

Q1

2017 Interim Review

Metso's Interim Review January 1 – March 31, 2017

First-quarter 2017 in brief (compared to the first quarter of 2016)

- Market activity increased, especially in the services businesses
- Orders received increased 11 percent and totaled EUR 733 million (EUR 663 million). Services orders increased 15 percent to EUR 496 million (EUR 433 million)
- Sales grew 8 percent to EUR 648 million (EUR 601 million). Services sales increased 3 percent and totaled EUR 423 million (EUR 409 million)
- Adjusted EBITA improved to EUR 66.4 million, or 10.2 percent of sales (EUR 55.7 million, or 9.3%)
- Free cash flow was EUR 39 million (EUR 62 million)
- Balance sheet remains strong with net gearing at -4.7 percent (-1.8% at the end of 2016)

Outlook for 2017 (changes in brackets)

Metso's overall trading conditions are expected to be better than in 2016 (previously: slightly better). Demand for our products and services in 2017 is expected to develop as follows:

- Remain weak for mining equipment, while improving to good for mining services (previously: weak for mining equipment and satisfactory for mining services)
- Remain good for aggregates equipment and services
- Improve to good for Flow Control products related to customers' new investments and services (previously: both were satisfactory)

At the end of March 2017, our backlog for 2017 totaled approximately EUR 1.2 billion. In the current market conditions, we continue to expect some postponements to planned delivery timetables. Negative adjustment items from restructuring programs initiated in 2016 are expected to be EUR 10-15 million. Capital expenditure excluding acquisitions is expected to increase compared to 2016, but to remain below depreciation and amortization.

President and CEO Matti Kähkönen:



We were pleased to see the market activity in our customer industries improving in the first quarter. This could be seen in an increased order intake for both Minerals and Flow Control compared to the first quarter of last year as well as quarter-on-quarter. In aggregates, we continued to see good activity in the United States and Europe, and other markets recovered from the low levels seen in the previous years. Flow Control services saw increased activity in both oil & gas and pulp & paper. The mining market has recovered gradually and we saw a better activity in the services business during the quarter. The somewhat brighter outlook in the mining industry is less visible in the equipment business,

even though there is some optimism in discussions with customers.

Our sales grew 8 percent during the quarter, which resulted largely from the equipment business in the Minerals segment. Higher services orders will support sales during the next quarters. Profitability of the Minerals segment improved, but was somewhat diluted by sales mix and increased raw material prices. Flow Control's performance was good and this is expected to continue going forward.

This year's big themes for Metso are growth and digitalization. All of our businesses have robust plans to accelerate organic growth and our financial position also enables us to actively explore acquisition opportunities. During the first quarter, we launched the Metso Digital Program, which is designed to take us to a new level in the digital capabilities required to succeed and grow in our businesses. We focus on digitalization in very practical ways, for instance, using the Internet-of-Things (IoT) and analytics-based tools to help our customers make the most of their assets and improve performance.

Key figures

EUR million	Q1/2017	Q1/2016	Change %	2016
Orders received	733	663	11	2,724
Orders received by the services business	496	433	15	1,741
% of orders received	68	65		64
Order backlog at the end of the period	1,396	1,300	7	1,320
Sales	648	601	8	2,586
Sales of the services business	423	409	3	1,703
% of sales	65	68		66
Earnings before interest, tax and amortization (EBITA), adjusted	66.4	55.7	19	274.0
% of sales	10.2	9.3		10.6
Operating profit	59.4	50.4	18	227.1
% of sales	9.2	8.4		8.8
Earnings per share, EUR	0.23	0.18	28	0.87
Free cash flow	39	62	-37	339
Return on capital employed (ROCE) before tax, annualized, %	11.1	9.4		10.4
Equity-to-asset ratio at the end of the period, %	43.7	43.9		48.0
Net gearing at the end of the period, %	-4.7	6.9		-1.8
Personnel at the end of the period	11,453	12,386	-8	11,542

Operating environment

Activity improved across our customer industries in the first quarter of 2017. The good demand for aggregates equipment continued. Aggregates services demand increased following the higher amount of equipment deliveries in the past quarters and a higher activity overall in the construction industry.

Our mining customers' output continued to increase, which has consequently increased the demand for wear and spare parts. The demand for engineered services also started to pick up following an increased focus on productivity improvements at mines. The mining equipment market remained stable and was at roughly the same level as last year.

Flow Control saw higher activity in both its pumps and valve business lines, driven by a stronger aftermarket. Customers' healthy utilization rates continued to benefit both the day-to-day valve and services business. Demand for valves related to new investments was higher in pulp & paper, and the activity in oil & gas also increased gradually during the quarter.

Orders and sales

Orders received in the first quarter totaled EUR 733 million, which is a 11 percent increase from the comparison period. Equipment orders increased by 3 percent to EUR 237 million, while services orders increased by 15 percent to EUR 496 million. Metso's backlog totaled EUR 1,396 million at the end of the period (EUR 1,320 million at the end of 2016).

Sales in the first quarter amounted to EUR 648 million (EUR 601 million). Services sales increased by 3 percent to EUR 423 million, while equipment sales were 17 percent higher at EUR 225 million. Minerals saw flat sales development in services and growth in both mining and aggregates equipment. Flow Control's services sales grew, while equipment sales were roughly flat.

