



**2018**

Q1 Interim Review

January 1 – March 31

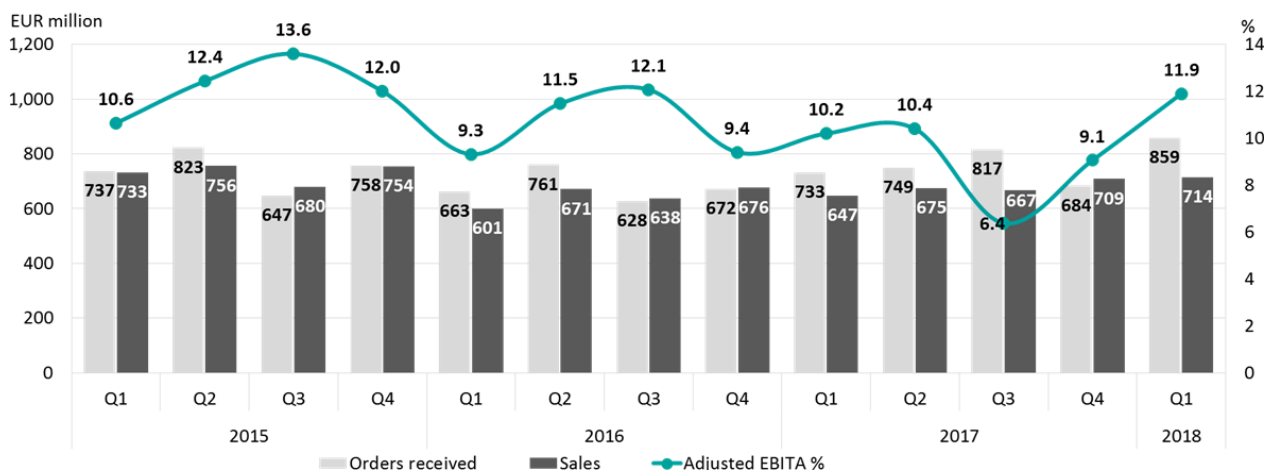
## Metso's Interim Review January 1 – March 31, 2018

Quarterly and full-year figures for 2017 have been restated to reflect the adoption of the IFRS 15 standard and the revision in the reporting of the Flow Control segment's services business. The restated figures were published on April 16, 2018. Figures in brackets refer to the corresponding period in 2017, unless otherwise stated.

### First quarter 2018 in brief

- Market activity continued at a healthy level
- Orders received increased 17%, or 27% in constant currencies, and totaled EUR 859 million (733 million)
- Services orders increased 9%, or 18% in constant currencies, and totaled EUR 490 million (451 million)
- Sales increased 10%, or 19% in constant currencies, to EUR 714 million (647 million)
- Services sales increased 10%, or 19% in constant currencies, and totaled EUR 422 million (383 million)
- Adjusted EBITA was EUR 85 million, or 11.9% of sales (66 million, or 10.2%)
- Operating profit (EBIT) totaled EUR 80 million, or 11.3% of sales (59 million, or 9.2%)
- Earnings per share were EUR 0.33 (0.23)
- Free cash flow was EUR 2 million (39 million)

### Sales, orders received and profitability



### Market outlook

The outlook represents expected sequential market development with a rolling six-month view.

Our market conditions are expected to develop as follows:

Growth in demand to remain stable for Minerals equipment and services.

Growth in demand to remain stable for Flow Control equipment and services.

## Interim President and CEO Eeva Sipilä:



We were pleased to see positive development on several fronts during the first quarter. All our businesses reported strong growth in orders, which resulted in a 17% increase in total orders received compared to the first quarter last year. This growth was supported by the continued healthy market activity in all our customer industries. The strong order growth was also partly attributable to timing, as some of the orders expected in the previous quarter were delayed to the first quarter.

Sales growth and faster than expected progress in improving earlier internal issues had a positive impact on our profitability. We have been working intensively on the internal operational issues that affected our performance in late 2017 and I am encouraged by the development so far. Nevertheless, the work continues, as there are still several areas where we can further improve our operational excellence.

We started the year with no interruption in the implementation of our profitable growth strategy. In March, we announced an expansion investment at our Indian plant. The investment will increase our production capacity to better meet the growing demand for aggregates products in India and other markets. After the reporting period, we announced two acquisitions: one in our valves business in India and the other in our aggregates business in Sweden. These acquisitions represent complementary additions to our offering and will strengthen our presence in these markets. Executing our strategy is our key focus area for the remainder of the year.

## Key figures

EUR million	Q1/2018	Q1/2017	Change %	2017
Orders received	859	733	17	2,982
Orders received by the services business	490	451	9	1,717
% of orders received	57	62		58
Order backlog at the end of the period	1,553	1,396	11	1,439
Sales	714	647	10	2,699
Sales of the services business	422	383	10	1,595
% of sales	59	59		59
Earnings before interest, tax and amortization (EBITA), adjusted	85	66	28	244
% of sales	11.9	10.2		9.0
Operating profit (EBIT)	80	59	36	218
% of sales	11.3	9.2		8.1
Earnings per share, EUR	0.33	0.23	43	0.68
Free cash flow	2	39	-95	158
Return on capital employed (ROCE) before taxes, annualized, %	15.2	11.1		10.3
Equity-to-assets ratio at the end of the period, %	40.9	43.7		44.5
Net gearing at the end of the period, %	2.2	-4.7		1.8
Personnel at the end of the period	12,356	11,453	8	12,037

## Operating environment

Our customer industries saw healthy market activity during the first quarter. Demand was strongest in the aggregates equipment and valves businesses. The strongest demand growth in the aggregates was in India, China, and North America, and the latter two were also the strongest markets for valves. In mining, the healthy growth in demand for services and small equipment projects as well as for pumps continued. The recycling business saw higher demand for metal recycling equipment compared to the same quarter in 2017.



## Orders and sales

First-quarter orders received increased 17 percent, or 27 percent in constant currencies, compared to the first quarter in 2017 and totaled EUR 859 million (EUR 733 million). Orders increased 17 percent in Minerals and 18 percent in Flow Control. Services orders totaled EUR 490 million, which is 9 percent higher than in the comparison period. Services orders increased 9 percent in Minerals and 5 percent in Flow Control. Equipment orders increased 33 percent in Minerals and 27 percent in Flow Control.

The order backlog at the end of March totaled EUR 1,553 million (EUR 1,439 million at the end of 2017). Order backlog was 8 percent higher than at the end of 2017. 84 percent of the order backlog is expected to be delivered in 2018.

Quarterly sales increased 10 percent on the comparison period, or 19 percent in constant currencies, to EUR 714 million (EUR 647 million). Minerals' sales grew 13 percent and totaled EUR 553 million. Growth was driven by both equipment and services businesses. In Flow Control, a negative currency impact resulted in first-quarter sales growth of only 1 percent to EUR 161 million (EUR 159 million).

### Currency impact on orders received *(compared to the same period in 2017)*

	Q1/2018 change using reported rates, %	Q1/2018 change using constant rates, %
Minerals	17	26
Services business	9	18
Flow Control	18	29
Services business	6	14
<b>Metso total</b>	<b>17</b>	<b>27</b>
<b>    Services business</b>	<b>9</b>	<b>18</b>

### Currency impact on sales *(compared to the same period in 2017)*

	Q1/2018 change using reported rates, %	Q1/2018 change using constant rates, %
Minerals	13	22
Services business	11	21
Flow Control	1	10
Services business	4	13
<b>Metso total</b>	<b>10</b>	<b>19</b>
<b>    Services business</b>	<b>10</b>	<b>19</b>

## Financial performance

First-quarter adjusted EBITA totaled EUR 85 million, or 11.9 percent of sales (EUR 66 million, or 10.2%). Minerals' adjusted EBITA totaled EUR 63 million, or 11.4 percent of sales (EUR 43 million, or 8.9%). Flow Control's adjusted EBITA totaled EUR 25 million, or 15.8 percent of sales (EUR 25 million, or 15.6 %).

