

Metso and profitable growth

Roadshow in Paris with Lehman Brothers
May 3, 2007

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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.

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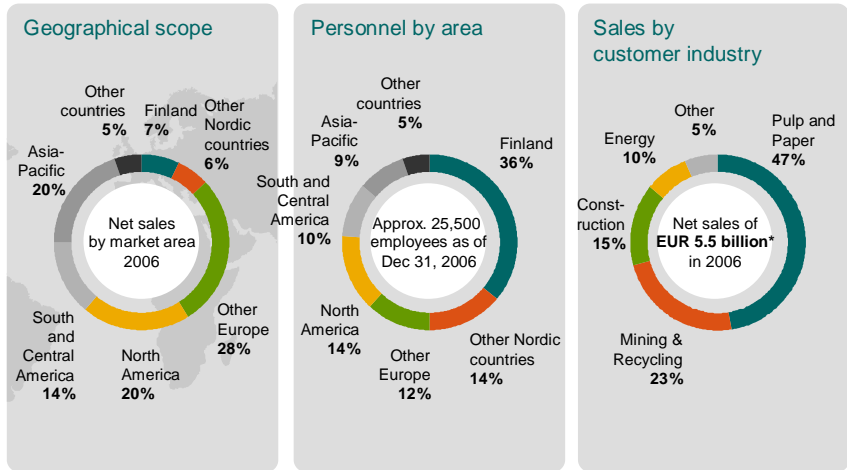
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This is Metso



Metso at a glance



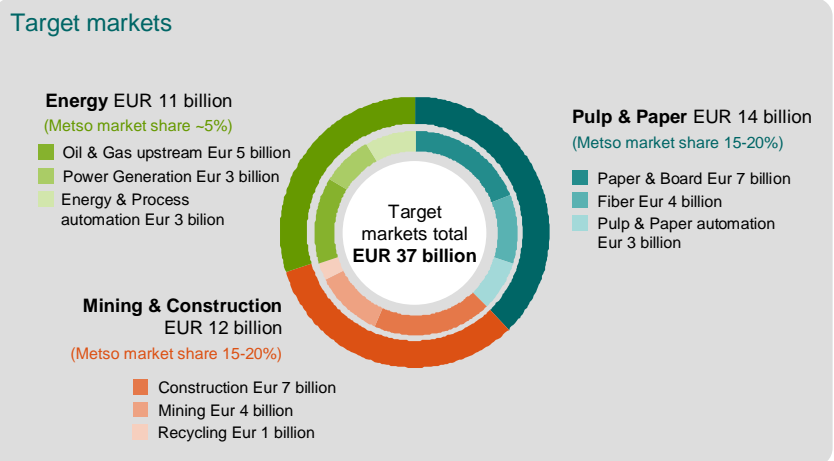
*Including Pro forma Pulping & Power businesses



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Target markets



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Operating through three Business Areas

	Metso Paper Net sales EUR 2.5 billion*	Metso Minerals Net sales EUR 2.2 billion	Metso Automation Net sales EUR 600 million
Customer offering	Equipment for pulp & paper, panelboard and power generation industries; processes and services	Rock and minerals processing equipment, processes and services	Automation systems, valves and services
Division of sales	<ul style="list-style-type: none"> • 55% Paper • 35% Pulp • 10% Power • ~40% new equipment • ~30% rebuilds • ~30% aftermarket 	<ul style="list-style-type: none"> • 50% Mining • 40% Construction • 10% Metal recycling • ~50% new equipment • ~50% aftermarket 	<ul style="list-style-type: none"> • 50% Pulp & Paper • 50% Power, oil & gas • ~75% new equipment • ~25% aftermarket
Market position	<ul style="list-style-type: none"> • # 1-2 in both pulp & paper • # 1-3 in power • Consolidated market 	<ul style="list-style-type: none"> • Leading in selected segments • Fragmented market 	<ul style="list-style-type: none"> • Leader in pulp & paper • Niche player in energy • Fragmented market

*Including Pro forma Pulping & Power businesses, year 2006 figures

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Market drivers and trends



Metso's business portfolio provides solid growth opportunities (1/2)

- Rapid growth of paper and board consumption in emerging economies
- New pulp capacity developed in Southern Hemisphere - China becoming more active as well
- Mining super-cycle, driven by continued growth of emerging economies
- Development of new mining assets, especially in South & East



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Metso's business portfolio provides solid growth opportunities (2/2)

- Increased global transportation pushing both emerging and developed economies to invest heavily in development of transportation and other infrastructure
- Energy consumption continuing to grow - increasing demand for new power generation solutions
- Recycling, renewable fuels and other environmental issues increasing demand for "clean technology" products and services in which Metso is well established

