



Flow Control: Diversified and resilient growth business

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Valmet Capital Markets Day 2023

Flow Control: Diversified and resilient growth business

1

ATTRACTIVE MARKET

Large market with good profitability and growth opportunities

2

STRONG MARKET POSITION

Global leading player in a diversified set of segments

3

COMPETITIVE OFFERING

Strong value proposition of over-the-lifecycle reliability

4

BROAD CUSTOMER BASE

Large base of stable revenue from diversified installed base

5

SOLID TRACK RECORD

Proven strategy accelerated by integration to Valmet

FINANCIAL TARGET

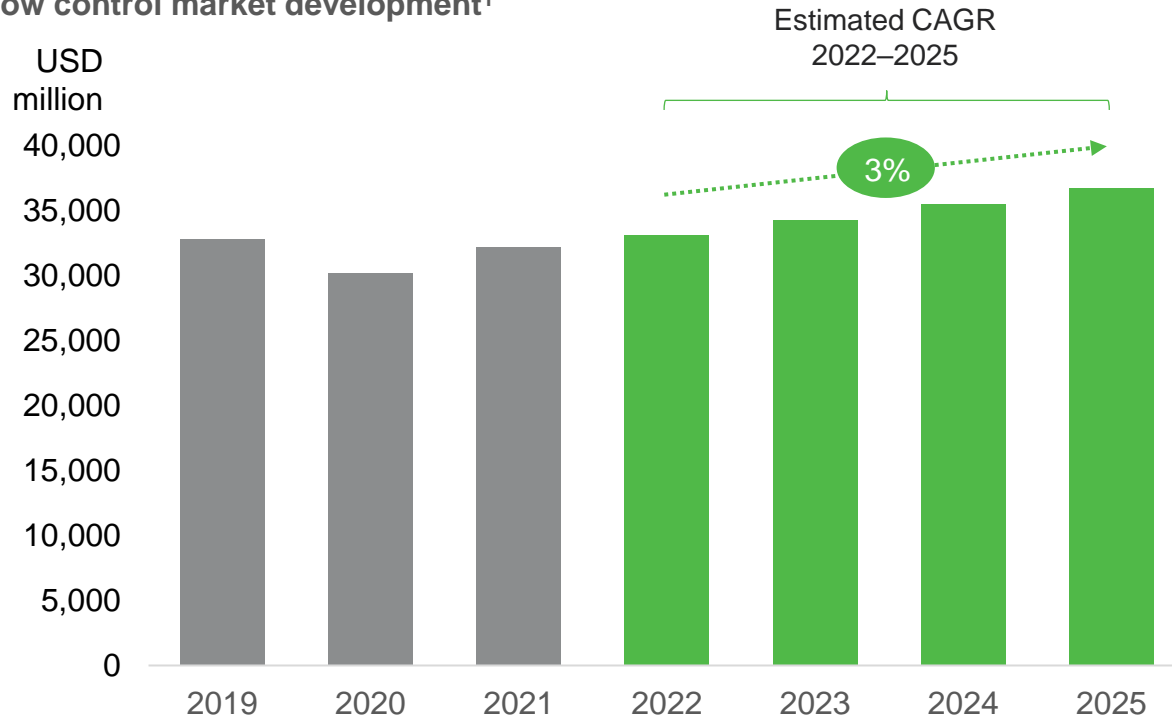
Net sales to grow over two times the market growth



