



## Valmet

Leading process technologies, automation and services for the pulp, paper and energy industries

*Kepler Cheuvreux ESG seminar, June 4, 2020*

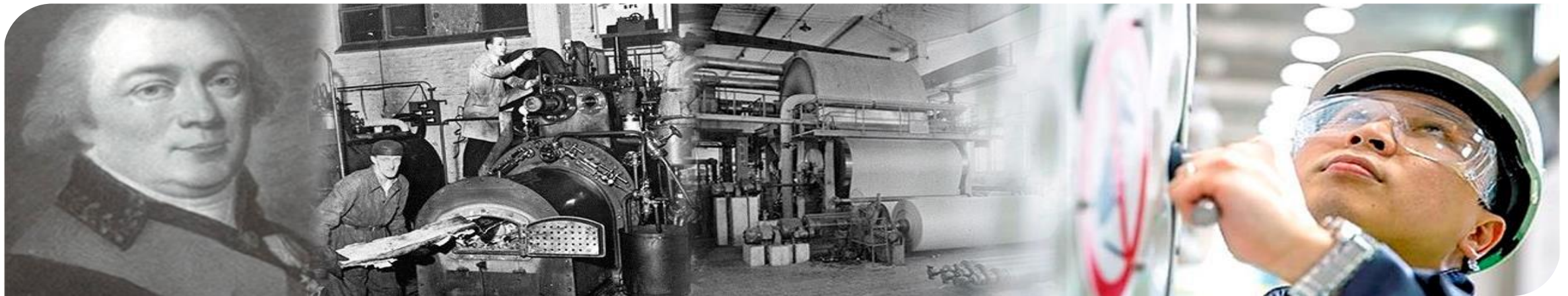
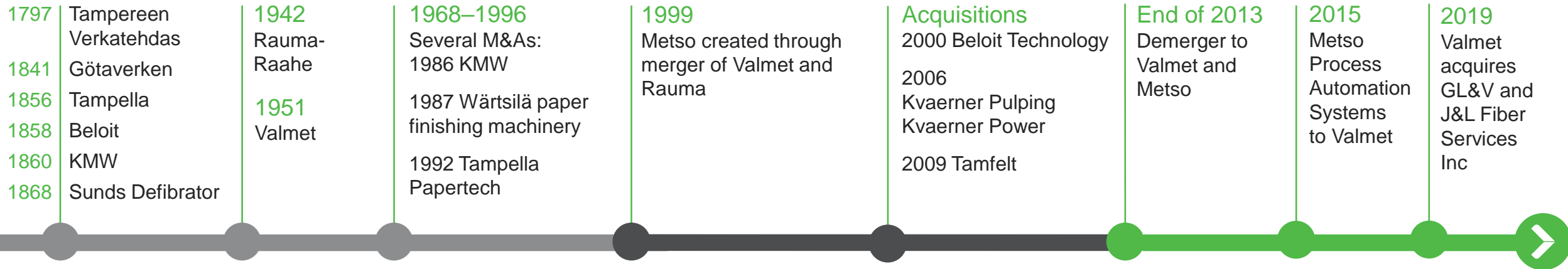
*Anu Salonsaari-Posti*

Senior Vice President

Marketing, Communications, Sustainability and Corporate Relations

# Progress built on 220 years of industrial history

From cloth making to high-tech processes





# Process technology, services and automation

Valmet's unique offering differentiates the company from its competitors

## Paper

- Recycled fiber lines
- Tailor-made board and paper machines
- Modularized board and paper machines
- Tissue production lines
- Modernizations and grade conversions
- Standalone products

## Pulp and Energy

- Pulp mills and production lines
- Sections and solutions for pulp production
- Multifuel boilers
- Biomass and waste gasification technologies
- Emission control systems
- Biotechnology solutions e.g. for producing bio fuels

## Services

- Spare and process parts
- Workshop and roll services
- Fabrics
- Maintenance development and outsourcing
- Field services
- Process upgrades

## Automation

- Distributed control systems
- Industrial applications
- Quality management
- Analyzers and measurements
- Automation services
- Industrial internet solutions



