



Growing via competitor replacements and market expansion

Sakari Ruotsalainen
Business Line President, Automation

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Agenda

Capital Markets Day 2016

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- 4 Must-Wins
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Current status

Automation business line in brief

Extensive range of process automation and information management solutions to take our customers' business performance forward.

Global network of expertise close to our customers.

Strong R&D investments across the automation offering.

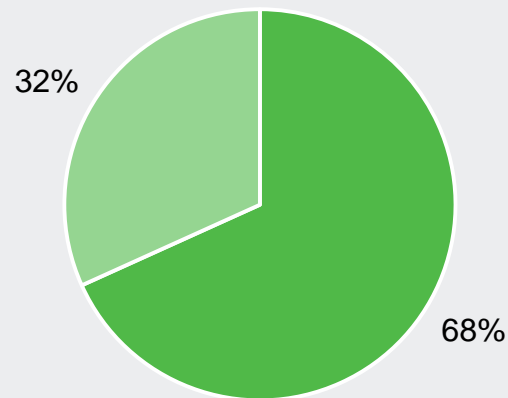
Figures for last 12 months

Orders received
EUR 321 million

Net sales
EUR 321 million

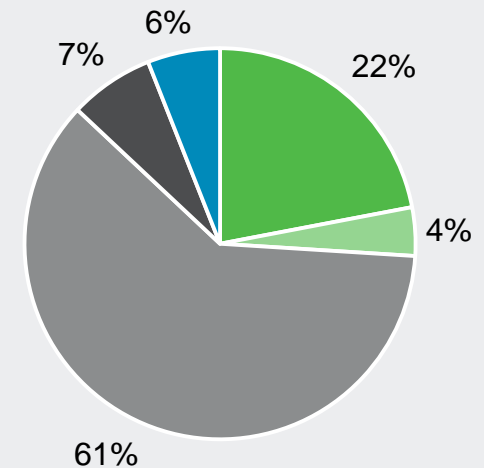
Employees (on June 30, 2016)
1,649

Net sales by industry¹



- Pulp and Paper
- Energy and Process

Net sales by area¹



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

1) Net sales during the last 12 months (July 1, 2015 – June 30, 2016), including internal net sales. Orders received and net sales include internal figures.

Automation offering

Unique and market leading automation offering



Distributed Control Systems (DCS)

- DCS for process and machine controls
- Condition monitoring
- Information management
- APC (Advanced Process Controls)



Quality Management Systems (QMS)

- QCS (Quality Control Systems)
- Profilers
- Web inspection and web break analysis systems



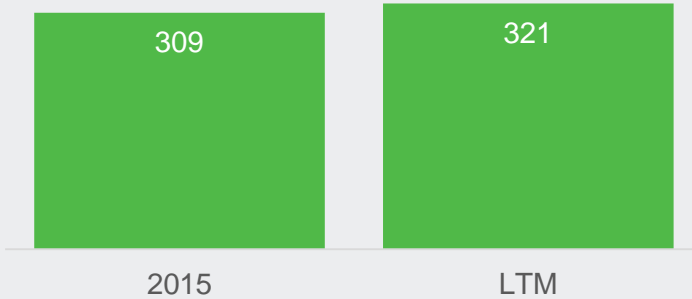
Analyzers and measurements

- Paper analyzers
- Pulp analyzers
- Pulp consistency measurements
- Conductivity measurements
- Power analyzers

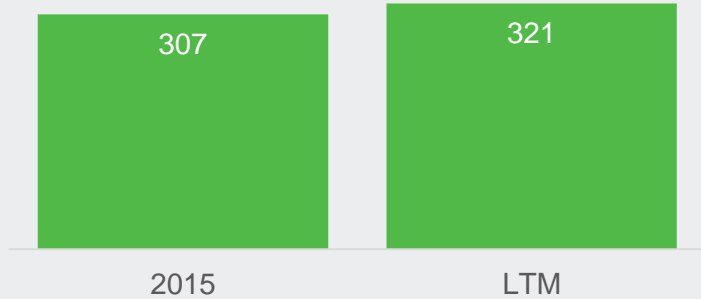
Industrial Internet and Automation Services

Major achievements

Orders received
(EUR million)



Net sales
(EUR million)



Automation business line

- Successful integration to Valmet
- Excellent reception by personnel and customers
- Good performance overall
- Orders received during last 12 months have increased 10% from a year ago
- Good Valmet-time profitability

LTM = Last twelve months (July 1, 2015 – June 30, 2016)



Market environment and market position

Market position

Pulp and paper automation

Estimated market size	Long-term market growth	Valmet's market share
EUR ~1 bn	~1%	~20%
Distributed Control System (DCS)	Quality Management System (QMS)	Analyzers and measurements
#2	#1-2	#1

