

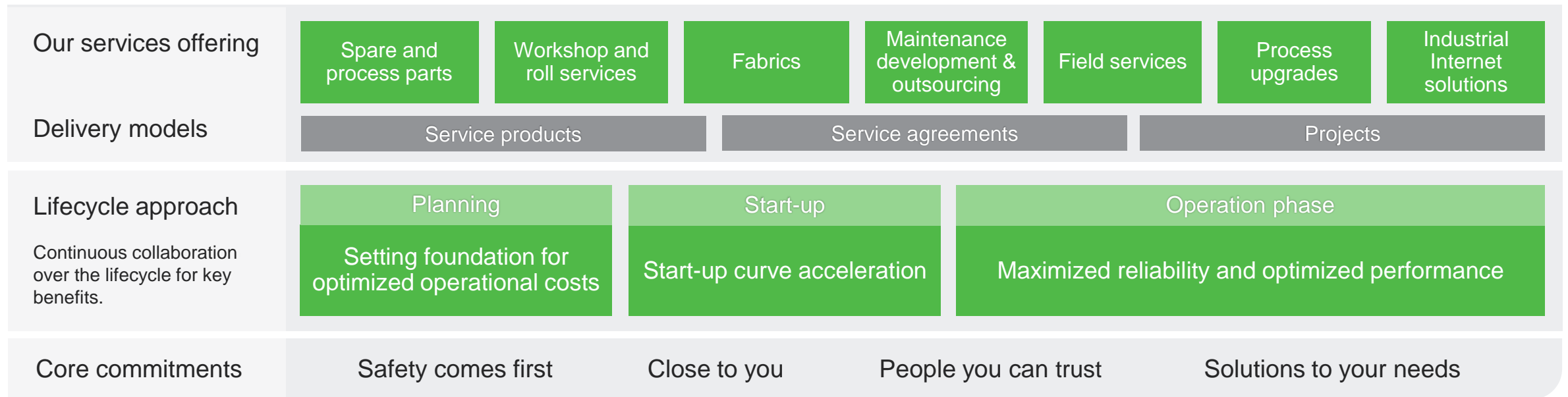
Services continues to focus on profitable growth

Aki Niemi

President, Services Business Line

Valmet Capital Markets Day 2021

Our way to serve - Right combination of services for every stage in the lifecycle



