



# Strong year for Valmet with a major strategic step forward

Annual General Meeting 2022  
Pasi Laine, President and CEO

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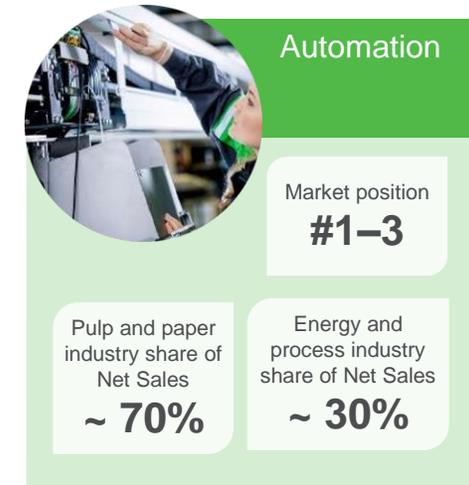
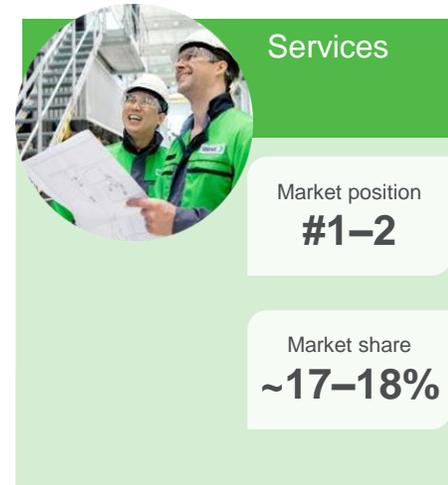
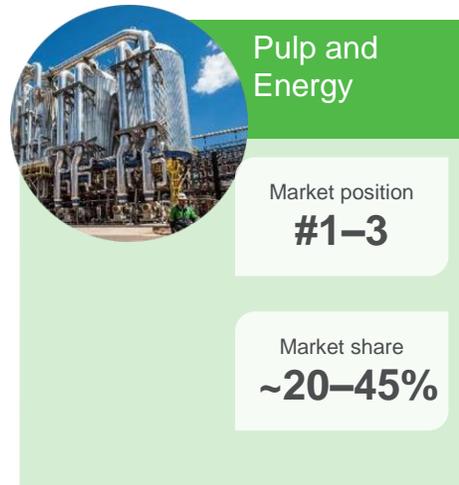
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Valmet today

# Valmet today

A leading provider of process technologies, services and automation to pulp, paper and energy industries



Over **220** years  
of industrial experience

Strong global presence with

- 100 service centers
- 98 sales offices
- 43 production units
- 16 R&D centers

**8** consecutive years in  
Dow Jones Sustainability  
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# A unique and competitive offering

## Paper

- Board, tissue and paper machines
- Modernizations and grade conversions

## Pulp and Energy

- Pulp mills
- Multifuel boilers
- Environmental systems

## Services

- Spare and process parts
- Production consumables
- Maintenance, shutdown and outsourcing services
- Process support and optimization

## Automation

- Automation systems
- Industrial Internet solutions



Focus on customer benefits

# Valmet's way forward

## Our Mission

Converting renewable resources into sustainable results

## Our Strategy

Valmet develops and supplies competitive process technology, services and automation to the pulp, paper and energy industries.

We are committed to moving our customers' performance forward with our unique offering and way to serve.

## Our Must-Wins

- Customer excellence
- Leader in technology and innovation
- Excellence in processes
- Winning team

## Growth Accelerators

- Field services
- Industrial Internet and digitalization

## Our Vision

To become the global champion in serving our customers

## 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

# Updated Sustainability Agenda

Sustainability 360° agenda covers the entire value chain

## Environment

We enhance circularity and environmental efficiency and reduce CO<sub>2</sub> 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 Climate Program: Forward to a carbon neutral future

The program was launched in March 2021 and it has started well

## Targets by 2030 for the entire value chain

### SUPPLY CHAIN

- 20%

CO<sub>2</sub> emission reduction

### OWN OPERATIONS

- 80%

CO<sub>2</sub> emission reduction

### USE PHASE OF VALMET'S TECHNOLOGIES

- 20%

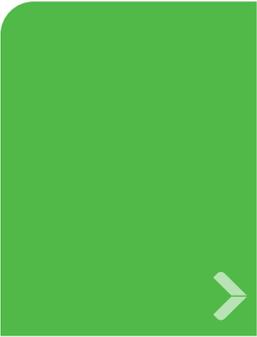
Further reduced energy use  
of Valmet's current technologies

