



Metso
Capital Markets
Day 2012

On the way forward

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Capital Markets Day
December 11, 2012
Vantaa, Finland

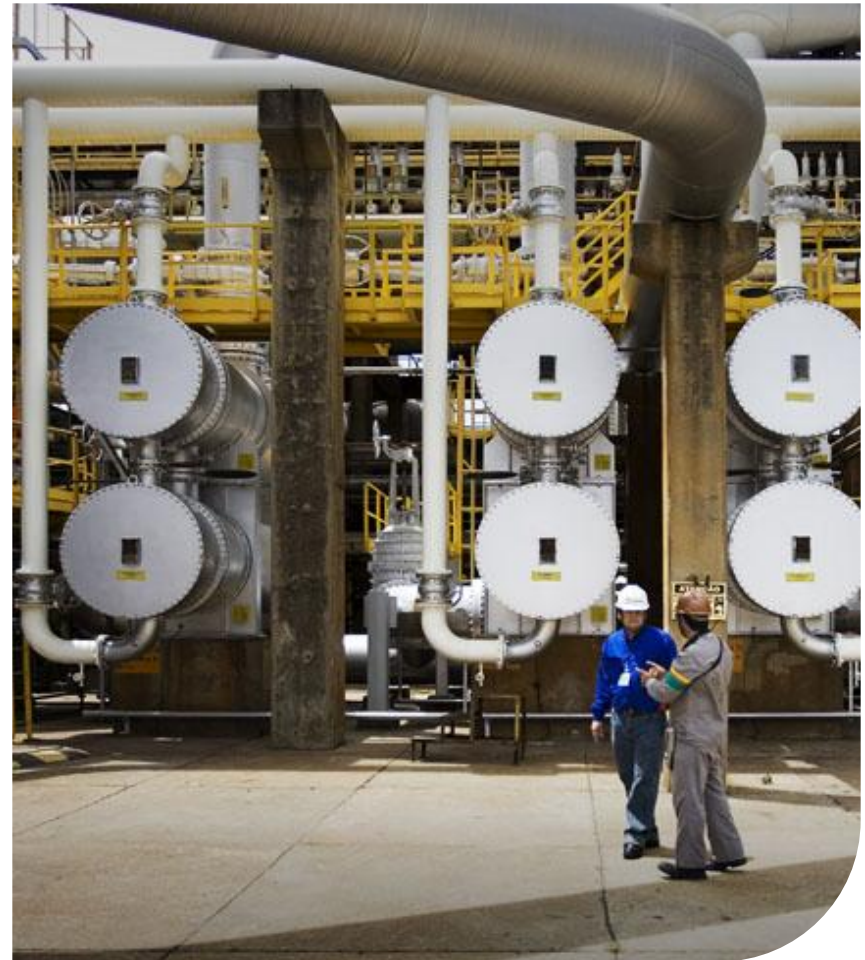


Content

1. Automation is an attractive industry
2. Megatrends support our growth
3. We have strong position and capabilities to grow our business
4. We have ambitious targets
5. Conclusions

