

Valmet – unique offering with process technology, automation and services

Roadshow presentation
February 2016

Agenda

Valmet roadshow presentation

1 Valmet overview

2 Investment highlights

3 Financials

4 Conclusion

5 Appendix



Valmet overview

Net sales split in 2015

Stable business net sales EUR 1.4 billion

Orders received
EUR 2,878 million

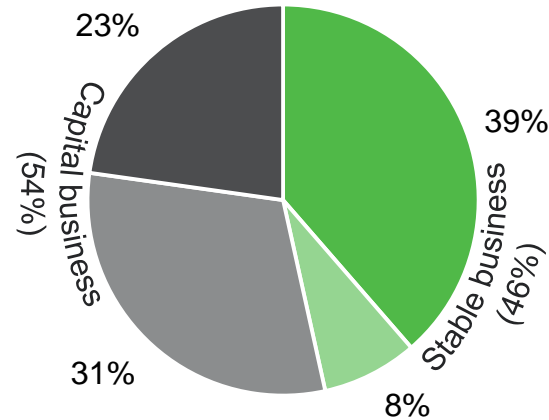
Net sales
EUR 2,928 million

EBITA before NRI¹
EUR 182 million

EBITA margin (before NRI¹)
6.2%

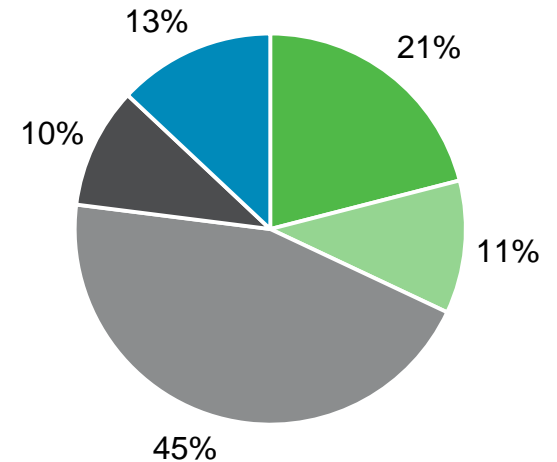
Employees
12,306

Net sales by business line



- Services
- Automation
- Pulp and Energy
- Paper

Net sales by area



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

1) NRI = non-recurring items
Stable business = Services and Automation business lines
Capital business = Pulp and Energy, and Paper business lines

Our four business lines serve the same customer base



Services

Net sales 1.1 bn, 39%

- Mill and plant improvements
- Roll and workshop services
- Parts and fabrics
- Life-cycle services



Automation

Net sales 0.2 bn, 8%

Supplies and develops automation and information management systems, applications and services



Pulp and Energy

Net sales 0.9 bn, 31%

Technologies and solutions for

- Pulp production
- Power generation
- Biomass conversion



Paper

Net sales 0.7 bn, 23%

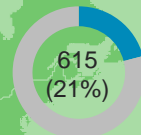
Technologies and solutions for

- Board
- Tissue
- Paper

Strong global presence provides a good platform for growth

North America

- Large installed base to be served
- Capital project and automation opportunities in pulp, energy, board, and tissue

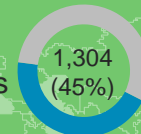


1,367
(11%)



EMEA

- Large installed base to be served
- Machine closures in printing and writing
- Capital project and automation opportunities in pulp, board, tissue, and energy

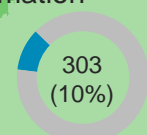


7,747
(63%)



China

- Services growth potential through growing installed base
- Capital project and automation opportunities in board and tissue

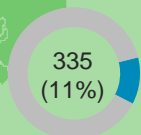


1,955
(16%)



South America

- Services growth potential through growing installed base
- Capital project and automation opportunities in pulp, tissue and energy

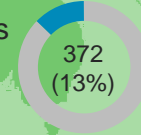


531
(4%)



Asia-Pacific

- Services growth potential through growing installed base
- Capital project and automation opportunities in pulp, energy, board, and tissue



706
(6%)



Net sales in 2015
(EUR million and % of total)

Number of employees in December, 2015
(number of employees and % of total)

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

Financial targets

Growth



Net sales growth to exceed market growth

Profitability



EBITA¹ before non-recurring items: 6-9%

ROCE

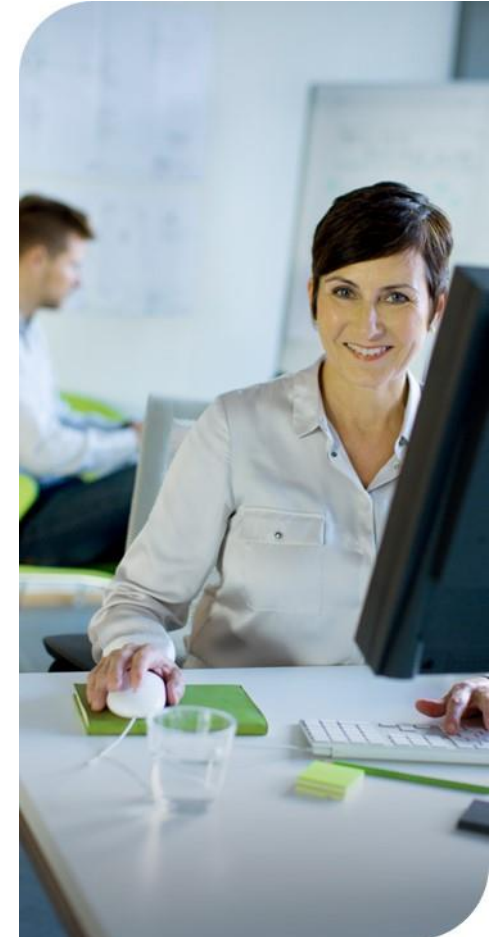


Return on capital employed (pre-tax),
ROCE²: minimum of 15%

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)



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



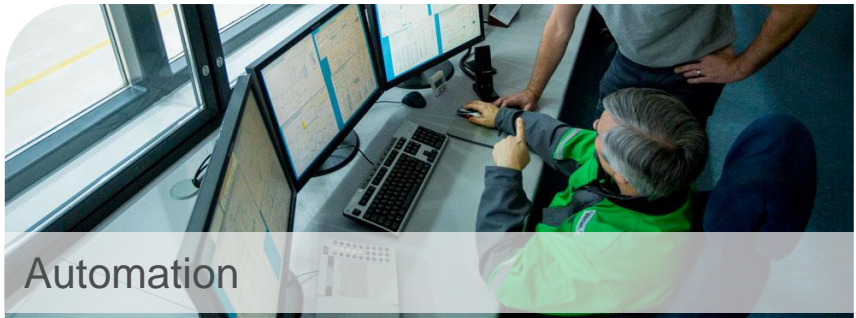
Strong market position in growing markets

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

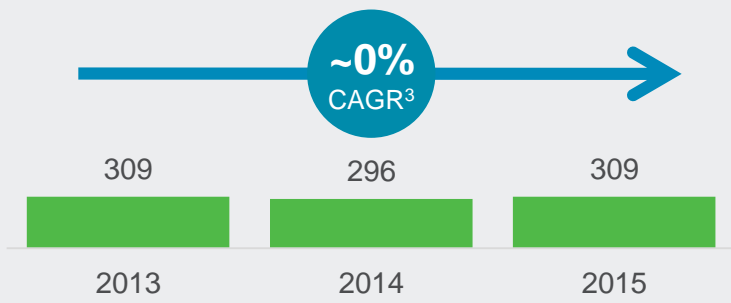
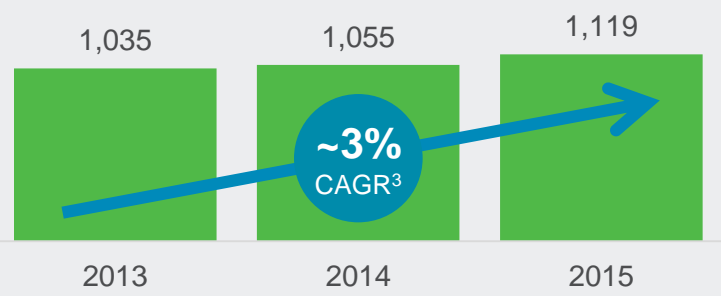


Services

Automation

Orders received¹ (EUR million)

Orders received² (illustrative, EUR million)



- Target to continue to grow

- Target to turn to growth

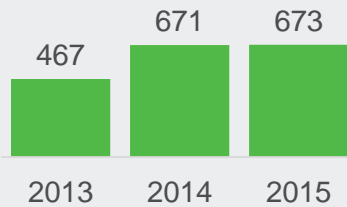
1) 2013 figures on a carve-out basis.
 2) Automation 2013, 2014 and Q1/2015 figures are stand-alone figures based on Metso's reported figures and pro forma figures excluding Process Automation Systems and are therefore indicative only. Q2/2015–Q4/2015 figures are Automation business line figures, including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



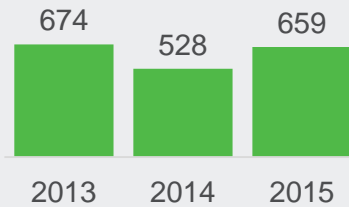
Strong market position in capital business, with cost structure to meet business requirements



Orders received¹
(EUR million)



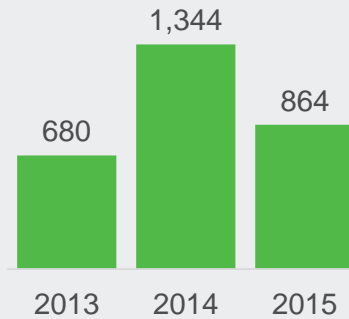
Net sales¹
(EUR million)



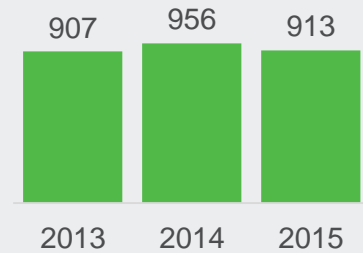
- Paper business line on a new, balanced level
- Capacity cost² to net sales was **41%** in 2015



Orders received¹
(EUR million)



Net sales¹
(EUR million)



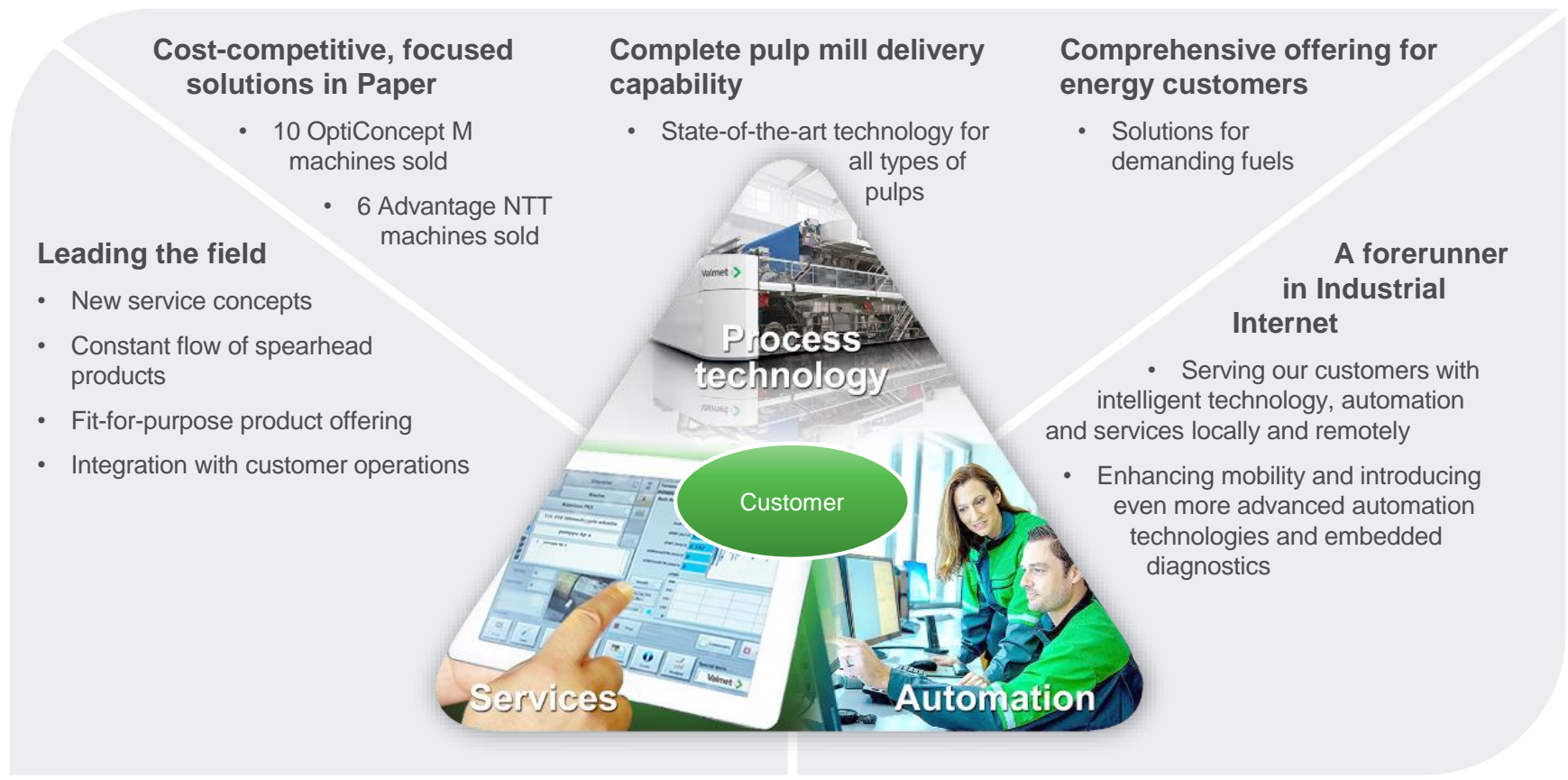
- High cyclicality in orders received, net sales more stable
- Valmet is prepared for the cyclicality with high flexibility in the cost structure: capacity cost² to net sales was **24%** in 2015

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

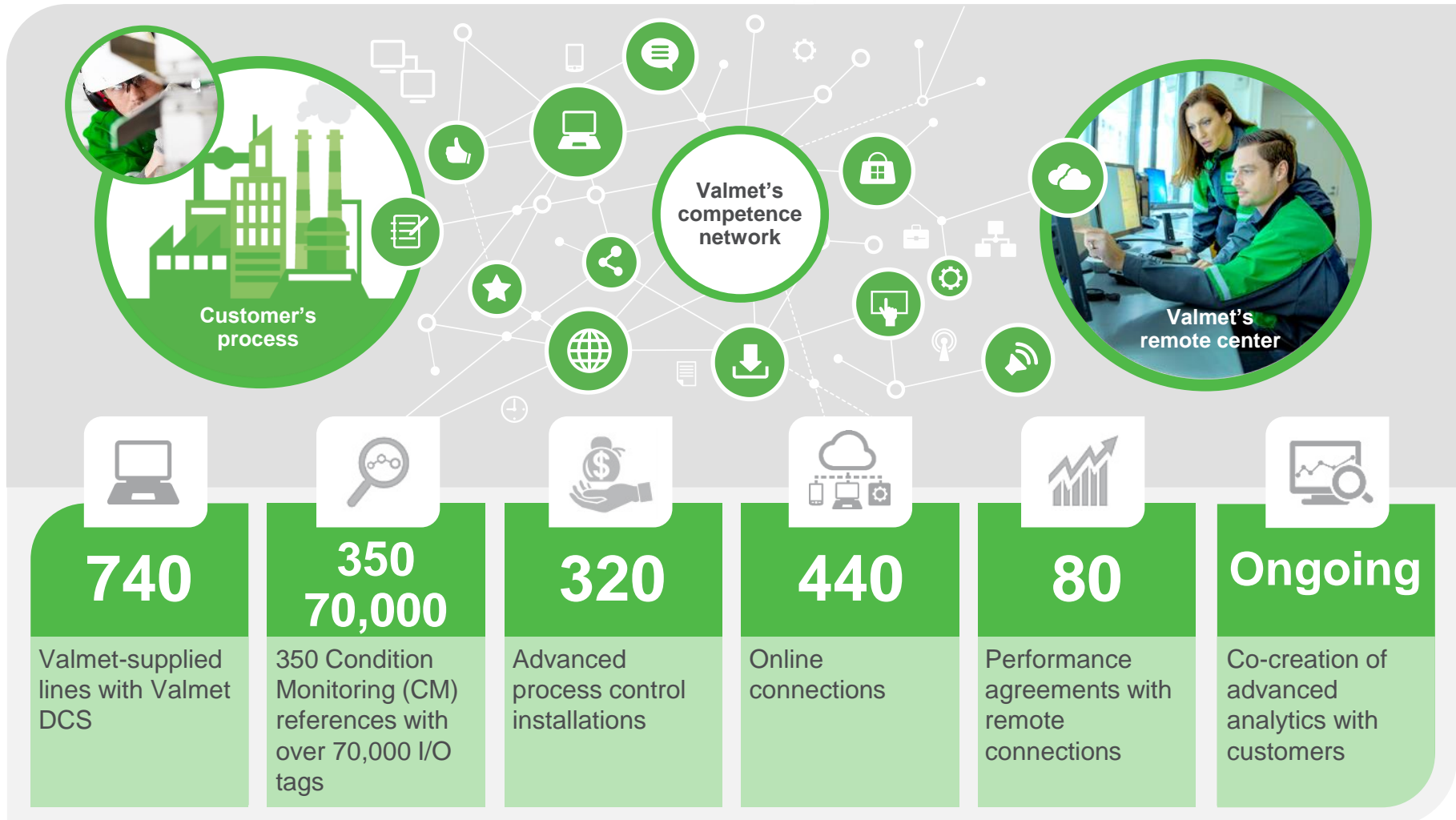
Excellence in processes

- 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



Enhancing mobility and introducing even more advanced technologies

Today

We serve our customers with intelligent technology, automation and services locally and remotely

- Fully automated, intelligent machines with connectivity for Industrial Internet
- The Valmet DNA automation platform connects instruments, analyzers, vision systems and process controls
- Advanced Process Control enables real time optimization of core processes
- Expert support locally and through remote services
- Performance optimization and support agreements

2016–2018

We enhance mobility and introduce even more advanced automation technologies and embedded diagnostics

- Growing fleet of intelligent machines and mills leveraged
- More diagnostics embedded into processes
- Next generation analytics introduced to selected processes
- Valmet DNA evolves to include virtual and cloud-based applications and services
- Integrated customer portal and mobility enable secure access to all information and expertise anytime and anywhere
- Advanced benchmarking and best practice sharing tools





Financials

Key figures

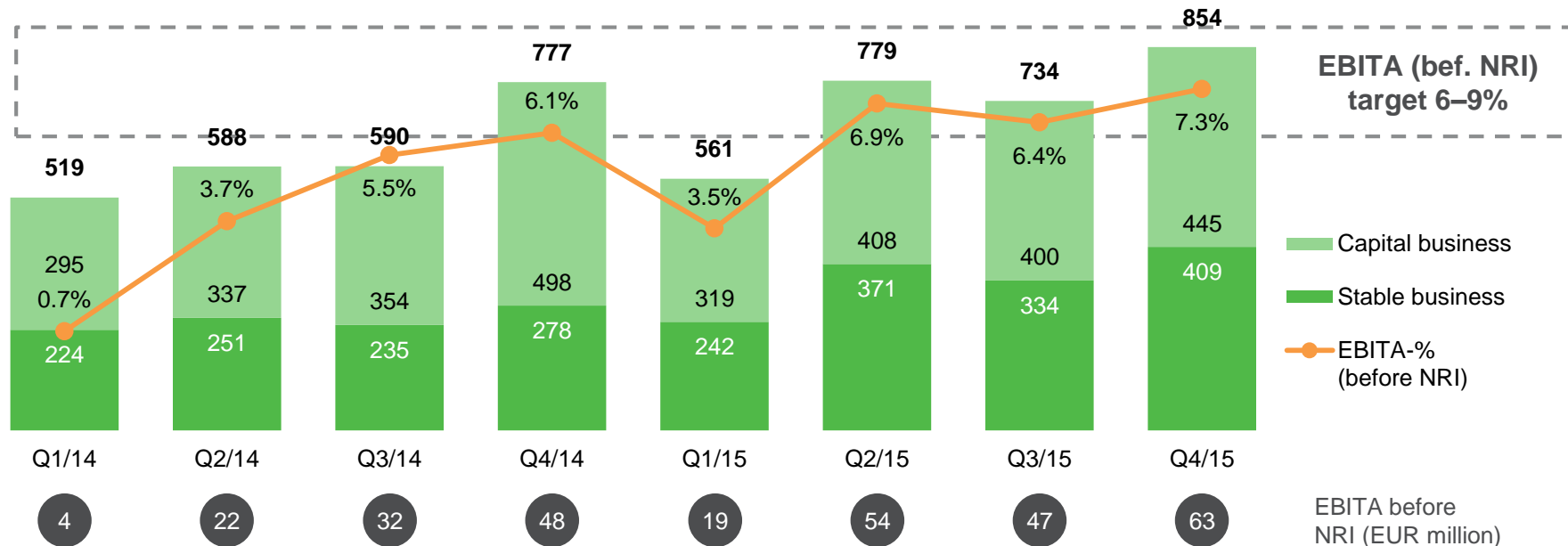
EUR million	Q4/2015	Q4/2014	Change	2015	2014	Change
Orders received	793	480	65%	2,878	3,071	-6%
Order backlog ¹	2,074	1,998	4%	2,074	1,998	4%
Net sales	854	777	10%	2,928	2,473	18%
EBITA ²	63	48	31%	182	106	73%
% of net sales	7.3%	6.1%		6.2%	4.3%	
EBIT ³	41	38	11%	120	72	65%
% of net sales	4.9%	4.8%		4.1%	2.9%	
Earnings per share, EUR	0.18	0.17	9%	0.51	0.31	67%
Return on capital employed (ROCE), before taxes				12%	9%	
Dividend per share, EUR				0.35⁴	0.25	40%
Cash flow provided by operating activities	64	30	>100%	78	236	-67%
Gearing				21%	-21%	

Non-recurring items: EUR -10 million in Q4/2015 (EUR -5 million in Q4/2014), EUR -26 million in 2015 (EUR -12 million in 2014).

