



## Market leader focusing on improved customer performance

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# Paper business line offering



## Board and paper

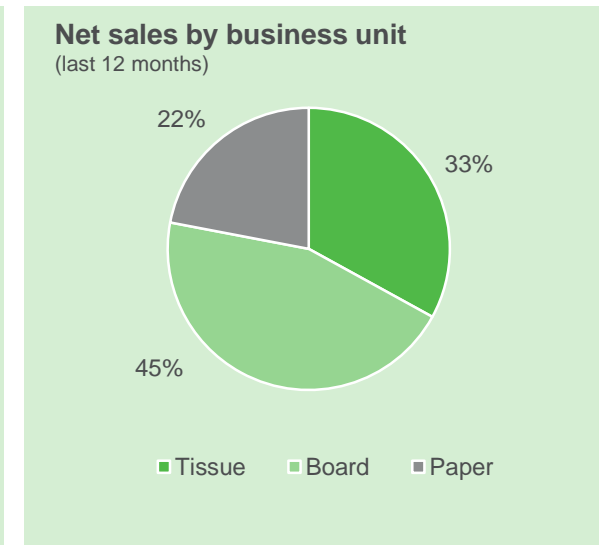
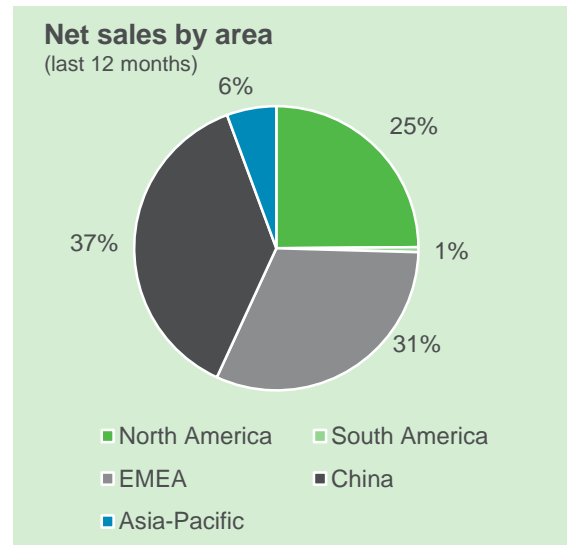
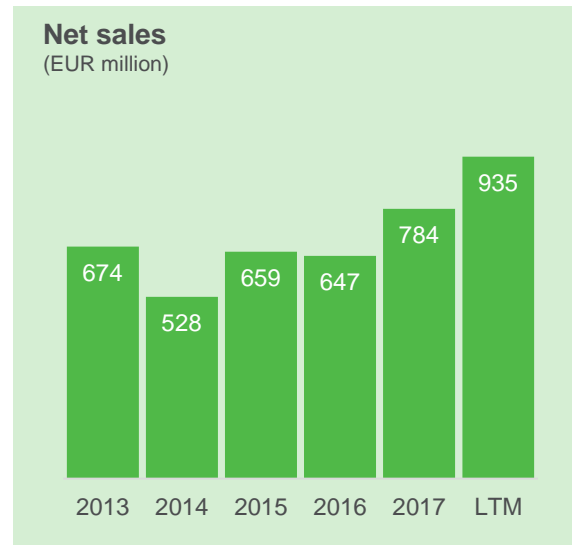
- Board and paper production lines
  - Recycled fiber lines
  - Tailor-made OptiConcept machines
  - OptiConcept M modularized machines
- Rebuilds
  - Modernizations and grade conversions
- Stand-alone products
  - From stock preparation to roll handling
  - e.g. headboxes, sizers, winders



## Tissue

- Tissue production lines
  - Advantage DCT
  - Advantage NTT/QRT/eTAD
  - Advantage Thru Air (TAD)
- Rebuilds
- Stand-alone products
  - From stock preparation to roll handling
  - e.g. Yankee cylinders, ViscoNips, Re-Winders

# Paper key figures at a glance



## Market drivers

### Tissue

- Rise in purchasing power and living standards
- Fast growth in emerging markets
- Demand for higher quality

### Board

- World trade, e-commerce and emerging markets growth drive packaging
- Demand for light weight board
- Shift from plastic packaging to renewable materials
- Conversions from paper to board

### Paper

- Increasing role of digital media decreases demand for printing papers
- Demand for technology driven efficiency improvements
- Demand for specialty papers

