

Metso and profitable growth

Metso lunch meeting in Helsinki
May 7, 2007

Jorma Eloranta, President and CEO, Metso Corporation



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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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Highlights of the Q1 financial results



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	

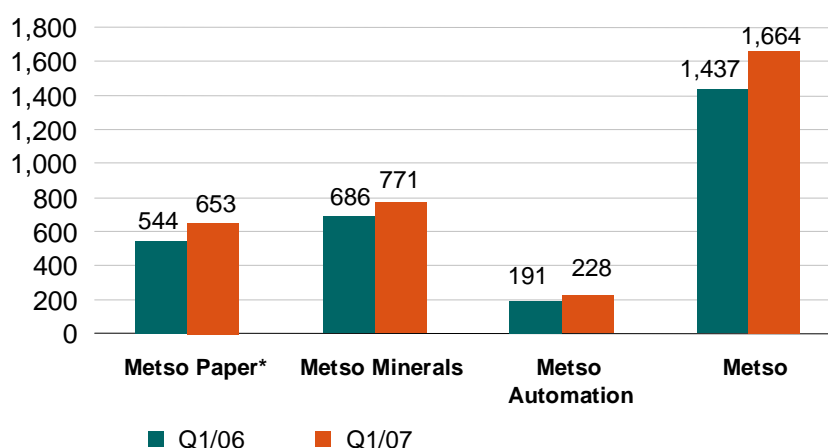
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Order intake continued strong across the board

Million EUR



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

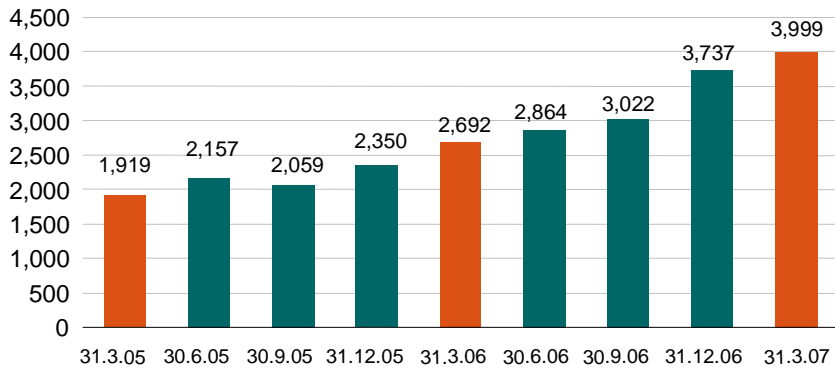
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Order backlog strengthened further

Million EUR



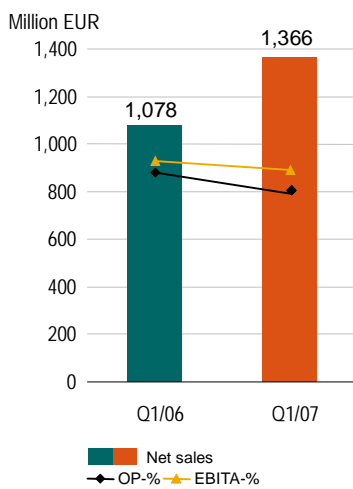
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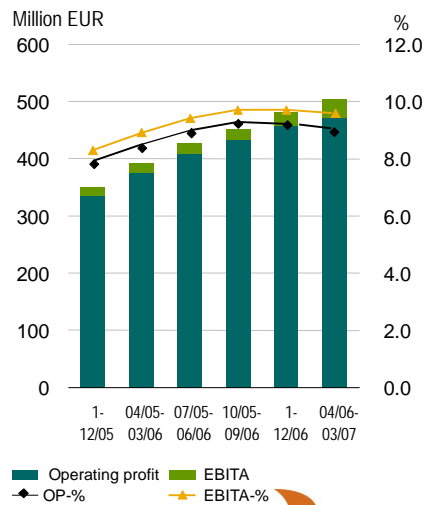


Metso - Net sales and profitability

Q1 net sales and profitability



Operating profit and EBITA, rolling 12 months



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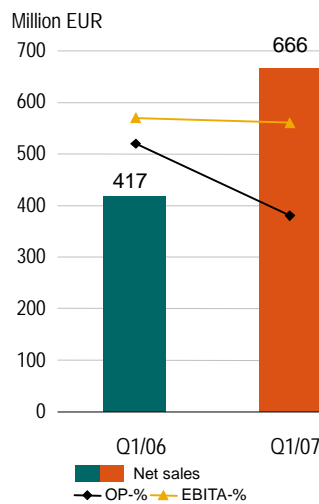
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Acquired Pulping and Power included from the date of acquisition.

