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**PRESENTATION**

Hanna-Maria Heikkinen  
Valmet Corporation - VP - IR

My name is Hanna-Maria Heikkinen and I’m in charge of Investor Relations. And here we have our CEO, Pasi Laine, who will go through our development for last year, and after that our CFO, Markku Honkasalo, will go through the financials in more detailed level.

One of our targets is to improve the disclosure and transparency. And please note that there are now some more additional figures and also our comments on the presentation and already in financial statements bulletin which was released today, and, of course, we hope that that information will help you to analyze Valmet in the future.

But, please, Pasi, thank you sir.

Pasi Laine  
Valmet Corporation - President, CEO

Okay. Thank you, Hanna-Maria. It’s nice to be here first time Valmet is - does it work?, okay. So, first time Valmet is now giving out financial figures. What I have in my presentation is something about 2013 increase, then some more details about business lines, [line] development, then Markku will go through more of the financial development, dividend proposal, guidance, and short-term outlook, and then we have the summary as well.

So, if I start to a little bit some of what has happened in 2013, of course, 2013 was a year of a lot of changes and actions. So, first of all, the board of Metso decided to start the demerger process and then decided on the end of May that we could agree going forward with the demerger. Then, we got the CEO nominated in the middle of June. Rest of the management team was nominated in beginning of August until then, we have been building up Valmet, so that Valmet is ready to start its operation in end of December.

Now, at the same time, business was challenging. We had challenges in capital business and the market was not very active. So, last year it was challenging, but only it was also a very interesting year because at the same time we opened the new Company called Valmet. At the end of December, we were ready to start as a Company -- independent Company, and we started with the Company the second of January this year. So, all in all, I have to say that the team in Valmet and Metso have been doing good work so that we are now in the situation where we are.

As a summary of Valmet, I would say that we had solid performance in services and we had a challenging year in our capital businesses. Our net sales last year were about EUR2.6 billion. We made EBITA before non-restructure and non-recurring expenses, EUR54 million. And we employed about 11,700 people.
What is important is that even if the net sales and the order intake declined, we kept our market position. So, we are still number one or two in services, number one or two in pulping, the same in bioenergy and paper and board. So, the decline what you see in our order intake and net sales is coming from markets, it’s not coming from deterioration in our market share.

If you look at Valmet in a business line perspective, about EUR1 billion in net sales, about 40% -- 39% coming from services business and it was stable. Pulp and energy contributed about 35% of the business and paper, 26%. So, we have three solid big sized businesses like we have been communicating earlier on.

Geographically, Europe grew a little bit, now it’s 42% of our net sales, US, 15%, and the emerging markets are 40% of our net sales. So there, the situation is also good. We have good position in established markets and we were growing in emerging markets.

If you somehow summarize the figures and summarize the situation in 2013, then one could start by saying that our -- we had solid performance in services, we had solid order intake, net sales were EUR1 billion while it was year ago, and profitability was at the same level year early. So, we had solid performance in our services.

We had challenges in our capital business. Order intake in energy, board and paper was declining because of the reasons we have been explaining earlier -- paper and board because paper market is not active and energy because of the bioenergy changes in Europe and North America.

But then, on the positive side, one has to say that we got the CMPC big pulping order, with third quarter it’s almost complete pulp mill and it was of course -- it was announced when we made that agreement after the demerger was done so it is also good that our customers are relying on new Valmet as well.

Then, one positive thing is about our orders in tissue continued to grow and currently tissue is almost the same size as paper and board totally. So it’s a reasonable size business and growing business for us. Net sales declined in pulp, energy and paper, so on both capital business lines. And then, because of the net sales declining, we had challenges with our profitability, and it declined as well.

We saw the development beginning of the year and we started a profit improvement -- profitability improvement program where we said that we will reduce our cost base about by EUR100 million. And we have implemented now three waves and this will result to EUR100 million cost savings by end of 2014, beginning of 2015. So, that program has been proceeding as planned.

Then, we had a strong balance sheet to support the future. So even if we had been doing this restructuring, the result -- the Q4 result, we would be and after that our net debt is minus EUR1 million, our gearing is 0%. So, the start from balance sheet perspective for Valmet is good.

