

The image shows two men in a factory setting. One man is wearing a white hard hat with the Valmet logo and a green safety vest over a dark shirt. The other man is wearing a yellow hard hat and a high-visibility orange and yellow safety vest over a dark suit. They are standing in front of large industrial machinery. The Valmet logo is visible on the machinery. A large white graphic element is overlaid on the left side of the image.

Valmet

Valmet – unique offering with
process technology, automation
and services

Forest Products & Paper Seminar 2016

Pasi Laine
President and CEO

Agenda

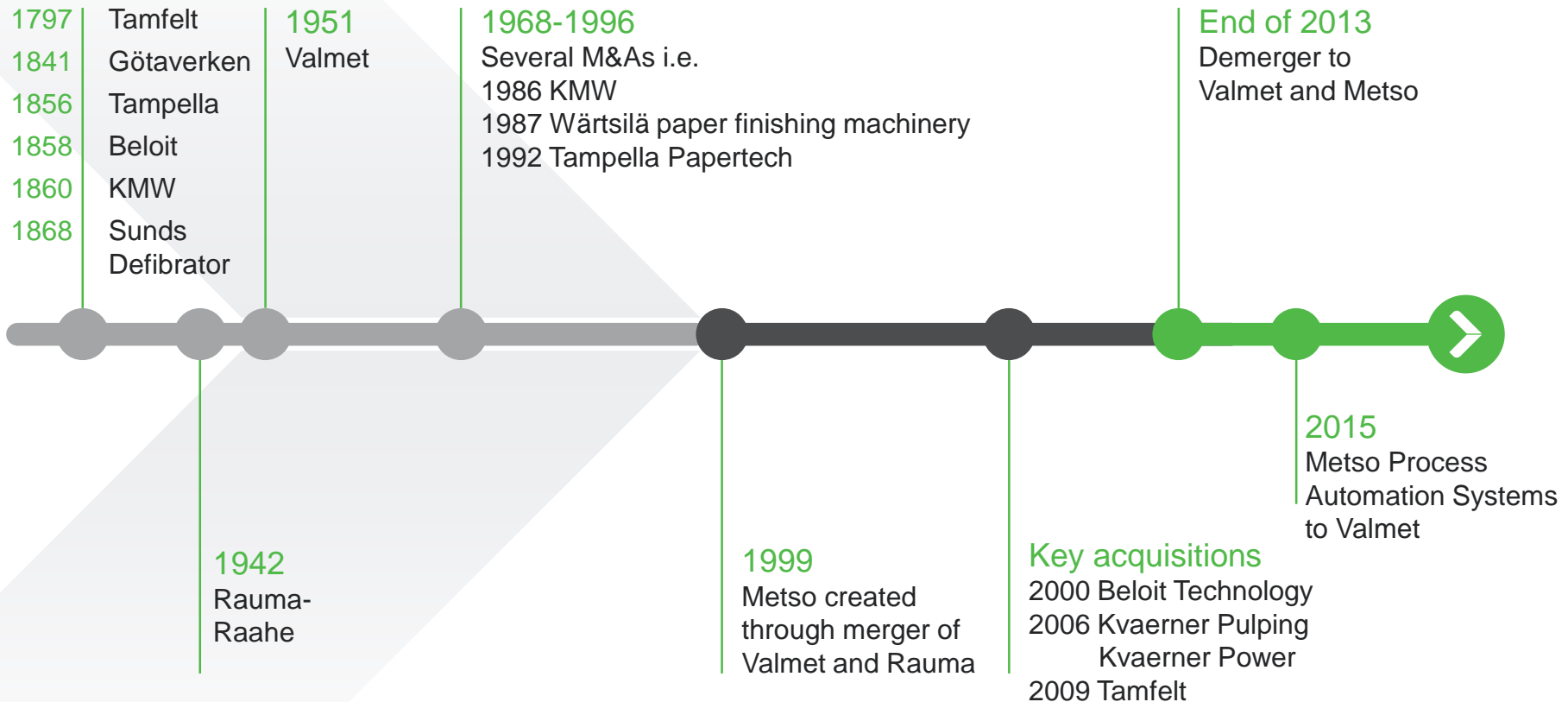
Forest Products & Paper Seminar 2016

- 1 Valmet overview
- 2 Q1/2016 in brief
- 3 Investment highlights
- 4 Conclusion
- 5 Appendix



Valmet overview

Valmet – over 200 years of industrial history



Net sales split in 2015

Stable business net sales EUR 1.4 billion

Orders received
EUR 2,878 million

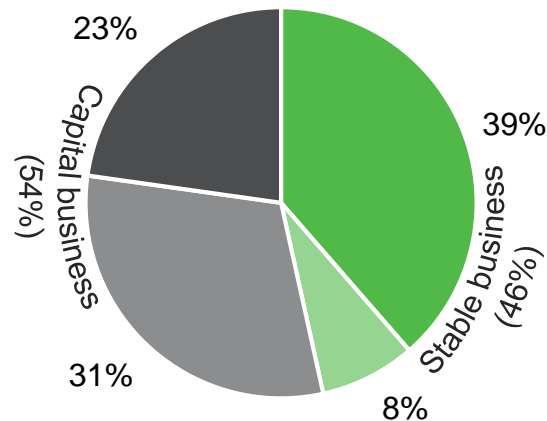
Net sales
EUR 2,928 million

Comparable EBITA¹
EUR 182 million

Comparable EBITA¹ margin
6.2%

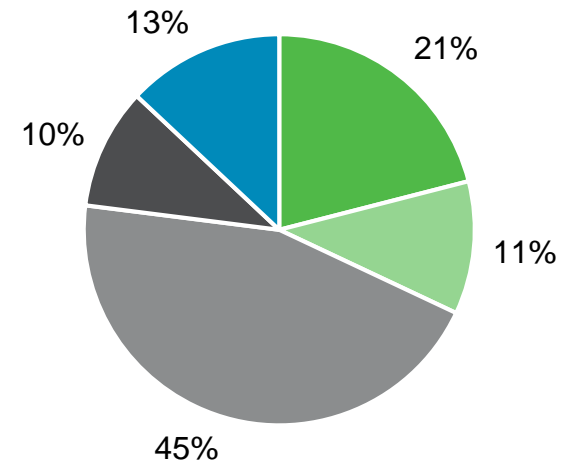
Employees
12,306

Net sales by business line



- Services
- Automation
- Pulp and Energy
- Paper

Net sales by area



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

1) Due to new regulation by the European Securities and Market Authority, Valmet has decided to replace the performance measure 'EBITA before non-recurring items' with 'Comparable EBITA'. The content of items affecting comparability, i.e. items previously disclosed as non-recurring, remain unchanged and therefore 'Comparable EBITA' equals previously disclosed 'EBITA before non-recurring items'. Items affecting comparability consist of income and expenses arising from activities that amend the capacity of Valmet's operations or are incurred outside its normal course of business.

