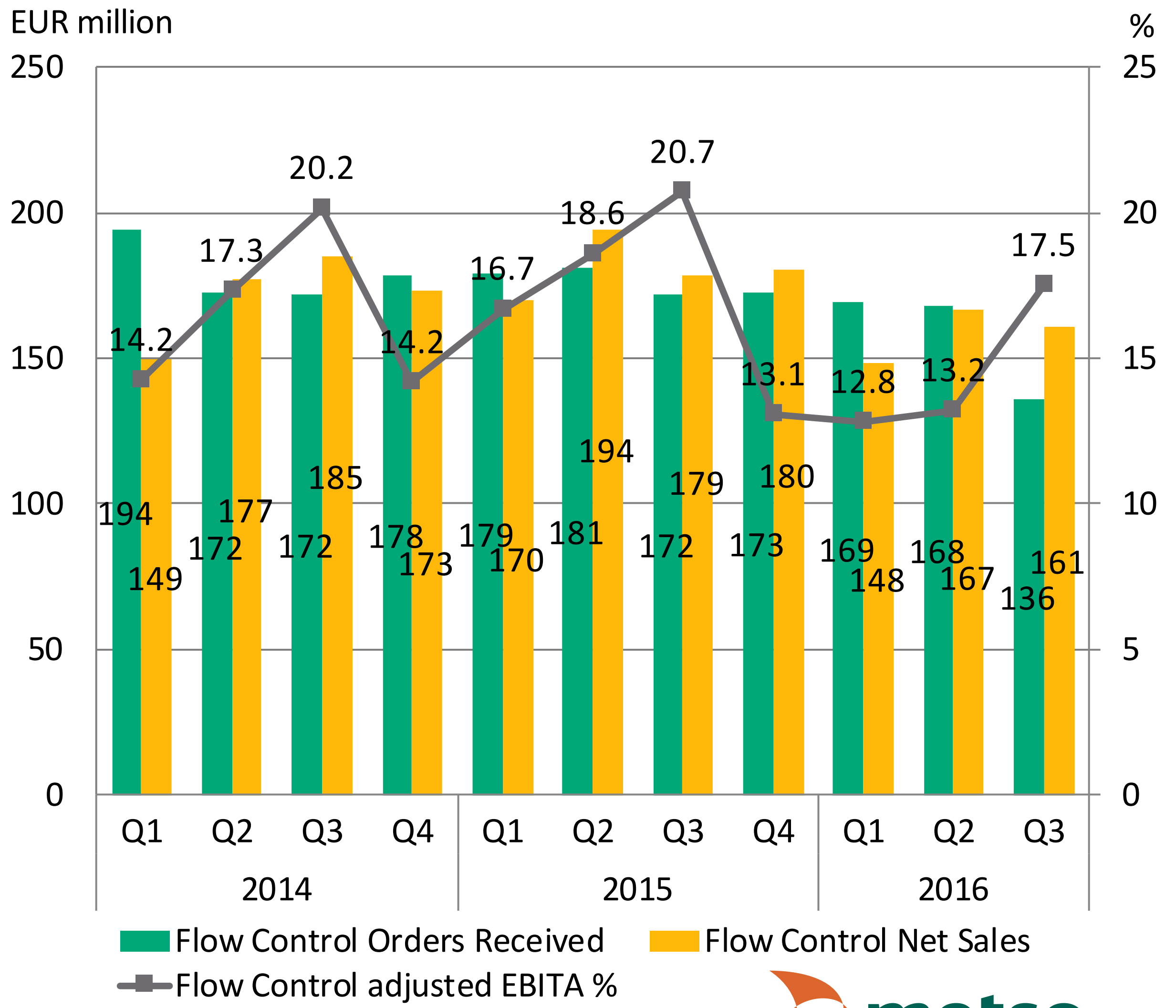
