

Profit sustainability at a higher level

Metso Capital Markets Day

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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.

Presentation contents

- Profitability development 2000-2009
- Our way towards long-term financial targets
- Other issues

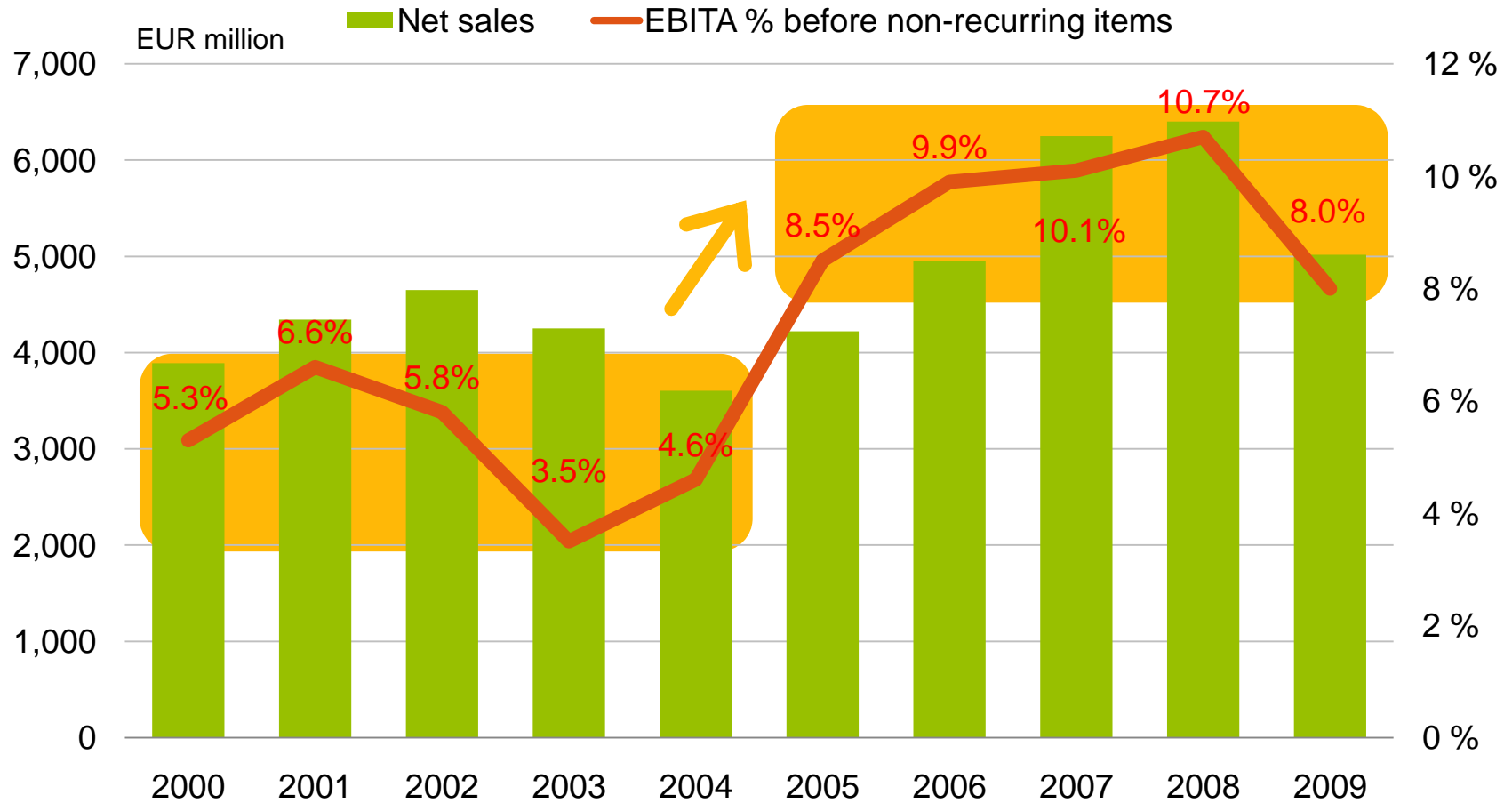




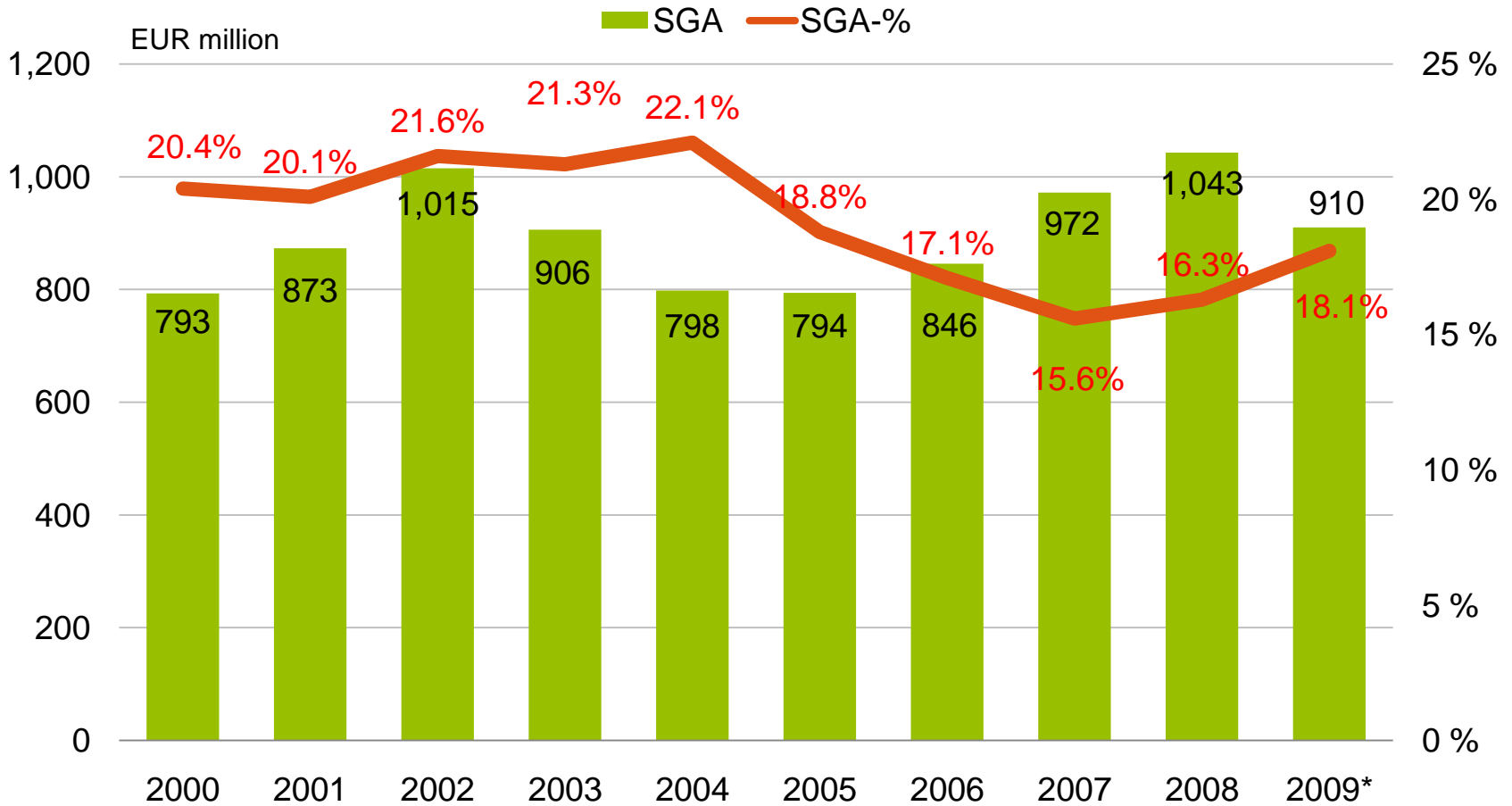
Profitability development

2000-2009

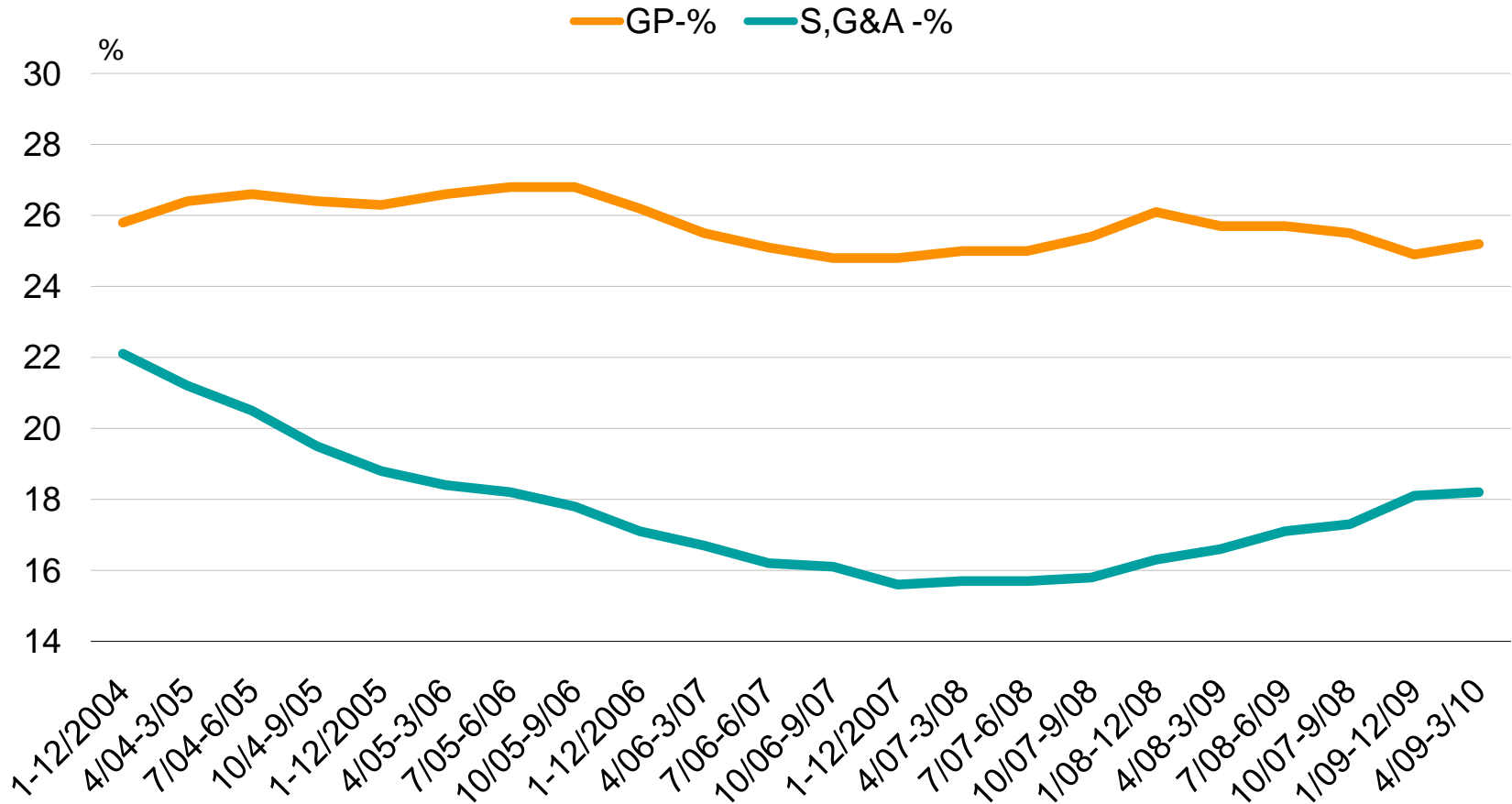
EBITA before non-recurring items trend improved to a new level



SGAs on net sales kept at 4%-points lower vs. previous down-cycle



Profitability declined due to lower volume and some pricing pressure



More flexible operating model

2004-2008 top line up 80%, own wages and salaries up only 20%

EUR million	2004	%	//	2007	%	2008	%	2009	%
Net sales	3,602		//	6,250		6,400		5,016	
Procurement	-2,139	59	//	-4,159	67	-4,214	66	-3,248	65
Metso produced added value	1,463		//	2,091		2,186		1,768	
Wages and salaries	-881	24	//	-1,036	17	-1,066	17	-933*	19

* In 2009 wage and salary costs excluding one-time costs of some EUR 58 million due to layoffs, top line down 22%, wages and salaries down 13%.

