Interim Review
January 1 - September 30, **2008**

metso
Expect results

Metso's Interim Review, January 1 – September 30, 2008

Good profitability in third quarter, measures to adjust to changing operating environment started

Highlights of the third quarter

- New orders worth EUR 2,246 million were received in July-September (EUR 1,440 million in Q3/07). At the end of September 2008, the order backlog was 21 percent higher than at the end of December 2007, standing at EUR 5,244 million (EUR 4,341 million at December 31, 2007).
- Net sales grew 5 percent on the comparison period and totaled EUR 1,528 million (EUR 1,452 million in Q3/07).
- Earnings before interest, tax and amortization (EBITA) were EUR 180.7 million, i.e. 11.8 percent of net sales (EUR 157.3 million and 10.8% in Q3/07).
- Operating profit (EBIT) was EUR 172.3 million, i.e. 11.3 percent of net sales (EUR 143.4 million and 9.9% in Q3/07).
- Earnings per share were EUR 0.69 (EUR 0.66 in Q3/07).
- Free cash flow was EUR 91 million (EUR 144 million in Q3/07).
- Return on capital employed (ROCE) before taxes was 23.3 percent (24.7% in Q3/07).

"In the third quarter, we made good progress towards our guided 2008 performance. Actually, the operating profit for the quarter - EUR 172 million or 11.3 percent - was the best ever third-quarter in Metso's history," says Jorma Eloranta, President and CEO of Metso Corporation. "Steadily improving financial performance is a strong evidence that we are developing Metso into the right direction, and we believe that Metso is today more balanced, responsive and flexible when it comes to weathering storms in the global economy."

"In the current global economic environment, we are putting more emphasis on profitability and cash flows than growth. This means, that acquisition and investment plans are now reviewed very carefully. We are convinced that the positive cash flow impact from the ongoing programs to manage net working capital more efficiently continue to pay off in the coming months. We are also implementing tight cost control measures throughout Metso. What comes to capacity adjustments, we are prepared to move quickly when needed. At the same time, we are continuing to pursue growth especially in the emerging markets and in our services business."

Metso's key figures

EUR million	**Q3/08**	Q3/07	Change %	**Q1-Q3/08**	Q1-Q3/07	Change %	2007
Net sales	**1,528**	1,452	5	**4,561**	4,354	5	6,250
Net sales of services business	**548**	516	6	**1,583**	1,465	8	2,024
% of net sales	**36**	36		**35**	34		33
Earnings before interest, tax and amortization (EBITA)	**180.7**	157.3	15	**480.9**	441.5	9	635.4
% of net sales	**11.8**	10.8		**10.5**	10.1		10.2
Operating profit	**172.3**	143.4	20	**447.1**	400.1	12	579.8
% of net sales	**11.3**	9.9		**9.8**	9.2		9.3
Earnings per share, EUR	**0.69**	0.66	5	**1.96**	1.84	7	2.69
Orders received	**2,246**	1,440	56	**5,495**	5,194	6	6,965
Order backlog at end of period				**5,244**	4,519	16	4,341
Free cash flow	**91**	144	(37)	**51**	198	(74)	198
Return on capital employed (ROCE) before taxes, annualized, %				**23.3**	24.7		26.1
Equity to assets ratio at end of period, %				**31.5**	36.0		37.7
Gearing at end of period, %				**72.2**	34.3		33.4

Metso's third quarter 2008 review

Operating environment and demand for products in July-September

The market situation for Metso's products and services continued to be favorable in the mining, construction and energy customer industries and satisfactory in the pulp and paper industry in July-August. However, uncertainty in the world economy and the acceleration of the financial crisis in September clearly deteriorated the market outlook for Metso's products and services towards the end of quarter.

In the paper and board industry, demand weakened notably in the third quarter. In the main market area, China, economic growth has slowed down, and the board industry is experiencing overcapacity, partly due to government actions seeking to limit export of certain products. The markets for tissue machines and fiber lines continued to be active but deteriorated towards the end of the quarter. The increasingly difficult situation in the pulp and paper industry in North America and Europe has weakened the demand for aftermarket services. The demand for power plants utilizing renewable energy sources weakened from good to satisfactory in the main market areas of Europe and North America.

The mining industry's market situation continued to be favorable. The rapid decline of the prices of metals and minerals in September and general uncertainty in the world economy did not reflect on the mining industry's third quarter demand. However, towards the end of the quarter some mining companies publicly commented about cuts in their capital expenditure plans. In construction, the operating environment weakened in North America and Western Europe, but remained good in emerging markets due to development projects concerning road networks and other infrastructure. Demand for metal recycling equipment continued to be good.

Demand for process automation and flow control systems was good in the power, oil and gas industries and satisfactory in the pulp and paper industry.

Orders received in July-September

The orders received by Metso in July-September totaled EUR 2,246 million, up by 56 percent from the comparison period. The value of orders received was increased by two large pulp mill projects and two board machine orders received by Metso Paper. Metso Minerals' orders received increased, while Metso Automation's orders received remained at the level of the comparison period.

The value of orders received by Metso Paper in July-September totaled EUR 1,252 million, which was 143 percent higher than in the comparison period. The major orders received in the third quarter were a papermaking line for Propapier in Germany, pulp mill equipment for Zhanjiang Chenming in China and Aracruz in Brazil, a containerboard line to Amcor in Australia and a power boiler for Dalkia France in France. In late October, Aracruz announced that because of the deterioration in the global economic environment, it will temporarily suspend the pulp mill project ordered in August. In the pulp mill project for Zhanjiang Chenming the customer is still in the process of finalizing the financial arrangements and thus Metso has not fully commenced the project work.

The orders received by Metso Minerals in the third quarter were up by 10 percent on the corresponding quarter in 2007 and totaled EUR 819 million. Orders from the mining industry increased substantially, while those from construction decreased slightly. Geographically, the growth of Metso Minerals' new orders was strong in North and South America and in Eastern Europe but dropped clearly in Western Europe. The orders received in July-September included a number of smaller orders and one more sizable order; a railcar unloader systems to Pilbara Infrastructure Pty Ltd in Australia.

The orders received by Metso Automation in July-September were at the level of the comparison period. Geographically the orders grew clearly in North America and Europe but came down in the emerging markets. Metso Automation's largest orders in the third quarter included an automation and quality control system to Propapier's papermaking line in Germany, automation systems to Zhanjiang Chenming's new pulp mill in China and automation and safety solutions to Neste Oil's production plants in Singapore and in Rotterdam, the Netherlands.

Financial performance in July-September

Metso's net sales grew by 5 percent compared with July-September 2007 and were EUR 1,528 million. The net sales of the services business grew 6 percent on the comparison period, and accounted for 36 percent (36% in Q3/07) of Metso's third-quarter net sales.

Metso's third-quarter financial performance improved substantially on the comparison period; earnings before interest, tax and amortization (EBITA) were EUR 180.7 million or 11.8 percent of net sales (EUR 157.3 million and 10.8% in Q3/07). Measured in euros, EBITA improved at Metso Minerals and Metso Automation and remained at the level of the comparison period at Metso Paper. All of the business areas improved their EBITA margins on the comparison period. Metso's third-quarter operating profit was EUR 172.3 million, or 11.3 percent of net sales (EUR 143.4 million and 9.9% in Q3/2007). The improvement in the operating profit margin was facilitated by the strong growth in net sales, stringent control of fixed costs and the successful completion of large project deliveries. The profit attributable to shareholders was EUR 97 million (EUR 94 million Q3/07) in July-September, corresponding to earnings per share (EPS) of EUR 0.69 (EUR 0.66 in Q3/07).

Metso's January-September 2008 Interim Review

Orders received and order backlog

The orders received by Metso in January-September totaled EUR 5,495 million, up by 6 percent on the comparison period. Excluding the impact of exchange rate changes, the value of orders received increased by 10 percent. The orders received by Metso Minerals and Metso Automation improved by 12 percent and 3 percent respectively, on the comparison period, while orders in Metso Paper were on par with January-September 2007. Relatively, the strongest growth was in Metso Paper's Fiber business line and Metso Minerals' Mining business line while the largest decreases in orders received from the comparison period were in Metso Paper's Paper and Board and Power business lines.

The three countries generating the largest total value of orders received were Brazil, the United States and China. The growth in new orders came from the North and South America and Asia-Pacific regions but orders from Western Europe declined. The share of emerging markets in orders received increased to 51 percent (45%). At the end of September, Metso's order backlog was EUR 5,244 million, which is 21 percent higher than at the end of 2007.

Orders received by business area

	Q1-Q3/2008		Q1-Q3/2007	
	EUR million	**% of orders received**	EUR million	% of orders received
Metso Paper	**2,291**	**41**	2,271	44
Metso Minerals	**2,589**	**47**	2,314	44
Metso Automation	**617**	**11**	598	11
Valmet Automotive	**52**	**1**	64	1
Intra-Metso orders received	**(54)**		(53)	
Total	**5,495**	**100**	5,194	100

Orders received by market area

	Q1-Q3/2008		Q1-Q3/2007	
	EUR million	**% of orders received**	EUR million	% of orders received
Europe	**1,908**	**35**	2,321	45
North America	**883**	**16**	773	15
South and Central America	**1,028**	**19**	611	12
Asia-Pacific	**1,333**	**24**	1,115	21
Rest of the world	**343**	**6**	374	7
Total	**5,495**	**100**	5,194	100

Net sales

During January-September, Metso's net sales grew by 5 percent on the comparison period and totaled EUR 4,561 million. At comparable exchange rates, Metso's net sales growth would have been approximately 9 percent. At comparable exchange rates, the net sales of Metso Minerals and Metso Automation grew by 18 percent and 17 percent respectively, while Metso Paper's net sales remained at the level of the comparison period. The net sales of the services business grew by 8 percent (at comparable exchange rates, the growth would have been about 13 percent), accounting for 35 percent of Metso's net sales (34% in Q1-Q3/07). The growth of the services business was strongest in Metso Minerals, where growth was 19 percent at comparable exchange rates.

Measured by net sales, the three largest countries in January-September were the United States, China and Finland, which together accounted for about 29 percent of total net sales.

