ANNEX 3

METSO MINERALS
UNAUDITED INTERIM CARVE-OUT FINANCIAL INFORMATION
AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2019

TABLE OF CONTENTS FOR THE UNAUDITED INTERIM CARVE-OUT FINANCIAL INFORMATION

COMBINED STATEMENT OF INCOME

EUR million	1–6/2019	1–6/2018	1–12/2018
Sales	1,416	1,211	2,580
Sales, Metso Group	0	0	0
Sales, total	1,416	1,211	2,581
Cost of goods sold[1]	(1,001)	(865)	(1,867)
Gross profit[1]	**415**	**345**	**714**
Selling and marketing expenses[1]	(126)	(109)	(222)
Administrative expenses	(101)	(88)	(185)
Research and development expenses	(16)	(8)	(23)
Other operating income and expenses, net	(6)	(10)	(16)
Share in profits of associated companies	0	0	0
Operating profit[1]	**166**	**130**	**268**
Finance income	2	2	4
Finance income, Metso Group	2	3	5
Foreign exchange rate gains/losses	0	2	0
Finance expenses[1]	(21)	(19)	(36)
Finance expenses, Metso Group	0	0	0
Finance income and expenses, net	(17)	(14)	(26)
Profit before taxes	**149**	**117**	**242**
Income taxes	(28)	(36)	(72)
Profit for the period	**121**	**80**	**169**
Attributable to:			
Equity holders of Metso Minerals	121	80	170
Non-controlling interests	0	0	(1)
	121	80	169

[1] IFRS 16 impact, see notes 2 and 6.

COMBINED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1–6/2019	1–6/2018	1–12/2018
Profit for the period	121	80	169
Other comprehensive income:			
Cash flow hedges, net of tax	0	(2)	(1)
Currency translation on subsidiary net investments	5	(15)	(15)
Items that may be reclassified to profit or loss in subsequent periods	5	(16)	(16)
Defined benefit plan actuarial gains and losses, net of tax	0	1	1
Items that will not be reclassified to profit or loss	0	1	1
Other comprehensive income	**5**	**(15)**	**(15)**
Total comprehensive income	**126**	**66**	**154**
Attributable to:			
Equity holders of Metso Minerals	126	66	155
Non-controlling interests			(1)
	126	66	154

COMBINED BALANCE SHEET – ASSETS

EUR million	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Non-current assets			
Intangible assets			
Goodwill	481	445	462
Other intangible assets	65	63	63
Total intangible assets	**547**	**509**	**526**
Property, plant and equipment			
Land and water areas	34	37	35
Buildings and structures	75	77	75
Machinery and equipment	112	102	106
Assets under construction	42	16	31
Total property, plant and equipment	**263**	**232**	**246**
Right-of-use assets [1]	**68**	**-**	**-**
Other non-current assets			
Investments in associated companies	5	1	4
Non-current financial assets	3	3	3
Loan receivables	5	3	6
Loan receivables, Metso Group	25	48	49
Derivative financial instruments	4	4	3
Deferred tax asset	88	70	81
Other non-current receivables	40	27	38
Other non-current receivables, Metso Group	138	84	137
Total other non-current assets	**308**	**239**	**321**
Total non-current assets	**1,186**	**980**	**1,094**
Current assets			
Inventories	849	706	790
Trade receivables	541	476	493
Trade receivables, Metso Group	8	9	8
Customer contract assets	127	83	82
Loan receivables	1	1	1
Loan receivables, Metso Group	29	24	33
Cash pool receivables, Metso Group	18	34	20
Derivative financial instruments	16	12	9
Income tax receivables	34	35	21
Other current receivables	105	99	102
Other current receivables, Metso Group	1	0	1
Deposits and securities, maturity more than three months	40	70	76
Cash and cash equivalents	194	251	249
Liquid funds	234	321	325
Total current assets	**1,965**	**1,799**	**1,885**
TOTAL ASSETS	**3,150**	**2,778**	**2,979**

[1] IFRS 16 impact, see notes 2 and 6.

