



# A strong year for Valmet

Annual General meeting 2019  
Pasi Laine, President and CEO

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Valmet today

# Valmet today – the market leader with a unique offering



## Unique offering

- Widest offering in the market combining process technologies, services and automation
- Research and development spend EUR 66 million



## Market leadership

- Leading market position in all markets
  - Pulp #1–2
  - Energy #1–3
  - Board #1
  - Tissue #1
  - Paper #1
  - Services #1–2
  - Automation #1–3

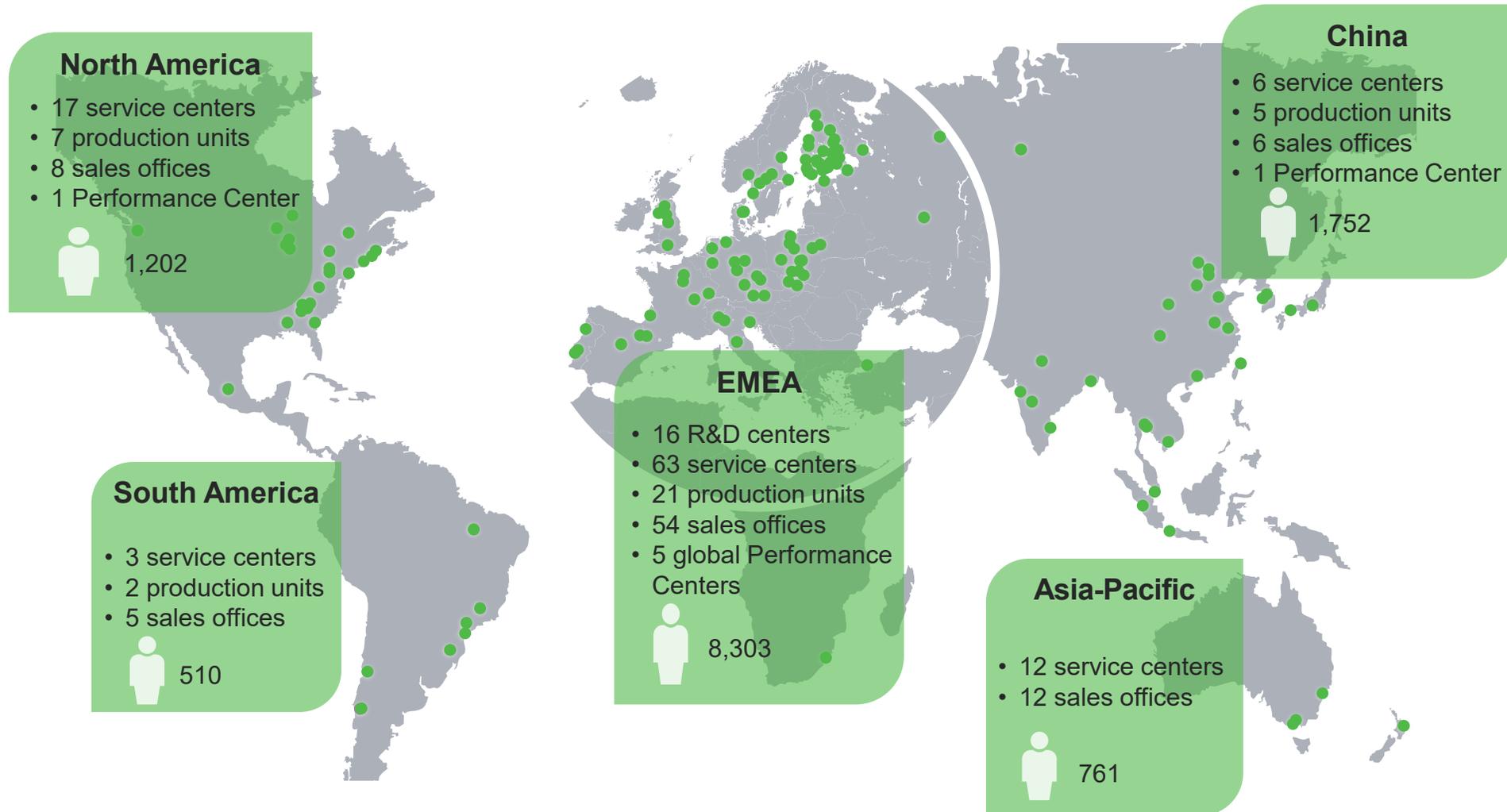


## Leader in sustainability

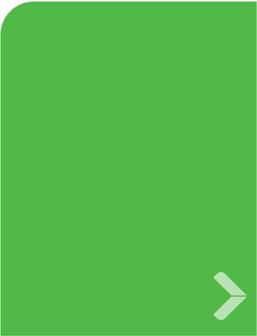
- Sustainability 360° agenda integrating sustainability into our key processes
- Five consecutive years in the Dow Jones Sustainability Index

# Strong, global presence close to our customers

Over 100 service centers, 85 sales offices, 35 production units, 16 R&D centers, 7 Performance Centers



