



Valmet

Valmet – unique offering with  
process technology, automation  
and services

Roadshow presentation  
May 2016

# Agenda

## Valmet roadshow presentation

1 Valmet overview

2 Investment highlights

3 Financials

4 Sustainability

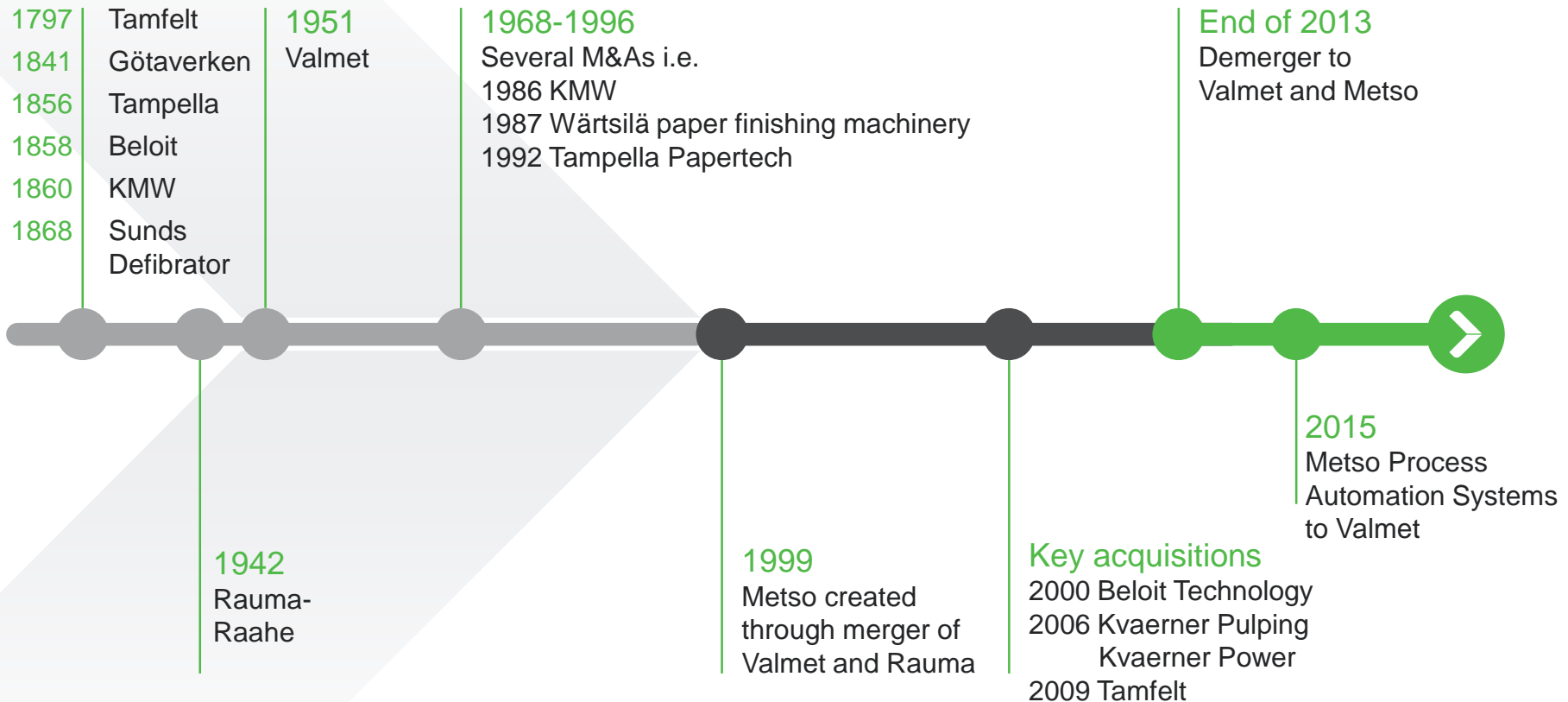
5 Conclusion

6 Appendix



# Valmet overview

# Valmet – over 200 years of industrial history



# Valmet in 2015

Stable business net sales EUR 1.4 billion

**Orders received**  
EUR 2,878 million

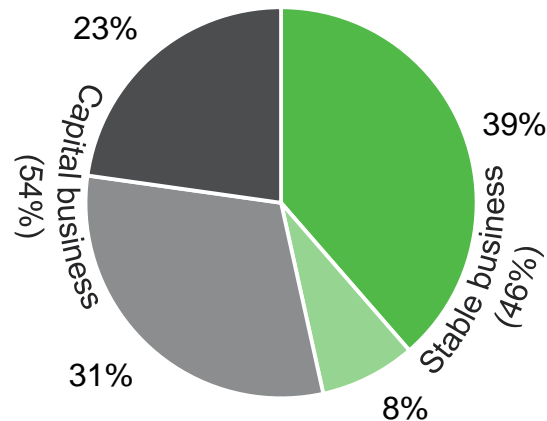
**Net sales**  
EUR 2,928 million

**Comparable EBITA<sup>1</sup>**  
EUR 182 million

**Comparable EBITA<sup>1</sup> margin**  
6.2%

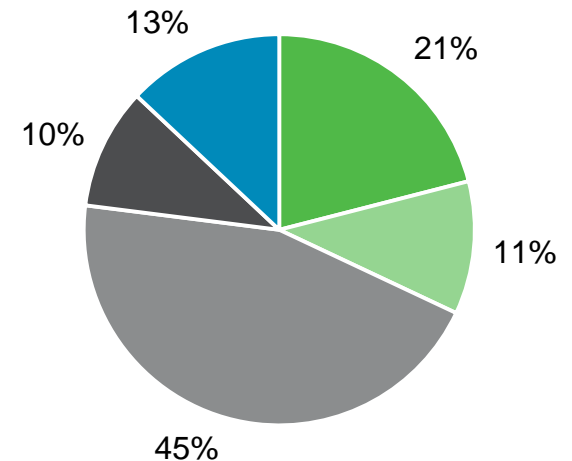
**Employees**  
12,306

Net sales by business line



- Services
- Automation
- Pulp and Energy
- Paper

Net sales by area



- North America
- South America
- EMEA
- China
- Asia-Pacific

1) Due to new regulation by the European Securities and Market Authority, Valmet has decided to replace the performance measure 'EBITA before non-recurring items' with 'Comparable EBITA'. The content of items affecting comparability, i.e. items previously disclosed as non-recurring, remain unchanged and therefore 'Comparable EBITA' equals previously disclosed 'EBITA before non-recurring items'. Items affecting comparability consist of income and expenses arising from activities that amend the capacity of Valmet's operations or are incurred outside its normal course of business.

# Our four business lines serve the same customer base



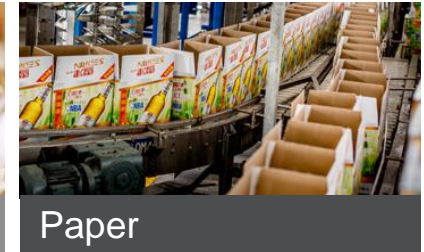
Services



Automation

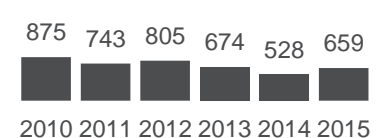
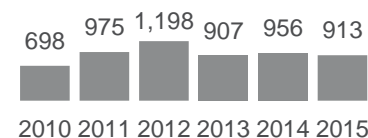
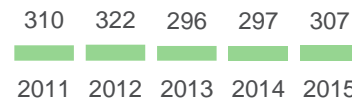
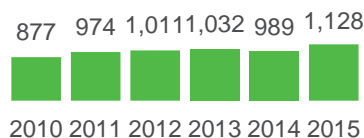


Pulp and Energy



Paper

	Services	Automation	Pulp and Energy	Paper
<b>Description</b>	Mill and plant improvements, roll and workshop services, parts and fabrics, and life-cycle services	Supplies and develops automation and information management systems, applications and services	Technologies and solutions for pulp production, power generation, and biomass conversion	Technologies and solutions for board, tissue, and paper
<b>Market position</b>	#1-2	Analyzers #1, QCS <sup>1</sup> #1-2, DCS <sup>2</sup> #1-3	Pulp #1-2, Energy #1-3	Board #1, Tissue #1, Paper #1
<b>Market size</b>	EUR 7.5 bn	DCS <sup>2</sup> EUR 1.6 bn, QMS <sup>3</sup> >EUR 0.2 bn, Analyzers <EUR 0.2 bn	Pulp EUR 1.4 bn, Energy EUR 2.0 bn	Board EUR 1.0 bn, Tissue EUR 0.6 bn, Paper EUR 0.6 bn
<b>Customers</b>	Companies mainly in the pulp, paper and energy industries	Companies in the pulp, energy, paper and process industries	In pulp, mechanical and chemical pulp producers as well as companies in the panelboard industry	Mainly paper companies as well as board and tissue producers
<b>Main competitors</b>	Voith, Andritz, Albany, Xerium Technologies, AstenJohnson, Foster Wheeler, Alstom etc.	ABB, Honeywell, Emerson, Siemens, Voith, Paperchine, Procemex, BTG, PulpEye etc.	Andritz in Pulp; Andritz and Foster Wheeler in Energy; Andritz main global competitor in biomass	Voith and Andritz
<b>Net sales<sup>4</sup></b>	1.1 bn, 39% <sup>5</sup>	0.2 bn, 8% <sup>5</sup>	0.9 bn, 31% <sup>5</sup>	0.7 bn, 23% <sup>5</sup>




1) QCS = Quality Control Systems  
 2) DCS = Distributed Control Systems  
 3) QMS = Quality Management System  
 4) Net sales 2010-2013 by business line on a carve-out basis for the periods indicated (excl. Intra-Metso net sales).  
 5) Percent of total in 2015

# Strong, global presence is a good platform for growth

100 service centers, 86 sales offices, 34 production units, 16 R&D centers


## North America

- 17 service centers
- 7 production units
- 8 sales offices

 1,367

## South America

- 2 service centers
- 2 production units
- 5 sales offices

 531

## EMEA

- 16 R&D centers
- 63 service centers
- 21 production units
- 54 sales offices

 7,747

## China

- 8 service centers
- 6 production units
- 3 sales offices

 1,955

## Asia-Pacific

- 10 service centers
- 16 sales offices

 706

# Global customer base

The collage features four main images with labels: **Pulp** (industrial facility with tall chimneys), **Paper** (factory interior with machinery), **Energy** (power plant with cooling towers), and **Process** (large industrial refinery or chemical plant).

Below these images is a grid of logos for global customers, including:

- Pulp & Paper:** SUZANO, SÖDRA, Metsä, ILIM, APP, Fibria, Eldorado Brasil, storänsö, SCA, BILLERUDKORSNÄS, APRIL, cmpc, FORESTAL Y PAPELERA CONCEPCION S.A., Hengan, ARAUCO, Australian Paper, SHANDONG CHENMINGPAPER.
- Paper:** ORORA, sappi, Domtar, UPM, Greenpac, 理文造纸有限公司 (Lee & Man Paper Manufacturing Limited), PT. SUPARMA, Tbk, Norske Skog, Zhejiang JingYing Paper Joint Stock Co., Ltd., KIPAS, Cascades, SCG, RockTenn, fábrica de papel san francisco, PT CIKARANG LISTRINDO POWER COMPANY.
- Energy:** Fortum, graanul Invest, RWE, LAHTI ENERGIA, American Renewables, Dalkia, PGE, e-on, VEOLIA, MälärEnergi, POHJOLAN VOIMA, Hitachi Zosen INOVA, BH&L.
- Process:** NESTE OIL, Valio, bp, SURGUTNEFTEGAS, THE LINDE GROUP, outokumpu, SSAB, AkzoNobel, TEIJIN, BOREALIS, arctech, stx, kemira, YARA, ROYAL CARIBBEAN CRUISES LTD.

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# Financial targets

## Growth



Net sales growth to exceed market growth

## Profitability



EBITA<sup>1</sup> before non-recurring items: 6-9%

## ROCE



Return on capital employed (pre-tax),  
ROCE<sup>2</sup>: minimum of 15%

## Dividend policy



Dividend payout at least 40% of net profit



- 1) EBITA before non-recurring items = operating profit + amortization + non-recurring items
- 2) ROCE (pre-tax) = ( profit before taxes + interests and other financial expenses ) / ( balance sheet total - non-interest-bearing liabilities )



# Investment highlights

# Investment highlight summary

- 1 **Strong market position** in growing markets
- 2 **Stable business**, with **EUR 1.4 billion** of net sales, offering **stability, growth** and **profitability**
- 3 **Strong market position** in **capital business**, with **cost structure** to meet **business requirements**
- 4 **Technology leader** with **unique offering**
- 5 Systematically **developing** the **company** and **profitability** with **Must-Wins**

Stable business = Services, and Automation business lines  
Capital business = Pulp and Energy, and Paper business lines



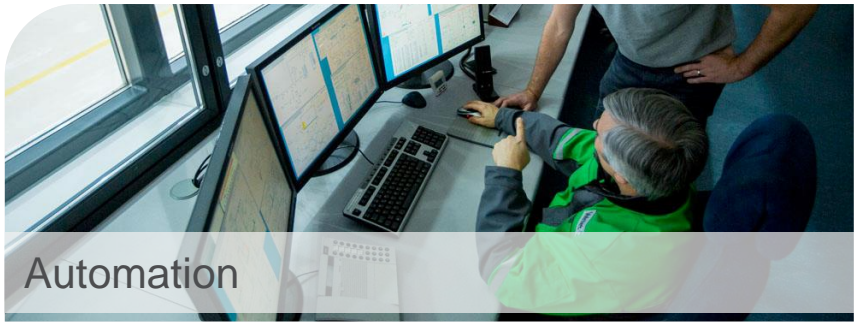
# Strong market position in growing markets

Services #1-2	Automation #1-3	Pulp #1-2	Energy #1-3	Board #1	Tissue #1	Paper #1
~2% p.a. 7.5 bn	~1% p.a. 2.0 bn	~1% p.a. 1.4 bn	~1% p.a. 2.0 bn	~3% p.a. 1.0 bn	~3% p.a. 0.6 bn	~1% p.a. 0.6 bn
<ul style="list-style-type: none"> <li>Customers outsource non-core operations</li> <li>Capacity increases in China, South America and Asia-Pacific</li> </ul>	<ul style="list-style-type: none"> <li>Investments in new pulp and paper machines and power plants</li> <li>Ageing machines and installed automation systems</li> <li>Demand for intelligent technology</li> </ul>	<ul style="list-style-type: none"> <li>Growth in paper, board, and tissue consumption in Asia</li> <li>Need for virgin wood pulp, as recycling rates can not grow infinitely</li> <li>Increased size of pulp lines and mills</li> </ul>	<ul style="list-style-type: none"> <li>Growth in energy consumption</li> <li>Demand for sustainable energy</li> <li>Modernization of aging plants</li> <li>Incentives and regulation</li> </ul>	<ul style="list-style-type: none"> <li>World trade, e-commerce and emerging markets growth drive packaging</li> <li>Shift from plastic packaging to renewable materials</li> <li>Demand for light-weight board globally</li> </ul>	<ul style="list-style-type: none"> <li>Growth in emerging markets</li> <li>Rise in purchasing power and living standards in emerging markets</li> </ul>	<ul style="list-style-type: none"> <li>Increasing role of digital media decreases demand for printing and writing papers</li> <li>Some growth in emerging markets</li> </ul>
39% of net sales	8% of net sales	20% of net sales	11% of net sales	12% of net sales	8% of net sales	3% of net sales

■ Anticipated long-term market growth    
 ■ Estimated market size for current offering (EUR)    
 ■ Market drivers    
 ■ % of net sales (2015)

Source: Leading consulting firms, RISI, management estimates

# Stable business, with EUR 1.4 billion of net sales, offering stability, growth and profitability

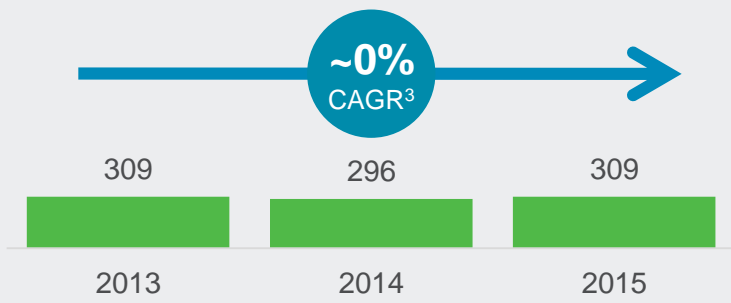
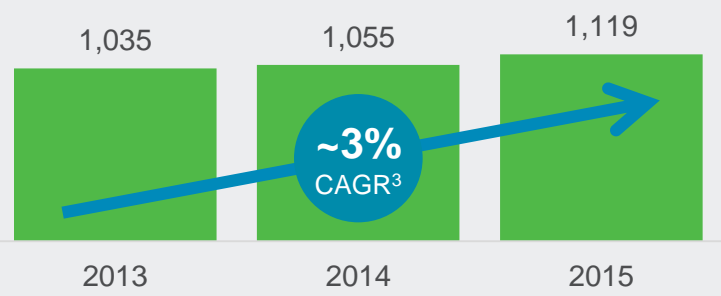


## Services

## Automation

Orders received<sup>1</sup> (EUR million)

Orders received<sup>2</sup> (illustrative, EUR million)



- Target to continue to grow

- Target to turn to growth

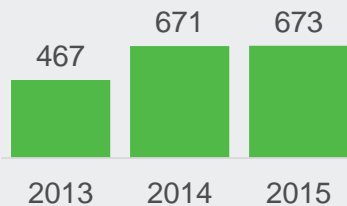
1) 2013 figures on a carve-out basis.  
 2) Automation 2013, 2014 and Q1/2015 figures are stand-alone figures based on Metso's reported figures and pro forma figures excluding Process Automation Systems and are therefore indicative only. Q2/2015–Q4/2015 figures are Automation business line figures, including internal net sales. In 2015, Automation contributed to Valmet's orders received by EUR 222 million.  
 3) CAGR = Cumulative annual growth rate



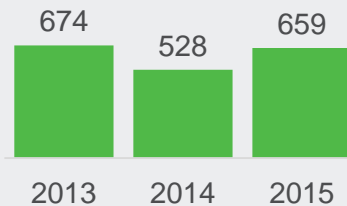
# Strong market position in capital business, with cost structure to meet business requirements



Orders received<sup>1</sup>  
(EUR million)



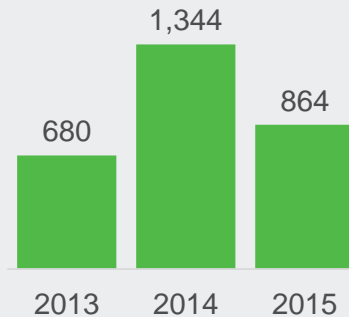
Net sales<sup>1</sup>  
(EUR million)



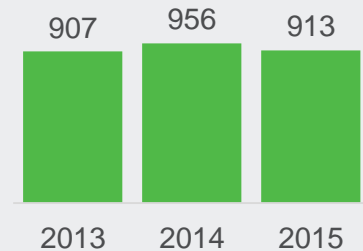
- Paper business line on a new, balanced level
- Capacity cost<sup>2</sup> to net sales was **41%** in 2015



Orders received<sup>1</sup>  
(EUR million)



Net sales<sup>1</sup>  
(EUR million)



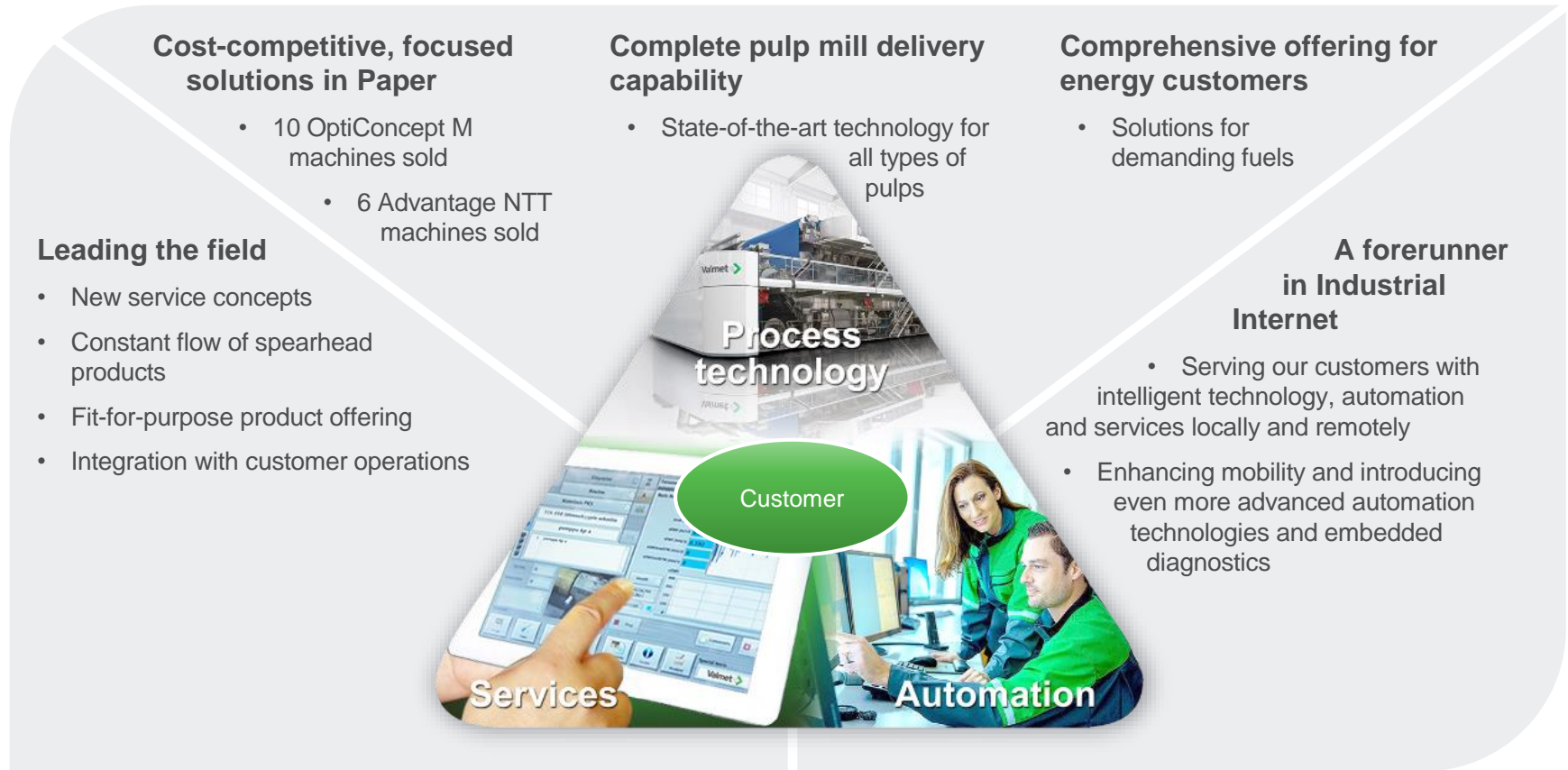
- High cyclicality in orders received, net sales more stable
- Valmet is prepared for the cyclicality with high flexibility in the cost structure: capacity cost<sup>2</sup> to net sales was **24%** in 2015