Net sales by business area

	Q1-Q3/2008		Q1-Q3/2007	
	EUR million	**% of net sales**	EUR million	% of net sales
Metso Paper	**1,947**	**42**	2,016	46
Metso Minerals	**2,065**	**45**	1,837	42
Metso Automation	**544**	**12**	485	11
Valmet Automotive	**52**	**1**	64	1
Intra-Metso net sales	**(47)**		(48)	
Total	**4,561**	**100**	4,354	100

Net sales by market area

	Q1-Q3/2008		Q1-Q3/2007	
	EUR million	**% of net sales**	EUR million	% of net sales
Europe	**1,913**	**42**	1,736	40
North America	**722**	**16**	786	18
South and Central America	**557**	**12**	618	14
Asia-Pacific	**1,082**	**24**	1,029	24
Rest of the world	**287**	**6**	185	4
Total	**4,561**	**100**	4,354	100

Financial result

Metso's earnings before interest, tax and amortization (EBITA) for January-September 2008 improved by 9 percent and were EUR 480.9 million, or 10.5 percent of net sales (EUR 441.5 million and 10.1% in Q1-Q3/07). The increase in EBITA was attributable to Metso Minerals and Metso Automation. Metso Minerals' and Metso Automation's EBITA margin rose and Metso Paper's EBITA margin remained at the level of the comparison period.

Metso's operating profit in January-September was EUR 447.1 million, or 9.8 percent of net sales (EUR 400.1 million and 9.2% in Q1-Q3/07).

Metso's net financial expenses for January-September were EUR 54 million (EUR 25 million in Q1-Q3/07). Interest-bearing liabilities have increased substantially through the significant growth in net working capital over the first half year, through investments and the pay-out of an exceptionally large dividend. The increased debt capital, the relatively large share of floating interest rate debt and the general rise in interest rates have resulted in an increase in interest expenses of almost EUR 17 million from the comparison period. In the third quarter, net financial expenses comprise foreign currency losses resulting from USD-denominated export credit financing of a Brazilian subsidiary. On the other hand, gains arising from firm customer orders are, once recognized, reported in operating profit.

Metso's profit before taxes for January-September was EUR 393 million (EUR 375 million in Q1-Q3/07). Metso's tax rate is estimated to be approximately 29 percent in 2008 (29.8% in 2007). The profit attributable to shareholders was EUR 277 million (EUR 261 million) in January-September, corresponding to earnings per share (EPS) of EUR 1.96 (EUR 1.84 per share).

Metso's return on capital employed (ROCE) before taxes was 23.3 percent (24.7%) and return on equity (ROE) was 24.5 percent (24.0%).

Cash flow and financing

Metso's net cash generated by operating activities was EUR 129 million in January-September (EUR 260 million in Q1-Q3/07). Net cash generated by operating activities is burdened by the net working capital being tied up in all business areas. Strong organic growth has made the supply chain management more challenging, resulting in working capital being tied up in inventories both in Metso Minerals and in Metso Automation. Net working capital has increased by EUR 297 million since the beginning of the year. The increase has slowed down during the year as a result of special programs aimed at improving net working capital management. In the first quarter, EUR 187 million of net working capital was tied up, and subsequently this growth slowed down to EUR 67 million in the second quarter and EUR 43 million in the third. Cumulatively, Metso's free cash flow turned positive in the third quarter and was EUR 51 million (EUR 198 million). Metso's free cash flow for the third quarter was EUR 91 million (EUR 144 million in Q3/07).

Net interest-bearing liabilities totaled EUR 1,040 million at the end of September (EUR 521 million on Sept 30, 2007). The total amount of short-term debt maturing within the next 12 months decreased by EUR 172 million between June and September and was EUR 425 million at the end of the period. About half of the short-term debt consists of commercial papers issued in the domestic markets. EUR 84 million are current portions of long-term loans and the remainder is accounted for by local working capital financing of certain subsidiaries, primarily in Brazil. In the existing long-term debts the next substantial installments to mature, amounting to about EUR 150 million, are due in 2010.

Metso's liquidity position is satisfactory. The syndicated EUR 500 million revolving loan facility is available until late 2011, and currently it is undrawn.

Gearing was 72.2 percent (34.3%) and the equity-to-assets ratio was 31.5 percent (36.0%). In April, following the Annual General Meeting, Metso paid EUR 425 million in dividends for 2007, which together with the growth in net working capital and high level of investments increased gearing.

Capital expenditure

Metso's gross capital expenditure for January-September was EUR 201 million (EUR 110 million in Q1-Q3/07). Capital expenditures on fixed assets include technology and capacity acquisitions, such as Lachine, Lignoboost and the paper machinery technology of Mitsubishi Heavy Industries (explained in more detail below). The value of these technology and capacity acquisitions totaled approximately EUR 64 million. Other acquisitions are not included in above mentioned gross capital expenditure.

Metso estimates that in 2008 gross capital expenditure, excluding the technology, capacity and other acquisitions mentioned above, will exceed EUR 200 million (EUR 159 million in 2007). In the changed global economic environment, all new investments are considered very carefully.

In August, Metso completed the acquisition of GE Energy's Lachine main plant, a heavy fabrication and machining facility in Canada. The acquired plant was integrated into Metso's Mining business line and approximately 170 employees transferred to Metso. The acquisition added significantly to Metso's mining equipment supply, and according to a clearly faster schedule than could have been achieved through a greenfield investment.

In May, Metso acquired from the Swedish STFI-Packforsk AB the shares of Lignoboost AB, a research company. The transaction included all the intellectual property rights as well as the LignoBoost brand and its related know-how. The acquired company became part of Metso's Power business line.

In May, Metso closed the deal with Mitsubishi Heavy Industries (MHI) over the acquisition of MHI's paper machinery technology, making Metso globally the sole owner of Beloit's paper machinery intellectual property. The effect of MHI on net sales is estimated to be about EUR 10 million during the first 12 month period.

In September, Metso decided to establish its third service center in China. The new center in Shandong province will provide high-quality machinery maintenance and process development services to the pulp and paper making industry in northern China. Metso's investment in the new center will amount to over EUR 10 million. The center will be operational in 2009. In the beginning, the center will employ about 40 service professionals.

Metso has investment projects underway to expand production and service capacity. In China, a paper industry service unit is being built in Guangzhou, crushing unit production capacity in Tianjin is expanded and a new valve manufacture plant in Shanghai is under construction. In India, a large Metso Industrial Park will be established in Rajasthan. In the United States, a new boiler service center was completed in Lancaster, South Carolina likewise the extension in Fairmont, West Virginia. In Finland, Metso is rebuilding a pilot machine at its Paper Technology Center in Jyväskylä.

Investment projects are underway at Metso Minerals and Metso Automation concerning enterprise resource planning (ERP) systems which are aimed at improving the global supply chain management. The systems are being introduced in stages during 2007-2011.

Metso's research and development expenses in January-September totaled EUR 96 million, representing 2.1 percent of Metso's net sales (EUR 79 million and 1.8% in Q1-Q3/07).

Acquisitions and divestments

In September, Metso and Wärtsilä agreed to combine Metso's Heat & Power business (a business unit within Metso Power) and Wärtsilä's Biopower business into a joint venture. The new joint venture will be one of Europe's leading providers of medium- and small-scale power and heating plants, focusing on renewable fuel solutions. Metso owns 60 percent and Wärtsilä 40 percent of the joint venture. The closing of the transaction will require the relevant regulatory approvals. It is estimated that at full year level in 2008 the consolidated annual pro forma net sales of the joint venture will be approximately EUR 130 million and the number of employees approximately 200.

In September, Metso acquired PSP Slévárna, a producer of finished machined manganese wear parts located in Prerov, the Czech Republic. The company was transferred to Metso on October 1, 2008, and the factory is integrated into Metso's Construction business line. With this transaction, Metso improved its capacity to supply wear parts to crushing and screening plants for the construction and mining customers. The production plant is located close to Metso's installed equipment base in Central and Eastern Europe. The acquired company has a personnel of 385 and annual net sales of about EUR 20 million.

In September, Metso announced the acquisition of a paper quality control business from Finnish Fastpap Oy. The business was transferred to Metso on October 1, 2008. The business operations based in Ylöjärvi, Finland including a staff of 11 are integrated into Metso's Automation business.

In June, Metso strengthened its engineering capabilities in India by entering into a joint venture with EPT Engineering Services Pvt. Ltd. Metso owns 51 percent of the new company, Metso Power India Private Limited, which started its operations in July 2008 in Chennai. During the first year the company will employ about 50 people.

In June, Metso completed the acquisition of MAPAG Valves GmbH, a company manufacturing butterfly valves, from the Linde Group, a German company. The transaction price was EUR 36 million and the unit is integrated into Metso's Automation business. The acquired company employs about 100 people. The company's net sales in 2008 is estimated at EUR 36 million.

In May, Metso acquired Kemotron A/S, a Danish manufacturer of measurement systems. The company has a workforce of 13. The acquired company was integrated into Metso's Automation business.

In September, Metso increased its ownership from 48.3 percent to 75 percent in the Valmet-Xi'an Paper Machinery Co. Ltd. associated company in China. The value of the share transaction was approximately EUR 5 million. In addition, Valmet Xi'an will acquire certain land use rights and facilities for about EUR 8-9 million. The company has been consolidated into Metso's balance sheet from September and its annual net sales are approximately EUR 30 million. Of this more than half has been sales to Metso. At the end of September, Valmet-Xi'an had about 1,100 employees.

In September, Metso divested the shares in Sweden-based Metso Foundries Karlstad AB to a group of financial investors represented by Primaca Group Oy. Metso will continue as a minority owner with a 16.7 percent holding in Heavycast Oy, a new company to which the Primaca Group will transfer the acquired shares. The value of the transaction was approximately EUR 15 million, and Metso booked a small tax-free capital gain from the sale in the third quarter.

In May, Metso sold its spreader roll manufacturing business and the related assets to a group of Finnish investors. The business is based in Finland and employs 20 people. The divested business was part of Metso's Paper business.

In January, Metso concluded the divestment of its Panelboard business. The panelboard press operations in Germany were divested to G. Siempelkamp GmbH & Co. KG in September 2007, and an agreement was concluded on the divestment of the panelboard operations in Nastola, Finland and Sundsvall, Sweden to the German company Dieffenbacher GmbH + Co. KG in January 2008.