Operating profit (EBIT) in the first quarter was EUR 80 million, or 11.3 percent of sales (EUR 59 million, or 9.2%).

Profit before taxes was EUR 71 million (EUR 49 million) and earnings per share were EUR 0.33 (EUR 0.23). Metso's effective tax rate was 29.9 percent.

Net financial expenses in the quarter were EUR 9 million (EUR 10 million). Net cash generated by operating activities totaled EUR 11 million (EUR 42 million) and free cash flow was EUR 2 million (EUR 39 million). Cash flow was affected by a residual tax payment of EUR 21 million related to the reassessment decision from the Finnish tax authority, which was published in December 2017. Metso is appealing the decision, but the payment was made to avoid any additional interest costs during the expected long complaint process.

An increase in net working capital, arising mainly from ramp-up in inventory in response to higher demand, had a negative impact of EUR 44 million on cash flow (negative impact of EUR 21 million).

## Financial position

Metso's liquidity position remains strong. Total cash assets at the end of March 2018 were EUR 819 million (EUR 827 million at the end of 2017), of which EUR 125 million (EUR 154 million at the end of 2017) was invested in financial instruments with an initial maturity exceeding three months, and the remaining EUR 694 million (EUR 673 million at the end of 2017) is accounted for as cash and cash equivalents. A dividend of EUR 157 million was paid after the reporting period on April 4, 2018. Metso has an undrawn, committed EUR 500 million revolving credit facility and an undrawn, committed EUR 40 million loan from European Investment Bank.

Metso's balance sheet is solid. Net interest-bearing liabilities were EUR 28 million at the end of March (EUR 24 million at the end of 2017) and net gearing was 2.2 percent (1.8% at the end of 2017). The equity-to-assets ratio was 40.9 percent (44.5% at the end of 2017). Our credit rating remains unchanged: Standard & Poor's Ratings Services confirmed Metso's long-term corporate credit rating of BBB and short-term credit rating of A-2, with a stable outlook, in March 2018.

## Capital expenditure and investments

Gross capital expenditure in January-March, excluding business acquisitions, was EUR 13 million (EUR 6 million). Maintenance accounted for 82 percent, or EUR 10 million (87%, or EUR 5 million). Capital expenditure excluding acquisitions is expected to increase in 2018 compared to 2017. Research and development expenses in the first quarter totaled EUR 7 million, or 1.0 percent of sales (EUR 7 million, or 1.0%).

Metso is improving the availability of its crushing equipment in India as well as for export markets by expanding production capabilities at the Metso plant in Alwar. The investment of EUR 8 million will increase the production capacity in India by 35 percent; the expansion will be completed by the end of 2018.

A new, faster assembly line for mobile track-mounted crushing plants was commissioned in January at the Tampere plant in Finland. The one-million-euro investment, made public in June 2017, increases the plant's mobile crusher production capacity by 25 percent.

## Personnel

Metso had 12,356 employees at the end of March 2018, which is 319 more than at the end of December 2017. From the year end, personnel increased by 423 to 9,313 in Minerals and decreased by 85 to 2,575 in Flow Control. Personnel in the Group Head Office and support functions totaled 468 (487 at the end of 2017).

### Personnel by area

	Mar 31, 2018	% of personnel	Mar 31, 2017	% of personnel	Change %	Dec 31, 2017
Europe	4,183	34	4,060	35	3	4,113
North America	1,573	13	1,601	14	-2	1,563
South and Central America	2,898	23	2,393	21	21	2,725
Asia-Pacific	2,857	23	2,524	22	13	2,795
Africa and Middle East	845	7	875	8	-3	841
<b>Metso total</b>	<b>12,356</b>	<b>100</b>	<b>11,453</b>	<b>100</b>	<b>8</b>	<b>12,037</b>

## Reporting segments: Minerals

**Good demand for services and aggregates equipment.  
Sales increased in both equipment and services.  
Profitability improved significantly.**

EUR million	Q1/2018	Q1/2017	Change %	2017
Orders received	654	560	17	2,308
Orders received by the services business	422	386	9	1,474
% of orders received	65	69		64
Order backlog at the end of the period	1,248	1,138	10	1,173
Sales	553	489	13	2,064
Sales of the services business	362	325	11	1,368
% of sales	65	66		66
Earnings before interest, tax and amortization (EBITA), adjusted	63	43	45	168
% of sales	11.4	8.9		8.1
Operating profit (EBIT)	61	39	56	153
% of sales	11.0	8.0		7.4
Return on operative capital employed (ROCE), annualized, %	23.3	14.5		14.7
Personnel at the end of the period	9,313	8,353	11	8,890

Minerals' orders received increased 17 percent year-on-year and totaled EUR 654 million (EUR 560 million); orders received by the services business accounted for EUR 422 million (EUR 386 million). Sales growth of 13 percent to EUR 553 million (EUR 489 million) was driven by both equipment and services. Adjusted EBITA totaled EUR 63 million, or 11.4 percent of sales (EUR 43 million, or 8.9%), and operating profit was EUR 61 million, or 11.0 percent of sales (EUR 39 million, or 8.0%). Sales growth and improved operational efficiency contributed to the higher profitability.

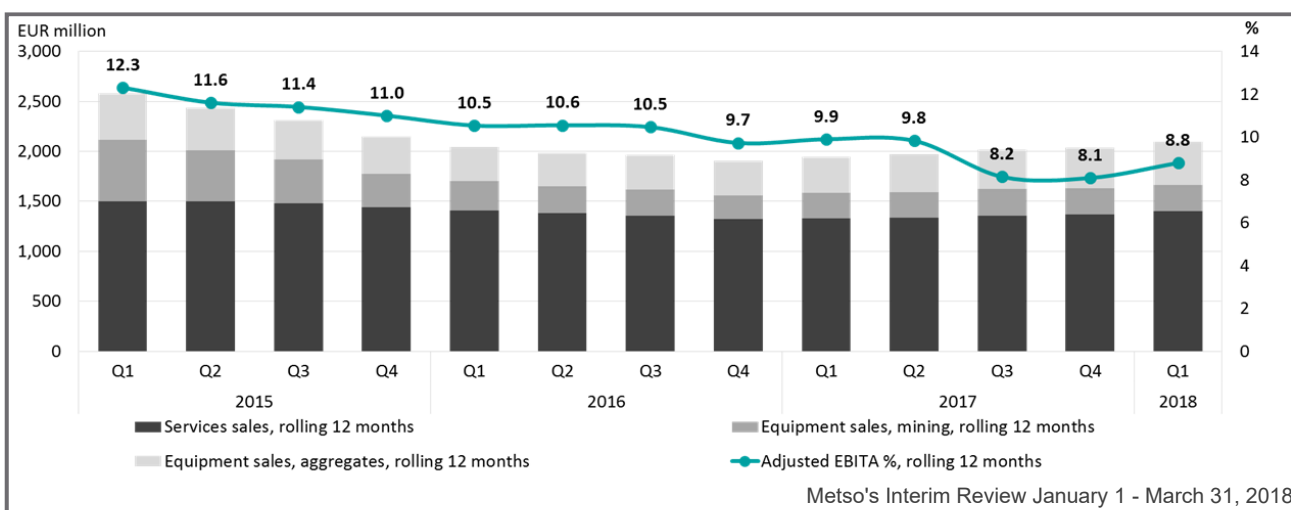
The aggregates business reported strong first-quarter growth for equipment orders, driven by India, China and North America. Continued good order intake during the previous quarters supported healthy sales growth for the aggregates. The aggregates distribution network in North America was strengthened with the addition of two new distributors.

