INTERIM REVIEW

January 1 – March 31, 2015

Valmet

Valmet's Interim Review January 1 – March 31, 2015

Orders received increased in Services – focus continues to be on profitability improvement

January–March 2015: Good performance in Services

- Orders received decreased to EUR 580 million (EUR 1,101 million).
  - Orders received increased in the Services business line and declined from the high levels in Q1/2014 in the Pulp and Energy, and Paper business lines.
- Net sales increased to EUR 561 million (EUR 519 million).
  - Net sales increased in the Pulp and Energy, and Services business lines and decreased in the Paper business line.
- Earnings before interest, taxes and amortization (EBITA) and non-recurring items were EUR 19 million (EUR 4 million), and the corresponding EBITA margin was 3.5 percent (0.7%).
- Earnings per share were EUR 0.05 (EUR -0.04).
- Non-recurring items amounted to EUR 0 million (EUR -6 million).
- Cash flow provided by operating activities was EUR -20 million (EUR 43 million).

Valmet reiterates its guidance for 2015

Valmet is reiterating its guidance presented on February 6, 2015 in which Valmet estimates that, including the acquisition of Process Automation Systems, net sales in 2015 will increase in comparison with 2014 (EUR 2,473 million) and EBITA before non-recurring items in 2015 will increase in comparison with 2014 (EUR 106 million).

Short-term outlook

General economic outlook

Global growth remains moderate, with uneven prospects across the main countries and regions. It is projected to be 3.5 percent in 2015, in line with forecasts in the January 2015 World Economic Outlook (WEO) Update. Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. (International Monetary Fund, April 15, 2015)

Short-term market outlook

Due to increased customer activity in the pulp market, the short-term market outlook for pulp has increased to a good level (previously satisfactory level). Following, among others, increased uncertainty in the energy markets, the short-term market outlook for energy has decreased to a weak level (previously satisfactory level).

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

As of April 1, 2015, Valmet has a fourth business line, called Automation, and therefore begins to announce a short-term market outlook also for the automation business. Valmet estimates that the short-term market outlook for automation is satisfactory.

President and CEO Pasi Laine: Performance in Services and announced acquisition the highlights of the first quarter

The year 2015 started well in the Services business line. The increased focus that we started to put on this business line during 2014 is starting to show results. We can be pleased with the increase in both orders received and net sales, but we need to continue with the good work. Looking at the way our service professionals have taken on this challenge to begin with, I am confident that we will continue to be successful also in the future.

Even if profitability increased in the first quarter of 2015 compared with the first quarter of 2014, the profitability is below our targeted range. We have successfully developed our business model to be more flexible and we will continue to focus on controlling costs.

An important step in shaping Valmet's future was announced on January 15 and closed on April 1: The acquisition of Process Automation Systems. The acquisition, which has an excellent strategic fit, will make Valmet a technology and service company with full automation offering. We will have a unique customer offering and can serve our customers even better than before. This is a big step towards our vision – to become the global champion in serving our customers. I warmly welcome the 1,600 Automation employees to the Valmet team.

Key figures[1]

EUR million	Q1/2015	Q1/2014	Change	2014
Orders received	**580**	1,101	-47%	3,071
Order backlog[2]	**2,064**	1,972	5%	1,998
Net sales	**561**	519	8%	2,473
Earnings before interest, taxes and amortization (EBITA) and non-recurring items	**19**	4	>100%	106
% of net sales	**3.5%**	0.7%		4.3%
Earnings before interest, taxes and amortization (EBITA)	**19**	-2		94
% of net sales	**3.4%**	-0.4%		3.8%
Operating profit (EBIT)	**13**	-8		72
% of net sales	**2.4%**	-1.5%		2.9%
Profit before taxes	**11**	-9		67
Profit / loss	**8**	-6		46
Earnings per share, EUR	**0.05**	-0.04		0.31
Earnings per share, diluted, EUR	**0.05**	-0.04		0.31
Equity per share, EUR	**5.26**	5.12	3%	5.36
Cash flow provided by operating activities	**-20**	43		236
Cash flow after investments	**-30**	35		194
Return on equity (ROE) (annualized)	**4%**	-3%		6%
Return on capital employed (ROCE) before taxes (annualized)	**6%**	-2%		9%

[1] The calculation of key figures is presented in the Tables section of the January–March 2015 Interim Review.

[2] At the end of period.

Equity to assets ratio and gearing	As at March 31, 2015	As at March 31, 2014	As at December 31, 2014
Equity to assets ratio at end of period	34%	40%	42%
Gearing at end of period	-17%	-5%	-21%

Orders received, EUR million	Q1/2015	Q1/2014	Change	2014
Services	293	267	10%	1,055
Pulp and Energy	138	622	-78%	1,344
Paper	149	212	-30%	671
Total	580	1,101	-47%	3,071

Order backlog, EUR million	As at March 31, 2015	As at March 31, 2014	Change	As at December 31, 2014
Total	2,064	1,972	5%	1,998

Net sales, EUR million	Q1/2015	Q1/2014	Change	2014
Services	242	224	8%	989
Pulp and Energy	222	181	23%	956
Paper	97	114	-15%	528
Total	561	519	8%	2,473

News conference for analysts, investors and media

Valmet will arrange a news conference in English for investment analysts, investors, and media on April 29, 2015 at 2:00 p.m. Finnish time (EET). The news conference will be held at Valmet’s Head Office in Keilaniemi, Keilasatama 5, 02150 Espoo, Finland. The 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 560304. The participants will be asked to provide the following conference ID: 25528870.

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

Valmet's Interim Review January 1 – March 31, 2015

Customer activity in Q1/2015 declined from the high level in Q1/2014

Customer activity declined compared with the high level of the first quarter of 2014. Orders received decreased as expected in the first quarter of 2015. However, orders received increased compared with the fourth quarter of 2014. In the first quarter of 2015, orders received increased in South America and China, remained stable in North America, and decreased in Asia-Pacific and EMEA (Europe, Middle East and Africa) compared with the first quarter of 2014.

