



Moving forward after strong 2014

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President and CEO

Valmet Capital Markets Day
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Agenda

Capital Markets Day 2015

- 1 Valmet in brief
- 2 Performance in 2014
- 3 Valmet's strategy
- 4 Automation
- 5 Investment highlights
- 6 Summary





Valmet in brief

A leading service and technology company

Strong market position in all markets served

Stable, growing and profitable services business

Strong capital business with high technological know-how

2014 figures

Orders received EUR 3,071 M

Net sales EUR 2,473 M

EBITA¹ EUR 106 M

Employees 10,464

Market position

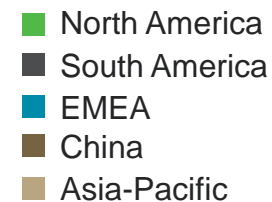
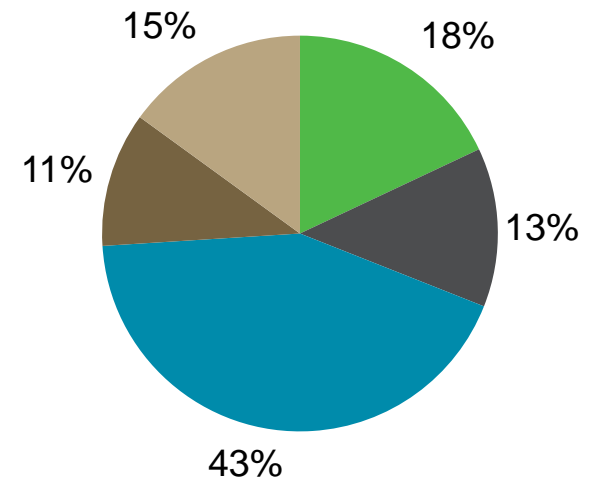
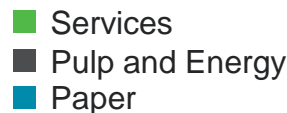
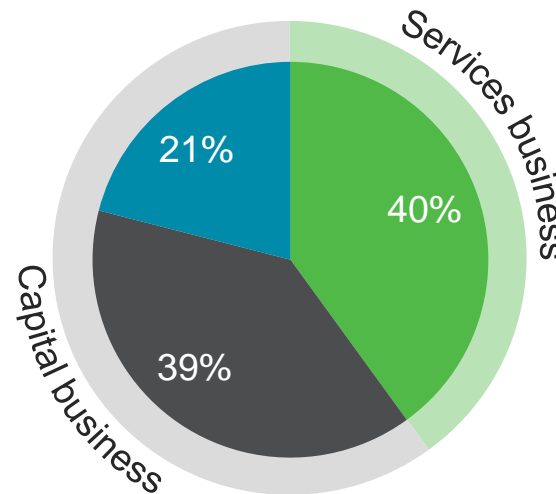
#1-2 Services

#1-2 Pulp

#1-3 Energy

#1-2 Paper, board, tissue

Net sales (2014)



1) EBITA before non-recurring items

Our three business lines serve the same customer base



Services

Net sales 1.0 bn, 40%

- Mill and plant improvements
- Roll and workshop services
- Parts and fabrics
- Life-cycle services



Pulp and Energy

Net sales 1.0 bn, 39%

- Technologies and solutions for
- Pulp production
 - Power generation
 - Biomass conversion



Paper

Net sales 0.5 bn, 21%

- Technologies and solutions for
- Board
 - Tissue
 - Paper

Strong global presence – good platform for growth

North America

- Large installed base to be serviced
- Capital project opportunities in pulp, energy, board, and tissue



1,141
(11%)



EMEA

- Large installed base to be serviced
- Machine closures in printing and writing
- Capital project opportunities in pulp, board, tissue, and bioenergy

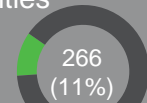


6,376
(61%)



China

- Service growth potential through growing installed base
- Capital project opportunities in board and tissue

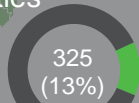


1,927
(18%)



