Interim Review

January 1 – September 30, 2017

Valmet's Interim Review
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Growth continued in the Paper business line – Valmet's profitability improved

Figures in brackets, unless otherwise stated, refer to the comparison period, i.e. the same period of the previous year.

July–September 2017: Comparable EBITA margin increased to 7.9 percent

- Orders received decreased to EUR 743 million (EUR 788 million).
  - Orders received increased in the Paper and Services business lines and decreased in the Pulp and Energy, and Automation business lines.
  - Orders received increased in China and South America and decreased in North America, Asia-Pacific and EMEA (Europe, Middle East and Africa).
- Net sales increased to EUR 748 million (EUR 685 million).
  - Net sales increased in the Paper, and Pulp and Energy business lines, remained at the previous year's level in the Services business line and decreased in the Automation business line.
- Comparable earnings before interest, taxes and amortization (Comparable EBITA) were EUR 59 million (EUR 52 million) and the corresponding Comparable EBITA margin was 7.9 percent (7.5%).
  - Profitability improved due to higher net sales and lower selling, general and administrative expenses.
- Earnings per share were EUR 0.20 (EUR 0.17).
- Items affecting comparability amounted to EUR -6 million (EUR -2 million).
- Cash flow provided by operating activities was EUR 78 million (EUR 122 million).

January–September 2017: Orders received increased 11 percent

- Orders received increased to EUR 2,544 million (EUR 2,282 million).
  - Orders received increased in the Paper and Services business lines, remained at the previous year's level in the Automation business line and decreased in the Pulp and Energy business line.
  - Orders received increased in China, Asia-Pacific and North America and decreased in South America and EMEA.
- Net sales remained at the previous year's level at EUR 2,223 million (EUR 2,141 million).
  - Net sales increased in the Paper business line and remained at the previous year's level in the other business lines.
- Comparable earnings before interest, taxes and amortization (Comparable EBITA) were EUR 150 million (EUR 140 million), and the corresponding Comparable EBITA margin was 6.8 percent (6.5%).
  - Profitability improved due to higher gross profit and lower selling, general and administrative expenses.
- Earnings per share were EUR 0.54 (EUR 0.46).
- Items affecting comparability amounted to EUR -5 million (EUR -5 million).
- Cash flow provided by operating activities was EUR 203 million (EUR 158 million).

Valmet reiterates its guidance for 2017

Valmet reiterates its guidance presented on April 12, 2017, in which Valmet estimates that net sales in 2017 will increase in comparison with 2016 (EUR 2,926 million) and Comparable EBITA in 2017 will increase in comparison with 2016 (EUR 196 million).

Short-term outlook

General economic outlook

The global upswing in economic activity is strengthening, with global growth projected to rise to 3.6 percent in 2017 and 3.7 percent in 2018. Broad-based upward revisions in the euro area, Japan, emerging Asia, emerging Europe, and Russia more than offset downward revisions for the United States and the United Kingdom. While the baseline outlook is strengthening, growth remains weak in many countries, and inflation is below target in most advanced economies. And while short-term risks are broadly balanced, medium-term risks are still tilted to the downside. (International Monetary Fund, October 10, 2017)

Short-term market outlook

Valmet estimates that the short-term market outlook has decreased to a satisfactory level in energy (previously good level).

Valmet reiterates the good short-term market outlook for services, board and paper, and tissue, the satisfactory short-term market outlook for automation, and the weak short-term market outlook for pulp.

President and CEO Pasi Laine: Continued growth in the Paper business line and improvement in profitability

“The market activity has been high especially in the Paper business line, where orders received for the last 12 months exceed EUR 1 billion. Both Board and Paper, and Tissue have enjoyed exceptionally high levels of activity, and particularly China, followed by North America and EMEA, have been good markets for us. In addition to the Paper business line, we have been able to grow orders received in our stable business, meaning Services and Automation business lines. In January–September, Valmet’s orders received have increased by 11 percent.

In the third quarter of 2017, Valmet’s Comparable EBITA margin was 7.9 percent. This is the highest quarterly margin since becoming an independent company, and close to the lower end of our long-term margin target of 8–10 percent. However, the 6.8 percent margin for the first nine months of the year shows that there is still room for improvement.

Valmet was included in the Dow Jones Sustainability Index (DJSI) for the fourth consecutive year and reconfirmed as a constituent of the Ethibel Sustainability Index Excellence Europe. These achievements indicate Valmet's strong focus and consistent progress in sustainability. Inclusion in these indices is an acknowledgement to our 12,000 employees globally, as our world-leading sustainability performance is the result of their daily work. Sustainability is at the core of Valmet’s business, and we will continue the systematic work through our sustainability agenda.”

Key figures[1]

EUR million	**Q3/2017**	Q3/2016	Change	**Q1–Q3/ 2017**	Q1–Q3/ 2016	Change
Orders received	**743**	788	-6%	**2,544**	2,282	11%
Order backlog[2]	**2,523**	2,192	15%	**2,523**	2,192	15%
Net sales	**748**	685	9%	**2,223**	2,141	4%
Comparable earnings before interest, taxes and amortization (Comparable EBITA)	**59**	52	15%	**150**	140	8%
% of net sales	**7.9%**	7.5%		**6.8%**	6.5%	
Earnings before interest, taxes and amortization (EBITA)	**53**	49	7%	**146**	135	8%
% of net sales	**7.0%**	7.2%		**6.6%**	6.3%	
Operating profit (EBIT)	**45**	41	9%	**122**	107	14%
% of net sales	**6.0%**	6.0%		**5.5%**	5.0%	
Profit before taxes	**41**	38	10%	**113**	98	15%
Profit / loss	**30**	26	15%	**81**	69	19%
Earnings per share, EUR	**0.20**	0.17	14%	**0.54**	0.46	19%
Earnings per share, diluted, EUR	**0.20**	0.17	14%	**0.54**	0.46	19%
Equity per share, EUR	**5.95**	5.68	5%	**5.95**	5.68	5%
Cash flow provided by operating activities	**78**	122	-36%	**203**	158	29%
Cash flow after investments	**62**	108	-42%	**157**	116	36%
Return on equity (ROE) (annualized)				**12%**	11%	
Return on capital employed (ROCE) before taxes (annualized)				**14%**	12%	

[1] The calculation of key figures is presented on page 39.

[2] At the end of period.

Equity to assets ratio and gearing	**As at Sep 30, 2017**	As at Sep 30, 2016	As at June 30, 2017
Equity to assets ratio at end of period	**38%**	38%	38%
Gearing at end of period	**-3%**	15%	4%

Orders received, EUR million	**Q3/2017**	Q3/2016	Change	**Q1–Q3/ 2017**	Q1–Q3/ 2016	Change
Services	**284**	264	7%	**960**	898	7%
Automation	**62**	72	-14%	**225**	221	2%
Pulp and Energy	**122**	275	-56%	**527**	692	-24%
Paper	**275**	176	56%	**832**	472	76%
Total	**743**	788	-6%	**2,544**	2,282	11%

Order backlog, EUR million	**As at Sep 30, 2017**	As at Sep 30, 2016	Change	As at June 30, 2017
Total	**2,523**	2,192	15%	2,551

Net sales, EUR million	**Q3/2017**	Q3/2016	Change	**Q1–Q3/ 2017**	Q1–Q3/ 2016	Change
Services	**284**	286	0%	**838**	846	-1%
Automation	**60**	65	-7%	**192**	196	-2%
Pulp and Energy	**220**	196	12%	**669**	640	5%
Paper	**184**	138	33%	**523**	459	14%
Total	**748**	685	9%	**2,223**	2,141	4%

News conference and webcast for analysts, investors and media

Valmet will arrange a news conference in English for analysts, investors, and media on Tuesday, October 24, 2017 at 2:00 p.m. Finnish time (EET). The news conference will be held at Valmet Head Office in Keilaniemi, Keilasatama 5, 02150 Espoo, Finland. The news conference can also be followed through a live webcast at www.valmet.com/webcasts.

It is also possible to take part in the news conference through a conference call. Conference call participants are requested to dial in at least five minutes prior to the start of the conference, at 1:55 p.m. (EET), at +44 1452 555566. The participants will be asked to provide the following conference ID: 97157167.

During the webcast and the conference call, all questions should be presented in English. After the webcast and the conference call, media has a possibility to interview the management in Finnish.

The event can also be followed on Twitter at www.twitter.com/valmetir.

Valmet's Interim Review January 1 – September 30, 2017

Orders received increased especially in the Paper business line

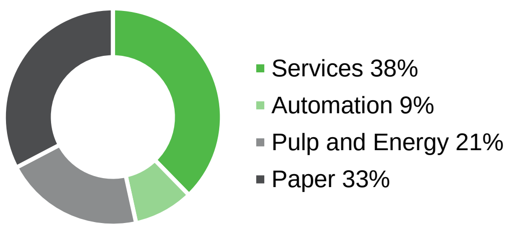
Orders received, EUR million	**Q3/2017**	Q3/2016	Change	**Q1–Q3/ 2017**	Q1–Q3/ 2016	Change
Services	**284**	264	7%	**960**	898	7%
Automation	**62**	72	-14%	**225**	221	2%
Pulp and Energy	**122**	275	-56%	**527**	692	-24%
Paper	**275**	176	56%	**832**	472	76%
Total	**743**	788	-6%	**2,544**	2,282	11%

Orders received, comparable foreign exchange rates, EUR million[1]	**Q3/2017**	Q3/2016	Change	**Q1–Q3/ 2017**	Q1–Q3/ 2016	Change
Services	**290**	264	10%	**961**	898	7%
Automation	**63**	72	-13%	**224**	221	2%
Pulp and Energy	**120**	275	-56%	**526**	692	-24%
Paper	**281**	176	60%	**842**	472	78%
Total	**755**	788	-4%	**2,552**	2,282	12%

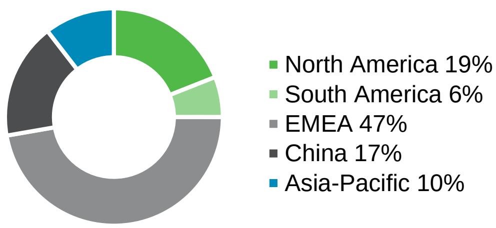
[1] Indicative only. January to September 2017 orders received in euro calculated by applying January–September 2016 average exchange rates to the functional currency orders received values reported by entities.

