



Valmet in China for Investor site visit to Shanghai, Jiading

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Area President, China

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Valmet in China

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- 2 China is a large and growing market for Valmet
- 3 Valmet has a strong market position in China
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Valmet has a strong presence in China

Valmet's milestones in China

90 years sustainable development in China

1933 First paper machine delivery to China (Guangzhou Paper) by KMW
1956 Second Paper machine delivery to Guangzhou Paper (PM 5)
1989 Valmet – Xian joint venture established
1997 Valmet Beijing office established
Valmet Automation office established
1999 Ji'nan office established

2001 Wuxi Service Center established
2001 Guangzhou office established
2003 WaiGaoQiao Production established
2006 Jiading Production established
2009 Guangzhou Service Center established
2010 Zibo Service Center established
2010 Shanghai Technology Center established (Flow control and Automation System)
2010 Acquired Tamfelt Fabrics Tianjin

2013 Fabrics Tianjin production extended
2015 Taiwan office established
2017 Valmet Jiading new office building opened
2018 Wuxi and Chongqing IFS new offices opened
2019 Wuxi and Guangzhou Service Center Extension
2020 Valmet China in Jiading, Shanghai became China area business center
2020 Valmet acquired PMP Changzhou production

2021 Automating Shanghai relocated to Jiading
2021 Invested in Beihai Service Center
2022 Neles merged into Valmet - Shanghai and Jiading factory
2023 Flow control Shanghai relocated to Shanghai Innov Center

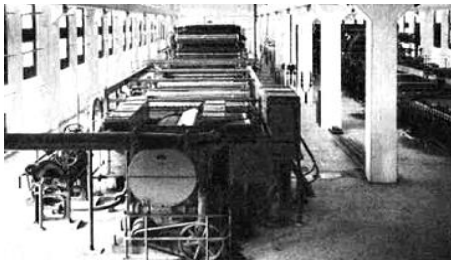
90
1933-2023
维美德在中国

1933~1999

2000~2010

2011~ 2020

2021~



Five business lines and four regions



Services



Paper



Pulp and Energy



Automation Systems



Flow Control

North China

East China

South China

West China

Finance

Human Resources

Strategy

Marketing and Communications

IT

Legal

Operations Excellence

Strong presence in China - close to customers



~2,300 employee



New service center to be opened Q1 2024

Area business center

- Jiading, Shanghai

7 Production unit

- Jiading
- Xi'an
- Changzhou
- Jiaxing
- Tianjin
- WaiGaoQiao
- Nantong

5 Service center

- Wuxi
- Guangzhou
- Zibo
- Jiaxing
- Beihai (under construction)

