

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

# Agenda

## Financial Statements Review 2015

- 1 2015 in brief
- 2 Must-Win implementation
- 3 Business lines' development
- 4 Financial development
- 5 Dividend proposal, guidance, and short-term market outlook
- 6 Investment highlights
- 7 Summary of Financial Statements Review 2015
- 8 Appendix



# 2015 in brief

# 2015 in brief

- Successful acquisition of Automation
- Orders received and net sales increased in stable business<sup>1</sup>
- Orders received declined and net sales increased in capital business<sup>2</sup>
- 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

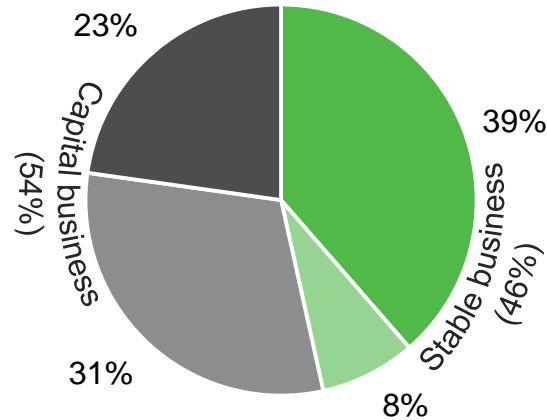
**Net sales**  
EUR 2,928 million

**EBITA before NRI<sup>1</sup>**  
EUR 182 million

**EBITA margin (before NRI<sup>1</sup>)**  
6.2%

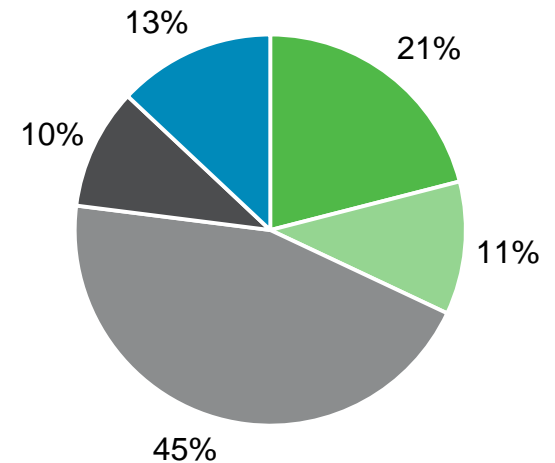
**Employees**  
12,306

Net sales by business line



- Services
- Automation
- Pulp and Energy
- Paper

Net sales by area

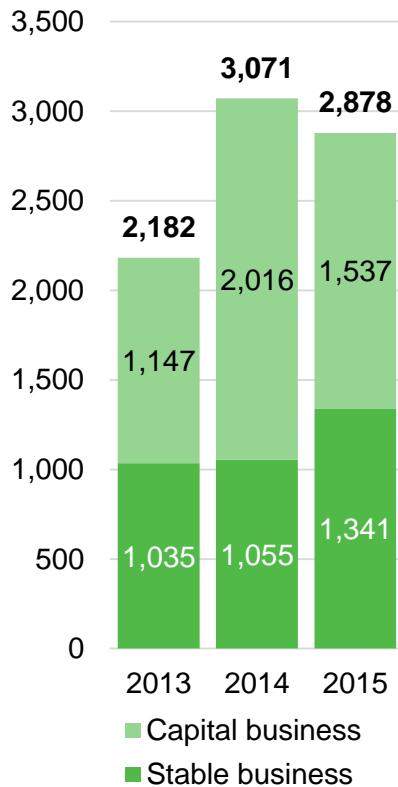


- North America
- South America
- EMEA
- China
- Asia-Pacific

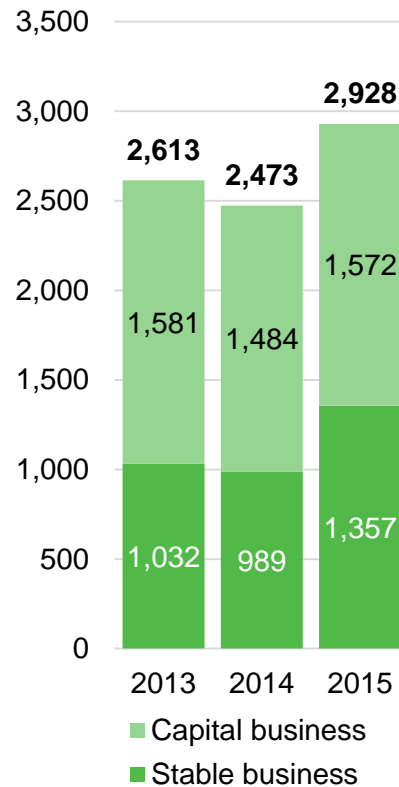
1) NRI = non-recurring items  
Stable business = Services and Automation business lines  
Capital business = Pulp and Energy, and Paper business lines

# Valmet's development

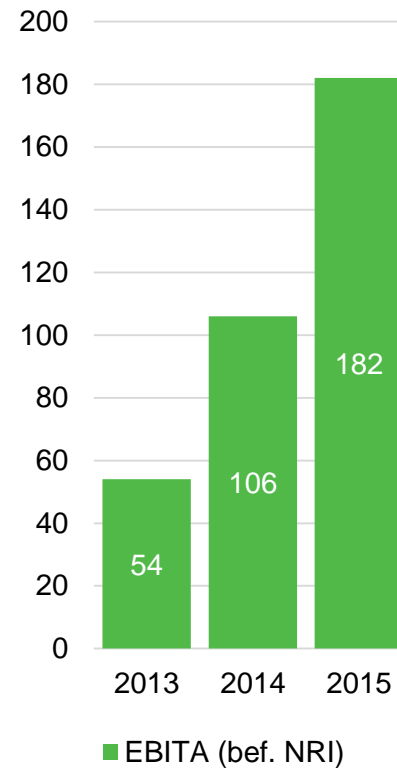
Orders received  
(EUR million)<sup>1</sup>



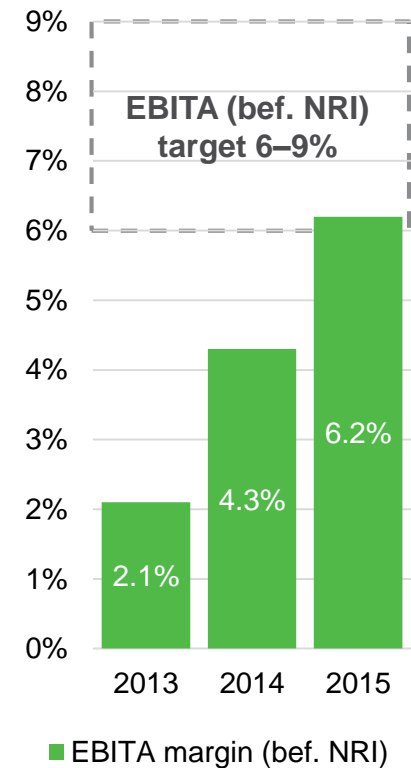
Net sales  
(EUR million)<sup>1</sup>



EBITA  
(before non-recurring items, EUR million)<sup>1</sup>



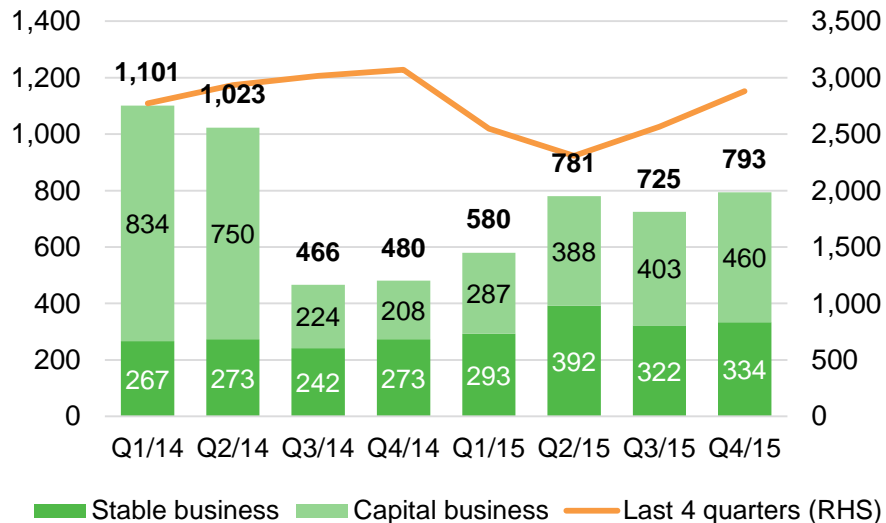
EBITA margin  
(before non-recurring items, %)<sup>1</sup>



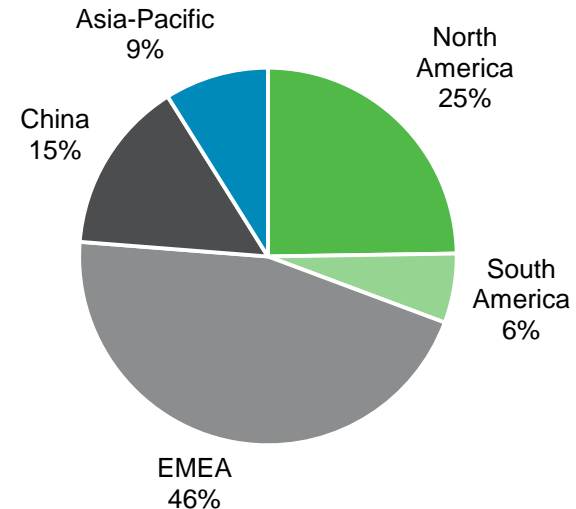
1) 2013 figures on carve-out basis  
Stable business = Services and Automation business lines  
Capital business = Pulp and Energy, and Paper business lines

# 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



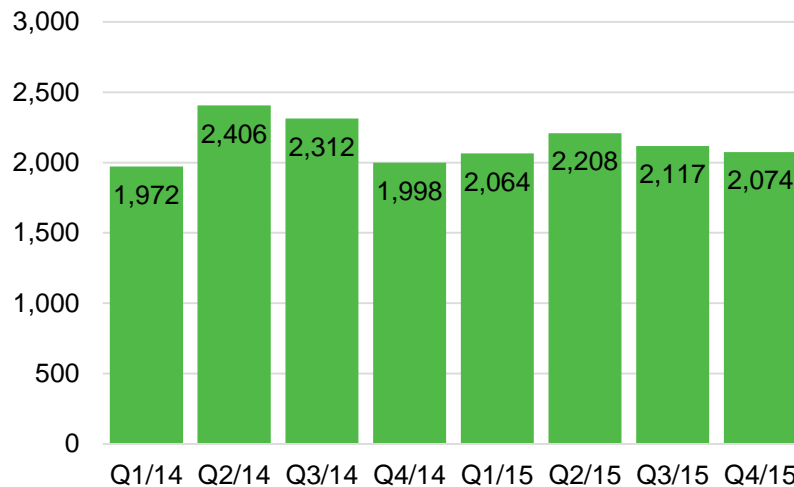
Orders received in 2015 (EUR million), by area



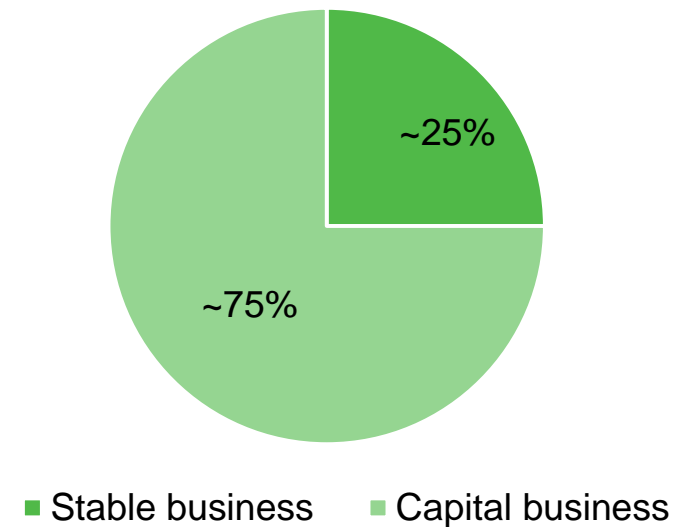
- Stable business orders increased to EUR 1.3 billion in 2015, corresponding to 47% of all orders received
- Capital business orders decreased to EUR 1.5 billion in 2015, corresponding to 53% of all orders received
- North America and EMEA accounted for 71% of orders received in 2015

# Order backlog at EUR 2.1 billion

Order backlog (EUR million)




Structure of order backlog



- 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

## Must-Win implementation objectives for 2015

### Customer excellence

- 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

### Leader in technology and innovation

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

### Excellence in processes

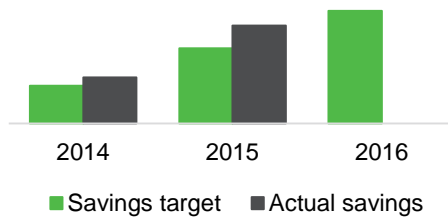
- Implement Lean to reduce quality costs and lead times
- Save in procurement
- Improve health and safety
- Sales and project management process to improve product margin
- Continue to improve cost competitiveness

### Winning team

- Nurture shared values
- Drive high performance
- Continue globalization of our capabilities

# Results in 'Excellence in processes'

## Procurement

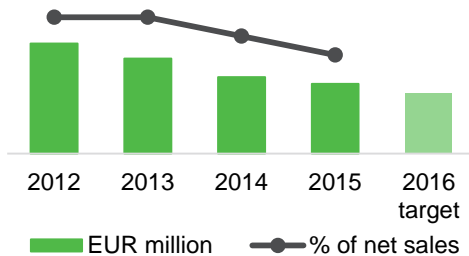


Target to save 10% in procurement by the end of 2016 (baseline 2013)

### Results in 2015

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

## Quality costs

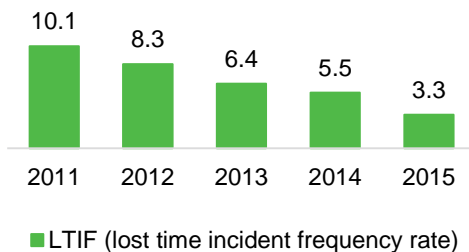


Target to reduce quality costs by 50% by the end of 2016 (baseline 2012)