# Executive Team



**Pasi Laine**  
President and CEO



**Kari Saarinen**  
CFO



**Julia Macharey**  
SVP, Human Resources and  
Operational Development



**Anu Salonsaari-Posti**  
SVP, Marketing and  
Communications



**Aki Niemi**  
Business Line President,  
Services



**Sami Riekkola**  
Business Line President,  
Automation



**Bertel Karlstedt**  
Business Line President,  
Pulp and Energy



**Jari Vähäpesola**  
Business Line President,  
Paper



**Dave King**  
Area President,  
North America



**Celso Tacla**  
Area President,  
South America



**Vesa Simola**  
Area President,  
EMEA



**Xiangdong Zhu**  
Area President,  
China



**Jukka Tiitinen**  
Area President,  
Asia Pacific



# Financial development 2018

# Valmet in 2018

## Orders received

EUR 3,722 million

## Net sales

EUR 3,325 million

## Comparable EBITA

EUR 257 million

## Comparable EBITA margin

7.7%

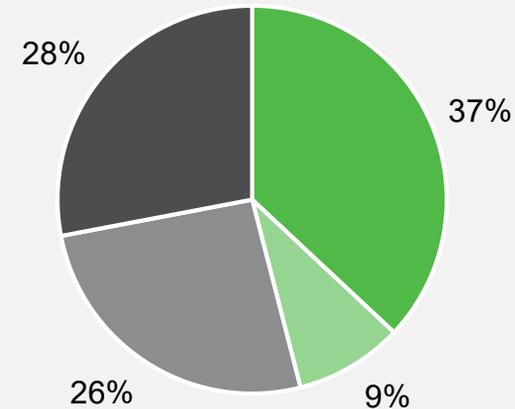
## Order backlog

EUR 2,829 million

## Employees

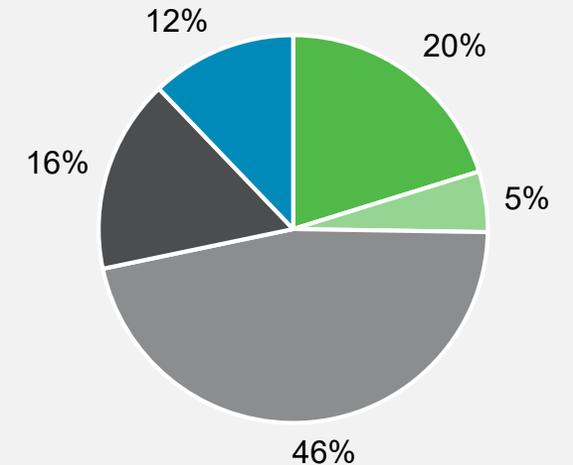
12,528

