Net sales increased to EUR 2.9 billion and EBITA to EUR 182 million in 2015

Financial Statements Review 2015
February 9, 2016

Pasi Laine, President and CEO
Kari Saarinen, CFO
2015 in brief
2015 in brief

- Successful acquisition of Automation
- Orders received and net sales increased in stable business¹
- Orders received declined and net sales increased in capital business²
- Order backlog at EUR 2.1 billion
- Good development in profitability
- Net debt EUR 178 million

¹ Stable business = Services and Automation business lines
² Capital business = Pulp and Energy, and Paper business lines
Net sales split in 2015

Stable business net sales EUR 1.4 billion

Orders received
EUR 2,878 million

Net sales
EUR 2,928 million

EBITA before NRI\(^1\)
EUR 182 million

EBITA margin (before NRI\(^1\))
6.2%

Employees
12,306

Net sales by business line
- Services
- Automation
- Pulp and Energy
- Paper

Net sales by area
- North America
- South America
- EMEA
- China
- Asia-Pacific

1) NRI = non-recurring items
Stable business = Services and Automation business lines
Capital business = Pulp and Energy, and Paper business lines
Valmet’s development

Orders received (EUR million)$^1$

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital business</th>
<th>Stable business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,035</td>
<td>1,055</td>
</tr>
<tr>
<td>2014</td>
<td>1,147</td>
<td>2,016</td>
</tr>
<tr>
<td>2015</td>
<td>1,537</td>
<td>1,341</td>
</tr>
</tbody>
</table>

Net sales (EUR million)$^1$

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital business</th>
<th>Stable business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,032</td>
<td>1,052</td>
</tr>
<tr>
<td>2014</td>
<td>1,581</td>
<td>2,016</td>
</tr>
<tr>
<td>2015</td>
<td>1,484</td>
<td>1,357</td>
</tr>
</tbody>
</table>

EBITA (before non-recurring items, EUR million)$^1$

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital business</th>
<th>Stable business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>54</td>
<td>106</td>
</tr>
<tr>
<td>2014</td>
<td>106</td>
<td>182</td>
</tr>
<tr>
<td>2015</td>
<td>182</td>
<td>200</td>
</tr>
</tbody>
</table>

EBITA margin (before non-recurring items, %)$^1$

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital business</th>
<th>Stable business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2.1%</td>
<td>4.3%</td>
</tr>
<tr>
<td>2014</td>
<td>4.3%</td>
<td>6.2%</td>
</tr>
<tr>
<td>2015</td>
<td>6.2%</td>
<td>7%</td>
</tr>
</tbody>
</table>

1) 2013 figures on carve-out basis
Stable business = Services and Automation business lines
Capital business = Pulp and Energy, and Paper business lines
Orders received EUR 2.9 billion in 2015, stable business orders received EUR 1.3 billion

Orders received (EUR million), split by stable and capital business

Orders received in 2015 (EUR million), by area

- Stable business orders increased to EUR 1.3 billion in 2015, corresponding to 47% of all orders received
- Capital business orders decreased to EUR 1.5 billion in 2015, corresponding to 53% of all orders received
- North America and EMEA accounted for 71% of orders received in 2015

North America 25%
South America 6%
EMEA 46%
Asia-Pacific 9%
China 15%

- Orders received in EUR million:
  - Last 4 quarters (RHS): 1,101, 1,023, 781, 725, 793
Order backlog at EUR 2.1 billion

- Order backlog EUR 44 million lower than at the end of Q3/2015
- About 80% of the order backlog is currently expected to be realized as net sales during 2016
- Approximately 25% of the order backlog relates to stable business
Must-Win implementation
Must-Wins implementation in 2015

Must-Wins implementation objectives for 2015

- Strengthen our presence close to customers and growth markets
- Strengthen Key Account Management to enhance growth at the customer
- Drive services growth through long-term agreements and expanded customer base

- Improve product cost competitiveness to increase gross profit
- Drive renewal through biotechnology solutions and new offering

- Implement Lean to reduce quality costs and lead times
- Save in procurement
- Improve health and safety
- Sales and project management process to improve product margin
- Continue to improve cost competitiveness

- Nurture shared values
- Drive high performance
- Continue globalization of our capabilities
Results in ‘Excellence in processes’

Procurement

Target to save 10% in procurement by the end of 2016 (baseline 2013)

Results in 2015
- 2015 target exceeded
- Procurement activity has increased in all main cost-competitive areas: China, India, Eastern Europe and Mexico

Quality costs

Target to reduce quality costs by 50% by the end of 2016 (baseline 2012)

