



Valmet – unique offering with
process technology, automation
and services

Roadshow presentation
January 2022

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Agenda

Valmet roadshow presentation

1 Valmet in brief

2 Investment highlights





3 Financials

4 Conclusion



Valmet in brief

We have strong market shares, unique offering and over 220 years of history

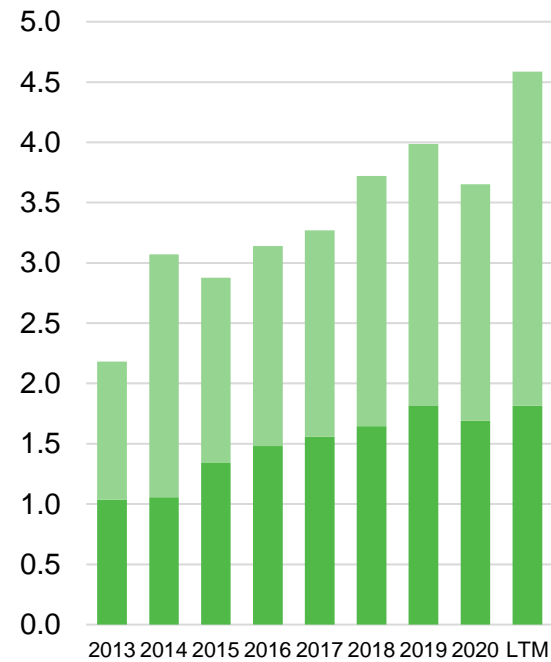
 <p>Paper</p> <p>Market position #1</p> <p>Market share ~50%</p>	 <p>Pulp and Energy</p> <p>Market position #1–3</p> <p>Market share ~20–45%</p>	 <p>Automation</p> <p>Market position #1–3</p> <p>Market share ~25%</p>	 <p>Services</p> <p>Market position #1–2</p> <p>Market share ~17–18%</p>
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Valmet's road to becoming a global market leader

- 1797 onwards**
Tamfelt, Beloit, KMW, Sunds Defibrator
- 1951**
Valmet
- 1968–1996**
Several M&As, e.g. KMW (1986), Wärtsilä paper finishing machinery (1987), Tampella Papertech (1992)
- 1999**
Metso created through the merger of Valmet and Rauma
- Key acquisitions**
Beloit Technology (2000), Kvaerner Pulping & Kvaerner Power (2006), Tamfelt (2009)
- End of 2013**
Demerger to create Valmet and Metso
- Acquisitions**
Automation (2015), GL&V (2019), J&L (2019), PMP (2020)

Valmet's development since 2013

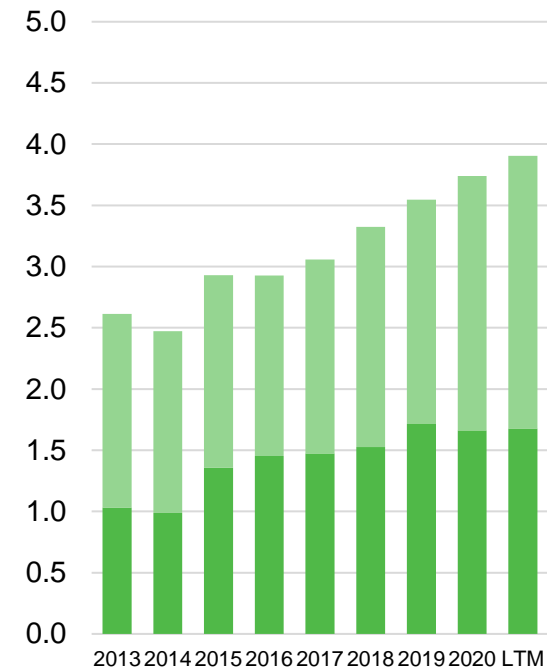
Orders received
(EUR billion)



Business lines

- Services and Automation
- Pulp, Energy and Paper

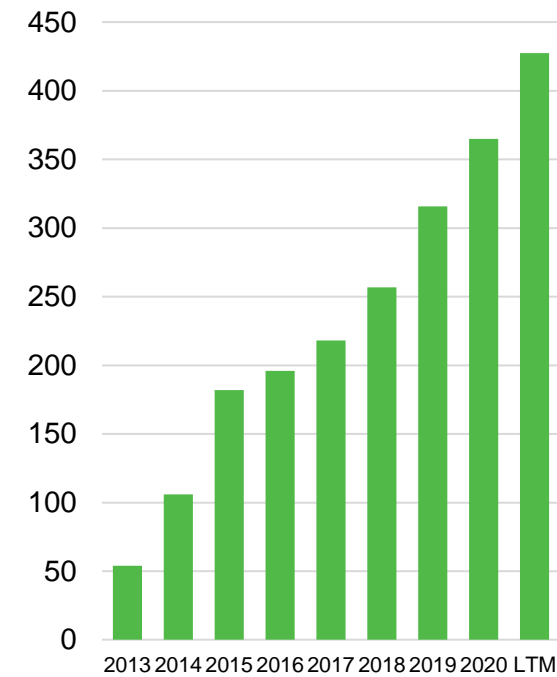
Net sales
(EUR billion)