### Net sales by business line



- Services
- Automation
- Pulp and Energy
- Paper

### Net sales by area



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

# Summary of the financial development in 2018

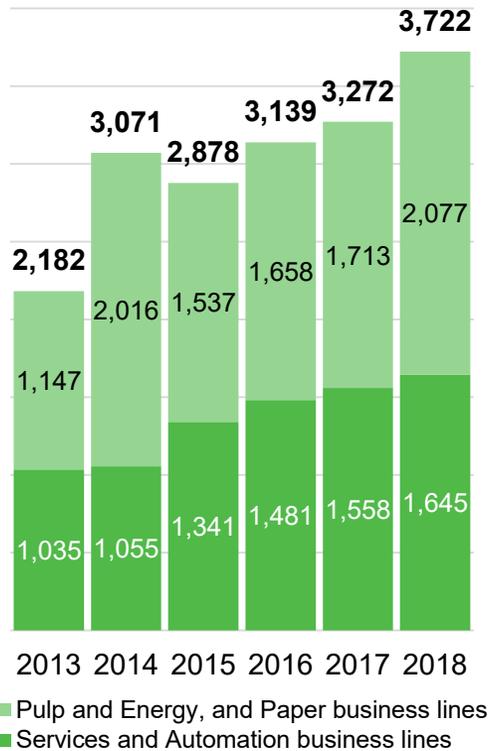
EUR million	2018	2017	Change
Orders received	<b>3,722</b>	3,272	14%
Order backlog <sup>1</sup>	<b>2,829</b>	2,458	15%
Net sales	<b>3,325</b>	3,058	9%
Comparable EBITA	<b>257</b>	218	18%
% of net sales	<b>7.7%</b>	7.1%	
Earnings per share, EUR	<b>1.01</b>	0.81	25%
Dividend per share, EUR	<b>0.65<sup>2</sup></b>	0.55	18%
Return on capital employed (ROCE) before taxes <sup>3</sup>	<b>19%</b>	14%	
Cash flow provided by operating activities	<b>284</b>	291	-3%
Gearing <sup>1</sup>	<b>-23%</b>	-11%	



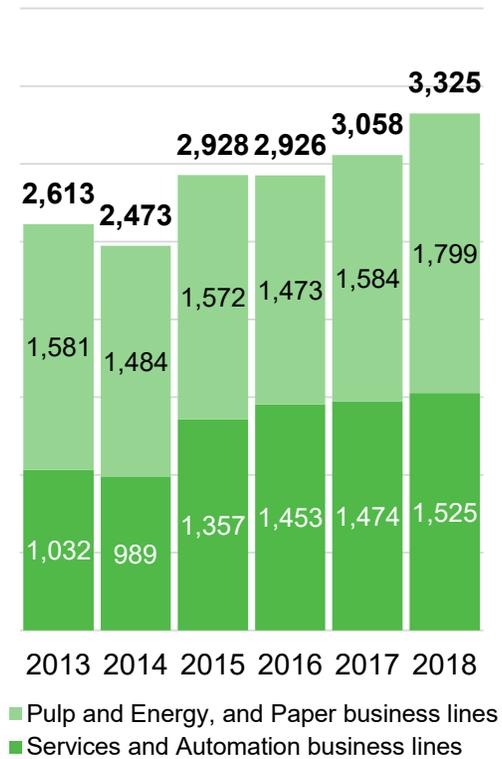
- 1) At the end of period
- 2) Proposal by the Board of Directors
- 3) In the calculation of 2017 figures, non-restated data points from 2016 have been used.

# Valmet's development since the demerger

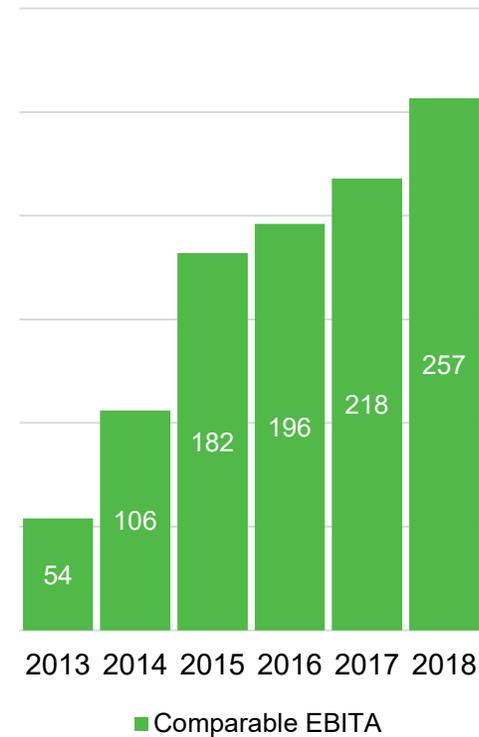
Orders received  
(EUR million)



