



Valmet – unique offering
with process technology,
automation and services

Roadshow material
May 2015

Agenda

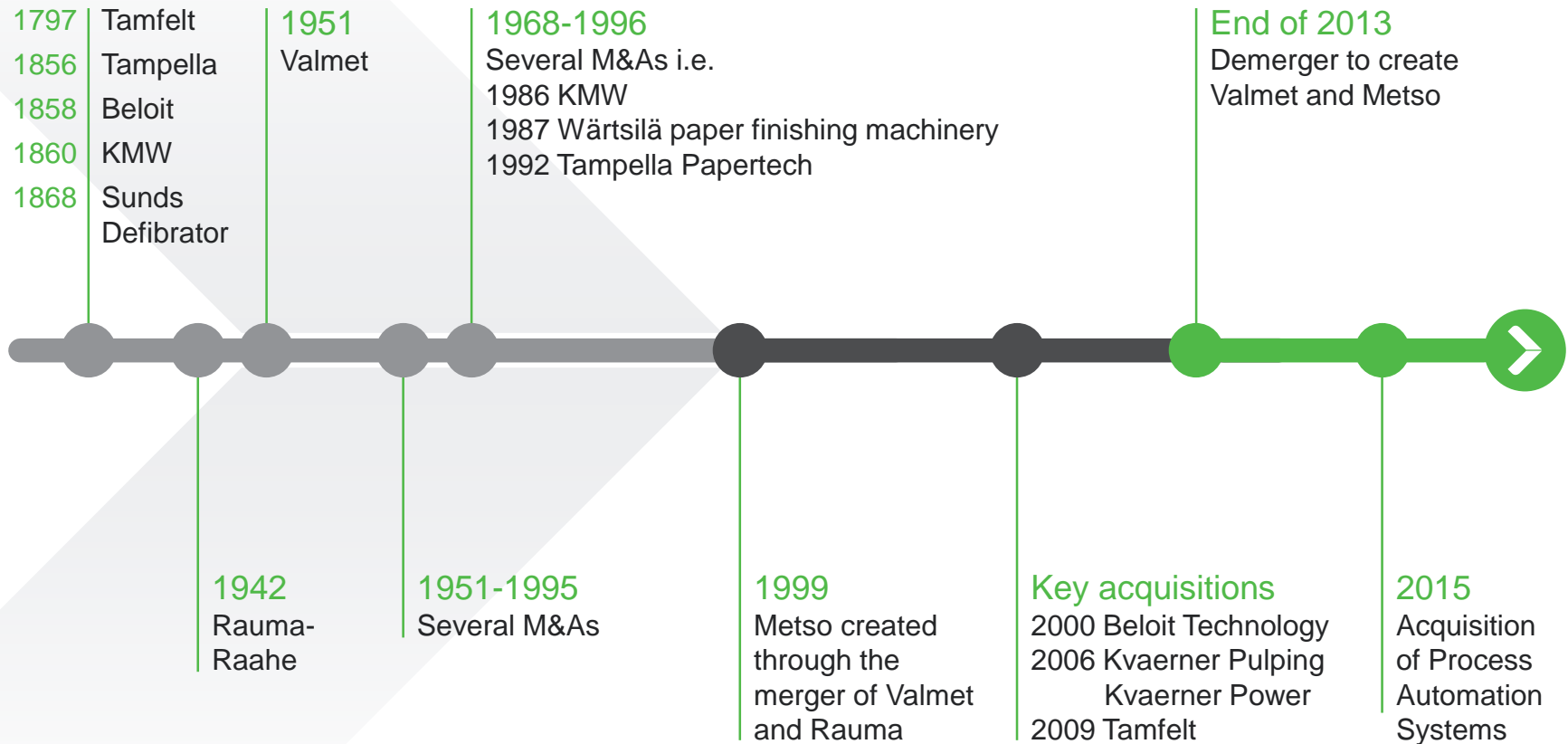
Valmet Roadshow

- 1 Valmet overview
- 2 Investment highlights
- 3 Financials
- 4 Automation – excellent strategic fit
- 5 Conclusions
- 6 Appendix



Valmet overview

Valmet's road to becoming a global market leader



A leading service and technology company

Strong market position in all markets served

Stable, growing and profitable services business

Strong capital business with high technological know-how

2014 figures

Orders received EUR 3,071 M

Net sales EUR 2,473 M

EBITA¹ EUR 106 M

Employees 10,464

Market position

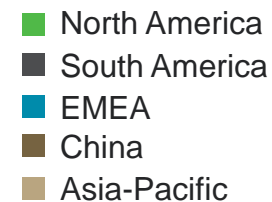
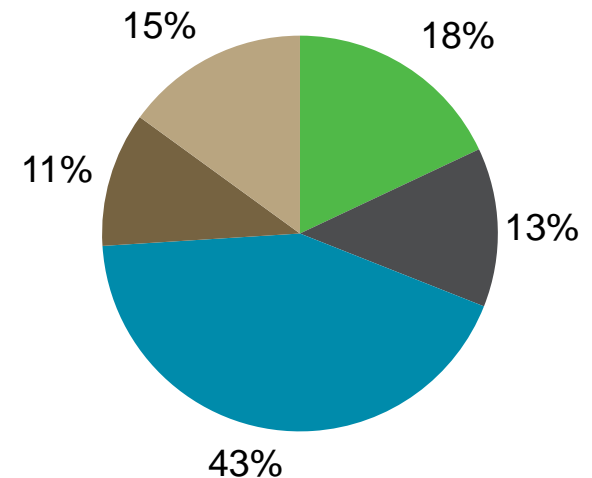
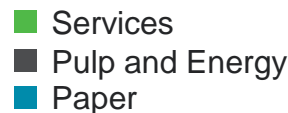
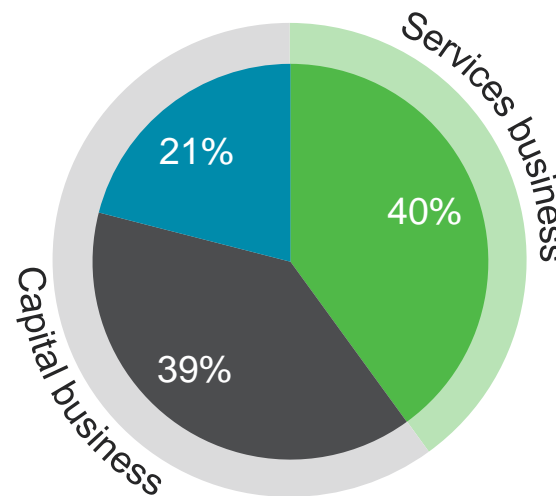
#1-2 Services

#1-2 Pulp

#1-3 Energy

#1-2 Paper, board, tissue

Net sales (2014)



1) EBITA before non-recurring items

Our four business lines serve the same customer base



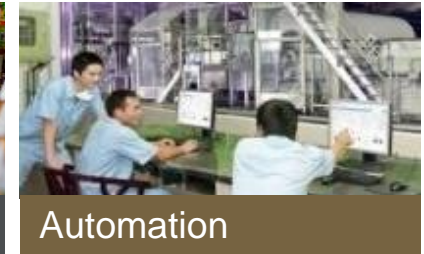
Services



Pulp and Energy



Paper



Automation

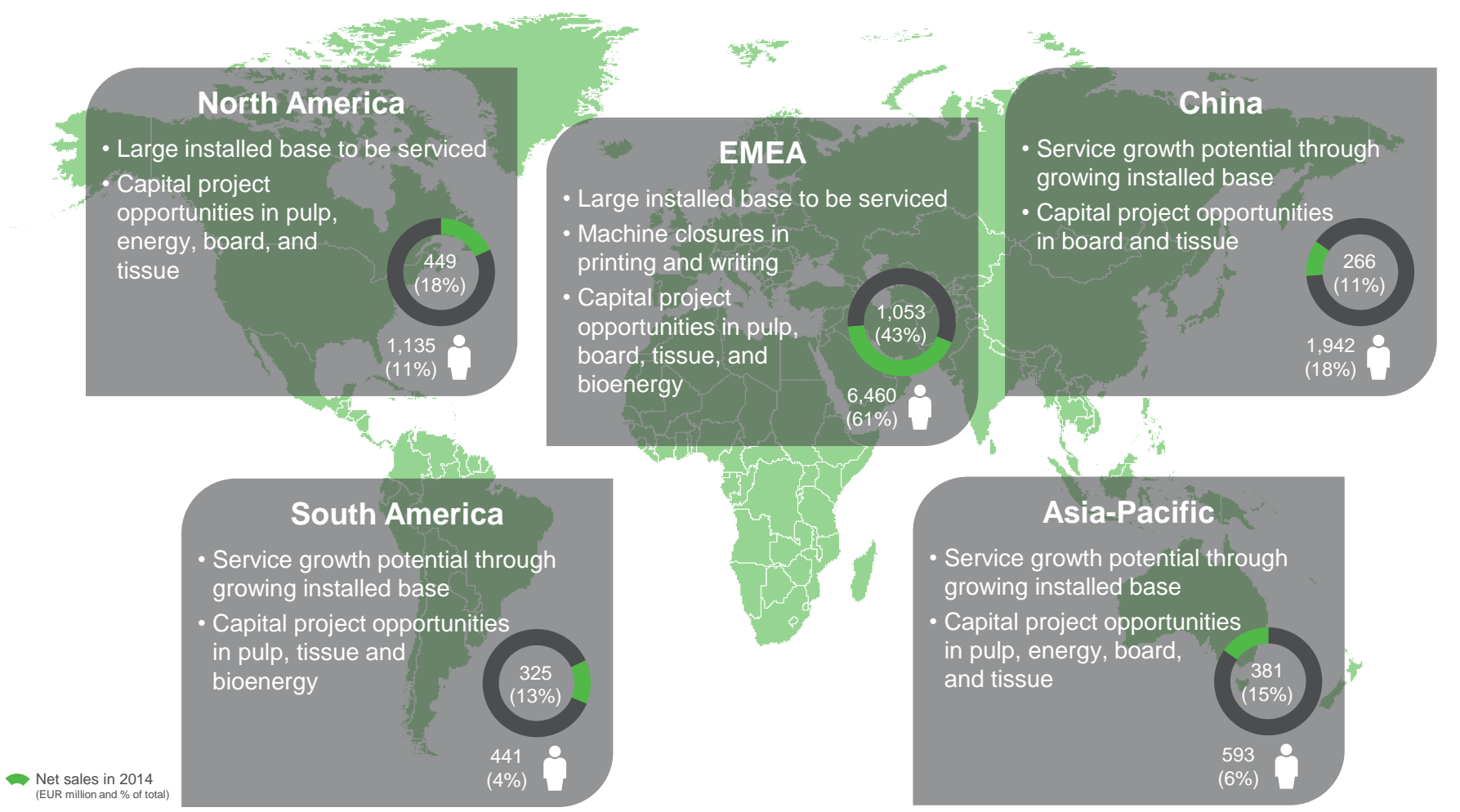
| | Services | Pulp and Energy | Paper | Automation |
|------------------------------|---|--|---|--|
| Description | Mill and plant improvements, roll and workshop services, parts and fabrics, and life-cycle services | Technologies and solutions for pulp production, power generation, and biomass conversion | Technologies and solutions for board, tissue, and paper | Supplies and develops automation and information management systems, applications and services |
| Market position | #1-2 | Pulping #1-2, Bioenergy generation #1-2 | Board #1-2, Tissue #1, Paper #1-2 | Analyzers #1, QCS ¹ #1-2, DCS ² #1-3 |
| Market size | EUR 7.5 bn | Pulp EUR 1.4 bn, Energy EUR 2.0 bn | Board EUR 1.0 bn, Tissue EUR 0.6 bn, Paper EUR 0.6 bn | DCS ² EUR 1.6 bn, QMS ³ >EUR 0.2 bn, Analyzers <EUR 0.2 bn |
| Customers | Companies mainly in the pulp, paper and energy industries | In pulp, mechanical and chemical pulp producers as well as companies in the panelboard industry | Mainly paper companies as well as board and tissue producers | Companies in the pulp, energy, paper and process industries |
| Main competitors | Voith, Andritz, Albany, Xerium Technologies, AstenJohnson, Foster Wheeler, Alstom etc. | Andritz in Pulp; Andritz and Foster Wheeler in Energy; Andritz main global competitor in biomass | Voith and Andritz | ABB, Honeywell, Emerson, Siemens, Voith, Paperchine, Procemex, BTG, PulpEye etc. |
| Net sales⁴ | 1.0 bn, 40% ⁵ 877 974 1,011 1,032 989 2010 2011 2012 2013 2014 | 1.0 bn, 39% ⁵ 698 975 1,198 907 956 2010 2011 2012 2013 2014 | 0.5 bn, 21% ⁵ 875 743 805 674 528 2010 2011 2012 2013 2014 | 0.3 bn 310 322 296 297 2011 2012 2013 2014 |

1) QCS = Quality Control Systems
2) DCS = Distributed Control Systems
3) QMS = Quality Management System

4) Net sales 2010–2013 by business line on a carve-out basis for the periods indicated (excl. Intra-Metso net sales).

5) Percent of total, excluding Automation (2014 figures)

Strong global presence – good platform for growth



Net sales in 2014
(EUR million and % of total)

Employees as at March 31, 2015
(number of employees and % of total)

Valmet's way forward

Our Mission

Converting renewable resources into sustainable results

Our Strategy

Valmet develops and supplies competitive technology and services to the pulp, paper and energy industries.

We are committed to moving our customers' performance forward.

Our Must-Wins

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

Our Vision

To become the global champion in serving our customers

Our Values create and strengthen our culture

Customers - We move our customers' performance forward

Renewal – We promote new ideas to create the future

Excellence – We improve every day to deliver results

People – We work together to make a difference

Megatrends

- Need for renewable solutions
- Bio-economy and climate change
- Increase in standards of living



Investment highlights

Investment highlight summary

1 **Strong market position** in growing markets

2 **Growing, profitable and stable** service and automation business with **EUR 1.3 billion sales**

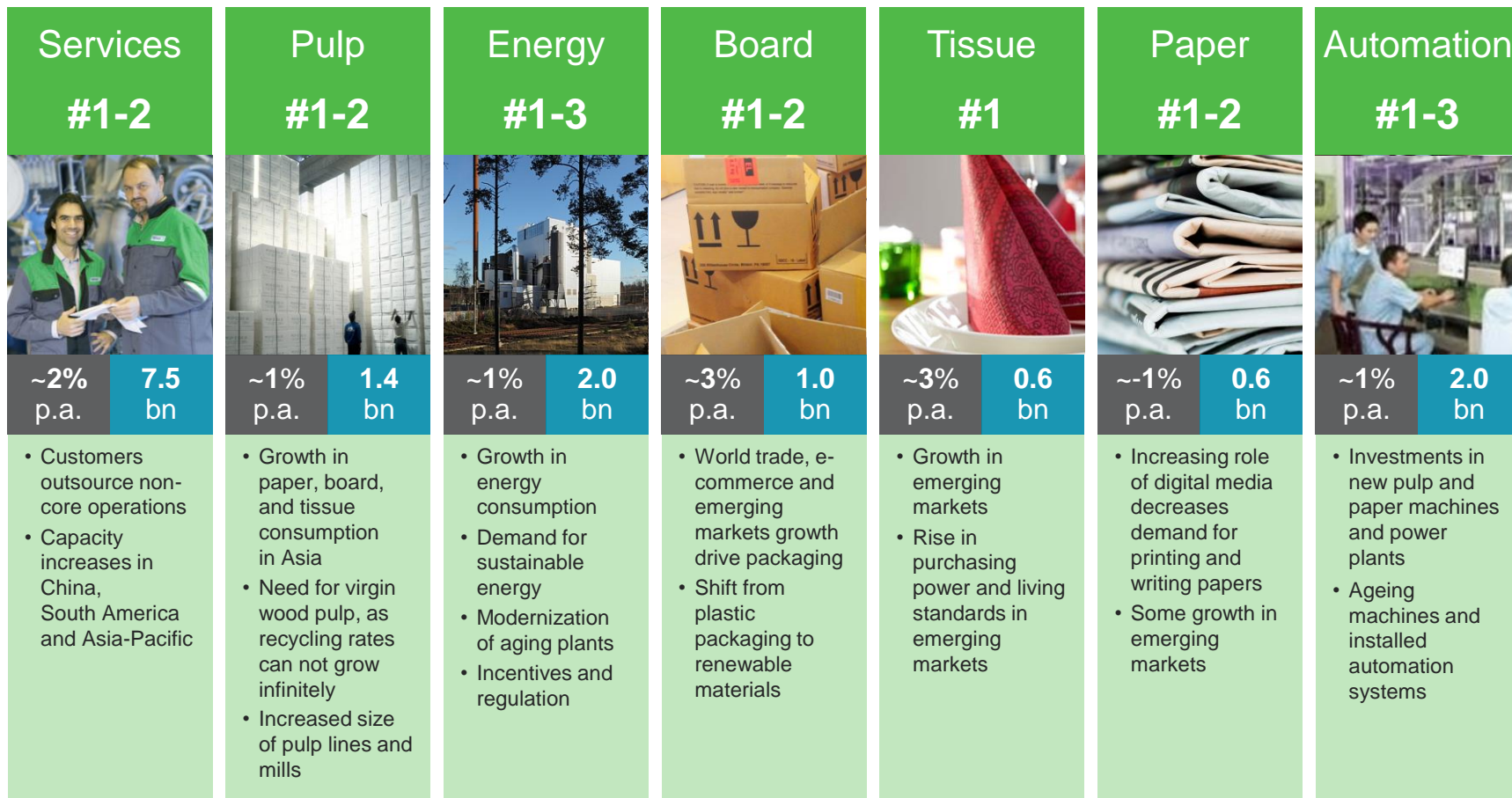
3 Strong in cyclical capital business with long-term **growth potential** and **increased flexibility in cost structure**

4 **Unique offering** with process technology, automation and services

5 Continued **focus on profitability**, more **effort into renewal**



Strong market position in growing markets



~12,000 professionals working globally close to customers

Source: Leading consulting firms, RISI, management estimates

■ Anticipated long-term market growth

■ Estimated market size for current offering (EUR)

Growing, profitable and stable service and automation business with EUR 1.3 billion sales



Growing

- Services net sales growth on average over 3% p.a. during the last 5 years
- Slight growth in Automation net sales over the last 10 years

Profitable

- Relatively stable margins in Automation during the last 10 years, EBITA margin 10–12%

Stable

- Services and Automation together approximately EUR 1.3 billion of stable business

Strong in cyclical capital business with long-term growth potential and increased flexibility in cost structure



Pulp and Energy

Market position:

#1-3

Headcount reduction¹:

~500

Capacity cost reduction:

10%

(Capacity cost to sales 24% in 2014)



Paper

Market position:

#1-2

Headcount reduction¹:

~800

Capacity cost reduction:

20%

(Capacity cost to sales 47% in 2014)



1) Reduction in number of employees during 2014

Unique offering with process technology, automation and services



- Valmet is a technology and service company with full automation offering
- Strengthened competitiveness from combination of paper, pulp and power plant technology, process know-how and automation
- Full scope offering gives better differentiation from competitors

Continued focus on profitability, more effort into renewal

Continued focus on profitability improvement measures

- Improve project and service margin
- Reduce quality costs and lead times
- Savings in procurement
- Continue to improve cost competitiveness
- Improve cost competitiveness to increase gross profit

Increased focus on renewal

- Constant improvement of technology and offering
- Results in research and development, e.g. OptiConcept M
- Improvement in customer relations
- Development of personnel
- Acquiring Process Automation Systems renews Valmet and strengthens know-how





Financials

Financial targets

Growth



Net sales growth to exceed market growth

Profitability



EBITA¹ before non-recurring items: 6-9%

ROCE

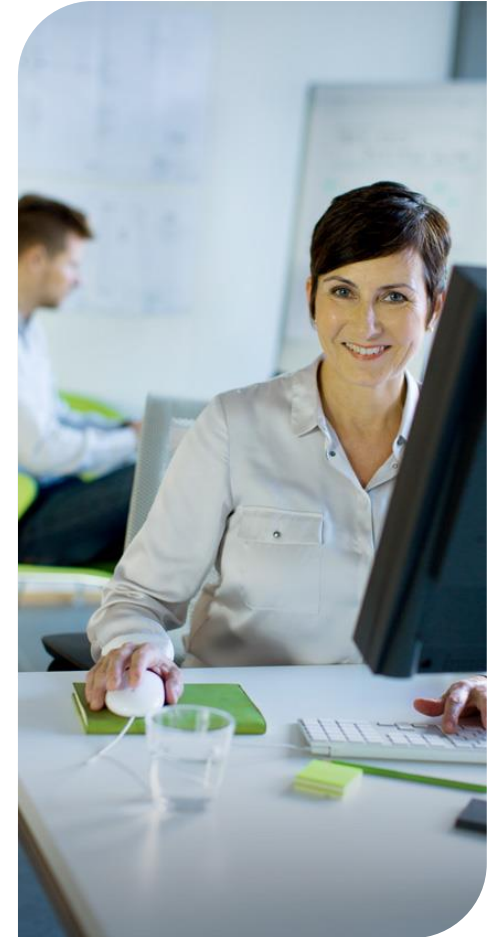


Return on capital employed (pre-tax),
ROCE²: minimum of 15%

Dividend policy



Dividend payout at least 40% of net profit



- 1) EBITA before non-recurring items = operating profit + amortization + non-recurring items
- 2) ROCE (pre-tax) = (profit before taxes + interests and other financial expenses) / (balance sheet total - non-interest-bearing liabilities)

Q1/2015 in brief



Orders received and net sales increased in services

- Services orders received increased compared with Q1/2014
- Net sales increased compared with Q1/2014 in Services



Orders received decreased and net sales increased in capital business

- Orders received decreased in Pulp and Energy, and Paper business lines from the high levels in Q1/2014
- Net sales increased in Pulp and Energy and decreased in Paper compared with Q1/2014



Order backlog at EUR 2.1 billion

- Order backlog EUR 66 million higher than at year-end 2014



Focus on profitability improvement

- Gross profit increased by EUR 16 million compared with Q1/2014
- SG&A¹ expenses increased by EUR 3 million compared with Q1/2014
- EBITA²-margin improved but is below targeted level



Strong balance sheet, negative cash flow provided by operating activities

- Net debt EUR -134 million, and gearing -17%
- Cash flow provided by operating activities EUR -20 million

1) Selling, general and administrative expenses before non-recurring items

2) EBITA = Earnings before interest, taxes and amortization and non-recurring items