Personnel

At the end of September, Metso had 28,762 employees, which was 1,925 more than at the end of 2007 (26,837 employees at December 31, 2007). The growth in personnel numbers was most substantial in South America, particularly in Brazil, where the number of personnel increased by 188. Substantial growth was also experienced in Asia-Pacific, for example, in India the number of personnel has increased by 215 from the end of 2007. As a result of the acquisition of a majority holding in Valmet-Xi'an Paper Machinery Co. Ltd, the number of employees in China increased by 1,100 in the third quarter. In January-September, Metso had an average of 27,683 employees.

Personnel by area

	Sep 30, 2008	**% of total personnel**	Sep 30, 2007	% of total personnel	Change %	Dec 31, 2007
Finland	**9,118**	**32**	9,332	35	(2)	9,386
Other Nordic countries	**3,364**	**12**	3,588	14	(6)	3,602
Other Europe	**3,463**	**12**	3,175	12	9	3,183
North America	**4,041**	**14**	3,811	14	6	3,865
South and Central America	**2,917**	**10**	2,627	10	11	2,675
Asia-Pacific	**4,386**	**15**	2,624	10	67	2,705
Rest of the world	**1,473**	**5**	1,446	5	2	1,421
Total	**28,762**	**100**	26,603	100	8	26, 837

Strategic focus for 2008-2012

At the end of August, as a result of its annual strategy rounds, Metso decided to continue its strategic focus on sustainable profitable growth during the years 2008-2012. In the same context, the company's financial targets were raised and a study was initiated to assess further value-enhancing opportunities, including structural options. Since mid-September, following the radical and rapid changes of the global economic environment, Metso has been putting more emphasis on profitability and cash flows than growth.

Metso's businesses will be reorganized into three reporting segments as of December 1, 2008: Mining and Construction Technology, consisting of the current Mining and Construction business lines, will focus on fully exploiting market demand. The segment will be headed by Matti Kähkönen, currently President of Metso Minerals.

Energy and Environmental Technology, consisting of the current Metso Automation business area and the Power and Recycling business lines, will offer interesting new growth opportunities based on Metso's current know-how and technologies in the power, recycling and automation businesses, complemented by value-enhancing acquisitions. The segment will be headed by Pasi Laine, the current President of Metso Automation.

Paper and Fiber Technology, consisting of the current Paper and Board, Tissue and Fiber business lines, will focus on enhancing Metso's presence close to its growing customer base in emerging markets and on strengthening the services business in developed markets. The segment will be headed by Bertel Langenskiöld, currently President of Metso Paper.

The reporting segments in accordance with Metso's new operating structure will be introduced as of December 1, 2008. The segment information according to the new structure is presented in the tables of this Interim Review.

New financial targets

Metso updated its long-term financial targets for the period 2009-2012. The following new financial targets replace the previous targets set in October 2006:

Growth: An average annual net sales growth of more than 10 percent. The growth will be attained both organically and through complementary add-on acquisitions. Should Metso make major acquisitions with a significant impact on its business scope, these will come on top of the 10 percent growth target.

Profitability: Metso's target is to improve EBITA annually and to exceed a 12 percent EBITA margin during the period 2009-2012. Return on capital employed (ROCE-%) before tax was introduced as a new target that should exceed 25 percent during 2009-2012.

Cash flow: In order to secure a strong operating cash flow, Metso will establish a new target for annual cash conversion. The target is measured by Free Cash Flow/Net Income. The ratio should be on average 100 percent during 2009-2012.

Efficient use of capital continues to be an important long-term value driver for Metso. Operating cash flows in 2009-2012 are expected to be strong, thus enabling further growth through complementary acquisitions while maintaining an active dividend policy.

Capital structure: Metso's target is that its key financial indicators, capital structure and cash flows support a solid investment grade in credit rating.

Dividend policy: Metso's target is to distribute at least 50% of annual earnings per share as a dividend or in other forms of repatriation of capital (share buybacks, redemptions etc).

Metso appoints new Executive Team members and establishes Metso Executive Forum as of December 1, 2008

In September, Metso announced the appointment of two new members to its Executive Team as of December 1, 2008. The new members are Kalle Reponen, Metso's Senior Vice President, Strategy and M&A, and Perttu Louhiluoto, who started at Metso on October 1, 2008 as Senior Vice President, Operational Excellence. Metso will also establish the Metso Executive Forum to enforce strategy execution globally as of December 1, 2008. In addition to the Metso Executive Team members, the members of the Metso Executive Forum are from Metso's main business lines and geographical regions: Andrew Benko (Mining business line), João Ney Colagrossi (Construction business line), Per-Åke Färnstrand (Fiber business line), Heinz Gerdes (Recycling business line), Ari Harmaala (China), Hannu Mälkiä (Paper and Board business line), Lennart Ohlsson (Power business line) and Sudhir Srivastava (India).

BUSINESSES

Segment information according to Metso's new reporting structure is presented in the tables of this Interim Review.

Metso Paper

EUR million	Q3/08	Q3/07	Change %	Q1-Q3/08	Q1-Q3/07	Change %	2007
Net sales	**598**	642	(7)	**1,947**	2,016	(3)	2,925
Net sales of services business	**206**	213	(3)	**608**	598	2	834
% of net sales	**34**	33		**31**	30		29
Earnings before interest, tax and amortization (EBITA)	**48.4**	48.2	0	**129.1**	133.0	(3)	184.5
% of net sales	**8.1**	7.5		**6.6**	6.6		6.3
Operating profit	**43.2**	36.2	19	**103.6**	97.3	6	136.9
% of net sales	**7.2**	5.6		**5.3**	4.8		4.7
Orders received	**1,252**	515	143	**2,291**	2,271	1	3,109
Order backlog at end of period				**2,676**	2,455	9	2,363
Personnel at end of period				**12,410**	11,774	5	11,694

Metso Paper's net sales in January-September were at the level of the comparison period, totaling EUR 1,947 million. Net sales increased on the comparison period in the Power business line and decreased in the Fiber, Paper and Board, and Tissue business lines. Metso Paper's services business grew by 2 percent on the comparison period (at comparable exchange rates the growth would have been 6%), and the services business accounted for 31 percent of net sales (30% in Q1-Q3/07).

Metso Paper's EBITA for January-September was EUR 129.1 million, i.e. 6.6 percent of net sales (EUR 133.0 million and 6.6%). Strong EBITA margin of 8.1 percent in third quarter (7.5% in Q3/07) was due to successful execution of a number of large projects.

Metso Paper's operating profit in January-September was EUR 103.6 million, i.e. 5.3 percent of net sales (EUR 97.3 million and 4.8%). The operating profit includes EUR 16 million in amortization of intangible assets related to the acquisition of the Pulping and Power businesses. The amortization of intangible assets is estimated to total approximately EUR 19 million in 2008 (EUR 36 million in 2007).

The integration of the acquired Pulping and Power businesses is estimated to create synergy benefits of about EUR 6-10 million this year, in addition to the synergy benefits of EUR 14 million already realized in 2007. The non-recurring integration expenses carried over to 2008 are expected to be EUR 1-2 million. The positive impact on earnings related to the synergy benefits and decided cost streamlining measures are realized primarily in the latter half of 2008.

In September, Metso Paper initiated personnel negotiations concerning temporary lay-off of personnel at its Järvenpää, Jyväskylä and Tampere units in Finland. The temporary lay-offs will commence in November at the earliest. These lay-offs result from a temporary reduction in work volumes. The negotiations concern all personnel groups and a total of about 2,720 employees. According to the Finnish practice, temporary lay-offs do not result in any cost to the employer.

The value of orders received by Metso Paper remained at the comparison period's level and was EUR 2,291 million. Orders received by the Fiber business line increased notably from the comparison period. The largest orders in January-September were a papermaking line for Propapier in Germany, pulp mill equipment for Zhanjiang Chenming in China, a pulp technology order to Aracruz in Brazil and boardmaking lines to Shandong Bohui in China and Amcor in Australia. The order backlog at the end of September, EUR 2,676 million, was 13 percent higher than at the end of 2007. Some customers have initiated discussions about extension of delivery times of projects in the order backlog and Metso's management estimates that the implementation schedules of some paper, board and fiber line projects in the order backlog may be prolonged if the global economy remains uncertain for an extended period of time.

Metso Minerals

EUR million	Q3/08	Q3/07	Change %	Q1-Q3/08	Q1-Q3/07	Change %	2007
Net sales	**744**	649	15	**2,065**	1,837	12	2,607
Net sales of services business	**305**	270	13	**867**	771	12	1,050
% of net sales	**41**	42		**42**	42		40
Earnings before interest, tax and amortization (EBITA)	**109.2**	86.3	27	**295.2**	251.9	17	367.1
% of net sales	**14.7**	13.3		**14.3**	13.7		14.1
Operating profit	**107.9**	85.2	27	**291.2**	248.7	17	362.6
% of net sales	**14.5**	13.1		**14.1**	13.5		13.9
Orders received	**819**	745	10	**2,589**	2,314	12	3,075
Order backlog at end of period				**2,185**	1,728	26	1,690
Personnel at end of period				**11,560**	10,194	13	10,446

Metso Minerals' net sales for January-September grew by 12 percent on the comparison period and were EUR 2,065 million (18% at comparable exchange rates). Net sales increased across all business lines and in both Mining and Construction business lines with over 10 percent. Metso Minerals' services business developed favorably and grew by 12 percent (19% at comparable exchange rates). The services business accounted for 42 percent of net sales (42% in Q1-Q3/07).

The operating profit of Metso Minerals increased to EUR 291.2 million, which was 14.1 percent of net sales (EUR 248.7 million and 13.5%). Contributing to the increase in third quarter profitability over the comparison period were strong volume growth and successful execution of major project deliveries.

The value of orders received by Metso Minerals in January-September increased by 12 percent on the comparison period and totaled EUR 2,589 million. At comparable exchange rates, the value of orders received increased approximately 18 percent. The value of orders received increased on the comparison period in the Mining and Construction business lines, and remained at the comparison period's level in the Recycling business line. Regionally the growth was strongest in South America and Asia-Pacific. The value of orders received from the emerging markets grew by 19 percent and their contribution to Metso Minerals' order intake rose to 50 percent (47%). Orders grew also in North America but declined in Western Europe. Among the largest orders received in January-September were orders received for minerals processing equipment to China Metallurgical Group in Australia, grinding equipment to Minera Petaquilla S.A.'s copper mine in Panama, and minerals processing equipment to Terrane Metals Corp. for its Mt. Milligan Copper-Gold Project in Canada. The order backlog was up by 29 percent on the end of 2007 and totaled EUR 2,185 million at the end of September.

