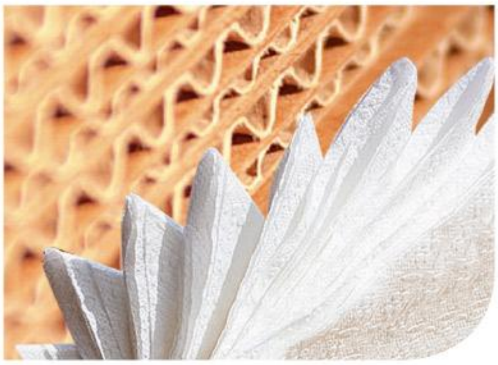
Interim Review Q1/2014

January 1 — March 31, 2014

Services

Pulp and Energy

Paper



Valmet

Valmet's Interim Review January 1 – March 31, 2014

Strong development in orders received – profitability improvement continues to be in focus

Valmet has formed a separate legal group as of December 31, 2013. The financial information presented in this Interim Review is based on actual figures as an independent group after the consummation of the demerger and carve-out figures prior to the consummation of the demerger. The carve-out financial information presented in this Interim Review reflects the performance and financial position of the entities that have historically formed the Pulp, Paper and Power segment within Metso Group. Figures in brackets, unless otherwise stated, refer to the comparison period, i.e. the same period of the previous year.

January–March 2014: Orders received more than doubled

- Orders received amounted to EUR 1,101 million (EUR 511 million).
  - Orders received increased in Pulp and Energy, and Paper business lines.
- Net sales declined by 18 percent to EUR 519 million (EUR 631 million).
  - Net sales declined in all the business lines, particularly in the capital business.
- Earnings before interest, taxes and amortization (EBITA) and non-recurring items were EUR 4 million (EUR 26 million), and the corresponding EBITA margin was 0.7 percent (4.1%).
  - Profitability increased compared to the last quarter of 2013.
  - Cost accrual of approximately EUR 10 million linked to an individual major pulp project had negative impact on the Q1/2014 result.
- Earnings per share were EUR -0.04 (EUR 0.08).
- Non-recurring items related to the profitability improvement program amounted to EUR -6 million (EUR 0 million).
- Cash flow provided by operating activities was EUR 43 million (EUR -5 million).

Valmet reiterates its guidance for 2014

Valmet is reiterating its guidance presented on February 6, 2014 in which Valmet estimates that net sales in 2014 will decline from the 2013 level and EBITA before non-recurring items will increase in comparison with 2013.

Short-term outlook

General economic outlook

Global activity has broadly strengthened and is expected to improve further in 2014–15, with much of the impetus coming from advanced economies. Global growth is projected to strengthen from 3 percent in 2013 to 3.6 percent in 2014 and 3.9 percent in 2015. The global recovery is still fragile despite improved prospects, and significant downside risks – both old and new – remain. Recently, some new geopolitical risks have emerged. (International Monetary Fund, April 8, 2014)

Short-term market outlook

Valmet is reiterating its short-term market outlook presented on February 6, 2014. Valmet estimates that activity in the services, pulp, energy, board and paper, and tissue markets will remain satisfactory.

President and CEO Pasi Laine: Customer activity has revived during the early part of the year

Valmet's first quarter as an independent company commenced well in terms of orders received. Customer activity has revived during the early part of the year and in addition to a major pulp project order we received several other orders as well. It is gratifying to see that our business lines have received orders from different customer industries and geographical areas. Orders received increased in relation to the comparison period in both Pulp and Energy, and Paper business lines.

Although we have received a number of new orders, we expect net sales to decline during 2014 as the orders received during the first quarter will start to be recognized as net sales towards the end of 2014.

Our profitability improved compared to the last quarter of 2013, but it is still below the targeted level. Therefore our key focus in 2014 will be on improving profitability. The profitability improvement program initiated in 2013 has proceeded according to plan. Additionally, we continue to improve our processes and, at the same time, we aim to achieve additional savings in, for example, procurement and quality costs.

Key figures[1]

EUR million	**Q1/2014**	Q1/2013 Carve-out	Change	2013 Carve-out
Orders received	**1,101**	511	116%	2,182
Order backlog	**1,972**	2,138[2]	-8%	1,398
Net sales	**519**	631	-18%	2,613
Earnings before interest, taxes and amortization (EBITA) and non-recurring items	**4**	26	-85%	54
% of net sales	**0.7%**	4.1%		2.1%
Earnings before interest, taxes and amortization (EBITA)	**-2**	26		-32
% of net sales	**-0.4%**	4.1%		-1.2%
Operating profit (EBIT)	**-8**	19		-59
% of net sales	**-1.5%**	3.0%		-2.2%
Profit before taxes	**-9**	19		-64
Profit	**-6**	12		-62
Earnings per share, EUR	**-0.04**	0.08[3]		-0.42
Diluted earnings per share, EUR	**-0.04**	0.08[3]		-
Equity per share, EUR	**5.12**	5.82		5.39
Cash flow provided by operating activities	**43**	-5		-43
Cash flow after investments	**35**	-13		-97
Return on capital employed (ROCE) before taxes	**-2%**	8%		-4%

[1] *The calculation of key figures is presented in the Tables section of the Q1/2014 Interim Review.*
[2] *Includes cancelled Fibria order (EUR 331 million).*
[3] *The earnings per share information was computed as if the shares issued in conjunction with the Demerger had been outstanding for the comparison period.*

Equity ratio and gearing	**As at March 31, 2014**	As at March 31, 2013 Carve-out	As at December 31, 2013 Carve-out
Equity ratio at end of period	**40%**	40%	41%
Gearing at end of period	**-5%**	3%	0%

Orders received, EUR million	Q1/2014	Q1/2013 Carve-out	Change	2013 Carve-out
Services	**267**	282	-5%	1,035
Pulp and Energy	**622**	61	923%	680
Paper	**212**	168	26%	467
Total	**1,101**	511	116%	2,182

Order backlog, EUR million	As at March 31, 2014	As at March 31, 2013 Carve-out	Change	As at December 31, 2013 Carve-out
Total	**1,972**	2,138[1]	-8%	1,398

[1] *Includes cancelled Fibria order (EUR 331 million).*

Net sales, EUR million	Q1/2014	Q1/2013 Carve-out	Change	2013 Carve-out
Services	**224**	243	-8%	1,032
Pulp and Energy	**181**	221	-18%	907
Paper	**114**	167	-32%	674
Total	**519**	631	-18%	2,613

News conference for analysts, investors and the media

Valmet will arrange a news conference in English for investment analysts, portfolio managers, and the media on Friday, April 25, 2014 at 1:00 p.m. Finnish time (EET). The news conference will be held at Valmet's Head Office in Keilaniemi, Keilasatama 5, 02150 Espoo, Finland. The conference can also be followed through a live webcast at www.valmet.com/webcasts.

