

Automation Systems: Profitable growth in attractive market

Emilia Torttila-Miettinen

Business Line President, Automation Systems

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Automation Systems: Profitable growth in attractive market

1

ATTRACTIVE MARKET

Growth driven by global megatrends of automation and digitalization

2

STRONG MARKET POSITION AND POTENTIAL FOR GROWTH

#1–3 in pulp and paper automation globally and solid growth position in energy and process automation

3

COMPETITIVE OFFERING

Widest automation offering for pulp and paper, leading, renewing DCS technology with application portfolio in energy and process

4

BROAD CUSTOMER BASE

5,000+ individual customers with whom long-term relationships

5

SOLID TRACK RECORD

7% CAGR in orders received since 2015 with improving profitability

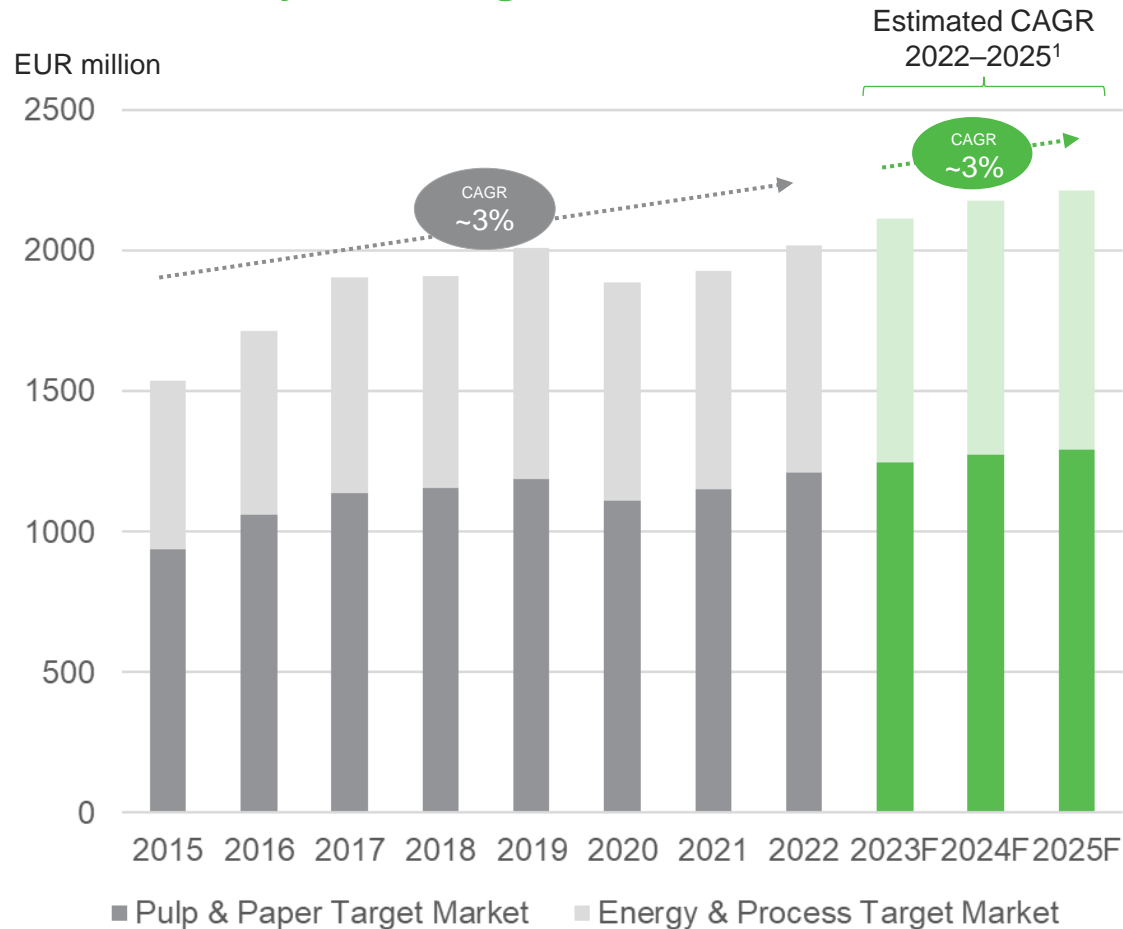