Flow control is an attractive growth market

Large and growing market

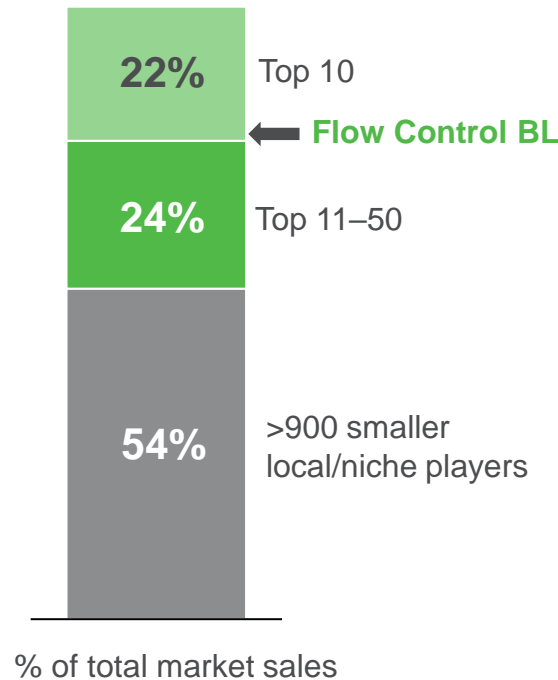
Flow control market development¹



- Cyclical, CAPEX-driven demand generated by investments in greenfield and brownfield projects to add capacity, upgrade and create new processes as well as end products
- Stably-growing, OPEX-driven demand created by services, replacements and smaller upgrade projects

Barriers of entry enable solid profitability for leading players in critical valves

Valves and valve automation industry competitive landscape

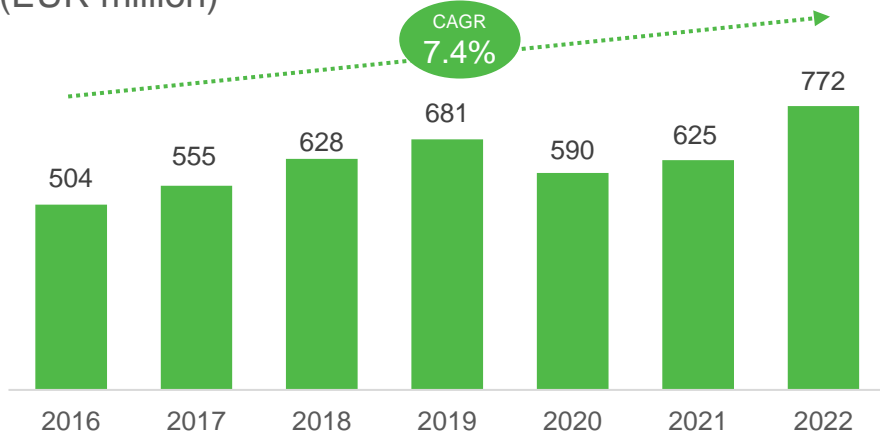


Industry characteristics for critical valves and valve automation

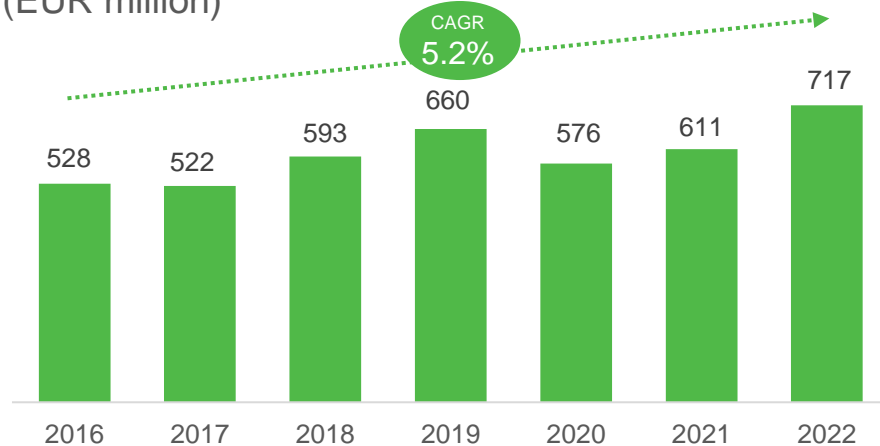
- ✓ Strict customer and product approvals
- ✓ Risk-averse buying behavior
- ✓ Brand recognition
- ✓ Requirement for application know-how
- ✓ Benefits of scale/operating leverage
- ✓ Fragmented competition

