



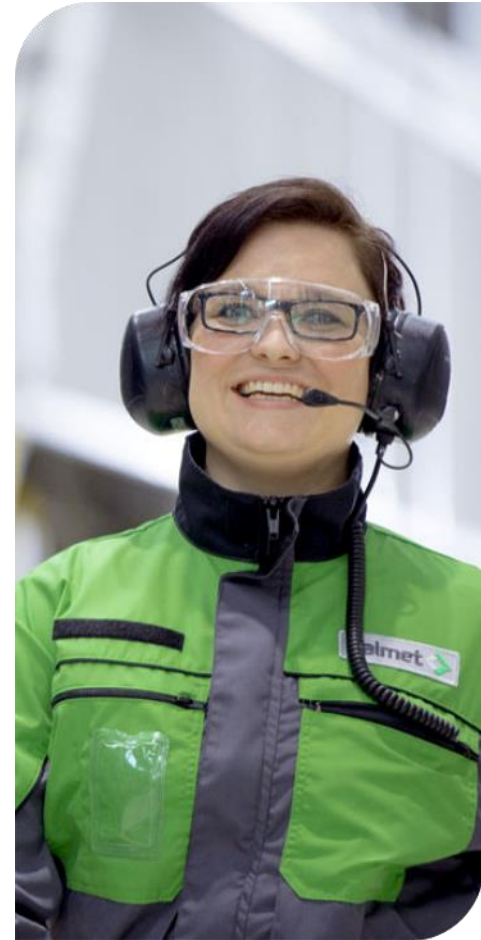
Progress built on 220 years of industrial history

Annual General Meeting 2018

Pasi Laine, President and CEO

Contents

- 1 Valmet today
- 2 Financial development
- 3 Development of the business lines
- 4 Strategy and financial targets
- 5 Progress in strategy implementation
- 6 Guidance and short-term market outlook





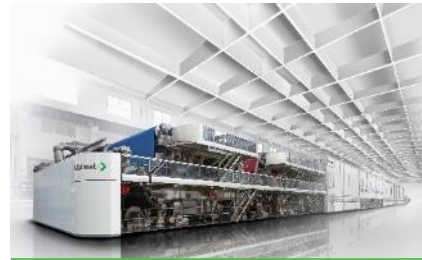
Valmet today

Valmet is the market leader serving a global customer base



Unique offering

- Market's widest offering combining process technologies, services and automation
- Research and development spend EUR 64 million in 2017



Market leadership

- Leading market position in all markets
- Pulp #1–2
- Energy #1–3
- Board #1
- Tissue #1
- Paper #1
- Services #1–2
- Automation #1–3



Strong global presence

- 120 service centers
 - 87 sales offices
 - 36 production units
 - 16 R&D centers
 - 12,000 professionals
- | | |
|---------------|-------|
| EMEA | 8,000 |
| China | 1,700 |
| North America | 1,200 |
| Asia-Pacific | 700 |
| South America | 500 |



Leader in sustainability

- Four consecutive years in Dow Jones Sustainability Index
- Three consecutive years in Ethibel Sustainability Index Europe
- A- rating in CDP climate program 2017

