Interim Review January 1 – March 31, 2009

metso

Metso's Interim Review, January 1–March 31, 2009

Cash flow improved. Market outlook unchanged.

Highlights of the first quarter of 2009

- New orders worth EUR 942 million were received in January-March (EUR 1,509 million in Q1/08), i.e. 38 percent less than in the comparison period.
- At the end of March, the order backlog was 4 percent lower than at the end of December 2008, amounting to EUR 3,934 million (EUR 4,088 million at December 31, 2008).
- Net sales decreased by 13 percent, standing at EUR 1,220 million (EUR 1,400 million in Q1/08).
- Earnings before interest, tax and amortization (EBITA) were EUR 68.8 million, i.e. 5.6 percent of net sales (EUR 133.7 million and 9.6% in Q1/08).
- Operating profit (EBIT) was EUR 58.6 million, i.e. 4.8 percent of net sales (EUR 119.6 million and 8.5% in Q1/08).
- Earnings before interest, tax and amortization (EBITA) and operating profit (EBIT) include EUR 22 million of non-recurring expenses relating to capacity adjustment measures.
- Earnings per share were EUR 0.18 (EUR 0.55 in Q1/08).
- Free cash flow was EUR 120 million positive (EUR 99 million negative in Q1/08).
- Return on capital employed (ROCE) before taxes was 9.0 percent (20.9% in Q1/08).

"The overall market sentiment in our customer industries continues to be cautious. There have been some weak positive signals, but it is too early to say if this is enough to improve confidence levels and to start gradual recovery," says Jorma Eloranta, President and CEO of Metso Corporation. "In the continuing demanding market situation, it is important for Metso to be prepared should the situation change - for better or for worse. Our delivery capability is good and we are continuing several long-term initiatives to enhance our competitiveness. At the same time, we are prepared to launch additional capacity adjustment measures quickly should the situation demand it."

Eloranta notes that the order intake in the first quarter was low, in line with the levels reached towards year end. "Our services business net sales were on par with the corresponding period last year, which I consider positive for Metso. I am also pleased that our efforts to improve cash flow and release net working capital are showing positive results", says Eloranta.

Metso's key figures

EUR million	Q1/09	Q1/08	Change %	2008
Net sales	**1,220**	1,400	-13	6,400
Net sales of services business	**506**	501	1	2,343
% of net sales	**42**	36		37
EBITA before non-recurring capacity adjustment expenses	**90.8**	133.7	-13	680.9
% of net sales	**7.4**	9.6		10.6
Earnings before interest, tax and amortization (EBITA)	**68.8**	133.7	-49	680.9
% of net sales	**5.6**	9.6		10.6
Operating profit	**58.6**	119.6	-51	637.2
% of net sales	**4.8**	8.5		10.0
Earnings per share, EUR	**0.18**	0.55	-67	2.75
Orders received	**942**	1,509	-38	6,384
Order backlog at end of period	**3,934**	4,340	-9	4,088
Free cash flow	**120**	-99	n/a	29
Return on capital employed (ROCE) before taxes, annualized, %	**9.0**	20.9		23.2
Equity to assets ratio at end of period, %	**30.3**	36.8		30.9
Gearing at end of period, %	**72.6**	39.1		75.7

Metso's first quarter 2009 review

Operating environment and demand for products

Due to the decline of the global economy and the uncertainty in the financial markets, our operating environment continued to be demanding during the first quarter. Our customers were cautious in their investment decisions, which kept the demand for our new equipment and project businesses weak. Even though our customers' capacity utilization rates were lower than a year ago, the demand for our services business remained satisfactory thanks to the strong growth in our installed equipment base in recent years.

We estimate that the economic stimulus packages launched by a large number of countries will at some point have a positive effect on the construction industry in particular, and on the demand for power plants utilizing renewable energy sources. However, these stimulus packages did not effect our orders received during the early part of the year.

Orders received and order backlog

Our orders received in the first quarter totaled EUR 942 million, down 38 percent on the comparison period. There were significantly fewer cancellations of orders received than in the last quarter of 2008. Cancellations in January-March amounted to some EUR 32 million. The majority of the cancellations, EUR 23 million, related to the Construction business line and the remaining EUR 9 million to the Recycling business line. The share of emerging markets in orders received, 43 percent, remained almost on par with the comparison period. All of our reporting segments' orders received decreased as our customers hesitated to make new investment decisions in the face of the continuing uncertainty in the global markets and poor availability of financing.

The orders received by the Mining and Construction Technology segment in January-March fell 44 percent on the corresponding period in 2008 and totaled EUR 385 million (EUR 687 million). Orders received were primarily smaller replacement and services orders, no larger project orders were received. The new orders received by the Mining business line fell over 30 percent on the comparison period. The decline in orders for the Construction business line was more than 50 percent.

The orders received by our Energy and Environmental Technology segment totaled EUR 265 million, down 31 percent on the comparison period. Orders received went down more than 20 percent in the Power business line and almost 30 percent in the Automation business line. Orders received by the Recycling business line decreased to half on the comparison period. Among the orders received for the first quarter of 2009 was the modernization of the chemical recovery line for Korsnäs in Sweden.

Orders received by the Paper and Fiber Technology segment in January-March fell by 36 percent from the comparison period and totaled EUR 279 million. Very few capital equipment orders were received by any of the business lines in the segment. Among the more significant orders received in the first quarter were a fine paper machine to be supplied to Sun Paper Group in China and the rebuild of a board machine line for a Stora Enso mill in Finland.

At the end of March, our order backlog was EUR 3,934 million, which is 4 percent less than at the end of 2008. Some 60 percent of the order backlog is expected to be delivered in 2009. The order backlog includes projects worth around EUR 900 million which have uncertain delivery times and are projected to be delivered after 2009. These orders include the pulp mill projects for Zhanjiang Chenming in China and Aracruz in Brazil. The situation of both projects remained virtually unchanged since the review presented in our annual financial statements.

Orders received by reporting segments

	Q1/2009		Q1/2008	
	EUR million	**% of orders received**	EUR million	% of orders received
Mining and Construction Technology	**385**	**41**	687	45
Energy and Environmental Technology	**265**	**28**	382	25
Paper and Fiber Technology	**279**	**29**	433	28
Valmet Automotive	**21**	**2**	23	2
Intra-Metso orders received	**-8**		-16	
Total	**942**	**100**	1,509	100

Orders received by market area

	Q1/2009		Q1/2008	
	EUR million	**% of orders received**	EUR million	% of orders received
Europe	**386**	**41**	608	40
North America	**167**	**18**	300	20
South and Central America	**134**	**14**	150	10
Asia-Pacific	**201**	**21**	319	21
Rest of the world	**54**	**6**	132	9
Total	**942**	**100**	1,509	100

Net sales

Our net sales for the first quarter declined 13 percent on the comparison period and totaled EUR 1,220 million. The net sales of Mining and Construction Technology remained at last year's level, the net sales of Energy and Environmental Technology grew by 6 percent and those of Paper and Fiber Technology declined by 41 percent. The net sales of our services business remained at the level of comparison period and its share of total net sales grew to 42 percent (36% in Q1/08).

Measured by net sales, the largest countries were the United States, China and Brazil, which together accounted for about 29 percent of our total net sales.

