



Valmet – unique offering to support a growing market

Roadshow presentation  
December 2023

# Agenda

## Valmet roadshow presentation

- 1 Valmet in brief
- 2 Investment highlights
- 3 Financial targets and acquisitions
- 4 Q3/2023 financials, guidance and short-term market outlook
- 5 Summary



# Valmet in brief

# Valmet's offering is unique and the widest in the market

## Board and tissue

- Board, paper and tissue production lines
- Tissue converting
- Rebuilds
- Machine sections

## Pulp

- Wood and pulp handling
- Fiber processing
- Recovery

## Energy

- Heat and power generation
- Air emission control
- Pyrolysis solutions

## Services

- Spare parts and components
- Production consumables
- Maintenance and shutdown services
- Process support and optimization
- Outsourcing services

## Process Technologies

Customer

Services

Automation

## Automation Systems

- Distributed Control Systems (DCS)
- Quality Management Systems (QMS)
- Analyzers and measurements
- Industrial Internet solutions

## Flow Control

- Valves
- Valve controllers
- Valve automation

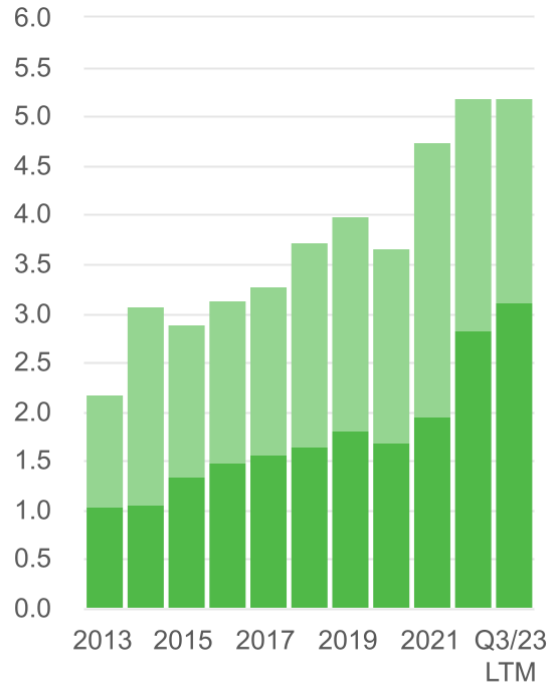


# We have strong market positions

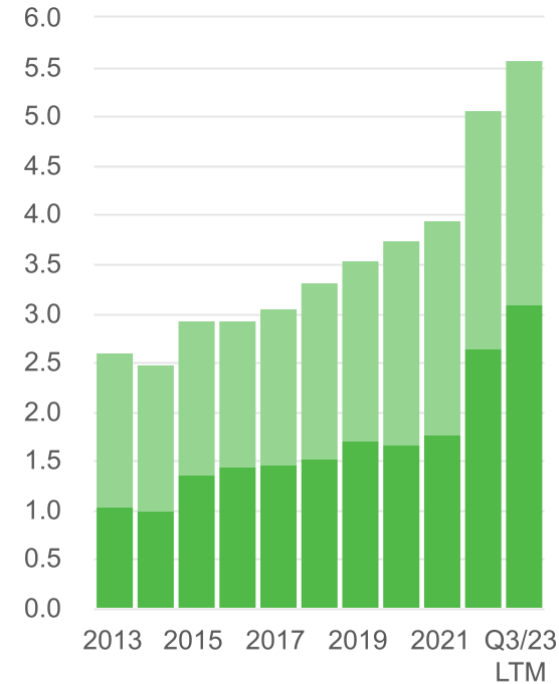


# Valmet's development since 2013

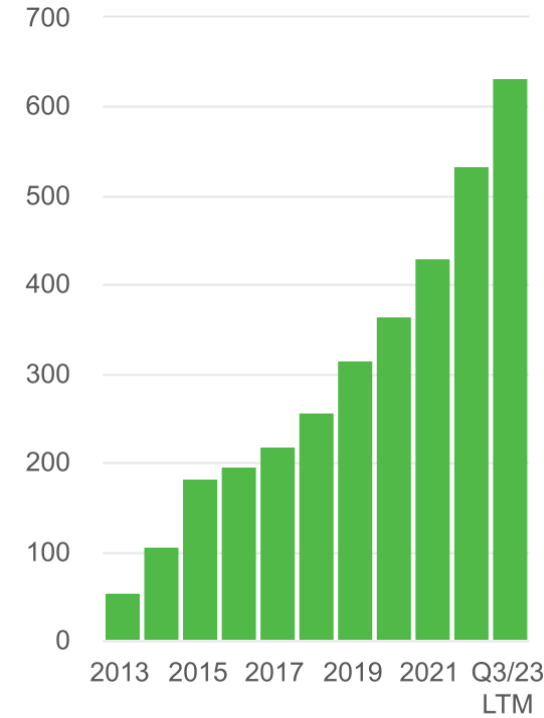
Orders received  
(EUR billion)



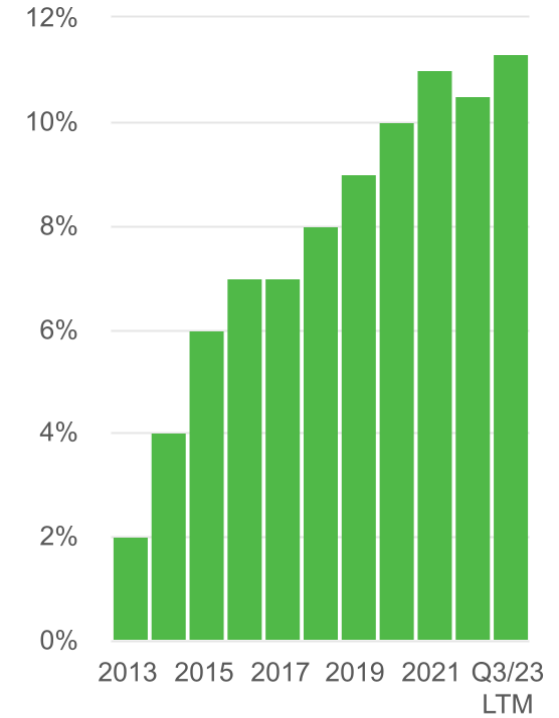
Net sales  
(EUR billion)



Comparable EBITA  
(EUR million)



Comparable EBITA margin  
(%)



Process Technologies segment  
Services and Automation segments

Process Technologies segment  
Services and Automation segments

Comparable EBITA

Comparable EBITA margin

2013 figures on carve-out basis.

2013–2020 figures have not been restated to reflect the new segment reporting structure which Valmet implemented as of January 1, 2022.

# Valmet's key figures

Q3/2023 LTM

**Orders received**  
EUR 5,186 million

**Net sales**  
EUR 5,573 million

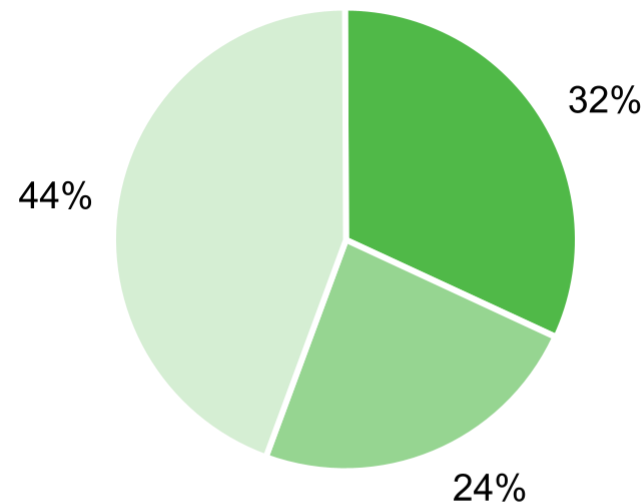
**Comparable EBITA**  
EUR 632 million

**Comparable EBITA margin**  
11.3%

**Order backlog**  
EUR 4,133 million

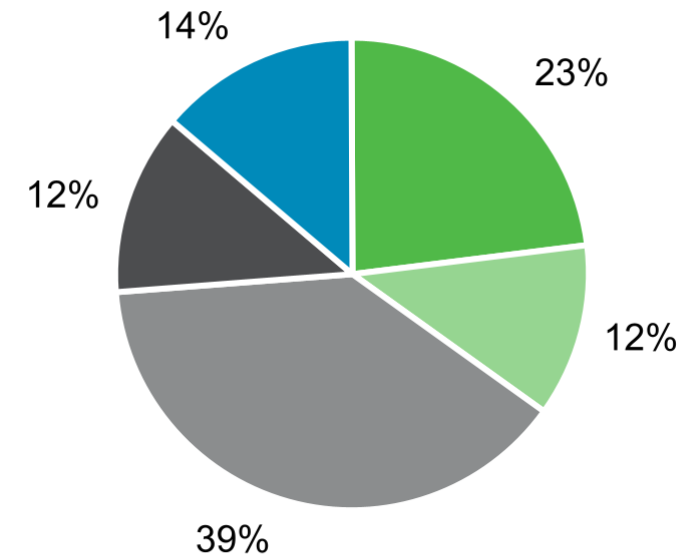
**Employees**  
18,066

Net sales by segment



- Services
- Automation
- Process Technologies

Net sales by area

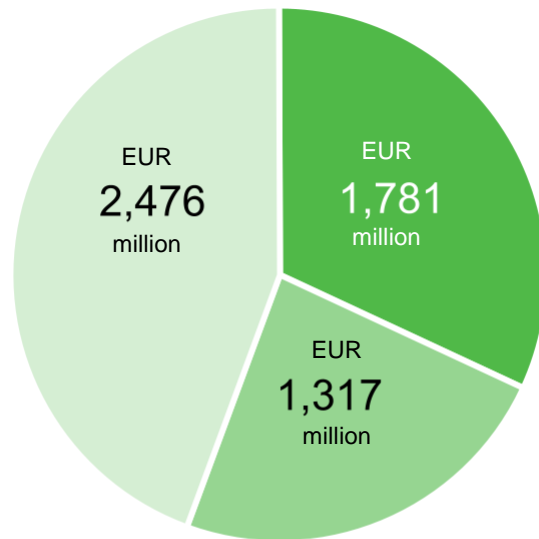


- North America
- South America
- EMEA
- China
- Asia-Pacific

# Valmet has three strong segments

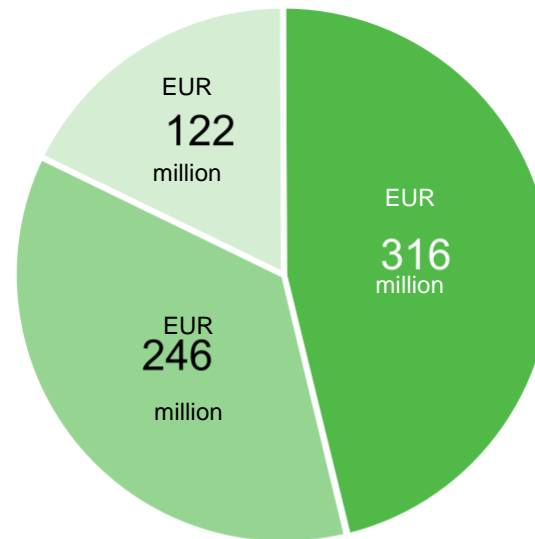
Q3/2023 LTM figures

### Net sales



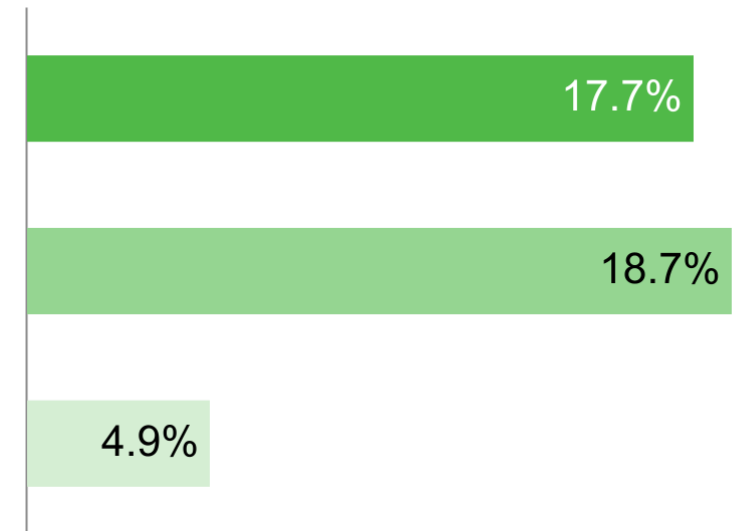
- Services
- Automation
- Process Technologies

### Comparable EBITA (excl. Other)



- Services
- Automation
- Process Technologies

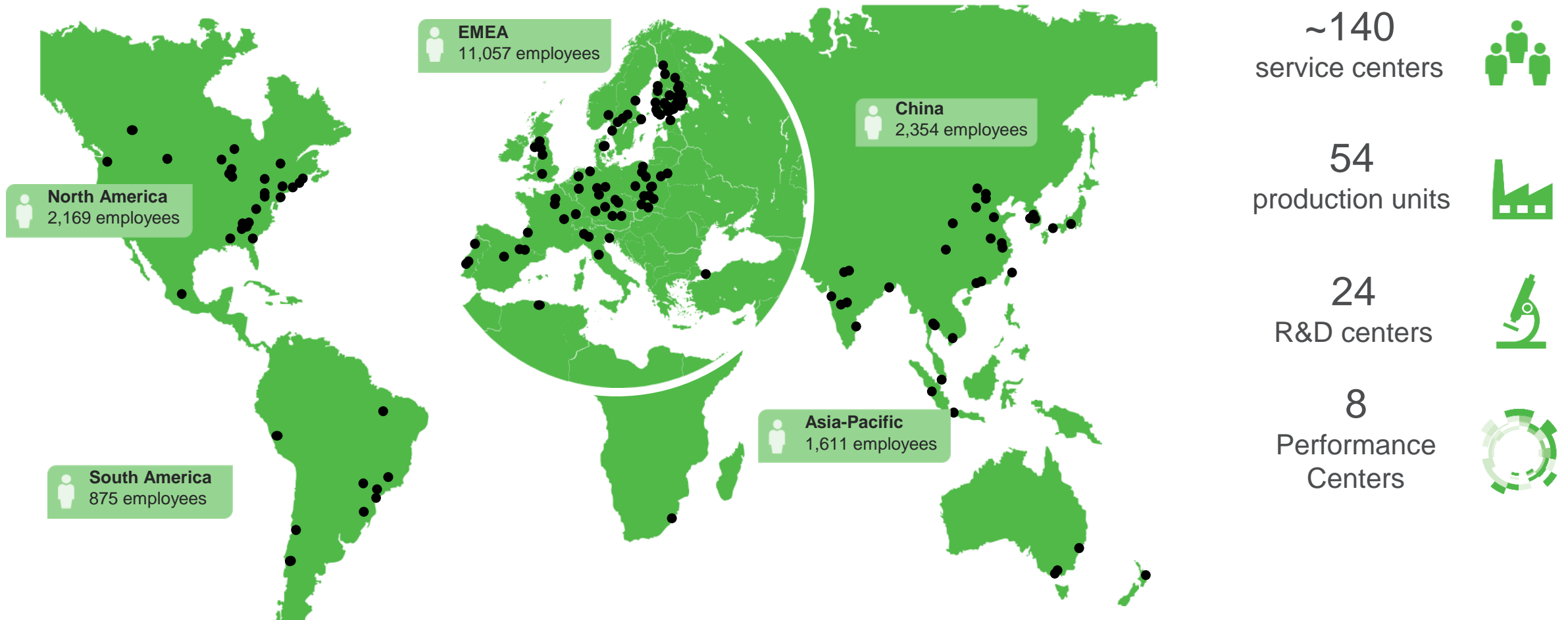
### Comparable EBITA margin (excl. Other)



- Services
- Automation
- Process Technologies



# Global presence creating a good platform for growth in Services and Automation



Personnel as at September 30, 2023.

# Valmet's Way Forward

## Mission

Converting renewable resources into sustainable results

## Strategy

Valmet develops and supplies competitive and reliable process technologies, services and automation to the pulp, paper and energy industries.

Our automation business covers a wide base of global process industries.

We are committed to moving our customers' performance forward with our unique offering and way to serve.

## Continuous improvement and renewal

### Must-Wins

- Customer excellence
- Leader in technology and innovation
- Excellence in processes
- Winning team

### Business accelerators

## Vision

To become the global champion in serving our customers and in moving the industries forward

## Our Values



### 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

- Resource efficient and clean world
- Digitalization and new technologies
- Urban, responsible and global consumer

# Valmet's R&D is aiming to address global megatrends

## R&D focus areas

- Promotion of renewable materials
- Raw material, water and energy efficiency
- Emission reductions
- Circularity
- Productivity and environmental improvements with digitalization

**28**

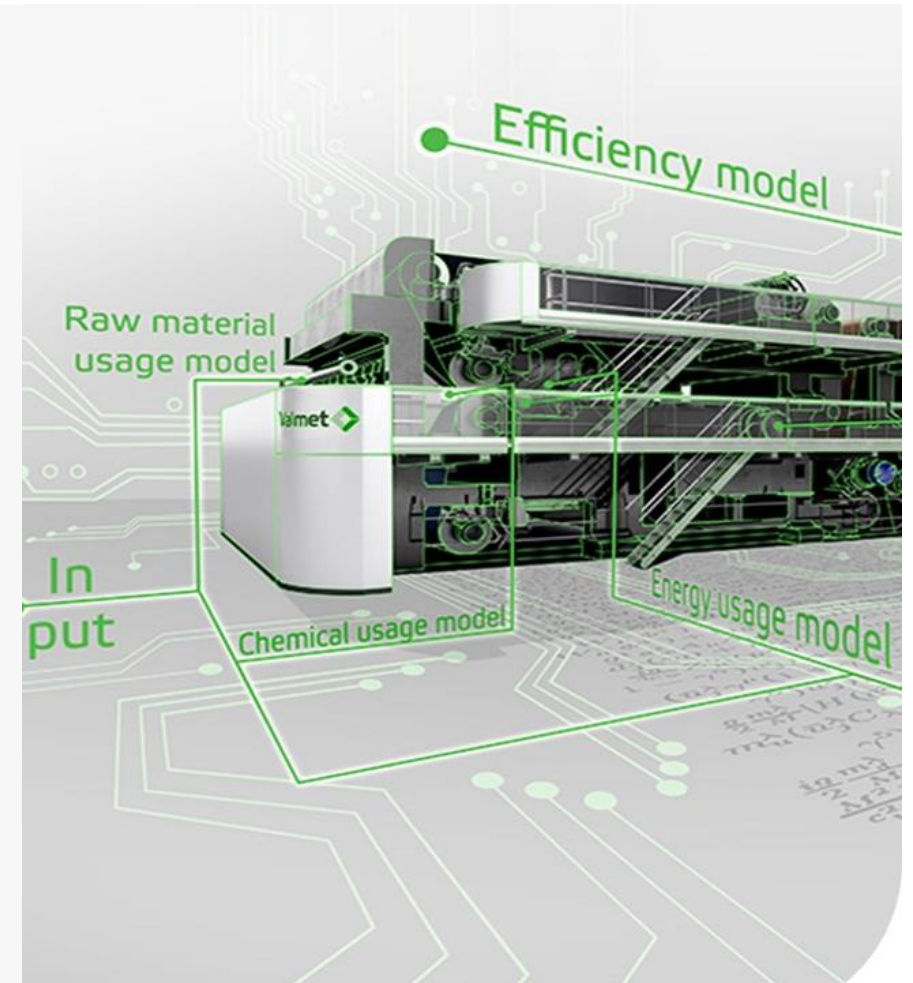
research and  
development centers



EUR **95** million  
R&D spending  
in 2022



**~1,300**  
protected  
inventions



Illustrative figures of the combined company.

# Acknowledged leader in sustainability

360° approach to sustainability across value chain

## Good sustainability ratings

- In Dow Jones Sustainability Index for the ninth consecutive year
- AAA rating in the MSCI ESG Ratings assessment 2023
- Bronze Class 2022 Sustainability Award
- Achieved A- rating in CDP's climate program ranking 2022



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



**Sustainability Award  
Bronze Class 2022**  
S&P Global



**MSCI  
ESG RATINGS**  
AAA  
CCC B BB BBB A AA AAA



# Valmet's Climate Program has progressed well

The target to enable carbon neutral production for pulp and paper industry customers achieved seven years ahead of schedule

## Targets by 2030 for the entire value chain

### SUPPLY CHAIN

**- 20%**

CO<sub>2</sub> emission reduction<sup>1</sup>

- The target to engage 30 most relevant suppliers in terms of CO<sub>2</sub> emissions reached and exceeded
- Today already 45 suppliers engaged to the program
- Engagement of more suppliers continues with high focus

### OWN OPERATIONS

**- 80%**

CO<sub>2</sub> emission reduction<sup>1</sup>

- Roadmaps proceeding for
  - purchasing of CO<sub>2</sub> free electricity
  - replacing fossil fuels in locations
  - implementing energy efficiency improvements in locations
  - reducing business travel flights
  - promoting low carbon commuting

### USE PHASE OF VALMET'S TECHNOLOGIES

**- 20%**

Further reduced energy use of Valmet's current technologies

- Continuous R&D work to further enhance energy efficiency of existing technology offering

**100%**

Carbon neutral production process for pulp and paper industry customers

- We have reached this target seven years ahead of schedule

<sup>1</sup>) Baseline 2019



# Investment highlights

# Valmet's investment highlights

- 1 Unique offering to support a growing market
- 2 Process Technologies segment benefiting from the growing demand for bio-based products and energy
- 3 EUR 3.1 billion recurring and steadily growing stable business
- 4 Services segment's demand driven by large and growing global installed base
- 5 Automation segment with high growth and profitability
- 6 Future growth possibilities from new sustainable innovations
- 7 Building Valmet on positive megatrends and strategy of renewal and continuous development

# Unique offering to support a growing market

## Unique offering

Competitive advantage from the widest offering in the market



## Strong market drivers

### Process Technologies

- E-commerce and global trade
- Renewable materials replacing plastic packaging
- Conversions from paper to board
- Energy transition and CO<sub>2</sub> neutral energy production
- Energy supply security
- Tightening air emissions legislation and stricter directives

### Services

- Large and aging global installed base
- Customers' CO<sub>2</sub> reduction targets
- Energy and resource efficiency
- Productivity and end-product quality
- Digitalization, remote services and industrial internet

### Automation

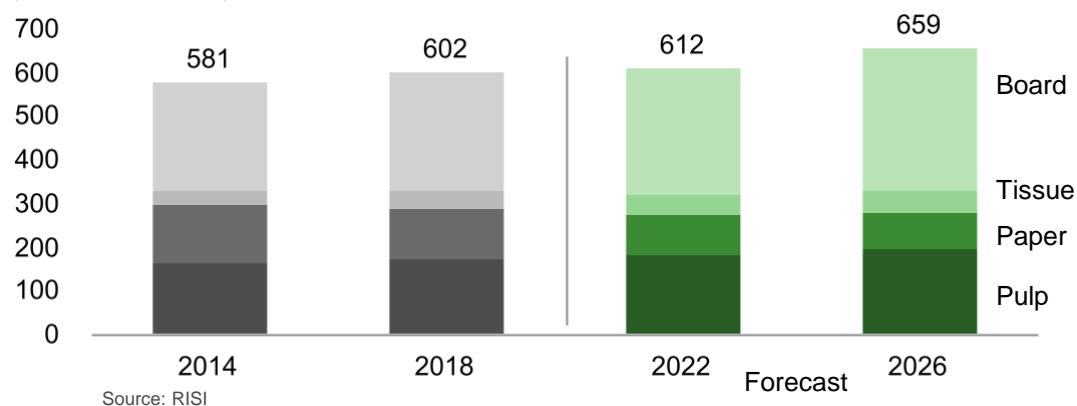
- Automation and digitalization are global megatrends
- Aging machines and installed automation systems
- Demand for raw material savings, process efficiencies and sustainability
- Customers' demands on safety, reliability and emissions



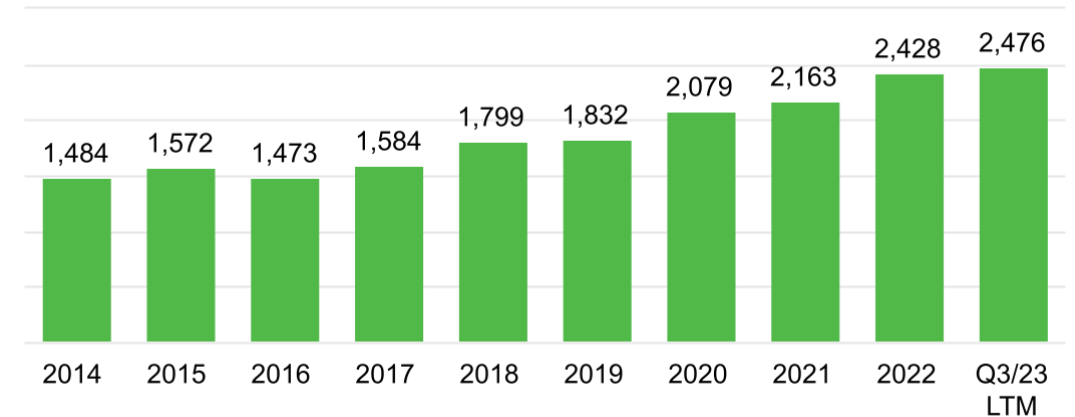
# Process Technologies segment benefiting from the growing demand for bio-based products and energy

- New pulp and paper capacity is needed as demand for bio-based products continues to grow
- Energy transition creates a growing market for Valmet's energy offering
- Large old and inefficient installed base generates a significant replacement market for Valmet
- Strong business model with large prepayments and low capacity costs
- Comparable EBITA margin 4.9% (Q3/2023 LTM)

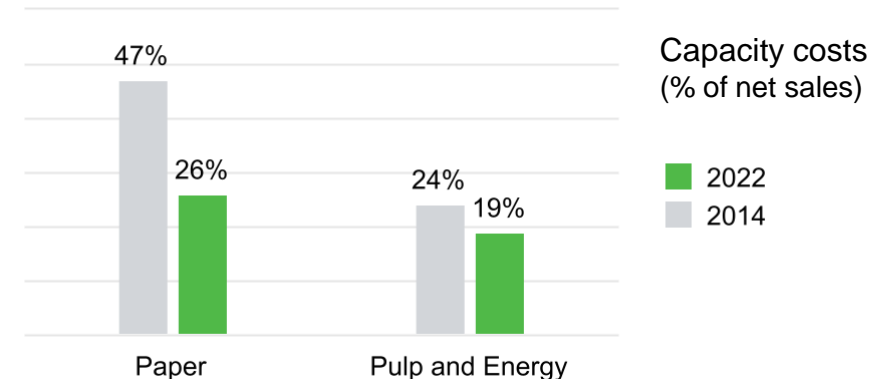
## Demand for pulp and paper continues to grow (Global demand, Mton)



