



Consistent progress forward

Annual General meeting 2020

Pasi Laine, President and CEO

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Valmet today

Valmet today – the market leader with a unique offering



Unique offering

- Widest offering in the market combining process technologies, services and automation
- Research and development spend EUR 71 million



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

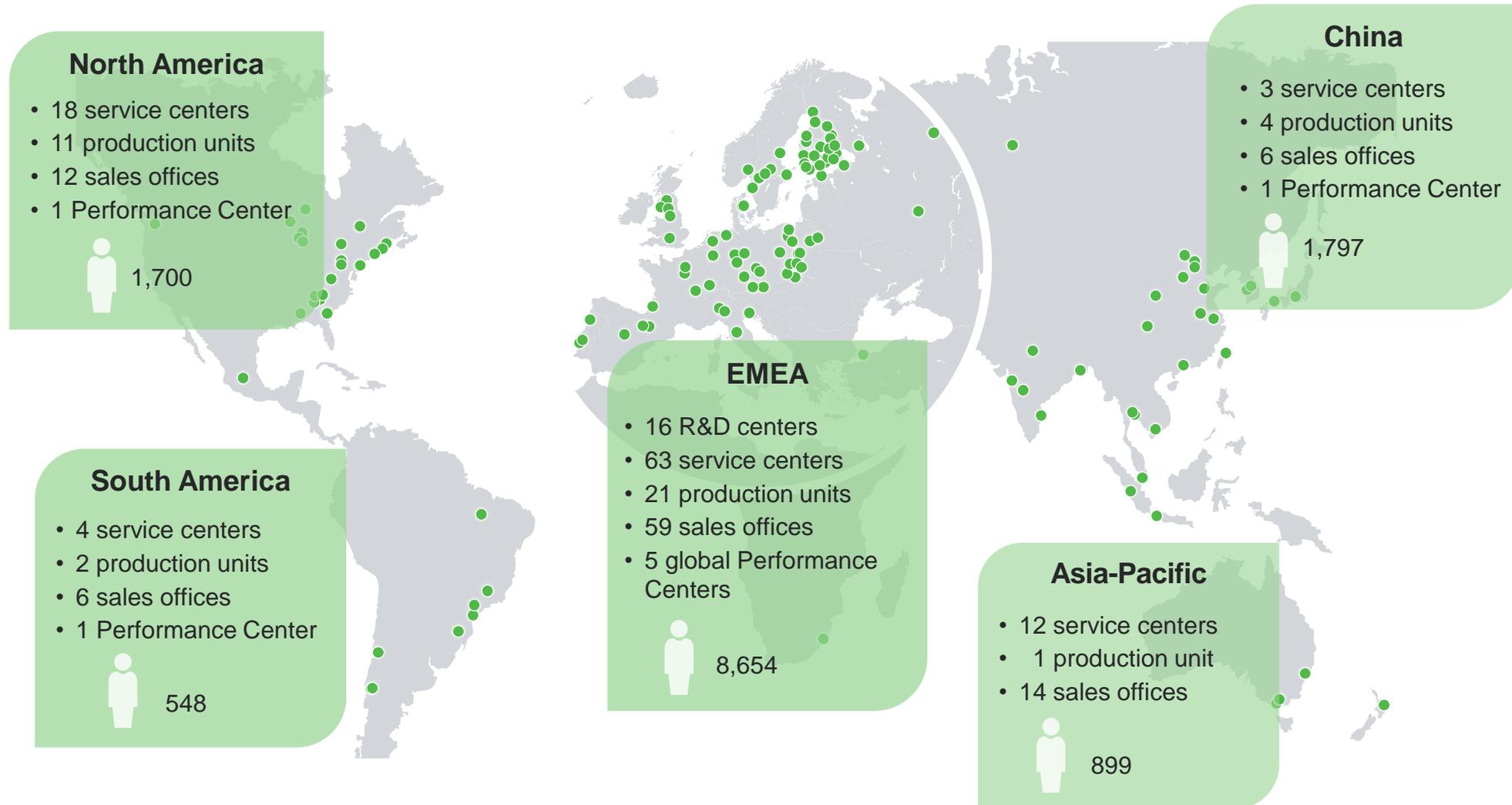


Leader in sustainability

- Sustainability 360° agenda integrating sustainability into our key processes
- Six consecutive years in the Dow Jones Sustainability Index
- Best A rating in CDP Climate Program

Strong, global presence close to our customers

100 service centers, 97 sales offices, 39 production units, 16 R&D centers, 8 Performance Centers



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 and way to serve.

