



Services will grow over two times the market growth with improved profitability

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Agenda

Capital Markets Day 2016

- 1 Current status
- 2 Market environment and market position
- 3 Strategic objectives
- 4 Must-Wins
- 5 Case examples
- 6 Summary



Current status

Services business line in brief

Sustainable services for energy production, fiber processing, paper, board and tissue production lines to increase reliability and improve the performance of customers' processes.

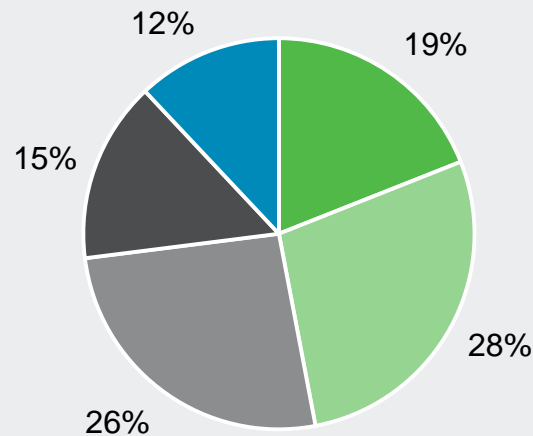
Figures for last 12 months

Orders received
EUR 1,153 million

Net sales
EUR 1,142 million

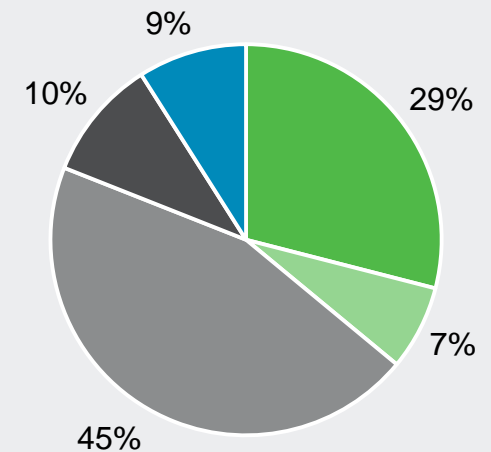
Employees (on June 30, 2016)
5,523

Net sales by business unit¹



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

Net sales by area¹



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

1) Net sales during the last 12 months (July 1, 2015 – June 30, 2016).

Services offering

Comprehensive services offering; widest in the industry



Rolls and Workshop Services

- Rolls
- Roll covers and maintenance
- Workshop services



Mill Improvements

- Upgrades
- Components
- Expert services
- Extensive field service offering



Performance Parts

- Original equipment manufacturer (OEM) spare parts
- Consumables



Fabrics

- Paper machine clothing
- Filter fabrics
- Filters for mining and chemical industry