South America

- Service growth potential through growing installed base
- Capital project opportunities in pulp, tissue and bioenergy



432
(4%)



Asia-Pacific

- Service growth potential through growing installed base
- Capital project opportunities in pulp, energy, board, and tissue



588
(6%)



Nets sales in 2014
(EUR million and % of total)

Employees as at December 31, 2014
(number of employees and % of total)

Serving global customer base



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Performance in 2014

Summary of the year 2014

A successful first year as an independent company

EUR million	2014	2013	Change
Orders received	3,071	2,182	41%
Order backlog	1,998	1,398	43%
Net sales	2,473	2,613	-5%
EBITA ¹	106	54	94%
% of net sales	4.3%	2.1%	
Earnings per share, EUR	0.31	-0.42	
Dividend per share, EUR	0.25²	0.15	67%
Cash flow provided by operating activities	236	-43	
Gearing at the end of period	-21%	0%	

1) Before non-recurring items

2) Proposal made by the Board of Directors



Implementation of the strategy in 2014

Must-Wins	Actions and results
1. Customer excellence	<ul style="list-style-type: none">• Valmet has systematically strengthened its presence close to our customers globally<ul style="list-style-type: none">- Area organizations are working close to customers- Key account management has been improved- Services business has been developed further
2. Leader in technology and innovation	<ul style="list-style-type: none">• Valmet has proceeded in the development and commercialization of new technologies and offering<ul style="list-style-type: none">- For example lignin separation, pyrolysis and gasification of biomass- Other good examples of innovations include OptiConcept M board machines and Advantage NTT tissue machines
3. Excellence in processes	<ul style="list-style-type: none">• Valmet's work to enhance our cost competitiveness and quality has shown good results<ul style="list-style-type: none">- Decrease in lost time incident frequency (LTIF)- Decrease in quality costs- Savings in procurement
4. Winning team	<ul style="list-style-type: none">• Over 6,000 employees participated in defining Valmet's values• Values form the basis of our cooperation with each other, our customers and other stakeholders



Valmet's strategy

Valmet's way forward

Our Mission

Converting renewable resources into sustainable results

Our Strategy

Valmet develops and supplies competitive technology and services to the pulp, paper and energy industries.

We are committed to moving our customers' performance forward.

Our Must-Wins

- Customer excellence
- Leader in technology and innovation
- Excellence in processes
- Winning team

Our Vision

To become the global champion in serving our customers

Our Values create and strengthen our culture

Customers - We move our customers' performance forward

Renewal – We promote new ideas to create the future

Excellence – We improve every day to deliver results

People – We work together to make a difference

Megatrends

- Need for renewable solutions
- Bio-economy and climate change
- Increase in standards of living

Strategy implementations through Must-Wins

Must-Wins

Must-Win implementation objectives for 2015

Customer excellence

- Strengthen our presence close to customers and growth markets
- Strengthen Key Account Management to enhance growth at the customer
- Drive services growth through long-term agreements and expanded customer base

Leader in technology and innovation

- Improve product cost competitiveness to increase gross profit
- Drive renewal through biotechnology solutions and new offering

Excellence in processes

- Implement Lean to reduce quality costs and lead times
- Save in procurement
- Improve health and safety
- Sales and project management process to improve product margin
- Continue to improve cost competitiveness

Winning team

- Nurture shared values
- Drive high performance
- Continue globalization of our capabilities



Automation

Valmet becomes a stronger company as a result of the acquisition of Process Automation Systems

