


Metso in China

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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.

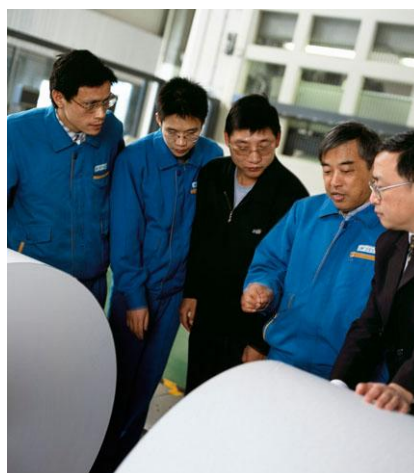
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This is Metso

- Global technology company
- Serves the pulp and paper industry, rock and minerals processing, energy industry and selected other industries
- Net sales of approx. EUR 5 billion in 2006
- Approx. 26,000 employees in more than 50 countries
- Listed on the Helsinki (ME01V.HEX) and New York (MX.NYSE) stock exchanges
- Some 30,000 shareholders, 70% of shares in non-Finnish ownership



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Operating through three Business Areas

Metso Paper	Products and services	Division of sales
<p>Net sales EUR 2.5 billion*</p> <p>Pulp, paper and power generation technologies</p> <p>Customers: Mechanical and chemical pulp producers; paper, tissue and board producers; power producers; board industry</p>	<ul style="list-style-type: none"> Paper, tissue and board machines, paper finishing systems, air systems Equipment and machinery for mechanical and chemical pulp production Know-how, aftermarket services 	<ul style="list-style-type: none"> 55% Paper 35% Pulp 10% Power ~40% new equipment ~30% rebuilds ~30% aftermarket
Metso Minerals	Products and services	Division of sales
<p>Net sales EUR 2.2 billion</p> <p>Rock and minerals processing systems</p> <p>Customers: Mining industry, quarries and contractors, construction industry, recycling of metals and construction materials industry</p>	<ul style="list-style-type: none"> Crushers, screens and conveyors, grinding mills Mineral separation equipment Metal recycling systems Wear and spare parts and aftermarket services 	<ul style="list-style-type: none"> 50% Mining 40% Construction 10% Metal recycling ~60% new equipment ~40% aftermarket
Metso Automation	Products and services	Division of sales
<p>Net sales EUR 600 million</p> <p>Machine and process automation</p> <p>Customers: Mechanical and chemical pulp producers; paper and board producers; power, oil and gas industries</p>	<ul style="list-style-type: none"> Process industry Automation and information management solutions and systems Production process measurement systems and equipment Control valves, aftermarket and support services 	<ul style="list-style-type: none"> 50% Pulp & Paper 50% Power, Oil & Gas ~80% new equipment ~20% aftermarket

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Targeting three core customer segments

Pulp, paper & board producers	Mining, construction and metal recycling companies	Energy and power producers
<ul style="list-style-type: none"> Total market EUR 14 billion Metso market share 15-20% Metso Paper and Metso Automation # 1-2 in both Pulp & Paper Consolidated market 	<ul style="list-style-type: none"> Total market EUR 12 billion Metso market share 15-20% Metso Minerals leading in selected segments Fragmented market 	<ul style="list-style-type: none"> Total market EUR 11 billion Metso market share 5% Metso Paper # 1-3 in Power Metso Automation a niche player in Energy Fragmented market
<ul style="list-style-type: none"> Europe & North America rebuild & aftermarket focused Rapid paper and board capacity growth in Asia Rapid pulp capacity expansion in South America and South-East Asia Environmentally friendly solutions 	<ul style="list-style-type: none"> "Super cycle" in mining Rapid transportation infrastructure development in emerging countries Increasing use of scrap metal as raw material in steel production Environmentally friendly solutions 	<ul style="list-style-type: none"> Rapid growth in energy consumption all over the world Increasing use of renewable energy sources CO² reductions