The widest offering and leading market position in all markets



Pulp #1-2



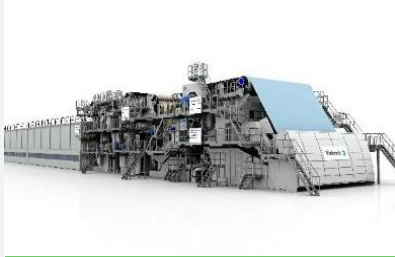
Energy #1-3



Board #1



Tissue #1



Paper #1



Services #1-2



Automation #1-3

Process technology, services and automation

Valmet's unique offering differentiates the company from its competitors




Strong, global presence is a good platform for growth

100 service centers, 86 sales offices, 34 production units, 16 R&D centers


North America

- 17 service centers
- 7 production units
- 8 sales offices

 1,367

South America

- 2 service centers
- 2 production units
- 5 sales offices

 531

EMEA

- 16 R&D centers
- 63 service centers
- 21 production units
- 54 sales offices

 7,747

China

- 8 service centers
- 6 production units
- 3 sales offices

 1,955

Asia-Pacific

- 10 service centers
- 16 sales offices

 706

Global customer base

The image displays a global customer base categorized into four main sectors: Pulp, Paper, Energy, and Process. Each sector is represented by a photograph of an industrial facility. Below these images is a comprehensive list of logos for various international companies that are customers of Valmet.

Pulp: SUZANO PAPEL E CELULOSE, SÖDRA, Metsä, Eldorado Brasil, Fibria, BILLERUDKORSNÄS, APRIL, FORESTAL Y PAPELERA CONCEPCION S.A., cmc CELULOSA, ARAUCO, Australian Paper.

Paper: ILIM, sappi, Domtar, UPM, APP, INTERNATIONAL PAPER, OJI PAPER, Greenpac MILL, 理文造纸有限公司 Lee & Man Paper Manufacturing Limited, PT. SUPARMA, Tbk, Norske Skog, Zhejiang JingYing Paper Joint Stock Co., Ltd., KIPAS, Cascades VERT DE NATURE, SCG, RockTenn, fábrica de papel san francisco, SHANDONG CHENMINGPAPER.

Energy: Fortum, graanul Invest, RWE, LAHTI ENERGIA, American Renewables, Dalkia, PGE, MälärEnergi, VEOLIA, POHJOLAN VOIMA, Hitachi Zosen INOVA, BH&L.

Process: NESTE OIL, Valio, bp, SURGUTNEFTEGAS OPEN JOINT STOCK COMPANY, ساتورب satorb, outokumpu, THE LINDE GROUP, SSAB, AkzoNobel, TEIJIN, BOREALIS, arctech, stx, kemira, YARA, Royal Caribbean Cruises Ltd.

Valmet is a registered trademark of Valmet Corporation. Other trademarks appearing here are trademarks of their respective owners.

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



Q1/2016 in brief

Q1/2016 in brief

- Orders received and net sales increased in stable business¹
- Orders received and net sales increased in capital business²
- Order backlog at EUR 2.2 billion
- Profitability improved compared to Q1/2015, but was below the targeted level
- Net debt EUR 192 million

1) Stable business = Services and Automation business lines

2) Capital business = Pulp and Energy, and Paper business lines

Key figures

EUR million	Q1/2016	Q1/2015	Change	2015
Orders received	803	580	38%	2,878
Order backlog ¹	2,207	2,064	7%	2,074
Net sales	652	561	16%	2,928
Comparable EBITA ²	31	19	61%	182
% of net sales	4.8%	3.5%		6.2%
EBITA	30	19	56%	157
Operating profit (EBIT)	19	13	43%	120
% of net sales	2.9%	2.4%		4.1%
Earnings per share, EUR	0.08	0.05	43%	0.51
Return on capital employed (ROCE), before taxes ³	7%	6%		12%
Cash flow provided by operating activities	3	-20		78
Gearing ¹	24%	-17%		21%

Items affecting comparability: EUR -2 million in Q1/2016 (EUR 0 million in Q1/2015)

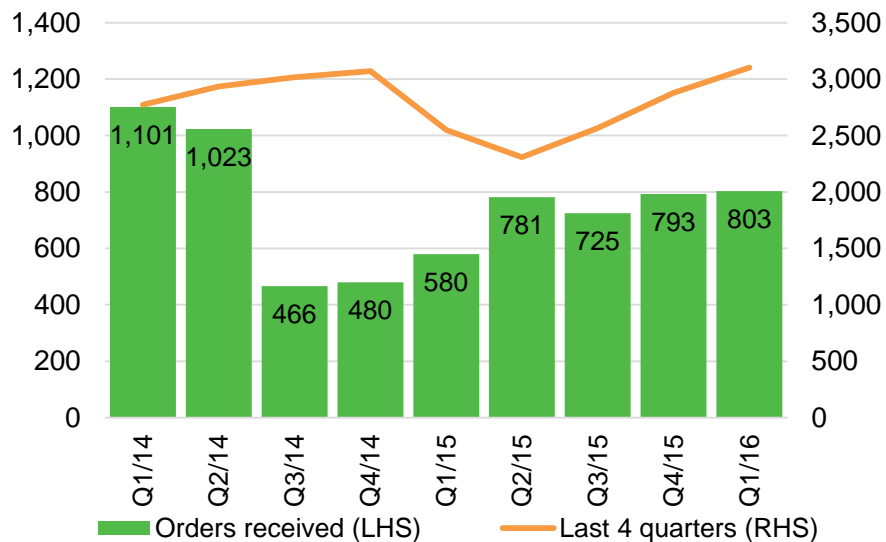
1) At the end of period

2) Due to new regulation by the European Securities and Market Authority, Valmet has decided to replace the performance measure 'EBITA before non-recurring items' with 'Comparable EBITA'. The content of items affecting comparability, i.e. items previously disclosed as non-recurring, remain unchanged and therefore 'Comparable EBITA' equals previously disclosed 'EBITA before non-recurring items'. Items affecting comparability consist of income and expenses arising from activities that amend the capacity of Valmet's operations or are incurred outside its normal course of business.