Mining equipment and services orders received increased on the back of healthy market activity in the main mining markets.

Within the services business, orders received grew both in spare parts and consumables and in professional services. Two important mining service agreements were announced during the quarter: a three-year contract in Brazil, which covers the refurbishment of screening equipment used in mining applications as well as related spare parts and support; and a three-year Life Cycle Services contract in Quebec, Canada, designed to provide the customer with maximum availability of Metso equipment to meet production targets at their iron ore mine.

Orders and sales of the Recycling business increased thanks to good activity in the metal recycling market.

### Minerals: Sales and profitability



## Reporting segments: Flow Control

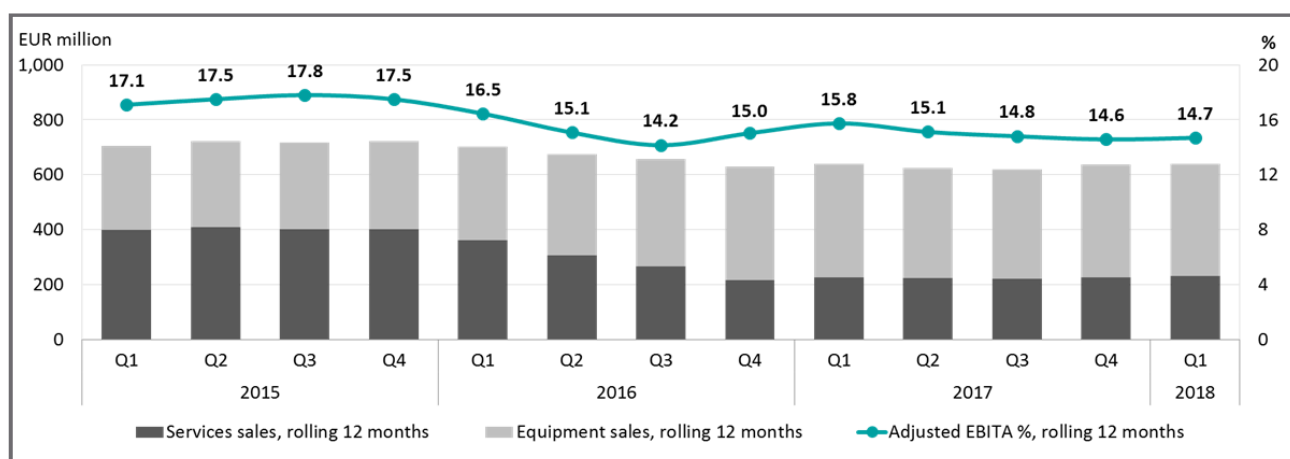
**Record-high orders received.**  
**Sales flat due to negative currency impact.**  
**Good profitability.**

EUR million	Q1/2018	Q1/2017	Change %	2017
Orders received	205	173	18	675
Orders received by the services business	68	65	5	243
% of orders received	33	38		36
Order backlog at the end of the period	306	258	19	267
Sales	161	159	1	635
Sales of the services business	60	57	5	228
% of sales	37	36		36
Earnings before interest, tax and amortization (EBITA), adjusted	25	25	2	93
% of sales	15.8	15.6		14.6
Operating profit (EBIT)	25	24	3	91
% of sales	15.4	15.2		14.3
Return on operative capital employed (ROCE), annualized, %	33.0	30.4		29.7
Personnel at the end of the period	2,575	2,632	-2	2,660

Flow Control's first-quarter orders received increased 18 percent to EUR 205 million (EUR 173 million). Orders for both valves and pumps grew by double-digits, supported by an increase in project orders and healthy distributor market activity. Flow Control's sales growth of 1 percent was negatively affected by the weakening of the US dollar against the euro. Profitability in the quarter was good. Adjusted EBITA was EUR 25 million, or 15.8 percent of sales (EUR 25 million, or 15.6%) and operating profit EUR 25 million, or 15.4 percent of sales (EUR 24 million, or 15.2%).

The biggest increases in market activity in the valves business occurred in North America and China. The increase in North America was driven by growing activity mainly amongst distributors serving the oil & gas markets, while the growth in China was attributable to pulp & paper-related project orders.

### Flow Control: Sales and profitability



## Decisions of the Annual General Meeting (AGM)

The Annual General Meeting was held in Helsinki on March 22, 2018. A total of 1,426 shareholders, representing 59 percent of Metso's votes, participated either in person or by proxy. The AGM approved the Financial Statements for 2017 and discharged the members of the Board of Directors and the President and CEOs from liability for the 2017 financial year.

The Nomination Board's proposals concerning Board members and their remuneration were also approved. The AGM confirmed the number of Board members as eight, and Mikael Lilius was re-elected as the Chair and Christer Gardell as the Vice Chair. Peter Carlsson, Ozey K. Horton Jr., Lars Josefsson, Nina Kopola and Arja Talma were re-elected for a new term. Antti Mäkinen, Managing Director of Solidium, was appointed as a new member. The term of office of the Board members will last until the end of the next AGM.

The Authorized Public Accountant firm Ernst & Young and Mikko Järventausta were elected as the Metso's Auditor and principal responsible auditor until the end of the next Annual General Meeting. The AGM approved a dividend of EUR 1.05 per share, which was paid on April 4, 2018. The AGM also approved the proposals of the Board of Directors to authorize the Board to decide on both the repurchase of Metso shares as well as the issuance of shares and special rights entitling to shares. The minutes of the meeting are available at [www.metso.com/agm](http://www.metso.com/agm).

After the AGM, the Board elected Arja Talma (Chair), Nina Kopola and Antti Mäkinen to its Audit Committee, and Mikael Lilius (Chair), Christer Gardell and Lars Josefsson to its Remuneration and HR Committee.

## President and CEO

On January 22, 2018, the Board of Directors appointed CFO Eeva Sipilä as Metso's interim President and CEO, effective February 3, 2018. The previous President and CEO Nico Delvaux left his duties on February 2, 2018. The search for a new President and CEO is under way.

## Annual report

Metso's annual report for 2017 was published on February 23, 2018. The report includes the financial statements, annual review, corporate governance statement and externally assured sustainability supplement. It is available at [www.metso.com/2017](http://www.metso.com/2017).

## Shares and share trading

Metso's share capital was EUR 140,982,843.80 and the number of shares 150,348,256 on March 31, 2018. This included 351,128 treasury shares held by the Parent Company, which represented 0.2 percent of all shares and votes. A total of 37,482,871 Metso shares were traded on Nasdaq Helsinki in January-March 2018, equivalent to a turnover of EUR 998 million. Metso's market capitalization, excluding shares held by the Parent Company, was EUR 3,850 million (EUR 4,270 million at the end of 2017).