## Net sales (EUR million)

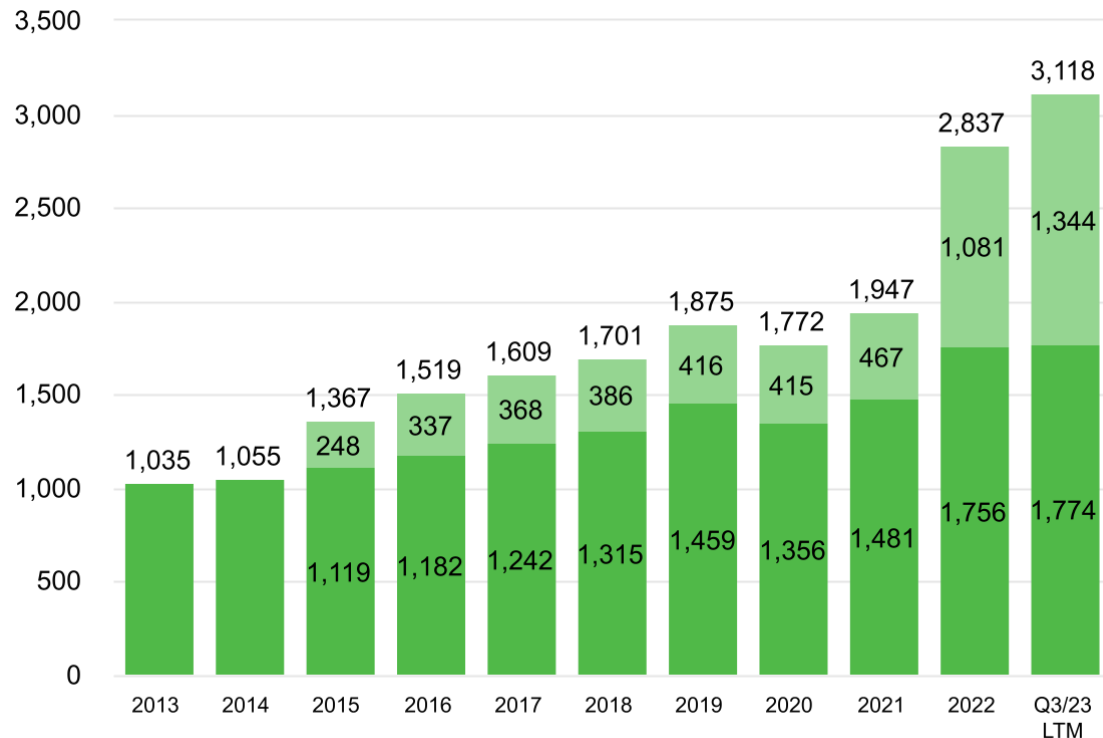


## Valmet's operational efficiency has increased



# EUR 3.1 billion recurring and steadily growing stable business

Orders received  
(EUR million)



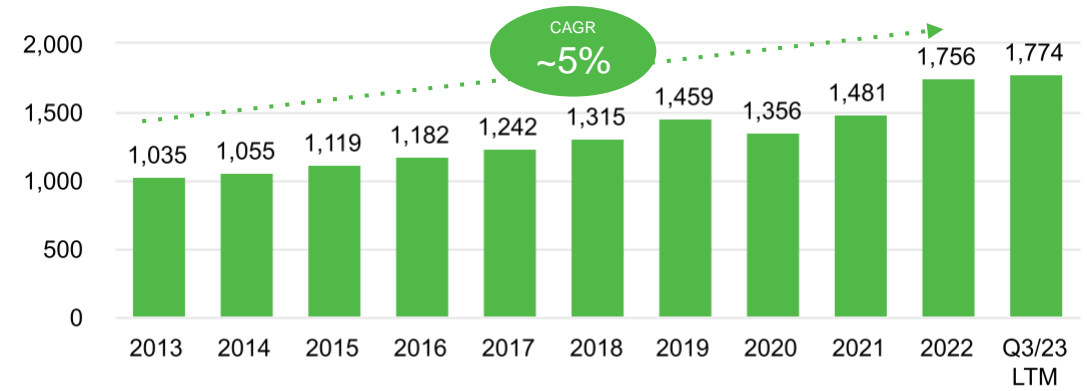
Figures in dark green for Valmet Services segment, light green for Valmet Automation segment.  
2013-2020 figures have not been restated.

- Valmet's stable business has grown steadily since 2014
- Future growth possibilities are supported by favorable megatrends
- Stable business provides resilience to business cycles and makes Valmet's order intake less cyclical

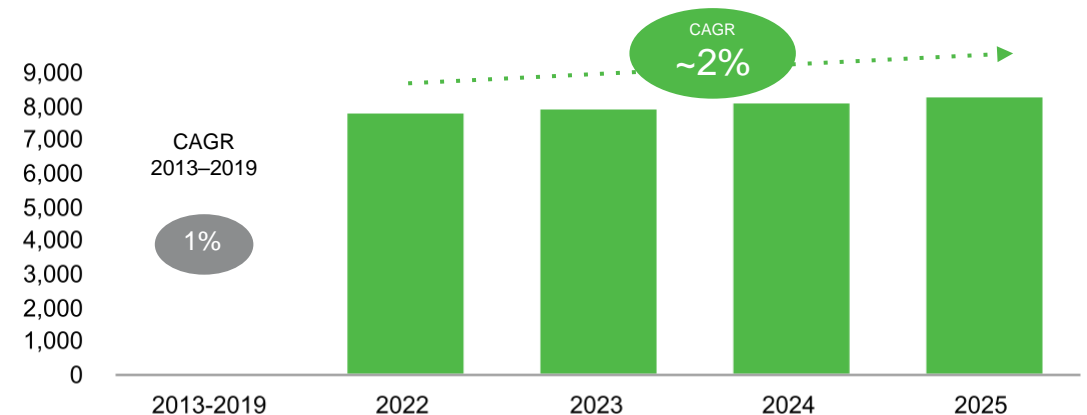
# Services segment's demand driven by large and growing global installed base

- Valmet's Services is a growing and recurring business
- Demand driven by large and growing global installed base
- Roughly EUR 8 billion addressable market estimated to grow 2% annually
- Target to continue to grow over two times the market growth
- Competitive advantage from the widest offering in the market
- Strong presence in all market areas covering all key customer corporations
- Solid track record for growth
- Comparable EBITA margin 17.7% (Q3/2023 LTM)

Orders received (EUR million)



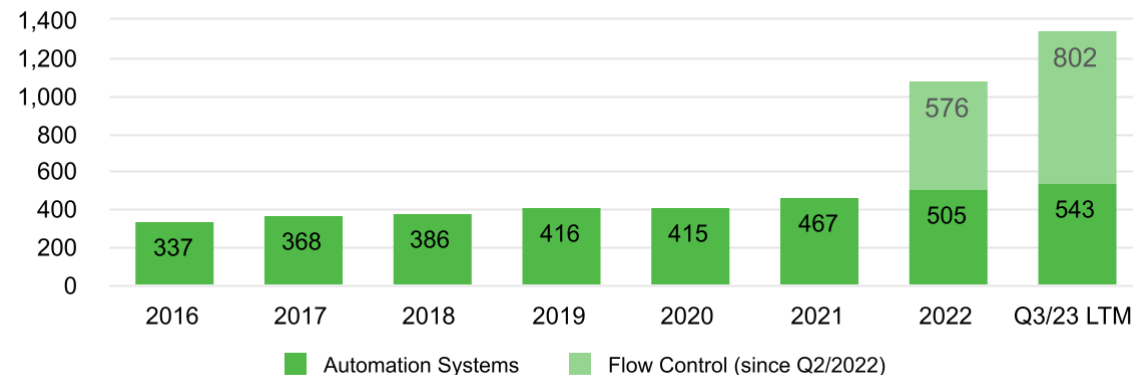
Service market development and estimate (EUR million)



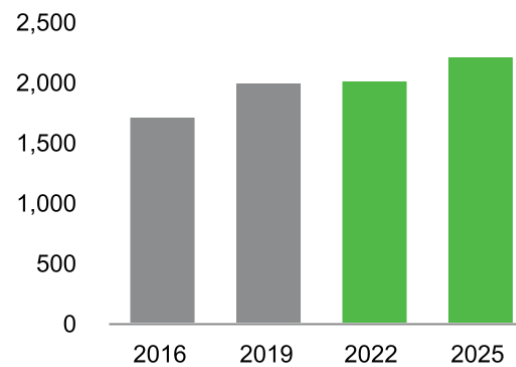
# Automation segment with high growth and profitability

- Valmet's Automation is a growing and recurring business
- Large addressable target market estimated to grow ~3% annually
- Target to continue to grow over two times the market growth
- Sustainability, digitalization and targets for operational efficiency drive the market for Automation Systems
- Flow control market for critical valves and valve automation has barriers of entry enabling solid profitability for leading players
- Opportunities to grow outside the core pulp and paper industry organically and through M&A
- Comparable EBITA margin 18.7% (Q3/2023 LTM)

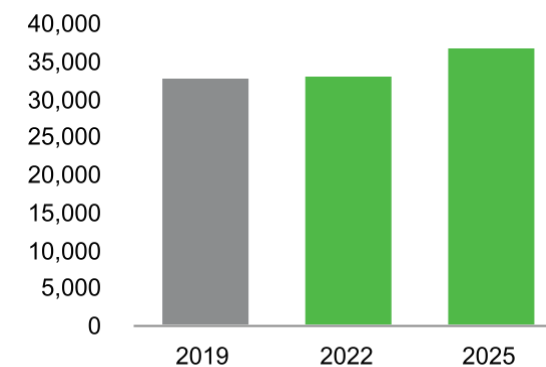
Orders received (EUR million)



Automation Systems target market (EUR million)



Flow Control market (EUR million)



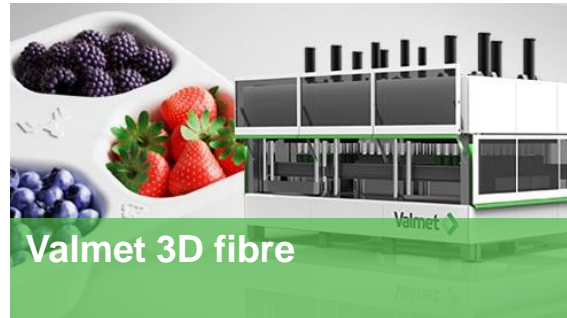
Source: ARC 2021-2026 material

Source: Frost & Sullivan

# Future growth possibilities from new sustainable innovations



- Technology to produce viscose pulp from recycled clothes and other textiles
- Technology for cellulose based textile fibre production



- Next generation of molded fiber
- More efficient production process compared to current solutions
- Produces ready-made 3D packages directly from wet pulp
- High quality end product could replace plastics in various packaging solutions



- Lignin usage to replace fossil-based carbon in batteries
- Pyrolysis for biochemicals and biofuels production to replace fossil-based fuels



- Solid position to grow in green hydrogen in Flow Control
- Renewal of Automation Systems platform creates opportunities for further growth
- Growth opportunities in energy and process industries in Automation

# Building Valmet on positive megatrends and strategy of renewal and continuous development

Demand for bio-based products and energy continues to grow	New growth opportunities	Steadily growing stable business	Strategy
<ul style="list-style-type: none"><li>• The large pulp and paper market is growing and supported by favorable megatrends and sustainability</li><li>• Energy transition creates a growing market for Valmet's energy offering</li><li>• Valmet has strong market positions and opportunities to increase market share</li></ul>	<ul style="list-style-type: none"><li>• Future growth possibilities from new sustainable innovations</li><li>• Growth opportunities in energy and process industries in Automation</li></ul>	<ul style="list-style-type: none"><li>• EUR 3.1 billion stable business with high margin</li><li>• Stable business has high margins and resilience to market cycles</li><li>• Large and aging installed base generates a significant market</li></ul>	<ul style="list-style-type: none"><li>• Strong track record of successful acquisitions and possibility to continue to invest in selected acquisitions</li><li>• Strategy based on building the future systematically with renewal and continuous improvement</li></ul>



# Financial targets and acquisitions

# Financial targets

## Growth

Net sales for Services and Automation segments to grow over two times the market growth

Net sales for Process Technologies segment to exceed market growth

## Profitability

Comparable EBITA:  
12–14%

## ROCE

Comparable return on capital employed (ROCE) before taxes<sup>1</sup> at least 15%

## 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))



# Concrete actions to reach Comparable EBITA target of 12–14% through must-wins

## Customer

- Grow stable business over two times the market growth
- Maintain and improve market share in Process Technologies
- Improve price and sales management

## Technology

- Leverage strong R&D for new product innovations
- Continue to bring advanced technology to the market
- Improve product cost competitiveness

## Processes

- Ensure good project operations to reach a positive margin deviation in projects
- Improve supply chain operations to harvest cost savings
- Manage quality throughout the supply chain to minimize quality costs

## People

- Increase procurement, production and engineering capabilities in cost-competitive countries
- Utilize global training portfolio to strengthen Must-Win execution

Targeting to increase Comparable EBITA margin in all three segments

# Improvement in Comparable EBITA is the biggest driver for ROCE

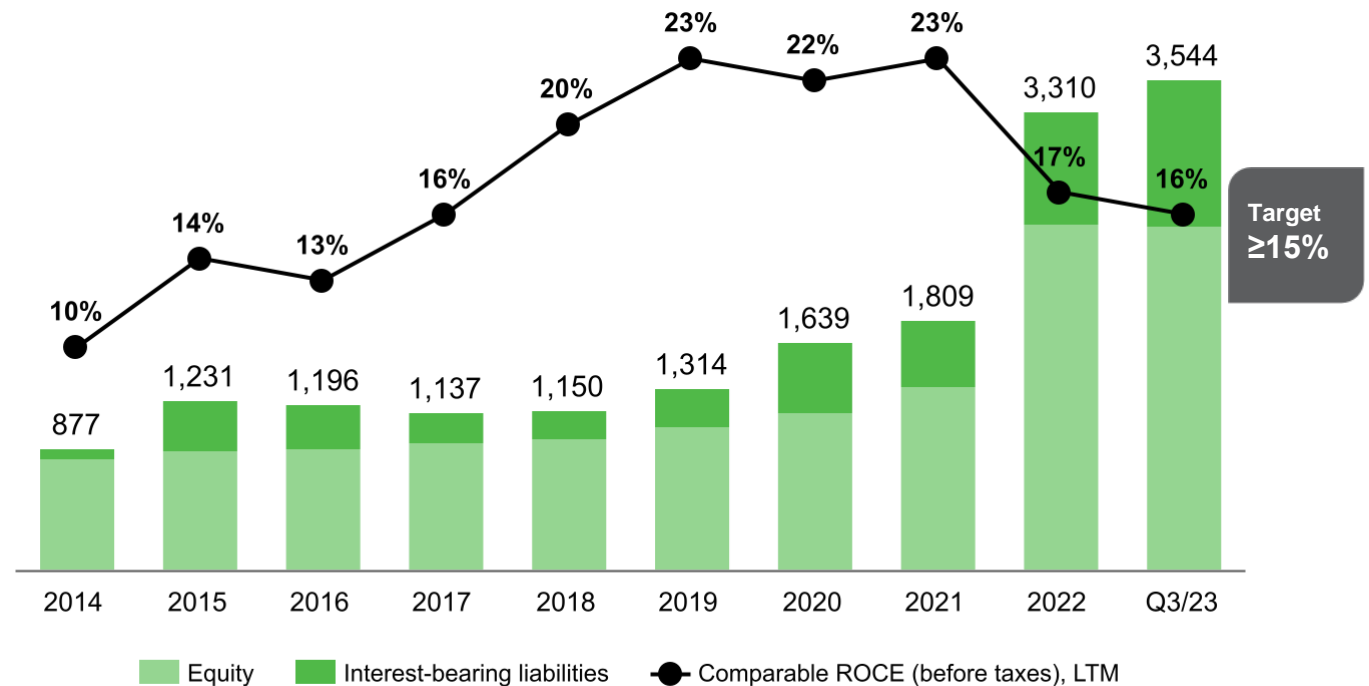
## Main drivers for ROCE:

- Improvement in Comparable EBITA is the biggest driver for ROCE
- Capital employed increased in 2022 due to the Neles merger

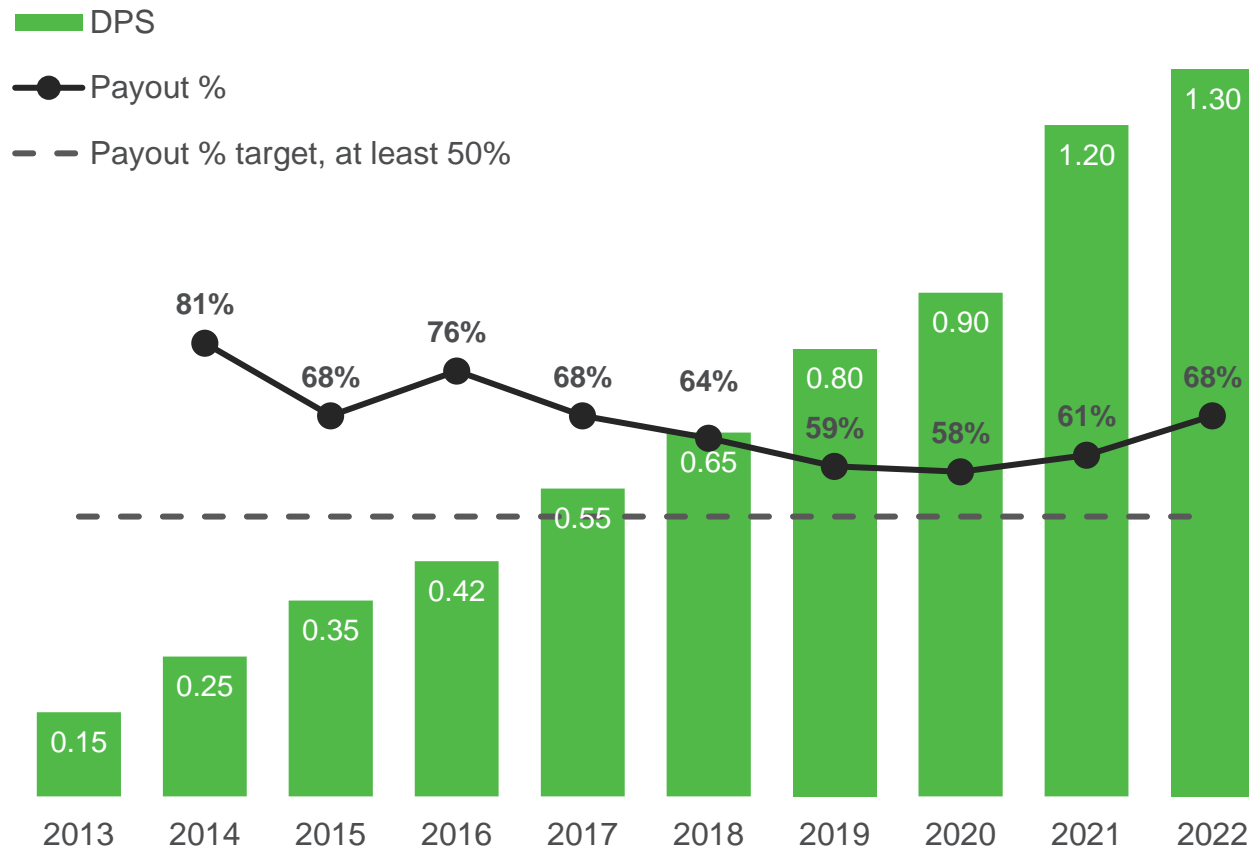
## Track record

Capital employed (EUR million)

Comparable ROCE (% , before taxes)



# Valmet has paid attractive dividend



- Payout target at least 50% of net profit
- Target has been exceeded every year
- Constant dividend growth

Total payout (EUR)  
in dividends since  
2013 (incl. 2022)

**1.0bn**

# Opportunities to strengthen Services, Automation and Process Technologies segments through acquisitions

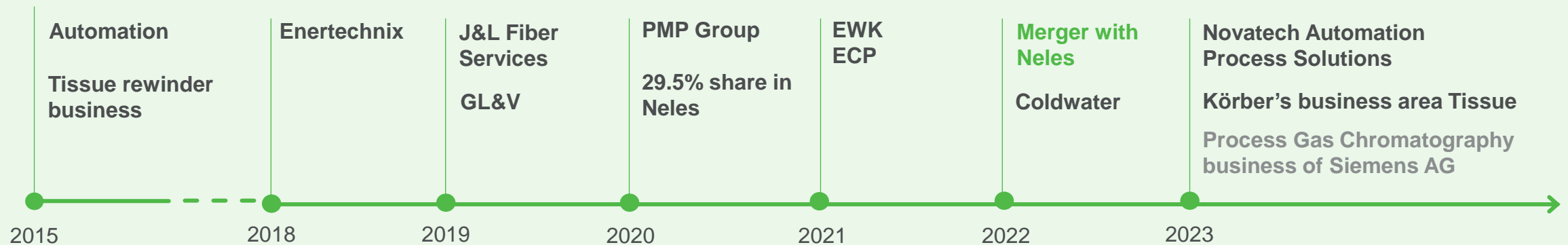
## Strong track record of successful acquisitions

- 11 acquisitions made since becoming an independent company in 2014
- Total investment in acquisitions and in the merger with Neles about EUR 2 billion

## Acquisition strategy

- Opportunities to strengthen Services, Automation and Process Technologies segments
- Selective acquisitions with a clear industrial logic and synergies
- Targeting to support Valmet in reaching financial targets
- Approximately 50 cases evaluated annually

## Track record of successful acquisitions





# Q3/2023 financials, guidance and short-term market outlook

# Key figures

EUR million	Q3/2023	Q3/2022	Change	Q1–Q3/2023	Q1–Q3/2022	Change
Orders received	<b>980</b>	1,178	-17%	<b>3,801</b>	3,809	0%
Order backlog <sup>1</sup>	<b>4,133</b>	4,672	-12%	<b>4,133</b>	4,672	-12%
Net sales	<b>1,295</b>	1,288	1%	<b>4,033</b>	3,534	14%
Comparable EBITA	<b>150</b>	136	11%	<b>437</b>	337	29%
% of net sales	<b>11.6%</b>	10.5%	1.1 pp	<b>10.8%</b>	9.5%	1.3 pp
EBITA	<b>147</b>	132	11%	<b>433</b>	360	20%
Operating profit (EBIT)	<b>127</b>	97	30%	<b>359</b>	280	28%
% of net sales	<b>9.8%</b>	7.6%	2.2 pp	<b>8.9%</b>	7.9%	1.0 pp
Adjusted earnings per share, EUR <sup>2</sup>	<b>0.52</b>	0.51	3%	<b>1.63</b>	1.56	5%
Earnings per share, EUR	<b>0.47</b>	0.38	21%	<b>1.38</b>	1.25	10%
Comparable ROCE, LTM <sup>3</sup>				<b>16%</b>	16%	-1 pp
Cash flow provided by operating activities	<b>57</b>	115	-50%	<b>229</b>	49	>100%
Net debt to EBITDA <sup>4</sup> ratio				<b>0.74</b>	0.71	
Gearing <sup>1</sup>				<b>21%</b>	18%	4 pp

Items affecting comparability: EUR -4 million in Q3/2023 (EUR -4 million in Q3/2022) and EUR -4 million in Q1–Q3/2023 (EUR 23 million in Q1–Q3/2022).

