



Carry on as the market leader

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Valmet Capital Markets Day
September 20, 2016

Agenda

Capital Markets Day 2016

- 1 Current status
- 2 Market environment and market position
- 3 Strategic objectives
- 4 Must-Wins
- 5 Case examples
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Current status

Paper business line in brief

Provides solutions and technologies for board, tissue, and paper production.

Strong track record of technical innovations, for example OptiConcept M board and paper machines, and NTT tissue machines.

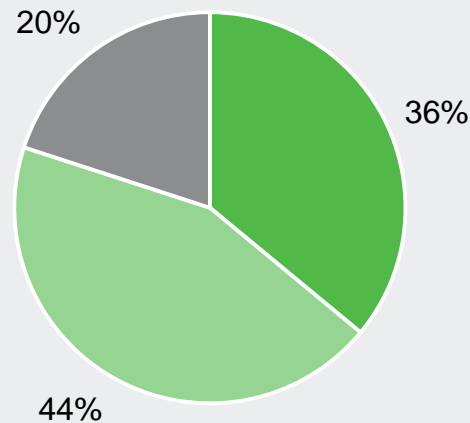
Figures for last 12 months

Orders received
EUR 691 million

Net sales
EUR 707 million

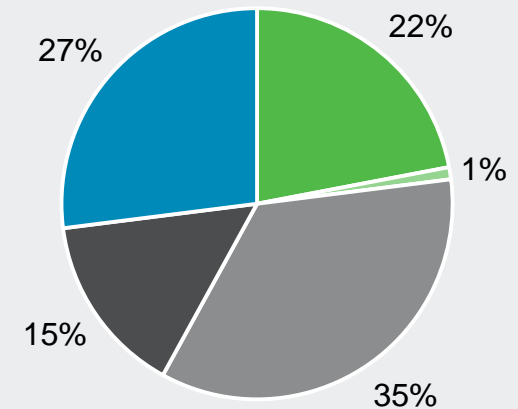
Employees (on June 30, 2016)
3,026

Net sales by business unit¹



- Tissue
- Board
- Paper

Net sales by area¹



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

1) Net sales during the last 12 months (July 1, 2015 – June 30, 2016).

Paper offering

Technologies and solutions for tissue, board, and paper



Tissue

- Advantage DCT technology: High quality tissue with high efficiency and reliability
- Advantage NTT technology: Premium quality textured tissue with high bulk and softness
- Advantage TAD technology: Superior quality structured tissue with excellent absorbency and softness
- Rebuilds, key components and individual machine sections
 - Headboxes
 - ViscoNips
 - Winders

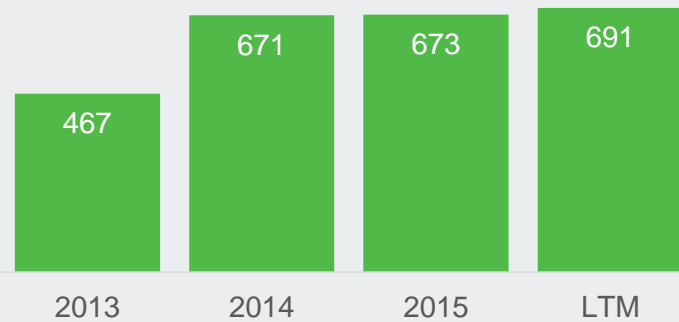


Board and Paper

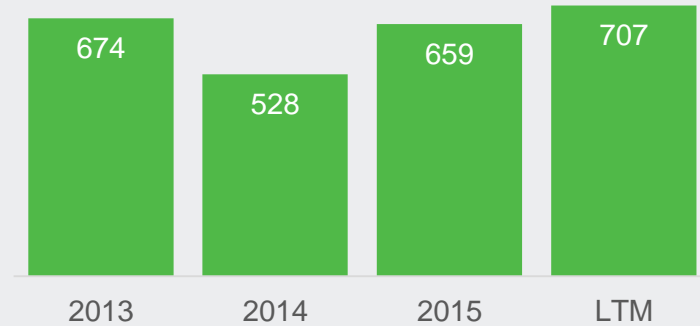
- Standard and modularized technology concepts: OptiConcept M
- Tailor-made OptiConcept machinery
- Rebuilds, key components and individual machine sections
 - Refiners
 - Headboxes
 - Press nips
 - Coating stations
 - Winders