### 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

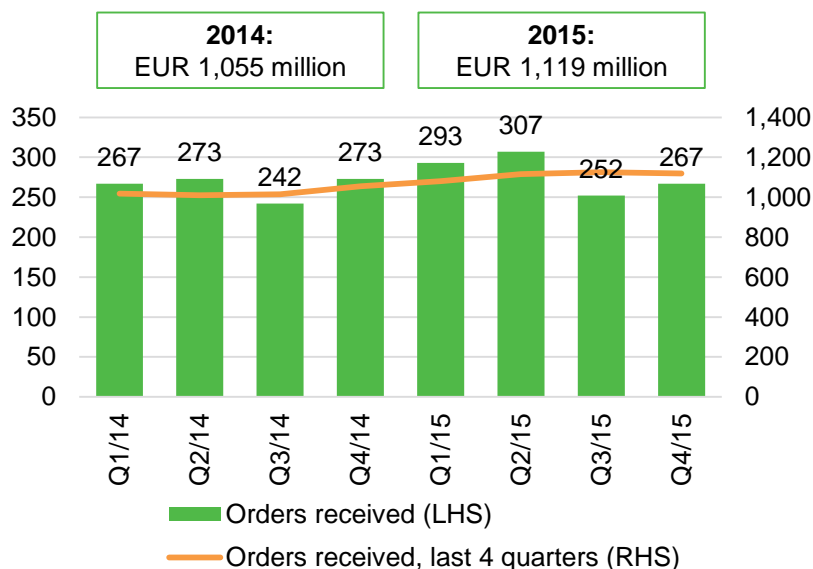
- Focus on improving preventative safety measures, reinforcing safety awareness and leadership, and harmonizing health, safety and environment practices in customer project deliveries globally



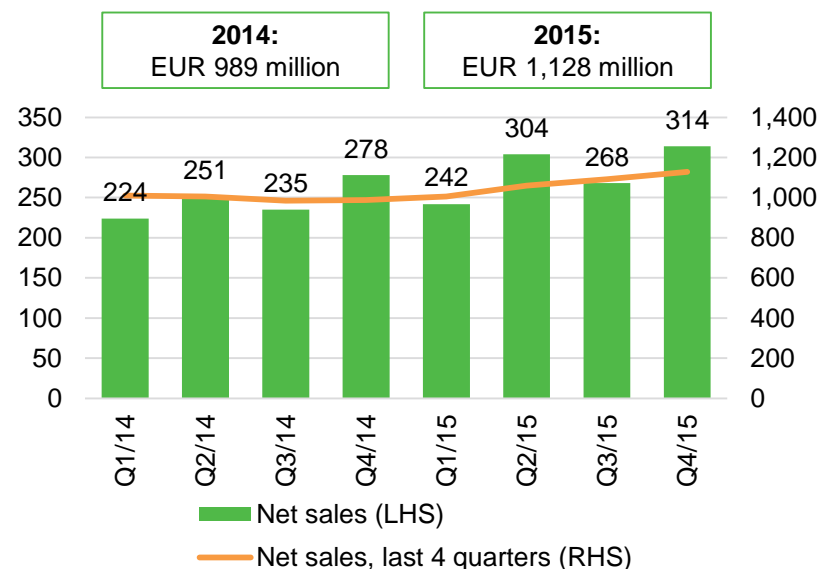
# Business lines' development

# Orders received EUR 1.1 billion in Services in 2015

Orders received (EUR million)



Net sales (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



# Services business line in 2015

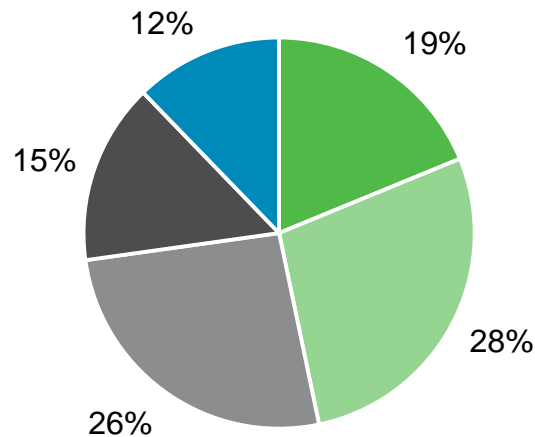
**Orders received**  
EUR 1,119 million

**Net sales**  
EUR 1,128 million

**Employees**  
5,363

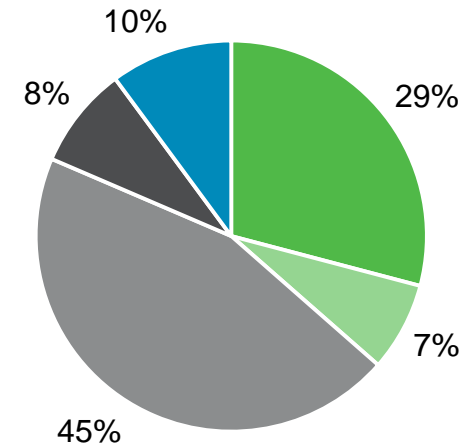
**Market position**  
#1–2 Services

Net sales by business unit



- Rolls
- Mill Improvements
- Performance Parts
- Fabrics
- Energy and Environmental

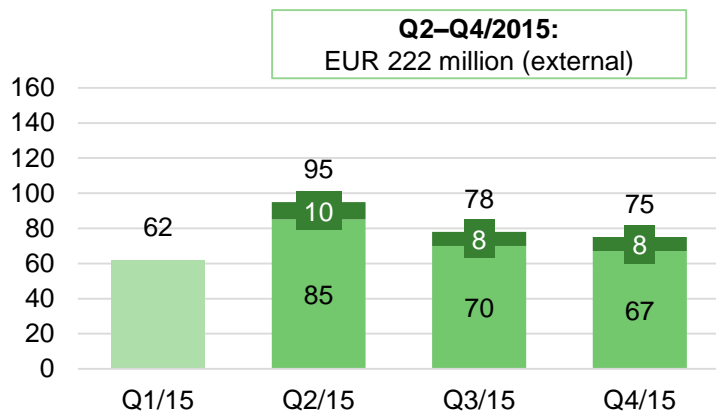
Net sales by area



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

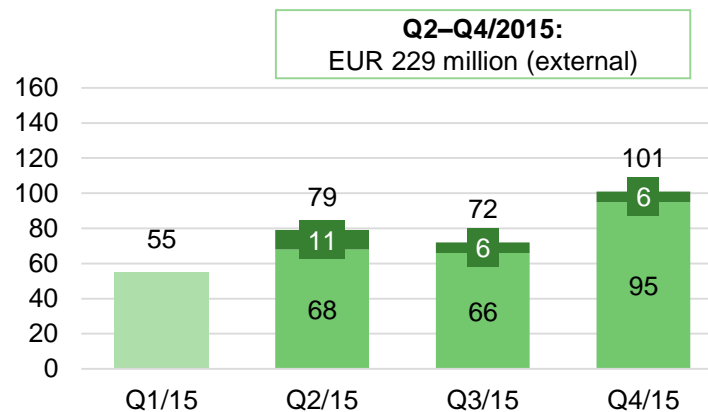
# Orders received<sup>1</sup> in Automation totaled to about EUR 250 million in 2015

Orders received<sup>2, 3</sup> (EUR million)



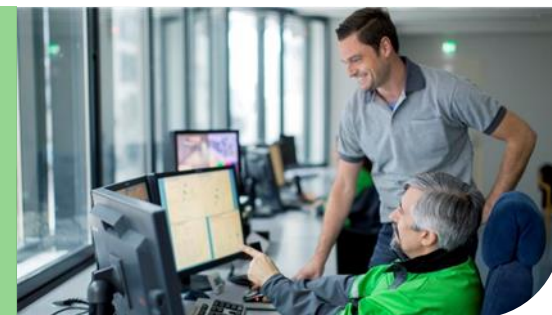
- Orders received, internal (from other business lines)
- Orders received, external
- Orders received, total (including internal)

Net sales<sup>3</sup> (EUR million)



- Net sales, internal (from other business lines)
- Net sales, external
- Net sales, total (including internal)

- 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

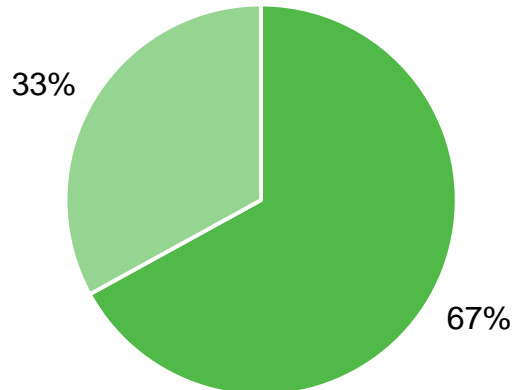
**Orders received**  
EUR 222 million

**Net sales**  
EUR 229 million

**Employees**  
1,637

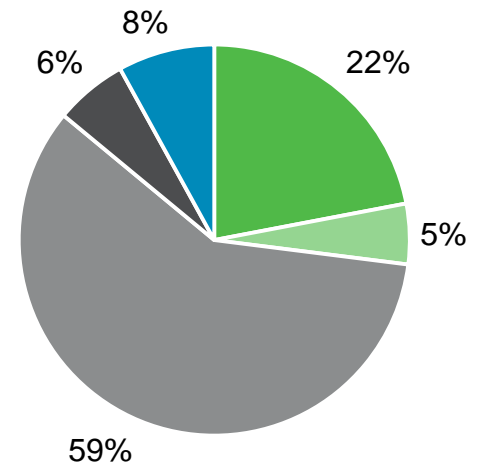
**Market position**  
#1–3 Pulp and paper

Net sales by business unit



- Pulp and Paper
- Energy and Process

Net sales by area

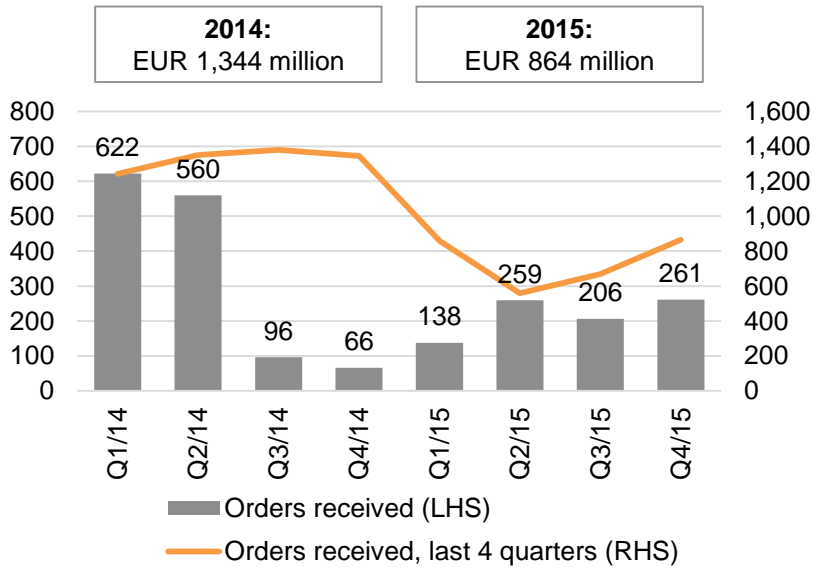


- North America
- South America
- EMEA
- China
- Asia-Pacific

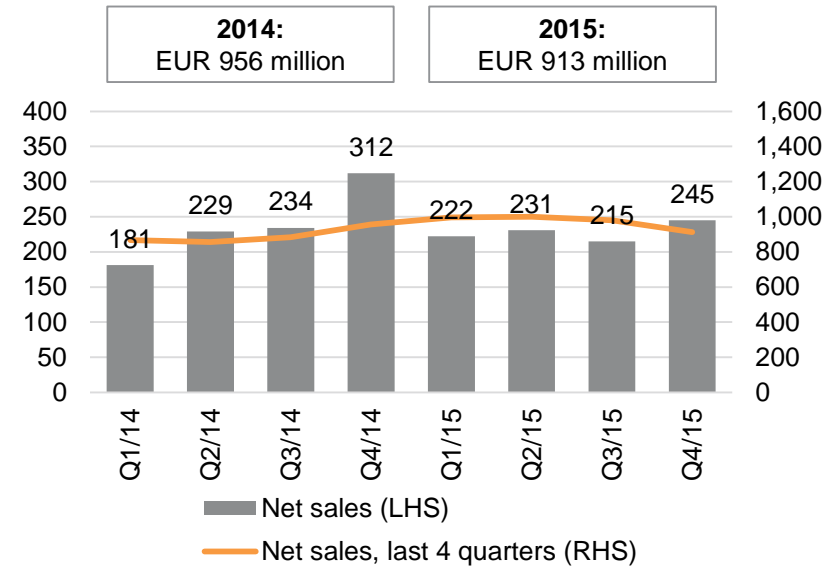


# Orders received about EUR 860 million in Pulp and Energy in 2015

Orders received (EUR million)



Net sales (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

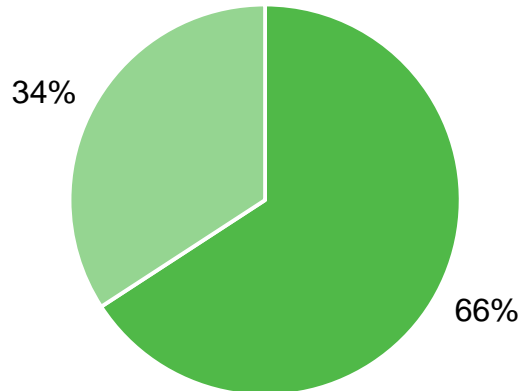
**Orders received**  
EUR 864 million

**Net sales**  
EUR 913 million

**Employees**  
1,750

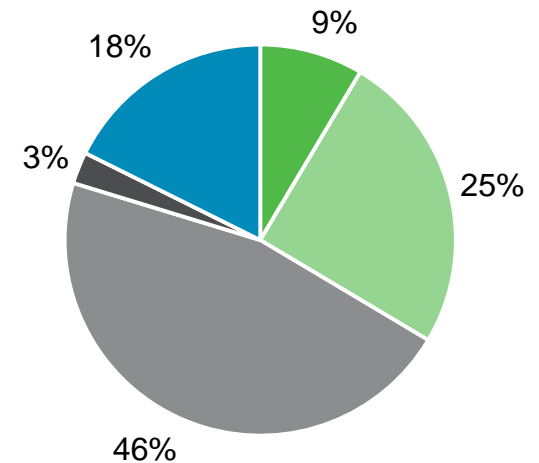
**Market position**  
#1–2 Pulp  
#1–3 Energy

