



Consistent progress forward

Annual General Meeting 2017
Pasi Laine, President and CEO

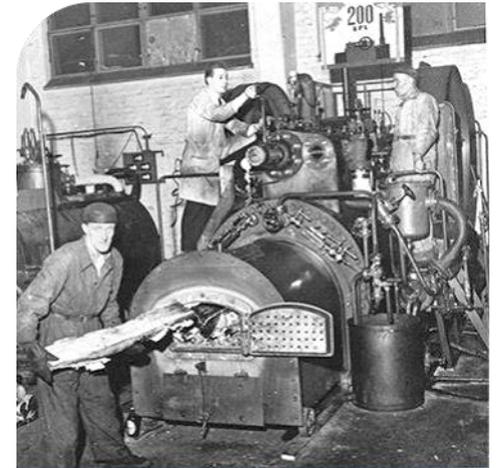
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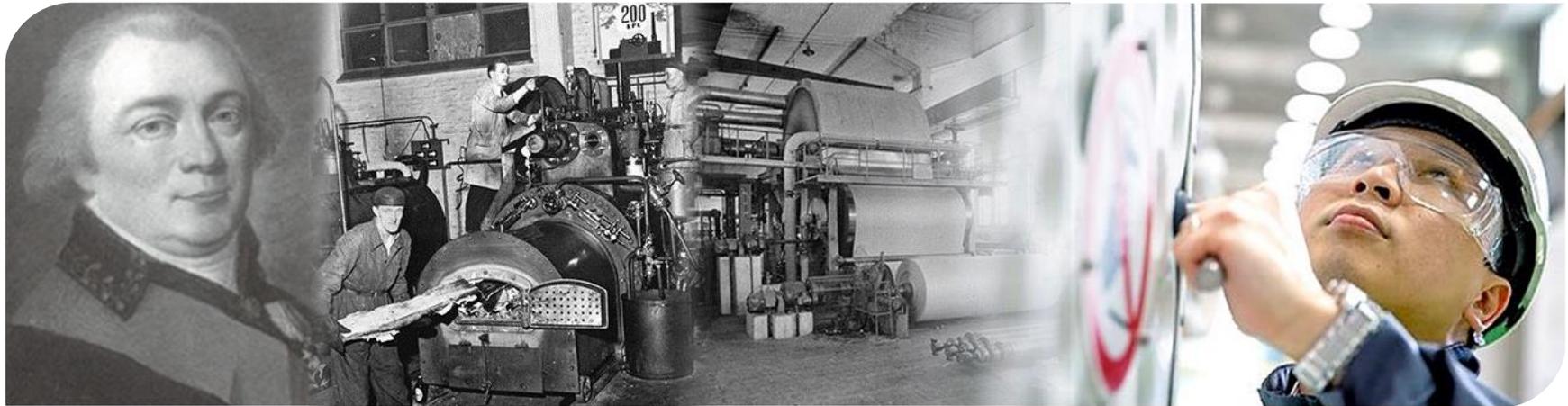
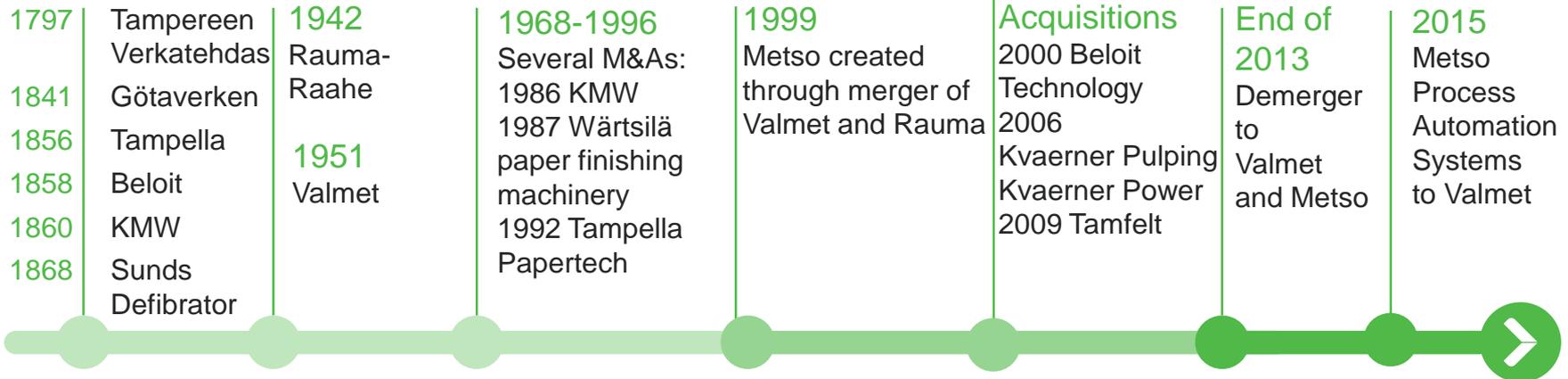