FINANCIAL TARGET

Net sales to grow over two times the market growth



Solid performance in an attractive market

Automation Systems target market

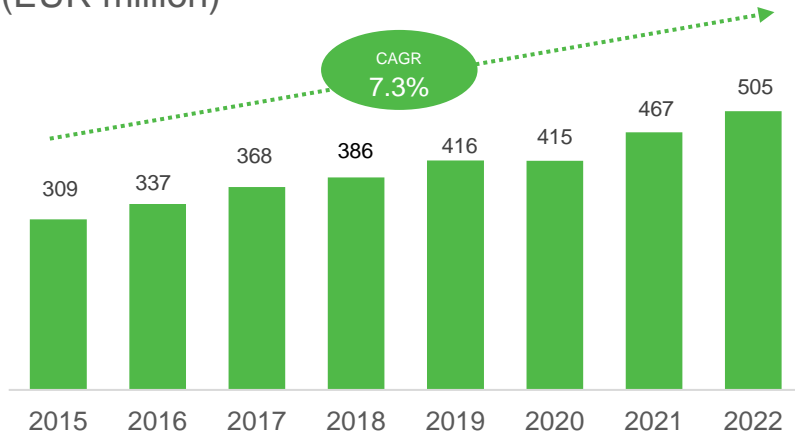


Market drivers and characteristics

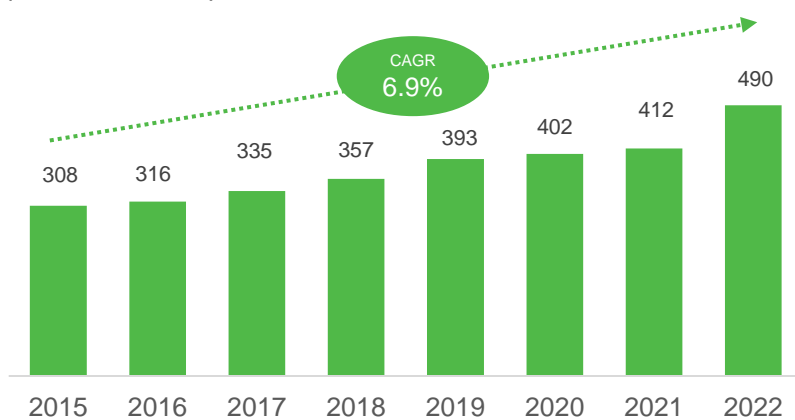
- Sustainability, digitalization and operational efficiency drive automation investments and services
- Market characterized by process critical systems requiring deep domain expertise
- High share of recurring service business on installed base with cross selling opportunities
- Automation Systems' market share increase in Pulp and paper driven by value-adding solutions and high technology, and cost competitive solutions in Energy and Process
- Further market share expansion opportunities via wider offering, continuous technology development and replacing ageing competitor installed base