100%

Carbon neutral production

- Valmet's Climate Program includes ambitious CO<sub>2</sub> reduction targets and concrete actions for the entire value chain. The targets will be achieved without emission compensation.
- The program is aligned with the Paris Climate Agreement's 1.5°C pathway and with the United Nations' Sustainable Development Goals.
- Science Based Targets initiative (SBTi) has validated and approved Valmet's climate targets as contributing to climate change mitigation.

# Executive Team



**Pasi Laine**  
President and CEO



**Kari Saarinen**  
CFO



**Julia Macharey**  
SVP, Human Resources and  
Operational Development



**Anu Salonsaari-Posti**  
SVP, Marketing, Communications  
and Sustainability



**Aki Niemi**  
Business Line President,  
Services



**Sami Riekkola**  
Business Line President,  
Automation



**Bertel Karlstedt**  
Business Line President,  
Pulp and Energy



**Jari Vähäpesola**  
Business Line President,  
Paper



**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



# Financial development in 2021

# Valmet in 2021

**Orders received**  
EUR 4,740 million

**Net sales**  
EUR 3,935 million

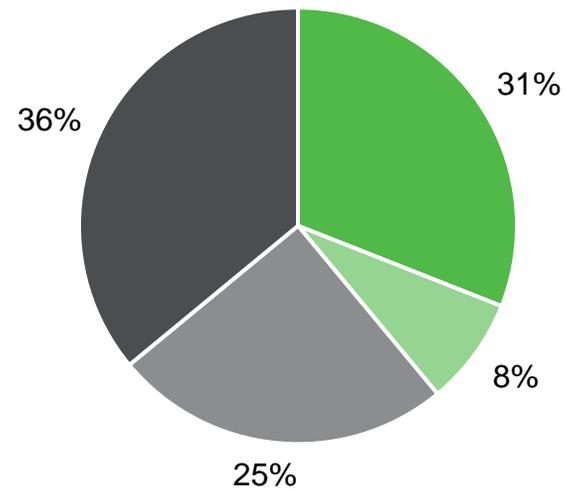
**Comparable EBITA**  
EUR 429 million

**Comparable EBITA margin**  
10.9%

**Order backlog**  
EUR 4,096 million

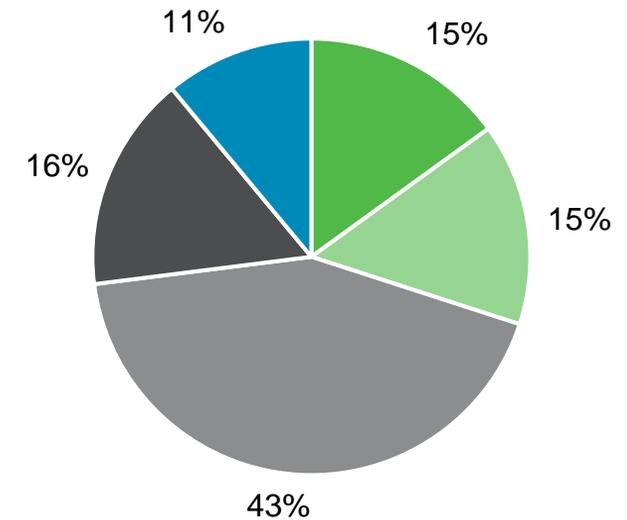
**Employees**  
14,246

Orders received by business line



- Services
- Automation
- Pulp and Energy
- Paper

Orders received by area



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

# Key figures

EUR million	2021	2020	Change
Orders received	<b>4,740</b>	3,653	30%
Order backlog <sup>1</sup>	<b>4,096</b>	3,257	26%
Net sales	<b>3,935</b>	3,740	5%
Comparable EBITA	<b>429</b>	365	18%
% of net sales	<b>10.9%</b>	9.8%	
EBITA	<b>448</b>	355	26%
Operating profit (EBIT)	<b>399</b>	319	25%
% of net sales	<b>10.1%</b>	8.5%	
Earnings per share, EUR	<b>1.98</b>	1.54	28%
Return on capital employed (ROCE) before taxes <sup>2</sup>	<b>24%</b>	22%	
Cash flow provided by operating activities	<b>482</b>	532	-9%
Gearing <sup>1</sup>	<b>-7%</b>	13%	

