

Valmet becomes stronger as a result of acquiring Process Automation Systems

Roadshow material
April 2015

Agenda

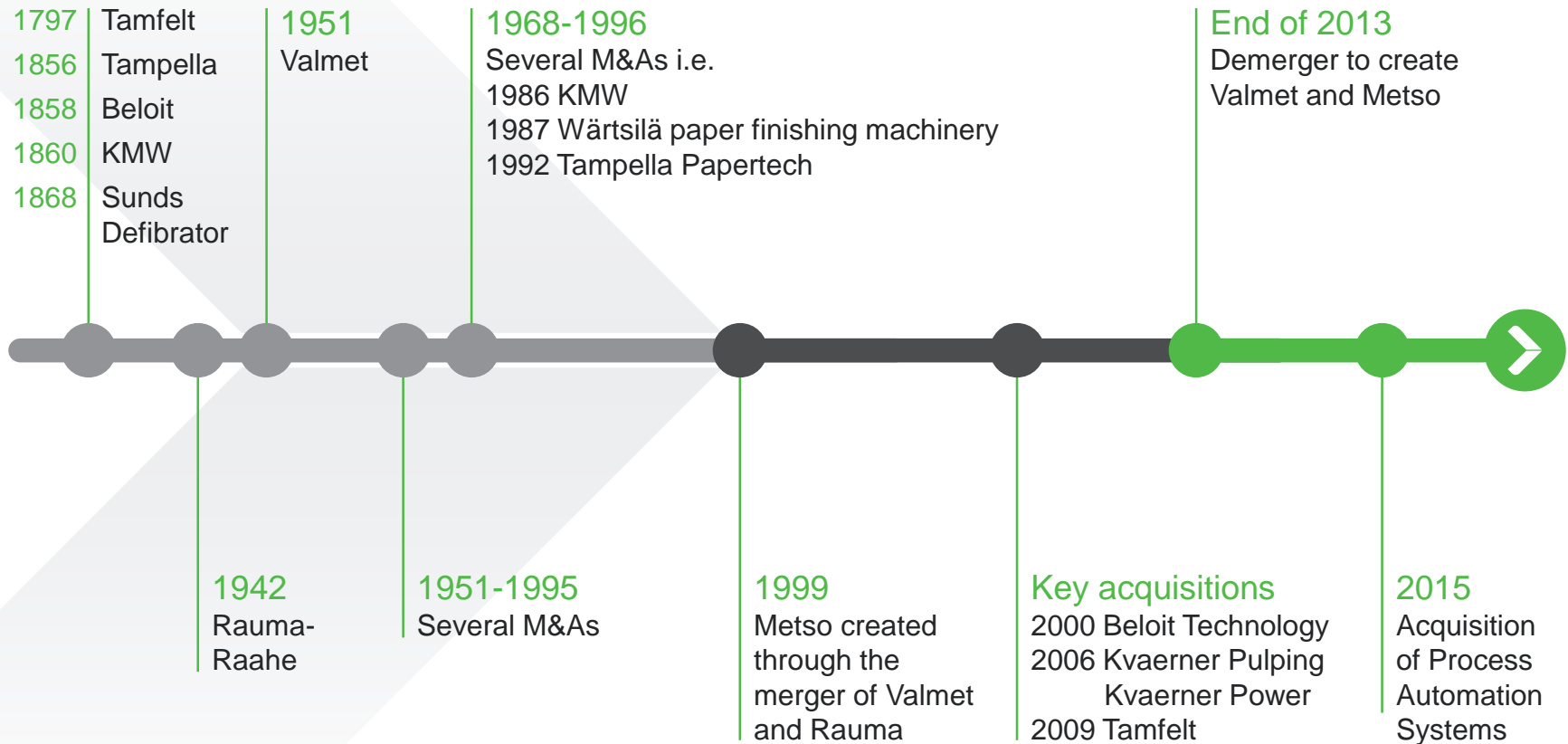
Valmet Roadshow

- 1 Valmet overview
- 2 Investment highlights
- 3 Financials
- 4 Acquisition of Process Automation Systems
- 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

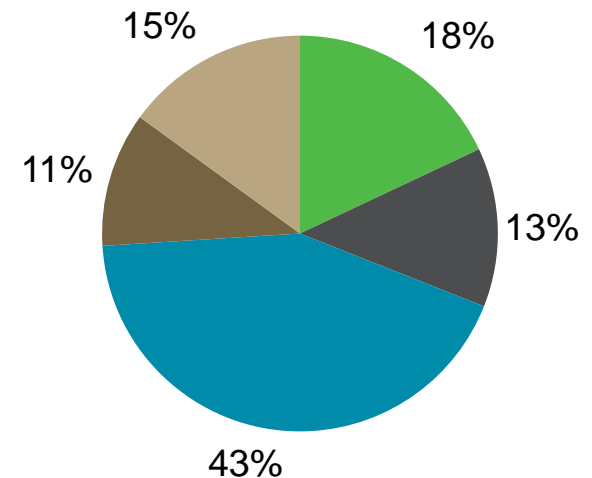
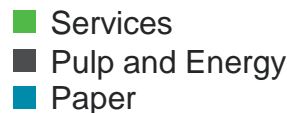
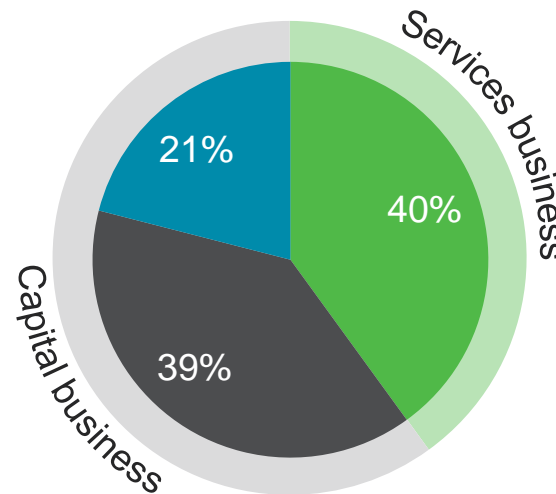
#1-2 Services

#1-2 Pulp

#1-3 Energy

#1-2 Paper, board, tissue

Net sales (2014)



1) EBITA before non-recurring items

Our three business lines serve the same customer base



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

Market position

#1-2

Pulping #1-2,
Bioenergy generation #1-2

Board #1-2, Tissue #1,
Paper #1-2

Market size¹

EUR 7 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

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

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

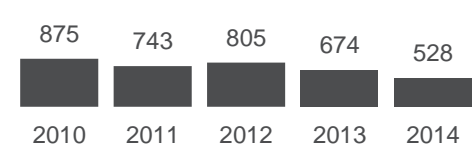
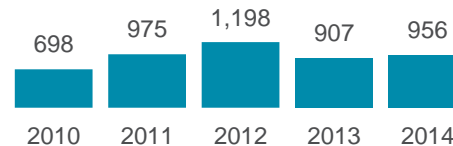
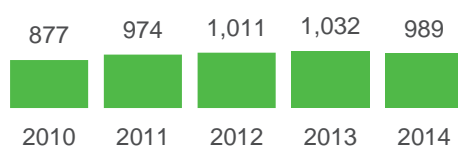
Voith and Andritz

Net sales²

1.0 bn, 40%

1.0 bn, 39%

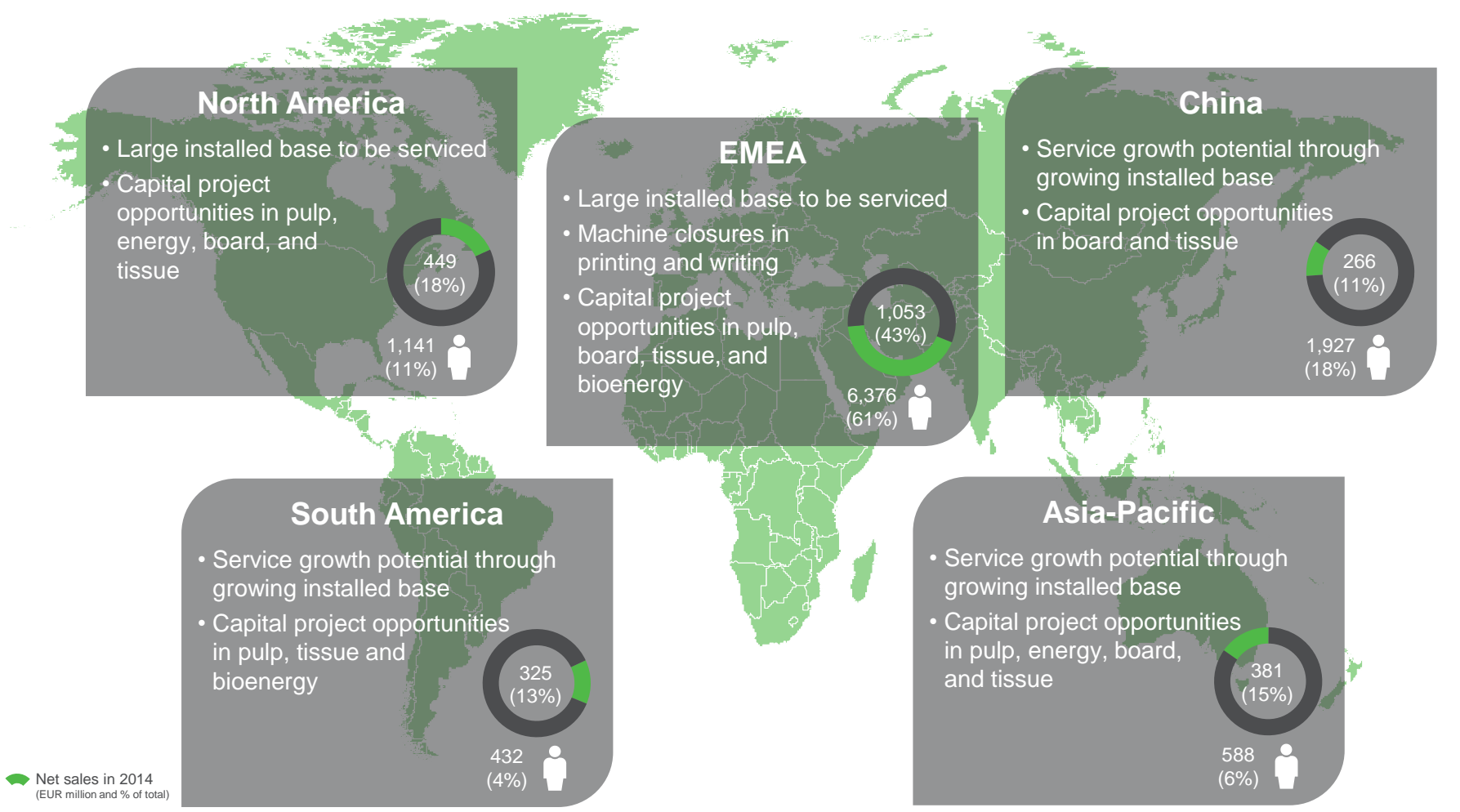
0.5 bn, 21%



1) Estimated market size for current offering in 2012 (EUR)

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

Strong global presence – good platform for growth



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

Employees as at December 31, 2014
(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**

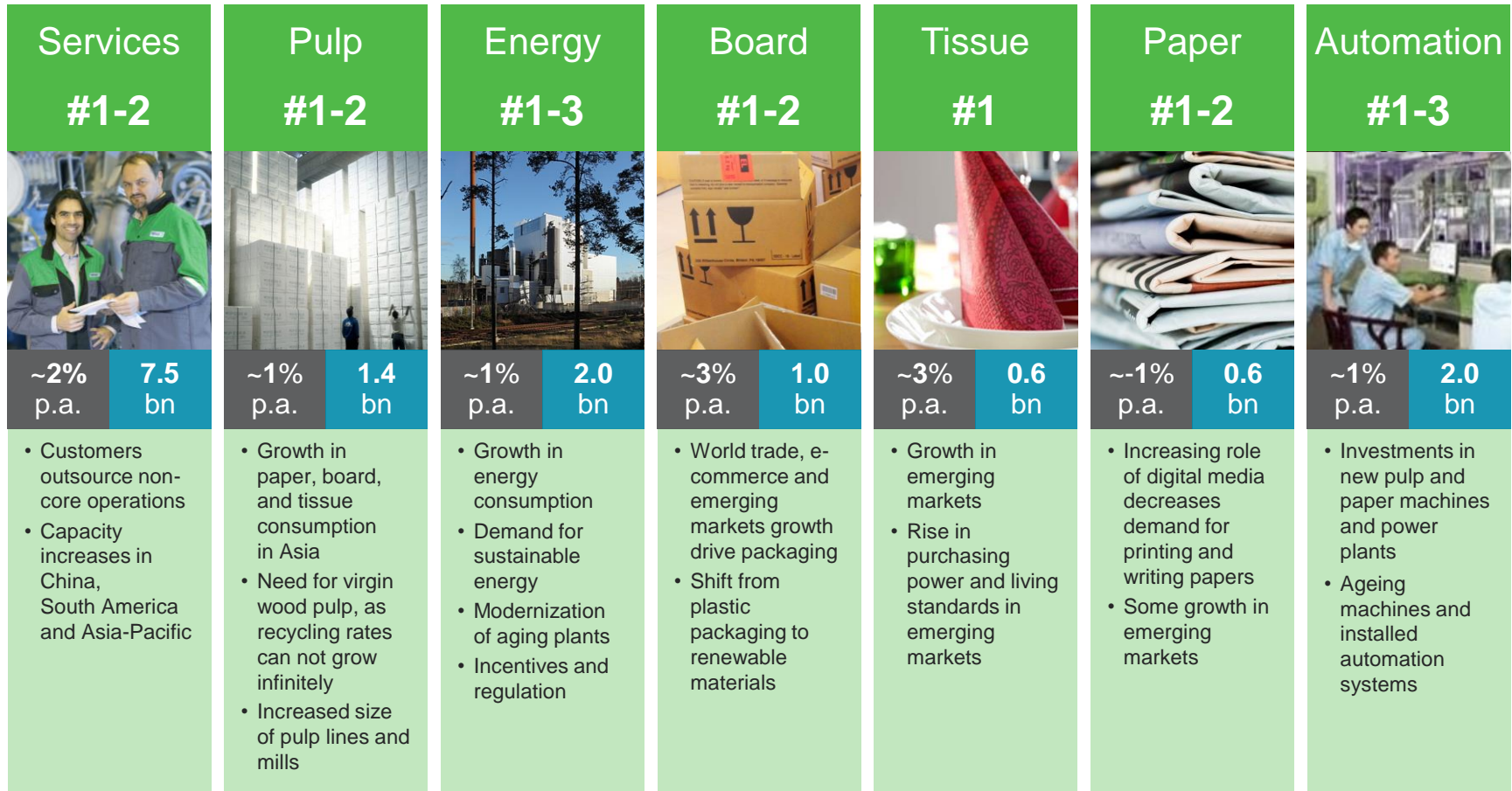
3 Strong in cyclical capital business with long-term **growth potential** and **increased flexibility in cost structure**

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 becomes a technology and service company with full automation offering
- Strengthened competitiveness from combining 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

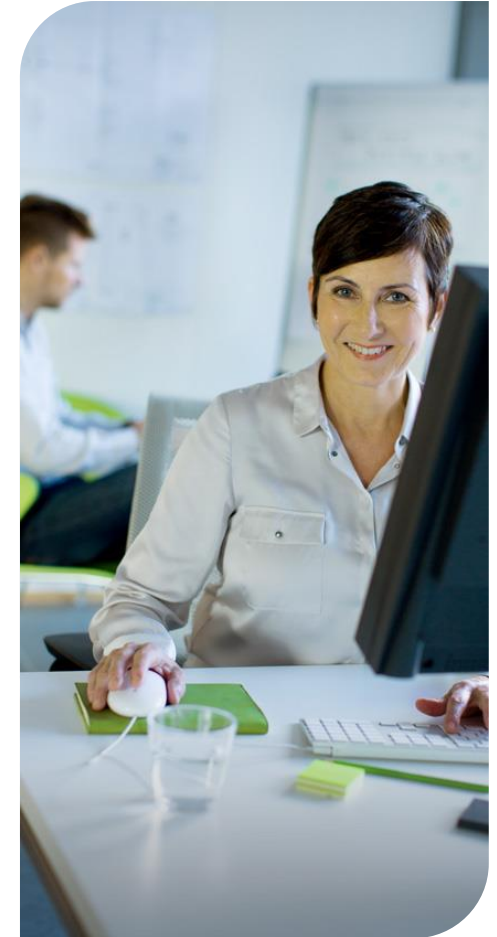


Return on capital employed (pre-tax),
ROCE²: minimum of 15%

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)

Q4/2014 in brief



Orders received increased in services in Q4/2014

- Orders received increased by 17%
- Services net sales stable



Orders received increased in capital business

- Orders received increased in Paper and decreased in Pulp and Energy
- Net sales increased in Paper, and Pulp and Energy



Order backlog decreased compared with Q3/2014

- Order backlog approximately EUR 2 billion at the end of 2014



Profitability reached the targeted range in Q4/2014

- EBITA¹ increased in Q4/2014 compared with Q4/2013
- Profitability improved in every quarter of 2014
- Further profitability improvement potential through savings in procurement and quality, by actions to improve project and service margin, by continuing to improve cost competitiveness, and by improving product cost competitiveness to increase gross profit



Balance sheet continues to be strong

- Net debt EUR -166 million, and gearing -21%
- Cash flow provided by operating activities EUR 30 million in Q4/2014

1) EBITA before non-recurring items

Key figures Q4/2014

EUR million	Q4/2014	Q4/2013	Change	2014	2013	Change
Orders received	480	428	12%	3,071	2,182	41%
Order backlog				1,998	1,398	43%
Net sales	777	666	17%	2,473	2,613	-5%
EBITA ¹	48	-25		106	54	94%
% of net sales	6.1%	-3.7%		4.3%	2.1%	
EBIT ²	38	-66		72	-59	
% of net sales	4.8%	-9.9%		2.9%	-2.2%	
Earnings per share, EUR	0.17	-0.41		0.31	-0.42	
Return on capital employed (ROCE), before taxes				9%	-4%	
Dividend per share, EUR				0.25³	0.15	
Cash flow provided by operating activities	30	-38		236	-43	
Gearing at the end of period				-21%	0%	

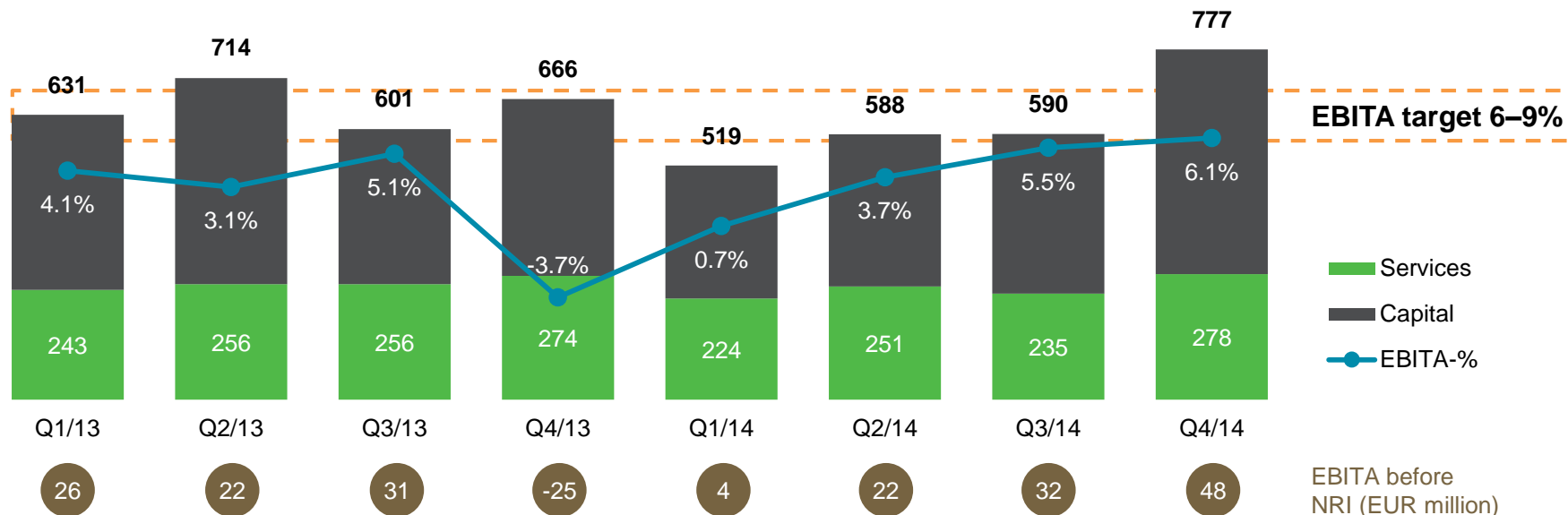
Non-recurring items: EUR -5 million in Q4/2014 (EUR -34 million in Q4/2013)
 EUR -12 million in 2014 (EUR -86 million in 2013)

- 1) Before non-recurring items
- 2) After non-recurring items
- 3) Proposal made by the Board of Directors

The comparison figures are based on financial carve-out data. The balance sheet and its related key figures as at December 31, 2013 are based on actual figures.