Automation Systems key figures

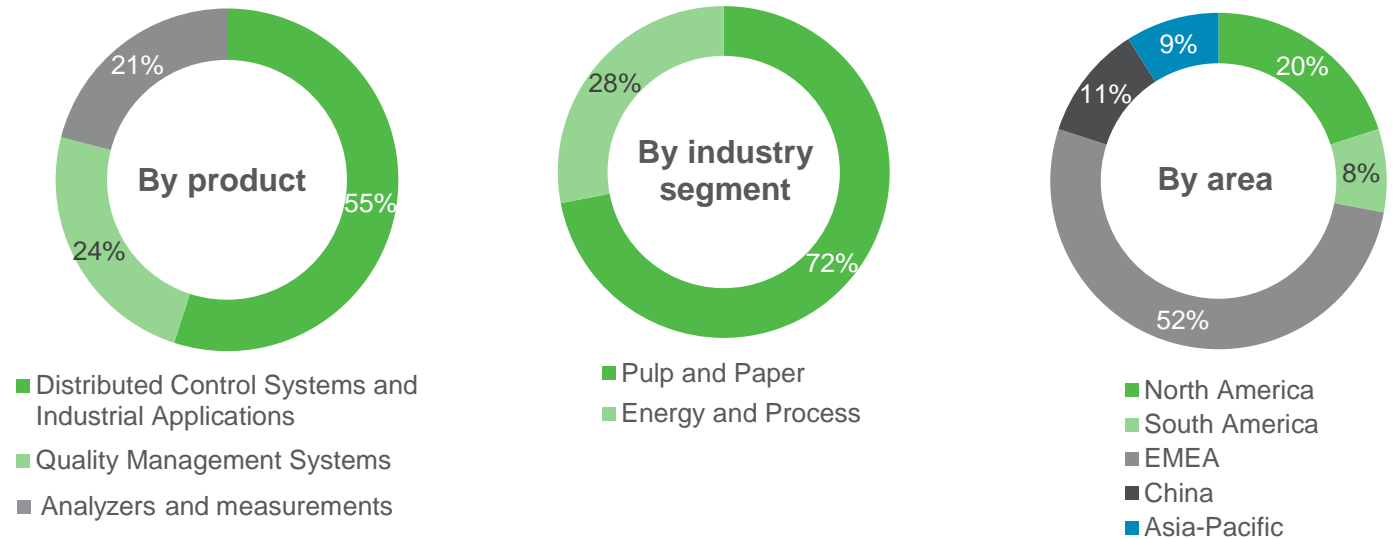
Orders received
(EUR million)



Net sales
(EUR million)



Orders received split 2022
(% of total)

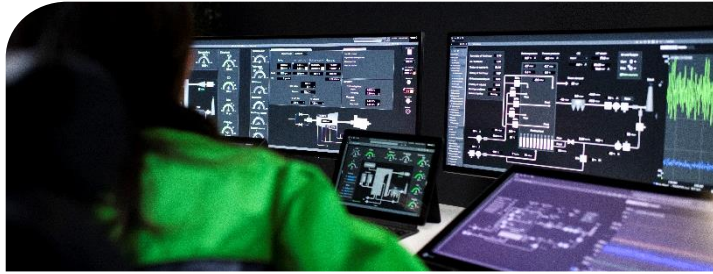


	Market position ¹	Market share	Market size, EUR ¹	Market growth
Pulp & Paper	#1–3	26%	~2.1 bn	~ 3%
Energy & Process	#2–4	14%		

2015-2020 figures have not been restated and include internal orders received and net sales. Automation Systems was acquired as of April 1, 2015. 2015 figures are illustrative, they include Q1 figures as reported by Metso.
¹ Market position and relevant target market according to ARC 2021–2026 material



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

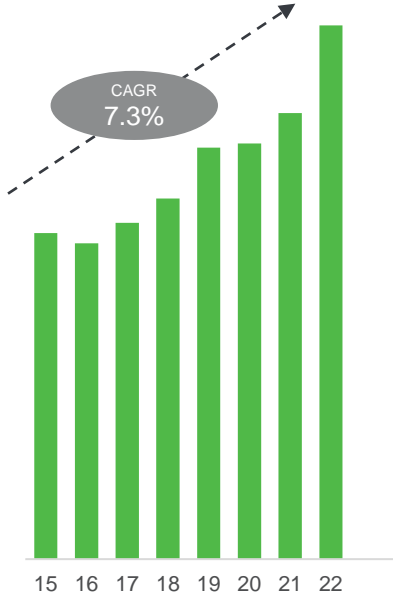
- Integrated, industrial internet ready automation platform with wide application offering for focus industries
- User experience focused web-based user interface with secure access
- Future-proof technology - lifetime compatibility

- 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

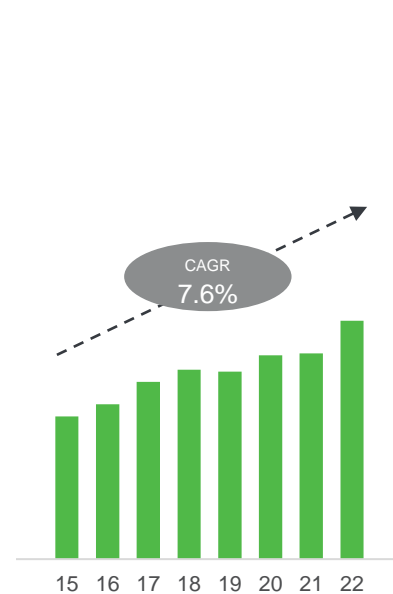
Strong track record in growing orders in all product categories

