

# Strong position in growing markets and building new opportunities

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# Today's key takeaways – 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 Services segment's demand driven by large and growing global installed base
- 4 Automation segment with high growth and profitability
- 5 Future growth possibilities from new sustainable innovations
- 6 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

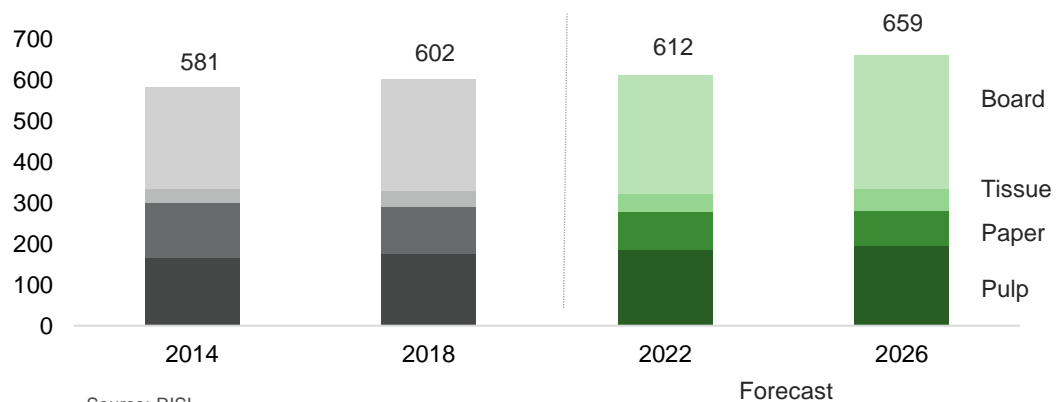
### Automation

- 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 6.0% in 2022

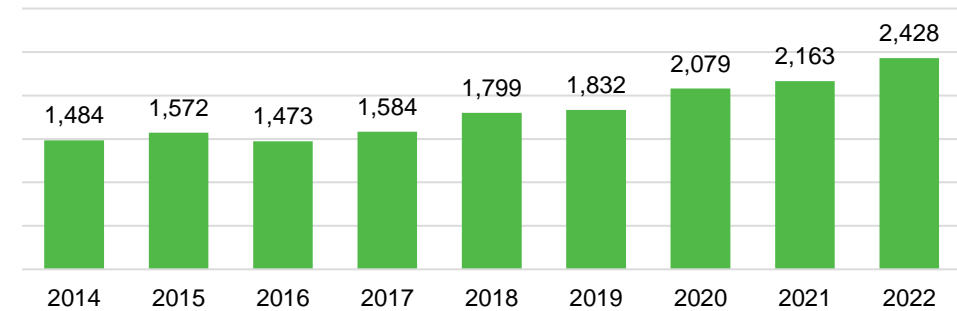
## Demand for pulp and paper continues to grow (Global demand, Mton)



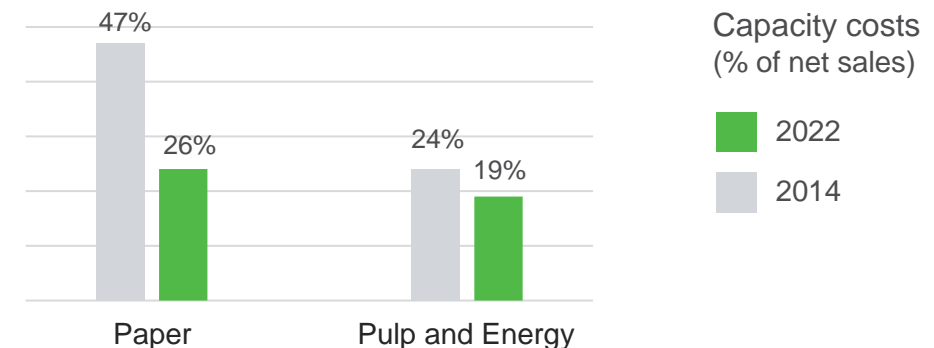
Source: RISI

Forecast

## Net sales (EUR million)



## Valmet's operational efficiency has increased



Capacity costs  
(% of net sales)