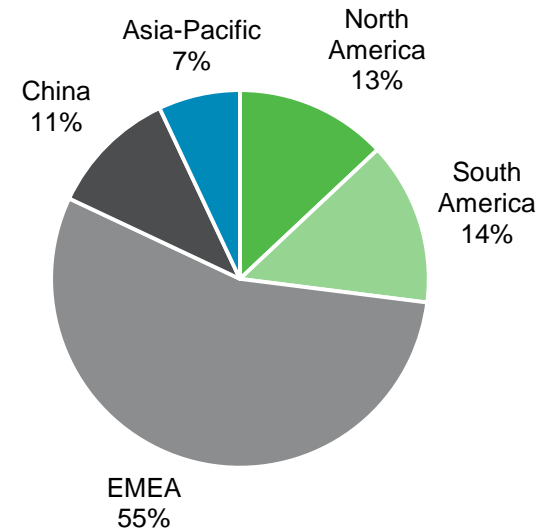
3) Annualized

Orders received increased to EUR 803 million in Q1/2016

Orders received (EUR million)



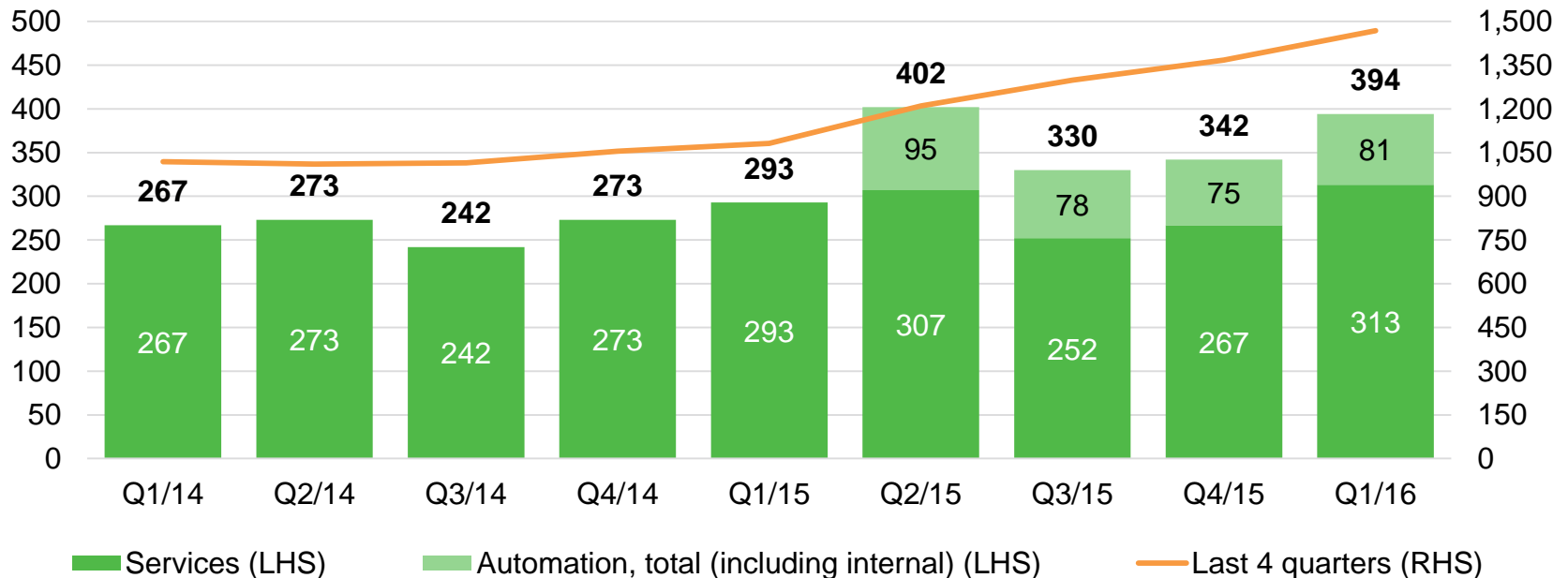
Orders received in Q1/2016, by area



- Orders received increased in the Pulp and Energy, Paper, and Services business lines
- Automation contributed to orders received with EUR 66 million
- North America and EMEA accounted for 69% of orders received in Q1/2016

Stable business orders received totaled EUR 1,468 million during the last 4 quarters

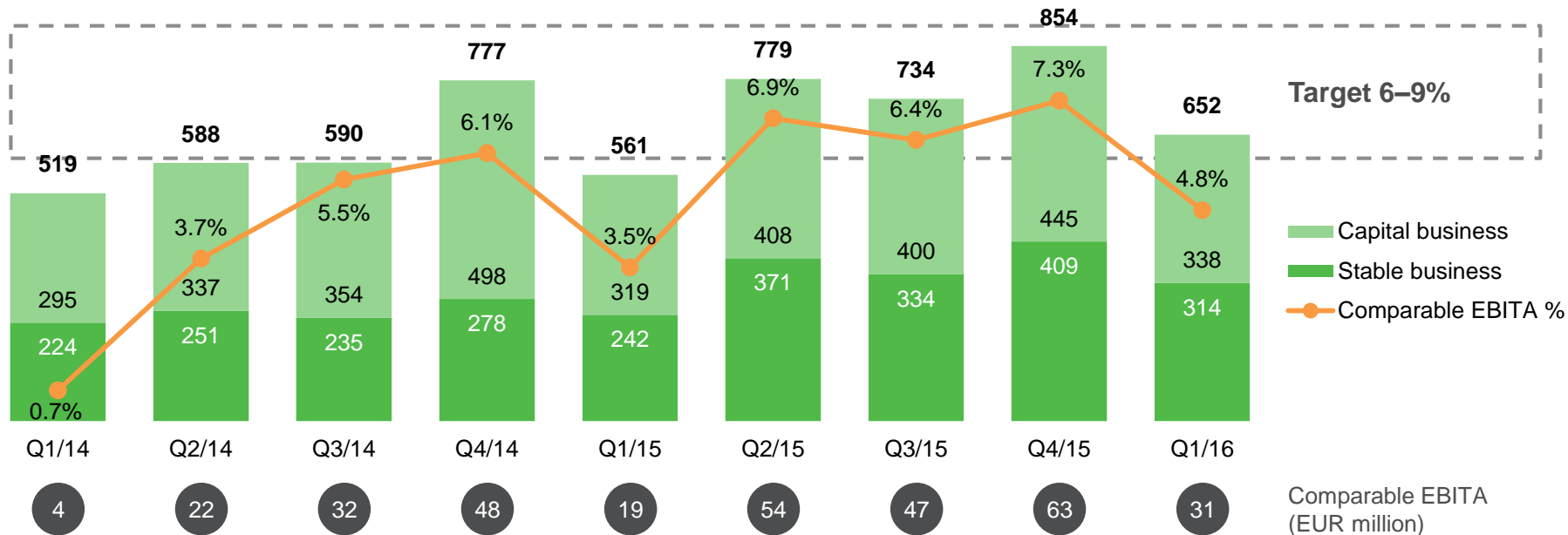
Orders received (EUR million) in stable business



- Stable business orders received totaled to EUR 394 million in Q1/2016
- Stable business rolling 12 months orders received have increased from about EUR 1.1 billion to almost EUR 1.5 billion

Comparable EBITA margin development

Net sales and Comparable EBITA (EUR million)



- Net sales and profitability increased compared with Q1/2015
 - Profitability improved due to the higher level of net sales in the Paper and Services business lines, improved gross profit, and the acquisition of Automation
- The first quarter was the weakest quarter in 2014 and 2015

Guidance and short-term market outlook

Guidance for 2016 (as given on February 9, 2016)

Guidance for 2016



Valmet estimates that net sales in 2016 will remain at the same level with 2015 (EUR 2,928 million) and Comparable EBITA in 2016 will increase in comparison with 2015 (EUR 182 million).

