

Orders received increased to EUR 1.55 billion and
Comparable EBITA to EUR 133 million in the first
quarter

Interim Review, January–March, 2023

April 26, 2023

Pasi Laine, President and CEO

Katri Hokkanen, CFO

Agenda

Interim Review, January–March 2023

- 1 Q1/2023 in brief
- 2 Development of the segments and the business lines
- 3 Financial development
- 4 Guidance and short-term market outlook



Q1/2023 in brief

Q1/2023 in brief

- Orders received increased to EUR 1.55 billion
- Net sales increased to EUR 1.32 billion
- Order backlog amounted to EUR 4.59 billion
- Comparable EBITA increased to EUR 133 million and margin was 10.1%
- Gearing was 15%

Valmet in Q1/2023

Orders received
EUR 1,552 million

Net sales
EUR 1,321 million

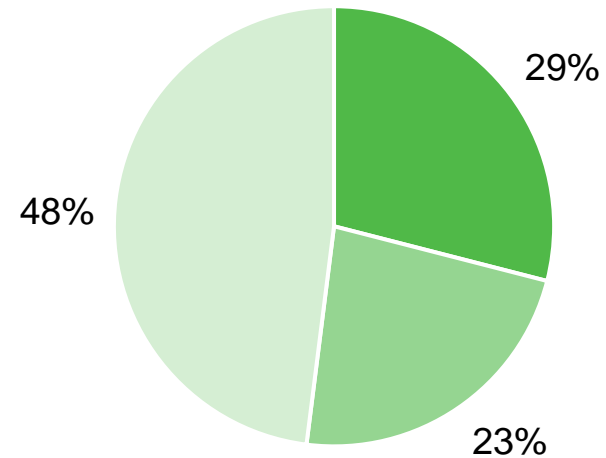
Comparable EBITA