Our Must-Wins

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

Growth Accelerators

- Field services
- Industrial Internet and digitalization

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

Executive Team



Pasi Laine
President and CEO



Kari Saarinen
CFO



Julia Macharey
SVP, Human Resources and
Operational Development



Anu Salonsaari-Posti
SVP, Marketing and
Communications



Aki Niemi
Business Line President,
Services



Sami Riekkola
Business Line President,
Automation



Bertel Karlstedt
Business Line President,
Pulp and Energy



Jari Vähäpesola
Business Line President,
Paper



Dave 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



Financial development 2019

Key figures in 2019

Orders received
EUR 3,986 million

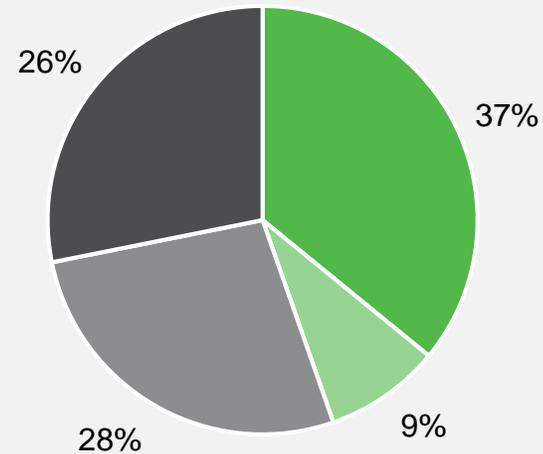
Net sales
EUR 3,547 million

Comparable EBITA
EUR 316 million

Comparable EBITA margin
8.9%

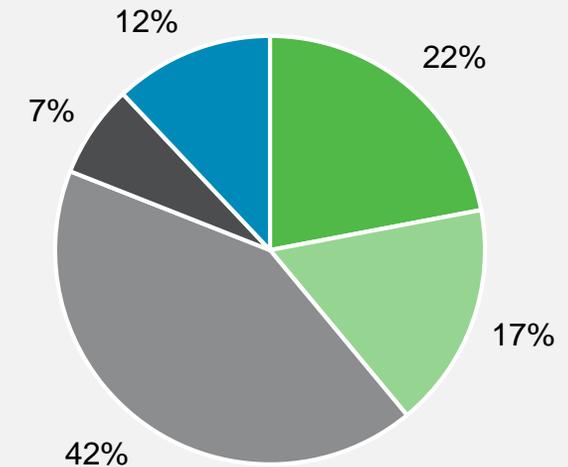
Employees (on Dec 31, 2019)
13,598

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 2019

EUR million	2019	2018	Change
Orders received	3,986	3,722	7%
Order backlog ¹	3,333	2,829	18%
Net sales	3,547	3,325	7%
Comparable EBITA	316	257	23%
% of net sales	8.9%	7.7%	
EBITA	315	241	31%
Operating profit (EBIT)	281	211	33%
% of net sales	7.9%	6.4%	
Earnings per share, EUR	1.35	1.01	33%
Return on capital employed (ROCE) before taxes	23%	19%	
Cash flow provided by operating activities	295	284	4%
Gearing ¹	-9%	-23%	

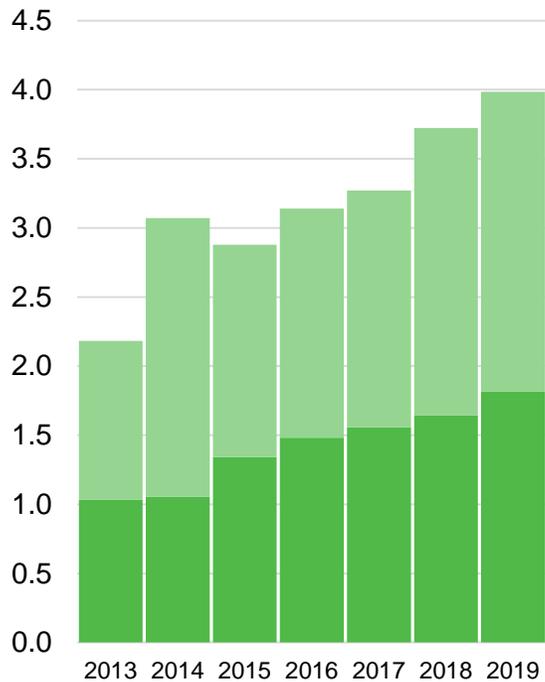


Valmet implemented IFRS 16 – Leases as of January 1, 2019 by applying the simplified transition method and therefore 2018 figures are not restated.