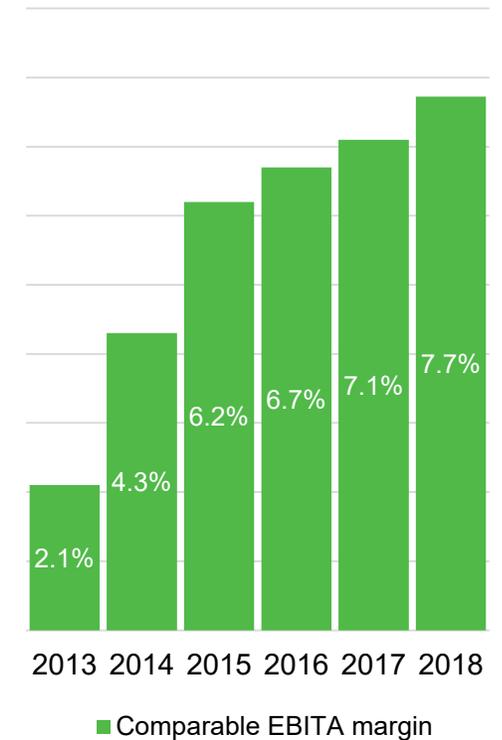
Net sales  
(EUR million)



Comparable EBITA  
(EUR million)



Comparable EBITA margin  
(%)