Valmet today

backed by 220 years of industrial
history

220 years of industrial history in 2017

From cloth making to high-tech processes



Today Valmet has the widest offering and leading market position in all markets



Pulp #1-2



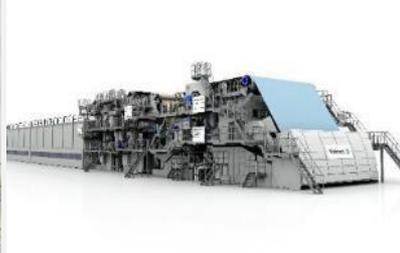
Energy #1-3



Board #1



Tissue #1



Paper #1



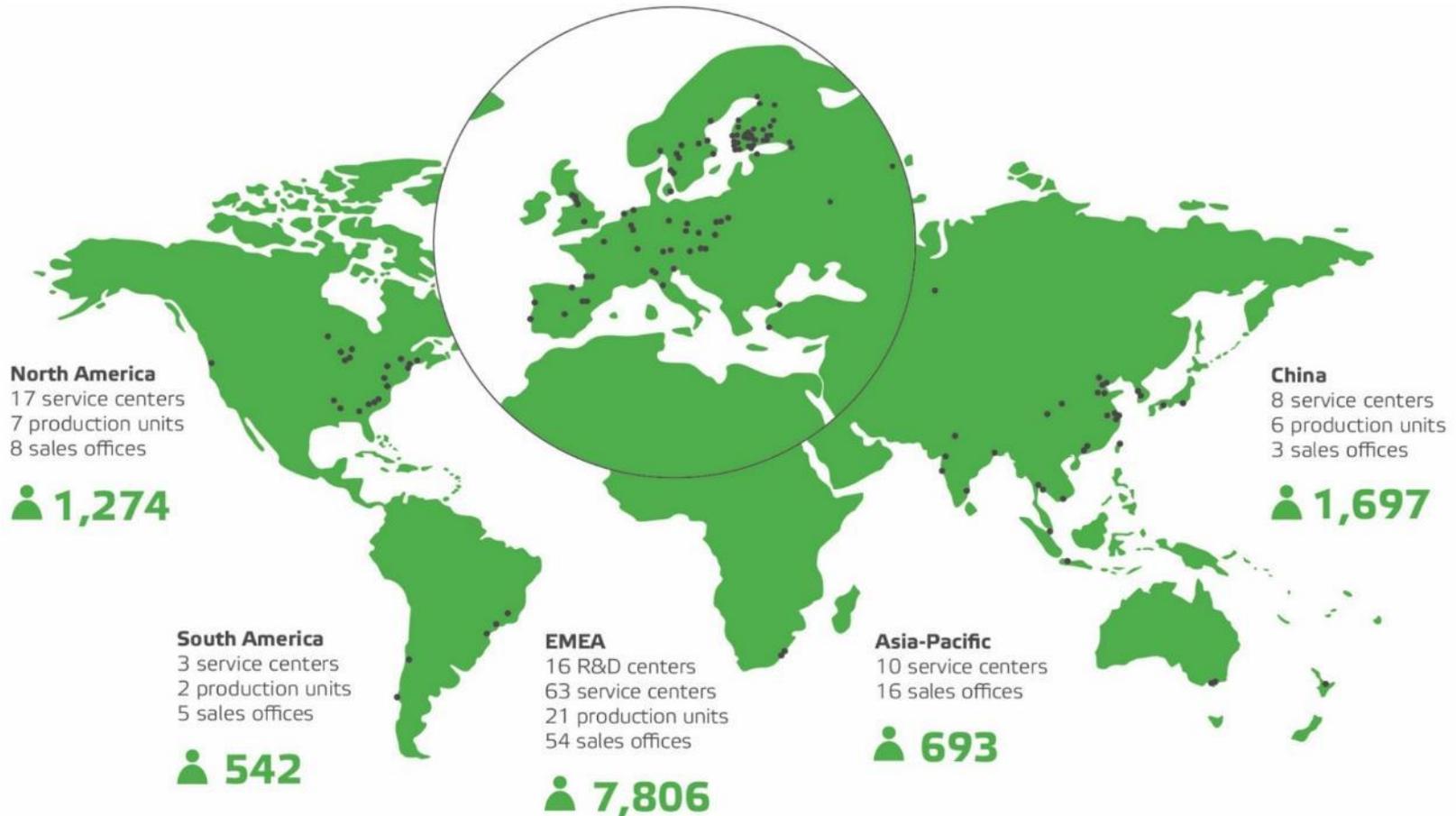
Services #1-2



Automation #1-3

Strong, global presence - a good platform for growth

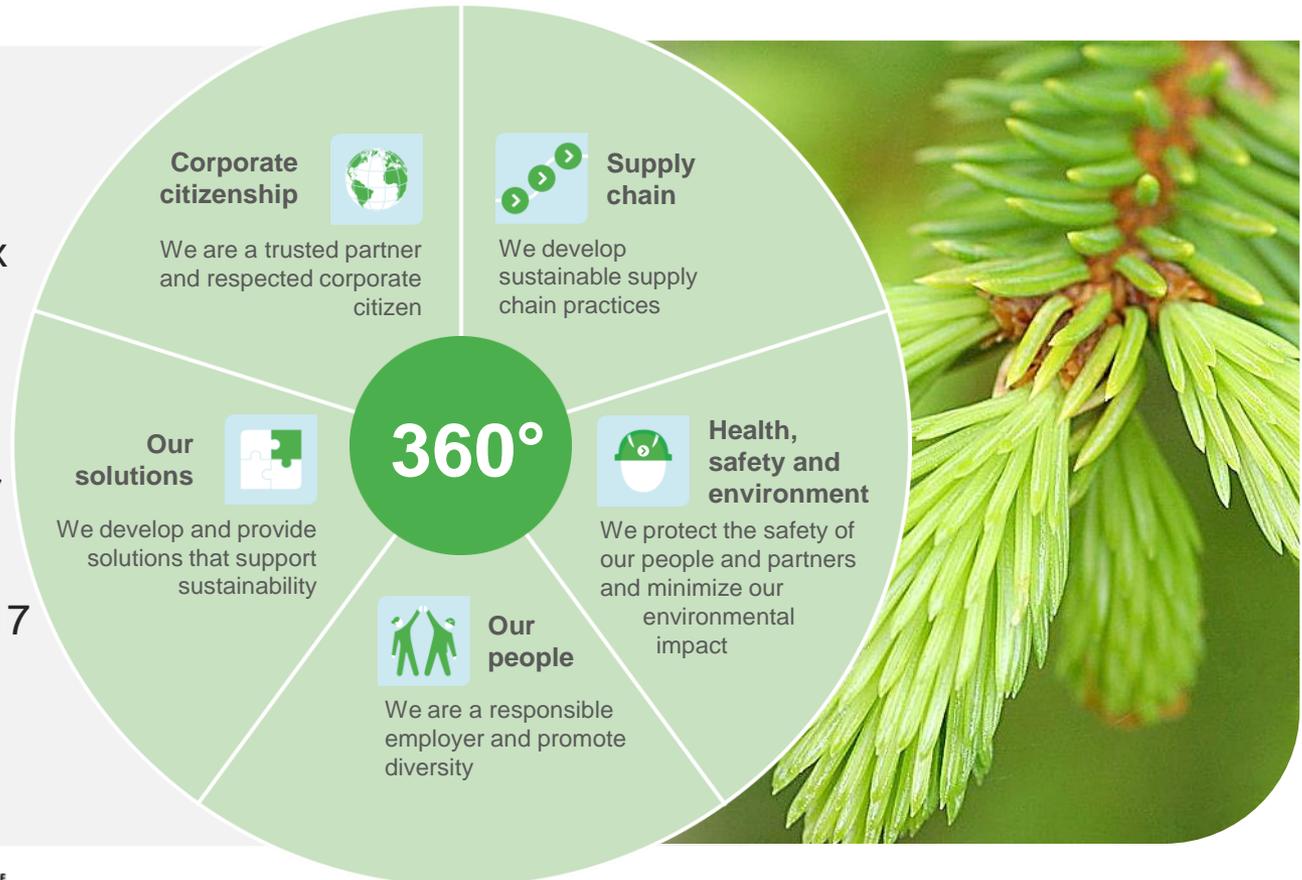
33 countries, over 120 service centers, 86 sales offices, 34 production units, 16 R&D centers