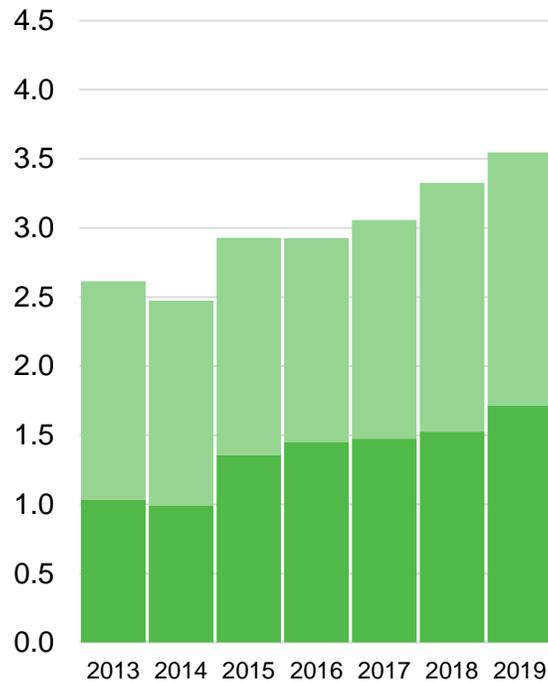
1) At the end of period

Valmet's development since 2013

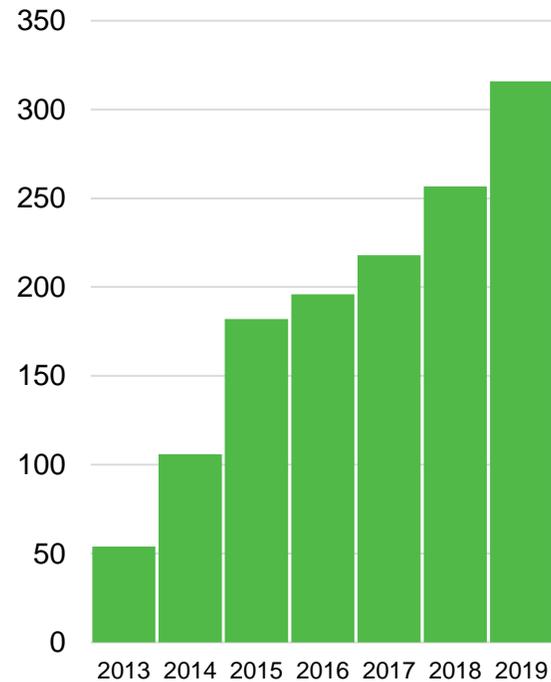
Orders received
(EUR billion)



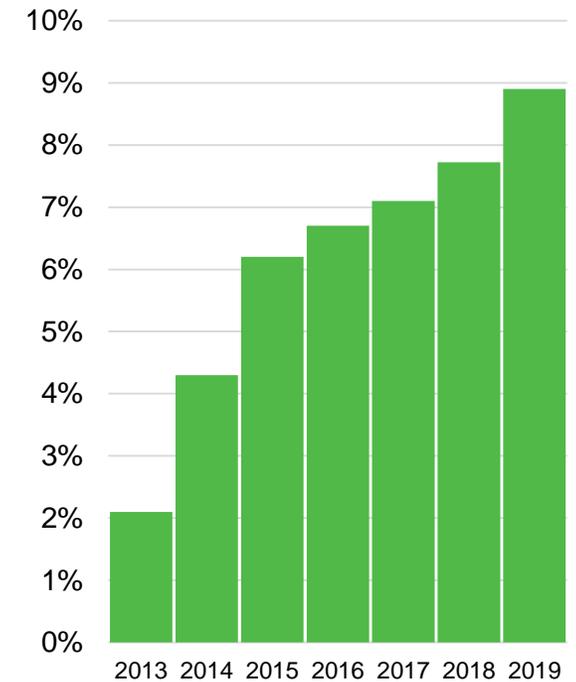
Net sales
(EUR billion)



