



Valmet's way forward

Pasi Laine
President and CEO

Valmet Capital Markets Day
September 20, 2016

Agenda

Capital Markets Day 2016

- 1 Valmet in brief
- 2 Strategic objectives
- 3 Investment highlights
- 4 Today's agenda



Valmet in brief

Key figures during the last 12 months

Stable business net sales EUR 1.4 billion

Orders received
EUR 3,012 million

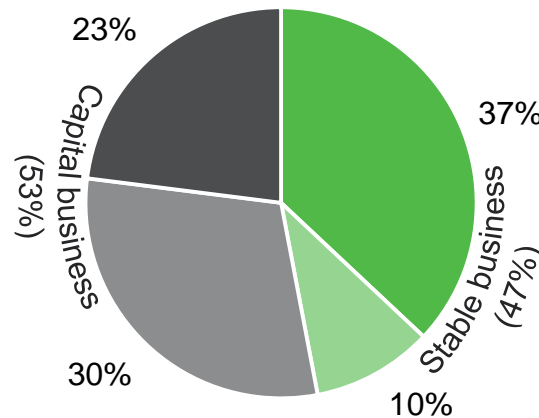
Net sales
EUR 3,044 million

Comparable EBITA
EUR 197 million

Comparable EBITA margin
6.5%

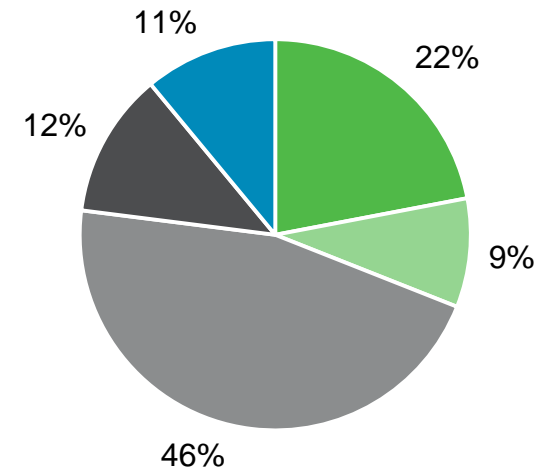
Employees (on June 30, 2016)
12,492

Net sales by business line



- Services
- Automation
- Pulp and Energy
- Paper

Net sales by area

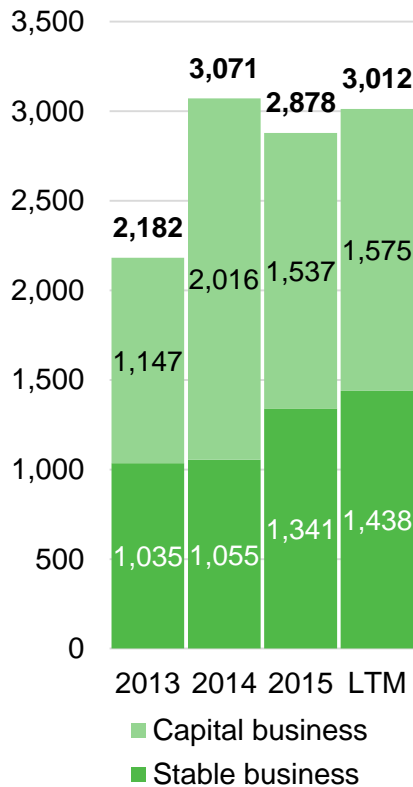


- North America
- South America
- EMEA
- China
- Asia-Pacific

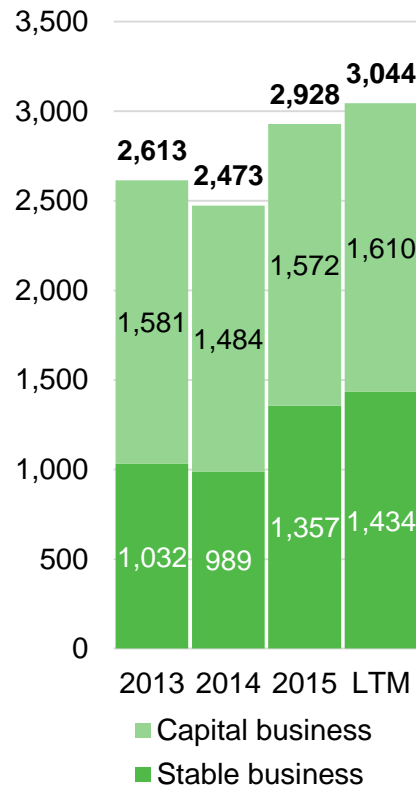
Last twelve months refers to period July 1, 2015 – June 30, 2016
Stable business = Services and Automation business lines
Capital business = Pulp and Energy, and Paper business lines