1) 2013 figures on a carve-out basis

2) Capacity cost means total fixed type of own costs which generally do not vary with production levels and which are based on present normal capacity, e.g. wages & salaries, rents & leases, estates & equipment, travel, common functions, telecom expenses, insurances and other outside services

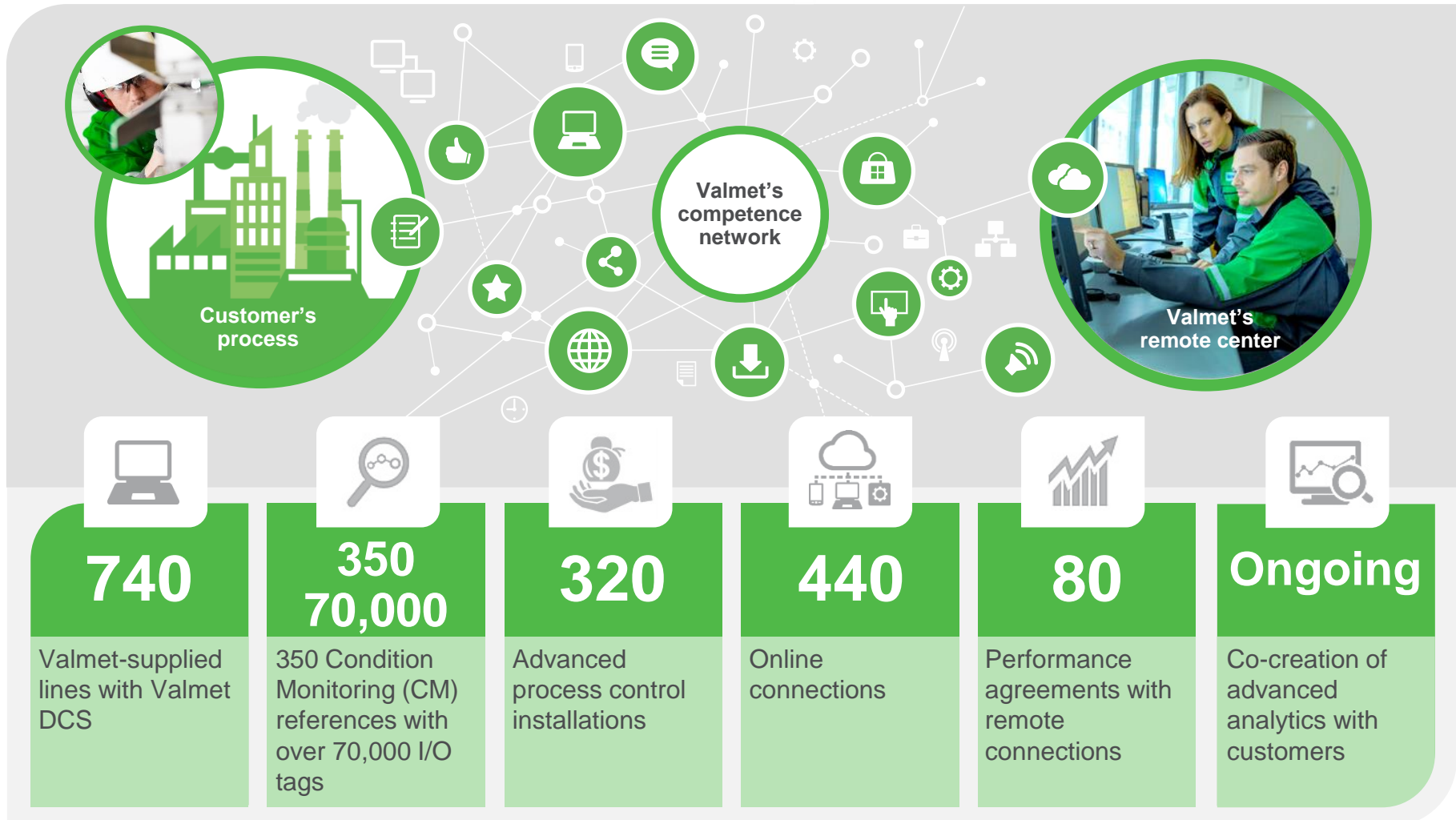
# Technology leader with unique offering

## Acquisition of Automation strengthened Valmet's offering



Strong focus on customer benefits

# Today, customers are extensively utilizing our Industrial Internet capabilities





# Systematically developing the company and profitability with Must-Wins

## Must-Wins

### Customer excellence

### Leader in technology and innovation

### Excellence in processes

### Winning team

## Must-Win implementation objectives for 2016

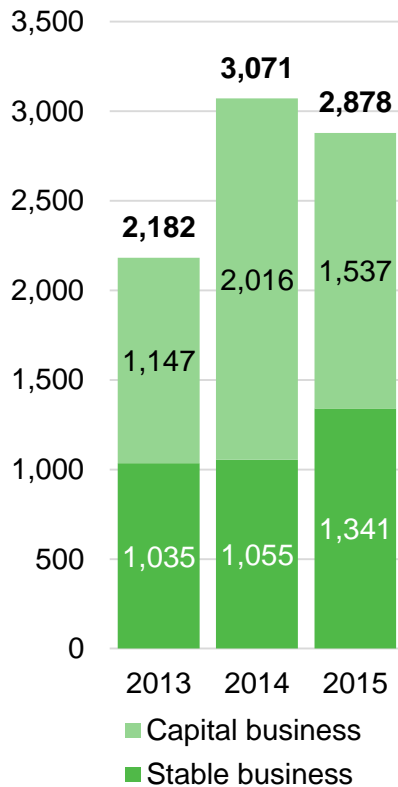
- Strengthen our presence close to customers and growth markets
  - Strengthen Key Account Management to serve customers with our full offering
  - Provide customer benefits by combining process technology, automation and services
  - Develop Valmet service concept, remote services and drive growth through service agreements
- 
- Improve product cost competitiveness to increase gross profit and reduce customer investment and operational costs
  - Develop new products and technologies to create new revenue
- 
- Sales and project management process to improve product margin
  - Implement Lean to reduce quality costs and lead times
  - Save in procurement and ensure sustainable supply chain
  - Improve health and safety
  - Continue to improve cost competitiveness
- 
- Nurture shared values
  - Drive high performance
  - Continue globalization of our capabilities



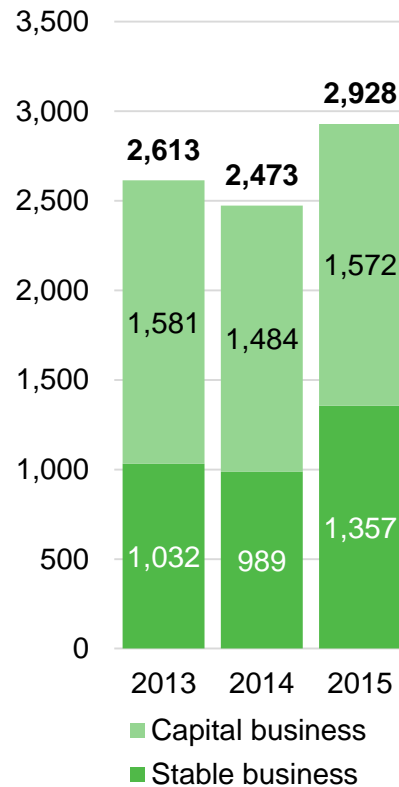
# Financials

# Valmet's development

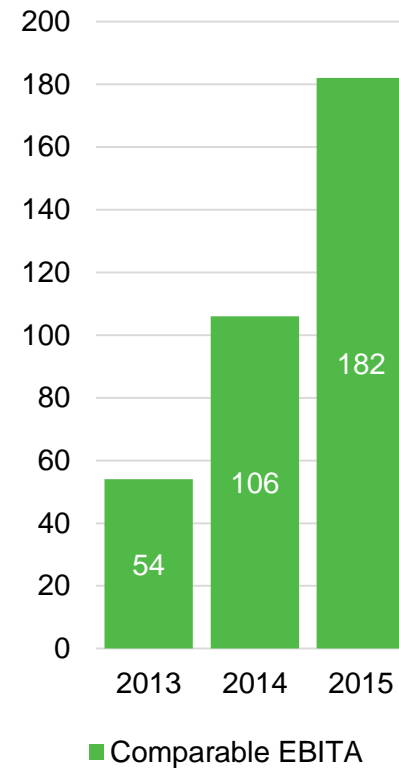
Orders received  
(EUR million)<sup>1</sup>



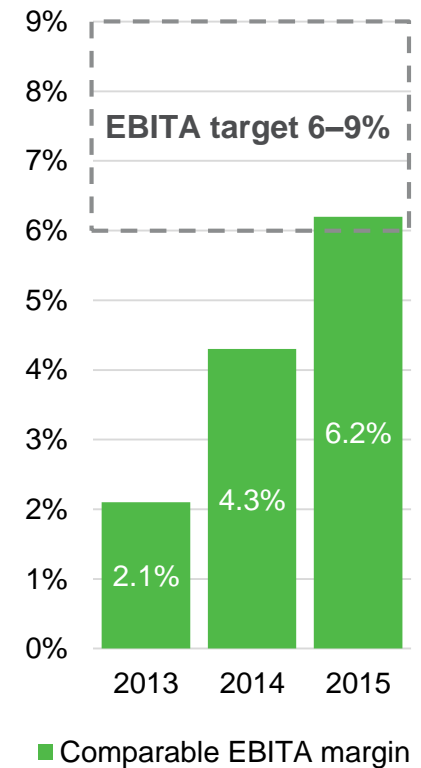
Net sales  
(EUR million)<sup>1</sup>



Comparable EBITA  
(EUR million)<sup>1</sup>



EBITA margin  
(%)<sup>1</sup>



1) 2013 figures on carve-out basis  
Stable business = Services and Automation business lines  
Capital business = Pulp and Energy, and Paper business lines

# Key figures

EUR million	Q1/2016	Q1/2015	Change	2015
Orders received	<b>803</b>	580	38%	2,878
Order backlog <sup>1</sup>	<b>2,207</b>	2,064	7%	2,074
Net sales	<b>652</b>	561	16%	2,928
Comparable EBITA <sup>2</sup>	<b>31</b>	19	61%	182
% of net sales	<b>4.8%</b>	3.5%		6.2%
EBITA	<b>30</b>	19	56%	157
Operating profit (EBIT)	<b>19</b>	13	43%	120
% of net sales	<b>2.9%</b>	2.4%		4.1%
Earnings per share, EUR	<b>0.08</b>	0.05	43%	0.51
Return on capital employed (ROCE), before taxes <sup>3</sup>	<b>7%</b>	6%		12%
Cash flow provided by operating activities	<b>3</b>	-20		78
Gearing <sup>1</sup>	<b>24%</b>	-17%		21%

Items affecting comparability: EUR -2 million in Q1/2016 (EUR 0 million in Q1/2015)

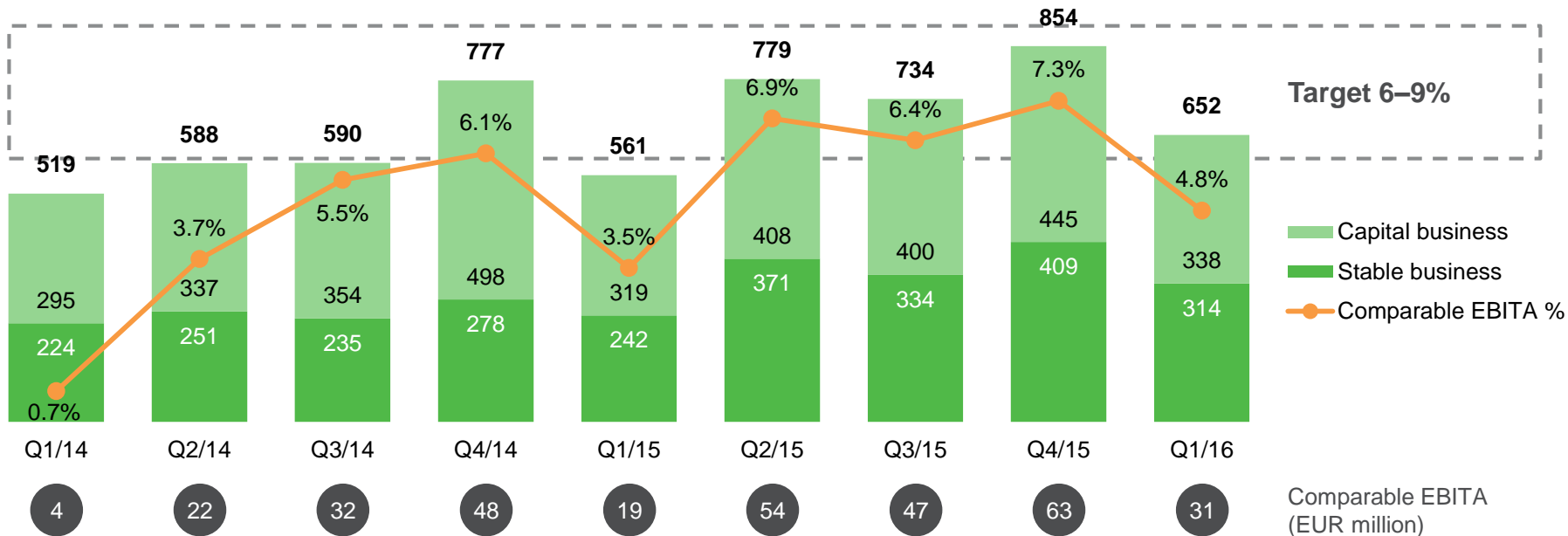
1) At the end of period

2) Due to new regulation by the European Securities and Market Authority, Valmet has decided to replace the performance measure 'EBITA before non-recurring items' with 'Comparable EBITA'. The content of items affecting comparability, i.e. items previously disclosed as non-recurring, remain unchanged and therefore 'Comparable EBITA' equals previously disclosed 'EBITA before non-recurring items'. Items affecting comparability consist of income and expenses arising from activities that amend the capacity of Valmet's operations or are incurred outside its normal course of business.

3) Annualized

# Comparable EBITA margin development

Net sales and Comparable EBITA (EUR million)



- Net sales and profitability increased compared with Q1/2015
  - Profitability improved due to the higher level of net sales in the Paper and Services business lines, improved gross profit, and the acquisition of Automation
- The first quarter was the weakest quarter in 2014 and 2015

# Guidance and short-term market outlook

## Guidance for 2016 (as given on February 9, 2016)

### Guidance for 2016



Valmet estimates that net sales in 2016 will remain at the same level with 2015 (EUR 2,928 million) and Comparable EBITA in 2016 will increase in comparison with 2015 (EUR 182 million).

Due to new regulation by the European Securities and Market Authority, Valmet has decided to replace the performance measure 'EBITA before non-recurring items' with 'Comparable EBITA'. The content of items affecting comparability, i.e. items previously disclosed as non-recurring, remain unchanged and therefore 'Comparable EBITA' equals previously disclosed 'EBITA before non-recurring items' (EUR 182 million in 2015). Items affecting comparability consist of income and expenses arising from activities that amend the capacity of Valmet's operations or are incurred outside its normal course of business.

## Short-term market outlook

		Q2/2015	Q3/2015	Q4/2015	Q1/2016
Services		Satisfactory	Satisfactory	Satisfactory	Satisfactory
Automation		Satisfactory	Satisfactory	Satisfactory	Satisfactory
Pulp and Energy	Pulp	Good	Good	Satisfactory	Satisfactory
	Energy	Weak	Weak	Satisfactory	Satisfactory
Paper	Board and Paper	Good	Satisfactory	Good	Good
	Tissue	Satisfactory	Satisfactory	Satisfactory	Satisfactory

The short-term market outlook is given for the next six months from the ending of the respective quarter.



# Sustainability

# Sustainability



## Achievements in 2015

- Systematic execution of Valmet's sustainability agenda with five focus areas
- Year's focus in Sustainable supply chain program to ensure compliance, reduce negative impacts and support key suppliers towards more sustainable business operations
  - 100% of global supplier base assessed through sustainability risk evaluation tool
  - 11,000 suppliers informed globally of Valmet's sustainability requirements
  - 41 supplier sustainability audits executed to top spend & high risk country suppliers with certified 3rd party
  - 380 Valmet procurement professionals received sustainability training
- Valmet maintains its position among the world's sustainability leaders in Dow Jones Sustainability Index
- Sustainability reporting according to global G4 Core level with 3rd party assurance on data since 2010
- Renewed Code of Conduct and related processes

## Focus in 2016

- Renew sustainability agenda for 2016–2018 compatible with industry and stakeholder requirements
- Focus continues in developing more sustainable business practices in Valmet's supply chain through a comprehensive program

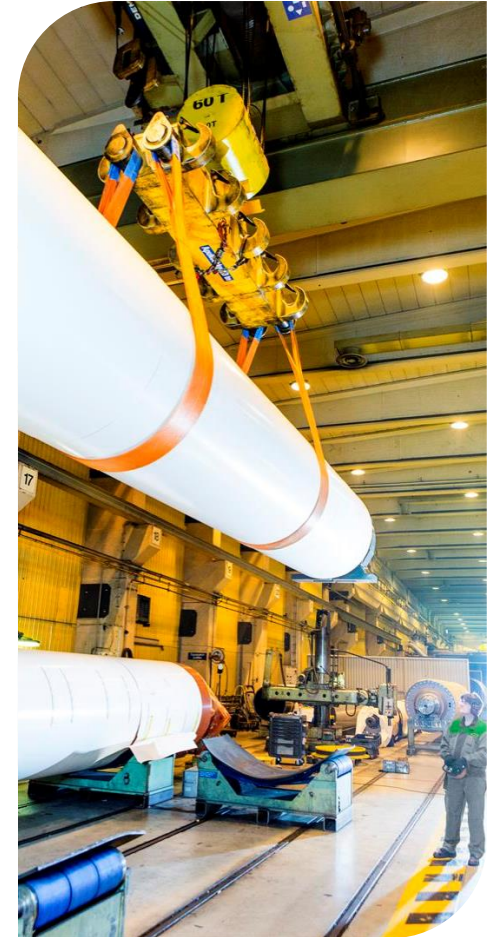




# Conclusion

# Conclusion

- Strong market position in growing markets
- Stable business, with EUR 1.4 billion of net sales, offering stability, growth and profitability
- Strong market position in capital business, with cost structure to meet business requirements
- Technology leader with unique offering
- Systematically developing the company and profitability with Must-Wins



# Important notice

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 growth, profitability and investment willingness, expectations for company development, growth and profitability and the realization of synergy benefits and cost savings, and statements preceded by “anticipates”, “believes”, “estimates”, “expects”, “foresees” or similar expressions, are forward-looking statements. Since these statements are based on current decisions and plans, estimates and projections, they involve risks and uncertainties which may cause the actual results to materially differ from the results currently expressed. 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 of the company or economic growth in the company’s principal geographic markets.
- 2) industry conditions, intensity of competition situation, especially potential introduction of significant technological solutions developed by competitors, financial condition of the customers and the competitors of the company,
- 3) the company’s own operating factors, such as the success of production, product development and project management and the efficiencies therein including continuous development and improvement
- 4) the success of pending and future acquisitions and restructuring.

# Appendix

1 Financials

2 Area development

3 Market statistics

4 Shareholders and share price development

5 Offering

6 Management

7 Financial figures

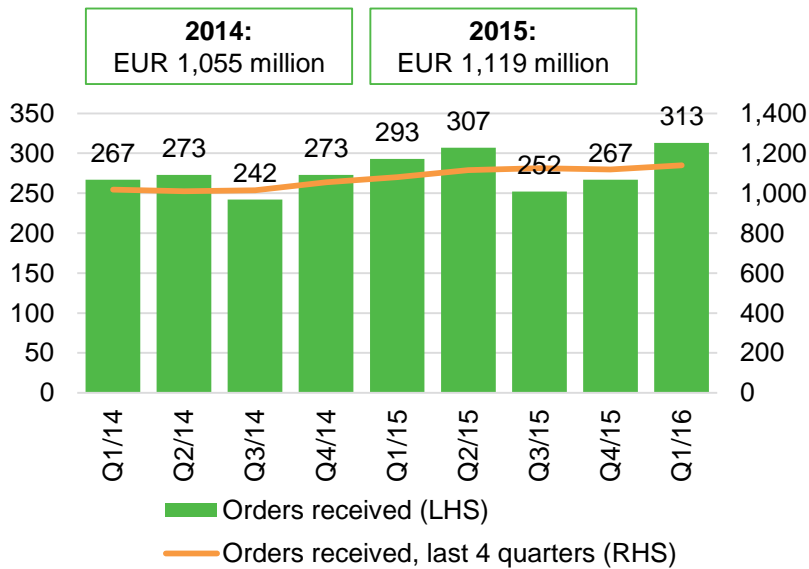


# Appendix

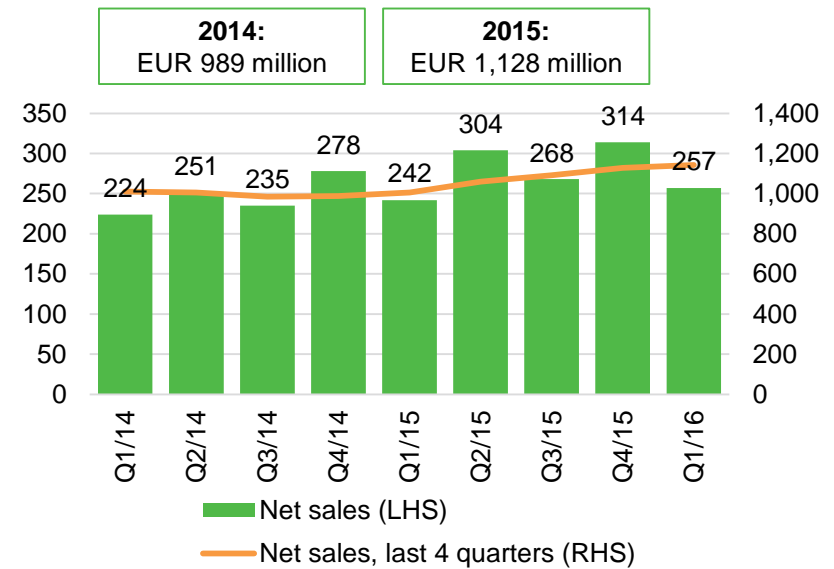
## Financials

# Orders received and net sales increased in Services in Q1/2016

Orders received (EUR million)



Net sales (EUR million)



