

Valmet – unique offering with process technology, automation and services

Roadshow presentation
April 2018

Agenda

Valmet roadshow presentation

1 Valmet in brief

2 Investment highlights

3 Financials

4 Conclusion



Valmet in brief

Key figures in 2017

Orders received
EUR 3,272 million

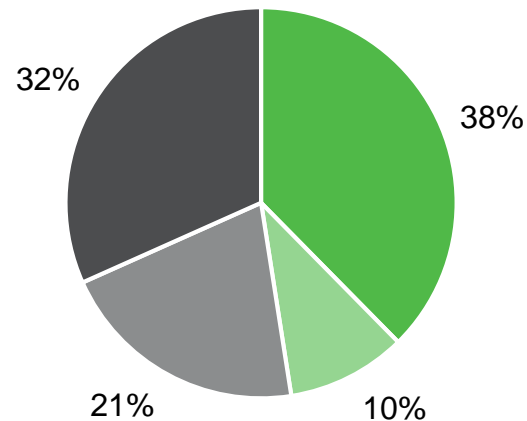
Net sales
EUR 3,058 million

Comparable EBITA
EUR 218 million

Comparable EBITA margin
7.1%

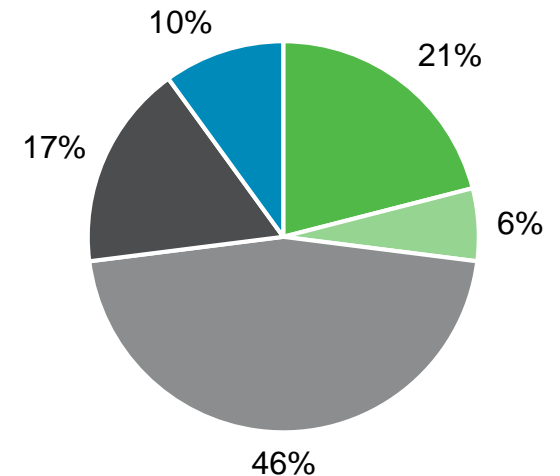
Employees (on Dec 31, 2017)
12,268

Orders received by business line



- Services
- Automation
- Pulp and Energy
- Paper

Orders received by area

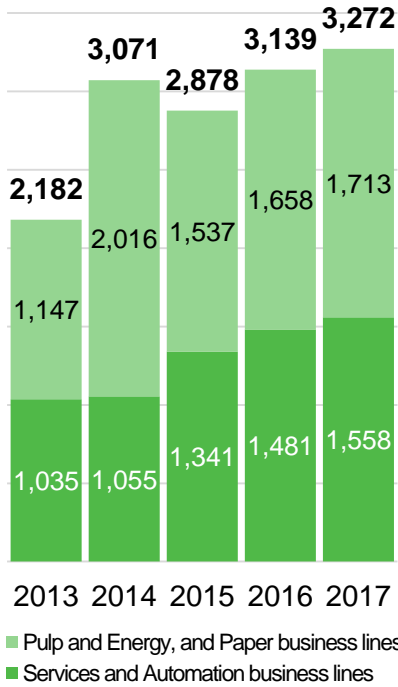


- North America
- South America
- EMEA
- China
- Asia-Pacific

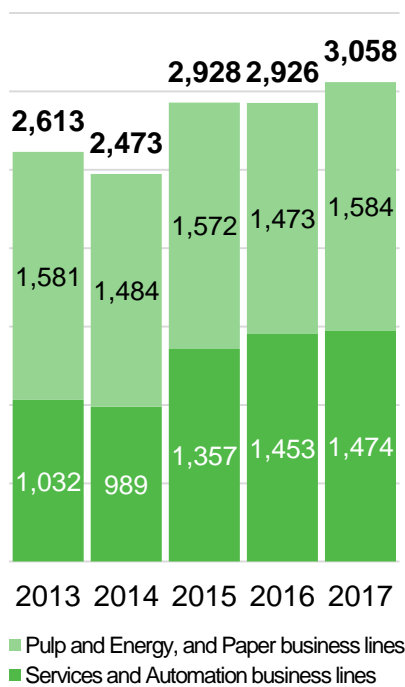
Valmet's development

Comparable EBITA target 8–10% from 2017 onwards

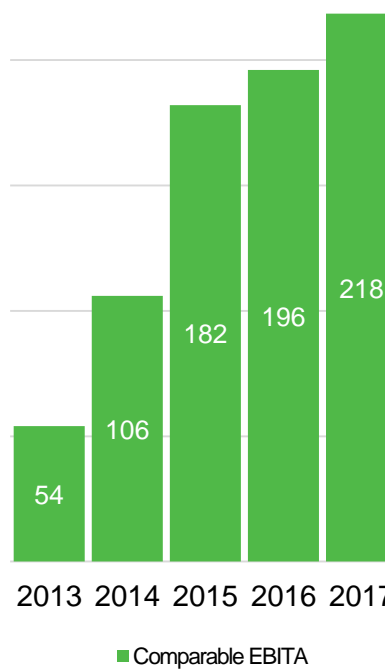
Orders received (EUR million)¹



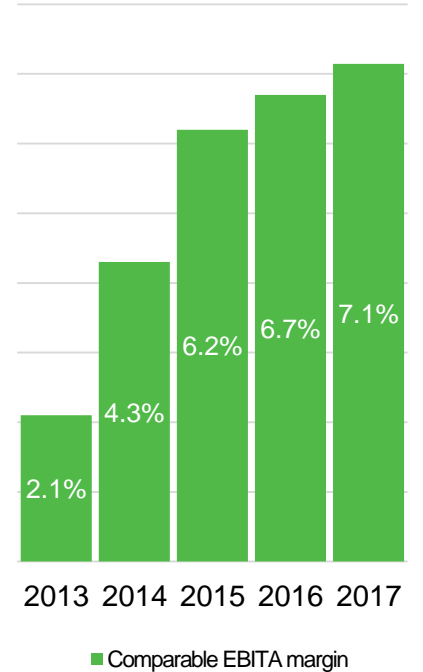
Net sales (EUR million)¹



Comparable EBITA (EUR million)¹



Comp. EBITA margin (%)¹



1) 2013 figures on carve-out basis

Our four business lines serve the same customer base



#1-2

Services

Mill and plant improvements, roll and workshop services, parts and fabrics, and life-cycle services



#1-3

Automation

Supplies and develops automation and information management systems, applications and services



#1-3

Pulp and Energy

Technologies and solutions for pulp production, power generation, and biomass conversion



#1

Paper

Technologies and solutions for board, tissue, and paper

Strong, global presence is a good platform for growth

Over 120 service centers, 86 sales offices, 34 production units, 16 R&D centers

North America

- 17 service centers
- 7 production units
- 8 sales offices

 1,223

China

- 8 service centers
- 6 production units
- 3 sales offices

 1,696

South America

- 3 service centers
- 2 production units
- 5 sales offices

 534

EMEA

- 16 R&D centers
- 63 service centers
- 21 production units
- 54 sales offices

 8,088

Asia-Pacific

- 10 service centers
- 16 sales offices

 727

Employees on December 31, 2017

Process technology, services and automation

Valmet's unique offering differentiates the company from its competitors



Significant, customer focused research and development work

R&D focus areas

- Advanced and competitive technologies and services
- Raw material, water and energy efficiency
- Promotion of renewable materials

16

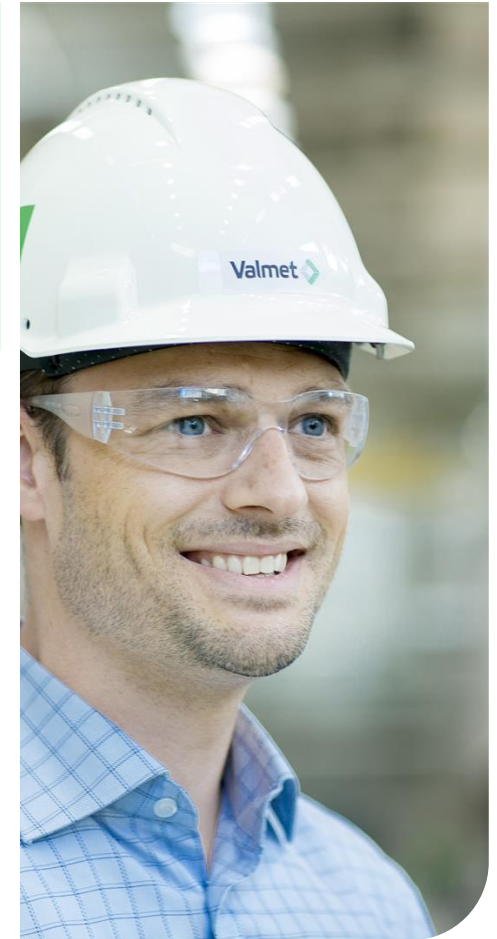
research and
development
centers

EUR **64** million

R&D spending
in 2017

~1,500

protected
inventions



Acknowledged leader in sustainability

360° approach to sustainability

- In Dow Jones Sustainability Index for the fourth consecutive year
- Received Silver Class 2018 Sustainability Award
- Achieved A- rating in CDP's climate program in 2017
- In Ethibel Sustainability Index Excellence Europe



Relevant UN Sustainable Development Goals



Financial targets

Growth



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

Profitability



- Comparable EBITA: 8–10%

ROCE



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

Dividend policy



- Dividend payout at least 50% of net profit



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



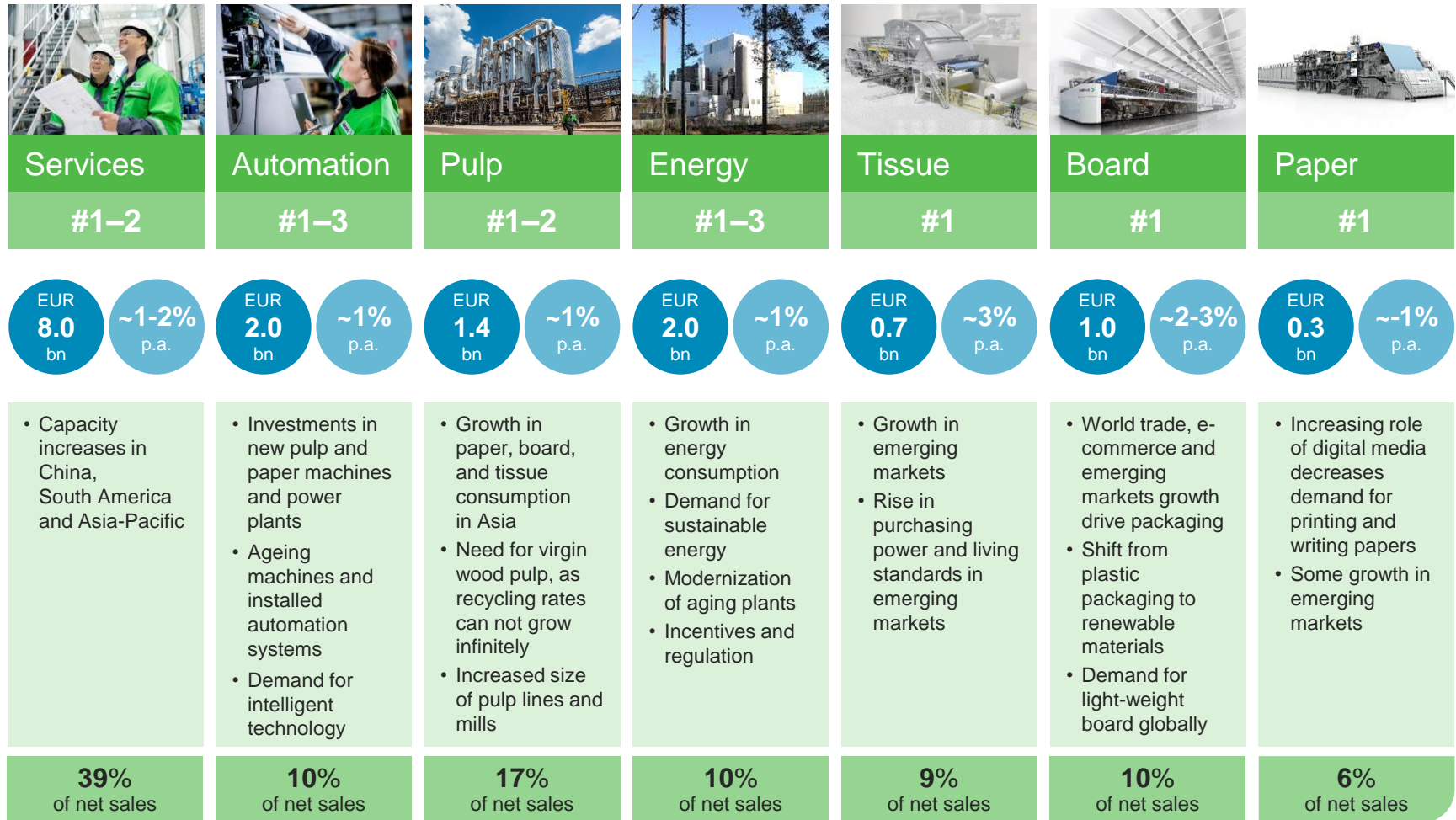
Investment highlights

Investment highlight summary

- 1 Strong market position in markets that grow**
- 2 Stable business, with EUR 1.5 billion of net sales, offering stability, growth and profitability**
- 3 Capital business, with flexible cost structure, offering growth and profitability potential**
- 4 Continuous systematic development**
- 5 Technology leader with unique offering**



Strong market position in markets that grow

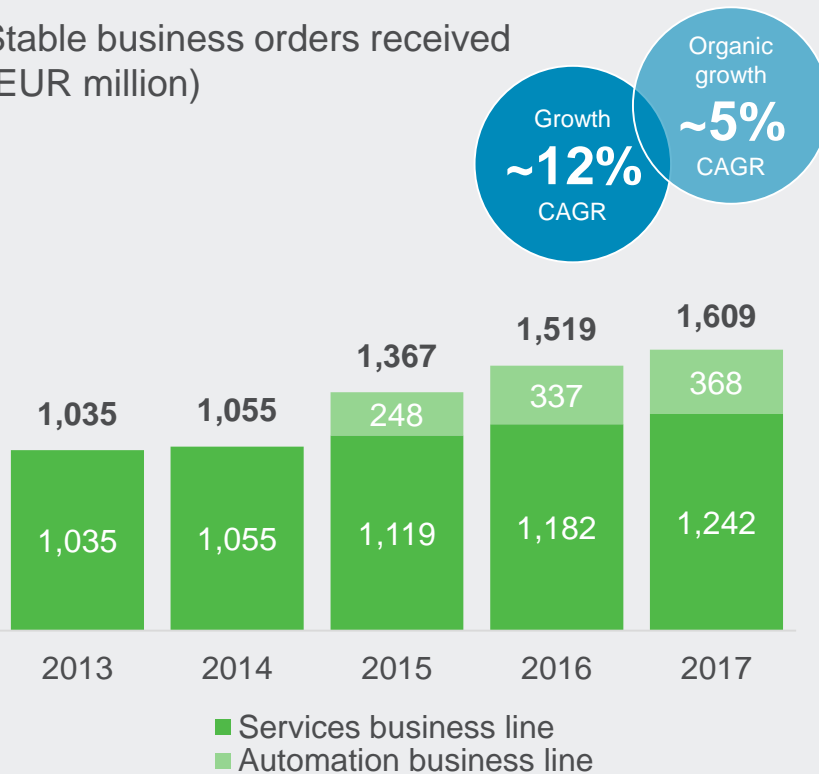


● Estimated market size for current offering (EUR)
 ● Anticipated long-term market growth
 Market drivers
 % of net sales (2017)

Source: Leading consulting firms, RISI, management estimates

Stable business, with EUR 1.5 billion of net sales, offering stability, growth and profitability

Stable business orders received (EUR million)



Key potential in stable business

- Valmet Way to Serve
- Industrial Internet

Services

- Strengthening the presence close to customers
- Continuous flow of new products

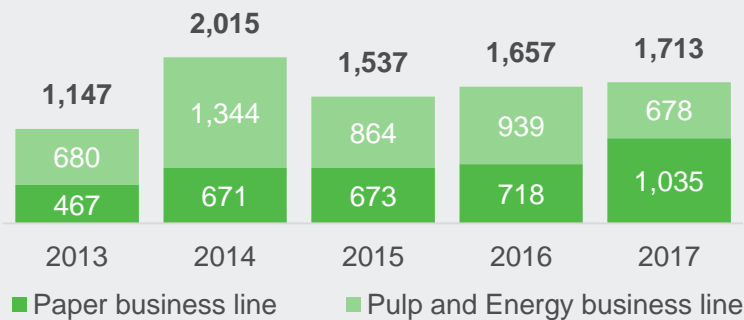
Automation

- Market share increase via competitor replacements in Automation
- Capitalizing Valmet level synergies

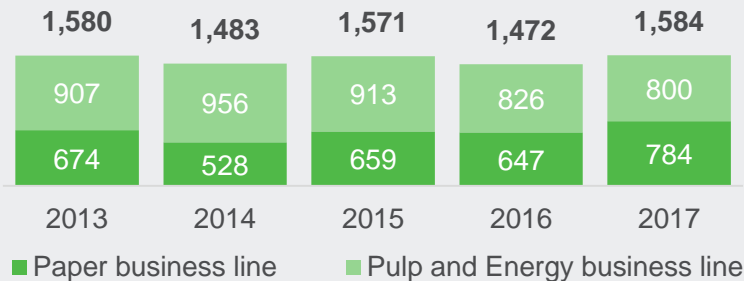
Automation business line figures include internal orders received.