Key figures Q1/2015

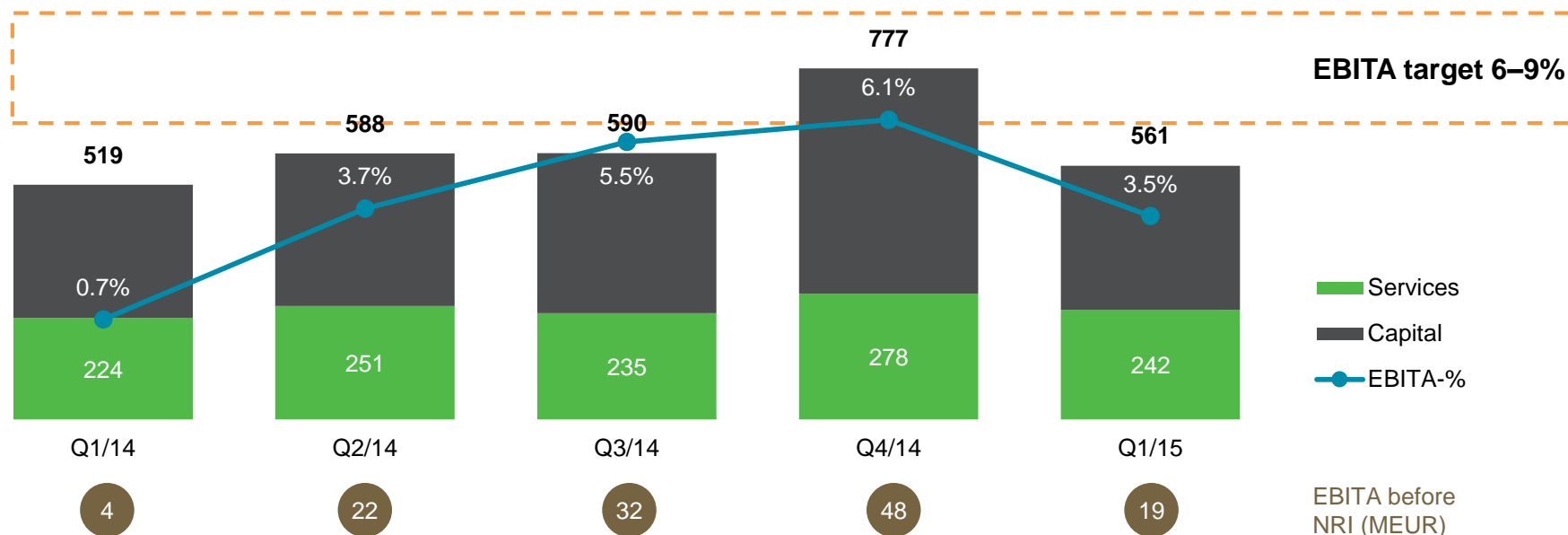
| EUR million | Q1/2015 | Q1/2014 | Change |
|--|--------------|---------|--------|
| Orders received | 580 | 1,101 | -47% |
| Order backlog ¹ | 2,064 | 1,972 | 5% |
| Net sales | 561 | 519 | 8% |
| EBITA ² | 19 | 4 | >100% |
| % of net sales | 3.5% | 0.7% | |
| EBIT ³ | 13 | -8 | |
| % of net sales | 2.4% | -1.5% | |
| Earnings per share, EUR | 0.05 | -0.04 | |
| Return on capital employed (ROCE), before taxes ⁴ | 6% | -2% | |
| Cash flow provided by operating activities | -20 | 43 | |
| Gearing ¹ | -17% | -5% | |

Non-recurring items: EUR 0 million in Q1/2015 (EUR -6 million in Q1/2014)

- 1) At the end of period
- 2) Before non-recurring items
- 3) After non-recurring items
- 4) Annualized

EBITA-margin increased compared with Q1/2014

Net sales and EBITA before NRI (EUR million)



- Net sales and profitability increased compared with Q1/2014
 - Changes in foreign exchange rates¹ increased net sales by EUR 20 million and EBITA by EUR 1 million
- Exceptionally many POC² milestones in Q4/2014, while less in Q1/2015

1) Compared with the exchange rates for January–March, 2014

2) POC = Percentage of completion

Guidance and short-term market outlook

Guidance for 2015 (as given on February 6, 2015)

Guidance for 2015



Valmet estimates that, including the acquisition of Process Automation Systems, net sales in 2015 will increase in comparison with 2014 (EUR 2,473 million) and EBITA before non-recurring items in 2015 will increase in comparison with 2014 (EUR 106 million).

Short-term market outlook

| | | Q2/2014 | Q3/2014 | Q4/2014 | Q1/2015 |
|-----------------|-----------------|--------------|--------------|--------------|--------------|
| Services | | Satisfactory | Satisfactory | Satisfactory | Satisfactory |
| Pulp and Energy | Pulp | Satisfactory | Satisfactory | Satisfactory | Good |
| | Energy | Satisfactory | Satisfactory | Satisfactory | Weak |
| Paper | Board and Paper | Good | Good | Good | Good |
| | Tissue | Satisfactory | Satisfactory | Satisfactory | Satisfactory |
| Automation | | - | - | - | Satisfactory |



Automation – excellent
strategic fit

Valmet becomes a stronger company as a result of acquiring Automation

The acquisition was announced on January 15, 2015 and closed on April 1, 2015

The acquisition has an excellent strategic fit

- Combination of Valmet and Automation creates a unique customer offering
- Automation is a strong, established business
- Acquisition makes Valmet more stable and more profitable



Combination of Valmet and Automation creates a unique customer offering

- Valmet is a technology and service company with full automation offering
- Strengthened competitiveness from combination of paper, pulp and power plant technology, process know-how and automation
- Full scope offering gives better differentiation from competitors
- 80% of Automation's sales to Valmet's current customer industries

Valmet is a unique company



Automation is a strong, established business

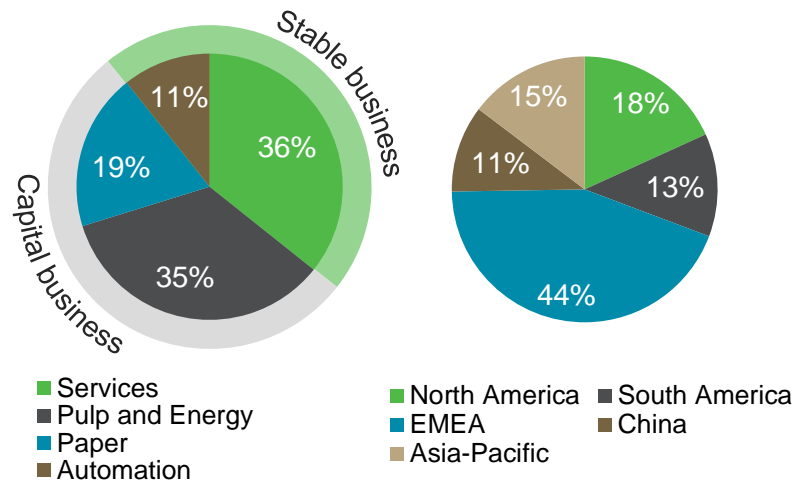
- Long-term customer relations
- High level of technology and know-how
- Strong service business, based on large installed base and captive business model
- ~1,600 automation professionals working close to customers at ~80 locations around the world
- Significant proprietary know-how
- Good financial track record and stable cash flow



Valmet with Automation

Increased stability and improved profitability

Illustrative net sales in 2014¹



Improving profitability

- Automation has a solid financial track record
 - Historically continuous double-digit EBITA margin of 10–12%
 - Stable net sales, with slight growth
- Increases Valmet's profitability
 - Valmet's financial target: EBITA margin of 6–9%

Increasing stability

- Valmet will have approximately EUR 1,300 million of stable business
 - Existing services EUR ~1,000 million
 - Automation EUR ~300 million

1) Illustrative net sales split when Valmet and Automation combined (2014 figures).



Conclusion

Investment highlight summary

1 **Strong market position** in growing markets

2 **Growing, profitable and stable** service and automation business with **EUR 1.3 billion sales**

3 Strong in cyclical capital business with long-term **growth potential** and **increased flexibility in cost structure**

4 **Unique offering** with process technology, automation and services

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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 Management, ownership and share price development

2 Financials

3 Automation

4 Market statistics

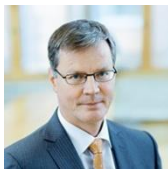


Appendix

Management, ownership and share
price development

Experienced management team

Corporate



Pasi Laine

President and CEO
Share ownership: 49,021



Markku Honkasalo

Chief Financial Officer
Share ownership: 5,148



Kari Saarinen

SVP, Strategy and
Operational Development
Share ownership: 6,325



Julia Macharey

SVP, Human Resources
Share ownership: 863



Anu Salonsaari-Posti

SVP, Marketing &
Communications
Share ownership¹: 600

Business lines



Jukka Tiitinen

Business Line President,
Services
Share ownership²: 23,870



Bertel Karlstedt

Business Line President, Pulp
and Energy
Share ownership: 1,000



Jari Vähäpesola

Business Line President,
Paper
Share ownership: 12,391



Sakari Ruotsalainen

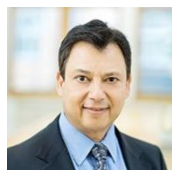
Business Line President,
Automation
Share ownership: 8,090

Areas



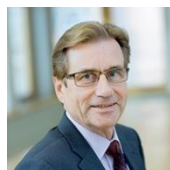
William Bohn

Area President, North
America
Share ownership: 6,652



Celso Tacla

Area President, South
America
Share ownership: 17,428



Hannu Mälkiä

Area President, EMEA
Share ownership: 19,622



Aki Niemi

Area President, China
Share ownership: 3,919



Hannu T. Pietilä

Area President, Asia Pacific
Share ownership: 8,432

- 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

As Hannu Mälkiä has decided to retire in June 2015, Vesa Laine has been appointed Area President of Valmet's EMEA area as of August 1, 2015. Mr. Simola joins Valmet from Stora Enso, where he is currently employed as Senior Vice President, Consumer Board Division.

Board of Directors



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

- BSc in Mech. Engineering, MBA
- Selected experience:
 - CoB of Piab Group Holding
 - Vice CoB of Grundfos A/S and IMD
 - Member of the BoD of Norstjernen AB and Trelleborg AB
- Share ownership: 0
- Independent of company: Yes
- Independent of owners: Yes



Mikael Von Frenckell
(b. 1947)
Vice Chairman of
the Board
Finnish citizen

- MSc in Social Sciences
- Selected experience:
 - Vice CoB of Metso since 2012, board member since 2010
 - Member of the BoD of Antti Ahlströmin Perilliset Oy and Sponsor Capital Oy
- Share ownership: 105,636
- Independent of company: Yes
- Independent of owners: Yes



Friederike Helfer
(b. 1976)
Board member
Austrian citizen

- MSc in Real Estate Development, Diplom-Ingenieur in Urban Planning, CFA charterholder
- Selected experience:
 - Partner at Cevian Capital, joined Cevian Capital in 2008
 - Engagement Manager at McKinsey (2004-2008)
- Share ownership: 2,305
- Independent of company: Yes
- Independent of owners: Yes



Erkki Pehu-Lehtonen
(b. 1950)
Board member
Finnish citizen

- MSc in Mechanical Engineering
- Selected experience:
 - Member of Metso board since 2010
 - CoB of Raute Corporation
 - President and CEO of Pöyry (1999-2008)
- Share ownership: 5,484
- Independent of company: Yes
- Independent of owners: Yes



Lone Fønss Schrøder
(b. 1960)
Board member
Danish citizen

- MSc in Economics, Accounting; LL.M.
- Selected experience:
 - Member of the BoD of Saxobank A/S, Aker Solutions, Volvo PV AB, NKT Holding A/S, Schneider SE, Bilfinger Berger SE
- Share ownership: 2,882
- Independent of company: Yes
- Independent of owners: Yes



Rogério Ziviani
(b. 1956)
Board member
Brazilian citizen

- BSc in Business Management, MSc in Business Administration
- Selected experience:
 - Member of the BoD of Contax Participações S.A and HSBC – SRI – FI – Sustainability Fund
 - Member of the Brazilian Institute of Corporate Governance
- Share ownership: 2,305
- Independent of company: Yes
- Independent of owners: Yes

Largest shareholders on April 30, 2015

Based on the information given by Euroclear Finland Ltd.

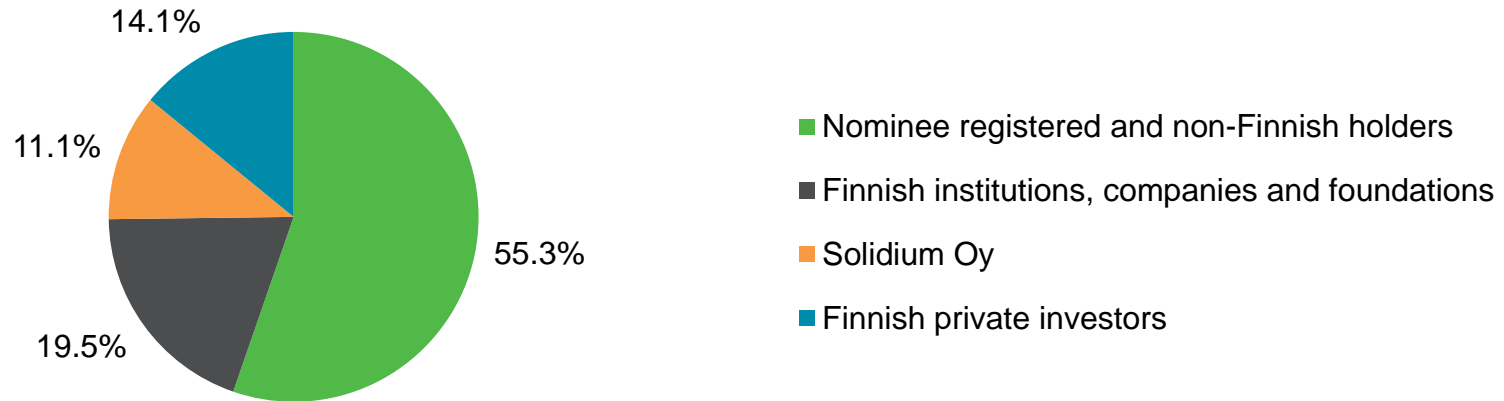
| # | Shareholder name | Number of shares | % of shares and votes |
|----|--|------------------|-----------------------|
| 1 | Solidium Oy ¹ | 16,695,287 | 11.14% |
| 2 | Nordea Funds | 4,665,146 | 3.11% |
| 3 | Skagen Global Verdipapirfond | 3,202,627 | 2.14% |
| 4 | Ilmarinen Mutual Pension Insurance Company | 3,092,126 | 2.06% |
| 5 | Varma Mutual Pension Insurance Company | 2,908,465 | 1.94% |
| 6 | The State Pension Fund | 1,520,000 | 1.01% |
| 7 | Keva | 1,502,166 | 1.00% |
| 8 | Mandatum Life Insurance Company Limited | 1,217,307 | 0.81% |
| 9 | Skagen Global II Verdipapirfond | 947,963 | 0.63% |
| 10 | Sigrid Jusélius Foundation | 610,865 | 0.41% |
| | 10 largest shareholders, total | 36,361,952 | 24.26% |
| | Other shareholders | 113,502,667 | 75.74% |
| | Total | 149,864,619 | 100.00% |

Flagging notifications

| Date | Shareholder name | Number of shares | % of shares and votes |
|-------------------|---------------------------------------|------------------|-----------------------|
| February 13, 2015 | Cevian Capital Partners Ltd. | 10,323,191 | 6.89% |
| November 6, 2014 | Nordea Funds Oy | 7,240,716 | 4.83% |
| October 15, 2014 | Franklin Templeton Institutional, LLC | 7,517,629 | 5.02% |
| March 10, 2014 | Cevian Capital Partners Ltd. | 20,813,714 | 13.89% |

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

Ownership structure on April 30, 2015

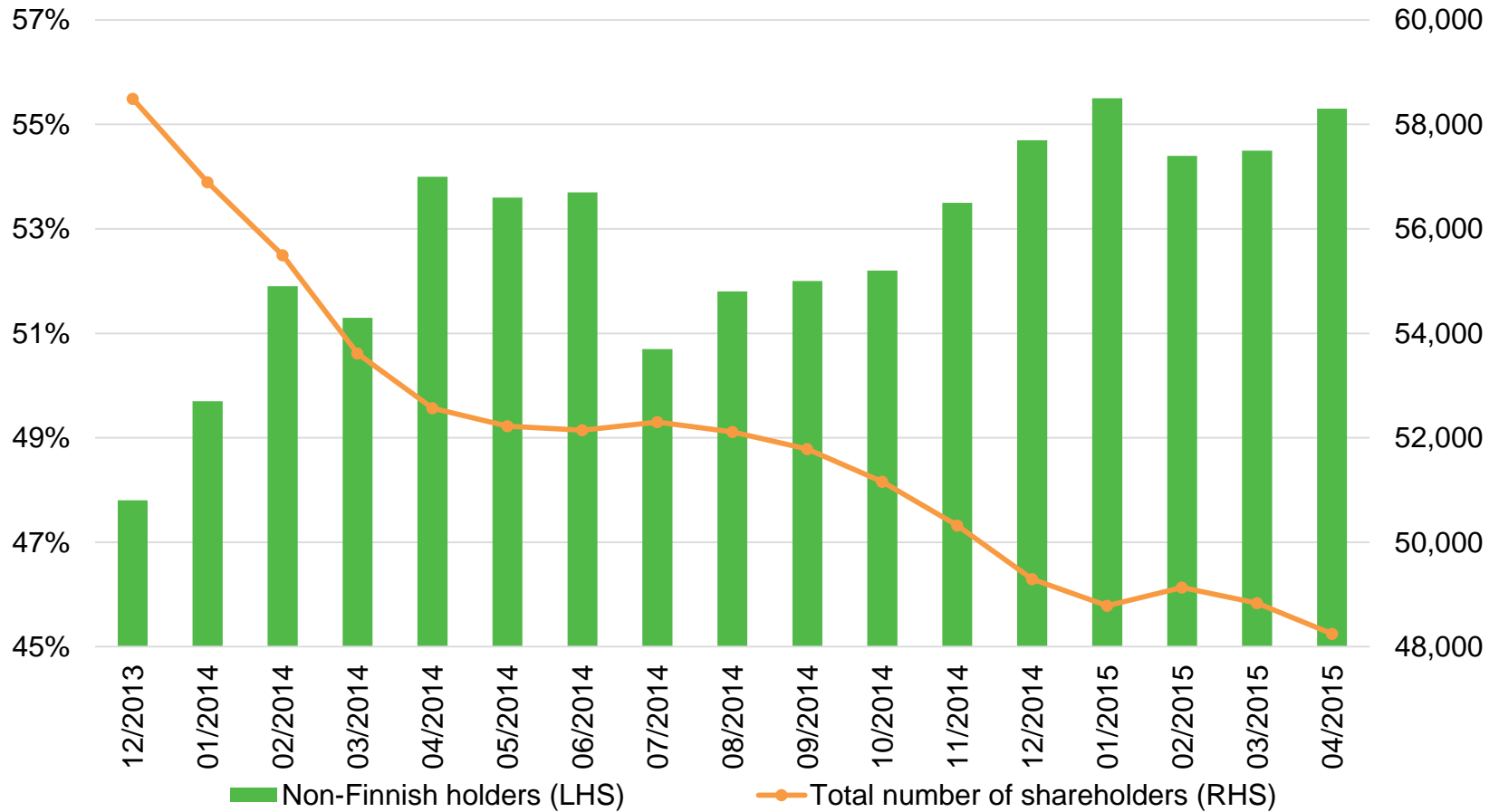


| Sector | Number of shareholders | % of total shareholders | Number of shares | % of shares |
|---|------------------------|-------------------------|--------------------|---------------|
| Nominee registered and non-Finnish holders | 299 | 0.6% | 82,808,526 | 55.3% |
| Finnish institutions, companies and foundations | 2,666 | 5.5% | 29,261,743 | 19.5% |
| Solidium Oy ¹ | 0 | 0.0% | 16,695,287 | 11.1% |
| Finnish private investors | 45,283 | 93.9% | 21,099,063 | 14.1% |
| Total | 48,248 | 100.0% | 149,864,619 | 100.0% |

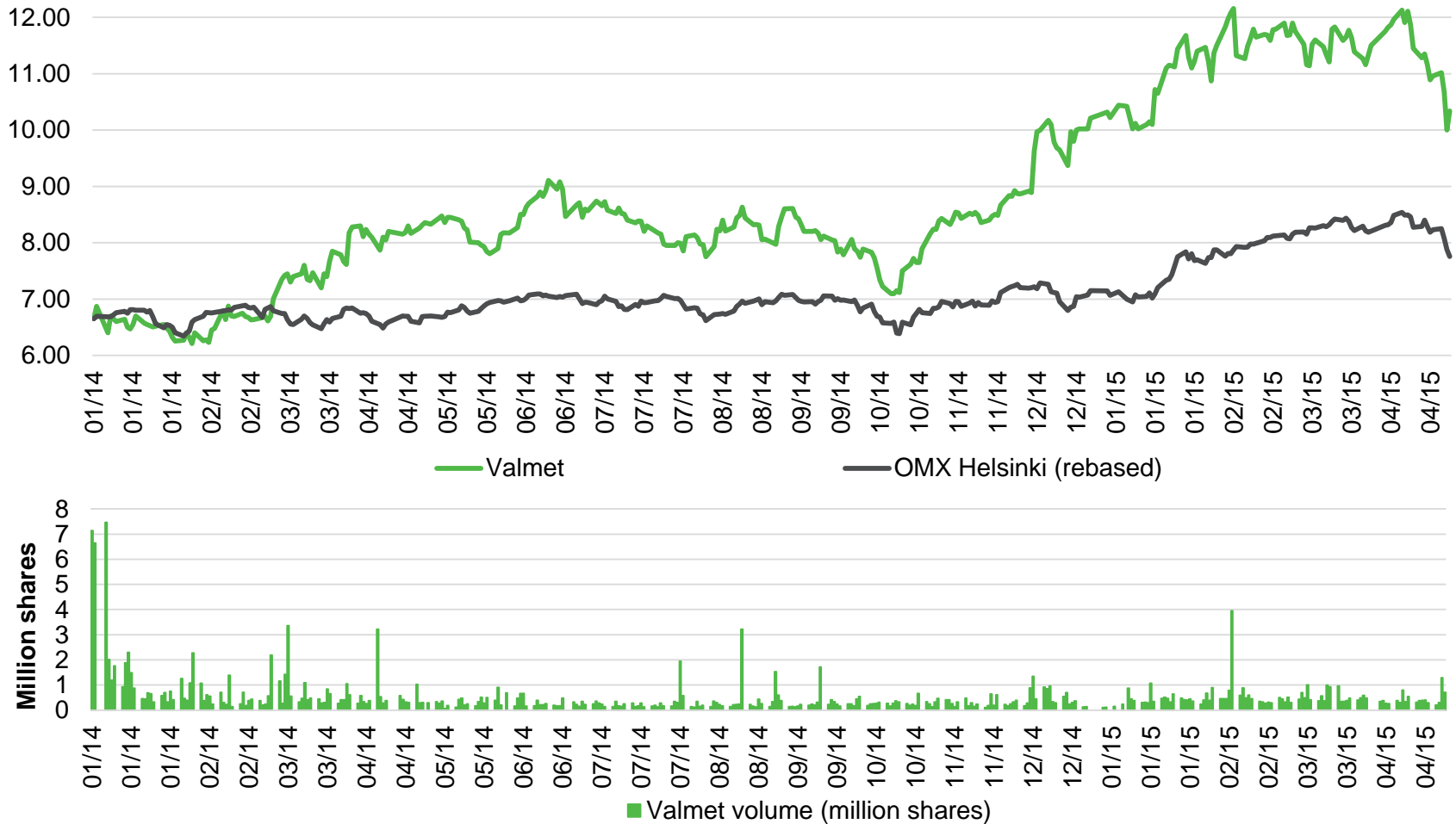
The ownership structure is based on the classification of sectors determined by Statistics Finland.