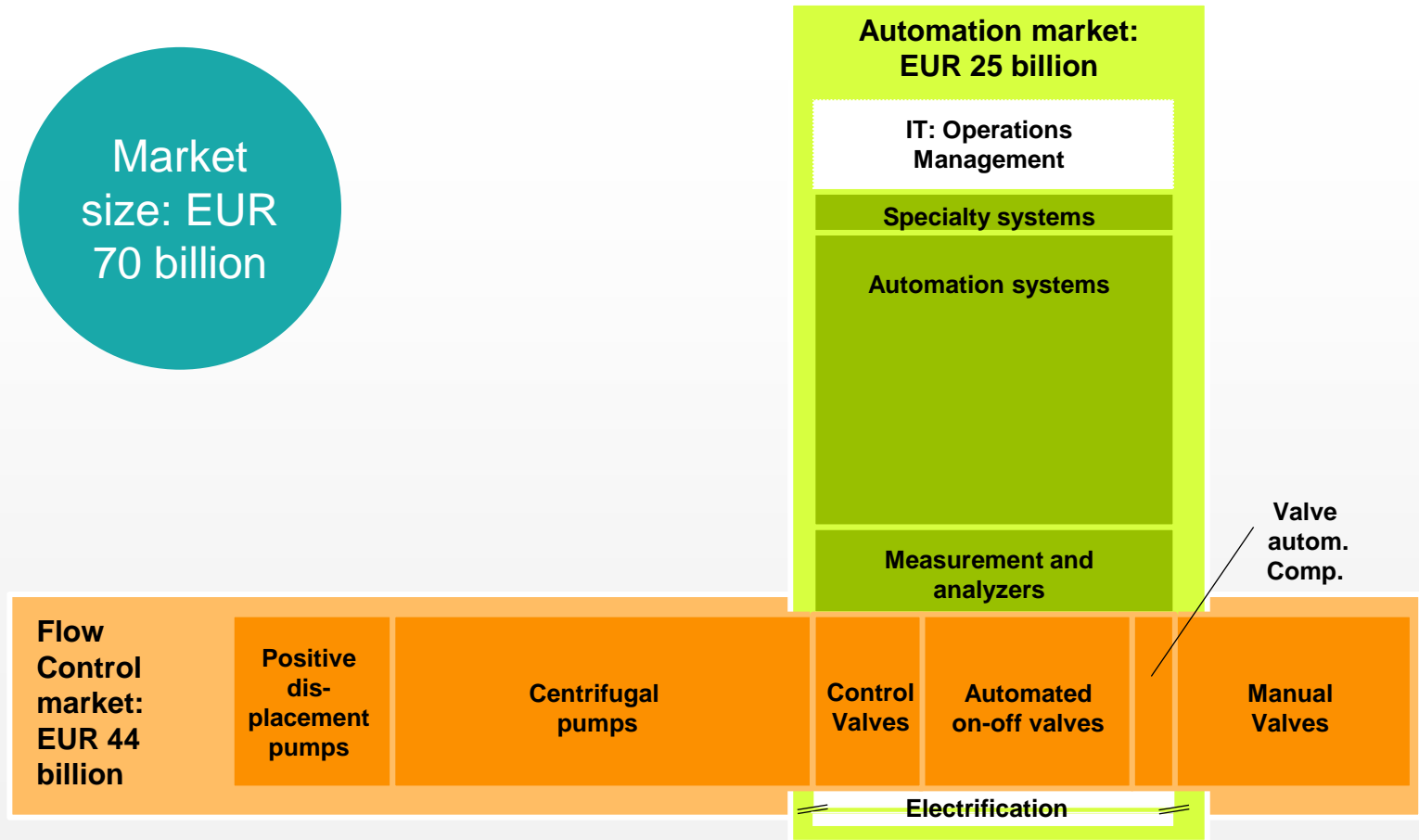
Key messages a year ago and developments since

- “Automation is an attractive business, both in terms of growth and profitability”
→ very much so
- “We have strong platforms to build on”
- “We will grow organically as well as through acquisitions”



