



Automation completes Valmet's offering

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President and CEO

Valmet Capital Markets Day
March 19, 2015

Agenda

Capital Markets Day 2015

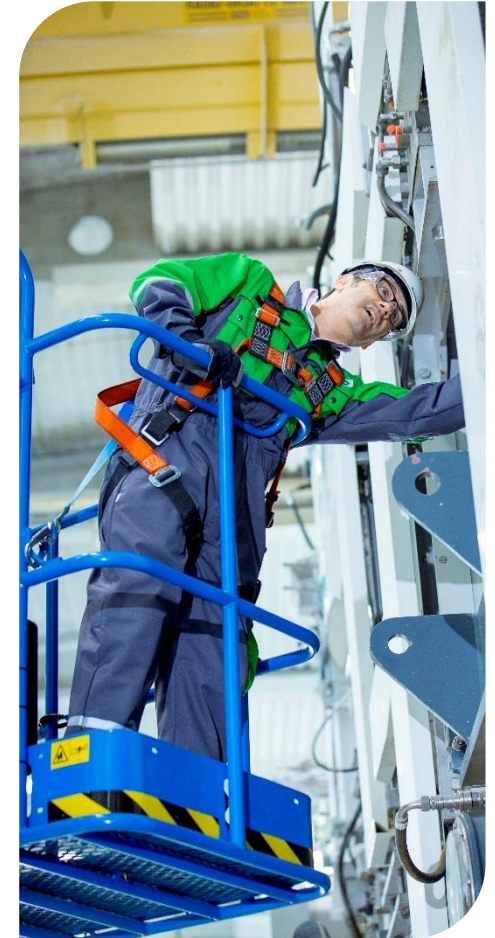
1 Acquisition timeline, price and financing