Focus in customer benefits

# Global customer base

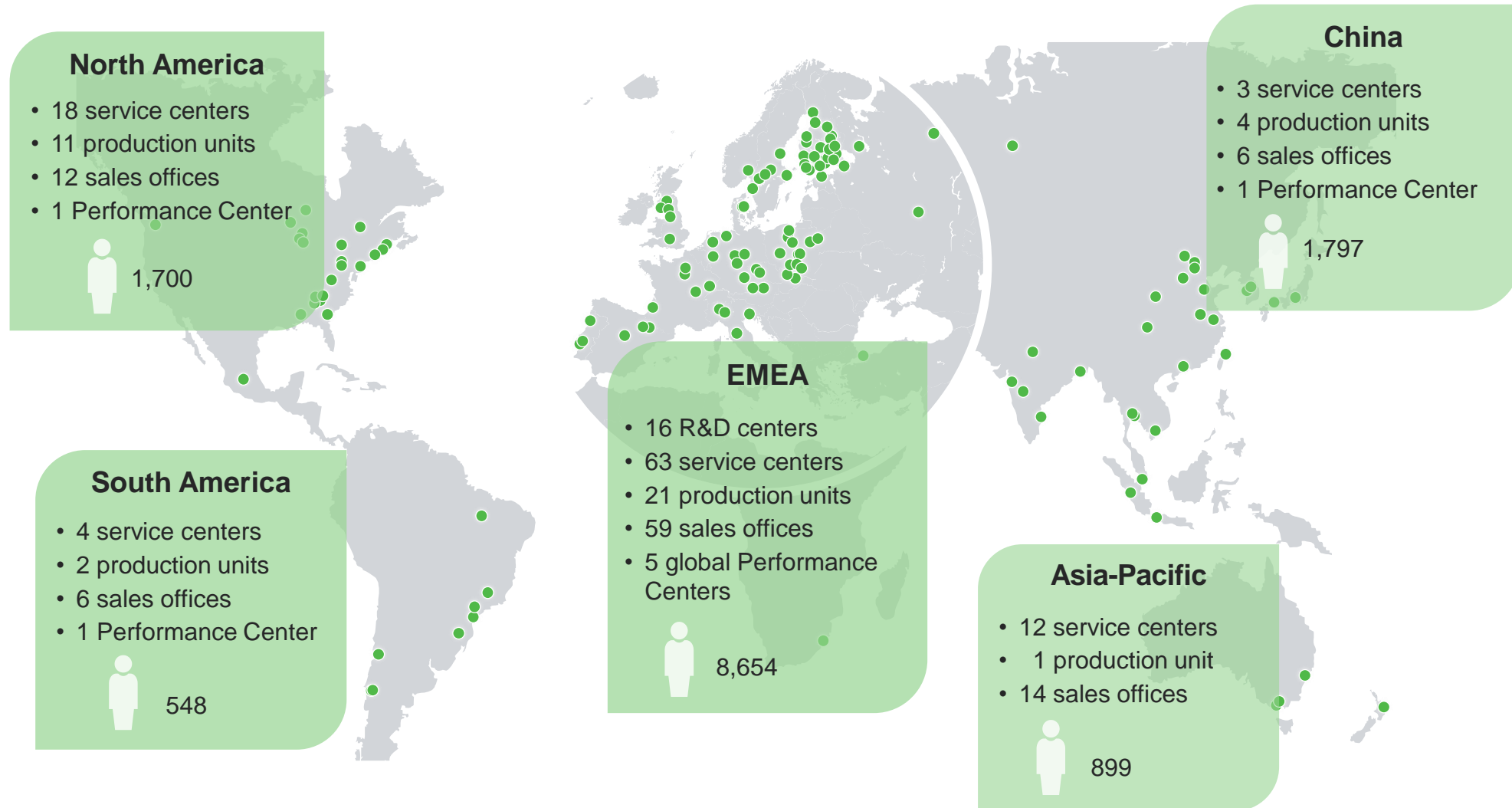


A large collage of logos for various global customers, including companies like Suzano, Metsä, Södra, Ilim, Orora, Sappi, Domtar, UPM, Fortum, RWE, NESTE, Valio, Eldorado Brasil, Klabin, APP, Oji Paper, American Renewables, The Linde Group, SSAB, AkzoNobel, and many others.