Due to new regulation by the European Securities and Market Authority, Valmet has decided to replace the performance measure 'EBITA before non-recurring items' with 'Comparable EBITA'. The content of items affecting comparability, i.e. items previously disclosed as non-recurring, remain unchanged and therefore 'Comparable EBITA' equals previously disclosed 'EBITA before non-recurring items' (EUR 182 million in 2015). Items affecting comparability consist of income and expenses arising from activities that amend the capacity of Valmet's operations or are incurred outside its normal course of business.

Short-term market outlook

		Q2/2015	Q3/2015	Q4/2015	Q1/2016
Services		Satisfactory	Satisfactory	Satisfactory	Satisfactory
Automation		Satisfactory	Satisfactory	Satisfactory	Satisfactory
Pulp and Energy	Pulp	Good	Good	Satisfactory	Satisfactory
	Energy	Weak	Weak	Satisfactory	Satisfactory
Paper	Board and Paper	Good	Satisfactory	Good	Good
	Tissue	Satisfactory	Satisfactory	Satisfactory	Satisfactory

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



Investment highlights

Investment highlight summary

- 1 **Strong market position** in growing markets
- 2 **Stable business**, with **EUR 1.4 billion** of net sales, offering **stability, growth** and **profitability**
- 3 **Strong market position** in **capital business**, with **cost structure** to meet **business requirements**
- 4 **Technology leader** with **unique offering**
- 5 Systematically **developing** the **company** and **profitability** with **Must-Wins**

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



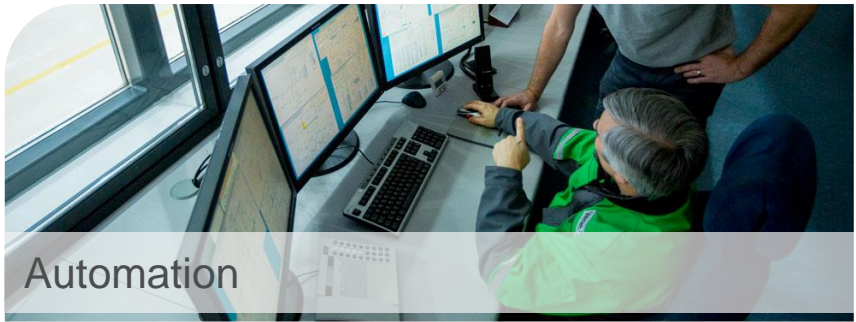
Strong market position in growing markets

Services #1-2	Automation #1-3	Pulp #1-2	Energy #1-3	Board #1	Tissue #1	Paper #1
~2% p.a. 7.5 bn	~1% p.a. 2.0 bn	~1% p.a. 1.4 bn	~1% p.a. 2.0 bn	~3% p.a. 1.0 bn	~3% p.a. 0.6 bn	~1% p.a. 0.6 bn
<ul style="list-style-type: none"> Customers outsource non-core operations Capacity increases in China, South America and Asia-Pacific 	<ul style="list-style-type: none"> Investments in new pulp and paper machines and power plants Ageing machines and installed automation systems Demand for intelligent technology 	<ul style="list-style-type: none"> Growth in paper, board, and tissue consumption in Asia Need for virgin wood pulp, as recycling rates can not grow infinitely Increased size of pulp lines and mills 	<ul style="list-style-type: none"> Growth in energy consumption Demand for sustainable energy Modernization of aging plants Incentives and regulation 	<ul style="list-style-type: none"> World trade, e-commerce and emerging markets growth drive packaging Shift from plastic packaging to renewable materials Demand for light-weight board globally 	<ul style="list-style-type: none"> Growth in emerging markets Rise in purchasing power and living standards in emerging markets 	<ul style="list-style-type: none"> Increasing role of digital media decreases demand for printing and writing papers Some growth in emerging markets
39% of net sales	8% of net sales	20% of net sales	11% of net sales	12% of net sales	8% of net sales	3% of net sales

■ Anticipated long-term market growth
 ■ Estimated market size for current offering (EUR)
 ■ Market drivers
 ■ % of net sales (2015)

Source: Leading consulting firms, RISI, management estimates

Stable business, with EUR 1.4 billion of net sales, offering stability, growth and profitability

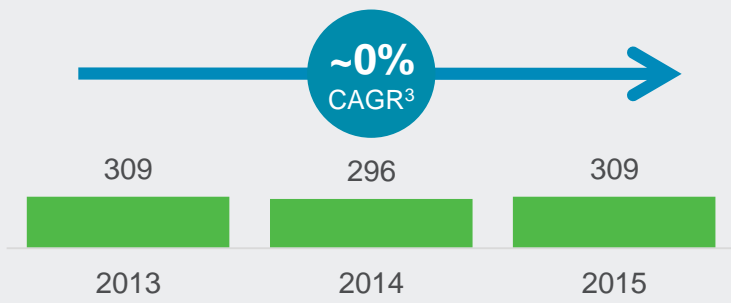
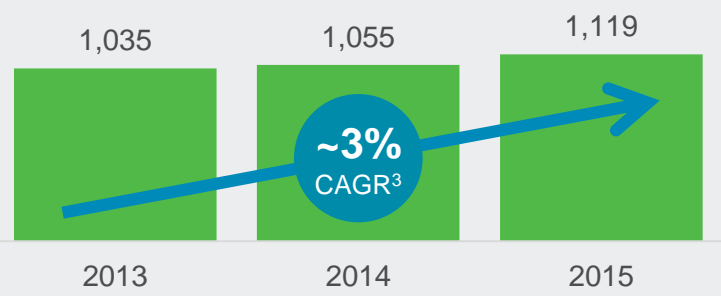


Services

Automation

Orders received¹ (EUR million)

Orders received² (illustrative, EUR million)



- Target to continue to grow

- Target to turn to growth

1) 2013 figures on a carve-out basis.
 2) Automation 2013, 2014 and Q1/2015 figures are stand-alone figures based on Metso's reported figures and pro forma figures excluding Process Automation Systems and are therefore indicative only. Q2/2015–Q4/2015 figures are Automation business line figures, including internal net sales. In 2015, Automation contributed to Valmet's orders received by EUR 222 million.
 3) CAGR = Cumulative annual growth rate