- 1) At the end of period
- 2) Before non-recurring items
- 3) After non-recurring items
- 4) Proposal made by the Board of Directors

EBITA margin in the targeted range

Net sales and EBITA before NRI (EUR million)



- Net sales and profitability increased compared with Q4/2014
 - Profitability improved due to increased net sales in Services and Paper business lines, improved gross profit, and the acquisition of Automation
- Net sales typically lowest in the first quarter of the year

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

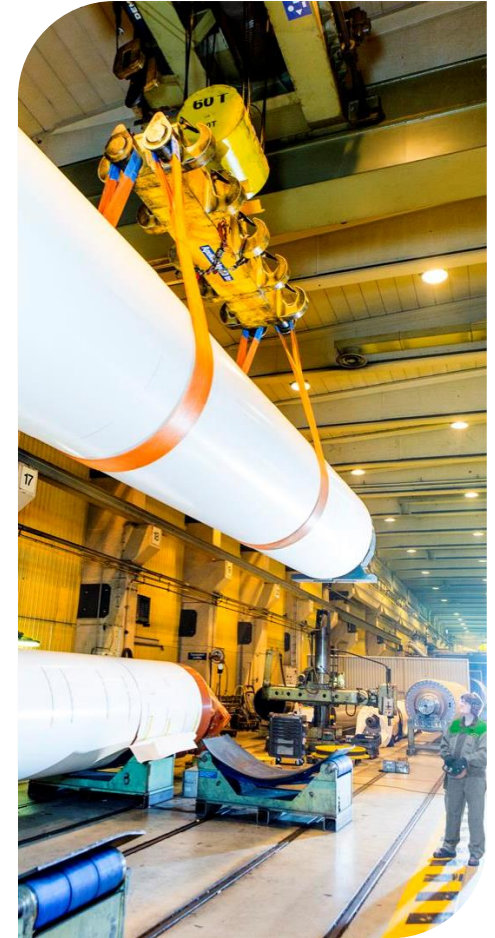
The short-term market outlook is given for the next six months from the ending of the respective quarter.



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

1 Shareholders and share price development

2 Announced orders

3 Offering

4 Financials

5 Market statistics

6 Management



Appendix

Shareholders and share price
development

Largest shareholders on January 31, 2016

Based on the information given by Euroclear Finland Ltd.

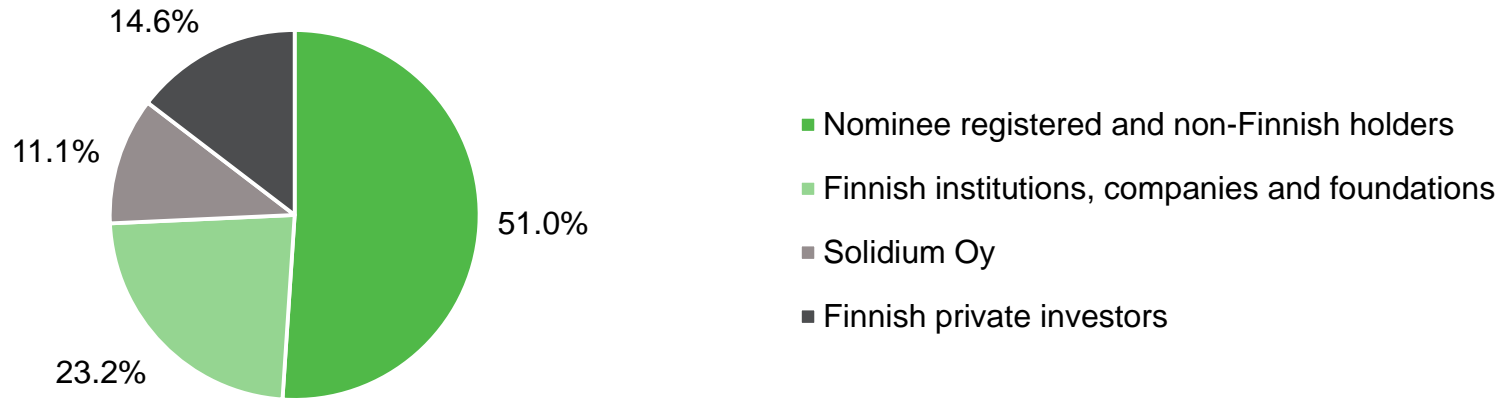
#	Shareholder name	Number of shares	% of shares and votes
1	Solidium Oy ¹	16,695,287	11.14%
2	Varma Mutual Pension Insurance Company	4,208,465	2.81%
3	Nordea Funds	3,130,892	2.09%
4	Ilmarinen Mutual Pension Insurance Company	2,980,055	1.99%
5	The State Pension Fund	1,520,000	1.01%
6	Keva	1,502,166	1.00%
7	Danske Invest funds	1,343,700	0.90%
8	OP Funds	1,296,993	0.87%
9	Mandatum Life Insurance Company Limited	1,217,307	0.81%
10	Odin Funds	974,240	0.65%
	10 largest shareholders, total	34,869,105	23.27%
	Other shareholders	114,995,514	76.73%
	Total	149,864,619	100.00%

Flagging notifications

Date	Shareholder name	Number of shares	% of shares and votes
June 9, 2015	Franklin Templeton Institutional, LLC	7,196,324	4.80%
February 13, 2015	Cevian Capital Partners Ltd.	10,323,191	6.89%
November 6, 2014	Nordea Funds Oy	7,240,716	4.83%
October 15, 2014	Franklin Templeton Institutional, LLC	7,517,629	5.02%
March 10, 2014	Cevian Capital Partners Ltd.	20,813,714	13.89%

1) A holding company that is wholly owned by the Finnish State

Ownership structure on January 31, 2016

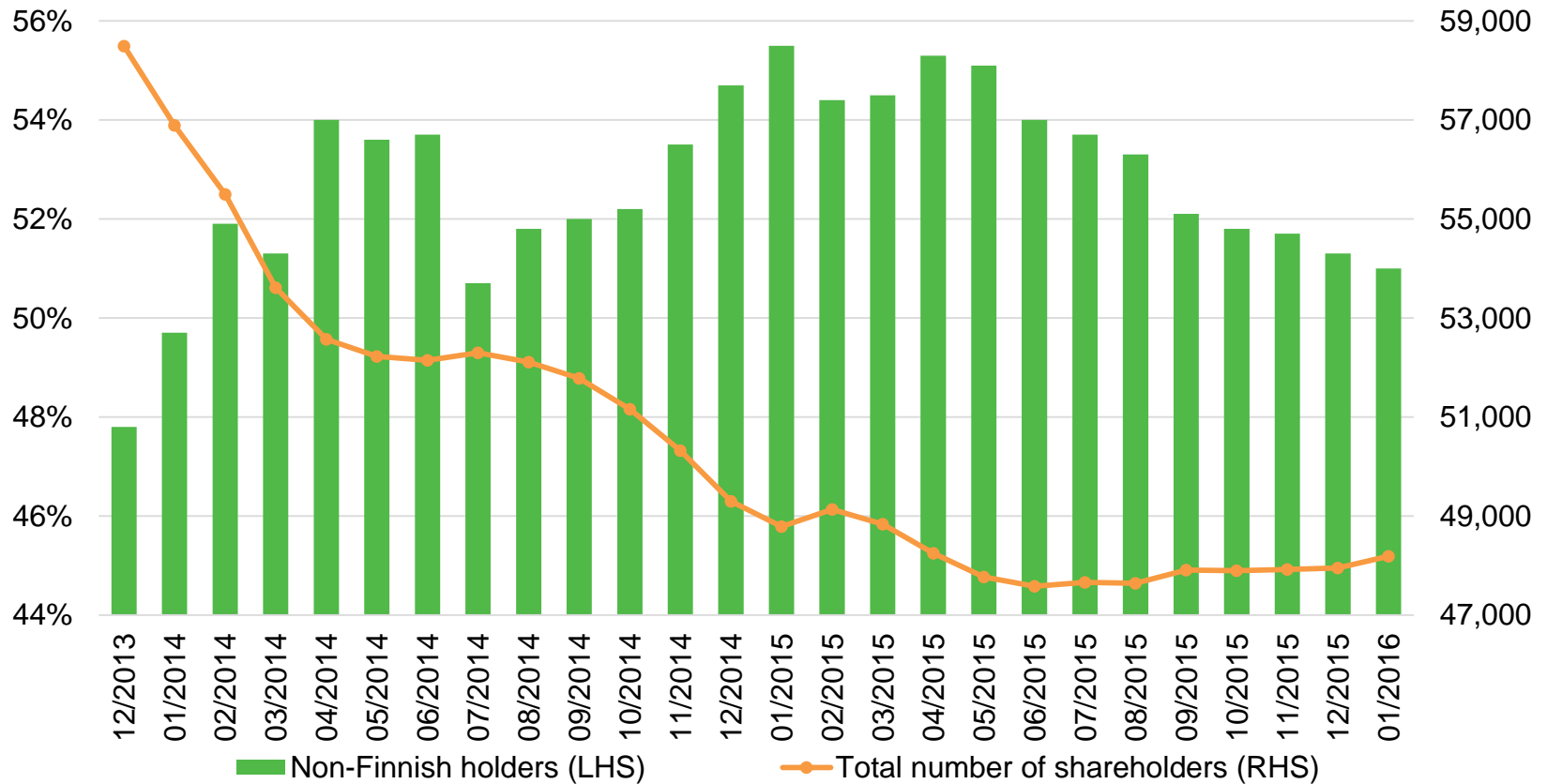


Sector	Number of shareholders	% of total shareholders	Number of shares	% of shares
Nominee registered and non-Finnish holders	297	0.6%	76,492,501	51.0%
Finnish institutions, companies and foundations	2,638	5.5%	34,764,144	23.2%
Solidium Oy ¹	0	0.0%	16,695,287	11.1%
Finnish private investors	45,250	93.9%	21,912,687	14.6%
Total	48,185	100.0%	149,864,619	100.0%

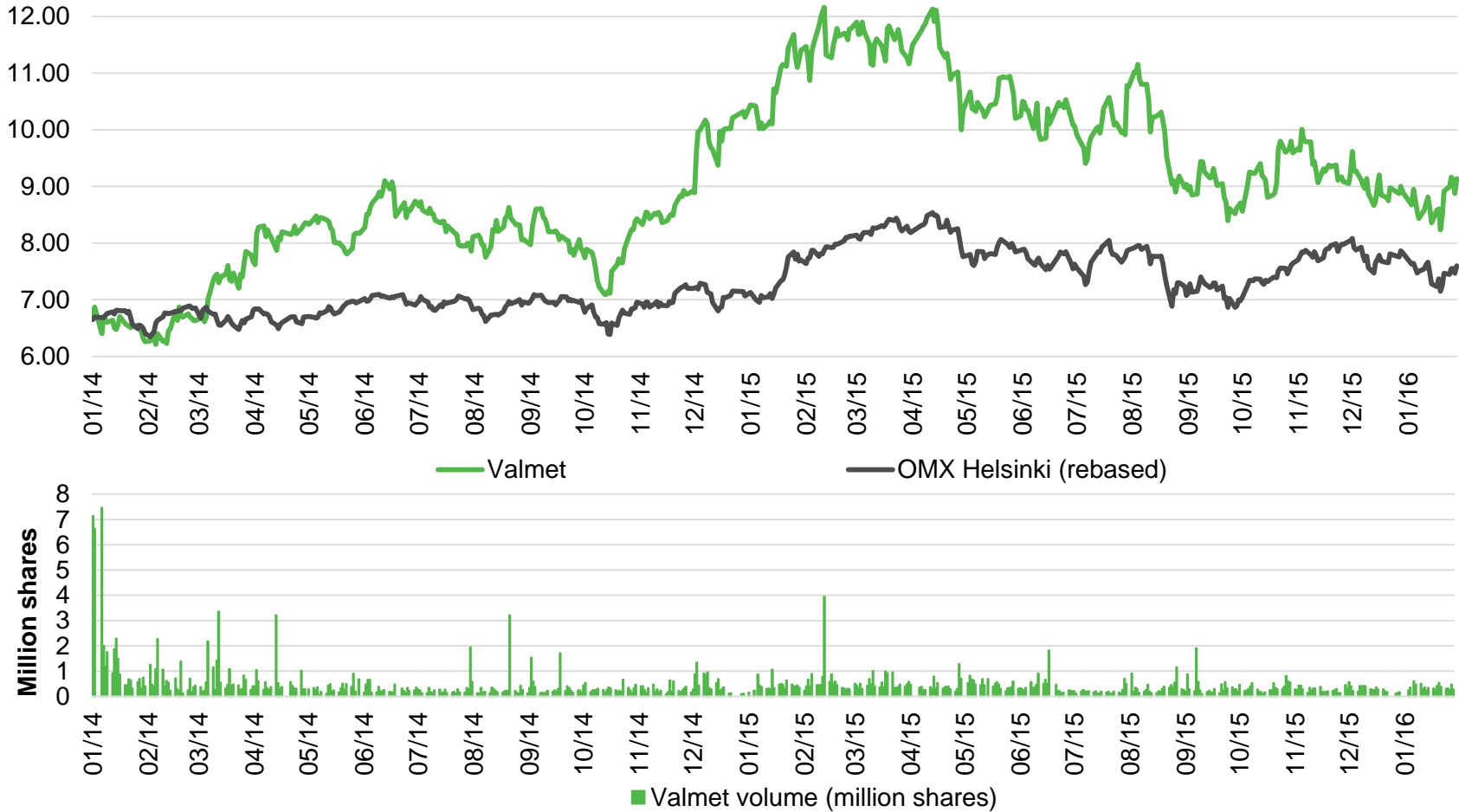
The ownership structure is based on the classification of sectors determined by Statistics Finland.

1) A holding company that is wholly owned by the Finnish State

Share of non-Finnish holders and number of shareholders



Share price development and trading volume





Appendix

Announced orders

Announced orders in 2016

Date	Booked quarter	Description	Business line	Country	Value
Jan 15	Q4	Grade conversion rebuild	Paper	Canada	Not disclosed
Jan 26	Q4	Flue gas desulphurization plant	Pulp and Energy	Poland	Around EUR 20 million
Jan 28	Q4	New high consistency bleaching system	Pulp and Energy	Sweden	Not disclosed
Feb 3	Q4	Automation technology	Automation	Turkey	Not disclosed ¹
Feb 5	Q4	Tissue production line	Paper	Abu Dhabi	Not disclosed
Feb 17	Q1	Paper machine wet end rebuild	Paper	Finland	Not disclosed, typically approximately EUR 10-15 million
Feb 22	Q4	Scrubber system to two new vessels	Automation	Finland	Not disclosed, typically between EUR 1 and 6 million
Feb 23	Q1	Paper machine wet end rebuild	Paper	India	Not disclosed, typically approximately EUR 5-7 million.

1) Typically the order value of automation system deliveries ranges from below EUR 1 million to EUR 3 million

Announced orders in H1/2015

Date	Booked quarter	Description	Business line	Country	Value
Jan 23	Q4	Key board machine solutions	Paper	China	Not disclosed
Feb 4	Q4	Flue-gas cleaning and condensation plant	Pulp and Energy	Finland	Around EUR 8 million
Feb 17	Q1	Equipment for fluff conversion project	Pulp and Energy, and Paper	USA	Not disclosed
Mar 2	Q1	OptiConcept M containerboard line	Paper	Taiwan	Not disclosed
Mar 3	Q1	Softwood line rebuild	Pulp and Energy	Sweden	Not disclosed
Mar 11	Q1	Biomass based boiler plant	Pulp and Energy	Finland	Valmet's delivery slightly more than half of EUR 45 million total investment
Mar 30	Q1	Tissue machine rebuild	Paper	Turkey	Not disclosed
Apr 20	Q2	Key technologies for paper machine grade conversion	Paper	Finland	Valmet delivery is a part of customer's total EUR 70 million equipment order
Apr 22	Q2	Key technologies to bioproduct mill	Pulp and Energy	Finland	About EUR 125–150 million
Jun 9	Q2	Modernize automation and remote control	Automation	Finland	Not disclosed ¹
Jun 16	Q2	Upgrade of the evaporation plant	Pulp and Energy	Sweden	Not disclosed (a project of this type and scope is typically valued at around EUR 10 million)
Jun 23	Q2	Repeat order for two energy recovery systems	Paper	Italy and Poland	Not disclosed
Jun 24	Q2	Automation to a new waste-to-energy plant	Automation	UK	Not disclosed ¹
Jun 29	Q2	Two orders for automation technology	Automation	Finland	Not disclosed ¹
Jun 30	Q1	OptiConcept M fine paper making line	Paper	Indonesia	Not disclosed

1) Typically the order value of automation system deliveries ranges from below EUR 1 million to EUR 3 million

Announced orders in H2/2015

Date	Booked quarter	Description	Business line	Country	Value
Jul 6	Q2	Winding technology for paper machine grade conversion rebuild	Paper	Netherlands	Not disclosed
Jul 7	Q2	White liquor handling system	Pulp and Energy	Sweden	Not disclosed
Aug 18	Q3	Main equipment to a pulp mill project	Pulp and Energy	China	Approximately EUR 110 million
Aug 20	Q2	Tissue machine rebuild	Paper	Germany	Not disclosed
Aug 21	Q3	OptiConcept M paper making line	Paper	China	Not disclosed. An order of this scope is typically valued around EUR 40-50 million.
Aug 24	Q2	Analyzers and quality control system	Automation	Finland	Not disclosed ¹
Aug 27	Q3	Flue gas desulphurization and denitrification installation	Pulp and Energy	Poland	Approximately EUR 40 million
Sep 2	Q3	Automation to new power plant	Automation	Finland	Not disclosed ¹
Sep 3	Q3	Advantage NTT tissue production line	Paper	USA	Not disclosed
Sep 7	Q3	Consumables and roll service agreement	Services	Sweden	Not disclosed
Sep 8	Q2	Automation for new-generation LNG-powered fast ferry	Automation	Finland	Not disclosed
Sep 14	Q2	Advantage NTT tissue production line	Paper	Portugal	Not disclosed
Sep 15	Q3	Two Advantage DCT tissue production lines	Paper	China	Not disclosed
Sep 24	Q2	District heat network optimization and a production planning system	Automation	Finland	Not disclosed
Oct 2	Q2	Pulp cooking system	Pulp and Energy	USA	Not disclosed
Oct 7	Q3	Solids measurement and sludge dewatering optimizer	Automation	Finland	Not disclosed
Oct 14	Q3	Online fiber analyzer	Automation	USA	Not disclosed
Oct 29	Q4	Pulp cooking plant	Pulp and Energy	Thailand	Not disclosed
Nov 9	Q3	Press section technology	Paper	Japan	Not disclosed
Dec 2	Q4	Key technology to pulp mill expansion	Pulp and Energy	Sweden	Not disclosed
Dec 4	Q4	New biomass-fired boiler plant	Automation	Finland	Not disclosed

1) Typically the order value of automation system deliveries ranges from below EUR 1 million to EUR 3 million



Appendix

Offering

Comprehensive life-cycle services offering and large customer base with significant potential

Comprehensive life-cycle services offering



Over 2,000 customer mills and plants served globally

Spare and wear parts

- All OEM spare parts and standard parts in Valmet deliveries
- Inventory management services and process parts, such as consumables and auxiliary products

Fabrics

- Paper machinery clothing
- Filter fabrics used in the pulp and paper, mining and chemical industries and power plants for various filtration purposes as well as in commercial laundries

Mill and plant improvements

- Plant upgrades
- Modifications and environmental improvements
- Troubleshooting
- Shutdown maintenance
- Maintenance outsourcing for the entire customer plant

Roll and workshop services

- Maintenance services on rotating equipment: roll covers, spare rolls and roll upgrades
- Rebuilds for all manufacturers' board, tissue, pulp and paper machines
- Workshop services: pressure part manufacturing, boiler component services, parts to protect and enhance boiler performance and fiber equipment refurbishing

Energy and environmental

- Services for evaporation plants, power and recovery boilers, and environmental equipment

Our automation offering



Advanced automation and process monitoring solutions and services:

- Distributed Control System (DCS) – Valmet DNA
- Performance solutions
- Quality Control System (QCS)
- Profilers
- Analyzers and measurements
- Industrial internet solutions
- Automation services
- Process simulators
- Safety systems and solutions

Over 4,500 automation systems and
over 40,000 analyzers and measurements delivered

Automation offering and market overview

	Scope/product	Market size	Market position in pulp and paper	Main competitors
Distributed Control System (DCS) 	<ul style="list-style-type: none"> DCS for process and machines controls Condition monitoring Information management APC 	Pulp and paper DCS market: <ul style="list-style-type: none"> EUR 900 million Power DCS market: <ul style="list-style-type: none"> EUR 700 million 	#3	<ul style="list-style-type: none"> ABB Honeywell Emerson Siemens Yokogawa
Quality Management System 	<ul style="list-style-type: none"> QCS (Quality Control Systems) Profilers Web inspection and web break analysis systems 	Estimated market size: <ul style="list-style-type: none"> >EUR 200 million 	#1-2	<ul style="list-style-type: none"> ABB Honeywell Voith Paperchine Procemex Cognex Isra Yokogawa
Analyzers and measurements 	<ul style="list-style-type: none"> Paper analyzers Pulp analyzers Pulp consistency measurements Conductivity measurements Power analyzers 	Estimated market size: <ul style="list-style-type: none"> <EUR 200 million 	#1	<ul style="list-style-type: none"> ABB BTG PulpEye