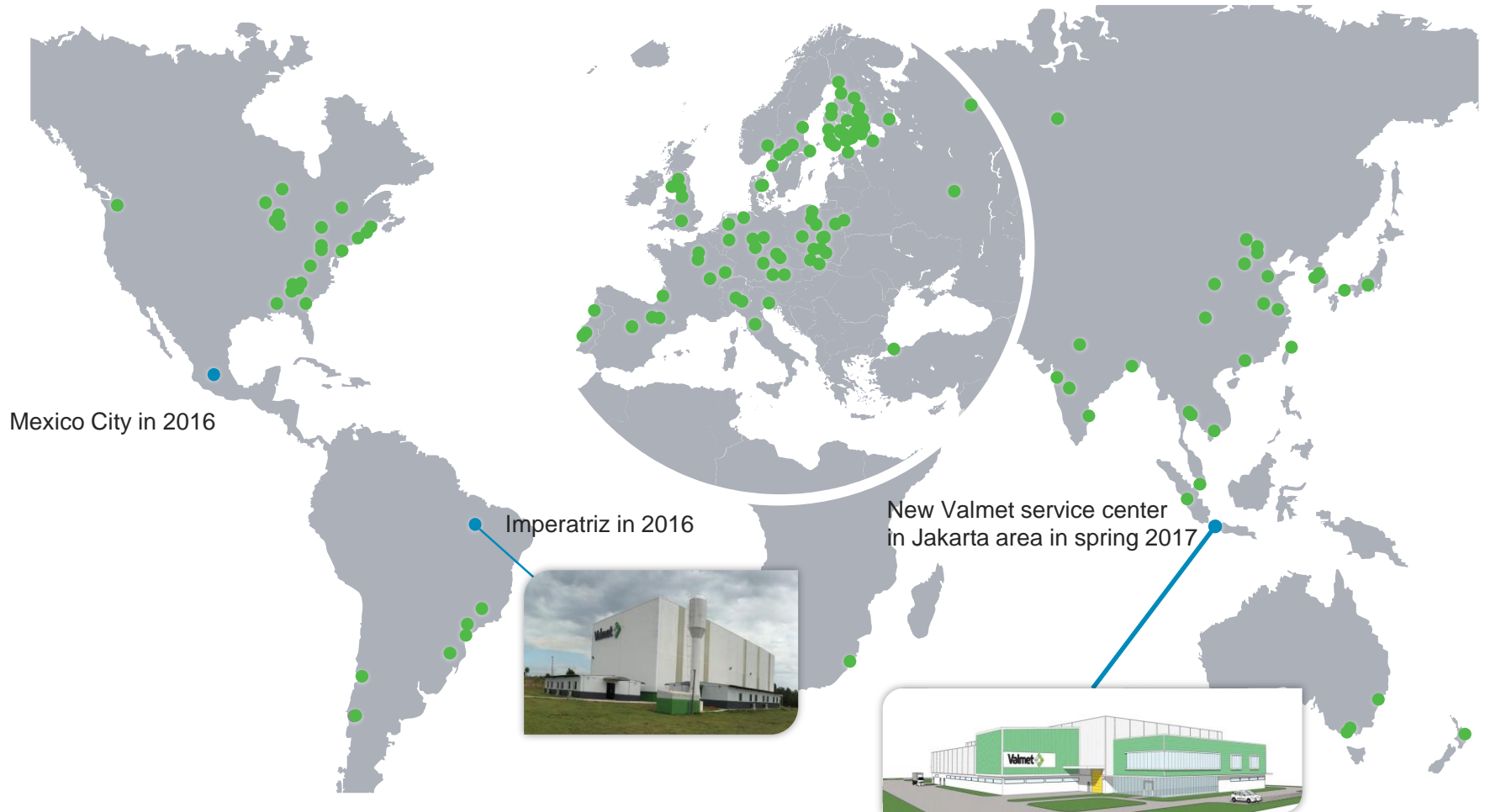


Energy and Environmental

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

Widest service and automation network

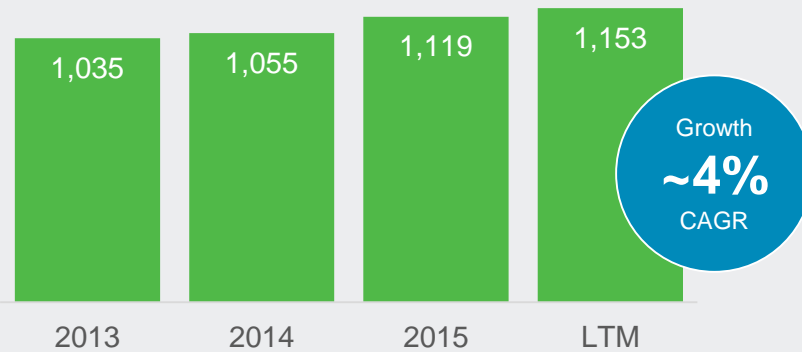
Over 120 service centers in 33 countries



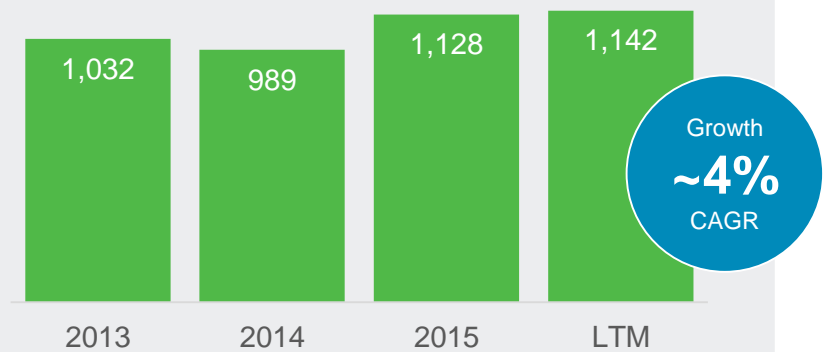
Major achievements

Profitable growth continues

Orders received
(EUR million)



Net sales
(EUR million)



Fourth year of growth

- Profitable growth continues
- Valmet's new way to serve launched
- Building of Indonesia service center started
- Good improvement in work safety

LTM = Last twelve months (July 1, 2015 – June 30, 2016)

