

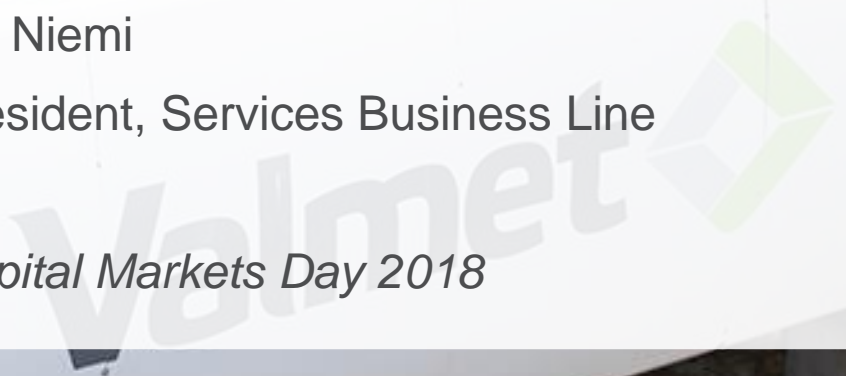


## Continuing profitable growth in Services

Aki Niemi

President, Services Business Line

*Capital Markets Day 2018*



# Services business line offering

## Shared Journey Forward offering

### Reliability

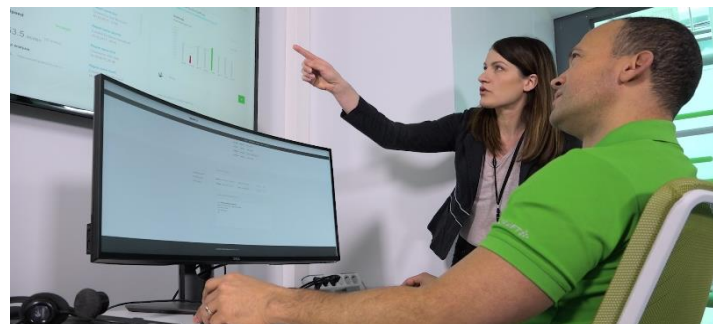
- Spare parts and components
- Maintenance and shutdown services
- Outsourcing services