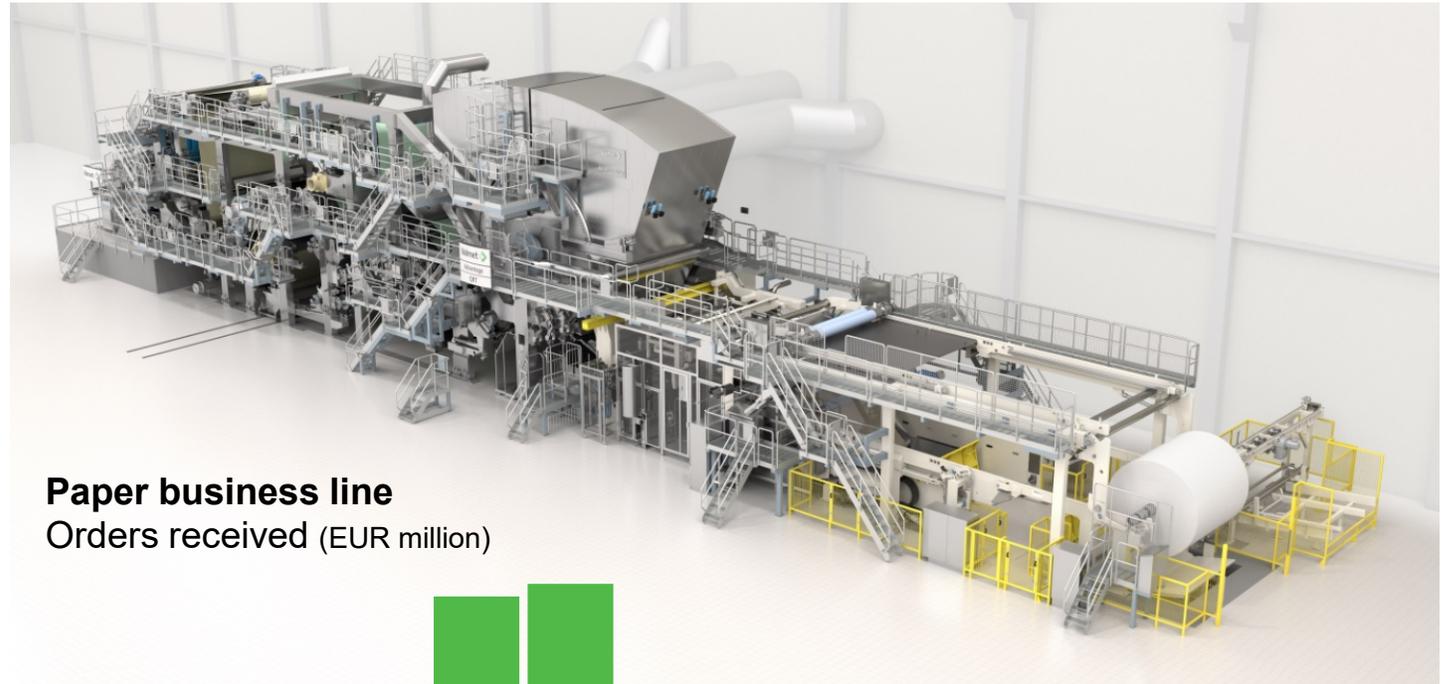
2013 figures on carve-out basis



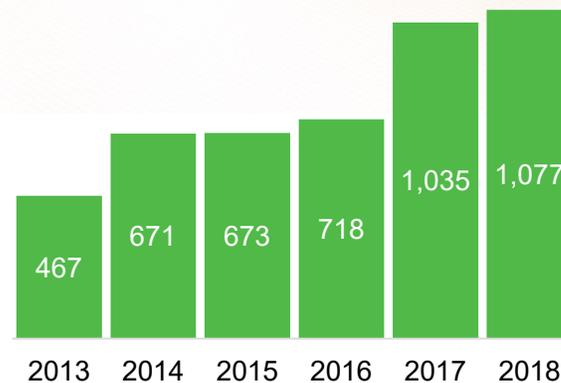
## Development of the business lines and areas

# Continued active demand for our board and paper technologies

- Large number of new orders for
  - New board making lines
  - Rebuilds
  - New tissue making lines
- During the year we announced
  - 6 board production line deliveries
  - 8 tissue production line deliveries
  - and completed successfully 15 tissue line start-ups



**Paper business line**  
Orders received (EUR million)



## Advantage QRT tissue technology launched

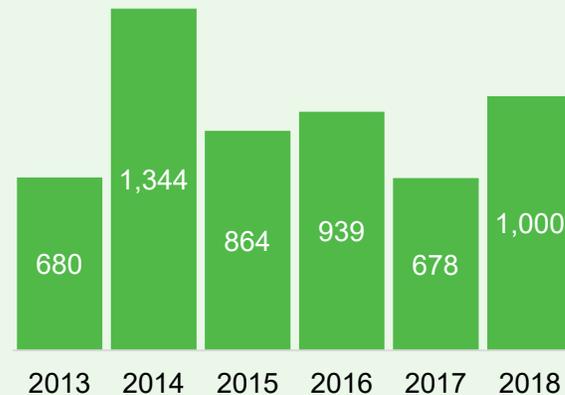
- New technology for tissue making
- Premium and ultra-premium quality with low energy consumption

# Further improved competitiveness in pulp and energy markets

- Pulp
  - Small and medium-sized investments in the pulp industry continued
  - Mega mill investments started picking up
- Energy
  - Demand for our multifuel boilers was good, leading to several delivery agreements
  - We made a breakthrough in the marine scrubber market with orders received valued at ~ EUR 190 million

## Pulp and Energy business line

Orders received (EUR million)



## Compact cooking G3 launched

- New cooking technology
- Benefits
  - High yield
  - Low energy consumption
  - Easy to maintain
  - High availability

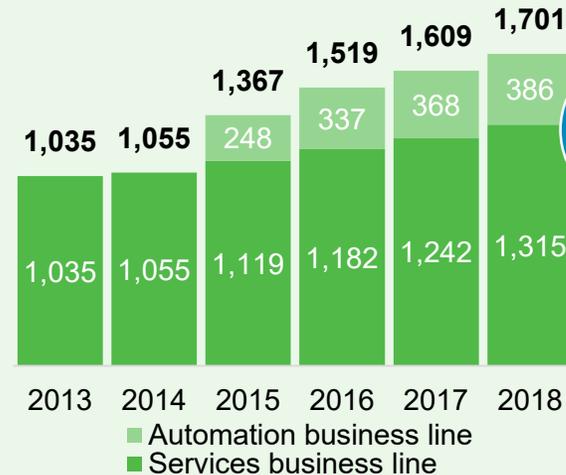


# Continued consistent progress and growth in stable business

- Strong performance in Services
  - The major services transformation program, Shared Journey Forward, continued
  - Services global footprint expanded close to our customers
- Stable progress in Automation
  - Active demand continued for automation solutions in pulp, paper, energy and process industries
  - We acquired Enertechnix in the U.S. to complement our automation solutions