Acknowledged leader in sustainability

360° approach to sustainability

- In Dow Jones Sustainability Index for the third consecutive year
- In CDP Climate A list for the first year
- Awarded as an Industry Mover 2017 in sustainability



MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

CDP
DRIVING SUSTAINABLE ECONOMIES

ROBECOSAM
Sustainability Award
Industry Mover 2017



Financial result and highlights 2016

A solid platform for growth with
increased profitability

Key figures in 2016

Orders received
EUR 3,139 million

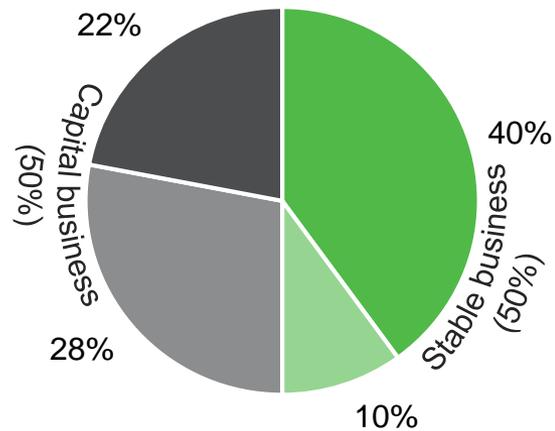
Net sales
EUR 2,926 million

Comparable EBITA
EUR 196 million

Comparable EBITA margin
6.7%

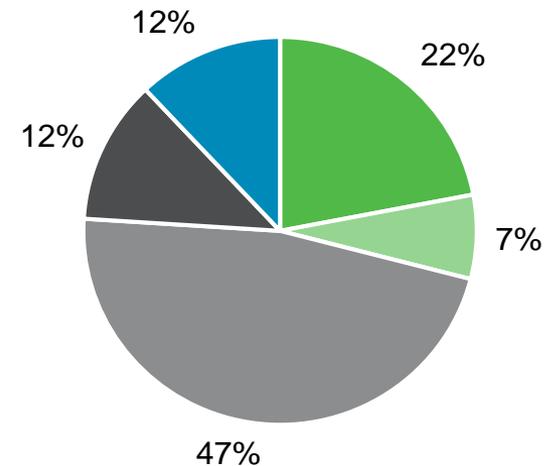
Employees (on Dec 31, 2016)
12,012

Net sales by business line



- Services
- Automation
- Pulp and Energy
- Paper

Net sales by area



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

Stable business = Services and Automation business lines
Capital business = Pulp and Energy, and Paper business lines