Orders received in the Services business line increased in the first quarter of 2015. Orders received increased in North America, South America, EMEA and Asia-Pacific, and decreased in China.

In the first quarter of the year, orders received in the Pulp and Energy business line declined from the high level in the previous year. Orders received increased in South America and North America, and decreased in other areas.

Orders received in the Paper business line decreased in the first quarter of 2015. Orders received increased in China and South America and decreased in other areas.

Orders received increased in Services

Orders received, EUR million	**Q1/2015**	Q1/2014	Change	2014
Services	**293**	267	10%	1,055
Pulp and Energy	**138**	622	-78%	1,344
Paper	**149**	212	-30%	671
Total	**580**	1,101	-47%	3,071

Orders received, EUR million	**Q1/2015**	Q1/2014	Change	2014
North America	**189**	185	2%	490
South America	**50**	24	>100%	281
EMEA	**202**	437	-54%	1,470
China	**54**	35	54%	244
Asia-Pacific	**85**	420	-80%	586
Total	**580**	1,101	-47%	3,071

Orders received in January–March amounted to EUR 580 million, i.e. 47 percent less than in the comparison period (EUR 1,101 million). Emerging markets accounted for 36 percent (60%) of orders received. Orders received increased in the Services business line, and decreased in the Pulp and Energy, and Paper business lines.

During January–March, Valmet received an OptiConcept M containerboard line order from Taiwan. Orders received in the first quarter also included equipment for a fluff conversion project in the USA, a softwood line rebuild in Sweden and a biomass based boiler plant in Finland.

Order backlog EUR 66 million higher than at year-end 2014

Order backlog, EUR million	As at March 31, 2015	As at March 31, 2014	Change	As at December 31, 2014
Total	**2,064**	1,972	5%	1,998

At the end of March, the order backlog was EUR 2,064 million, which was 3 percent higher than at the end of December 2014 (EUR 1,998 million at the end of 2014) and 5 percent higher than at the end of the comparison period (EUR 1,972 million). Approximately 75 percent of the order backlog, i.e. EUR 1.5 billion, is expected to be recognized as net sales in 2015. Approximately 25 percent of the order backlog consists of Services business line's orders (25%).

Net sales increased

Net sales, EUR million	Q1/2015	Q1/2014	Change	2014
Services	**242**	224	8%	989
Pulp and Energy	**222**	181	23%	956
Paper	**97**	114	-15%	528
Total	**561**	519	8%	2,473

Net sales, EUR million	Q1/2015	Q1/2014	Change	2014
North America	**124**	96	29%	449
South America	**103**	78	31%	325
EMEA	**216**	195	11%	1,053
China	**41**	77	-47%	268
Asia-Pacific	**77**	72	6%	378
Total	**561**	519	8%	2,473

Net sales in January–March increased 8 percent to EUR 561 million (EUR 519 million). Timing of project milestones had a negative impact on net sales. In the first quarter of 2015, there were less percentage of completion milestones compared especially with Q4/2014. Services business line's net sales increased compared with the comparison period, and accounted for 43 percent of Valmet's net sales (43%). Measured by net sales, the top three countries were the USA, Brazil and Finland, which together accounted for 46 percent of total net sales (China, Brazil and the USA, which together accounted for 41%). Emerging markets accounted for 45 percent (55%) of net sales.

In January–March, changes in foreign exchange rates increased net sales by approximately EUR 20 million compared with the exchange rates for January–March, 2014.

Profitability improved compared with the comparison period

In January–March, earnings before interest, taxes and amortization and non-recurring items (EBITA before non-recurring items) were EUR 19 million, i.e. 3.5 percent of net sales (EUR 4 million and 0.7%). Changes in foreign exchange rates increased EBITA before non-recurring items by approximately EUR 1 million compared with the exchange rates for January–March, 2014.

Operating profit (EBIT) in January–March was EUR 13 million, i.e. 2.4 percent of net sales (EUR -8 million and -1.5%). Non-recurring items totaled to EUR 0 million (EUR -6 million).

Net financial income and expenses

Net financial income and expenses in January–March were EUR -2 million (EUR -2 million), of which interest expenses amounted to EUR 3 million (EUR 2 million), interest income to EUR 1 million (EUR 2 million), other financial income and expenses to EUR 0 million (EUR -1 million), dividends received to EUR 0 million (EUR 0 million) and net foreign exchange gains to EUR 0 million (EUR 0 million).

Profit before taxes and earnings per share

Profit before taxes for January–March was EUR 11 million (EUR -9 million). The profit attributable to owners of the parent in January–March was EUR 8 million (EUR -6 million), corresponding to earnings per share (EPS) of EUR 0.05 (EUR -0.04).

Return on capital employed (ROCE) increased

In January–March, the annualized return on capital employed (ROCE) before taxes was 6 percent (-2%) and annualized return on equity (ROE) 4 percent (-3%).

Business lines

Services – growth in orders received and net sales

Services business line	**Q1/2015**	Q1/2014	Change	2014
Orders received (EUR million)	**293**	267	10%	1,055
Net sales (EUR million)	**242**	224	8%	989
Personnel (end of period)	**5,212**	5,323	-2%	5,230

In January–March, orders received by the Services business line increased 10 percent to EUR 293 million (EUR 267 million) and accounted for 51 percent of all orders received (24%). In January–March, changes in foreign exchange rates increased orders received by approximately EUR 16 million compared with the exchange rates for January–March, 2014. Orders received increased in North America, South America, EMEA and Asia-Pacific, and decreased in China. Orders received remained stable compared with the first quarter of 2014 in Fabrics and increased in all other business units.

In January–March, net sales for the Services business line totaled to EUR 242 million (EUR 224 million), corresponding to 43 percent of Valmet’s net sales (43%).