The acquisition was announced on January 15, 2015

The acquisition has an excellent strategic fit

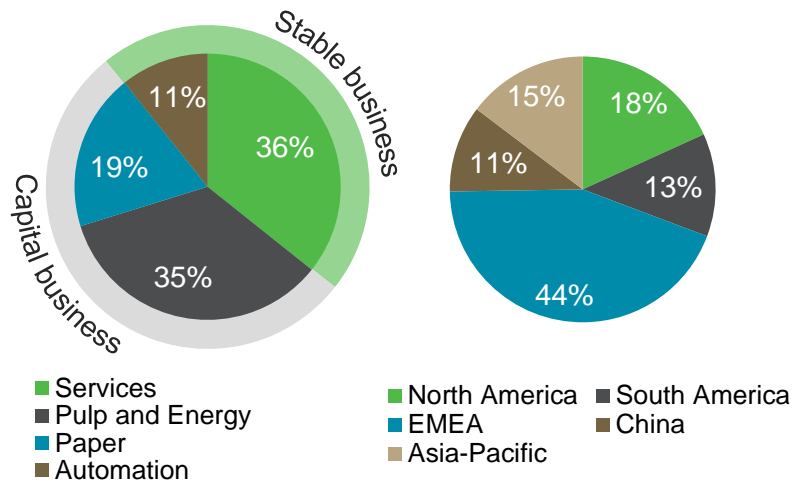
- Combination of Valmet and Automation creates a unique customer offering
- Automation is a strong, established business
- Acquisition makes Valmet more stable and more profitable



Valmet with Automation

Increased stability and improved profitability

Illustrative net sales in 2014¹



Improving profitability

- Automation has a solid financial track record
 - Historically continuous double-digit EBITA margin of 10–12%
 - Stable net sales, with slight growth
- Increases Valmet's profitability
 - Valmet's financial target: EBITA margin of 6–9%

Increasing stability

- Valmet will have approximately EUR 1,300 million of stable business
 - Existing services EUR ~1,000 million
 - Automation EUR ~300 million

1) Illustrative net sales split when Valmet and Automation combined (2014 figures).



Investment highlights

Investment highlight summary

1 **Strong market position** in growing markets

2 **Growing, profitable and stable** service and automation business with **EUR 1.3 billion sales**

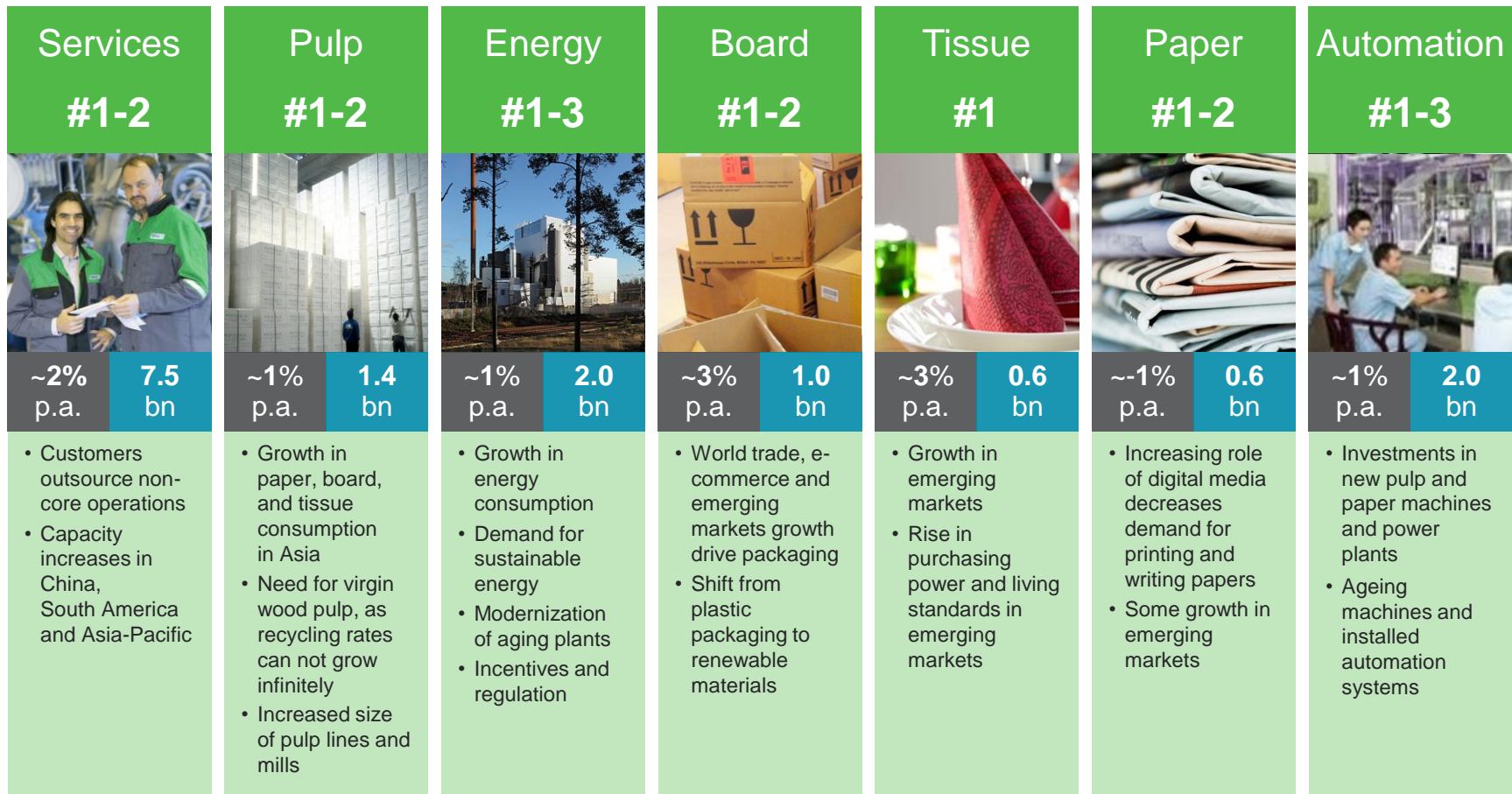
3 Strong in cyclical capital business with long-term **growth potential** and **increased flexibility in cost structure**