Again, the key figures -- numbers -- so, if I concentrate on the year, the total year numbers of orders received was a little bit less than EUR2.2 billion, down by 11% compared to last year. Our backlog is EUR1.4 billion, down by 27% compared to last year. Net sales, EUR2.6 billion, down by 13%. And EBITA was EUR54 million.

And in this EBITA, like you see, this last quarter was on negative side by minus EUR25 million, and there is one project where we had to make debooking, one big pulp mill project, where we have to debook the profitability by the profit by EUR30 million. So without that debooking (inaudible) would have been EUR5 million on positive side.

So, the big differentiation on the quarter four is coming from that same order. And the booking of the profits, we are still positive on that, so we are not losing money on that. And then, two other explanations or reasons are that we had low volume in paper and board low volume in energy, and then our factory utilization was not -- and engineering utilization was low in the fourth quarter and that’s why we had lower profitability than in previous quarters.

And important here is the dividend per share, so Metso’s board has now decided that we propose EUR0.15 dividend per share for the general annual shareholder meeting to approve. And then -- okay, then the rest of the figures Markku will go through more in details in the financial section of the presentation.
So, here you have the orders and -- net orders received for the whole Valmet. And like you see, quarter four was EUR428 million, and it's on the low side -- it was lower than an average. And here, you see also that we have cyclicality in the orders. So, once we get the big pulp mill order or big paper mill order, then we have good quarter and then we have little bit lower quarters.

So, I would -- No I can't of course advise (inaudible) but that be -- I am reading more the 12 months cumulative curves and year-to-date figures, quarterly figures in our order intake are varying quite much depending on what kind of capital projects we are quoting. So, I would pay more attention of how the trends are going and what's the cumulative instead of paying too much attention to quarterly order intake numbers.

Here you see also that geographically there are changes that like last year we had big pulp mill order in South America, and that caused in the second quarter we had EUR402 million orders received in South America, and that made South America to be very big area for us in order intake.

All in all, services received and orders received declined by 11% compared to the earlier year. Then, if you look in services in emerging markets, so 48% of the services were coming -- orders were coming from service, and so the service content of our business has increased compared to capital. And then, 54% of the orders came from emerging markets. So, it was important for us to be present in the growing markets, and we have been successful there as well, and so the share of emerging markets has been increased.

Backlog-wise, we have EUR1.4 billion backlog and we are estimating that about 80% of that backlog is going to be realized as sales in 2014 and that about 25% of the backlog is related to services business. So, that might help you when you make your analysis of our net sales for 2014.

Net sales and profitability. So, what we -- our target, first of all, is to be between 6% and 9%. We were close to that two quarters and then, of course, the last quarter is disappointment. Like I said, costs up EUR30 million debooking of the profit in one order and then the low utilization rates in energy, paper and board. So, of course, this quarter was is a disappointment for us and we do everything to improve from that in coming quarters.

Then, a couple of highlights about the profitability improvement program. So, like I said, it’s proceeding according to plan when we announced EUR100 million savings by the end of 2014, it is the impact the savings program will have in board and paper business and energy business. One-third of the savings will be sales, general and administration costs, and the rest will be in cost of goods sold.

And in 2013, we had decided altogether to reduce the personnel by 1,400 people. In our headcount reporting, it will take a while before that 1,400 will be materialized because people have long termination periods. But cost-wise, it will materialize quickly.

One-off costs were, in the last quarter, EUR29 million, and total EUR76 million. When we have also additional flexibility now building in our organization, we have agreed with our unions that we can use temporary lay-offs in almost all Finnish units and that gives of course us flexibility for 2014, if there are situations that we have workload -- not enough workload in some of our units.

And then, we have been also saying that just by restructuring Valmet will not achieve 6% to 9% profitability, so we had launched program to improve our procurement and quality and many other things so that we continue to improve our profitability from the level where it comes up after the restructuring. And that’s a big focus area now currently in Valmet.

Then, if I go through the business lines more in detail so that you have a little bit better understanding how our business is structured. So first, if we start from Services business line, by the onset, order intake was roughly at EUR1 billion level, sales is a little bit about EUR1 billion, so EUR1.032 billion.