EBITA margin in the targeted range in Q4/2014

Net sales and EBITA before NRI (EUR million)



- Net sales increased compared with Q4/2013
- Profitability improved in every quarter of 2014

Dividend proposal

Dividend policy



Dividend payout at least 40% of net profit

Board of Directors' dividend proposal to the
Annual General Meeting



EUR 0.25 per share



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 Systems¹, 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).

1) The completion of the acquisition of Process Automation Systems is subject to approval by the competition authorities

Short-term market outlook (as given on February 6, 2015)

		Q1/2014	Q2/2014	Q3/2014	Q4/2014
Services		Satisfactory	Satisfactory	Satisfactory	Satisfactory
Pulp and Energy	Pulp	Satisfactory	Satisfactory	Satisfactory	Satisfactory
	Energy	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Paper	Board and Paper	Satisfactory	Good	Good	Good
	Tissue	Satisfactory	Satisfactory	Satisfactory	Satisfactory



Acquisition of Process Automation Systems

Valmet becomes a stronger company

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 becomes a technology and service company with full automation offering
- Strengthened competitiveness from combining 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 becomes a unique company



Process Automation Systems is a strong, established business

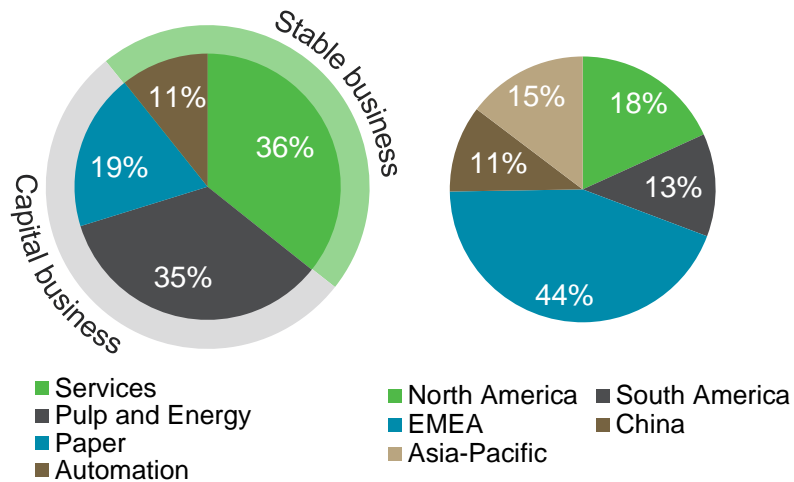
- Long-term customer relations
- High level of technology and know-how
- Strong service business, based on large installed base and captive business model
- ~1,600 automation professionals working close to customers at ~80 locations around the world
- Significant proprietary know-how
- Good financial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

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



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 Process Automation Systems

4 Market statistics

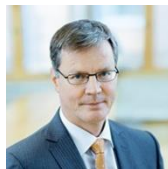


Appendix

Management, ownership and share
price development

Experienced management team

Corporate



23

23

Pasi Laine

President and CEO
Share ownership: 49,021



1

6

Markku Honkasalo

Chief Financial Officer
Share ownership: 5,148



2

2

Kari Saarinen

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



1

10

Julia Macharey

SVP, Human Resources
Share ownership: 863



1

19

Anu Salonsaari-Posti

SVP, Marketing &
Communications
Share ownership¹: 600

Business lines



24

24

Jukka Tiitinen

Business Line President,
Services
Share ownership²: 23,870



17

17

Bertel Karlstedt

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



26

26

Jari Vähäpesola

Business Line President,
Paper
Share ownership: 12,391



12

28

Sakari Ruotsalainen

Business Line President,
Automation
Share ownership: -

■ # years at Valmet /
its predecessor
■ # years of experience
in the sector

Areas

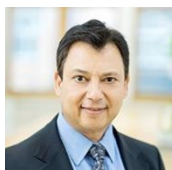


20

37

William Bohn

Area President, North
America
Share ownership: -

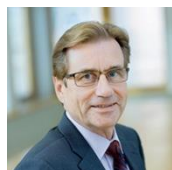


19

27

Celso Tacla

Area President, South
America
Share ownership: 17,428



35

37

Hannu Mälkiä

Area President, EMEA
Share ownership: 19,622



19

21

Aki Niemi

Area President, China
Share ownership: 3,919



27

30

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 March 31, 2015

Based on the information given by Euroclear Finland Ltd.

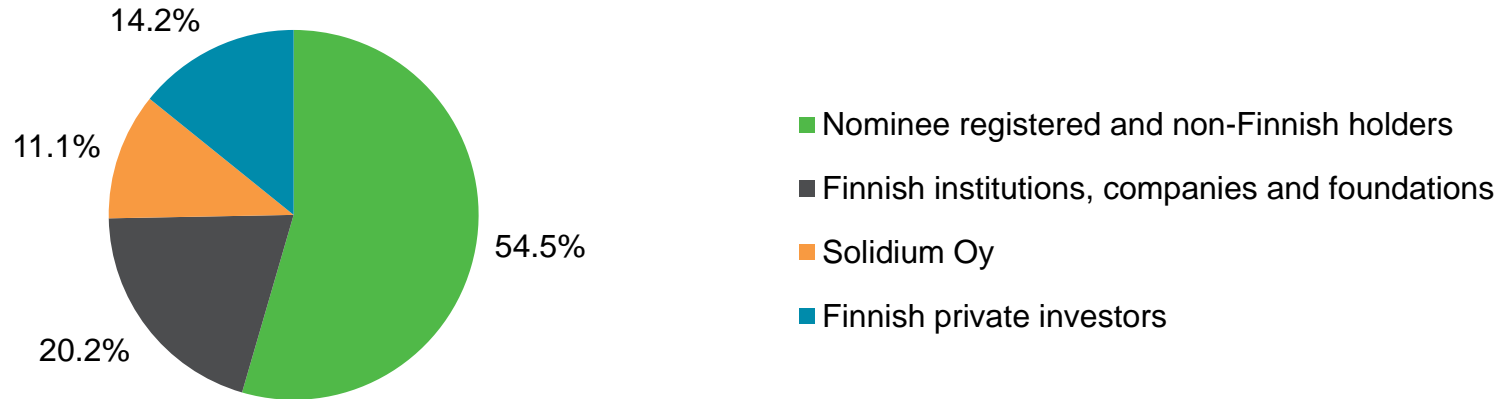
#	Shareholder name	Number of shares	% of shares and votes
1	Solidium Oy ¹	16,695,287	11.14%
2	Cevian Capital Partners Ltd.	10,323,191	6.89%
3	Nordea Funds	4,610,779	3.08%
4	Skagen Global Verdipapirfond	3,202,627	2.14%
5	Ilmarinen Mutual Pension Insurance Company	3,092,126	2.06%
6	Varma Mutual Pension Insurance Company	2,908,465	1.94%
7	The State Pension Fund	1,520,000	1.01%
8	Keva	1,502,166	1.00%
9	Mandatum Life Insurance Company Limited	1,237,307	0.83%
10	Skagen Global II Verdipapirfond	947,963	0.63%
	10 largest shareholders, total	46,039,911	30.72%
	Other shareholders	103,824,708	69.28%
	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 March 31, 2015

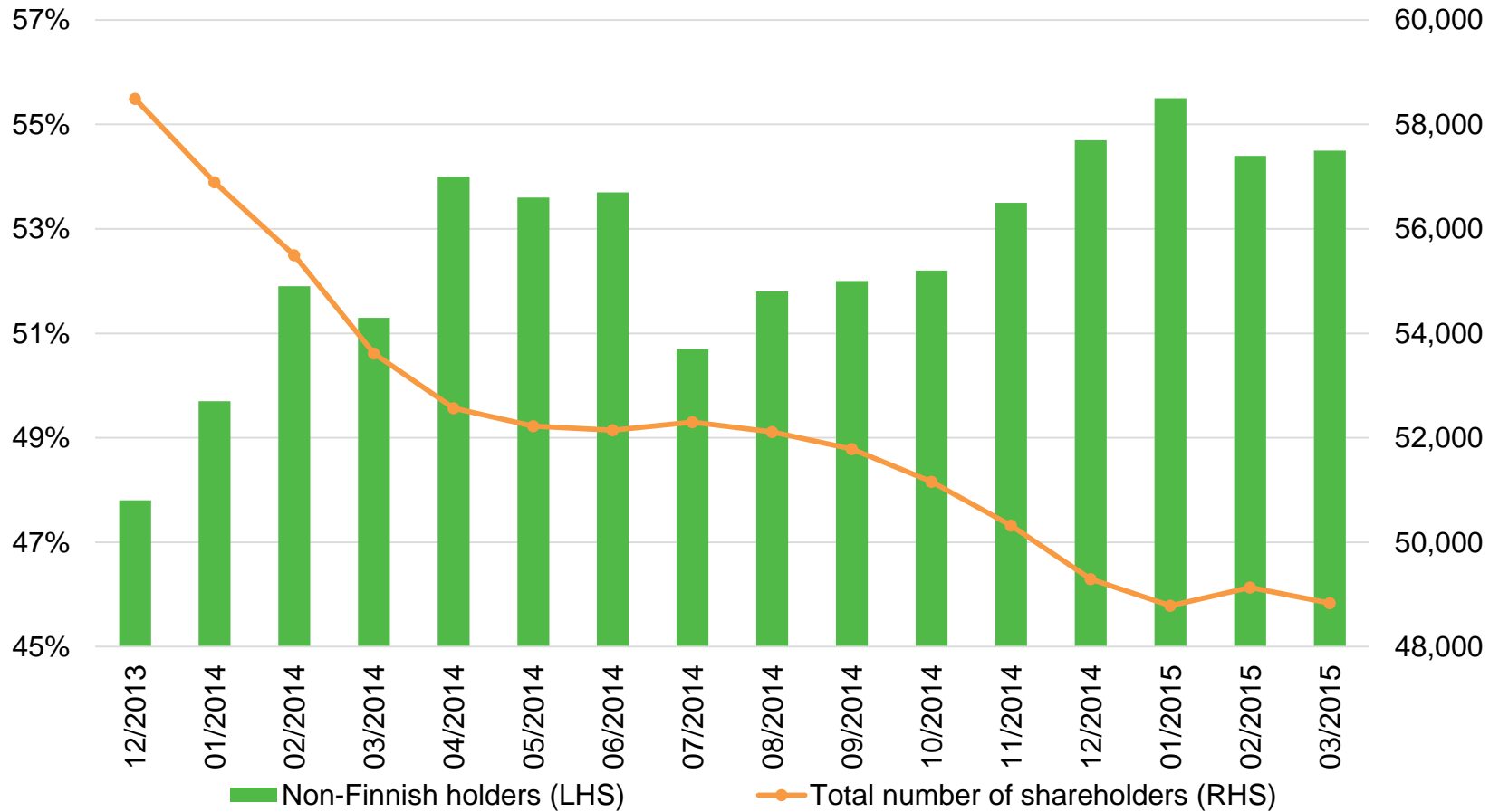


Sector	Number of shareholders	% of total shareholders	Number of shares	% of shares
Nominee registered and non-Finnish holders	308	0.6%	81,573,996	54.4%
Finnish institutions, companies and foundations	2,782	5.7%	30,453,836	20.3%
Solidium Oy ¹	0	0.0%	16,695,287	11.1%
Finnish private investors	46,044	93.7%	21,141,500	14.1%
Total	49,134	100.0%	149,864,619	100.0%

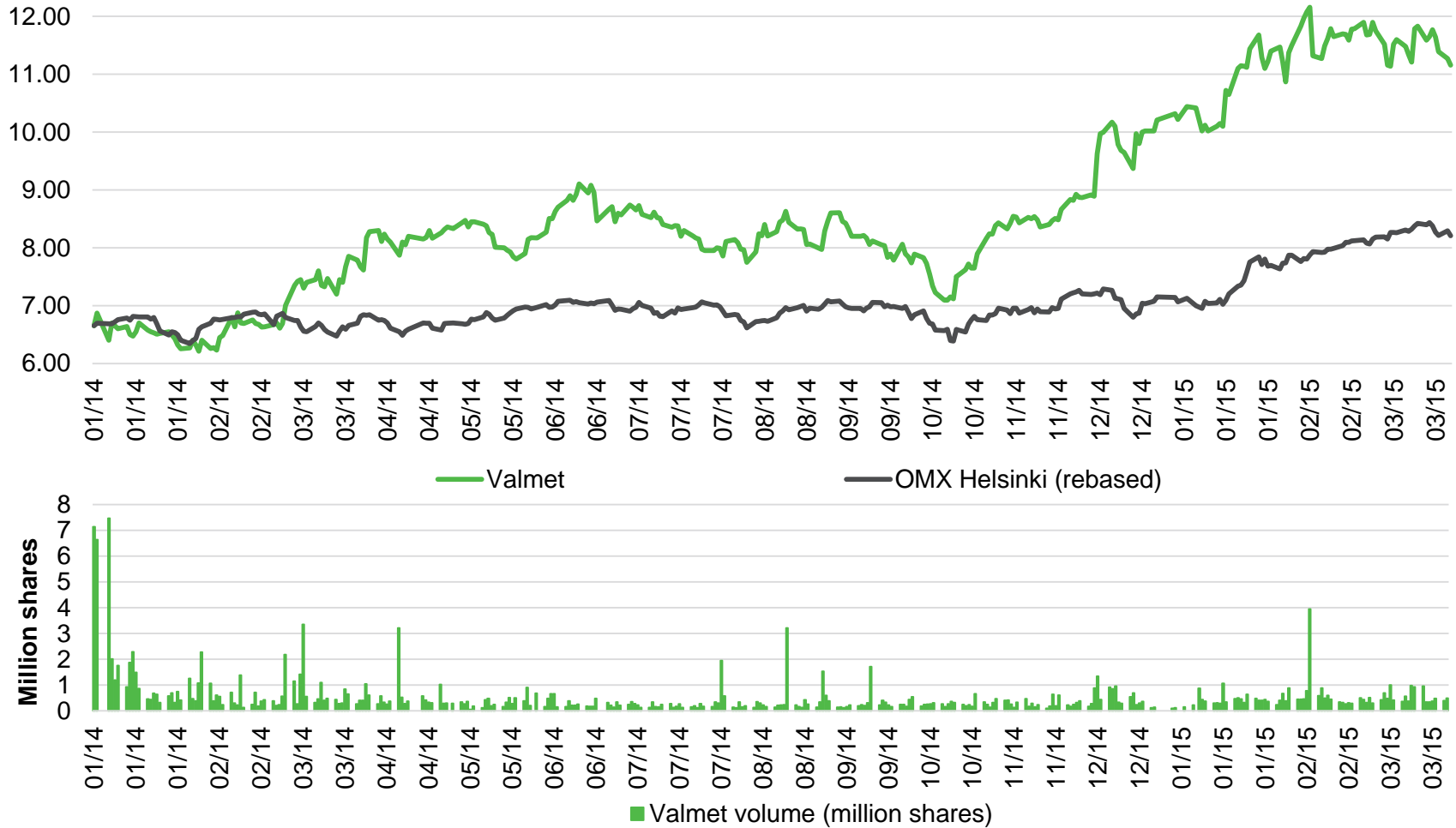
The ownership structure is based on the classification of sectors determined by Statistics Finland.

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



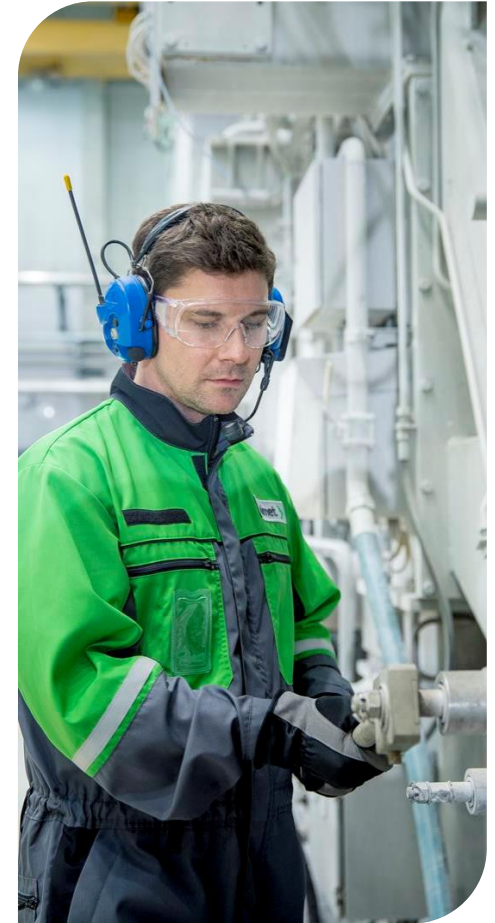


Appendix

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

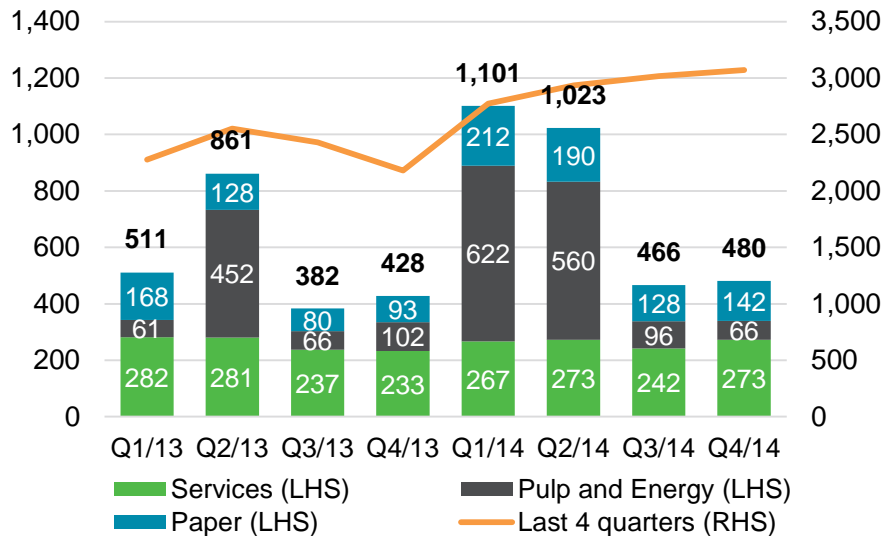
Date	Description	Business line	Country	Value
Jul 2	Advantage DCT 200 tissue line	Paper	Middle East	Not disclosed
Jul 8	Wood chipping plant	Pulp and Energy	Sweden	Around EUR 20 million
Aug 4	Advantage NTT line	Paper	USA	Not disclosed
Aug 15	Paper machine grade conversion rebuild	Paper	Thailand	Typically 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 during 2015

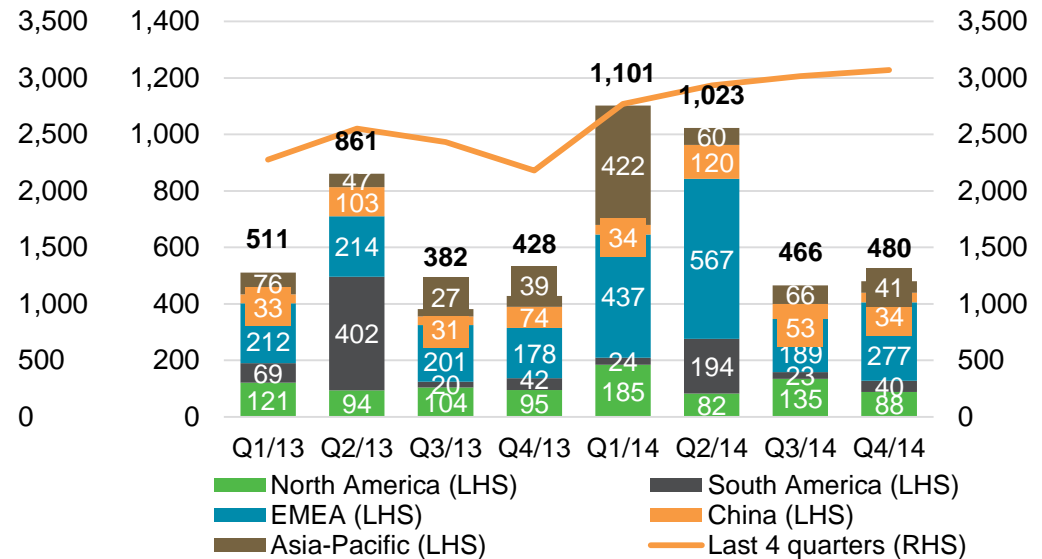
Date	Description	Business line	Country	Value
Jan 23	Key board machine solutions	Paper	China	Not disclosed
Feb 4	Flue-gas cleaning and condensation plant	Pulp and Energy	Finland	Around EUR 8 million
Feb 17	Equipment for fluff conversion project	Pulp and Energy, Paper	USA	Not disclosed
Mar 2	OptiConcept 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