## Metso share performance on Nasdaq Helsinki January 1- March 31, 2018

EUR

Closing price	25.61
Highest share price	30.22
Lowest share price	23.79
Volume-weighted average trading price	26.62

In addition to Nasdaq Helsinki, Metso's ADRs (American Depositary Receipts) are traded on the International OTCQX market in the United States under the ticker symbol 'MXCYY', with four ADRs representing one Metso share. The closing price of the Metso ADR on March 31, 2018, was USD 8.40.



## Flagging notifications

In January-March 2018, Metso received one flagging notification relating to changes in the direct shareholding, shareholding through financial instruments or their total amount. Metso is not aware of any shareholders' agreements regarding the ownership of Metso shares and voting rights.

Date	Shareholder	Threshold	Direct, %	Indirect, %	Total, %	Total shares
January 8	Blackrock, Inc.	above 5%	5.02	0.76	5.79	8,706,776

## Events after the reporting period

On April 4, Metso announced an agreement to acquire the valve automation division of the India-based valve technology company Rotex Manufacturers and Engineers Pvt. Ltd. The company has a market-leading position in India in the actuator business and an advanced offering of switches, process valves, and valve automation products and solutions. The acquired division's sales in the last fiscal year ending March 31, 2018, were approximately EUR 19 million and it employs around 275 people. The value of the transaction is not disclosed. Closing is expected to take place during the third quarter.

On April 9, Metso announced an agreement to acquire the mobile crushing and screening plant provider P.J. Jonsson och Söner, based in Sweden. With the acquisition, Metso aims to strengthen the breadth and availability of its product and service offering for the aggregates industry in the Nordics. The company's sales in the fiscal year 2017 were EUR 33 million and it has approximately 40 employees. The value of the transaction is not disclosed. Closing of the acquisition requires a clearance by the Swedish Competition Authority, and it is expected to take place in the third quarter.

## Short-term business risks and market uncertainties

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

Continued growth and inflation in our markets might pose challenges to our supply chain and price management with an impact on our growth capability and margins.

Exchange rate fluctuations and changes in commodity prices might affect our orders received, sales and financial performance, although the wide scope of our operations limits the exposure to single currencies or commodities. Metso hedges currency exposure linked to firm delivery and purchase agreements.

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

Information security and cyber threats can potentially disturb or disrupt Metso's businesses and operations.

## Market outlook

The outlook represents expected sequential market development with a rolling six-month view.

Our market conditions are expected to develop as follows:

Growth in demand to remain stable for Minerals equipment and services.

Growth in demand to remain stable for Flow Control equipment and services.

## CONSOLIDATED STATEMENT OF INCOME

EUR million	1-3/2018	1-3/2017	1-12/2017
Sales	714	647	2,699
Cost of goods sold	-505	-463	-1,968
Gross profit	209	184	731
Selling, general and administrative expenses	-130	-126	-510
Other operating income and expenses, net	2	2	-2
Share in profits of associated companies	0	0	0
Operating profit	80	59	218
Financial income	1	2	12
Financial expenses	-10	-12	-47
Financial expenses, net	-9	-10	-35
Profit before taxes	71	49	184
Income taxes	-21	-15	-82
<b>Profit for the period</b>	<b>50</b>	<b>34</b>	<b>102</b>
Attributable to:			
Shareholders of the company	50	34	102
Non-controlling interests	0	0	0
<b>Profit for the period</b>	<b>50</b>	<b>34</b>	<b>102</b>
<b>Earnings per share</b>			
Basic, EUR	0.33	0.23	0.68
Diluted, EUR	0.33	0.23	0.68

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-3/2018	1-3/2017	1-12/2017
Profit for the period	50	34	102
Items that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges, net of tax	0	1	3
Equity instruments at fair value, net of tax	0	0	0
Currency translation on subsidiary net investments	-9	6	-39
	-9	7	-36
Items that will not be reclassified to profit or loss:			
Defined benefit plan actuarial gains (+) / losses (-), net of tax	1	-	1
<b>Other comprehensive income (+) / expense (-)</b>	<b>-8</b>	<b>7</b>	<b>-35</b>
<b>Total comprehensive income (+) / expense (-)</b>	<b>42</b>	<b>41</b>	<b>67</b>
Attributable to:			
Shareholders of the company	42	41	67
Non-controlling interests	0	0	0
<b>Total comprehensive income (+) / expense (-)</b>	<b>42</b>	<b>41</b>	<b>67</b>

## CONSOLIDATED BALANCE SHEET

### ASSETS

EUR million	Mar 31, 18	Mar 31, 17	Dec 31, 17
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	464	452	466
Other intangible assets	74	82	79
	538	533	545
<b>Tangible assets</b>			
Land and water areas	42	44	43
Buildings and structures	96	111	98
Machinery and equipment	131	148	136
Assets under construction	14	7	10
	283	311	287
<b>Financial and other assets</b>			
Investments in associated companies	0	1	1
Non-current financial asset	5	8	5
Loan and other interest bearing receivables	3	3	3
Deferred tax asset	89	110	93
Other non-current assets	29	32	29
	126	154	130
<b>Total non-current assets</b>	<b>947</b>	<b>998</b>	<b>961</b>
<b>Current assets</b>			
<b>Inventories</b>	<b>792</b>	<b>729</b>	<b>750</b>
<b>Receivables</b>			
Trade and other receivables	644	612	631
Cost and earnings of projects under construction in excess of advance billings	87	62	66
Loan and other interest bearing receivables	1	1	0
Other current financial assets	140	116	167
Income tax receivables	27	31	38
<b>Receivables total</b>	<b>899</b>	<b>821</b>	<b>903</b>
<b>Cash and cash equivalents</b>	<b>694</b>	<b>725</b>	<b>673</b>
<b>Total current assets</b>	<b>2,385</b>	<b>2,274</b>	<b>2,326</b>
<b>TOTAL ASSETS</b>	<b>3,332</b>	<b>3,273</b>	<b>3,287</b>

**SHAREHOLDERS' EQUITY AND LIABILITIES**

<b>EUR million</b>	<b>Mar 31, 18</b>	<b>Mar 31, 17</b>	<b>Dec 31, 17</b>
<b>Equity</b>			
Share capital	141	141	141
Cumulative translation adjustments	-96	-42	-87
Fair value and other reserves	305	300	302
Retained earnings	883	916	988
<b>Equity attributable to shareholders</b>	<b>1,233</b>	<b>1,315</b>	<b>1,344</b>
<b>Non-controlling interests</b>	<b>7</b>	<b>8</b>	<b>7</b>
<b>Total equity</b>	<b>1,240</b>	<b>1,323</b>	<b>1,351</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term debt	554	754	554
Post employment benefit obligations	68	87	68
Provisions	37	42	37
Non-current financial liabilities	2	6	2
Deferred tax liability	17	6	18
<b>Total non-current liabilities</b>	<b>679</b>	<b>896</b>	<b>680</b>
<b>Current liabilities</b>			
Current portion of long-term debt	280	0	279
Short-term debt	17	22	21
Trade and other payables	692	660	547
Provisions	73	72	74
Advances received	217	193	198
Billings in excess of cost and earnings of projects under construction	82	52	58
Other current financial liabilities	12	13	10
Income tax liabilities	40	42	70
<b>Total current liabilities</b>	<b>1,413</b>	<b>1,054</b>	<b>1,257</b>
<b>Total liabilities</b>	<b>2,092</b>	<b>1,950</b>	<b>1,937</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,332</b>	<b>3,273</b>	<b>3,287</b>