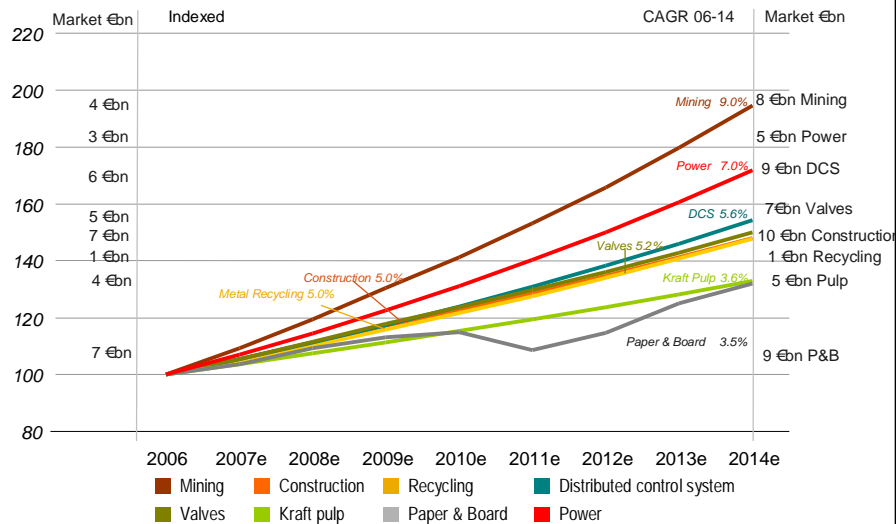


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Demand trends for Metso's products



Including aftermarket. All figures nominal, including inflation.
Sources: Freedonia, ARC, Pöyry, European Renewable Energy Council, Metso estimates



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Markets for pulp and paper

Pulp segment

- Mechanical and chemical pulp producers

Business environment

- Satisfactory demand**
- Europe and US rebuild and aftermarket.
- Drivers:** Production is shifting towards Southern Hemisphere where planted hardwood is used as raw material.
- Customers** work for enhanced operational efficiency and are outsourcing services.
- Trend** towards complete and large scale mill deliveries. Use of recycled fiber will continue to grow.

Paper and board segment Business environment

- Paper, tissue and board producers

- Satisfactory demand**
- Europe and US rebuild and aftermarket.
- Drivers:** Growing paper consumption attracts new investments to China and rest of South-East Asia. Aging of existing machinery drive for process improvements and process automation investments in Europe and North America.
- Customers** work for enhanced operational efficiency and are outsourcing services.



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Markets for construction, mining and metal recycling

Construction segment	Business environment
<ul style="list-style-type: none"> Quarries and crushing projects Contractors Engineering and consulting companies 	<ul style="list-style-type: none"> Excellent demand. Drivers: Active road network and infrastructure development boost aggregates prices and demand. Customers are outsourcing services. Trend towards mobile solutions.
Mining segment	Business environment
<ul style="list-style-type: none"> Mining and industrial minerals companies Mining contractors Engineering and consulting companies 	<ul style="list-style-type: none"> Excellent demand. Drivers: Emerging economies and high metal prices drive extensive investments. Customers are outsourcing services and consolidating. Trend towards larger equipment and projects.
Metal recycling segment	Business environment
<ul style="list-style-type: none"> Metal recycling industry 	<ul style="list-style-type: none"> Excellent demand. Drivers: High commodity demand accelerates scrap demand. Mining boom and high metal prices. Customers are consolidating.

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Markets for power, oil and gas

Power generation	Business environment
<ul style="list-style-type: none"> Power plants: coal fired, industrial, combined cycle, energy from waste Engineering firms and construction companies Automation integrators Chemical industry Oil & Gas industry 	<ul style="list-style-type: none"> Strong demand Drivers: Growing energy consumption and high prices drive for new plant investments and improvements at the existing plants. Customers work for enhanced operational efficiency are outsourcing services. Trend towards global deregulation opens competition and privatization as well as increased requirements for safety and environment.
Oil & gas upstream	Business environment
<ul style="list-style-type: none"> Oil & gas industry Refineries 	<ul style="list-style-type: none"> Strong demand Drivers: High prices and increased consumption keep investments at a high level. Customers are globalizing and outsourcing services. Trend towards increased requirements for safety and environment.

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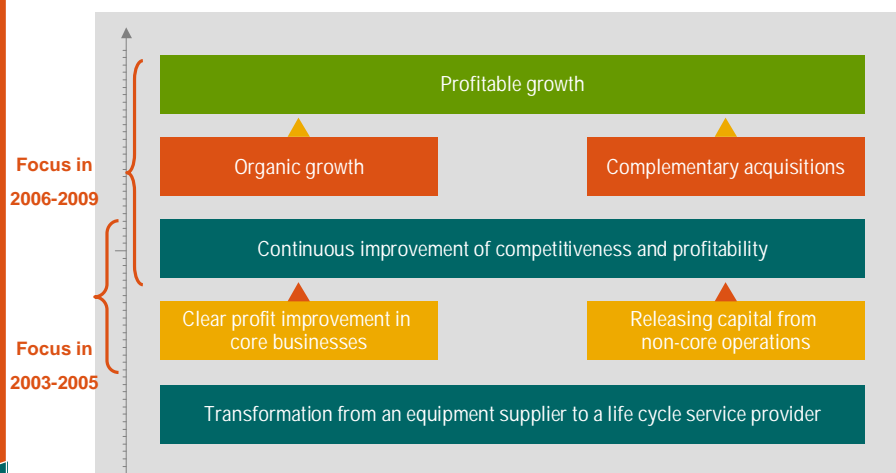
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Metso's strategy and actions



