



Valmet – unique offering
with process technology,
automation and services

Roadshow material
May 2015

Agenda

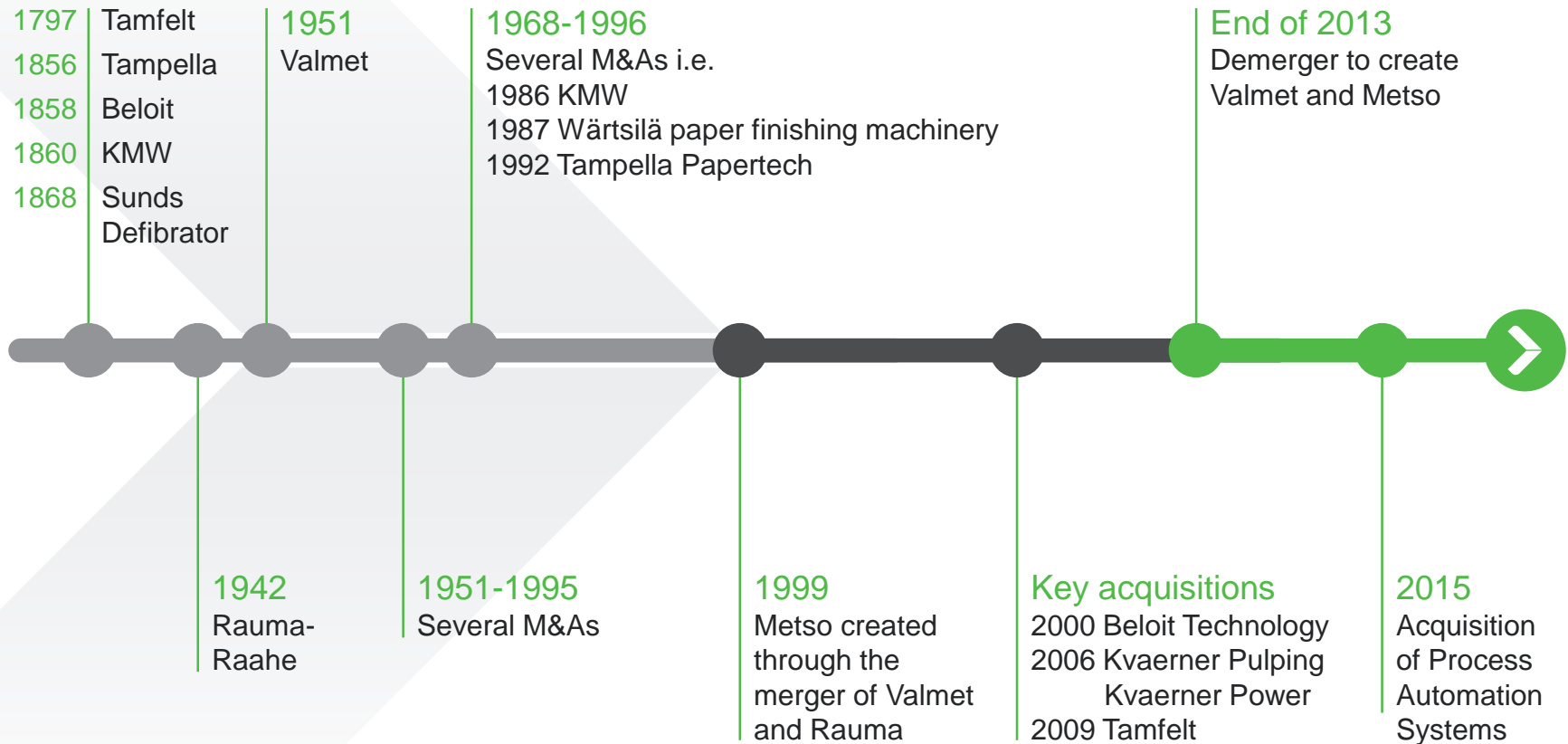
Valmet Roadshow

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



Valmet overview

Valmet's road to becoming a global market leader



A leading technology and service company with full automation offering

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

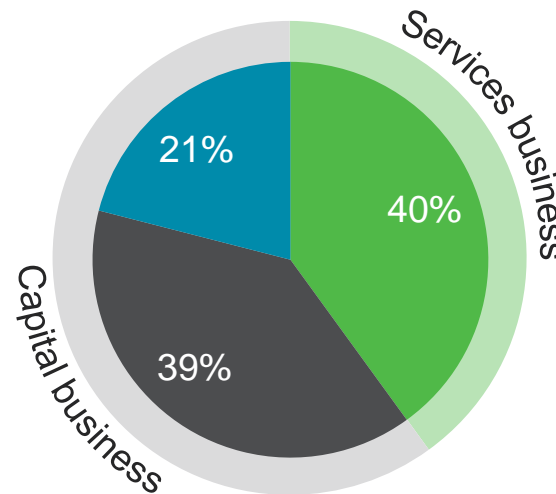
#1-2 Services

#1-2 Pulp

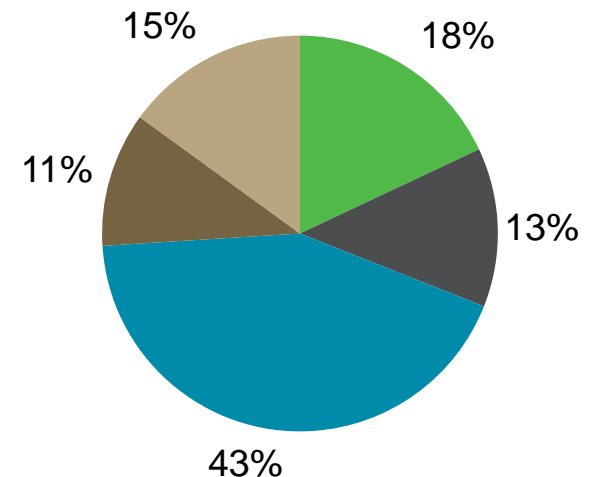
#1-3 Energy

#1-2 Paper, board, tissue

Net sales (2014)



- Services
- Pulp and Energy
- Paper



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

Automation became Valmet's fourth business line as of April 1, 2015

1) EBITA before non-recurring items

Our four business lines serve the same customer base



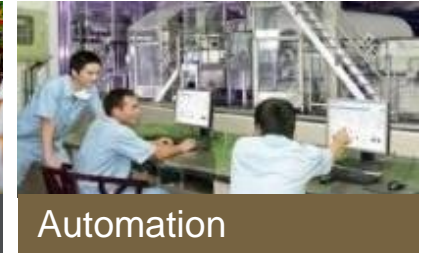
Services



Pulp and Energy

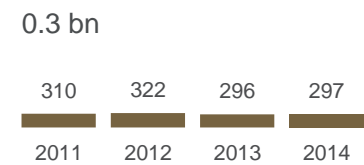
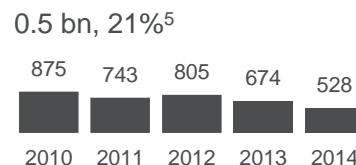
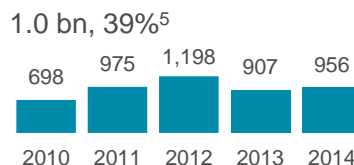
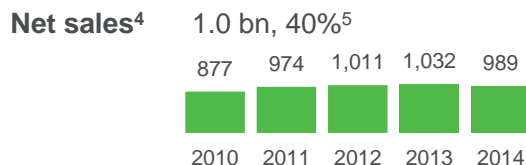


Paper



Automation

Description	Mill and plant improvements, roll and workshop services, parts and fabrics, and life-cycle services	Technologies and solutions for pulp production, power generation, and biomass conversion	Technologies and solutions for board, tissue, and paper	Supplies and develops automation and information management systems, applications and services
Market position	#1-2	Pulping #1-2, Bioenergy generation #1-2	Board #1-2, Tissue #1, Paper #1-2	Analyzers #1, QCS ¹ #1-2, DCS ² #1-3
Market size	EUR 7.5 bn	Pulp EUR 1.4 bn, Energy EUR 2.0 bn	Board EUR 1.0 bn, Tissue EUR 0.6 bn, Paper EUR 0.6 bn	DCS ² EUR 1.6 bn, QMS ³ >EUR 0.2 bn, Analyzers <EUR 0.2 bn
Customers	Companies mainly in the pulp, paper and energy industries	In pulp, mechanical and chemical pulp producers as well as companies in the panelboard industry	Mainly paper companies as well as board and tissue producers	Companies in the pulp, energy, paper and process industries
Main competitors	Voith, Andritz, Albany, Xerium Technologies, AstenJohnson, Foster Wheeler, Alstom etc.	Andritz in Pulp; Andritz and Foster Wheeler in Energy; Andritz main global competitor in biomass	Voith and Andritz	ABB, Honeywell, Emerson, Siemens, Voith, Paperchine, Procemex, BTG, PulpEye etc.



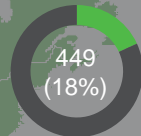
1) QCS = Quality Control Systems
 2) DCS = Distributed Control Systems
 3) QMS = Quality Management System
 4) Net sales 2010–2013 by business line on a carve-out basis for the periods indicated (excl. Intra-Metso net sales).
 5) Percent of total, excluding Automation (2014 figures)



Strong global presence – good platform for growth

North America

- Large installed base to be serviced
- Capital project opportunities in pulp, energy, board, and tissue

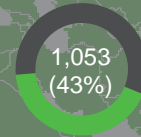


1,135
(11%)



EMEA

- Large installed base to be serviced
- Machine closures in printing and writing
- Capital project opportunities in pulp, board, tissue, and bioenergy

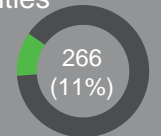


6,460
(61%)



China

- Service growth potential through growing installed base
- Capital project opportunities in board and tissue

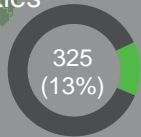


1,942
(18%)



South America

- Service growth potential through growing installed base
- Capital project opportunities in pulp, tissue and bioenergy

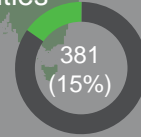


441
(4%)



Asia-Pacific

- Service growth potential through growing installed base
- Capital project opportunities in pulp, energy, board, and tissue



593
(6%)



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

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

Valmet's way forward

Our Mission

Converting renewable resources into sustainable results

Our Strategy

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

We are committed to moving our customers' performance forward.

Our Must-Wins

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

Our Vision

To become the global champion in serving our customers

Our Values create and strengthen our culture

Customers - We move our customers' performance forward

Renewal – We promote new ideas to create the future

Excellence – We improve every day to deliver results

People – We work together to make a difference

Megatrends

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



Investment highlights

Investment highlight summary

1 **Strong market position** in growing markets

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

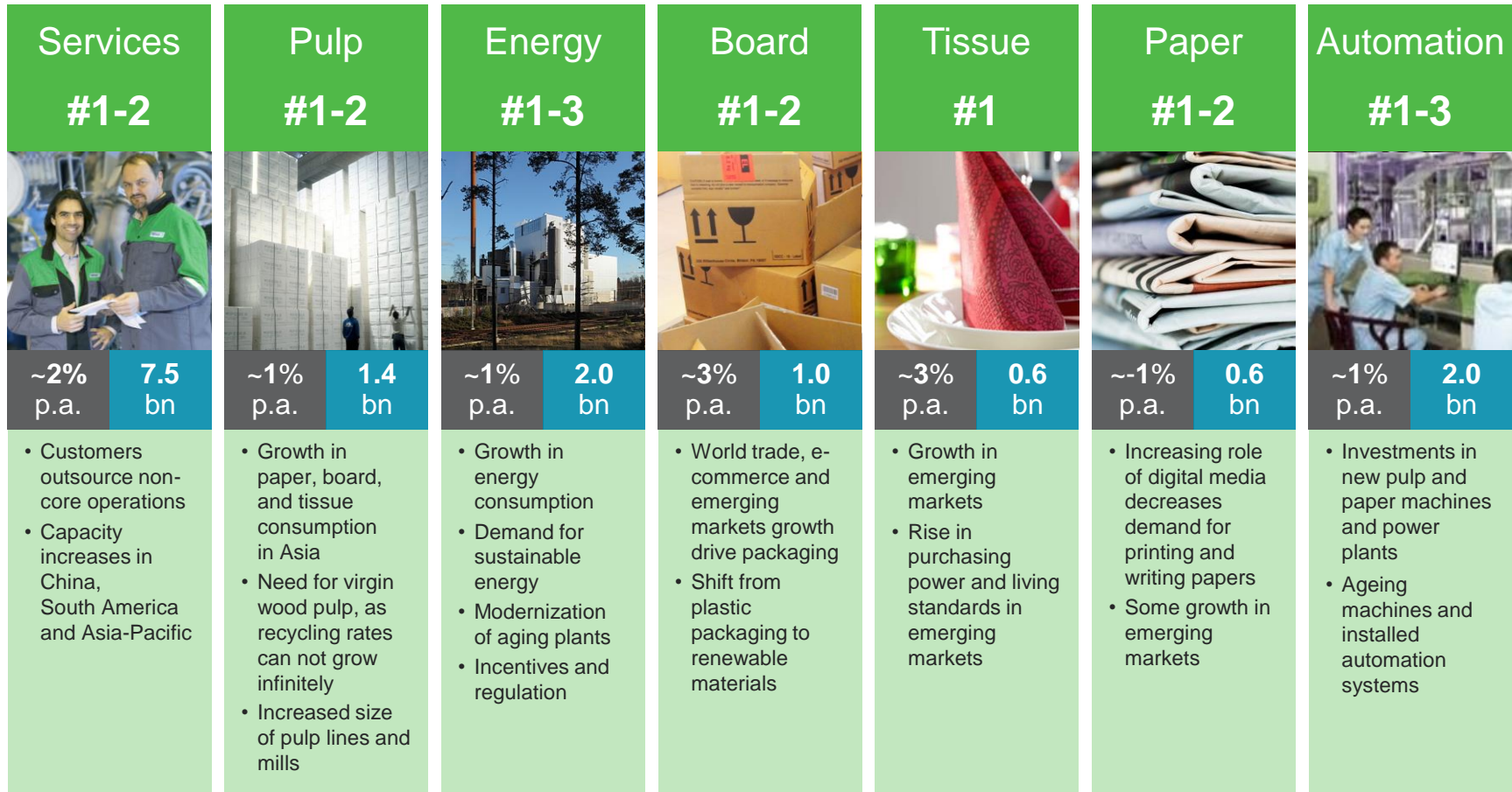
3 Strong in cyclical capital business with long-term **growth potential** and **increased flexibility in cost structure**

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

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



Strong market position in growing markets



~12,000 professionals working globally close to customers

Source: Leading consulting firms, RISI, management estimates

■ Anticipated long-term market growth

■ Estimated market size for current offering (EUR)

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



Growing

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

Profitable

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

Stable

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

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



Pulp and Energy

Market position:

#1-3

Headcount reduction¹:

~500

Capacity cost reduction:

10%

(Capacity cost to sales 24% in 2014)



Paper

Market position:

#1-2

Headcount reduction¹:

~800

Capacity cost reduction:

20%

(Capacity cost to sales 47% in 2014)



