Q1
2012

Interim Review

January 1 – March 31, 2012

Metso Corporation's Interim Review January 1 – March 31, 2012

Strong order intake gives a positive start for the year

Figures in brackets, unless otherwise stated, refer to the comparison period, i.e. the same period in the previous year.

Highlights of the first quarter of 2012

- Solid development in all our strategic priority areas; services, emerging markets and mining.
- New orders worth EUR 1,920 million were received in January–March, i.e. 4 percent more than in the comparison period (EUR 1,847 million). Orders received by the services business increased 4 percent and were EUR 881 million, i.e. 48 percent of all orders received (EUR 848 million and 48%).
- Net sales increased 22 percent on the comparison period and were EUR 1,755 million (EUR 1,444 million). Our services business net sales were up 13 percent, totaling EUR 721 million and accounting for 43 percent of total net sales (EUR 640 million and 46%).
- Earnings before interest, tax and amortization (EBITA), before non-recurring items, increased 14 percent and were EUR 140.4 million, i.e. 8.0 percent of net sales (EUR 123.6 million and 8.6%).
- Earnings per share were EUR 0.56 (EUR 0.49).
- Free cash flow was EUR 116 million (EUR 68 million).

Metso's President and CEO Matti Kähkönen comments on the first quarter:

We continued to see good demand in most of our customer industries during the first quarter, which translated into a strong order intake of EUR 1.9 billion. All of our strategic priority areas –services, emerging markets and mining – recorded strong development. Organic growth in net sales continued to be strong, at more than 20 percent compared to the first quarter of 2011. Our EBITA before non-recurring items rose to EUR 140 million. This was despite temporarily lower profitability in the Automation segment in January and February. Going forward, the market for paper and board machines is expected to remain weak due to low demand in China, whereas our other businesses expect better demand broadly in line with the first quarter. Our strong order backlog puts us in a good position to meet our guidance for 2012.

Metso's key figures

EUR million	Q1/2012	Q1/2011	Change %	2011
Net sales	1,755	1,444	22	6,646
Net sales of services business	721	640	13	2,871
% of net sales *)	43	46		45
Earnings before interest, tax and amortization (EBITA) and non-recurring items	140.4	123.6	14	628.5
% of net sales	8.0	8.6		9.5
Operating profit	128.2	112.9	14	571.8
% of net sales	7.3	7.8		8.6
Earnings per share, EUR	0.56	0.49	14	2.38
Orders received	1,920	1,847	4	7,961
Orders received of services business	881	848	4	3,100
% of orders received *)	48	48		40
Order backlog at end of period	5,407	4,300	26	5,310
Free cash flow	116	68	71	375
Return on capital employed (ROCE) before taxes, annualized, %	17.8	15.2		18.4
Equity to assets ratio at end of period, %	36.3	35.0		39.8
Gearing at end of period, %	7.6	13.8		12.2

*) Calculated out of external net sales / orders received excluding Valmet Automotive, which does not have services business.

Operating environment and demand

There were no major changes in our operating environment or market activity during the first quarter. There was less uncertainty in the US economy and demand picked up slightly. Economic instability in Europe continued. Activity in emerging markets remained at a good level. Price inflation in raw materials eased, although wage inflation in emerging markets continued. Good capacity utilization rates within our customer industries kept demand for our Services business at a good level.

Metal prices have been declining but remain high, which has kept tender activity for mining equipment and projects on a good level. Due to high utilization rates at mines and our large installed equipment base, demand for our mining services improved and was excellent.

In the Asia-Pacific region and Brazil, economic growth continued and ongoing infrastructure projects maintained demand for construction equipment. Demand for equipment used in aggregates processing in the construction industry in Europe and in North America remained at a relatively low level. Demand for our construction industry services remained satisfactory.

Demand for products supplied by our Process Automation Systems and Flow Control businesses to pulp and paper customers, as well as the energy, oil and gas industry, was good during the first quarter. Demand for our Services business solutions also remained good.

The pulp mill market remained satisfactory and demand for rebuilds and services was good as a result of stabilized pulp prices and good capacity utilization rates at our customers' sites.

Demand for papermaking lines softened and was weak. The financing situation in the Chinese market has started to ease, however, but did not appear to impact activity or demand among our customers there. Stable capacity utilization rates in the paper and board industry kept demand for our services at a good level.

Demand for power plants utilizing renewable energy sources turned satisfactory due to uncertainty in support mechanisms. There is an ongoing need to replace old energy sources and build new capacity. Demand for our power plant services business was good.

Orders received and order backlog

In January–March, we received new orders worth EUR 1,920 million, i.e. 4 percent more than in the comparison period (EUR 1,847 million). Using comparable exchange rates, the increase was 3 percent. The volume of new orders received increased in all segments and especially in Mining and Construction. Emerging markets accounted for 45 percent (41%) of orders. Services orders grew 4 percent and accounted for 48 percent of total orders (48%). Using comparable exchange rates, the increase was 2 percent. Emerging markets accounted for 41 percent (45%) of services orders.

Orders received increased in the Nordic countries, Eastern Europe and South America. The top three countries for new orders were the US, Sweden and Brazil, which together accounted for 36 percent of all orders received. All four BRIC countries (Brazil, Russia, India and China) were among the top ten and accounted for 22 percent (21%) of orders received.

Our order backlog as of the end of the quarter was EUR 5,407 million, which was 2 percent higher than at the end of 2011 (EUR 5,310 million). Around EUR 3.4 billion of deliveries in our order backlog are expected to be recognized as net sales in 2012, and around 30 percent of these are services business orders. Order backlog included the Fibria pulp mill project in Brazil, which is valued at around EUR 350 million and has an uncertain delivery schedule.

Orders received by segment

EUR million	Q1/2012	Q1/2011	Change %	2011
Mining and Construction	**919**	841	9	3,464
Services business	**454**	389	17	1,497
Equipment, product and project business	**463**	448	3	1,958
Intra-Metso orders received	**2**	4		9
Automation	**224**	220	2	822
Services business	**104**	106	-2	352
Equipment, product and project business	**103**	101	2	407
Intra-Metso orders received	**17**	13		63
Pulp, Paper and Power	**677**	666	2	3,225
Services business	**300**	327	-8	1,145
Equipment, product and project business	**375**	335	12	2,069
Intra-Metso orders received	**2**	4		11
Recycling	**46**	75	-39	253
Valmet Automotive	**77**	68	13	281
Intra-Metso orders received	**-23**	-23		-84
Metso total	**1,920**	1,847	4	7,961

Orders received by market area

EUR million	Q1/2012	Q1/2011	Change %	2011
Emerging markets	**869**	766	13	4,084
Developed markets	**1,051**	1,081	-3	3,877
Metso total	**1,920**	1,847	4	7,961

Net sales

Our net sales in January–March totaled EUR 1,755 million, which was 22 percent more than during the first quarter of 2011 (EUR 1,444 million). Growth was organic and was seen in all segments. Using comparable exchange rates, growth was 20 percent. Services business net sales increased 13 percent on the comparison period, and accounted for 43 percent of total net sales (46%). Growth in the Services business affected all segments.

In terms of net sales, the largest countries were the US, Brazil and China, which together accounted for 37 percent of total net sales. Emerging markets accounted for 50 percent of our net sales (48%).