**NET INTEREST BEARING LIABILITIES**

<b>EUR million</b>	<b>Mar 31, 18</b>	<b>Mar 31, 17</b>	<b>Dec 31, 17</b>
Long-term interest bearing debt	834	754	833
Short-term interest bearing debt	17	22	21
Cash and cash equivalents	-694	-725	-673
Other interest bearing assets	-129	-114	-157
<b>Net interest bearing liabilities</b>	<b>28</b>	<b>-63</b>	<b>24</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-3/2018	1-3/2017	1-12/2017
<b>Cash flows from operating activities:</b>			
Profit	50	34	102
Adjustments to reconcile profit to net cash provided by operating activities			
Depreciation and amortization	14	15	59
Financial income and expenses, net	9	10	35
Income taxes	21	15	82
Other	1	5	16
Change in net working capital	-44	-21	-23
Cash flows from operations	51	58	270
Financial income and expenses, net paid	-2	-4	-21
Income taxes paid	-38	-12	-64
<b>Net cash provided by operating activities</b>	<b>11</b>	<b>42</b>	<b>185</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures on intangible and tangible assets	-13	-6	-38
Proceeds from sale of intangible and tangible assets	1	2	5
Business acquisitions, net of cash acquired	-	-	-30
Other	-	0	-2
<b>Net cash provided by (+) / used in (-) investing activities</b>	<b>-11</b>	<b>-5</b>	<b>-66</b>
<b>Cash flows from financing activities:</b>			
Dividends paid	-	-	-157
Proceeds from (+) / Investments in (-) financial assets	28	8	-35
Net funding	-5	-20	59
Other items	-	-	-1
<b>Net cash provided by (-) / used in (-) financing activities</b>	<b>23</b>	<b>-12</b>	<b>-134</b>
Net increase (+) / decrease (-) in cash and cash equivalents	23	26	-15
Effect from changes in exchange rates	-2	1	-12
Cash and cash equivalents at beginning of period	673	698	698
<b>Cash and cash equivalents at end of period</b>	<b>694</b>	<b>725</b>	<b>673</b>

## FREE CASH FLOW

EUR million	1-3/2018	1-3/2017	1-12/2017
Net cash provided by operating activities	11	42	185
Capital expenditures on maintenance investments	-10	-5	-32
Proceeds from sale of intangible and tangible assets	1	2	5
<b>Free cash flow</b>	<b>2</b>	<b>39</b>	<b>158</b>



## 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
<b>Balance at Jan 1, 2017</b>	<b>141</b>	<b>-48</b>	<b>299</b>	<b>1,039</b>	<b>1,431</b>	<b>8</b>	<b>1,439</b>
Profit for the period	-	-	-	34	34	0	34
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	1	-	1	-	1
Equity instruments at fair value, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	6	-	-	6	-	6
Total comprehensive income (+) / expense (-)	-	6	1	34	41	0	41
Dividends	-	-	-	-157	-157	0	-157
Share-based payments, net of tax	-	-	0	-	0	-	0
Other	-	-	0	0	0	0	0
Changes in non-controlling interests	-	-	-	-	-	-	-
<b>Balance at Mar 31, 2017</b>	<b>141</b>	<b>-42</b>	<b>300</b>	<b>916</b>	<b>1,315</b>	<b>8</b>	<b>1,323</b>
<b>Balance at Dec 31, 2017</b>	<b>141</b>	<b>-87</b>	<b>302</b>	<b>988</b>	<b>1,344</b>	<b>7</b>	<b>1,351</b>
Effect of adopted new IFRS standards <sup>1)</sup>	-	-	3	0	2	0	2
<b>Balance at Jan 1, 2018</b>	<b>141</b>	<b>-87</b>	<b>305</b>	<b>987</b>	<b>1,346</b>	<b>7</b>	<b>1,353</b>
Profit for the period	-	-	-	50	50	0	50
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	-	-	0	-	0
Equity instruments at fair value, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	9	-	-	-9	0	-9
Defined benefit plan actuarial gains (+) / losses (-), net of tax	-	-	-	1	1	-	1
Total comprehensive income (+) / expense (-)	-	-9	0	51	42	0	42
Dividends	-	-	-	-157	-157	0	-157
Share-based payments, net of tax	-	-	0	-	0	-	0
Other	-	-	0	2	2	0	2
Changes in non-controlling interests	-	-	-	-	-	-	-
<b>Balance at Mar 31, 2018</b>	<b>141</b>	<b>-96</b>	<b>305</b>	<b>883</b>	<b>1,233</b>	<b>7</b>	<b>1,240</b>

<sup>1)</sup>IFRS 9 effect on retained earnings was EUR 491 thousand negative and IFRS 2 amendment effect on fair value reserve was EUR 2,594 thousand positive.

## Notes to the Interim review

### Content

1. Basis of preparation
2. New standards adopted in 2018
3. Key figures and formulas
4. Disaggregation of sales
5. Fair value estimation
6. Notional amounts of derivative instruments
7. Contingent liabilities and other commitments
8. Acquisitions
9. Segment information
10. Quarterly information
11. Exchange rates
12. Events after the reporting period

### 1. BASIS OF PREPARATION

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

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

### Reporting segments

Metso is measuring the performance of segments with operating profit/loss (EBIT). In addition, Metso uses alternative performance measures to reflect the underlying business performance and to improve comparability between financial periods: earnings before interest, tax and amortization (EBITA), adjusted and return on operative capital employed for reporting segments (segment ROCE). Alternative performance measures should, however, not be considered as a substitute for measures of performance in accordance with the IFRS.

## 2. NEW STANDARDS ADOPTED IN 2018

### IFRS 15

Metso has adopted the new IFRS 15 *Revenue from Contracts with Customers* standard from January 1, 2018. Adoption was done fully retrospectively using permitted practical expedients. IFRS 15 introduces a five-step model for assessing revenue recognition. The principle is that revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer. Revenue will be recognized either at a point in time or over time.

Adoption of the new standard has had no impact on timing of revenue recognition or on balance sheet presentation. Reported sales will be reduced by the amounts of late delivery penalties, which have until now been expensed. Accordingly, cost of goods sold (COGS) will be affected positively with the same amount. Gross profit and other income statement items as well as balance sheet will be unchanged.

The used practical expedients:

- client contracts signed and satisfied in 2017 were not adjusted
- client contracts fully satisfied by January 1, 2017 were not adjusted
- disclosure on transaction price allocated to unsatisfied performance obligations as at December 31, 2017 and the expected recognition period will not be reported

The IFRS 15 impact on Metso's Consolidated Statement of Income for 2017 is as follows:

<b>Metso Group</b>	<b>Restated</b>	<b>Adjustment</b>	<b>Reported</b>
<b>EUR million</b>	<b>1-12/2017</b>		<b>1-12/2017</b>
Sales	2,699	-8	2,706
Cost of goods sold (COGS)	-1,968	8	-1,976
<b>Gross profit</b>	<b>731</b>	<b>0</b>	<b>731</b>

Restated financial information for 2017 reflecting the impact of the IFRS 15 transition on quarterly figures and segment information was published on April 16, 2018.

### Revenue recognition principles 2018

Metso's Minerals segment provides standardized equipment deliveries and services consisting of wear or spare parts as well as customized large scale engineered system and/or equipment deliveries. Metso's Flow control segment provides process industry flow control solutions with delivering pumps and valves and related services.

#### Engineered system deliveries

With the customized large scale engineered system and/or equipment deliveries, where customer receives simultaneously the benefits provided and Metso has the right to payment for the performance completed, revenue will be recognized over time. Metso will continue to measure progress using the cost-to-cost method. In these contracts Metso typically requires advance payments from customers. These advance payments do not include a financing component, because the payment schedule of advances follows (closely) the timing of performance obligations to be satisfied.

