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Interim Review  
January 1–September 30, 2000

Linking Innovations

**Metso is a global leader in the supply of processes, machinery and systems for the pulp and paper industry. The Corporation is also a strong supplier of automation and flow control solutions, and a global leader in the supply of rock and mineral processing systems. The main customer sectors are the pulp and paper industry, construction, civil engineering, mining and the energy industry.**

- **Metso's net sales for January-September were EUR 2,735 million (EUR 2,315 million in January-September, 1999).**
- **The operating profit was EUR 127 million (operating loss EUR 9 million).**
- **The income before extraordinary items and income taxes was EUR 113 million (EUR 12 million negative).**
- **Earnings per share were EUR 0.58 (EUR 0.09 negative).**
- **New orders totaling EUR 3,180 million were received (EUR 2,372 million).**
- **The order backlog at the end of September was EUR 2,026 million (EUR 1,586 million on Dec. 31, 1999).**

The forest machine manufacturer, Timberjack, which was sold at the end of April, is included in the Corporation's figures for January - April, 2000.

## Markets

The demand for Metso's products was good in the January - September period, and was a clear improvement over the corresponding period last year. Good economic growth in the main markets in Europe and North America and the revival in economic growth in many Asian countries was reflected in the activities of Metso's customer industries.

The pulp and paper industry's buoyant market situation increased the industry's willingness to invest. The demand for Metso's fiber and paper technology products continued to be good in Europe and North America, and was focused on machine rebuilds. New machine projects are underway mainly in China. Due to generally good capacity utilization rates in customers' mills, the demand for rebuilds, spare parts and service strengthened. The demand for automation and control technology products remained good in Europe, but was weaker in North America, as reported earlier in the year.

The demand for products supplied for construction and civil engineering was good throughout the first half of the year in Europe and North America, but leveled off in the third quarter as the environment became more uncertain. The Asian markets strengthened a little. Market conditions in the mining industry improved in the third quarter after a slow start to the year, as demand for the main metals grew and prices increased.

## Orders received and order backlog

In January - September, new orders were received totaling EUR 3,180 million (EUR 2,372 million in January - September, 1999), which was 34 percent higher than the corresponding period last year. Calculated according to the current structure of the Corporation and eliminating the orders of the divested forest machine group, new orders grew by 47 percent. The value of new orders received by fiber and paper technology was 69 percent higher than in the corresponding period last year, while that of automation and control technology was 12 percent higher. In the machinery business area, the new orders received by the rock and mineral processing group grew by 21 percent over the corresponding period last year. The value of new orders gained by the gears and components group was also significantly higher than in the comparison period. At the end of September, Metso's order backlog was 28 percent higher than at the end of 1999, totaling EUR 2,026 million (EUR 1,586 million on Dec. 31, 1999, which includes forest machine group orders of EUR 71 million).

## Net sales

Metso's net sales for January - September totaled EUR 2,735 million (EUR 2,315 million). Net sales were up 18 percent on the comparison period, due to growth in deliveries in all business areas. Excluding the forest machine group, net sales grew by 28 percent. Deliveries of fiber and paper technology, automation and control technology, and machinery accounted for 56 percent, 16 percent and 28 percent respectively of the Corporation's net sales.

In January - September, 46 percent of net sales were in Europe, 34 percent in North America, 12 percent in Asia-Pacific, 6 percent in South America and 2 percent in other parts of the world.

## Profitability

The operating profit for January - September was EUR 127 million (operating loss EUR 9 million). The operating profit excluding the forest machine group was EUR 114 million (operating loss EUR 21 million). Profitability was clearly up in all business areas in January - September, compared with the corresponding period last year. Rationalization measures taken in the previous year, together with increased deliveries and improved capacity utilization rates were the main factors leading to a clear improvement in profitability.

Income before extraordinary items and income taxes was EUR 113 million (EUR 12 million negative). The Corporation's net financing expenses were EUR 14 million, including dividend income of EUR 11 million and foreign exchange gains of EUR 1 million. The net income for the review period, excluding extraordinary items, was EUR 78 million (EUR 12 million negative). Earnings per share were EUR 0.58 (EUR 0.09 negative). The return on capital employed (ROCE) was 11.0 percent (2.0%), and the return on equity (ROE) 8.7 percent (1.4% negative).

Taxes relating to the income for the review period have been entered as taxes.