Orders received, EUR million	**Q3/2017**	Q3/2016	Change	**Q1–Q3/ 2017**	Q1–Q3/ 2016	Change
North America	**100**	153	-35%	**483**	411	18%
South America	**76**	31	>100%	**153**	177	-14%
EMEA	**353**	487	-28%	**1,202**	1,295	-7%
China	**158**	39	>100%	**440**	187	>100%
Asia-Pacific	**56**	78	-29%	**266**	212	26%
Total	**743**	788	-6%	**2,544**	2,282	11%

Orders received by business line, Q1–Q3/2017



Orders received by area, Q1–Q3/2017



July–September 2017: Orders received increased in the Paper and Services business lines

Orders received in July–September amounted to EUR 743 million, i.e. 6 percent less than in the comparison period (EUR 788 million). Stable business (Services and Automation business lines) accounted for 47 percent of Valmet's orders received (43%). Orders received increased in the Paper and Services business lines and decreased in the Pulp and Energy, and Automation business lines. Orders received increased in China and South America and decreased in North America, Asia-Pacific and EMEA. Measured by orders received, the top three countries were China, the USA and Belgium, which together accounted for 42 percent of total orders received. The emerging markets accounted for 54 percent (30%) of orders received.

Changes in foreign exchange rates compared with the exchange rates for the corresponding period in 2016 decreased orders received by approximately EUR 12 million in July–September.

During July–September, Valmet received among others an order for a chipper to South Africa, an order for a complete tissue production line with an automation package to the United Arab Emirates, and an order for a grade conversion rebuild in Belgium, typically valued at around EUR 60–80 million.

January–September 2017: Increase in orders received driven by the Paper business line

Orders received in January–September amounted to EUR 2,544 million, i.e. 11 percent more than in the comparison period (EUR 2,282 million). Stable business accounted for 47 percent of Valmet's orders received (49%). Orders received increased in the Paper and Services business lines, remained at the previous year's level in the Automation business line and decreased in the Pulp and Energy business line. Orders received increased in China, Asia-Pacific and North America and decreased in South America and EMEA. Measured by orders received, the top three countries were China, the USA and Finland, which together accounted for 41 percent of total orders received. The emerging markets accounted for 45 percent (35%) of orders received.

Changes in foreign exchange rates compared with the exchange rates for the corresponding period in 2016 decreased orders received by approximately EUR 8 million in January–September.

In addition to the above-mentioned, during January–September Valmet received among others an order for two containerboard machines with related automation systems to China, typically valued at EUR 100–120 million, an order for a biomass power plant and an automation system in Denmark, valued at approximately EUR 80 million, and an order for a paper machine rebuild in the USA, typically valued at EUR 60–70 million.

Order backlog EUR 332 million higher than at the end of September 2016

Order backlog, EUR million	**As at September 30, 2017**	As at September 30, 2016	Change	As at June 30, 2017
Total	**2,523**	2,192	15%	2,551

At the end of September 2017, the order backlog amounted to EUR 2,523 million, which was 15 percent higher than at the end of the comparison period. Approximately 25 percent of the order backlog relates to stable business (approximately 30% at the end of September 2016).

Stable business accounted for 46 percent of net sales in Q3/2017

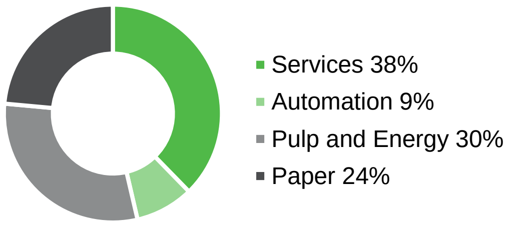
Net sales, EUR million	Q3/2017	Q3/2016	Change	Q1–Q3/ 2017	Q1–Q3/ 2016	Change
Services	**284**	286	0%	**838**	846	-1%
Automation	**60**	65	-7%	**192**	196	-2%
Pulp and Energy	**220**	196	12%	**669**	640	5%
Paper	**184**	138	33%	**523**	459	14%
Total	**748**	685	9%	**2,223**	2,141	4%

Net sales, comparable foreign exchange rates, EUR million[1]	Q3/2017	Q3/2016	Change	Q1–Q3/ 2017	Q1–Q3/ 2016	Change
Services	**290**	286	2%	**839**	846	-1%
Automation	**62**	65	-5%	**192**	196	-2%
Pulp and Energy	**221**	196	13%	**669**	640	5%
Paper	**187**	138	36%	**528**	459	15%
Total	**760**	685	11%	**2,228**	2,141	4%

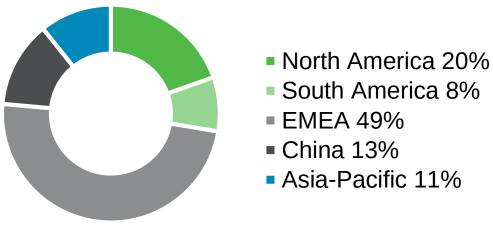
[1] Indicative only. January to September 2017 net sales in euro calculated by applying January–September 2016 average exchange rates to the functional currency net sales values reported by entities.

Net sales, EUR million	Q3/2017	Q3/2016	Change	Q1–Q3/ 2017	Q1–Q3/ 2016	Change
North America	**125**	140	-11%	**435**	477	-9%
South America	**68**	52	29%	**179**	158	14%
EMEA	**338**	320	6%	**1,084**	963	13%
China	**109**	92	19%	**286**	279	2%
Asia-Pacific	**108**	81	34%	**239**	265	-10%
Total	**748**	685	9%	**2,223**	2,141	4%

Net sales by business line, Q1–Q3/2017



Net sales by area, Q1–Q3/2017



July–September 2017: Net sales increased in the capital business

Net sales increased to EUR 748 million in July–September (EUR 685 million). Stable business accounted for 46 percent of Valmet's net sales (51%). Net sales increased in the Paper, and Pulp and Energy business lines, remained at the previous year's level in the Services business line and decreased in the Automation business line. Net sales decreased in North America and increased in all other areas. Measured by net sales, the top three countries were China, the USA and Finland, which together accounted for 39 percent of total net sales. Emerging markets accounted for 48 percent of net sales (36%).

Changes in foreign exchange rates compared with the exchange rates for the corresponding period in 2016 decreased net sales by approximately EUR 12 million in July–September.

January–September 2017: Net sales remained at the previous year's level

Net sales in January–September remained at the previous year's level and amounted to EUR 2,223 million (EUR 2,141 million). Stable business accounted for 46 percent of Valmet's net sales (49%). Net sales increased in the Paper business line and remained at the previous year's level in the other business lines. Net sales increased in South America and EMEA, remained at the previous year's level in China and decreased in Asia-Pacific and North America. Measured by net sales, the top three countries were the USA, China and Finland, which together accounted for 40 percent of total net sales. Emerging markets accounted for 41 percent of net sales (39%).

Changes in foreign exchange rates compared with the exchange rates for the corresponding period in 2016 decreased net sales by approximately EUR 5 million in January–September.

Comparable EBITA and operating profit

In July–September, comparable earnings before interest, taxes and amortization (Comparable EBITA) were EUR 59 million, i.e. 7.9 percent of net sales (EUR 52 million and 7.5%). Items affecting comparability amounted to EUR -6 million (EUR -2 million). Profitability improved due to higher net sales and lower selling, general and administrative expenses.

In the first three quarters of the year, Comparable EBITA was EUR 150 million, i.e. 6.8 percent of net sales (EUR 140 million and 6.5%). Items affecting comparability amounted to EUR -5 million (EUR -5 million). Profitability improved due to higher gross profit and lower selling, general and administrative expenses.

Operating profit (EBIT) in July–September was EUR 45 million, i.e. 6.0 percent of net sales (EUR 41 million and 6.0%).

Operating profit (EBIT) in the first three quarters of the year was EUR 122 million, i.e. 5.5 percent of net sales (EUR 107 million and 5.0%).

Net financial income and expenses

Net financial income and expenses in July–September were EUR -3 million (EUR -4 million).

Net financial income and expenses in the first three quarters of the year were EUR -10 million (EUR -9 million).

Profit before taxes and earnings per share

Profit before taxes for July–September was EUR 41 million (EUR 38 million). The profit attributable to owners of the parent in July–September was EUR 30 million (EUR 26 million), corresponding to earnings per share (EPS) of EUR 0.20 (EUR 0.17).

Profit before taxes for the first three quarters of the year was EUR 113 million (EUR 98 million). The profit attributable to owners of the parent in the first three quarters of the year was EUR 81 million (EUR 68 million), corresponding to earnings per share (EPS) of EUR 0.54 (EUR 0.46).

Return on capital employed (ROCE) increased

In January–September, the annualized return on capital employed (ROCE) before taxes was 14 percent (12%) and the annualized return on equity (ROE) 12 percent (11%).

Business lines

Services – orders received increased and net sales remained at the previous year's level in Q3/2017

Services business line	Q3/2017	Q3/2016	Change	Q1–Q3/ 2017	Q1–Q3/ 2016	Change
Orders received (EUR million)	**284**	264	7%	**960**	898	7%
Net sales (EUR million)	**284**	286	0%	**838**	846	-1%
Personnel (end of period)				**5,434**	5,373	1%

In July–September, orders received by the Services business line increased 7 percent to EUR 284 million (EUR 264 million) and accounted for 38 percent of all orders received (34%). Orders received increased in South America, Asia-Pacific and EMEA, remained at the previous year's level in North America and decreased in China. Orders received increased in Energy and Environmental, Fabrics, and Mill Improvements, remained at the previous year's level in Performance Parts and decreased in Rolls.

During the first three quarters of the year, orders received by the Services business line increased 7 percent to EUR 960 million (EUR 898 million) and accounted for 38 percent of all orders received (39%). Orders received remained at the previous year's level in North America, and increased in all other areas.

In July–September, net sales for the Services business line amounted to EUR 284 million (EUR 286 million), corresponding to 38 percent of Valmet's net sales (42%).

During the first three quarters of the year, net sales for the Services business line amounted to EUR 838 million (EUR 846 million), corresponding to 38 percent of Valmet's net sales (40%).