Items affecting comparability: EUR 19 million in 2021 (EUR -10 million in 2020)

Valmet's investment in Neles had a positive impact on EBITA of EUR 14.2 million in 2021

Valmet's investment in Neles had a positive impact on operating profit of EUR 1.1 million in 2021

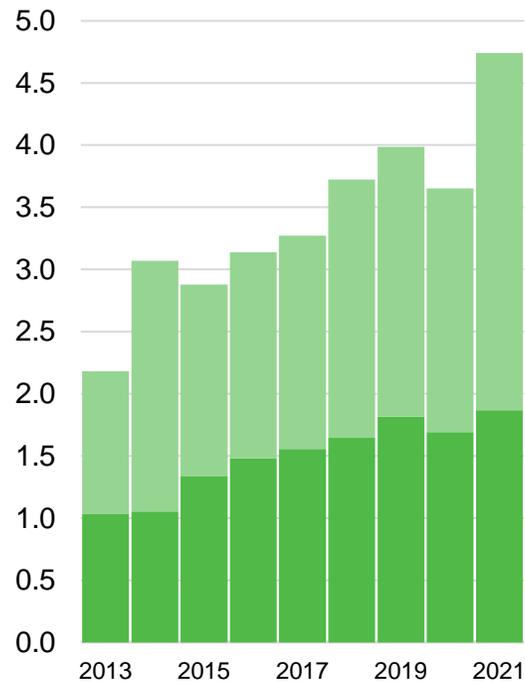
1) At end of period

2) Annualized



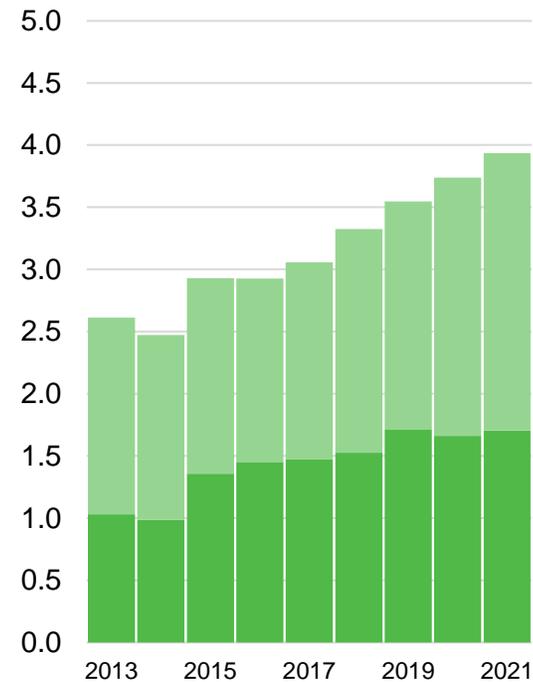
# Valmet's development since 2013

Orders received  
(EUR billion)



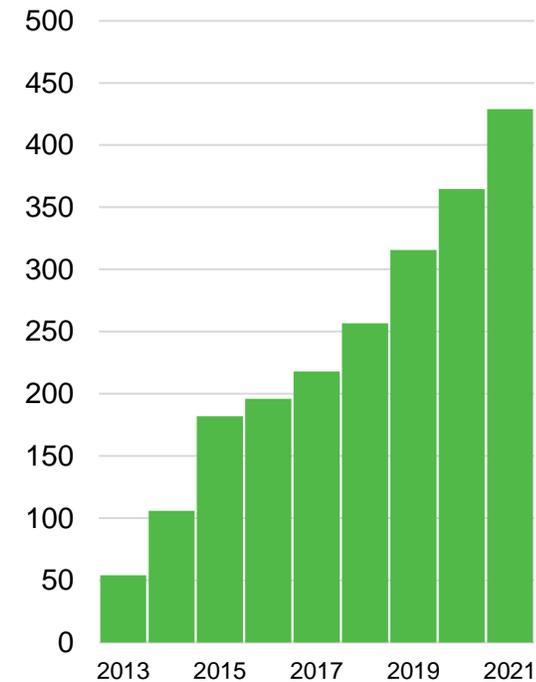
■ Pulp and Energy, and Paper business lines  
■ Services and Automation business lines