Orders received exceeded EUR 3 billion in 2014

Orders received (EUR million),
by business line



Orders received (EUR million),
by area

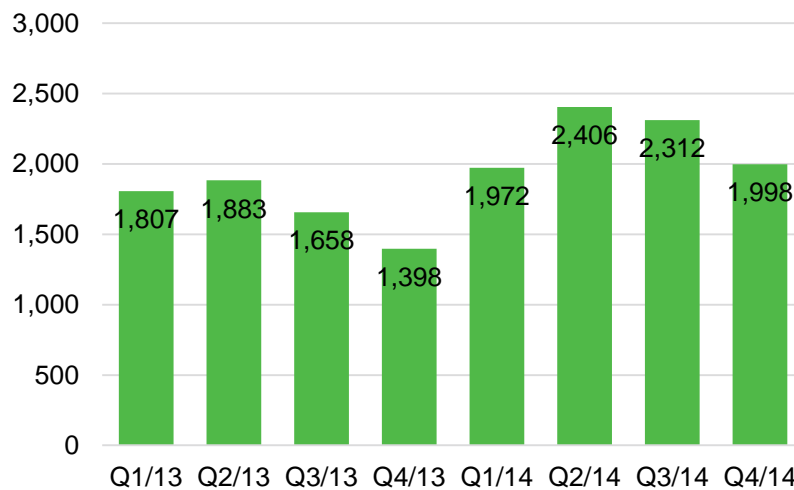


Development in Q4/2014 compared with Q4/2013:

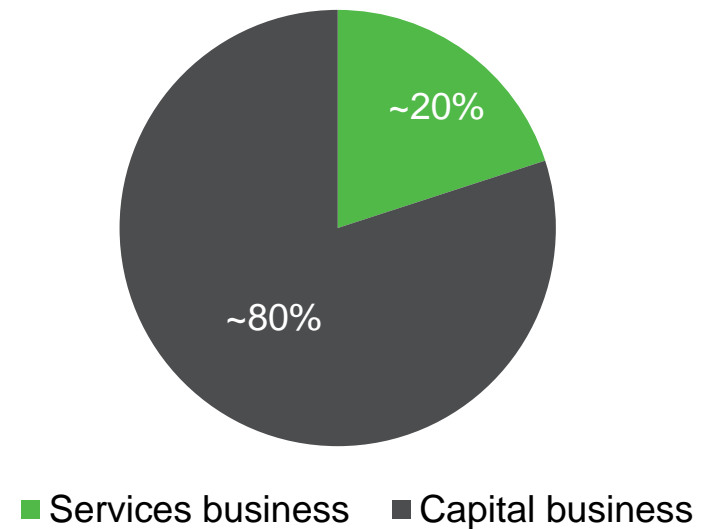
- Orders received increased in Services
- Orders received decreased in Pulp and Energy
- Orders received increased in Paper
- Orders received increased in EMEA and Asia-Pacific and decreased in China and North America

Order backlog approximately EUR 2 billion

Order backlog (EUR million)



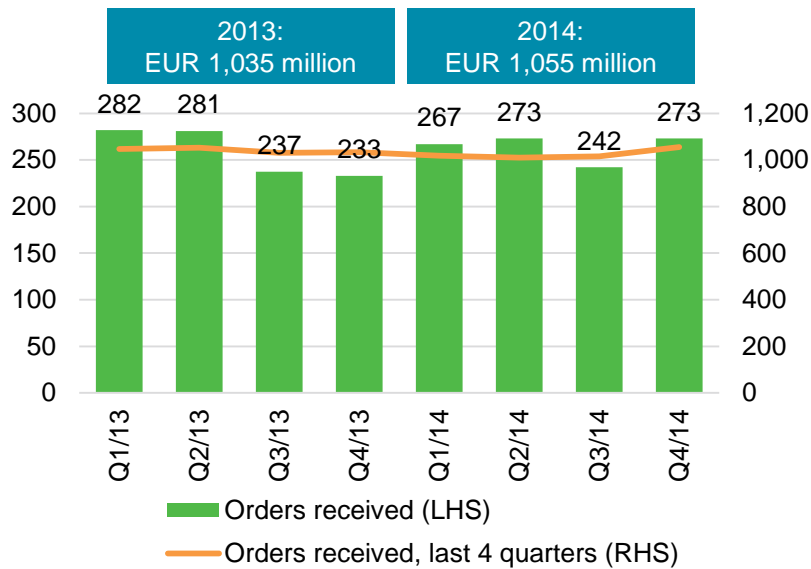
Structure of order backlog



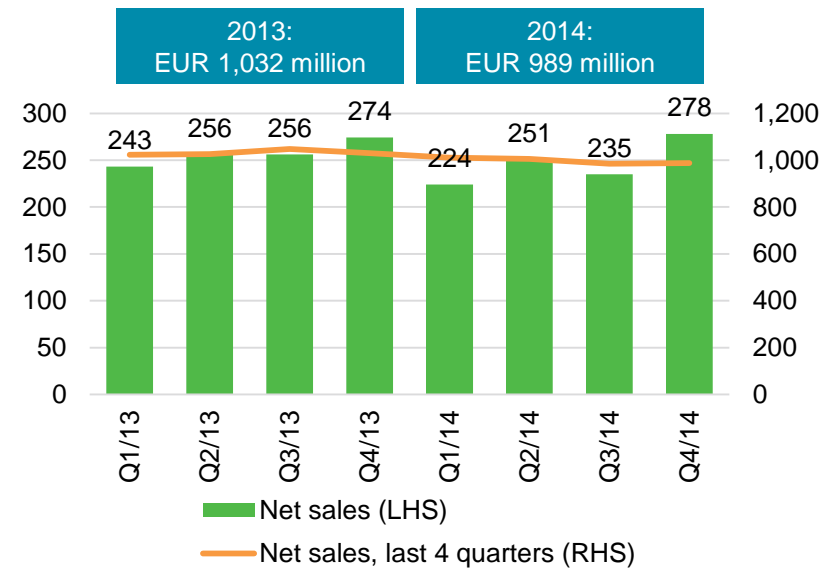
- Management estimates that ~80% of the order backlog will be recognized as net sales during 2015
- Approximately 20% of the order backlog relates to the Services business line

Services orders received stable in 2014, growth in Q4/2014

Orders received (EUR million)



Net sales (EUR million)

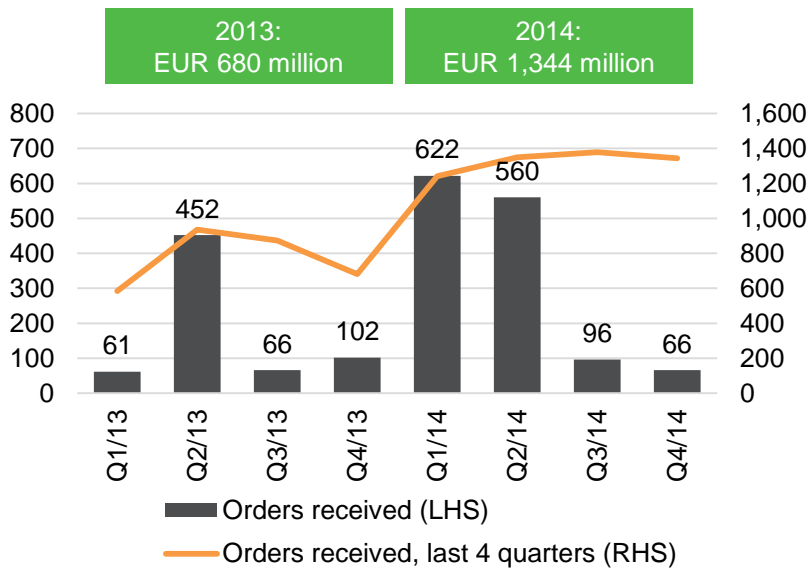


- Services orders received increased compared with Q4/2013
 - Orders received increased in all areas, especially in North America
 - Orders received increased in the Energy and Environmental, Mill Improvements, and Performance Parts business units, and remained on a par with the comparison period in Rolls, and Fabrics business units
- Orders received stable in 2014 compared with 2013
- Net sales stable compared with Q4/2013

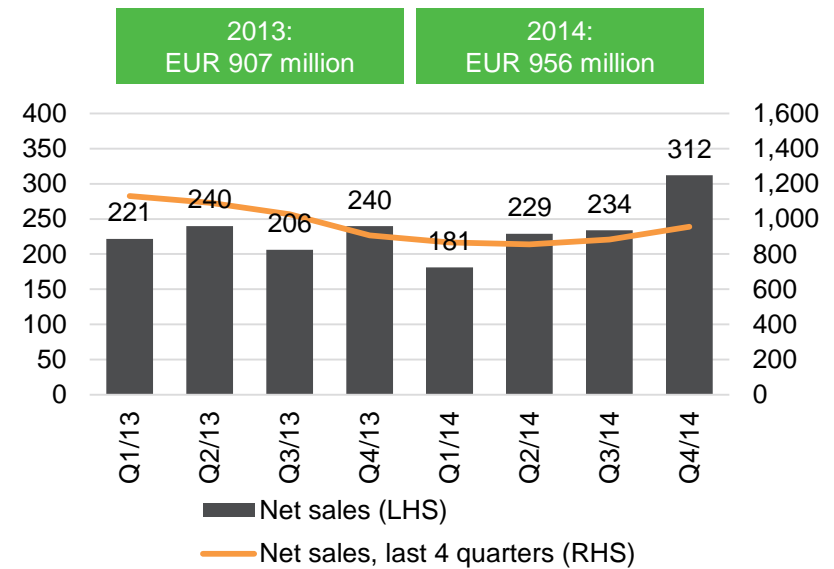


Pulp and Energy orders received almost doubled in 2014

Orders received (EUR million)



Net sales (EUR million)

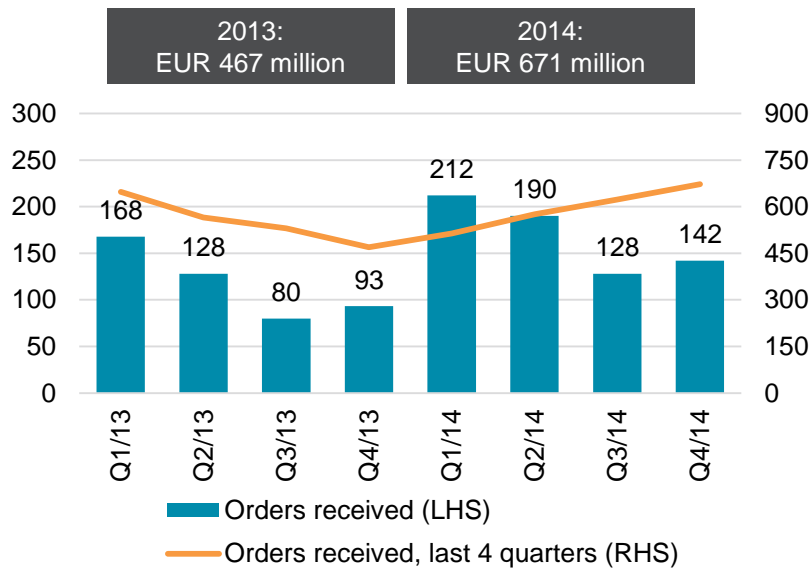


- Orders received decreased compared with Q4/2013
 - Orders received decreased in all areas
 - Orders received increased in Energy and decreased in Pulp
- Orders received almost doubled in 2014 compared with 2013
- Net sales increased compared with Q4/2013

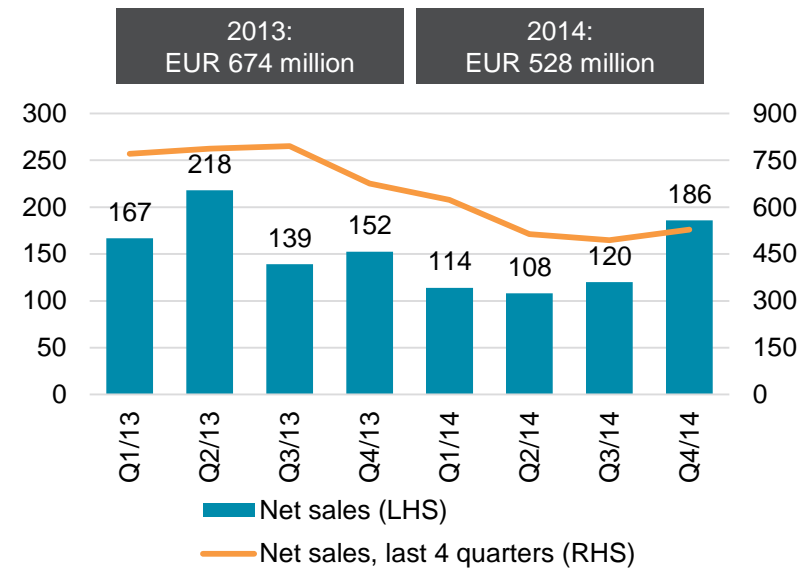


Paper orders received approximately EUR 670 million in 2014

Orders received (EUR million)



Net sales (EUR million)

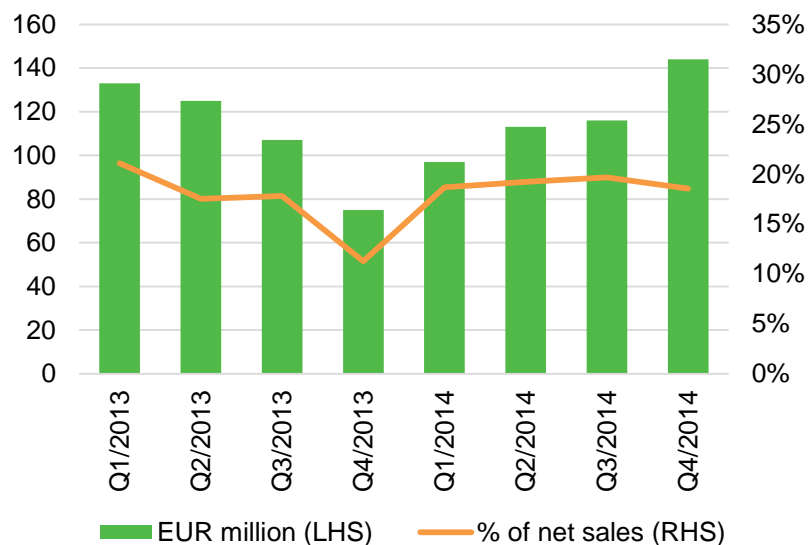


- Orders received increased compared with Q4/2013
 - Orders received increased in EMEA and decreased in China, North America and Asia-Pacific
 - Orders received increased in Board and Paper, and remained on a par with Q4/2013 in Tissue
- Orders received increased in 2014 compared with 2013
- Net sales increased compared with Q4/2013

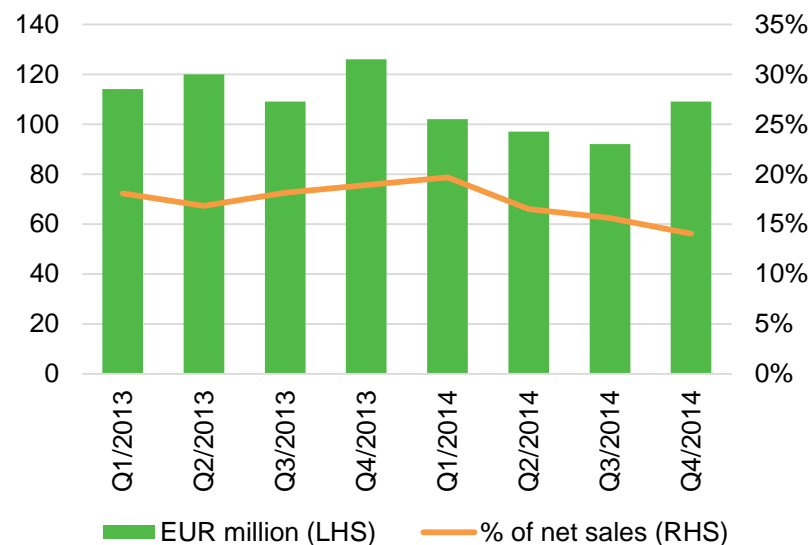


Good development in gross profit – SG&A at a normalized level

Gross profit (EUR million and % of net sales)

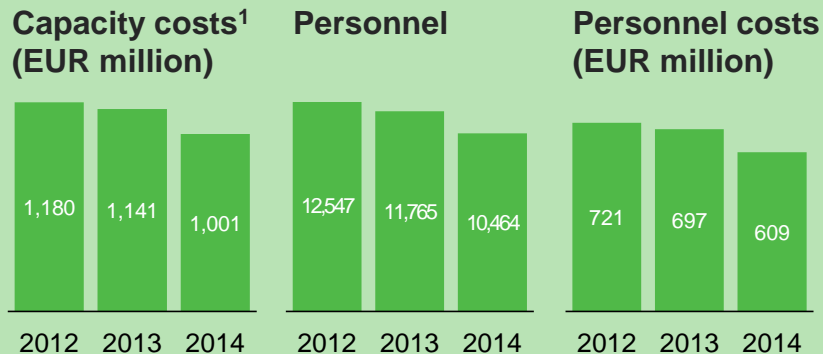


SG&A (EUR million and % of net sales)



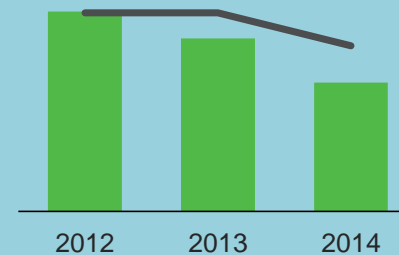
- Selling, general and administrative expenses (SG&A) at an annual level of approximately EUR 400 million
 - SG&A in relation to net sales decreased in every quarter of 2014
- Gross profit improved
- Further actions to improve gross profit through Must-Win implementation

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

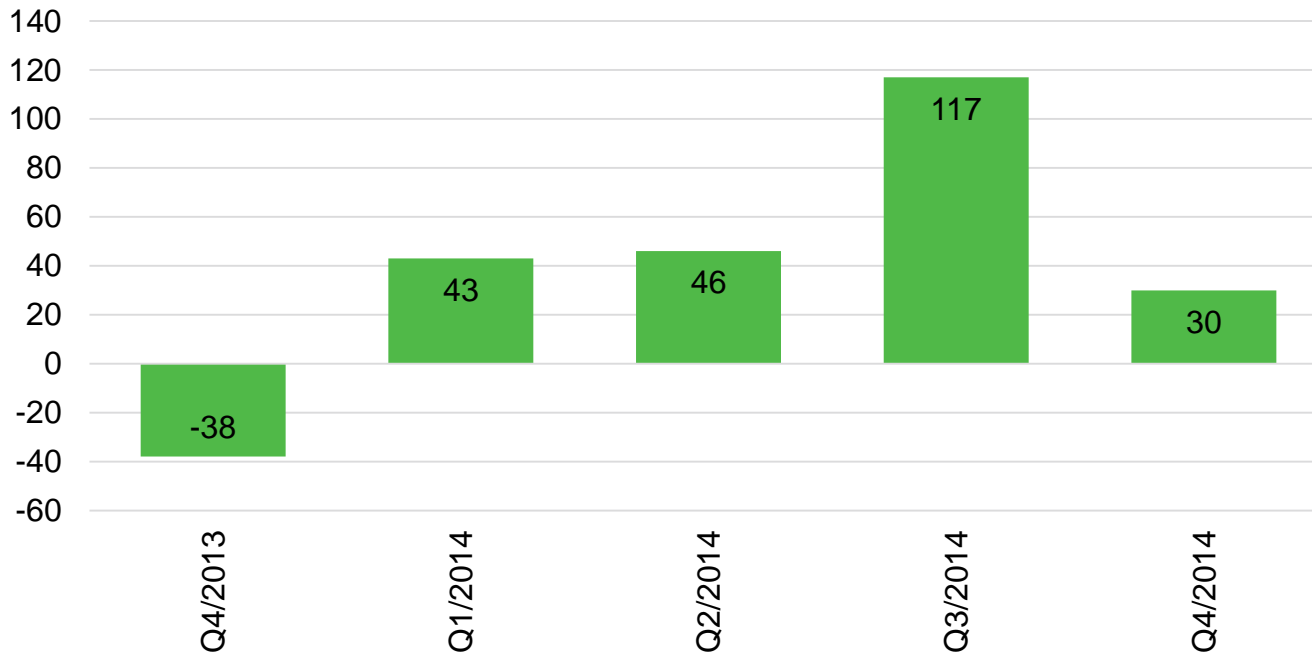
- Nurture shared values
- Drive high performance
- Continue globalization of our capabilities

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

Improve project and service margin	Reduce quality costs (by 50% by the end of 2016) and lead times	Savings in procurement (10% by the end of 2016)	Continue to improve cost competitiveness	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 competitiveness also after the EUR 100 million program	<ul style="list-style-type: none">• Focus on cost efficient design• Modularity and standardization 