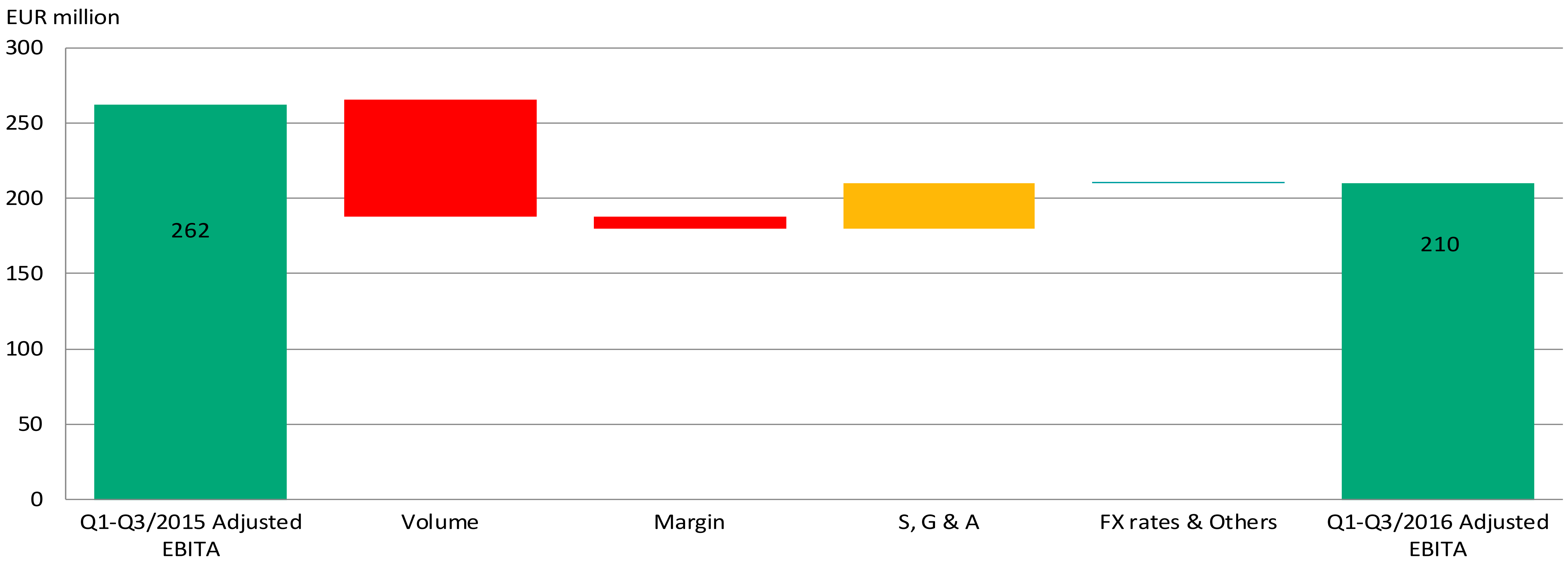
Flow Control quarterly performance