Currency impact on orders received *(compared to the same period in 2016)*

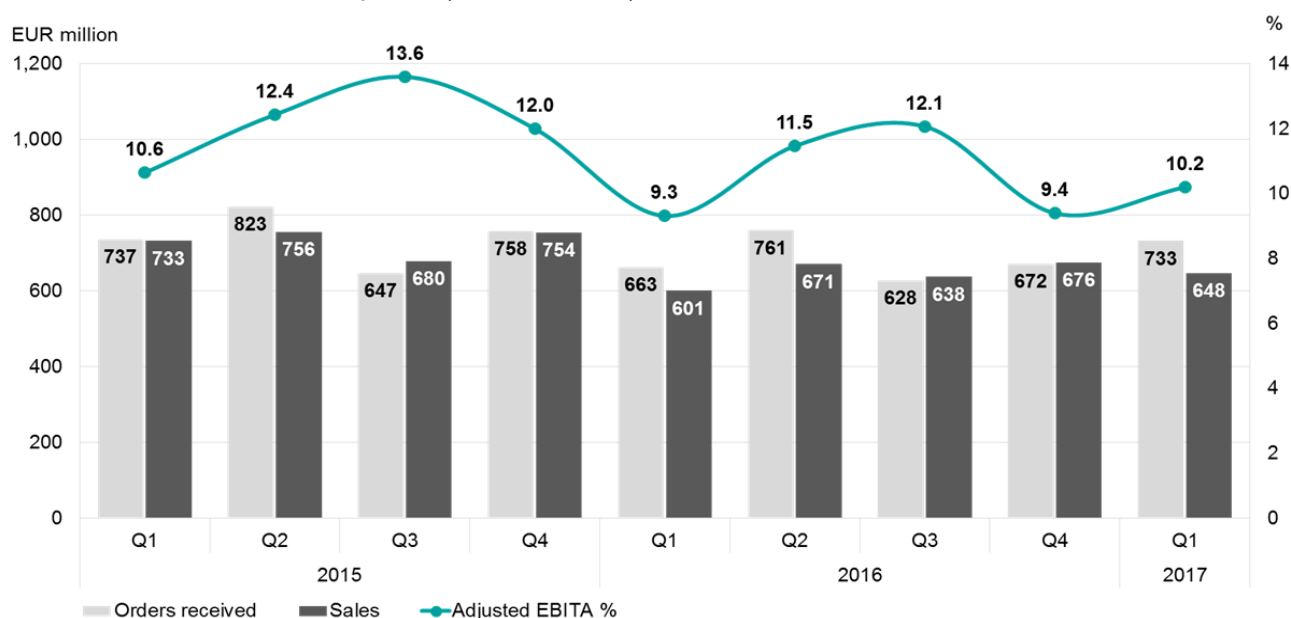
	Q1/2017 Change %	Q1/2017 Change % using constant rates
Minerals	13	9
Services business	15	10
Flow Control	2	-1
Services business	12	8
Metso total	11	6
Services business	15	10

Currency impact on sales *(compared to the same period in 2016)*

	Q1/2017 Change %	Q1/2017 Change % using constant rates
Minerals	8	4
Services business	1	-4
Flow Control	7	4
Services business	13	10
Metso total	8	4
Services business	3	-1

Financial performance

Metso's adjusted EBITA (earnings before interest, tax and amortization) was EUR 66.4 million, or 10.2 percent, in the first quarter (EUR 55.7 million and 9.3%). The adjusted EBITA margin improved significantly in Flow Control and slightly in Minerals. Adjustment items were EUR 2.7 million negative in the quarter and mainly consisted of restructuring costs in Minerals. The Group's operating profit (EBIT) was EUR 59.4 million, or 9.2 percent of sales (EUR 50.4 million or 8.4%). Cash flow from operations was healthy at EUR 58 million in the first quarter (EUR 59 million).



Financial position

Metso's liquidity position remains strong. Total cash assets at the end of March 2017 were EUR 835 million (EUR 807 million at the end of 2016), of which EUR 110 million (EUR 109 million) was invested in financial instruments with an initial maturity exceeding three months, and the remaining EUR 725 million (EUR 698 million) is accounted for as cash and cash equivalents. A dividend of EUR 157 million was paid after the reporting period on April 4, 2017. The Group has a committed EUR 500 million revolving credit facility, which is undrawn.

The Group's balance sheet is solid. Net interest-bearing liabilities were EUR 63 million negative at the end of March (EUR 26 million negative at the end of 2016) and gearing was -4.7 percent (-1.8% at the end of 2016). The equity-to-asset ratio was 43.7 percent (48.0% at the end of 2016). Standard & Poor's Ratings Services confirmed our credit rating in March 2017: long-term corporate credit rating BBB and short-term A-2, outlook stable.

Capital expenditure and RTD

Gross capital expenditure in January-March 2017, excluding business acquisitions, was EUR 6 million (EUR 6 million). Maintenance accounted for 87 percent, i.e. EUR 5 million (90% and EUR 5 million). In 2017, capital expenditure excluding acquisitions is expected to increase compared to 2016, but to remain below depreciation and amortization. Research and development expenses in January-March totaled EUR 7 million, i.e. 1.0 percent of sales (EUR 9 million and 1.5 percent of sales).

Reporting Segments

Minerals

- Orders increased across the businesses in both new equipment and services
- Sales mix and raw material costs had a negative impact on profitability



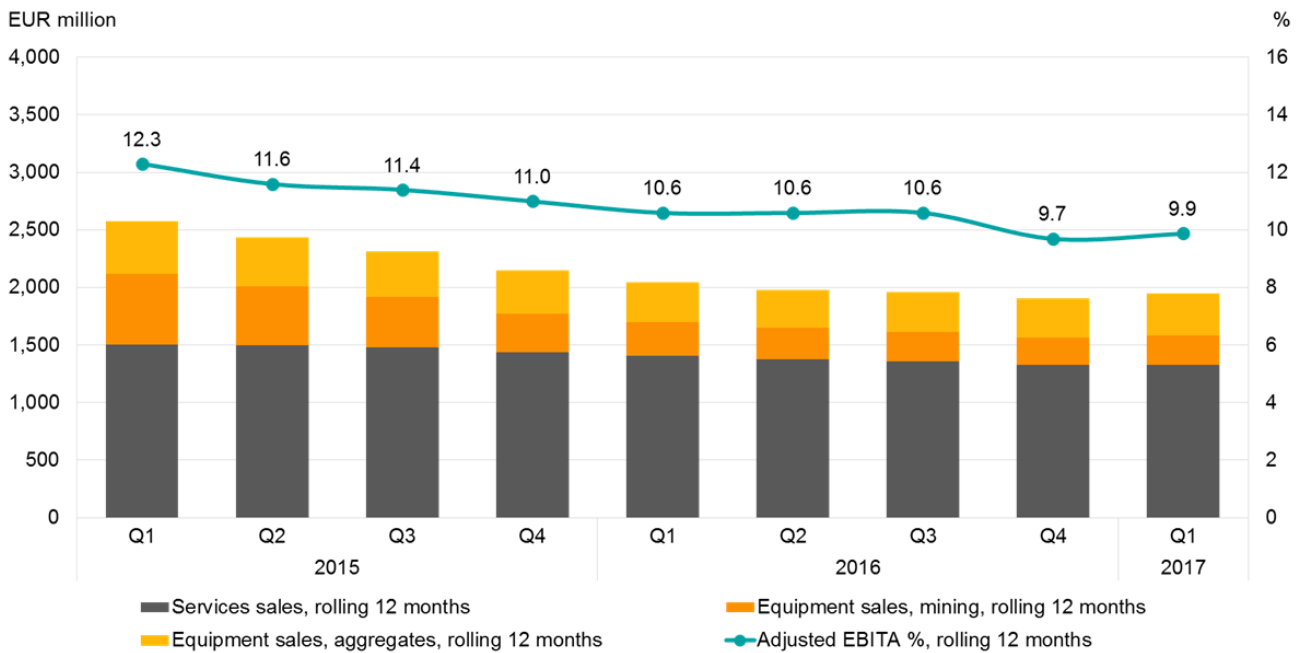
EUR million	Q1/2017	Q1/2016	Change %	2016
Orders received	560	494	13	2,115
Orders received by the services business	386	335	15	1,348
% of orders received	69	68		64
Order backlog at the end of the period	1,138	1,020	12	1,078
Sales	489	453	8	1,956
Sales of the services business	325	323	1	1,325
% of sales	66	71		68
Earnings before interest, tax and amortization (EBITA), adjusted	43.4	36.9	18	190.3
% of sales	8.9	8.2		9.7
Operating profit	39.3	34.7	13	148.0
% of sales	8.0	7.7		7.6
Return on operative capital employed (ROCE), annualized, %	14.5	11.7		13.4
Personnel at the end of the period	8,353	9,068	-8	8,370