Major achievements

Orders received
(EUR million)



Net sales
(EUR million)



Paper business line

- Profitability improvement
- Sales margin improvement
- High market share and hit ratio
- Break through with NTT tissue machine and OptiConcept M board and paper machine concepts
- Procurement savings
- Good LTIF development continued

LTM = Last twelve months (July 1, 2015 – June 30, 2016)



Market environment and market position

Market position

Tissue

Market position #1	Valmet's market share ~35%
Long-term market growth ~3%	Estimated market size EUR 0.7 bn

Board

Market position #1	Valmet's market share ~40%
Long-term market growth ~2-3%	Estimated market size EUR 1.0 bn

Paper

Market position #1	Valmet's market share ~40%
Long-term market growth ~-1%	Estimated market size EUR 0.3 bn

Competitors

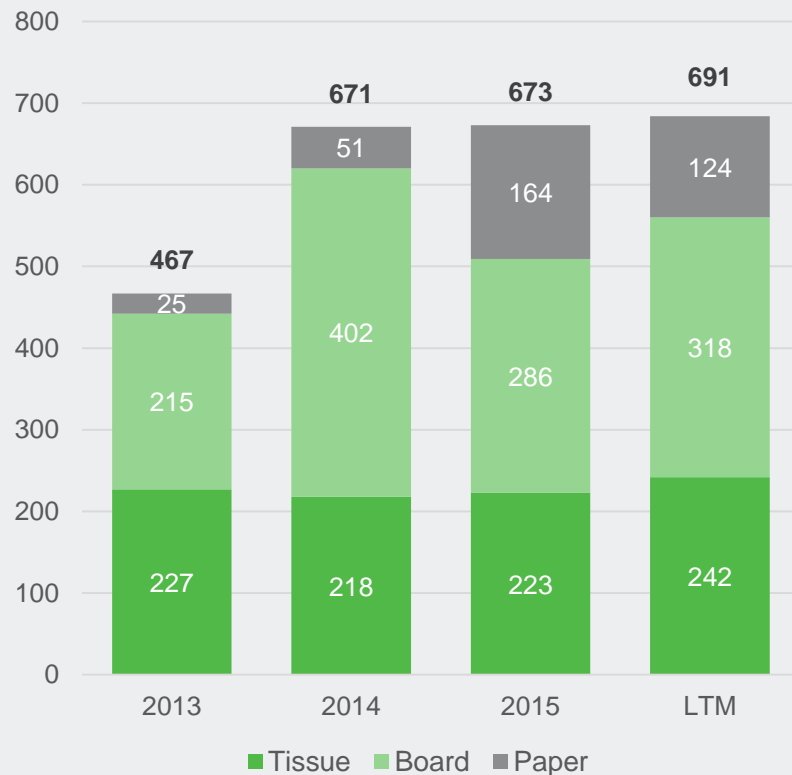
Voith
Andritz
Toscotec

Voith
Bellmer
PMT

Voith
Bellmer
PMT

Market environment

Orders received (EUR million)



Tissue

- All market areas are expected to be active
- Next years are expected to be growing in DCT-machines
- Increasing needs for higher quality Tissue & Towel products

Board

- High activity in board grades in Western markets
- Gain target market share from competitors in South America
- Still potential in Asia-Pacific and China