Capital business, with flexible cost structure, offering growth and profitability potential

Orders received (EUR million)



Net sales (EUR million)



Key potential in capital business

- Product cost competitiveness to support the growth
- Cost structure development and increasing flexibility
- Strengthen project management

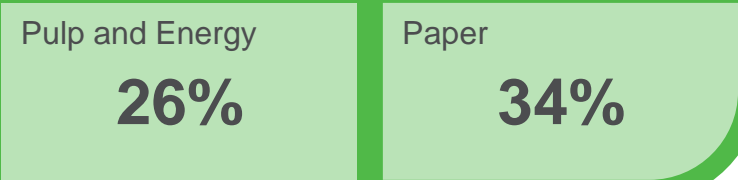
Pulp and Energy business line

- Become market leader in Pulp
- Expand global market presence in Energy

Paper business line

- Strengthening market position in South America
- Continue modularization and standardization

Capacity cost to net sales (2017)



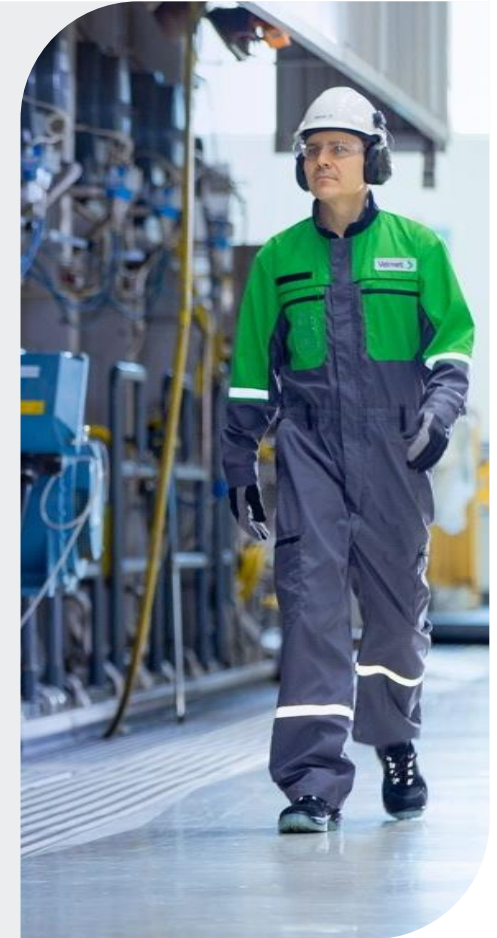
Continuous systematic development

Supporting growth:

- New Valmet way to serve
- Improved sales process for complete offering

Supporting profitability improvement:

- Reducing procurement costs
- Reducing quality costs
- Project management, R&D and ERP



Technology leader with unique offering

Cost-competitive, focused solutions in Paper

- 15 OptiConcept M machines sold
- 10 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



Financials

Key figures

EUR million	Q4/2017	Q4/2016	Change	2017	2016	Change
Orders received	727	857	-15%	3,272	3,139	4%
Order backlog ¹	2,458	2,283	8%	2,458	2,283	8%
Net sales	967	785	23%	3,058	2,926	5%
Comparable EBITA	81	56	44%	218	196	11%
% of net sales	8.4%	7.2%		7.1%	6.7%	
EBITA	69	48	42%	202	183	10%
Operating profit (EBIT)	61	40	51%	170	147	15%
% of net sales	6.3%	5.1%		5.6%	5.0%	
Earnings per share, EUR	0.33	0.10	>100%	0.81	0.55	46%
Return on capital employed (ROCE) before taxes ²				14%	12%	
Cash flow provided by operating activities	89	88	0%	291	246	18%
Gearing ¹				-11%	6%	

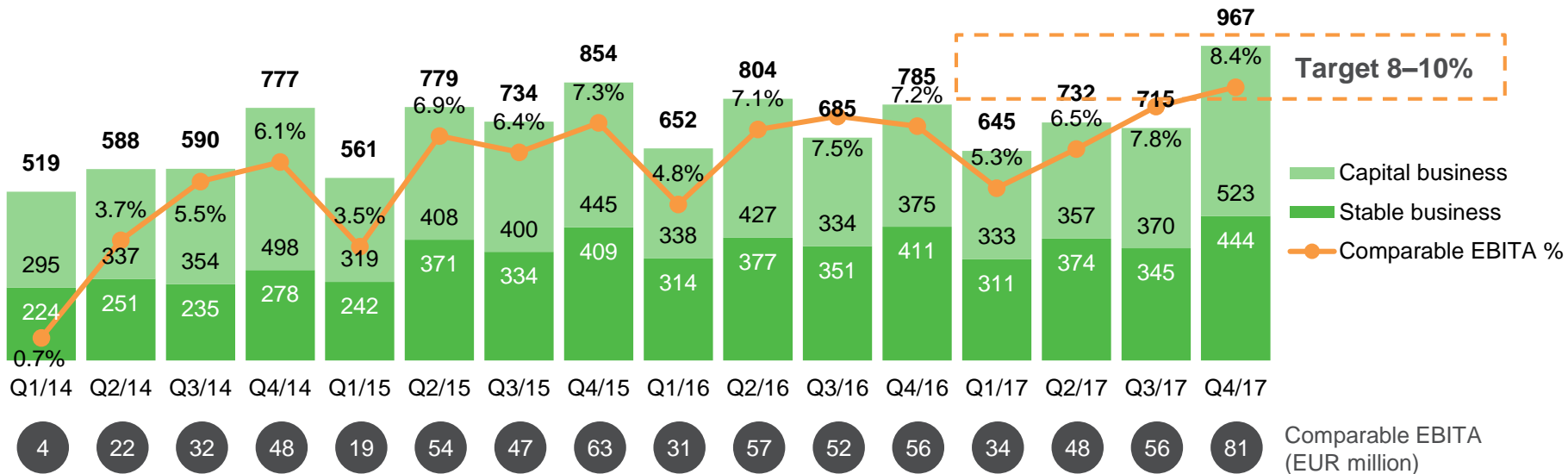
Items affecting comparability: EUR -12 million in Q4/2017 (EUR -8 million in Q4/2016), EUR -17 million in 2017 (EUR -13 million in 2016)

1) At the end of period

2) Annualized

Comparable EBITA margin development

Net sales and Comparable EBITA (EUR million and %)



- Net sales and Comparable EBITA increased compared with Q4/2016
 - Profitability improved due to higher net sales

Guidance and short-term market outlook

Guidance for 2018 (announced on March 21, 2018)

Guidance



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

Short-term market outlook

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

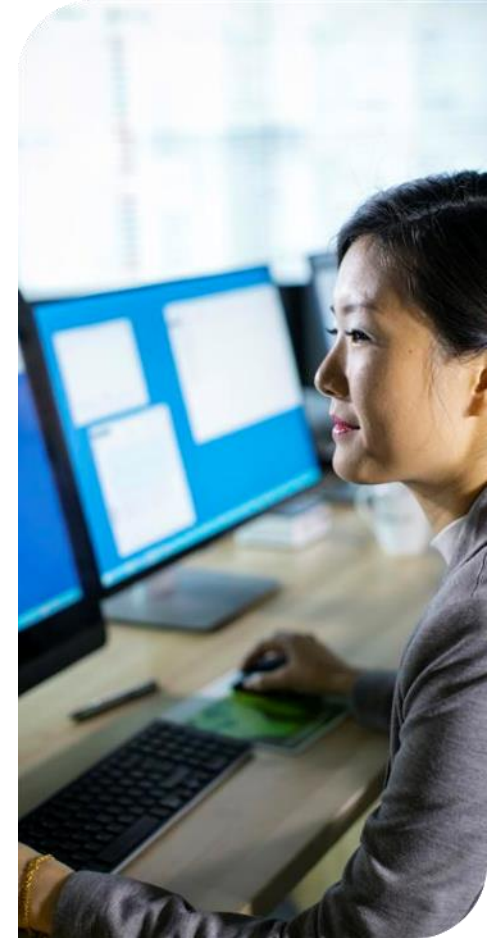
The short-term market outlook is given for the next six months from the end of the respective quarter. The scale is 'weak-satisfactory-good'.



Conclusion

Conclusion

- 1 Strong market position in markets that grow**
- 2 Stable business, with EUR 1.5 billion of net sales, offering stability, growth and profitability**
- 3 Capital business, with flexible cost structure, offering growth and profitability potential**
- 4 Continuous systematic development**
- 5 Technology leader with unique offering**



Important notice

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for growth, profitability and investment willingness, expectations for company development, growth and profitability and the realization of synergy benefits and cost savings, and statements preceded by “anticipates”, “believes”, “estimates”, “expects”, “foresees” or similar expressions, are forward-looking statements. Since these statements are based on current decisions and plans, estimates and projections, they involve risks and uncertainties which may cause the actual results to materially differ from the results currently expressed. Such factors include, but are not limited to:

- 1) general economic conditions, including fluctuations in exchange rates and interest levels which influence the operating environment and profitability of customers of the company or economic growth in the company’s principal geographic markets.
- 2) industry conditions, intensity of competition situation, especially potential introduction of significant technological solutions developed by competitors, financial condition of the customers and the competitors of the company,
- 3) the company’s own operating factors, such as the success of production, product development and project management and the efficiencies therein including continuous development and improvement
- 4) the success of pending and future acquisitions and restructuring.

Appendix

1 Financials

2 Focus areas and actions

3 Area development

4 Shareholders and share price development

5 Offering

6 Management

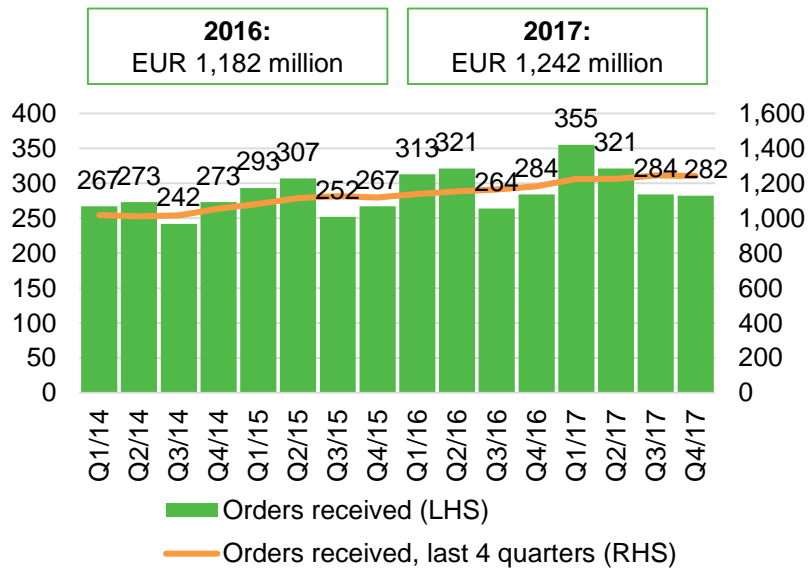


Appendix

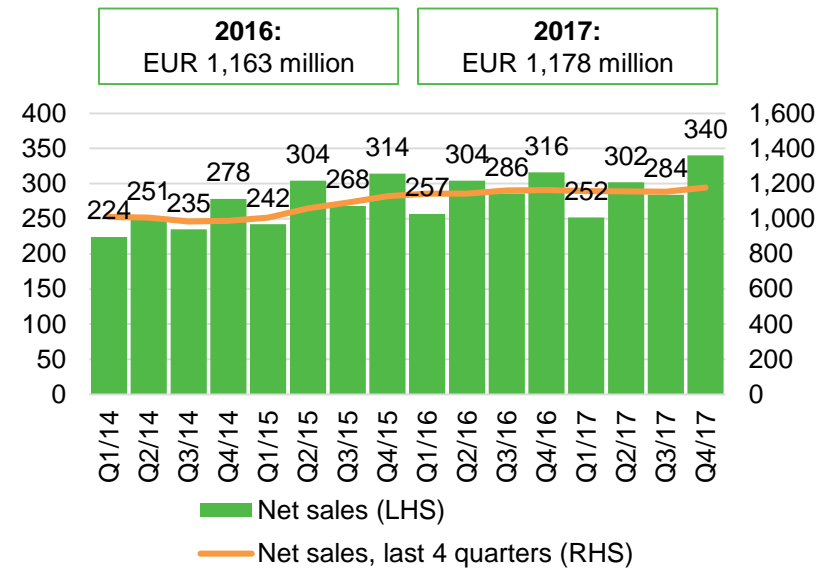
Financials

Services: Orders received increased to EUR 1,242 million in 2017

Orders received (EUR million)



Net sales (EUR million)

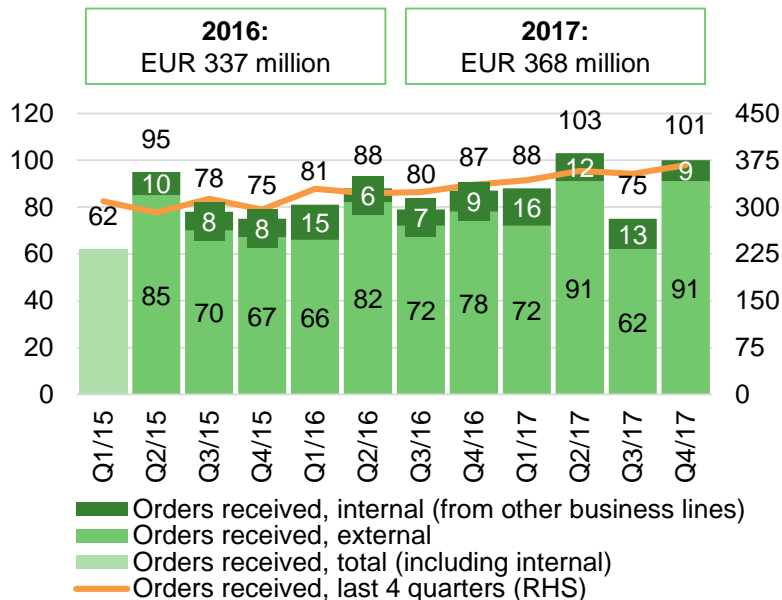


- Orders received remained at the same level as in Q4/2016
 - Orders received increased in Asia-Pacific, remained at the previous year's level in EMEA and decreased in North America, China and South America
 - Orders received increased in Performance Parts, and Energy and Environmental, remained at the previous year's level in Mill Improvements and decreased in Rolls, and Fabrics
- Net sales increased compared with Q4/2016

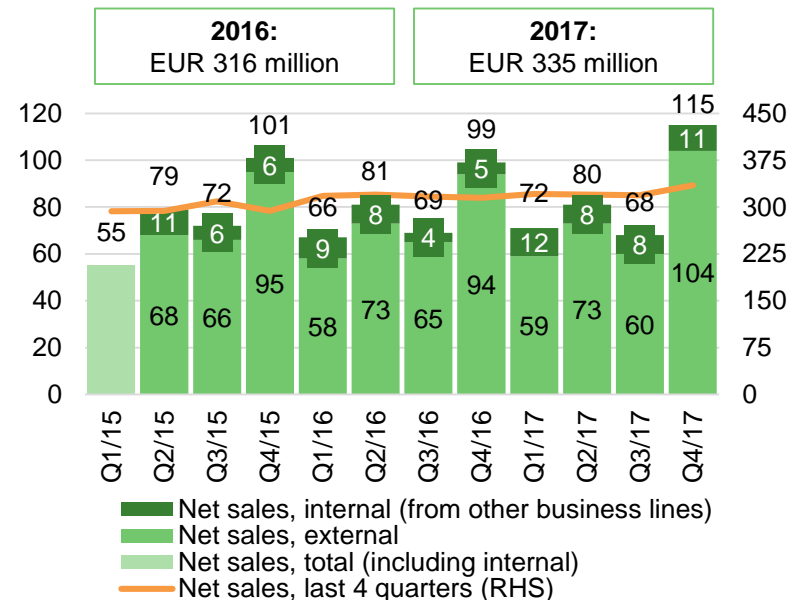


Automation¹: Orders received increased to EUR 368 million in 2017

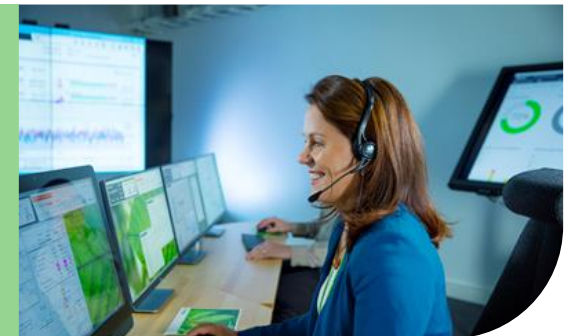
Orders received² (EUR million)



Net sales² (EUR million)



- Orders received increased compared with Q4/2016
 - Orders received increased in China, North America and EMEA and decreased in Asia-Pacific and South America
 - Orders received increased in both Pulp and Paper, and Energy and Process
- Net sales increased compared with Q4/2016

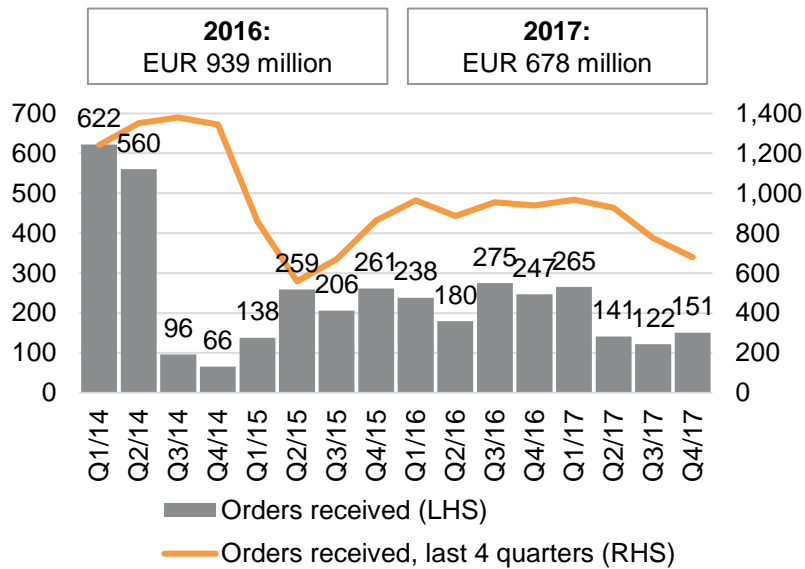


1) Comments refer to orders received and net sales including also internal orders received and net sales.