Positive cash flow

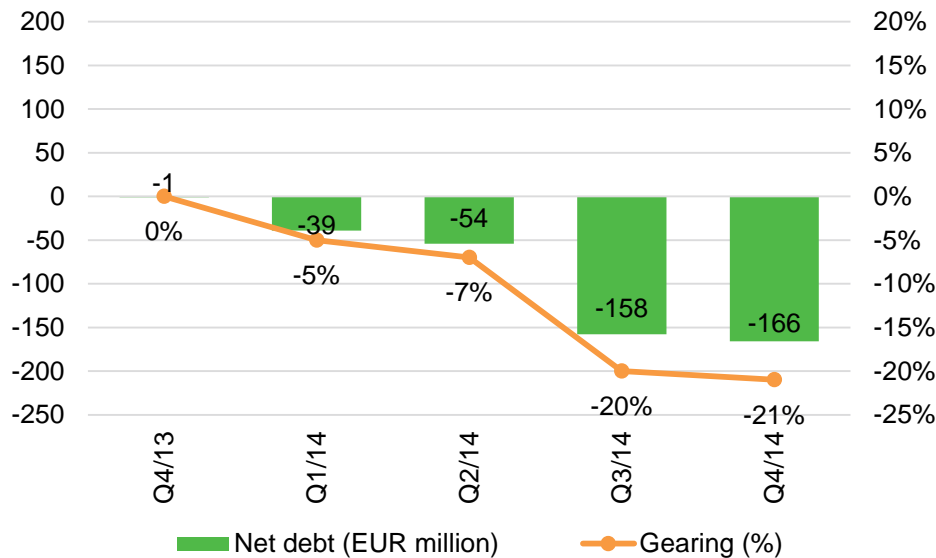
Cash flow provided by operating activities (EUR million)



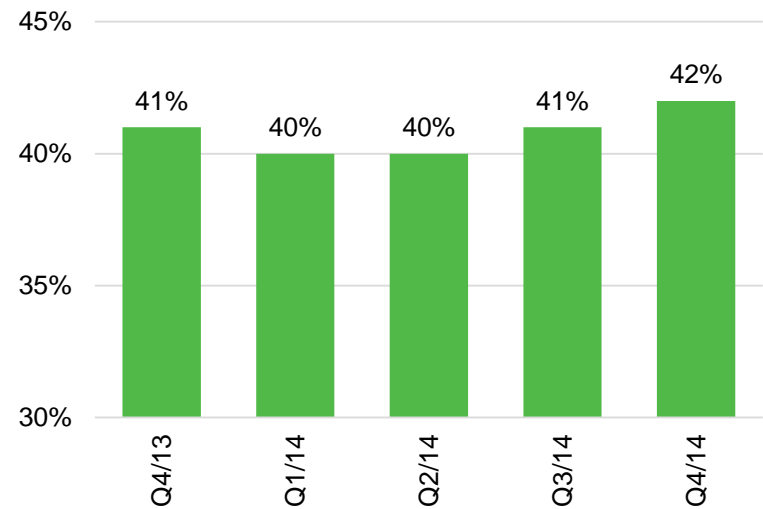
- At the end of 2014, net working capital was EUR -353 million
- CAPEX less than depreciation

Strong balance sheet with negative gearing

Net debt (EUR million) and gearing (%)



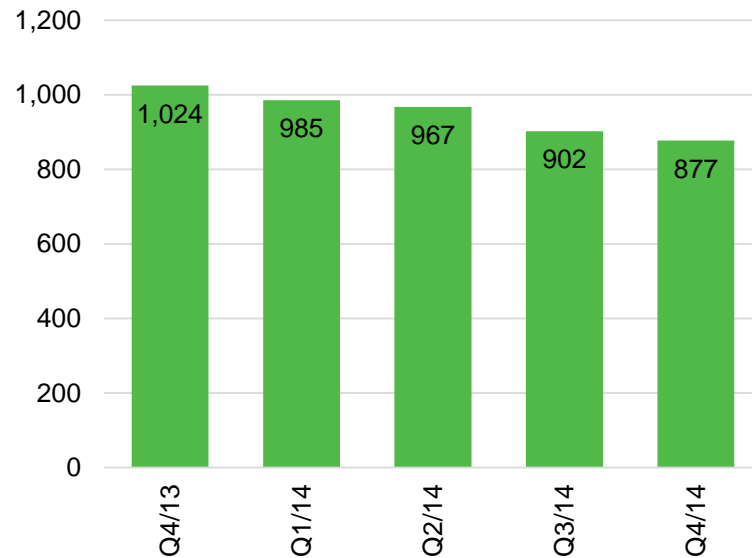
Equity to assets ratio (%)



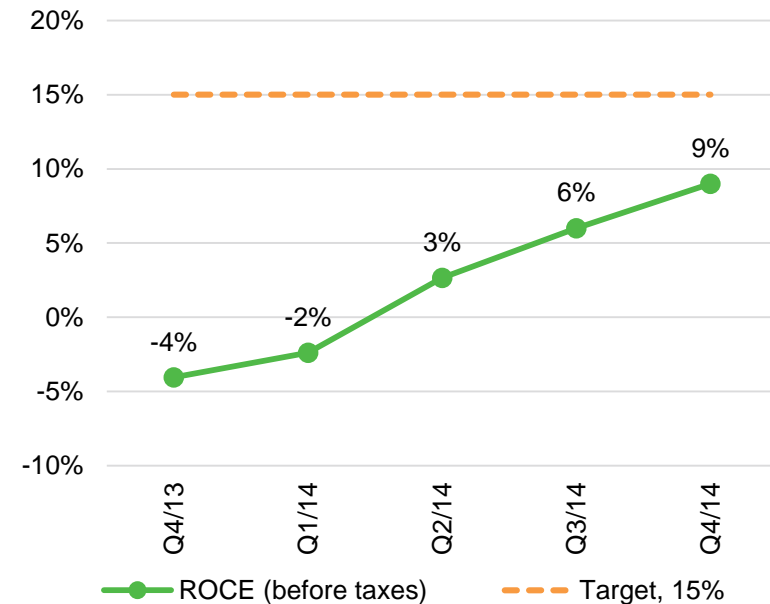
- Gearing -21% and net debt EUR -166 million

ROCE on improving trend

Capital employed (EUR million)



Return on capital employed (ROCE), before taxes¹ (%)

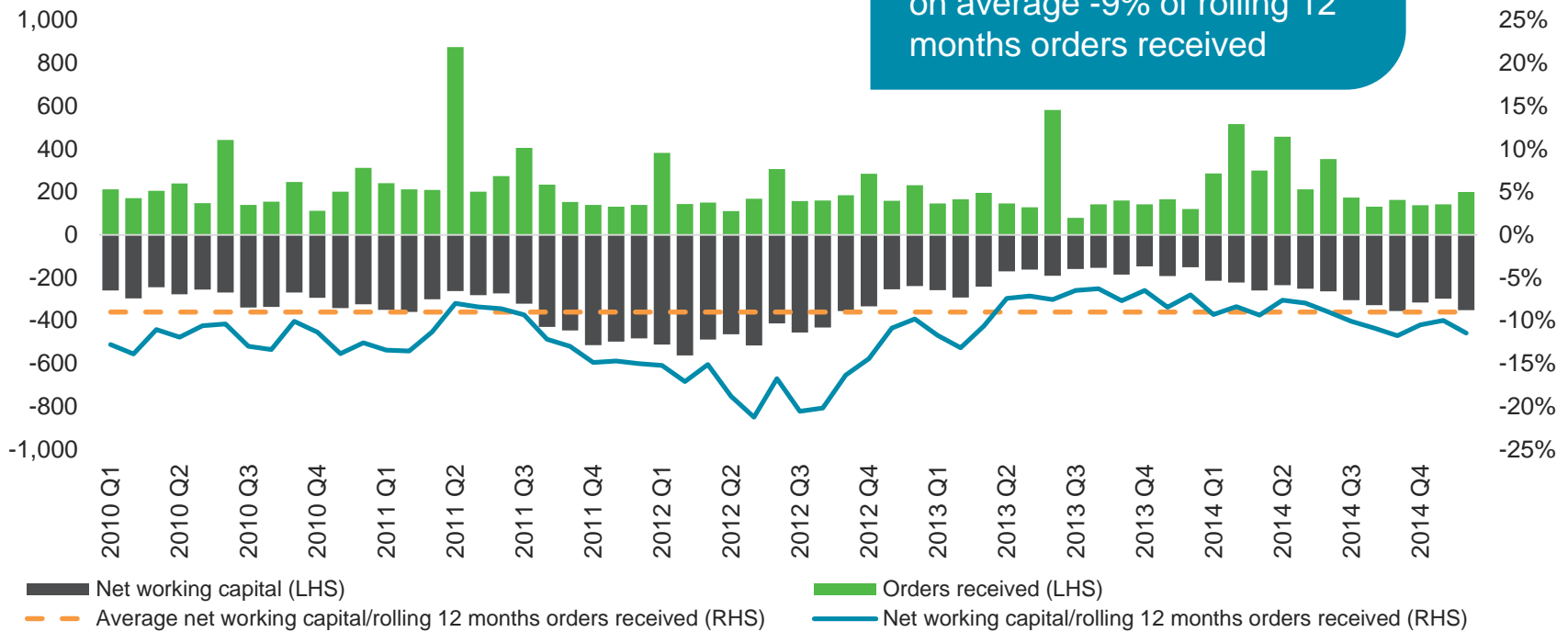


- Decrease in capital employed due to increase in trade and other payables and change in POC receivables and liabilities

1) Annualized year-to-date figures

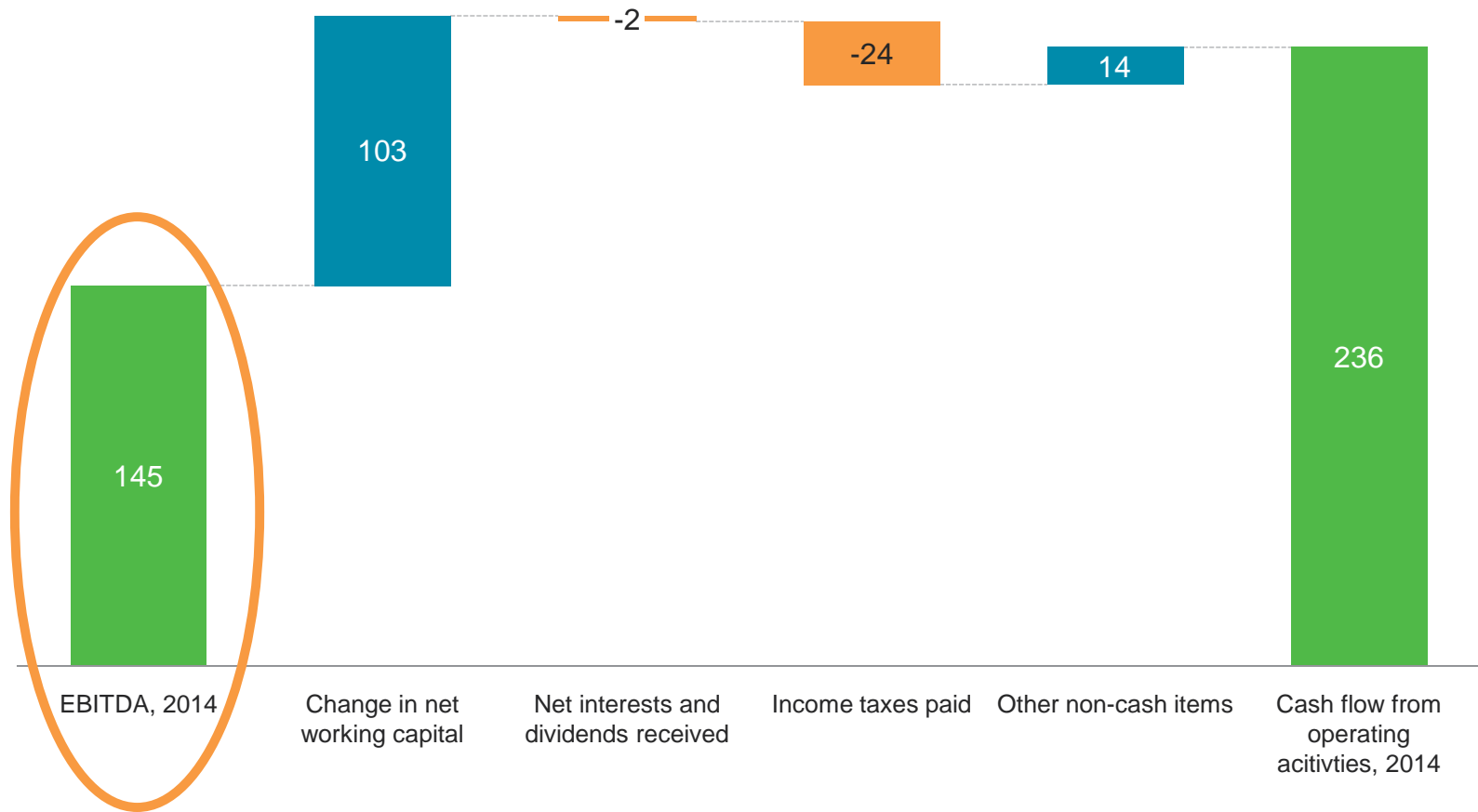
Strong development in net working capital in 2014

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



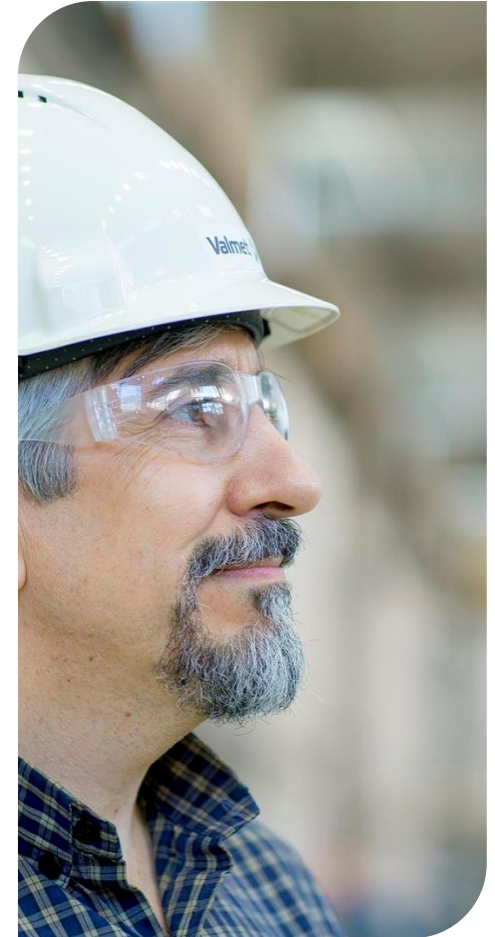
- Net working capital has always been negative
- Single big orders have a significant influence on variation of net working capital

Largest part of cash flow from EBITDA



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



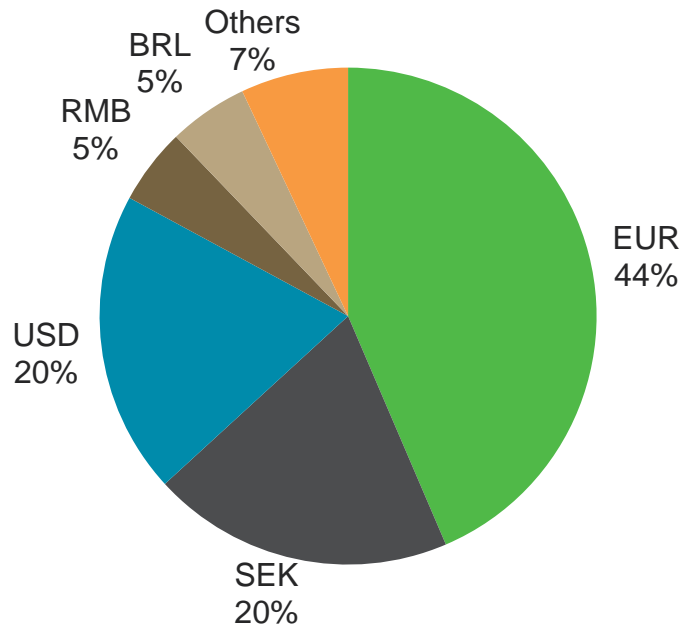
Foreign currency exposure

- 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

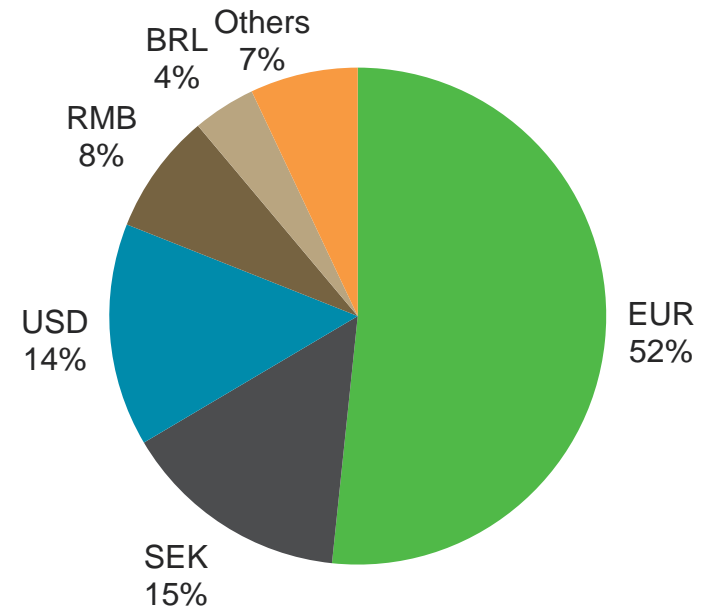


Split of net sales and costs per currency in 2014

Net sales by currency (2014)



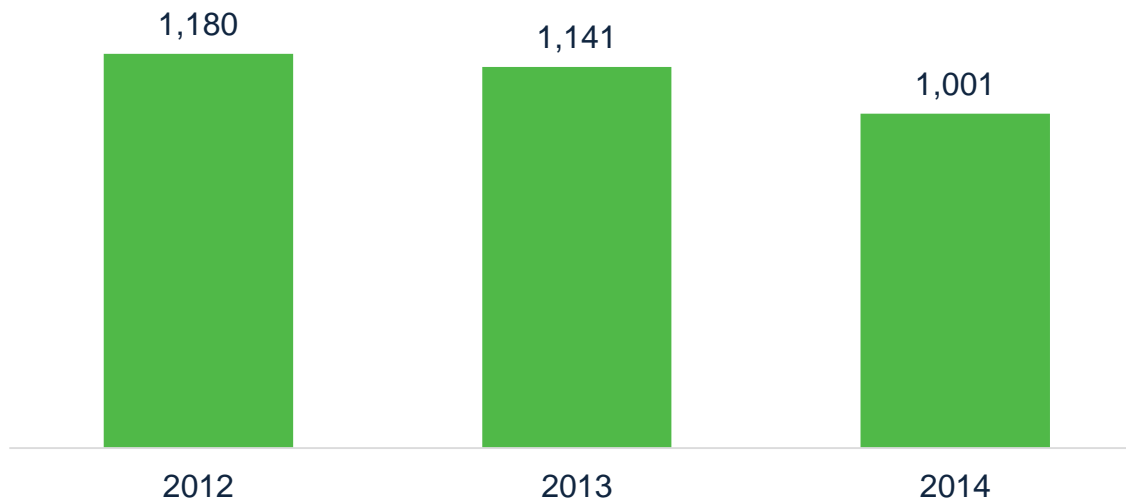
Costs by currency (2014)



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

Cost structure

Capacity costs (EUR million)



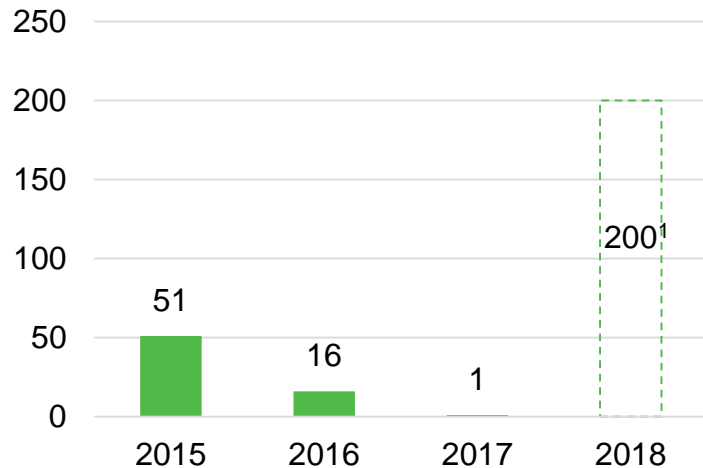
- Capacity costs have decreased in 2013 and 2014
- Savings program in 2013–2014 generated higher than planned capacity cost savings
- Capacity costs expected to be flat in 2015



Long-term financing

Amount of outstanding interest-bearing debt: EUR 68 million (Dec 31, 2014)

Maturity profile of interest-bearing debt (EUR millions)



1) EUR 200 million syndicated revolving credit facility, of which none is outstanding as of December 31, 2014.