Net sales by reporting segments

	Q1/2009		Q1/2008	
	EUR million	**% of net sales**	EUR million	% of net sales
Mining and Construction Technology	**528**	**43**	534	38
Energy and Environmental Technology	**397**	**32**	373	26
Paper and Fiber Technology	**287**	**23**	483	34
Valmet Automotive	**21**	**2**	23	2
Intra-Metso net sales	**-13**		-13	
Total	**1,220**	**100**	1,400	100

Net sales by market area

	Q1/2009		Q1/2008	
	EUR million	**% of net sales**	EUR million	% of net sales
Europe	**526**	**43**	569	40
North America	**197**	**16**	213	15
South and Central America	**160**	**13**	175	13
Asia-Pacific	**234**	**19**	365	26
Rest of the world	**103**	**9**	78	6
Total	**1,220**	**100**	1,400	100

Financial result

Our earnings before interest, tax and amortization (EBITA) for the first quarter declined substantially from the comparison period and were EUR 68.8 million, or 5.6 percent of net sales (EUR 133.7 million and 9.6% in Q1/08). Our financial results include non-recurring expenses of EUR 22 million related to capacity adjustment measures, out of which close to EUR 17 million relate to Paper and Fiber Technology segment. The EBITA of Paper and Fiber Technology weakened by more than EUR 40 million and was EUR 14.0 million negative. In addition to the significant one-time cost related to the capacity adjustment measures, the profitability of Paper and Fiber Technology segment was weakened by the low capacity utilization rates of several units. Also the financial result of Mining and Construction Technology segment was lower than that in the comparison period due to the markedly weakened profitability of the Construction business line. The Construction business line's profitability weakened due to a decline in market prices, the high average prices of inventories carried over from 2008 and the low capacity utilization rates of production facilities. The profitability of Energy and Environmental Technology was on par with the comparison period.

Our first-quarter operating profit (EBIT) was EUR 58.6 million, i.e. 4.8 percent of net sales (EUR 119.6 million and 8.5% in Q1/08).

Our net financing expenses in January-March were EUR 22 million (EUR 9 million). Due to the higher debt level compared to last year, our interest expenses increased by EUR 8 million. Other financial expenses include a EUR 4 million reversal of translation adjustments resulting from the liquidation of two subsidiaries.

Our profit before tax was EUR 37 million (EUR 111 million) and our tax rate for 2009 is estimated to be about 30 percent.

The profit attributable to shareholders was EUR 26 million (EUR 78 million in Q1/08) in the first quarter, corresponding to earnings per share (EPS) of EUR 0.18 (EUR 0.55 in Q1/08).

In January-March, the annualized return on capital employed (ROCE) before taxes was 9.0 percent (20.9%) and return on equity (ROE) was 7.1 percent (20.1%).

Cash flow and financing

The net cash generated by operating activities for January-March was EUR 136 million positive (EUR 69 million negative in Q1/08).

During the first quarter, EUR 94 million of net working capital was released. EUR 62 million of the release came from inventories and EUR 141 million from trade receivables. Simultaneously, trade payables decreased by EUR 117 million and advances received by EUR 26 million. Inventories in Mining and Construction Technology decreased by EUR 72 million, as a result of the ongoing special inventory reduction initiative.

Free cash flow was EUR 120 million positive in January-March (EUR 99 million negative in Q1/08).

Net interest-bearing liabilities totaled EUR 1,022 million at the end of March (EUR 1,099 million at December 31, 2008).

The total amount of short-term debt maturing within the next 12 months was EUR 399 million at the end of March. EUR 127 million of the short-term debt consists of commercial papers issued in the Finnish markets, EUR 189 million are current portions of long-term debt and the remainder is local working capital financing of certain subsidiaries, primarily in Brazil. About EUR 90 million of existing long-term debt will mature during the last three quarters of 2010.

The total amount of net funding we acquired in January-March was EUR 13 million, which included EUR 50 million new long-term debt. Metso's liquidity position continues to be satisfactory. Our cash and liquid assets totaled EUR 436 million at the end of the first quarter. The syndicated EUR 500 million revolving loan facility is available until late 2011, and it is currently undrawn.

At the end of March, our gearing was 72.6 percent (39.1%) and the equity-to-assets ratio was 30.3 percent (36.8%). In April, following the Annual General Meeting, we paid EUR 99 million in dividends for 2008.

Capital expenditure

Our gross capital expenditure for January-March decreased by 29 percent on the comparison period, and was EUR 30 million (EUR 42 million in Q1/08).

We estimate our capital expenditure, excluding business acquisitions, to be some EUR 150 million this year. Due to the changed global economic situation, we have decided to restrict the amount of new investments and will also consider extending the implementation schedules of ongoing investment projects when feasible.

In China, we are constructing new plant and office premises for our Automation business in Shanghai. The Metso Park industrial facility, designed especially to serve the mining and construction industry, is under construction in Rajasthan, India. In Finland, we are upgrading a pilot machine at the Paper Technology Center in Jyväskylä. We are establishing a third service center for the pulp and paper industry in China, to Zibo in Shandong province. Investment projects in enterprise resource planning systems are underway in Mining and Construction Technology and in the Automation business line. Due to the changed market conditions, we have extended the implementation schedules for the Metso Park and Zibo service center investments.

Acquisitions, divestments and joint ventures

In January, we sold our composites manufacturing business and related assets in Oulu, Finland, to xperion Oy. Annual net sales of the divested business have been less than EUR 5 million. The entire personnel of the business, 21 people, were transferred to xperion Oy. The divested business was part of our Paper business line.

Late 2008, we made an agreement with Wärtsilä to combine our Heat & Power business (a business unit within the Power business line) and Wärtsilä's Biopower business into a joint venture as of January 1, 2009. The joint venture was named MW Power Oy. We own 60 percent and Wärtsilä owns 40 percent of the joint venture. An order backlog of approximately EUR 116 million was transferred with Wärtsilä Biopower Oy to the joint venture. In 2008, the consolidated annual pro forma net sales of the company were approximately EUR 130 million and the number of employees about 200.

Adjusting capacity to demand

We began adjusting our capacity and cost structure immediately when the market situation started to weaken in September 2008 and have continued these measures in 2009. The aim is to ensure the competitiveness of our operations.

Our first steps were to reduce the number of temporary personnel and the use of subcontractors. In addition we have initiated temporary lay-offs and permanent reductions at several of our units. In most cases, the temporary lay-offs concern all employee groups, and their duration varies, depending on the work load, from few weeks to longer periods. The temporary lay-offs are mainly in use in Finland where local agreements allow for this type of flexibility. In other countries we have applied alternative options made possible by labor legislation, such as a shortened work week. Through the implementation of temporary lay-offs in Finland, we estimate that we will achieve some EUR 25-30 million in savings in personnel costs over the course of this year. Furthermore, during the first quarter we have concluded negotiations to make about 1,800 permanent employees redundant. During the first quarter, we recorded EUR 22 million in non-recurring expenses resulting from these personnel reductions and the closures of units connected with them. With these measures we estimate that we will achieve annual savings of about EUR 90 million, of which about EUR 40 million is estimated to be realized in 2009.

The table below details the most significant capacity-adjustment measure decisions.

Segment	Business line	Measures	Implementation starting
Mining and Construction Technology	Mining business line	Reduction of about 300 people, temporary lay-offs according to work load, unit closures.	December 2008
Mining and Construction Technology	Construction business line	Reduction of about 300 people, temporary lay-offs, unit closures.	December 2008
Energy and Environmental Technology	Power business line	Reduction of about 20 people, temporary lay-offs.	March 2009
Energy and Environmental Technology	Automation business line	Reduction of about 80 people including closure of a unit and temporary lay-offs.	March 2009
Energy and Environmental Technology	Recycling business line	Reduction of about 20 people, temporary revoking of contracts, shortened working hours.	September 2008
Paper and Fiber Technology	Paper business line	Reduction of about 750 people, temporary lay-offs, unit closures, transfers of personnel to other units.	December 2008
Paper and Fiber Technology	Fiber business line	Reduction of about 250 people, temporary lay-offs, reduction of temporary personnel.	December 2008
Paper and Fiber Technology	Tissue business line	Reduction of about 80 people.	January 2009

Personnel

At the end of March, Metso had 28,312 employees, which was 1,010 less than at the end of 2008. The number of employees fell especially in Finland and Sweden, as a result of the capacity adjustment measures in Paper and Fiber Technology. During the first quarter of the year, we had an average of 28,817 employees.