1. At end of period
2. Adjusted earnings per share excludes the impact of fair value adjustments arising from business combinations, net of tax
3. Comparable return on capital employed (ROCE) before taxes, LTM (last twelve months)
4. Last twelve months (LTM) EBITDA

# Segment key figures

Orders received, EUR million	Q3/2023	Q3/2022	Change	Q1–Q3/2023	Q1–Q3/2022	Change
Services	349	427	-18%	1,356	1,338	1%
Automation	289	306	-6%	1,021	758	35%
Process Technologies	343	444	-23%	1,424	1,713	-17%
Total	980	1,178	-17%	3,801	3,809	0%

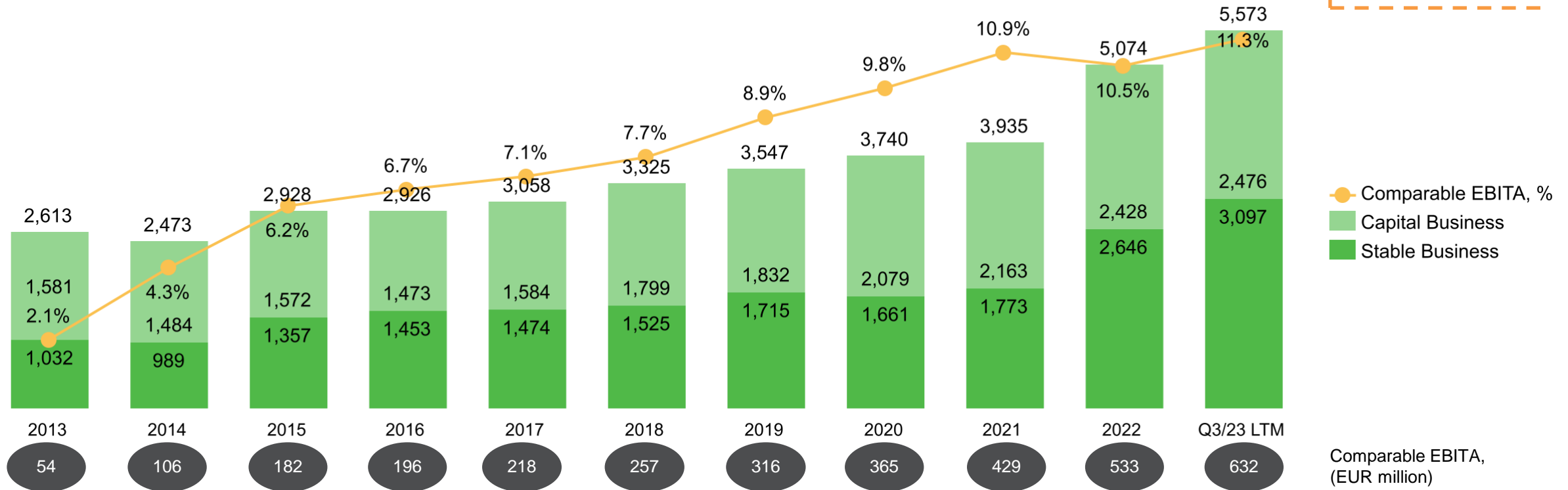
Net sales, EUR million	Q3/2023	Q3/2022	Change	Q1–Q3/2023	Q1–Q3/2022	Change
Services	429	381	13%	1,275	1,101	16%
Automation	312	296	5%	953	676	41%
Process Technologies	554	610	-9%	1,805	1,757	3%
Total	1,295	1,288	1%	4,033	3,534	14%

Comparable EBITA, EUR million	Q3/2023	Q3/2022	Change	Q1–Q3/2023	Q1–Q3/2022	Change
Services	79	55	45%	221	142	55%
Automation	58	52	12%	169	112	50%
Process Technologies	25	36	-31%	84	107	-21%
Other	-12	-7	72%	-37	-25	52%
Total	150	136	11%	437	337	29%

Comparable EBITA margin, % of net sales	Q3/2023	Q3/2022	Change	Q1–Q3/2023	Q1–Q3/2022	Change
Services	18.4%	14.3%	4.0 pp	17.3%	12.9%	4.4 pp
Automation	18.7%	17.6%	1.2 pp	17.7%	16.6%	1.1 pp
Process Technologies	4.5%	5.8%	-1.4 pp	4.7%	6.1%	-1.4 pp
Total	11.6%	10.5%	1.1 pp	10.8%	9.5%	1.3 pp

# Comparable EBITA margin development

Net sales and Comparable EBITA (EUR million and %)¹

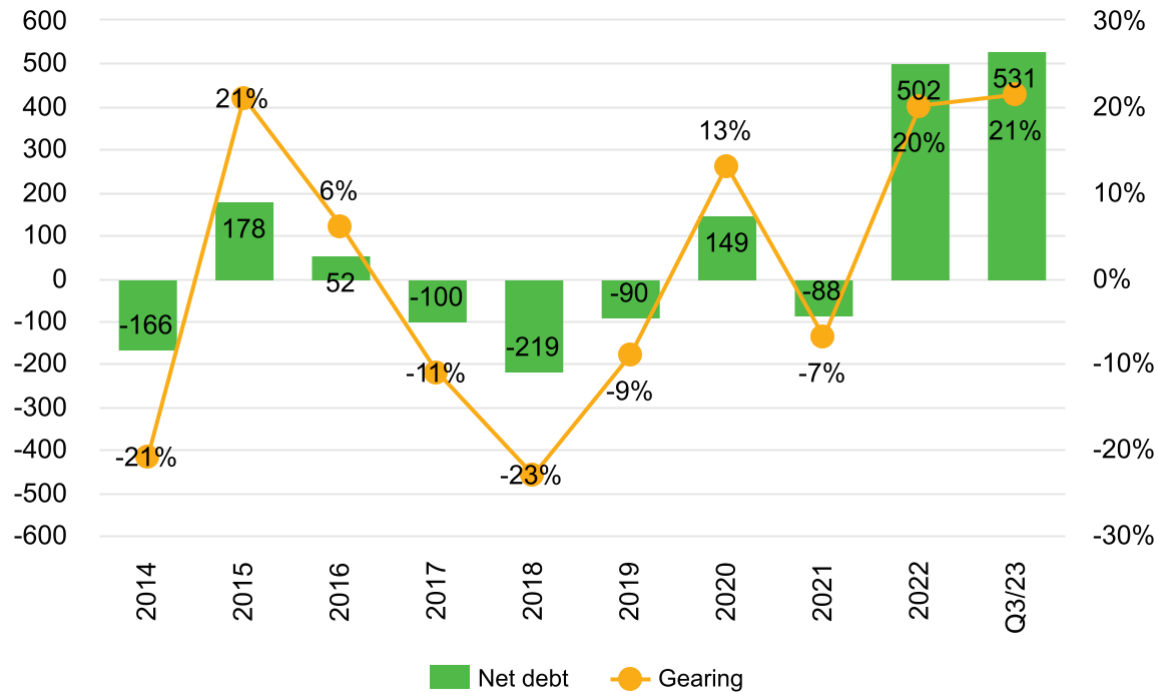


1. Valmet implemented IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018 by applying full retrospective method. 2014–2020 figures have not been restated to reflect Valmet’s current reporting structure. Thus, figures presented are not fully comparable.

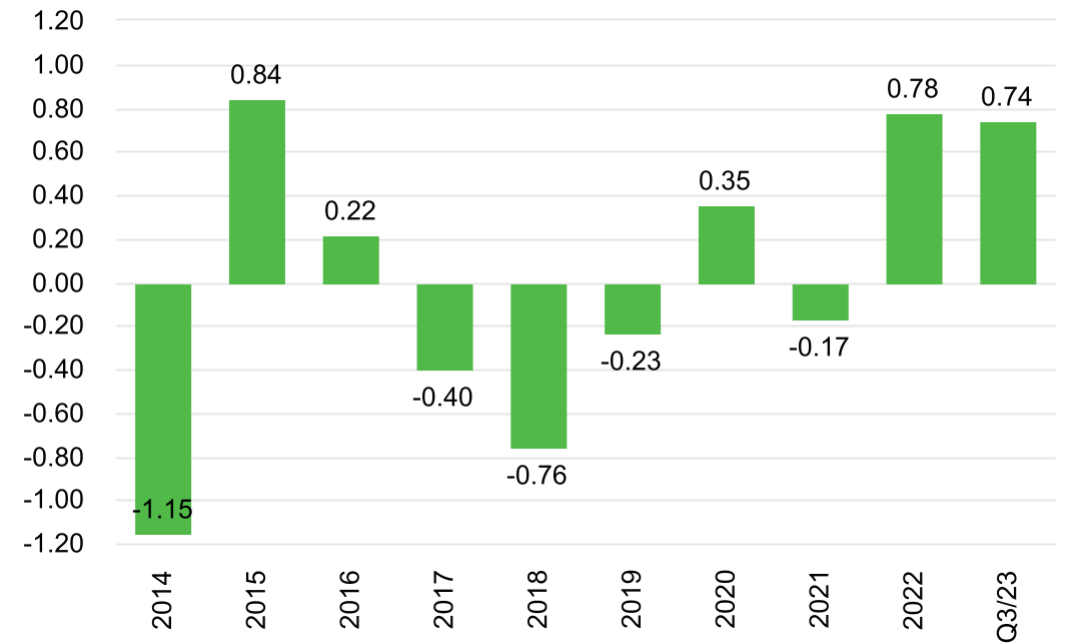


# Strong balance sheet enabling solid operations, dividends and growth also through acquisitions

Net debt (EUR million) and gearing (%)



Net debt to EBITDA\* ratio



Valmet implemented IFRS 16 – Leases as of January 1, 2019 by applying the simplified transition method and therefore 2018 figures are not restated.

\*Last twelve months (LTM) EBITDA

# Guidance and short-term market outlook

Guidance for 2023 (Published on February 2, 2023)

<b>Guidance</b>	<p>Valmet estimates that net sales in 2023 will increase in comparison with 2022 (EUR 5,074 million) and Comparable EBITA in 2023 will increase in comparison with 2022 (EUR 533 million).</p>
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## Short-term market outlook

		Q4/2022	Q1/2023	Q2/2023	Q3/2023
<b>Services</b>		Good	Good	Good / Satisfactory	Good / Satisfactory
<b>Automation</b>	Flow Control	Good	Good	Good	Good
	Automation Systems	Good	Good	Good	Good
<b>Pulp and Energy</b>	Pulp	Good / Satisfactory	Good / Satisfactory	Satisfactory	Satisfactory
	Energy	Good	Good	Good	Good
<b>Paper</b>	Board and Paper	Good	Good	Satisfactory	Satisfactory
	Tissue	Satisfactory	Satisfactory	Satisfactory	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 following the reported quarter. The scale is 'weak-satisfactory-good'.



# Summary

# Valmet's investment highlights

- 1 Unique offering to support a growing market
- 2 Process Technologies segment benefiting from the growing demand for bio-based products and energy
- 3 EUR 3.1 billion recurring and steadily growing stable business
- 4 Services segment's demand driven by large and growing global installed base
- 5 Automation segment with high growth and profitability
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# 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 Financials

2 Growth and profitability improvement

3 Shareholders and share price development

4 Offering

5 Management and remuneration

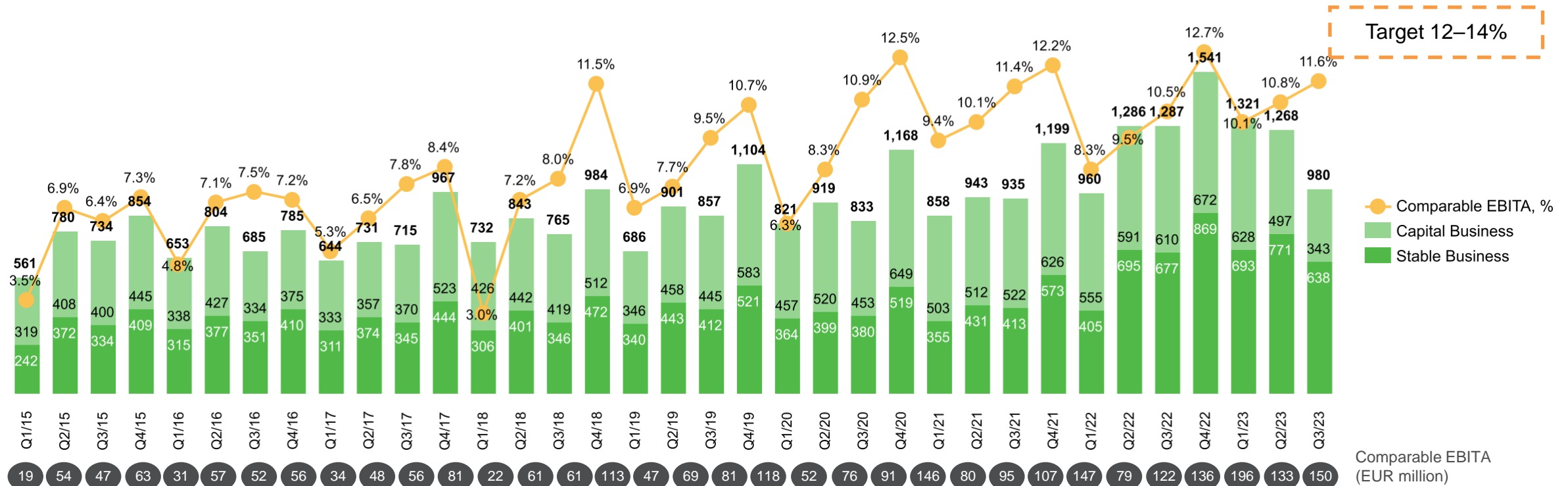


Appendix  
**Financials**



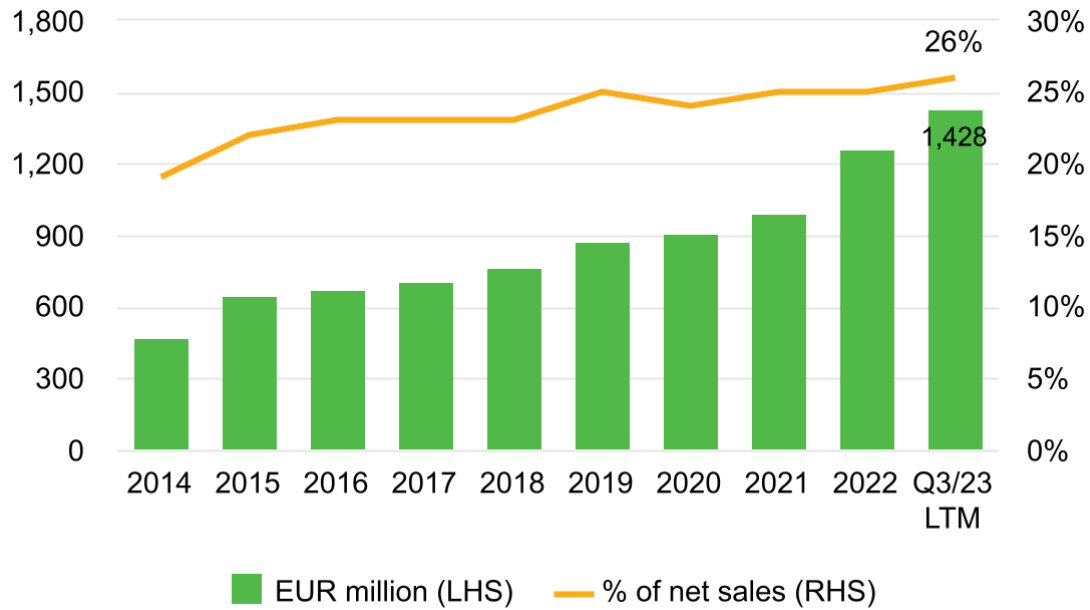
# Quarterly Comparable EBITA margin development

Net sales and Comparable EBITA (EUR million and %)

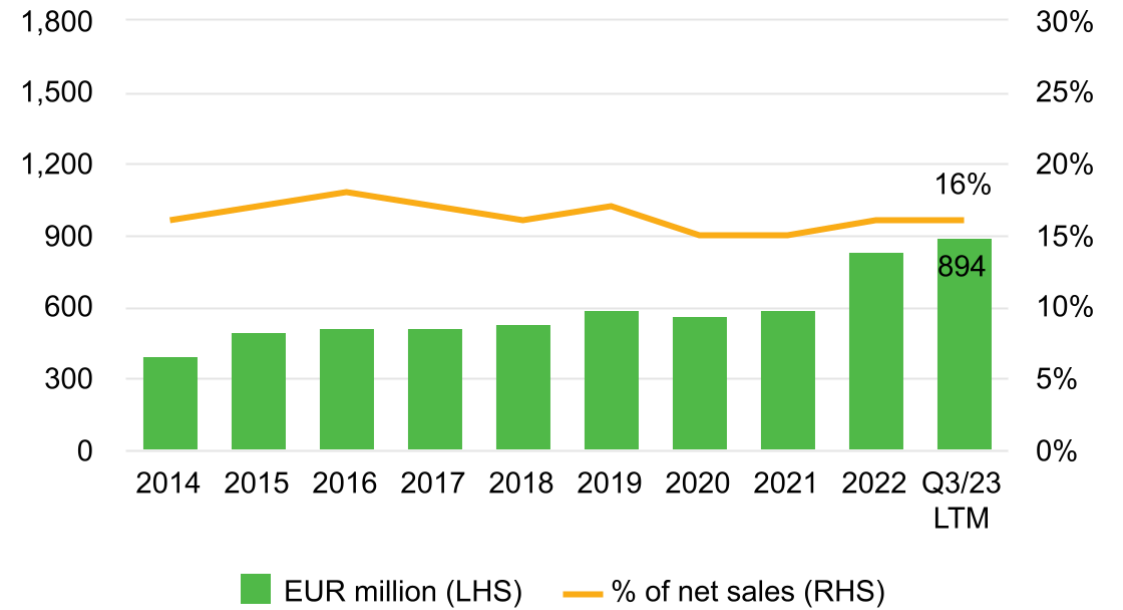


# Comparable gross profit and SG&A expenses development

Comparable gross profit  
(EUR million and % of net sales)



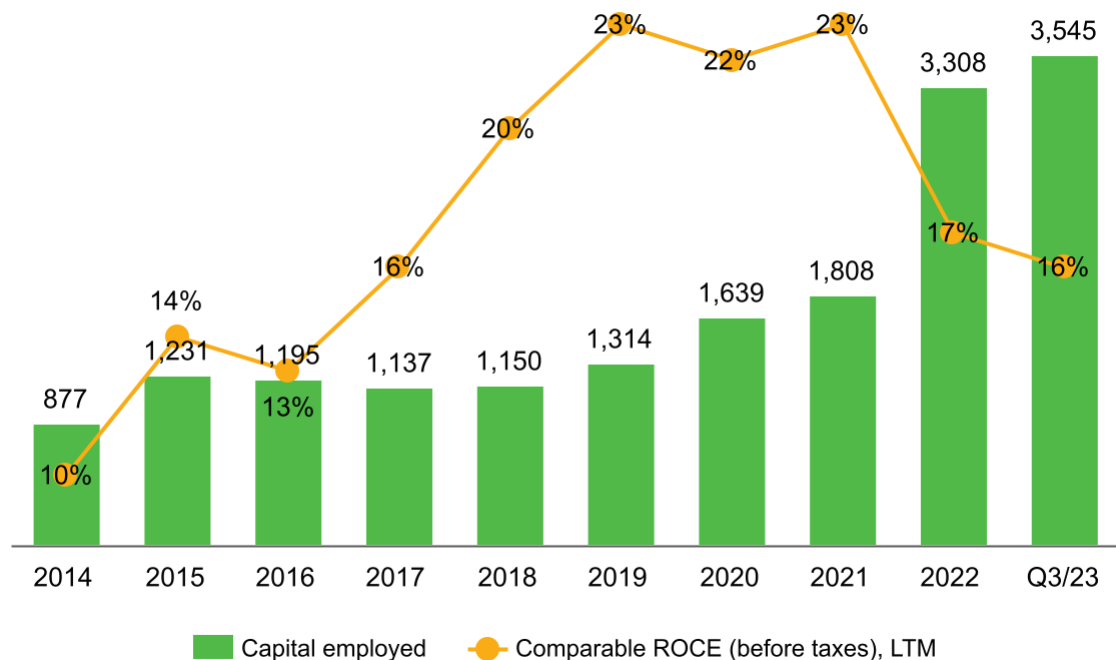
Comparable SG&A expenses  
(EUR million and % of net sales)



- Comparable gross profit was 25.9% of net sales in Q3/2023 (24.6% in Q3/2022)
  - Stable business represented 57% of net sales (53% in Q3/2022)
- Comparable SG&A expenses were EUR 6 million lower in Q3/2023 compared with Q3/2022
  - Comparable SG&A expenses were 16% of net sales in Q3/2023 (16% in Q3/2022)

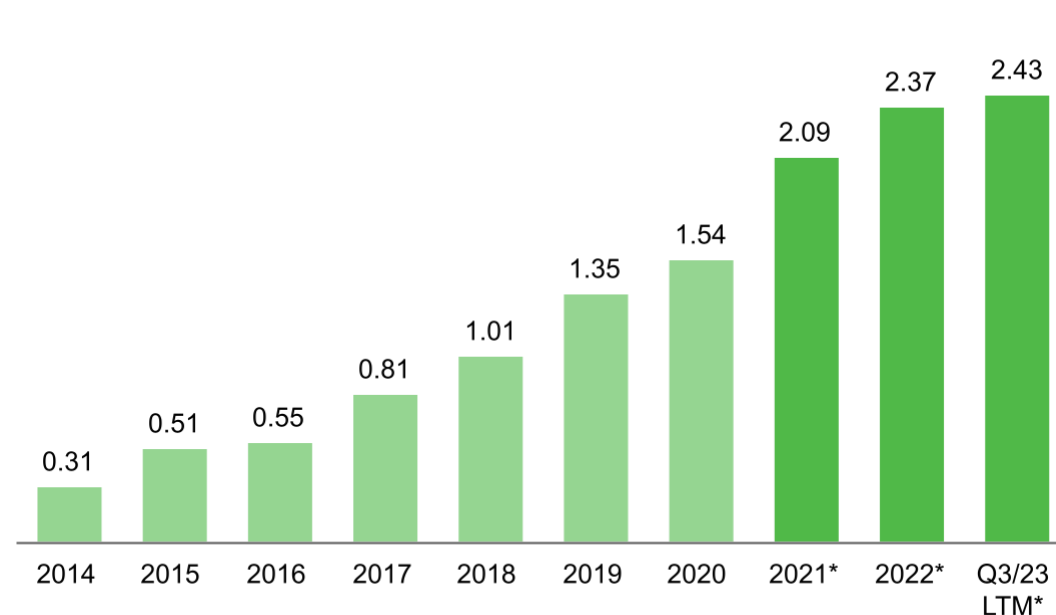
# Capital employed, Comparable ROCE and EPS

Capital employed (EUR million) and Comparable return on capital employed (ROCE), before taxes (%)



- Integration of Flow Control into Valmet in Q2/2022 increased capital employed, impacting Q2/2023 LTM Comparable ROCE

Earnings per share (EPS) and Adjusted EPS, EUR

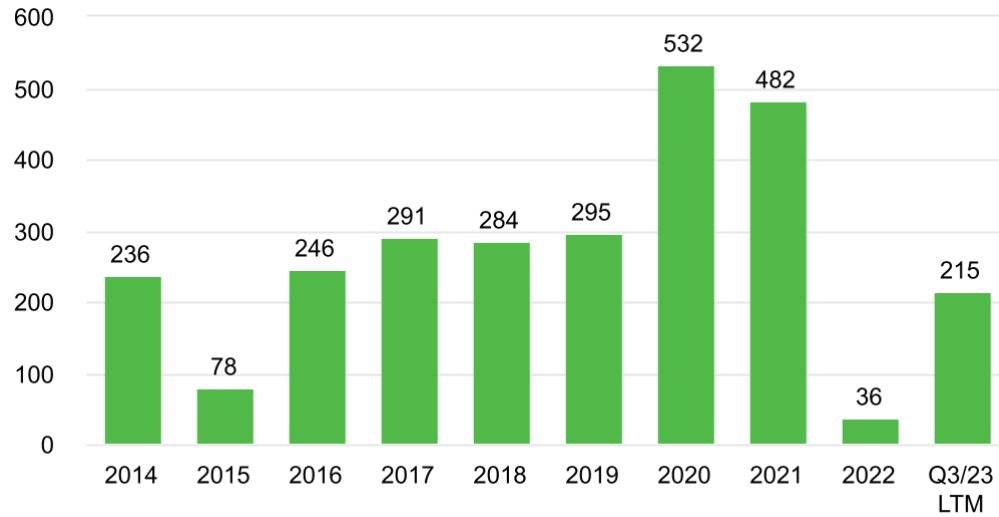


\*Adjusted EPS. Adjusted earnings per share is an alternative performance measure that excludes the impact of fair value adjustments arising from business combinations, net of tax

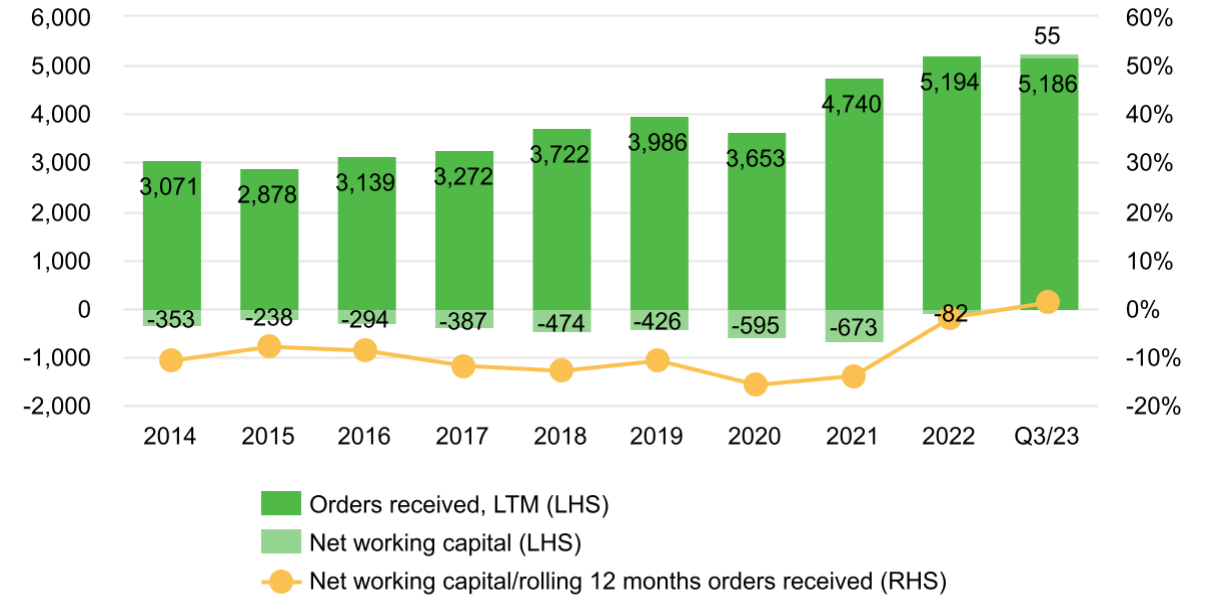
Valmet implemented IFRS 16 – Leases as of January 1, 2019 by applying the simplified transition method, and IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018 by applying full retrospective method. Thus, figures presented are not fully comparable. LTM = Last twelve months.

# Cash flow provided by operating activities and net working capital

Cash flow provided by operating activities (EUR million)



Net working capital<sup>1</sup> and orders received (EUR million)



- Cash flow provided by operating activities EUR 57 million in Q3/2023
- CAPEX<sup>2</sup> EUR 27 million in Q3/2023
- Net working capital<sup>1</sup> EUR 55 million, which equals 1% of rolling 12 months orders received
- Change in net working capital<sup>3</sup> EUR -85 million in Q3/2023

Valmet implemented IFRS 16 – Leases as of January 1, 2019 by applying the simplified transition method and therefore 2018 figures are not restated.

1. Q2/2023 net working capital excludes EUR 120 million non-cash net working capital impact from dividend liability.
2. Excluding right-of-use assets.
3. Change in net working capital in the consolidated statement of cash flows.