- Average maturity of non-current loans is 3.2 years

Main financing sources

EUR 64 million EIB loan

- Maturing in: H2/2016

EUR 4 million other financing sources

Back-up facilities

EUR 200 million syndicated revolving credit facility

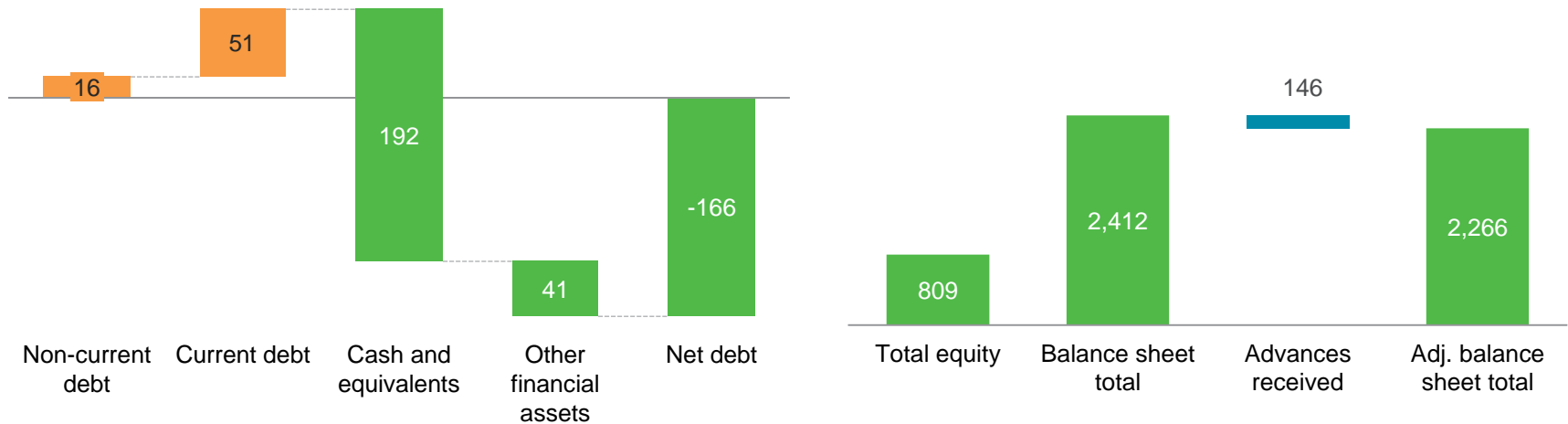
- None outstanding
- Maturity: December 2018

EUR 200 million domestic commercial paper program

- None outstanding

Strong balance sheet to support large orders

Financial position as of December 31, 2014 (EUR million)



Net debt



EUR -166 million

Gearing



-21%

Equity to assets ratio¹

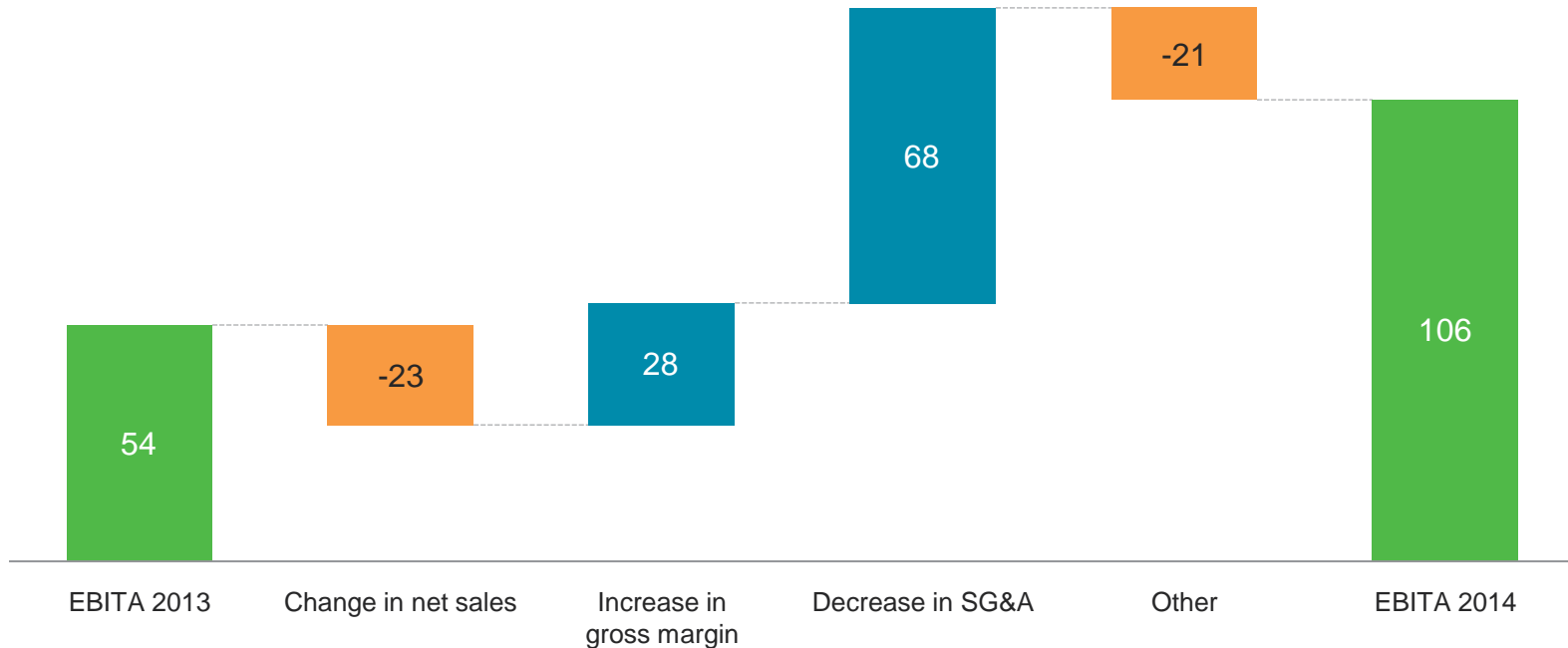


42%

- 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)

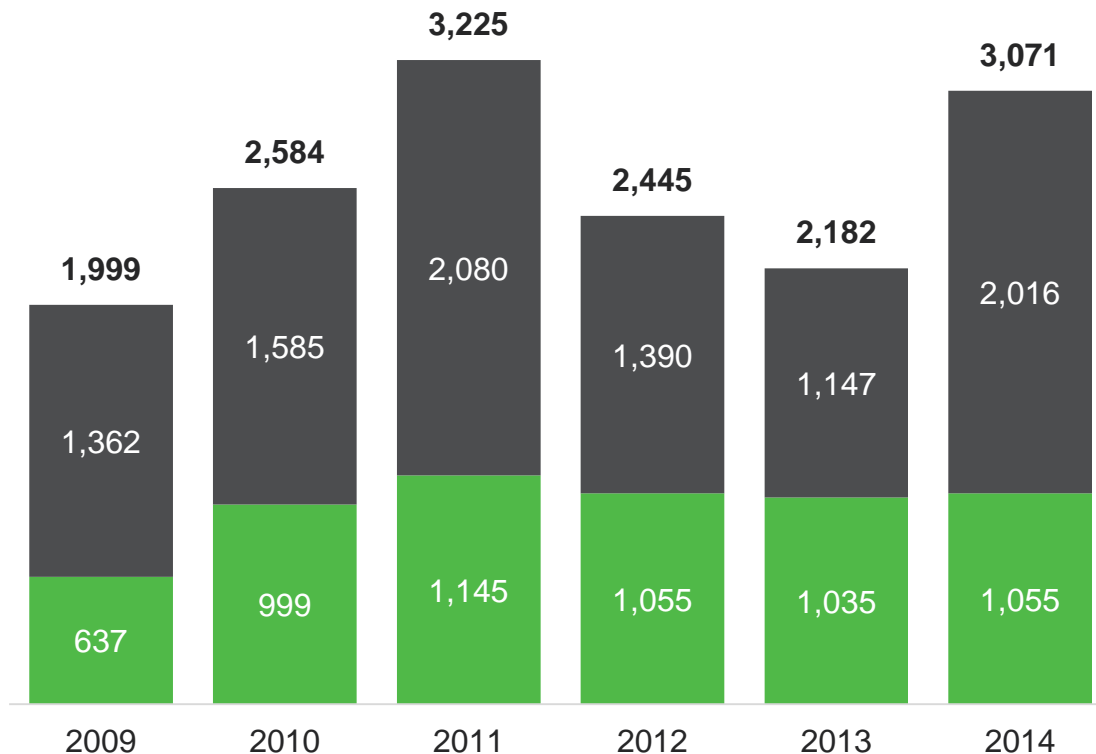
EBITA bridge 2013–2014



- The cost-savings program executed in 2013–2014 improved EBITA
 - Decrease in SG&As had the greatest impact on EBITA development in 2014
 - SG&As decreased by over 20 percent in Pulp and Energy, and Paper business lines
- In the future, the main effect on EBITA will come from increasing gross margin and Process Automation Systems business

High volatility in market activity

Orders received¹ (EUR million)



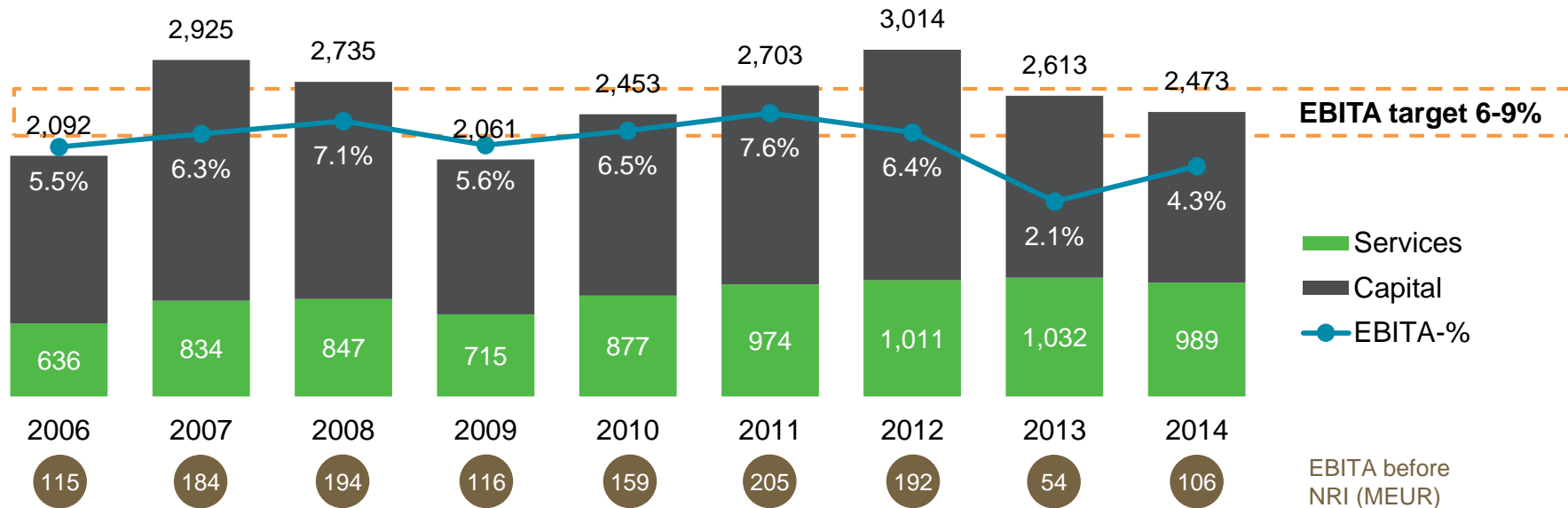
• Volatility in market activity is high in the capital business

■ 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

Revenue recognition

A significant amount of Valmet's revenues are derived from major, long-term contracts

- In accordance with its accounting principles, Valmet applies the percentage of completion ("POC") method for recognizing long-term delivery contracts where the signing of a sales contract (firm commitment) and the final acceptance of a delivery by the customer may take place in different financial periods.

Typical contract and project durations

Long-term service contract durations

Maintenance outsourcing: **6 years**
Fabrics and consumables: **3 years**

Pulp, energy and paper project durations

Pulp mill projects: **12–24 months**
Power plant projects: **12–24 months**
Paper business line projects: **12–24 months**

Key ratios

	2014	2013
		Carve-out
Earnings per share, EUR	0.31	-0.42 ¹
Diluted earnings per share, EUR	0.31	-0.42 ¹
Equity per share at end of period, EUR	5.36	5.39
Return on equity (ROE), % (annualized)	6%	-7% ²
Return on capital employed (ROCE) before taxes, % (annualized)	9%	-4%
Equity to assets ratio at end of period, %	42%	41%
Gearing at end of period, %	-21%	0%
Cash flow provided by operating activities, EUR million	236	-43
Cash flow after investments, EUR million	194	-97
Gross capital expenditure (excl. business acquisitions), EUR million	-46	-54
Business acquisitions, net of cash acquired, EUR million	-	-3
Depreciation and amortization, EUR million	-72	-82
Number of outstanding shares at end of period	149,864,220	149,864,619
Average number of outstanding shares	149,863,252	149,864,619
Average number of diluted shares	149,863,252	149,864,619
Net interest-bearing liabilities at end of period, EUR million	-166	-1

1) The earnings per share information was computed as if the shares issued in conjunction with the Demerger had been outstanding for the entire comparison period.

2) In calculating this key ratio, an adjustment of EUR 468 million has been made from 'Non-current debt, Metso Group' to 'equity' in order to reflect the conversion of Metso Svenska AB's non-current debt to Metso Group which took place in January 2013.

Consolidated statement of income

	Q4/2014	Q4/2013	Q1-Q4/ 2014	Q1-Q4/ 2013
		Carve-out		Carve-out
EUR million				
Net sales	777	666	2,473	2,613
Cost of goods sold	-633	-591	-2,004	-2,172
Gross profit	144	75	469	441
Selling, general and administrative expenses	-109	-126	-401	-469
Other operating income and expenses, net	3	-15	4	-32
Share in profits and losses of associated companies	0	0	0	1
Operating profit	38	-66	72	-59
Financial income and expenses, net	-1	3	-5	-5
Profit before taxes	36	-63	67	-64
Income taxes	-11	2	-21	2
Profit / loss	25	-61	46	-62
Attributable to:				
Owners of the parent	25	-61	46	-63
Non-controlling interests	0	0	0	1
Profit / loss	25	-61	46	-62
Earnings per share attributable to owners of the parent				
Earnings per share, EUR	0.17	-0.41 ¹	0.31	-0.42 ¹
Diluted earnings per share, EUR	0.17	-0.41 ¹	0.31	-0.42 ¹

1) The earnings per share information was computed as if the shares issued in conjunction with the Demerger had been outstanding for the entire comparison period.

Balance sheet as at December 31, 2014

Assets	As at December 31, 2014	As at December 31, 2013
EUR million		
Non-current assets		
Intangible assets		
Goodwill	446	443
Other intangible assets	91	107
Total intangible assets	537	550
Property, plant and equipment		
Land and water areas	22	21
Buildings and structures	132	137
Machinery and equipment	202	210
Assets under construction	25	21
Total property, plant and equipment	381	389
Financial and other non-current assets		
Investments in associated companies	5	5
Available-for-sale financial assets	9	3
Loan and other receivables	7	1
Derivative financial instruments	0	-
Deferred tax asset	86	80
Other non-current assets	14	8
Total financial and other non-current assets	121	97
Total non-current assets	1,040	1,036
Current assets		
Inventories	474	431
Receivables		
Trade and other receivables	445	436
Cost and earnings of projects under construction in excess of advance billings	192	159
Loan and other receivables	0	-
Available-for-sale financial assets	28	1
Derivative financial instruments	20	18
Income tax receivables	22	21
Total receivables	706	635
Cash and cash equivalents	192	211
Total current assets	1,372	1,277
Total assets	2,412	2,313

Balance sheet as at December 31, 2014

Equity and liabilities EUR million	As at December 31, 2014	As at December 31, 2013
Equity		
Share capital	100	100
Reserve for invested unrestricted equity	403	402
Cumulative translation adjustments	9	2
Fair value and other reserves	-3	5
Retained earnings	296	299
Equity attributable to owners of the parent	804	808
Non-controlling interests	5	5
Total equity	809	813
Liabilities		
Non-current liabilities		
Non-current debt	16	140
Post-employment benefits	144	103
Provisions	10	32
Derivative financial instruments	3	2
Deferred tax liability	22	29
Other non-current liabilities	1	1
Total non-current liabilities	195	307
Current liabilities		
Current portion of non-current debt	51	63
Current debt	-	8
Trade and other payables	740	673
Provisions	98	105
Advances received	146	139
Billings in excess of cost and earnings of projects under construction	327	176
Derivative financial instruments	30	8
Income tax liabilities	16	21
Total current liabilities	1,408	1,193
Total liabilities	1,603	1,500
Total equity and liabilities	2,412	2,313



Appendix

Process Automation Systems

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

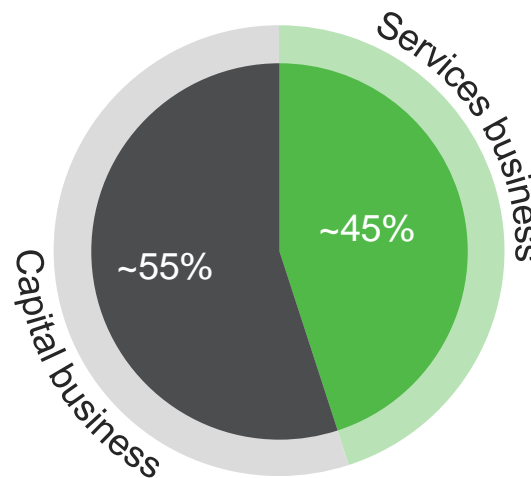
Net sales EUR 297 M
 Orders received EUR 336 M
 Employees ~1,600

EBITA margin historically approximately 10–12%

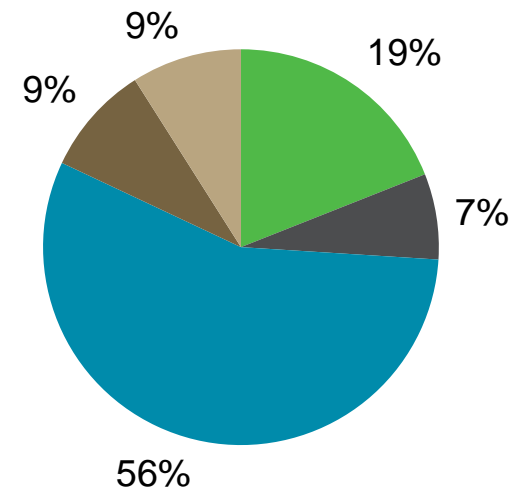
Position in Pulp and Paper

#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



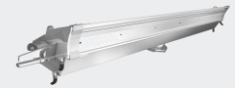
Quality Control System (QCS)

- 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

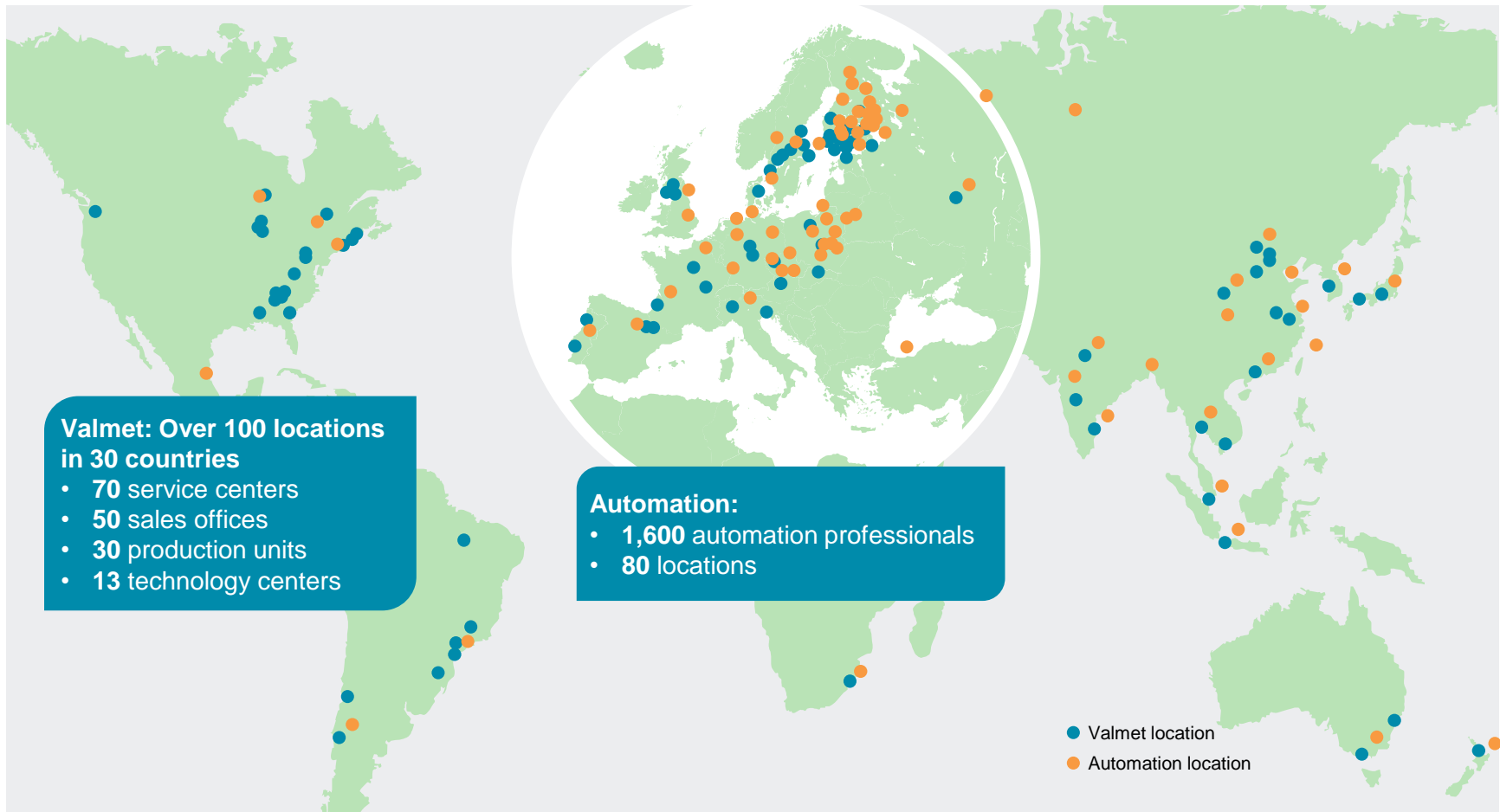


Performance solutions

- 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

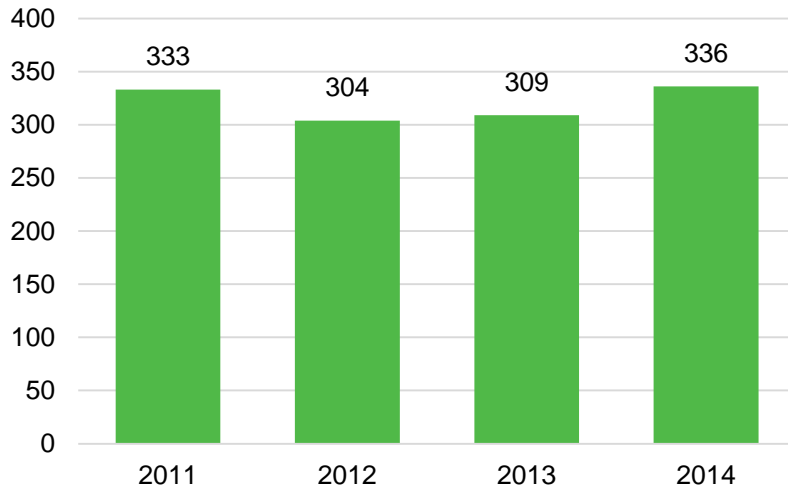
Source: Leading consulting firms, RISI, management estimates

