



# Flow Control business line

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Investor site visit to Hakkila

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# We offer a complete portfolio for valve and valve automation needs



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## Valve controllers

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

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## Actuators

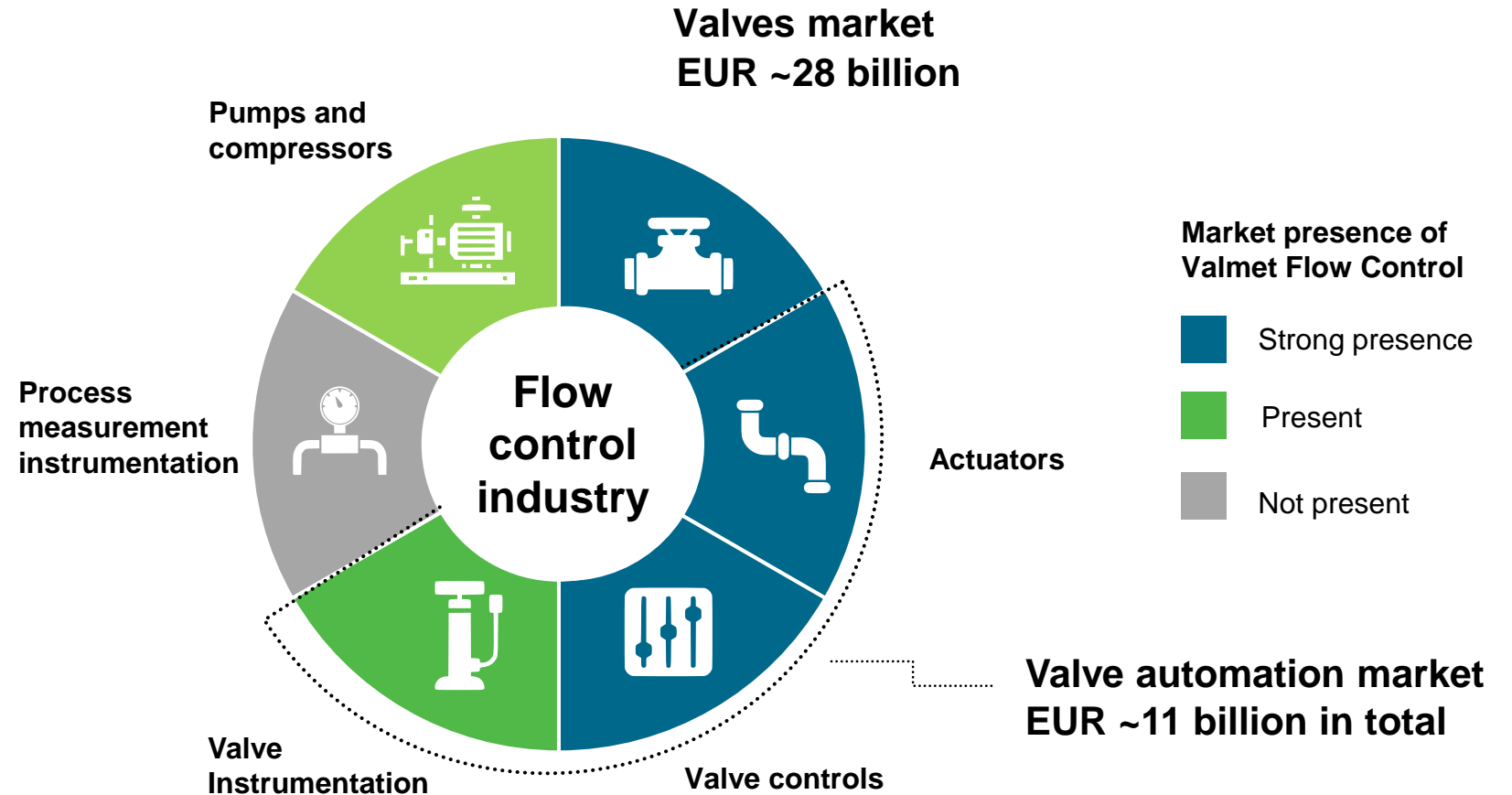
- Pneumatic actuators
- Hydraulic actuators
- Electric actuators