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# Strong, global presence close to our customers

100 service centers, 97 sales offices, 39 production units, 16 R&D centers, 8 Performance Centers



# Valmet today – the market leader with a unique offering

Process technology, services and automation for pulp, paper and energy



## Unique offering

- Widest offering in the market combining process technologies, services and automation
- Research and development spend EUR 71 million (in 2019)



## Market leadership

- Leading market position in all markets
  - Pulp #1–2
  - Energy #1–3
  - Board #1
  - Tissue #1
  - Paper #1
  - Services #1–2
  - Automation #1–3



## Leader in sustainability

- Sustainability 360° agenda integrating sustainability into our key processes
- Six consecutive years in the Dow Jones Sustainability Index
- A rating in CDP Climate
- Four consecutive years in Ethibel Sustainability Index Europe



# 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



# Financial development 2019



# Key figures in 2019

**Orders received**  
EUR 3,986 million

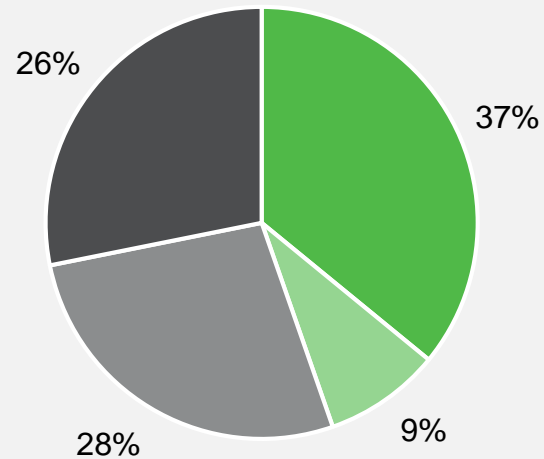
**Net sales**  
EUR 3,547 million

**Comparable EBITA**  
EUR 316 million

**Comparable EBITA margin**  
8.9%

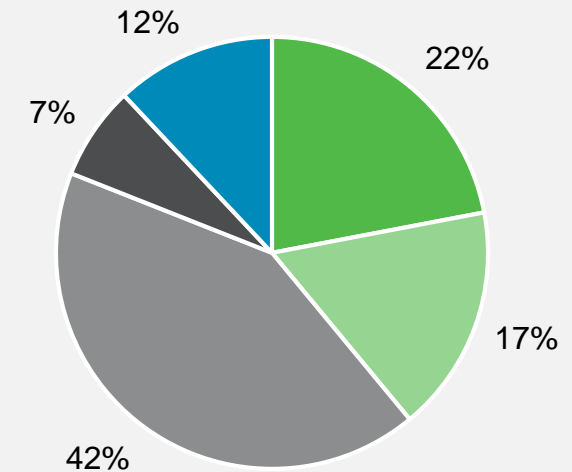
**Employees** (on Dec 31, 2019)  
13,598