Personnel by area

	March 31, 2009	**% of total personnel**	December 31, 2008	% of total personnel	Change %
Finland	**8,906**	**32**	9,252	32	-4
Other Nordic countries	**3,167**	**11**	3,332	11	-5
Other Europe	**3,729**	**13**	3,842	13	-3
North America	**3,747**	**13**	3,964	14	-5
South and Central America	**2,931**	**10**	2,991	10	-2
Asia-Pacific	**4,390**	**16**	4,469	15	-2
Rest of the world	**1,442**	**5**	1,472	5	-2
Total	**28,312**	**100**	29,322	100	-3

REPORTING SEGMENTS

Mining and Construction Technology

EUR million	Q1/09	Q1/08	Change %	2008
Net sales	**528**	534	-1	2,586
Net sales of services business	**243**	238	2	1,078
% of net sales	**46**	45		42
Earnings before interest, tax and amortization (EBITA)	**55.6**	78.9	-30	361.2
% of net sales	**10.5**	14.8		14.0
Operating profit	**54.9**	78.2	-30	358.4
% of net sales	**10.4**	14.6		13.9
Orders received	**385**	687	-44	2,709
Order backlog at end of period	**1,347**	1,562	-14	1,492
Personnel at end of period	**10,826**	10,063	8	11,259

The net sales of our Mining and Construction Technology segment remained on par with the comparison period, equaling EUR 528 million. The Mining business line's net sales grew, while the net sales of the Construction business line decreased. The net sales of services business were on par with the comparison period and accounted for 46 percent of net sales (45% in Q1/08).

Mining and Construction Technology's operating profit for the first quarter was EUR 54.9 million, or 10.4 percent of net sales (EUR 78.2 million and 14.6%). The segment's operating profit was burdened by almost 4 million in non-recurring expenses relating to the capacity adjustment measures. Strong profitability was maintained in the Mining business line but profitability declined significantly in the Construction business line. The profitability of the Construction business line was weakened by the decline in market prices, the high average prices of inventories carried over from 2008 and the low capacity utilization rates of production facilities.

The value of orders received declined clearly from the comparison period and was EUR 385 million in January-March (EUR 687 million in Q1/08). The value of new orders decreased in both business lines in all geographical areas. Investment activity in the mining industry remained subdued due to the continuing low prices of metals and uncertainty in the financial markets. The demand for the Construction business line's products was depressed because of the major slowdown in the construction industry and general uncertainty about short-term outlook. The relative share of orders received from the emerging markets declined slightly, equaling 49 percent (51%). During the first quarter, earlier received orders worth EUR 23 million were canceled in the Construction business line.

The order backlog declined by 10 percent from the end of 2008 and totaled EUR 1,347 million at the end of March (EUR 1,492 million on December 31, 2008). Around EUR 300 million of the mining equipment orders in the order backlog have somewhat uncertain delivery schedules.

Energy and Environmental Technology

EUR million	Q1/09	Q1/08	Change %	2008
Net sales	**397**	373	6	1,775
Net sales of services business	**132**	111	19	549
% of net sales	**34**	30		32
Earnings before interest, tax and amortization (EBITA)	**32.3**	32.4	0	198.3
% of net sales	**8.1**	8.7		11.2
Operating profit	**27.7**	24.6	13	176.0
% of net sales	**7.0**	6.6		9.9
Orders received	**265**	382	-31	1,658
Order backlog at end of period	**1,182**	1,331	-11	1,204
Personnel at end of period	**6,387**	5,957	7	6,357

The net sales of our Energy and Environmental Technology grew by 6 percent on the comparison period and totaled EUR 397 million. Both Power and Automation business lines contributed to this growth while the net sales of the Recycling business line decreased from the comparison period. The services business grew by 19 percent, accounting for 34 percent of net sales (30% in Q1/08).

Energy and Environmental Technology's operating profit improved compared to the previous year and was EUR 27.7 million, which is 7.0 percent of net sales (EUR 24.6 million and 6.6% in Q1/08). The operating profit for January-March improved in the Power and Automation business lines but clearly weakened in the Recycling business line. Operating profit included close to EUR 2 million non-recurring expenses related to capacity adjustment measures.

The value of orders received fell by 31 percent from the comparison period and totaled EUR 265 million. Orders received declined across all of the business lines. EUR 9 million of orders earlier received by the Recycling business line were cancelled.

The order backlog at the end of March, EUR 1,182 million, was 2 percent lower than at the end of 2008. Projects accounting for almost EUR 200 million included in the order backlog are subject to uncertainties relating to delivery schedules. These uncertain orders include the delivery of power boiler and automation technology for the pulp mill projects of Zhanjiang Chenming in China and Aracruz in Brazil.

Paper and Fiber Technology

EUR million	Q1/09	Q1/08	Change %	2008
Net sales	**287**	483	-41	2,044
Net sales of services business	**132**	151	-13	716
% of net sales	**46**	31		35
Earnings before interest, tax and amortization (EBITA)	**-14.0**	29.9	n/a	146.1
% of net sales	**-4.9**	6.2		7.1
Operating profit	**-18.2**	24.9	n/a	130.1
% of net sales	**-6.3**	5.2		6.4
Orders received	**279**	433	-36	2,021
Order backlog at end of period	**1,438**	1,494	-4	1,434
Personnel at end of period	**10,090**	9,892	2	10,544

Net sales of our Paper and Fiber Technology were EUR 287 million, a decrease of 41 percent in the first quarter. The decrease was primarily due to timing of revenue recognition of some larger projects in the backlog. Net sales decreased clearly across all three business lines. The net sales of the services business declined by 13 percent in January-March and its share of the segment's net sales was 46 percent (31% in Q1/08).

Paper and Fiber Technology's EBITA was EUR 14.0 million negative in January-March (EUR 29.9 million positive and 6.2% of net sales in Q1/08). Profitability was negative across all business lines.

The operating loss was EUR 18.2 million (operating profit of EUR 24.9 million and 5.2% of net sales). The financial result for Paper and Fiber Technology includes about EUR 17 million in non-recurring expenses resulting from capacity adjustment measures. The profitability of the first quarter was also weakened by the low capacity utilization rates in several units.

The weak demand for pulp and paper industry machinery and equipment continued during the beginning of the year. The value of orders received decreased by 36 percent from the comparison period and was EUR 279 million. The order backlog at the end of March, EUR 1,438 million, was at the same level as at the end of 2008. Around one-third of the projects in the order backlog are subject to uncertainties relating to delivery schedules. These include the large Zhanjiang Chenming and Aracruz pulping equipment deliveries.

In the fourth quarter of 2008, we initiated strong measures in our Paper and Fiber Technology to adjust our capacity to the decreased demand. The target is to secure our competitiveness by streamlining the cost structure of operations. We are continuing a strong transformation to services business in our Paper and Fiber Technology segment.