Comparable EBITA
(EUR million)



Comparable EBITA margin
(%)



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

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

■ Comparable EBITA

■ Comparable EBITA margin

2013 figures on carve-out basis

New and increased financial targets

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: **10–12%**

ROCE

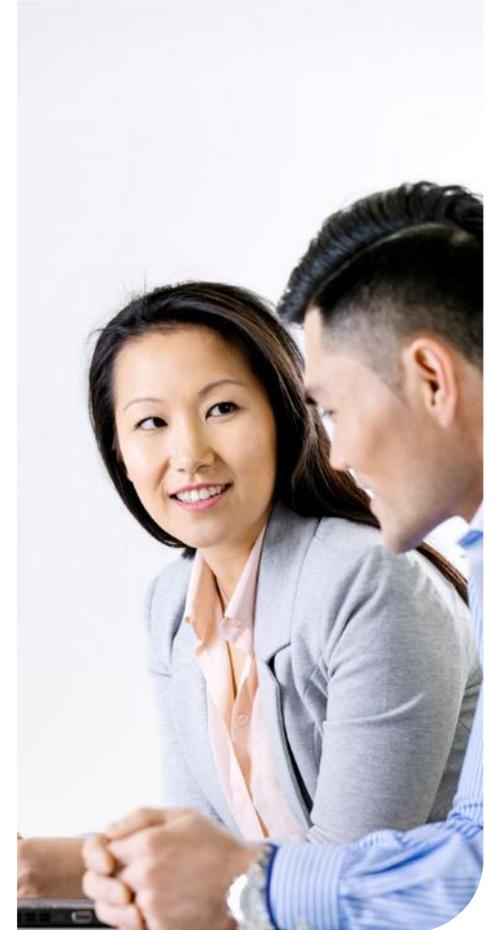


- Comparable return on capital employed (ROCE) before taxes¹: **>20%**

Dividend policy



- Dividend payout at least 50% of net profit



The new financial targets have been announced by stock exchange release on February 5, 2020

1) Comparable ROCE before taxes = (profit before taxes + interests and other financial expenses +/- items affecting comparability) / (balance sheet total - non-interest-bearing liabilities (average for the period))



Strategy implementation highlights 2019

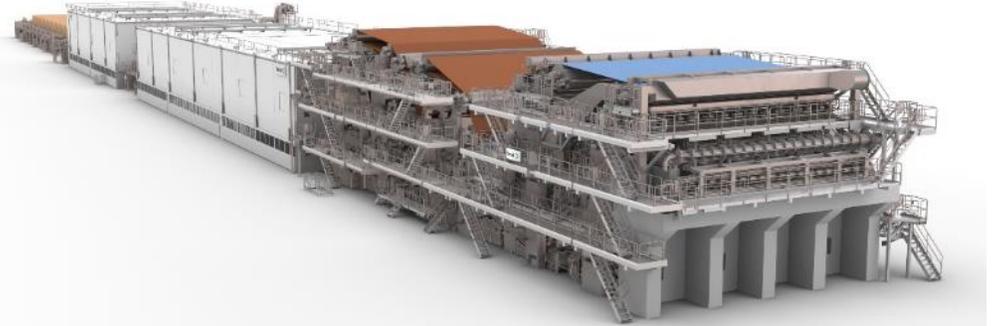
Continued active demand for our board and paper technologies

Examples of major orders

- World's largest containerboard machine to Palm in Germany
 - Replaces three existing smaller machines
 - Wire width 11,700 mm
 - Design speed 2,000 m/min
 - Annual production 750,000 tonnes
 - Typical value EUR 150 – 200 million
- World's first kraftliner machine for 100% eucalyptus pulp to Klabin in Brazil
 - Valmet's first large board making technology delivery to Brazil
 - Part of a major pulp and board technology delivery with a total value of EUR 260 – 290 million

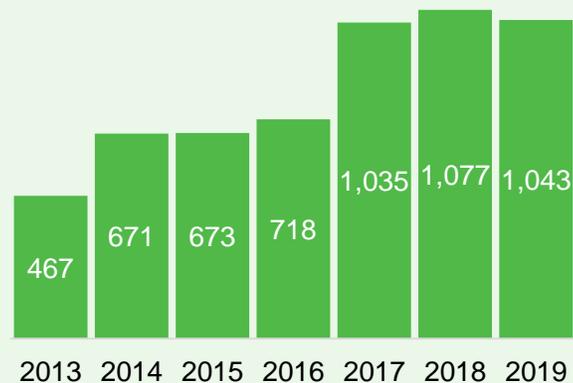
Finnish Growth Reward by Kasvu Open in 2019

For business growth, which has had a significant impact on the Finnish society.