Results in 2015
- 2015 results in line with target
- Active Lean training on all levels
- Over 100 Lean projects in process
- Change in quality mindset in all parts of the organization

Health and safety

Target to reduce LTIF to <2 by the end of 2018

Results in 2015
- Focus on improving preventative safety measures, reinforcing safety awareness and leadership, and harmonizing health, safety and environment practices in customer project deliveries globally
Business lines’ development
Orders received EUR 1.1 billion in Services in 2015

Orders received (EUR million)

- Services orders received remained at the previous year’s level
  - Orders received increased in North America compared with Q4/2014, and decreased in other areas
  - Orders received increased in Rolls, remained stable compared with Q4/2014 in Fabrics, and Performance Parts, and decreased in other business units
- Net sales increased compared with Q4/2014

Net sales (EUR million)
Services business line in 2015

Orders received
EUR 1,119 million

Net sales
EUR 1,128 million

Employees
5,363

Market position
#1–2 Services

Net sales by business unit
- Rolls: 15%
- Mill Improvements: 12%
- Performance Parts: 28%
- Fabrics: 19%
- Energy and Environmental: 12%

Net sales by area
- North America: 29%
- EMEA: 45%
- China: 10%
- Asia-Pacific: 7%
- South America: 8%
Orders received\textsuperscript{1} in Automation totaled to about EUR 250 million in 2015

Orders received\textsuperscript{2,3} (EUR million)

<table>
<thead>
<tr>
<th>Q1/15</th>
<th>Q2/15</th>
<th>Q3/15</th>
<th>Q4/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>85</td>
<td>70</td>
<td>67</td>
</tr>
</tbody>
</table>

Net sales\textsuperscript{3} (EUR million)

<table>
<thead>
<tr>
<th>Q1/15</th>
<th>Q2/15</th>
<th>Q3/15</th>
<th>Q4/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>68</td>
<td>66</td>
<td>95</td>
</tr>
</tbody>
</table>

- Orders received EUR 67 million in Q4/2015
  - Internal orders received amounted to EUR 8 million
  - EMEA accounted for ~65% and North America for ~20% of orders received
  - Pulp and Paper accounted for ~70% and Energy and Process for ~30% of orders received
- Net sales EUR 95 million in Q4/2015
  - Internal net sales amounted to EUR 6 million

1) Includes internal and external orders received.
2) Q1/2015 orders received is calculated from Metso’s reported figures and pro forma figures excluding Process Automation Systems and are therefore indicative only.
3) Q2/2015, Q3/2015 and Q4/2015 total figures include internal orders received and net sales between Automation and Valmet’s other business lines.
Automation business line in 2015

Acquisition of Automation was completed on April 1, 2015

Orders received
EUR 222 million

Net sales
EUR 229 million

Employees
1,637

Market position
#1–3 Pulp and paper

Net sales by business unit
33% Pulp and Paper
67% Energy and Process

Net sales by area
22% North America
59% EMEA
6% China
5% South America
8% Asia-Pacific
Orders received about EUR 860 million in Pulp and Energy in 2015

Orders received (EUR million)

- Orders received more than tripled compared with Q4/2014
  - Orders received increased in all areas
  - Orders received increased in Pulp and decreased in Energy
- Net sales decreased compared with Q4/2014
Pulp and Energy business line in 2015

Orders received
EUR 864 million

Net sales
EUR 913 million

Employees
1,750

Market position
#1–2 Pulp
#1–3 Energy

Net sales by business unit
- Pulp: 66%
- Energy: 34%

Net sales by area
- North America: 46%
- South America: 18%
- EMEA: 9%
- China: 3%
- Asia-Pacific: 25%
Orders received about EUR 670 million in Paper in 2015

Orders received (EUR million)

- Orders received increased compared with Q4/2014
  - Orders received increased in China, and North America, and decreased in EMEA, and Asia-Pacific
  - Orders received increased in both Board and Paper, and Tissue
- Net sales increased compared with Q4/2014

Net sales (EUR million)
Paper business line in 2015

Orders received
EUR 673 million

Net sales
EUR 659 million

Employees
3,036

Market position
#1 Board
#1 Tissue
#1 Paper

Net sales by business unit
- Board: 12%
- Tissue: 33%
- Paper: 55%

Net sales by area
- North America: 24%
- South America: 26%
- EMEA: 36%
- China: 2%
- Asia-Pacific: 12%

Net sales by type
- New lines: 45%
- Rebuilds and single sections: 55%
Financial development
Q4/2015 in brief