Summary of the financial development in 2016

EUR million	2016	2015	Change
Orders received	3,139	2,878	9%
Order backlog ¹	2,283	2,074	10%
Net sales	2,926	2,928	0%
Comparable EBITA ²	196	182	7%
% of the net sales	6.7%	6.2%	
Earnings per share, EUR	0.55	0.51	7%
Dividend per share	0.42³	0.35	20%
Cash flow provided by operating activities	246	78	>100%
Gearing at the end of the period	6%	21%	

1) At the end of the period

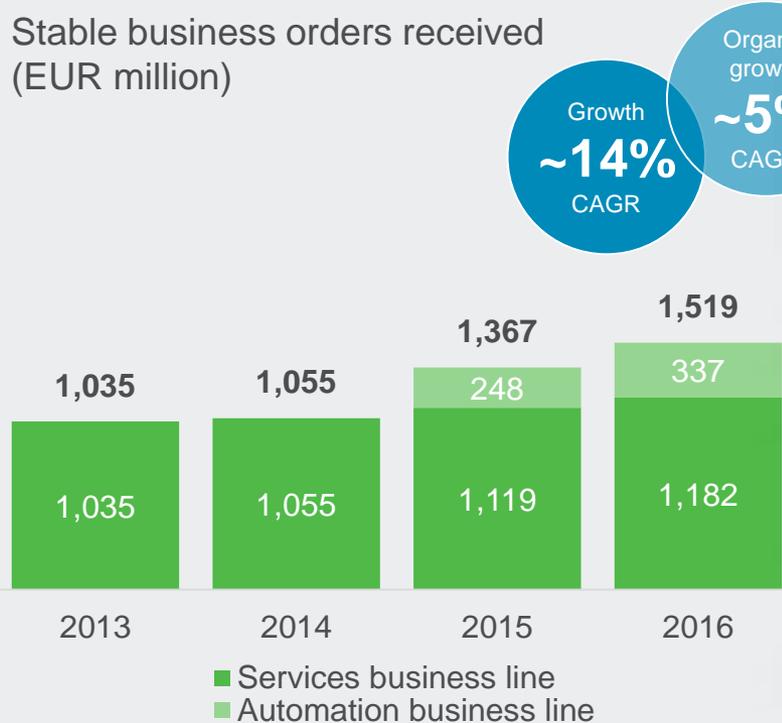
2) Comparable earnings before interest, taxes and amortization

3) Board proposal



Stable business offers stability, growth and profitability

Stable business orders received
(EUR million)



Highlights 2016

Pulp

- CMPC Guaiba pulp mill project awarded as one of the best projects in the world
- Large order for a white liquor plant in Chile

Paper and Board

- Market activated at the end of the year
- Large orders to China, Italy, Vietnam and Russia

Services

- 6% growth in orders received
- New way-to-serve launched

Energy

- Growth in orders received
- Market entry to Japan and China
- Large orders to Denmark, Finland, Sweden and Japan

Tissue

- Growth in orders received
- Five new tissue machine orders to Poland, China, Mexico and the U.S.

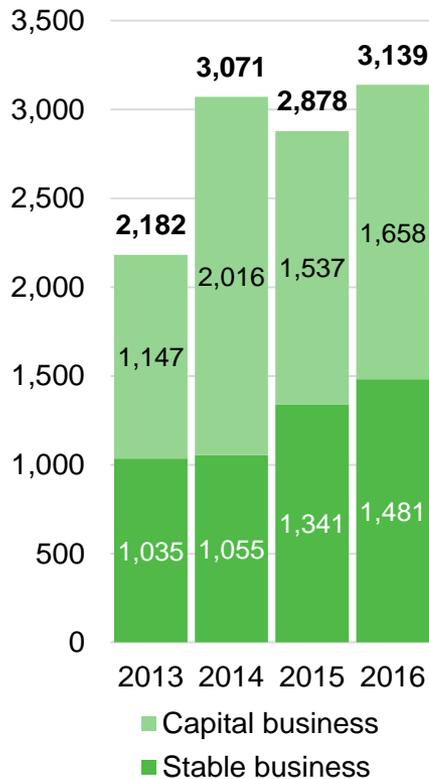
Automation

- Solid performance continued
- Market share increased via competitor replacements