Distributed Control Systems



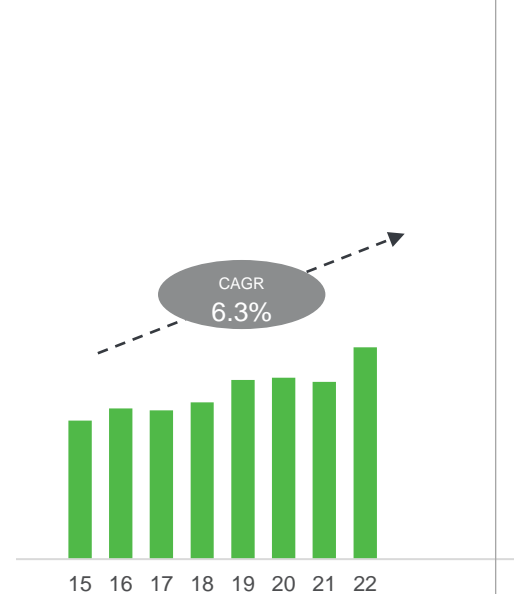
- Growing market across process industries
- Growing via life cycle replacement
- >650 competitor PLC¹ and DCS systems replaced

Quality Management Systems



- Wide offering and quality optimization across the value chain
- >700 competitor Quality Management systems replaced

Analyzers and measurements



- Unique combination of high-technology analyzers and measurements connected to controls
- Growth via life cycle replacements

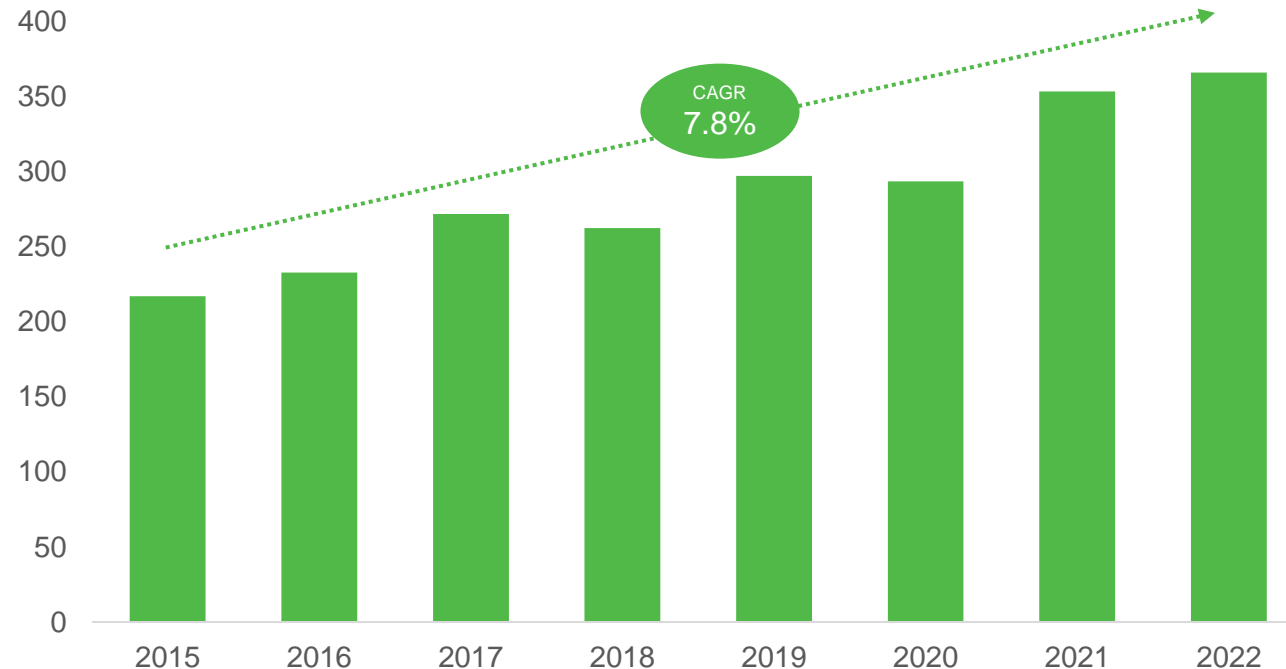
Strong consistent growth through the years in all product categories