COMBINED BALANCE SHEET – EQUITY AND LIABILITIES

EUR million	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Equity			
Cumulative translation adjustments	(148)	(153)	(153)
Hedge reserve	(3)	(3)	(3)
Invested equity and retained earnings	1,296	1,236	1,328
Equity attributable to Metso Minerals shareholders	**1,145**	**1,080**	**1,173**
Non-controlling interests	11	7	10
Total equity	**1,156**	**1,087**	**1,183**
Liabilities			
Non-current liabilities			
Borrowings	388	559	383
Lease liabilities [1]	52	-	-
Post-employment benefit obligations	58	60	57
Provisions	31	31	27
Derivative financial instruments	3	2	2
Deferred tax liability	35	17	26
Other non-current liabilities	2	2	2
Other non-current liabilities, Metso Group	6	6	6
Total non-current liabilities	**574**	**676**	**502**
Current liabilities			
Borrowings	217	44	209
Cash pool liabilities, Metso Group	80	52	81
Lease liabilities [1]	17	-	-
Trade payables	375	326	374
Trade payables, Metso Group	4	5	1
Provisions	54	63	59
Advances received	227	185	189
Customer contract liabilities	79	97	100
Derivative financial instruments	18	21	13
Income tax liabilities	65	48	58
Other current liabilities	285	173	210
Other liabilities, Metso Group	0	0	0
Total current liabilities	**1,420**	**1,015**	**1,294**
Total liabilities	**1,994**	**1,691**	**1,796**
TOTAL EQUITY AND LIABILITIES	**3,150**	**2,778**	**2,979**

[1] IFRS 16 impact, see notes 2 and 6.

NET INTEREST-BEARING LIABILITIES

EUR million	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Borrowings	605	603	592
Lease liabilities	69	-	-
Cash pool liabilities and receivables, net liability	62	19	61
Liquid funds	(234)	(321)	(325)
Loan receivables	(60)	(75)	(89)
Net interest bearing liabilities	**441**	**225**	**239**

COMBINED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR million	Cumulative translation adjustments	Hedge reserve	Invested equity and retained earnings	Equity attributable to Metso Minerals shareholders	Non-controlling interests	Total equity
Jan 1, 2018	(138)	(2)	1,198	1,059	7	1,065
Profit for the period			80	80	0	80
Other comprehensive income:						
Cash flow hedges, net of tax		(2)		(2)		(2)
Currency translation on subsidiary net investments	(15)			(15)		(15)
Defined benefit plan actuarial gains and losses, net of tax			1	1		1
Total comprehensive income	(15)	(2)	81	65	0	66
Dividends to shareholders of Metso Oyj			(126)	(126)		(126)
Share-based payments, net of tax			(2)	(2)		(2)
Changes in invested equity			89	89		89
Net change from winding up consolidated tax groups			(5)	(5)		(5)
Other items			1	1		1
Jun 30, 2018	(153)	(3)	1,236	1,080	7	1,087
Dec 31, 2018	(153)	(3)	1,328	1,173	10	1,183
Effect from adoption of new IFRS standards			(3)	(3)		(3)
Jan 1, 2019	**(153)**	**(3)**	**1,325**	**1,170**	**10**	**1,180**
Profit for the period			121	121	0	121
Other comprehensive income:						
Cash flow hedges, net of tax		0		0		0
Currency translation on subsidiary net investments	5			5		5
Total comprehensive income	5		121	126	0	126
Dividends to shareholders of Metso Oyj			(144)	(144)		(144)
Dividends, Metso Group			(1)	(1)		(1)
Share-based payments, net of tax			0	0		0
Changes in invested equity			5	5		5
Net change from winding up consolidated tax groups			(8)	(8)		(8)
Other items			(1)	(1)		(1)
Jun 30, 2019	**(148)**	**(3)**	**1,296**	**1,145**	**11**	**1,156**