- Orders received increased compared with Q1/2015
  - Orders received increased in China and South America, and remained stable in EMEA, North America and Asia-Pacific
  - Orders received increased in Mill Improvements, Performance Parts and Fabrics, remained stable in Rolls, and decreased in Energy and Environmental
  - Changes in foreign exchange rates<sup>1</sup> decreased orders received by approximately EUR 3 million
- Net sales increased compared with Q1/2015

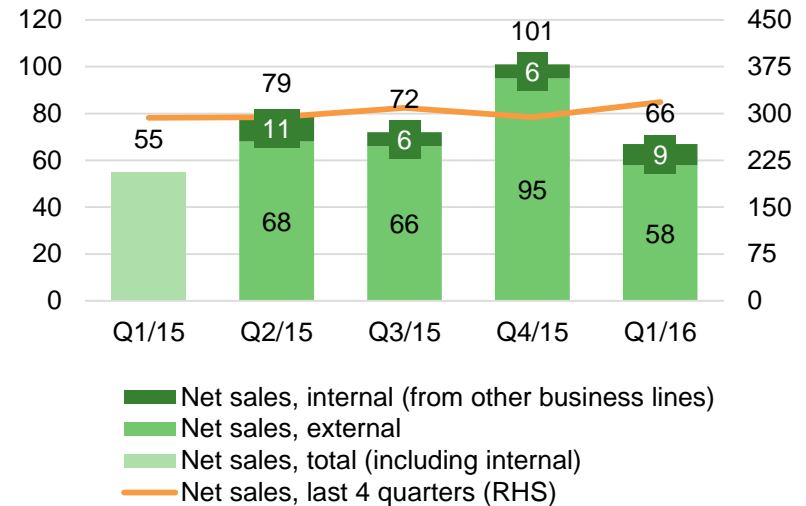
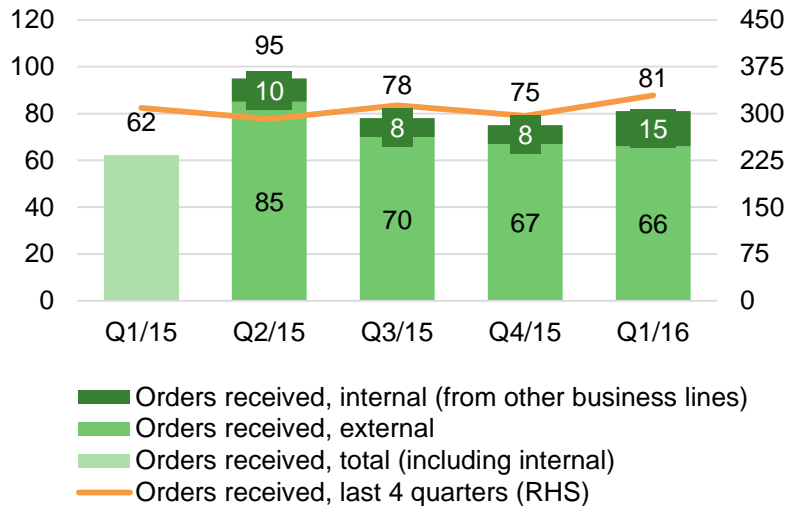


1) Compared with the exchange rates for January–March 2015

# Orders received<sup>1</sup> in Automation totaled to EUR 81 million in Q1/2016

Orders received<sup>2</sup> (EUR million)

Net sales<sup>2</sup> (EUR million)



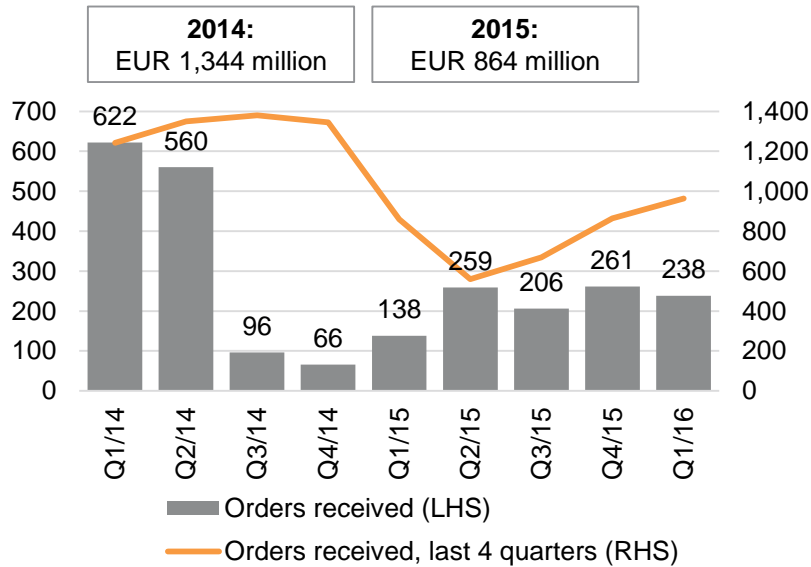
- Orders received EUR 66 million in Q1/2016
  - EMEA accounted for ~55% and North America for ~25% of orders received
  - Pulp and Paper accounted for ~75% and Energy and Process for ~25% of orders received
  - Internal orders received amounted to EUR 15 million
- Net sales EUR 58 million in Q1/2016
  - Internal net sales amounted to EUR 9 million



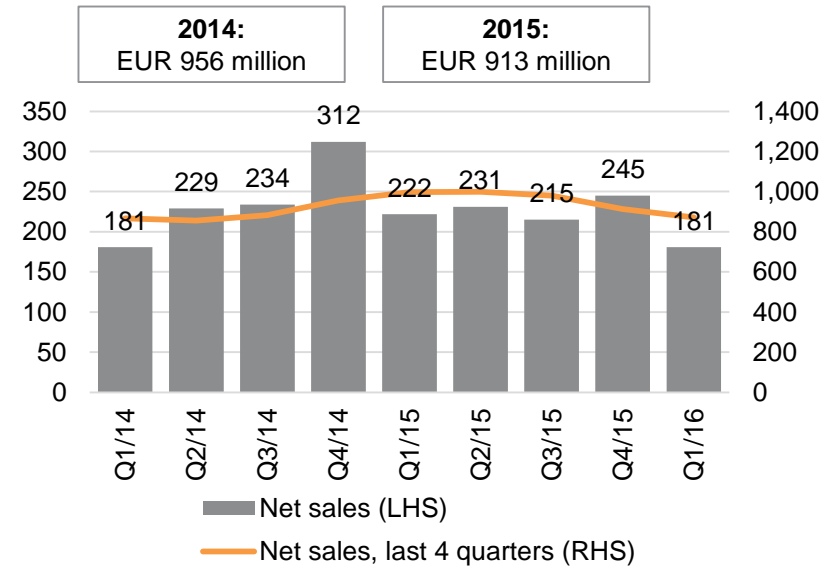
1) Includes internal and external orders received.  
 2) Q1/2015 orders received and the underlying figures for 'Orders received, last 4 quarters' and 'Net sales, last 4 quarters' are calculated based on Metso's reported figures and pro forma figures excluding Process Automation Systems and are therefore indicative only.

# Orders received increased and net sales decreased in Pulp and Energy in Q1/2016

Orders received (EUR million)



Net sales (EUR million)



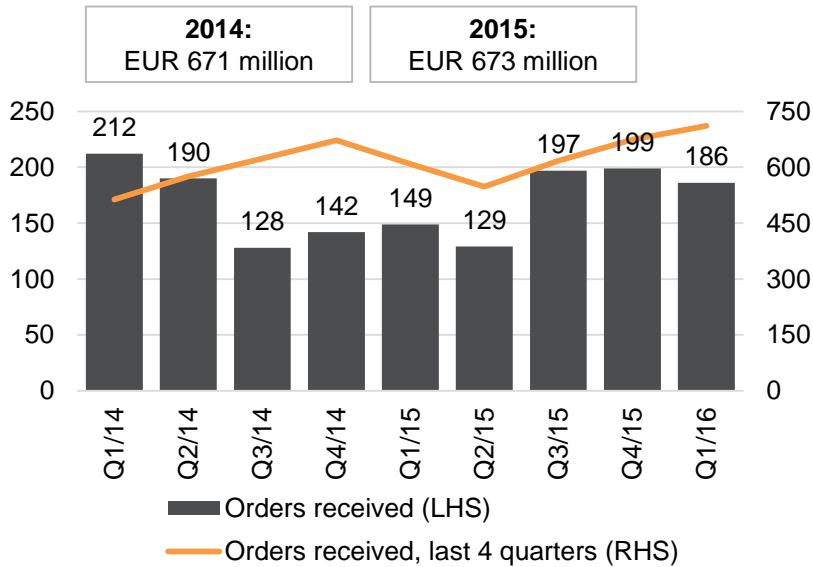
- Orders received increased compared with Q1/2015
  - Orders received decreased in North America and increased in all other areas
  - Orders received increased in both Pulp and Energy
- Net sales decreased compared with Q1/2015



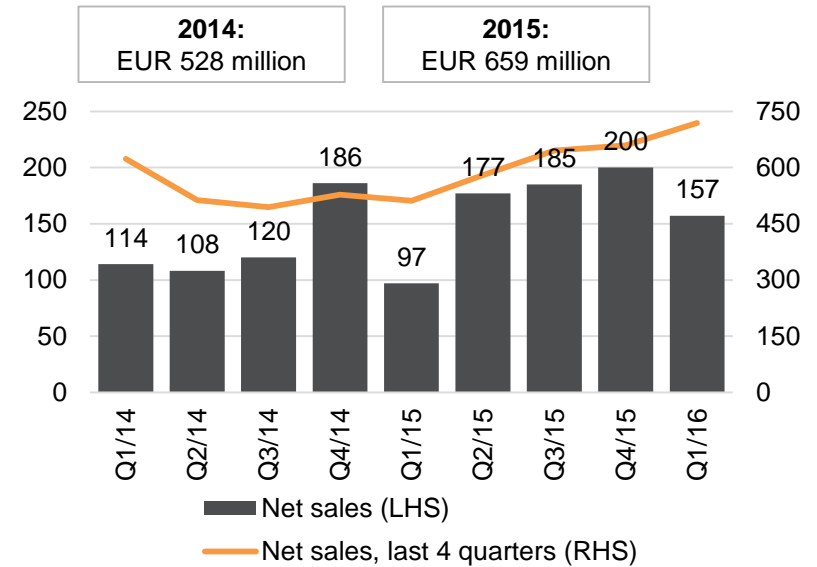


# Orders received and net sales increased in Paper in Q1/2016

Orders received (EUR million)



Net sales (EUR million)

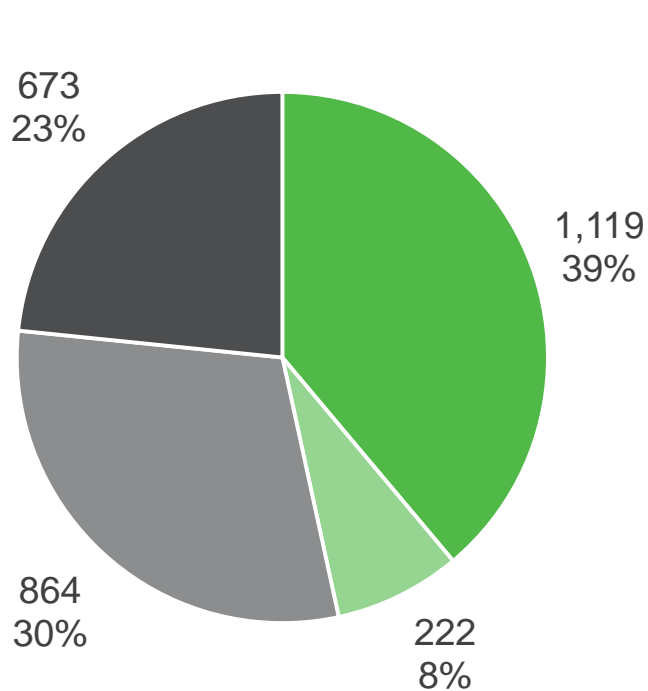


- Orders received increased compared with Q1/2015
  - Orders received increased in EMEA and China and decreased in other areas
  - Orders received increased in both Board and Paper, and Tissue
- Net sales increased compared with Q1/2015

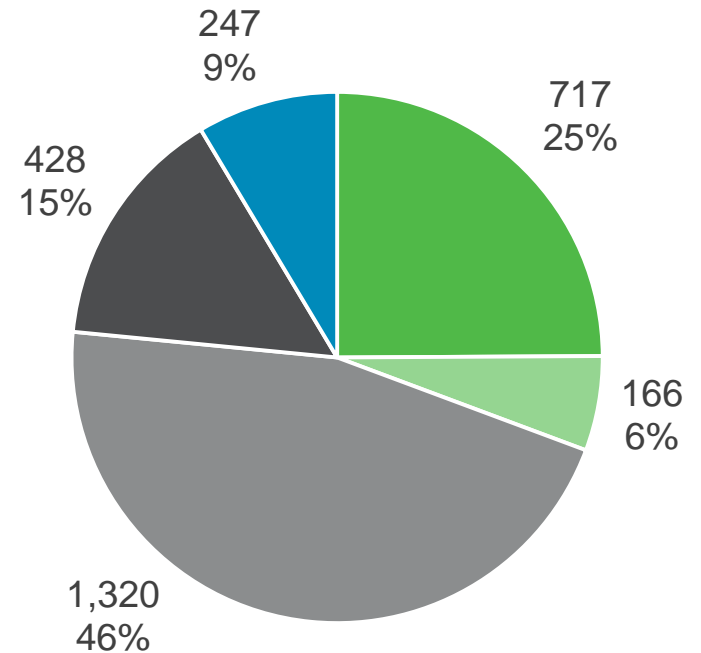


# 2015 orders received split

EUR million and % of total



- Services
- Automation
- Pulp and Energy
- Paper



- North America
- South America
- EMEA
- China
- Asia-Pacific

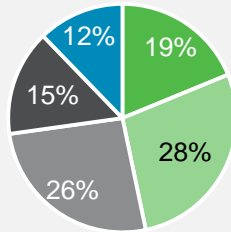
# Net sales split, by business unit

Net sales split, business units (2015)

Net sales split, Valmet (2015)

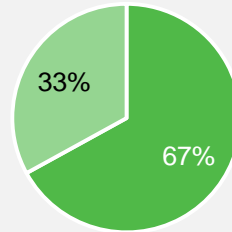
Stable business

Services



- Rolls
- Mill Improvements
- Performance Parts
- Fabrics
- Energy and Environmental

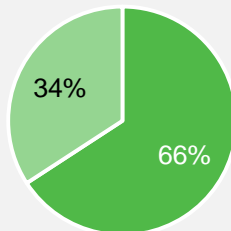
Automation



- Pulp and Paper
- Energy and Process

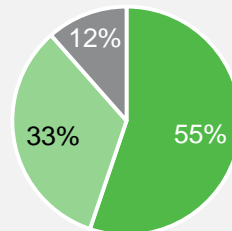
Capital business

Pulp and Energy

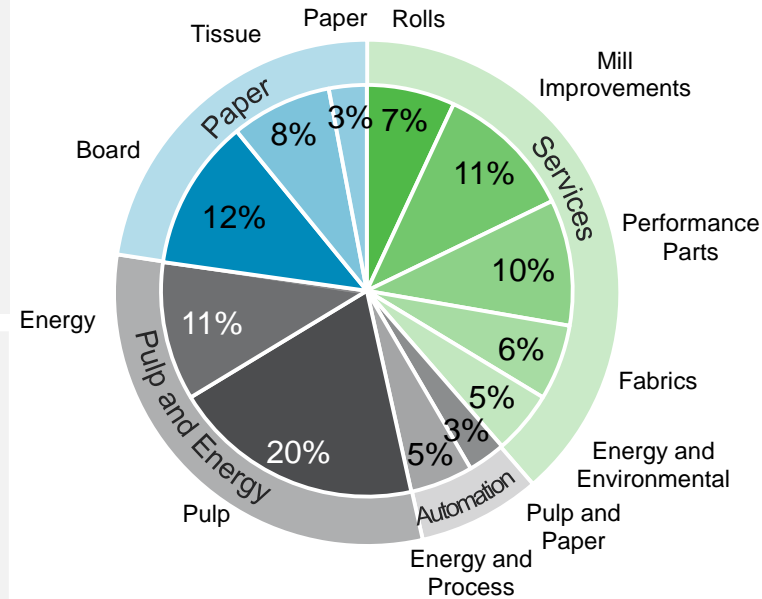


- Pulp
- Energy

Paper



- Board
- Tissue
- Paper



55% of Paper business line's net sales came from new lines and 45% from rebuilds and single sections

# Net sales split, by area

Net sales split, areas (2015)

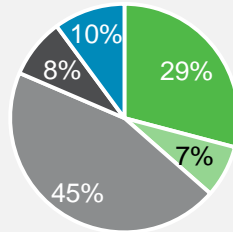


Net sales split, Valmet (2015)



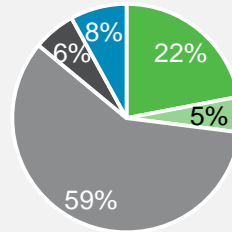
Stable business

Services



- North America
- South America
- EMEA
- China
- Asia-Pacific

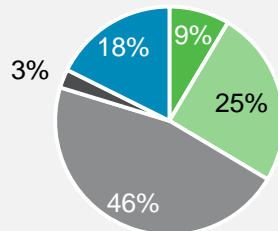
Automation



- North America
- South America
- EMEA
- China
- Asia-Pacific

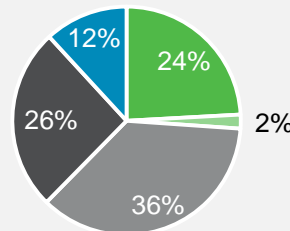
Capital business

Pulp and Energy

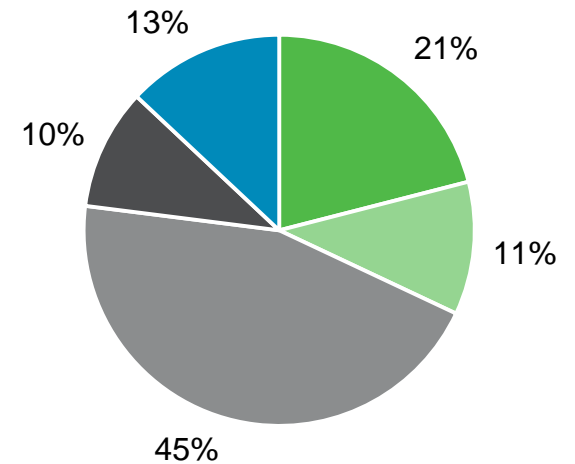


- North America
- South America
- EMEA
- China
- Asia-Pacific

Paper



- North America
- South America
- EMEA
- China
- Asia-Pacific



- North America
- South America
- EMEA
- China
- Asia-Pacific

# Announced orders in 2016

Date	Booked quarter	Description	Business line	Country	Value
Jan 15	Q4	Grade conversion rebuild	Paper	Canada	Not disclosed
Jan 26	Q4	Flue gas desulphurization plant	Pulp and Energy	Poland	Around EUR 20 million
Jan 28	Q4	New high consistency bleaching system	Pulp and Energy	Sweden	Not disclosed
Feb 3	Q4	Automation technology	Automation	Turkey	Not disclosed <sup>1</sup>
Feb 5	Q4	Tissue production line	Paper	Abu Dhabi	Not disclosed
Feb 17	Q1	Paper machine wet end rebuild	Paper	Finland	Not disclosed, typically approximately EUR 10-15 million
Feb 22	Q4	Scrubber system to two new vessels	Automation	Finland	Not disclosed, typically between EUR 1 and 6 million
Feb 23	Q1	Paper machine wet end rebuild	Paper	India	Not disclosed, typically approximately EUR 5-7 million.
Mar 2	2015	Advantage NTT tissue production line	Paper	Poland	Not disclosed
Mar 4	Q1	OptiConcept M boardmaking line and mill-wide automation system	Paper	Italy	Not disclosed, typically EUR 60-80 million.
Mar 8	Q4 and Q1	Two new orders for automation technology	Automation	Finland	Not disclosed
Mar 14	Q1	New white liquor plant	Pulp and Energy	Chile	Not disclosed, typically EUR 70-80 million
Mar 15	Q1	Repeat order for two new tissue production lines	Paper	China	Not disclosed
Mar 23	Q1	Three boiler plants and automation system	Pulp and Energy, Automation	Finland	Around EUR 100 million
Mar 24	Q1	Multivariable process controller	Automation	Finland	Not disclosed
Mar 31	Q1	Key technology for two container board machines	Paper	China	Not disclosed, typically EUR 20-30 million
Apr 6	Q1	A white liquor filter	Pulp and Energy	Sweden	Not disclosed. A white liquor filter is usually valued below EUR 5 million.
Apr 12	Q4	A new screening and washing plant	Pulp and Energy	France	Not disclosed. The value of an upgrade of this scope is usually valued below EUR 10 million
Apr 20	Q2	Wood pellet heating plant	Pulp and Energy	Finland	Over EUR 20 million
Apr 29	Q2	Brown stock washing plant modernization	Pulp and Energy	Sweden	Not disclosed, typically below EUR 10 million
May 20	Q2	A sulfuric acid plant to a bioproduct mill	Pulp and Energy	Finland	Not disclosed. Valmet's delivery is part of a sulfuric acid plant investment that is valued at roughly EUR 20 million.
May 24	Q1	A recausticizing upgrade	Pulp and Energy	Russia	Not disclosed. An upgrade with this scope of supply is usually valued below EUR 10 million.
May 25	Q1	Upgrades for recovery boiler and evaporation line	Pulp and Energy	Sweden	Not disclosed. The value of an upgrade of this scope is usually valued below EUR 6 million.
May 30	Q2	Extensive board machine rebuild and automation solution	Paper	India	Not disclosed. Typically, a project of this type and scope is valued at EUR 30 - 40 million.