- Order intake was low in the quarter driven by oil & gas, both projects and day-to-day business were affected
- Service orders stable
- Net sales down 10 percent y-o-y reflecting lower North American order backlog
- Healthy profitability in the quarter
  - Decline of year-to-date profitability remains volume driven, as gross margins are holding up
- Cost-efficiency actions continue

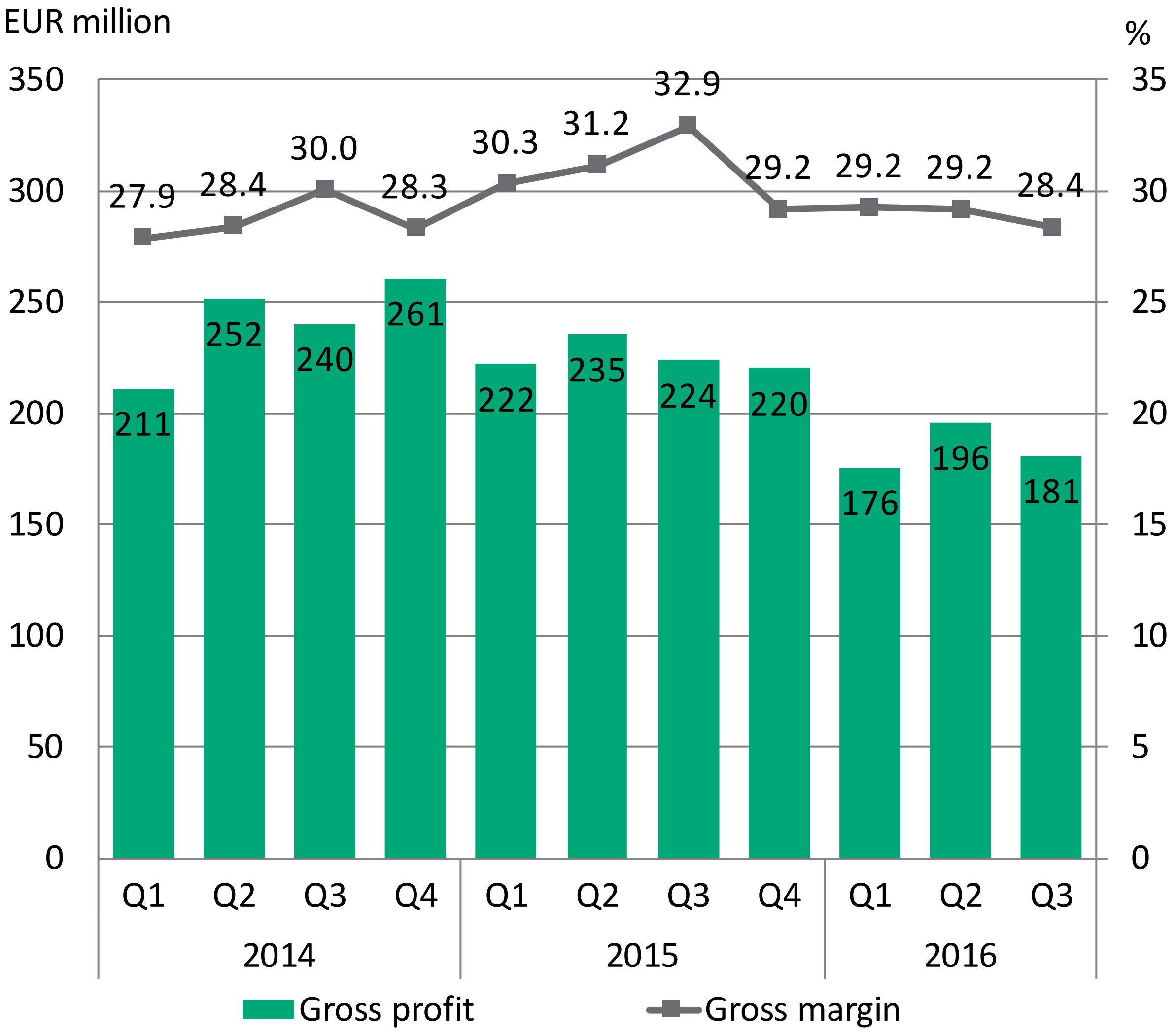


Volume decline biggest single factor in profitability



Note: Graph is illustrative: Volume, margin and SG&A changes have been calculated with constant currencies.
Currency impact is included in ’FX rates & Others’.

Gross margin is holding up despite lower volume



- Healthy product margins in all businesses despite lower volume indicate successful cost and pricing management in challenging markets
- Ongoing cost actions in businesses continue to improve structure going forward
- COGS headcount is down by over 600 persons year-to-date 2016
  - approx. 1,800 down since beginning of 2015
- Procurement savings target is similar as last year (EUR 50 million)