The news conference can be participated also through a conference call. Conference call participants are requested to dial in at least five minutes prior to the start of the conference, at 12:55 p.m. (EET), at +44 1452 555566. The participants will be asked to provide the following conference ID: 25116176.

During the webcast and conference call, all questions should be presented in English. At the end of the event the media has the possibility to ask questions also in Finnish.

Valmet's Interim Review January 1 – March 31, 2014

Operating environment improved somewhat during the first quarter of 2014

Customer activity in January–March was at a higher level than in the previous year, which was reflected in Valmet's orders received. Orders received increased in North America, EMEA (Europe, Middle East and Africa) and Asia-Pacific. Orders received increased in Pulp and Energy, and Paper business lines.

The development of the services business was satisfactory during the first quarter of 2014. Orders received increased in China and declined in North America.

Customer activity revived in the pulp and energy market in early 2014. During January–March, Valmet received one major pulp mill order, which boosted orders received in Asia-Pacific. In Pulp and Energy business line orders received increased significantly also in EMEA.

Demand for board and paper lines and tissue lines was satisfactory in January–March. Orders received increased in North America, EMEA and Asia-Pacific.

Strong development in orders received

Orders received, EUR million	Q1/2014	Q1/2013 Carve-out	Change	2013 Carve-out
Services	**267**	282	-5%	1,035
Pulp and Energy	**622**	61	923%	680
Paper	**212**	168	26%	467
Total	**1,101**	511	116%	2,182

Orders received, EUR million	Q1/2014	Q1/2013 Carve-out	Change	2013 Carve-out
North America	**185**	121	54%	377
South America	**24**	69	-66%	570
EMEA	**437**	212	106%	804
China	**34**	33	4%	241
Asia-Pacific	**422**	76	452%	190
Total	**1,101**	511	116%	2,182

Orders received in January–March amounted to EUR 1,101 million, i.e. 116 percent more than in the comparison period (EUR 511 million). Emerging markets accounted for 60 percent (52%) of orders received. Orders received increased especially in Pulp and Energy business line due to a major pulp order. Orders received increased also in Paper business line by 26 percent.

The most significant order received in January–March was announced in a stock exchange release on February 7, 2014. Valmet supplies the key technology to the OKI Pulp & Paper Mills pulp mill project in South Sumatra, Indonesia. Valmet supplies a part of pulp mill equipment and systems with a value of approximately EUR 340 million. The employment effect of the project delivery is some 1,000 man years, mainly in Finland, Sweden and China.

During the first quarter, Valmet's business lines also received several other orders from different customer industries and geographical areas. In Energy, Valmet received an order for a wood-chip-fired heating plant, orders for boiler upgrades and several orders for boilers, among others. Orders received by Paper business line included a paper machine rebuild in Austria, a containerboard line based on OptiConcept M technology to Vietnam and an Advantage tissue production line to Mexico.

Order backlog remained on a par with the comparison period

Order backlog, EUR million	**As at March 31, 2014**	As at March 31, 2013 Carve-out	Change	As at December 31, 2013 Carve-out
Total	**1,972**	2,138[1]	-8%	1,398

[1] *Includes cancelled Fibria order (EUR 331 million).*

At the end of the first quarter, the order backlog was EUR 1,972 million, which was 41 percent higher than at the end of 2013 (EUR 1,398 million) and 8 percent lower than in the comparison period (EUR 2,138 million).

Slight decrease in net sales in Services

Net sales, EUR million	**Q1/2014**	Q1/2013 Carve-out	Change	2013 Carve-out
Services	**224**	243	-8%	1,032
Pulp and Energy	**181**	221	-18%	907
Paper	**114**	167	-32%	674
Total	**519**	631	-18%	2,613

Net sales, EUR million	**Q1/2014**	Q1/2013 Carve-out	Change	2013 Carve-out
North America	**96**	112	-15%	401
South America	**78**	92	-15%	442
EMEA	**195**	271	-28%	1,096
China	**76**	96	-21%	389
Asia-Pacific	**74**	60	22%	285
Total	**519**	631	-18%	2,613

Net sales in January–March declined 18 percent on the comparison period to EUR 519 million (EUR 631 million). Services business line's net sales decreased 8 percent on the comparison period, and accounted for 43 percent of Valmet's net sales (39%). Measured by net sales, the top three countries were China, Brazil and the USA, which together accounted for 41 percent of total net sales. Net sales from emerging markets accounted for 55 percent (46%) of net sales.

Changes in foreign exchange rates reduced net sales by approximately EUR 10 million compared to the exchange rates at the end of 2013.

Profitability declined in relation to the comparison period, but improved from the fourth quarter of 2013

In the first quarter of 2014, earnings before interest, taxes and amortization and before non-recurring items (EBITA before non-recurring items) were EUR 4 million, i.e. 0.7 percent of net sales (EUR 26 million and 4.1%). Cost accrual of approximately EUR 10 million linked to an individual major pulp project had negative impact on the Q1/2014 result.

Operating profit (EBIT) in January–March was EUR -8 million, i.e. -1.5 percent of net sales (EUR 19 million and 3.0%). Non-recurring costs, related mainly to the profitability improvement program, totaled EUR 6 million (EUR 0 million).

Net financial income and expenses

Net financial income and expenses in the first quarter of 2014 were EUR -2 million, of which interest expenses amounted to EUR 2 million, interest income to EUR 2 million and other financial expenses to EUR 2 million. Net financial income and expenses in the first quarter of 2013 were EUR 0 million.

Profit before taxes and earnings per share

Profit before taxes for January–March was EUR -9 million (EUR 19 million). The profit attributable to owners of the parent in the first quarter was EUR -6 million (EUR 12 million), corresponding to earnings per share (EPS) of EUR -0.04 (EUR 0.08).

Return on capital employed (ROCE) declined

Between January and March, return on capital employed (ROCE) before taxes was -2 percent (8%) and return on equity (ROE) was -3 percent (5%).

Business lines

Services – stable development

Services business line	Q1/2014	Q1/2013 Carve-out	Change	2013 Carve-out
Orders received (EUR million)	**267**	282	-5%	1,035
Net sales (EUR million)	**224**	243	-8%	1,032
Personnel (end of period)	**5,323**	5,234	2%	5,295

In January–March, orders received by Services business line were relatively stable in relation to the comparison period at EUR 267 million (EUR 282 million) and accounted for 24 percent of all orders received (55%). Orders received increased in China and declined in North America. Orders received increased in the Fabrics business unit and declined in the Mill Improvements business unit.

In the first quarter, net sales for Services business line totaled EUR 224 million (EUR 243 million), corresponding to 43 percent of Valmet's net sales (39%).