Paper business line

Orders received (EUR million)



High order intake in Pulp and Energy

Examples of major orders

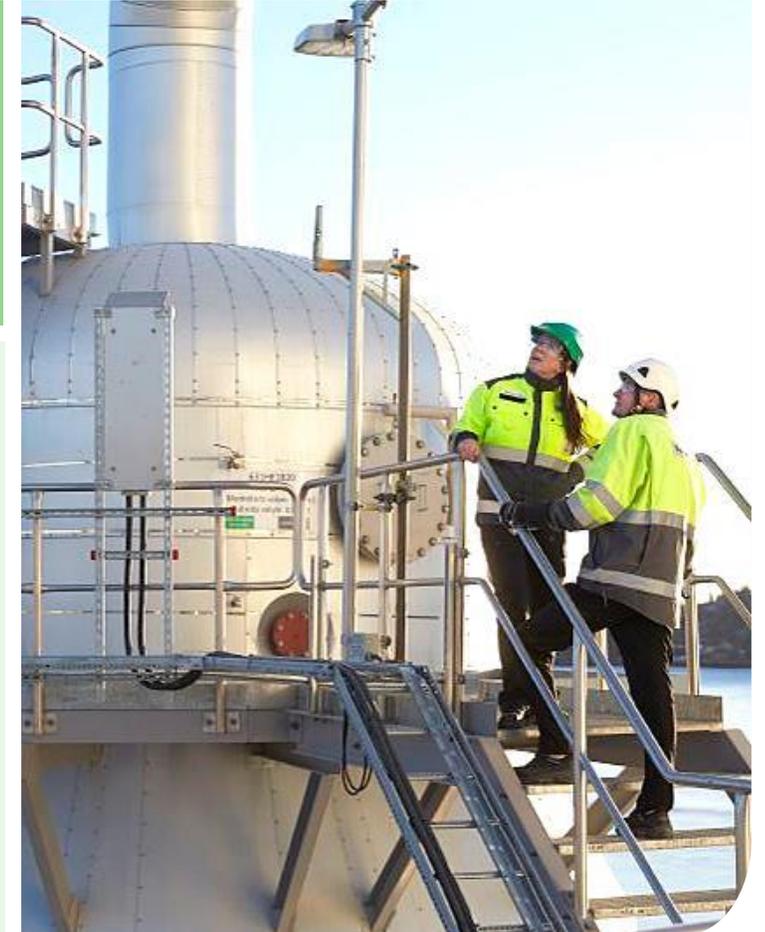
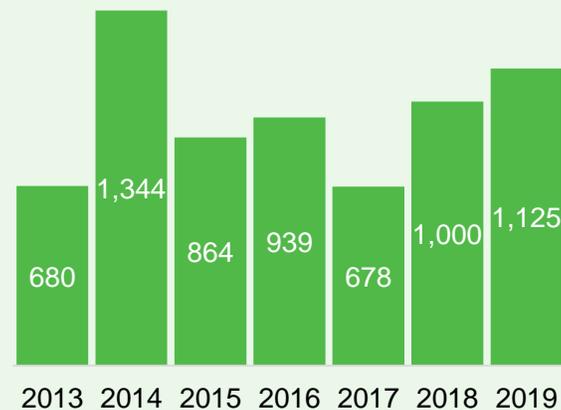
- Key pulp technology to Klabin in Brazil
 - A new fiberline, continuous cooking and a pulp dryer rebuild
 - First reference for our new continuous cooking technology Compact Cooking G3
- Key pulp technology to Bracell in Brazil
 - An evaporation plant and a white liquor plant
 - Value typically around EUR 200 – 250 million
- Several energy boilers to Europe and Asia

Key technology to world's largest softwood pulp mill

- SCA Östrand pulp mill was inaugurated in 2019.
- Valmet's delivery for the project included a new cooking and fiberline and an evaporation plant