Full scope offering for the pulp and paper industry

Technologies

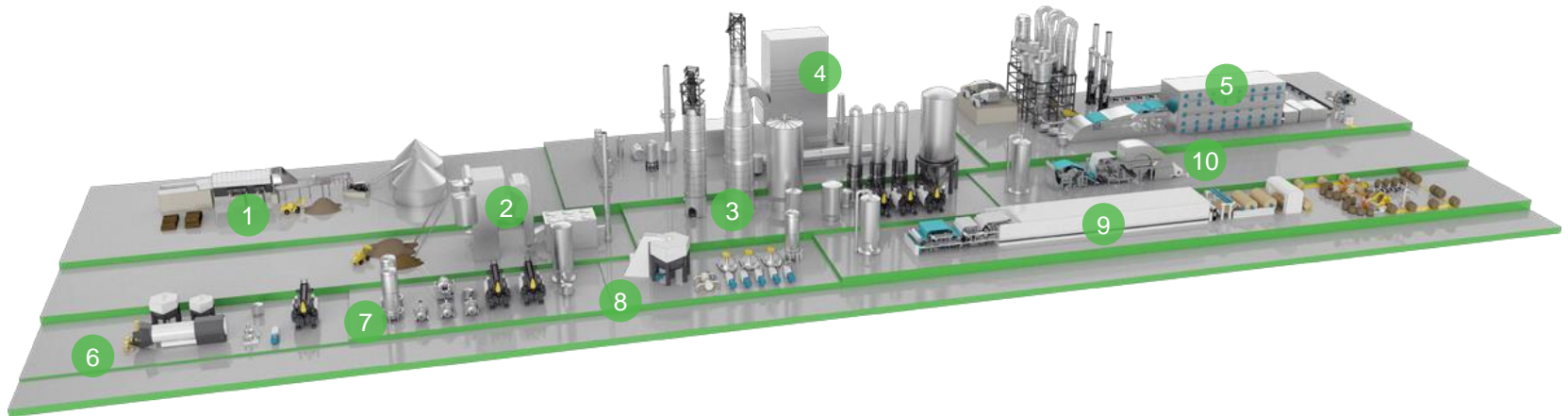
- 1 Wood handling
- 2 Heat and power production
- 3 Chemical pulping
- 4 Chemical recovery
- 5 Pulp drying
- 6 Recycled fiber
- 7 Mechanical fiber
- 8 Stock preparation
- 9 Board and paper making
- 10 Tissue making

Automation

- Distributed Control System (DCS)
- Performance solutions
- Quality Control System (QCS)
- Profilers
- Analyzers and measurements
- Industrial internet solutions
- Automation services
- Process simulators
- Safety systems and solutions

Services

- Mill and plant improvements
- Spare and wear parts
- Paper machine clothing and filter fabrics
- Roll services
- Services for evaporation plants, power and recovery boilers
- Services for environmental equipment



Our offering for energy industry and biotechnologies

Technologies

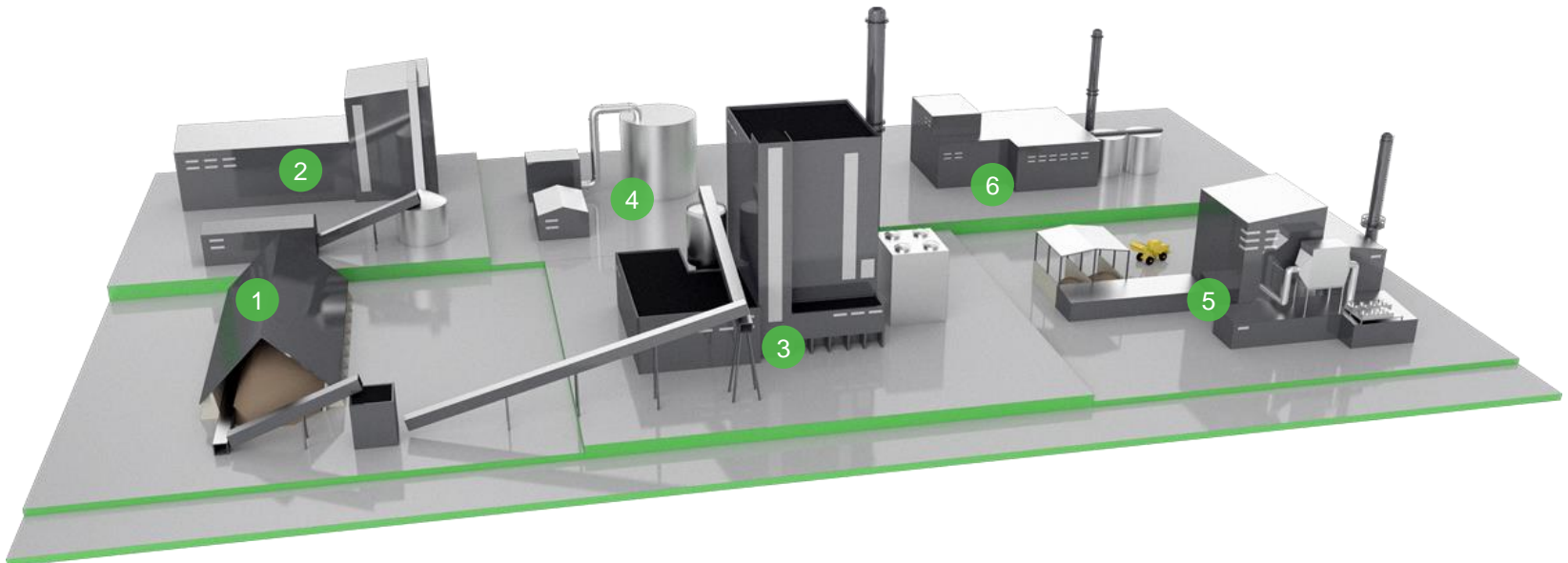
- 1 Fuel handling
- 2 Gasification
- 3 Boiler and flue gas cleaning
- 4 Bio-oil production
- 5 Modularized power plants
- 6 Prehydrolysis
For biofuels, biomaterials and biochemicals, and bio coal production

Automation

- Distributed Control System (DCS)
- Performance solutions
- Analyzers and measurements
- Industrial internet solutions
- Automation services

Services

- Plant improvements
- Rebuilds
- Performance services
- Services for environmental equipment
- Components and spare parts
- Training



Our pulp and energy technology offering



- Wood handling systems
- Cooking systems
- Complete fiber lines
- Pulp drying systems



- Evaporation systems
- Recovery islands



- Circulating fluidized bed boilers (CYMIC)
- Bubbling fluidized bed boilers (HYBEX)
- Biomass and waste gasification
- Oil and gas boilers
- Waste heat recovery
- Air pollution control systems



- Pyrolysis solutions for bio-oil production
- LignoBoost for lignin extraction
- Steam treated pellets production lines
- Biomass prehydrolysis for further refining to fuels or chemicals

300 complete fiber lines and 350 recovery islands delivered

400 boilers and environmental protection systems delivered

Our paper technology offering



Board and paper

- Board and paper production lines
 - Recycled fiber lines
 - Tailor made OptiConcept machines
 - OptiConcept M modularized machines
- Rebuilds
 - Modernizations and grade conversions
- Stand-alone products
 - From stock preparation to roll handling

Over 1,600 board and paper machines delivered

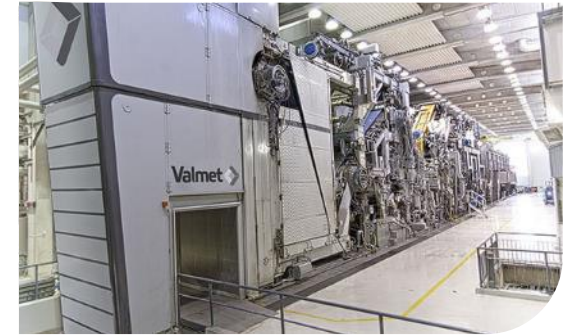


Tissue

- Tissue production lines
 - Advantage DCT
 - Advantage NTT
 - Advantage Thru Air (TAD)
- Rebuilds
- Stand-alone products
 - e.g. Yankee cylinders

Over 200 tissue lines delivered

Continuous investment in research and development to improve customers' processes



Customers' needs

- Increase production efficiency
- Improve competitiveness
- Maximize value of raw materials
- Widen raw material base
- Provide high-value end products
- Develop new innovations and technologies

Valmet's R&D focus

- Modularized and standardized products
- Energy, water and raw material efficiency
- Automation technology
- Biomass conversion technologies

Valmet's R&D resources

- Own R&D centers and pilot facilities
- Annual R&D spend about EUR 50 million
- Around 1,800 protected innovations
- Cooperation with universities and research institutions

Example of our R&D work - OptiConcept M board and paper machine

- Cost-efficient, high-quality, safe and flexible board making concept
- Significant savings in energy, water and raw material use
 - Energy efficiency improvement up to 30%
- Modular and compact size
 - Short delivery times, quick start-ups, and less production space
- Functional design brings increased safety and accessibility
 - Design acknowledged in Finnish design competition in 2014





Appendix

Financials

Our four business lines serve the same customer base



Services



Automation

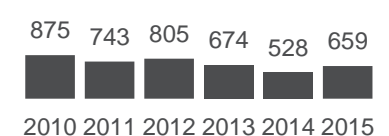
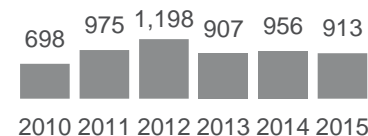
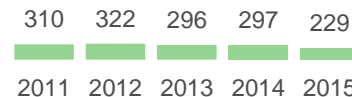
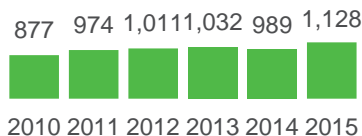


Pulp and Energy



Paper

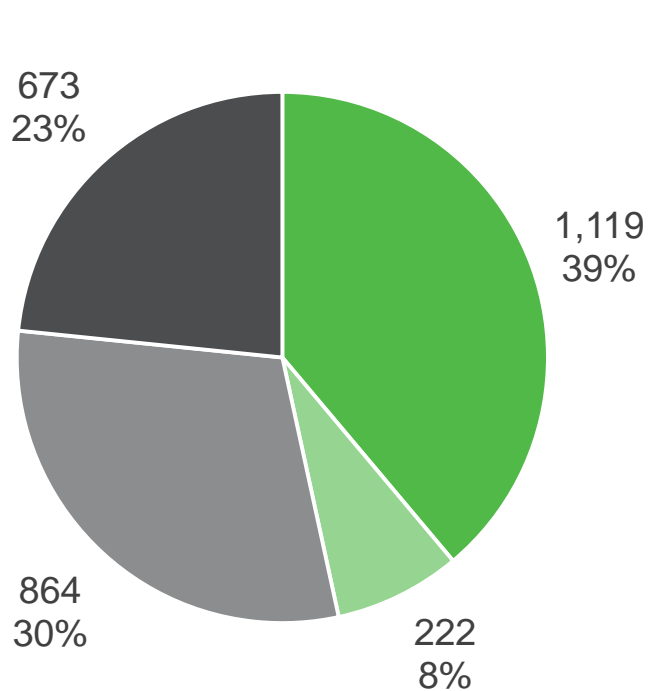
	Services	Automation	Pulp and Energy	Paper
Description	Mill and plant improvements, roll and workshop services, parts and fabrics, and life-cycle services	Supplies and develops automation and information management systems, applications and services	Technologies and solutions for pulp production, power generation, and biomass conversion	Technologies and solutions for board, tissue, and paper
Market position	#1-2	Analyzers #1, QCS ¹ #1-2, DCS ² #1-3	Pulp #1-2, Energy #1-3	Board #1, Tissue #1, Paper #1
Market size	EUR 7.5 bn	DCS ² EUR 1.6 bn, QMS ³ >EUR 0.2 bn, Analyzers <EUR 0.2 bn	Pulp EUR 1.4 bn, Energy EUR 2.0 bn	Board EUR 1.0 bn, Tissue EUR 0.6 bn, Paper EUR 0.6 bn
Customers	Companies mainly in the pulp, paper and energy industries	Companies in the pulp, energy, paper and process industries	In pulp, mechanical and chemical pulp producers as well as companies in the panelboard industry	Mainly paper companies as well as board and tissue producers
Main competitors	Voith, Andritz, Albany, Xerium Technologies, AstenJohnson, Foster Wheeler, Alstom etc.	ABB, Honeywell, Emerson, Siemens, Voith, Paperchine, Procemex, BTG, PulpEye etc.	Andritz in Pulp; Andritz and Foster Wheeler in Energy; Andritz main global competitor in biomass	Voith and Andritz
Net sales⁴	1.1 bn, 39% ⁵	0.2 bn, 8% ⁵	0.9 bn, 31% ⁵	0.7 bn, 23% ⁵



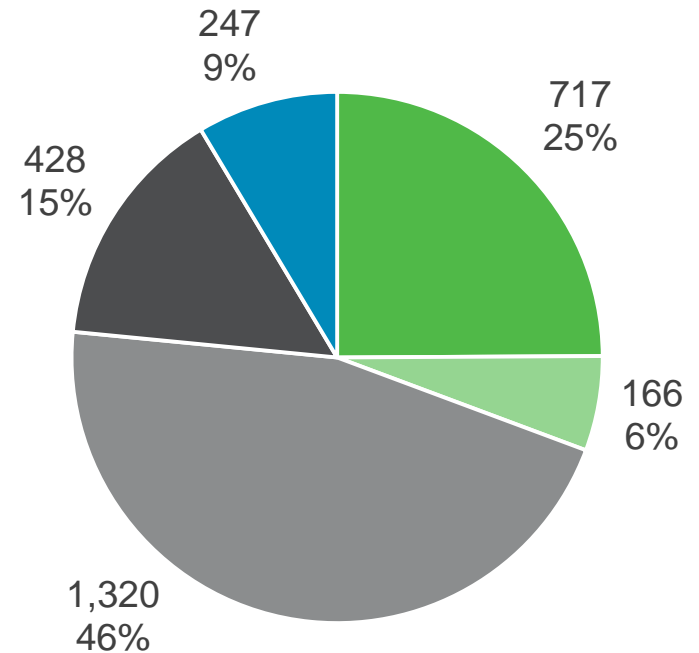
1) QCS = Quality Control Systems
 2) DCS = Distributed Control Systems
 3) QMS = Quality Management System
 4) Net sales 2010–2013 by business line on a carve-out basis for the periods indicated (excl. Intra-Metso net sales).
 5) Percent of total in 2015

2015 orders received split

EUR million and % of total



- Services
- Automation
- Pulp and Energy
- Paper



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

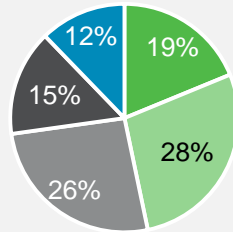
Net sales split, by business unit

Net sales split, business units (2015)

Net sales split, Valmet (2015)

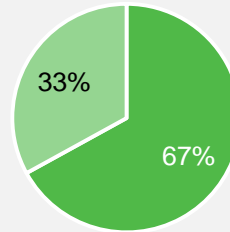
Stable business

Services



- Rolls
- Mill Improvements
- Performance Parts
- Fabrics
- Energy and Environmental

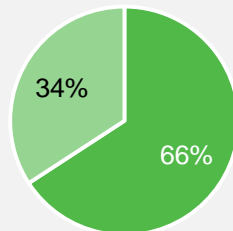
Automation



- Pulp and Paper
- Energy and Process

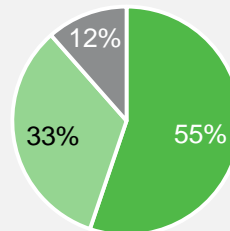
Capital business

Pulp and Energy

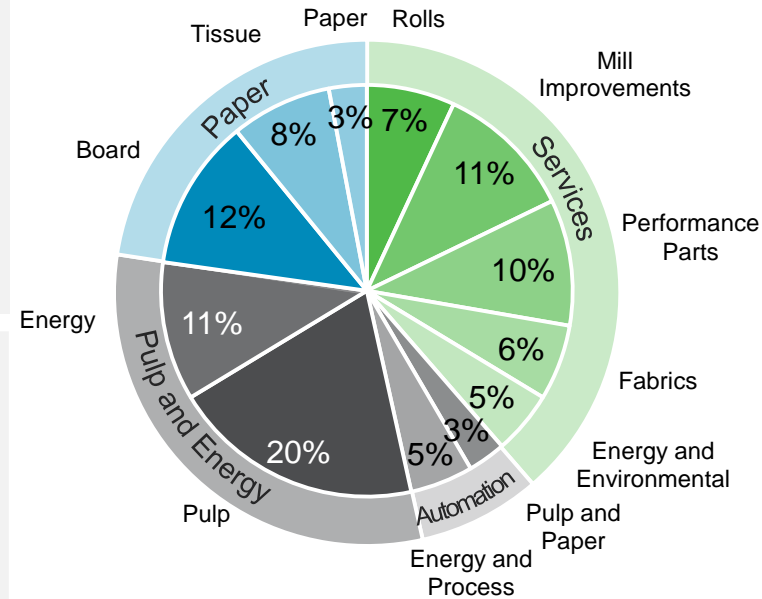


- Pulp
- Energy

Paper



- Board
- Tissue
- Paper



1) Net sales in 2015

Services business line in 2015

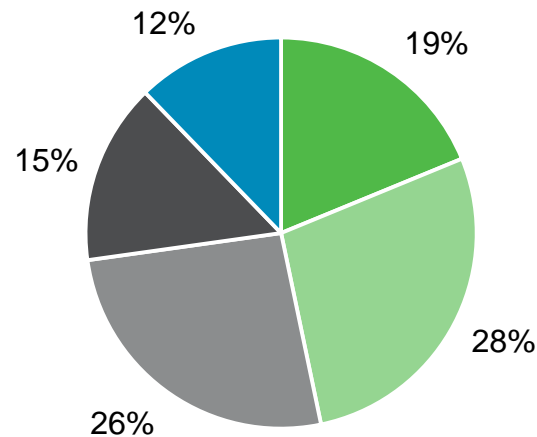
Orders received
EUR 1,119 million

Net sales
EUR 1,128 million

Employees
5,363

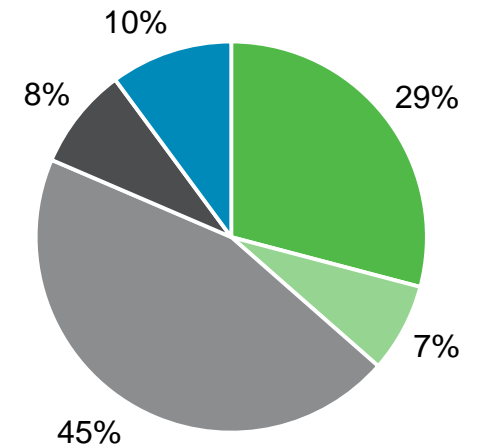
Market position
#1–2 Services

Net sales by business unit



- Rolls
- Mill Improvements
- Performance Parts
- Fabrics
- Energy and Environmental

Net sales by area



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

Automation business line in 2015

Acquisition of Automation was completed on April 1, 2015

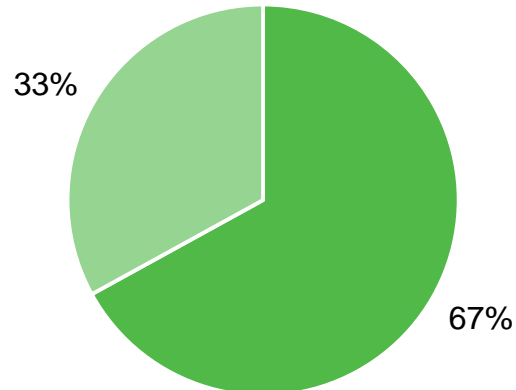
Orders received
EUR 222 million

Net sales
EUR 229 million

Employees
1,637

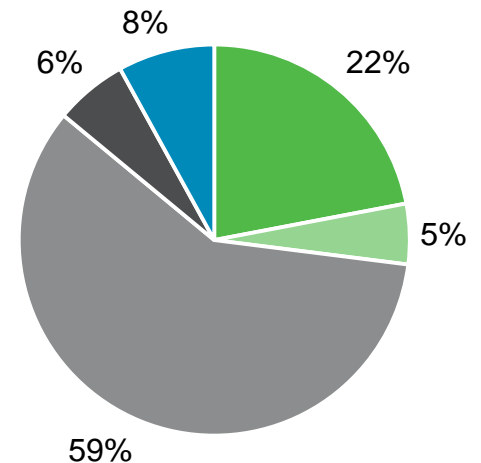
Market position
#1–3 Pulp and paper

Net sales by business unit



- Pulp and Paper
- Energy and Process

Net sales by area



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

Pulp and Energy business line in 2015

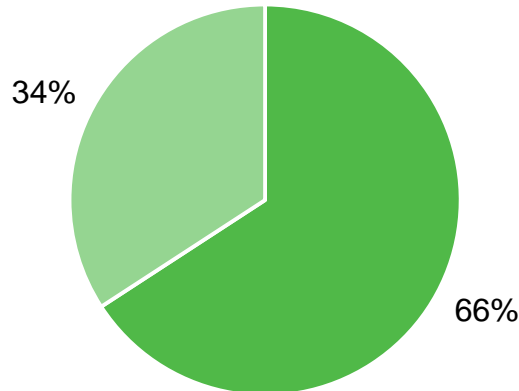
Orders received
EUR 864 million

Net sales
EUR 913 million

Employees
1,750

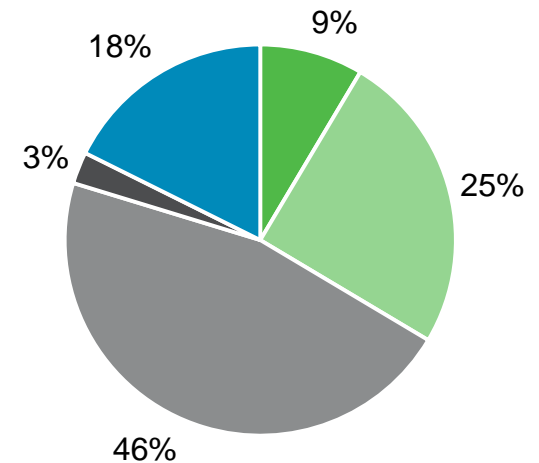
Market position
#1–2 Pulp
#1–3 Energy

Net sales by business unit



- Pulp
- Energy

Net sales by area



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

Paper business line in 2015

Orders received
EUR 673 million

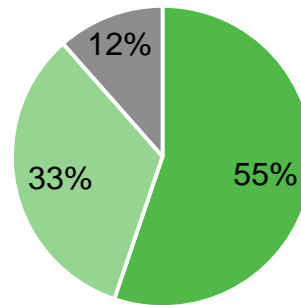
Net sales
EUR 659 million

Employees
3,036

Market position

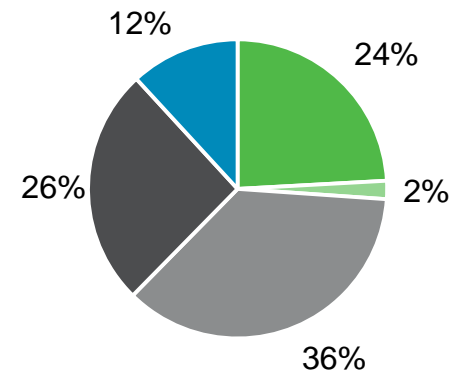
#1 Board
#1 Tissue
#1 Paper

Net sales by business unit



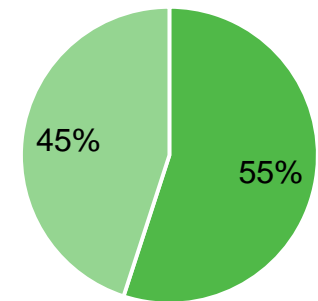
■ Board
■ Tissue
■ Paper

Net sales by area



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

Net sales by type



■ New lines
■ Rebuilds and single sections

Q4/2015 in brief



Orders received and net sales increased in stable business¹

- Orders received remained at the previous year's level in Services business line, orders received EUR 67 million in Automation business line in Q4/2015
- Net sales increased in Services compared with Q4/2014, net sales EUR 95 million in Automation