Net sales by business unit



■ Pulp  
■ Energy

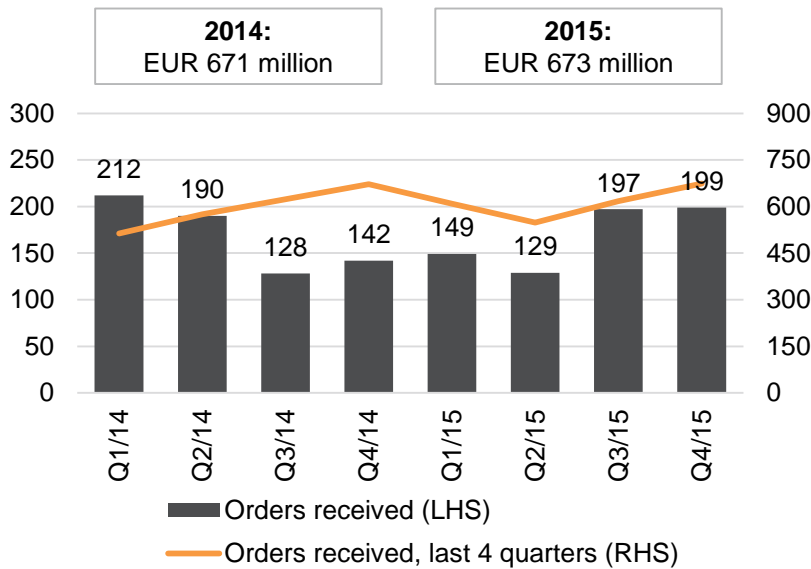
Net sales by area



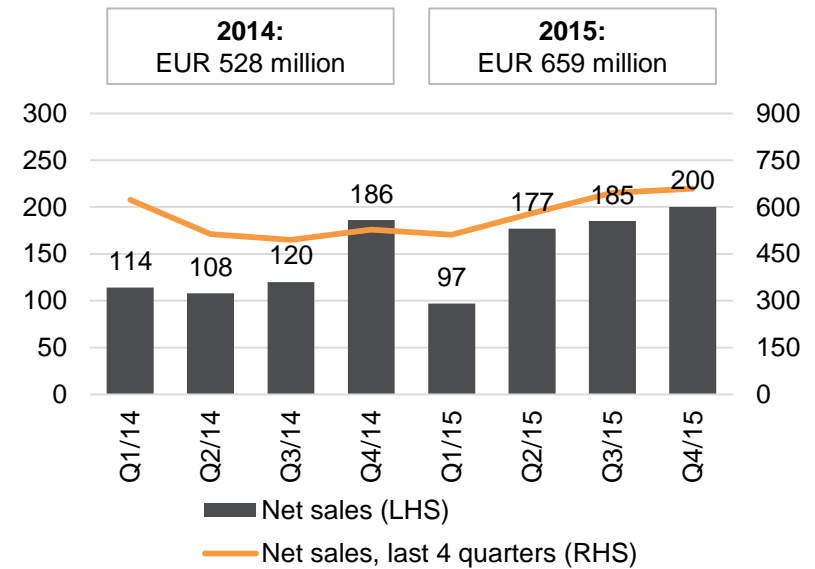
■ North America  
■ South America  
■ EMEA  
■ China  
■ Asia-Pacific

# Orders received about EUR 670 million in Paper in 2015

Orders received (EUR million)



Net sales (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



# Paper business line in 2015

**Orders received**  
EUR 673 million

**Net sales**  
EUR 659 million

**Employees**  
3,036

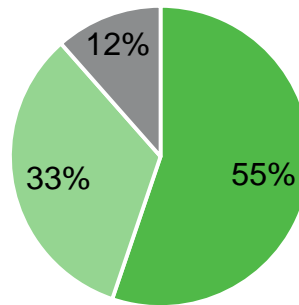
## Market position

#1 Board

#1 Tissue

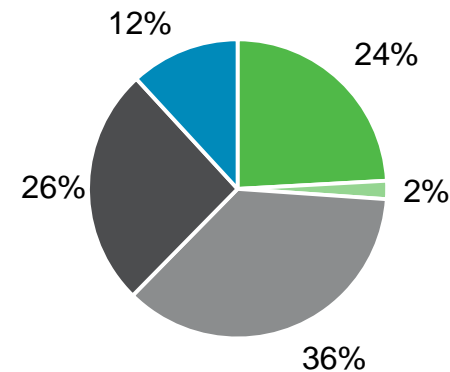
#1 Paper

Net sales by business unit



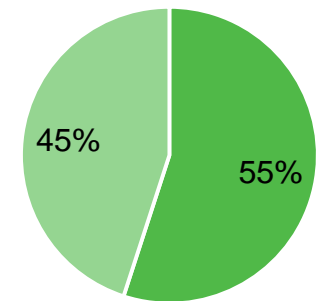
- Board
- Tissue
- Paper

Net sales by area



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

Net sales by type



- New lines
- Rebuilds and single sections



# Financial development

# Q4/2015 in brief



## Orders received and net sales increased in stable business<sup>1</sup>

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- 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<sup>2</sup>

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- 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

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



## EBITA<sup>3</sup> margin in the targeted range

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- EBITA<sup>3</sup> increased to EUR 63 million
- EBITA<sup>3</sup> margin at a record high at 7.3 percent



## Net debt EUR 178 million, strong cash flow

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- 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

EUR million	Q4/2015	Q4/2014	Change	2015	2014	Change
Orders received	<b>793</b>	480	65%	<b>2,878</b>	3,071	-6%
Order backlog <sup>1</sup>	<b>2,074</b>	1,998	4%	<b>2,074</b>	1,998	4%
Net sales	<b>854</b>	777	10%	<b>2,928</b>	2,473	18%
EBITA <sup>2</sup>	<b>63</b>	48	31%	<b>182</b>	106	73%
% of net sales	<b>7.3%</b>	6.1%		<b>6.2%</b>	4.3%	
EBIT <sup>3</sup>	<b>41</b>	38	11%	<b>120</b>	72	65%
% of net sales	<b>4.9%</b>	4.8%		<b>4.1%</b>	2.9%	
Earnings per share, EUR	<b>0.18</b>	0.17	9%	<b>0.51</b>	0.31	67%
Return on capital employed (ROCE), before taxes				<b>12%</b>	9%	
Cash flow provided by operating activities	<b>64</b>	30	>100%	<b>78</b>	236	-67%
Gearing				<b>21%</b>	-21%	

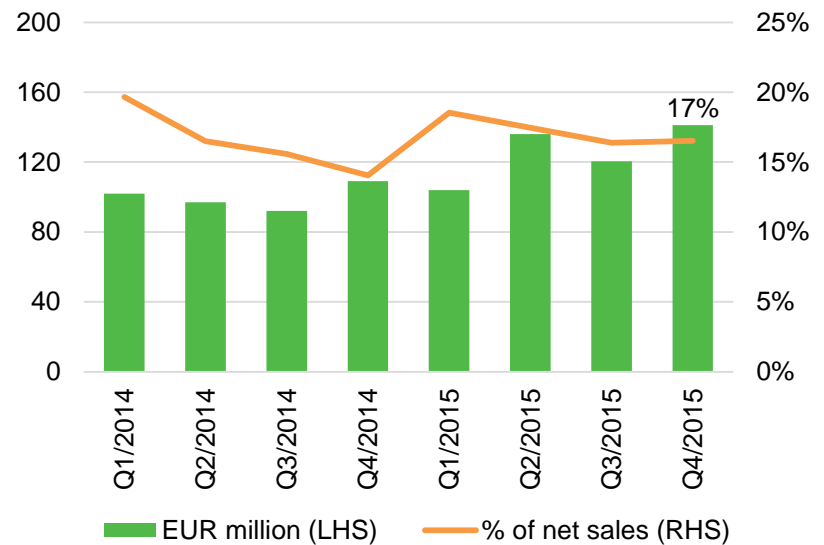
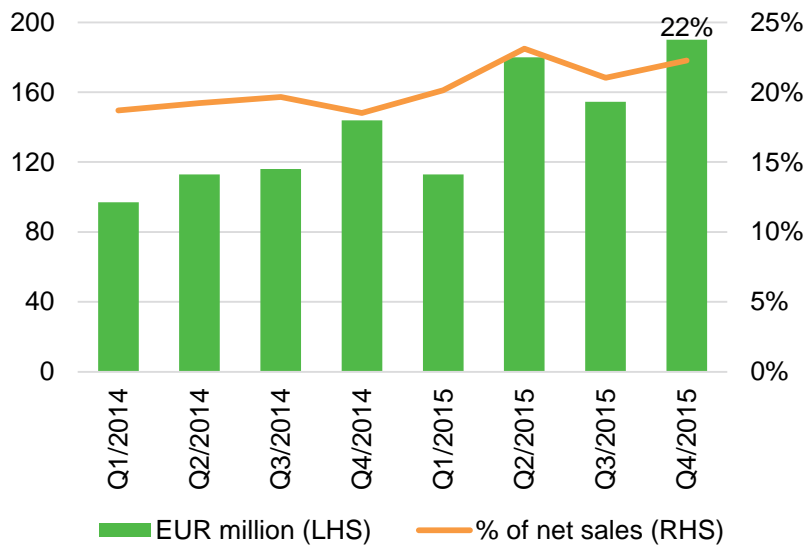
Non-recurring items: EUR -10 million in Q4/2015 (EUR -5 million in Q4/2014), EUR -26 million in 2015 (EUR -12 million in 2014).

- 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 (EUR million and % of net sales)

SG&A (EUR million and % of net sales)

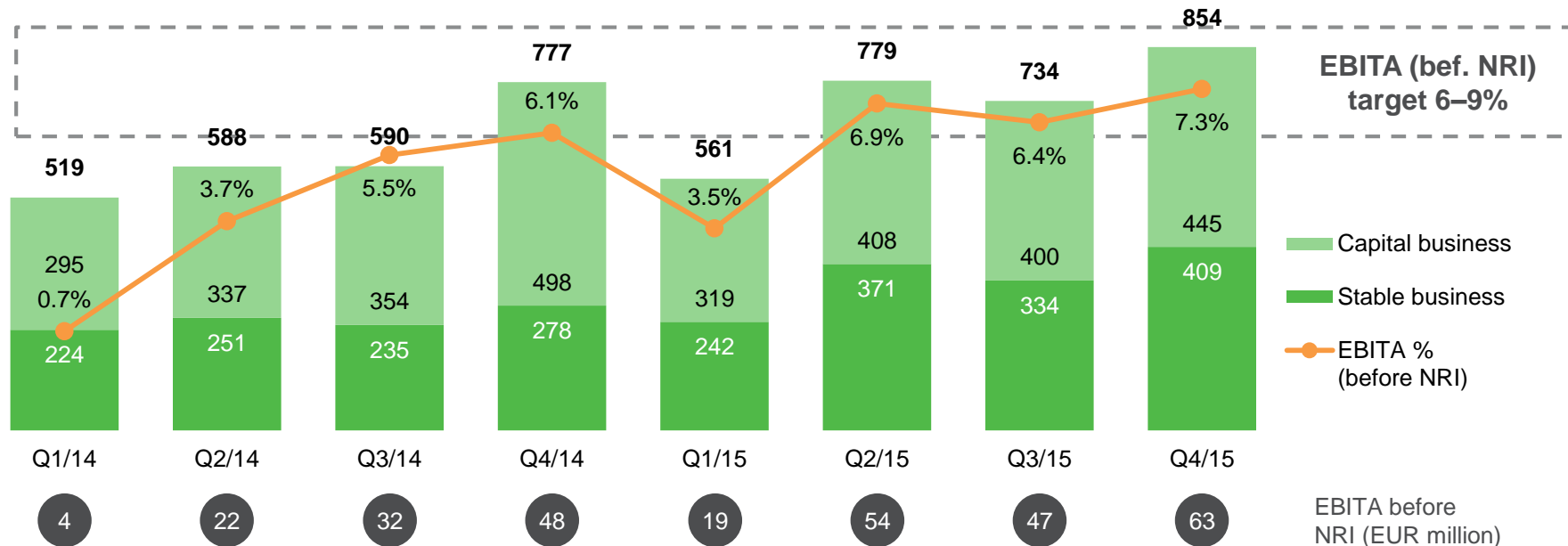


- Gross profit increased
- Selling, general & administrative (SG&A) expenses increased due to Automation acquisition
- Further actions to improve gross profit through Must-Win implementation



# EBITA margin in the targeted range

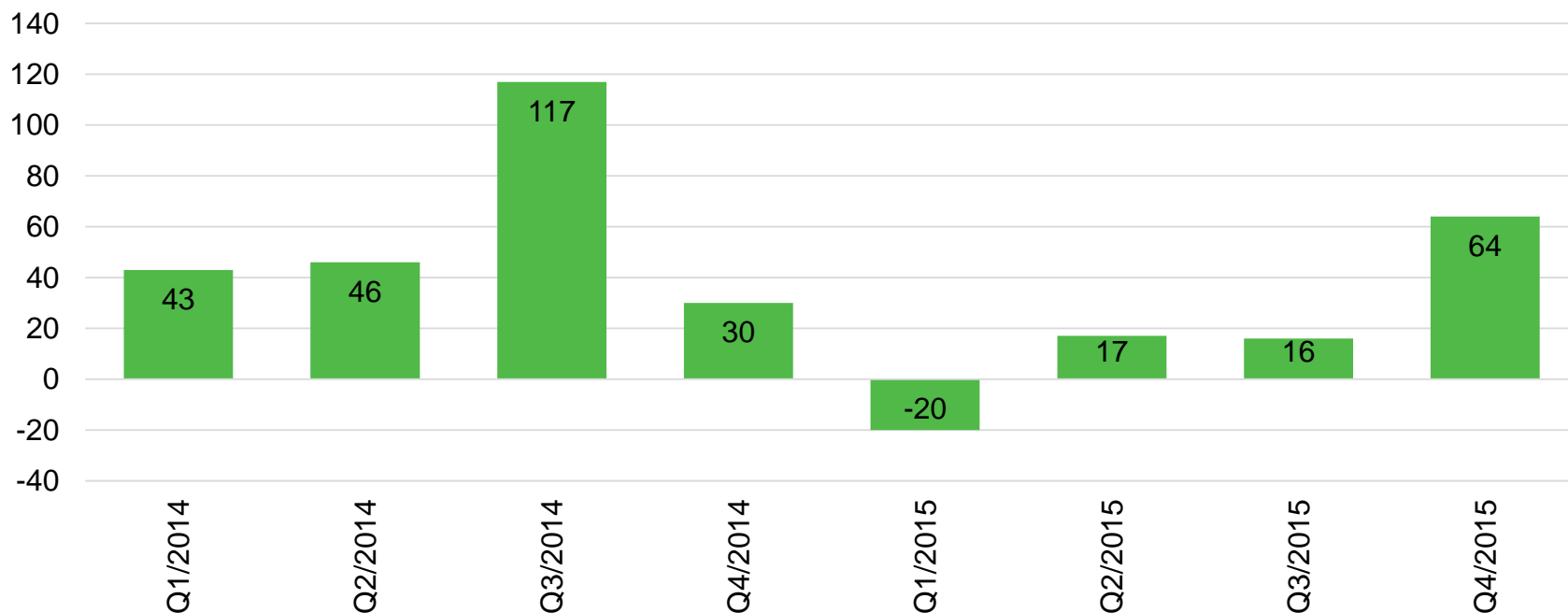
Net sales and EBITA before NRI (EUR million)



- 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)