1) Typically the order value of automation system deliveries ranges from below EUR 1 million to EUR 3 million

# Announced orders in H1/2015

Date	Booked quarter	Description	Business line	Country	Value
Jan 23	Q4	Key board machine solutions	Paper	China	Not disclosed
Feb 4	Q4	Flue-gas cleaning and condensation plant	Pulp and Energy	Finland	Around EUR 8 million
Feb 17	Q1	Equipment for fluff conversion project	Pulp and Energy, and Paper	USA	Not disclosed
Mar 2	Q1	OptiConcept M containerboard line	Paper	Taiwan	Not disclosed
Mar 3	Q1	Softwood line rebuild	Pulp and Energy	Sweden	Not disclosed
Mar 11	Q1	Biomass based boiler plant	Pulp and Energy	Finland	Valmet's delivery slightly more than half of EUR 45 million total investment
Mar 30	Q1	Tissue machine rebuild	Paper	Turkey	Not disclosed
Apr 20	Q2	Key technologies for paper machine grade conversion	Paper	Finland	Valmet delivery is a part of customer's total EUR 70 million equipment order
Apr 22	Q2	Key technologies to bioproduct mill	Pulp and Energy	Finland	About EUR 125–150 million
Jun 9	Q2	Modernize automation and remote control	Automation	Finland	Not disclosed <sup>1</sup>
Jun 16	Q2	Upgrade of the evaporation plant	Pulp and Energy	Sweden	Not disclosed (a project of this type and scope is typically valued at around EUR 10 million)
Jun 23	Q2	Repeat order for two energy recovery systems	Paper	Italy and Poland	Not disclosed
Jun 24	Q2	Automation to a new waste-to-energy plant	Automation	UK	Not disclosed <sup>1</sup>
Jun 29	Q2	Two orders for automation technology	Automation	Finland	Not disclosed <sup>1</sup>
Jun 30	Q1	OptiConcept M fine paper making line	Paper	Indonesia	Not disclosed

1) Typically the order value of automation system deliveries ranges from below EUR 1 million to EUR 3 million

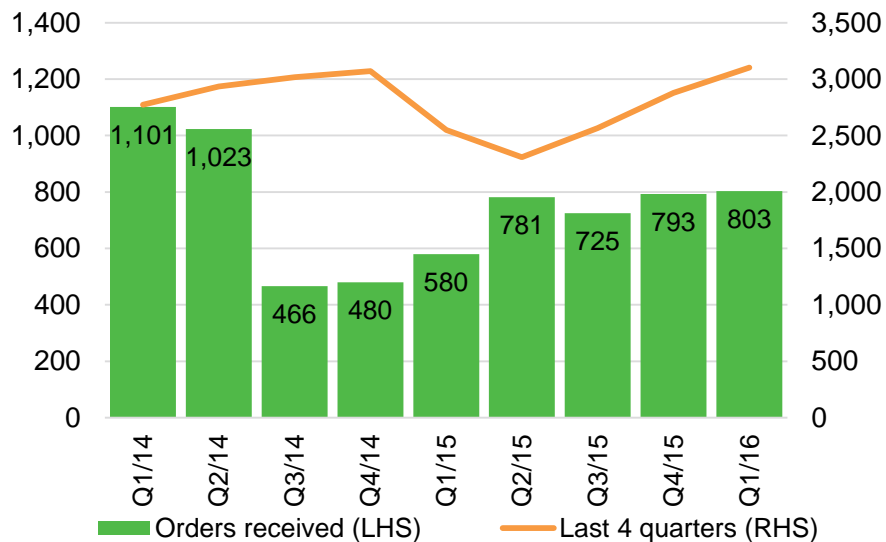
# Announced orders in H2/2015

Date	Booked quarter	Description	Business line	Country	Value
Jul 6	Q2	Winding technology for paper machine grade conversion rebuild	Paper	Netherlands	Not disclosed
Jul 7	Q2	White liquor handling system	Pulp and Energy	Sweden	Not disclosed
Aug 18	Q3	Main equipment to a pulp mill project	Pulp and Energy	China	Approximately EUR 110 million
Aug 20	Q2	Tissue machine rebuild	Paper	Germany	Not disclosed
Aug 21	Q3	OptiConcept M paper making line	Paper	China	Not disclosed. An order of this scope is typically valued around EUR 40-50 million.
Aug 24	Q2	Analyzers and quality control system	Automation	Finland	Not disclosed <sup>1</sup>
Aug 27	Q3	Flue gas desulphurization and denitrification installation	Pulp and Energy	Poland	Approximately EUR 40 million
Sep 2	Q3	Automation to new power plant	Automation	Finland	Not disclosed <sup>1</sup>
Sep 3	Q3	Advantage NTT tissue production line	Paper	USA	Not disclosed
Sep 7	Q3	Consumables and roll service agreement	Services	Sweden	Not disclosed
Sep 8	Q2	Automation for new-generation LNG-powered fast ferry	Automation	Finland	Not disclosed
Sep 14	Q2	Advantage NTT tissue production line	Paper	Portugal	Not disclosed
Sep 15	Q3	Two Advantage DCT tissue production lines	Paper	China	Not disclosed
Sep 24	Q2	District heat network optimization and a production planning system	Automation	Finland	Not disclosed
Oct 2	Q2	Pulp cooking system	Pulp and Energy	USA	Not disclosed
Oct 7	Q3	Solids measurement and sludge dewatering optimizer	Automation	Finland	Not disclosed
Oct 14	Q3	Online fiber analyzer	Automation	USA	Not disclosed
Oct 29	Q4	Pulp cooking plant	Pulp and Energy	Thailand	Not disclosed
Nov 9	Q3	Press section technology	Paper	Japan	Not disclosed
Dec 2	Q4	Key technology to pulp mill expansion	Pulp and Energy	Sweden	Not disclosed
Dec 4	Q4	New biomass-fired boiler plant	Automation	Finland	Not disclosed

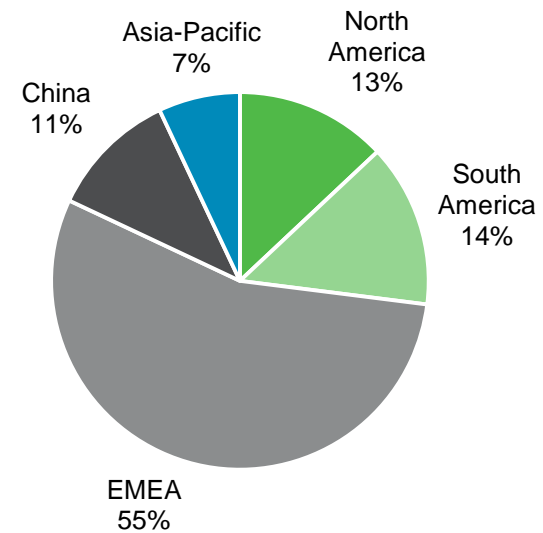
1) Typically the order value of automation system deliveries ranges from below EUR 1 million to EUR 3 million

# Orders received increased to EUR 803 million in Q1/2016

Orders received (EUR million)



Orders received in Q1/2016, by area

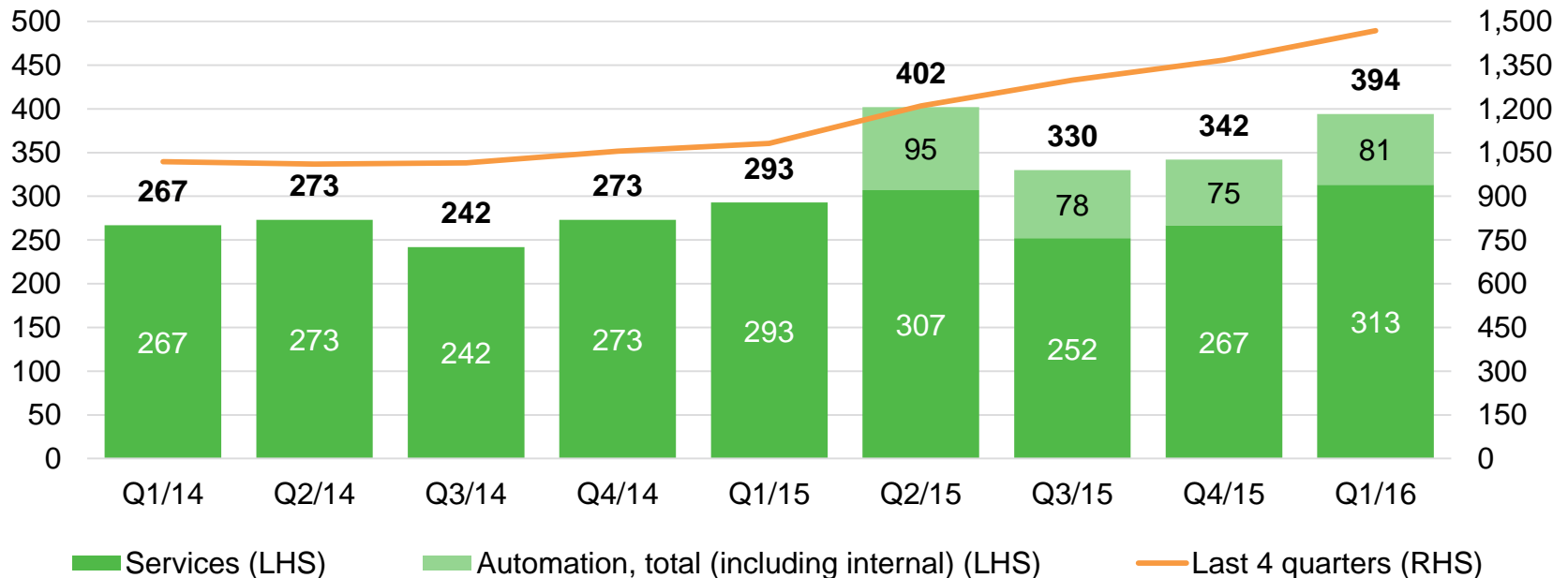


- Orders received increased in the Pulp and Energy, Paper, and Services business lines
- Automation contributed to orders received with EUR 66 million
- North America and EMEA accounted for 69% of orders received in Q1/2016



# Stable business orders received totaled EUR 1,468 million during the last 4 quarters

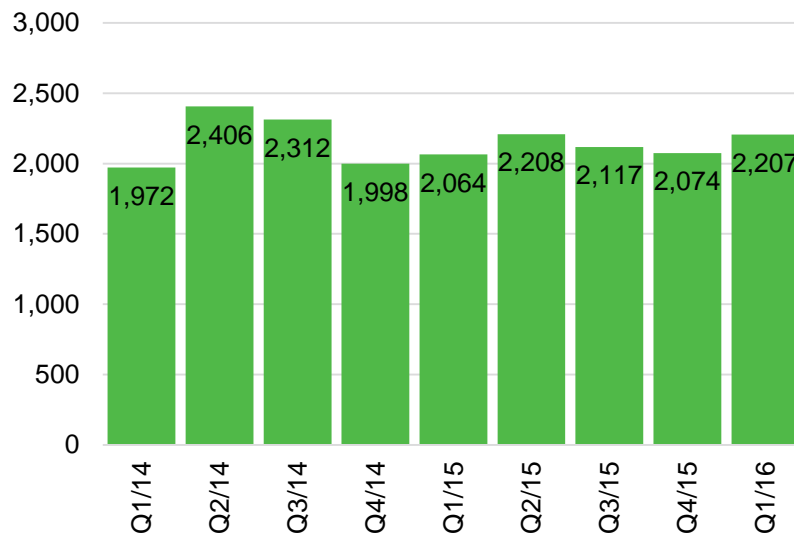
Orders received (EUR million) in stable business



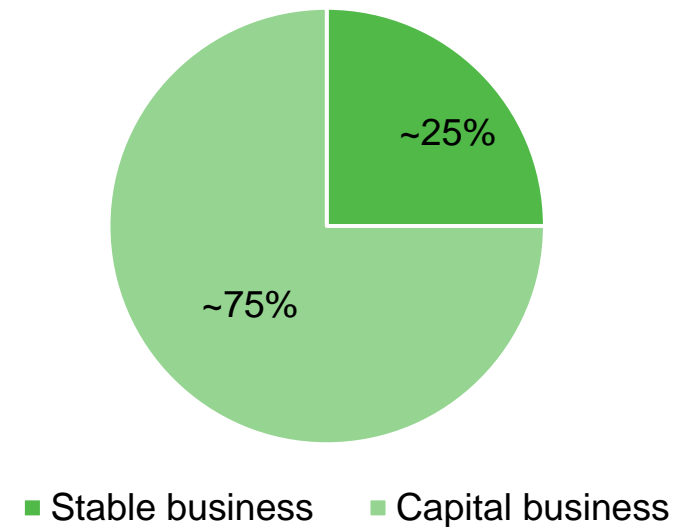
- Stable business orders received totaled to EUR 394 million in Q1/2016
- Stable business rolling 12 months orders received have increased from about EUR 1.1 billion to almost EUR 1.5 billion

# Order backlog at EUR 2.2 billion

Order backlog (EUR million)



Structure of order backlog

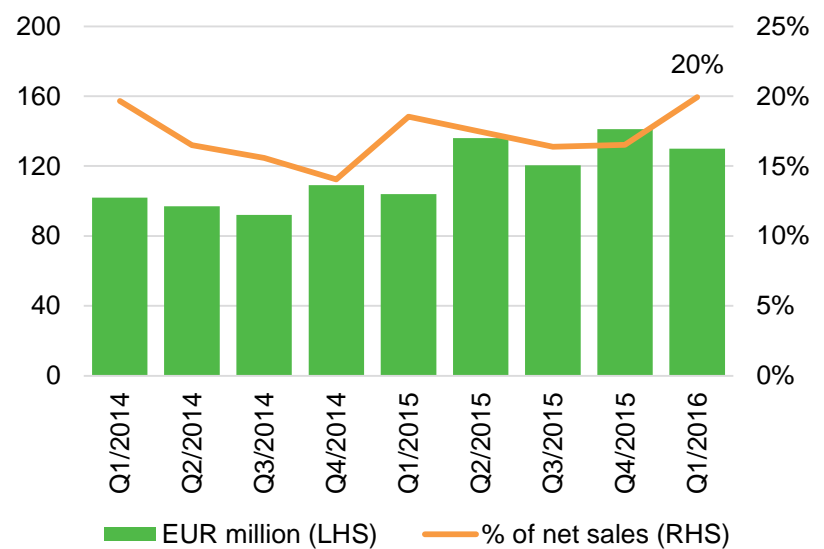
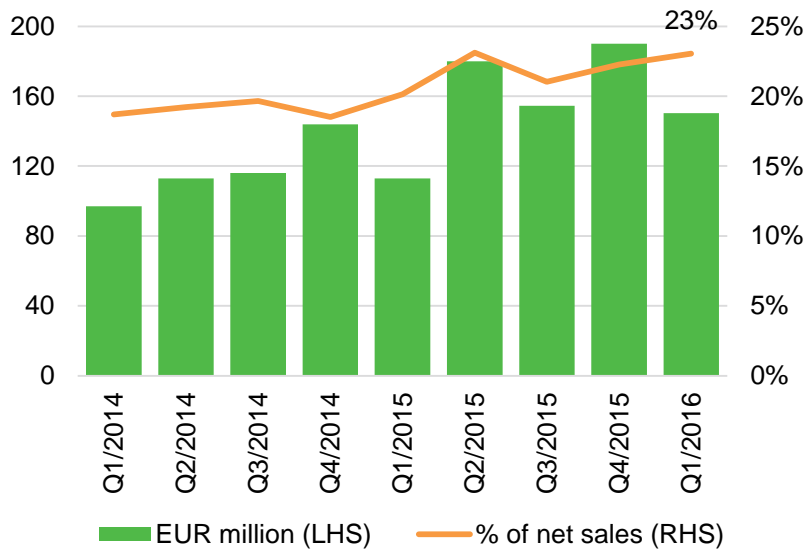


- Order backlog EUR 133 million higher than at the end of Q4/2015
- About 70% of the order backlog is currently expected to be realized as net sales during 2016
- Approximately 25% of the order backlog relates to stable business

# Good development in gross profit compared to Q1/2015

Gross profit (EUR million and % of net sales)

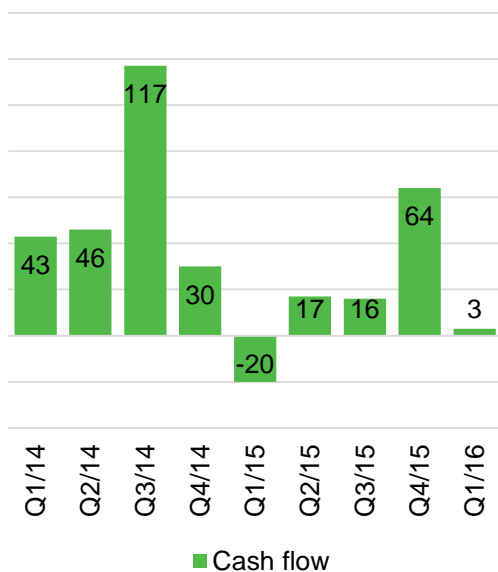
SG&A (EUR million and % of net sales)



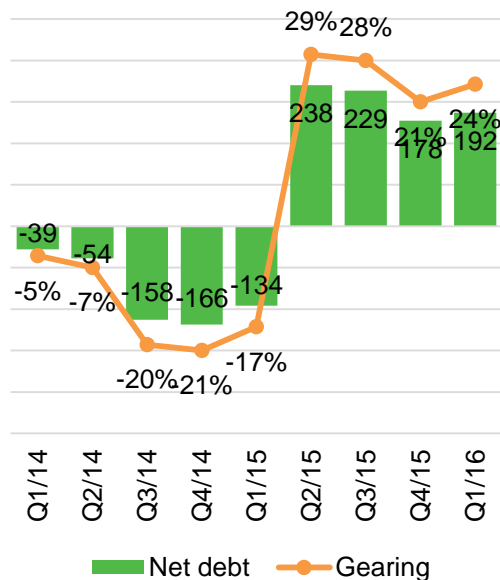
- Gross profit increased compared to Q1/2015
- Selling, general & administrative (SG&A) expenses increased compared to Q1/2015 due to Automation acquisition
- Further actions to improve gross profit through Must-Win implementation

# Cash flow, net debt, gearing and equity ratio

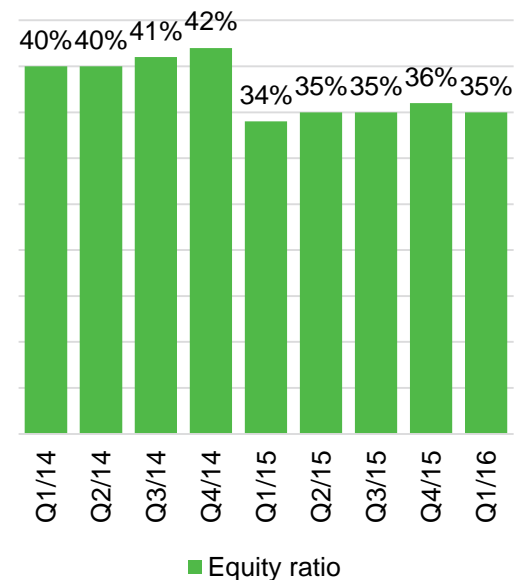
Cash flow provided by operating activities (EUR million)



Net debt (EUR million) and gearing (%)



Equity to assets ratio (%)



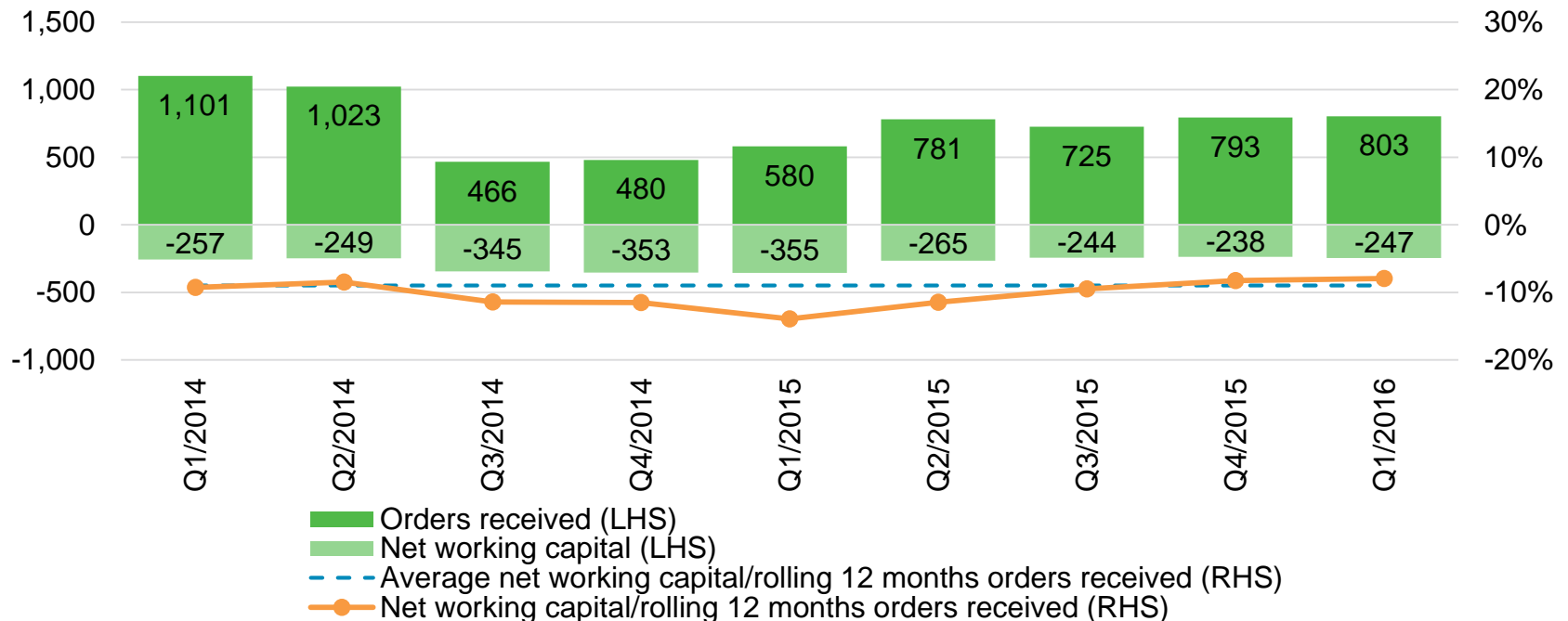
- Change in net working capital<sup>1</sup> EUR -41 million in Q1/2016
- CAPEX excluding business combinations EUR -11 million in Q1/2016
- Cash flow provided by operating activities EUR 3 million in Q1/2016

- Gearing (24%) and net debt (EUR 192 million) increased compared to Q4/2015
- Equity to assets ratio decreased from Q4/2015
- Automation acquisition was completed on April 1, 2015

1) Change in net working capital, net of effect from business acquisitions and disposals in the consolidated statement of cash flows

# Net working capital -8% of rolling 12 months orders received

Net working capital and orders received (EUR million)

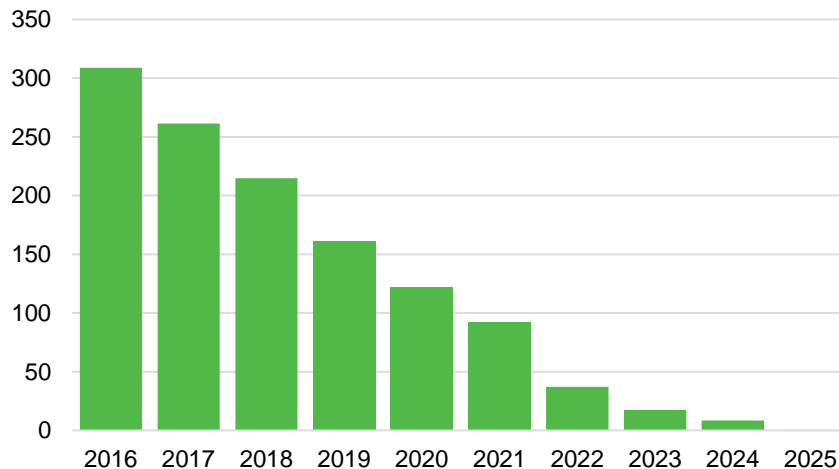


- Net working capital EUR -247 million, which equals -8% of rolling 12 months orders received
- Payment schedules of large capital projects have significant impact on net working capital development