Pulp and Energy – orders received increased significantly

Pulp and Energy business line	Q1/2014	Q1/2013 Carve-out	Change	2013 Carve-out
Orders received (EUR million)	**622**	61	923%	680
Net sales (EUR million)	**181**	221	-18%	907
Personnel (end of period)	**1,968**	2,621	-25%	2,233

In January–March, orders received by Pulp and Energy business line increased significantly in both Pulp and Energy. During the first quarter, Valmet received one major pulp order, while in Energy, orders consisted of several smaller orders. In January–March, orders received by the entire business line totaled EUR 622 million (EUR 61 million) and accounted for 57 percent of all orders received (12%). Orders received increased in the North America, EMEA and Asia-Pacific but declined in South America.

Valmet announced on March 7, 2014 that Valmet and Klabin S.A. have signed a letter of intent for a large pulp dryer delivery in Brazil. As this is a letter of intent, it is not included in Valmet's first quarter 2014 orders received.

Net sales for January–March declined 18 percent to EUR 181 million and were 35 percent (35%) of Valmet's total net sales.

Paper – orders received increased

Paper business line	Q1/2014	Q1/2013 Carve-out	Change	2013 Carve-out
Orders received (EUR million)	**212**	168	26%	467
Net sales (EUR million)	**114**	167	-32%	674
Personnel (end of period)	**3,235**	4,234	-24%	3,906

Orders received in January–March by Paper business line increased 26 percent to EUR 212 million (EUR 168 million). The orders received increased in North America, EMEA and Asia-Pacific while declined in South America and China. Orders received increased in Board and Paper, and remained at the previous year's good level in Tissue. The share of orders received was 19 percent of Valmet's total orders received (33%).

Net sales for Paper business line declined 32 percent to EUR 114 million in the first quarter and were 22 percent (26%) of Valmet's total net sales.

Profitability improvement measures

On April 23, 2013, Valmet announced that it would initiate a savings program to improve its competitiveness. The timetable for the program was accelerated in October 2013, and it targets annual cost savings of approximately EUR 100 million by the end of 2014.

A third of the estimated savings are related to selling, general and administrative expenses and around two thirds to cost of goods sold.

The savings program has proceeded according to plan, both during the year of 2013 and the first quarter of 2014. Selling, general and administrative expenses have been reduced in all geographical areas. The majority of the savings has been focused on the EMEA region and North America, as well as in Paper, and Pulp and Energy business lines. In the first quarter of 2014, selling, general and administrative expenses have decreased by EUR 12 million.

Valmet provides comprehensive support to persons in Finland who have been affected by the reduction measures through the "Polku" employment support program. The program includes measures that support entrepreneurship, studies and re-employment such as job-to-job coaching and relocation support.

Cash flow and financing

Cash flow provided by operating activities amounted to EUR 43 million in January–March (EUR -5 million). Net working capital was EUR -257 million (EUR -164 million) at the end of the first quarter of 2014. The change in net working capital was partly due to an increase in advances received from the capital business, compared with the comparison period. Cash flow after investments was EUR 35 million (EUR -13 million) in January–March.

Gearing was -5 percent (3%) at the end of the first quarter of 2014 and the equity ratio was 40 percent (40%). Net interest-bearing liabilities totaled EUR -39 million (EUR 30 million) at the end of the reporting period. Valmet's interest-bearing liabilities of EUR 212 million consisted mainly of drawn down long-term bank loans. The average maturity for Valmet's long-term debt was 2.8 years.

Valmet's liquidity was strong at the end of the reporting period, with cash and cash equivalents totaling EUR 224 million. Valmet's liquidity was additionally secured by an unused revolving credit facility agreement worth EUR 200 million that is committed by the banks and matures in 2018, as well as a EUR 200 million commercial paper program.

In compliance with the resolution of the Annual General Meeting on March 26, 2014, Valmet Corporation paid out dividends of EUR 22 million for 2013, corresponding to EUR 0.15 per share, on April 11, 2014.

Investments remained on the same level

Gross capital expenditure, including business acquisitions, in the first quarter of 2014 was EUR 11 million (EUR 8 million). Maintenance investments accounted for 86 percent, i.e. EUR 9 million (89% and EUR 7 million).

Business combinations and disposals of businesses

Acquisitions

Valmet made no acquisitions in January–March 2014.

Disposals

On December 17, 2013, MW Power Oy signed a contract to sell its small-scale heating plant business in Finland and related services operations in Russia to KPA Unicon. The closing of the transaction covering the business in Finland took place on January 31, 2014. The closing of the transaction covering the Russian service business is expected to occur during the first half of 2014.

On December 17, 2013, MW Power AB signed a contract to sell its small-scale heating plant business in Sweden to a part of its current management. The closing of the transaction covering the business in Sweden took place on January 2, 2014.

The total annual revenue of the divested businesses has been approximately EUR 30 million, employing 114 employees as of year-end 2013. These transactions had no material effect on Valmet's 2014 financial statements.

Number of personnel decreased during January–March

Personnel by business line	As at March 31, 2014	As at March 31, 2013	Change	As at December 31, 2013
Services	**5,323**	5,234	2%	5,295
Pulp and Energy	**1,968**	2,621	-25%	2,233
Paper	**3,235**	4,234	-24%	3,906
Other	**339**	189	79%	331
Total (end of period)	**10,865**	12,278	-12%	11,765

Personnel by area	As at March 31, 2014	As at March 31, 2013	Change	As at December 31, 2013
North America	**1,126**	1,136	-1%	1,147
South America	**424**	421	1%	418
EMEA	**6,697**	8,103	-17%	7,514
China	**2,015**	2,107	-4%	2,061
Asia-Pacific	**603**	511	18%	625
Total (end of period)	**10,865**	12,278	-12%	11,765

In the first quarter of 2014, Valmet employed an average of 11,533 people (12,607). The number of personnel at the end of March 2014 was 10,865 (12,278). In January–March, personnel expenses totaled EUR 118 million (EUR 137 million) of which wages and salaries and remunerations equaled EUR 115 million (EUR 130 million).

Strategic goals and their implementation

As stated in its strategy, Valmet will focus on developing and delivering technology and services globally to industries that use bio-based raw materials. Valmet's vision is to become the global champion in serving its customers, and its mission is to convert renewable resources into sustainable results.

Valmet's main customer industries are pulp, paper, and energy. All of these are major global industries that offer growth potential for the future. Valmet complements its core business by applying its service and technology expertise also to industries beyond those that use bio-based raw materials, especially the energy sector.

Valmet's product and service portfolio consists of productivity-enhancing services, plant upgrades and rebuilds, new cost-efficient equipment and solutions for optimizing energy and raw material usage, and technologies increasing the value of its customers' end-products.

Valmet's goal is to achieve its targets by focusing on customer excellence, on being a leader in technology and innovation, excellence in processes and on reinforcing a winning team.