Distributed control systems delivered widely to different processes

Continuous technology development to expand the offering and target market

Growth in Pulp and Paper industry more than twice the market growth

Orders received in Pulp and Paper
(EUR million)



- Customers investing in improving their operations
- Unparalleled offering and capability combining automation with process technology, services and valves
- Growth in life cycle & value-adding services
- Aging competitor installed base

Market's widest offering in pulp and paper with solid growth

#1 in Quality Management Systems, Analyzers and Measurements

#1 in pulp performance optimization using advanced controls

#1–3 in pulp and paper control systems

Growing installed base results in growing services

Growth in Pulp and Paper is driven by 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

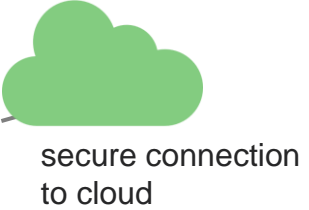
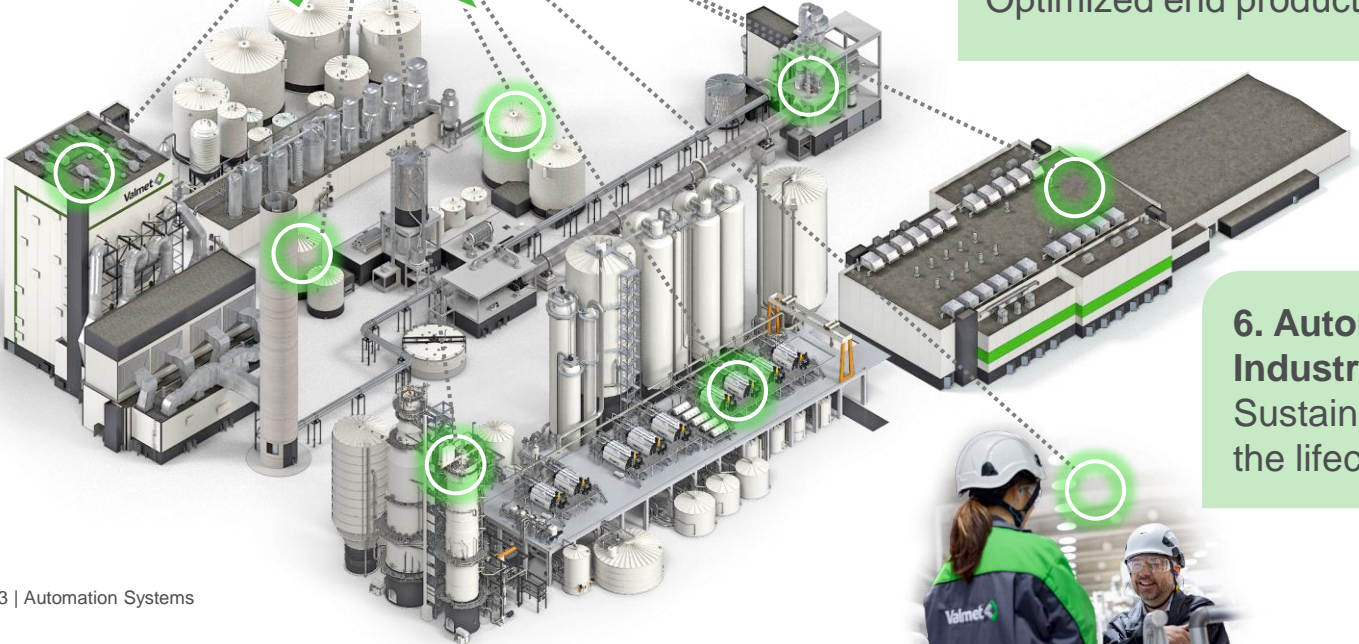