Services business units



Performance Parts

Spare parts and consumables



Rolls and Workshop Services

Rolls, roll covers and maintenance, workshop services



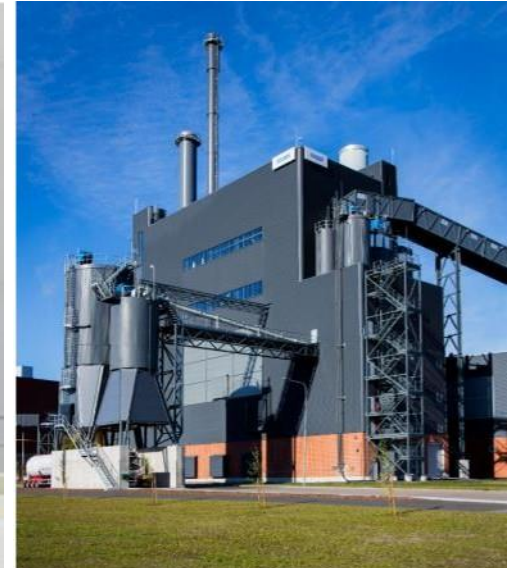
Fabrics

Paper machine clothing and filter fabrics



Board, Paper and Tissue Solutions

Improvement Projects, Field Services, Life Cycle Agreements, Outsourcing



Pulp and Energy Solutions

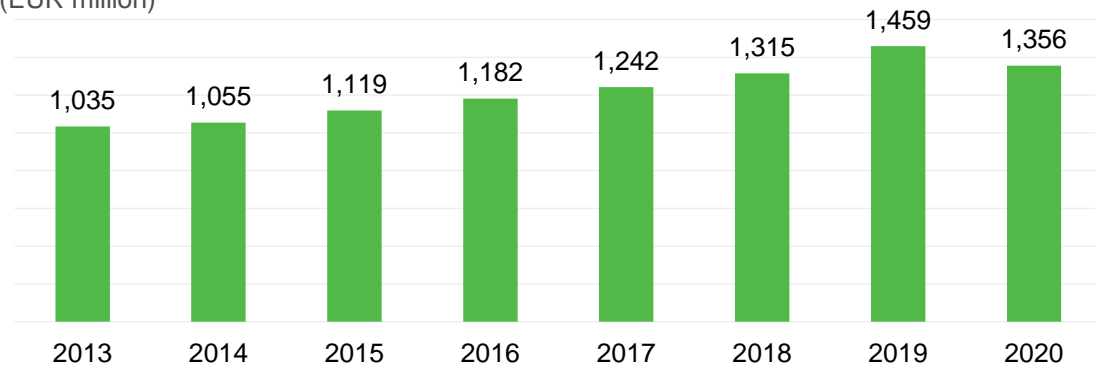
Improvement Projects, Field Services, Life Cycle Agreements, Outsourcing

Key figures at a glance

Services

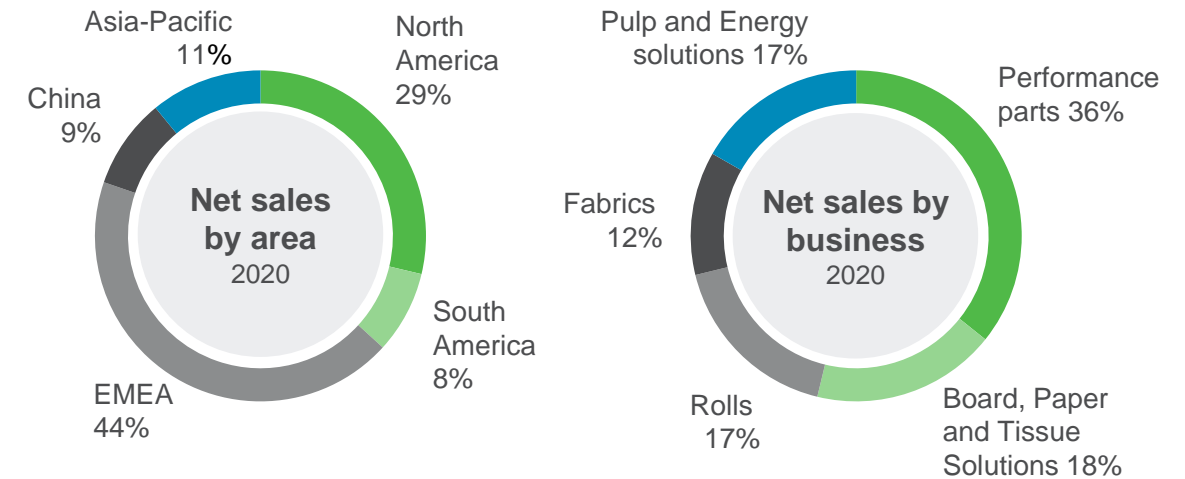
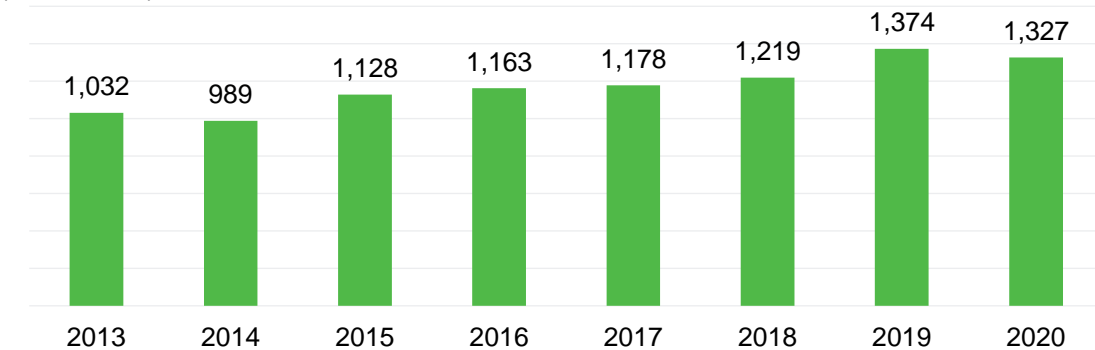
Orders received

(EUR million)



Net Sales

(EUR million)



Services

Market position

#1-2

Market share

~ 17-18%

Estimated market size

EUR ~ 8.0 bn*

Long-term end market growth

~ 1-2%

*Estimated services market size once the market recovers from the temporary negative impact of COVID-19 on customer operations and services demand

