



Valmet – unique offering with process technology, automation and services

Roadshow presentation
February 2023

Agenda

Valmet roadshow presentation

1 Valmet in brief

2 Investment highlights

3 Financials

4 Summary



Valmet in brief

We have strong market shares and unique offering

Process technologies



Board and Paper

Market position
#1



Pulp and Energy

Market position
#1-3

Services



Market position
#1-2

Automation



Flow Control

Market position in Pulp and Paper
#1

Strong positions in

- Control valves and demanding on/off valves
- Process industry segments including pulp and paper



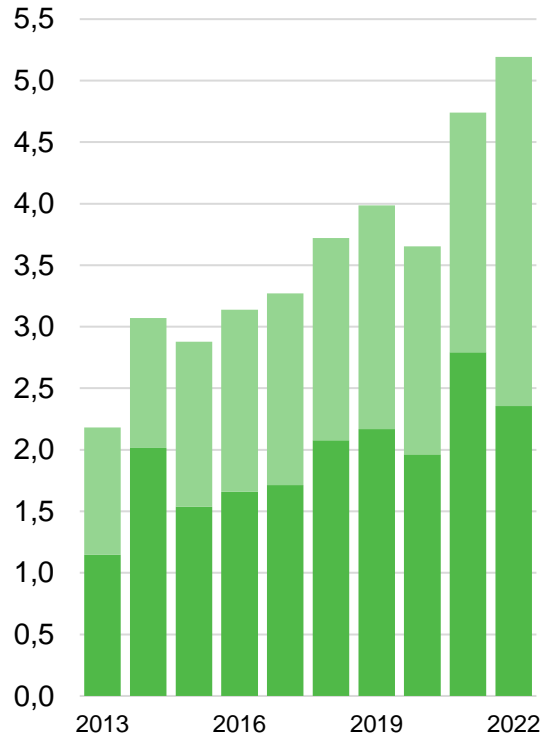
Automation Systems

Market position in Pulp and Paper
#1-3

Niche positions in other process industry segments

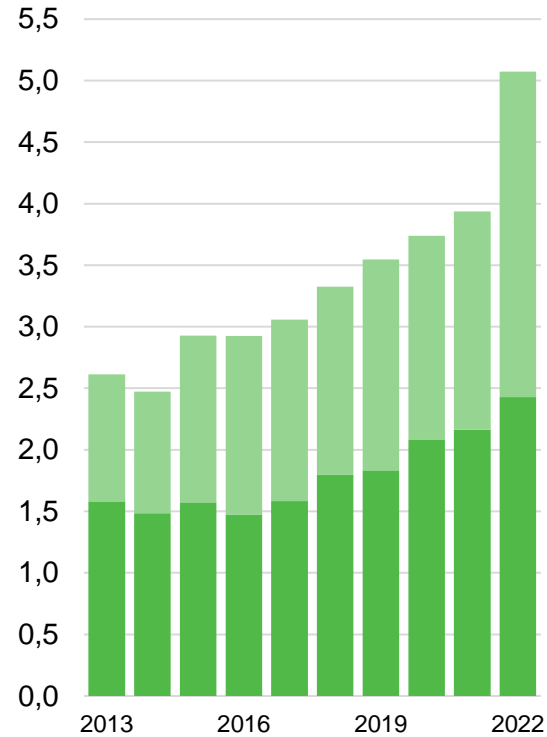
Valmet's development since 2013

Orders received
(EUR billion)



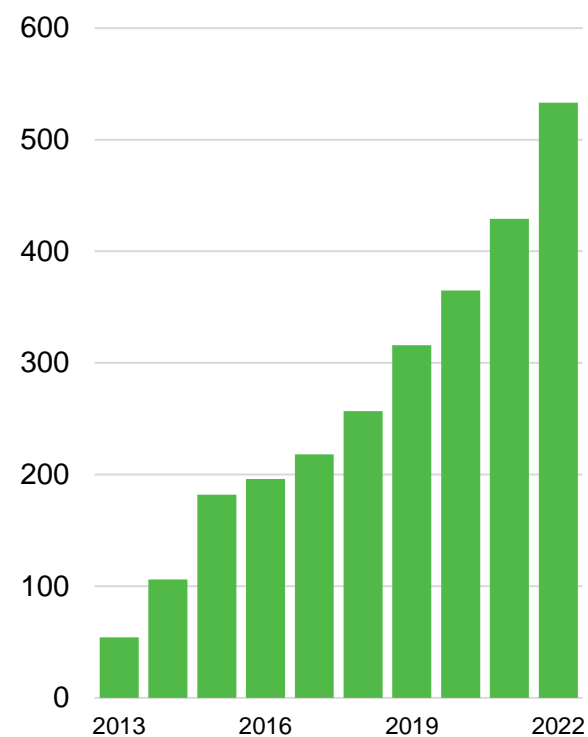
■ Services and Automation segments
■ Process Technologies segment

Net sales
(EUR billion)



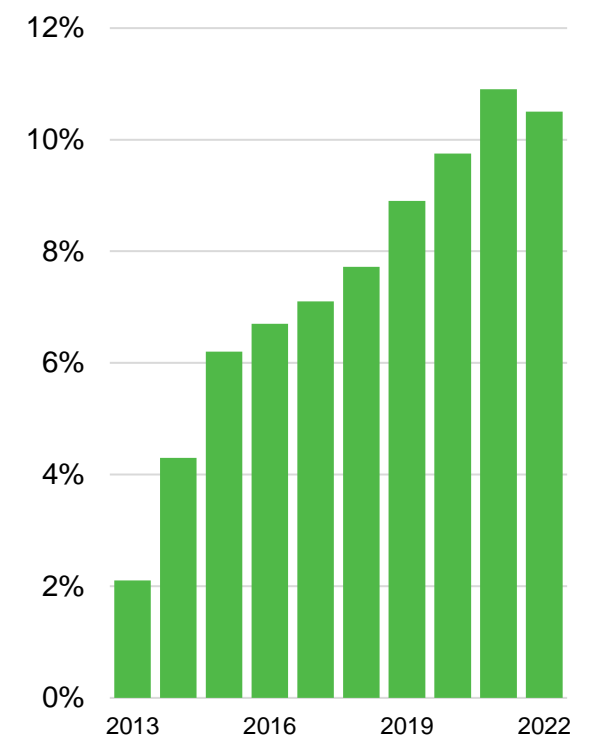
■ Services and Automation segments
■ Process Technologies segment

Comparable EBITA
(EUR million)



■ Comparable EBITA

Comparable EBITA margin
(%)



■ Comparable EBITA margin

2013 figures on carve-out basis. 2013-2020 figures have not been restated.