Orders received and net sales increased in stable business\(^1\)
- Orders received remained at the previous year’s level in Services business line, orders received EUR 67 million in Automation business line in Q4/2015
- Net sales increased in Services compared with Q4/2014, net sales EUR 95 million in Automation

Orders received increased and net sales decreased in capital business\(^2\)
- Orders received almost four times higher compared with Q4/2014 in Pulp and Energy business line, and increased in Paper business line
- Net sales increased in Paper and decreased in Pulp and Energy compared with Q4/2014

Order backlog at EUR 2.1 billion
- Order backlog EUR 44 million lower than at the end of Q3/2015

EBITA\(^3\) margin in the targeted range
- EBITA\(^3\) increased to EUR 63 million
- EBITA\(^3\) margin at a record high at 7.3 percent

Net debt EUR 178 million, strong cash flow
- Gearing 21 percent
- Cash flow provided by operating activities EUR 64 million

1) Stable business = Services and Automation business lines
2) Capital business = Pulp and Energy, and Paper business lines
3) EBITA = Earnings before interest, taxes and amortization and non-recurring items
## Key figures

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>793</td>
<td>480</td>
<td>65%</td>
<td>2,878</td>
<td>3,071</td>
<td>-6%</td>
</tr>
<tr>
<td>Order backlog(^1)</td>
<td>2,074</td>
<td>1,998</td>
<td>4%</td>
<td>2,074</td>
<td>1,998</td>
<td>4%</td>
</tr>
<tr>
<td>Net sales</td>
<td>854</td>
<td>777</td>
<td>10%</td>
<td>2,928</td>
<td>2,473</td>
<td>18%</td>
</tr>
<tr>
<td>EBITA(^2)</td>
<td>63</td>
<td>48</td>
<td>31%</td>
<td>182</td>
<td>106</td>
<td>73%</td>
</tr>
<tr>
<td>% of net sales</td>
<td>7.3%</td>
<td>6.1%</td>
<td></td>
<td>6.2%</td>
<td>4.3%</td>
<td></td>
</tr>
<tr>
<td>EBIT(^3)</td>
<td>41</td>
<td>38</td>
<td>11%</td>
<td>120</td>
<td>72</td>
<td>65%</td>
</tr>
<tr>
<td>% of net sales</td>
<td>4.9%</td>
<td>4.8%</td>
<td></td>
<td>4.1%</td>
<td>2.9%</td>
<td></td>
</tr>
<tr>
<td>Earnings per share, EUR</td>
<td>0.18</td>
<td>0.17</td>
<td>9%</td>
<td>0.51</td>
<td>0.31</td>
<td>67%</td>
</tr>
<tr>
<td>Return on capital employed (ROCE), before taxes</td>
<td></td>
<td></td>
<td></td>
<td>12%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Cash flow provided by operating activities</td>
<td>64</td>
<td>30</td>
<td>&gt;100%</td>
<td>78</td>
<td>236</td>
<td>-67%</td>
</tr>
<tr>
<td>Gearing</td>
<td></td>
<td></td>
<td></td>
<td>21%</td>
<td>-21%</td>
<td></td>
</tr>
</tbody>
</table>


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1) At the end of period
2) Before non-recurring items
3) After non-recurring items
Good development in gross profit compared with Q4/2014

- Gross profit increased
- Selling, general & administrative (SG&A) expenses increased due to Automation acquisition
- Further actions to improve gross profit through Must-Win implementation
EBITA margin in the targeted range

Net sales and EBITA before NRI (EUR million)

- Net sales and profitability increased compared with Q4/2014
  - Profitability improved due to increased net sales in Services and Paper business lines, improved gross profit, and the acquisition of Automation
- Net sales typically lowest in the first quarter of the year
Cash flow provided by operating activities

Cash flow provided by operating activities (EUR million)

- Change in net working capital\(^1\) EUR -11 million in Q4/2015
- CAPEX excluding business combinations EUR -15 million in Q4/2015
- Cash flow provided by operating activities EUR 78 million in 2015

\(^1\) Change in net working capital, net of effect from business combinations and disposals in the consolidated statement of cash flows
Net working capital -8% of rolling 12 months orders received

- Net working capital EUR -238 million, which equals -8% of rolling 12 months orders received
- Payment schedules of large capital projects have significant impact on net working capital development
Net debt decreased compared to Q3/2015

- Gearing (21%) and net debt (EUR 178 million) decreased compared to Q3/2015
- Equity to assets ratio increased from Q3/2015
- Automation acquisition was completed on April 1, 2015
Capital employed and ROCE

Capital employed (EUR million) and return on capital employed\(^1\) (ROCE), before taxes and non-recurring items (percent)

