

**Interim Review** January 1 – September 30, 2009

## Metso's Interim Review, January 1–September 30, 2009

# Good profitability and strong cash flow

### Highlights of the third quarter of 2009

- New orders worth EUR 1,031 million were received in July–September i.e. 54 percent less than in the previous year (EUR 2,246 million in Q3/08).
- At the end of September, the order backlog was 18 percent lower than at the end of December 2008, amounting to EUR 3,340 million (EUR 4,088 million at December 31, 2008).
- Net sales decreased by 22 percent, and were at EUR 1,196 million (EUR 1,528 million in Q3/08).
- Earnings before interest, tax and amortization (EBITA) were EUR 124.6 million, i.e. 10.4 percent of net sales (EUR 180.7 million and 11.8% in Q3/2008).
- Operating profit (EBIT) was EUR 114.1 million, i.e. 9.5 percent of net sales (EUR 172.3 million and 11.3% in Q3/08).
- EBITA and EBIT includes EUR 17 million in non-recurring expenses relating to capacity adjustment measures. EBITA margin before them was 11.9 percent.
- Earnings per share were EUR 0.44 (EUR 0.69 in Q3/08).
- Free cash flow was EUR 249 million (EUR 91 million in Q3/08).
- Return on capital employed (ROCE) before taxes was 11.1 percent (23.3% in Q3/08).

"I am very pleased to report good profitability and strong free cash flow during the third quarter despite the demanding operating environment. It confirms that Metso's cost structure and way of operating are a lot more flexible today than during the previous down turn. Our good performance was also supported by savings from the capacity and cost base adjustment actions that we already started a year ago," says Jorma Eloranta, President and CEO of Metso Corporation.

"Our operating environment continues to be demanding. While we are seeing first signs of gradual recovery in the global economy, and believe that we have now reached the lowest point in market demand, the world economy is far from stable, and there remains uncertainty about the timing and strength of the recovery. Although we estimate that our 2010 net sales will be lower than this year, we expect our profitability to be satisfactory. We have kept this year's guidance intact," Eloranta notes.

"During the past year we have considerably strengthened our long-term competitiveness by introducing new ways to operate across Metso. We believe that we have now taken the majority of the actions required to adjust our cost base and capacity to the demand environment in the near-term. We continue to be alert in case further actions are required. We are now shifting focus to sales efforts and to strengthen our product and services offering. Through these actions we ensure that Metso will emerge as a winner from this downturn," concludes Eloranta.

### Metso's key figures

EUR million	Q3/09	Q3/08	Change %	Q1-Q3/2009	Q1-Q3/2008	Change %	2008
Net sales	1,196	1,528	-22	3,663	4,561	-20	6,400
Net sales of services business	499	586	-15	1,527	1,693	-10	2,343
% of net sales	42	39		42	38		37
EBITA before non-recurring capacity adjustment expenses	141.9	180.7	-21	311.7	480.9	-35	680.9
% of net sales	11.9	11.8		8.5	10.5		10.6
Earnings before interest, tax and amortization (EBITA)	124.6	180.7	-31	268.1	480.9	-44	680.9
% of net sales	10.4	11.8		7.3	10.5		10.6
Operating profit	114.1	172.3	-34	238.6	447.1	-47	637.2
% of net sales	9.5	11.3		6.5	9.8		10.0
Earnings per share, EUR	0.44	0.69	-36	0.88	1.96	-55	2.75
Orders received	1,031	2,246	-54	2,993	5,495	-46	6,384
Order backlog at end of period				3,340	5,244	-36	4,088
Free cash flow	249	91	174	449	51	780	29
Return on capital employed (ROCE) before taxes, annualized, %				11.1	23.3		23.2
Equity to assets ratio at end of period, %				33.2	31.5		30.9
Gearing at end of period, %				51.1	72.2		75.7

## Metso's third quarter 2009 review

### Operating environment and demand for products in July-September

Our operating environment continued to be demanding in the third quarter. Our customers were still cautious in their investment decisions, which affected our equipment sales and project businesses in particular.

Most of the mining companies have continued to operate with clearly lower investment budgets than in the peak levels of the past few years. In the third quarter, some mining companies upgraded their capital expenditure plans for 2010 because of the positive metal price development combined with an expectation of a gradual recovery in the global economy. However, these plans are yet to be shown in increased market activity. Due to our strong product and services offering and the significant increase in our installed equipment base during the past few years, demand for our replacement equipment and services by our mining customers continued to be satisfactory. In the construction industry, demand for equipment used in aggregates production was weak primarily because the capacity installed in recent years remained underutilized. Demand for our construction industry services business was satisfactory. Many countries have introduced stimulus measures relating to infrastructure development which are expected to have a positive effect on the demand for construction industry products, but which, for the present, have had little effect.

Demand for power plants utilizing renewable energy sources was satisfactory in Europe and North America. The demand for power plants fuelled by biomass and waste has been boosted as several countries have announced plans to stimulate the use of renewable energy sources. However, the limited availability of financing delayed the decision-making in many of these projects. Demand for our automation and flow control solutions continued at a low level due to capital expenditure plan cuts both in the energy as well as in the paper and pulp customer industries. Demand for metals recycling equipment continued to be weak, owing to reduction in steel production and low price of scrap metal. The demand for the services business in our Energy and Environmental Technology segment was satisfactory.

Demand for fiber lines was weak in the third quarter. The demand for new paper and board lines in China was supported partly by local economic stimulus measures and continued to be satisfactory. In the rest of the world the demand continued to be very weak. Demand for tissue machines was satisfactory. Capacity utilization rates in the pulp and paper industry continued to be low in the third quarter, and demand for the services business was weak especially in North America and Europe.

### Orders received in July-September

We received new orders worth EUR 1,031 million in July-September. Orders received were at the same level as during the past three quarters. The value of the orders declined by 54 percent from the comparison period. Orders declined in all reporting segments. Previously received orders equaling some EUR 20 million were canceled from the order backlog during the third quarter, the majority consisting of construction equipment.

Orders received by Mining and Construction Technology in July-September equaled EUR 420 million, which was 44 percent less than in the comparison period. The orders received from mining customers decreased by one-half on the very strong comparison period. Orders received consisted mainly of replacement equipment and services orders. Orders received from construction customers declined only by 20 percent from the comparison period because the construction business was the first one to be hit by the global market turmoil already during the third quarter of last year. The largest new order was a delivery of a fine crushing and screening system for Norsk Stein in Norway.

Orders received by the Energy and Environmental Technology segment during the third quarter totaled EUR 250 million, down 56 percent on the comparison period. Orders received by the Power business line declined by 70 percent. The comparison period was exceptionally strong due to two large recovery boiler orders. Orders received decreased by one third in the Automation business line due to strong investment budget cuts in the paper and pulp and energy industries. Orders received by the Recycling business line decreased by close to 60 percent due to customers' low capacity utilization rates. Orders received during the third quarter included a power boiler project for Industrias Celulosa Aragonesa's (SAICA) new waste-to-energy power plant in Spain and an extensive automation package for Shandong Huatai Paper's new paper machine line in China.

Orders received by our Paper and Fiber Technology segment in July-September fell by 61 percent from the comparison period and totaled EUR 369 million. The orders received in the comparison period included two large pulp mill projects. The Paper business line's orders included the world's largest fine paper line order for Zhanjiang Chenming Pulp & Paper's new pulp and paper mill, and a board machine for Fujian Liansheng Paper, both in China. Similarly in China, we concluded agreements with MCC Meili Paper Industry Co. Ltd for a lightweight-coated papermaking line as well as with Shouguang Meilun Paper Co. Ltd. for the delivery of a large coated fine paper production line. These two orders, together worth over EUR 200 million, are awaiting final contracts before

being included in the order backlog. The Tissue business line's orders were at a high level during the third quarter but the Fiber business line received very few new orders and its market outlook continues to be demanding. Orders for the services business remained weak.

### **Financial performance in July-September**

In July-September, our net sales were EUR 1,196 million, which was 22 percent less than a year earlier (EUR 1,528 million in Q3/08). While the services business net sales decreased by 15 percent on the comparison period, they accounted for 42 percent of net sales (39% in Q3/08).