# Services: Orders received remained at the previous year's level to EUR 1,356 million in Q1–Q3/2023

Orders received (EUR million)

Net sales (EUR million)

Comparable EBITA (EUR million and % of net sales)

**Q1–Q3/2022:**  
EUR 1,338 million

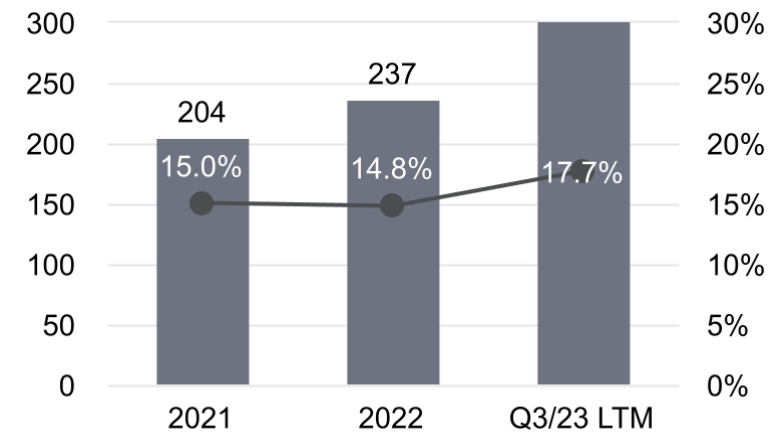
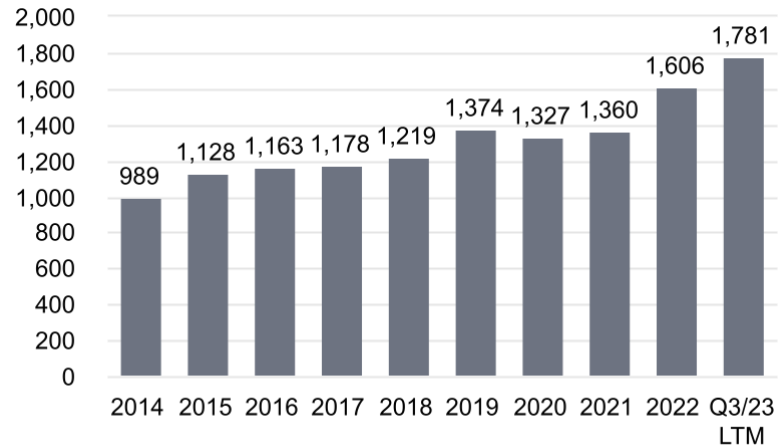
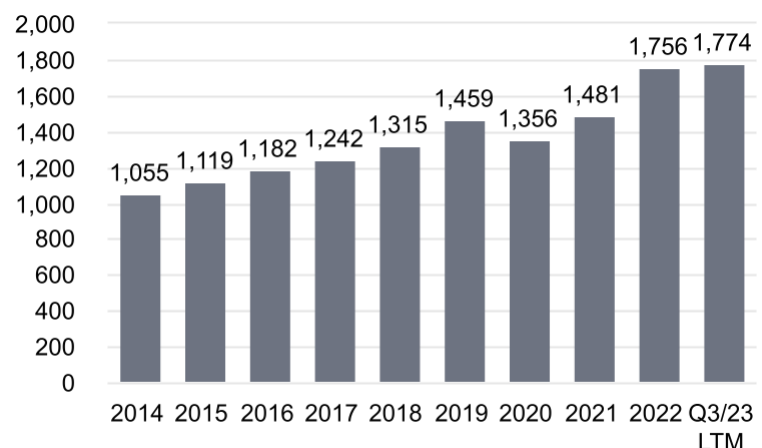
**Q1–Q3/2023:**  
EUR 1,356 million

**Q1–Q3/2022:**  
EUR 1,101 million

**Q1–Q3/2023:**  
EUR 1,275 million

**Q1–Q3/2022:**  
EUR 142 million

**Q1–Q3/2023:**  
EUR 221 million



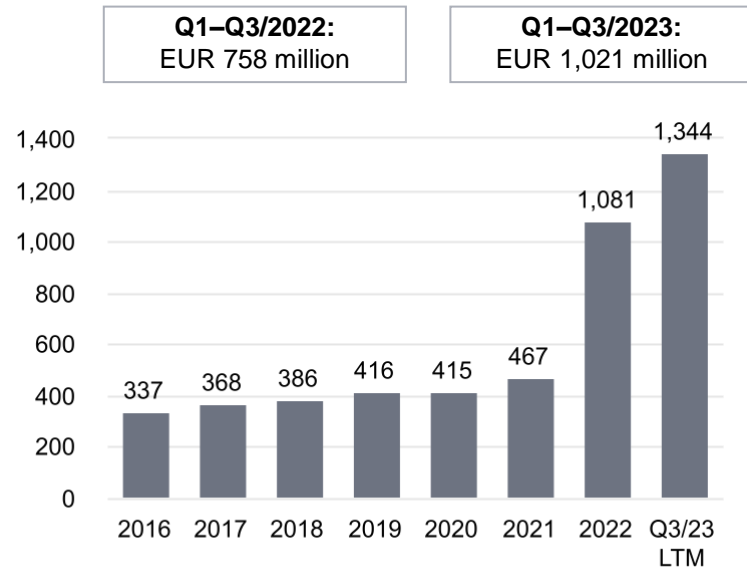
- Orders received remained at the previous year's level compared with Q1–Q3/2022
  - Orders received increased in South America, remained at the previous year's level in EMEA and Asia-Pacific and decreased in China and North America
  - Orders received increased in Pulp and Energy Solutions, remained at the previous year's level in Performance Parts, and decreased in Board, Paper and Tissue Solutions, Fabrics and Rolls
- Net sales increased compared with Q1–Q3/2022
- Comparable EBITA increased compared with Q1–Q3/2022 due to higher net sales
- Services segment was affected by cost inflation, reduced component availability and longer delivery times of certain components in Q1–Q3/2023



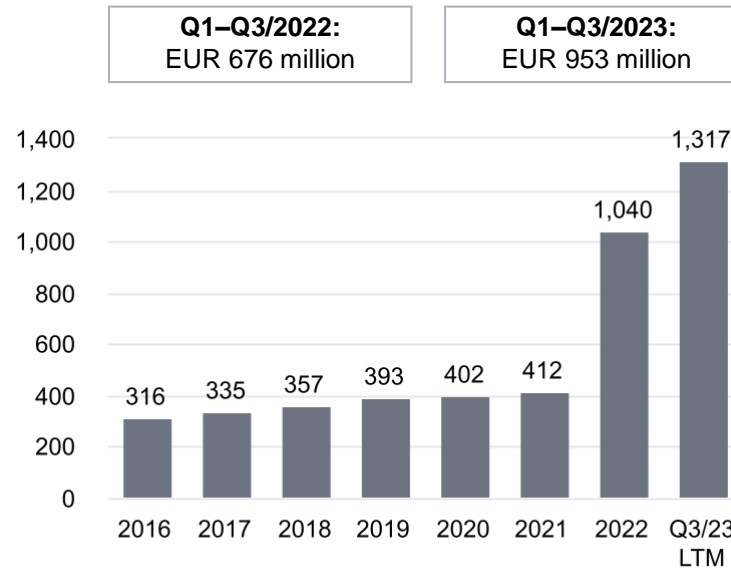
# Automation: Orders received increased to EUR 1,021 million in Q1–Q3/2023

Automation segment includes Automation Systems and starting from Q2/2022 also Flow Control

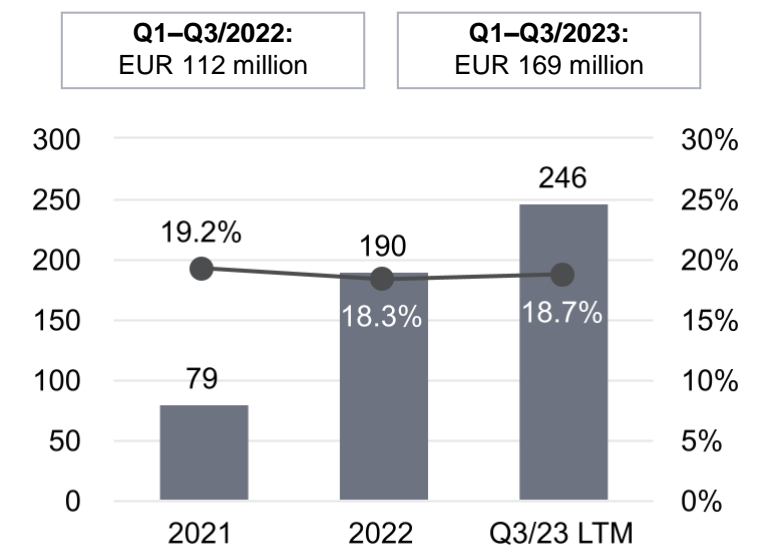
Orders received (EUR million)



Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)

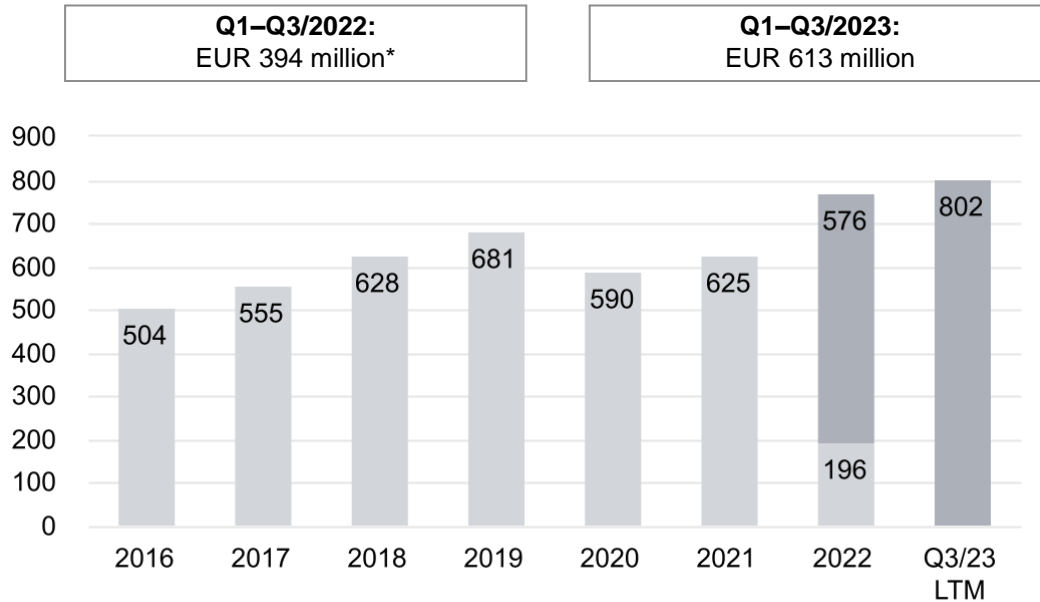


- Orders received increased compared with Q1–Q3/2022
- Net sales increased compared with Q1–Q3/2022
- Comparable EBITA increased compared with Q1–Q3/2022

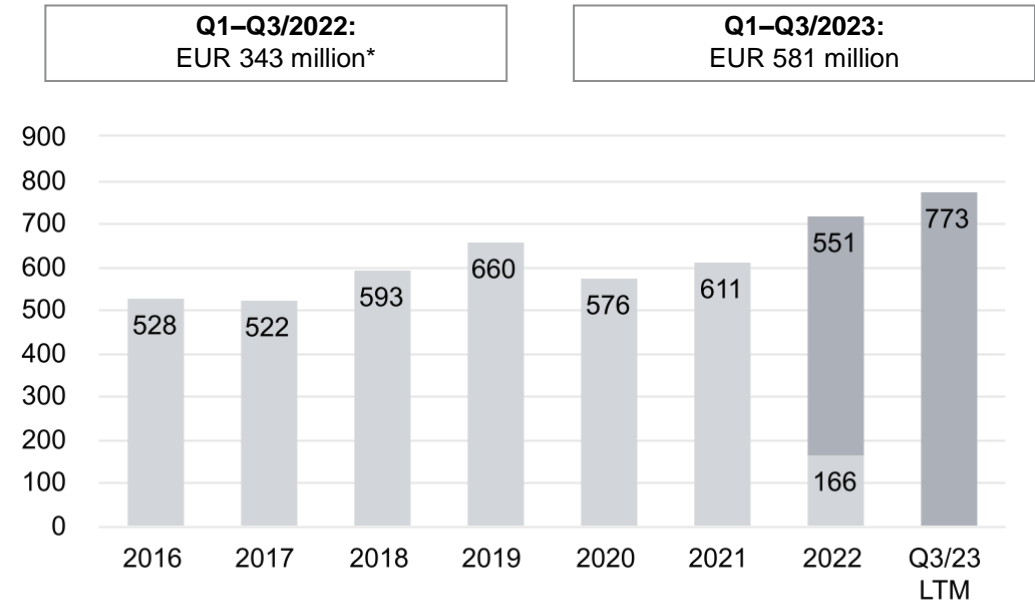


# Flow Control: Orders received amounted to EUR 613 million in Q1–Q3/2023

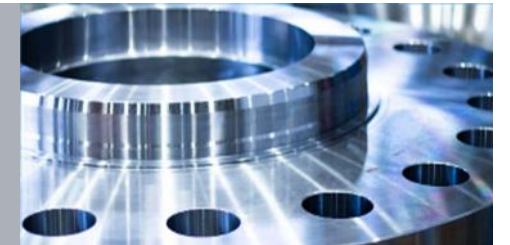
Orders received (EUR million)\*



Net sales (EUR million)\*



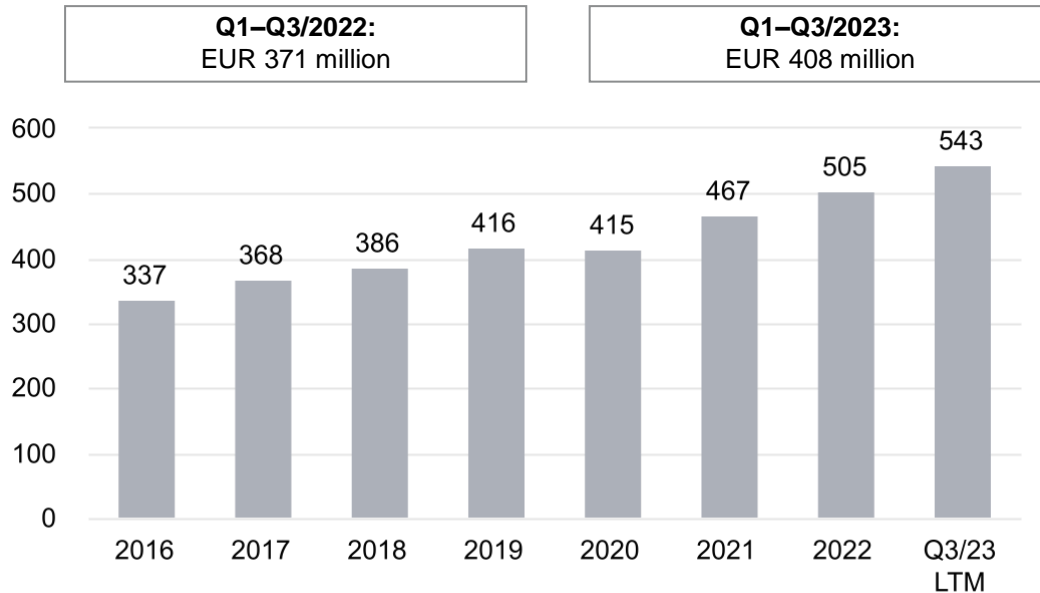
- Orders received amounted to EUR 613 million in Q1–Q3/2023
- Net sales amounted to EUR 581 million in Q1–Q3/2023
- Integration of Flow Control into Valmet is proceeding well



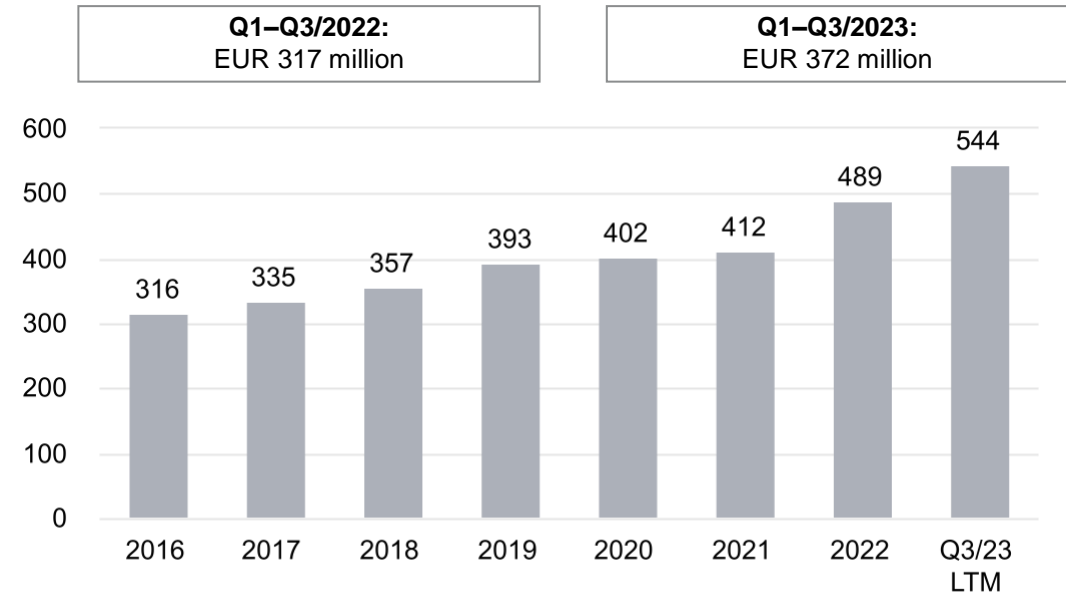
\* 2016–2017 financials based on carve-out numbers; 2018–2019 financials based on Metso’s “Continuing operations” as in 2019 annual report; Q1/2020–Q1/2022 financials as reported in Neles’ Q1/2022 interim review. LTM = Last twelve months

# Automation Systems: Orders received increased to EUR 408 million in Q1–Q3/2023

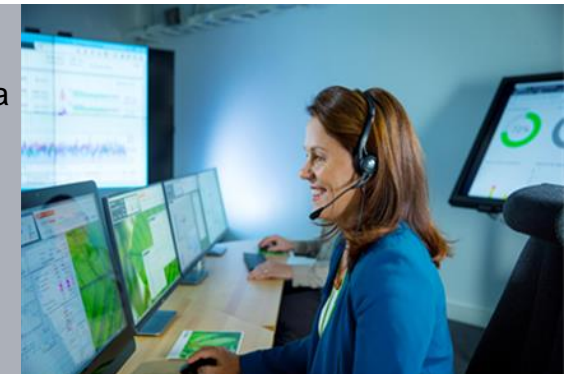
Orders received (EUR million)



Net sales (EUR million)



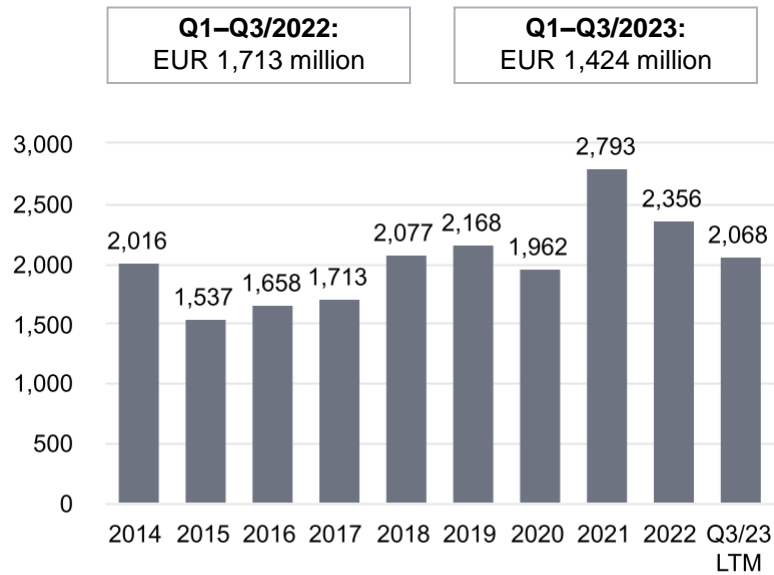
- Orders received increased compared with Q1–Q3/2022
  - Orders received increased in North America and Asia-Pacific, remained at the previous year's level in EMEA and China and decreased in South America
  - Orders received increased in both Pulp and Paper, and Energy and Process
- Net sales increased compared with Q1–Q3/2022
- Delivery times of certain components were longer during Q1–Q3/2023



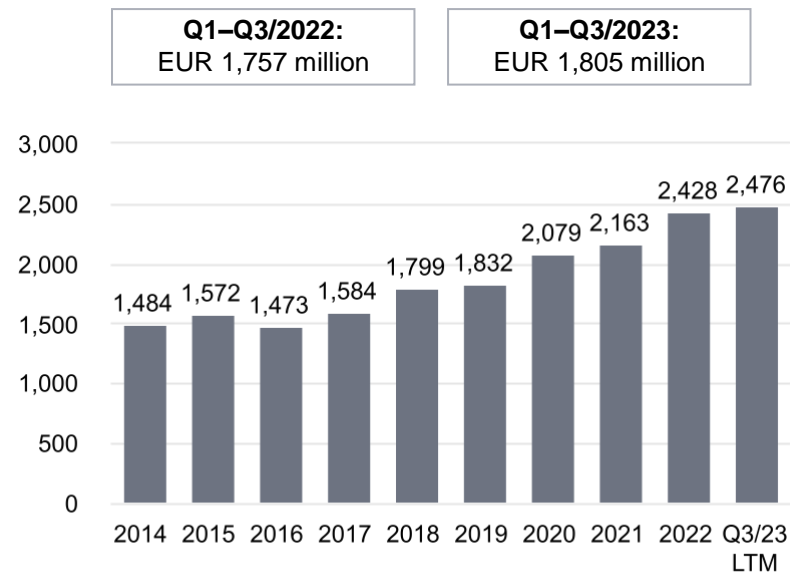


# Process Technologies: Orders received decreased to EUR 1,424 million in Q1–Q3/2023

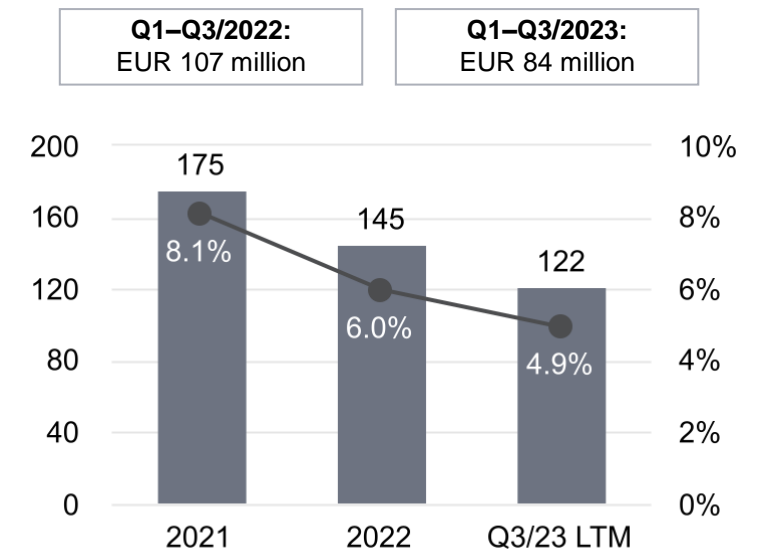
Orders received (EUR million)



Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)

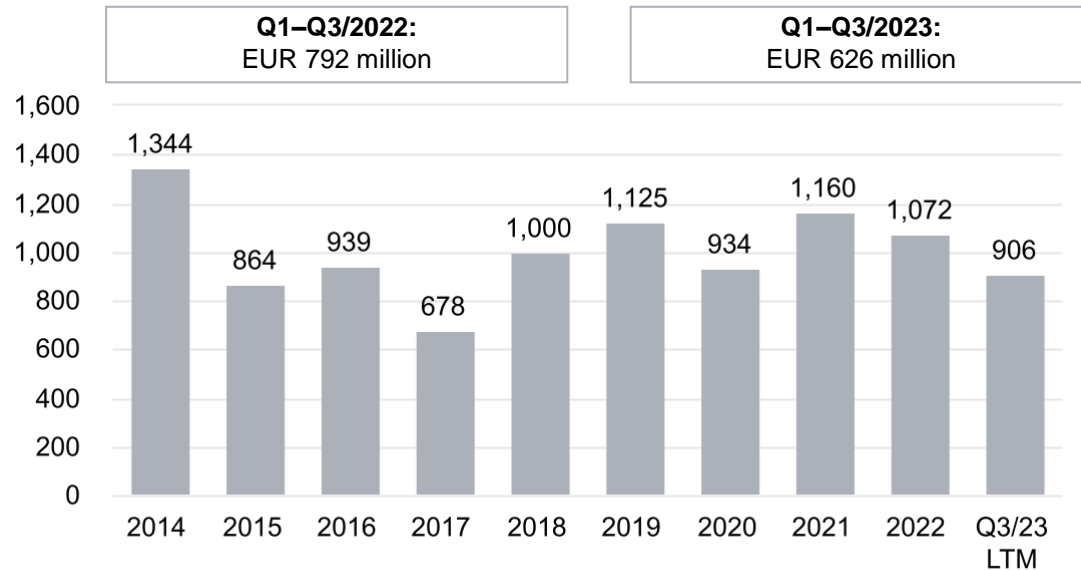


- Orders received decreased compared with Q1–Q3/2022
- Net sales remained at the previous year's level compared with Q1–Q3/2022
- Comparable EBITA decreased compared with Q1–Q3/2022, as the margins in some Pulp and Energy projects were impacted by cost inflation

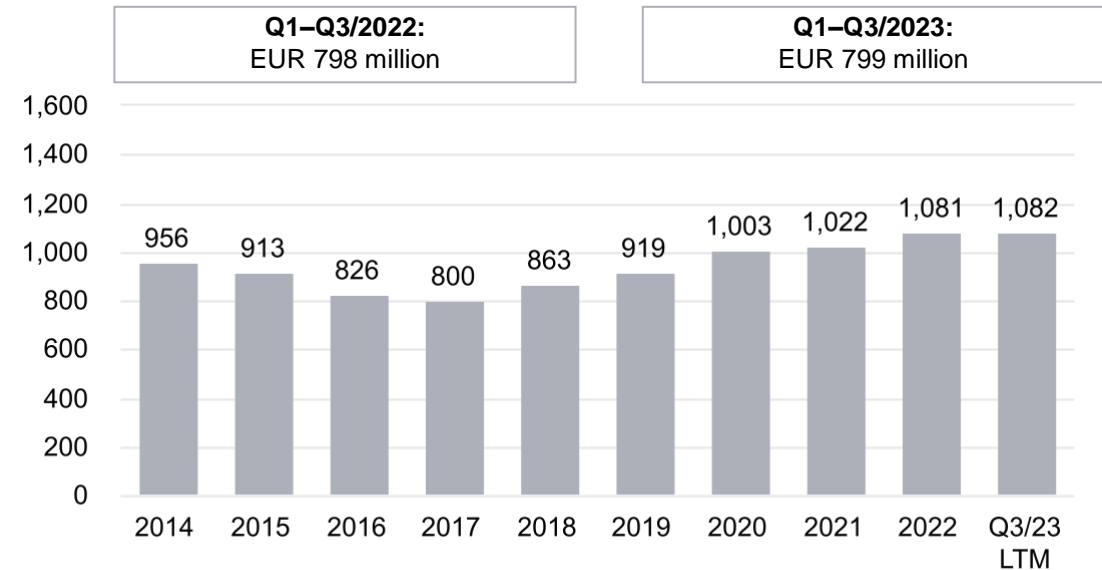


# Pulp and Energy business line: Orders received decreased to EUR 626 million in Q1–Q3/2023

Orders received (EUR million)



Net sales (EUR million)