- Return on capital employed (ROCE) close to target of 15%

1) Return on capital employed (ROCE), before taxes, rolling 12 months. Carve-out figures from 2013 have been used in calculating figures for Q1/14, Q2/14 and Q3/14.
Dividend proposal, guidance, and short-term market outlook
Dividend proposal

Dividend policy
Dividend payout at least 40% of net profit

Board of Directors’ dividend proposal to the Annual General Meeting
EUR 0.35 per share

Dividend per share (euro)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per Share (euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.15</td>
</tr>
<tr>
<td>2014</td>
<td>0.25</td>
</tr>
<tr>
<td>2015</td>
<td>0.35 (Proposal by the BoD)</td>
</tr>
</tbody>
</table>
Guidance and short-term market outlook

Guidance for 2016

Valmet estimates that net sales in 2016 will remain at the same level with 2015 (EUR 2,928 million) and EBITA before non-recurring items in 2016 will increase in comparison with 2015 (EUR 182 million).

Short-term market outlook

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Pulp and Energy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pulp</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Energy</td>
<td>Weak</td>
<td>Weak</td>
<td>Weak</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Paper</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board and Paper</td>
<td>Good</td>
<td>Good</td>
<td>Satisfactory</td>
<td>Good</td>
</tr>
<tr>
<td>Tissue</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
</tr>
</tbody>
</table>

The short-term market outlook is given for the next six months from the ending of the respective quarter.
Investment highlights
Investment highlight summary

1. **Strong market position** in growing markets

2. **Stable business**, with **EUR 1.4 billion** of net sales, offering **stability, growth** and **profitability**

3. **Strong market position** in **capital business**, with **cost structure** to meet business requirements

4. **Technology leader** with **unique offering**

5. Systematically **developing the company** and **profitability** with Must-Wins

Stable business = Services, and Automation business lines
Capital business = Pulp and Energy, and Paper business lines
## Strong market position in growing markets

<table>
<thead>
<tr>
<th>Services</th>
<th>Automation</th>
<th>Pulp</th>
<th>Energy</th>
<th>Board</th>
<th>Tissue</th>
<th>Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1-2</td>
<td>#1-3</td>
<td>#1-2</td>
<td>#1-3</td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
</tr>
</tbody>
</table>

- **Services**: 
  - Customers outsource non-core operations
  - Capacity increases in China, South America and Asia-Pacific

- **Automation**: 
  - Investments in new pulp and paper machines and power plants
  - Ageing machines and installed automation systems
  - Demand for intelligent technology

- **Pulp**: 
  - Growth in paper, board, and tissue consumption in Asia
  - Need for virgin wood pulp, as recycling rates can not grow infinitely
  - Increased size of pulp lines and mills

- **Energy**: 
  - Growth in energy consumption
  - Demand for sustainable energy
  - Modernization of aging plants
  - Incentives and regulation

- **Board**: 
  - World trade, e-commerce and emerging markets growth drive packaging
  - Shift from plastic packaging to renewable materials
  - Demand for light-weight board globally

- **Tissue**: 
  - Growth in emerging markets
  - Rise in purchasing power and living standards in emerging markets

- **Paper**: 
  - Increasing role of digital media decreases demand for printing and writing papers
  - Some growth in emerging markets

<table>
<thead>
<tr>
<th>Market drivers</th>
<th>Estimated market size for current offering (EUR)</th>
<th>% of net sales (2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>~2% p.a.</td>
<td>~1% p.a. 2.0 bn</td>
<td>~1% p.a. 1.4 bn</td>
</tr>
<tr>
<td>7.5 bn</td>
<td>2.0 bn</td>
<td>2.0 bn</td>
</tr>
<tr>
<td>~1% p.a.</td>
<td>~3% p.a. 1.0 bn</td>
<td>~3% p.a. 0.6 bn</td>
</tr>
<tr>
<td>0.6 bn</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Anticipated long-term market growth**: 
  - 39% of net sales
  - 8% of net sales
  - 20% of net sales
  - 11% of net sales
  - 12% of net sales
  - 8% of net sales
  - 3% of net sales

Source: Leading consulting firms, RISI, management estimates
Stable business, with EUR 1.4 billion of net sales, offering stability, growth and profitability

Orders received\(^1\) (EUR million)

\[
\begin{array}{ccc}
2013 & 2014 & 2015 \\
1,035 & 1,055 & 1,119 \\
\end{array}
\]

- Target to continue to grow

Orders received\(^2\) (illustrative, EUR million)

\[
\begin{array}{ccc}
2013 & 2014 & 2015 \\
309 & 296 & 309 \\
\end{array}
\]

