Financial Statements Review 2012

metso

Metso's Financial Statements Review January 1 – December 31, 2012

Continued growth and an improved result in 2012

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

Highlights of 2012

- New orders worth EUR 6,865 million were received during 2012 (EUR 7,961 million). Orders received by the services business increased 5 percent and were EUR 3,264 million, i.e. 49 percent of all orders received (EUR 3,100 million and 40%).
- Net sales increased 13 percent from 2011 and were EUR 7,504 million (EUR 6,646 million). Services business net sales increased 11 percent and totaled EUR 3,174 million, i.e. 44 percent of total net sales (EUR 2,871 million and 45%).
- Earnings before interest, tax, and amortization (EBITA), before non-recurring items, increased 9 percent and were EUR 684 million, i.e. 9.1 percent of net sales (EUR 629 million and 9.5%).
- Non-recurring expenses were EUR 36.0 million(EUR 5.1 million), mainly related to capacity adjustment measures.
- Earnings per share of EUR 2.49 (EUR 2.38).
- Free cash flow was EUR 257 million (EUR 375 million).
- The Board proposes a dividend of EUR 1.85 per share, i.e. 74 percent of earnings per share (EUR 1.70 and 71% of earnings per share).

Highlights of the last quarter of 2012

- New orders in October-December totaled EUR 1,699 million (EUR 1,313 million). Orders received increased in all reporting segments. Orders received by the services business increased strongly, by 11 percent, and were EUR 741 million, i.e. 45 percent of all orders received (EUR 669 million and 54%).
- Net sales remained similar to the comparison period, at EUR 2,098 million (EUR 2,074 million). Our services business net sales were up 5 percent and totaled EUR 870 million, accounting for 42 percent of total net sales (EUR 829 million and 41%).
- Earnings before interest, tax, and amortization (EBITA), before non-recurring items, decreased 3 percent and were EUR 196 million, i.e. 9.3 percent of net sales (EUR 202 million and 9.7%).
- Earnings per share of EUR 0.49 (EUR 0.81).
- Free cash flow was EUR 69 million (EUR 45 million).

Guidance for financial performance during 2013

Based on the current economic situation, market outlook, and our order backlog for 2013, as well as foreign exchange rates remaining similar to those in December 2012, we estimate that in 2013 our EBITA before non-recurring items will be at around 2012 levels and our net sales at 2012 level or slightly below.

Metso's President and CEO Matti Kähkönen's comments on 2012:

2012 was another year of growth and improved results for Metso. Our operating environment was somewhat challenging, as economic growth slowed in some of our main markets, such as China, which was reflected in our customers' decision-making on large capital projects. Despite this, our order intake during 2012 was good, thanks to smaller projects and services business. We met our goal of growing our services business by more than 10 percent, which is another strong achievement. Actively developing our services capabilities and offering continues to be our top priority, and will help us to grow the services business further in 2013 and beyond. In addition to top-line growth, we also improved our profit and return on capital employed during 2012.

Looking at our businesses, activity in the Mining sector is expected to remain largely unchanged at the level seen in late 2012. Construction is seeing stable demand, while good activity in oil and gas continues to support Automation. We expect some large new pulp projects to go ahead during 2013, but the paper and board machine market continues to be quiet.

Our aim for 2013 is clear. We will focus on securing and enhancing our competitiveness and continue to utilize growth opportunities in various customer industries to add value for all of our stakeholders.

Metso's key figures

EUR million	Q4/2012	Q4/2011	Change %	Q1-Q4/ 2012	Q1-Q4/ 2011	Change %
Orders received	**1,699**	1,313	29	**6,865**	7,961	-14
Orders received of services business	**741**	669	11	**3,264**	3,100	5
% of orders received [1]	**45**	54		**49**	40	
Order backlog at end of period				**4,515**	5,310	-15
Net sales	**2,098**	2,074	1	**7,504**	6,646	13
Net sales of services business	**870**	829	5	**3,174**	2,871	11
% of net sales [1]	**42**	41		**44**	45	
Earnings before interest, tax and amortization (EBITA) and non-recurring items	**195.9**	202.1	-3	**684.3**	628.5	9
% of net sales	**9.3**	9.7		**9.1**	9.5	
Operating profit	**149.5**	188.5	-21	**598.5**	571.8	5
% of net sales	**7.1**	9.1		**8.0**	8.6	
Earnings per share, EUR	**0.49**	0.81	-40	**2.49**	2.38	5
Free cash flow	**69**	45	53	**257**	375	-31
Return on capital employed (ROCE) before taxes, %				**19.6**	18.4	
Equity to assets ratio at end of period, %				**40.5**	39.8	
Gearing at end of period, %				**14.2**	12.2	

[1] Excluding Valmet Automotive.

Metso's Financial Statements Review 2012

Operating environment and demand in 2012

Ongoing uncertainty in the world economy was reflected to some degree in our customer industries. This uncertainty had somewhat negative impact on market activity, and certain customers have delayed their decisions on major projects. There were no notable geographical changes in demand. Raw material prices were stable, and wage inflation in emerging markets leveled off. Good capacity utilization rates within customer industries kept demand for our services business at a good level.

Demand for mining equipment and projects leveled off from the high activity seen during 2011, especially during the second half of 2012. Due to high utilization rates at mines and our large installed equipment base, demand for our mining services remained excellent.

Demand for construction equipment slowed in China and India, and in the rest of Asia-Pacific. In Brazil, ongoing infrastructure projects kept demand for construction equipment active. Demand in Europe and North America remained at a relatively low level, and was satisfactory. Demand for our construction industry services remained satisfactory.

Demand for products and services supplied by our Automation businesses to the energy and oil and gas industries remained good, while demand among pulp and paper customers softened.

The pulp mill market remained satisfactory, but customers have postponed their decision-making relating to orders under negotiation. Demand for rebuilds and services was good, as a result of more stable pulp prices and good capacity utilization rates at customer sites.

Demand for paper and board lines was weak. Activity in the Chinese market remained low, partly due to general economic uncertainty. Stable capacity utilization rates in the paper and board industry kept demand for our services at a good level.

Demand for power plants utilizing renewable energy sources, as well as power plant services, was satisfactory in 2012, however, a number of customers have postponed decisions on larger projects.

Orders received

In October–December, we received new orders worth EUR 1,699 million, i.e. 29 percent more than in the comparison period (EUR 1,313 million). Using comparable exchange rates, growth was 28 percent. Emerging markets accounted for 49 percent (44%) of new orders. Services orders grew 11 percent and accounted for 45 percent of total orders (54%). The increase in services orders was mainly attributable to the Mining and Construction segment. Using comparable exchange rates growth was 9 percent. The share of emerging markets in our services orders received was 42 percent (40%).

Major orders received during the fourth quarter included:
- four complete tissue production lines for HengAn Group in China,
- two power boilers, including a Metso DNA control system, for PT Cikarang Listrindo in Babelan, Indonesia,

- a biomass-fired combined heat and power plant for Värnamo Energi in Värnamo, Sweden,
- over 700 automated valves for Sappi's fiberline expansion at the Ngodwana mill in South Africa,
- a multi-year mill agreement covering the supply of maintenance services for Greenpac Mill's board mill in the US,
- a grade conversion rebuild for Norske Skog's Boyer plant in Tasmania, Australia, including a cooperation agreement aimed at achieving the key objectives of the conversion,
- mining equipment for OAO Severstal's Olkon mine in Russia, and
- pulp drying line for Hyogo Pulp in Japan.

We received new orders worth EUR 6,865 million in January–December, i.e. 14 percent less than in 2011. This decrease is mainly attributable to the exceptionally large pulp and mining equipment orders booked in 2011. Using comparable exchange rates, new orders were down 16 percent. Emerging markets accounted for 48 percent (51%) of orders. Orders received by the services business increased 5 percent and were EUR 3,264 million, i.e. 49 percent of all orders received (EUR 3,100 million and 40%). Using comparable exchange rates, services business orders increased 2 percent. Emerging markets accounted for 41 percent (43%) of services orders received. The top three countries for new orders were the US, Sweden, and China, which accounted for 31 percent of all orders received.

Orders from mining customers during 2012 were down 5 percent, and those from construction customers decreased 10 percent. Orders received by the Flow Control business increased 13 percent, while those received by Process Automation Systems decreased 18 percent. Orders received were lower than during 2011 in all of the Pulp, Paper and Power segment's capital businesses.

In addition to the fourth quarter, major orders received during the year included:

Mining and Construction segment:
- crushing, screening, and grinding equipment, as well as a six-year life-cycle service contract, for Russian Copper Company's copper mine in southwest Russia,
- the world's largest fully mobile, track-mounted crushing plant for Altay Polimetally's copper mine in Kazakhstan, and
- a multi-year service contract for Northland Resources' Kaunisvaara iron ore project in Sweden.

Automation segment:
- an extensive automation package for the Kipas Kagit container board machine in Turkey,
- process automation for a Metso-supplied board line in China,
- automation technology for two major infrastructure projects in South America,
- high-performance on-off valves and actuators supplied to Technip for Algiers Refinery's modernization project in Algeria, and
- intelligent controllers for the Norwegian Goliat floating production storage and offloading plant in the Barents Sea.

Pulp, Paper and Power segment:
- a board production line in China,
- a recovered fuel-fired boiler for Mälarenergi in Sweden, and
- a complete containerboard machine for Kipas Kagit in Turkey.