Orders received by business line



- Services
- Automation
- Pulp and Energy
- Paper

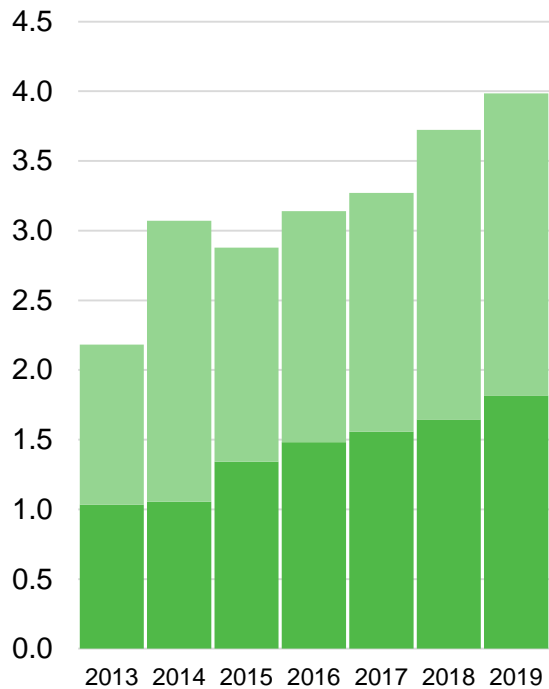
Orders received by area



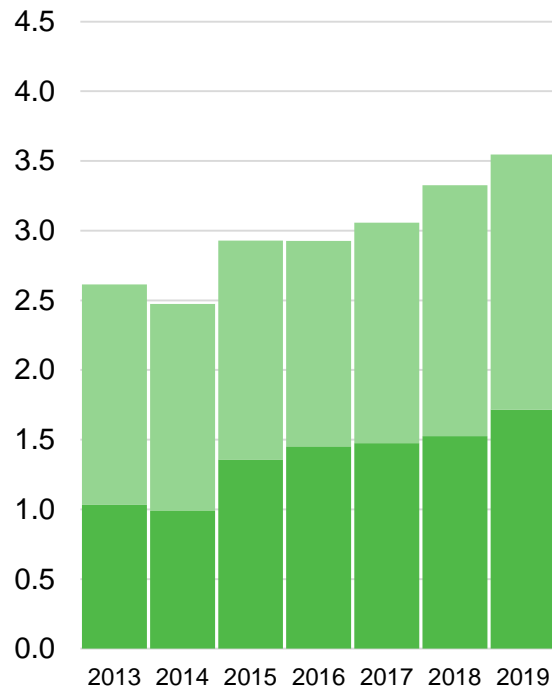
- North America
- South America
- EMEA
- China
- Asia-Pacific

# Valmet's development since 2013

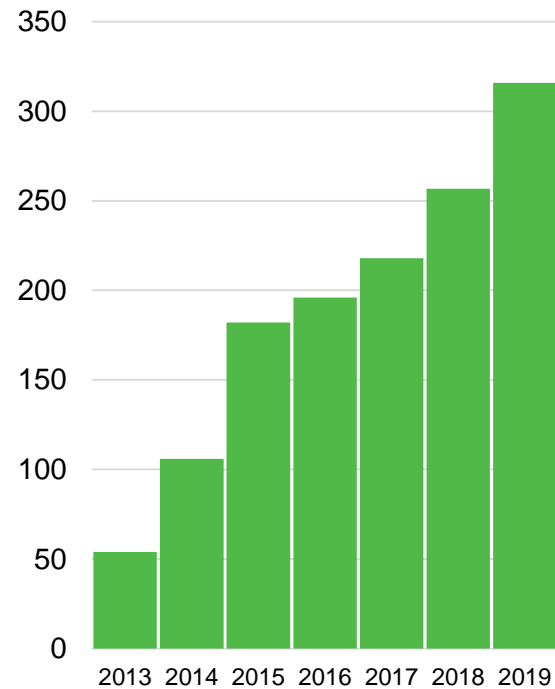
Orders received  
(EUR billion)



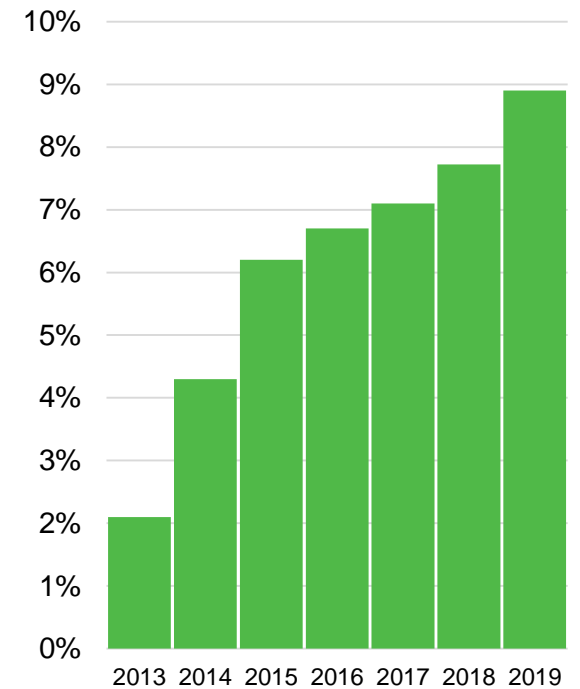
Net sales  
(EUR billion)



Comparable EBITA  
(EUR million)



Comparable EBITA margin  
(%)



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

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

■ Comparable EBITA

■ Comparable EBITA margin

2013 figures on carve-out basis

# New and increased financial targets

## Growth



- Net sales for stable business to grow over two times the market growth
- Net sales for capital business to exceed market growth

## Profitability



- Comparable EBITA: **10–12%**

## ROCE



- Comparable return on capital employed (ROCE) before taxes<sup>1</sup>: **>20%**

## Dividend policy



- Dividend payout at least 50% of net profit



The new financial targets have been announced by stock exchange release on February 5, 2020

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))





Valmet has a 360° approach to sustainability with a long-term sustainability agenda

# Valmet's approach to sustainability

Sustainability is based on our key principles and integrated into our processes



## Guiding principles and stakeholder expectations as a starting point

- Code of Conduct and related policies
- Valmet's values
- Compliance with UN Global Compact and selected globally acknowledged principles
- ISO 9001, ISO 14001 and OHSAS 18001 management systems
- Stakeholder expectations and requirements