2 Overview of Automation

3 Market position

4 Valmet becomes stronger

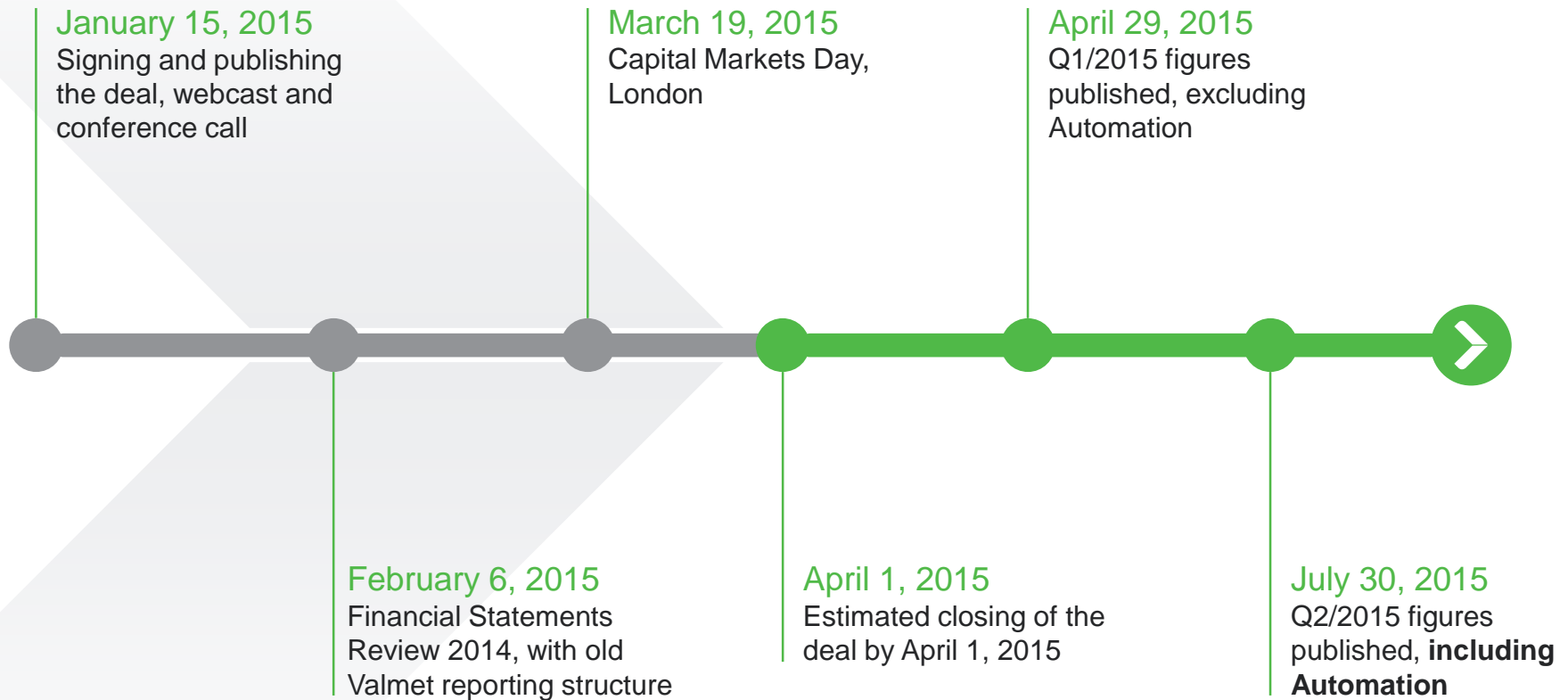
5 Summary





Acquisition timeline, price and financing

Acquisition timeline



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

Price and financing the acquisition

Enterprise value of acquisition¹:

EUR 340 million

- The acquisition will be financed with committed long-term financing
- Average maturity of long-term debt will increase to over 4 years²



1) Refers to the debt-free enterprise value of the acquisition.

2) Average maturity 3.2 years on December 31, 2014



Overview of Automation

Automation in brief

Supplies and develops automation and information management systems, applications and services

Global market leader with #1 market position in pulp and paper
 Industry-leading product portfolio
 Comprehensive services
 High barriers to entry and a limited number of focused players

2014 figures

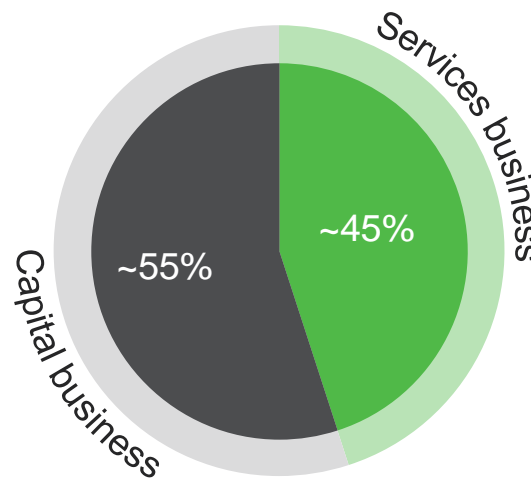
Net sales EUR 297 M
 Orders received EUR 336 M
 Employees ~1,600

EBITA margin historically approximately 10–12%

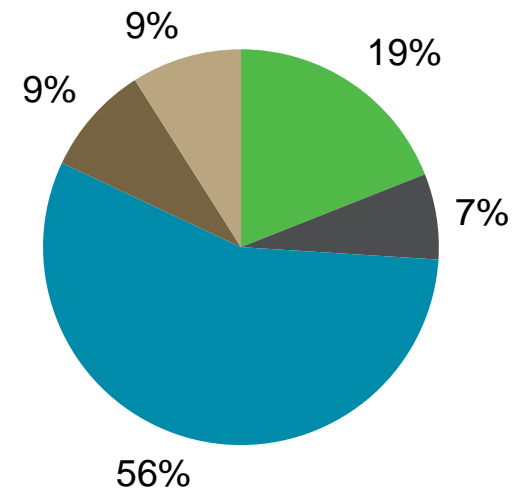
Position in Pulp and Paper

- #1 Analyzers
- #1-2 Quality control systems
- #3 Distributed control systems

Net sales (2014)