From restructuring to profitable growth



Operational excellence to boost profitability

All Metso businesses continue to have a lot of opportunities to boost profitability

- Consistent productivity improvement of 4-6%/a
- Quality costs down, especially in Metso Paper
- Global sourcing
- Global business processes and way to operate



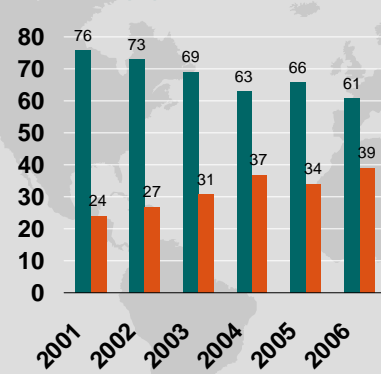
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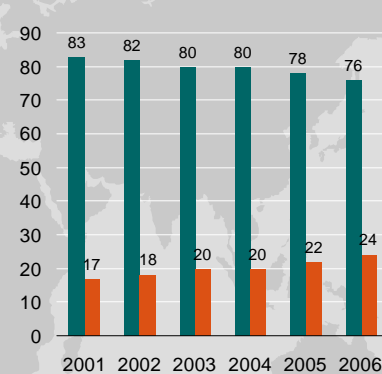
Stronger presence in emerging markets

■ Developed markets ■ Emerging markets

Net sales (%)



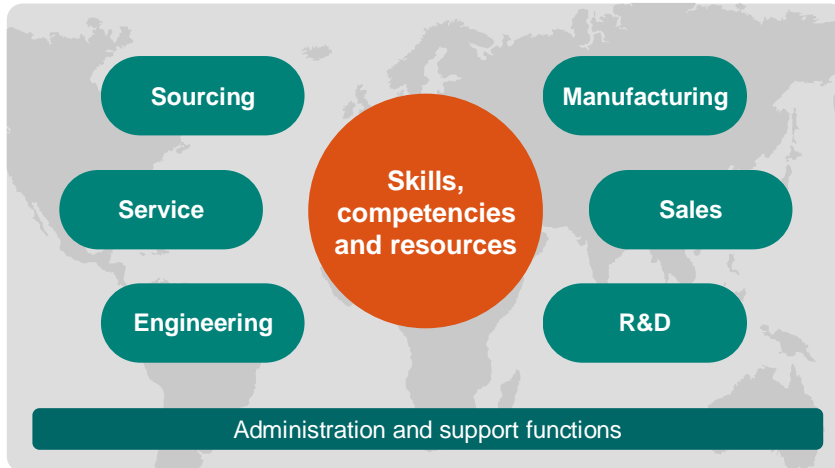
Personnel (%)



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More global footprint throughout the value chain

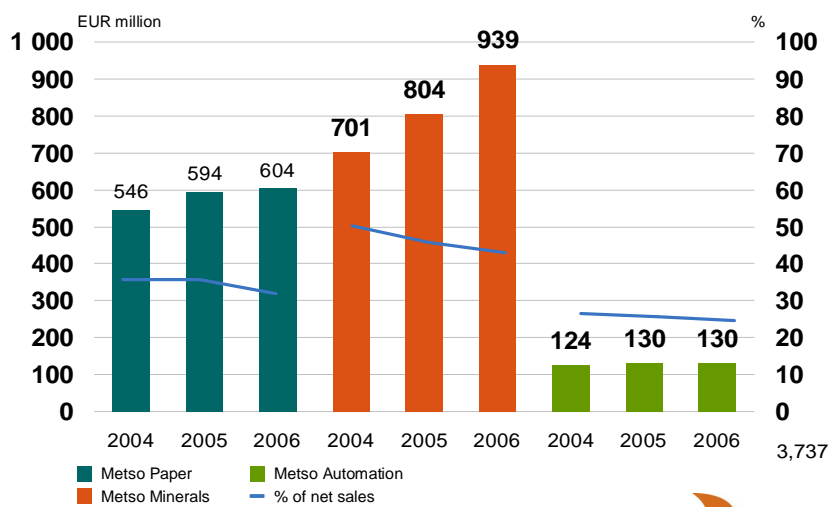


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Aftermarket business continues to provide opportunities



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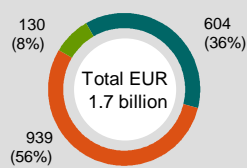
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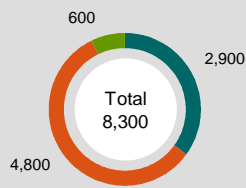
Growth and earnings stability through aftermarket business

- Both technology and service orientation needed in Metso.
 - more management focus, especially in Europe and North America
 - "service culture"
 - stronger status of aftermarket
 - best competencies to develop business models in service
- New service products and business models
 - Full utilization of large installed base
- Enhanced wear part and consumables offering
- Acquisitions to accelerate growth in aftermarket

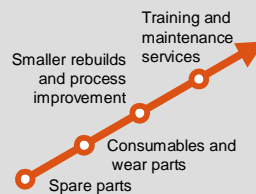
Metso aftermarket net sales growth 10% on 2005.