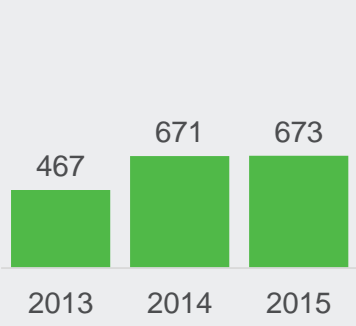
21 May 11, 2016 © Valmet | Pasi Laine, President and CEO



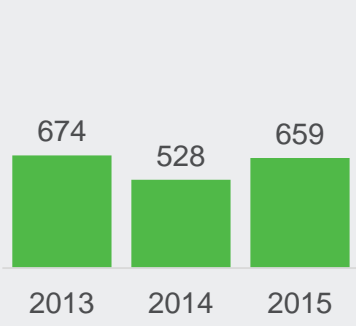
Strong market position in capital business, with cost structure to meet business requirements



Orders received¹
(EUR million)

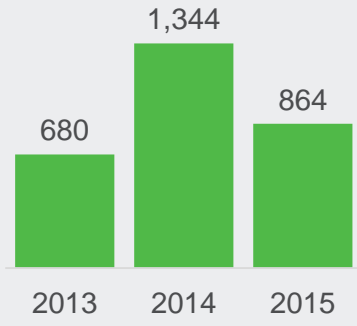


Net sales¹
(EUR million)

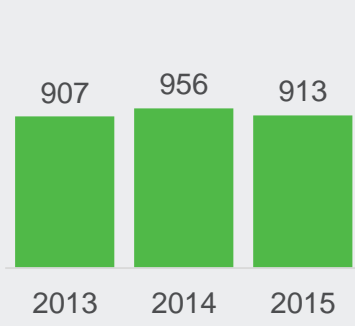


- Paper business line on a new, balanced level
- Capacity cost² to net sales was **41%** in 2015

Orders received¹
(EUR million)



Net sales¹
(EUR million)



- High cyclicality in orders received, net sales more stable
- Valmet is prepared for the cyclicality with high flexibility in the cost structure: capacity cost² to net sales was **24%** in 2015

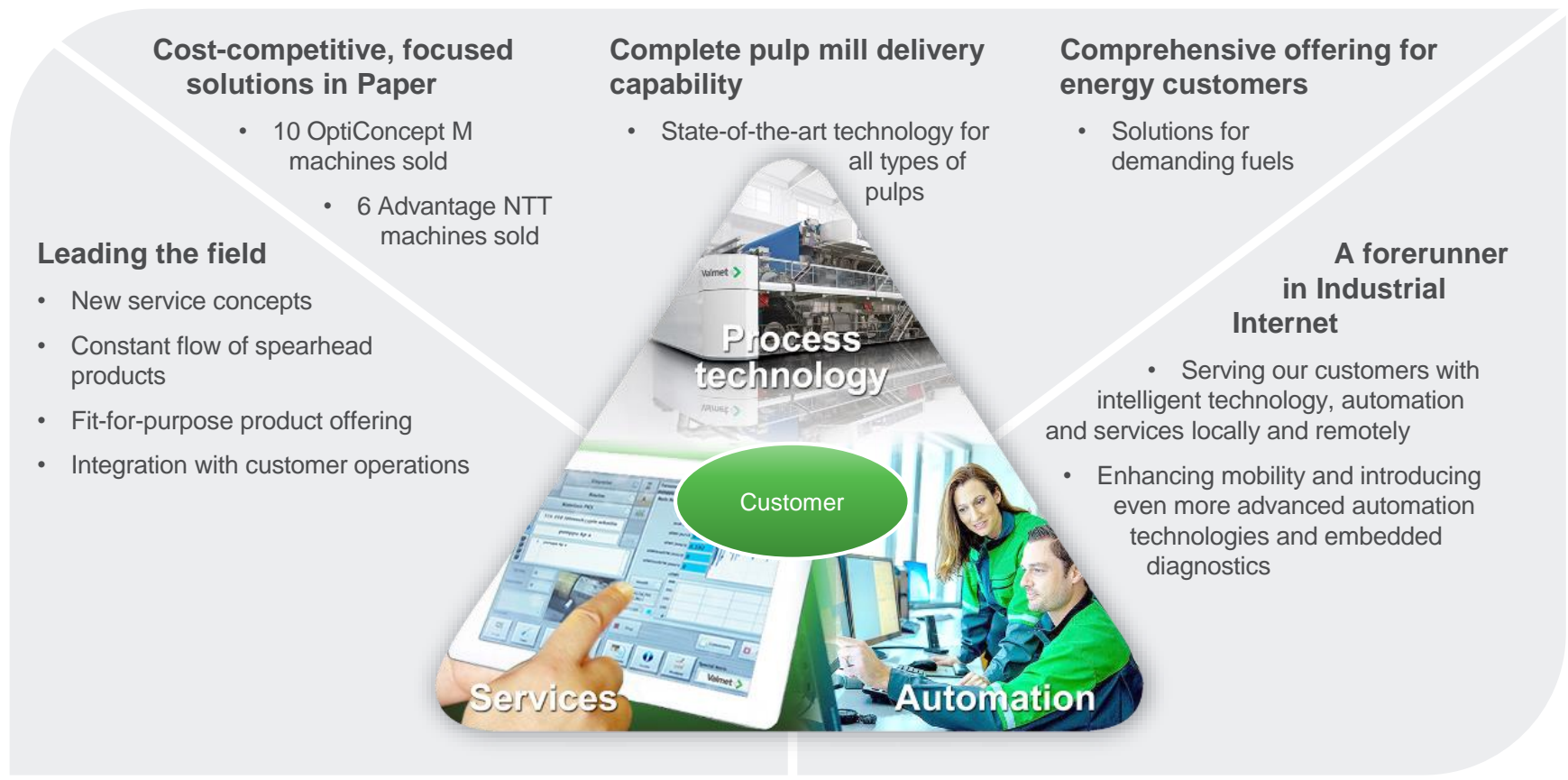
1) 2013 figures on a carve-out basis

2) 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



Technology leader with unique offering

Acquisition of Automation strengthened Valmet's offering



Strong focus on customer benefits

Systematically developing the company and profitability with Must-Wins

Must-Wins

Customer excellence

Must-Win implementation objectives for 2016

- Strengthen our presence close to customers and growth markets
- Strengthen Key Account Management to serve customers with our full offering
- Provide customer benefits by combining process technology, automation and services
- Develop Valmet service concept, remote services and drive growth through service agreements

Leader in technology and innovation

- Improve product cost competitiveness to increase gross profit and reduce customer investment and operational costs
- Develop new products and technologies to create new revenue

