Q3/10

Interim Review

January 1 – September 30, 2010

Metso Corporation's Interim Review, January 1 – September 30, 2010

Solid performance

Highlights of the third quarter of 2010

- New orders worth EUR 1,409 million were received in July–September, i.e. 37 percent more than in the comparison period (EUR 1,031 million in Q3/2009).
- At the end of September, the order backlog was up by 21 percent on the end of December 2009, and totaled EUR 4,144 million (EUR 3,415 million at December 31, 2009).
- Net sales increased by 11 percent on the comparison period, and were EUR 1,325 million (EUR 1,196 million in Q3/2009).
- Earnings before interest, tax and amortization (EBITA), before non-recurring items, were EUR 128.6 million in July–September, i.e. 9.7 percent of net sales (EUR 134.3 million and 11.2% in Q3/2009).
- Operating profit (EBIT) was EUR 103.5 million, i.e. 7.8 percent of net sales (EUR 114.1 million and 9.5% in Q3/2009).
- The EBIT includes as a whole EUR 10.5 million in negative non-recurring items (EUR 9.7 million in negative non-recurring items in Q3/2009).
- Earnings per share were EUR 0.45 (EUR 0.44 in Q3/2009).
- Free cash flow was EUR 122 million (EUR 249 million in Q3/2009).
- Return on capital employed (ROCE) before taxes was 13.0 percent (11.1% in Q3/2009).

"I am pleased with our solid performance. Our underlying operational performance has improved quarter on quarter this year; underlying EBITA margin was 7.5 percent in the first quarter, 9.1 percent in the second quarter and now 9.7 percent in this quarter. Another strong area is our services business which continues to develop strongly: orders have grown this year about 38 percent. I am also pleased with our good free cash flow for the quarter. Our strong balance sheet gives us a solid base to develop Metso further", comments Metso's President and CEO Jorma Eloranta.

"We anticipate that the gradual recovery will continue in most of our customer industries, but the picture is mixed. Out of our new orders 56 percent came from the emerging markets in the third quarter and the outlook remains strong. In Europe and North America demand outlook is more uncertain. There are also differences between customer industries: for example demand in the mining industry continues strong while in the power market final decision-making in new projects is taking quite a long time despite the favorable long-term demand outlook for renewable energy.

Our guidance for 2010 is intact. We have also given our estimate of 2011 development. Our orders received for the first nine months of this year exceed the net sales for the same period by 15 percent. Based on this and assuming that the gradual recovery of the global economy will continue we estimate that in 2011 our net sales will grow about 10 percent compared to this year and EBITA before non-recurring items will improve."

Metso's key figures

EUR million	Q3/2010	Q3/2009	Change %	Q1-Q3/2010	Q1-Q3/2009	Change %	2009
Net sales	**1,325**	1,196	11	**3,865**	3,663	6	5,016
Net sales of services business	**615**	511	20	**1,738**	1,565	11	2,102
% of net sales	**47**	43		**46**	43		42
Earnings before interest, tax and amortization (EBITA) and non-recurring items	**128.6**	134.3	-4	**341.2**	311.0	10	399.0
% of net sales	**9.7**	11.2		**8.8**	8.5		8.0
Operating profit	**103.5**	114.1	-9	**313.0**	238.6	31	293.6
% of net sales	**7.8**	9.5		**8.1**	6.5		5.9
Earnings per share, EUR	**0.45**	0.44	2	**1.21**	0.88	38	1.06
Orders received	**1,409**	1,031	37	**4,446**	2,993	49	4,358
Orders received of services business	**672**	456	47	**2,000**	1,450	38	1,937
Order backlog at end of period				**4,144**	3,340	24	3,415
Free cash flow	**122**	249	-51	**321**	449	-29	717
Return on capital employed (ROCE) before taxes, annualized, %				**13.0**	11.1		10.0
Equity to assets ratio at end of period, %				**37.2**	33.2		35.7
Gearing at end of period, %				**21.3**	51.1		32.5

Metso's third quarter 2010 review

Operating environment and demand in July-September

The gradual recovery of demand continued in most of our customer industries in the third quarter of 2010. The growing budget deficits of several European countries and the United States coupled with strong fluctuations in exchange rates have, however, led to uncertainty, which has slowed the recovery of the markets particularly in Europe and North America. In the emerging markets market outlook continues to be strong. Our customers' overall capacity utilization rates have clearly improved, which has had a positive impact on our services business.

Mining companies ran their production at high capacity utilization rates and quotations for equipment and projects were at a strong level resulting in an increase in new orders. Due to the strengthening demand and prices for minerals and due to our large installed equipment base, demand for our services for mining customers improved further.

In the construction industry, demand for equipment used in aggregates production was weak in Europe and in North America. Infrastructure construction projects in the Asia-Pacific region and in the Brazilian markets maintained healthy demand thanks to continued economic growth. Demand for our services business for the construction industry was satisfactory.

Demand for power plants that utilize renewable energy sources was good in Europe and North America in July-September. Several European countries and the United States have published targets to increase the use of renewable energy supporting the long-term demand for our power plant solutions fuelled by biomass and waste. However, in the short-term, uncertainty in the financial markets and pending policies on support mechanisms for renewable energy are delaying decision-making in several projects. Demand for the power plant services business was good.

Demand for our automation products continued to be good as the oil, gas and petrochemical industries increased their investments due to the favourable long-term outlook in the global energy segment. Demand for our automation solutions by the pulp and paper customer industry developed favorably, too. Demand for our services business for automation was good.

The demand for metal and solid waste recycling equipment was satisfactory. Demand for recycling equipment services has clearly improved in 2010 alongside the increasing capacity utilization rates of our customers' plants and equipment.

The demand for new fiber lines, pulp mill rebuilds and mill services was satisfactory during the quarter as the price and demand of pulp have strengthened. A few large chemical pulp industry projects are in the preparatory phase in South America. Demand for new paper and board lines focused on China and was satisfactory. The use of tissue is quickly growing worldwide, particularly in emerging markets, and the demand for new tissue lines was good. The paper and board industry's improved capacity utilization rates resulted in increased demand for paper machine clothing and our other services products.

Orders received in July-September

In July–September, we received new orders worth EUR 1,409 million, i.e. 37 percent more than in the comparison period (EUR 1,031 million in Q3/2009). The share of emerging markets in our orders received was 56 percent. Orders received increased on the weak comparison period in all of our reporting segments and in all geographical areas except in Western Europe. Services orders increased 47 percent on the comparison period and accounted for 48 percent of the total orders. Services orders grew in all segments.

Orders received by Mining and Construction Technology in July–September amounted to EUR 643 million, which was 53 percent more than in the comparison period (EUR 420 million in Q3/2009). This was the seventh consecutive growth quarter since the lowest point in the last quarter of 2008. Orders received from mining customers increased 92 percent whereas orders from construction customers decreased 4 percent. Services business orders were up 30 percent, and the growth came mostly from mining customers. Among the largest, was an order received for mining and minerals processing equipment and services for Nordic Mines' new gold ore processing plant in Finland.

Orders received by Energy and Environmental Technology increased by 36 percent on the comparison period and totaled EUR 341 million (EUR 250 million in Q3/2009). Orders received by the Power business increased 32 percent and those of the Automation business by 35 percent. In the Recycling business, orders received grew by nearly 50 percent on the exceptionally weak comparison period. Orders received included a service and rebuild project for one of Celulosa Arauco y Constitucíon's recovery boilers that was damaged in an earthquake in Arauco, Chile, a conversion of a pulverized coal boiler to a biomass-fired boiler for Dalkia in Poland and a new biomass-fired power plant to Bomhus Energi in Sweden.

Orders received by Paper and Fiber Technology grew 13 percent on the comparison period and totaled EUR 417 million in July–September (EUR 369 million in Q3/2009). Growth in orders received came from the Fiber business, where new orders grew by 126 percent. The orders received included a coated board line for Lee & Man Paper Manufacturing in Guangdong province and two board machines for Liansheng Paper Industry (Longhai) in Longhai City, China.

Financial performance in July-September

Our net sales in July–September totaled EUR 1,325 million, which is 11 percent more than a year earlier (EUR 1,196 million in Q3/2009). The services business net sales increased 20 percent on the comparison period, and accounted for 47 percent of total net sales (43% in Q3/2009).

In the third quarter, our earnings before interest, tax and amortization and non-recurring items (EBITA before non-recurring items), were EUR 128.6 million, i.e. 9.7 percent of net sales (EUR 134.3 million and 11.2% in Q3/2009). Profitability (i.e. EBITA margin before non-recurring items) continued to show an improving trend after being 7.5 percent in the first quarter and 9.1 percent in the second quarter. Decline in profitability compared with the third quarter in 2009 was primarily due to clear increase in selling, general and administrative expenses (SG&As), from 17.6 percent of net sales to 18.9 percent. SG&As were at an exceptionally low level in the third quarter of 2009 due to strict savings measures. This quarter SG&As have grown as a result of rapidly increased market activity evidenced by 37 percent increase in new orders. Third quarter gross profit margin improved to 26.9 percent from 26.0 percent in the same period last year.

Metso's operating profit (EBIT) was EUR 103.5 million, or 7.8 percent of net sales (EUR 114.1 million and 9.5% in Q3/2009). Our EBIT for July–September included the following non-recurring items (see table), which had a total negative impact of EUR 10.5 million on our third-quarter financial performance.