Orders received increased and net sales decreased in capital business²

- Orders received almost four times higher compared with Q4/2014 in Pulp and Energy business line, and increased in Paper business line
- Net sales increased in Paper and decreased in Pulp and Energy compared with Q4/2014



Order backlog at EUR 2.1 billion

- Order backlog EUR 44 million lower than at the end of Q3/2015



EBITA³ margin in the targeted range

- EBITA³ increased to EUR 63 million
- EBITA³ margin at a record high at 7.3 percent



Net debt EUR 178 million, strong cash flow

- Gearing 21 percent
- Cash flow provided by operating activities EUR 64 million

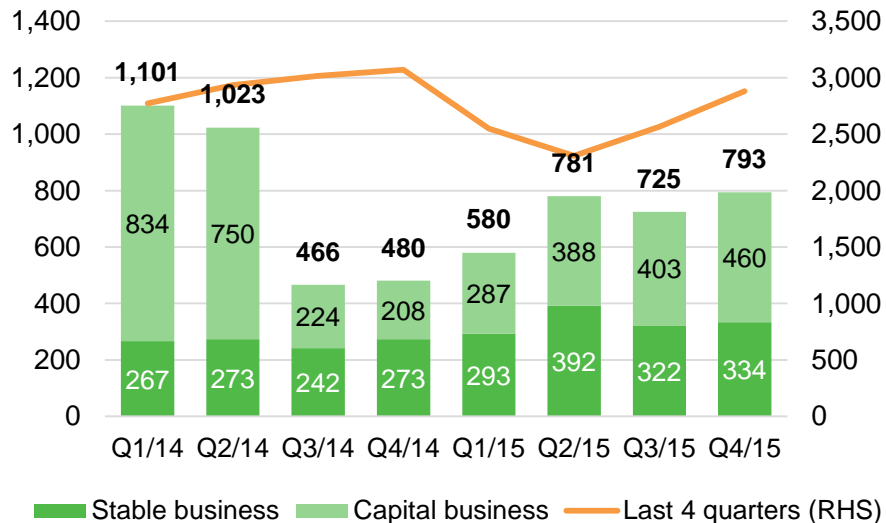
1) Stable business = Services and Automation business lines

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

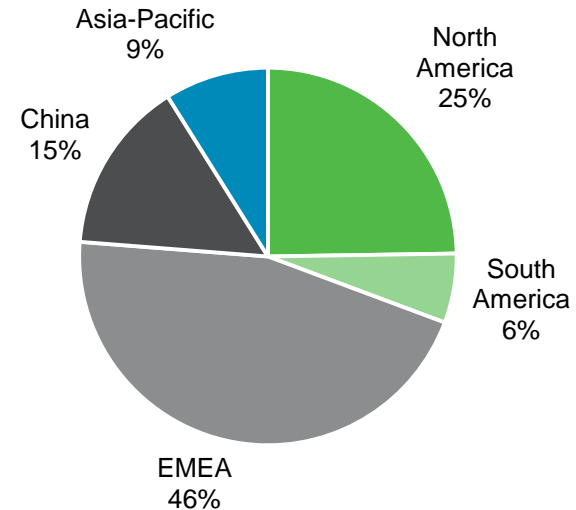
3) EBITA = Earnings before interest, taxes and amortization and non-recurring items

Orders received EUR 2.9 billion in 2015, stable business orders received EUR 1.3 billion

Orders received (EUR million), split by stable and capital business



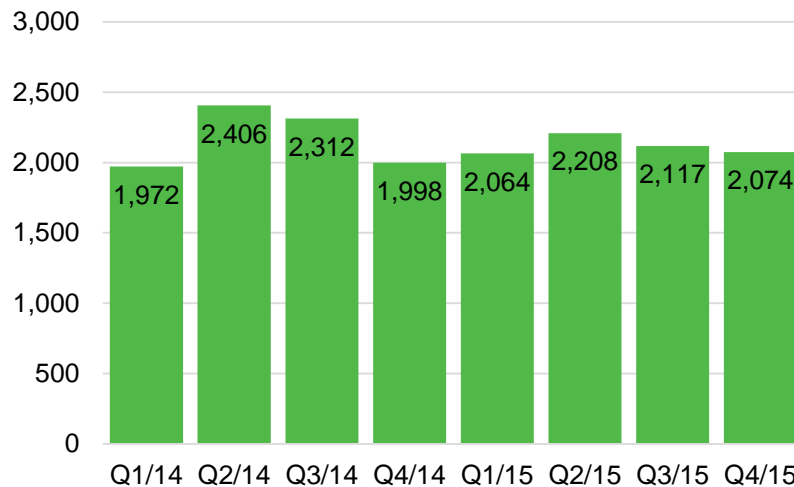
Orders received in 2015 (EUR million), by area



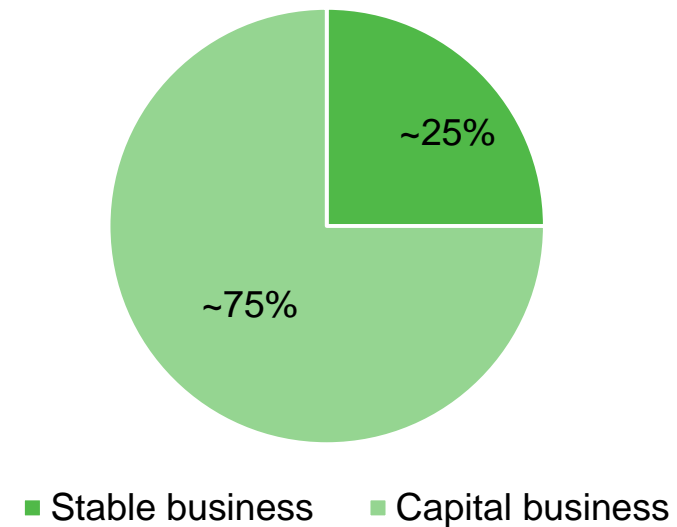
- Stable business orders increased to EUR 1.3 billion in 2015, corresponding to 47% of all orders received
- Capital business orders decreased to EUR 1.5 billion in 2015, corresponding to 53% of all orders received
- North America and EMEA accounted for 71% of orders received in 2015

Order backlog at EUR 2.1 billion

Order backlog (EUR million)



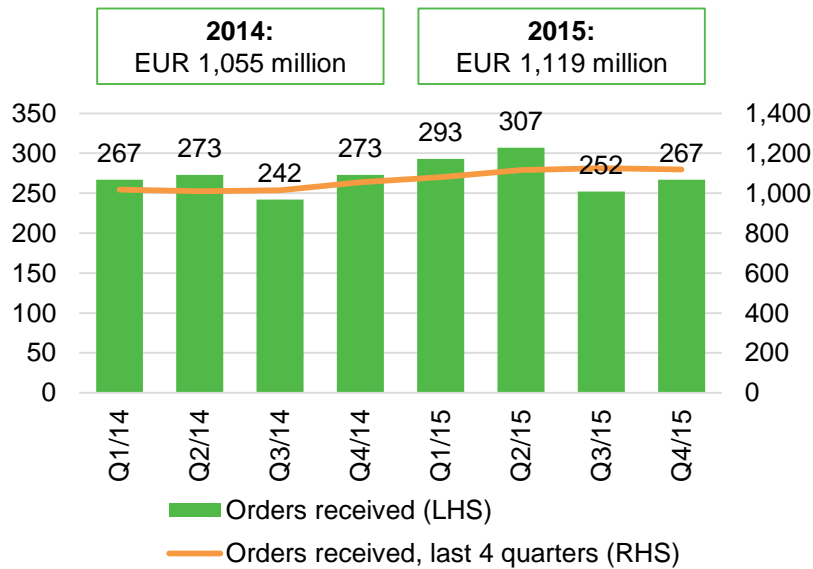
Structure of order backlog



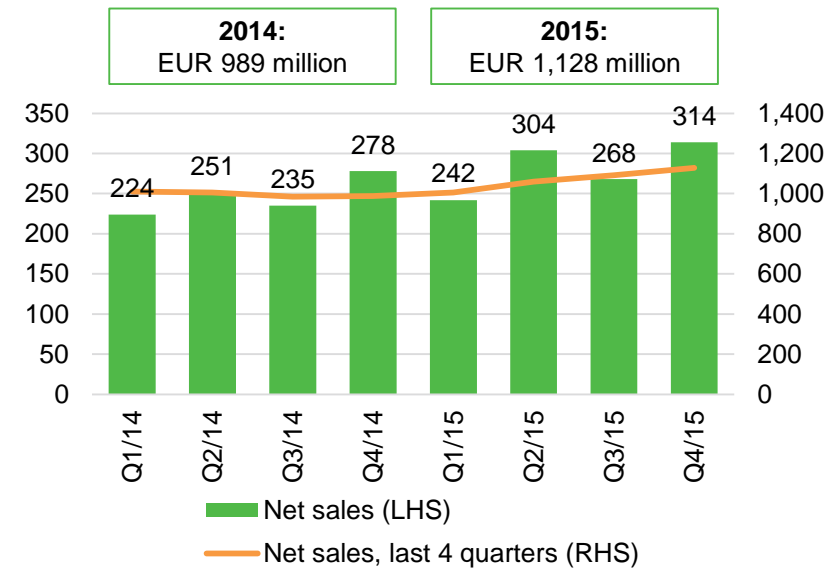
- Order backlog EUR 44 million lower than at the end of Q3/2015
- About 80% of the order backlog is currently expected to be realized as net sales during 2016
- Approximately 25% of the order backlog relates to stable business

Orders received EUR 1.1 billion in Services in 2015

Orders received (EUR million)



Net sales (EUR million)

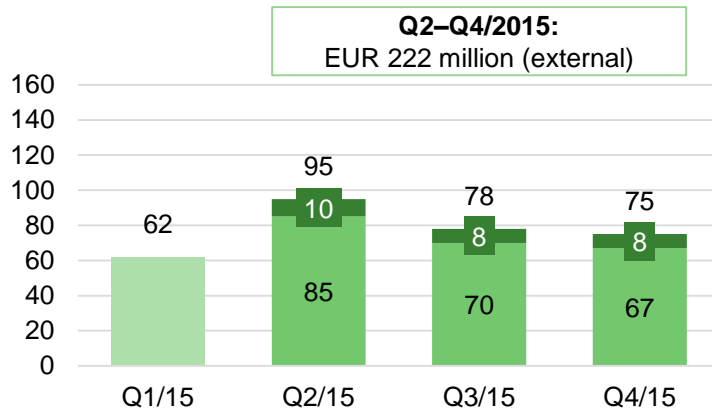


- Services orders received remained at the previous year's level
 - Orders received increased in North America compared with Q4/2014, and decreased in other areas
 - Orders received increased in Rolls, remained stable compared with Q4/2014 in Fabrics, and Performance Parts, and decreased in other business units
- Net sales increased compared with Q4/2014



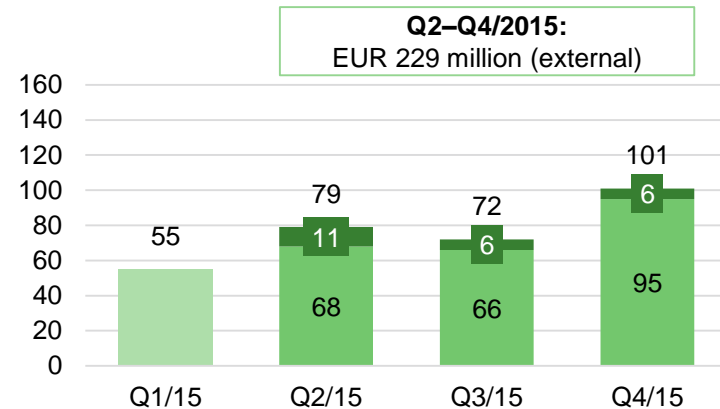
Orders received¹ in Automation totaled to about EUR 250 million in 2015

Orders received^{2, 3} (EUR million)



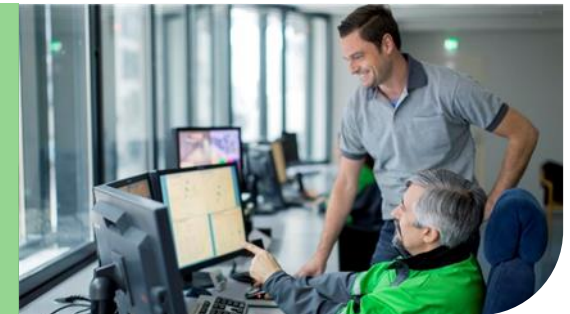
- Orders received, internal (from other business lines)
- Orders received, external
- Orders received, total (including internal)

Net sales³ (EUR million)



- Net sales, internal (from other business lines)
- Net sales, external
- Net sales, total (including internal)

- Orders received EUR 67 million in Q4/2015
 - Internal orders received amounted to EUR 8 million
 - EMEA accounted for ~65% and North America for ~20% of orders received
 - Pulp and Paper accounted for ~70% and Energy and Process for ~30% of orders received
- Net sales EUR 95 million in Q4/2015
 - Internal net sales amounted to EUR 6 million



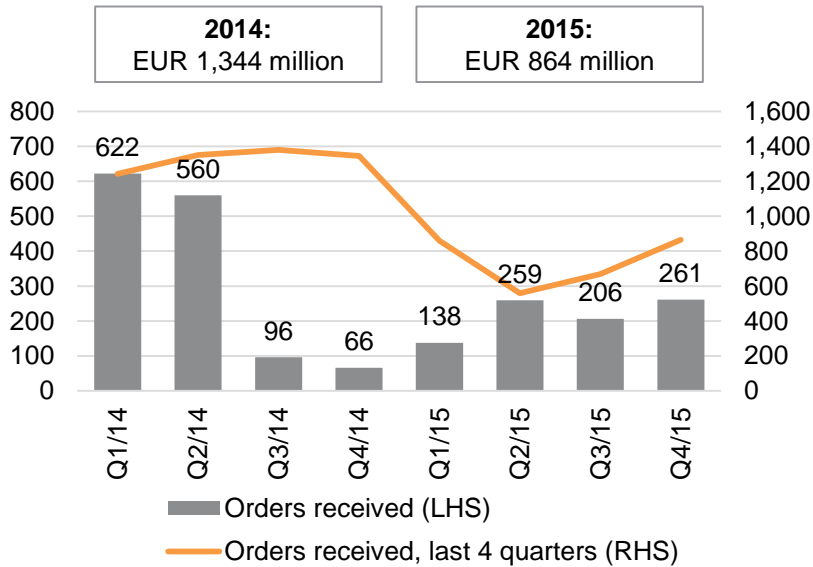
1) Includes internal and external net sales and orders received.

2) Q1/2015 orders received is calculated from Metso's reported figures and pro forma figures excluding Process Automation Systems and are therefore indicative only.

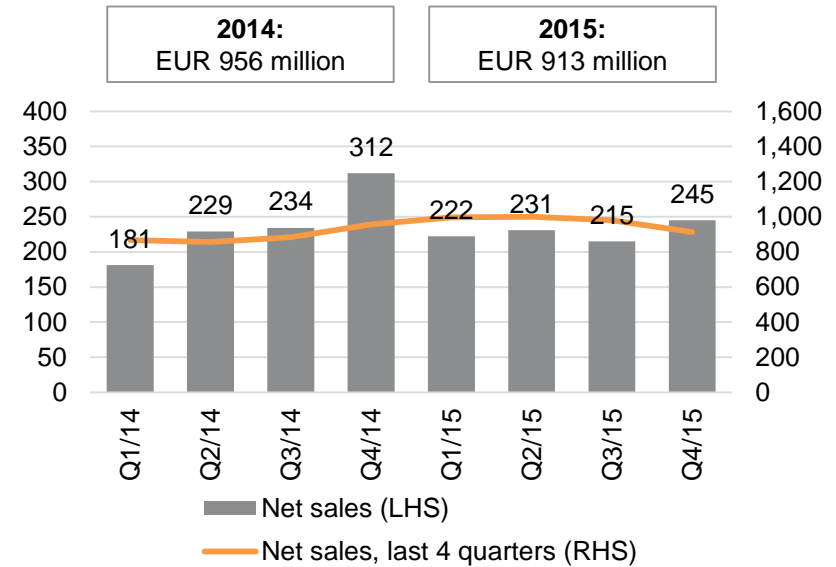
3) Q2/2015, Q3/2015 and Q4/2015 total figures include internal orders received and net sales between Automation and Valmet's other business lines.

Orders received about EUR 860 million in Pulp and Energy in 2015

Orders received (EUR million)



Net sales (EUR million)

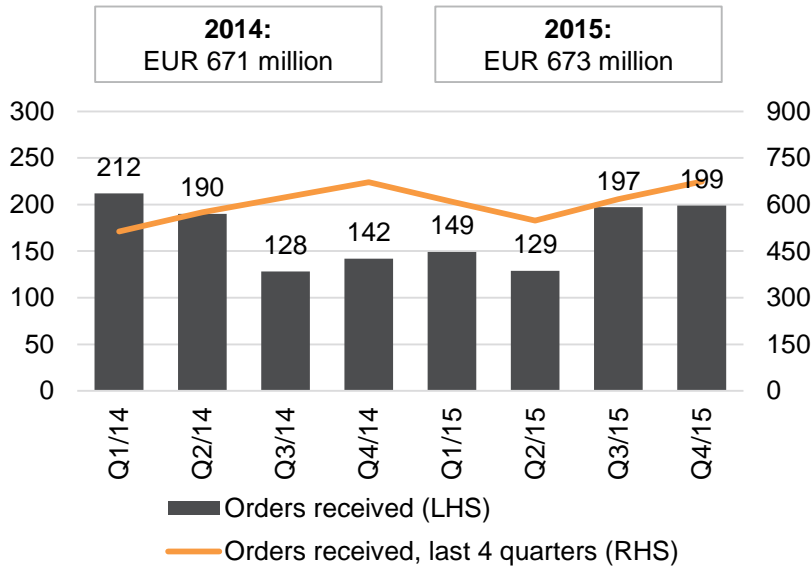


- Orders received more than tripled compared with Q4/2014
 - Orders received increased in all areas
 - Orders received increased in Pulp and decreased in Energy
- Net sales decreased compared with Q4/2014

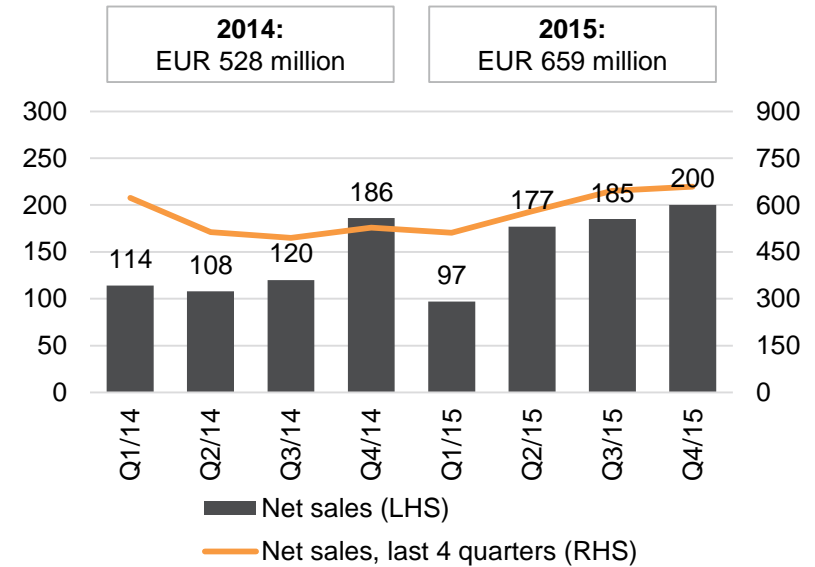


Orders received about EUR 670 million in Paper in 2015

Orders received (EUR million)



Net sales (EUR million)