Net sales by segment

EUR million	Q1/2012	Q1/2011	Change %	2011
Mining and Construction	**747**	560	33	2,760
Services business	**361**	305	18	1,378
Equipment, product and project business	**383**	252	52	1,371
Intra-Metso net sales	**3**	3		11
Automation	**182**	165	10	770
Services business	**83**	75	11	345
Equipment, product and project business	**91**	78	17	368
Intra-Metso net sales	**8**	12		57
Pulp, Paper and Power	**721**	635	14	2,703
Services business	**250**	236	6	1,048
Equipment, product and project business	**470**	397	18	1,644
Intra-Metso net sales	**1**	2		11
Recycling	**41**	33	24	212
Valmet Automotive	**77**	68	13	281
Intra-Metso net sales	**-13**	-17		-80
Metso total	**1,755**	1,444	22	6,646

Net sales by market area

EUR million	Q1/2012	Q1/2011	Change %	2011
Emerging markets	**878**	694	27	3,247
Developed markets	**877**	750	17	3,399
Metso total	**1,755**	1,444	22	6,646

Financial development

In the first quarter of 2012, earnings before interest, tax and amortization (EBITA), and before non-recurring items, totaled EUR 140.4 million, i.e. 8.0 percent of net sales (EUR 123.6 million and 8.6%). The higher result mainly came from Mining and Construction, while the result declined in Automation and remained comparable to the comparison period in Pulp, Paper and Power. Profitability (EBITA margin before non-recurring items) improved in Mining and Construction, but fell in Automation and to a lesser extent also fell in Pulp, Paper and Power.

Metso's operating profit (EBIT) was EUR 128.2 million, i.e. 7.3 percent of net sales (EUR 112.9 million and 7.8%). There were no non-recurring items for the quarter (positive impact of EUR 1.8 million). Group Head Office's result (EBITA before non-recurring items) included foreign exchange hedging and other risk management-related items, which had a negative impact of EUR 3.4 million (EUR 1.8 million negative).

Net financial expenses in January–March were EUR 3 million (EUR 6 million). Interest expenses accounted for EUR 13 million (EUR 15 million), interest income for EUR 9 million (EUR

6 million), foreign exchange gains for EUR 3 million (EUR 4 million), and other net financial expenses for EUR 2 million (EUR 2 million).

Profit before taxes was EUR 125 million (EUR 107 million), and we estimate our tax rate to be about 30 percent (29%) for 2012.

Profit attributable to shareholders in January–March was EUR 84 million (EUR 73 million), corresponding to earnings per share (EPS) of EUR 0.56 (EUR 0.49).

The return on capital employed (ROCE) before taxes in January-March was 17.8 percent (15.2%) and the return on equity (ROE) was 17.3 percent (15.4%).

Cash flow and financing

Net cash from operating activities amounted to EUR 136 million (EUR 84 million) in January-March. Increased business volumes were reflected in an increase in inventory levels, but were balanced by a decrease in trade receivables after high invoicing in the fourth quarter. Net working capital remained around the level it was at the end of 2011 in all segments.

Free cash flow in January–March was EUR 116 million (EUR 68 million).

Net interest-bearing liabilities totaled EUR 148 million at the end of March (EUR 259 million).

Our liquidity position remains strong. Total cash assets at the end of March were EUR 846 million, of which EUR 116 million were invested in financial instruments with an initial maturity exceeding three months. The remaining EUR 730 million has been accounted for as cash and cash equivalents. Additionally, we have an undrawn syndicated EUR 500 million revolving credit facility available until 2015. This is primarily intended to support our short-term funding.

Gearing at the end of March was 7.6 percent (13.8%) and our equity to assets ratio 36.3 percent (35.0%). In April, following the Annual General Meeting, EUR 254 million was paid in dividends for 2011. The dividend payment increased gearing to about 20 percent.

Capital expenditure

Our gross capital expenditure in January–March, excluding business acquisitions, was EUR 30 million (EUR 31 million). Maintenance investments accounted for 77 percent, i.e. EUR 23 million (68% and EUR 21 million). We estimate capital expenditure in 2012 to remain at the level of 2011 (EUR 166 million).

We are expanding our valve production facilities in Massachusetts in the US through an investment totaling about EUR 4 million. We are also investing in new service workshops in Peru, Chile and Sweden to serve our mining and construction industry customers. The second phase of construction of our largest single investment so far in India, Metso Park, is nearing completion in Rajasthan. A global enterprise resource planning (ERP) systems project in the Automation segment is ongoing. A new facility for our regional pulping and power operations was inaugurated in Araucária, Brazil.

Our research and development expenses in January–March totaled EUR 31 million, representing 1.8 percent of net sales (EUR 30 million and 2.1%).

Acquisitions, divestments and associated companies

In March, we signed an agreement on the acquisition of the South Korean valve technology company, Valstone Control Inc. The acquisition will extend Metso's valve and service offering for customers in the oil and gas and power industries. This technology is used in critical processes, where valves need to be able to withstand extreme pressures and temperatures. The acquisition follows Metso's strategy of developing its valve business globally and will strengthen our market position in the growing Asian markets. Valstone's annual net sales are less than EUR 10 million, and the company will be consolidated into Metso's figures during the second quarter.

Legal proceedings and claims

In February, we received an arbitration award in our favor amounting to EUR 10 million, together with around EUR 2 million in interest, relating to a major project delivery in Turkey. The arbitration tribunal denied the majority of the claims made against Metso and its decision is final. The amount awarded will be booked in our financial statements when the payment has been received.

Personnel

At the end of March, we had 30,679 employees, which was 355 more than at the end of 2011 (30,324 employees). Personnel numbers increased in all segments and particularly in Mining and Construction. Personnel in emerging markets accounted for 34 percent (34%). We had an average of 30,502 employees during the first quarter of 2012.

Personnel by area

	Mar 31, 2012	**% of total personnel**	Mar 31, 2011	% of total personnel	Change %	Dec 31, 2011
Finland	**9,253**	**30**	8,782	30	5	9,222
Other Nordic countries	**2,977**	**10**	2,846	10	5	2,935
Rest of Europe	**4,499**	**15**	4,258	15	6	4,434
North America	**3,886**	**13**	3,541	12	10	3,845
South and Central America	**3,241**	**10**	3,152	11	3	3,164
Asia-Pacific	**5,408**	**18**	4,865	17	11	5,309
Africa and Middle East	**1,415**	**4**	1,422	5	0	1,415
Metso total	**30,679**	**100**	28,866	100	6	30,324

Mining and Construction

EUR million	Q1/2012	Q1/2011	Change %	2011
Net sales	**747**	560	33	2,760
Net sales of services business	**361**	305	18	1,378
% of net sales	**48**	55		50
Earnings before interest, tax and amortization (EBITA) and non-recurring items	**83.2**	56.7	47	322.1
% of net sales	**11.1**	10.1		11.7
Operating profit	**81.2**	54.3	50	313.1
% of net sales	**10.9**	9.7		11.3
Return on operative capital employed (ROCE), annualized, %	**27.5**	19.8		27.4
Orders received	**919**	841	9	3,464
Orders received of services business	**454**	389	17	1,497
% of orders received	**50**	46		43
Order backlog at end of period	**2,156**	1,562	38	2,027
Personnel at end of period	**10,929**	10,387	5	10,771

Net sales in Mining and Construction grew 33 percent on the comparison period, to EUR 747 million in January–March. Net sales from mining customers increased by 40 percent and those from construction customers 19 percent. Net sales in the services business increased 18 percent and accounted for 48 percent of segment net sales. The growth in services came primarily from mining customers.

Mining and Construction's EBITA before non-recurring items was EUR 83.2 million, i.e. 11.1 percent of net sales. The favorable profit development was mainly due to strong volumes in the Minerals Processing Solutions and Services businesses.

Operating profit (EBIT) for January–March was EUR 81.2 million, i.e. 10.9 percent of net sales.

Orders received by the segment increased 9 percent on the comparison period and totaled EUR 919 million. New orders grew in all areas of emerging markets and emerging markets totaled 62 percent of orders received by the segment. Orders from mining customers increased 20 percent while orders from construction customers decreased 14 percent on the comparison period. Major orders received during the first quarter included bulk materials handling equipment for Hamersley Iron in Australia and grinding technology to the MMX mining company in Brazil. Services orders awarded during the quarter included a multi-year contract for Northland Resources' Kaunisvaara iron ore project in Sweden. In total, services orders increased 17 percent and accounted for 50 percent of the segment's orders. Growth in services orders came mainly from mining customers.

Order backlog increased by 6 percent during the first quarter and totaled EUR 2,156 million at the end of March (EUR 2,027 million at the end of December 2011). Around 70 percent of the backlog is expected to be recognized as net sales in 2012.

