



Technological leadership and favorable megatrends

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President and CEO

Valmet Capital Markets Day 2021

Agenda

Valmet Capital Markets Day 2021

- 1 Overview of Valmet
- 2 Recent development
- 3 Investment highlights

Valmet's way forward

Our Mission

Converting renewable resources into sustainable results

Our Strategy

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

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

Our Must-Wins

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

Growth accelerators

- Field services
- Industrial Internet and digitalization

Our Vision

To become the global champion in serving our customers

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

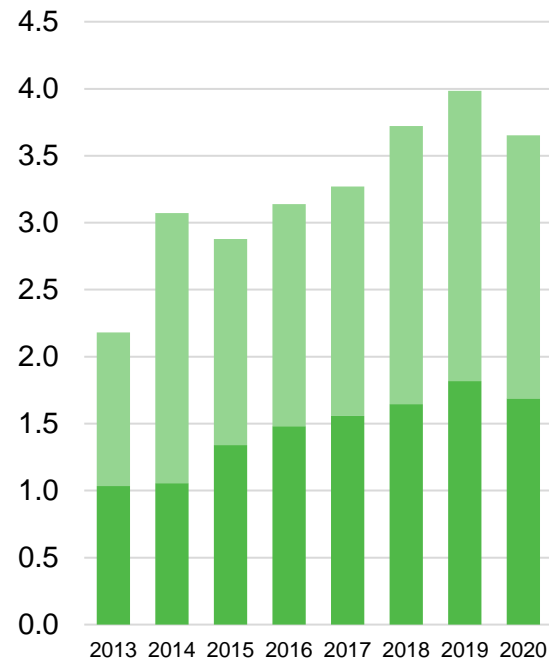
We work together to make a difference

Megatrends

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

Valmet's development since 2013

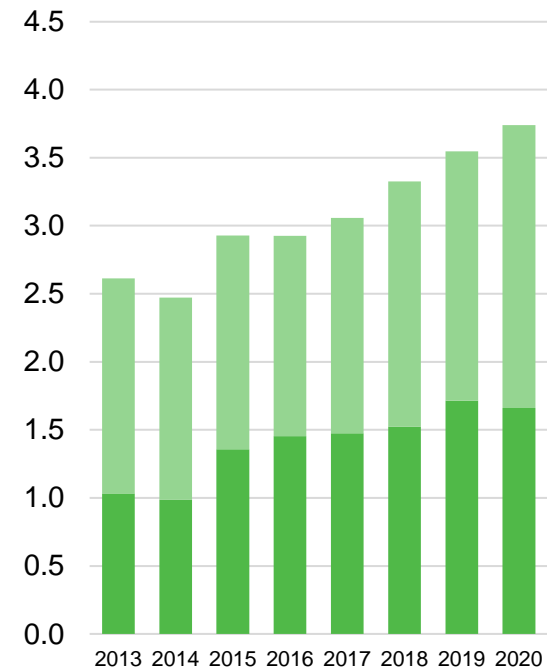
Orders received
(EUR billion)



Business lines

- Services and Automation
- Pulp, Energy and Paper

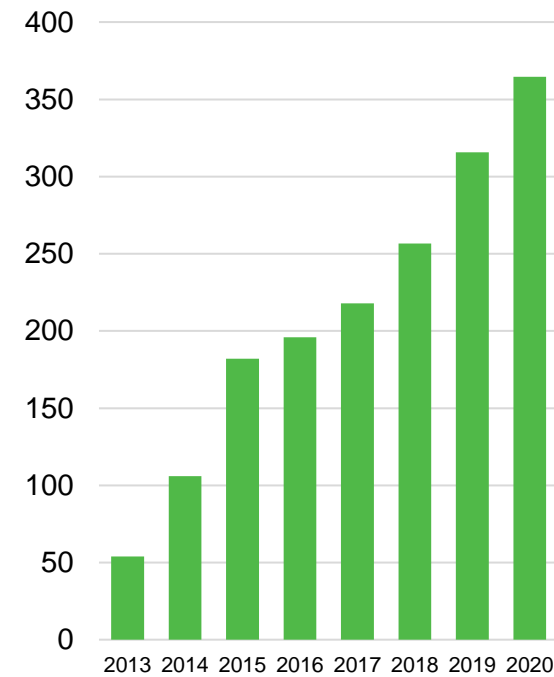
Net sales
(EUR billion)