EUR 133 million

Comparable EBITA margin
10.1%

Order backlog
EUR 4,595 million

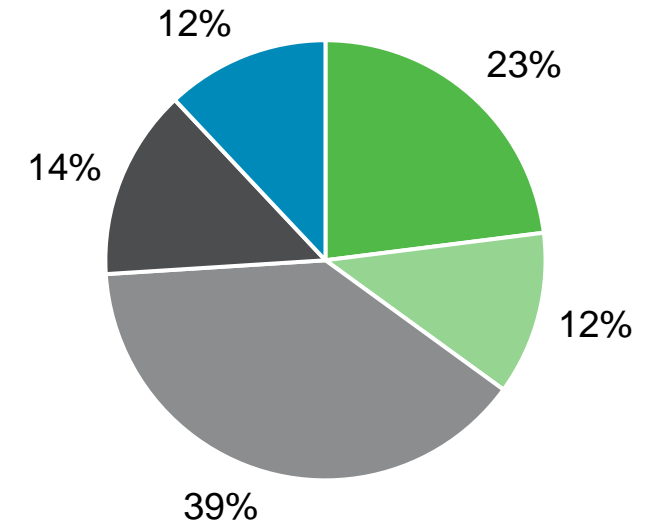
Employees
17,769

Net sales by segment



- Services
- Automation
- Process Technologies

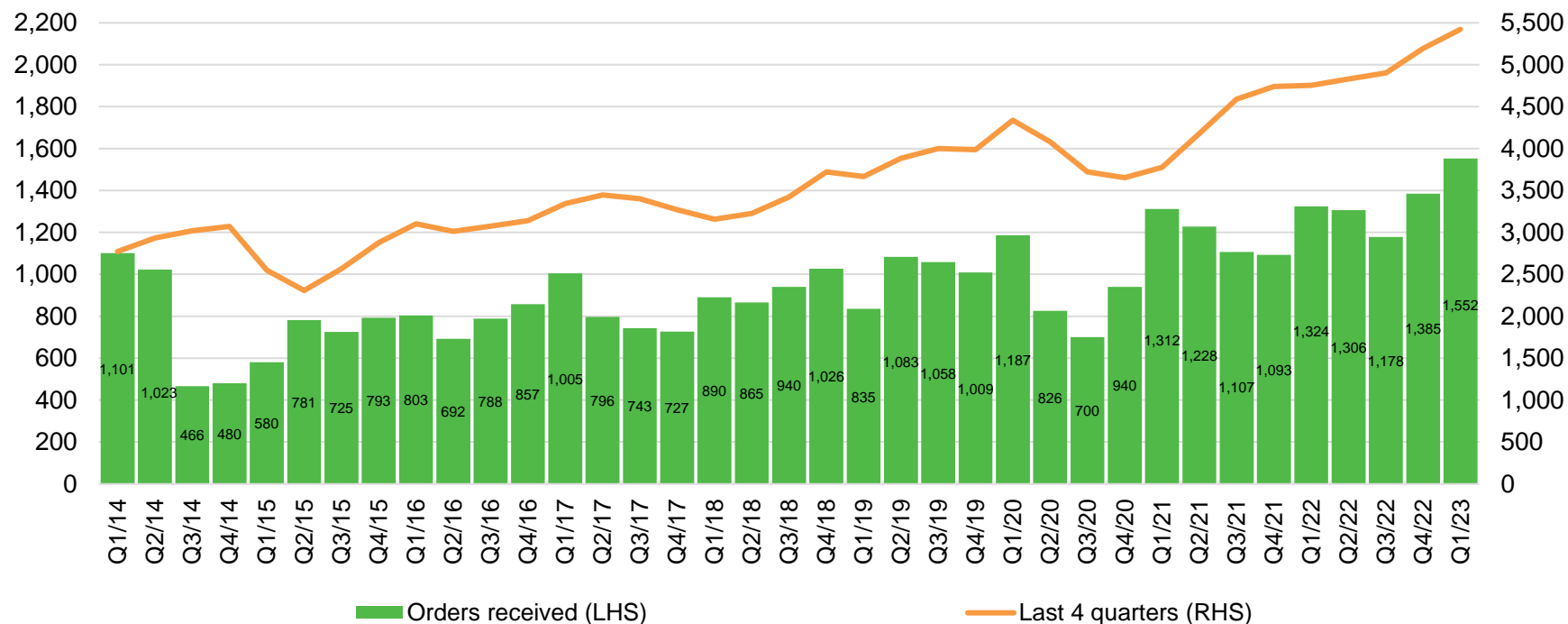
Net sales by area



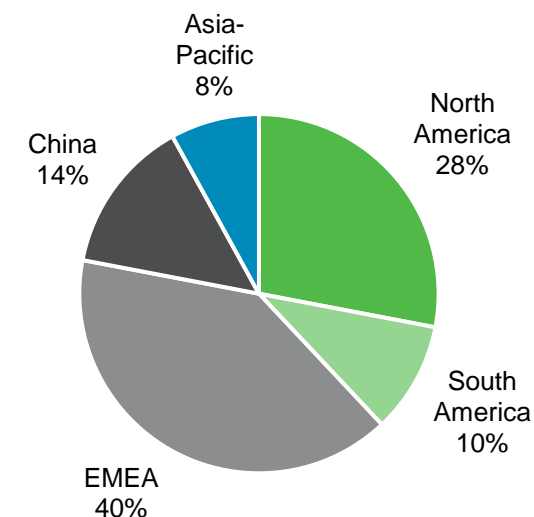
- North America
- South America
- EMEA
- China
- Asia-Pacific

Orders received increased to EUR 1,552 million in Q1/2023

Orders received (EUR million)



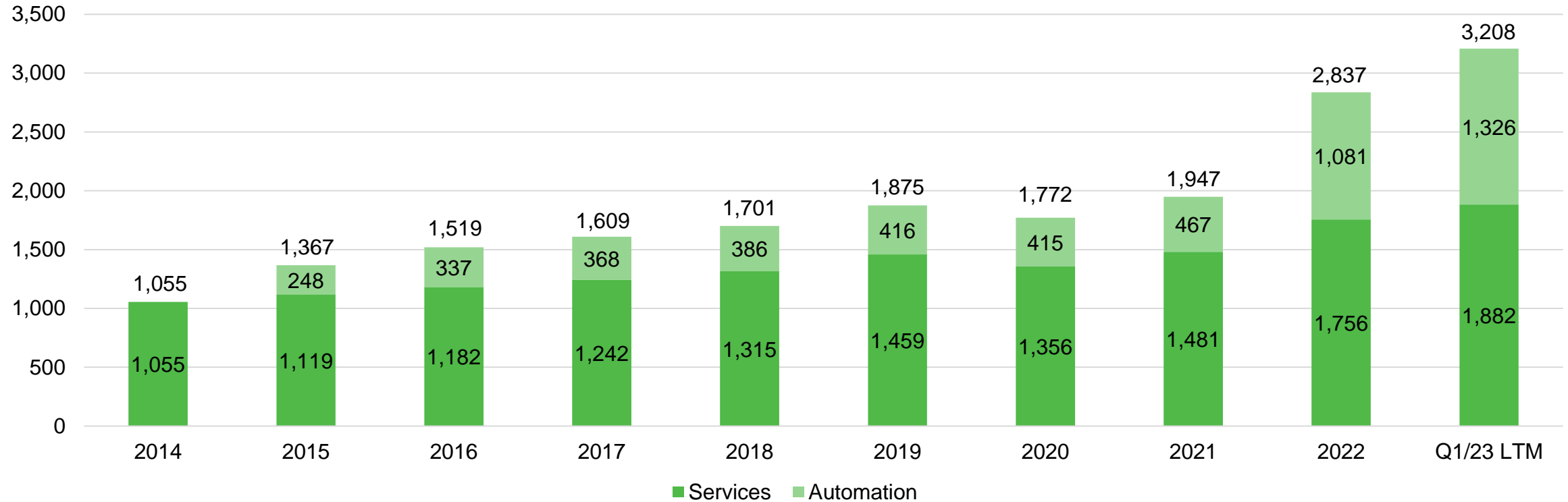
Orders received in Q1/2023 by area



- Orders received increased in South America, North America and EMEA, remained at the previous year's level in Asia-Pacific and decreased in China in Q1/2023 compared with Q1/2022
 - South America, China and Asia-Pacific together accounted for 32% of orders received