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## Valves

- Control valves
  - On-off valves
  - ESD valves
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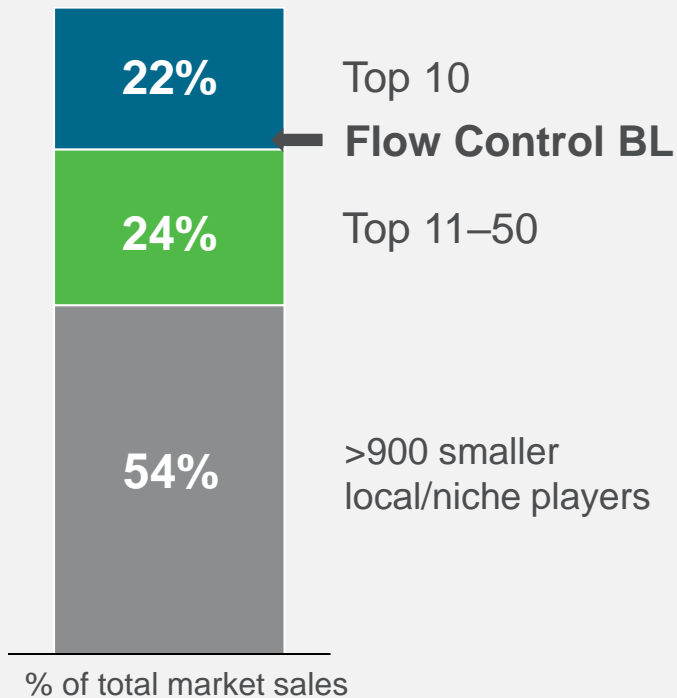
# Flow Control business line in valves and valve controls market



# Flow control is a very fragmented industry

Valmet Flow Control is about #10 player

## Valves and valve automation industry competitive landscape



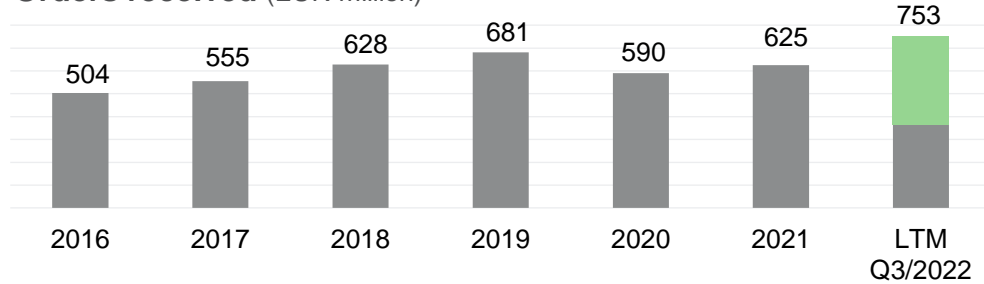
Established players benefit from

- strict customer and product approvals
- risk-averse buying behavior
- know-how and scale benefits leading to high barriers of entry
- attractive earnings profiles for leading players
  - average EBIT 10%, best 20%
  - average ROIC 10%, best 18%
  - 1.8x Total Return to Shareholders for flow control companies compared to the average of all industrial equipment companies
- Focused players can also enjoy good profitability due to economies of scope
- Consolidation has been actively ongoing in the industry