Metso's aftermarket personnel



Metso aftermarket offering



● Metso Paper ● Metso Minerals ● Metso Automation



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Growth through acquisitions

Metso Acquisition Process

- Bulk Equipment Systems and Technologies Inc., (March 2007)
- Aker Kvaerner Pulping & Power (December 2006)
- Svensk Gruvteknik AB and Svensk Pappersteknik AB (October 2006)
- Shanghai-Chenming Paper Machinery Co. Ltd (September 2006)
- Texas Shredder, Inc. (August 2005)

2005

2006

2007

2008

Strategic Fit

- Complement product/service offering
- Stronger presence in emerging markets
- Aftermarket potential
- Closing geographical gaps

Financial Fit

- Target business to be shortly earnings-enhancing

Feasibility

- Availability
- Anti-trust requirements
- Environmental liabilities
- Unusual risks



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Metso Paper: Profitability improvement and aftermarket growth!

- Continue profitability improvement
- Exploit the aftermarket potential - boost growth with complementary acquisitions
- Successful integration of the acquired businesses
- Fully exploit the "Power opportunity"
- Understand the implications of the transformation of the pulp & paper industry



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Metso Minerals: Exploiting the super-cycle!

- Fully utilize the market potential and continue to strengthen customer service and delivery capabilities
- Invest in R&D and development of new concepts and products with special focus on life-cycle services
- Strengthen presence in emerging markets, with special focus on India, China and Russia
- Implement successfully the new customer-driven operating model
- Further growth through acquisitions



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Metso Automation: Sustainable profitability and growth!

- Exploit maximally current good market situation in the energy and power markets
- Strengthen market presence, especially in emerging markets
- Strengthen delivery capabilities especially in flow control
- Grow aftermarket business
- Expand product offering especially towards the energy and power customers
- Complementary acquisitions



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Metso's financial targets

	2005 actual	2006 actual	2007 guidance	2007- target
Net sales growth	17%	17%	> 20%	> 10%
Operating profit margin	7.9%	9.2%	Slightly < 10%	> 10%
Investment grade	No	Yes	N/A	Solid
Dividend	83%	52%	N/A	> 50%

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Financial performance



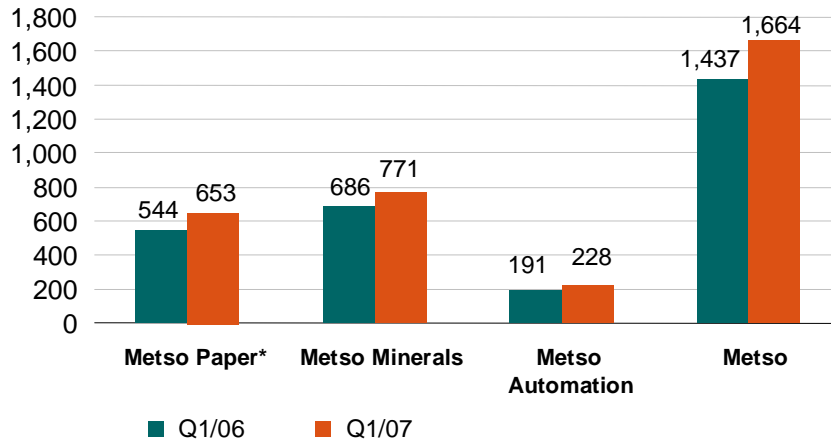
Highlights of the first quarter

EUR million	Q1/07	Q1/06	Change %
Orders received, EUR million	1,664	1,437	+16
Order backlog, EUR million	3,999	2,692	+49
Net sales, EUR million	1,366	1,078	+27
EBITA, EUR million	121.9	99.9	+22
Operating profit, EUR million	108.4	95.4	+14
Operating profit margin, %	7.9	8.8	
EPS, EUR	0.50	0.47	+6
Free cash flow, EUR million	97	152	(36)
ROCE, %	20.7	20.2	



Orders received by business area

Million EUR



* Acquired Pulping and Power businesses in Q1/07 about EUR 103 million.

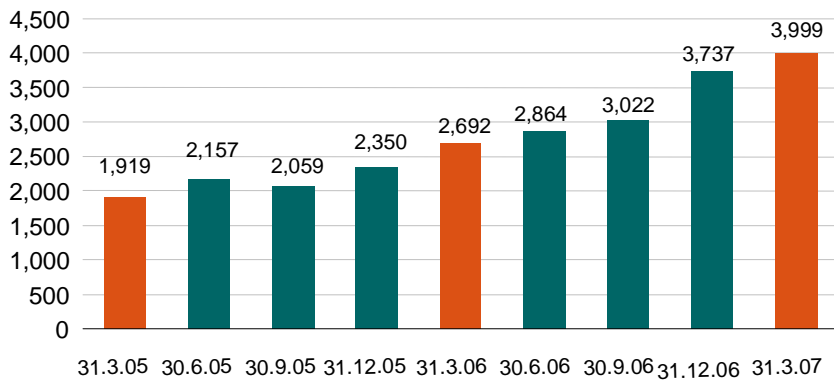


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Development of order backlog