Stable business orders received totalled EUR 3,208 million during the last twelve months

Orders received (EUR million) in stable business

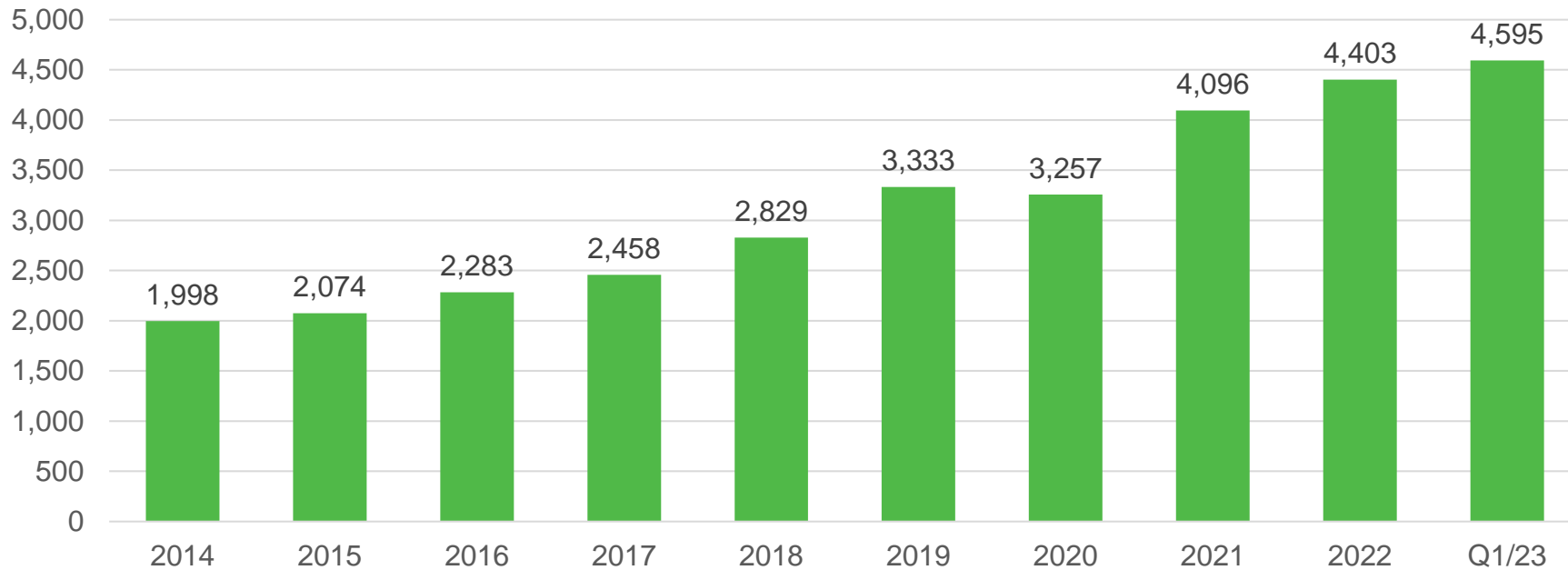


- Orders received in stable business were EUR 370 million higher in Q1/2023 compared with Q1/2022

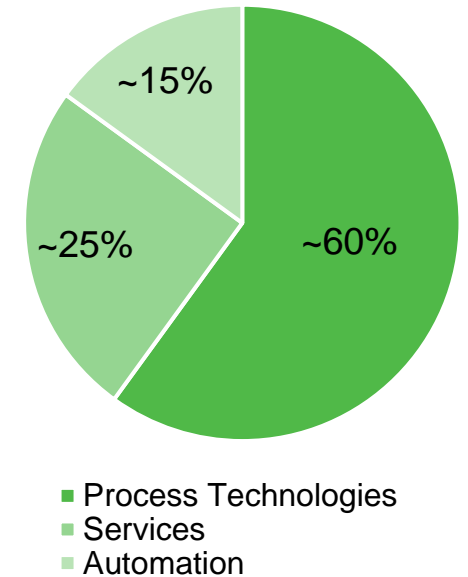
2014–2020 figures have not been restated and 2015–2020 figures include internal orders received for the Automation Systems business line.