1) Reduction in number of employees during 2014

Unique offering with process technology, automation and services

Process technology

Customer

Services

Automation



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

Continued focus on profitability, more effort into renewal

Continued focus on profitability improvement measures

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

Increased focus on renewal

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





Financials

Financial targets

Growth



Net sales growth to exceed market growth

Profitability



EBITA¹ before non-recurring items: 6-9%

ROCE



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

Dividend policy



Dividend payout at least 40% of net profit



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

Q1/2015 in brief



Orders received and net sales increased in services

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



Orders received decreased and net sales increased in capital business

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



Order backlog at EUR 2.1 billion

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



Focus on profitability improvement

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



Strong balance sheet, negative cash flow provided by operating activities

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

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

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

Key figures Q1/2015

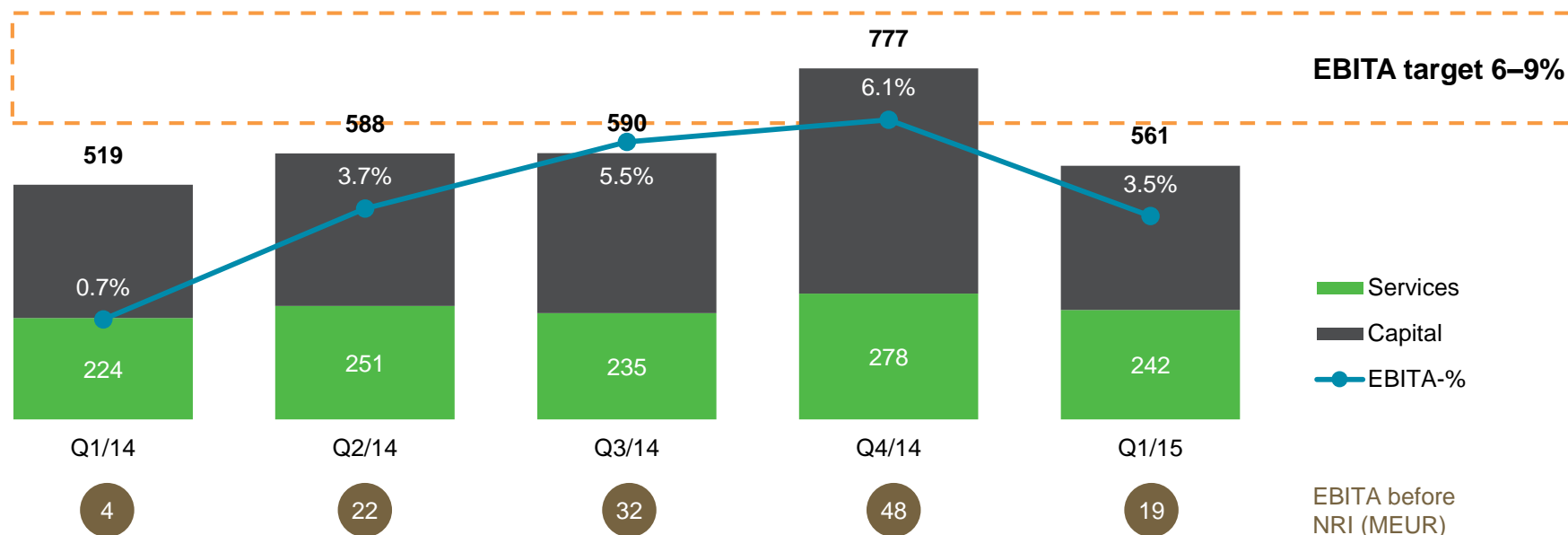
EUR million	Q1/2015	Q1/2014	Change
Orders received	580	1,101	-47%
Order backlog ¹	2,064	1,972	5%
Net sales	561	519	8%
EBITA ²	19	4	>100%
% of net sales	3.5%	0.7%	
EBIT ³	13	-8	
% of net sales	2.4%	-1.5%	
Earnings per share, EUR	0.05	-0.04	
Return on capital employed (ROCE), before taxes ⁴	6%	-2%	
Cash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

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

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

EBITA-margin increased compared with Q1/2014

Net sales and EBITA before NRI (EUR million)



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

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

2) POC = Percentage of completion

Guidance and short-term market outlook

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

Guidance for 2015



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

Short-term market outlook

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



Automation – excellent
strategic fit

Valmet becomes a stronger company as a result of acquiring Automation

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

The acquisition has an excellent strategic fit

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



Combination of Valmet and Automation creates a unique customer offering

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

Valmet is a unique company



Automation is a strong, established business

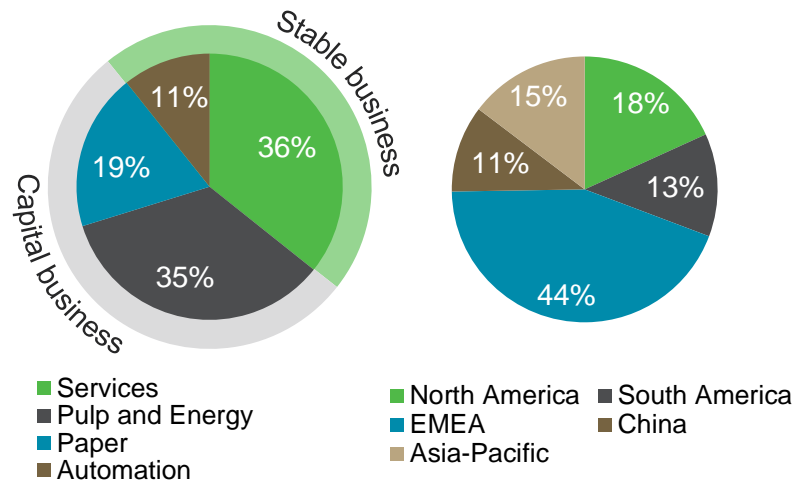
- Long-term customer relations
- High level of technology and know-how
- Strong service business, based on large installed base and captive business model
- ~1,600 automation professionals working close to customers at ~80 locations around the world
- Significant proprietary know-how
- Good financial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



Valmet with Automation

Increased stability and improved profitability

Illustrative net sales in 2014¹



Improving profitability

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

Increasing stability

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

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



Conclusion

Investment highlight summary

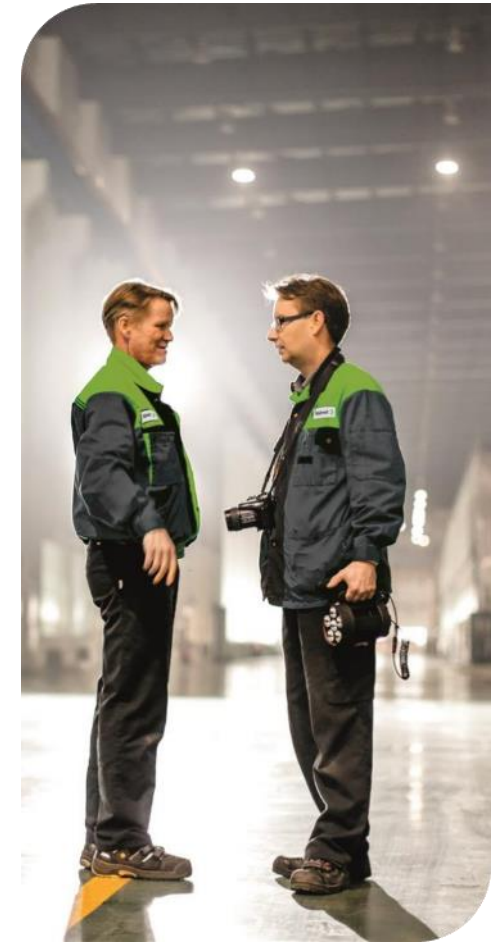
1 **Strong market position** in growing markets

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

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

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

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 Automation

4 Market statistics



Appendix

Management, ownership and share
price development

Experienced management team

Corporate



Pasi Laine

President and CEO
Share ownership: 49,021



Markku Honkasalo

Chief Financial Officer
Share ownership: 5,148



Kari Saarinen

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



Julia Macharey

SVP, Human Resources
Share ownership: 863



Anu Salonsaari-Posti

SVP, Marketing &
Communications
Share ownership¹: 600

Business lines



Jukka Tiitinen

Business Line President,
Services
Share ownership²: 23,870



Bertel Karlstedt

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



Jari Vähäpesola

Business Line President,
Paper
Share ownership: 12,391



Sakari Ruotsalainen

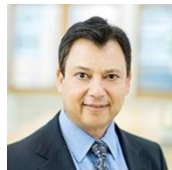
Business Line President,
Automation
Share ownership: 8,090

Areas



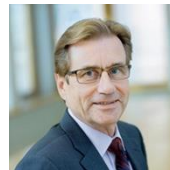
William Bohn

Area President, North
America
Share ownership: 6,652



Celso Tacla

Area President, South
America
Share ownership: 17,428



Hannu Mälkiä

Area President, EMEA
Share ownership: 19,622



Aki Niemi

Area President, China
Share ownership: 3,919



Hannu T. Pietilä

Area President, Asia Pacific
Share ownership: 8,432

- 1) Includes 100 shares in Valmet owned by Ms. Salonsaari-Posti's family members
2) Includes 100 shares in Valmet owned by Mr. Tiitinen's family members

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

Board of Directors



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

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



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

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



Friederike Helfer
(b. 1976)
Board member
Austrian citizen

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



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

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



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

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



Rogério Ziviani
(b. 1956)
Board member
Brazilian citizen

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

Largest shareholders on April 30, 2015

Based on the information given by Euroclear Finland Ltd.

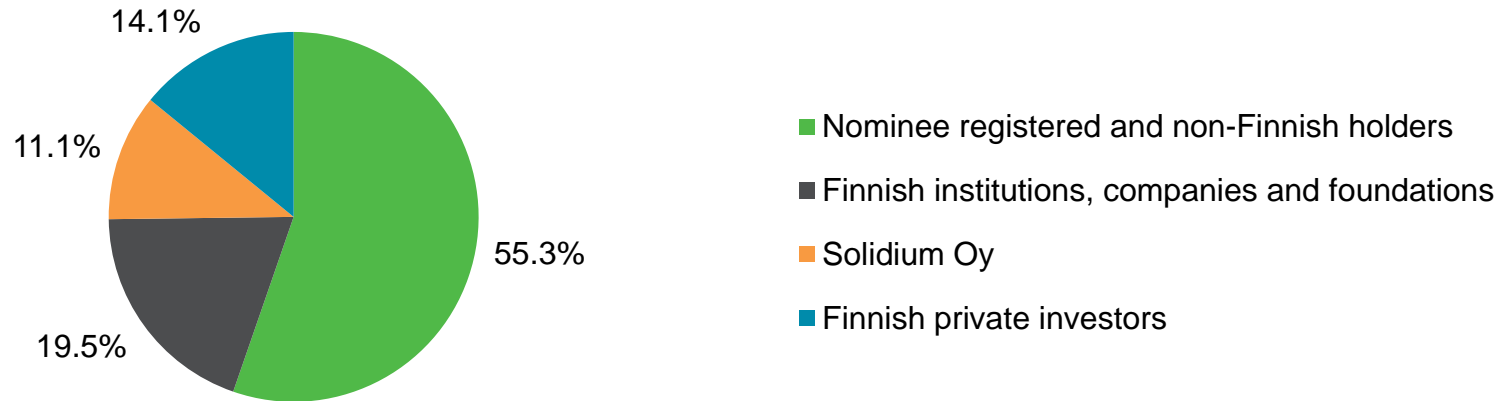
#	Shareholder name	Number of shares	% of shares and votes
1	Solidium Oy ¹	16,695,287	11.14%
2	Nordea Funds	4,665,146	3.11%
3	Skagen Global Verdipapirfond	3,202,627	2.14%
4	Ilmarinen Mutual Pension Insurance Company	3,092,126	2.06%
5	Varma Mutual Pension Insurance Company	2,908,465	1.94%
6	The State Pension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

Flagging notifications

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

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

Ownership structure on April 30, 2015

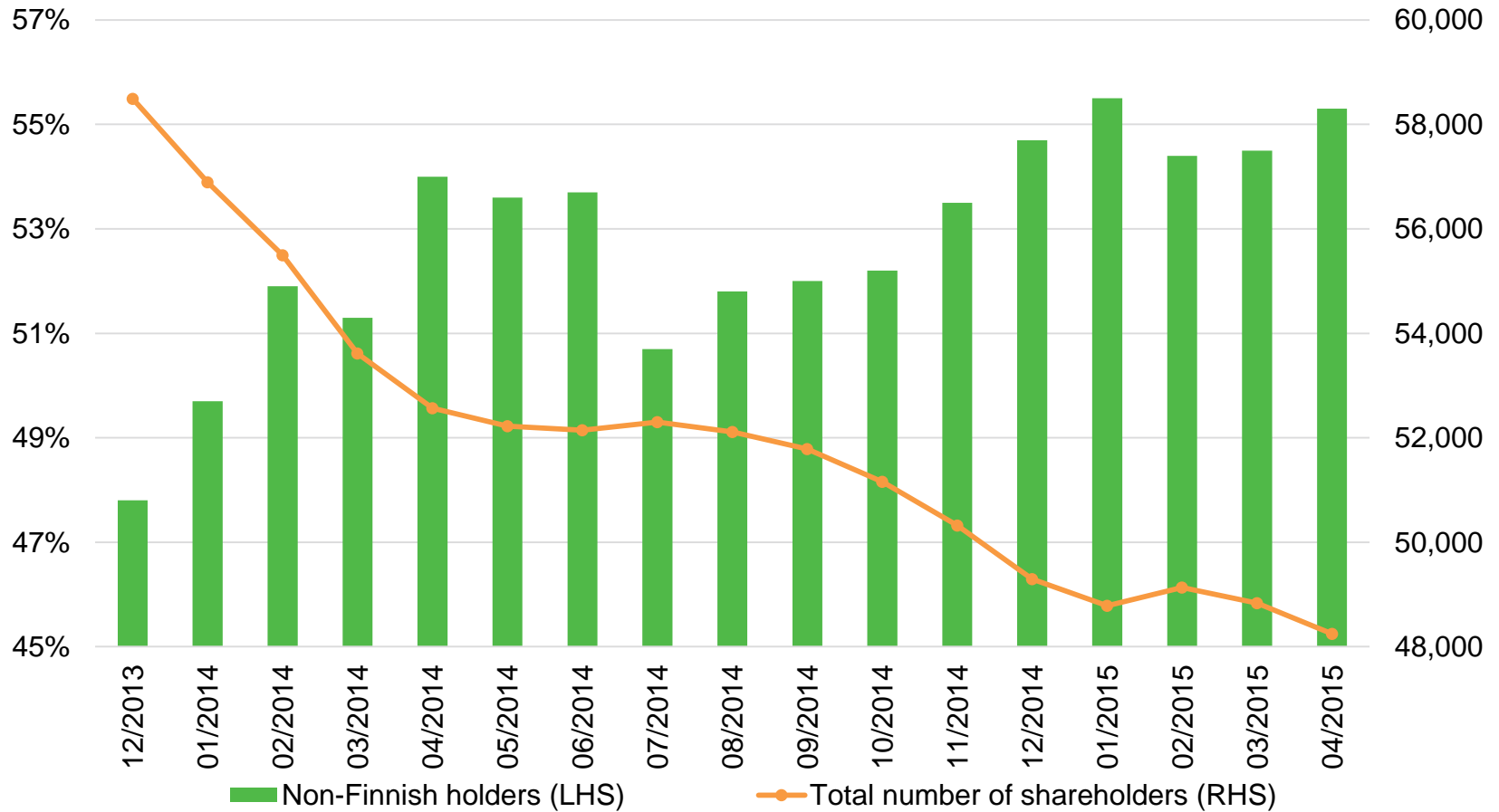


Sector	Number of shareholders	% of total shareholders	Number of shares	% of shares
Nominee registered and non-Finnish holders	299	0.6%	82,808,526	55.3%
Finnish institutions, companies and foundations	2,666	5.5%	29,261,743	19.5%
Solidium Oy ¹	0	0.0%	16,695,287	11.1%
Finnish private investors	45,283	93.9%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

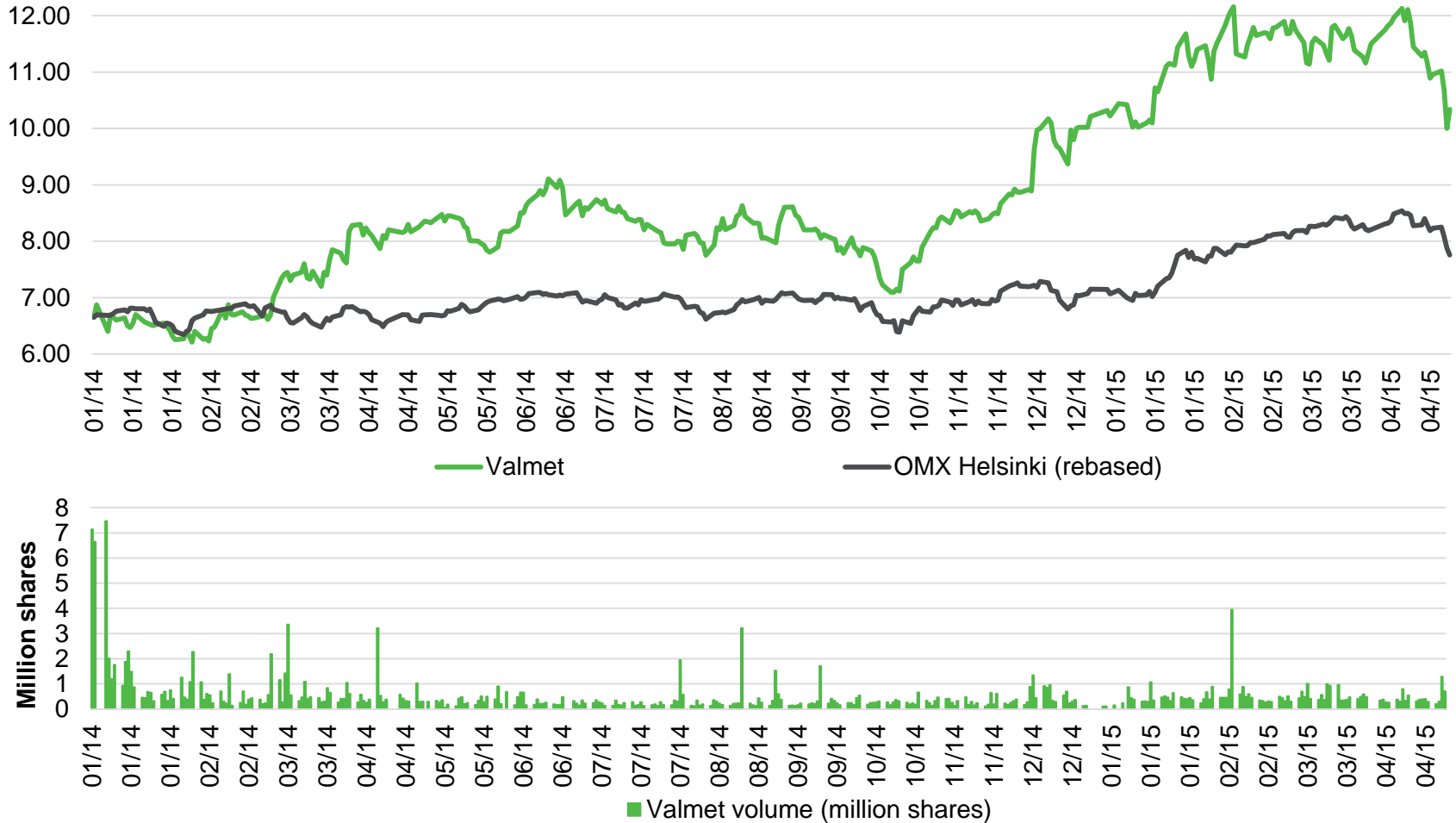
The ownership structure is based on the classification of sectors determined by Statistics Finland.