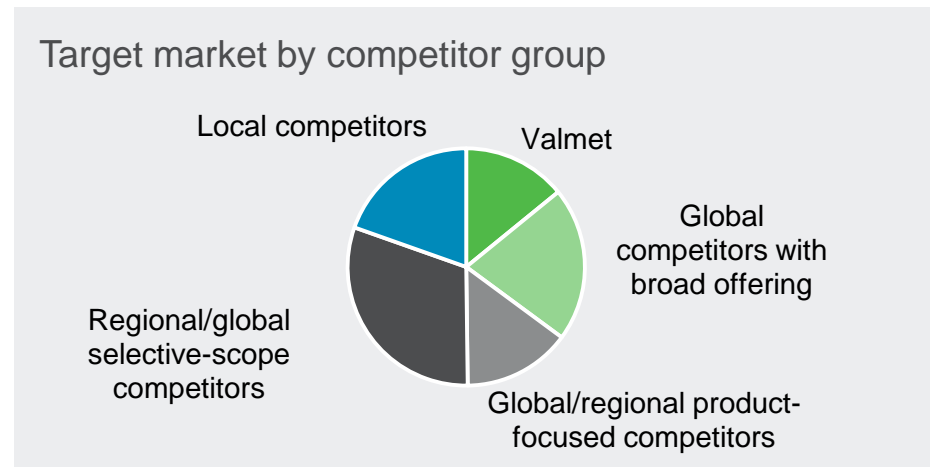


Market environment and market position

Market position

Competitive market globally; few big players, many smaller ones

Market position	Valmet's market share
#1-2	~14%
Long-term market growth	Estimated market size
~1-2%	EUR 8.0 bn

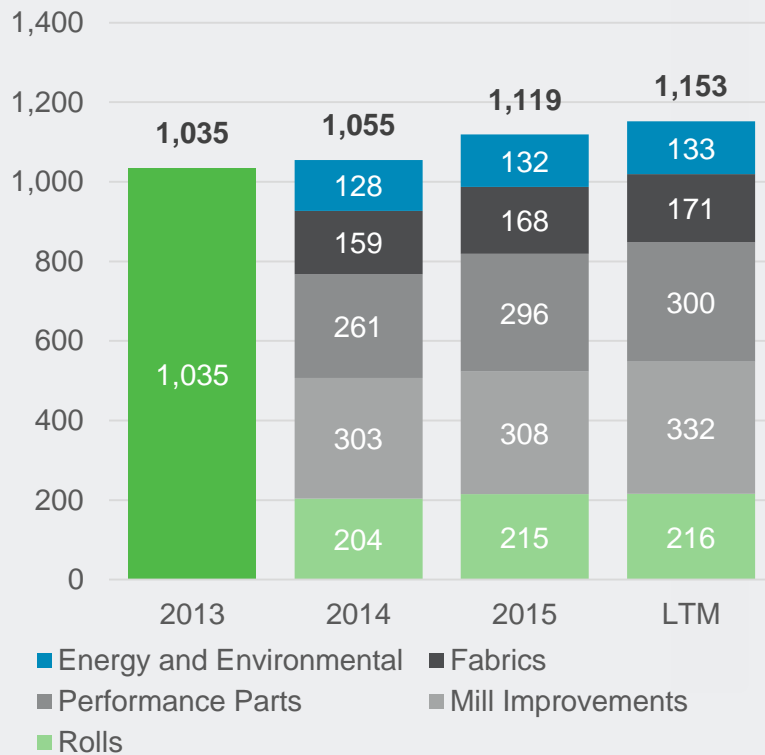


Global competitors with broad offering	Global/regional product-focused competitors	Regional/global selective-scope competitors	Local competitors
<ul style="list-style-type: none"> Global presence Strong credible brand Broad offering 	<ul style="list-style-type: none"> Global/regional presence Focus on specific product segments 	<ul style="list-style-type: none"> Regional presence Limited offering Selected strong relationships 	<ul style="list-style-type: none"> Selected strong local niche positions Limited offering
Andritz Voith	Sandusky Albany Joh. Clouth Leripa Aikawa AstenJohnson	Kadant SchäferRolls MWN Bellmer Hannecard Papcel	Jinni Wuxi Refine Tech Richter Beijing Up-Tech TTT AGW

Market environment

Focus on market share growth

Orders received (EUR million)



Rolls & Workshop Services

- Valmet is active in lowering customers' roll service cost and improve quality

Mill Improvements

- The demand is cyclic and in the same phase as the capital equipment demand
- Valmet increases local engineering and other resources in growth areas