Valmet's development

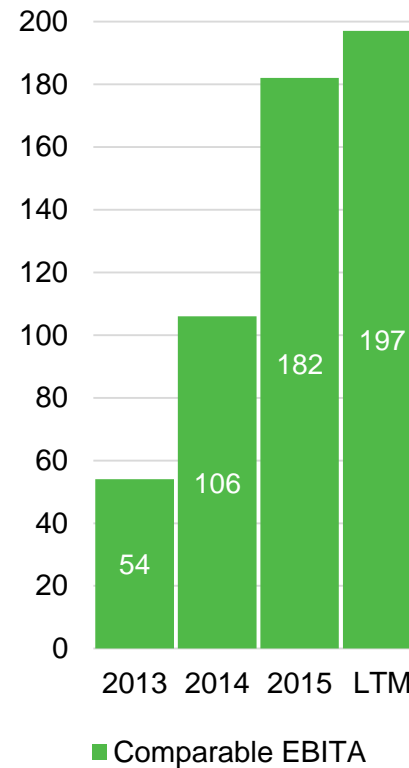
Orders received
(EUR million)¹



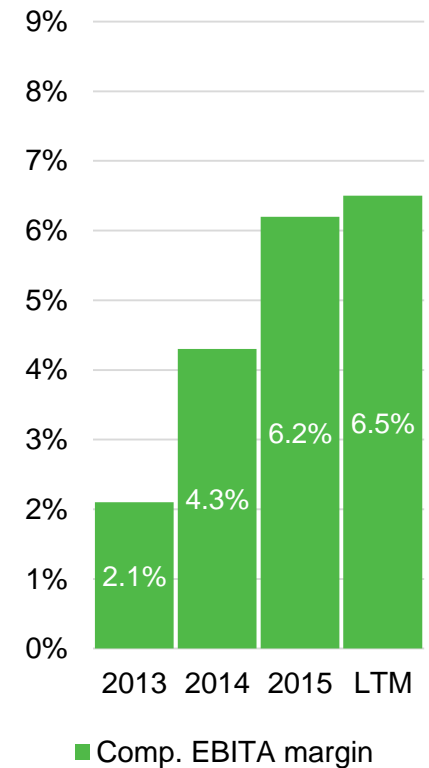
Net sales
(EUR million)¹



Comparable EBITA
(EUR million)¹



Comp. EBITA margin
(%)¹



2013 figures on carve-out basis
LTM = Last twelve months (July 1, 2015 – June 30, 2016)

The widest offering and leading market position in all markets



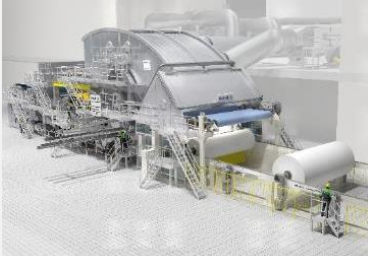
Pulp #1-2



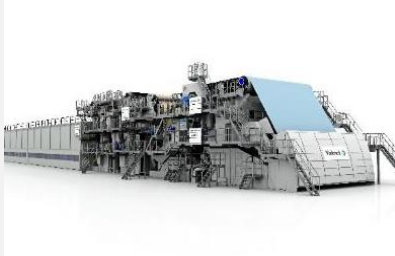
Energy #1-3



Board #1



Tissue #1



Paper #1



Services #1-2



Automation #1-3

Process technology, services and automation

Valmet's unique offering differentiates the company from its competitors



Significant, customer focused research and development work

R&D focus areas

- Advanced and competitive technologies and services
- Raw material, water and energy efficiency
- Promotion of renewable materials