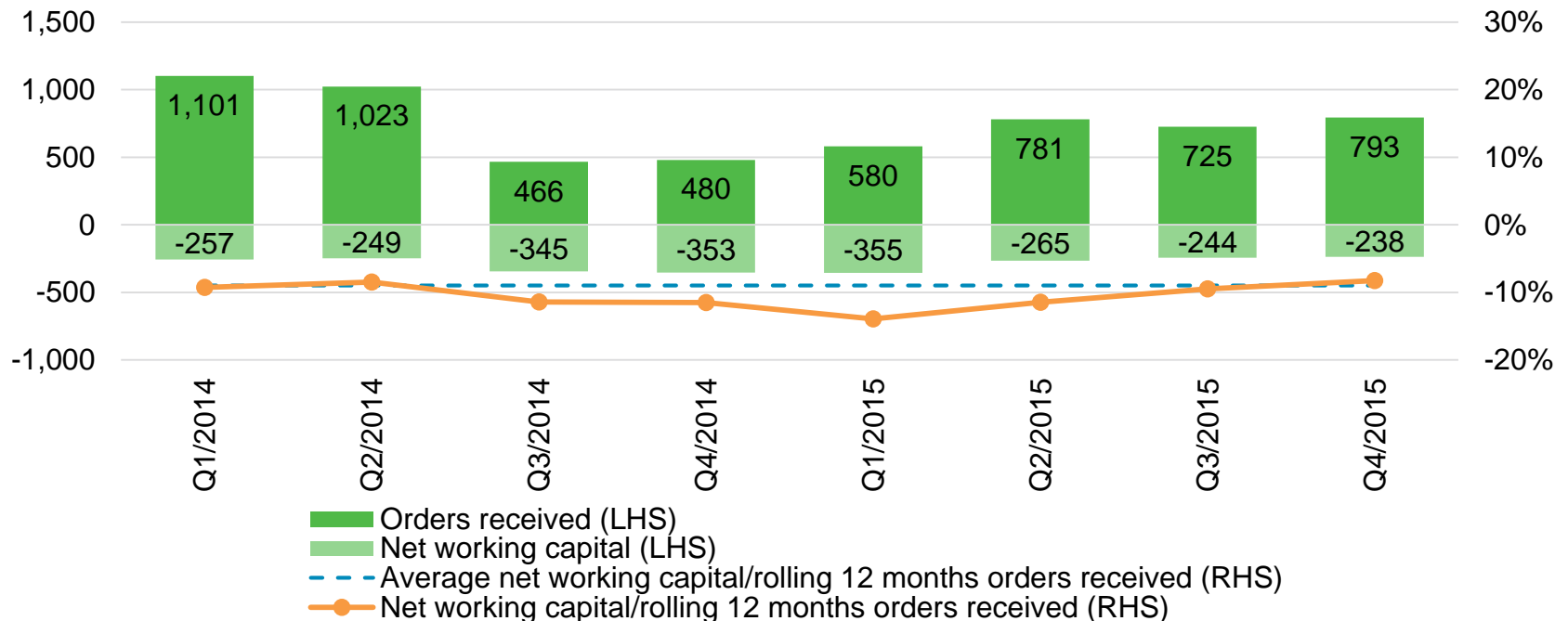


- Change in net working capital<sup>1</sup> EUR -11 million in Q4/2015
- CAPEX excluding business combinations EUR -15 million in Q4/2015
- Cash flow provided by operating activities EUR 78 million in 2015

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

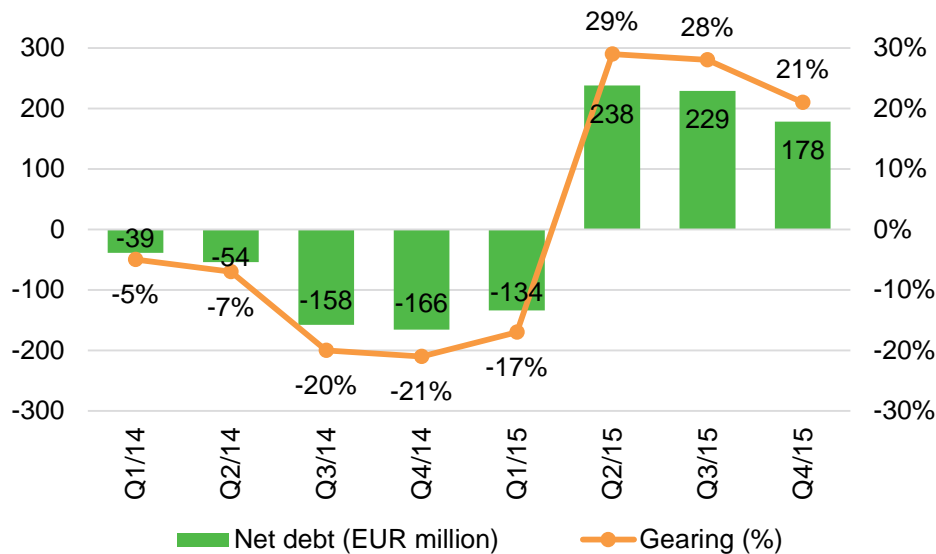
Net working capital and orders received (EUR million)



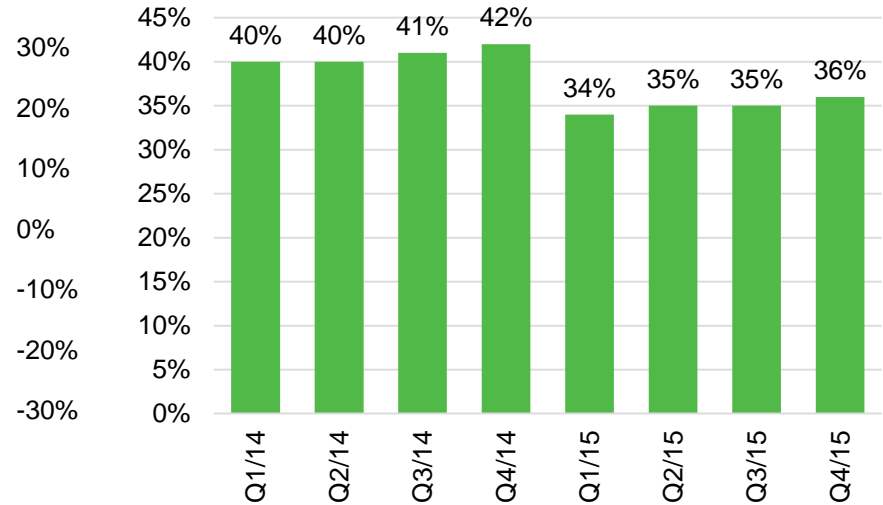
- Net working capital EUR -238 million, which equals -8% of rolling 12 months orders received
- Payment schedules of large capital projects have significant impact on net working capital development

# Net debt decreased compared to Q3/2015

Net debt (EUR million) and gearing (%)



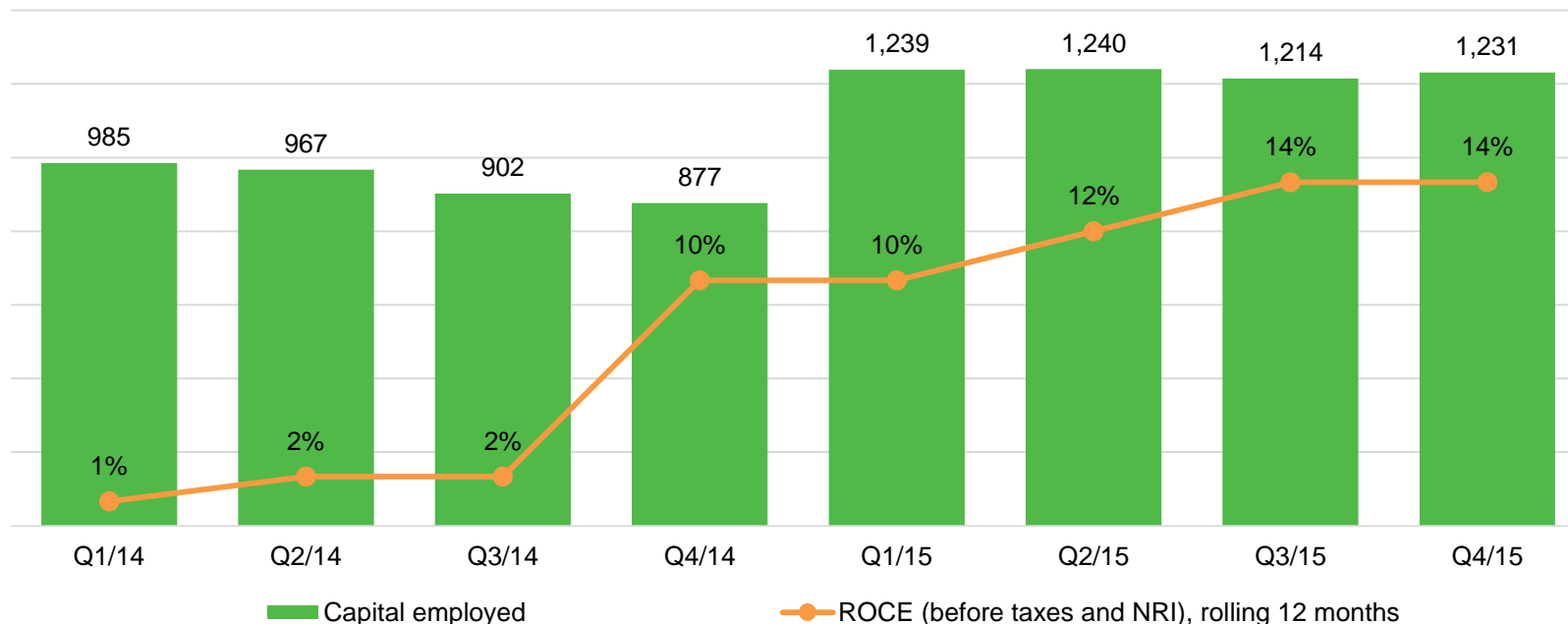
Equity to assets ratio (%)



- 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<sup>1</sup> (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

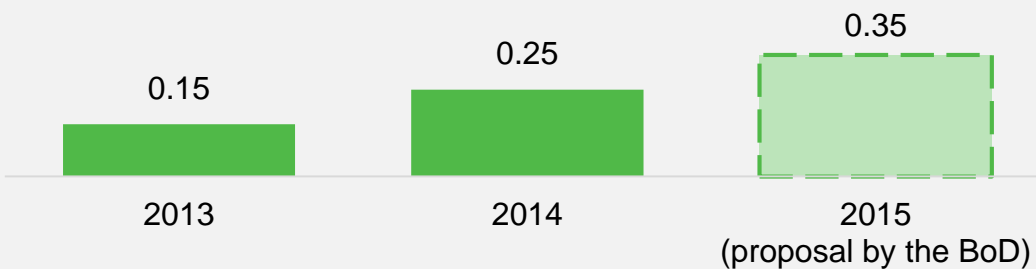
## Dividend policy

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)



# Guidance and short-term market outlook

## Guidance for 2016

### 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

		Q1/2015	Q2/2015	Q3/2015	Q4/2015
Services		Satisfactory	Satisfactory	Satisfactory	Satisfactory
Automation		Satisfactory	Satisfactory	Satisfactory	Satisfactory
Pulp and Energy	Pulp	Good	Good	Good	Satisfactory
	Energy	Weak	Weak	Weak	Satisfactory
Paper	Board and Paper	Good	Good	Satisfactory	Good
	Tissue	Satisfactory	Satisfactory	Satisfactory	Satisfactory

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



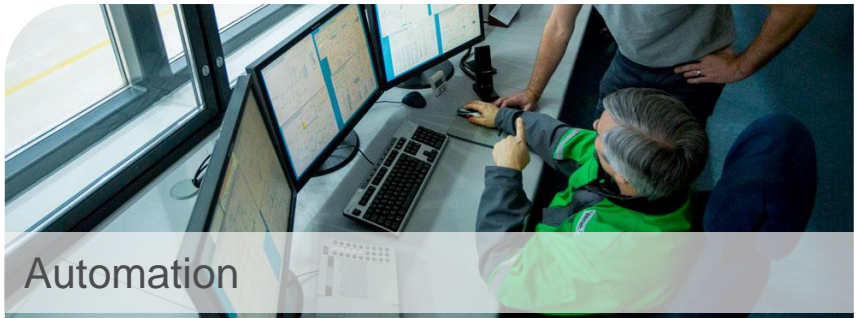
# Strong market position in growing markets

Services #1-2	Automation #1-3	Pulp #1-2	Energy #1-3	Board #1	Tissue #1	Paper #1
						
~2% p.a. 7.5 bn	~1% p.a. 2.0 bn	~1% p.a. 1.4 bn	~1% p.a. 2.0 bn	~3% p.a. 1.0 bn	~3% p.a. 0.6 bn	~1% p.a. 0.6 bn
<ul style="list-style-type: none"> <li>Customers outsource non-core operations</li> <li>Capacity increases in China, South America and Asia-Pacific</li> </ul>	<ul style="list-style-type: none"> <li>Investments in new pulp and paper machines and power plants</li> <li>Ageing machines and installed automation systems</li> <li>Demand for intelligent technology</li> </ul>	<ul style="list-style-type: none"> <li>Growth in paper, board, and tissue consumption in Asia</li> <li>Need for virgin wood pulp, as recycling rates can not grow infinitely</li> <li>Increased size of pulp lines and mills</li> </ul>	<ul style="list-style-type: none"> <li>Growth in energy consumption</li> <li>Demand for sustainable energy</li> <li>Modernization of aging plants</li> <li>Incentives and regulation</li> </ul>	<ul style="list-style-type: none"> <li>World trade, e-commerce and emerging markets growth drive packaging</li> <li>Shift from plastic packaging to renewable materials</li> <li>Demand for light-weight board globally</li> </ul>	<ul style="list-style-type: none"> <li>Growth in emerging markets</li> <li>Rise in purchasing power and living standards in emerging markets</li> </ul>	<ul style="list-style-type: none"> <li>Increasing role of digital media decreases demand for printing and writing papers</li> <li>Some growth in emerging markets</li> </ul>
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

■ Anticipated long-term market growth    
 ■ Estimated market size for current offering (EUR)    
 ■ Market drivers    
 ■ % of net sales (2015)

Source: Leading consulting firms, RISI, management estimates

# Stable business, with EUR 1.4 billion of net sales, offering stability, growth and profitability

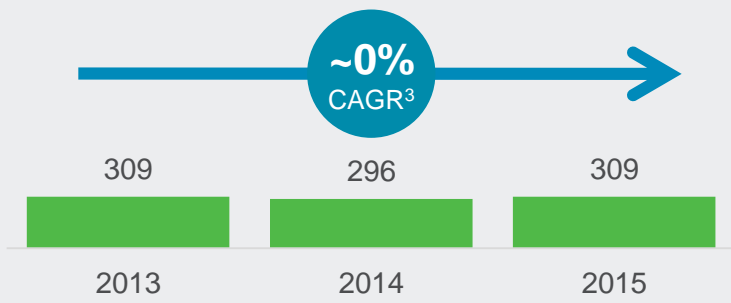
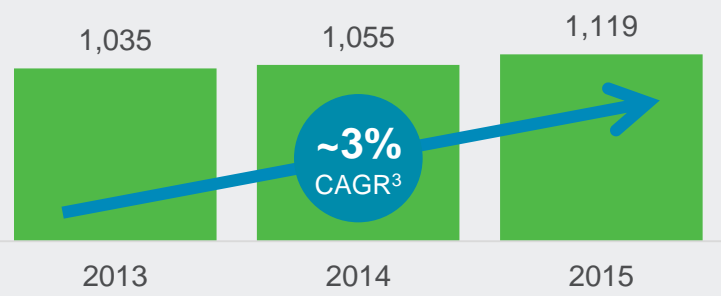