Business lines

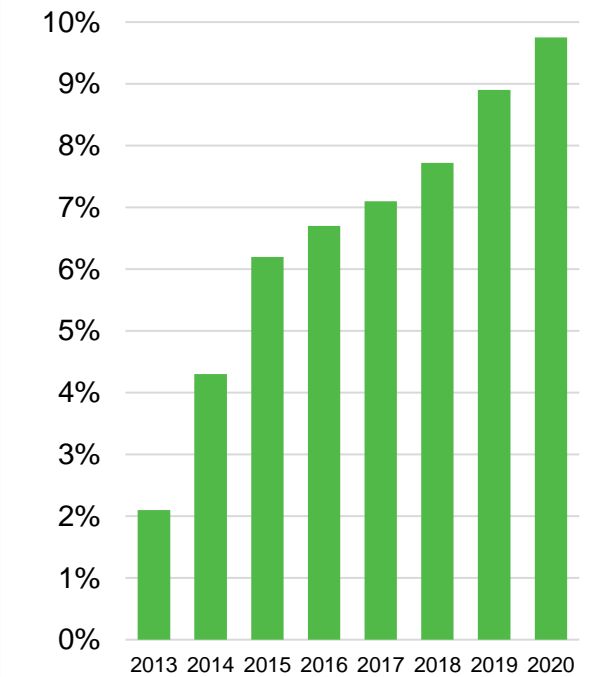
- Services and Automation
- Pulp, Energy and Paper

Comparable EBITA
(EUR million)



- Comparable EBITA

Comparable EBITA margin
(%)



- Comparable EBITA margin

Recent market trends

Valmet's long-term market drivers are positive

- Demand for pulp, board and tissue continues to increase
 - E-commerce, increasing demand for packaging materials and focus on environmental issues have gained more momentum
 - Customers' demand for efficiency and safety drive the demand for services and automation
-

Market activity varies between geographical areas

- High level of market activity in China in especially in board, tissue and paper
 - South America and Asia are active in both pulp and paper
-

Market activity is good in the capital business

- Paper and board machine market is active and tissue machine market has improved to good level
 - Several mega pulp mill decisions made during the last two years, and customer activity continues
 - Energy market has weakened
-

Stable business is impacted by COVID-19

- Automation market has been relatively active despite the pandemic
- Travel restrictions and lower capacity utilization in graphical paper mills have had a negative impact on the services market

Recent development at Valmet



Customer

Valmet acquired PMP Group

Valmet's way to serve concept launched for globally-unified services approach

Stronger utilization of Valmet's local presence in areas in sales and projects



Technology

Collaboration project with Metsä Spring to produce fossil free 3D fiber products

Valmet DNA User Interface received well: dozens of projects sold and delivered with new technology