16

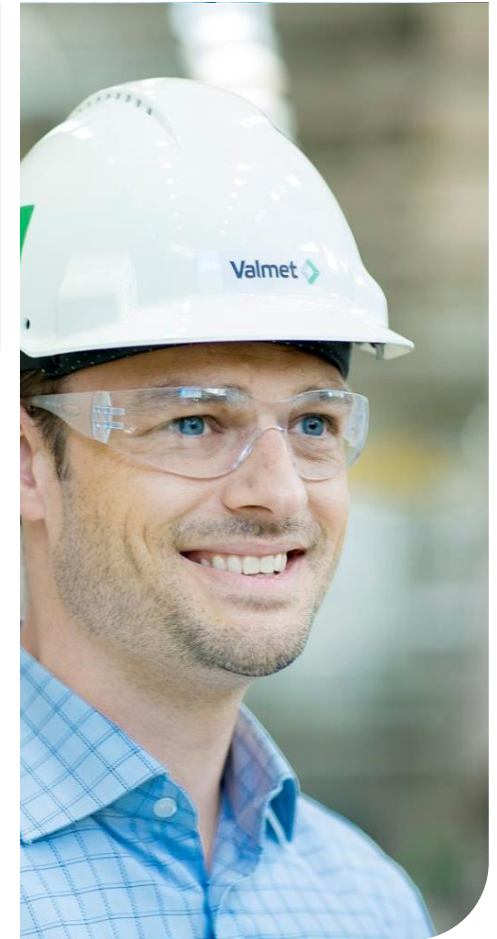
research and
development
centers

EUR **64** million

investment in
R&D during last
12 months

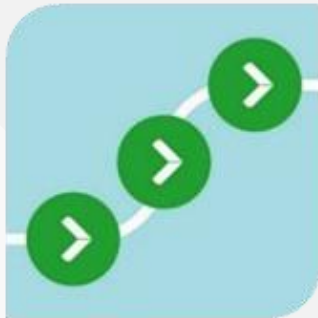
~1,500

protected
inventions

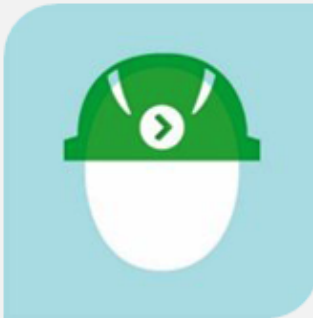


Sustainability360° agenda

Contributing to business growth



Sustainable supply chain



Health, safety and environment (HSE)



People and performance



Sustainable solutions



Corporate citizenship

Recent achievements in sustainability

- Valmet has been included in the Dow Jones Sustainability Index (DJSI) for the third consecutive year
- New action plans for sustainability agenda for 2016–2018 defined
- Sustainable supply chain: 50 supplier sustainability audits done globally
- Continued focus on safety management resulting in declining LTIF (2.8 vs. 3.3 a year ago)



Strategic objectives

Megatrends shape our business environment



Resource efficient and clean world

- Climate change, environmental awareness and resource scarcity drive the need to improve resource efficiency and lower emissions



Digitalization and new technologies

- Digitalization, automatization and new high impact technologies drive efficiency and new business models



Aware, urban and global customer

- Urbanization, increasing living standards, changing demographics, and globalization drive changes in consumer behavior

Valmet's Way Forward

Our Mission

Converting renewable resources into sustainable results

Our Strategy

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

We are committed to moving our customers' performance forward with our unique offering.

Our Must-Wins

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

Our Vision

To become the global champion in serving our customers

Our Values



Customers

We move our customers' performance forward



Excellence

We improve every day to deliver results



Renewal

We promote new ideas to create the future



People

We work together to make a difference

Megatrends

- Resource efficient and clean world
- Digitalization and new technologies
- Aware, urban and global consumer