## Sustainability360° agenda with detailed 3-year action plans

- Sustainable supply chain
- Health, safety and environment
- People and performance
- Sustainable solutions
- Corporate citizenship



## Comprehensive and transparent reporting

- Annual sustainability reporting according to global standards (GRI) and assurance by a third party
- Reporting to third party sustainability rankings and indices



CLIMATE

# Valmet's globality and nature of its offering sets special requirements for sustainability



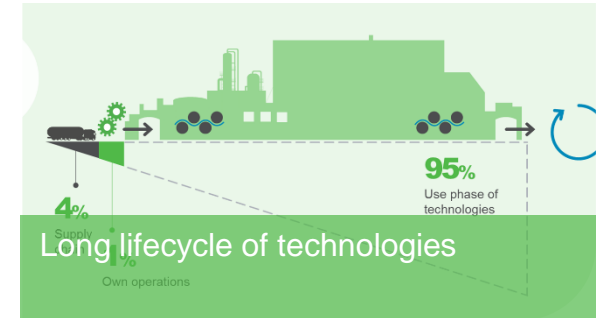
Global presence with >13,000 employees



Global supplier base of >10,000 active suppliers from >50 countries



Global customer base in different levels of maturity in sustainability



Long lifecycle of technologies

## Importance of

- Global Code of Conduct
- Ensuring compliance with Human and labor rights
- HSE management
- Sustainability assessments when changing the market presence or in M&As

- The third of direct purchasing originates from medium to high sustainability risk countries
- Importance of
  - Transparency and sustainability of the supply chain
  - Commitment to working with suppliers to develop their operations
  - Clear processes to handle serious breaches in the supply chain – zero tolerance for forced or child labor

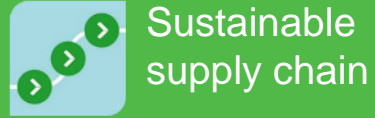
- Very strict sustainability requirements from the most advanced customers acting as a prerequisite for a business relationship
- Most important areas for customers are
  - Ensuring a sustainable supply chain
  - Safety
  - Reducing emissions

- 95% of the environmental impacts of our products are emitted at the customer sites after delivery (excluding pulp mills)
- ➔ Importance of the environmental performance of our technologies when they are used
  - Energy, raw material and water efficiency, fuel flexibility, air pollution control



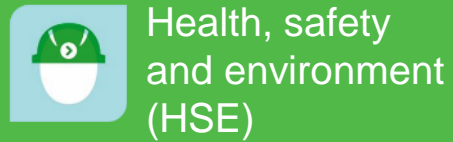
# Sustainability360° agenda

## Summary of action plans 2019–2021



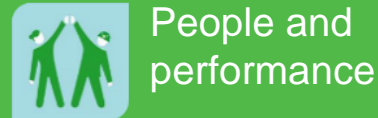
Sustainable supply chain

- We develop our existing processes that create the foundation for a sustainable supply chain
- We create new approaches to reduce the environmental impacts of our supply chain



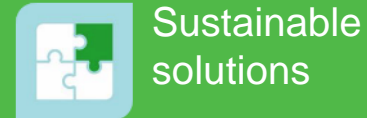
Health, safety and environment (HSE)

- We invest in safety culture and effective HSE processes and practices
- We collaborate with customers and partners to improve HSE results



People and performance

- We boost employee engagement and develop the best talent
- We are a responsible employer and promote diversity



Sustainable solutions

- We create technologies and services that enhance renewable raw materials, and water and energy efficiency
- We actively promote the sustainability benefits of Valmet's offering to meet customers' needs



Corporate citizenship

- We ensure our global human rights compliance through a due diligence framework
- We are a trusted local partner and promote transparent reporting

# Key sustainability achievements 2019

Valmet has become known and valued for its sustainability work and performance



- Well-established Sustainable Supply Chain process
  - > 40 supplier audits globally; in total 85% of corrective actions from 2015-2019 completed and verified
  - Global key supplier sustainability engagement program
- Continuous improvement of LTIF
- Human Rights due diligence framework established
  - Human Rights related local social impact assessments
- Sustainability gates integrated into R&D process
- Inclusion in DJSI for the sixth consecutive year
  - Best rating in CDP's climate program ranking
  - 70% of all employees completed Sustainability e-learning
  - Sustainability due diligence process carried out in all M&As

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM