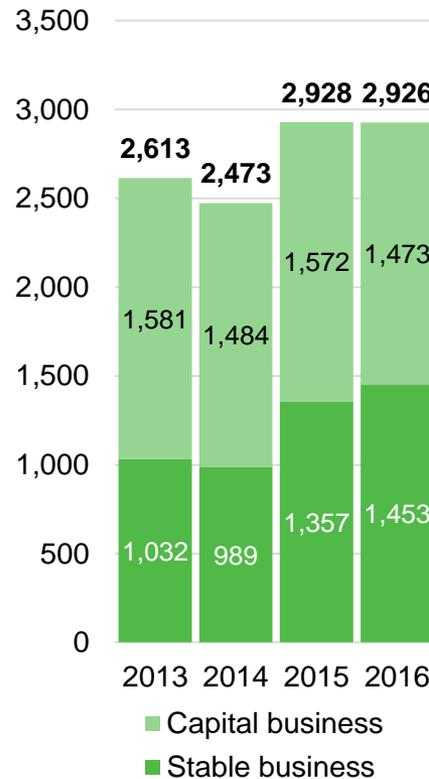


Valmet's development over the years

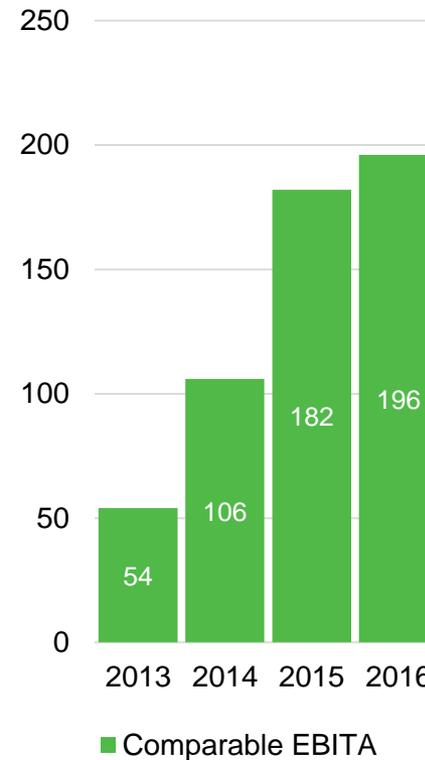
Orders received
(EUR million)¹



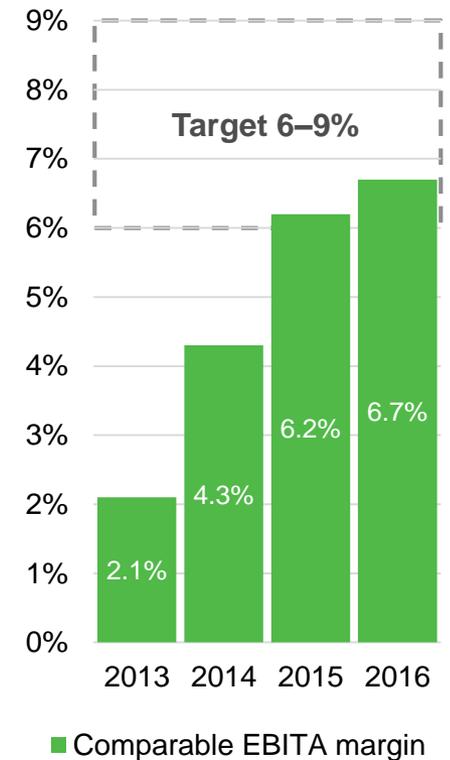
Net sales
(EUR million)¹



Comparable EBITA
(EUR million)¹



Comp. EBITA margin
(%)¹



1) 2013 figures on carve-out basis
Stable business = Services and Automation business lines
Capital business = Pulp and Energy, and Paper business lines

Financial targets from 2017 onwards

Growth



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

Profitability



- Comparable EBITA: 8–10%

ROCE



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

Dividend policy



- Dividend payout at least 50% of net profit



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

A woman with dark hair, wearing a bright green safety jacket with reflective stripes and a black headset with a microphone, is smiling. She is in an industrial environment with blurred metal structures in the background. A large white arrow graphic points from the left towards her.