Automation

EUR million	Q1/2012	Q1/2011	Change %	2011
Net sales	**182**	165	10	770
Net sales of services business	**83**	75	11	345
% of net sales	**48**	49		48
Earnings before interest, tax and amortization (EBITA) and non-recurring items	**11.7**	22.4	-48	103.9
% of net sales	**6.4**	13.6		13.5
Operating profit	**10.6**	21.4	-50	99.7
% of net sales	**5.8**	13.0		12.9
Return on operative capital employed (ROCE), annualized, %	**15.5**	37.0		39.0
Orders received	**224**	220	2	822
Orders received of services business	**104**	106	-2	352
% of orders received	**50**	51		46
Order backlog at end of period	**399**	354	13	364
Personnel at end of period	**3,995**	3,632	10	3,892

Net sales at Automation grew 10 percent on the comparison period, to EUR 182 million. Net sales at the Flow Control business increased 23 percent, while those at the Process Automation Systems business decreased 13 percent on the comparison period. Net sales at the services business increased 11 percent and accounted for 48 percent of the segment's total net sales.

Automation's EBITA before non-recurring items was EUR 11.7 million, i.e. 6.4 percent of net sales. Weaker profitability in January and February resulted from the Process Automation Systems business, and was mainly due to high selling, general and administrative expenses and an unfavorable delivery mix for the quarter. This weakness was temporary. Corrective actions have been taken and profitability has recovered as of march.

Operating profit (EBIT) for January–March decreased 50 percent and was EUR 10.6 million, i.e. 5.8 percent of net sales.

Orders received by the segment were at a good level and increased 2 percent on the comparison period. Orders totaled EUR 224 million and the increase came from the Flow Control business, particularly in South America. The segment's orders included an extensive automation package for the Kipas Kagit container board machine in Turkey and automation technology for two major infrastructure projects in South America. Services orders decreased 2 percent and accounted for 50 percent of total orders received.

Order backlog was strong in all of the segment's businesses at the end of March, and totaled EUR 399 million, which was 10 percent higher than at the end of 2011 (EUR 364 million).

Pulp, Paper and Power

EUR million	Q1/2012	Q1/2011	Change %	2011
Net sales	**721**	635	14	2,703
Net sales of services business	**250**	236	6	1,048
% of net sales	**35**	37		39
Earnings before interest, tax and amortization (EBITA) and non-recurring items	**54.9**	54.3	1	218.8
% of net sales	**7.6**	8.6		8.1
Operating profit	**47.7**	48.8	-2	189.2
% of net sales	**6.6**	7.7		7.0
Return on operative capital employed (ROCE), annualized, %	**29.2**	25.0		27.2
Orders received	**677**	666	2	3,225
Orders received of services business	**300**	327	-8	1,145
% of orders received	**44**	49		36
Order backlog at end of period	**2,801**	2,336	20	2,863
Personnel at end of period	**12,596**	12,197	3	12,528

Net sales at Pulp, Paper and Power grew 14 percent in January–March, to EUR 721 million. Sales were higher in all the segment's businesses, particularly Fiber and Power. Net sales of the services business increased 6 percent and accounted for 35 percent of the segment's total net sales.

Pulp, Paper and Power's EBITA before non-recurring items was EUR 54.9 million, i.e. 7.6 percent of net sales. Our Power business contributed positively with strong net sales and solid margins, but a softer overall project mix had a negative impact.

Operating profit (EBIT) was EUR 47.7 million, i.e. 6.6 percent of net sales. EBIT included non-recurring income of EUR 2.6 million in the comparison period.

The value of orders received by Pulp, Paper and Power increased 2 percent and totaled EUR 677 million. New orders from the power industry grew 115 percent. Orders from paper and fiber customers decreased compared to 2011. Major orders received during the quarter included a world's largest recovered fuel fired boiler for Mälarenergi's heat and power plant in Sweden, a complete high-technology containerboard machine for Kipas Kagit in Turkey, a bio-oil production plant for a Fortum power plant in Finland as well as an evaporation plant and a recovery boiler upgrade for Billerud in Sweden. Services orders decreased 8 percent on the comparison period and accounted for 44 percent of the segment's orders.

Order backlog at the end of March was comparable to that at the end of 2011 and was EUR 2,801 million (EUR 2,863 million at the end of 2011). Around EUR 350 million of the order backlog relates to a pulp mill and power boiler project for Fibria in Brazil (of which approx. EUR 90 million is part of the Power business' deliveries), for which the delivery schedule is still open.

Separate business entities

In accordance with Metso's new operating structure that took effect on December 1, 2011, the Recycling business and Valmet Automotive are now managed as separate entities.

Recycling

Orders received by the Recycling business in January–March decreased 39 percent and totaled EUR 46 million (EUR 75 million). Net sales increased 24 percent and were EUR 41 million (EUR 33 million). EBITA before non-recurring items was EUR 1.5 million negative (EUR 0.3 million negative). Order backlog at the end of March was EUR 120 million (EUR 115 million at the end of 2011). The number of personnel in the Recycling business totaled 656 at the end of the quarter (662 at the end of 2011), most of whom were located in Germany, the US and Denmark.

Valmet Automotive

Valmet Automotive's net sales increased 13 percent in January–March and were EUR 77 million (EUR 68 million). EBITA before non-recurring items was EUR 4.1 million, i.e. 5.3 percent of net sales (EUR 2.7 million and 4.0%). Valmet Automotive employed 1,708 people at the end of March (1,705 at the end of 2011), about half of whom were employed in Finland and the rest mainly in Germany and Poland.

Decisions of the Annual General Meeting

The Annual General Meeting (AGM) on March 29, 2012 approved the Financial Statements for 2011 and discharged the members of the Board of Directors and the President and CEO from liability. The AGM approved the proposals of the Board of Directors to authorize the Board of Directors to resolve on a repurchase of Metso's own shares and on a share issue. In addition, the company's Articles of Association were amended according to the Board's proposal.

The Annual General Meeting decided that a dividend of EUR 1.70 per share will be paid for the financial year ending on December 31, 2011. The dividend was paid on April 12, 2012.

The AGM elected Jukka Viinanen as Chairman of the Board and Mikael von Frenckell as Vice Chairman of the Board. Eeva Sipilä was elected as a new member of the Board. Christer Gardell, Ozey K. Horton, Jr, Erkki Pehu-Lehtonen and Pia Rudengren were re-elected for a new term.

The Annual General Meeting decided the following annual remuneration for Board members: EUR 100,000 for the Chairman, EUR 60,000 for the Vice Chairman and for the Chairman of the Audit Committee, and EUR 48,000 for the members. It was decided that a meeting fee of EUR 700 will be paid for those members whose place of residence is in the Nordic countries, EUR 1,400 for those members whose place of residence is elsewhere in Europe and EUR 2,800 for those members whose place of residence is outside of Europe for each meeting they attend, including committee meetings. The AGM decided that, as a condition for the annual remuneration, the members of the Board of Directors shall be obliged, directly based on the General Meeting's decision, to use 40 percent of their fixed annual remuneration for purchasing Metso Corporation shares from the market at a price formed in public trading and that the purchase be carried out within the two weeks following the publication of the interim review for the period January 1, 2012 to March 31, 2012.

Authorized Public Accountant Ernst & Young Oy was elected to act as the company's Auditor until the end of the next Annual General Meeting.

The Annual General Meeting decided to establish a Nomination Board of the Annual General Meeting to prepare proposals for the following Annual General Meeting regarding the composition of the Board of Directors and director remuneration. Representatives of the four largest shareholders were elected to the Nomination Board, and the Chairman of the Board of Directors serves as the Nomination Board's expert member.

