



Moving forward as a stronger Valmet

Annual General Meeting 2023

Pasi Laine

President and CEO

Content

- 1 Valmet today
- 2 Financial development and progress in sustainability
- 3 Development of the businesses
- 4 Guidance and short-term market outlook



Valmet today

The offering combines process technology, services and automation

Board and paper technologies

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

Services

- Spare and process parts
- Workshop and roll services
- Fabrics
- Maintenance development and outsourcing
- Field services
- Process upgrades
- Industrial Internet solutions

Pulp technologies

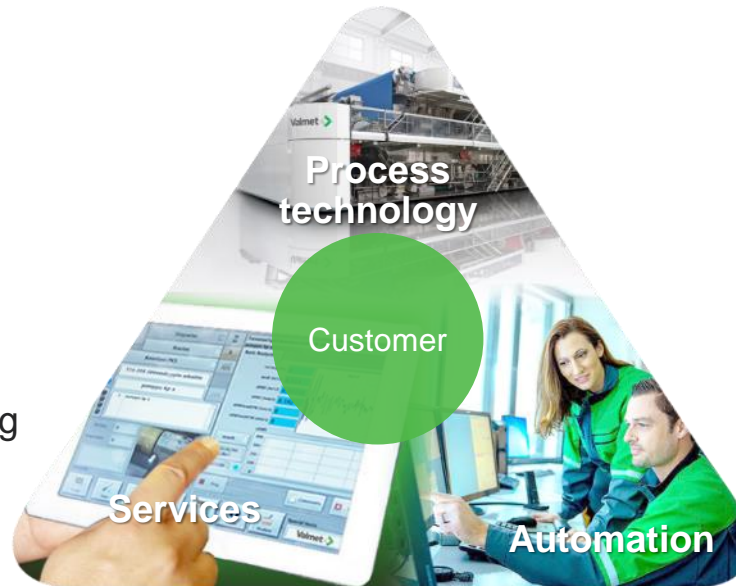
- Complete pulp mills
- Pulp mill processes
 - Wood handling, Cooking and fiber line, Pulp drying and baling, Chemical recovery

Energy technologies

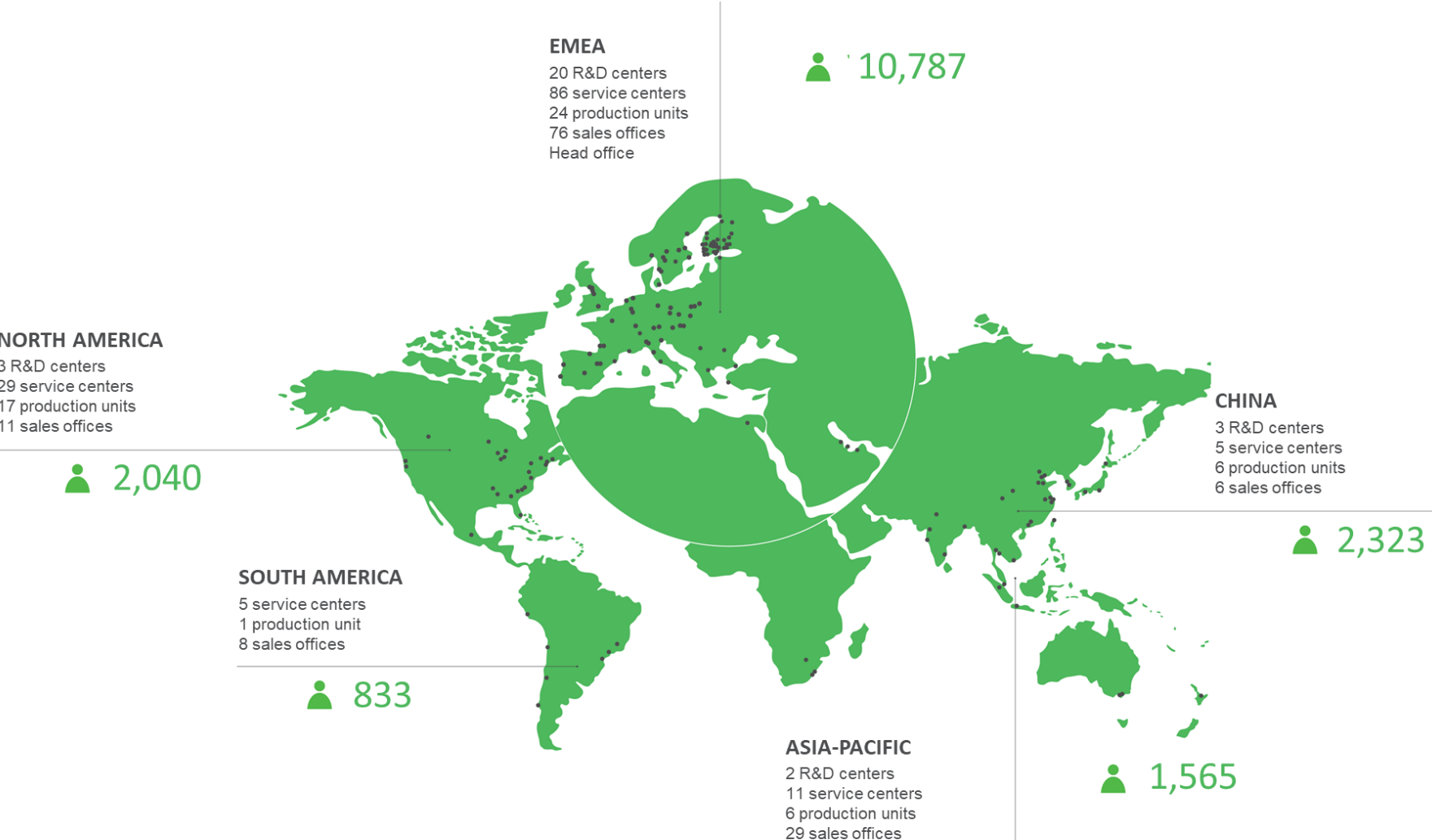
- Heat and power generation
- Air emission control
- Biofuels production