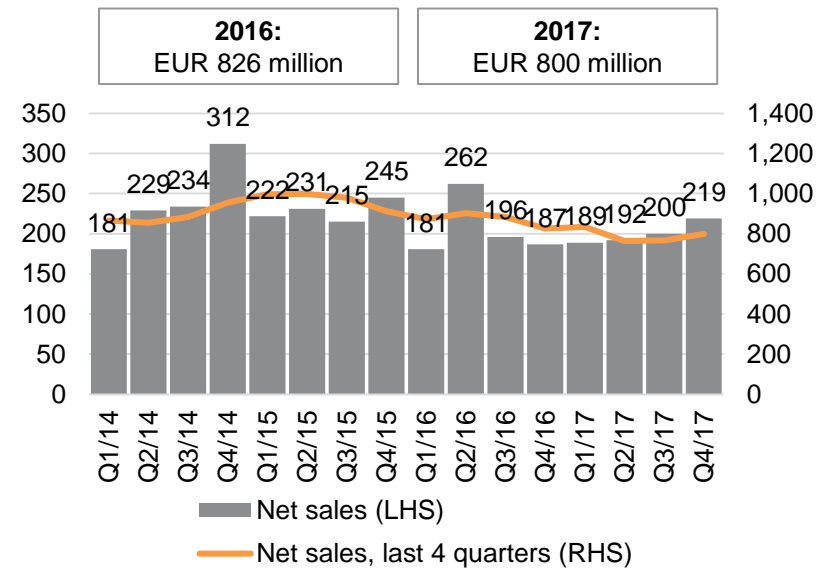
2) Q1/2015 orders received and the underlying figures for 'Orders received, last 4 quarters' and 'Net sales, last 4 quarters' are calculated based on Metso's reported figures and pro forma figures excluding Process Automation Systems and are therefore indicative only.

Pulp and Energy: Orders received decreased to EUR 678 million in 2017

Orders received (EUR million)



Net sales (EUR million)

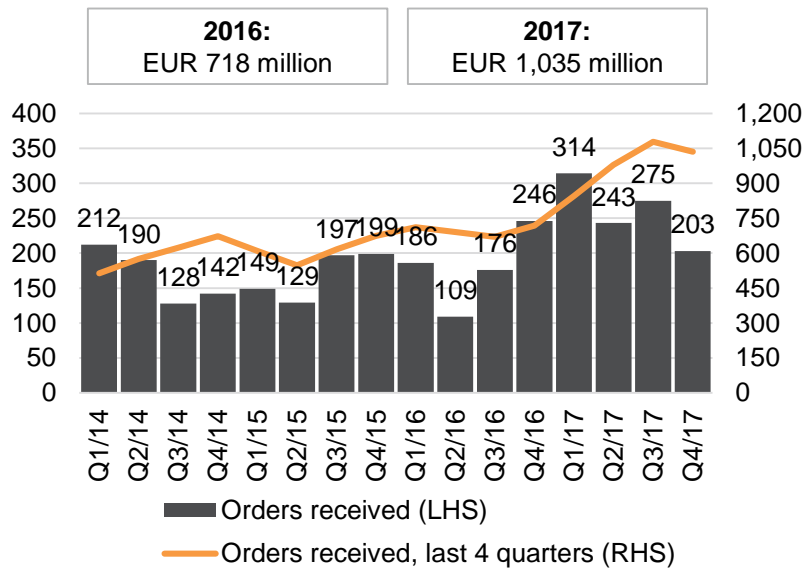


- Orders received decreased compared with Q4/2016
 - Orders received increased in North America, EMEA and China and decreased in Asia-Pacific and South America
 - Orders received decreased in both Pulp and Energy
- Net sales remained at the previous year's level

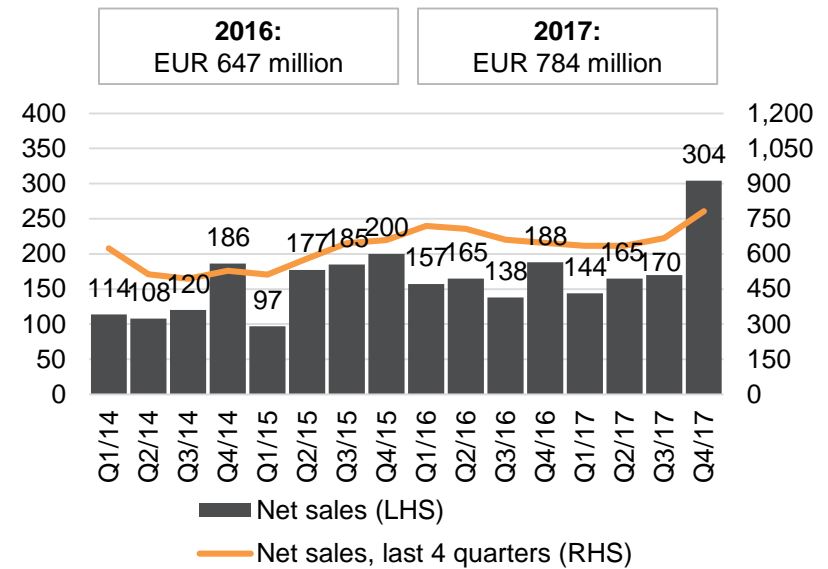


Paper: Orders received increased to EUR 1,035 million in 2017

Orders received (EUR million)



Net sales (EUR million)

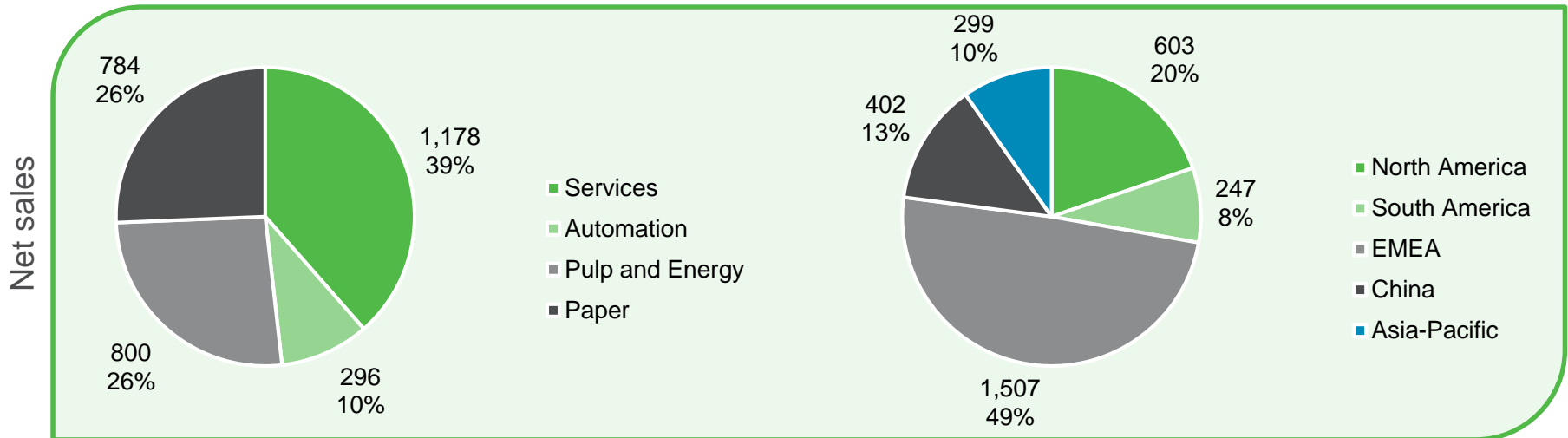
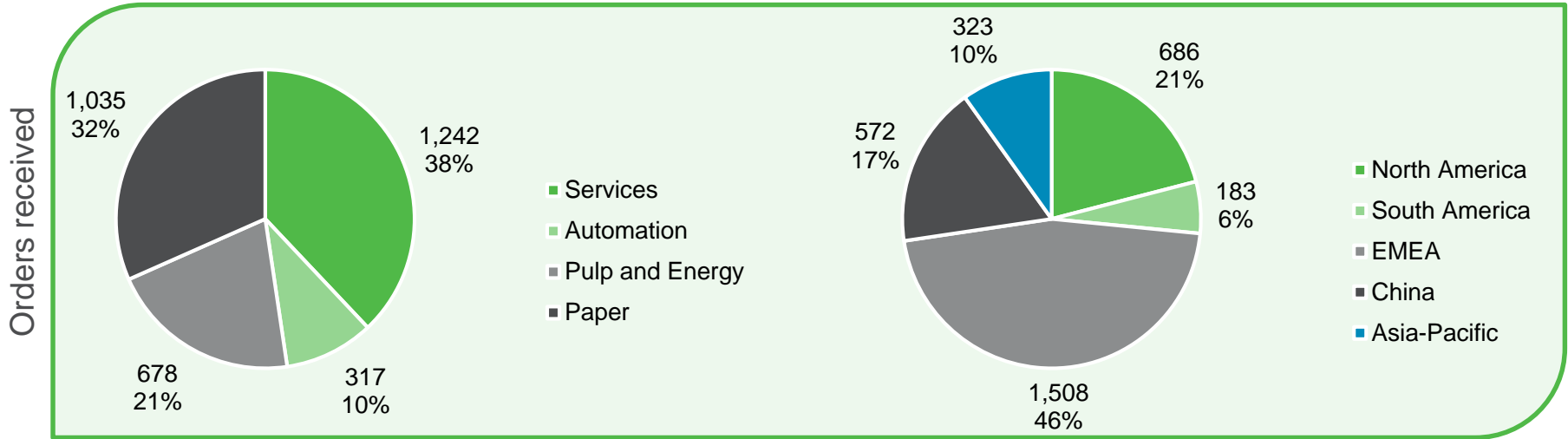


- Orders received decreased compared with Q4/2016
 - Orders received increased in North America and decreased in all other areas
 - Orders received remained at the previous year's level in Tissue and decreased in Board and Paper
- Net sales increased compared with Q4/2016



2017 orders received and net sales split

EUR million and % of total



Net sales split by business unit

Net sales split, business units (2017)

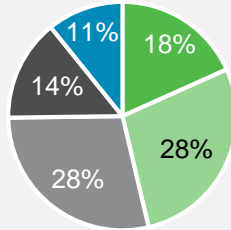


Net sales split, Valmet (2017)

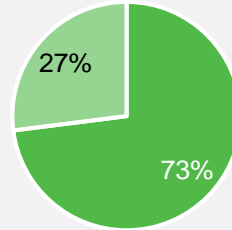


Stable business

Services



Automation

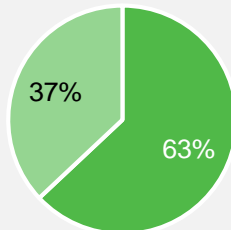


- Rolls
- Mill Improvements
- Performance Parts
- Fabrics
- Energy and Environmental

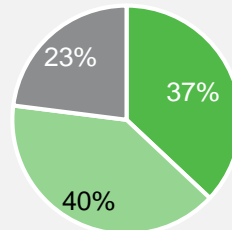
- Pulp and Paper
- Energy and Process

Capital business

Pulp and Energy

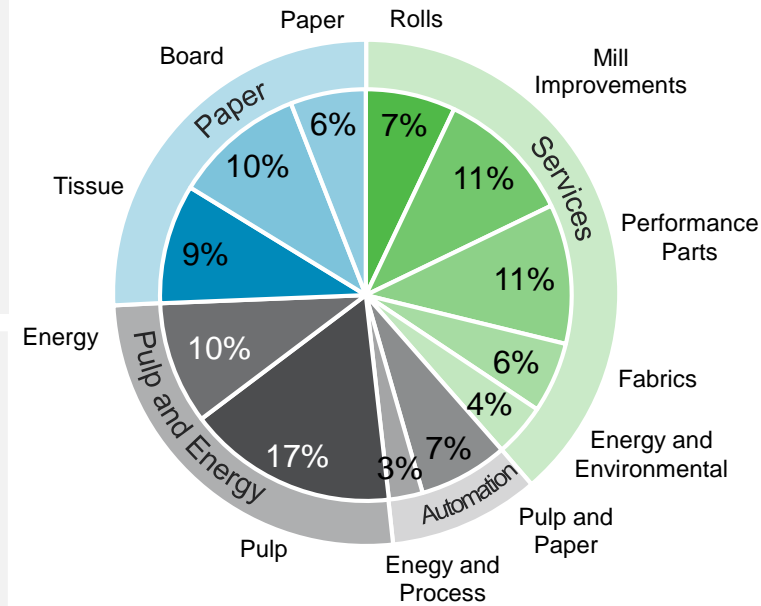


Paper



- Pulp
- Energy

- Tissue
- Board
- Paper



Net sales split by area

Net sales split, areas (2017)

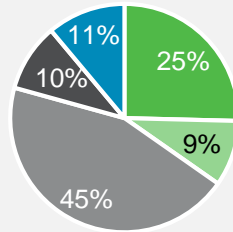


Net sales split, Valmet (2017)



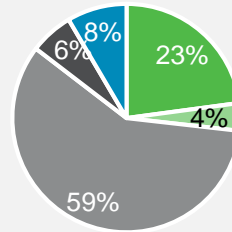
Stable business

Services



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

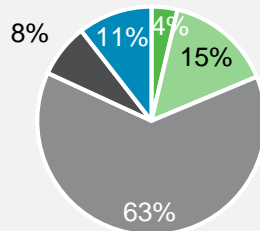
Automation



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

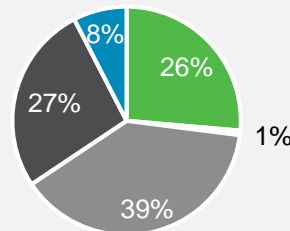
Capital business

Pulp and Energy

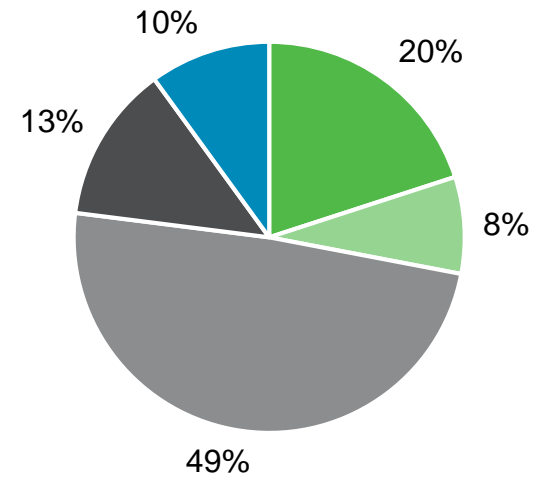


- North America
- South America
- EMEA
- China
- Asia-Pacific

Paper



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



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

Announced orders in H1/2018

Date	Booked quarter	Description	Business line	Country	Value
Jan 4	Q3	Anti-surge and load-sharing control	Automation	Russia	Not disclosed. ¹
Jan 17	Q4	OptiConcept M board production line	Paper	USA	Not disclosed. The value of an order of this type is typically around EUR 40-50 million.
Jan 25	Q1	Multifuel boiler and a flue gas treatment plant	Pulp & energy	Finland	Around EUR 70 million
Jan 29	Q4	Mill waste-fired boiler plant	Pulp & energy	China	Not disclosed.
Jan 30	Q4	Online measurements, consistency transmitters and analyzers	Automation	Sweden	Not disclosed. ¹
Feb 2	Q1	Flue gas condensation system	Pulp & energy	Finland	Not disclosed.
Feb 8	Q4	Automation system to a board mill	Automation	Finland	Not disclosed. ¹
Feb 12	Q4	Cooking plant rebuild and brown stock washing equipment	Pulp and Energy	Sweden	Not disclosed.
Feb 13	Q1	Wet end rebuild to a paper machine	Paper	Austria	Not disclosed. The value of an order of this type is typically around EUR 10-20 million.
Feb 22	Q1	Repeat order of three winders	Paper	China	Not disclosed. The value of an order of this type is typically around EUR 10-20 million.
Mar 6	Q4	Automation upgrade to a cruise ship	Automation		Not disclosed. ¹
Mar 19	Q1, Q3	Two containerboard machines with automation systems	Paper	China	Not disclosed. The value of an order of this type is typically around EUR 90-110 million.
Mar 20	Q1	Linerboard production line	Paper	USA	Not disclosed.
Mar 22	Q4	Baling line	Paper	Finland	Not disclosed.
Mar 26	Q4	Warp control system	Automation	Poland	Not disclosed. ¹
Mar 29	Q1	Multifuel boiler	Pulp and Energy	Turkey	Not disclosed.