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

Share of non-Finnish holders and number of shareholders



Share price development and trading volume



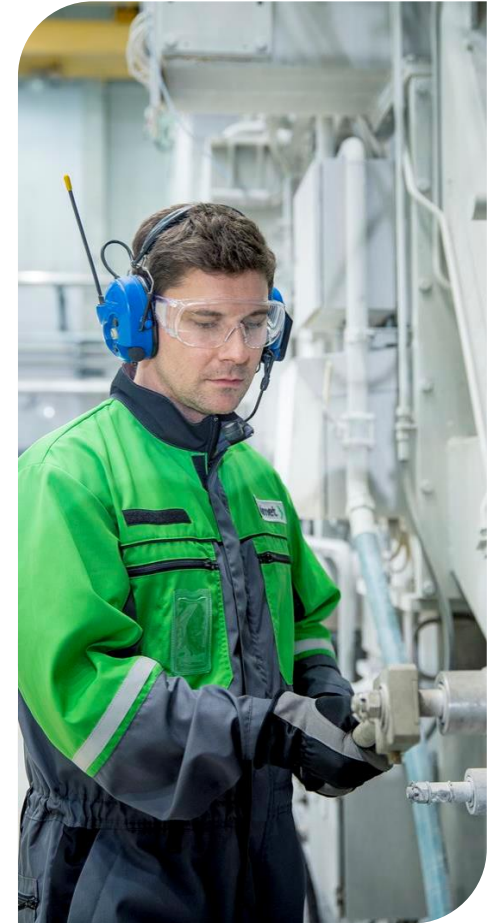


Appendix

Financials

Latest development in sustainability

- Valmet has defined a sustainability agenda as part of the implementation of its business strategy
- Valmet has been selected for the world's leading Dow Jones Sustainability Index among three (3) other Finnish companies
- Valmet scored high points in CDP climate change index and was included in the Nordic Climate Disclosure Leadership Index (CDLI)
- Join the discussion to develop Valmet's sustainability performance further at Valmet's website



Customer activity increased in 2014

Announced orders during H1/2014

| Date | Description | Business line | Country | Value |
|--------|---|----------------------------|---------------------|--|
| Jan 9 | Prehydrolysis system (pilot scale) | Pulp and Energy | Netherlands | Not disclosed |
| Jan 27 | Multi-fuel boiler | Pulp and Energy | Finland | Not disclosed |
| Jan 31 | Upgrade of recovery boiler and power boiler | Pulp and Energy | Sweden and Bulgaria | Not disclosed |
| Feb 7 | Key technology for pulp mill | Pulp and Energy | Indonesia | Approximately EUR 340 million |
| Feb 10 | Paper machine rebuild | Paper | Austria | Not disclosed (typically above EUR 20 million) |
| Feb 13 | Heat recovery steam generator | Pulp and Energy | Sweden | Nearly EUR 10 million |
| Feb 17 | Bleach plant rebuild | Pulp and Energy | Portugal | Not disclosed (typically above EUR 20 million) |
| Feb 27 | Wood-chip-fired heating plant | Pulp and Energy | Finland | Around EUR 27 million |
| Mar 7 | Containerboard line | Paper | Vietnam | Not disclosed |
| Mar 19 | Tissue production line | Paper | Mexico | Not disclosed (typically EUR 20-40 million) |
| Mar 27 | CompactCooking G2 cooking plant | Pulp and Energy | Sweden | About EUR 30 million |
| Mar 27 | Waste to energy boiler | Pulp and Energy | Sweden | Not disclosed |
| Apr 3 | Advantage tissue production line | Paper | Turkey | Not disclosed |
| Apr 28 | Large-scale boiler plant | Pulp and Energy | Finland | Typically one third of the total investment of EUR 260 million. |
| May 5 | Pulp and board production lines | Paper, and Pulp and Energy | China | Around EUR 115 million |
| May 6 | Finalized order agreement for pulp dryers | Pulp and Energy | Brazil | A project of this size and scope is typically valued at EUR 150-200 million. |
| May 13 | Paper machine grade conversion rebuild | Paper | Finland | Around EUR 30 million |
| May 20 | Complete boiler plant | Pulp and Energy | Hungary | About EUR 50 million |
| May 20 | Complete boiler plant | Pulp and Energy | Czech Republic | About EUR 50 million |
| May 21 | Part of a major pulp mill rebuild | Pulp and Energy | Thailand | Around EUR 30 million |
| May 21 | A boiler plant | Pulp and Energy | Finland | Around EUR 30 million |
| Jun 3 | Major rebuild and new equipment for pulp mill | Pulp and Energy | Sweden | Around EUR 200 million |
| Jun 16 | Part of a pulp mill upgrade | Pulp and Energy | Portugal | Not disclosed |
| Jun 24 | New sizing technology | Paper | Germany | Not disclosed |
| Jun 27 | Complete Advantage ThruAir tissue line | Paper | USA | Not disclosed |

Customer activity increased in 2014

Announced orders during H2/2014

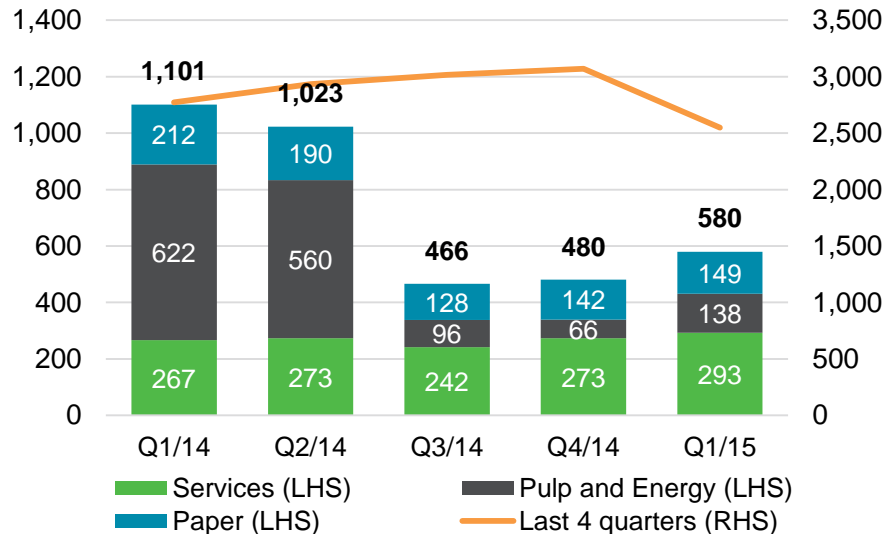
| Date | Description | Business line | Country | Value |
|--------|---|-----------------|----------------|--|
| Jul 2 | Advantage DCT 200 tissue line | Paper | Middle East | Not disclosed |
| Jul 8 | Wood chipping plant | Pulp and Energy | Sweden | Around EUR 20 million |
| Aug 4 | Advantage NTT line | Paper | USA | Not disclosed |
| Aug 15 | Paper machine grade conversion rebuild | Paper | Thailand | Typically valued at around EUR 20 million |
| Aug 18 | OptiConcept M board production line | Paper | USA | Not disclosed |
| Aug 20 | Tissue production line | Paper | Turkey | Not disclosed |
| Sep 11 | Flue-gas cleaning system | Pulp and Energy | Finland | Roughly EUR 10 million |
| Oct 7 | Equipment for evaporator train upgrade | Pulp and Energy | USA | Not disclosed |
| Oct 13 | Biomass based power plant | Pulp and Energy | Sweden | About EUR 30 million |
| Oct 30 | Advantage DCT 200HS tissue line | Paper | China | Not disclosed |
| Nov 18 | Flue gas scrubber | Pulp and Energy | Finland | Not disclosed |
| Nov 19 | Press section rebuild | Paper | Czech Republic | Not disclosed |
| Nov 20 | Advantage DCT 200HS tissue line | Paper | Poland | Not disclosed |
| Dec 3 | A winder and auxiliaries | Paper | Finland | Not disclosed |
| Dec 8 | Flue-gas cleaning and condensation plant | Pulp and Energy | Finland | Around EUR 8 million |
| Dec 15 | New machine for folding boxboard production | Paper | Sweden | Typically valued at around EUR 60-70 million |

Announced orders in 2015

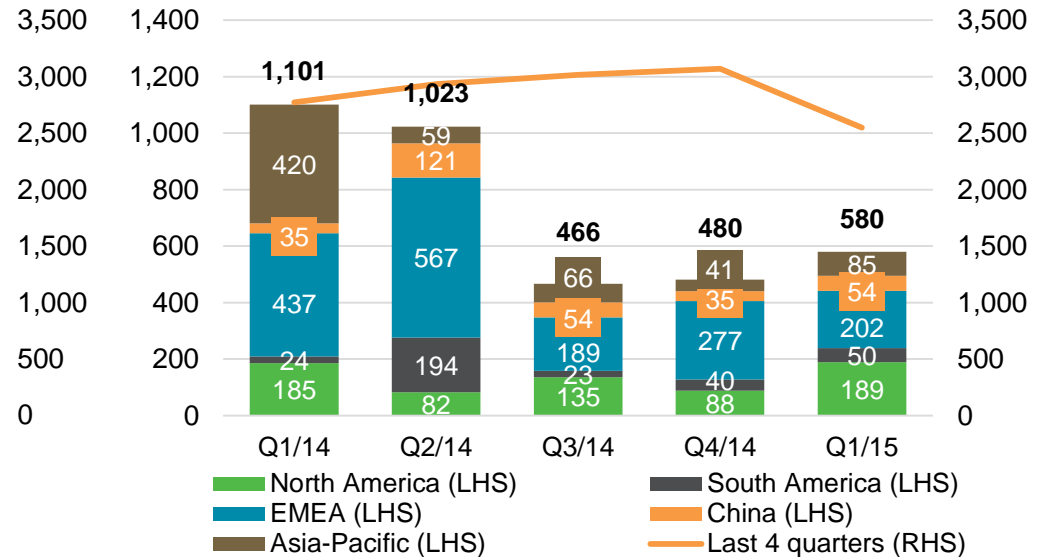
| Date | Description | Business line | Country | Value |
|--------|---|----------------------------|---------|--|
| Jan 23 | Key board machine solutions | Paper | China | Not disclosed |
| Feb 4 | Flue-gas cleaning and condensation plant | Pulp and Energy | Finland | Around EUR 8 million |
| Feb 17 | Equipment for fluff conversion project | Pulp and Energy, and Paper | USA | Not disclosed |
| Mar 2 | OptiConcept M containerboard line | Paper | Taiwan | Not disclosed |
| Mar 3 | Softwood line rebuild | Pulp and Energy | Sweden | Not disclosed |
| Mar 11 | Biomass based boiler plant | Pulp and Energy | Finland | Valmet's delivery slightly more than half of EUR 45 million total investment |
| Mar 30 | Tissue machine rebuild | Paper | Turkey | Not disclosed |
| Apr 20 | Key technologies for paper machine grade conversion | Paper | Finland | Valmet delivery is a part of customer's total EUR 70 million equipment order |
| Apr 22 | Key technologies to bioproduct mill | Pulp and Energy | Finland | About EUR 125–150 million |

Orders received declined from the high level in Q1/2014

Orders received (EUR million),
by business line



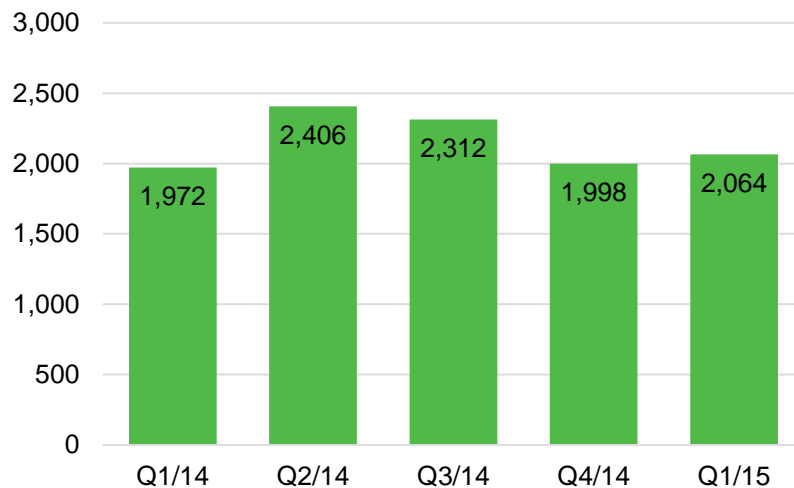
Orders received (EUR million),
by area



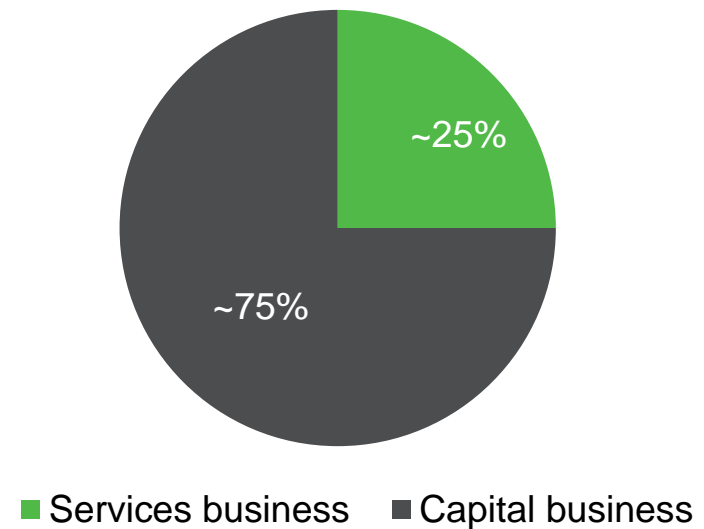
- Orders received increased in Services
- Orders received decreased in Pulp and Energy
- Orders received decreased in Paper
- Orders received increased in South America and China

Order backlog at EUR 2.1 billion

Order backlog (EUR million)



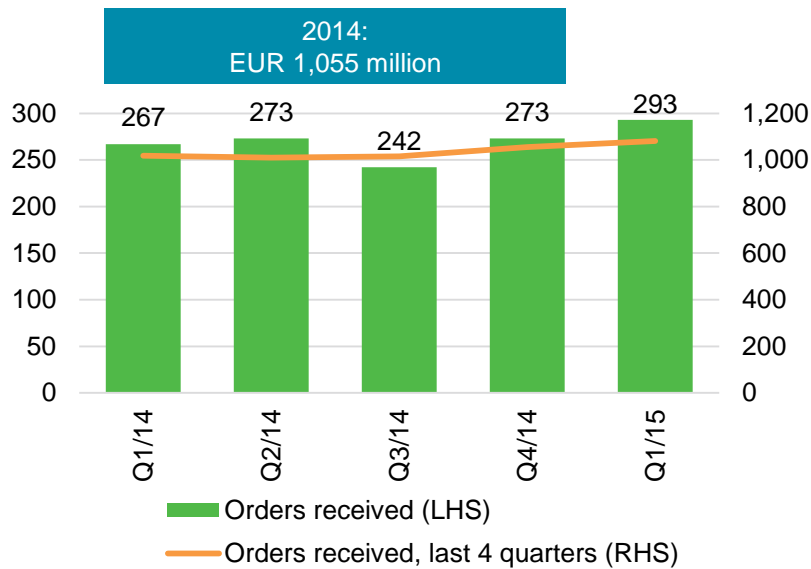
Structure of order backlog



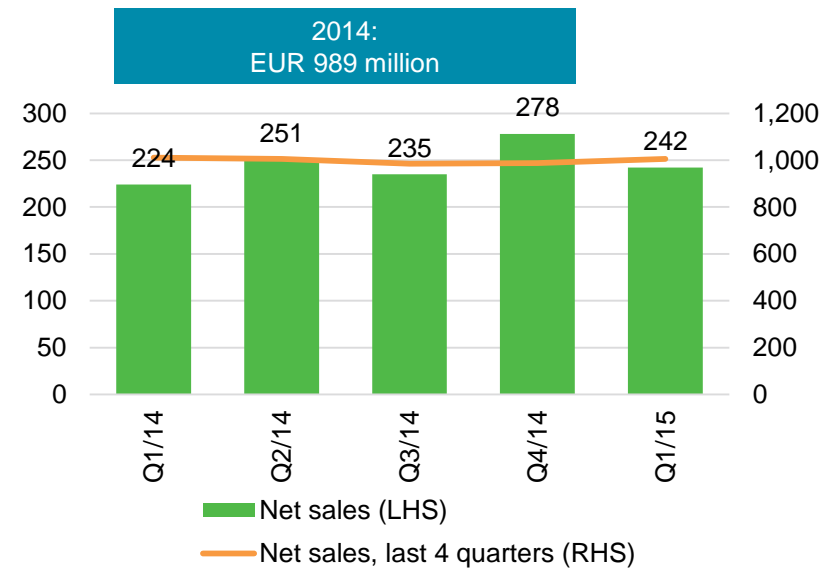
- About 75% of the order backlog is currently expected to be realized as sales during 2015
- Approximately 25% of the order backlog relates to the Services business line

Growth in orders received and net sales in Services

Orders received (EUR million)



Net sales (EUR million)



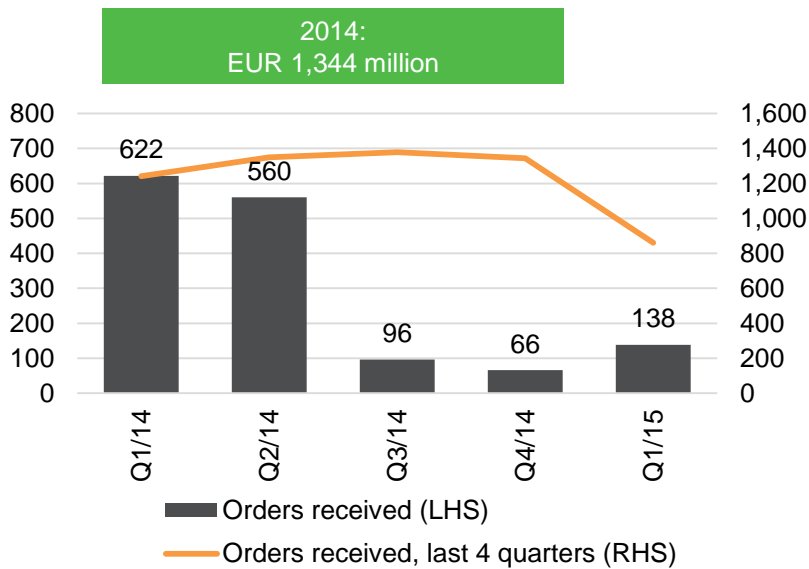
- Services orders received increased compared with Q1/2014
 - Orders received increased in North America, South America, EMEA and Asia-Pacific, and decreased in China
 - Orders received remained stable compared with Q1/2014 in Fabrics and increased in all other business units
 - Changes in foreign exchange rates¹ increased orders received by approximately EUR 16 million
- Net sales increased compared with Q1/2014



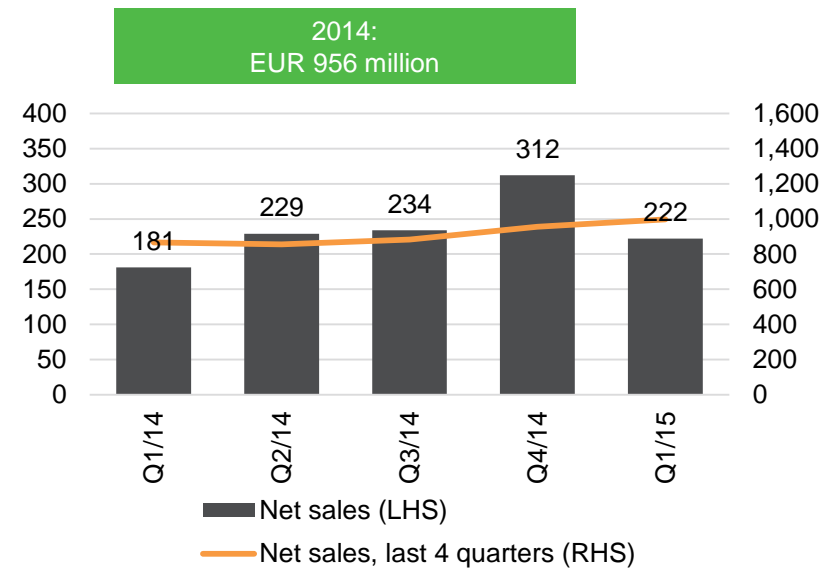
1) Compared with the exchange rates for January–March, 2014

Orders received decreased and net sales increased in Pulp and Energy

Orders received (EUR million)



Net sales (EUR million)

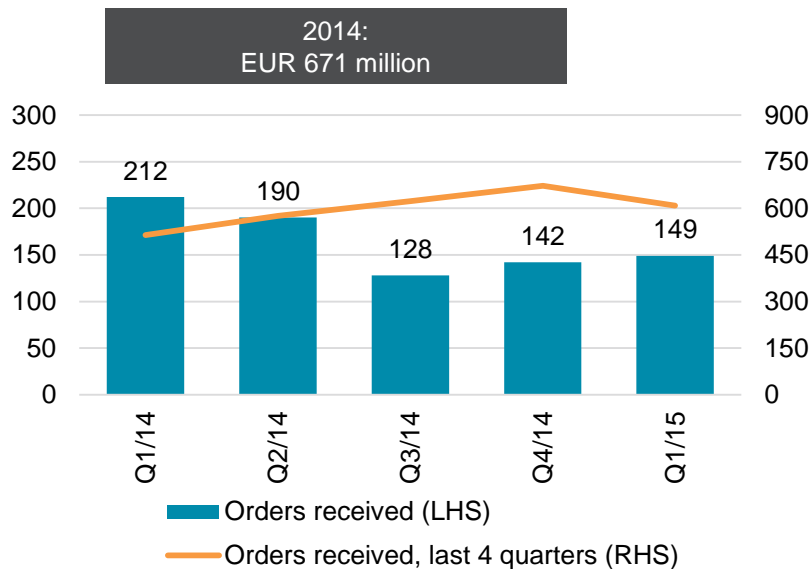


- Orders received decreased compared with Q1/2014
 - Orders received increased in South America and North America, and decreased in other areas
 - Orders received decreased in both Pulp and Energy
- Net sales increased compared with Q1/2014