Earnings before interest, tax and amortization (EBITA) for the third quarter were EUR 124.6 million, i.e. 10.4 percent of net sales (EUR 180.7 million and 11.8% in Q3/08). EBITA includes about EUR 17 million in non-recurring expenses resulting from capacity adjustment measures. The biggest part of these, about EUR 11 million, is related to closures of some smaller business units and personnel reductions in Mining and Construction Technology. Personnel reductions in Paper and Fiber Technology account for about EUR 3 million and personnel reductions in Energy and Environmental Technology also for about EUR 3 million. The EBITA margin before these non-recurring capacity adjustment expenses was 11.9 percent. The financial result also includes close to EUR 8 million in capital gains from the sale of shares in Talvivaara Mining Company Plc. Metso's operating profit was EUR 114.1 million, i.e. 9.5 percent of net sales (EUR 172.3

million and 11.3% in Q3/08). The weakening of the financial performance on the comparison period resulted mainly from the 22 percent decrease in net sales and the low capacity utilization rates of several production and engineering units.

EBITA in the third quarter was strong compared to the year's first two quarters. This was partly due to improved gross margin levels in some large projects in the Paper and Power business lines as a result of lower procurement prices and overall successful implementation of the projects. Third-quarter financial performance was also supported by almost EUR 30 million lower sales, general and administration costs than during the first two quarters of the year mainly as a result of low labour costs related to holiday period and high level of temporary lay-offs in Finland and savings resulting from capacity adjustment measures implemented during the first half of the year.

The profit attributable to shareholders was EUR 62 million (EUR 97 million in Q3/08) in the third quarter, corresponding to earnings per share (EPS) of EUR 0.44 (EUR 0.69 per share in Q3/08).

Free cash flow was strong during the third quarter, and was EUR 249 million. The positive cash flow development was supported by a continued strong EUR 159 million decrease of net working capital. One key element in net working capital release was EUR 97 million decrease of inventories in the Mining and Construction Technology segment.

## Metso's January-September 2009 Interim Review

### Orders received and order backlog

Orders received in January-September totaled EUR 2,993 million, down 46 percent on the comparison period. Previously received orders worth EUR 278 million were canceled in January-September. These order cancellations were booked off directly from our order backlog and therefore had no impact on reported orders received neither on the reporting period nor on the comparison period. Almost EUR 200 million of the cancellations related to the Zhanjiang Chenming pulp project, around EUR 51 million to our Construction business line and some EUR 20 million to the Recycling business line.

China, the United States and Finland generated the largest total value of orders received. The share of emerging markets in orders received was 49 percent (51% in Q1-Q3/08). All of

our segments reported a decrease in orders received as our customers hesitated to make new investment decisions.

At the end of September, our order backlog was EUR 3,340 million, which is 18 percent less than at the end of 2008. Around EUR 1.2 billion of the deliveries in our end-of-September order backlog are expected to be completed in 2009, around EUR 1.6 billion in 2010 and the remainder at a later time. The order backlog includes some EUR 600 million in projects with somewhat uncertain delivery schedules and which will, according to present estimates, be delivered after 2010. These projects include, among others, the pulp mill project for Fibria, a new company created by the merger of Votorantim and Aracruz in Brazil.

### Orders received by reporting segments

	Q1-Q3/2009		Q1-Q3/2008	
	EUR million	% of orders received	EUR million	% of orders received
Mining and Construction Technology	1,203	40	2,370	43
Energy and Environmental Technology	793	26	1,317	24
Paper and Fiber Technology	983	33	1,814	32
Valmet Automotive	42	1	52	1
Intra-Metso orders received	-28		-58	
<b>Total</b>	<b>2,993</b>	<b>100</b>	<b>5,495</b>	<b>100</b>

### Orders received by market area

	Q1-Q3/2009		Q1-Q3/2008	
	EUR million	% of orders received	EUR million	% of orders received
Europe	1,081	36	1,908	35
North America	509	17	883	16
South and Central America	345	12	1,028	19
Asia-Pacific	869	29	1,333	24
Rest of the world	189	6	343	6
<b>Total</b>	<b>2,993</b>	<b>100</b>	<b>5,495</b>	<b>100</b>

## Net sales

Our net sales for January-September decreased by 20 percent on the comparison period and were EUR 3,663 million (EUR 4,561 million in Q1-Q3/08). Net sales decreased in all reporting segments: in Mining and Construction Technology by 17 percent, in Energy and Environmental Technology by 13 percent and in Paper and Fiber Technol-

ogy by 29 percent. The net sales of our services business declined by 10 percent and its share of total net sales was 42 percent (38% in Q1-Q3/08).

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

## Net sales by reporting segments

	Q1-Q3/2009		Q1-Q3/2008	
	EUR million	% of net sales	EUR million	% of net sales
Mining and Construction Technology	1,551	42	1,869	40
Energy and Environmental Technology	1,104	30	1,272	28
Paper and Fiber Technology	1,002	27	1,417	31
Valmet Automotive	42	1	52	1
Intra-Metso net sales	-36		-49	
<b>Total</b>	<b>3,663</b>	<b>100</b>	<b>4,561</b>	<b>100</b>

## Net sales by market area

	Q1-Q3/2009		Q1-Q3/2008	
	EUR million	% of net sales	EUR million	% of net sales
Europe	1,589	43	1,913	42
North America	574	16	722	16
South and Central America	458	12	557	12
Asia-Pacific	755	21	1,082	24
Rest of the world	287	8	287	6
<b>Total</b>	<b>3,663</b>	<b>100</b>	<b>4,561</b>	<b>100</b>

## Financial result

Our earnings before interest, tax and amortization (EBITA) for January-September weakened from the comparison period and were EUR 268.1 million, or 7.3 percent of net sales (EUR 480.9 million and 10.5% in Q1-Q3/08). Our financial result includes non-recurring expenses of some EUR 44 million resulting from capacity adjustment measures, of which around EUR 22 million are related to Paper and Fiber Technology, some EUR 16 million to Mining and Construction Technology and almost EUR 6 million to Energy and Environmental Technology. Our EBITA before non-recurring capacity adjustment expenses was EUR 311.7 million or 8.5 percent. Other significant non-recurring items were some EUR 14 million capital gains from the sale of shares in Talvivaara Mining Company Plc, EUR 9 million in non-recurring expenses from dissolving hedging arrangements related to the cancellation of our Chinese customer Zhanjiang Chenming's pulp mill project and EUR 4 million credit loss reserve related to the initiation of the bankruptcy proceedings of two of our paper industry customers.

The EBITA for Mining and Construction Technology in January-September was EUR 157.2 million, declining from the previous year primarily due to the Construction business line's low delivery volumes and capacity utilization rates in all its manufacturing units.

The EBITA for Energy and Environmental Technology was EUR 103.5 million, which was 25 percent weaker than the previous year mainly due to lower net sales in all business lines.

The EBITA for Paper and Fiber Technology was EUR 19.8 million, 79 percent weaker than during the comparison period due to almost 30 percent lower net sales, high non-recurring capacity adjustment expenses and the low utilization rates in many units.

Our operating profit in January-September was EUR 238.6 million, or 6.5 percent of net sales (EUR 447.1 million and 9.8% in Q1-Q3/08). Operating profit before non-recurring expenses related to capacity adjustment measures was EUR 282.2 million or 7.7 percent of net sales.

Our net financing expenses in January-September were EUR 59 million (EUR 54 million in Q1-Q3/08). Due to the higher debt level compared to last year, our interest expenses increased by EUR 5 million and were EUR 56 million (EUR 51 million in Q1-Q3/08).

Our profit before tax was EUR 180 million (EUR 393 million), and our tax rate for 2009 is estimated to be about 30 percent (30% in 2008).

The profit attributable to shareholders was EUR 125 million (EUR 277 million) in January-September, corresponding to earnings per share (EPS) of EUR 0.88 (EUR 1.96 per share).

The return on capital employed (ROCE) before taxes in January-September was 11.1 percent (23.3%) and return on equity (ROE) was 11.4 percent (24.5%).

### Cash flow and financing

Net cash provided by operating activities for January-September was EUR 487 million (EUR 129 million in Q1-Q3/08).