1) Typically the order value of automation system deliveries ranges from below EUR 1 million to EUR 3 million

Announced orders in H1/2017

Date	Booked quarter	Description	Business line	Country	Value
Jan 3	Q4	Modernization of a flue gas desulphurization (FGD) at a combined heat and power (CHP) plant	Pulp and Energy	Poland	Not disclosed. The value of a project of this size and scope is typically around EUR 2 million.
Jan 11	Q4	Automation technology to a waste-to-energy facility	Automation	United Kingdom	Not disclosed ¹
Jan 18	Q4	New evaporation plant, a combustion plant for gases generated in the production process and related automation systems	Pulp and Energy	Russia	Not disclosed. The value of an order of this type is typically valued around EUR 40 million.
Jan 23	Q4	Three board machine rebuilds	Paper	North America	Not disclosed. The combined value of these types of orders is typically valued at EUR 20-30 million.
Feb 9	Q1	Paper machine rebuild	Paper	USA	Not disclosed. The value of an order of this type is typically EUR 60-70 million.
Feb 14	Q4	Online condition monitoring system	Automation	China	Not disclosed ¹
Feb 28	Q1	Paper machine rebuild	Paper	Netherlands	Not disclosed.
Mar 2	Q4	Evaporation line	Pulp and Energy	South Africa	Not disclosed. The value of an order of this type is typically below EUR 10 million.
Mar 8	Q4	Two containerboard production lines and related automation systems	Paper	China	Not disclosed. The value of an order of this type and scale is typically valued around EUR 110-130 million.
Mar 9	Q1	Multifuel power boiler and a flue gas cleaning system	Pulp and Energy	Japan	Not disclosed. The value of this kind of a delivery is usually around EUR 50 million.
Mar 14	Q4	Automation for a RoPax vessel	Automation	Finland	Not disclosed ¹
Mar 21	Q4	Total solids measurement technology	Automation	China	Not disclosed
Mar 22	Q1	Winder to a board machine	Paper	China	Not disclosed. The value of an order of this type and scope is typically around EUR 5-10 million.
Mar 28	Q1	Biomass-fired boiler and a flue gas cleaning system	Pulp and Energy	Japan	Not disclosed. The value of an order of this type and scope is typically around EUR 30-45 million.
Mar 29	Q1	OptiConcept M fine paper machine	Paper	United Arab Emirates	Not disclosed. The value of an order of this type and scope is typically around EUR 30-45 million.
Mar 30	Q4	Automation system for a chlorine plant	Automation	Sweden	Not disclosed.
Apr 6	Q4	Automation technology	Automation	Vietnam	Not disclosed. The order value of this kind of automation system deliveries ranges from EUR 3 million to EUR 6 million
Apr 7	Q1	Advantage ThruAir (TAD) machine	Paper	North America	Not disclosed.
Apr 10	Q4	Advantage ThruAir tissue line	Paper	USA	Not disclosed.
Apr 11	Q1	DNA automation systems (DCS) and IQ quality control systems (QCS)	Automation	China	Not disclosed. ¹
Apr 12	Q1	Automation engineering	Automation	Nordic countries	Not disclosed.
May 2	Q4	Bleaching plant	Pulp and Energy	Brazil	Not disclosed. A typical value for this scope of supply is around EUR 30-50 million
May 17	Q1	Dewatering equipment and an automatic pulper feed system	Pulp and Energy	Sweden	Not disclosed.
May 22	Q2	Off-machine coater rebuild	Paper	South Korea	Not disclosed. The value of an order of this type is typically EUR 10-20 million.
May 30	Q1	DNA automation system for an arctic icebreaking tanker	Automation	Finland	Not disclosed.
Jun 1	Q2	Tissue machine rebuild	Paper	El Salvador	Not disclosed.
Jun 7	Q1	Upgrade of washing process area for fluting mill	Paper	Finland	Not disclosed.
Jun 19	Q1	Advantage NTT tissue production line	Paper	Spain	Not disclosed.
Jun 27	Q2	Advantage DCT tissue line and automation	Paper	Russia	Not disclosed.
Jun 28	Q2	Complete tissue production line and automation	Paper	Spain	Not disclosed.
Jun 29	Q2	Two containerboard machines	Paper	China	Not disclosed. The value of an order of this type and scale is typically around EUR 100-120 million.
Jun 29	Q2	Automation	Automation	Nordic countries	Not disclosed.
Jun 30	Q2	Biomass power plant and automation	Pulp and Energy	Denmark	The value of the order is approximately EUR 80 million.

1) Typically the order value of automation system deliveries ranges from below EUR 1 million to EUR 3 million

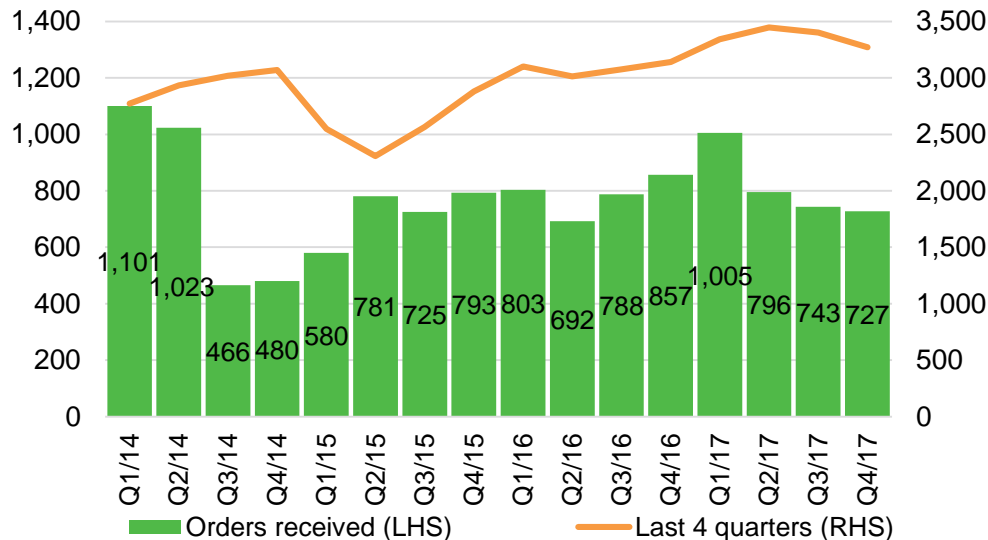
Announced orders in H2/2017

Date	Booked quarter	Description	Business line	Country	Value
Jul 6	Q1	Defibrator system	Pulp and Energy	China	Not disclosed. The value of a project of this size and scope is typically valued in the range of EUR 1.5 –5 million.
Sep 5	Q2	New chipper to a pulp mill	Pulp and Energy	South Africa	Not disclosed.
Sep 28	Q3	Complete tissue production line and automation	Paper	United Arab Emirates	Not disclosed.
Oct 9	Q3	Grade conversion rebuild to a paper machine	Paper	Belgium	Not disclosed. The value of an order of this type is typically around EUR 60-80 million.
Oct 31	Q3	Valmet DNA control system	Automation	France	Not disclosed.
Dec 11	Q4	OptiConcept M containerboard making line	Paper	China	Not disclosed. The total value of order of this type is typically EUR 40-50 million.
Dec 12	Q3	Information management system	Automation	The Netherlands	Not disclosed.
Dec 14	Q4	Eight dry solids measurement units	Automation	China	Not disclosed.
Dec 18	Q4	Key technology and machine control systems to three new containerboard machines	Paper	China	Not disclosed. Typically, a project of this type and scope is valued at EUR 30-40 million.
Dec 19	Q4	Three moisturizer systems for paper machines	Automation	Thailand	Not disclosed.
Dec 20	Q4	Turnkey automation and electrification to a hydro power plant	Automation	Finland	Not disclosed.
Dec 21	Q4	Extensive automation and data collection solution to biogas plants	Automation	Finland and Sweden	Not disclosed.

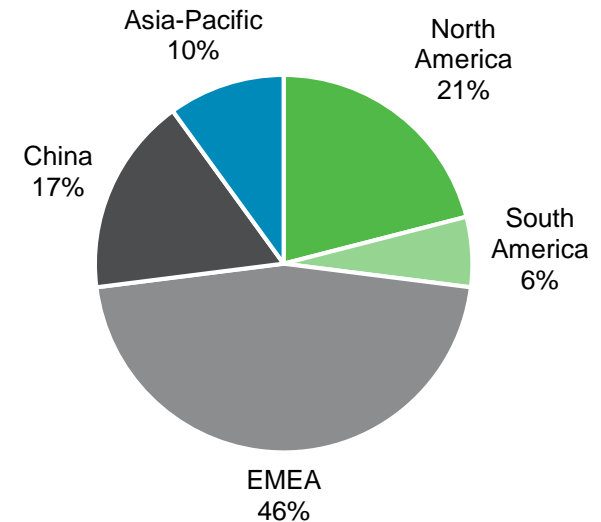
1) Typically the order value of automation system deliveries ranges from below EUR 1 million to EUR 3 million

Orders received increased to EUR 3,272 million in 2017

Orders received (EUR million)



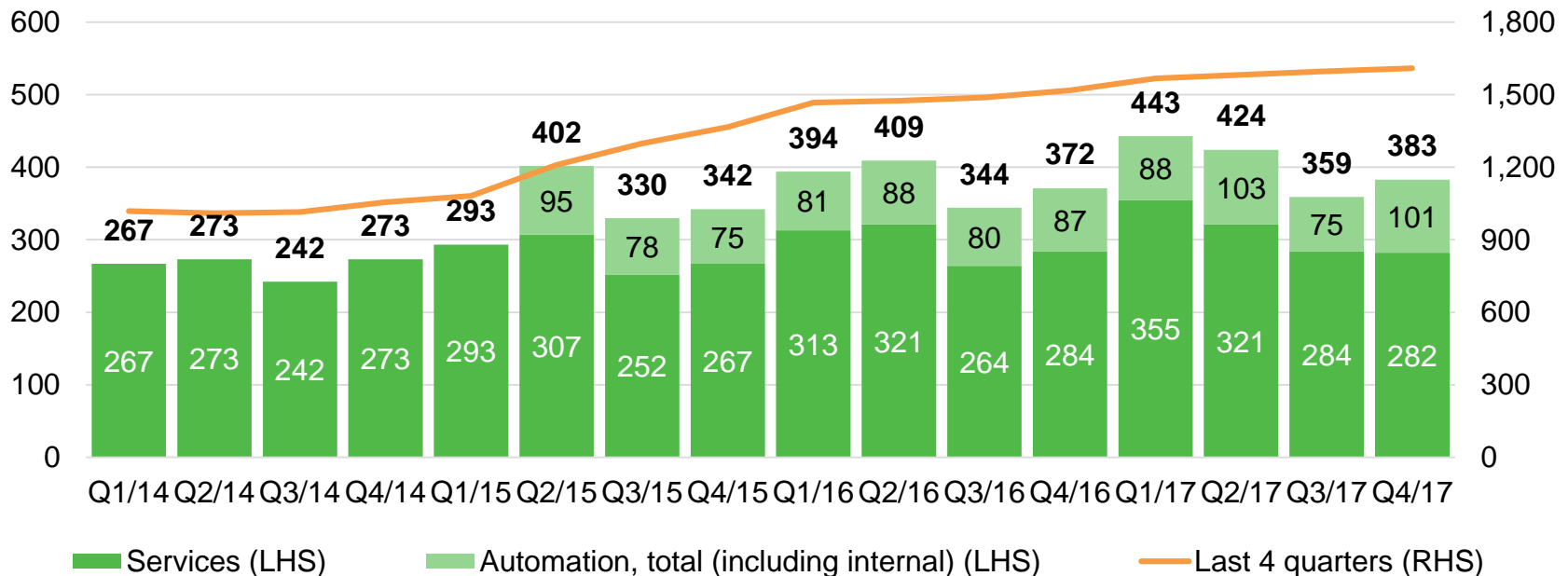
Orders received in 2017 by area



- In stable business, orders received increased to EUR 1.6 billion in 2017
- In capital business, orders received remained at the previous year's level at EUR 1.7 billion in 2017
- EMEA and North America accounted for 67% of orders received in 2017

Stable business orders received amounted to EUR 1,609 million in 2017

Orders received (EUR million) in stable business¹

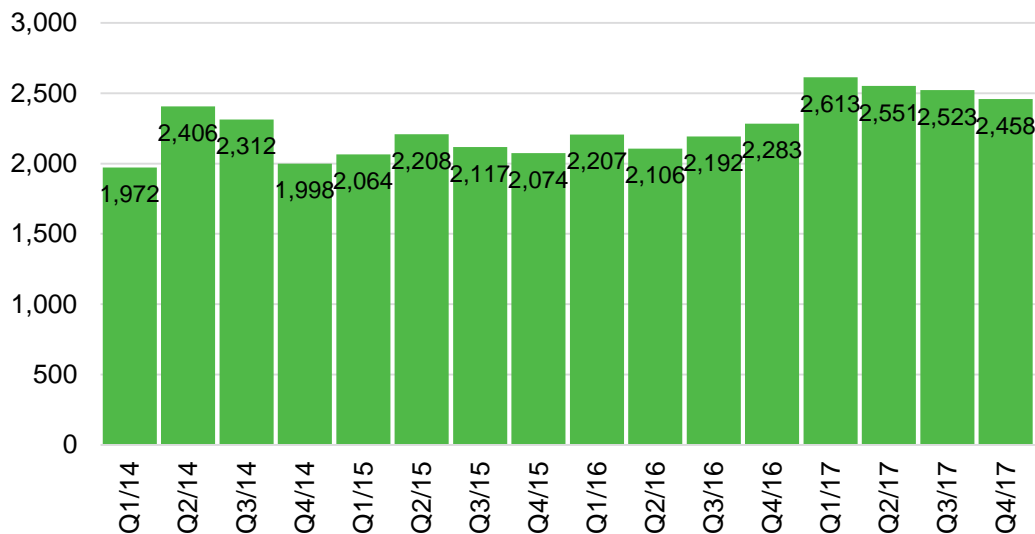


- Orders received in stable business increased by EUR 90 million in 2017

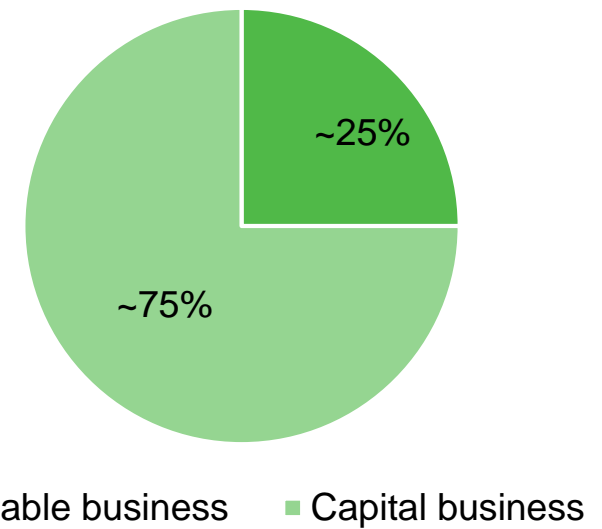
1) Stable business = Services business line and Automation business line. For Automation, this figure includes internal orders received from other business lines.

Order backlog was EUR 2,458 million at the end of 2017

Order backlog (EUR million)



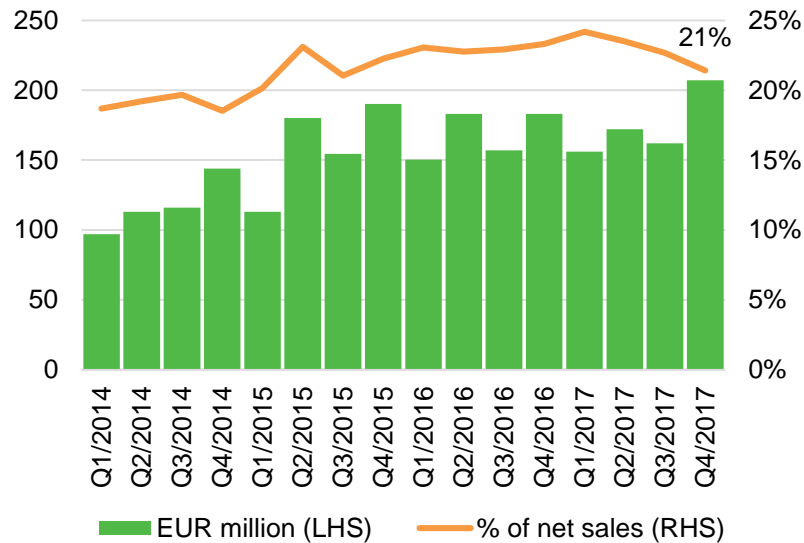
Structure of order backlog



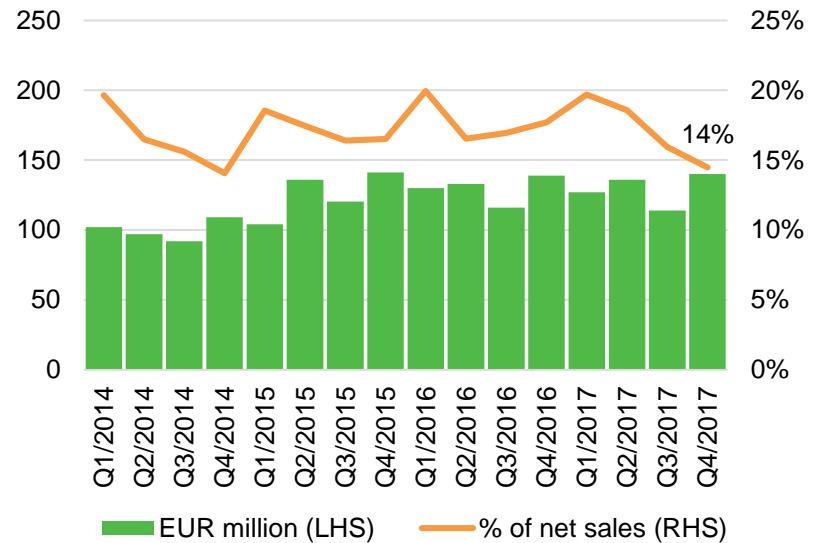
- Order backlog was EUR 65 million lower than at the end of Q3/2017

Gross profit and SG&A development

Gross profit (EUR million and % of net sales)