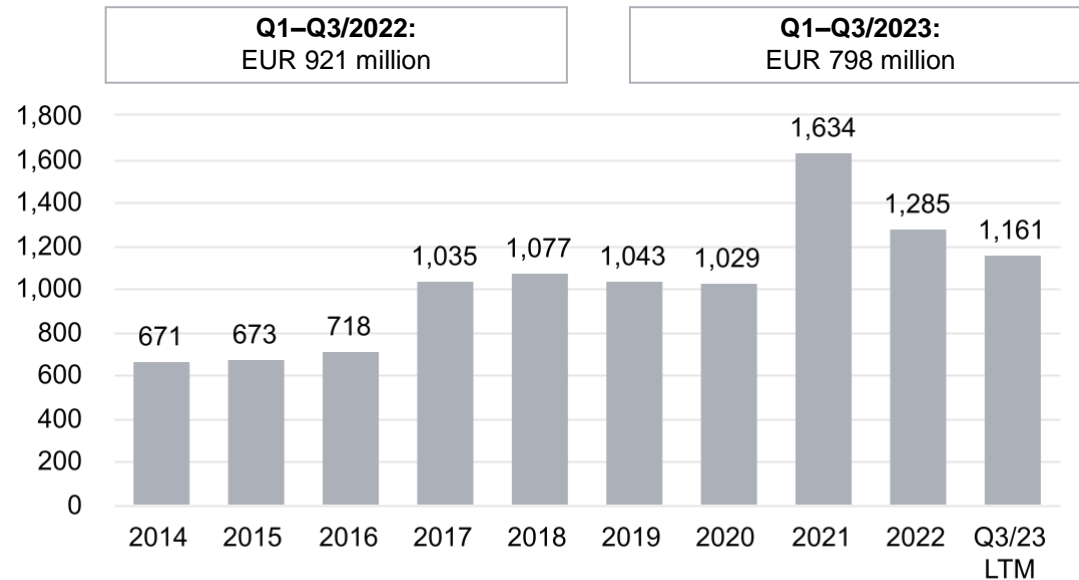


- Orders received decreased compared with Q1–Q3/2022
  - Orders received increased in China and Asia-Pacific, remained at the previous year's level in South America and decreased in EMEA and North America
  - Orders received decreased in both Pulp and Energy
- Net sales remained at the previous year's level compared with Q1–Q3/2022
- Cost inflation impacted Pulp & Energy's business environment during Q1–Q3/2023

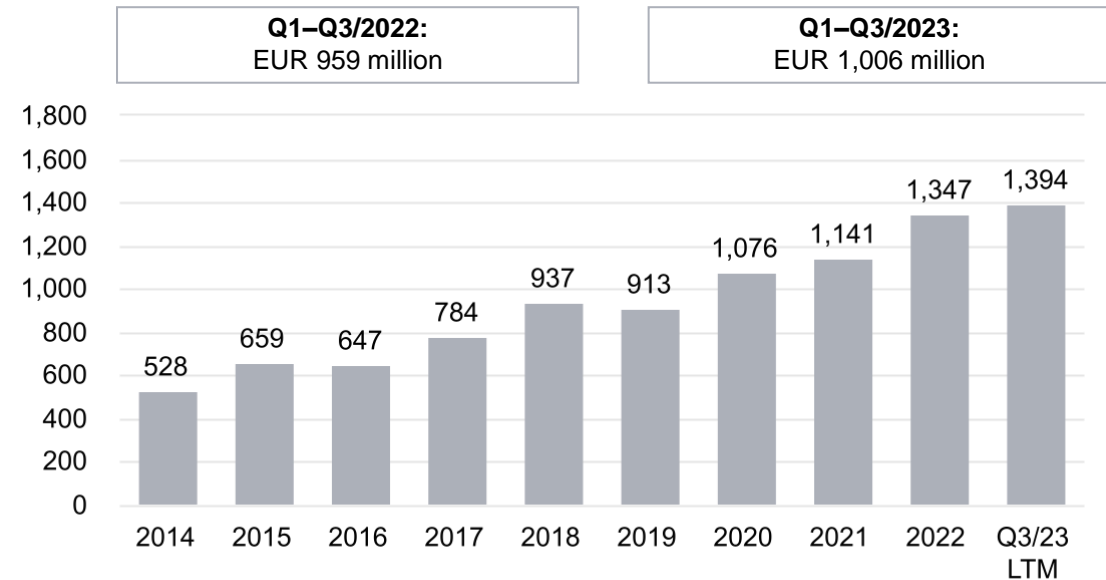


# Paper business line: Orders received decreased to EUR 798 million in Q1–Q3/2023

Orders received (EUR million)



Net sales (EUR million)

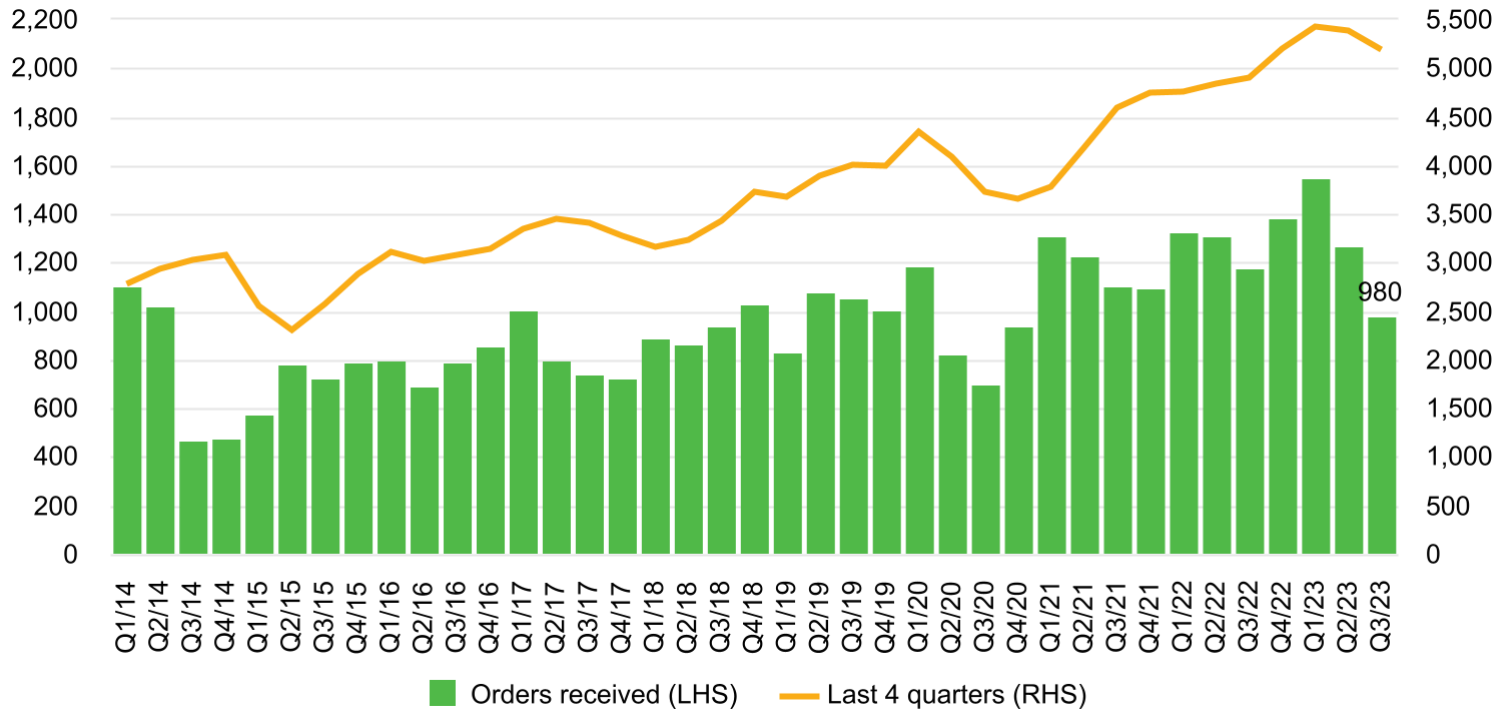


- Orders received decreased compared with Q1–Q3/2022
  - Orders received increased in North America and South America and decreased in EMEA, Asia-Pacific and China
  - Orders received increased in Small and Medium size Machines and decreased in all other businesses
- Net sales remained at the previous year's level compared with Q1–Q3/2022
- The fire at Rautpohja factory site in Finland in 2022 impacted Paper business line's operations during Q1–Q3/2023
- The Paper business line has managed the challenges caused by the fire well

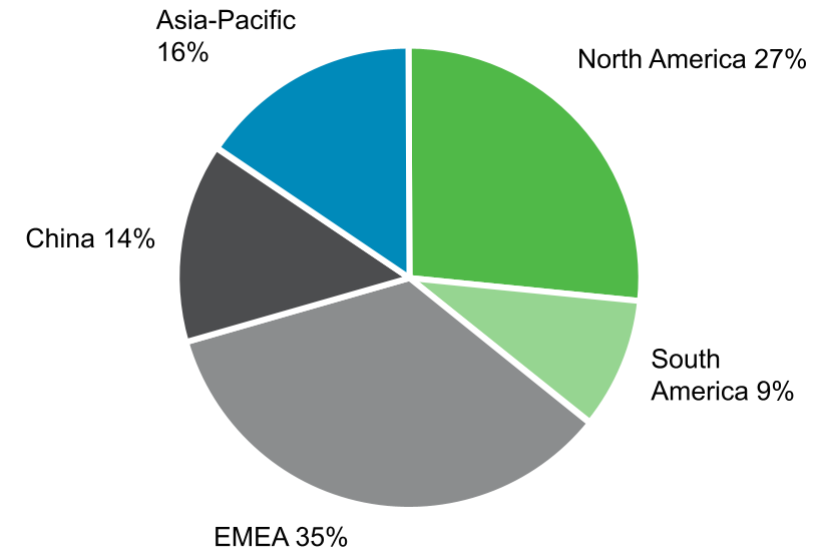


# Orders received decreased to EUR 980 million in Q3/2023

Orders received (EUR million)



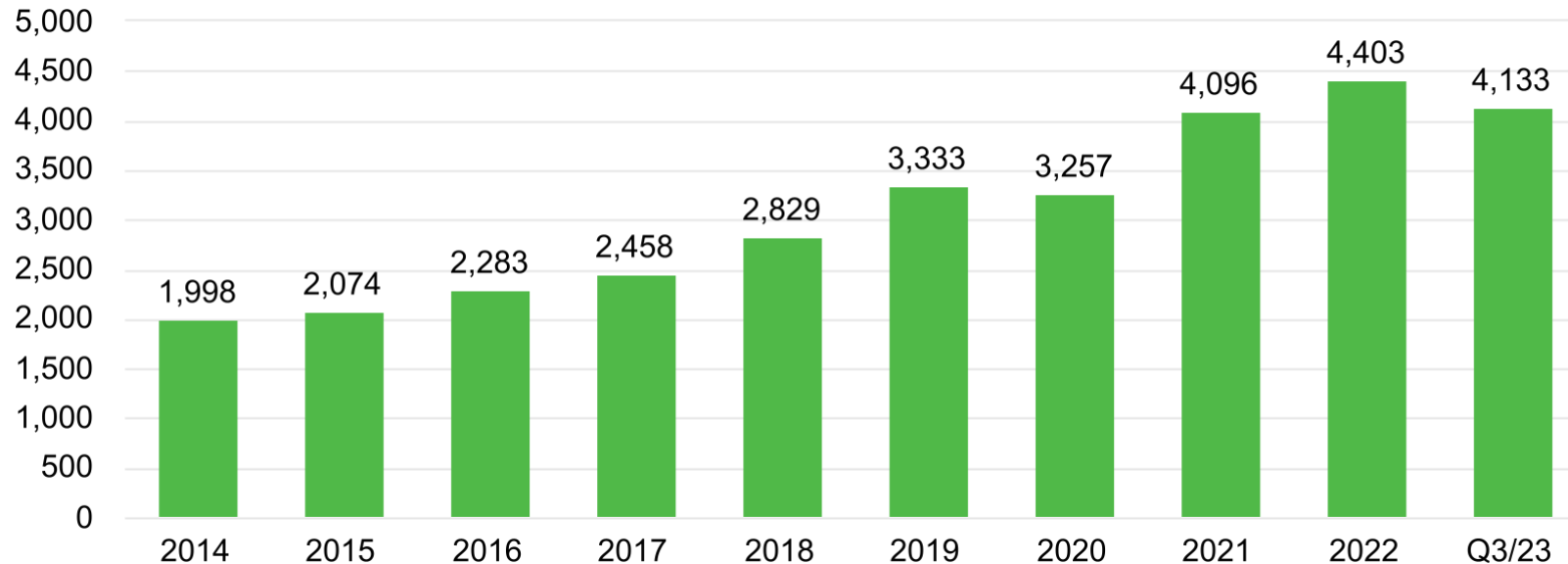
Orders received in Q1–Q3/2023 by area



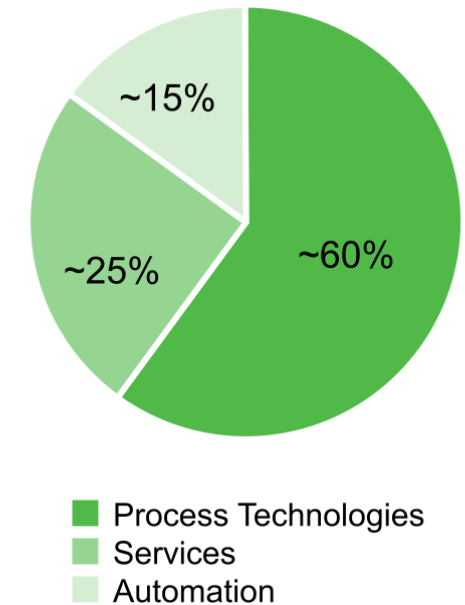
- Orders received increased in South America and North America, remained at the previous year's level in China and Asia-Pacific and decreased in EMEA in Q1–Q3/2023 compared with Q1–Q3/2022
  - South America, China and Asia-Pacific together accounted for 39% of orders received

# Order backlog EUR 4,133 million at the end of Q3/2023

Order backlog (EUR million)



Structure of order backlog by segment



- Order backlog was EUR 270 million lower than at the end of 2022
- Approximately 30% of the order backlog is currently expected to be realized as net sales during 2023 (at the end of Q3/2022, ~30% during 2022)
- Approximately 40% of the order backlog relates to stable business (~40% at the end of Q3/2022)

# Announced orders booked in H2/2023

Booked quarter	Date	Description	Business line	Country	Value
Q3	Oct 2	An Advantage DCT 200 tissue production line to Sofidel	Paper	USA	Not disclosed.
Q3	Oct 25	Multiple technologies to Liansheng Pulp & Paper	Paper, Pulp and Energy	China	Not disclosed
Q4	Oct 10	A biomass power plant to Göteborg Energi	Pulp and Energy	Sweden	Not disclosed.

# Announced orders booked in H1/2023

Booked quarter	Date	Description	Business line	Country	Value
Q1	Feb 23	Coated board machine to Graphic Packaging International	Paper	USA	Not disclosed, but an order of this type and scope is typically valued at EUR 140–180 million.
Q1	Mar 2	Tissue line order for Metsä Tissue's new Future Mill project	Paper	Sweden	Not disclosed.
Q1	Apr 25	Key technologies for Henan Longyuan Paper's testliner line	Paper	China	Not disclosed.
Q2	May 4	Conversion of Helen Ltd's coal-fired district heat boiler to a pellet-fired BFB boiler at the Salmisaari power plant in Helsinki	Pulp and Energy	Finland	Not disclosed.
Q1	May 8	Rebuild for ITC's board machine	Paper	India	Not disclosed.
Q1	June 19	Pulp Technology for DS Smith in Portugal	Pulp and Energy	Portugal	Not disclosed.
Q2	June 1	Key pulp mill technology to Shandong Huatai Paper's new pulp mill	Pulp and Energy	China	Not disclosed.
Q2	July 5	Two wash presses to Holmen's mill in Iggesund, Sweden	Pulp and Energy	Sweden	Not disclosed.
Q2	July 19	High-capacity winder to Gascogne Papier	Paper	France	Not disclosed.
Q2	Aug 28	Tissue production line to Papel San Francisco	Paper	Mexico	Not disclosed.
Q2	Aug 31	Key pulp and paper technologies to Naini Papers	Paper, Pulp and Energy, Services, Automation Systems	India	Not disclosed, but a delivery of this size and scope is typically valued at EUR 40–60 million.
Q2	Sep 26	A fine paper making line to Yueyang Forest Paper	Paper	China	Not disclosed.

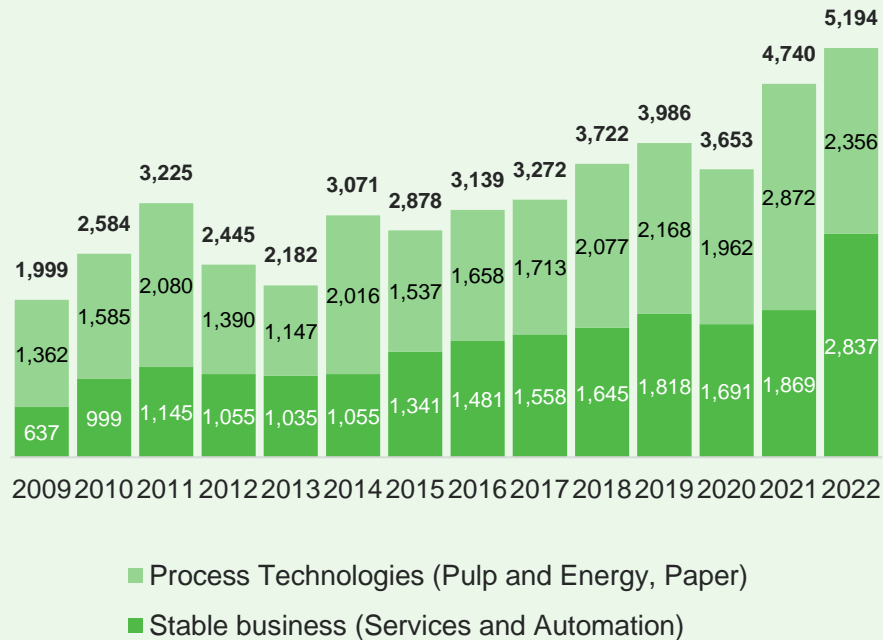
# Announced orders booked in H2/2022

Booked quarter	Date	Description	Business line	Country	Value
Q3	Sep 27	Key technology for Cheng Loong's new board machine	Paper	Vietnam	Not disclosed, but such an order is typically worth between EUR 20 and 30 million.
Q3	Sep 28	A coated board making line	Paper	Asia-Pacific region	Not disclosed. However, a project of this size and scope is typically valued at around EUR 140–180 million.
Q3	Oct 24	Tissue production line to Papel San Francisco	Paper	Mexico	Not disclosed.
Q4	Nov 7	Pyrolyzer plant to Circa Group's ReSolute project	Pulp and Energy	France	Not disclosed.
Q3	Nov 9	Rebuild of Koehler Paper's power boilers	Pulp and Energy	Germany	Not disclosed. The joint value of such rebuilds and supply scopes is typically around EUR 20 million.
Q4	Nov 25	Flue gas condensing process to Vantaa Energy	Pulp and Energy	Finland	Not disclosed, but such an order is typically worth over EUR 15 million.
Q3	Dec 21	A coating section upgrade with electric heated air dryers to Stora Enso	Paper	Finland	Not disclosed, but the value of deliveries of this type is usually around EUR 5–8 million.
Q4	Jan 9	Conversion of two coal-fired boilers to enable biomass combustion for Veolia Group's subsidiary in Hungary	Pulp and Energy	Hungary	Approximately EUR 25 million.
Q4	Jan 12	Cooking, fiberline and evaporation plant rebuild for Andhra Paper Limited	Pulp and Energy	India	Not disclosed.
Q4	Jan 30	Paper machine rebuild to Sappi North America's Somerset facility	Paper	USA	Not disclosed, but such an order is typically worth between EUR 90 and 120 million.
Q4	Jan 31	Key technology and automation solutions for the expansion project of Stora Enso's Oulu mill in Finland	Pulp and Energy	Finland	Not disclosed, but a delivery of this size and scope is typically valued at around EUR 75–100 million.
Q4	Mar 27	New container board making line to DS Smith in Italy	Paper	Italy	
Q4	Mar 31	Wash press to Holmen Paper AB's Braviken mill	Pulp and Energy	Sweden	Not disclosed.

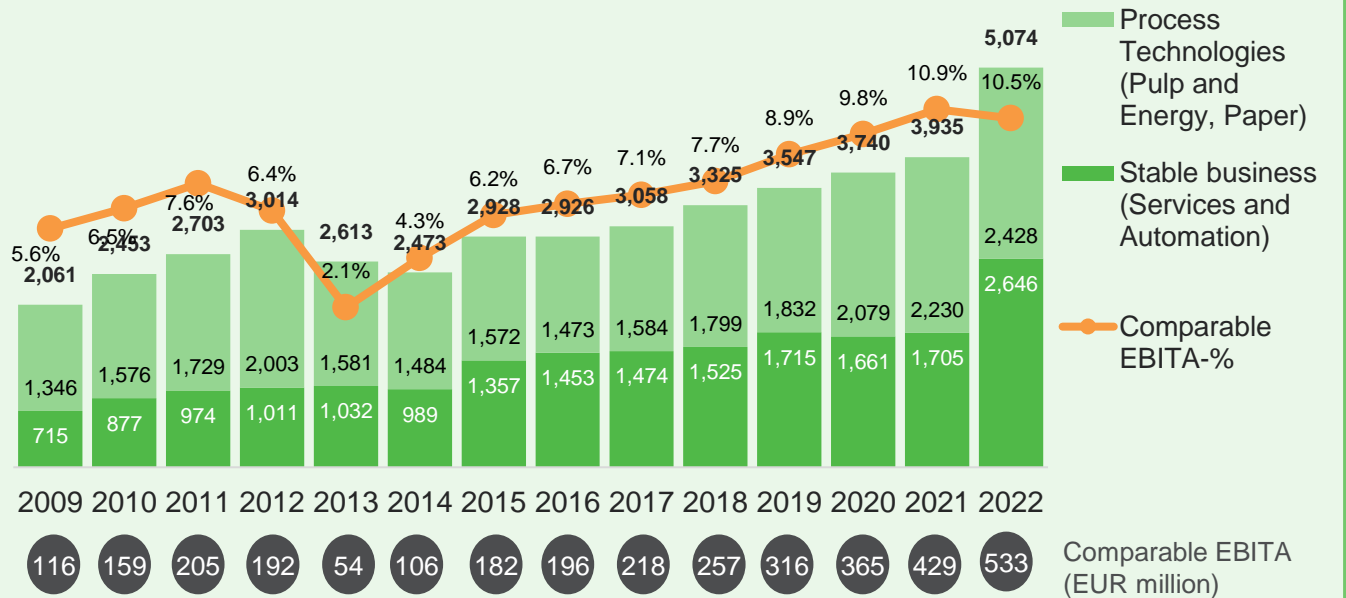


# Orders received and profitability development, annual

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



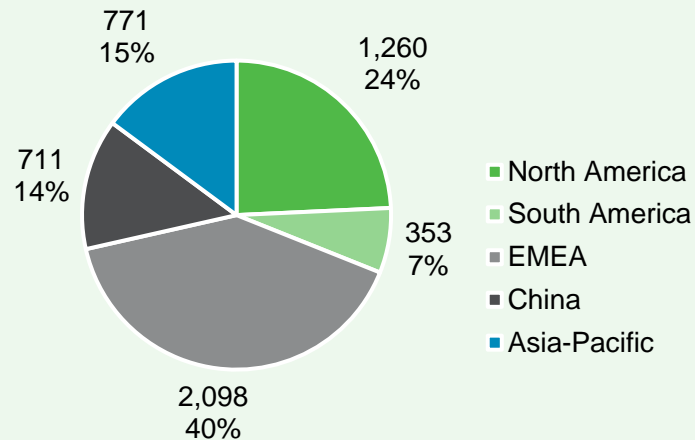
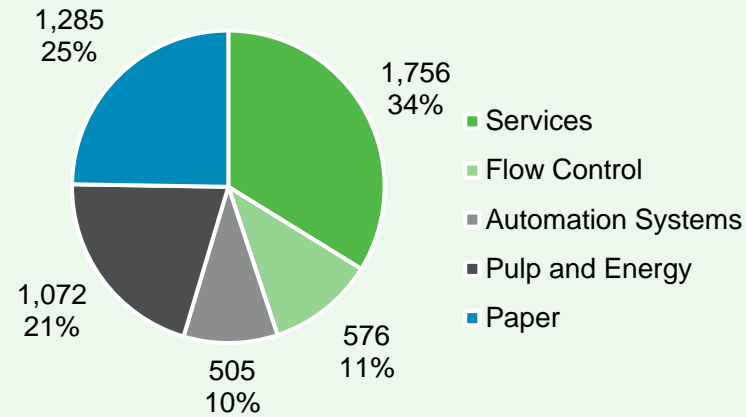
## Net sales and Comparable EBITA (EUR million)<sup>1</sup>



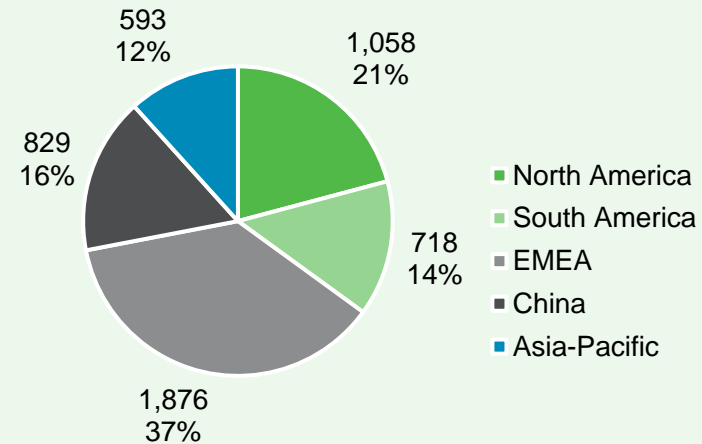
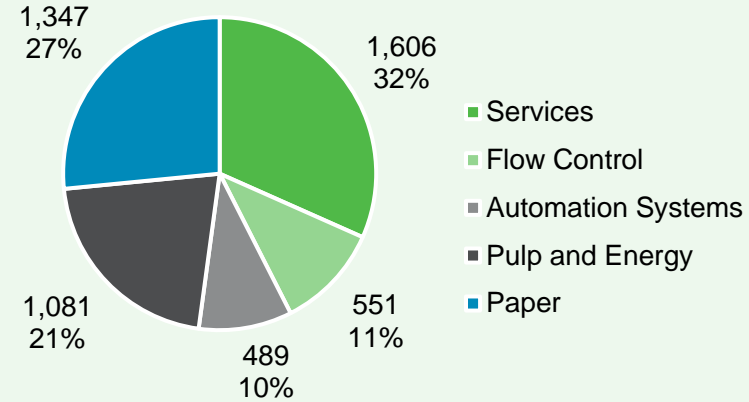
<sup>1</sup>) Carve-out figures for 2010-2013; as reported for Metso's Pulp, Paper and Power segment for 2006-2009. Automation: Automation Systems has been consolidated into Valmet's financials since April 1, 2015, and Flow Control since April 1, 2022.