Net sales  
(EUR billion)



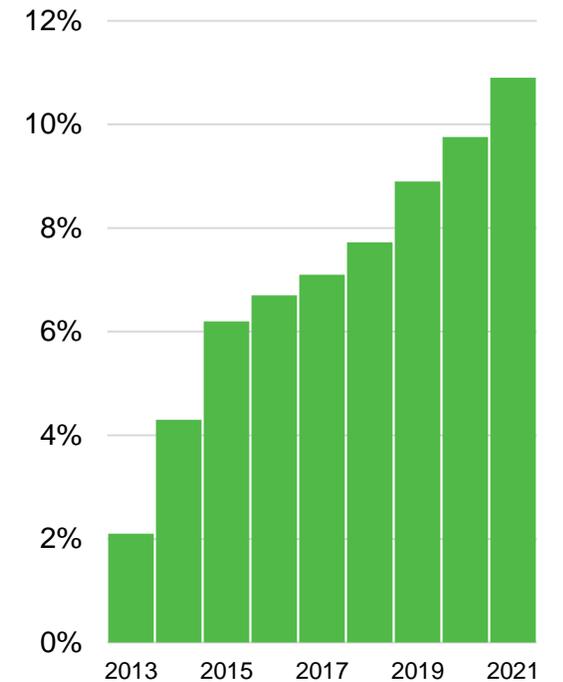
■ Pulp and Energy, and Paper business lines  
■ Services and Automation business lines

Comparable EBITA  
(EUR million)



■ Comparable EBITA

Comparable EBITA margin  
(%)



■ Comparable EBITA margin

2013 figures on carve-out basis



Strong global presence and competent  
area organizations

# North America

Strong services market with good opportunities for new technology projects

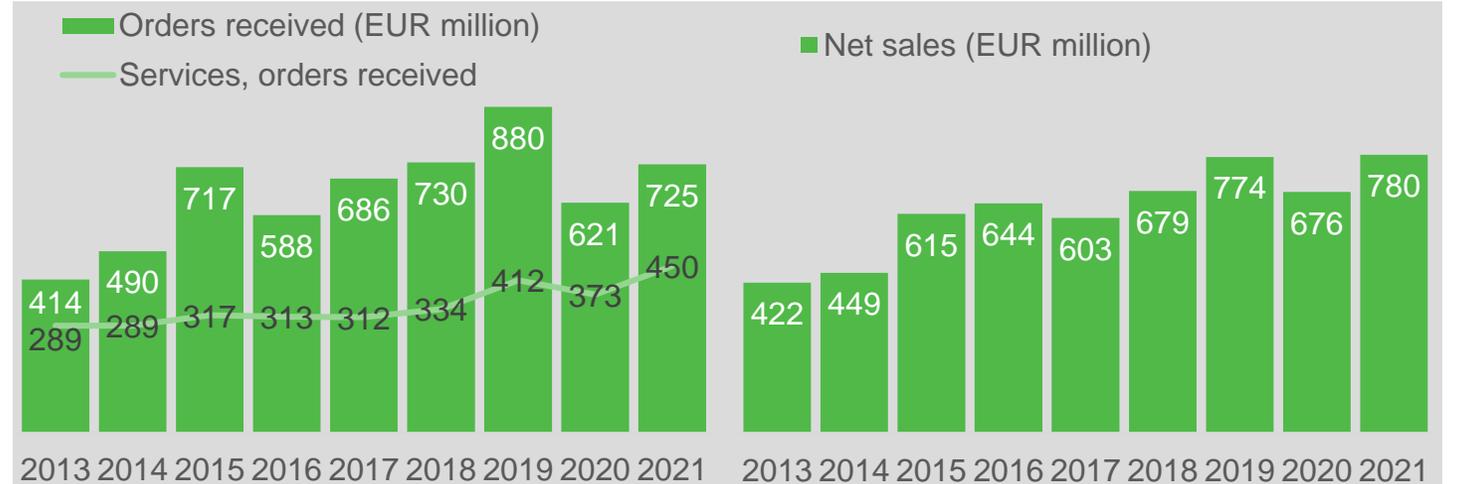
Active market for new projects. Large, aging installed base creates demand for services, automation and rebuilds.