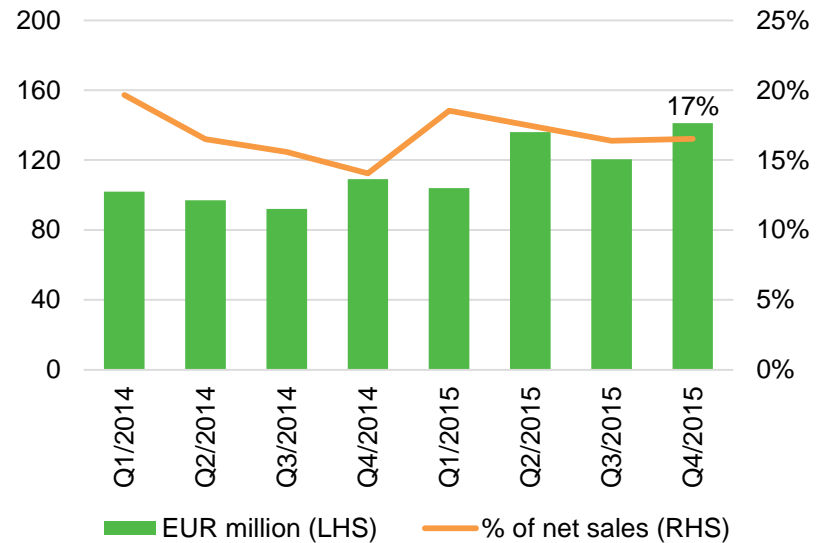
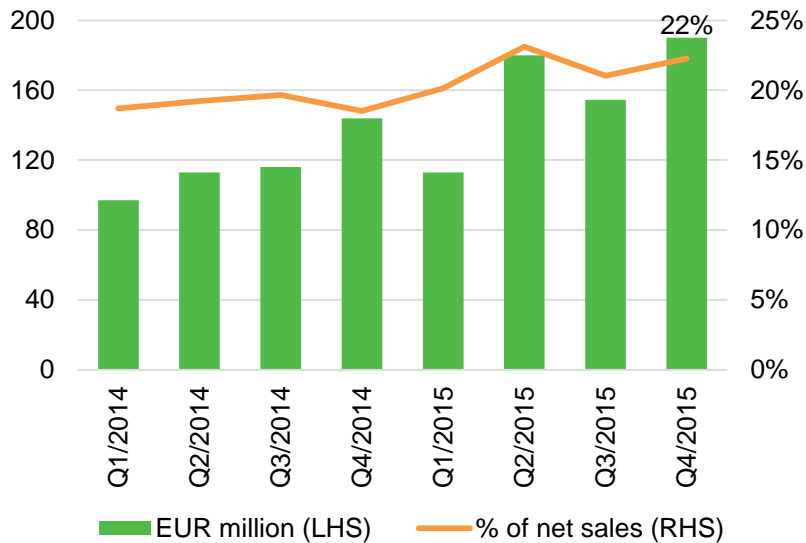
- Orders received increased compared with Q4/2014
 - Orders received increased in China, and North America, and decreased in EMEA, and Asia-Pacific
 - Orders received increased in both Board and Paper, and Tissue
- Net sales increased compared with Q4/2014



Good development in gross profit compared with Q4/2014

Gross profit (EUR million and % of net sales)

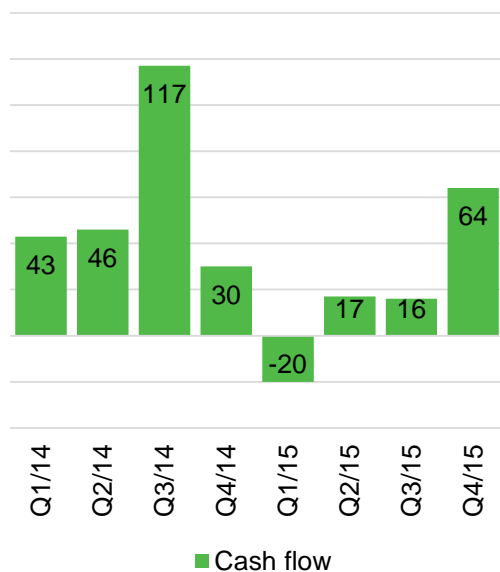
SG&A (EUR million and % of net sales)



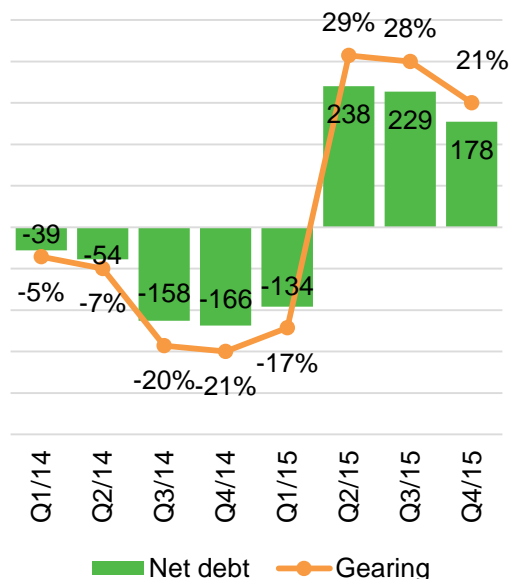
- Gross profit increased
- Selling, general & administrative (SG&A) expenses increased due to Automation acquisition
- Further actions to improve gross profit through Must-Win implementation

Cash flow, net debt, gearing and equity ratio

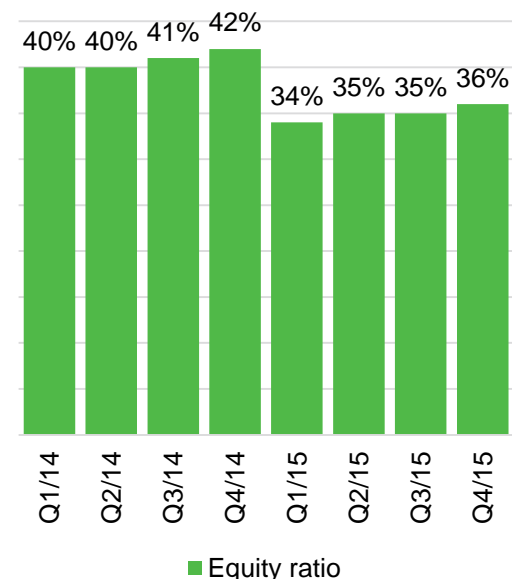
Cash flow provided by operating activities (EUR million)



Net debt (EUR million) and gearing (%)



Equity to assets ratio (%)



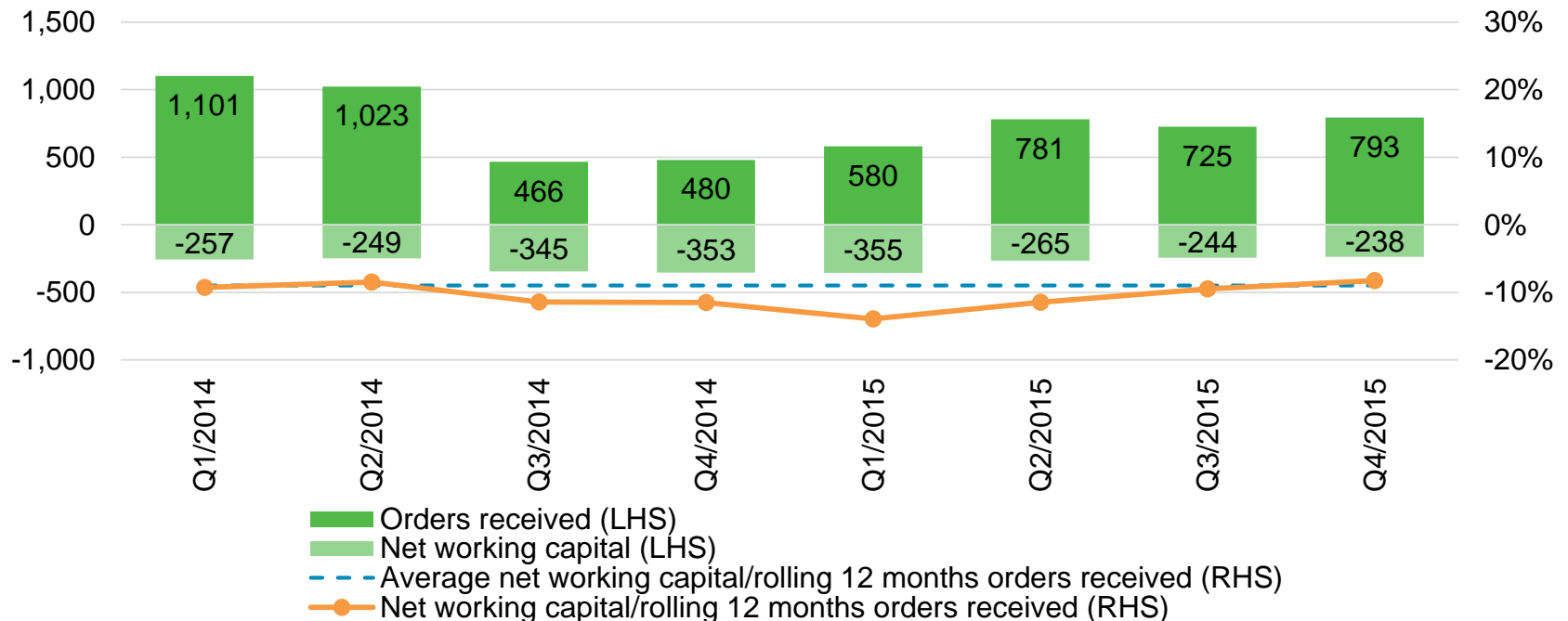
- Change in net working capital¹ EUR -11 million in Q4/2015
- CAPEX excluding business combinations EUR -15 million in Q4/2015
- Cash flow provided by operating activities EUR 78 million in 2015

- Gearing (21%) and net debt (EUR 178 million) decreased compared to Q3/2015
- Equity to assets ratio increased from Q3/2015
- Automation acquisition was completed on April 1, 2015

1) Change in net working capital, net of effect from business acquisitions and disposals in the consolidated statement of cash flows

Net working capital -8% of rolling 12 months orders received

Net working capital and orders received (EUR million)

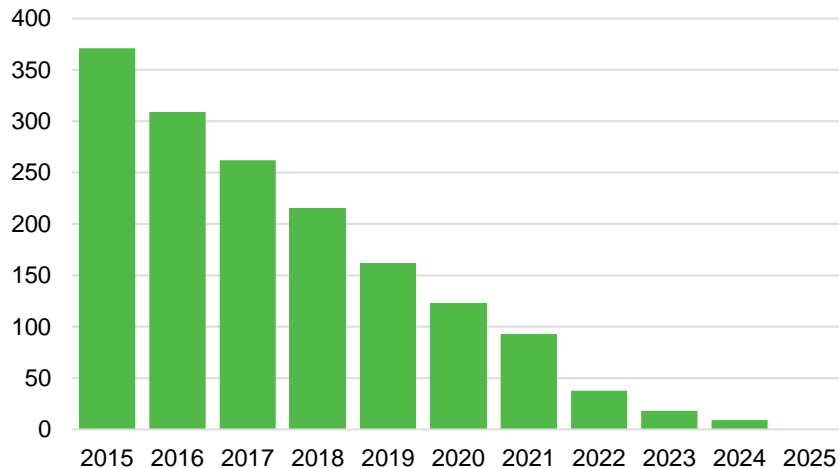


- Net working capital EUR -238 million, which equals -8% of rolling 12 months orders received
- Payment schedules of large capital projects have significant impact on net working capital development

Structure of loans and borrowings

Interest-bearing debt EUR 371 million as at December 31, 2015

Amount of outstanding interest-bearing debt (EUR millions)



Main financing sources

Amount	Lender
EUR 104 million	European Investment Bank
EUR 100 million	Skandinaviska Enskilda Banken
EUR 70 million	Swedish Export Kredit
EUR 95 million	Nordic Investment Bank

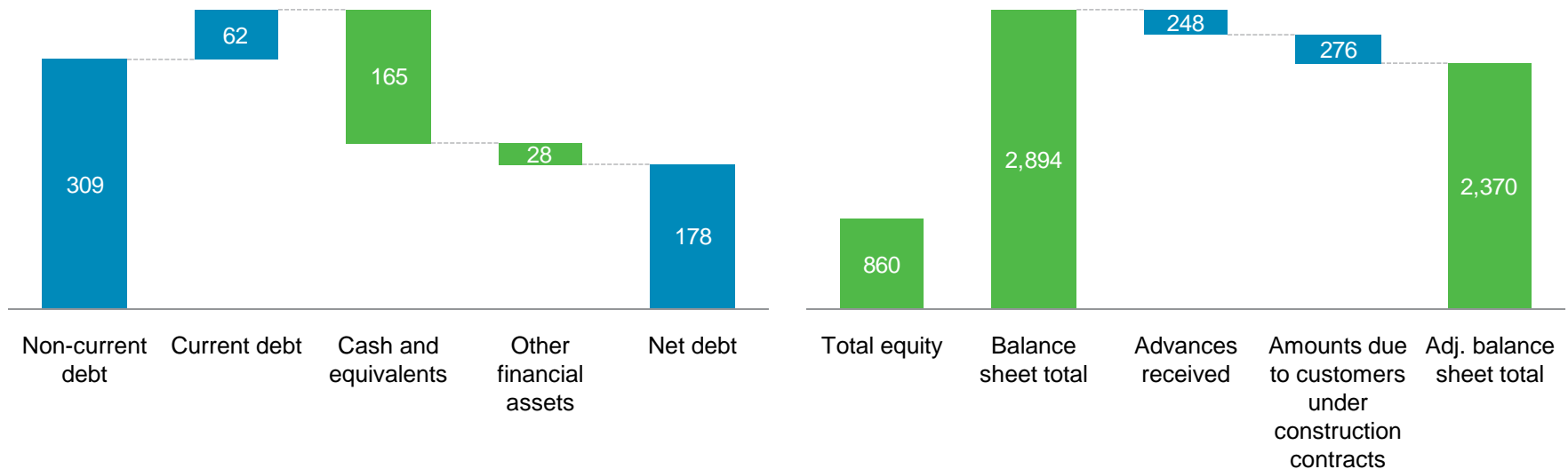
Back-up facilities

Amount	Outstanding
EUR 200 million syndicated revolving credit facility	None outstanding
EUR 200 million domestic commercial paper program	None outstanding

- Average maturity of long-term loans is 3.4 years
- Average interest rate is 1.3%

Strong balance sheet to support large orders

Financial position as of December 31, 2015 (EUR million)



Net debt



EUR 178 million

Gearing



21%

Equity to assets ratio¹



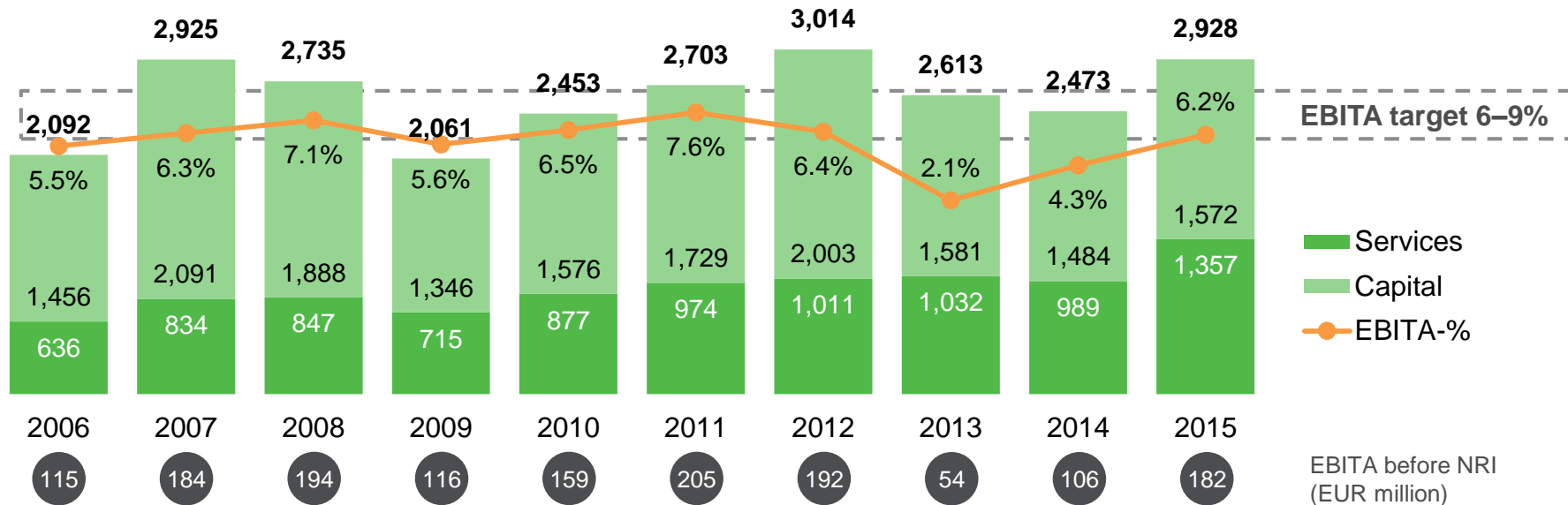
36%

- Valmet has a strong balance sheet that enables it to participate in large projects
- Valmet has its long-term liquidity in place

1) Total equity / (Balance sheet total - advances received - billings in excess of cost and earnings of projects under construction)

Net sales and profitability development, annual

Net sales and EBITA before NRI (EUR million)¹

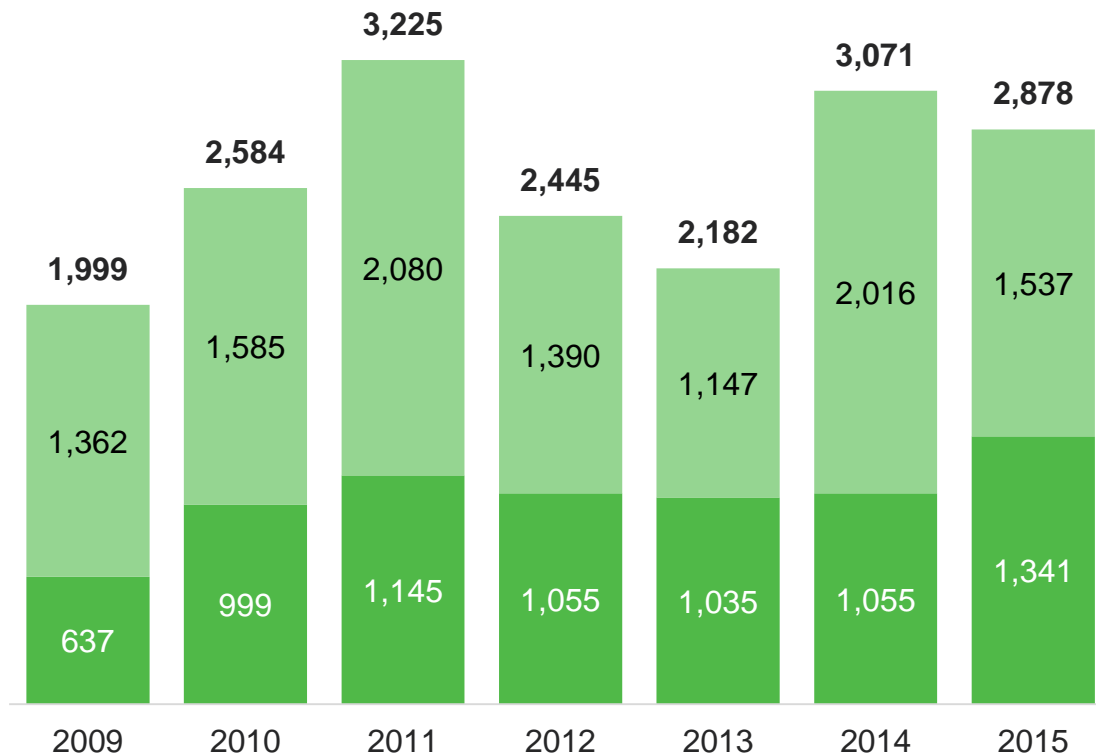


- Timing of large projects has had an impact on the level of net sales
- Good stimulus-driven demand in China 2009–2010 supported orders
- The paper machine market has shifted to smaller and lower-cost machines
- In 2013, the power generation market was affected by low-cost shale gas and political and economical uncertainty in Europe
- Profitability improved in 2014 as a result of cost savings

¹⁾ Actual figures for 2014. Carve-out figures for 2010-2013; as reported for Metso's Pulp, Paper and Power segment for 2006-2009. Automation has been consolidated into Valmet's financials since April 1, 2015, when the acquisition of Automation was completed.