Business lines

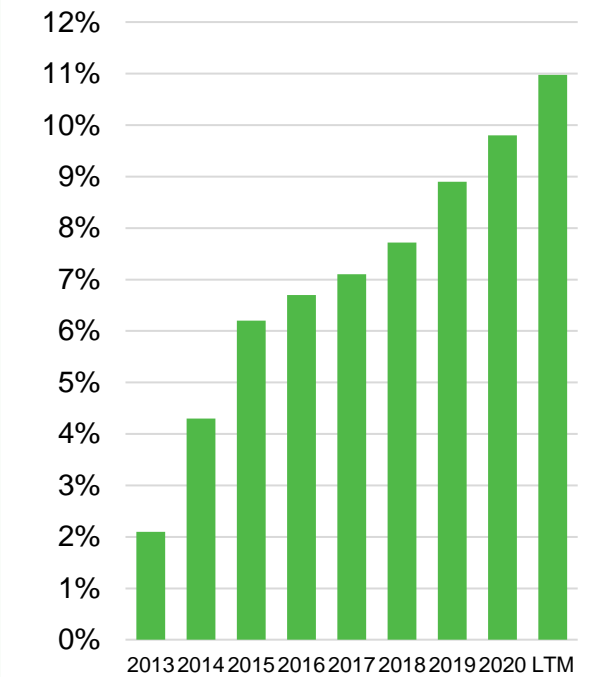
- Services and Automation
- Pulp, Energy and Paper

Comparable EBITA
(EUR million)



- Comparable EBITA

Comparable EBITA margin
(%)



- Comparable EBITA margin

LTM = Last twelve months, Q4/2020-Q3/2021.