Flow Control and Automation Systems

- Valves
- Valve automation
- Valve controls
- Distributed Control Systems (DCS)
- Quality Management Systems (QMS)
- Analyzers and measurements
- Services and Industrial Internet solutions



Our global presence creates a good platform for growth



-  **>130** service centers
-  **>50** Production units
-  **28** R&D centers

Valmet is an acknowledged leader in sustainability

360° approach to sustainability across value chain

Environment

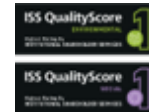
We enhance circularity and environmental efficiency and reduce CO₂ emissions through the entire value chain. Valmet aims to enable fully carbon neutral production for its customers by 2030.

Social

We promote an engaging work environment, commit to the health and safety of our people and partners, and strive to be a responsible corporate citizen.

Governance

We follow ethical business practices, ensure a sustainable supply chain and report in a transparent manner.



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

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

Executive Team



Pasi Laine
President and CEO



Katri Hokkanen
CFO



Julia Macharey
SVP, Human Resources and
Operational Development



Anu Salonsaari-Posti
SVP, Marketing, Communications
and Sustainability



Aki Niemi
Business Line President,
Services



Emilia Torttila-Miettinen
Business Line President,
Automation Systems



Sami Riekkola
Business Line President,
Pulp and Energy



Jari Vähäpesola
Business Line President,
Paper



Simo Sämskilähti
Business Line President,
Flow Control



Jukka Tiitinen
Area President,
North America



Celso Tacla
Area President,
South America



Vesa Simola
Area President,
EMEA




Xiangdong Zhu
Area President,
China



Petri Paukkunen
Area President,
Asia Pacific

Business
lines

Areas



Financial development and progress in sustainability

Valmet in 2022

Orders received
EUR 5,194 million

Net sales
EUR 5,074 million

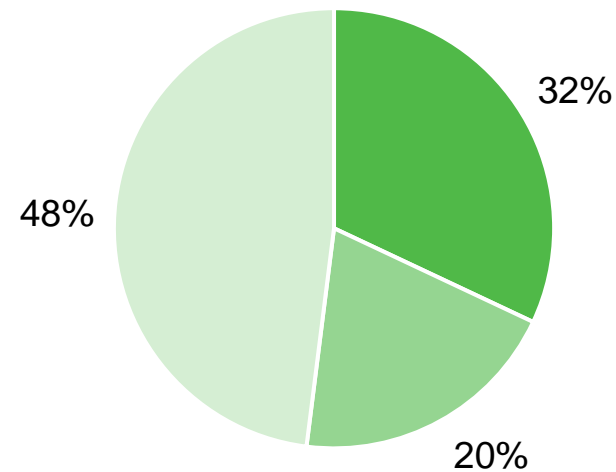
Comparable EBITA
EUR 533 million

Comparable EBITA margin
10.5%

Order backlog
EUR 4,403 million

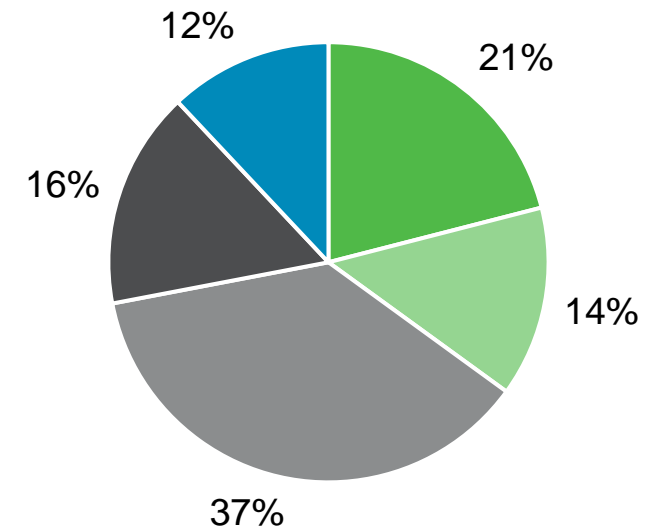
Employees
17,548

Net sales by segment



- Services
- Automation
- Process Technologies

Net sales by area



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

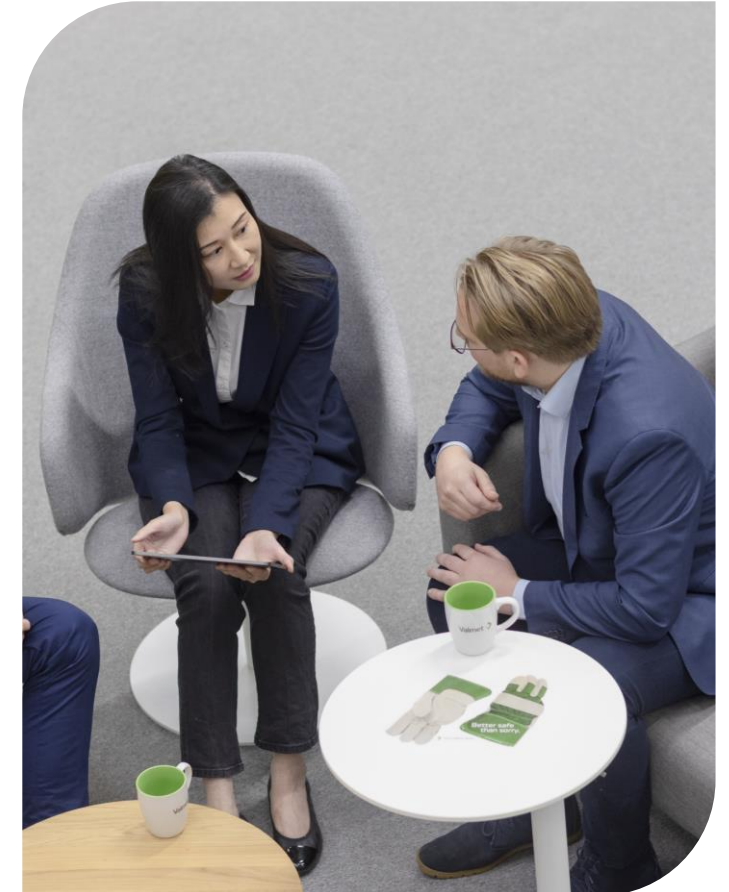
Key figures

EUR million	2022	2021	Change
Orders received	5,194	4,740	10%
Order backlog ¹	4,403	4,096	7%
Net sales	5,074	3,935	29%
Comparable EBITA	533	429	24%
% of net sales	10.5%	10.9%	-0.4 pp
EBITA	550	448	23%
Operating profit (EBIT)	436	399	9%
% of net sales	8.6%	10.1%	-1.5 pp
Adjusted earnings per share, EUR ²	2.37	2.09	13%
Earnings per share, EUR	1.92	1.98	-3%
Return on capital employed (ROCE) before taxes	18%	24%	-6 pp
Cash flow provided by operating activities	36	482	-93%
Gearing ¹	20%	-7%	27 pp

Items affecting comparability: EUR 17 million in 2022 (EUR 19 million in 2021).