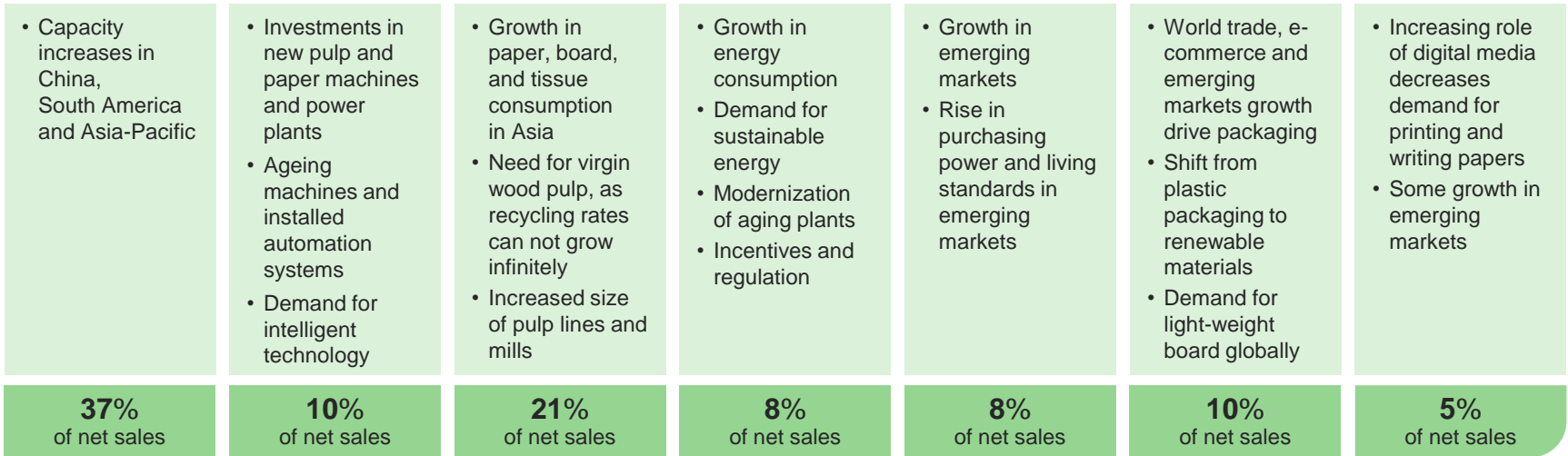
Investment highlights

Investment highlight summary

- 1 Strong market position in markets that grow**
- 2 Stable business, with EUR 1.5 billion of net sales, offering stability, growth and profitability**
- 3 Capital business, with flexible cost structure, offering growth and profitability potential**
- 4 Continuous systematic development**
- 5 Technology leader with unique offering**



Strong market position in markets that grow

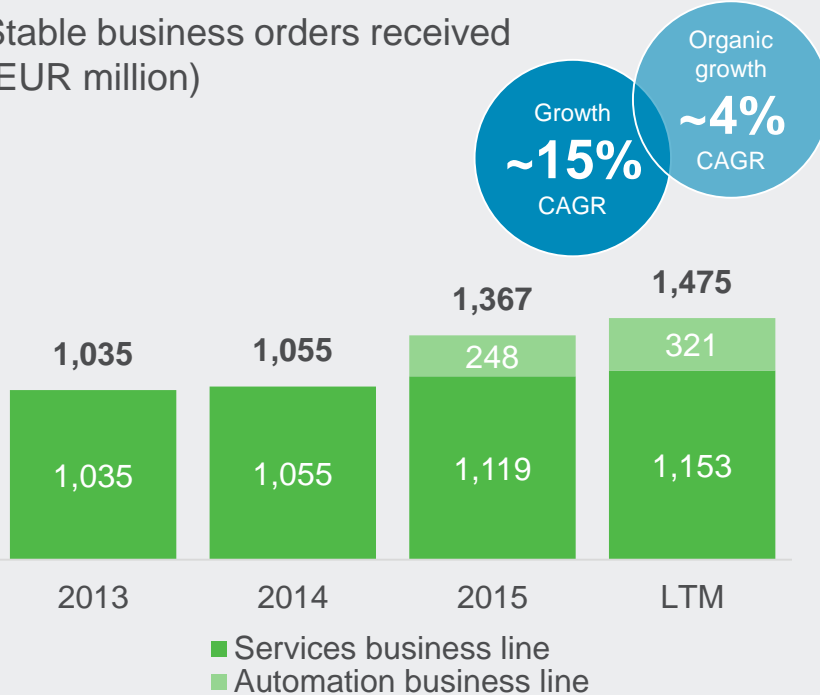


● Anticipated long-term market growth ● Estimated market size for current offering (EUR) ■ Market drivers ■ % of net sales (LTM)

Source: Leading consulting firms, RISI, management estimates

Stable business, with EUR 1.5 billion of net sales, offering stability, growth and profitability

Stable business orders received (EUR million)



Key potential in stable business

- Valmet Way to Serve
- Industrial Internet

Services

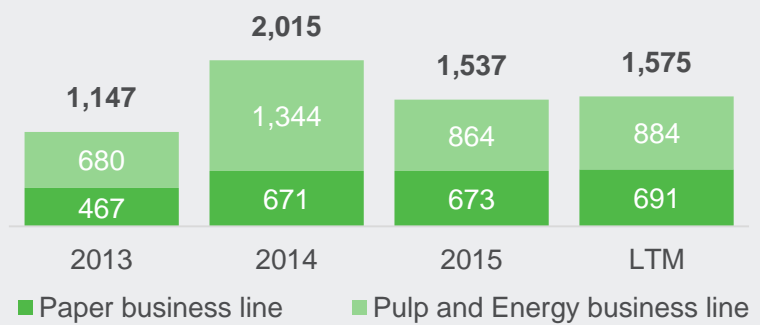
- Strengthening the presence close to customers
- Continuous flow of new products