Valmet has three strong segments

Key figures, 2022

Orders received
EUR 5,194 million

Net sales
EUR 5,074 million

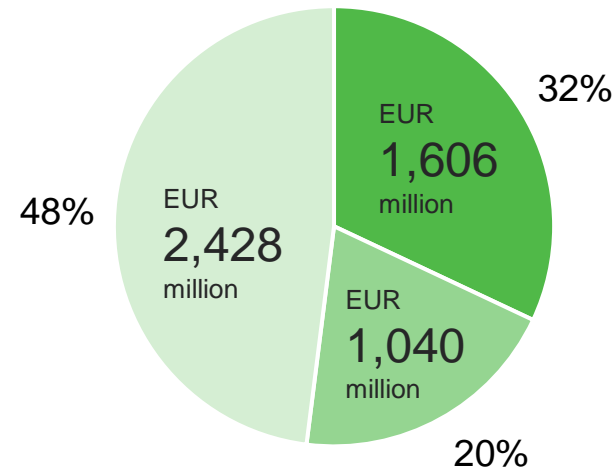
Comparable EBITA
EUR 533 million

Comparable EBITA margin
10.5%

Order backlog
EUR 4,403 million

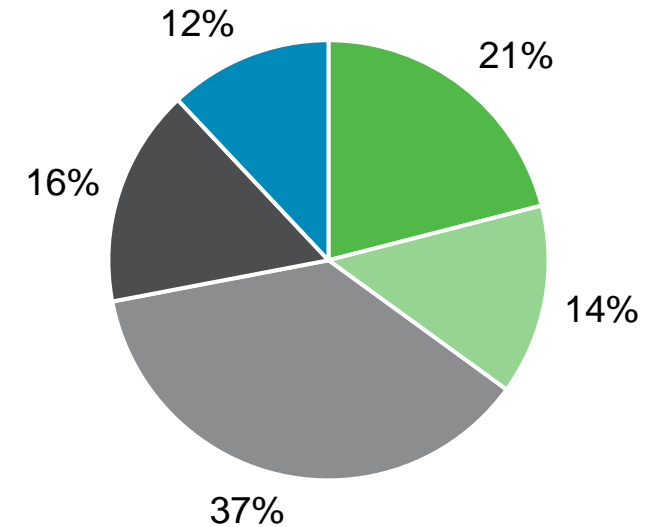
Employees
17,548

Net sales by segment



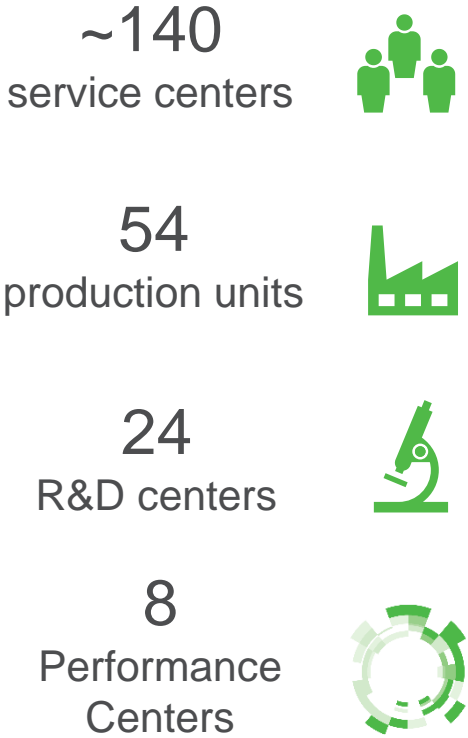
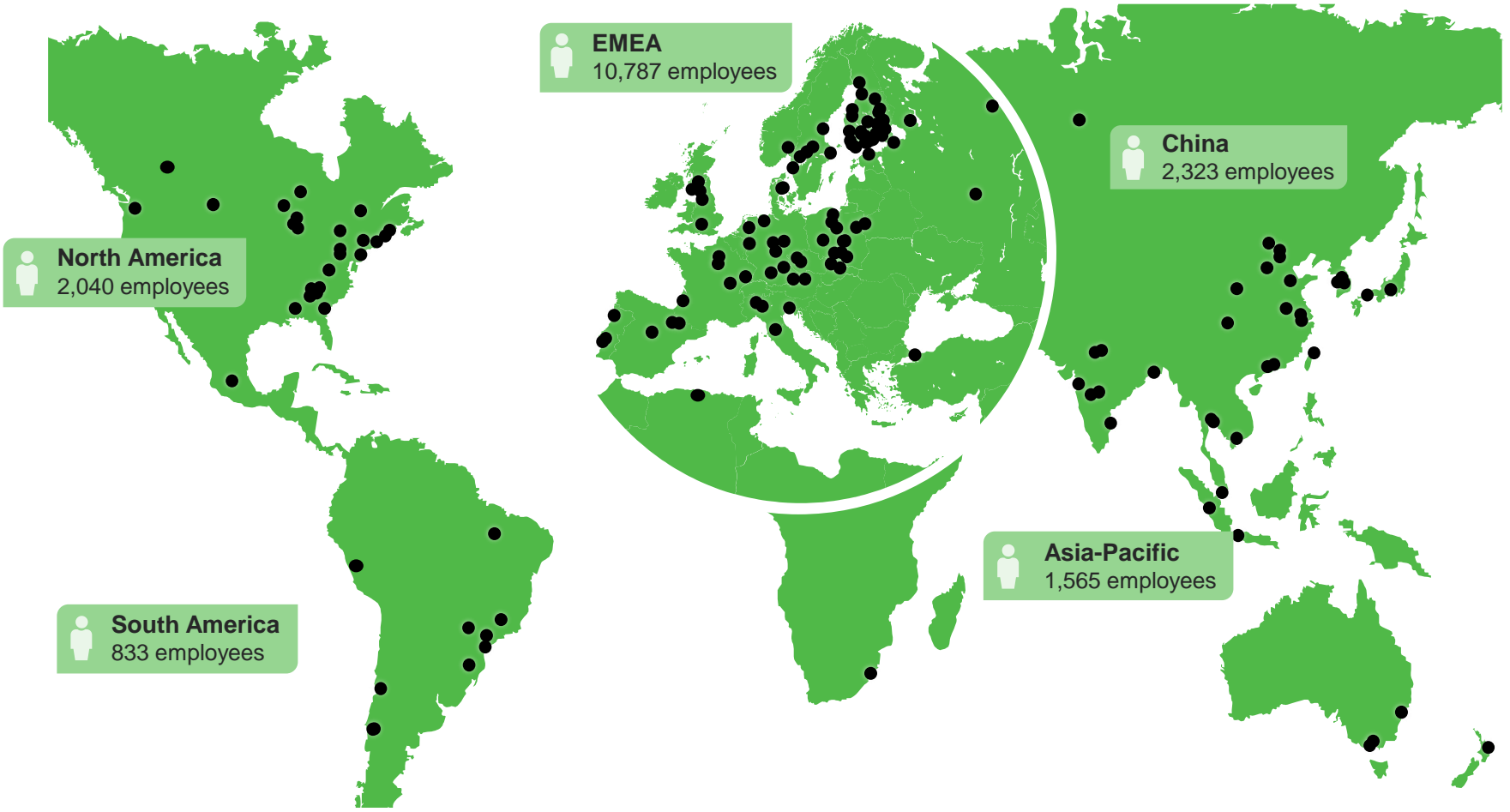
- Services
- Automation
- Process Technologies