Pulp and Energy – orders received decreased and net sales increased

Pulp and Energy business line	**Q1/2015**	Q1/2014	Change	2014
Orders received (EUR million)	**138**	622	-78%	1,344
Net sales (EUR million)	**222**	181	23%	956
Personnel (end of period)	**1,792**	1,968	-9%	1,737

In January–March, orders received by the Pulp and Energy business line decreased 78 percent to EUR 138 million (EUR 622 million) and accounted for 24 percent of all orders received (57%). Orders received increased in South America and North America, and decreased in other areas. Orders received decreased in both Pulp and Energy businesses.

In January–March, net sales for the Pulp and Energy business line totaled to EUR 222 million (EUR 181 million), corresponding to 40 percent (35%) of Valmet’s net sales.

Paper – orders received and net sales decreased

Paper business line	Q1/2015	Q1/2014	Change	2014
Orders received (EUR million)	**149**	212	-30%	671
Net sales (EUR million)	**97**	114	-15%	528
Personnel (end of period)	**3,065**	3,235	-5%	3,098

In January–March, orders received by the Paper business line decreased 30 percent to EUR 149 million (EUR 212 million) and accounted for 26 percent of all orders received (19%). Orders received increased in China and South America and decreased in other areas. Orders received increased in Board and Paper, and decreased in Tissue.

In January–March, net sales for the Paper business line decreased 15 percent to EUR 97 million (EUR 114 million), corresponding to 17 percent (22%) of Valmet's net sales. Timing of percentage of completion (POC) milestones had a negative impact on net sales in Q1/2015.

Continued focus on profitability, more effort into renewal

Valmet continues its work on increasing gross profit and improving profitability. Through improving its internal processes, Valmet aims to improve project and service margin, reduce quality costs and lead times, save in procurement and improve cost competitiveness to increase gross profit.

Valmet is also putting more effort into renewal. In order to be able to serve customers better than before, Valmet needs to constantly improve its technology and offering. The acquisition of Process Automation Systems renews Valmet, strengthens know-how and broadens offering, and Valmet also continues to improve customer relations and develop its personnel. It is also important to achieve results in research and development and to commercialize the innovations. A good example of Valmet's research and development results is OptiConcept M board and paper machines.

Cash flow and financing

Cash flow provided by operating activities amounted to EUR -20 million in January–March (EUR 43 million). Change in net working capital in the condensed consolidated statement of cash flows was EUR -49 million in January–March (EUR 35 million). The change in net working capital was partly due to change in inventories. Cash flow after investments was EUR -30 million (EUR 35 million) in January–March.

Gearing was -17 percent (-5%) at the end of March and equity to assets ratio was 34 percent (40%). Interest-bearing liabilities were EUR 445 million (EUR 212 million) and net interest-bearing liabilities totaled to EUR -134 million (EUR -39 million) at the end of the reporting period. Interest-bearing liabilities increased due to bank loans drawn down to finance the acquisition of Process Automation Systems, which was closed on April 1, 2015. The average maturity for Valmet's non-current debt was 4.1 years.

Valmet's liquidity was strong at the end of the reporting period, with cash and cash equivalents totaling to EUR 557 million (EUR 224 million) and interest-bearing available-for-sale financial assets totaling to EUR 11 million (EUR 25 million). Valmet's liquidity was additionally secured by an unused revolving credit facility agreement worth EUR 200 million, that is committed by the banks and matures in 2018, and an uncommitted EUR 200 million commercial paper program, of which EUR 30 million was outstanding at the end of March.

After the review period, on April 10, 2015, Valmet Corporation paid out dividends of EUR 37 million.

Investments decreased

Gross capital expenditure in January–March was EUR 10 million (EUR 11 million). Maintenance investments were EUR 9 million (EUR 9 million).

Business combinations and disposals of businesses

Acquisitions

Valmet made no acquisitions during the three months ended March 31, 2015.

Disposals

Valmet made no disposals during the three months ended March 31, 2015.

Number of personnel at the same level as at March 31, 2014

Personnel by business line	As at March 31, 2015	As at March 31, 2014	Change	As at December 31, 2014
Services	**5,212**	5,323	-2%	5,230
Pulp and Energy	**1,792**	1,968	-9%	1,737
Paper	**3,065**	3,235	-5%	3,098
Other	**502**	339	48%	399
Total (end of period)	**10,571**	10,865	-3%	10,464

Personnel by area	As at March 31, 2015	As at March 31, 2014	Change	As at December 31, 2014
North America	**1,135**	1,126	1%	1,141
South America	**441**	424	4%	432
EMEA	**6,460**	6,697	-4%	6,376
China	**1,942**	2,015	-4%	1,927
Asia-Pacific	**593**	603	-2%	588
Total (end of period)	**10,571**	10,865	-3%	10,464

In the first quarter of 2015, Valmet employed an average of 10,510 people (11,533). The number of personnel at the end of March was 10,571 (10,865). In January–March, personnel expenses totaled to EUR 161 million (EUR 153 million) of which wages, salaries and remuneration equaled to EUR 125 million (EUR 118 million).

Strategic goals and their implementation

Valmet is a leading global developer and supplier of services and technologies for the pulp, paper and energy industries. Valmet's strategy continues to focus on developing and delivering technology and services globally to industries that use bio-based raw materials. 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's main customer industries are pulp, paper and energy industries. All of these are major global industries that offer growth potential for the future. Valmet complements its core business by applying its service and technology expertise also to industries beyond those that use bio-based raw materials, especially the energy sector.

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

Valmet's goal is to achieve its targets by focusing on customer excellence, on being a leader in technology and innovation, on excellence in processes and on building a winning team.