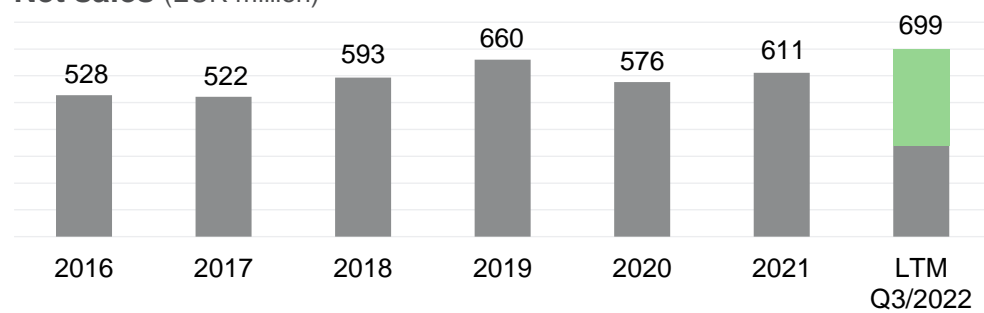
# Key figures at a glance

## Flow Control

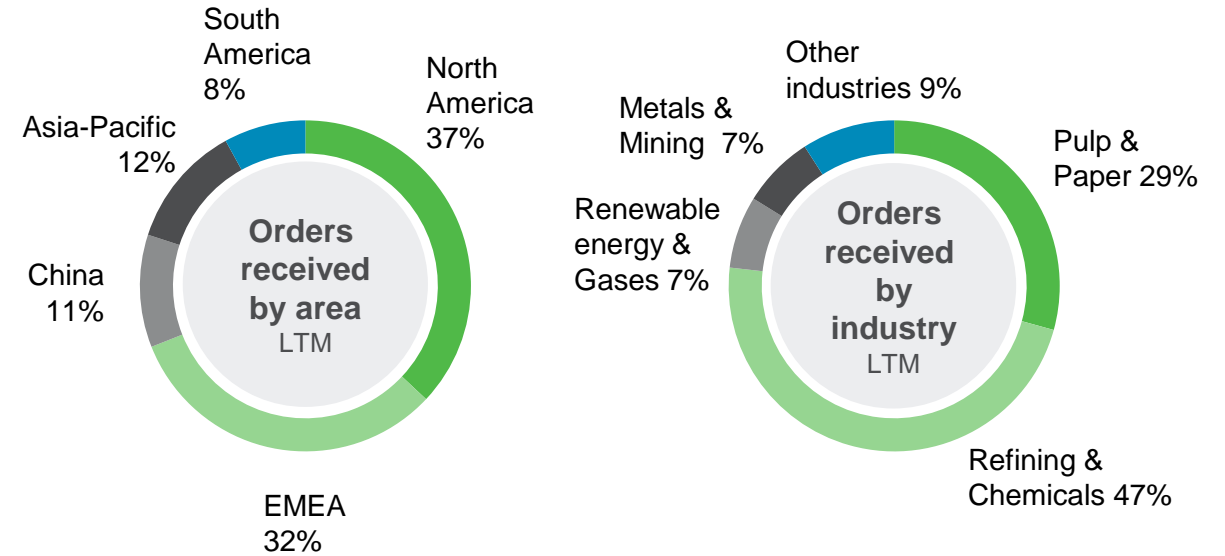
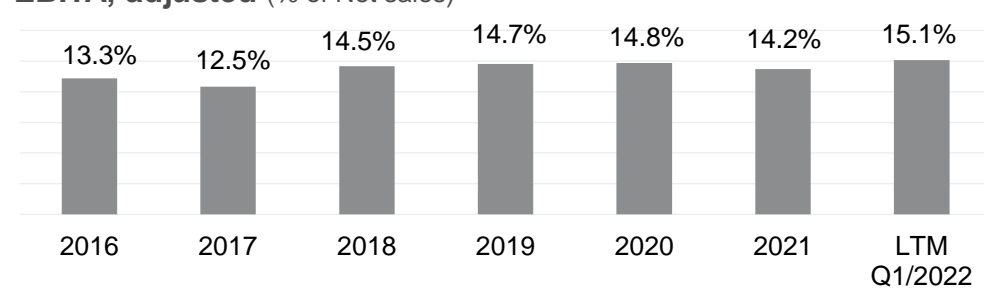
Orders received (EUR million)