Net sales by area



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

Global presence creating a good platform for growth in Services and Automation



Personnel as December 31, 2022.



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

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 R&D is aiming to address global megatrends

R&D focus areas

- Promotion of renewable materials
- Raw material, water and energy efficiency
- Emission reductions
- Circularity
- Productivity and environmental improvements with digitalization

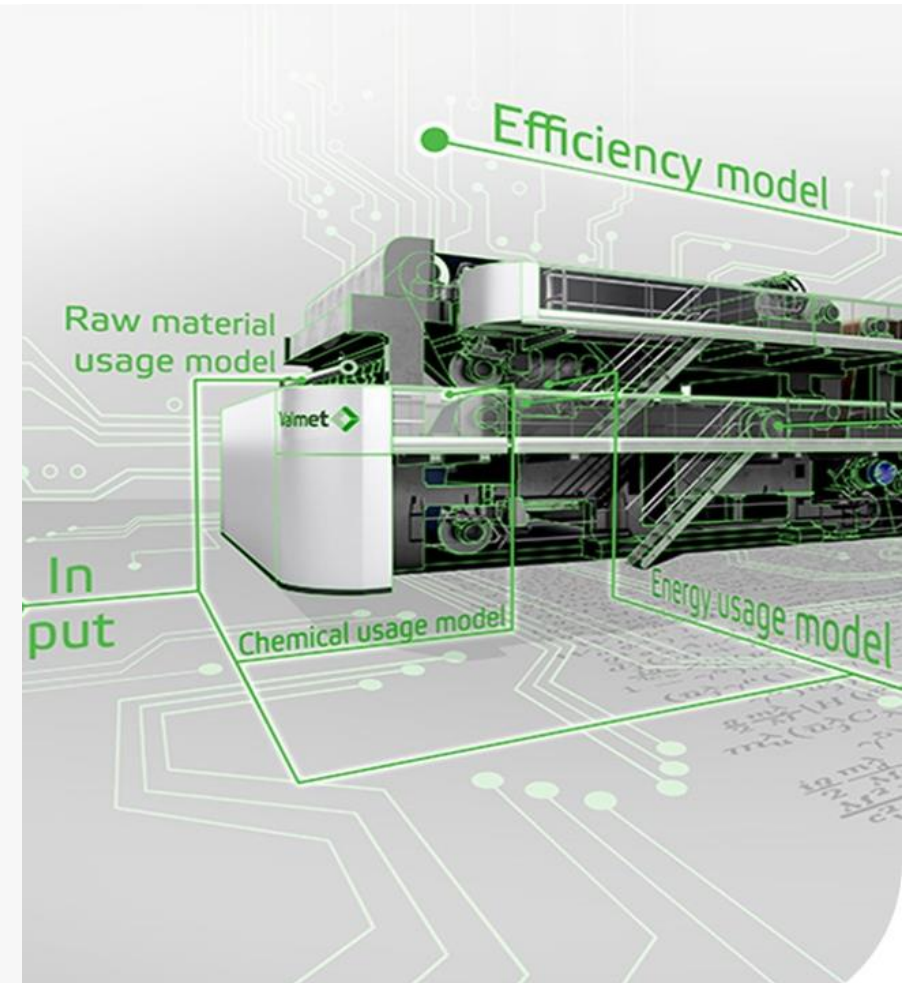
24
research and
development centers



EUR **95** million
R&D spending
in 2022



~1,300
protected
inventions



Illustrative figures of the combined company.

Acknowledged leader in sustainability

360° approach to sustainability across value chain

Good sustainability ratings

- In Dow Jones Sustainability Index for the ninth consecutive year
- AAA rating in the MSCI ESG Ratings assessment 2022
- Bronze Class 2022 Sustainability Award
- Achieved A- rating in CDP's climate program ranking 2022



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



**Sustainability Award
Bronze Class 2022**
S&P Global



**MSCI
ESG RATINGS**
AAA



Valmet's Climate Program: Forward to a 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 approved by the Science Based Targets Initiative (SBTi)

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

Financial targets

Growth

Net sales for Services and Automation segments to grow over two times the market growth

