



Q1/2020 results

Pekka Vauramo, President and CEO
Eeva Sipilä, CFO

May 7, 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.

Important note about this financial information

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 proposed 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 the first quarter of 2020, and these figures are comparable to the first quarter of 2019.

Analysis of the first quarter of 2020 and January-December 2019 in this presentation is based on the comparable figures unless otherwise noted.



Results in brief

Pekka Vauramo
President and CEO

Q1/2020 highlights

- **Good start to the year before the Covid-19 situation started to escalate**
- **Cost and cash measures implemented at the end of March**
- **Metso Outotec and Neles transaction proceeded according to plan**



Covid-19 impacts

China

- Operations affected in February; Q1 orders were higher year-on-year, while the sales drop takes a while to catch up.

Customer industries

- From mid-March, the biggest impact seen in aggregates equipment. Mining equipment has continued in line with expectations. In mining services the demand for spare and wear parts continued to be healthy
- In Neles' businesses, volatile oil prices have had an impact on the market activity, whereas the pulp and paper market has developed as expected.

Operations and service

- Lockdowns introduced in several countries; India having the biggest impact on Metso. As of mid-April, operations in India and South Africa have been permitted to ramp up, while lockdowns in Peru and Mexico continue.
- Limited workforce mobility affects the service work carried out at customer sites. In Neles, this has also led to postponements of maintenance shutdowns.

First-quarter group financials

Orders received up 5% to EUR 1,065 million (1,013 million)

Sales flat at EUR 832 million (836 million)

Adjusted EBITA* was EUR 91 million, margin of 10.9%
(104 million and 12.4%)

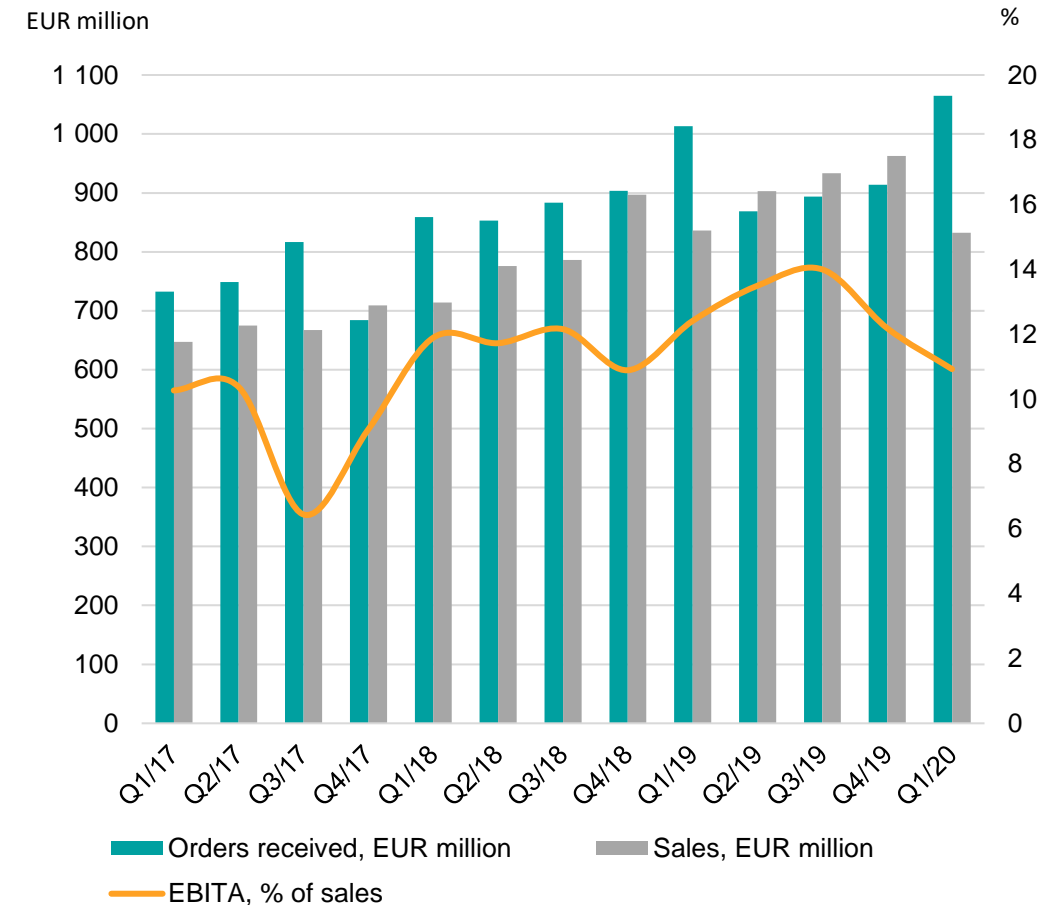
Adjustment items EUR 11 million (2 million)