Capacity costs adjusted by about EUR 400-450 million due to volume drop

EUR billion	2008
Net sales	6.4
Operational procurement	3.2 (50%)
Contribution One	3.2
COGS wages and salaries	0.8
S,G&A wages and salaries	0.6
Other COGS and S,G&A	1.2
Capacity costs total	2.6
Operating profit	0.6
Operating profit -%	10.0%

Planning assumptions:

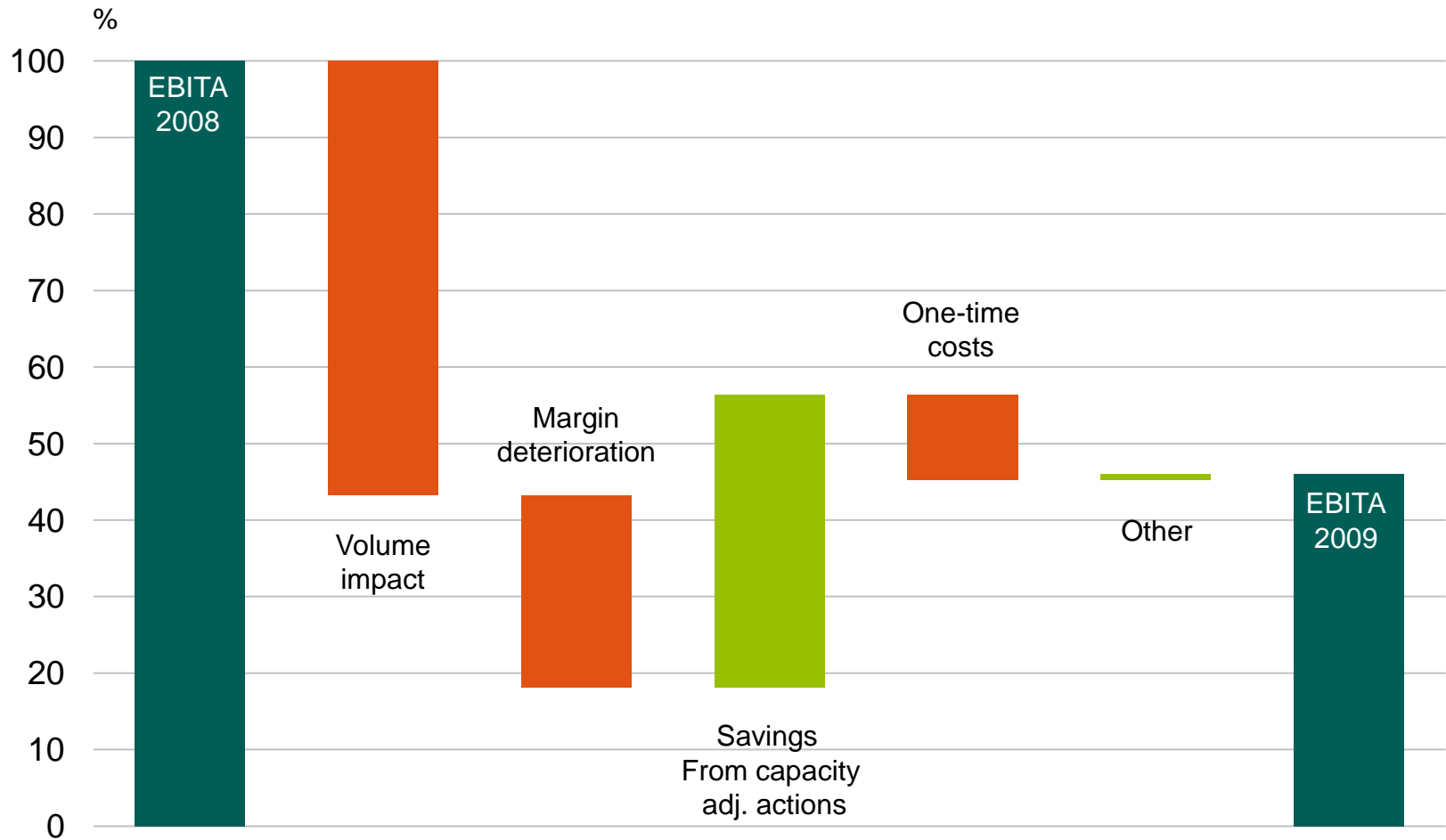
About 20% decline in net sales: Contribution One comes down by EUR 600-700 million

Reaching satisfactory profitability with 20% lower volume requires reduction of capacity costs by some EUR 400-450 million

Areas of capacity cost reduction

Measure	Amount of cost reduction	Nature
1. Reduction of some 4,600 or 15% of employees	EUR 200-250 million	"Permanent" by nature until 10-15% top line growth
2. Temporary lay-offs and other work-time flexibilities, no overtime work, lower bonuses etc.	EUR 50 million	Will come back when the markets recover
3. Other S,G&A savings than salary costs	EUR 70-80 million	Majority will come back when the markets recover
4. Other fixed COGS savings via factory closures, strict control of operational expenditure etc.	> EUR 100 million	Majority will come back when the markets recover