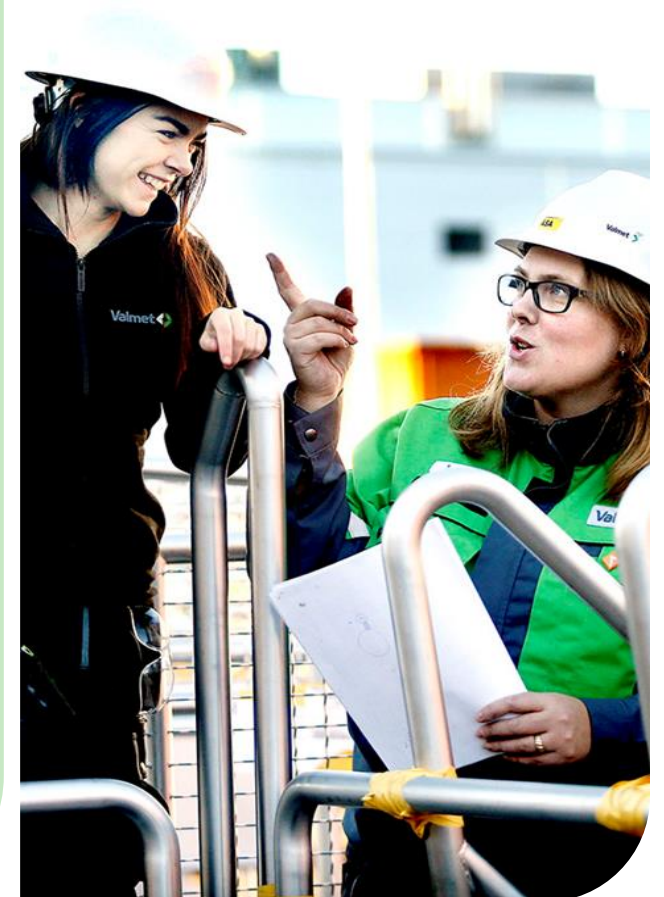
	Market position	Market share	Estimated market size	Long-term end market growth
Tissue	#1	~35%	EUR 0.7 bn	~3%
Board	#1	~40%	EUR 1.0 bn	~2-3%
Paper	#1	~40%	EUR 0.3 bn	~-1%

2017 financials have been restated following the adoption of IFRS 15. LTM = Last 12 months, refers to the period July 1, 2017 – June 30, 2018