Non-recurring items in July–September

Q3/2010 **EUR million**	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	**Metso Group**
EBITA before non-recurring items	**74.9**	**31.7**	**31.8**	**128.6**
% of net sales	**13.3**	**10.2**	**7.2**	**9.7**
Capacity adjustment expenses	-1.2	-2.9	-2.7	**-6.8**
Adjustments related to intellectual property settlements in the United States and in Australia	-2.0	-	-	**-2.0**
Adjustments related to business disposal	-1.6	-	-	**-1.6**
Provision for prior years' ICMS (VAT) tax credit in Brazil	-0.1	-	-	**-0.1**
Amortization of intangible assets *)	-1.8	-5.0	-7.2	**-14.6**
Operating profit (EBIT)	68.2	23.8	21.9	**103.5**

*) Amortization of intangible assets includes EUR 8.4 million that is related to fair value allocations of acquired businesses.

Q3/2009 **EUR million**	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	**Metso Group**
EBITA before non-recurring items	**57.7**	**40.3**	**35.9**	**134.3**
% of net sales	**11.7**	**11.5**	**10.1**	**11.2**
Capacity adjustment expenses	-10.6	-3.2	-3.5	**-17.3**
Gain on sale of Talvivaara shares	7.6	-	-	**7.6**
Amortization of intangible assets *)	-1.0	-4.2	-4.8	**-10.5**
Operating profit (EBIT)	53.7	32.9	27.6	**114.1**

*) Amortization of intangible assets includes EUR 4.4 million that is related to fair value allocations of acquired businesses.

Metso's January-September 2010 Interim Review

Orders received and order backlog

Orders received in January–September totaled EUR 4,446 million, an increase of 49 percent on the comparison period. Excluding the effect from exchange rate translation, the growth would have been 39 percent. The growth was strongest in the Paper and Fiber Technology segment with other segments also recording clear growth in new orders. Our customers' improved capacity utilization rates led to 38 percent growth in our services orders compared to the same period a year earlier.

The three countries with the highest value of orders received were China, the United States and Brazil. The share of emerging markets in our orders received was 53 percent (49% in Q1–Q3/2009).

At the end of September, our order backlog was EUR 4,144 million, which is 21 percent stronger than at the end of 2009 (EUR 3,415 million). Around EUR 1.6 billion of the orders are expected to be recognized as net sales this year and around EUR 920 million of the total order backlog are services business orders. At the end of September our order backlog included some EUR 395 million worth of orders (EUR 395 million at the end of June, 2010) for projects with uncertain delivery schedules and which will, according to present estimates, be delivered after 2010. The pulp mill project for Fibria, Brazil, is included in these projects.

Orders received by reporting segment

	Q1-Q3/2010		Q1-Q3/2009	
	EUR million	**% of orders received**	EUR million	% of orders received
Mining and Construction Technology	**1,806**	**40**	1,203	40
Energy and Environmental Technology	**1,081**	**24**	793	26
Paper and Fiber Technology	**1,560**	**35**	983	33
Valmet Automotive	**48**	**1**	42	1
Intra-Metso orders received	**-49**		-28	
Total	**4,446**	**100**	2,993	100

Orders received by market area

	Q1-Q3/2010		Q1-Q3/2009	
	EUR million	**% of orders received**	EUR million	% of orders received
Europe	**1,605**	**35**	1,081	36
North America	**659**	**15**	509	17
South and Central America	**647**	**15**	345	12
Asia-Pacific	**1,323**	**30**	869	29
Africa and Middle East	**212**	**5**	189	6
Total	**4,446**	**100**	2,993	100

Net sales

Our net sales for January–September increased by 6 percent on the comparison period and were EUR 3,865 million (EUR 3,663 million in Q1–Q3/2009). Excluding the effect from exchange rate translation, the decline would have been 1 percent. The growth came from Paper and Fiber Technology, which recorded growth of 30 percent on the comparison period. Net sales for Mining and Construction Technology were at around the same level as in the comparison period and net sales for Energy and Environmental Technology fell by 11 percent. Net sales for our services business increased 11 percent (when excluding the impact of the acquired Fabrics business, i.e. the former Tamfelt, the growth was 4 percent) and its share of the total net sales increased to 46 percent (43% in Q1–Q3/2009)

Measured by net sales, the largest countries were China, the United States and Brazil, which together accounted for about 36 percent of our total net sales. The share of emerging markets in our net sales was 49 percent (43% in Q1–Q3/2009).

Net sales by reporting segment

	Q1-Q3/2010		Q1-Q3/2009	
	EUR million	**% of net sales**	EUR million	% of net sales
Mining and Construction Technology	**1,576**	**41**	1,551	42
Energy and Environmental Technology	**978**	**25**	1,104	30
Paper and Fiber Technology	**1,301**	**33**	1,002	27
Valmet Automotive	**48**	**1**	42	1
Intra-Metso net sales	**-38**		-36	
Total	**3,865**	**100**	3,663	100

Net sales by market area

	Q1-Q3/2010		Q1-Q3/2009	
	EUR million	**% of net sales**	EUR million	% of net sales
Europe	**1,370**	**36**	1,589	43
North America	**665**	**17**	574	16
South and Central America	**532**	**14**	458	12
Asia-Pacific	**1,086**	**28**	755	21
Africa and Middle East	**212**	**5**	287	8
Total	**3,865**	**100**	3,663	100

Financial result

In January–September, our EBITA before non-recurring items was EUR 341.2 million, i.e. 8.8 percent of net sales (EUR 311.0 million and 8.5% in Q1–Q3/2009). Improved capacity utilization rates and higher sales led to about 1 percentage point improvement in gross profit margin which was partly offset by an increase in SG&As from 18.8 percent of net sales in January-September 2009 to 19.2 percent in the same period this year. SG&As have grown as a result of rapidly increased market activity evidenced by 49 percent increase in new orders.

Our operating profit (EBIT) for January–September was EUR 313.0 million, or 8.1 percent of net sales (EUR 238.6 million and 6.5% in Q1–Q3/2009).

The EBIT for January–September includes EUR 14.9 million in non-recurring items, which had a positive impact, as specified in the following table.

Non-recurring items

Q1-Q3/2010 EUR million	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	Metso Group
EBITA before non-recurring items	**179.2**	**92.8**	**86.7**	**341.2**
% of net sales	**11.4**	**9.5**	**6.7**	**8.8**
Capacity adjustment expenses	-1.2	-7.9	-5.6	**-14.7**
Gain on sale of Talvivaara shares	1.1	-	-	**1.1**
Gain on intellectual property settlements in the United States and in Australia	30.1	-	-	**30.1**
Gain on business disposal	0.9	-	-	**0.9**
Credit loss reserve related to two paper machine customers	-	-	0.9	**0.9**
Provision for prior years' ICMS (VAT) tax credits in Brazil	-3.4	-	-	**-3.4**
Amortization of intangible assets *)	-4.7	-14.9	-21.8	**-43.1**
Operating profit (EBIT)	202.0	70.0	60.2	**313.0**

*) Amortization of intangible assets includes EUR 25.0 million that is related to fair value allocations of acquired businesses.

Q1-Q3/2009 EUR million	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	Metso Group
EBITA before non-recurring items	**159.4**	**109.5**	**54.5**	**311.0**
% of net sales	**10.3**	**9.9**	**5.4**	**8.5**
Capacity adjustment expenses	-16.0	-6.0	-21.6	**-43.6**
Gain on sale of Talvivaara shares	13.8	-	-	**13.8**
Hedging reversal due to a cancelled customer order	-	-	-9.0	**-9.0**
Credit loss reserve related to two paper machine customers	-	-	-4.1	**-4.1**
Amortization of intangible assets *)	-2.6	-13.2	-12.0	**-29.5**
Operating profit (EBIT)	154.6	90.3	7.8	**238.6**

*) Amortization of intangible assets includes EUR 13.7 million that is related to fair value allocations of acquired businesses.

2009 EUR million	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	Metso Group
EBITA before non-recurring items	**201.6**	**147.4**	**71.3**	**399.0**
% of net sales	**9.7**	**9.7**	**5.1**	**8.0**
Capacity adjustment expenses	-21.9	-11.1	-41.7	**-74.7**
Gain on sale of Talvivaara shares	23.1	-	-	**23.1**
Hedging reversal due to a cancelled customer order	-	-	-9.0	**-9.0**
Credit loss reserve related to two paper machine customers	-	-	-4.1	**-4.1**
Amortization of intangible assets *)	-4.0	-18.2	-15.7	**-40.7**
Operating profit (EBIT)	198.8	118.1	0.8	**293.6**

*) Amortization of intangible assets includes EUR 18.5 million that is related to fair value allocations of acquired businesses.

Group Head Office's operating profit in January–September includes foreign exchange gains of EUR 9 million from foreign exchange hedge contracts made by reporting segments with Group Treasury (EUR 10 million gain in Q1–Q3/2009). Corresponding foreign exchange losses are included in the operating results of the reporting segments.

Our net financing expenses in January–September were EUR 53 million (EUR 59 million in Q1–Q3/2009). Interest expenses were EUR 52 million (EUR 56 million in Q1–Q3/2009). Net financing expenses include EUR 9 million in foreign exchange losses related to the above-mentioned Group Head Office's foreign exchange gain.

Our profit before taxes was EUR 260 million (EUR 180 million) and we estimate our tax rate for 2010 to be about 30 percent (32% in 2009).

The profit attributable to shareholders was EUR 181 million in January-September (EUR 125 million in Q1–Q3/2009), corresponding to earnings per share (EPS) of EUR 1.21 (EUR 0.88/share).

The return on capital employed (ROCE) before taxes in January–September was 13.0 percent (11.1%) and return on equity (ROE) was 13.5 percent (11.4%).