Flow Control key figures

Orders received (EUR million)

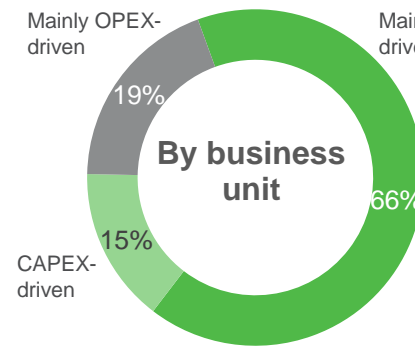


Net sales (EUR million)

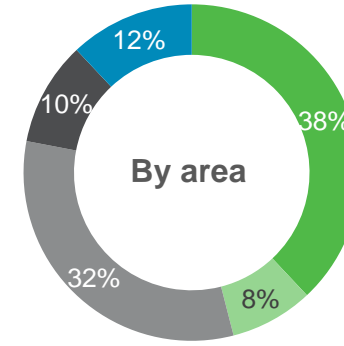


2016–2017 financials based on carve-out numbers; 2018–2019 financials based on Metso's "Continuing operations" as in 2019 annual report; Q1/2020–Q1/2022 financials as reported in Neles' Q1/2022 interim review.

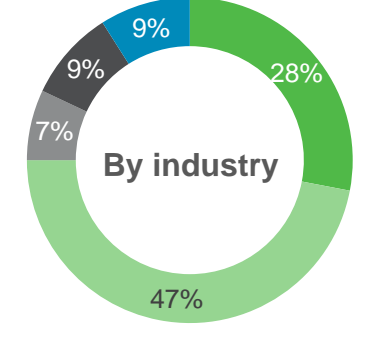
Orders received split 2022¹ (% of total)



- MRO & Services
- Projects
- Valve Controls & Actuators



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



- Pulp & Paper
- Refining & Chemicals
- Renewable energy & Gases
- Metals & Mining
- Other industries

	Market position ²	Market size, EUR ²	Market growth ²
Refining & Chemicals	#5–10	~9 bn	~3–4%
Pulp & Paper	#1	~1 bn	~1–3%
Metals & Mining	#5–10	~2 bn	~3–5%
Renewable energy & Gases	#1–2 (industrial gases)	~2 bn	>5%

¹ Full year figures. Q1/2022 financials as reported in Neles' Q1/2022 interim review.

² Source: Internal analysis. All figures estimates

High-quality product portfolio for valve and valve automation needs



Valve controllers

- Valve controllers for control and on-off valves
- Intelligent safety solenoids
- Limit switches

Flow Control
market position¹

2–3

Actuators

- Pneumatic actuators
- Hydraulic actuators
- Electric actuators

5–7

Valves

- Control valves
- On-off valves
- ESD valves

~10

Strong product brands

Neles™
Premium
engineered
flow control
solutions

Jamesbury™
Premium
performance
flow control
solutions

Neles Easyflow™
High-performance
flow control
solutions

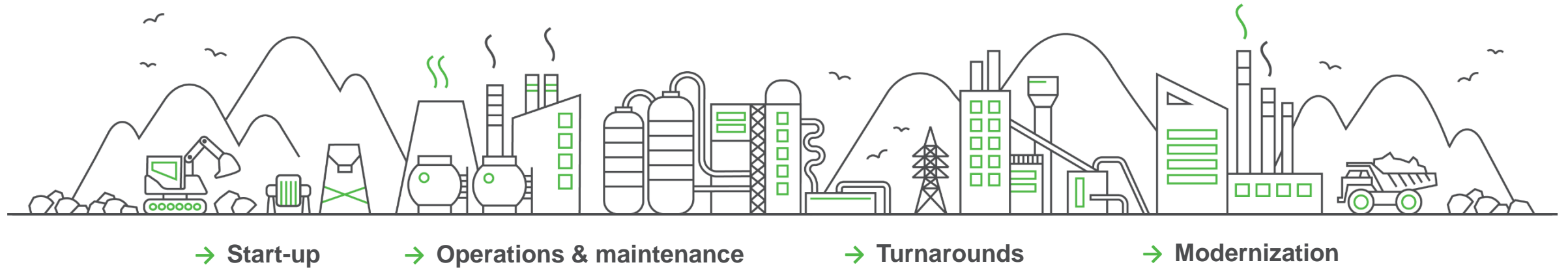
Stonel™
Valve
communication
solutions for
automated valve
integration