Operating profit was EUR 73 million, margin of 8.8%
(100 million or 11.9%)

Earnings per share were EUR 0.35 (EUR 0.43)

Free cash flow was EUR 78 million (38 million)

Orders, sales and profitability



Neles quarterly highlights

Orders received unchanged at EUR 191 million (191 million)

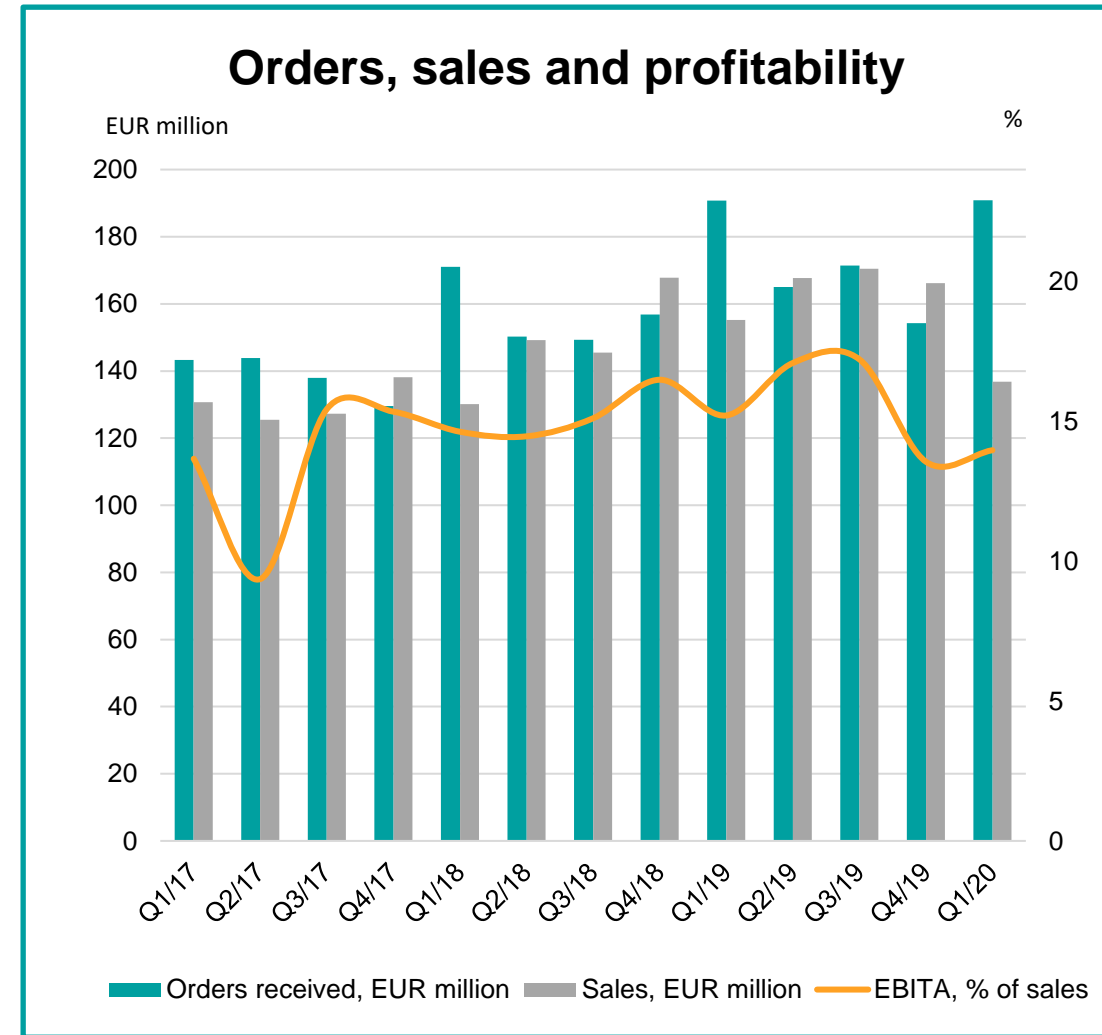
- Good project activity in O&G and pulp and paper
- Services orders declined due to Covid-19 restrictions

Sales declined 12% to EUR 137 million (155 million)

- Lockdowns in China (Feb) and India (March)
- Services affected by Covid-19 restrictions