- Target to turn to growth

1) 2013 figures on a carve-out basis.
2) Automation 2013, 2014 and Q1/2015 figures are stand-alone figures based on Metso’s reported figures and pro forma figures excluding Process Automation Systems and are therefore indicative only. Q2/2015–Q4/2015 figures are Automation business line figures, including internal net sales. In 2015, Automation contributed to Valmet’s orders received by EUR 222 million.
3) CAGR = Cumulative annual growth rate
Strong market position in capital business, with cost structure to meet business requirements

- Paper business line on a new, balanced level
- Capacity cost\(^2\) to net sales was 41% in 2015

<table>
<thead>
<tr>
<th>Orders received(^1) (EUR million)</th>
<th>Net sales(^1) (EUR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>467</td>
<td>671</td>
</tr>
</tbody>
</table>

\(^1\) 2013 figures on a carve-out basis

- High cyclical in orders received, net sales more stable
- Valmet is prepared for the cyclicity with high flexibility in the cost structure: capacity cost\(^2\) to net sales was 24% in 2015

<table>
<thead>
<tr>
<th>Orders received(^1) (EUR million)</th>
<th>Net sales(^1) (EUR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>680</td>
<td>1,344</td>
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</tbody>
</table>

\(^2\) Capacity cost means total fixed type of own costs which generally do not vary with production levels and which are based on present normal capacity, e.g. wages & salaries, rents & leases, estates & equipment, travel, common functions, telecom expenses, insurances and other outside services
Technology leader with unique offering

Acquisition of Automation strengthened Valmet’s offering

Cost-competitive, focused solutions in Paper
- 10 OptiConcept M machines sold
- 6 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
Systematically developing the company and profitability with Must-Wins

<table>
<thead>
<tr>
<th>Must-Wins</th>
<th>Must-Win implementation objectives for 2016</th>
</tr>
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<tbody>
<tr>
<td>Customer excellence</td>
<td>• Strengthen our presence close to customers and growth markets</td>
</tr>
<tr>
<td></td>
<td>• Strengthen Key Account Management to serve customers with our full offering</td>
</tr>
<tr>
<td></td>
<td>• Provide customer benefits by combining process technology, automation and services</td>
</tr>
<tr>
<td></td>
<td>• Develop Valmet service concept, remote services and drive growth through service agreements</td>
</tr>
<tr>
<td>Leader in technology and innovation</td>
<td>• Improve product cost competitiveness to increase gross profit and reduce customer investment and operational costs</td>
</tr>
<tr>
<td></td>
<td>• Develop new products and technologies to create new revenue</td>
</tr>
<tr>
<td>Excellence in processes</td>
<td>• Sales and project management process to improve product margin</td>
</tr>
<tr>
<td></td>
<td>• Implement Lean to reduce quality costs and lead times</td>
</tr>
<tr>
<td></td>
<td>• Save in procurement and ensure sustainable supply chain</td>
</tr>
<tr>
<td></td>
<td>• Improve health and safety</td>
</tr>
<tr>
<td></td>
<td>• Continue to improve cost competitiveness</td>
</tr>
<tr>
<td>Winning team</td>
<td>• Nurture shared values</td>
</tr>
<tr>
<td></td>
<td>• Drive high performance</td>
</tr>
<tr>
<td></td>
<td>• Continue globalization of our capabilities</td>
</tr>
</tbody>
</table>
Today, customers are extensively utilizing our Industrial Internet capabilities.

- Valmet-supplied lines with Valmet DCS: 740
- 350 Condition Monitoring (CM) references with over 70,000 I/O tags: 350
- Advanced process control installations: 320
- Online connections: 440
- Performance agreements with remote connections: 80
- Co-creation of advanced analytics with customers: Ongoing
2015 in brief

- Successful acquisition of Automation
- Orders received and net sales increased in stable business\(^1\)
- Orders received declined and net sales increased in capital business\(^2\)
- Order backlog at EUR 2.1 billion
- Good development in profitability
- Net debt EUR 178 million

1) Stable business = Services and Automation business lines
2) Capital business = Pulp and Energy, and Paper business lines
Interim Review
January–March 2016
April 27, 2016
www.valmet.com/investors

Capital Markets Day
September 20, 2016
Helsinki, Finland
More information to follow!
Appendix
North America

Mature services focused market with recurring opportunities in paper, tissue and automation

Orders received (EUR million and % of total)

<table>
<thead>
<tr>
<th>Year</th>
<th>Orders Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>414 (19%)</td>
</tr>
<tr>
<td>2014</td>
<td>490 (16%)</td>
</tr>
<tr>
<td>2015</td>
<td>717 (25%)</td>
</tr>
</tbody>
</table>