Quick capacity adjustment actions key for satisfactory profitability in 2009



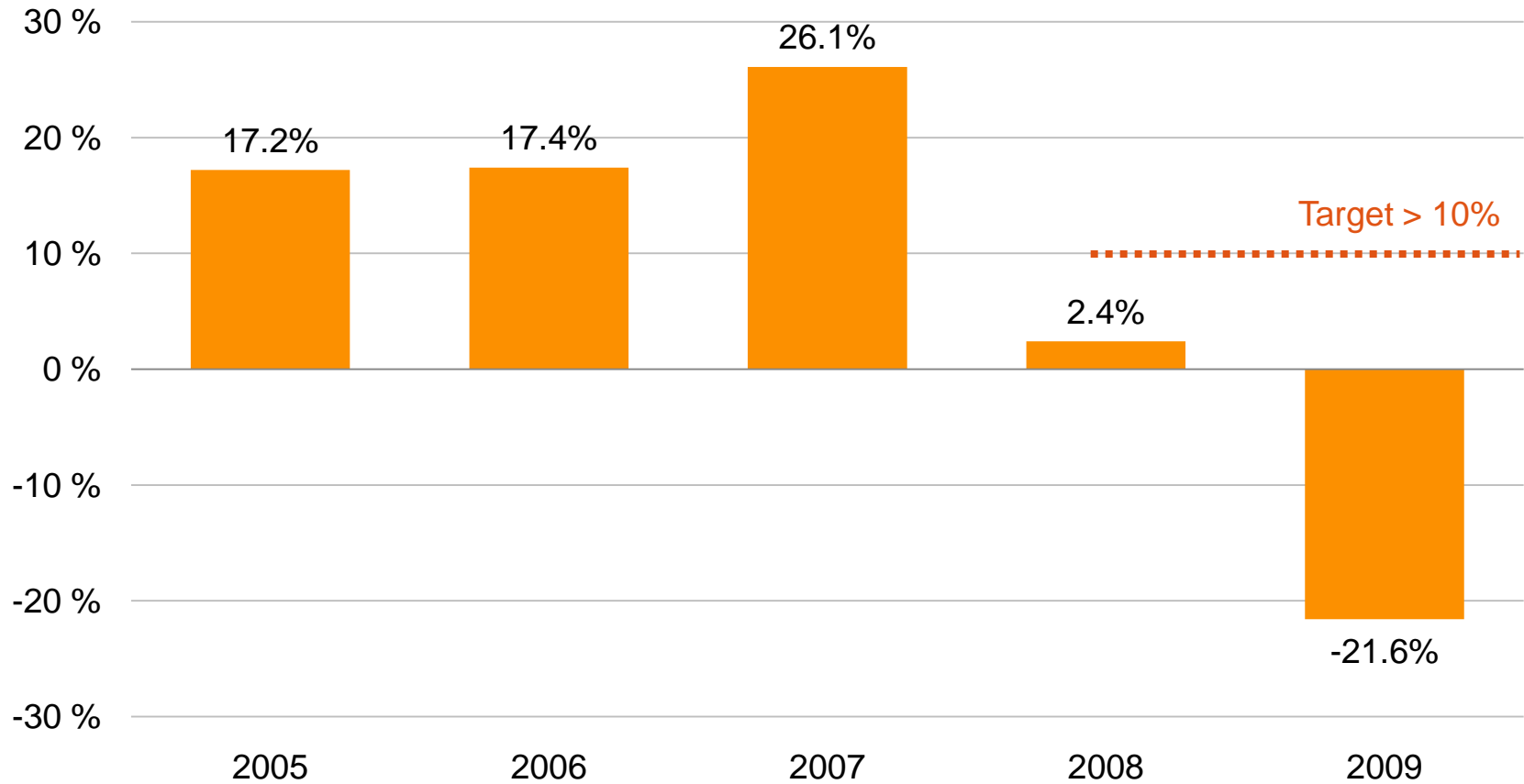


Our way towards long-term financial targets

Long-term financial targets

Target		Description
Net sales growth	>10%	Average annual net sales growth >10%. Growth achieved both organically and through value-enhancing complementary acquisitions.
Growth in EBITA*		Target is to improve EBITA annually.
EBITA %*	>12%	Target is to exceed 12% EBITA margin.
ROCE %*	>25%	Target is to exceed 25% ROCE (before tax)
Cash conversion	>100%	Cash conversion to exceed 100%.
Annual dividend at least of EPS.	50%	Target is to pay at least 50% of annual EPS as a dividend or in other forms of repatriation of capital.
Credit rating	solid investment grade	Target is to maintain a solid investment grade credit rating. The key financial indicators, capital structure and cash flow to support a solid investment grade in credit rating.

