

Interim Review

January 1 - September 30, 2001



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Metso is the global leader in the supply of processes, machinery and systems for the pulp and paper industry and of rock and mineral processing systems. The Corporation also has a strong position as a supplier of automation and flow control solutions. The main customer sectors are the pulp and paper industry, construction and civil engineering, mining and the energy industry.

Key figures

| (in millions) | 7-9/01 EUR | 7-9/00 EUR | 1-9/01 EUR | 1-9/00 EUR | 1-12/00 EUR |
|--|---------------|---------------|---------------|---------------|----------------|
| Net sales | 887 | 910 | 2,906 | 2,735 | 3,891 |
| Operating profit | 50 | 57 | 171 | 127 | 200 |
| Income before extraordinary items and income taxes | 44 | 55 | 172 | 113 | 180 |
| Earnings per share, EUR | 0.22 | 0.28 | 0.83 | 0.58 | 0.90 |
| Orders received | 694 | 655 | 2,609 | 3,180 | 4,268 |
| | | | 30.9.01 | 30.9.00 | 31.12.00 |
| Order backlog | | | 1,985 | 2,026 | 1,907 |
| Equity to assets ratio, % | | | 30.0 | 44.2 | 45.4 |
| Gearing, % | | | 88.5 | (3.1) | (3.7) |

With the exception of the balance sheet and order backlog, the figures for the review period do not include Svedala, which was acquired by Metso on September 14, 2001. The figures for the first four months of the comparison period, January-September 2000, include the Timberjack forest machinery group, which was sold on April 28, 2000.

Markets

The slowdown in the world economy was reflected in a decrease in orders received by the Corporation in January-September. In comparison with the first half of the year, Metso's market environment became more uncertain in the third quarter.

The demand for fiber and paper technology products was satisfactory in Europe and South America. The market situation in North America continued to weaken in the third quarter. New paper machine investment projects were pending mainly in China and also somewhat in Europe. The demand for services remained good, despite a fall in pulp and paper mill capacity utilization rates.

The demand for products supplied to the construction and civil engineering industries continued to be good in Europe, except for Germany. The market situation in North America has clearly deteriorated during 2001. Though the demand for mining industry products was low in North America, it continued to be relatively buoyant in the southern hemisphere.

The demand for Metso Automation products was good in Europe. In North America the demand for pulp and paper industry automation systems remained low, as in the second quarter. On the other hand, demand increased slightly in China and Brazil.

Orders received and order backlog

In January-September, the value of new orders received by Metso totaled EUR 2,609 million, which is 13 percent less than in the comparison period (excluding Timberjack). The value of orders received by Metso Paper declined by 25 percent on the comparison period, while new orders received by Metso Minerals, Metso Automation and Metso Ventures increased by 8 percent, 7 percent and 16 percent respectively. Metso's order backlog was EUR 1,985 million on September 30, 2001. The Svedala acquisition increased Metso's order backlog by EUR 410 million.

Net sales

Metso's net sales for January-September totaled EUR 2,906 million, an increase of 14 percent over the comparison period (excluding Timberjack). Of the Corporation's net sales, 63 percent originated from Metso Paper, 13 percent from Metso Minerals, 16 percent from Metso Automation and 8 percent from Metso Ventures.

In January-September, 51 percent of net sales came from Europe, 27 percent from North America, 12 percent from Asia-Pacific, 8 percent from South America and 2 percent from the rest of the world.

Profitability

The operating profit was EUR 170.5 million in January-September and the Corporation's operating profit percentage was 5.9 percent. The operating profit percentage of Metso Paper was 6.6 percent, Metso Minerals 5.6 percent, Metso Automation 3.8 percent and Metso Ventures 10.5 percent. With the exception of Metso Automation, profitability clearly improved in all business areas in

comparison with the corresponding period last year. Increased deliveries and more efficient project implementation improved profitability.

Income before extraordinary items and income taxes was EUR 172 million. The Corporation's net financing income totaled EUR 1 million and included dividend income of EUR 11 million. Net income for the review period excluding extraordinary items was EUR 113 million. Earnings per share were EUR 0.83. The return on capital employed (ROCE) was 12.9 percent and the return on equity (ROE) was 10.9 percent.

Extraordinary expenses include accounting adjustments totaling EUR 5 million, net of taxes, related to restructuring in Metso Automation's US operations in previous years.

The taxes corresponding to the income for the review period have been entered as taxes. The Corporation's tax rate was 32 percent (30%).

Cash flow and balance sheet

Metso's net cash provided by operating activities was EUR 151 million. Net interest-bearing liabilities were EUR 1,286 million (net interest-bearing receivables EUR 45 million). Gearing, i.e. the ratio of net interest-bearing liabilities to shareholders' equity, was 88.5 percent. The Corporation's equity to assets ratio was 30.0 percent at the end of September.

Capital expenditure

Gross capital expenditure in January-September totaled EUR 905 million (EUR 263 million), which includes the Svedala acquisition, EUR 809 million, net of cash acquired, EUR 136 million.

In August, Metso agreed to acquire the Finnish company, Pulpexpert, in order to broaden Metso Automation's product range and to strengthen its position as a leading supplier of pulp and paper industry analyzers.

The Svedala acquisition

On September 14, 2001, Metso acquired Svedala Industri AB, the Swedish manufacturer of rock and mineral processing equipment. The cost of acquiring Svedala's shares was EUR 945 million. The acquisition price net of debt was EUR 1,371 million (taking into account Svedala's net interest-bearing liabilities). The acquisition was financed with cash assets and a syndicated bank loan.