Executive Team



Pasi Laine
President and CEO



Kari Saarinen
CFO



Julia Macharey
SVP, Human Resources



Juha Lappalainen
SVP, Strategy and
Operational Development



Anu Salonsaari-Posti
SVP, Marketing, Communications
and Sustainability

Business lines



Aki Niemi
Business Line President,
Services



Sakari Ruotsalainen
Business Line President,
Automation



Bertel Karlstedt
Business Line President,
Pulp and Energy



Jari Vähäpesola
Business Line President,
Paper

Areas



David King
Area President,
North America



Celso Tacla
Area President,
South America



Vesa Simola
Area President, EMEA




Xiangdong Zhu
Area President, China



Jukka Tiitinen
Area President, Asia-Pacific



Valmet 

Financial development

Valmet in 2017

Orders received
EUR 3,272 million

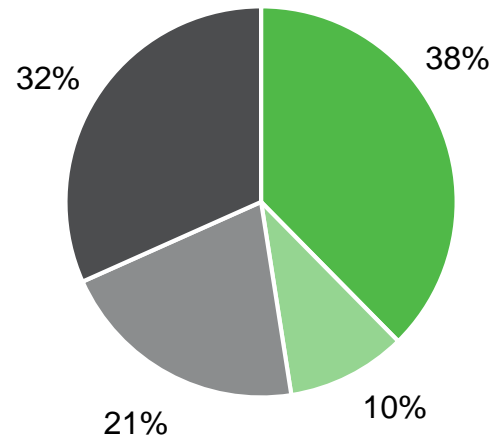
Net sales
EUR 3,159 million

Comparable EBITA
EUR 226 million

Comparable EBITA margin
7.2%

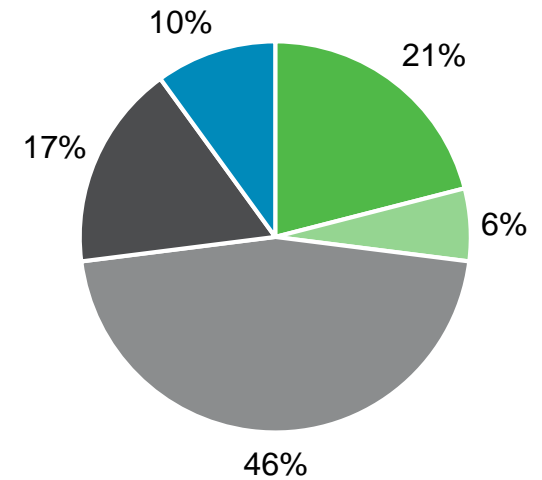
Employees
12,268

Orders received by business line



- Services
- Automation
- Pulp and Energy
- Paper

Orders received by area



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

Summary of the financial development in 2017

EUR million	2017	2016	Change
Orders received	3,272	3,139	4%
Order backlog ¹	2,292	2,283	0%
Net sales	3,159	2,926	8%
Comparable EBITA ²	226	196	15%
% of the net sales	7.2%	6.7%	
Earnings per share, EUR	0.84	0.55	53%
Dividend per share, EUR	0.55³	0.42	31%
Comparable return on capital employed (ROCE), before taxes	16%	13%	
Cash flow provided by operating activities	291	246	18%
Gearing ¹	-11%	6%	

1) At the end of the period

2) Comparable earnings before interest, taxes and amortization

3) Board proposal



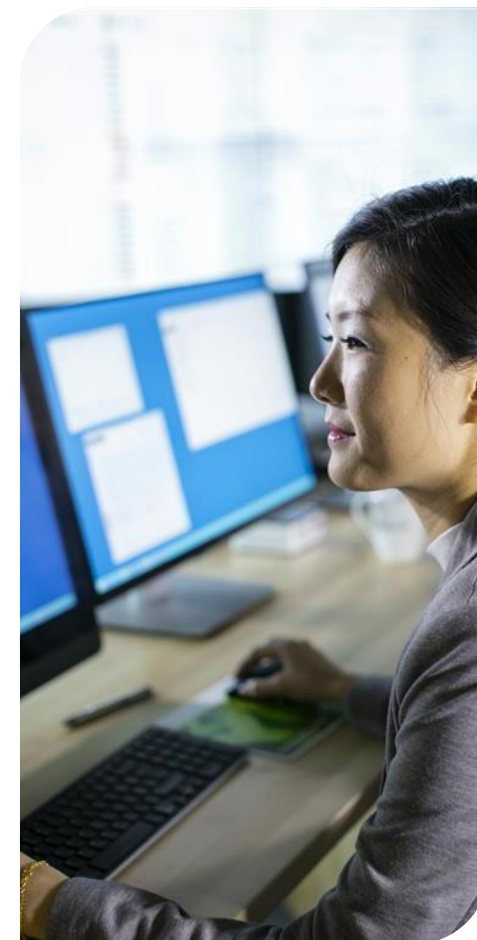
Restated 2017 financials

EUR million	Reported	Impact from restatement	Restated
Orders received	3,272	0	3,272
Order backlog ¹	2,292	165	2,458
Net sales	3,159	-100	3,058
Comparable EBITA ²	226	-8	218
% of the net sales	7.2%	-0.1%	7.1%
Earnings per share, EUR	0.84	-0.03	0.81
Dividend per share, EUR ³	0.55	0	0.55
Comparable return on capital employed (ROCE), before taxes	16%	0%	16%
Cash flow provided by operating activities	291	0	291
Gearing ¹	-11%	0	-11%

1) At the end of the period

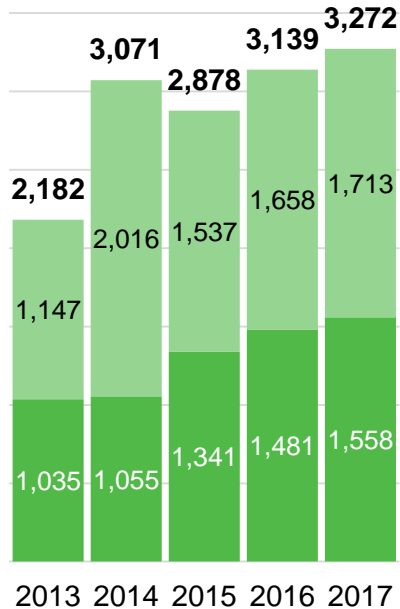
2) Comparable earnings before interest, taxes and amortization