Energy and process

Estimated market size	Long-term market growth	Valmet's market share
EUR ~1 bn	~1%	~10%
Distributed Control System (DCS)		
#4 in Power generation (including partners) #2 in high-end Marine		

Competitors

ABB
Honeywell
Emerson
Siemens
Yokogawa

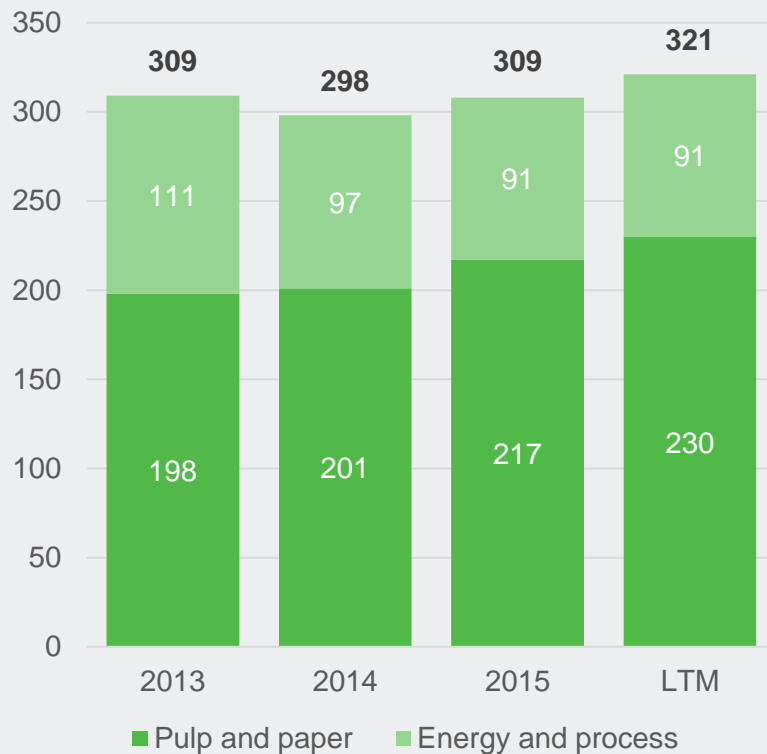
ABB
Honeywell
Voith
Paperchine
Procemex
Cognex
Isra Vision

ABB
BTG

ABB
Honeywell
Emerson
Siemens
Yokogawa

Market environment

Orders received (EUR million)



Pulp and paper target market

- DCS (Distributed Control Systems), QMS (Quality Management Systems), Analyzers and Specialty Measurements
- Long-term market growth estimated to be ~1% p.a. driven mainly by
 - Ageing automation technology installed base
 - Growth in Tissue and Board
 - Process performance uplifts

Energy target market

- Long-term market growth estimated to be ~1% p.a.
- Power DCS market decline seems to have bottomed-out with some signs of recovery

Other process industries target market

- Demand for cruise vessels with large automation systems good and still expected to grow
- Other process industries a new growth opportunity to Valmet



Strategic objectives

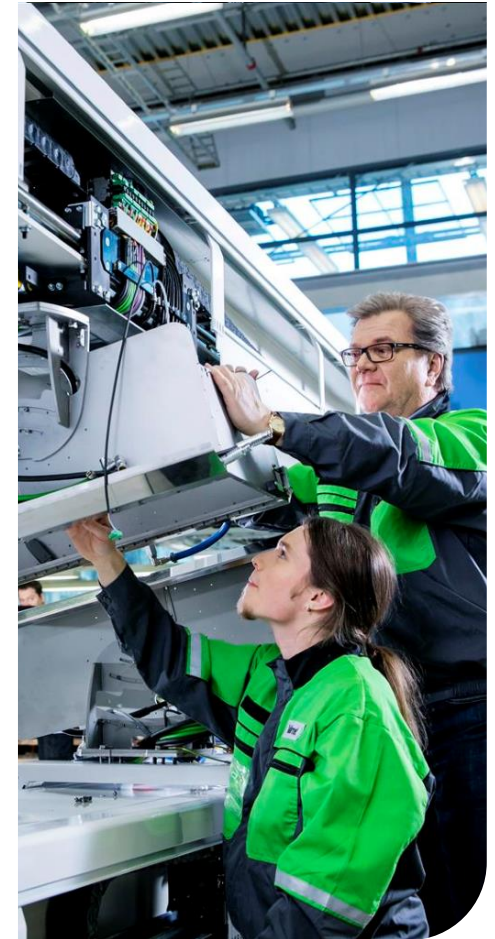
Strategic objectives

Strategic objectives

- Net sales to grow over two times the market growth
- Improve profitability

Business focus

- Faster growth with improved profitability
- Become leader in pulp and paper including Industrial Internet
- Grow DCS market share including process industry business
- Become champion in serving our customers