Performance Parts

- Process part market is big and Valmet aims to take market share with new technology and investments close to the customer

Fabrics

- Increase capacity of growth products

Energy & Environmental

- Market demand untapped in China and Asia-Pacific
- Strengthen resources in growth areas



Strategic objectives

Strategic objectives

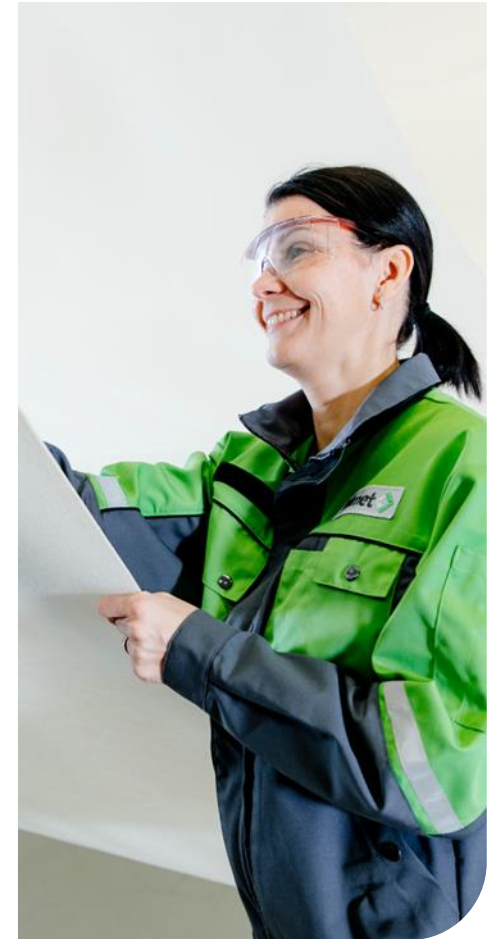
Strategic objectives

- Net sales to grow over two times the market growth
- Improve profitability

Business focus

Provide a unique and improved customer experience through Valmet's way to serve:

- Customer specific key account management
- Continuously developing offering to improve customer performance and their process reliability
- Systematically strengthening service network closer to customers
- Easier access to Valmet's global and local experts
- Evolving competence training programs



Business specific focus areas

Valmet's unique approach in all areas and business units

Business specific focus areas

Business units

- **Rolls and Workshop Services:** Operations closer to the customers
- **Mill Improvements:** Localize the engineering resources in growth areas
- **Performance Parts:** Continue to grow with consumables
- **Fabrics:** Focus on agreement based business and on the renewal of the offering
- **Energy and Environmental:** Enter the unserved markets following new installations

Areas

- **North America:** Strengthened presence in Mexico
- **South America:** Drive growth through long-term agreements in pulping
- **EMEA:** Increase market share in Central and Eastern European regions
- **China:** Strengthen key account management to continue growth
- **Asia-Pacific:** New service center in Indonesia in 2017, prepare plans to expand in other growth countries





Must-Wins

Must-Wins in Services

Must-Wins are the backbone of improvements

Must-Wins	Must-Win initiatives 
Customer excellence	<ul style="list-style-type: none">Valmet's new way to serve improves customer experience and creates customer benefits
Leader in technology and innovation	<ul style="list-style-type: none">Valmet improves the performance of customers' processes through new products and services
Excellence in processes	<ul style="list-style-type: none">Optimized, global processes throughout the organization support high quality and reliable customer service
Winning team	<ul style="list-style-type: none">Skilled personnel close to customers secures effective services

Our core commitments

Safety
comes first

Close to you

Solutions to
your needs

People you
can trust

Our services offering

Reliability

- Spare parts and components
- Maintenance and shutdown management
- Outsourcing services

Performance

- Production consumables
- Process support and optimization

New Technology

- Process and automation upgrades
- Automation projects
- Industrial Internet and remote solutions