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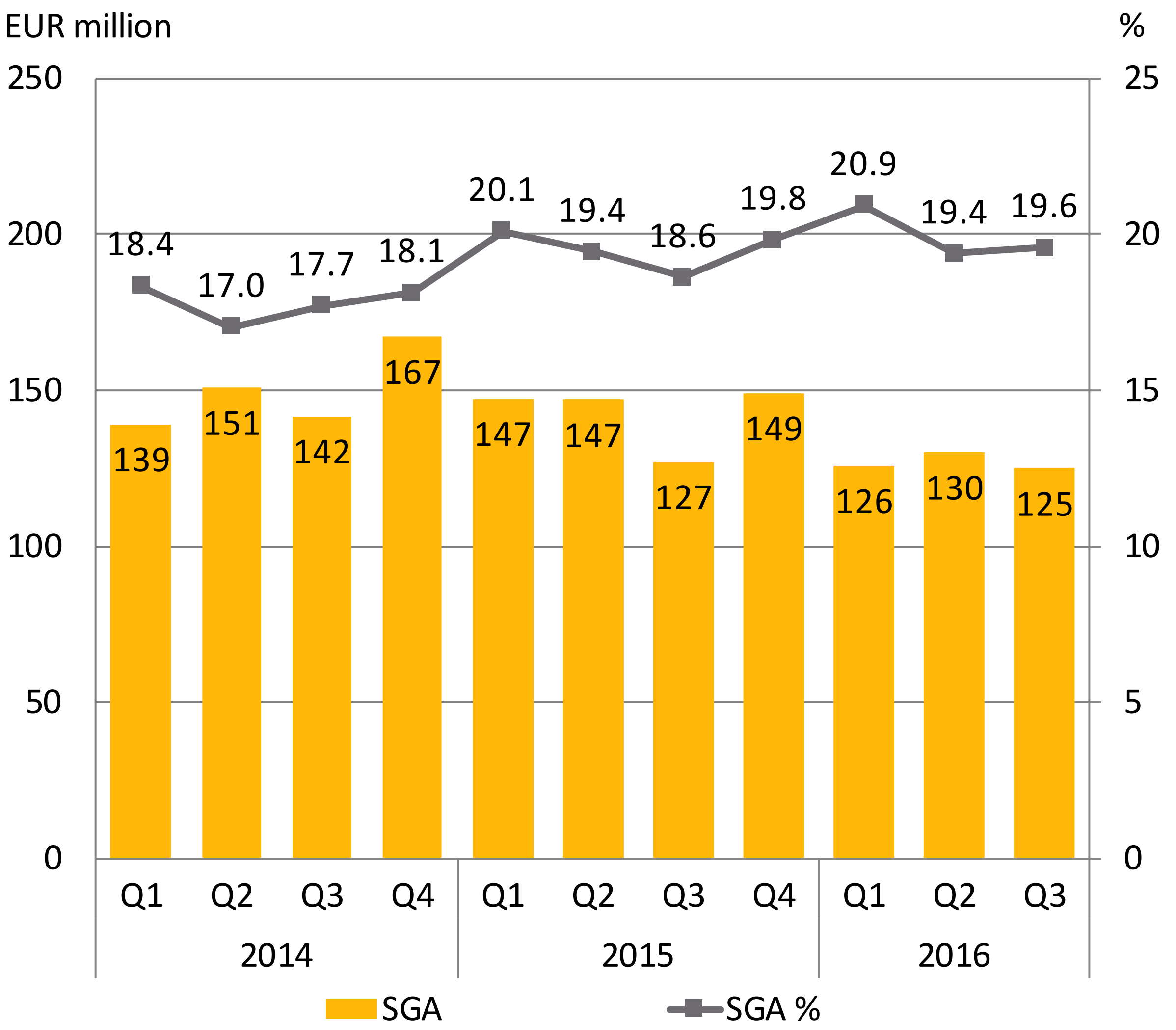
SG&A costs flat in proportion to sales



- Efficiency measures have reduced SG&A headcount by over 300 persons year-to-date 2016
  - over 900 reduction since the beginning of 2015
- Actions will continue but also incur restructuring costs in fourth quarter
- Discretionary spend controls continue
- No significant credit losses