Adjusted EBITA* margin down to 14.0% (15.2%)

- Lower sales and under-absorption
- Weaker sales mix



Minerals quarterly highlights

Orders received +6% to EUR 874 million (823 million)

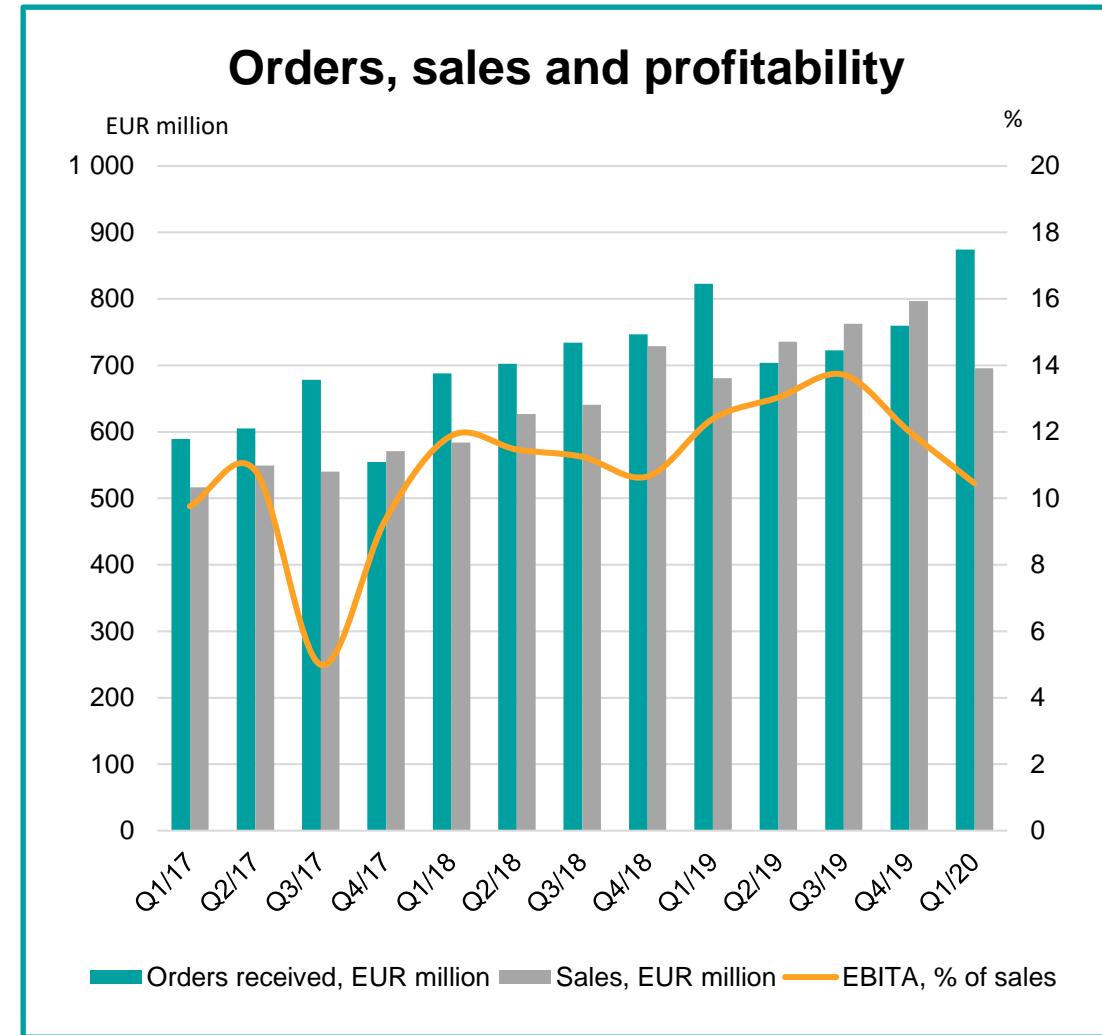
- Mining equipment orders healthy
- Aggregates equipment grew, incl. McCloskey
- Services up 5%

Sales up 2% to EUR 696 million (681 million)

- Lockdowns affected equipment manufacturing
- Services affected by Covid-19 restrictions
- McCloskey included

Adjusted EBITA* margin 10.4% (12.6%)

- Healthy gross margins
- Under-absorption in manufacturing operations
- Negative (non-cash) impact from derivatives, due to rapid depreciation of mining countries' currencies