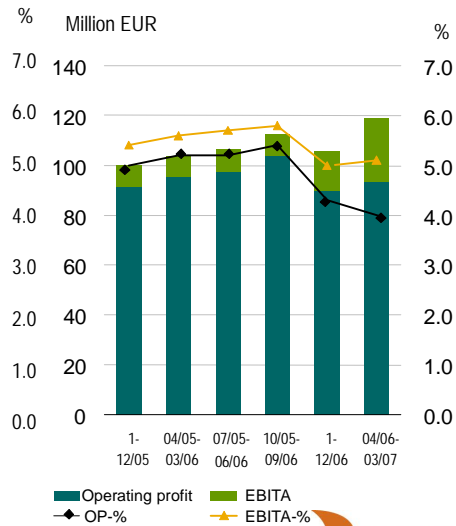


Metso Paper - Net sales and profitability

Q1 net sales and profitability



Operating profit and EBITA, rolling 12 months



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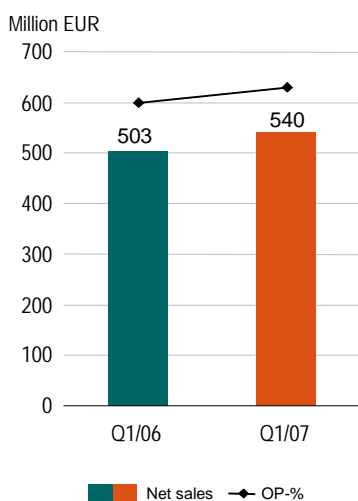
Comparison figures restated to comply with current organizational structure. Pulping and Power included from the date of acquisition.



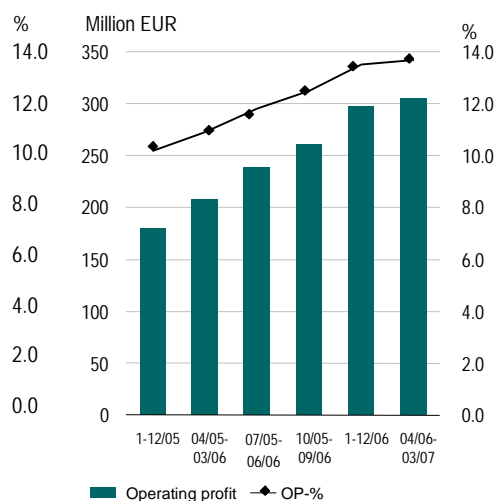
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Metso Minerals - Net sales and profitability

Q1 net sales and profitability



Operating profit, rolling 12 months



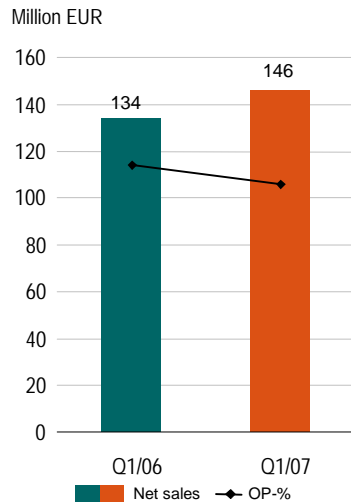
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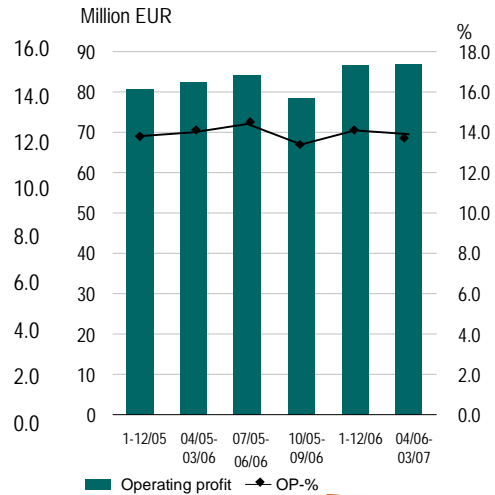
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Metso Automation - Net sales and profitability

