



Valmet

# Successful Automation acquisition and strong development forward in 2015

Annual General Meeting March 22, 2016  
Pasi Laine, President and CEO

# Contents

- 1 Valmet today
- 2 2015 in brief
- 3 Strategy and progress in Must-Wins
- 4 Guidance and short-term market outlook





## Valmet today

Leading global developer and supplier of process technology, automation and services

# Key figures

**Orders received**  
EUR 2,878 million

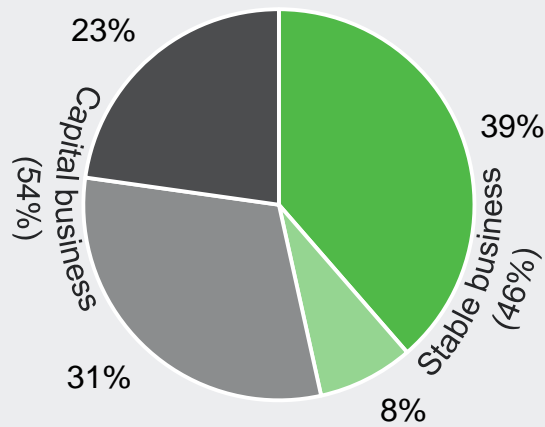
**Net sales**  
EUR 2,928 million

**EBITA<sup>1</sup>**  
EUR 182 million

**EBITA<sup>1</sup> margin**  
6.2%

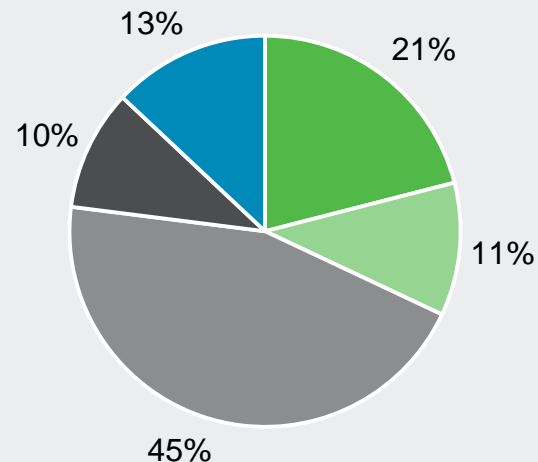
**Employees**  
12,306

Net sales by business line



- Services
- Automation
- Pulp and Energy
- Paper

Net sales by area



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

1) Before non-recurring items (NRI)

Stable business = Services and Automation business lines

Capital business = Pulp and Energy, and Paper business lines

# The widest offering and leading market position in all markets



Pulp #1-2



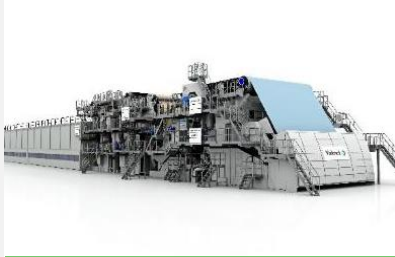
Energy #1-3



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

# One of the world's sustainability leaders

- Included in Dow Jones World Sustainability Index already for the second consecutive year
- Systematic Sustainability Agenda



Sustainable  
supply chain



Health,  
safety and  
environment



People and  
performance



Responsible  
solutions



Corporate  
citizenship



# Significant, customer focused research and development work

## Focus areas

- Advanced and competitive technologies and services
- Raw material, water and energy efficiency
- Promotion of renewable materials

**16**  
research  
and  
development  
centers

**EUR 59**  
million  
investment  
in R&D  
in 2015

**1,800**  
protected  
inventions



# Global customer base



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

# Financial targets

## Growth



Net sales growth to exceed market growth

## Profitability



EBITA<sup>1</sup> before non-recurring items: 6–9%

## ROCE



Return on capital employed (pre-tax),  
ROCE<sup>2</sup>: minimum of 15%

## Dividend policy



Dividend payout at least 40% of net profit



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



## 2015 in brief

Successful Automation acquisition  
and profitability improvement

# Summary of the year 2015

EUR million	2015	2014	Change
Orders received	<b>2,878</b>	3,071	-6%
Order backlog <sup>1</sup>	<b>2,074</b>	1,998	4%
Net sales	<b>2,928</b>	2,473	18%
EBITA <sup>2</sup>	<b>182</b>	106	73%
% of net sales	<b>6.2%</b>	4.3%	
Earnings per share, EUR	<b>0.51</b>	0.31	67%
Dividend per share, EUR	<b>0.35<sup>3</sup></b>	0.25	40%
Cash flow provided by operating activities	<b>78</b>	236	-67%
Gearing at the end of the period	<b>21%</b>	-21%	
Net debt	<b>178</b>	-166	