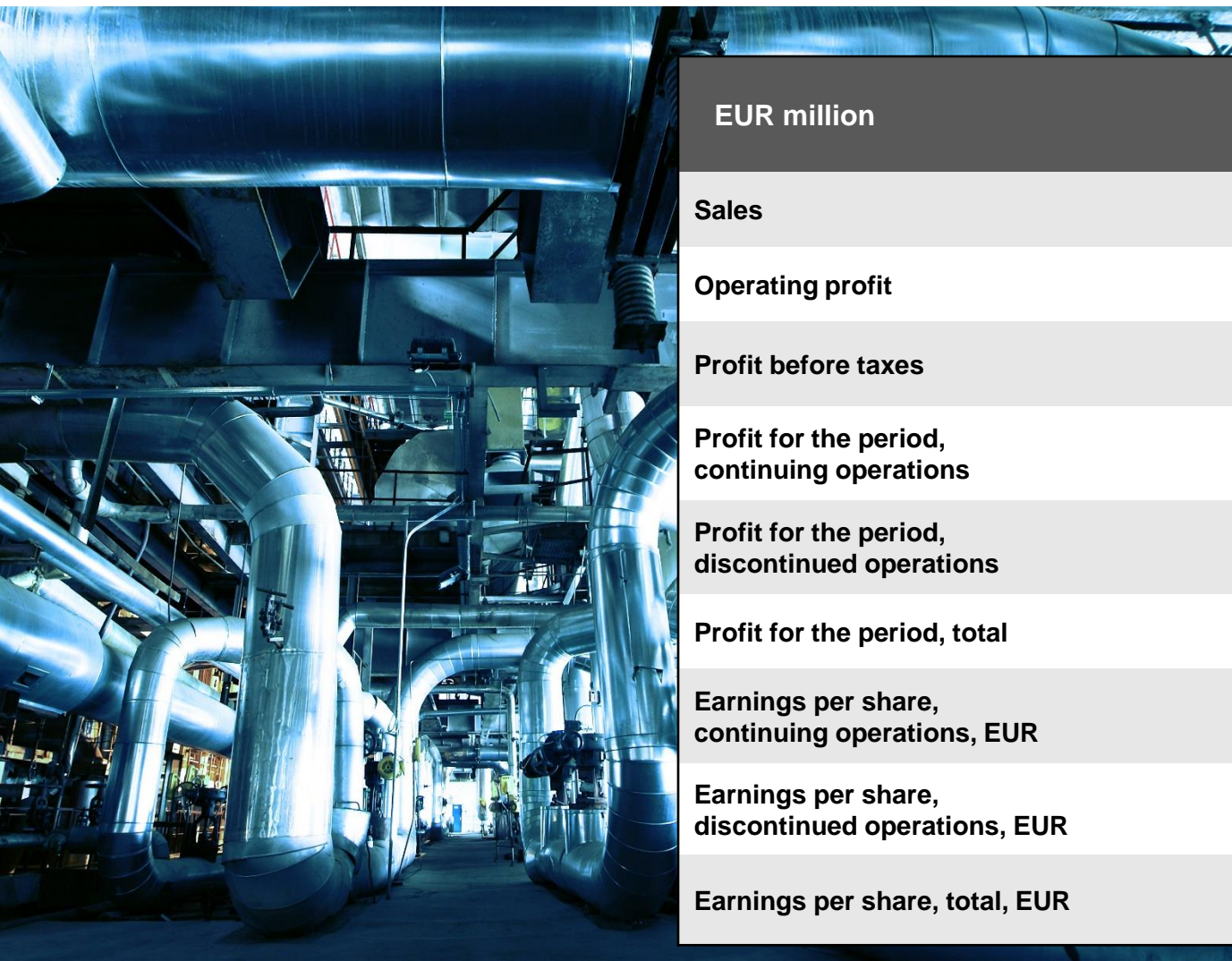




Financials in detail

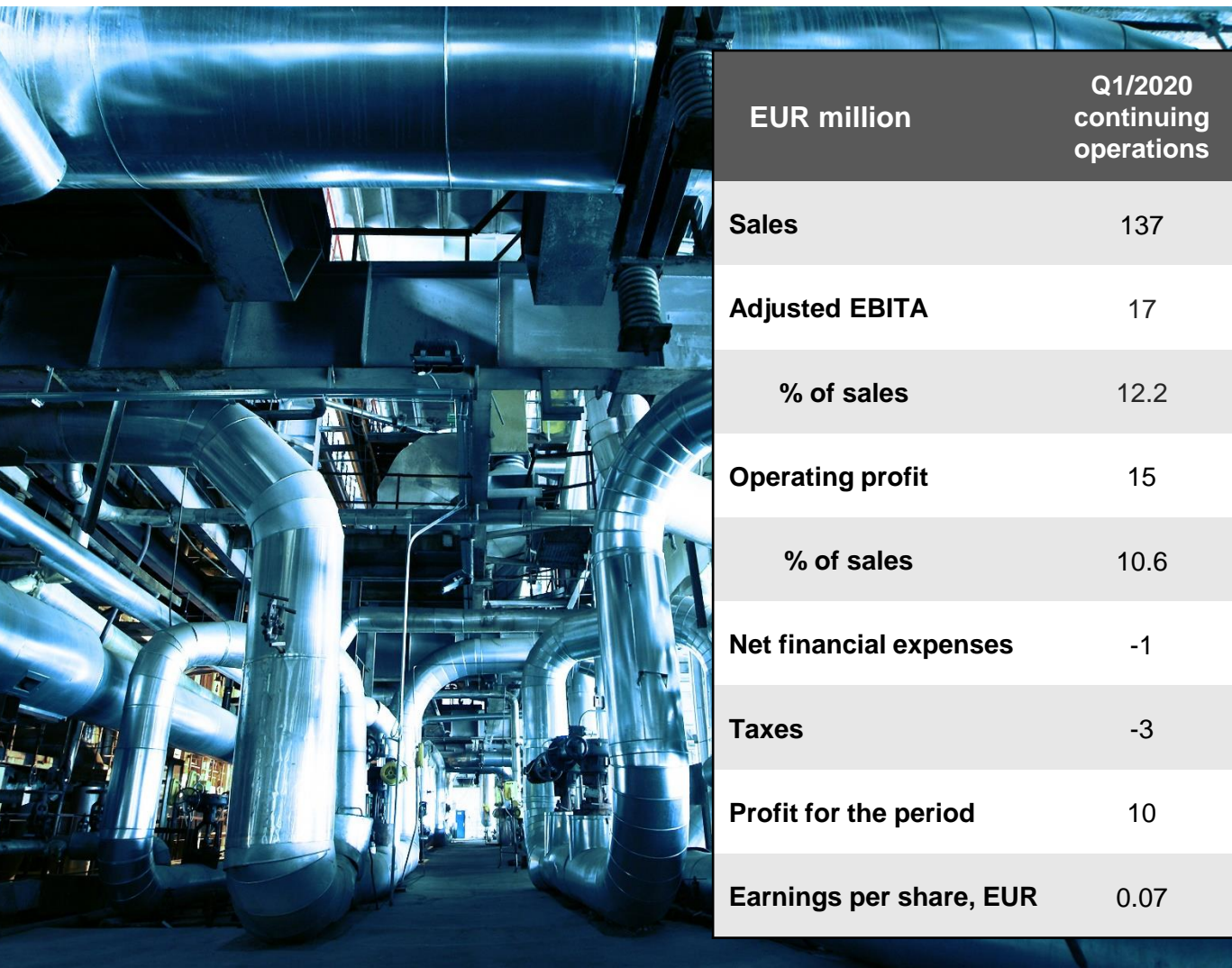
Eeva Sipilä
CFO

IFRS Income Statement



EUR million	Q1/2020	Q1/2019	Change %	2019
Sales	137	155	-12	660
Operating profit	15	22	-32	93
Profit before taxes	14	21	-33	91
Profit for the period, continuing operations	10	16	-38	69
Profit for the period, discontinued operations	59	48	23	230
Profit for the period, total	69	65	6	299
Earnings per share, continuing operations, EUR	0.07	0.11	-36	0.46
Earnings per share, discontinued operations, EUR	0.39	0.32	22	1.54
Earnings per share, total, EUR	0.46	0.43	6	2.00