### Performance

- Production consumables
- Process support and optimization

### New Technology

- Process and automation upgrades
- Industrial Internet and remote solutions



## Services business units

### Performance Parts

- Spare parts and consumables

### Fabrics

- Paper machine clothing and filter fabrics

### Energy and Environmental

- Services for energy and environmental systems

### Rolls and Workshop Services

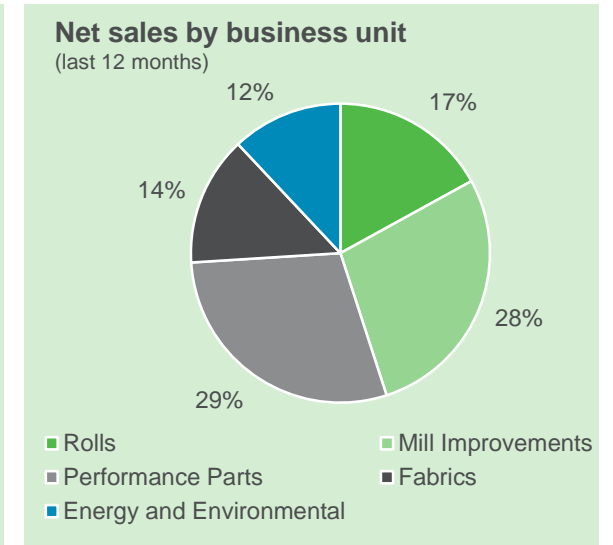
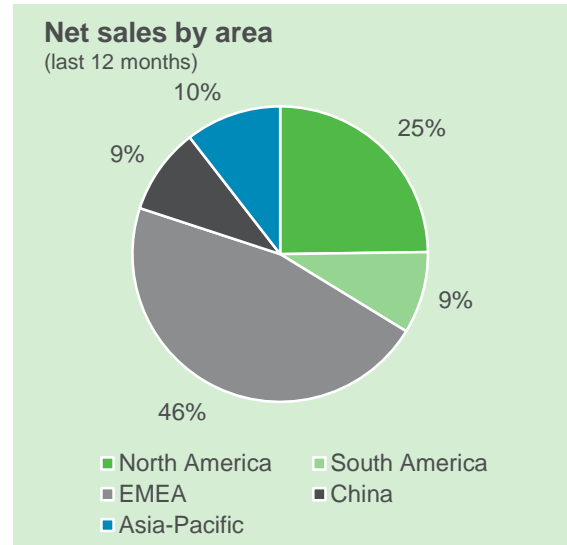
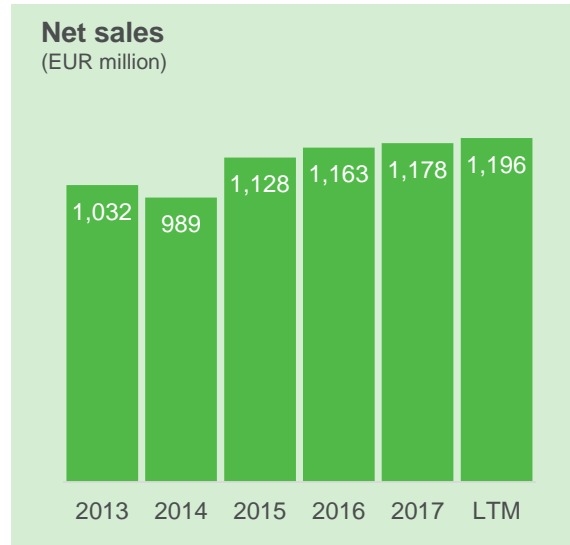
- Rolls, roll covers and maintenance, workshop services

### Mill Improvements

- Upgrades, components and expert services



# Services key figures at a glance



## Market drivers

- Increasing pulp, paper and energy production
- Demand for more efficient processes, maintenance and outsourcing of non-core operations
- Customers decreasing own resources
- Size and gradually aging installed base, capacity increases in China, South America and Asia-Pacific
- Closures of non-competitive production lines

Services	Market position	Market share	Estimated market size	Long-term market growth
	#1-2	~16%	EUR 8.0 bn	~1-2%

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

### Customer

- Shared Journey Forward in good progress
- Growth in orders and profitability, especially in Mill Improvements
- Business in high growth/ low market share countries has increased
- Extended footprint in growing areas

### Technology

- Digitalized services
- Shutdown services
- New roll covers and fabric structures
- Cooperation with selected partners

### Process

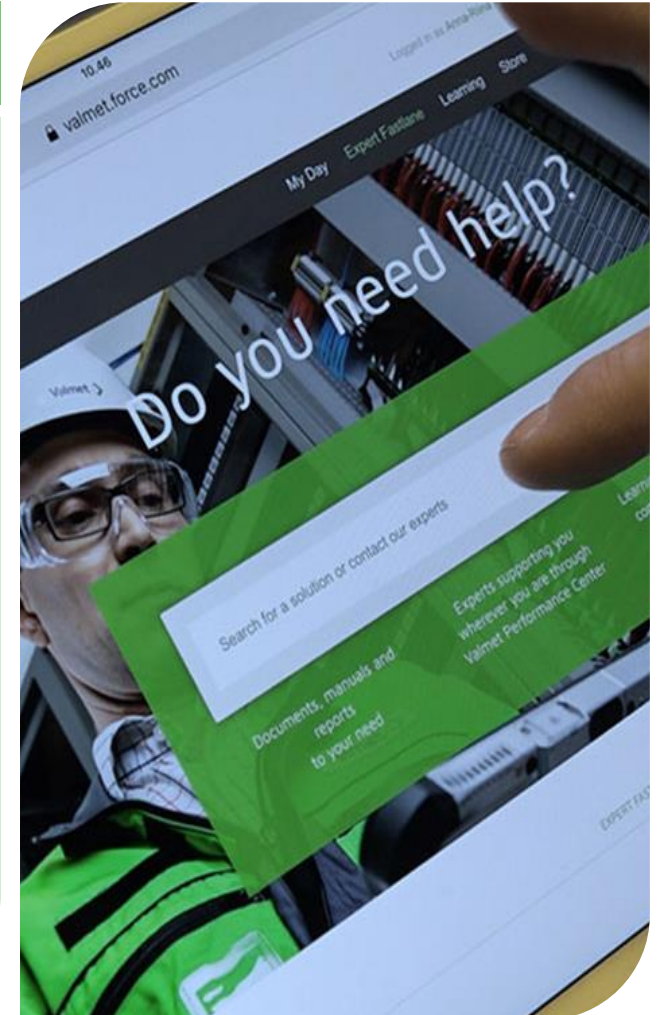
- Improved efficiency in engineering
- Quality cost reduction
- Safety development, reduced LTIF
- Global processes and ERP implementation started