1) At the end of the period

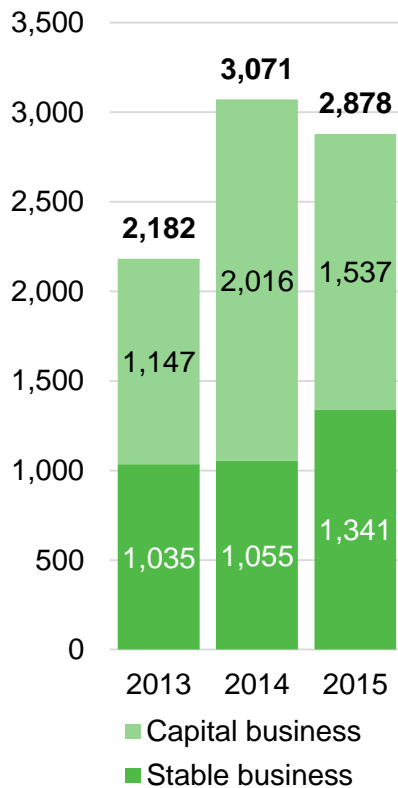
2) Before non-recurring items

3) Proposal of the Board of Directors

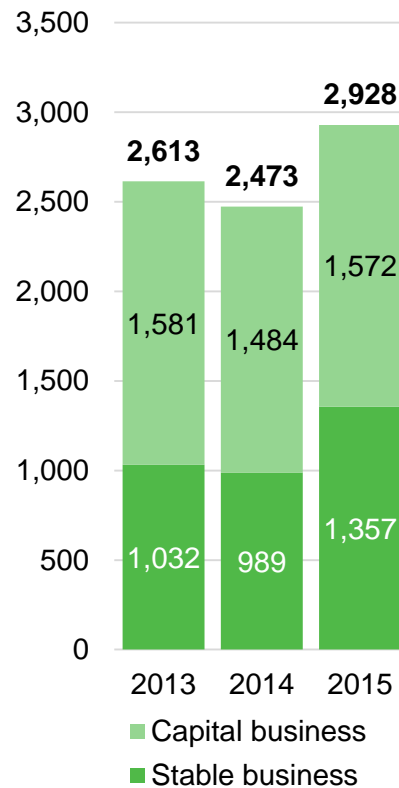


# Valmet's development

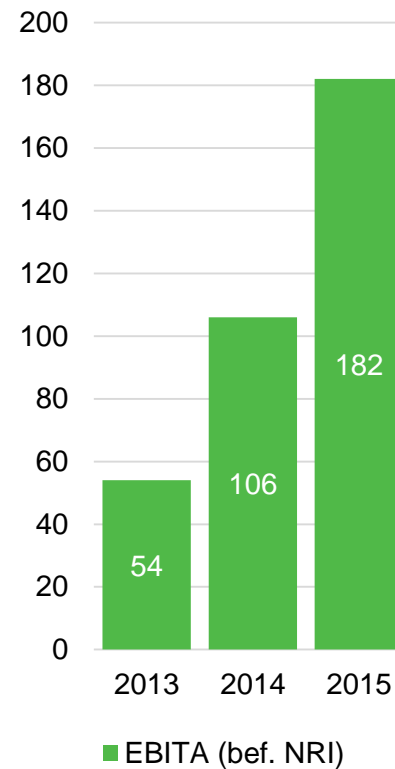
Orders received  
(EUR million)<sup>1</sup>