Automation industry is very large and diverse in scope

Market size: EUR 70 billion



Source: ARC, Frost & Sullivan, metso own estimates

Automation growth is driven by megatrends

Globalizing economy

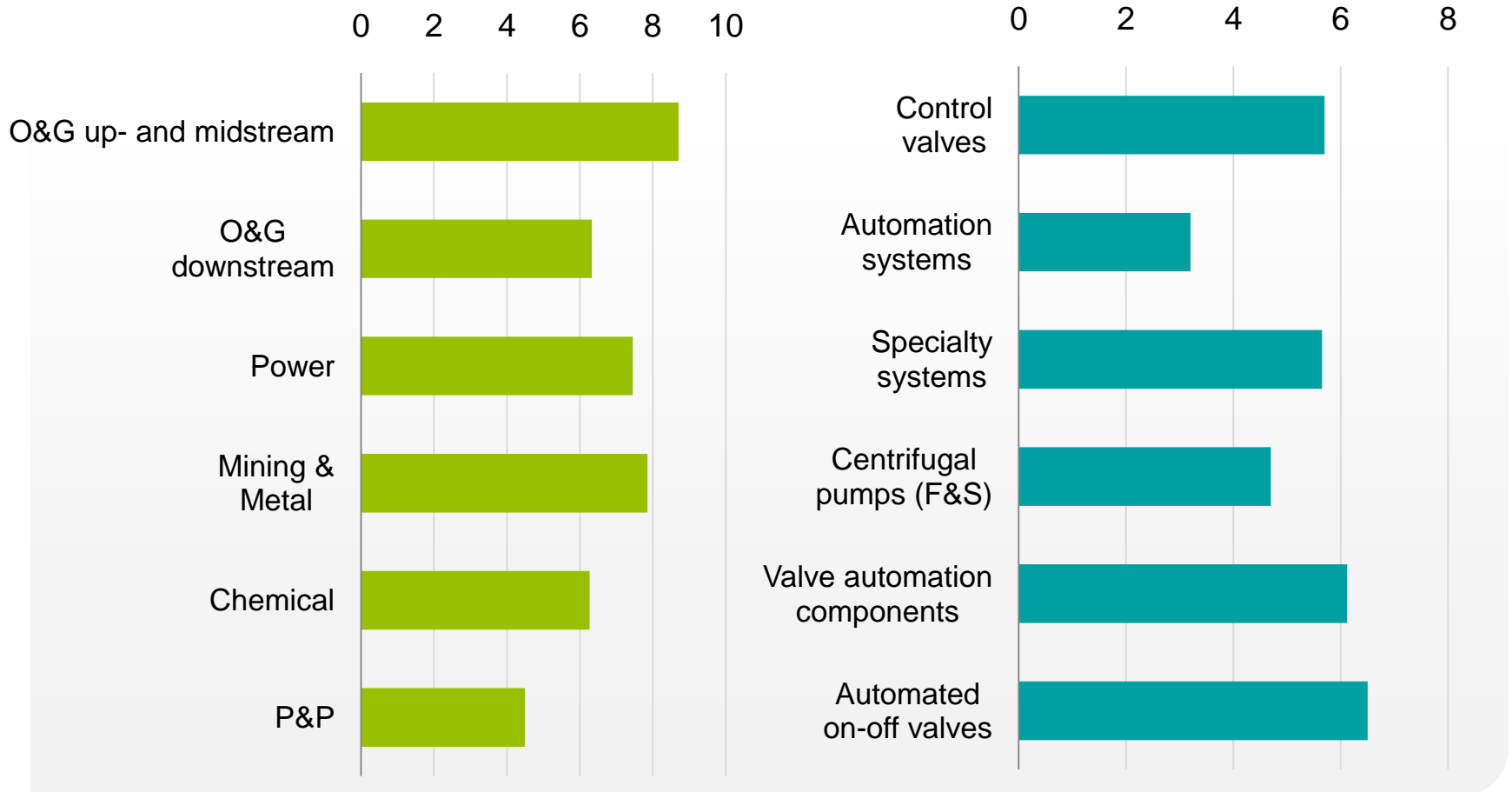
Rise of emerging economies

Sustainability and climate change

Automation helps process industries generate more output from less input, while generating less waste and pollution

Growth is expected in all segments

Automation industry CAGR 2011-2016, %



Source: ARC, Frost & Sullivan

Key messages a year ago and developments since

- “Automation is an attractive business both in terms of growth and profitability”
→ very much so
- “We have strong platforms to build on”
→ we have integrated and strengthened our platform during 2012
- “We will grow organically as well as through acquisitions”



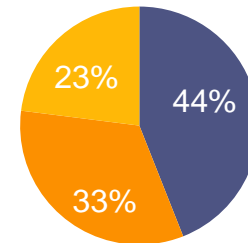
Automation

Overview

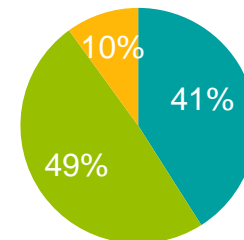


- Automation segment was established beginning of 2012
- Metso sees lots of opportunities for growing and expanding Automation as an independent business
- Our core is to improve availability, performance, and risk control for our customers in process industries so that they can extract maximum value from their assets
- Our products and services include automation systems, control and automated valves, and measurement & control products
- Our current position is strong in selected niches
- Focus on the energy and pulp & paper industries and other selected industry sub-segments

Net sales in 1-9/2012
EUR 626 million



■ Services
■ Flow control capital
■ Process Automation Systems capital



■ Pulp & Paper
■ Energy, oil and gas
■ Power



Approx. 3,800 employees

We have strong position on the global markets



Process Automation Systems

- Market size
 - Total global market: EUR 25 billion
 - Market for current offering: EUR 5 billion
- Market position
 - Pulp & paper control systems #3
 - Power control systems #9
 - Strong in selected niches