What is important, first of all, I think we can be satisfied with the developments, although they have been closures in the industry and there has been price pressures in the industry as well and still we have been keeping the level -- the volume level sharply at the same where they were earlier.

We had a growth in North America, and then we had decrease in Europe, Middle East and Africa from earlier prospective. Then, if you look business units what we have, we had an increase in order intake in Fabrics and then we had decline in Mill Improvement. Mill Improvement is a business where customers are investing if they have good profitability.
And then, when the investor’s profitability goes down, then usually their mill improvement business is suffering. That’s where we had to decline. Net sales were stable, over EUR1 billion. Profitability stayed at the same level as 2012. So, from orders, net sales, and profitability perspective, we are satisfied with our results in the Services business line.

Then, for you to model and understand the business dynamics a little bit better, we have booked here the quarterly order intake and quarterly net sales. You can say that usually about 55% of the orders are coming in the first quarter, first half of the year, and 45% during the second half of the year.

And the same happened in the net sales, but vice versa, so for the net sales is lower in the first half of the year and then higher in the second half of the year. So -- and that’s how the business was behaving in 2012 and ‘13. That could be also the case in 2014. But all in all, service was good business for us.

In Pulp and Energy, you can see that the order intake level is about at EUR700 million level, if you make the 12 months cumulative curve. And net sales is up EUR900 million level, again with the 12 months cumulative curve.

So, positive things like I said already the CMPC order. And the negative thing is the renewable energy where US and Europe now it has been soft and we have been suffering in order intake in that respect.

Sales declined also from previous year’s level because of the order intake started to decline in 2012. We have initiated profitability improvement programs, so in this business line we have reduced -- decided to reduce personnel by about 600 people. In Services, the corresponding figure was 200 people.

And then, we also decided to divest a small scale heating plant business in Finland, Russia and Sweden to get more focus for the management on this operation. And that business didn’t fit to our global network, so it was quite much local and different kind of business dynamics than what we have in other businesses.

And in Pulp and Energy, you know some of the customers have announced plans to invest in pulp mills. And we are, of course, active with those cases and -- but we can -- let’s say we can work what I can say about those ones, but there are activities on customers’ side in big pulp mills as well.

Paper business line. Order intake cumulatively dropped somewhere a little bit below EUR500 million net sales, some were EUR650 million, so the decline was coming from Board and Paper -- the Board and Paper business unit, and then we had an increase in Tissue. And like I said, Tissue starts to be close to the same size of -- as the Board and Paper. So, the growth of Tissue was important for our business.

Sales was declining and profitability was declining, and that’s why we started to implement the profitability program. And also, in this business we have decided to reduce the personnel by about 600, mainly in Board and Paper side. And then, as an example, we decided to concentrate and centralize our production in Finland to Jyvaskyla.

Earlier, three years ago, we had manufacturing in Valkeakoski, Jarvenpaa, and Jyvaskyla. And from starting from mid this year we will have it only in Jyvaskyla, so we are going through quite a big consolidation exercise currently to get used to capacity what we have in Nordic for this business.

Then positive thing is that we have been building up a pulp mill, with Suzano in Brazil. It will be one of the biggest -- or it is one of the biggest in the integrated pulp mill in Latin America.

But capacity is planned to be 1.5 million tons bleached eucalyptus market pulp per year. And this mill was the first complete mill Valmet has delivered to South America.

The mill started in the end of January -- sorry, the end of December, so 31st of December when it was first day, when Valmet was legally operating, we put the announcement that we started the first Valmet pulp mill. So, for a new company, I think it’s an achievement to start a pulp mill immediately at the first operating day.
You will question -- make questions about the project later on so maybe it is better to say that the debooking was confirmed -- was about this project. We have very good cooperation with our customer, we have good relations with our customer, and we agreed some things and now how to settle things and the consequence was that we had to do the debooking.

Then, why did we have to do that? Why we failed at the estimate of the cost. True cause is that we underestimated the challenge to build in that location and that caused many other things. So, it’s far away from the sea and we really underestimated the challenge to build up that mill in that location, and that’s the main reason for the debooking of the project. But the core operation, our relationship with Suzano, is still good and we continue to develop the relationship further.