Million EUR

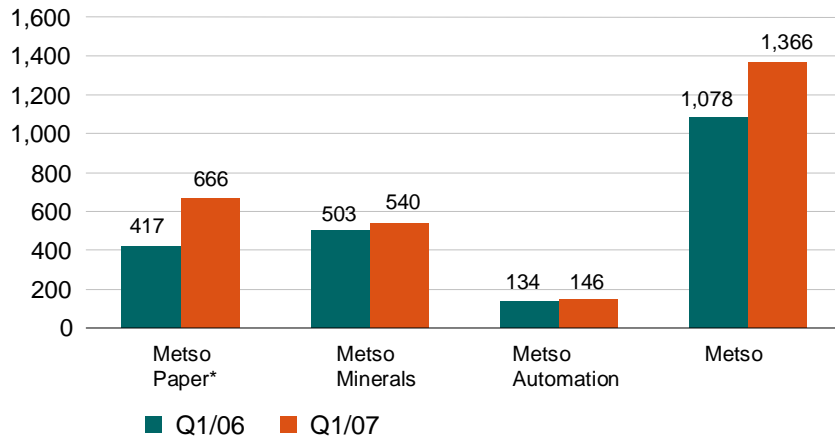


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Net sales by business area

Million EUR



* Acquired Pulping and Power businesses in Q1/07 about EUR 176 million.

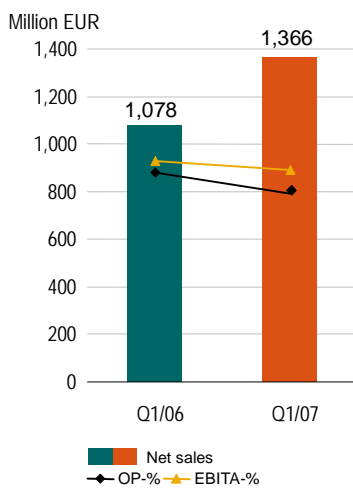


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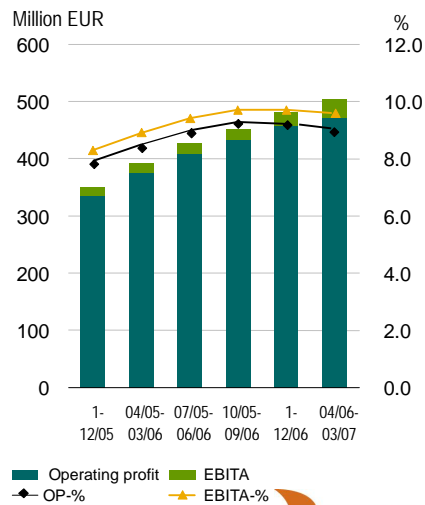
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Metso - Net sales and profitability

Q1 net sales and profitability



Operating profit and EBITA, rolling 12 months



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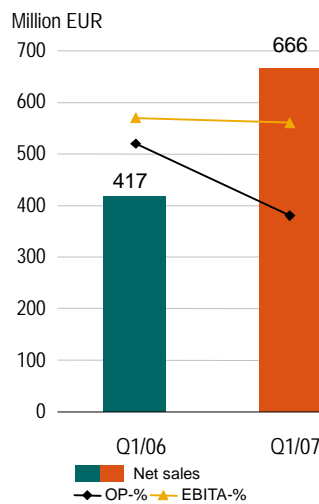
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Acquired Pulping and Power included from the date of acquisition.

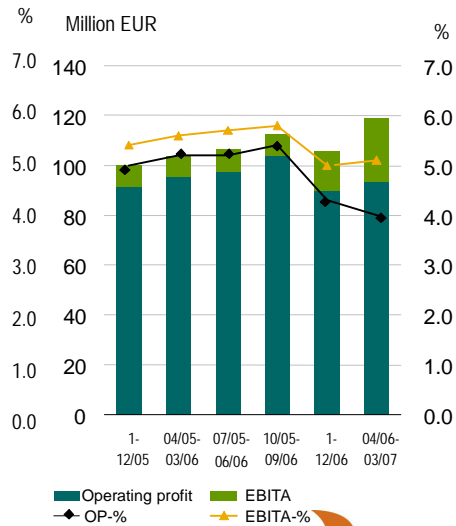


Metso Paper - Net sales and profitability

Q1 net sales and profitability



Operating profit and EBITA, rolling 12 months



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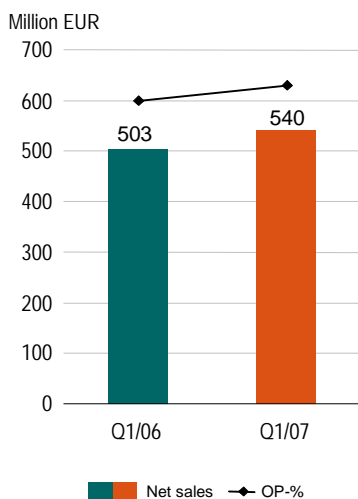
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Comparison figures restated to comply with current organizational structure. Pulping and Power included from the date of acquisition.