Valmet has the following financial targets:

Financial targets
Net sales growth to exceed market growth
EBITA margin before non-recurring items: 6 to 9 percent
Return on capital employed (pre-tax), ROCE: minimum of 15 percent
Dividend payout at least 40 percent of net profit

Legal proceedings and claims

Lawsuits and claims related to ordinary business operations have been filed against our business on various grounds; these include product liability, immaterial rights and asbestos trials, in addition to which, deliveries involve the usual risk of disagreements. Product liability lawsuits are typically based on personal injury. Valmet's products might also be used in locations where the customer's operations could harm the environment and thus place Valmet in a position of potential liability.

To the best of its present estimate, Valmet's management does not foresee that the outcome of these lawsuits, claims and disputes will have a material negative impact on Valmet in view on the grounds presented for them.

Corporate Governance Statement

Valmet has prepared a separate Corporate Governance Statement for 2013 which complies with the recommendations of the Finnish Corporate Governance Code for listed companies. It also covers other central areas of corporate governance. The statement has been published on Valmet's website, separately from the Board of Directors' Report, at www.valmet.com/governance.

Shares and shareholders

Share capital and number of shares

At the end of March 2014, Valmet Corporation's share capital totaled EUR 100,000,000 and the number of shares was 149,864,619.

Treasury shares and Board authorizations

Valmet Corporation's Annual General Meeting on March 26, 2014 authorized Valmet's Board of Directors to resolve on repurchasing the Company's shares and/or taking the shares as pledge. The maximum number of own shares to be repurchased and/or taken as pledge shall be 10,000,000 shares, which corresponds to approximately 6.7 percent of all the shares in the Company.

Company shares may be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). Company shares may be repurchased using the unrestricted equity of the Company at a price formed on the regulated market in the Helsinki Stock Exchange's stock exchange list on the date of the repurchase or at a price otherwise determined on the market.

Company shares may be repurchased and/or taken as pledge for reasons of developing the Company's capital structure, financing or carrying out acquisitions, investments or other business transactions, or for the shares to be used in an incentive scheme. The repurchased shares may be held for the time being, cancelled or reissued. The Board of Directors resolves on all other terms related to the repurchasing and/or taking as pledge of own shares. The authorization shall stay in force until June 30, 2015 and it cancels the previous authorization given to the Board of Directors of Valmet Corporation by the extraordinary general meeting of Metso Corporation convening on October 1, 2013.

Valmet Corporation's Annual General Meeting authorized Valmet's Board of Directors to resolve on the issuance of shares as well as the issuance of special rights entitling to shares. The Board is authorized to issue a maximum of 15,000,000 new shares and convey a maximum of 10,000,000 Valmet shares already held by the company. The authorization shall stay in force until June 30, 2015 and it cancels the previous authorization given to the Board of Directors of Valmet Corporation by the extraordinary general meeting of Metso Corporation convening on October 1, 2013.

Trading in shares

The closing share price for Valmet's share on the first day of trading (January 2, 2014) was EUR 6.65. The closing share price on the final day of trading for the reporting period, March 31, 2014, was EUR 7.79. The share price rose by some 17 percent during the period between January 2, 2014 and March 31, 2014. The highest price for the share during the reporting period was EUR 8.01, the lowest was EUR 6.00 and the volume-weighted average price was EUR 6.70. The number of shares traded on NASDAQ OMX Helsinki during January–March was 67,890 thousand. The value of trading was EUR 457 million. (Source: NASDAQ OMX)

In addition to the Helsinki Stock Exchange, Valmet's shares are also traded on other marketplaces, such as Chi-X and BATS. A total of 3,182 thousand of Valmet Corporation's shares were traded on alternative marketplaces in January–March, which equals approximately 4 percent of the share's total trade volume. Of the alternative exchanges, Valmet's shares were traded especially on Chi-X. (Source: VWD, Six)

Market capitalization stood at EUR 1,167 million at the end of the reporting period.

Number of shareholders

The number of registered shareholders at the end of March 2014 was 53,613 (58,490 on Dec 31, 2013). Shares owned by nominee-registered parties and by non-Finnish parties equaled 51.3 percent of the total number of shares at the end of March 2014 (47.8% on Dec 31, 2013).

Flagging notifications

During the review period, Valmet received the following flagging notification:

Stock exchange release on March 11, 2014
Valmet Corporation received a notification according to the Securities Markets Act on a change in the holdings of Cevian's funds. Cevian Capital II Master Fund L.P. has transferred all of the 8,305,654 Valmet shares it owns to its wholly-owned subsidiary Cevian Capital Partners Ltd. The transfer was completed on March 10, 2014 after which Cevian Capital Partners Ltd. owns altogether 20,813,714 Valmet shares, which corresponds to 13.89 percent of Valmet's entire share stock and votes. The transfer of shares does not affect the total number of shares owned by Cevian's funds.

Share-based incentive plans

Valmet's share ownership plans are part of the remuneration and retention program for Valmet's management. In December 2013, Metso's Board of Directors decided to continue the share-based incentive plan approved in December 2011. The target group of the plan is the senior management of Valmet. The aim of the plan is to align the objectives of shareholders and management to increase the value of the company, commit management to the company, and offer managers a competitive reward plan based on a long-term shareholding in the company.

The plan approved in 2011 includes three performance periods, equivalent to the 2012, 2013, and 2014 calendar years. The Board of Directors is responsible for setting the performance criteria and targets used at the beginning of each performance period. A maximum of 45 key employees in Valmet will be covered by the plan for the 2014 performance period. Growth in Valmet's operating profit margin (EBITA %) and growth in services orders received are the 2014 performance criteria of the long-term incentive plan 2014.

Payment will be made at the end of an approximately two-year vesting period, in 2017, partly in company shares and partly in cash. The proportion paid in cash is intended to cover taxes and tax-related costs arising from the payment.

At Valmet, the potential rewards to be paid on the basis of the 2014 performance period will correspond to a maximum total of approximately 822,000 Valmet shares.

The shares to be transferred as part of the possible reward will be obtained in public trading, ensuring that the incentive plan will not have a diluting effect on Valmet's share value.

More information about share-based incentive plans can be found in Valmet's Corporate Governance Statement which is available at www.valmet.com/governance.

Resolutions of Valmet Corporation's Annual General Meeting

The Annual General Meeting of Valmet Corporation was held in Helsinki on March 26, 2014. The Annual General Meeting adopted the Financial Statements for 2013 and discharged the members of the Board and the CEO from liability for the 2013 financial year. The Annual General Meeting approved the Board of Directors' proposals, which concerned authorizing the Board to resolve on repurchasing company shares and/or taking company shares as pledge, to resolve on the issuance of shares and the issuance of special rights entitling to shares and to establish a shareholders' nomination board.

The Annual General Meeting confirmed the number of Board members as seven and appointed Jukka Viinanen as Chairman of Valmet Corporation's Board and Mikael von Frenckell as Vice Chairman. Lone Fønss Schrøder was appointed as a new member of the Board. Friederike Helfer, Pekka Lundmark, Erkki Pehu-Lehtonen and Rogério Ziviani will continue as members of the Board. The term of office of the members of the Board of Directors expires at the end of the next Annual General Meeting.