Net sales (EUR million and % of total)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>422</td>
</tr>
<tr>
<td>2014</td>
<td>449</td>
</tr>
<tr>
<td>2015</td>
<td>615</td>
</tr>
</tbody>
</table>

Employees (number and % of total)

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,147</td>
</tr>
<tr>
<td>2014</td>
<td>1,141</td>
</tr>
<tr>
<td>2015</td>
<td>1,367</td>
</tr>
</tbody>
</table>

Orders received by business line (2015)

- Services: 28%
- Automation: 44%
- Pulp and Energy: 21%
- Paper: 7%

Net sales by business line (2015)

- Services: 26%
- Automation: 53%
- Pulp and Energy: 13%
- Paper: 8%

Market characteristics

- Mature, services-focused market with recurring opportunities in paper, tissue and automation
- Large installed base to be served
- Opportunities in customer agreement-based business
- Growth opportunities in increased outsourcing
- Capital project opportunities in tissue and board
- Capital project activity at high level

Valmet’s position and competition

- Strong position and market share in Valmet’s targeted technology businesses
- Well-established stable business
- Key competitors: Voith, Andritz, Emerson, ABB, Honeywell and US services players Albany, Xerium, Kadant, Asten Johnsson

Target market size: EUR 2.9 bn

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.
South America

Cyclical capital business relies on new pulp projects. Services, board and tissue provide growth opportunities

Orders received (EUR million and % of total)  

<table>
<thead>
<tr>
<th>Year</th>
<th>Orders Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>533</td>
</tr>
<tr>
<td>2014</td>
<td>281</td>
</tr>
<tr>
<td>2015</td>
<td>166</td>
</tr>
</tbody>
</table>

Net sales (EUR million and % of total)  

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>421</td>
</tr>
<tr>
<td>2014</td>
<td>325</td>
</tr>
<tr>
<td>2015</td>
<td>335</td>
</tr>
</tbody>
</table>

Employees (number and % of total)  

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>418</td>
</tr>
<tr>
<td>2014</td>
<td>432</td>
</tr>
<tr>
<td>2015</td>
<td>531</td>
</tr>
</tbody>
</table>

Orders received by business line (2015)  

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Orders Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>6%</td>
</tr>
<tr>
<td>Automation</td>
<td>34%</td>
</tr>
<tr>
<td>Pulp and Energy</td>
<td>55%</td>
</tr>
</tbody>
</table>

Net sales by business line (2015)  

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>5%</td>
</tr>
<tr>
<td>Automation</td>
<td>64%</td>
</tr>
<tr>
<td>Pulp and Energy</td>
<td>4%</td>
</tr>
<tr>
<td>Paper</td>
<td>25%</td>
</tr>
</tbody>
</table>

Market characteristics

- Cyclical capital business relies on new pulp projects
- Services, tissue and selected board applications provide growth opportunities
- Services growth potential through growing installed base and demand for more efficient customer operations
- Growing interest in optimization projects regarding e.g. energy, chemicals savings; efficiency of operations and availability of equipment

Valmet’s position and competition

- Valmet has a strong position and installed basis in Pulp mills and Services
- Strong competition with local and global players in all businesses (Services, Pulp, Paper and Energy)
- Fierce competition with Andritz for large new pulp projects
- Local presence and solutions important

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.
EMEA

Valmet’s largest and most important area with significant services and technology markets in all Valmet’s businesses

Orders received (EUR million and % of total)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR million</td>
<td>804</td>
<td>1,470</td>
<td>1,320</td>
</tr>
<tr>
<td>% of total</td>
<td>37%</td>
<td>48%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Net sales (EUR million and % of total)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR million</td>
<td>1,096</td>
<td>1,053</td>
<td>1,304</td>
</tr>
<tr>
<td>% of total</td>
<td>42%</td>
<td>43%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Employees (number and % of total)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>7,514</td>
<td>6,376</td>
<td>7,747</td>
</tr>
<tr>
<td>% of total</td>
<td>64%</td>
<td>61%</td>
<td>63%</td>
</tr>
</tbody>
</table>

Orders received by business line (2015)

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Services</th>
<th>Automation</th>
<th>Pulp and Energy</th>
<th>Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>39%</td>
<td>10%</td>
<td>37%</td>
<td>11%</td>
</tr>
<tr>
<td>2014</td>
<td>38%</td>
<td>7%</td>
<td>30%</td>
<td>11%</td>
</tr>
<tr>
<td>2013</td>
<td>37%</td>
<td>6%</td>
<td>32%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Net sales by business line (2015)