Smurfit-Stone Container Corporation, one of our North American customers, announced on January 26, 2009 that it has filed a voluntary petition for reorganization under Chapter 11. For the first quarter, we have recognized a EUR 1 million credit loss reserve to cover the risks related to this reorganization.

Valmet Automotive

Valmet Automotive's net sales in January-March totaled EUR 21 million (EUR 23 million). The operating loss was EUR 0.3 million (operating profit EUR 1.0 million). In January-March, Valmet Automotive produced an average of 87 vehicles (113 vehicles in Q1/08) per day. At the end of March, Valmet Automotive employed 618 people (783 people on December 31, 2008).

In January, Valmet Automotive signed an agreement with the Danish company Garia A/S for the engineering and manufacturing of an electric vehicle, Garia golf car. Production is planned to start during the third quarter of this year. The agreement spans several years and involves the production of a few thousand Garia golf cars annually. At the end of 2008, Valmet Automotive and the U.S. company Fisker Automotive signed a cooperation agreement on the manufacture of Fisker Karma hybrid cars in Finland. Production is planned to start during the last quarter of this year. The agreement spans several years and annual production is projected to be 15,000 cars. Valmet Automotive's current assembly contract with Porsche will continue until 2012.

Decisions of our Annual General Meeting

Our Annual General Meeting on March 31, 2009 approved the accounts for 2008 and decided to discharge the members of the Board of Directors and the President and CEO from liability for the financial year 2008. In addition, the Annual General Meeting approved the proposals of the Board of Directors to authorize the Board of Directors to resolve of a repurchase of Metso's own shares, to issue new shares and to grant special rights.

The Annual General Meeting decided that a dividend of EUR 0.70 per share will be paid for the financial year which ended on December 31, 2008. The dividend was paid on April 15, 2009. In addition, the Annual General Meeting authorized the Board of Directors to decide, at its discretion and when the economic situation of Metso favors it, on the payment of a dividend of no more than EUR 0.68 per share in addition to the above mentioned dividend.

Jukka Viinanen was elected Chairman of the Board and Jaakko Rauramo was elected Vice Chairman of the Board. Pia Rudengren was elected a new member of the Board. The Board members re-elected were Maija-Liisa Friman, Christer Gardell, Arto Honkaniemi and Yrjö Neuvo. Our long-term chairman of the board, Matti Kavetvuo informed that he is not available for re-election. The term of office of Board members lasts until the end of the next Annual General Meeting.

The Annual General Meeting decided that the annual remunerations for Board members be EUR 92,000 for the Chairman, EUR 56,000 for the Vice Chairman and EUR 45,000 for the members and that the meeting fee including committee meetings be EUR 600 for each meeting they attend.

The auditing company, Authorized Public Accountant PricewaterhouseCoopers Oy was re-elected to act as the Auditor of Metso until the end of the next Annual General Meeting.

The Annual General Meeting decided to establish a Nomination Committee of the Annual General Meeting to prepare proposals for the following Annual General Meeting regarding the composition of the Board of Directors and director remuneration. Representatives of the four biggest shareholders are elected to the Nomination Committee; the Committee additionally comprises as expert members the Chairman of the Board of Directors as well as one member who is appointed by the Board of Directors from among its members who is independent of significant shareholders.

Members of Metso board committees and personnel representative

Our Board of Directors elected members from among the Board for the Audit Committee and Remuneration and HR Committee at its assembly meeting on March 31, 2009. The Board's Audit Committee consists of Maija-Liisa Friman (Chairman), Arto Honkaniemi and Pia Rudengren. The Board's Remuneration and HR Committee consists of Jukka Viinanen (Chairman), Christer Gardell, Yrjö Neuvo and Jaakko Rauramo.

Metso's personnel groups in Finland have elected Jukka Leppänen as the personnel representative. He participates in the meetings of our Board of Directors as an invited expert, and his term of office is the same as the Board members' term.

Events after the review period

AbitibiBowater Inc. files for Chapter 11 bankruptcy

AbitibiBowater Inc., one of our North American paper industry customers, announced on April 16, 2009 that it has filed a voluntary petition for reorganization under Chapter 11. We estimate that the maximum credit risk related to receivables resulting from the reorganization of AbitibiBowater will be EUR 4 million, which has been recognized on March 31, 2009.

Short-term risks of business operations

Based on the uncertainty in the global economy and financial markets, our business environment for 2009 is continuing to be demanding.

The global economic recession and the financial crisis may have adverse effects on projects in our order backlog. Some projects may be postponed or they may be suspended or canceled. We estimate that slightly over 20 percent of the projects currently in our order backlog are subject to uncertainties relating to delivery schedules. We apply the percentage of completion method to long-term delivery agreements. The customer advance payment is typically 10–30 percent, in addition to which the customer makes progress payments based on the milestones during the project execution. We assess our customers' creditworthiness and ability to fulfill their obligations. If a customer faces liquidity problems, we will discuss the possibility of changing project delivery schedules and the resulting cost escalation effects or any other measures needed. As a rule, we do not finance customer projects.

We have launched many measures to adjust to the rapidly changing operating environment. We are adjusting our capacity as well as cost and operational structure to correspond with the demand, in order to maintain our competitiveness. As a result of the global recession, the markets for our products will decrease, leading to tightening cost competition.

Securing the continuity of our operations requires that sufficient funding is available under all circumstances. The financial crisis may have adverse effects on the availability of our debt financing and increase the costs relating to it. We estimate that our financial assets and available credit facilities are sufficient to secure short-term liquidity. At the end of March, cash and cash equivalents totaled EUR 436 million and credit facilities available for withdrawal amounted to EUR 500 million. The average repayment period for our long-term loan capital is 3.7 years. More than half of our long-term debt will mature after 2011. There are no prepayment covenants in our debt facilities that would be triggered by changes in credit ratings. Some of our debt facilities include financial covenants related to capital structure. Currently we fully meet the covenants and other terms related to our financing agreements. We consider our felxibility in relation to the covenants to be adequate.

The levels of net working capital and the level of capital expenditure have a fundamental effect on the adequacy of financing. Our aim is to decrease the level of our net working capital, and this could be difficult to achieve if the economic downturn is prolonged. We have no particularly large-scale investment projects underway, and we estimate that we are well positioned to keep our capital expenditure at a moderate level in the coming years.

We have EUR 789 million of goodwill on our balance sheet related to corporate acquisitions made over the last 10 years. We monitor our goodwill quarterly and regularly carry out comprehensive impairment testing annually in September. Following the significant changes in our business environment, we conducted additional impairment testing in December 2008 and did not find any impairments necessary. Around EUR 350 million of the goodwill on our balance sheet arises from the acquisition of Svedala in 2001 and thereby is related to Mining and Construction Technology and Recycling business line. EUR 260 million derive from the Aker Kvaerner's Pulping and Power operations acquired at the end of 2006, being allocated on our Power and Fiber business lines. EUR 50 million is related to the Beloit paper machine maintenance operations acquired in 2000 and is allocated on Paper and Fiber Technology. The rest stems from several smaller acquisitions. Our Power business line has the largest share of goodwill in proportion to net sales and profitability. The demand for power production solutions based on renewable energy sources is expected to develop favorably, and consequently the outlook for the Power business continues to be satisfactory.

Changes in the prices of raw materials and components could affect our profitability. On one hand, the risk of increases in procurement costs typically diminishes during economic downturn. On the other hand, some of our customers are raw material producers, whose ability to operate and invest may be hampered by declining raw material prices. Changes in raw material and component prices also affect the value of our inventories. Over the past few months, we have sold finished construction equipment from the inventory with a lower contribution margin than during the past few years.