So, now it’s time for Markku to talk about the financials.

Markku Honkasalo - Valmet Corporation - CFO

Okay. Thank you, Pasi, and good afternoon on my behalf as well. So, before going through these numbers, so, as Pasi said, the demerger became effective on the 31st of December last year. This means that all the numbers on our income statement are carve-out numbers. But the numbers on our balance sheet, they are actual numbers. So, please keep this in mind.

So, very briefly, at the end of last year we had cash and cash equivalents EUR211 million and our interest-bearing debt was EUR210 million. Our Group equity was EUR813 million, which turns into the equity ratio of 41%. So, we had a low gearing and very strong balance sheet when we started our independent [life].

Cash flow. Cash flow before investment was EUR43 million negative. Our investment was EUR54 million, and our negative -- our working capital was negative EUR195 million at the end of the year which equals roughly 7% of our -- minus 7% of our net sales.

The change of the working capital year-on-year was minus EUR45 million, so it was minus EUR45 million higher at the end of 2012. Capital employed at the end of 2013 was EUR1 billion. The year before, it was EUR1.3 billion. And return on capital employed was 4%, where a year ago it was 14%.

Then, a few words of our loan portfolio. So, at the end of 2013, our interest-bearing debt was EUR211 million, which consists of EUR114 million EIB loan, EUR72 million term loan, and then EUR24 million of other financing sources. In addition to that one, we had unused EUR200 million domestic commercial paper program and EUR200 million syndicated revolving credit facility. The average maturity of our long-term loan portfolio at the end of 2013 was three years and the average interest rate was 2.8%.

Okay. Just to recap what Pasi actually already mentioned, that the board of directors of Valmet has made a proposal to the annual general meeting that we will pay dividend EUR0.15 per share. Okay. (inaudible).

Pasi Laine - Valmet Corporation - President, CEO

(inaudible). Okay, then one slide still is considered. So, guidance for 2014. So, our guidance for 2014 is that Valmet estimates that the net sales in 2014 will decline from the 2013 level and EBITA before non-recurring items will increase in comparison with 2013. So that’s our guidance for 2014.

Then, like we have been saying, we will give you also our short-term market outlook. In services, we keep our existing outlook, satisfactory. In pulp, we keep the existing, satisfactory. In energy side, we’re seeing more activity currently and we have reduced capacity, but coping (inaudible). So, we see no more activity and we have reduced the capacity, and that’s why we are going to increase the market outlook to satisfactory in energy side. Paper and board, the same situation. So we see more market activity and we have reduced our capacity, and that’s why we increased our market outlook from weak to satisfactory. And tissue, we’ll keep our market outlook as satisfactory. So, two changes -- energy, from weak to satisfactory, and board and paper, from weak to satisfactory.
So, that’s the guidance and short-term outlook. And then, for the summary, we have solid performance in Services. We had challenging year in capital business. We started the profitability improvement program and it’s proceeding as we had planned. We have strong balance sheet to support the future. And we have improved market— we have improved short-term market outlook in energy and board and paper.

So, thank you. Now it’s time for questions, if I have understood correctly.

**QUESTIONS AND ANSWERS**

**Hanna-Maria Heikkinen** - Valmet Corporation - VP - IR

Yes, that’s right. Do we have any questions from Keilasatama?

**Operator**

(Operator Instructions).

**Hanna-Maria Heikkinen** - Valmet Corporation - VP - IR

If there are no questions from Keilasatama, then it’s time for the international questions.

**Operator**

And your first question comes from the line of Sampsa Karhunen. Please ask your question.

**Sampsa Karhunen** - Analyst

Yes, good afternoon. I have three questions, in fact. The first of them for Pasi, if I may. When we're looking at the pulp market currently, and I know that there is a couple of projects that are probably in a phase where some active bidding is going on, when I talk to the industry I get the impression that the clients are kind of — whether it’s pulp or paper, tend to delay their orders in the sense that there is — it seems there is more and more aggressive bidding going on.