Automation – orders received and net sales decreased in Q3/2017

Automation business line	Q3/2017	Q3/2016	Change	Q1–Q3/ 2017	Q1–Q3/ 2016	Change
Orders received (EUR million)	**62**	72	-14%	**225**	221	2%
Net sales (EUR million)	**60**	65	-7%	**192**	196	-2%
Personnel (end of period)				**1,697**	1,637	4%

In July–September, orders received by the Automation business line decreased 14 percent to EUR 62 million (EUR 72 million) and accounted for 8 percent of Valmet's orders received (9%). Orders received remained at the previous year's level in EMEA and decreased in all other areas. Orders received increased in Pulp and Paper and decreased in Energy and Process.

During the first three quarters of the year, orders received by the Automation business line remained at the previous year's level and amounted to EUR 225 million (EUR 221 million). Automation business line accounted for 9 percent of Valmet's orders received (10%). Orders received increased in China, remained at the previous year's level in North America and EMEA, and decreased in Asia-Pacific and South America. Orders received increased in Pulp and Paper, and decreased in Energy and Process.

In July–September, net sales for the Automation business line amounted to EUR 60 million (EUR 65 million), corresponding to 8 percent of Valmet's net sales (10%).

During the first three quarters of the year, net sales for the Automation business line amounted to EUR 192 million (EUR 196 million), corresponding to 9 percent of Valmet's net sales (9%).

Pulp and Energy – orders received decreased and net sales increased in Q3/2017

Pulp and Energy business line	**Q3/2017**	Q3/2016	Change	**Q1–Q3/ 2017**	Q1–Q3/ 2016	Change
Orders received (EUR million)	**122**	275	-56%	**527**	692	-24%
Net sales (EUR million)	**220**	196	12%	**669**	640	5%
Personnel (end of period)				**1,735**	1,687	3%

In July–September, orders received by the Pulp and Energy business line decreased 56 percent to EUR 122 million (EUR 275 million) and accounted for 16 percent of all orders received (35%). Orders received increased in South America and decreased in North America, EMEA and Asia-Pacific. Orders received increased in Pulp and decreased in Energy.

During the first three quarters of the year, orders received by the Pulp and Energy business line decreased 24 percent to EUR 527 million (EUR 692 million) and accounted for 21 percent of all orders received (30%). Orders received increased in Asia-Pacific and decreased in all other areas. Orders received remained at the previous year's level in Pulp and decreased in Energy.

In July–September, net sales for the Pulp and Energy business line amounted to EUR 220 million (EUR 196 million), corresponding to 29 percent (29%) of Valmet's net sales.

During the first three quarters of the year, net sales for the Pulp and Energy business line amounted to EUR 669 million (EUR 640 million), corresponding to 30 percent (30%) of Valmet's net sales.

Paper – orders received and net sales increased in Q3/2017

Paper business line	**Q3/2017**	Q3/2016	Change	**Q1–Q3/ 2017**	Q1–Q3/ 2016	Change
Orders received (EUR million)	**275**	176	56%	**832**	472	76%
Net sales (EUR million)	**184**	138	33%	**523**	459	14%
Personnel (end of period)				**2,802**	2,876	-3%

In July–September, orders received by the Paper business line increased 56 percent to EUR 275 million (EUR 176 million) and accounted for 37 percent of all orders received (22%). Orders received increased in China and EMEA and decreased in Asia-Pacific and North America. Orders received increased in Board and Paper and decreased in Tissue.

During the first three quarters of the year, orders received by the Paper business line increased 76 percent to EUR 832 million (EUR 472 million) and accounted for 33 percent of all orders received (21%). Orders received increased in China, North America and EMEA and decreased in Asia-Pacific and South America. Orders received increased in both Board and Paper, and Tissue.

In July–September, net sales for the Paper business line amounted to EUR 184 million (EUR 138 million), corresponding to 25 percent (20%) of Valmet's net sales.

During the first three quarters of the year, net sales for the Paper business line amounted to EUR 523 million (EUR 459 million), corresponding to 24 percent (21%) of Valmet's net sales.

Cash flow and financing

Cash flow provided by operating activities amounted to EUR 78 million (EUR 122 million) in July–September and EUR 203 million (EUR 158 million) in the first three quarters of the year. Net working capital was EUR -344 million (EUR -264 million) at the end of September 2017. Change in net working capital in the statement of cash flows was EUR 34 million (EUR 81 million) in July–September and EUR 58 million (EUR 25 million) in the first three quarters of the year. In the statement of cash flows, change in net working capital in January–September 2017 excludes the impact of changes in foreign exchange rates and other non-cash items amounting to EUR -8 million. Payment schedules of large capital projects have significant impact on net working capital development. Cash flow after investments was EUR 62 million (EUR 108 million) in July–September and EUR 157 million (EUR 116 million) in the first three quarters of the year.

At the end of September, gearing was -3 percent (15%) and equity to assets ratio was 38 percent (38%). Interest-bearing liabilities were EUR 262 million (EUR 310 million) and net interest-bearing liabilities totaled to EUR -30 million (EUR 126 million) at the end of the reporting period. The average maturity for Valmet's non-current debt was 3.5 years, and average interest rate was 1.3 percent.

Valmet's liquidity was strong at the end of the reporting period, with cash and cash equivalents amounting to EUR 252 million (EUR 166 million) and interest-bearing available-for-sale financial assets totaling to EUR 23 million (EUR 1 million). Valmet's liquidity was additionally secured by a committed revolving credit facility, worth of EUR 200 million, which matures in 2022 with two 1-year extension options and an uncommitted commercial paper program worth of EUR 200 million. Both facilities were undrawn at the end of September.

On April 6, 2017, Valmet paid out dividends of EUR 63 million.

Capital expenditure

Gross capital expenditure in July–September was EUR 16 million (EUR 14 million), of which maintenance investments were EUR 9 million (EUR 10 million).

Gross capital expenditure in the first three quarters of the year was EUR 46 million (EUR 43 million), of which maintenance investments were EUR 29 million (EUR 31 million).

Acquisitions and disposals

Acquisitions

Valmet made no acquisitions during the nine-month period ended September 30, 2017.

Disposals

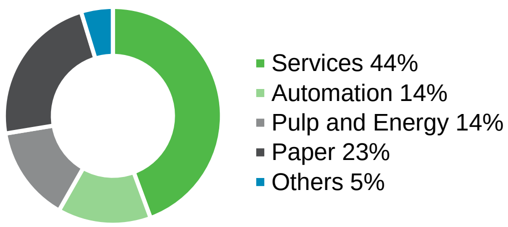
Valmet made no disposals during the nine-month period ended September 30, 2017.

Number of personnel

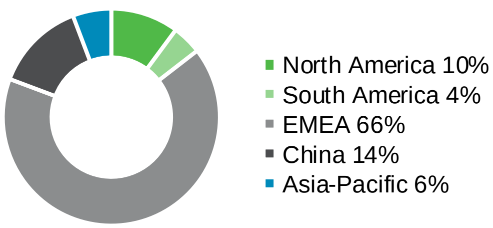
Personnel by business line	**As at September 30, 2017**	As at September 30, 2016	Change	As at June 30, 2017
Services	**5,434**	5,373	1%	5,569
Automation	**1,697**	1,637	4%	1,698
Pulp and Energy	**1,735**	1,687	3%	1,767
Paper	**2,802**	2,876	-3%	2,829
Other	**578**	565	2%	595
Total (end of period)	**12,246**	12,138	1%	12,458

Personnel by area	**As at September 30, 2017**	As at September 30, 2016	Change	As at June 30, 2017
North America	**1,240**	1,294	-4%	1,262
South America	**537**	536	0%	547
EMEA	**8,057**	7,819	3%	8,246
China	**1,693**	1,799	-6%	1,685
Asia-Pacific	**719**	690	4%	718
Total (end of period)	**12,246**	12,138	1%	12,458

Personnel by business line, as at September 30, 2017



Personnel by area, as at September 30, 2017



In January–September, Valmet employed an average of 12,195 people (12,314). The number of personnel at the end of September was 12,246 (12,138). In January–September, personnel expenses totaled to EUR 598 million (EUR 589 million) of which wages, salaries and remuneration amounted to EUR 465 million (EUR 455 million).

Changes in Valmet's Executive Team

Valmet announced on July 28, 2017 the following changes in Valmet's Executive Team, effective as of October 1, 2017:

- Jukka Tiitinen, previously Business Line President, Services, is appointed Area President, Asia-Pacific.
- Aki Niemi, previously Area President, China, is appointed Business Line President, Services Business Line.
- Hannu T. Pietilä, previously Area President, Asia Pacific, is appointed Vice President Sales, Asia Pacific and thus leaves his position in the Executive Team.

In addition, Valmet announced on September 28, 2017 that Xiangdong Zhu (B.Sc. (Eng.), MBA), previously Vice President, Services in China at Valmet, is appointed Area President of Valmet's China area and member of Valmet's Executive Team as of October 1, 2017. Zhu has a long background at Valmet, spanning in total 17 years in different management positions. During his career Zhu has also worked in management positions at Stora Enso and Voith Paper in China.

Strategic goals and their implementation

Valmet is the leading global developer and supplier of technologies, automation and services for the pulp, paper and energy industries. Valmet focuses on delivering technology and services globally to industries that use bio-based raw materials. Valmet's main customer industries are pulp, paper and energy. These are all major global industries that offer growth potential for the future. Valmet is committed to moving its customers' performance forward. Valmet's vision is to become the global champion in serving its customers, and its mission is to convert renewable resources into sustainable results.

Valmet seeks to achieve its strategic targets by pursuing the following Must-Win initiatives: 'customer excellence', 'leader in technology and innovation', 'excellence in processes' and 'winning team'.

Valmet's product and service portfolio consists of productivity-enhancing services, automation solutions, plant upgrades and rebuilds, new cost-efficient equipment and solutions for optimizing energy and raw material usage, and technologies increasing the value of our customers' end products.

In order to improve its operational excellence, Valmet is in the process of renewing its ERP system. The aim is to renew and improve Valmet's operational capability through process harmonization and standardization, and through renewal and modernization of the ERP platform.

Valmet has an annual strategy process, where, among others, Valmet's strategy, Must-Wins and financial targets are reviewed. In June 2017, the Board of Directors reconfirmed Valmet's strategy and financial targets. Valmet has the following financial targets:

Financial targets

- Net sales for stable business to grow over two times the market growth
- Net sales for capital business to exceed market growth
- Comparable EBITA: 8–10%
- Comparable return on capital employed (pre-tax), ROCE: 15–20%
- Dividend payout at least 50% of net profit

Stable business means Services and Automation business lines. Capital business means Paper, and Pulp and Energy business lines.