Net sales for Process Technologies segment to exceed market growth

Profitability

Comparable EBITA:
12–14%

ROCE

Comparable return on capital employed (ROCE) before taxes¹ at least 15%

Dividend policy

Dividend payout at least 50% of net profit

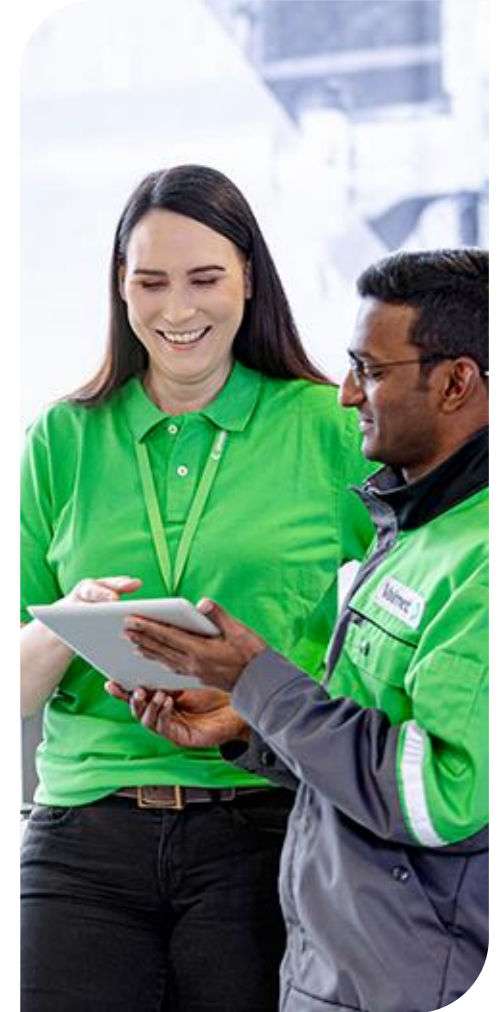
¹: Comparable ROCE before taxes = (profit before taxes + interests and other financial expenses +/- items affecting comparability) / (balance sheet total - non-interest-bearing liabilities (average for the period))



Investment highlights

Investment highlights

- 1 Strong position in the growing market of converting renewables
- 2 Unique offering combining process technology, services and automation
- 3 EUR 3.0 billion recurring and steadily growing stable business
- 4 Services: The widest offering and strong geographical presence
- 5 Flow Control: Strong and diversified offering across many process industries
- 6 Automation Systems: Maximizing efficiency and safety of our customers
- 7 Paper: World-class technology for packaging and hygiene needs
- 8 Pulp and Energy: Strong business with high market share and flexible cost structure
- 9 Systematically building the future with continuous improvement



Strong position in the growing market of converting renewables



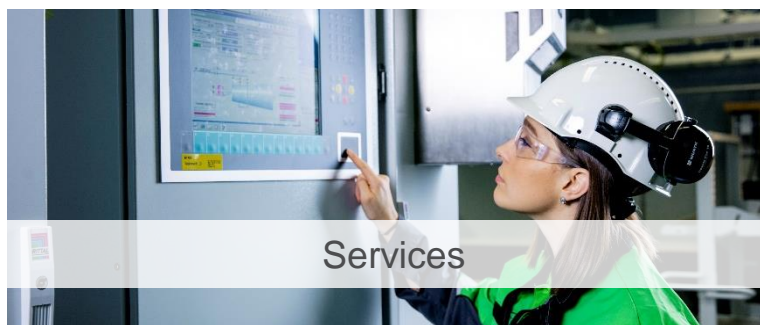
Process Technologies

#1 Board #1 Tissue #1 Paper #1-2 Pulp #1-3 Energy



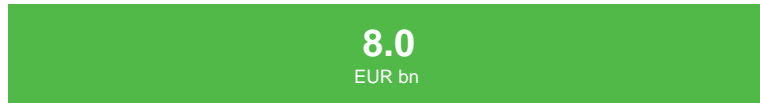
- World trade, e-commerce and emerging markets growth drive demand for packaging board
- Shift from plastic packaging to renewable materials
- Conversions from paper to board
- Rise in purchasing power and living standards drive tissue
- Urbanization and improved hygiene
- Fast economic growth in emerging markets
- Demand for higher quality
- Decarbonization in energy production
- Biomass and residual waste used in heat and process steam production
- Tightening air emissions legislation and stricter directives

Net sales 2,428 EUR million	Comparable EBITA 145 EUR million	Comparable EBITA 6.0% margin
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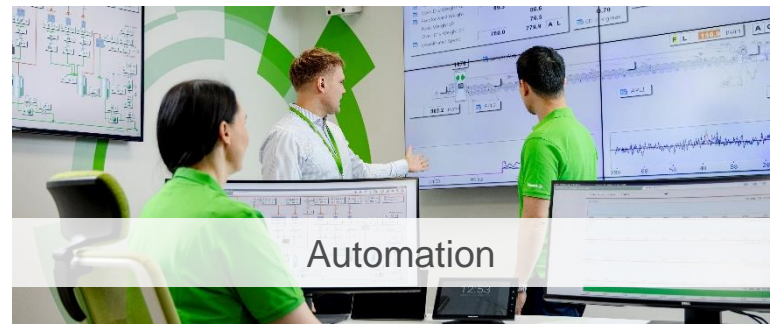
Services

#1-2



- Increasing pulp, tissue, board and energy production
- Customer demand for resource efficiency, productivity, end-product quality and reduced environmental impact
- Customer focus on core, decreasing own resources and outsourcing
- Closures and conversions of non-competitive production lines

Net sales 1,606 EUR million	Comparable EBITA 237 EUR million	Comparable EBITA 14.8% margin
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Automation

#1 in pulp & paper Flow Control #1-3 in pulp & paper Automation Systems



- 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

Net sales 1,040 EUR million	Comparable EBITA 190 EUR million	Comparable EBITA 18.3% margin
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Market position ■ Estimated market size for current offering (EUR) ■ Market drivers ■ Key financial figures 2022