One of our key targets for this year has been to release cash from net working capital. Our target for 2009 was to release at least EUR 200 million and for 2009-2010 in total about EUR 500 million. During January-September, EUR 294 million of net working capital was released, clearly ahead of our minimum target for 2009. Our inventories have come down EUR 341 million and trade receivables EUR 188 million. On the other hand, trade payables decreased by EUR 182 million. Inventories in Mining and Construction Technology have decreased by EUR 277 million from the beginning of the year as a result of the ongoing inventory control initiative.

Free cash flow for January-September was EUR 449 million (EUR 51 million in Q1-Q3/08).

Our net interest-bearing liabilities totaled EUR 797 million at the end of September (EUR 1,099 million at December 31, 2008).

The total amount of short-term debt maturing over the next 12 months was EUR 257 million at the end of September. EUR 48 million of the short-term debt consists of commercial papers issued in the Finnish markets, EUR 155 million are current portions of long-term debt and the remainder is local working capital financing of subsidiaries, mainly in Brazil.

The amount of commercial paper financing in use during January-September fluctuated between EUR 48-160 million. During January-September, we obtained EUR 365 million in new long-term debt with maturity of 4-5 years. The largest single transaction was a EUR 200 million five-year funding arrangement under the Euro Medium Term Note (EMTN) program. New loans are primarily meant for the refinancing of our existing debt and for the extension of the debt maturity structure. The amount of this new long term debt exceeds the repayments of our earlier loans until halfway through 2011. At the end of September, our total cash assets amounted to EUR 774 million. Out of this EUR 162 million has been invested in

instruments with initial maturity exceeding three months and the remaining EUR 612 million is being accounted for as cash and cash equivalents. The syndicated EUR 500 million revolving loan facility is available until late 2011, and it is currently undrawn. Metso's liquidity position is good.

At the end of September, our gearing was 51.1 percent (72.2%) and the equity-to-assets ratio was 33.2 percent (31.5%). Due to strong operating cash flow and lower capital expenditure, our net gearing has improved during this year. In April, following the Annual General Meeting, we paid EUR 99 million in dividends for 2008.

### Capital expenditure

Our gross capital expenditure for January-September decreased by 61 percent on the comparison period to EUR 79 million (EUR 201 million in Q1-Q3/08). The proportion of maintenance investments was 52 percent, i.e. EUR 41 million.

We expect our capital expenditure excluding business acquisitions to remain below EUR 130 million this year. We are significantly restricting the amount of new investments and, when feasible, also extending the implementation schedules of ongoing investment projects.

We are constructing new plant and office premises for the Automation business line in Shanghai, China. 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. In Zibo, we are establishing our third service center in China for the pulp and paper industry. We have extended the implementation schedules for the Metso Park and Zibo Service Center investments. Investment projects in enterprise resource planning systems are underway in Mining and Construction Technology and in the Automation business line.

Metso's research and development expenses in January-September totaled EUR 84 million, representing 2.3 percent of Metso's net sales (EUR 96 million and 2.1% in Q1-Q3/08).

### Acquisitions, divestments and joint ventures

In August, we concluded an agreement to purchase the Pacific/Hoe Saw&Knife Company's coater and doctor blade business in the United States for Paper and Fiber Technology. The annual net sales of the purchased business are below USD 10 million. The transaction has not yet been finalized.

In May, we sold the entire stock of Metso Paper Turku Works Oy in Finland to Stairon Oy. Metso Paper Turku Works Oy manufactured air systems for the pulp and paper industry. The sale had no significant impact on our financial performance. The air system technology and the related business remained in Metso's ownership. Metso Paper Turku Works Oy employed 91 people. In conjunction with the sale, Metso and Stairon agreed on a long-term supply contract for the manufacture of certain key products.

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, 21 people, were transferred to xperion Oy. The divested business was part of our Paper business line.

MW Power Oy, a joint venture of Metso's heat and power business and Wärtsilä's biopower business, started its operations on January 1, 2009. We own 60 percent and Wärtsilä owns 40 percent of the joint venture. An order backlog of about EUR 116 million was transferred with Wärtsilä Biopower Oy to the joint venture. In 2008, the total 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 to the lower demand already in early 2008 and intensified our efforts when the market situation started to weaken in September 2008. We have continued these measures throughout this year. 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 a 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 local labor legislation and union contracts, such as a shortened work week. Through the implementation of temporary lay-offs, we estimate that we will achieve some EUR 25-30 million in savings in personnel costs during this year.

In addition to the above-mentioned temporary measures, we have also taken actions to adjust our capacity on a permanent basis to a lower demand environment. Furthermore, we have introduced new more efficient ways to operate which have enabled us to close down smaller units and consolidate our operations to larger entities. As a result, we have cut the number of personnel since the end of June last year to the end of September this year by 2,902 employees. We have also taken decisions or we have discussions underway to further reduce our personnel by another 1,750 employees by early next year. Together these are about 4,650, out of which some 3,000 will be in Finland and Sweden.

When fully implemented these permanent personnel reductions are estimated to decrease our annual wage, salary and related social costs by over EUR 200 million. Out of these we estimate that about EUR 100 million will materialize already this year. In January-September we recorded EUR 44 million in non-recurring capacity adjustment expenses resulting from personnel reductions and the closures of units, and we estimate that during the last quarter we will further record some EUR 30-35 million in non-recurring expenses of this nature. About half of this is related to personnel negotiations initiated in our Fiber business line in October.

The table below details the personnel reductions related to the capacity adjustment measures

	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	Metso
Personnel as of June 30, 2008	10,503	6,311	10,089	28,069
Acquisitions, July 2008 - September 2009	590	127	1,068	1,785
Divestitures, July 2008 - September 2009	-	-	-289	-289
<b>Comparable personnel amount</b>	<b>11,093</b>	<b>6,438</b>	<b>10,868</b>	<b>29,565</b>
Personnel as of September 30, 2009	10,014	6,119	9,475	26,663
<b>Actual reduction July 2008 – September 2009</b>	<b>1,079</b>	<b>319</b>	<b>1,393</b>	<b>2,902</b>
Estimated additional reductions decided and underway	600	350	800	1,750
<b>Total personnel reductions decided</b>	<b>1,679</b>	<b>669</b>	<b>2,193</b>	<b>4,652</b>
<b>Temporary lay-offs in man years</b>				<b>600</b>



## Personnel

At the end of September, we had 26,663 employees, which was 2,659 less than at the end of 2008 (29,322 people at December 31, 2008). The number of employees

fell especially in Finland and Sweden, as a result of capacity adjustment measures in our Paper and Fiber Technology segment. During January-September, we had an average of 27,976 employees.

## Personnel by area

	Sep 30, 2009	% of total personnel	Sep 30, 2008	% of total personnel	Change %	Dec 31, 2008
Finland	8,321	31	9,118	32	-9	9,252
Other Nordic countries	2,985	11	3,364	12	-11	3,332
Other Europe	3,516	13	3,463	12	2	3,842
North America	3,502	13	4,041	14	-13	3,964
South and Central America	2,720	10	2,917	10	-7	2,991
Asia-Pacific	4,218	16	4,386	15	-4	4,469
Rest of the world	1,401	6	1,473	5	-5	1,472
<b>Total</b>	<b>26,663</b>	<b>100</b>	<b>28,762</b>	<b>100</b>	<b>-7</b>	<b>29,322</b>

## REPORTING SEGMENTS

### Mining and Construction Technology

EUR million	Q3/09	Q3/08	Change %	Q1-Q3/09	Q1-Q3/08	Change %	2008
Net sales	<b>492</b>	670	-27	<b>1,551</b>	1,869	-17	2,586
Net sales of services business	<b>247</b>	274	-10	<b>739</b>	782	-5	1,078
% of net sales	<b>50</b>	41		<b>48</b>	42		42
Earnings before interest, tax and amortization (EBITA)	<b>54.7</b>	98.6	-45	<b>157.2</b>	269.3	-42	361.2
% of net sales	<b>11.1</b>	14.7		<b>10.1</b>	14.4		14.0
Operating profit	<b>53.7</b>	97.9	-45	<b>154.6</b>	267.1	-42	358.4
% of net sales	<b>10.9</b>	14.6		<b>10.0</b>	14.3		13.9
Orders received	<b>420</b>	747	-44	<b>1,203</b>	2,370	-49	2,709
Order backlog at end of period				<b>1,103</b>	1,964	-44	1,492
Personnel at end of period				<b>10,014</b>	10,829	-8	11,259

Net sales of Mining and Construction Technology decreased by 17 percent on the comparison period, and were EUR 1,551 million. The Mining business line's net sales declined by about 9 percent, while the net sales of the Construction business line were down by about 29 percent. Net sales of the services business declined by 5 percent on the comparison period and accounted for 48 percent of the segment's net sales (42% in Q1-Q3/08).

