Vara Research
CREATING TRUST

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Metso

Consensus Rating*: +1.33 (Acc.)

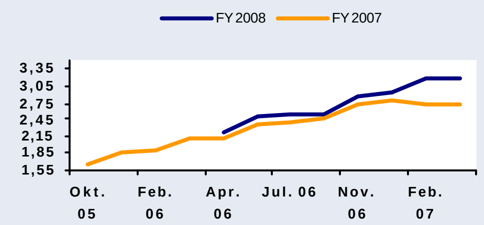
Previous rating	+1.36 (Acc.)
Stock price (in €)	41,77
High/low (52 weeks)	41,77/24,80
Market cap (in € m)	5,916,7
ISIN	FI0009007835
Reuters	MEO1V.HE
Bloomberg	MEO1V FH
Exchange	Helsinki Stock Exch./NYSE
Sector	Industrials
Website	www.metso.com
Coverage	19

Summary

Q1 2007 figures will be published on 27th April. The analysts expect the sales to increase by 25.1% to € 1.35bn. The EBIT-Margin is estimated to come out at 8.6% after 8.8% in Q1 2006. The estimates do not include any one off items.

Outlook given by the company: Thanks to the strong order backlog, continuing favourable market situation and the expanded business scope, Metso´s net sales in 2007 are estimated to grow by more than 20 percent on 2006, and the operating profit is estimated to clearly improve. At present, it is estimated that the operating profit margin in 2007 will be slightly below Metso´s over 10 percent target. Due to the timing and mix of deliveries and normal seasonal variation the first quarter is expected to be the weakest in 2007. Net sales and operating profit for the last three quarters of the year will clearly improve from the first quarter.

Clean EPS Estimates in Euro



Price Targets in Euro

	Current	Previous	Change	Up- / Downside
Current price	41.77			
Highest	47.00	47.00	0.0%	12.5%
Consensus	43.81	44.32	-1.2%	4.9%
Median	45.00	45.00	0.0%	7.7%
Lowest	37.00	38.50	-3.9%	-11.4%

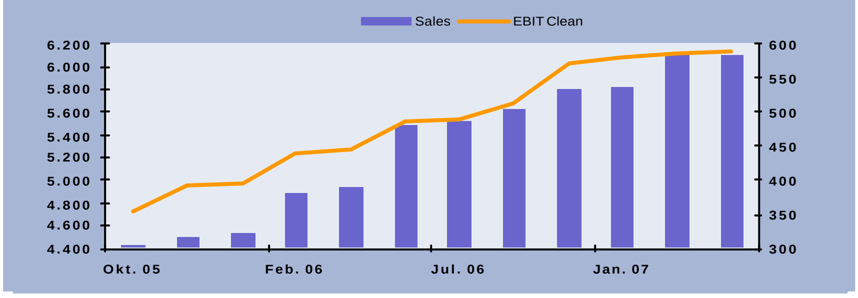
Change in Estimates yoy

	Q1 07e	Q1 06	Change
Sales	1,348	1,078	25,1%
EBIT clean	116	95	22,0%
EBIT	116	95	22,0%
EPS clean	0.53	0.47	12,5%
EPS	0.53	0.47	12,5%

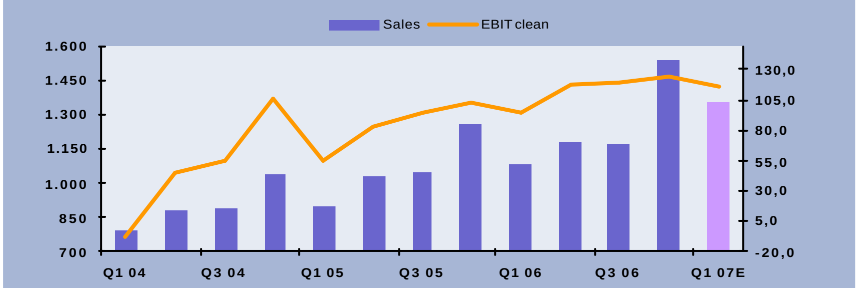
Consensus Valuation

	EPS Clean	EBIT Clean	P/E	EV/ Sales	EV/ EBIT	Div. Yield
2004	1.05	199	10.33	0.55	9.91	3.2%
2005	1.69	335	9.97	0.63	7.89	8.3%
2006	2.49	457	12.24	0.92	9.94	4.9%
2007e	2.73	588	15.29	1.01	10.45	3.6%
2008e	3.18	683	13.11	0.94	9.00	4.0%

FY 2007 Consensus Estimates (in Euro m)



Quarterly Development (in Euro m)



*** Consensus Rating (CR):**
Classification:

Buy:	1.50 = CR < 2.00
Accumulate:	0.50 = CR < 1.50
Hold:	-0.50 < CR < 0.50
Reduce:	-1.25 = CR < -0.50
Sell	-2.00 = CR < -1.25