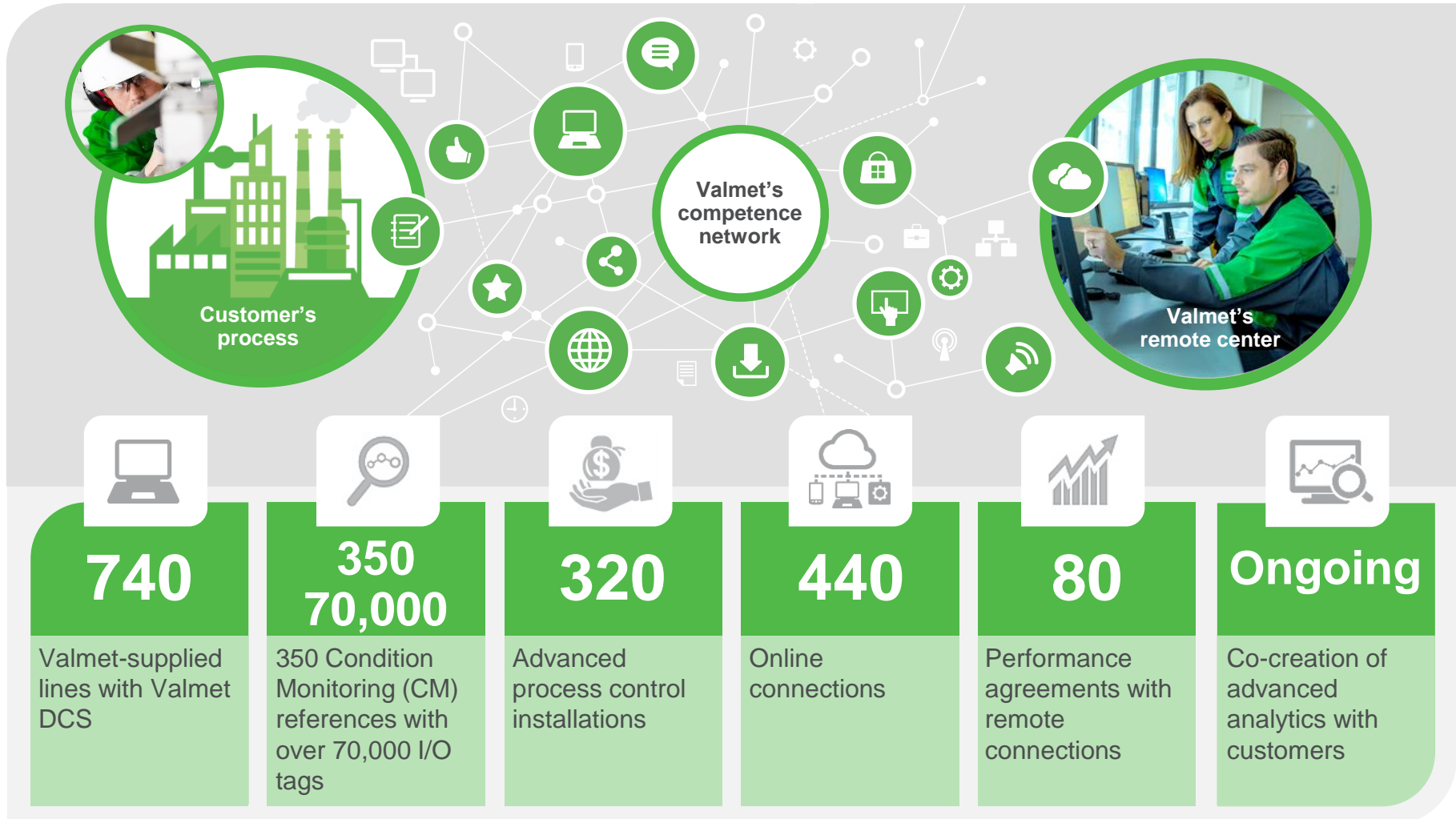
Excellence in processes

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

Winning team

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

Today, customers are extensively utilizing our Industrial Internet capabilities

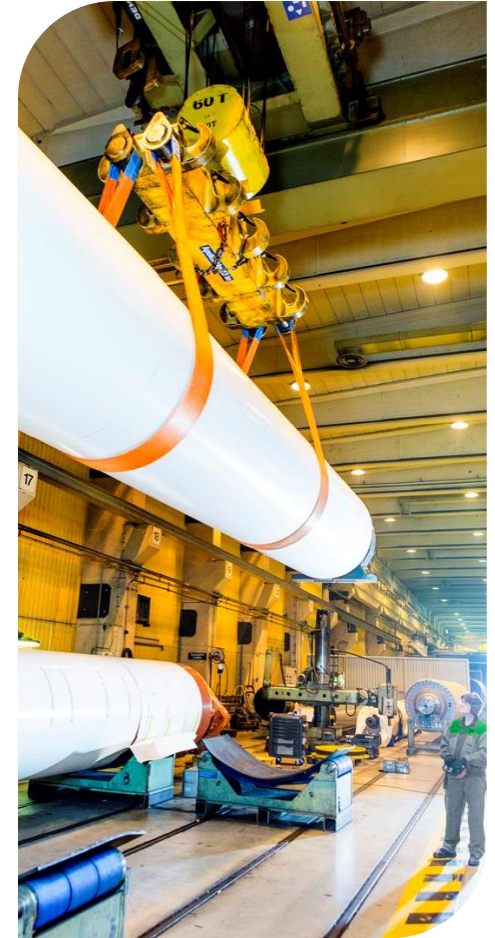




Conclusion

Conclusion

- Strong market position in growing markets
- Stable business, with EUR 1.4 billion of net sales, offering stability, growth and profitability
- Strong market position in capital business, with cost structure to meet business requirements
- Technology leader with unique offering
- Systematically developing the company and profitability with Must-Wins



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.