Flow Control

- Market size
 - Total global market: EUR 44 billion
 - Market for current offering: EUR 10 billion
- Market position
 - Pulp & paper control valves #1
 - Oil & gas control valves #4
 - Refining control valves #4
 - Chemical control valves #6

Actions taken to integrate and consolidate our platform during 2012

- Reorganization from three independent business lines into an integrated Automation business
- Establishment of a services business line
- Significant operational improvements in our biggest valve facility (Metso Valve Technology Center, Vantaa, Finland)
- Program to improve GP% and our overall cost position
- Defending our traditional areas of strength
 - PAS orders outside Metso packages highest ever
 - Global #1 in QCS* (first time ever)
 - Orders for Pulp and paper valves up year-on-year

*QCS= Quality Control System; one of our main products for the paper industry

Key messages a year ago and developments since

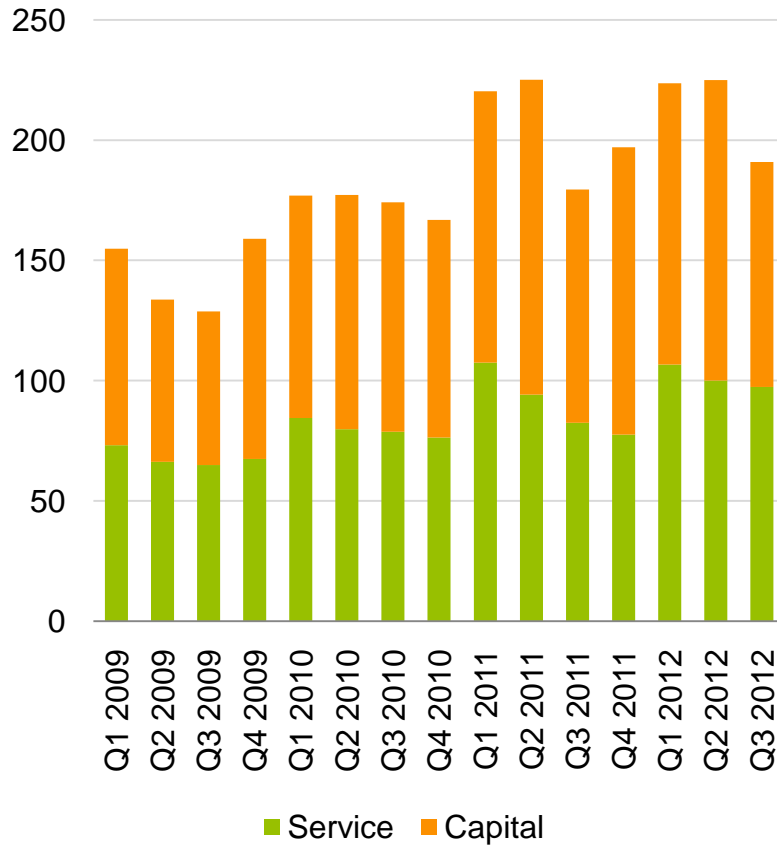
- “Automation is an attractive business both in terms of growth and profitability”
→ very much so
- “We have strong platforms to build on”
→ we have integrated and solidified our platform during the year 2012
- “We will grow organically as well as through acquisitions”
→ satisfactory/good progress considering the actions we have taken to consolidate our platform