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

Share of non-Finnish holders and number of shareholders



Share price development and trading volume



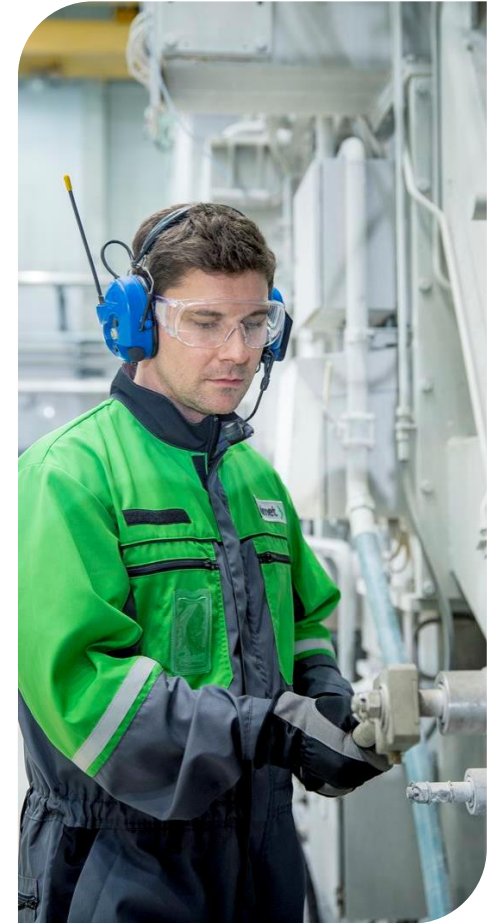


Appendix

Financials

Latest development in sustainability

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



Customer activity increased in 2014

Announced orders during H1/2014

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

Customer activity increased in 2014

Announced orders during H2/2014

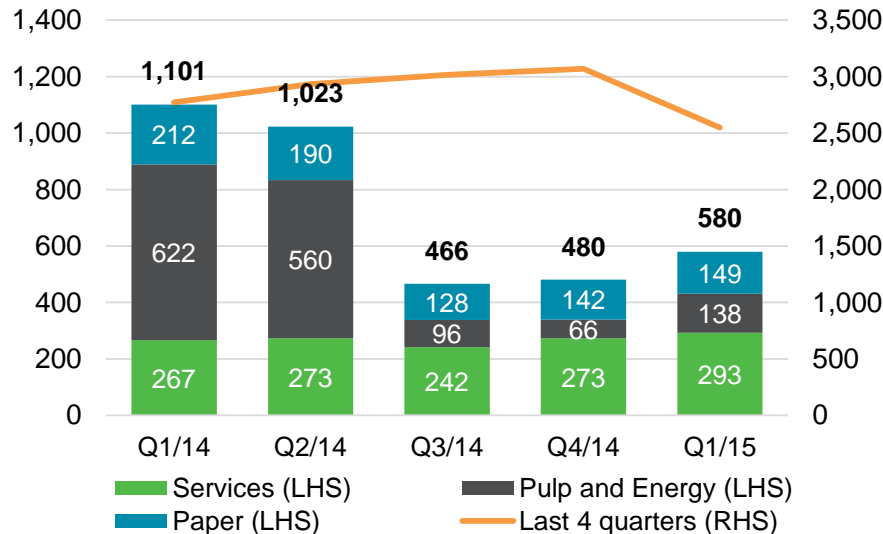
Date	Description	Business line	Country	Value
Jul 2	Advantage DCT 200 tissue line	Paper	Middle East	Not disclosed
Jul 8	Wood chipping plant	Pulp and Energy	Sweden	Around EUR 20 million
Aug 4	Advantage NTT line	Paper	USA	Not disclosed
Aug 15	Paper machine grade conversion rebuild	Paper	Thailand	Typically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

Announced orders in 2015

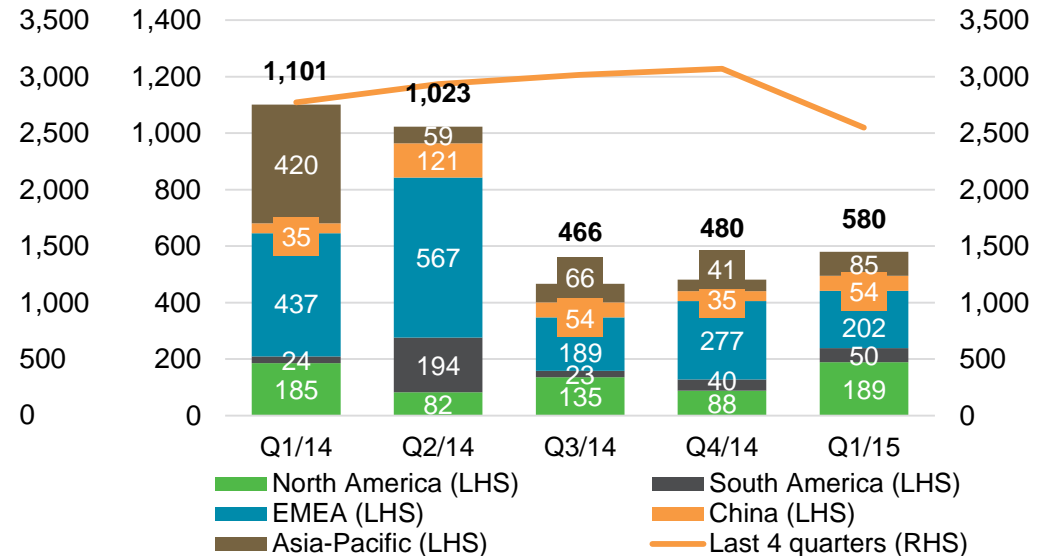
Date	Description	Business line	Country	Value
Jan 23	Key board machine solutions	Paper	China	Not disclosed
Feb 4	Flue-gas cleaning and condensation plant	Pulp and Energy	Finland	Around EUR 8 million
Feb 17	Equipment for fluff conversion project	Pulp and Energy, and Paper	USA	Not disclosed
Mar 2	OptiConcept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

Orders received declined from the high level in Q1/2014

Orders received (EUR million),
by business line



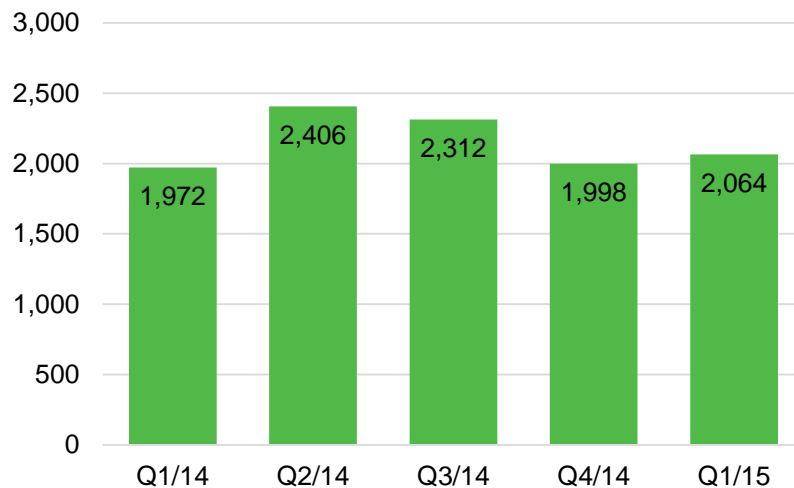
Orders received (EUR million),
by area



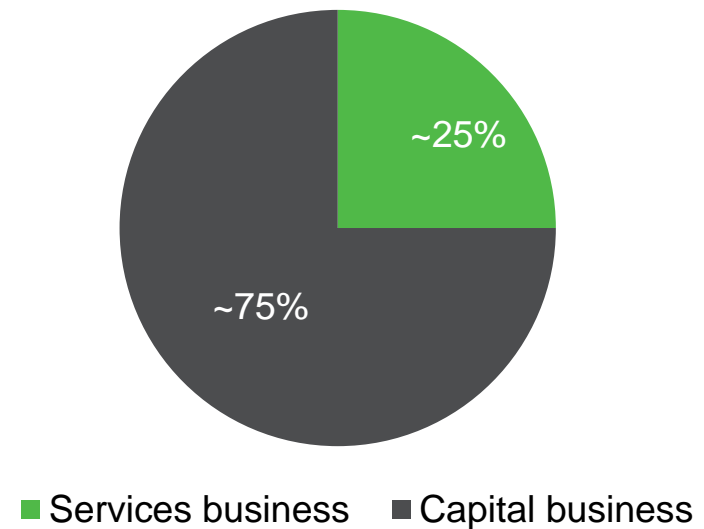
- Orders received increased in Services
- Orders received decreased in Pulp and Energy
- Orders received decreased in Paper
- Orders received increased in South America and China

Order backlog at EUR 2.1 billion

Order backlog (EUR million)



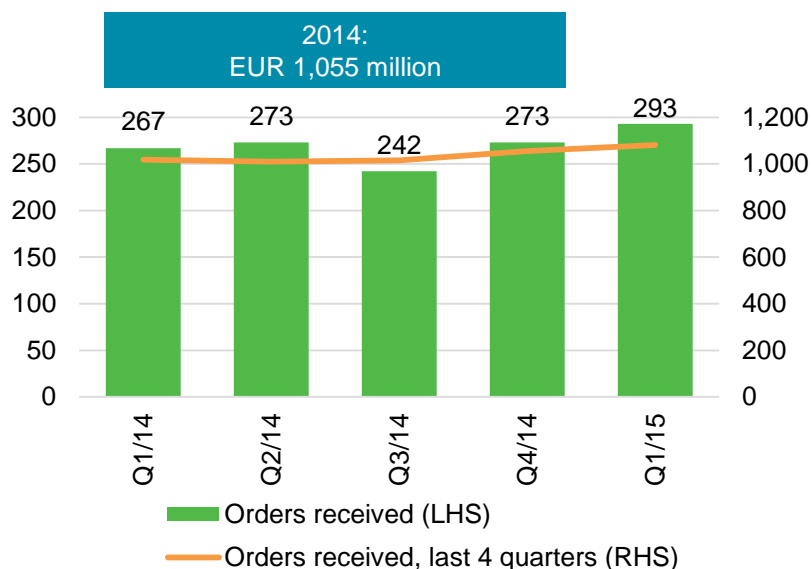
Structure of order backlog



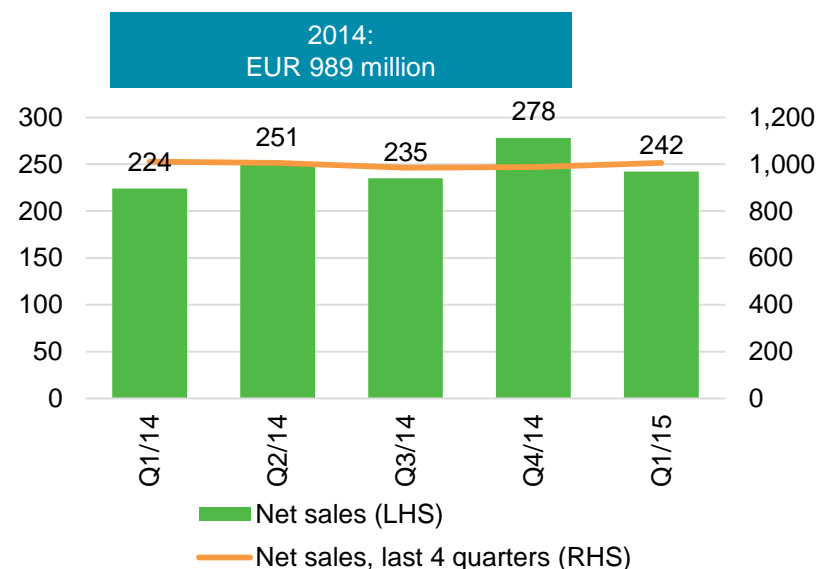
- About 75% of the order backlog is currently expected to be realized as sales during 2015
- Approximately 25% of the order backlog relates to the Services business line

Growth in orders received and net sales in Services

Orders received (EUR million)



Net sales (EUR million)



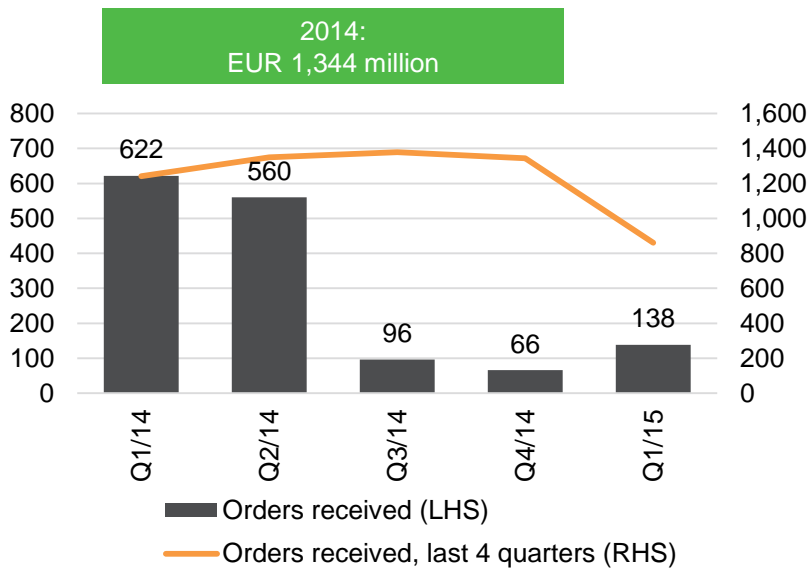
- Services orders received increased compared with Q1/2014
 - Orders received increased in North America, South America, EMEA and Asia-Pacific, and decreased in China
 - Orders received remained stable compared with Q1/2014 in Fabrics and increased in all other business units
 - Changes in foreign exchange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



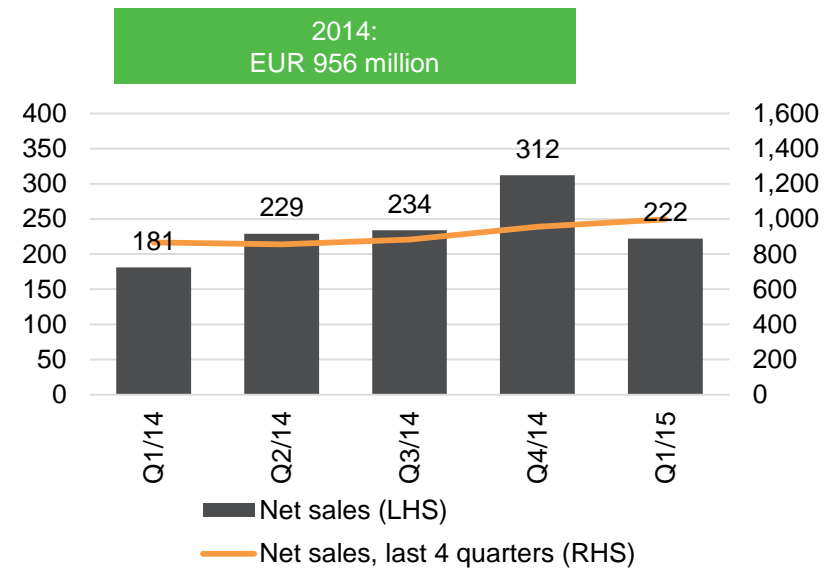
1) Compared with the exchange rates for January–March, 2014