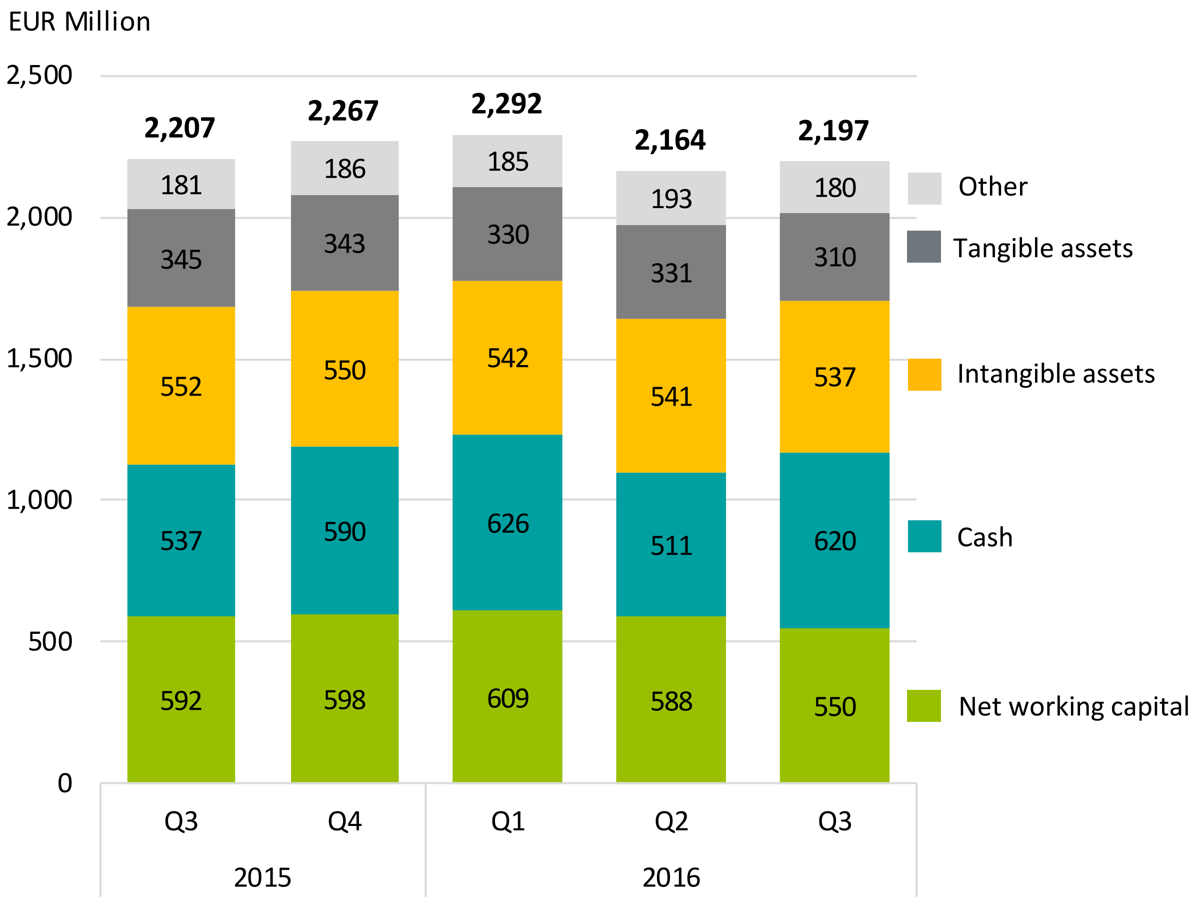
Healthy cash flow and solid financial position