# Structure of loans and borrowings

Interest-bearing debt EUR 371 million as at March 31, 2016

Amount of outstanding interest-bearing debt (EUR millions)



## Main financing sources

Amount	Lender
EUR 88 million	European Investment Bank
EUR 86 million	Skandinaviska Enskilda Banken
EUR 61 million	Swedish Export Kredit
EUR 95 million	Nordic Investment Bank

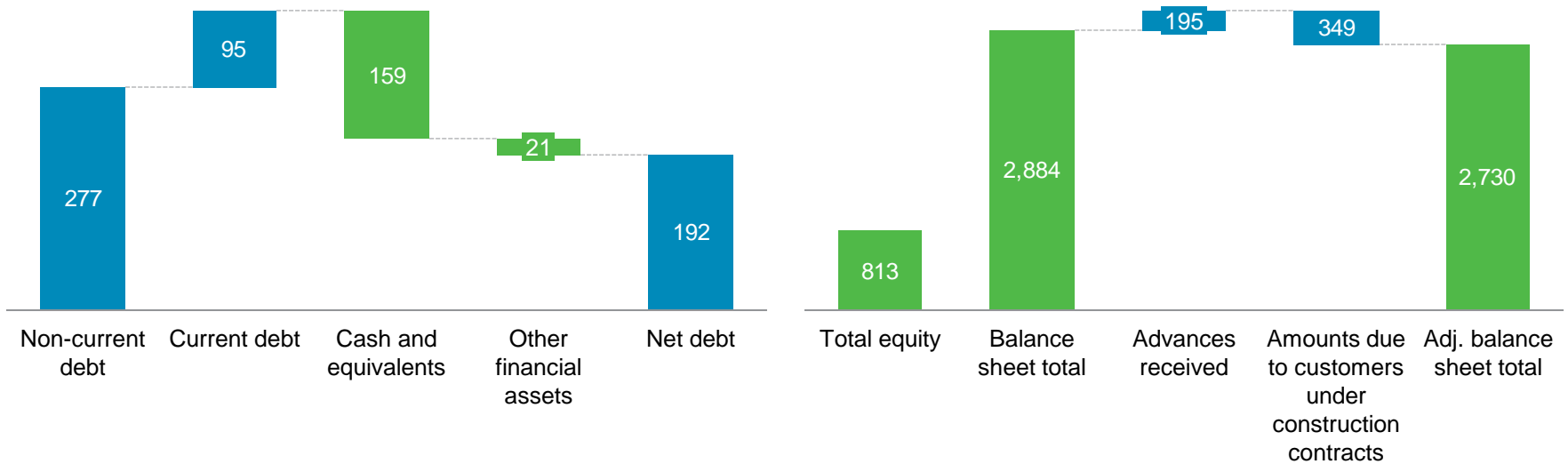
## Back-up facilities

Amount	Outstanding
EUR 200 million syndicated revolving credit facility	None outstanding
EUR 200 million domestic commercial paper program	EUR 40 million

- Average maturity of long-term loans is 3.4 years
- Average interest rate is 1.2%

# Strong balance sheet to support large orders

Financial position as of March 31, 2016 (EUR million)



Net debt → EUR 192 million

Gearing → 24%

Equity to assets ratio<sup>1</sup> → 35%

- Valmet has a strong balance sheet that enables it to participate in large projects
- Valmet has its long-term liquidity in place

1) Total equity / (Balance sheet total - advances received - billings in excess of cost and earnings of projects under construction)

# Currency exposure and foreign exchange risk management

## Currency exposure

- All operating units are required to hedge in full their foreign currency exposures
- Hedging takes place when firm commitment arises or at the latest immediately after operating units have reported their monthly currency exposure
- Valmet is not hedging any translation risk arising from subsidiaries' equity
- Intra corporate dividends, loans and deposits shall be hedged when internal decisions have been made
- Treasury acts as an internal bank for subsidiaries and manages corporate wide foreign currency exposure by hedging Corporate level net exposure towards banks

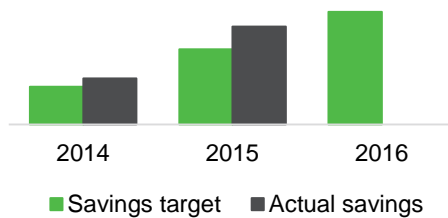
## Foreign exchange risk management

- The exposure is a net of all assets and liabilities denominated in foreign currencies derived from sales and purchase contracts, projected cash flows and firm commitments
- A 10 percent appreciation or depreciation of EUR against all other currencies would have an effect of, net of taxes, -/+ EUR 1.5 million on EBITA



# Development of procurement and quality costs

## Procurement

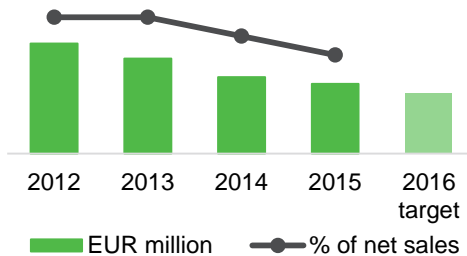


Target to save 10% in procurement by the end of 2016 (baseline 2013)

### Results in 2015

- 2015 target exceeded
- Procurement activity has increased in all main cost-competitive areas: China, India, Eastern Europe and Mexico

## Quality costs

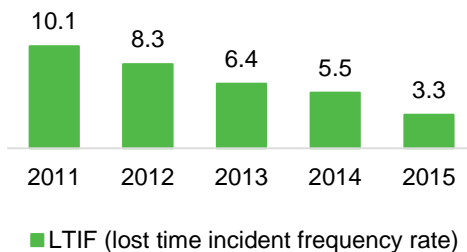


Target to reduce quality costs by 50% by the end of 2016 (baseline 2012)

### Results in 2015

- 2015 results in line with target
- Active Lean training on all levels
- Over 100 Lean projects in process
- Change in quality mindset in all parts of the organization

## Health and safety



Target to reduce LTIF to <2 by the end of 2018

### Results in 2015

- Focus on improving preventative safety measures, reinforcing safety awareness and leadership, and harmonizing health, safety and environment practices in customer project deliveries globally



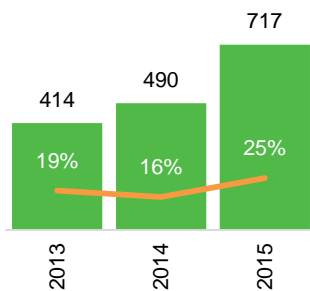
# Appendix

Area development

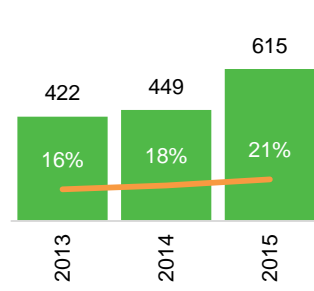
# North America

Mature services focused market with recurring opportunities in paper, tissue and automation

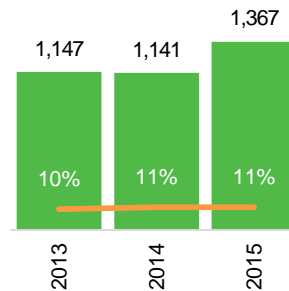
Orders received  
(EUR million and % of total)



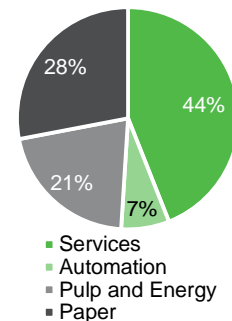
Net sales  
(EUR million and % of total)



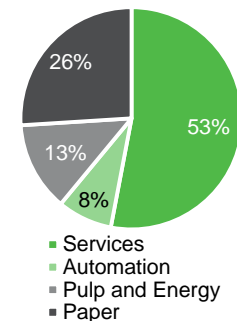
Employees  
(number and % of total)



Orders received by  
business line (2015)



Net sales by business  
line (2015)



## Market characteristics

- Mature, services-focused market with recurring opportunities in paper, tissue and automation
- Large installed base to be served
- Opportunities in customer agreement-based business
- Growth opportunities in increased outsourcing
- Capital project opportunities in tissue and board
- Capital project activity at high level

## Valmet's position and competition

- Strong position and market share in Valmet's targeted technology businesses
- Well-established stable business
- Key competitors: Voith, Andritz, Emerson, ABB, Honeywell and US services players Albany, Xerium, Kadant, Asten Johnsson

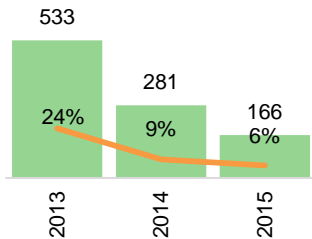
Target market  
size:  
EUR **2.9** bn

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.

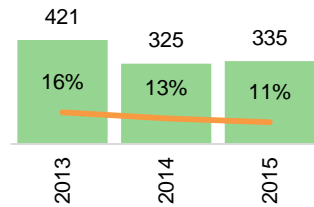
# South America

Cyclical capital business relies on new pulp projects. Services, board and tissue provide growth opportunities

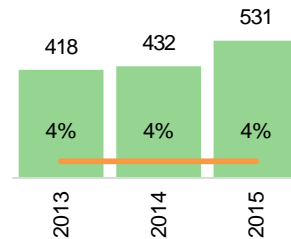
Orders received  
(EUR million and % of total)



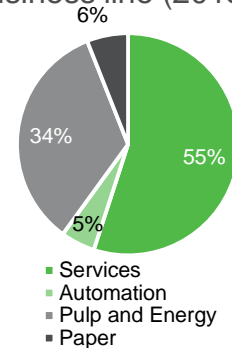
Net sales  
(EUR million and % of total)



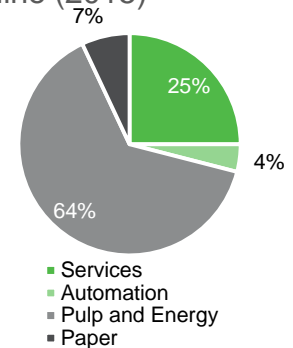
Employees  
(number and % of total)



Orders received by business line (2015)



Net sales by business line (2015)



## Market characteristics

- Cyclical capital business relies on new pulp projects
- Services, tissue and selected board applications provide growth opportunities
- Services growth potential through growing installed base and demand for more efficient customer operations
- Growing interest in optimization projects regarding e.g. energy, chemicals savings; efficiency of operations and availability of equipment

## Valmet's position and competition

- Valmet has a strong position and installed basis in Pulp mills and Services
- Strong competition with local and global players in all businesses (Services, Pulp, Paper and Energy)
- Fierce competition with Andritz for large new pulp projects
- Local presence and solutions important

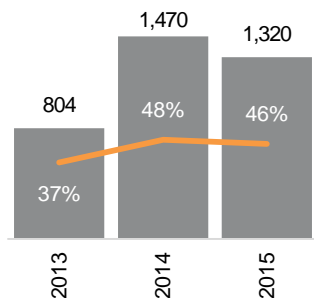
Target market size:  
**EUR 1.5 bn**

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015. Automation business line figures included as of Q2/2015.

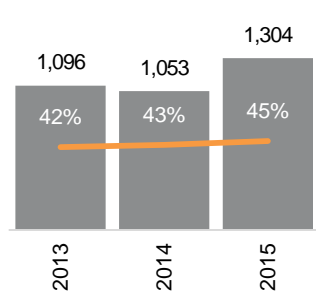
# EMEA

Valmet's largest and most important area with significant services and technology markets in all Valmet's businesses

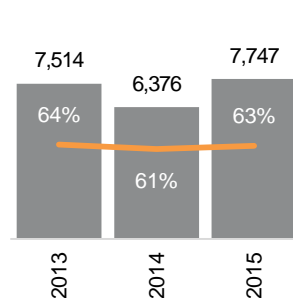
Orders received  
(EUR million and % of total)



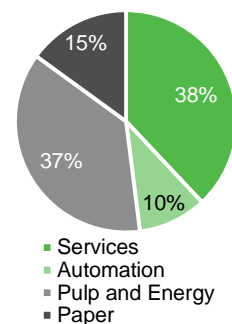
Net sales  
(EUR million and % of total)



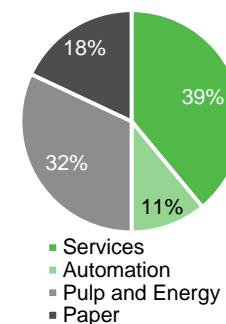
Employees  
(number and % of total)



Orders received by  
business line (2015)



Net sales by business  
line (2015)



## Market characteristics

- Valmet's largest and most important area with significant services and technology markets in all Valmet's businesses
- Large installed base to be served
- Growth opportunity in customer agreement-based business
- Declining printing and writing business, potential in conversions
- Capital project opportunities in board, pulp, tissue and bioenergy
- Uncertainties in regulation and low energy price postpone customers' decision making

## Valmet's position and competitors

- Valmet has a strong position both in both capital business and services
- Small players have strengthened their offering through acquisitions

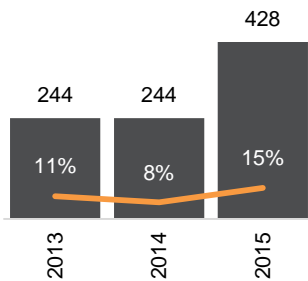
Target market  
size:  
EUR **6.0** bn

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.

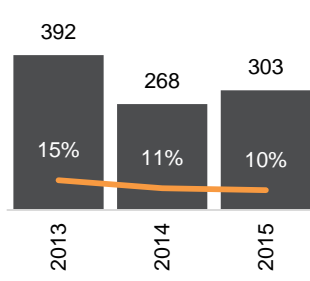
# China

## Capital business at new normal level, growth opportunities in Services

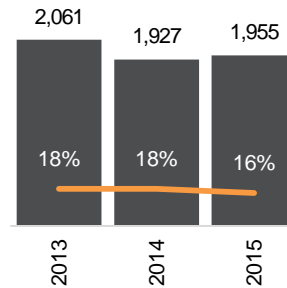
Orders received  
(EUR million and % of total)



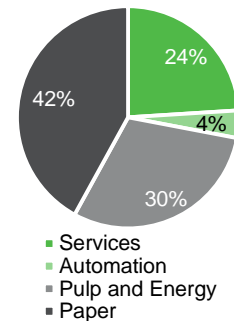
Net sales  
(EUR million and % of total)



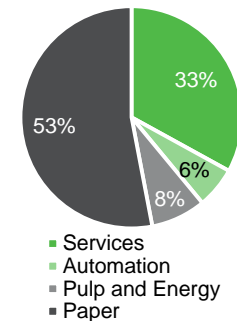
Employees  
(number and % of total)



Orders received by  
business line (2015)



Net sales by business  
line (2015)



### Market characteristics

- Market for capital projects flat and cyclical while services market growing
- Capital project opportunities in board and tissue, investments especially in lower-cost mid-sized machines and rebuilds
- Developing services market with growth potential through increasing installed base and aging machinery

### Valmet's position and competition

- Valmet has a strong position in Paper. Recent successes with modular board machine (OptiConcept M)
- Continued competition: new competitors in mid-size segment, local competitors strengthening through partnering with western companies
- Large Valmet-installed base

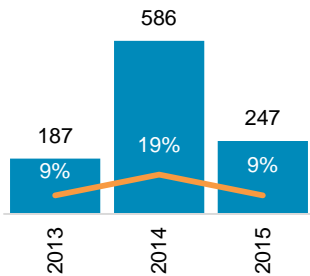
Target market  
size:  
**EUR 2.1 bn**

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.

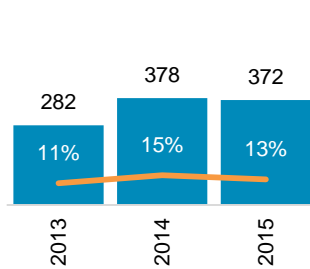
# Asia-Pacific

## Developing services market with growth potential

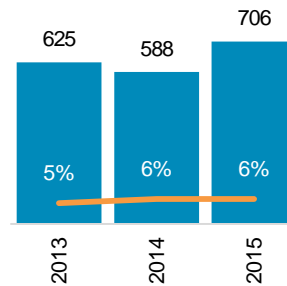
Orders received  
(EUR million and % of total)



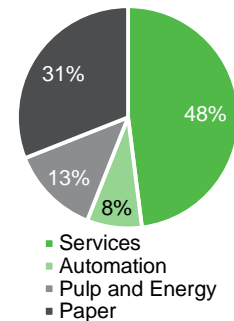
Net sales  
(EUR million and % of total)



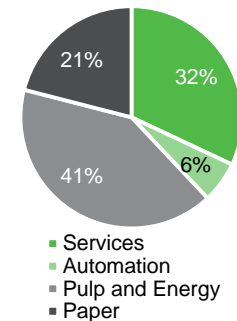
Employees  
(number and % of total)



Orders received by  
business line (2015)



Net sales by business  
line (2015)



### Market characteristics

- Increased investments in multifuel and plans for renewable energy development
- Capital project opportunities in energy and board through customers' portfolio changes or production line upgrades
- Developing services market with growth potential through capacity increases, larger installed base and higher market share

### Valmet's position and competition

- Valmet has strong market position and is increasing its local presence
  - New Technology center in Indonesia
- Competitors are growing their local presence

Target market  
size:  
EUR **2.6** bn

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.



# Appendix

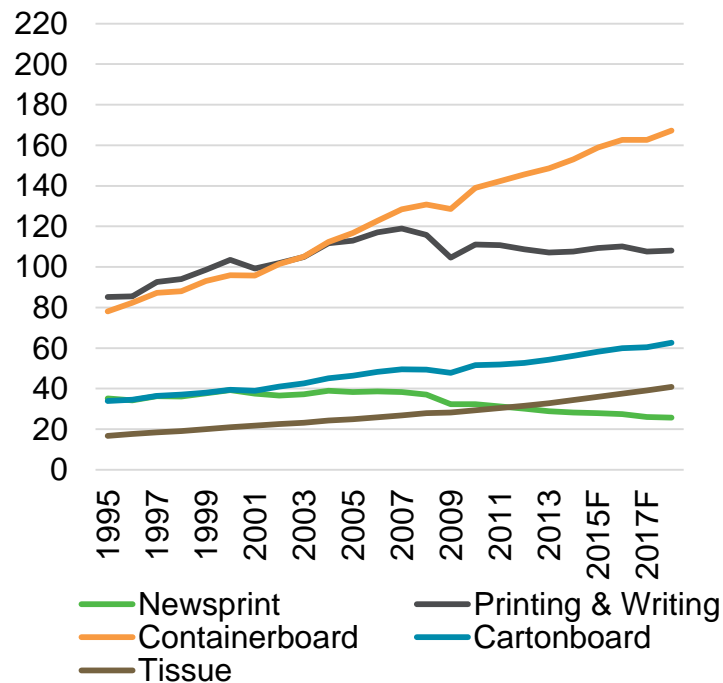
## Market statistics



# Consumption development

Growth in board and tissue consumption is expected to continue while newsprint is declining

Paper consumption<sup>1</sup> (Mton)

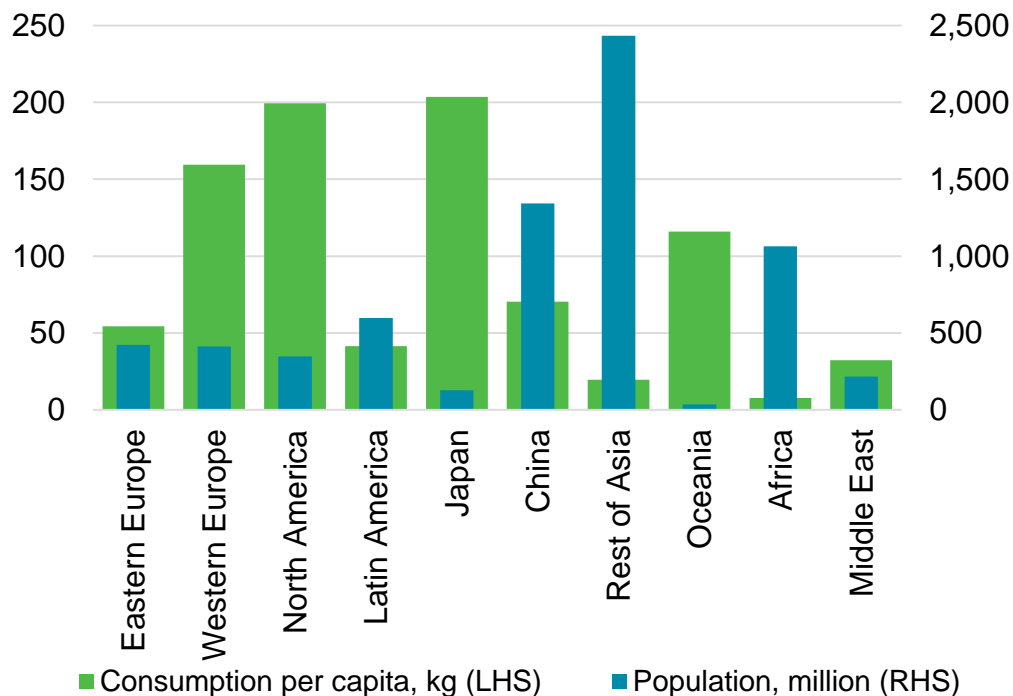


CAGR	2001-2014	2014-2018F
Containerboard	+3.7%	+2.4%
Printing & Writing	+0.4%	-0.8%
Cartonboard	+2.8%	+2.6%
Tissue	+3.4%	+3.6%
Newsprint	-2.7%	-3.8%

1) Source: RISI

# Paper and board consumption growth trends

Paper and board consumption per capita vs. population<sup>1</sup>



Population growth in emerging markets is larger than in developed markets

Level of consumption per capita in emerging markets clearly below that in developed markets

This offers us long-term growth potential

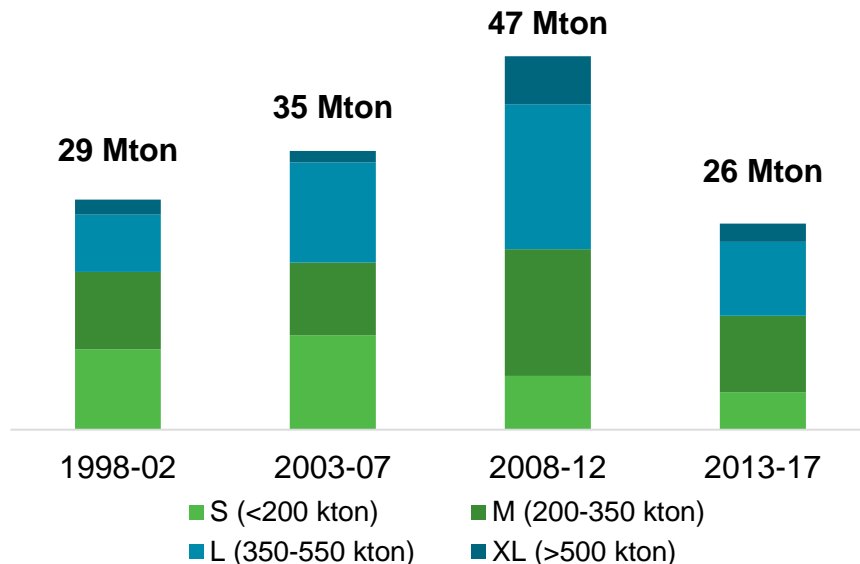
Average global consumption: 53 kg per capita