Minerals' orders totaled EUR 560 million in January-March, which is 13 percent higher than in the comparison period. Orders increased following a higher demand for new equipment and services across all businesses. Mining services orders increased 15 percent, while aggregates services orders were up 8 percent as a result of higher demand for wears, spares and engineered services. Equipment orders increased 9 percent from the first quarter of 2016. Mining equipment orders increased 14 percent without any large orders booked during the quarter. Aggregates equipment orders increased 11 percent. The level of activity was good in Northern Europe and the United States and improved in several other markets. Recycling also saw a good quarter as demand for metal and waste equipment and services was on a higher level.

The segment's sales were EUR 489 million in the first quarter (EUR 453 million). Deliveries were higher in both mining and aggregates. The segment's services sales were on the same level as in the comparison period, not yet reflecting the improved order intake of the first quarter.

Minerals' adjusted EBITA (earnings before interest, tax and amortization) totaled EUR 43.4 million, or 8.9 percent of sales (EUR 36.9 million, or 8.2%). Operational efficiency was somewhat better but the sales mix was weaker than a year earlier. The increase in raw material prices had somewhat of a negative impact on the services margins, mainly in grinding wears. Already implemented price increases are expected to improve the situation in the coming quarters. The focus on operational efficiency and quality improvements is also continuing. Adjustment items were EUR 2.7 million negative as a result of restructuring costs. Operating profit (EBIT) totaled EUR 39.3 million, or 8.0 percent of sales (EUR 34.7 million, and 7.7%).

Minerals, sales and adjusted EBITA margin, rolling 12 months



Flow Control

- Valve and pump services orders increased
- Good operational performance and sales mix supported profitability



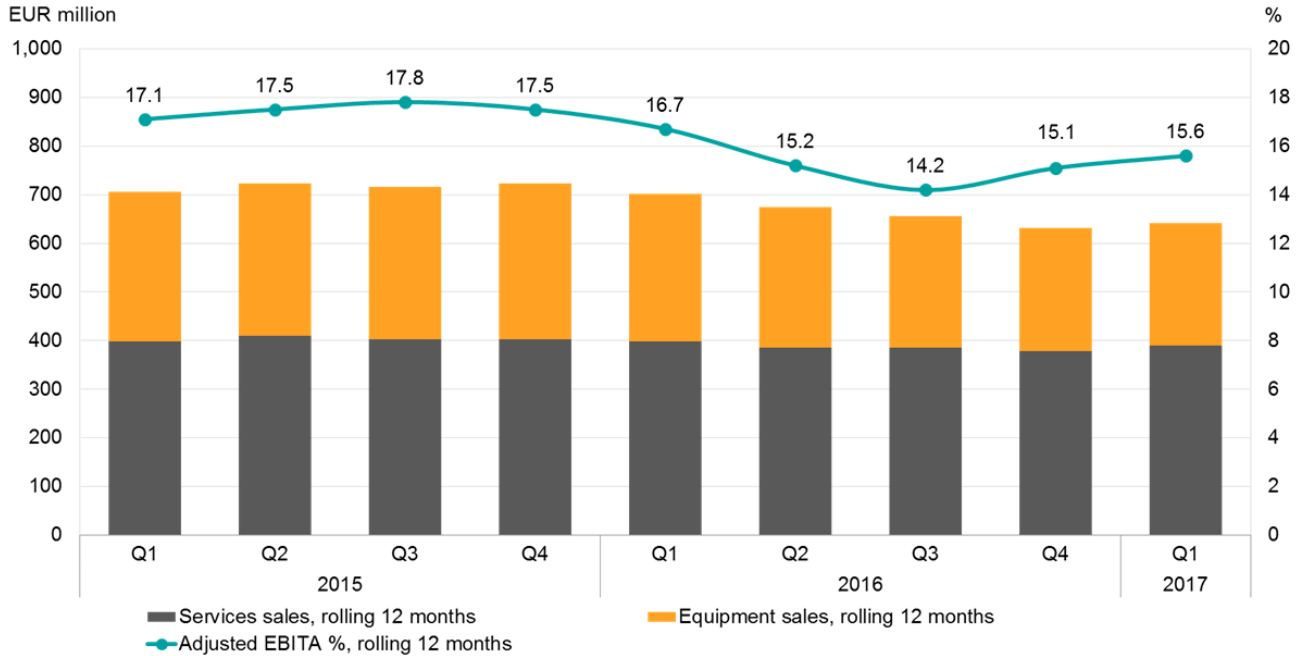
EUR million	Q1/2017	Q1/2016	Change %	2016
Orders received	173	169	2	609
Orders received by the services business	110	98	12	393
% of orders received	64	58		65
Order backlog at the end of the period	258	280	-8	242
Sales	159	148	7	631
Sales of the services business	97	86	13	378
% of sales	61	58		60
Earnings before interest, taxes and amortization (EBITA), adjusted	24.8	19.0	31	95.0
% of sales	15.6	12.8		15.1
Operating profit	24.2	18.4	32	90.4
% of sales	15.2	12.4		14.3
Return on operative capital employed (ROCE), annualized, %	30.4	22.4		28.5
Personnel at the end of the period	2,632	2,797	-6	2,663

Flow Control orders were EUR 173 million in the first quarter which is 2 percent higher than in the comparison period. The increase resulted from a higher demand for pumps, day-to-day valves and valve services. Equipment orders declined 11 percent. Oil & gas project orders were sequentially on the same level as in the fourth quarter of 2016, but the quotation activity has improved. Pulp & paper project orders increased following higher investments in the industry.