Order backlog EUR 4,595 million at the end of Q1/2023


Order backlog (EUR million)



Structure of order backlog by segment



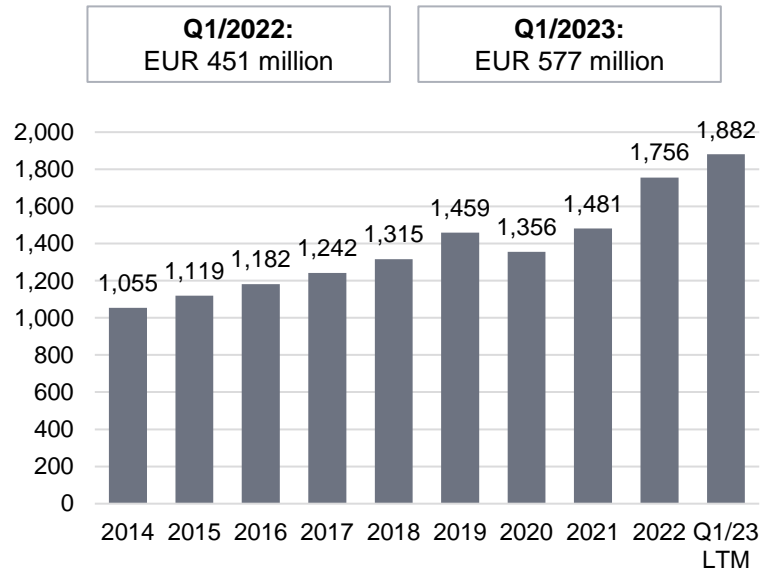
- Order backlog was EUR 192 million higher than at the end of 2022
- Approximately 65% of the order backlog is currently expected to be realized as net sales during 2023 (at the end of Q1/2022, ~60% during 2022)
- Approximately 40% of the order backlog relates to stable business (~30% at the end of Q1/2022)



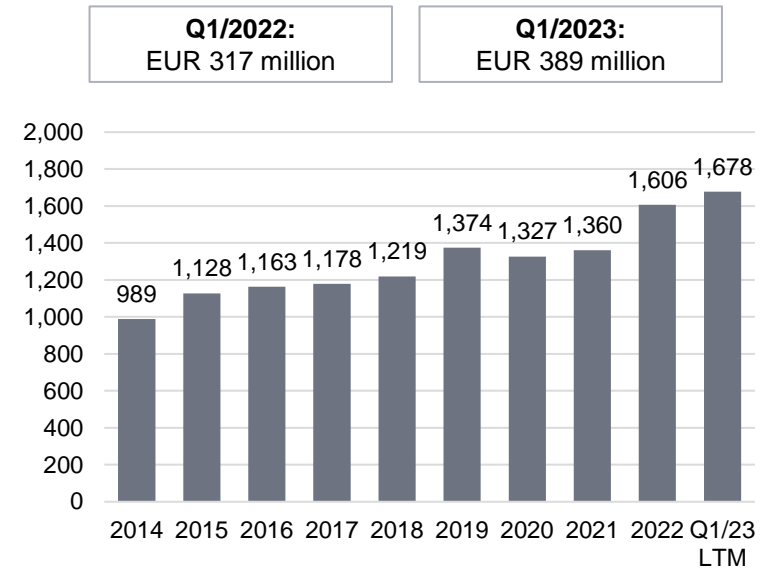
Development of the segments and the business lines

Services: Orders received increased to EUR 577 million in Q1/2023

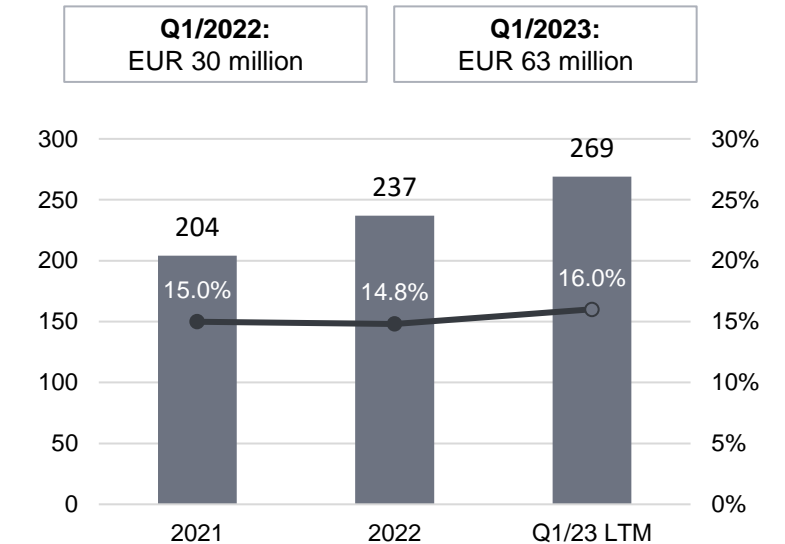
Orders received (EUR million)



Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)