Cash flow and financing

Net cash generated by operating activities for January–September was EUR 368 million (EUR 487 million in Q1–Q3/2009).

Net working capital decreased in January–September by EUR 31 million.

Free cash flow in January–September was EUR 321 million (EUR 449 million in Q1–Q3/2009).

Net interest-bearing liabilities totaled EUR 415 million at the end of September (EUR 583 million at December 31, 2009).

Our total cash assets at the end of September were EUR 984 million, EUR 362 million of which has been invested in financial instruments with an initial maturity exceeding three months. The remaining EUR 622 million has been 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 21.3 percent (51.1%) and equity-to-assets ratio was 37.2 percent (33.2%). In April, following the Annual General Meeting, we paid EUR 105 million in dividends for 2009.

Capital expenditure and R&D

Our gross capital expenditure in January–September, excluding business acquisitions, was EUR 90 million (EUR 79 million in Q1–Q3/2009). The share of maintenance investments was 59 percent, i.e. EUR 53 million. Capital expenditure on fixed assets includes two small technology related acquisitions. In April we purchased the paper machine web inspection and web break system business from Viconsys with about 30 people, and in August we purchased Camoplast–Finntrack Oy's rubber belt related business with 16 people to complement our service and product offering to pulp and paper customers. We estimate new capital expenditure in 2010 to somewhat exceed the 2009 level (EUR 117 million in 2009).

The first phase of Metso's largest single investment so far in India, Metso Park, was completed in March and the second phase has been initiated. A technology center specializing in automation and flow control solutions and products was opened in May in Shanghai, China. In York, Pennsylvania, USA, Mining and Construction Technology took up new office premises under operating lease arrangements in May. In June, construction work was started in Vantaa for a new facility for our industrial valve production in Finland. This investment will be accounted as an operating lease. In Araucaria, Parana state, Brazil, construction work on a new facility for our regional pulping and power operations has been started. In Jyväskylä, Finland, we completed an upgrade of a pilot machine at the Paper Technology Center. In Zibo, our third service center in China for the pulp and paper industry is nearly finished. Investment projects in global enterprise resource planning systems are underway in Mining and Construction Technology and in the Automation business.

Metso's research and development expenses in January–September totaled EUR 76 million, representing 2.0 percent of Metso's net sales (EUR 84 million and 2.3% in Q1–Q3/2009).

Acquisitions, divestments and joint ventures

In July, we acquired the repair service business of Wyesco of Louisiana, L.L.C., in the U.S. state of Louisiana. The business was affiliated to Metso's Paper and Fiber Technology segment and it employs 30 people.

In April, we sold the Flexowell conveyor belt operations in Germany to ContiTech Transportbandsysteme GmbH. Flexowell was part of Metso's Mining and Construction Technology segment.

In November 2009, we concluded a combination agreement with Tamfelt, one of the world's leading suppliers of technical textiles. The exchange offer was carried out in November–December of 2009 and successfully completed on December 23, 2009. The remaining 2 percent of Tamfelt's shares were redeemed in accordance with the Finnish Companies Act, and in May Metso gained title to all the shares in Tamfelt. The redemption price determined in the Arbitral Tribunal was EUR 7.17 per share. Metso paid the redemption price of EUR 4.3 million in September 2010 to the minority shareholders of Tamfelt who were party to the redemption proceedings.

Since the acquisition, Tamfelt has been a part of our Paper and Fiber Technology segment and constitutes today the segment's Fabrics business line.

Personnel

At the end of September, we had 27,552 employees, which was 386 more than at the end of 2009 (27,166 employees at December 31, 2009), and 719 employees less than a year ago, taking into account the impact of the acquired and divested businesses. The number of employees increased 5 percent in Mining and Construction Technology, and in Energy and Environmental Technology as well as Paper and Fiber Technology it stayed at around the same level as it was at the end of 2009. During January–September, we had an average of 27,333 employees.

Personnel by area

	Sep 30, 2010	**% of total personnel**	Sep 30, 2009	% of total personnel	Change %	Dec 31, 2009
Finland	**8,767**	**32**	8,321	31	5	8,746
Other Nordic countries	**2,867**	**10**	2,985	11	-4	2,995
Rest of Europe	**3,430**	**12**	3,516	13	-2	3,678
North America	**3,454**	**13**	3,502	13	-1	3,428
South and Central America	**3,045**	**11**	2,720	10	12	2,618
Asia-Pacific	**4,599**	**17**	4,218	16	9	4,316
Africa and Middle East	**1,390**	**5**	1,401	6	-1	1,385
Total	**27,552**	**100**	26,663	100	3	27,166

Changes in top management

In August, Metso's Board of Directors appointed Mr. Matti Kähkönen, M.Sc. in Engineering, as the new President and Chief Executive Officer of Metso Corporation and Metso Group. Kähkönen will start in his new position on March 1, 2011. Metso's current President and CEO, Jorma Eloranta, will continue in his position until March 1, 2011. Until then, Kähkönen will continue as President of Metso's Mining and Construction Technology segment.

In September, Metso's Executive Vice President and CFO Olli Vaartimo turned 60 years old, the age of retirement according to his executive contract. As of October 1, 2010, Kähkönen took over as Metso's Executive Vice President and Deputy to the CEO and as Vice Chairman of the Metso Executive Team. Vaartimo has agreed to continue to provide support during the transition period, until the end of June 2011, as changes are made in Metso's top management including the search for a new CFO.

REPORTING SEGMENTS

Mining and Construction Technology

EUR million	Q3/2010	Q3/2009	Change %	Q1-Q3/2010	Q1-Q3/2009	Change %	2009
Net sales	**563**	492	14	**1,576**	1,551	2	2,075
Net sales of services business	**292**	259	13	**827**	777	6	1,017
% of net sales	**52**	53		**53**	50		49
Earnings before interest, tax, amortization (EBITA) and non-recurring items	**74.9**	57.7	30	**179.2**	159.4	12	201.6
% of net sales	**13.3**	11.7		**11.4**	10.3		9.7
Operating profit	**68.2**	53.7	27	**202.0**	154.6	31	198.8
% of net sales	**12.1**	10.9		**12.8**	10.0		9.6
Orders received	**643**	420	53	**1,806**	1,203	50	1,660
Orders received of services business	**311**	239	30	**915**	733	25	970
Order backlog at end of period				**1,329**	1,103	20	1,041
Personnel at end of period				**9,974**	10,014	0	9,541

The net sales of Mining and Construction Technology increased 2 percent on the comparison period of January–September (excluding the impact of exchange rate translation, net sales would have declined 8%), and were EUR 1,576 million. In the mining business, net sales were up 3 percent while in the construction business net sales were on par with the comparison period. The services business net sales increased 6 percent and accounted for 53 percent of the segment's net sales (50% in Q1–Q3/2009).

Mining and Construction Technology's EBITA before non-recurring items was EUR 179.2 million (non-recurring items analyzed in the 'Financial result' section), i.e. 11.4 percent of net sales in January–September (EUR 159.4 million and 10.3% in Q1–Q3/2009). Improved capacity utilization rates and price levels contributed positively to the profitability while a 7 percent increase in selling, general and administrative expenses (SG&As) compared with 2 percent increase in net sales had a negative impact on profitability. Growth in SG&As was due to increased market activity.

Operating profit (EBIT) for January–September was EUR 202.0 million, i.e. 12.8 percent of net sales (EUR 154.6 million and 10.0% in Q1–Q3/2009). EBIT includes positive non-recurring items of EUR 27.5 million net whereas non-recurring items in the comparison period weakened the EBIT by EUR 2.2 million (non-recurring items are analyzed in the 'Financial result' section).

Orders received by Mining and Construction Technology in January–September grew 50 percent from the comparison period and amounted to EUR 1,806 million. Orders received grew in all geographical regions. Orders from mining customers increased 71 percent and from construction customers 16 percent. The share of orders received from emerging markets was 60 percent (50% in Q1–Q3/2009). New orders received in January–September include grinding equipment deliveries for the Kinross Gold goldmine in Brazil, mining equipment for Tisco's iron ore processing plant in China, and mining and minerals processing equipment and services for Nordic Mines' new gold ore processing plant in Finland.

The order backlog strengthened 28 percent from the end of 2009 and totaled EUR 1,329 million at the end of September (EUR 1,041 million at December 31, 2009). At the end of September, our order backlog included mining equipment orders, which are subject to uncertainties primarily related to delivery schedules, of around EUR 75 million, unchanged from the end of June.

Energy and Environmental Technology

EUR million	Q3/2010	Q3/2009	Change %	Q1-Q3/2010	Q1-Q3/2009	Change %	2009
Net sales	**312**	350	-11	**978**	1,104	-11	1,523
Net sales of services business	**129**	117	10	**372**	379	-2	516
% of net sales	**42**	34		**39**	35		35
Earnings before interest, tax, amortization (EBITA) and non-recurring items	**31.7**	40.3	-21	**92.8**	109.5	-15	147.4
% of net sales	**10.2**	11.5		**9.5**	9.9		9.7
Operating profit	**23.8**	32.9	-28	**70.0**	90.3	-22	118.1
% of net sales	**7.6**	9.4		**7.2**	8.2		7.8
Orders received	**341**	250	36	**1,081**	793	36	1,297
Orders received of services business	**162**	98	65	**460**	326	41	443
Order backlog at end of period				**1,159**	939	23	1,032
Personnel at end of period				**6,015**	6,119	-2	6,060

The net sales of Energy and Environmental Technology declined 11 percent on the comparison period, as a result of weak order intake in 2009, and were EUR 978 million. The net sales declined 13 percent in the Power business, 11 percent in the Automation business and 9 percent in the Recycling business. The net sales of the services business were about on par with the comparison period and accounted for 39 percent of the segment's net sales (35% in Q1–Q3/2009).