## Services

## Automation

Orders received<sup>1</sup> (EUR million)

Orders received<sup>2</sup> (illustrative, EUR million)



- Target to continue to grow

- 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

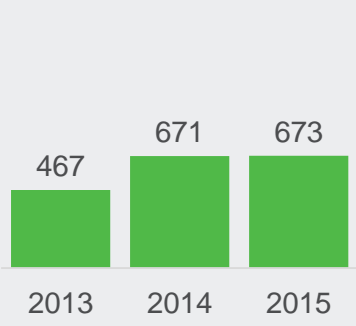
36 February 9, 2016 © Valmet | Financial Statements Review 2015



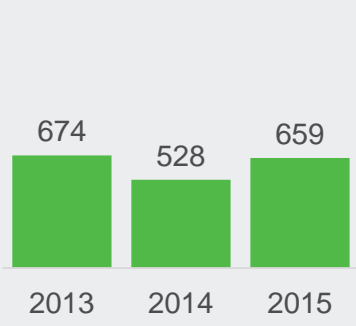
# Strong market position in capital business, with cost structure to meet business requirements



Orders received<sup>1</sup>  
(EUR million)

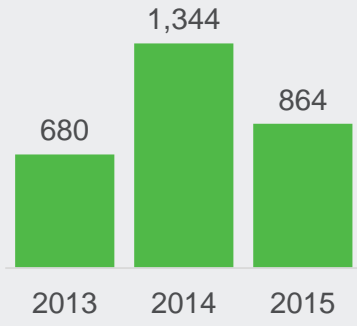


Net sales<sup>1</sup>  
(EUR million)

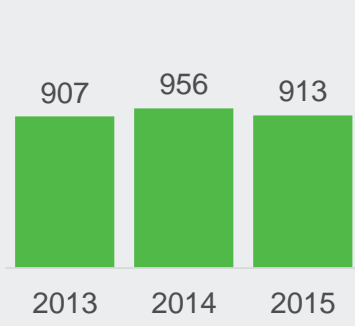


- Paper business line on a new, balanced level
- Capacity cost<sup>2</sup> to net sales was **41%** in 2015

Orders received<sup>1</sup>  
(EUR million)



Net sales<sup>1</sup>  
(EUR million)



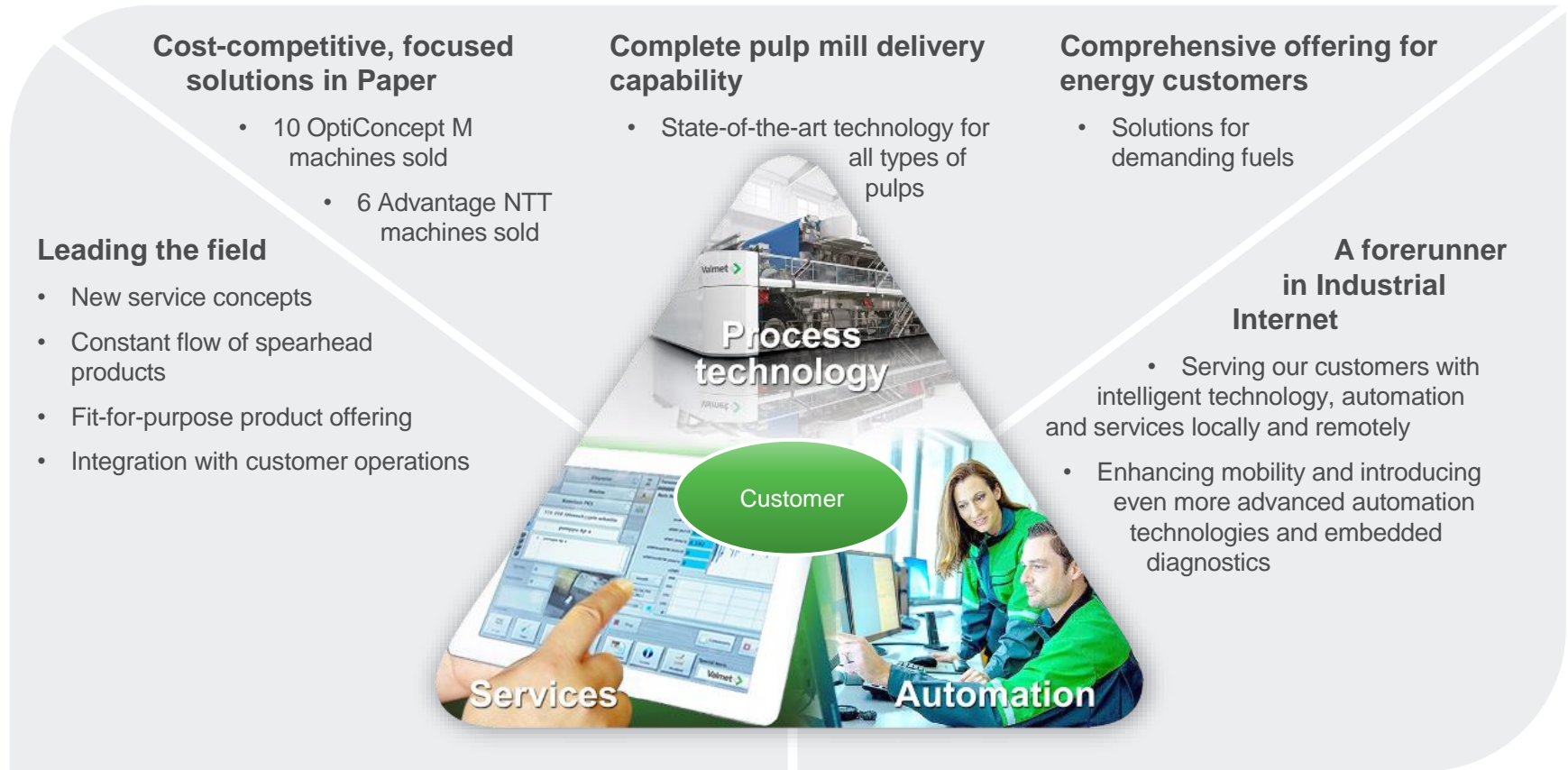
- High cyclicality in orders received, net sales more stable
- Valmet is prepared for the cyclicality with high flexibility in the cost structure: capacity cost<sup>2</sup> to net sales was **24%** in 2015

1) 2013 figures on a carve-out basis

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



**Strong focus on customer benefits**



# Systematically developing the company and profitability with Must-Wins

## Must-Wins

### Customer excellence

## Must-Win implementation objectives for 2016

- Strengthen our presence close to customers and growth markets
- Strengthen Key Account Management to serve customers with our full offering
- Provide customer benefits by combining process technology, automation and services
- Develop Valmet service concept, remote services and drive growth through service agreements

### Leader in technology and innovation

- Improve product cost competitiveness to increase gross profit and reduce customer investment and operational costs
- Develop new products and technologies to create new revenue

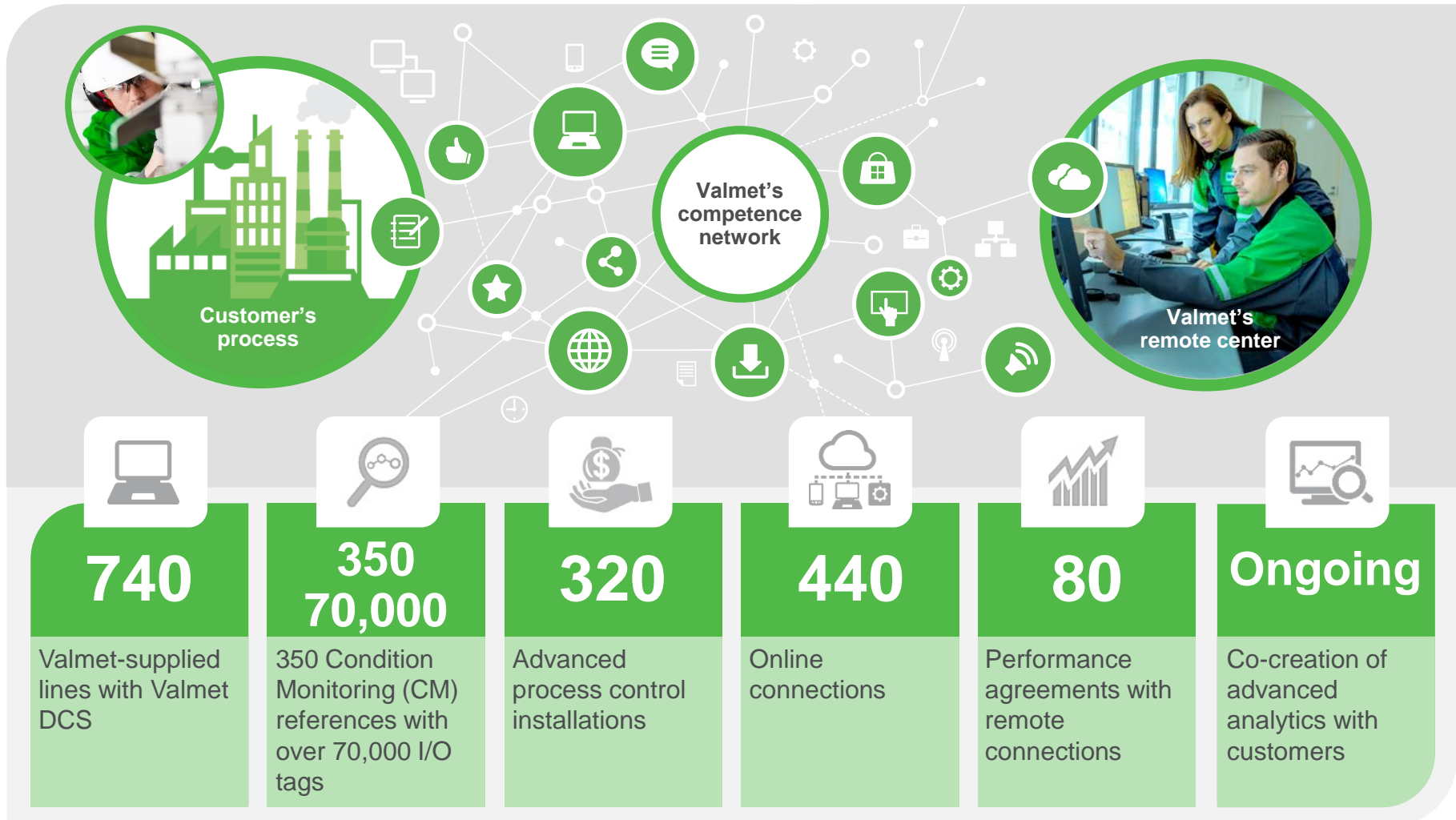
### Excellence in processes

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


### Winning team

- Nurture shared values
- Drive high performance
- Continue globalization of our capabilities

# Today, customers are extensively utilizing our Industrial Internet capabilities







# Summary of Financial Statements Review 2015

# 2015 in brief

- Successful acquisition of Automation
- Orders received and net sales increased in stable business<sup>1</sup>
- Orders received declined and net sales increased in capital business<sup>2</sup>
- 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](http://www.valmet.com/investors)

## Capital Markets Day

September 20, 2016  
Helsinki, Finland

More information to follow!



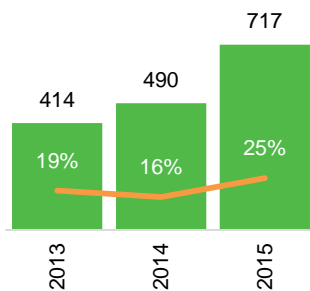


# Appendix

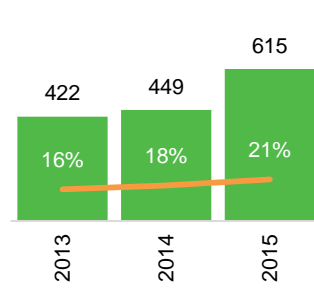
# North America

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

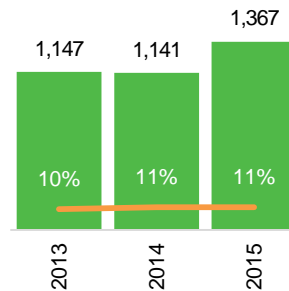
Orders received  
(EUR million and % of total)



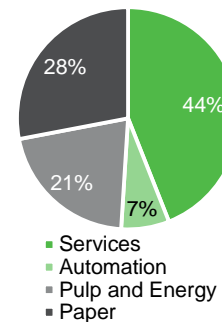
Net sales  
(EUR million and % of total)



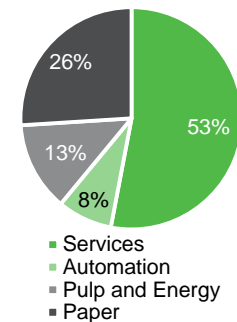
Employees  
(number and % of total)



Orders received by business line (2015)



Net sales by business line (2015)



## 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 Johnson

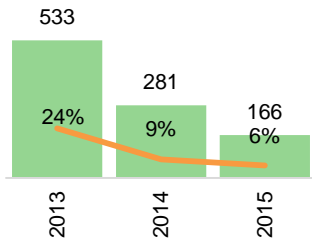
Target market size:  
EUR **2.9** bn

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

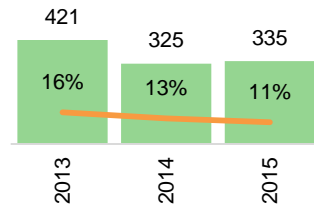
# South America

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

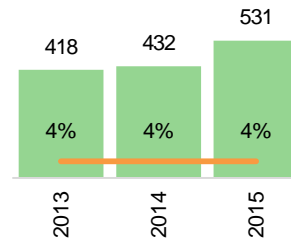
Orders received  
(EUR million and % of total)



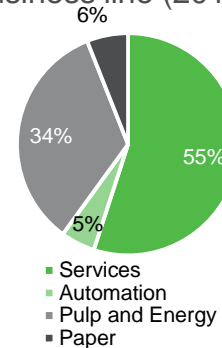
Net sales  
(EUR million and % of total)



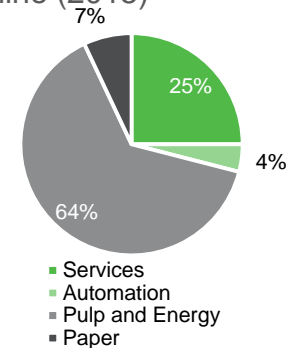
Employees  
(number and % of total)



Orders received by business line (2015)



Net sales by business line (2015)



