

Metso's Q2 results and prospects for the future

Lunch meeting with FIM,
August 1, 2007

Jorma Eloranta, President and CEO



Forward looking statements

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- 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 second quarter
- Financial results
- Short-term outlook
- Making the most of the good markets and building for the future



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Highlights of the second quarter

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	Q2/07	Q2/06	Change %
Orders received, EUR million	2,090	1,390	+50
Order backlog, EUR million	4,574	2,864	+60
Net sales, EUR million	1,536	1,170	+31
EBITA, EUR million	162.3	120.7	+34
EBITA margin, %	10.6	10.3	
Operating profit, EUR million	148.3	116.4	+27
Operating profit margin, %	9.7	10.0	
EPS ⁽¹⁾ , EUR	0.68	0.97	(30)
Free cash flow, EUR million	(67)	26	n.a.
ROCE annualized for H1, %	24.0	21.7	

(1) EUR 57 million non-recurring deferred tax assets recorded in Q2/06 with an EPS impact of EUR 0.40.

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Operating environment in April–June 2007

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Q2/07

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



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Financial results

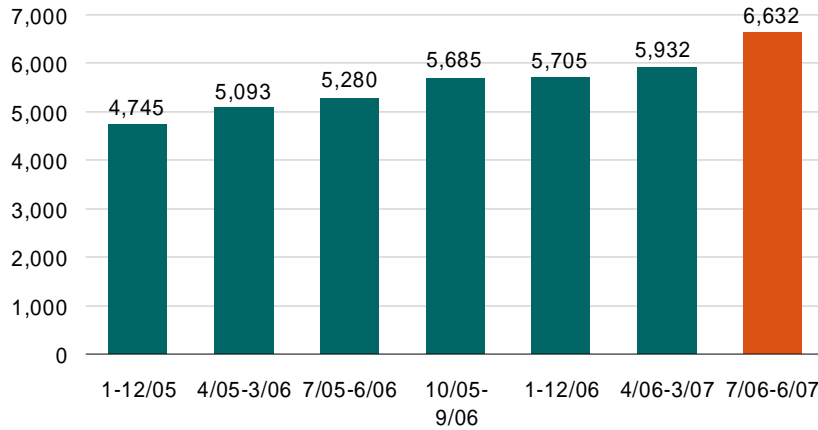
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Orders received – rolling 12 months

7

EUR million



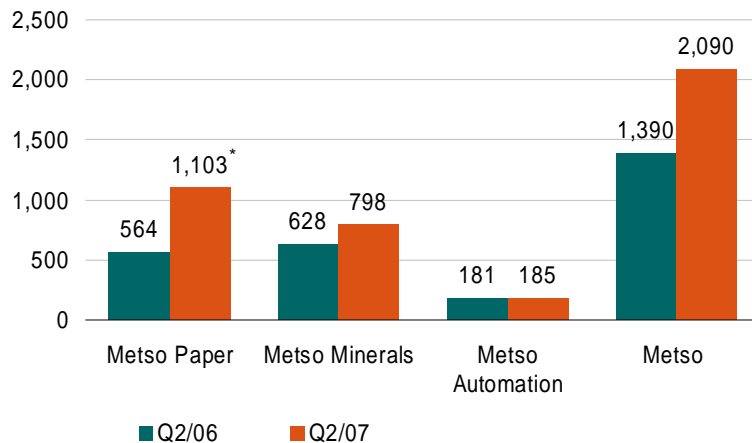
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Orders received by business

8

EUR million



* Acquired Pulping and Power businesses in Q2/07 about EUR 500 million.