Orders received decreased and net sales increased in Pulp and Energy

Orders received (EUR million)



Net sales (EUR million)

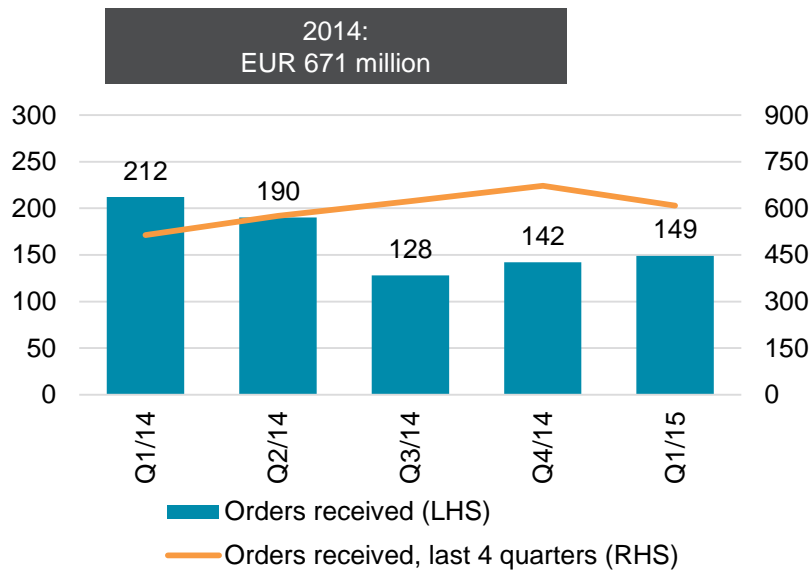


- Orders received decreased compared with Q1/2014
 - Orders received increased in South America and North America, and decreased in other areas
 - Orders received decreased in both Pulp and Energy
- Net sales increased compared with Q1/2014

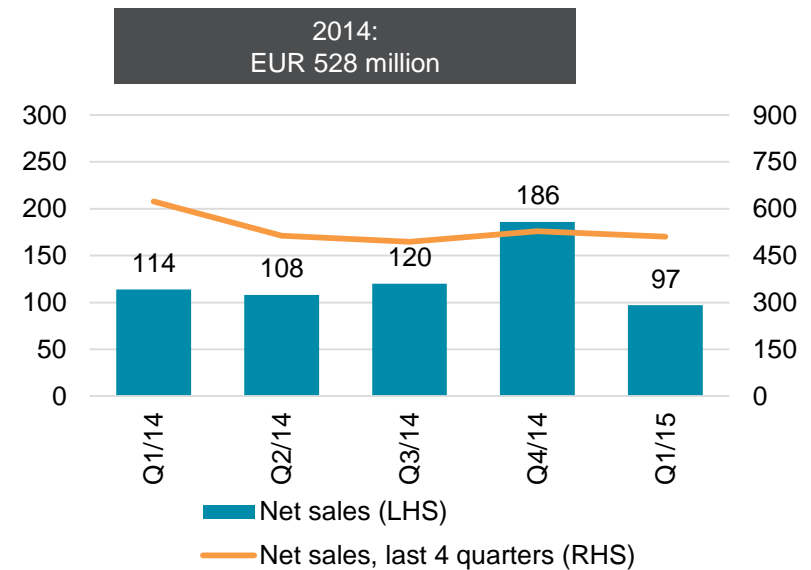


Orders received and net sales decreased in Paper

Orders received (EUR million)



Net sales (EUR million)



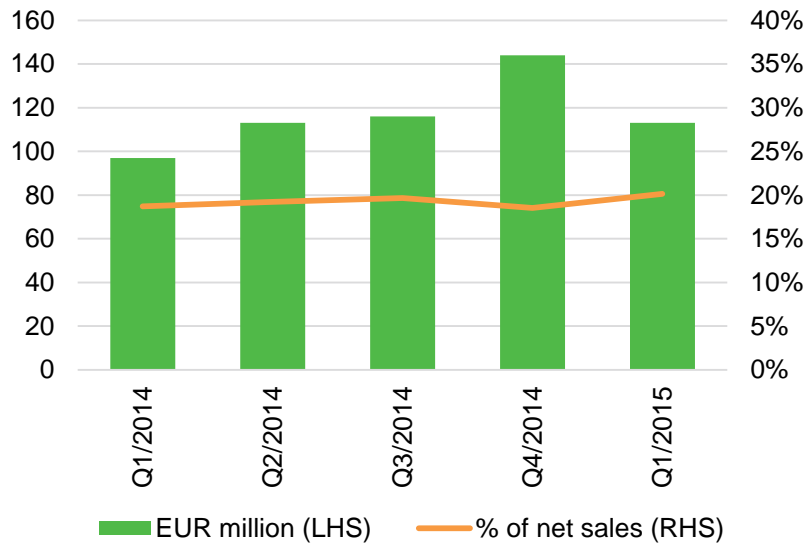
- Orders received decreased compared with Q1/2014
 - Orders received increased in China and South America and decreased in other areas
 - Orders received increased in Board and Paper, and decreased in Tissue
- Net sales decreased compared with Q1/2014
- Timing of POC¹ milestones had a negative impact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



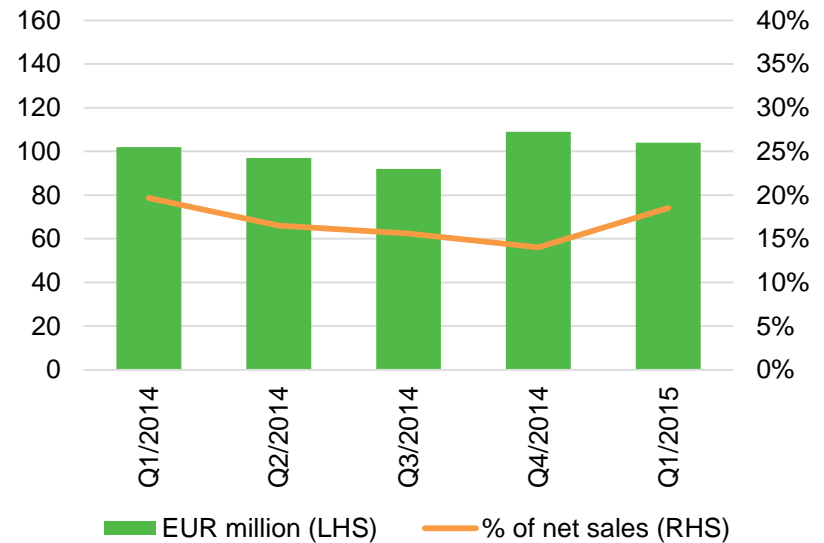
1) POC = Percentage of completion

Good development in gross profit

Gross profit (EUR million and % of net sales)



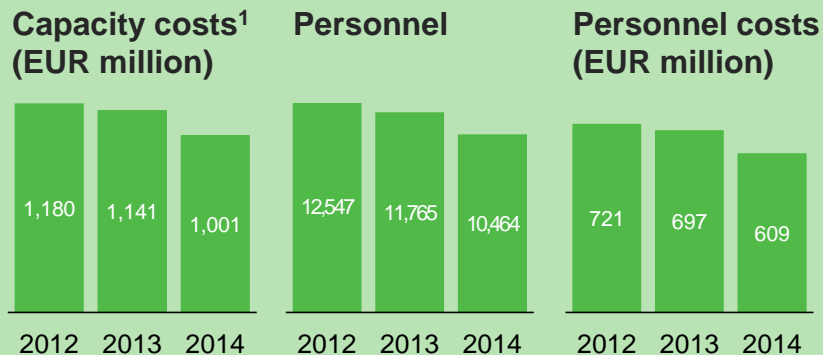
SG&A (EUR million and % of net sales)



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

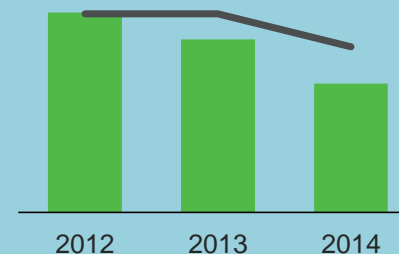
1) Compared with the exchange rates for January–March, 2014

Development of capacity costs and quality costs



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

Quality costs (EUR million and % of net sales)



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

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

1) Capacity cost means total fixed type of own costs which generally do not vary with production levels and which are based on present normal capacity, e.g. wages & salaries, rents & leases, estates & equipment, travel, common functions, telecom expenses, insurances and other outside services

Strategy implementations through Must-Wins

Must-Wins

Must-Win implementation objectives for 2015

Customer excellence

- Strengthen our presence close to customers and growth markets
- Strengthen Key Account Management to enhance growth at the customer
- Drive services growth through long-term agreements and expanded customer base

Leader in technology and innovation

- Improve product cost competitiveness to increase gross profit
- Drive renewal through biotechnology solutions and new offering

Excellence in processes

- Implement Lean to reduce quality costs and lead times
- Save in procurement
- Improve health and safety
- Sales and project management process to improve product margin
- Continue to improve cost competitiveness

Winning team

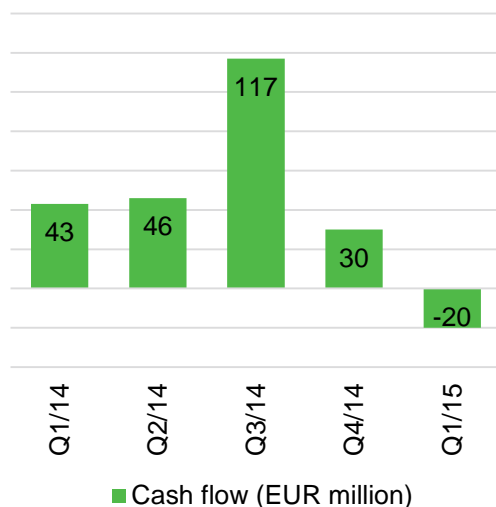
- Nurture shared values
- Drive high performance
- Continue globalization of our capabilities

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

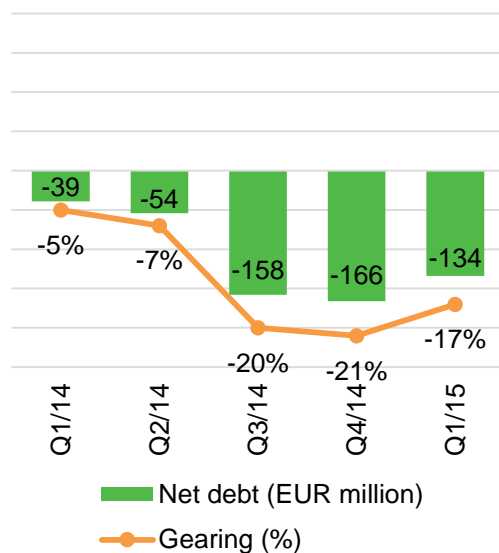
Improve project and service margin	Reduce quality costs and lead times	Savings in procurement	Improve product cost competitiveness to increase gross profit
<ul style="list-style-type: none">• Harmonization of processes• Localization of competencies• Better selection of sales cases• Development in project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

Cash flow, net debt, gearing and equity ratio

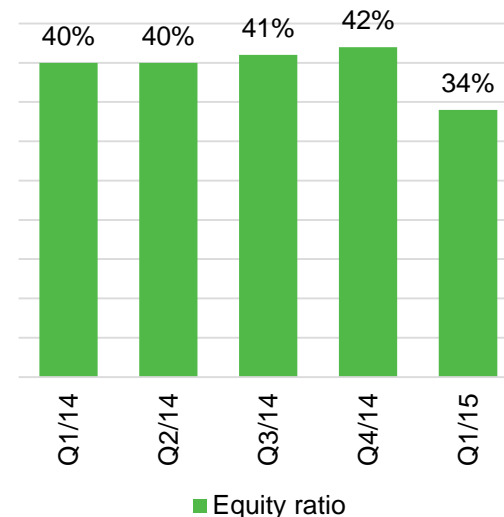
Cash flow provided by operating activities (EUR million)



Net debt (EUR million) and gearing (%)



Equity to assets ratio (%)



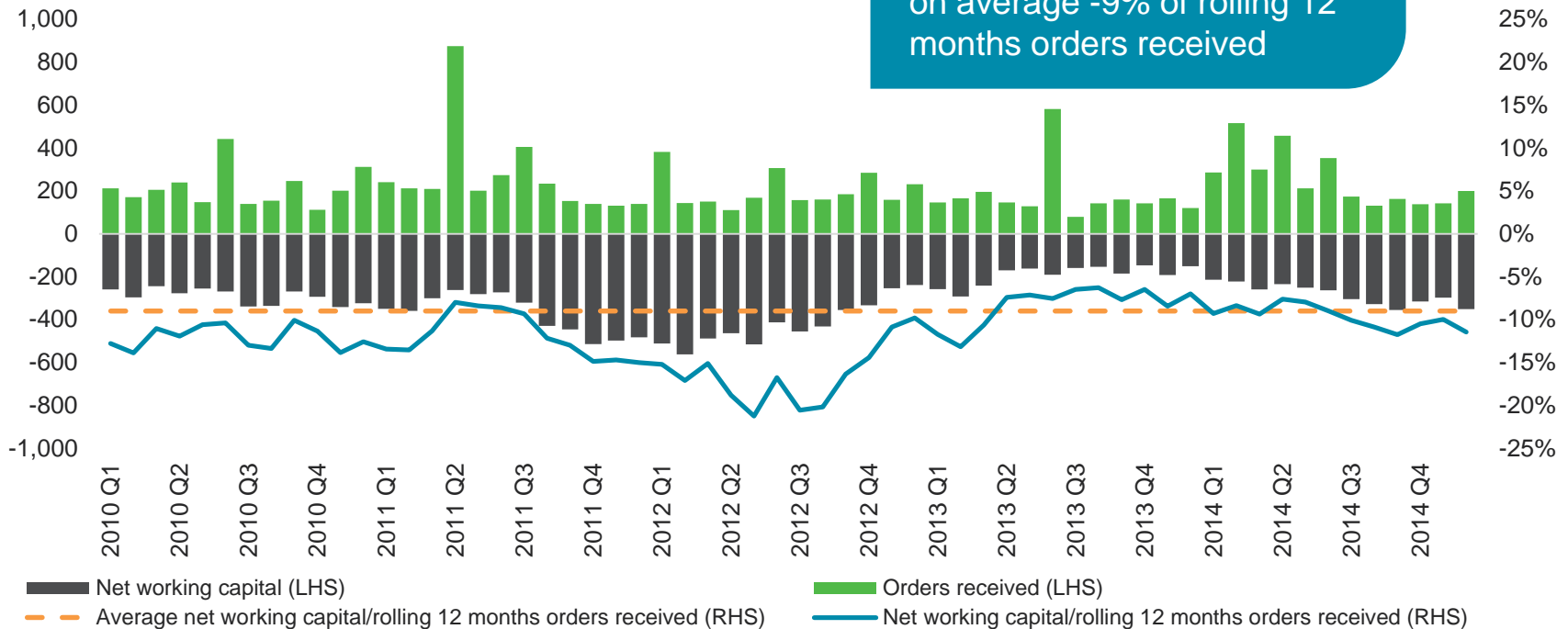
- Change in net working capital was EUR -49 million¹
- CAPEX less than depreciation

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

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

Strong development in net working capital in 2014

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



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

Foreign exchange risk management in Valmet

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



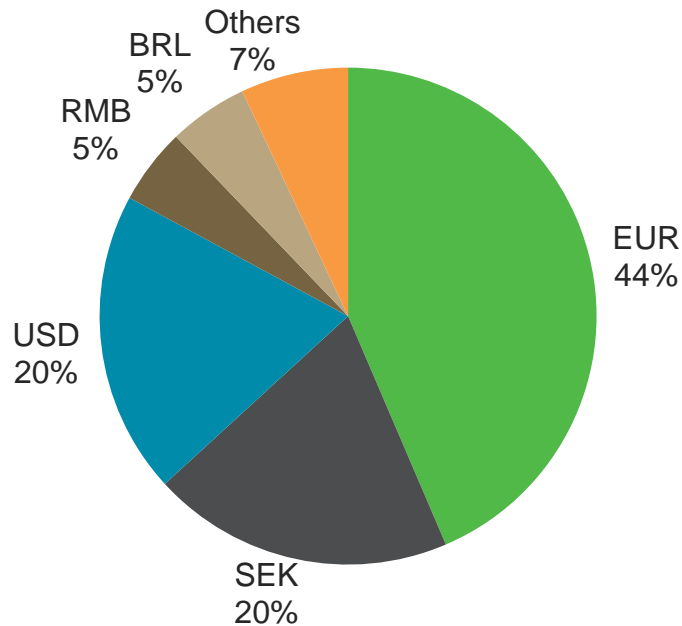
Foreign currency exposure

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

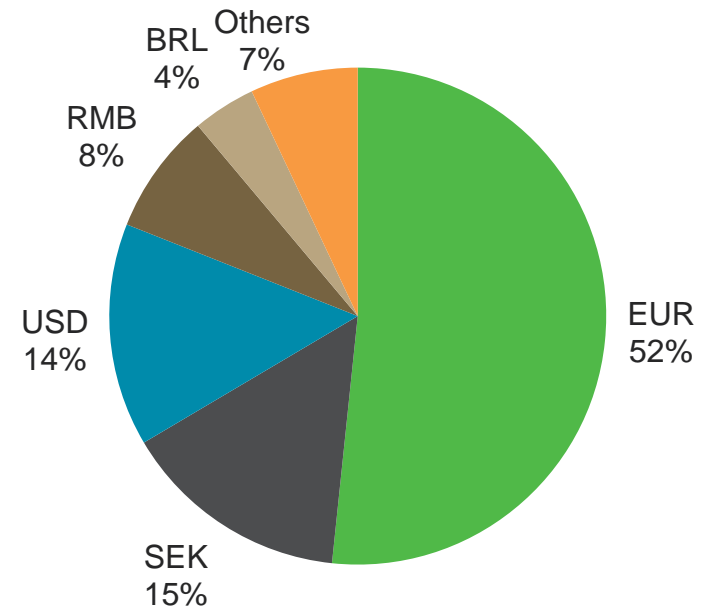


Split of net sales and costs per currency in 2014

Net sales by currency (2014)