Automation offering and market overview

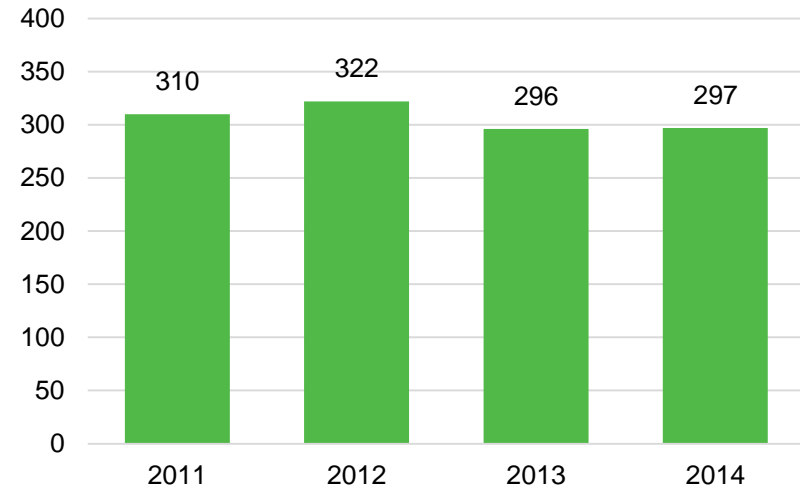
	Scope/product	Market size	Market position in pulp and paper	Main competitors
Distributed Control System (DCS) 	<ul style="list-style-type: none"> DCS for process and machines controls Condition monitoring Information management APC 	Pulp and paper DCS market: <ul style="list-style-type: none"> EUR 900 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

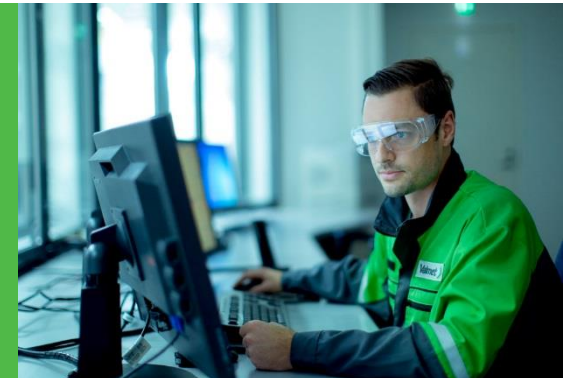


Net sales (EUR million)¹



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

Valmet will have a strong balance sheet also after the acquisition

- Process Automation Systems had net assets of approximately EUR 55 million on June 30, 2014
- Valmet will have a strong balance sheet also after the acquisition
- To illustrate, if the transaction would have taken place on September 30, 2014, Valmet's gearing would have been approximately 23% and equity ratio approximately 35%¹



1) Illustrative figures when Valmet and Process Automation Systems combined (based on 09/2014 figures).



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

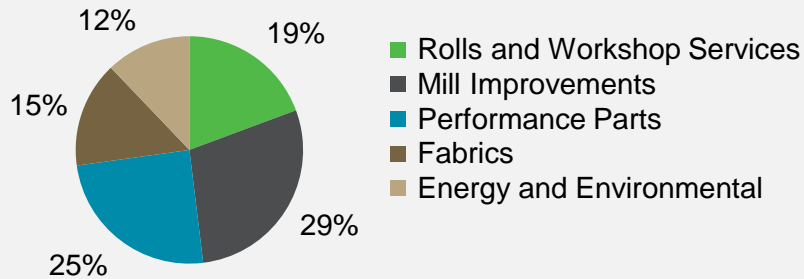
- Services for evaporation plants, power and recovery boilers, and environmental equipment

Net sales split, by business unit

Net sales split, business units (2014) >

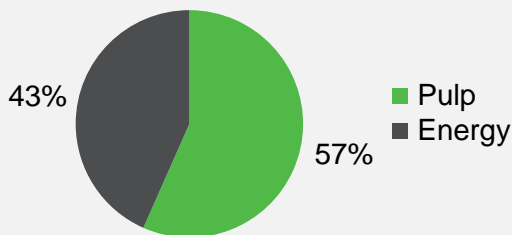
Services

(EUR 989 million)¹



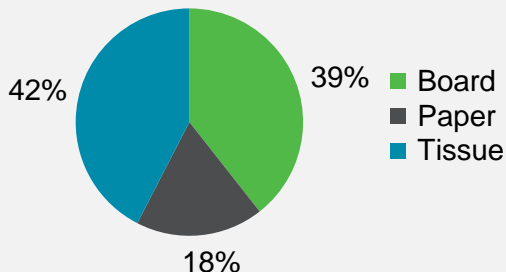
Pulp and Energy

(EUR 956 million)¹

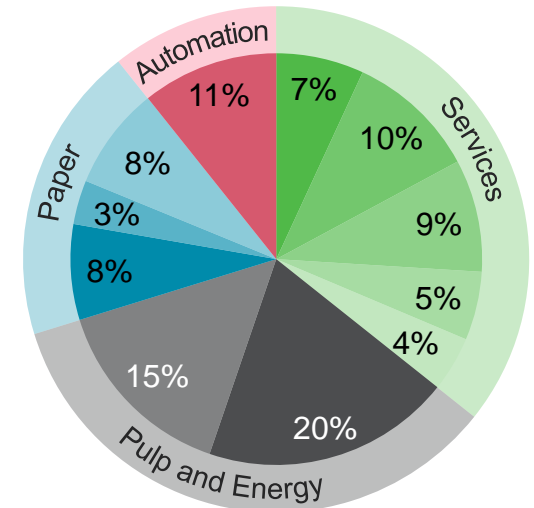


Paper

(EUR 528 million)¹



Net sales split, Valmet (2014)² >



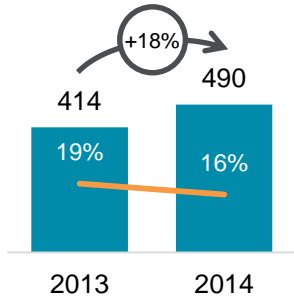
- Rolls and Workshop Services
- Mill Improvements
- Performance Parts
- Fabrics
- Energy and Environmental
- Pulp
- Energy
- Board
- Paper
- Tissue
- Automation

1) Net sales in 2014

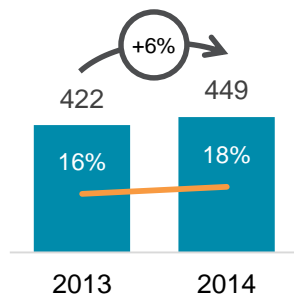
2) Illustrative net sales split when Valmet and Automation combined, 2014 figures

North America

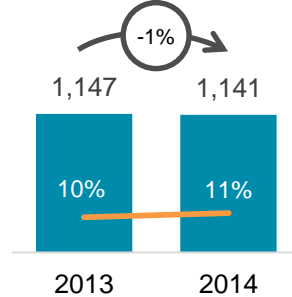
Orders received
(EUR million and % of total)



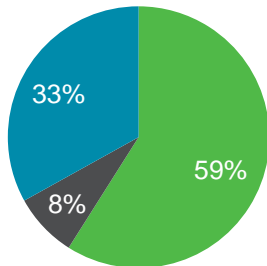
Net sales
(EUR million and % of total)



Employees
(number and % of total)

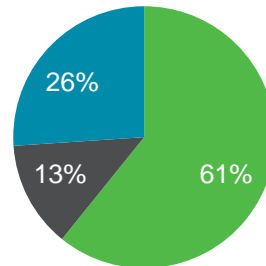


Orders received by
business line (2014)



■ Services ■ Pulp and Energy ■ Paper

Net sales by business line
(2014)



■ Services ■ Pulp and Energy ■ Paper

Recent orders received

Oct 7, 2014
Equipment for
evaporator train
upgrade, USA

Aug 18, 2014
OptiConcept M
board
production line,
USA

Feb 17, 2015
Equipment for
fluff conversion
project

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

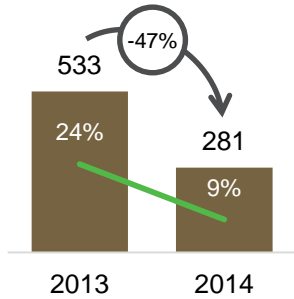
- Strong position and market share in Valmet's targeted technology businesses.
- Well established services business
- Key competitors Voith, Andritz and US services companies (Albany, Xerium, Kadant, GLV, Asten J.)

Actions for Valmet

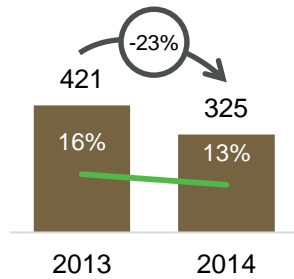
- Continue to develop and grow Valmet's Services business
- Make sure Valmet wins paper and tissue projects
- Strengthen Valmet's position in pulp rebuilds
- Commercialize biotechnology (lignoboost, pre-treatment and bio-coal)

South America

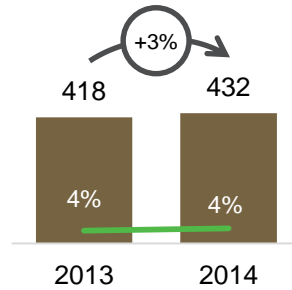
Orders received
(EUR million and % of total)



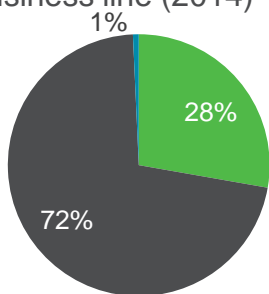
Net sales
(EUR million and % of total)



Employees
(number and % of total)

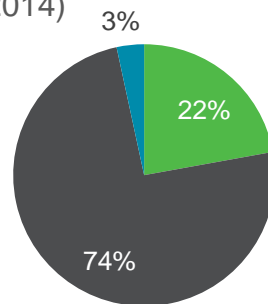


Orders received by
business line (2014)



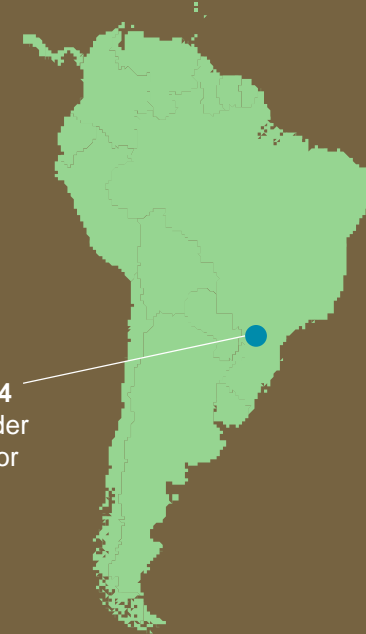
■ Services ■ Pulp and Energy ■ Paper

Net sales by business line
(2014)



■ Services ■ Pulp and Energy ■ Paper

Recent orders received



Dec 15, 2014
Finalized order agreement for pulp dryers, Brazil

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

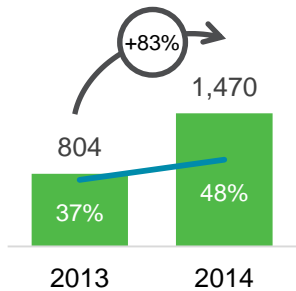
- Fierce competition in new pulp projects
- Strong competition with local and global players in all markets in Services, Paper and Energy
 - Local presence and solutions important

Actions for Valmet

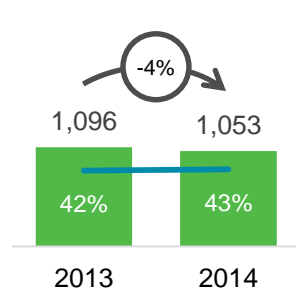
- Keep market share and improve the profitability and risk-return profile of large pulp projects
- Grow the services business by offering new products and service solutions
- Develop solutions and costs to compete in bioenergy plants.
- Further develop Valmet's local capabilities

EMEA

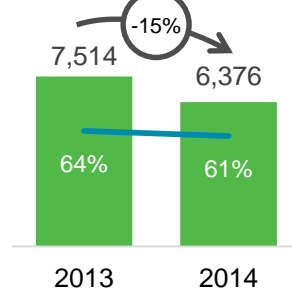
Orders received
(EUR million and % of total)



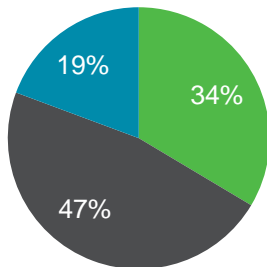
Net sales
(EUR million and % of total)



Employees
(number and % of total)

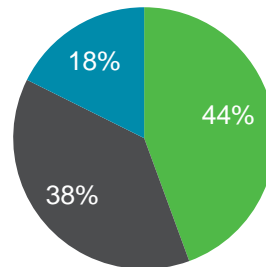


Orders received by
business line (2014)



■ Services ■ Pulp and Energy ■ Paper

Net sales by business line
(2014)



■ Services ■ Pulp and Energy ■ Paper

Recent orders received

Mar 3, 2015
Softwood line
rebuild,
Sweden

Mar 11, 2015
Biomass-based boiler
plant, Finland

Feb 4, 2015
Flue-gas
cleaning and
condensation
plant, Finland

Feb 13, 2015
Key
technology to
bioproduct
mill project
(LOI), Finland

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

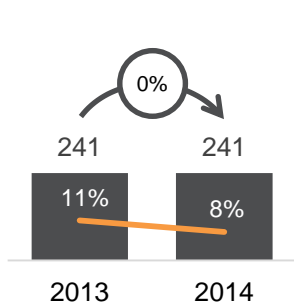
- Valmet has a strong position both in technology business and services
- Consolidation of smaller distressed players and increasing competition in mid-market
- Increased competition in past few years

Actions for Valmet

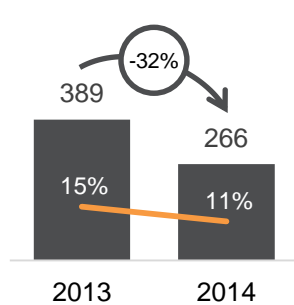
- Grow Services with Key Account Management agreement based business and new products. Strengthen pulp and power services
- Strengthen position in technology business: cost competitiveness and rebuild competences
- Commercialize new biotechnologies and expanding the served power market
- Localize selected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

China

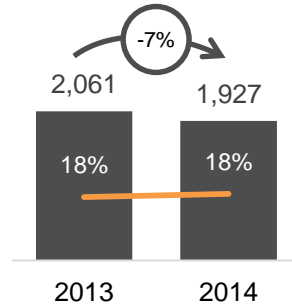
Orders received
(EUR million and % of total)



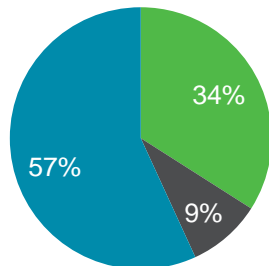
Net sales
(EUR million and % of total)



Employees
(number and % of total)

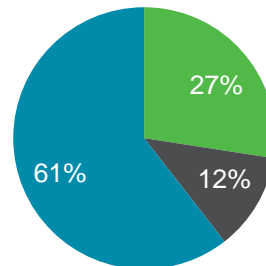


Orders received by
business line (2014)



■ Services ■ Pulp and Energy ■ Paper

Net sales by business line
(2014)



■ Services ■ Pulp and Energy ■ Paper

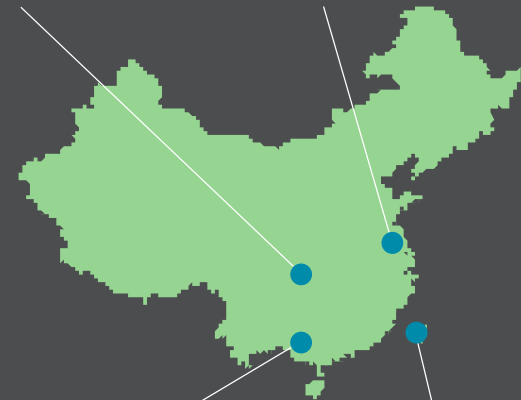
Recent orders received

Jan 23, 2015
Key board
machine
solutions, China

Oct 30, 2014
Advantage DCT
200HS tissue
line, China

May 5, 2014
Chemi-
mechanical pulp
and board
production lines,
China

Mar 2, 2015
OptiConcept M
containerboard
line, Taiwan



China

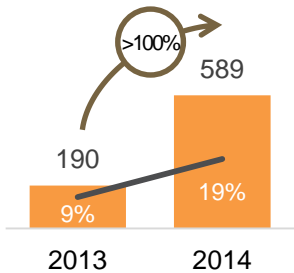
Paper market flat and Services growing, local low cost competition present



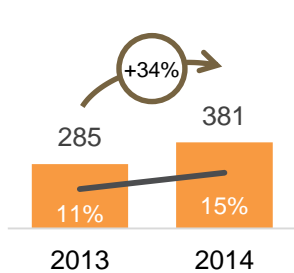
Market environment	Market position	Actions for Valmet
<ul style="list-style-type: none">• Capital project opportunities in board and tissue<ul style="list-style-type: none">- Investments in lower cost small and mid-sized machines.• Good services market with growth potential<ul style="list-style-type: none">- Increased capacity	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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

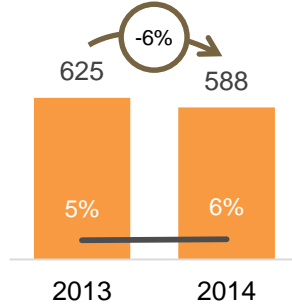
Orders received
(EUR million and % of total)



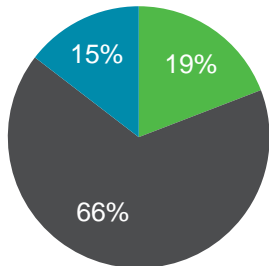
Net sales
(EUR million and % of total)



Employees
(number and % of total)

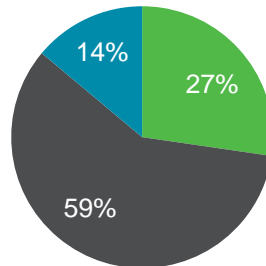


Orders received by
business line (2014)



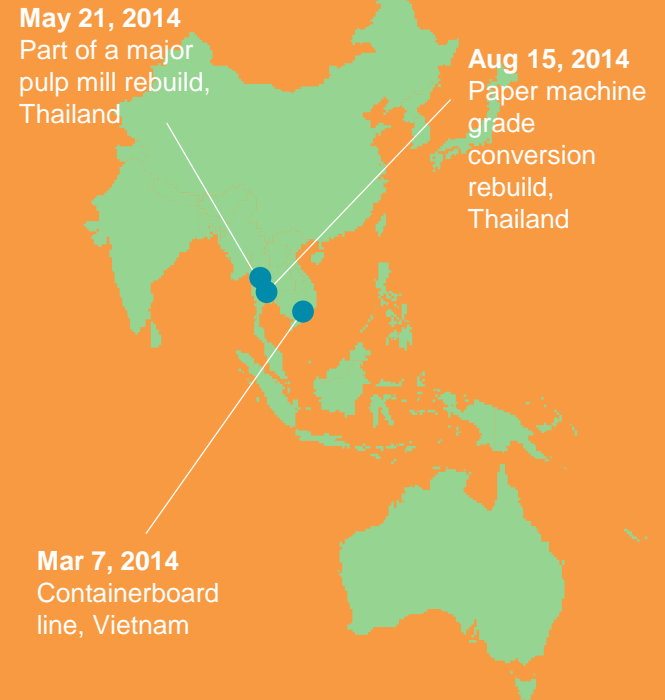
■ Services ■ Pulp and Energy ■ Paper

Net sales by business line
(2014)