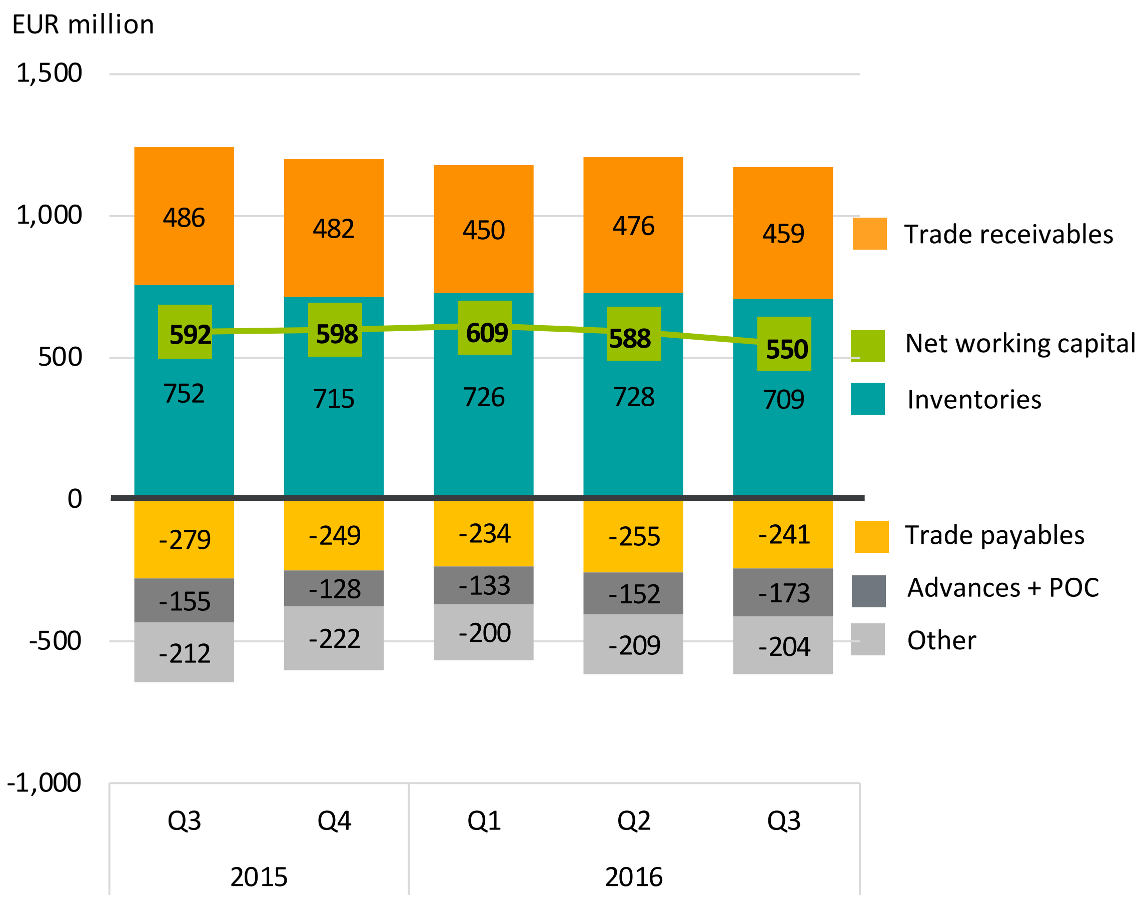
EUR million	**Q3/2016**	Q3/2015	Change %	**Q1-Q3/ 2016**	Q1-Q3/ 2015	Change %	2015
EBIT	**63**	76	-17	**183**	488*	-63	555*
Earnings per share, EUR	**0.24**	0.29	-17	**0.70**	2.60*	-73	2.95*
Free cash flow	**106**	117	-9	**242**	282	-14	341

	Sep 30, 2016	Dec 31, 2015
Return on equity (ROE), annualized, %	9.8	33.1*
Return on capital employed (ROCE) before taxes, annualized, %	11.2	25.7*
Gearing at the end of the period, %	5.1	10.6
Cash conversion, %	233	180
Equity to assets ratio at the end of the period, %	48.1	48.3

* Including capital gain from divestment of PAS

Capital employed and net working capital





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Outlook and backlog

Matti Kähkönen
President and CEO

Short-term market outlook largely unchanged

Mining

50% of net sales of which 70% services*

Outlook:

- Weakness to continue in the equipment and systems business
- Order pipeline consists of small and midsize orders
- Demand for services satisfactory; activity in engineered services is soft and miners’ cost actions continue