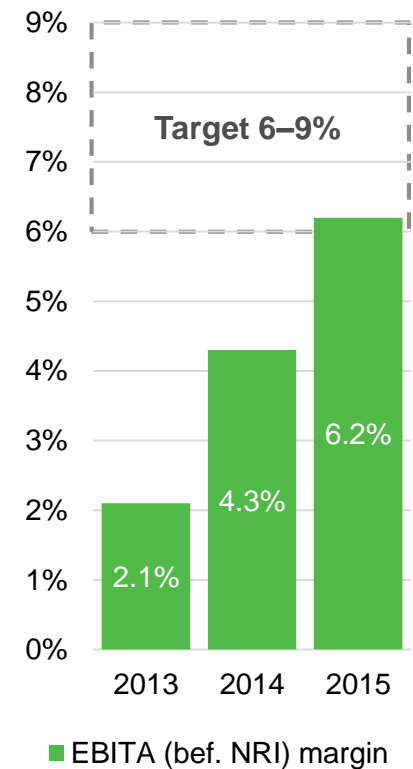
Net sales  
(EUR million)<sup>1</sup>



EBITA<sup>1,2</sup>



EBITA margin<sup>1,2</sup>



1) 2013 figures on carve-out basis

2) Before non-recurring items



## Strategy and Must-Wins

Good results in Must-Win focus areas

# 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

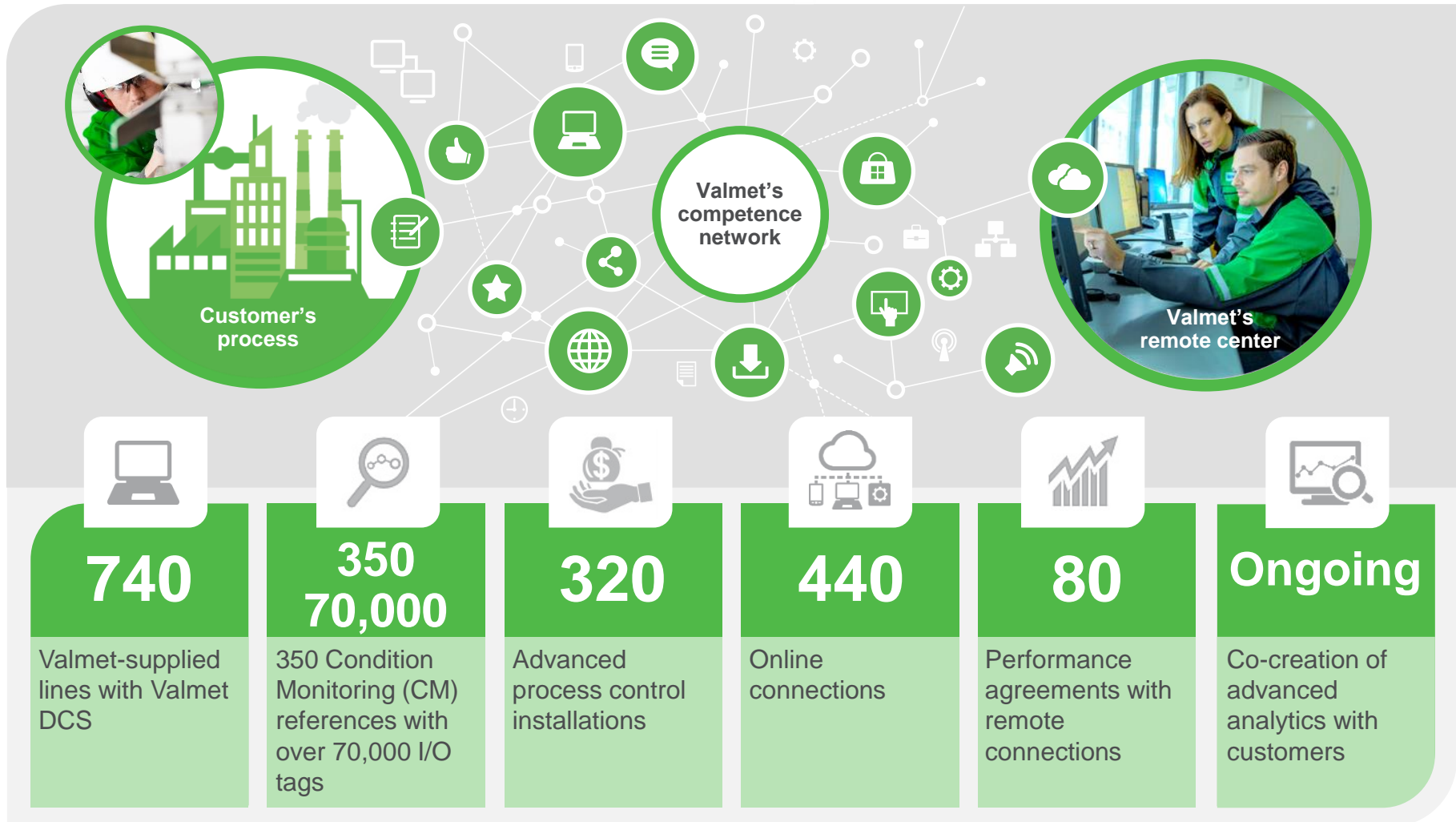
**People** – We work together to make a difference