Energy and Environmental Technology's EBITA before non-recurring items was EUR 92.8 million, i.e. 9.5 percent of net sales (EUR 109.5 million and 9.9% in Q1-Q3/2009). Negative volume leverage on profitability was partly offset by clearly improved project execution in large delivery projects.

Operating profit (EBIT) for January–September declined and was EUR 70.0 million and 7.2 percent of net sales (EUR 90.3 million and 8.2% in Q1-Q3/2009). The EBIT includes EUR 7.9 million in non-recurring expenses (non-recurring items are analyzed in the 'Financial result' section) primarily related to capacity adjustment actions (non-recurring expenses EUR 6.0 million in Q1–Q3/2009).

Orders received by the segment increased 36 percent on the comparison period and totaled EUR 1,081 million. Orders received increased in all of the business lines. Major orders received include biomass boilers for RWE npower renewables in the UK and for 4Ham Cogen in Belgium. In addition, several automation orders for managing power plants, pulp mills, paper, board and tissue lines as well as oil and gas projects were received. In the Recycling business, several sizable metal recycling shredder orders were received.

The order backlog at the end of September, EUR 1,159 million, was 12 percent higher than at the end of 2009. The order backlog includes projects worth approximately EUR 80 million with uncertain delivery schedules. The uncertainty is mostly related to the deliveries of power boiler and automation technology for Fibria's pulp mill project in Brazil.

Paper and Fiber Technology

EUR million	Q3/2010	Q3/2009	Change %	Q1-Q3/2010	Q1-Q3/2009	Change %	2009
Net sales	**443**	356	24	**1,301**	1,002	30	1,408
Net sales of services business	**194**	135	44	**539**	410	31	569
% of net sales	**44**	38		**41**	41		41
Earnings before interest, tax, amortization (EBITA) and non-recurring items	**31.8**	35.9	-11	**86.7**	54.5	59	71.3
% of net sales	**7.2**	10.1		**6.7**	5.4		5.1
Operating profit	**21.9**	27.6	-21	**60.2**	7.8	n/a	0.8
% of net sales	**4.9**	7.8		**4.6**	0.8		0.1
Orders received	**417**	369	13	**1,560**	983	59	1,384
Orders received of services business	**198**	119	66	**625**	391	60	524
Order backlog at end of period				**1,703**	1,330	28	1,380
Personnel at end of period				**10,388**	9,475	10	10,459

Net sales of Paper and Fiber Technology grew 30 percent in January–September, and were EUR 1,301 million. The increase in net sales came from all business lines. The comparable net sales growth, i.e. excluding the impact of the acquired Fabrics business, was 19 percent. The net sales of the services business increased 31 percent and accounted for 41 percent of the net sales (41% in Q1–Q3/2009). The growth in the services business' net sales came primarily from the acquired Fabrics business.

Paper and Fiber Technology's EBITA before non-recurring items was EUR 86.7 million, i.e. 6.7 percent of net sales (EUR 54.5 million and 5.4% in Q1-Q3/2009). Clear improvement in the profitability resulted primarily from strengthened financial performance in the services business and stong net sales growth in the Paper business. In the third quarter of 2009, the underlying EBITA margin was exceptionally strong because of high gross margins in some large paper projects as a result of lower procurement prices enabled by low cycle phase and overall successful implementation of the projects.

Operating profit (EBIT) for January–September was EUR 60.2 million, i.e. 4.6 percent of net sales. The EBIT includes non-recurring items (non-recurring items are analyzed in the 'Financial result' section), which weaken the EBIT by a total of EUR 4.7 million (non-recurring items in Q1–Q3/2009 weakened the EBIT by EUR 34.7 million).

New orders from paper and board customers increased in January–September 8 percent and orders from the pulp industry were up 220 percent on the exceptionally weak comparison period. Orders from tissue customers increased 59 percent. Overall, the value of orders received by Paper and Fiber Technology increased 59 percent and was EUR 1,560 million. The increase in services orders was 60 percent (30 percent without the Fabrics business). Among the orders received in January–September were board-making technology and machinery for Cheng Loong in Taiwan, for Saica Containerboard in the UK as well as for Zhejiang Ji'An in China, a fine paper line for APRIL Fine Paper (Guangdong) in China, a kraft pulp mill for Japanese Oji Paper to China and the main technology for Ilim Group's new kraft pulp mill in Bratsk, Russia.

At the end of September, the order backlog was EUR 1,703 million. Around EUR 240 million of the order backlog relates to the pulp mill project for Fibria in Brazil, for which the delivery schedule is still open.

Valmet Automotive

Valmet Automotive's net sales in January–September totaled EUR 48 million (EUR 42 million in Q1–Q3/2009). The operating loss was EUR 7.8 million (EUR 8.4 million loss in Q1–Q3/2009). Delivery volumes improved in the third quarter and profitability turned positive. At the end of September, Valmet Automotive employed 668 people (679 employees at December 31, 2009).

Valmet Automotive manufactures THINK City electric cars for the Norwegian company THINK Global AS, and electric golf cars for the Danish company Garia A/S. Additionally, Valmet Automotive has an assembly contract with Porsche AG which is expected to end by the end of 2011.

Valmet Automotive also has an agreement with the U.S. company Fisker Automotive Inc. for the manufacturing and engineering of Fisker Karma plug-in hybrid cars. The first pre-series cars have been delivered and the series production is scheduled to start in the first quarter of 2011. The annual production is projected to reach 15,000 cars at full capacity.

Short-term risks of business operations

The growing budget deficits in many European countries and the United States coupled with strong fluctuations in exchange rates have increased the uncertainty, which could slow the economic recovery, particularly in Europe and North America. Despite this, we estimate that the business environment in our main customer industries will continue to develop favorably during the rest of 2010 and the first half of 2011. We estimate that the high share of our business derived from services and emerging markets will diminish the possible negative effects that market uncertainties may have.

If the recovery in the global economy is interrupted, it might have adverse effects on new projects under negotiation or on projects in our order backlog. Some projects may be postponed or they may be suspended or canceled. At the moment less than 10 percent of orders in the order backlog are subject to uncertainties relating to delivery schedules. In long-term delivery projects the initial customer down payments are typically 10-30 percent of the value of the project, in addition to which the customer makes progress payments during the project execution. This significantly decreases our risk and financing requirements related to these projects. We continually assess our customers' creditworthiness and ability to meet their obligations. As a rule, we do not finance customer projects.

We have adjusted our capacity and cost structure in order to maintain our competitiveness. Also our suppliers have strongly adjusted their capacity during the past two years and it is possible that now with the demand picking up suppliers' ability to supply raw materials, components and subcontracting services may have weakened, which may result in delivery problems. If the recovery of the global economy is interrupted, the markets for our products may contract, which may lead to tightening price competition.

Securing the continuity of our operations requires that sufficient funding is available under all circumstances. We estimate that our cash assets totaling EUR 984 million and available credit facilities are sufficient to secure short-term liquidity. Committed credit facility available for withdrawal amounted to EUR 500 million. The average repayment period for our long-term debt is 3.0 years. Less than one third of our long-term debt will mature by the end of 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. We fully meet the covenants and other terms related to our financing agreements.

The levels of net working capital and capital expenditure have a fundamental effect on the adequacy of financing. We have developed our practices and the supporting information systems relating to managing net working capital and we expect that these will improve our capacity to control movements in our net working capital as delivery volumes experience an upswing. We estimate that we are well-positioned to keep our capital expenditure at a moderate level in the coming years.

We have EUR 877 million of goodwill on our balance sheet which is mainly related to business acquisitions made over the last 10 years. We conduct impairment tests regularly once a year and more frequently if needed, and have not detected any impairment. The principles for the impairment testing are presented in our Annual Report.

Changes in the prices of raw materials and components can affect our profitability. On the other hand, some of our customers are raw material producers, whose ability to operate and invest may be enhanced by strengthening raw material prices and hampered by declining raw material prices.

Currency exchange rate risks are among the most substantial financial risks. Exchange rate changes can affect our business, although the wide geographical scope of our operations decreases the impact of any individual currency. In general, uncertainty in the economy is likely to increase exchange rate fluctuations. We hedge the currency exposures that arise from firm delivery and purchase agreements.

Short-term outlook

We anticipate that the gradual recovery will continue in most of our customer industries. The growing budget deficits in several European countries and the United States and the uncertainty caused by fluctuations in the exchange rates may, however, slow down the recovery of the markets particularly in Europe and North America. In the emerging markets the outlook continues strong. The improving capacity utilization rates of our customer industries are supporting our services business, and most of our customers are expected to gradually regain their confidence to increase the level of investments in new and existing capacity.

The number of quotations for equipment and projects from mining companies has strongly increased since the beginning of this year. This has had a clear positive impact on our orders and we expect this to continue during the rest of 2010 and first half of 2011. Due to the strengthening demand for minerals and our large installed equipment base, we expect demand for our mining services to continue strong.

We anticipate that demand for equipment used in aggregates production by the construction industry will continue to be weak in Europe and in North America during the rest of 2010 and the first half of 2011. In the Asia-Pacific region and Brazil, infrastructure construction projects are maintaining good demand thanks to continuing strong economic growth. We estimate that demand for our services business for the construction industry will remain satisfactory.

Demand for power plants that utilize renewable energy sources is expected to be good in Europe and North America in 2010 and first half of 2011. Several European countries and the United States have published targets to increase the use of renewable energy and this is expected to support demand for our power plant solutions fuelled by biomass and waste. However, uncertainty in the financial markets and pending policies over support mechanisms for renewable energy may delay final decisions in some of the projects under negotiations. Demand for the power plant services business is expected to be good.

We estimate that demand for our automation products will continue to get stronger during this year and first half of 2011, as the oil, gas and petrochemical industries increase their investments due to the improvement in energy prices and demand. Demand for automation products in the pulp and paper customer industry is also expected to develop favorably. Demand for our services business for automation solutions is expected to be good.

We expect the demand for metal and solid waste recycling equipment to be satisfactory. Demand for recycling equipment services is expected to continue improving over the coming quarters as the capacity utilization rates of our customers' plants and equipment improve.

Demand for new fiber lines, rebuilds and pulp mill services has clearly recovered from the low levels of the past few years, and we expect the fiber equipment market to continue to be active this year and into 2011. Demand for paper and board lines is expected to be satisfactory and for tissue lines good in 2010 and first half of 2011. We expect the improved capacity utilization rates of the paper and board industry to boost the demand for our services business.

As earlier, we estimate that our net sales in 2010 will grow about 10 percent from the EUR 5 billion level of 2009, and that our profitability will be satisfactory. Our estimate is based on our net sales of EUR 3.9 billion for the first nine months and on the order backlog at the end of September, out of which about EUR 1.6 billion is estimated to be recognized as net sales during 2010, as well as on the expectation that the recovery of the global economy will continue.

Our orders received for the first nine months of this year exceed the net sales for the same period by 15 percent. Based on this and assuming that the gradual recovery of global economy will continue we estimate that in 2011 our net sales will grow about 10 percent compared to this year and EBITA before non-recurring items will improve.

The estimates for our financial performance in 2010 and 2011 are based on Metso's current market outlook and business scope as well as foreign exchange rates similar to September 2010.

Helsinki, October 28, 2010

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	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Net sales	**1,325**	1,196	**3,865**	3,663	5,016
Cost of goods sold	**-969**	-885	**-2,857**	-2,752	-3,808
Gross profit	**356**	311	**1,008**	911	1,208
Selling, general and administrative expenses	**-251**	-210	**-744**	-688	-938
Other operating income and expenses, net	**-2**	13	**49**	15	24
Share in profits of associated companies	**0**	0	**0**	1	0
Operating profit	**103**	114	**313**	239	294
% of net sales	**7.8%**	9.5%	**8.1%**	6.5%	5.9%
Financial income and expenses, net	**-8**	-23	**-53**	-59	-72
Profit before taxes	**95**	91	**260**	180	222
Income taxes	**-28**	-28	**-78**	-54	-71
Profit	**67**	63	**182**	126	151
Attributable to:					
Shareholders of the company	**67**	62	**181**	125	150
Minority interests	**0**	1	**1**	1	1
Profit	**67**	63	**182**	126	151
Earnings per share, EUR	**0.45**	0.44	**1.21**	0.88	1.06
Diluted earnings per share, EUR	**0.45**	0.44	**1.21**	0.88	1.06

Consolidated statement of comprehensive income

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Profit	**67**	63	**182**	126	151
Cash flow hedges, net of tax	**36**	7	**16**	17	14
Available-for-sale equity investments, net of tax	**1**	-5	**1**	5	-1
Currency translation on subsidiary net investments	**-58**	13	**81**	61	74
Net investment hedge gains (+) / losses (-), net of tax	**17**	-2	**-10**	0	0
Defined benefit plan actuarial gains (+) / losses (-), net of tax	**-**	-	**-**	-	-2
Other comprehensive income (+) / expense (-)	**-4**	13	**88**	83	85
Total comprehensive income (+) / expense (-)	**63**	76	**270**	209	236
Attributable to:					
Shareholders of the company	**63**	75	**269**	208	235
Minority interests	**0**	1	**1**	1	1
Total comprehensive income (+) / expense (-)	**63**	76	**270**	209	236

Consolidated balance sheet

ASSETS

EUR million	**Sep 30, 2010**	Sep 30, 2009	Dec 31, 2009
Non-current assets			
Intangible assets			
Goodwill	**877**	787	863
Other intangible assets	**290**	249	312
	1,167	1,036	1,175
Property, plant and equipment			
Land and water areas	**64**	58	62
Buildings and structures	**271**	233	261
Machinery and equipment	**448**	371	449
Assets under construction	**42**	53	47
	825	715	819
Financial and other assets			
Investments in associated companies	**13**	15	13
Available-for-sale equity investments	**17**	25	15
Loan and other interest bearing receivables	**6**	9	9
Available-for-sale financial investments	**256**	44	130
Financial instruments held for trading	**45**	39	40
Derivative financial instruments	**0**	0	0
Deferred tax asset	**179**	181	171
Other non-current assets	**27**	34	44
	543	347	422
Total non-current assets	**2,535**	2,098	2,416
Current assets			
Inventories	**1,320**	1,316	1,172
Receivables			
Trade and other receivables	**1,156**	976	938
Cost and earnings of projects under construction in excess of advance billings	**308**	296	312
Loan and other interest bearing receivables	**5**	8	8
Available-for-sale financial assets	**61**	79	79
Derivative financial instruments	**51**	34	21
Income tax receivables	**42**	40	42
	1,623	1,433	1,400
Cash and cash equivalents	**622**	612	727
Total current assets	**3,565**	3,361	3,299
TOTAL ASSETS	**6,100**	5,459	5,715

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
Equity			
Share capital	**241**	241	241
Cumulative translation adjustments	**9**	-75	-62
Fair value and other reserves	**722**	511	710
Retained earnings	**967**	872	894
Equity attributable to shareholders	**1,939**	1,549	1,783
Minority interests	**9**	10	9
Total equity	**1,948**	1,559	1,792
Liabilities			
Non-current liabilities			
Long-term debt	**1,240**	1,331	1,334
Post employment benefit obligations	**192**	192	190
Provisions	**55**	46	52
Derivative financial instruments	**9**	8	5
Deferred tax liability	**50**	47	56
Other long-term liabilities	**9**	2	4
Total non-current liabilities	**1,555**	1,626	1,641
Current liabilities			
Current portion of long-term debt	**124**	155	173
Short-term debt	**46**	102	69
Trade and other payables	**1,258**	958	1,065
Provisions	**214**	237	235
Advances received	**526**	412	363
Billings in excess of cost and earnings of projects under construction	**336**	355	330
Derivative financial instruments	**40**	27	21
Income tax liabilities	**53**	28	26
Total current liabilities	**2,597**	2,274	2,282
Total liabilities	**4,152**	3,900	3,923
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**6,100**	5,459	5,715

NET INTEREST BEARING LIABILITIES

EUR million	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
Long-term interest bearing debt	**1,240**	1,331	1,334
Short-term interest bearing debt	**170**	257	242
Cash and cash equivalents	**-622**	-612	-727
Other interest bearing assets	**-373**	-179	-266
Total	**415**	797	583

Condensed consolidated cash flow statement

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Cash flows from operating activities:					
Profit	**67**	63	**182**	126	151
Adjustments to reconcile profit to net cash provided by operating activities					
Depreciation and amortization	**45**	35	**132**	105	143
Interests and dividend income	**13**	16	**40**	46	58
Income taxes	**28**	28	**78**	54	71
Other	**-11**	-6	**16**	4	18
Change in net working capital	**24**	159	**31**	294	518
Cash flows from operations	**166**	295	**479**	629	959
Interest paid and dividends received	**-5**	-10	**-40**	-35	-51
Income taxes paid	**-23**	-26	**-71**	-107	-138
Net cash provided by operating activities	**138**	259	**368**	487	770
Cash flows from investing activities:					
Capital expenditures on fixed assets	**-30**	-23	**-88**	-78	-116
Proceeds from sale of fixed assets	**2**	0	**6**	3	8
Business acquisitions, net of cash acquired	**-2**	-	**-7**	-3	-1
Proceeds from sale of businesses, net of cash sold	**-**	-	**10**	2	2
Investments in financial assets	**-23**	-140	**-113**	-143	-221
Other	**2**	0	**6**	1	1
Net cash used in investing activities	**-51**	-163	**-186**	-218	-327
Cash flows from financing activities:					
Redemption of own shares	**-**	-	**-7**	-2	-2
Dividends paid	**-**	-	**-105**	-99	-99
Net funding	**-19**	-94	**-196**	120	59
Other	**-**	2	**-1**	-4	-6
Net cash provided by (+) / used in (-) financing activities	**-19**	-92	**-309**	15	-48
Net increase (+) / decrease (-) in cash and cash equivalents	**68**	4	**-127**	284	395
Effect from changes in exchange rates	**-14**	3	**22**	14	18
Cash and cash equivalents at beginning of period	**568**	605	**727**	314	314
Cash and cash equivalents at end of period	**622**	612	**622**	612	727

FREE CASH FLOW

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Net cash provided by operating activities	**138**	259	**368**	487	770
Capital expenditures on maintenance investments	**-18**	-10	**-53**	-41	-61
Proceeds from sale of fixed assets	**2**	0	**6**	3	8
Free cash flow	**122**	249	**321**	449	717

Consolidated statement of changes in shareholders' equity

EUR million	Share capital	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Minority interests	Total equity
Balance at Jan 1, 2009	**241**	**-136**	**490**	**849**	**1,444**	**9**	**1,453**
Profit	-	-	-	125	125	1	126
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	17	-	17	-	17
Available-for-sale equity investments, net of tax	-	-	5	-	5	-	5
Currency translation on subsidiary net investments	-	61	-	-	61	-	61
Net investment hedge gains (losses), net of tax	-	0	-	-	0	-	0
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
Balance at Sep 30, 2009	**241**	**-75**	**511**	**872**	**1,549**	**10**	**1,559**
Balance at Jan 1, 2010	**241**	**-62**	**710**	**894**	**1,783**	**9**	**1,792**
Profit	-	-	-	181	181	1	182
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	16	-	16	-	16
Available-for-sale equity investments, net of tax	-	-	1	-	1	-	1
Currency translation on subsidiary net investments	-	81	-	-	81	-	81
Net investment hedge gains (losses), net of tax	-	-10	-	-	-10	-	-10
Total comprehensive income (+) / expense (-)	-	71	17	181	269	1	270
Dividends	-	-	-	-105	-105	-	-105
Donations to universities	-	-	-	-2	-2	-	-2
Redemption of own shares	-	-	-7	-	-7	-	-7
Share-based payments, net of tax	-	-	2	-	2	-	2
Other	-	-	-	-1	-1	-1	-2
Balance at Sep 30, 2010	**241**	**9**	**722**	**967**	**1,939**	**9**	**1,948**

Acquisitions

Acquisitions in 2010

In July Metso acquired the service business of Wyesco of Louisiana L.L.C., in Louisiana, USA. The acquired business is a diverse repair service provider for pulp mills and related industry. The purchase price was less than EUR 3 million and the business was combined into Metso's Paper and Fiber Technology segment from July 19, 2010 onwards.

Acquisition of Tamfelt in 2009

Metso acquired Tamfelt Corporation, a Finnish corporation listed in the NASDAQ OMX Helsinki exchange, through a public share exchange offer that was completed at the end of December 2009. The total transaction value was EUR 215 million whereof EUR 206 million was compensated by offering 8,593,642 new Metso shares representing 95.2% of Tamfelt's shares and votes. Prior to the transaction, Metso held Tamfelt shares worth EUR 4 million i.e. 2.8% of Tamfelt's shares and votes. The remaining 2.0% of Tamfelt's shares, amounting to EUR 4 million, were redeemed in accordance with the Finnish Companies Act and Metso paid the redemption price with the interest accrued thereon in September 2010. The transaction value included EUR 5 million in expenses and transfer taxes related to the acquisition.

The transaction value, together with the shares already held, exceeded the net assets of Tamfelt by EUR 117 million, whereof EUR 50 million was allocated to intangible assets, representing the fair values of acquired customer base, order backlog and technology. Furthermore, EUR 10 million was allocated to the property, plant and equipment, to reflect their appraisal to fair values. The deferred tax liability resulting from these allocations was EUR 16 million. The remaining EUR 73 million represents goodwill, which reflects the value of assembled workforce, significant synergy benefits and widened business portfolio offering Metso potential to expand its operations into new markets and customer segments.

Had the acquisition occurred on January 1, 2009, Metso's net sales would have increased by EUR 130 million. The calculation of pro forma net income of the acquired business would be impracticable considering the effects of the acquisition cost.

Details of the acquired net assets and goodwill are as follows:

EUR million	Carrying amount	Fair value allocations	Fair value
Intangible assets	4	50	**54**
Property, plant and equipment	87	10	**97**
Inventories	30	-	**30**
Trade and other receivables	30	-	**30**
Deferred tax liabilities, net	-9	-16	**-25**
Other liabilities assumed	-23	-	**-23**
Non-interest bearing net assets	119	44	**163**
Cash and cash equivalents acquired			**19**
Debt assumed			**-36**
Transaction value			**-215**
Pre-acquisition holding of Tamfelt shares			**-4**
Goodwill			**73**
Transaction value settled in cash			**-5**
Cash and cash equivalents acquired			**19**
Total cash inflow on acquisition in 2009			**14**
Amounts settled in 2010			**-4**
Total cash inflow on Tamfelt acquisition			**10**

Assets pledged and contingent liabilities

EUR million	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
Mortgages on corporate debt	**2**	3	20
Other pledges and contingencies			
Mortgages	**2**	1	1
Pledged assets	**-**	0	-
Guarantees on behalf of associated company obligations	**-**	-	-
Other guarantees	**4**	7	7
Repurchase and other commitments	**6**	6	6
Lease commitments	**229**	156	226

Notional amounts of derivative financial instruments

EUR million	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
Forward exchange rate contracts	**2,049**	1,196	1,390
Interest rate swaps	**163**	123	128
Option agreements			
Bought	**2**	-	13
Sold	**10**	-	6

The notional amount of electricity forwards was 671 GWh as of September 30, 2010 and 603 GWh as of September 30, 2009.
The notional amount of nickel forwards to hedge stainless steel prices was 534 tons as of September 30, 2010 and 282 tons as of September 30, 2009.
The notional amounts indicate the volumes in the use of derivatives, but do not indicate the exposure to risk.

Key ratios

	1-9/2010	1-9/2009	1-12/2009
Earnings per share, EUR	**1.21**	0.88	1.06
Diluted earnings per share, EUR	**1.21**	0.88	1.06
Equity/share at end of period, EUR	**12.96**	10.96	11.89
Return on equity (ROE), % (annualized)	**13.5**	11.4	9.8
Return on capital employed (ROCE) before tax, % (annualized)	**13.0**	11.1	10.0
Return on capital employed (ROCE) after tax, % (annualized)	**9.8**	8.6	7.7
Equity to assets ratio at end of period, %	**37.2**	33.2	35.7
Gearing at end of period, %	**21.3**	51.1	32.5
Free cash flow, EUR million	**321**	449	717
Free cash flow/share, EUR	**2.14**	3.17	5.07
Cash conversion, %	**176**	359	475
Gross capital expenditure (excl. business acquisitions), EUR million	**90**	79	117
Business acquisitions, net of cash acquired, EUR million	**7**	3	1
Depreciation and amortization, EUR million	**132**	105	143
Number of outstanding shares at end of period (thousands)	**149,631**	141,349	149,939
Average number of shares (thousands)	**149,700**	141,396	141,477
Average number of diluted shares (thousands)	**149,825**	141,396	141,526

Exchange rates used

		1-9/2010	1-9/2009	1-12/2009	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
USD	(US dollar)	**1.3267**	1.3861	1.3960	**1.3648**	1.4643	1.4406
SEK	(Swedish krona)	**9.6665**	10.6371	10.6092	**9.1421**	10.2320	10.2520
GBP	(Pound sterling)	**0.8593**	0.8955	0.8948	**0.8600**	0.9093	0.8881
CAD	(Canadian dollar)	**1.3827**	1.5978	1.5910	**1.4073**	1.5709	1.5128
BRL	(Brazilian real)	**2.3574**	2.8419	2.7994	**2.3201**	2.6050	2.5113
CNY	(Chinese renminbi)	**9.0236**	9.4682	9.5338	**9.1321**	9.9958	9.8350
AUD	(Australian dollar)	**1.4774**	1.8187	1.7858	**1.4070**	1.6596	1.6008

Formulas for calculation of indicators

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

Earnings/share:

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

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:

Operating cash flow
– capital expenditures on maintenance investments
+ proceeds from sale of fixed assets
= Free cash flow

Cash conversion, %:

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

Reporting segments

Net sales

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	10/2009-9/2010	1-12/2009
Mining and Construction Technology	**563**	492	**1,576**	1,551	2,100	2,075
Energy and Environmental Technology	**312**	350	**978**	1,104	1,397	1,523
Paper and Fiber Technology	**443**	356	**1,301**	1,002	1,707	1,408
Valmet Automotive	**20**	7	**48**	42	62	56
Group Head Office and other	**-**	-	**-**	-	-	-
Group Head Office and others total	**20**	7	**48**	42	62	56
Intra Metso net sales	**-13**	-9	**-38**	-36	-48	-46
Metso total	**1,325**	1,196	**3,865**	3,663	5,218	5,016

EBITA before non-recurring items

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	10/2009-9/2010	1-12/2009
Mining and Construction Technology	**74.9**	57.7	**179.2**	159.4	221.4	201.6
Energy and Environmental Technology	**31.7**	40.3	**92.8**	109.5	130.7	147.4
Paper and Fiber Technology	**31.8**	35.9	**86.7**	54.5	103.5	71.3
Valmet Automotive	**0.7**	-5.5	**-7.8**	-8.4	-7.5	-8.1
Group Head Office and other	**-10.5**	5.9	**-9.7**	-4.0	-18.9	-13.2
Group Head Office and others total	**-9.8**	0.4	**-17.5**	-12.4	-26.4	-21.3
Metso total	**128.6**	134.3	**341.2**	311.0	429.2	399.0

EBITA before non-recurring items, % of net sales

%	7-9/2010	7-9/2009	1-9/2010	1-9/2009	10/2009-9/2010	1-12/2009
Mining and Construction Technology	**13.3**	11.7	**11.4**	10.3	10.5	9.7
Energy and Environmental Technology	**10.2**	11.5	**9.5**	9.9	9.4	9.7
Paper and Fiber Technology	**7.2**	10.1	**6.7**	5.4	6.1	5.1
Valmet Automotive	**3.5**	-78.6	**-16.3**	-20.0	-12.1	-14.5
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
Metso total	**9.7**	11.2	**8.8**	8.5	8.2	8.0