Valmet has the following financial targets:

Financial targets

- Net sales growth to exceed market growth
- EBITA margin before non-recurring items: 6 to 9 percent
- Return on capital employed (pre-tax), ROCE: minimum of 15 percent
- Dividend payout at least 40 percent of net profit

Enhanced approach to sustainable sourcing

Valmet has defined Sustainable Supply Chain as one of the focus areas of its sustainability agenda. The target of the 2014–2016 road map actions is to improve supply chain management and transparency to ensure responsible operations throughout the value chain.

In 2014 Valmet launched four initiatives to integrate sustainability criteria more strongly into its supply chain management: Valmet defined a Sustainable Supply Chain policy, started to assess its suppliers based on potential sustainability risks, conducted first supplier sustainability audits and began trainings for the procurement personnel globally.

The implementation of the initiatives was started in China and North America in 2014. The implementation continued in EMEA and Asia-Pacific in the first quarter of 2015. The target is to have the new initiatives fully in place and operating globally by the end of 2015.

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.

On February 20, Valmet issued a stock exchange release about Andritz Oy having filed a summons application with the Stockholm District Court against Valmet AB, a subsidiary of Valmet Corporation, regarding patent infringement. In the claim Andritz is asking that Valmet under a penalty ceases to utilize the patent allegedly infringing Andritz's patent and the Court to impose royalty and damages on Valmet AB with EUR 52 million and interest for the alleged infringement.

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 presented for them, provisions made, insurance coverage in force and the extent of Valmet's total business activities. Valmet is also a plaintiff in several lawsuits.

Corporate Governance Statement

Valmet has prepared a separate Corporate Governance Statement for 2014 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 Board of Directors’ Report, at www.valmet.com/governance.

Shares and shareholders

Share capital and number of shares

At the end of March 2015, Valmet Corporation’s share capital totaled to EUR 100,000,000 and the number of shares was 149,864,619. At the end of March, Valmet held 399 treasury shares and the number of outstanding shares was 149,864,220.

Treasury shares and Board authorizations

Valmet Corporation’s Annual General Meeting on March 27, 2015 authorized Valmet’s Board of Directors to resolve on repurchasing Company shares in one or more 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.

Company shares may be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). Company shares may be repurchased using the unrestricted equity of the Company at a price formed on a regulated market on the main list of the Helsinki Stock Exchange on the date of the repurchase.

Company 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 own shares.

Valmet Corporation’s Annual General Meeting authorized Valmet’s Board of Directors to resolve 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 more tranches. The issuance of shares may be carried out by issuing new shares as well as transferring treasury shares of Valmet Corporation. Based on the authorisation, the Board of Directors may resolve to issue shares in derogation from the shareholder’s pre-emptive right and to issue special rights within the conditions by Finnish laws.

The maximum number of new shares which may be issued shall be 15,000,000 shares, which corresponds to approximately 10 percent of all the shares in Valmet Corporation. 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 authorised 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 Corporation shall also be authorised to resolve on issuing treasury shares to the Company without consideration. The maximum number of shares which may be issued to Valmet Corporation shall be 10,000,000 shares when combined with the number of shares repurchased based on an authorisation. 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 resolves on all other terms related to 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. The authorisation may be exercised by The Board of Directors 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 an incentive scheme.

The authorisations shall remain in force until the next Annual General Meeting, and they cancel the Annual General Meeting's authorisations of March 26, 2014.

Trading in shares

The closing share price for Valmet's share on the last day of trading in 2014 (December 30, 2014) was EUR 10.22. The closing share price on the final day of trading for the reporting period, March 31, 2015, was EUR 11.16. The share price rose by some 9 percent during the reporting period. The highest price for the share during the reporting period was EUR 12.47, the lowest was EUR 10.01 and the volume-weighted average price was EUR 11.36. The number of shares traded on NASDAQ OMX Helsinki during January–March was approximately 34 million. The value of trading was approximately EUR 385 million. (Source: NASDAQ OMX)

In addition to NASDAQ OMX Helsinki, Valmet's shares are also traded on other marketplaces, such as Chi-X and BATS. A total of approximately 6 million of Valmet Corporation's shares were traded on alternative marketplaces in January–March, which equals to approximately 15 percent of the share's total trade volume. Of the alternative exchanges, Valmet's shares were traded especially on Chi-X. (Source: VWD, Six)

Market capitalization (excluding treasury shares) stood at EUR 1,672 million at the end of the reporting period.

Number of shareholders

The number of registered shareholders at the end of March 2015 was 48,834 (53,613). Shares owned by nominee-registered parties and by non-Finnish parties equaled to 54.5 percent of the total number of shares at the end of March 2015 (51.3%).

Flagging notifications

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

Stock exchange release on February 13, 2015

Valmet Corporation received a notification referred to in Securities Market Act from Cevian Capital Partners Ltd., stating that the company's ownership and share of votes in Valmet Corporation has decreased below the threshold of 10 percent (1/10). As a result of share transactions on February 12, 2015, the holding of Cevian Capital Partners Ltd. decreased to 10,323,191 shares (previously 20,813,714 shares), representing an ownership of 6.89 percent (previously 13.89 percent) of Valmet Corporation's total number of shares and share of votes.

Share-based incentive plans

Valmet's share ownership 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 managers a competitive reward plan based on long-term shareholding in the company.

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 473,617.

Long-term incentive plan 2012–2014

In December 2013, Metso's Board of Directors decided to continue the share-based incentive plan approved in December 2011. The target group of the plan is the senior management of Valmet. The plan approved in 2011 includes three performance periods, equivalent to the 2012, 2013, and 2014 calendar years. The Board of Directors is responsible for setting the performance criteria and targets used at the beginning of each performance period. 40 key employees in Valmet were covered by the plan for the 2014 performance period. Growth in Valmet's EBITA-% and growth in Services orders received were the 2014 performance criteria of the long-term incentive plan.

The potential reward from the 2014 performance period will be paid at the end of an approximately two-year vesting period in 2017, partly in company shares and partly in cash. The proportion paid in cash is intended to cover taxes and tax-related costs arising from the payment.