Metso Automation

EUR million	Q3/08	Q3/07	Change %	Q1-Q3/08	Q1-Q3/07	Change %	2007
Net sales	**192**	165	16	**544**	485	12	698
Net sales of services business	**37**	33	12	**108**	97	12	140
% of net sales	**21**	22		**21**	22		22
Earnings before interest, tax and amortization (EBITA)	**33.5**	26.2	28	**77.6**	65.7	18	100.4
% of net sales	**17.4**	15.9		**14.3**	13.5		14.4
Operating profit	**32.3**	25.8	25	**75.3**	64.6	17	98.8
% of net sales	**16.8**	15.6		**13.8**	13.3		14.2
Orders received	**189**	185	2	**617**	598	3	763
Order backlog at end of period				**433**	382	13	332
Personnel at end of period				**3,837**	3,523	9	3,564

Metso Automation's net sales for January-September increased by 12 percent on the comparison period (17% at comparable exchange rates) and were EUR 544 million. Growth came evenly from flow control and process automation deliveries. The services business grew by 12 percent (excluding the impact of exchange rate changes, the growth would have been around 16 percent). The services business accounted for 21 percent of net sales (22% in Q1-Q3/07).

Metso Automation's operating profit in January-September increased to EUR 75.3 million, or 13.8 percent of net sales (EUR 64.6 million and 13.3% in Q1-Q3/07). Contributing to the increase in third quarter profitability were strong volume growth, successful execution of major project deliveries and tight control of fixed costs.

The value of orders received by Metso Automation increased by 3 percent on the comparison period and totaled EUR 617 million. Major orders were received particularly from the power, oil and gas industry, whose contribution to Metso Automation's new orders rose to 60 percent (56%). Regionally the growth came from Europe and North America. Major orders during January-September were valves for the oil and gas industry in Asia and the Middle East, of which the most significant was valve delivery for the Qatar Petroleum and Shell GTL (gas-to-liquids) project in Qatar. Major orders for automation systems were large automation packages for Propapier in Germany and Zhanjiang Chenming in China. Metso Automation's order backlog was 30 percent higher than at the end of 2007 and totaled EUR 433 million.

Valmet Automotive

Valmet Automotive's net sales in January-September totaled EUR 52 million. The operating loss was EUR 1.0 million, or 1.9 percent of net sales. During January-September, Valmet Automotive manufactured an average of 95 vehicles per day. At the end of September, Valmet Automotive employed 579 people (789 employees at December 31, 2007). Decline in the number of personnel was a result of the temporary lay-offs.

Valmet Automotive's current assembly contract with Porsche will continue until 2012. In July, Valmet Automotive signed a letter of intent with an American car company Fisker Automotive Inc. to manufacture Fisker Karma cars in Finland.

Short-term risks of business operations

Continuing uncertainty about the development of the global economy and the prolongation of the financial crisis may reduce the demand for Metso's products and services. In particular, uncertainty may affect the timing and implementation of Metso's larger customer projects.

China is the primary market for new paper and board machines and thus any substantial changes in demand on the Chinese market may have a material adverse effect on orders for Metso Paper's new machinery in particular. During 2008, the decision schedules of paper and board machine projects in China have been prolonged due to increased caution of customers in light of economic uncertainty and due to the stricter investment policies set by the country's authorities. The situation has become more difficult during the past months, and customers have discontinued or postponed some new potential projects at the planning stage.

Global economic uncertainties and financial crisis may have material adverse effects on projects in Metso's order backlog. Some projects may be prolonged or even discontinued or cancelled. Metso applies the percentage of completion method to long-standing delivery agreements, and the customer advance is typically 10-30 percent with additional progress payments during the execution of the project. Metso continually evaluates its customers' creditworthiness and ability to fulfill their obligations. If a customer faces liquidity problems, Metso will discuss the possibility of changing project delivery schedules and the resulting cost escalation effects or any other measures needed with the customer. As a rule, Metso does not finance customer projects.

The financial crisis may also have material adverse effects on the availability and costs of Metso's funding. Metso's management estimates that the company's financial assets and available credit facilities are sufficient to secure short-term liquidity. At the end of September, cash and cash equivalents totaled EUR 256 million, and committed credit facilities available for withdrawal totaled EUR 500 million. Most of Metso's long-term loans totaling EUR 894 million will mature in 2011 or later, and they do not have covenants initiating premature repayment on the basis of credit ratings. Currently Metso fully meets the covenants and other terms related to its financing agreements.

The delivery times for Metso's products have been lengthened because of strong growth in order backlog, especially in the Metso Power business line, Metso Minerals and Metso Automation. During prolonged delivery times there is a risk that material and other costs may rise significantly and have a greater impact on Metso's profitability than currently anticipated. The scarcity of certain components and subcontractor resources, particularly with respect to heavy mining equipment and valves, may also lengthen delivery times. Long lead times may also have an impact on Metso's capability to win new orders. These risks have reduced to some extent over the past few months due to decreased material costs and improved availability of subcontractor resources.

Metso strives to manage and limit the potential adverse effects of these and other risks. However, if the risks materialize, they could have a significant adverse effect on Metso's business, financial position and results, or on the price of the Metso share.

Events after the review period

Metso extends its belt services with an acquisition in Australia

In October, Metso acquired the Australian company G & F Beltline Services Pty Ltd (Beltline), a provider of conveyor belt installations and maintenance services to the mining industry. The value of the deal is approximately EUR 7 million. The company was integrated into Metso's Mining business line on October 15, 2008. Approximately 90 employees are transferring to Metso. Beltline's annual net sales are approximately EUR 11 million.

Metso negotiates with Aracruz about the new implementation schedule of the Guaíba pulp project

In October, Metso's customer Aracruz announced that they will temporarily suspend the expansion of its plant in Guaíba in Brazil. In late August Metso won an order for the main technology for Aracruz's new pulp line, to be built at their Guaíba mill in Rio Grande do Sul, Brazil. The new pulp line was scheduled to start up during the second half of 2010. The order is valued at close to EUR 400 million. Metso is negotiating with Aracruz about the new implementation schedule of the Guaíba project. Metso is continuing work, within the cost frame covered by the down payment received from Aracruz, in order to allow an easy restart of the project.

The Finnish government proposes the transfer of state-owned Metso Corporation shares to Solidium Oy

In October, the Finnish State and the entirely state-owned Solidium Oy announced an arrangement that would result in the Finnish State's holdings in Metso Corporation to fall below and Solidium Oy's holdings to exceed the thresholds set out in the Finnish Securities Markets Act, section 9 of chapter 2. The shares to be transferred to Solidium Oy include 15,695,287 Metso Corporation shares, which corresponds to 11.07 percent of the share capital and votes in Metso Corporation. This arrangement is subject to parliamentary approval.

Short-term outlook

Metso's profit estimate for 2008 remains unchanged on the basis of the order backlog and profit development during January-September. At comparable exchange rates, Metso's net sales in 2008 are expected to grow by 5-10 percent compared with 2007, and the operating profit margin is estimated to be about 10 percent.

The uncertainty regarding the financial markets and the development of the global economy is expected to affect the demand for Metso's products and services during the coming months.

Mining companies are expected to continue with capacity expansion projects despite the growing concern about the global economy, but demand is expected to level off. In the construction industry, the demand for equipment relating to aggregates production is estimated to be good in the emerging markets but to slow down in the developed markets. In the mining and construction industry, the demand for the services business is expected to remain good owing to the rapid growth of the equipment base installed over the past few years.

The demand for paper and board lines is expected to be weak in 2009. The demand for fiber lines is also expected to slow down. The delivery schedules of large paper and board machine and fiber line projects in the order backlog may be prolonged. In the pulp and paper industry, lower capacity utilization rates are expected to weaken the demand for Metso's services business in North America and Europe.

The demand for power plants using renewable energy sources is expected to be satisfactory in Europe and North America. The demand for Metso's automation products is expected to be satisfactory in the pulp and paper industry and good in the power, oil and gas industry. The demand for metals recycling equipment is expected to be good.

Metso's customers operate in different industrial sectors. Metso's operations have a wide geographical spread, and Metso has a strong market position in many products. The services business, subcontracting and emerging markets have rapidly become more important for Metso over the past few years. Metso's management estimates that the measures carried out in recent years have placed Metso in a better position to weather storms in the global economy. In the past few weeks Metso has launched new measures to adapt to its rapidly-changing operating environment. Metso's priorities are to secure new orders, continue strict cost control and to secure healthy cash flows. All potential investments and M&A activities will be critically evaluated. The company is quickly adjusting its capacity to meet demand.

As there is a lot of uncertainty associated with the development of the global economy and Metso's operating environment, Metso will, before publishing 2008 financial statements, refrain from establishing a guidance for its net sales and profitability in 2009.