Mining and Construction Technology's operating profit for January-September was EUR 154.6 million, which was 10.0 percent of net sales (EUR 267.1 million and 14.3%). Operating profit was depressed by about EUR 16 million of non-recurring expenses relating to capacity adjustment measures in several units. The operating profit includes about EUR 14 million capital gains relating to the sale of shares in Talvivaara Mining Company Plc. The profitability of the Mining business line weakened, but remained good. The profitability of the Construction business line, on the other hand, weakened clearly from the comparison period due to the low delivery volumes and capacity utilization rates in manufacturing units and non-recurring expenses resulting from capacity adjustment measures. The main reason for the third-quarter profitability to exceed the

profitability of the second quarter of the year were the low level of sales, general and administration costs during the vacation period and savings from the restructuring measures initiated during the first half of the year.

The value of orders received in January-September decreased by 49 percent on the comparison period and equaled EUR 1,203 million (EUR 2,370 million in Q1-Q3/08). The value of new orders received declined in both the Mining business line and Construction business line, as well as in all geographical areas. The relative share of orders received from the emerging markets remained on par with the previous year, amounting to more than 50 percent (52%). During January-September, about EUR 66 million of previously received orders were canceled. In September, we won an order for a fine crushing and screening system for Norsk Stein in Norway.

The order backlog declined by 26 percent from the end of 2008 and totaled EUR 1,103 million at the end of September (EUR 1,492 million at December 31, 2008). Around EUR 160 million of the mining equipment orders in the order backlog have somewhat uncertain delivery schedules.

## Energy and Environmental Technology

EUR million	Q3/09	Q3/08	Change %	Q1-Q3/09	Q1-Q3/08	Change %	2008
Net sales	<b>350</b>	423	-17	<b>1,104</b>	1,272	-13	1,775
Net sales of services business	<b>117</b>	143	-18	<b>379</b>	397	-5	549
% of net sales	<b>34</b>	35		<b>35</b>	32		32
Earnings before interest, tax and amortization (EBITA)	<b>37.1</b>	55.7	-33	<b>103.5</b>	137.8	-25	198.3
% of net sales	<b>10.6</b>	13.2		<b>9.4</b>	10.8		11.2
Operating profit	<b>32.9</b>	51.2	-36	<b>90.3</b>	120.0	-25	176.0
% of net sales	<b>9.4</b>	12.1		<b>8.2</b>	9.4		9.9
Orders received	<b>250</b>	568	-56	<b>793</b>	1,317	-40	1,658
Order backlog at end of period				<b>939</b>	1,402	-33	1,204
Personnel at end of period				<b>6,119</b>	6,317	-3	6,357

The net sales of Energy and Environmental Technology declined by 13 percent on the comparison period and were EUR 1,104 million. The net sales decreased most strongly in the Recycling business line, by almost 30 percent. The net sales of the Power business line declined by 14 percent and Automation business line by 7 percent. The services business declined by 5 percent from the comparison period and accounted for 35 percent of the segment's net sales (32% in Q1–Q3/08).

Energy and Environmental Technology's EBITA weakened from the previous year and were EUR 103.5 million, or 9.4 percent of net sales (EUR 137.8 million and 10.8% in Q1–Q3/08). The EBITA margin improved slightly from the previous year's level in the Power business line, weakened but remained on a good level in the Automation business line and declined to a weak level in the Recycling business line due to low delivery volumes. The operating profit includes almost EUR 6 million non-recurring expenses relating to the capacity adjustment measures.

The value of orders received fell by 40 percent from the comparison period and totaled EUR 793 million. Orders received declined across all of the business lines, most significantly in Recycling. Approximately EUR 84 million of

orders previously received by the segment were canceled. The biggest single cancelled order was Zhanjiang Chenming recovery boiler, worth about EUR 60 million. Largest orders came particularly from the energy customer industry, for example a power boiler for Industrias Celulosa Aragonesa's (SAICA) new waste-to-energy power plant in Spain, a power boiler and automation system for PGE Zespół Elektrowni Dolna Odra S.A.'s combined heat and power plant in Poland and automation systems for two energy-from-waste plants in the United Kingdom. In addition, we got an extensive automation package order for Shandong Huatai Paper's new paper machine line in China.

The order backlog at the end of September, EUR 939 million, was 22 percent lower than at the end of 2008. Slightly below EUR 90 million of the order backlog's total value is subject to uncertainties about delivery schedules. These orders include, among others, the deliveries of power boiler and automation technology for the pulp mill project of Fibria (the new company resulting from the merger of Votorantim and Aracruz) in Brazil.

## Paper and Fiber Technology

EUR million	Q3/09	Q3/08	Change %	Q1-Q3/09	Q1-Q3/08	Change %	2008
Net sales	356	441	-19	1,002	1,417	-29	2,044
Net sales of services business	135	169	-20	410	514	-20	716
% of net sales	38	38		41	36		35
Earnings before interest, tax and amortization (EBITA)	32.4	36.9	-12	19.8	94.9	-79	146.1
% of net sales	9.1	8.4		2.0	6.7		7.1
Operating profit	27.6	34.5	-20	7.8	83.2	-91	130.1
% of net sales	7.8	7.8		0.8	5.9		6.4
Orders received	369	940	-61	983	1,814	-46	2,021
Order backlog at end of period				1,330	1,931	-31	1,434
Personnel at end of period				9,475	10,661	-11	10,544

Net sales of Paper and Fiber Technology decreased by 29 percent in January-September, and were EUR 1,002 million. Net sales of the services business declined by 20 percent due to the overall slowdown of the markets and low capacity utilization rates among customer mills. Services share of total net sales rose to 41 percent due to low new equipment sales (36% in Q1-Q3/08).

Paper and Fiber Technology's EBITA was EUR 19.8 million in January-September i.e. 2.0 percent of net sales (EUR 94.9 million and 6.7% in Q1-Q3/08). The financial result includes about EUR 22 million non-recurring expenses resulting from capacity adjustment measures. The cancellation of the Zhanjiang Chenming pulp mill order resulted in EUR 9 million non-recurring expenses mainly deriving from the dissolving of the hedging arrangements we had entered into. EBITA before the above-mentioned non-recurring expenses resulting from capacity adjustment measures was EUR 41.3 million. In addition, the financial result is burdened by about EUR 4 million credit loss reserve related to the initiated bankruptcy proceedings of two of our North American customers. The profitability for January-September was also weakened by the low utilization rate of our manufacturing and engineering units, high level of capacity adjustment expenses and low net sales. The reason why the third-quarter financial performance clearly exceeded the performance of the two first quarters of the year were the low level of sales, general and administration costs of the vacation period, savings from the restructuring measures initiated during the first half of the year and improved profitability of some large delivery projects in Paper business line.

Demand for pulp industry machinery and equipment continued to be weak. The value of orders received decreased by 46 percent on the comparison period, and was EUR 983 million. The comparison period included two large pulp mill orders. Among the largest orders received during the year were a coated fine paper line order for Shandong Huatai Paper, a fine paper line order for Zhanjiang Chenming and an uncoated fine paper machine order for Sun Paper Group, all to China. The

order backlog at the end of September was EUR 1,330 million and about EUR 350 million of the projects in the order backlog are subject to uncertainties relating to delivery schedules. These projects include, for example, the pulp mill project for Fibria (the new company resulting from the merger of Votorantim and Aracruz) in Brazil.

## Valmet Automotive

Valmet Automotive's net sales in January-September totaled EUR 42 million (EUR 52 million in Q1-Q3/08). Operating loss was EUR 8.4 million (EUR 1.0 million in Q1-Q3/08). In January-September, Valmet Automotive produced an average of 66 vehicles (95 vehicles in Q1-Q3/08) per day. At the end of September, Valmet Automotive employed 636 people (783 people at December 31, 2008).

In August, Valmet Automotive signed a Letter of Intent with the Norwegian company Think Global AS for manufacturing and engineering the Think City electric car. Planned production volumes amount to thousands of cars annually. The series production will start at the end of 2009.