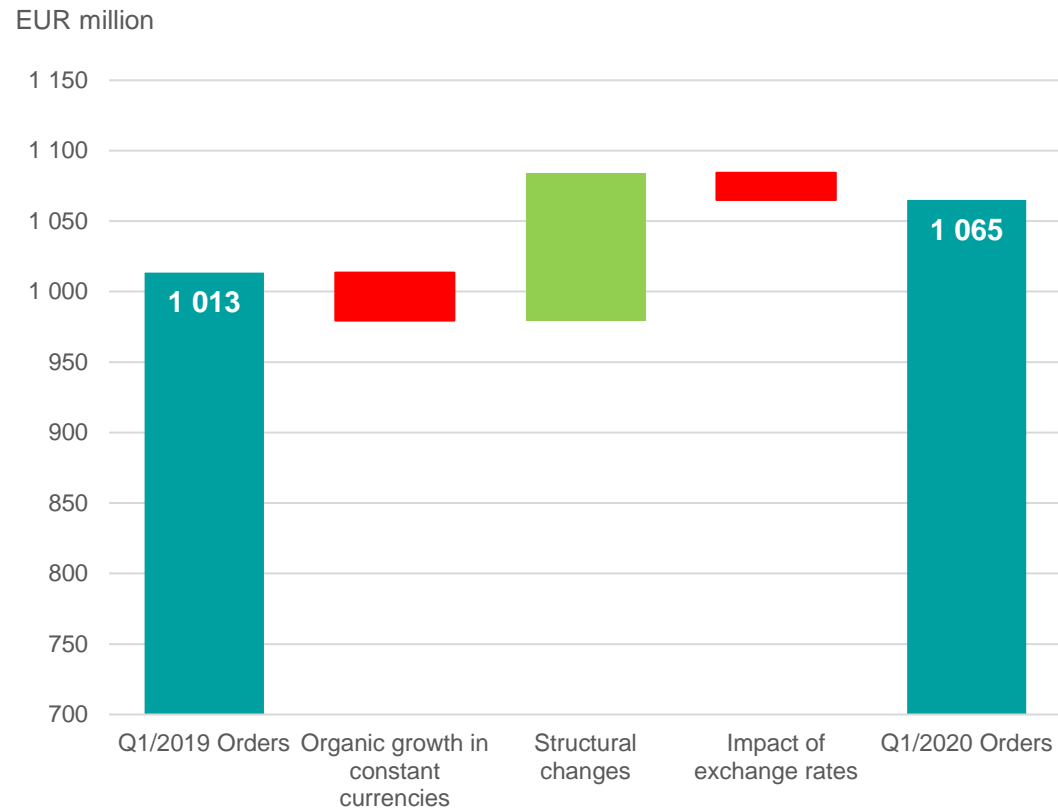
Analysis of Income Statement



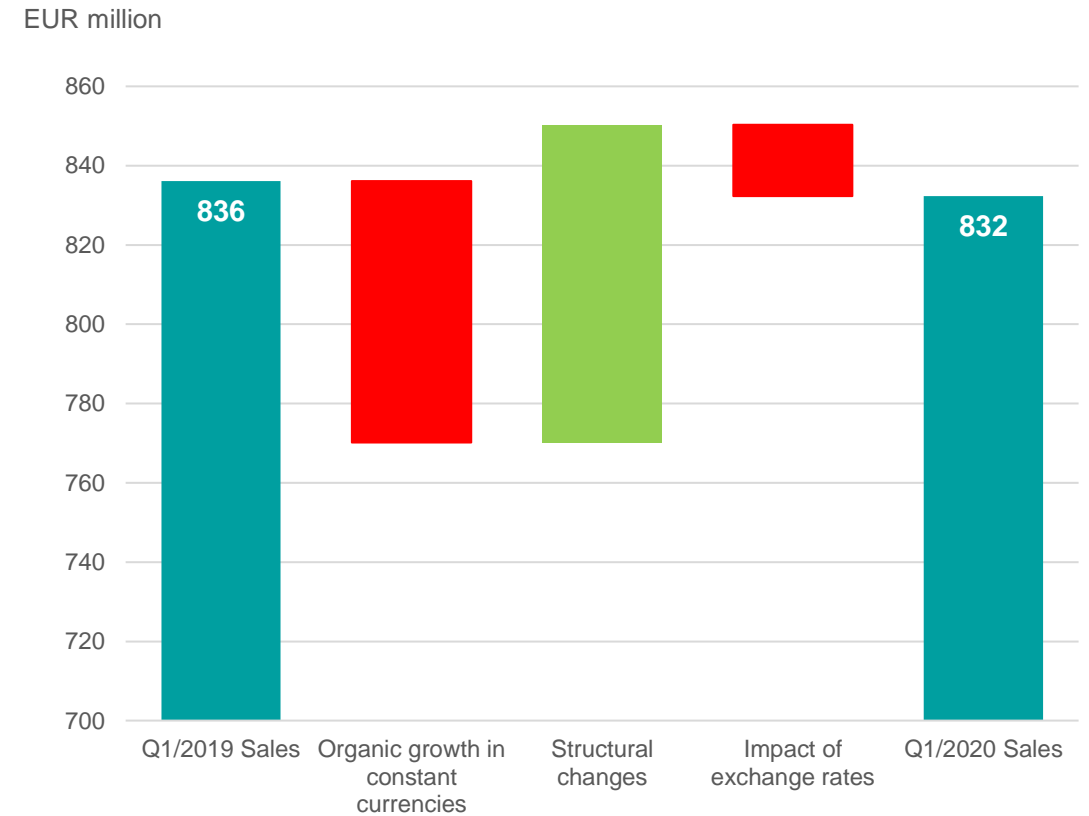
EUR million	Q1/2020 continuing operations	Q1/2020 discontinued operations	Q1/2020 Metso total	Q1/2020 Metso comparable	Q1/2019 Metso total	Q1/2019 continuing operations	Q1/2019 discontinued operations
Sales	137	696	832	832	836	155	681
Adjusted EBITA	17	89	106	91	104	24	86
% of sales	12.2	12.8	11.4	10.9	12.4	15.2	12.6
Operating profit	15	79	94	73	100	22	78
% of sales	10.6	11.4	11.3	8.8	11.9	14.0	11.5
Net financial expenses	-1	-2	-2	-2	-9	-1	-9
Taxes	-3	-19	-22	-18	-26	-5	-21
Profit for the period	10	59	69	53	65	16	48
Earnings per share, EUR	0.07	0.39	0.46	0.35	0.43	0.11	0.32