Unique offering combining process technology, services and automation

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

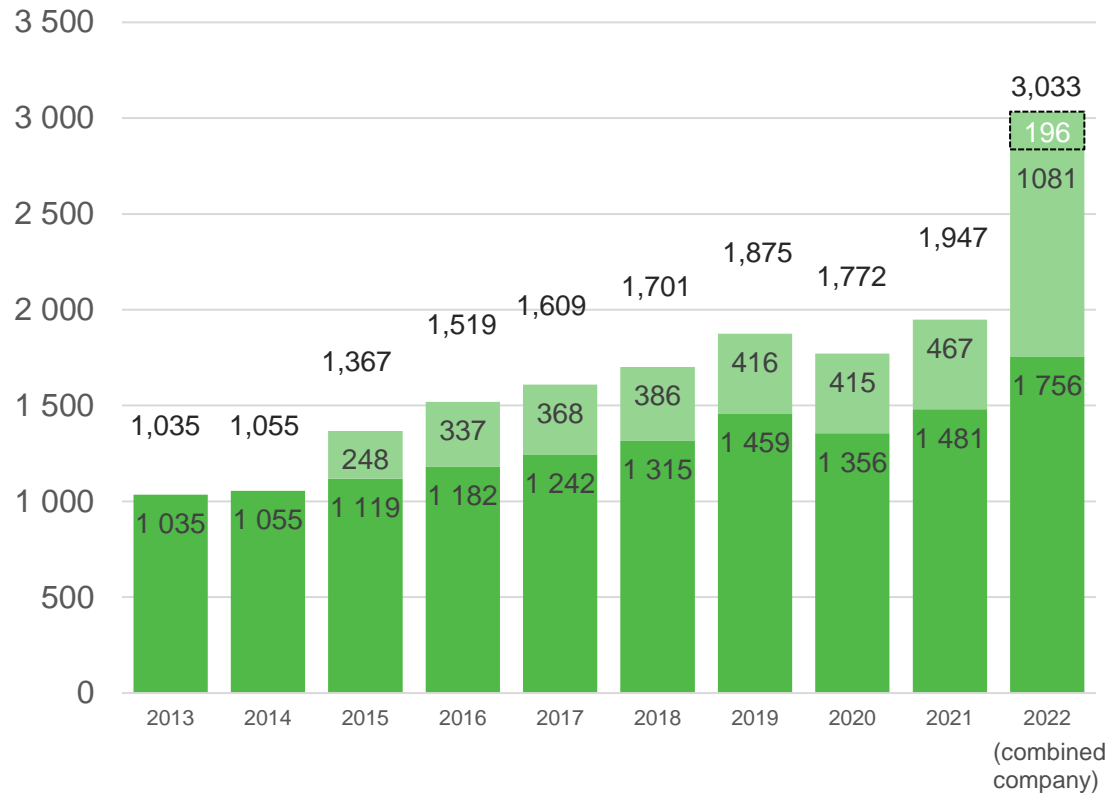
Flow Control and Automation Systems

- Valves
- Valve automation
- Valve controls
- Distributed control systems (DCS)
- Quality management systems (QMS)
- Analyzers and measurements
- Services and Industrial Internet solutions



EUR 3.0 billion recurring and steadily growing stable business

Orders received
(EUR million)



- Valmet’s stable business has grown steadily since 2014
- Future growth possibilities are supported by favorable megatrends
- Stable business provides resilience to business cycles and makes Valmet’s order intake less cyclical

Figures in dark green for Valmet Services segment, light green for Valmet Automation segment. For 2022 (combined company), figures are illustrative, and the light green outlined in black illustrates Flow Control business line in Q1/2022 (i.e., Neles figures). 2013-2020 figures have not been restated.

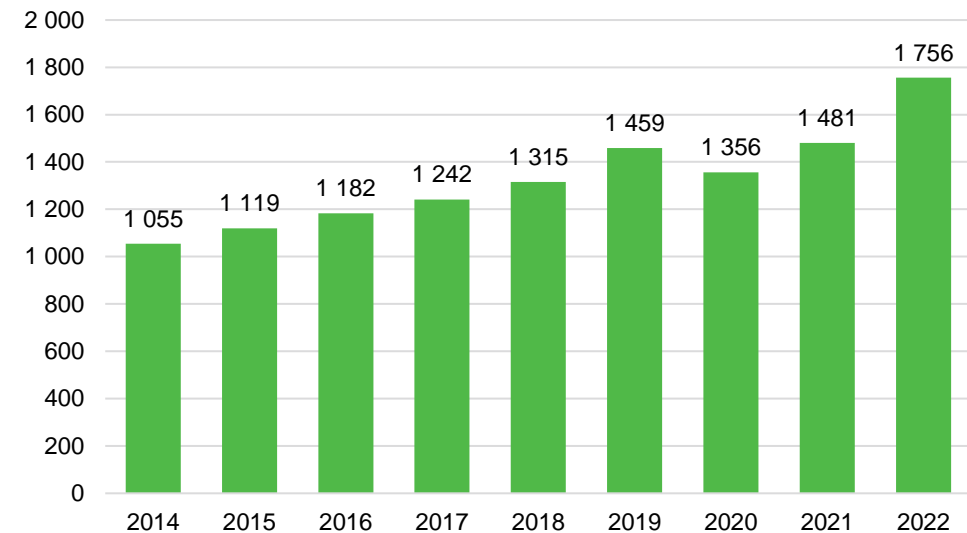
Services: The widest offering and strong geographical presence

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
~5%
CAGR

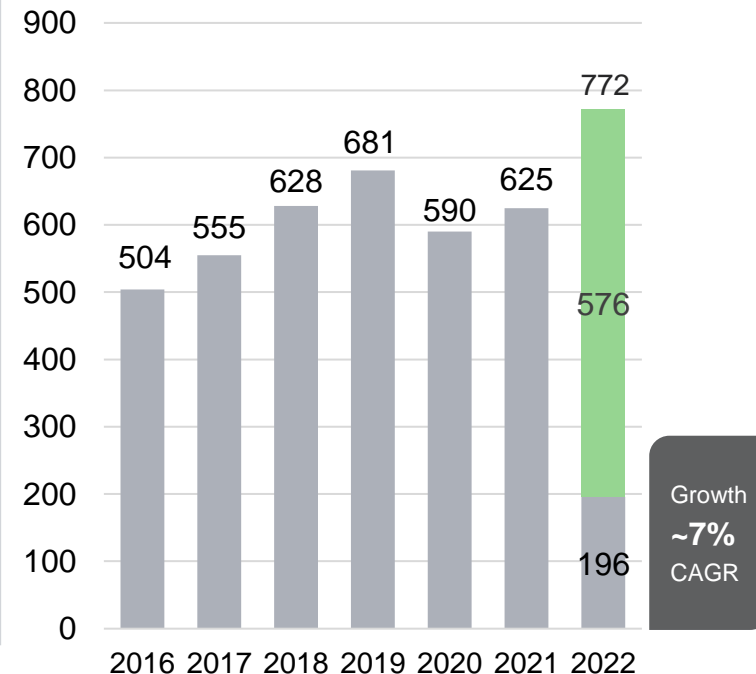
Flow Control: Strong and diversified offering across many process industries