Continued focus on improving profitability

Valmet continues to focus on improving profitability through various actions in e.g. sales process management, project management and project execution, in procurement and quality, as well as in technology and R&D.

To improve sales process management, Valmet is focusing on key account management and analyzing the customers' share of wallet. Valmet is targeting market share improvement at key customers and adding focus on sales training. Valmet has also launched 'Valmet Way to Serve' – a shift towards more unified and customer oriented services.

Valmet is continuously improving its project management and project execution by training personnel and implementing a Valmet-wide project execution model. By focusing on improving project management and execution, Valmet is targeting continuous improvement of gross profit.

Valmet has set a long-term savings target for procurement. In order to decrease procurement costs, Valmet is increasingly focusing on design-to-cost and adding supplier involvement through supplier relationship management. Valmet has also set a target for quality cost savings and is adding focus on root cause analysis of quality deviations. Valmet is continuing to adopt the Lean principles and methodology.

Valmet is constantly focusing on new technologies and R&D to improve product cost competitiveness and performance. Additionally, the renewal of Valmet's ERP system will increase efficiency once implemented.

Progress in sustainability

In September 2017, Valmet further strengthened its position among the world's sustainability leaders by being included in the Dow Jones Sustainability Index (DJSI) for the fourth consecutive year among the 320 most sustainable companies in the world. Valmet was listed both in the Dow Jones Sustainability World and Europe indices. Valmet was also reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe as of September 20, 2017. The index contains 200 of the European stock listed companies that display the best performance in terms of corporate social responsibility.

In July–September 2017, Valmet progressed with the actions defined in its Sustainability360˚ agenda. By the end of September 2017, Valmet, together with an authorized third party, had conducted 39 sustainability audits among its suppliers out of 50 audits planned for this year. The company also renewed its environmental targets covering its own operations. The targets are now spanning to year 2030 in order to drive continuous improvement in environmental performance in the long term. As a new addition to the program, Valmet has now set 2030 targets also for the scope of the ISO 14001 system certification, reduction of waste to landfill and increasing the use of renewable energy.

Valmet's lost time incident frequency rate (LTIF) of own employees increased slightly and was 2.6 at the end of September (2.5 at the end of September 2016). Valmet's total recordable incident frequency rate (TRIF) of own employees continued to decrease and was 5.6 at the end of September (7.1 at the end of September 2016).

Good progress was made with the global personnel training portfolio in the third quarter. The new 'Innovation Pathways' program to enhance the innovation culture was launched in September. The sales transformation program, 'Sales Journey', entered the local rollout phase where it will reach over 1,000 Valmet sales professionals by the end of 2018. Feedback from the programs continues to be good with an average feedback score of 4.5/5 in 2017.

During the third quarter Valmet reached 95 percent completion rate for its white-collar employees' mid-year review process, which is used to evaluate the status of targets and performance expectations.

Lawsuits and claims

Several lawsuits, claims and disputes based on various grounds are pending against Valmet in various countries, including product liability lawsuits and claims as well as legal disputes related to Valmet's deliveries. Valmet is also a plaintiff in several lawsuits.

Valmet announced by stock exchange release on September 16, 2016, that Suzano Papel e Celulose S.A. has filed a request for arbitration against Valmet Celulose, Papel e Energia Ltda, Valmet AB and Valmet Technologies Oy, subsidiaries of Valmet Oyj, claiming approximately EUR 80 million. The arbitration relates to separate Equipment Sales Agreements for the Suzano Imperatriz pulp mill project in Brazil. Valmet disputes the claims brought by Suzano and has also actively pursued claims of its own against Suzano for breach by Suzano of its obligations under the Agreements.

Valmet announced by stock exchange release on December 22, 2016, that it has received a reassessment decision from the Finnish tax authority for Valmet Technologies Inc. The reassessment decision is a result of a tax audit carried out in the company, concerning tax years 2010–2012. During the first quarter 2017 Valmet paid additional taxes, late payment interests and penalties in total of EUR 19 million related to the reassessment decision. Valmet considers the Finnish tax authority's decision unfounded and has appealed of the decision to Board of Adjustment of the Finnish tax authority.

Valmet’s management does not expect to the best of its present understanding that the outcome of these lawsuits, claims and disputes will have a material adverse effect on Valmet in view of the grounds currently presented for them, provisions made, insurance coverage in force and the extent of Valmet’s total business activities.

Corporate Governance Statement

Valmet has prepared a separate Corporate Governance Statement for 2016 which complies with the recommendations of the Finnish Corporate Governance Code for listed companies. It also covers other central areas of corporate governance. The statement has been published on Valmet’s website, separately from the Report of the Board of Directors, at www.valmet.com/governance.

Shares and shareholders

Share capital, number of shares and shareholders

	As at September 30, 2017	As at September 30, 2016
Share capital, EUR	**100,000,000**	100,000,000
Number of shares	**149,864,619**	149,864,619
Treasury shares	**399**	399
Shares outstanding	**149,864,220**	149,864,220
Market capitalization, EUR million[1]	**2,492**	2,007
Number of shareholders	**45,860**	46,149

[1] *Excluding treasury shares*

Shareholder structure as at September 30, 2017

- Nominee registered and non-Finnish holders 49.4%
- Solidium Oy 11.1%
- Finnish private investors 13.6%
- Finnish institutions, companies and foundations 26.0%

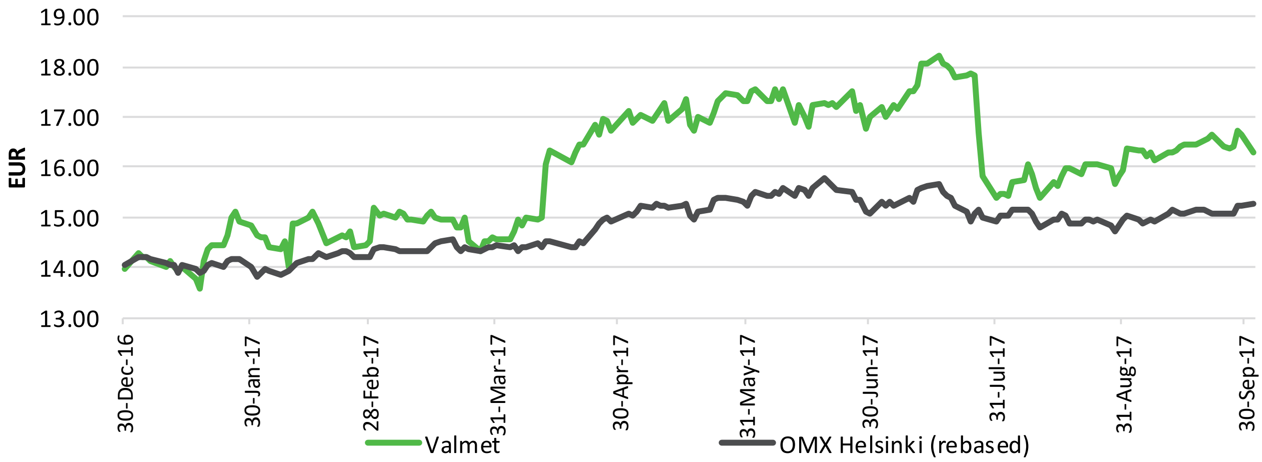
Trading in shares

Trading of Valmet shares on Nasdaq Helsinki	**January 1 – September 30, 2017**	January 1 – September 30, 2016
Number of shares traded	**69,568,432**	80,446,941
Total value, EUR	**1,113,665,137**	851,614,006
High, EUR	**18.44**	13.63
Low, EUR	**13.45**	8.08
Volume-weighted average price, EUR	**16.01**	10.75
Last, EUR	**16.63**	13.39

The closing price of Valmet's share on the final day of trading for the reporting period, September 29, 2017, was EUR 16.63. The closing share price on the last day of trading in year 2016 (December 30, 2016) was EUR 13.98. The share price increased by some 19 percent during the reporting period.

In addition to Nasdaq Helsinki Ltd, Valmet's shares are also traded on other marketplaces, such as Bats CXE and Turquoise. A total of approximately 43 million of Valmet's shares were traded on alternative marketplaces in January–September, which equals to approximately 38 percent of the share's total trade volume. (Source: Bats CXE, Bats BXE, Turquoise, Fidessa)

Development of Valmet's share price, December 31, 2016 – September 30, 2017



Flagging notifications

During the review period, Valmet received the following flagging notification:

Stock exchange release on August 10, 2017

Valmet Oyj received a notification referred to in Securities Market Act from BlackRock, Inc, stating that the company's ownership and share of votes in Valmet Oyj has exceeded the threshold of 5 percent. As a result of share transactions on August 8, 2017, the holding of BlackRock, Inc increased to 7,559,076 shares, representing an ownership of 5.04 percent of Valmet Oyj's total number of shares and share of votes.

Treasury shares and Board authorizations

Valmet Oyj's Annual General Meeting on March 23, 2017 authorized Valmet's Board of Directors to decide on the repurchase of the Company's own shares in one or several tranches. The maximum number of shares to be repurchased shall be 10,000,000 shares, which corresponds to approximately 6.7 percent of all the shares in the Company.

The Company's own shares may be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The Company's own shares may be repurchased using the unrestricted equity of the Company at a price formed on a regulated market on the main list of Nasdaq Helsinki's stock exchange on the date of the repurchase.

The Company's own shares may be repurchased for reasons of developing the Company's capital structure, financing or carrying out acquisitions, investments or other business transactions, or for the shares to be used in an incentive scheme. The Board of Directors resolves on all other terms related to the repurchasing of the Company's own shares.

Valmet Oyj's Annual General Meeting authorized Valmet's Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares pursuant to Chapter 10(1) of the Finnish Limited Liability Companies Act in one or several tranches. The issuance of shares may be carried out by offering new shares or by transferring treasury shares held by Valmet Oyj. Based on this authorization, the Board of Directors may decide on a directed share issue in deviation from the shareholders' pre-emptive rights and on the granting of special rights subject to the conditions mentioned in the Finnish Limited Liability Companies Act. The maximum number of new shares which may be issued by the Board of Directors based on this authorization shall be 15,000,000 shares, which corresponds to approximately 10 percent of all the shares in Valmet Oyj. The maximum number of treasury shares which may be issued shall be 10,000,000 shares, which corresponds to approximately 6.7 percent of all the shares in the Company.