3) Board proposal



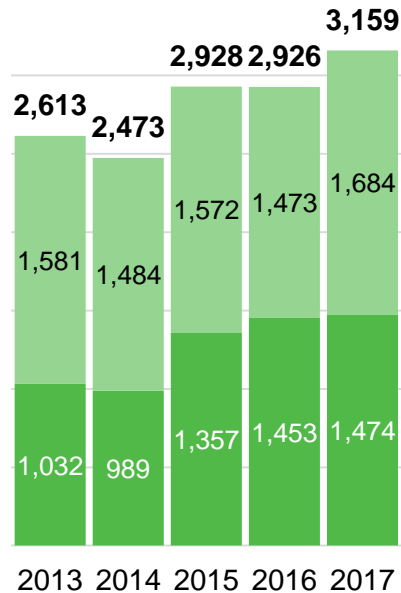
Solid financial development over the years

Orders received
(EUR million)¹



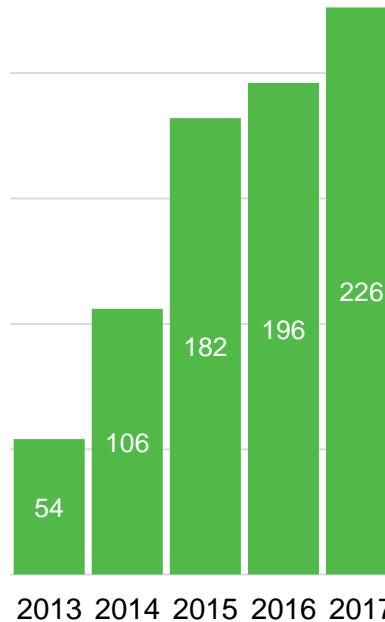
■ Pulp and Energy, and Paper business lines
■ Services and Automation business lines

Net sales
(EUR million)¹



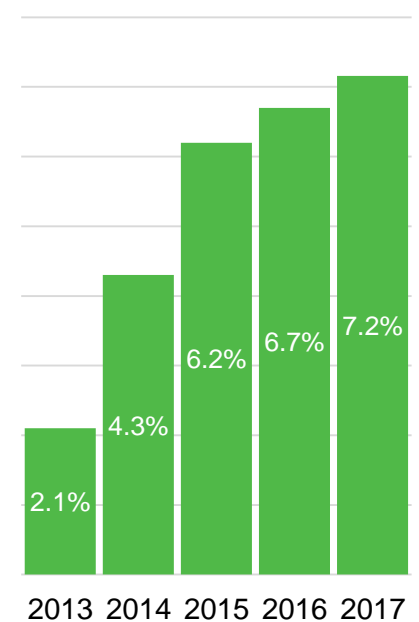
■ Pulp and Energy, and Paper business lines
■ Services and Automation business lines

Comparable EBITA
(EUR million)¹



■ Comparable EBITA

Comp. EBITA margin
(%)¹



■ Comparable EBITA margin

1) 2013 figures on carve-out basis



Development of the business lines

Extraordinary year for our board, tissue and paper technologies

- Strong customer activity in China
 - Five containerboard production lines with full-scope automation package
- Several rebuild orders from Europe and other market areas
- Six tissue making line orders from Europe and North America
- A fine paper machine order from the United Arab Emirates

Orders received growth
44%

Orders received amounting to

**EUR
1,035
million**



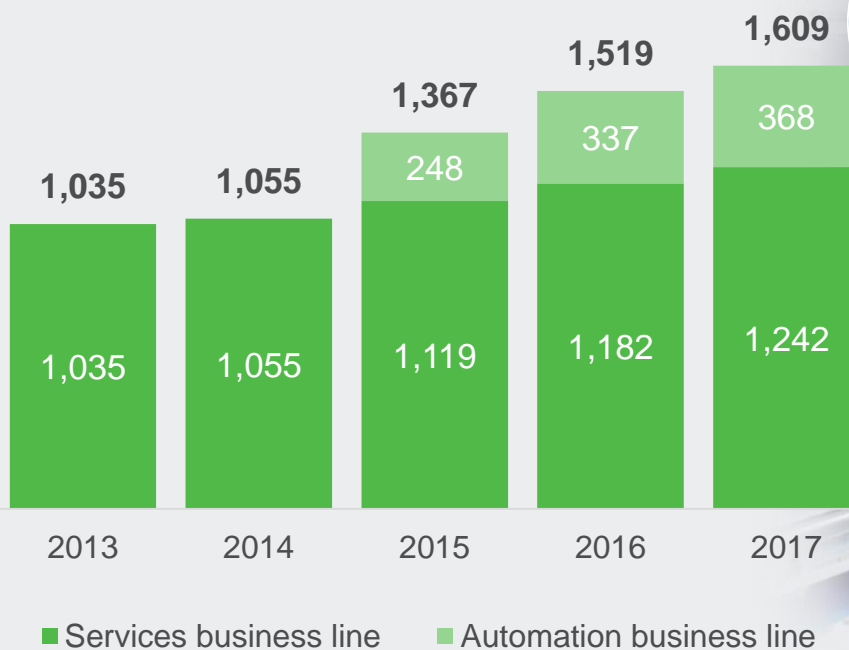
Good progress in bioenergy technologies, but weak pulp market