Net sales (EUR million)



EBITA, adjusted (% of Net sales)



### Flow Control

Pulp & Paper

Industrial Gases

Refining and Chemicals

Market position

~#10

#1

#1–2

Top 10

Market share

~2%

~20%

Estimated market size

EUR ~40 bn

EUR 0.9 bn

In grey: Neles' figures. 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. In green: Valmet Flow Control business line. LTM = Last twelve months

# Market drivers

## Flow Control



Pulp & Paper: Growing demand for sustainable packaging, tissue and more sustainable processes



Refining & Chemicals: More sustainable and more efficient processes, new products and raw materials



Metals & Mining: Electrification and infrastructure investments



Investments in more sustainable energy, hydrogen and carbon capture



Digitalization and process optimization

# We have solid assets and a clear agenda to improve competitiveness in lead times, supply chain and sales channels

## Industry requirements

**Strong brands**

**Known for quality and reliability**

**High service penetration to installed base**

**Engineering and application knowledge**

**Digitalization and automation capabilities**

**Efficient and global supply chains**

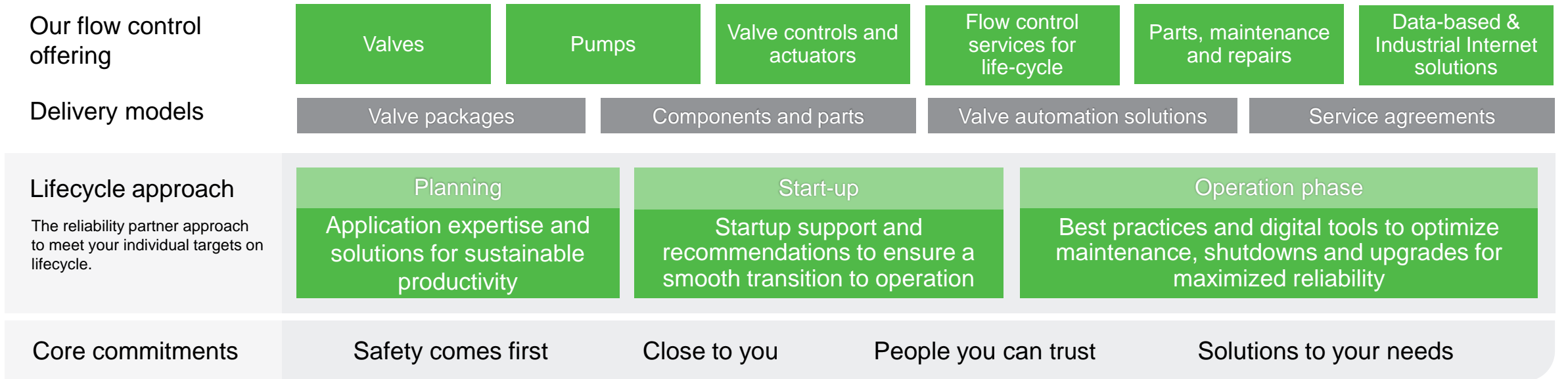
**Global sales and distributor network**

**Good availability and short delivery times**

## Valmet's strengths in flow control

- Our product brands are well-known and respected
- Consistent quality and high-performance products
- ~70% share of MRO sales and high service penetration
- Known for high-end engineering and application knowledge in core industries
- Valve automation offering as well as digitalization programs to improve customer experience and to support customer reliability development
- Bases in Finland, Germany, United States, China and India; global network of suppliers.
- Global direct sales network supported by distributor network
- Flexible to customer needs; room for improvement in lead times and global availability