Market drivers

Services



Increasing pulp, tissue, board and energy production



Customer demand for resource efficiency, productivity, end-product quality, Industrial Internet services and reduced environmental impact



Customer focus on core, decreasing own resources and increased demand for expert services and outsourcing of non-core operations



Size and gradual aging of installed base, capacity increases in China, South America and Asia-Pacific



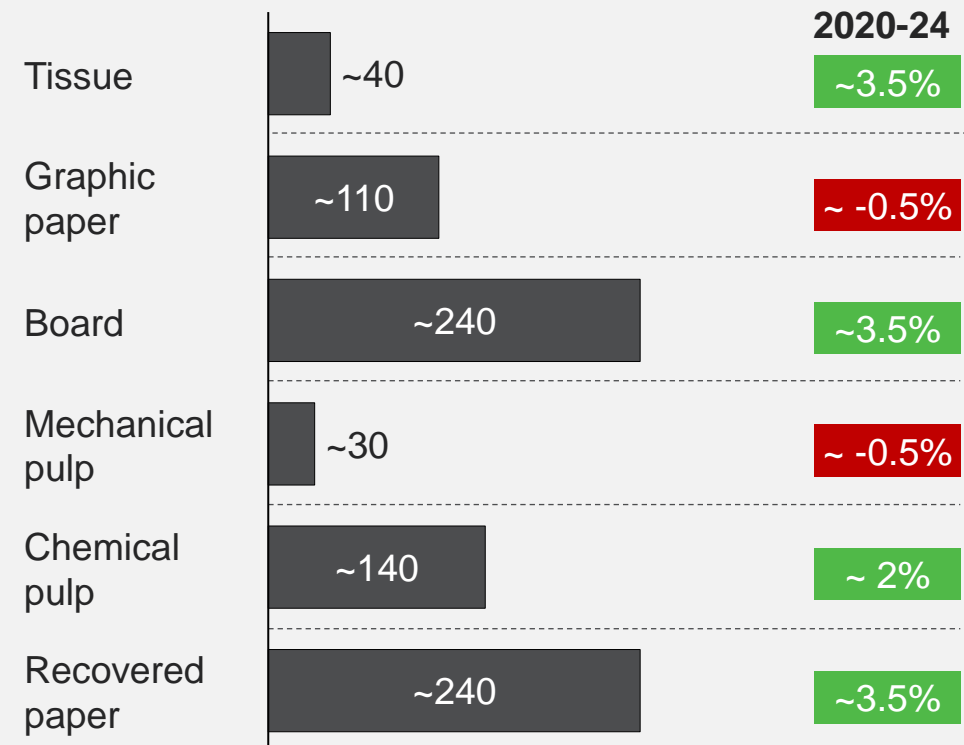
Closures and conversions of non-competitive production lines

Outlook

Services

- Underlying demand drivers support Services growth and profitability improvement
- COVID-19 induced economic slowdown and restrictions had a negative impact on pulp and paper production and service demand in 2020
 - Graphic papers declined sharply with no recovery expected to previous levels of production
 - Board declined, but outlook is positive driven by eCommerce, home delivery and replacing plastics
 - Tissue continued to grow with positive outlook driven by increased hygiene standards

Global pulp and paper production in 2019 (Mt) and growth (%)



Source: Valmet estimates

Must-win #1 – Customer

Excellent customer experience through Valmet's way to serve

Customer



Technology



Process



People



Recent development

- Valmet's way to serve concept launched for globally-unified services approach
- Developing agreement-based business model
- Improving customer satisfaction and quality
- Increasing offering with acquisitions of GLV, J&L and PMPoland

Next steps and development actions

- Market share growth in board, tissue, pulp and energy
- Growing service sales and agreements with project sales
- Services on-site & remotely through field services, Industrial Internet and customer portal.

Collaboration over the lifecycle brings tangible results: Valmet and Opal, Botany Mill, Australia



Valmet and Opal have worked collaboratively since the delivery and start-up of B9 in 2012 including also automation and services. Mill Maintenance Outsourcing, Performance Agreements and Industrial Internet are part of the service agreement.