Key figures

Last twelve months ending Q3/2021

Orders received
EUR 4,588 million

Net sales
EUR 3,904 million

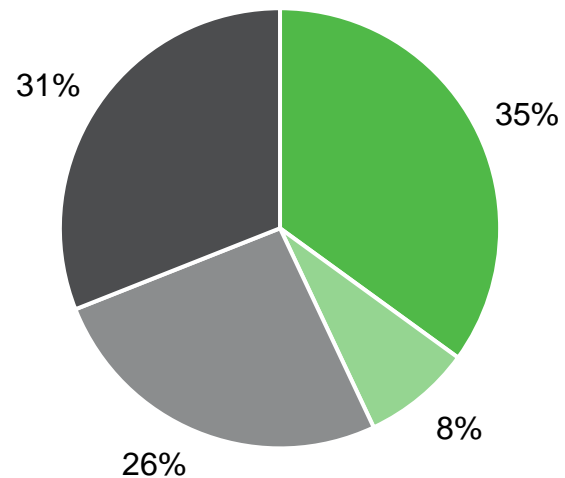
Comparable EBITA
EUR 428 million

Comparable EBITA margin
11.0%

Order backlog
EUR 4,199 million

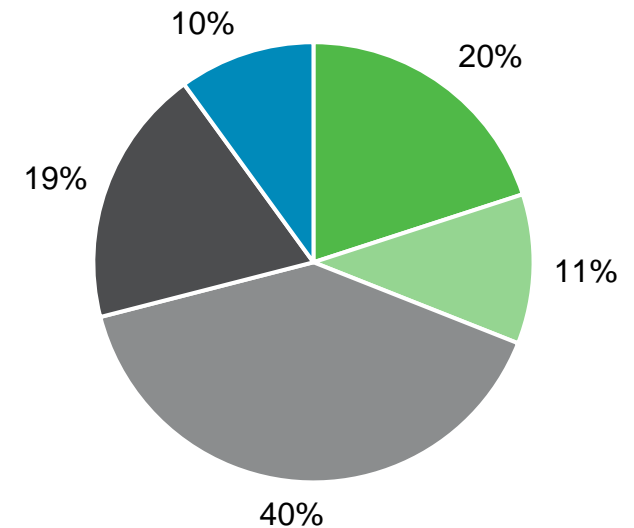
Employees
14,179

Net sales by business line



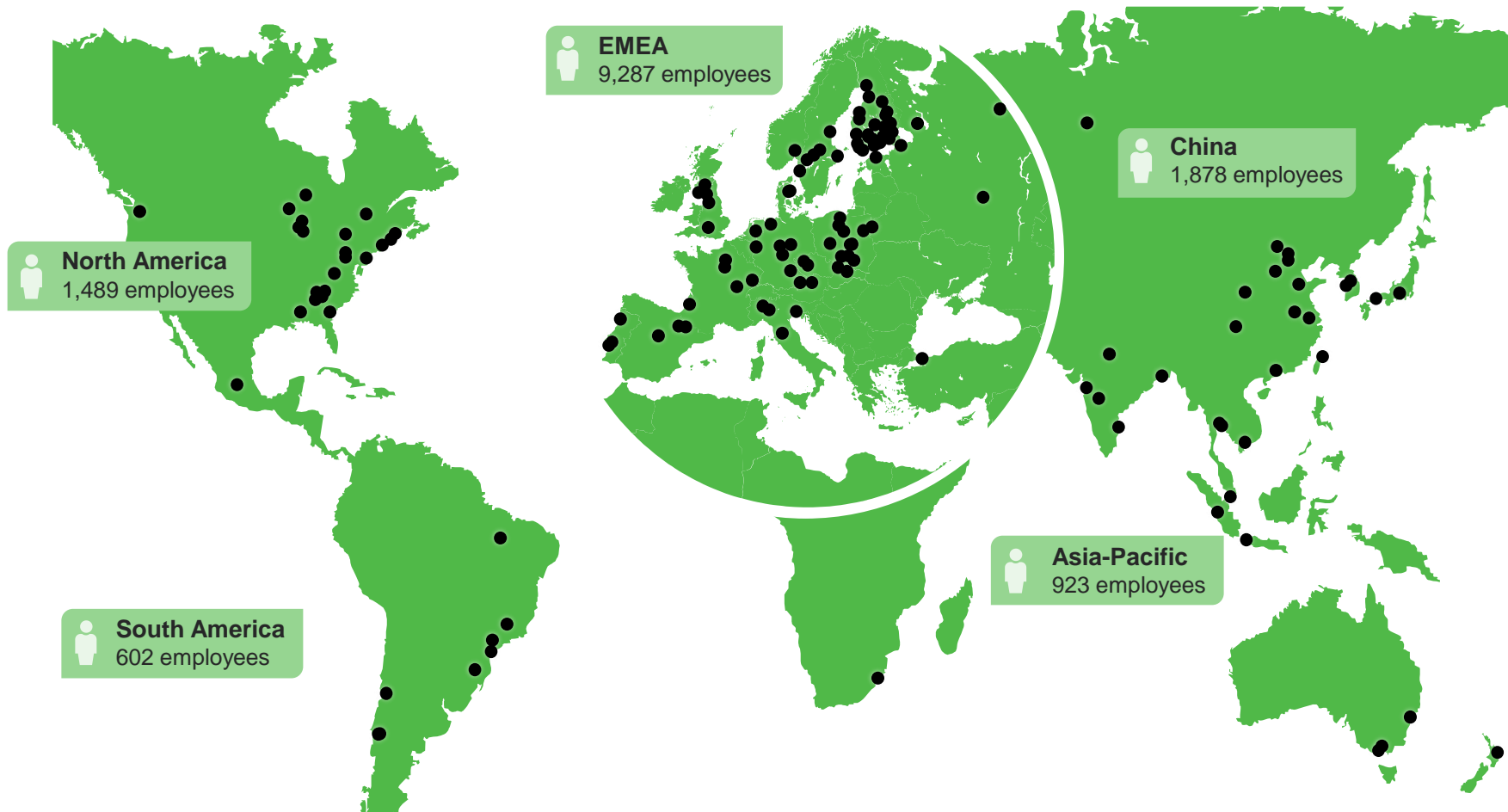
- Services
- Automation
- Pulp and Energy
- Paper

Net sales by area



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

Strong, global presence is a good platform for growth



~100
service centers



98
sales offices



43
production units



16
R&D centers



8
Performance Centers



Process technology, services and automation

Valmet's unique offering differentiates the company from its competitors



Significant, customer focused research and development work

R&D focus areas

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

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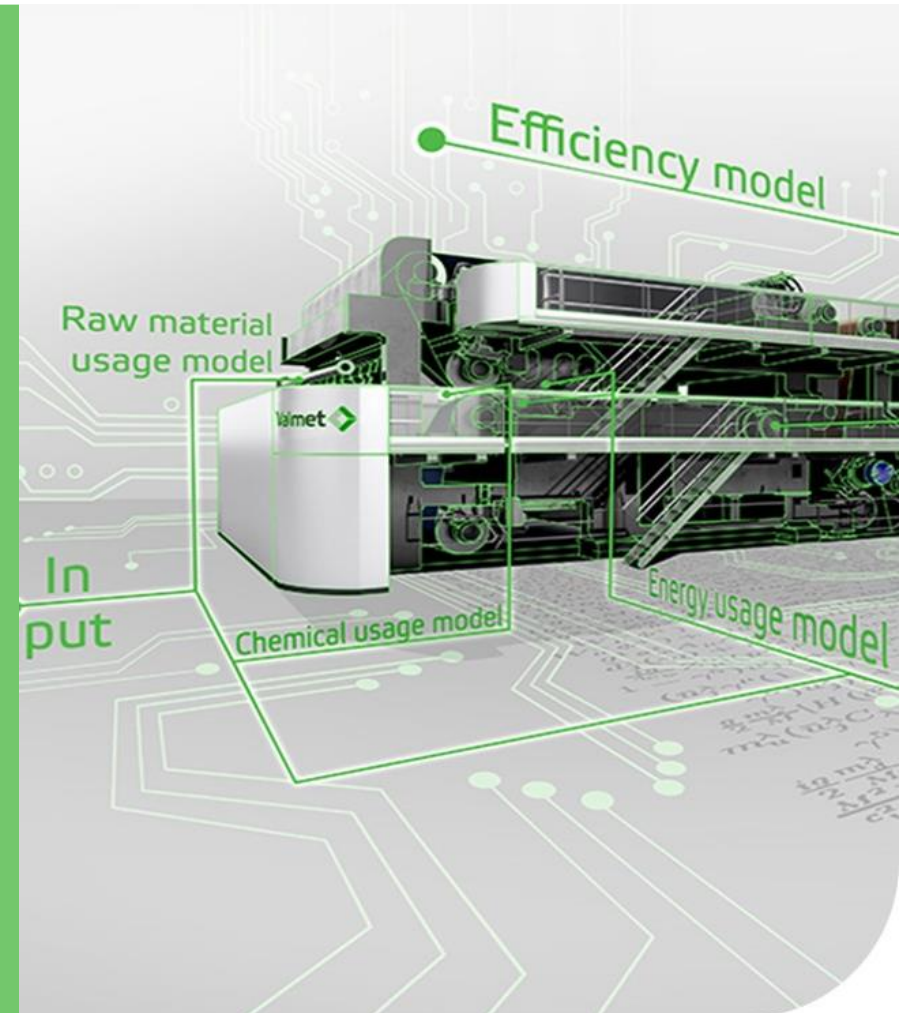
research and
development
centers