Helsinki, October 28, 2008

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 statements of income

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
Net sales	**1,528**	1,452	**4,561**	4,354	6,250
Cost of goods sold	**(1,114)**	(1,085)	**(3,362)**	(3,249)	(4,702)
Gross profit	**414**	367	**1,199**	1,105	1,548
Selling, general and administrative expenses	**(246)**	(230)	**(761)**	(716)	(972)
Other operating income and expenses, net	**4**	6	**8**	9	1
Share in profits of associated companies	**0**	1	**1**	2	3
Operating profit	**172**	144	**447**	400	580
% of net sales	**11.3%**	9.9%	**9.8%**	9.2%	9.3%
Financial income and expenses, net	**(35)**	(7)	**(54)**	(25)	(33)
Profit before taxes	**137**	137	**393**	375	547
Income taxes	**(39)**	(43)	**(115)**	(114)	(163)
Profit	**98**	94	**278**	261	384
Profit attributable to minority interests	**1**	0	**1**	0	3
Profit attributable to equity shareholders	**97**	94	**277**	261	381
Profit	**98**	94	**278**	261	384
Earnings per share, EUR	**0.69**	0.66	**1.96**	1.84	2.69

Consolidated statement of recognized income and expense

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
Cash flow hedges, net of tax	**(18)**	2	**(9)**	1	(2)
Available-for-sale equity investments, net of tax	**(10)**	5	**(10)**	25	22
Currency translation on subsidiary net investments	**38**	(29)	**(12)**	(13)	(29)
Net investment hedge gains (losses), net of tax	**(11)**	6	**(3)**	0	(2)
Defined benefit plan actuarial gains (losses), net of tax	**-**	-	**-**	0	(1)
Other	**0**	1	**0**	1	2
Net income (expense) recognized directly in equity	**(1)**	(15)	**(34)**	14	(10)
Profit	**98**	94	**278**	261	384
Total recognized income (expense) for the period	**97**	79	**244**	275	374
Total recognized income (expense) attributable to minority interests	**1**	0	**1**	0	3
Total recognized income (expense) attributable to equity shareholders	**96**	79	**243**	275	371
Total recognized income (expense) for the period	**97**	79	**244**	275	374

Consolidated balance sheet

ASSETS

EUR million	Sep 30, 2008	Sep 30, 2007	Dec 31, 2007
Non-current assets			
Intangible assets			
Goodwill	**780**	770	772
Other intangible assets	**262**	256	251
	1,042	1,026	1,023
Property, plant and equipment			
Land and water areas	**56**	54	54
Buildings and structures	**232**	215	216
Machinery and equipment	**357**	312	315
Assets under construction	**79**	47	49
	724	628	634
Financial and other assets			
Investments in associated companies	**13**	19	19
Available-for-sale equity investments	**32**	50	45
Loan and other interest bearing receivables	**16**	6	5
Available-for-sale financial investments	**5**	5	5
Deferred tax asset	**121**	223	144
Other non-current assets	**18**	26	22
	205	329	240
Total non-current assets	**1,971**	1,983	1,897
Current assets			
Inventories	**1,745**	1,479	1,410
Receivables			
Trade and other receivables	**1,201**	1,277	1,274
Cost and earnings of projects under construction in excess of advance billings	**365**	284	374
Loan and other interest bearing receivables	**2**	2	2
Available-for-sale financial assets	**-**	-	0
Tax receivables	**21**	35	30
	1,589	1,598	1,680
Cash and cash equivalents	**256**	261	267
Total current assets	**3,590**	3,338	3,357
Assets held for sale	**-**	-	-
TOTAL ASSETS	**5,561**	5,321	5,254

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Sep 30, 2008	Sep 30, 2007	Dec 31, 2007
Equity			
Share capital	**241**	241	241
Share premium reserve	**-**	77	77
Cumulative translation differences	**(91)**	(58)	(76)
Fair value and other reserves	**520**	462	456
Retained earnings	**761**	790	910
Equity attributable to shareholders	**1,431**	1,512	1,608
Minority interests	**9**	5	7
Total equity	**1,440**	1,517	1,615
Liabilities			
Non-current liabilities			
Long-term debt	**894**	586	700
Post employment benefit obligations	**172**	185	177
Deferred tax liability	**33**	61	41
Provisions	**35**	37	37
Other long-term liabilities	**4**	2	2
Total non-current liabilities	**1,138**	871	957
Current liabilities			
Current portion of long-term debt	**89**	101	22
Short-term debt	**336**	108	97
Trade and other payables	**1,297**	1,308	1,307
Provisions	**217**	211	222
Advances received	**631**	728	637
Billings in excess of cost and earnings of projects under construction	**366**	375	331
Tax liabilities	**47**	102	66
Total current liabilities	**2,983**	2,933	2,682
Liabilities held for sale	**-**	-	-
Total liabilities	**4,121**	3,804	3,639
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5,561**	5,321	5,254

NET INTEREST BEARING LIABILITIES

Long-term interest bearing debt	**894**	586	700
Short-term interest bearing debt	**425**	209	119
Cash and cash equivalents	**(256)**	(261)	(267)
Other interest bearing assets	**(23)**	(13)	(12)
Total	**1,040**	521	540

Condensed consolidated cash flow statement

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
Cash flows from operating activities:					
Profit	**98**	94	**278**	261	384
Adjustments to reconcile profit to net cash provided by operating activities					
Depreciation and amortization	**31**	38	**102**	110	148
Interests and dividend income	**18**	10	**42**	26	32
Income taxes	**39**	43	**115**	114	163
Other	**14**	(6)	**18**	4	(4)
Change in net working capital	**(43)**	12	**(297)**	(163)	(286)
Cash flows from operations	**157**	191	**258**	352	437
Interest paid and dividends received	**(14)**	(5)	**(24)**	(12)	(29)
Income taxes paid	**(31)**	(21)	**(105)**	(80)	(114)
Net cash provided by (used in) operating activities	**112**	165	**129**	260	294
Cash flows from investing activities:					
Capital expenditures on fixed assets	**(88)**	(36)	**(200)**	(110)	(159)
Proceeds from sale of fixed assets	**5**	4	**8**	13	16
Business acquisitions, net of cash acquired	**8**	(37)	**(31)**	(47)	(55)
Proceeds from sale of businesses, net of cash sold	**9**	7	**12**	9	9
(Investments in) proceeds from sale of financial assets	**(1)**	10	**6**	13	13
Other	**-**	-	**(7)**	-	-
Net cash provided by (used in) investing activities	**(67)**	(52)	**(212)**	(122)	(176)
Cash flows from financing activities:					
Share options exercised	**-**	-	**-**	0	0
Dividends paid	**-**	-	**(425)**	(212)	(212)
Net funding	**(148)**	(62)	**489**	(34)	(5)
Other	**-**	-	**15**	15	15
Net cash provided by (used in) financing activities	**(148)**	(62)	**79**	(231)	(202)
Net increase (decrease) in cash and cash equivalents	**(103)**	51	**(4)**	(93)	(84)
Effect from changes in exchange rates	**(2)**	(3)	**(7)**	1	(2)
Cash and cash equivalents at beginning of period	**361**	213	**267**	353	353
Cash and cash equivalents at end of period	**256**	261	**256**	261	267

Free cash flow

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
Net cash provided by operating activities	**112**	165	**129**	260	294
Capital expenditures on maintenance investments	**(26)**	(25)	**(86)**	(75)	(112)
Proceeds from sale of fixed assets	**5**	4	**8**	13	16
Free cash flow	**91**	144	**51**	198	198

Consolidated statement of changes in shareholders' equity

EUR million	Share capital	Share premium reserve	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Minority interests	Total equity
Balance at Jan 1, 2007	**241**	**77**	**(45)**	**432**	**739**	**1,444**	**6**	**1,450**
Cash flow hedges, net of tax	-	-	-	1	-	1	-	1
Available-for-sale equity investments, net of tax	-	-	-	25	-	25	-	25
Currency translation on subsidiary net investments	-	-	(13)	-	-	(13)	-	(13)
Net investment hedge gains (losses), net of tax	-	-	-	-	-	-	-	-
Defined benefit plan actuarial gains (losses), net of tax	-	-	-	-	-	-	-	-
Other	-	-	-	-	1	1	-	1
Net income (expense) recognized directly in equity	-	-	(13)	26	1	14	-	14
Net profit for the period	-	-	-	-	261	261	0	261
Total recognized income (expense) for the period	-	-	(13)	26	262	275	0	275
Dividends	-	-	-	-	(212)	(212)	-	(212)
Share options exercised	0	0	-	-	-	0	-	0
Redemption of own shares	-	-	-	-	-	-	-	-
Share-based payments, net of tax	-	-	-	1	-	1	-	1
Other	-	-	-	3	1	4	(1)	3
Balance at Sep 30, 2007	**241**	**77**	**(58)**	**462**	**790**	**1,512**	**5**	**1,517**
Balance at Jan 1, 2008	**241**	**77**	**(76)**	**456**	**910**	**1,608**	**7**	**1,615**
Cash flow hedges, net of tax	-	-	-	(9)	-	(9)	-	(9)
Available-for-sale equity investments, net of tax	-	-	-	(10)	-	(10)	-	(10)
Currency translation on subsidiary net investments	-	-	(12)	-	-	(12)	-	(12)
Net investment hedge gains (losses), net of tax	-	-	(3)	-	-	(3)	-	(3)
Defined benefit plan actuarial gains (losses), net of tax	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net income (expense) recognized directly in equity	-	-	(15)	(19)	-	(34)	-	(34)
Net profit for the period	-	-	-	-	277	277	1	278
Total recognized income (expense) for the period	-	-	(15)	(19)	277	243	1	244
Dividends	-	-	-	-	(425)	(425)	-	(425)
Share options exercised	-	-	-	-	-	-	-	-
Redemption of own shares	-	-	-	-	-	-	-	-
Share-based payments, net of tax	-	-	-	4	-	4	-	4
Decrease and transfer of share premium reserve	-	(77)	-	77	-	-	-	-
Other	-	-	-	2	(1)	1	1	2
Balance at Sep 30, 2008	**241**	**-**	**(91)**	**520**	**761**	**1,431**	**9**	**1,440**

Acquisitions

Acquisitions in 2008

In September Metso increased its ownership in the associated company Valmet-Xi'an Paper Machinery Co. Ltd in China. Metso's holding increased from 48.3% to 75% and the company was consolidated into Metso's balance sheet in September. The cash paid for the incremental portion was EUR 5 million and the value of the previously held investment in Associated companies was EUR 6 million. The company held a cash balance of EUR 13 million at acquisition. Goodwill of EUR 1 million was recognized on the transaction.

Metso Automation acquired in June Mapag Valves GmbH, a German manufacturer of butterfly valves. The debt-free acquisition price was EUR 36 million. Excess purchase price of EUR 10 million was allocated to intangible assets, representing the fair values of the acquired technology, customer base and order backlog. The remaining excess purchase price of EUR 10 million represents goodwill associated to Metso's improved market position in new and rapidly growing industrial markets

In May, Metso Automation acquired Kemotron A/S, a Danish manufacturer of advanced measurement systems mainly to the pulp, paper and chemical industry. The purchase price was about EUR 3 million.

Had these acquisitions taken place on January 1, 2008, Metso's net sales and net profit would have increased by EUR 31 million and EUR 2 million, respectively.