Can you comment somehow on the pricing level of pulp orders? Or the pulp mills, which kind of pricing we should be looking at if there are some orders coming in? And what is your attitude towards the pricing? I know that this is a difficult one to comment, but please, can you elaborate a little bit?

**Pasi Laine** - Valmet Corporation - President, CEO

Yes, a difficult one. So, first, the pricing. So, I think the pricing pressure continues to be there. But from the other perspective, I think that pulp equipment suppliers have now more pressure to increase the prices as well. So, let’s see what the outcome is, but I think there's pressure from our side to increase the price level in pulp projects.

**Sampsa Karhunen** - Analyst

Okay.
And the other one was -- sorry, I was concentrating on the second one. So what was the first question?

Well, that’s the first question, but do you like -- if you get into a situation that you need to go over the current pricing, how do you kind of -- if you’re looking at the pulp projects, are you able to cut your own cost in the pulp projects somehow by different kind of sourcing or so forth?

I think that’s what we do all the time, so, of course, we use all the learnings from earlier projects in project execution. We use learning from the earlier project in contract negotiations and, at the same time, we have all the time programs by which we reduce the cost of our product offering as well as programs by which we improve our cost base by sourcing from lower cost countries. So, of course, we have a lot of actions all the time ongoing to improve our cost competitiveness in pulp business.

But this is nothing different compared to what it was during the Metso time, is it?

No, no. We are using our own sourcing teams then as well and we continue to use our sourcing organizations in the Valmet chapter as well. Maybe there’s one change that is currently a little bit easier for all of us to focus on Valmet issues only, so we don’t have to have to make Metso-wide programs and it gives maybe no time for all of us to focus on correct action. So, I would claim that there’s more focus, we give a little bit higher speed for our implementation in procurement as well.

This is not really -- there is not really a big change in the sourcing, for example, compared to what it was with Metso?

No, no. We are using our own sourcing teams then as well and we continue to use our sourcing organizations in the Valmet chapter as well. Maybe there’s one change that is currently a little bit easier for all of us to focus on Valmet issues only, so we don’t have to have to make Metso-wide programs and it gives maybe no time for all of us to focus on correct action. So, I would claim that there’s more focus, we give a little bit higher speed for our implementation in procurement as well.

Fantastic. Then, another question. If you could translate a little bit what the board was thinking about when they proposed a EUR0.15 dividend. I don’t know whether this question is for you, Pasi, or for Markku.

Basically, I understand that your dividend policy is a minimum of 40%. When we’re looking at the cyclical business, as your business is, I could have thought that basically you would be looking at the dividend with the strong balance sheet that you have, which is basically at the level where you would be getting in the EPS in the kind of longer-term after your cost-cutting. But this type of a dividend that is now being proposed is implying that the EPS would be remaining on the level of EUR0.40 per share or not more than that in any case. Is this -- could you open up a little bit the discussion with the board?
Pasi Laine - Valmet Corporation - President, CEO

No, no, no, I cannot open that discussion. This EUR0.15 is now what we propose and then, of course, you can’t draw too big conclusions from our first dividend. So, of course, next year there will be a new decision and we have our dividend policy, minimum 40% from net profit. And, of course, according to our policy, it should have been zero and now we are paying EUR0.15, so I think it’s a sign that we trust that we can improve the profitability in this year and then next year’s dividend decisions will be for the next year.

Sampsa Karhunen - Analyst

So basically it can fluctuate from year to year?

Pasi Laine - Valmet Corporation - President, CEO

Like I said, our dividend policy is minimum 40% of net profit.

Sampsa Karhunen - Analyst

Okay, fantastic. And then the last question for Markku, just could you remind me -- it’s a little bit housekeeping question here, but as you mentioned that the Q4 P&L numbers are kind of the carve-out numbers, what would be roughly the kind of additional cost that I should be adding to Q4 numbers on the EBITA level to get into a type of a pro forma EBITA for Valmet for Q4?

Markku Honkasalo - Valmet Corporation - CFO

Okay. First of all, the pro forma numbers are not yet ready. And what we basically agreed when this demerger was agreed. And this was also agreed with the financial supervision authority. The comparison numbers are carved out, so you should only look at the carve-out numbers only.