Net sales growth >10%

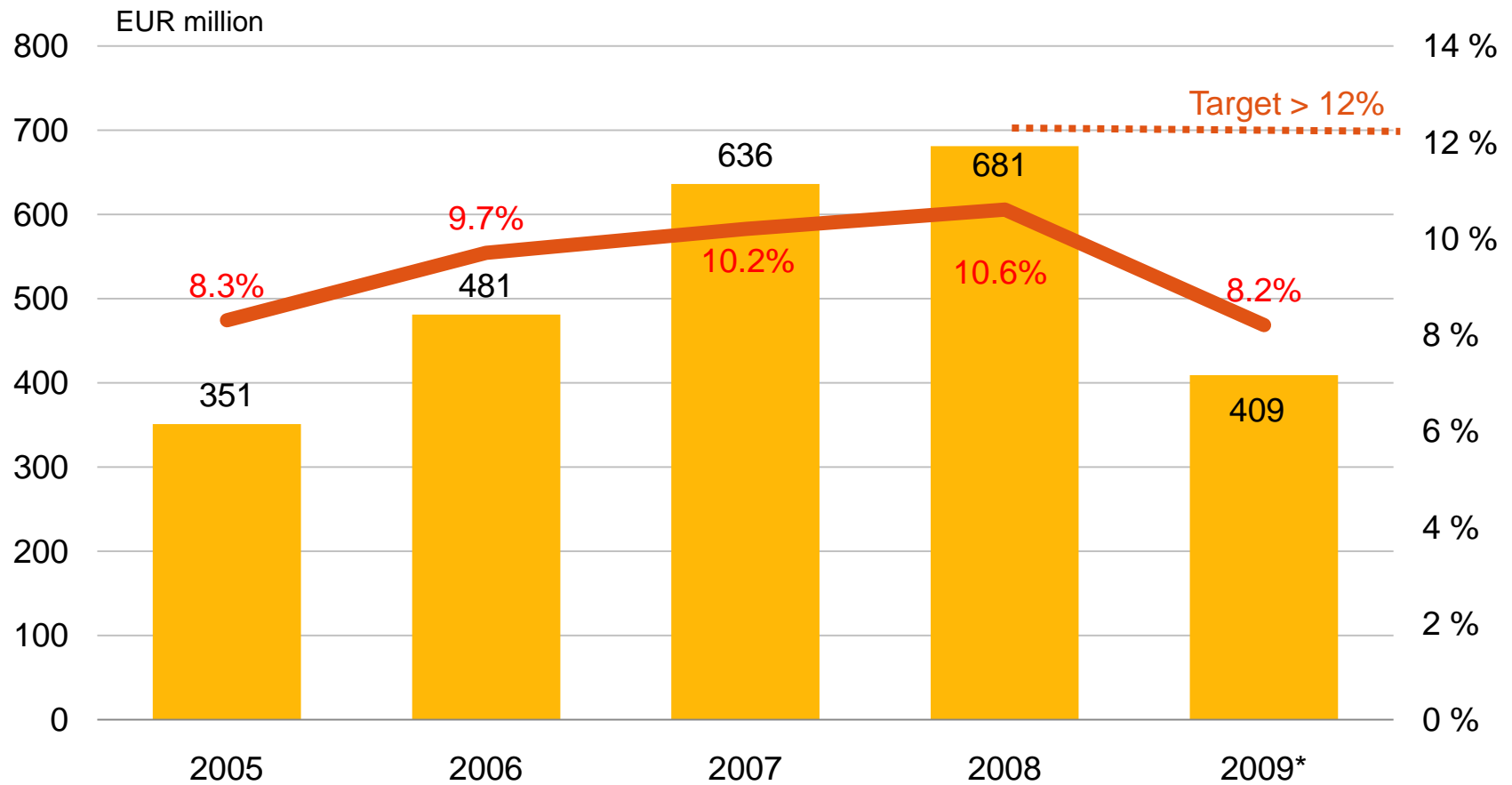


Net sales growth drivers in 2010 and beyond

- Key growth drivers in 2010
 - Tamflet acquisition, about +3%-points
 - Growth in services
 - Net sales growth in Paper and Fiber Technology (capital equipment order backlog up 13% Q1/10 vs. Q1/09)
- Longer-term growth drivers
 - Investments in transportation, energy and other infrastructure as well as in mining, packaging board and tissue driven by emerging markets
 - Continuously strengthening presence in emerging markets
 - Fear for global warming together with growing energy consumption driving investments in renewable energy sources like biomass and waste
 - More focused and systematic efforts in Energy and Environmental Technology
 - Increasing environmental concerns driving investments in production processes in energy, raw material and water consumption as well as pollution control
 - Increased R&D in environmental solutions
 - Increasing services focus in all Metso businesses continues to provide growth opportunities