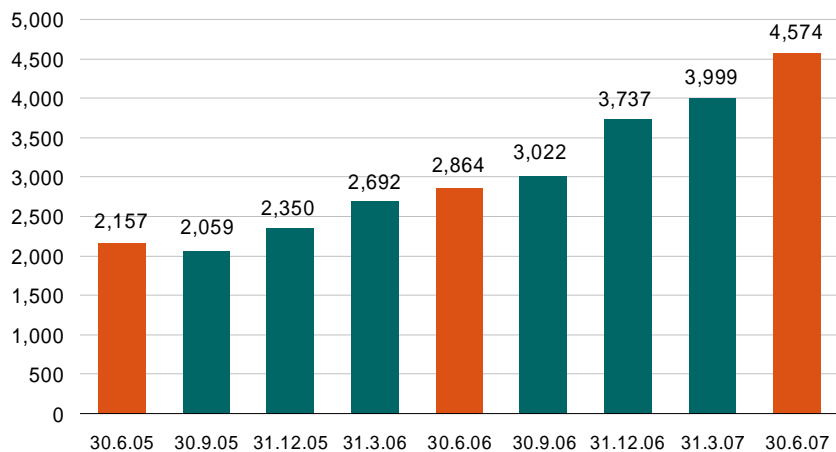
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Development of order backlog

9

EUR million



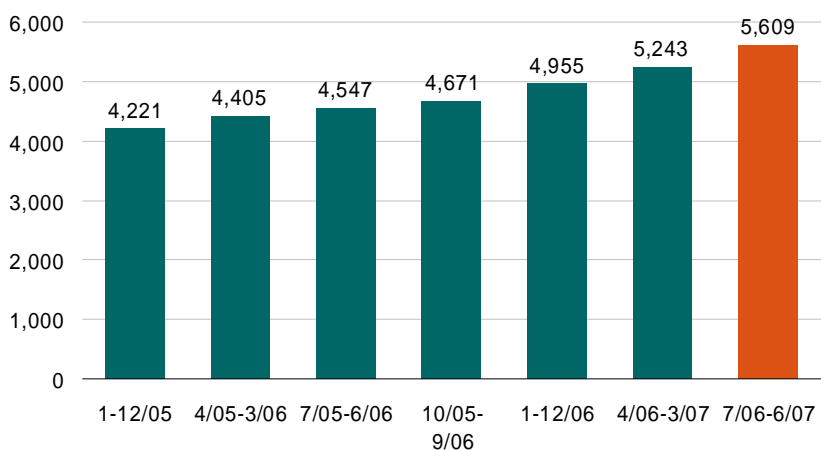
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Net sales – rolling 12 months

10

EUR million



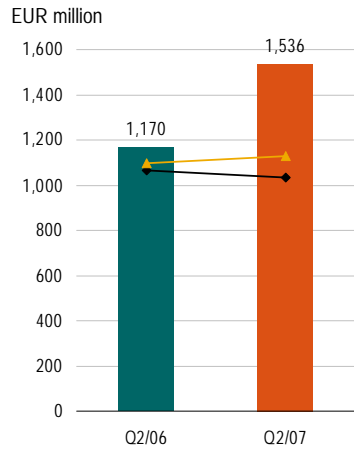
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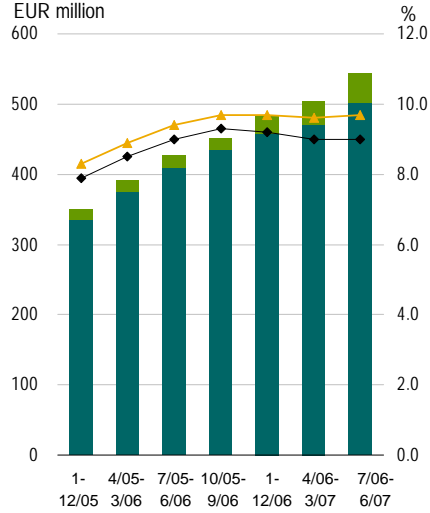
Metso - Net sales and profitability

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Q2 net sales and profitability



Rolling 12 months operating profit and EBITA



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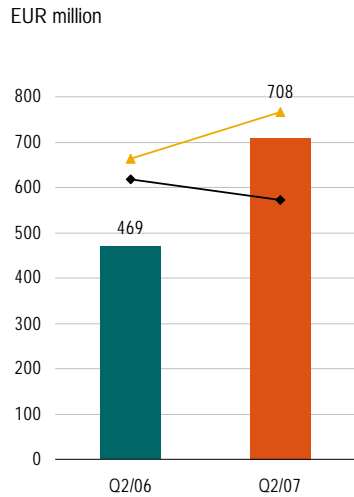
Acquired Pulping and Power included from the date of acquisition.