Costs by currency (2014)

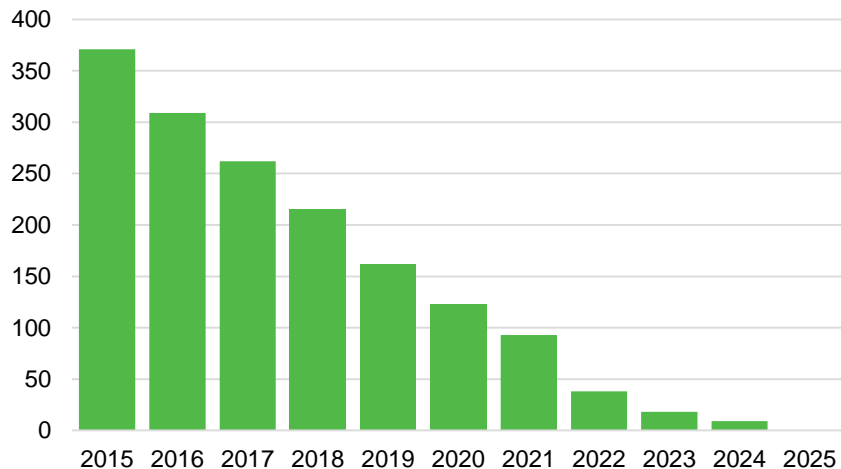


- Sales and costs in different currencies fairly balanced
- More costs than sales in EUR, vice versa in USD

Structure of loans and borrowings

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

Amount of outstanding interest-bearing debt (EUR millions)



- Average maturity of long-term loans is 4.1 years

Main financing sources

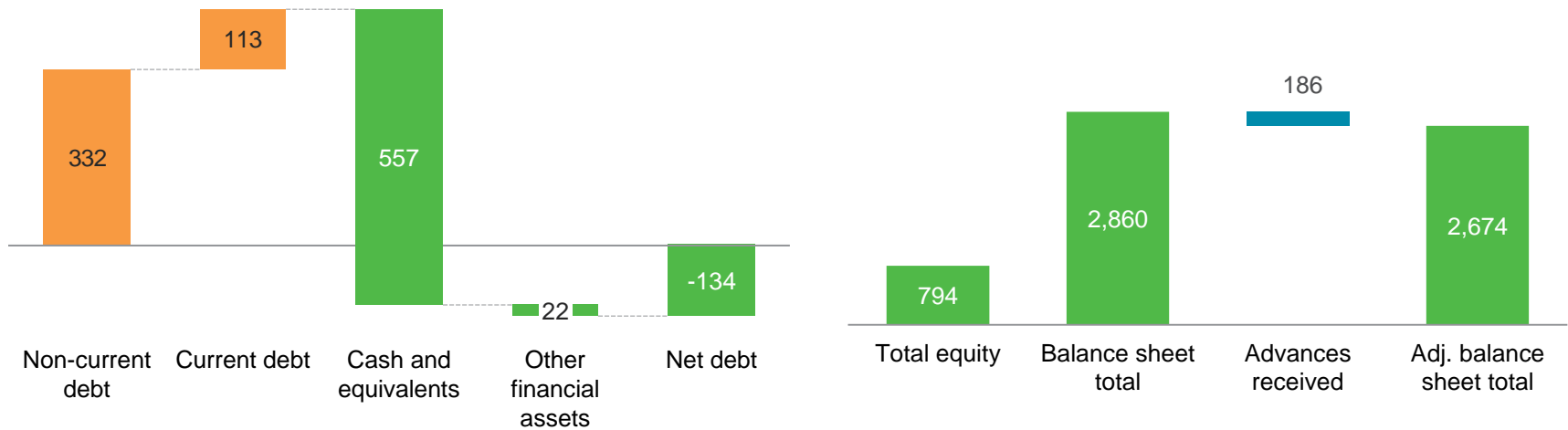
Amount	Lender
EUR 147 million	European Investment Bank
EUR 100 million	Skandinaviska Enskilda Banken
EUR 70 million	Swedish Export Kredit
EUR 95 million	Nordic Investment Bank

Back-up facilities

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

Strong balance sheet to support large orders

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



Net debt



EUR -134 million

Gearing



-17%

Equity to assets ratio¹



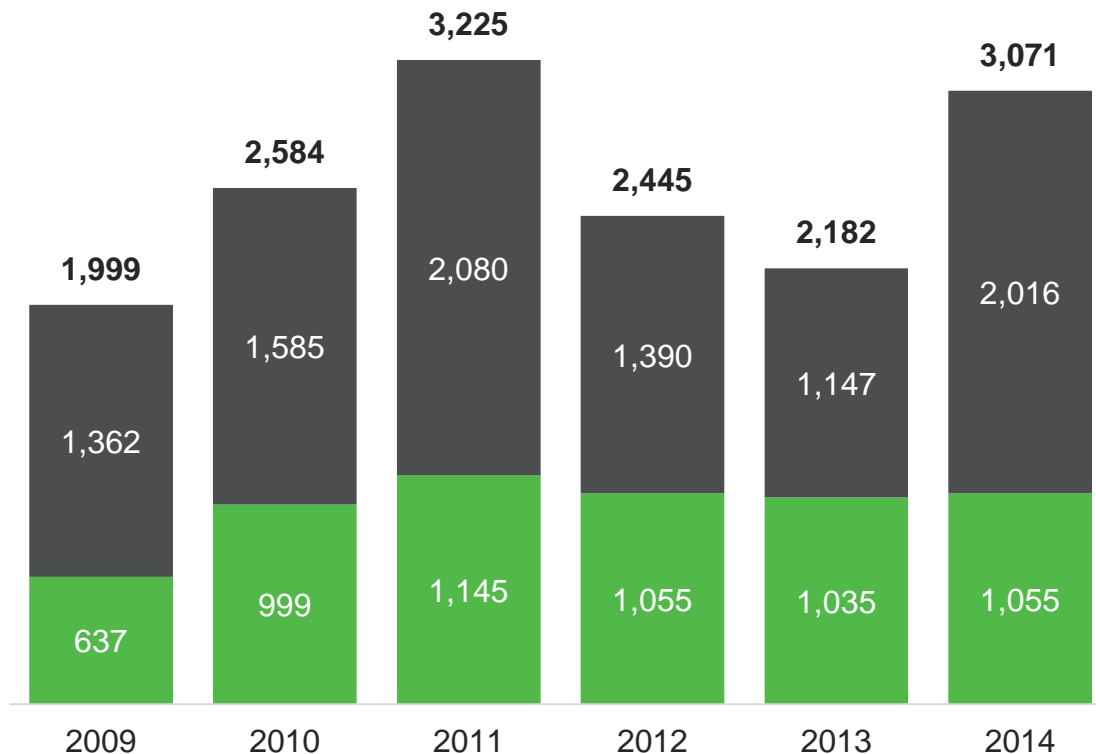
34%

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

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

High volatility in market activity

Orders received¹ (EUR million)



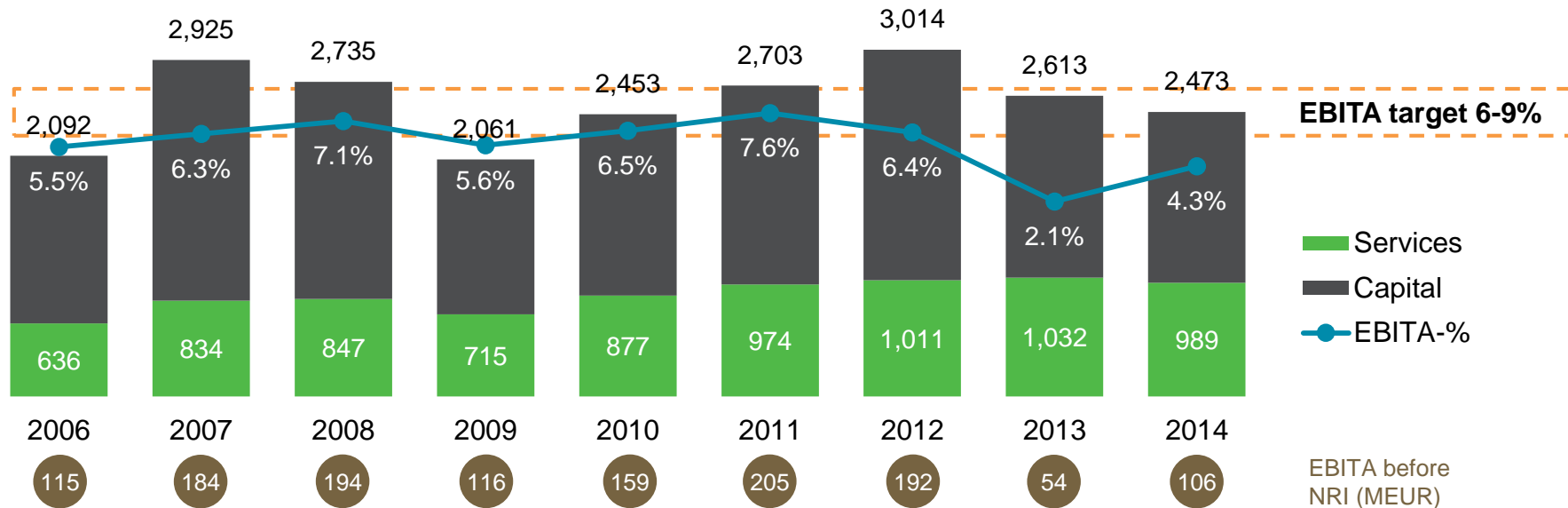
• Volatility in market activity is high in the capital business

■ Capital
■ Services

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

Net sales and profitability development, annual

Net sales and EBITA before NRI (EUR million)¹



- Timing of large projects has had an impact on the level of net sales
- Good stimulus-driven demand in China 2009–2010 supported orders
- The paper machine market has shifted to smaller and lower-cost machines
- In 2013, the power generation market was affected by low-cost shale gas and political and economical uncertainty in Europe
- Profitability improved in 2014 as a result of cost savings

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

Key ratios

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

Consolidated statement of income

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

Balance sheet as at March 31, 2015

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

Balance sheet as at March 31, 2015

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

Condensed Consolidated Statement of Cash Flows

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



Appendix

Automation

Automation in brief

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

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

2014 figures

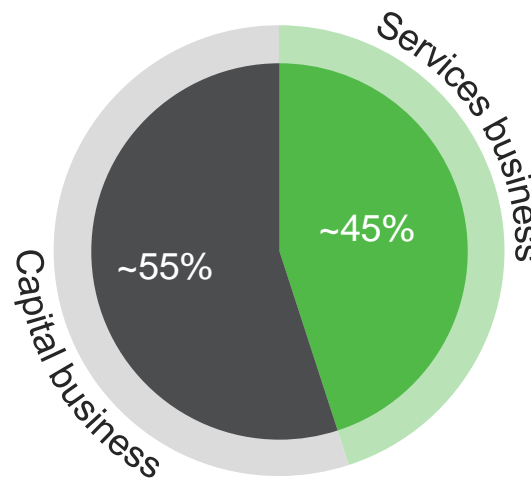
Net sales EUR 297 M
 Orders received EUR 336 M
 Employees ~1,600

EBITA margin historically approximately 10–12%

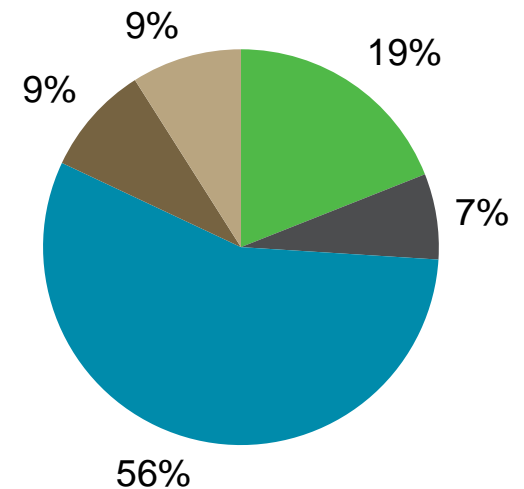
Position in Pulp and Paper

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

Net sales (2014)



- Services business
- Capital business



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

Automation offering

Distributed Control System (DCS)

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



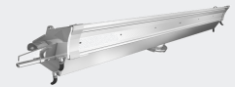
Quality Control System (QCS)

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



Profilers

- Profilers control the process as part of the QCS system



Analyzers and measurements

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



Vision systems

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

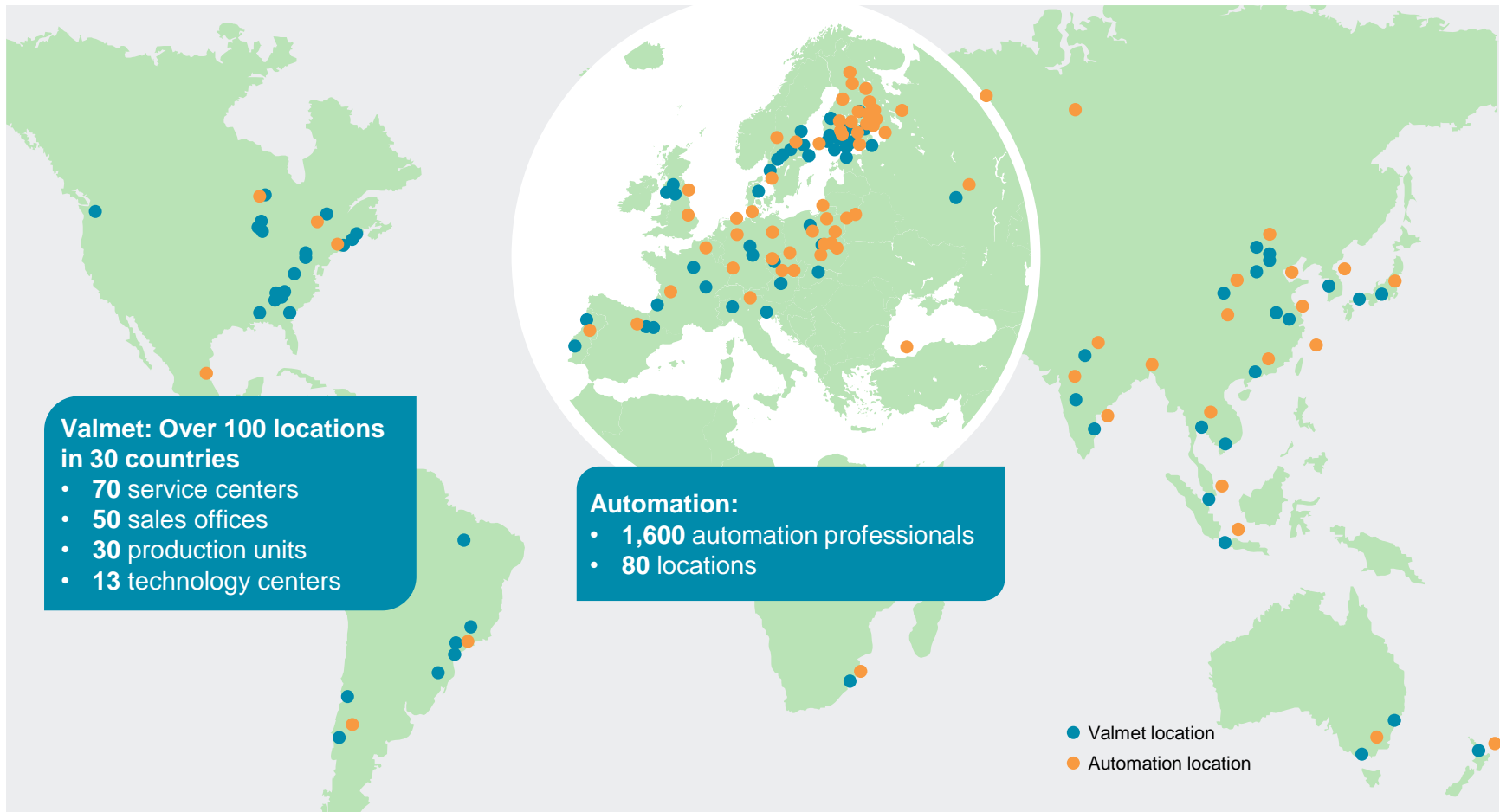


Performance solutions

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



Strengthened presence close to customers



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

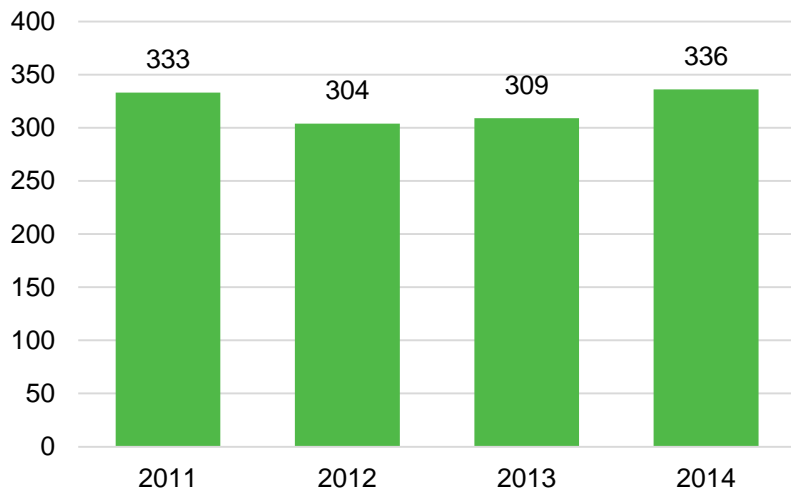
Source: Leading consulting firms, RISI, management estimates