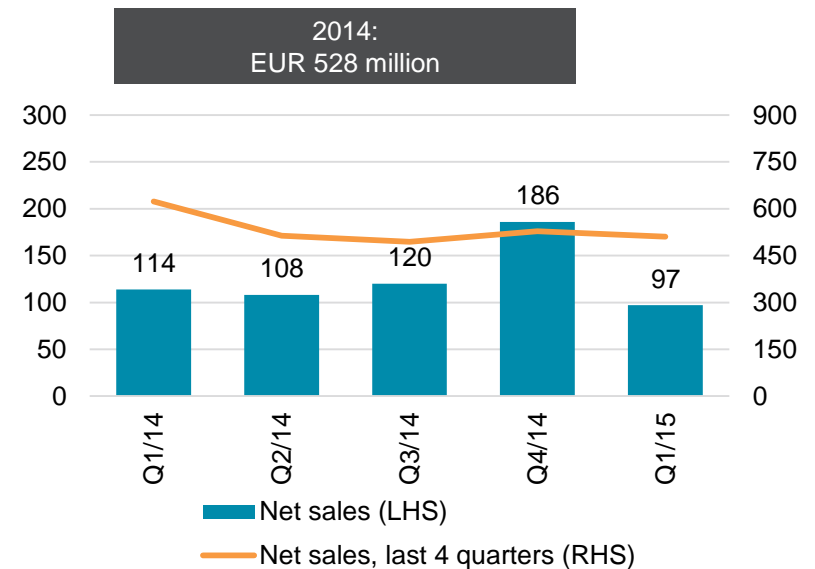


Orders received and net sales decreased in Paper

Orders received (EUR million)



Net sales (EUR million)



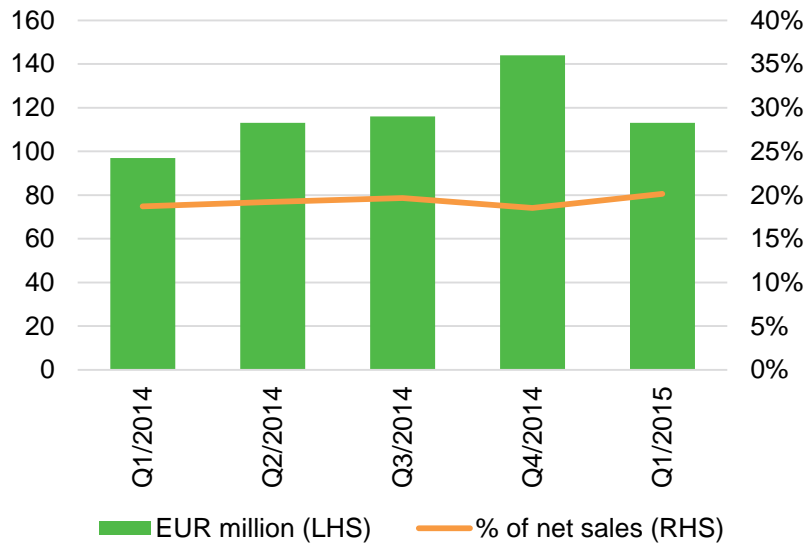
- Orders received decreased compared with Q1/2014
 - Orders received increased in China and South America and decreased in other areas
 - Orders received increased in Board and Paper, and decreased in Tissue
- Net sales decreased compared with Q1/2014
- Timing of POC¹ milestones had a negative impact on net sales in Q1/2015



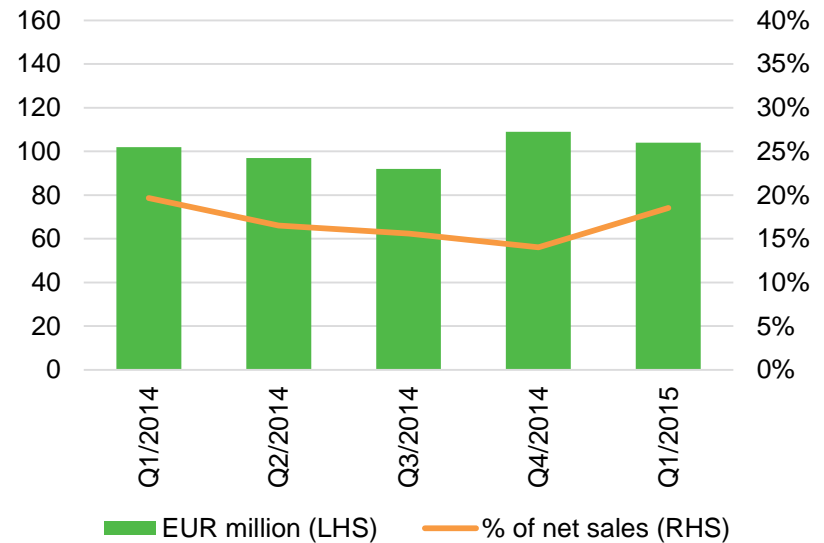
1) POC = Percentage of completion

Good development in gross profit

Gross profit (EUR million and % of net sales)



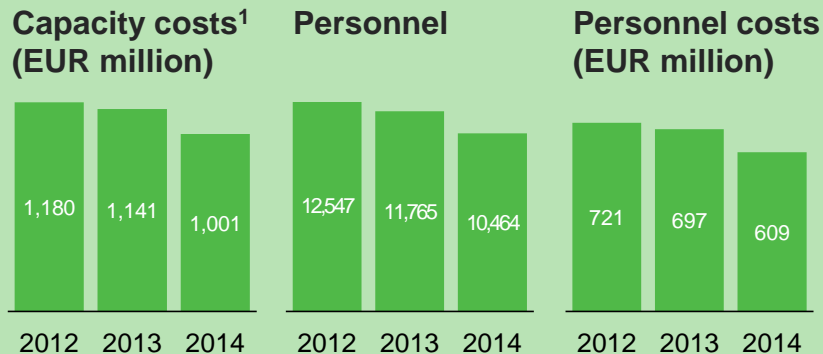
SG&A (EUR million and % of net sales)



- Gross profit increased
- Selling, general and administrative expenses (SG&A) increased EUR 3 million, due to changes in foreign exchange rates¹
- Further actions to improve gross profit through Must-Win implementation and renewal

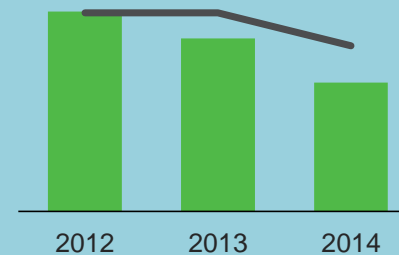
1) Compared with the exchange rates for January–March, 2014

Development of capacity costs and quality costs



- **EUR 100 million cost competitiveness program successfully implemented in 2013–2014**
 - Higher than planned capacity cost savings
 - Headcount reduction since Q3/2013 >1,600 employees
- **In 2014–2015, capacity cost will be flat**
 - Despite slightly growing headcount and growth investments in some areas

Quality costs (EUR million and % of net sales)



By the end of 2016, quality costs reduced by 50% compared to 2012 baseline

- **Implement Lean**
 - Launch Valmet Lean program
 - Provide Lean training for a wide group
 - Define and set up Lean measurement system
 - Each business line and area to have Lean projects
- **Reduce lead times**
 - Utilize Value Stream Mapping and Visual Management
 - Identify and eliminate waste
- **Reduce quality costs**
 - Consolidate quality feedback systems as feasible
 - Emphasis on finding root causes and implementing corrective action

1) 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

Strategy implementations through Must-Wins

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

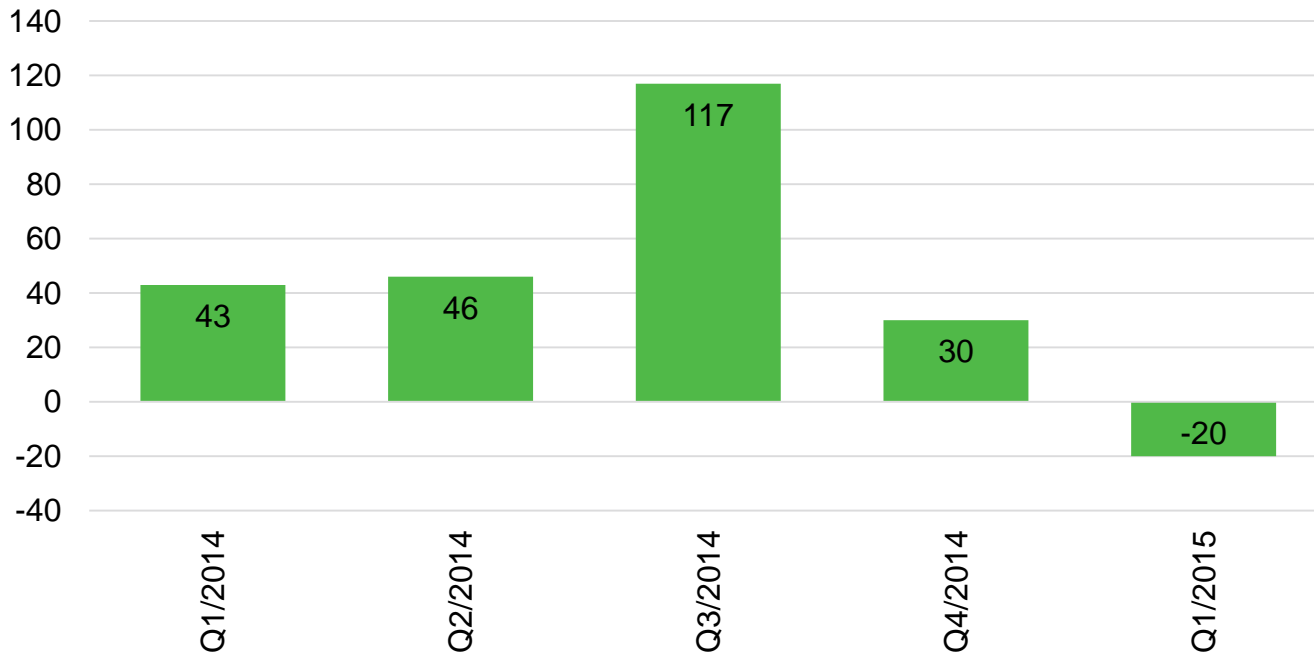
- Nurture shared values
- Drive high performance
- Continue globalization of our capabilities

Key Must-Win objectives to improve profitability to the targeted level of 6–9%

| Improve project and service margin | Reduce quality costs and lead times | Savings in procurement | Improve product cost competitiveness to increase gross profit |
|---|--|---|---|
| <ul style="list-style-type: none">• Harmonization of processes• Localization of competencies• Better selection of sales cases• Development in project management | <ul style="list-style-type: none">• Common quality development approach• Quality tools and processes• Highlight the importance of quality initiatives and accountability | <ul style="list-style-type: none">• Increase sourcing from cost competitive countries• Increase use of sub-contracting• Consolidation of shipment and warehouse network | <ul style="list-style-type: none">• Focus on cost efficient design• Modularity and standardization |

Cash flow provided by operating activities negative due to net working capital development

Cash flow provided by operating activities (EUR million)

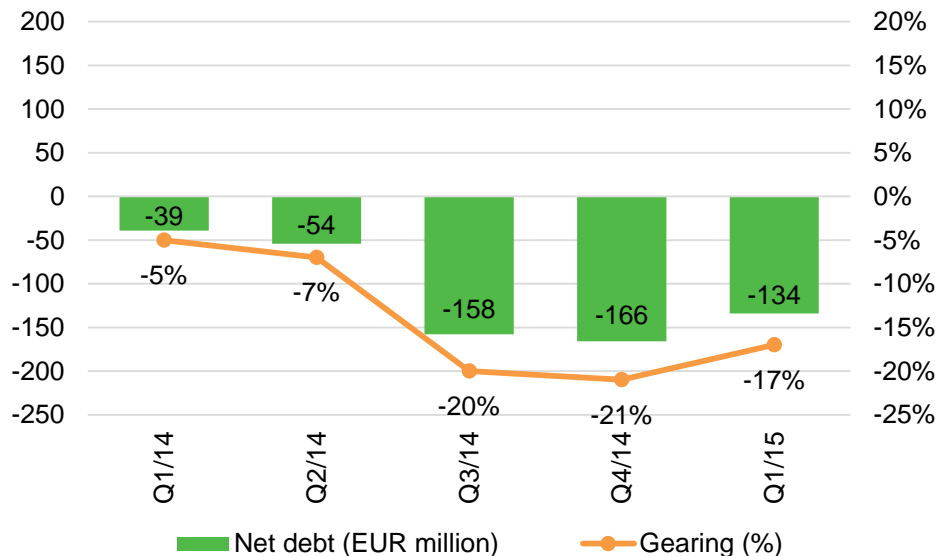


- Change in net working capital was EUR -49 million¹
- CAPEX less than depreciation

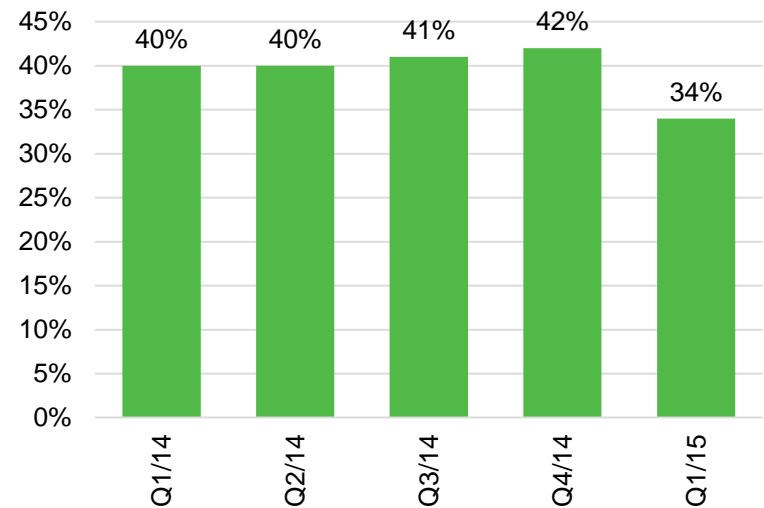
1) Change in net working capital in the condensed consolidated statement of cash flows

Strong balance sheet and negative gearing

Net debt (EUR million) and gearing (%)



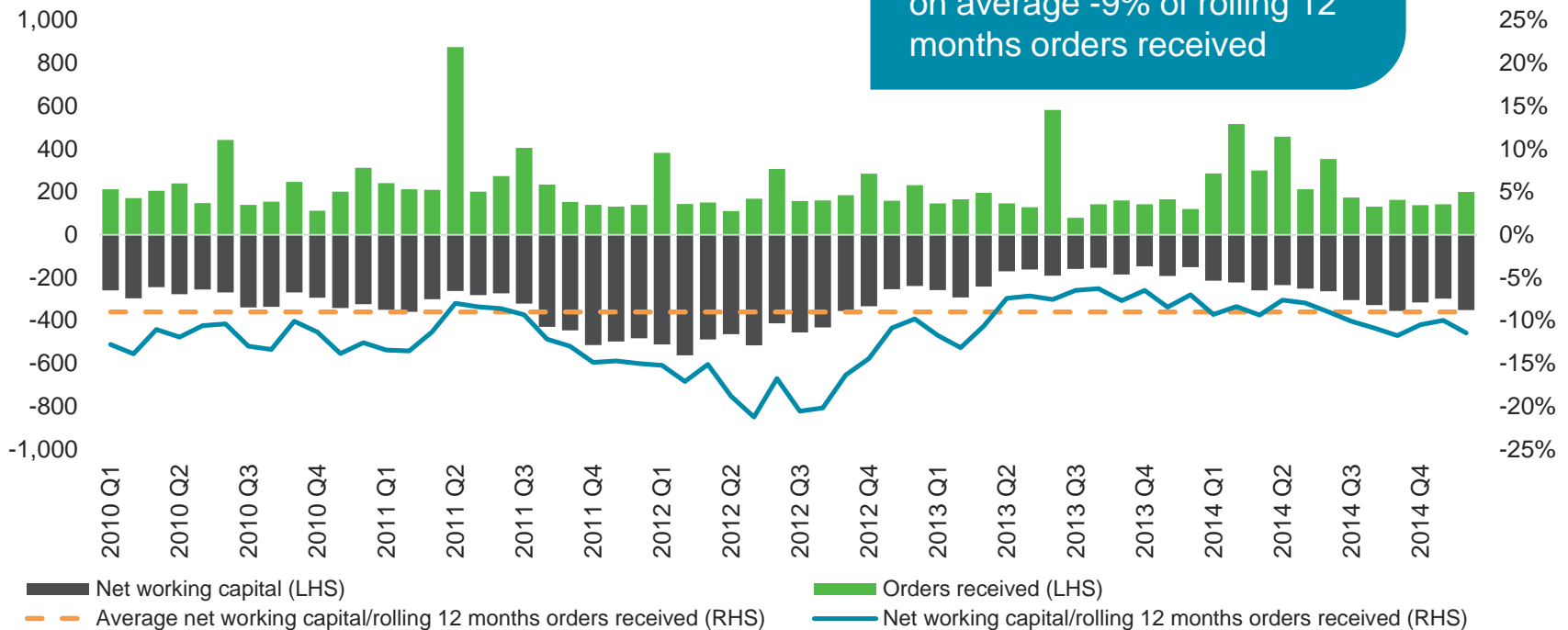
Equity to assets ratio (%)



- Negative gearing (-17%) and net debt EUR -134 million
- Equity to assets ratio was negatively affected by drawn bank loans to finance the acquisition of Process Automation Systems, and by dividend payout decision of Annual General Meeting

Strong development in net working capital in 2014

Orders received and net working capital
(EUR million and %)



- Net working capital has always been negative
- Single big orders have a significant influence on variation of net working capital

Foreign exchange risk management in Valmet

- All operating units are required to hedge in full their foreign currency exposures
- Hedging takes place when firm commitment arises or at the latest immediately after operating units have reported their monthly currency exposure
- Valmet is not hedging any translation risk arising from subsidiaries' equity
- Intra corporate dividends, loans and deposits shall be hedged when internal decisions have been made
- Treasury acts as an internal bank for subsidiaries and manages corporate wide foreign currency exposure by hedging Corporate level net exposure towards banks



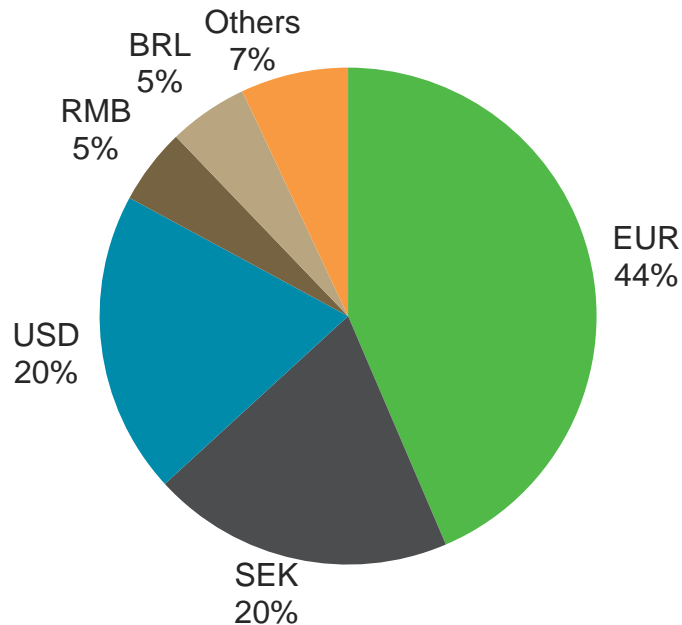
Foreign currency exposure

- The exposure is a net of all assets and liabilities denominated in foreign currencies derived from sales and purchase contracts, projected cash flows and firm commitments
- A 10 percent appreciation or depreciation of EUR against all other currencies would have an effect of, net of taxes, -/+ EUR 1.5 million on EBITA

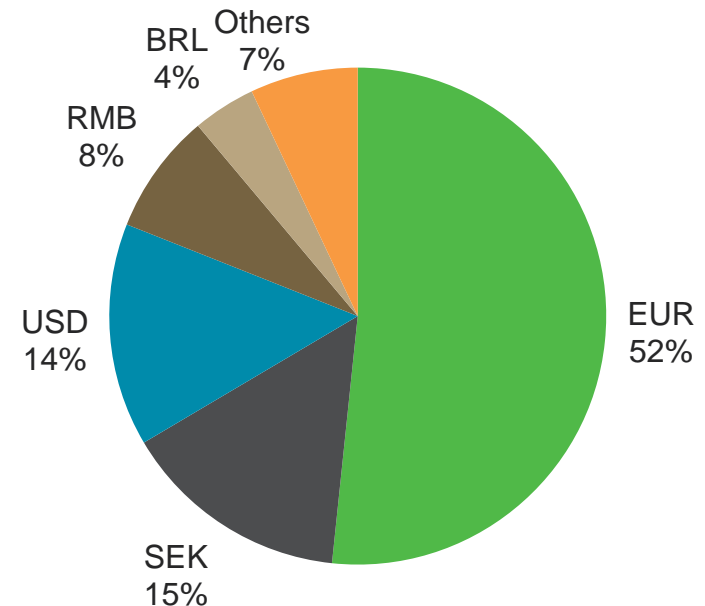


Split of net sales and costs per currency in 2014

Net sales by currency (2014)



Costs by currency (2014)

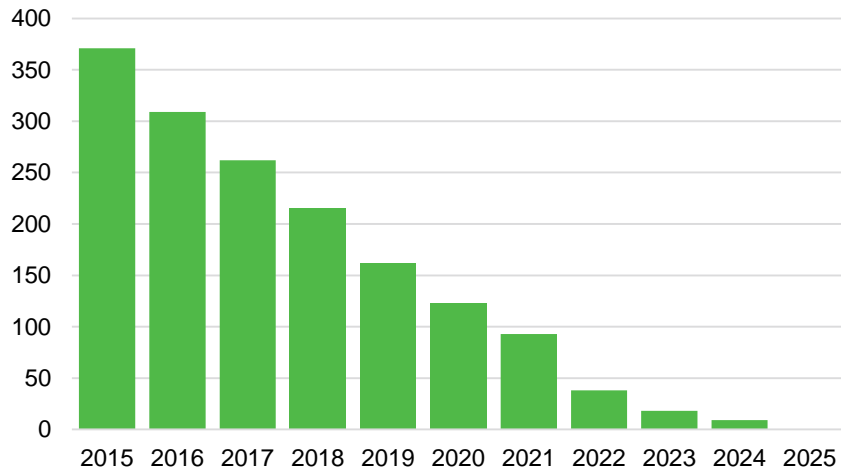


- Sales and costs in different currencies fairly balanced
- More costs than sales in EUR, vice versa in USD

Structure of loans and borrowings

Interest-bearing debt EUR 445 million as at March 31, 2015

Amount of outstanding interest-bearing debt (EUR millions)