Flow Control's sales increased by 7 percent to EUR 159 million in January-March 2017. Equipment sales were flat, while services and day-to-day valve sales increased from the comparison period. Pumps had a good quarter with 12 percent sales growth.

Flow Control's adjusted EBITA (earnings before interest, tax and amortization) totaled EUR 24.8 million, or 15.6 percent of sales (EUR 19.0 million or 12.8%). The margin was positively impacted by a higher share of services and day-to-day sales together with good operational performance. There were no significant adjustment items in the quarter. The segment's operating profit (EBIT) totaled EUR 24.2 million, or 15.2 percent of sales (EUR 18.4 million and 12.4%).

Flow Control, sales and adjusted EBITA margin, rolling 12 months



Personnel

Metso had 11,453 employees at the end of March 2017, 89 fewer than at the end of December 2016. Personnel decreased by 17 to 8,353 in Minerals, and by 31 to 2,632 in Flow Control.

Personnel by area

	Mar 31, 2017	% of personnel	Mar 31, 2016	% of personnel	Change %	Dec 31, 2016
Europe	4,060	35	4,256	34	-5	4,097
North America	1,601	14	1,882	15	-15	1,609
South and Central America	2,393	21	2,659	22	-10	2,420
China	1,019	9	1,156	9	-12	1,032
Other Asia-Pacific	1,505	13	1,503	12	0	1,498
Africa and Middle East	875	8	930	8	-6	886
Metso total	11,453	100	12,386	100	-8	11,542

Decisions of the Annual General Meeting

Metso's Annual General Meeting (AGM) was held on March 23, 2017. The AGM approved the Financial Statements for 2016 and discharged the members of the Board of Directors and the President and CEO from liability for the 2016 financial year. The dividend of EUR 1.05 per share was paid on April 4, 2017, in accordance with the AGM's decision.

The Annual General Meeting approved the proposal of the Board of Directors to authorize the Board to decide on the repurchase of Metso shares and on donations of up to EUR 1 million given to universities. The Nomination Board's proposals concerning Board members and their remuneration were also approved by the meeting. Authorized Public Accountant firm Ernst & Young was elected as the company's Auditor until the end of the next Annual General Meeting. Ernst & Young Oy has designated Mikko Järventausta, APA, as responsible auditor.

The Annual General Meeting confirmed the number of Board members as seven, and Mikael Lilius was re-elected as Chairman and Christer Gardell as Vice Chairman. Peter Carlsson, Ozey K. Horton Jr., Lars Josefsson, Nina Kopola and Arja Talma were re-elected for a new term. The term of office of the Board members will last until the end of the next AGM.

The Board elected the members of its Audit Committee and the Remuneration and HR Committee. The Audit Committee consists of Arja Talma (Chairman), Lars Josefsson and Nina Kopola. The Remuneration and HR Committee consists of Mikael Lilius (Chairman), Christer Gardell and Ozey K. Horton Jr.

Shares and share trading

As of March 31, 2017, Metso's share capital was EUR 140,982,843.80 and the number of shares was 150,348,256. This included 351,128 treasury shares held by the Parent Company, which represented 0.2 percent of all shares and votes. A total of 12,590 treasury shares were conveyed as rewards for participants in the Long-term Incentive Plan 2012-2014 in February 2017.

A total of 28,920,833 Metso shares were traded on NASDAQ OMX Helsinki in January-March 2017, equivalent to a turnover of EUR 817 million. The volume-weighted average trading price for the period was EUR 28.25. The highest quotation was EUR 29.25 and the lowest EUR 26.46. The closing price on March 31, 2017, was EUR 28.38, giving Metso a market capitalization, excluding shares held by the Parent Company, of EUR 4,257 million (EUR 4,065 million at the end of 2016).

Metso's ADRs (American Depositary Receipts) are traded on the International OTCQX market in the United States, under the ticker symbol 'MXCYY', with four ADRs representing one Metso share. The closing price of the Metso ADR on March 31, 2017, was USD 7.89.

Flagging notifications

In January-March 2017, Metso received the following flagging notifications of changes in direct shareholding, shareholding through financial instruments or their total amount. Metso is not aware of any shareholders' agreements regarding the ownership of Metso shares and voting rights. Metso has 150,348,256 issued shares.

Date	Shareholder	Threshold	Direct, %	Indirect, %	Total, %	Total shares
March 24, 2017	Blackrock, Inc.	above 5%	5.07	0.22	5.30	7,972,471
March 9, 2017	Blackrock, Inc.	below 5%	4.35	1.53	5.89	8,856,163
February 28, 2017	Blackrock, Inc.	above 5%	5.06	0.78	5.84	8,793,183
February 8, 2017	Blackrock, Inc.	below 5%	4.94	0.84	5.79	8,705,734
February 7, 2017	Blackrock, Inc.	above 5%	5.02	0.74	5.76	8,666,338
February 6, 2017	Blackrock, Inc.	below 5%	4.97	0.75	5.72	8,611,261
February 3, 2017	Blackrock, Inc.	at 5%	5.00	0.79	5.79	8,718,113
February 1, 2017	Blackrock, Inc.	below 5%	4.98	0.72	5.71	8,856,003
January 11, 2017	Blackrock, Inc.	above 5%	5.10	0.51	5.62	8,451,908

Short-term business risks and market uncertainties

Uncertainties in economic growth and political developments globally might affect our customer industries, reduce the investment appetite and cut spending among our customers, and thereby weaken the demand for Metso's products and services and also affect business operations and projects under negotiation. There are also other market- or customer-related factors that may cause on-going projects to be postponed, delayed or discontinued.