2 Technology center

- Shanghai
- Jiaxing

6 Office

- Beijing
- Shanghai
- Ji'nan
- Guangzhou
- Chongqing
- Taipei

1 Performance center

- Jiading

Valmet's China business area

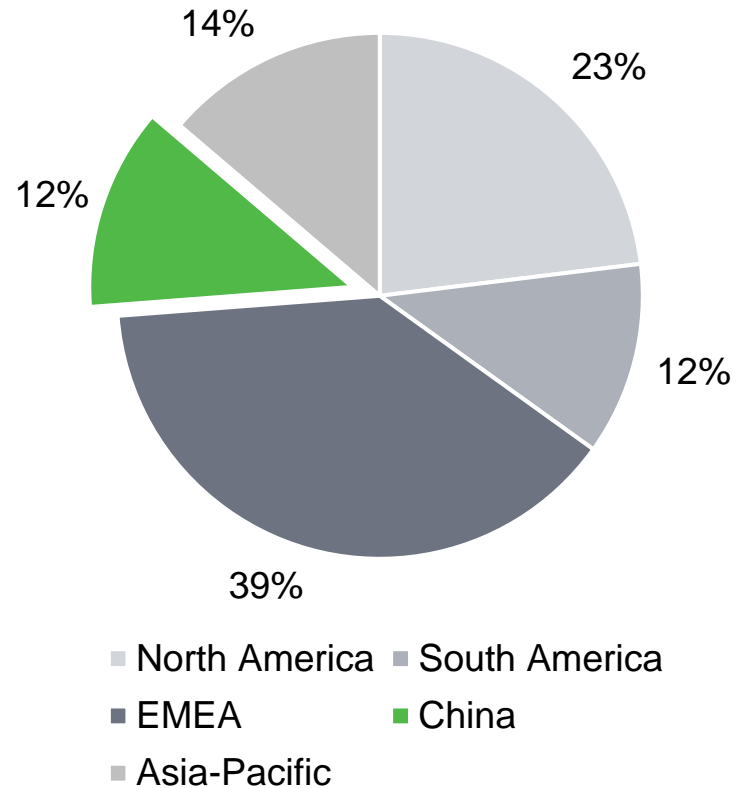
Q3/2023 LTM figures

Orders received
EUR 715 million

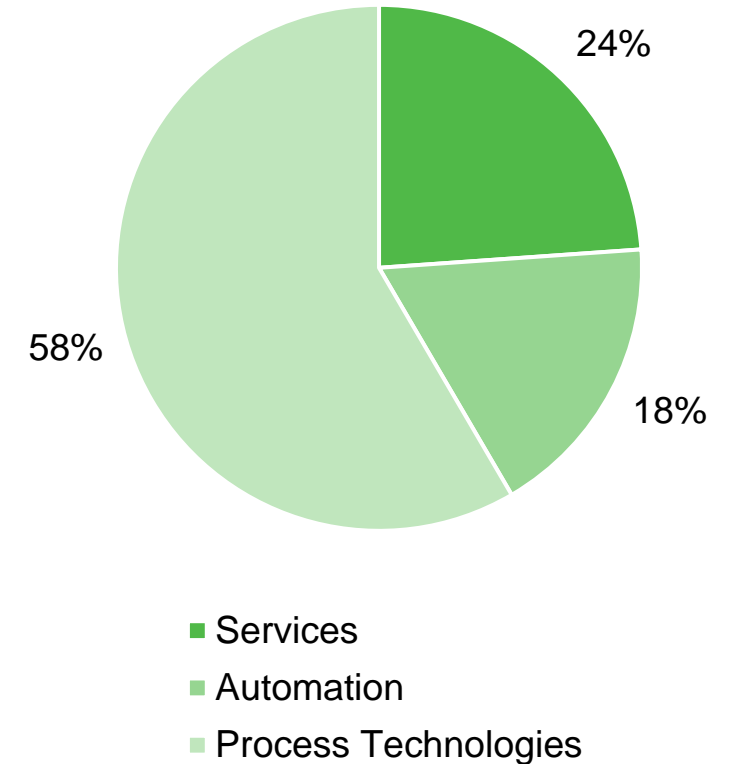
Net sales
EUR 694 million

Employees
2,354

Valmet's net sales by area



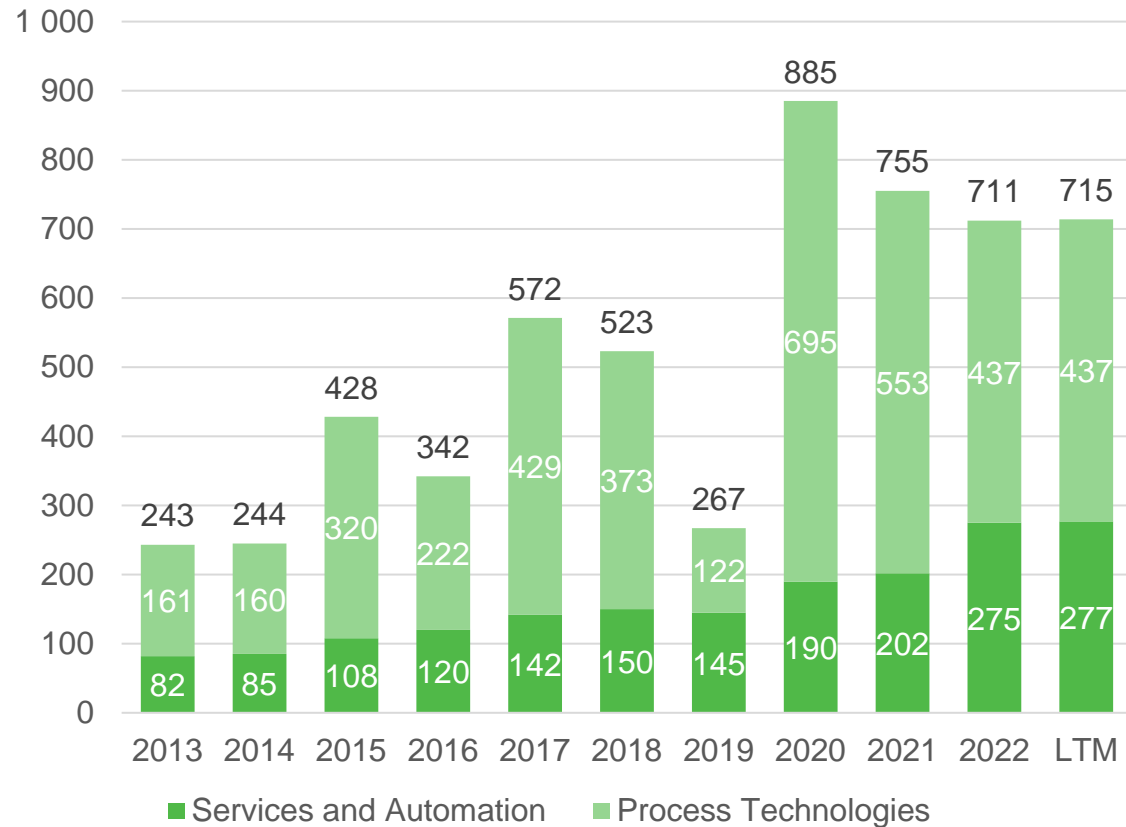
Net sales in China by segment



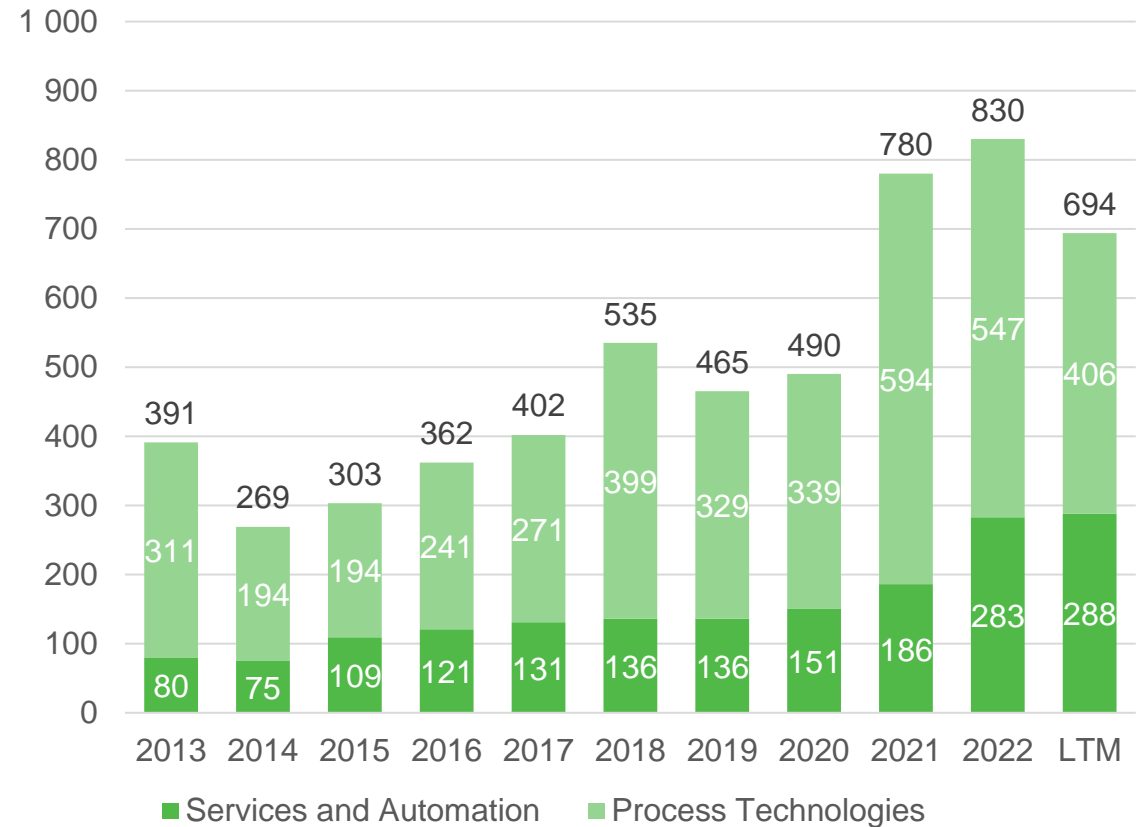
Valmet China financial development

EUR million

Orders received



Net sales



Major start-ups in 2022



14 Tissue production line

- **APP Rudong**
 - IntelliTissue *10
 - Advantage DCT 200 *2
- **Zhejiang Jingxin Paper**
 - Advantage DCT 200 *2