Q1 net sales and profitability



Operating profit, rolling 12 months

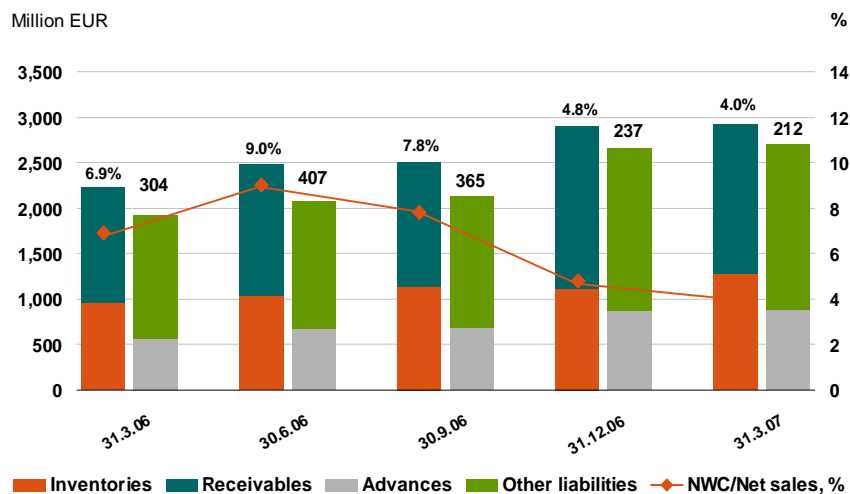


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Net working capital development



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Short-term risks of business operations

- Significance of China as the primary market for new paper and board machines has increased even further
 - changes in Chinese demand may impact Metso Paper's profitability.
 - ➔ development of aftermarket and flexible supply chain
- Delivery times for Metso products have lengthened
 - material and other costs may rise during the delivery time and impact Metso's profitability
 - scarcity of certain components and subcontractor resources may lengthen delivery times
 - ➔ exact delivery terms, hedging of key raw materials and flexible supply chain

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Strengthening global delivery capability

- METSO PAPER
 - Expansion of paper roll manufacturing in Jyväskylä, Finland
 - Paper machinery facility in Shanghai, China
 - Expansion of service center in Wuxi, China
 - Service center in Guangzhou, China
- METSO MINERALS
 - Expansion of mobile crushing production in Tampere, Finland
 - Crusher pilot plant and test laboratory in Tampere, Finland
 - Acquisition of metal recycling technology provider B.E.S.T. in Ohio, USA
- METSO AUTOMATION
 - Expansion of valve production in Shanghai, China

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Short-term financial outlook intact

- 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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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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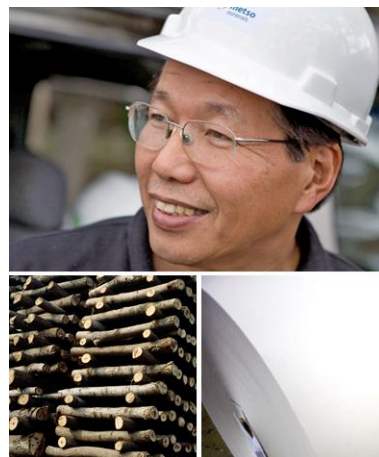
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Focus areas in 2007



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



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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Favorable overall market outlook continues

2007

Metso Paper

Pulp	Satisfactory
Paper & Board	Satisfactory
Tissue	Satisfactory
Power	Good

Metso Minerals

Construction	Good/Excellent
Mining	Excellent
Metal recycling	Excellent

Metso Automation

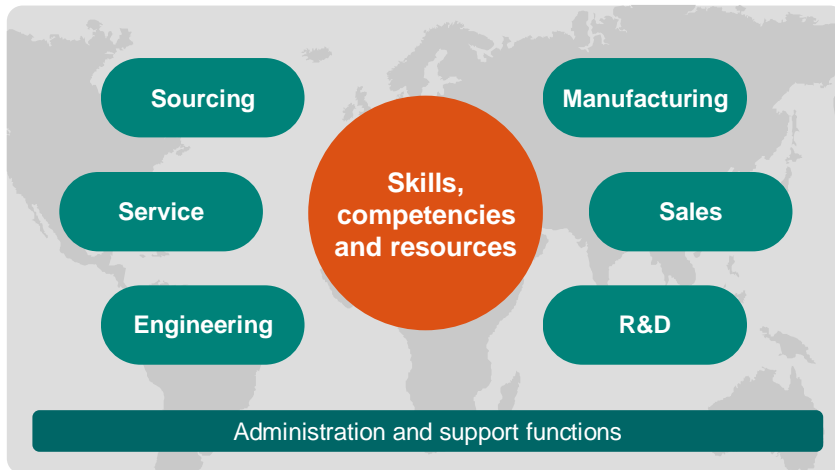
Pulp & Paper	Good
Power, oil & gas	Good/Excellent