Shared Journey Forward

Valmet's way to serve

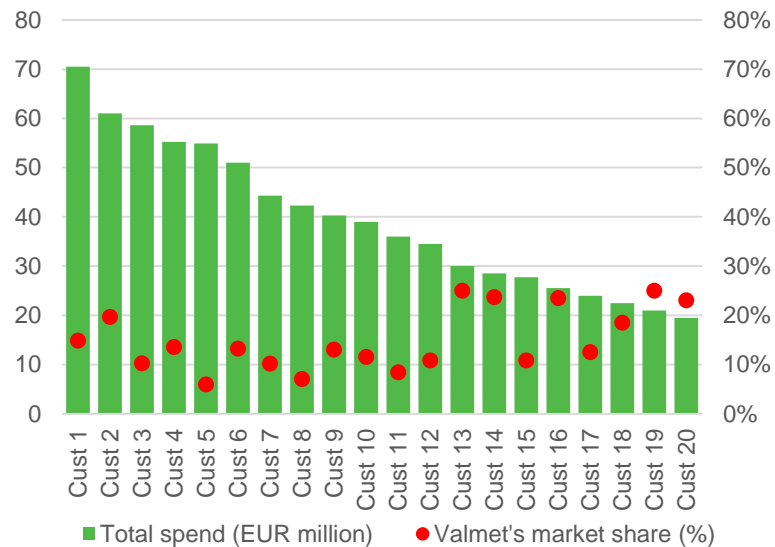
Committed to moving your performance forward

Valmet's share of wallet

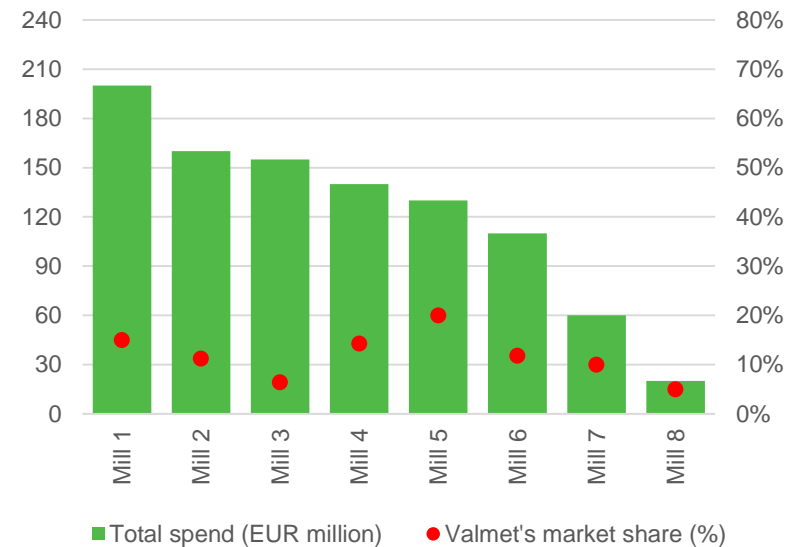
Note: Not real customer data

Valmet's way of leading global sales teams

Example: Customer spend by company (EUR million) and Valmet's market share (%)



Example: Customer spend by site (EUR million) and Valmet's market share (%)



- Active corporate management with customer classification
- Systematic promotion of the whole offering through the mill teams according to Valmet's new way to serve

- Systematic sales planning by mill sales managers
- Industry best practices benchmarking between the mills



Case examples



Services offering

➤ Reliability

➤ Performance

➤ New Technology

Ensure high availability of baling lines

CMPC Guaíba, Brazil

Mill signed an agreement including remote access and on-site support to guarantee high availability of four baling lines in Line 2 + two in Line 1.



Development:

- Valmet specialist full-time on site
- Remote access 24/7
- KPI Dashboard
- 1st Annual Shutdown with over 600 personnel managed by Valmet, from Chip to Bale, including planning

Contributing to energy savings

Estonian Cell, Estonia

The mill signed a Valmet refiner segment optimization agreement combining accurate disc-gap control with Valmet energy-saving segments.



Results:

“We are satisfied with the results. Our primary refiner consumes 45% of all the electricity the mill uses so improving its energy consumption by 5% makes a huge difference.”

Lauri Raid, Chief Technology Officer

- Energy savings 5 GWh annually
- Payback in just a couple of months
- Pulp quality is being kept on an optimal level

Improved runnability and faster tail threading

Lee & Man Dongguan Hongmei mill, China

Valmet upgraded the cylinders to VacRoll vacuum rolls by drilling and grooving them on site. The rebuild also included new SymRun blow boxes and pocket ventilators.

The tail threading and doctoring was also improved.



Results:

"We consider Valmet to be the top supplier of paper machinery and technology. Its strengths include long experience of rebuilds, extensive process know-how, and professional project management."

Edmond Lee, CEO of Lee & Man Paper

- Sheet breaks decreased by 60%
- Unplanned shutdown time shortened by 30%
- Production efficiency improved by nearly 3%



Summary

Summary

- Valmet Services has a strong market position with the widest offering
- Services growth continues with the new way to serve
- Focus on profitability with development of global competencies and renewal of the offering