The Svedala acquisition increased Metso's annual net sales to about EUR 5.4 billion and personnel numbers to 30,875. Metso Minerals increased its percentage of Metso's annual net sales to about 39 percent.

The remedy packages of disposals agreed to obtain clearance from the competition authorities, were in line with Metso's expectations. As a result, Metso sold to

Sandvik AB certain parts of Svedala's crushing and screening operations, the total net sales of which amounted to about EUR 150 million in 2000 and which employed about 900 people. The sold crushing and screening operations were transferred to Sandvik on October 1, 2001. In addition, Metso sold its grinding mill operations to Outokumpu Mintec Oy. The annual net sales of the grinding mill operations were about EUR 25 million and they employed about 30 people. The grinding mill operations were transferred to Outokumpu on September 20, 2001.

Metso aims to bring its net gearing back to below 50 percent within 18 months of the acquisition. This will be achieved by disposing of non-core assets and operations in Metso and Metso Minerals and also by releasing Metso Minerals' working capital currently tied up in inventories and sales receivables.

The Svedala acquisition is expected to improve Metso's earnings per share one year after completion of the acquisition.

The accounting of the Svedala acquisition is presented in the table section of this interim review.

Changes in corporate management

Executive Vice Presidents were appointed for Metso Paper and Metso Minerals effective October 1, 2001. Arto Aaltonen, formerly President of Metso Automation, was appointed Executive Vice President of Metso Paper. He is responsible for fiber technology, business area development and customer relations development. Matti Kähkönen, formerly Division President of Metso Automation's Field Systems Division, was appointed President of Metso Automation. Vesa Kainu, formerly President of Metso Paper Service, was appointed Executive Vice President of Metso Minerals. He is responsible for aftermarket operations and their development.

The composition of Metso's Management Board changed accordingly as of October 1, 2001. Tor Bergman, Metso's President and CEO, continued as the Chairman of the Management Board and Sakari Tamminen, Metso's Executive Vice President and CFO, continued as its Vice-Chairman. The other members of the Management Board are now Juhani Pakkala, President of Metso Paper, Arto Aaltonen, Executive Vice President of Metso Paper, Matti Kähkönen, President of Metso Automation, Olli Vaartimo, President of Metso Minerals and Harri Luoto, the Corporation's General Counsel.

Research and development

Metso's research and development expenditure in January-September totaled EUR 96 million (EUR 96 million), representing 3 percent of the Corporation's net sales.

Shares

The Helsinki Exchanges traded 40.2 million Metso Corporation shares in January-September, equivalent to a turnover of EUR 454.4 million. The share price on September 30, 2001 was EUR 8.86. The highest quotation was EUR 14.10 and the lowest EUR 7.81. The Corporation's market capitalization in the Helsinki Exchanges on September 30, 2001 was EUR 1,207 million. Metso's ADR turnover on the New York Stock Exchange in January-September amounted to USD 7.7 million. The price of an ADR on September 30, 2001 was USD 8.24. The highest quotation was USD 11.30 and the lowest USD 7.68.

At the end of September, the total number of Metso Corporation's outstanding shares was 136,189,704.

Personnel

Metso employed 30,875 persons (21,572) at the end of September. Personnel increased significantly in Metso Minerals, as a result of the Svedala acquisition.

Events taking place after the review period

On October 24, 2001, Metso Corporation made an agreement on the sale of 10 percent of Valmet Automotive shares to ThyssenKrupp Automotive AG, one of the world's biggest automotive systems suppliers. The ownership of the shares will be transferred on November 15, 2001. According to an option in the agreement, Thyssen-Krupp Automotive AG has the right to acquire all of Valmet Automotive's shares during the next two years.

Short-term outlook

Uncertainty over economic development in North America has increased. Economic growth has also slowed down in Europe.

The fiber and paper technology markets are expected to remain satisfactory. The focus of demand is estimated to be on modernization of pulp and paper lines and on services.

Demand for crushing and minerals processing products in construction and civil engineering is expected to weaken. Mining industry investments are expected to remain satisfactory.

Also the demand for automation and control technology products is expected to remain satisfactory.

The Corporation's net income excluding extraordinary items and earnings per share for 2001 are expected to improve on last year.

Measures are under way to further improve efficiency and profitability in a weakening market environment.

October 31, 2001

Board of Directors

BUSINESS AREAS

Metso Paper

Metso Paper develops, designs and manufactures machinery and equipment for the pulp and paper industry, complete production lines for pulping and papermaking, and machinery and equipment for the panelboard, packaging and converting industries.

Metso Paper's operations are divided into three groups, namely Pulping Technology (formerly Fiber Technology), Paper Technology and Others. The last-mentioned includes Converting Technology and Panelboard Technology (previously part of the Fiber Technology business group).

Key figures

| | 1-9/01 | 1-9/00 |
|------------------|----------------|---------|
| (in millions) | EUR | EUR |
| Net sales | 1,837 | 1,547 |
| Operating profit | 120.4 | 63.7 |
| Orders received | 1,463 | 1,952 |
| | 30.9.01 | 30.9.00 |
| Order backlog | 1,204 | 1,690 |

The net sales of Metso Paper for the January-September period increased 19 percent on the comparison period and totaled EUR 1,837 million. Net sales were up in all three of Metso Paper's business groups due to large project deliveries and growing service operations. The net sales of pulping technology grew by 4 percent, totaling EUR 323 million, while the net sales of paper technology grew by 27 percent to EUR 1,354 million. The net sales of other business units increased by 14 percent totaling EUR 262 million.