## Cash flow and balance sheet

Metso's net cash provided by operating activities was EUR 224 million positive (EUR 10 million negative). On September 30, 2000, the Corporation was debt free (net of cash and interest-bearing receivables) after the sale of Timberjack and the acquisition of Beloit. The Corporation's net interest-bearing receivables totaled EUR 45 million (net interest-bearing liabilities EUR 417 million). Gearing, i.e. the ratio of net interest-bearing liabilities to shareholders' equity was 3.1 percent negative (36.5%). The Corporation's equity to assets ratio was 44.2 percent (42.4%).

## Capital expenditure and major changes in corporate structure

In January-September, capital expenditure, acquisitions included, totaled EUR 263 million (EUR 106 million). Acquisitions accounted for EUR 180 million (EUR 38 million).

The acquisition of the roll cover division, service and aftermarket business assets and paper machine technology of the American paper machine manufacturer Beloit was closed on May 11, 2000. The purchase price was EUR 167 million.

Metso sold its forest machine manufacturer, Timberjack, which was included in the machinery business area, to the US company Deere & Company on April 28, 2000. The debt free sale price was EUR 644 million. The profit on sale (net of taxes) of EUR 275 million, was entered under extraordinary items.

After the review period, in October, Metso's automation and control technology business area signed an agreement for the acquisition of MAX Control Systems (MCS), a subsidiary of the Industrial Control Services Group (ICS) based in the UK. The acquisition will strengthen the business area's energy automation business, support its expansion into new market areas especially in North America and Asia, and enhance the aftermarket business. MAX Control Systems' yearly net sales are approximately EUR 20 million.

## Offer to acquire Svedala Industri AB

In June, a public offer was made to acquire the entire stock of Svedala Industri AB (listed on the OM Stockholm Stock Exchange). Applications for clearance were submitted to the Federal Trade Commission in the US and the EU commission in August. In September, the Federal Trade Commission and the EU Commission requested additional information related to the offer. Metso decided to extend the acceptance period for the offer until November 30, 2000, and left open the option for a further extension if necessary. Metso expects to be able to address any competition concerns related to the offer.

With the exception of the acceptance period extension, the terms of the offer made by Metso on June 21, 2000 remain unchanged, as set out in the offer document published on July 7, 2000. The acquisition is subject to approval by the relevant competition authorities and to Metso being able to acquire 90 percent of the share capital.

The synergy benefits obtainable through the integration of the two companies are estimated, when implemented in full, at more than EUR 70 million per annum. Metso expects the deal to increase earnings per share during the fiscal year 2001.

In July, Metso purchased options representing 321,000 shares in Svedala Industri AB from the management group consisting of 20 officers of Svedala. Based on the options, Metso subscribed for 321,000 Svedala shares. At the end of September, Metso owned a total of 567,300 shares of Svedala Industri AB, equivalent to 1.2 percent of the company's share capital.

## Partnerships

During the review period, the product portfolio of Metso's fiber and paper technology business area was strengthened by partnership agreements. An agreement was made with Albany International, a producer of paper machine clothing on broad co-operation in technology, sales, marketing and services for the paper industry. A cooperation agreement was also made with Megatex Oy for the marketing of broke handling technology and equipment in papermaking. The agreement complements the business area's stock preparation solutions for coated paper grades.

The product portfolio and market position of Metso's automation and control technology business area were strengthened by various

partnership agreements, the most significant being with Aspen Technology Inc and Endress+Hauser. The agreement on partnership with Aspen Technology strengthens the market position of automation and control technology as a supplier of information management solutions related to process automation. The business area also decided to form an alliance with Endress+Hauser for joint field control solutions development and sales activities. In addition, earlier in the spring, an agreement was signed with V.I.B. Systems to establish a joint venture specializing in paper machine moisture profile products and technology. An agreement was also signed with Parsytec AG concerning the distribution, service and development of web inspection systems.

### **E-business development projects**

E-Metso, which specializes in electronic trading applications, started operations during the review period. E-Metso supports the existing and planned e-business projects of Metso's business areas, and is partly responsible for their implementation in practice. During the review period, a Pulp & Paper portal project for pulp and paper industry customers was initiated. The construction of a solution for purchase operations is also being planned.

After the review period, in October, Metso's fiber and paper technology business area opened its first Remote Diagnostics Center in Jyväskylä, Finland. The Center specializes in the condition and process monitoring of its customers' pulp and paper production lines. Utilizing the latest applications of information technology, the Center will be able to quickly analyze and solve problem situations in production lines.