Valvcon™
Comprehensive
range of electronic
actuators

Flowrox™
Valve and pump
solutions for mining
and metals

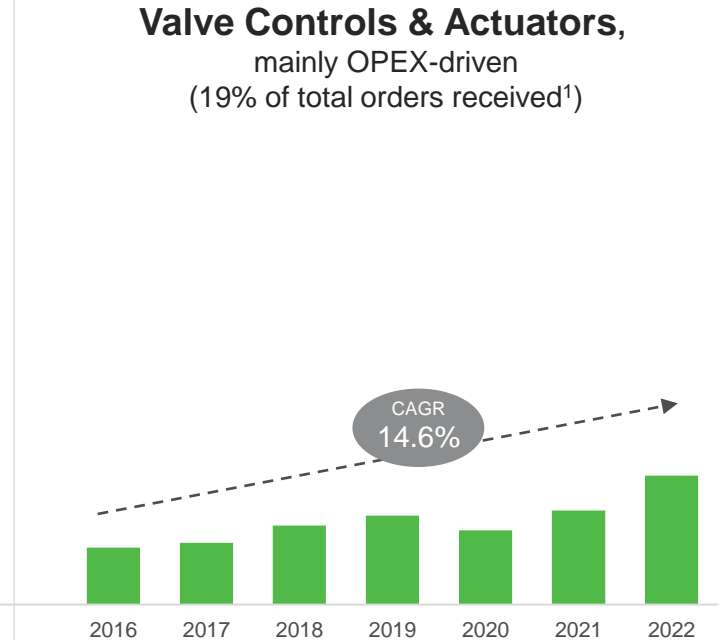
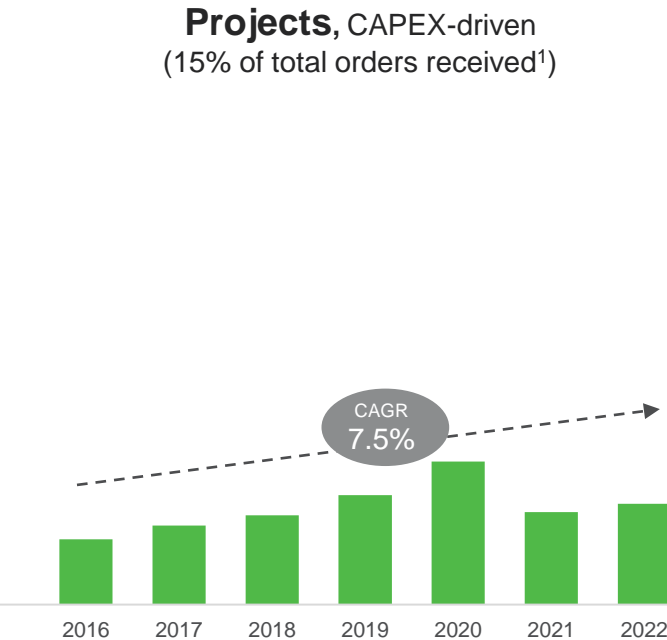
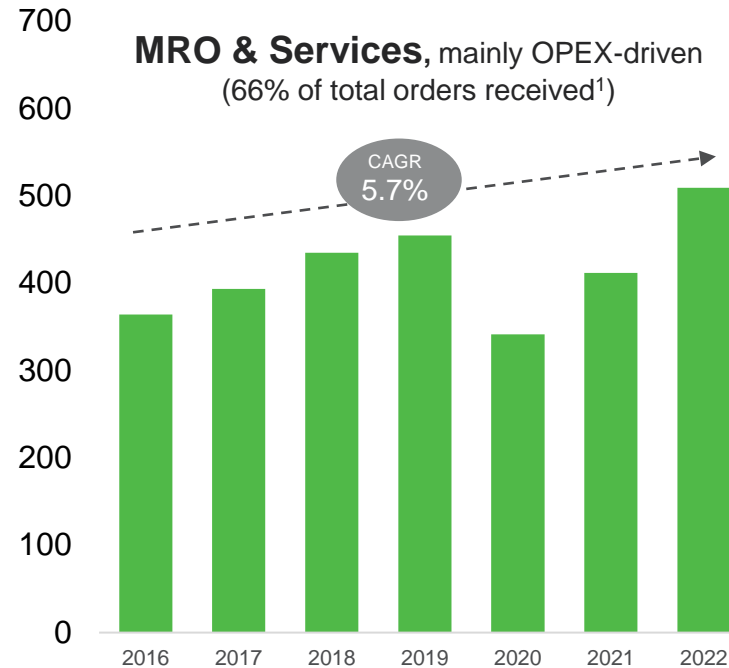