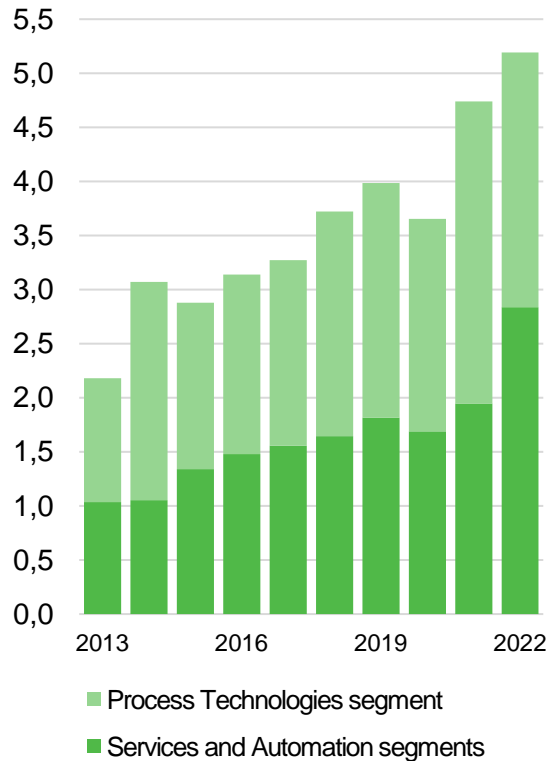
1) At end of period

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

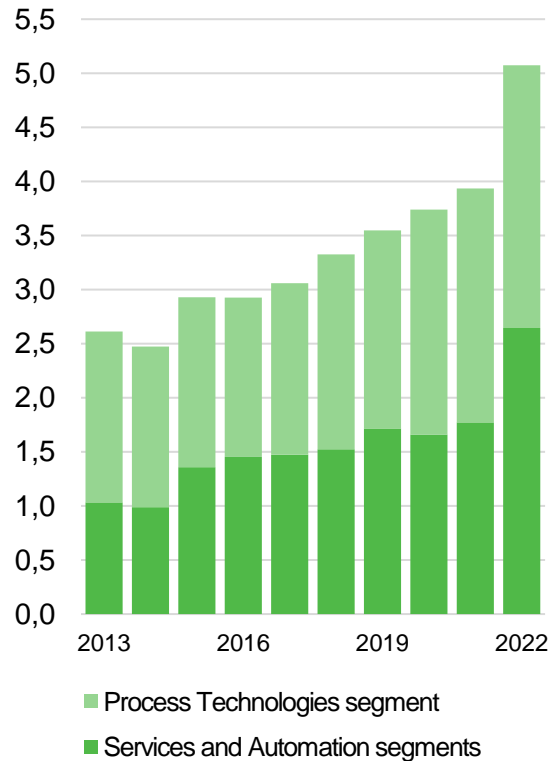


Valmet's development since 2013

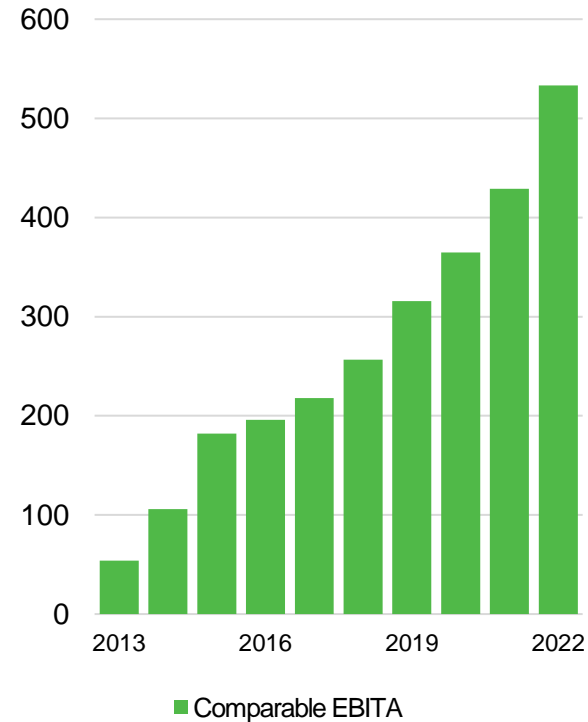
Orders received
(EUR billion)



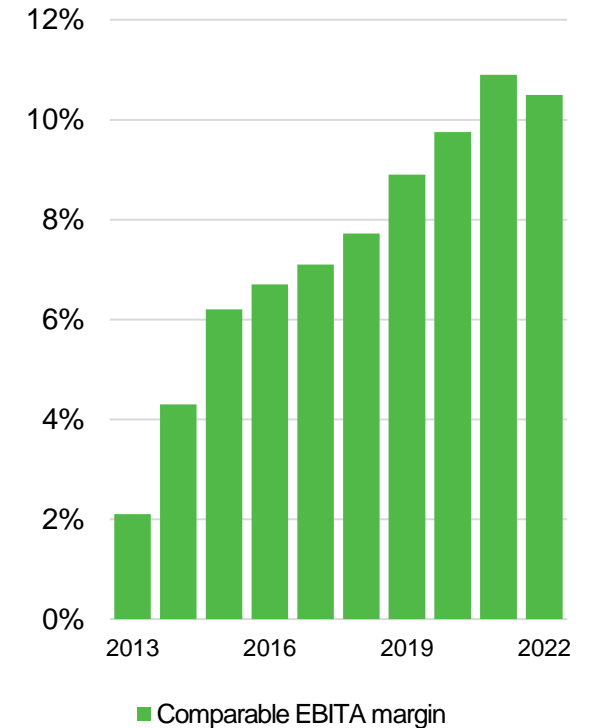
Net sales
(EUR billion)



Comparable EBITA
(EUR million)