Wider utilization of Industrial Internet applications and remote connections



Process

Good development in project management

Capacity cost reductions

Remote commissioning and start-up of new tissue and board machine installations

ERP renewal proceeding

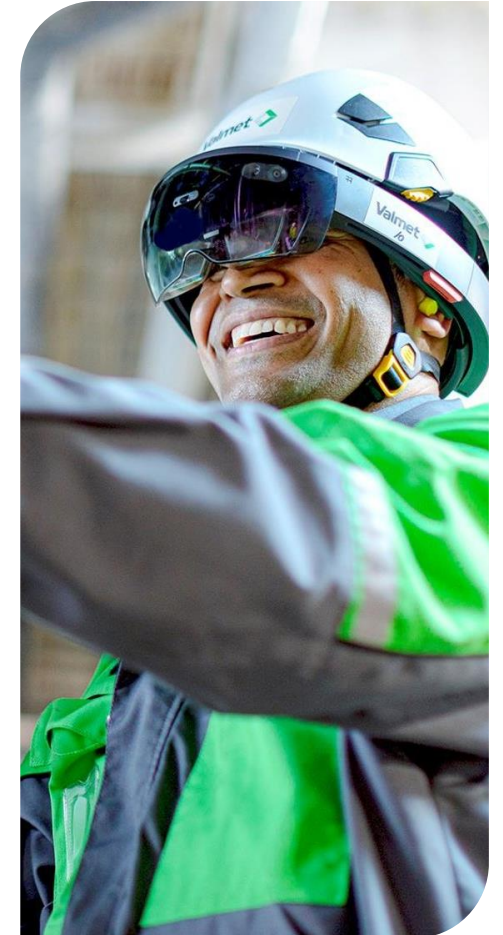


People

Staying safe, operational and efficient during challenging times in 2020

Record-low LTIF for own employees (1.5) reached in 2020

Several internal training programs established and continuing



Acknowledged leader in sustainability

360° approach to sustainability



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



Sustainability Award
Bronze Class 2021
S&P Global



Good progress in sustainability indices

- In Dow Jones Sustainability Index for the seventh consecutive year
- Received Bronze Class 2021 Sustainability Award
- Achieved A- rating in CDP's climate program and reached the leadership level for the fifth consecutive year
- In Ethibel Sustainability Index Excellence Europe
- In CDP's Supplier Engagement Leaderboard with best A rating



2020 highlights

- 2%** decrease of CO₂ intensity*
- 87%** increase in support for non-profit organizations
- 32%** improvement in LTIF
- 92%** of suppliers screened over sustainability risks

Valmet's Climate Program: Forward to 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 Valmet is in process to send its climate targets for the Science Based Targets Initiative for validation

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

Valmet's 29.5% ownership in Neles

- Valmet acquired 29.5% of Neles in 2020
- Valmet's goal is to have an active long-term role in the development of Neles
- In the long-term, combination of Valmet and Neles would create a Nordic based global leader with a unique offering for process industries

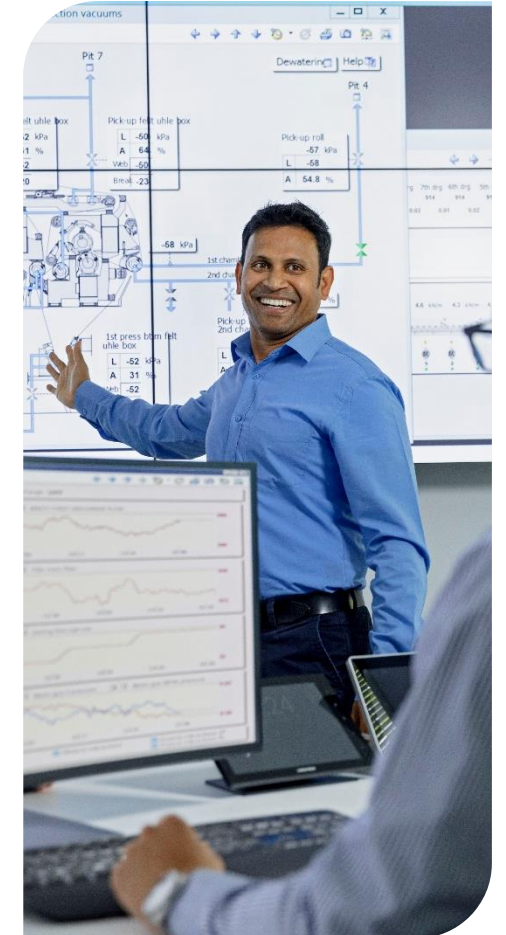
Valmet and Neles together

- Stronger margin profile and globally balanced operations
- Increased share of high-margin and growing stable business including services, automation systems and valves
- A platform for further growth in automation business
- Tangible revenue, technology development and cost synergy potential