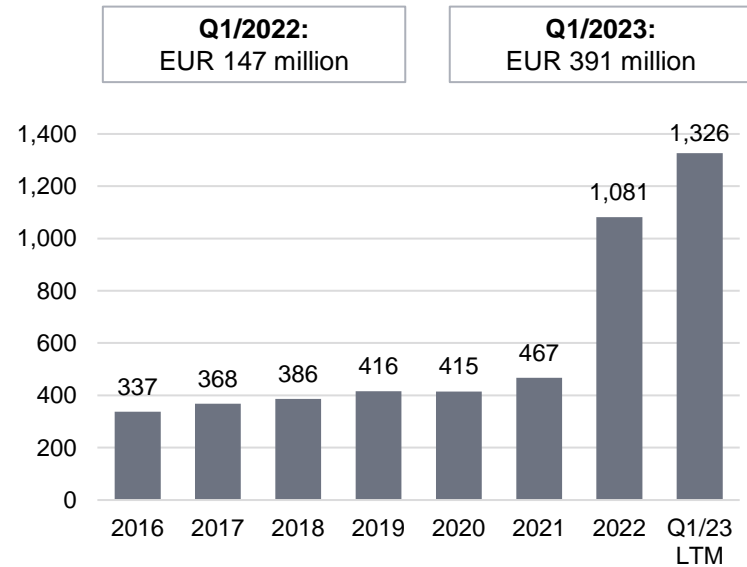
- Orders received increased compared with Q1/2022
 - Orders received increased in all areas except for China, where orders received remained at the previous year's level
 - Orders received increased in all business units
 - Orders received increased due to higher prices and good customer activity including a large single order
- Net sales increased compared with Q1/2022
- Comparable EBITA increased compared with Q1/2022 due to higher net sales
- Services segment was affected by cost inflation, reduced component availability and longer delivery times of certain components in Q1/2023



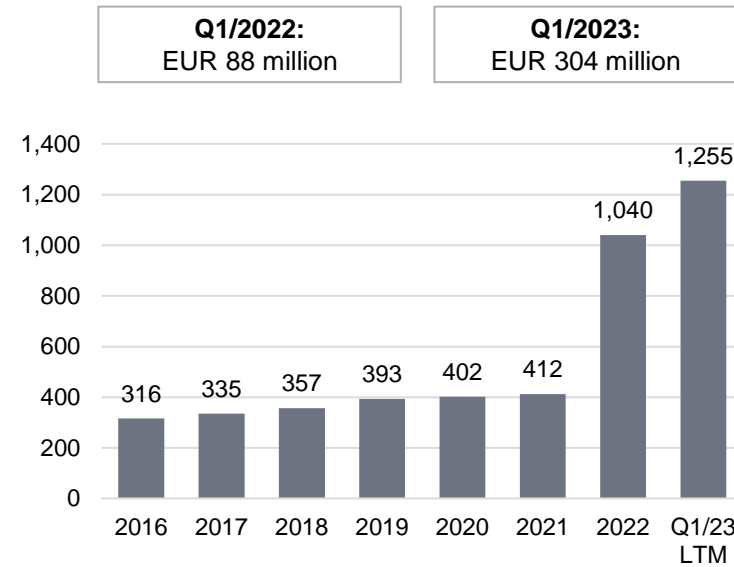
Automation: Orders received increased to EUR 391 million in Q1/2023

Automation segment includes Automation Systems and starting from Q2/2022 also Flow Control

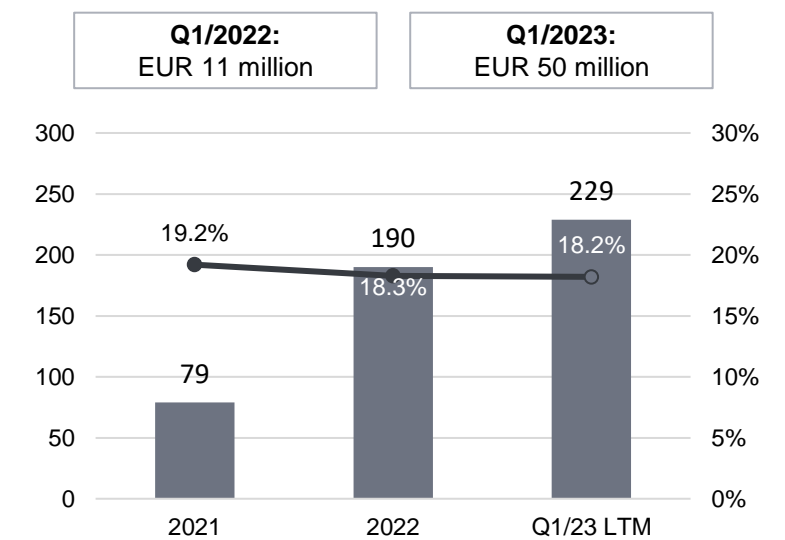
Orders received (EUR million)