COMBINED CONDENSED STATEMENT OF CASH FLOWS

EUR million	1–6/2019	1–6/2018	1–12/2018
Operating activities			
Profit for the period	121	80	169
Adjustments:			
Depreciation and amortization	33	23	46
Financial expenses, net	17	13	26
Income taxes	28	36	72
Other items	(2)	(1)	(3)
Change in net working capital	(157)	(75)	(105)
Net cash flow from operating activities before financial items and taxes	**40**	**76**	**207**
Interest income and expenses paid, net	(13)	(7)	(14)
Income taxes paid	(35)	(53)	(85)
Net cash flow from operating activities	**(9)**	**16**	**107**
Investing activities			
Capital expenditures on intangible and tangible assets	(34)	(23)	(59)
Proceeds from sale of intangible and tangible assets	1	2	4
Business acquisitions, net of cash acquired	(35)	-	(28)
Business acquisitions, net of cash, acquired, Metso Group			(49)
Proceeds from sale of businesses, net of cash sold	9	-	-
Other items	0	-	(4)
Net cash flow from investing activities	**(59)**	**(20)**	**(135)**
Financing activities			
Dividends paid	(72)	(126)	(126)
Dividends paid, Metso Group	(1)	(2)	(5)
Transactions with non-controlling interests	-	-	1
Proceeds from and investments in financial assets, net	31	0	0
Proceeds from and repayment of debt, net	6	(255)	(268)
Repayment of lease liabilities	(14)	0	0
Net borrowings (+), payments (-), Metso Group	34	22	24
Equity financing, Metso Group	(6)	78	84
Cash pool funding, Metso Group	0	(91)	(52)
Net cash flow from financing activities	**(23)**	**(374)**	**(342)**
Net change in liquid funds	**(91)**	**(378)**	**(370)**
Effect from changes in exchange rates	(0)	(2)	(6)
Liquid funds at beginning of period	325	701	701
Liquid funds at end of period	**234**	**321**	**325**

NOTES TO THE UNAUDITED INTERIM CARVE-OUT FINANCIAL INFORMATION

Contents

1. Background and Basis of Preparation

Background

The interim carve-out financial information has been prepared for the inclusion in the demerger and combination offering circular to be prepared by Outotec Oyj and for Metso's and Outotec's Extraordinary General Meetings approving the partial demerger and combination of Metso Minerals business and Outotec group.

The Board of Directors of Metso has on July 4, 2019 unanimously approved a demerger plan and a combination agreement pursuant to which Metso Minerals business will be carved out from Metso Group and be combined with Outotec group.

Metso Minerals has not formed a separate legal group in the past. As part of the proposed partial demerger Metso will carve out and transfer the relevant entities' assets and liabilities to Outotec Corporation. The carve-out financial statements presented herein reflect the relevant entities' results of operations, assets and liabilities and cash flows that will be carved out from Metso in the partial demerger process. Collectively these entities included in these carve-out financial statements are referred to as "**Metso Minerals**" in the interim carve-out financial information.

Basis of Preparation

The interim carve-out financial information for the six month period ended June 30, 2019 have been prepared on a basis that combined statements of income, statements of comprehensive income, balance sheets and cash flows of the legal entities and operating units attributable to the Minerals business in Metso's historical consolidated financial statements and that will be carved out from Metso to be combined to Outotec Group including certain Parent Company's and Metso's foreign holding companies' income and expenses, assets and liabilities and cash flows which will either be transferred to Outotec or which have been allocated to Minerals business for the purpose of the preparation of the carve-out financial statements. Metso Minerals is not comprised of a group of entities under the control of a parent and, accordingly, has historically not prepared consolidated financial statements for internal or external reporting purposes. The interim carve-out financial information has been authorized for issue by the Board of Directors of Metso on October 3, 2019.

The interim carve-out financial information for the six month period ended June 30, 2019 has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union, under consideration of the basis of accounting and principles in preparing the carve-out financial statements for the years ended December 31, 2018, December 31, 2017 and December 31, 2016, with the exception of the changes that have been described in New and amended standards adopted as of January 1, 2019. The interim carve-out financial information is unaudited and should be read together with the audited carve-out financial statements included elsewhere in this offering circular.