- Average maturity of long-term loans is 4.1 years

Main financing sources

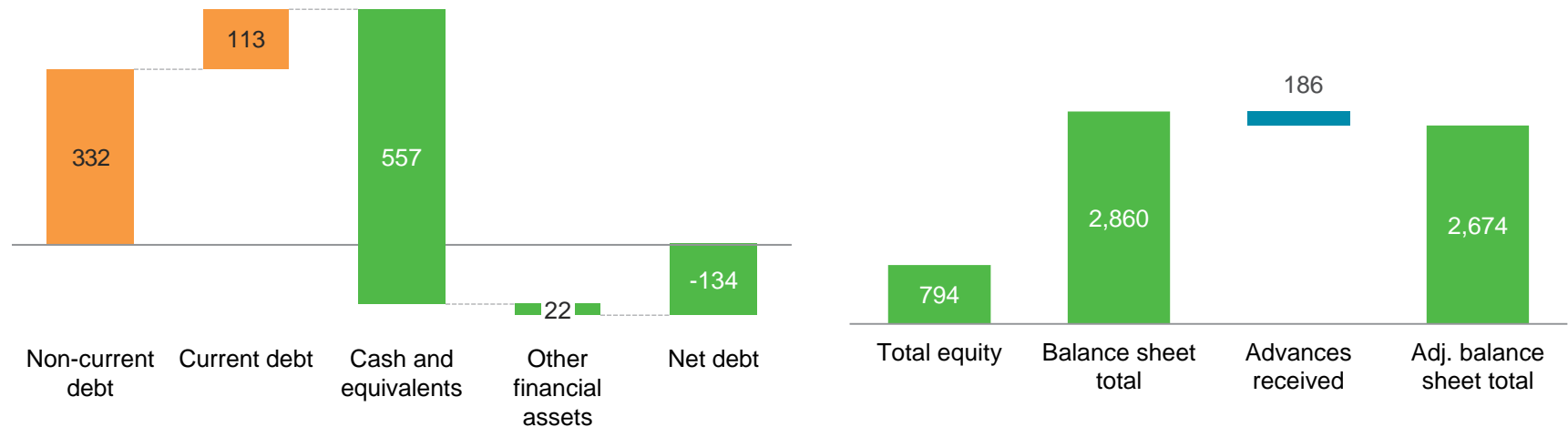
| Amount | Lender |
|-----------------|-------------------------------|
| EUR 147 million | European Investment Bank |
| EUR 100 million | Skandinaviska Enskilda Banken |
| EUR 70 million | Swedish Export Kredit |
| EUR 95 million | Nordic Investment Bank |

Back-up facilities

| Amount | Outstanding |
|--|----------------|
| EUR 200 million syndicated revolving credit facility | EUR 0 million |
| EUR 200 million domestic commercial paper program | EUR 30 million |

Strong balance sheet to support large orders

Financial position as of March 31, 2015 (EUR million)



Net debt



EUR -134 million

Gearing



-17%

Equity to assets ratio¹



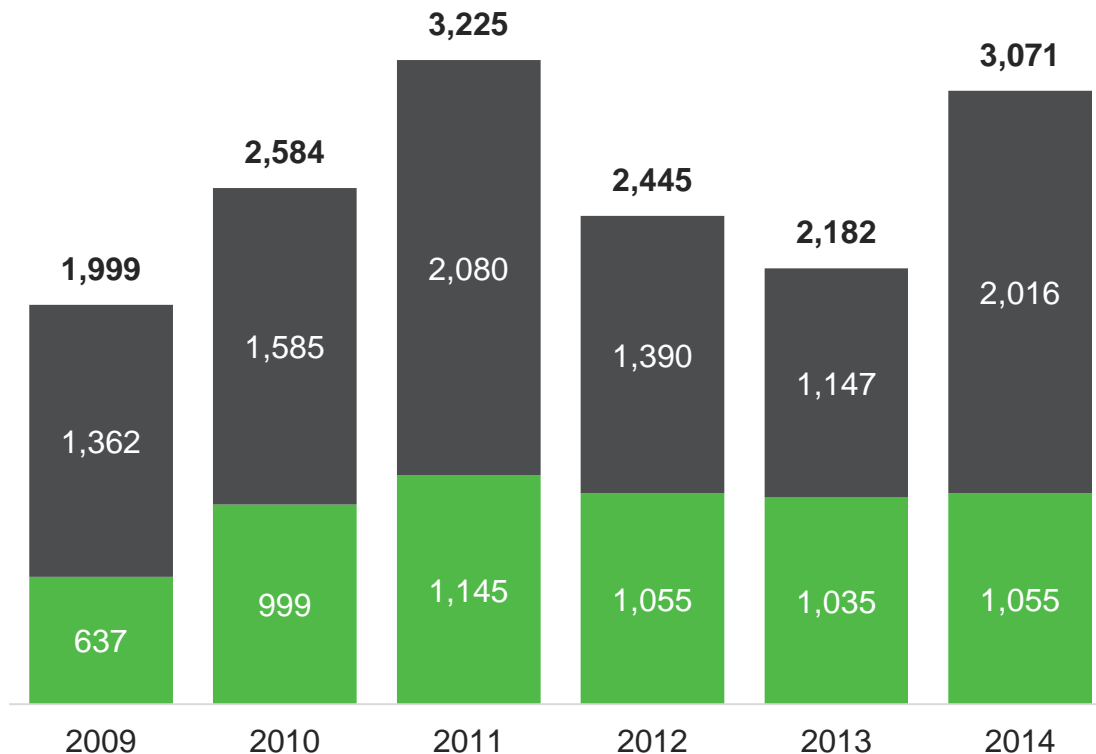
34%

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

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

High volatility in market activity

Orders received¹ (EUR million)



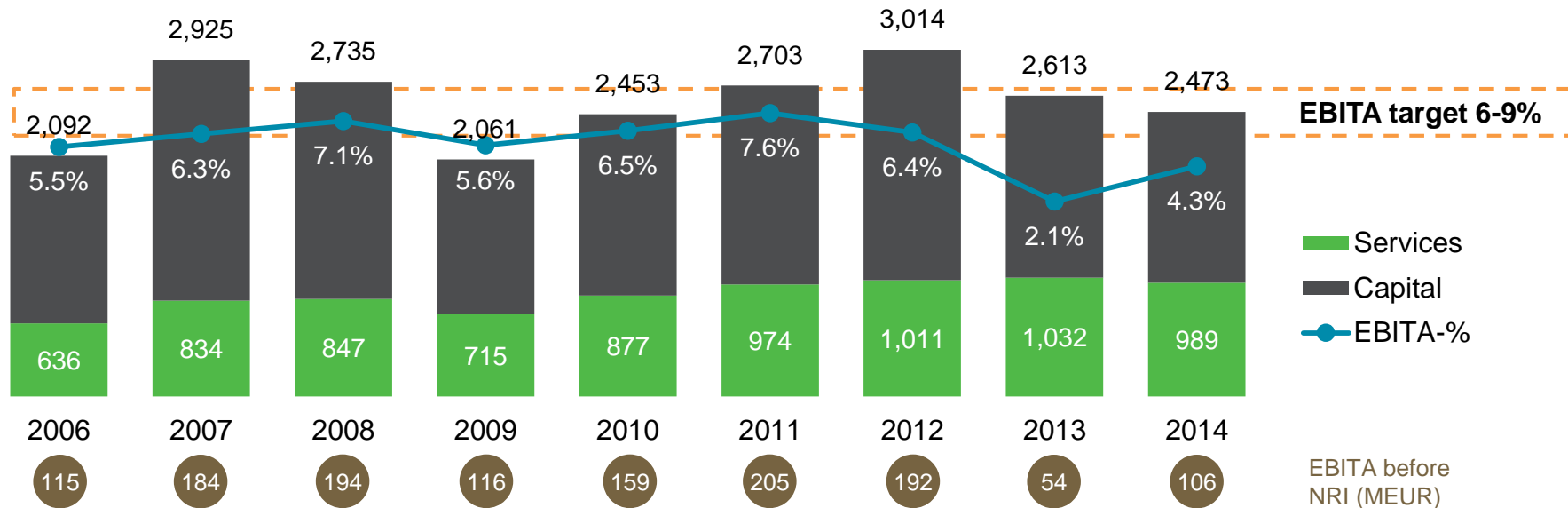
• Volatility in market activity is high in the capital business

■ Capital
■ Services

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

Net sales and profitability development, annual

Net sales and EBITA before NRI (EUR million)¹



- 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
- Profitability improved in 2014 as a result of cost savings

¹⁾ Actual figures for 2014. Carve-out figures for 2010-2013; as reported for Metso's Pulp, Paper and Power segment for 2006-2009

Key ratios

| | Q1/2015 | Q1/2014 |
|--|--------------------|-------------|
| Earnings per share, EUR | 0.05 | -0.04 |
| Diluted earnings per share, EUR | 0.05 | -0.04 |
| Equity per share at end of period, EUR | 5.26 | 5.12 |
| Return on equity (ROE), % (annualized) | 4% | -3% |
| Return on capital employed (ROCE) before taxes, % (annualized) | 6% | -2% |
| Equity to assets ratio at end of period, % | 34% | 40% |
| Gearing at end of period, % | -17% | -5% |
| Cash flow provided by operating activities, EUR million | -20 | 43 |
| Cash flow after investments, EUR million | -30 | 35 |
| Gross capital expenditure (excl. business acquisitions), EUR million | -10 | -11 |
| Business acquisitions, net of cash acquired, EUR million | - | - |
| Depreciation and amortization, EUR million | -19 | -18 |
| Number of outstanding shares at end of period | 149,864,220 | 149,864,619 |
| Average number of outstanding shares | 149,864,220 | 149,864,619 |
| Average number of diluted shares | 149,864,220 | 149,864,619 |
| Net interest-bearing liabilities at end of period, EUR million | -134 | -39 |

Consolidated statement of income

| EUR million | Q1/2015 | Q1/2014 |
|---|----------|-----------|
| Net sales | 561 | 519 |
| Cost of goods sold | -448 | -422 |
| Gross profit | 113 | 97 |
| Selling, general and administrative expenses | -104 | -102 |
| Other operating income and expenses, net | 4 | -2 |
| Share in profits and losses of associated companies | 0 | 0 |
| Operating profit | 13 | -8 |
| Financial income and expenses, net | -2 | -2 |
| Profit before taxes | 11 | -9 |
| Income taxes | -3 | 3 |
| Profit / loss | 8 | -6 |
| Attributable to: | | |
| Owners of the parent | 8 | -6 |
| Non-controlling interests | 0 | 0 |
| Profit / loss | 8 | -6 |
| Earnings per share attributable to owners of the parent: | | |
| Earnings per share, EUR | 0.05 | -0.04 |
| Diluted earnings per share, EUR | 0.05 | -0.04 |

Balance sheet as at March 31, 2015

| Assets EUR million | As at March 31, 2015 | As at March 31, 2014 | As at December 31, 2014 |
|--|-------------------------|-------------------------|----------------------------|
| Non-current assets | | | |
| Intangible assets | | | |
| Goodwill | 455 | 442 | 446 |
| Other intangible assets | 89 | 103 | 91 |
| Total intangible assets | 544 | 545 | 537 |
| Property, plant and equipment | | | |
| Land and water areas | 22 | 21 | 22 |
| Buildings and structures | 135 | 133 | 132 |
| Machinery and equipment | 207 | 199 | 202 |
| Assets under construction | 27 | 26 | 25 |
| Total property, plant and equipment | 392 | 380 | 381 |
| Financial and other non-current assets | | | |
| Investments in associated companies | 5 | 5 | 5 |
| Available-for-sale financial assets | 10 | 13 | 9 |
| Loan and other receivables | 11 | 2 | 7 |
| Derivative financial instruments | 0 | - | 0 |
| Deferred tax asset | 99 | 85 | 86 |
| Other non-current assets | 14 | 8 | 14 |
| Total financial and other non-current assets | 138 | 112 | 121 |
| Total non-current assets | 1,073 | 1,037 | 1,040 |
| Current assets | | | |
| Inventories | 545 | 442 | 474 |
| Receivables | | | |
| Trade and other receivables | 498 | 424 | 445 |
| Cost and earnings of projects under construction in excess of advance billings | 138 | 147 | 192 |
| Loan and other receivables | 0 | 0 | 0 |
| Available-for-sale financial assets | 5 | 15 | 28 |
| Derivative financial instruments | 22 | 11 | 20 |
| Income tax receivables | 23 | 15 | 22 |
| Total receivables | 685 | 613 | 706 |
| Cash and cash equivalents | 557 | 224 | 192 |
| Total current assets | 1,787 | 1,280 | 1,372 |
| Total assets | 2,860 | 2,317 | 2,412 |

Balance sheet as at March 31, 2015

| Equity and liabilities EUR million | As at March 31, 2015 | As at March 31, 2014 | As at December 31, 2014 |
|--|-------------------------|-------------------------|-------------------------|
| Equity | | | |
| Share capital | 100 | 100 | 100 |
| Reserve for invested unrestricted equity | 404 | 402 | 403 |
| Cumulative translation adjustments | 33 | -2 | 9 |
| Fair value and other reserves | -7 | -2 | -3 |
| Retained earnings | 258 | 270 | 296 |
| Equity attributable to owners of the parent | 789 | 768 | 804 |
| Non-controlling interests | 5 | 5 | 5 |
| Total equity | 794 | 772 | 809 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Non-current debt | 332 | 132 | 16 |
| Post-employment benefits | 151 | 104 | 144 |
| Provisions | 10 | 30 | 10 |
| Derivative financial instruments | 4 | 2 | 3 |
| Deferred tax liability | 31 | 25 | 22 |
| Other non-current liabilities | 1 | 1 | 1 |
| Total non-current liabilities | 528 | 295 | 195 |
| Current liabilities | | | |
| Current portion of non-current debt | 84 | 63 | 51 |
| Current debt | 30 | 17 | - |
| Trade and other payables | 746 | 671 | 740 |
| Provisions | 99 | 95 | 98 |
| Advances received | 186 | 154 | 146 |
| Billings in excess of cost and earnings of projects under construction | 338 | 224 | 327 |
| Derivative financial instruments | 36 | 12 | 30 |
| Income tax liabilities | 19 | 14 | 16 |
| Total current liabilities | 1,538 | 1,249 | 1,408 |
| Total liabilities | 2,066 | 1,545 | 1,603 |
| Total equity and liabilities | 2,860 | 2,317 | 2,412 |

Condensed Consolidated Statement of Cash Flows

| EUR million | Q1/2015 | Q1/2014 |
|---|------------|------------|
| Cash flows from operating activities | | |
| Profit / loss | 8 | -6 |
| Adjustments | | |
| Depreciation and amortization | 18 | 18 |
| Dividend income and net interests | 1 | 0 |
| Income taxes | 3 | -3 |
| Other non-cash items | 1 | 5 |
| Change in net working capital, net of effect from business acquisitions and disposals | -49 | 35 |
| Net interests and dividends received | 0 | 0 |
| Income taxes paid | -2 | -6 |
| Net cash provided by (+) / used in (-) operating activities | -20 | 43 |
| Cash flows from investing activities | | |
| Capital expenditure on fixed assets | -10 | -11 |
| Proceeds from sale of fixed assets | 0 | 3 |
| Proceeds from sale of businesses, net of cash sold | - | 0 |
| Other | 0 | 0 |
| Net cash provided by (+) / used in (-) investing activities | -10 | -8 |
| Cash flows from financing activities | | |
| Redemption of own shares | -7 | - |
| Net borrowings (+) / payments (-) on current and non-current debt | 377 | 2 |
| Net investments in available-for-sale financial assets | 23 | -24 |
| Other | -3 | - |
| Net cash provided by (+) / used in (-) financing activities | 390 | -22 |
| Net increase (+) / decrease (-) in cash and cash equivalents | 359 | 13 |
| Effect of changes in exchange rates on cash and cash equivalents | 5 | 0 |
| Cash and cash equivalents at beginning of period | 192 | 211 |
| Cash and cash equivalents at end of period | 557 | 224 |



Appendix

Automation

Automation in brief

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

Global market leader with #1 market position in pulp and paper
 Industry-leading product portfolio
 Comprehensive services
 High barriers to entry and a limited number of focused players

2014 figures

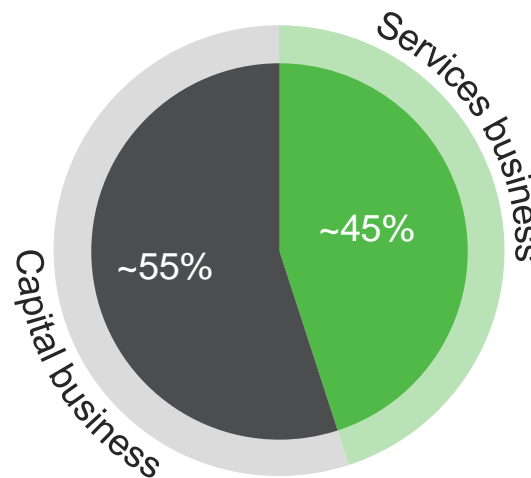
Net sales EUR 297 M
 Orders received EUR 336 M
 Employees ~1,600

EBITA margin historically approximately 10–12%

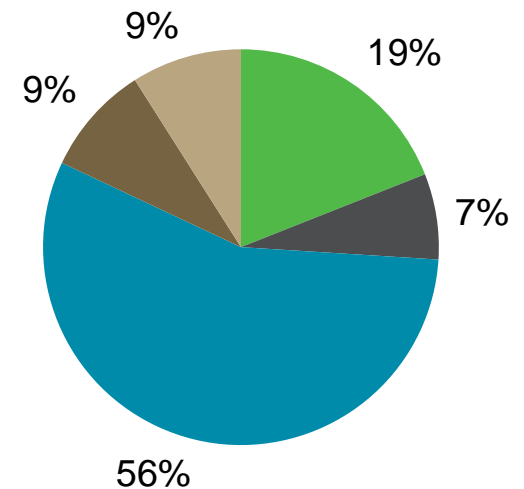
Position in Pulp and Paper

- #1 Analyzers
- #1-2 Quality control systems
- #3 Distributed control systems

Net sales (2014)



- Services business
- Capital business



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

Automation offering

Distributed Control System (DCS)

- Complete control system platform for several processes: process, machine, drive controls and information management
- Used for monitoring and controlling distributed equipment in process plants and industrial processes



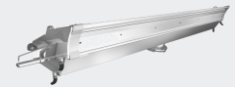
Quality Control System (QCS)

- A system that controls process quality
- Integrates process quality management, measurements and profilers



Profilers

- Profilers control the process as part of the QCS system



Analyzers and measurements

- Equipment that analyzes and helps optimize the process
- Equipment that measures different variables in industrial processes, e.g. consistency in pulp and paper processes



Vision systems

- High resolution and high speed digital imaging technology, e.g. pulp or paper web inspection and web break analysis system
- The system improves process runnability and end product quality

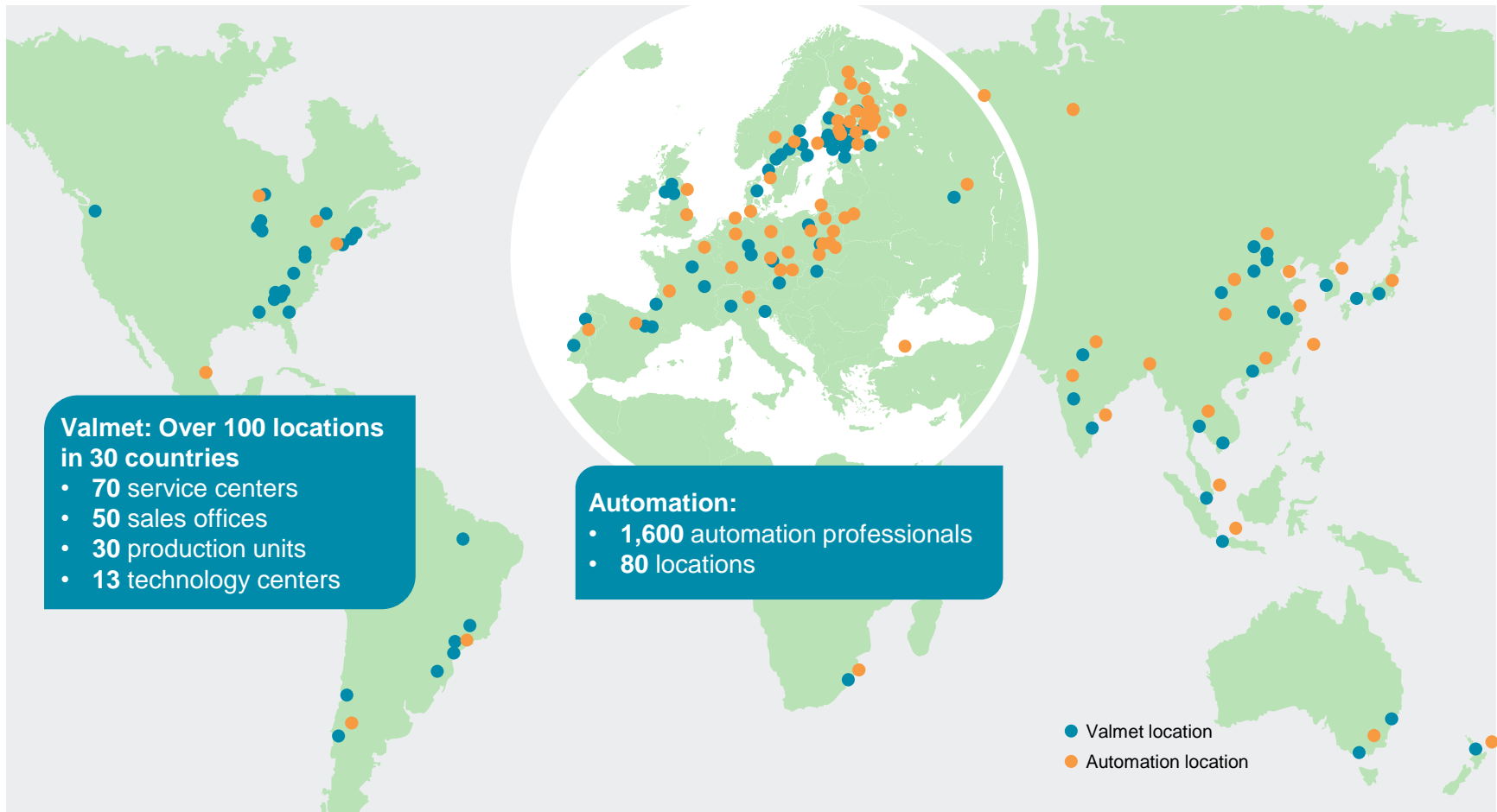


Performance solutions

- Advanced process controls for process optimization
- Condition monitoring in paper, power and process plants
- Systems for simulating and analyzing industrial production processes



Strengthened presence close to customers



Valmet and Automation serve mainly the same customer base



80% of Automation's sales to Valmet's current customer industries

20% of Automation's sales to other process industries

- 10% of Automation's sales together with Valmet project deliveries
- 90% of Automation's sales directly to the customers
 - Automation is a strong, established business

Valmet is a registered trademark of Valmet Corporation. Other trademarks appearing here are trademarks of their respective owners.



Market position

Market position

#1-3

#1 Analyzers
#1-2 QCS¹
#3 DCS²

- Global market leader with #1 market position in pulp and paper
- Industry-leading product portfolio
- Comprehensive services
- High barriers to entry and a limited number of focused players

■ Anticipated long-term market growth ■ Estimated market size for the current offering (EUR)

~1%
p.a.