EUR **75** million
R&D spending
in 2020



~1,300
protected
inventions



Acknowledged leader in sustainability

360° approach to sustainability

Good sustainability ratings

- In Dow Jones Sustainability Index for the eighth consecutive year
- AAA rating in the MSCI ESG Ratings assessment 2021
- Bronze Class 2021 Sustainability Award
- Achieved B rating in CDP's climate program ranking 2021
- In Ethibel Sustainability Index Excellence Europe



Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA



Sustainability Award
Bronze Class 2021
S&P Global



Valmet's Climate Program: Forward to a carbon neutral future

Targets by 2030 for the entire value chain

SUPPLY CHAIN

-20%

CO₂ emission reduction

OWN OPERATIONS

-80%

CO₂ emission reduction

USE PHASE OF VALMET'S TECHNOLOGIES

-20%

Further reduced energy use
of Valmet's current technologies

100%

Carbon neutral production

- Valmet's new Climate Program sets credible targets and concrete actions for 2030 for the entire value chain
- Program is aligned with the Paris Climate Agreement's 1.5-degree pathway and UN Sustainable Development Goals and approved by the Science Based Targets Initiative (SBTi)

Main actions to reach targets by 2030

- Target CO₂ emission reductions from supply chain
- Reduce energy usage and use renewable fuels and CO₂ free electricity and district heating in own locations
- Improve energy efficiency of our existing process technology offering by 20%
- Develop existing and new technologies to enable carbon neutral production for our customers

Financial targets

Growth

Net sales for stable business to grow over two times the market growth

Net sales for capital business to exceed market growth

Profitability

Comparable EBITA:
10–12%

ROCE

Comparable return on capital employed (ROCE) before taxes¹: >20%

Dividend policy

Dividend payout at least 50% of net profit

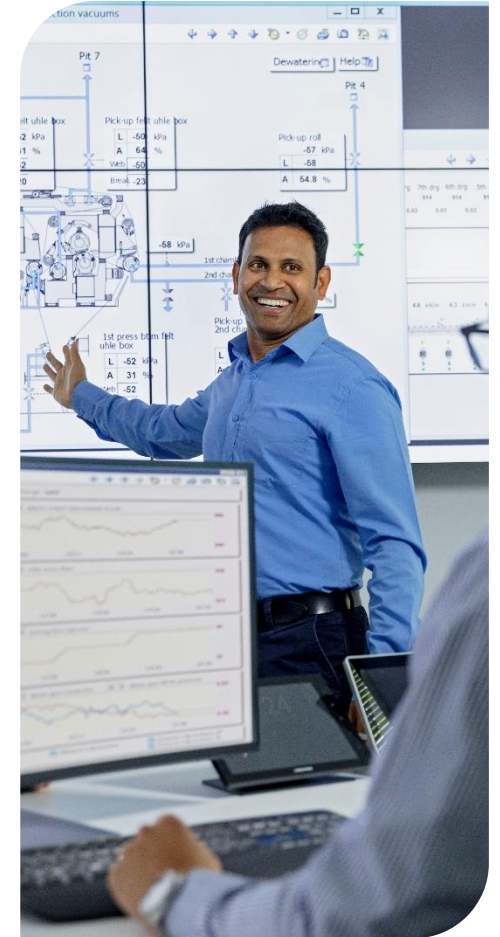
1) Comparable ROCE before taxes = (profit before taxes + interests and other financial expenses +/- items affecting comparability) / (balance sheet total - non-interest-bearing liabilities (average for the period))



Investment highlights

Investment highlights

- 1 Strong position in the growing market of converting renewables
- 2 Widest technology and services offering combined with automation excellence
- 3 Services: The widest offering and strong geographical presence
- 4 Automation: Maximizing efficiency and safety of our customers
- 5 Paper: World-class technology for packaging and hygiene needs
- 6 Pulp and Energy: Strong business with high market share and flexible cost structure
- 7 Systematically building the future



Strong position in the growing market of converting renewables



Paper

#1 0.4 ~ -2%
EUR bn p.a.

Increasing role of digital media decreases demand for print papers
Demand for technology driven efficiency improvements
Need for specialty papers

3% of net sales



Board

#1 1.0 ~ 2-3%
EUR bn p.a.

World trade, e-commerce and emerging markets growth drive packaging
Demand for light weight board
Shift from plastic packaging to renewable materials
Conversions from paper to board

20% of net sales



Tissue

#1 0.7 ~ 3-4%
EUR bn p.a.

Rise in purchasing power and living standards
Urbanization and improved hygiene
Fast economic growth in emerging markets
Demand for higher quality
Consumers' higher hygiene habits

6% of net sales



Pulp

#1-2 1.5 ~ 1%
EUR bn p.a.