Summary information on acquisitions made in January-September 2008 is as follows:

EUR million	Carrying amount	Fair value allocations	**Fair value**
Intangible assets	0	10	**10**
Property, plant and equipment	7	-	**7**
Inventories	19	-	**19**
Trade and other receivables	12	-	**12**
Deferred tax liabilities	0	(3)	**(3)**
Minority interests	(3)	-	**(3)**
Other liabilities assumed	(19)	-	**(19)**
Non-interest bearing net assets	16	7	**23**
Cash and cash equivalents acquired			**13**
Pre-acquisition investment in associated companies (Valmet-Xi'an)			**(6)**
Debt assumed			**(10)**
Purchase price			**(34)**
Goodwill			**14**
Purchase price settled in cash			**(34)**
Settlement of acquired debt			**(10)**
Cash and cash equivalents acquired			**13**
Net cash outflow on acquisitions			**(31)**

Assets pledged and contingent liabilities

EUR million	Sep 30, 2008	Sep 30, 2007	Dec 31, 2007
Mortgages on corporate debt	**4**	9	9
Other pledges and contingencies			
Mortgages	**1**	2	2
Pledged assets	**0**	0	0
Guarantees on behalf of associated company obligations	**-**	-	-
Other guarantees	**9**	9	11
Repurchase and other commitments	**7**	8	8
Lease commitments	**144**	155	142

Notional amounts of derivative financial instruments

EUR million	Sep 30, 2008	Sep 30, 2007	Dec 31, 2007
Forward exchange rate contracts	**1,594**	1,204	1,387
Interest rate and currency swaps	**-**	1	0
Currency swaps	**-**	1	-
Interest rate swaps	**143**	143	143
Option agreements			
Bought	**24**	3	-
Sold	**24**	3	-

The notional amount of electricity forwards was 542 GWh as of Sep 30, 2008 and 454 GWh as of Sep 30, 2007.

The notional amount of nickel forwards to hedge stainless steel prices was 324 tons as of Sep 30, 2008 and 378 tons as of Sep 30, 2007.

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

Key ratios

	1-9/2008	1-9/2007	1-12/2007
Earnings per share, EUR	**1.96**	1.84	2.69
Equity/share at end of period, EUR	**10.10**	10.69	11.36
Return on equity (ROE), % (annualized)	**24.5**	24.0	25.4
Return on capital employed (ROCE) before tax, % (annualized)	**23.3**	24.7	26.1
Return on capital employed (ROCE) after tax, % (annualized)	**17.3**	18.0	19.0
Equity to assets ratio at end of period, %	**31.5**	36.0	37.7
Gearing at end of period, %	**72.2**	34.3	33.4
Free cash flow	**51**	198	198
Free cash flow/share	**0.36**	1.40	1.40
Gross capital expenditure (excl. business acquisitions)	**201**	110	159
Business acquisitions, net of cash acquired	**31**	47	55
Depreciation and amortization	**102**	110	148
Number of outstanding shares at end of period (thousands)	**141,625**	141,489	141,487
Average number of shares (thousands)	**141,585**	141,450	141,460

Exchange rates used

		1-9/2008	1-9/2007	1-12/2007	Sep 30, 2008	Sep 30, 2007	Dec 31, 2007
USD	(US dollar)	**1.5257**	1.3515	1.3797	**1.4303**	1.4179	1.4721
SEK	(Swedish krona)	**9.4575**	9.2383	9.2647	**9.7943**	9.2147	9.4415
GBP	(Pound sterling)	**0.7846**	0.6780	0.6873	**0.7903**	0.6968	0.7334
CAD	(Canadian dollar)	**1.5491**	1.4782	1.4663	**1.4961**	1.4122	1.4449
BRL	(Brazilian real)	**2.5819**	2.6877	2.6623	**2.7525**	2.6037	2.5949

Formulas for calculation of indicators

Earnings/share:

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

Equity/share:

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

Return on equity (ROE), %:

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

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

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

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

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

Gearing, %:

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

Equity to assets ratio, %:

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

Free cash flow:

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

= Free cash flow

Business area information

Net sales

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Metso Paper	**598**	642	**1,947**	2,016	2,856	2,925
Metso Minerals	**744**	649	**2,065**	1,837	2,835	2,607
Metso Automation	**192**	165	**544**	485	757	698
Valmet Automotive	**10**	17	**52**	64	73	85
Corporate office and other	**-**	-	**-**	-	-	-
Corporate office and others total	**10**	17	**52**	64	73	85
Intra Metso net sales	**(16)**	(21)	**(47)**	(48)	(64)	(65)
Metso total	**1,528**	1,452	**4,561**	4,354	6,457	6,250

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

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Metso Paper	**1.7**	4.2	**3.3**	2.8	(11.0)	(11.5)
Metso Minerals	**2.4**	2.0	**4.1**	3.4	8.4	7.7
Metso Automation	**(0.2)**	0.2	**(0.2)**	0.3	1.9	2.4
Valmet Automotive	**0.0**	0.0	**0.0**	0.0	0.0	0.0
Corporate office and other	**0.4**	(0.1)	**0.4**	2.5	0.4	2.5
Corporate office and others total	**0.4**	(0.1)	**0.4**	2.5	0.4	2.5
Metso total	**4.3**	6.3	**7.6**	9.0	(0.3)	1.1

Share in profits of associated companies

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Metso Paper	**0.0**	0.0	**0.7**	0.5	1.3	1.1
Metso Minerals	**0.0**	0.0	**0.1**	0.0	0.4	0.3
Metso Automation	**0.4**	0.3	**0.9**	1.3	1.0	1.4
Valmet Automotive	**-**	-	**-**	-	-	-
Corporate office and other	**-**	-	**-**	-	-	-
Corporate office and others total	**-**	-	**-**	-	-	-
Metso total	**0.4**	0.3	**1.7**	1.8	2.7	2.8

Operating profit (loss)

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Metso Paper	**43.2**	36.2	**103.6**	97.3	143.2	136.9
Metso Minerals	**107.9**	85.2	**291.2**	248.7	405.1	362.6
Metso Automation	**32.3**	25.8	**75.3**	64.6	109.5	98.8
Valmet Automotive	**(2.9)**	1.7	**(1.0)**	7.1	(0.1)	8.0
Corporate office and other	**(8.2)**	(5.5)	**(22.0)**	(17.6)	(30.9)	(26.5)
Corporate office and others total	**(11.1)**	(3.8)	**(23.0)**	(10.5)	(31.0)	(18.5)
Metso total	**172.3**	143.4	**447.1**	400.1	626.8	579.8

Operating profit (loss), % of net sales

%	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Metso Paper	**7.2**	5.6	**5.3**	4.8	5.0	4.7
Metso Minerals	**14.5**	13.1	**14.1**	13.5	14.3	13.9
Metso Automation	**16.8**	15.6	**13.8**	13.3	14.5	14.2
Valmet Automotive	**(29.0)**	10.0	**(1.9)**	11.1	(0.1)	9.4
Corporate office and other	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Corporate office and others total	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Metso total	**11.3**	9.9	**9.8**	9.2	9.7	9.3

EBITA

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Metso Paper	**48.4**	48.2	**129.1**	133.0	180.6	184.5
Metso Minerals	**109.2**	86.3	**295.2**	251.9	410.4	367.1
Metso Automation	**33.5**	26.2	**77.6**	65.7	112.3	100.4
Valmet Automotive	**(2.8)**	1.7	**(0.9)**	7.1	0.1	8.1
Corporate office and other	**(7.6)**	(5.1)	**(20.1)**	(16.2)	(28.6)	(24.7)
Corporate office and others total	**(10.4)**	(3.4)	**(21.0)**	(9.1)	(28.5)	(16.6)
Metso total	**180.7**	157.3	**480.9**	441.5	674.8	635.4

EBITA, % of net sales

%	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Metso Paper	**8.1**	7.5	**6.6**	6.6	6.3	6.3
Metso Minerals	**14.7**	13.3	**14.3**	13.7	14.5	14.1
Metso Automation	**17.4**	15.9	**14.3**	13.5	14.8	14.4
Valmet Automotive	**(28.0)**	10.0	**(1.7)**	11.1	0.1	9.5
Corporate office and other	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Corporate office and others total	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Metso total	**11.8**	10.8	**10.5**	10.1	10.5	10.2

Orders received

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Metso Paper	**1,252**	515	**2,291**	2,271	3,129	3,109
Metso Minerals	**819**	745	**2,589**	2,314	3,350	3,075
Metso Automation	**189**	185	**617**	598	782	763
Valmet Automotive	**10**	17	**52**	64	73	85
Corporate office and other	**-**	-	**-**	-	-	-
Corporate office and others total	**10**	17	**52**	64	73	85
Intra Metso orders received	**(24)**	(22)	**(54)**	(53)	(68)	(67)
Metso total	**2,246**	1,440	**5,495**	5,194	7,266	6,965

Quarterly information

Net sales

EUR million	7-9/2007	10-12/2007	1-3/2008	4-6/2008	7-9/2008
Metso Paper	642	909	648	701	**598**
Metso Minerals	649	770	583	738	**744**
Metso Automation	165	213	158	194	**192**
Valmet Automotive	17	21	23	19	**10**
Corporate office and other	-	-	-	-	**-**
Corporate office and others total	17	21	23	19	**10**
Intra Metso net sales	(21)	(17)	(12)	(19)	**(16)**
Metso total	1,452	1,896	1,400	1,633	**1,528**

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

EUR million	7-9/2007	10-12/2007	1-3/2008	4-6/2008	7-9/2008
Metso Paper	4.2	(14.3)	(0.7)	2.3	**1.7**
Metso Minerals	2.0	4.3	6.1	(4.4)	**2.4**
Metso Automation	0.2	2.1	0.8	(0.8)	**(0.2)**
Valmet Automotive	0.0	0.0	0.0	0.0	**0.0**
Corporate office and other	(0.1)	0.0	(0.7)	0.7	**0.4**
Corporate office and others total	(0.1)	0.0	(0.7)	0.7	**0.4**
Metso total	6.3	(7.9)	5.5	(2.2)	**4.3**

Operating profit (loss)