The Metso Minerals interim carve-out financial information does not necessarily reflect what the combined results of operations and financial position would have been had Metso Minerals existed as a separate independent legal group and had it therefore presented stand-alone consolidated interim financial information during the periods presented. Further, this interim carve-out financial information may not be indicative of Metso Minerals' future performance, financial position or cash flows.

The interim carve-out financial information is presented in millions of euros (EUR million) except when otherwise indicated.

The carve-out financial statements of Metso Minerals as at and for the six months ended July 30, 2019 include the legal entities and associated companies included in the carve-out financial statements of Metso Minerals as at and for the years ended December 31, 2018, 2017 and 2016 with the following exceptions:

- Industrial Support Company SpA in Chile was acquired on May 3, 2019
- Metso Spain Holding S.L.U was sold on January 4, 2019

Reporting segment

Metso Minerals is a global supplier of sustainable technology and services for mining, aggregates, recycling and process industries.

The **Minerals segment** supplies technology, process solutions, machinery and services for aggregates production, mining, minerals processing, and metal and waste recycling.

Head Office and carve-out items is comprised of centralized group functions, such as treasury and tax, as well as shared service centers and holding companies.

Metso Minerals measures the performance of the segment with operating profit/loss. In addition, Metso Minerals uses alternative performance measures to reflect the underlying business performance and to improve comparability between financial periods: “earnings before interest, tax and amortization (EBITA)” and “earnings before interest, tax and depreciations and amortization (EBITDA).” Alternative performance measures should not, however, be considered as a substitute for measures of performance in accordance with the IFRS.

2. New Accounting Standards

New and Amended Standards Adopted 2019

IFRS 16

From the beginning of 2019, Metso Minerals has adopted IFRS 16 Leases, replacing the previously used IAS 17 Leases and the related interpretations. The adoption was done using the modified retrospective approach whereby the comparative figures for 2018 were not restated. The adjustments resulting from the adoption were recognized on the opening balance sheet on January 1, 2019.

Impact

IFRS 16 introduced a single measurement and recognition approach for all leases, whereas under IAS 17 they were classified into operating or finance leases. Until December 31, 2018, Metso Minerals reported its operating leases as an off-balance sheet liability. The amount of Metso Minerals’ finance leases was not material. IFRS 16 sets out new accounting treatment requirements for lessee accounting, whereas lessor accounting was substantially unchanged from IAS 17.

According to IFRS 16, from January 1, 2019, Metso Minerals as a lessee has recognized assets representing its right to use the leased assets during the lease term (the right-of-use asset) and liabilities to make the lease payments (the lease liability). Accordingly, a depreciation of the right-of-use assets and an interest expense on the lease liability are recognized, replacing the lease expenses recognized under IAS 17. The lessee’s accounting treatment for short-term leases and leases of low-value assets has not changed under IFRS 16.

At the date of initial application Metso Minerals applied IFRS 16 to the existing contracts that were previously classified as leases. Metso Minerals applied the recognition exemptions permitted by the standard for short-term leases with a remaining lease term of 12 months or less and for leases of low-value assets. As other practical expedients, Metso Minerals has also applied a single discount rate to leases with reasonably similar characteristics, relied on its previous assessment on whether leases are onerous, and excluded initial direct costs when measuring the right-of-use asset at initial application. Metso Minerals has not separated the non-lease components, because of their immaterial impact.

The impact from the adoption of IFRS 16 on the consolidated balance sheet is as follows:

EUR million	Jan 1, 2019
Right-of-use assets	
Land and water areas	0
Buildings and structures	56
Machinery and equipment	15
Total	**70**
Lease liabilities	
Lease liabilities, non-current	54
Lease liabilities, current	17
Total	**70**

Metso Minerals' right-of-use assets consist primarily of operative and office premises in the category of Buildings and structures, and cars, operative machinery, and equipment in the category of Machinery and equipment. Low-value assets comprise IT equipment and other small office items, and short-term leases have a lease term of 12 months or less. The leases of low-value assets and short-term leases are not recognized on the balance sheet.