Impacts of structural changes and currencies

Orders received



Sales



IFRS Balance Sheet



EUR million	March 31, 2020	March 31, 2019
Intangible assets	79	602
Tangible assets	65	314
Right-of-use assets	43	119
Other non-current assets	18	163
Inventories	195	984
Receivables (trade and other)	124	855
Liquid funds	121	488
Assets, discontinued operations	3,359	-
TOTAL ASSETS	4,005	3,525
Total equity	1,545	1,497
Interest bearing liabilities	213	721
Non-interest bearing liabilities	128	1,307
Liabilities, discontinued operations	2,119	-
TOTAL EQUITY AND LIABILITIES	4,005	3,525

Analysis of Balance Sheet



EUR million	March 31, 2020 Continuing operations	March 31, 2020 Discontinued operations	March 31, 2020 Metso total	March 31, 2020 Metso comparable	Dec 31, 2019 Metso total
Intangible assets	79	714	793	784	807
Tangible assets	65	328	393	379	388
Right-of-use assets	43	92	135	124	140
Other non-current assets	18	156	174	174	183
Inventories	195	965	1,160	1,160	1,156
Receivables (trade and other)	124	813	937	937	1,000
Liquid funds	121	292	413	413	213
Assets, discontinued operations	3,359	3,359			
TOTAL ASSETS	4,005		4,005	3,970	3,887
Total equity	1,545	-	1,545	1,519	1,526
Interest bearing liabilities	213	945	1,158	1,158	1,017
Non-interest bearing liabilities	128	1,173	1,301	1,292	1,345
Liabilities, discontinued operations	2,119	2,119			
TOTAL EQUITY AND LIABILITIES	4,005	-	4,005	3,970	3,887