- Continued business expansion in Japan through co-operation with JFE Engineering
 - Two biomass boilers
 - Flue gas cleaning systems
- Biomass power plant and automation system order from Dong Energy in Denmark
- Pulp market continued to be weak



Continued growth and solid performance in stable business

Stable business orders received
(EUR million)



Growth
~12%
CAGR

Organic
growth
~5%
CAGR



Strategy and financial targets

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



Renewal

We promote new ideas to create the future



Excellence

We improve every day to deliver results



People

We work together to make a difference

Megatrends

- Resource efficient and clean world
- Digitalization and new technologies
- Urban, responsible and global consumer

Financial targets from 2017 onwards

Growth



- Net sales for stable business to grow over two times the market growth
- Net sales for capital business to exceed market growth

Profitability



- Comparable EBITA: 8–10%

ROCE



- Comparable return on capital employed (pre-tax), ROCE¹: 15–20%

Dividend policy



- Dividend payout at least 50% of net profit



1) $ROCE \text{ (pre-tax)} = (\text{profit before taxes} + \text{interests and other financial expenses}) / (\text{balance sheet total} - \text{non-interest-bearing liabilities})$



Progress in strategy implementation

New services approach – Shared Journey Forward

Implementation progressed well in the four key areas



Customer Portal

- Modern on-line services in a simple platform to be launched 2018



Services offering

- Services restructured and renamed to make the offering easy to understand and choose from



Solution sales

- Cross business line sales processes and supporting tools developed and piloted



Competences

- Valmet professionals in the customer interface systematically trained

Renewed Industrial Internet services

Valmet's Industrial Internet is based on a dialogue with data



Industrial Internet offering

- Industrial Internet services created
 - Data visualization, reporting and guidance
 - Asset reliability optimization
 - Operations performance optimization



Performance centers

- Performance Centers established for each customer industry
 - Remote monitoring and optimization
 - On-demand expert support
 - Data discovery and analysis



Partner ecosystem

- Leading industry players gathered together by Valmet
 - To create new value-adding applications and services to customers
 - Current partners in the ecosystem are Tieto and Kemira

New enterprise resource planning system (ERP)

Leap Forward project transforms internal efficiency to the next level

Leap ▶ Forward

Background

- In 2015 decision to
 - Replace different enterprise resource planning (ERP) systems with one global system
 - Standardize the key processes globally to enable the implementation of one system



Progress by the end of 2017

- Major global collaboration carried out to plan and implement a thorough business transformation
- Services Finland live as the first pilot



By 2020

- 8,000 Valmeteers globally utilizing the new ERP system and working according to new standard processes

Seven global training programs

Each designed to accelerate the achievement of our Must-Wins



Customer excellence

- Sales Journey
- Champions in Services



Leader in technology and innovation

- Innovation Pathways



Excellence in processes

- Networking in Procurement
- Leading through Lean

Forward Strategy
Fast Forward



Guidance 2018 and short term market outlook

Guidance and short-term market outlook

Guidance for 2018 (announced on March 21, 2018)

Guidance



Valmet estimates that net sales in 2018 will remain at the same level as in 2017 (EUR 3,058 million) and Comparable EBITA in 2018 will increase in comparison with 2017 (EUR 218 million).

Short-term market outlook

		Q1/2017	Q2/2017	Q3/2017	Q4/2017
Services		Good	Good	Good	Good
Automation		Satisfactory	Satisfactory	Satisfactory	Good
Pulp and Energy	Pulp	Weak	Weak	Weak	Weak
	Energy	Good	Good	Satisfactory	Satisfactory
Paper	Board and Paper	Good	Good	Good	Good
	Tissue	Good	Good	Good	Good

The short-term market outlook is given for the next six months from the end of the respective quarter. The scale is 'weak–satisfactory–good'.