5 Board and Paper production Line

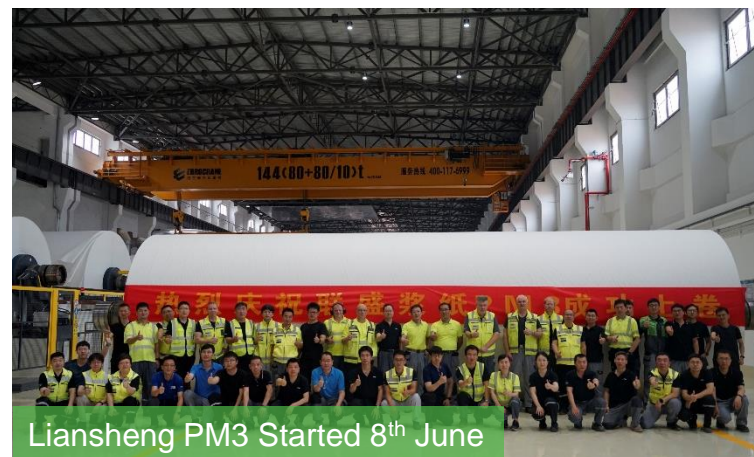
- **Shanying Guangdong** *2
- **APP Bohui** *1
- **Asia Symbol Guangdong** *1
- **Nine Dragons Quanzhou** *1



4 Semi-chemical pulp line and chemical pulp line

- **Nine Dragons Jinzhou** *2
- **Nine Dragons Dongguan** *1
- **Nine Dragons Chongqing** *1

Six Liansheng Projects started during May–June 2023



Supply Automation System for the Most Advanced RoPax

TT-Line Green Vessel Nils Holgersson

Background

- Shipowner: TT-Line, Germany
- Shipyard: CMI Jinling Shipyard
- 2 Dual-fuel Ropax
- Operating in the Baltics
- Most advanced RoPax in the world
- Delivered in March 2022



Vessel Details

- Decks 12
- Length 230M
- Width 31M
- Speed 21Kn
- 239 modern cabins
- 800 passengers + 66 crews
- More than 3500 m² of public areas

Solution

Valmet DNA automation system covering:

- Machinery Automation
- Power Management System
- Bilge and Cargo

System Interface size:

- Approx. 4 200 hardware I/O
- Approx. 11 500 data communication points
- 80 pcs RS and Ethernet data communication lines

Unique Competitiveness

- Good references in high value-added vessels, especially cruise.
- Advanced and integrated automation system to ensure stability and runnability.
- Customer-centric mindset and approach.
- Global network and local project execution capabilities.

Valmet is a desired employer in China

People development

- Well-designed process
- Opportunities for career development and internal mobility
- Learning and development
 - Global training portfolio
 - Workday e-learning course
 - Lean expert program
 - Leadership development
 - Key talent development program
 - Valmet China Academy of Technology
 - Mentoring program

Employee engagement


- Deploy OurVoice survey to collect employee's voice
- High response rate and fruitful actions
- Awarded 2021–2022 Employer Excellence of China
- Diversity & Inclusion value to unleash people potential