Of the financial risks that affect our profit, currency exchange rate risks are among the most substantial ones. Exchange rate changes can affect our business, although the geographical scope of our operations decreases the significance of any individual currency. The prevailing uncertainty in the financial markets is likely to increase exchange rate fluctuations.

Short-term outlook

Based on the global economic recession and uncertain financial markets, we estimate that our business environment will be demanding this year. Our customers are being cautious in their investment decisions, which affects our new equipment sales and project business in particular.

Several mining companies are making substantial cuts in their investment plans compared with the peak investment levels of recent years and limit their production during the year. Due to our strong product and service offering, as well as our large installed equipment base which has further grown significantly over the last few years, the demand for our mining equipment and services are expected to be satisfactory in 2009. In the construction industry, we estimate that the demand for equipment relating to aggregates production will be weak. Many countries have introduced stimulus measures relating to infrastructure development, which we expect to have a positive effect on the demand for our construction industry products on longer term. We estimate that the demand for our services offering in the construction industry will be satisfactory.

We estimate that the demand for power plants utilizing renewable energy sources will be satisfactory in Europe and North America in 2009. Many countries have initiated plans to increase the use of renewable energy sources. This is expected to support the demand for power plants based on biomass and waste utilization. We estimate that the demand for our automation products will be satisfactory in 2009. The demand for metals recycling equipment is expected to be weak, owing to the low price of scrap metal and decline in steel production. We expect that the demand for the services offering of Energy and Environmental Technology will be satisfactory.

We estimate that the demand for paper, pulp and fiber lines will be weak in 2009. The delivery schedules of some of the major paper and board machine and fiber line projects in our order backlog have been prolonged. We estimate that the low capacity utilization rates in the pulp and paper industry will have a negative impact on the demand for our services business, particularly in North America and Europe.

We estimate that our net sales will exceed EUR 5 billion in 2009. Our order backlog stands at EUR 3.9 billion, of which EUR 2.3 billion consists of deliveries for 2009. We expect our services business to remain satisfactory in 2009.

We expect our profitability level to be satisfactory in 2009. We also expect our free cash flow to improve considerably on 2008 owing to the measures aimed at releasing net working capital.

The net sales and profitability estimates are based on our current market outlook and business scope.

Helsinki, April 28, 2009

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 which may cause the actual results to materially differ from the results currently expected by the company.

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

Consolidated statement of income

EUR million	1-3/2009	1-3/2008	1-12/2008
Net sales	**1,220**	1,400	6,400
Cost of goods sold	**-925**	-1,038	-4,733
Gross profit	**295**	362	1,667
Selling, general and administrative expenses	**-239**	-249	-1,043
Other operating income and expenses, net	**3**	6	11
Share in profits of associated companies	**0**	1	2
Operating profit	**59**	120	637
% of net sales	**4.8%**	8.5%	10.0%
Financial income and expenses, net	**-22**	-9	-89
Profit before taxes	**37**	111	548
Income taxes	**-11**	-33	-158
Profit	**26**	78	390
Attributable to:			
Shareholders of the company	**26**	78	389
Minority interests	**0**	0	1
Profit	**26**	78	390
Earnings per share, EUR	**0.18**	0.55	2.75

Consolidated statement of comprehensive income

EUR million	1-3/2009	1-3/2008	1-12/2008
Profit	**26**	78	390
Cash flow hedges, net of tax	**-5**	4	-33
Available-for-sale equity investments, net of tax	**6**	-	-19
Currency translation on subsidiary net investments	**38**	-65	-49
Net investment hedge gains (losses), net of tax	**-9**	13	-11
Defined benefit plan actuarial gains (losses), net of tax	**0**	-	-22
Other comprehensive income (expense)	**30**	-48	-134
Total comprehensive income (expense)	**56**	30	256
Attributable to:			
Shareholders of the company	**56**	30	255
Minority interests	**0**	0	1
Total comprehensive income (expense)	**56**	30	256

Consolidated balance sheet

ASSETS

EUR million	Mar 31, 2009	Mar 31, 2008	Dec 31, 2008
Non-current assets			
Intangible assets			
Goodwill	**789**	764	778
Other intangible assets	**254**	241	254
	1,043	1,005	1,032
Property, plant and equipment			
Land and water areas	**59**	54	58
Buildings and structures	**245**	211	239
Machinery and equipment	**372**	309	366
Assets under construction	**55**	62	63
	731	636	726
Financial and other assets			
Investments in associated companies	**14**	19	14
Available-for-sale equity investments	**26**	44	18
Loan and other interest bearing receivables	**8**	11	8
Available-for-sale financial investments	**5**	5	5
Derivative financial instruments	**0**	1	0
Deferred tax asset	**173**	126	174
Other non-current assets	**23**	14	26
	249	220	245
Total non-current assets	**2,023**	1,861	2,003
Current assets			
Inventories	**1,591**	1,510	1,606
Receivables			
Trade and other receivables	**1,035**	1,350	1,146
Cost and earnings of projects under construction in excess of advance billings	**334**	357	362
Loan and other interest bearing receivables	**8**	2	9
Available-for-sale financial assets	**-**	-	-
Derivative financial instruments	**27**	44	48
Income tax receivables	**22**	23	23
	1,426	1,776	1,588
Cash and cash equivalents	**436**	389	314
Total current assets	**3,453**	3,675	3,508
TOTAL ASSETS	**5,476**	5,536	5,511

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Mar 31, 2009	Mar 31, 2008	Dec 31, 2008
Equity			
Share capital	**241**	241	241
Share premium reserve	**-**	77	-
Cumulative translation adjustments	**-107**	-128	-136
Fair value and other reserves	**489**	465	490
Retained earnings	**775**	989	849
Equity attributable to shareholders	**1,398**	1,644	1,444
Minority interests	**9**	7	9
Total equity	**1,407**	1,651	1,453
Liabilities			
Non-current liabilities			
Long-term debt	**1,080**	860	1,089
Post employment benefit obligations	**192**	168	191
Provisions	**41**	32	36
Derivative financial instruments	**11**	-	8
Deferred tax liability	**47**	37	45
Other long-term liabilities	**3**	2	4
Total non-current liabilities	**1,374**	1,099	1,373
Current liabilities			
Current portion of long-term debt	**189**	9	101
Short-term debt	**210**	183	245
Trade and other payables	**1,150**	1,240	1,189
Provisions	**245**	224	218
Advances received	**484**	653	479
Billings in excess of cost and earnings of projects under construction	**350**	401	323
Derivative financial instruments	**59**	25	82
Income tax liabilities	**8**	51	48
Total current liabilities	**2,695**	2,786	2,685
Total liabilities	**4,069**	3,885	4,058
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5,476**	5,536	5,511

NET INTEREST BEARING LIABILITIES

EUR million	Mar 31, 2009	Mar 31, 2008	Dec 31, 2008
Long-term interest bearing debt	**1,080**	860	1,089
Short-term interest bearing debt	**399**	192	346
Cash and cash equivalents	**-436**	-389	-314
Other interest bearing assets	**-21**	-18	-22
Total	**1,022**	645	1,099