The Board of Directors is furthermore authorized to issue special rights pursuant to Chapter 10(1) of the Finnish Limited Liability Companies Act entitling their holder to receive new shares or treasury shares for consideration. The maximum number of shares which may be issued based on the special rights shall be 15,000,000 shares, which corresponds to approximately 10 percent of all the shares in Company. This number of shares shall be included in the aggregate numbers of shares mentioned in the previous paragraph. The new shares and treasury shares may be issued for consideration or without consideration.

The Board of Directors of Valmet Oyj was also authorized to resolve on issuing treasury shares to the Company without consideration. The maximum number of shares which may be issued to Valmet Oyj shall be 10,000,000 shares when combined with the number of shares repurchased based on an authorization. Such number corresponds to approximately 6.7 percent of all shares in the Company. The treasury shares issued to the Company shall not be taken into account in the limits pursuant to the preceding paragraphs.

The Board of Directors may resolve on all other terms of the issuance of shares and special rights entitling to shares pursuant to Chapter 10(1) of the Finnish Limited Liability Companies Act. The Company may use this authorization, for example, for reasons of developing the Company's capital structure, in financing or carrying out acquisitions, investments or other business transactions, or for the shares to be used in incentive schemes.

As at September 30, 2017, Valmet's Board of Directors has not used any of the authorizations. The authorizations shall remain in force until the next Annual General Meeting, and they cancel the Annual General Meeting's authorizations of March 23, 2016.

Share-based incentive plans

Valmet's share-based incentive plans are part of the remuneration and retention program for Valmet's management. The aim of the plans is to align the objectives of shareholders and management to increase the value of the Company, commit management to the Company, and offer management a competitive reward plan based on long-term shareholding in Valmet.

Valmet has entered into an agreement with a third-party service provider concerning the administration of the share-based incentive programs for key personnel. At the end of the reporting period, the number of shares held within the administration plan was 202,951.

Long-term incentive plan 2012–2014

In December 2011, a share-based incentive plan including three performance periods, which were the calendar years 2012, 2013 and 2014, was approved. The reward for the 2012 performance period was paid during 2015. For the 2013 performance period, the performance criteria were not met and therefore no rewards were paid for the 2013 performance period. From the performance period 2014 a gross number of 262,980 shares were earned. The reward was paid partly as Company shares and partly in cash in March 2017.

Long-term incentive plan 2015–2017

The Board of Directors of Valmet Oyj approved in December 2014 a new share-based incentive plan for Valmet’s key employees. The Plan includes three discretionary periods, which are the calendar years 2015, 2016 and 2017. The Board of Directors shall decide on the performance criteria and targets in the beginning of each discretionary period. The Plan is directed to approximately 80 key people.

The reward of the plan for the discretionary period 2015 was based on EBITA % and Services orders received growth %. The reward was paid partly as Company shares and partly in cash in 2016. As part of the plan, members of Valmet’s Executive Team had the possibility to receive a matching share reward for the discretionary period 2015 provided that the Executive Team Member owned or acquired Valmet shares up to a number determined by the Board of Directors by December 31, 2015. The reward paid on the basis of the discretionary period 2015 corresponded to a total of 540,035 shares, including the matching share rewards.

The reward of the plan for the discretionary period 2016 was based on Comparable EBITA % and orders received growth % of the stable business, that is, the Services and Automation business lines. The reward was paid partly as Valmet shares and partly in cash in March 2017. As part of the share-based incentive program, members of the Valmet Executive Team had the possibility to receive a matching share reward for the discretionary period 2016 provided that the Executive Team member owned or acquired Valmet shares up to a number determined by the Board of Directors by December 31, 2016. The reward paid on the basis of the discretionary period 2016 corresponded to a total of 556,049 shares, including the matching share rewards.

The Board of Directors of Valmet decided in December 2016 to continue the share based incentive program approved in December 2014 for Valmet's key employees. The potential reward of the program from the discretionary period 2017 is based on Comparable EBITA % and orders received growth % of the stable business, that is, the Services and Automation business lines. The potential reward of the plan from the discretionary period 2017 will be paid partly as Valmet shares and partly in cash in 2018. The rewards to be paid on the basis of the plan are in total an approximate maximum of 550,000 shares in Valmet.

As part of the share based incentive program, members of the Valmet Executive Team have a possibility to receive a matching share reward for the discretionary period 2017 provided that the Executive Team member owns or acquires Valmet shares up to a number determined by the Board of Directors by December 31, 2017.

The shares to be transferred as part of the possible reward payments are obtained in public trading, ensuring that the incentive plan will not have a diluting effect on Valmet's share value.

More information about share-based incentive plans can be found in Valmet's Corporate Governance Statement, which is available at www.valmet.com/governance.

Resolutions of Valmet's Annual General Meeting

The Annual General Meeting of Valmet Oyj was held in Helsinki on March 23, 2017. The Annual General Meeting adopted the Financial Statements for 2016 and discharged the members of the Board of Directors and the President and CEO from liability for the 2016 financial year. The Annual General Meeting approved the Board of Directors' proposals concerning authorizing the Board to decide on repurchasing company shares and to resolve on the issuance of shares and the issuance of special rights entitling to shares.

The Annual General Meeting confirmed the number of Board members as seven and appointed Bo Risberg as Chairman of Valmet Oyj's Board and Jouko Karvinen as Vice Chairman. Eriikka Söderström was appointed as a new member of the Board. Lone Fønss Schrøder, Rogério Ziviani, Aaro Cantell and Tarja Tyni continue as members of the Board. The term of office of the members of the Board of Directors expires at the end of the next Annual General Meeting.

PricewaterhouseCoopers Oy, authorized public accountants, was appointed as the company's auditor for a term expiring at the end of the next Annual General Meeting.

Valmet published stock exchange releases on March 23, 2017 concerning the resolutions of the Annual General Meeting and the composition of the Board of Directors. The stock exchange releases and a presentation of the Board members can be viewed on Valmet's website at www.valmet.com/agm.

In compliance with the resolution of the Annual General Meeting on March 23, 2017, Valmet paid out dividends of EUR 63 million for 2016, corresponding to EUR 0.42 per share, on April 6, 2017.

Risks and business uncertainties

Valmet's operations are affected by various strategic, financial, operational and hazard risks. Valmet takes measures to exploit emerging opportunities and to limit the adverse effects of potential threats. The assessment of risks related to sustainable development holds an important role in risk management. If such threats materialized, they could have material adverse effects on Valmet's business, financial situation and operating result or on the value of shares and other securities.

The objective of Valmet's risk management is to ensure the implementation of an effective and successful strategy for achieving both long- and short-term goals. The task of Valmet's management is to regulate risk appetite.

In assessing risks, Valmet takes into consideration the probability of the risks and their estimated impact on net sales and financial results. Valmet's management estimates that the company's overall risk level is currently manageable in proportion to the scope of its operations and the practical measures available for managing these risks.

Financial uncertainty in the global economy, coupled with fluctuations in exchange rates and tightening financial market regulations, may have an adverse effect on the availability of financing from banks and capital markets and could reduce the investment appetite of Valmet's customers. Valmet estimates that the high proportion of business derived from stable business (Services and Automation) and the geographical diversification will reduce the possible negative effects that market uncertainties may have.

If global economic growth weakens, it might have adverse effects on new projects under negotiation or on projects in the order backlog. Some projects may be postponed, suspended, or canceled. In the case of long-term delivery projects, initial customer advance payments are typically 10–30 percent of the value of the project and customers make progress payments as a project is implemented. This significantly decreases the risks and financing requirements related to Valmet's projects. Valmet continually assesses its customers' creditworthiness and their ability to meet their obligations. As a rule, Valmet does not finance customer projects. If economic growth slows down significantly, the markets for Valmet's products may shrink, which may lead to, for example, tougher price competition. Changes and uncertainty in future regulation and legislation can also critically affect especially the energy business.

Large fluctuations in energy prices can affect the global economy. These fluctuations can also affect Valmet and its customers, especially in the energy business.

Changes in labor costs and the prices of raw materials and components can affect Valmet's profitability. Wage inflation is continuing, but Valmet's goal is to offset this at least partly through increased productivity and strict price discipline. It is possible, however, that tough competition in some product categories will make it difficult to pass on cost increases to product prices. On the other hand, some of Valmet's customers are raw material producers and their ability to operate and invest may be enhanced by strengthening commodity prices and hampered by declining commodity prices.

To ensure a high level of quality in both production and services, it is important to sustain a high level of competence and talent availability. This includes, for example, maintaining efficient recruitment programs, utilization of existing talent and sharing knowledge globally.

Through acquisitions Valmet may become exposed to risks associated with new markets and business environments. The actual acquisition process also includes risks. Other risks associated with acquisitions include, but are not limited to, integration of the acquired business, increased financial risk exposure, retention of key personnel and achieving the targets set for the acquired business.

Management of project business risks important

An important part of Valmet's business consists of project business. Pulp business projects in particular are large, thus project-specific risk management is crucial. Key risks related to projects are project cost estimation, scheduling, project risk management, quality and performance risks, and materials management risks. Risk analysis shall, as a minimum, take place for all significant project quotations. The work concerning threat and opportunity assessment continues during the execution phase of the project. Risk management is based on careful planning and on continuous, systematic monitoring and evaluation. Project risks are managed by improving and continuously developing project management processes and the related systems.

There may be changes in the competitive situation of Valmet's individual businesses, such as the emergence of new, cost-effective players in the markets. Valmet can safeguard its market position by developing its products and services, and through good customer service and a local presence.

Availability of financing crucial

Securing the continuity of Valmet's operations requires that sufficient funding is available under all circumstances. Valmet estimates that its liquid cash assets and committed credit limits are sufficient to secure its immediate liquidity and to ensure the flexibility of financing. The average maturity for Valmet's non-current debt is 3.5 years. Loan facilities include customary covenants and Valmet is in clear compliance with the covenants at the balance sheet date.

Net working capital and capital expenditure levels have a key impact on the adequacy of our financing. Valmet estimates that it is well-positioned to keep capital expenditure at the level of total depreciation.