Order backlog

As of the end of the year, our order backlog was EUR 4,515 million, which was 15 percent lower than at the end of 2011 (EUR 5,310 million). Around 80 percent of the backlog, i.e. EUR 3.6 billion, is expected to be recognized as net sales in 2013 (75%, i.e. EUR 4.0 billion); around 28 percent of this relates to the services business (24%). The proportion of order backlog expected to be recognized as net sales in 2013, by segment, is as follows:
- Mining and Construction: 83 percent (83%),
- Automation: 95 percent (95%), and
- Pulp, Paper and Power: 75 percent (69%).

There were no major cancellations or exceptional postponements of orders during 2012. The only uncertain order in our backlog at the end of the year was the Fibria pulp mill project in Brazil, which is valued at around EUR 330 million.

Orders received and order backlog by reporting segment

EUR million	Q4/2012	Q4/2011	Change %	Q1-Q4/2012	Q1-Q4/2011	Change %
Mining and Construction	**794**	651	22	**3,436**	3,714	-7
Services business	**409**	364	12	**1,771**	1,603	10
Equipment, product and project business	**383**	282	36	**1,658**	2,103	-21
Intra-Metso orders received	**2**	5		**7**	8	
Order backlog at the end of period				**1,983**	2,144	-8
Automation	**206**	197	5	**845**	822	3
Services business	**85**	75	13	**382**	352	9
Equipment, product and project business	**105**	105	0	**404**	407	-1
Intra-Metso orders received	**16**	17		**59**	63	
Order backlog at the end of period				**343**	364	-6
Pulp, Paper and Power	**677**	412	64	**2,444**	3,225	-24
Services business	**247**	230	7	**1,111**	1,145	-3
Equipment, product and project business	**427**	179	139	**1,323**	2,069	-36
Intra-Metso orders received	**3**	3		**10**	11	
Order backlog at the end of period				**2,249**	2,863	-21
Valmet Automotive	**43**	76	-43	**216**	281	-23
Intra-Metso orders received	**-21**	-23		**-76**	-81	
Metso total	**1,699**	1,313	29	**6,865**	7,961	-14
Order backlog at the end of period				**4,515**	5,310	-15

Orders received by market area

EUR million	Q4/2012	Q4/2011	Change %	Q1-Q4/2012	Q1-Q4/2011	Change %
Emerging markets	**835**	577	45	**3,278**	4,084	-20
% of Mining and Construction orders received	**57**	54		**58**	56	
% of Automation orders received	**43**	38		**42**	41	
% of Pulp, Paper and Power orders received	**44**	38		**38**	52	
Developed markets	**864**	736	17	**3,587**	3,877	-7
Metso total	**1,699**	1,313	29	**6,865**	7,961	-14

Financial performance

Net sales in October–December remained similar to the level booked in the last quarter of 2011, at EUR 2,098 million (EUR 2,074 million). Net sales in the services business increased 5 percent on the comparison period, and accounted for 42 percent of total net sales (41%). Using fixed exchange rates, Group net sales remained similar to those booked in the comparison period, while net sales in our services business grew by 3 percent.

Earnings before interest, tax and amortization and before non-recurring items (EBITA before non-recurring items) during the last quarter of 2012 were EUR 196 million, i.e. 9.3 percent of net sales (EUR 202 million and 9.7%).

Metso's operating profit (EBIT) in October–December was EUR 150 million, i.e. 7.1 percent of net sales (EUR 189 million and 9.1%). EBIT included non-recurring expenses of EUR 33.8 million (EUR 0.4 million), mainly related to capacity adjustment measures. Non-recurring items are detailed in the Tables section.

Net sales in January–December increased 13 percent compared to 2011 and totaled EUR 7,504 million (EUR 6,646 million). Growth was organic and was seen in all segments. Using comparable exchange rates, growth was 10 percent. Net sales in the services business increased 11 percent and accounted for 44 percent (45%) of total net sales. All segments, particularly Mining and Construction, contributed to this growth in services. Using comparable exchange rates, growth in the services business was 7 percent. Measured by net sales, the top three countries were the US, Brazil, and China, which together accounted for 35 percent of net sales. Net sales from emerging markets increased 15 percent and accounted for 50 percent (49%) of net sales.

Earnings before interest, tax and amortization (EBITA), and before non-recurring items, in 2012 increased 9 percent and were EUR 684 million, i.e. 9.1 percent of net sales (EUR 629 million and 9.5%). The Mining and Construction segment's EBITA before non-recurring items increased significantly, while that of Pulp, Paper and Power declined. Automation's result remained comparable to that booked in 2011. Metso's operating profit (EBIT) in 2012 was EUR 599 million, i.e. 8.0 percent of net sales (EUR 572 million and 8.6%). EBIT included EUR 36.0 million in non-recurring expenses (EUR 5.1 million), mainly related to capacity adjustment measures.

Net financing expenses in 2012 were EUR 49 million (EUR 65 million). These included EUR 63 million in interest expenses (EUR 75 million), EUR 21 million in interest income (EUR 26 million), EUR 0 million in foreign exchange gains (EUR 3 million in foreign exchange losses), and EUR 7 million in other net financial expenses (EUR 13 million).

Profit before taxes was EUR 550 million (EUR 507 million) and tax rate was 32 percent (29%). Tax rate in 2013 is expected to be similar to that in 2012.

Profit attributable to shareholders for the year was EUR 373 million (EUR 356 million), corresponding to earnings per share (EPS) of EUR 2.49 (EUR 2.38). Earnings per share were impacted by restructuring expenses of about EUR 0.18.

Return on capital employed (ROCE) before taxes during 2012 was 19.6 percent (18.4%) and return on equity (ROE) was 17.5 percent (17.8%).

Net sales by reporting segment

EUR million	**Q4/2012**	Q4/2011	Change %	**Q1-Q4/2012**	Q1-Q4/2011	Change %
Mining and Construction	**924**	928	0	**3,492**	2,967	18
Services business	**445**	409	9	**1,692**	1,478	14
Equipment, product and project business	**477**	517	-8	**1,793**	1,481	21
Intra-Metso net sales	**2**	2		**7**	8	
Automation	**233**	244	-5	**859**	770	12
Services business	**105**	107	-2	**380**	345	10
Equipment, product and project business	**104**	123	-15	**416**	368	13
Intra-Metso net sales	**24**	14		**63**	57	
Pulp, Paper and Power	**925**	844	10	**3,014**	2,703	12
Services business	**320**	313	2	**1,102**	1,048	5
Equipment, product and project business	**602**	528	14	**1,903**	1,644	16
Intra-Metso net sales	**3**	3		**9**	11	
Valmet Automotive	**43**	76	-43	**216**	281	-23
Intra-Metso net sales	**-27**	-18		**-77**	-75	
Metso total	**2,098**	2,074	1	**7,504**	6,646	13

Net sales by market area

EUR million	Q4/2012	Q4/2011	Change %	Q1-Q4/2012	Q1-Q4/2011	Change %
Emerging markets	**1,055**	1,045	1	**3,718**	3,247	15
Developed markets	**1,043**	1,029	1	**3,786**	3,399	11
Metso total	**2,098**	2,074	1	**7,504**	6,646	13

EBITA before non-recurring items and percent of net sales

EUR million	Q4/2012	Q4/2011	Change %	Q1-Q4/2012	Q1-Q4/2011	Change %
Mining and Construction	**118.7**	120.1	-1	**418.5**	324.4	29
% of net sales	**12.8**	12.9		**12.0**	10.9	
Automation	**31.2**	36.4	-14	**103.1**	103.9	-1
% of net sales	**13.4**	14.9		**12.0**	13.5	
Pulp, Paper and Power	**55.9**	48.4	15	**200.3**	218.8	-8
% of net sales	**6.0**	5.7		**6.6**	8.1	
Metso total	**195.9**	202.1	-3	**684.3**	628.5	9
% of net sales	**9.3**	9.7		**9.1**	9.5	

Reporting Segments

Mining and Construction

Our Recycling business was integrated into the Mining and Construction segment at the end of 2012, and its figures have been restated here accordingly.

Net sales in Mining and Construction increased 18 percent to EUR 3,492 million in 2012. Net sales from mining customers were up 27 percent and from construction customers up 2 percent. Net sales in the services business increased 14 percent, with growth primarily coming from mining customers. The services business accounted for 49 percent of the segment's total net sales.

Mining and Construction's EBITA before non-recurring items increased 29 percent to EUR 419 million, i.e. 12.0 percent of net sales. This favorable development was mainly due to growth in volumes, while margins remained stable.

Operating profit (EBIT) for the entire year was EUR 400 million, i.e. 11.5 percent of net sales.

The segment's return on operative capital employed (ROCE) was 28.8 percent (25.3%).

Automation

Net sales in the Automation segment in 2012 rose 12 percent and were EUR 859 million. Net sales of the Flow Control business increased 19 percent and those of the Process Automation Systems business 3 percent compared to 2011. Net sales of the services business increased 10 percent and accounted for 48 percent of the segment's net sales.

Automation's EBITA before non-recurring items remained at 2011 levels, at EUR 103 million, i.e. 12.0 percent of net sales. The Flow Control business recorded a stronger EBITA, while Process Automation Systems' EBITA declined compared to 2011, which was a very strong year for this business.