In January, Valmet Automotive signed an agreement with the Danish company Garia AS for the engineering and manufacturing of an electric golf car. The agreement spans several years and involves the production of a few thousand Garia golf cars annually. The series production will start in the end of 2009.

At the end of 2008, Valmet Automotive and the U.S. company Fisker Automotive Inc. signed a long-term cooperation agreement on the engineering and manufacturing of Fisker Karma plug-in hybrid cars in Finland. The first cars will be delivered to Fisker Automotive towards the end of this year. The series production will start in 2010. The annual production is projected to be 15,000 cars.

Valmet Automotive's current assembly contract with Porsche will continue until 2012.

## Events after the review period

### Metso to enter solid waste recycling equipment business

In October, Metso completed the acquisition of Danish M&J Industries A/S, a manufacturing company of mobile and stationary products for solid-waste crushing. The acquired company was integrated into Metso's Recycling business line. The net debt free value of the transaction is about EUR 16 million. M&J Industries has about 100 employees, and its forecasted net sales in 2009 are about EUR 26 million.

### Short-term risks of business operations

We estimate that our business environment for the rest of 2009 and first half of 2010 will continue to be demanding.

The global economic recession 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 15 percent of orders in the order backlog at the moment are subject to uncertainties relating to delivery schedules. We apply the percentage of completion method to long-term delivery agreements, meaning that we recognize income on long-term delivery agreements according to the progress of the delivery. The customer advance payment is typically 10–30 percent of the project value, in addition to which the customer makes progress payments based on the milestones during the project execution, which significantly decreases risk and our financing requirements related to projects. We continually 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 terms of payment and any other measures needed. As a rule, we do not finance customer projects.

We have launched many measures to adjust to the rapidly changed operating environment. We are adjusting our capacity and cost structure to correspond with the lower demand, in order to maintain our competitiveness. As a result of the global economic recession, the markets for our products are contracting, which may lead 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 debt financing and increase the costs relating to it. We estimate that our financial assets totaling EUR 774 million and available credit facilities are sufficient to secure short-term liquidity. Committed credit facilities available for withdrawal amounted to EUR 500 million. The average repayment period for our long-term loan capital is 3.9 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 flexibility in relation to the covenants to be adequate.

The levels of net working capital and 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 situation remains demanding. We do not have any 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 787 million of goodwill on our balance sheet related to corporate acquisitions made over the last 10 years. We monitor our goodwill quarterly and carry out comprehensive impairment testing annually in September. Following the significant changes in our business environment, we have conducted additional impairment testing reviews at the end of every quarter since September 2008, and have not found any impairment necessary. The quarterly testing reviews have been conducted with the same principles as the annual tests and the discount rates have been adjusted when appropriate. The principles of the impairment testing are represented in the Annual Report.

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. This year, we have sold construction equipment from the inventory with a lower contribution margin than during the past few years.

Of the financial risks that affect our financial results, currency exchange rate risks are among the most substantial. Exchange rate changes can affect our business, although the geographical scope of our operations decreases the significance of any individual currency. The uncertainty in the financial markets is likely to increase exchange rate fluctuations. Our policy is to hedge currency exposures from firm commitments.

### Short-term outlook

Although there are signs of gradual economic recovery, we estimate that our business environment will continue to be demanding during the rest of the year and first half of 2010.

Our customers are still being cautious in their investment decisions, which particularly affects our equipment sales and

project business. We estimate that our customers' capacity utilization rates are slowly improving assuming that the overall positive momentum in the global economy will continue. We estimate that this will have positive, gradual impact first in our services business.

Mining companies have made substantial cuts in their investment plans over the year compared with recent years and are still ready to curtail their production if needed. However, some mining companies have upgraded their investment plans for 2010, but it remains to be seen when this will start to have an impact on new equipment market. Due to our strong product and services offering, as well as our large installed equipment base, which has grown significantly over the last few years, the demand for our mining replacement and services business is expected to continue satisfactory. 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 in the long term, but which, for the present, have had little effect. 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. Many countries have initiated plans to increase the use of renewable energy sources. This is expected to support the demand for power plants utilizing biomass and waste.

However, limited availability of financing may delay decision-making in projects. We estimate that the demand for our automation and flow control products will be satisfactory. The demand for metals recycling equipment is expected to be weak, owing to the low price of scrap metal and reduction in steel production. Demand for the services business in Energy and Environmental Technology is expected to be satisfactory.

We estimate that the demand for fiber lines will remain weak and that for paper and board lines will be satisfactory. Several paper and board machine projects have materialized in China during the past months, partly thanks to local stimulus measures. 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 continue to 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. During the first nine months we have generated net sales of EUR 3.7 billion and our order backlog stands at EUR 3.3 billion, of which about EUR 1.2 billion consists of deliveries for 2009. We expect our profitability level to be satisfactory in 2009. We also expect our free cash flow to improve considerably on 2008.

Although we estimate that our 2010 net sales will be lower than this year, we expect our profitability to be satisfactory.

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

Helsinki, October 29, 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	7-9/2009	7-9/2008	1-9/2009	1-9/2008	1-12/2008
Net sales	1,196	1,528	3,663	4,561	6,400
Cost of goods sold	-885	-1,114	-2,752	-3,362	-4,733
Gross profit	311	414	911	1,199	1,667
Selling, general and administrative expenses	-210	-246	-688	-761	-1,043
Other operating income and expenses, net	13	4	15	8	11
Share in profits of associated companies	0	0	1	1	2
Operating profit	114	172	239	447	637
% of net sales	9.5%	11.3%	6.5%	9.8%	10.0%
Financial income and expenses, net	-23	-35	-59	-54	-89
Profit before taxes	91	137	180	393	548
Income taxes	-28	-39	-54	-115	-158
<b>Profit</b>	<b>63</b>	<b>98</b>	<b>126</b>	<b>278</b>	<b>390</b>
Attributable to:					
Shareholders of the company	62	97	125	277	389
Minority interests	1	1	1	1	1
<b>Profit</b>	<b>63</b>	<b>98</b>	<b>126</b>	<b>278</b>	<b>390</b>
Earnings per share, EUR	0.44	0.69	0.88	1.96	2.75

## Consolidated statement of comprehensive income

EUR million	7-9/2009	7-9/2008	1-9/2009	1-9/2008	1-12/2008
Profit	63	98	126	278	390
Cash flow hedges, net of tax	7	-18	17	-9	-33
Available-for-sale equity investments, net of tax	-5	-10	5	-10	-19
Currency translation on subsidiary net investments	13	38	61	-12	-49
Net investment hedge gains (losses), net of tax	-2	-11	0	-3	-11
Defined benefit plan actuarial gains (losses), net of tax	-	-	-	-	-22
Other comprehensive income (expense)	13	-1	83	-34	-134
<b>Total comprehensive income (expense)</b>	<b>76</b>	<b>97</b>	<b>209</b>	<b>244</b>	<b>256</b>
Attributable to:					
Shareholders of the company	75	96	208	243	255
Minority interests	1	1	1	1	1
<b>Total comprehensive income (expense)</b>	<b>76</b>	<b>97</b>	<b>209</b>	<b>244</b>	<b>256</b>

## Consolidated balance sheet

### ASSETS

EUR million	Sep 30, 2009	Sep 30, 2008	Dec 31, 2008
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	787	780	778
Other intangible assets	249	262	254
	1,036	1,042	1,032
<b>Property, plant and equipment</b>			
Land and water areas	58	56	58
Buildings and structures	233	232	239
Machinery and equipment	371	357	366
Assets under construction	53	79	63
	715	724	726
<b>Financial and other assets</b>			
Investments in associated companies	15	13	14
Available-for-sale equity investments	25	32	18
Loan and other interest bearing receivables	9	16	8
Available-for-sale financial investments	44	5	5
Financial instruments held for trading	39	-	-
Derivative financial instruments	0	3	0
Deferred tax asset	181	121	174
Other non-current assets	34	15	26
	347	205	245
<b>Total non-current assets</b>	<b>2,098</b>	<b>1,971</b>	<b>2,003</b>
<b>Current assets</b>			
<b>Inventories</b>	<b>1,316</b>	<b>1,745</b>	<b>1,606</b>
<b>Receivables</b>			
Trade and other receivables	976	1,177	1,146
Cost and earnings of projects under construction in excess of advance billings	296	365	362
Loan and other interest bearing receivables	8	2	9
Available-for-sale financial assets	79	-	-
Derivative financial instruments	34	24	48
Income tax receivables	40	21	23
	1,433	1,589	1,588
<b>Cash and cash equivalents</b>	<b>612</b>	<b>256</b>	<b>314</b>
<b>Total current assets</b>	<b>3,361</b>	<b>3,590</b>	<b>3,508</b>
<b>TOTAL ASSETS</b>	<b>5,459</b>	<b>5,561</b>	<b>5,511</b>



## SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Sep 30, 2009	Sep 30, 2008	Dec 31, 2008
<b>Equity</b>			
Share capital	241	241	241
Share premium reserve	-	-	-
Cumulative translation adjustments	-75	-91	-136
Fair value and other reserves	511	520	490
Retained earnings	872	761	849
<b>Equity attributable to shareholders</b>	<b>1,549</b>	<b>1,431</b>	<b>1,444</b>
<b>Minority interests</b>	<b>10</b>	<b>9</b>	<b>9</b>
<b>Total equity</b>	<b>1,559</b>	<b>1,440</b>	<b>1,453</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term debt	1,331	894	1,089
Post employment benefit obligations	192	172	191
Provisions	46	35	36
Derivative financial instruments	8	0	8
Deferred tax liability	47	33	45
Other long-term liabilities	2	4	4
<b>Total non-current liabilities</b>	<b>1,626</b>	<b>1,138</b>	<b>1,373</b>
<b>Current liabilities</b>			
Current portion of long-term debt	155	89	101
Short-term debt	102	336	245
Trade and other payables	958	1,247	1,189
Provisions	237	217	218
Advances received	412	631	479
Billings in excess of cost and earnings of projects under construction	355	366	323
Derivative financial instruments	27	50	82
Income tax liabilities	28	47	48
<b>Total current liabilities</b>	<b>2,274</b>	<b>2,983</b>	<b>2,685</b>
<b>Total liabilities</b>	<b>3,900</b>	<b>4,121</b>	<b>4,058</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>5,459</b>	<b>5,561</b>	<b>5,511</b>

## NET INTEREST BEARING LIABILITIES

EUR million	Sep 30, 2009	Sep 30, 2008	Dec 31, 2008
Long-term interest bearing debt	1,331	894	1,089
Short-term interest bearing debt	257	425	346
Cash and cash equivalents	-612	-256	-314
Other interest bearing assets	-179	-23	-22
<b>Total</b>	<b>797</b>	<b>1,040</b>	<b>1,099</b>

## Condensed consolidated cash flow statement

EUR million	7-9/2009	7-9/2008	1-9/2009	1-9/2008	1-12/2008
<b>Cash flows from operating activities:</b>					
Profit	63	98	126	278	390
Adjustments to reconcile profit to net cash provided by operating activities					
Depreciation and amortization	35	31	105	102	138
Interests and dividend income	16	18	46	42	57
Income taxes	28	39	54	115	158
Other	-6	14	4	18	34
Change in net working capital	159	-43	294	-297	-437
Cash flows from operations	295	157	629	258	340
Interest paid and dividends received	-10	-14	-35	-24	-49
Income taxes paid	-26	-31	-107	-105	-154
<b>Net cash provided by (used in) operating activities</b>	<b>259</b>	<b>112</b>	<b>487</b>	<b>129</b>	<b>137</b>
<b>Cash flows from investing activities:</b>					
Capital expenditures on fixed assets	-23	-88	-78	-200	-255
Proceeds from sale of fixed assets	0	5	3	8	10
Business acquisitions, net of cash acquired	-	8	-3	-31	-44
Proceeds from sale of businesses, net of cash sold	0	9	2	12	12
(Investments in) proceeds from sale of financial assets	-140	-1	-143	6	7
Other	-	-	1	-7	-7
<b>Net cash provided by (used in) investing activities</b>	<b>-163</b>	<b>-67</b>	<b>-218</b>	<b>-212</b>	<b>-277</b>
<b>Cash flows from financing activities:</b>					
Redemption of own shares	-	-	-2	-	-
Dividends paid	-	-	-99	-425	-425
Net funding	-94	-148	120	489	621
Other	2	-	-4	15	15
<b>Net cash provided by (used in) financing activities</b>	<b>-92</b>	<b>-148</b>	<b>15</b>	<b>79</b>	<b>211</b>
Net increase (decrease) in cash and cash equivalents	4	-103	284	-4	71
Effect from changes in exchange rates	3	-2	14	-7	-24
Cash and cash equivalents at beginning of period	605	361	314	267	267
<b>Cash and cash equivalents at end of period</b>	<b>612</b>	<b>256</b>	<b>612</b>	<b>256</b>	<b>314</b>

### Free cash flow

EUR million	7-9/2009	7-9/2008	1-9/2009	1-9/2008	1-12/2008
Net cash provided by operating activities	259	112	487	129	137
Capital expenditures on maintenance investments	-10	-26	-41	-86	-118
Proceeds from sale of fixed assets	-	5	3	8	10
<b>Free cash flow</b>	<b>249</b>	<b>91</b>	<b>449</b>	<b>51</b>	<b>29</b>

## 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
<b>Balance at Jan 1, 2008</b>	<b>241</b>	<b>77</b>	<b>-76</b>	<b>456</b>	<b>910</b>	<b>1,608</b>	<b>7</b>	<b>1,615</b>
Other comprehensive income (expense)	-	-	-15	-19	-	-34	-	-34
Profit	-	-	-	-	277	277	1	278
Total comprehensive income (expense)	-	-	-15	-19	277	243	1	244
Dividends	-	-	-	-	-425	-425	-	-425
Redemption of own shares	-	-	-	-	-	-	-	-
Share-based payments, net of tax	-	-	-	4	-	4	-	4
Decrease and transfer of share premium and legal reserve	-	-77	-	77	-	-	-	-
Other	-	-	-	2	-1	1	1	2
<b>Balance at Sep 30, 2008</b>	<b>241</b>	<b>-</b>	<b>-91</b>	<b>520</b>	<b>761</b>	<b>1,431</b>	<b>9</b>	<b>1,440</b>
<b>Balance at Jan 1, 2009</b>	<b>241</b>	<b>-</b>	<b>-136</b>	<b>490</b>	<b>849</b>	<b>1,444</b>	<b>9</b>	<b>1,453</b>
Other comprehensive income (expense)	-	-	61	22	-	83	-	83
Profit	-	-	-	-	125	125	1	126
Total comprehensive income (expense)	-	-	61	22	125	208	1	209
Dividends	-	-	-	-	-99	-99	-	-99
Redemption of own shares	-	-	-	-3	-	-3	-	-3
Share-based payments, net of tax	-	-	-	1	-	1	-	1
Other	-	-	-	1	-3	-2	-	-2
<b>Balance at Sep 30, 2009</b>	<b>241</b>	<b>-</b>	<b>-75</b>	<b>511</b>	<b>872</b>	<b>1,549</b>	<b>10</b>	<b>1,559</b>

## 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 79 million and net profit of EUR 4 million for the period from their acquisition to September 30, 2009.

### Summary information on acquisitions made in January-September 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
<b>Goodwill</b>			<b>8</b>
Purchase price settled in cash			-5
Deferred payments on prior year acquisitions			-5
Cash and cash equivalents acquired			7
<b>Net cash outflow on acquisitions</b>			<b>-3</b>

## Assets pledged and contingent liabilities

EUR million	Sep 30, 2009	Sep 30, 2008	Dec 31, 2008
Mortgages on corporate debt	3	4	4
Other pledges and contingencies			
Mortgages	1	1	1
Pledged assets	0	0	0
Guarantees on behalf of associated company obligations	-	-	-
Other guarantees	7	9	9
Repurchase and other commitments	6	7	6
Lease commitments	156	144	152

## Notional amounts of derivative financial instruments

EUR million	Sep 30, 2009	Sep 30, 2008	Dec 31, 2008
Forward exchange rate contracts	1,196	1,594	1,460
Interest rate swaps	123	143	168
Option agreements			
Bought	-	24	12
Sold	-	24	12

The notional amount of electricity forwards was 603 GWh as of Sep 30, 2009 and 542 GWh as of Sep 30, 2008.