Growing demand for sustainable packaging, tissue, hygiene products and textiles
Increasing environmental awareness and stricter regulations
Fiber-based plastic replacement
Demand for second generation bioethanol

18% of net sales



Energy

#1-3 2.0 ~ 1%
EUR bn p.a.

Decarbonization in energy production
Biomass and residual waste used in heat and process steam production
Tightening air emissions legislation and stricter directives

9% of net sales



Automation

#1-3 2.1 ~ 1%
EUR bn p.a.

Aging machines and installed automation systems
Investments in new pulp and paper production lines and industrial decarbonization
Demand for raw material savings, process efficiencies and sustainability
Demand for Industrial Internet based solutions driven by customer digitalization

9% of net sales



Services

#1-2 8.0 ~ 1-2%
EUR bn p.a.

Increasing pulp, tissue, board and energy production
Customer demand for resource efficiency, productivity, end-product quality, industrial internet services and reduced environmental impact
Customer focus on core, decreasing own resources and outsourcing of non-core operations
Size and gradual aging of installed base and capacity increases
Closures and conversions of non-competitive production lines

35% of net sales

Market position | Estimated market size for current offering (EUR) | Anticipated long-term market growth

For paper, board and tissue market position and estimated market size calculated as average during 2018-2020. For pulp, energy and automation the market position and estimated market size calculated based on 2020 figures. For services, the market position calculated from 2020 and estimated market size once the market recovers from the temporary negative impact of COVID on customer operations and services demand

Widest technology and services offering combined with automation excellence

- Paper**
 - Board, paper and tissue production lines
 - Rebuilds
 - Stand-alone products
- Pulp**
 - Wood and pulp handling
 - Fiber processing
 - Recovery
- Energy**
 - Heat and power generation
 - Air emission control
 - Biofuels



- Services**
 - Spare parts and components
 - Maintenance and shutdown services
 - Outsourcing services
 - Production consumables
 - Process support and optimization
- Automation**
 - Distributed Control Systems (DCS)
 - Quality Management Systems (QMS)
 - Analyzers and measurements
 - Industrial Internet solutions

Services: The widest offering and strong geographical presence

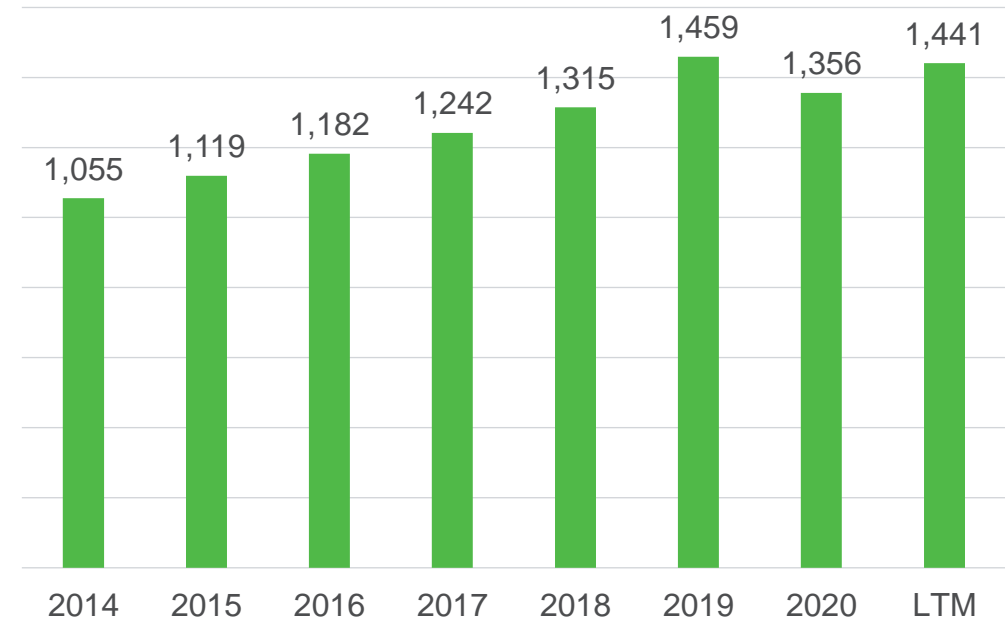
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Services business line

- Widest offering to support customers' all service needs
- Benefits from growing installed base
- Strong geographical presence close to customers
- Steady increase in market share from 13% in 2014 to 17-18% in 2020
- Targeting to grow with the market and by winning further market share
- Opportunities to win new customers and increase share of wallet with existing customers

Services business line

Orders received (EUR million)



Organic growth
~4%
CAGR in
2014-2019

LTM = Last twelve months, Q4/2020-Q3/2021.