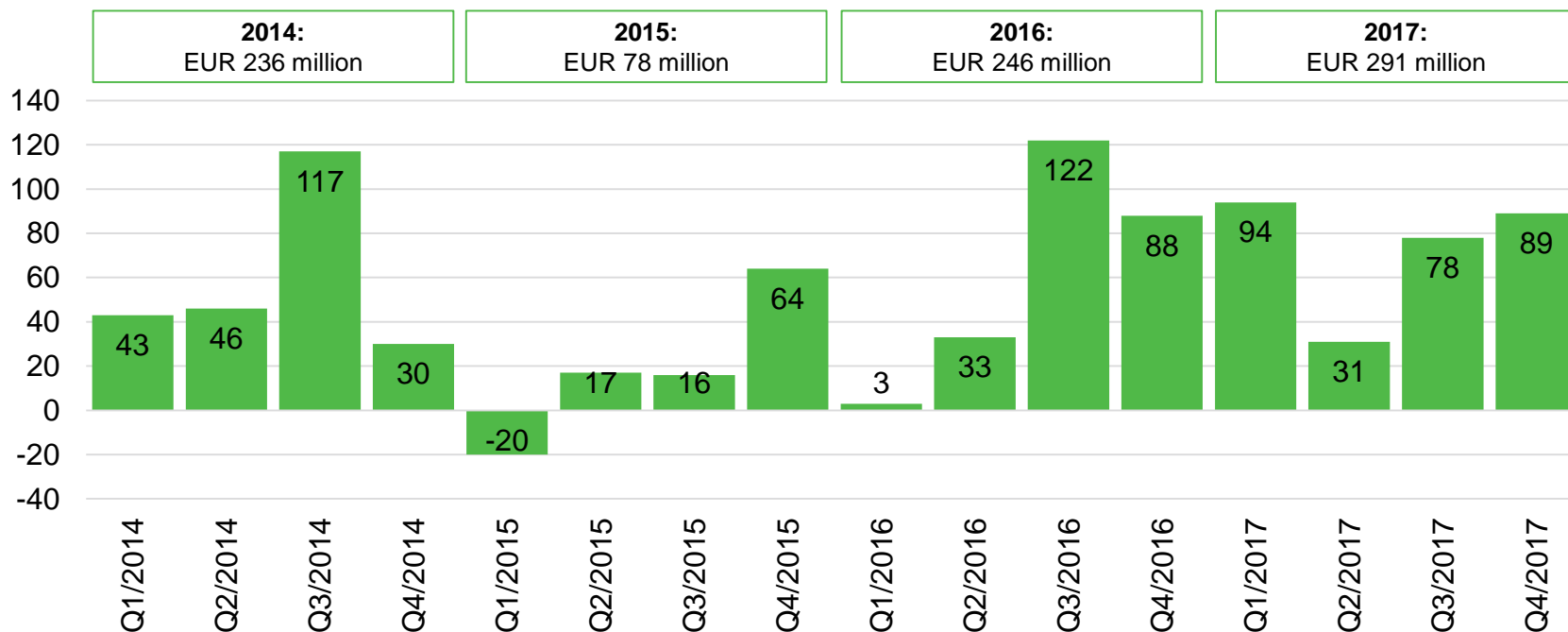
SG&A (EUR million and % of net sales)



- Gross profit percentage decreased compared with Q4/2016
 - Capital business had a higher share of net sales in Q4/2017
- Selling, general & administrative (SG&A) expenses to net sales decreased compared with Q4/2016
- Actions to improve gross profit through Must-Win implementation

Cash flow provided by operating activities

Cash flow provided by operating activities (EUR million)

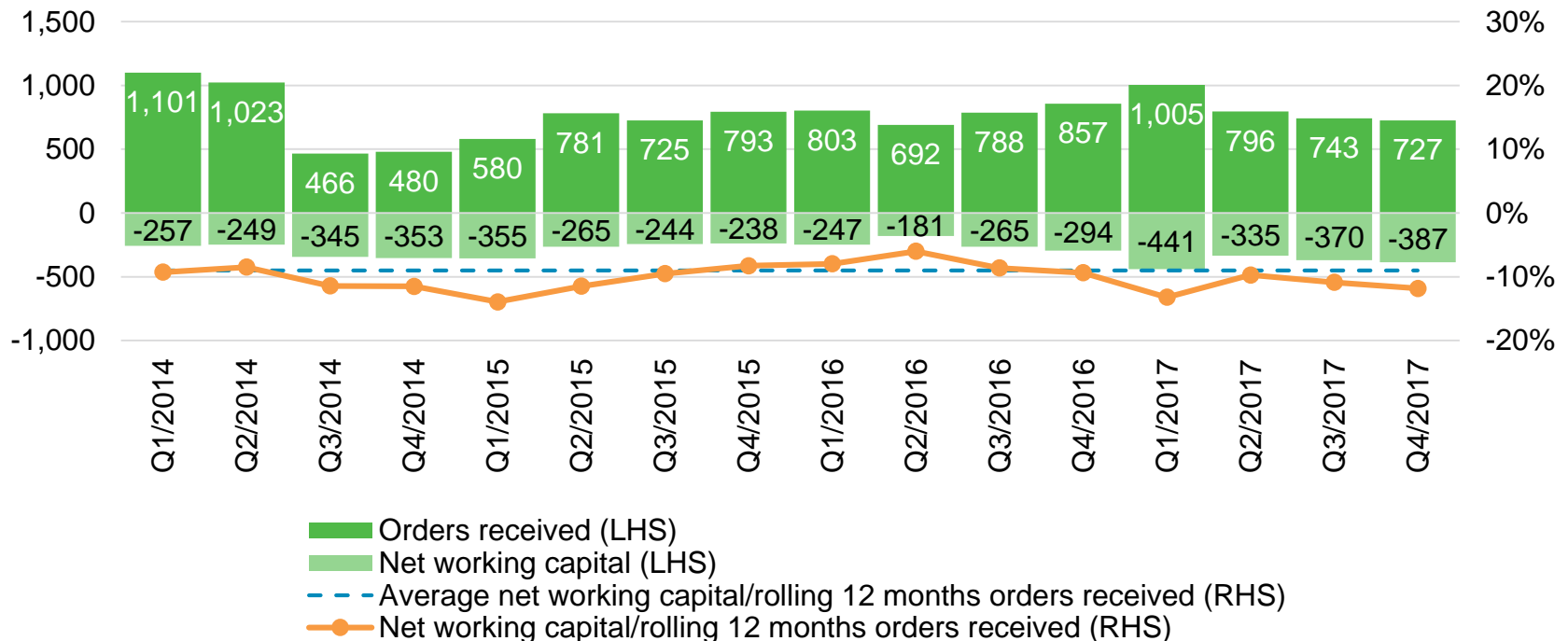


- Change in net working capital¹ EUR 13 million in Q4/2017
- Cash flow provided by operating activities EUR 89 million in Q4/2017
- CAPEX EUR 20 million in Q4/2017

1) Change in net working capital in the consolidated statement of cash flows.

Net working capital at -12% of rolling 12 months orders received

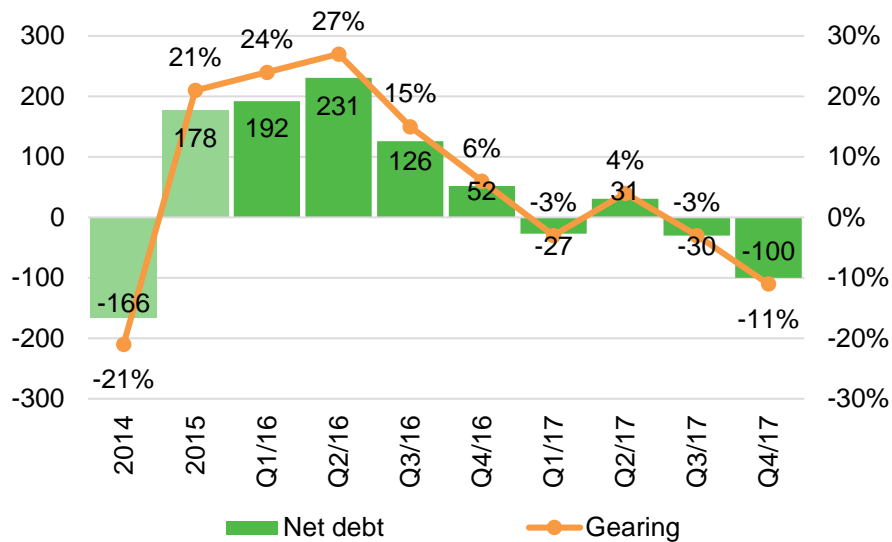
Net working capital and orders received (EUR million)



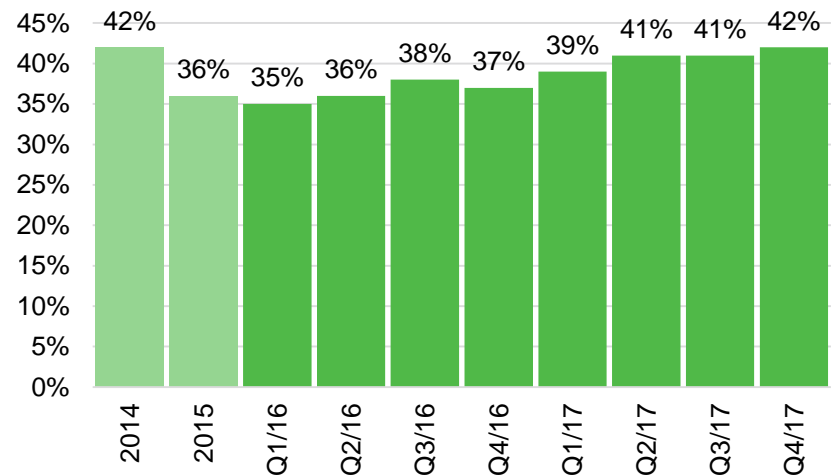
- Net working capital EUR -387 million, which equals -12% of rolling 12 months orders received

Net debt decreased compared with both Q4/2016 and Q3/2017

Net debt (EUR million) and gearing (%)



Equity to assets ratio (%)

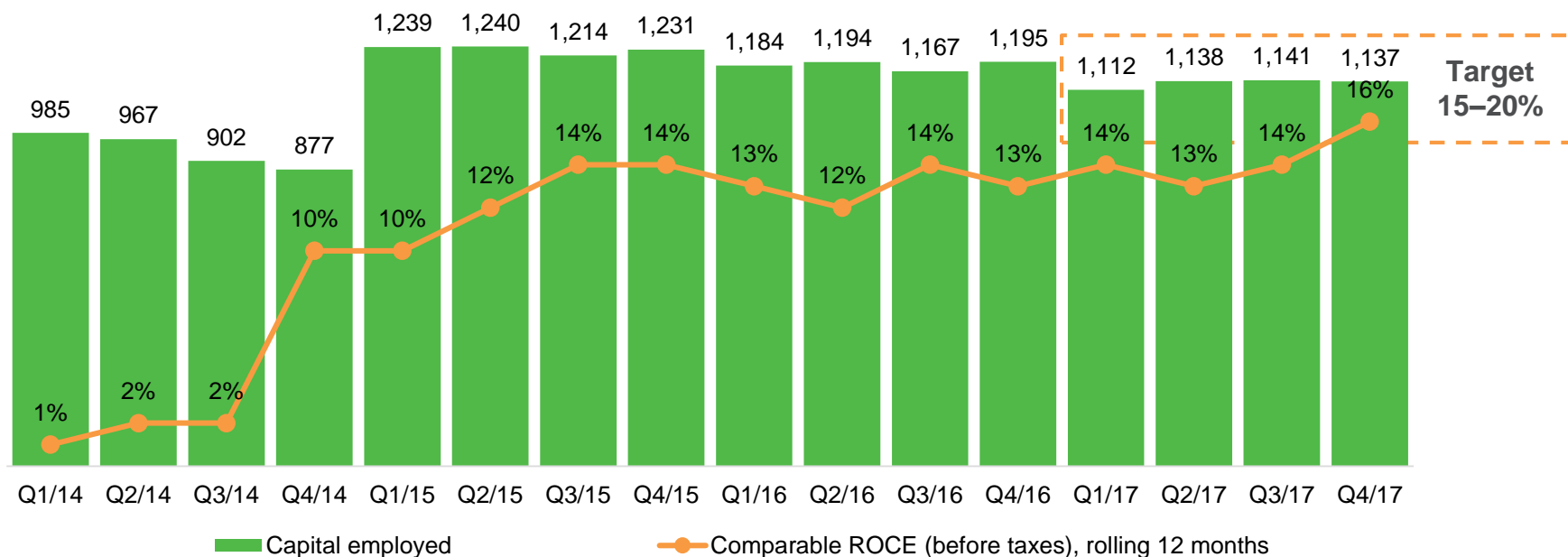


- Gearing (-11%) and net debt (EUR -100 million) decreased compared with both Q4/2016 and Q3/2017
- Equity to assets ratio increased compared with both Q4/2016 and Q3/2017

Automation acquisition was completed on April 1, 2015.

Capital employed and Comparable ROCE

Capital employed (EUR million) and Comparable return on capital employed (ROCE), before taxes¹ (%)



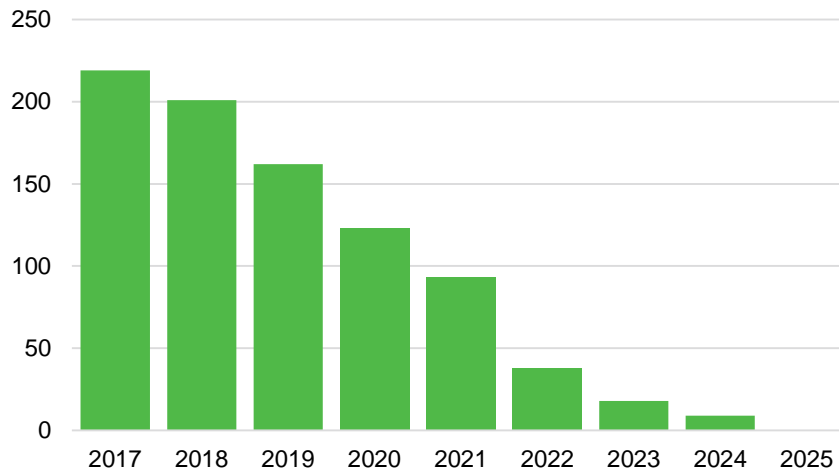
- Target for Comparable return on capital employed (ROCE): 15–20%

1) Rolling 12 months. Carve-out figures for 2013 have been used in the calculation of Q1–Q3/2014 figures.

Structure of loans and borrowings

Interest-bearing debt EUR 219 million as at December 31, 2017

Amount of outstanding interest-bearing debt (EUR million)



Main financing sources and facilities

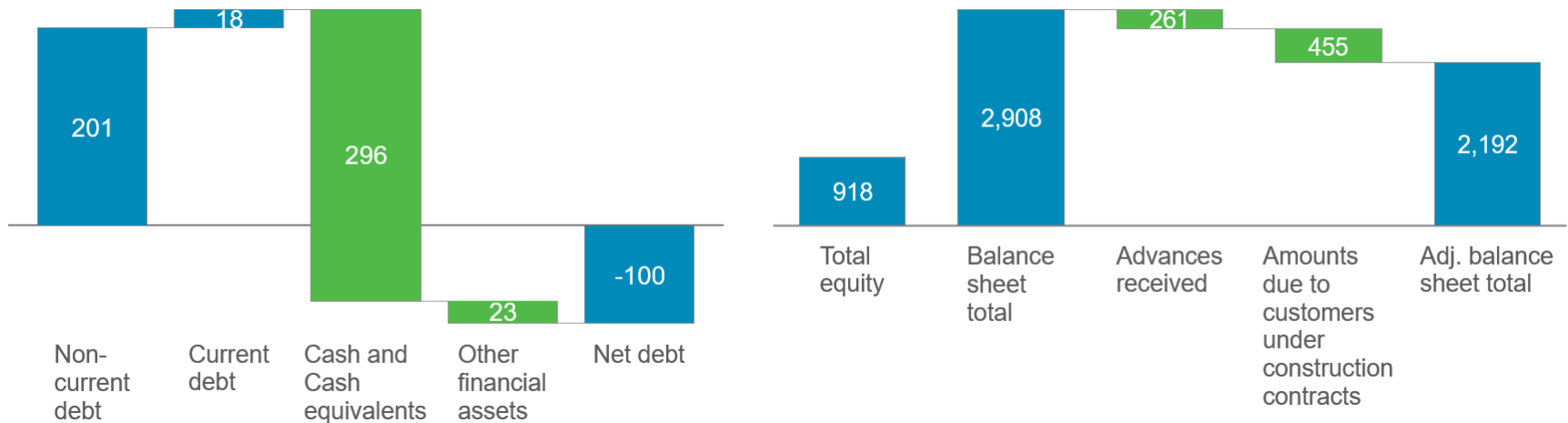
Source	Amount outstanding
Loans from banks and financial institutions	EUR 219 million
EUR 200 million committed syndicated revolving credit facility ¹	None outstanding
EUR 200 million domestic commercial paper program	None outstanding

1) EUR 200 million syndicated revolving credit facility agreement matures on January 14, 2023 with a 1-year extension option.