Automation offering and market overview

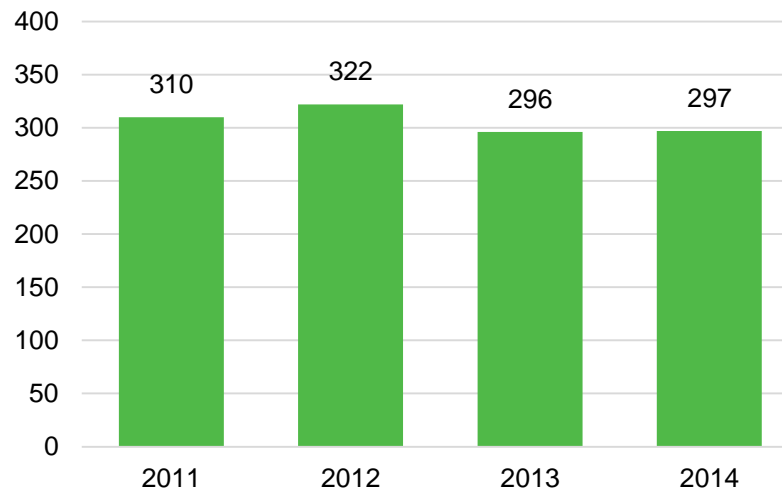
	Scope/product	Market size	Market position in pulp and paper	Main competitors
Distributed Control System (DCS) 	<ul style="list-style-type: none"> DCS for process and machines controls Condition monitoring Information management APC 	Pulp and paper DCS market: <ul style="list-style-type: none"> EUR 900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

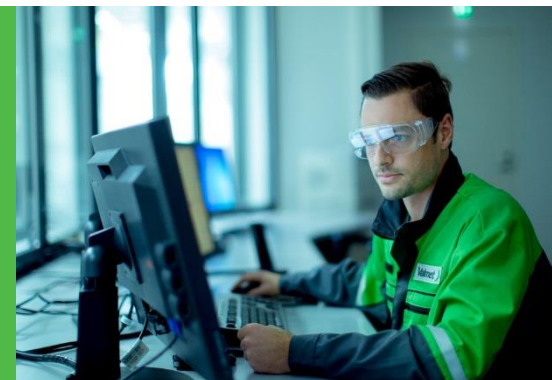


Net sales (EUR million)¹



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

Balance sheet structure after the acquisition of Process Automation Systems

Enterprise value of acquisition
EUR 340 million

Process Automation Systems' net asset value¹ approximately EUR 55 million

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

Long-term financing in place

Average maturity will increase to over 4 years

Capital employed increases

Capital employed will increase with approximately EUR 285 million

Illustrative figures

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

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

1) Net asset value on June 30, 2014



Appendix

Market statistics

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

Comprehensive life-cycle services offering



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

Spare and wear parts

- All OEM spare parts and standard parts in Valmet deliveries
- Inventory management services and process parts, such as consumables and auxiliary products

Fabrics

- Paper machinery clothing
- Filter fabrics used in the pulp and paper, mining and chemical industries and power plants for various filtration purposes as well as in commercial laundries

Mill and plant improvements

- Plant upgrades
- Modifications and environmental improvements
- Troubleshooting
- Shutdown maintenance
- Maintenance outsourcing for the entire customer plant

Roll and workshop services

- Maintenance services on rotating equipment: roll covers, spare rolls and roll upgrades
- Rebuilds for all manufacturers' board, tissue, pulp and paper machines
- Workshop services: pressure part manufacturing, boiler component services, parts to protect and enhance boiler performance and fiber equipment refurbishing

Energy and environmental

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

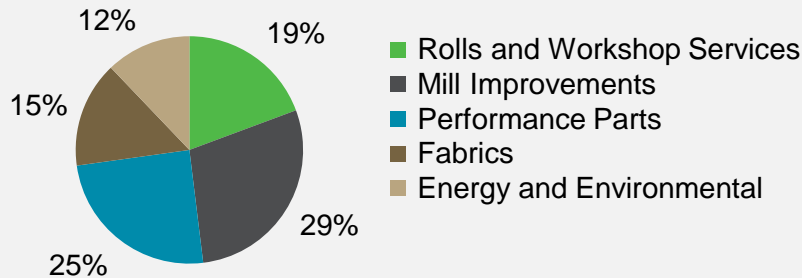
Net sales split, by business unit

Net sales split, business units (2014)



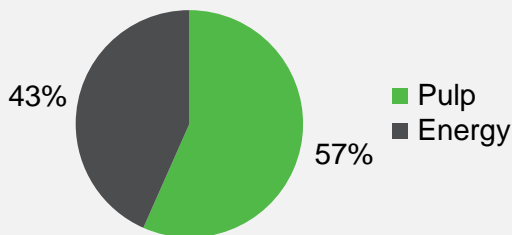
Services

(EUR 989 million)¹



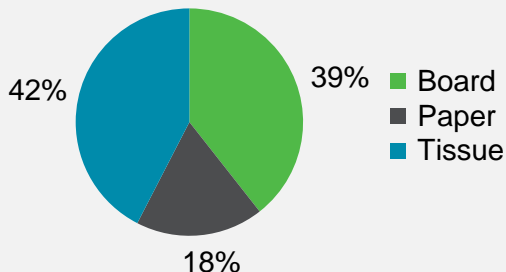
Pulp and Energy

(EUR 956 million)¹

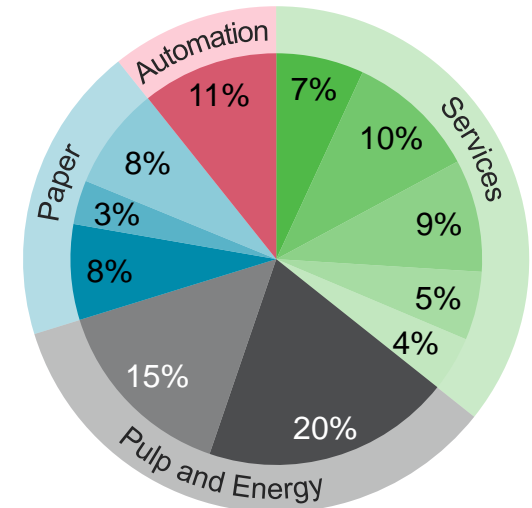


Paper

(EUR 528 million)¹



Net sales split, Valmet (2014)²



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

1) Net sales in 2014

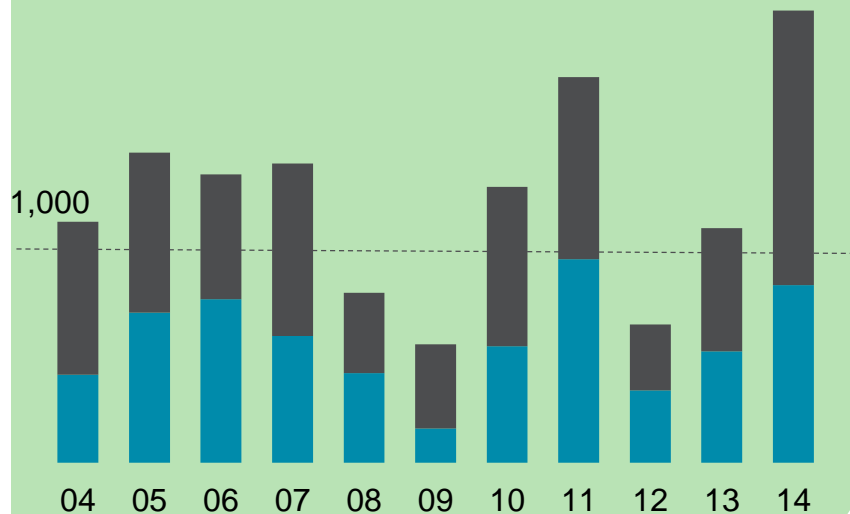
2) Illustrative net sales split when Valmet and Automation combined, 2014 figures

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

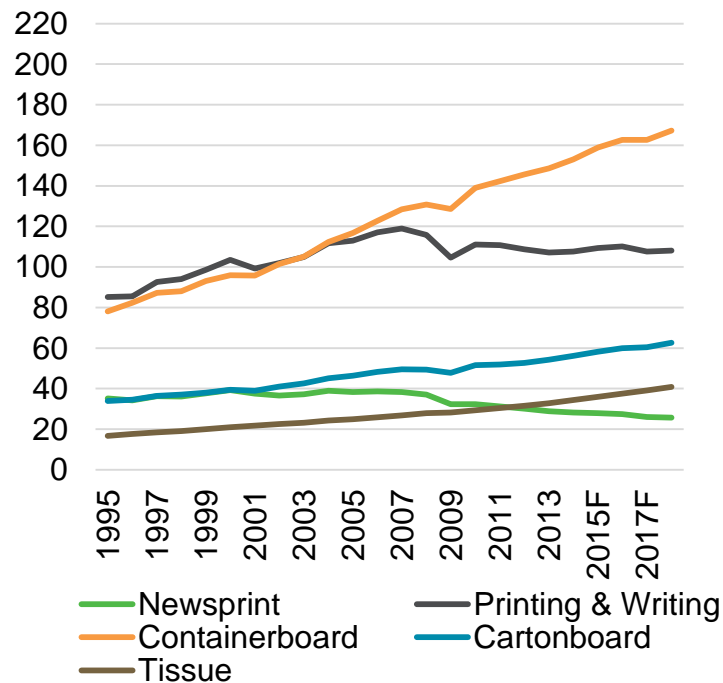
- Own capacity has been reduced during the last few years
- Capacity cost reduced 10% in 2014
- Capacity cost to net sales was 24% in 2014

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)

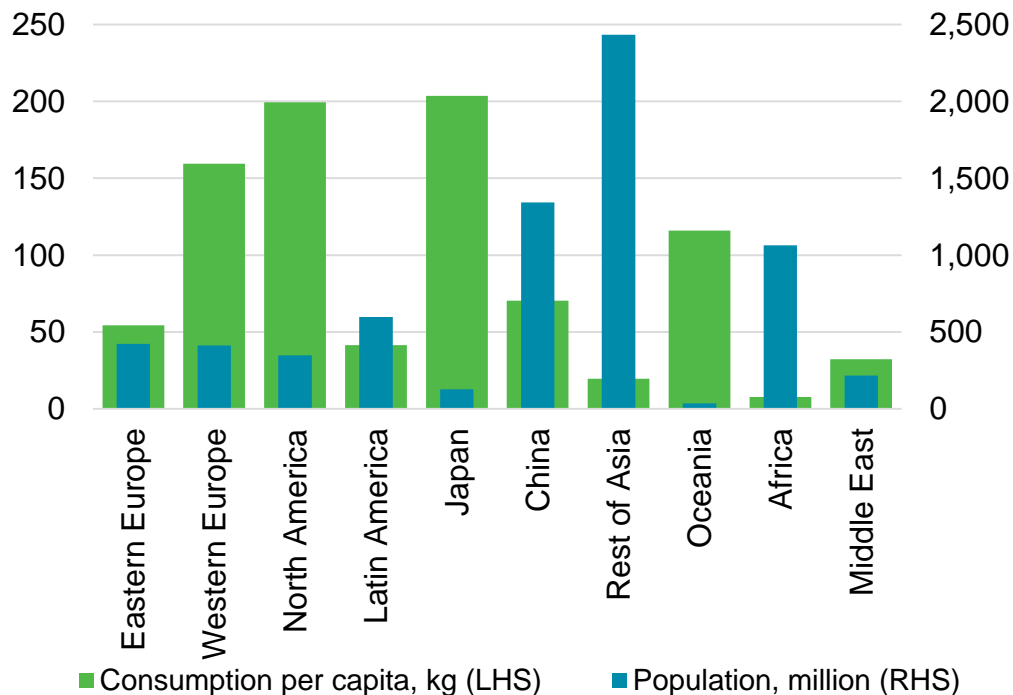


CAGR	2001-2014	2014-2018F
Containerboard	+3.7%	+2.2%
Printing & Writing	+0.6%	+0.1%
Cartonboard	+2.8%	+2.8%
Tissue	+3.6%	+4.5%
Newsprint	-2.1%	-2.4%

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

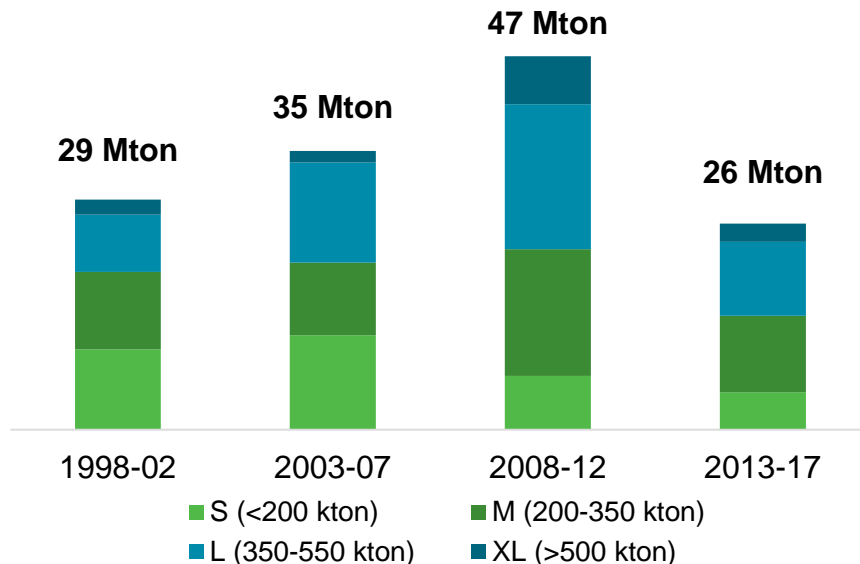
Average global consumption: 53 kg per capita

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

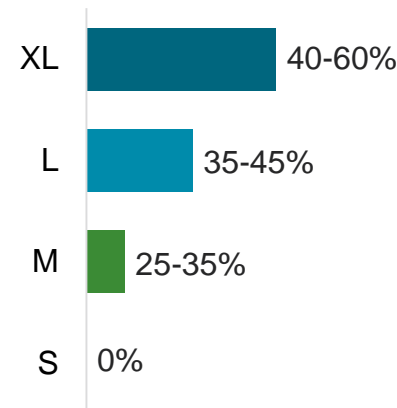
Demand has shifted more towards smaller paper and board machines

- 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



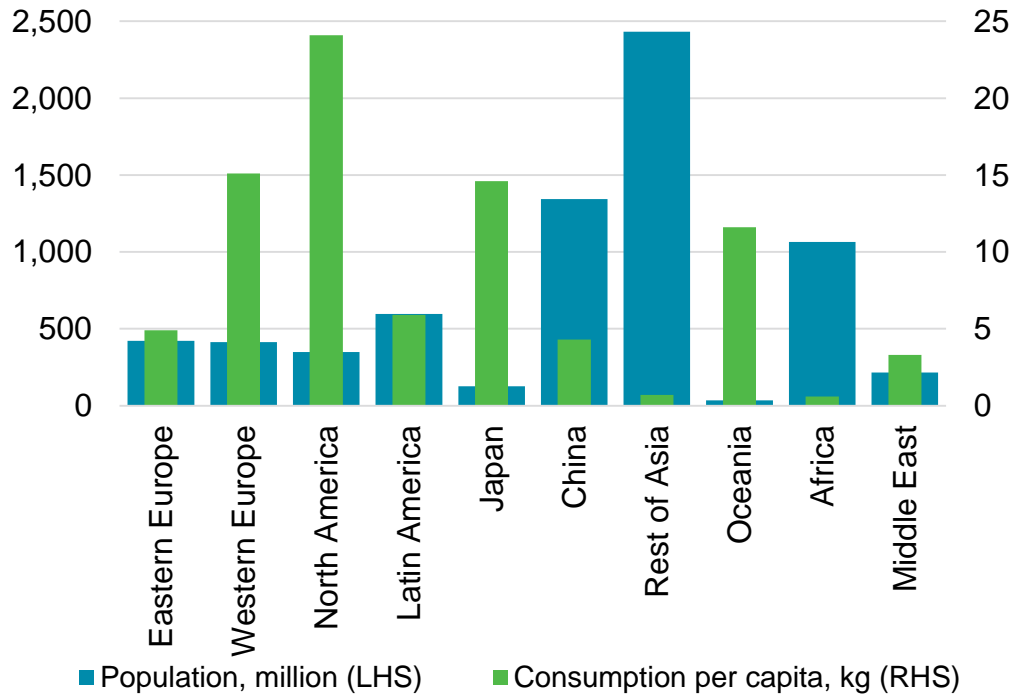
Competition is lower in larger machine sizes.