On the balance sheet, the right-of use assets were measured at the amount equal to the lease liability, adjusted by possible prepaid or accrued payments in 2018. Right-of-use assets are depreciated over the respective lease period. As of March 31, 2019, the weighted average duration of the lease term was approximately six years. The lease liability was measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of January 1, 2019. The incremental borrowing rate has been defined separately for each group company and with consideration to company-specific, geographical and currency risks as well as duration of the lease liability. For Metso Minerals, the weighted average incremental borrowing rate on January 1, 2019 was approximately four percent.

The impact from the adoption of IFRS 16 on the consolidated income statement relates to the replacement of the lease expense included in operating profit under IAS 17 with the depreciation of right-of-use asset included in operating profit and with the interest expense of lease liability included in financial expenses under IFRS 16. Lease payments related to short-term leases and low-value leases are continued to be recognized as expenses in operating profit, as they were under IAS 17.

The impact from the adoption of IFRS 16 on the consolidated cash flow statement relates to the classification of the lease payments into principal payments of lease liability presented within cash flow from financing activities and interest payments presented within cash flow from operating activities. Lease payments related to short-term leases and low-value leases are presented within cash flow from operating activities, like all the lease payments previously under IAS 17.

The amounts recognized for leases in the income statement and balance sheet in the reporting period are presented in Note 7.

Reconciliation

The lease liabilities recognized on the opening balance sheet in the adoption of IFRS 16 as at January 1, 2019 can be reconciled to the operating lease commitments reported under IAS 17 as at December 31, 2018 as follows:

EUR million	
IAS 17 off-balance sheet operating lease commitments as at December 31, 2018	**68**
Add: finance lease liabilities as at December 31, 2018	0
Add: net increase in lease liability resulting from different treatment of extension and termination options, leases of low-value assets and short-term leases	11
Less: Impact from discounting the future lease payments for leases recognized on the balance sheet	(8)
IFRS 16 lease liability in the opening balance sheet as at January 1, 2019	**70**

Summary of new accounting policies

Right-of-use assets

At the commencement date of the lease, Metso Minerals recognizes right-of-use assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. As of June 30, 2019, the weighted average duration of the lease term was approximately six years.

Lease liability

At the commencement date of the lease, Metso Minerals recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. A period covered by Metso Minerals' option to extend or terminate the lease is included in the lease term if Metso Minerals considers that such option will be exercised. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments may include the exercise price of a purchase option reasonably certain to be exercised by Metso Minerals. Metso Minerals' lease terms do not include any material variable lease payments to be recognized separately from the lease liability.

In calculating the present value of lease payments, Metso Minerals uses the incremental borrowing rate, because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The lease liability is remeasured if there is a change in lease term, change in future lease payments resulting from a change in an index or a rate used to determine those payments, a change in the assessment of a purchase option, or a change in the amounts expected to be payable under a residual value guarantee.

Short-term leases and low-value assets

Payments of short-term leases and leases of low-value assets are recognized on a straight-line-basis as an expense in profit and loss.

Summary of estimates and assessment by Management

The most significant management judgment relates to lease agreements that include an option for Metso Minerals to extend or terminate early the lease term. For these contracts, management needs to assess the probability of exercising such option, which may affect significantly to the estimated length of lease term and consequently to the amounts of right-of-use asset and lease liability as well as the related depreciation and interest expense. Management judgment is also applied in defining the incremental borrowing rate used to calculate the present value of the future lease payments.

IFRIC 23

Metso Minerals has applied IFRIC 23 Uncertainty over Income Tax Treatment from the beginning of year 2019. The interpretation addresses the accounting for income taxes, when tax treatments involve uncertainty in the application of IAS 12. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

Metso Minerals is operating in a complex multinational environment; thus, management applies significant judgement in identifying uncertain tax positions. Based on group analysis made Metso Minerals has recognized EUR 3 million tax liability for uncertain tax positions in the retained earnings as at January 1, 2019.