IFRS Cash Flow

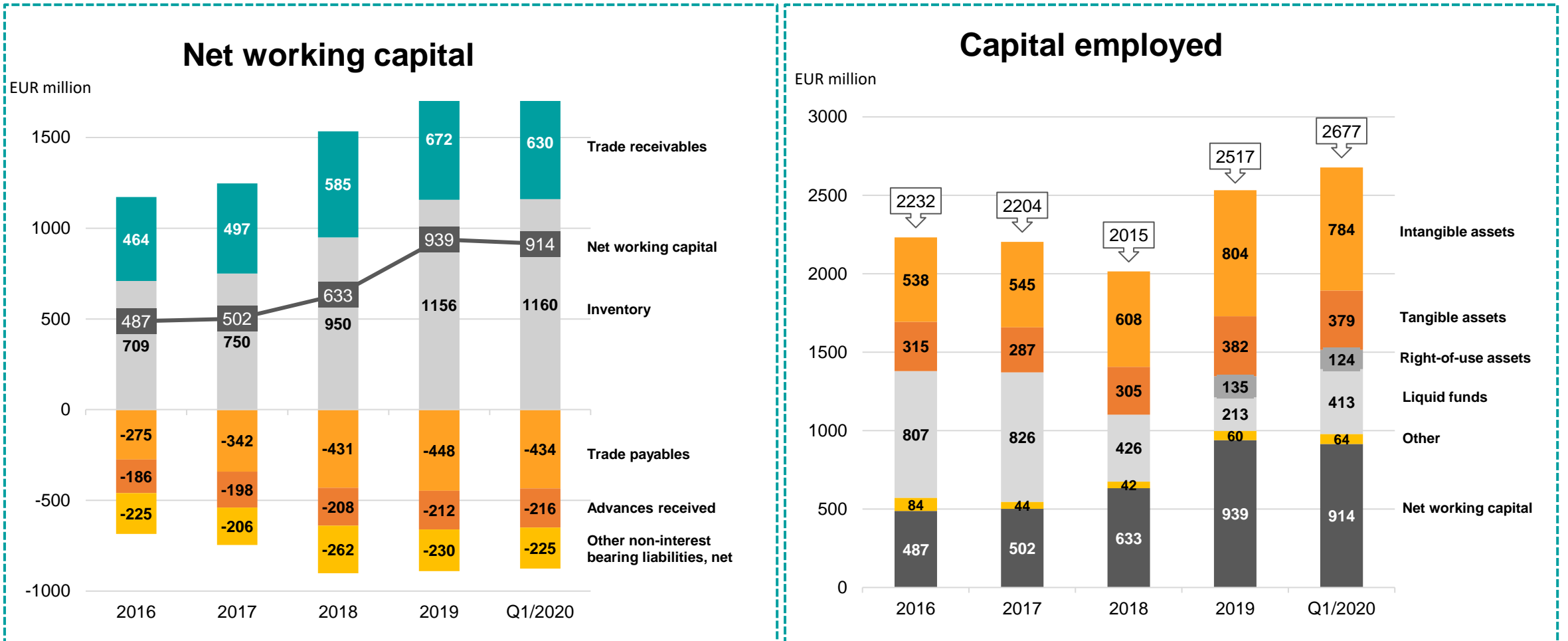


EUR million	Q1/2020	Q1/2019	2019
Profit for the period, continuing operations	10	16	69
Profit for the period, discontinued operations	59	48	230
Adjustments	31	58	213
Change in net working capital	17	-55	-254
Financial income and expenses paid, net	-4	-5	-30
Income taxes paid	-25	-18	-137
Net cash flow from operating activities	89	45	91
Capital expenditure on fixed assets	-26	-19	-107
Proceeds from and investments in financial assets, net	-	31	31
Business acquisitions, net of cash	1	-	-214
Proceeds from sale of businesses, net of cash sold	-	9	9
Other	1	1	5
Net cash flow from investing activities	-24	20	-277
Free cash flow	78	38	39

Analysis of Cash Flow

EUR million	Q1/2020 Continuing operations	Q1/2020 Discontinued operations	Q1/2020 Metso total	Q1/2020 Metso comparable	Q1/2019 Metso total	Q1/2019 Continuing operations	Q1/2019 Discontinue d operations
Profit for the year	10	59	69	53	65	15	49
Adjustments	10	22	31	47	58	14	44
Change in net working capital	-38	55	17	17	-55	1	-56
Financial income and expenses paid, net	0	-4	-4	-4	-5	-1	-4
Income taxes paid	-5	-19	-25	-25	-18	-5	-13
Net cash flow from operating activities	-24	113	89	89	45	24	21
Capital expenditure on fixed assets	-1	-26	-26	-26	-19	-2	-18
Proceeds from and investments in financial assets, net	-	-	-	-	31	-	31
Business acquisitions, net of cash	-	1	1	1	-	-	-
Proceeds from sale of businesses, net of cash sold	-	-	-	-	9	-	9
Other	0	1	1	1	1	-	1
Net cash flow from investing activities	0	-24	-24	-24	20	-2	22

Net working capital and capital employed



Financial position



	March 31, 2020	Dec 31, 2019
Return on capital employed before taxes (ROCE), %, annualized	12.6	18.7
Return on equity (ROE), %, annualized	13.9	19.8
Net gearing, %	48.6	52.7
Cash conversion, %	148	14
Equity-to-assets ratio, %	41.2	42.1
Debt to capital, %	43.3	40.2
Net debt/EBITDA	1.9	1.6



Strategy and outlook

Pekka Vauramo
President and CEO

Strategy execution

Metso Outotec and Neles transaction proceeding according to plan

- Anti-trust clearances anticipated in time
- Integration planning, including organization, well advanced
- Closing expected on June 30, 2020

Supply footprint development

- Proceeding with some impact on schedule due to Covid-19
- Indian new foundry opened in Q1
- Optimization of distribution center network

Research and development at 2.6% of sales (1.5%)

- EUR 5 million growth year-on-year



Market outlook

Due to the unpredictability of the Covid-19 situation, Metso will not estimate, for the time being, the development of its market activity for six months ahead.

Metso expects that market activity will continue to be affected by Covid-19 throughout the second quarter.

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



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