Automation's operating profit (EBIT) for 2012 was EUR 98 million, i.e. 11.4 percent of net sales.

The segment's return on operative capital employed (ROCE) was 32.5 percent (39.0%).

Pulp, Paper and Power

Pulp, Paper and Power's net sales in 2012 increased 12 percent, to EUR 3,014 million. Net sales were higher in all the segment's businesses, particularly in Power business. Net sales of the services business increased 5 percent and accounted for 37 percent of the segment's net sales.

The segment's EBITA before non-recurring items declined 8 percent and was EUR 200 million, i.e. 6.6 percent of net sales. This was mainly due to unfavorable business mix as well as weaker project performance and underabsorption in the Paper business.

Operating profit (EBIT) for 2012 was EUR 148 million, i.e. 4.9 percent of net sales. This figure included restructuring costs in Finland and China totaling EUR 23 million, of which around EUR 10 million related to personnel and more than EUR 10 million took the form of write-downs on fixed assets. Restructuring measures are expected to yield annual savings of approximately EUR 25 million.

The segment's return on operative capital employed (ROCE) was 23.2 percent (27.2%).

Separate business entity

Valmet Automotive

Valmet Automotive's net sales decreased 23 percent in 2012 and were EUR 216 million (EUR 281 million). EBITA before non-recurring items was EUR 0.7 million, i.e. 0.3 percent of net sales

(EUR 12 million and 4.3%). Valmet Automotive employed 1,093 people as of the end of December, excluding 585 people who were temporarily laid-off (1,705 employed at the end of 2011). About half of personnel were employed in Finland and the rest mainly in Germany and Poland. In October, Valmet Automotive and Daimler AG finalized the contract to manufacture new Mercedes-Benz A-Class cars at Valmet Automotive's plant in Uusikaupunki, Finland. Production is scheduled to start during 2013.

Cash flow and financing

Net cash provided by operating activities amounted to EUR 359 million (EUR 466 million) in 2012.

Net working capital during the last quarter of 2012 increased by EUR 30 million (EUR 116 million). An increase in Pulp, Paper and Power was partly compensated by the release of net working capital in Mining and Construction.

Higher business volumes and progress on customer projects were reflected in an increase in working capital levels during the year, mainly in Pulp, Paper and Power. No large project orders and related advances similar to those booked during the first half of last year were received. Net working capital increased by EUR 176 million (EUR 123 million) and totaled EUR 452 million (EUR 281 million). Free cash flow was EUR 257 million (EUR 375 million). Net interest-bearing liabilities totaled EUR 316 million at the end of December (EUR 260 million).

Our liquidity position remains strong. Total cash assets at the end of December were EUR 963 million, of which EUR 232 million has been invested in financial instruments with an initial maturity exceeding three months. The remaining EUR 731 million has been accounted for as cash and cash equivalents. In addition, we have an undrawn syndicated EUR 500 million revolving credit facility available until 2015 and primarily intended for short-term funding purposes. A EUR 400 million, 7-year Eurobond was issued under Metso's EMTN (Euro Medium Term Note) program in September.

A dividend of EUR 254 million was paid in April, following the Annual General Meeting. Gearing at the end of 2012 was 14.2 percent (12.2%) and the equity to assets ratio 40.5 percent (39.8%).

Capital expenditure

Our gross capital expenditure in 2012, excluding business acquisitions, was EUR 156 million (EUR 166 million). Maintenance investments accounted for 72 percent of this figure, i.e. EUR 112 million (61% and EUR 101 million). Capital expenditure in 2013 is expected to remain at around 2012 levels, not including investments related to Valmet Automotive's Daimler contract, which will increase total investments.

Investments during 2012 included:

- completion of the expansion of valve production facilities in Massachusetts in the US,
- completion of the second phase of Metso Park in Rajasthan, our largest single investment so far in India,
- a new facility for regional pulping and power operations in Araucária, Brazil,
- a new valve delivery and service center in Vadodara, India, to boost the global presence of the valve business and enhance our service capabilities for energy, oil and gas customers,
- new service hubs in Chile, Peru, Mexico, and Sweden to serve our mining and construction industry customers more effectively,
- expansion of wear and rubber parts production capacity in India, Finland, and the Czech Republic,
- an expansion of our rubber mill lining production capacity globally by 30 percent by investing in new presses, at the first phase in Chile, Sweden, Canada, Mexico, and Peru, and
- an ongoing global enterprise resource planning (ERP) system project in the Automation segment.

Acquisitions, divestments and associated companies

In December, Metso strengthened its plant optimization services by acquiring the US software company, ExperTune, which was integrated into Automation's services business in December, and has been recognized as a technology acquisition.

In August, iron ore pelletizing technology and know-how was acquired from Jacobs Engineering Group in the US. With the purchase of Jacobs' Straight Grate Technology, Metso became the world's only supplier of two key pelletizing systems. The acquisition was recognized in capital expenditures on fixed assets.

In May, Metso acquired Wärtsilä's 40 percent holding in the MW Power joint venture, in accordance with a contract between the two companies. The acquisition was finalized in early July.

In March, Metso acquired Valstone Control, a South Korean valve technology company, to extend our valve and service offering for customers in the oil and gas and power industries. Valstone's annual net sales are less than EUR 10 million, and the company was consolidated into Metso's figures during the second quarter.

In addition to the above, the following transactions were agreed and will be finalized in due course: In November, Metso agreed to form a 50-50 joint venture with China's LiuGong Group to develop the track-mounted crushing business in China. The transaction is subject to local regulatory approvals, which are expected in the next six months.

Also, in November, Metso agreed to acquire of 75 percent of Shaorui Heavy Industries, one of China's leading mid-market crushing and screening equipment producers. Metso also has an option to purchase the remaining 25 percent of the company in the future. The transaction is subject to local regulatory approvals, which are expected in the next few months.

Research and technology development

Our research and technology development (RTD) network encompasses approximately 40 units around the world. RTD employed 831 people in 2012 (852) in engineering offices, RTD centers, and testing facilities. New technologies, processes, and service solutions are actively developed and rigorously protected. The RTD network made about 680 invention disclosures (650) during 2012, which led to over 200 priority patent applications (180). As of the end of 2012, approximately 2,800 Metso inventions were protected by patents (2,950). Research and development expenses in 2012 totaled EUR 126 million, representing 1.7 percent of net sales (EUR 121 million and 1.9%). In addition, expenses related to intellectual property rights amounted to EUR 13 million in 2012 (EUR 13 million).

Our research and technology development activities focus on several present and future challenges, such as energy and raw materials efficiency, utilizing renewable and recycled raw materials and fuels, advanced process control technology, and new solutions for the services business. RTD activities are based on cooperation with customers and on our network of partnerships with research facilities and universities.

Metso's RTD portfolio includes many projects devoted to developing technologies, products, and solutions for the needs of growth markets such as Brazil, India, and China.

Minimizing engine emissions, as well as dust and noise, was emphasized in product design at Mining and Construction. New-generation Lokotrack products were launched, combining superior capacity with excellent fuel economy and providing the lowest sustainable cost per ton. Metso's new Megaliner shell liner maximizes grinding mill availability while improving worker safety. The sale of the world's largest roller crusher to a US customer marked a break-through for Metso's new concept in high-pressure grinding roll technology.

The Flow Control business developed new-generation noise attenuation technology for ball valves that significantly reduces noise in gas flow control applications. We are also developing valves to minimize hazardous gas emissions from the process and ensure that valves meet the requirements of the latest stringent international standards. In the Process Automation Systems business, several new analyzer and measurement products were launched for Pulp and Paper customers based on state-of-the-art optical, titration, and camera technologies. We are expanding the product offering to new customer segments, particularly power generation. The first products have been delivered successfully for joint field tests with customers.

The Pulp, Paper and Power segment started up the first fluting machine based on our new modular OptiConcept M concept, which features lower total investment, improved usability, and personal safety, as well as a smaller environmental footprint.

Metso successfully developed and commercialized gasification technology that can substitute oil, natural gas, and coal in energy generation. Metso has integrated a biomass gasification plant with a coal-fired power plant to enable biomass to be used safely and reliably in an existing high-efficiency power boiler. This is the first time in the world that biomass gasification technology is being adopted on such a large scale.

Development work on new tissue technology providing higher quality with improved energy efficiency continued. The first machine based on this NTT technology will start in spring 2013. A new metal belt calendering technology that creates better print surfaces with less fiber materials and higher production efficiency has also been developed.

New products and technologies to improve the competitiveness of pulping customers have been launched. A new generation of TwinRoll presses, the Evolution series, is unique in combining existing know-how with new technology, increasing capacity by up to 30%.

Health, safety, and environment

Metso's health, safety, and environmental policy supports the development of a safe, healthy work environment that promotes employee wellbeing. Our long-term objective is to have zero work-related incidents. Short-term, Metso is targeting a lost-time incident frequency (LTIF, number of incidents resulting in an absence of at least one workday per million hours worked) of less than 5 by 2015. The LTIF in 2012 was 7.1 (9.1).

In 2012, we implemented a new way to support safety thinking by defining minimum safety standards. These standards include guidance for frequent operating tasks: tag out procedures, working at heights, lifting, working in confined spaces, operating tools and equipment, working with hazardous substances, personal protective equipment, and maintaining good order.