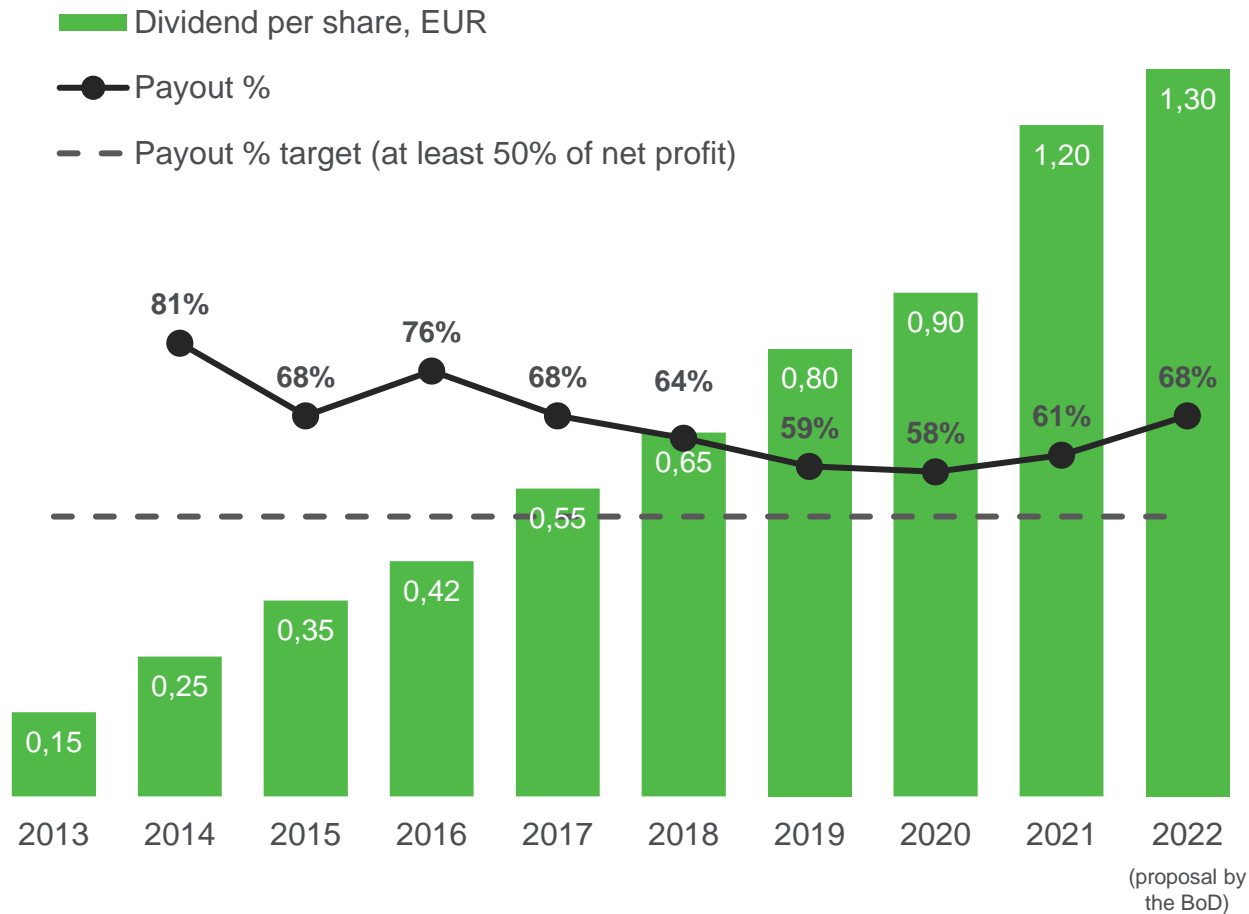
Comparable EBITA margin
(%)



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 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

Financial targets

Growth	<ul style="list-style-type: none">• Net sales for Services and Automation segments to grow over two times the market growth• Net sales for Process Technology segment to exceed market growth
Profitability	Comparable EBITA: 12–14%
ROCE	<ul style="list-style-type: none">• Comparable return on capital employed (ROCE) before taxes¹: at least 15%
Dividend policy	<ul style="list-style-type: none">• 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))

Progress in sustainability 2022

Environment



We

- engaged the high-emitting suppliers into a CO₂ reduction program
- increased rail and ocean transportation
- invested in energy efficiency
- increased the usage of renewable fuels and CO₂ free electricity
- continued the development of energy efficient technologies

Social



We

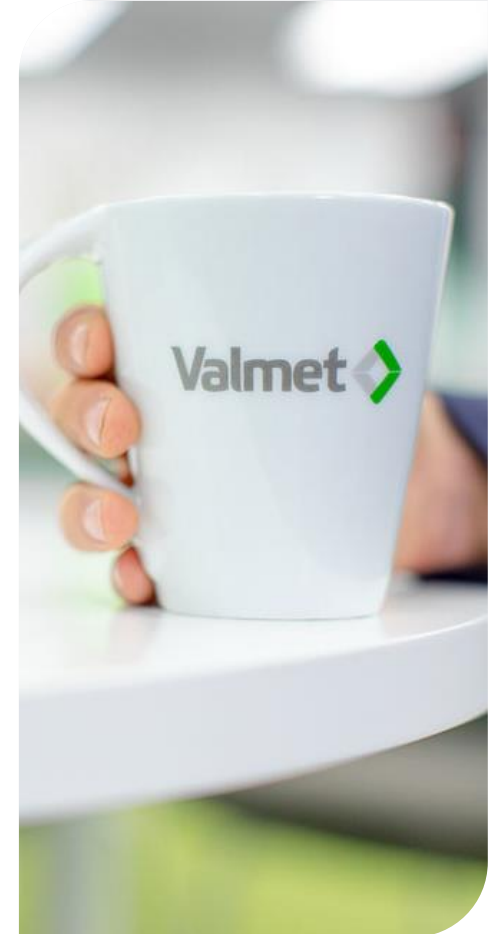
- completed **88%** of the 2,800 action plans made based on the OurVoice employee survey
- started **6** new social responsibility projects around the world
- created a roadmap for diversity and inclusion at Valmet
- continued our safety work ending up with **4.7** (6.8) Total Recordable Incident Frequency (TRIF) for external workers and **3.2** (3.1) for own employees