- Services business
- Capital business



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

Automation offering

Distributed Control System (DCS)

- Complete control system platform for several processes: process, machine, drive controls and information management
- Used for monitoring and controlling distributed equipment in process plants and industrial processes



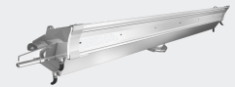
Quality Control System (QCS)

- A system that controls process quality
- Integrates process quality management, measurements and profilers



Profilers

- Profilers control the process as part of the QCS system



Analyzers and measurements

- Equipment that analyzes and helps optimize the process
- Equipment that measures different variables in industrial processes, e.g. consistency in pulp and paper processes



Vision systems

- High resolution and high speed digital imaging technology, e.g. pulp or paper web inspection and web break analysis system
- The system improves process runnability and end product quality

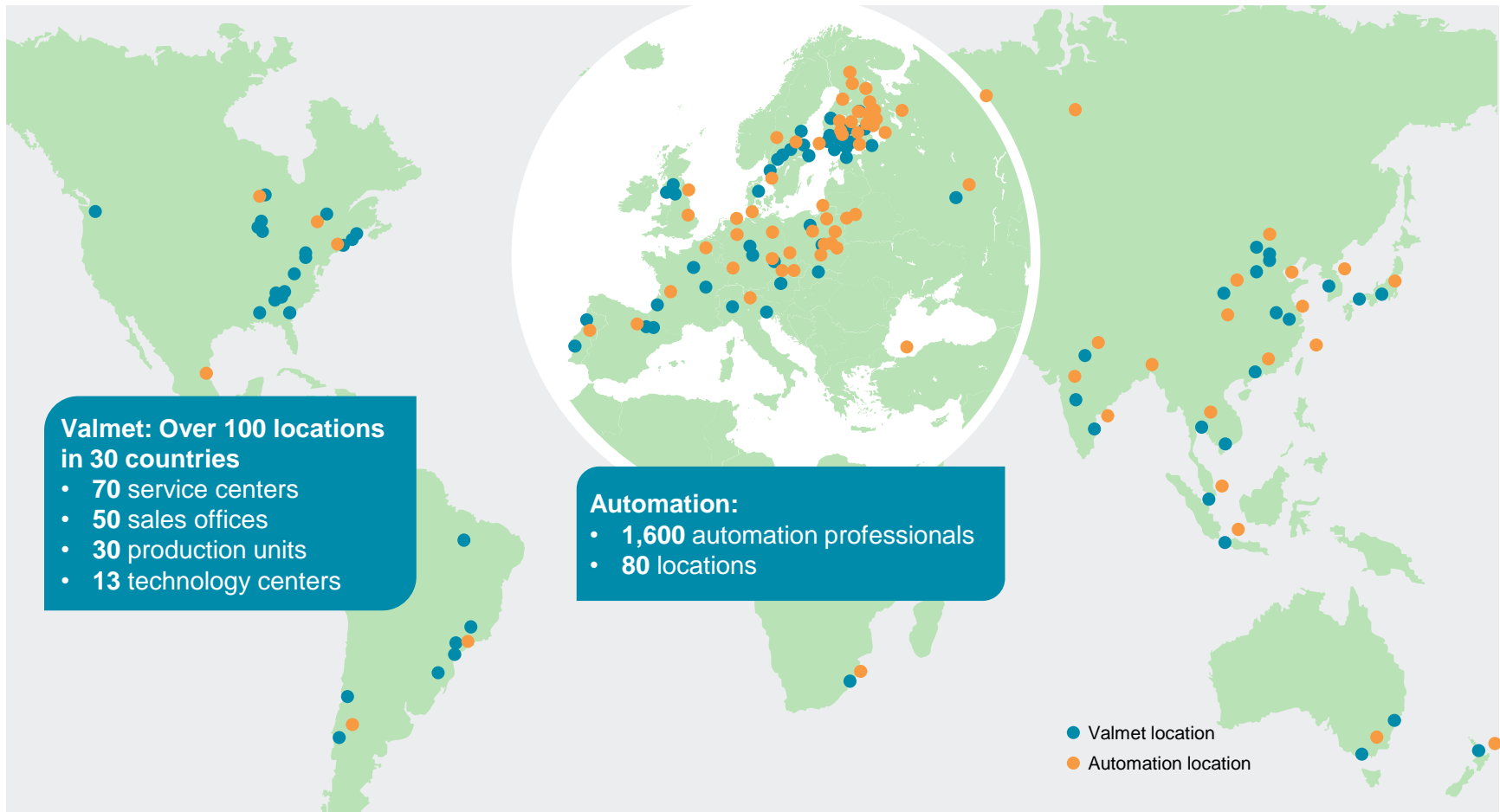


Performance solutions

- Advanced process controls for process optimization
- Condition monitoring in paper, power and process plants
- Systems for simulating and analyzing industrial production processes



Strengthened presence close to customers



Valmet and Automation serve mainly the same customer base



80% of Automation's sales to Valmet's current customer industries

20% of Automation's sales to other process industries

- 10% of Automation's sales together with Valmet project deliveries
- 90% of Automation's sales directly to the customers
 - Automation is a strong, established business