The notional amount of nickel forwards to hedge stainless steel prices was 282 tons as of Sep 30, 2009 and 324 tons as of Sep 30, 2008.

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

## Key ratios

EUR million	1-9/2009	1-9/2008	1-12/2008
Earnings per share, EUR	0.88	1.96	2.75
Equity/share at end of period, EUR	10.96	10.10	10.19
Return on equity (ROE), % (annualized)	11.4	24.5	26.0
Return on capital employed (ROCE) before tax, % (annualized)	11.1	23.3	23.2
Return on capital employed (ROCE) after tax, % (annualized)	8.6	17.3	17.3
Equity to assets ratio at end of period, %	33.2	31.5	30.9
Gearing at end of period, %	51.1	72.2	75.7
Free cash flow	449	51	29
Free cash flow/share, EUR	3.17	0.36	0.20
Cash conversion, %	359	18	7
Gross capital expenditure (excl. business acquisitions)	78	201	255
Business acquisitions, net of cash acquired	3	31	44
Depreciation and amortization	105	102	138
Number of outstanding shares at end of period (thousands)	141,349	141,625	141,624
Average number of shares (thousands)	141,396	141,585	141,595

## Exchange rates used

	1-9/2009	1-9/2008	1-12/2008	Sep 30, 2009	Sep 30, 2008	Dec 31, 2008
USD (US dollar)	1.3861	1.5257	1.4726	1.4643	1.4303	1.3917
SEK (Swedish krona)	10.6371	9.4575	9.6833	10.2320	9.7943	10.8700
GBP (Pound sterling)	0.8955	0.7846	0.8023	0.9093	0.7903	0.9525
CAD (Canadian dollar)	1.5978	1.5491	1.5656	1.5709	1.4961	1.6998
BRL (Brazilian real)	2.8419	2.5819	2.6711	2.6050	2.7525	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, %:

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

### Equity to assets ratio, %:

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

### Free cash flow:

$$\begin{aligned} &\text{Net cash provided by (used in) operating activities} \\ &- \text{capital expenditures on maintenance investments} \\ &+ \text{proceeds from sale of fixed assets} \\ &= \text{Free cash flow} \end{aligned}$$

### Cash conversion, %:

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

## Segment information

### Net sales

EUR million	7-9/2009	7-9/2008	1-9/2009	1-9/2008	10/2008-9/2009	1-12/2008
Mining and Construction Technology	492	670	1,551	1,869	2,268	2,586
Energy and Environmental Technology	350	423	1,104	1,272	1,607	1,775
Paper and Fiber Technology	356	441	1,002	1,417	1,629	2,044
Valmet Automotive	7	10	42	52	55	65
Group Head Office and other	-	-	-	-	-	-
Group Head Office and others total	7	10	42	52	55	65
Intra Metso net sales	-9	-16	-36	-49	-57	-70
<b>Metso total</b>	<b>1,196</b>	<b>1,528</b>	<b>3,663</b>	<b>4,561</b>	<b>5,502</b>	<b>6,400</b>

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

EUR million	7-9/2009	7-9/2008	1-9/2009	1-9/2008	10/2008-9/2009	1-12/2008
Mining and Construction Technology	5.3	3.0	8.5	4.5	7.9	3.9
Energy and Environmental Technology	0.1	-0.5	1.3	-0.6	0.7	-1.2
Paper and Fiber Technology	-0.9	1.4	-6.2	3.3	-6.8	2.7
Valmet Automotive	-0.1	0.0	0.0	0.0	0.0	0.0
Group Head Office and other	8.4	0.4	10.9	0.4	15.7	5.2
Group Head Office and others total	8.3	0.4	10.9	0.4	15.7	5.2
<b>Metso total</b>	<b>12.8</b>	<b>4.3</b>	<b>14.5</b>	<b>7.6</b>	<b>17.5</b>	<b>10.6</b>

### Share in profits of associated companies

EUR million	7-9/2009	7-9/2008	1-9/2009	1-9/2008	10/2008-9/2009	1-12/2008
Mining and Construction Technology	0.0	0.0	0.0	0.1	0.0	0.1
Energy and Environmental Technology	0.4	0.4	1.0	0.9	1.3	1.2
Paper and Fiber Technology	0.1	0.0	0.6	0.7	1.1	1.2
Valmet Automotive	-	-	-	-	-	-
Group Head Office and other	-	-	-	-	-	-
Group Head Office and others total	-	-	-	-	-	-
<b>Metso total</b>	<b>0.5</b>	<b>0.4</b>	<b>1.6</b>	<b>1.7</b>	<b>2.4</b>	<b>2.5</b>

### Operating profit (loss)

EUR million	7-9/2009	7-9/2008	1-9/2009	1-9/2008	10/2008-9/2009	1-12/2008
Mining and Construction Technology	53.7	97.9	154.6	267.1	245.9	358.4
Energy and Environmental Technology	32.9	51.2	90.3	120.0	146.3	176.0
Paper and Fiber Technology	27.6	34.5	7.8	83.2	54.7	130.1
Valmet Automotive	-5.5	-2.9	-8.4	-1.0	-10.9	-3.5
Group Head Office and other	5.4	-8.4	-5.7	-22.2	-7.3	-23.8
Group Head Office and others total	-0.1	-11.3	-14.1	-23.2	-18.2	-27.3
<b>Metso total</b>	<b>114.1</b>	<b>172.3</b>	<b>238.6</b>	<b>447.1</b>	<b>428.7</b>	<b>637.2</b>

**Operating profit (loss), % of net sales**

%	7-9/2009	7-9/2008	1-9/2009	1-9/2008	10/2008-9/2009	1-12/2008
Mining and Construction Technology	10.9	14.6	10.0	14.3	10.8	13.9
Energy and Environmental Technology	9.4	12.1	8.2	9.4	9.1	9.9
Paper and Fiber Technology	7.8	7.8	0.8	5.9	3.4	6.4
Valmet Automotive	-78.6	-29.0	-20.0	-1.9	-19.8	-5.4
Group Head Office and other	n/a	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	n/a
<b>Metso total</b>	<b>9.5</b>	<b>11.3</b>	<b>6.5</b>	<b>9.8</b>	<b>7.8</b>	<b>10.0</b>

**EBITA**

EUR million	7-9/2009	7-9/2008	1-9/2009	1-9/2008	10/2008-9/2009	1-12/2008
Mining and Construction Technology	54.7	98.6	157.2	269.3	249.1	361.2
Energy and Environmental Technology	37.1	55.7	103.5	137.8	164.0	198.3
Paper and Fiber Technology	32.4	36.9	19.8	94.9	71.0	146.1
Valmet Automotive	-5.5	-2.8	-8.4	-0.9	-11.0	-3.5
Group Head Office and other	5.9	-7.7	-4.0	-20.2	-5.0	-21.2
Group Head Office and others total	0.4	-10.5	-12.4	-21.1	-16.0	-24.7
<b>Metso total</b>	<b>124.6</b>	<b>180.7</b>	<b>268.1</b>	<b>480.9</b>	<b>468.1</b>	<b>680.9</b>

**EBITA, % of net sales**

%	7-9/2009	7-9/2008	1-9/2009	1-9/2008	10/2008-9/2009	1-12/2008
Mining and Construction Technology	11.1	14.7	10.1	14.4	11.0	14.0
Energy and Environmental Technology	10.6	13.2	9.4	10.8	10.2	11.2
Paper and Fiber Technology	9.1	8.4	2.0	6.7	4.4	7.1
Valmet Automotive	-78.6	-28.0	-20.0	-1.7	-20.0	-5.4
Group Head Office and other	n/a	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	n/a
<b>Metso total</b>	<b>10.4</b>	<b>11.8</b>	<b>7.3</b>	<b>10.5</b>	<b>8.5</b>	<b>10.6</b>