- Significant savings in costs (maintenance, water consumption and energy use)
- Increased efficiency and productivity

Must-win #2 – Technology

Continuous offering renewal to match customer need

Customer



Technology



Process



People



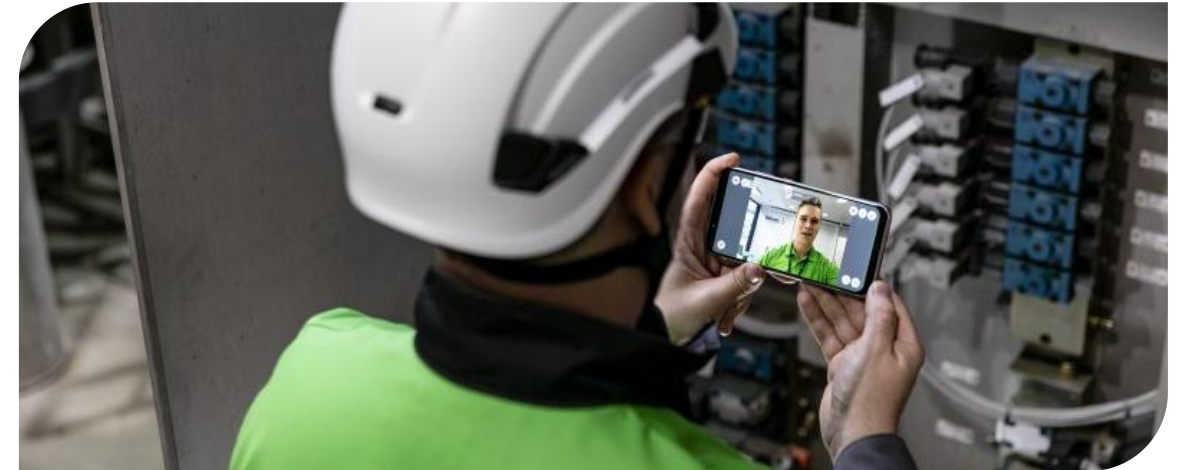
Recent development

- New product launches
- Development of remote services and Industrial Internet
- Improved cost competitiveness with investments, product development and productivity improvements

Next steps and development actions

- Developing new offering for growing tissue, board and pulp customer segments
- R&D focus on offering renewal and cost competitiveness, digitalization and sustainability
- Continue investments and development for productivity and cost competitiveness

Efficient remote support in pulp mill shutdown at CMPC Guaíba, Brazil



Valmet provided remote services utilizing augmented reality in supporting CMPC's annual shutdown during the pandemic. Utilized solution resulted in successful and safe shutdown operations. Right after the end of the shutdown, the mill reached its historic record for pulp production.

Must-win #3 – Process

Continuous improvement in cost competitiveness

Customer



Technology



Process



People



Recent development

- Footprint development for improved cost competitiveness
- Capacity cost reductions
- Increased savings in procurement
- Improved levels in safety and quality

Next steps and development actions

- Further develop project operations
- Continue ERP rollouts and internal digitalization projects
- Continuous improvement for profitability, safety and quality

Valmet relocates dryer fabric and wide filter fabric manufacturing from Finland to Portugal



Valmet relocates dryer fabric and wide filter fabric production from Tampere, Finland to Ovar in Portugal in 2021. The target is to ensure the Fabrics business unit's profitability and future competitiveness.

Must-win #4 – People

Developing services expertise to deliver the best customer value

Customer



Technology



Process



People



Recent development

- Management talent development programs
- Global Field Service certificate program
- Program for 'excellence in project management' in stable business

Next steps and development actions

- Attract, develop and retain talent
- Develop identified Services strategic competencies
- Develop leadership and management capabilities

Strengthening the project execution capabilities through 'Excellence in project management' training program



In order to successfully execute projects in stable business, we have started a project management training program.

The target is to improve predictability, transparency and efficiency in delivery projects, resulting in improved profitability.

Having a unified Valmet approach in delivery projects also enhances customer satisfaction.

Growth accelerator: Field Services

Become the front runner in Field Services

Growth target

EUR

From **200** to **350** million

Market size

EUR

~ **1** billion



Field Services consists of

- Maintenance and process supporting services
- Annual shutdowns
- Maintenance shutdowns
- Daily maintenance
- Remote services

Customer drivers

- Operational efficiency and safety
- Operator support
- Predictability for services
- Maintenance planning
- Shutdown services

Progress highlights

- Renewing the field services offerings, on site or remotely
- Digital tools such as @Field platform improving maintenance predictability, efficiency, customer value
- Field service competence development program bringing results: 101 graduated from program
- Field service contact center ready to be launched
- 67 new key supplier agreements