Automation: Maximizing efficiency and safety of our customers

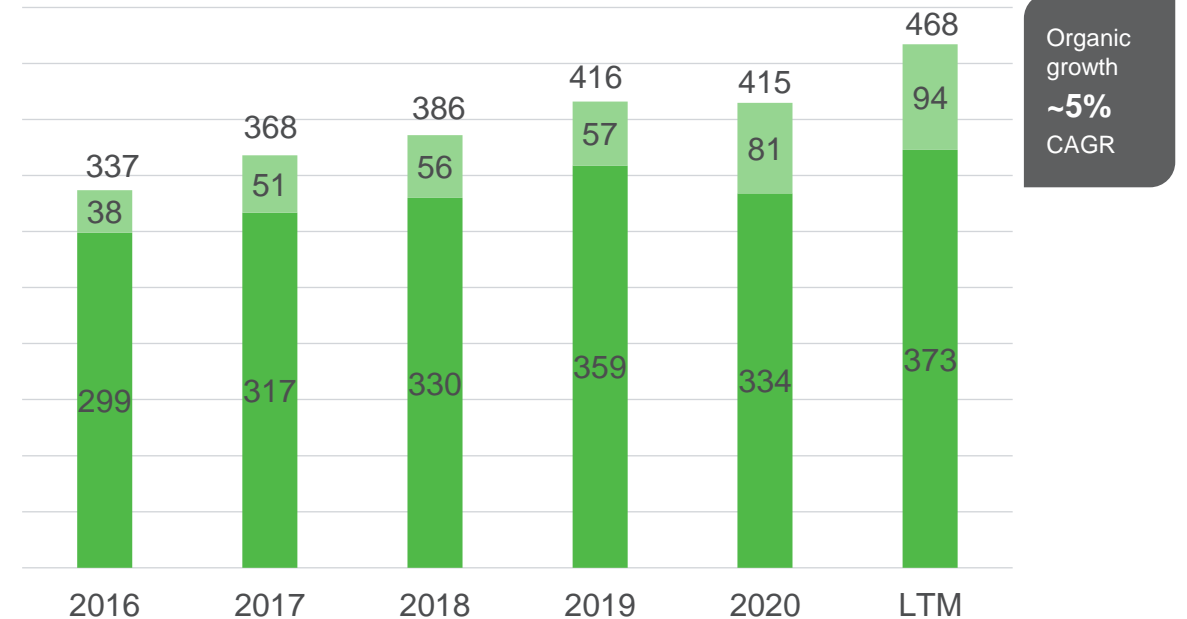
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Automation business line

- Solutions range from single measurements to plant-wide process automation systems
- Designed to maximize safety, sustainability and efficiency of customers' businesses
- Securing future competitiveness with R&D
- Strong track record since acquired to Valmet in 2015
- Several drivers for future growth
 - Increasing direct sales to customers
 - Package sales with Valmet's capital equipment
 - Replacing competitors' installed base and entering new industries
 - Growing in automation services

Automation business line

Orders received (EUR million)



LTM = Last twelve months, Q4/2020-Q3/2021.

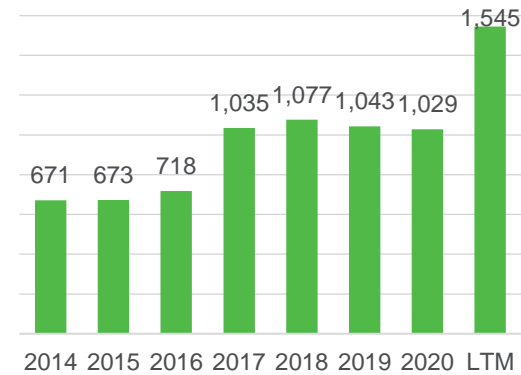
Paper: World-class technology for packaging and hygiene needs 5

Paper business line

- Offering includes world-leading technology and products for board, tissue and paper making
- Long-term growth supported by favorable megatrends
 - Growing e-commerce and packaging needs
 - Increasing demand for hygiene products
- High market share
- Technological advantage and excellent references
- R&D targeted to introduce new products and improve the existing offering
- Flexible organization and low capacity cost provides resilience to market fluctuations

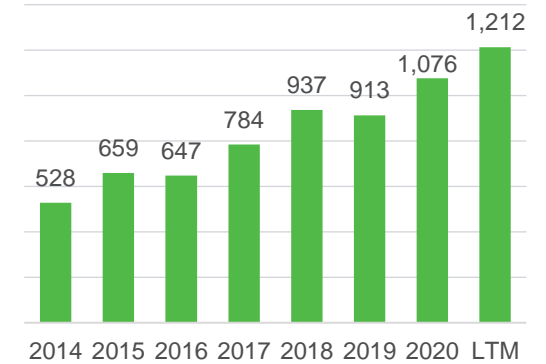
Paper business line

Orders received (EUR million)



Capacity costs	2015	2020
EUR million	270	301
% of net sales	41%	28%

Net sales (EUR million)



	Market share	Market position
Board	~50%	#1
Tissue	~35%	#1
Paper	~50%	#1

LTM = Last twelve months, Q4/2020-Q3/2021.

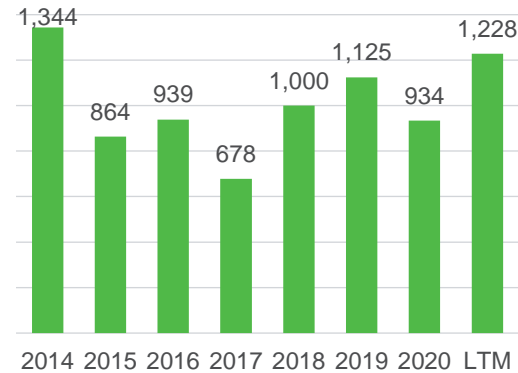
Pulp and Energy: Strong business with high market share and flexible cost structure