### **Research and development**

Metso's research and development expenses for the January - September period totaled EUR 96 million (EUR 98 million), equivalent to 3.5 percent of the Corporation's net sales.

### **Shares**

In January - September, 27.8 million Metso Corporation shares corresponding to a turnover of EUR 378 million were traded in the Helsinki Exchanges. The share price was EUR 11.50 on September 29, 2000. The highest quotation during the period was EUR 16.20 and the lowest EUR 9.80. On September 29, 2000, the Corporation's market capitalization was EUR 1,558 million. Trading of Metso's ADRs in the New York Stock Exchange amounted to USD 8.5 million. The price of an ADR was USD 10.13 on September 29, 2000. The highest price was USD 16.25 and the lowest USD 9.31.

At the end of September, Metso's share capital totaled EUR 230,277,367.50, and the total number of shares was 135,457,275.

### **Personnel**

Metso employed 21,572 persons (22,345) at the end of September. Due to acquisitions made, the Corporation's personnel grew by 757 during January- September. Conversely, due to divestments, the number of personnel was reduced by 2,066.

### **Synergy benefits and cost savings**

The annual synergy benefits of the merger of Valmet and Rauma, as well as the benefits arising from restructuring, are estimated to exceed EUR 100 million. Over half of the synergy benefits and cost savings are expected to be achieved this year with the full benefits in 2001.

### **Short-term outlook**

It is expected that the European and North American economies will continue their steady growth and that Asian economies will continue to pick up, thus maintaining healthy demand for Metso's products in the near future.

The improved profitability of the pulp and paper industry has maintained the industry's willingness to invest. This is expected to sustain good demand for the products of Metso's fiber and paper technology and automation and control technology in Europe and North America. The demand for rebuilds and spare parts and service is expected to strengthen as a result of high capacity utilization rates in the pulp and paper industry. On the other hand, the demand for complete new pulp and paper production lines is expected to remain low. Elsewhere business is expected to increase in China, in particular, while in other parts of Asia the improvement in the market will be slower. Signs of revival are to be seen in the South American markets which, in turn, will positively affect demand especially for fiber technology products.

Construction and civil engineering industry demand is expected to remain good, but to level off towards the end of the year. On the other hand, the investments of the mining sector are expected to pick up in the main markets of South America, Australia and southern Africa, as a result of increased demand and the price rises of base metals.

Some uncertainties regarding growth have been fostered by oil price developments, which especially affect the profitability and investments of construction and civil engineering.

The Corporation's profitability is expected to improve further in the last quarter of the year. Good profit development is expected to continue next year, too. This assessment is based on the Corporation's large order backlog, and the fact that the synergy benefits and cost savings of the merger between Valmet and Rauma will be realized in full.

## BUSINESS AREAS

### Fiber and paper technology

**The fiber and paper technology business area (Valmet) develops, designs and manufactures processes, machines and equipment for the pulp, paper, panelboard and packaging industries.**

The net sales of the business area for the January-September period were a good one third up on the corresponding period last year, and totaled EUR 1,547 million (EUR 1,138 million). The increase in net sales was due to the growth in delivery volume and to the spare parts and roll cover business of Beloit integrated in May, which contributed net sales of EUR 42 million during the period. The net sales of fiber technology grew by 69 percent, totaling EUR 423 million (EUR 250 million), while the net sales of paper technology grew by 34 percent, totaling EUR 1,067 million (EUR 794 million). The net sales of converting equipment grew by 10 percent and totaled EUR 110 million (EUR 100 million).

The operating profit of the business area improved to EUR 64 million (EUR 26 million operating loss). The operating profit of fiber technology was EUR 23 million (EUR 2 million operating profit) and the operating profit of paper technology EUR 45 million (EUR 13 million operating loss). The operating loss of converting equipment decreased to EUR 4 million (EUR 15 million operating loss). The improved profitability was mainly due to higher capacity utilization rates, more efficient project implementation as a result of rationalization measures, and synergy benefits.

The market situation remained good for the products of fiber and paper technology throughout January-September. New orders were received totaling EUR 1,952 million (EUR 1,155 million). In Europe and North America most of the orders were for paper machine line rebuilds, paper finishing systems and tissue machines. In North America, the volume of orders for roll covers grew as expected as a result of the acquisition of Beloit businesses. Most of the orders received from Latin America and Asia were for panelboard lines and converting machines. The new orders received by fiber technology grew to EUR 412 million (EUR 309 million) and by paper technology to EUR 1,434 million (EUR 757 million). The new orders received by converting equipment grew significantly to EUR 143 million (EUR 97 million). Service operations grew steadily in all market areas as customer capacity utilization rates rose. In addition, due to the acquisition of Beloit operations, the volume of the service business increased considerably in the review period.

The order backlog of the fiber and paper technology business area improved by 38 percent over the situation at the end of 1999, and stood at EUR 1,690 million at the end of September (EUR 1,226 million on December 31, 1999). The order backlog of fiber technology was EUR 346 million (EUR 342 million) and of paper technology

EUR 1,329 million (EUR 924 million). The order backlog for converting equipment was EUR 95 million (EUR 58 million).

### Automation and control technology

**The automation and control technology business area (Neles Automation) develops, designs and delivers process industry automation and information management application networks and systems, and field control solutions. The main customers are the pulp and paper industry, other process industries and the energy industry.**

The net sales of the business area for the January-September period were 7 percent higher than the comparison period, totaling EUR 446 million (EUR 415 million). In particular, the deliveries of process automation and field equipment to the pulp and paper industry grew.

The operating profit for January-September was significantly up on the comparison period, totaling EUR 28 million (EUR 8 million). Profitability was improved by the growth in delivery volumes, synergy benefits and the restructuring implemented earlier, which was reflected in improved cost efficiency.

The market situation remained good for the products of automation and control technology during the review period. New orders were received totaling EUR 471 million (EUR 422 million). The lively demand from the pulp and paper industry, in particular, increased the demand for automation systems and field equipment in Europe and North America. On the other hand, the demand for SCADA systems remained modest due mainly to the shortage of energy industry investment projects. The order backlog emphasized automation and information systems, whose lead time in production is clearly longer than field equipment. The order backlog grew by 18 percent compared with the situation at the end of 1999, totaling EUR 214 million at the end of September (EUR 181 million on December 31, 1999).

### Machinery

**The machinery business area comprises Nordberg, a developer, manufacturer and supplier of rock and mineral processing plants and systems; Santasalo, a supplier of power transmission solutions and components, and Valmet Automotive, a specialty car manufacturer. The forest machine manufacturer, Timberjack, formed part of the machinery business area until April 28, 2000.**

The net sales of rock and mineral processing were up by 18 percent on the comparison period, totaling EUR 407 million (EUR 345 million). The increase in net sales was due to a strengthening in the market

and to businesses acquired. The group's operating profit was EUR 21 million (EUR 16 million). The integration costs of the new businesses acquired towards the end of 1999 and the low volume of mining deliveries slowed down the growth in profitability.

The demand for products and services delivered for construction and civil engineering in Europe and North America was good. In particular, the strong growth in demand for mobile products delivered to contractors and quarrying customers continued. The first half of the year was quiet in the mining sector, but the demand picked up towards the end of the review period. A favorable market situation together with a strengthening of the distribution network increased the volume of orders received. New orders were received totaling EUR 406 million (EUR 335 million). The order backlog was 7 percent higher than at the end of 1999 and was EUR 110 million at the end of September (EUR 103 on December 31, 1999).

The net sales of gears and components were EUR 136 million (EUR 79 million). The increase was due to strong growth in deliveries and the restructuring of the group. At the beginning of 2000, the gear operations of Santasalo and the Parkano production unit were integrated with the group. The group's operating profit was EUR 8 million (EUR 2 million). New orders were received totaling EUR 164 million (EUR 71 million). Increased in-

vestments by customer industries and strong growth in the installation of wind power equipment improved the demand for industrial and wind turbine gears and machine building services, in particular. The order backlog was 68 percent higher than at the end of 1999 totaling EUR 79 million at the end of September (EUR 47 million on December 31, 1999).

The net sales of specialty car manufacturing were 11 percent higher than at the end of 1999 totaling EUR 84 million (EUR 76 million). Increased demand in Europe and North America for specialty cars manufactured by the group caused a significant increase in the production volume of the car plant during the review period. The operating profit was EUR 10 million (EUR 8 million). During January-September, 27,410 cars (24,439) were made.

The forest machine manufacturer, Timberjack, was sold to Deere & Company on April 28, 2000, on which date the operations of Timberjack were also transferred to the buyer. The net sales of Timberjack for January-April were EUR 179 million and the operating profit was EUR 13.3 million. The new orders received in January-September totaled EUR 187 million.