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Countries with Metso operations



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Business environment in China



Business environment in China Fast-growing market

- Clear trend of Foreign Direct Investments (FDI) transferring to Asia, especially to China
- During 2001-2005, almost 60% of the global investments in new paper machines were in Asia-Pacific
- Domestic process automation market growing 10-15 % per annum
- From 2004 to 2010, China will build or renovate 300 airports
- Over 80,000 kilometres of express ways to be completed by 2020
- Urbanisation: Shift in population from 65% rural to 65% urban will take place over the next 20 years
- Major upcoming events: Olympic Games 2008 in Beijing, World Exhibition 2010 in Shanghai

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Metso in China



Metso in China Operations

- Employs more than 2,400 professionals
- Runs four fully-owned manufacturing plants
- Shares two joint-venture manufacturing plants with local partners
- Serves customers through a network of sales and services outlets throughout China
- Supports the Chinese pulp and paper industry, aggregates production and mining sector, energy, oil and gas industries, and power producers
- In 2006, China was Metso's third biggest country in terms of net sales. The net sales of our Chinese subsidiaries were EUR 97 million, and our total sales to China were EUR 377 million

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Metso in China Businesses



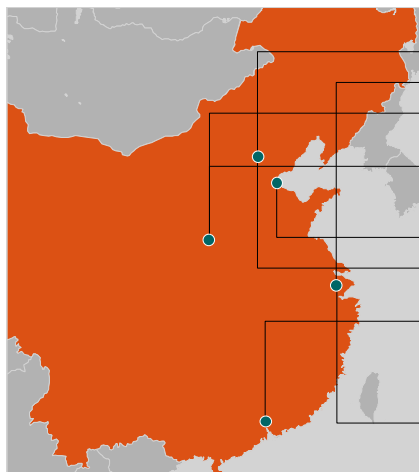
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| <p>Metso Paper</p> <ul style="list-style-type: none"> • Customers: Pulp, paper and board industry, power producers • Locations: Beijing, Wuxi, Shanghai, Jinan, and Xi'an • Approx. 690 employees and in joint venture 1,160 employees | <p>Metso Minerals</p> <ul style="list-style-type: none"> • Customers: Quarries, aggregates production, mining industry, construction, recycling and waste management • Locations: Tianjin, Beijing, Nanjing, Chengdu, Changsha, Xi'an, Guangzhou, Kunming • Approx. 165 employees | <p>Metso Automation</p> <ul style="list-style-type: none"> • Customers: Pulp and paper industry, energy, oil and gas industries • Locations: Shanghai, Beijing, Guangzhou, Jinan, Chengdu • Approx. 160 employees and in joint venture 280 employees |
|--|---|--|

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Metso in China Locations



Metso Paper

- Metso Paper (China) Co., Ltd.
- Metso Paper (Shanghai) Co., Ltd.
- Metso Paper Technology (Shanghai) Co. Ltd.
- Valmet-Xi'an Machinery Co., Ltd. (48%)

Metso Minerals

- Metso Minerals (Tianjin) Co., Ltd.
- Metso Minerals (Tianjin) International Trading Co., Ltd.
- Metso Minerals (Hong Kong) Co., Ltd.

Metso Automation

- Metso Automation (Shanghai) Co., Ltd.
- Shanghai Neles Jamesbury Valve Co., Ltd. (50%)

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Metso in China Milestones

1950s

- First paper machine and pulp mill equipment deliveries
- First complete fiberboard plant
- First crushing equipment deliveries

1970s

- Rebuilds of sack paper and newsprint machines
- Delivery of thermo-mechanical pulp plant

1990s

- First joint-venture process automation company established
- Several major crushing equipment deliveries e.g. Three Gorges Dam
- Fiber technology representative office (Beijing)
- World's first OptiConcept newsprint line (Nanping)
- First fully-owned crusher plant