3. Disaggregation of Sales

EUR million	1–6/2019	1–6/2018	1–12/2018
Metso Minerals	1,416	1,211	2,581
Head Office and carve-out items	0	0	0
Sales	1,416	1,211	2,581

SALES BY CATEGORY

EUR million	1–6/2019	1–6/2018	1–12/2018
Sales of services	865	804	1 644
Sales of projects, equipment and goods	552	406	936
Sales	1,416	1,211	2,581

SALES BY DESTINATION

EUR million	1–6/2019	1–6/2018	1–12/2018
Finland	36	28	61
Other European countries	348	282	617
North America	236	202	403
South and Central America	303	268	567
Asia-Pacific	379	319	696
Africa and Middle East	115	112	236
Sales	1,416	1,211	2,581

SALES BY TIMING OF REVENUE RECOGNITION

EUR million	1–6/2019	1–6/2018	1–12/2018
At a point in time	1,190	1,111	2,220
Over time	226	100	360
Sales	1,416	1,211	2,581

4. 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 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 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 Minerals had no such instruments.

The table below present Metso Minerals' financial assets and liabilities that are measured at fair value. There have been no transfers between fair value levels during the periods.

EUR million	Jun 30, 2019			Jun 30, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial assets at fair value through profit and loss						
Derivatives not under hedge accounting		8		-	8	-
Financial assets at fair value through other comprehensive income						
Derivatives under hedge accounting		12		-	8	-
Total		**21**			**16**	
Liabilities						
Financial liabilities at fair value through profit and loss						
Derivatives not under hedge accounting		14		-	14	-
Long term debt at fair value		190		-	188	-
Financial liabilities at fair value through other comprehensive income						
Derivatives under hedge accounting		7		-	9	-
Total		**211**			**211**	

The 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 are calculated as net present values.

5. Notional Amounts of Derivative Instruments

EUR million	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Forward exchange rate contracts	1,605	1,067	1,215
Interest rate swaps	345	345	345
Cross currency swaps	-	33	-
Option agreements			
Bought	135		

6. Leases

The right-of-use assets, lease liabilities, depreciation and interest expense related to leases as at and for the six months ended June 30, 2019 were as follows:

EUR million	Jun 30, 2019
Right-of-use assets	69
Land	0
Buildings	54
Machinery	15
Lease liability - non-current	52
Lease liability - current	17

EUR million	1-6/2019
Reversal of rental expense	13
Depreciation of right-of-use assets	(11)
Interest expense on lease liability	(2)

The right-of-use assets and lease liabilities are reported as separate line items in the balance sheet. Depreciation of right-of-use assets is reported as part of cost of goods sold or selling, general and administrative expenses, depending on the use of the leased asset. Interest expense on lease liability is reported under financial expenses.

7. Contingent Liabilities and Other Commitments

EUR million	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Guarantees			
External guarantees given by Metso Corporation and Metso Minerals companies	343	233	319
Other commitments			
Repurchase commitments	1	1	1
Other contingencies	1	1	1

8. Acquisitions and Divestments

Acquisitions

On May 3, 2019, Metso Minerals acquired 100% share of the company Industrial Support Company SpA in Chile, which used to form the service division of the Chilean mining engineering, construction and technology company HighService Corp. The acquired business was consolidated into the Minerals Services business area and contributed sales of 9 EUR million to Metso Minerals for the period from May 3, 2019 to June 30, 2019. The company's sales in 12 months fiscal year that ended on December 31, 2018, was 57 EUR million. The company employs 869 persons.

Preliminary assets and liabilities recognized from the acquisition are as follows:

EUR million	
Intangible assets	9
Property, plant and equipment	4
Trade receivables	7
Other receivables	3
Interest bearing liabilities	(3)
Trade payables	(4)
Other liabilities	(3)
Deferred tax liabilities	(2)
Net identifiable assets acquired at fair value	**11**
Goodwill	**23**
Purchase consideration	**33**

The goodwill is attributable to personnel knowhow and synergies. Goodwill is not tax deductible. Initial calculations on goodwill generated are based on the results of acquired companies, adjusted by changes in accounting principles and effects from the fair value adjustments of acquired assets and related tax adjustments.