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

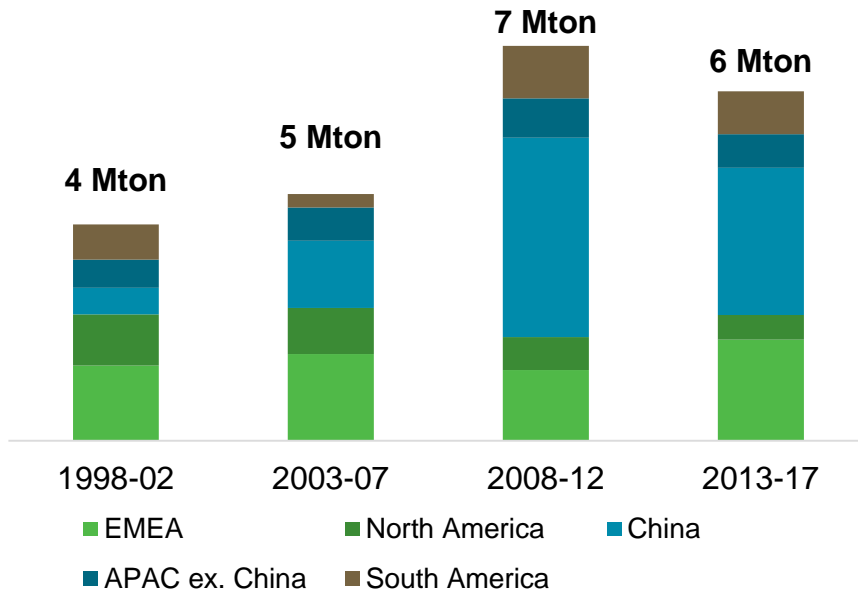
Offers us long-term growth potential in both developed and emerging markets

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

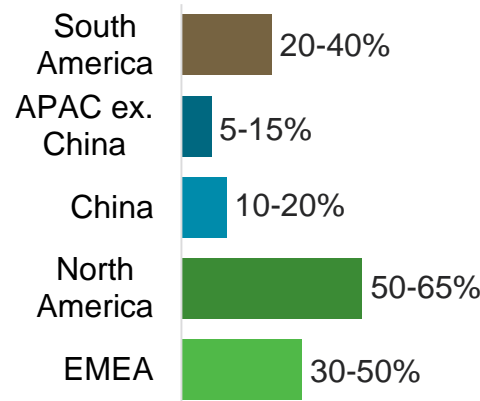
Tissue market growing long term

- 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



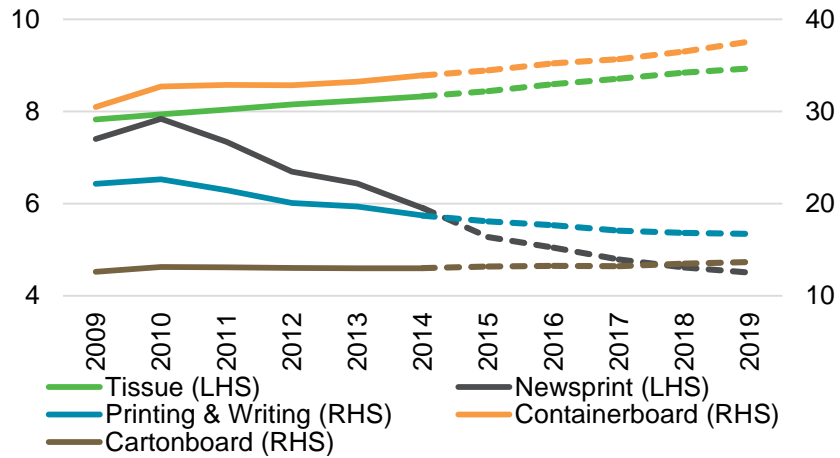
Number of competitors is low in the Americas and EMEA.

Smaller Chinese companies present in China and Asia.

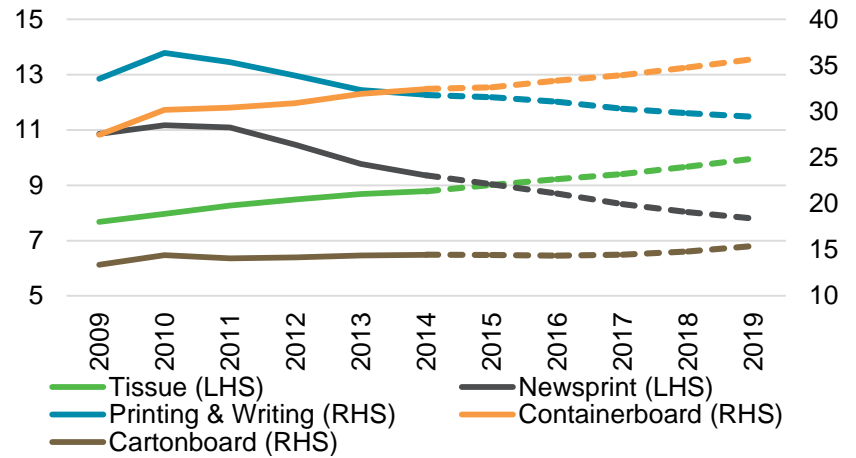
1) Source: Pöyry, Valmet

Paper, board, and tissue production trends

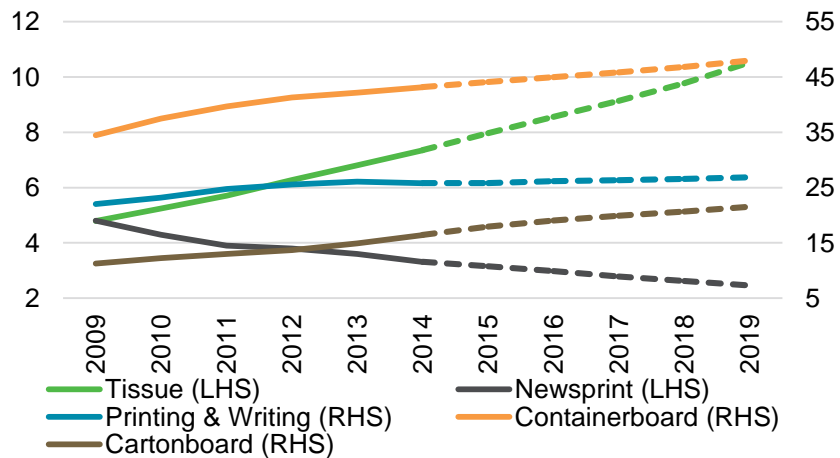
North America (million tonnes)



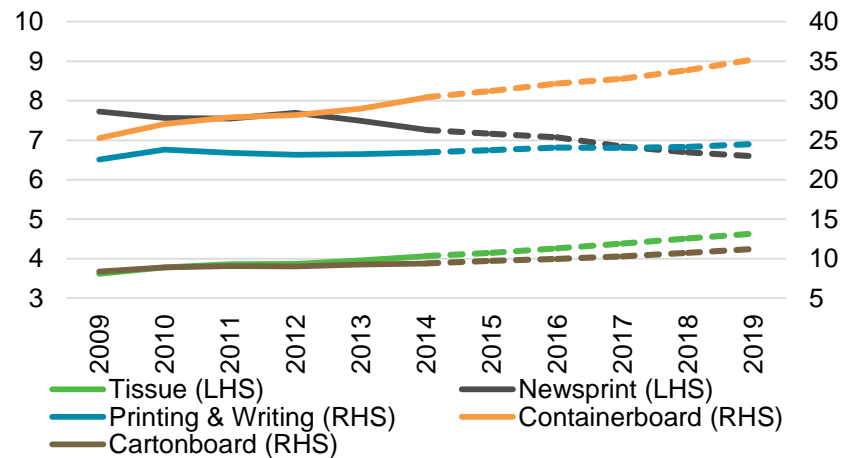
Europe (million tonnes)



China (million tonnes)



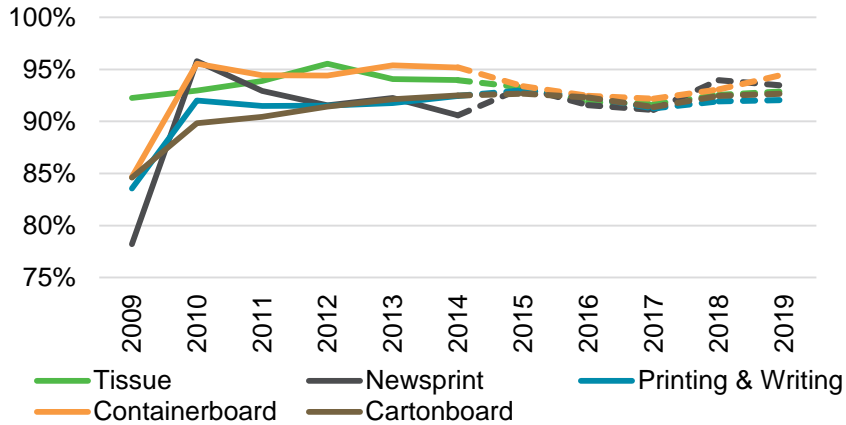
Asia-Pacific (million tonnes)