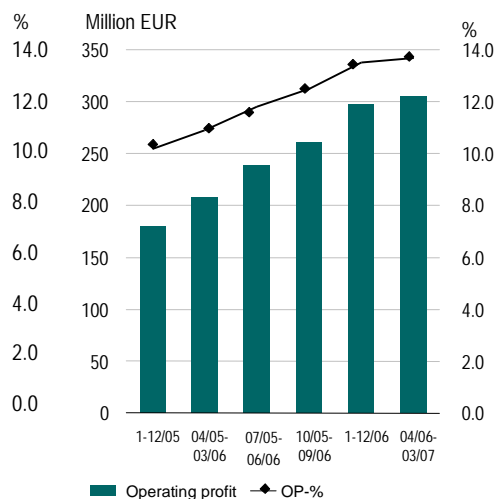


Metso Minerals - Net sales and profitability

Q1 net sales and profitability



Operating profit, rolling 12 months



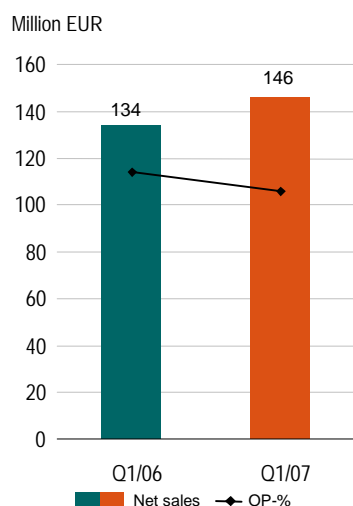
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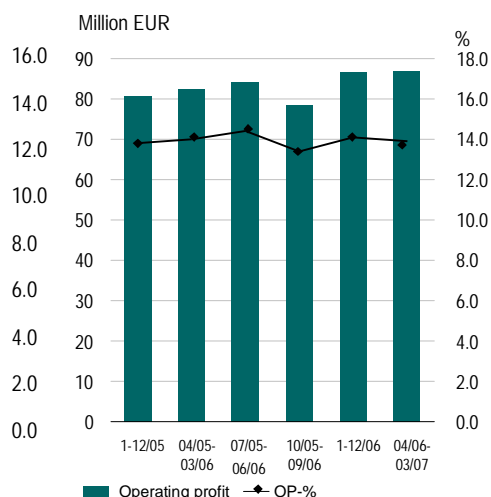


Metso Automation - Net sales and profitability

Q1 net sales and profitability



Operating profit, rolling 12 months



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EBITA and free cash flow Q1/2007

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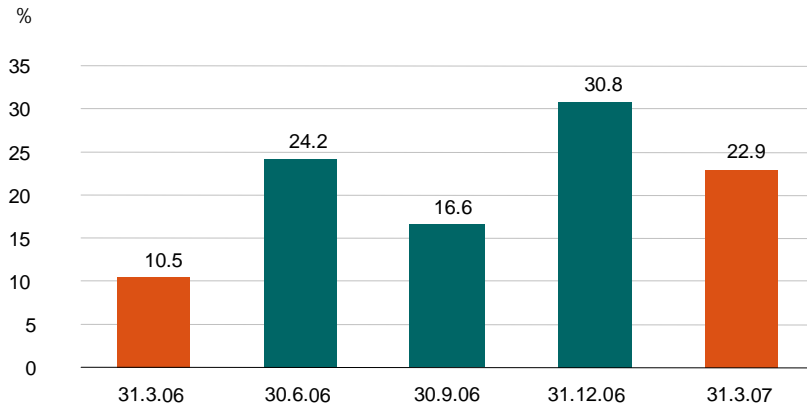
EUR million	Paper	Minerals	Automation	Valmet Automotive	Others	Metso
EBITA	37	69	16	4	(4)	122
EBITA %	5.6%	12.7%	10.9%	15.7%	N/A	8.9%
Depreciation of property, plant and equipment						22
Other adjustments						2
Change of net working capital						1
Investment activities						
Capital expenditures on fixed assets						(32)
Proceeds from sale of fixed assets						6
Interest paid and dividend received						-
Income tax paid						(24)
FREE CASH FLOW						97

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Gearing

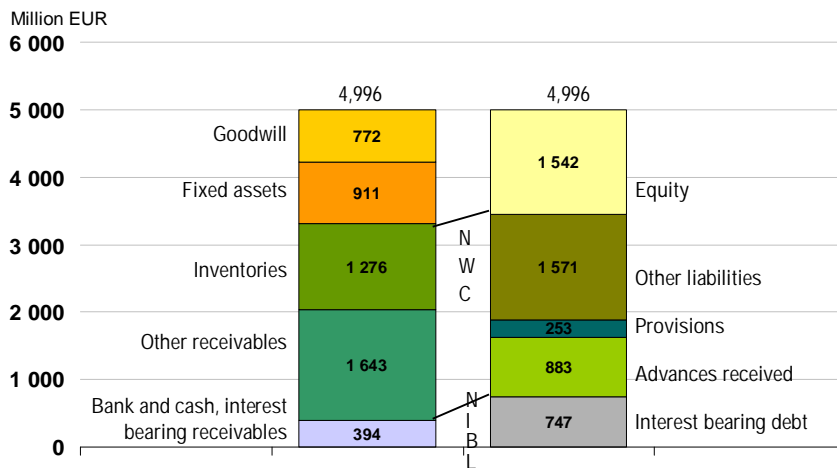


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Balance sheet structure 31.3.2007