Non-recurring items

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	10/2009-9/2010	1-12/2009
Mining and Construction Technology	**-4.9**	-3.0	**27.5**	-2.2	30.9	1.2
Energy and Environmental Technology	**-2.9**	-3.2	**-7.9**	-6.0	-13.0	-11.1
Paper and Fiber Technology	**-2.7**	-3.5	**-4.7**	-34.7	-24.8	-54.8
Valmet Automotive	**-**	-	**-**	-	-	-
Group Head Office and other	**-**	-	**-**	-	-	-
Group Head Office and others total	**-**	-	**-**	-	-	-
Metso total	**-10.5**	-9.7	**14.9**	-42.9	-6.9	-64.7

Amortization

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	10/2009-9/2010	1-12/2009
Mining and Construction Technology	**-1.8**	-1.0	**-4.7**	-2.6	-6.1	-4.0
Energy and Environmental Technology	**-5.0**	-4.2	**-14.9**	-13.2	-19.9	-18.2
Paper and Fiber Technology	**-7.2**	-4.8	**-21.8**	-12.0	-25.5	-15.7
Valmet Automotive	**-**	-	**-**	-	-0.1	-0.1
Group Head Office and other	**-0.6**	-0.5	**-1.7**	-1.7	-2.7	-2.7
Group Head Office and others total	**-0.6**	-0.5	**-1.7**	-1.7	-2.8	-2.8
Metso total	**-14.6**	-10.5	**-43.1**	-29.5	-54.3	-40.7

Operating profit (loss)

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	10/2009-9/2010	1-12/2009
Mining and Construction Technology	**68.2**	53.7	**202.0**	154.6	246.2	198.8
Energy and Environmental Technology	**23.8**	32.9	**70.0**	90.3	97.8	118.1
Paper and Fiber Technology	**21.9**	27.6	**60.2**	7.8	53.2	0.8
Valmet Automotive	**0.7**	-5.5	**-7.8**	-8.4	-7.6	-8.2
Group Head Office and other	**-11.1**	5.4	**-11.4**	-5.7	-21.6	-15.9
Group Head Office and others total	**-10.4**	-0.1	**-19.2**	-14.1	-29.2	-24.1
Metso total	**103.5**	114.1	**313.0**	238.6	368.0	293.6

Operating profit (loss), % of net sales

%	7-9/2010	7-9/2009	1-9/2010	1-9/2009	10/2009-9/2010	1-12/2009
Mining and Construction Technology	**12.1**	10.9	**12.8**	10.0	11.7	9.6
Energy and Environmental Technology	**7.6**	9.4	**7.2**	8.2	7.0	7.8
Paper and Fiber Technology	**4.9**	7.8	**4.6**	0.8	3.1	0.1
Valmet Automotive	**3.5**	-78.6	**-16.3**	-20.0	-12.3	-14.6
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
Metso total	**7.8**	9.5	**8.1**	6.5	7.1	5.9

Orders received

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	10/2009-9/2010	1-12/2009
Mining and Construction Technology	**643**	420	**1,806**	1,203	2,263	1,660
Energy and Environmental Technology	**341**	250	**1,081**	793	1,585	1,297
Paper and Fiber Technology	**417**	369	**1,560**	983	1,961	1,384
Valmet Automotive	**20**	7	**48**	42	62	56
Group Head Office and other	**-**	-	**-**	-	-	-
Group Head Office and others total	**20**	7	**48**	42	62	56
Intra Metso orders received	**-12**	-15	**-49**	-28	-60	-39
Metso total	**1,409**	1,031	**4,446**	2,993	5,811	4,358

Quarterly information

Net sales

EUR million	7-9/2009	10-12/2009	1-3/2010	4-6/2010	**7-9/2010**
Mining and Construction Technology	492	524	472	541	**563**
Energy and Environmental Technology	350	419	332	334	**312**
Paper and Fiber Technology	356	406	364	494	**443**
Valmet Automotive	7	14	11	17	**20**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	7	14	11	17	**20**
Intra Metso net sales	-9	-10	-9	-16	**-13**
Metso total	1,196	1,353	1,170	1,370	**1,325**

EBITA before non-recurring items

EUR million	7-9/2009	10-12/2009	1-3/2010	4-6/2010	**7-9/2010**
Mining and Construction Technology	57.7	42.2	39.5	64.8	**74.9**
Energy and Environmental Technology	40.3	37.9	31.8	29.3	**31.7**
Paper and Fiber Technology	35.9	16.8	18.9	36.0	**31.8**
Valmet Automotive	-5.5	0.3	-7.1	-1.4	**0.7**
Group Head Office and other	5.9	-9.2	4.5	-3.7	**-10.5**
Group Head Office and others total	0.4	-8.9	-2.6	-5.1	**-9.8**
Metso total	134.3	88.0	87.6	125.0	**128.6**

EBITA before non-recurring items, % of net sales

%	7-9/2009	10-12/2009	1-3/2010	4-6/2010	**7-9/2010**
Mining and Construction Technology	11.7	8.1	8.4	12.0	**13.3**
Energy and Environmental Technology	11.5	9.0	9.6	8.8	**10.2**
Paper and Fiber Technology	10.1	4.1	5.2	7.3	**7.2**
Valmet Automotive	-78.6	2.1	-64.5	-8.2	**3.5**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Group Head Office and others total	n/a	n/a	n/a	n/a	**n/a**
Metso total	11.2	6.5	7.5	9.1	**9.7**

Non-recurring items

EUR million	7-9/2009	10-12/2009	1-3/2010	4-6/2010	**7-9/2010**
Mining and Construction Technology	-3.0	3.4	-	32.4	**-4.9**
Energy and Environmental Technology	-3.2	-5.1	-3.4	-1.6	**-2.9**
Paper and Fiber Technology	-3.5	-20.1	-0.4	-1.6	**-2.7**
Valmet Automotive	-	-	-	-	**-**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	-	-	-	-	**-**
Metso total	-9.7	-21.8	-3.8	29.2	**-10.5**

Amortization

EUR million	7-9/2009	10-12/2009	1-3/2010	4-6/2010	**7-9/2010**
Mining and Construction Technology	-1.0	-1.4	-1.4	-1.5	**-1.8**
Energy and Environmental Technology	-4.2	-5.0	-4.9	-5.0	**-5.0**
Paper and Fiber Technology	-4.8	-3.7	-7.2	-7.4	**-7.2**
Valmet Automotive	-	-0.1	-	-	**-**
Group Head Office and other	-0.5	-1.0	-0.8	-0.3	**-0.6**
Group Head Office and others total	-0.5	-1.1	-0.8	-0.3	**-0.6**
Metso total	-10.5	-11.2	-14.3	-14.2	**-14.6**

Operating profit (loss)

EUR million	7-9/2009	10-12/2009	1-3/2010	4-6/2010	**7-9/2010**
Mining and Construction Technology	53.7	44.2	38.1	95.7	**68.2**
Energy and Environmental Technology	32.9	27.8	23.5	22.7	**23.8**
Paper and Fiber Technology	27.6	-7.0	11.3	27.0	**21.9**
Valmet Automotive	-5.5	0.2	-7.1	-1.4	**0.7**
Group Head Office and other	5.4	-10.2	3.7	-4.0	**-11.1**
Group Head Office and others total	-0.1	-10.0	-3.4	-5.4	**-10.4**
Metso total	114.1	55.0	69.5	140.0	**103.5**

Operating profit (loss), % of net sales

%	7-9/2009	10-12/2009	1-3/2010	4-6/2010	**7-9/2010**
Mining and Construction Technology	10.9	8.4	8.1	17.7	**12.1**
Energy and Environmental Technology	9.4	6.6	7.1	6.8	**7.6**
Paper and Fiber Technology	7.8	-1.7	3.1	5.5	**4.9**
Valmet Automotive	-78.6	1.4	-64.5	-8.2	**3.5**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Group Head Office and others total	n/a	n/a	n/a	n/a	**n/a**
Metso total	9.5	4.1	5.9	10.2	**7.8**

Capital employed

EUR million	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	June 30, 2010	**Sep 30, 2010**
Mining and Construction Technology	1,111	1,072	1,109	1,098	**1,099**
Energy and Environmental Technology	626	524	512	499	**511**
Paper and Fiber Technology	427	636	675	664	**620**
Valmet Automotive	27	28	26	22	**24**
Group Head Office and other	956	1,108	921	1,061	**1,105**
Group Head Office and others total	983	1,136	947	1,083	**1,129**
Metso total	3,147	3,368	3,243	3,344	**3,359**

Orders received

EUR million	7-9/2009	10-12/2009	1-3/2010	4-6/2010	**7-9/2010**
Mining and Construction Technology	420	457	559	604	**643**
Energy and Environmental Technology	250	504	356	384	**341**
Paper and Fiber Technology	369	401	461	682	**417**
Valmet Automotive	7	14	11	17	**20**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	7	14	11	17	**20**
Intra Metso orders received	-15	-11	-21	-16	**-12**
Metso total	1,031	1,365	1,366	1,671	**1,409**

Order backlog

EUR million	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	June 30, 2010	**Sep 30, 2010**
Mining and Construction Technology	1,103	1,041	1,182	1,310	**1,329**
Energy and Environmental Technology	939	1,032	1,073	1,159	**1,159**
Paper and Fiber Technology	1,330	1,380	1,516	1,759	**1,703**
Valmet Automotive	-	-	-	-	**-**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	-	-	-	-	**-**
Intra Metso order backlog	-32	-38	-51	-52	**-47**
Metso total	3,340	3,415	3,720	4,176	**4,144**

Personnel	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	June 30, 2010	**Sep 30, 2010**
Mining and Construction Technology	10,014	9,541	9,550	9,787	**9,974**
Energy and Environmental Technology	6,119	6,060	5,873	6,114	**6,015**
Paper and Fiber Technology	9,475	10,459	10,326	10,526	**10,388**
Valmet Automotive	636	679	705	723	**668**
Group Head Office and other	419	427	494	515	**507**
Group Head Office and others total	1,055	1,106	1,199	1,238	**1,175**
Metso total	26,663	27,166	26,948	27,665	**27,552**

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 7 (Amendment)

In October 2010, IASB issued an amendment to IFRS7 Financial Instruments: Disclosures on transfer of financial assets. The amendment becomes applicable to Metso after January 1, 2012 and it is not expected to impact our disclosures.