- 18 service centers
- 12 production units
- 11 sales offices
- 1 Performance Centers



## Highlights 2021

- Already a third board production line to the same customer in the United States
- Strong development in the services business



# South America

Strong market for pulp projects is also an active board and tissue machine market

Active market for pulp, board and tissue technologies, services and automation

- 4 service centers
- 2 production units
- 6 sales offices
- 1 Performance Center

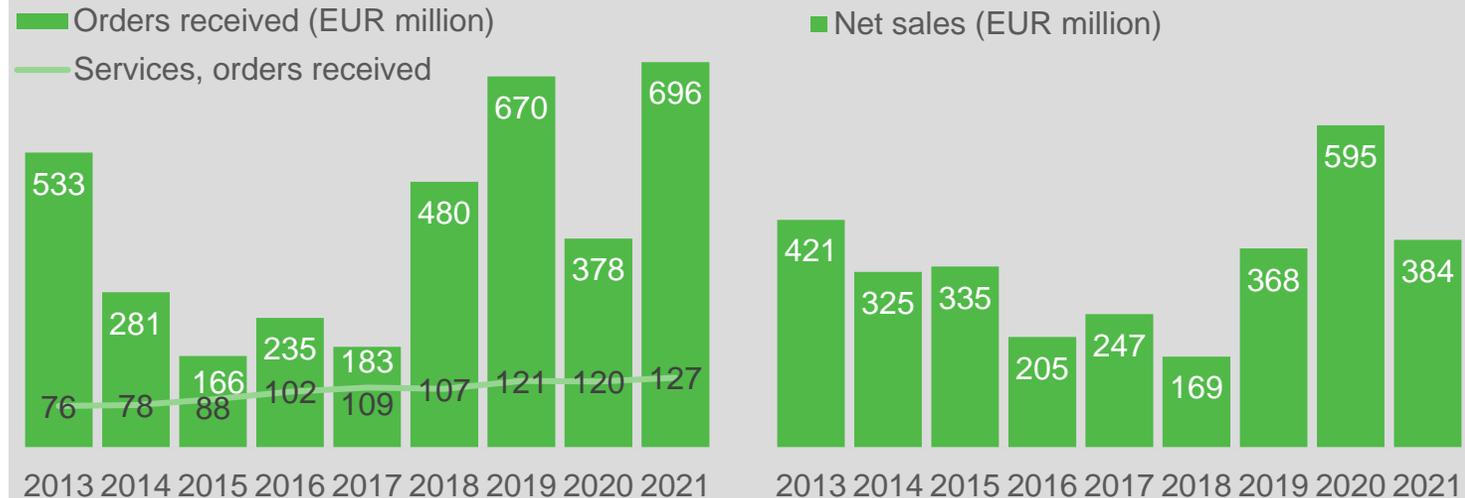


600



## Highlights 2021

- A significant pulp and board technology order including a large scope of automation solutions and Industrial Internet services to Brazil
- An important process technology and automation order to a pulp mill modernization project in Brazil



# EMEA – Europe, Middle East and Africa

Valmet's biggest area with significant markets for all businesses and a large installed base

- 9 300 employees: 25% in area organization and 75% in business lines and corporate functions
- 16 R&D centers
- 65 service centers
- 24 production units
- 59 sales offices
- 5 global Performance Centers