EBITA margin >12%

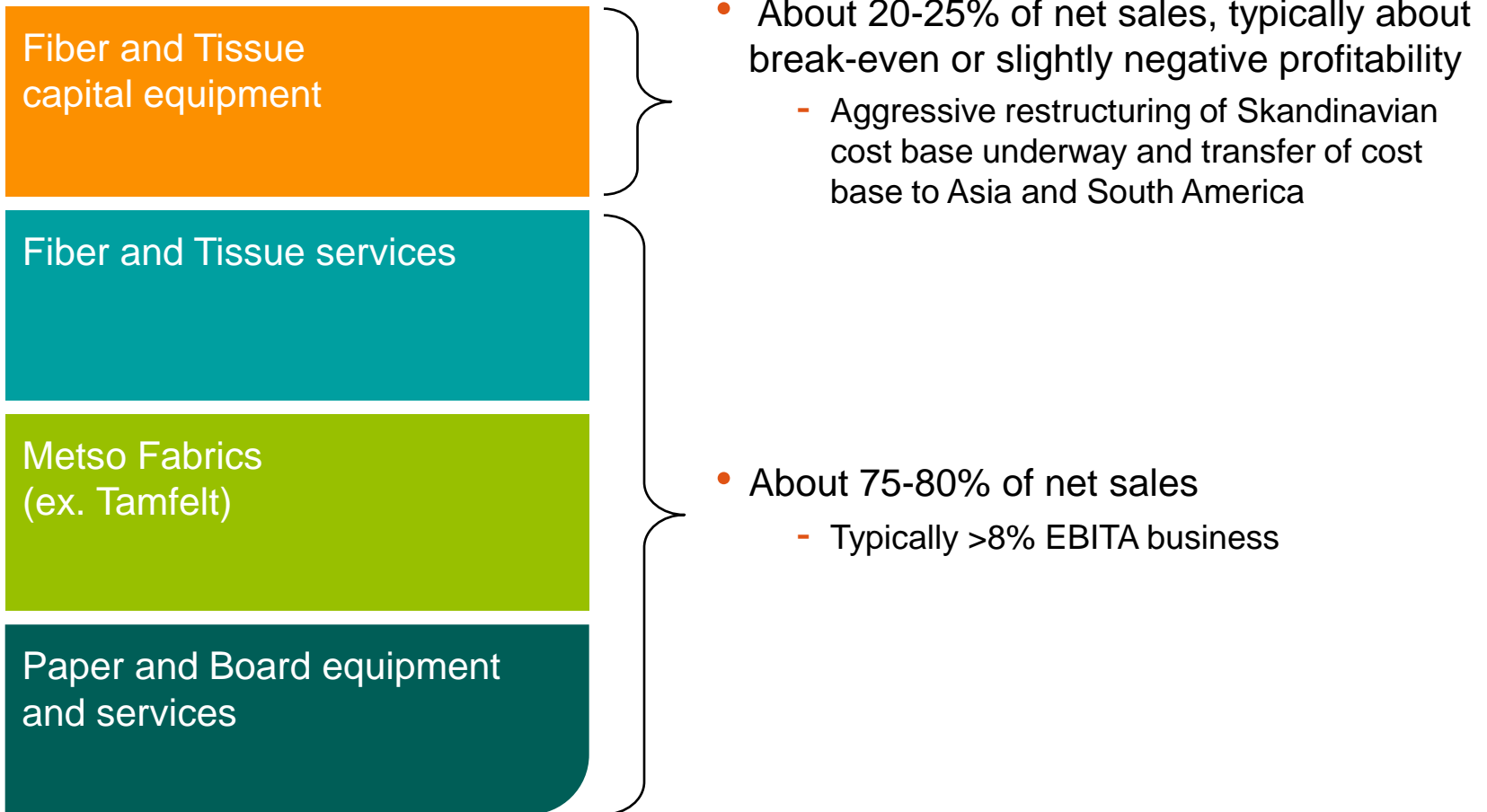


Key drivers in profitability improvement

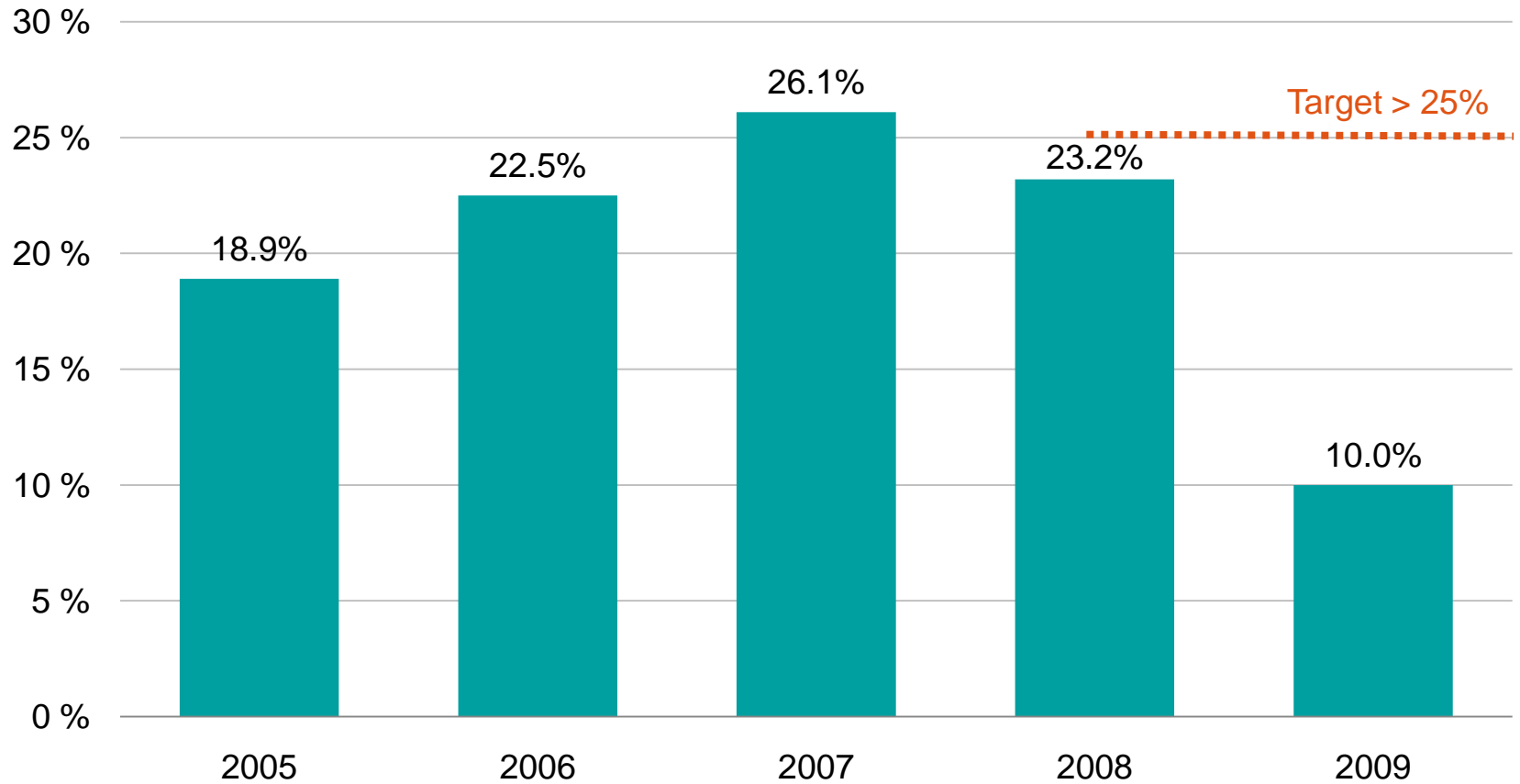
- Good demand environment (like in 2006-2008) needed to reach >12% EBITA
- Favorable mix changes expected to improve EBITA-% by about 1%-point
 - Services of total net sales expected to grow from about 35% in 06-08 to over 40%
 - Paper and Fiber Technology's share of net sales expected to decrease from about 35-40% to below 30%
- Paper and Fiber Technology's EBITA-% targeted to improve from 6-7% in 06-08 to over 8%
- Mining and Construction Technology and Energy and Environmental Technology to maintain/improve profitability as a result of cost base streamlining and operating model changes implemented since 2008



Paper and Fiber Technology's profitability challenge is in Fiber and Tissue capital equipment