Flow control business line

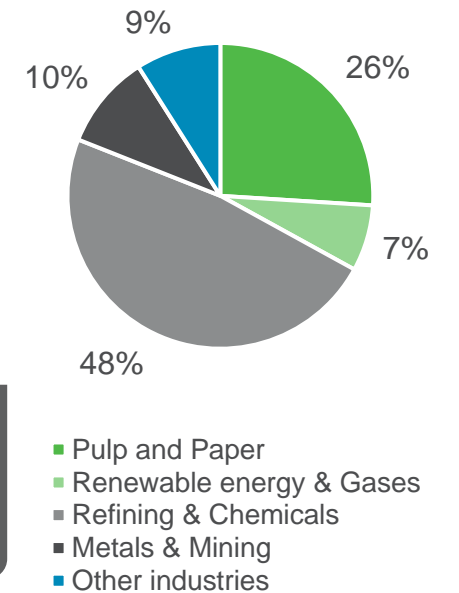
- Leading position as a flow control solution provider
- Market leadership in pulp & paper and industrial gases
- A leading global player in downstream oil & gas and petrochemical
- Market leadership in valve controls
- Proven track record of profitable growth and resilient business through economic cycles
- Diversified sales mix by region, customer and industry
- Continued growth in existing and new industries such as metals & mining and renewable energy
- Growing both organically and through selected acquisitions

Flow Control business line

Orders received (EUR million)



Sales by industry (%), 2022



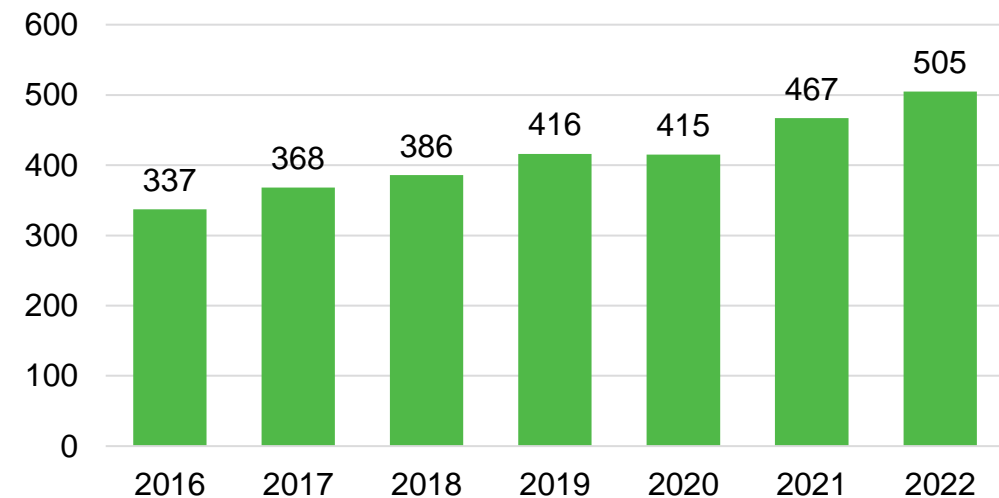
Automation Systems: Maximizing efficiency and safety of our customers

Automation Systems 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 Systems business line

Orders received (EUR million)



Organic growth
~7%
CAGR

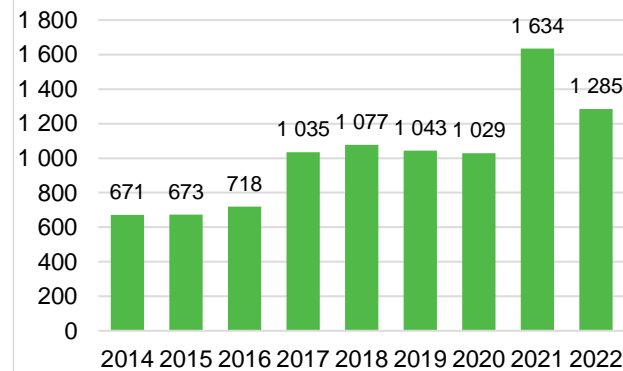
Paper: World-class technology for packaging and hygiene needs

Paper business line

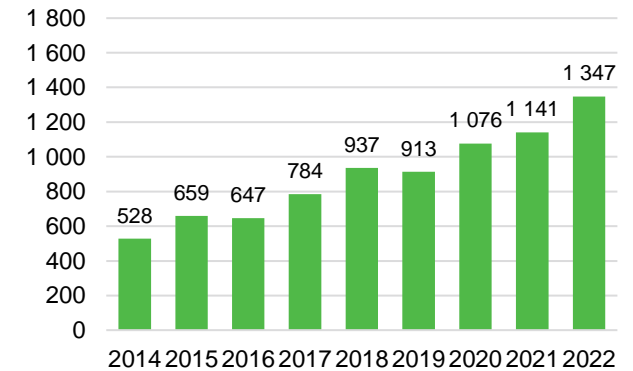
- Offering includes world-leading technology and products for board, tissue and paper making
- Long-term growth supported by favorable megatrends
 - Growing e-commerce and packaging needs
 - Increasing demand for hygiene products
- High market share
- Technological advantage and excellent references
- R&D targeted to introduce new products and improve the existing offering
- Flexible organization and low capacity costs provide resilience to market fluctuations

Paper business line

Orders received (EUR million)



Net sales (EUR million)