Business specific focus areas

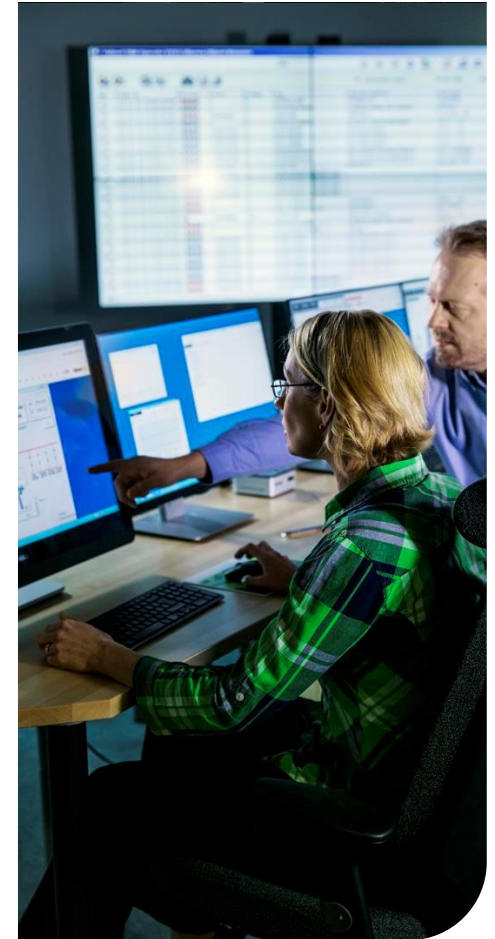
Business specific focus areas

Business units

- **Pulp and Paper:** Continue to win market share via competitor replacements, strengthen technology leadership and customer closeness
- **Energy and Process:** Accelerate growth via market expansion (new countries, customers and process industry) and strengthen customer closeness

Areas


- **North America:** Grow market share via competitor replacements, especially DCS
- **South America:** New capacity projects, grow services
- **EMEA:** Grow market share via competitor replacements, new customers in energy and process
- **China:** New capacity projects, mid-size customers, grow services
- **Asia-Pacific:** New capacity projects, grow services, new customers in energy and process





Must-Wins

Must-Wins in Automation

Must-Wins	Must-Win initiatives 
Customer excellence	<ul style="list-style-type: none">• Grow by implementing Valmet Way to Serve and Industrial Internet offering
Leader in technology and innovation	<ul style="list-style-type: none">• Renew offering and improve cost competitiveness to grow and increase gross profit
Excellence in processes	<ul style="list-style-type: none">• Implement Lean to further improve end-to-end performance and reduce quality costs
Winning team	<ul style="list-style-type: none">• Develop capabilities close to customers



Case examples

Since 2012 we have replaced 500 systems originally delivered by competitors

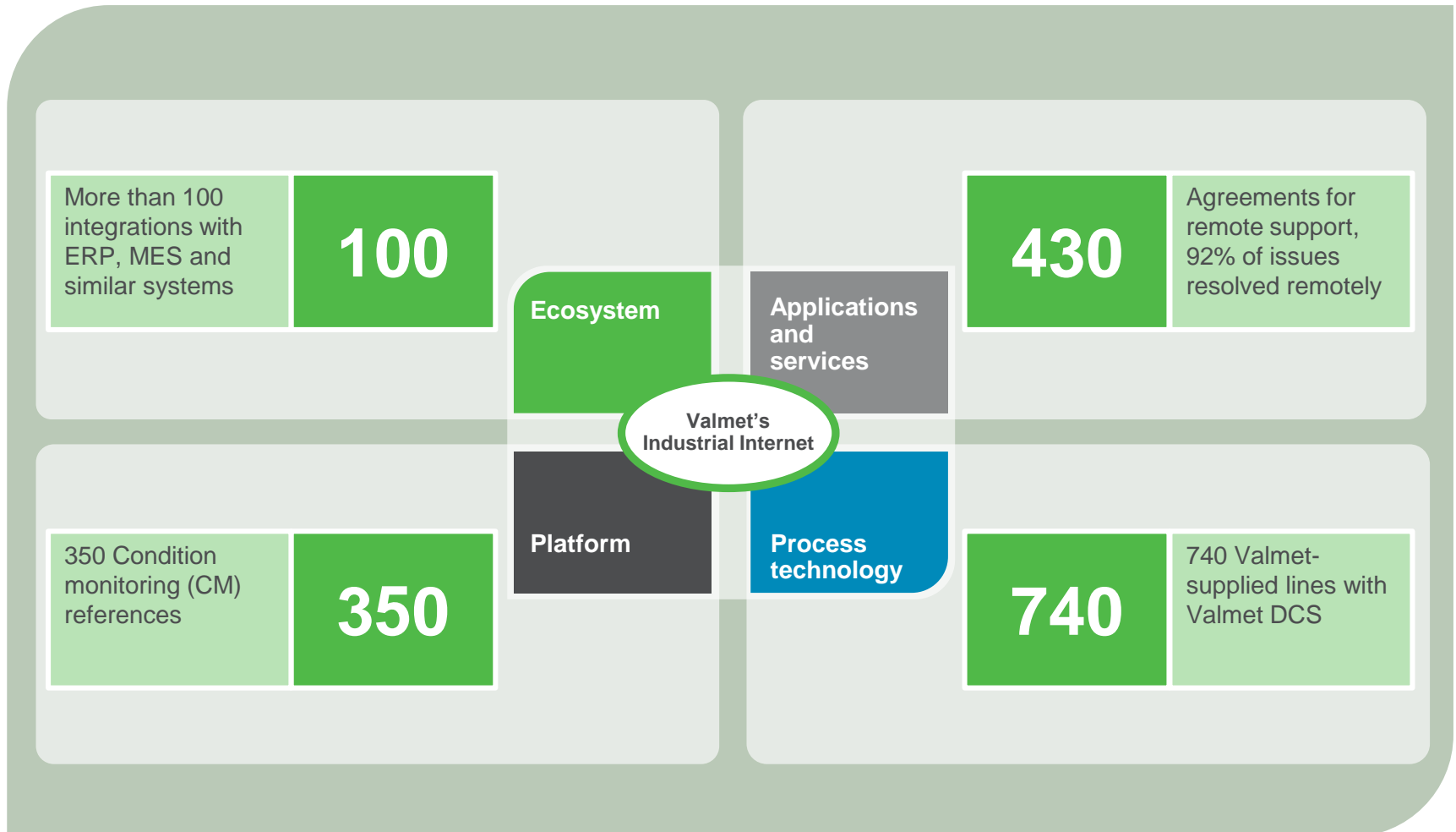
> 220 Competitor DCS/PLC systems replaced