2.0
bn

Market drivers

- Investments in new pulp and paper machines and power plants
- Ageing machines and installed automation systems

Business focus and opportunities

- Customers choose an automation provider even for more than a decade
- High service business content (~45%)
- On Valmet level, full scope offering gives better differentiation from competitors
- Combining Valmet technology, process know-how and automation offers growth possibilities and potential to create new solutions for customers

1) QCS = Quality control systems

2) DCS = Distributed control systems

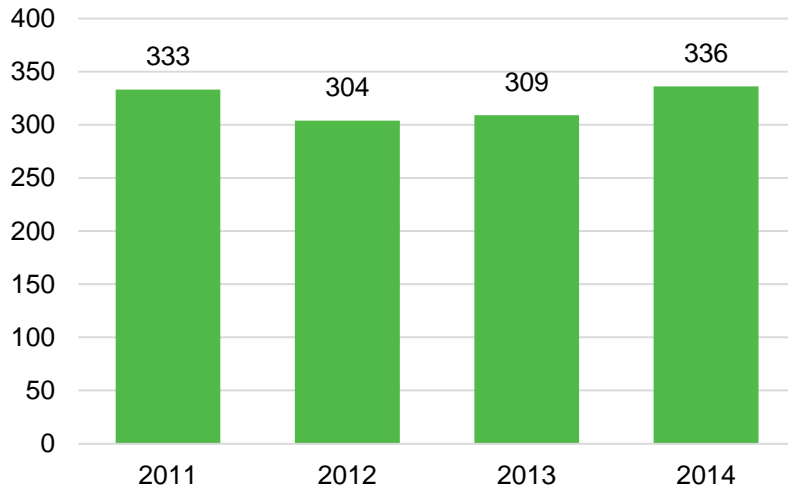
Source: Leading consulting firms, RISI, management estimates

Automation offering and market overview

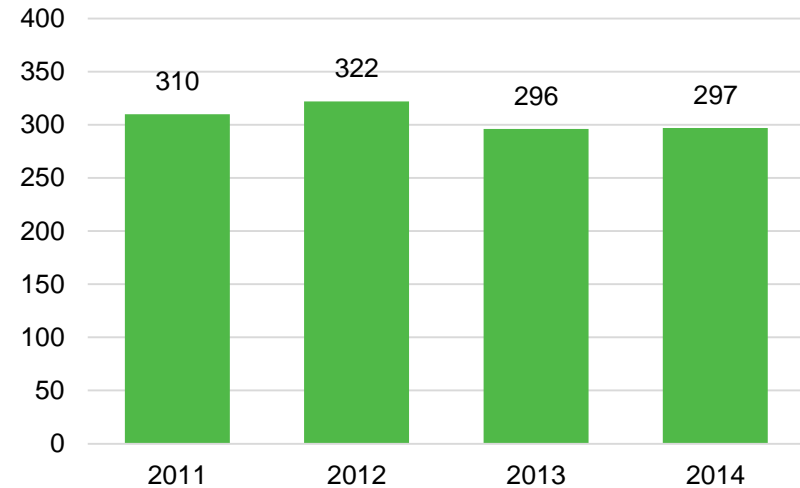
| | Scope/product | Market size | Market position in pulp and paper | Main competitors |
|--|--|--|-----------------------------------|---|
| Distributed Control System (DCS)  | <ul style="list-style-type: none"> DCS for process and machines controls Condition monitoring Information management APC | 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 |

Recent development

Orders received (EUR million)¹

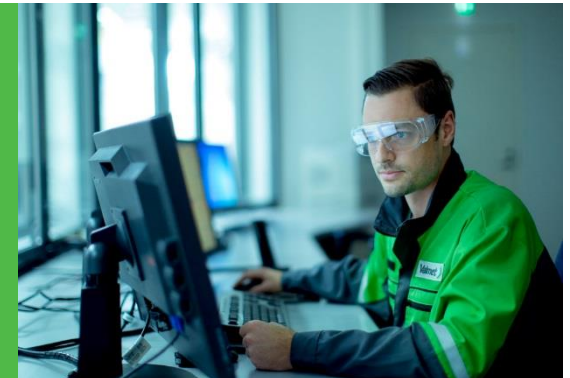


Net sales (EUR million)¹



Process Automation Systems is relatively stable business

- Customers choose an automation provider for as long as a decade
 - During this time, servicing and upgrading is needed
- High service business content (~45%)
- High-level technology and know-how business with high barriers to entry
- Strong focus on R&D ensures a high level of technology, know-how and innovations



1) Stand-alone figures

Price and financing the acquisition

Enterprise value of acquisition¹:

EUR 340 million

- The acquisition will be financed with committed long-term financing
- Average maturity of long-term debt will increase to over 4 years²



1) Refers to the debt-free enterprise value of the acquisition.

2) Average maturity 2.8 years on September 30, 2014

Balance sheet structure after the acquisition of Process Automation Systems

Enterprise value of acquisition
EUR 340 million

Process Automation Systems' net asset value¹ approximately EUR 55 million

- Difference between enterprise value and net asset value will be split roughly equally between goodwill and purchase price allocation
- Valmet's amortization will increase by approximately EUR 15 million on an annual basis

Long-term financing in place

Average maturity will increase to over 4 years

Capital employed increases

Capital employed will increase with approximately EUR 285 million

Illustrative figures

Effect on gearing 43 percentage points and on equity ratio 6 percentage points

- If the transaction would have taken place on December 31, 2014, gearing would be 22% and equity ratio 36% (illustrative figures)

1) Net asset value on June 30, 2014



Appendix

Market statistics

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

Comprehensive life-cycle services offering



Comprehensive life-cycle services offering serving global customer base with over 2,000 plants purchasing services from Valmet annually

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

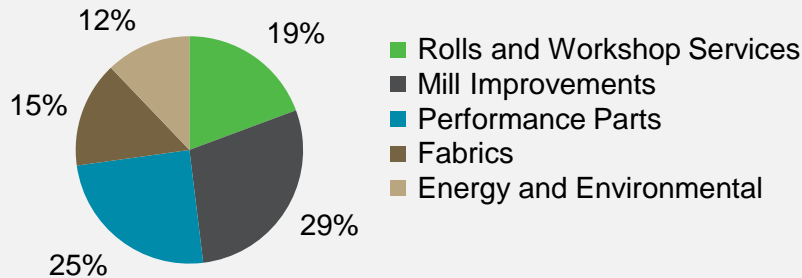
Net sales split, by business unit

Net sales split, business units (2014)



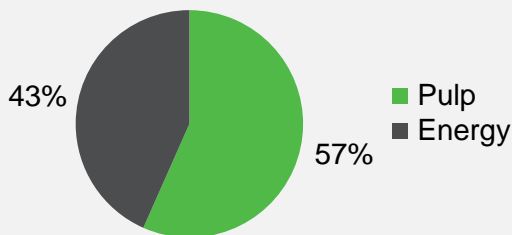
Services

(EUR 989 million)¹



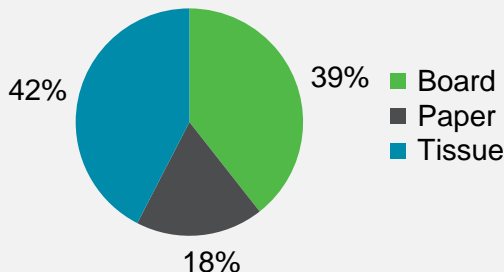
Pulp and Energy

(EUR 956 million)¹

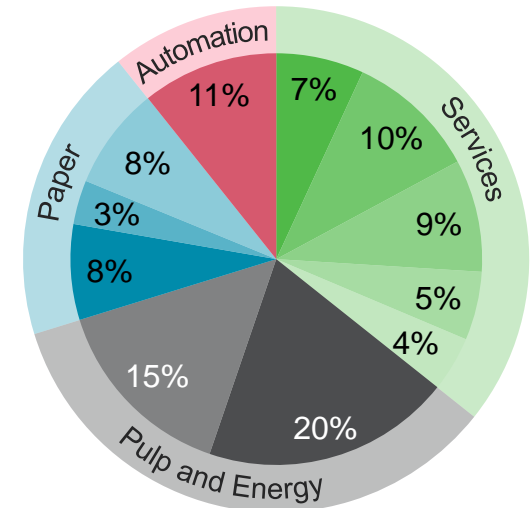


Paper

(EUR 528 million)¹



Net sales split, Valmet (2014)²



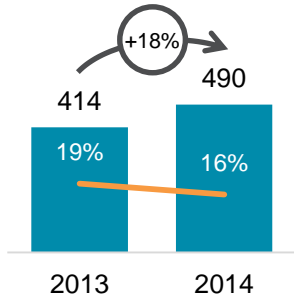
- Rolls and Workshop Services
- Mill Improvements
- Performance Parts
- Fabrics
- Energy and Environmental
- Pulp
- Energy
- Board
- Paper
- Tissue
- Automation

1) Net sales in 2014

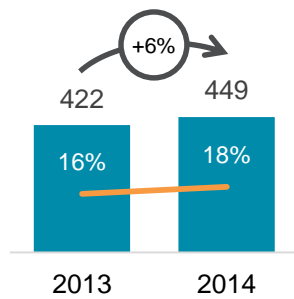
2) Illustrative net sales split when Valmet and Automation combined, 2014 figures

North America

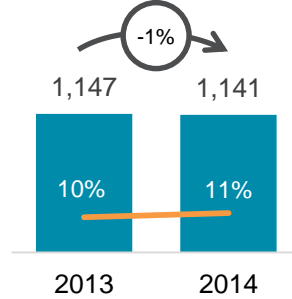
Orders received
(EUR million and % of total)



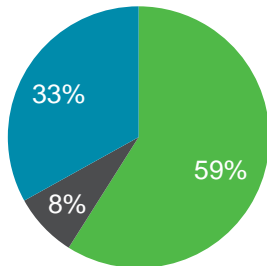
Net sales
(EUR million and % of total)



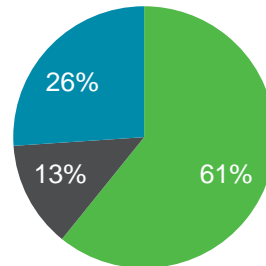
Employees
(number and % of total)



Orders received by
business line (2014)



Net sales by business line
(2014)



■ Services ■ Pulp and Energy ■ Paper

■ Services ■ Pulp and Energy ■ Paper



North America

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



Market environment

- Large installed base to be served
 - Opportunities in customer agreement based business
- Growth opportunities in increased outsourcing
- Capital project opportunities in tissue and board
 - Technology project activity at high level currently
 - Bio project activity strongest in Lignoboost and second generation lignoboost

Market position & competition

- Strong position and market share in Valmet's targeted technology businesses.
- Well established services business
- Key competitors Voith, Andritz and US services companies (Albany, Xerium, Kadant, GLV, Asten J.)

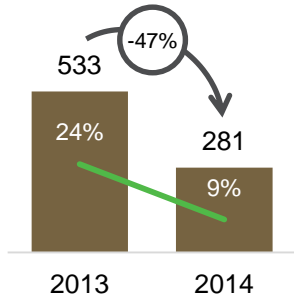
Actions for Valmet

- Continue to develop and grow Valmet's Services business
- Make sure Valmet wins paper and tissue projects
- Strengthen Valmet's position in pulp rebuilds
- Commercialize biotechnology (lignoboost, pre-treatment and bio-coal)

South America

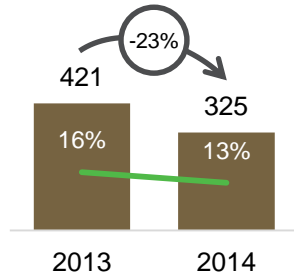
Orders received

(EUR million and % of total)



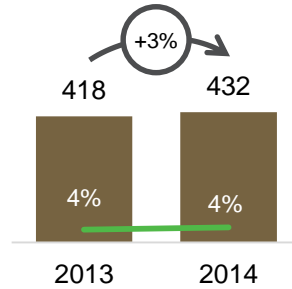
Net sales

(EUR million and % of total)

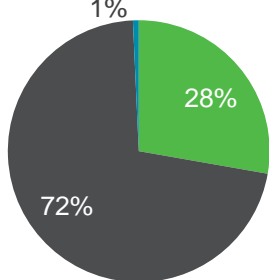


Employees

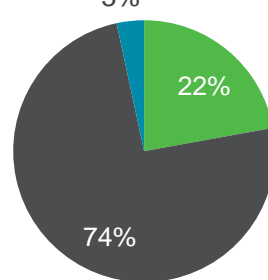
(number and % of total)



Orders received by business line (2014)

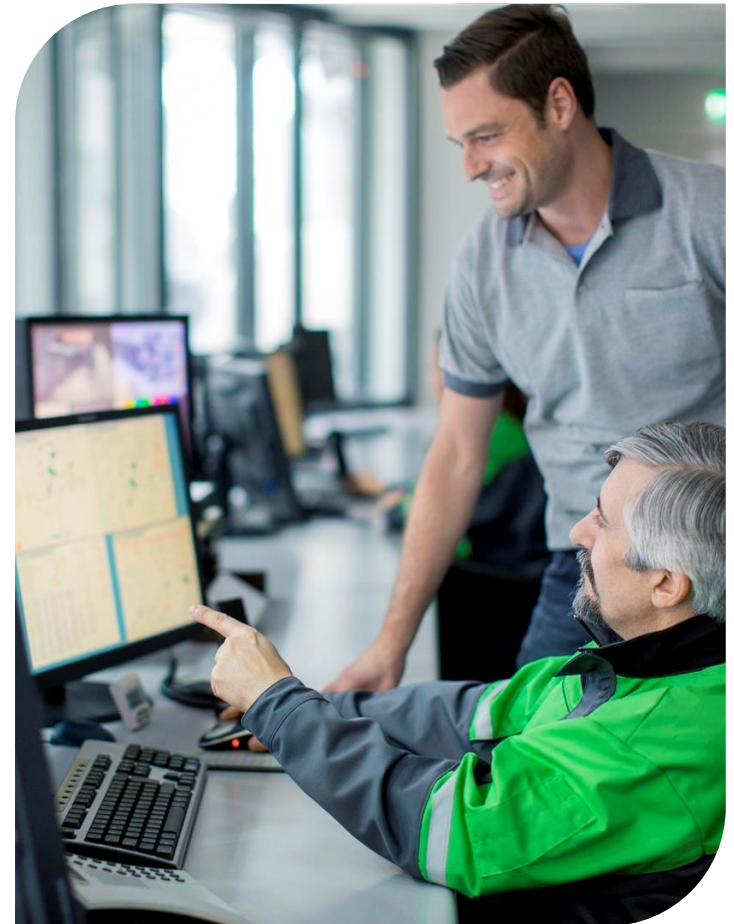


Net sales by business line (2014)



■ Services ■ Pulp and Energy ■ Paper

■ Services ■ Pulp and Energy ■ Paper



South America

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



Market environment

- Capital project opportunities in pulp, tissue and bioenergy
 - Continued pulp mega mill projects planned
 - 2nd generation ethanol emerging
- Good services growth potential
 - Installed base and leaner customer operations
- Growing interest and pipeline for optimization projects, e.g. energy, chemicals savings; operations and availability of equipment).

Market position & competition

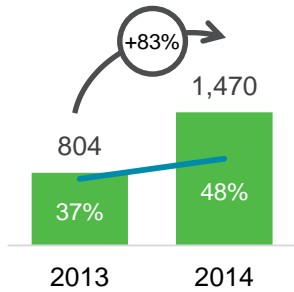
- Fierce competition in new pulp projects
- Strong competition with local and global players in all markets in Services, Paper and Energy
 - Local presence and solutions important

Actions for Valmet

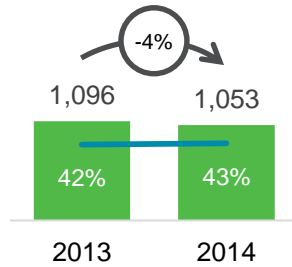
- Keep market share and improve the profitability and risk-return profile of large pulp projects
- Grow the services business by offering new products and service solutions
- Develop solutions and costs to compete in bioenergy plants.
- Further develop Valmet's local capabilities

EMEA

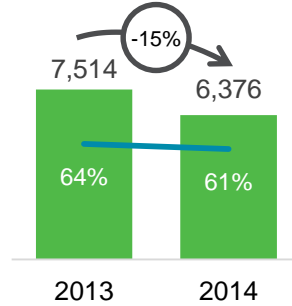
Orders received
(EUR million and % of total)



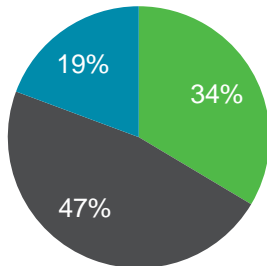
Net sales
(EUR million and % of total)



Employees
(number and % of total)

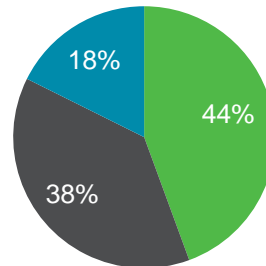


Orders received by
business line (2014)

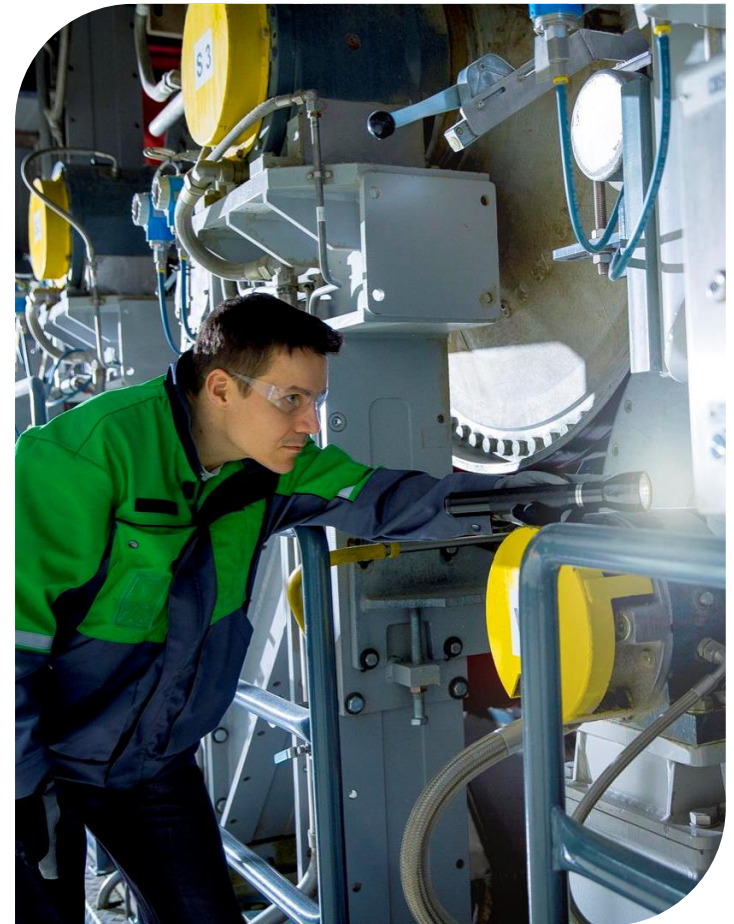


■ Services ■ Pulp and Energy ■ Paper

Net sales by business line
(2014)



■ Services ■ Pulp and Energy ■ Paper



EMEA

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



Market environment

- Large installed base to be serviced
 - Growth opportunity in customer agreement based business
- Growth process improvements and service agreements
- Capacity closures in printing and writing
- Capital project opportunities in board, pulp, tissue, and bioenergy
 - Energy market with strong rebound and high market activity.

Market position

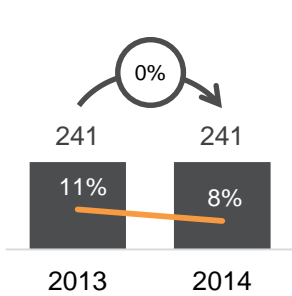
- Valmet has a strong position both in technology business and services
- Consolidation of smaller distressed players and increasing competition in mid-market
- Increased competition in past few years

Actions for Valmet

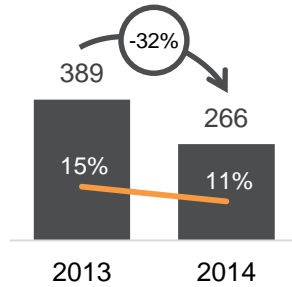
- Grow Services with Key Account Management agreement based business and new products. Strengthen pulp and power services
- Strengthen position in technology business: cost competitiveness and rebuild competences
- Commercialize new biotechnologies and expanding the served power market
- Localize selected capabilities outside Nordics

China

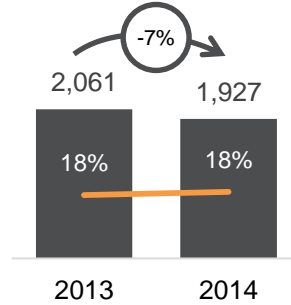
Orders received
(EUR million and % of total)



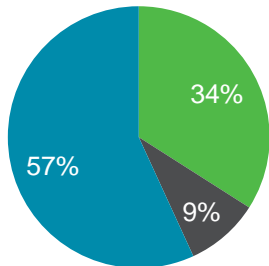
Net sales
(EUR million and % of total)



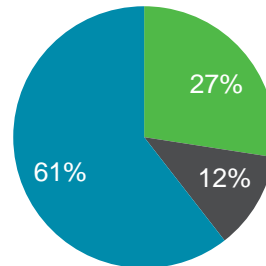
Employees
(number and % of total)



Orders received by
business line (2014)



Net sales by business line
(2014)



■ Services ■ Pulp and Energy ■ Paper

■ Services ■ Pulp and Energy ■ Paper



China

Paper market flat and Services growing, local low cost competition present



Market environment

- Capital project opportunities in board and tissue
 - Investments in lower cost small and mid-sized machines.
- Good services market with growth potential
 - Increased capacity

Market position

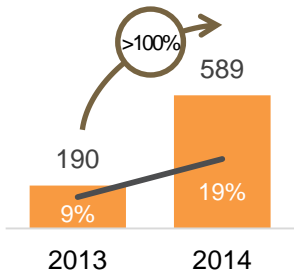
- Valmet has a strong position in Paper. Recent successes with modular board machine (OptiConcept M)
- Continued competition: new competitors in mid-size segment, local competitors strengthening through partnering with western companies
- Large Valmet installed base

Actions for Valmet

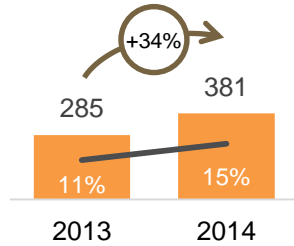
- Continue to develop and grow Services: local low cost sourcing of consumables, agreement business and spear head products
- Further market penetration of OptiConcept M, tissue and mid-market fiberline
- Competitive, lower cost, local offering and increased local capabilities (application, engineering and project management)

Asia-Pacific

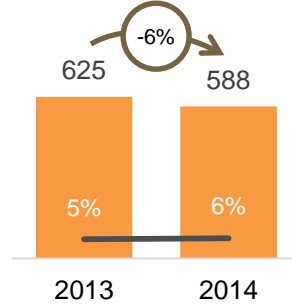
Orders received
(EUR million and % of total)



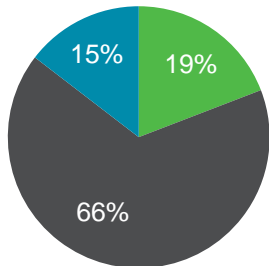
Net sales
(EUR million and % of total)



Employees
(number and % of total)