Capacity costs	2015	2022
% of net sales	41%	26%

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

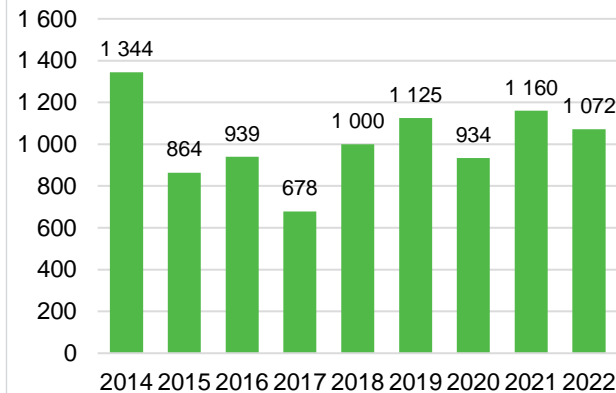
Pulp and Energy: Strong business with high market share and flexible cost structure

Pulp and Energy business line

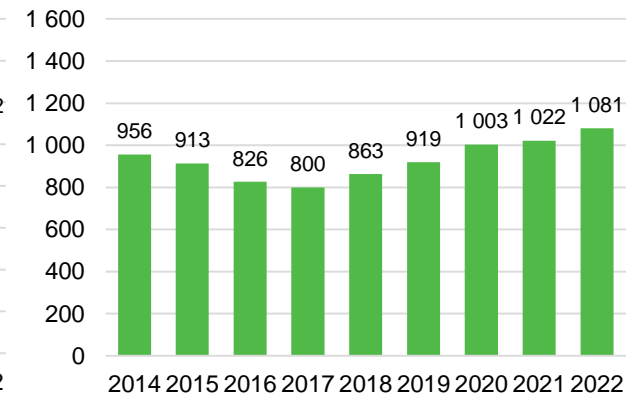
- Offering includes full pulp mills and energy solutions for biomass and emission control
- Long-term growth supported by favorable megatrends
 - Growing demand for sustainable packaging and hygiene products and textiles
 - Replacing plastic with fiber-based materials
- High market share
- Technological 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	2022
% of net sales	24%	19%

	Market share	Market position
Pulp	~45%	#1-2
Energy	~20%	#1-3

Systematically building the future with continuous improvement



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

- Molded fibre
- Recycled textile fibre
- Lignoboost
- Cellulose based textile fiber

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

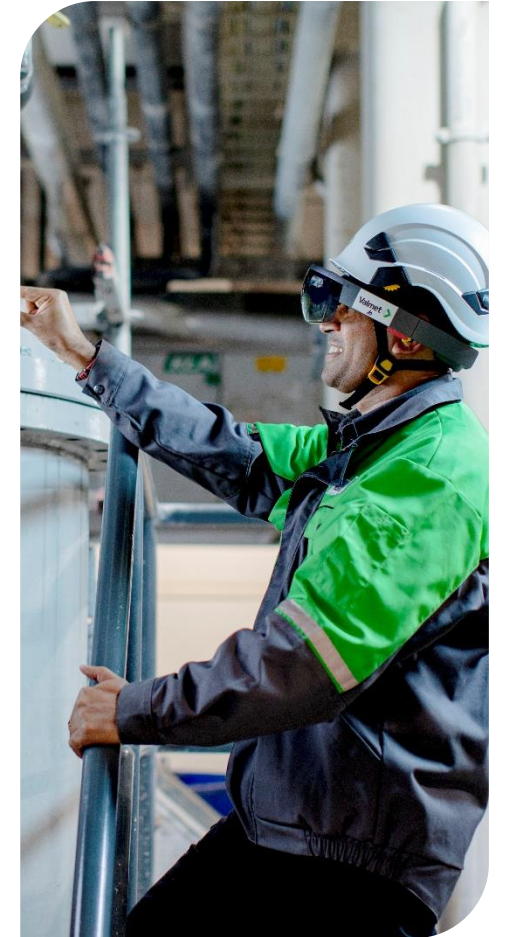


People

Continuous development
of employees through
training programs

Building capabilities
globally

Continue to improve
safety and lower LTIF¹



1) LTIF = Lost time incident frequency.



Financials

Key figures

EUR million	Q4/2022	Q4/2021	Change	2022	2021	Change
Orders received	1,385	1,093	27%	5,194	4,740	10%
Order backlog ¹	4,403	4,096	7%	4,403	4,096	7%
Net sales	1,540	1,199	28%	5,074	3,935	29%
Comparable EBITA	196	147	33%	533	429	24%
% of net sales	12.7%	12.2%	0.5 pp	10.5%	10.9%	-0.4 pp
EBITA	190	155	23%	550	448	23%
Operating profit (EBIT)	156	143	9%	436	399	9%
% of net sales	10.1%	11.9%	-1.8 pp	8.6%	10.1%	-1.5 pp
Adjusted earnings per share, EUR ²	0.80	0.69	15%	2.37	2.09	13%
Earnings per share, EUR	0.66	0.67	-1%	1.92	1.98	-3%
Return on capital employed (ROCE) before taxes				18%	24%	-6 pp
Cash flow provided by operating activities	-13	96		36	482	-93%
Gearing ¹				20%	-7%	27 pp

Items affecting comparability: EUR -6 million in Q4/2022 (EUR 8 million in Q4/2021) and EUR 17 million in 2022 (EUR 19 million in 2021).