The potential rewards to be paid on the basis of the 2014 performance period will correspond to a maximum total of 706,423 Valmet shares. The reward of the Plan may not exceed 120 percent of the key employee's annual total base salary.

During the first quarter of 2015, Valmet paid 166,383 shares on the basis of the 2012 performance period to the participants of the Plan.

Long-term incentive plan 2015–2017

In December 2014, the Board of Directors approved a new share based incentive plan for Valmet's key employees. The plan has three discretionary periods, which are the calendar years 2015, 2016 and 2017. The Board of Directors shall decide on the performance criteria and participants in the beginning of each performance period. The Plan is directed to approximately 80 people. The potential reward of the Plan from the discretionary period 2015 is based on EBITA-% improvement and Services' orders received growth (%).

The potential reward of the Plan from the discretionary period 2015 will be paid partly as Company shares and partly in cash in 2016. The shares paid as reward may not be transferred during the restriction period, which will end two years after the end of the discretionary period. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward to the key employee.

The rewards to be paid on the basis of the Plan are in total an approximate maximum of 616,000 shares in Valmet Corporation and a cash payment needed for taxes and tax-related costs arising from the shares. The reward of the Plan may not exceed 120 percent of the key employee's annual total base salary.

The shares to be transferred as part of the possible reward will be 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 Corporation's Annual General Meeting

The Annual General Meeting of Valmet Corporation was held in Helsinki on March 27, 2015. The Annual General Meeting adopted the Financial Statements for 2014 and discharged the members of the Board of Directors and the President and CEO from liability for the 2014 financial year. The Annual General Meeting approved the Board of Directors' proposals, which concerned authorizing the Board to resolve 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 a new member of the Board. Bo Risberg was appointed as Chairman of Valmet Corporation's Board and Mikael von Frenckell as Vice Chairman. Lone Fønss Schrøder, Friederike Helfer, Pekka Lundmark, Erkki Pehu-Lehtonen and Rogério Ziviani will 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.

The Annual General Meeting appointed PricewaterhouseCoopers Oy, authorized public accountants, 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 27, 2015, 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's 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 27, 2015, Valmet Corporation paid out dividends of EUR 37 million for 2014, corresponding to EUR 0.25 per share, on April 10, 2015.

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 a key 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 services and emerging markets 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 down 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 significantly, the markets for Valmet’s products may shrink, which may lead to, for example, tougher price competition. Changes in official regulations 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.

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 cost accounting, scheduling 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 drawing on past experiences. Project risks are managed by improving and continuously developing project management processes and the related tools.

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 binding credit limits are sufficient to secure the company’s immediate liquidity and to ensure the flexibility of financing. The average maturity for Valmet’s non-current debt is 4.1 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 the company 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.

At the end of March 2015, Valmet had EUR 455 million (EUR 442 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 Annual Report.

Events after the reporting period

Acquisition of Process Automation Systems

Valmet Corporation and Metso Corporation signed an agreement on the sale of Metso's Process Automation Systems business to Valmet on January 15, 2015. The enterprise value of the acquisition is EUR 340 million. The acquisition was financed with committed long-term financing. Valmet completed the acquisition of Metso's Process Automation Systems business on April 1, 2015.

The acquired operations supply process automation and information management systems and related applications and services to the pulp, paper, energy and other process industries. The purchased operations employ about 1,600 people. Net sales of the Process Automation Systems business is approximately EUR 300 million, of which Valmet has accounted for approximately 10 percent.

As a result of the acquisition, Valmet will become a stronger and unique technology and services company in its field, with a full automation offering. The business being acquired is a strong business, with established customer relations and a high level of technology and know-how.

Changes in the Board of Directors

On April 7, 2015, Pekka Lundmark announced his resignation from the Board of Directors of the company. The reason for the resignation is his appointment as the President and CEO of Fortum Corporation as of September 2015. Valmet announced the resignation as a stock exchange release on April 8, 2015.

The Board of Directors elected Erkki Pehu-Lehtonen to replace Pekka Lundmark in Valmet's Remuneration and HR Committee. Valmet announced the election as a stock exchange release on April 20, 2015.

Valmet reiterates its guidance for 2015

Valmet is reiterating its guidance presented on February 6, 2015 in which Valmet estimates that, including the acquisition of Process Automation Systems, net sales in 2015 will increase in comparison with 2014 (EUR 2,473 million) and EBITA before non-recurring items in 2015 will increase in comparison with 2014 (EUR 106 million).

Short-term outlook

General economic outlook

Global growth remains moderate, with uneven prospects across the main countries and regions. It is projected to be 3.5 percent in 2015, in line with forecasts in the January 2015 World Economic Outlook (WEO) Update. Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. (International Monetary Fund, April 15, 2015)

Short-term market outlook

Due to increased customer activity in the pulp market, the short-term market outlook for pulp has increased to a good level (previously satisfactory level). Following, among others, increased uncertainty in the energy markets, the short-term market outlook for energy has decreased to a weak level (previously satisfactory level).

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

As of April 1, 2015, Valmet has a fourth business line, called Automation, and therefore begins to announce a short-term market outlook also for the automation business. Valmet estimates that the short-term market outlook for automation is satisfactory.