Sampsa Karhunen - Analyst

Okay, so then I'm adding --.

Markku Honkasalo - Valmet Corporation - CFO

And also remember that the balance sheet numbers, they are actual, they are our numbers.

Sampsa Karhunen - Analyst

Okay. But I'm looking at the Q4 EBITA number that you now posted today. Is that something that I should be considering more as the pro forma or as a carve-out?

Markku Honkasalo - Valmet Corporation - CFO

It's a carve-out.
Sampsa Karhunen - Analyst

Yes, thank you.

Markku Honkasalo - Valmet Corporation - CFO

(inaudible - multiple speakers).

Sampsa Karhunen - Analyst

Thank you, Markku. That's all from me now. Thanks.

Operator

And the next question comes from Alexander Virgo from Berenberg. Please ask your question.

Alexander Virgo - Berenberg Bank - Analyst

Hi. Thanks very much for taking the call. I just wondered if you could talk a little bit about Suzano. How much of that EUR30 million is recoverable, if anything, or is that now written off? So, profitability for that project is kind of done and dusted?

Second question, just on service, I wondered if can give us an indication of proportion of the service business that is long-term -- the long-term in nature, because obviously that part of the business has been growing very strongly in the last couple of years.

And then lastly, just to clarify on your guidance, obviously you mentioned at the Capital Markets Day that your guidance for short-term market outlook is relative. And I know that you mentioned that your upgrades to board and paper and renewable are now satisfactory is related to market improving. I'm just wondering, given that you're doing a lot of work in those two businesses on the restructuring side, how much of it is a reflection of the fact that you believe you're now in balance with demand rather than the market itself actually improving?

Pasi Laine - Valmet Corporation - President, CEO

[Okay].

Alexander Virgo - Berenberg Bank - Analyst

Or am I reading it wrong?

Pasi Laine - Valmet Corporation - President, CEO

Suzano, or big pulp mill, but I have agreed with the customer that I can say their name. So, we have now estimated what are the costs and overruns, and that's why we have debooked margin by EUR30 million. And that's our best understanding currently, so best understanding means that we don't see that there's big improvement or big potential for getting worse either.

Alexander Virgo - Berenberg Bank - Analyst

Okay.
Pasi Laine - Valmet Corporation - President, CEO

But the best understanding what we currently have.

And then, service in Asia. Our service in Asia is actually in local currencies have been growing nicely. And then when it's translated to euros, then we haven't seen that big growth because the Australian dollar and Indonesian currency and Japanese yen have been devaluating.

So, we have good services foothold in Asia, and I think it’s one of the growth engines for Valmet in the future. How to continue to grow our Services business in Thailand and in Indonesia. We have potential in Australia, in Japan as well. So, that will be good growth engine in the future as well.

Then, about this guidance change and how much it's coming from the market, how much coming from the lower cost base, I haven’t analyzed that in that detail, that I would give a percentage in how much but such as a feeling I would say 50/50. So, half of that improvement is coming from the market and half is coming from the fact that we have a lower cost bases.

Alexander Virgo - Berenberg Bank - Analyst

Okay, thank you.

Operator

And the next question comes from Antti Suttelin from Danske Bank. Please ask your question.

Antti Suttelin - Danske Bank - Analyst

Thank you. This is Antti from Danske Bank. I have only one simple question. Out of the EUR100 million cost-cutting program that you are currently implementing, how much of that was already visible in 2013 earnings? So, how much was visible in 2013, please?

Pasi Laine - Valmet Corporation - President, CEO

Markku can give the standard answer.

Markku Honkasalo - Valmet Corporation - CFO

Yes. Very little, very little, because the biggest impact we'll be seeing during the course of 2014. So we have, as you can see from our numbers, relating to these programs, we put restructuring costs of all in all EUR76 million, but very little was visible in 2013 figures as an improvement.

Antti Suttelin - Danske Bank - Analyst

Okay. So almost this EUR100 million should become visible in 2014. Almost nothing was visible yet in 2013.