Aggregates

23% of net sales of which 45% services*

Outlook:

- Satisfactory for both equipment and services
- The Nordics, North America and India remain positive
- Brazil continues to be weak

Flow Control

24% of net sales of which 60% services*

Outlook:

- Satisfactory for products related to customers’ new investments as well as services
- Increased uncertainty in the oil & gas market

*Based on rolling 12 months net sales

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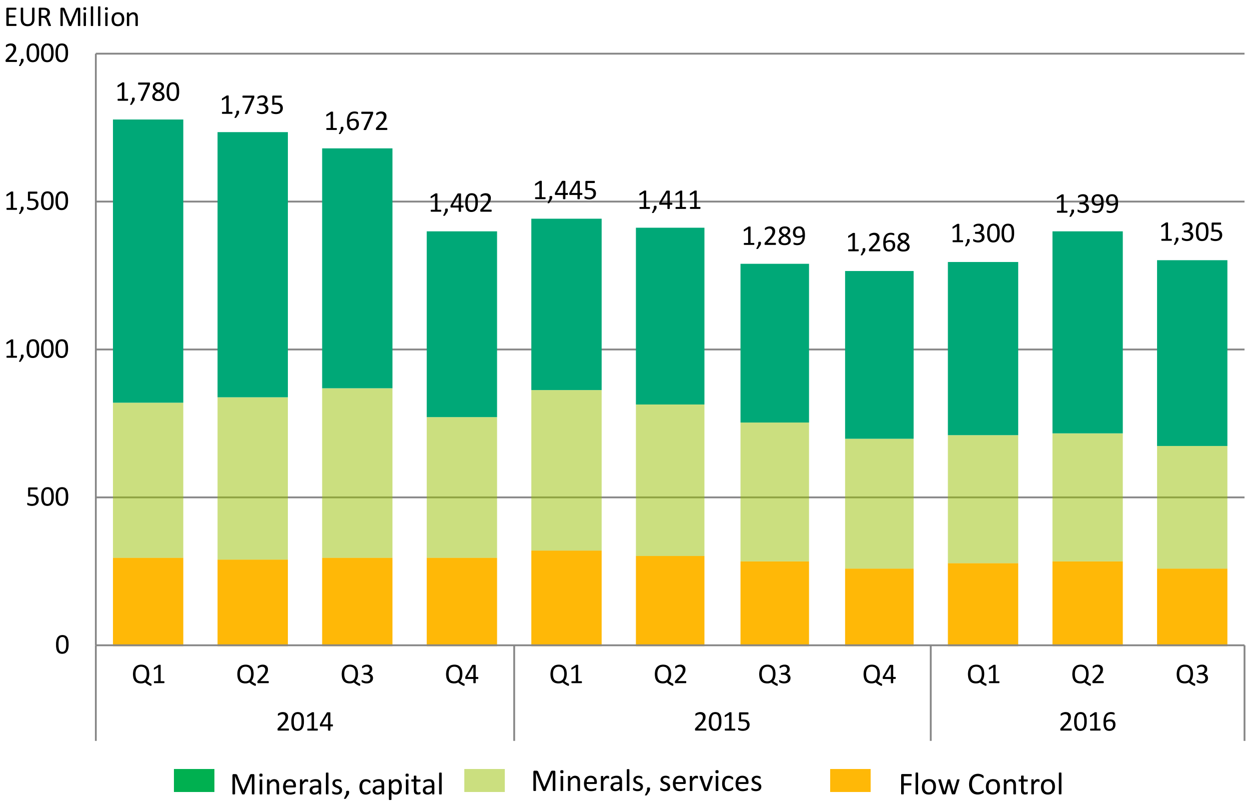
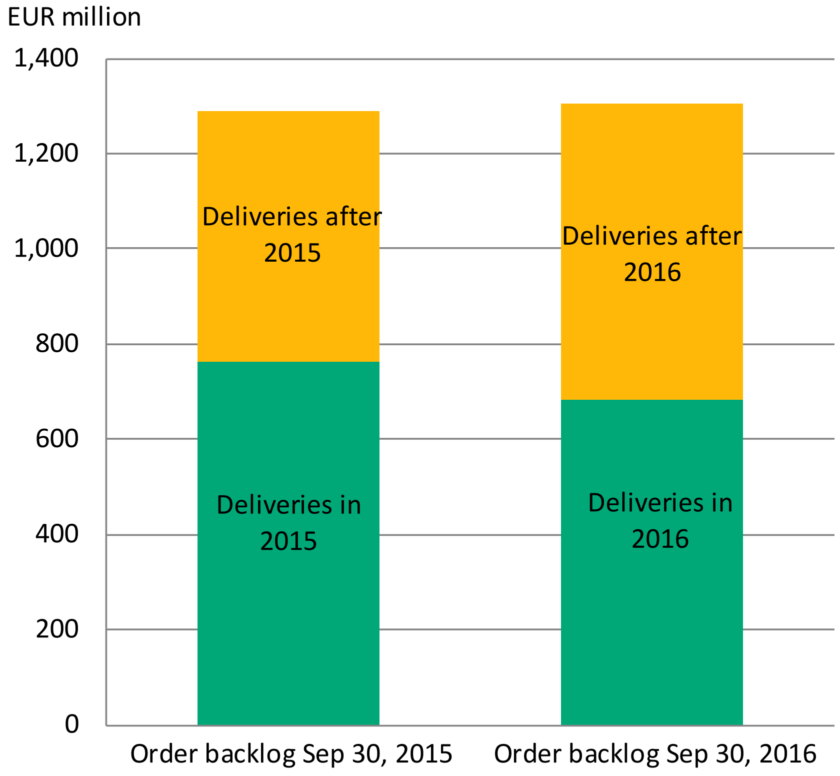
Order backlog