October 31, 2000

Board of Directors

## CONSOLIDATED STATEMENTS OF INCOME

(The interim review is unaudited)

	7-9/2000	7-9/1999	1-9/2000	1-9/1999	1-12/1999
(Millions)	EUR	EUR	EUR	EUR	EUR
Net sales	910	732	2,735	2,315	3,387
Cost of goods sold	(676)	(547)	(2,041)	(1,735)	(2,556)
Gross profit	234	185	694	580	831
Selling, general and administrative expenses	(176)	(195)	(567)	(589)	(841)
Operating profit (loss)	58	(10)	127	(9)	(10)
Financial income and expenses	(3)	(8)	(14)	(6)	(19)
Share of profits of associated companies	0	1	0	3	1
Income before extraordinary items and income taxes	55	(17)	113	(12)	(28)
Extraordinary income and expenses	0	0	275	4	(59)
Income before taxes	55	(17)	388	(8)	(87)
Income taxes	(17)	2	(34)	0	0
Minority interests	0	0	(1)	0	(1)
<b>Net income</b>	<b>38</b>	<b>(15)</b>	<b>353</b>	<b>(8)</b>	<b>(88)</b>

## CONSOLIDATED BALANCE SHEETS

	Sep 30,2000	Sep 30,1999	Dec 31,1999
(Millions)	EUR	EUR	EUR
<b>Fixed assets and financial assets</b>			
Intangible assets	256	253	216
Tangible assets	698	641	684
Financial assets	216	277	252
<b>Current assets</b>			
Inventories	737	441	661
Receivables	1,211	1,147	1,197
Cash and cash equivalents	514	158	159
<b>Total assets</b>	<b>3,632</b>	<b>2,917</b>	<b>3,169</b>
Share capital	230	228	228
Other shareholders' equity	1,190	905	857
Minority interests	7	9	9
Long-term liabilities	510	510	535
Current liabilities	1,695	1,265	1,540
<b>Total shareholders' equity and liabilities</b>	<b>3,632</b>	<b>2,917</b>	<b>3,169</b>
<b>Net interest-bearing liabilities</b>			
Long-term interest-bearing liabilities	455	485	486
Short-term interest-bearing liabilities	124	241	290
Cash and cash equivalents	(514)	(158)	(159)
Other interest-bearing assets	(110)	(151)	(152)
<b>Total</b>	<b>(45)</b>	<b>417</b>	<b>465</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions)	7-9/2000 EUR	7-9/1999 EUR	1-9/2000 EUR	1-9/1999 EUR	1-12/1999 EUR
<b>Cash flows from operating activities:</b>					
Net income	38	(15)	353	(8)	(88)
Adjustments to reconcile net income to net cash provided by operating activities					
Depreciation and amortization	28	29	92	94	130
Gain on sale of Timberjack, net of tax	0	-	(275)	-	-
Write-offs of intangible assets	-	-	-	-	58
Other	(11)	(12)	(3)	(1)	31
Change in net working capital	22	62	57	(95)	(133)
<b>Net cash provided by (used in) operating activities</b>	<b>77</b>	<b>64</b>	<b>224</b>	<b>(10)</b>	<b>(2)</b>
<b>Cash flows from investing activities:</b>					
Capital expenditures on fixed assets	(20)	(20)	(73)	(68)	(121)
Proceeds from sale of fixed assets	2	3	19	8	31
Business acquisitions, net of cash acquired	(8)	(8)	(180)	(38)	(116)
Investments in associated companies	0	0	0	0	(3)
Proceeds from sale of subsidiaries and associated companies	-	0	7	1	21
Proceeds from sale of Timberjack, net of tax	0	-	502	-	-
Taxes (paid) / payable on gain of Timberjack sale	(7)	-	100	-	-
(Investments in) proceeds from sale of marketable securities	(2)	5	(8)	29	42
<b>Net cash provided by (used in) investing activities</b>	<b>(35)</b>	<b>(20)</b>	<b>367</b>	<b>(68)</b>	<b>(146)</b>
<b>Cash flows from financing activities:</b>					
Dividends paid	-	0	(54)	(80)	(80)
Net funding	4	(33)	(214)	89	150
Proceeds from Timberjack installment credit receivables	-	-	35	-	-
Other	(15)	(1)	(12)	(3)	(7)
<b>Net cash provided by (used in) financing activities</b>	<b>(11)</b>	<b>(34)</b>	<b>(245)</b>	<b>6</b>	<b>63</b>
Effect of changes in exchange rates on cash and cash equivalents	6	(7)	9	5	19
Net increase (decrease) in cash and cash equivalents	37	3	355	(67)	(66)
Cash and cash equivalents at beginning of period	477	155	159	225	225
<b>Cash and cash equivalents at end of period</b>	<b>514</b>	<b>158</b>	<b>514</b>	<b>158</b>	<b>159</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Millions)	Number of shares (thousands)	Share capital (par value) EUR 1.70	Share premium reserve	Legal reserve	Cumulative translation adjustments	Reserve for own shares	Other reserves	Retained earnings	Total
		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Balance at Dec 31, 1999</b>	135,817	228	7	221	(2)	6	202	423	1,085
Dividends	-	-	-	-	-	-	-	(54)	(54)
Transfer from share premium reserve	-	3	(3)	-	-	-	-	-	0
Cancellation of own shares	(500)	(1)	1	-	-	(5)	-	-	(5)
Translation adjustments	-	-	-	-	49	-	-	-	49
Other	140	-	2	-	-	-	-	(10)	(8)
Net income	-	-	-	-	-	-	-	353	353
<b>Balance at Sep 30, 2000</b>	<b>135,457</b>	<b>230</b>	<b>7</b>	<b>221</b>	<b>47</b>	<b>1</b>	<b>202</b>	<b>712</b>	<b>1,420</b>