Members of the Board committees and personnel representative

Metso's Board of Directors elected members for the Audit Committee and Remuneration and HR Committee at its assembly meeting on March 29, 2012. The Audit Committee consists of Pia Rudengren (Chairman), Erkki Pehu-Lehtonen and Eeva Sipilä. The Remuneration and HR Committee consists of Jukka Viinanen (Chairman), Mikael von Frenckell and Christer Gardell. Metso's personnel groups in Finland elected Eija Lahti-Jäntti as the personnel representative. She will participate in the meetings of Metso's Board of Directors as an invited expert, and her term of office is the same as that of Board members.

Events after the review period

Standard & Poor's revised Metso's rating outlook to positive

In April, Standard & Poor's Ratings Services confirmed Metso's BBB long-term and A-2 short-term corporate credit ratings and changed the outlook from stable to positive.

Conveyance of Metso shares based on the Share Ownership Plan 2009–2011

In April, Metso's Board decided on a conveyance of a maximum of 128,890 existing company shares held by Metso to a total of 83 participants of the Share Ownership Plan 2009–2011 through a directed share issue without consideration in order to implement reward payments. The share issue is based on the authorization granted to the Board of Directors by the Annual General Meeting of Shareholders held on March 29, 2012. The exact number of shares to be conveyed will depend on the fulfillment of certain conditions of the share ownership plan at the time of the conveyance, on or about April 27, 2012.

Short-term business operation risks

Financial uncertainty in the euro zone and the US budget deficit have a potential negative impact on funding from capital markets. Coupled with fluctuations in exchange rates and tightening financial market regulations, this may have an adverse effect on the availability of financing from bank and capital markets, and may decrease market activity. Despite this, we estimate that the business environment in our customer industries will develop favorably as a result of global megatrends, such as the rise of emerging markets, urbanization and the increasing importance of environmentally sustainable process solutions. We estimate that the high proportion of our business derived from services and emerging markets will reduce the possible negative effects that market uncertainties may have.

If global economic growth is disturbed, especially in emerging markets and particularly China, this may have an adverse impact on new projects under negotiation or on projects in our order backlog. Some projects may be postponed or suspended or canceled. At the end of the March, our order backlog included uncertain orders valued at around EUR 350 million related to a pulp mill project for Fibria in Brazil; the delivery schedule for this project is still open. In the case of long-term delivery projects, initial customer downpayments are typically 10–30 percent of the value of a project, and customers make progress payments as a project is implemented. This significantly reduces our risk and financing requirements related to these projects. We continually assess our customers' creditworthiness and ability to meet their obligations. As a rule, we do not finance customer projects. If growth in the global economy slows significantly, the markets for our products may shrink, which may lead to tougher price competition.

We may see changes in the competitive situation of our individual businesses, such as the emergence of new, cost-effective players in growth markets. We can safeguard our market position by developing our products and services, and through good customer service and a local presence.

Securing the continuity of our operations requires that we have sufficient funding available under all circumstances. We estimate that our cash assets totaling EUR 846 million and available credit facilities are sufficient to secure short-term liquidity and overall financial flexibility. The average maturity of our long-term debt is 2.9 years. There are no prepayment covenants in our debt facilities that would be triggered by changes in credit ratings. Some debt facilities include financial covenants related to capital structure. We fully meet the covenants and other terms related to our financing agreements. Net working capital and capital expenditure levels have a key impact on the adequacy of financing. We have developed our practices and the supporting information systems relating to the management of net working capital, and expect that these measures will help us manage changes in our net working capital more effectively. We estimate that we are well-placed to keep capital expenditure at the level of total amortization and depreciation.

At the end of March 2012, we had EUR 881 million of goodwill on our balance sheet; most of this is related to business acquisitions made over the last 12 years. We conduct impairment tests regularly once a year and more frequently if needed, and have not detected any impairment. The principles used for impairment testing are presented in the Annual Report.

Changes in labor costs and the prices of raw materials and components can affect our profitability. High wage inflation is continuing. Our target is to pass on cost increases to our sales prices, but there is a risk that tough competition will not allow us to do this in all product categories. On the other hand, some of our customers are raw material producers, whose ability to operate and invest may be enhanced by stronger raw material prices and hampered by softer raw material prices.

Currency exchange rate risks are among Metso's most substantial financial risks. Exchange rate changes can affect our business, although the wide geographical scope of our operations reduces the impact of any individual currency. In general, economic uncertainty is likely to increase exchange rate fluctuations. We hedge currency exposure linked to firm delivery and purchase agreements.

Short-term outlook

Market development

Demand has been healthy in most of our customer industries in recent months, with some variation between different customer industries and geographic areas. We estimate that the operating environment in emerging markets will continue to be good in most of our customer industries. We anticipate that most of our customer industries will continue to utilize their capacity at a good or satisfactory level, thereby supporting our services business.

We expect underlying demand in the mining market to remain good. Due to expected high utilization rates at mines and our large installed equipment base, we expect demand for our mining services to remain excellent.

Demand for construction equipment is projected to remain good in the Asia-Pacific region and Brazil. We anticipate that demand for equipment used in aggregates processing by the construction industry in Europe and in North America will stay at the current relatively low level going forward. We estimate that demand for our construction industry services will remain satisfactory.

We estimate that demand for our automation products will continue to be good, although activity in the pulp and paper industry is anticipated to slow somewhat. We expect demand for our automation solution services to remain good.

We expect the market for pulp mills to remain satisfactory, with demand for rebuilds and services remaining good.

Demand for papermaking lines is expected to be weak. Capacity utilization rates in the paper and board industry are expected to remain sufficient to keep demand for our services at a good level.

Demand for power plants that use renewable energy sources is expected to remain satisfactory, while demand for power plant services is anticipated to be good.

Financial development

In line with our earlier statement and assuming that current demand in our customer industries does not clearly weaken due to the European economic situation or other similar factors, we estimate that our net sales for 2012 will grow compared to 2011 and that our profit (EBITA before non-recurring items) will improve.

The estimates for our financial performance in 2012 are based on Metso's current market outlook, strong order backlog for 2012 and business scope, as well as on foreign exchange rates remaining similar to those in March 2012.

Helsinki, April 26, 2012
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.

Consolidated statement of income

EUR million	1-3/2012	1-3/2011	1-12/2011
Net sales	**1,755**	1,444	6,646
Cost of goods sold	**-1,332**	-1,065	-4,978
Gross profit	**423**	379	1,668
Selling, general and administrative expenses	**-285**	-269	-1,107
Other operating income and expenses, net	**-10**	3	11
Share in profits of associated companies	**0**	0	0
Operating profit	**128**	113	572
Financial income and expenses, net	**-3**	-6	-65
Profit before taxes	**125**	107	507
Income taxes	**-39**	-33	-149
Profit	**86**	74	358
Attributable to:			
Shareholders of the company	**84**	73	356
Non-controlling interests	**2**	1	2
Profit	**86**	74	358
Earnings per share, EUR	**0.56**	0.49	2.38
Diluted earnings per share, EUR	**0.56**	0.49	2.38

Consolidated statement of comprehensive income

EUR million	1-3/2012	1-3/2011	1-12/2011
Profit	**86**	74	358
Cash flow hedges, net of tax	**6**	8	-22
Available-for-sale equity investments, net of tax	**0**	0	0
Currency translation on subsidiary net investments	**-11**	-49	-11
Net investment hedge gains (+) / losses (-), net of tax	**-**	9	10
Defined benefit plan actuarial gains (+) / losses (-), net of tax	**-**	-	-35
Other comprehensive income (+) / expense (-)	**-5**	-32	-58
Total comprehensive income (+) / expense (-)	**81**	42	300
Attributable to:			
Shareholders of the company	**79**	41	298
Non-controlling interests	**2**	1	2
Total comprehensive income (+) / expense (-)	**81**	42	300