EUR million	7-9/2007	10-12/2007	1-3/2008	4-6/2008	7-9/2008
Metso Paper	36.2	39.6	27.2	33.2	**43.2**
Metso Minerals	85.2	113.9	83.1	100.2	**107.9**
Metso Automation	25.8	34.2	17.4	25.6	**32.3**
Valmet Automotive	1.7	0.9	1.0	0.9	**(2.9)**
Corporate office and other	(5.5)	(8.9)	(9.1)	(4.7)	**(8.2)**
Corporate office and others total	(3.8)	(8.0)	(8.1)	(3.8)	**(11.1)**
Metso total	143.4	179.7	119.6	155.2	**172.3**

EBITA

EUR million	7-9/2007	10-12/2007	1-3/2008	4-6/2008	7-9/2008
Metso Paper	48.2	51.5	39.0	41.7	**48.4**
Metso Minerals	86.3	115.2	84.4	101.6	**109.2**
Metso Automation	26.2	34.7	17.8	26.3	**33.5**
Valmet Automotive	1.7	1.0	1.0	0.9	**(2.8)**
Corporate office and other	(5.1)	(8.5)	(8.5)	(4.0)	**(7.6)**
Corporate office and others total	(3.4)	(7.5)	(7.5)	(3.1)	**(10.4)**
Metso total	157.3	193.9	133.7	166.5	**180.7**

Capital employed

EUR million	Sep 30, 2007	Dec 31, 2007	Mar 31, 2008	June 30, 2008	**Sep 30, 2008**
Metso Paper	593	674	772	784	**774**
Metso Minerals	1,045	1,106	1,166	1,221	**1,319**
Metso Automation	201	214	210	268	**271**
Valmet Automotive	29	21	22	22	**23**
Corporate office and other	444	419	533	496	**372**
Corporate office and others total	473	440	555	518	**395**
Metso total	2,312	2,434	2,703	2,791	**2,759**

Orders received

EUR million	7-9/2007	10-12/2007	1-3/2008	4-6/2008	**7-9/2008**
Metso Paper	515	838	541	498	**1,252**
Metso Minerals	745	761	740	1 030	**819**
Metso Automation	185	165	220	208	**189**
Valmet Automotive	17	21	23	19	**10**
Corporate office and other	-	-	-	-	**-**
Corporate office and others total	17	21	23	19	**10**
Intra Metso orders received	(22)	(14)	(15)	(15)	**(24)**
Metso total	1,440	1,771	1,509	1,740	**2,246**

Order backlog

EUR million	Sep 30, 2007	Dec 31, 2007	Mar 31, 2008	June 30, 2008	**Sep 30, 2008**
Metso Paper	2,455	2,363	2,241	2,040	**2,676**
Metso Minerals	1,728	1,690	1,758	2,067	**2,185**
Metso Automation	382	332	387	428	**433**
Valmet Automotive	-	-	-	-	**-**
Corporate office and other	-	-	-	-	**-**
Corporate office and others total	-	-	-	-	**-**
Intra Metso order backlog	(46)	(44)	(46)	(41)	**(50)**
Metso total	4,519	4,341	4,340	4,494	**5,244**

Personnel	Sep 30, 2007	Dec 31, 2007	Mar 31, 2008	June 30, 2008	**Sep 30, 2008**
Metso Paper	11,774	11,694	11,522	11,818	**12,410**
Metso Minerals	10,194	10,446	10,762	11,215	**11,560**
Metso Automation	3,523	3,564	3,628	3,870	**3,837**
Valmet Automotive	777	789	789	779	**579**
Corporate office and other	335	344	361	387	**376**
Corporate office and others total	1,112	1,133	1,150	1,166	**955**
Metso total	26,603	26,837	27,062	28,069	**28,762**

Business area information by new operating structure

Net sales

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Mining and Construction Technology	**670**	570	**1,869**	1,647	2,552	2,330
Energy and Environment Technology	**423**	372	**1,272**	1,069	1,746	1,543
Paper and Fiber Technology	**441**	515	**1,417**	1,626	2,155	2,364
Valmet Automotive	**10**	17	**52**	64	73	85
Corporate office and other	**-**	-	**-**	-	-	-
Corporate office and others total	**10**	17	**52**	64	73	85
Intra Metso net sales	**(16)**	(22)	**(49)**	(52)	(69)	(72)
Metso total	**1,528**	1,452	**4,561**	4,354	6,457	6,250

Operating profit (loss)

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Mining and Construction Technology	**97.8**	72.5	**267.0**	221.3	365.5	319.8
Energy and Environment Technology	**50.0**	40.7	**120.0**	95.7	174.6	150.3
Paper and Fiber Technology	**35.6**	34.0	**83.1**	93.6	117.7	128.2
Valmet Automotive	**(2.9)**	1.7	**(1.0)**	7.1	(0.1)	8.0
Corporate office and other	**(8.2)**	(5.5)	**(22.0)**	(17.6)	(30.9)	(26.5)
Corporate office and others total	**(11.1)**	(3.8)	**(23.0)**	(10.5)	(31.0)	(18.5)
Metso total	**172.3**	143.4	**447.1**	400.1	626.8	579.8

Operating profit (loss), % of net sales

%	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Mining and Construction Technology	**14.6**	12.7	**14.3**	13.4	14.3	13.7
Energy and Environment Technology	**11.8**	10.9	**9.4**	9.0	10.0	9.7
Paper and Fiber Technology	**8.1**	6.6	**5.9**	5.8	5.5	5.4
Valmet Automotive	**(29.0)**	10.0	**(1.9)**	11.1	(0.1)	9.4
Corporate office and other	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Corporate office and others total	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Metso total	**11.3**	9.9	**9.8**	9.2	9.7	9.3

EBITA

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Mining and Construction Technology	**98.6**	73.4	**269.3**	224.1	369.1	323.9
Energy and Environment Technology	**54.5**	41.5	**137.8**	98.0	193.2	153.4
Paper and Fiber Technology	**38.0**	45.8	**94.8**	128.5	141.0	174.7
Valmet Automotive	**(2.8)**	1.7	**(0.9)**	7.1	0.1	8.1
Corporate office and other	**(7.6)**	(5.1)	**(20.1)**	(16.2)	(28.6)	(24.7)
Corporate office and others total	**(10.4)**	(3.4)	**(21.0)**	(9.1)	(28.5)	(16.6)
Metso total	**180.7**	157.3	**480.9**	441.5	674.8	635.4

EBITA, % of net sales

%	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Mining and Construction Technology	**14.7**	12.9	**14.4**	13.6	14.5	13.9
Energy and Environment Technology	**12.9**	11.2	**10.8**	9.2	11.1	9.9
Paper and Fiber Technology	**8.6**	8.9	**6.7**	7.9	6.5	7.4
Valmet Automotive	**(28.0)**	10.0	**(1.7)**	11.1	0.1	9.5
Corporate office and other	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Corporate office and others total	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Metso total	**11.8**	10.8	**10.5**	10.1	10.5	10.2

Orders received

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	10/2007-9/2008	1-12/2007
Mining and Construction Technology	**747**	662	**2,370**	2,071	3,075	2,776
Energy and Environment Technology	**609**	395	**1,358**	1,517	1,725	1,884
Paper and Fiber Technology	**940**	387	**1,814**	1,595	2,512	2,293
Valmet Automotive	**10**	17	**52**	64	73	85
Corporate office and other	**-**	-	**-**	-	-	-
Corporate office and others total	**10**	17	**52**	64	73	85
Intra Metso orders received	**(60)**	(21)	**(99)**	(53)	(119)	(73)
Metso total	**2,246**	1,440	**5,495**	5,194	7,266	6,965

Quarterly information by new operating structure

Net sales

EUR million	7-9/2007	10-12/2007	1-3/2008	4-6/2008	**7-9/2008**
Mining and Construction Technology	570	683	534	665	**670**
Energy and Environment Technology	372	474	373	476	**423**
Paper and Fiber Technology	515	738	483	493	**441**
Valmet Automotive	17	21	23	19	**10**
Corporate office and other	-	-	-	-	**-**
Corporate office and others total	17	21	23	19	**10**
Intra Metso net sales	(22)	(20)	(13)	(20)	**(16)**
Metso total	1,452	1,896	1,400	1,633	**1,528**

Operating profit (loss)

EUR million	7-9/2007	10-12/2007	1-3/2008	4-6/2008	**7-9/2008**
Mining and Construction Technology	72.5	98.5	78.2	91.0	**97.8**
Energy and Environment Technology	40.7	54.6	25.1	44.9	**50.0**
Paper and Fiber Technology	34.0	34.6	24.4	23.1	**35.6**
Valmet Automotive	1.7	0.9	1.0	0.9	**(2.9)**
Corporate office and other	(5.5)	(8.9)	(9.1)	(4.7)	**(8.2)**
Corporate office and others total	(3.8)	(8.0)	(8.1)	(3.8)	**(11.1)**
Metso total	143.4	179.7	119.6	155.2	**172.3**

EBITA

EUR million	7-9/2007	10-12/2007	1-3/2008	4-6/2008	**7-9/2008**
Mining and Construction Technology	73.4	99.8	78.9	91.8	**98.6**
Energy and Environment Technology	41.5	55.4	32.9	50.4	**54.5**
Paper and Fiber Technology	45.8	46.2	29.4	27.4	**38.0**
Valmet Automotive	1.7	1.0	1.0	0.9	**(2.8)**
Corporate office and other	(5.1)	(8.5)	(8.5)	(4.0)	**(7.6)**
Corporate office and others total	(3.4)	(7.5)	(7.5)	(3.1)	**(10.4)**
Metso total	157.3	193.9	133.7	166.5	**180.7**

Capital employed

EUR million	Sep 30, 2007	Dec 31, 2007	Mar 31, 2008	June 30, 2008	**Sep 30, 2008**
Mining and Construction Technology	962	1,004	1,067	1,120	**1,226**
Energy and Environment Technology	498	532	524	621	**641**
Paper and Fiber Technology	379	458	557	532	**497**
Valmet Automotive	29	21	22	22	**23**
Corporate office and other	444	419	533	496	**372**
Corporate office and others total	473	440	555	518	**395**
Metso total	2,312	2,434	2,703	2,791	**2,759**