Of the financial risks that affect Valmet's profit, currency exchange rate risks are among the most substantial. Exchange rate changes can affect Valmet's business, although the wide geographical scope of the company's operations reduces the impact of any individual currency. Economic insecurity typically increases exchange rate fluctuations. Valmet hedges its currency exposures linked to firm delivery and purchase agreements.

Changes in legislation and the way authorities interpret regulation, for example regarding taxation, can also have an impact on Valmet's financials.

At the end of September 2017, Valmet had EUR 616 million (EUR 620 million) of goodwill on its statement of financial position. Valmet assesses the value of its goodwill for impairment annually or more frequently if facts and circumstances indicate that a risk of impairment exists. Valmet has not identified any indications of impairment during the reporting period. The principles used for impairment testing are presented in the Financial Statements.

Events after the reporting period

There were no subsequent events after the review period that required recognition or disclosure.

Valmet reiterates its guidance for 2017

Valmet reiterates its guidance presented on April 12, 2017, in which Valmet estimates that net sales in 2017 will increase in comparison with 2016 (EUR 2,926 million) and Comparable EBITA in 2017 will increase in comparison with 2016 (EUR 196 million).

Short-term outlook

General economic outlook

The global upswing in economic activity is strengthening, with global growth projected to rise to 3.6 percent in 2017 and 3.7 percent in 2018. Broad-based upward revisions in the euro area, Japan, emerging Asia, emerging Europe, and Russia more than offset downward revisions for the United States and the United Kingdom. While the baseline outlook is strengthening, growth remains weak in many countries, and inflation is below target in most advanced economies. And while short-term risks are broadly balanced, medium-term risks are still tilted to the downside. (International Monetary Fund, October 10, 2017)

Short-term market outlook

Valmet estimates that the short-term market outlook has decreased to a satisfactory level in energy (previously good level).

Valmet reiterates the good short-term market outlook for services, board and paper, and tissue, the satisfactory short-term market outlook for automation, and the weak short-term market outlook for pulp.

In Espoo on October 24, 2017

Valmet’s Board of Directors

Consolidated Statement of Income

EUR million	Q3/2017	Q3/2016	Q1–Q3/ 2017	Q1–Q3/ 2016
Net sales	**748**	685	**2,223**	2,141
Cost of goods sold	**-583**	-528	**-1,721**	-1,652
Gross profit	**165**	157	**502**	489
Selling, general and administrative expenses	**-114**	-116	**-377**	-379
Other operating income and expenses, net	**-7**	1	**-4**	-3
Share in profits and losses of associated companies, operative investments	**-**	-	**-**	-
Operating profit	**45**	41	**122**	107
Financial income and expenses, net	**-3**	-4	**-10**	-9
Share in profits and losses of associated companies, financial investments	**-**	-	**1**	-
Profit before taxes	**41**	38	**113**	98
Income taxes	**-12**	-12	**-32**	-29
Profit / loss	**30**	26	**81**	69
Attributable to:				
Owners of the parent	**30**	26	**81**	68
Non-controlling interests	**-**	-	**-**	-
Profit / loss	**30**	26	**81**	69
Earnings per share attributable to owners of the parent:				
Earnings per share, EUR	**0.20**	0.17	**0.54**	0.46
Diluted earnings per share, EUR	**0.20**	0.17	**0.54**	0.46

Consolidated Statement of Comprehensive Income

EUR million	Q3/2017	Q3/2016	Q1–Q3/ 2017	Q1–Q3/ 2016
Profit / loss	**30**	26	**81**	69
Items that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedges	**2**	4	**15**	3
Currency translation on subsidiary net investments	**-4**	-10	**-17**	-17
Income tax relating to items that may be reclassified	**-1**	-1	**-3**	-1
	-2	-7	**-5**	-14
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	**-10**	-11	**-1**	-16
Income tax on items that will not be reclassified	**2**	7	**-**	13
	-8	-4	**-2**	-3
Other comprehensive income / expense	**-10**	-11	**-7**	-18
Total comprehensive income / expense	**19**	15	**74**	51
Attributable to:				
Owners of the parent	**19**	15	**74**	51
Non-controlling interests	**-**	-	**-**	-
Total comprehensive income / expense	**19**	15	**74**	51

Consolidated Statement of Financial Position

Assets

EUR million	As at September 30, 2017	As at September 30, 2016	As at December 31, 2016
Non-current assets			
Intangible assets			
Goodwill	**616**	620	624
Other intangible assets	**201**	217	213
Total intangible assets	**817**	837	837
Property, plant and equipment			
Land and water areas	**26**	26	26
Buildings and structures	**122**	134	133
Machinery and equipment	**169**	182	183
Assets under construction	**41**	29	32
Total property, plant and equipment	**357**	371	374
Financial and other non-current assets			
Investments in associated companies	**13**	12	12
Non-current financial assets	**23**	21	22
Deferred tax asset	**72**	90	80
Non-current income tax receivables	**26**	-	24
Other non-current assets	**14**	12	12
Total financial and other non-current assets	**148**	135	151
Total non-current assets	**1,322**	1,344	1,362
Current assets			
Inventories			
Materials and supplies	**61**	71	66
Work in progress	**362**	345	322
Finished products	**83**	83	83
Total inventories	**506**	499	471
Receivables			
Trade and other receivables	**612**	560	646
Amounts due from customers under construction contracts	**248**	229	197
Other current financial assets	**45**	11	17
Income tax receivables	**31**	28	25
Total receivables	**936**	827	885
Cash and cash equivalents	**252**	166	240
Total current assets	**1,694**	1,492	1,596
Total assets	**3,016**	2,836	2,958

Consolidated Statement of Financial Position

Equity and liabilities

EUR million	As at September 30, 2017	As at September 30, 2016	As at December 31, 2016
Equity			
Share capital	**100**	100	100
Reserve for invested unrestricted equity	**413**	407	407
Cumulative translation adjustments	**-5**	2	11
Fair value and other reserves	**8**	-2	-3
Retained earnings	**376**	345	366
Equity attributable to owners of the parent	**892**	852	881
Non-controlling interests	**5**	6	5
Total equity	**897**	858	886
Liabilities			
Non-current liabilities			
Non-current debt	**215**	262	262
Post-employment benefits	**153**	159	151
Provisions	**19**	8	20
Other non-current financial liabilities	**3**	6	6
Deferred tax liability	**59**	68	62
Total non-current liabilities	**449**	502	501
Current liabilities			
Current portion of non-current debt	**47**	48	48
Trade and other payables	**810**	723	754
Provisions	**98**	94	108
Advances received	**262**	245	245
Amounts due to customers under construction contracts	**391**	322	332
Other current financial liabilities	**13**	19	23
Income tax liabilities	**49**	25	61
Total current liabilities	**1,670**	1,476	1,572
Total liabilities	**2,119**	1,978	2,073
Total equity and liabilities	**3,016**	2,836	2,958

Condensed Consolidated Statement of Cash Flows

EUR million	**Q3/2017**	Q3/2016	**Q1–Q3/ 2017**	Q1–Q3/ 2016
Cash flows from operating activities				
Profit / loss	**30**	26	**81**	69
Adjustments				
Depreciation and amortization	**20**	21	**61**	66
Financial income and expenses	**3**	4	**10**	10
Income taxes	**12**	12	**32**	29
Other non-cash items	**-9**	-4	**19**	-2
Change in net working capital	**34**	81	**58**	25
Net interests and dividends received	**-2**	-2	**-7**	-6
Income taxes paid[1]	**-9**	-16	**-51**	-32
Net cash provided by (+) / used in (-) operating activities	**78**	122	**203**	158
Cash flows from investing activities				
Capital expenditure on fixed assets	**-16**	-14	**-46**	-43
Proceeds from sale of fixed assets	**-**	1	**-**	1
Net cash provided by (+) / used in (-) investing activities	**-16**	-14	**-45**	-42
Cash flows from financing activities				
Redemption of own shares	**-**	-	**-2**	-2
Dividends paid	**-**	-	**-63**	-52
Net borrowings (+) / payments (-) on current and non-current debt	**-15**	-41	**-47**	-61
Net investments in available-for-sale financial assets	**-**	-	**-22**	9
Net cash provided by (+) / used in (-) financing activities	**-15**	-41	**-135**	-107
Net increase (+) / decrease (-) in cash and cash equivalents	**47**	67	**23**	9
Effect of changes in exchange rates on cash and cash equivalents	**-1**	-4	**-10**	-8
Cash and cash equivalents at beginning of period	**206**	103	**240**	165
Cash and cash equivalents at end of period	**252**	166	**252**	166

[1] *During Q1/2017 Valmet has paid additional taxes, late payment interests and penalties in total of EUR 19 million related to the reassessment decision from the Finnish tax authority.*

Consolidated Statement of Changes in Equity

EUR million	Share capital	Reserve for invested unrestricted equity	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	**Equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
Balance at January 1, 2017	**100**	**407**	**11**	**-3**	**366**	**881**	**5**	**886**
Profit / loss	-	-	-	-	81	**81**	-	**81**
Other comprehensive income / expense	-	-	-17	12	-2	**-7**	-	**-7**
Total comprehensive income / expense	-	-	-17	12	80	**74**	-	**74**
Dividends	-	-	-	-	-63	**-63**	-	**-63**
Purchase of treasury shares	-	-	-	-	-2	**-2**	-	**-2**
Share-based payments, net of tax	-	6	-	-	-4	**2**	-	**2**
Balance at September 30, 2017	**100**	**413**	**-5**	**8**	**376**	**892**	**5**	**897**

EUR million	Share capital	Reserve for invested unrestricted equity	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at January 1, 2016	100	404	18	-4	336	855	6	860
Profit / loss	-	-	-	-	68	68	-	69
Other comprehensive income / expense	-	-	-16	2	-3	-17	-	-18
Total comprehensive income / expense	-	-	-16	2	65	51	-	51
Dividends	-	-	-	-	-52	-52	-	-52
Purchase of treasury shares	-	-	-	-	-2	-2	-	-2
Share-based payments, net of tax	-	3	-	-	-1	1	-	1
Balance at September 30, 2016	100	407	2	-2	345	852	6	858

Accounting policies

General information

Valmet Oyj (the "Company" or the "parent company") and its subsidiaries (together "Valmet", "Valmet Group" or the "Group") form a global developer and supplier of process technologies, automation and services for the pulp, paper and energy industries.