### People

- Competencies developed close to the customers
- Sales development through global sales training
- Champion in Services training program
- Paper School training program

## New products and applications

- Valmet Infinicote-2 Yankee Metallizing
- Valmet Polarized Forming Fabric
- Valmet Biodryer Belt
- Valmet Grinding Surface Galileo for groundwood
- Valmet Industrial Internet: Performance Center, Customer Portal
- Valmet Field Services
- Valmet Intelligent Roll Solutions
- Valmet Fleet Management for recovery boilers



# Actions to grow and improve profitability

## Actions to grow and improve profitability

### Customer

- Shared Journey Forward, unified and unique way to serve
- Grow market share
- Long term co-operation through agreements
- Value adding remote services with Valmet Industrial Internet: Performance Centers and Customer Portal

### Technology

- Lead the market through Industrial Internet offering for services
- Secure value adding services for the new and existing installed base
- New product and component innovations to upgrade older technologies
- Leverage and develop Field services as differentiator for the service business

### Process

- ERP implementation with global processes
- Lower cost through investment on productivity in the Nordics and new capacity at lower cost countries
- Improving project performance through execution excellence
- Continue quality development to meet industry benchmark level

### People

- Develop both production and personnel footprint in growth areas
- Develop local service capability through recruitment and broadening competence
- Sales management, competence and planning
- Focused actions to improve low performing products and locations



# Growth accelerator: Field services

Trust is earned every day. On site.

Growth target

EUR

200 → 300 million

Market size

EUR

~1 billion



## Field services consist of

- Daily maintenance
- Maintenance shutdowns
- Annual shutdowns
- Maintenance and process supporting services

## Customer drivers

- Outsourcing of complete shutdowns
- Focus on operator maintenance
- Operations safety
- Digitalization
- Aging workforce

## What we are aiming to do

- Take full advantage of digitalization and our own development of it
- Have a continuous flow of new offering
- Develop excellent expert network globally
- Have collaborative business models with customers



# CMPC Celulose Riograndense Ltda, Brazil

Keeping equipment and process running reliably with Valmet Field Services

- CMPC Guaiba Pulp Mill
- G2 pulp line, 1.5 million tons of bleached eucalyptus pulp per year
- Since the start-up in May 2015, Valmet's Services has had an important role in keeping G2 line running reliably
  - In 2016, supported customer in establishing maintenance operations and had a man at the mill
  - In charge of the first maintenance shutdown in August 2016 and assisting in planning and execution of shutdowns since then
  - Made a product delivery agreement in 2018

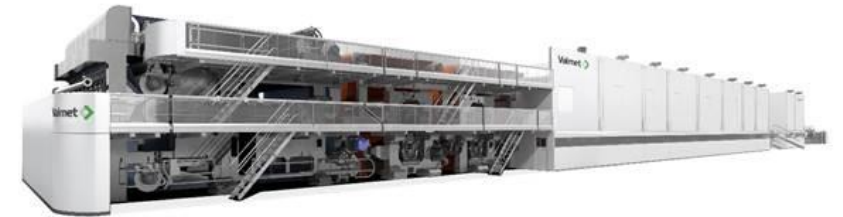


"Valmet contributed to the successful shutdown of G2 with its personnel's technical skills and organization, and its planning, safety and environmental state-of-the-art criteria. There is no doubt, Valmet and CMPC reinforced their partnership and I believe the company will be a strong candidate for future planned shutdowns," says **Fernando Pereira**, Maintenance Manager at CMPC.