Consolidated balance sheet

ASSETS

EUR million	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
Non-current assets			
Intangible assets			
Goodwill	**881**	875	883
Other intangible assets	**262**	280	272
	1,143	1,155	1,155
Property, plant and equipment			
Land and water areas	**67**	63	67
Buildings and structures	**287**	277	294
Machinery and equipment	**438**	429	447
Assets under construction	**53**	55	46
	845	824	854
Financial and other assets			
Investments in associated companies	**16**	13	16
Available-for-sale equity investments	**6**	9	6
Loan and other interest bearing receivables	**9**	7	9
Available-for-sale financial investments	**2**	80	2
Derivative financial instruments	**-**	2	-
Deferred tax asset	**164**	160	167
Other non-current assets	**41**	31	45
	238	302	245
Total non-current assets	**2,226**	2,281	2,254
Current assets			
Inventories	**1,833**	1,367	1,677
Receivables			
Trade and other receivables	**1,376**	1,178	1,510
Cost and earnings of projects under construction in excess of advance billings	**337**	275	351
Loan and other interest bearing receivables	**1**	4	1
Available-for-sale financial assets	**23**	180	78
Financial instruments held for trading	**91**	101	87
Derivative financial instruments	**46**	59	54
Income tax receivables	**15**	21	16
	1,889	1,818	2,097
Cash and cash equivalents	**730**	709	590
Total current assets	**4,452**	3,894	4,364
TOTAL ASSETS	**6,678**	6,175	6,618

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
Equity			
Share capital	**241**	241	241
Cumulative translation adjustments	**34**	6	45
Fair value and other reserves	**713**	734	706
Retained earnings	**953**	878	1,123
Equity attributable to shareholders	**1,941**	1,859	2,115
Non-controlling interests	**23**	22	21
Total equity	**1,964**	1,881	2,136
Liabilities			
Non-current liabilities			
Long-term debt	**734**	922	755
Post employment benefit obligations	**191**	195	238
Provisions	**70**	74	71
Derivative financial instruments	**6**	1	6
Deferred tax liability	**38**	49	40
Other long-term liabilities	**6**	3	7
Total non-current liabilities	**1,045**	1,244	1,117
Current liabilities			
Current portion of long-term debt	**203**	385	209
Short-term debt	**67**	33	63
Trade and other payables	**1,844**	1,523	1,520
Provisions	**215**	242	234
Advances received	**663**	534	659
Billings in excess of cost and earnings of projects under construction	**601**	266	597
Derivative financial instruments	**26**	25	38
Income tax liabilities	**50**	42	45
Total current liabilities	**3,669**	3,050	3,365
Total liabilities	**4,714**	4,294	4,482
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**6,678**	6,175	6,618

NET INTEREST BEARING LIABILITIES

EUR million	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
Long-term interest bearing debt	**734**	922	755
Short-term interest bearing debt	**270**	418	272
Cash and cash equivalents	**-730**	-709	-590
Other interest bearing assets	**-126**	-372	-177
Total	**148**	259	260

Condensed consolidated cash flow statement

EUR million	1-3/2012	1-3/2011	1-12/2011
Cash flows from operating activities:			
Profit	**86**	74	358
Adjustments to reconcile profit to net cash provided by operating activities			
Depreciation and amortization	**41**	43	172
Interests and dividend income	**4**	8	48
Income taxes	**39**	33	149
Other	**2**	0	34
Change in net working capital	**-1**	-48	-123
Cash flows from operations	**171**	110	638
Interest paid and dividends received	**2**	-3	-50
Income taxes paid	**-37**	-23	-122
Net cash provided by operating activities	**136**	84	466
Cash flows from investing activities:			
Capital expenditures on fixed assets	**-30**	-31	-164
Proceeds from sale of fixed assets	**3**	5	10
Business acquisitions, net of cash acquired	**-1**	-10	-15
Investments in (-) / proceeds from (+) sale of financial assets	**53**	44	235
Other	**0**	1	1
Net cash provided by investing activities	**25**	9	67
Cash flows from financing activities:			
Dividends paid	**-**	-	-232
Net funding	**-17**	-17	-352
Other	**-**	-	-3
Net cash used in financing activities	**-17**	-17	-587
Net increase (+) / decrease (-) in cash and cash equivalents	**144**	76	-54
Effect from changes in exchange rates	**-4**	-12	-1
Cash and cash equivalents at beginning of period	**590**	645	645
Cash and cash equivalents at end of period	**730**	709	590

FREE CASH FLOW

EUR million	1-3/2012	1-3/2011	1-12/2011
Net cash provided by operating activities	**136**	84	466
Capital expenditures on maintenance investments	**-23**	-21	-101
Proceeds from sale of fixed assets	**3**	5	10
Free cash flow	**116**	68	375

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, 2011	**241**	**46**	**726**	**1,036**	**2,049**	**22**	**2,071**
Profit	-	-	-	73	73	1	74
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	8	-	8	-	8
Available-for-sale equity investments, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	-49	-	-	-49	-	-49
Net investment hedge gains (losses), net of tax	-	9	-	-	9	-	9
Total comprehensive income (+) / expense (-)	-	-40	8	73	41	1	42
Dividends	-	-	-	-232	-232	-	-232
Redemption of own shares	-	-	-	-	-	-	-
Share-based payments, net of tax	-	-	0	0	0	-	0
Other	-	-	-	1	1	-1	0
Balance at Mar 31, 2011	**241**	**6**	**734**	**878**	**1,859**	**22**	**1,881**
Balance at Jan 1, 2012	**241**	**45**	**706**	**1,123**	**2,115**	**21**	**2,136**
Profit	-	-	-	84	84	2	86
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	6	-	6	-	6
Available-for-sale equity investments, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	-11	-	-	-11	-	-11
Net investment hedge gains (losses), net of tax	-	-	-	-	-	-	-
Total comprehensive income (+) / expense (-)	-	-11	6	84	79	2	81
Dividends	-	-	-	-254	-254	-	-254
Redemption of own shares	-	-	0	-	0	-	0
Share-based payments, net of tax	-	-	1	0	1	-	1
Other	-	-	-	0	0	0	0
Balance at Mar 31, 2012	**241**	**34**	**713**	**953**	**1,941**	**23**	**1,964**

Assets pledged and contingent liabilities

EUR million	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
Mortgages on corporate debt	**0**	2	0
Other pledges and contingencies			
Mortgages	**5**	2	5
Other guarantees	**7**	5	8
Repurchase and other commitments	**7**	5	6
Lease commitments	**222**	217	216

Notional amounts of derivative financial instruments

EUR million	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
Forward exchange rate contracts	**2,912**	2,163	3,100
Interest rate swaps	**105**	163	75
Cross currency swaps	**33**	-	33
Option agreements			
Bought	**1**	2	1
Sold	**20**	10	10

The notional amount of electricity forwards was 645 GWh as of March 31, 2012 and 690 GWh as of March 31, 2011.
The notional amount of nickel forwards to hedge stainless steel prices was 564 tons as of March 31, 2012 and 2011, respectively.
The notional amounts indicate the volumes in the use of derivatives, but do not indicate the exposure to risk.

Key ratios

	1-3/2012	1-3/2011	1-12/2011
Earnings per share, EUR	**0.56**	0.49	2.38
Diluted earnings per share, EUR	**0.56**	0.49	2.38
Equity/share at end of period, EUR	**12.97**	12.42	14.13
Return on equity (ROE), % (annualized)	**17.3**	15.4	17.8
Return on capital employed (ROCE) before tax, % (annualized)	**17.8**	15.2	18.4
Return on capital employed (ROCE) after tax, % (annualized)	**12.9**	11.2	13.8
Equity to assets ratio at end of period, %	**36.3**	35.0	39.8
Gearing at end of period, %	**7.6**	13.8	12.2
Free cash flow, EUR million	**116**	68	375
Free cash flow/share, EUR	**0.78**	0.45	2.50
Cash conversion, %	**135**	92	105
Gross capital expenditure (excl. business acquisitions), EUR million	**30**	31	166
Business acquisitions, net of cash acquired, EUR million	**1**	10	15
Depreciation and amortization, EUR million	**41**	43	172
Number of outstanding shares at end of period (thousands)	**149,629**	149,630	149,629
Average number of shares (thousands)	**149,629**	149,630	149,630
Average number of diluted shares (thousands)	**149,860**	149,820	149,833