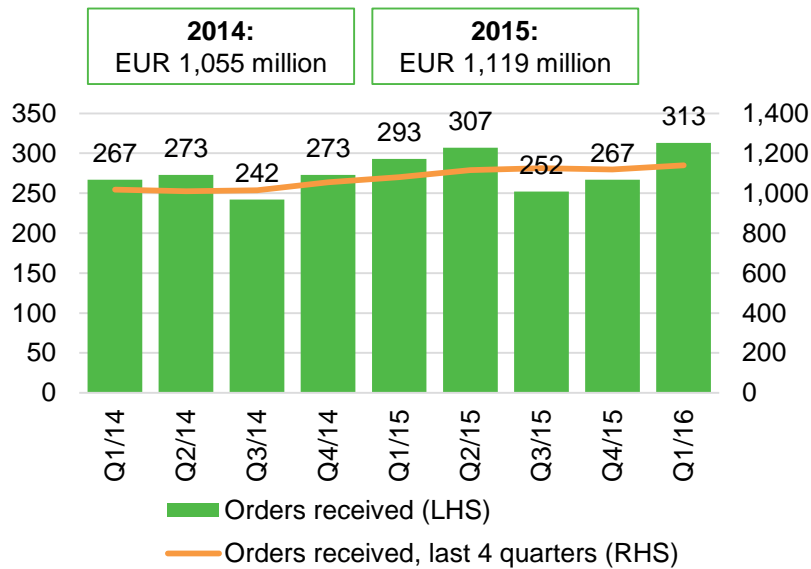




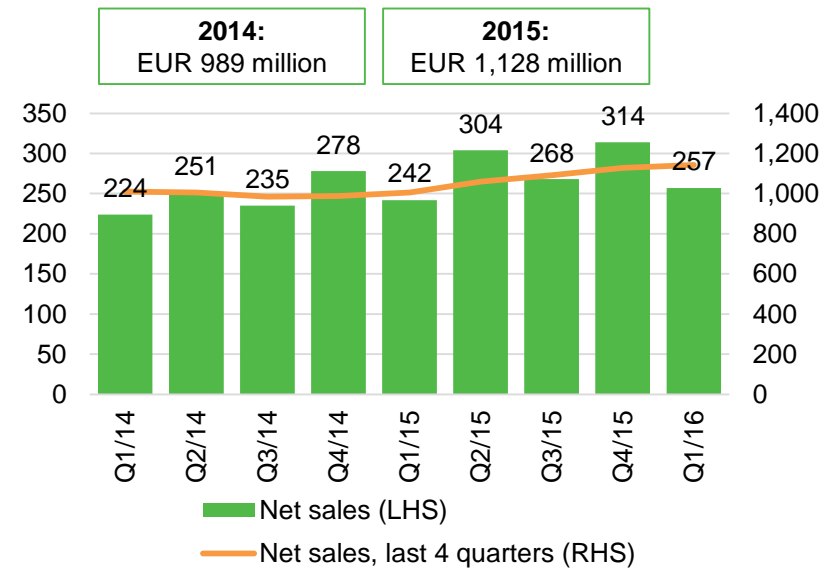
Appendix

Orders received and net sales increased in Services in Q1/2016

Orders received (EUR million)



Net sales (EUR million)



- Orders received increased compared with Q1/2015
 - Orders received increased in China and South America, and remained stable in EMEA, North America and Asia-Pacific
 - Orders received increased in Mill Improvements, Performance Parts and Fabrics, remained stable in Rolls, and decreased in Energy and Environmental
 - Changes in foreign exchange rates¹ decreased orders received by approximately EUR 3 million
- Net sales increased compared with Q1/2015

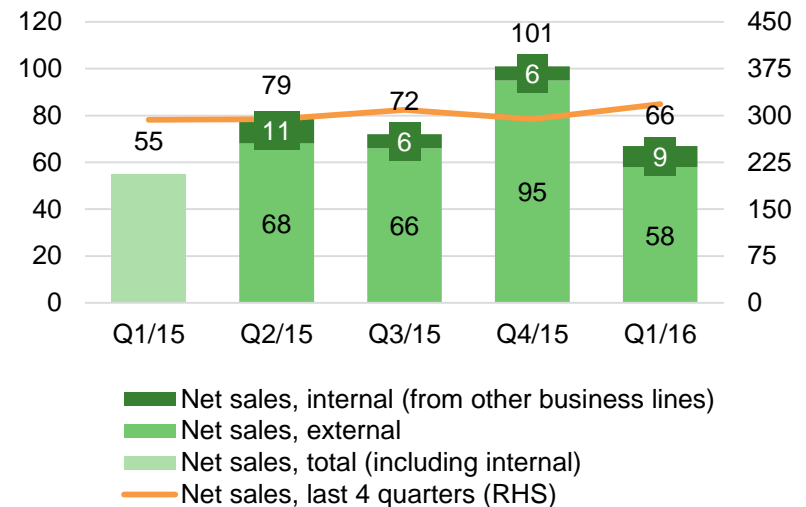
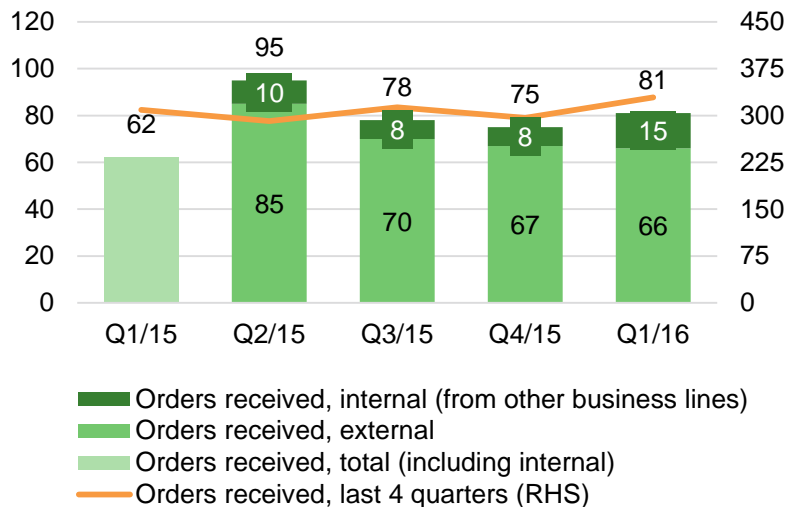


1) Compared with the exchange rates for January–March 2015

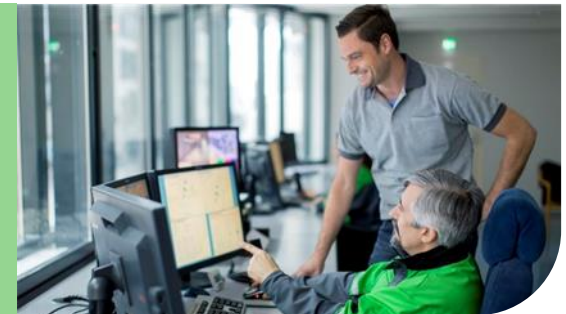
Orders received¹ in Automation totaled to EUR 81 million in Q1/2016

Orders received² (EUR million)

Net sales² (EUR million)



- Orders received EUR 66 million in Q1/2016
 - EMEA accounted for ~55% and North America for ~25% of orders received
 - Pulp and Paper accounted for ~75% and Energy and Process for ~25% of orders received
 - Internal orders received amounted to EUR 15 million
- Net sales EUR 58 million in Q1/2016
 - Internal net sales amounted to EUR 9 million