Governance



We

- reached an **87%** completion rate in the global organization for the mandatory Code of Conduct e-learning (target 100% by 2025)
- conducted **45** supplier audits
- have engaged already **82%** of suppliers to sign our Sustainable Supply Chain Policy (target 95% by 2025)
- were included for **9th** consecutive year in Dow Jones Sustainability Indices and received an **A-** leadership rating in CDP Climate



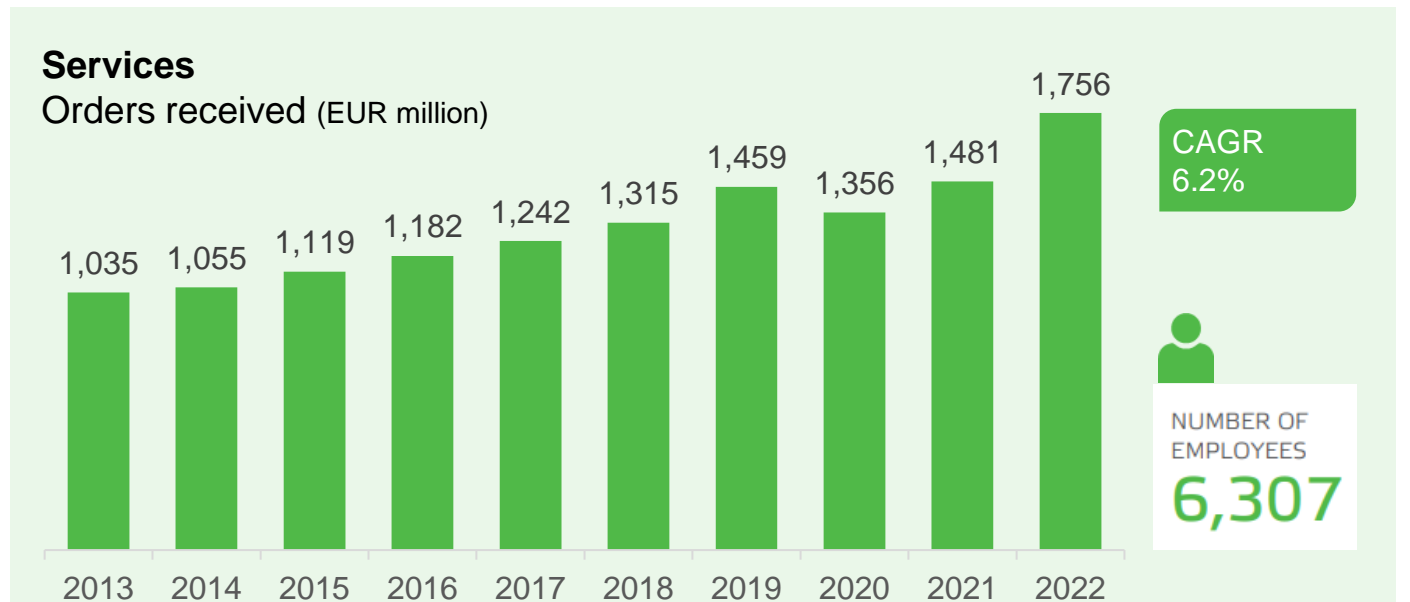


Development of the businesses

Services business line

Solid growth based on the widest offering and presence close to customers

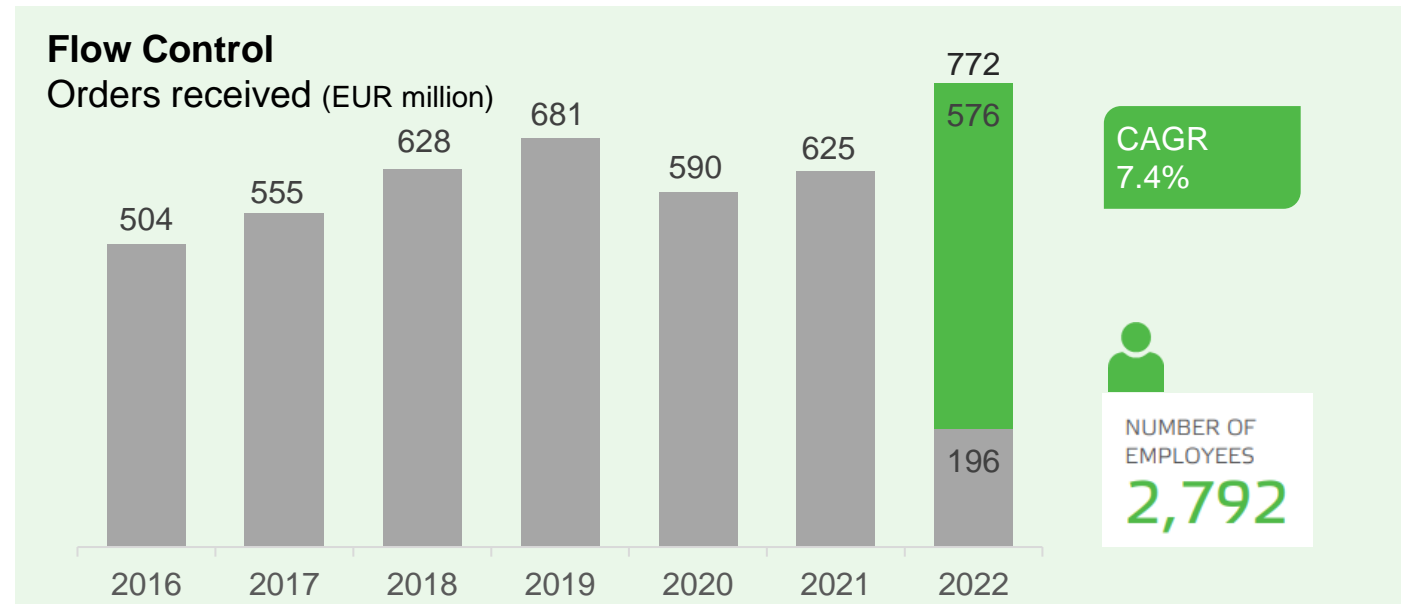
- Focus on pulp, paper and energy customers
- Orders received increased to EUR 1,756 (1,481) million and net sales to EUR 1,606 (1,360) million