The operating profit of Metso Paper improved by 89 percent on the comparison period and was EUR 120.4 million. Contributing to this considerable improvement in profitability were an increase in the share of service operations, more efficient project implementation and the synergy benefits achieved by the merger creating Metso. The operating profit of pulping technology declined to EUR 16.9 million, while the operating profit of paper technology improved to EUR 107.7 million. The operating loss of other business units was EUR 4.2 million, which was due to losses in panelboard technology.

Measures to further improve profitability continued in the review period. As announced earlier, the unit located in Charlotte, USA, will be closed and its operations will be transferred to other units by the end of this year. Rationalization measures to improve the profitability of panelboard

technology were also continued, and an extensive cost-cutting program was initiated throughout Metso Paper to increase efficiency and adjust production capacity to the market situation.

Demand for the products of Metso Paper was satisfactory during the January-September period, despite the poorer market situation for the pulp and paper industry. The value of new orders declined by 25 percent compared with the record high level of the comparison period and totaled EUR 1,463 million. Some pulp and paper machine investments were pending in Europe, Canada and China. Orders received from South America and Asia were mainly for finishing systems and pulping lines. The value of new pulping technology orders grew by 6 percent to EUR 339 million, while the value of new paper technology orders fell by 32 percent on the comparison period to EUR 979 million. The value of new orders for other business units decreased to EUR 199 million. Service operations volumes grew especially in North America during the review period. There was also growth in Europe. The order backlog of the service technology center opened in Wuxi, China, in June also continued to develop favorably.

The order backlog of Metso Paper at the end of September was 25 percent lower than at the end of 2000 and stood at EUR 1,204 million. The order backlog of pulping technology remained at the same level as the comparison period and was EUR 304 million, while the order backlog of paper technology decreased by 31 percent, totaling EUR 839 million. The order backlog of other business units was EUR 112 million.

During the review period a decision was made to establish a new technology center in Oulu, Finland. The center will focus on the development and manufacture of composite spreader rolls. In addition, a technology center for converting equipment will be set up in Casale, northern Italy. The center will focus on research and development for packaging printing presses. A new service technology center was opened in Wuxi, China. The center offers expert maintenance and process development services for the pulp, paper and panelboard industry.

Metso Minerals

Metso Minerals develops, designs and supplies equipment and total solutions for the crushing, grinding, screening and transportation of rock and other minerals, and also for compaction and asphaltting.

Key figures

| | 1-9/01 | 1-9/00 |
|------------------|---------|---------|
| (in millions) | EUR | EUR |
| Net sales | 406 | 407 |
| Operating profit | 22.8 | 21.1 |
| Orders received | 438 | 406 |
| | 30.9.01 | 30.9.00 |
| Order backlog | 535 | 110 |

The net sales of Metso Minerals for January-September were at the same level as the comparison period, totaling EUR 406 million. The operating profit improved by 8 percent and was EUR 22.8 million. The improvement in profitability was due to improved efficiency especially in Asia-Pacific and South Africa.

The value of new orders grew by 8 percent on the comparison period and amounted to EUR 438 million. Construction and civil engineering industry demand was good in Europe, with the exception of Germany and Austria, and also in Asia, primarily in China. Strong mining industry demand in the southern hemisphere offset clearly lower demand in North America. The order backlog at the end of September was EUR 535 million. The Svedala acquisition increased Metso Minerals' order backlog by EUR 410 million.

On September 14, 2001 Metso acquired Svedala, the Swedish manufacturer of rock and mineral processing equipment. The integration of Svedala into Metso Minerals commenced immediately after the finalization of the acquisition. Distribution units will be combined and their number reduced from more than 200 currently to about 130-140 within a year. Overlapping production facilities will also be combined and several production plants will be either shut down or sold. Already during the review period it was decided that three screening units in the U.S. will be streamlined into one. Svedala's headquarter functions in Sweden and the U.S. will be integrated into Metso Minerals and Metso's corporate administration within six months of the sale. The nonrecurring costs arising from restructuring are estimated at EUR 70 million.

The estimated EUR 70 million in annual synergy benefits arising from the merger of Svedala and Metso Minerals are expected to be fully realized in 2003. About half of these benefits should be attained in 2002. It is estimated that the elimination of overlapping administration functions will bring benefits of about EUR 20 million,

the streamlining of the distribution network another EUR 20 million and the consolidation of manufacturing capacity a further EUR 20 million. A final EUR 10 million in benefits will be derived from purchasing and logistics.

Metso Automation

Metso Automation develops, designs and supplies process industry automation and information management application networks and systems, as well as field control solutions. The main customers are the pulp and paper industry, power generation and distribution, and other process industry.

Key figures

| | 1-9/01 | 1-9/00 |
|------------------|---------|---------|
| (in millions) | EUR | EUR |
| Net sales | 499 | 446 |
| Operating profit | 19.0 | 27.8 |
| Orders received | 505 | 471 |
| | 30.9.01 | 30.9.00 |
| Order backlog | 203 | 214 |

Metso Automation's net sales grew by 12 percent on the comparison period in January-September and totaled EUR 499 million. The growth in net sales was due to increased deliveries of process automation systems and field control equipment to the paper industry. Service operations also increased favorably in all Metso Automation businesses. About half of the growth in net sales was derived from acquisitions made towards the end of last year.