#### Delivery of standardized equipment, pumps and valves

When Metso provides standardized equipment, equipment and wear or spare parts to customer, revenue will be recognized when control for the goods is transferred, typically at the delivery of the goods or after commissioning.

## Service agreements

A long-term service agreement is either a separate one or combined with the equipment delivery agreement. Metso's service commitments are mainly treated as separate performance obligations, and they will be recognized when the services are delivered over time. Short-term service agreements will be recognized at the point in time or by invoicing criteria. Some minor adjustments to the timing of the long-term service contracts might occur, due to the diversity of the performance obligations in the contracts.

## Variable components affecting to revenue recognitions

Typical variable components in Metso's agreements are late delivery penalties, rebates, possible extended warranties or right to return clauses. These elements might in the future reduce the amount to be recognized as revenue or postpone the recognition. Except for late delivery penalties, the impact of these variable elements has not been significant in the current contract portfolio and in the comparative period.

## IFRS 9

Metso has adopted IFRS 9 *Financial instruments* standard from January 1, 2018. In Metso, IFRS 9 adoption is related to three areas: new requirements for the classification and measurement of financial assets, the impairment model for financial assets based on expected loss method and to a new guidance on hedge accounting which will align more closely with common risk management practices.

Applying IFRS 9 did not have any significant impact on the classification or valuation of financial assets, impairment bookings on trade receivables and other financial assets or hedge accounting.

However, the adoption of IFRS 9 caused an adjustment to the carrying value of a debt instrument, for which the earlier modification loss has not been recognized. The adjustment in the opening retained earnings as at January 1, 2018 amounted to EUR 0.5 million. Accordingly, effective interest rate reduced by 0.76%-points to 5.67% for a loan principal of EUR 211 million maturing in 2018.

## IFRS 2

Metso has adopted the amendment to IFRS 2 *Classification and measurement of Share-based Payment Transactions* from January 1, 2018. The amendment clarifies the measurement and accounting treatment for cash-settled share-based payments. When an employer is committed to the net settlement feature so, that it withholds and pays to the tax authority an amount for the employee's tax obligation associated with a share-based payment, the whole award should be treated as if it would be equity-settled. The adoption of IFRS 2 amendment caused EUR 2.6 million adjustment increasing the fair value and other reserves in equity and releasing current liabilities as at January 1, 2018.

### 3.1 KEY FIGURES

	1-3/2018	1-3/2017	1-12/2017
Earnings per share, EUR	<b>0.33</b>	0.23	0.68
Diluted earnings per share, EUR	<b>0.33</b>	0.23	0.68
Equity/share at end of the period, EUR	<b>8.22</b>	8.77	8.96
Return on equity (ROE), %, (annualized)	<b>15.4</b>	9.9	7.3
Return on capital employed (ROCE) before taxes, %, (annualized)	<b>15.2</b>	11.1	10.3
Return on capital employed (ROCE) after taxes, %, (annualized)	<b>11.1</b>	8.3	6.6
Equity to assets ratio at end of the period, %	<b>40.9</b>	43.7	44.5
Net gearing at end of the period, %	<b>2.2</b>	-4.7	1.8
Free cash flow, EUR million	<b>2</b>	39	158
Free cash flow/share, EUR	<b>0.01</b>	0.26	1.05
Cash conversion, %	<b>4</b>	115	155
Gross capital expenditure (excl. business acquisitions), EUR million	<b>13</b>	6	38
Business acquisitions, net of cash acquired, EUR million	-	-	30
Depreciation and amortization, EUR million	<b>14</b>	15	59
Number of outstanding shares at end of the period (thousands)	<b>149,997</b>	149,997	149,997
Average number of shares (thousands)	<b>149,997</b>	149,989	149,995
Average number of diluted shares (thousands)	<b>150,167</b>	150,124	150,151



## 3.2 FORMULAS FOR KEY FIGURES

### Earnings before financial expenses, net, taxes and amortization (EBITA),

adjusted: Operating profit + adjustment items + amortization

### Earnings per share, basic:

Profit attributable to shareholders

Average number of outstanding shares during period

### Earnings per share, diluted:

Profit attributable to shareholders

Average number of diluted shares during period

### Equity/share:

Equity attributable to shareholders of the company

Number of outstanding shares at end of period

### Return on equity (ROE), %:

Profit for the year x 100

Total equity, average for period

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

Profit before taxes + interest and other financial expenses x 100

Capital employed, average for period

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

Profit for the year + interest and other financial expenses x 100

Capital employed, average for period

### Net gearing, %:

Net interest bearing liabilities x 100

Total equity

### Equity-to-assets ratio, %:

Total equity x 100

Balance sheet total – advances received

### Free cash flow:

Net cash provided by operating activities - capital expenditures on maintenance investments

+ proceeds from sale of intangible and tangible assets

### Free cash flow / share:

Free cash flow

Average number of outstanding shares during period

### Cash conversion, %:

Free cash flow x 100

Profit for the year

### Net interest bearing liabilities:

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

### Capital employed:

Net working capital (NWC) + intangible and tangible assets + non-current investments + interest bearing receivables + financial instruments held for trading + cash and cash equivalents + tax receivables, net + interest receivables, net

### Operative capital employed:

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

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

Operating profit x 100

Operative capital employed (month end average)

#### 4. DISAGGREGATION OF SALES

##### Sales by segments

EUR million	1-3/2018	1-3/2017	1-12/2017
Minerals	553	489	2,064
Flow Control	161	159	635
Group Head Office and other	-	-	-
Intra-Group sales	0	0	0
<b>Sales</b>	<b>714</b>	<b>647</b>	<b>2,699</b>

##### Sales by category

EUR million	1-3/2018	1-3/2017	1-12/2017
Sales of services, total	422	383	1,595
Minerals	362	325	1,368
Flow Control	60	57	228
Sales of projects, equipment and goods, total	292	264	1,103
Minerals	191	163	696
Flow Control	101	101	407
<b>Sales</b>	<b>714</b>	<b>647</b>	<b>2,699</b>

##### Sales by destination geographical area

EUR million	1-3/2018	1-3/2017	1-12/2017
Finland	22	17	85
Other European countries	162	134	596
North America	137	140	553
South and Central America	147	137	536
Asia-Pacific	184	153	670
Africa and Middle East	62	65	258
<b>Sales</b>	<b>714</b>	<b>647</b>	<b>2,699</b>

##### Timing of revenue recognition

EUR million	1-3/2018	1-3/2017	1-12/2017
At a point in time, total	669	585	2,489
Minerals	508	426	1,855
Flow Control	161	159	635
Over time, total	45	62	209
Minerals	45	62	209
Flow Control	0	-	-
<b>Sales</b>	<b>714</b>	<b>647</b>	<b>2,699</b>

## 5. FAIR VALUE ESTIMATION

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

Level 1	Quoted unadjusted prices at the balance sheet date in active markets. The market prices are readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. The quoted market price used for financial assets is the current bid price. Level 1 financial instruments include debt and equity investments classified as financial instruments available-for-sale or at fair value through profit and loss.
Level 2	<p>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:</p> <ul style="list-style-type: none"> <li>Over-the-counter derivatives classified as financial assets/liabilities at fair value through profit and loss or qualified for hedge accounting.</li> <li>Debt securities classified as financial instruments available-for-sale or at fair value through profit and loss.</li> <li>Fixed rate debt under fair value hedge accounting.</li> </ul>
Level 3	A financial instrument is categorized into Level 3, if the calculation of the fair value cannot be based on observable market data. Metso had no such instruments.