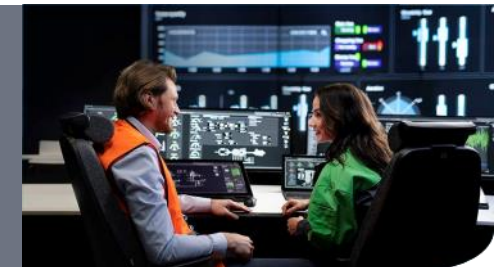
Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)

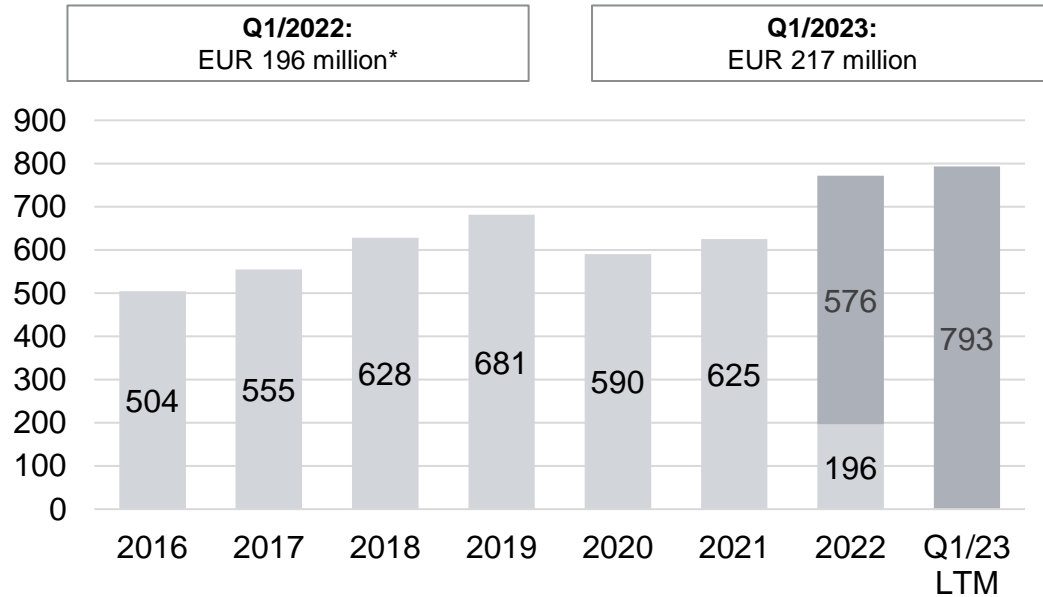


- Orders received increased compared with Q1/2022
- Net sales increased compared with Q1/2022
- Comparable EBITA increased compared with Q1/2022