Exchange rates used

		1-3/2012	1-3/2011	1-12/2011	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
USD	(US dollar)	**1.3229**	1.3774	1.3951	**1.3356**	1.4207	1.2939
SEK	(Swedish krona)	**8.8658**	8.8775	9.0038	**8.8455**	8.9329	8.9120
GBP	(Pound sterling)	**0.8371**	0.8645	0.8704	**0.8339**	0.8837	0.8353
CAD	(Canadian dollar)	**1.3236**	1.3580	1.3768	**1.3311**	1.3785	1.3215
BRL	(Brazilian real)	**2.3562**	2.2782	2.3287	**2.4323**	2.3058	2.4159
CNY	(Chinese yuan)	**8.3352**	9.0617	9.0141	**8.4089**	9.3036	8.1588
AUD	(Australian dollar)	**1.2585**	1.3559	1.3412	**1.2836**	1.3736	1.2723

Formulas for calculation of indicators

EBITA before non-recurring items:
Operating profit + amortization + goodwill impairment + non-recurring items

Earnings/share, basic:

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

Earnings/share, diluted:

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

Equity/share:

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

Return on equity (ROE), %:

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

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

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

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

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

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, %:

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

Segment information

NET SALES

EUR million	1-3/2012	1-3/2011	4/2011-3/2012	1-12/2011
Mining and Construction	**747**	560	2,947	2,760
Automation	**182**	165	787	770
Pulp, Paper and Power	**721**	635	2,789	2,703
Recycling	**41**	33	220	212
Valmet Automotive	**77**	68	290	281
Group Head Office and other	**-**	-	-	-
Group Head Office and others total	**118**	101	510	493
Intra Metso net sales	**-13**	-17	-76	-80
Metso total	**1,755**	1,444	6,957	6,646

EBITA BEFORE NON-RECURRING ITEMS

EUR million	1-3/2012	1-3/2011	4/2011-3/2012	1-12/2011
Mining and Construction	**83.2**	56.7	348.6	322.1
Automation	**11.7**	22.4	93.2	103.9
Pulp, Paper and Power	**54.9**	54.3	219.4	218.8
Recycling	**-1.5**	-0.3	1.1	2.3
Valmet Automotive	**4.1**	2.7	13.4	12.0
Group Head Office and other	**-12.0**	-12.2	-30.4	-30.6
Group Head Office and others total	**-9.4**	-9.8	-15.9	-16.3
Metso total	**140.4**	123.6	645.3	628.5

EBITA BEFORE NON-RECURRING ITEMS, % OF NET SALES

%	1-3/2012	1-3/2011	4/2011-3/2012	1-12/2011
Mining and Construction	**11.1**	10.1	11.8	11.7
Automation	**6.4**	13.6	11.8	13.5
Pulp, Paper and Power	**7.6**	8.6	7.9	8.1
Recycling	**-3.7**	-0.9	0.5	1.1
Valmet Automotive	**5.3**	4.0	4.6	4.3
Group Head Office and other	**n/a**	n/a	n/a	n/a
Group Head Office and others total	**n/a**	n/a	n/a	n/a
Metso total	**8.0**	8.6	9.3	9.5

NON-RECURRING ITEMS

EUR million	1-3/2012	1-3/2011	4/2011-3/2012	1-12/2011
Mining and Construction	**-**	-0.4	-0.4	-0.8
Automation	**-**	-	-	-
Pulp, Paper and Power	**-**	2.6	-	2.6
Recycling	**-**	-	-	-
Valmet Automotive	**-**	-	-6.1	-6.1
Group Head Office and other	**-**	-0.4	-0.4	-0.8
Group Head Office and others total	**-**	-0.4	-6.5	-6.9
Metso total	**-**	1.8	-6.9	-5.1

AMORTIZATION

EUR million	1-3/2012	1-3/2011	4/2011-3/2012	1-12/2011
Mining and Construction	**-2.0**	-2.0	-8.2	-8.2
Automation	**-1.1**	-1.0	-4.3	-4.2
Pulp, Paper and Power	**-7.2**	-8.1	-31.3	-32.2
Recycling	**-0.6**	-0.6	-2.4	-2.4
Valmet Automotive	**-0.7**	-0.3	-2.9	-2.5
Group Head Office and other	**-0.6**	-0.5	-2.2	-2.1
Group Head Office and others total	**-1.9**	-1.4	-7.5	-7.0
Metso total	**-12.2**	-12.5	-51.3	-51.6

OPERATING PROFIT (LOSS)

EUR million	1-3/2012	1-3/2011	4/2011-3/2012	1-12/2011
Mining and Construction	**81.2**	54.3	340.0	313.1
Automation	**10.6**	21.4	88.9	99.7
Pulp, Paper and Power	**47.7**	48.8	188.1	189.2
Recycling	**-2.1**	-0.9	-1.3	-0.1
Valmet Automotive	**3.4**	2.4	4.4	3.4
Group Head Office and other	**-12.6**	-13.1	-33.0	-33.5
Group Head Office and others total	**-11.3**	-11.6	-29.9	-30.2
Metso total	**128.2**	112.9	587.1	571.8

OPERATING PROFIT (LOSS), % OF NET SALES

%	1-3/2012	1-3/2011	4/2011-3/2012	1-12/2011
Mining and Construction	**10.9**	9.7	11.5	11.3
Automation	**5.8**	13.0	11.3	12.9
Pulp, Paper and Power	**6.6**	7.7	6.7	7.0
Recycling	**-5.1**	-2.7	-0.6	0.0
Valmet Automotive	**4.4**	3.5	1.5	1.2
Group Head Office and other	**n/a**	n/a	n/a	n/a
Group Head Office and others total	**n/a**	n/a	n/a	n/a
Metso total	**7.3**	7.8	8.4	8.6

ORDERS RECEIVED

EUR million	1-3/2012	1-3/2011	4/2011-3/2012	1-12/2011
Mining and Construction	**919**	841	3,542	3,464
Automation	**224**	220	826	822
Pulp, Paper and Power	**677**	666	3,236	3,225
Recycling	**46**	75	224	253
Valmet Automotive	**77**	68	290	281
Group Head Office and other	**-**	-	-	-
Group Head Office and others total	**123**	143	514	534
Intra Metso orders received	**-23**	-23	-84	-84
Metso total	**1,920**	1,847	8,034	7,961

Quarterly information

NET SALES

EUR million	1-3/2011	4-6/2011	7-9/2011	10-12/2011	1-3/2012
Mining and Construction	560	664	678	858	**747**
Automation	165	176	185	244	**182**
Pulp, Paper and Power	635	631	593	844	**721**
Recycling	33	50	59	70	**41**
Valmet Automotive	68	66	71	76	**77**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	101	116	130	146	**118**
Intra Metso net sales	-17	-20	-25	-18	**-13**
Metso total	1,444	1,567	1,561	2,074	**1,755**

EBITA BEFORE NON-RECURRING ITEMS

EUR million	1-3/2011	4-6/2011	7-9/2011	10-12/2011	1-3/2012
Mining and Construction	56.7	68.9	74.9	121.6	**83.2**
Automation	22.4	17.2	27.9	36.4	**11.7**
Pulp, Paper and Power	54.3	61.5	54.6	48.4	**54.9**
Recycling	-0.3	0.5	3.6	-1.5	**-1.5**
Valmet Automotive	2.7	2.8	1.5	5.0	**4.1**
Group Head Office and other	-12.2	-11.1	0.5	-7.8	**-12.0**
Group Head Office and others total	-9.8	-7.8	5.6	-4.3	**-9.4**
Metso total	123.6	139.8	163.0	202.1	**140.4**