Exchange rate fluctuations and changes in commodity prices might affect our order intake, sales and financial performance, although the wide scope of our operations limits the exposure to single currencies or commodities. Metso hedges currency exposure linked to firm delivery and purchase agreements. Higher raw material prices and labor costs might also be hard to promptly integrate into the prices of Metso's equipment, products and services.

Uncertain market conditions might adversely affect our customers' payment behavior and increase the risk of lawsuits, claims and disputes taken against Metso in various countries related to, among other things, Metso's products, projects and other operations.

One additional focus area continues to be information security and cyber threats which can potentially disturb or disrupt Metso's businesses and operations.

Outlook for 2017 (changes in brackets)

Metso's overall trading conditions are expected to be better than in 2016 (previously: slightly better). Demand for our products and services in 2017 is expected to develop as follows:

- Remain weak for mining equipment while improving to good for mining services (previously: weak for mining equipment and satisfactory for mining services)
- Remain good for aggregates equipment and services
- Improve to good for Flow Control products related to customers' new investments and services (previously: both were satisfactory)

At the end of March 2017, our backlog for 2017 totaled approximately EUR 1.2 billion. In the current market conditions, we continue to expect some postponements to planned delivery timetables. Negative adjustment items from restructuring programs initiated in 2016 are expected to be EUR 10-15 million. Capital expenditure excluding acquisitions is expected to increase compared to 2016, but to remain below depreciation and amortization.

Helsinki, April 24, 2017
Metso Corporation's Board of Directors

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 that 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.

This Interim Review has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The same accounting policies have been applied in the Annual Financial Statements. This Interim Review is unaudited.

All figures presented have been rounded and consequently the sum of individual figures might differ from the presented total figure.

Consolidated statement of income

EUR million	1-3/2017	1-3/2016	1-12/2016
Sales	648	601	2,586
Cost of goods sold	-464	-425	-1,849
Gross profit	184	176	737
Selling, general and administrative expenses	-126	-126	-516
Other operating income and expenses, net	2	0	6
Share in profits of associated companies	0	0	0
Operating profit	59	50	227
Financial income	2	3	8
Financial expenses	-12	-15	-47
Financial expenses, net	-10	-12	-39
Profit before taxes	49	38	188
Income taxes	-15	-11	-58
Profit for the period	34	27	130
Attributable to:			
Shareholders of the company	34	27	130
Non-controlling interests	0	0	0
Profit for the period	34	27	130
Earnings per share			
Basic, EUR	0.23	0.18	0.87
Diluted, EUR	0.23	0.18	0.87

Consolidated statement of comprehensive income

EUR million	1-3/2017	1-3/2016	1-12/2016
Profit for the period	34	27	130
Items that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges, net of tax	1	1	-2
Available-for-sale equity investments, net of tax	0	0	0
Currency translation on subsidiary net investments	6	-5	23
	7	-4	21
Items that will not be reclassified to profit or loss:			
Defined benefit plan actuarial gains (+) / losses (-), net of tax	-	-	3
Other comprehensive income (+) / expense (-)	7	-4	24
Total comprehensive income (+) / expense (-)	41	23	154
Attributable to:			
Shareholders of the company	41	23	154
Non-controlling interests	0	0	0
Total comprehensive income (+) / expense (-)	41	23	154

Consolidated balance sheet

ASSETS

EUR million	Mar 31, 17	Mar 31, 16	Dec 31, 16
Non-current assets			
Intangible assets			
Goodwill	452	450	452
Other intangible assets	82	92	86
	533	542	538
Tangible assets			
Land and water areas	44	48	45
Buildings and structures	111	120	113
Machinery and equipment	148	153	149
Assets under construction	7	9	8
	311	330	315
Financial and other assets			
Investments in associated companies	1	1	1
Available-for-sale equity investments	1	1	1
Loan and other interest bearing receivables	3	12	3
Derivative financial instruments	7	12	8
Deferred tax asset	110	102	112
Other non-current assets	32	39	32
	154	167	157
Total non-current assets	998	1,039	1,010
Current assets			
Inventories	729	726	709
Receivables			
Trade and other receivables	612	588	605
Cost and earnings of projects under construction in excess of advance billings	62	82	66
Loan and other interest bearing receivables	1	1	10
Financial instruments held for trading	110	95	109
Derivative financial instruments	6	13	9
Income tax receivables	31	28	20
Receivables total	821	807	819
Cash and cash equivalents	725	626	698
Total current assets	2,274	2,159	2,226
TOTAL ASSETS	3,273	3,198	3,236

Shareholders' equity and liabilities

EUR million	Mar 31, 17	Mar 31, 16	Dec 31, 16
Equity			
Share capital	141	141	141
Cumulative translation adjustments	-42	-76	-48
Fair value and other reserves	300	303	299
Retained earnings	916	935	1,039
Equity attributable to shareholders	1,315	1,303	1,431
Non-controlling interests	8	8	8
Total equity	1,323	1,311	1,439
Liabilities			
Non-current liabilities			
Long-term debt	754	766	767
Post employment benefit obligations	87	98	88
Provisions	42	27	40
Derivative financial instruments	4	8	5
Deferred tax liability	6	10	11
Other long-term liabilities	2	3	2
Total non-current liabilities	896	912	913
Current liabilities			
Current portion of long-term debt	0	28	0
Short-term debt	22	30	27
Trade and other payables	660	591	470
Provisions	72	69	81
Advances received	193	170	186
Billings in excess of cost and earnings of projects under construction	52	45	54
Derivative financial instruments	13	6	21
Income tax liabilities	42	36	45
Total current liabilities	1,054	975	884
Total liabilities	1,950	1,887	1,797
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,273	3,198	3,236

NET INTEREST BEARING LIABILITIES

EUR million	Mar 31, 17	Mar 31, 16	Dec 31, 16
Long-term interest bearing debt	754	766	767
Short-term interest bearing debt	22	58	27
Cash and cash equivalents	-725	-626	-698
Other interest bearing assets	-114	-108	-122
Net interest bearing liabilities	-63	90	-26