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Services</th>
<th>Automation</th>
<th>Pulp and Energy</th>
<th>Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>15%</td>
<td>32%</td>
<td>39%</td>
<td>11%</td>
</tr>
<tr>
<td>2014</td>
<td>18%</td>
<td>31%</td>
<td>39%</td>
<td>11%</td>
</tr>
<tr>
<td>2013</td>
<td>16%</td>
<td>30%</td>
<td>38%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Market characteristics

- Valmet’s largest and most important area with significant services and technology markets in all Valmet’s businesses
- Large installed base to be served
- Growth opportunity in customer agreement-based business
- Declining printing and writing business, potential in conversions
- Capital project opportunities in board, pulp, tissue and bioenergy
- Uncertainties in regulation and low energy price postpone customers’ decision making

Valmet’s position and competitors

- Valmet has a strong position both in both capital business and services
- Small players have strengthened their offering through acquisitions

Target market size: EUR 6.0 bn

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.
China
Capital business at new normal level, growth opportunities in Services

Orders received (EUR million and % of total)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>392</td>
<td>268</td>
<td>303</td>
</tr>
<tr>
<td>Employees</td>
<td>2,061</td>
<td>1,927</td>
<td>1,955</td>
</tr>
</tbody>
</table>

Market characteristics

- Market for capital projects flat and cyclical while services market growing
- Capital project opportunities in board and tissue, investments especially in lower-cost midsized machines and rebuilds
- Developing services market with growth potential through increasing installed base and aging machinery

Valmet’s position and competition

- Valmet has a strong position in Paper. Recent successes with modular board machine (OptiConcept M)
- Continued competition: new competitors in mid-size segment, local competitors strengthening through partnering with western companies
- Large Valmet-installed base

Target market size: EUR 2.1 bn

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.
Asia-Pacific

Developing services market with growth potential

Orders received (EUR million and % of total)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>187</td>
<td>586</td>
<td>247</td>
<td></td>
</tr>
<tr>
<td>9%</td>
<td>19%</td>
<td>9%</td>
<td></td>
</tr>
</tbody>
</table>

Net sales (EUR million and % of total)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>282</td>
<td>378</td>
<td>372</td>
<td></td>
</tr>
<tr>
<td>11%</td>
<td>15%</td>
<td>13%</td>
<td></td>
</tr>
</tbody>
</table>

Employees (number and % of total)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>625</td>
<td>588</td>
<td>706</td>
<td></td>
</tr>
<tr>
<td>5%</td>
<td>6%</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>

Orders received by business line (2015)

- Services (31%)
- Automation (13%)
- Pulp and Energy (8%)
- Paper (48%)

Net sales by business line (2015)

- Services (21%)
- Automation (32%)
- Pulp and Energy (6%)
- Paper (41%)

Market characteristics

- Increased investments in multifuel and plans for renewable energy development
- Capital project opportunities in energy and board through customers’ portfolio changes or production line upgrades
- Developing services market with growth potential through capacity increases, larger installed base and higher market share

Valmet’s position and competition

- Valmet has strong market position and is increasing its local presence
  - New Technology center in Indonesia
- Competitors are growing their local presence

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.

Target market size: EUR 2.6 bn
Structure of loans and borrowings
Interest-bearing debt EUR 371 million as at December 31, 2015

- Average maturity of long-term loans is 3.4 years
  - Average interest rate is 1.3%

Main financing sources

<table>
<thead>
<tr>
<th>Amount</th>
<th>Lender</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR 104 million</td>
<td>European Investment Bank</td>
</tr>
<tr>
<td>EUR 100 million</td>
<td>Skandinaviska Enskilda Banken</td>
</tr>
<tr>
<td>EUR 70 million</td>
<td>Swedish Export Kredit</td>
</tr>
<tr>
<td>EUR 95 million</td>
<td>Nordic Investment Bank</td>
</tr>
</tbody>
</table>

Back-up facilities

<table>
<thead>
<tr>
<th>Amount</th>
<th>Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR 200 million syndicated revolving credit facility</td>
<td>None outstanding</td>
</tr>
<tr>
<td>EUR 200 million domestic commercial paper program</td>
<td>None outstanding</td>
</tr>
</tbody>
</table>
Largest shareholders on January 31, 2016
Based on the information given by Euroclear Finland Ltd.