High volatility in market activity

Orders received¹ (EUR million)



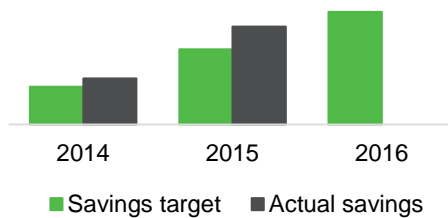
• Volatility in market activity is high in the capital business

■ Capital
■ Services

1) 2014 onwards actual figures, 2012–2013 carve-out figures, 2009–2011 Metso's Pulp, Paper and Power segment figures

Development of procurement and quality costs

Procurement

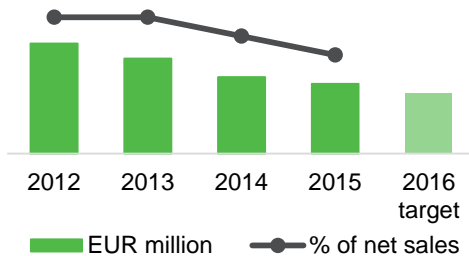


Target to save 10% in procurement by the end of 2016 (baseline 2013)

Results in 2015

- 2015 target exceeded
- Procurement activity has increased in all main cost-competitive areas: China, India, Eastern Europe and Mexico

Quality costs

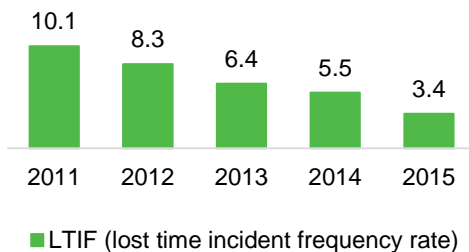


Target to reduce quality costs by 50% by the end of 2016 (baseline 2012)

Results in 2015

- 2015 results in line with target
- Active Lean training on all levels
- Over 100 Lean projects in process
- Change in quality mindset in all parts of the organization

Health and safety



Target to reduce LTIF to <2 by the end of 2018

Results in 2015

- Focus on improving preventative safety measures, reinforcing safety awareness and leadership, and harmonizing health, safety and environment practices in customer project deliveries globally

Sustainability



Achievements in 2015

- Systematic execution of Valmet's sustainability agenda with five focus areas
- Year's focus in Sustainable supply chain program to ensure compliance, reduce negative impacts and support key suppliers towards more sustainable business operations
 - 100% of global supplier base assessed through sustainability risk evaluation tool
 - 11,000 suppliers informed globally of Valmet's sustainability requirements
 - 41 supplier sustainability audits executed to top spend & high risk country suppliers with certified 3rd party
 - 380 Valmet procurement professionals received sustainability training
- Valmet maintains its position among the world's sustainability leaders in Dow Jones Sustainability Index
- Sustainability reporting according to global G4 Core level with 3rd party assurance on data since 2010
- Renewed Code of Conduct and related processes

Focus in 2016

- Renew sustainability agenda for 2016–2018 compatible with industry and stakeholder requirements
- Focus continues in developing more sustainable business practices in Valmet's supply chain through a comprehensive program

Currency exposure and foreign exchange risk management

Currency exposure

- All operating units are required to hedge in full their foreign currency exposures
- Hedging takes place when firm commitment arises or at the latest immediately after operating units have reported their monthly currency exposure
- Valmet is not hedging any translation risk arising from subsidiaries' equity
- Intra corporate dividends, loans and deposits shall be hedged when internal decisions have been made
- Treasury acts as an internal bank for subsidiaries and manages corporate wide foreign currency exposure by hedging Corporate level net exposure towards banks

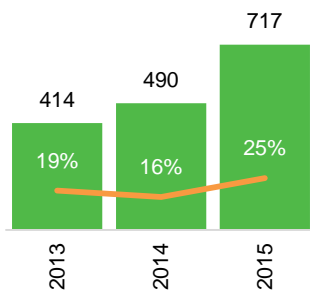
Foreign exchange risk management

- The exposure is a net of all assets and liabilities denominated in foreign currencies derived from sales and purchase contracts, projected cash flows and firm commitments
- A 10 percent appreciation or depreciation of EUR against all other currencies would have an effect of, net of taxes, -/+ EUR 1.5 million on EBITA

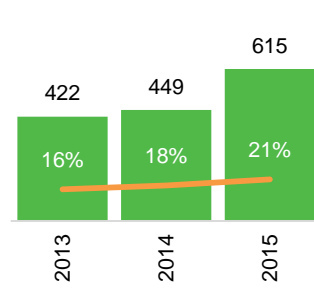
North America

Mature services focused market with recurring opportunities in paper, tissue and automation

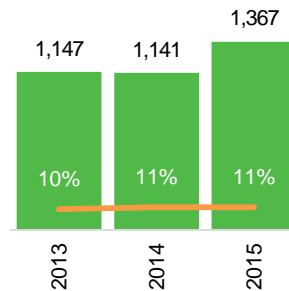
Orders received
(EUR million and % of total)



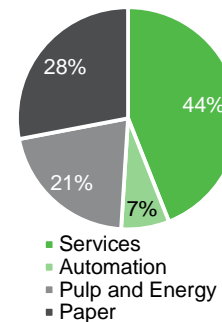
Net sales
(EUR million and % of total)



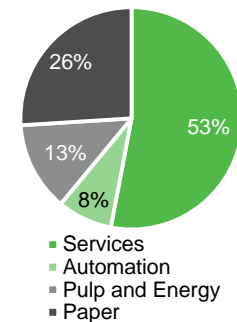
Employees
(number and % of total)



Orders received by
business line (2015)



Net sales by business
line (2015)



Market characteristics

- Mature, services-focused market with recurring opportunities in paper, tissue and automation
- Large installed base to be served
- Opportunities in customer agreement-based business
- Growth opportunities in increased outsourcing
- Capital project opportunities in tissue and board
- Capital project activity at high level

Valmet's position and competition

- Strong position and market share in Valmet's targeted technology businesses
- Well-established stable business
- Key competitors: Voith, Andritz, Emerson, ABB, Honeywell and US services players Albany, Xerium, Kadant, Asten Johnsson

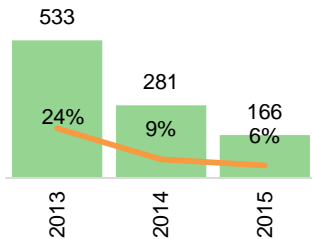
Target market
size:
EUR 2.9 bn

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.

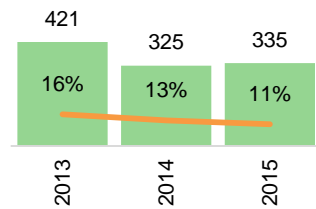
South America

Cyclical capital business relies on new pulp projects. Services, board and tissue provide growth opportunities

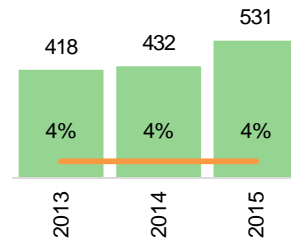
Orders received
(EUR million and % of total)



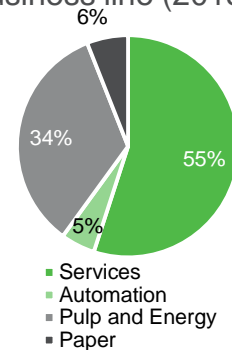
Net sales
(EUR million and % of total)



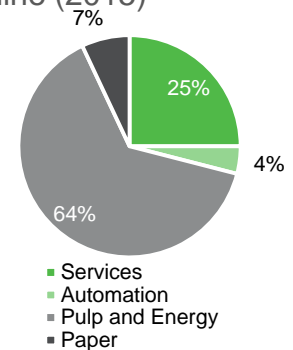
Employees
(number and % of total)



Orders received by business line (2015)



Net sales by business line (2015)



Market characteristics

- Cyclical capital business relies on new pulp projects
- Services, tissue and selected board applications provide growth opportunities
- Services growth potential through growing installed base and demand for more efficient customer operations
- Growing interest in optimization projects regarding e.g. energy, chemicals savings; efficiency of operations and availability of equipment

Valmet's position and competition

- Valmet has a strong position and installed basis in Pulp mills and Services
- Strong competition with local and global players in all businesses (Services, Pulp, Paper and Energy)
- Fierce competition with Andritz for large new pulp projects
- Local presence and solutions important

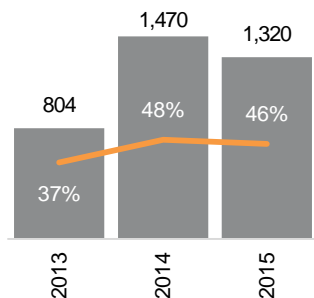
Target market size:
EUR 1.5 bn

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015. Automation business line figures included as of Q2/2015.

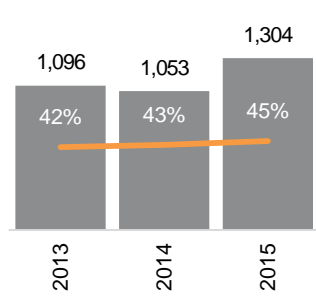
EMEA

Valmet's largest and most important area with significant services and technology markets in all Valmet's businesses

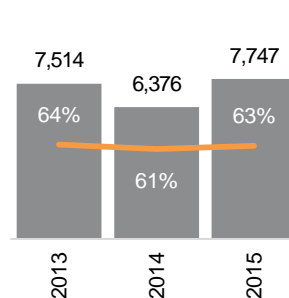
Orders received
(EUR million and % of total)



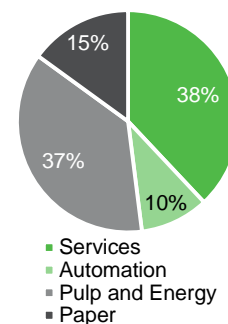
Net sales
(EUR million and % of total)



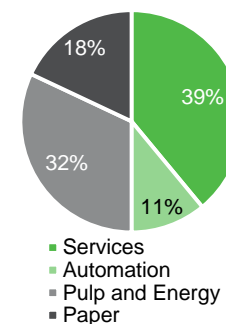
Employees
(number and % of total)



Orders received by
business line (2015)



Net sales by business
line (2015)



Market characteristics

- Valmet's largest and most important area with significant services and technology markets in all Valmet's businesses
- Large installed base to be served
- Growth opportunity in customer agreement-based business
- Declining printing and writing business, potential in conversions
- Capital project opportunities in board, pulp, tissue and bioenergy
- Uncertainties in regulation and low energy price postpone customers' decision making

Valmet's position and competitors

- Valmet has a strong position both in both capital business and services
- Small players have strengthened their offering through acquisitions

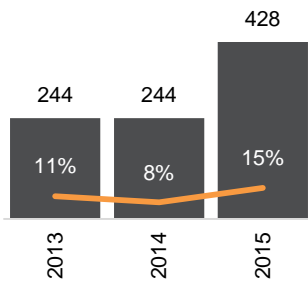
Target market
size:
EUR **6.0** bn

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.

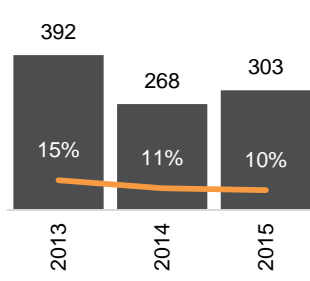
China

Capital business at new normal level, growth opportunities in Services

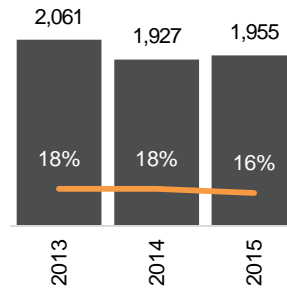
Orders received
(EUR million and % of total)



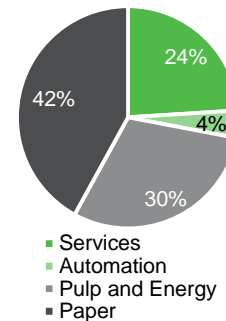
Net sales
(EUR million and % of total)



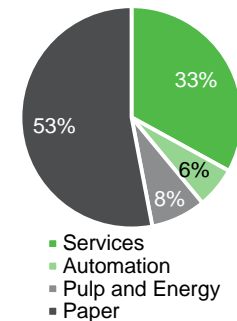
Employees
(number and % of total)



Orders received by
business line (2015)



Net sales by business
line (2015)



Market characteristics

- Market for capital projects flat and cyclical while services market growing
- Capital project opportunities in board and tissue, investments especially in lower-cost mid-sized machines and rebuilds
- Developing services market with growth potential through increasing installed base and aging machinery

Valmet's position and competition

- Valmet has a strong position in Paper. Recent successes with modular board machine (OptiConcept M)
- Continued competition: new competitors in mid-size segment, local competitors strengthening through partnering with western companies
- Large Valmet-installed base

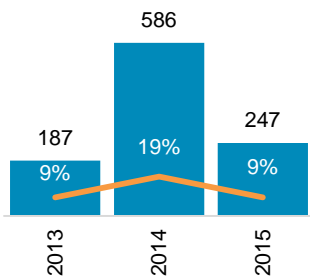
Target market
size:
EUR **2.1** bn

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.

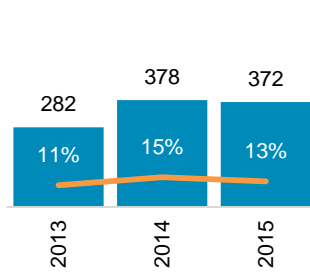
Asia-Pacific

Developing services market with growth potential

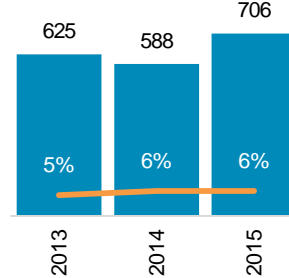
Orders received
(EUR million and % of total)



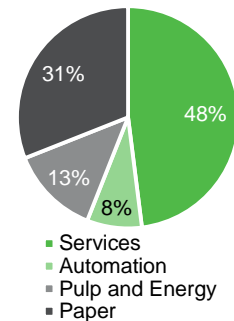
Net sales
(EUR million and % of total)



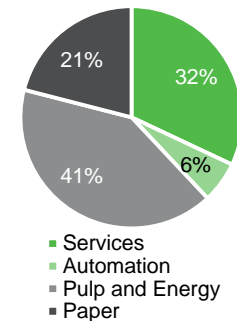
Employees
(number and % of total)



Orders received by
business line (2015)



Net sales by business
line (2015)



Market characteristics

- Increased investments in multifuel and plans for renewable energy development
- Capital project opportunities in energy and board through customers' portfolio changes or production line upgrades
- Developing services market with growth potential through capacity increases, larger installed base and higher market share

Valmet's position and competition

- Valmet has strong market position and is increasing its local presence
 - New Technology center in Indonesia
- Competitors are growing their local presence

Target market
size:
EUR 2.6 bn

2013 figures on a carve-out basis. Automation business line figures included as of Q2/2015.

Key ratios

	Q1–Q4/ 2015	Q1–Q4/ 2014
Earnings per share, EUR	0.51	0.31
Diluted earnings per share, EUR	0.51	0.31
Equity per share at end of period, EUR	5.70	5.36
Return on equity (ROE), % (annualized)	9%	6%
Return on capital employed (ROCE) before taxes, % (annualized)	12%	9%
Equity to assets ratio at end of period, %	36%	42%
Gearing at end of period, %	21%	-21%
Cash flow provided by operating activities, EUR million	78	236
Cash flow after investments, EUR million	-287	194
Gross capital expenditure (excl. business combinations), EUR million	-44	-46
Business combinations, net of cash acquired, EUR million	-323	-
Depreciation and amortization, EUR million	-92	-72
Number of outstanding shares at end of period	149,864,220	149,864,220
Average number of outstanding shares	149,864,220	149,863,252
Average number of diluted shares	149,864,220	149,863,252
Net interest-bearing liabilities at end of period, EUR million	178	-166

Consolidated statement of income

EUR million	Q4/2015	Q4/2014	Q1-Q4/ 2015	Q1-Q4/ 2014
Profit / loss	28	25	78	46
Items that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedges	-	-1	-2	-11
Currency translation on subsidiary net investments	7	-2	10	7
Income tax relating to items that may be reclassified	-	1	-	3
	7	-2	8	-1
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	11	-25	8	-40
Income tax on items that will not be reclassified	-2	10	-1	13
	9	-16	7	-27
Other comprehensive income / expense	16	-18	15	-28
Total comprehensive income / expense	43	7	93	18
Attributable to:				
Owners of the parent	43	7	92	18
Non-controlling interests	1	-	1	-
Total comprehensive income / expense	43	7	93	18

Balance sheet as at December 31, 2015

Assets EUR million	As at December 31, 2015	As at December 31, 2014
Non-current assets		
Intangible assets		
Goodwill	624	446
Other intangible assets	235	91
Total intangible assets	859	537
Property, plant and equipment		
Land and water areas	26	22
Buildings and structures	138	132
Machinery and equipment	196	202
Assets under construction	25	25
Total property, plant and equipment	385	381
Financial and other non-current assets		
Investments in associated companies	12	5
Available-for-sale financial assets	3	9
Loan and other receivables	20	7
Derivative financial instruments	2	-
Deferred tax asset	85	86
Other non-current assets	13	14
Total financial and other non-current assets	134	121
Total non-current assets	1,378	1,040
Current assets		
Inventories	508	474
Receivables		
Trade and other receivables	575	445
Amounts due from customers under construction contracts	216	192
Loan and other receivables	1	-
Available-for-sale financial assets	7	28
Derivative financial instruments	13	20
Income tax receivables	31	22
Total receivables	842	706
Cash and cash equivalents	165	192
Total current assets	1,516	1,372
Total assets	2,894	2,412

Balance sheet as at December 31, 2015

Equity and liabilities EUR million	As at December 31, 2015	As at December 31, 2014
Equity		
Share capital	100	100
Reserve for invested unrestricted equity	404	403
Cumulative translation adjustments	18	9
Fair value and other reserves	-4	-3
Treasury shares	-7	-
Retained earnings	344	296
Equity attributable to owners of the parent	855	804
Non-controlling interests	6	5
Total equity	860	809
Liabilities		
Non-current liabilities		
Non-current debt	309	16
Post-employment benefits	149	144
Provisions	10	10
Derivative financial instruments	3	3
Deferred tax liability	70	22
Other non-current liabilities	-	1
Total non-current liabilities	542	195
Current liabilities		
Current portion of non-current debt	62	51
Trade and other payables	767	740
Provisions	98	98
Advances received	248	146
Amounts due to customers under construction contracts	276	327
Derivative financial instruments	13	30
Income tax liabilities	27	16
Total current liabilities	1,491	1,408
Total liabilities	2,033	1,603
Total equity and liabilities	2,894	2,412

Condensed Consolidated Statement of Cash Flows

	Q4/2015	Q4/2014	Q1–Q4/2015	Q1–Q4/2014
EUR million				
Cash flows from operating activities				
Profit / loss	28	25	78	46
Adjustments				
Depreciation and amortization	25	18	92	72
Dividend income and net interests	2	-	6	2
Income taxes	9	11	30	21
Other non-cash items	15	11	22	18
Change in net working capital, net of effect from business combinations and disposals	-11	-32	-121	103
Net interests and dividends received	-1	-1	-4	-2
Income taxes paid	-2	-2	-25	-24
Net cash provided by (+) / used in (-) operating activities	64	30	78	236
Cash flows from investing activities				
Capital expenditure on fixed assets	-15	-15	-44	-46
Proceeds from sale of fixed assets	1	1	3	4
Business combinations, net of cash acquired and loan repayments	-	-	-323	-
Net cash provided by (+) / used in (-) investing activities	-13	-14	-365	-42
Cash flows from financing activities				
Redemption of own shares	-	-	-7	-
Dividends paid	-	-	-37	-22
Net borrowings (+) / payments (-) on current and non-current debt	-28	-25	294	-142
Net investments in available-for-sale financial assets	-	13	24	-33
Other	1	-7	-13	-7
Net cash provided by (+) / used in (-) financing activities	-27	-19	259	-204
Net increase (+) / decrease (-) in cash and cash equivalents	24	-4	-28	-10
Effect of changes in exchange rates on cash and cash equivalents	2	-14	1	-9
Cash and cash equivalents at beginning of period	139	210	192	211
Cash and cash equivalents at end of period	165	192	165	192



Appendix

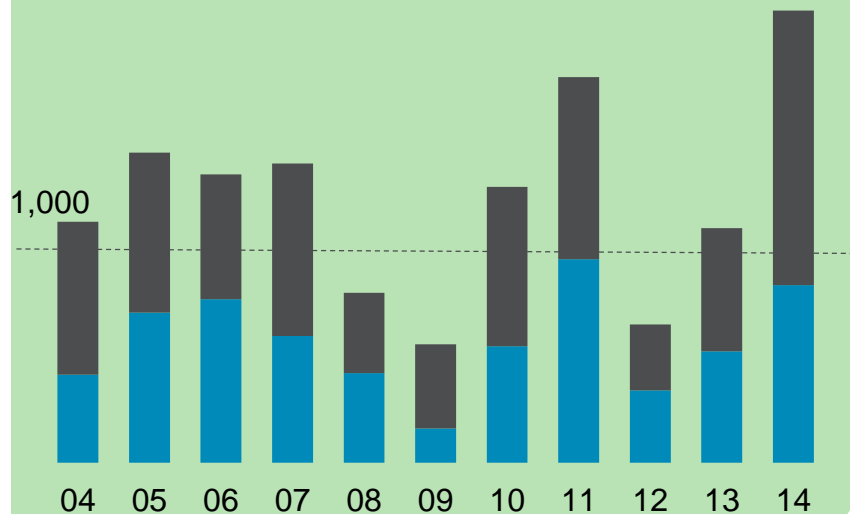
Market statistics

Pulp mill market is cyclical and characterized by large orders

Market fluctuates from year to year

Market size¹
(EUR million)

■ Valmet
■ Others



Valmet is well prepared for the cyclical nature of the business

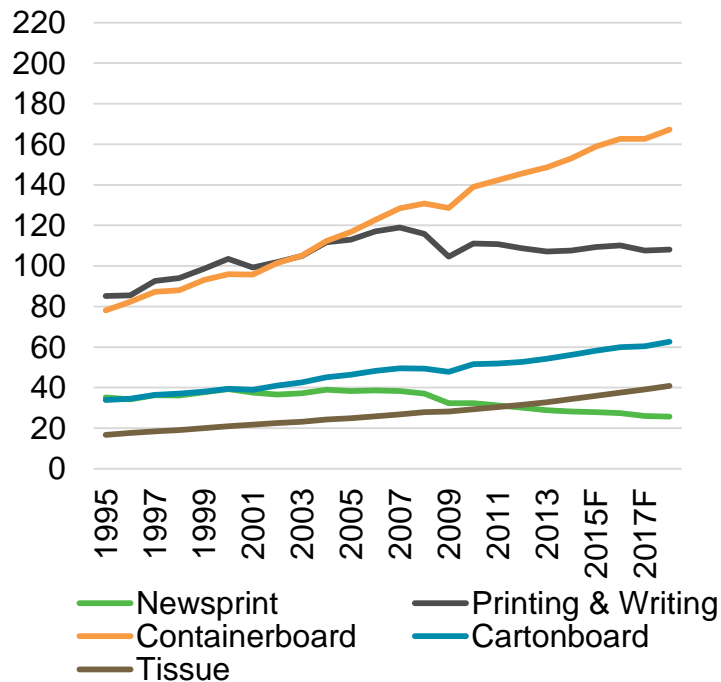
- Own capacity has been reduced during the last few years
- Capacity cost to net sales was 24% in 2015

1) Market size based on orders received. Includes all pulp business units, recovery boilers, and evaporation plants

Consumption development

Growth in board and tissue consumption is expected to continue while newsprint is declining

Paper consumption¹ (Mton)