The table below present Metso's financial assets and liabilities that are measured at fair value. There has been no transfers between fair value levels during 2018 or 2017.

### March 31, 2018

EUR million	Level 1	Level 2	Level 3
<b>Assets</b>			
Financial assets at fair value through profit and loss			
• Derivatives	-	12	-
• Securities	0	125	-
Derivatives qualified for hedge accounting	-	9	-
Available for sale investments			
• Equity investments	-	-	-
• Debt investments	-	-	-
<b>Total assets</b>	<b>0</b>	<b>146</b>	<b>-</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit and loss			
• Derivatives	-	5	-
• Long term debt at fair value	-	398	-
Derivatives qualified for hedge accounting	-	11	-
<b>Total liabilities</b>	<b>-</b>	<b>414</b>	<b>-</b>

### March 31, 2017

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

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

## 6. NOTIONAL AMOUNTS OF DERIVATIVE INSTRUMENTS

EUR million	Mar 31, 18	Mar 31, 17	Dec 31, 17
Forward exchange rate contracts	1,273	994	1,347
Interest rate swaps	345	245	432
Cross currency swaps	244	244	244

The notional amount of electricity forwards was 21 GWh as of March 31, 2018 and 30 GWh as of March 31, 2017.

The notional amount of nickel forwards to hedge stainless steel prices was 258 tons as of March 31, 2018 and 258 tons as of March 31, 2017.

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

## 7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

EUR million	Mar 31, 18	Mar 31, 17	Dec 31, 17
Metso Group			
On behalf of others			
Guarantees <sup>1)</sup>	302	286	274
Other commitments			
Repurchase commitments	2	2	3
Other contingencies	7	5	3
Lease commitments	130	137	126

<sup>1)</sup> External guarantees given by parent and group companies

## 8. ACQUISITIONS

### Acquisitions in 2018

During the reporting period January 1 – March 31, 2018 Metso made no acquisitions.

### Acquisitions in 2017

On November 1, 2017, Metso acquired 100% of the share capital of Australian WearX Holding Pty Ltd, which is producing wear lining solutions. The acquisition strengthens Metso's position in the wear lining business and extends its offering in the Australian markets. Purchase price paid amounted to EUR 31 million, the Identifiable net assets EUR 12 million and generated goodwill EUR 19 million.

The acquired business contributed sales of EUR 4.7 million to the Metso Group for the period from November 1, 2017, to December 31, 2017, and the number of personnel was 142. The company's sales in the twelve months fiscal year 2017 that ended June 30, amounted to EUR 23 million.



## 9. SEGMENT INFORMATION

April 16, 2018 Metso published restated financial information for 2017 concerning IFRS 15 adoption. Here presented figures are restated.

### ORDERS RECEIVED

EUR million	1-3/2018	1-3/2017	4/2017-3/2018	1-12/2017
Minerals	654	560	2,402	2,308
Flow Control	205	173	707	675
Intra Metso orders received	0	0	0	0
<b>Metso total</b>	<b>859</b>	<b>733</b>	<b>3,109</b>	<b>2,982</b>

### SALES

EUR million	1-3/2018	1-3/2017	4/2017-3/2018	1-12/2017
Minerals	553	489	2,129	2,064
Flow Control	161	159	638	635
Intra Metso net sales	0	0	0	0
<b>Metso total</b>	<b>714</b>	<b>647</b>	<b>2,767</b>	<b>2,699</b>

### ADJUSTED EBITA AND OPERATING PROFIT

EUR million

Minerals	1-3/2018	1-3/2017	4/2017-3/2018	1-12/2017
Adjusted EBITA	63.0	43.4	187.4	167.8
% of sales	11.4	8.9	8.8	8.1
Capacity adjustment expenses	-	-2.7	-5.4	-8.1
Amortization of intangible assets	-1.9	-1.5	-6.8	-6.3
Minerals operating profit (EBIT)	61.1	39.3	175.2	153.4
% of sales	11.0	8.0	8.2	7.4

Flow Control	1-3/2018	1-3/2017	4/2017-3/2018	1-12/2017
Adjusted EBITA	25.4	24.8	93.7	93.1
% of sales	15.8	15.6	14.7	14.6
Amortization of intangible assets	-0.6	-0.6	-2.4	-2.4
Flow Control operating profit (EBIT)	24.8	24.2	91.4	90.8
% of sales	15.4	15.2	14.3	14.3

Group Head Office and other	1-3/2018	1-3/2017	4/2017-3/2018	1-12/2017
Adjusted EBITA	-3.5	-1.8	-18.9	-17.3
Amortization of intangible assets	-2.0	-2.2	-8.3	-8.5
Group Head Office and other operating profit (EBIT)	-5.5	-4.0	-27.1	-25.7

Metso total	1-3/2018	1-3/2017	4/2017-3/2018	1-12/2017
Adjusted EBITA	84.9	66.4	262.2	243.6
% of sales	11.9	10.2	9.5	9.0
Capacity adjustment expenses	-	-2.7	-5.4	-8.1
Amortization of intangible assets	-4.5	-4.3	-17.5	-17.2
Metso operating profit (EBIT)	80.4	59.5	239.5	218.5
% of sales	11.3	9.2	8.7	8.1

### OPERATIVE CAPITAL EMPLOYED AND SEGMENT ROCE-%

EUR million, %	1-3/2018	1-3/2017	1-12/2017
Minerals	1,077	1,037	1,050
Segment ROCE-%, annualized	23.3	14.5	14.7
Flow Control	298	325	290
Segment ROCE-%, annualized	33.0	30.4	29.7

## 10. QUARTERLY INFORMATION

<b>ORDERS RECEIVED</b> <b>EUR million</b>	<b>1-3/2017</b>	<b>4-6/2017</b>	<b>7-9/2017</b>	<b>10-12/2017</b>	<b>1-3/2018</b>
Minerals	560	575	646	527	<b>654</b>
Flow Control	173	174	171	157	<b>205</b>
Group Head Office and other	-	-	-	-	-
Intra Metso orders received	0	0	0	0	<b>0</b>
<b>Metso total</b>	<b>733</b>	<b>749</b>	<b>817</b>	<b>684</b>	<b>859</b>

<b>SALES</b> <b>EUR million</b>	<b>1-3/2017</b>	<b>4-6/2017</b>	<b>7-9/2017</b>	<b>10-12/2017</b>	<b>1-3/2018</b>
Minerals	489	523	513	540	<b>553</b>
Flow Control	159	152	155	170	<b>161</b>
Group Head Office and other	-	-	-	-	-
Intra Metso net sales	0	0	0	0	<b>0</b>
<b>Metso total</b>	<b>647</b>	<b>675</b>	<b>668</b>	<b>710</b>	<b>714</b>

<b>ADJUSTED EBITA</b> <b>EUR million</b>	<b>1-3/2017</b>	<b>4-6/2017</b>	<b>7-9/2017</b>	<b>10-12/2017</b>	<b>1-3/2018</b>
Minerals	43.4	54.9	21.3	48.2	<b>63.0</b>
Flow Control	24.8	16.4	25.3	26.6	<b>25.4</b>
Group Head Office and other	-1.8	-1.3	-3.6	-10.5	<b>-3.5</b>
<b>Metso total</b>	<b>66.4</b>	<b>70.0</b>	<b>43.0</b>	<b>64.3</b>	<b>84.9</b>

<b>ADJUSTED EBITA, % OF SALES</b> <b>%</b>	<b>1-3/2017</b>	<b>4-6/2017</b>	<b>7-9/2017</b>	<b>10-12/2017</b>	<b>1-3/2018</b>
Minerals	8.9	10.5	4.2	8.9	<b>11.4</b>
Flow Control	15.6	10.8	16.3	15.6	<b>15.8</b>
Group Head Office and other	n/a	n/a	n/a	n/a	<b>n/a</b>
<b>Metso total</b>	<b>10.3</b>	<b>10.4</b>	<b>6.4</b>	<b>9.1</b>	<b>11.9</b>

<b>ADJUSTMENT ITEMS</b> <b>EUR million</b>	<b>1-3/2017</b>	<b>4-6/2017</b>	<b>7-9/2017</b>	<b>10-12/2017</b>	<b>1-3/2018</b>
Minerals	-2.7	-6.0	0.5	0.1	-
Flow Control	-	-	-	-	-
Group Head Office and other	-	-	-	-	-
<b>Metso total</b>	<b>-2.7</b>	<b>-6.0</b>	<b>0.5</b>	<b>0.1</b>	<b>-</b>

<b>AMORTIZATION</b> <b>EUR million</b>	<b>1-3/2017</b>	<b>4-6/2017</b>	<b>7-9/2017</b>	<b>10-12/2017</b>	<b>1-3/2018</b>
Minerals	-1.5	-1.4	-1.5	-2.0	<b>-1.9</b>
Flow Control	-0.6	-0.6	-0.6	-0.6	<b>-0.6</b>
Group Head Office and other	-2.2	-2.2	-2.1	-2.0	<b>-2.0</b>
<b>Metso total</b>	<b>-4.3</b>	<b>-4.2</b>	<b>-4.1</b>	<b>-4.6</b>	<b>-4.5</b>

## 10. QUARTERLY INFORMATION

<b>OPERATING PROFIT (LOSS) EUR million</b>	<b>1-3/2017</b>	<b>4-6/2017</b>	<b>7-9/2017</b>	<b>10-12/2017</b>	<b>1-3/2018</b>
Minerals	39.3	47.4	20.3	46.4	<b>61.1</b>
Flow Control	24.2	15.8	24.8	26.0	<b>24.8</b>
Group Head Office and other	-4.0	-3.4	-5.7	-12.6	<b>-5.4</b>
<b>Metso total</b>	<b>59.4</b>	<b>59.8</b>	<b>39.4</b>	<b>59.8</b>	<b>80.5</b>

<b>OPERATING PROFIT (LOSS), % OF SALES</b>	<b>1-3/2017</b>	<b>4-6/2017</b>	<b>7-9/2017</b>	<b>10-12/2017</b>	<b>1-3/2018</b>
<b>%</b>					
Minerals	8.0	9.1	4.0	8.6	<b>11.0</b>
Flow Control	15.2	10.4	16.0	15.3	<b>15.4</b>
Group Head Office and other	n/a	n/a	n/a	n/a	<b>n/a</b>
<b>Metso total</b>	<b>9.2</b>	<b>8.9</b>	<b>5.9</b>	<b>8.4</b>	<b>11.3</b>

<b>CAPITAL EMPLOYED</b>	<b>Mar 31, 2017</b>	<b>June 30, 2017</b>	<b>Sep 30, 2017</b>	<b>Dec 31, 2017</b>	<b>Mar 31, 2018</b>
<b>EUR million</b>					
Minerals *	1,037	1,032	1,018	1,051	<b>1,077</b>
Flow Control *	325	311	295	290	<b>298</b>
Group Head Office and other	894	838	881	863	<b>717</b>
<b>Metso total</b>	<b>2,256</b>	<b>2,181</b>	<b>2,194</b>	<b>2,204</b>	<b>2,092</b>

\* Operative capital employed includes only external balance sheet items.

<b>ORDER BACKLOG</b>	<b>Mar 31, 2017</b>	<b>June 30, 2017</b>	<b>Sep 30, 2017</b>	<b>Dec 31, 2017</b>	<b>Mar 31, 2018</b>
<b>EUR million</b>					
Minerals	1,138	1,140	1,212	1,173	<b>1,248</b>
Flow Control	258	271	279	267	<b>306</b>
Group Head Office and other	-	-	-	-	<b>-</b>
Intra Metso order backlog	0	0	0	0	<b>0</b>
<b>Metso total</b>	<b>1,396</b>	<b>1,411</b>	<b>1,491</b>	<b>1,439</b>	<b>1,440</b>

<b>PERSONNEL</b>	<b>Mar 31, 2017</b>	<b>June 30, 2017</b>	<b>Sep 30, 2017</b>	<b>Dec 31, 2017</b>	<b>Mar 31, 2018</b>
Minerals	8,353	8,567	8,607	8,890	<b>9,313</b>
Flow Control	2,632	2,685	2,584	2,660	<b>2,575</b>
Group Head Office and other	468	536	507	487	<b>468</b>
<b>Metso total</b>	<b>11,453</b>	<b>11,788</b>	<b>11,698</b>	<b>12,037</b>	<b>12,356</b>

## 11. EXCHANGE RATES

		1-3/2018	1-3/2017	1-12/2017	Mar 31, 18	Mar 31, 17	Dec 31, 17
USD	(US dollar)	1.2246	1.0646	1.1307	1.2321	1.0691	1.1993
SEK	(Swedish krona)	9.9962	9.5257	9.6392	10.2843	9.5322	9.8438
GBP	(Pound sterling)	0.8814	0.8565	0.8742	0.8749	0.8555	0.8872
CAD	(Canadian dollar)	1.5458	1.4123	1.4684	1.5895	1.4265	1.5039
BRL	(Brazilian real)	3.9913	3.3613	3.6271	4.0938	3.3800	3.9729
CNY	(Chinese yuan)	7.7784	7.3399	7.6299	7.7468	7.3642	7.8044
AUD	(Australian dollar)	1.5594	1.4146	1.4780	1.6036	1.3982	1.5346

## 12. EVENTS AFTER THE REPORTING PERIOD

On April 4, Metso announced an agreement to acquire the valve automation division of the India-based valve technology company Rotex Manufacturers and Engineers Pvt. Ltd. The company has a market-leading position in India in the actuator business and an advanced offering of switches, process valves, and valve automation products and solutions. The acquired division's sales in the last fiscal year ending March 31, 2018, were approximately EUR 19 million and it employs around 275 people. The value of the transaction is not disclosed. Closing is expected to take place during the third quarter.

On April 9, Metso announced an agreement to acquire the mobile crushing and screening plant provider P.J. Jonsson och Söner, based in Sweden. With the acquisition, Metso aims to strengthen the breadth and availability of its product and service offering for the aggregates industry in the Nordics. The company's sales in the fiscal year 2017 were EUR 33 million and it has approximately 40 employees. The value of the transaction is not disclosed. Closing of the acquisition requires a clearance by the Swedish Competition Authority, and it is expected to take place in the third quarter.

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.

### **Metso's financial information in 2018**

Financial Statements Review for 2017 on February 2

Annual Report on February 23

Interim Review for January – March 2018 on April 25

Half-Year Financial Review for 2018 on July 26

Interim Review for January – September 2018 on October 26



**Metso Corporation, Group Head Office, Töölönlahdenkatu 2, PO Box 1220, FIN-00101 Helsinki, Finland**  
**Tel. +358 20 484 100 Fax +358 20 484 101 [www.metso.com](http://www.metso.com)**