1) Source: PPI Annual Review 2013 (2012 figures)

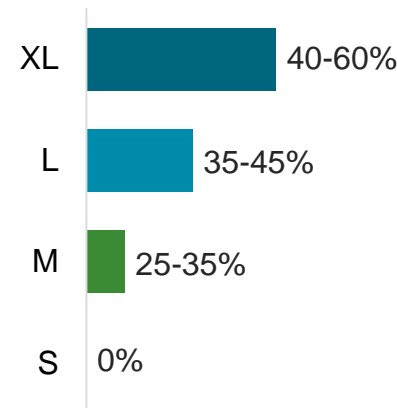
# Demand has shifted more towards smaller paper and board machines

- We are focusing more on modularized and standardized solutions
- Competition is higher in smaller machines

Capacity of start-ups<sup>1</sup>, by machine size



Valmet's market share<sup>1</sup>, by machine size



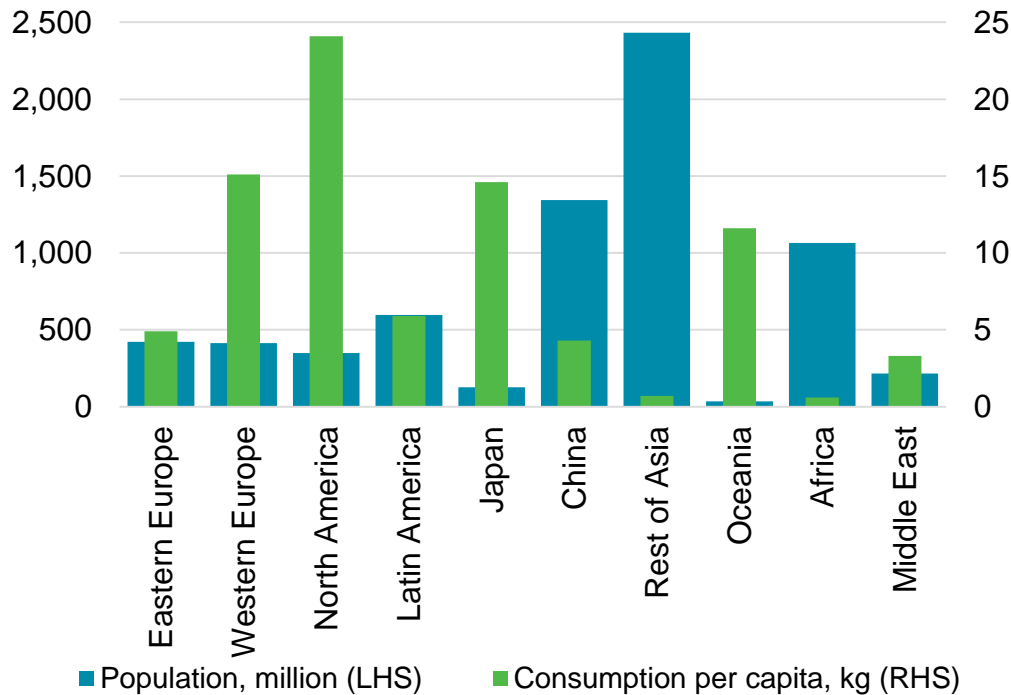
Competition is lower in larger machine sizes.

Higher number of players in smaller machines.

1) Source: Pöyry, Valmet

# Tissue consumption growth trends

Tissue consumption per capita vs. population<sup>1</sup>



Average global consumption: 4.5 kg per capita

New products and consumption models based on tissue are helping increase consumption in developed markets

Consumption in emerging markets is still low, but growing

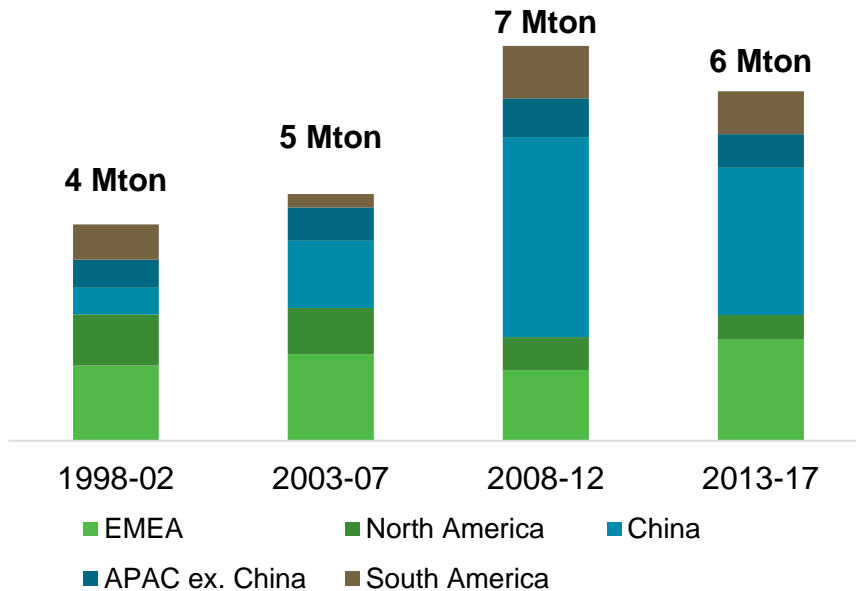
Offers us long-term growth potential in both developed and emerging markets

1) Source: PPI Annual Review 2013 (2012 figures)

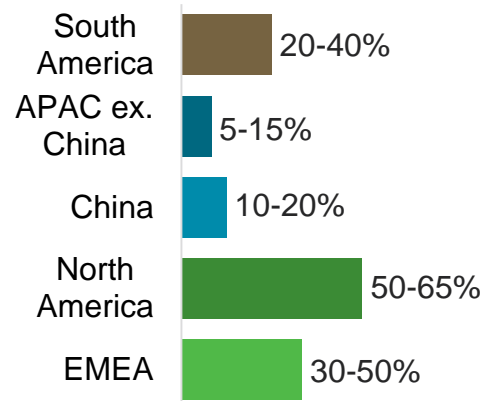
# Tissue market growing long term

- Recent market reduction due to heavy Chinese investments
- Competition is high in all areas, Valmet is strongest in North America

Capacity of start-ups<sup>1</sup>, by area



Valmet's market share<sup>1</sup>, by area



Number of competitors is low in the Americas and EMEA.

Smaller Chinese companies present in China and Asia.

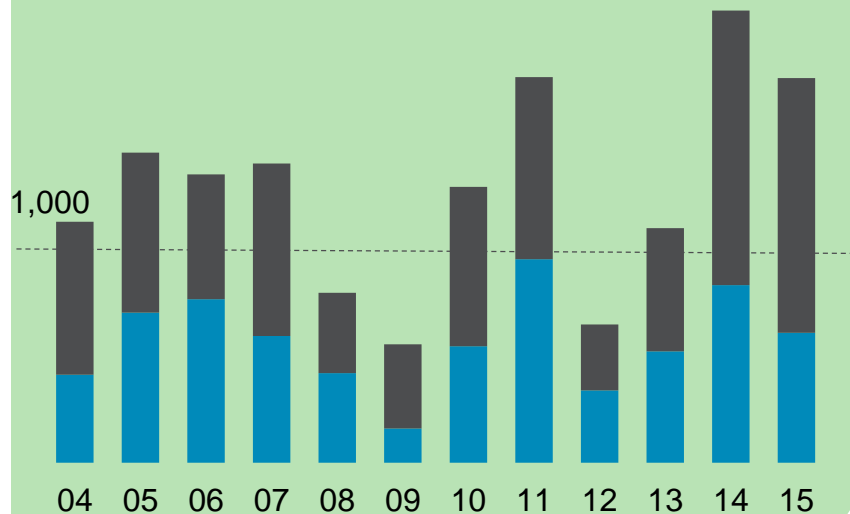
1) Source: Pöyry, Valmet

# Pulp mill market is cyclical and characterized by large orders

## Market fluctuates from year to year

**Market size<sup>1</sup>**  
(EUR million)

■ Valmet  
■ Others



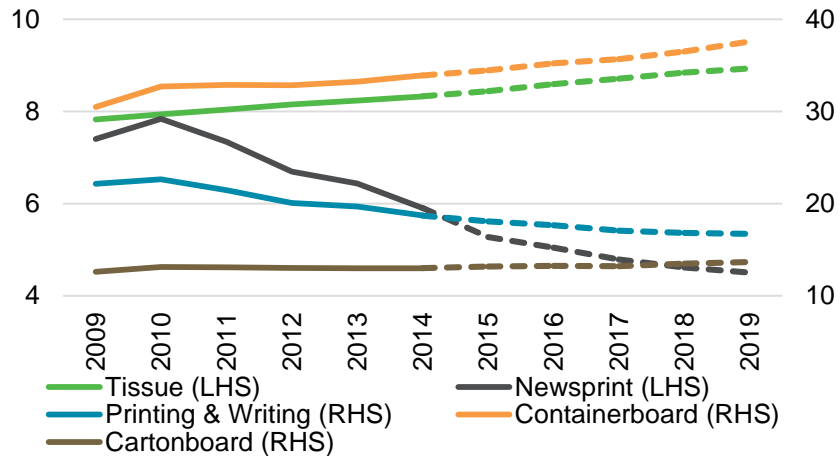
Valmet is well prepared for the cyclical nature of the business

- Own capacity has been reduced during the last few years
- Capacity cost to net sales was 24% in 2015

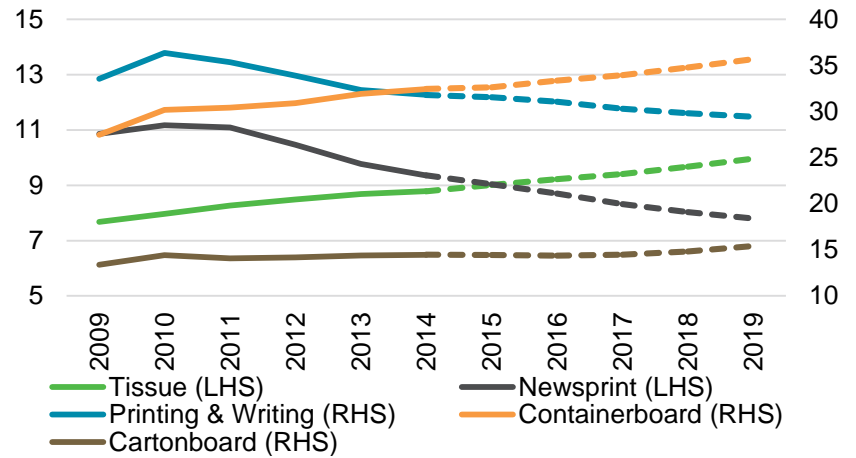
1) Market size based on orders received. Includes all pulp business units, recovery boilers, and evaporation plants

# Paper, board, and tissue production trends

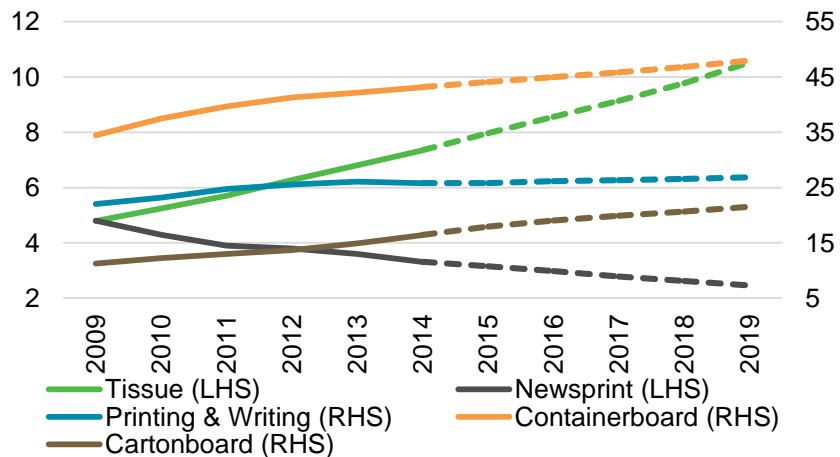
## North America (million tonnes)



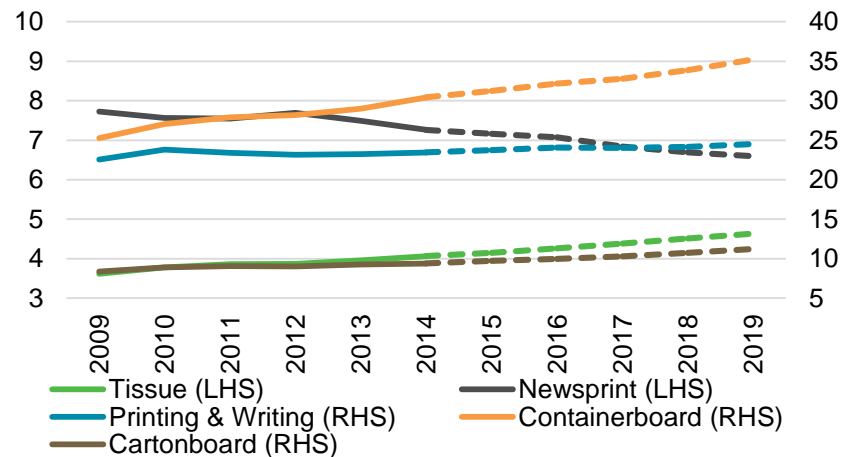
## Europe (million tonnes)



## China (million tonnes)



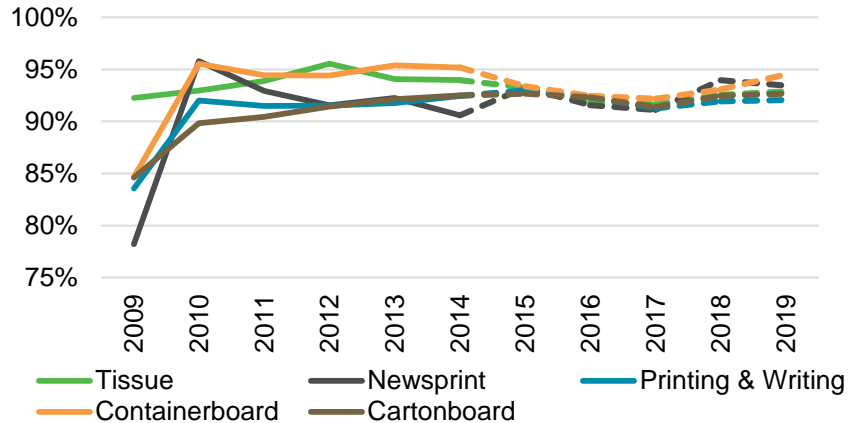
## Asia-Pacific (million tonnes)



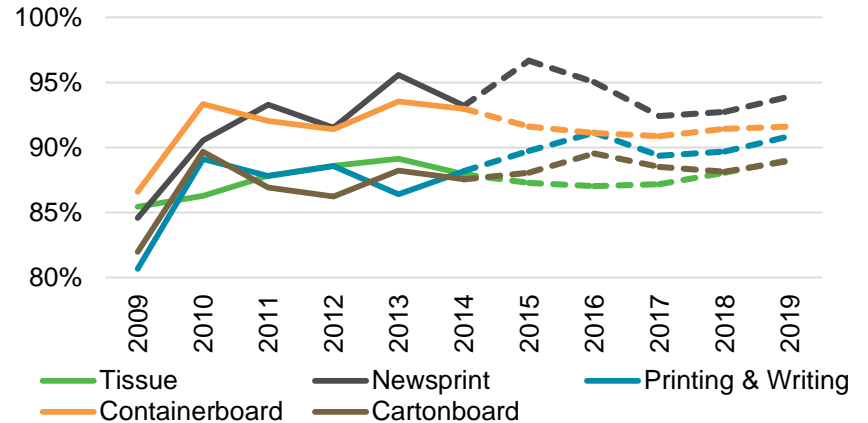
Source: RISI

# Paper, board, and tissue operating rates

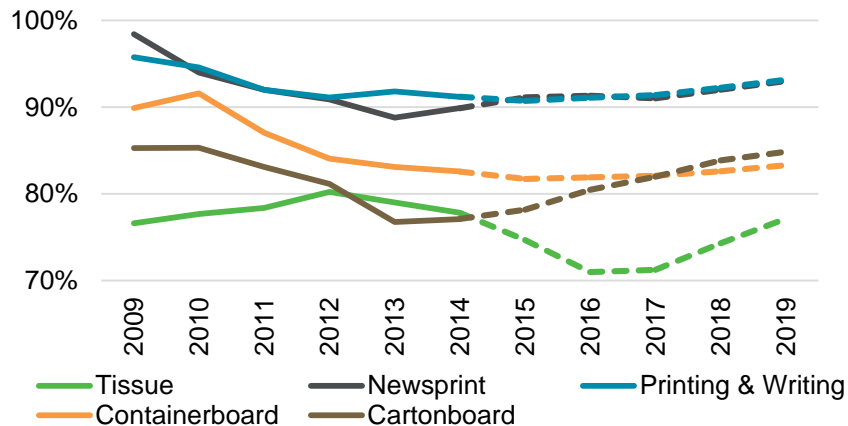
## North America



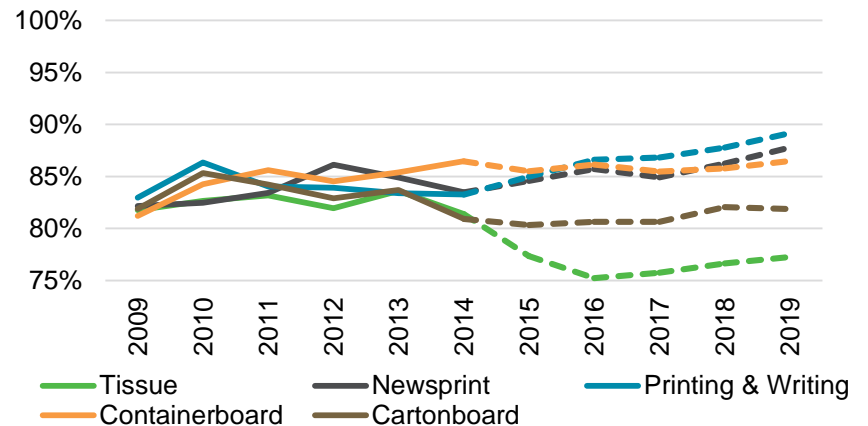
## Europe



## China



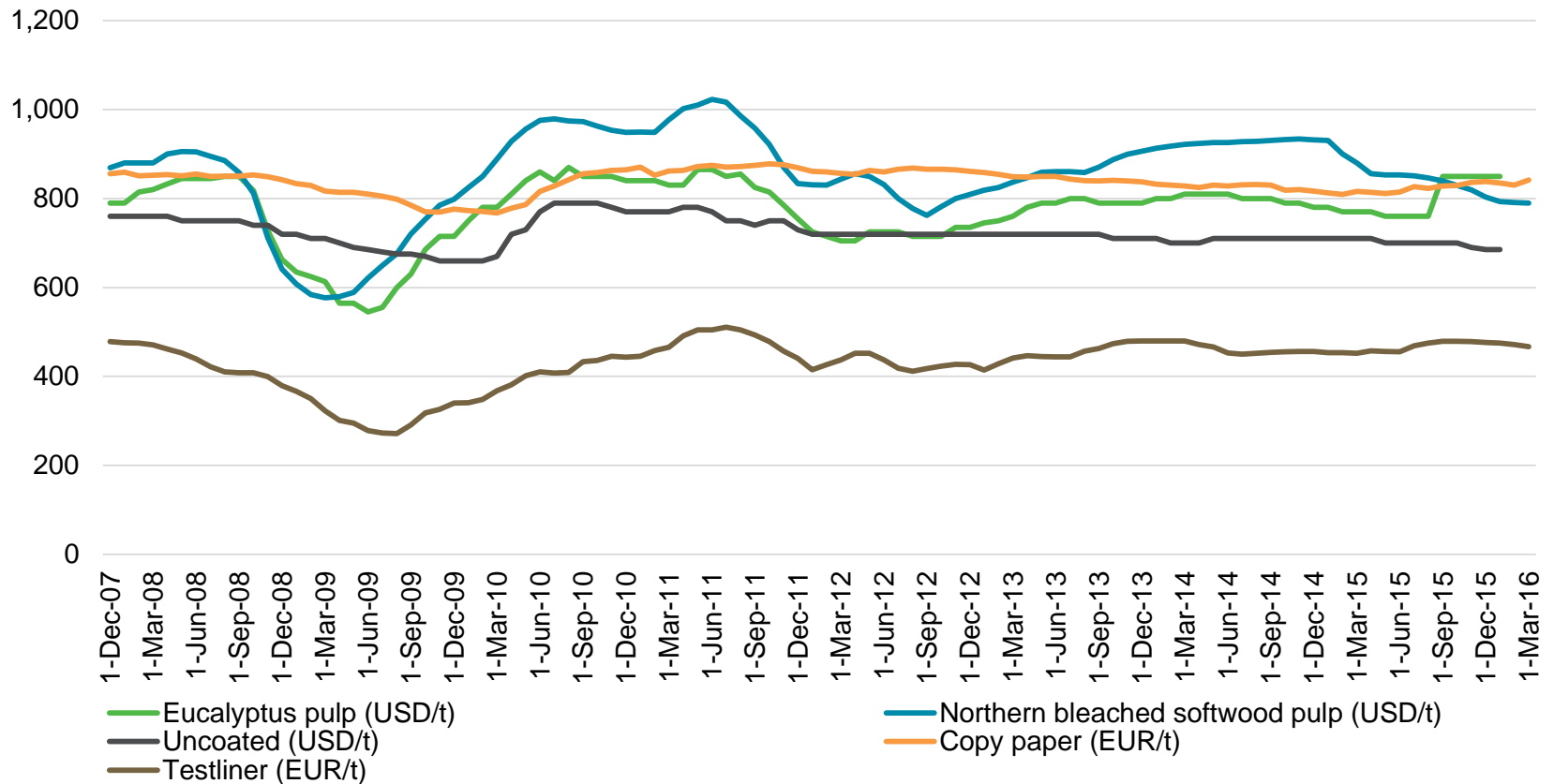
## Asia-Pacific



Source: RISI



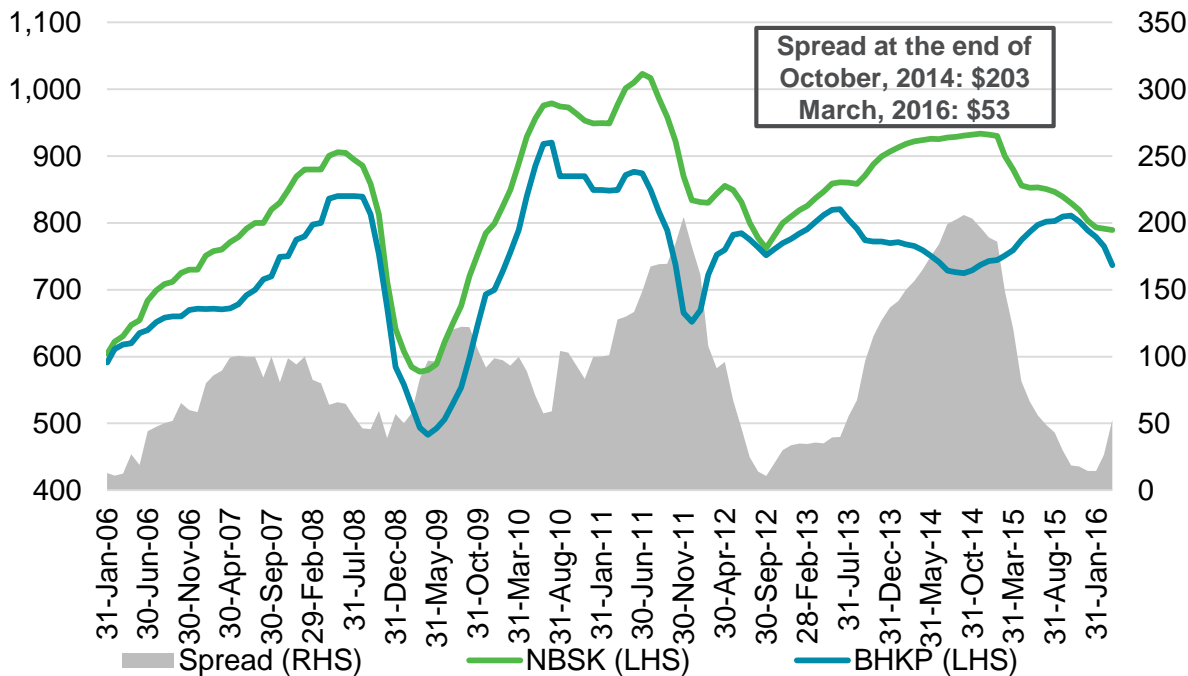
# Pulp and paper price trends



Source: Bloomberg

# Pulp price spread

Pulp prices, Europe: NBSK and BHKP (USD/ton)



## NBSK

Northern bleached softwood kraft pulp is produced mainly in Canada and the Nordic countries. NBSK is based on long fibre wood species. It adds strength to the final product.