1980s

- Valmet-Xi'an joint-venture for manufacturing paper machines established
- Upgrades and rebuilds of pulp and paper machinery
- Delivery of a complete coal handling system
- Delivery of large grinding mills

2000

- Service center for pulp and paper technology (Wuxi)
- Logistics center in Shanghai (Wai Gao Qiao)
- New crusher manufacturing plant established (Tianjin)
- Paper and board machine workshop acquired (Jiading, Shanghai)
- Second pulp and paper service center (Guangzhou)

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Metso in China

Metso's strenghts in China

- Strong commitment to the Chinese market
- Five decades of experience
- Broad base of installed equipment and plants
- Trusted brand name
- Excellent references



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Metso in China

Metso's challenges in China

- Constant shortage of raw materials in the pulp and paper industry
- Lack of competitive financing system
- Market is fragmented
- Strategic industries like power generation is highly protected
- Local competition growing
- IPR activities required
- Rising costs
- Difficulties to attract and retain employees

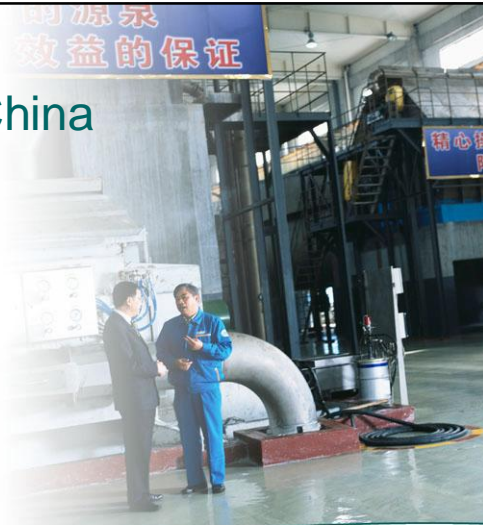


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Metso Paper in China



Metso Paper in China Main customer segments

- Customers include major local and global producers of pulp, paper and board. Metso Paper is the market leader in China
- A solid track record and a trusted brand name give Metso Paper an edge in a market where customers expect suppliers to operate clearly faster than in Europe



Metso Paper in China

Key figures

- Since 1997 Metso has supplied 30 paper & board production lines of EUR 1.6 billion with a 7 million t/y capacity
- In 2005 and 2006, Metso supplied 10 paper & board production lines with a capacity of 2.9 million tons per year
- 4 new Metso paper & board lines with total capacity of 1.28 million tons will be started up in 2007
- Orders received in China increased over 35% between 2001 and 2006
- Number of employees increased from 63 people in 2001 to 689 people in 2006

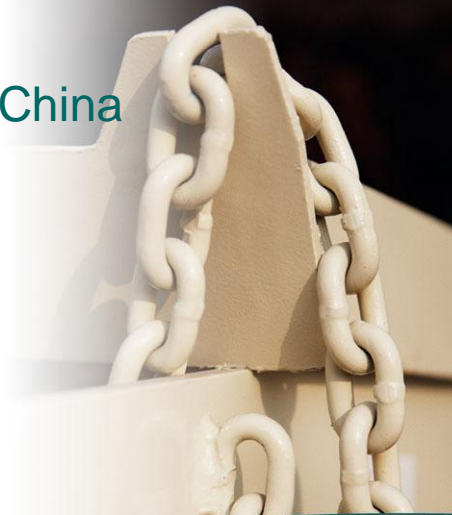


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Metso Minerals in China



Metso Minerals in China

Main customer segments

- Aggregates producers, steel industry, mines, pyro processing plants, ports & terminals
- The construction and mining industry are key customers for Metso Minerals. Machines and equipment has been delivered since the early 1980's
- Few big new mines to be built, therefore focus on updating the equipment of old mine
- The current boom in these sectors is expected to continue for at least the next decade.