Condensed consolidated cashflow statement

EUR million	1-3/2017	1-3/2016	1-12/2016
Cash flows from operating activities:			
Profit	34	27	130
Adjustments to reconcile profit to net cash provided by operating activities			
Depreciation and amortization	15	16	61
Financial income and expenses, net	10	12	39
Income taxes	15	12	58
Other	5	3	12
Change in net working capital	-21	-11	92
Cash flows from operations	58	59	392
Financial income and expenses, net paid	-4	-4	-25
Income taxes paid	-12	12	-21
Net cash provided by operating activities	42	67	346
Cash flows from investing activities:			
Capital expenditures on fixed assets	-6	-6	-31
Proceeds from sale of fixed assets	2	0	21
Other	0	0	0
Net cash provided by (+) / used in (-) investing activities	-5	-6	-10
Cash flows from financing activities:			
Dividends paid	-	-	-157
Proceeds from (+) / Investments in (-) financial assets	8	-25	-42
Net funding	-20	1	-40
Net cash provided by (-) / used in (-) financing activities	-12	-24	-239
Net increase (+) / decrease (-) in cash and cash equivalents	26	37	98
Effect from changes in exchange rates	1	-1	10
Cash and cash equivalents at beginning of period	698	590	590
Cash and cash equivalents at end of period	725	626	698

FREE CASH FLOW

EUR million	1-3/2017	1-3/2016	1-12/2016
Net cash provided by operating activities	42	67	346
Capital expenditures on maintenance investments	-5	-5	-28
Proceeds from sale of fixed assets	2	0	21
Free cash flow	39	62	339

Consolidated statement of changes in shareholders' equity

EUR million	Share capital	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
Balance at Jan 1, 2016	141	-71	302	1,064	1,436	8	1,444
Profit for the period	-	-	-	27	27	0	27
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	1	-	1	-	1
Available-for-sale equity investments, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	-5	-	-	-5	-	-5
Defined benefit plan actuarial gains (+) / losses (-), net of tax	-	-	-	-	-	-	-
Total comprehensive income (+) / expense (-)	-	-5	1	27	23	0	23
Dividends	-	-	-	-157	-157	0	-157
Share-based payments, net of tax	-	-	0	-	0	-	0
Other	-	-	0	1	1	0	1
Changes in non-controlling interests	-	-	-	-	-	-	-
Balance at March 31, 2016	141	-76	303	935	1,303	8	1,311
Balance at Jan 1, 2017	141	-48	299	1,039	1,431	8	1,439
Profit for the period	-	-	-	34	34	0	34
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	1	-	1	-	1
Available-for-sale equity investments, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	6	-	-	6	-	6
Total comprehensive income (+) / expense (-)	-	6	1	34	41	0	41
Dividends	-	-	-	-157	-157	0	-157
Share-based payments, net of tax	-	-	0	-	0	-	0
Other	-	-	0	0	0	0	0
Changes in non-controlling interests	-	-	-	-	-	-	-
Balance at March 31, 2017	141	-42	300	916	1,315	8	1,323

Fair value estimation

For those financial assets and liabilities which have been recognized at fair value in the balance sheet, the following measurement hierarchy and valuation methods have been applied:

- Level 1 Quoted unadjusted prices at the balance sheet date in active markets. The market prices are readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. The quoted market price used for financial assets is the current bid price. Level 1 financial instruments include debt and equity investments classified as financial instruments available-for-sale or at fair value through profit and loss.
- Level 2 The fair value of financial instruments in Level 2 is determined using valuation techniques. These techniques utilize observable market data readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. Level 2 financial instruments include:
- Over-the-counter derivatives classified as financial assets/liabilities at fair value through profit and loss or qualified for hedge accounting.
 - Debt securities classified as financial instruments available-for-sale or at fair value through profit and loss.
 - Fixed rate debt under fair value hedge accounting.
- Level 3 A financial instrument is categorized into Level 3, if the calculation of the fair value cannot be based on observable market data. Metso had no such instruments.

The table below present Metso's financial assets and liabilities that are measured at fair value. There has been no transfers between fair value levels during 2016 or 2017.

March 31, 2017

EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
• Derivatives	-	4	-
• Securities	2	108	-
Derivatives qualified for hedge accounting	-	9	-
Available for sale investments			
• Equity investments	-	-	-
• Debt investments	-	-	-
Total assets	2	121	-
Liabilities			
Financial liabilities at fair value through profit and loss			
• Derivatives	-	13	-
• Long term debt at fair value	-	405	-
Derivatives qualified for hedge accounting	-	4	-
Total liabilities	-	423	-

March 31, 2016

EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
• Derivatives	-	9	-
• Securities	21	74	-
Derivatives qualified for hedge accounting	-	16	-
Available for sale investments			
• Equity investments	0	-	-
• Debt investments	-	-	-
Total assets	21	99	-
Liabilities			
Financial liabilities at fair value through profit and loss			
• Derivatives	-	7	-
• Long term debt at fair value	-	420	-
Derivatives qualified for hedge accounting	-	6	-
Total liabilities	-	433	-

Carrying value of other financial assets and liabilities than those presented in this fair value level hierarchy table approximates their fair value. Fair values of other debt is calculated as net present values.

Assets pledged and contingent liabilities

EUR million	Mar 31, 17	Mar 31, 16	Dec 31, 16
On own behalf			
Mortgages	-	-	-
On behalf of others			
Guarantees	2	-	1
Other commitments			
Repurchase commitments	2	2	2
Other contingencies	5	3	3
Lease commitments	137	128	140

Notional amounts of derivative financial instruments

EUR million	Mar 31, 17	Mar 31, 16	Dec 31, 16
Forward exchange rate contracts	994	980	1,009
Interest rate swaps	245	225	265
Cross currency swaps	244	244	244
Option agreements			
Bought	-	-	-
Sold	-	-	20

The notional amount of electricity forwards was 30 GWh as of March 31, 2017 and 59 GWh as of March 31, 2016.

The notional amount of nickel forwards to hedge stainless steel prices was 258 tons as of March 31, 2017 and 294 tons as of March 31, 2016.

The notional amounts indicate the volumes in the use of derivatives, but do not indicate the exposure to risk.