## BHKP

Bleached hardwood kraft pulp, produced e.g. in Brazil and Indonesia, is based on short fibre wood species. It adds softness to the final product.



# Appendix

Shareholders and share price  
development

# Largest shareholders on April 30, 2016

Based on the information given by Euroclear Finland Ltd.

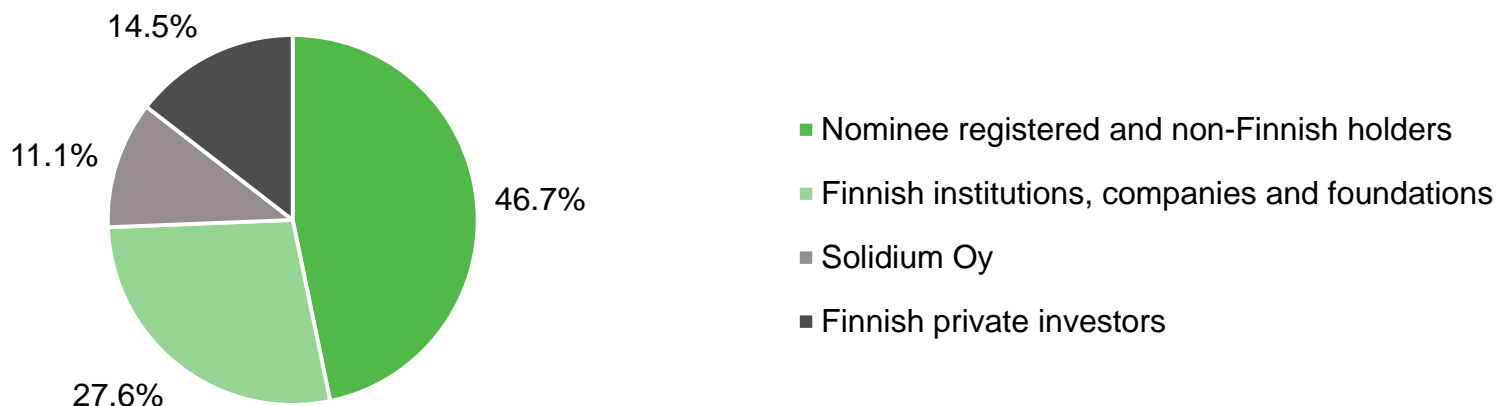
#	Shareholder name	Number of shares	% of shares and votes
1	Solidium Oy <sup>1</sup>	16,695,287	11.14%
2	Varma Mutual Pension Insurance Company	6,108,465	4.08%
3	Ilmarinen Mutual Pension Insurance Company	3,388,055	2.26%
4	Nordea Funds	3,213,461	2.27%
5	Elo Pension Company	3,110,000	2.08%
6	The State Pension Fund	1,695,000	1.13%
7	Keva	1,502,166	1.00%
8	Danske Invest Funds	1,253,700	0.84%
9	Mandatum Life Insurance Company Limited	1,217,307	0.81%
10	Odin Funds	1,073,240	0.72%
	10 largest shareholders, total	39,256,681	26.19%
	Other shareholders	110,607,938	73.81%
	<b>Total</b>	<b>149,864,619</b>	<b>100.00%</b>

## Flagging notifications

Date	Shareholder name	Number of shares	% of shares and votes
March 4, 2016	Cevian Capital Partners Ltd.	0	0.00%
June 9, 2015	Franklin Templeton Institutional, LLC	7,196,324	4.80%
February 13, 2015	Cevian Capital Partners Ltd.	10,323,191	6.89%
November 6, 2014	Nordea Funds Oy	7,240,716	4.83%
October 15, 2014	Franklin Templeton Institutional, LLC	7,517,629	5.02%
March 10, 2014	Cevian Capital Partners Ltd.	20,813,714	13.89%

1) A holding company that is wholly owned by the Finnish State

# Ownership structure on April 30, 2016



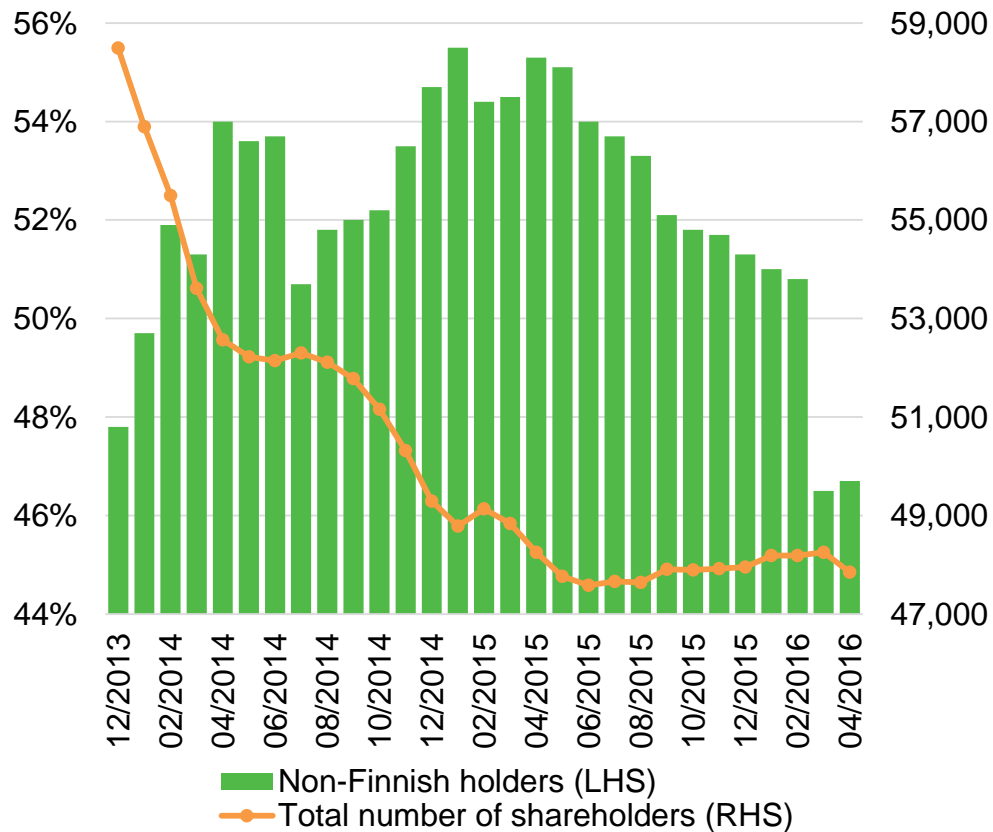
Sector	Number of shareholders	% of total shareholders	Number of shares	% of shares
Nominee registered and non-Finnish holders	310	0.7%	70,052,253	46.7%
Finnish institutions, companies and foundations	2,606	5.5%	41,383,560	27.6%
Solidium Oy <sup>1</sup>	0	0.0%	16,695,287	11.1%
Finnish private investors	44,930	93.9%	21,733,519	14.5%
<b>Total</b>	<b>47,846</b>	<b>100.0%</b>	<b>149,864,619</b>	<b>100.0%</b>

The ownership structure is based on the classification of sectors determined by Statistics Finland.

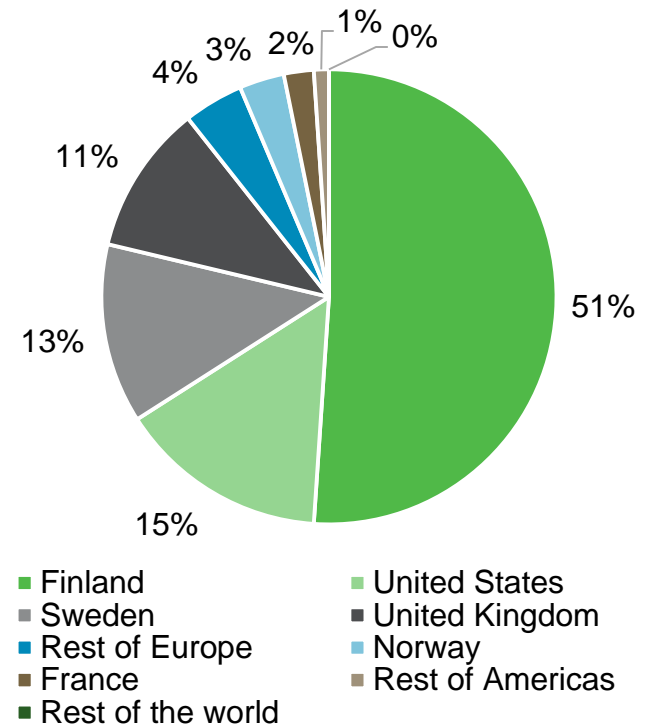
1) A holding company that is wholly owned by the Finnish State

# Share of non-Finnish holders and area split of shareholders

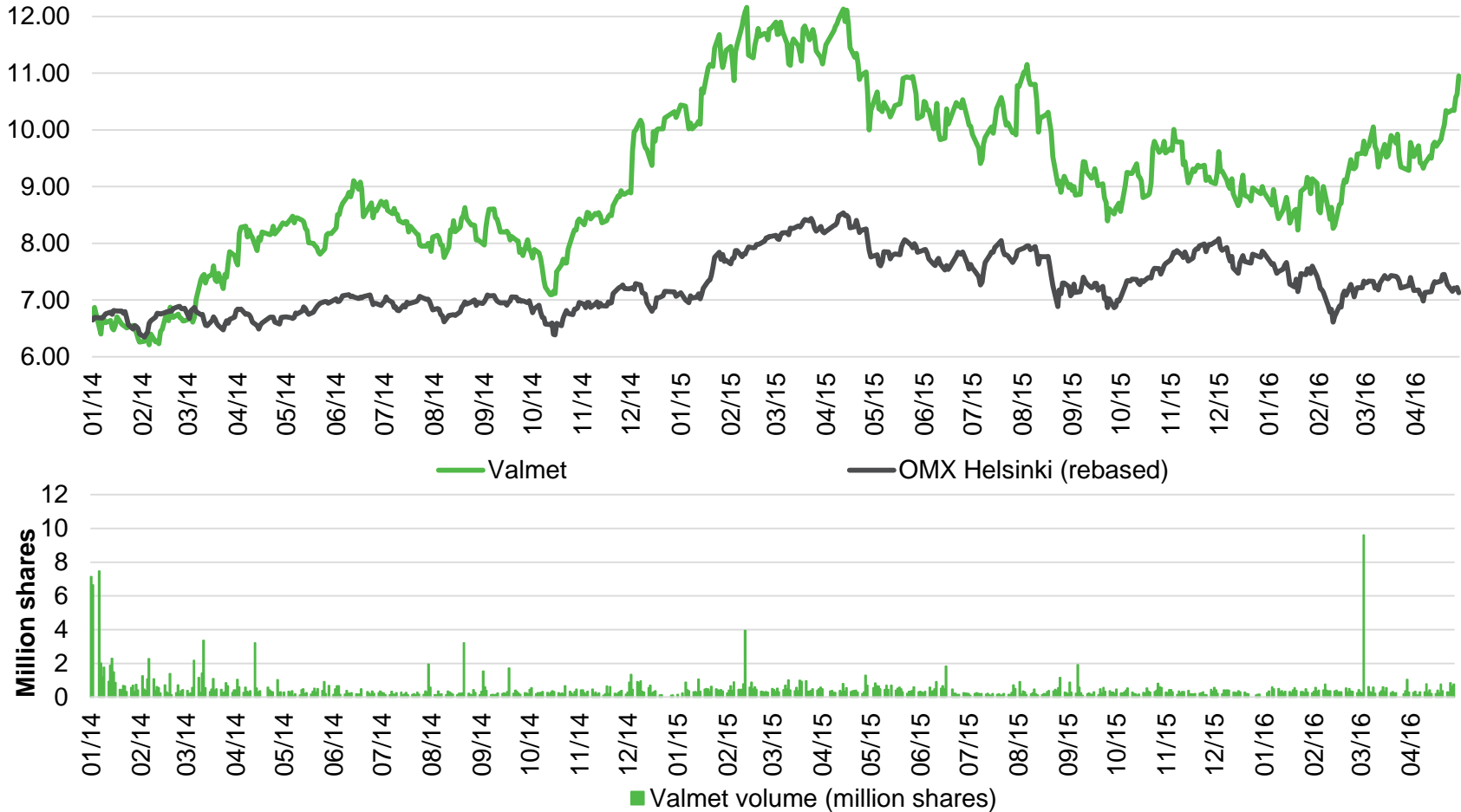
Share of non-Finnish holders and number of shareholders



Approximate area split of shareholders



# Share price development and trading volume





# Appendix

## Offering



# Comprehensive life-cycle services offering and large customer base with significant potential

## Comprehensive life-cycle services offering



Over 2,000 customer mills and plants served globally

### Spare and wear parts

- All OEM spare parts and standard parts in Valmet deliveries
- Inventory management services and process parts, such as consumables and auxiliary products

### Fabrics

- Paper machinery clothing
- Filter fabrics used in the pulp and paper, mining and chemical industries and power plants for various filtration purposes as well as in commercial laundries

### Mill and plant improvements

- Plant upgrades
- Modifications and environmental improvements
- Troubleshooting
- Shutdown maintenance
- Maintenance outsourcing for the entire customer plant

### Roll and workshop services

- Maintenance services on rotating equipment: roll covers, spare rolls and roll upgrades
- Rebuilds for all manufacturers' board, tissue, pulp and paper machines
- Workshop services: pressure part manufacturing, boiler component services, parts to protect and enhance boiler performance and fiber equipment refurbishing

### Energy and environmental

- Services for evaporation plants, power and recovery boilers, and environmental equipment

# Our automation offering



## Advanced automation and process monitoring solutions and services:

- Distributed Control System (DCS) – Valmet DNA
- Performance solutions
- Quality Control System (QCS)
- Profilers
- Analyzers and measurements
- Industrial internet solutions
- Automation services
- Process simulators
- Safety systems and solutions

Over 4,500 automation systems and  
over 40,000 analyzers and measurements delivered

# Automation offering and market overview

	Scope/product	Market size	Market position in pulp and paper	Main competitors
<b>Distributed Control System (DCS)</b> 	<ul style="list-style-type: none"> <li>DCS for process and machines controls</li> <li>Condition monitoring</li> <li>Information management</li> <li>APC</li> </ul>	Pulp and paper DCS market: <ul style="list-style-type: none"> <li>EUR 900 million</li> </ul> Power DCS market: <ul style="list-style-type: none"> <li>EUR 700 million</li> </ul>	<b>#3</b>	<ul style="list-style-type: none"> <li>ABB</li> <li>Honeywell</li> <li>Emerson</li> <li>Siemens</li> <li>Yokogawa</li> </ul>
<b>Quality Management System</b> 	<ul style="list-style-type: none"> <li>QCS (Quality Control Systems)</li> <li>Profilers</li> <li>Web inspection and web break analysis systems</li> </ul>	Estimated market size: <ul style="list-style-type: none"> <li>&gt;EUR 200 million</li> </ul>	<b>#1-2</b>	<ul style="list-style-type: none"> <li>ABB</li> <li>Honeywell</li> <li>Voith</li> <li>Paperchine</li> <li>Procemex</li> <li>Cognex</li> <li>Isra</li> <li>Yokogawa</li> </ul>
<b>Analyzers and measurements</b> 	<ul style="list-style-type: none"> <li>Paper analyzers</li> <li>Pulp analyzers</li> <li>Pulp consistency measurements</li> <li>Conductivity measurements</li> <li>Power analyzers</li> </ul>	Estimated market size: <ul style="list-style-type: none"> <li>&lt;EUR 200 million</li> </ul>	<b>#1</b>	<ul style="list-style-type: none"> <li>ABB</li> <li>BTG</li> <li>PulpEye</li> </ul>

# Full scope offering for the pulp and paper industry

## Technologies

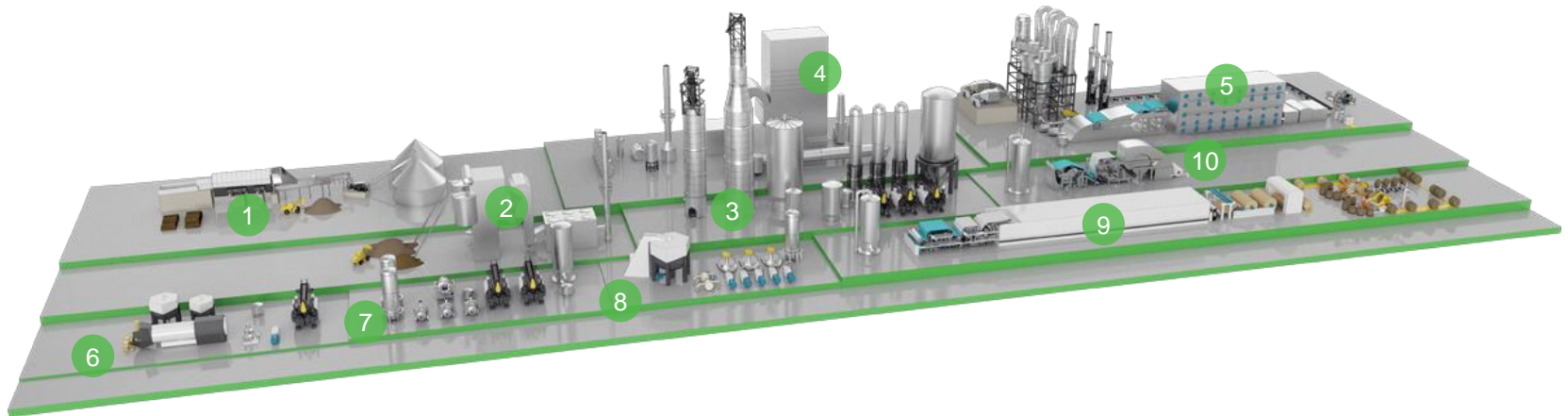
- 1 Wood handling
- 2 Heat and power production
- 3 Chemical pulping
- 4 Chemical recovery
- 5 Pulp drying
- 6 Recycled fiber
- 7 Mechanical fiber
- 8 Stock preparation
- 9 Board and paper making
- 10 Tissue making

## Automation

- Distributed Control System (DCS)
- Performance solutions
- Quality Control System (QCS)
- Profilers
- Analyzers and measurements
- Industrial internet solutions
- Automation services
- Process simulators
- Safety systems and solutions

## Services

- Mill and plant improvements
- Spare and wear parts
- Paper machine clothing and filter fabrics
- Roll services
- Services for evaporation plants, power and recovery boilers
- Services for environmental equipment



# Our offering for energy industry and biotechnologies

## Technologies

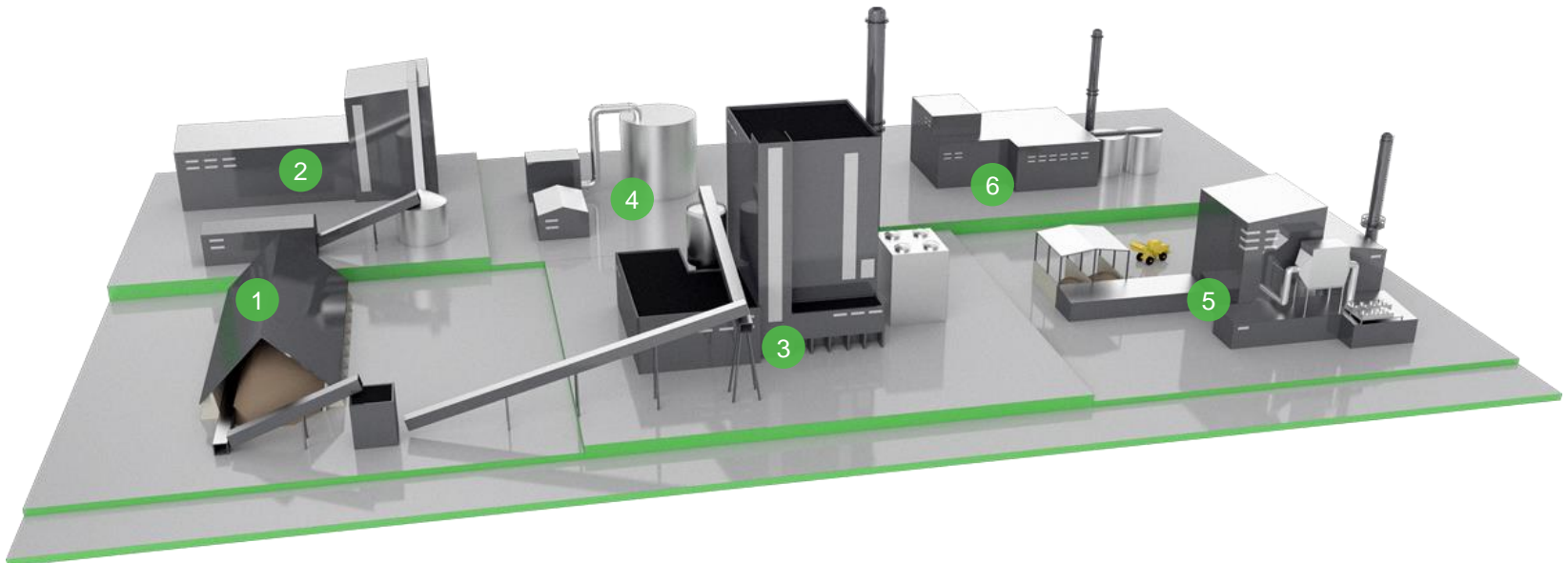
- 1 Fuel handling
- 2 Gasification
- 3 Boiler and flue gas cleaning
- 4 Bio-oil production
- 5 Modularized power plants
- 6 Prehydrolysis  
For biofuels, biomaterials and biochemicals, and bio coal production