## 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

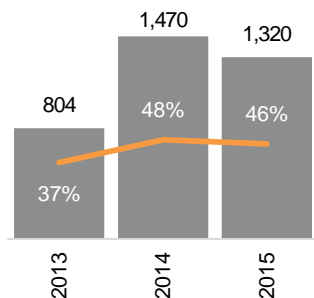
Target market size:  
**EUR 1.5 bn**

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

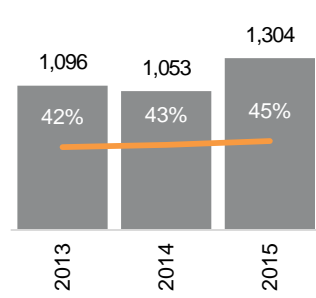
# EMEA

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

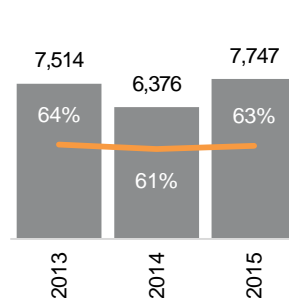
Orders received  
(EUR million and % of total)



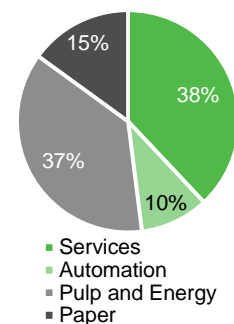
Net sales  
(EUR million and % of total)



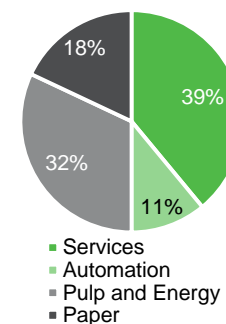
Employees  
(number and % of total)



Orders received by  
business line (2015)



Net sales by business  
line (2015)



## 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

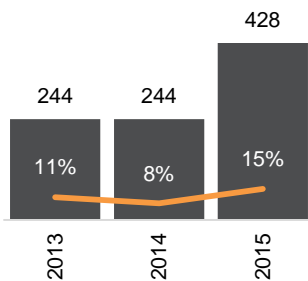
Target market  
size:  
EUR **6.0** bn

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

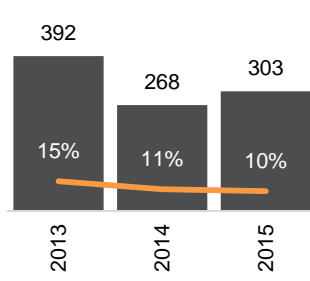
# China

## Capital business at new normal level, growth opportunities in Services

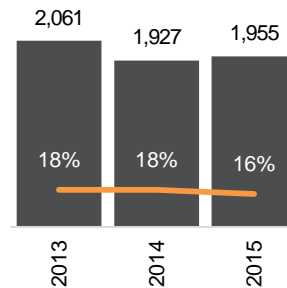
Orders received  
(EUR million and % of total)



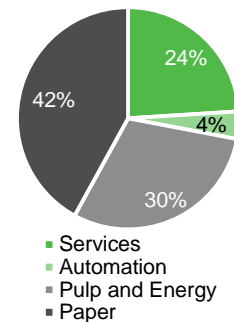
Net sales  
(EUR million and % of total)



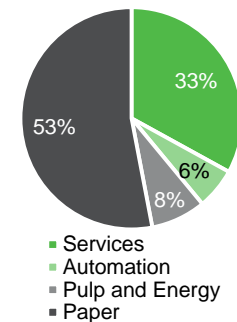
Employees  
(number and % of total)



Orders received by  
business line (2015)



Net sales by business  
line (2015)



### 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 mid-sized 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**

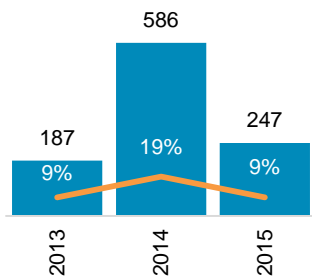
2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.



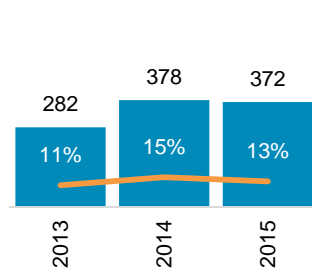
# Asia-Pacific

## Developing services market with growth potential

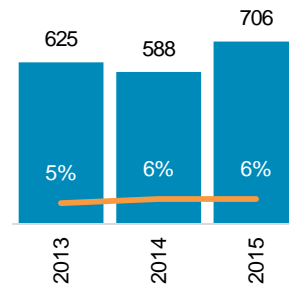
Orders received  
(EUR million and % of total)



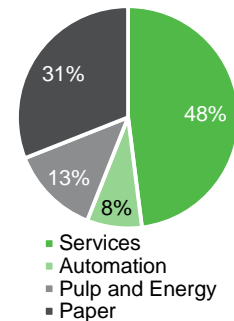
Net sales  
(EUR million and % of total)



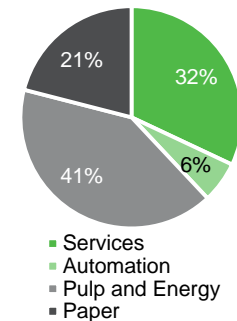
Employees  
(number and % of total)



Orders received by  
business line (2015)



Net sales by business  
line (2015)



### 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

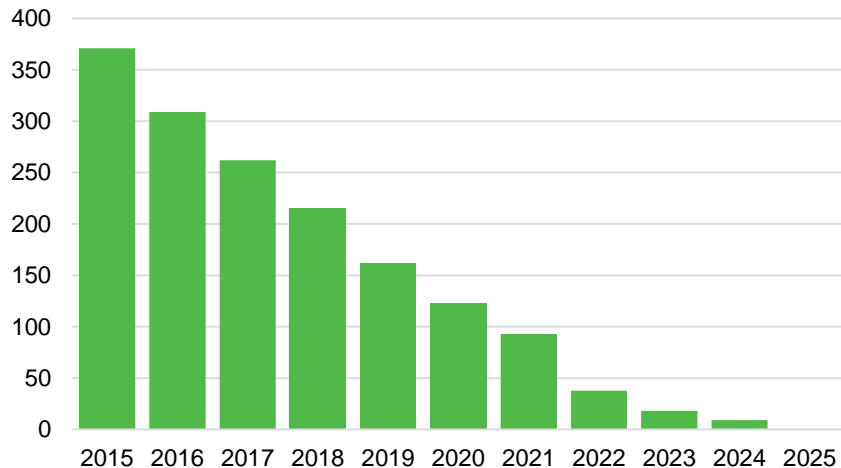
Target market  
size:  
**EUR 2.6 bn**

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

# Structure of loans and borrowings

Interest-bearing debt EUR 371 million as at December 31, 2015

Amount of outstanding interest-bearing debt (EUR millions)



## Main financing sources

Amount	Lender
EUR 104 million	European Investment Bank
EUR 100 million	Skandinaviska Enskilda Banken
EUR 70 million	Swedish Export Kredit
EUR 95 million	Nordic Investment Bank

## Back-up facilities

Amount	Outstanding
EUR 200 million syndicated revolving credit facility	None outstanding
EUR 200 million domestic commercial paper program	None outstanding

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

# Largest shareholders on January 31, 2016

Based on the information given by Euroclear Finland Ltd.

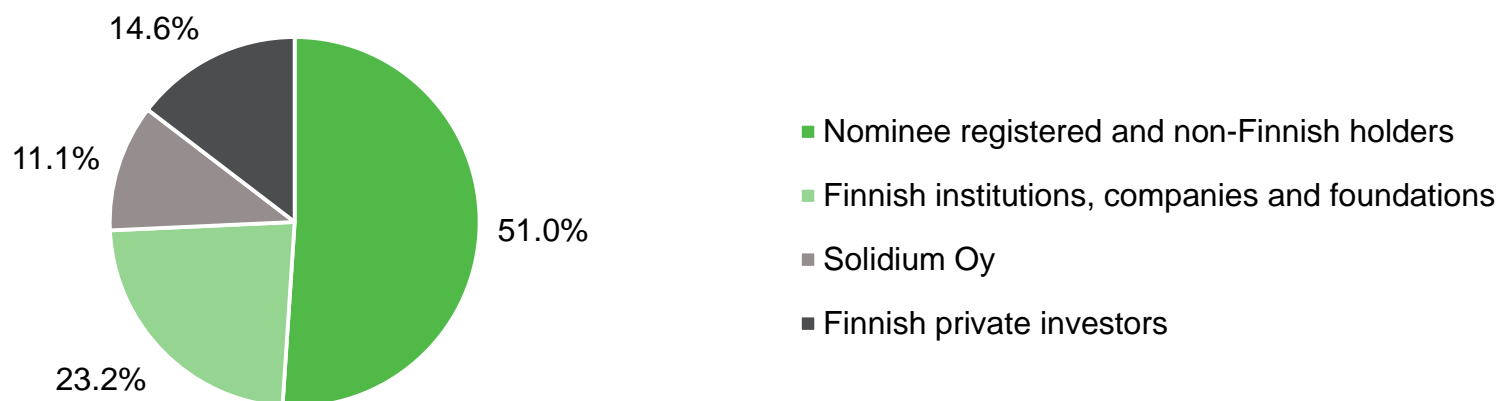
## Largest shareholders

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

- 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

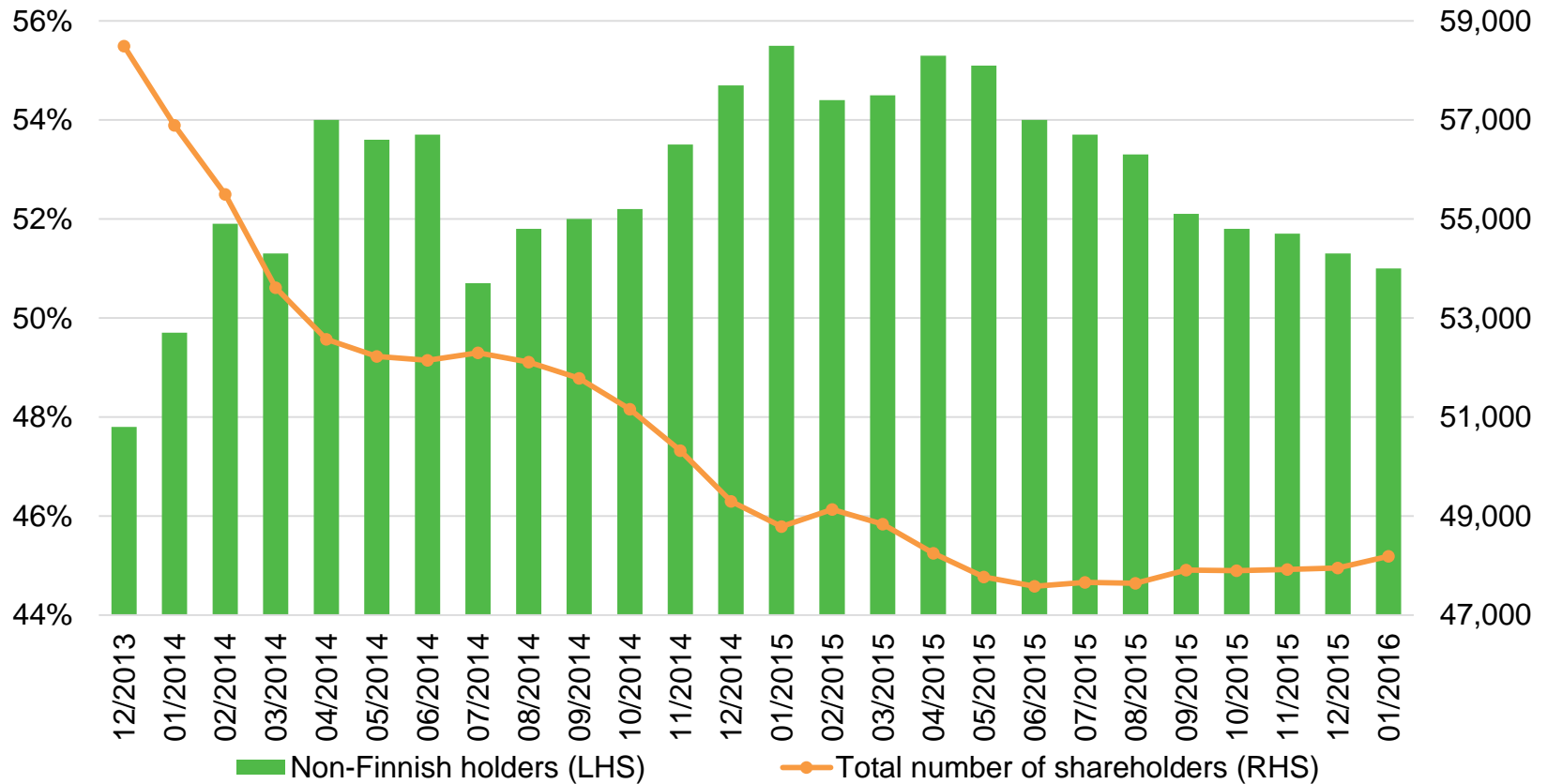


Sector	Number of shareholders	% of total shareholders	Number of shares	% of shares
Nominee registered and non-Finnish holders	297	0.6%	76,492,501	51.0%
Finnish institutions, companies and foundations	2,638	5.5%	34,764,144	23.2%
Solidium Oy <sup>1</sup>	0	0.0%	16,695,287	11.1%
Finnish private investors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

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

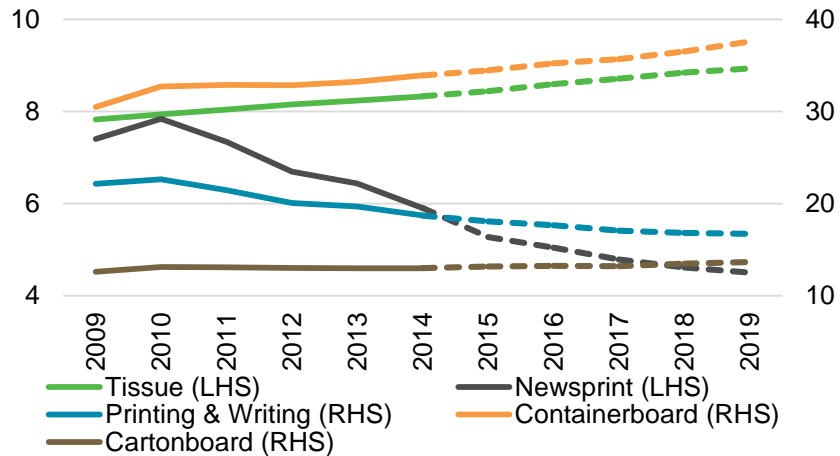
1) A holding company that is wholly owned by the Finnish State