OurVoice



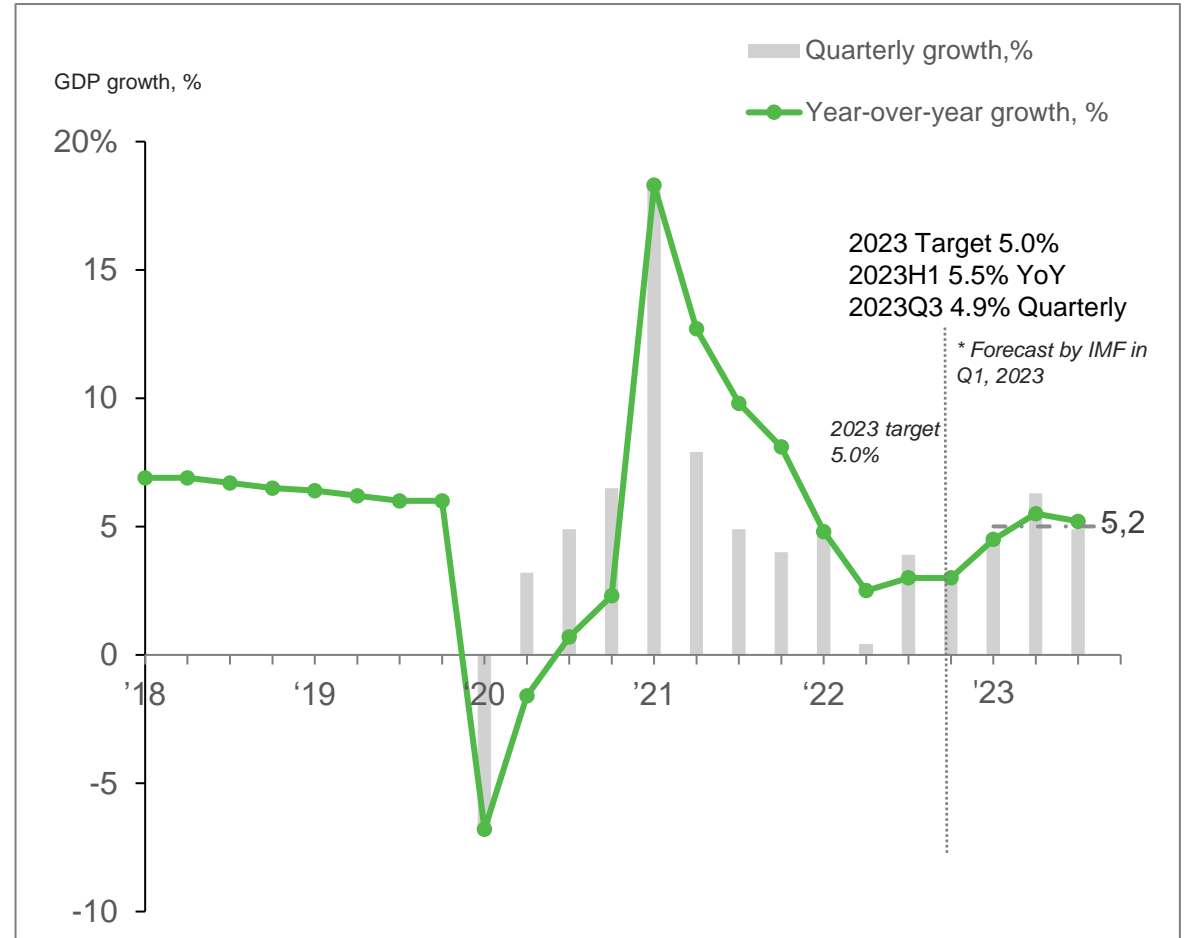
EVERYTHING
WORKS
TOGETHER



China is a large and growing market for
Valmet

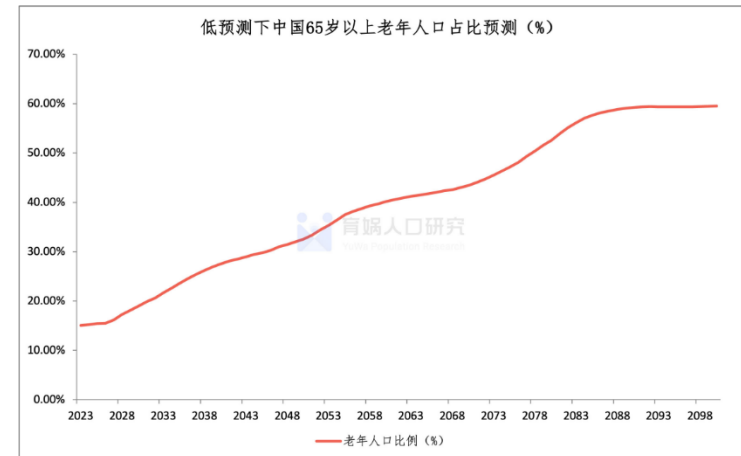
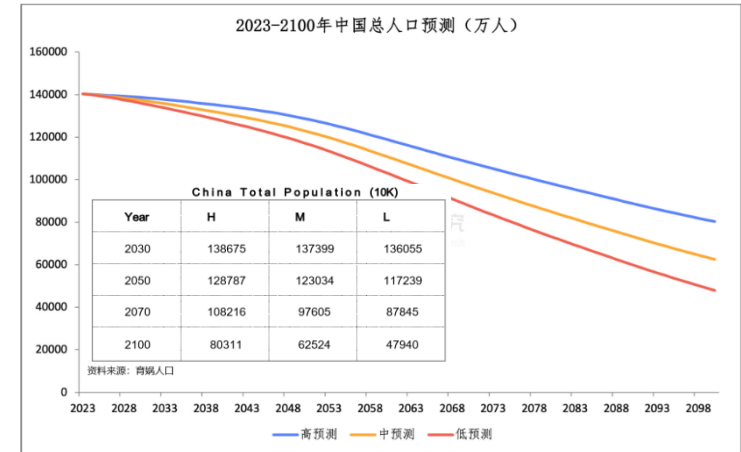
China remains a large and growing market

- China's economy is expected to drive global growth
 - GDP growth target at ~5% in 2023
 - Growth in personal income that is generally in step with economic growth
 - Prioritize domestic consumption as key driver
 - CPI ~3%
 - Steady increases in both the volume and quality of imports and exports
- Potential risks
 - Global recession and Geopolitics
 - Demographic challenges
 - Housing market faces both cyclical and structural headwinds
 - Unemployment (structural, youth)



Declining and aging population

- China's population started declining from 2022
 - Working age population decrease -0.75%; population under 16 years old decreases -2.6%, while above 60 years old population increases +4.7%
- Key Implication:
 - The annual average decline of 1.73% in China's working-age population sets the scene for much lower economic growth
 - As the young population declines, domestic demand for consumption may weaken
 - More resources to provision of health, medical and aged-care services to meet the demands of an increasingly elderly population.
 - The impact of China's demographic change will not be limited to its own geographic boundaries.



China is shifting towards high-quality and sustainable development

- China is taking initiatives to boost long-term growth, including
 - Innovation and reform
 - Digitalization
 - Accelerating the green transition
 - Electrical vehicles
 - Encourage hydrogen energy and other clean power industry
 - Circular economy
 - Single-use plastic replacement
 - Recycled textile



Wind power and photovoltaic power generation will be **15.3%** of the electricity consumption of the whole society **in 2023**

Total sold New energy vehicles in 2022 reached **6.887 million**,
The market share is **25.6%**.