- Backlog 3% higher compared to the end of 2015
- Deliveries for the following year 18% higher year-on-year
- Market uncertainties causing some delays in deliveries

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Outlook for 2016

Metso's overall trading conditions will be somewhat weaker in 2016 compared to 2015. Demand for our products and services is expected to develop as follows:

- remain weak for mining equipment and satisfactory for mining services
- remain satisfactory for aggregates equipment and services
- remain satisfactory for Flow Control products related to customers' new investments and has changed to satisfactory (previously: good) for Flow Control services, with increased uncertainty in the oil & gas market

At the end of September 2016, our backlog for the remainder of 2016 totaled approximately EUR 680 million but due to current market conditions we expect some deliveries to be postponed into 2017.

Internal efficiency actions will continue to improve competitiveness, resulting in net adjustment items of approximately EUR 30 million in 2016. Capital expenditure excluding acquisitions is expected to be lower than in 2015. Net financial costs are expected to be on the same level as in 2015.

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Expect results

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Appendix

Key figures

EUR million	Q3/2016	Q3/2015	Change %	Q1-Q3/2016	Q1-Q3/2015	Change %	2015
Orders received	**628**	647	-3	2,052	2,207	-7	2,965
Without currency effect			-3			-4	
Orders received, services business	**422**	436	-3	1,299	1,438	-10	1,879
Without currency effect			-3			-6	
Net sales	**638**	680	-6	1,910	2,169	-12	2,923
Without currency effect			-6			-9	
Net sales, services business	**413**	435	-5	1,261	1,359	-7	1,840
Without currency effect			-5			-4	
Adjusted EBITA	**77**	92	-16	210	262	-20	356
% of net sales	**12.1**	13.6		11.0	12.1		12.2
Operating profit, EBIT	**63**	76	-17	183	488*	-63	555*
Earnings per share, EPS, EUR	**0.24**	0.29		0.70	2.60*		2.95*
Return on capital employed (ROCE), before taxes, %				11.2	26.5*		25.7*
Free cash flow	**106**	117	-9	242	282	-14	341

* Including capital gain on disposal of PAS-business