Volume is growing, despite quarterly fluctuations

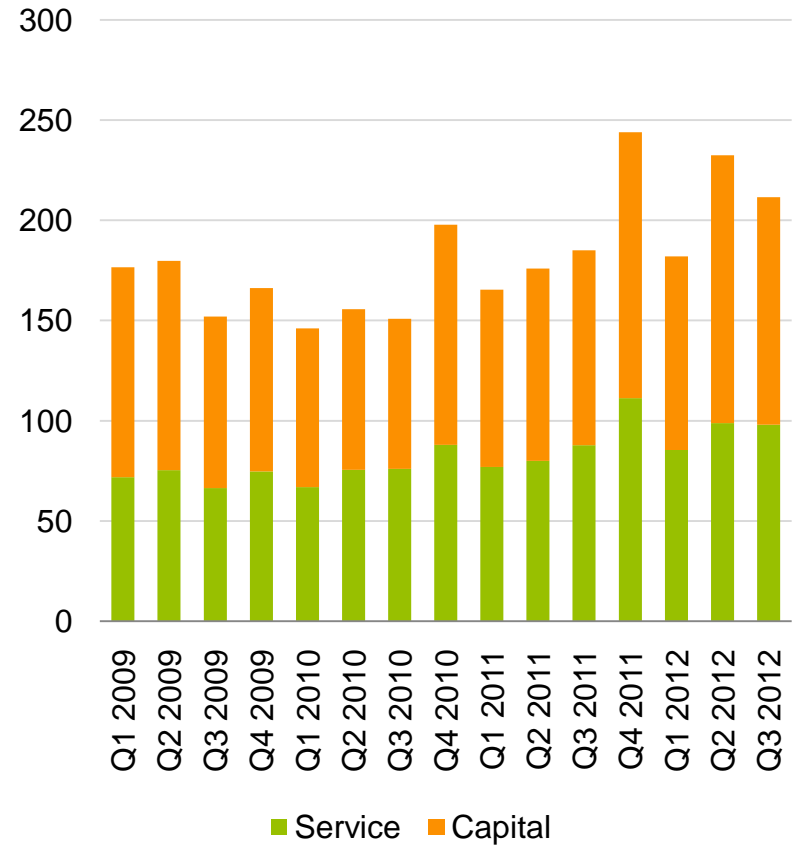
Orders received development

EUR million

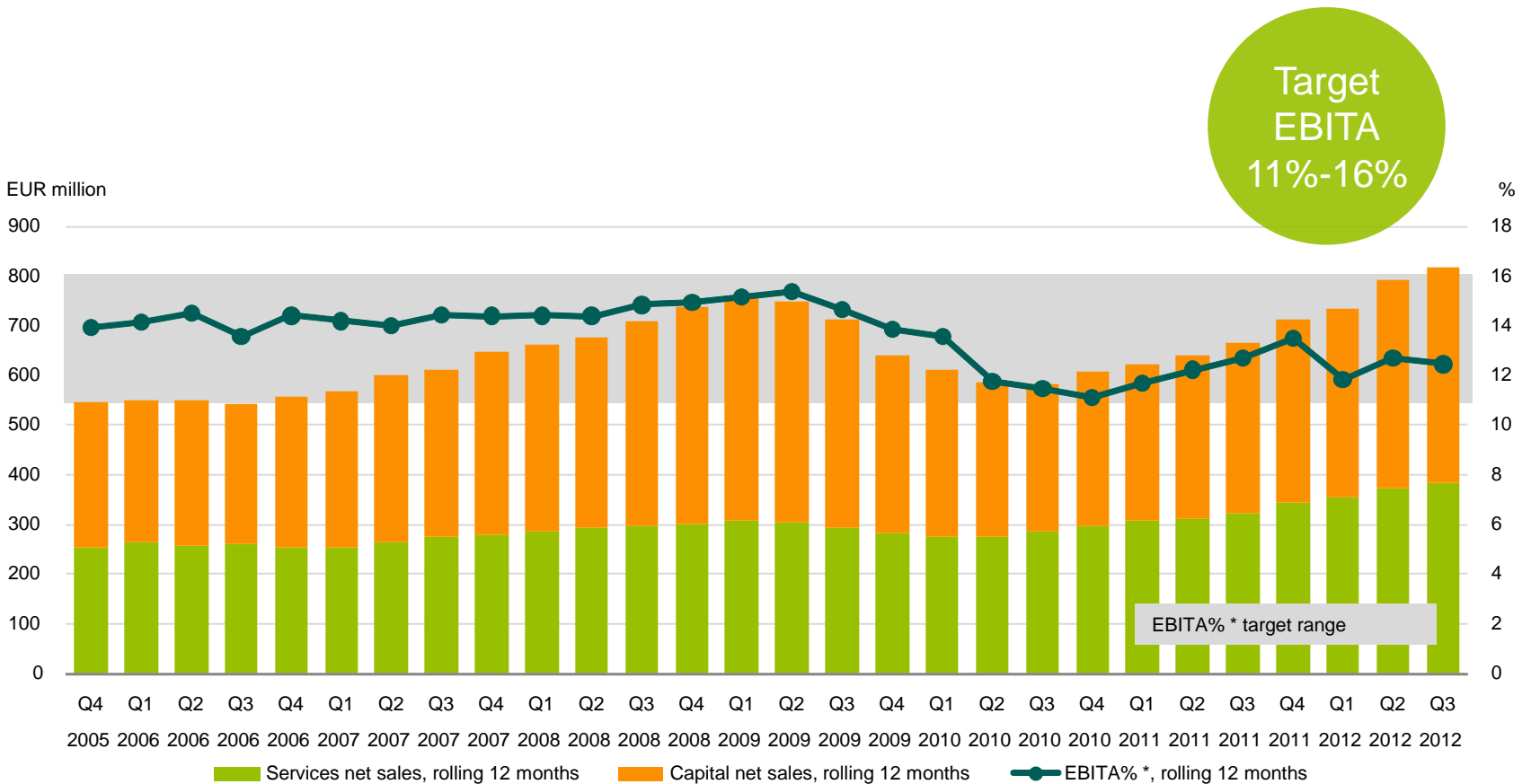


Net sales development

EUR million



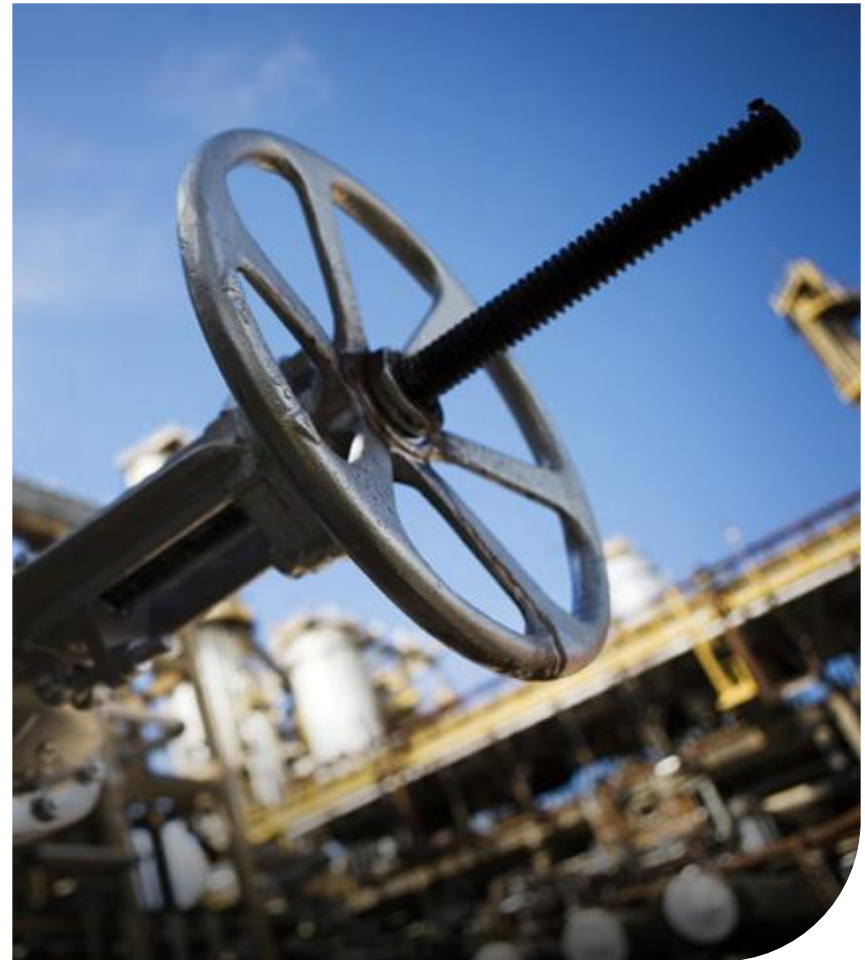
Profitability in 2012 is within our target range



*) before non-recurring items

Three main factors had a negative impact on profitability in 2012

- Issues in operational performance of our main valve operations
- Low level of business through Metso pulp and paper packages (Process Automation Systems)
- Higher capacity costs through investments in growth



We are pulling multiple levers to get to the higher end of our target profitability

- Volume leverage in Flow Control
- Improved operational performance of Flow Control
- Actions already taken, and to be taken, to strengthen GP%
- Tight screening of general administrative costs (actions ongoing)



We have taken several steps to further support our growth globally

- Establishment of a joint venture between Metso Automation and SAC, Guodian Nanjing Automation Co., Ltd. Covering control systems for thermal power customers in China
- Acquisition of Valstone Inc. in South Korea
 - first step into globe valves, which will increase our addressable market significantly
- Consolidation of our North American valve operations into new facilities in Massachusetts
- New service and supply center in Vadodara, India