**Orders received**

EUR million	7-9/2009	7-9/2008	1-9/2009	1-9/2008	10/2008-9/2009	1-12/2008
Mining and Construction Technology	420	747	1,203	2,370	1,542	2,709
Energy and Environmental Technology	250	568	793	1,317	1,134	1,658
Paper and Fiber Technology	369	940	983	1,814	1,190	2,021
Valmet Automotive	7	10	42	52	55	65
Group Head Office and other	-	-	-	-	-	-
Group Head Office and others total	7	10	42	52	55	65
Intra Metso orders received	-15	-19	-28	-58	-39	-69
<b>Metso total</b>	<b>1,031</b>	<b>2,246</b>	<b>2,993</b>	<b>5,495</b>	<b>3,882</b>	<b>6,384</b>



## Quarterly information

### Net sales

EUR million	7-9/2008	10-12/2008	1-3/2009	4-6/2009	7-9/2009
Mining and Construction Technology	670	717	528	531	492
Energy and Environmental Technology	423	503	397	357	350
Paper and Fiber Technology	441	627	287	359	356
Valmet Automotive	10	13	21	14	7
Group Head Office and other	-	-	-	-	-
Group Head Office and others total	10	13	21	14	7
Intra Metso net sales	-16	-21	-13	-14	-9
<b>Metso total</b>	<b>1,528</b>	<b>1,839</b>	<b>1,220</b>	<b>1,247</b>	<b>1,196</b>

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

EUR million	7-9/2008	10-12/2008	1-3/2009	4-6/2009	7-9/2009
Mining and Construction Technology	3.0	-0.6	2.1	1.1	5.3
Energy and Environmental Technology	-0.5	-0.6	-0.4	1.6	0.1
Paper and Fiber Technology	1.4	-0.6	0.9	-6.2	-0.9
Valmet Automotive	0.0	0.0	0.0	0.1	-0.1
Group Head Office and other	0.4	4.8	0.1	2.4	8.4
Group Head Office and others total	0.4	4.8	0.1	2.5	8.3
<b>Metso total</b>	<b>4.3</b>	<b>3.0</b>	<b>2.7</b>	<b>-1.0</b>	<b>12.8</b>

### Operating profit (loss)

EUR million	7-9/2008	10-12/2008	1-3/2009	4-6/2009	7-9/2009
Mining and Construction Technology	97.9	91.3	54.9	46.0	53.7
Energy and Environmental Technology	51.2	56.0	27.7	29.7	32.9
Paper and Fiber Technology	34.5	46.9	-18.2	-1.6	27.6
Valmet Automotive	-2.9	-2.5	-0.3	-2.6	-5.5
Group Head Office and other	-8.4	-1.6	-5.5	-5.6	5.4
Group Head Office and others total	-11.3	-4.1	-5.8	-8.2	-0.1
<b>Metso total</b>	<b>172.3</b>	<b>190.1</b>	<b>58.6</b>	<b>65.9</b>	<b>114.1</b>

### EBITA

EUR million	7-9/2008	10-12/2008	1-3/2009	4-6/2009	7-9/2009
Mining and Construction Technology	98.6	91.9	55.6	46.9	54.7
Energy and Environmental Technology	55.7	60.5	32.3	34.1	37.1
Paper and Fiber Technology	36.9	51.2	-14.0	1.4	32.4
Valmet Automotive	-2.8	-2.6	-0.3	-2.6	-5.5
Group Head Office and other	-7.7	-1.0	-4.8	-5.1	5.9
Group Head Office and others total	-10.5	-3.6	-5.1	-7.7	0.4
<b>Metso total</b>	<b>180.7</b>	<b>200.0</b>	<b>68.8</b>	<b>74.7</b>	<b>124.6</b>

### Capital employed

EUR million	Sep 30, 2008	Dec 31, 2008	Mar 31, 2009	June 30, 2009	Sep 30, 2009
Mining and Construction Technology	1,226	1,230	1,221	1,191	1,111
Energy and Environmental Technology	640	647	686	659	626
Paper and Fiber Technology	480	532	468	475	427
Valmet Automotive	23	21	19	20	27
Group Head Office and other	390	458	493	816	956
Group Head Office and others total	413	479	512	836	983
<b>Metso total</b>	<b>2,759</b>	<b>2,888</b>	<b>2,887</b>	<b>3,161</b>	<b>3,147</b>

### Orders received

EUR million	7-9/2008	10-12/2008	1-3/2009	4-6/2009	7-9/2009
Mining and Construction Technology	747	339	385	398	420
Energy and Environmental Technology	568	341	265	278	250
Paper and Fiber Technology	940	207	279	335	369
Valmet Automotive	10	13	21	14	7
Group Head Office and other	-	-	-	-	-
Group Head Office and others total	10	13	21	14	7
Intra Metso orders received	-19	-11	-8	-5	-15
<b>Metso total</b>	<b>2,246</b>	<b>889</b>	<b>942</b>	<b>1,020</b>	<b>1,031</b>

### Order backlog

EUR million	Sep 30, 2008	Dec 31, 2008	Mar 31, 2009	June 30, 2009	Sep 30, 2009
Mining and Construction Technology	1,964	1,492	1,347	1,196	1,103
Energy and Environmental Technology	1,402	1,204	1,182	1,035	939
Paper and Fiber Technology	1,931	1,434	1,438	1,304	1,330
Valmet Automotive	-	-	-	-	-
Group Head Office and other	-	-	-	-	-
Group Head Office and others total	-	-	-	-	-
Intra Metso order backlog	-53	-42	-33	-23	-32
<b>Metso total</b>	<b>5,244</b>	<b>4,088</b>	<b>3,934</b>	<b>3,512</b>	<b>3,340</b>

Personnel	Sep 30, 2008	Dec 31, 2008	Mar 31, 2009	June 30, 2009	Sep 30, 2009
Mining and Construction Technology	10,829	11,259	10,826	10,344	10,014
Energy and Environmental Technology	6,317	6,357	6,387	6,349	6,119
Paper and Fiber Technology	10,661	10,544	10,090	9,858	9,475
Valmet Automotive	579	783	618	636	636
Group Head Office and other	376	379	391	421	419
Group Head Office and others total	955	1,162	1,009	1,057	1,055
<b>Metso total</b>	<b>28,762</b>	<b>29,322</b>	<b>28,312</b>	<b>27,608</b>	<b>26,663</b>

## 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 affect only future business combinations.

IFRS 3 (Revised) was endorsed by the European Union in June 2009 and it becomes effective for annual financial statements for periods beginning on or after July 1, 2009. 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) was endorsed by the European Union in June 2009 and it is effective for annual financial statements for periods beginning on or after July 1, 2009. 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.

### 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 Price-waterhouseCoopers 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.

### **Metso decides not to distribute the additional dividend from 2008**

On July 24, 2009, Metso's Board of Directors decided that Metso will not pay any additional dividend for 2008 in addition to the ordinary dividend of EUR 0.70 per share that was distributed in April 2009. Metso's financial performance and financial position are stable and have developed according to management expectations, but the market outlook for 2010 continues to be weak. The importance of a strong balance sheet increases in an uncertain economic climate.

The Annual General Meeting of March 30, 2009 authorized the Board to decide by the end of 2009, at its discretion and when Metso's economic situation allows for it, on the payment of an additional dividend for 2008 in the amount of no more than EUR 0.68 per share. With this Board decision no additional dividend will be distributed.

### **Shares, options and share capital**

At the end of September, 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 January-September of 2009, excluding Metso shares held by the company, was 141,396,267.

During February 2009 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 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 2,718 million on September 30, 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 a 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 Helsinki Exchange in January–September 2009 was 262,023,873 shares, equivalent to a turnover of EUR 3,016 million. The share price on September 30, 2009 was EUR 19.23 and the average trading price for the period was EUR 11.51. The highest quotation during the review period was EUR 20.00 and the lowest EUR 7.03.

Metso's ADSs (American Depositary Shares) are traded in the United States on the OTC market. On September 30, 2009, the closing price of an ADS was USD 28.10. 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.

There were no changes in holdings during the third quarter.

### Credit ratings

In August, Moody's Investor's Service has placed Metso's Baa2 long-term issuer rating under review for a possible downgrade.

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.

There were no changes in credit ratings during the third quarter.

### Metso's Financial Reporting in 2010

Metso's Financial Statements Review for 2009 will be published on February 8, 2010. The Annual Report will be published in the week beginning on March 8, 2010 (week 10).

The Interim Review for January-March 2010 will be published on April 29, 2010, the Interim Review for January-June 2010 on July 29, 2010 and the Interim Review for January-September 2010 on October 28, 2010 respectively.



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