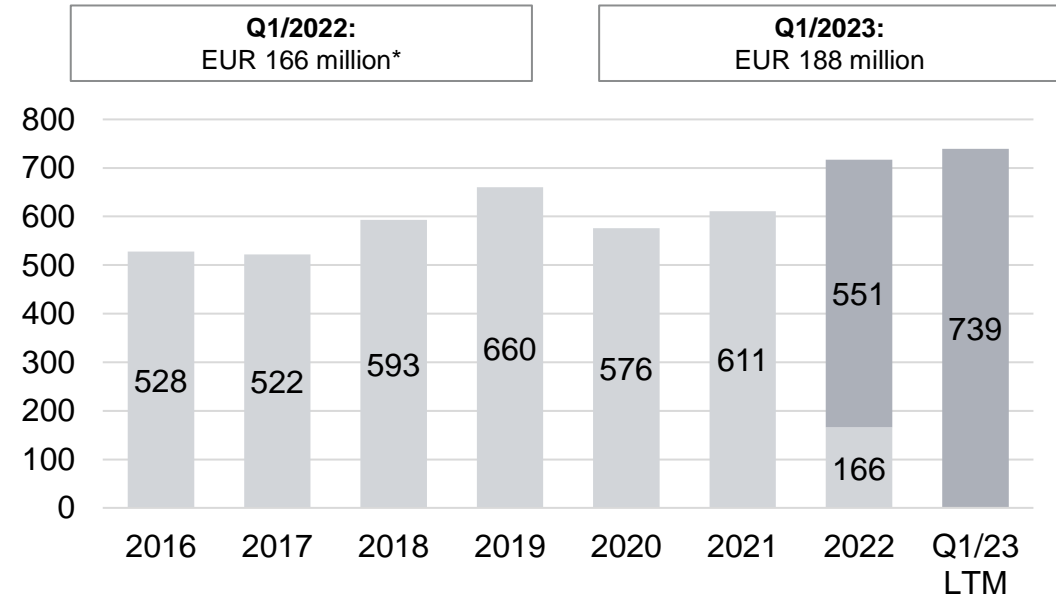


Flow Control: Orders received amounted to EUR 217 million in Q1/2023

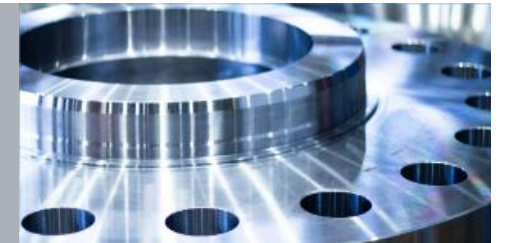
Orders received (EUR million)*



Net sales (EUR million)*



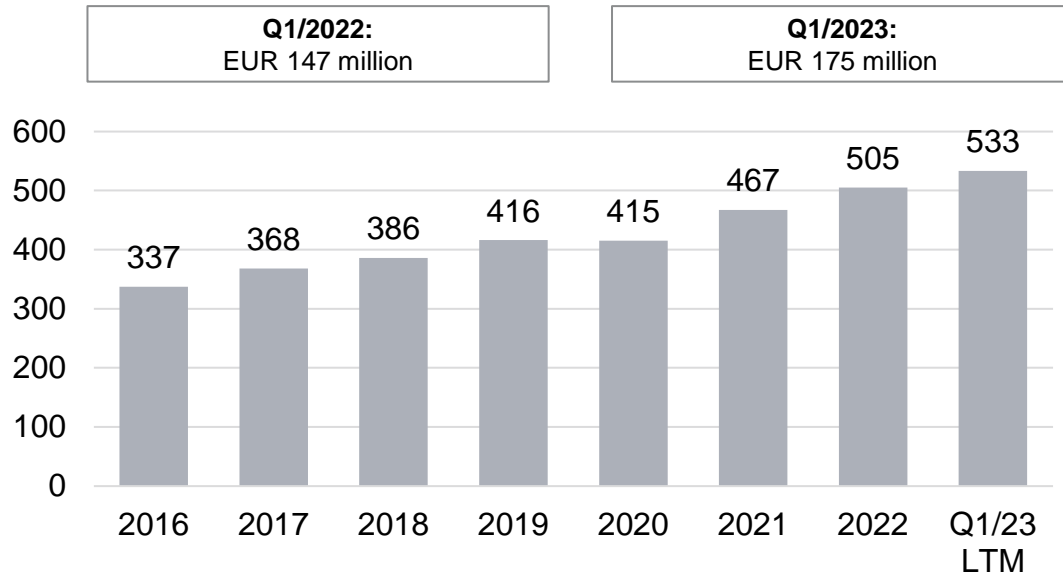
- Orders received amounted to EUR 217 million in Q1/2023
- Net sales amounted to EUR 188 million in Q1/2023
- Integration of Flow Control into Valmet is proceeding well



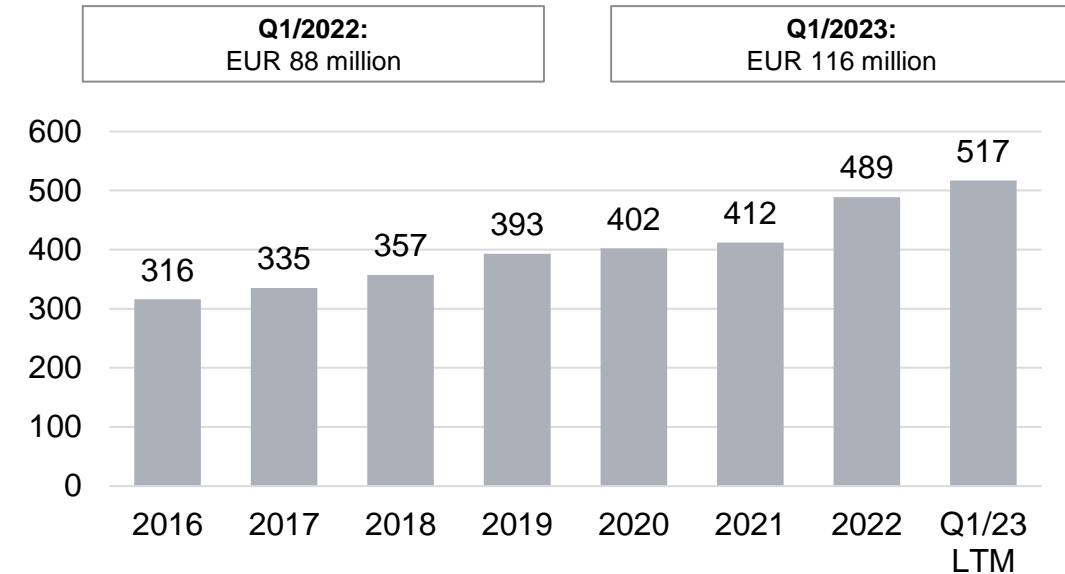
* 2016–2017 financials based on carve-out numbers; 2018–2019 financials based on Metso’s “Continuing operations” as in 2019 annual report; Q1/2020–Q1/2022 financials as reported in Neles’ Q1/2022 interim review. LTM = Last twelve months