The distributable funds of Metso Corporation at September 30, 2000 consist of retained earnings (EUR 712 million) excluding accelerated depreciation and untaxed reserves (EUR 42 million), and other reserves (EUR 202 million), totaling EUR 872 million. At the end of the period Metso Corporation possessed 61 thousand of its own shares.



## ASSETS PLEDGED AND CONTINGENT LIABILITIES

	Sep 30,2000	Dec 31,1999
(Millions)	EUR	EUR
Mortgages on corporate debt	2	3
Other pledges and contingencies		
Mortgages	2	7
Pledged assets	0	1
Guarantees on behalf of associated company obligations	1	0
Other guarantees	3	4
Repurchase and other commitments	7	9
Leasing commitments	121	120

## NOTIONAL AMOUNTS, CARRYING AMOUNTS AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

(Millions)	Notional amount		Carrying amount		Fair value	
	Sep 30,2000	Dec 31,1999	Sep 30,2000	Dec 31,1999	Sep 30,2000	Dec 31,1999
	EUR	EUR	EUR	EUR	EUR	EUR
Forward exchange rate contracts	1,210	647	(28)	(5)	(45)	(9)
Interest rate and currency swaps	62	74	1	(4)	1	(4)
Currency swaps	140	206	(5)	(26)	(5)	(25)
Interest rate swaps	45	121	0	0	0	0
Option agreements	117	40	2	4	0	4

Carrying amounts noted in the table above are included in the balance sheet. The notional amounts indicate the volumes in the use of derivatives, they do not indicate the exposure to risk. The fair value reflects the estimated amounts that Metso would receive or pay to terminate the contracts at the reporting date, thereby taking into account the current unrealized gains or losses of open contracts.

## KEY RATIOS

	Sep 30,2000	Sep 30,1999	Dec 31,1999
Earnings/share, EUR	0.58	(0.09)	(0.22)
Equity/share, EUR	10.48	8.34	7.98
Return on equity (ROE), %	8.7	(1.4)	(2.4)
Return on capital employed (ROCE), %	11.0	2.0	1.6
Equity to assets ratio, %	44.2	42.4	37.3
Gearing, %	(3.1)	36.5	42.8
Average number of shares (thousands)	135,351	135,823	135,632

## EXCHANGE RATES USED

	1-9/2000	1-9/1999	1-12/1999	Sep 30,2000	Sep 30,1999	Dec 31,1999
USD (US dollar)	0.9422	1.0738	1.0650	0.8765	1.0665	1.0046
SEK (Swedish krona)	8.3928	8.7303	8.7100	8.5265	8.7235	8.5625
GBP (Pound sterling)	0.6122	0.6661	0.6587	0.5967	0.6475	0.6217

## FORMULAS FOR CALCULATION OF KEY RATIOS

Earnings / share:  

$$\frac{\text{Profit before extraordinary items and income taxes} - \text{taxes +/- minority interests}}{\text{Average number of shares during period}}$$

Return on equity (ROE), %:  

$$\frac{(\text{Profit before extraordinary items and income taxes} - \text{taxes})}{\text{Shareholders' equity} + \text{minority interests (average for period)}} \times 100$$