In Espoo on April 29, 2015

Valmet Corporation’s Board of Directors

Consolidated Statement of Income

EUR million	Q1/2015	Q1/2014
Net sales	561	519
Cost of goods sold	-448	-422
Gross profit	113	97
Selling, general and administrative expenses	-104	-102
Other operating income and expenses, net	4	-2
Share in profits and losses of associated companies	0	0
Operating profit	13	-8
Financial income and expenses, net	-2	-2
Profit before taxes	11	-9
Income taxes	-3	3
Profit / loss	8	-6
Attributable to:		
Owners of the parent	8	-6
Non-controlling interests	0	0
Profit / loss	8	-6
Earnings per share attributable to owners of the parent:		
Earnings per share, EUR	0.05	-0.04
Diluted earnings per share, EUR	0.05	-0.04

Consolidated Statement of Comprehensive Income

EUR million	Q1/2015	Q1/2014
Profit / loss	8	-6
Items that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges	-4	-9
Available-for-sale equity investments	0	-
Currency translation on subsidiary net investments	24	-4
Income tax relating to items that may be reclassified	0	2
	20	-11
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	-	0
Income tax on items that will not be reclassified	-	0
	-	0
Other comprehensive income (+) / expense (-)	20	-11
Total comprehensive income (+) / expense (-)	28	-17
Attributable to:		
Owners of the parent	28	-17
Non-controlling interests	0	0
Total comprehensive income (+) / expense (-)	28	-17

Consolidated Statement of Financial Position

Assets

EUR million	As at March 31, 2015	As at March 31, 2014	As at December 31, 2014
Non-current assets			
Intangible assets			
Goodwill	**455**	442	446
Other intangible assets	**89**	103	91
Total intangible assets	**544**	545	537
Property, plant and equipment			
Land and water areas	**22**	21	22
Buildings and structures	**135**	133	132
Machinery and equipment	**207**	199	202
Assets under construction	**27**	26	25
Total property, plant and equipment	**392**	380	381
Financial and other non-current assets			
Investments in associated companies	**5**	5	5
Available-for-sale financial assets	**10**	13	9
Loan and other receivables	**11**	2	7
Derivative financial instruments	**0**	-	0
Deferred tax asset	**99**	85	86
Other non-current assets	**14**	8	14
Total financial and other non-current assets	**138**	112	121
Total non-current assets	**1,073**	1,037	1,040
Current assets			
Inventories	**545**	442	474
Receivables			
Trade and other receivables	**498**	424	445
Cost and earnings of projects under construction in excess of advance billings	**138**	147	192
Loan and other receivables	**0**	0	0
Available-for-sale financial assets	**5**	15	28
Derivative financial instruments	**22**	11	20
Income tax receivables	**23**	15	22
Total receivables	**685**	613	706
Cash and cash equivalents	**557**	224	192
Total current assets	**1,787**	1,280	1,372
Total assets	**2,860**	2,317	2,412

Consolidated Statement of Financial Position

Equity and liabilities

EUR million	**As at March 31, 2015**	As at March 31, 2014	As at December 31, 2014
Equity			
Share capital	**100**	100	100
Reserve for invested unrestricted equity	**404**	402	403
Cumulative translation adjustments	**33**	-2	9
Fair value and other reserves	**-7**	-2	-3
Retained earnings	**258**	270	296
Equity attributable to owners of the parent	**789**	768	804
Non-controlling interests	**5**	5	5
Total equity	**794**	772	809
Liabilities			
Non-current liabilities			
Non-current debt	**332**	132	16
Post-employment benefits	**151**	104	144
Provisions	**10**	30	10
Derivative financial instruments	**4**	2	3
Deferred tax liability	**31**	25	22
Other non-current liabilities	**1**	1	1
Total non-current liabilities	**528**	295	195
Current liabilities			
Current portion of non-current debt	**84**	63	51
Current debt	**30**	17	-
Trade and other payables	**746**	671	740
Provisions	**99**	95	98
Advances received	**186**	154	146
Billings in excess of cost and earnings of projects under construction	**338**	224	327
Derivative financial instruments	**36**	12	30
Income tax liabilities	**19**	14	16
Total current liabilities	**1,538**	1,249	1,408
Total liabilities	**2,066**	1,545	1,603
Total equity and liabilities	**2,860**	2,317	2,412

Condensed Consolidated Statement of Cash Flows

EUR million	Q1/2015	Q1/2014
Cash flows from operating activities		
Profit / loss	8	-6
Adjustments		
Depreciation and amortization	18	18
Dividend income and net interests	1	0
Income taxes	3	-3
Other non-cash items	1	5
Change in net working capital, net of effect from business acquisitions and disposals	-49	35
Net interests and dividends received	0	0
Income taxes paid	-2	-6
Net cash provided by (+) / used in (-) operating activities	**-20**	43
Cash flows from investing activities		
Capital expenditure on fixed assets	-10	-11
Proceeds from sale of fixed assets	0	3
Proceeds from sale of businesses, net of cash sold	-	0
Other	0	0
Net cash provided by (+) / used in (-) investing activities	**-10**	-8
Cash flows from financing activities		
Redemption of own shares	-7	-
Net borrowings (+) / payments (-) on current and non-current debt	377	2
Net investments in available-for-sale financial assets	23	-24
Other	-3	-
Net cash provided by (+) / used in (-) financing activities	**390**	-22
Net increase (+) / decrease (-) in cash and cash equivalents	359	13
Effect of changes in exchange rates on cash and cash equivalents	5	0
Cash and cash equivalents at beginning of period	192	211
Cash and cash equivalents at end of period	**557**	224

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, 2015	**100**	**403**	**9**	**-3**	**296**	**804**	**5**	**809**
Profit / loss	-	-	-	-	8	**8**	0	**8**
Other comprehensive income (+) / expense (-)	-	-	24	-4	-	**20**	0	**20**
Total comprehensive income (+) / expense (-)	-	-	24	-4	8	**28**	0	**28**
Dividends	-	-	-	-	-37	**-37**	0	**-37**
Purchase of treasury shares	-	-	-	-	-7	**-7**	-	**-7**
Share-based payments, net of tax	-	2	-	-	0	**2**	-	**2**
Other	-	-	-	0	-1	**-1**	-	**-1**
Balance at March 31, 2015	**100**	**404**	**33**	**-7**	**258**	**789**	**5**	**794**
Balance at January 1, 2014	100	402	2	5	299	808	5	813
Profit / loss	-	-	-	-	-6	-6	0	-6
Other comprehensive income (+) / expense (-)	-	-	-4	-7	-	-11	-	-11
Total comprehensive income (+) / expense (-)	-	-	-4	-7	-6	-17	0	-17
Dividends	-	-	-	-	-22	-22	-	-22
Share-based payments, net of tax	-	-	-	-	1	1	-	1
Other	-	-	-	-	-2	-2	-	-2
Balance at March 31, 2014	100	402	-2	-2	270	768	5	772

Accounting principles

General information

Valmet Corporation (the “Company” or the “parent company”) and its subsidiaries (together “Valmet”, “Valmet Group” or the “Group”) form a global supplier of sustainable technology and services, which designs, develops and produces systems, automation solutions, machinery and equipment for process industries. The main customers of Valmet operate in pulp, paper and energy generation industries.