Paper

- Paper market will continue on low level



Strategic objectives

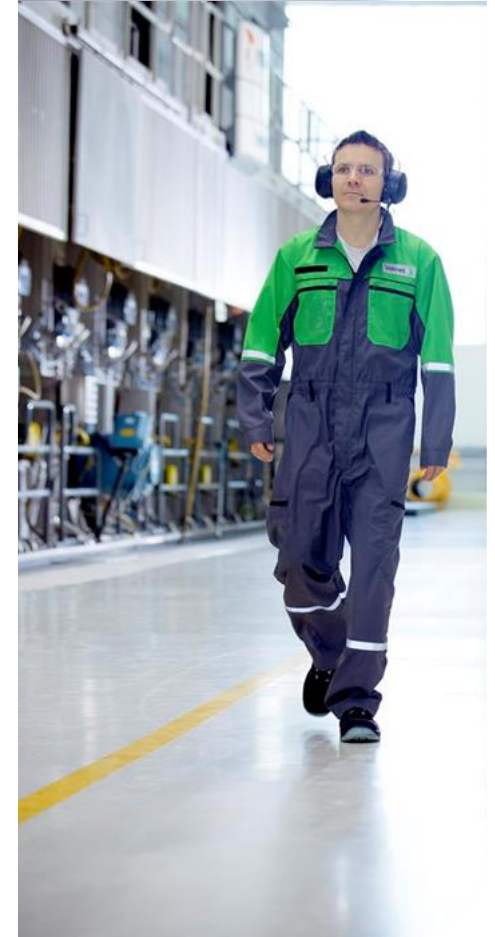
Strategic objectives

Strategic objectives

- Net sales growth to exceed market growth
- Improve profitability

Business focus

- Maintain **#1** position in the market
- Focus on profitability improvement continues
- Develop cost structure and increase flexibility through global footprint development
- Improve customer satisfaction with successful project deliveries
- Improve product competitiveness by modularization and standardization
- Develop new products and technologies to maintain technology leadership



Business specific focus areas

Business specific focus areas

Business units

- **Tissue:** Product cost competitiveness and new technology development
- **Board and Paper:** Cost structure development & cost competitive and resource efficient technology development

Areas

- **North America:** Focus on maintaining #1 position
- **South America:** Increase market share
- **EMEA:** Focus on maintaining #1 position
- **China:** Reduce capacity cost in production and grow Tissue
- **Asia-Pacific:** Grow in Tissue and develop supplier network in India





Must-Wins

Must-Wins in Paper

Must-Wins

Must-Win initiatives



Customer excellence

- All our projects achieve a world class reference value, utilizing our process technology, services and automation knowledge

Leader in technology and innovation

- Maintain technology and market leadership position with modularized and standardized solutions, latest technology and Industrial Internet opportunities

Excellence in processes

- Continuous improvement helps us to develop our quality, processes, cost competitiveness and flexibility

Winning team

- Right competence balance globally ensures our capabilities to be closer to our customers



Case examples

Examples of latest references

Tissue mills



Hengan's 19th tissue machine (PM19):
Advantage DCT 200HS

Hengan

Valmet's 5th tissue machine delivery to Hengan successfully started up ahead of schedule in August 2016 in China.

- **Scope:** Advantage DCT 200HS tissue machine and Valmet's automation package



Rebuild of Hayat Kimya's tissue machine:
Improved product properties and runnability

Hayat Kimya

Tissue machine rebuild for improved product quality and decreased energy consumption. Start-up in 2016 in Turkey.

- **Scope:** Upgrade of pressing, drying and cogeneration system



Upgrade of Metsä Tissue's tissue machine:
Advantage ViscoNip press technology

Metsä Tissue

Advantage ViscoNip press technology for Metsä Tissue in Germany to increase capacity, quality and reduce energy consumption. Start-up in 2016.

- **Scope:** Advantage ViscoNip press technology

Examples of latest references

Board and paper mills



Board production line for Stora Enso:
Renewable coated board making line

Stora Enso

High quality coated board production line for Stora Enso's new mill site in Beihai, China. Start-up in 2016.

- **Scope:** A chemi-mechanical pulp (BCTMP) and a board production line



Rebuild of Sappi's paper machine:
Modernization of all main sections

Sappi

Wide rebuild project for Sappi's mill in Austria targeting to improve end product quality. Start-up in 2015.

- **Scope:** Rebuild delivery includes modernization of all the main sections of the paper machine



Upgrade of Chen Loong's containerboard line:
Headboxes and shoe press technology

Chen Loong

Headboxes and shoe press technology for Chen Loong containerboard line in Vietnam. Start-up in 2017.

- **Scope:** Headboxes and shoe press technology



Summary

Summary

- Valmet is the market leader in Board, Tissue and Paper
- Paper business line aims to grow through innovation and new technology development, and strengthening position in markets such as South America
- Paper business line drives continuous improvement, operational excellence and cost efficiency in its performance