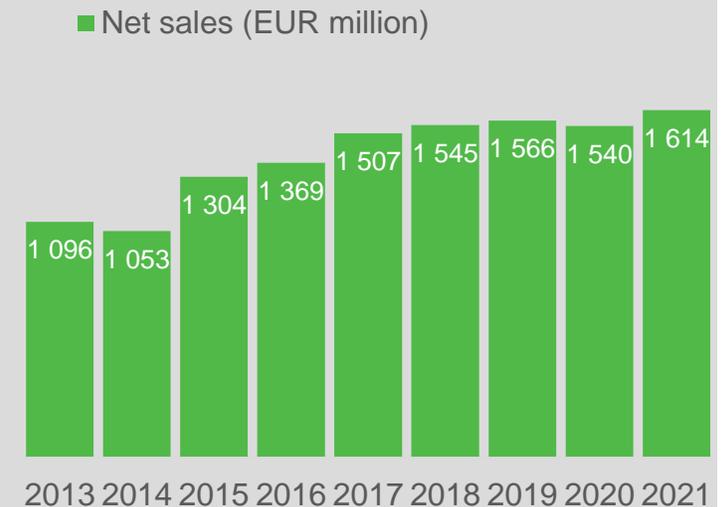


9 300



## Highlights 2021

- All main process islands and automation to a bioproduct mill in Finland
- Breakthrough in textile industry: main equipment delivery to a textile recycling plant and key equipment to textile fiber production
- A recycled fiber line and paper machine grade conversion rebuild in Germany
- Board machine rebuilds to Sweden, a container board line to Turkey and several tissue machine orders
- Acquisitions to strengthen environmental systems business



# China

The market activity continued in China in 2021

Good opportunities for pulp, paper, board and tissue technology and automation projects and a growing market for services

- 4 service centers
- 5 production units
- 5 sales offices
- 1 Performance Center

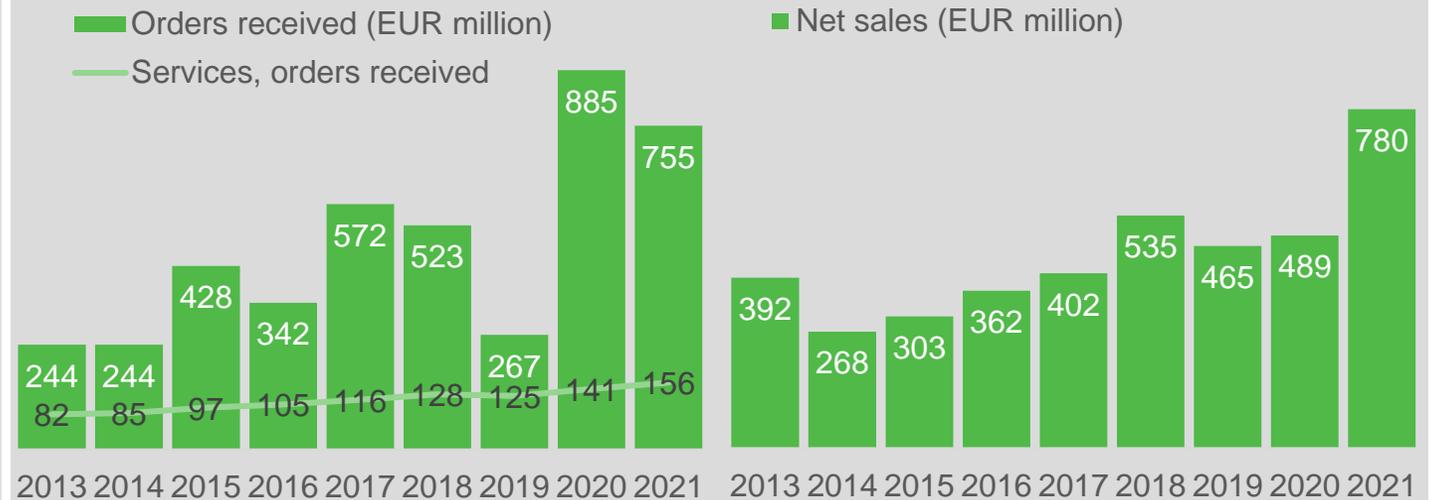


1 900



## Highlights 2021

- An order for coated board and fine paper making lines and a BCTMP production line to a same customer in China
- Key technologies for pulp mills
- Several board and tissue machine orders



# Asia Pacific

A large area covering multiple countries with different cultures and market dynamics

An active and developing market providing growth opportunities for all Valmet businesses