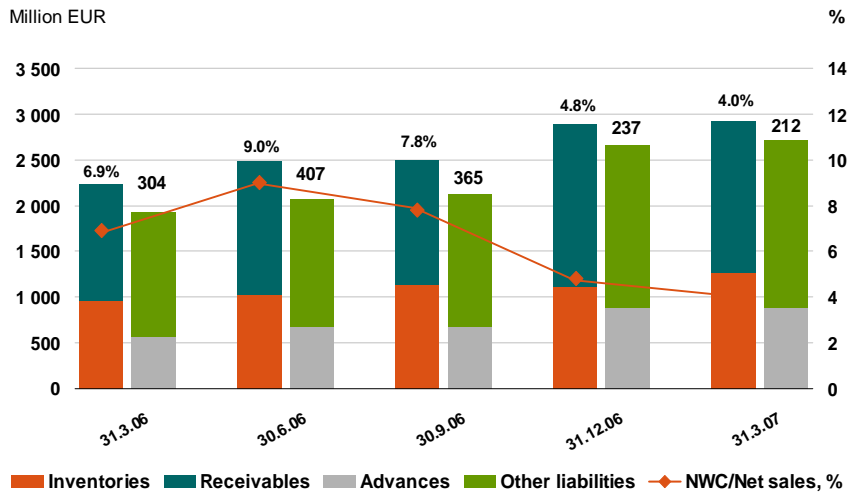
- NWC: Net working capital EUR 212 million, decrease of EUR 92 million from March 2006
- NIBL: Net interest bearing liabilities were EUR 353 million and gearing 22.9%

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Net working capital development

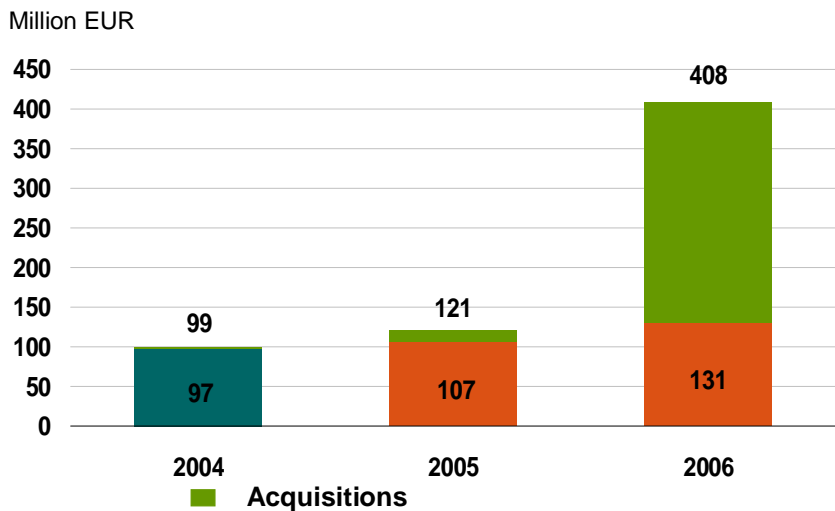


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Gross capital expenditure including acquisition



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Other issues

- Raw material prices
 - Majority of price increases passed through to end-product prices
 - Long-term contracts with key suppliers
 - In Q1/07 Metso Paper's and Metso Automation's operating profit was negatively affected by a steep increase in the price of stainless steel, a key raw material for components.
- Exchange rates
 - main currencies in addition to EUR: USD, BRL, SEK, CAD
- Tax rate
 - 2007: estimated to be about 30%.

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Short-term market outlook for 2007

2007

Metso Paper	
Pulp	Satisfactory
Paper & Board	Satisfactory
Tissue	Satisfactory
Power	Good
Metso Minerals	
Construction	Good/Excellent
Mining	Excellent
Metal recycling	Excellent
Metso Automation	
Pulp & Paper	Good
Power, oil & gas	Good/Excellent



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Short-term financial outlook intact

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- Metso's financial performance for the rest of 2007 is estimated to be stronger than in the first quarter.
- 2007 net sales are estimated to grow by more than 20% on 2006 and the operating profit is estimated to clearly improve.
- 2007 operating profit margin is estimated to be slightly below Metso's target, which is over 10%.



The estimates concerning Metso's financial performance are based on Metso's current structure, order backlog and market outlook.



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Profitable growth continues

- Exploiting the favorable markets in full
- Ensuring that delivery capability matches demand
- Continuous development of customer satisfaction
- Aftermarket development
- Value enhancing complementary acquisitions







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Additional information






Metso Paper Business lines 1(2)

Business line	Main products	Trade names	Customers	Competitors	Pos.
Fiber	 Chemical and mechanical pulping lines, Stock preparation, Recycled fiber	GentleBarking, CompactCooking, TwinRoll, DryWay, OptiFiner, Caustec	Pulp Mills and integrated Paper Mills	Andritz Kadant GL&V Voith	1-2.
Paper and Board	 Paper and Board Machines	OptiConcept, Sym products, Val products	Paper and Board Mills	Voith MHI	1-2.
Finishing	 Calenders, Coaters, Winders, Air and chemical Systems	OptiReel, WinBelt, WinRoll, OptiLoad, OptiCoat Jet, HIRun, OptiScreen	Pulp, Paper, Board and Tissue Mills	Voith Küstners Jagenberg	1.
Tissue	 Tissue Machines	Advantage DCT, STT, THRU-AIR	Tissue Mills	Voith Toscofec Celli Overmeccanica	1.



Metso Paper Business Lines 2(2)




Business line	Main products	Trade names	Customers	Competitors	Pos.
Service	 Roll Service Mill Maintenance Spares and consumables	M.O.R.E. (fiber) Boost	Pulp, Paper, Board and Tissue Mills	Voith Andritz Stowe Woodward ABB	1-2.
Power	 Recovery boilers Power boilers Evaporators Environmental systems Service	HYBEX CYMIC RECOX TUBEL	Pulp mills Paper mills Power generation industry	Andritz Foster & Wheeler Austrian Energy & Environment Mitsubishi Babcock & Wilcox HPD	1-3.
Panelboard	 Plants Production lines for MDF- and particle- board production Energy plants Services and moder- nisations	ClassiFormer Metso Contipress Defibrator Lukki AttackBar	MDF and Particleboard industry	Siempelkamp Dieffenbacher Andritz Kontra Schenkman u. Piehl PAL	2-3.

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Metso Minerals Business Lines



Business line	Main products	Customers	Competitors	Pos.
Construction	 Stationary and mobile crushers, screens and conveyors. Complete systems and service solutions.	Quarries Contract crushing operations Consultant and engineering companies	Terex Sandvik Astec	1.
Mining	 Grinding mills, crushing and materials handling equipment, process equipment. Complete systems and service solutions.	Mines and minerals processing plants Engineering houses Energy and metal industry	FL Smith Krupp- Polysius Outokumpu Technology	1.
Recycling	 Shredders, scrap shears, balers. Complete systems and service solutions.	Metal recycling Automotive industry Foundries	Harris Newell- Riversid SWB	1.

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Metso Automation Business Lines

Business line	Main products	Competitors	Positioning
Process Automation Systems	 <p>Process automation systems Specialty analyzers Life cycle services</p>	<p>ABB Emerson Honeywell Invensys Siemens Yokogawa</p>	<p>Results</p>
Flow Control	 <p>Automated, control-, ESD and manual valves Solutions and intelligent condition monitoring Life cycle services</p>	<p>Emerson Flowserve Dresser Samson</p>	<p>Intelligent reliability</p>

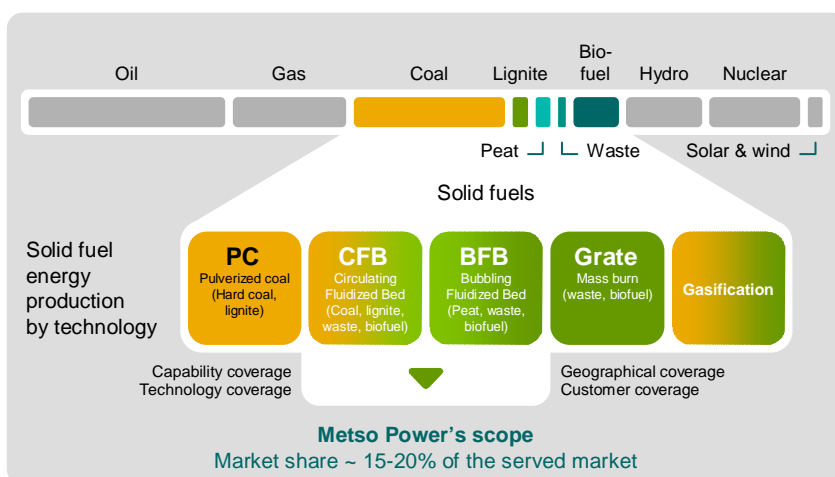
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Metso Power's focus

World's electricity production capacity by fuels



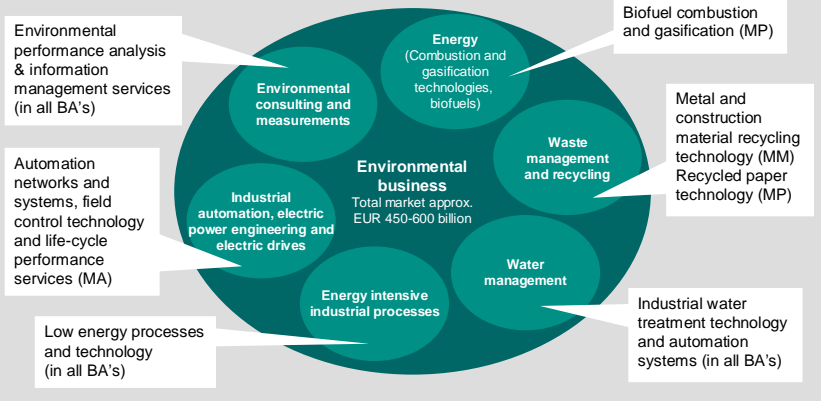
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Metso as a supplier of environmental technology

Using the OECD definition about 50% of our net sales can be classified as environmental business^{*)}



*) Analysis of environmental business based on the OECD definition is ongoing in Metso. Given number is an estimate.

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Metso's financial statements and other financial information are available on Metso's web-site at: www.metso.com/investors

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