IFRS 9

IASB has published a new standard IFRS 9 'Financial instruments: Recognition and measurement'. The standard represents the first milestone in the IASB's planned replacement of IAS 39. It addresses classification and measurement of financial assets. The next steps involve reconsideration and re-exposure of the classification and measurement requirements for financial liabilities, impairment testing methods for financial assets, and development of enhanced guidance on hedge accounting. We are currently evaluating the effects on our financial statements, and expect the standard to have major impacts on the accounting of financial instruments.

IFRS 9 becomes effective for the financial statements or periods beginning after January 1, 2013. It is still subject to endorsement by the European Union, and the endorsement process has been postponed.

Provided that the standard has received endorsement by the European Union, we will apply the standard for the financial year beginning on January 1, 2013.

Decisions of the Annual General Meeting

Our Annual General Meeting on March 30, 2010 approved the Financial Statements for 2009 and decided to discharge the members of the Board of Directors and the President and CEO from liability for the financial year 2009. The Annual General Meeting approved the proposals of the Board to authorize the Board to resolve on a repurchase of Metso's own shares, on share issue and granting of special rights and on donations to universities. The Annual General Meeting also approved the proposal to amend Article 8 (notice convening a meeting) of the Articles of Association. On the basis of the decision made by the Annual General Meeting, in September, Metso paid a donation of EUR 1.9 million to the Aalto University Foundation and to other Finnish universities as follows: EUR 350,000 to Tampere University of Technology's TTY Foundation; EUR 100,000 to the University of Jyväskylä; and EUR 50,000 each to Åbo Akademi University, the Lappeenranta University of Technology and the University of Oulu. The donation authorization granted by the Annual General Meeting has been exercised in full.

The AGM decided that a dividend of EUR 0.70 per share will be paid for 2009. The dividend was paid on April 13, 2010.

The AGM elected Jukka Viinanen Chairman of the Board and Maija-Liisa Friman Vice Chairman of the Board. Erkki Pehu-Lehtonen and Mikael von Frenckell were elected as new members of the Board. The Board members re-elected were Christer Gardell, Yrjö Neuvo and Pia Rudengren. The term of office of Board members lasts until the end of the next Annual General Meeting.

The AGM decided that the annual remunerations for Board members would be EUR 92,000 for the Chairman, EUR 56,000 for the Vice Chairman and EUR 45,000 for the members and that they be paid EUR 600 for each meeting they attend, including committee meetings. Based on the decision of the AGM, the Board members have used 40 percent of their annual remuneration to buy Metso shares. The Board members acquired the shares from the market within two weeks after the publication of the first-quarter 2010 interim report on April 29, 2010. Altogether 5,580 shares were acquired, which is 0,004 percent of total amount of Metso shares. There are no specific principles for the ownership of above mentioned shares.

The auditing company, Authorized Public Accountants PricewaterhouseCoopers Oy, was re-elected as our Auditor until the end of the next AGM.

The AGM decided to establish a Nomination board of the AGM to prepare proposals for the following AGM regarding the composition of the Board and director remuneration. Representatives of the four biggest shareholders will be elected to the Nomination board based on the ownership information as of November 1, and the Chairman of the Board will be an expert member of the Nomination board.

Members of Metso Board committees and personnel representatives

Our Board elected members from among the Board for the Audit Committee and Remuneration and HR Committee at its assembly meeting on March 30, 2010. The Board's Audit Committee consists of Pia Rudengren (Chairman), Maija-Liisa Friman and Erkki Pehu-Lehtonen. The Board's Remuneration and HR Committee consists of Jukka Viinanen (Chairman), Mikael von Frenckell, Christer Gardell and Yrjö Neuvo.

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 external expert, and his term of office is the same as the Board members' term.

Shares and share capital

At the end of September 2010, our share capital was EUR 240,982,843.80 and the number of shares was 150,348,256. The number of shares includes 716,904 Metso shares held by the parent company, which represent 0.5 percent of all the shares and votes. The average number of shares outstanding in January-September of 2010, excluding Metso shares held by the Parent Company, was 149,700,337 and the average number of diluted shares was 149,824,882.

During February-March 2010, we executed a repurchase of 300,000 of our own shares relating to our share-based management incentive program decided on in October 2009 (Metso Share Ownership Plan 2010-2012). The average purchase price of the shares was EUR 23.47 and the total amount EUR 7,040,303.60.

During January-September, 7,287 shares were returned from Metso Share Ownership Plan participants to the Parent Company due to employment terminations.

Market capitalization of Metso, excluding the shares held by the Parent Company, was EUR 5,031 million on September 30, 2010.

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

Share-based incentive plans

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

Share ownership plan for 2009-2011

In October 2008, the Board of Directors approved a new share ownership plan for the years 2009-2011. The plan has one three-year earnings period and required participants' personal investment in Metso shares at the beginning of the program. Any possible reward from the plan requires continued employment with Metso and reaching the financial targets set for the plan. The plan has about 90 participants and the rewards that can be paid correspond to a maximum of around 370,000 Metso shares. The plan will not have a diluting effect on the share value. Members of the Executive Team may receive a maximum of 77,400 shares as share rewards.

Share ownership plan for 2010-2012

In October 2009, the Board of Directors approved a similar kind of share ownership plan for the years 2010-2012. The plan includes one three-year earnings period and required participants' personal investment in Metso shares. Any possible reward from the plan required continued employment with Metso and reaching the financial targets set for the plan. The program has about 90 participants and the rewards that can be paid correspond to a maximum of around 340,000 Metso shares. The plan will not have a diluting effect on the share value. Members of the Executive Team may receive a maximum of 77,400 shares as share rewards.

Share ownership plan for 2011-2013

On September 30, the Board of Directors approved a Metso Share Ownership Plan for 2011–2013. The plan includes one three-year earnings period and it has one three-year earnings period that begins on January 1, 2011 and ends on December 31, 2013. The plan is targeted to about 100 key managers and it requires participants' personal investment in Metso shares at the beginning of the program. Any possible reward from the plan requires continued employment with Metso and reaching the financial targets set for the plan. The rewards paid may correspond to a maximum of 400,000 Metso shares. The shares for the plan are acquired in public trading and therefore the plan will not have diluting effect on the share value. Final allocations and maximum total number of shares will be decided in December 2010.

Trading of Metso shares

The number of Metso Corporation shares traded on the NASDAQ OMX Helsinki Exchange during January–September was 173,130,203 shares, equivalent to a turnover of EUR 4,589 million. The price of the Metso share on September 30, 2010 was EUR 33.62 and the average trading price for the period was EUR 26.50. The highest quotation during the review period was EUR 33.93 and the lowest EUR 20.91.

Metso's ADSs (American Depositary Shares) are traded in the United States on the OTC market. On September 30, 2010, the closing price of an ADS was USD 45.82. Each ADS represents one share.

Disclosures of changes in holdings

On July 15, 2010, Marathon Asset Management LLP announced that on July 12, 2010 the Marathon Asset Management LLP holding in shares of Metso fell below the 5 percent threshold. The holding amounted to 7,437,730 shares, which corresponds to 4.95 percent of the total amount of shares and votes in Metso Corporation. Out of this holding, Marathon Asset Management LLP was in possession of 5,573,661 shares to which they had voting rights. This represents 3.71 percent of the total voting rights in Metso.

BlackRock Investment Management (UK) Limited announced that on March 19, 2010 the BlackRock, Inc. holding in shares of Metso Corporation fell below the 5 per cent threshold. The holding amounted to 7,298,453 shares, which corresponds to 4.85 percent of the total amount of shares and votes in Metso Corporation.

BlackRock Investment Management (UK) Limited announced that on February 24, 2010 the BlackRock, Inc. holding in shares of Metso amounted to 7,563,054 shares, which corresponds to 5.03 percent of the total amount of shares and votes in Metso Corporation.

Credit ratings

On September 20, 2010, Moody's Investors Service confirmed Metso's Baa2 long term credit rating and raised the outlook from negative to stable.

On August 12, 2010, Standard and Poor's Rating Services affirmed Metso's BBB long-term credit rating and changed the outlook from negative to stable. At the same time the short-term corporate credit rating was raised to A-2 from A-3.

Metso's Financial Reporting during the rest of 2010 and in 2011

Metso's Financial Statement Review for 2010 will be published on February 3, 2011. The Annual Report will be published in the week starting on March 7, 2011 (week 10). The Interim Review for January - March 2011 will be published on April 29, 2011, the Interim Review for January - June 2011 on July 28, 2011 and the Interim Review for January - September 2011 on October 27, 2011.

Metso Corporation, Group Head Office, Fabianinkatu 9 A, PO Box 1220, FIN-00101 Helsinki, Finland
Tel. +358 20 484 100 • Fax +358 20 484 101 • www.metso.com