# Leading process performance with mission-critical flow control solutions





# Our renowned product brands are a sign of reliability

## Neles™

Premium engineered flow control solutions



## Jamesbury™

Premium performance flow control solutions



## Neles Easyflow™

High-performance flow control solutions



## Stonel™

Valve communication solutions for automated valve integration



## Valvcon™

comprehensive range of electronic actuators

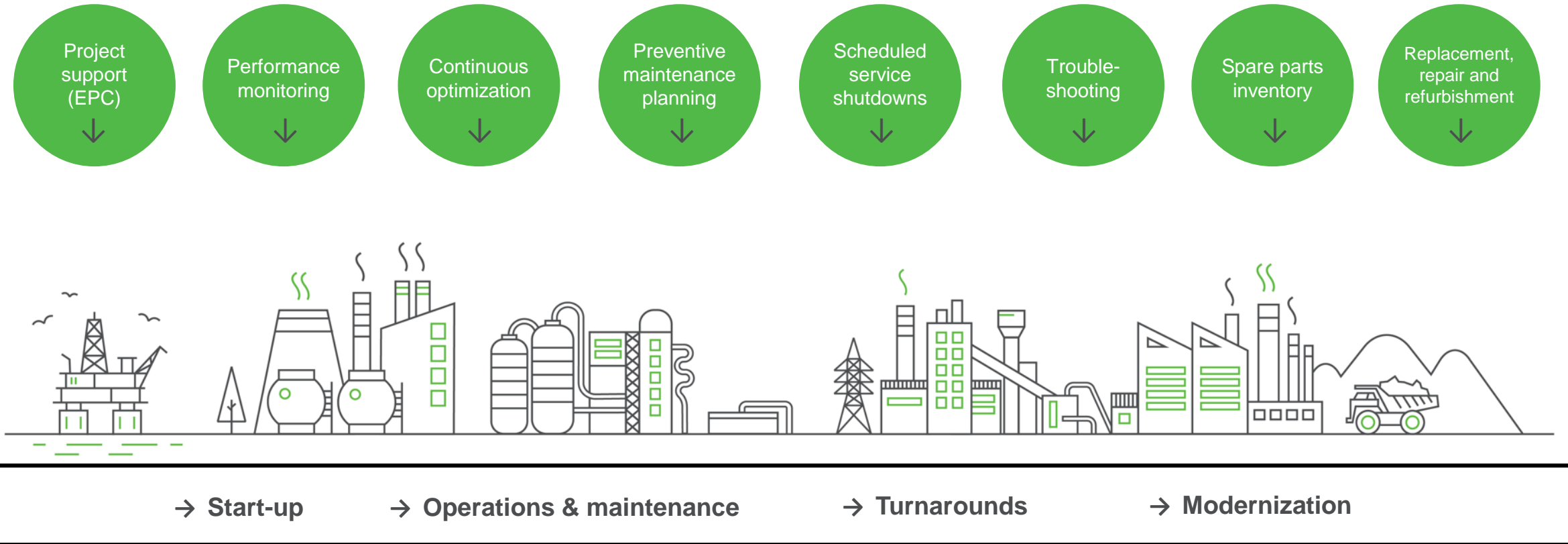


## Flowrox™

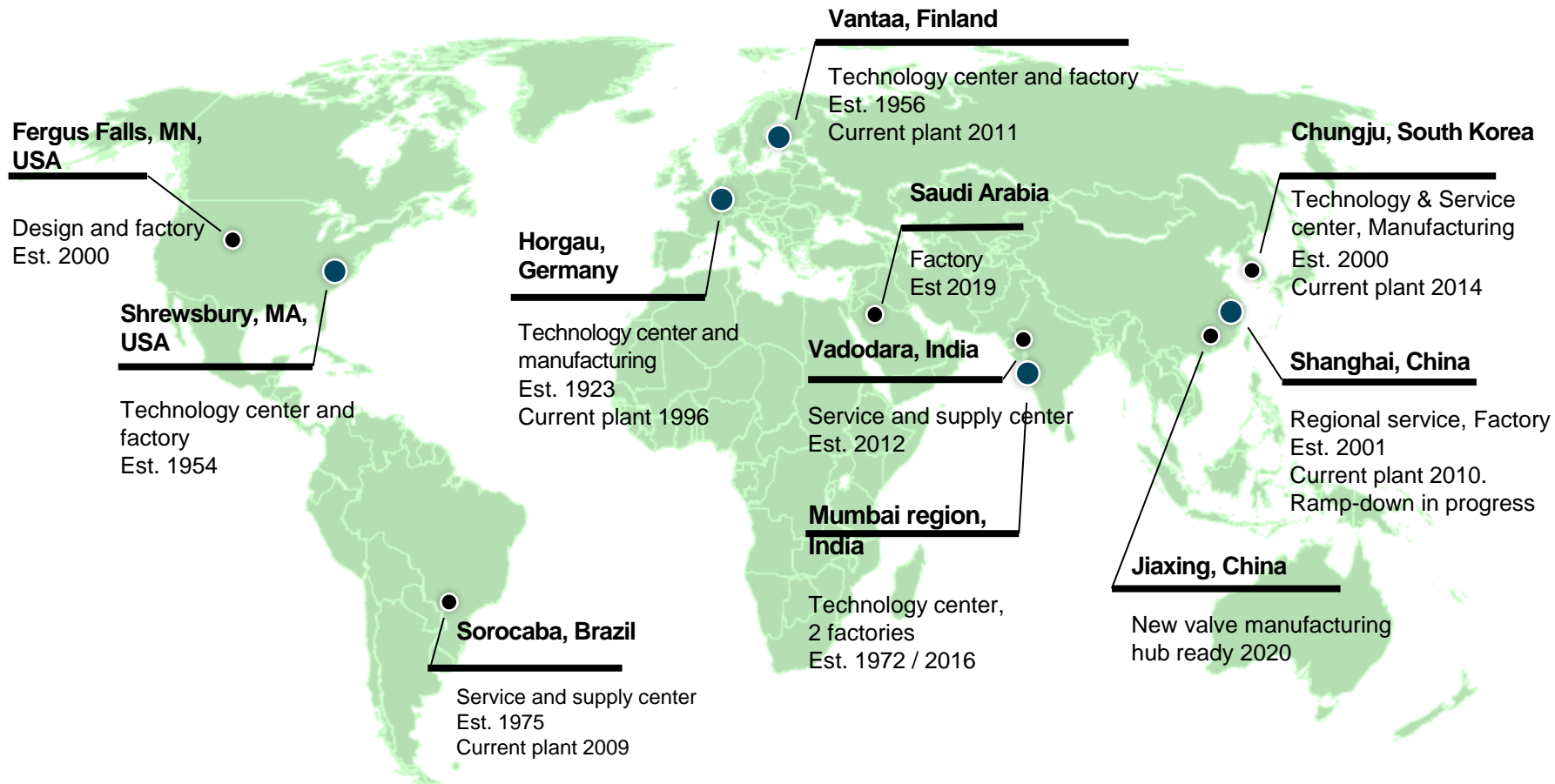
valve and pump solutions for mining and metals



# Our flow control services cover the lifecycle of your plant



# We have global and modern operational footprint



**Vantaa Factory key figures:**

Personnel	390
White collar	90
Blue collar	300
(Outsourced)	50
Assembly capacity (pcs annually)	
Top Works	30,000
Actuators	15,000
Positioners	120,000
Space	25,500 m <sup>2</sup>
Machining capacity	>120,000 h
Delivery times	1–36 w
Product weights	2 kg–40 tn

# Integration of Flow Control into Valmet

- Integration proceeding well and according to plan
- Active sales and marketing of Valmet's whole offering started
- Implementation of several cost synergy actions regarding function costs, common locations and supply chain started in Q2
- Valmet expects EUR 25 million annual run rate synergies, of which around 60% achieved by the end of 2023 and 90% achieved by the end of 2024