Automation

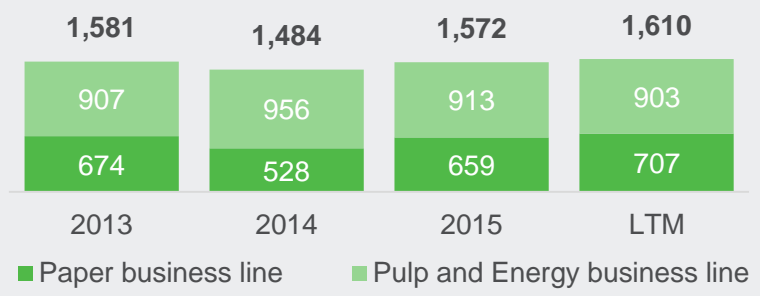
- Market share increase via competitor replacements in Automation
- Capitalizing Valmet level synergies

Capital business, with flexible cost structure, offering growth and profitability potential

Orders received (EUR million)



Net sales (EUR million)



Key potential in capital business

- Product cost competitiveness to support the growth
- Cost structure development and increasing flexibility
- Strengthen project management

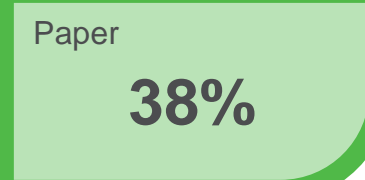
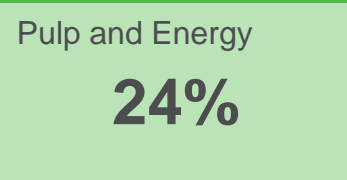
Pulp and Energy business line

- Become market leader in Pulp
- Expand global market presence in Energy

Paper business line

- Strengthening market position in South America
- Continue modularization and standardization

Capacity cost to net sales (LTM)



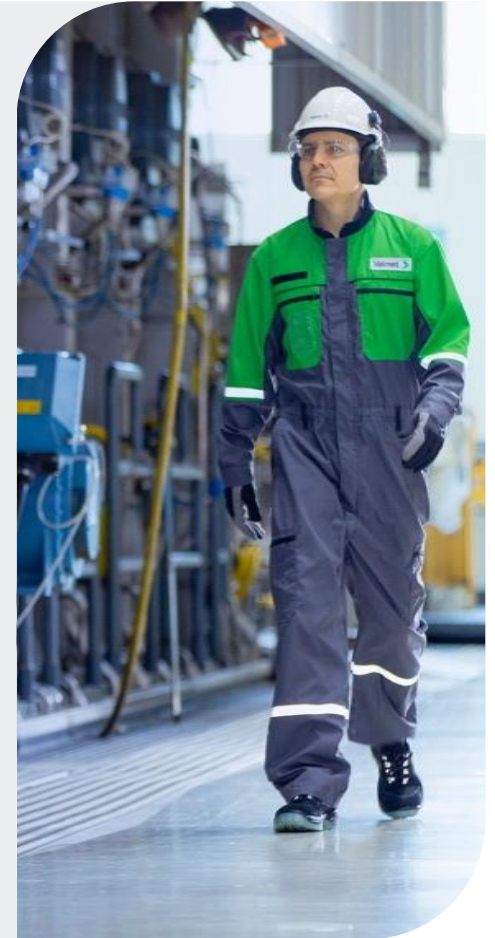
Continuous systematic development

Supporting growth:

- New Valmet way to serve
- Improved sales process for complete offering

Supporting profitability improvement:

- Reducing procurement costs
- Reducing quality costs
- Project management, R&D and ERP



Technology leader with unique offering

Cost-competitive, focused solutions in Paper

- 10 OptiConcept M machines sold
- 7 Advantage NTT machines sold

Complete pulp mill delivery capability

- State-of-the-art technology for all types of pulps

Comprehensive offering for energy customers

- Solutions for demanding fuels

Leading the field

- New service concepts
- Constant flow of spearhead products
- Fit-for-purpose product offering
- Integration with customer operations

A forerunner in Industrial Internet

- Serving our customers with intelligent technology, automation and services locally and remotely
- Enhancing mobility and introducing even more advanced automation technologies and embedded diagnostics



Strong focus on customer benefits



Today's agenda

Today's agenda

Valmet's way forward

Pasi Laine

Services will grow over two times the market growth with improved profitability

Jukka Tiitinen

Growing via competitor replacements and market expansion

Sakari Ruotsalainen

Carry on as the market leader

Jari Vähäpesola

Entering new markets in energy, strengthening position in pulp

Bertel Karlstedt

Must-Win status and actions forward

Juha Lappalainen

How Valmet will reach the new financial targets

Kari Saarinen

Concluding remarks

Pasi Laine

Small-group meetings

R&D, Industrial Internet, Valmet way to serve