Data Control

1. Distributed Control Systems
Reliable process control

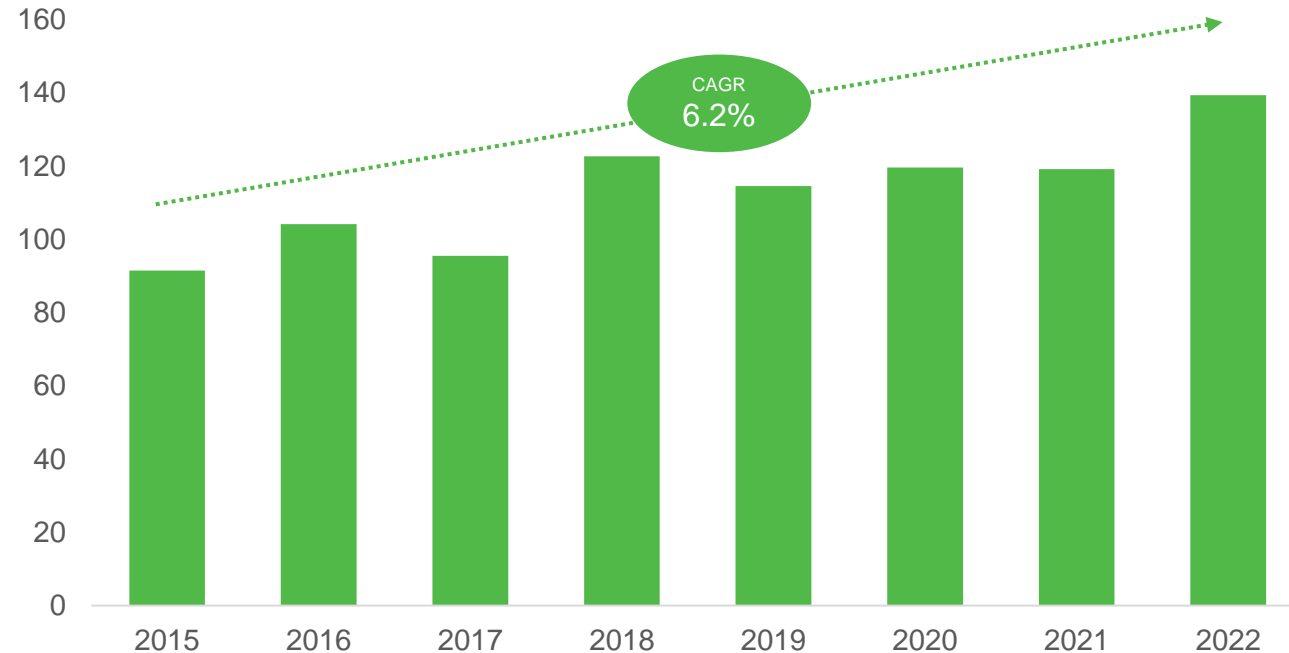
4. Quality Management Systems
Optimized end product quality

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



Solid growth in Energy and Process industry

Orders received in Energy and Process
(EUR million)



- Sustainability investments (energy, fuels)
- Further digitalization of process industry
- Expanding target market via technology development
- Growth in life cycle services and value-adding services

Attractive market and good references in several industries

One of the market leaders in selected energy and process areas including developed high-technology applications

Growing installed base results in growing services

Energy and Process offering



Our recent track record

- Leading DCS supplier to European waste-to-energy industry and multi-fuel boilers
- #2 DCS supplier in demanding cruise vessels
- Break-through orders in new growth segments like bioethanol, biochemicals, renewable products, hydropower



Expanding addressable market and offering

- DCS growth in selected new segments; chemicals, pharma, food and beverage, alternative energies
- Continued DCS technology renewal combined with digitalization improves competitiveness
- Acquisitions to grow target market and offering

Strategic focus areas

Automation Systems

Key actions to grow

- Support customers in their digitalization journey
- Strengthen the leading position and grow further as automation provider in pulp and paper industry
- Expand further to new markets in energy and process industries
- Continue to win market share via competitor replacements
- Continuous development of product and service offering

Key actions to improve profitability

- High operating leverage business model
- R&D for market leading, cost competitive technology
- Winning team close to customers



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