# Orders received and net sales split in 2022

**Orders received** (EUR million and % of total)

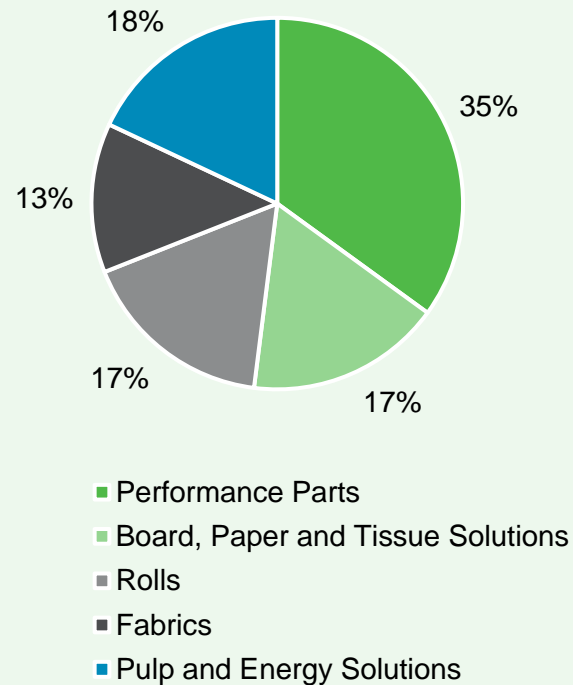


**Net sales** (EUR million and % of total)

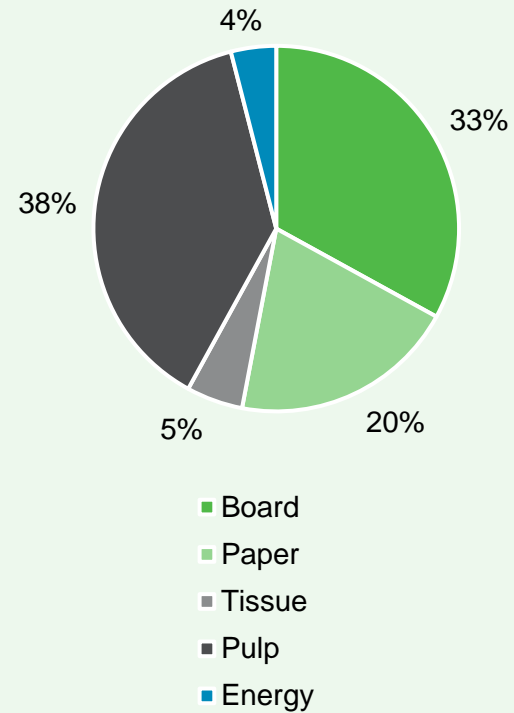


# Services segment: Orders received split in 2022

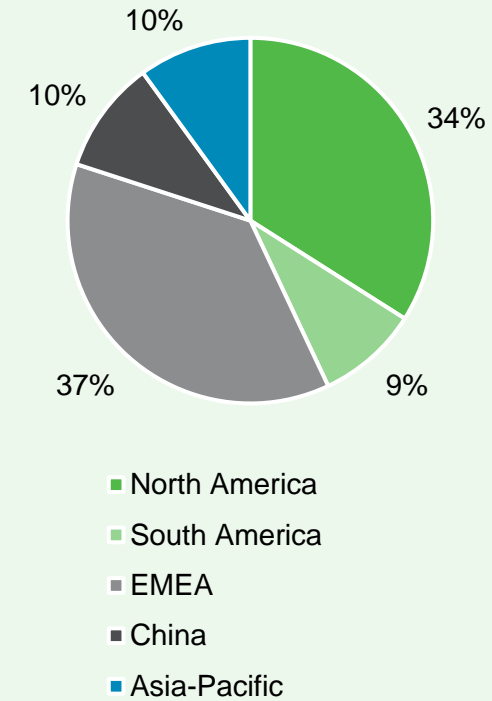
## By business unit



## By customer segment



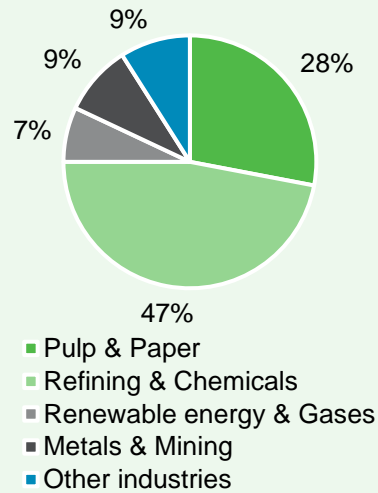
## By geographic area



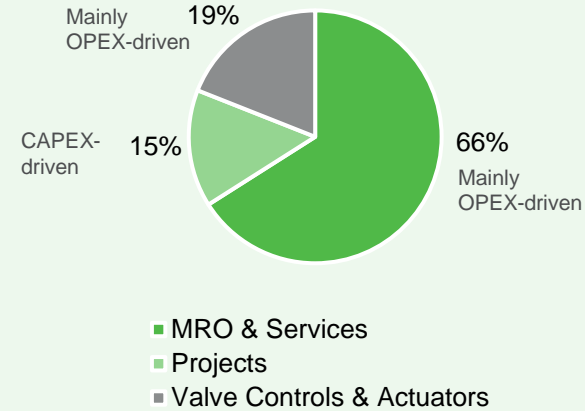
# Automation segment: Orders received split in 2022

## Flow Control<sup>1</sup>

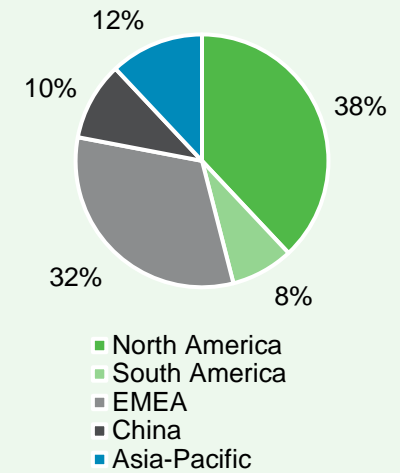
By customer industry



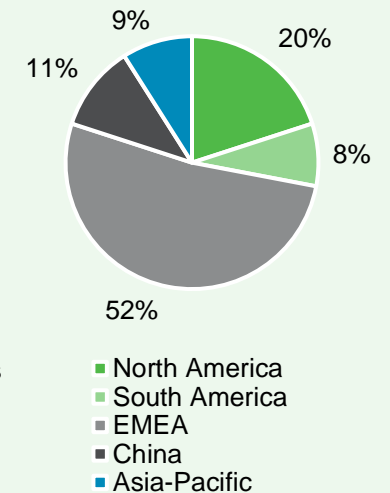
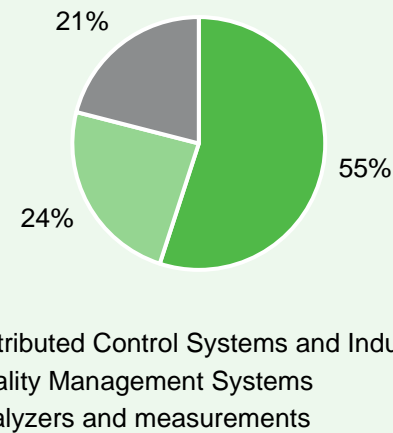
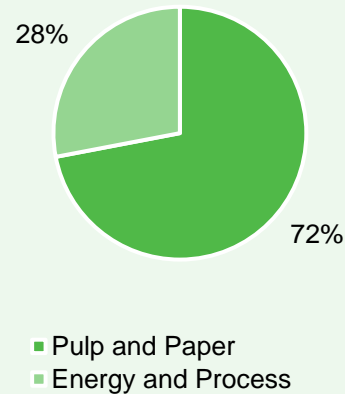
By product



By area



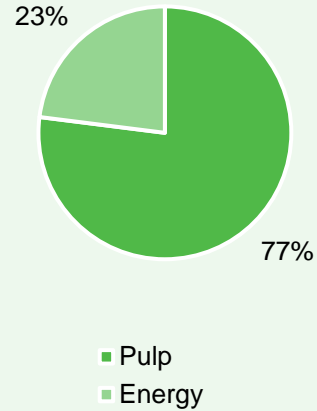
## Automation Systems



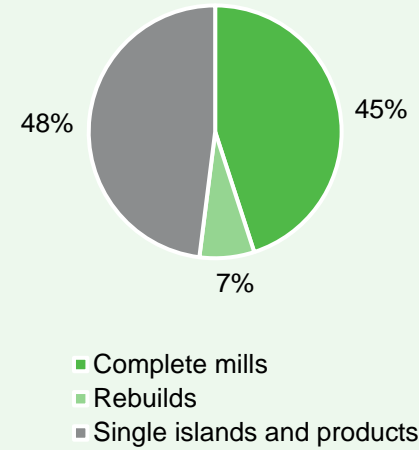
# Process Technologies segment: Net sales split in 2022

## Pulp and Energy

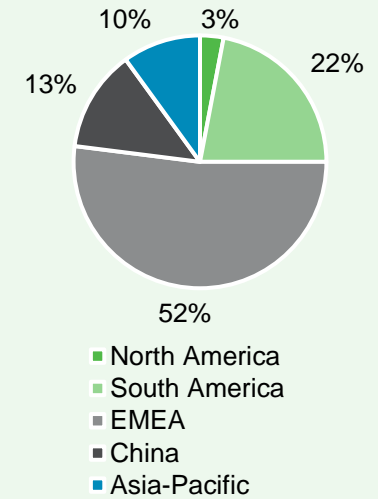
By industry



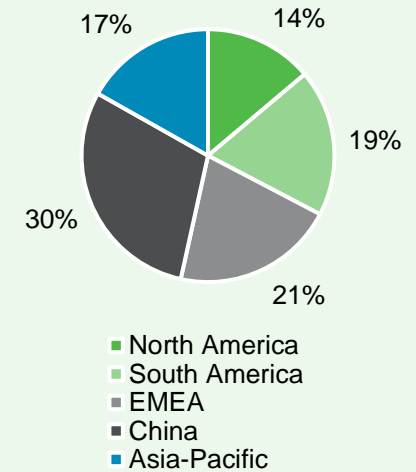
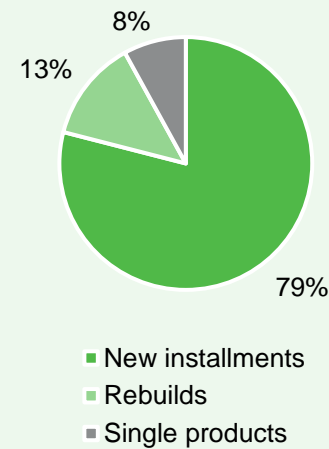
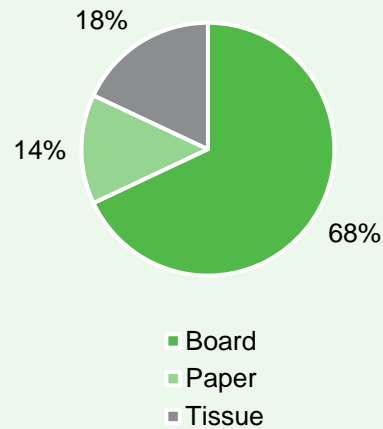
By scope



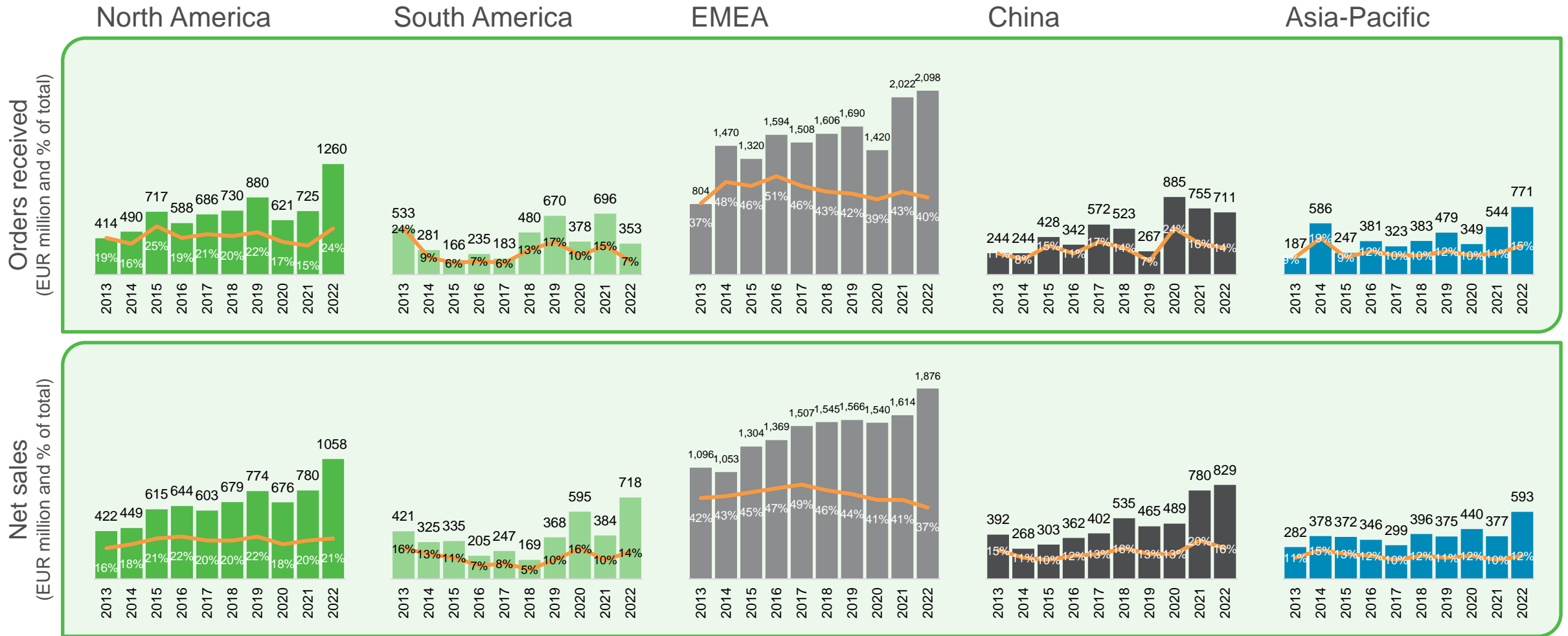
By area



## Paper

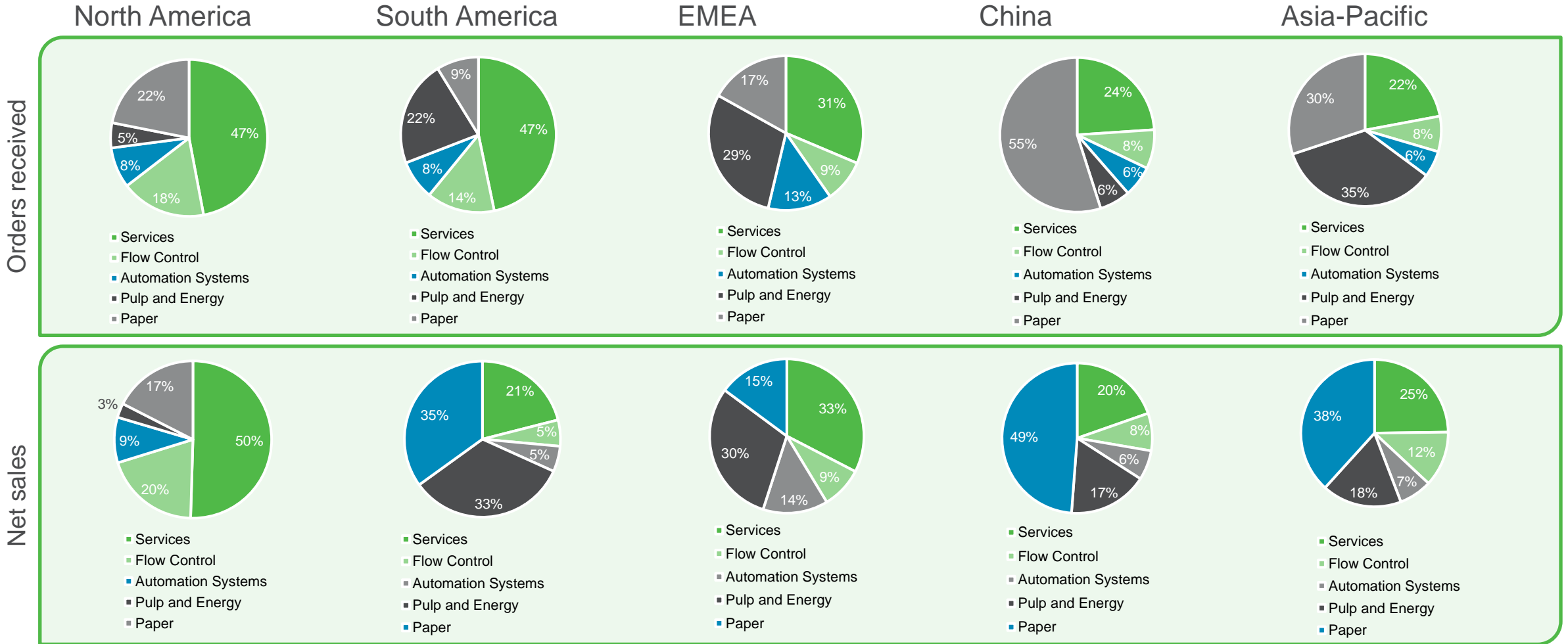


# Areas: Orders received and net sales development



2013 figures on a carve-out basis.

# Areas: Business line split in 2022



Figures have not been restated.



Appendix

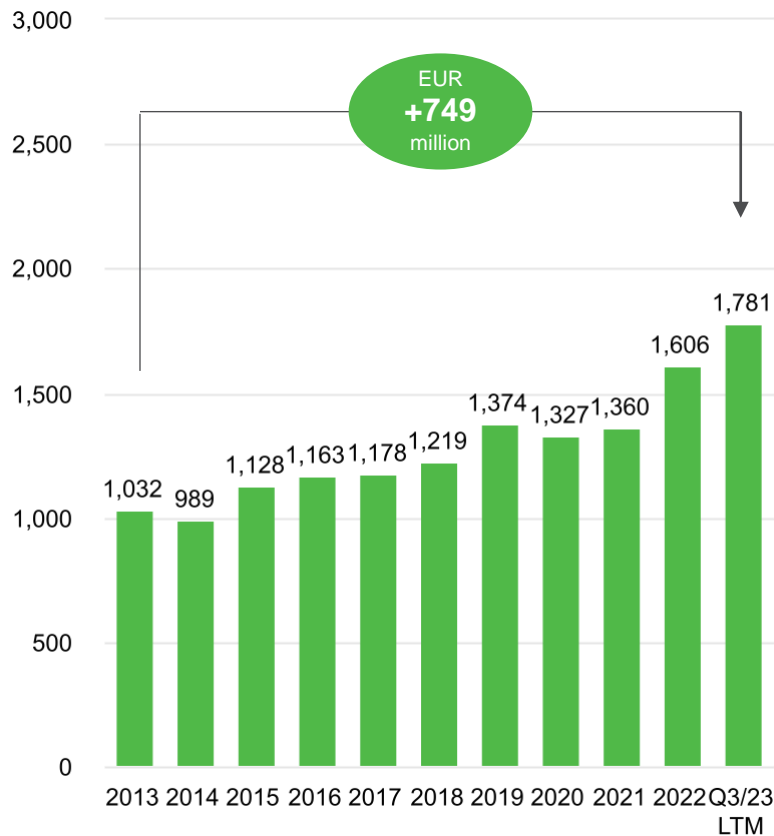
# Growth and profitability improvement



# Strong track record of net sales growth in all segments

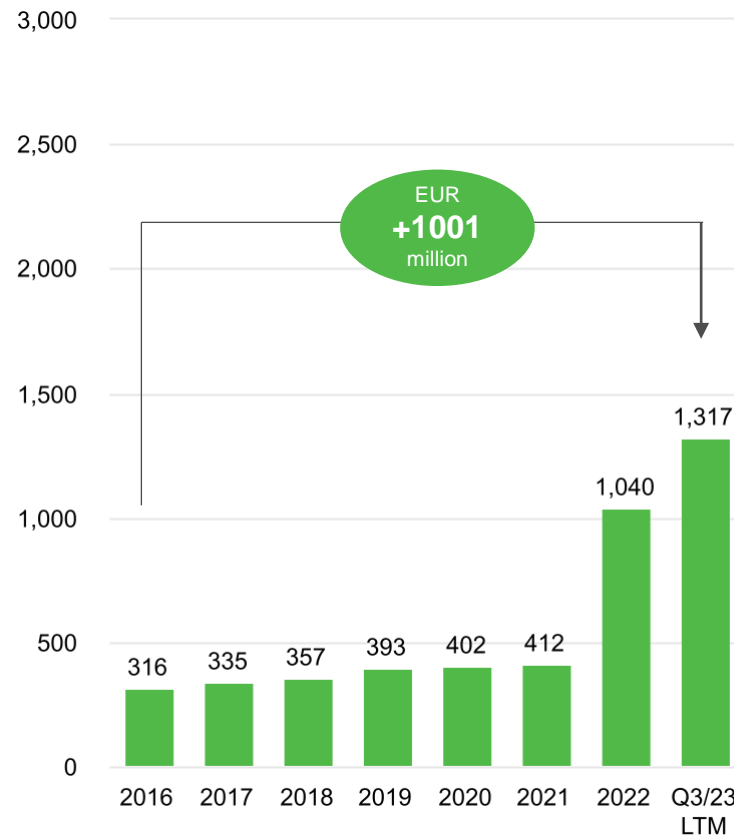
## Services

Net sales (EUR million)



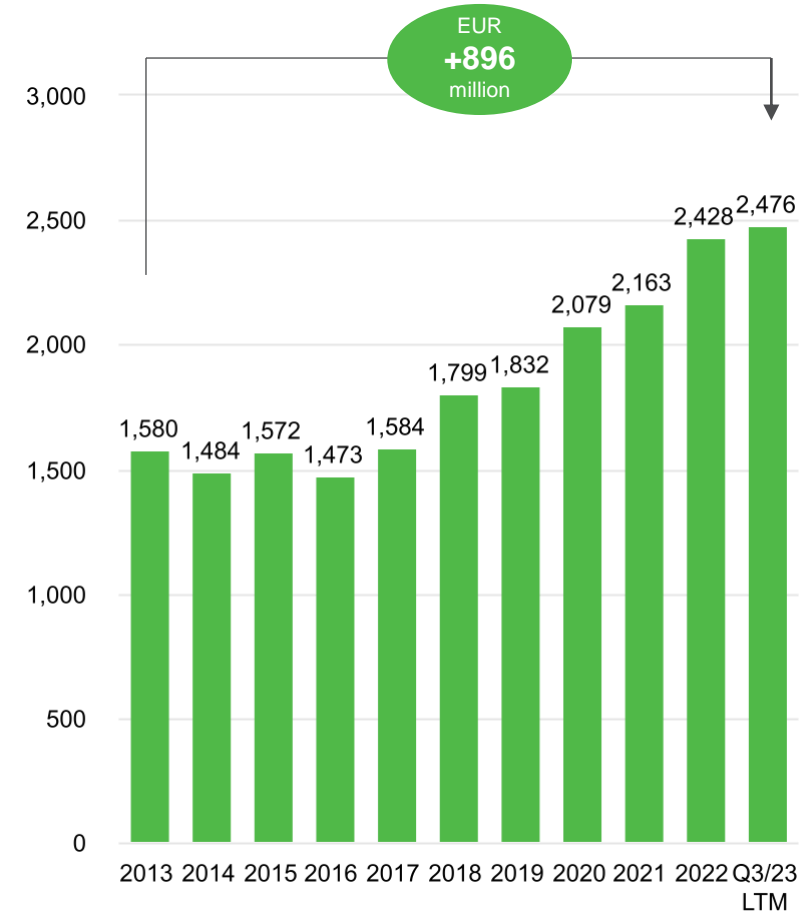
## Automation

Net sales (EUR million)



## Process Technologies

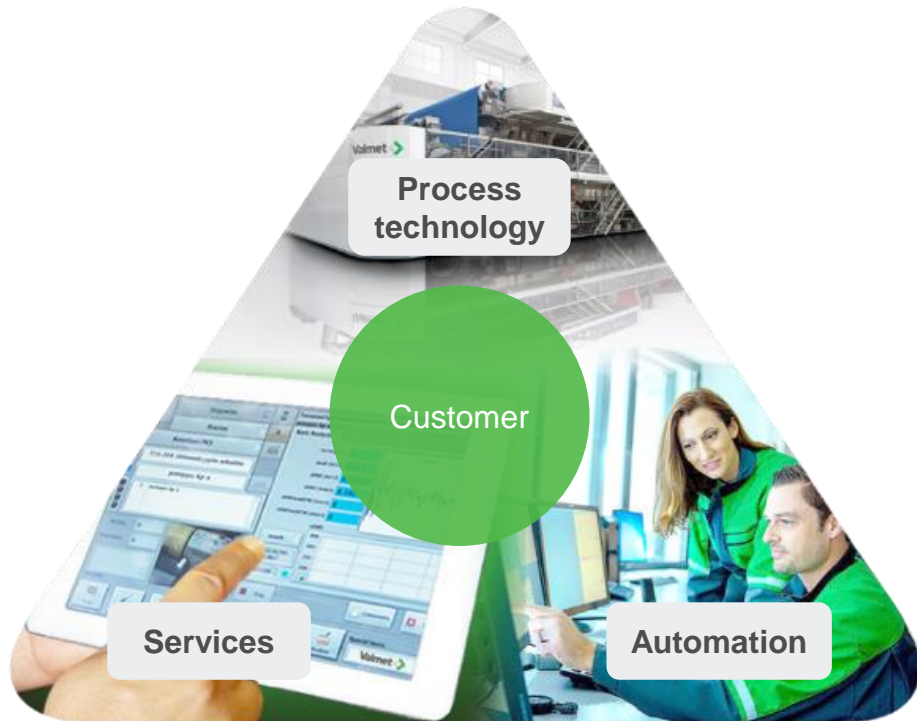
Net sales (EUR million)



# Unique offering to support a growing market

## Unique offering

Competitive advantage from the widest offering in the market



## Strong market drivers

### Process Technologies

- E-commerce and global trade
- Renewable materials replacing plastic packaging
- Conversions from paper to board
- Energy transition and CO<sub>2</sub> neutral energy production
- Energy supply security
- Tightening air emissions legislation and stricter directives