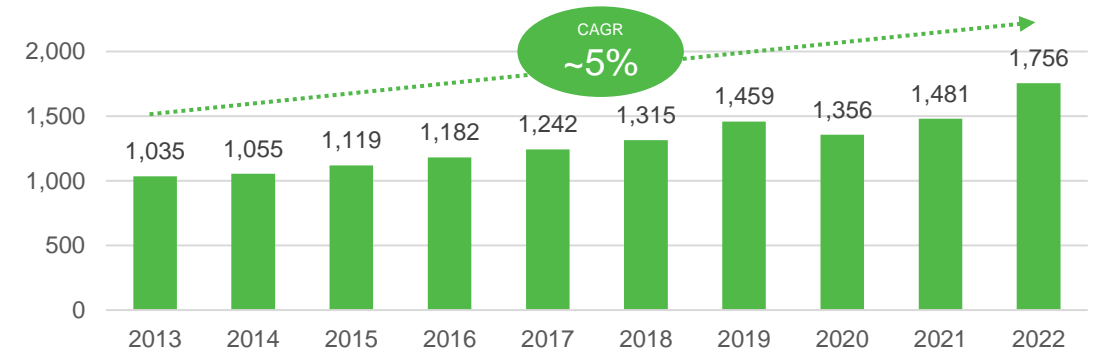
2022

2014

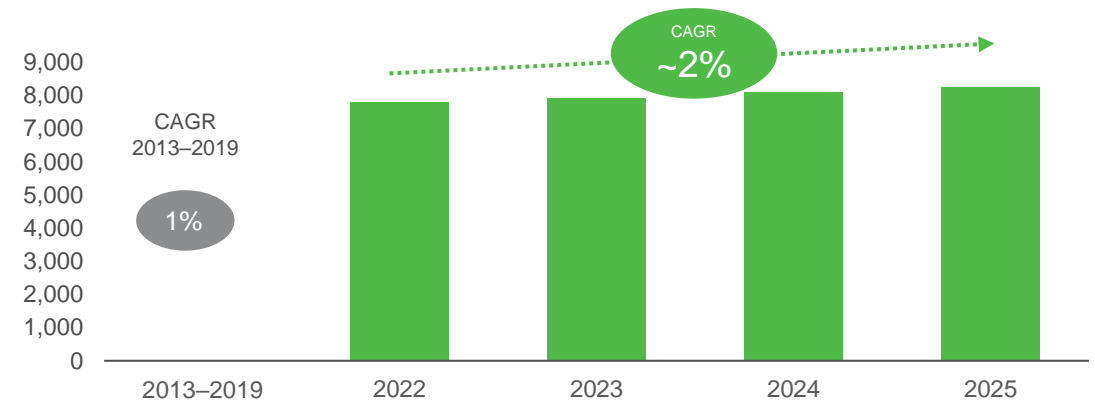
# Services segment's demand driven by large and growing global installed base

- 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 14.8% in 2022

Orders received (EUR million)



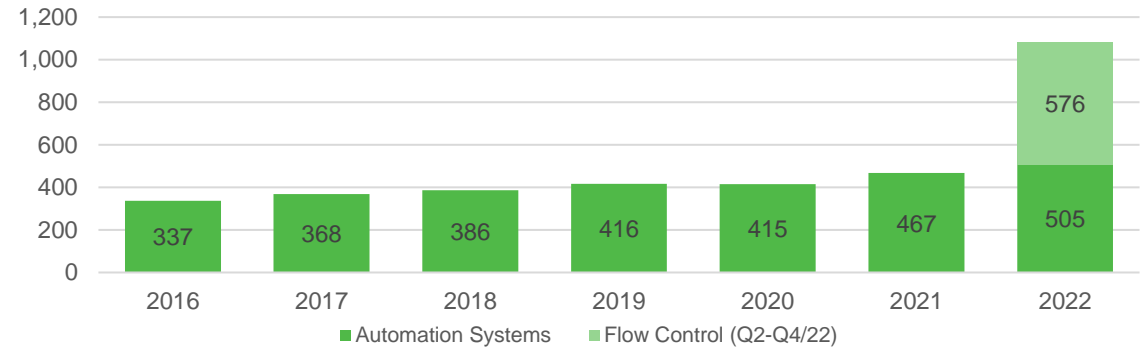
Service market development and estimate (EUR million)



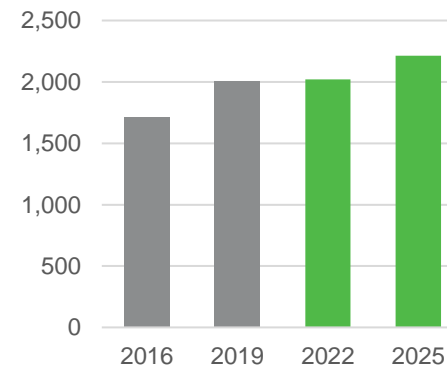
# Automation segment with high growth and profitability

- 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 18.3% in 2022

Orders received (EUR million)

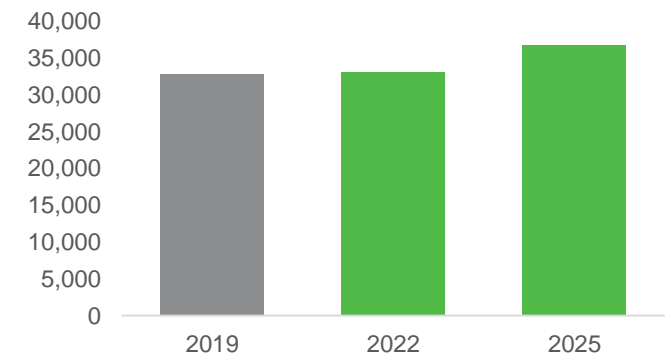


Automation Systems target market (EUR million)



Source: ARC 2021-2026 material

Flow Control market (EUR million)



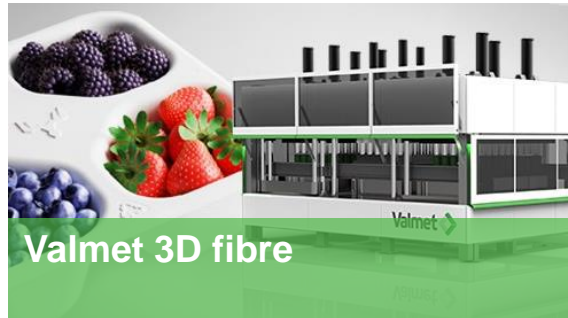
Source: Frost & Sullivan

# Future growth possibilities from new sustainable innovations



## Textile fibres

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



## Valmet 3D fibre

- 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



## New bioproducts

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



## Flow Control and Automation Systems

- 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 2.8 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>