- Average maturity of long-term loans is 4.0 years
- Average interest rate is 1.3%

Strong balance sheet to support large orders

Financial position as of December 31, 2017 (EUR million)



Net debt



EUR -100 million

Gearing



-11%

Equity to assets ratio¹



42%

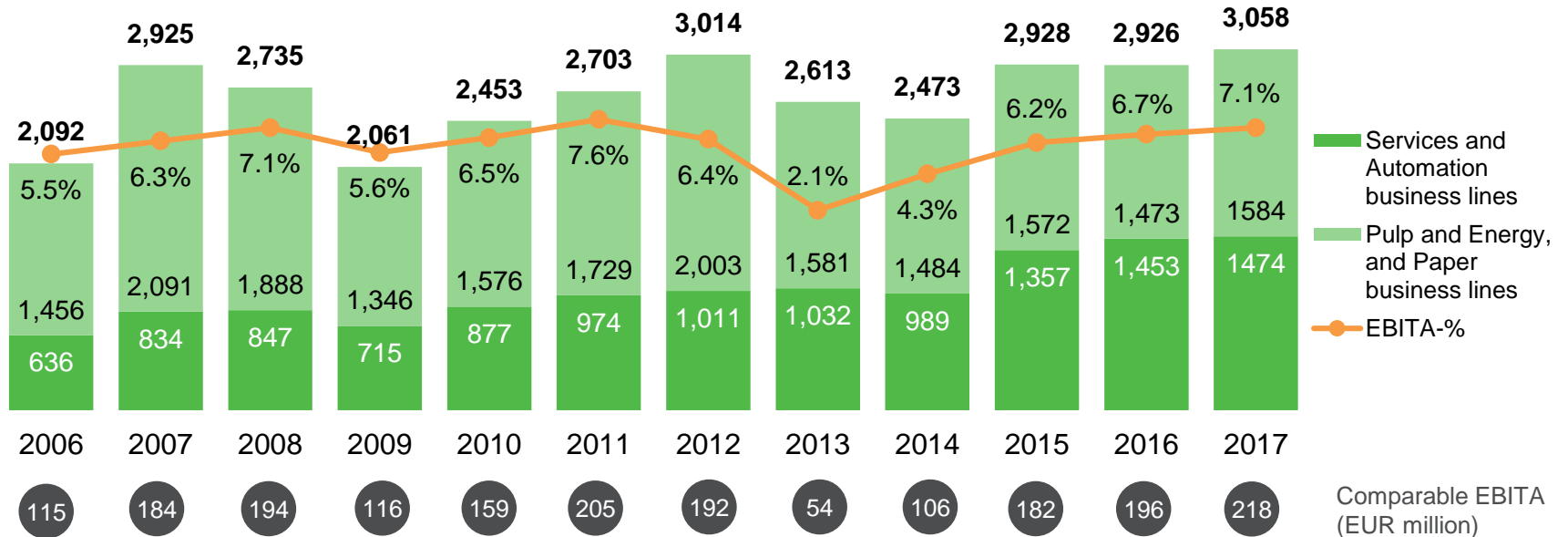
- Valmet has a strong balance sheet that enables it to participate in large projects
- Valmet has its long-term liquidity in place

1) Total equity / (Balance sheet total - advances received - billings in excess of cost and earnings of projects under construction)

Net sales and profitability development, annual

Net sales and Comparable EBITA (EUR million)¹

New EBITA target
8–10% from 2017
onwards

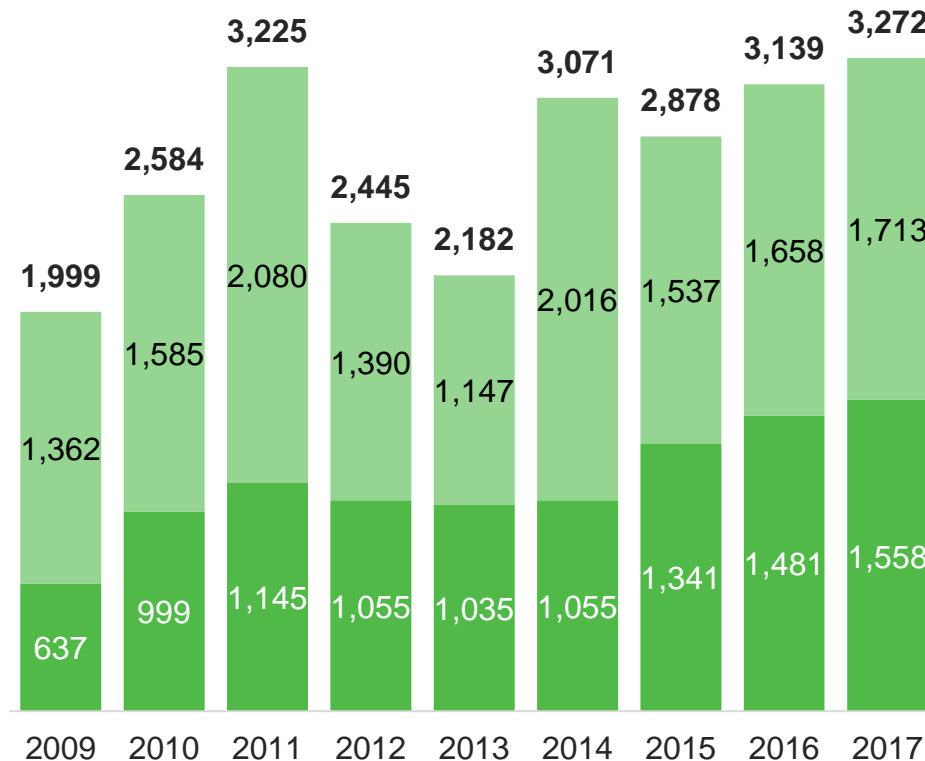


- Timing of large projects has had an impact on the level of net sales
- Good stimulus-driven demand in China 2009–2010 supported orders
- The paper machine market has shifted to smaller and lower-cost machines
- In 2013, the power generation market was affected by low-cost shale gas and political and economical uncertainty in Europe
- From 2014 onwards profitability has improved as a result of cost savings, implementation of Must-Wins and the acquisition of Automation

¹⁾ Actual figures for 2014. Carve-out figures for 2010-2013; as reported for Metso's Pulp, Paper and Power segment for 2006-2009. Automation has been consolidated into Valmet's financials since April 1, 2015, when the acquisition of Automation was completed.

High volatility in market activity

Orders received¹ (EUR million)



• Volatility in market activity is high in the capital business

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

1) 2014 onwards actual figures, 2012–2013 carve-out figures, 2009–2011 Metso's Pulp, Paper and Power segment figures



Appendix

Focus areas and actions

Summary of key actions by business

Stable business

- **Financial target:**
Net sales for stable business to grow over two times the market growth

Key actions in stable business

- Systematic promotion of whole offering – Valmet way to serve
- Localize the engineering resources in growing service areas
- New service center in Indonesia in 2017, strengthened presence in Mexico
- Increase market share in Services in Central and Eastern Europe
- Continue to win market share in pulp and paper via automation competitor replacements
- Grow DCS market share in Automation

Capital business

- **Financial target:**
Net sales for capital business to exceed market growth

Key actions in capital business

- Improve market share and solution competitiveness in pulp mills and rebuilds
- Expand global market presence in heat and power generation
- Maintain #1 position in the paper market, especially in North America and EMEA
- Increase market share in Paper in South America, grow in Tissue in China and Asia-Pacific

Summary of key actions by area

North America

- Strengthened service presence in Mexico
- Grow automation market share via competitor replacements
- Strengthen the role in pulp rebuilds
- Focus on maintaining #1 position in Paper

EMEA

- Increase services market share in Central and Eastern Europe
- Grow automation market share via competitor replacements
- Capitalize rebuild potential in Pulp, strengthen position in Energy
- Focus on maintaining #1 position in Paper

China

- Strengthen key account management to continue service growth
- New capacity projects in Automation
- Gain leading market share in pulp and develop position in energy
- Reduce capacity cost in production in Paper and grow tissue

South America

- Drive growth through long-term service agreements in pulping
- New capacity projects in Automation
- Capitalize opportunities in pulp mills
- Increase market share in Paper

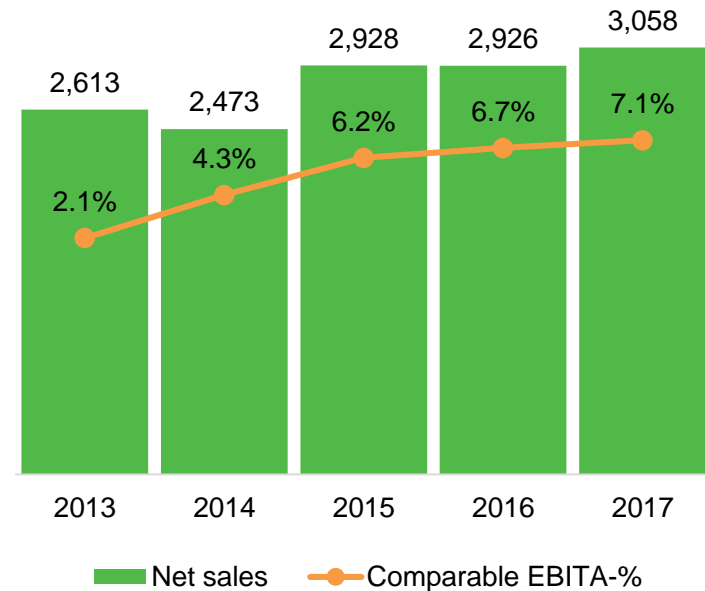
Asia-Pacific

- New service center in Indonesia in 2017
- New capacity projects in Automation
- Capitalize rebuilds in pulp, grow in energy
- Grow in tissue and develop supplier network in India in Paper

Actions to reach EBITA target

Comparable EBITA margin in 2015	6.2%
Sales process management	~1%
Project management and project execution	~1%
Procurement & quality	~1%
Technology, R&D and ERP	~1%
Long-term EBITA target	8–10%

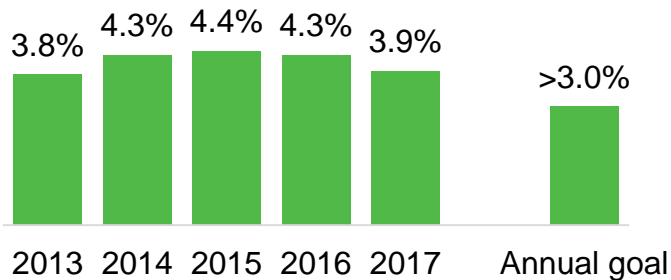
Net sales (EUR million) and Comparable EBITA margin (%)



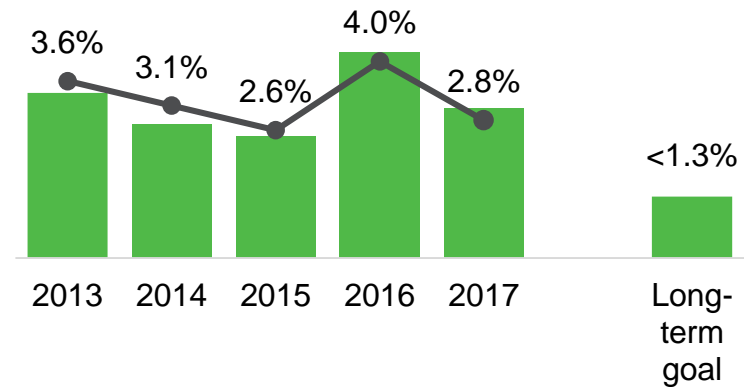
2013 figures on carve-out basis

Procurement and quality cost development

Implemented procurement savings of annual direct spend



Quality costs (EUR million and % of net sales)



Targeting >3% of procurement savings annually

- Increasing design-to-cost (DTC) to create new sources for savings
- More supplier involvement through supplier relationship management
- Continuing sustainable supply chain implementation

Long-term goal of <1.3% of quality costs

- Adding focus in root cause analysis of the quality deviations
- Extensive Lean implementation and training
 - Over 4,000 Valmet employees completed Lean e-learning
 - Lean being deployed in all major locations and businesses



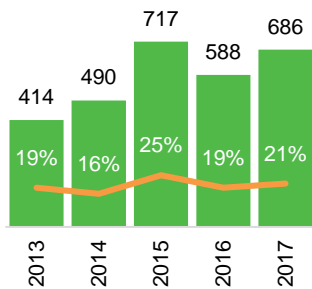
Appendix

Area development

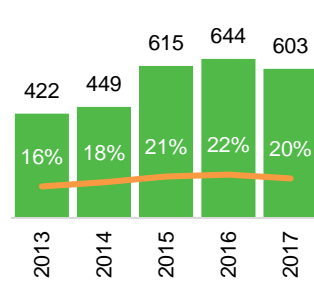
North America

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

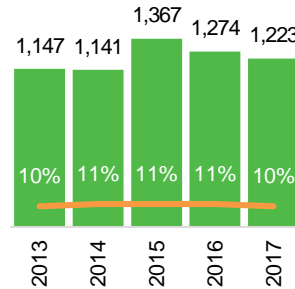
Orders received
(EUR million and % of total)



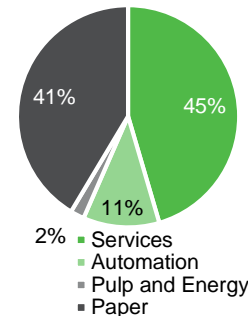
Net sales
(EUR million and % of total)



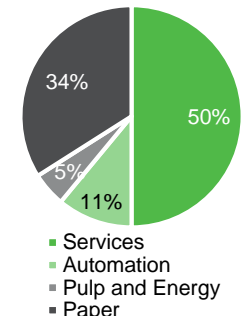
Employees
(number and % of total)



Orders received by business line (2017)



Net sales by business line (2017)



Market size¹ & growth

- Target market size: EUR 2.9 billion
- P&P annual production²: 150 million tonnes, growth +0.2%

Market characteristics

- Mature, services-focused market addressing large installed base
- Capacity closures in printing papers partly offset by new capacity in board and tissue
- Customer service agreements important driver for growth
- Continued high customer focus on availability & reliability in mills
- Rebuild and new capacity opportunities in board and tissue grades
- Rebuild projects in pulp mills expected to increase

Valmet's position and competition

- Leading position in pulp and paper process technology projects, a well-established position in the services and automation business, and a dominant position in biomass boilers
- Key competitors: Voith, Andritz, Emerson, ABB, Honeywell and US services players Albany, Xerium, Kadant, Asten Johnson

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

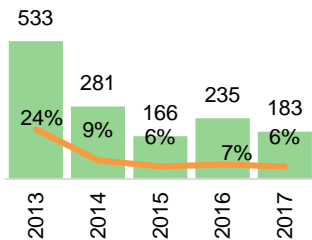
¹ Valmet's target market, meaning those geographical markets, product segments and customer industries where Valmet is currently competing or aiming to compete.

² Figures for 2015 production and 2015-20 growth based on RISI estimates

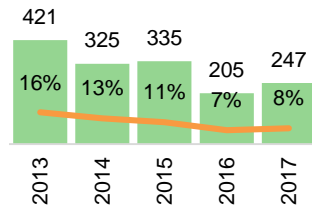
South America

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

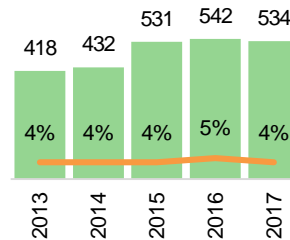
Orders received
(EUR million and % of total)



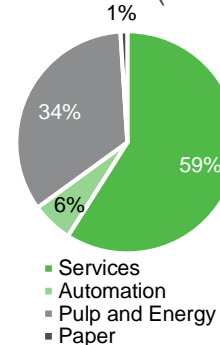
Net sales
(EUR million and % of total)



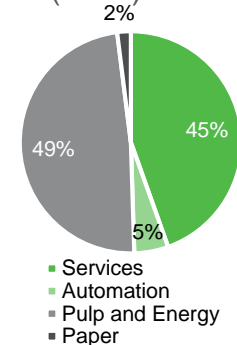
Employees
(number and % of total)



Orders received by
business line (2017)



Net sales by business
line (2017)



Market size¹ & growth

- Target market size: EUR 1.5 billion
- P&P annual production²: 40 million tonnes, growth +3.8%

Market characteristics

- Services growth potential in new pulp lines, agreement-based business and service solutions for more efficient customer operations
- Cyclical process technology business driven by large pulp mill investments
- Project opportunities in tissue and board with new lines and rebuilds
- Challenging economic situation in several countries, including Brazil and Argentina, negatively affecting growth in Latin American market

Valmet's position and competition

- Valmet has a strong position and installed base in pulp mills and services
- Continued strong competition from regional players expected in energy as well as from Andritz for large new pulp mills
- Local presence important, especially in Brazil due to customs duties

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

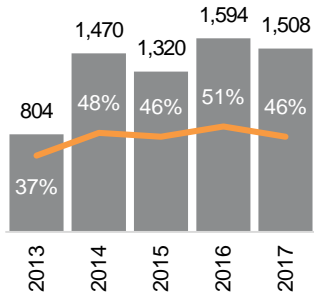
¹ Valmet's target market, meaning those geographical markets, product segments and customer industries where Valmet is currently competing or aiming to compete.

² Figures for 2015 production and 2015-20 growth based on RISI estimates

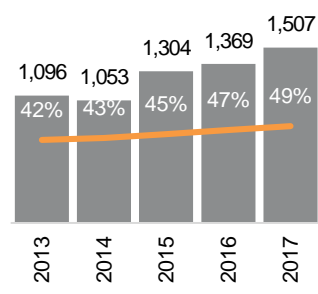
EMEA

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

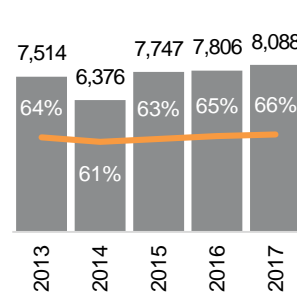
Orders received
(EUR million and % of total)



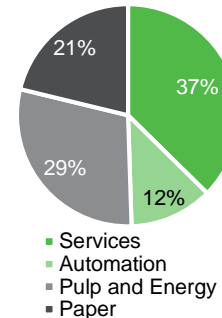
Net sales
(EUR million and % of total)



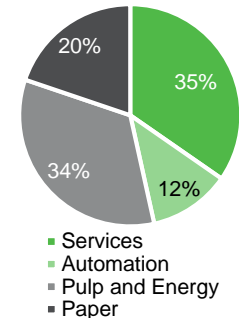
Employees
(number and % of total)



Orders received by
business line (2017)



Net sales by business
line (2017)



Market size¹ & growth

- Target market size: EUR 6.2 billion
- P&P annual production²: 160 million tonnes, growth +1.0%

Market characteristics

- Valmet's largest area, with significant services and technology markets in all Valmet's businesses and a large installed base
- Services growth potential through broader service offering and agreement-based business
- Process technology project opportunities in board, tissue, pulp and energy, graphic paper continues to decline.