EBITA BEFORE NON-RECURRING ITEMS, % OF NET SALES

%	1-3/2011	4-6/2011	7-9/2011	10-12/2011	1-3/2012
Mining and Construction	10.1	10.4	11.0	14.2	**11.1**
Automation	13.6	9.8	15.1	14.9	**6.4**
Pulp, Paper and Power	8.6	9.7	9.2	5.7	**7.6**
Recycling	-0.9	1.0	6.1	-2.1	**-3.7**
Valmet Automotive	4.0	4.2	2.1	6.6	**5.3**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Group Head Office and others total	n/a	n/a	n/a	n/a	**n/a**
Metso total	8.6	8.9	10.4	9.7	**8.0**

NON-RECURRING ITEMS

EUR million	1-3/2011	4-6/2011	7-9/2011	10-12/2011	1-3/2012
Mining and Construction	-0.4	-0.3	-0.1	0.0	**-**
Automation	-	-	-	-	**-**
Pulp, Paper and Power	2.6	-	-	-	**-**
Recycling	-	-	-	-	**-**
Valmet Automotive	-	-6.1	-	-	**-**
Group Head Office and other	-0.4	-	-	-0.4	**-**
Group Head Office and others total	-0.4	-6.1	-	-0.4	**-**
Metso total	1.8	-6.4	-0.1	-0.4	**-**

AMORTIZATION

EUR million	1-3/2011	4-6/2011	7-9/2011	10-12/2011	**1-3/2012**
Mining and Construction	-2.0	-2.1	-2.1	-2.0	**-2.0**
Automation	-1.0	-1.0	-1.3	-0.9	**-1.1**
Pulp, Paper and Power	-8.1	-8.1	-8.1	-7.9	**-7.2**
Recycling	-0.6	-0.5	-0.6	-0.7	**-0.6**
Valmet Automotive	-0.3	-0.4	-0.6	-1.2	**-0.7**
Group Head Office and other	-0.5	-0.3	-0.8	-0.5	**-0.6**
Group Head Office and others total	-1.4	-1.2	-2.0	-2.4	**-1.9**
Metso total	-12.5	-12.4	-13.5	-13.2	**-12.2**

OPERATING PROFIT (LOSS)

EUR million	1-3/2011	4-6/2011	7-9/2011	10-12/2011	**1-3/2012**
Mining and Construction	54.3	66.5	72.7	119.6	**81.2**
Automation	21.4	16.2	26.6	35.5	**10.6**
Pulp, Paper and Power	48.8	53.4	46.5	40.5	**47.7**
Recycling	-0.9	0.0	3.0	-2.2	**-2.1**
Valmet Automotive	2.4	-3.7	0.9	3.8	**3.4**
Group Head Office and other	-13.1	-11.4	-0.3	-8.7	**-12.6**
Group Head Office and others total	-11.6	-15.1	3.6	-7.1	**-11.3**
Metso total	112.9	121.0	149.4	188.5	**128.2**

OPERATING PROFIT (LOSS), % OF NET SALES

%	1-3/2011	4-6/2011	7-9/2011	10-12/2011	**1-3/2012**
Mining and Construction	9.7	10.0	10.7	13.9	**10.9**
Automation	13.0	9.2	14.4	14.5	**5.8**
Pulp, Paper and Power	7.7	8.5	7.8	4.8	**6.6**
Recycling	-2.7	0.0	5.1	-3.1	**-5.1**
Valmet Automotive	3.5	-5.6	1.3	5.0	**4.4**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Group Head Office and others total	n/a	n/a	n/a	n/a	**n/a**
Metso total	7.8	7.7	9.6	9.1	**7.3**

CAPITAL EMPLOYED

EUR million	Mar 31, 2011	June 30, 2011	Sep 30, 2011	Dec 31, 2011	**Mar 31, 2012**
Mining and Construction	1,147	1,146	1,165	1,268	**1,270**
Automation	242	252	285	292	**301**
Pulp, Paper and Power	774	789	624	596	**572**
Recycling	99	90	87	89	**90**
Valmet Automotive	55	43	48	53	**67**
Group Head Office and other	904	898	1,073	866	**669**
Group Head Office and others total	1,058	1,031	1,208	1,008	**826**
Metso total	3,221	3,218	3,282	3,164	**2,969**

Capital employed includes only external balance sheet items.

ORDERS RECEIVED

EUR million	1-3/2011	4-6/2011	7-9/2011	10-12/2011	**1-3/2012**
Mining and Construction	841	1,185	840	598	**919**
Automation	220	225	180	197	**224**
Pulp, Paper and Power	666	1,353	794	412	**677**
Recycling	75	77	48	53	**46**
Valmet Automotive	68	66	71	76	**77**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	143	143	119	129	**123**
Intra Metso orders received	-23	-23	-15	-23	**-23**
Metso total	1,847	2,883	1,918	1,313	**1,920**

ORDER BACKLOG

EUR million	Mar 31, 2011	June 30, 2011	Sep 30, 2011	Dec 31, 2011	**Mar 31, 2012**
Mining and Construction	1,562	2,070	2,218	2,027	**2,156**
Automation	354	403	400	364	**399**
Pulp, Paper and Power	2,336	3,046	3,229	2,863	**2,801**
Recycling	111	138	131	115	**120**
Valmet Automotive	-	-	-	-	**-**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	111	138	131	115	**120**
Intra Metso order backlog	-63	-64	-52	-59	**-69**
Metso total	4,300	5,593	5,926	5,310	**5,407**

PERSONNEL

	Mar 31, 2011	June 30, 2011	Sep 30, 2011	Dec 31, 2011	**Mar 31, 2012**
Mining and Construction	10,387	10,817	10,962	10,771	**10,929**
Automation	3,632	3,834	3,787	3,892	**3,995**
Pulp, Paper and Power	12,197	12,664	12,467	12,528	**12,596**
Recycling	639	648	644	662	**656**
Valmet Automotive	1,378	1,421	1,556	1,705	**1,708**
Group Head Office and other	633	688	677	766	**795**
Group Head Office and others total	2,650	2,757	2,877	3,133	**3,159**
Metso total	28,866	30,072	30,093	30,324	**30,679**

Non-recurring items and amortization of intangible assets

1–3/2012 EUR million	Mining and Construction	Automation	Pulp, Paper and Power	Metso total
EBITA before non-recurring items	**83.2**	**11.7**	**54.9**	**140.4**
% of net sales	**11.1**	**6.4**	**7.6**	**8.0**
Amortization of intangible assets *)	-2.0	-1.1	-7.2	**-12.2**
Operating profit (EBIT)	81.2	10.6	47.7	**128.2**

*) Includes EUR 5.1 million amortization of intangible assets acquired through business acquisitions.

1–3/2011 EUR million	Mining and Construction	Automation	Pulp, Paper and Power	Metso total
EBITA before non-recurring items	**56.7**	**22.4**	**54.3**	**123.6**
% of net sales	**10.1**	**13.6**	**8.6**	**8.6**
Intellectual property items	-0.4	-	-	**-0.4**
Gain on sale of production plant in Sweden	-	-	2.6	**2.6**
Costs related to business acquisition projects	-	-	-	**-0.4**
Amortization of intangible assets *)	-2.0	-1.0	-8.1	**-12.5**
Operating profit (EBIT)	54.3	21.4	48.8	**112.9**

*) Includes EUR 6.0 million amortization of intangible assets acquired through business acquisitions.

1–12/2011 EUR million	Mining and Construction	Automation	Pulp, Paper and Power	Metso total
EBITA before non-recurring items	**322.1**	**103.9**	**218.8**	**628.5**
% of net sales	**11.7**	**13.5**	**8.1**	**9.5**
Intellectual property items	-0.8	-	-	**-0.8**
Gain on sale of production plant in Sweden	-	-	2.6	**2.6**
Costs related to business acquisition projects	-	-	-	**-0.8**
Costs related to bankruptcy of THINK Global A/S	-	-	-	**-6.1**
Amortization of intangible assets *)	-8.2	-4.2	-32.2	**-51.6**
Operating profit (EBIT)	313.1	99.7	189.2	**571.8**

*) Includes EUR 23.8 million amortization of intangible assets acquired through business acquisitions.