Valmet published stock exchange releases on March 26, 2014, concerning the resolutions of the Annual General Meeting and the composition of the Board of Directors. The stock exchange releases and a presentation of the Board's members can be viewed on Valmet's website at www.valmet.com/agm.

Risks and business uncertainties

Valmet's operations are affected by various strategic, financial, operational and hazard risks. Valmet takes measures to exploit emerging opportunities and to limit the adverse effects of potential threats. The assessment of risks related to sustainable development holds a key role in risk management. If such threats materialized, they could have material adverse effects on Valmet's business, financial situation, and operating result or on the value of shares and other securities.

The objective of Valmet's risk management is to ensure the implementation of an effective and successful strategy for achieving both long- and short-term goals. The task of Valmet's management is to regulate risk appetite.

In assessing risks, Valmet takes into consideration the probability of the risks and their estimated impact on net sales and financial results. Valmet's management estimates that the company's overall risk level is currently manageable in proportion to the scope of its operations and the practical measures available for managing these risks.

Financial uncertainty in the global economy, coupled with fluctuations in exchange rates and tightening financial market regulations, may have an adverse effect on the availability of financing from banks and capital markets, and could reduce the investment appetite of Valmet's customers. Valmet estimates that the high proportion of business derived from services and emerging markets will reduce the possible negative effects that market uncertainties may have.

If global economic growth weakens, it might have adverse effects on new projects under negotiation or on projects in the order backlog. Some projects may be postponed, suspended, or canceled. In the case of long-term delivery projects, initial customer down payments are typically 10–30 percent of the value of the project, and customers make progress payments as a project is implemented. This significantly decreases the risks and financing requirements related to Valmet's projects. Valmet continually assesses its customers' creditworthiness and their ability to meet their obligations. As a rule, Valmet does not finance customer projects. If economic growth slows significantly, the markets for Valmet's products may shrink, which may lead to, for example, tougher price competition. Changes in official regulations and legislation can also critically affect especially the Energy business.

Management of project business risks important

An important part of Valmet's business consists of project business. Pulp business projects in particular are large, thus project-specific risk management is crucial. Key risks related to projects are cost accounting, scheduling and materials management risks. Risk analysis shall, as a minimum, take place for all significant project quotations. The work concerning threat and opportunity assessment continues during the execution phase of the project. Risk management is based on careful planning and on continuous, systematic monitoring and drawing on past experiences. Project risks are managed by improving and continuously developing project management processes and the related tools.

There may be changes in the competitive situation of Valmet's individual businesses, such as the emergence of new, cost-effective players in the markets. Valmet can safeguard its market position by developing its products and services, and through good customer service and a local presence.

Availability of financing crucial

Securing the continuity of Valmet's operations requires that sufficient funding is available under all circumstances. Valmet estimates that its liquid cash assets and binding credit limits are sufficient to secure the company's immediate liquidity and to ensure the flexibility of financing. The average maturity for Valmet's long-term debt is 2.8 years. Loan facilities include customary covenants and Valmet is in clear compliance with the covenants at the balance sheet date.

Net working capital and capital expenditure levels have a key impact on the adequacy of our financing. Valmet estimates that the company is well-positioned to keep capital expenditure at the level of total depreciation.

At the end of the first quarter of 2014, Valmet had EUR 442 million (EUR 443 million at the end of 2013) of goodwill on its statement of financial position. The carrying value of goodwill is reviewed annually or more frequently for impairment, if the facts and circumstances suggest that its carrying value may not be recoverable. Valmet has not identified any indications of impairment during the reporting period. The principles used for impairment testing are presented in the Annual Report.

Changes in labor costs and the prices of raw materials and components can affect Valmet's profitability. Wage inflation is continuing, but Valmet's goal is to offset this through increased productivity and strict price discipline. It is possible, however, that tough competition in some product categories will make it difficult to pass on cost increases to product prices. On the other hand, some of Valmet's customers are raw material producers, and their ability to operate and invest may be enhanced by strengthening commodity prices and hampered by declining commodity prices.

Of the financial risks that affect Valmet's profit, currency exchange rate risks are among the most substantial. Exchange rate changes can affect Valmet's business, although the wide geographical scope of the company's operations reduces the impact of any individual currency. Economic insecurity typically increases exchange rate fluctuations. Valmet hedges its currency exposures linked to firm delivery and purchase agreements.

Subsequent events after the review period

There were no subsequent events after the review period that required recognition or disclosure.

Valmet reiterates its guidance for 2014

Valmet is reiterating its guidance presented on February 6, 2014 in which Valmet estimates that net sales in 2014 will decline from the 2013 level and EBITA before non-recurring items will increase in comparison with 2013.

Short-term outlook

General economic outlook

Global activity has broadly strengthened and is expected to improve further in 2014–15, with much of the impetus coming from advanced economies. Global growth is projected to strengthen from 3 percent in 2013 to 3.6 percent in 2014 and 3.9 percent in 2015. The global recovery is still fragile despite improved prospects, and significant downside risks—both old and new—remain. Recently, some new geopolitical risks have emerged. (International Monetary Fund, April 8, 2014)

Short-term market outlook

Valmet is reiterating its short-term market outlook presented on February 6, 2014. Valmet estimates that activity in the services, pulp, energy, board and paper, and tissue markets will remain satisfactory.

In Espoo on April 24, 2014

Valmet Corporation's Board of Directors

Consolidated Statement of Income

EUR million	Q1/2014	Q1/2013 Carve-out
Net sales	**519**	631
Cost of goods sold	**-422**	-498
Gross profit	**97**	133
Selling, general and administrative expenses	**-102**	-114
Other operating income and expenses, net	**-2**	-2
Share in profits and losses of associated companies	**0**	1
Operating profit	**-8**	19
Financial income and expenses, net	**-2**	0
Profit before taxes	**-9**	19
Income taxes	**3**	-7
Profit / loss	**-6**	12
Attributable to:		
Owners of the parent	**-6**	12
Non-controlling interests	**0**	0
Profit / loss	**-6**	12
Earnings per share attributable to owners of the parent		
Earnings per share, EUR	**-0.04**	0.08[1]
Diluted earnings per share, EUR	**-0.04**	0.08[1]

[1] *The earnings per share information was computed as if the shares issued in conjunction with the Demerger had been outstanding for the comparison period.*