### Services

- Large and aging global installed base
- Customers' CO<sub>2</sub> reduction targets
- Energy and resource efficiency
- Productivity and end-product quality
- Digitalization, remote services and industrial internet

### Automation

- Automation and digitalization are global megatrends
- Aging machines and installed automation systems
- Demand for raw material savings, process efficiencies and sustainability
- Customers' demands on safety, reliability and emissions

# Building Valmet on positive megatrends and strategy of renewal and continuous development

Demand for bio-based products and energy continues to grow	New growth opportunities	Steadily growing stable business	Strategy
<ul style="list-style-type: none"><li>• The large pulp and paper market is growing and supported by favorable megatrends and sustainability</li><li>• Energy transition creates a growing market for Valmet's energy offering</li><li>• Valmet has strong market positions and opportunities to increase market share</li></ul>	<ul style="list-style-type: none"><li>• Future growth possibilities from new sustainable innovations</li><li>• Growth opportunities in energy and process industries in Automation</li></ul>	<ul style="list-style-type: none"><li>• EUR 3.1 billion stable business with high margin</li><li>• Stable business has high margins and resilience to market cycles</li><li>• Large and aging installed base generates a significant market</li></ul>	<ul style="list-style-type: none"><li>• Strong track record of successful acquisitions and possibility to continue to invest in selected acquisitions</li><li>• Strategy based on building the future systematically with renewal and continuous improvement</li></ul>

# Concrete actions to reach Comparable EBITA target of 12–14% through must-wins

## Customer

- Grow stable business over two times the market growth
- Maintain and improve market share in Process Technologies
- Improve price and sales management

## Technology

- Leverage strong R&D for new product innovations
- Continue to bring advanced technology to the market
- Improve product cost competitiveness

## Processes

- Ensure good project operations to reach a positive margin deviation in projects
- Improve supply chain operations to harvest cost savings
- Manage quality throughout the supply chain to minimize quality costs

## People

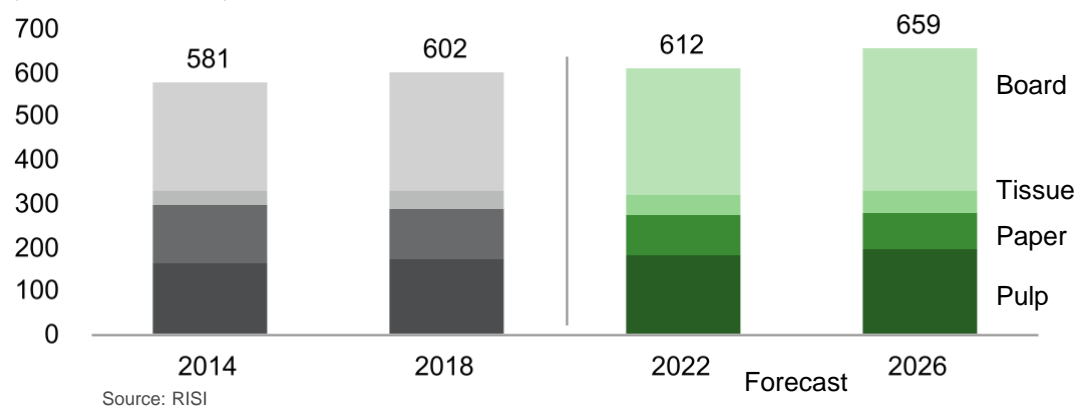
- Increase procurement, production and engineering capabilities in cost-competitive countries
- Utilize global training portfolio to strengthen Must-Win execution

Targeting to increase Comparable EBITA margin in all three segments

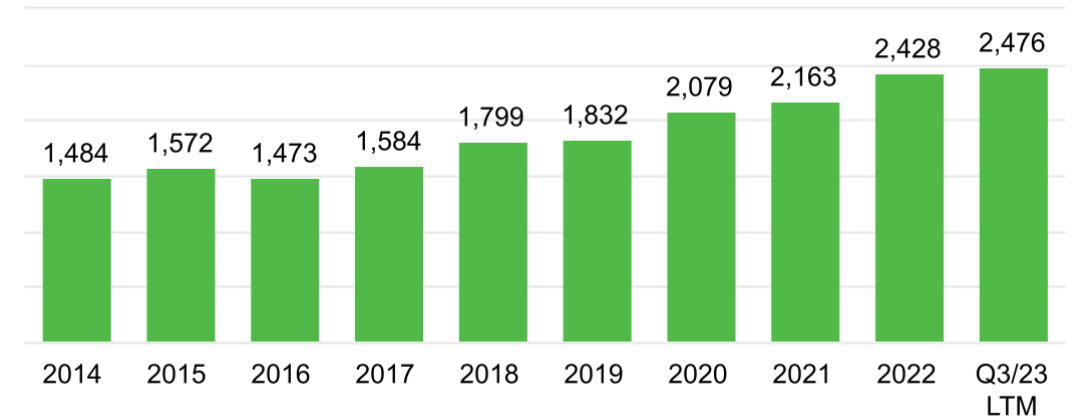
# Process Technologies segment benefiting from the growing demand for bio-based products and energy

- New pulp and paper capacity is needed as demand for bio-based products continues to grow
- Energy transition creates a growing market for Valmet's energy offering
- Large old and inefficient installed base generates a significant replacement market for Valmet
- Strong business model with large prepayments and low capacity costs
- Comparable EBITA margin 4.9% (Q3/2023 LTM)

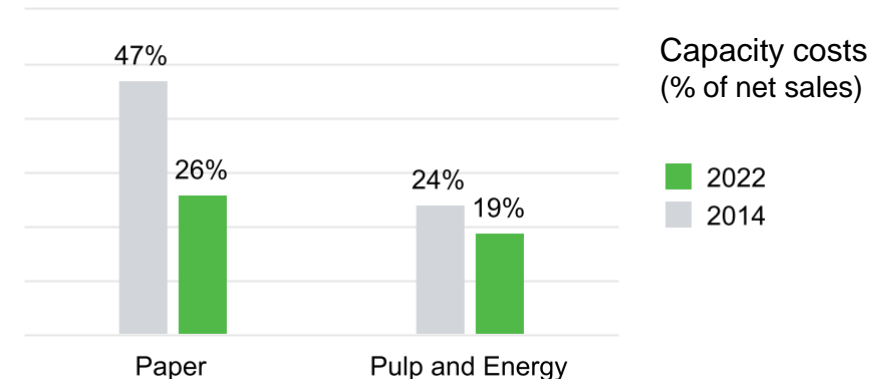
## Demand for pulp and paper continues to grow (Global demand, Mton)



## Net sales (EUR million)



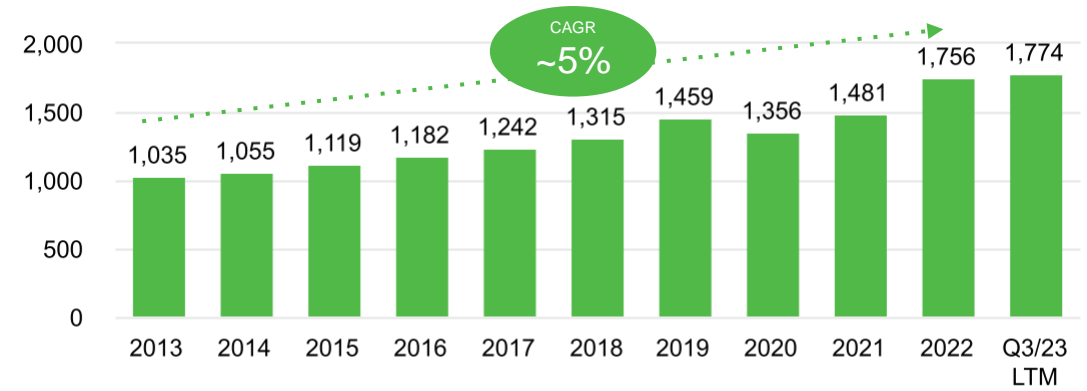
## Valmet's operational efficiency has increased



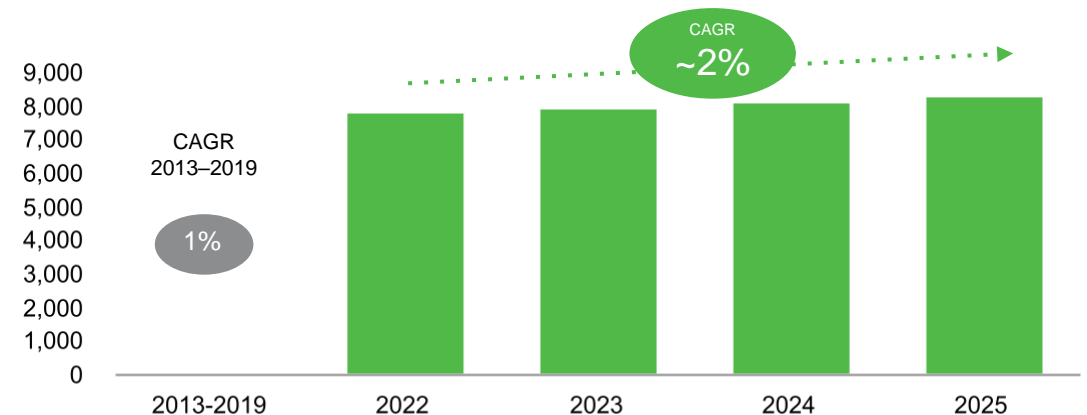
# Services segment's demand driven by large and growing global installed base

- Valmet's Services is a growing and recurring business
- Demand driven by large and growing global installed base
- Roughly EUR 8 billion addressable market estimated to grow 2% annually
- Target to continue to grow over two times the market growth
- Competitive advantage from the widest offering in the market
- Strong presence in all market areas covering all key customer corporations
- Solid track record for growth
- Comparable EBITA margin 17.7% (Q3/2023 LTM)

Orders received (EUR million)



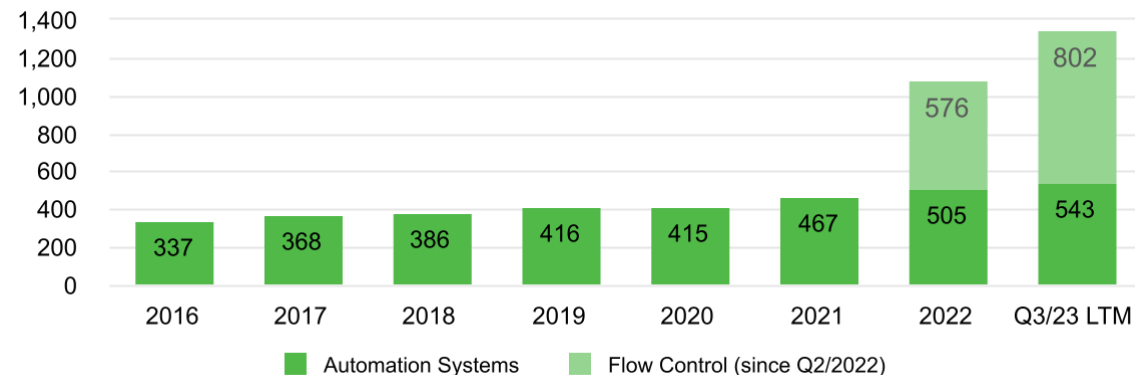
Service market development and estimate (EUR million)



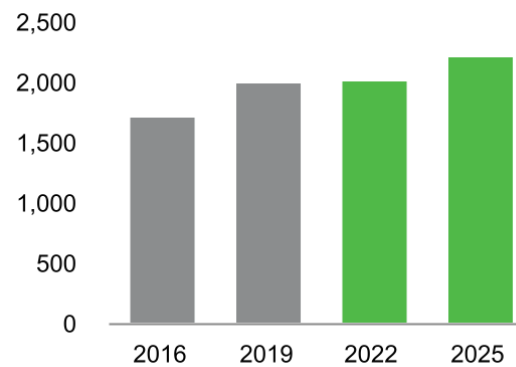
# Automation segment with high growth and profitability

- Valmet's Automation is a growing and recurring business
- Large addressable target market estimated to grow ~3% annually
- Target to continue to grow over two times the market growth
- Sustainability, digitalization and targets for operational efficiency drive the market for Automation Systems
- Flow control market for critical valves and valve automation has barriers of entry enabling solid profitability for leading players
- Opportunities to grow outside the core pulp and paper industry organically and through M&A
- Comparable EBITA margin 18.7% (Q3/2023 LTM)

Orders received (EUR million)

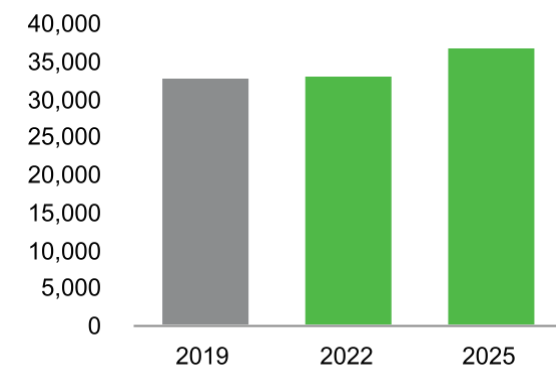


Automation Systems target market (EUR million)



Source: ARC 2021-2026 material

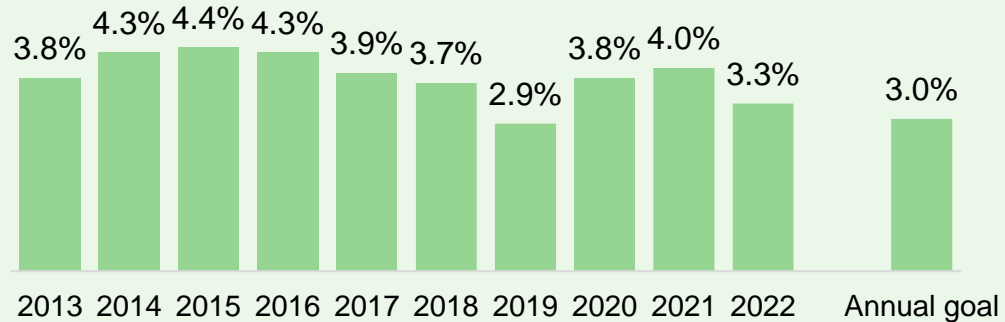
Flow Control market (EUR million)



Source: Frost & Sullivan

# Procurement and quality cost development

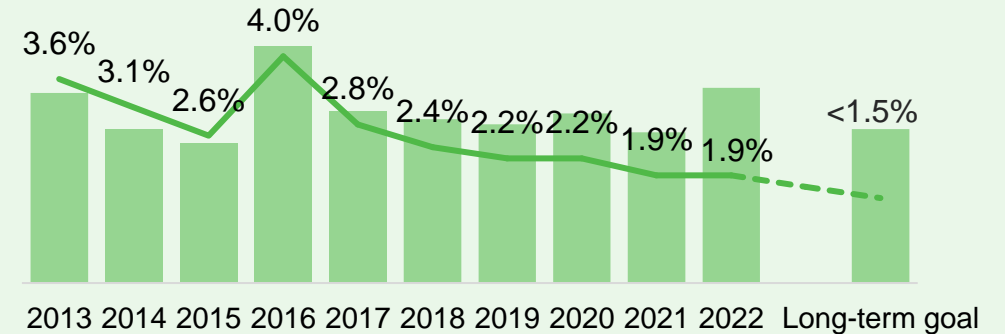
## Implemented procurement savings of annual direct spend



### Targeting >3% of procurement savings annually

- Increasing local and cost-competitive country purchases
- Increasing design-to-cost (DTC) to create new sources for savings
- More supplier involvement through supplier relationship management
- Continuing sustainable supply chain implementation

## Quality costs (% of net sales)



### Long-term quality costs goal <1.5% of net sales

- Adding focus on global processes and Global Management System
- Focused quality development projects related to supplier quality, quality assurance and quality control, continuous improvement, audit and risk management



# Opportunities to strengthen Services, Automation and Process Technologies segments through acquisitions

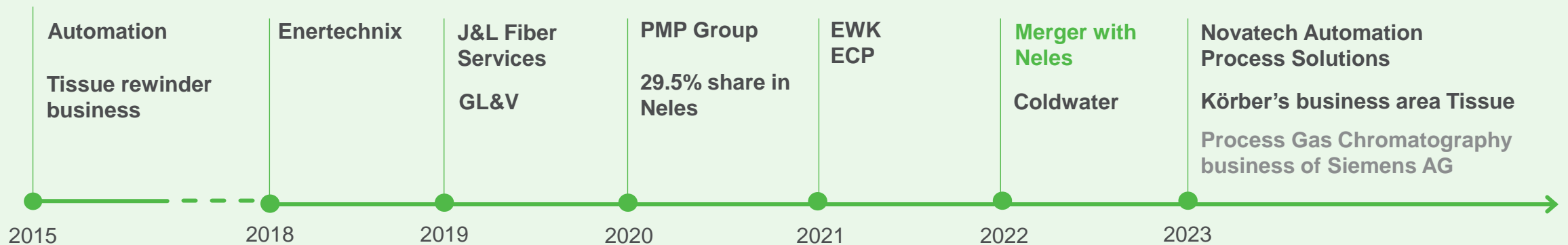
## Strong track record of successful acquisitions

- 11 acquisitions made since becoming an independent company in 2014
- Total investment in acquisitions and in the merger with Neles about EUR 2 billion

## Acquisition strategy

- Opportunities to strengthen Services, Automation and Process Technologies segments
- Selective acquisitions with a clear industrial logic and synergies
- Targeting to support Valmet in reaching financial targets
- Approximately 50 cases evaluated annually

## Track record of successful acquisitions



# Merger of Valmet and Neles created a leading company with a unique offering for process industries globally

- Merger of Valmet and Neles was registered and the combination of Valmet's and Neles' business operations completed on April 1, 2022
- Valmet acquired 29.5% of Neles shares in 2020 for EUR 456 million, average price per share was EUR 10.27
- Merger consideration to Neles' shareholders was approximately 34.7 million Valmet shares, amounting to EUR 978 million
- The total cost of Neles' shares acquired by Valmet amounted to EUR 1,434 million
- Valmet's share price at the end of March 31, 2022, was EUR 28.21
- Valmet's number of shares increased to approximately 184.5 million
- Neles' extra distribution before the merger to Neles shareholders was EUR 2.00 per share
- Starting from Q2/2022, Neles is part of Valmet's Automation segment and forms the fifth business line to Valmet, called Flow Control

# Acquisition of Körber's Business Area Tissue

## Acquisition in brief

- On July 7, 2023, Valmet entered into an agreement to acquire Körber Group's Business Area Tissue. The transaction was closed on November 2, 2023
- The enterprise value is approximately EUR 380 million<sup>1</sup>
- The acquired business will operate integrated in Valmet's Paper business line as business unit Tissue Converting
- In Valmet's reporting, the process technology part of the business will be consolidated to Paper business line and the services part to the Services business line

## Körber Group's Business Area Tissue in brief

- Process technologies as well as related services and automation for converting the jumbo reels of tissue paper into final tissue products for consumers and the Away from Home segment
- The broadest offering in the tissue converting industry
- In 2022, net sales amounted to EUR ~305 million and adj. EBITDA margin ~12%
- A strong and growing services business, which accounted for 36% of total net sales in 2022
- HQ in Italy and ~1,170 employees in Italy, Brazil, China, Japan and the U.S.

## Strategic rationale of the acquisition

- Creating the markets' widest technology, automation and services offering for the growing tissue industry
- Strengthen both Process Technologies and Services segments
- The combination of Valmet's legacy tissue offering and the acquired tissue converting is complementary and good strategic fit
- The combination forms a strong basis to create new business opportunities and serve our customers even better
- Valmet estimates that the acquisition will bring sales, service and cost synergies worth of EUR 8 million by the end of 2026

1) On a cash and debt free basis subject to ordinary post-closing adjustments



# Acquisition of the Process Gas Chromatography business of Siemens

## Acquisition in brief

- Valmet entered into an agreement on July 14, 2023, to acquire the Process Gas Chromatography business of Siemens AG
- The enterprise value is EUR 102.5 million<sup>1</sup>
- The acquisition is estimated to be completed on April 1, 2024, at the earliest, upon completion of carve-out measures and customary closing conditions
- The acquired business is planned to be integrated into Valmet's Automation Systems business line as a separate business unit

## Siemens Process Gas Chromatography business in brief


- Gas Chromatographs are used to measure the chemical composition in gases and evaporable liquids in all stages of production
- Market leader in process gas chromatography
- The Maxum brand is widely known in process industries and used extensively by world's leading industrial customers
- In 2022, net sales of the acquired business amounted to approximately EUR 120 million and pro-forma adjusted EBITDA margin was approximately 10%

## Strategic rationale of the acquisition

- The acquired offering complements Valmet's existing automation offering, industry reach and expertise
- The acquisition strengthens Valmet's Automation segment and process automation offering
- The acquisition strengthens Automation Systems business footprint in North America, Asia-Pacific, and Europe

1) On a cash and debt free basis subject to ordinary post-closing adjustments





Appendix  
**Shareholders and share price  
development**

# Largest shareholders on November 30, 2023

Based on indicative data collected by Modular Finance

#	Shareholder name	Number of shares	% of shares and votes
1	Solidium Oy	18,640,665	10.10%
2	Oras Invest Oy	15,100,000	8.18%
3	Swedbank Robur Fonder	8,752,102	4.74%
4	Varma Mutual Pension Insurance Company	7,795,983	4.22%
5	Vanguard	6,245,680	3.38%
6	Ilmarinen Mutual Pension Insurance Company	5,818,993	3.15%
7	Norges Bank	5,399,430	2.93%
8	BlackRock	3,786,967	2.05%
9	Amundi	3,073,356	1.67%
10	Credit Suisse Asset Management	2,759,103	1.50%
	<i>10 largest shareholders, total</i>	<i>77,372,279</i>	<i>41.93%</i>
	<i>Other shareholders</i>	<i>107,157,326</i>	<i>58.07%</i>
	<b>Total</b>	<b>184,529,605</b>	<b>100.0%</b>

## Five latest flagging notifications

Date of transaction	Shareholder	Number of shares	% of shares and votes
Aug 29, 2019	BlackRock, Inc.	7,740,836	5.16%
Aug 30, 2019	BlackRock, Inc.	Below 5%	Below 5%
Apr 1, 2022	Solidium Oy	17,072,199	9.25%
May 19, 2022	Solidium Oy	18,640,665	10.10%
Dec 16, 2022	Oras Invest Oy	9,300,000	5.04%

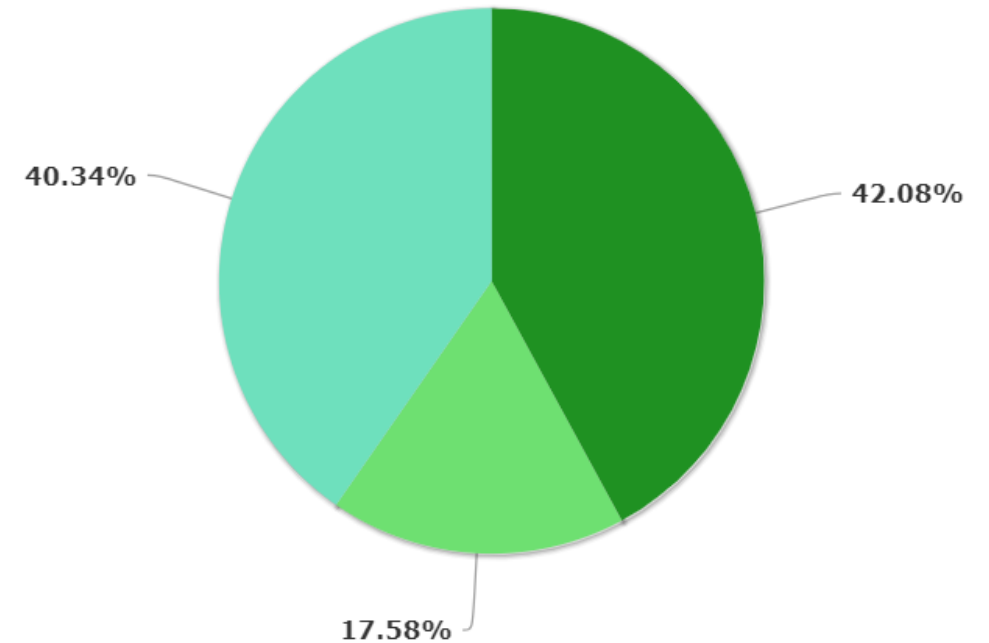
1) Solidium is a holding company that is wholly owned by the Finnish State



# Shareholder structure on November 30, 2023

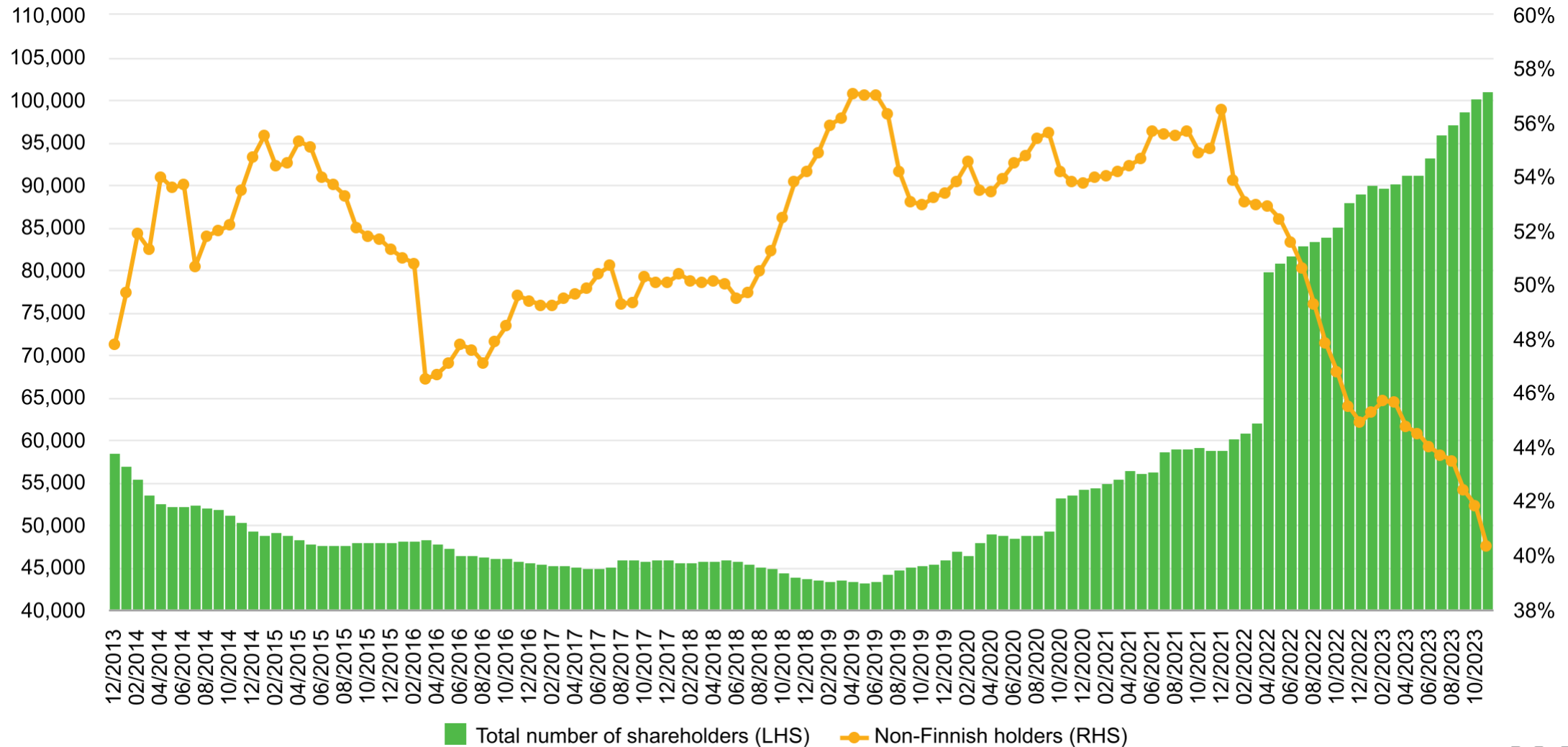
Based on Euroclear data. The classification of sectors determined by Statistics Finland.