Many of our technology solutions have been developed in close cooperation with our customers – in areas such as renewable energy sources, the energy efficiency of customers' production processes, waste management, recycling, the efficient utilization of raw materials and water, reducing dust, noise, carbon dioxide and particle emissions, and process optimization. The environmental impact of our own production relates mainly to the consumption of raw materials, energy and water, that produces carbon dioxide emissions and waste. We are continuously improving our environmental management practices and the eco-efficiency of our production units, and we strive to develop sustainable business operations within our supply chain.

We have set global energy savings and carbon dioxide emissions targets for our own production. Our goal is to boost our energy efficiency and reduce carbon dioxide emissions by 15 percent by 2015 and 20 percent by 2020. In 2012, we continued a Group-wide project to survey opportunities for saving energy and reducing carbon dioxide emissions in production units that consume the most energy, and we saved 2.4 percent of the energy of our own production, a total of 24,300 MWh. Since the beginning of the program, 5.3 percent, i.e. a total of 52,800 MWh of energy, has been saved through a wide range of actions in Metso's units around the world. This work on Metso's most energy-intensive units is continuing and is due to be completed in 2013, by when 80 percent of our energy consumption will have been surveyed. Metso's largest energy-saving opportunities relate to the use of fuel and heat. Potential savings outside our production processes have been identified in areas such as cooling and compressed air systems. Production units report their energy consumption on a quarterly basis, which promotes energy-efficiency improvements and monitoring.

We were the best Nordic industrial company in Carbon Disclosure Project's Carbon Disclosure Leadership Index in 2012. Metso has taken part in the Carbon Disclosure project for several years and received a score of 97/100 in 2012, which raised us in the Nordic Carbon Disclosure Leadership Index for the first time.

Risks and business uncertainties

Our operations are affected by various strategic, financial, operational, and hazard risks. We take measures to exploit emerging opportunities and limit the adverse effects of potential threats. If such threats materialized, they could have material adverse effects on our business, financial situation, and operating result, or on the value of Metso shares and other securities.

Our risk assessments take into consideration the probability of these risks and their estimated impact on net sales and financial results. Management estimates that the company's overall risk level is currently manageable in proportion to the scope of our operations and the practical measures available for managing these risks.

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

Turbulence in terms of global economic growth, especially in emerging markets and particularly in China, may have an adverse impact on new projects under negotiation or on projects in our order backlog. Some projects may be postponed, suspended, or canceled. As of the end of December, Metso's order backlog included uncertain orders valued at around EUR 330 million related to a pulp mill project for Fibria in Brazil. The delivery schedule for this project is still open. In the case of long-term delivery projects, initial customer down-payments are typically 10–30 percent of the value of the project, and customers make progress payments as a project is implemented. This significantly reduces our risk and financing requirements related to these projects. We continually assess our customers' creditworthiness and their ability to meet their obligations. As a rule, we do not finance customer projects. If growth in the global economy slows significantly, the markets for our products may shrink, which may lead to tougher price competition, for example.

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

Securing the continuity of our operations requires that we have sufficient funding available under all circumstances. We estimate that our cash assets totaling EUR 963 million and available credit facilities are sufficient to secure our short-term liquidity and overall financial flexibility. The average maturity of our long-term debt is 4.9 years. There are no prepayment covenants in our debt facilities that would be triggered by changes in credit ratings. Some debt facilities include financial covenants related to capital structure. We fully meet the requirements of our covenants and the other terms related to our financing agreements.

Net working capital and capital expenditure levels have a key impact on the adequacy of our financing. We have developed our practices and information systems related to the management of net working capital, and expect that these measures will help us manage changes in our net working capital more effectively. We believe that we are well-positioned to keep capital expenditure at the level of total amortization and depreciation.

As of the end of 2012, we had EUR 887 million of goodwill on our balance sheet. Most of it is related to business acquisitions made over the last 12 years. We conduct regular impairment tests annually and more frequently if needed, and have not detected any impairment. The principles used for impairment testing are presented in the Annual Report.

Changes in labor costs and the prices of raw materials and components can affect our profitability. Wage inflation is continuing, but our goal is to offset this by increasing productivity and price discipline. It is possible, however, that tough competition in some product categories will make it difficult to pass on cost increases to product prices. On the other hand, some of our customers are raw material producers, and their ability to operate and invest may be enhanced by strengthening raw material prices and hampered by declining raw material prices.

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

Legal proceedings and claims

In February, we received an arbitration award in our favor relating to a major project delivery by Metso's Paper business in Turkey. The case was settled and closed at the end of the year.

Personnel

As of the end of December, Metso had 30,212 employees, which was 112 less than at the end of 2011 (30,324). The number of personnel increased in the Automation segment in particular, and declined in the Pulp, Paper and Power segment. Geographically increases were seen in South America, while the number of personnel declined in Finland. The proportion of personnel in emerging markets was 35 percent (34%). Metso employed an average of 30,596 employees in 2012.

Mining and Construction employed 39 percent of personnel, Automation 14 percent, Pulp, Paper and Power 41 percent, and Valmet Automotive, Metso Shared Services and Group Head Office 6 percent. The countries with the largest numbers of personnel were Finland, the US, China, Sweden, and Brazil – which accounted for 66 percent of total personnel.

In line with its strategy, Metso aims to develop a working environment that attracts the right people, helps them develop, allows everyone to reach their full potential, and enables our business success. In 2012, we focused on leadership, performance, capabilities, and resourcing. A global Leadership Essentials Workshop program was launched to ensure that supervisors understand their role as managers and know what is expected of them and promote the global adoption of the Group's leadership principles. The first Leadership Essentials Workshops were held in the autumn of 2012, covering roughly 400 line managers. A global employee engagement survey was also conducted in 2012 and achieved a 76 percent response rate. Based on the results of the survey, teams have selected focus areas for developing team engagement and performance. Also, in 2012, the Remuneration and HR Committee approved performance and rewards principles to guide the development of reward practices.

The salaries and wages of Metso employees are determined on the basis of local collective and individual agreements, employee performance, and job evaluations. Basic salaries and wages are complemented by performance-based compensation systems. A total of EUR 1,336 million was paid in salaries and wages (EUR 1,229 million) in 2012. Indirect employee costs totaled EUR 364 million (EUR 347 million).

Personnel by area

	Dec 31, 2012	% of total personnel	Dec 31, 2011	% of total personnel	Change %
Finland	**8,464**	**28**	9,222	30	-8
Other Nordic countries	**2,934**	**10**	2,935	10	0
Rest of Europe	**4,546**	**15**	4,434	15	3
North America	**3,974**	**13**	3,845	13	3
South and Central America	**3,406**	**11**	3,164	10	8
China	**3,156**	**10**	3,199	10	-1
Other Asia-Pacific	**2,313**	**8**	2,110	7	10
Africa and Middle East	**1,419**	**5**	1,415	5	0
Metso total	**30,212**	**100**	30,324	100	0

	Dec 31, 2012	% of total personnel	Dec 31, 2012	% of total personnel	Change %
Emerging markets	**10,669**	**35**	10,319	34	3
Developed markets	**19,543**	**65**	20,005	66	-2
Metso total	**30,212**	**100**	30,324	100	

Corporate Governance Statement

We have prepared a separate Corporate Governance Statement for 2012 that complies with the recommendations of the Finnish Corporate Governance Code for listed companies. It also covers other central areas of corporate governance. The statement will be published on our website, separately from the Board of Directors' Report, at www.metso.com/governance.

Changes in operating structure

In October, we concluded an evaluation of strategic alternatives for Metso's Recycling business. Based on the results of this evaluation, the business was integrated into the Mining and Construction segment as of December 1, 2012. The Recycling business is included in the Mining and Construction segment in respect of all figures reported in this financial review.

Decisions of the Annual General Meeting

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

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

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

The Annual General Meeting decided the following annual remuneration for Board members: EUR 100,000 for the Chairman, EUR 60,000 for the Vice Chairman and for the Chairman of the Audit Committee, and EUR 48,000 for members. It was decided that a meeting fee of EUR 700 will be paid to those members whose place of residence is in the Nordic countries, EUR 1,400 to those members whose place of residence is elsewhere in Europe, and EUR 2,800 to those members whose place of residence is outside Europe for each meeting they attend, including committee meetings. Based on the decision of the AGM, Board members have used 40 percent of their annual remuneration to buy Metso shares. Board members acquired the shares from the market within two weeks after the publication of the first-quarter Interim Review on April 26, 2012. A total of 5,545 shares were acquired at the beginning of May.

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

The Annual General Meeting decided to establish a Nomination Board of the Annual General Meeting to prepare proposals for the following Annual General Meeting regarding the composition of the Board of Directors and directors' remuneration. Representatives of the four largest shareholders entered in the shareholder register on October 1, 2012 were elected to the Nomination Board, and the Chairman of the Board of Directors serves as the Nomination Board's expert member. The four largest shareholders were Solidium Oy, Cevian Capital II Master Fund L.P., Ilmarinen Mutual Pension Insurance Company, and Varma Mutual Pension Insurance Company, and their representatives appointed to Metso's Nomination Board were Kari Järvinen, Managing Director (Solidium Oy); Lars Förberg, Managing Partner (Cevian Capital); Harri Sailas, President and CEO (Ilmarinen); and Matti Vuoria, President and CEO (Varma). Jukka Viinanen, Chairman of the Board, serves as the Nomination Board's expert member.