Pulp and Energy business line

Orders received (EUR million)



Growth in services

Acquisitions strengthened services business especially in North America

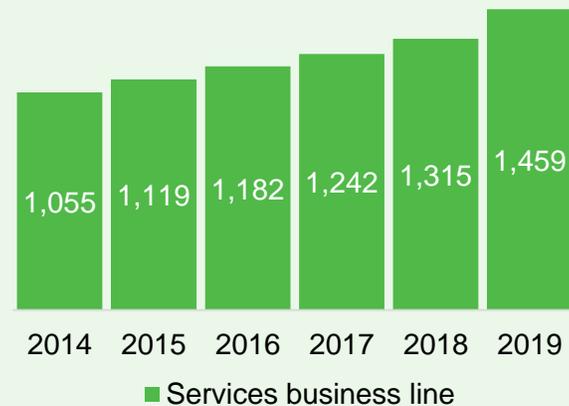
- Services business further strengthened with GL&V and J&L Fiber Services acquisitions
 - GL&V net sales around EUR 160 million in 2018
 - J&L net sales around EUR 30 million in 2018
 - Around 700 new employees to Valmet
- New service center in Concepción, Chile opened

First company in the world to introduce renewables based roll covers

Rolls are the core in paper making. Valmet introduced roll covers made of recyclable and renewable raw materials as a first company in the world.

Services business line

Orders received (EUR million)



Growth and new innovations in Automation

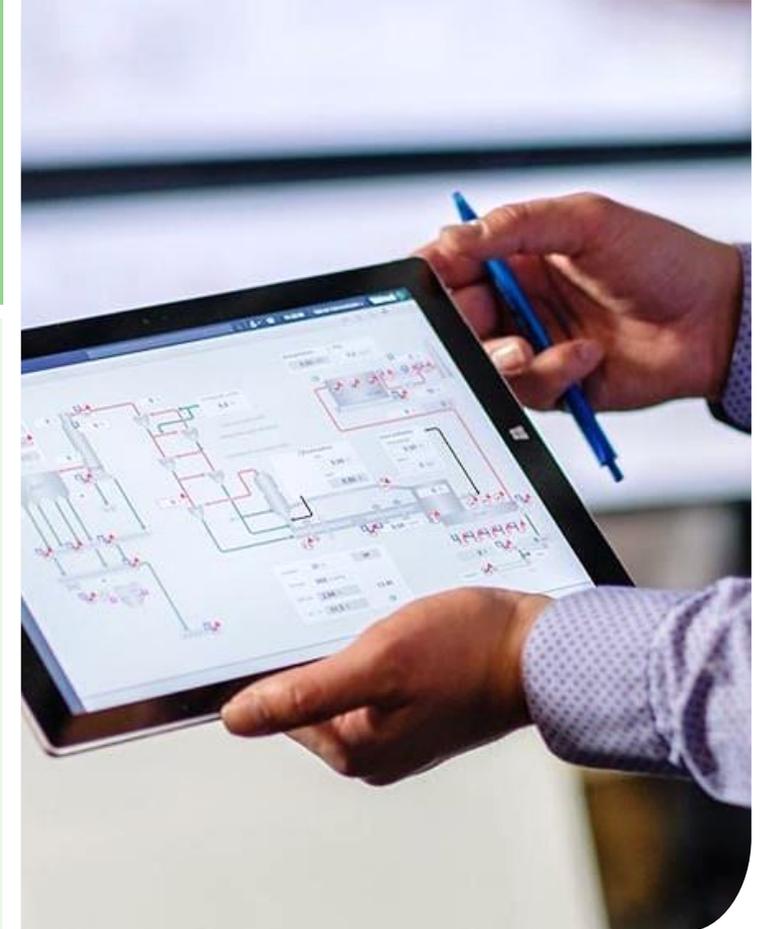
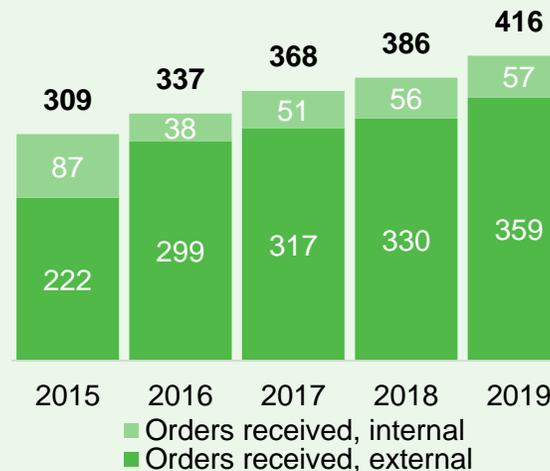
- Consistent growth path continued with orders received worldwide
- New significant innovation takes the automation industry forward
 - Valmet DNA automation system new user interface
 - Built with the latest web technologies and visual design
 - Secure web-based access enables the customers' mill or plant teams to access relevant information whenever they need it, regardless of their location.