Equity / share:  

$$\frac{\text{Shareholders' equity}}{\text{Number of shares at end of period}}$$

Equity to assets ratio, %:  

$$\frac{(\text{Shareholders' equity} + \text{minority interests})}{\text{Balance sheet total} - \text{advances received}} \times 100$$

Return on capital employed (ROCE), %:  

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

Gearing, %:  

$$\frac{\text{Net interest bearing liabilities}}{\text{Shareholders' equity} + \text{minority interests}} \times 100$$

## NET SALES BY BUSINESS AREA

	7-9/2000	7-9/1999	1-9/2000	1-9/1999	10/1999-9/2000	1-12/1999
(Millions)	EUR	EUR	EUR	EUR	EUR	EUR
Fiber Technology	154	85	423	250	561	388
Paper Technology	405	242	1,067	794	1,476	1,203
Converting Equipment	40	33	110	100	146	136
Intra-group net sales	(19)	(6)	(53)	(6)	(63)	(16)
Fiber and Paper Technology	580	354	1,547	1,138	2,120	1,711
Automation and Control Technology	157	136	446	415	630	599
Rock and Mineral Processing	121	108	407	345	531	469
Gears and Components	49	26	136	79	160	103
Forest Machines*	-	109	179	318	332	471
Manufacture of Specialty Cars	21	18	84	76	122	114
Intra-group net sales	(4)	(2)	(12)	(2)	(12)	(2)
Machinery	187	259	794	816	1,133	1,155
Intra-business area net sales	(14)	(17)	(52)	(54)	(76)	(78)
<b>Metso total</b>	<b>910</b>	<b>732</b>	<b>2,735</b>	<b>2,315</b>	<b>3,807</b>	<b>3,387</b>

## OPERATING PROFIT (LOSS) BY BUSINESS AREA

	7-9/2000	7-9/1999	1-9/2000	1-9/1999	10/1999-9/2000	1-12/1999
(Millions)	EUR	EUR	EUR	EUR	EUR	EUR
Fiber Technology	9.5	(1.5)	22.7	2.2	8.2	(12.3)
Paper Technology	27.3	(4.9)	44.5	(13.2)	19.6	(38.1)
Converting Equipment	(0.9)	(4.3)	(3.5)	(14.6)	(13.7)	(24.8)
Fiber and Paper Technology	35.9	(10.7)	63.7	(25.6)	14.1	(75.2)
Automation and Control Technology	15.3	2.8	27.8	8.2	25.6	6.0
Rock and Mineral Processing	4.9	6.3	21.1	16.4	26.7	22.0
Gears and Components	4.0	1.8	8.3	2.2	7.3	1.2
Forest Machines*	-	3.9	13.3	12.4	29.1	28.2
Manufacture of Specialty Cars	(0.4)	(2.1)	9.5	7.9	28.4	26.8
Machinery	8.5	9.9	52.2	38.9	91.5	78.2
Corporate Headquarters and other	(2.4)	(12.1)	(17.2)	(30.2)	(5.8)	(18.8)
<b>Metso total</b>	<b>57.3</b>	<b>(10.1)</b>	<b>126.5</b>	<b>(8.7)</b>	<b>125.4</b>	<b>(9.8)</b>

## ORDERS RECEIVED BY BUSINESS AREA

	7-9/2000	7-9/1999	1-9/2000	1-9/1999	10/1999-9/2000	1-12/1999
(Millions)	EUR	EUR	EUR	EUR	EUR	EUR
Fiber Technology	112	117	412	309	645	542
Paper Technology	221	147	1,434	757	1,981	1,304
Converting Equipment	29	32	143	97	168	122
Intra-group orders received	(17)	(8)	(37)	(8)	(131)	(102)
Fiber and Paper Technology	345	288	1,952	1,155	2,663	1,866
Automation and Control Technology	138	128	471	422	622	573
Rock and Mineral Processing	115	98	406	335	546	475
Gears and Components	51	19	164	71	194	101
Forest Machines*	-	128	187	341	331	485
Manufacture of Specialty Cars	22	27	84	104	94	114
Intra-group orders received	(4)	(2)	(12)	(2)	(12)	(2)
Machinery	184	270	829	849	1,153	1,173
Intra-business area orders received	(12)	(19)	(72)	(54)	(102)	(84)
<b>Metso total</b>	<b>655</b>	<b>667</b>	<b>3,180</b>	<b>2,372</b>	<b>4,336</b>	<b>3,528</b>