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Market position

Market position

Market position

#1-3

#1 Analyzers
#1-2 QCS¹
#3 DCS²

- Global market leader with #1 market position in pulp and paper
- Industry-leading product portfolio
- Comprehensive services
- High barriers to entry and a limited number of focused players

■ Anticipated long-term market growth ■ Estimated market size for the current offering (EUR)

~1%
p.a.

2.0
bn

Market drivers

- Investments in new pulp and paper machines and power plants
- Ageing machines and installed automation systems

Business focus and opportunities

- Customers choose an automation provider even for more than a decade
- High service business content (~45%)
- On Valmet level, full scope offering gives better differentiation from competitors
- Combining Valmet technology, process know-how and automation offers growth possibilities and potential to create new solutions for customers

1) QCS = Quality control systems

2) DCS = Distributed control systems

Source: Leading consulting firms, RISI, management estimates

Automation offering and market overview

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

Valmet's automation offering for board, paper and tissue mills

- **Distributed Control System (DCS)**

- Process controls
- Machine controls
- Drive controls
- Information management

- **Performance solutions**

- Energy efficiency monitoring
- Condition and runnability monitoring
- Process simulators
- Safety systems and solutions

- **Quality Control System (QCS)**

- **Profilers**
- **Analyzers and measurements**
- **Vision systems**
 - Paper web inspection
 - Paper web break analysis