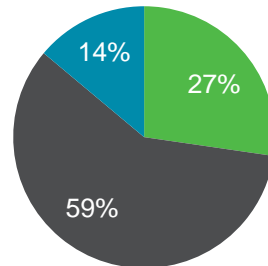


Orders received by
business line (2014)

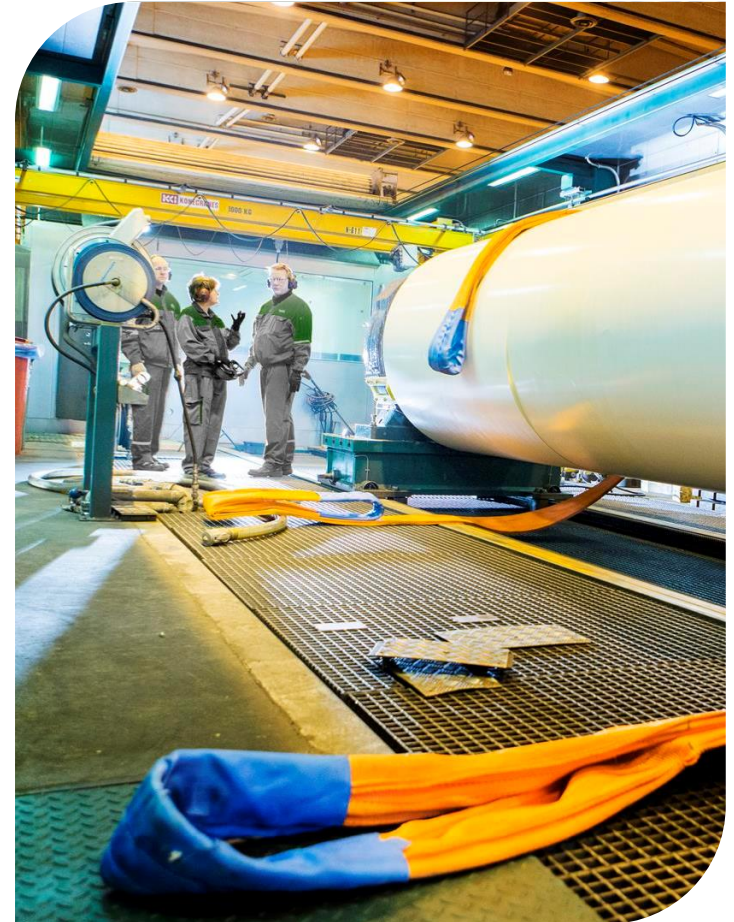


■ Services ■ Pulp and Energy ■ Paper

Net sales by business line
(2014)



■ Services ■ Pulp and Energy ■ Paper



Asia-Pacific

A key growth area for Valmet



Market environment

- Capital project opportunities in pulp, tissue, and board
 - Increased investments in multi-fuel and renewable energy development plans in Asia-Pacific countries
 - Opportunities related to customer's portfolio changes or production line upgrades
- Good services market with growth potential
 - Due to capacity increases and installed base

Market position

- Valmet has a strong market position but relatively modest local presence.
- Competitors are growing their local presence

Actions for Valmet

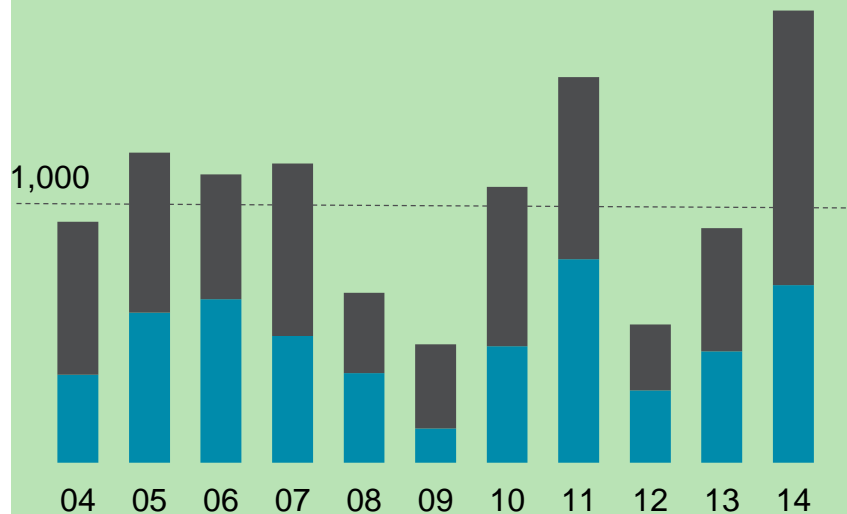
- Localize Services business to be more cost competitive and closer to customers: local offering and agreement business, local capabilities and new service centers
- New services center in Indonesia
- Develop technology business with local competences and improved cost competitiveness.
Board and paper: rebuilds, components and split machines,
Tissue: develop competitive setup in Asia-Pacific
Energy: current focus on coal but potential also in bioenergy.
- Increase local capabilities to support both services and capital business

Pulp mill market is cyclical and characterized by large orders

Market fluctuates from year to year

Market size¹
(EUR million)

■ Valmet
■ Others



Valmet is well prepared for the cyclical nature of the business

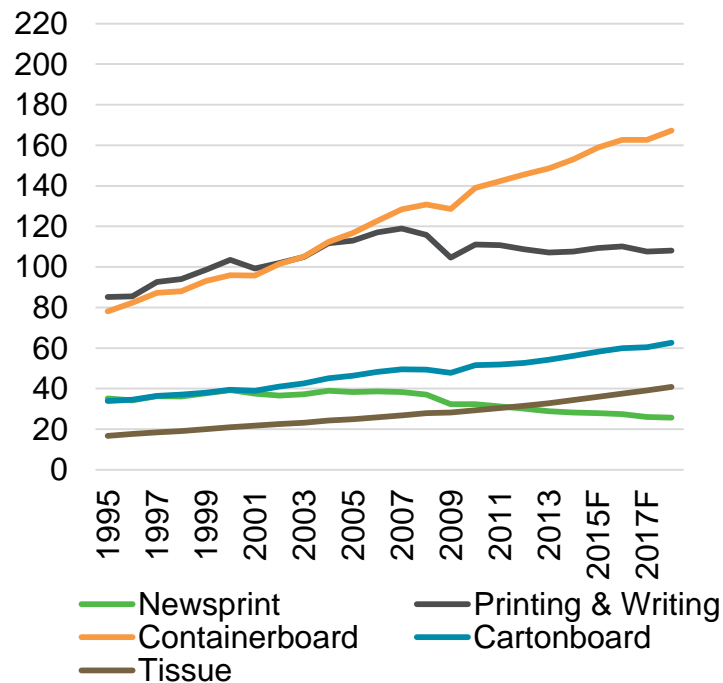
- Own capacity has been reduced during the last few years
- Capacity cost reduced 10% in 2014
- Capacity cost to net sales was 24% in 2014

1) Market size based on orders received. Includes all pulp business units, recovery boilers, and evaporation plants

Consumption development

Growth in board and tissue consumption is expected to continue while newsprint is declining

Paper consumption¹ (Mton)

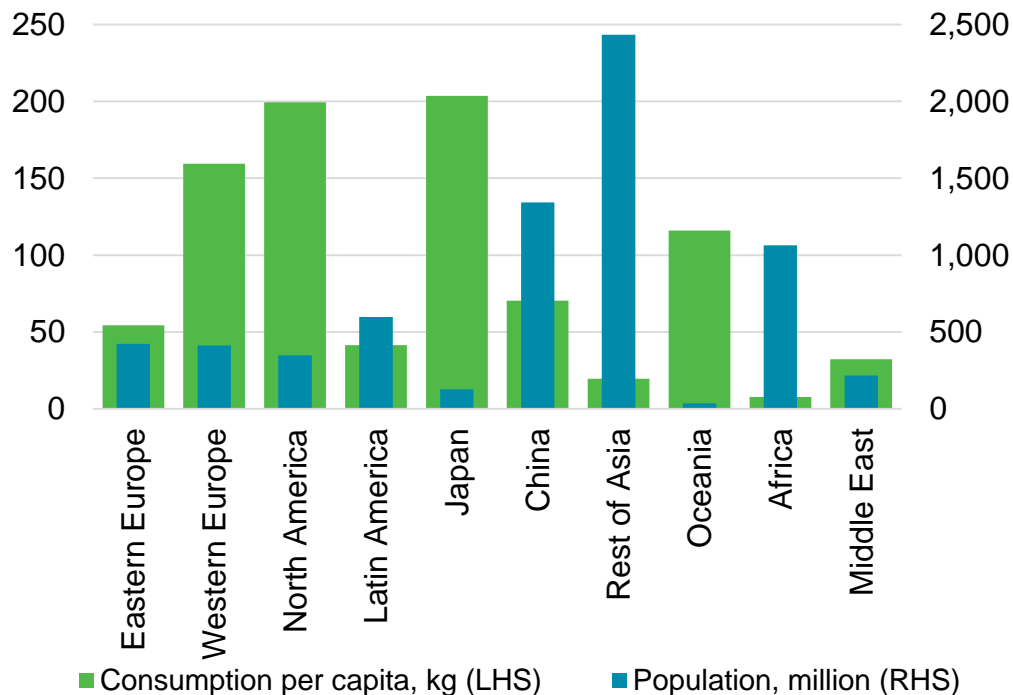


| CAGR | 2001-2014 | 2014-2018F |
|--------------------|-----------|------------|
| Containerboard | +3.7% | +2.2% |
| Printing & Writing | +0.6% | +0.1% |
| Cartonboard | +2.8% | +2.8% |
| Tissue | +3.6% | +4.5% |
| Newsprint | -2.1% | -2.4% |

1) Source: RISI

Paper and board consumption growth trends

Paper and board consumption per capita vs. population¹



Average global consumption: 53 kg per capita

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

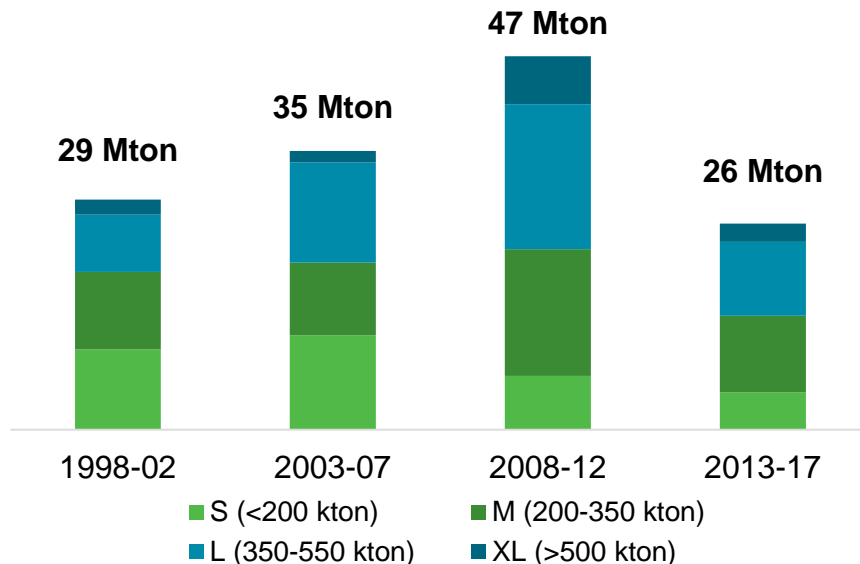


1) Source: PPI Annual Review 2013 (2012 figures)

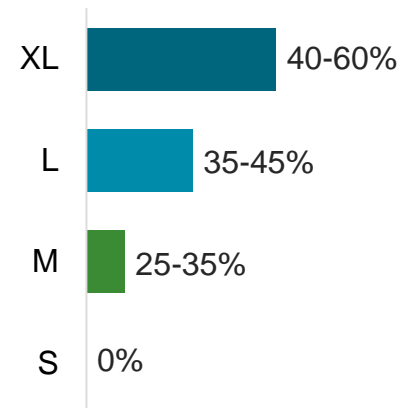
Demand has shifted more towards smaller paper and board machines

- We are focusing more on modularized and standardized solutions
- Competition is higher in smaller machines

Capacity of start-ups¹, by machine size



Valmet's market share¹, by machine size



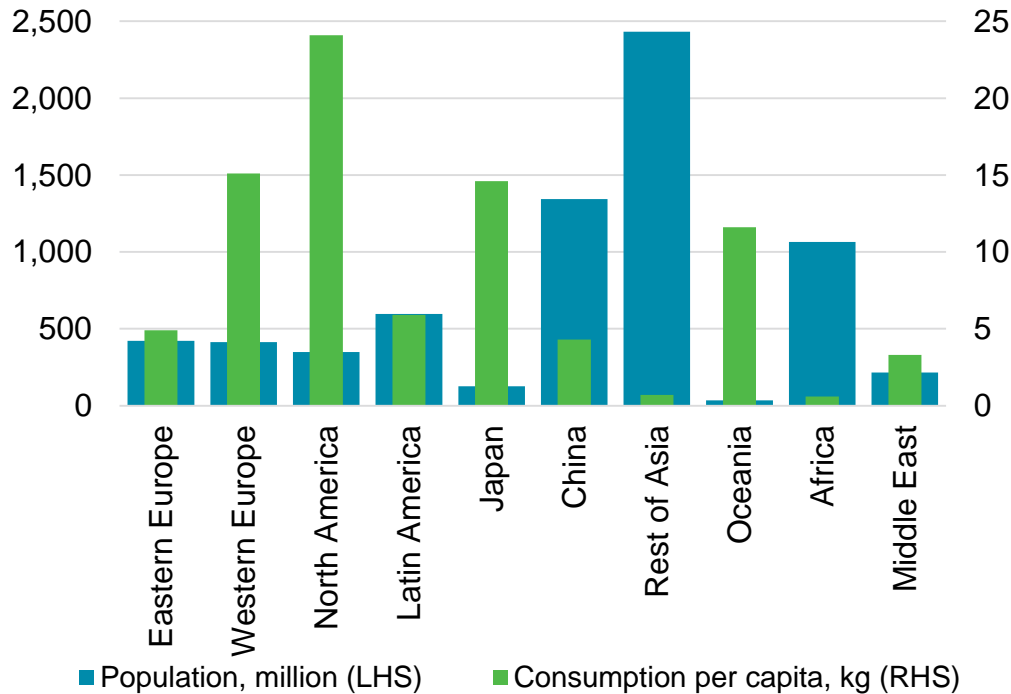
Competition is lower in larger machine sizes.

Higher number of players in smaller machines.

1) Source: Pöyry, Valmet

Tissue consumption growth trends

Tissue consumption per capita vs. population¹



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

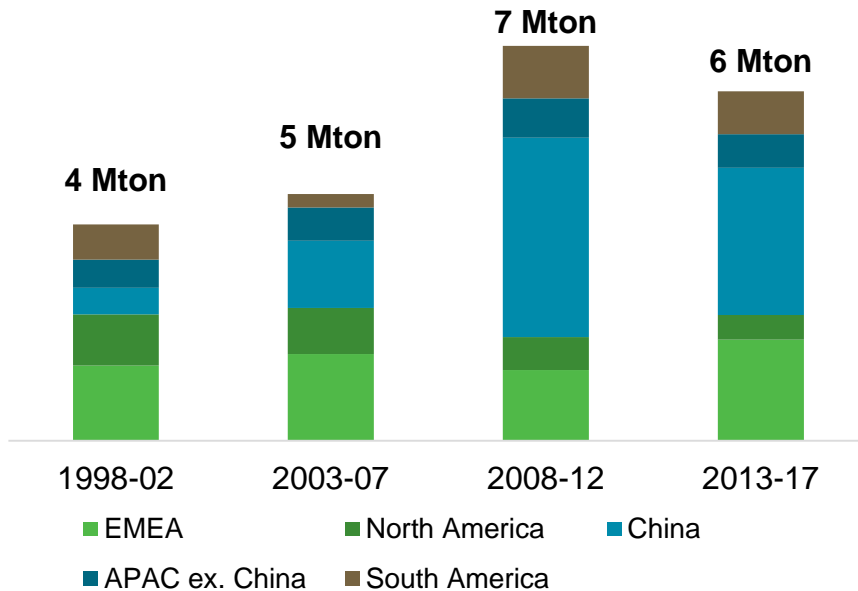
Offers us long-term growth potential in both developed and emerging markets

1) Source: PPI Annual Review 2013 (2012 figures)

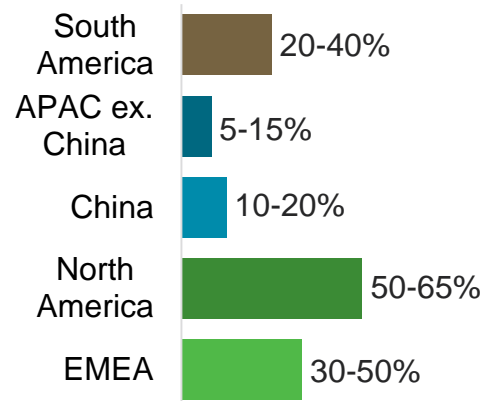
Tissue market growing long term

- Recent market reduction due to heavy Chinese investments
- Competition is high in all areas, Valmet is strongest in North America

Capacity of start-ups¹, by area



Valmet's market share¹, by area



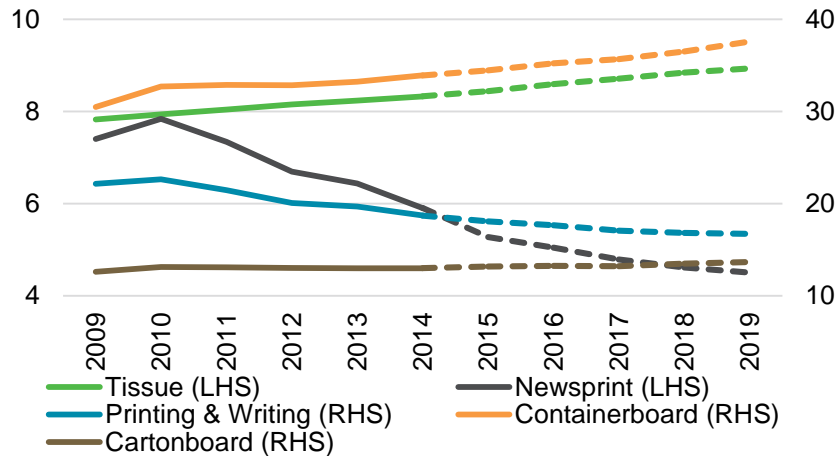
Number of competitors is low in the Americas and EMEA.

Smaller Chinese companies present in China and Asia.

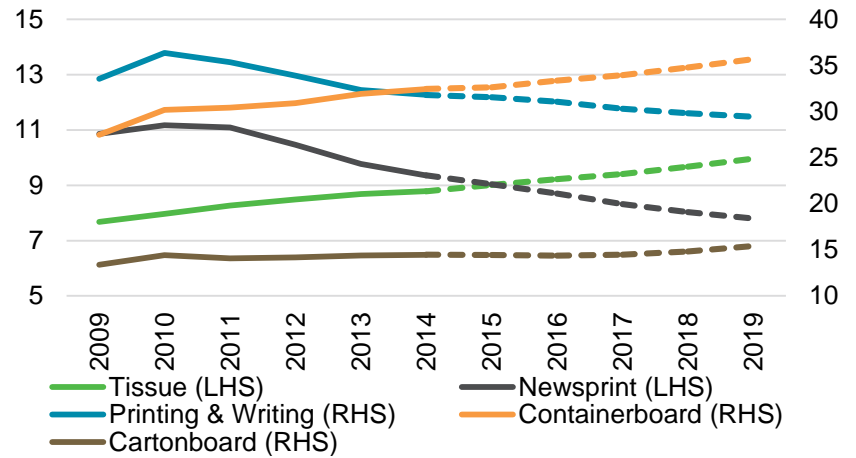
1) Source: Pöyry, Valmet

Paper, board, and tissue production trends

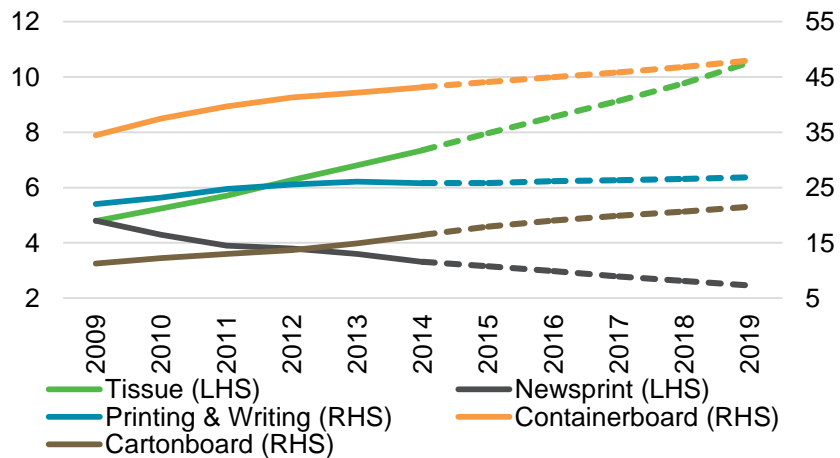
North America (million tonnes)



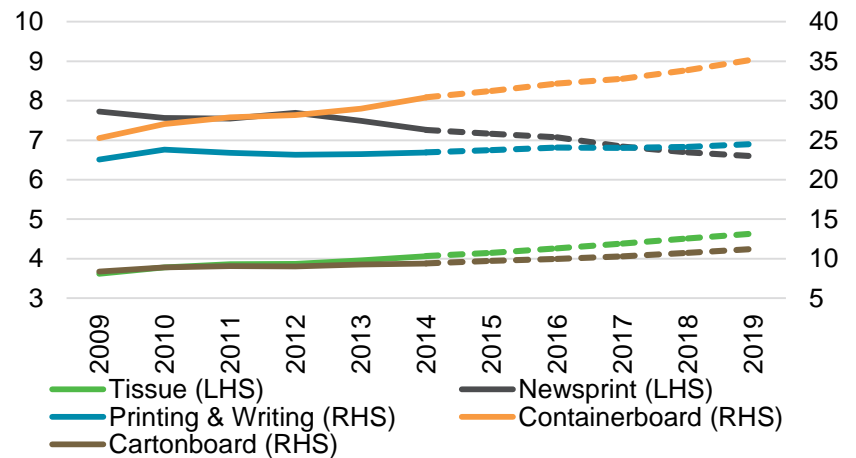
Europe (million tonnes)



China (million tonnes)



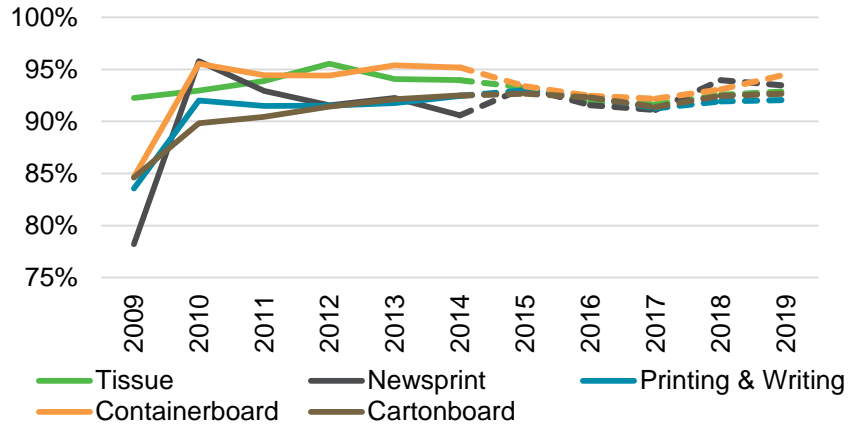
Asia-Pacific (million tonnes)