The cash flow impact of the acquisition:

EUR million	
Cash consideration paid	35
Cash and cash equivalents acquired	0
Net cash outflow for the year	35
Contingent consideration	(1)
Cash consideration, total	**33**

Acquisition costs of EUR 0.4 million are expensed and included in administrative expenses in the income statement and in operating cash flow in the statement of cash flows.

Divestments

On January 4, 2019, Metso Minerals successfully completed the divestment of its grinding media business to Moly-Cop, a portfolio company of American Industrial Partners. The transaction included the sale of Metso Spain Holding, S.L.U, including operations in Bilbao and Seville, Spain. As part of the transaction, 80 employees transferred from Metso Minerals to Moly-Cop. The turnover of the divested business in 2018 was EUR 60 million.

The preliminary net assets of disposed business and loss on disposal were as follows:

EUR million	
Intangible assets	6
Property, plant and equipment	4
Inventories	21
Trade receivables	15
Other receivables	2
Cash and cash equivalents	3
Interest bearing liabilities	(31)
Trade payables	(9)
Other liabilities	(1)
Deferred tax liabilities	3
Net assets of disposed business	**13**
Consideration received in cash	11
Net assets of disposed business	(13)
Loss on disposal	**(2)**
Consideration received in cash	11
Cash and cash equivalents disposed of	(3)
Debt repayments at disposal	31
Net cash inflow on disposal	**39**

9. Segment Information

ORDERS RECEIVED

EUR million	1–6/2019	1–6/2018	1–12/2018
Minerals segment	1,527	1,392	2,872
Metso Minerals total	**1,527**	**1,392**	**2,872**

SALES

EUR million	1–6/2019	1–6/2018	1–12/2018
Sales	1,416	1,211	2,581
Sales by services business	865	804	1,644
% of sales	61	66	64

EBITDA, EBITA, OPERATING PROFIT

EUR million, %	1–6/2019	1–6/2018	1–12/2018
Minerals segment			
EBITDA, adjusted	206.3	155.9	321.2
% of sales	14.6	12.9	12.4
Depreciations	(25.7)	(14.7)	(30.1)
EBITA, adjusted	180.6	141.3	291.0
% of sales	12.8	11.7	11.3
Amortization of intangible assets	(2.9)	(3.9)	(7.9)
Adjustments	(3.7)	–	–
Operating profit	174.0	137.4	283.2
% of sales	12.3	11.3	11.0
Head Office and carve-out items			
EBITDA, adjusted	(3.7)	(3.2)	(7.3)
Depreciations	(0.7)	(0.2)	(0.3)
EBITA, adjusted	(4.4)	(3.4)	(7.6)
Amortization of intangible assets	(3.5)	(4.0)	(8.0)
Operating profit	(7.9)	(7.3)	(15.6)
Metso Minerals total			
EBITDA, adjusted	202.6	152.7	313.9
% of sales	14.3	12.6	12.2
Depreciations	(26.4)	(14.8)	(30.5)
EBITA, adjusted	176.2	137.9	283.4
% of sales	12.4	11.4	11.0
Amortization of intangible assets	(6.4)	(7.9)	(15.8)
Adjustments	(3.7)	–	–
Operating profit	166.1	130.0	267.6
% of sales	11.7	10.7	10.4

KEY FIGURES

EUR million, %	Jun 30, 2019	Jun 30,2018	Dec 31, 2018
Capital employed	1,909	1,742	1,856
Order backlog	1,552	1,327	1,411
Personnel	11,708	10,215	10,367

10. Related Party Transactions

Metso Minerals' related parties include the Metso Corporation, Metso Group companies other than the related and associated companies of Metso Minerals as well as the key members of Metso Minerals' management.