The operating profit in January-September declined by 32 percent on the comparison period and was EUR 19.0 million. Profitability was weakened by nonrecurring items arising from internal restructuring in the North American units and the tighter competitive situation faced by automation suppliers. During the review period Metso Automation initiated rationalization measures to improve profitability and to increase efficiency in all of its businesses.

The market situation for Metso Automation's products was good in Europe and satisfactory in North America. Demand in Russia has clearly risen during the year. The value of new orders was 7 percent higher than in the comparison period, totaling EUR 505 million. Field control equipment deliveries were up especially in Europe and South America. The increase in SCADA systems demand that begun in the second quarter continued in North America in the third quarter. On the other hand, the demand for automation systems in the paper industry and the energy and process industry in North American markets remained moderate. The order backlog grew by 3

percent compared with the order backlog at the end of 2000, totaling EUR 203 million at the end of September.

A new delivery and service center was opened in Wuxi, China, in September. Located in Shanghai's free trade area at Waigaoqiao, the center supplies China and the whole Asia-Pacific region with automation products, valves, positioners, actuators and their spare parts.

Metso Ventures

Metso Ventures contains businesses that are synergetic with Metso's core business areas, as well as new businesses and those which are under strategic development. The business area comprises Metso Engineering and Valmet Automotive. Metso Engineering develops, manufactures and supplies wind turbine gears, paper machine drives, other industrial gears and hydraulic motors, and related maintenance services. It also offers production and know-how services in machine building and materials technology. Valmet Automotive is an independent contract manufacturer of specialty cars which offers its expertise to other car manufacturers.

Key figures

| | 1-9/01 | 1-9/00 |
|------------------|--------|--------|
| (in millions) | EUR | EUR |
| Net sales | 259 | 220 |
| Operating profit | 27.3 | 17.8 |
| Orders received | 287 | 248 |

The net sales of Metso Engineering in January-September increased by 15 percent on the comparison period, totaling EUR 156 million. The growth was due primarily to

increased deliveries of wind turbine gears and machine building services. The operating profit fell below that of the comparison period and was EUR 6.7 million.

The value of Metso Engineering's new orders grew by 12 percent and totaled EUR 184 million. The growth resulted mainly from strong demand for wind turbine gears. Materials technology orders also increased over the comparison period. The order backlog at the end of September was up 37 percent from the beginning of the year, totaling EUR 103 million.

The net sales of Valmet Automotive grew by 23 percent over the comparison period and were EUR 103 million. The operating profit clearly improved and was EUR 20.6 million. The demand for specialty cars remained fairly good in Europe and the U.S. despite uneven developments in the world economy. Valmet Automotive production volumes clearly increased on the comparison period. In January-September, 31,923 cars (27,410) were produced.

After the review period, on October 24, 2001, Valmet Automotive and the German sports cars manufacturer Porsche AG made a cooperation agreement covering continued car production at Uusikaupunki, Finland, until 2008, with an option until 2011.

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. Since 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 customer industries and groups and thereby the orders received by the company and their margins; (2) the competitive situation, especially significant technological solutions developed by competitors in the company's business areas; (3) the company's own operating conditions, such as the success of production, product development and project management and their continuous development and improvement; and (4) the success of pending and future acquisitions and restructuring and changes in the company's business strategy.

Consolidated statements of income

(The interim review is unaudited)

| (Millions) | 7-9/2001 EUR | 7-9/2000 EUR | 1-9/2001 EUR | 1-9/2000 EUR | 1-12/2000 EUR |
|--|-----------------|-----------------|-----------------|-----------------|------------------|
| Net sales | 887 | 910 | 2,906 | 2,735 | 3,891 |
| Cost of goods sold | (664) | (676) | (2,148) | (2,041) | (2,901) |
| Gross profit | 223 | 234 | 758 | 694 | 990 |
| Selling, general and administrative expenses | (168) | (172) | (574) | (556) | (775) |
| Amortization of goodwill | (5) | (4) | (13) | (11) | (15) |
| Operating profit | 50 | 58 | 171 | 127 | 200 |
| Financial income and expenses | (6) | (3) | 1 | (14) | (20) |
| Income before extraordinary items and income taxes | 44 | 55 | 172 | 113 | 180 |
| Extraordinary income and expenses | 0 | 0 | (5) | 275 | 268 |
| Income before taxes | 44 | 55 | 167 | 388 | 448 |
| Income taxes | (14) | (17) | (55) | (34) | (59) |
| Minority interests | (1) | 0 | (4) | (1) | 0 |
| Net income | 29 | 38 | 108 | 353 | 389 |

Consolidated balance sheets

| (Millions) | Sep 30, 2001 EUR | Sep 30, 2000 EUR | Dec 31, 2000 EUR |
|---|---------------------|---------------------|---------------------|
| Fixed assets and financial assets | | | |
| Intangible assets | 1,000 | 256 | 262 |
| Tangible assets | 858 | 698 | 670 |
| Financial assets | 260 | 216 | 238 |
| Current assets | | | |
| Inventories | 1,072 | 737 | 699 |
| Receivables | 1,714 | 1,211 | 1,210 |
| Cash and cash equivalents | 307 | 514 | 485 |
| Total assets | 5,211 | 3,632 | 3,564 |
| Share capital | 232 | 230 | 230 |
| Other shareholders' equity | 1,211 | 1,190 | 1,195 |
| Minority interests | 11 | 7 | 8 |
| Long-term liabilities | 634 | 510 | 507 |
| Current liabilities | 3,123 | 1,695 | 1,624 |
| Total shareholders' equity and liabilities | 5,211 | 3,632 | 3,564 |
| Net interest-bearing liabilities | | | |
| Long-term interest-bearing liabilities | 466 | 455 | 428 |
| Short-term interest-bearing liabilities | 1,279 | 124 | 120 |
| Cash and cash equivalents | (307) | (514) | (485) |
| Other interest-bearing assets | (152) | (110) | (116) |
| Total | 1,286 | (45) | (53) |