ROCE before tax >25%

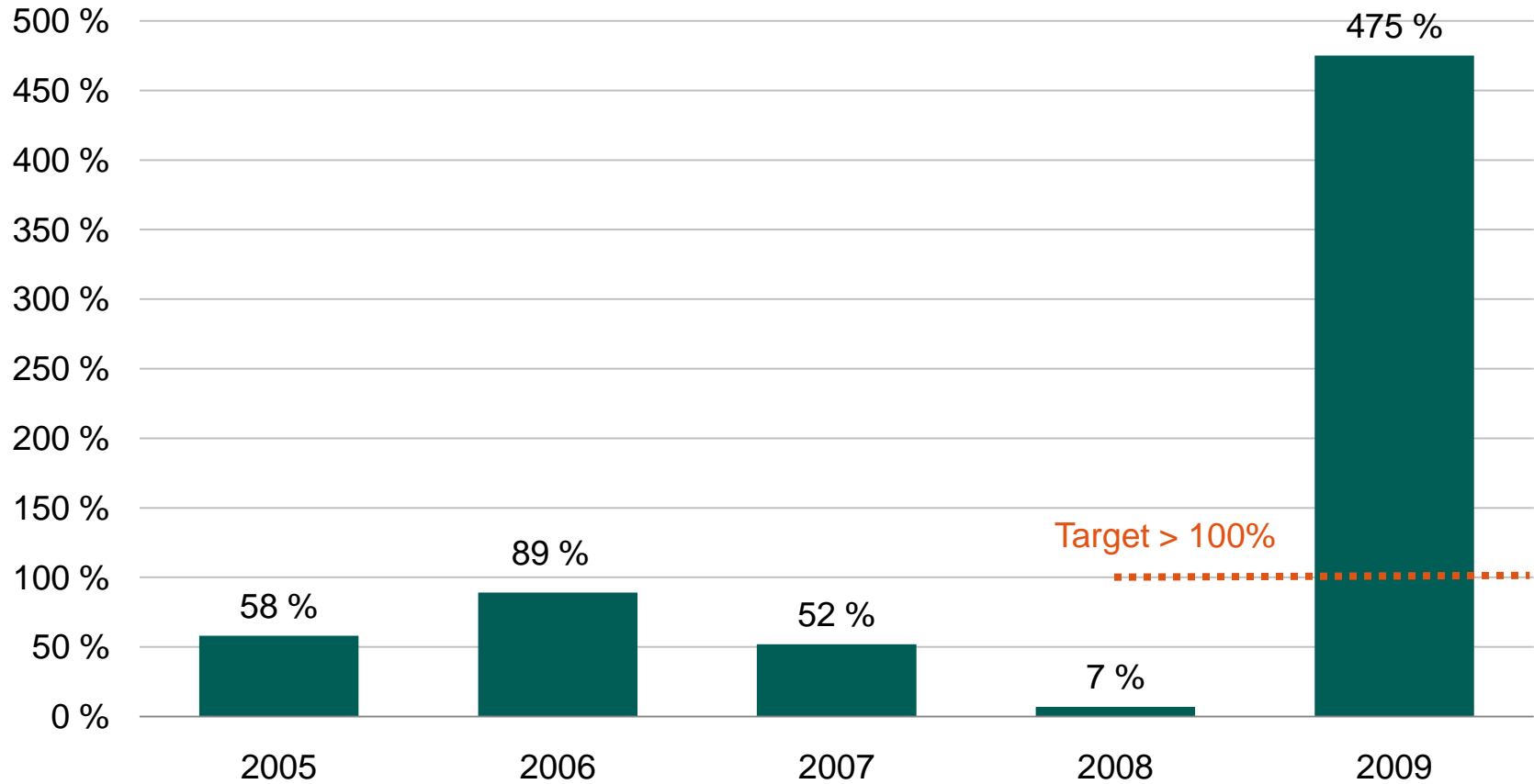


ROCE-% comments

- Metso delivers typically >25% ROCE with >10% EBITA
- Capital intensity differs from business to business, and typically in order to reach >25% ROCE
 - Mining and Construction Technology needs >12% EBITA
 - Energy and Environmental Technology needs >10% EBITA
 - Paper and Fiber Technology needs >8% EBITA