In the historical carve-out financial information of Metso Minerals, previous business transactions between the Metso Minerals business and the Metso Flow Control business have been presented as related party transactions. Metso Minerals' sales and purchases to and from Metso Flow Control have been insignificant.

In addition, the Metso Group has equity and financing transactions with the Metso Minerals business, which have led to the recognition of receivables and liabilities with the Metso Group. Current receivables include trade receivables arising in the intragroup services as well as loan receivables and positive cash pool balances resulting from the centralized cash pool arrangements. Other receivables comprise non-interest-bearing receivables from Metso Corporation corresponding to Metso Minerals' ownership in the Metso Group entities, which are subject to contemplated internal reorganizations before the effective date.

Non-current and current loan receivables represent loan balances owed by the Flow Control entities to the Metso Minerals entities, which have arranged funding to the Flow Control entities to meet their financing needs. Trade payables comprise of items arising in intragroup services. Cash pooling liabilities represent cash owed to Metso as part of the centralized cash pool arrangements. Interest income relates to interest earned on positive cash pool accounts and loan receivables and interest expenses comprise of interest on Metso's financing to Metso Minerals and interest costs on cash owed through the cash pooling arrangements.

Transactions carried out and related balances with Metso Group

EUR million	1-6/2019	1-6/2018	1-12/2018
Sales	0	0	0
Cost of sales	0	0	0
Finance income	2	3	5
Finance expenses	0	0	0

EUR million	Jun 30, 2019	Jun 30,2018	Dec 31, 2018
Non-current			
Loan receivables	25	48	49
Other non-current receivables	138	84	137
Current			
Loan receivables	29	24	33
Trade receivables	8	8	8
Cash pool receivables	18	33	20
Other current receivables	1	0	1
Non-current			
Other non-current liabilities	6	6	6
Current			
Cash pool liabilities	80	52	81
Trade payables	4	5	1
Other current liabilities	0	0	0

Following the effective date, business transactions between Metso Minerals and Metso Flow Control will not be related to party transactions according to the "*IAS 24 – Related Party Disclosures*" standard.

11. Exchange Rates

Currency		1–6/2019	1–6/2018	1–12/2018	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
USD	(US dollar)	1.1334	1.2060	1.1809	1.1380	1.1658	1.1450
SEK	(Swedish krona)	10.4782	10.1722	10.2591	10.5633	10.4530	10.2548
GBP	(Pound sterling)	0.8761	0.8811	0.8861	0.8966	0.8861	0.8945
CAD	(Canadian dollar)	1.5120	1.5408	1.5307	1.4893	1.5442	1.5605
BRL	(Brazilian real)	4.3580	4.1441	4.3020	4.3511	4.4876	4.4440
CNY	(Chinese yuan)	7.6891	7.7119	7.8148	7.8185	7.7170	7.8751
AUD	(Australian dollar)	1.6015	1.5656	1.5795	1.6244	1.5787	1.6220

12. Events After the Reporting Period

Acquisition of McCloskey

Metso announced on June 10, 2019 that it has signed an agreement to acquire McCloskey International, a Canadian mobile crushing and screening equipment manufacturer, to expand Metso Minerals' offering in the aggregates industry globally and to strengthen the customer reach especially to general contractor customers. The acquisition was completed on October 1, 2019.

In the 12-month period ending September 30, 2018, McCloskey had pro forma sales of CAD 464 million (EUR 308 million) and a pro forma EBITDA margin of 10.3%. The company's sales in the fiscal year ending September 30, 2019, are expected to exceed CAD 500 million (EUR 330 million). McCloskey has approximately 900 employees in Canada, the United States and Northern Ireland.

The enterprise value of the transaction is CAD 420 million (EUR 279 million) payable at closing with an additional profitability-based earn-out consideration of up to CAD 35 million (EUR 23 million) for the two-year period after closing.

To ensure financing for the acquisition, Metso has agreed on a bilateral loan from Nordea Bank Abp. The loan has a maturity of two years and includes an option to extend the maturity by one year.