Orders received

EUR million	7-9/2007	10-12/2007	1-3/2008	4-6/2008	**7-9/2008**
Mining and Construction Technology	662	705	687	936	**747**
Energy and Environment Technology	395	367	382	367	**609**
Paper and Fiber Technology	387	698	433	441	**940**
Valmet Automotive	17	21	23	19	**10**
Corporate office and other	-	-	-	-	**-**
Corporate office and others total	17	21	23	19	**10**
Intra Metso orders received	(21)	(20)	(16)	(23)	**(60)**
Metso total	1,440	1,771	1,509	1,740	**2,246**

Order backlog

EUR million	Sep 30, 2007	Dec 31, 2007	Mar 31, 2008	June 30, 2008	**Sep 30, 2008**
Mining and Construction Technology	1,500	1,496	1,562	1,850	**1,964**
Energy and Environment Technology	1,456	1,337	1,331	1,253	**1,443**
Paper and Fiber Technology	1,607	1,553	1,494	1,441	**1,931**
Valmet Automotive	-	-	-	-	**-**
Corporate office and other	-	-	-	-	**-**
Corporate office and others total	-	-	-	-	**-**
Intra Metso order backlog	(44)	(45)	(47)	(50)	**(94)**
Metso total	4,519	4,341	4,340	4,494	**5,244**

Personnel	Sep 30, 2007	Dec 31, 2007	Mar 31, 2008	June 30, 2008	**Sep 30, 2008**
Mining and Construction Technology	9,535	9,754	10,063	10,503	**10,829**
Energy and Environment Technology	5,772	5,857	5,957	6,311	**6,317**
Paper and Fiber Technology	10,184	10,093	9,892	10,089	**10,661**
Valmet Automotive	777	789	789	779	**579**
Corporate office and other	335	344	361	387	**376**
Corporate office and others total	1,112	1,133	1,150	1,166	**955**
Metso total	26,603	26,837	27,062	28,069	**28,762**

Notes to the Interim Review

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

New accounting standards

IFRS 8

In November 2006, IASB issued IFRS 8 'Operating Segments', which requires the company to adopt the 'management approach' to reporting on the financial performance of its operating segments. Thus, the information to be reported would be what management uses internally for evaluating segment performance. Metso is currently evaluating the effects on its financial statements. However, it does not expect the standard to affect its current segment structure.

IFRS 8 is effective for annual financial statements for periods beginning on or after January 1, 2009. Earlier adoption is permitted.

Metso will apply the standard for the financial year beginning on January 1, 2009.

IAS 1 (Revised)

IASB has published IAS 1 (Revised) 'Presentation of Financial Statements'. The revised standard is aimed at improving users' ability to analyze and compare the information given in financial statements by separating changes in the equity of an entity arising from transactions with owners from other changes in equity.

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

Provided the standard is endorsed by the European Union before the end of 2008, Metso will apply the standard for the financial year beginning on January 1, 2009.

IFRS 3 (Revised)

IASB has published IFRS 3 (Revised), 'Business combinations'. The revised standard continues to apply the acquisition method to business combinations, with some significant changes such as expensing of transaction costs. In addition, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. Metso is currently evaluating the effects on its financial statements.

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

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

IAS 23 (Amended)

IASB has published Amendment to IAS 23 'Borrowing Costs', which requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset can be intended for its own use (self-constructed asset) or for sale. The option of immediately expensing these borrowing costs will be removed. The amendment does not change the accounting policy applied by the group to self-constructed assets and, therefore, should not have any material impact on the group's financial statements. However, the implementation of the amendment to qualifying assets for sale is under review and its effects are being evaluated by Metso.

The amendment is effective for annual periods beginning on or after January 1, 2009. The standard is still subject to endorsement by the European Union.

Provided the amendment receives endorsement by the European Union, Metso will apply the standard for the financial year beginning on January 1, 2009.

IAS 27 (Revised)

IASB has published IAS 27 (Revised), 'Consolidated and separate financial statements'. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is expensed. Metso is currently evaluating the effects on its financial statements.

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

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

IFRS 2 (Amended)

IASB published in January 2008 an amendment to IFRS 2 'Share-based payments' clarifying the accounting of vesting conditions and cancellations. Vesting conditions are limited to service and performance conditions, other features are not vesting conditions and only impact the grant date fair value. Cancellations, whether by the Company or by other parties, receive similar accounting treatment. Metso is currently evaluating the effects of the amendment to its financial statements.

The amendment is effective for annual financial statements for periods beginning on or after January 1, 2009. The standard is still subject to endorsement by the European Union.

Pending on the endorsement by the European Union, Metso will apply the standard for the financial year beginning on January 1, 2009.

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

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

Decisions of the Annual General Meeting

The Annual General Meeting of Metso Corporation on April 2, 2008 approved the accounts for 2007 as presented by the Board of Directors and decided to discharge the members of the Board of Directors and the President and CEO of Metso Corporation from liability for the financial year 2007. In addition, the Annual General Meeting approved the proposals of the Board of Directors to authorize the Board to decide upon repurchasing the Corporation's own shares, arranging a share issue, granting special rights and decreasing the share premium reserve and the legal reserve.

The Annual General Meeting decided to establish a Nomination Committee of the Annual General Meeting to prepare proposals for the next Annual General Meeting in respect of the composition of the Board of Directors and director remuneration. The Nomination Committee consists of the representatives appointed by the four biggest shareholders and the Chairman of Metso's Board as an expert member.

Matti Kavetvuo was re-elected as the Chairman of the Board and Jaakko Rauramo was re-elected as the Vice Chairman. Jukka Viinanen and Arto Honkaniemi were elected as new members of the Board. Board members re-elected were Maija-Liisa Friman, Christer Gardell and Yrjö Neuvo. The term of office of Board members lasts until the end of the next Annual General Meeting.

The Annual General Meeting decided that the annual remunerations for Board members be EUR 92,000 for the Chairman, EUR 56,000 for the Vice Chairman and EUR 45,000 for the members and that the meeting fee including committee meetings be EUR 600 per meeting. The auditing company PricewaterhouseCoopers Oy, Authorized Public Accountants, was re-elected as the Corporation's Auditor until the end of the next Annual General Meeting.

The Annual General Meeting decided that a dividend of EUR 3.00 per share be paid for the financial year which ended on December 31, 2007. The dividend comprises an ordinary dividend of EUR 1.65 per share and an extra dividend of EUR 1.35 per share. The dividend was paid on April 15, 2008.

Members of Metso's Board Committees

Metso Corporation's Board of Directors elected from its midst the members of the Audit Committee and Compensation Committee at its assembly meeting. The Board's Audit Committee consists of Maija-Liisa Friman (Chairman), Arto Honkaniemi and Jukka Viinanen. The Board's Compensation Committee consists of Matti Kavetvuo (Chairman), Christer Gardell, Yrjö Neuvo and Jaakko Rauramo.

Share ownership plan

Metso has a share ownership plan for 2006–2008. The maximum number of shares to be allocated in the incentive plan is 360,000 Metso Corporation shares. The 2007 share ownership plan comprised 90 Metso executives, including the entire Executive Team. At the end of March 2008, 70,949 shares were distributed as rewards, corresponding to approximately 0.05 percent of all Metso shares. Members of the Executive Team received 14,966 shares.

Metso's Board of Directors decided in February on the number of shares to be allocated for 2008 plan and the criteria for earning them. The potential reward from the plan will be based on the operating profit of Metso and its business areas in 2008. In 2008, the share ownership plan will cover a maximum of 130,000 Metso shares, corresponding to 0.09 percent of all Metso shares. Metso's entire Executive Team is covered by the 2008 plan, and a maximum of 26,000 shares has been allocated to Executive Team members. The maximum reward from the plan is limited to each person's annual salary. The payment of rewards will be decided during the first quarter of 2009.

Shares, options and share capital

At the end of September, Metso's share capital was EUR 240,982,843.80 and the number of shares was 141,754,614. The number of shares includes 60,841 Metso shares held by the parent company and 69,141 Metso shares held by a limited partnership consolidated in Metso's consolidated financial statements. Together these represent 0.09 percent of all the shares and votes. The average number of shares outstanding in January-September, excluding Metso shares held by the company, was 141,585,385.

Metso's Annual General meeting on April 2, 2008, decided to decrease the share premium reserve and the legal reserve. The decreased amounts have been transferred to the invested non-restricted equity as of August 7, 2008.

In August, Metso's Board of Directors decided to cancel the remaining 100,000 year 2003A stock options. Following this and earlier cancellations and share subscriptions there are no options outstanding or available from any of Metso's option programs for subscription of shares in Metso Corporation.

Metso's market capitalization, excluding Metso shares held by the company, was EUR 2,418 million on September 30, 2008.

Trading of Metso shares

The number of Metso Corporation shares traded on the NASDAQ OMX in Helsinki Exchange in January-September was 254,194,469 shares, equivalent to a turnover of EUR 7,377 million. The share price on September 30, 2008 was EUR 17.07 and the average trading price for the period was EUR 29.02. The highest quotation during the review period was EUR 38.56 and the lowest EUR 15.85.

Metso's ADSs (American Depositary Shares) are traded in the United States on the OTC market. On September 30, 2008, the closing price of an ADS was USD 24.44. Each ADS represents one share.

Disclosures of changes in holdings

On April 15, 2008 UBS AG announced that the funds they managed held 7,274,140 Metso shares corresponding to 5.13 percent of the paid up share capital and votes in Metso Corporation.

UBS AG announced that on April 18, 2008 the group holding in Metso shares fell below the 5 percent threshold. The holding amounted to 7,072,425 shares, which corresponds to 4.99 percent of the paid up share capital and votes in Metso Corporation.

No disclosures of changes in holdings were received during the third quarter of 2008.

Credit ratings

In April, Standard & Poor's affirmed the BBB long-term credit ratings for Metso and changed the outlook from stable to positive. At the same time, the senior unsecured debt ratings were raised from BBB- to BBB. The short-term A-2 ratings were affirmed.

In October 2007, Moody's Investor Service maintained its long-term rating for Metso at Baa2 and estimated the rating outlook to be stable.

Metso's Financial Reporting in 2009

Metso's Financial Statements for 2008 will be published on February 4, 2009.
The Interim Review for January - March 2009 will be published on April 28.
The Interim Review for January - June 2009 will be published on July 24.
The Interim Review for January - September 2009 will be published on October 29.

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