Consolidated Statement of Comprehensive Income

EUR million	Q1/2014	Q1/2013 Carve-out
Profit / loss	-6	12
Items that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges	-9	2
Available-for-sale equity investments	-	0
Currency translation on subsidiary net investments	-4	3
Income tax relating to items that may be reclassified	2	0
	-11	4
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	0	-
Income tax on items that will not be reclassified	0	-
	0	-
Other comprehensive income (+) / expense (-)	-11	4
Total comprehensive income (+) / expense (-)	-17	16
Attributable to:		
Owners of the parent	-17	16
Non-controlling interests	0	0
Total comprehensive income (+) / expense (-)	-17	16

Consolidated Statement of Financial Position

Assets

EUR million	As at March 31, 2014	As at March 31, 2013 Carve-out
Non-current assets		
Intangible assets		
Goodwill	**442**	448
Other intangible assets	**103**	127
Total intangible assets	**545**	576
Property, plant and equipment		
Land and water areas	**21**	22
Buildings and structures	**133**	154
Machinery and equipment	**199**	244
Assets under construction	**26**	20
Total property, plant and equipment	**380**	440
Financial and other non-current assets		
Investments in associated companies	**5**	5
Available-for-sale equity investments	**3**	4
Available-for-sale financial assets	**10**	-
Loan and other interest-bearing receivables	**2**	4
Deferred tax asset	**85**	65
Other non-current assets	**8**	106
Total financial and other non-current assets	**112**	184
Total non-current assets	**1,037**	1,199
Current assets		
Inventories	**442**	532
Receivables		
Trade and other receivables	**424**	450
Cost and earnings of projects under construction in excess of advance billings	**147**	130
Loan and other interest-bearing receivables	**0**	248
Available-for-sale financial assets	**15**	1
Derivative financial instruments	**11**	5
Income tax receivables	**15**	35
Total receivables	**613**	868
Cash and cash equivalents	**224**	117
Total current assets	**1,280**	1,517
Total assets	**2,317**	2,716

Consolidated Statement of Financial Position

Equity and liabilities

EUR million	As at March 31, 2014	As at March 31, 2013 Carve-out
Equity		
Share capital	**100**	-
Reserve for invested unrestricted equity	**402**	-
Cumulative translation adjustments	**-2**	27
Fair value and other reserves	**-2**	4
Retained earnings	**270**	-
Invested equity and retained earnings	**-**	841
Equity attributable to owners of the parent	**768**	872
Non-controlling interests	**5**	8
Total equity	**772**	880
Liabilities		
Non-current liabilities		
Long-term debt	**132**	193
Post-employment benefits	**104**	123
Provisions	**30**	34
Derivative financial instruments	**2**	1
Deferred tax liability	**25**	35
Other long-term liabilities	**1**	1
Total non-current liabilities	**295**	387
Current liabilities		
Current portion of long-term debt	**63**	92
Short-term debt	**17**	97
Trade and other payables	**671**	640
Provisions	**95**	89
Advances received	**154**	182
Billings in excess of cost and earnings of projects under construction	**224**	313
Derivative financial instruments	**12**	0
Income tax liabilities	**14**	36
Total current liabilities	**1,249**	1,449
Total liabilities	**1,545**	1,837
Total equity and liabilities	**2,317**	2,716

Condensed Consolidated Statement of Cash Flows

EUR million	**Q1/2014**	Q1/2013 Carve-out
Cash flows from operating activities		
Profit / loss	**-6**	12
Adjustments		
Depreciation and amortization	**18**	21
Dividend income and net interests	**0**	1
Income taxes	**-3**	7
Other non-cash items	**5**	-3
Change in net working capital, net of effect from business acquisitions and disposals	**35**	-9
Net interests and dividends received	**0**	-11
Income taxes paid	**-6**	-23
Net cash provided by (+) / used in (-) operating activities	**43**	-5
Cash flows from investing activities		
Capital expenditure on fixed assets	**-11**	-8
Proceeds from sale of fixed assets	**3**	0
Proceeds from sale of businesses, net of cash sold	**0**	-
Other	**0**	0
Net cash provided by (+) / used in (-) investing activities	**-8**	-8
Cash flows from financing activities		
Net borrowings (+) / payments (-) on short-term and long-term debt	**2**	-501
Investments in available-for-sale financial assets	**-24**	-
Equity financing	**-**	467
Net cash provided by (+) / used in (-) financing activities	**-22**	-34
Net increase (+) / decrease (-) in cash and cash equivalents	**13**	-46
Effect of changes in exchange rates on cash and cash equivalents	**0**	5
Cash and cash equivalents at beginning of period	**211**	158
Cash and cash equivalents at end of period	**224**	117

Consolidated Statement of Changes in Equity

EUR million	Share capital	Reserve for invested unrestricted equity	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Invested equity and retained earnings	**Equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
Balance at Jan 1, 2014	**100**	**402**	**2**	**5**	**299**	**-**	**808**	**5**	**813**
Profit / loss	-	-	-	-	-6	-	**-6**	0	**-6**
Other comprehensive income (+) / expense (-)	-	-	-4	-7	-	-	**-11**	-	**-11**
Total comprehensive income (+) / expense (-)	-	-	-4	-7	-6	-	**-17**	0	**-17**
Dividends	-	-	-	-	-22	-	**-22**	-	**-22**
Other	-	-	-	-	-2	-	**-2**	-	**-2**
Share-based payments, net of tax	-	-	-	-	1	-	**1**	-	**1**
Balance at March 31, 2014	**100**	**402**	**-2**	**-2**	**270**	**-**	**768**	**5**	**772**
Balance at Jan 1, 2013[1]	-	-	24	3	-	389	416	7	423
Profit / loss[1]	-	-	-	-	-	12	12	0	12
Other comprehensive income (+) / expense (-)[1]	-	-	3	1	-	-	4	0	4
Total comprehensive income (+) / expense (-)[1]	-	-	3	1	-	12	16	0	16
Changes in invested equity[1]	-	-	-	-	-	440	440	-	440
Balance at March 31, 2013[1]	-	-	27	4	-	841	872	8	880

[1] *Carve-out-figures*

Accounting principles

General information

Valmet Corporation (the “Company” or the “parent company”) and its subsidiaries (together “Valmet”, “Valmet Group” or the “Group”) form a global supplier of sustainable technology and services, which designs, develops and produces systems, automation solutions, machinery and equipment for process industries. The main customers of Valmet operate in pulp, paper and energy generation industries.

Valmet Corporation is domiciled in Helsinki, and its registered address is Keilasatama 5, 02150 Espoo, Finland. The Company’s shares are listed on the NASDAQ OMX Helsinki Ltd.

Valmet was formed through the partial demerger of the Pulp, Paper and Power businesses (“PPP”) of Metso Corporation (the “Demerger”), which became effective on December 31, 2013.

These condensed consolidated interim financial statements were approved for issue on 24 April 2014.

Basis of preparation

These condensed consolidated interim financial statements for the three months ended March 31, 2014 have been prepared in accordance with IAS 34, ‘Interim financial reporting’ and in conformity with IFRS as adopted by the European Union. The financial information presented in this financial statements bulletin has not been audited. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS.