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

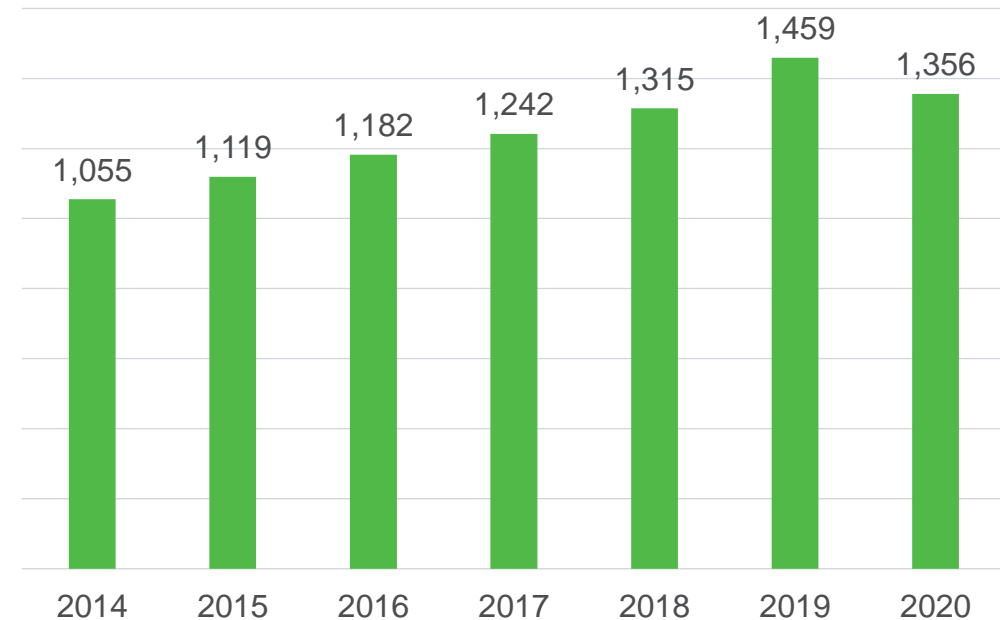
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Services business line

- 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

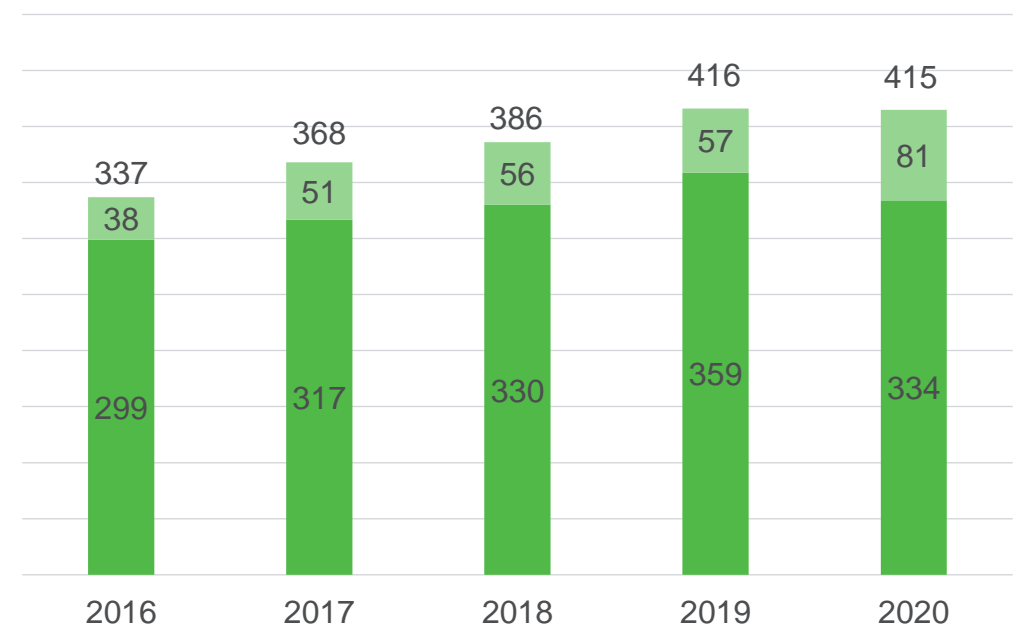
Automation: Maximizing efficiency and safety of our customers