# Recent development

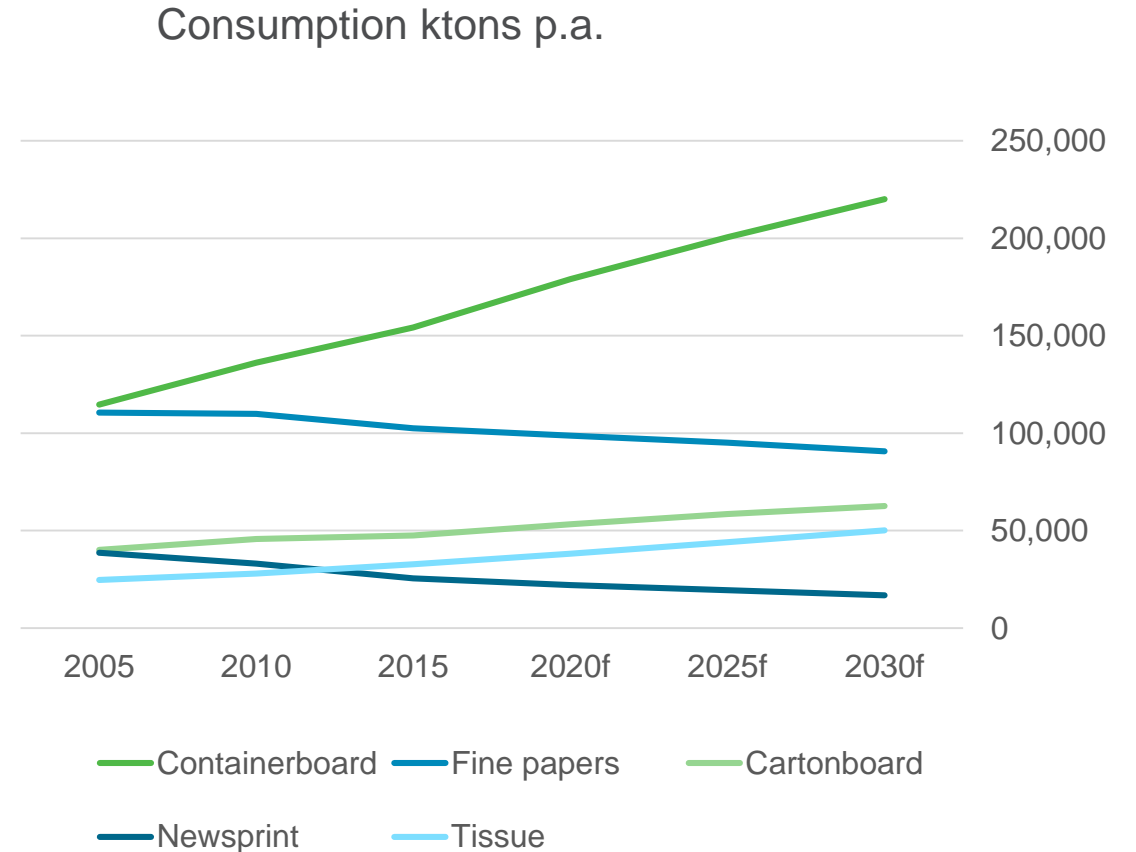
Recent development		New products and applications
Customer	<ul style="list-style-type: none"><li>• #1 position in tissue, board and paper</li><li>• Good growth in orders received</li></ul>	<ul style="list-style-type: none"><li>• 2/3-layer headbox with possibility to feed functional additives</li><li>• Forming with shoe and blade technology for energy efficient and flexible board production</li><li>• Energy efficient sizing with hard-cover nip rolls for improved end product strength properties</li><li>• Aqua cooling technology for higher bulk and raw material savings</li> <li>• Advantage QRT and eTAD tissue machine lines for production of structured tissue with less energy and fibers</li><li>• Advantage ViscoNip press with flexible press load to improve paper quality or reduce energy consumption</li><li>• Advantage ReDry system utilizes excess heat to increase press dryness</li></ul>
Technology	<ul style="list-style-type: none"><li>• Improvement in product cost competitiveness</li><li>• New products 25% of order intake</li><li>• Industrial Internet solutions: Performance Center, Customer Portal and Performance applications well received by our customers</li></ul>	
Process	<ul style="list-style-type: none"><li>• Positive project margin deviation</li><li>• High procurement savings</li><li>• Quality costs reduced</li><li>• Successful capacity cost management</li></ul>	
People	<ul style="list-style-type: none"><li>• Career development</li><li>• High impact development projects by global training program participants</li></ul>	



# Outlook

Containerboard and tissue are the fastest growing products

- World demand for paper and board is forecasted to grow 1.3% p.a. in the long term, reaching 486 million tons in 2030.
- Consumption growth per paper grade 2016A-2030F:
  - Containerboard +62 million tons (+2.4%)
  - Fine papers -10 million tons (-0.3%)
  - Cartonboard +15 million tons (+2.0%)
  - Tissue +17 million tons (+2.9%)
  - Newsprint -8 million tons (-2.8%)



Source: RISI

# Business opportunities

## eCommerce



Global sales in 2017 reached  
**USD 2.3 trillion**  
Forecasted to grow **141%**  
from 2016 to 2021

## Replacing plastic



2017 - Total size of packaging  
business **EUR 600 billion p.a.**  
Fiber based 36%  
Plastic 40%  
Growing 3-6% p.a.

## Emerging markets



Expected to drive the global  
tissue growth, accounting for  
**83%** of incremental demand  
by 2030



# Actions to improve flexibility, profitability and market share

## Actions to improve flexibility, profitability and market share

### Customer

- Increase business in low market share countries
- Focus on products with low market share
- Ensure customer satisfaction

### Technology

- Continue to increase margin by product cost competitiveness improvement
- Maintain technology leadership
- New innovative offering for resource efficiency and plastic replacement
- Integrated Industrial Internet solution

### Process

- Improve profitability with successful project deliveries
- New ERP implementation with improved and harmonized delivery processes
- Continue the path towards industry benchmark level in quality
- Increase flexibility in operations through global footprint development

### People

- Continue global capability development
- Global mobility and internal job rotation



# Customer loyalty with repeat orders

## Case Nine Dragons: Six containerboard making lines in China



Wire width: 9,050 mm  
Speed: 1,400 m/min

Six containerboard making lines with modern industrial design. In addition to increasing safety and usability, the board machines are also very energy and resource efficient and suitable for high-speed production.

Remote support from Valmet.



# Improving together

## Case Hayat Kimya: Growing fast in the Middle East



Six Advantage DCT 200TS tissue making lines and one major rebuild in four countries within nine years.

Cost and energy efficient production with high capacity and tissue product quality.