# Ittihad Paper Mill, Abu Dhabi, UAE

## Long term service co-operation

- Ittihad fine paper mill
- 320,000 tons per year of fine paper
- Start-up Q4/2018
- Valmet's Services will provide the mill
  - Maintenance establishment
  - Maintenance management with all maintenance systems and procedures
  - Production support and productivity optimization
  - Delivery and optimization of spare parts
  - Paper machine parts and consumables in consignment stock at the mill site



"Valmet as the main supplier and technology partner of choice, combined with their expertise in maintenance management provides the best platform for the successful start-up and operation for this state-of-the-art project, the largest of its kind in the region," states Mr. **Abdullah Al Khateeb**, Ittihad Paper Mill General Manager.



# 80% less winding broke

## Sappi Alfeld PM 2 in Germany

- Complex process of producing wide mix of specialty paper products. Machine had a high amount of hardness profile related winding broke.
- Focus on production efficiency
- Top benchmark quality
- Improved material efficiency
- Valmet iRoll and Valmet IQ CD Controls multivariable controller of parent roll hardness profile were implemented to fix the issues and improve production efficiency.

“With iRoll, we have made a huge step forward in improving the winding quality.”

*Dustin Jeckstadt,  
Project Manager at Sappi Alfeld*



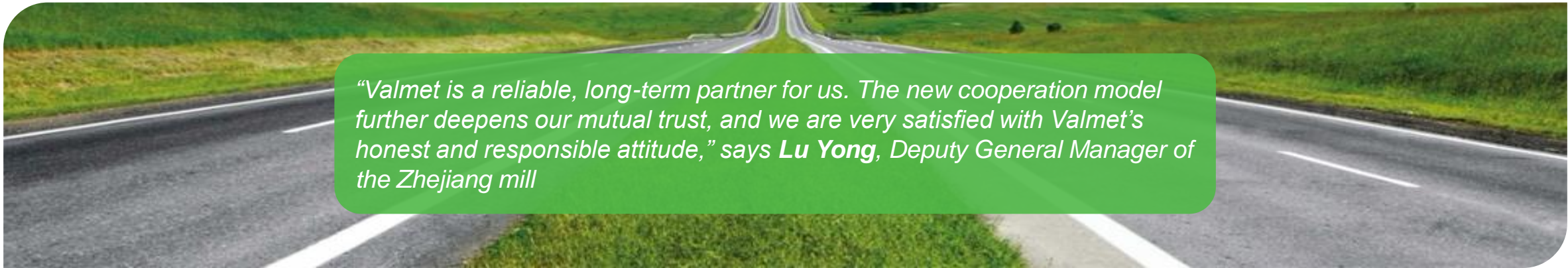
### Results:

- 80% less winding broke
- Weight, moisture and thickness CD profiles still on a good level
- Productivity on a new high level
- Winding quality clearly improved
- Profitability increased

# Shanying and Valmet get closer with shared roadmap

## Our success in moving forward in China

- Shangying International and Valmet have cooperated for over 12 years
  - In each Shanying location, there are Valmet delivered production lines
  - The total capacity of Valmet supplied production lines has exceeded 3 million tons
- Develop the Shared roadmap partnership together
  - Valmet is invited to join Shanying's annual Forum to introduce industry trends and the latest technologies
  - Yearly summit meeting is arranged to share information of industrial environment and corporate culture
- Strengthen communication and develop innovative cooperation in Zhejiang Shanying
  - Effective communication channels and cooperation mechanisms are built to develop the new service model Shared Journey Forward.
- Move forward big data management and application in Anhui Shanying
  - Development of Roll Condition Monitoring and Grinding Service Agreement based on Industrial Internet applications
  - Implementation of energy-saving service agreement based on Industrial Internet applications



*“Valmet is a reliable, long-term partner for us. The new cooperation model further deepens our mutual trust, and we are very satisfied with Valmet’s honest and responsible attitude,” says **Lu Yong**, Deputy General Manager of the Zhejiang mill*