1) At end of period

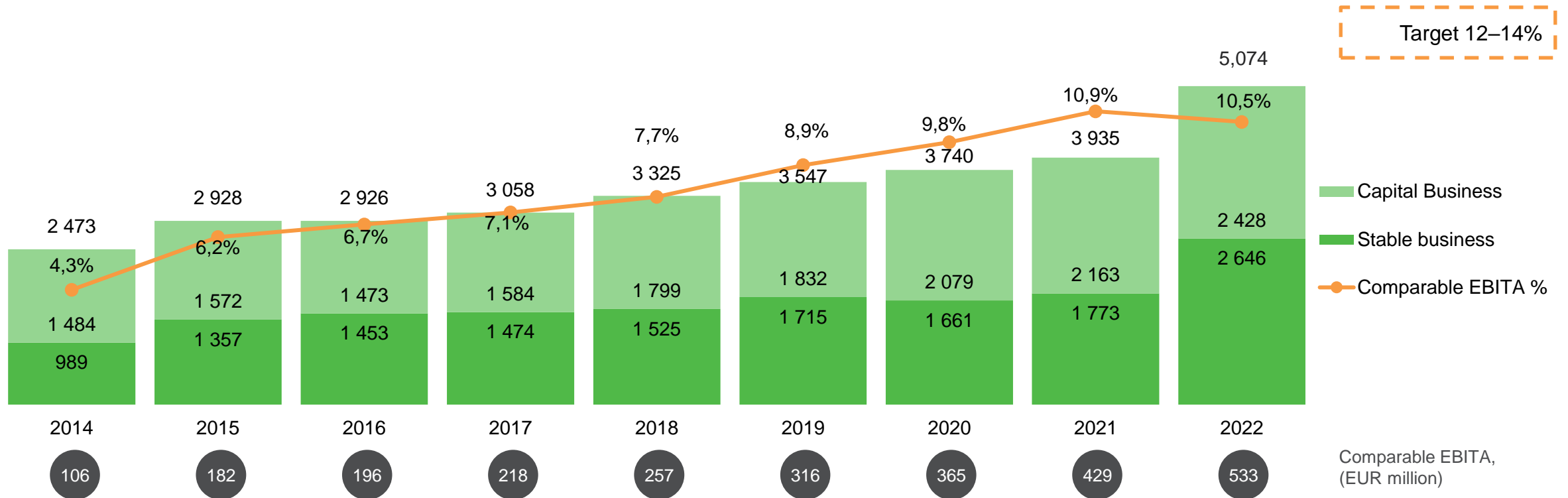
2) Adjusted earnings per share is an alternative performance measure that excludes the impact of fair value adjustments arising from business combinations, net of tax

Segment key figures

Orders received, EUR million	Q4/2022	Q4/2021	Change	2022	2021	Change
Services	418	387	8%	1,756	1,481	19%
Automation	324	119	>100%	1,081	467	>100%
Process Technologies	644	587	10%	2,356	2,793	-16%
Total	1,385	1,093	27%	5,194	4,740	10%
Net sales, EUR million	Q4/2022	Q4/2021	Change	2022	2021	Change
Services	505	413	22%	1,606	1,360	18%
Automation	363	160	>100%	1,040	412	>100%
Process Technologies	672	626	7%	2,428	2,163	12%
Total	1,540	1,199	28%	5,074	3,935	29%
Comparable EBITA, EUR million	Q4/2022	Q4/2021	Change	2022	2021	Change
Services	95	71	33%	237	204	16%
Automation	78	40	93%	190	79	>100%
Process Technologies	38	45	-17%	145	175	-17%
Other	-14	-10	39%	-39	-30	30%
Total	196	147	33%	533	429	24%
Comparable EBITA margin, % of net sales	Q4/2022	Q4/2021	Change	2022	2021	Change
Services	18.7%	17.2%	1.5 pp	14.8%	15.0%	-0.3 pp
Automation	21.4%	25.2%	-3.8 pp	18.3%	19.2%	-0.9 pp
Process Technologies	5.6%	7.2%	-1.6 pp	6.0%	8.1%	-2.1 pp
Total	12.7%	12.2%	0.5 pp	10.5%	10.9%	-0.4 pp

Comparable EBITA margin development

Net sales and Comparable EBITA (EUR million and %)¹



1) Valmet implemented IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018 by applying full retrospective method. 2014–2020 figures have not been restated to reflect Valmet’s current reporting structure. Thus, figures presented are not fully comparable.

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

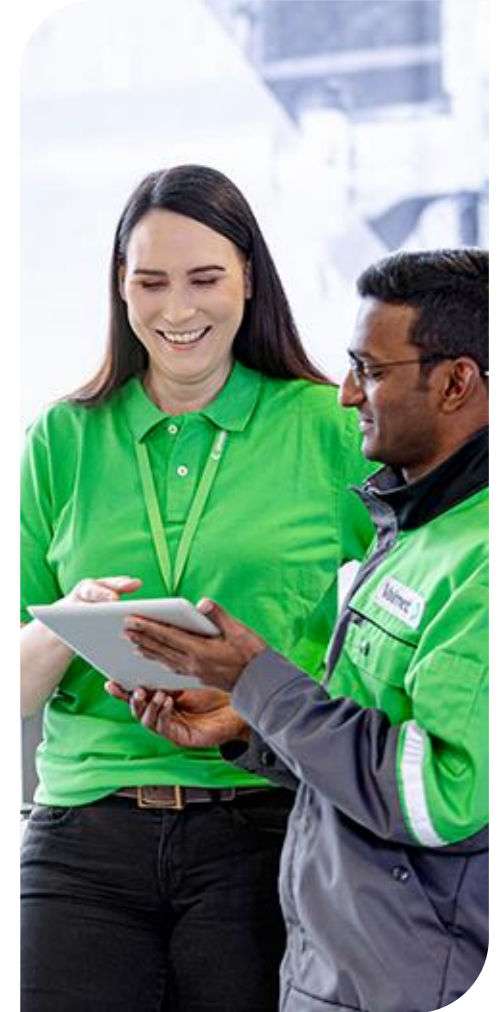
The short-term market outlook is based on customer activity (50%) and Valmet's capacity utilization (50%) and is given for the next six months from the end of the respective quarter. The scale is 'weak-satisfactory-good'.



Summary

Investment highlights

- 1 Strong position in the growing market of converting renewables
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- 3 EUR 3.0 billion recurring and steadily growing stable business
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Important notice

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for growth, profitability and investment willingness, expectations for company development, growth and profitability and the realization of synergy benefits and cost savings, and statements preceded by “anticipates”, “believes”, “estimates”, “expects”, “foresees” or similar expressions, are forward-looking statements. Since these statements are based on current decisions and plans, estimates and projections, they involve risks and uncertainties which may cause the actual results to materially differ from the results currently expressed. Such factors include, but are not limited to:

- 1) general economic conditions, including fluctuations in exchange rates and interest levels which influence the operating environment and profitability of customers of the company or economic growth in the company’s principal geographic markets.
- 2) industry conditions, intensity of competition situation, especially potential introduction of significant technological solutions developed by competitors, financial condition of the customers and the competitors of the company,
- 3) the company’s own operating factors, such as the success of production, product development and project management and the efficiencies therein including continuous development and improvement
- 4) the success of pending and future acquisitions and restructuring.