Key ratios

	1-3/2017	1-3/2016	1-12/2016
Earnings per share, EUR	0.23	0.18	0.87
Diluted earnings per share, EUR	0.23	0.18	0.87
Equity/share at end of period, EUR	8.77	8.69	9.54
Return on equity (ROE), %, (annualized)	9.9	7.8	9.0
Return on capital employed (ROCE) before taxes, %, (annualized)	11.1	9.4	10.4
Return on capital employed (ROCE) after taxes, %, (annualized)	8.3	7.2	7.8
Equity to assets ratio at end of period, %	43.7	43.9	48.0
Net gearing at end of period, %	-4.7	6.9	-1.8
Free cash flow, EUR million	39	62	339
Free cash flow/share, EUR	0.26	0.41	2.26
Cash conversion, %	115	230	261
Gross capital expenditure (excl. business acquisitions), EUR million	6	6	31
Business acquisitions, net of cash acquired, EUR million	-	-	-
Depreciation and amortization, EUR million	15	16	61
Number of outstanding shares at end of period (thousands)	149,997	149,985	149,985
Average number of shares (thousands)	149,989	149,985	149,985
Average number of diluted shares (thousands)	150,124	150,026	150,113

Formulas for calculation of indicators

Earnings before interest, tax and amortization (EBITA), adjusted:

Operating profit + adjustment items + amortization + goodwill impairment

Earnings per share, basic:

$$\frac{\text{Profit attributable to shareholders}}{\text{Average number of outstanding shares during period}}$$

Earnings per share, diluted:

$$\frac{\text{Profit attributable to shareholders}}{\text{Average number of diluted shares during period}}$$

Equity/share:

$$\frac{\text{Equity attributable to shareholders}}{\text{Number of outstanding shares at the end of period}}$$

Return on equity (ROE), %:

$$\frac{\text{Profit}}{\text{Total equity (average for period)}} \times 100$$

Return on capital employed (ROCE) before taxes, %:

$$\frac{\text{Profit before tax + interest and other financial expenses}}{\text{Balance sheet total - non-interest bearing liabilities (average for period)}} \times 100$$

Return on capital employed (ROCE) after taxes, %:

$$\frac{\text{Profit + interest and other financial expenses}}{\text{Balance sheet total - non-interest bearing liabilities (average for period)}} \times 100$$

Net gearing, %:

$$\frac{\text{Net interest bearing liabilities}}{\text{Total equity}} \times 100$$

Equity to assets ratio, %:

$$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}} \times 100$$

Free cash flow:

Net cash provided by operating activities
 - capital expenditures on maintenance investments
 + proceeds from sale of fixed assets
 = Free cash flow

Free cash flow / share:

$$\frac{\text{Free cash flow}}{\text{Average number of outstanding shares during period}}$$

Cash conversion, %:

$$\frac{\text{Free cash flow}}{\text{Profit}} \times 100$$

Net interest bearing liabilities:

Long term debt + current portion of long term debt + short term debt - loan and other interest bearing receivables (non-current and current) - financial instruments held for trading - cash and cash equivalents

Capital employed:

Balance sheet total - non interest bearing liabilities

Operative capital employed:

Fixed assets + investments in associated companies and joint ventures + available-for-sale equity investments + inventories + non-interest bearing operative assets and receivables (external) - non-interest bearing operating liabilities (external)

Return on operative capital employed (ROCE) for reporting segments, %:

$$\frac{\text{Operating profit (annualized)}}{\text{Operative capital employed (average for period)}} \times 100$$

Exchange rates used

	1-3/2017	1-3/2016	1-12/2016	Mar 31, 17	Mar 31, 16	Dec 31, 16
USD (US dollar)	1.0646	1.1020	1.1021	1.0691	1.1385	1.0541
SEK (Swedish krona)	9.5257	9.2713	9.4496	9.5322	9.2253	9.5525
GBP (Pound sterling)	0.8565	0.7689	0.8159	0.8555	0.7916	0.8562
CAD (Canadian dollar)	1.4123	1.4996	1.4630	1.4265	1.4738	1.4188
BRL (Brazilian real)	3.3613	4.2995	3.8571	3.3800	4.1174	3.4305
CNY (Chinese yuan)	7.3399	7.1821	7.3199	7.3642	7.3514	7.3202
AUD (Australian dollar)	1.4146	1.5088	1.4856	1.3982	1.4807	1.4596

Segment information

ORDERS RECEIVED

EUR million	1-3/2017	1-3/2016	4/2016-3/2017	1-12/2016
Minerals	560	494	2,181	2,115
Flow Control	173	169	613	609
Group Head Office and other	-	-	-	-
Intra Metso orders received	0	0	0	0
Metso total	733	663	2,794	2,724

SALES

EUR million	1-3/2017	1-3/2016	4/2016-3/2017	1-12/2016
Minerals	489	453	1,992	1,956
Flow Control	159	148	642	631
Group Head Office and other	-	-	-	-
Intra Metso net sales	0	0	-1	-1
Metso total	648	601	2,633	2,586

ADJUSTED EBITA

EUR million	1-3/2017	1-3/2016	4/2016-3/2017	1-12/2016
Minerals	43.4	36.9	196.8	190.3
Flow Control	24.8	19.0	100.8	95.0
Group Head Office and other	-1.8	-0.2	-12.9	-11.3
Metso total	66.4	55.7	284.7	274.0

ADJUSTED EBITA, % OF SALES

%	1-3/2017	1-3/2016	4/2016-3/2017	1-12/2016
Minerals	8.9	8.1	9.9	9.7
Flow Control	15.6	12.8	15.7	15.1
Group Head Office and other	n/a	n/a	n/a	n/a
Metso total	10.2	9.3	10.8	10.6

ADJUSTMENT ITEMS

EUR million	1-3/2017	1-3/2016	4/2016-3/2017	1-12/2016
Minerals	-2.7	-0.7	-38.3	-36.3
Flow Control	0.0	-	-2.0	-2.0
Group Head Office and other	0.0	-0.2	8.8	8.6
Metso total	-2.7	-0.9	-31.5	-29.7

AMORTIZATION

EUR million	1-3/2017	1-3/2016	4/2016-3/2017	1-12/2016
Minerals	-1.5	-1.6	-5.9	-6.0
Flow Control	-0.6	-0.6	-2.6	-2.6
Group Head Office and other	-2.2	-2.2	-8.7	-8.7
Metso total	-4.3	-4.4	-17.2	-17.3

OPERATING PROFIT (LOSS)