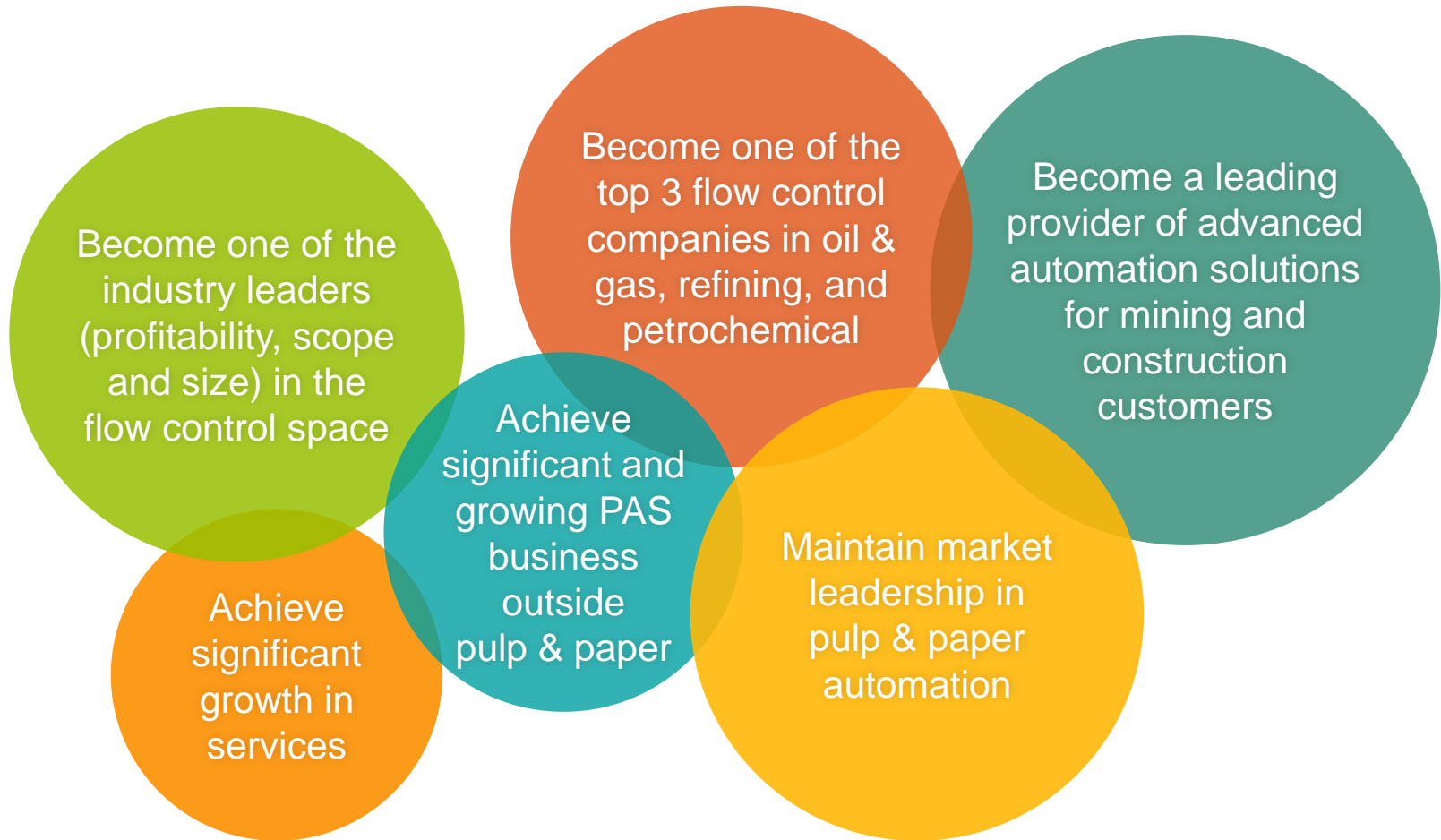
We are ready for
ambitious targets



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We have set ourselves ambitious targets in Automation



We are focusing on prioritized must-win initiatives to reach our targets

Must-win

Services

Initiative

- Expand service business offering and competencies
- Strengthen our network

Growth countries

- Strengthen the role of regions
- Actions to grow in China, Brazil, India, Russia and the Middle East