## Megatrends

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



# We provide our customers with the benefits of Industrial Internet already today



# Our new technologies have been successful in the markets

OptiConcept M board and paper machine



Advantage NTT tissue machine



High Power RECOX recovery boiler

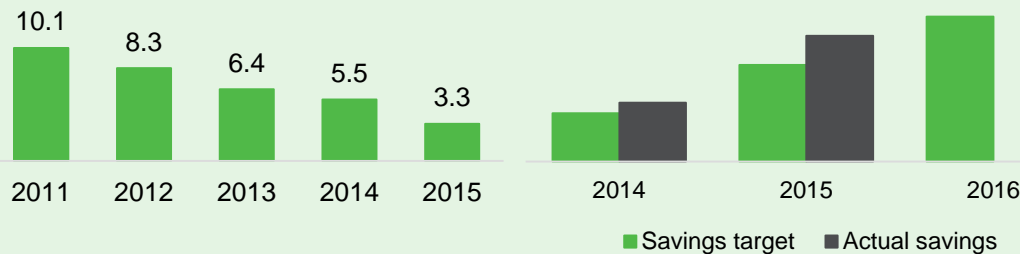


Valmet IQ quality management solution



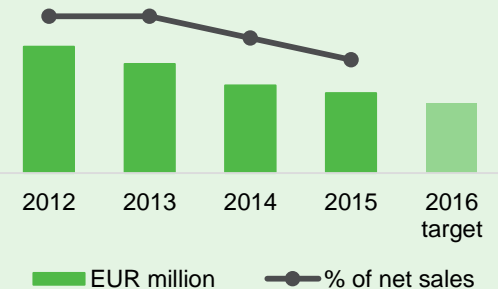
# Occupational safety, quality and procurement savings have developed well

- Occupational safety has improved – year 2015 was safest ever
- Savings in procurement are ahead of targets
- Quality costs have decreased according to plan



Lost time incident frequency (LTIF)

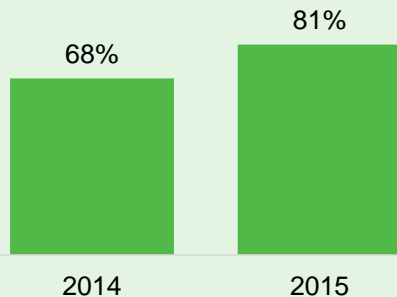
Procurement savings



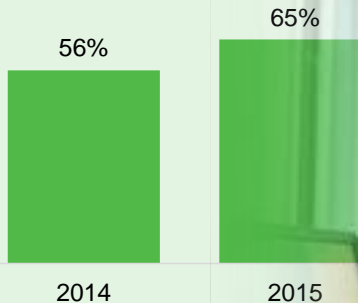
Quality costs

# Our personnel's engagement has developed positively and the new training portfolio supports our strategic targets

- 81% of employees responded to the engagement survey in 2015
- Personnel engagement increased by 9 percentage points
- We launched a global training portfolio with 6 new training programs



Participation in personnel engagement survey



Personnel engagement index





Guidance and short term market outlook

# Guidance and short-term market outlook

## Guidance for 2016

### Guidance for 2016



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

## Short-term market outlook

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

# Summary

- Valmet is a global leader in its field
- One of the world's sustainability leaders for a second consecutive year
- Process technology, services and automation
  - Unique product and service offering that differentiates from competitors
- Systematic development of the company and profitability