Valmet Oyj is domiciled in Helsinki, and its registered address is Keilasatama 5, 02150 Espoo, Finland. The Company's shares are listed on the Nasdaq Helsinki Ltd.

These Condensed Consolidated Interim Financial Statements were approved for issue on October 24, 2017.

Basis of presentation

These Condensed Consolidated Interim Financial Statements for the nine months ended September 30, 2017 have been prepared in accordance with IAS 34, 'Interim financial reporting' and in conformity with IFRS as adopted by the European Union. The financial information presented in these Condensed Consolidated Interim Financial Statements has not been audited. The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Group's Annual Consolidated Financial Statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS.

Since January 1, 2017, the Group has adopted new standards and interpretations into its accounting and reporting, including but not limited to, amendments to IAS 12 'Income taxes' and IAS 7 'Cash flow statements'. These amendments did not however, have a material impact on the results or financial position of Valmet Group or the presentation of these Interim Financial Statements.

Setting aside new pronouncements, the accounting policies applied in the preparation of these Condensed Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Group's Annual Consolidated Financial Statements for the year ended December 31, 2016.

In the Condensed Consolidated Interim Financial Statements the figures are presented in million euros subject to rounding, which may cause some rounding inaccuracies in aggregate column and row totals.

New accounting standards

IFRS 15 – Revenue from contracts with customers

Starting January 1, 2018, Valmet will adopt IFRS 15, 'Revenue from contracts with customers'. In the expectation of adopting the new standard governing revenue recognition, Valmet management has decided to no longer use the milestone method as the preferred method for measuring progress in contracts where revenue is recognized in proportion to the stage of completion of contract activity. As of January 1, 2017, the cost-to-cost method is used as Valmet's primary method for measuring progress of contract activity. Management estimates that for some contracts this change will defer revenue recognition in the beginning of the project. This is however, not expected to have a significant impact on the amount of gross profit recognized in any interim reporting period.

Update to information provided in the year-end 2016 annual financial statements on the impact of the implementation of the key concepts of IFRS 15 is provided below.

Identification of performance obligations

In long-term capital projects, involving delivery of both equipment and services, Valmet management expects to identify one or more performance obligations under the new standard. The identification of performance obligations depends on the scope of the project and terms of the contract and will largely follow the level at which quotes are being requested by the customers on capital projects.

In service contracts involving delivery of combination of equipment and services, depending on the scope of the contract and terms attached thereto, Valmet management expects to identify one or more performance obligations. When scope of the contract involves services provided at the customer site, such as installation, maintenance, technical support or mechanical audits, these are typically considered a separate performance obligation from delivery of significant equipment and services provided off-site. On the other hand, when services in the scope of the contract are performed at Valmet premises only, such as workshop services, material and services typically cannot be identified separately, and consistently only one performance obligation is identified.

In long-term service contracts where Valmet's activities are largely performed at the customers' site, depending on the contract and terms attached thereto, Valmet management expects to identify one or more performance obligations. When the scope of the contract involves various services elements that are separately sold on stand-alone basis, these elements would typically be determined to consist of performance obligations on their own.

Recognition of revenue

Under IFRS 15, revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service, either over time or at a point in time.

When Valmet determines that control on goods or services is transferred over time, this is typically based on either that customer simultaneously receives and consumes benefits as Valmet performs, or that Valmet's performance creates an asset with no alternative use and Valmet has an enforceable right to payment for performance completed to date.

Deliverables from within Valmet's product offering that have the characteristics of the first criterion include mill maintenance services or other field services provided under long-term contracts, in which the receipt and simultaneous consumption by the customer of the benefits of Valmet's performance can be readily identified. Deliverables with the characteristics of the second criterion include capital projects where the scope of the contract involves design and construction of an asset according to customer specifications. The assets created in these projects do not have alternative use because the design is based on specific customer needs. When revenue is recognized over time, progress toward complete satisfaction of the performance obligation is measured using the cost-to-cost method. The cost-to-cost method is estimated to result in a revenue profile that best depicts the transfer of control on the deliverables to the customer.

In customer contracts where revenue is currently recognized upon transfer of risks and rewards associated with the deliverable to the customer, Valmet management does not expect to see a significant change in the amount of revenue or gross profit recognized in any interim reporting period when moving into recognizing revenue upon transfer of control.

Recognition of revenue at a point in time is applicable, among others, in contracts where services are performed at Valmet's premises and deliveries of spare-parts and components.

Other steps of the revenue recognition model

Valmet management does not expect the new guidance on identification of a customer contract or allocation of the transaction price to the performance obligations identified in the contract to affect the amount or timing of revenue and cost recognition. However, Valmet's contracts often involve elements of variable consideration and management estimates that the reassessment of the transaction prices at each reporting date, requiring significant amount of judgment, could affect the timing of revenue recognition following the adoption of the new standard.

Valmet management has selected the full retrospective restatement approach when adopting the new revenue guidance as of January 1, 2018. The cumulative effect of applying IFRS 15 will therefore be recognized in retained earnings for the date of January 1, 2017. Management is in process of preparing a quantification of the impact of the new standard as at the transition.

IFRS 9 – Financial instruments

IFRS 9, 'Financial instruments' includes guidance for recognition and derecognition, classification and measurement, impairment and hedge accounting for financial assets and liabilities within the standard's scope. Application of the new standard is mandatory for accounting periods beginning on or after January 1, 2018 and it replaces current guidance included in IAS 39, 'Financial instruments: recognition and measurements'.

IFRS 9 establishes three separate measurement categories for financial assets, including amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Under IFRS 9 classification and measurement of financial liabilities continues with the two categories of amortized cost and fair value through profit or loss similar to currently. For Valmet, new classification and measurement guidance presents changes in terminology used for financial instruments, yet impact to reported figures will be limited.

New impairment model is expected to present most significant changes arising from implementation of IFRS 9. The new model is based on expected credit losses while the current model is based on incurred losses, resulting in an increase in allowance for doubtful receivables recognized as at transition. IFRS 9 includes a simplification from the general impairment model for trade receivables and contract assets, under which allowance amounting to lifetime expected credit losses is recognized at the time of the initial recognition of the asset. Majority of Valmet's financial assets within the new impairment model's scope are subject to above mentioned simplification.

Hedge accounting requirements in IFRS 9 allow entities to better reflect risk management activities in the financial statements by requiring economic relationship to be demonstrated between hedged item and hedging instrument, instead of current bright line hedge effectiveness tests. When hedging for future changes in commodity prices, option to designate one or more risk components of non-financial risks as hedged items is expected to both expand utilization of hedge accounting and decrease volatility in profit or loss due to increased hedge effectiveness.

Valmet management is in process of quantifying the transition date impact arising from implementation of IFRS 9. Valmet has decided not to restate prior periods and any change at transition will be recorded to opening balance of retained earnings on January 1, 2018.

Key exchange rates

		Average rates		Period-end rates	
		Q1–Q3/ 2017	Q1–Q3/ 2016	**Q3/2017**	Q3/2016
USD	(US dollar)	**1.1151**	1.1115	**1.1806**	1.1161
SEK	(Swedish krona)	**9.5803**	9.3673	**9.6490**	9.6210
BRL	(Brazilian real)	**3.5506**	3.9617	**3.7635**	3.6210
CNY	(Chinese yuan)	**7.5828**	7.3103	**7.8534**	7.4463

Reporting segment and geographic information

The Group's Chief Operating Decision Maker (CODM) is the President and CEO of Valmet. Valmet's four business lines are highly integrated through complementing product and service offering and joint customer projects. Thus, the operations and profitability of Valmet is reported on as a single reportable segment with the key operative decisions being made by the CODM at the Valmet Group level. One key indicator of performance reviewed is EBITA (Earnings before interest, taxes and amortization). The performance is also assessed through Comparable EBITA, i.e. with EBITA excluding items, such as capacity adjustment costs, impairment of assets, and other infrequent events, as these reduce the comparability of the Group's performance from one period to another.

EUR million	**Q3/2017**	Q3/2016	**Q1–Q3/ 2017**	Q1–Q3/ 2016
Net sales	**748**	685	**2,223**	2,141
Comparable EBITA	**59**	52	**150**	140
% of net sales	**7.9%**	7.5%	**6.8%**	6.5%
Operating profit	**45**	41	**122**	107
% of net sales	**6.0%**	6.0%	**5.5%**	5.0%
Amortization	**-8**	-8	**-24**	-28
Depreciation	**-12**	-13	**-37**	-38
Gross capital expenditure	**-16**	-14	**-46**	-43
Non-cash write-downs	**-1**	-2	**-3**	-5
Capital employed, end of period			**1,159**	1,167
Orders received	**743**	788	**2,544**	2,282
Order backlog, end of period			**2,523**	2,192

Reconciliation between Comparable EBITA, EBITA and operating profit

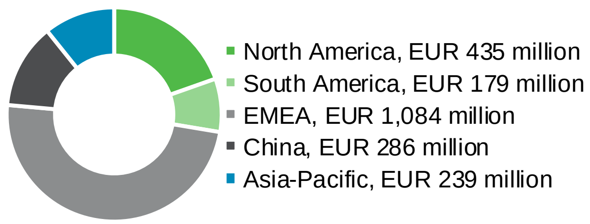
EUR million	Q1–Q3/2017	Q1–Q3/2016	2016
Comparable EBITA	**150**	140	196
Items affecting comparability in cost of sales			
Expenses related to capacity adjustments	**-1**	-3	-8
Other items affecting comparability	**-**	-	-
Items affecting comparability in selling, general and administrative expenses			
Expenses related to capacity adjustments	**-**	-1	-1
Other items affecting comparability	**-**	-	-
Items affecting comparability in other operating income and expenses			
Expenses related to capacity adjustments	**-6**	-2	-4
Other items affecting comparability	**3**	-	-
EBITA	**146**	135	183
Amortization included in cost of sales			
Other intangibles	**-1**	-1	-2
Amortization included in selling, general and administrative expenses			
Intangibles recognized in business combinations	**-17**	-21	-26
Other intangibles	**-5**	-7	-8
Operating profit	**122**	107	147

Entity-wide information

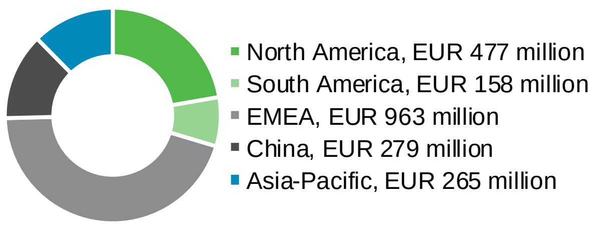
Valmet has operations in over 35 countries and on all continents. The main market areas are Europe and North America accounting for 66 percent of net sales in Q1–Q3/2017 and 65 percent in Q1–Q3/2016.