Flow Control services covering the lifecycle of the plant



Resilient business model with majority of revenue OPEX driven

Orders received
(EUR million)



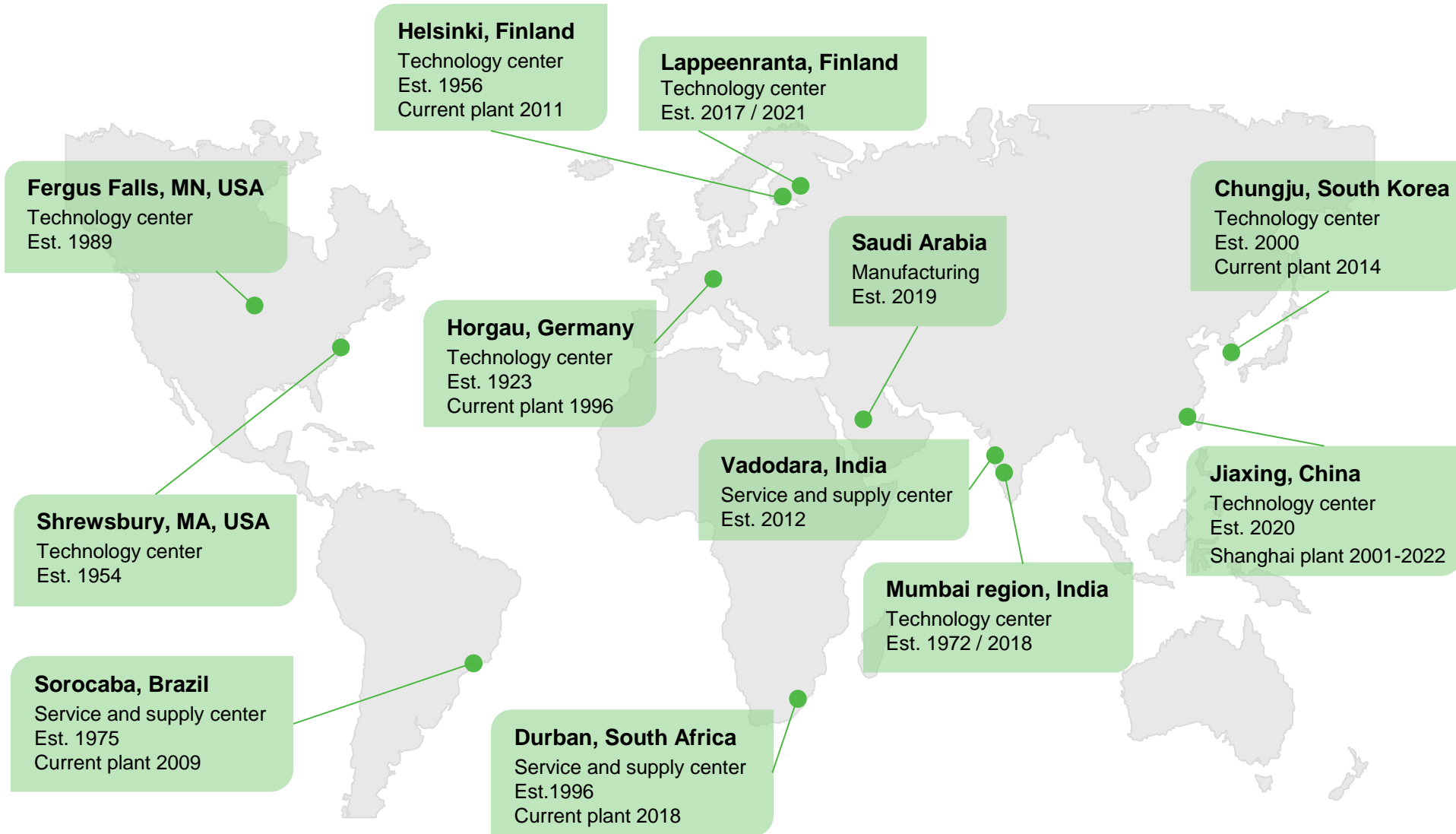
Key drivers

- Regular process maintenance and shut-down activity
- Process improvements for new products, raw materials and sustainability
- Digitalization

- End-customer investments for capacity, new products, process renewals and improvements as well as sustainability

- Mostly process maintenance, shut-down and improvement activities
- Also end-customer investments for capacity, new products and process renewals
- Digitalization and sustainability
- Broad set of end-customer industries

Strong global manufacturing, sales and service footprint



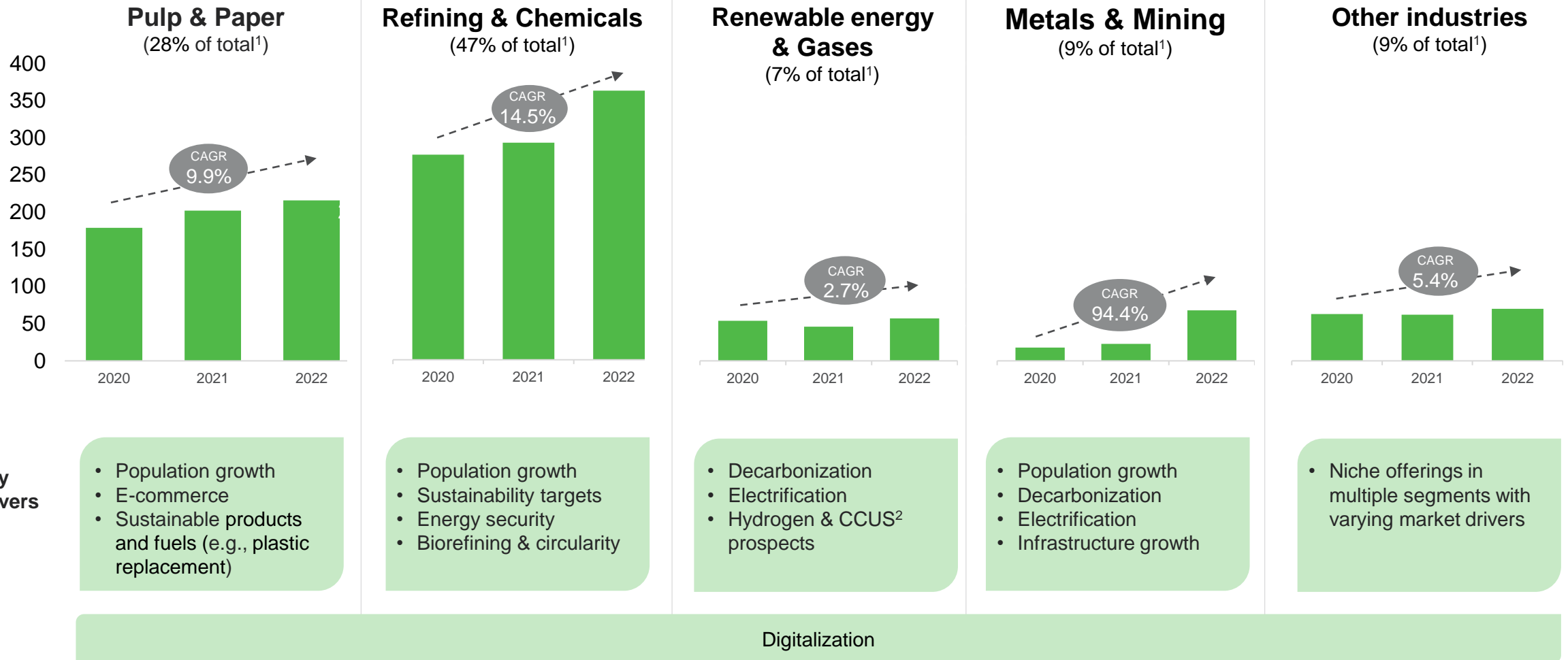
8
technology centers
(R&D and
manufacturing)