# Share of non-Finnish holders and number of shareholders

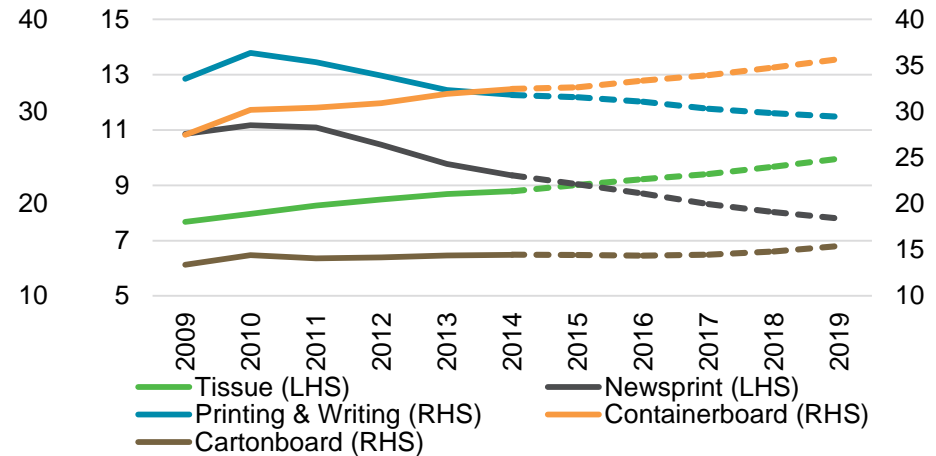


# Paper, board, and tissue production trends

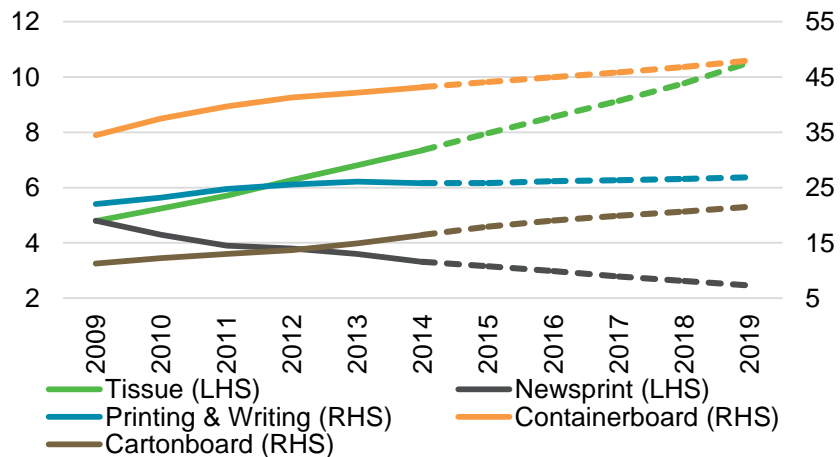
## North America (million tonnes)



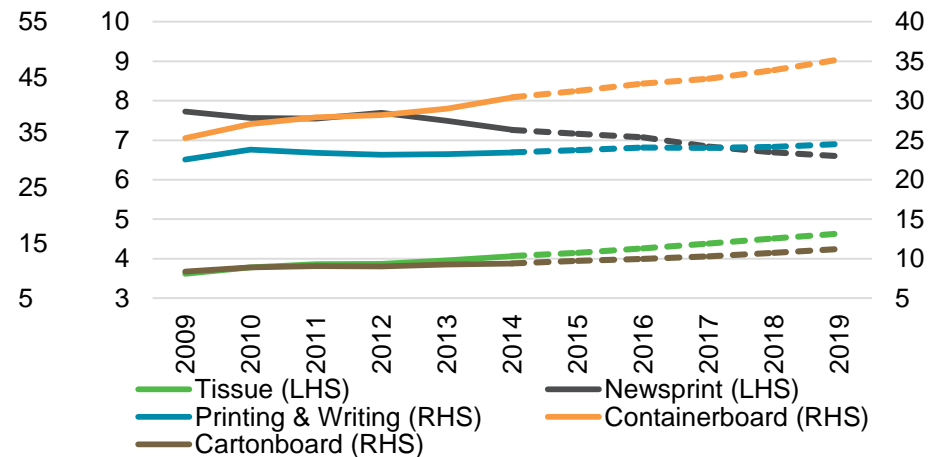
## Europe (million tonnes)



## China (million tonnes)



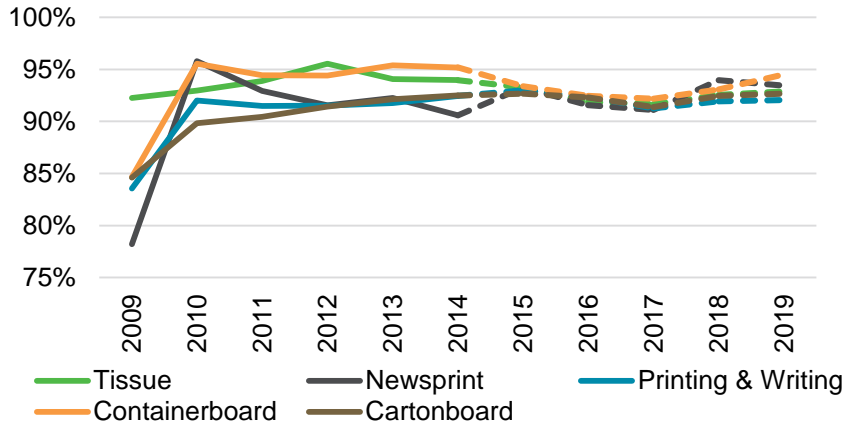
## Asia-Pacific (million tonnes)



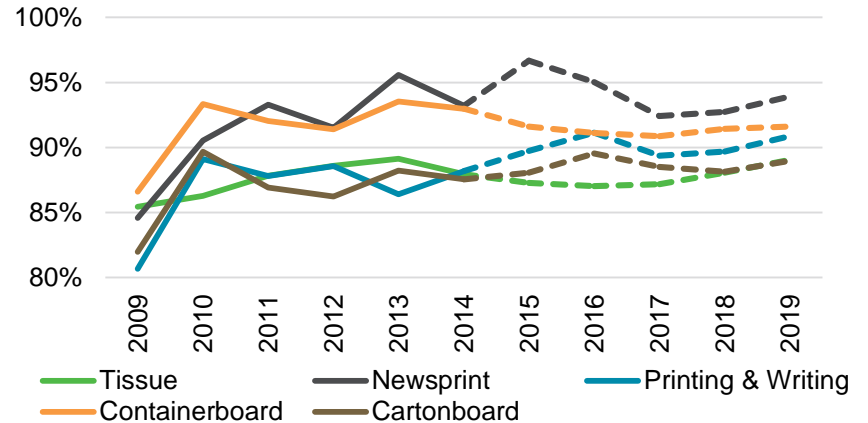
Source: RISI

# Paper, board, and tissue operating rates

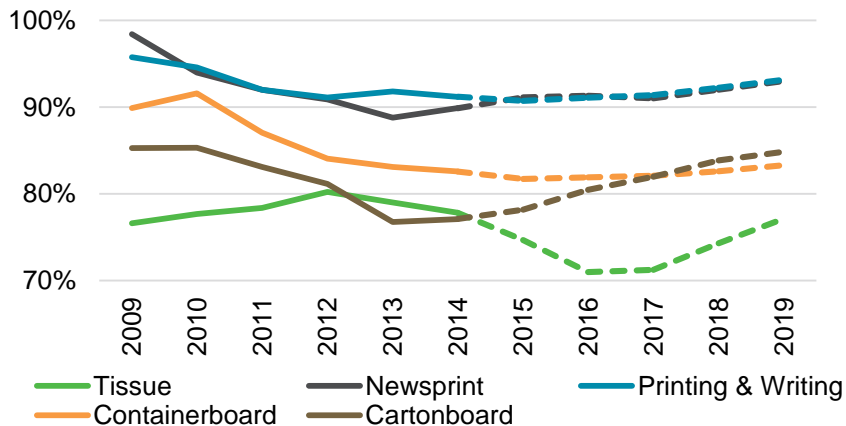
## North America



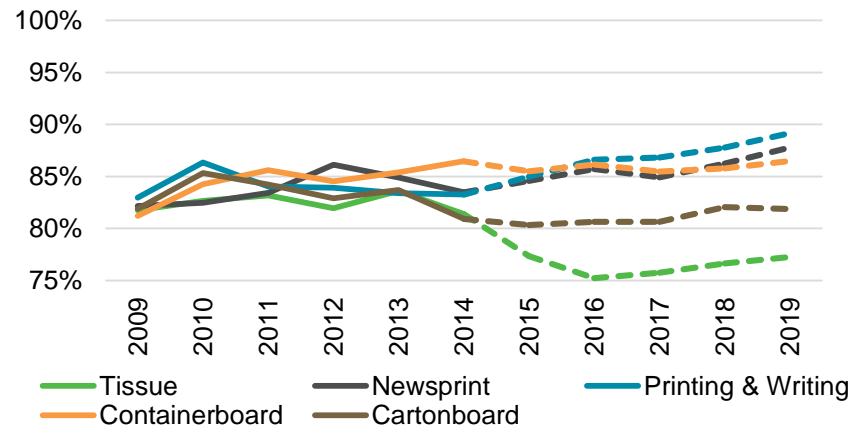
## Europe



## China



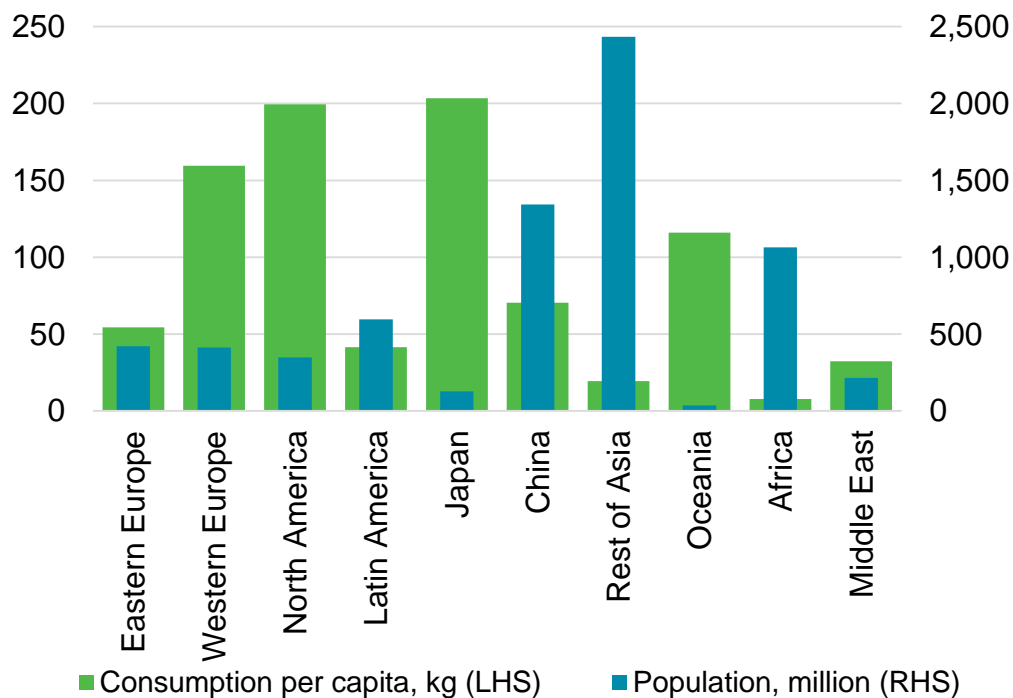
## Asia-Pacific



Source: RISI

# Paper and board consumption growth trends

Paper and board consumption per capita vs. population



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

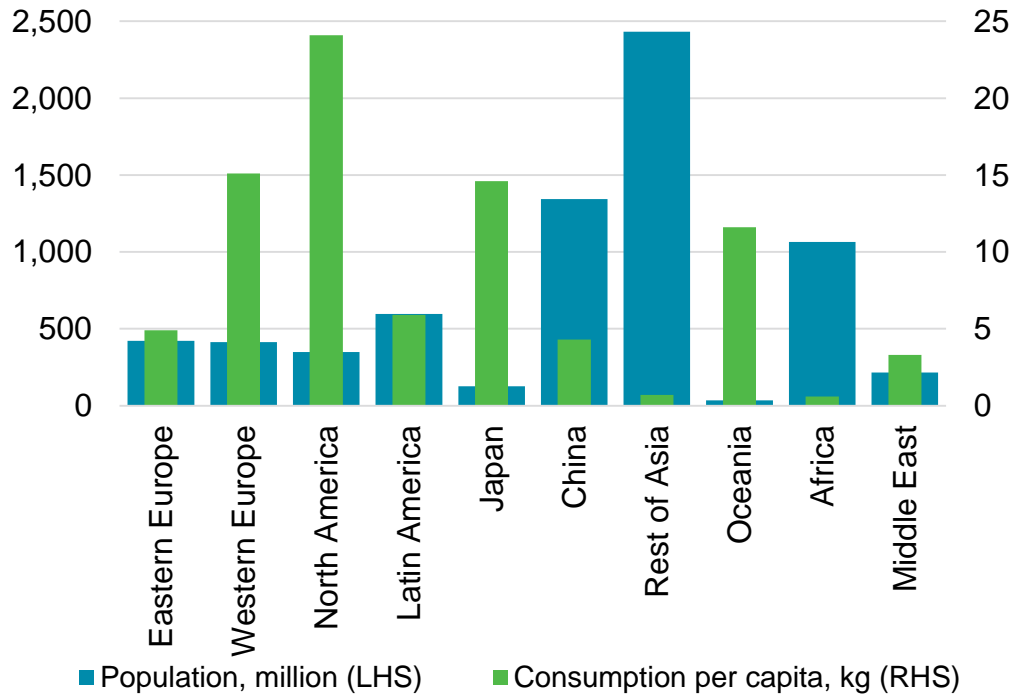
Average global consumption: 53 kg per capita