Net sales to unaffiliated customers by destination:

Q1–Q3/2017: EUR 2,223 million



Q1–Q3/2016: EUR 2,141 million



Gross capital expenditure by location:

EUR million	North America	South America	EMEA	China	Asia-Pacific	Total
Q1–Q3/2017	**2**	**1**	**33**	**5**	**5**	**46**
Q1–Q3/2016	2	3	29	5	4	43

Analysis of net sales by category:

EUR million	Q1–Q3/2017	Q1–Q3/2016
Sale of services and automation	**1,031**	1,042
Sale of projects, equipment and goods	**1,192**	1,099
Total	**2,223**	2,141

Intangible assets and property, plant and equipment

Intangible assets

EUR million	Q1–Q3/2017	Q1–Q3/2016	2016
Carrying value at beginning of period	**837**	859	859
Capital expenditure	**12**	12	15
Acquired in business combinations	**-**	1	1
Amortization	**-24**	-28	-35
Impairment losses	**-**	-1	-1
Translation differences and other changes	**-8**	-7	-2
Carrying value at end of period	**817**	837	837

Property, plant and equipment

EUR million	Q1–Q3/2017	Q1–Q3/2016	2016
Carrying value at beginning of period	**374**	385	385
Capital expenditure	**34**	31	45
Acquired in business combinations	**-**	-	-
Depreciation	**-37**	-38	-51
Impairment losses	**-**	-	-2
Translation differences and other changes	**-13**	-6	-3
Carrying value at end of period	**357**	371	374

Financial instruments

Derivative financial instruments

As at September 30, 2017	**Notional amount**	**Fair value, assets**	**Fair value, liabilities**	**Fair value, net**
Forward exchange contracts, EUR million	**1,655**	**25**	**14**	**11**
Interest rate swaps, EUR million	**30**	**-**	**1**	**-1**
Electricity forward contracts[1]	**134**	**-**	**-**	**-**
Nickel forward contracts[2]	**24**	**-**	**-**	**-**

As at September 30, 2016	Notional amount	Fair value, assets	Fair value, liabilities	Fair value, net
Forward exchange contracts, EUR million	1,480	11	20	-10
Interest rate swaps, EUR million	30	-	3	-3
Electricity forward contracts[1]	145	-	1	-1

[1] *Notional amount in GWh and fair values in EUR million*

[2] *Notional amount in tons and fair values in EUR million*

The notional amounts give an indication of the volume of derivative contracts entered into but do not provide an indication of the exposure to risk.

Interest-bearing and non-interest-bearing financial instruments

EUR million	**As at September 30, 2017**	As at September 30, 2016	As at December 31, 2016
Non-current financial assets			
Interest-bearing	**17**	17	17
Non-interest-bearing	**6**	5	5
Total	**23**	21	22

EUR million	**As at September 30, 2017**	As at September 30, 2016	As at December 31, 2016
Other current financial assets			
Interest-bearing	**23**	1	1
Non-interest-bearing	**22**	10	16
Total	**45**	11	17

Setting aside non-current debt, current portion of non-current debt and current debt, the Group does not carry other interest-bearing liabilities.

Provisions

EUR million	Q1–Q3/2017	Q1–Q3/2016	2016
Balance at beginning of period	128	108	108
Effect of change in classification[1]	-	-	35
Translation differences	-3	-1	1
Addition charged to profit / loss	56	56	96
Used reserve	-41	-46	-86
Reversal of reserve / other changes	-22	-16	-25
Balance at end of period	**118**	102	128
Non-current	19	8	20
Current	98	94	108

[1] *Quantification of the impact of the change in classification in comparative period Q1–Q3/2016 has been impracticable.*

Movements in provisions in full financial year 2016 included opening balance adjustment of EUR 35 million consisting of reclassification of warranty and guarantee provisions for ongoing projects previously presented as part of accrued project costs into provision.

Contingencies and commitments

EUR million	As at September 30, 2017	As at September 30, 2016	As at December 31, 2016
Guarantees on behalf of Valmet Group	816	850	853
Lease commitments	62	49	51

The most significant commitments and contingencies of Valmet relate to guarantees provided by Valmet Oyj, its subsidiaries and financial institutions to customers and suppliers in the ordinary course of business, as disclosed in the above table.

On September 16, 2016, Valmet announced by stock exchange release of arbitration proceedings initiated by Suzano Papel e Celulose S.A. (Suzano) against three Valmet legal entities related to the construction of a green field pulp mill in Imperatriz, Brazil, claiming approximately EUR 80 million. In Q2/2017, a payment of EUR 23 million was released by the bank to Suzano from on-demand performance bonds provided by Valmet as performance security. Valmet management disputes the claims brought by Suzano and their right to the funds. Management has determined not to disclose any further information on the case on the grounds that it can be expected to seriously prejudice the ongoing legal procedures.

As at September 30, 2017, Valmet entities are subject to tax audits in several jurisdictions. Liabilities and assets are recognized with respect to income tax amounts management is expecting to pay and recover, respectively. No liability is recognized when it is considered probable that items reported to tax authorities can be sustained on examination. Complex and constantly changing regulations in multiple jurisdictions where Valmet operates create uncertainties relating to tax obligations towards authorities. Changes in the tax authorities' interpretations could have unfavorable impact on Valmet's financials.

Key ratios

	Q1–Q3/2017	Q1–Q3/2016
Earnings per share, EUR	**0.54**	0.46
Diluted earnings per share, EUR	**0.54**	0.46
Equity per share at end of period, EUR	**5.95**	5.68
Return on equity (ROE), % (annualized)	**12%**	11%
Return on capital employed (ROCE) before taxes, % (annualized)	**14%**	12%
Equity to assets ratio at end of period, %	**38%**	38%
Gearing at end of period, %	**-3%**	15%
Cash flow provided by operating activities, EUR million	**203**	158
Cash flow after investments, EUR million	**157**	116
Gross capital expenditure, EUR million	**-46**	-43
Depreciation and amortization, EUR million	**-61**	-66
Depreciation	**-37**	-38
Amortization	**-24**	-28
Number of outstanding shares at end of period	**149,864,220**	149,864,220
Average number of outstanding shares	**149,864,220**	149,864,220
Average number of diluted shares	**149,864,220**	149,864,220
Interest-bearing liabilities at end of period, EUR million	**262**	310
Net interest-bearing liabilities at end of period, EUR million	**-30**	126

Formulas for Calculation of Indicators

EBITA:
Operating profit + amortization

Comparable EBITA:
Operating profit + amortization - items affecting comparability

Earnings per share:

$$\frac{\text{Profit attributable to shareholders of the Company}}{\text{Average number of shares outstanding during period}}$$

Earnings per share, diluted:

$$\frac{\text{Profit attributable to shareholders of the Company}}{\text{Average number of diluted shares during period}}$$

Return on equity (ROE), % (annualized):

$$\frac{\text{Profit}}{\text{Total equity (average for period)}} \times 100$$

Return on capital employed (ROCE) before taxes, % (annualized):

$$\frac{\text{Profit before tax + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average for period)}} \times 100$$

Comparable return on capital employed (ROCE) before taxes, % (annualized) [1]:

$$\frac{\text{Profit before tax + interest and other financial expenses - items affecting comparability}}{\text{Balance sheet total - non-interest-bearing liabilities (average for the period)}} \times 100$$

[1] *Measure of performance also calculated on a rolling 12-month basis.*

Equity to assets ratio, %:

$$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}} \times 100$$

Gearing, %:

$$\frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

Net interest-bearing liabilities:
Non-current interest-bearing debt + current interest-bearing debt
- cash and cash equivalents - other interest-bearing assets

Net working capital:
Other non-current assets + inventories + trade and other receivables
+ amounts due from customers under construction contracts + derivative financial instruments (assets)
- post-employment benefits - provisions - trade and other payables - advances received
- amounts due to customers under construction contracts - derivative financial instruments (liabilities)

Quarterly information

EUR million	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016
Net sales	**748**	803	671	785	685
Comparable EBITA	**59**	57	35	56	52
% of net sales	**7.9%**	7.1%	5.1%	7.2%	7.5%
Operating profit / loss	**45**	48	30	40	41
% of net sales	**6.0%**	6.0%	4.4%	5.1%	6.0%
Profit before taxes	**41**	45	26	38	38
% of net sales	**5.5%**	5.6%	3.9%	4.8%	5.5%
Profit / loss	**30**	33	18	14	26
% of net sales	**4.0%**	4.1%	2.7%	1.8%	3.8%
Earnings per share, EUR	**0.20**	0.22	0.12	0.10	0.17
Earnings per share, diluted, EUR	**0.20**	0.22	0.12	0.10	0.17
Amortization	**-8**	-8	-8	-8	-8
Depreciation	**-12**	-12	-13	-13	-13
Research and development expenses, net	**-13**	-17	-14	-18	-14
% of net sales	**-1.8%**	-2.1%	-2.2%	-2.3%	-2.0%
Items affecting comparability:					
in cost of goods sold	**-**	-1	-	-5	-2
in selling, general and administrative expenses	**-**	-	-	-	-
in other operating income and expenses, net	**-6**	-	3	-3	-
Total items affecting comparability	**-6**	-1	3	-8	-2
Gross capital expenditure	**-16**	-15	-14	-17	-14
Non-cash write-downs	**-1**	-1	-1	-2	-2
Capital employed, end of period	**1,159**	1,154	1,122	1,195	1,167
Orders received	**743**	796	1,005	857	788
Order backlog, end of period	**2,523**	2,551	2,613	2,283	2,192

Valmet's financial reporting in 2018

February 6, 2018 - Financial Statements Review 2017
April 27, 2018 - Interim Review January-March 2018
July 25, 2018 - Half Year Financial Review January-June 2018
October 23, 2018 - Interim Review January-September 2018

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