40+
service centers

34
countries with own
sales and service
presence
(+ 35 additional
countries with
distribution channel)

Diversified set of core industries

Orders received
(EUR million)



Growth possibilities in energy transition

CURRENT CORE MARKET

Leading supplier for industrial gas applications with long history

- Many of the world's leading industrial gas companies rely on Valmet's 60+ year experience in industrial gas business
- Robust experience in industrial gas leveraged as expertise in other high-growth segments

NEW EMERGING ENERGY MARKETS

Solid position to continue growth in emerging Power-to-X, hydrogen production, CCUS and methane capture areas

- Wide range of valve solutions for hydrogen applications from green electrolysis to carbon and methane capture
- Solid start of co-operation with several industry players reinforcing position to capture significant growth

COMPETITIVE OFFERING

Synergistic, company-wide offering as a key competitive advantage

- Compiled technology, service and automation offerings for customers to support energy transition
- Early synergy successes achieved with significant future opportunities

“Hydrogen might sound like something new and exciting, but we have decades of history delivering valves for hydrogen applications in existing technologies.”

Director of Renewable Energy & Gases industry, Valmet

Solid industrial logic behind the merger

Industrial logic

Support Flow Control growth in Pulp, Paper and Energy

Strengthen Valmet offering in Pulp, Paper and Energy

Drive Automation growth across process industries

Achieve cost synergies

Current status

- Flow Control's access to Paper, Board and Tissue segments improved
- Several cross-sales synergy cases won with Paper, Pulp and Energy and Services business lines. 2022 targets exceeded

- Valve package standardization and extension work ongoing

- Flow Control integration to Valmet Industrial Internet concept released for pilot customers
- Automation cross-selling and package cases ongoing in e.g. renewable energy, mining and refining customers

- Most of the cost synergy actions regarding function costs, common locations and supply chain were implemented already in 2022



Integration proceeding as planned

On track to meet the targeted synergies of EUR 25 million

Strategic focus areas

Flow Control

Key actions to grow

- Growth in four core industries
- Growth in standalone Valve Controls and Actuators business
- Multi-channel growth in services and MRO supported by digitalization

Key actions to improve profitability

- High operating leverage business model
- Further development of global supply chains
- Lean processes and improved lead times



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