Sustainable development is seriously put into many of our customers' strategy

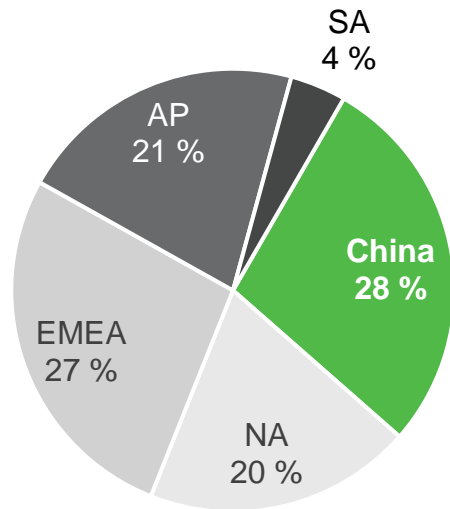
《纸及纸制品环境足迹评价通则》

《制浆造纸产品环境足迹评价细则》

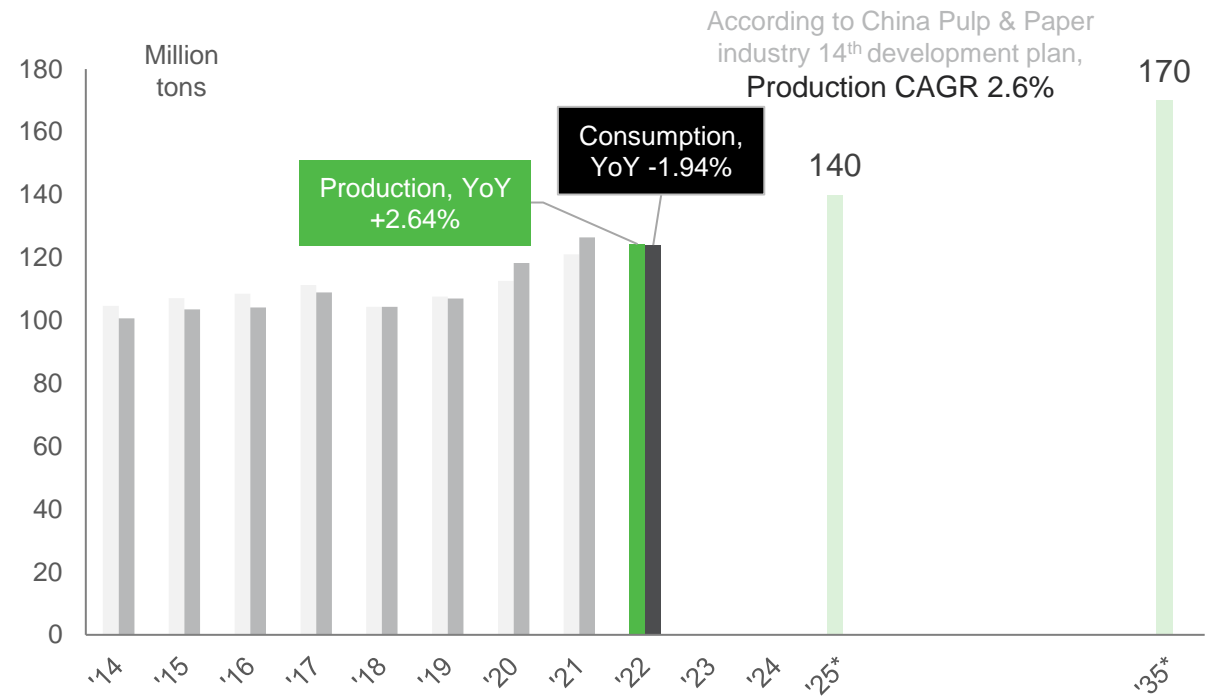
Carbon footprint assessment standards
Published in 2023 Oct;
They are identical with Europe.

Paper and Board market in the short and mid term

China plays a leading role in Paper & Board production globally



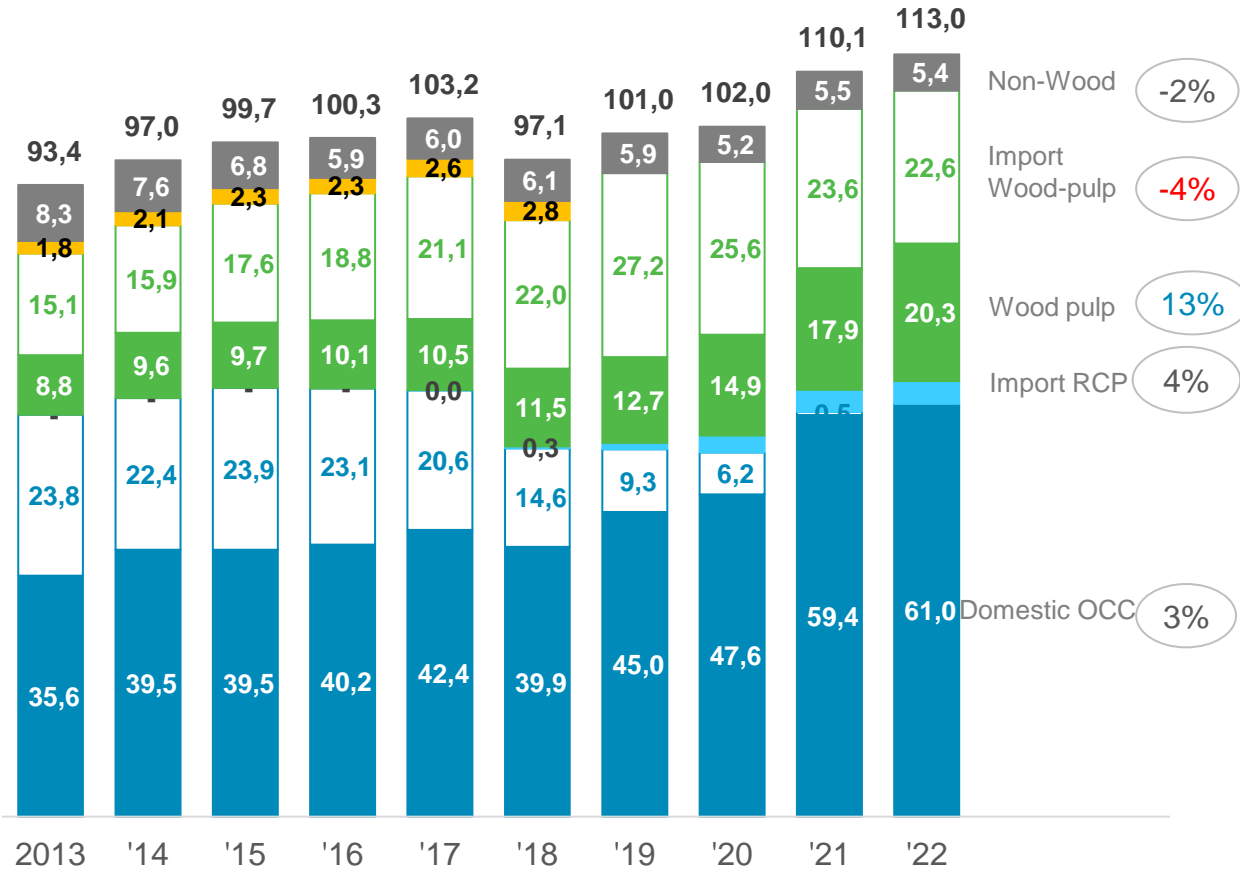
Chinese P&B production is projected to reach **140** million tons by 2025 and **170** million tons by 2035