Consolidated statements of cash flows

| (Millions) | 7-9/2001 EUR | 7-9/2000 EUR | 1-9/2001 EUR | 1-9/2000 EUR | 1-12/2000 EUR |
|--|-----------------|-----------------|-----------------|-----------------|------------------|
| Cash flows from operating activities: | | | | | |
| Net income | 29 | 38 | 108 | 353 | 389 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | | | |
| Depreciation and amortization | 30 | 28 | 93 | 92 | 128 |
| Gain on sale of Timberjack, net of tax | - | - | - | (275) | (275) |
| Other | 11 | (11) | 2 | (3) | 30 |
| Change in net working capital | (53) | 22 | (52) | 57 | 28 |
| Net cash provided by (used in) operating activities | 17 | 77 | 151 | 224 | 300 |
| Cash flows from investing activities: | | | | | |
| Capital expenditures on fixed assets | (28) | (20) | (90) | (73) | (111) |
| Proceeds from sale of fixed assets | 0 | 2 | 12 | 19 | 41 |
| Business acquisitions, net of cash acquired | (809) | (8) | (815) | (180) | (186) |
| Proceeds from sale of Timberjack, net of tax | - | - | - | 502 | 506 |
| Taxes (paid) / payable on gain of Timberjack sale | 0 | (7) | (57) | 100 | 85 |
| (Investments in) / proceeds from sale of marketable securities | 67 | (2) | 33 | (1) | (26) |
| Net cash provided by (used in) investing activities | (770) | (35) | (917) | 367 | 309 |
| Cash flows from financing activities: | | | | | |
| Dividends paid | - | - | (81) | (54) | (54) |
| Net funding | 681 | 4 | 637 | (214) | (240) |
| Proceeds from Timberjack installment credit receivables | - | - | - | 35 | 35 |
| Other | (2) | (15) | 38 | (12) | (25) |
| Net cash provided by (used in) financing activities | 679 | (11) | 594 | (245) | (284) |
| Effect of changes in exchange rates on cash and cash equivalents | (17) | 6 | (6) | 9 | 1 |
| Net increase (decrease) in cash and cash equivalents | (91) | 37 | (178) | 355 | 326 |
| Cash and cash equivalents at beginning of period | 398 | 477 | 485 | 159 | 159 |
| Cash and cash equivalents at end of period | 307 | 514 | 307 | 514 | 485 |

Consolidated statement of changes in shareholders' equity

| (Millions) | Number of shares (thousands) | Share capital (par value EUR 1.70 per share) | Share premium reserve EUR | Legal reserve EUR | Cumulative translation adjustments EUR | Reserve for own shares EUR | Other reserves EUR | Retained earnings EUR | Total EUR |
|--------------------------------|------------------------------|--|---------------------------|-------------------|--|----------------------------|--------------------|-----------------------|--------------|
| Balance at Dec 31, 2000 | 135,562 | 230 | 8 | 220 | 46 | 1 | 202 | 718 | 1,425 |
| Dividends | - | - | - | - | - | - | - | (81) | (81) |
| Share issue (option rights) | 689 | 2 | 6 | - | - | - | - | - | 8 |
| Translation differences | - | - | - | - | (14) | - | - | - | (14) |
| Other | - | - | - | - | - | - | - | (3) | (3) |
| Net income | - | - | - | - | - | - | - | 108 | 108 |
| Balance at Sep 30, 2001 | 136,251 | 232 | 14 | 220 | 32 | 1 | 202 | 742 | 1,443 |

The distributable funds of Metso Corporation at September 30, 2001 consist of retained earnings (EUR 742 million) excluding accelerated depreciation and untaxed reserves (EUR 56 million), and other reserves (EUR 202 million), totaling EUR 888 million. At the end of the period Metso Corporation possessed 61 thousand of its own shares.

Accounting of the Svedala acquisition

A total of 99.6 % of Svedala shares were transferred into Metso's ownership on September 14, 2001. An accrual equal to the purchase price of the remaining shares has been booked into the balance sheet of Metso. The income statement of Svedala for the period September 14 - September 30, 2001 has not been consolidated into Metso's income statement for the period January 1 - September 30, 2001 since it is not considered to have a material effect on Metso. Svedala's balance sheet as of September 30, 2001 has been consolidated into Metso's balance sheet as of September 30, 2001 by using the purchase method.

The balance sheet items of certain businesses disposed of on October 1, 2001 to Sandvik (as a condition for the approvals by the competition authorities) have not been included in the consolidated balance sheet of Metso, but the sales price of EUR 70 million is included in the cash and cash equivalents of Metso. The corresponding gain on the sale is booked against the goodwill arising from the acquisition of Svedala. Inventory amounting to EUR 32 million related to these sold businesses remained in the balance sheet of Metso and the result from selling these assets will affect the final goodwill.