> 280 Competitor QCS, Profiler and Camera systems replaced



Customers are extensively utilizing our Industrial Internet capabilities



Minimizing safely our customer's fuel costs with Valmet combined capabilities for biomass use

Kuopion Energia Oy, Finland



Background

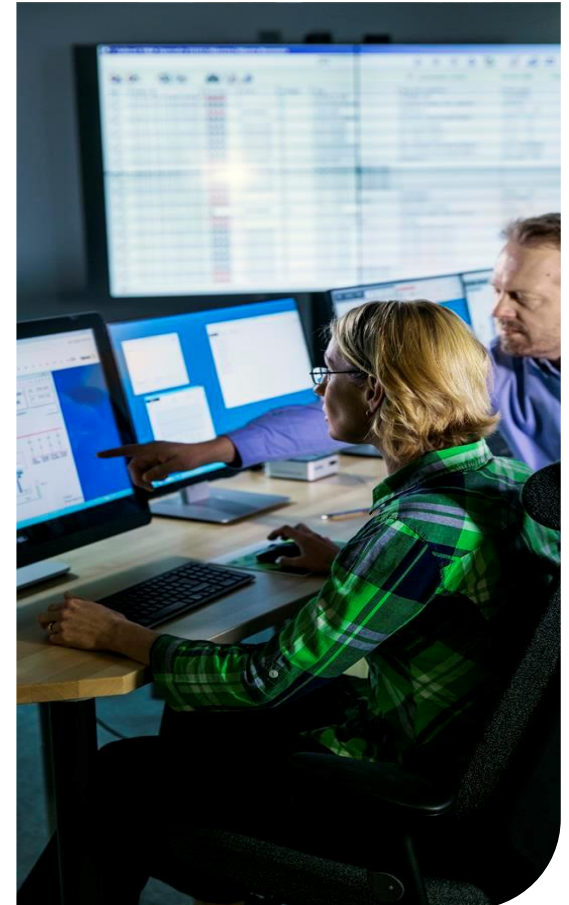
- Kuopion Energia Oy produces electricity and district heat for the residents of the city of Kuopio

Challenge

- Main fuels are peat, woody biomass and other bio based fuels
- Heading for more cost efficient fuel mix will add risks of corrosion of the super heater

Solution

- FuelDiet® corrosion control solution and Valmet specialist remote support to control and predict high-temperature corrosion and optimize the fuel diet.



Success in tissue machine automation

➤ ~100 Valmet-supplied tissue machine including automation packages

➤ Proven full package delivery from one supplier to secure on-time, on-quality ramp-ups and optimize production line performance

➤ Cost effective standard solutions based delivery model





Summary

Summary

- Automation is the market leader in pulp and paper automation and selected energy automation segments
- Automation is growing via competitor replacements and market expansion
- Automation has had good profitability during Valmet time and is aiming to further improve