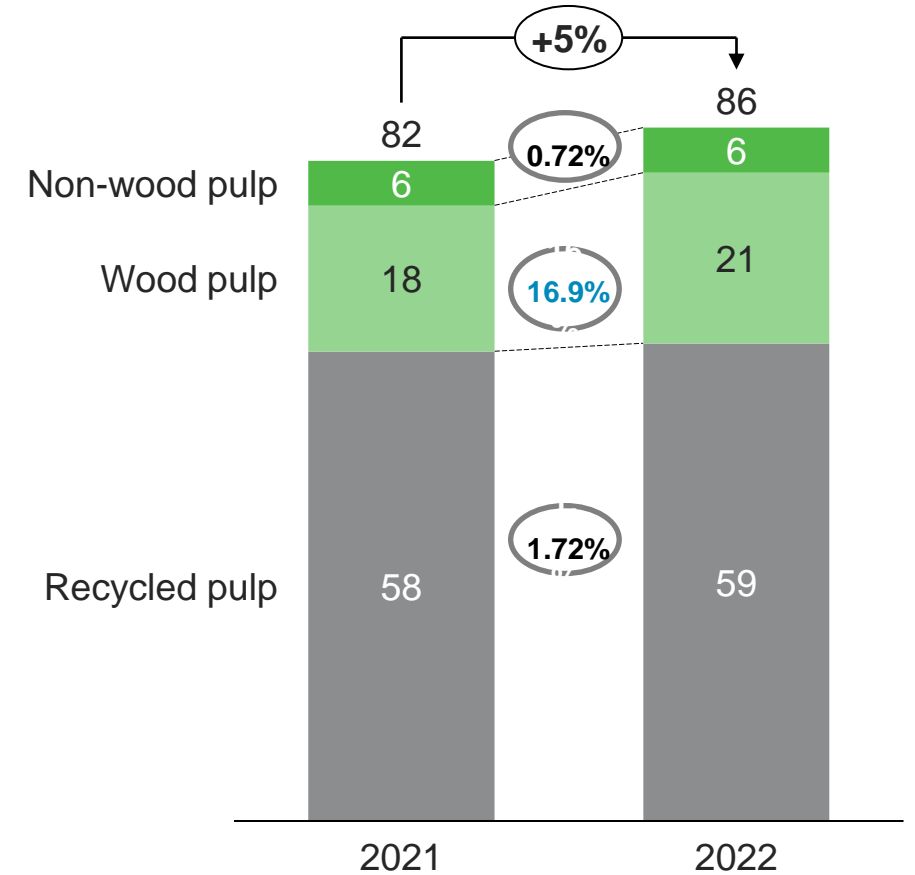
Virgin wood pulp production increased by 17% in 2022

Pulp consumption

22'-'21' YoY%



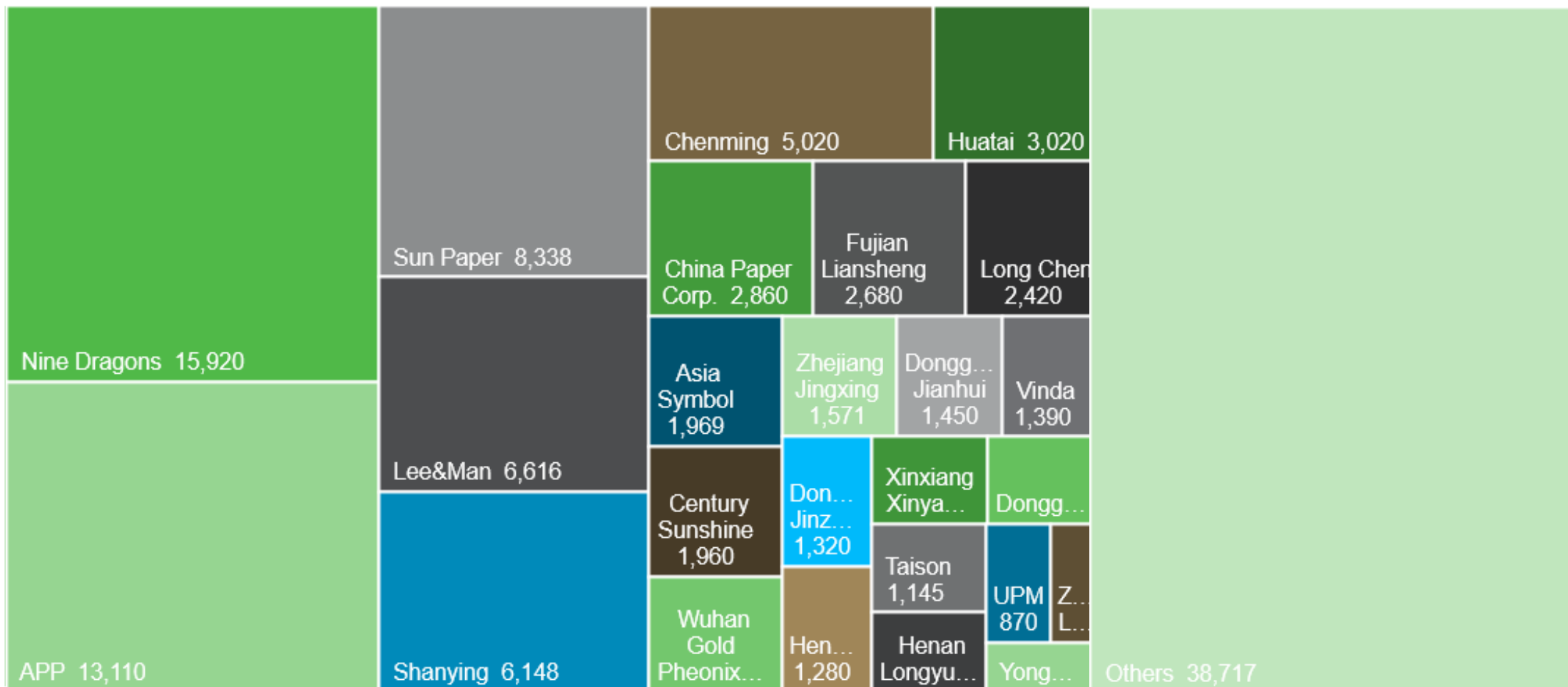
Pulp production



Industry consolidation to accelerate with new capacity

Top 5 producers represented 40% in 2022

Sorted by Paper & board production in 2022
Thousand tonne



Pulp and Paper market drivers



Board

- ▷ Board and Paper packaging as substitute of single-use plastic, e-commerce boom.
- ▷ New technology for high resource efficiency & sustainability



Tissue

- ▷ Hybrid Tissue market emerging and Development
- ▷ “Fiber to Tissue” strategy




Pulp

- ▷ New capacity for fiber shortage.
- ▷ Forest-pulp-paper integration



Service

- ▷ Upcoming installed base
- ▷ Efficiency improvement and energy saving
- ▷ Carbon emission reduction
- ▷ Digital and remote solutions



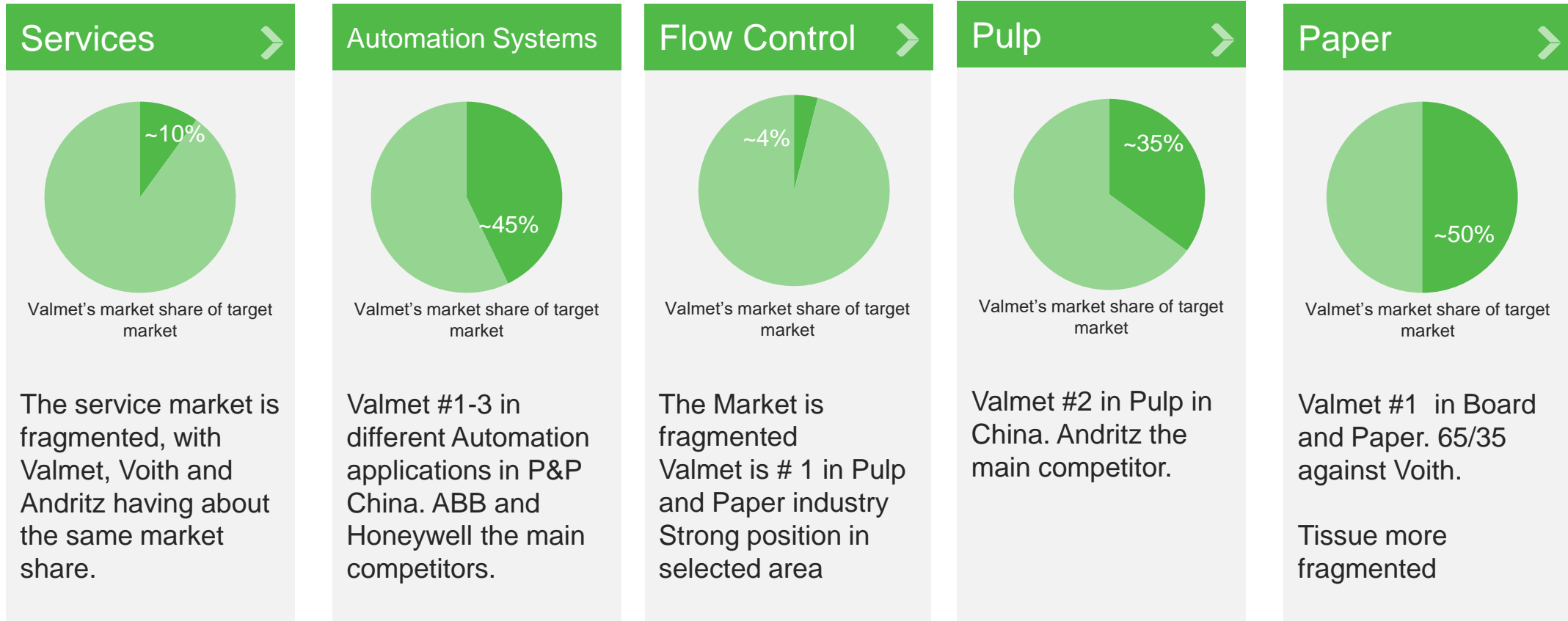
Valmet has a strong market position in
China


Valmet's customer base in China



Valmet is a registered trademark of Valmet Corporation. Other trademarks appearing here are trademarks of their respective owners.

Valmet's market position in China





Valmet has a clear strategy to grow in
China

Valmet's Way Forward in China

Process Technologies

- Continue to improve cost competitiveness for mid-size machines and projects
- Promote new technology for sustainable growth
- Tissue business development by consolidation of SMM, Tissue and Tissue converting
- Develop new business opportunities in niche market (WtE boilers, ES, Biomass etc)

Services

- Strong capability development in Pulp, Tissue, Energy segments
- Strong growth with Beihai Service Center and West Region set up
- Concrete services offering development in VII with Automation Systems & Flow Control
- Local capability and competence development

Automation

- Expand Automation Systems market share in marine & renewable industries, and synergy with Flow Control
- Improve competitiveness in DCS and growth in competitor replacement
- Local capability improvement and invest in West region
- Flow Control focus on renewable & mining industry