Pulp and Energy business line

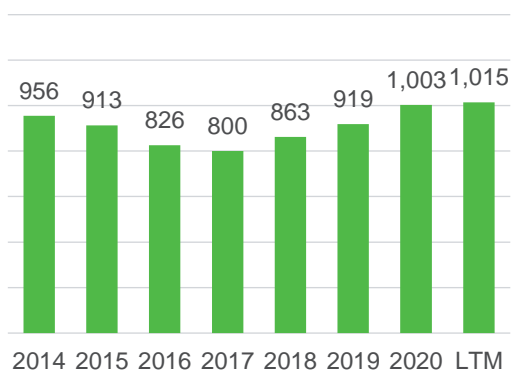
- Offering includes full pulp mills and energy solutions for biomass and emission control
- Long-term growth supported by favorable megatrends
 - Growing demand for sustainable packaging and hygiene products and textiles
 - Replacing plastic with fiber-based materials
- High market share
- Technological advantage by focusing on R&D
- Flexible organization and low capacity cost provides resilience to market fluctuations
- Yearly variations in orders received are typical due to timing of large orders

Pulp and Energy business line

Orders received (EUR million)



Net sales (EUR million)



Capacity costs	2015	2020
EUR million	218	196
% of net sales	24%	20%

	Market share	Market position
Pulp	~45%	#1-2
Energy	~20%	#1-3

LTM = Last twelve months, Q4/2020-Q3/2021.



Systematically building the future



Customer

Valmet's way to serve:
Lifecycle collaboration
between the customer
and Valmet

Add value to customers
through Industrial
Internet solutions

Ensure strong market
position in capital
business

Continue to increase
market share in the
stable business



Technology

Develop new products
and technologies

Improve product cost
competitiveness

Increase material and
energy efficiency and
further develop solutions
to reduce carbon
footprint



Process

Continue to improve
project management
and project execution

Valmet's climate
program targeting to
reduce emissions in the
whole value chain

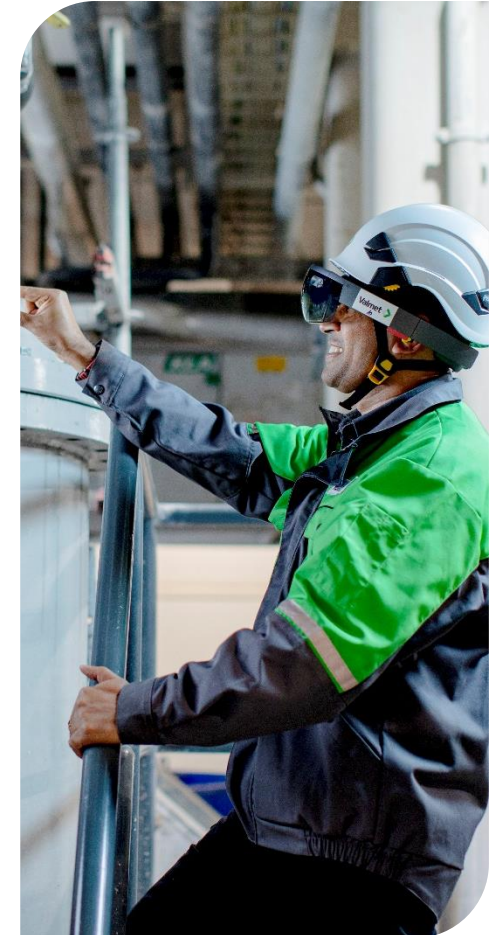


People

Continuous development
of employees through
training programs

Building capabilities
globally

Continue to improve
safety and lower LTIF¹



1) LTIF = Lost time incident frequency.



Financials

Key figures

EUR million	Q3/2021	Q3/2020	Change	Q1–Q3/2021	Q1–Q3/2020	Change
Orders received	1,107	700	58%	3,647	2,712	34%
Order backlog ¹	4,199	3,311	27%	4,199	3,311	27%
Net sales	935	832	12%	2,736	2,573	6%
Comparable EBITA	107	91	18%	282	218	29%
% of net sales	11.4%	10.9%		10.3%	8.5%	
EBITA	107	87	22%	293	208	41%
Operating profit (EBIT)	95	79	19%	255	184	39%
% of net sales	10.1%	9.5%		9.3%	7.1%	
Earnings per share, EUR	0.50	0.38	32%	1.31	0.88	50%
Return on capital employed (ROCE) before taxes ²				21%	17%	
Cash flow provided by operating activities	57	94	-39%	385	418	-8%
Gearing ¹				-1%	18%	

Items affecting comparability: EUR 0 million in Q3/2021 (EUR -3 million in Q3/2020), EUR 10 million in Q1–Q3/2021 (EUR -11 million in Q1–Q3/2020)