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)



Organic growth
~5%
CAGR

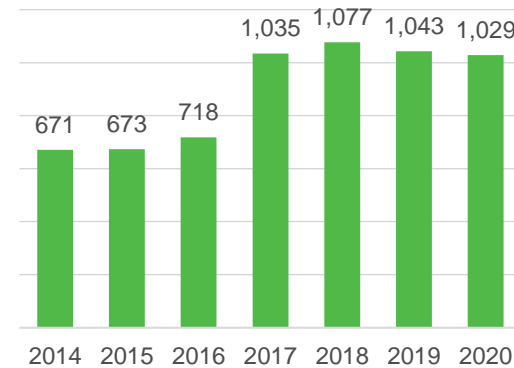
Paper: World-class technology for packaging and hygiene needs

Paper business line

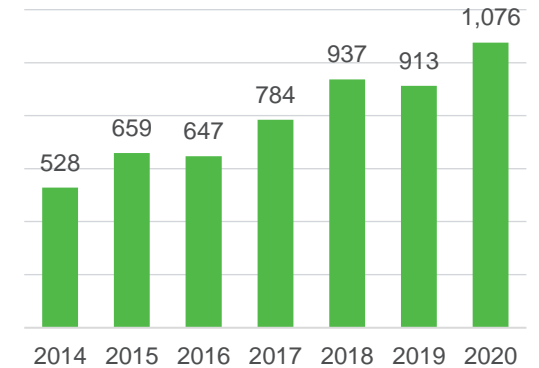
- Offering includes world-leading technology and products for board, tissue and paper making
- Long-term growth supported by favorable megatrends
 - Growing e-commerce and packaging needs
 - Increasing demand for hygiene products
- High market share
- Technological advantage and excellent references
- 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)



Net sales (EUR million)



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

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

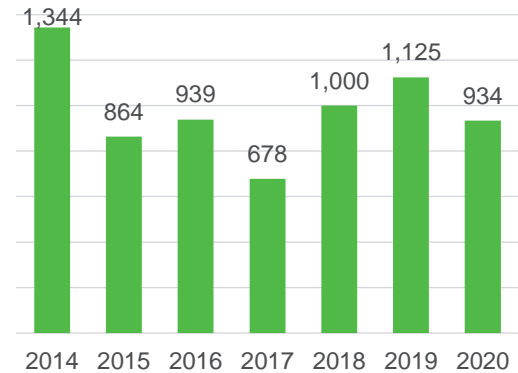
Pulp and Energy: Strong business with high market share and flexible cost structure

Pulp and Energy business line

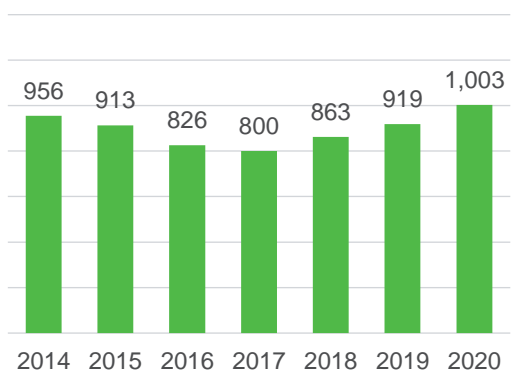
- Offering includes full pulp mills and energy solutions for biomass and emission control
- Long-term growth supported by favorable megatrends
 - Growing demand for sustainable packaging and hygiene products and textiles
 - Replacing plastic with fiber-based materials
- High market share
- Technological 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

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 LTIF