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More global footprint throughout the value chain



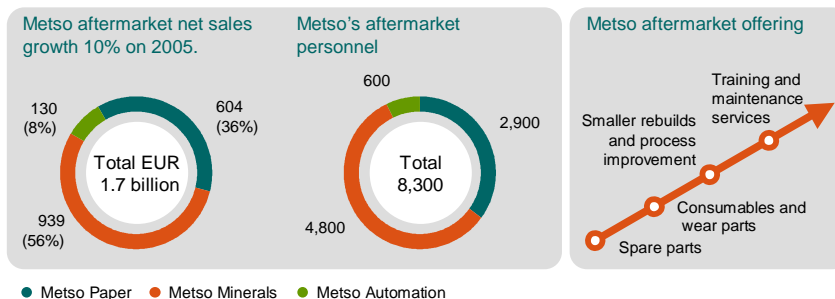
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Growth and earnings stability through aftermarket business

- Both technology and service orientation needed in Metso
 - More management focus, especially in Europe and North America
 - 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



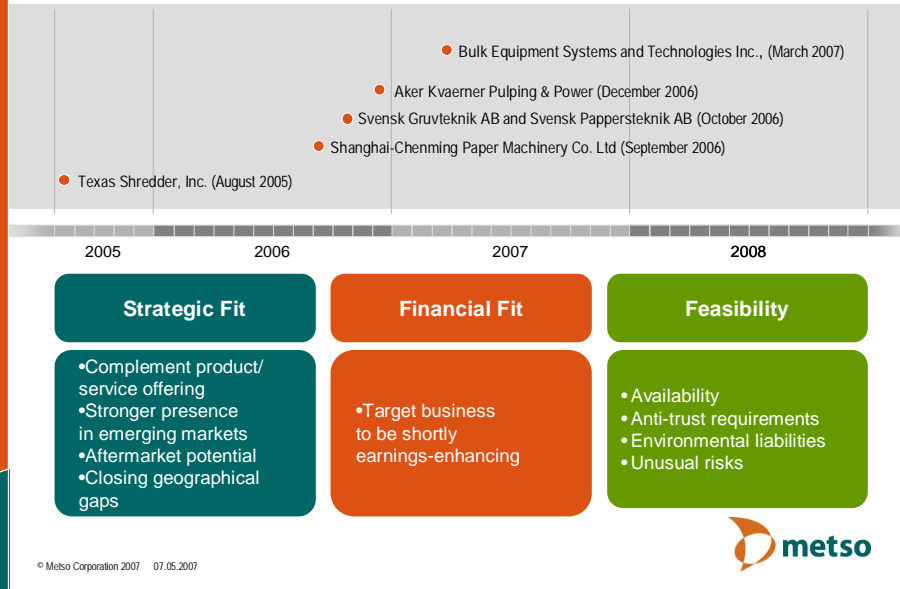
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Growth through acquisitions

Metso Acquisition Process



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



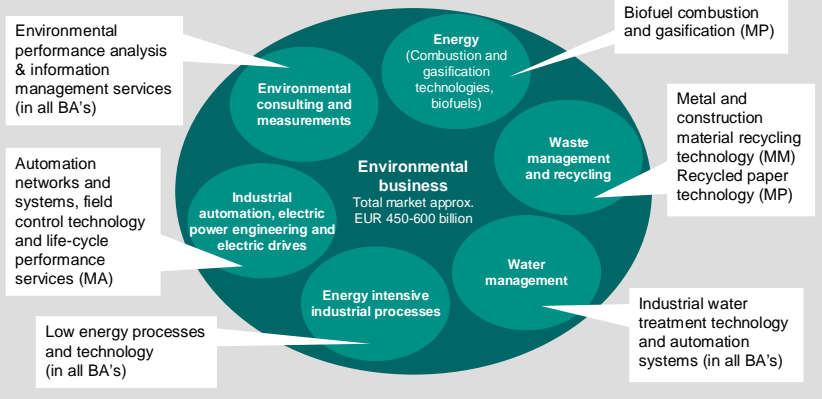
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Metso as a supplier of environmental technology

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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Profitable growth continues

- Metso Minerals, Metso Automation and Metso Power; exploit organic growth opportunities in full
- Metso Paper
 - Operational issues to boost profitability
 - Successful integration of Pulping and Power
- Sustainability of profits over business cycle
- Complementary acquisitions
- Power, biomaterials refining and environmental technology as new longer-term opportunities



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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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