Strong automation footprint globally

- Valmet has delivered more than 4,500 automation systems and close to 100,000 analyzers and measurements in the world
- More than 1,000 power plants feature Valmet's process automation

Automation business line

Orders received (EUR million)



Good progress in Industrial Internet solutions in 2019

Market's widest Industrial Internet offering introduced to the customers

- 20 Valmet Industrial Internet (VII) solutions created for pulp, board, paper, tissue and energy producers, based on 85 different applications
- Helps customers to reduce energy consumption, improve chemical and environmental efficiency, optimize quality, increase process reliability and maximize production
- Eight Valmet Performance Centers are an integral part of our Industrial Internet solutions serving our customers remotely



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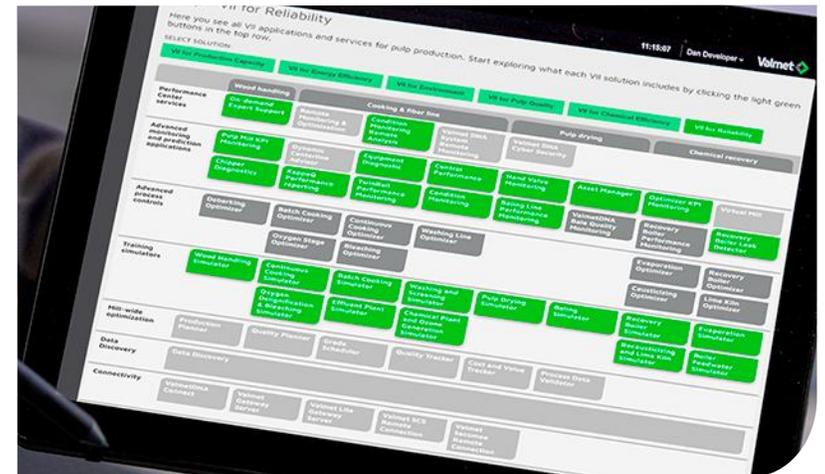
Performance Centers

1,097

Customer cases solved by Valmet Performance Center network 2019

85

Industrial Internet applications



Good progress in people development and engagement



Continued improvement in engagement

- Response rate for OurVoice employee survey 88%
- Continuously improved engagement
 - 2014 engagement 56%
 - 2019 engagement 68%



Strong feedback culture

- Around 5,000 Spot & Special Rewards given to recognize individual and team achievements
- 9,700 High Five feedbacks sent with an internal feedback tool



Active job rotation enhancing internal mobility

- Internal mobility across businesses and geographies plays an important role in talent development
- 35% of the open positions filled internally in 2019



Nine global training programs

- OurVoice survey shows good improvement in managerial skills
- Excellent feedback from the training programs designed to accelerate strategy implementation



Guidance and short-term market outlook

Guidance and short-term market outlook

Guidance for 2020

Guidance	Valmet announced on April 16, 2020 that the company withdraws its guidance for 2020 due to increased uncertainty related to the COVID-19 pandemic.
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Short-term market outlook

		Q2/2019	Q3/2019	Q4/2019	Q1/2020
Services		Good	Good	Good	Satisfactory / Weak
Automation		Good	Good	Good	Good / Satisfactory
Pulp and Energy	Pulp	Good	Good	Good	Good
	Energy	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Paper	Board and Paper	Good	Good	Good	Good
	Tissue	Satisfactory	Satisfactory	Satisfactory	Satisfactory

The short-term market outlook is based on customer activity (50%) and Valmet's capacity utilization (50%) and is given for the next six months from the end of the respective quarter. The scale is 'weak-satisfactory-good'.