Valmet formed a separate legal group as of December 31, 2013. The information presented in these condensed consolidated interim financial statements is based on actual consolidated figures as an independent group after the consummation of the Demerger and on carve-out information for periods preceding the consummation of the Demerger.

The carve-out financial information presented in the financial statements reflects the financial performance of the entities that have historically formed the Pulp, Paper and Power segment within Metso Group. The carve-out historical financial information includes allocations of income, expenses, assets, liabilities and cash-flows from predecessor parent company Metso Corporation. The Valmet Group carve-out financial information includes all those legal entities that have historically formed the reportable segment PPP and which were transferred to Valmet Corporation in the Demerger.

The earnings per share information for the comparison period presented was computed as if the shares issued in conjunction with the Demerger had been outstanding for the period presented.

In the condensed consolidated interim financial statements the figures are presented in million euros subject to rounding, which may cause some rounding inaccuracies in column and total sums.

Accounting principles

The accounting policies adopted are consistent with those of the previous financial year except as described below.

- Valmet adopted the IFRS 10 ‘Consolidated Financial Statements’ standard on January 1, 2014. The standard did not have a material impact on Valmet’s financial statements.

- Valmet adopted the IFRS 11 'Joint Arrangements' standard on January 1, 2014. The standard did not have a material impact on Valmet's financial statements.
- Valmet adopted the IFRS 12 'Disclosure of Interests in Other Entities' standard on January 1, 2014. The standard did not have a material impact on Valmet's financial statements.

Business combinations and disposals of businesses

Acquisitions

Valmet made no acquisitions during the three months ended March 31, 2014.

Disposals

On December 17, 2013 MW Power Oy signed a contract to sell its small-scale heating plant business in Finland and related services operations in Russia to KPA Unicon. The closing of the transaction covering the business in Finland took place on January 31, 2014. The closing of the transaction covering the Russian service business is expected to occur during the first half of 2014.

On December 17, 2013 MW Power AB signed a contract to sell its small-scale heating plant business in Sweden to a part of its current management. The closing of the transaction covering the business in Sweden took place on January 2, 2014.

The total annual revenue of the divested businesses has been approximately EUR 30 million, employing 114 employees as of year-end 2013. These transactions had no material effect on Valmet's 2014 financial statements.

Fair value estimation

For those financial assets and liabilities which have been recognized at fair value in the statement of financial position, the following measurement hierarchy and valuation methods have been applied:

Level 1 Quoted unadjusted prices at the balance sheet date in active markets. The market prices are readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. The quoted market price used for financial assets is the current bid price. Level 1 financial instruments include debt and equity investments classified as financial instruments available-for-sale.

Level 2 The fair value of financial instruments in Level 2 is determined using valuation techniques. These techniques utilize observable market data readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. Level 2 financial instruments include over- the- counter derivatives classified as financial assets/liabilities at fair value through profit and loss or qualified for hedge accounting.

Level 3 A financial instrument is categorized into Level 3 if the calculation of the fair value cannot be based on observable market data. Valmet had no such instruments at the balance sheet date.

The tables below present Valmet's financial assets and liabilities that are measured at fair value. There have been no transfers between fair value levels during 2014.

	As at March 31, 2014		
EUR million	**Level 1**	**Level 2**	**Level 3**
Assets			
Derivatives at fair value through profit and loss	-	1	-
Derivatives qualified for hedge accounting	-	11	-
Available for sale financial assets	12	14	-
Total assets	**12**	**26**	**-**
Liabilities			
Derivatives at fair value through profit and loss	-	4	-
Derivatives qualified for hedge accounting	-	10	-
Total liabilities	**-**	**14**	**-**

	As at March 31, 2013 Carve-out		
EUR million	Level 1	Level 2	Level 3
Assets			
Derivatives at fair value through profit and loss	-	3	-
Derivatives qualified for hedge accounting	-	2	-
Available for sale financial assets	1	-	-
Total assets	1	5	-
Liabilities			
Derivatives at fair value through profit and loss	-	0	-
Derivatives qualified for hedge accounting	-	2	-
Total liabilities	-	2	-

Assets pledged and contingent liabilities

EUR million	**As at March 31, 2014**	As at March 31, 2013 Carve-out
Guarantees on behalf of others	**4**	2
Lease commitments	**47**	45

Valmet Corporation, with its subsidiaries, and financial institutions have guaranteed commitments arising from the ordinary course of business of Valmet Group up to a maximum of EUR 1,070 million and EUR 1,101 million[1] as at March 31, 2014 and 2013, respectively.

[1] *Consists of obligations of Valmet Group that have been guaranteed by Metso Corporation.*

Notional amounts of derivative financial instruments

	As at March 31, 2014	As at March 31, 2013 Carve-out
Forward exchange contracts, EUR millions	**1,393**	1,155
Electricity forward contracts, GWh	**355**	427
Nickel swap contracts, tons	**48**	210

The notional amounts indicate the volumes in the use of derivatives, but do not indicate the exposure to risk.

Related party information

Valmet's related parties included, until the effective date of the Demerger (December 31, 2013), Valmet's preceding parent company Metso Corporation, Metso Group companies other than Valmet Group companies (together "Metso"), associated companies and joint ventures of Valmet and members of Metso's key management personnel.

Following the consummation of the Demerger, Valmet's related parties include Valmet Group companies and associated companies and joint ventures as well as the members of Valmet's key management personnel.

Valmet's sales to Metso comprise of sales of filtration products and assembly services to Metso's Mining and Construction business. Valmet's purchases from Metso in the ordinary course of business comprise of purchases of process automation systems related to Valmet's project sales. In addition, Metso has had equity and financing transactions with Valmet, which have led to the recognition of receivables and payables with Metso.

There were no material transactions between Valmet and its related parties as at and for the three months ended March 31, 2014.

The following table sets forth Valmet's transactions with Metso as at and for the three months ended March 31, 2013:

EUR million	As at and for the three months ended March 31, 2013 Carve-out
Net sales	2
Cost of goods sold	-12
Interest income	1
Interest expenses	-1
Other receivables	89
Advances paid for inventories	4
Trade and other receivables	14
Loan receivables	18
Cash pooling receivables	230
Long-term debt	68
Current portion of long-term debt	28
Cash pooling liabilities	97
Trade and other payables	25
Advances received	1

Reporting segment and geographic information

Valmet's operations and profitability is reported as a single reportable segment and operative decisions have been made by the Board of Directors of Valmet as Valmet's Chief Operating Decision Maker at Valmet Group level.

The performance of the Group is reviewed by the chief operating decision maker. One key indicator of performance is EBITA (Earnings before interest, taxes and amortization). The performance is also analyzed by excluding from EBITA items qualifying as non-recurring, such as capacity adjustment costs, gains and losses on business disposals, and other infrequent events, as these reduce the comparability of the Group's performance from one period to another.