Condensed consolidated cash flow statement

EUR million	1-3/2009	1-3/2008	1-12/2008
Cash flows from operating activities:			
Profit	**26**	78	390
Adjustments to reconcile profit to net cash provided by operating activities			
Depreciation and amortization	**36**	37	138
Interests and dividend income	**16**	9	57
Income taxes	**11**	33	158
Other	**9**	0	34
Change in net working capital	**94**	-187	-437
Cash flows from operations	**192**	-30	340
Interest paid and dividends received	**-11**	-4	-49
Income taxes paid	**-45**	-35	-154
Net cash provided by (used in) operating activities	**136**	-69	137
Cash flows from investing activities:			
Capital expenditures on fixed assets	**-30**	-42	-255
Proceeds from sale of fixed assets	**2**	1	10
Business acquisitions, net of cash acquired	**-3**	-	-44
Proceeds from sale of businesses, net of cash sold	**2**	2	12
(Investments in) proceeds from sale of financial assets	**-**	7	7
Other	**0**	-6	-7
Net cash provided by (used in) investing activities	**-29**	-38	-277
Cash flows from financing activities:			
Redemption of own shares	**-2**	-	-
Dividends paid	**-**	-	-425
Net funding	**13**	240	621
Other	**-**	2	15
Net cash provided by (used in) financing activities	**11**	242	211
Net increase (decrease) in cash and cash equivalents	**118**	135	71
Effect from changes in exchange rates	**4**	-13	-24
Cash and cash equivalents at beginning of period	**314**	267	267
Cash and cash equivalents at end of period	**436**	389	314

Free cash flow

EUR million	1-3/2009	1-3/2008	1-12/2008
Net cash provided by operating activities	**136**	-69	137
Capital expenditures on maintenance investments	**-18**	-31	-118
Proceeds from sale of fixed assets	**2**	1	10
Free cash flow	**120**	-99	29

Consolidated statement of changes in shareholders' equity

EUR million	Share capital	Share premium reserve	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Minority interests	Total equity
Balance at Jan 1, 2008	**241**	**77**	**-76**	**456**	**910**	**1,608**	**7**	**1,615**
Other comprehensive income (expense)	-	-	-52	4	-	-48	-	-48
Profit	-	-	-	-	78	78	0	78
Total comprehensive income (expense)	-	-	-52	4	78	30	0	30
Dividends	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-	-	-
Redemption of own shares	-	-	-	-	-	-	-	-
Share-based payments, net of tax	-	-	-	3	-	3	-	3
Decrease and transfer of share premium and legal reserve	-	-	-	-	-	-	-	-
Other	-	-	-	2	1	3	-	3
Balance at Mar 31, 2008	**241**	**77**	**-128**	**465**	**989**	**1,644**	**7**	**1,651**
Balance at Jan 1, 2009	**241**	**-**	**-136**	**490**	**849**	**1,444**	**9**	**1,453**
Other comprehensive income (expense)	-	-	29	1	-	30	-	30
Profit	-	-	-	-	26	26	0	26
Total comprehensive income (expense)	-	-	29	1	26	56	0	56
Dividends	-	-	-	-	-99	-99	-	-99
Share options exercised	-	-	-	-	-	-	-	-
Redemption of own shares	-	-	-	-3	-	-3	-	-3
Share-based payments, net of tax	-	-	-	1	-	1	-	1
Decrease and transfer of share premium and legal reserve	-	-	-	-	-	-	-	-
Other	-	-	-	0	-1	-1	-	-1
Balance at Mar 31, 2009	**241**	**-**	**-107**	**489**	**775**	**1,398**	**9**	**1,407**

Acquisitions

Acquisitions in 2009

In January Metso and Wärtsilä finalized the combination of Metso's Heat & Power business with Wärtsilä's Biopower business into a new joint venture MW Power Oy. Metso owns 60% and Wärtsilä 40% of the new company. In this non-cash transaction Wärtsilä contributed its business into MW Power Oy in exchange of the shares in the company. In accordance with IFRS, the company is fully consolidated into Metso's Power business line.

In January Metso also acquired Oktokon Oy, a Finnish engineering company, into its Power business line.

The acquired businesses contributed net sales of EUR 24 million and net profit of EUR 1 million for the period from their acquisition to March 31, 2009.

Summary information on acquisitions made in January-March 2009 is as follows:

EUR million	Carrying amount	Fair value allocations	Fair value
Intangible assets	0	2	**2**
Property, plant and equipment	2	-	**2**
Inventories	19	-	**19**
Trade and other receivables	17	-	**17**
Deferred tax liabilities	0	-1	**-1**
Minority interest	-	-	**-**
Other liabilities assumed	-32	-	**-32**
Non-interest bearing net assets	6	1	**7**
Cash and cash equivalents acquired			**7**
Debt assumed			**-17**
Purchase price			**-5**
Goodwill			**8**
Purchase price settled in cash			**-5**
Deferred payments on prior year acquisitions			**-5**
Cash and cash equivalents acquired			**7**
Net cash outflow on acquisitions			**-3**

Assets pledged and contingent liabilities

EUR million	Mar 31, 2009	Mar 31, 2008	Dec 31, 2008
Mortgages on corporate debt	**4**	9	4
Other pledges and contingencies			
Mortgages	**1**	1	1
Pledged assets	**0**	0	0
Guarantees on behalf of associated company obligations	**-**	-	-
Other guarantees	**11**	4	9
Repurchase and other commitments	**6**	6	6
Lease commitments	**164**	131	152

Notional amounts of derivative financial instruments

EUR million	Mar 31, 2009	Mar 31, 2008	Dec 31, 2008
Forward exchange rate contracts	**1,254**	1,600	1,460
Interest rate swaps	**168**	143	168
Option agreements			
Bought	**-**	17	12
Sold	**-**	17	12

The notional amount of electricity forwards was 616 GWh as of March 31, 2009 and 434 GWh as of March 31, 2008.

The notional amount of nickel forwards to hedge stainless steel prices was 210 tons as of March 31, 2009 and 390 tons as of March 31, 2008.

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

Key ratios

	1-3/2009	1-3/2008	1-12/2008
Earnings per share, EUR	**0.18**	0.55	2.75
Equity/share at end of period, EUR	**9.89**	11.61	10.19
Return on equity (ROE), % (annualized)	**7.1**	20.1	26.0
Return on capital employed (ROCE) before tax, % (annualized)	**9.0**	20.9	23.2
Return on capital employed (ROCE) after tax, % (annualized)	**7.5**	15.4	17.3
Equity to assets ratio at end of period, %	**30.3**	36.8	30.9
Gearing at end of period, %	**72.6**	39.1	75.7
Free cash flow	**120**	-99	29
Free cash flow/share	**0.85**	-0.70	0.20
Cash conversion, %	**462**	-127	7
Gross capital expenditure (excl. business acquisitions)	**30**	42	255
Business acquisitions, net of cash acquired	**3**	-	44
Depreciation and amortization	**36**	37	138
Number of outstanding shares at end of period (thousands)	**141,349**	141,625	141,624
Average number of shares (thousands)	**141,491**	141,506	141,595

Exchange rates used

		1-3/2009	1-3/2008	1-12/2008	**Mar 31, 2009**	Mar 31, 2008	Dec 31, 2008
USD	(US dollar)	**1.3171**	1.5283	1.4726	**1.3308**	1.5812	1.3917
SEK	(Swedish krona)	**10.9679**	9.4214	9.6833	**10.9400**	9.3970	10.8700
GBP	(Pound sterling)	**0.9186**	0.7696	0.8023	**0.9308**	0.7958	0.9525
CAD	(Canadian dollar)	**1.6391**	1.5322	1.5656	**1.6685**	1.6226	1.6998
BRL	(Brazilian real)	**3.0682**	2.6310	2.6711	**3.0767**	2.7554	3.2441

Formulas for calculation of indicators

Earnings/share:

$$\frac{\text{Profit}}{\text{Average number of shares during period}}$$

Equity/share:

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

Return on equity (ROE), %:

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

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

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

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

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

Gearing, %:

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

Equity to assets ratio, %:

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

Free cash flow:

Net cash provided by (used in) operating activities
- capital expenditures on maintenance investments
+ proceeds from sale of fixed assets

= Free cash flow

Cash conversion

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

Segment information

Net sales

EUR million	1-3/2009	1-3/2008	4/2008-3/2009	1-12/2008
Mining and Construction Technology	**528**	534	2,580	2,586
Energy and Environmental Technology	**397**	373	1,799	1,775
Paper and Fiber Technology	**287**	483	1,848	2,044
Valmet Automotive	**21**	23	63	65
Group Head Office and other	**-**	-	-	-
Group Head Office and others total	**21**	23	63	65
Intra Metso net sales	**-13**	-13	-70	-70
Metso total	**1,220**	1,400	6,220	6,400

Other operating income (+) and expenses (-), net

EUR million	1-3/2009	1-3/2008	4/2008-3/2009	1-12/2008
Mining and Construction Technology	**2.1**	5.5	0.5	3.9
Energy and Environmental Technology	**-0.4**	0.6	-2.2	-1.2
Paper and Fiber Technology	**0.9**	0.1	3.5	2.7
Valmet Automotive	**0.0**	0.0	0.0	0.0
Group Head Office and other	**0.1**	-0.7	6.0	5.2
Group Head Office and others total	**0.1**	-0.7	6.0	5.2
Metso total	**2.7**	5.5	7.8	10.6

Share in profits of associated companies

EUR million	1-3/2009	1-3/2008	4/2008-3/2009	1-12/2008
Mining and Construction Technology	**0.0**	0.0	0.1	0.1
Energy and Environmental Technology	**0.3**	0.2	1.3	1.2
Paper and Fiber Technology	**0.0**	0.4	0.8	1.2
Valmet Automotive	**-**	-	-	-
Group Head Office and other	**-**	-	-	-
Group Head Office and others total	**-**	-	-	-
Metso total	**0.3**	0.6	2.2	2.5

Operating profit (loss)

EUR million	1-3/2009	1-3/2008	4/2008-3/2009	1-12/2008
Mining and Construction Technology	**54.9**	78.2	335.1	358.4
Energy and Environmental Technology	**27.7**	24.6	179.1	176.0
Paper and Fiber Technology	**-18.2**	24.9	87.0	130.1
Valmet Automotive	**-0.3**	1.0	-4.8	-3.5
Group Head Office and other	**-5.5**	-9.1	-20.2	-23.8
Group Head Office and others total	**-5.8**	-8.1	-25.0	-27.3
Metso total	**58.6**	119.6	576.2	637.2

Operating profit (loss), % of net sales

%	**1-3/2009**	1-3/2008	4/2008-3/2009	1-12/2008
Mining and Construction Technology	**10.4**	14.6	13.0	13.9
Energy and Environmental Technology	**7.0**	6.6	10.0	9.9
Paper and Fiber Technology	**-6.3**	5.2	4.7	6.4
Valmet Automotive	**-1.4**	4.3	-7.6	-5.4
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	**4.8**	8.5	9.3	10.0

EBITA

EUR million	**1-3/2009**	1-3/2008	4/2008-3/2009	1-12/2008
Mining and Construction Technology	**55.6**	78.9	337.9	361.2
Energy and Environmental Technology	**32.3**	32.4	198.2	198.3
Paper and Fiber Technology	**-14.0**	29.9	102.2	146.1
Valmet Automotive	**-0.3**	1.0	-4.8	-3.5
Group Head Office and other	**-4.8**	-8.5	-17.5	-21.2
Group Head Office and others total	**-5.1**	-7.5	-22.3	-24.7
Metso total	**68.8**	133.7	616.0	680.9

EBITA, % of net sales

%	**1-3/2009**	1-3/2008	4/2008-3/2009	1-12/2008
Mining and Construction Technology	**10.5**	14.8	13.1	14.0
Energy and Environmental Technology	**8.1**	8.7	11.0	11.2
Paper and Fiber Technology	**-4.9**	6.2	5.5	7.1
Valmet Automotive	**-1.4**	4.3	-7.6	-5.4
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	**5.6**	9.6	9.9	10.6

Orders received

EUR million	**1-3/2009**	1-3/2008	4/2008-3/2009	1-12/2008
Mining and Construction Technology	**385**	687	2,407	2,709
Energy and Environmental Technology	**265**	382	1,541	1,658
Paper and Fiber Technology	**279**	433	1,867	2,021
Valmet Automotive	**21**	23	63	65
Group Head Office and other	**-**	-	-	-
Group Head Office and others total	**21**	23	63	65
Intra Metso orders received	**-8**	-16	-61	-69
Metso total	**942**	1,509	5,817	6,384

Quarterly information

Net sales

EUR million	1-3/2008	4-6/2008	7-9/2008	10-12/2008	1-3/2009
Mining and Construction Technology	534	665	670	717	**528**
Energy and Environmental Technology	373	476	423	503	**397**
Paper and Fiber Technology	483	493	441	627	**287**
Valmet Automotive	23	19	10	13	**21**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	23	19	10	13	**21**
Intra Metso net sales	-13	-20	-16	-21	**-13**
Metso total	1,400	1,633	1,528	1,839	**1,220**

Other operating income (+) and expenses (-), net

EUR million	1-3/2008	4-6/2008	7-9/2008	10-12/2008	1-3/2009
Mining and Construction Technology	5.5	-4.0	3.0	-0.6	**2.1**
Energy and Environmental Technology	0.6	-0.7	-0.5	-0.6	**-0.4**
Paper and Fiber Technology	0.1	1.8	1.4	-0.6	**0.9**
Valmet Automotive	0.0	0.0	0.0	0.0	**0.0**
Group Head Office and other	-0.7	0.7	0.4	4.8	**0.1**
Group Head Office and others total	-0.7	0.7	0.4	4.8	**0.1**
Metso total	5.5	-2.2	4.3	3.0	**2.7**

Share in profits of associated companies

EUR million	1-3/2008	4-6/2008	7-9/2008	10-12/2008	1-3/2009
Mining and Construction Technology	0.0	0.1	0.0	0.0	**0.0**
Energy and Environmental Technology	0.2	0.3	0.4	0.3	**0.3**
Paper and Fiber Technology	0.4	0.3	0.0	0.5	**0.0**
Valmet Automotive	-	-	-	-	**-**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	-	-	-	-	**-**
Metso total	0.6	0.7	0.4	0.8	**0.3**

Operating profit (loss)

EUR million	1-3/2008	4-6/2008	7-9/2008	10-12/2008	1-3/2009
Mining and Construction Technology	78.2	91.0	97.9	91.3	**54.9**
Energy and Environmental Technology	24.6	44.2	51.2	56.0	**27.7**
Paper and Fiber Technology	24.9	23.8	34.5	46.9	**-18.2**
Valmet Automotive	1.0	0.9	-2.9	-2.5	**-0.3**
Group Head Office and other	-9.1	-4.7	-8.4	-1.6	**-5.5**
Group Head Office and others total	-8.1	-3.8	-11.3	-4.1	**-5.8**
Metso total	119.6	155.2	172.3	190.1	**58.6**