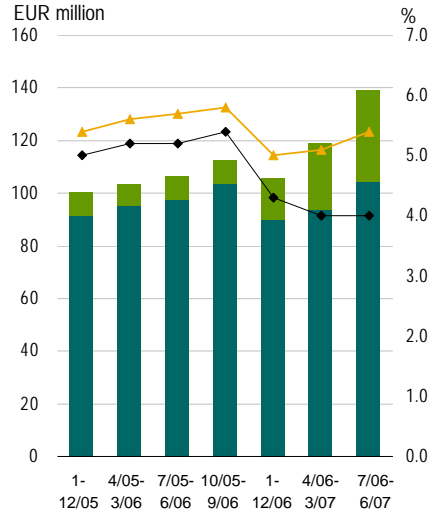
Metso Paper - Net sales and profitability

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Q2 net sales and profitability



Rolling 12 months operating profit and EBITA



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

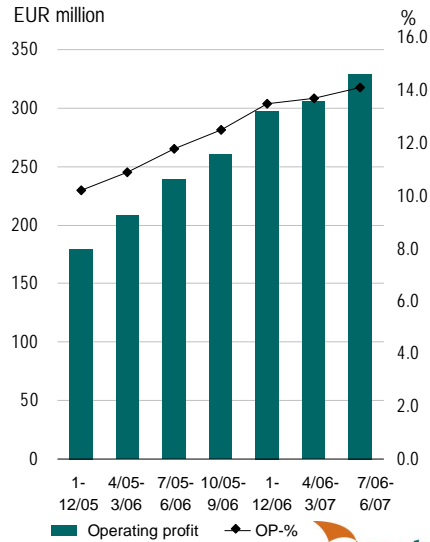
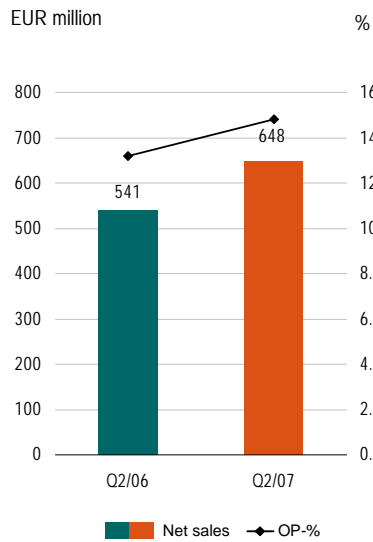


Metso Minerals - Net sales and profitability

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Q2 net sales and profitability

Rolling 12 months operating profit



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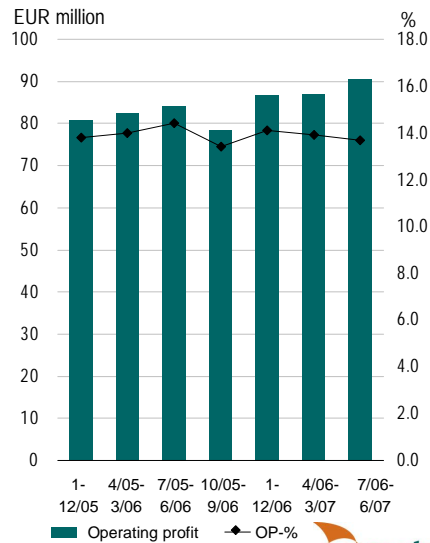
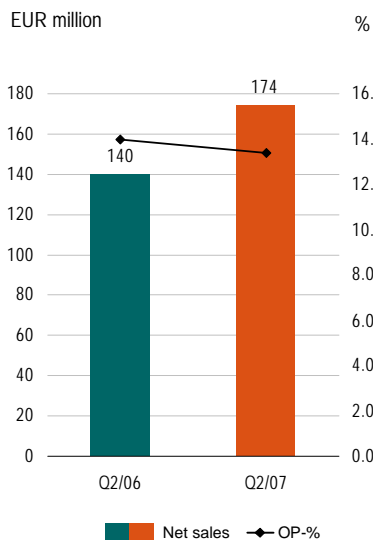