	As at and for the three months ended March 31,	
EUR million	**2014**	2013 Carve-out
Net sales	**519**	631
EBITA before non-recurring items	**4**	26
% of net sales	**0.7%**	4.1%
Operating profit (loss)	**-8**	19
% of net sales	**-1.5%**	3.0%
Amortization	**-5**	-7
Depreciation	**-13**	-14
Non-recurring items:		
Capacity adjustment expenses		
in cost of goods sold	**-1**	-
in selling, general and administrative expenses	**-3**	-
in other operating income and expenses, net	**-3**	-
Cost related to demerger process		
in selling, general and administrative expenses	**-**	-
Total non-recurring items	**-6**	-
Gross capital expenditure (including acquisitions)	**-11**	-8
Non-cash write-downs	**-2**	0
Capital employed, end of period	**985**	1,262
Orders received	**1,101**	511
Order backlog, end of period	**1,972**	2,138[1]

[1] *Includes cancelled Fibria order (EUR 331 million).*

Entity-wide information

Valmet's businesses are present in over 30 countries and on all continents. The main market areas are Europe and North America which account for 54 percent of net sales in 1-3/2014 and 57 percent in 1-3/2013.

Net sales to unaffiliated customers by destination:

EUR million	North America	South America	EMEA	China	Asia-Pacific	Total
Q1/2014	**96**	**78**	**195**	**76**	**74**	**519**
Q1/2013[1]	112	92	271	96	60	631

[1] *Carve-out figures*

Valmet's exports, including sales to unaffiliated customers and intra-group sales from Finland, by destination:

EUR million	North America	South America	EMEA	China	Asia-Pacific	Total
Q1/2014	**12**	**41**	**94**	**30**	**49**	**226**
Q1/2013[1]	15	13	119	47	35	229

[1] *Carve-out figures*

Gross capital expenditure (excluding business acquisitions) by location:

EUR million	North America	South America	EMEA	China	Asia-Pacific	Total
Q1/2014	**1**	**0**	**8**	**1**	**0**	**11**
Q1/2013[1]	0	0	6	1	0	8

[1] *Carve-out figures*

Analysis of net sales by category:

EUR million	**Q1/2014**	Q1/2013 Carve-out
Sale of services	**224**	243
Sale of projects, equipment and goods	**295**	388
Total	**519**	631

Major customers

Valmet delivers large long-term construction contracts, which, however, rarely exceed 10 percent of its net sales. In 1-3/2014 or 1-3/2013 there were no long-term construction contracts exceeding 10 percent of net sales.

Key ratios

	As at and for the three months ended March 31, 2014	2013 Carve-out
Earnings per share, EUR	**-0.04**	0.08
Diluted earnings per share, EUR	**-0.04**	0.08
Equity/share at end of period, EUR	**5.12**	5.82
Return on equity (ROE), %	**-3%**	5%
Return on capital employed (ROCE) before taxes, %	**-2%**	8%
Equity ratio at end of period, %	**40%**	40%
Gearing at end of period, %	**-5%**	3%
Cash flow provided by operating activities	**43**	-5
Cash flow after investments	**35**	-13
Gross capital expenditure (excl. business acquisitions), EUR million	**-11**	-8
Business acquisitions, net of cash acquired, EUR million	**-**	-
Depreciation and amortization, EUR million	**-18**	-21
Number of outstanding shares at end of period	**149,864,619**	149,864,619
Average number of shares	**149,864,619**	149,864,619
Average number of diluted shares	**149,864,619**	149,864,619
Net interest-bearing liabilities, EUR million	**-39**	30

Formulas for Calculation of Indicators

EBITA:
Operating profit + amortization + goodwill impairment

EBITA before non-recurring items:
Operating profit + amortization + goodwill impairment + non-recurring items

Earnings per share:

$$\frac{\text{Profit attributable to shareholders of the company}}{\text{Average number of outstanding shares during period}}$$

Earnings per share, diluted:

$$\frac{\text{Profit attributable to shareholders of the company}}{\text{Average number of diluted shares during period}}$$

Return on equity (ROE), %:

$$\frac{\text{Profit}}{\text{Total equity (average for period)}} \times 100$$

Return on capital employed (ROCE) before taxes, %:

$$\frac{\text{Profit before tax + interest and other financial expenses}}{\text{Balance sheet total - non-interest bearing liabilities (average for period)}} \times 100$$

Equity ratio, %:

$$\frac{\text{Total equity}}{\text{Balance sheet total – advances received}} \times 100$$

Gearing, %:

$$\frac{\text{Net interest bearing liabilities}}{\text{Total equity}} \times 100$$

Net interest-bearing liabilities:
Long-term interest-bearing debt + Short-term interest-bearing debt
- Cash and cash equivalents - Other interest-bearing assets

Key exchange rates

		Average rates		Period-end rates	
		Q1/2014	Q1/2013	**Q1/2014**	Q1/2013
USD	(US dollar)	**1.3727**	1.3170	**1.3788**	1.2805
SEK	(Swedish krona)	**8.8777**	8.5043	**8.9483**	8.3553
CAD	(Canadian dollar)	**1.5096**	1.3299	**1.5225**	1.3021
BRL	(Brazilian real)	**3.2200**	2.6376	**3.1276**	2.5703
CNY	(Chinese yuan)	**8.4013**	8.1949	**8.5754**	7.9600

Quarterly information

EUR million	**Q1/2014**	Q4/2013 Carve-out	Q3/2013 Carve-out	Q2/2013 Carve-out	Q1/2013 Carve-out
Net sales	**519**	666	601	714	631
EBITA before non-recurring items	**4**	-25	31	22	26
% of net sales	**0.7%**	-3.7%	5.1%	3.1%	4.1%
Operating profit (loss)	**-8**	-66	-17	5	19
% of net sales	**-1.5%**	-9.9%	-2.8%	0.7%	3.0%
Amortization	**-5**	-7	-7	-7	-7
Depreciation	**-13**	-12	-14	-14	-14
Non-recurring items:					
Capacity adjustment expenses					
in cost of goods sold	**-1**	-9	-17	-5	-
in selling, general and administrative expenses	**-3**	-7	-6	-3	-
in other operating income and expenses, net	**-3**	-13	-15	-	-
Cost related to demerger process					
in selling, general and administrative expenses	**-**	-5	-3	-3	-
Total non-recurring items	**-6**	-34	-41	-11	-
Gross capital expenditure (including acquisitions)	**-11**	-13	-16	-20	-8
Non-cash write-downs	**-2**	-13	-22	-5	0
Capital employed, end of period	**985**	1,024	1,156	1,233	1,262
Orders received	**1,101**	428	382	861	511
Order backlog, end of period	**1,972**	1,398	1,658	1,883	2,138[1]

[1] *Includes cancelled Fibria order (EUR 331 million).*