- **Industrial internet solutions**
- **Automation services**

Valmet's automation offering for pulp mills

- **Distributed Control System (DCS)**

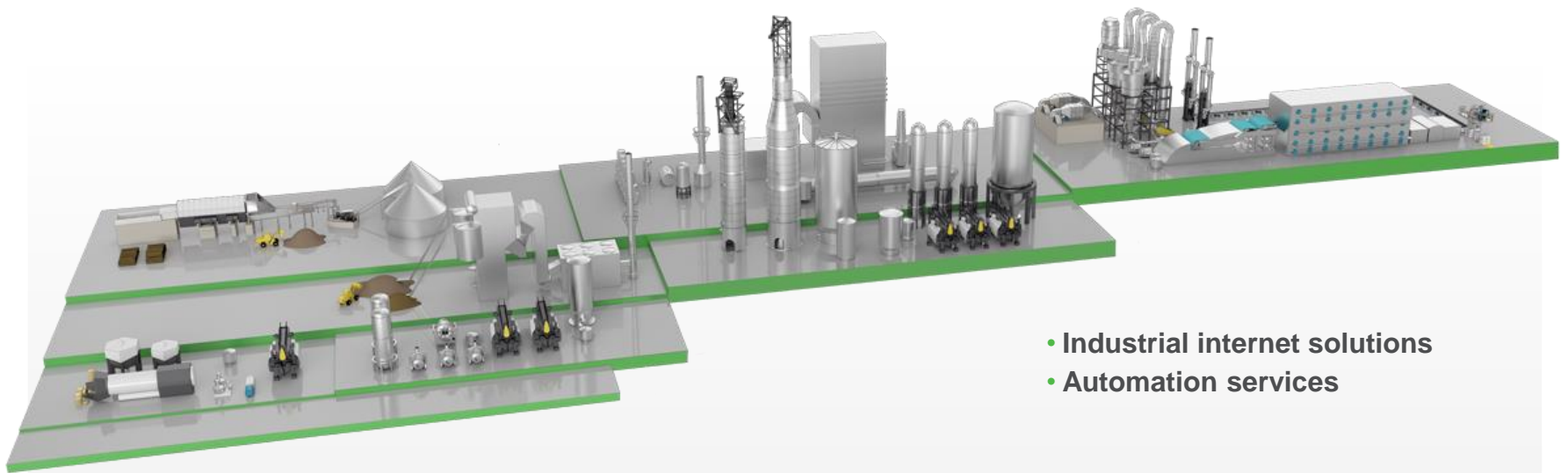
- Process controls
- Machine controls
- Drive controls
- Information management

- **Performance solutions**


- Advanced process controls
- Energy efficiency monitoring
- Condition monitoring
- Process simulators
- Safety systems and solutions

- **Quality control system (QCS)**

- **Profilers**
- **Analyzers and measurements**
- **Vision systems**
 - Pulp web inspection
 - Pulp web break analysis



- **Industrial internet solutions**
- **Automation services**



Valmet becomes
stronger

Combination of Valmet and Automation creates a unique customer offering

- 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
- 80% of Automation's sales to Valmet's current customer industries

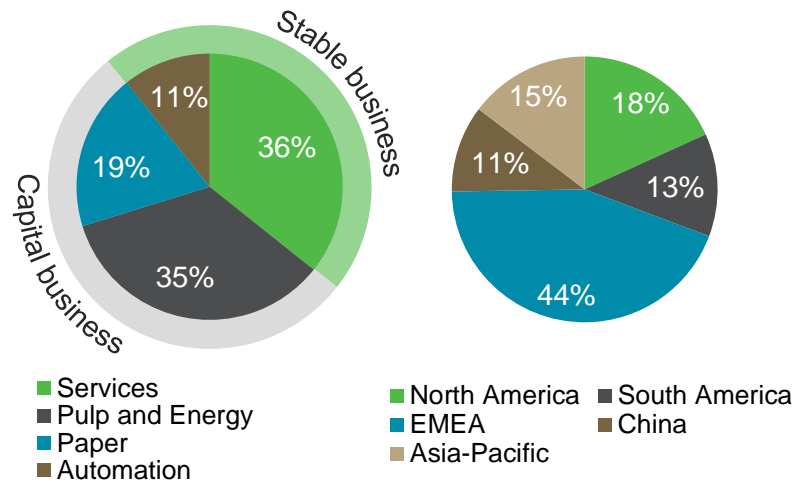
Valmet becomes a unique company



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).

Automation will be Valmet's fourth business line



Services
business line



Pulp and Energy
business line



Paper
business line



Automation
business line

North America

South America

EMEA

China

Asia-Pacific



- Acquisition is estimated to be completed by April 1, 2015 and is subject to approval by the competition authorities
- Valmet will continue to have single reporting segment
- Net sales, orders received and personnel will be reported for all business lines and areas after the completion of the acquisition
- Sakari Ruotsalainen appointed as Business Line President, Automation



Summary

Summary

Automation completes Valmet's offering

- Strong, established business with a good financial track record
- Combination of Valmet and Automation creates a unique customer offering
- Acquisition makes Valmet more stable and more profitable