## Automation

- Distributed Control System (DCS)
- Performance solutions
- Analyzers and measurements
- Industrial internet solutions
- Automation services

## Services

- Plant improvements
- Rebuilds
- Performance services
- Services for environmental equipment
- Components and spare parts
- Training



# Our pulp and energy technology offering



- Wood handling systems
- Cooking systems
- Complete fiber lines
- Pulp drying systems



- Evaporation systems
- Recovery islands



- Circulating fluidized bed boilers (CYMIC)
- Bubbling fluidized bed boilers (HYBEX)
- Biomass and waste gasification
- Oil and gas boilers
- Waste heat recovery
- Air pollution control systems



- Pyrolysis solutions for bio-oil production
- LignoBoost for lignin extraction
- Steam treated pellets production lines
- Biomass prehydrolysis for further refining to fuels or chemicals

300 complete fiber lines and 350 recovery islands delivered

400 boilers and environmental protection systems delivered

# Our paper technology offering



Board and paper

- Board and paper production lines
  - Recycled fiber lines
  - Tailor made OptiConcept machines
  - OptiConcept M modularized machines
- Rebuilds
  - Modernizations and grade conversions
- Stand-alone products
  - From stock preparation to roll handling

Over 1,600 board and paper machines delivered

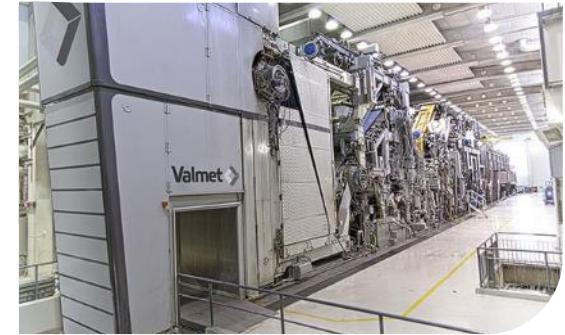
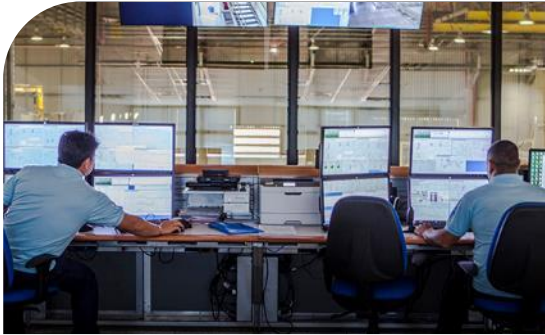


Tissue

- Tissue production lines
  - Advantage DCT
  - Advantage NTT
  - Advantage Thru Air (TAD)
- Rebuilds
- Stand-alone products
  - e.g. Yankee cylinders

Over 200 tissue lines delivered

# Continuous investment in research and development to improve customers' processes



## Customers' needs

- Increase production efficiency
- Improve competitiveness
- Maximize value of raw materials
- Widen raw material base
- Provide high-value end products
- Develop new innovations and technologies

## Valmet's R&D focus

- Modularized and standardized products
- Energy, water and raw material efficiency
- Automation technology
- Biomass conversion technologies

## Valmet's R&D resources

- Own R&D centers and pilot facilities
- Annual R&D spend about EUR 50 million
- Around 1,800 protected innovations
- Cooperation with universities and research institutions



# Example of our R&D work - OptiConcept M board and paper machine

- Cost-efficient, high-quality, safe and flexible board making concept
- Significant savings in energy, water and raw material use
  - Energy efficiency improvement up to 30%
- Modular and compact size
  - Short delivery times, quick start-ups, and less production space
- Functional design brings increased safety and accessibility
  - Design acknowledged in Finnish design competition in 2014





# Appendix

## Management

# Experienced Executive Team

## Corporate



**Pasi Laine**  
President and CEO  
Share ownership: 70,031



**Kari Saarinen**  
CFO  
Share ownership: 13,357



**Julia Macharey**  
SVP, Human Resources  
Share ownership: 8,779

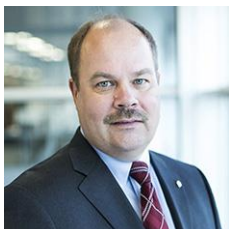


**Juha Lappalainen**  
SVP, Strategy and  
Operational Development  
Share ownership: 20,051

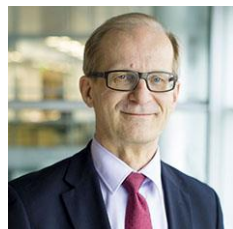


**Anu Salonsaari-Posti**  
SVP, Marketing &  
Communications  
Share ownership<sup>1</sup>: 5,614

## Business lines



**Jukka Tiitinen**  
Business Line President,  
Services  
Share ownership<sup>2</sup>: 36,970



**Sakari Ruotsalainen**  
Business Line President,  
Automation  
Share ownership: 8,090

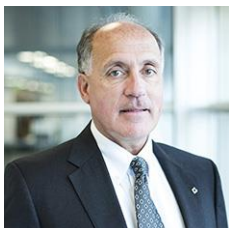


**Bertel Karlstedt**  
Business Line President,  
Pulp and Energy  
Share ownership: 15,704

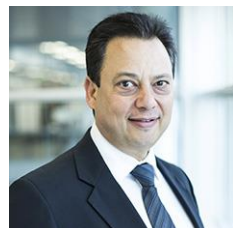


**Jari Vähäpesola**  
Business Line President,  
Paper  
Share ownership: 20,796

## Areas



**William Bohn**  
Area President, North  
America  
Share ownership: 15,078



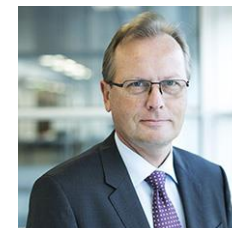
**Celso Tacla**  
Area President, South  
America  
Share ownership: 35,055



**Vesa Simola**  
Area President, EMEA  
Share ownership: 5,817



**Aki Niemi**  
Area President, China  
Share ownership: 18,737



**Hannu T. Pietilä**  
Area President, Asia-Pacific  
Share ownership: 19,103

1) Includes 100 shares in Valmet owned by Ms. Salonsaari-Posti's family members  
2) Includes 100 shares in Valmet owned by Mr. Tiitinen's family members

# Board of Directors



**Bo Risberg**  
(b. 1956)  
Chairman of the Board  
Swedish citizen

- BSc (Mech. Eng), MBA
- Selected experience:
  - CoB of Piab Group Holding
  - Vice CoB of Grundfos A/S and IMD
  - Member of the BoD of Norstjernan AB and Trelleborg AB
- Share ownership: 3,922
- Independent of company: Yes
- Independent of owners: Yes



**Mikael Von Frenckell**  
(b. 1947)  
Vice Chairman of the Board  
Finnish citizen

- M.Sc. (Soc.)
- Selected experience:
  - Member of the BoD of Antti Ahlströmin Perilliset Oy, Sponsor Capital Oy and Sponsor Capital Partners Oy
- Share ownership: 107,989
- Independent of company: Yes
- Independent of owners: Yes



**Aaro Cantell**  
(b. 1964)  
Board member  
Finnish citizen

- M.Sc. (Tech.)
- Selected experience:
  - CoB of Normet Group Oy, VTT Technical Research Centre of Finland Ltd and Affecto Oyj
  - Member of the BoD of Federation of Finnish Technology Industries
- Share ownership: 0
- Independent of company: Yes
- Independent of owners: Yes



**Lone Fønss Schrøder**  
(b. 1960)  
Board member  
Danish citizen

- M.Sc. (Econ.), Accounting; LL.M.
- Selected experience:
  - Member of the BoD of Saxobank A/S, Volvo PV AB, Schneider SE, Bilfinger Berger SE, INGKA Holding B.V. (IKEA Group), Akastor ASA, Canada Steamship Lines, Credit Suisse London
- Share ownership: 5,235
- Independent of company: Yes
- Independent of owners: Yes



**Friederike Helfer**  
(b. 1976)  
Board member  
Austrian citizen

- MSc in Real Estate Development, Diplom-Ingenieur in Urban Planning, CFA charterholder
- Selected experience:
  - Partner at Cevian Capital, joined Cevian Capital in 2008
  - Engagement Manager at McKinsey (2004–2008)
- Share ownership: 4,187
- Independent of company: Yes
- Independent of owners: Yes



**Jouko Karvinen**  
(b. 1957)  
Board member  
Finnish citizen

- M.Sc. (Tech.)
- Selected experience:
  - Member of the BoD of Nokia Oyj, SKF AB, Foundation Board and Supervisory Board of IMD business school and International Advisory Board of Komatsu Corporation of Japan
- Share ownership: 0
- Independent of company: Yes
- Independent of owners: Yes



**Tarja Tyni**  
(b. 1957)  
Board member  
Finnish citizen

- LL.M.
- Selected experience:
  - CoB of Innova Oy and Mandatum Life Investment Services Ltd
  - Member of the BoD Euroben Life & Pension Limited
- Share ownership: 0
- Independent of company: Yes
- Independent of owners: Yes



**Rogério Ziviani**  
(b. 1956)  
Board member  
Brazilian citizen

- BSc in Business Management, MBA
- Selected experience:
  - Member of the BoD Innovatech Negócios Florestais
- Share ownership: 4,187
- Independent of company: Yes
- Independent of owners: Yes

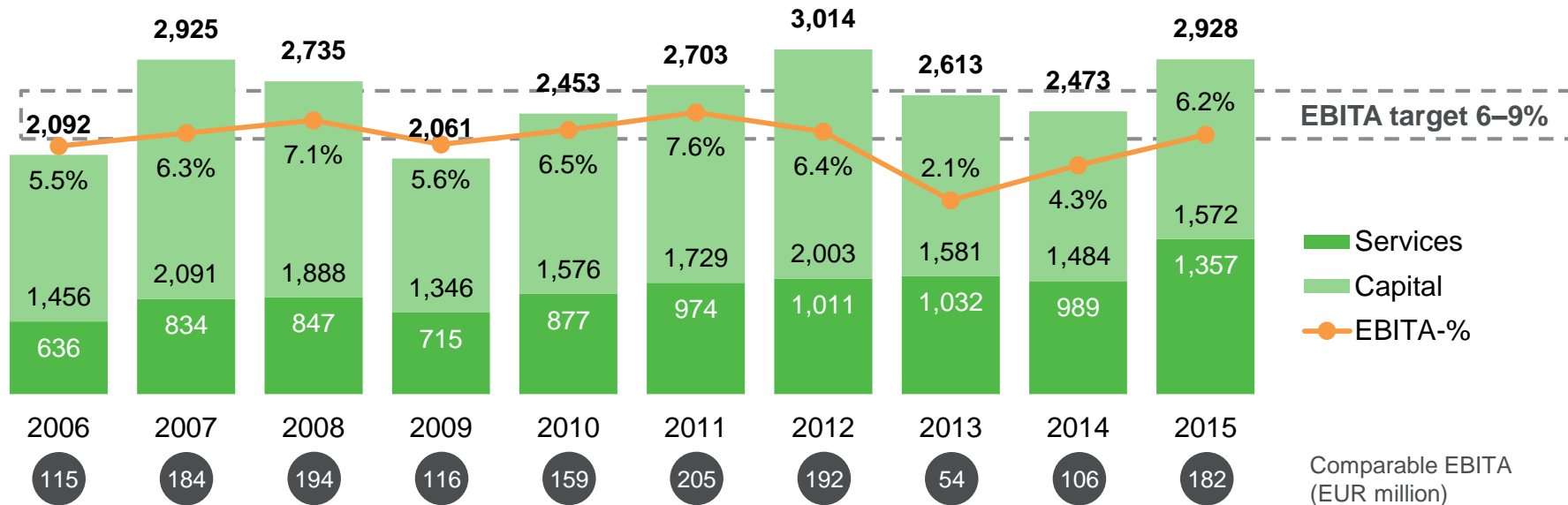


# Appendix

## Financial figures

# Net sales and profitability development, annual

Net sales and Comparable EBITA (EUR million)<sup>1</sup>

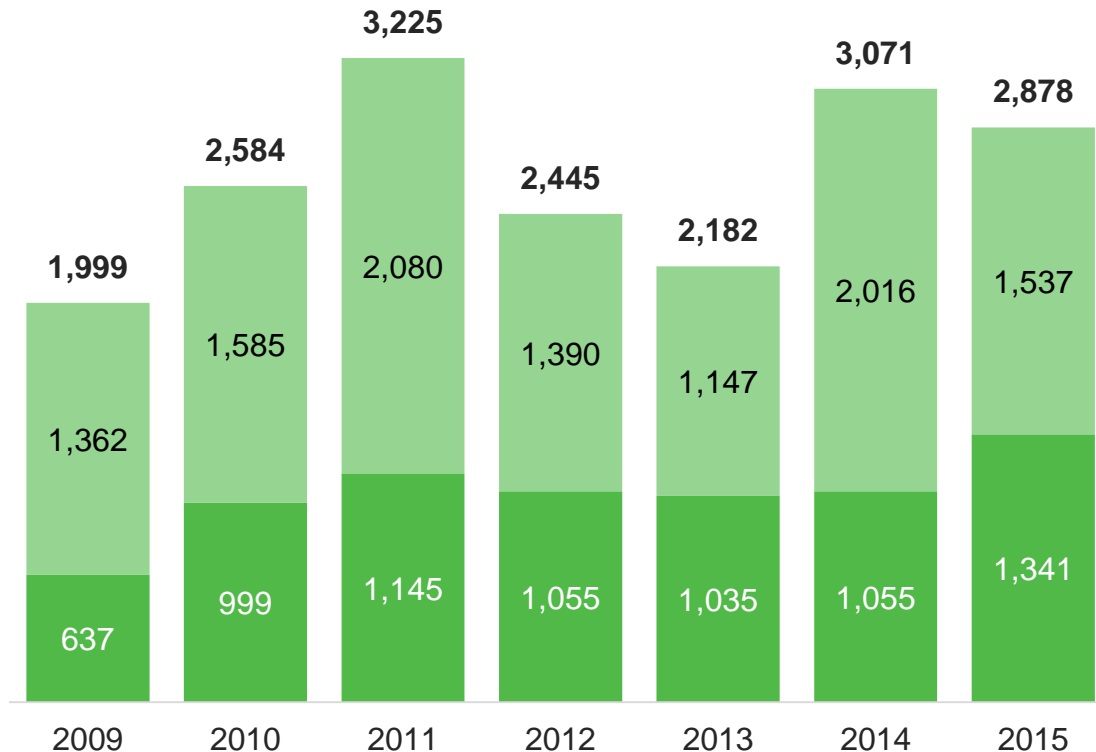


- Timing of large projects has had an impact on the level of net sales
- Good stimulus-driven demand in China 2009–2010 supported orders
- The paper machine market has shifted to smaller and lower-cost machines
- In 2013, the power generation market was affected by low-cost shale gas and political and economical uncertainty in Europe
- Profitability improved in 2014 as a result of cost savings

<sup>1)</sup> Actual figures for 2014. Carve-out figures for 2010-2013; as reported for Metso's Pulp, Paper and Power segment for 2006-2009. Automation has been consolidated into Valmet's financials since April 1, 2015, when the acquisition of Automation was completed.

# High volatility in market activity

Orders received<sup>1</sup> (EUR million)



• Volatility in market activity is high in the capital business

■ Capital  
■ Services

1) 2014 onwards actual figures, 2012–2013 carve-out figures, 2009–2011 Metso's Pulp, Paper and Power segment figures

# Key ratios

	Q1/2016	Q1/2015
Earnings per share, EUR	<b>0.08</b>	0.05
Diluted earnings per share, EUR	<b>0.08</b>	0.05
Equity per share at end of period, EUR	<b>5.38</b>	5.26
Return on equity (ROE), % (annualized)	<b>6%</b>	4%
Return on capital employed (ROCE) before taxes, % (annualized)	<b>7%</b>	6%
Equity to assets ratio at end of period, %	<b>35%</b>	34%
Gearing at end of period, %	<b>24%</b>	-17%
Cash flow provided by operating activities, EUR million	<b>3</b>	-20
Cash flow after investments, EUR million	<b>-8</b>	-30
Gross capital expenditure (excl. business combinations), EUR million	<b>-11</b>	-10
Gross capital expenditure (incl. business combinations), EUR million	<b>-11</b>	-10
Depreciation and amortization, EUR million	<b>-24</b>	-19
Number of outstanding shares at end of period	<b>149,864,220</b>	149,864,220
Average number of outstanding shares	<b>149,864,220</b>	149,864,220
Average number of diluted shares	<b>149,864,220</b>	149,864,220
Net interest-bearing liabilities at end of period, EUR million	<b>192</b>	-134



# Consolidated statement of income

EUR million	Q1/2016	Q1/2015
Net sales	652	561
Cost of goods sold	-502	-448
Gross profit	150	113
Selling, general and administrative expenses	-130	-104
Other operating income and expenses, net	-1	4
Share in profits and losses of associated companies, operative investments	-	-
Operating profit	19	13
Financial income and expenses, net	-3	-2
Share in profits and losses of associated companies, financial investments	-	-
Profit before taxes	17	11
Income taxes	-5	-3
<b>Profit / loss</b>	<b>12</b>	<b>8</b>
<b>Attributable to:</b>		
Owners of the parent	11	8
Non-controlling interests	-	-
<b>Profit / loss</b>	<b>12</b>	<b>8</b>
<b>Earnings per share attributable to owners of the parent:</b>		
Earnings per share, EUR	0.08	0.05
Diluted earnings per share, EUR	0.08	0.05

# Balance sheet as at March 31, 2016

Assets EUR million	As at March 31, 2016	As at March 31, 2015
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Goodwill	620	455
Other intangible assets	226	89
<b>Total intangible assets</b>	847	544
<b>Property, plant and equipment</b>		
Land and water areas	26	22
Buildings and structures	136	135
Machinery and equipment	189	207
Assets under construction	25	27
<b>Total property, plant and equipment</b>	375	392
<b>Financial and other non-current assets</b>		
Investments in associated companies	12	5
Non-current financial assets	25	20
Deferred tax asset	84	99
Other non-current assets	13	14
<b>Total financial and other non-current assets</b>	133	138
<b>Total non-current assets</b>	1,355	1,073
<b>Current assets</b>		
<b>Inventories</b>		
Materials and supplies	80	94
Work in progress	372	390
Finished products	83	61
<b>Total inventories</b>	535	545
<b>Receivables</b>		
Trade and other receivables	560	498
Amounts due from customers under construction contracts	233	138
Other current financial assets	14	27
Income tax receivables	27	23
<b>Total receivables</b>	835	685
<b>Cash and cash equivalents</b>	159	557
<b>Total current assets</b>	1,528	1,787
<b>Total assets</b>	2,884	2,860

# Balance sheet as at March 31, 2016

Equity and liabilities EUR million	As at March 31, 2016	As at March 31, 2015
<b>Equity</b>		
Share capital	100	100
Reserve for invested unrestricted equity	407	404
Cumulative translation adjustments	12	33
Fair value and other reserves	-3	-7
Retained earnings	291	258
<b>Equity attributable to owners of the parent</b>	<b>807</b>	<b>789</b>
<b>Non-controlling interests</b>	<b>6</b>	<b>5</b>
<b>Total equity</b>	<b>813</b>	<b>794</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Non-current debt	277	332
Post-employment benefits	148	151
Provisions	10	10
Other non-current financial liabilities	4	4
Deferred tax liability	68	31
<b>Total non-current liabilities</b>	<b>507</b>	<b>528</b>
<b>Current liabilities</b>		
Current portion of non-current debt	55	84
Current debt	40	30
Trade and other payables	785	746
Provisions	97	99
Advances received	195	186
Amounts due to customers under construction	349	338
Contracts	15	36
Other current financial liabilities	15	36
Income tax liabilities	28	19
<b>Total current liabilities</b>	<b>1,564</b>	<b>1,538</b>
<b>Total liabilities</b>	<b>2,071</b>	<b>2,066</b>
<b>Total equity and liabilities</b>	<b>2,884</b>	<b>2,860</b>

# Condensed Consolidated Statement of Cash Flows

EUR million	Q1/2016	Q1/2015
<b>Cash flows from operating activities</b>		
Profit / loss	12	8
Adjustments		
Depreciation and amortization	24	18
Financial income and expenses	3	1
Income taxes	5	3
Other non-cash items	7	1
Change in net working capital, net of effect from business combinations and disposals	-41	-49
Net interests and dividends received	-3	-
Income taxes paid	-3	-2
<b>Net cash provided by (+) / used in (-) operating activities</b>	<b>3</b>	<b>-20</b>
<b>Cash flows from investing activities</b>		
Capital expenditure on fixed assets	-11	-10
Proceeds from sale of fixed assets	-	-
<b>Net cash provided by (+) / used in (-) investing activities</b>	<b>-10</b>	<b>-10</b>
<b>Cash flows from financing activities</b>		
Redemption of own shares	-2	-7
Net borrowings (+) / payments (-) on current and non-current debt	-	377
Net investments in available-for-sale financial assets	6	23
Other	-	-3
<b>Net cash provided by (+) / used in (-) financing activities</b>	<b>4</b>	<b>390</b>
Net increase (+) / decrease (-) in cash and cash equivalents	-4	359
Effect of changes in exchange rates on cash and cash equivalents	-2	5
Cash and cash equivalents at beginning of period	165	192
<b>Cash and cash equivalents at end of period</b>	<b>159</b>	<b>557</b>