Cash conversion >100%

Free cash flow / net income, %





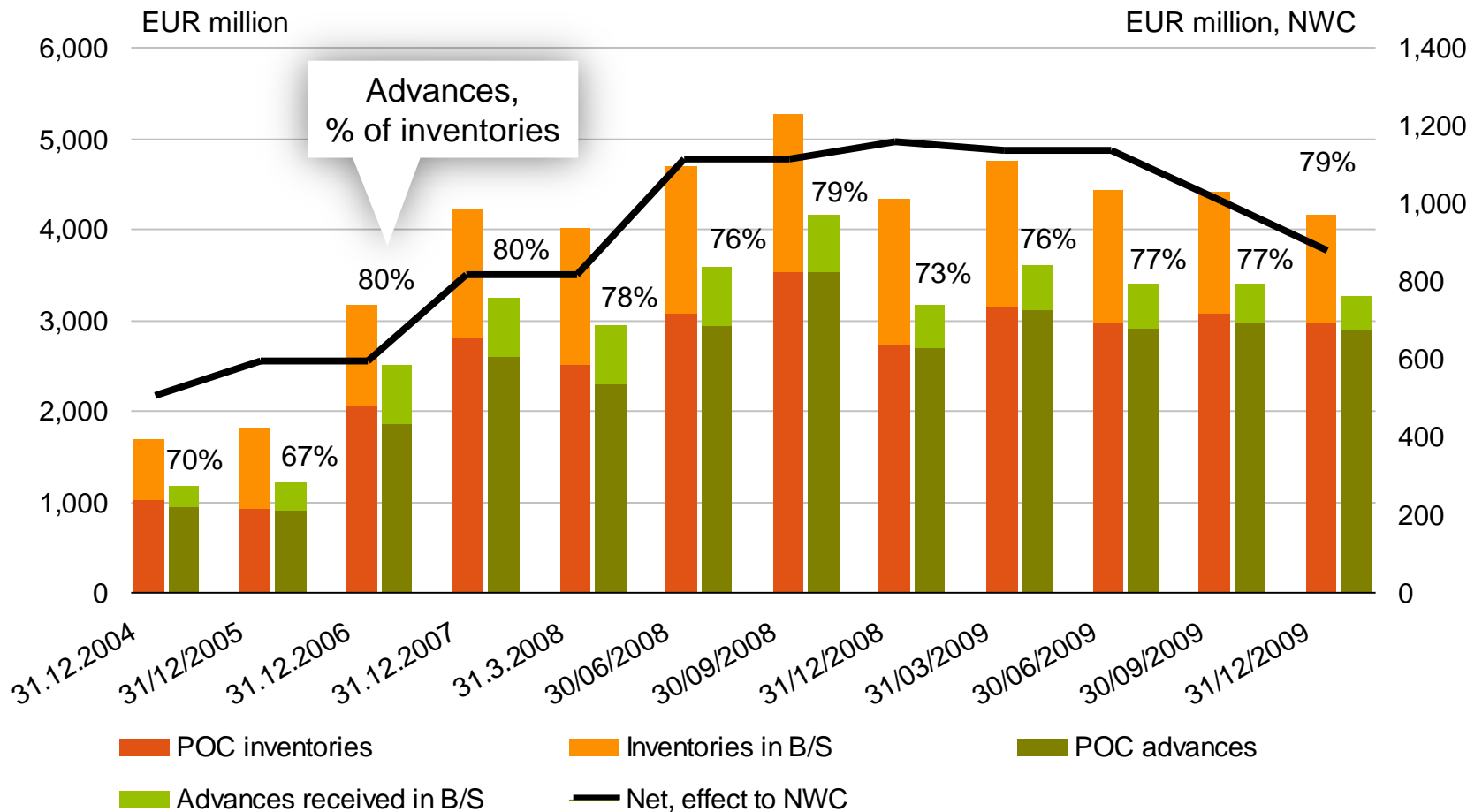
Other issues

Free cash flow by reporting segment, 1-12/2009

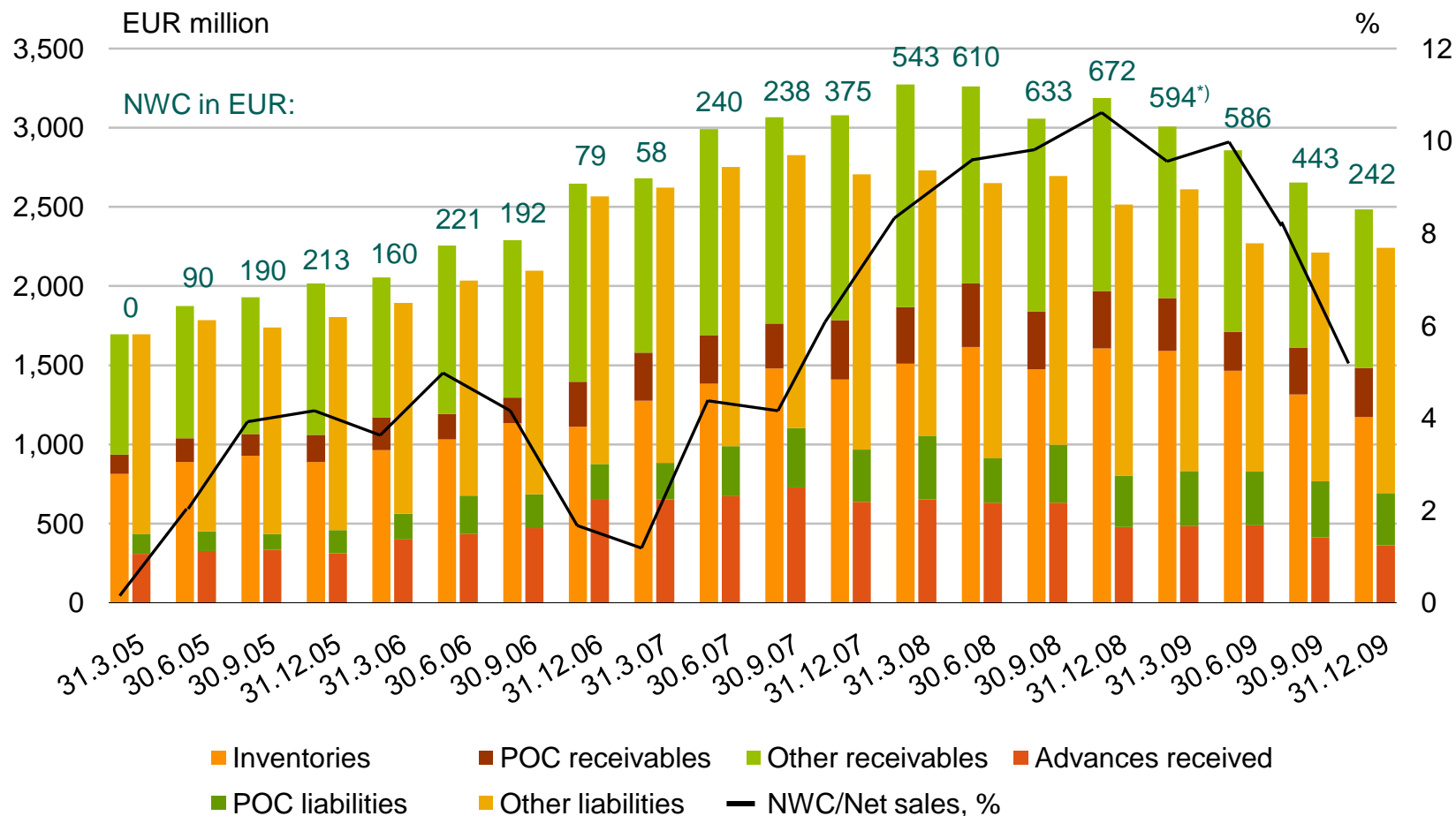
	MCT	EET	PFT	Automotive	HO & other	Metso
Net sales	2,075	1,523	1,408	56	-46	5,016
Operating profit	199	118	1	-8	-16	294
Operating profit , % of net sales	9.6%	7.8%	0.1%	-14.7%	n/a	5.9%
Adjustments of operating profit to cash flow						
Impairment of goodwill	0	0	0	0	0	0
Amortization of intangible assets	4	18	16	0	3	41
EBITA	203	136	17	-8	-13	334
EBITA, % of net sales	9.8%	9.0%	1.2%	-14.6%	n/a	6.7%
Depreciation of property, plant and equipment	36	19	39	7	1	102
Other adjustments	-13	10	14	-2	-3	5
Change of net working capital	211	130	153	-9	34	518
Investment activities						
Capital expenditures on maintenance investments	-15	-20	-22	-1	-4	-61
Proceeds from sale of fixed assets	2	1	2	3	0	8
Interest paid and dividend received ^{x)}					-51	-51
Income tax paid ^{x)}					-138	-138
FREE CASH FLOW	424	276	202	-10	-174	717

^{x)} Financing items and taxes are reported under Group Head Office without allocating them to the reporting segments.

Advances continued to finance 75-80% of total inventories throughout the downturn



New operating models introduced to keep NWC on net sales within 5-8% range



Goodwill at March 31, 2010

- Mining and Construction Technology EUR 359 million

- EUR 350 million Svedala acquisition
- EUR 9 million Other

- Energy and Environmental Technology EUR 292 million

- EUR 202 million AKPP acquisition (Power)
- EUR 33 million Svedala acquisition
- EUR 90 million Other

- Paper and Fiber Technology EUR 222 million

- EUR 51 million Beloit acquisition
- EUR 73 million Tamfelt acquisition
- EUR 59 million AKPP acquisition (Fiber)
- EUR 39 million Other

Metso
EUR 873 million

Annual amortization 2010*

MCT: EUR 2 million

EET: EUR 14 million

PFT: EUR 18 million



Summary

Profit sustainability at a higher level

- Underlying profitability has improved by 4-5%-points compared to the period pre-2005
- Overall profit-orientation of the organization clearly improved > quick adjustment of the cost base and capacity secured satisfactory profitability in 2009
- In case of a double dip in global economy high, share of net sales from the emerging markets and services expected to help to maintain satisfactory profitability
- Strong balance sheet and cash position provide security and are in today's volatile environment strong assets
- Solid base to achieve long-term financial targets when demand environment recovers back to 2006-2008 levels