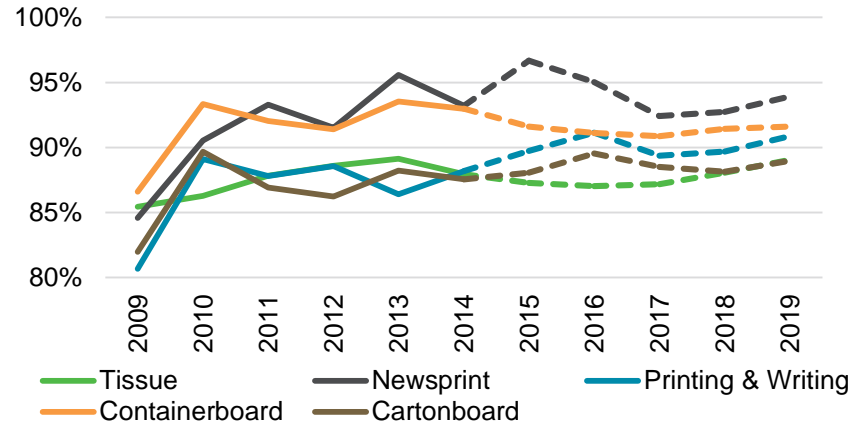
Source: RISI

Paper, board, and tissue operating rates

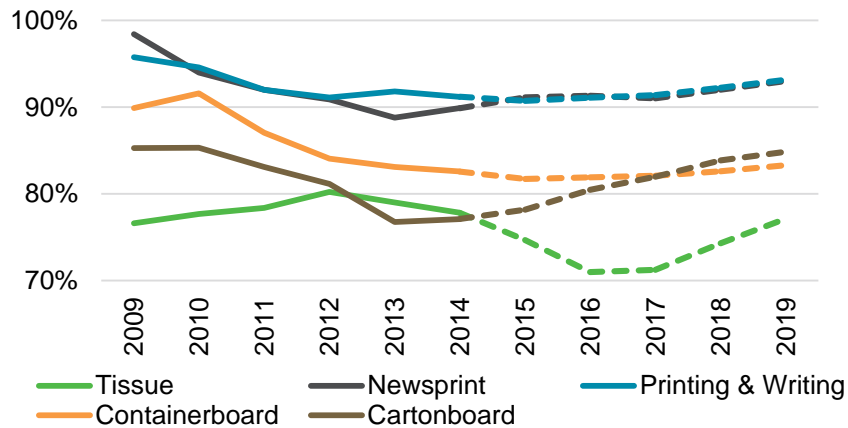
North America



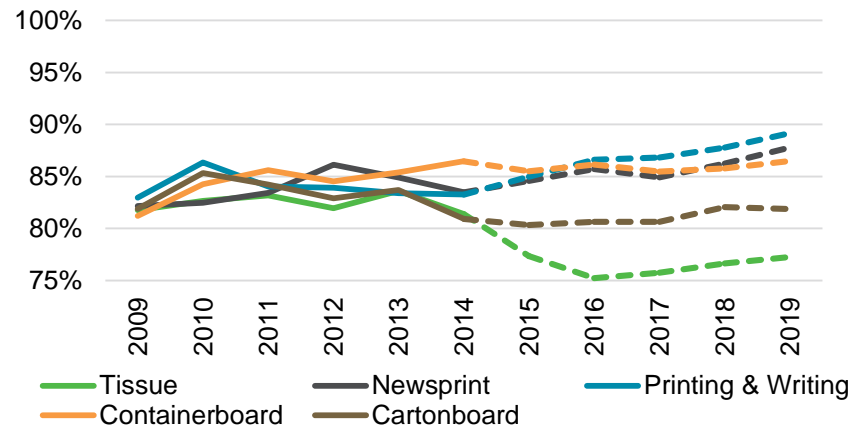
Europe



China

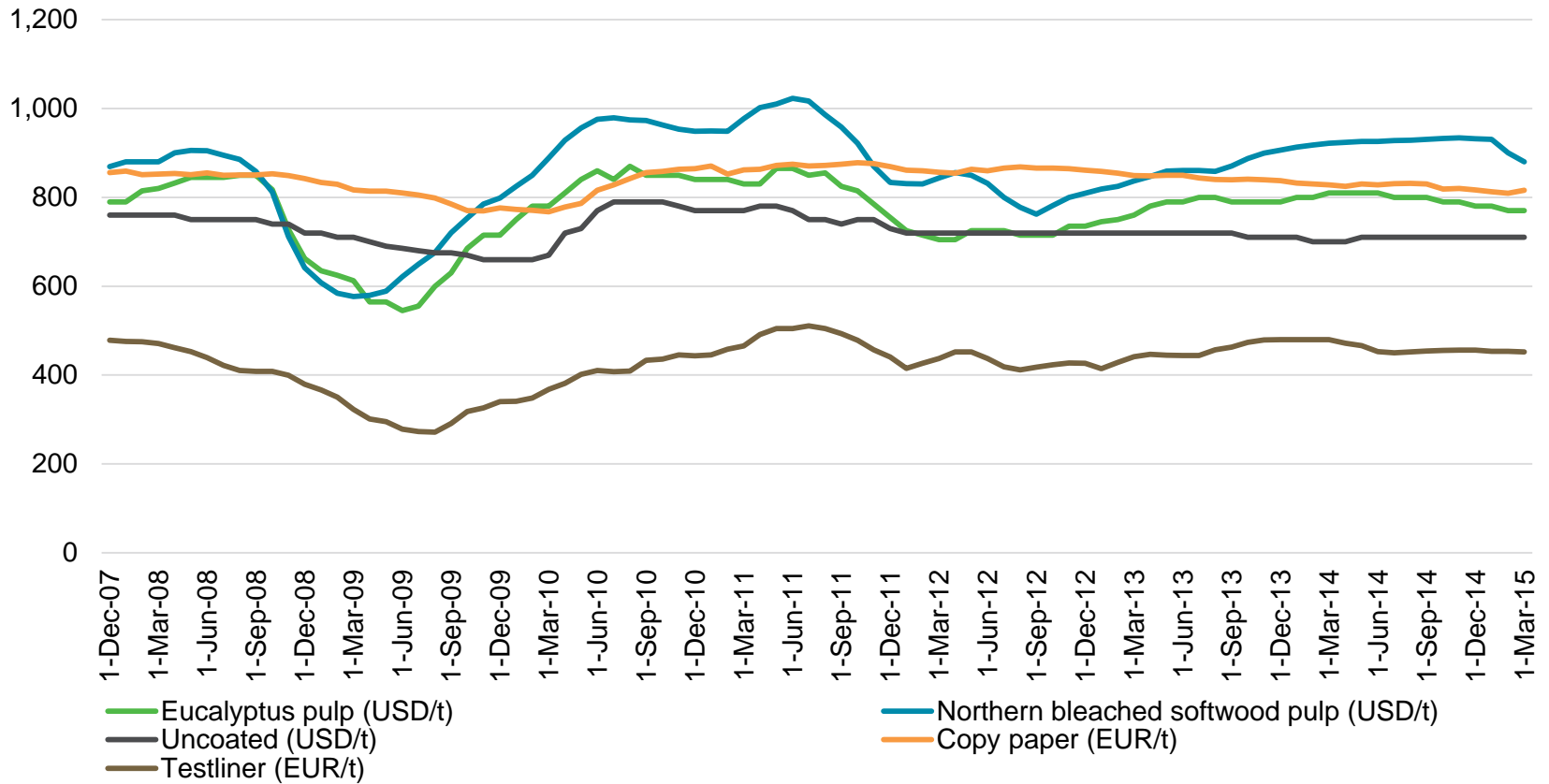


Asia-Pacific



Source: RISI

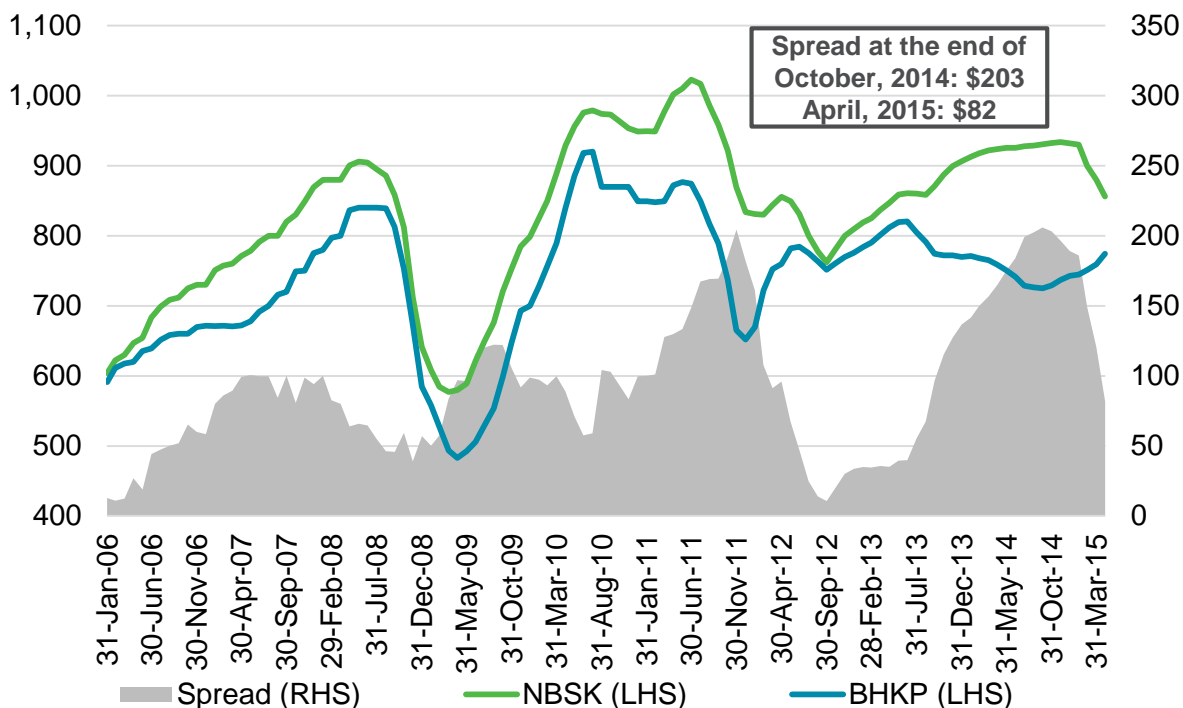
Pulp and paper price trends



Source: Bloomberg

Historically large spread in pulp prices

Pulp prices, Europe: NBSK and BHKP (USD/ton)



NBSK

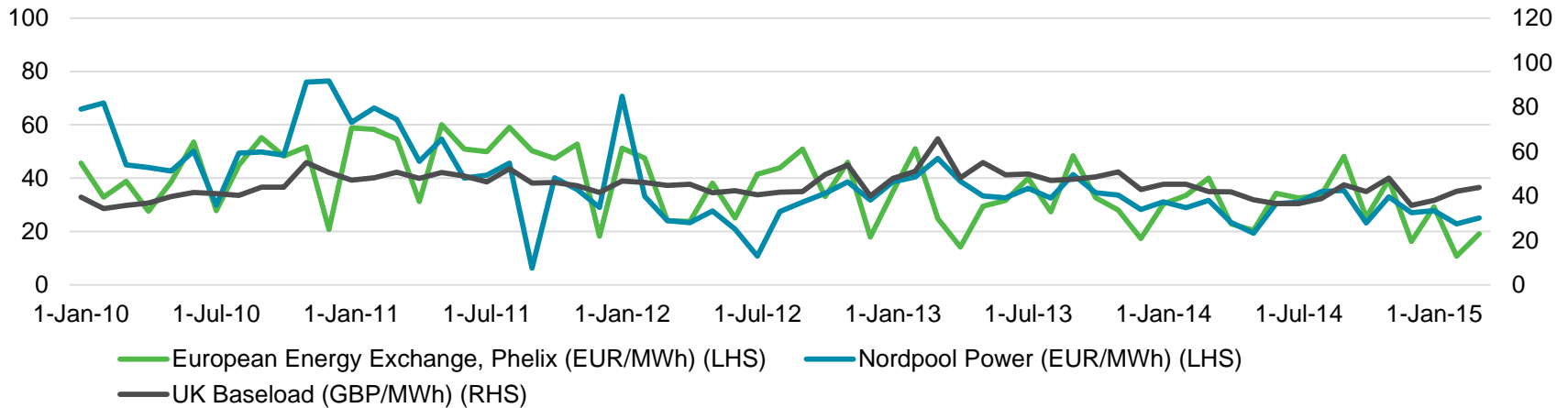
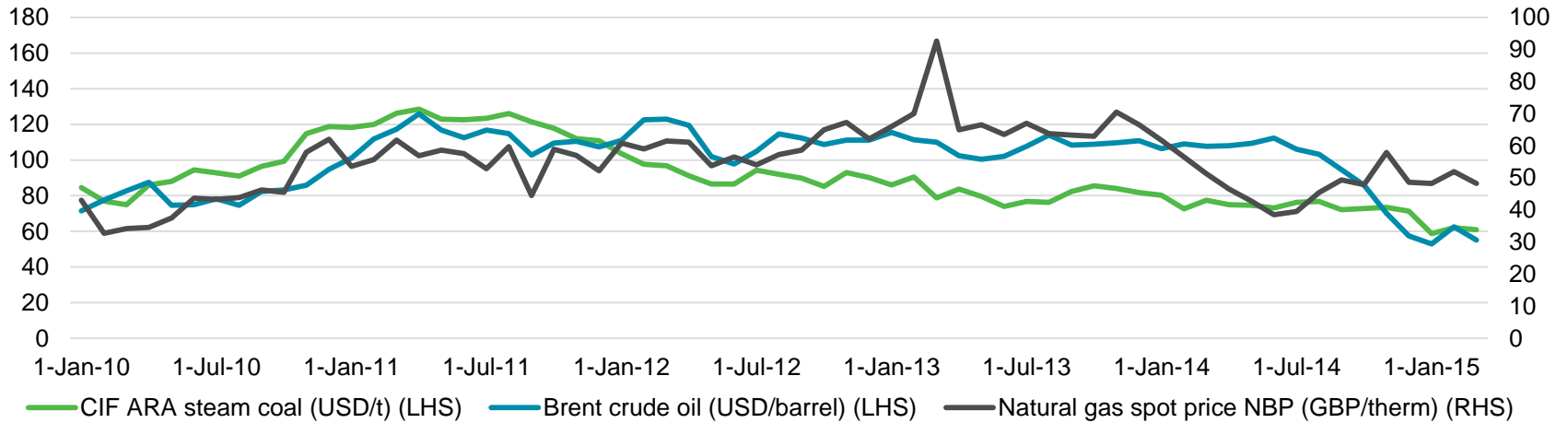
Northern bleached softwood kraft pulp is produced mainly in Canada and the Nordic countries. NBSK is based on long fibre wood species. It adds strength to the final product.

BHKP

Bleached hardwood kraft pulp, produced e.g. in Brazil and Indonesia, is based on short fibre wood species. It adds softness to the final product.

Crude oil, steam coal, natural gas and electricity

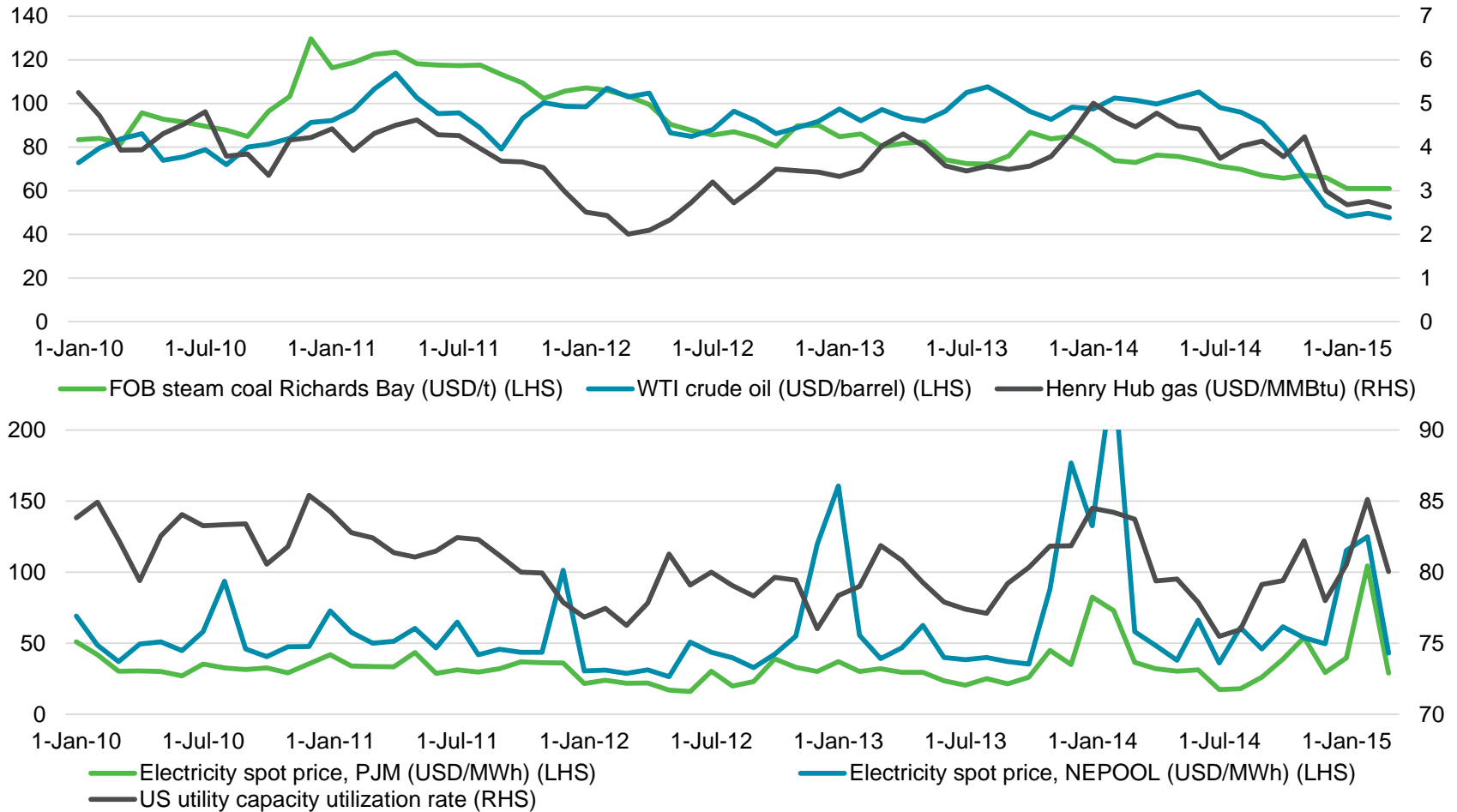
Europe



Source: Bloomberg

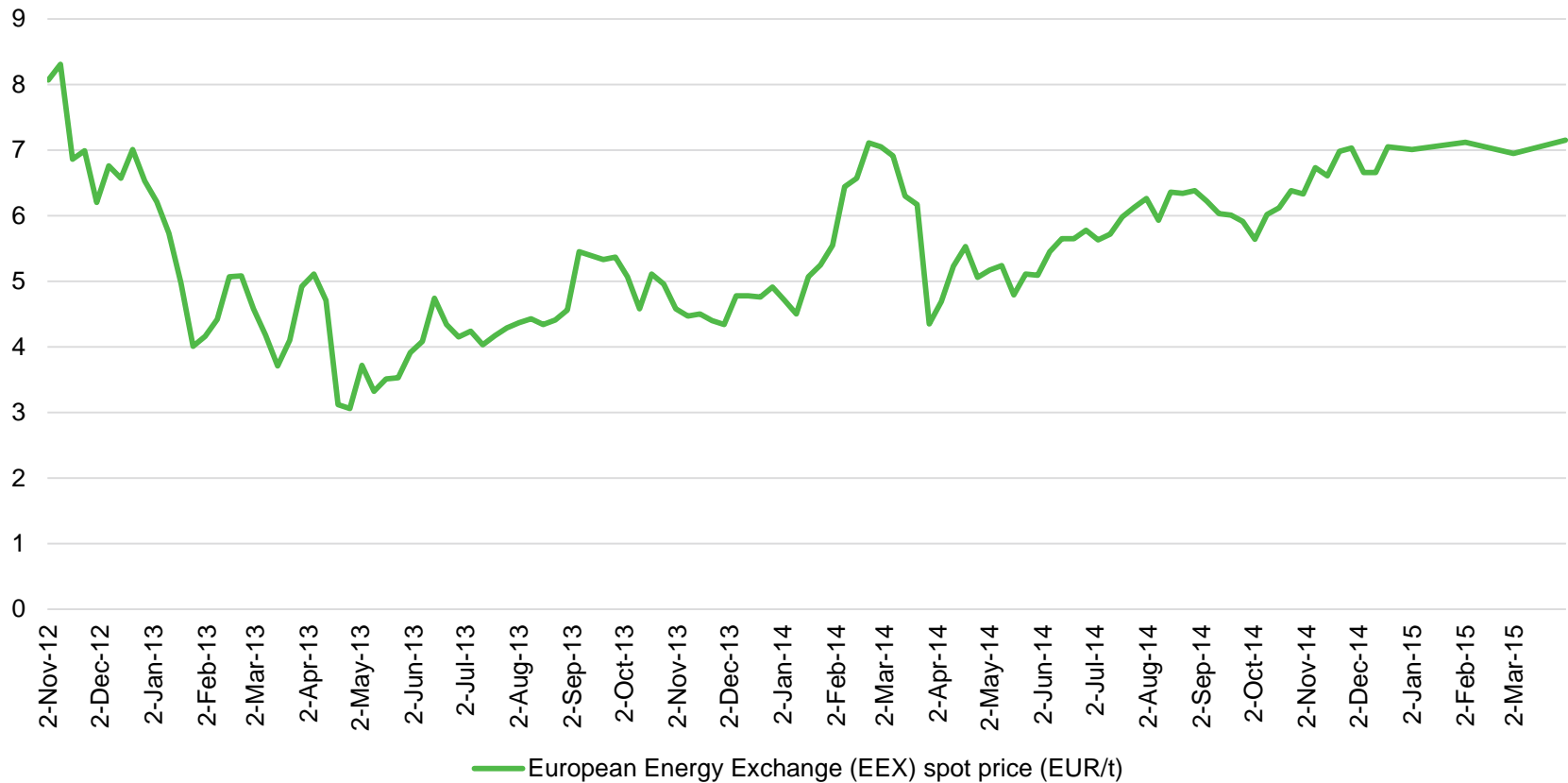
Crude oil, steam coal, natural gas and electricity

United States



Source: Bloomberg

European Carbon Emission Allowance



Source: Bloomberg