Metso Automation - Net sales and profitability

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Q2 net sales and profitability

Rolling 12 months operating profit



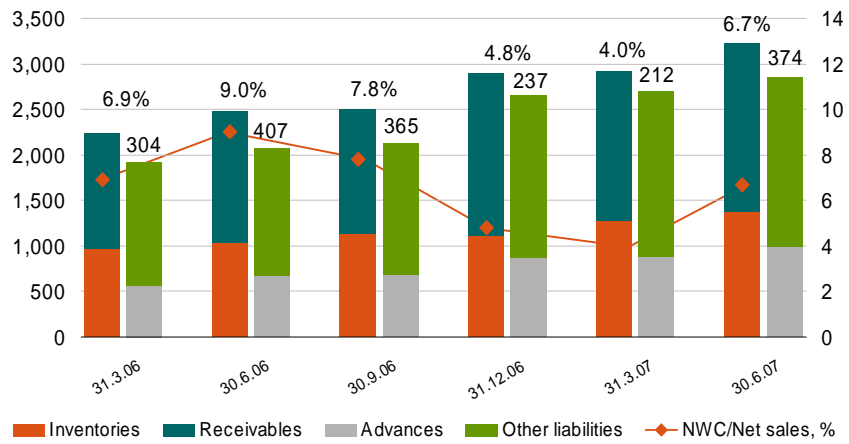
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Net working capital development

15

EUR million



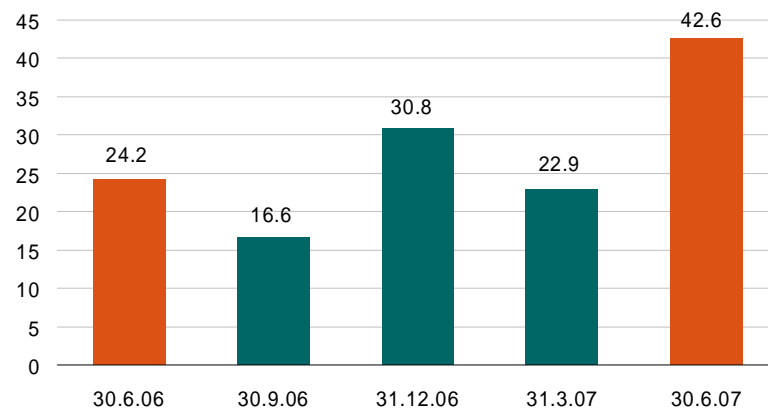
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Gearing

16

%



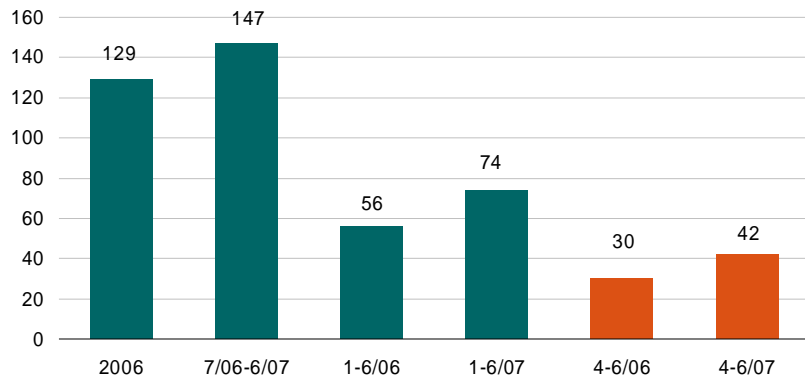
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Capital expenditure

17

EUR million



Excluding business acquisitions.

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Short-term outlook

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Short-term market outlook for 2007

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2007

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Short-term financial outlook

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- 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 business scope, order backlog and market outlook.

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Making the most of the good markets and building for the future

- Matching delivery capability with demand is an operational priority
- Enhancing profitable growth:
 - Aftermarket
 - Emerging markets and global presence
 - Value enhancing complementary acquisitions



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