■ Services ■ Pulp and Energy ■ Paper

Recent orders received



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

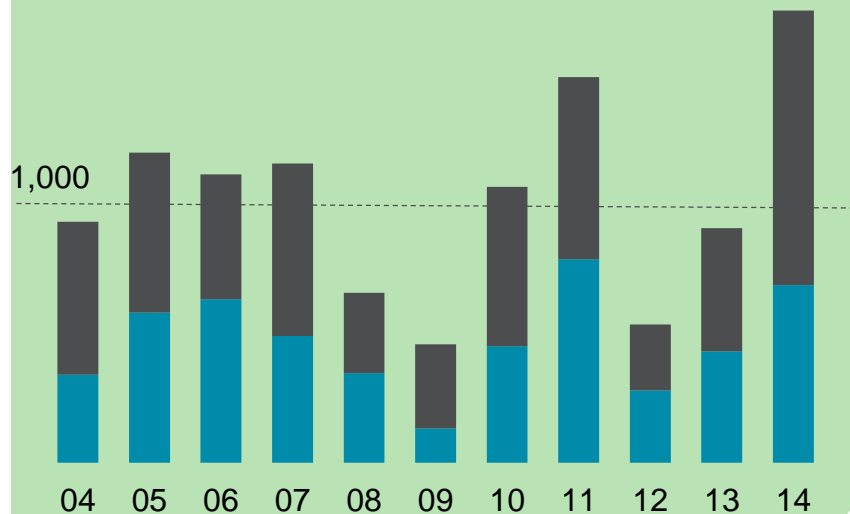
- Localize Services business to be more cost competitive and closer to customers: local offering and agreement business, local capabilities and new service centers
- New services center in Indonesia
- Develop technology business with local competences and improved cost competitiveness.
Board and paper: 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

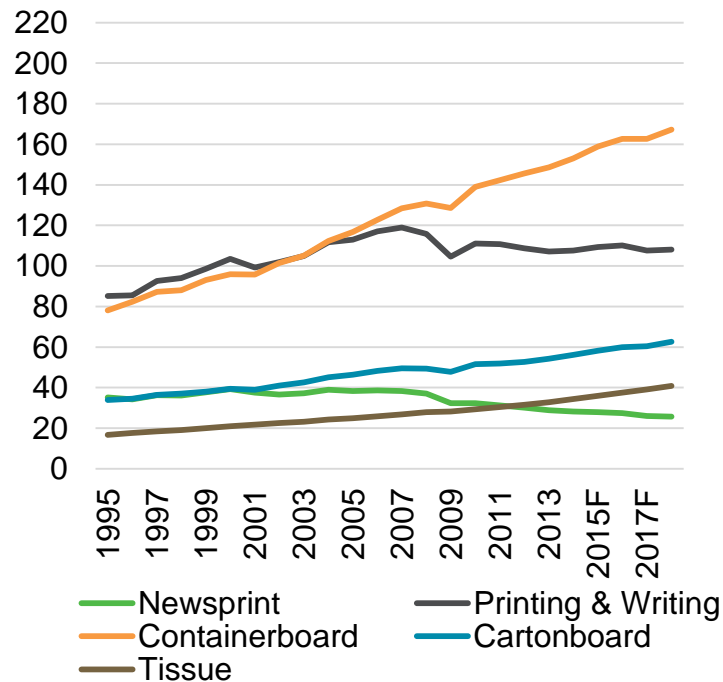
- Own capacity has been reduced during the last few years
- Capacity cost reduced 10% in 2014
- Capacity cost to net sales was 24% in 2014

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)

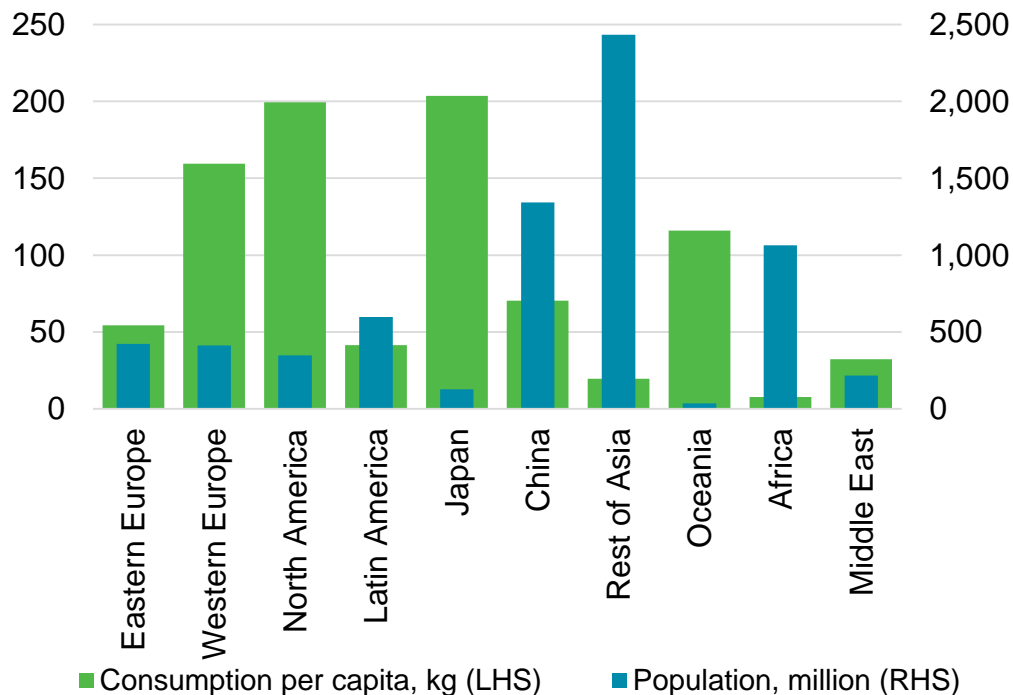


CAGR	2001-2014	2014-2018F
Containerboard	+3.7%	+2.2%
Printing & Writing	+0.6%	+0.1%
Cartonboard	+2.8%	+2.8%
Tissue	+3.6%	+4.5%
Newsprint	-2.1%	-2.4%

1) Source: RISI

Paper and board consumption growth trends

Paper and board consumption per capita vs. population¹



Population growth in emerging markets is larger than in developed markets

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

This offers us long-term growth potential

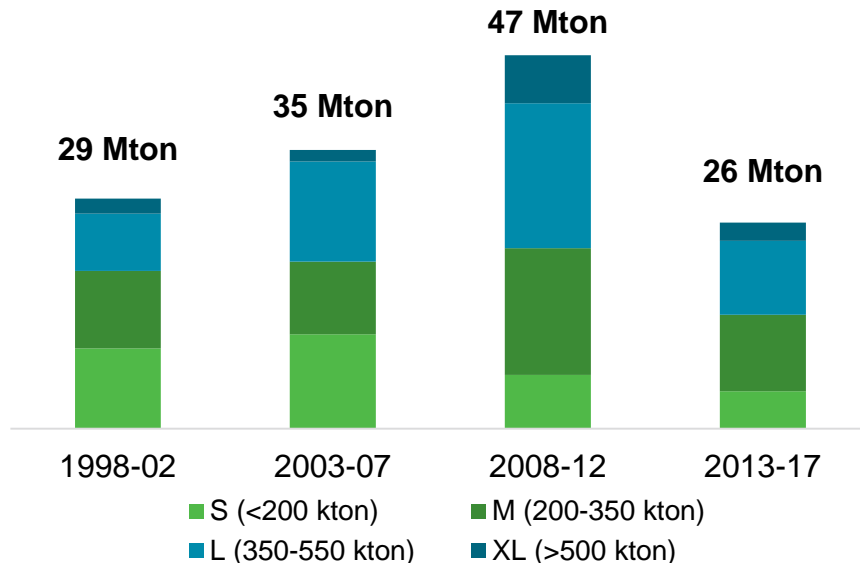
Average global consumption: 53 kg per capita

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

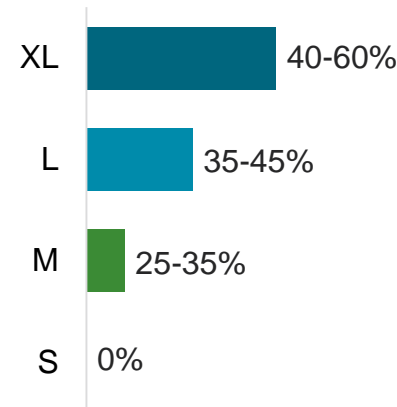
Demand has shifted more towards smaller paper and board machines

- 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



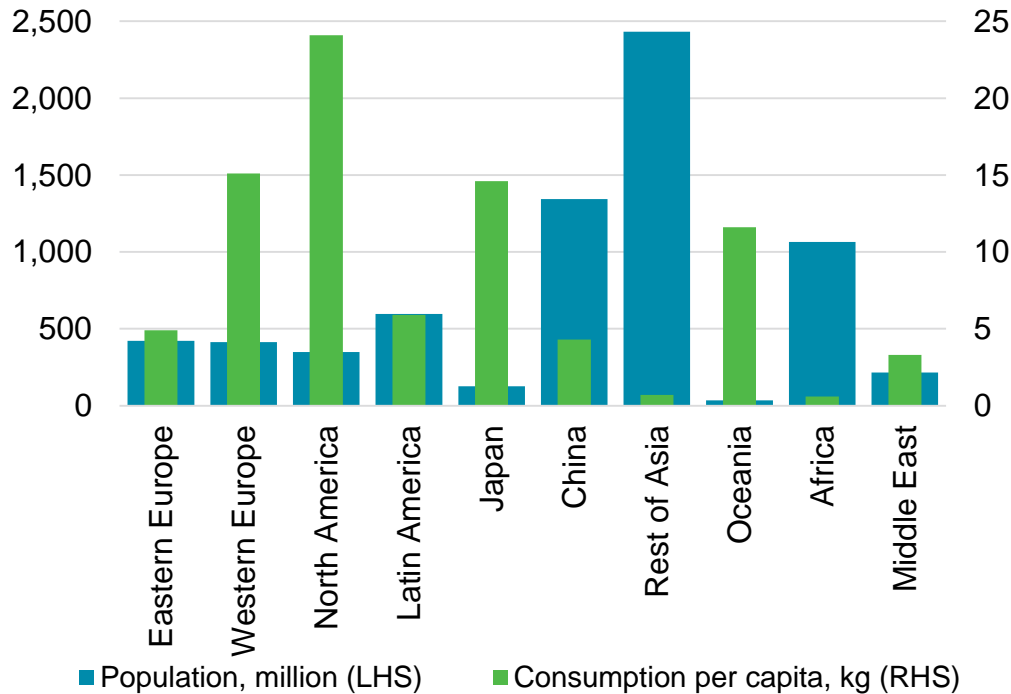
Competition is lower in larger machine sizes.

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

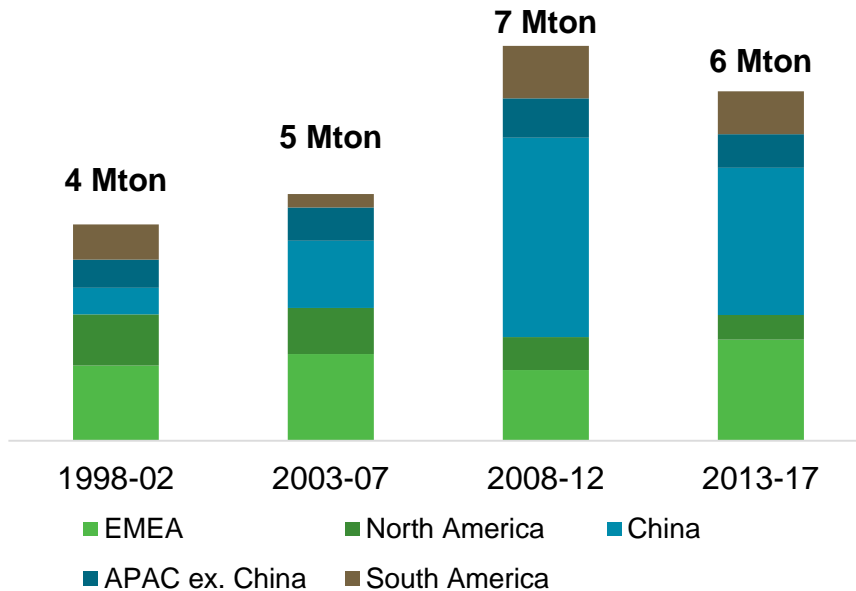
Offers us long-term growth potential in both developed and emerging markets

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

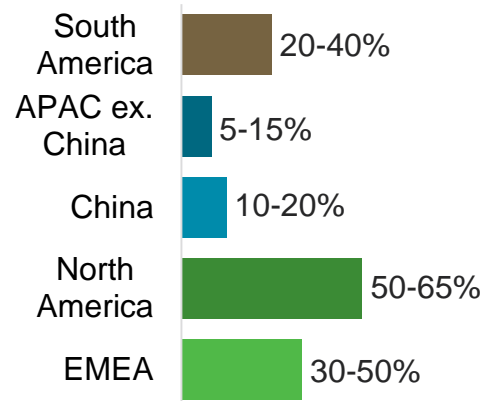
Tissue market growing long term

- 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



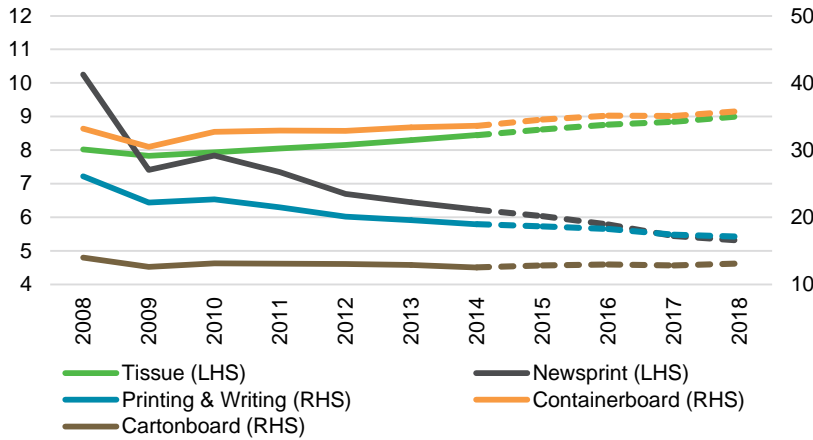
Number of competitors is low in the Americas and EMEA.

Smaller Chinese companies present in China and Asia.

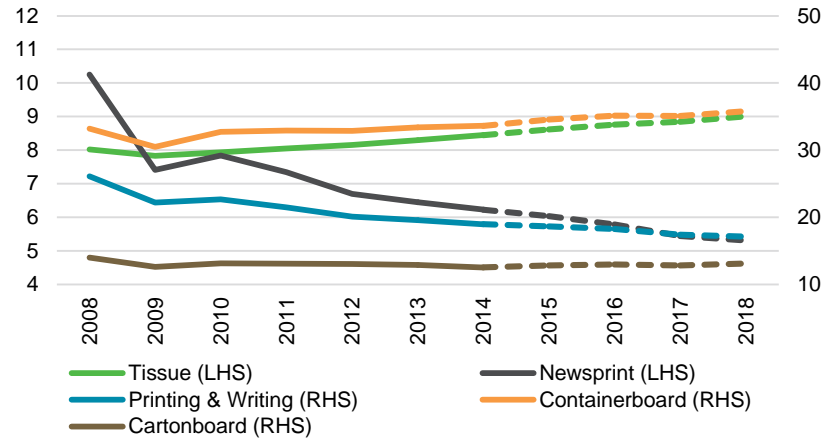
1) Source: Pöyry, Valmet

Paper, board, and tissue production trends

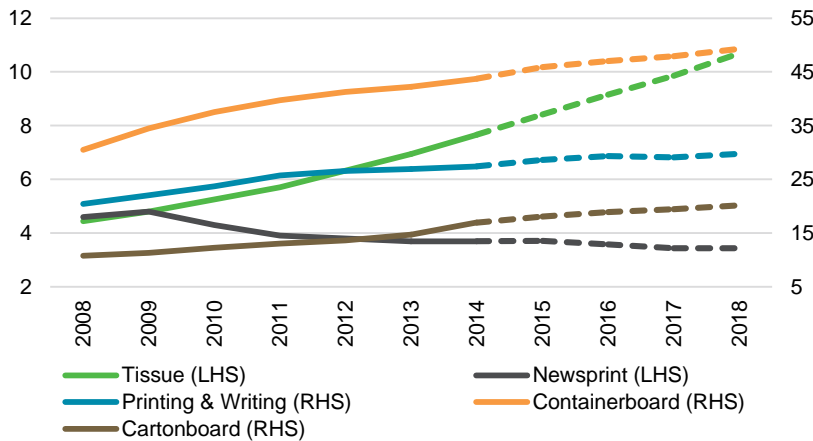
North America (million tonnes)



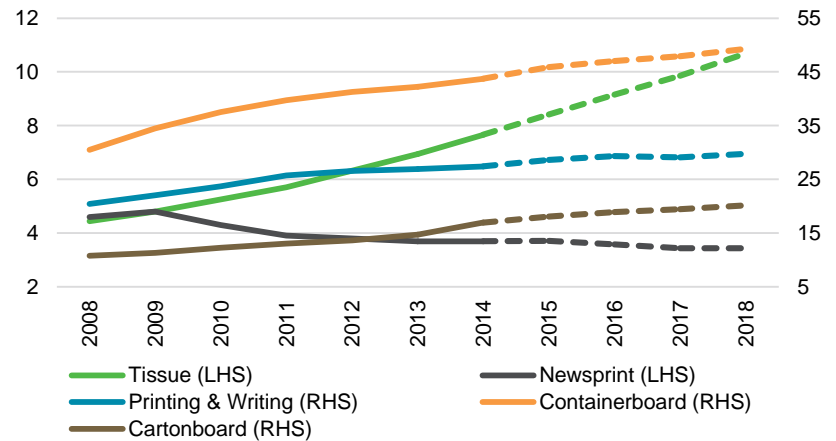
Europe (million tonnes)



China (million tonnes)



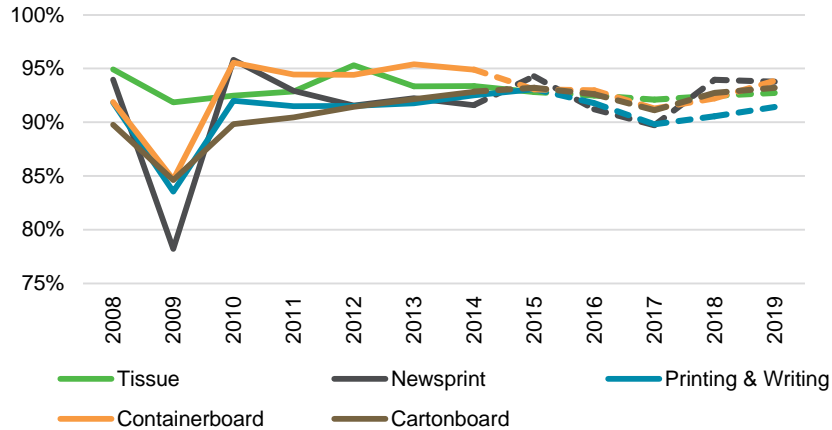
Asia-Pacific (million tonnes)