The opening balance sheet includes EUR 70 million in restructuring expenses, of which EUR 8 million have been realised in Svedala under the review period. Expenses arising from the harmonization of Metso and Svedala accounting principles have been booked into Svedala's balance sheet.

Certain businesses were sold to Outokumpu (as a condition for the approvals by the competition authorities) for EUR 4 million and the gain on the sale, EUR 0.5 million, is included in the third quarter operating profit of Metso Minerals.

The purchase price of Svedala shares and goodwill as of September 30, 2001 were as follows:

| (Millions) | EUR |
|--|------------|
| Shares (48,011,998 shares á SEK 184.39 = SEK 8,853 million / 9.59) | 923 |
| Premium on the convertible debenture loan | 1 |
| Other direct acquisition costs | 21 |
| Acquisition cost | 945 |
| Svedala's equity at acquisition | 279 |
| Goodwill included in the Svedala companies' balance sheets | 71 |
| Goodwill attributable to Svedala acquisition | 737 |

The goodwill will be amortized over 20 years, starting from October 2001.

The fair market value calculations of Svedala balance sheet items at acquisition, required by the purchase method applied in the consolidation, are being processed. When completed, such calculations will affect the amount of goodwill. The effect is not expected to be material.

Assets pledged and contingent liabilities

| (Millions) | Sep 30, 2001 EUR | Dec 31, 2000 EUR |
|--|---------------------|---------------------|
| Mortgages on corporate debt | 2 | 2 |
| Other mortgages | 2 | 2 |
| Guarantees on behalf of associated company obligations | 1 | 1 |
| Other guarantees | 3 | 8 |
| Repurchase and other commitments | 29 | 6 |
| Leasing commitments | 178 | 121 |

Notional amounts, carrying amounts and fair values of derivative financial instruments

| (Millions) | Notional amount | | Carrying amount | | Fair value | |
|----------------------------------|-----------------|--------------|-----------------|--------------|--------------|--------------|
| | Sep 30, 2001 | Dec 31, 2000 | Sep 30, 2001 | Dec 31, 2000 | Sep 30, 2001 | Dec 31, 2000 |
| | EUR | EUR | EUR | EUR | EUR | EUR |
| Forward exchange rate contracts | 1,745 | 1,119 | (14) | 15 | (14) | 3 |
| Interest rate and currency swaps | 37 | 57 | (7) | (8) | (8) | (8) |
| Currency swaps | 118 | 128 | 1 | (6) | (1) | (6) |
| Interest rate swaps | 22 | 42 | (1) | 0 | (1) | 0 |
| Option agreements | | | | | | |
| Bought | 11 | - | 0 | - | 0 | - |
| Sold | 11 | - | 0 | - | 0 | - |

The carrying amounts noted in the table above are included in the balance sheet. The notional amounts indicate the volumes in the use of derivatives, but do not indicate the exposure to risk. The fair value reflects the estimated amounts that Metso would receive or pay to terminate the contracts at the reporting date, thereby taking into account the current unrealized gains or losses of open contracts.

Key ratios

| | Sep 30, 2001 | Sep 30, 2000 | Dec 31, 2000 |
|--|--------------|--------------|--------------|
| Earnings/share, EUR | 0.83 | 0.58 | 0.90 |
| Earnings/share excl. amortization of goodwill, EUR | 0.90 | 0.65 | 0.99 |
| Equity/share, EUR | 10.59 | 10.48 | 10.51 |
| Return on equity (ROE), % | 10.9 | 8.7 | 9.5 |
| Return on capital employed (ROCE), % | 12.9 | 11.0 | 12.2 |
| Equity to assets ratio, % | 30.0 | 44.2 | 45.4 |
| Gearing, % | 88.5 | (3.1) | (3.7) |
| Average number of shares (thousands) | 136,117 | 135,351 | 135,364 |

Exchangerates used

| | 1-9/2001 | 1-9/2000 | 1-12/2000 | Sep 30, 2001 | Sep 30, 2000 | Dec 31, 2000 |
|----------------------|----------|----------|-----------|--------------|--------------|--------------|
| USD (US dollar) | 0.8957 | 0.9422 | 0.9240 | 0.9131 | 0.8765 | 0.9305 |
| SEK (Swedish krona) | 9.1820 | 8.3928 | 8.4459 | 9.7321 | 8.5265 | 8.8313 |
| GBP (Pound sterling) | 0.6222 | 0.6122 | 0.6094 | 0.6220 | 0.5967 | 0.6241 |

Formulas for calculation of key ratios

Earnings / share:

$$\frac{\text{Profit before extraordinary items and income taxes} - \text{taxes +/- minority interests}}{\text{Average number of shares during period}}$$

Equity / share:

$$\frac{\text{Shareholders' equity}}{\text{Number of shares at end of period}}$$

Return on capital employed (ROCE), %:

$$\frac{\text{Profit before extraordinary items and income taxes} + \text{interest and other financial expenses}}{\text{Balance sheet total - non-interest bearing liabilities}} \times 100$$

(average for period)

Return on equity (ROE), %:

$$\frac{\text{Profit before extraordinary items and income taxes} - \text{taxes}}{\text{Shareholders' equity} + \text{minority interests (average for period)}} \times 100$$

Equity to assets ratio, %:

$$\frac{\text{Shareholders' equity} + \text{minority interests}}{\text{Balance sheet total} - \text{advances received}} \times 100$$