Members of the Board committees and personnel representative

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

Shares and share capital

As of the end of December 2012, Metso's share capital was EUR 240,982,843.80 and the number of shares was 150,348,256. The number of shares included 592,222 shares held by the Parent Company, which represented 0.39 percent of all shares and votes. The average number of shares outstanding in January–December, excluding shares held by the Parent Company, was 149,715,383 and the average number of diluted shares was 149,870,074.

Metso's market capitalization, excluding shares held by the Parent Company, was EUR 4,798 million on December 31, 2012 (EUR 4,287 million).

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

Share-based incentive plans

Metso's share ownership plans are part of the remuneration and commitment program for Metso management. For further information, see www.metso.com/investors.

As reward shares for the plans are acquired in public trading, these plans do not have a diluting effect on share value.

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

In April 2012, Metso distributed rewards to 82 participants amounting to 127,356 shares, of which 19,459 shares were allocated to the Executive Team. These shares represented the reward after taxes, and the total reward including the cash portion corresponded to 264,836 shares. The shares were conveyed through a directed share issue without consideration.

Additionally, the following share ownership plans are effective:

- SOP 2010–2012. This plan had 80 participants as of the end of 2012 and potential rewards correspond to a maximum of 308,800 Metso shares,
- SOP 2011-2013. This plan had 68 participants as of the end of 2012 and potential rewards correspond to a maximum of 236,748 Metso shares,
- Long-term Incentive Plan for 2012–2014. This plan had 93 participants in the end of 2012 performance period and is expected to have around 100 participants during the 2013 performance period.

Events after the review period

Nomination Board's proposals for Board members and Board remuneration

The Nomination Board established by Metso's Annual General Meeting will propose to the next Annual General Meeting due to be held on March 28, 2013 that the Board of Directors should have eight members.

The Nomination Board will propose that Jukka Viinanen, Mikael von Frenckell, Christer Gardell, Ozey K. Horton, Jr., Erkki Pehu-Lehtonen, Pia Rudengren, and Eeva Sipilä should be re-elected. In addition, Mikael Lilius will be proposed for election as a new member.

The Nomination Board will propose that Board members should be paid the following annual remuneration: Chairman of the Board of Directors, EUR 100,000; Vice-Chairman of the Board of Directors and the Chairman of the Audit Committee, EUR 60,000; and other members of the Board of Directors, EUR 48,000 each. The Nomination Board also proposes that for each Board and committee meeting a fee of EUR 700 should be paid to members of the Board that reside in the Nordic countries, EUR 1,400 to members that reside in other European countries, and EUR 2,800 to members that reside outside Europe. The Nomination Board will propose that, as a condition for annual remuneration, members of the Board of Directors should be obliged, directly based on the General Meeting's decision, to use 40% of the agreed annual remuneration paid to them for purchasing Metso's shares from the market at a price formed in public trading and that the purchase be carried out within the two weeks following the publication of the interim review for January 1 to March 31, 2013.

The Nomination Board notes that a personnel representative will also participate as an external expert in Metso Board meetings in the next Board term within the limitations imposed by Finnish law. The new Board of Directors will invite the personnel representative as its external expert in the organizing meeting held after the Annual General Meeting.

Metso is acquiring a manganese steel foundry in China

In February 2013, Metso agreed to acquire a manganese steel foundry (JX) in Quzhou City, about 400 km Southwest of Shanghai. The acquisition of JX will improve our capabilities to supply wear parts to our mining and construction industry customers in China and other markets in Asia Pacific. The acquired assets and approximately 275 employees are expected to be transferred to Metso as of closing. The value of the acquisition will not be disclosed. The transaction is subject to the relevant regulatory approvals, which are expected in the next few months.

Short-term outlook

Market development

The global economic situation, together with demand in our customer industries, are largely unchanged from the last quarter of 2012. There are some signs of positive development in the US and China, which could potentially support customer industries in the second half of 2013. Stable capacity utilization rates and the need to increase operational efficiency are continuing to support our services businesses.

We expect underlying demand in the mining market to remain at the good level seen in late 2012. Due to expected high utilization rates at mines, and our large installed equipment base stronger services presence, we expect demand for our mining services to remain excellent. Demand for construction equipment is projected to remain flat and be satisfactory in the Asia-Pacific region. In Brazil, we expect the market to continues active. We anticipate that demand in Europe and North America will stay at current relatively low levels going forward. Demand for our construction industry services is expected to remain satisfactory.

Demand for our process automation systems and flow control products and services is expected to remain good. Strong demand in the oil and gas industry is expected to offset continuing softness in the pulp and paper industry.

The market for pulp mills is expected to remain satisfactory, with good demand for rebuilds and services. Demand for papermaking lines is expected to remain weak. Capacity utilization rates in the paper and board industry may decline somewhat, although the outlook for services is good. Demand for power plants that use renewable energy sources and for related services is expected to remain satisfactory.

Financial development

Based on the current economic situation, market outlook, and our order backlog for 2013, as well as foreign exchange rates remaining similar to those in December 2012, we estimate that in 2013 our EBITA before non-recurring items will be at around 2012 levels and our net sales at 2012 level or slightly below.

Board of Director's proposal for the use of profit

The Company's distributable funds totaled EUR 1,663,254,494.14 on December 31, 2012, of which the net profit for the year 2012 was EUR 266,335,290.98.

The Board of Directors proposes that a dividend of EUR 1.85 per share be paid based on the balance sheet to be adopted for the financial year which ended December 31, 2012 and the remaining part of the profit be retained and carried further in the Company's unrestricted equity.

The dividend shall be paid to shareholders who on the dividend record date April 4, 2013 are registered in the Company's shareholders' register held by Euroclear Finland Ltd. The dividend shall be paid on April 11, 2013. All the shares in the Company are entitled to a dividend with the exception of own shares held by the Company.

Annual General Meeting 2013

The Annual General Meeting of Metso Corporation will be held at 1:00 p.m. on Thursday, March 28, 2013 at the Helsinki Fair Centre (Messuaukio 1, FI–00520 Helsinki).

Helsinki, February 7, 2013
Metso Corporation's Board of Directors

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for customer industry profitability and investment willingness, expectations for company growth, development and profitability and the realization of synergy benefits and cost savings, and statements preceded by "expects", "estimates", "forecasts" or similar expressions, are forward-looking statements. These statements are based on current decisions and plans and currently known factors. They involve risks and uncertainties that may cause the actual results to materially differ from the results currently expected by the company.

Such factors include, but are not limited to:
(1) general economic conditions, including fluctuations in exchange rates and interest levels which influence the operating environment and profitability of customers and thereby the orders received by the company and their margins
(2) the competitive situation, especially significant technological solutions developed by competitors
(3) the company's own operating conditions, such as the success of production, product development and project management and their continuous development and improvement
(4) the success of pending and future acquisitions and restructuring.

Consolidated statement of income

EUR million	10-12/2012	10-12/2011	1-12/2012	1-12/2011
Net sales	**2,098**	2,074	**7,504**	6,646
Cost of goods sold	**-1,628**	-1,599	**-5,703**	-4,978
Gross profit	**470**	475	**1,801**	1,668
Selling, general and administrative expenses	**-316**	-302	**-1,187**	-1,107
Other operating income and expenses, net	**-5**	16	**-16**	11
Share in profits of associated companies	**1**	0	**1**	0
Operating profit	**150**	189	**599**	572
Financial income and expenses, net	**-22**	-22	**-49**	-65
Profit before taxes	**128**	167	**550**	507
Income taxes	**-55**	-44	**-178**	-149
Profit	**73**	123	**372**	358
Attributable to:				
Shareholders of the company	**73**	121	**373**	356
Non-controlling interests	**0**	2	**-1**	2
Profit	**73**	123	**372**	358
Earnings per share, EUR	**0.49**	0.81	**2.49**	2.38
Diluted earnings per share, EUR	**0.49**	0.81	**2.49**	2.38

Consolidated statement of comprehensive income

EUR million	10-12/2012	10-12/2011	1-12/2012	1-12/2011
Profit	**73**	123	**372**	358
Cash flow hedges, net of tax	**0**	-8	**7**	-22
Available-for-sale equity investments, net of tax	**0**	0	**0**	0
Currency translation on subsidiary net investments	**-30**	45	**-22**	-11
Net investment hedge gains (+) / losses (-), net of tax	**-**	0	**-**	10
Defined benefit plan actuarial gains (+) / losses (-), net of tax	**-16**	-35	**-16**	-35
Other comprehensive income (+) / expense (-)	**-46**	2	**-31**	-58
Total comprehensive income (+) / expense (-)	**27**	125	**341**	300
Attributable to:				
Shareholders of the company	**27**	123	**342**	298
Non-controlling interests	**0**	2	**-1**	2
Total comprehensive income (+) / expense (-)	**27**	125	**341**	300