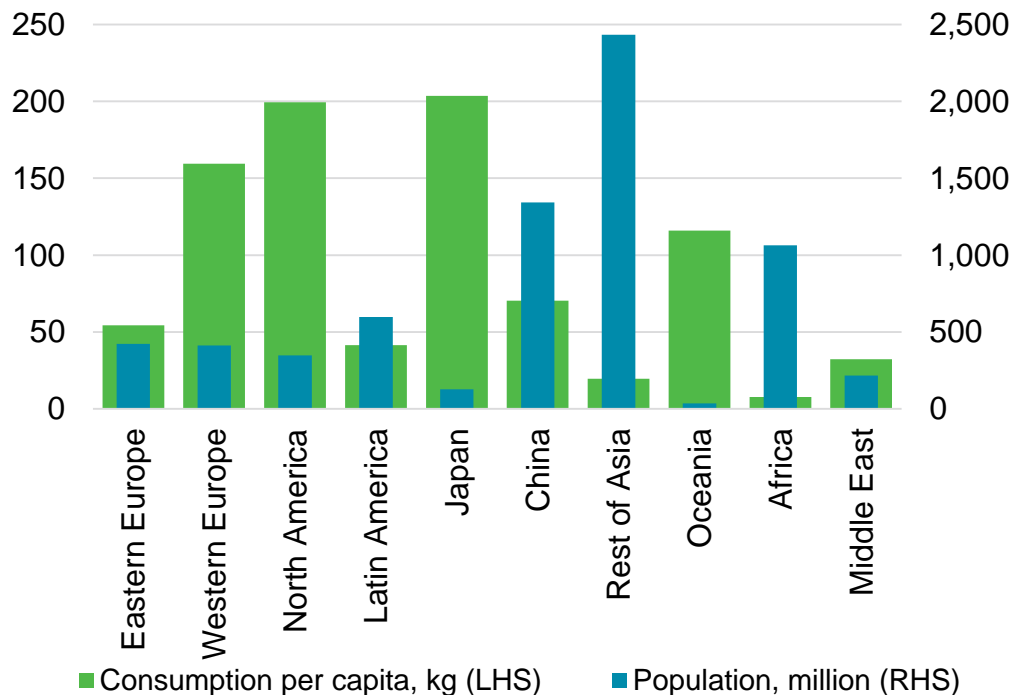


CAGR	2001-2014	2014-2018F
Containerboard	+3.7%	+2.4%
Printing & Writing	+0.4%	-0.8%
Cartonboard	+2.8%	+2.6%
Tissue	+3.4%	+3.6%
Newsprint	-2.7%	-3.8%

1) Source: RISI

Paper and board consumption growth trends

Paper and board consumption per capita vs. population¹



Population growth in emerging markets is larger than in developed markets

Level of consumption per capita in emerging markets clearly below that in developed markets

This offers us long-term growth potential

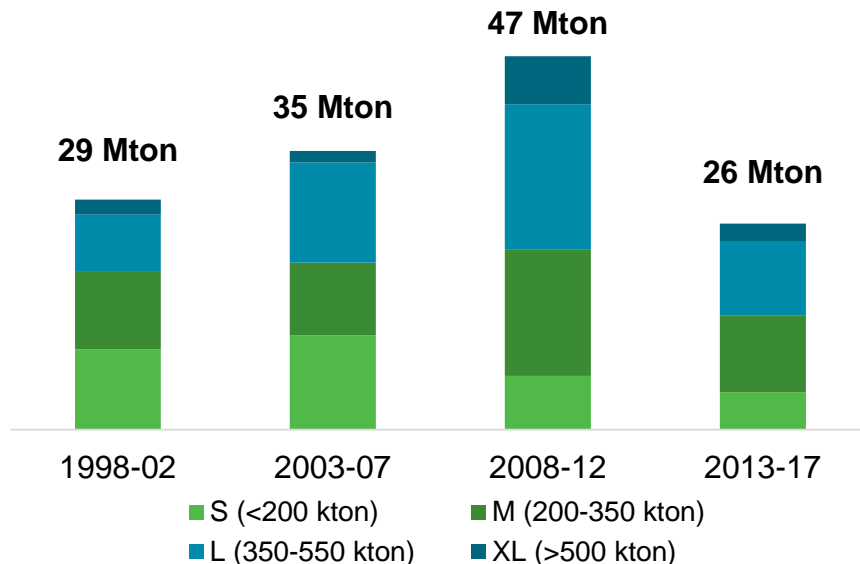
Average global consumption: 53 kg per capita

1) Source: PPI Annual Review 2013 (2012 figures)

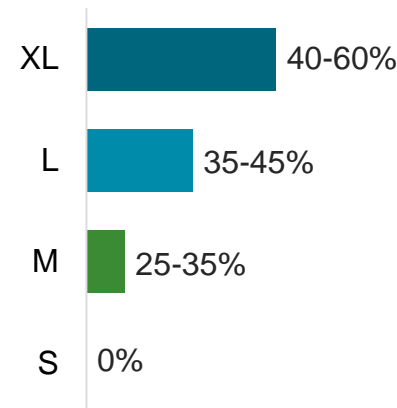
Demand has shifted more towards smaller paper and board machines

- We are focusing more on modularized and standardized solutions
- Competition is higher in smaller machines

Capacity of start-ups¹, by machine size



Valmet's market share¹, by machine size



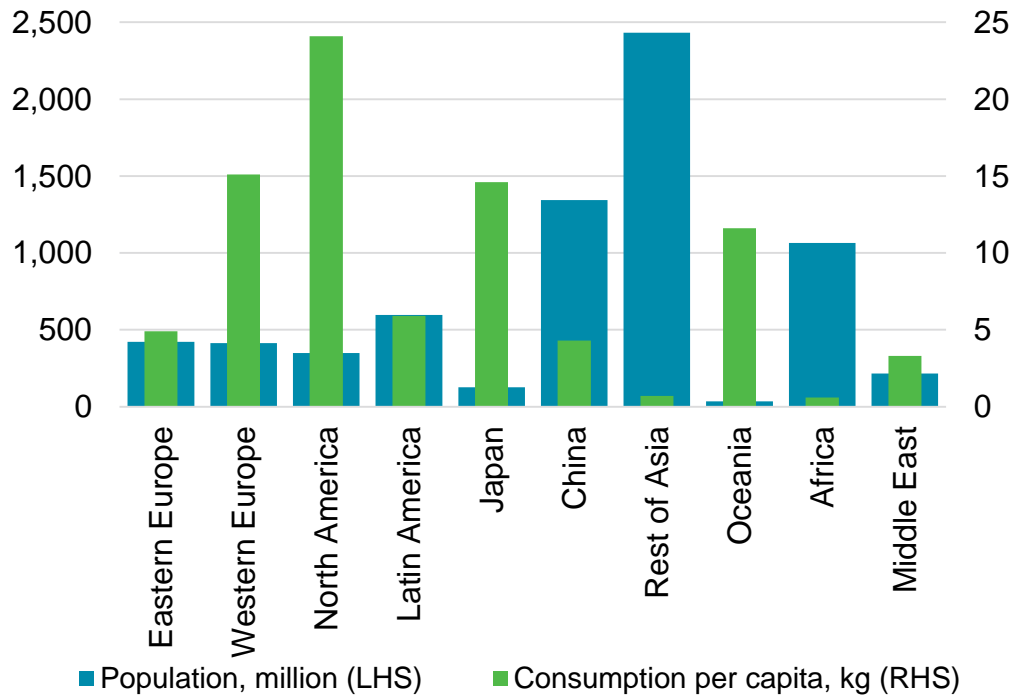
Competition is lower in larger machine sizes.

Higher number of players in smaller machines.

1) Source: Pöyry, Valmet

Tissue consumption growth trends

Tissue consumption per capita vs. population¹



Average global consumption: 4.5 kg per capita

New products and consumption models based on tissue are helping increase consumption in developed markets

Consumption in emerging markets is still low, but growing

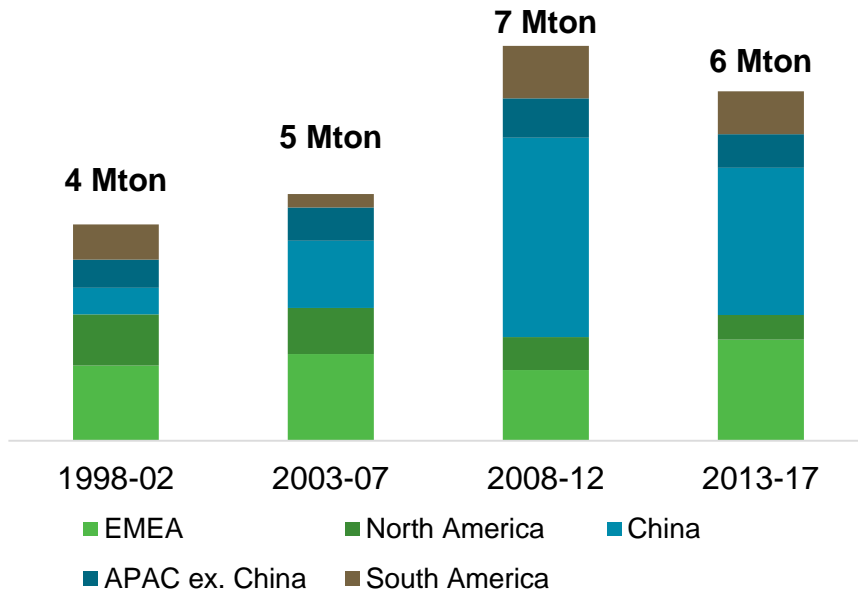
Offers us long-term growth potential in both developed and emerging markets

1) Source: PPI Annual Review 2013 (2012 figures)

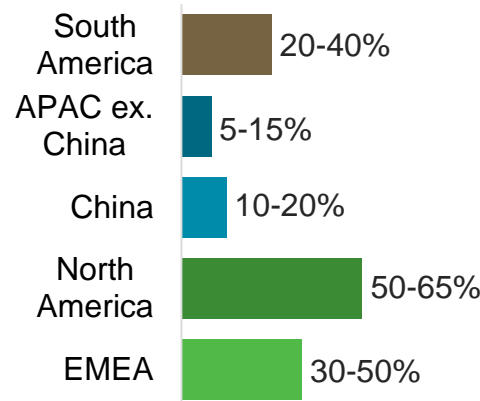
Tissue market growing long term

- Recent market reduction due to heavy Chinese investments
- Competition is high in all areas, Valmet is strongest in North America

Capacity of start-ups¹, by area



Valmet's market share¹, by area



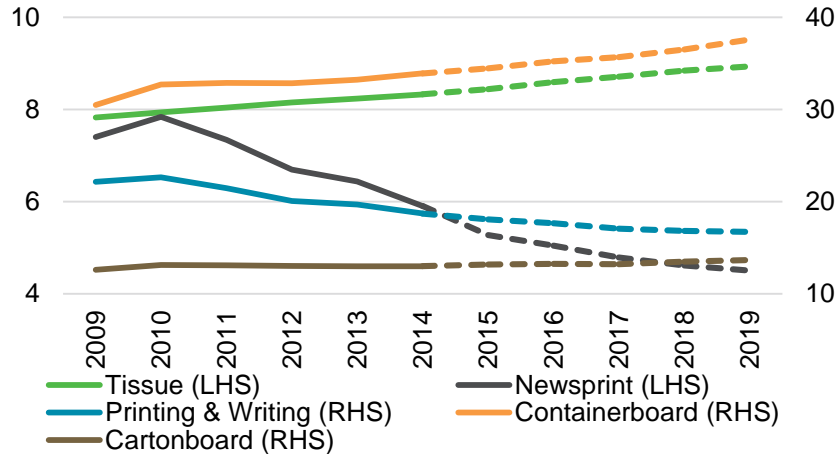
Number of competitors is low in the Americas and EMEA.

Smaller Chinese companies present in China and Asia.

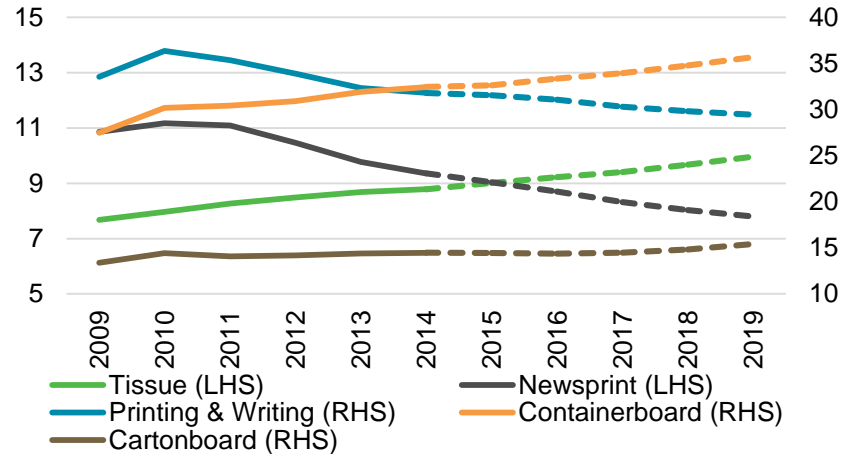
1) Source: Pöyry, Valmet

Paper, board, and tissue production trends

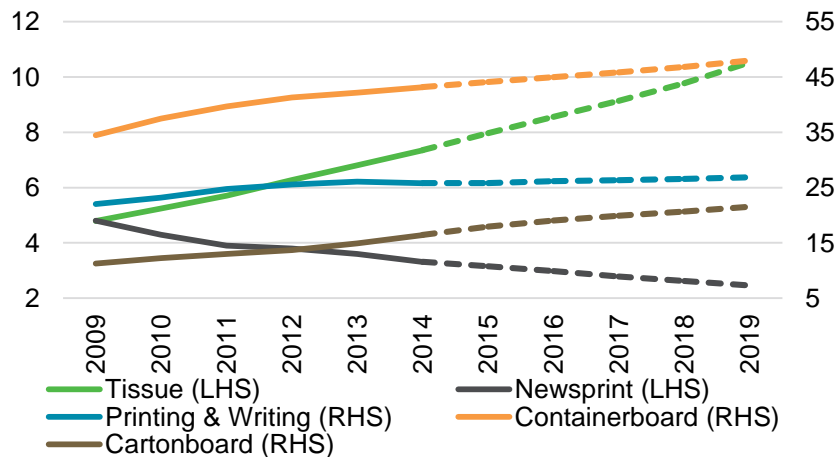
North America (million tonnes)



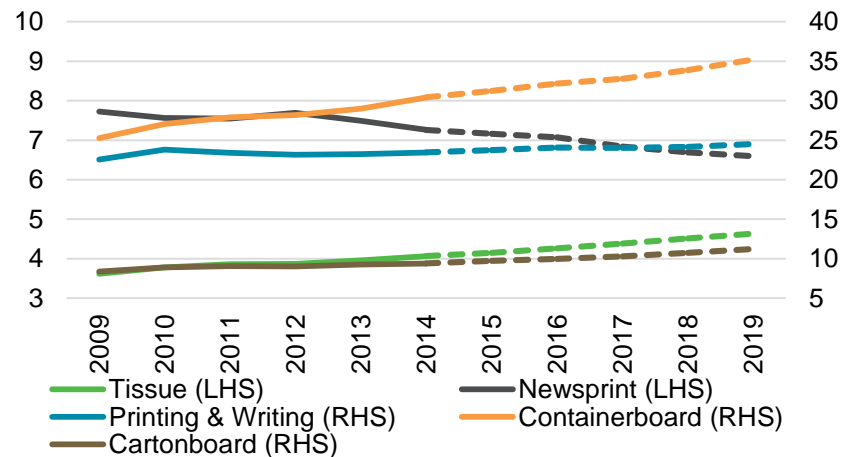
Europe (million tonnes)



China (million tonnes)



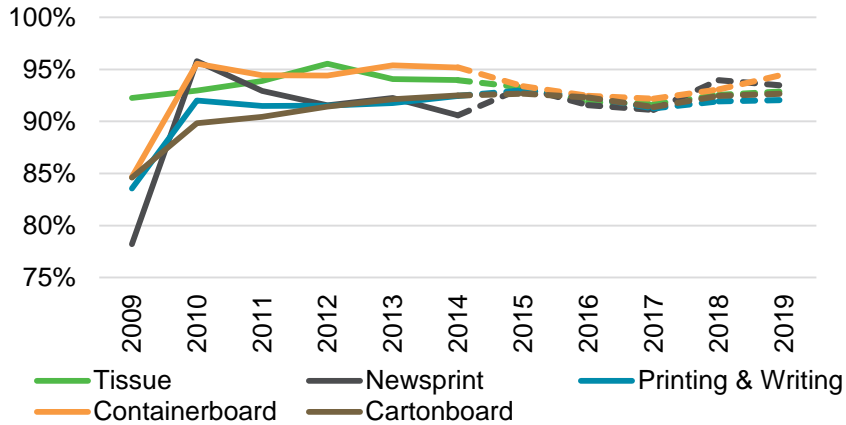
Asia-Pacific (million tonnes)