Gearing, %:

$$\frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity} + \text{minority interests}} \times 100$$

Business area information

Net sales by business area

| (Millions) | 7-9/2001 EUR | 7-9/2000 EUR | 1-9/2001 EUR | 1-9/2000 EUR | 10/2000-9/2001 EUR | 1-12/2000 EUR |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|------------------|
| Pulping Technology | 108 | 111 | 323 | 310 | 453 | 440 |
| Paper Technology | 393 | 405 | 1,354 | 1,067 | 1,867 | 1,580 |
| Others | 82 | 87 | 262 | 230 | 381 | 349 |
| Intra-business area net sales | (26) | (23) | (102) | (60) | (125) | (83) |
| Metso Paper | 557 | 580 | 1,837 | 1,547 | 2,576 | 2,286 |
| Metso Minerals | 133 | 121 | 406 | 407 | 560 | 561 |
| Metso Automation | 177 | 157 | 499 | 446 | 697 | 644 |
| Metso Engineering | 46 | 49 | 156 | 136 | 214 | 194 |
| Manufacture of Specialty Cars | 24 | 21 | 103 | 84 | 138 | 119 |
| Metso Ventures | 70 | 70 | 259 | 220 | 352 | 313 |
| Intra Metso net sales | (50) | (18) | (95) | (64) | (123) | (92) |
| Continuing operations | 887 | 910 | 2,906 | 2,556 | 4,062 | 3,712 |
| Forest Machines* | - | - | - | 179 | - | 179 |
| Metso total | 887 | 910 | 2,906 | 2,735 | 4,062 | 3,891 |

Operating profit (loss) by business area

| (Millions) | 7-9/2001 EUR | 7-9/2000 EUR | 1-9/2001 EUR | 1-9/2000 EUR | 10/2000-9/2001 EUR | 1-12/2000 EUR |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|------------------|
| Pulping Technology | 6.7 | 12.6 | 16.9 | 28.3 | 28.3 | 39.7 |
| Paper Technology | 33.4 | 27.3 | 107.7 | 44.5 | 140.7 | 77.5 |
| Others | (3.0) | (4.0) | (4.2) | (9.1) | (5.9) | (10.8) |
| Metso Paper | 37.1 | 35.9 | 120.4 | 63.7 | 163.1 | 106.4 |
| Metso Minerals | 4.7 | 4.9 | 22.8 | 21.1 | 29.4 | 27.7 |
| Metso Automation | 9.4 | 15.3 | 19.0 | 27.8 | 36.2 | 45.0 |
| Metso Engineering | 0.2 | 4.0 | 6.7 | 8.3 | 9.1 | 10.7 |
| Manufacture of Specialty Cars | 2.3 | (0.4) | 20.6 | 9.5 | 26.7 | 15.6 |
| Metso Ventures | 2.5 | 3.6 | 27.3 | 17.8 | 35.8 | 26.3 |
| Corporate Headquarters and other | (4.0) | (2.4) | (19.0) | (17.2) | (20.4) | (18.6) |
| Continuing operations | 49.7 | 57.3 | 170.5 | 113.2 | 244.1 | 186.8 |
| Forest Machines* | - | - | - | 13.3 | - | 13.3 |
| Metso total | 49.7 | 57.3 | 170.5 | 126.5 | 244.1 | 200.1 |

*) Forest Machines (Timberjack) was part of Metso until April 28, 2000 and it is included in the consolidated figures of Metso Corporation 1-4/2000.

Orders received by business area

| (Millions) | 7-9/2001 EUR | 7-9/2000 EUR | 1-9/2001 EUR | 1-9/2000 EUR | 10/2000-9/2001 EUR | 1-12/2000 EUR |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|------------------|
| Pulping Technology | 54 | 104 | 339 | 319 | 491 | 471 |
| Paper Technology | 258 | 221 | 979 | 1,434 | 1,411 | 1,866 |
| Others | 49 | 39 | 199 | 245 | 341 | 387 |
| Intra-business area orders received | (5) | (19) | (54) | (46) | (84) | (76) |
| Metso Paper | 356 | 345 | 1,463 | 1,952 | 2,159 | 2,648 |
| Metso Minerals | 137 | 115 | 438 | 406 | 592 | 560 |
| Metso Automation | 151 | 138 | 505 | 471 | 685 | 651 |
| Metso Engineering | 47 | 51 | 184 | 164 | 238 | 218 |
| Manufacture of Specialty Cars | 24 | 22 | 103 | 84 | 138 | 119 |
| Metso Ventures | 71 | 73 | 287 | 248 | 376 | 337 |
| Intra Metso orders received | (21) | (16) | (84) | (84) | (115) | (115) |
| Continuing operations | 694 | 655 | 2,609 | 2,993 | 3,697 | 4,081 |
| Forest Machines* | - | - | - | 187 | - | 187 |
| Metso total | 694 | 655 | 2,609 | 3,180 | 3,697 | 4,268 |

Personnel by business area

| | Sep 30, 2001 | Sep 30, 2000 | Dec 31, 2000 |
|----------------------------------|---------------|---------------|---------------|
| Pulping Technology | 2,024 | 1,941 | 1,956 |
| Paper Technology | 7,526 | 7,493 | 7,558 |
| Others | 1,402 | 1,409 | 1,400 |
| Metso Paper | 10,952 | 10,843 | 10,914 |
| Metso Minerals | 12,034 | 3,275 | 3,298 |
| Metso Automation | 4,666 | 4,411 | 4,551 |
| Metso Engineering | 1,528 | 1,475 | 1,487 |
| Manufacture of Specialty Cars | 1,577 | 1,451 | 1,658 |
| Metso Ventures | 3,105 | 2,926 | 3,145 |
| Corporate Headquarters and other | 118 | 117 | 116 |
| Metso total | 30,875 | 21,572 | 22,024 |

*) Forest Machines (Timberjack) was part of Metso until April 28, 2000 and it is included in the consolidated figures of Metso Corporation 1-4/2000.