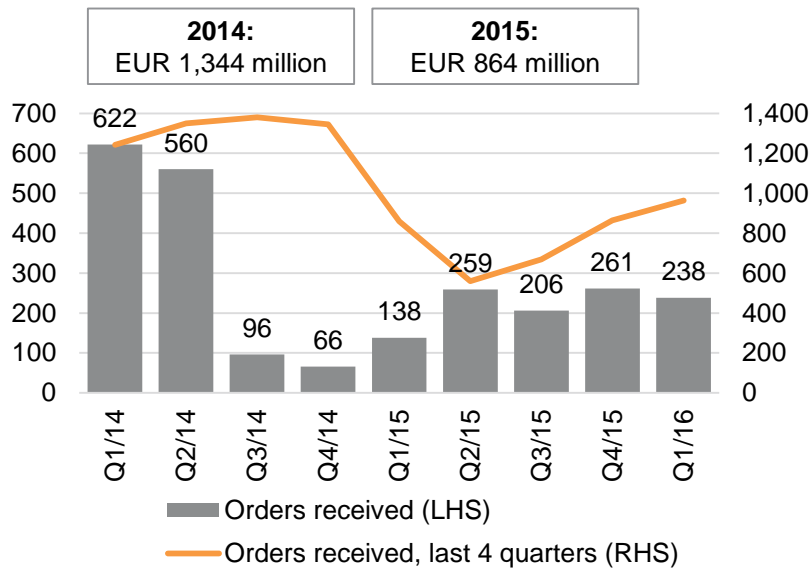


1) Includes internal and external orders received.

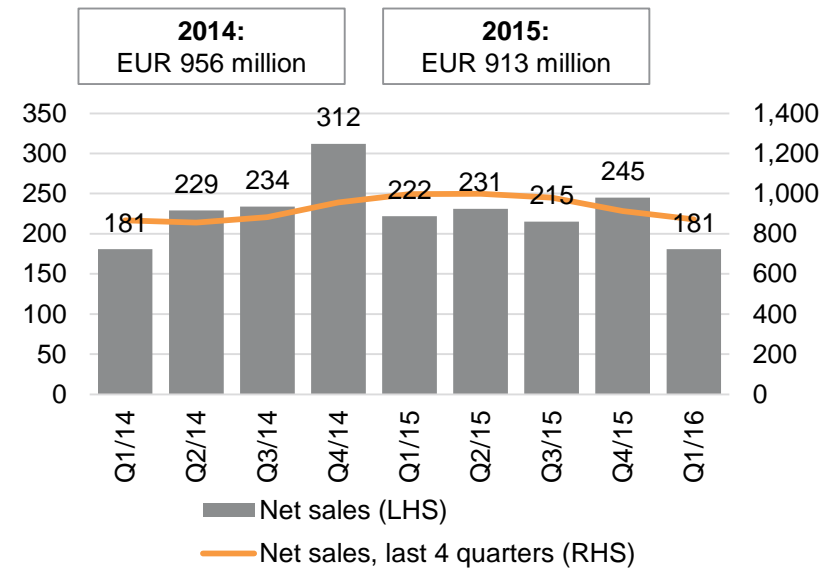
2) Q1/2015 orders received and the underlying figures for 'Orders received, last 4 quarters' and 'Net sales, last 4 quarters' are calculated based on Metso's reported figures and pro forma figures excluding Process Automation Systems and are therefore indicative only.

Orders received increased and net sales decreased in Pulp and Energy in Q1/2016

Orders received (EUR million)



Net sales (EUR million)

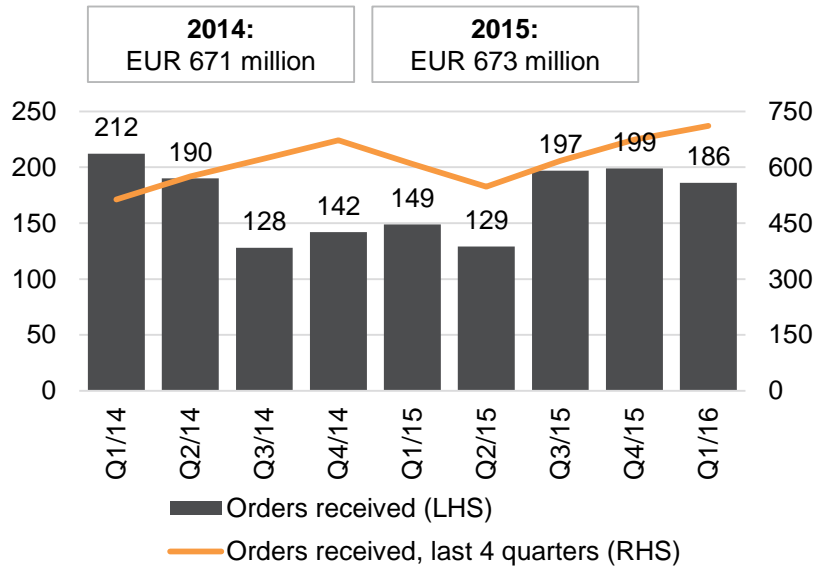


- Orders received increased compared with Q1/2015
 - Orders received decreased in North America and increased in all other areas
 - Orders received increased in both Pulp and Energy
- Net sales decreased compared with Q1/2015

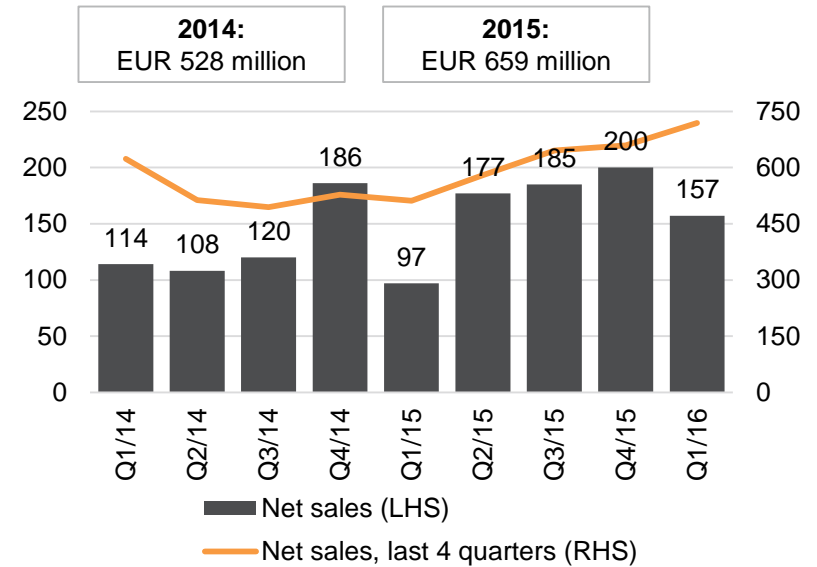


Orders received and net sales increased in Paper in Q1/2016

Orders received (EUR million)



Net sales (EUR million)



- Orders received increased compared with Q1/2015
 - Orders received increased in EMEA and China and decreased in other areas
 - Orders received increased in both Board and Paper, and Tissue
- Net sales increased compared with Q1/2015