Consolidated balance sheet

ASSETS

EUR million	Dec 31, 2012	Dec 31, 2011
Non-current assets		
Intangible assets		
Goodwill	**887**	883
Other intangible assets	**253**	272
	1,140	1,155
Property, plant and equipment		
Land and water areas	**69**	67
Buildings and structures	**289**	294
Machinery and equipment	**429**	447
Assets under construction	**46**	46
	833	854
Financial and other assets		
Investments in associated companies	**17**	16
Available-for-sale equity investments	**6**	6
Loan and other interest bearing receivables	**9**	9
Available-for-sale financial investments	**0**	2
Derivative financial instruments	**3**	-
Deferred tax asset	**177**	167
Other non-current assets	**38**	45
	250	245
Total non-current assets	**2,223**	2,254
Current assets		
Inventories	**1,529**	1,677
Receivables		
Trade and other receivables	**1,442**	1,510
Cost and earnings of projects under construction in excess of advance billings	**420**	351
Loan and other interest bearing receivables	**1**	1
Available-for-sale financial assets	**1**	78
Financial instruments held for trading	**232**	87
Derivative financial instruments	**36**	54
Income tax receivables	**27**	16
Receivables total	**2,159**	2,097
Cash and cash equivalents	**731**	590
Total current assets	**4,419**	4,364
TOTAL ASSETS	**6,642**	6,618

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Dec 31, 2012	Dec 31, 2011
Equity		
Share capital	**241**	241
Cumulative translation adjustments	**23**	45
Fair value and other reserves	**718**	706
Retained earnings	**1,225**	1,123
Equity attributable to shareholders	**2,207**	2,115
Non-controlling interests	**20**	21
Total equity	**2,227**	2,136
Liabilities		
Non-current liabilities		
Long-term debt	**1,086**	755
Post employment benefit obligations	**245**	238
Provisions	**58**	71
Derivative financial instruments	**10**	6
Deferred tax liability	**34**	40
Other long-term liabilities	**6**	7
Total non-current liabilities	**1,439**	1,117
Current liabilities		
Current portion of long-term debt	**136**	209
Short-term debt	**68**	63
Trade and other payables	**1,349**	1,520
Provisions	**198**	234
Advances received	**570**	659
Billings in excess of cost and earnings of projects under construction	**567**	597
Derivative financial instruments	**31**	38
Income tax liabilities	**57**	45
Total current liabilities	**2,976**	3,365
Total liabilities	**4,415**	4,482
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**6,642**	6,618

NET INTEREST BEARING LIABILITIES

EUR million	Dec 31, 2012	Dec 31, 2011
Long-term interest bearing debt	**1,086**	755
Short-term interest bearing debt	**204**	272
Cash and cash equivalents	**-731**	-590
Other interest bearing assets	**-243**	-177
Total	**316**	260

Condensed consolidated cash flow statement

EUR million	10-12/2012	10-12/2011	1-12/2012	1-12/2011
Cash flows from operating activities:				
Profit	**73**	123	**372**	358
Adjustments to reconcile profit to net cash provided by operating activities				
Depreciation and amortization	**42**	42	**166**	172
Interests and dividend income	**17**	9	**42**	48
Income taxes	**55**	44	**178**	149
Other	**-1**	15	**4**	34
Change in net working capital	**-30**	-116	**-176**	-123
Cash flows from operations	**156**	117	**586**	638
Interest paid and dividends received	**-13**	-16	**-39**	-50
Income taxes paid	**-41**	-29	**-188**	-122
Net cash provided by operating activities	**102**	72	**359**	466
Cash flows from investing activities:				
Capital expenditures on fixed assets	**-48**	-51	**-156**	-164
Proceeds from sale of fixed assets	**2**	4	**10**	10
Business acquisitions, net of cash acquired	**-**	0	**-5**	-15
Proceeds from sale of /(investments in) financial assets	**-180**	22	**-62**	235
Other	**1**	-2	**0**	1
Net cash provided by (+) / used in (-) investing activities	**-225**	-27	**-213**	67
Cash flows from financing activities:				
Dividends paid	**-**	-	**-254**	-232
Net funding	**296**	-255	**268**	-352
Other	**-1**	-1	**-1**	-3
Net cash used in financing activities	**295**	-256	**13**	-587
Net increase (+) / decrease (-) in cash and cash equivalents	**172**	-211	**159**	-54
Effect from changes in exchange rates	**-9**	12	**-18**	-1
Cash and cash equivalents at beginning of period	**568**	789	**590**	645
Cash and cash equivalents at end of period	**731**	590	**731**	590

FREE CASH FLOW

EUR million	10-12/2012	10-12/2011	1-12/2012	1-12/2011
Net cash provided by operating activities	**102**	72	**359**	466
Capital expenditures on maintenance investments	**-35**	-31	**-112**	-101
Proceeds from sale of fixed assets	**2**	4	**10**	10
Free cash flow	**69**	45	**257**	375

Consolidated statement of changes in shareholders' equity

EUR million	Share capital	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	**Equity attributable to shareholders**	Non-controlling interests	**Total equity**
Balance at Jan 1, 2011	**241**	**46**	**726**	**1,036**	**2,049**	**22**	**2,071**
Profit	-	-	-	356	356	2	358
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	-22	-	-22	-	-22
Available-for-sale equity investments, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	-11	-	-	-11	-	-11
Net investment hedge gains (losses), net of tax	-	10	-	-	10	-	10
Defined benefit plan acturial gains (+) / losses (-), net of tax	-	-	-	-35	-35	-	-35
Total comprehensive income (+) / expense (-)	-	-1	-22	321	298	2	300
Dividends	-	-	-	-232	-232	-1	-233
Redemption of own shares	-	-	0	-	0	-	0
Share-based payments, net of tax	-	-	2	0	2	-	2
Other	-	-	0	-2	-2	-1	-3
Changes in non-controlling interests	-	-	-	0	0	-1	-1
Balance at Dec 31, 2011	**241**	**45**	**706**	**1,123**	**2,115**	**21**	**2,136**
Balance at Jan 1, 2012	**241**	**45**	**706**	**1,123**	**2,115**	**21**	**2,136**
Profit	-	-	-	373	373	-1	372
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	7	-	7	-	7
Available-for-sale equity investments, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	-22	-	-	-22	-	-22
Net investment hedge gains (losses), net of tax	-	-	-	-	-	-	-
Defined benefit plan acturial gains (+) / losses (-), net of tax	-	-	-	-16	-16	-	-16
Total comprehensive income (+) / expense (-)	-	-22	7	357	342	-1	341
Dividends	-	-	-	-254	-254	-1	-255
Redemption of own shares	-	-	0	-	0	-	0
Share-based payments, net of tax	-	-	3	0	3	-	3
Other	-	-	2	-1	1	1	2
Changes in non-controlling interests	-	-	-	0	0	0	0
Balance at Dec 31, 2012	**241**	**23**	**718**	**1,225**	**2,207**	**20**	**2,227**

Acquisitions

During 2012, Metso made two minor acquisitions for a total consideration of EUR 5 million. These acquisitions had only an immaterial effect on Metso.

Assets pledged and contingent liabilities

EUR million	Dec 31, 2012	Dec 31, 2011
Mortgages on corporate debt	**0**	0
Other pledges and contingencies		
Mortgages	**5**	5
Other guarantees	**2**	8
Repurchase and other commitments	**5**	6
Lease commitments	**223**	216

Notional amounts of derivative financial instruments

EUR million	Dec 31, 2012	Dec 31, 2011
Forward exchange rate contracts	**2,488**	3,100
Interest rate swaps	**285**	75
Cross currency swaps	**33**	33
Option agreements		
Bought	**-**	1
Sold	**20**	10

The notional amount of electricity forwards was 648 GWh as of December 31, 2012 and 636 GWh as of December 31, 2011.
The notional amount of nickel forwards to hedge stainless steel prices was 504 tons as of December 31, 2012 and 528 tons as of December 31, 2011.
The notional amounts indicate the volumes in the use of derivatives, but do not indicate the exposure to risk.

Key ratios

	1-12/2012	1-12/2011
Earnings per share, EUR	**2.49**	2.38
Diluted earnings per share, EUR	**2.49**	2.38
Equity/share at end of period, EUR	**14.74**	14.13
Return on equity (ROE), %	**17.5**	17.8
Return on capital employed (ROCE) before taxes, %	**19.6**	18.4
Return on capital employed (ROCE) after taxes, %	**14.0**	13.8
Equity to assets ratio at end of period, %	**40.5**	39.8
Gearing at end of period, %	**14.2**	12.2
Free cash flow, EUR million	**257**	375
Free cash flow/share, EUR	**1.72**	2.50
Cash conversion, %	**69**	105
Gross capital expenditure (excl. business acquisitions), EUR million	**156**	166
Business acquisitions, net of cash acquired, EUR million	**5**	15
Depreciation and amortization, EUR million	**166**	172
Number of outstanding shares at end of period (thousands)	**149,756**	149,629
Average number of shares (thousands)	**149,715**	149,630
Average number of diluted shares (thousands)	**149,870**	149,833

Exchange rates used

		1-12/2012	1-12/2011	Dec 31, 2012	Dec 31, 2011
USD	(US dollar)	**1.2932**	1.3951	**1.3194**	1.2939
SEK	(Swedish krona)	**8.7015**	9.0038	**8.5820**	8.9120
GBP	(Pound sterling)	**0.8137**	0.8704	**0.8161**	0.8353
CAD	(Canadian dollar)	**1.2930**	1.3768	**1.3137**	1.3215
BRL	(Brazilian real)	**2.5220**	2.3287	**2.7036**	2.4159
CNY	(Chinese yuan)	**8.1462**	9.0141	**8.2207**	8.1588
AUD	(Australian dollar)	**1.2468**	1.3412	**1.2712**	1.2723

Formulas for calculation of indicators

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

Earnings/share, basic:

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

Earnings/share, diluted:

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

Equity/share:

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

Return on equity (ROE), %:

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

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

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

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

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

Gearing, %:

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

Equity to assets ratio, %:

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

Free cash flow:

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

Free cash flow / share:

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

Cash conversion, %:

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

Segment information

NET SALES

EUR million	10-12/2012	10-12/2011	1-12/2012	1-12/2011	Change, %
Mining and Construction	**924**	928	**3,492**	2,967	18
Automation	**233**	244	**859**	770	12
Pulp, Paper and Power	**925**	844	**3,014**	2,703	12
Valmet Automotive	**43**	76	**216**	281	-23
Group Head Office and other	**-**	-	**-**	-	n/a
Group Head Office and others total	**43**	76	**216**	281	-23
Intra Metso net sales	**-27**	-18	**-77**	-75	
Metso total	**2,098**	2,074	**7,504**	6,646	13

EBITA BEFORE NON-RECURRING ITEMS

EUR million	10-12/2012	10-12/2011	1-12/2012	1-12/2011	Change, %
Mining and Construction	**118.7**	120.1	**418.5**	324.4	29
Automation	**31.2**	36.4	**103.1**	103.9	-1
Pulp, Paper and Power	**55.9**	48.4	**200.3**	218.8	-8
Valmet Automotive	**1.4**	5.0	**0.7**	12.0	-94
Group Head Office and other	**-11.3**	-7.8	**-38.3**	-30.6	25
Group Head Office and others total	**-9.9**	-2.8	**-37.6**	-18.6	-102
Metso total	**195.9**	202.1	**684.3**	628.5	9

EBITA BEFORE NON-RECURRING ITEMS, % OF NET SALES

%	10-12/2012	10-12/2011	1-12/2012	1-12/2011
Mining and Construction	**12.8**	12.9	**12.0**	10.9
Automation	**13.4**	14.9	**12.0**	13.5
Pulp, Paper and Power	**6.0**	5.7	**6.6**	8.1
Valmet Automotive	**3.3**	6.6	**0.3**	4.3
Group Head Office and other	**n/a**	n/a	**n/a**	n/a
Group Head Office and others total	**n/a**	n/a	**n/a**	n/a
Metso total	**9.3**	9.7	**9.1**	9.5

NON-RECURRING ITEMS

EUR million	10-12/2012	10-12/2011	1-12/2012	1-12/2011
Mining and Construction	**-7.2**	0.0	**-8.2**	-0.8
Automation	**-1.0**	-	**-1.0**	-
Pulp, Paper and Power	**-23.7**	-	**-23.7**	2.6
Valmet Automotive	**-1.1**	-	**-1.1**	-6.1
Group Head Office and other	**-0.8**	-0.4	**-2.0**	-0.8
Group Head Office and others total	**-1.9**	-0.4	**-3.1**	-6.9
Metso total	**-33.8**	-0.4	**-36.0**	-5.1

AMORTIZATION

EUR million	**10-12/2012**	10-12/2011	**1-12/2012**	1-12/2011
Mining and Construction	**-2.7**	-2.7	**-10.4**	-10.6
Automation	**-1.1**	-0.9	**-4.5**	-4.2
Pulp, Paper and Power	**-7.2**	-7.9	**-29.0**	-32.2
Valmet Automotive	**-0.8**	-1.2	**-3.1**	-2.5
Group Head Office and other	**-0.8**	-0.5	**-2.8**	-2.1
Group Head Office and others total	**-1.6**	-1.7	**-5.9**	-4.6
Metso total	**-12.6**	-13.2	**-49.8**	-51.6

OPERATING PROFIT (LOSS)

EUR million	**10-12/2012**	10-12/2011	**1-12/2012**	1-12/2011	Change, %
Mining and Construction	**108.8**	117.4	**399.9**	313.0	28
Automation	**29.1**	35.5	**97.6**	99.7	-2
Pulp, Paper and Power	**25.0**	40.5	**147.6**	189.2	-22
Valmet Automotive	**-0.5**	3.8	**-3.5**	3.4	-203
Group Head Office and other	**-12.9**	-8.7	**-43.1**	-33.5	-29
Group Head Office and others total	**-13.4**	-4.9	**-46.6**	-30.1	-55
Metso total	**149.5**	188.5	**598.5**	571.8	5

OPERATING PROFIT (LOSS), % OF NET SALES

%	**10-12/2012**	10-12/2011	**1-12/2012**	1-12/2011
Mining and Construction	**11.8**	12.7	**11.5**	10.5
Automation	**12.5**	14.5	**11.4**	12.9
Pulp, Paper and Power	**2.7**	4.8	**4.9**	7.0
Valmet Automotive	**-1.2**	5.0	**-1.6**	1.2
Group Head Office and other	**n/a**	n/a	**n/a**	n/a
Group Head Office and others total	**n/a**	n/a	**n/a**	n/a
Metso total	**7.1**	9.1	**8.0**	8.6

ORDERS RECEIVED

EUR million	**10-12/2012**	10-12/2011	**1-12/2012**	1-12/2011	Change, %
Mining and Construction	**794**	651	**3,436**	3,714	-7
Automation	**206**	197	**845**	822	3
Pulp, Paper and Power	**677**	412	**2,444**	3,225	-24
Valmet Automotive	**43**	76	**216**	281	-23
Group Head Office and other	**-**	-	**-**	-	n/a
Group Head Office and others total	**43**	76	**216**	281	-23
Intra Metso orders received	**-21**	-23	**-76**	-81	
Metso total	**1,699**	1,313	**6,865**	7,961	-14

Quarterly information

NET SALES

EUR million	10-12/2011	1-3/2012	4-6/2012	7-9/2012	10-12/2012
Mining and Construction	928	787	899	882	**924**
Automation	244	182	232	212	**233**
Pulp, Paper and Power	844	721	733	635	**925**
Valmet Automotive	76	77	51	45	**43**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	76	77	51	45	**43**
Intra Metso net sales	-18	-12	-18	-20	**-27**
Metso total	2,074	1,755	1,897	1,754	**2,098**

EBITA BEFORE NON-RECURRING ITEMS

EUR million	10-12/2011	1-3/2012	4-6/2012	7-9/2012	10-12/2012
Mining and Construction	120.1	81.7	112.3	105.8	**118.7**
Automation	36.4	11.7	30.9	29.3	**31.2**
Pulp, Paper and Power	48.4	54.9	45.2	44.3	**55.9**
Valmet Automotive	5.0	4.1	-3.2	-1.6	**1.4**
Group Head Office and other	-7.8	-12.0	-7.8	-7.2	**-11.3**
Group Head Office and others total	-2.8	-7.9	-11.0	-8.8	**-9.9**
Metso total	202.1	140.4	177.4	170.6	**195.9**

EBITA BEFORE NON-RECURRING ITEMS, % OF NET SALES

%	10-12/2011	1-3/2012	4-6/2012	7-9/2012	10-12/2012
Mining and Construction	12.9	10.4	12.5	12.0	**12.8**
Automation	14.9	6.4	13.3	13.8	**13.4**
Pulp, Paper and Power	5.7	7.6	6.2	7.0	**6.0**
Valmet Automotive	6.6	5.3	-6.3	-3.6	**3.3**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Group Head Office and others total	n/a	n/a	n/a	n/a	**n/a**
Metso total	9.7	8.0	9.4	9.7	**9.3**

NON-RECURRING ITEMS

EUR million	10-12/2011	1-3/2012	4-6/2012	7-9/2012	10-12/2012
Mining and Construction	0.0	-	-	-1.0	**-7.2**
Automation	-	-	-	-	**-1.0**
Pulp, Paper and Power	-	-	-	-	**-23.7**
Valmet Automotive	-	-	-	-	**-1.1**
Group Head Office and other	-0.4	-	-1.2	-	**-0.8**
Group Head Office and others total	-0.4	-	-1.2	-	**-1.9**
Metso total	-0.4	-	-1.2	-1.0	**-33.8**

AMORTIZATION

EUR million	10-12/2011	1-3/2012	4-6/2012	7-9/2012	**10-12/2012**
Mining and Construction	-2.7	-2.6	-2.6	-2.5	**-2.7**
Automation	-0.9	-1.1	-1.1	-1.2	**-1.1**
Pulp, Paper and Power	-7.9	-7.2	-7.3	-7.3	**-7.2**
Valmet Automotive	-1.2	-0.7	-0.8	-0.8	**-0.8**
Group Head Office and other	-0.5	-0.6	-0.5	-0.9	**-0.8**
Group Head Office and others total	-1.7	-1.3	-1.3	-1.7	**-1.6**
Metso total	-13.2	-12.2	-12.3	-12.7	**-12.6**

OPERATING PROFIT (LOSS)

EUR million	10-12/2011	1-3/2012	4-6/2012	7-9/2012	**10-12/2012**
Mining and Construction	117.4	79.1	109.7	102.3	**108.8**
Automation	35.5	10.6	29.8	28.1	**29.1**
Pulp, Paper and Power	40.5	47.7	37.9	37.0	**25.0**
Valmet Automotive	3.8	3.4	-4.0	-2.4	**-0.5**
Group Head Office and other	-8.7	-12.6	-9.5	-8.1	**-12.9**
Group Head Office and others total	-4.9	-9.2	-13.5	-10.5	**-13.4**
Metso total	188.5	128.2	163.9	156.9	**149.5**

OPERATING PROFIT (LOSS), % OF NET SALES

%	10-12/2011	1-3/2012	4-6/2012	7-9/2012	**10-12/2012**
Mining and Construction	12.7	10.1	12.2	11.6	**11.8**
Automation	14.5	5.8	12.8	13.3	**12.5**
Pulp, Paper and Power	4.8	6.6	5.2	5.8	**2.7**
Valmet Automotive	5.0	4.4	-7.8	-5.3	**-1.2**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Group Head Office and others total	n/a	n/a	n/a	n/a	**n/a**
Metso total	9.1	7.3	8.6	8.9	**7.1**

CAPITAL EMPLOYED

EUR million	Dec 31, 2011	Mar 31, 2012	June 30, 2012	Sep 30, 2012	**Dec 31, 2012**
Mining and Construction	1,357	1,360	1,432	1,449	**1,357**
Automation	292	301	325	299	**289**
Pulp, Paper and Power	596	572	653	697	**786**
Valmet Automotive	53	67	47	36	**35**
Group Head Office and other	866	669	671	717	**1,050**
Group Head Office and others total	919	736	718	753	**1,085**
Metso total	3,164	2,969	3,128	3,198	**3,517**

Capital employed includes only external balance sheet items.