Valmet's position and competitors

- Leading position in pulp and paper process technology projects as well as in biomass boilers in energy
- Leading position in the more fragmented services market and in P&P automation

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

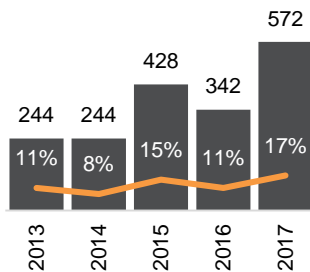
¹ Valmet's target market, meaning those geographical markets, product segments and customer industries where Valmet is currently competing or aiming to compete.

² Figures for 2015 production and 2015-20 growth based on RISI estimates

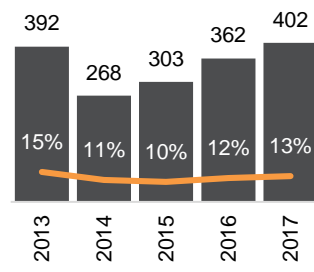
China

Capital business at new normal level, growth opportunities in Services

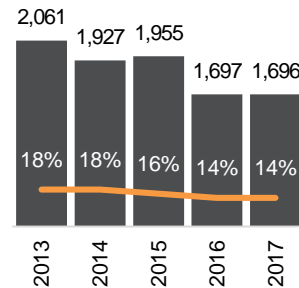
Orders received
(EUR million and % of total)



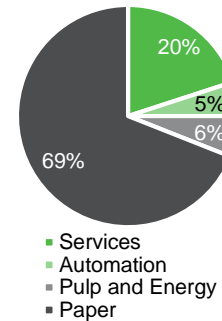
Net sales
(EUR million and % of total)



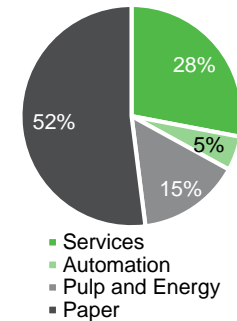
Employees
(number and % of total)



Orders received by
business line (2017)



Net sales by business
line (2017)



Market size¹ & growth

- Target market size: EUR 2.2 billion
- P&P annual production²: 120 million tonnes, growth +2.6%

Market characteristics

- Growing services market while process technology market is flat with investment mainly in tissue and board technologies
- Developing services market with growth potential through increasing installed base, aging machinery and need for increased efficiency
- Process technology project opportunities in board and tissue, particularly in mid-size machines

Valmet's position and competition

- Valmet is a leader in pulp and paper process technology business and has a strong position in services and P&P automation market
- Continued strong competition in mid-size machine segment

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

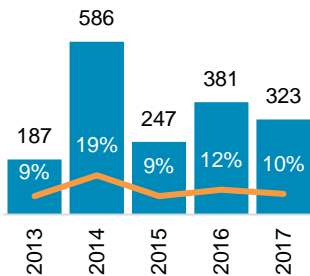
¹ Valmet's target market, meaning those geographical markets, product segments and customer industries where Valmet is currently competing or aiming to compete.

² Figures for 2015 production and 2015-20 growth based on RISI estimates

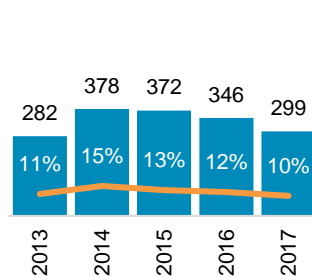
Asia-Pacific

Developing services market with growth potential

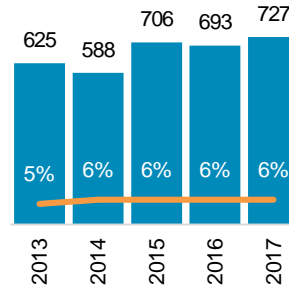
Orders received
(EUR million and % of total)



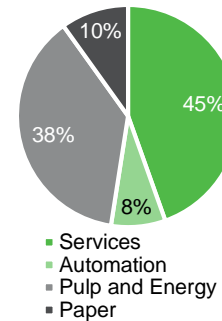
Net sales
(EUR million and % of total)



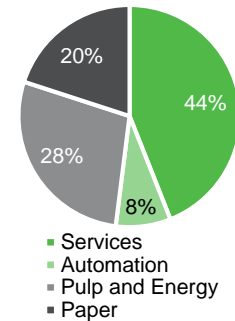
Employees
(number and % of total)



Orders received by
business line (2017)



Net sales by business
line (2017)



Market size¹ & growth

- Target market size: EUR 2.6 billion
- P&P annual production²: 100 million tonnes, growth +2.1%

Market characteristics

- Service growth potential in both emerging and mature markets in growing installed base and market share
- Process technology project opportunities in rebuilds grade changes and new capacity in pulp, board and tissue, and in multifuel boilers and renewable energy projects in selected countries

Valmet's position and competition

- Leading position in P&P process technology projects and increasing local presence
- Increasing competition from Chinese players moving into Asia-Pacific region

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

¹ Valmet's target market, meaning those geographical markets, product segments and customer industries where Valmet is currently competing or aiming to compete.

² Figures for 2015 production and 2015-20 growth based on RISI estimates



Appendix

Shareholders and share price
development

Largest shareholders on March 31, 2018

Based on the information given by Euroclear Finland Ltd.

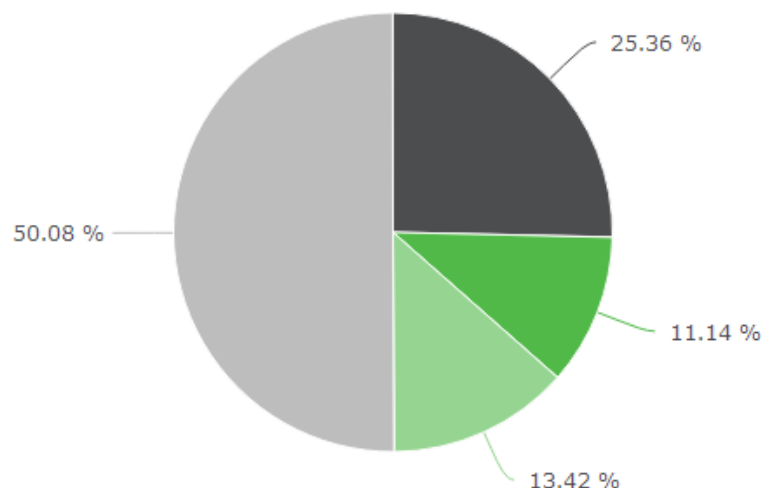
#	Shareholder name	Number of shares	% of shares and votes
1	Solidium Oy ¹	16,695,287	11.14%
2	Elo Mutual Pension Insurance Company	4,210,000	2.81%
3	Varma Mutual Pension Insurance Company	4,165,465	2.78%
4	Ilmarinen Mutual Pension Insurance Company	3,416,000	2.28%
5	OP Funds	2,145,691	1.43%
6	The State Pension Fund	1,545,000	1.03%
7	Keva	1,502,166	1.00%
8	Evli Funds	930,053	0.62%
9	Mandatum Life Insurance Company Limited	922,537	0.62%
10	Nordea Funds	918,024	0.61%
	10 largest shareholders, total	36,450,223	24.32%
	Other shareholders	113,414,396	75.68%
	Total	149,864,619	100%

Latest flagging notifications

Date of transaction	Shareholder	Number of shares	% of shares and votes
March 26, 2018	BlackRock, Inc.	7,504,487	5.00%
March 20, 2018	BlackRock, Inc.	Below 5%	Below 5%
December 19, 2017	BlackRock, Inc.	7,539,931	5.03%
December 18, 2017	BlackRock, Inc.	Below 5%	Below 5%
December 15, 2017	BlackRock, Inc.	7,517,797	5.01%
December 14, 2017	BlackRock, Inc.	Below 5%	Below 5%
December 13, 2017	BlackRock, Inc.	7,575,841	5.05%

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

Shareholder structure on March 31, 2018



Finnish institutions, companies and foundations
 Solidium Oy*
 Finnish private investors
 Nominee registered and non-Finnish holders

Sector	Number of shareholders	% of total shareholders	Number of shares	% of shares
Nominee registered and non-Finnish holders ¹	327	0.7%	75,046,601	50.1%
Finnish institutions, companies and foundations	2,393	5.2%	38,010,937	25.4%
Solidium Oy ²	0	0.0%	16,695,287	11.1%
Finnish private investors	43,087	94.1%	20,103,714	13.4%
On issuer account	0	0.0%	8,080	0.0%
Total:	45,807	100%	149,864,619	100%

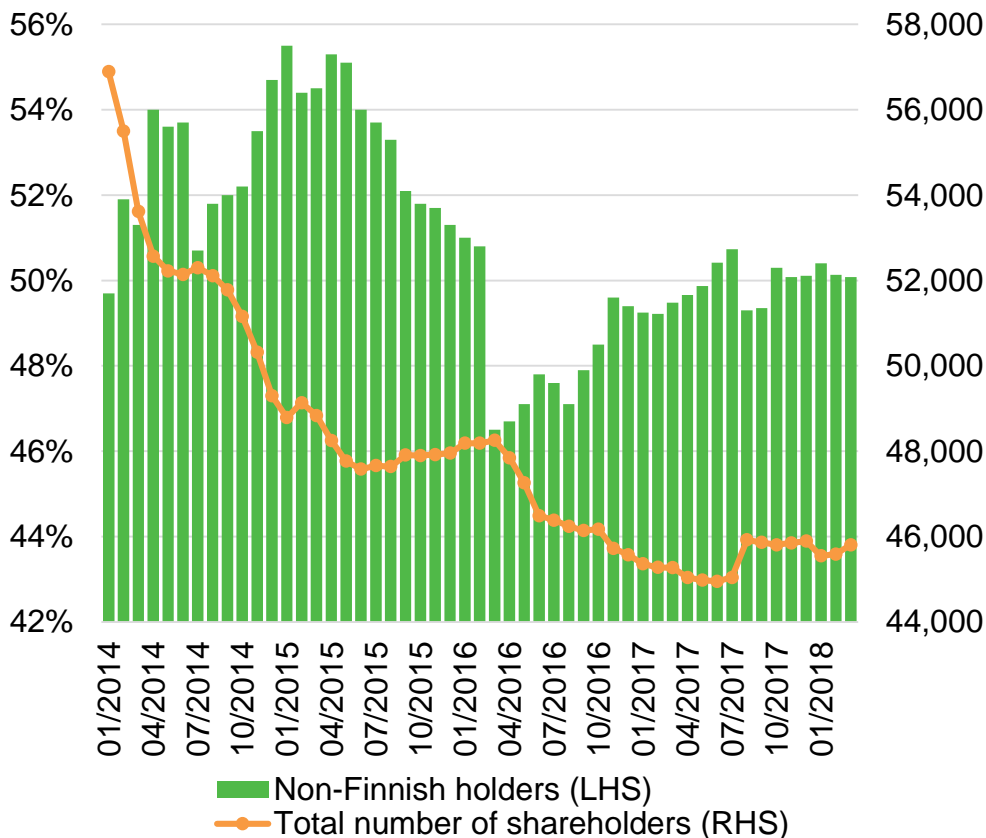
The shareholder structure is based on the classification of sectors determined by Statistics Finland.

¹ Of which 73,017,718 nominee registered shares

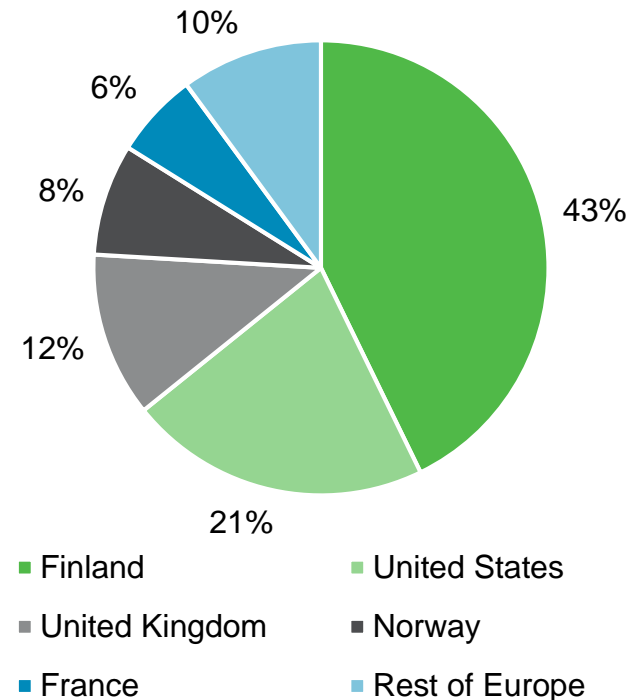
² A holding company that is wholly owned by the Finnish State

Share of non-Finnish holders and area split of shareholders

Share of non-Finnish holders and number of shareholders

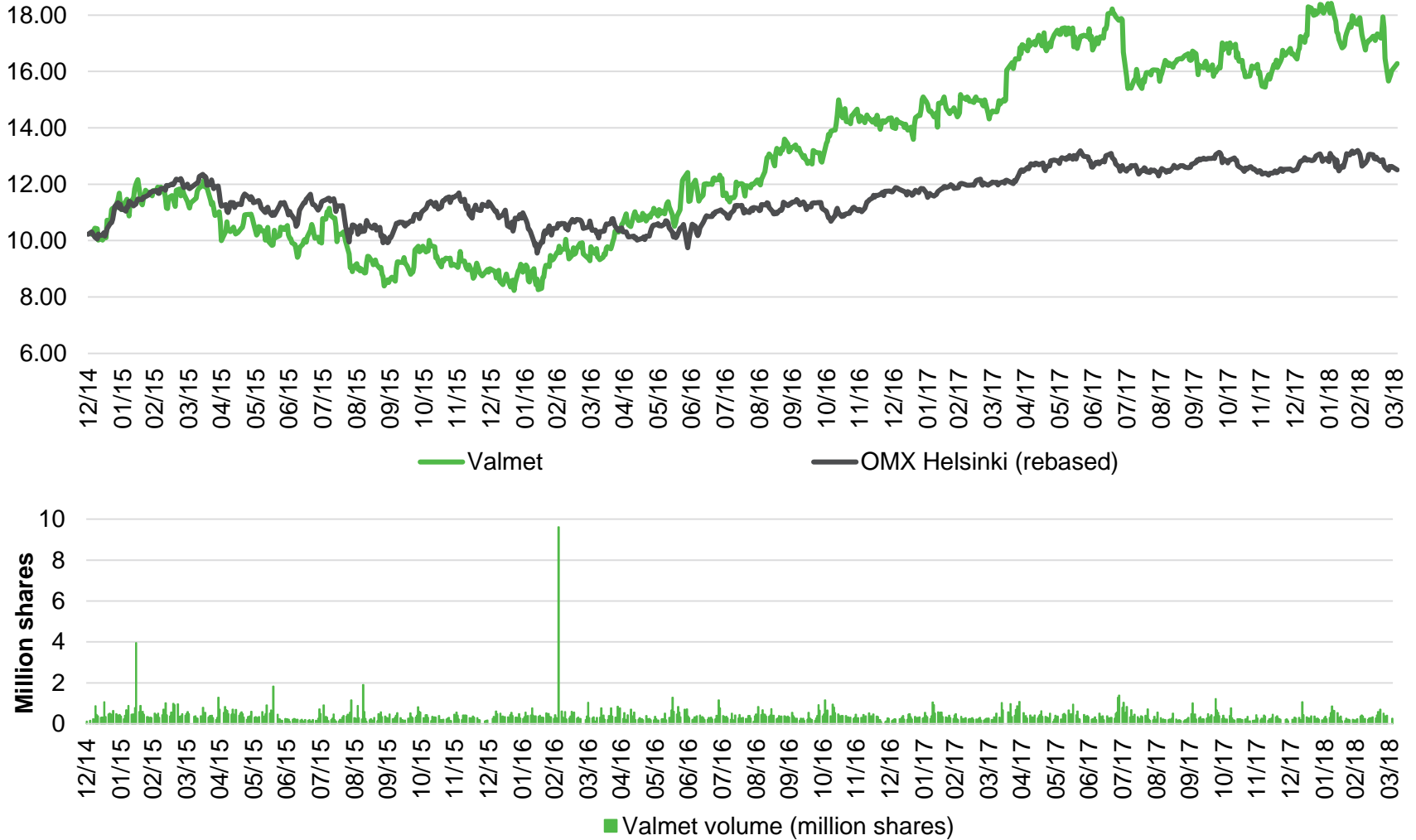


Approximate geographical split of institutional shareholders*



*) in December 2017. Source: Nasdaq Corporate Solutions

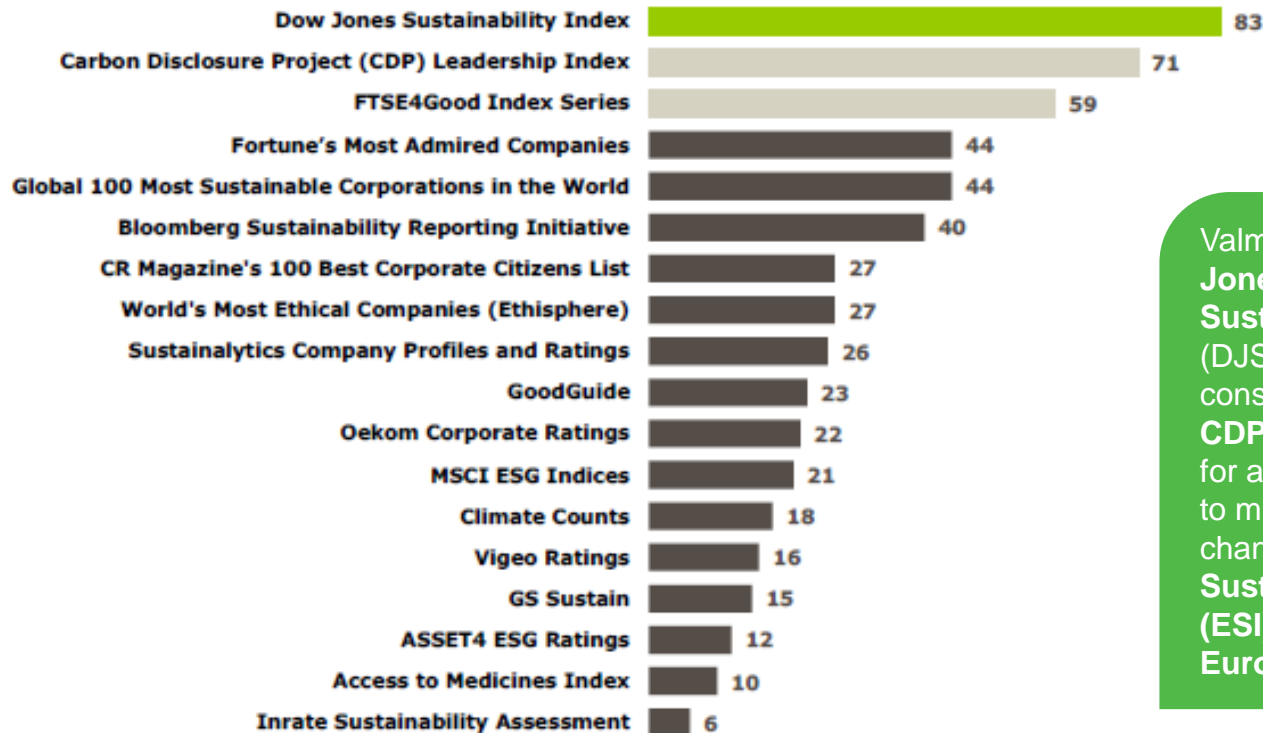
Share price development and trading volume



Recognition from Dow Jones and CDP

DJSI: Most Recognized Sustainability Index

Which ratings and rankings are experts at least somewhat familiar with?