<table>
<thead>
<tr>
<th>#</th>
<th>Shareholder name</th>
<th>Number of shares</th>
<th>% of shares and votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Solidium Oy(^1)</td>
<td>16,695,287</td>
<td>11.14%</td>
</tr>
<tr>
<td>2</td>
<td>Varma Mutual Pension Insurance Company</td>
<td>4,208,465</td>
<td>2.81%</td>
</tr>
<tr>
<td>3</td>
<td>Nordea Funds</td>
<td>3,130,892</td>
<td>2.09%</td>
</tr>
<tr>
<td>4</td>
<td>Ilmarinen Mutual Pension Insurance Company</td>
<td>2,980,055</td>
<td>1.99%</td>
</tr>
<tr>
<td>5</td>
<td>The State Pension Fund</td>
<td>1,520,000</td>
<td>1.01%</td>
</tr>
<tr>
<td>6</td>
<td>Keva</td>
<td>1,502,166</td>
<td>1.00%</td>
</tr>
<tr>
<td>7</td>
<td>Danske Invest funds</td>
<td>1,343,700</td>
<td>0.90%</td>
</tr>
<tr>
<td>8</td>
<td>OP Funds</td>
<td>1,296,993</td>
<td>0.87%</td>
</tr>
<tr>
<td>9</td>
<td>Mandatum Life Insurance Company Limited</td>
<td>1,217,307</td>
<td>0.81%</td>
</tr>
<tr>
<td>10</td>
<td>Odin Funds</td>
<td>974,240</td>
<td>0.65%</td>
</tr>
<tr>
<td></td>
<td>10 largest shareholders, total</td>
<td>34,869,105</td>
<td>23.27%</td>
</tr>
<tr>
<td></td>
<td>Other shareholders</td>
<td>114,995,514</td>
<td>76.73%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>149,864,619</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

- The holding of Franklin Templeton Institutional, LLC decreased on June 9, 2015 to 7,196,324 shares (previously 7,517,629 shares), corresponding to an ownership of 4.80% (previously 5.02%) of Valmet’s shares.
- The holding of Cevian Capital Partners Ltd. decreased on February 12, 2015 to 10,323,191 shares (previously 20,813,714 shares), corresponding to an ownership of 6.89% (previously 13.89%) of Valmet’s shares.

\(^1\) A holding company that is wholly owned by the Finnish State
Ownership structure on January 31, 2016

The ownership structure is based on the classification of sectors determined by Statistics Finland.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of shareholders</th>
<th>% of total shareholders</th>
<th>Number of shares</th>
<th>% of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominee registered and non-Finnish holders</td>
<td>297</td>
<td>0.6%</td>
<td>76,492,501</td>
<td>51.0%</td>
</tr>
<tr>
<td>Finnish institutions, companies and foundations</td>
<td>2,638</td>
<td>5.5%</td>
<td>34,764,144</td>
<td>23.2%</td>
</tr>
<tr>
<td>Solidium Oy&lt;sup&gt;1&lt;/sup&gt;</td>
<td>0</td>
<td>0.0%</td>
<td>16,695,287</td>
<td>11.1%</td>
</tr>
<tr>
<td>Finnish private investors</td>
<td>45,250</td>
<td>93.9%</td>
<td>21,912,687</td>
<td>14.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48,185</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>149,864,619</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

<sup>1</sup> A holding company that is wholly owned by the Finnish State
Share of non-Finnish holders and number of shareholders
Paper, board, and tissue production trends

North America (million tonnes)

Europe (million tonnes)

China (million tonnes)

Asia-Pacific (million tonnes)

Source: RISI
Paper, board, and tissue operating rates

North America

- Tissue
- Newsprint
- Printing & Writing
- Containerboard
- Cartonboard

Europe

- Tissue
- Newsprint
- Printing & Writing
- Containerboard
- Cartonboard

China

- Tissue
- Newsprint
- Printing & Writing
- Containerboard
- Cartonboard

Asia-Pacific

- Tissue
- Newsprint
- Printing & Writing
- Containerboard
- Cartonboard

Source: RISI
Paper and board consumption growth trends

Population growth in emerging markets is larger than in developed markets

Level of consumption per capita in emerging markets clearly below that in developed markets

This offers us long-term growth potential

Average global consumption: 53 kg per capita

Source: RISI
Tissue consumption growth trends

Tissue consumption per capita vs. population

- New products and consumption models based on tissue are helping increase consumption in developed markets.
- Consumption in emerging markets is still low, but growing.
- Offers us long-term growth potential in both developed and emerging markets.

Average global consumption: 4.5 kg per capita

Source: RISI
Pulp and paper price trends

Source: Bloomberg
Crude oil, steam coal, natural gas and electricity

Europe

Source: Bloomberg
Crude oil, steam coal, natural gas and electricity

United States

Source: Bloomberg
European Carbon Emission Allowance

Source: Bloomberg
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