- Orders received increased in all geographical areas and in all service business units
- The acquisition of North American –based Coldwater expanded the consumables offering
- Investment in press felt production facilities in Tampere, Finland to improve competitiveness
- Targeting to grow with the market and by winning further market share



Flow Control business line

A very good start as part of Valmet

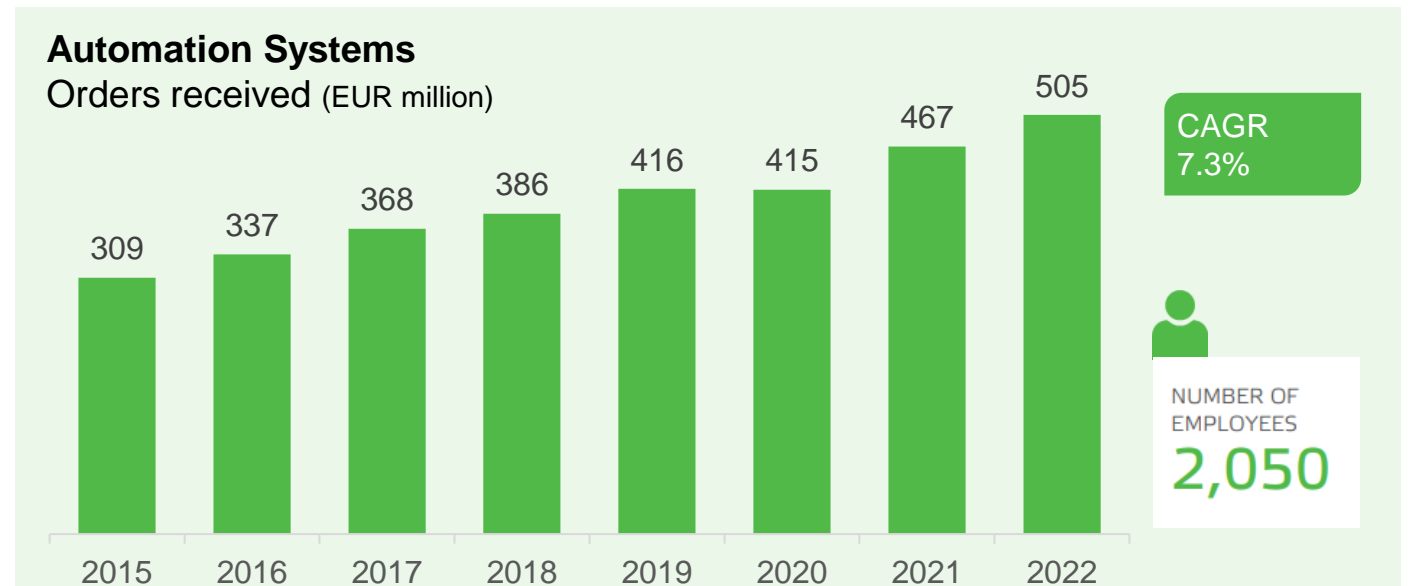
- A wide base of customers in key sectors
 - Pulp & Paper
 - Refining & Chemicals
 - Renewable energy & Gases
 - Metals & Mining
- In Q2-Q4/2022 orders received amounted to EUR 576 million and net sales to EUR 551 million
- Orders received grew or remained stable in all geographical areas
- The acquisition of Flowrox offering and opening of new service center in Chile strengthened the position in Metals & Mining sector