ORDERS RECEIVED

EUR million	10-12/2011	1-3/2012	4-6/2012	7-9/2012	**10-12/2012**
Mining and Construction	651	964	891	787	**794**
Automation	197	224	225	190	**206**
Pulp, Paper and Power	412	677	586	504	**677**
Valmet Automotive	76	77	51	45	**43**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	76	77	51	45	**43**
Intra Metso orders received	-23	-22	-18	-15	**-21**
Metso total	1,313	1,920	1,735	1,511	**1,699**

ORDER BACKLOG

EUR million	Dec 31, 2011	Mar 31, 2012	June 30, 2012	Sep 30, 2012	**Dec 31, 2012**
Mining and Construction	2,144	2,276	2,299	2,189	**1,983**
Automation	364	399	398	374	**343**
Pulp, Paper and Power	2,863	2,801	2,663	2,534	**2,249**
Valmet Automotive	-	-	-	-	**-**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	-	-	-	-	**-**
Intra Metso order backlog	-61	-69	-70	-66	**-60**
Metso total	5,310	5,407	5,290	5,031	**4,515**

PERSONNEL

	Dec 31, 2011	Mar 31, 2012	June 30, 2012	Sep 30, 2012	**Dec 31, 2012**
Mining and Construction	11,433	11,585	11,772	11,754	**11,721**
Automation	3,892	3,995	4,171	4,119	**4,128**
Pulp, Paper and Power	12,528	12,596	13,030	12,650	**12,439**
Valmet Automotive	1,705	1,708	1,514	1,086	**1,093**
Group Head Office and other	766	795	851	818	**831**
Group Head Office and others total	2,471	2,503	2,365	1,904	**1,924**
Metso total	30,324	30,679	31,338	30,427	**30,212**

Non-recurring items and amortization of intangible assets

10-12/2012 EUR million	Mining and Construction	Automation	Pulp, Paper and Power	Metso total
EBITA before non-recurring items	**118.7**	**31.2**	**55.9**	**195.9**
% of net sales	**12.8**	**13.4**	**6.0**	**9.3**
Capacity adjustment expenses	-10.2	-1.0	-23.7	**-35.1**
Intellectual property items	3.0	-	-	**3.0**
Costs related to business acquisition projects	-	-	-	**-0.6**
Costs related to bankruptcy of THINK Global A/S	-	-	-	**-1.1**
Amortization of intangible assets *)	-2.7	-1.1	-7.2	**-12.6**
Operating profit (EBIT)	108.8	29.1	25.0	**149.5**

*) Includes EUR 5.0 million amortization of intangible assets acquired through business acquisitions.

10-12/2011 EUR million	Mining and Construction	Automation	Pulp, Paper and Power	Metso total
EBITA before non-recurring items	**120.1**	**36.4**	**48.4**	**202.1**
% of net sales	**12.9**	**14.9**	**5.7**	**9.7**
Intellectual property items	0	-	-	**-0.4**
Amortization of intangible assets *)	-2.7	-0.9	-7.9	**-13.2**
Operating profit (EBIT)	117.4	35.5	40.5	**188.5**

*) Includes EUR 5.9 million amortization of intangible assets acquired through business acquisitions.

1-12/2012 EUR million	Mining and Construction	Automation	Pulp, Paper and Power	Metso total
EBITA before non-recurring items	**418.5**	**103.1**	**200.3**	**684.3**
% of net sales	**12.0**	**12.0**	**6.6**	**9.1**
Capacity adjustment expenses	-10.7	-1.0	-23.7	**-35.6**
Intellectual property items	2.5	-	-	**2.5**
Costs related to business acquisition projects	-	-	-	**-1.8**
Costs related to bankruptcy of THINK Global A/S	-	-	-	**-1.1**
Amortization of intangible assets *)	-10.4	-4.5	-29.0	**-49.8**
Operating profit (EBIT)	399.9	97.6	147.6	**598.5**

*) Includes EUR 20.4 million amortization of intangible assets acquired through business acquisitions.

1-12/2011 EUR million	Mining and Construction	Automation	Pulp, Paper and Power	Metso total
EBITA before non-recurring items	**324.4**	**103.9**	**218.8**	**628.5**
% of net sales	**10.9**	**13.5**	**8.1**	**9.5**
Intellectual property items	-0.8	-	-	**-0.8**
Gain on sale of production plant in Sweden	-	-	2.6	**2.6**
Costs related to business acquisition projects	-	-	-	**-0.8**
Costs related to bankruptcy of THINK Global A/S	-	-	-	**-6.1**
Amortization of intangible assets *)	-10.6	-4.2	-32.2	**-51.6**
Operating profit (EBIT)	313.0	99.7	189.2	**571.8**

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

Notes to the Financial Statements Review

This Financial Statements 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 Financial Statements Review is unaudited.

New accounting standards

Provided that the standards are endorsed by the European Union, we will apply them when they take effect.

Amendment to IAS 19 (Employee benefits)

We will apply the amendment to the annual reporting period beginning on January 1, 2013, and it have only minor impact on our financial statements.

IFRS 9 (Financial instruments: Recognition and measurement)

The standard is expected to become effective for financial periods beginning on or after January 1, 2015. Until the entire standard is finalized, we cannot assess its impact on our financial statements.

IFRS 10 (Consolidated Financial Statements)

The standard will apply to annual reporting periods beginning on or after January 1, 2013, however, its application becomes compulsory for accounting periods beginning after December 31, 2013. The standard will not have a material impact on our financial statements.

IFRS 11 (Joint Arrangements)

The standard will apply to annual reporting periods beginning on or after January 1, 2013, however, its application becomes compulsory for accounting periods beginning after December 31, 2013. The standard will not have a material impact on our financial statements.

IFRS 12 (Disclosure of Interests in Other Entities)

The standard will apply to annual reporting periods beginning on or after January 1, 2013, however, its application becomes compulsory for accounting periods beginning after December 31, 2013. The standard will not have a material impact on our financial statement disclosures.

IFRS 13 (Fair Value Measurement)

The standard will apply to annual reporting periods beginning on or after January 1, 2013, however, its application becomes compulsory for accounting periods beginning after December 31, 2013. The standard will not have a material impact on our financial statement disclosures.

Trading of Metso's shares

A total of 223,439,548 Metso shares were traded on NASDAQ OMX Helsinki in January–December, equivalent to a turnover of EUR 6,709 million. The share price on December 28, 2012 was EUR 32.04 and the average trading price for the period was EUR 30.02. The highest quotation during the period was EUR 37.27 and the lowest EUR 24.88.

Trading of Metso's ADRs (American Depositary Receipts) started on the OTCQX marketplace, the premier tier of the OTC market, in October. On December 31, 2012, the closing price of the Metso ADR was USD 42.61. Metso is traded on the OTCQX market under the ticker symbol 'MXCYY', with each ADR representing one ordinary Metso share.

Flagging notifications

On December 18, 2012, Cevian Capital II Master Fund L.P. transferred its aggregate holding of 12,508,060 Metso shares to Cevian Capital Partners Ltd, which is a wholly-owned subsidiary of Cevian Capital II Master Fund L.P. Following the transfer, Cevian Capital Partners Ltd. holds a total of 12,508,060 shares, which corresponds to 8.32% of shares outstanding.

On August 3, 2012, Cevian Capital II Master Fund L.P. announced that its holding in shares of Metso Corporation exceeded the 5 percent threshold. The holding amounted to 7,790,060 shares, which corresponded to 5.18 percent of the total amount of shares and votes.

Credit ratings

In December, Standard & Poor's Ratings Services confirmed Metso's BBB long-term and A-2 short-term corporate credit ratings and positive outlook.

In November, Moody's Investors Service confirmed Metso's Baa2 long-term credit rating and positive outlook.

Events in 2013

Metso's Annual General Meeting is due to be held on Thursday, March 28, 2013. A Capital Markets Day is planned for November 26-27, 2013.

Metso's Financial Reporting in 2013

Metso's Annual Report for 2012 will be published in the week starting on March 4, 2013 (week 10). Interim Reviews for 2013 will be published as follows: January–March on April 23, January–June on July 25, and January–September on October 24.

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