Markku Honkasalo - Valmet Corporation - CFO

Correct.
Antti Suttelin - Danske Bank - Analyst
Okay, thank you.

Operator
And the next question comes from Sebastian Ubert from UBS. Please ask your question.

Sebastian Ubert - UBS - Analyst
Yes, good afternoon, ladies and gentlemen. One question from my side. It's with regards to the cut workforce by the end of 2013, which was down some 782 people. How much of those are part of the 1,400 you have in the job cost-cutting program which would be mainly be reduced this year? Thank you.

Pasi Laine - Valmet Corporation - President, CEO
In a big company the most difficult thing is to count the heads, but we still have in our headcount a lot of people who have been laid off but who legally belong to our books so because they have long termination period. So, if I remember correctly, our headcount is now at 11,800 about and then it will continue to go down from that but I'm not giving exact figures.

And then, there are in our -- okay, I'm not giving exact figure, but total reduction what we will implement and have decided is 1,400 heads compared to the situation before the restructuring program.

Sebastian Ubert - UBS - Analyst
Okay, thank you. And then one follow-up question with regards to the partner project. You have not seen the cost overruns for this as well. How do you go ahead, then, with the large CMPC order you have booked earlier in 2013? Did you also figure in some of the experience you made with such projects in South America so that some regions are a bit more challenging, that we cannot assume further cost overruns? Thank you.

Pasi Laine - Valmet Corporation - President, CEO
Like I said, the reason for Suzano was that it was in a challenging location and current projects what we are implementing are in a lot of easier locations. And then the other thing that we have learned, of course, we are utilizing all the learnings, what we have learned from Suzano in the current and future projects that we are implementing in South America. Then, that's not public known until now, but we have implemented many EPC contracts in Brazil and this is the first one where we had challenges. So, the track record of our organization in Brazil is good.

Sebastian Ubert - UBS - Analyst
Okay. Many thanks.

Operator
And your next question comes from Jan Kaijala from Nordea. Please ask your question.
Jan Kaijala - Nordea Markets - Analyst

Hey, hi. This is Jan Kaijala. First, a question on this pulp project again. You say EUR30 million is your current best estimate on the additional cost, but what’s the timeline? When do we know for sure that, okay, now it’s closed, no more? How long will that take?

Pasi Laine - Valmet Corporation - President, CEO

How should I say, but the estimate is reasonably accurate, because the mill is up and running.

Jan Kaijala - Nordea Markets - Analyst

But the negotiations didn’t --.

Pasi Laine - Valmet Corporation - President, CEO

(inaudible - multiple speakers) but we are not in a situation that we are now changing the estimate in the middle of the project, but it’s up and running and it’s producing every day.

Jan Kaijala - Nordea Markets - Analyst

But you still have negotiations going on, and the final word is not done yet, or am I correct in that?

Pasi Laine - Valmet Corporation - President, CEO

No, but you can assume that that’s the best estimate, what we have, and then, like I said, the mill is up and running already.

Jan Kaijala - Nordea Markets - Analyst

Okay. Then, on your --.

Pasi Laine - Valmet Corporation - President, CEO

...then you can think about the accuracy of our estimate based on that.

Jan Kaijala - Nordea Markets - Analyst

Okay. Then, on your -- just coming back to this market outlook improvement in paper and board, for example. It was already asked that how does it split with your capacity and so forth, but I was just -- can you be more accurate in looking at the market itself? What has really happened? The projects most probably have been there for some time. Is it board decisions that have been made? Is it more inquiries coming to you, or do you just feel that the decisions are getting closer for those projects to be decided and ordered?

Pasi Laine - Valmet Corporation - President, CEO

I think you’re -- I think market activity is better, so our quotation level is higher, and then we have reasons to believe that part of the projects will be decided in this six-month corridor, what we are -- what we are -- for which we have given the market outlook.
Okay.

But of course we cannot give a more clear answer than that.

Okay, thank you. That was good.

There are no further questions registered at this time. Please continue.

Thank you. How about -- are there more questions from Keilasatama? It seems that no, then I'd like to thank you for all of you actively participating. And Valmet Q1 report will be out on the 25th of April, so see you then. Thank you.

Thank you.