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Metso Minerals in China

Key figures

- Over 800 rock and mineral crushers delivered
- Over 100 grinding mills for minerals and coal delivered
- Over 30 bulk materials handling systems delivered
- Net sales increased 253% from 2001 to 2006
- Number of employees increased from 129 people in 2001 to 166 people in 2006.



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Metso Automation in China



Metso Automation in China Main customer segments

- More than 500 customers in China
- Metso Automation offers automation solutions and field equipment to China's pulp and paper industries as well as to energy, oil and gas industries
- Key customers are energy, oil and gas companies and pulp and paper companies
- The strongest growth in sales is expected from energy, oil and gas industries
- China's rapid economic growth requires energy which is produced in local coal power stations



Metso Automation in China Key Figures

- Industry leader in flow control devices for the pulp and paper industry with a 50% share of the markets served
- Metso has delivered distributed control systems (DCS) to over 100 power plants in China
- Net sales increased 115% in between 2001 and 2006
- Number of employees increased from 51 people in 2001 to 159 people in 2006.



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Strengthening global delivery capability

Metso Paper

- Paper machinery facility in Shanghai, China (operational since 2006)
- Expansion of service center in Wuxi, China (operational in Q3/07)
- Service center in Guangzhou, China (operational in 2008)

Metso Automation

- Expansion of valve production in Shanghai, China (ongoing)



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Examples

A solid track record and a trusted brand name gives Metso an edge in a market where customers expect suppliers to operate clearly faster than in Europe.



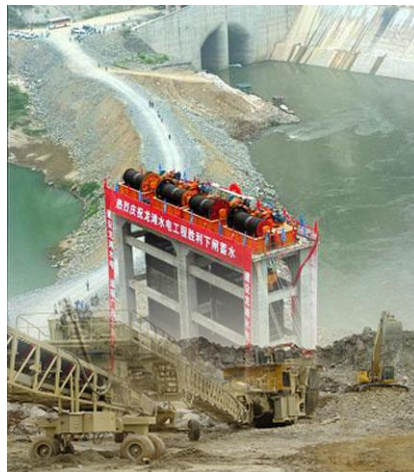
Case: Shandong Chenming Holdings Ltd.

- One of China's largest paper producers.
- Ordered new printing paper line in Shouguang, in the Shandong province
- The world's largest line with an annual capacity exceeding 400,000 tons started up in 2006
- Metso's delivery comprised
 - deinking line
 - a paper machine and two winders
 - a wide range of automation, control and monitoring systems



Case: Longtan Hydropower Development

- Longtan Dam on Hongshui River, Guangxi province; 750 meters long
- Demand for 7 million cubic meters of concrete/ 14 million tons of aggregates by 2009
- Delivery to Dafaping quarry:
 - First in-pit crushing operation in mainland China. End product used for the dam.
 - 2 Nordberg LT140 mobile crushing plants, linked to Nordberg LL12 mobile conveyors.
 - 6 Nordberg NP series crushers for secondary and tertiary stage.
- Delivery to Macun quarry:
 - 4 crushers, as well as feeders and screens for producing aggregates for roads and ramps on the site.



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Case: Shell Nanhai, China

- CNOOC and SHELL joint venture in Guangdong, China
- Annual production of 2.3 million tons including glycols, polyolefins, LDPE, HDPE, PP and MPG

Delivered:

- 3,500 pcs Neles ND9000® intelligent FOUNDATION Fieldbus valve controllers
- 3,000 pcs Neles rotary control valves
- 1,000 Jamesbury automated and manual valves
- Large installation of Finetrol™ and ball segment valves
- 150 pcs Neles ValvGuard™, TÜV approved safety devices
- Local Metso Automation service personnel



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Summary
Metso in China

- Metso is committed to serving Chinese customers
- Market leader
- Leading technology and know-how
- Excellent references
- Established position in China for more than five decades
- Increasing focus on Asian markets



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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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