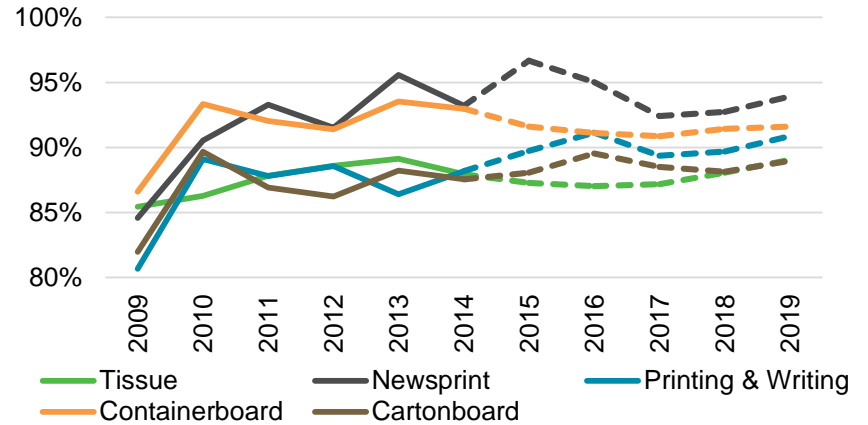
Source: RISI

Paper, board, and tissue operating rates

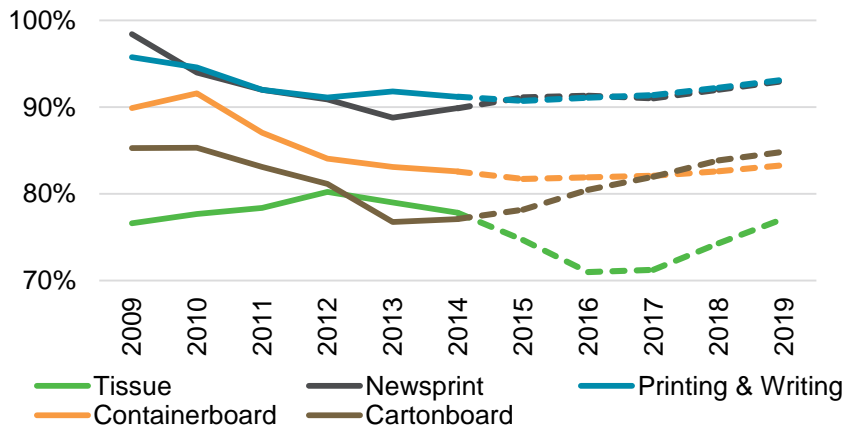
North America



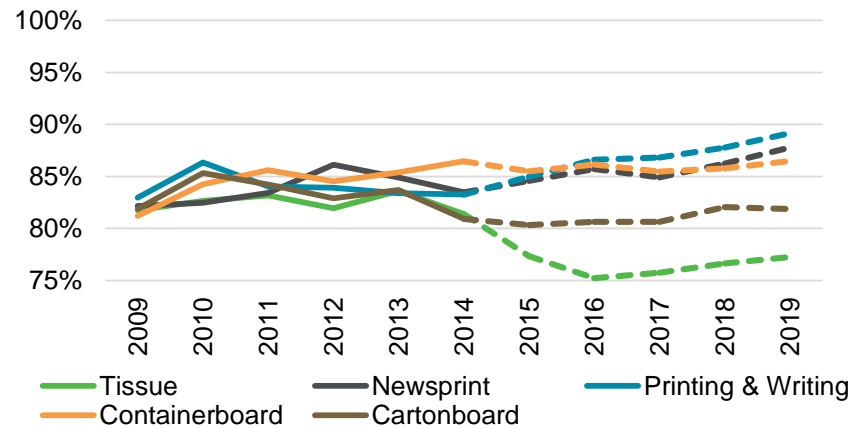
Europe



China

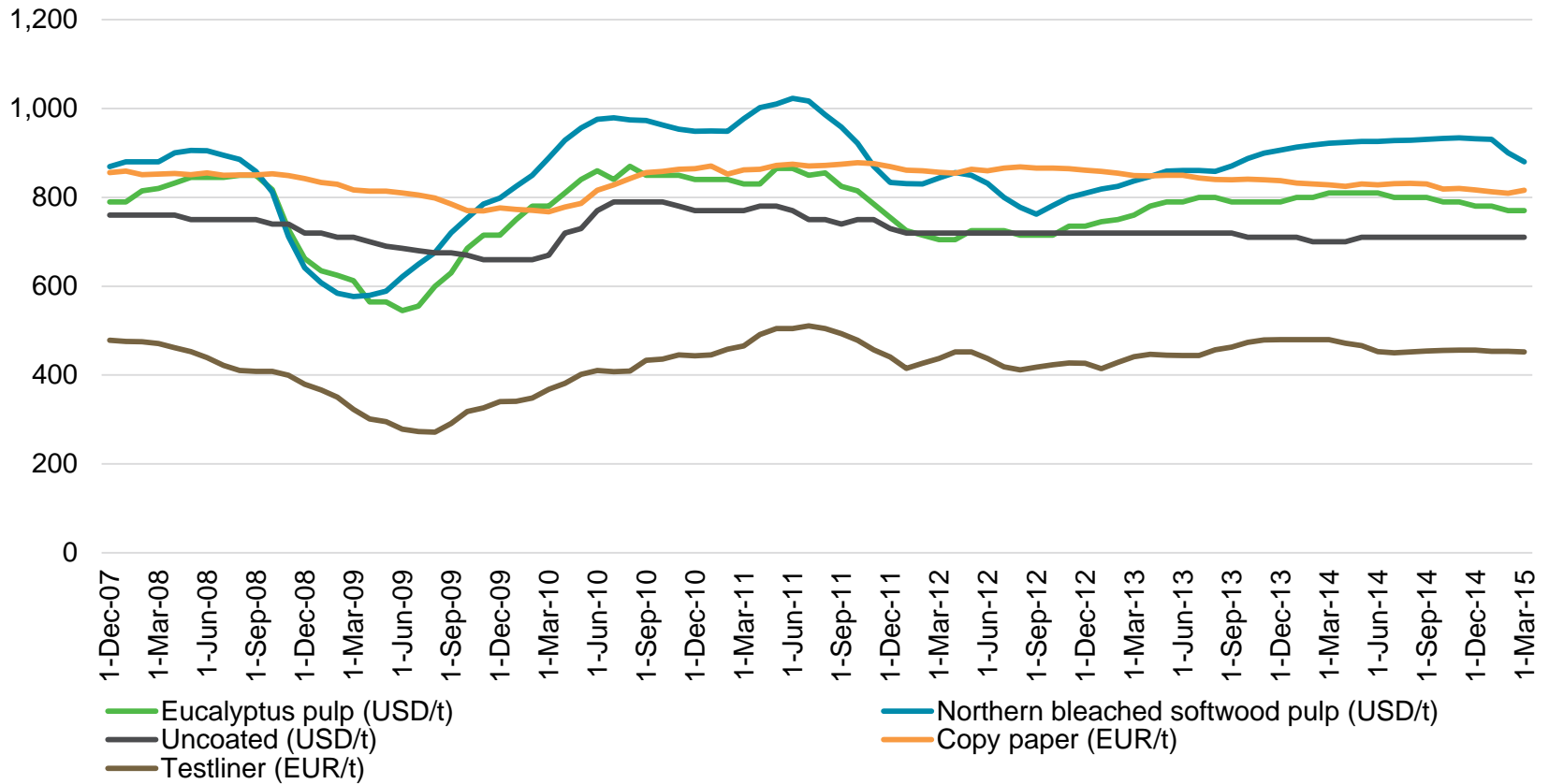


Asia-Pacific



Source: RISI

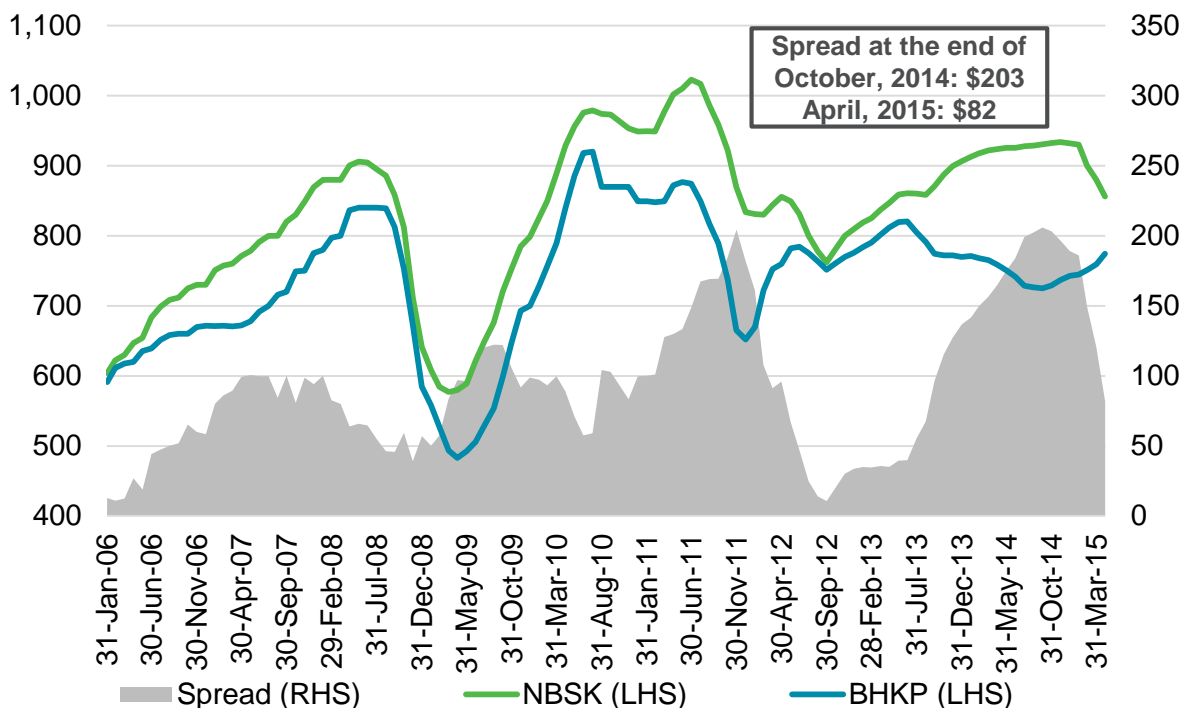
Pulp and paper price trends



Source: Bloomberg

Historically large spread in pulp prices

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



NBSK

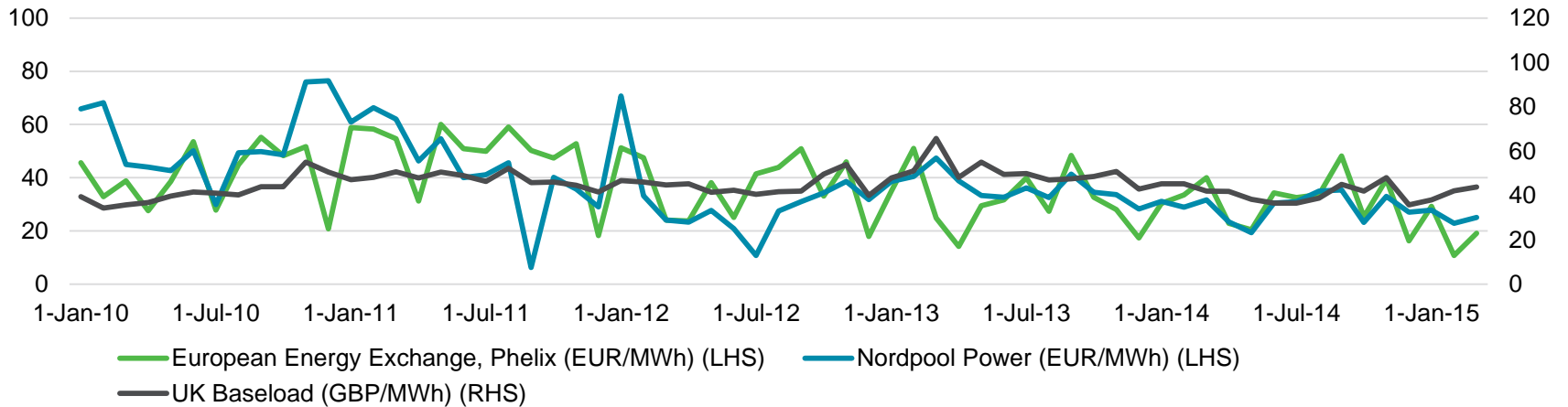
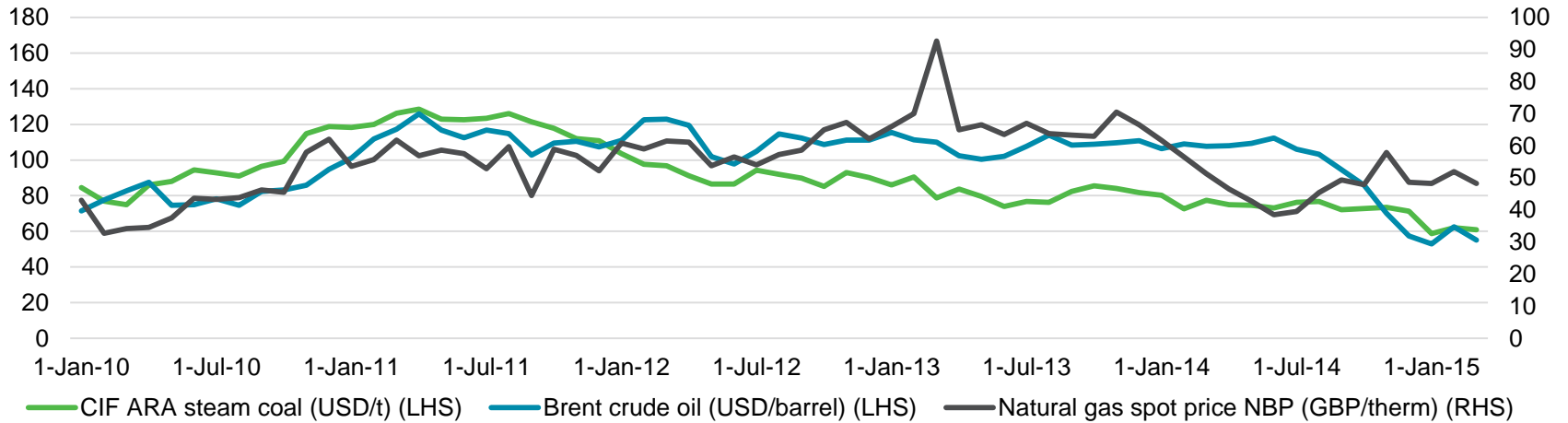
Northern bleached softwood kraft pulp is produced mainly in Canada and the Nordic countries. NBSK is based on long fibre wood species. It adds strength to the final product.

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

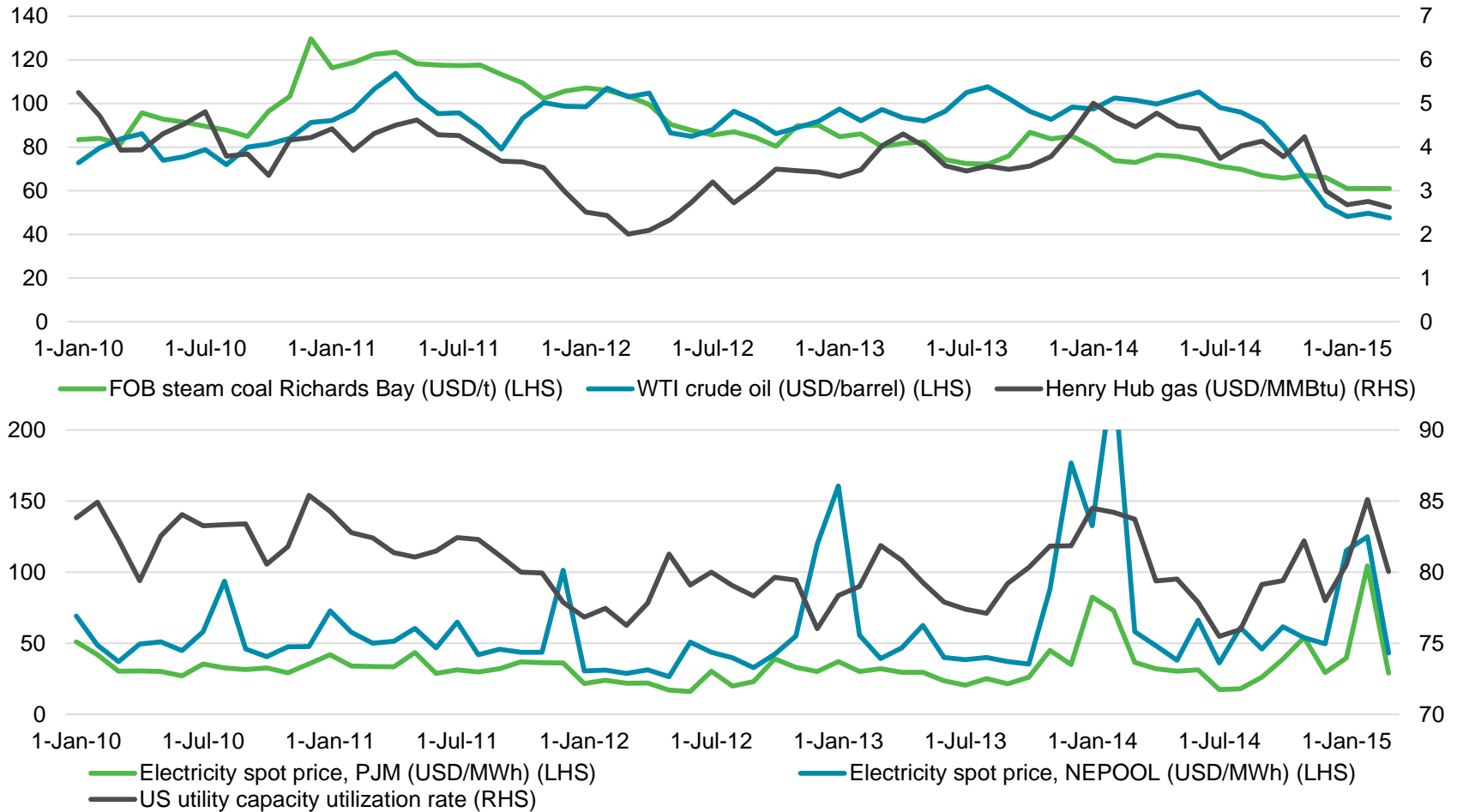
Europe



Source: Bloomberg

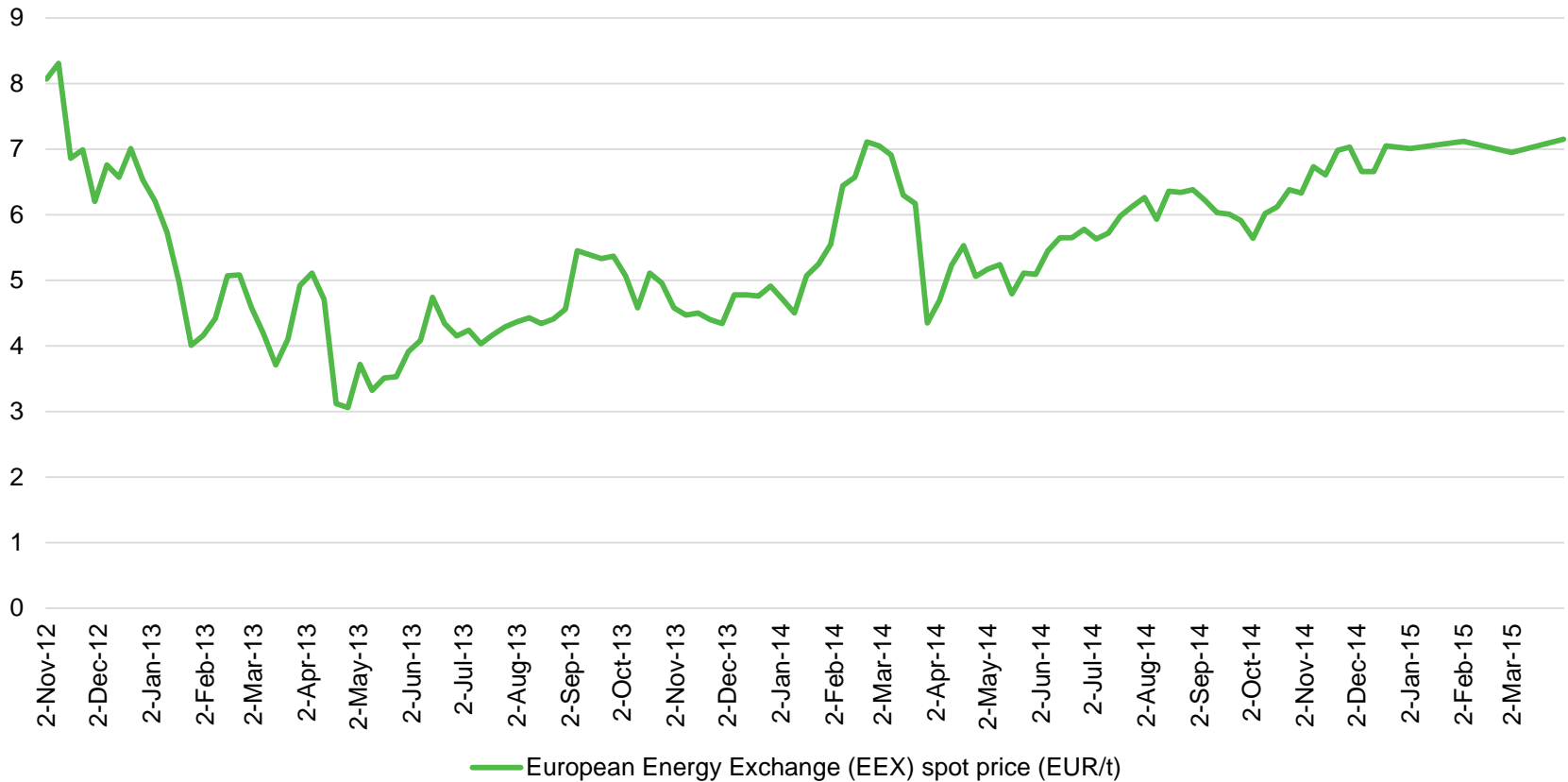
Crude oil, steam coal, natural gas and electricity

United States



Source: Bloomberg

European Carbon Emission Allowance



Source: Bloomberg