Summary

Today's key messages

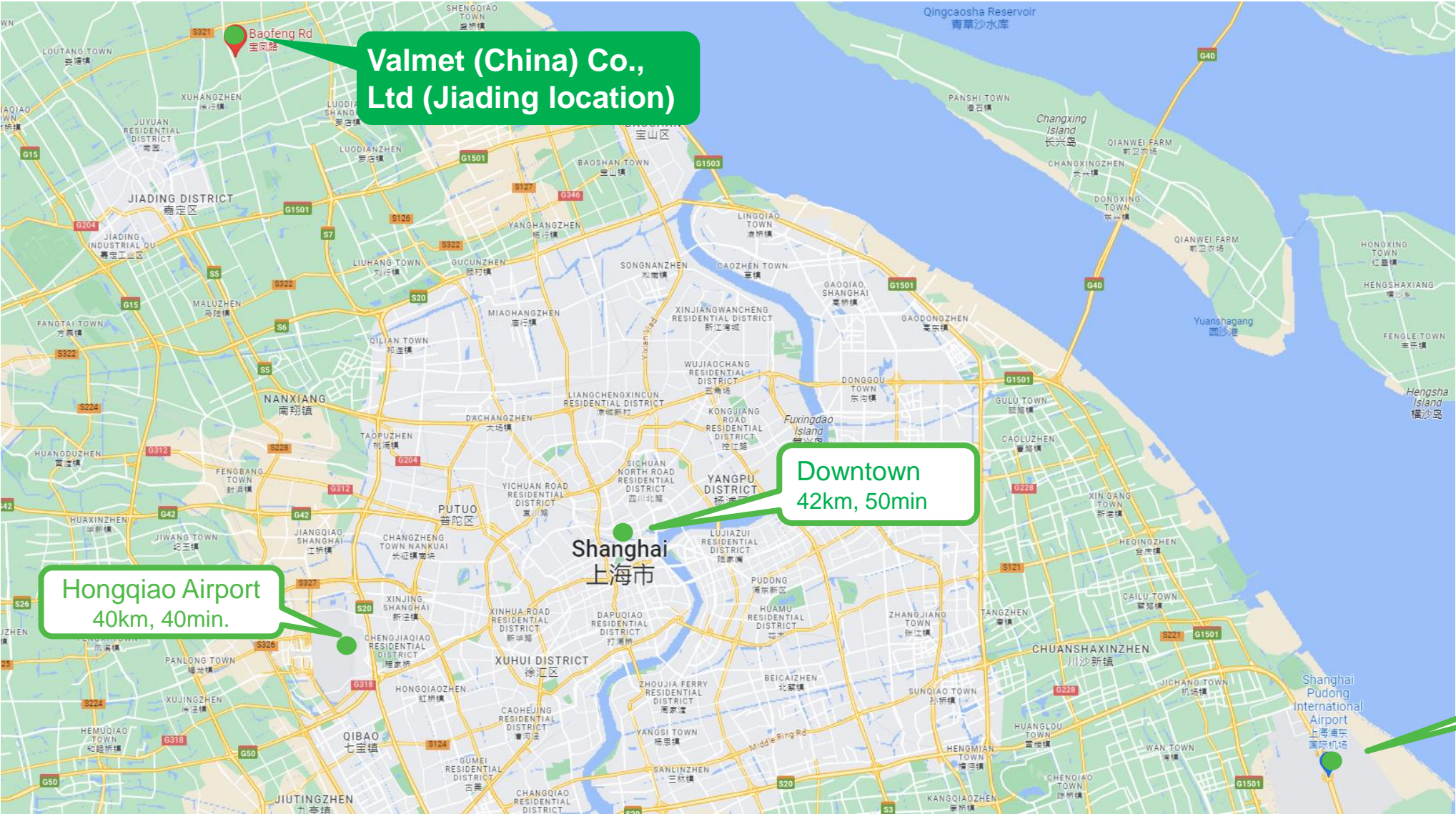
- Valmet has a strong presence in China
- China is a large and growing market for Valmet
- Valmet has a strong market position in China
- Valmet has a clear strategy to grow in China





Valmet (China) Co., Ltd.
维美德(中国)有限公司

Our location



Pudong Airport
72km, 1hr

History of Valmet Jiading

2006

Jan.
SCPMC sold 100% shares to Metso Paper

Sep.
Company name changed to Metso Paper Technology (Shanghai) Co., Ltd

Dec.
Opening ceremony



2016

1st tissue machine relocated from XIA and started manufacturing in Jiading



2017

1st winder and tissue machine delivery

New office building put into use



2021

Valmet Automation China relocated to Jiading

2022

Shell welding workshop opening



2014

Apr.
Valmet (China) Co., Ltd was registered



Oct.

SPR production finished relocation from WGQ and started operation in Jiading



2019

1st steel cylinder manufactured



2020

Valmet China established its regional headquarter in Shanghai



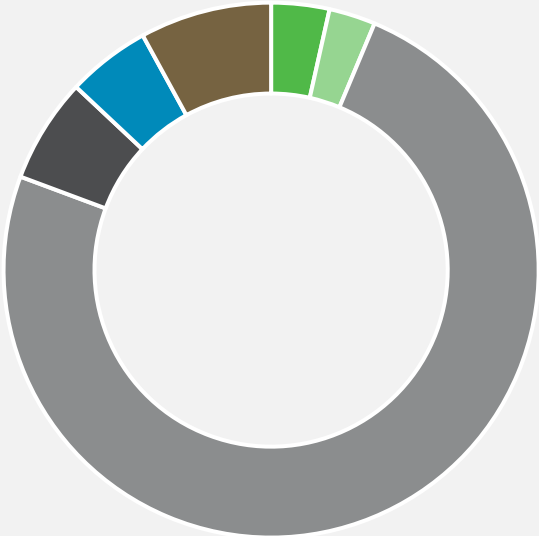
Valmet (China) Co., Ltd



- Operations started in 2006.
- Plant area 150,000 square meters (225 Mu); 58,000 square meters (87 Mu) under roof
- Manufacturing including: Foundry, Welding & Machining, Assembly, Cleaning and Painting

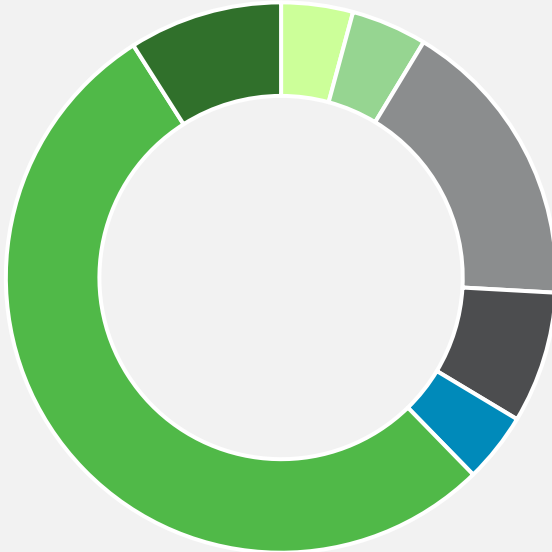
Approx. 800 professionals based in Jiading location

Headcount by business line:



- China Area (30)
- Paper (635)
- Services (43)
- GFO (24)
- Pulp and Energy (54)
- Automation (68)

Headcount by fuction:



- Sales (36)
- Project Management (147)
- Operation Excellence (35)
- Others (77)
- Supply Chain (38)
- Technology (66)
- Production (455)