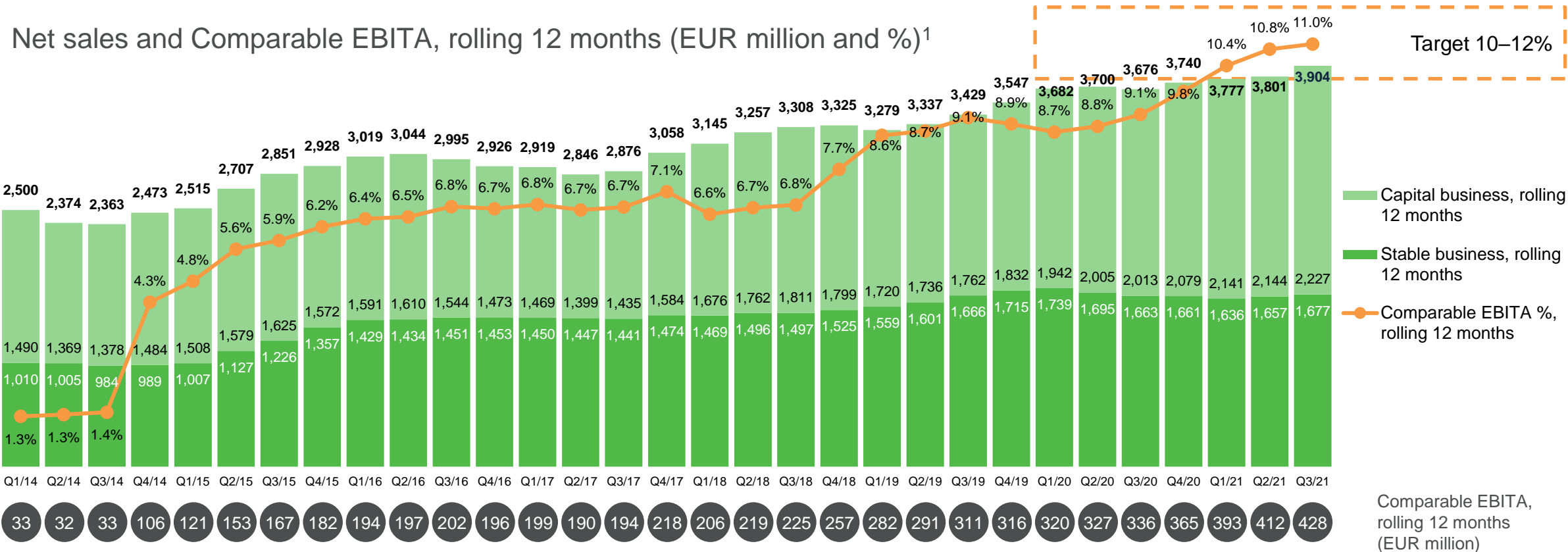
Valmet's investment in Neles had a positive impact on EBITA of EUR 3.2 million in Q3/2021 and EUR 9.9 million in Q1–Q3/2021

Valmet's investment in Neles had a negative impact on operating profit of EUR -0.3 million in Q3/2021 and EUR -0.8 million in Q1–Q3/2021

1) At end of period

2) Annualized

Comparable EBITA margin¹ at target level



• In Q3/2021, net sales increased and Comparable EBITA increased compared with Q3/2020

1) Rolling 12 months. Carve-out figures for 2013 have been used in the calculation of Q1–Q3/2014 figures. Valmet implemented IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018 by applying full retrospective method. Thus, figures presented are not fully comparable.

Guidance and short-term market outlook

Guidance for 2021 (as announced on April 16, 2021)

Guidance	Valmet estimates that net sales in 2021 will increase in comparison with 2020 (EUR 3,740 million) and Comparable EBITA in 2021 will increase in comparison with 2020 (EUR 365 million).
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Short-term market outlook

		Q4/2020	Q1/2021	Q2/2021	Q3/2021
Services		Satisfactory / Weak	Satisfactory	Good / Satisfactory	Good
Automation		Good	Good	Good	Good
Pulp and Energy	Pulp	Good	Good	Good	Good
	Energy	Weak	Weak	Weak	Weak
Paper	Board and Paper	Good	Good	Good	Good
	Tissue	Good	Good	Good	Satisfactory

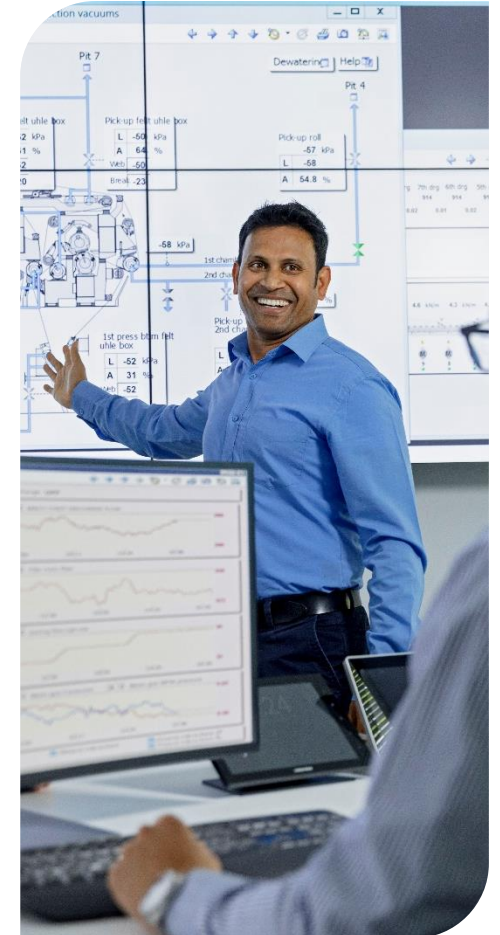
The short-term market outlook is based on customer activity (50%) and Valmet's capacity utilization (50%) and is given for the next six months from the end of the respective quarter. The scale is 'weak-satisfactory-good'.



Conclusion

Conclusion

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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.