EUR million	1-3/2017	1-3/2016	4/2016-3/2017	1-12/2016
Minerals	39.3	34.7	152.6	148.0
Flow Control	24.2	18.4	96.2	90.4
Group Head Office and other	-4.0	-2.7	-12.7	-11.4
Metso total	59.4	50.4	236.1	227.1

OPERATING PROFIT (LOSS), % OF SALES

%	1-3/2017	1-3/2016	4/2016-3/2017	1-12/2016
Minerals	8.0	7.7	7.7	7.6
Flow Control	15.2	12.4	15.0	14.3
Group Head Office and other	n/a	n/a	n/a	n/a
Metso total	9.2	8.4	9.0	8.8

Quarterly information

ORDERS RECEIVED

EUR million	1-3/2016	4-6/2016	7-9/2016	10-12/2016	1-3/2017
Minerals	494	593	492	536	560
Flow Control	169	168	136	136	173
Group Head Office and other	-	-	-	-	-
Intra Metso orders received	0	0	0	0	0
Metso total	663	761	628	672	733

SALES

EUR million	1-3/2016	4-6/2016	7-9/2016	10-12/2016	1-3/2017
Minerals	453	504	477	522	489
Flow Control	148	167	161	155	159
Group Head Office and other	-	-	-	-	-
Intra Metso net sales	0	0	0	-1	0
Metso total	601	671	638	676	648

ADJUSTED EBITA

EUR million	1-3/2016	4-6/2016	7-9/2016	10-12/2016	1-3/2017
Minerals	36.9	54.3	51.7	47.4	43.4
Flow Control	19.0	22.1	28.2	25.7	24.8
Group Head Office and other	-0.2	0.9	-2.7	-9.3	-1.8
Metso total	55.7	77.3	77.2	63.8	66.4

ADJUSTED EBITA, % OF SALES

%	1-3/2016	4-6/2016	7-9/2016	10-12/2016	1-3/2017
Minerals	8.2	10.8	10.8	9.1	8.9
Flow Control	12.8	13.2	17.5	16.6	15.6
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso total	9.3	11.5	12.1	9.4	10.2

ADJUSTMENT ITEMS

EUR million	1-3/2016	4-6/2016	7-9/2016	10-12/2016	1-3/2017
Minerals	-0.7	-2.9	-19.3	-13.4	-2.7
Flow Control	-	-	-1.6	-0.4	-
Group Head Office and other	-0.2	-0.8	10.9	-1.3	-
Metso total	-0.9	-3.7	-10.0	-15.1	-2.7

AMORTIZATION

EUR million	1-3/2016	4-6/2016	7-9/2016	10-12/2016	1-3/2017
Minerals	-1.6	-1.5	-1.5	-1.4	-1.5
Flow Control	-0.6	-0.7	-0.6	-0.7	-0.6
Group Head Office and other	-2.2	-2.2	-2.2	-2.1	-2.2
Metso total	-4.4	-4.4	-4.3	-4.2	-4.3

OPERATING PROFIT (LOSS)

EUR million	1-3/2016	4-6/2016	7-9/2016	10-12/2016	1-3/2017
Minerals	34.7	49.9	30.9	32.5	39.3
Flow Control	18.4	21.4	26.0	24.6	24.2
Group Head Office and other	-2.7	-2.0	6.0	-12.7	-4.0
Metso total	50.4	69.3	62.9	44.5	59.4

OPERATING PROFIT (LOSS), % OF SALES

%	1-3/2016	4-6/2016	7-9/2016	10-12/2016	1-3/2017
Minerals	7.7	9.9	6.5	6.2	8.0
Flow Control	12.4	12.8	16.1	15.9	15.2
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso total	8.4	10.3	9.9	6.6	9.2

CAPITAL EMPLOYED

EUR million	Mar 31, 2016	June 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017
Minerals *	1,142	1,141	1,075	1,046	1,037
Flow Control *	323	322	322	314	325
Group Head Office and other	827	701	800	873	894
Metso total	2,292	2,164	2,197	2,233	2,256

* Operative capital employed includes only external balance sheet items.

ORDER BACKLOG

EUR million	Mar 31, 2016	June 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017
Minerals	1,020	1,113	1,046	1,078	1,138
Flow Control	280	286	259	242	258
Group Head Office and other	-	-	-	-	-
Intra Metso order backlog	0	0	0	0	0
Metso total	1,300	1,399	1,305	1,320	1,396

PERSONNEL

	Mar 31, 2016	June 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017
Minerals	9,068	8,701	8,447	8,370	8,353
Flow Control	2,797	2,878	2,735	2,663	2,632
Group Head Office and other	521	520	465	509	468
Metso total	12,386	12,099	11,647	11,542	11,453

Adjustments and amortization of intangible assets

1-3/2017

EUR million	Minerals	Flow Control	Group Head office and other	Metso total
Adjusted EBITA	43.4	24.8	-1.8	66.4
% of sales	8.9	15.6	-	10.2
Capacity adjustment expenses	-2.7	0.0	-	-2.7
Amortization of intangible assets	-1.5	-0.6	-2.2	-4.3
Operating profit (EBIT)	39.3	24.2	-4.0	59.4

1-3/2016

EUR million	Minerals	Flow Control	Group Head office and other	Metso total
Adjusted EBITA	36.9	19.0	-0.2	55.7
% of sales	8.2	12.8	-	9.3
Capacity adjustment expenses	-0.7	-	-0.2	-0.9
Amortization of intangible assets	-1.6	-0.6	-2.2	-4.4
Operating profit (EBIT)	34.7	18.4	-2.7	50.4

1-12/2016

EUR million	Minerals	Flow Control	Group Head office and other	Metso total
Adjusted EBITA	190.3	95.0	-11.3	274.0
% of sales	9.7	15.1	-	10.6
Capacity adjustment expenses	-33.1	-2.0	0.0	-35.1
Gain on sale of fixed assets	-	-	10.4	10.4
Other costs	-3.2	-	-1.8	-5.0
Amortization of intangible assets	-6.0	-2.6	-8.7	-17.3
Operating profit (EBIT)	148.0	90.4	-11.4	227.1

Metso's Financial Reports publication dates in 2017

Half-Year Financial Review for January – June 2017 on July 21

Interim Review for January – September 2017 on October 20

Metso's Capital Markets Day will be held on June 1, 2017.



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