Technology

- Develop and expand our valve offering
- Develop Metso DNA as a growth platform

Operating model

- Strengthen cost competitiveness and operational excellence, sourcing in particular
- Ensure that we can capture the true value of acquisitions

People

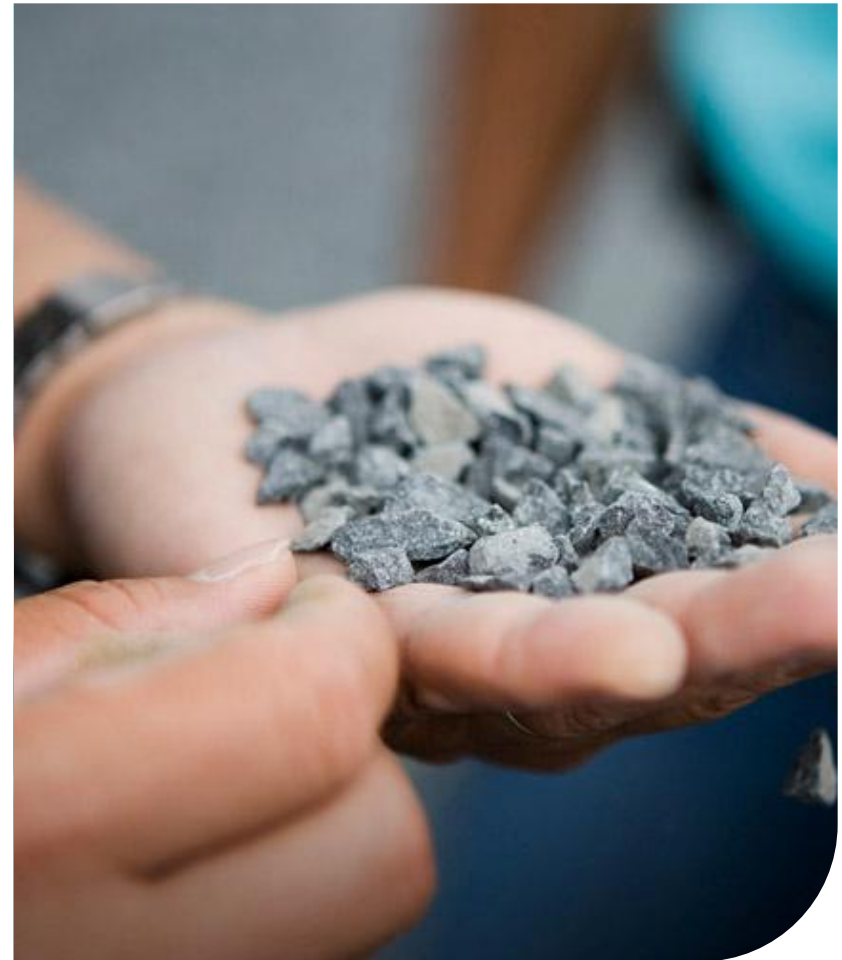
- Strengthen our safety culture
- Upgrade critical core competencies

Developing new businesses

- Grow in mining and construction automation
- Grow in analyzers

We are targeting mining and construction customers with a unique portfolio

- Mining and construction customers are increasingly looking for automation solutions to improve their operational performance
- We have a unique combination of equipment and solutions to improve process efficiency and safety



We will continue to grow during 2013, despite the mixed outlook

- Global economic uncertainty
- Challenges in the pulp and paper industry
- Oil price holding up well
- Underlying growth drivers in place for the automation industry



Conclusions

Mega trends support automation growth and we have a strong position and the right capabilities to grow our business:

We are a truly global organization, with excellent service and delivery capabilities

We have made good progress in serving our customers and enabling growth

We have set ourselves ambitious targets:

Become one of the top 3 flow control companies in oil & gas, refining and petrochemical

Achieve significant growth in services

Achieve significant and growing business also outside pulp & paper

Become a leading provider of advanced automation solutions for mining and construction customers

We will achieve our targets by:

Strengthening our cost competitiveness and operational excellence

Strengthening the role of regions

Expanding our service business offering and competencies

The logo consists of a teal circle containing the text "Metso Capital Markets Day 2012 Finland". This circle is partially overlapped by a light blue circle to its left and an orange circle below it.

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