Sector	Shareholders		Shares	
	Number	%	Number	%
Finnish institutions, companies and foundations	4,838	4.79	77,641,718	42.08
Finnish private investors	95,644	94.74	32,445,038	17.58
Nominee registered and non-Finnish holders	478	0.47	74,432,280	40.34
<b>Total</b>	<b>100,960</b>	<b>100.00</b>	<b>184,519,036</b>	<b>100.00</b>
In the joint book-entry account	0		10,569	
Number of shares issued	100,960		184,529,605	



# Share of non-Finnish holders and number of shareholders

At the end of November 2023, Valmet had 100,960 shareholders and 40% of the shares were held by investors outside Finland





# Valmet share price development

Valmet share price development vs OMXH price index, last 3 years



Share price during 2023	Valmet	OMX Helsinki
December 31, 2022	25.16	10,808
Nov 30, 2023	24.47	9,775
High	32.99	11,427
Low	19.64	8,915
Market cap (EUR million)	4,515	

	Volume 2023	% of outstanding
Total	95,066,370	51.6%
Median	349,087	0.2%
Average	408,010	0.2%
Average, EUR	10,776,800	
Max	1,819,248	1.0%
Min	119,563	0.1%
No. of shares outstanding	184,161,105	

Source: FactSet, Nasdaq

# Valmet's total shareholder return has outperformed 90% of European industrial companies

## Development since January 2, 2014:

- Valmet's total shareholder return has been 449%
- Share price has increased by 370%
- Cumulative dividend payout EUR 5.37 per share
- Valmet's total shareholder return has outperformed 90% of European industrial companies<sup>1</sup>
  - Valmet's TSR was in top 90% among 87 large European industrial companies

<sup>1</sup>Compared to companies in EURO STOXX Industrial Goods and Services index (based on the composition as of February 28, 2023) during January 2, 2014 – February 28, 2023. Source: Factset.

## Valmet's share price has outperformed index

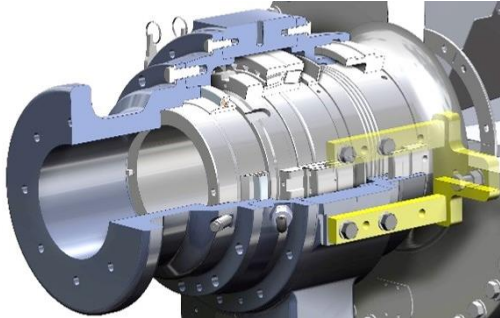


Period: January 2, 2014 – February 28, 2023 Source: Euroland and Bloomberg.



Appendix  
**Offering**

# Services: Strong market position with market's widest offering



## Performance Parts

- Spare parts
- Consumables

- High-quality spare parts, upgraded parts and retrofits
- Process consumables with process knowledge



## Fabrics

- Paper machine clothing
- Filter fabrics

- Application expertise with high-quality clothing
- Various filtration applications and reliable deliveries
- High market share in projects



## Rolls and workshop services

- Rolls
- Roll covers
- Roll maintenance
- Workshop services

- Wide geographical workshop coverage
- New competitive products



## Board, Paper and Tissue Solutions

- Improvement projects
- Field services
- Lifecycle agreements
- Outsourcing

- Large and growing Valmet installed base
- Process and project execution knowhow
- Strong Field services network
- Strong references



## Pulp and Energy Solutions

- Improvement projects
- Field services
- Lifecycle agreements
- Outsourcing

- Large and growing Valmet installed base
- Process and project execution knowhow
- Strong Field services network
- Strong references

Offering

Competitive advantages

# Services: Unified way to serve aims at excellent customer experience



## We aim to understand customer strategy and needs

- Understanding customer strategy and need through Corporate account management and Mill Teams
- Mill team: Mill Sales Manager and product experts appointed for the mill
- Mill Team having annual targets to grow Valmet's market share at the customer
- One point of contact to customers



## Sales actions planned based on customer needs

- Aligning customer targets with Valmet's sales and service actions through annual sales planning
- Over 10,000 actions each year



## Continuous collaboration through lifecycle approach

- Right combination of services for every stage in the lifecycle
- Delivery by products, agreements, projects



## High customer satisfaction

- Customer satisfaction measured with Net Promoter Score (NPS)
- NPS target 70%
- Detractor comments leading to fast corrective actions

# Flow Control: High-quality product portfolio for valve and valve automation needs



## Valve controllers

- Valve controllers for control and on-off valves
- Intelligent safety solenoids
- Limit switches

## Actuators

- Pneumatic actuators
- Hydraulic actuators
- Electric actuators

## Valves

- Control valves
- On-off valves
- ESD valves

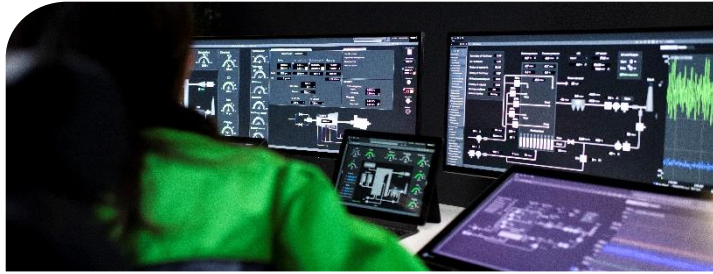
## Flow Control market position<sup>1</sup>

# 2–3

# 5–7

# ~10

# Automation Systems: High technology and competitive offering



## Distributed Control Systems (DCS)

- Highly integrated, renewing Valmet DNA Automation System for process control, monitoring and applications for different industries
- Automation services and Industrial internet solutions



## Quality Management Systems (QMS)

- Valmet IQ Quality control system for pulp and paper
- Quality management applications to optimize resource usage and quality
- Automation services and Industrial internet solutions



## Analyzers and Measurements

- For measuring and optimizing different variables in industrial processes
- Automation services and Industrial internet solutions

Offering

Competitive advantages

- Integrated, industrial internet ready automation platform with wide application offering for focus industries
- User experience focused web-based user interface with secure access
- Future-proof technology - lifetime compatibility

- World's widest offering in quality management for board and paper
- Integrated to automation platform
- Quality optimization across the value chain all the way from fibers to finished product (e.g., carton board boxes)

- World's widest and most trusted offering for pulp and paper
- Measurements to adjacent markets like wastewater
- Unique combination of advanced process controls and optimization: a solid base of data for mill-wide optimization

# Automation Systems: Customers investing in improving their operations

Real-time & predictive control and optimization

**5. Optimization Applications**  
Optimized production of the entire mill, plant or fleet

**3. Analyzers & Measurements, Valves**  
Process data for control and optimization

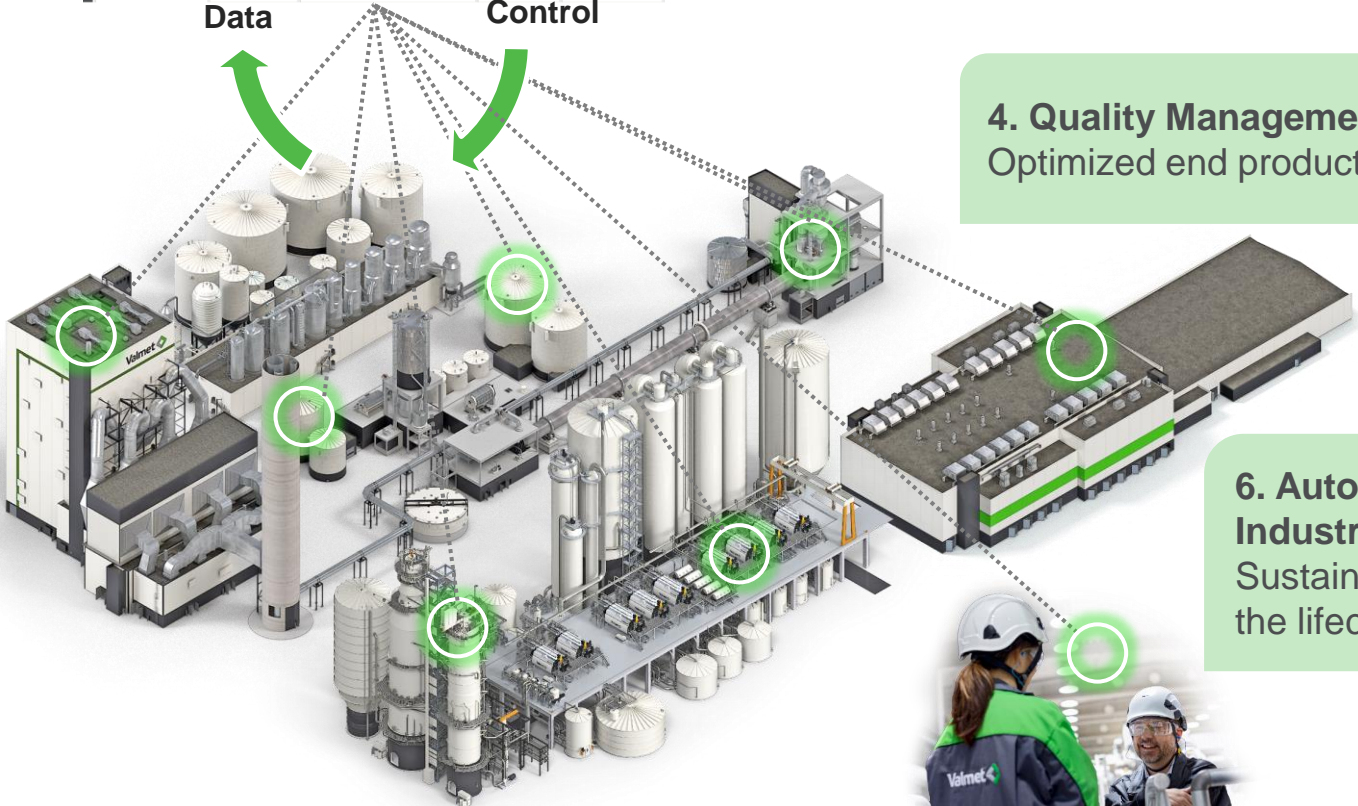
**2. Intelligent Process Equipment**  
Diagnostics data for control and optimization



**1. Distributed Control Systems**  
Reliable process control

**4. Quality Management Systems**  
Optimized end product quality

**6. Automation Services and Industrial Internet Solutions**  
Sustainable performance over the lifecycle





# Leading pulp and energy technology offering



## Pulp

### Complete mills and lines

- Complete chemical pulp mills from wood handling to bales
- Mechanical pulping lines (BCTMP, CTMP)
- Plant-wide project execution and management

### Single islands and products

- Chemical pulp mill islands
- Defibrators for fiberboard production
- Prehydrolysis BioTrac systems
- LignoBoost plants
- Textile recycling technology

- Mill-wide offering with automation and services
- Optimized production, energy efficiency and environmental performance
- Local presence through Area organization

- Leading technology e.g. G3 Cooking with strong market success
- Leading mechanical pulping (CTMP) solutions
- Strong position in new products
- Excellent energy and environmental performance



## Energy

### Boilers and power plants

- Fluidized bed boilers – using biomass, waste and residues
- Biomass gasifiers
- Modular power plants
- Emission control systems (SOx, NOx and dust removal)

- Strong expertise in biomass-based power and heat
- Excellent fuel flexibility with fluidized bed technology
- Large reference base
- Local presence through Area organization and partners

### Rebuilds and conversions

- Boiler fuel conversions from fossil to biomass
- Boiler production capacity upgrades
- Emission reduction projects

- Technical knowledge of the process including fuel handling, combustion and emission control
- Various complementing technologies
- Large reference base

Offering

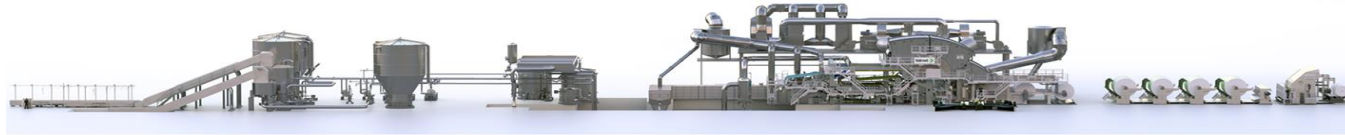
Competitive advantages

# Unmatched scope in Board, Paper and Tissue



# Valmet Tissue Converting: Creating the market's widest offering for tissue industry

Technologies, services and automation for the entire tissue value chain – from fiber to a finished end product



Stock preparation

Tissue machine

Tissue rewinder



Converting line



- With Tissue Converting, Valmet now has the market's widest portfolio of process technologies, services and automation solutions for the entire tissue value chain
- The leading tissue making and converting technologies combined with Valmet Industrial Internet will enable significant productivity as well as end-product quality improvements for tissue customers

# Driving rebuilds towards resource-efficient board production

Energy consumption<sup>1</sup>  
**-18%**

2012–2022:  
from 1,150 to 950 kWh/t

Fiber savings<sup>1</sup>  
**-10%**

2012–2022:  
from 100 to 90 g/m<sup>2</sup>

Optimized performance  
with Industrial Internet  
solutions

Bio-packaging  
with new coating solutions

**OptiFlo with Aqua headbox**  
Solution for multilayering with single headbox

**OptiFormer Hybrid with Sleeve roll**  
Solution for capacity and strength improvement

**OptiPress Center with Metal belt**  
Towards increased dry content and decreased draw

**Steel cylinder**  
Solution for higher drying efficiency

**OptiSizer HardSizer with Hard Nip**  
Solution for improved strength

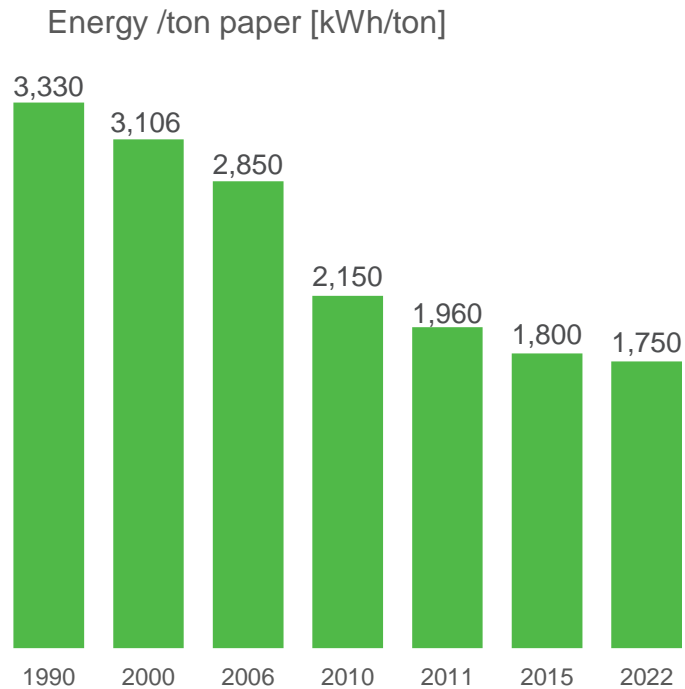
**OptiCalender Metal Belt**  
Better surface quality and higher bulk

**Aqua Cooling**  
Improved bulk

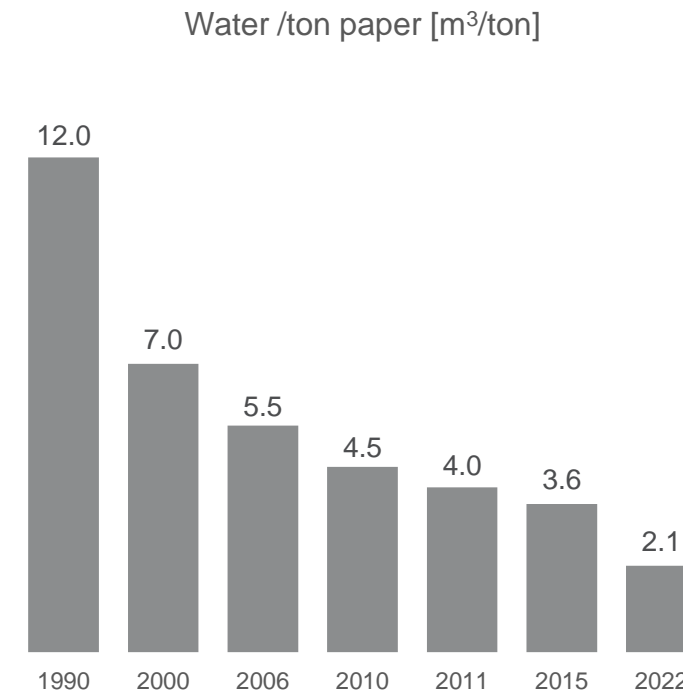


# Driving development of resource-efficient tissue production

## 47% less energy<sup>1</sup>



## 80% less water<sup>1</sup>



## Less fiber consumption<sup>2</sup>



<sup>1</sup> DCT type of mill, same production and basis weight

<sup>2</sup> Achieving the same main tissue specific paper properties



Appendix  
Management and remuneration

# Board of Directors



**Mikael Mäkinen**  
(b. 1956)  
Chairman of  
the Board  
Finnish citizen

- M.Sc. (Eng.)
- Other positions of trust:
  - Chairman of the Board of AkerArctic Technology Inc. and Corvus Energy
  - Board member in SSAB AB and Finnlines Oyj
- Share ownership: 9,364
- Independent of company: Yes
- Independent of owners: Yes



**Jaakko Eskola**  
(b. 1958)  
Vice-Chairman of  
the Board  
Finnish citizen

- M.Sc. (Eng.)
- Other positions of trust:
  - Chairman of the Board of Enersense International Oyj, Varma Mutual Pension Insurance Company, Suominen Oyj and Cargotec Oyj
- Share ownership: 3,472
- Independent of company: Yes
- Independent of owners: Yes



**Aaro Cantell**  
(b. 1964)  
Board member  
Finnish citizen

- M.Sc. (Tech.)
- Other positions of trust:
  - Chairman of the Board of Normet Group Oy and Technology Industry Employers of Finland
  - Vice-Chairman of the Board of Solidium Oy
- Share ownership: 9,247
- Independent of company: Yes
- Independent of owners: No



**Anu Hämäläinen**  
(b. 1965)  
Board member  
Finnish citizen

- M.Sc. (Econ.)
- VP, Group Treasury and Financial Services at Kesko
- Other positions of trust:
  - Board member of Finnish Fund for Industrial Cooperation Ltd. (FINNFUND) and Vähittäiskaupan Tilipalvelu VTP Oy
- Share ownership: 3,078
- Independent of company: Yes
- Independent of owners: Yes



**Pekka Kemppainen**  
(b. 1954)  
Board member  
Finnish citizen

- Lic.Sc. (Tech.)
- Other positions of trust:
  - Board member in Bittium Oyj and Junttan Oy
- Share ownership: 5,417
- Independent of company: Yes
- Independent of owners: Yes



**Per Lindberg**  
(b. 1959)  
Board member  
Swedish citizen

- M.Sc. Mechanical Engineering
- PhD, Industrial Management and Economics
- Other positions of trust:
  - Chairman of the BoD of Permascand AB and Nordic Brass Gusum AB
  - Board member in Boliden AB
- Share ownership: 2,473
- Independent of company: Yes
- Independent of owners: Yes



**Monika Maurer**  
(b. 1956)  
Board member  
German citizen

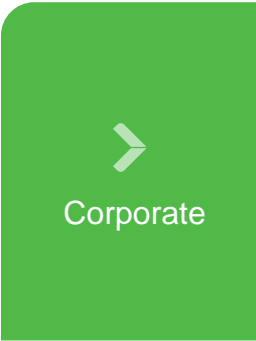
- Diploma in Physics and Chemistry
- Diploma in Pedagogy
- CEO of Radio Frequency Systems
- Other positions of trust:
  - Vice Chairman of the Board of Nokia Shanghai Bell, Co. Ltd
- Share ownership: 5,417
- Independent of company: Yes
- Independent of owners: Yes



**Eriikka Söderström**  
(b. 1968)  
Board member  
Finnish citizen

- M.Sc. (Econ.)
- Other positions of trust:
  - Board member of Bekaert, Kempower Oyj and Amadeus IT Group
- Share ownership: 6,547
- Independent of company: Yes
- Independent of owners: Yes

# Executive Team



**Pasi Laine**  
President and CEO  
Share ownership: 185,946



**Katri Hokkanen**  
CFO  
Share ownership: 7,145



**Julia Macharey**  
SVP, Human Resources and  
Operational Development  
Share ownership: 41,110



**Anu Salonsaari-Posti**  
SVP, Marketing, Communications,  
Sustainability and Corporate Relations  
Share ownership: 33,693



**Aki Niemi**  
Business Line President,  
Services  
Share ownership: 65,762



**Emilia Torttila-Miettinen**  
Business Line President,  
Automation Systems  
Share ownership: 734



**Simo Sääskilahti**  
Business Line President,  
Flow Control  
Share ownership: 4,401



**Sami Riekkola**  
Business Line President,  
Pulp and Energy  
Share ownership: 19,105



**Petri Rasinmäki**  
Business Line President,  
Paper  
Share ownership: 1,717



**Jukka Tiitinen**  
Area President,  
North America  
Share ownership: 96,822



**Celso Tacla**  
Area President,  
South America  
Share ownership: 97,742



**Tero Kokko**  
Area President,  
EMEA  
Share ownership: 2,608



**Xiangdong Zhu**  
Area President,  
China  
Share ownership: 33,607



**Petri Paukkunen**  
Area President,  
Asia Pacific  
Share ownership: 11,658



# Remuneration of the President and CEO

- The remuneration of the President and CEO is comprised of
  - fixed base salary (incl. taxable benefits<sup>1</sup>)
  - short-term and long-term incentives, and
  - pension and insurance benefits
- In 2022, the President and CEO's monthly fixed compensation was EUR 60,859 and the fixed annual salary EUR 766,817 (incl. taxable benefits<sup>1</sup>).
- The relative proportion of the variable pay elements at maximum level is 2–3 times the fixed pay
  - The maximum short-term incentive for the President and CEO corresponds to 100 percent of the annual base salary and the maximum long-term incentive is 150 percent of annual base salary determined as a number of shares at grant.
- The President and CEO is recommended to own and hold Company shares equaling to the CEO's gross annual base salary (100 percent ownership recommendation)
  - Current ownership ca. EUR 4.6 million (calculated with EUR 25.00 share price)
- The additional pension plan is 20% of the annual base salary
- Severance pay (if the company terminates the agreement) equals to six months' notice period plus severance pay corresponding to the last total monthly salary multiplied by 18

1) A company car and phone allowance.

# Remuneration of the Executive Team

- The remuneration of the Executive Team members comprises
  - fixed base salary (incl. monthly salary and taxable benefits<sup>1</sup>)
  - short-term and long-term incentives, and
  - a supplementary pension plan
- Additional pension benefit in the form of a defined contribution pension plan equaling 15–20% of base salary depending on role
- Notice period is six months for both parties. If the company terminates the agreement, there is an additional severance pay equaling six times the last total monthly salary

<sup>1</sup>) Such as a company car and a phone allowance, according to the local legislation and market practice.

# The Performance Share Plan for CEO and Executive Team members

- Includes a three-year performance period parallel to a one-year performance period
- Measures for the one-year performance period are based on long-term strategic and financial targets. The measures have remained the same for the past eight years to ensure continuity and support to the long-term business performance.
- One-year performance period followed by a two-year restriction period, full vesting after three years
- Three-year performance period has a strategic target supporting our long-term strategy. Strategic target can be for example a strategic acquisition, progress according to our ESG action plan and long-term climate program or similar
- The Performance Share Plan includes a recommendation for the members of Valmet's Executive Team to accumulate, and once achieved, hold an amount of Company shares equaling their gross annual base salary (100% ownership recommendation)

# Current Performance Share Plans and Deferred Share Plans

	LTI plan 2021–2023		LTI plan 2022–2024		LTI plan 2023–2025	
Plan name	Performance Share Plan (PSP) and Deferred Share Plan (DSP)	PSP	PSP and DSP	PSP	PSP and DSP	PSP
Performance period	2021 (1 year)	2021–2023 (3 years)	2022 (1 year)	2022–2024 (3 years)	2023 (1 year)	2023–2025 (3 years)
Incentive based on	<ul style="list-style-type: none"> <li>Comparable EBITA margin (50%)</li> <li>Orders received growth in the stable business (50%)</li> </ul>	Predefined strategic target	<ul style="list-style-type: none"> <li>Comparable EBITA margin (50%)</li> <li>Orders received growth in the stable business (50%)</li> </ul>	ESG Index, targets linked to implementing Valmet's Climate Program and Sustainability Agenda	<ul style="list-style-type: none"> <li>Comparable EBITA margin (50%)</li> <li>Orders received growth in the stable business (50%)</li> </ul>	Development of a valuation multiple of Valmet's share in comparison to peer group
Reward payment	In spring 2022	In spring 2024	In spring 2023	In spring 2025	In spring 2024	In spring 2026
Restriction period	Until spring 2024		Until spring 2025		Until spring 2026	
Participants in PSP	13	10	14	12	15	14
Participants in DSP	102		125		128	
Total gross number of shares earned	Approximately 355,000	Approximately 42,000	Approximately 185,000	Approximately 31,000	As at September 30, 2023, a total of approximately 365,000 shares were allotted to participants	As at September 30, 2023, a total of approximately 48,000 shares were allotted to participants