- 13 service centers
- 2 production units
- 14 sales offices

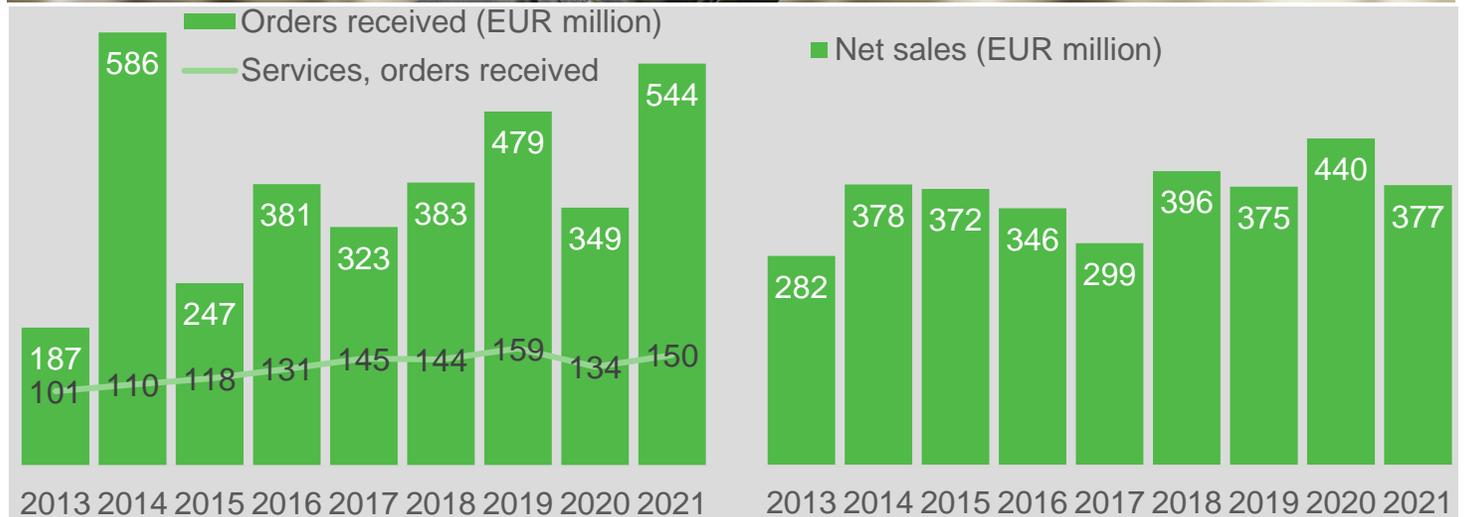


935



## Highlights 2021

- A coated board production line and a BCTMP line to a customer in Asia
- Biomass power boiler and a flue gas cleaning system to Japan
- Paper grade conversion to Indonesia



# Russian invasion to Ukraine is permanently changing world trade and operational models

- The war in Ukraine touches and upsets us all
- Valmet supports our employees and partners in the crisis area in all possible ways
- Valmet's net sales in Russia was around 2 percent of the company's total net sales in 2021
- We carefully comply with all sanctions and export regulations. In practice this means that almost all business in Russia has halted. We do not do new sales projects in Russia.
- World trade, the availability of materials and logistics chains are changing permanently. Companies need to radically change their operating models to operate in this new world.





# Guidance and short term market outlook

# Guidance and short-term market outlook

## Guidance for 2022

<b>Guidance</b>	Valmet estimates that net sales in 2022 will increase in comparison with 2021 (EUR 3,935 million) and Comparable EBITA in 2022 will increase in comparison with 2021 (EUR 429 million).
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## Short-term market outlook

		Q1/2021	Q2/2021	Q3/2021	Q4/2021
Services		Satisfactory	Good / Satisfactory	Good	Good
Automation		Good	Good	Good	Good
Pulp and Energy	Pulp	Good	Good	Good	Good
	Energy	Weak	Weak	Weak	Satisfactory
Paper	Board and Paper	Good	Good	Good	Good
	Tissue	Good	Good	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'.



# The progress of the Valmet and Neles merger

# The progress of the Valmet and Neles merger

- The merger was approved by both companies' Extraordinary General Meetings in September 2021
- Valmet and Neles have received all competition approvals for the merger of Neles into Valmet
- Completion of the merger is expected to take place on April 1, 2022
- The integration planning has proceeded well
  - Neles is planned to form a fifth business line for Valmet named Flow Control
- Valmet and Neles will separately announce the fulfillment and/or waiver of the conditions to completion and the decision to implement the merger