Progress in strategy implementation

Focus on Must-Wins has brought results

Our business environment

is impacted by megatrends that create both opportunities and risks

We have defined three key megatrends that we carefully consider when making strategic choices.



Resource efficient and clean world

- Climate change, environmental awareness and resource scarcity drive the need to improve resource efficiency and lower emissions.



Digitalization and new technologies

- Digitalization, automatization and new high impact technologies drive efficiency and new business models.



Aware, urban and global consumer

- Urbanization, increasing living standards, changing demographics, and globalization drive changes in consumer behavior and our customers' demand.

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.

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



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
- Aware, urban and global consumer.

Our core commitments

Safety
comes first

Close to you

Solutions to
your needs

People you
can trust

Services offering

Reliability

Performance

New Technology

**Shared Journey
Forward**

Valmet's way to serve

Committed to moving your performance forward

New technologies successful in the markets

The value of new products in orders received about MEUR 750 in 2016



Opticoncept M for board and paper



Valmet IQ quality management system



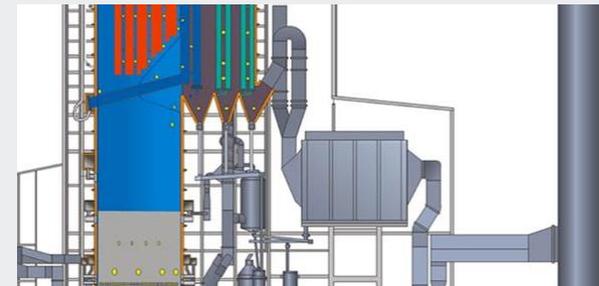
Advantage NTT tissue machine



Multifuel boilers



Gasification technology

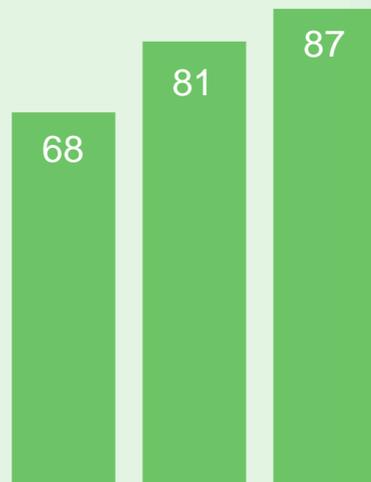


High power recovery boiler

Procurement savings continued to exceed the annual target and occupational safety improved



Participation in the employee survey and personnel engagement have continued to increase



Participation in the engagement survey 2014 - 2017 (% of the personnel)



Engagement index 2014 - 2017





Guidance 2017 and short
term market outlook

Guidance and short-term market outlook

Guidance for 2017

Guidance for 2017



Valmet estimates that net sales in 2017 will remain at the same level as in 2016 (EUR 2,926 million) and Comparable EBITA in 2017 will increase in comparison with 2016 (EUR 196 million).

Short-term market outlook

		Q1/2016	Q2/2016	Q3/2016	Q4/2016
Services		Satisfactory	Satisfactory	Satisfactory	Satisfactory
Automation		Satisfactory	Satisfactory	Satisfactory	Satisfactory
Pulp and Energy	Pulp	Satisfactory	Satisfactory	Satisfactory	Satisfactory
	Energy	Satisfactory	Satisfactory	Good	Good
Paper	Board and Paper	Good	Good	Satisfactory	Good
	Tissue	Satisfactory	Satisfactory	Good	Good

The short-term market outlook is given for the next six months from the ending of the respective quarter.

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