EBITA

EUR million	1-3/2008	4-6/2008	7-9/2008	10-12/2008	**1-3/2009**
Mining and Construction Technology	78.9	91.8	98.6	91.9	**55.6**
Energy and Environmental Technology	32.4	49.7	55.7	60.5	**32.3**
Paper and Fiber Technology	29.9	28.1	36.9	51.2	**-14.0**
Valmet Automotive	1.0	0.9	-2.8	-2.6	**-0.3**
Group Head Office and other	-8.5	-4.0	-7.7	-1.0	**-4.8**
Group Head Office and others total	-7.5	-3.1	-10.5	-3.6	**-5.1**
Metso total	133.7	166.5	180.7	200.0	**68.8**

Capital employed

EUR million	Mar 31, 2008	June 30, 2008	Sep 30, 2008	Dec 31, 2008	**Mar 31, 2009**
Mining and Construction Technology	1,067	1,120	1,226	1,230	**1,221**
Energy and Environmental Technology	524	621	640	647	**686**
Paper and Fiber Technology	557	532	480	532	**468**
Valmet Automotive	22	22	23	21	**19**
Group Head Office and other	533	496	390	458	**493**
Group Head Office and others total	555	518	413	479	**512**
Metso total	2,703	2,791	2,759	2,888	**2,887**

Orders received

EUR million	1-3/2008	4-6/2008	7-9/2008	10-12/2008	**1-3/2009**
Mining and Construction Technology	687	936	747	339	**385**
Energy and Environmental Technology	382	367	568	341	**265**
Paper and Fiber Technology	433	441	940	207	**279**
Valmet Automotive	23	19	10	13	**21**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	23	19	10	13	**21**
Intra Metso orders received	-16	-23	-19	-11	**-8**
Metso total	1,509	1,740	2,246	889	**942**

Order backlog

EUR million	Mar 31, 2008	June 30, 2008	Sep 30, 2008	Dec 31, 2008	**Mar 31, 2009**
Mining and Construction Technology	1,562	1,850	1,964	1,492	**1,347**
Energy and Environmental Technology	1,331	1,253	1,402	1,204	**1,182**
Paper and Fiber Technology	1,494	1,441	1,931	1,434	**1,438**
Valmet Automotive	-	-	-	-	**-**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	-	-	-	-	**-**
Intra Metso order backlog	-47	-50	-53	-42	**-33**
Metso total	4,340	4,494	5,244	4,088	**3,934**

Personnel	Mar 31, 2008	June 30, 2008	Sep 30, 2008	Dec 31, 2008	**Mar 31, 2009**
Mining and Construction Technology	10,063	10,503	10,829	11,259	**10,826**
Energy and Environmental Technology	5,957	6,311	6,317	6,357	**6,387**
Paper and Fiber Technology	9,892	10,089	10,661	10,544	**10,090**
Valmet Automotive	789	779	579	783	**618**
Group Head Office and other	361	387	376	379	**391**
Group Head Office and others total	1,150	1,166	955	1,162	**1,009**
Metso total	27,062	28,069	28,762	29,322	**28,312**

Notes to the Interim Review

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

New accounting standards

IFRS 3 (Revised)

IASB has published IFRS 3 (Revised), 'Business combinations', which maintains the requirement to apply the acquisition method to business combinations, but with some significant changes such as expensing of transaction costs. In addition, all payments to purchase a business are to be recorded at fair value on the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. We are currently evaluating the effects on our financial statements but expect that the revision will affect only future business combinations.

IFRS 3 (Revised) becomes effective for annual financial statements for periods beginning on or after July 1, 2009. The standard is still subject to endorsement by the European Union.

Provided the revision receives endorsement by the European Union, we will apply the standard for the financial year beginning on January 1, 2010.

IAS 27 (Revised)

IASB has published IAS 27 (Revised), 'Consolidated and separate financial statements'. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is expensed. We do not expect the standard to affect our financial statements.

IAS 27 (Revised) is effective for annual financial statements for periods beginning on or after July 1, 2009. The standard is still subject to endorsement by the European Union.

Provided the revision receives endorsement by the European Union, we will apply the standard for the financial year beginning on January 1, 2010.

Subpoena from the United States Department of Justice requiring Metso to produce documents

In November 2006, Metso Minerals Industries, Inc., which is our U.S. subsidiary, received a subpoena from the Antitrust Division of the United States Department of Justice calling for Metso Minerals Industries, Inc. to produce certain documents. The subpoena relates to an investigation of potential antitrust violations in the rock crushing and screening equipment industry. We are cooperating fully with the Department of Justice.

Shares, options and share capital

At the end of March, our share capital was EUR 240,982,843.80 and the number of shares was 141,754,614. The number of shares includes 360,841 Metso shares held by the parent company and 44,318 Metso shares held by a limited partnership consolidated in our consolidated financial statements. Together these represent 0.29 percent of all the shares and votes. The average number of shares outstanding in the first quarter of 2009, excluding Metso shares held by the company, was 141,491,453.

During February we executed a repurchase of 300,000 of our own shares relating to our incentive program announced in October 2008 (Metso Share Ownership Plan 2009-2011). We purchased our own shares with the distributable funds thus reducing distributable non-restricted equity. We purchased the shares at market price in public trading on the NASDAQ OMX in Helsinki Exchange. The average purchase price per share was EUR 8.28 and the total amount EUR 2,483,495.48.

Our market capitalization, excluding Metso shares held by the company, was EUR 1,258 million on March 31, 2009.

Share ownership plans

Share-based rewards for the 2008 share ownership plan were distributed in March 2009 based on the earnings criteria determined by our Board of Directors. The plan targeted around 100 of our executives, of which 60 met certain part of the criteria, including the entire Executive Team. The number of shares distributed as rewards was 34,265 corresponding to approximately 0.02 percent of all Metso shares. Members of our Executive Team received 6,996 shares. The maximum reward from the plan was limited to each person's annual salary.

In October 2008, our Board approved a new, share-based incentive plan for the Metso Group management, the plan is called Metso Share Ownership Plan 2009–2011 (SOP 2009–2011). The plan includes one three-year earnings period and is initially targeted at about 100 key managers, out of which 90 decided to participate. The maximum number of shares to be allocated in the incentive plan is approximately 376,000 Metso shares obtained in public trading, therefore, the plan will have no diluting effect on the share value. More information on SOP 2009-2011 can be found in our Annual Report 2008.

Trading of Metso shares

The number of Metso Corporation shares traded on the NASDAQ OMX in Helsinki Exchange in January-March 2009 was 111,205,094 shares, equivalent to a turnover of EUR 935 million. The share price on March 31, 2009 was EUR 8.90 and the average trading price for the period was EUR 8.41. The highest quotation during the review period was EUR 9.96 and the lowest EUR 7.03.

Metso's ADSs (American Depositary Shares) are traded in the United States on the OTC market. At the end of March, the closing price of an ADS was USD 11.66. Each ADS represents one share.

Disclosures of changes in holdings

On March 24, 2009, UBS AG's group holding in Metso's shares exceeded the 5 percent threshold. The holding amounted to 7,541,753 shares, which corresponds to 5.32 percent of the paid up share capital and votes in Metso.

On March 27, 2009, UBS AG's group holding in Metso's shares fell below the 5 percent threshold. The holding amounted to 561,306 shares, which corresponds to 0.40 percent of the paid up share capital and votes in Metso.

Credit ratings

In January, Moody's Investor Service confirmed Metso's Baa2 long-term credit rating and changed the outlook from stable to negative.

In February, Standard & Poor's confirmed Metso's BBB long-term credit rating and changed the outlook from stable to negative. At the same time our short-term credit rating was lowered from A-2 to A-3.

Metso's Financial Reporting in 2009

Metso's Interim Review for January - June 2009 will be published on July 24.
The Interim Review for January - September 2009 will be published on October 29.

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