Quarterly information

Net sales by business area

| (Millions) | 7-9/2000 EUR | 10-12/2000 EUR | 1-3/2001 EUR | 4-6/2001 EUR | 7-9/2001 EUR |
|-------------------------------|-----------------|-------------------|-----------------|-----------------|-----------------|
| Pulping Technology | 111 | 130 | 104 | 111 | 108 |
| Paper Technology | 405 | 513 | 491 | 470 | 393 |
| Others | 87 | 119 | 91 | 89 | 82 |
| Intra-business area net sales | (23) | (23) | (33) | (43) | (26) |
| Metso Paper | 580 | 739 | 653 | 627 | 557 |
| Metso Minerals | 121 | 154 | 123 | 150 | 133 |
| Metso Automation | 157 | 198 | 153 | 169 | 177 |
| Metso Engineering | 49 | 58 | 55 | 55 | 46 |
| Manufacture of Specialty Cars | 21 | 35 | 42 | 37 | 24 |
| Metso Ventures | 70 | 93 | 97 | 92 | 70 |
| Intra Metso net sales | (18) | (28) | (24) | (21) | (50) |
| Metso total | 910 | 1,156 | 1,002 | 1,017 | 887 |

Operating profit (loss) by business area

| (Millions) | 7-9/2000 EUR | 10-12/2000 EUR | 1-3/2001 EUR | 4-6/2001 EUR | 7-9/2001 EUR |
|----------------------------------|-----------------|-------------------|-----------------|-----------------|-----------------|
| Pulping Technology | 12.6 | 11.4 | 6.9 | 3.3 | 6.7 |
| Paper Technology | 27.3 | 33.0 | 36.7 | 37.6 | 33.4 |
| Others | (4.0) | (1.7) | 0.4 | (1.6) | (3.0) |
| Metso Paper | 35.9 | 42.7 | 44.0 | 39.3 | 37.1 |
| Metso Minerals | 4.9 | 6.6 | 6.4 | 11.7 | 4.7 |
| Metso Automation | 15.3 | 17.2 | 4.8 | 4.8 | 9.4 |
| Metso Engineering | 4.0 | 2.4 | 3.2 | 3.3 | 0.2 |
| Manufacture of Specialty Cars | (0.4) | 6.1 | 11.1 | 7.2 | 2.3 |
| Metso Ventures | 3.6 | 8.5 | 14.3 | 10.5 | 2.5 |
| Corporate Headquarters and other | (2.4) | (1.4) | (7.5) | (7.5) | (4.0) |
| Metso total | 57.3 | 73.6 | 62.0 | 58.8 | 49.7 |

Orders received by business area

| (Millions) | 7-9/2000 EUR | 10-12/2000 EUR | 1-3/2001 EUR | 4-6/2001 EUR | 7-9/2001 EUR |
|-------------------------------------|-----------------|-------------------|-----------------|-----------------|-----------------|
| Pulping Technology | 104 | 152 | 216 | 69 | 54 |
| Paper Technology | 221 | 432 | 460 | 261 | 258 |
| Others | 39 | 142 | 81 | 69 | 49 |
| Intra-business area orders received | (19) | (30) | (41) | (8) | (5) |
| Metso Paper | 345 | 696 | 716 | 391 | 356 |
| Metso Minerals | 115 | 154 | 149 | 152 | 137 |
| Metso Automation | 138 | 180 | 189 | 165 | 151 |
| Metso Engineering | 51 | 54 | 71 | 66 | 47 |
| Manufacture of Specialty Cars | 22 | 35 | 42 | 37 | 24 |
| Metso Ventures | 73 | 89 | 113 | 103 | 71 |
| Intra Metso orders received | (16) | (31) | (37) | (26) | (21) |
| Metso total | 655 | 1,088 | 1,130 | 785 | 694 |

Order backlog by business area

| (Millions) | Sep 30,2000 EUR | Dec 31,2000 EUR | March 31,2001 EUR | June 30,2001 EUR | Sep 30,2001 EUR |
|-----------------------------------|--------------------|--------------------|----------------------|---------------------|--------------------|
| Pulping Technology | 291 | 315 | 424 | 364 | 304 |
| Paper Technology | 1,329 | 1,217 | 1,189 | 995 | 839 |
| Others | 157 | 172 | 165 | 146 | 112 |
| Intra-business area order backlog | (87) | (101) | (109) | (74) | (51) |
| Metso Paper | 1,690 | 1,603 | 1,669 | 1,431 | 1,204 |
| Metso Minerals | 110 | 100 | 127 | 130 | 535 |
| Metso Automation | 214 | 197 | 238 | 238 | 203 |
| Metso Engineering | 79 | 75 | 90 | 101 | 103 |
| Intra Metso order backlog | (67) | (68) | (82) | (87) | (60) |
| Metso total | 2,026 | 1,907 | 2,042 | 1,813 | 1,985 |



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