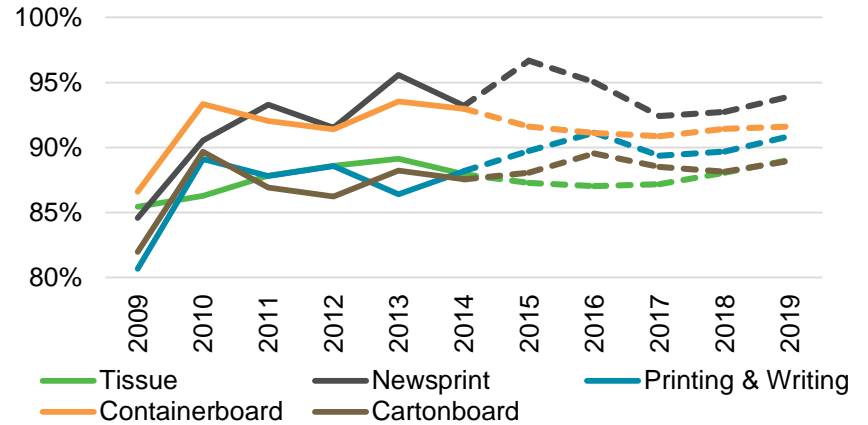
Source: RISI

Paper, board, and tissue operating rates

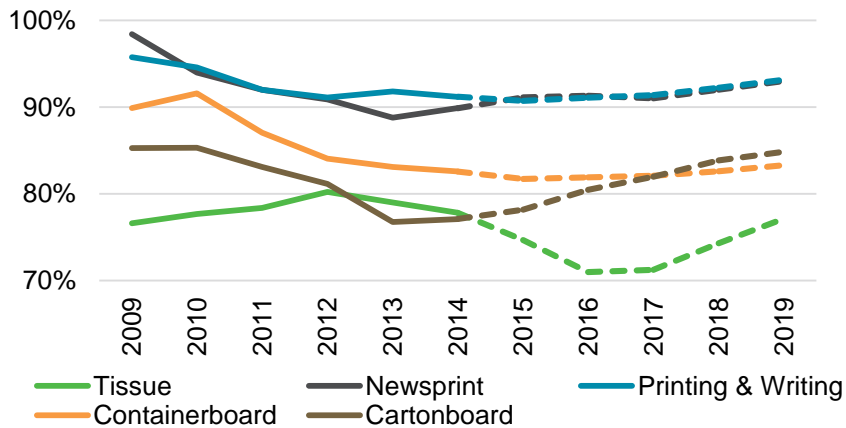
North America



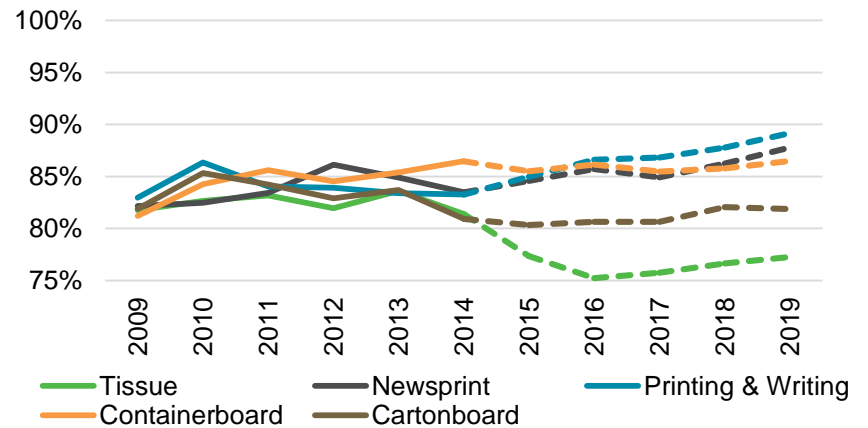
Europe



China

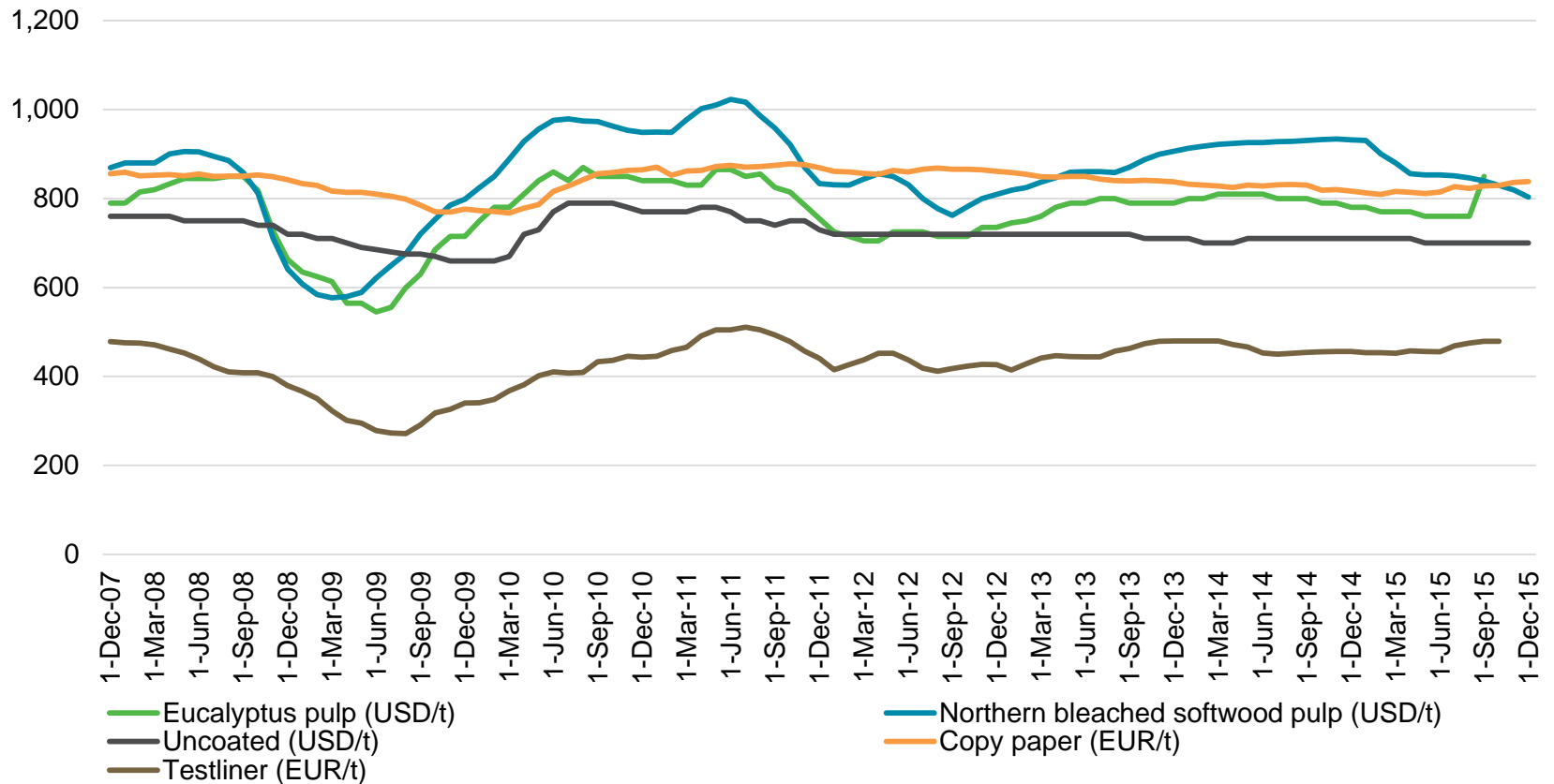


Asia-Pacific



Source: RISI

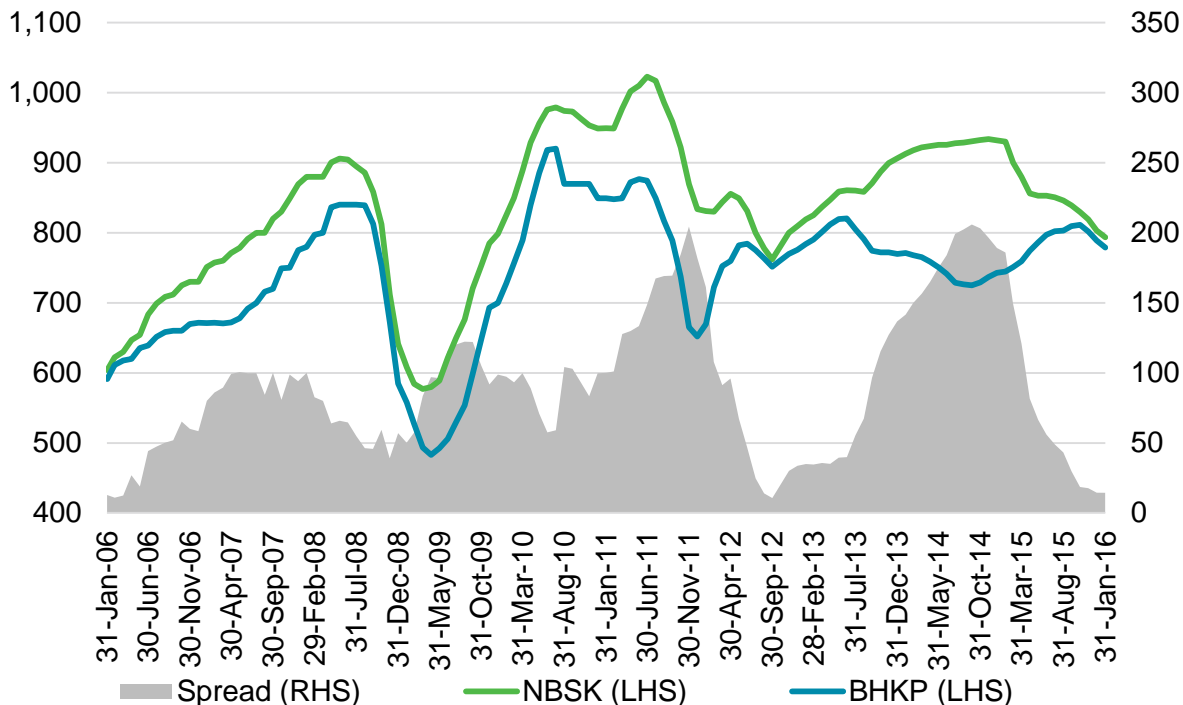
Pulp and paper price trends



Source: Bloomberg

Pulp price spread

Pulp prices, Europe: NBSK and BHKP (USD/ton)



NBSK

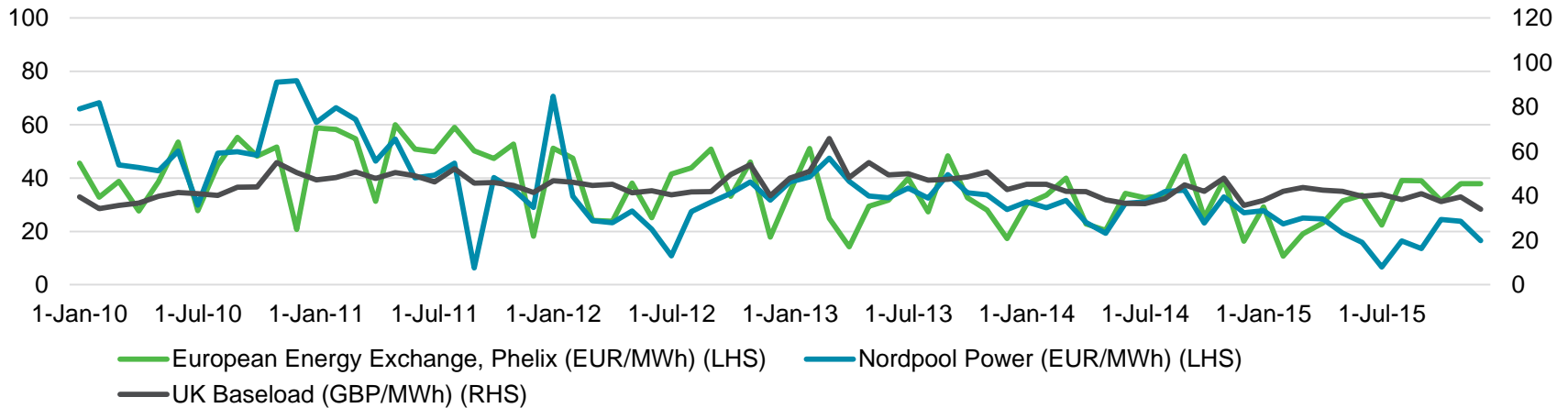
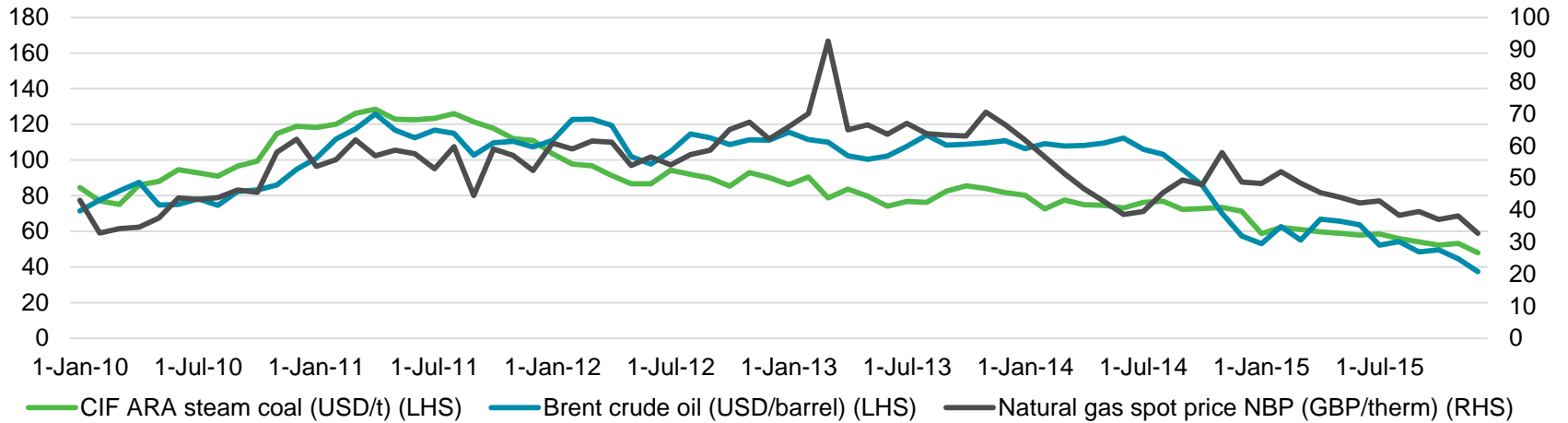
Northern bleached softwood kraft pulp is produced mainly in Canada and the Nordic countries. NBSK is based on long fibre wood species. It adds strength to the final product.

BHKP

Bleached hardwood kraft pulp, produced e.g. in Brazil and Indonesia, is based on short fibre wood species. It adds softness to the final product.

Crude oil, steam coal, natural gas and electricity

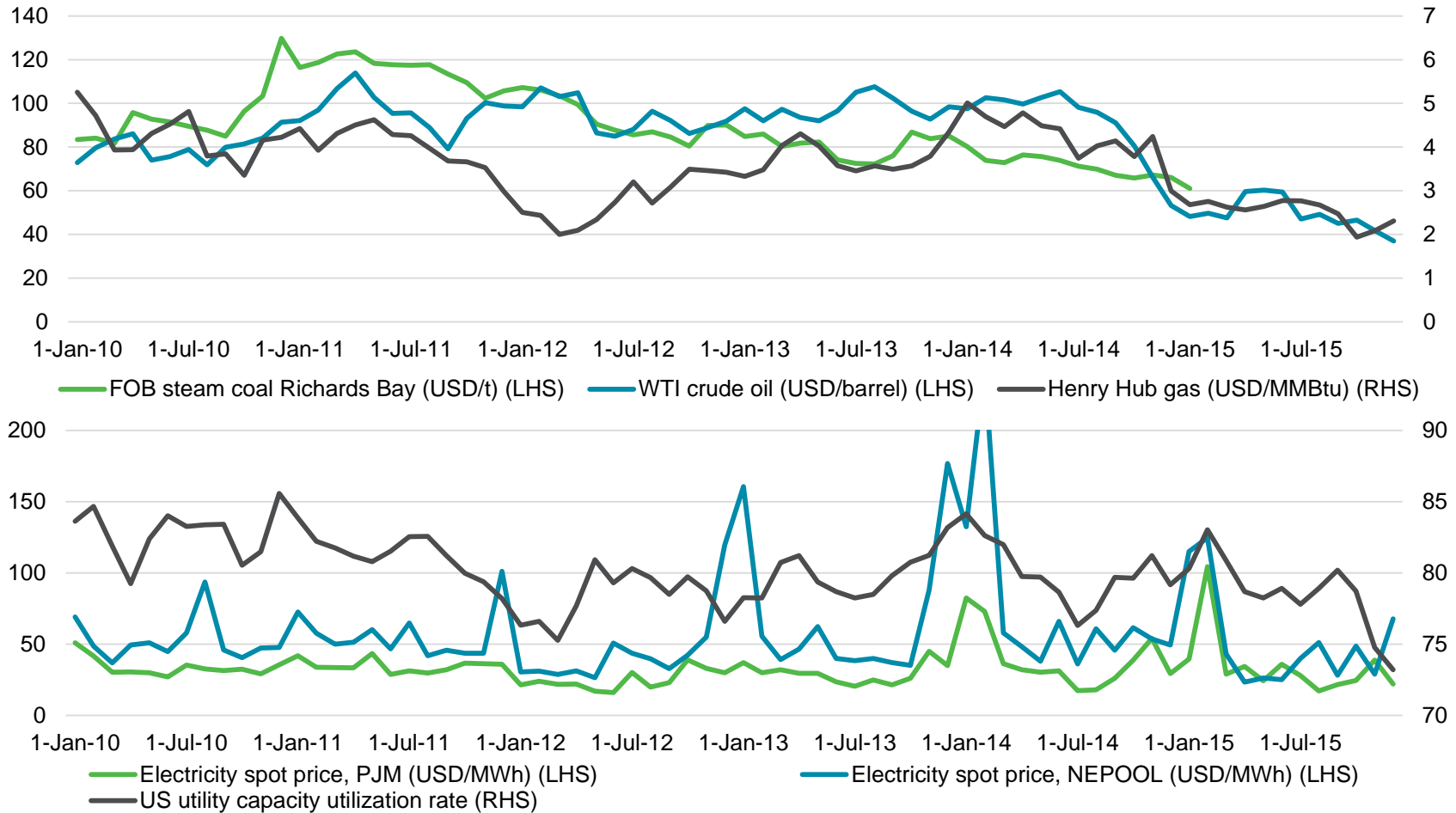
Europe



Source: Bloomberg

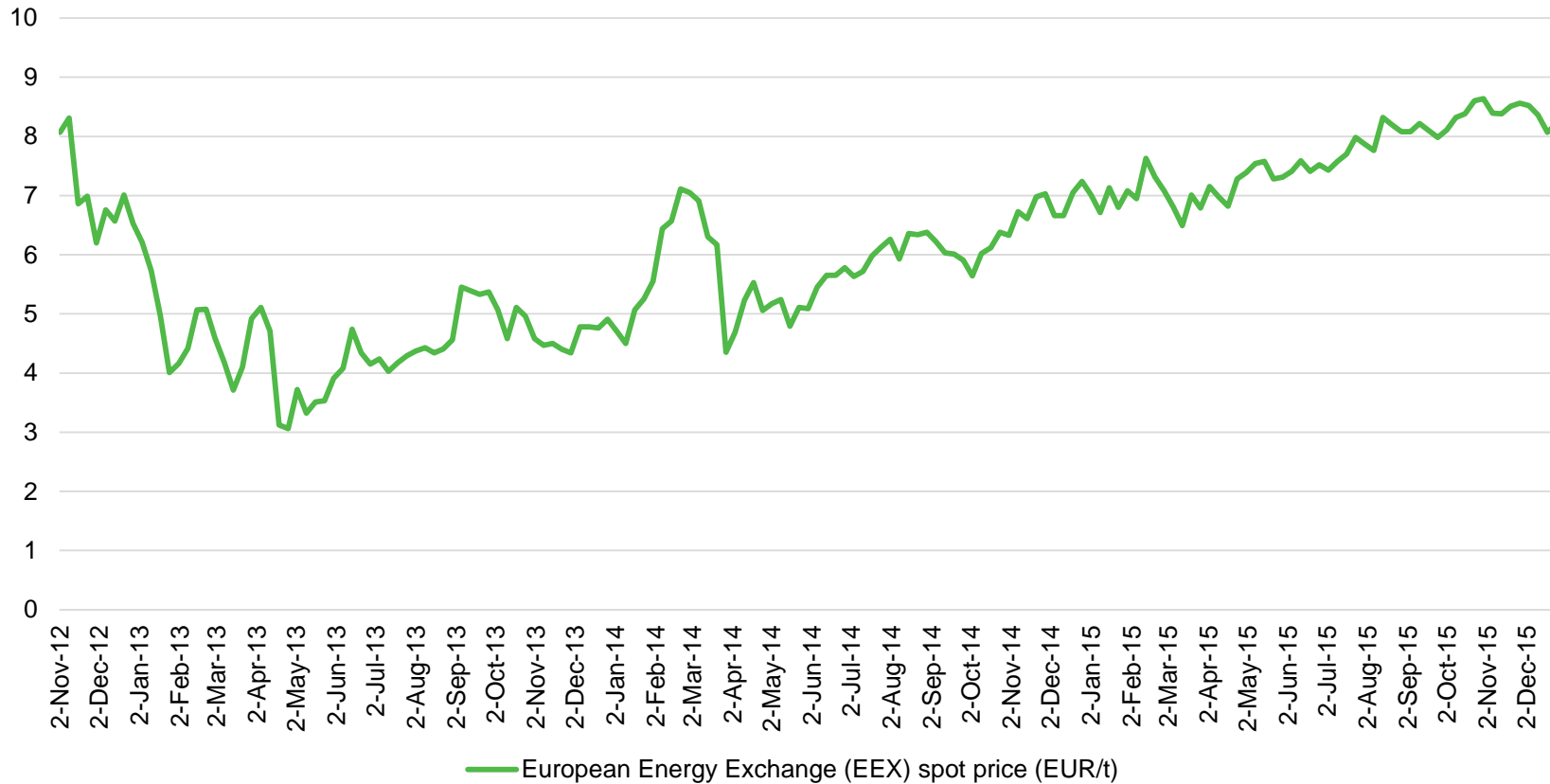
Crude oil, steam coal, natural gas and electricity

United States



Source: Bloomberg

European Carbon Emission Allowance



Source: Bloomberg



Appendix

Management

Experienced Executive Team

Corporate



Pasi Laine
President and CEO
Share ownership: 49,021



Kari Saarinen
CFO
Share ownership: 6,325



Julia Macharey
SVP, Human Resources
Share ownership: 3,455

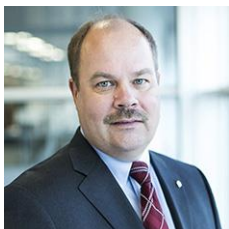


Juha Lappalainen
SVP, Strategy and
Operational Development
Share ownership: 18,000

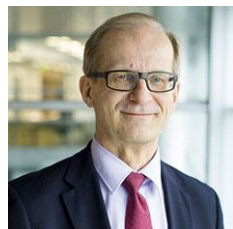


Anu Salonsaari-Posti
SVP, Marketing &
Communications
Share ownership¹: 1,500

Business lines



Jukka Tiitinen
Business Line President,
Services
Share ownership²: 23,770



Sakari Ruotsalainen
Business Line President,
Automation
Share ownership: 8,090

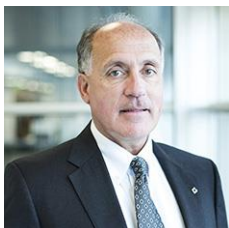


Bertel Karlstedt
Business Line President,
Pulp and Energy
Share ownership: 5,700

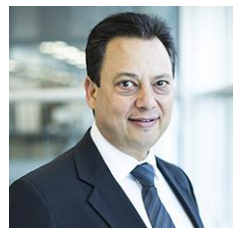


Jari Vähäpesola
Business Line President,
Paper
Share ownership: 12,391

Areas



William Bohn
Area President, North
America
Share ownership: 6,652



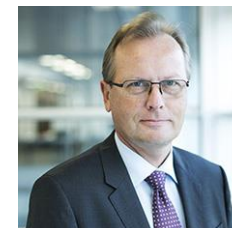
Celso Tacla
Area President, South
America
Share ownership: 21,175



Vesa Simola
Area President, EMEA
Share ownership: 5,817



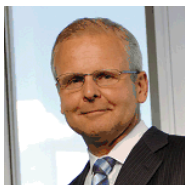
Aki Niemi
Area President, China
Share ownership: 8,000



Hannu T. Pietilä
Area President, Asia-Pacific
Share ownership: 8,432

1) Includes 100 shares in Valmet owned by Ms. Salonsaari-Posti's family members
2) Includes 100 shares in Valmet owned by Mr. Tiitinen's family members

Board of Directors



Bo Risberg

(b. 1956)
Chairman of
the Board
Swedish citizen

- BSc in Mech. Engineering, MBA
- Selected experience:
 - CoB of Piab Group Holding
 - Vice CoB of Grundfos A/S and IMD
 - Member of the BoD of Norstjernen AB and Trelleborg AB
- Share ownership: 3,922
- Independent of company: Yes
- Independent of owners: Yes



Mikael Von Frenckell

(b. 1947)
Vice Chairman of
the Board
Finnish citizen

- MSc in Social Sciences
- Selected experience:
 - Vice CoB of Metso since 2012, board member since 2010
 - Member of the BoD of Antti Ahlströmin Perilliset Oy and Sponsor Capital Oy
- Share ownership: 107,989
- Independent of company: Yes
- Independent of owners: Yes



Friederike Helfer

(b. 1976)
Board member
Austrian citizen

- MSc in Real Estate Development, Diplom-Ingenieur in Urban Planning, CFA charterholder
- Selected experience:
 - Partner at Cevian Capital, joined Cevian Capital in 2008
 - Engagement Manager at McKinsey (2004-2008)
- Share ownership: 4,187
- Independent of company: Yes
- Independent of owners: Yes



Erkki Pehu-Lehtonen

(b. 1950)
Board member
Finnish citizen

- MSc in Mechanical Engineering
- Selected experience:
 - Member of Metso board since 2010
 - CoB of Raute Corporation
 - President and CEO of Pöyry (1999-2008)
- Share ownership: 7,366
- Independent of company: Yes
- Independent of owners: Yes



Lone Fønss Schrøder

(b. 1960)
Board member
Danish citizen

- MSc in Economics, Accounting; LL.M.
- Selected experience:
 - Member of the BoD of Saxobank A/S, Aker Solutions, Volvo PV AB, NKT Holding A/S, Schneider SE, Bilfinger Berger SE
- Share ownership: 5,235
- Independent of company: Yes
- Independent of owners: Yes



Rogério Ziviani

(b. 1956)
Board member
Brazilian citizen

- BSc in Business Management, MSc in Business Administration
- Selected experience:
 - Member of the BoD of Contax Participações S.A and HSBC – SRI – FI – Sustainability Fund
 - Member of the Brazilian Institute of Corporate Governance
- Share ownership: 4,187
- Independent of company: Yes
- Independent of owners: Yes