Source: RISI



# Tissue consumption growth trends

Tissue consumption per capita vs. population



Average global consumption: 4.5 kg per capita

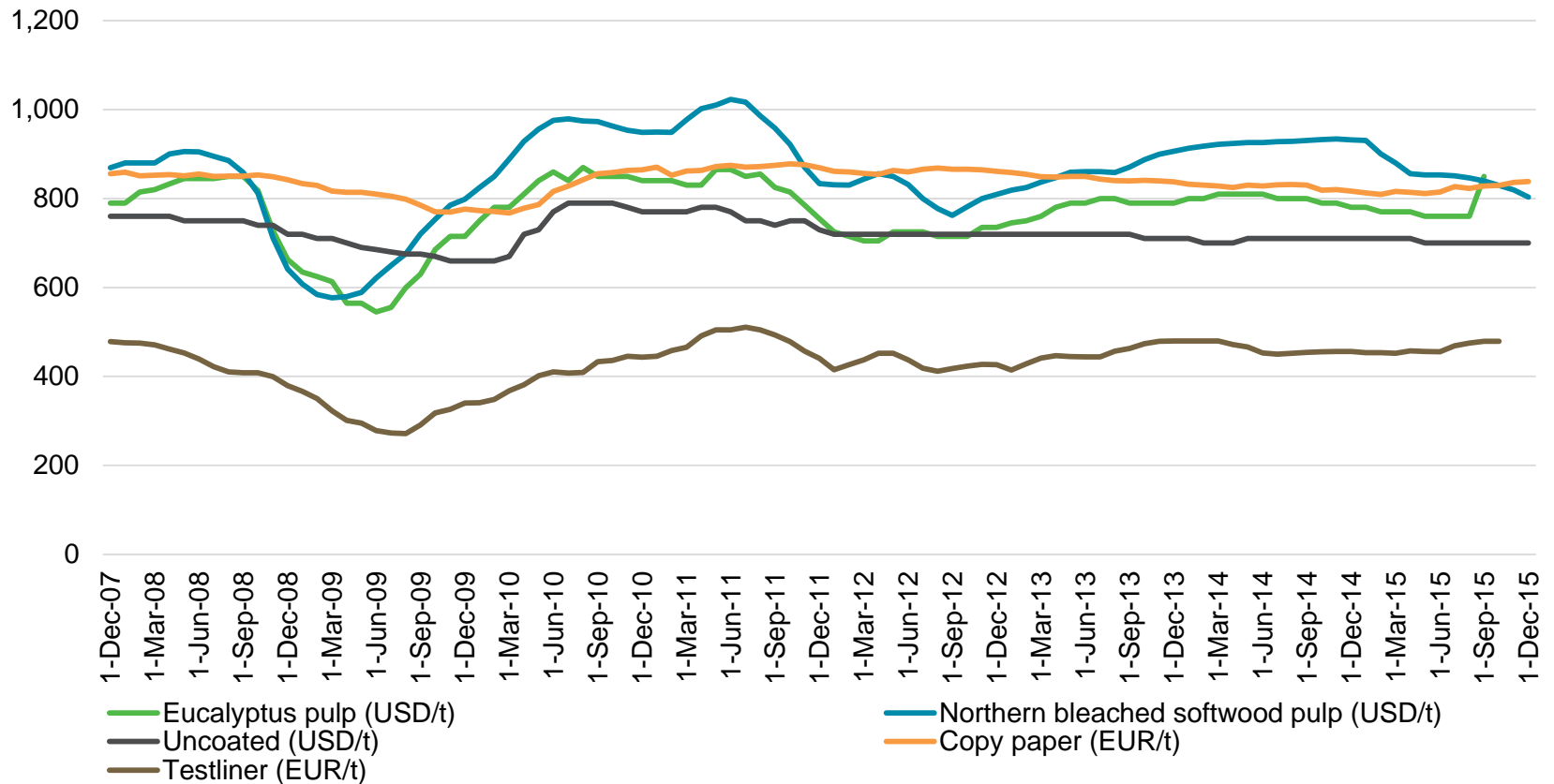
New products and consumption models based on tissue are helping increase consumption in developed markets

Consumption in emerging markets is still low, but growing

Offers us long-term growth potential in both developed and emerging markets

Source: RISI

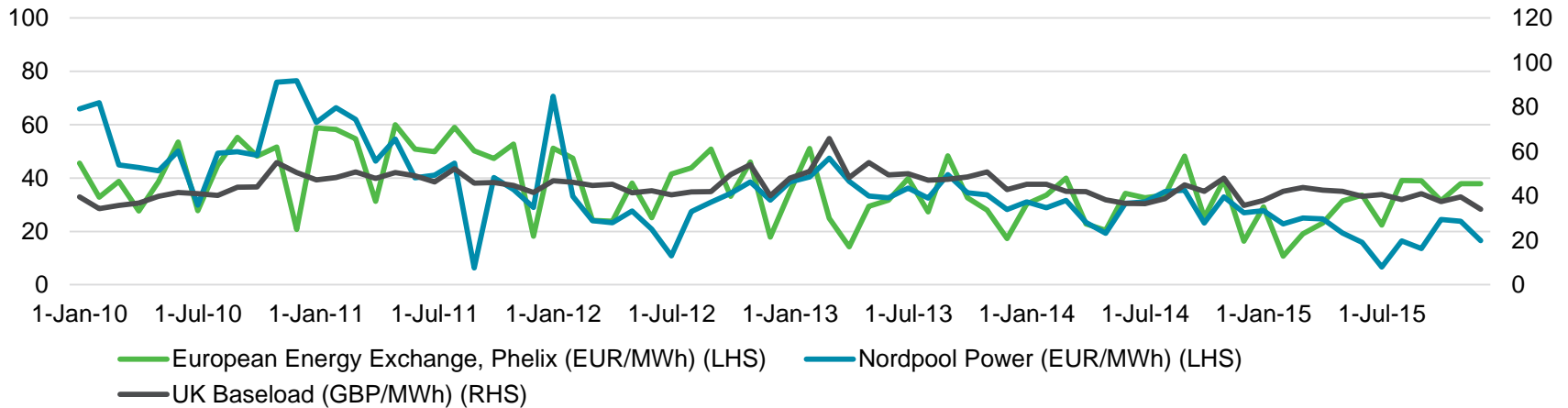
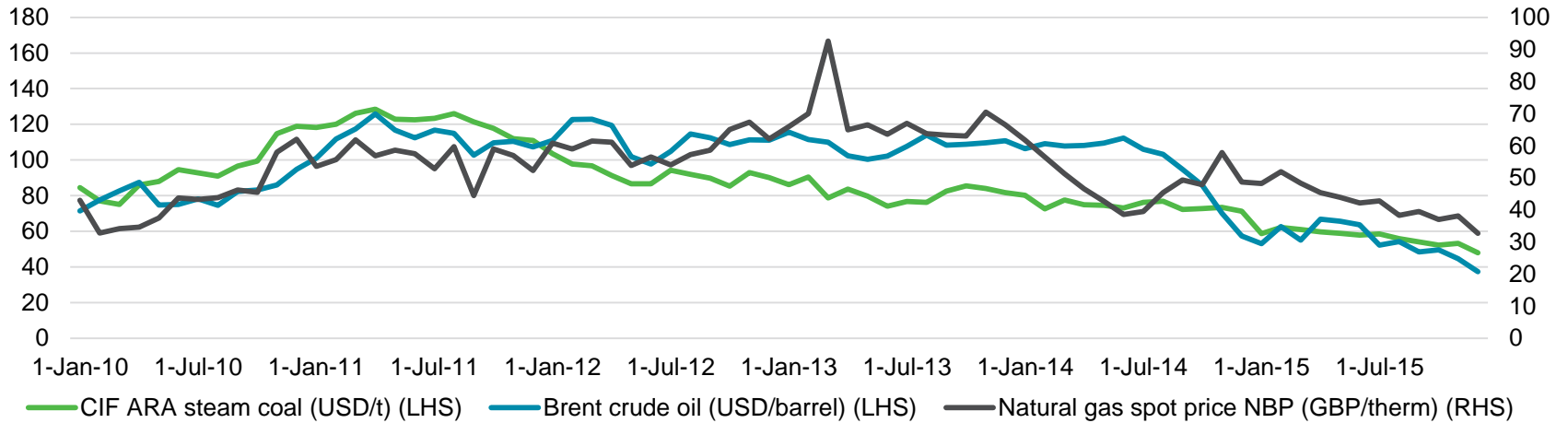
# Pulp and paper price trends



Source: Bloomberg

# Crude oil, steam coal, natural gas and electricity

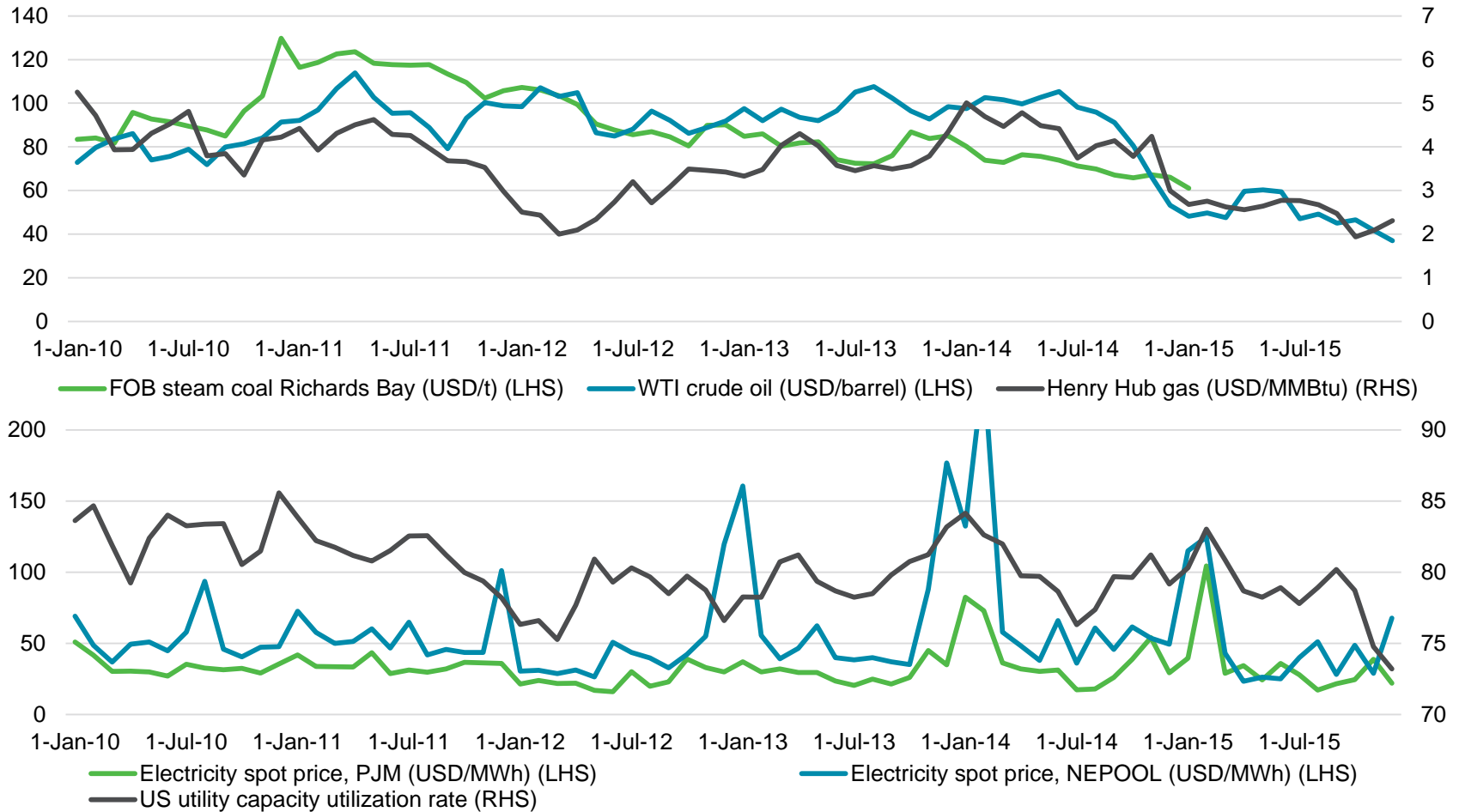
## Europe



Source: Bloomberg

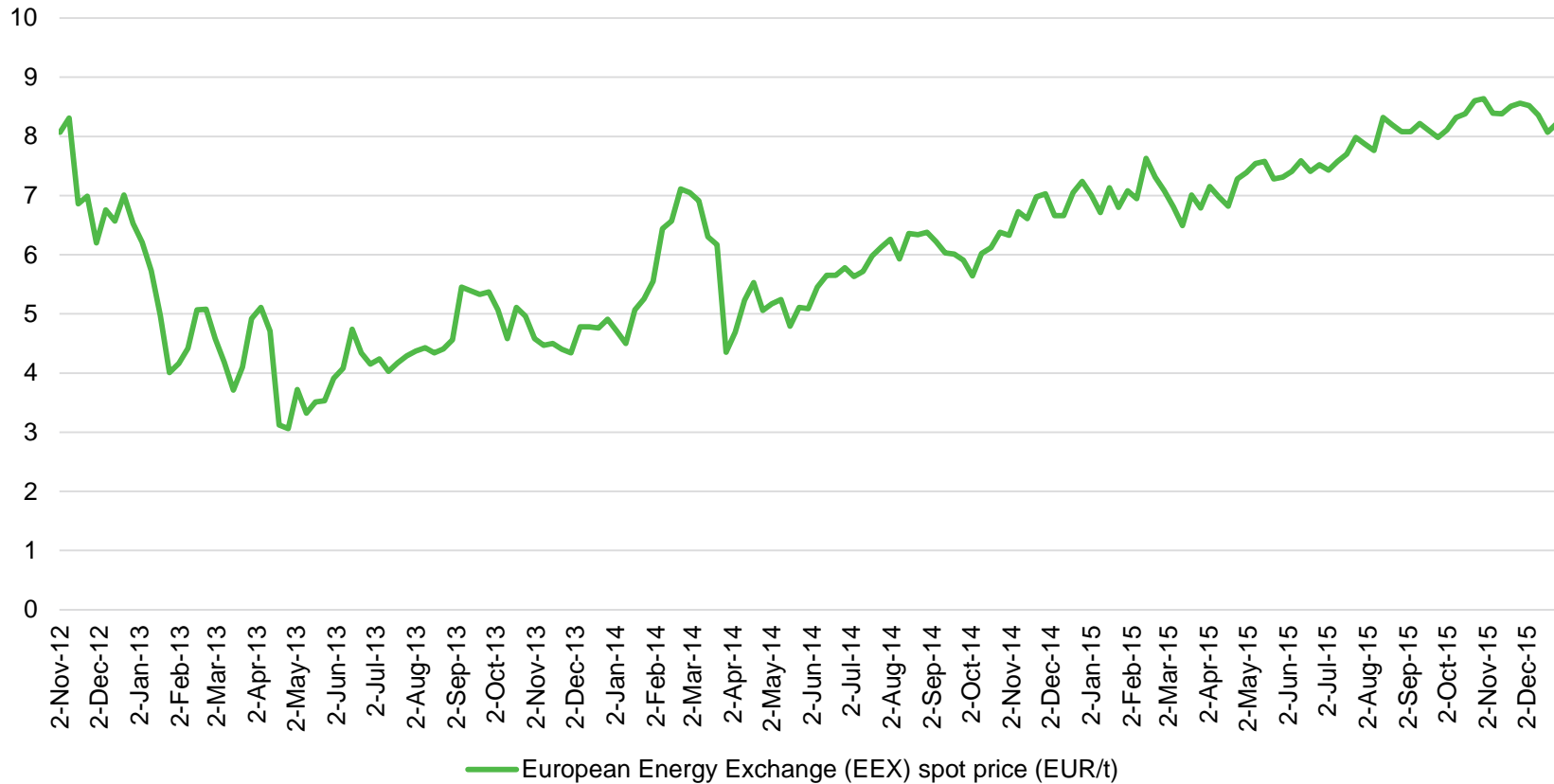
# Crude oil, steam coal, natural gas and electricity

## United States



Source: Bloomberg

# European Carbon Emission Allowance



Source: Bloomberg

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