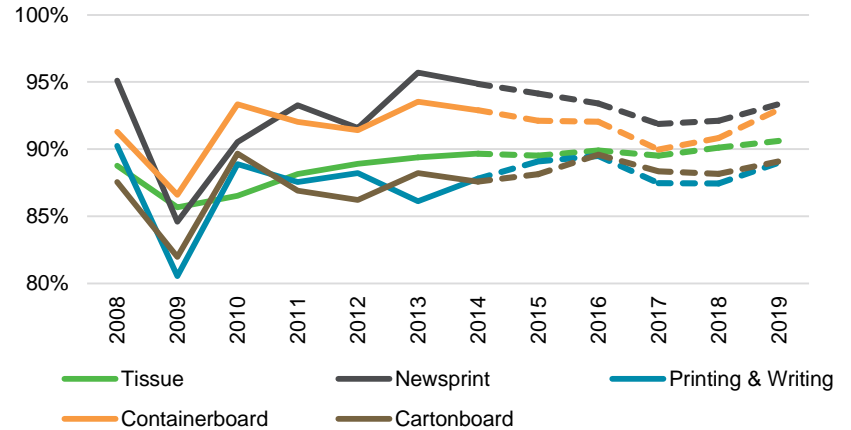
Source: RISI

Paper, board, and tissue operating rates

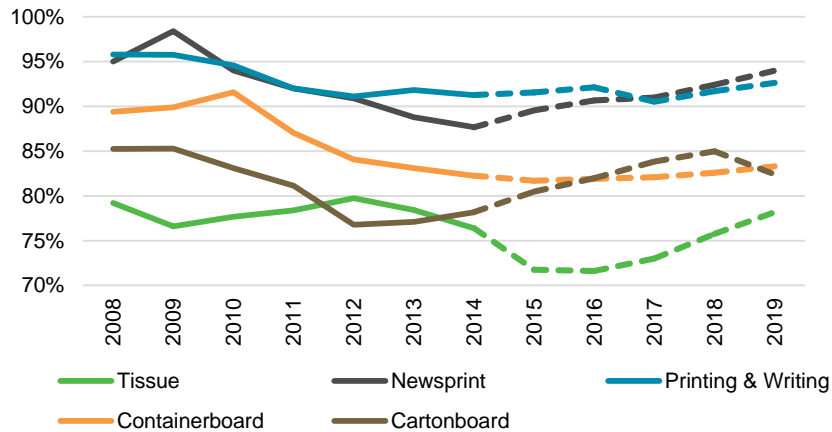
North America



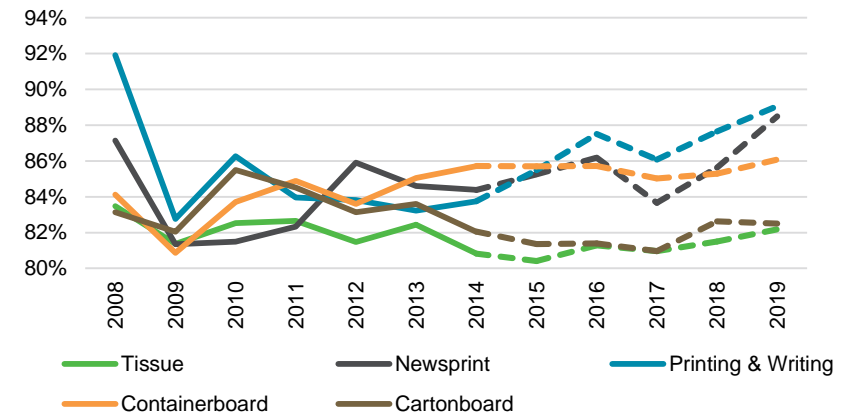
Europe



China

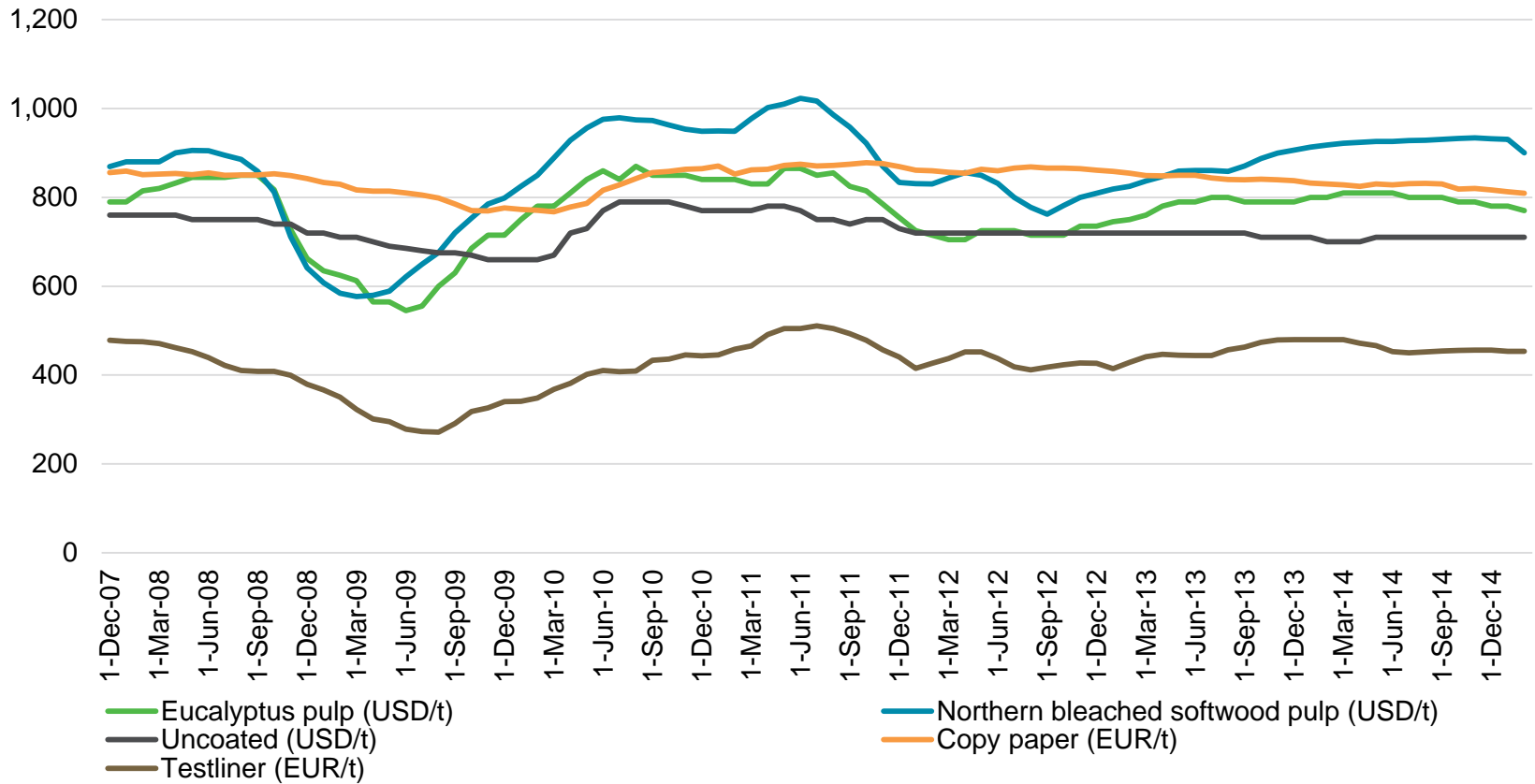


Asia-Pacific



Source: RISI

Pulp and paper price trends

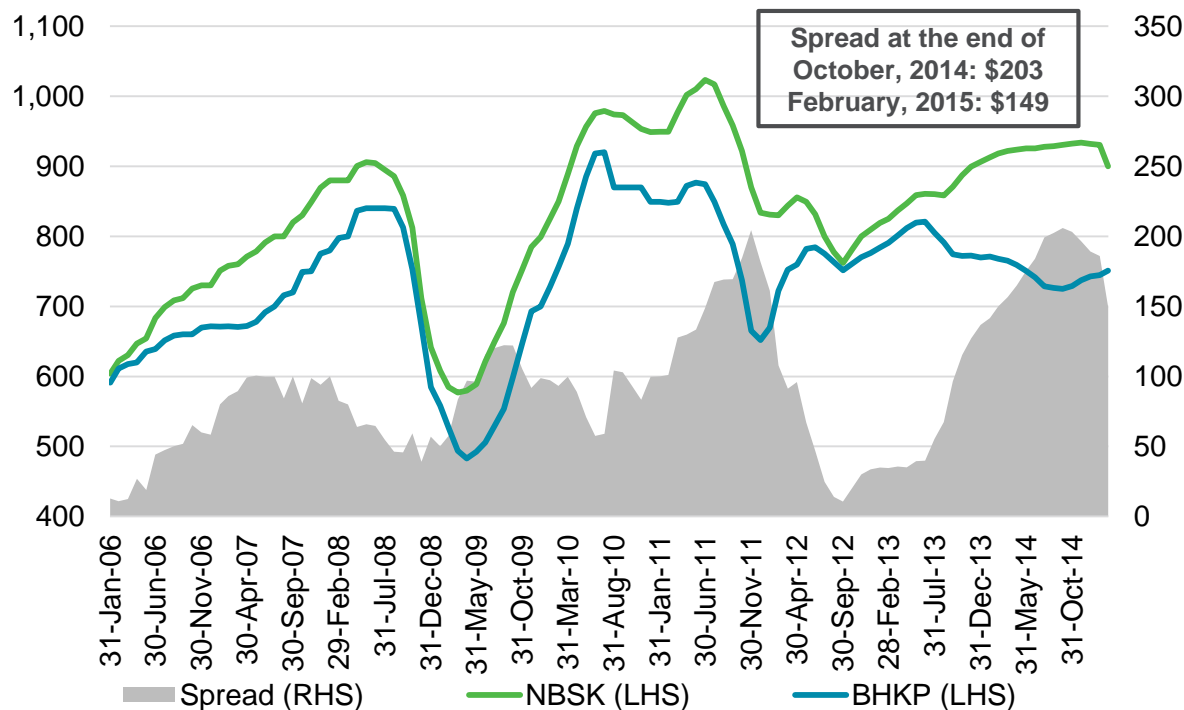


Source: Bloomberg

Historically large spread in pulp prices

- In the autumn of 2014, many pulp producers announced price hikes

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



NBSK

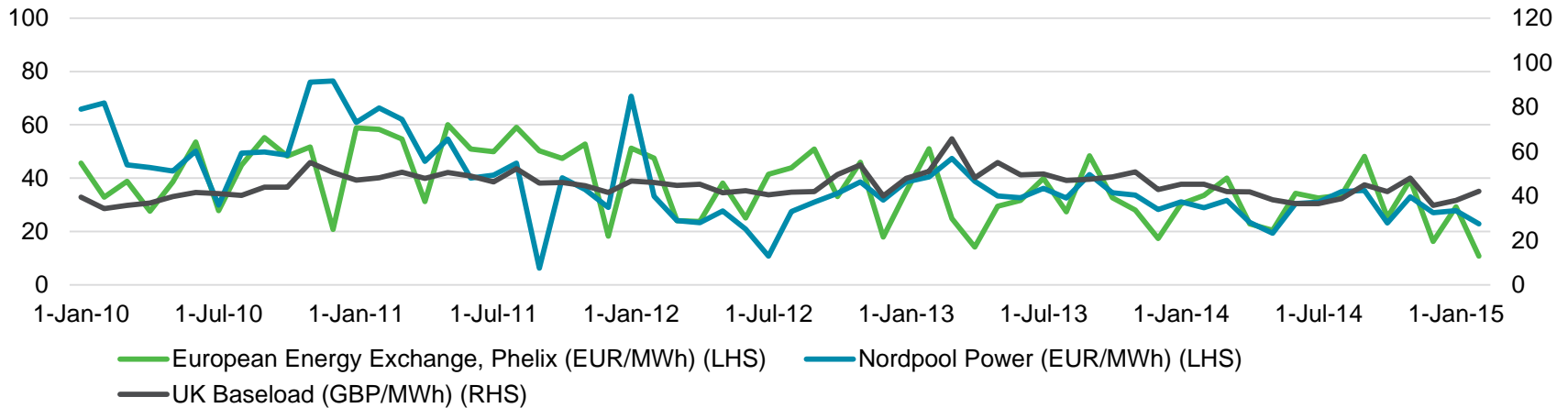
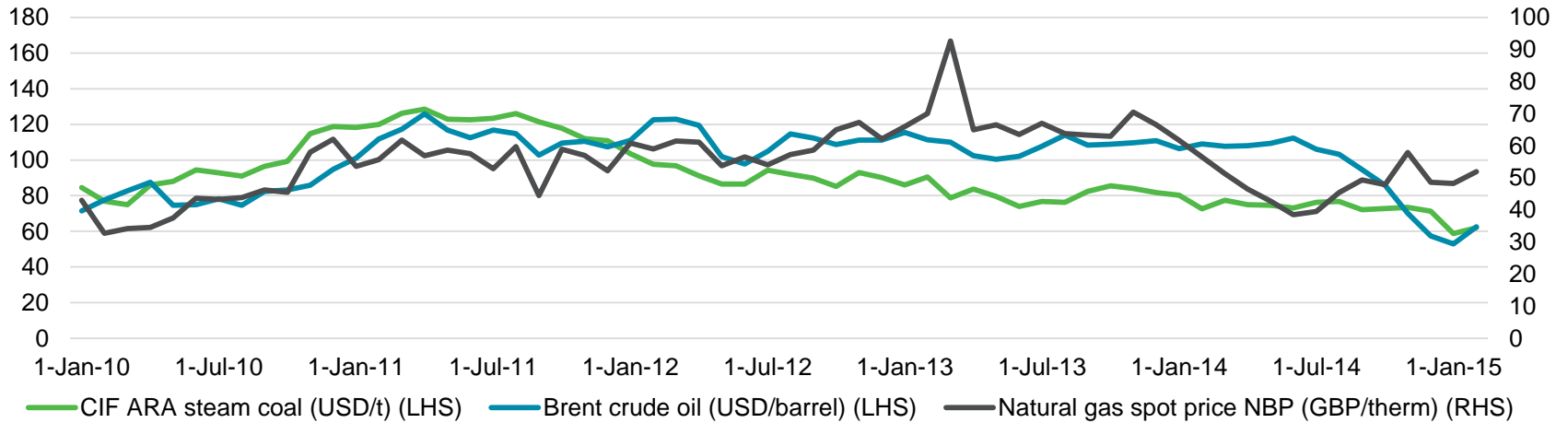
Northern bleached softwood kraft pulp is produced mainly in Canada and the Nordic countries. NBSK is based on long fibre wood species. It adds strength to the final product.

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

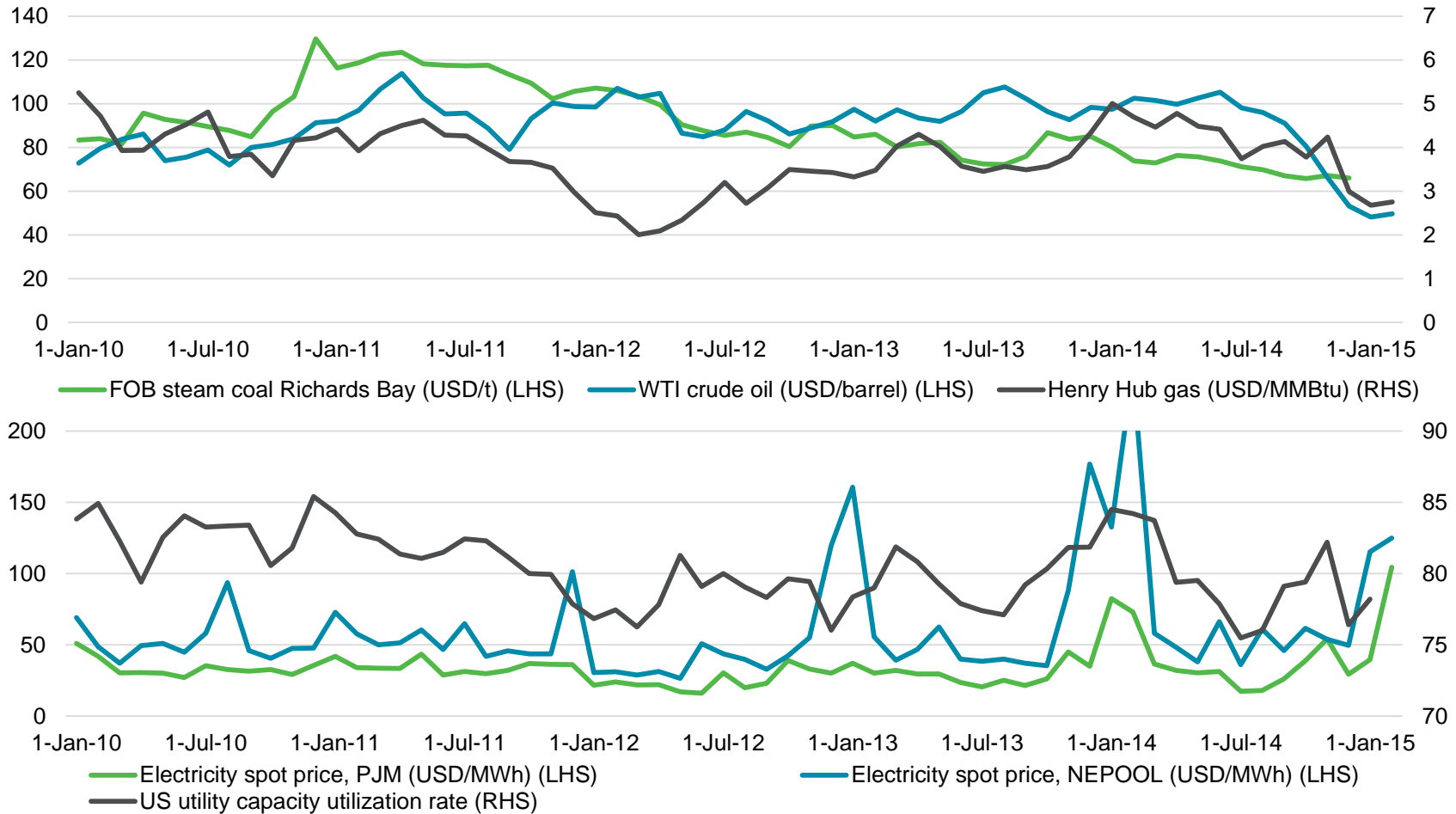
Europe



Source: Bloomberg

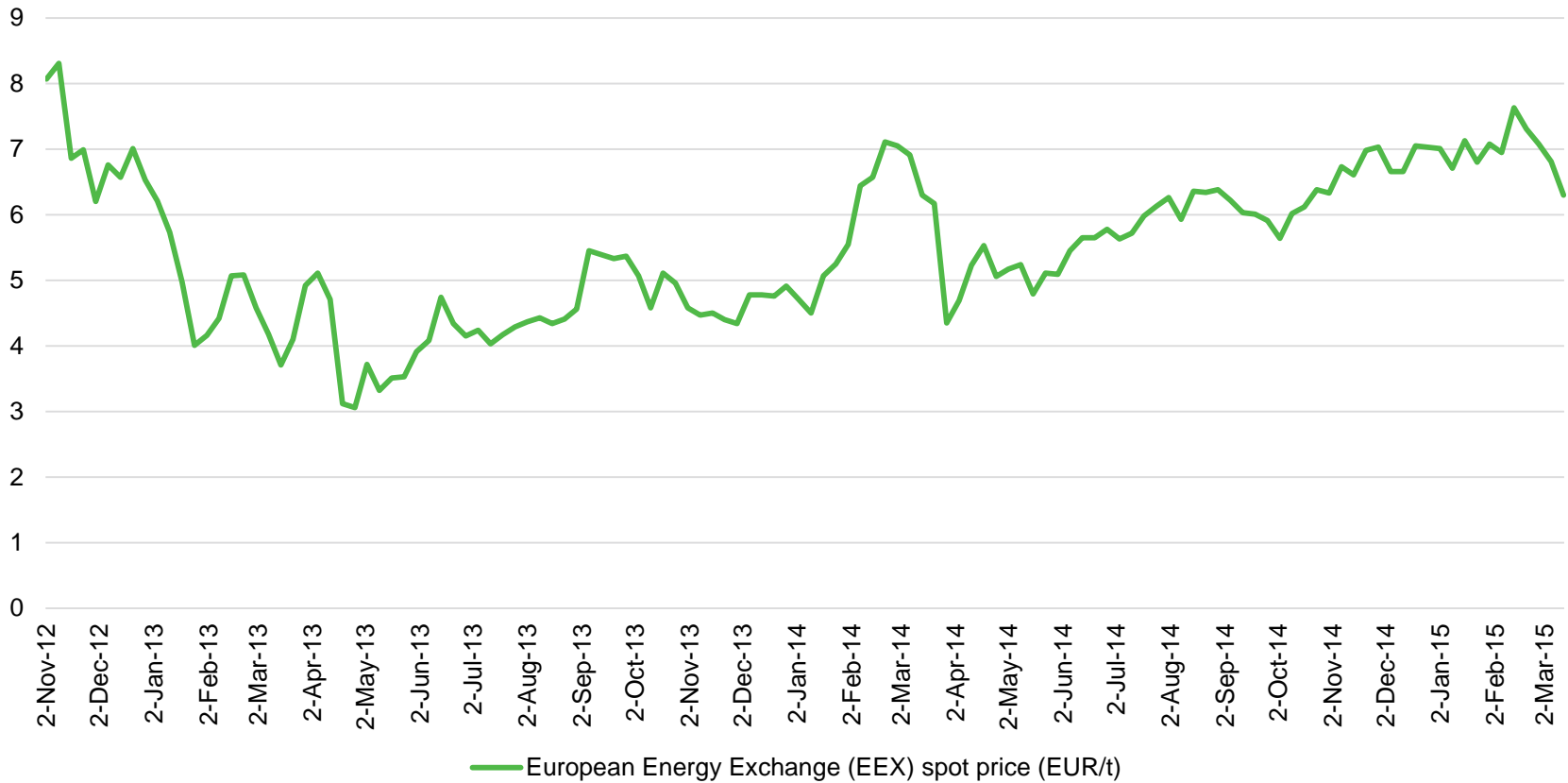
Crude oil, steam coal, natural gas and electricity

United States



Source: Bloomberg

European Carbon Emission Allowance



Source: Bloomberg