Valmet Corporation is domiciled in Helsinki, and its registered address is Keilasatama 5, 02150 Espoo, Finland. The Company’s shares are listed on the NASDAQ OMX Helsinki Ltd.

These condensed consolidated interim financial statements were approved for issue on April 29, 2015.

Basis of preparation

These condensed consolidated interim financial statements for the three months ended March 31, 2015 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, 2014, which have been prepared in accordance with IFRS.

In the condensed consolidated interim financial statements the figures are presented in million euros subject to rounding, which may cause some rounding inaccuracies in column and total sums.

Accounting principles

The accounting policies adopted 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, 2014.

Business combinations and disposals of businesses

Acquisitions

Valmet made no acquisitions during the three months ended March 31, 2015.

Disposals

Valmet made no disposals during the three months ended March 31, 2015.

Fair value estimation

For those financial assets and liabilities which have been recognized at fair value in the statement of financial position, the following measurement hierarchy and valuation methods have been applied:

Level 1 Quoted unadjusted prices at the balance sheet date in active markets. The market prices are readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. The quoted market price used for financial assets is the current bid price. Level 1 financial instruments include debt and equity investments classified as financial instruments available-for-sale.

Level 2 The fair value of financial instruments in Level 2 is determined using valuation techniques. These techniques utilize observable market data readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. Level 2 financial instruments include over-the-counter derivatives classified as financial assets/liabilities at fair value through profit and loss or qualified for hedge accounting.

Level 3 A financial instrument is categorized into Level 3 if the calculation of the fair value cannot be based on observable market data.

The tables below present Valmet's financial assets and liabilities that are measured at fair value. There have been no transfers between fair value levels during 2015.

	As at March 31, 2015		
EUR million	**Level 1**	**Level 2**	**Level 3**
Assets			
Derivatives at fair value through profit and loss	-	8	-
Derivatives qualified for hedge accounting	-	15	-
Available for sale financial assets	12	-	2
Total assets	**12**	**22**	**2**
Liabilities			
Derivatives at fair value through profit and loss	-	6	-
Derivatives qualified for hedge accounting	-	35	-
Total liabilities	**-**	**40**	**-**

	As at March 31, 2014		
EUR million	Level 1	Level 2	Level 3
Assets			
Derivatives at fair value through profit and loss	-	1	-
Derivatives qualified for hedge accounting	-	11	-
Available for sale financial assets	12	14	-
Total assets	12	26	-
Liabilities			
Derivatives at fair value through profit and loss	-	4	-
Derivatives qualified for hedge accounting	-	10	-
Total liabilities	-	14	-

The following table presents the changes in level 3 instruments for the three months ended March 31, 2015 and 2014.

EUR million	**Q1/2015**	Q1/2014
Balance at beginning of year	**2**	-
Exchange rate differences	**0**	-
Additions	**-**	-
Transfers into level 3	**-**	-
Disposals	**0**	-
Other changes	**-**	-
Balance at end of year	**2**	-

Assets pledged and contingent liabilities

EUR million	**As at March 31, 2015**	As at March 31, 2014
Guarantees on behalf of others	**6**	4
Lease commitments	**40**	47

Valmet Corporation, with its subsidiaries, and financial institutions have guaranteed commitments arising from the ordinary course of business of Valmet Group up to a maximum of EUR 1,063 million and EUR 1,070 million as at March 31, 2015 and 2014, respectively.

Notional amounts of derivative financial instruments

	As at March 31, 2015	As at March 31, 2014
Forward exchange contracts, EUR millions	**1,305**	1,393
Electricity forward contracts, GWh	**297**	355
Nickel swap contracts, tons	**-**	48

The notional amounts indicate the volumes in the use of derivatives, but do not indicate the exposure to risk.

Related party information

Valmet's related parties included Valmet Group companies and associated companies and joint ventures as well as the members of Valmet's key management personnel.

There were no material transactions between Valmet and its related parties as at and for the three months ended March 31, 2015 and 2014, respectively.

Reporting segment and geographic information

Valmet's operations and profitability is reported as a single reportable segment and operative decisions have been made by the Board of Directors of Valmet as Valmet's Chief Operating Decision Maker at Valmet Group level.

The performance of the Group is reviewed by the chief operating decision maker. One key indicator of performance is EBITA (Earnings before interest, taxes and amortization). The performance is also analyzed by excluding from EBITA items qualifying as non-recurring, such as capacity adjustment costs, gains and losses on business disposals, and other infrequent events, as these reduce the comparability of the Group's performance from one period to another.

EUR million	**Q1/2015**	Q1/2014
Net sales	**561**	519
EBITA before non-recurring items	**19**	4
% of net sales	**3.5%**	0.7%
Operating profit	**13**	-8
% of net sales	**2.4%**	-1.5%
Amortization	**-6**	-5
Depreciation	**-13**	-13
Non-recurring items:		
Capacity adjustment expenses		
in cost of goods sold	**-**	-1
in selling, general and administrative expenses	**0**	-3
in other operating income and expenses, net	**-**	-3
Total non-recurring items	**0**	-6
Gross capital expenditures (including acquisitions)	**-10**	-11
Non-cash write-downs	**0**	-2
Capital employed, end of period	**1,239**	985
Orders received	**580**	1,101
Order backlog, end of period	**2,064**	1,972

Entity-wide information

Valmet's businesses are present in over 30 countries and on all continents. The main market areas are Europe and North America accounting for 58 percent of net sales in Q1/2015 and 54 percent in Q1/2014.