## PERSONNEL BY BUSINESS AREA

	Sep 30, 2000	Sep 30, 1999	Dec 31, 1999
Fiber Technology	2,558	2,463	2,657
Paper Technology	7,493	7,282	7,091
Converting Equipment	792	881	849
Fiber and Paper Technology	10,843	10,626	10,597
Automation and Control Technology	4,411	4,358	4,352
Rock and Mineral Processing	3,275	3,164	3,591
Gears and Components	1,475	749	1,254
Forest Machines*	-	1,875	1,954
Manufacture of Specialty Cars	1,451	1,436	1,408
Machinery	6,201	7,224	8,207
Corporate Headquarters and other	117	137	118
<b>Metso total</b>	<b>21,572</b>	<b>22,345</b>	<b>23,274</b>

## QUARTERLY INFORMATION

### NET SALES BY BUSINESS AREA

	7-9/1999	10-12/1999	1-3/2000	4-6/2000	7-9/2000
(Millions)	EUR	EUR	EUR	EUR	EUR
Fiber Technology	85	138	97	172	154
Paper Technology	242	409	290	372	405
Converting Equipment	33	36	31	39	40
Intra-group net sales	(6)	(10)	(11)	(23)	(19)
Fiber and Paper Technology	354	573	407	560	580
Automation and Control Technology	136	184	131	158	157
Rock and Mineral Processing	108	124	131	155	121
Gears and Components	26	24	42	45	49
Forest Machines*	109	153	134	45	-
Manufacture of Specialty Cars	18	38	30	33	21
Intra-group net sales	(2)	0	0	(8)	(4)
Machinery	259	339	337	270	187
Intra-business area net sales	(17)	(24)	(15)	(23)	(14)
<b>Metso total</b>	<b>732</b>	<b>1,072</b>	<b>860</b>	<b>965</b>	<b>910</b>

### OPERATING PROFIT (LOSS) BY BUSINESS AREA

	7-9/1999	10-12/1999	1-3/2000	4-6/2000	7-9/2000
(Millions)	EUR	EUR	EUR	EUR	EUR
Fiber Technology	(1.5)	(14.5)	(1.9)	15.1	9.5
Paper Technology	(4.9)	(24.9)	8.0	9.2	27.3
Converting Equipment	(4.3)	(10.2)	(2.1)	(0.5)	(0.9)
Fiber and Paper Technology	(10.7)	(49.6)	4.0	23.8	35.9
Automation and Control Technology	2.8	(2.2)	2.3	10.2	15.3
Rock and Mineral Processing	6.3	5.6	5.3	10.9	4.9
Gears and Components	1.8	(1.0)	1.6	2.7	4.0
Forest Machines*	3.9	15.8	8.7	4.6	-
Manufacture of Specialty Cars	(2.1)	18.9	3.8	6.1	(0.4)
Machinery	9.9	39.3	19.4	24.3	8.5
Corporate Headquarters and other	(12.1)	11.4	(8.6)	(6.2)	(2.4)
<b>Metso total</b>	<b>(10.1)</b>	<b>(1.1)</b>	<b>17.1</b>	<b>52.1</b>	<b>57.3</b>

### ORDERS RECEIVED BY BUSINESS AREA

	7-9/1999	10-12/1999	1-3/2000	4-6/2000	7-9/2000
(Millions)	EUR	EUR	EUR	EUR	EUR
Fiber Technology	117	233	160	140	112
Paper Technology	147	547	607	606	221
Converting Equipment	32	25	39	75	29
Intra-group orders received	(8)	(94)	(10)	(10)	(17)
Fiber and Paper Technology	288	711	796	811	345
Automation and Control Technology	128	151	163	170	138
Rock and Mineral Processing	98	140	148	143	115
Gears and Components	19	30	60	53	51
Forest Machines*	128	144	146	41	-
Manufacture of Specialty Cars	27	10	30	32	22
Intra-group orders received	(2)	0	(4)	(4)	(4)
Machinery	270	324	380	265	184
Intra-business area orders received	(19)	(30)	(25)	(35)	(12)
<b>Metso total</b>	<b>667</b>	<b>1,156</b>	<b>1,314</b>	<b>1,211</b>	<b>655</b>

\*) Forest Machines (Timberjack) was part of Metso's Machinery business area until April 28, 2000 and it is included in the consolidated figures of Metso Corporation 1-4/2000.