Automation Systems business line

Strong performance continued

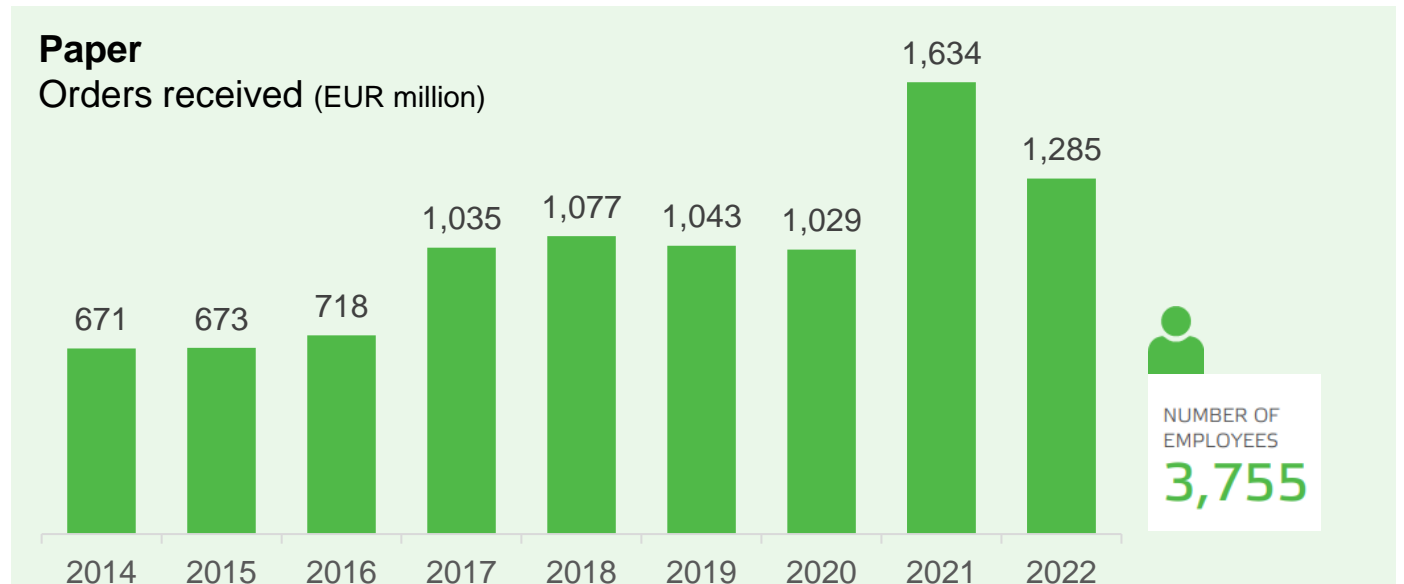
- A leading position in Pulp & Paper customer segment and a growing customer base in other process industries
- Orders received increased to EUR 505 (467) million and net sales to EUR 489 (412) million
- Strong emphasis on innovations continued and we introduced several new products and applications in 2022
- Growth of the business is driven by global megatrends of automation and digitalization



Paper business line

Several new orders and awarded innovations

- World-leading technology for board, tissue and paper making
- Orders received decreased to EUR 1,285 (1,634) million and net sales increased to EUR 1,347 (1,141) million
- Valmet's and Metsä Group's joint pilot plant for molded fiber products based on 3D fiber technology was inaugurated and it received the Quality Innovation Award 2022
- Global megatrends support business growth
 - Growing e-commerce and packaging needs
 - Increasing demand for hygiene products



Pulp and Energy business line

Important milestones in delivery projects and several new orders

- Technology solutions for pulp and energy production, biomass conversion and emission control
- Orders received decreased to EUR 1,072 (1,160) million and net sales increased to EUR 1,081 (1,022) million
- Record demand for our energy solutions driven by fossil phaseout
- Global megatrends support business growth
 - Growing demand for sustainable packaging, hygiene products and cellulose-based/ recycled textiles
 - Replacing plastic with fiber-based materials



Pulp and Energy

Orders received (EUR million)



NUMBER OF EMPLOYEES
1,892



Guidance and short-term market outlook

Guidance and short-term market outlook

Guidance for 2023

Guidance	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).
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Short-term market outlook

		Q1/2022	Q2/2022	Q3/2022	Q4/2022
Services		Good	Good	Good	Good
Automation	Flow Control	Good	Good	Good	Good
	Automation Systems	Good	Good	Good	Good
Pulp and Energy	Pulp	Good	Good / Satisfactory	Good / Satisfactory	Good / Satisfactory
	Energy	Satisfactory	Good	Good	Good
Paper	Board and Paper	Good	Good	Good	Good
	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 from the end of the respective quarter. The scale is 'weak-satisfactory-good'.