## Stable business

Orders received (EUR million)



Growth  
~10%  
CAGR

Organic  
growth  
~5%  
CAGR

## New Valmet Performance Centers well received by customers

- Five industry-specific Performance Centers and two local centers, Shanghai and Atlanta



# Area development in 2018

**Orders received by area**  
(EUR million)



## North America

- Expanded services presence in the area
- A board production line with wide scope of automation to Ohio, USA

## EMEA

- Containerboard making line to Germany
- Multifuel boiler and a flue gas treatment plant to Finland
- Extensive paper machine grade conversion rebuild to Italy

## China

- A breakthrough in the Chinese boiler market with four boiler orders
- Fifth and sixth successive containerboard machine order to a customer

## South America

- Expanded services presence in the area
- Key pulp mill technology order to Chile
- Two tissue production lines to Argentina



## Asia-Pacific

- Multifuel power boiler and a flue gas cleaning system to Japan
- Tissue machine to India
- Several automation and service agreements



# Strategy with new Growth Accelerators

# Valmet's way forward

## Our Mission

Converting renewable resources into sustainable results

## Our Strategy

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

We are committed to moving our customers' performance forward with our unique offering and way to serve.

## Our Must-Wins

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

## Growth Accelerators

- Field services
- Industrial Internet and digitalization

## Our Vision

To become the global champion in serving our customers

## Our Values



### 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

- Resource efficient and clean world
- Digitalization and new technologies
- Urban, responsible and global consumer

# Consistent progress in Must-Wins in 2018



## Customer excellence

- Global implementation of our new way to serve continued
- Valmet's position as the preferred process technology supplier strengthened further



## Leader in technology and innovation

- We spent EUR 66 million on R&D
- New products were ~30% of orders received in 2018



## Excellence in processes

- Leap Forward program to implement a new ERP system progressed
- Systematic occupational safety work continued, resulting into LTIF of 2.3



## Winning team

- Over 1,000 participants in global training programs in 2018
- We filled 37% of the open positions internally, enhancing internal mobility

# New Growth Accelerators to enhance growth with improved profitability

## Become the frontrunner in Field Services



We aim to develop industry leading field services operations

- Field services offering
  - daily maintenance
  - maintenance shutdowns
  - annual shutdowns
  - maintenance and process supporting services
- Field services capabilities and way to operate

## Take the lead in Industrial Internet and digitalization



We want to realize the full benefits of digitalization in

- customer interaction
- our own offering
- our internal processes and work environment

We are constantly introducing new Industrial Internet applications to our customers



# Acquisition of GL&V

# Valmet moves forward and acquires GL&V

The acquisition strengthens our services capabilities and technology offering globally

- On February 26, 2019 we entered into an agreement to acquire North American -based GL&V
- GL&V is a global provider of technology and services to the pulp and paper industry
- The acquisition is estimated to be completed at the earliest on April 1, 2019
- GL&V's operations in Karlstad, Sweden are not included in the transaction scope



## Key information about the acquired operations

Net sales in 2018	EUR ~160 million
EBITA margin in 2018	~11%
Number of employees	~630
Value of acquisition <sup>1</sup>	EUR ~113 million

1) Value on a cash and debt free basis subject to ordinary post-closing adjustments



## Guidance and short-term market outlook

# Guidance and short-term market outlook

## Guidance for 2019 (as revised on February 26, 2019)

### Guidance



Valmet estimates that net sales in 2019 will increase in comparison with 2018 (EUR 3,325 million) and Comparable EBITA in 2019 will increase in comparison with 2018 (EUR 257 million). The guidance is subject to the completion of the acquisition of GL&V.

## Short-term market outlook

		Q1/2018	Q2/2018	Q3/2018	Q4/2018
Services		Good	Good	Good	Good
Automation		Good	Good	Good	Good
Pulp and Energy	Pulp	Weak	Weak	Satisfactory	Satisfactory
	Energy	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Paper	Board and Paper	Good	Good	Good	Good
	Tissue	Good	Good	Good	Satisfactory

The short-term market outlook is based on customer activity (50%) and Valmet's capacity utilization (50%) and is given for the next six months from the end of the respective quarter. The scale is 'weak-satisfactory-good'.

# 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.