Notes to the Interim Review

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

New accounting standards

IFRS 9

In November 2009, IASB published IFRS 9 'Financial instruments: Recognition and measurement'. The standard represents the first phase in the replacement of IAS 39 and simplifies the classification of financial assets and requires them to be measured either at amortized costs or at fair value.

In October 2010, IASB published the second part of IFRS 9, 'Financial Liabilities – Classification and Measurement', according to which the accounting and presentation for financial liabilities shall remain unchanged except for those financial liabilities for which fair value option is applied. The next steps will involve impairment of financial assets and development of hedge accounting.

The entire standard, once completed, can now be estimated to become effective for financial periods beginning on or after January 1, 2015.

Until the entire standard is finalized, we cannot assess its impact on our financial statements.

IFRS 10

In May 2011, IASB published IFRS 10 'Consolidated Financial Statements'. This defines the principle of control used as the basis for consolidation to identify whether an investor controls an investee and therefore must consolidate it. The standard replaces IAS27 and covers the principles for the presentation and preparation of consolidated financial statements. The standard is applicable to annual reporting periods beginning on or after January 1, 2013.

The standard is not expected to have a material impact on our financial statements.

IFRS 11

In May 2011, IASB published IFRS 11 'Joint Arrangements' relating to how a party to a joint arrangement should account for its involvement in such an arrangement. The entity has to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and account for those rights and obligations in accordance. The joint arrangement can either be a joint operation or a joint venture. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The standard will be applicable to annual reporting periods beginning on or after January 1, 2013.

The standard is not expected to have a material impact on our financial statements.

IFRS 12

In May 2011, IASB published IFRS 12 'Disclosure of Interests in Other Entities' which requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, the preparer's interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The standard will be applicable to annual reporting periods beginning on or after January 1, 2013.

We are assessing the impact of the standard on our financial statement disclosures.

IFRS 13

In May 2011, IASB published IFRS 13 'Fair Value Measurement' which defines fair value, sets out in one standard a framework for measuring fair value and sets disclosures requirements related to fair value measurements. It increases consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. This hierarchy categorizes the inputs used in valuation techniques into three levels, giving the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The standard will be applicable to annual reporting periods beginning on or after January 1, 2013.

We are assessing the impact of the standard on our financial statement disclosures.

IAS 19, amendment

In June 2011, IASB published an amendment to IAS 19 'Employee Benefits'. This requires recognition of changes in net defined benefit liability (asset), including immediate recognition of defined benefit cost, eliminating the option to defer the recognition of gains and losses, known as the 'corridor method'. It requires disaggregation of the defined benefit cost into three components: service, net interest and remeasurement components, with the latter recognized under other comprehensive income. Net interest is calculated using the high quality bond yield rate. The amendment requires enhanced disclosures about defined benefit plans.

The amendment will be applicable to annual periods beginning on or after January 1, 2013.

Apart from immediate recognition of past service cost, the amendment will not impact the amount of the defined benefit liability (asset) in our financial statements because we do not use the 'corridor method'. The calculation of net interest will impact the benefit cost reported in the income statement if the annual return calculated on assets has been higher than the discount rate applied to the benefit liability. Had the amendment been applicable in 2011, the impact on our financial statements would have been the following: profit before tax would have decreased by EUR 3 million and the pre-tax amount reported under other comprehensive income would have increased by EUR 4 million. The recognition of past service cost would have decreased net liability by EUR 1 million.

Provided these standards and amendments are endorsed by the European Union, we will apply them when they become effective.

Shares and share capital

At the end of March, our share capital was EUR 240,982,843.80 and the number of shares was 150,348,256. The number of shares included 719,578 shares held by the Parent Company, which represent 0.48 percent of all shares and votes. The average number of shares outstanding in the first quarter, excluding shares held by the Parent Company, was 149,628,923 and the average number of diluted shares was 149,860,388.

During January–March, 518 shares were returned from Metso Share Ownership Plan participants to the Parent Company due to employment terminations.

The market capitalization of Metso, excluding shares held by the Parent Company, was EUR 4,796 million on March 31, 2012 (EUR 5,677 million).

Metso is not aware of any shareholders' agreements regarding the ownership of Metso shares and voting rights.

Share-based incentive plans

Metso's share ownership plans are part of the remuneration and commitment program for Metso management. For further information, see www.metso.com/investors. As reward shares for the plan are acquired in public trading, the plans do not have a diluting effect on share value.

Share Ownership Plan for 2009–2011 (SOP 2009–2011)

In October 2008, the Board approved a share ownership plan for 2009–2011. The plan had one three-year earnings period and required participants' personal investment in Metso shares at the beginning of the program. In order to implement the reward payment in accordance with the terms of the share ownership plan, the Board of Directors decided on April 13, 2012 on a conveyance of a maximum of 128,890 existing own shares held by Metso to a total of 83 participants of the plan through a directed share issue without consideration. This number of shares represents the reward after taxes. The Executive Team's share of the maximum net reward is 19,459 shares. The final exact number of own shares to be conveyed and the final participant list will depend on the fulfillment of certain conditions of the share ownership plan at the time of the conveyance, on or about April 27, 2012.

Share Ownership Plan for 2010–2012 (SOP 2010–2012)

In October 2009, the Board approved a similar share ownership plan for 2010–2012. This plan has one three-year earnings period and required participants' personal investment in Metso shares at the beginning of the program. Any possible reward from the plan requires continued employment with Metso and reaching the financial targets set for the plan. The plan has about 80 participants and the rewards that can be paid correspond to a maximum of about 320,000 Metso shares. Members of the 2011 Executive Team may receive a maximum of 51,325 shares as share rewards.

Share Ownership Plan for 2011–2013 (SOP 2011–2013)

In September 2010, the Board approved a similar share ownership plan for 2011–2013. The plan includes one three-year earnings period and requires participants' personal investment in Metso shares at the beginning of the program. Any possible reward from the plan requires continued employment with Metso and reaching the financial targets set for the plan. The plan has about 69 participants and the rewards that can be paid correspond to a maximum of about 238,000 Metso shares. Members of the Executive Team may receive a maximum of 77,400 shares as share rewards.

Long-term Incentive Plan for 2012-2014

In December 2011, the Board decided on a new share-based incentive plan for the Group's top management. The plan includes three performance periods, which are the calendar years 2012, 2013 and 2014. The Board shall decide on the performance criteria, targets and participants at the beginning of each performance period. For the 2012 performance period, the plan is targeted at about 100 people in Metso's management, and the potential reward of the plan is based on the net sales growth of the services business, return on capital employed (ROCE, %) before taxes, and earnings per share (EPS). The potential rewards to be paid on the basis of the 2012 performance period will correspond to a maximum total of about 450,000 Metso shares. Members of the Executive Team may receive a maximum of 95,123 shares as share rewards.

Trading of Metso shares

In January–March, 50,975,239 Metso shares were traded on NASDAQ OMX Helsinki, equivalent to a turnover of EUR 1,713 million. The price of the Metso share on March 31, 2012 was EUR 32.05 and the average trading price for the period under review was EUR 33.60. The highest quotation during the period was EUR 37.27 and the lowest EUR 28.43.

Metso's ADSs (American Depositary Shares) are traded in the US on the OTC market. On March 31, 2012, the closing price of the Metso ADS was USD 42.89. Each ADS represents one share.

Disclosures of changes in holdings

During the first quarter of 2012, we did not receive any disclosures of changes in holdings in which ownership would have reached, exceeded or decreased below the 5 percent limit or the other notification thresholds as set out in the Securities Markets Act.

Credit ratings

There were no changes in Metso's credit ratings during the first quarter of 2012.

After the review period, in April, Standard & Poor's Ratings Services confirmed Metso's BBB long-term and A-2 short-term corporate credit ratings and changed their outlook from stable to positive.

In December 2011, Moody's Investors Service confirmed Metso's Baa2 long-term credit rating and changed their outlook from stable to positive.

Metso's Financial Reporting in 2012

Metso's Interim Reviews for 2012 will be published as follows: January–June will be published on July 26th, and January–September will be published on October 25th.

metso

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