Net sales to unaffiliated customers by destination:

EUR million	North America	South America	EMEA	China	Asia-Pacific	Total
Q1/2015	**124**	**103**	**216**	**41**	**77**	**561**
Q1/2014	96	78	195	77	72	519

Valmet's exports, including sales to unaffiliated customers and intra-group sales from Finland, by destination:

EUR million	North America	South America	EMEA	China	Asia-Pacific	Total
Q1/2015	**29**	**57**	**84**	**17**	**44**	**231**
Q1/2014	12	41	94	31	48	226

Gross capital expenditure (excluding business acquisitions) by location:

EUR million	North America	South America	EMEA	China	Asia-Pacific	Total
Q1/2015	**1**	**0**	**7**	**2**	**0**	**10**
Q1/2014	1	0	8	1	0	11

Analysis of net sales by category:

EUR million	Q1/2015	Q1/2014
Sale of services	**242**	224
Sale of projects, equipment and goods	**319**	295
Total	**561**	519

Events after the reporting period

Acquisition of Process Automation Systems

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The acquired operations supply process automation and information management systems and related applications and services to the pulp, paper, energy and other process industries. The purchased operations employ about 1,600 people. Net sales of the Process Automation Systems business is approximately EUR 300 million, of which Valmet has accounted for approximately 10 percent.

As a result of the acquisition, Valmet will become a stronger and unique technology and services company in its field, with a full automation offering. The business being acquired is a strong business, with established customer relations and a high level of technology and know-how.

Changes in the Board of Directors

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Key ratios

	Q1/2015	Q1/2014
Earnings per share, EUR	**0.05**	-0.04
Diluted earnings per share, EUR	**0.05**	-0.04
Equity per share at end of period, EUR	**5.26**	5.12
Return on equity (ROE), % (annualized)	**4%**	-3%
Return on capital employed (ROCE) before taxes, % (annualized)	**6%**	-2%
Equity to assets ratio at end of period, %	**34%**	40%
Gearing at end of period, %	**-17%**	-5%
Cash flow provided by operating activities, EUR million	**-20**	43
Cash flow after investments, EUR million	**-30**	35
Gross capital expenditure (excl. business acquisitions), EUR million	**-10**	-11
Business acquisitions, net of cash acquired, EUR million	**-**	-
Depreciation and amortization, EUR million	**-19**	-18
Number of outstanding shares at end of period	**149,864,220**	149,864,619
Average number of outstanding shares	**149,864,220**	149,864,619
Average number of diluted shares	**149,864,220**	149,864,619
Net interest-bearing liabilities at end of period, EUR million	**-134**	-39

Key exchange rates

		Average rates		**Period-end rates**	
		Q1/2015	Q1/2014	**Q1/2015**	Q1/2014
USD	(US dollar)	**1.1361**	1.3727	**1.0759**	1.3788
SEK	(Swedish krona)	**9.3534**	8.8777	**9.2901**	8.9483
CAD	(Canadian dollar)	**1.4030**	1.5096	**1.3738**	1.5225
BRL	(Brazilian real)	**3.2465**	3.2200	**3.4958**	3.1276
CNY	(Chinese yuan)	**7.0798**	8.4013	**6.6710**	8.5754

Formulas for Calculation of Indicators

EBITA:
Operating profit + amortization + goodwill impairment

EBITA before non-recurring items:
Operating profit + amortization + goodwill impairment + non-recurring items

Earnings per share:

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

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), %:

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

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

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

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
+ Cost and earnings of projects under construction in excess of advance billings + Derivative financial instruments (assets)
- Post-employment benefits - Provisions - Trade and other payables - Advances received
- Billings in excess of cost and earnings of projects under construction - Derivative financial instruments (liabilities)

Quarterly information

EUR million	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Net sales	**561**	777	590	588	519
EBITA before non-recurring items	**19**	48	32	22	4
% of net sales	**3.5%**	6.1%	5.5%	3.7%	0.7%
Operating profit	**13**	38	26	16	-8
% of net sales	**2.4%**	4.8%	4.4%	2.8%	-1.5%
Profit before taxes	**11**	36	24	16	-9
% of net sales	**2.0%**	4.6%	4.1%	2.7%	-1.8%
Profit / loss	**8**	25	16	11	-6
% of net sales	**1.4%**	3.2%	2.8%	1.8%	-1.2%
Earnings per share, EUR	**0.05**	0.17	0.11	0.07	-0.04
Earnings per share, diluted, EUR	**0.05**	0.17	0.11	0.07	-0.04
Amortization	**-6**	-5	-5	-5	-5
Depreciation	**-13**	-12	-13	-12	-13
Research and development expenses, net	**-10**	-12	-8	-10	-12
% of net sales	**-1.8%**	-1.5%	-1.4%	-1.7%	-2.2%
Non-recurring items:					
Capacity adjustment expenses					
in cost of goods sold	**-**	-2	-1	0	-1
in selling, general and administrative expenses	**0**	-2	0	0	-3
in other operating income and expenses, net	**-**	-1	0	0	-3
Total non-recurring items	**0**	-5	-1	0	-6
Gross capital expenditures (including acquisitions)	**-10**	-15	-10	-10	-11
Business acquisitions, net of cash acquired	**-**	-	-	-	-
Non-cash write-downs	**0**	-2	-1	-1	-2
Capital employed, end of period	**1,239**	877	902	967	985
Orders received	**580**	480	466	1,023	1,101
Order backlog, end of period	**2,064**	1,998	2,312	2,406	1,972