Valmet is in the Dow Jones World Sustainability Index (DJSI) for the fourth consecutive year, in CDP's Climate A List for actions and strategy to mitigate climate change and in Ethibel Sustainability Index (ESI) Excellence Europe

Source: SustainAbility (2013) "Rate the Raters 2013 – Polling the Experts"



Appendix

Offering

Comprehensive life-cycle services offering and large customer base with significant potential

Comprehensive life-cycle services offering



Over 2,000 customer mills and plants served globally

Spare and wear parts

- All OEM spare parts and standard parts in Valmet deliveries
- Inventory management services and process parts, such as consumables and auxiliary products

Fabrics

- Paper machinery clothing
- Filter fabrics used in the pulp and paper, mining and chemical industries and power plants for various filtration purposes as well as in commercial laundries

Mill and plant improvements

- Plant upgrades
- Modifications and environmental improvements
- Troubleshooting
- Shutdown maintenance
- Maintenance outsourcing for the entire customer plant

Roll and workshop services

- Maintenance services on rotating equipment: roll covers, spare rolls and roll upgrades
- Rebuilds for all manufacturers' board, tissue, pulp and paper machines
- Workshop services: pressure part manufacturing, boiler component services, parts to protect and enhance boiler performance and fiber equipment refurbishing

Energy and environmental

- Services for evaporation plants, power and recovery boilers, and environmental equipment

Our automation offering



Advanced automation and process monitoring solutions and services:

- Distributed Control System (DCS) – Valmet DNA
- Performance solutions
- Quality Control System (QCS)
- Profilers
- Analyzers and measurements
- Industrial internet solutions
- Automation services
- Process simulators
- Safety systems and solutions

Over 4,500 automation systems and
over 40,000 analyzers and measurements delivered

Automation offering and market overview

	Scope/product	Market size	Market position in pulp and paper	Main competitors
Distributed Control System (DCS) 	<ul style="list-style-type: none"> DCS for process and machines controls Condition monitoring Information management APC 	Pulp and paper DCS market: <ul style="list-style-type: none"> EUR 900 million Power DCS market: <ul style="list-style-type: none"> EUR 700 million 	#3	<ul style="list-style-type: none"> ABB Honeywell Emerson Siemens Yokogawa
Quality Management System 	<ul style="list-style-type: none"> QCS (Quality Control Systems) Profilers Web inspection and web break analysis systems 	Estimated market size: <ul style="list-style-type: none"> >EUR 200 million 	#1-2	<ul style="list-style-type: none"> ABB Honeywell Voith Paperchine Procemex Cognex Isra Yokogawa
Analyzers and measurements 	<ul style="list-style-type: none"> Paper analyzers Pulp analyzers Pulp consistency measurements Conductivity measurements Power analyzers 	Estimated market size: <ul style="list-style-type: none"> <EUR 200 million 	#1	<ul style="list-style-type: none"> ABB BTG PulpEye

Full scope offering for the pulp and paper industry

Technologies

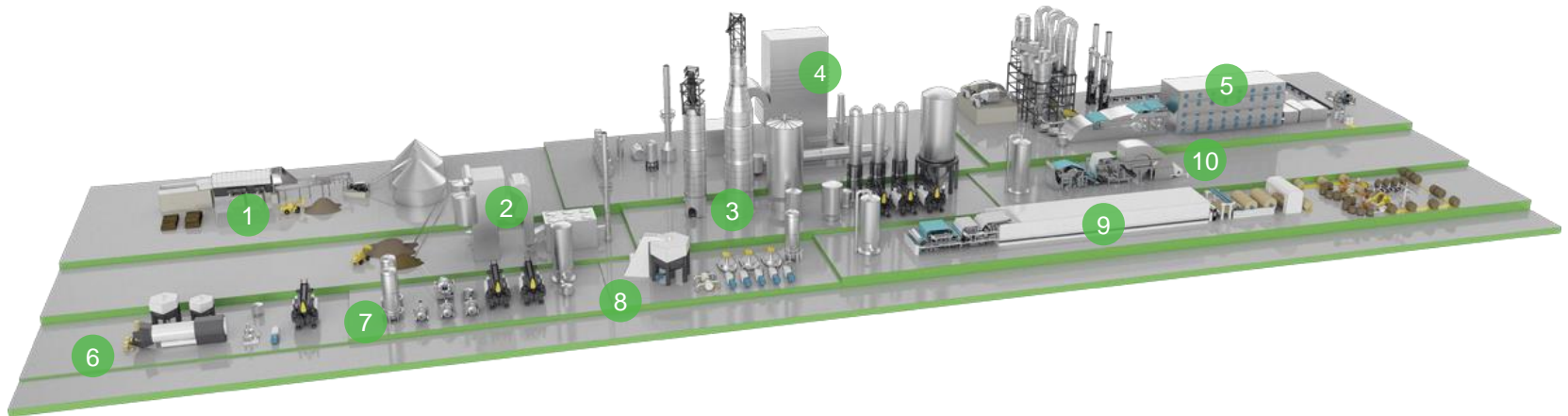
- 1 Wood handling
- 2 Heat and power production
- 3 Chemical pulping
- 4 Chemical recovery
- 5 Pulp drying
- 6 Recycled fiber
- 7 Mechanical fiber
- 8 Stock preparation
- 9 Board and paper making
- 10 Tissue making

Automation

- Distributed Control System (DCS)
- Performance solutions
- Quality Control System (QCS)
- Profilers
- Analyzers and measurements
- Industrial internet solutions
- Automation services
- Process simulators
- Safety systems and solutions

Services

- Mill and plant improvements
- Spare and wear parts
- Paper machine clothing and filter fabrics
- Roll services
- Services for evaporation plants, power and recovery boilers
- Services for environmental equipment



Our offering for energy industry and biotechnologies

Technologies

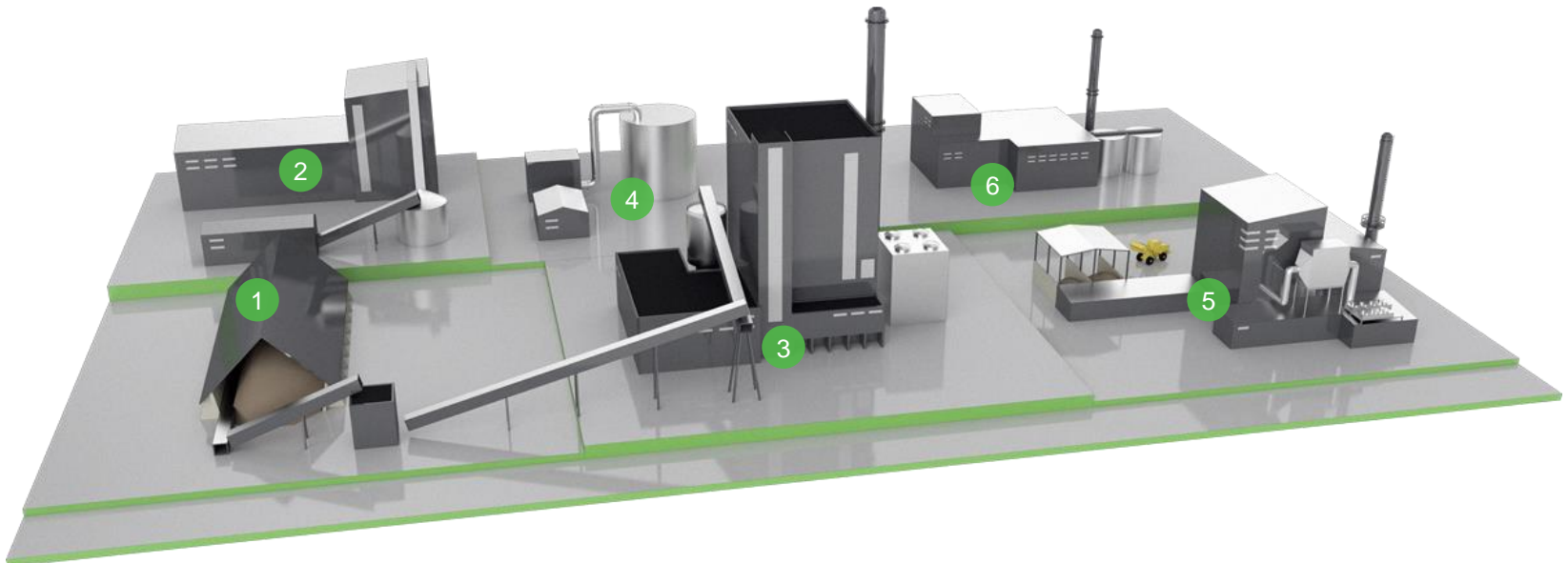
- 1 Fuel handling
- 2 Gasification
- 3 Boiler and flue gas cleaning
- 4 Bio-oil production
- 5 Modularized power plants
- 6 Prehydrolysis
For biofuels, biomaterials and biochemicals, and bio coal production

Automation

- Distributed Control System (DCS)
- Performance solutions
- Analyzers and measurements
- Industrial internet solutions
- Automation services

Services

- Plant improvements
- Rebuilds
- Performance services
- Services for environmental equipment
- Components and spare parts
- Training



Our pulp and energy technology offering



- Wood handling systems
- Cooking systems
- Complete fiber lines
- Pulp drying systems



- Evaporation systems
- Recovery islands



- Circulating fluidized bed boilers (CYMIC)
- Bubbling fluidized bed boilers (HYBEX)
- Biomass and waste gasification
- Oil and gas boilers
- Waste heat recovery
- Air pollution control systems



- Pyrolysis solutions for bio-oil production
- LignoBoost for lignin extraction
- Steam treated pellets production lines
- Biomass prehydrolysis for further refining to fuels or chemicals

300 complete fiber lines and 350 recovery islands delivered

400 boilers and environmental protection systems delivered

Our paper technology offering



Board and paper

- Board and paper production lines
 - Recycled fiber lines
 - Tailor made OptiConcept machines
 - OptiConcept M modularized machines
- Rebuilds
 - Modernizations and grade conversions
- Stand-alone products
 - From stock preparation to roll handling

Over 1,600 board and paper machines delivered

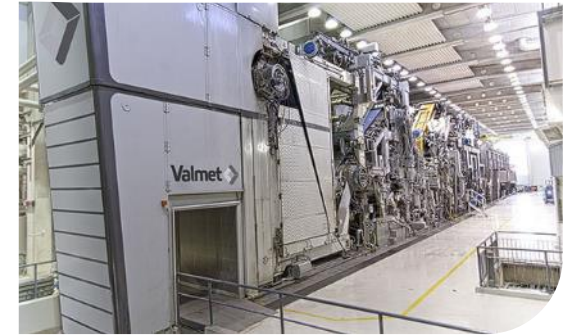
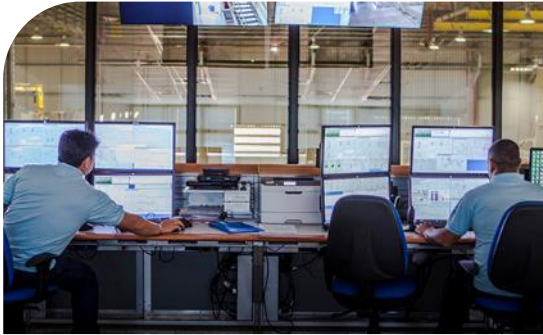


Tissue

- Tissue production lines
 - Advantage DCT
 - Advantage NTT
 - Advantage Thru Air (TAD)
- Rebuilds
- Stand-alone products
 - e.g. Yankee cylinders

Over 200 tissue lines delivered

Continuous investment in research and development to improve customers' processes



Customers' needs

- Increase production efficiency
- Improve competitiveness
- Maximize value of raw materials
- Widen raw material base
- Provide high-value end products
- Develop new innovations and technologies

Valmet's R&D focus

- Modularized and standardized products
- Energy, water and raw material efficiency
- Automation technology
- Biomass conversion technologies

Valmet's R&D resources

- Own R&D centers and pilot facilities
- Annual R&D spend about EUR 65 million
- Around 1,500 protected inventions
- Cooperation with universities and research institutions

Example of our R&D work - OptiConcept M board and paper machine

- Cost-efficient, high-quality, safe and flexible board making concept
- Significant savings in energy, water and raw material use
 - Energy efficiency improvement up to 30%
- Modular and compact size
 - Short delivery times, quick start-ups, and less production space
- Functional design brings increased safety and accessibility
 - Design acknowledged in Finnish design competition in 2014



Today, customers are extensively utilizing our Industrial Internet capabilities





Appendix

Management

Executive Team

Corporate



Pasi Laine
President and CEO
Share ownership: 116,244



Kari Saarinen
CFO
Share ownership: 32,671



Julia Macharey
SVP, Human Resources
Share ownership: 22,036



Juha Lappalainen
SVP, Strategy and
Operational Development
Share ownership: 29,444



Anu Salonsaari-Posti
SVP, Marketing &
Communications
Share ownership¹: 16,852

Business lines



Aki Niemi
Business Line President,
Services
Share ownership: 44,136



Sakari Ruotsalainen
Business Line President,
Automation
Share ownership: 26,238



Bertel Karlstedt
Business Line President,
Pulp and Energy
Share ownership: 34,217



Jari Vähäpesola
Business Line President,
Paper
Share ownership: 41,116

Areas



Dave King
Area President, North
America
Share ownership: 18,691



Celso Tacla
Area President, South
America
Share ownership: 65,970



Vesa Simola
Area President, EMEA
Share ownership: 33,003



Xiangdong Zhu
Area President, China
Share ownership: 11,480



Jukka Tiitinen
Area President, Asia Pacific
Share ownership²: 70,860

- 1) Includes 100 shares in Valmet owned by Ms. Salonsaari-Posti's family members
- 2) Includes 100 shares in Valmet owned by Mr. Tiitinen's family members

Board of Directors



Bo Risberg
(b. 1956)
Chairman of
the Board
Swedish citizen

- BSc (Mech. Eng), MBA
- Selected experience:
 - CoB of Piab Management AB
 - Vice CoB of Grundfos A/S
 - Member of the BoD of Stäubli International AG and Trelleborg AB
- Share ownership: 10,018
- Independent of company: Yes
- Independent of owners: Yes



Aaro Cantell
(b. 1964)
Vice-Chairman of the
Board
Finnish citizen

- M.Sc. (Tech.)
- Selected experience:
 - CoB of Normet Group Oy, VTT Technical Research Centre of Finland Ltd
 - Member of the BoD of Solidium Oy, Federation of Finnish Technology Industries
- Share ownership: 2,926
- Independent of company: Yes
- Independent of owners: No



Pekka Kemppainen
(b. 1954)
Board member
Finnish citizen

- Lic.Sc. (Tech.)
- Selected experience:
 - Managing Director of KONE Elevators Australia
 - Several positions within KONE, including Executive Vice President, Service Business
- Share ownership: NA
- Independent of company: Yes
- Independent of owners: Yes



Monika Maurer
(b. 1956)
Board member
German citizen

- Diploma in Physics and Chemistry, Diploma in Pedagogy
- Selected experience:
 - Chief Operating Officer of Nokia Group
 - Chief Operating Officer of Nokia's Fixed Networks Business Group
- Share ownership: NA
- Independent of company: Yes
- Independent of owners: Yes



Eriikka Söderström
(b. 1968)
Board member
Finnish citizen

- M.Sc. (Econ.)
- Selected experience:
 - CFO of F-Secure Corporation
- Share ownership: 1,130
- Independent of company: Yes
- Independent of owners: Yes



Tarja Tyni
(b. 1964)
Board member
Finnish citizen

- LL.M.
- Selected experience:
 - CoB of Innova Oy and Mandatum Life Investment Services Ltd
 - Member of the BoD Euroben Life & Pension Limited
- Share ownership: 2,926
- Independent of company: Yes
- Independent of owners: Yes



Rogério Ziviani
(b. 1956)
Board member
Brazilian citizen

- BSc in Business Management, MBA
- Selected experience:
 - Member of the BoD Innovatech Negócios Florestais
- Share ownership: 7,113
- Independent of company: Yes
- Independent of owners: Yes