4 **Unique offering** with process technology, automation and services

5 Continued **focus on profitability**, more **effort into renewal**



Strong market position in growing markets



~12,000 professionals working globally close to customers

Source: Leading consulting firms, RISI, management estimates

■ Anticipated long-term market growth

■ Estimated market size for current offering (EUR)

Growing, profitable and stable service and automation business with EUR 1.3 billion sales



Growing

- Services net sales growth on average over 3% p.a. during the last 5 years
- Slight growth in Automation net sales over the last 10 years

Profitable

- Relatively stable margins in Automation during the last 10 years, EBITA margin 10–12%

Stable

- Services and Automation together approximately EUR 1.3 billion of stable business

1) Annual growth between 2010 and 2014 based on available carve-out financials

Strong in cyclical capital business with long-term growth potential and increased flexibility in cost structure



Pulp and Energy

Market position:

#1-3

Headcount reduction¹:

~500

Capacity cost reduction:

10%

(Capacity cost to sales 24% in 2014)



Paper

Market position:

#1-2

Headcount reduction¹:

~800

Capacity cost reduction:

20%

(Capacity cost to sales 47% in 2014)



1) Reduction in number of employees during 2014

Unique offering with process technology, automation and services



- Valmet becomes a technology and service company with full automation offering
- Strengthened competitiveness from combining paper, pulp and power plant technology, process know-how and automation
- Full scope offering gives better differentiation from competitors

The completion of the transaction is subject to approval by the competition authorities.

Continued focus on profitability, more effort into renewal

Continued focus on profitability improvement measures

- Improve project and service margin
- Reduce quality costs and lead times
- Savings in procurement
- Continue to improve cost competitiveness
- Improve cost competitiveness to increase gross profit

Increased focus on renewal

- Constant improvement of technology and offering
- Results in research and development, e.g. OptiConcept M
- Improvement in customer relations
- Development of personnel
- Acquiring Process Automation Systems renews Valmet and strengthens know-how





Summary

Summary

Moving forward after strong 2014

- Strong market position in growing markets
- Growing, profitable and stable service and automation business with EUR 1.3 billion sales
- Strong in cyclical capital business with long-term growth potential and increased flexibility in cost structure
- Unique offering with process technology, automation and services
- Continued focus on profitability, more effort into renewal