Automation Systems: Orders received increased to EUR 175 million in Q1/2023

Orders received (EUR million)



Net sales (EUR million)

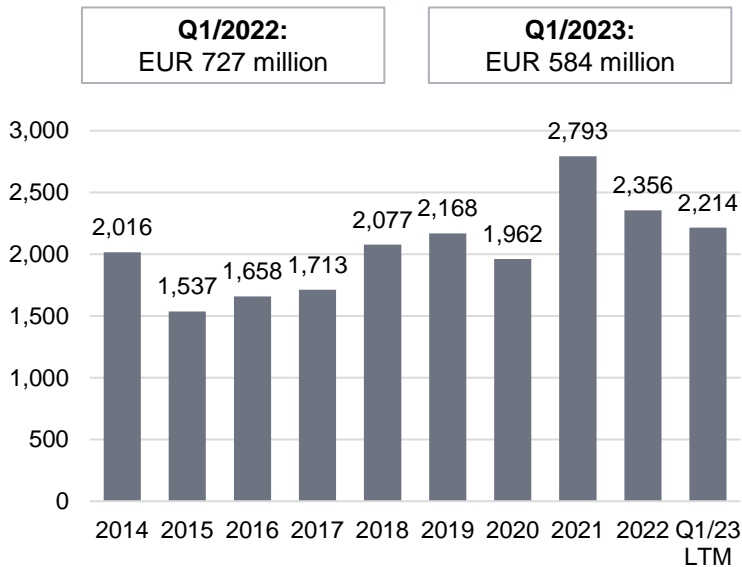


- Orders received increased compared with Q1/2022
 - Orders received increased in North America, Asia-Pacific and EMEA, remained at the previous year's level in South America and decreased in China
 - Orders received increased in both Pulp and Paper, and Energy and Process
- Net sales increased compared with Q1/2022
- Component availability continues at a reduced level and delivery times of certain components were longer during Q1/2023

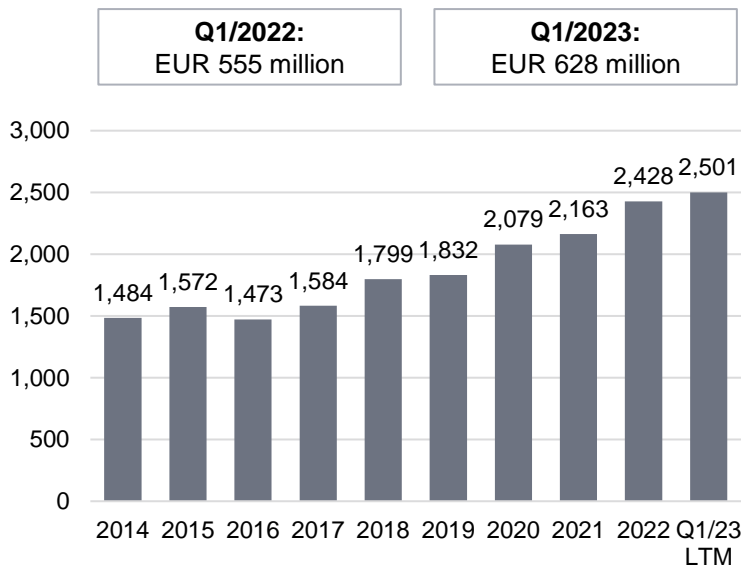


Process Technologies: Orders received decreased to EUR 584 million in Q1/2023

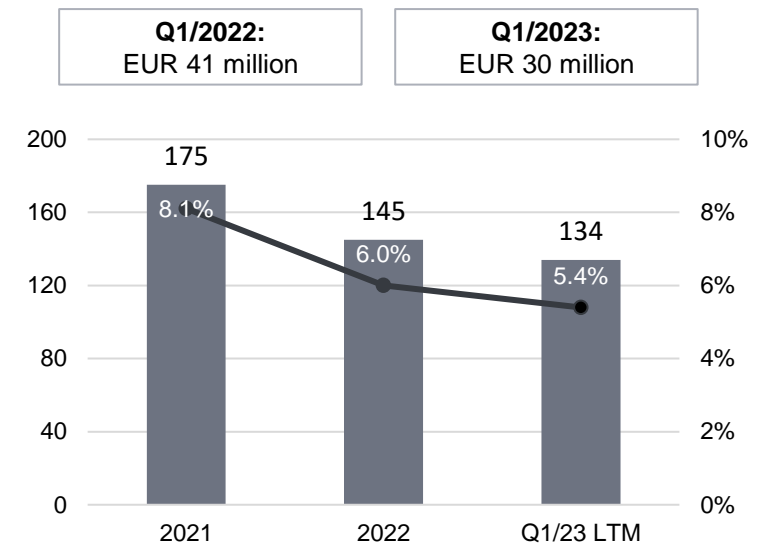
Orders received (EUR million)



Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)

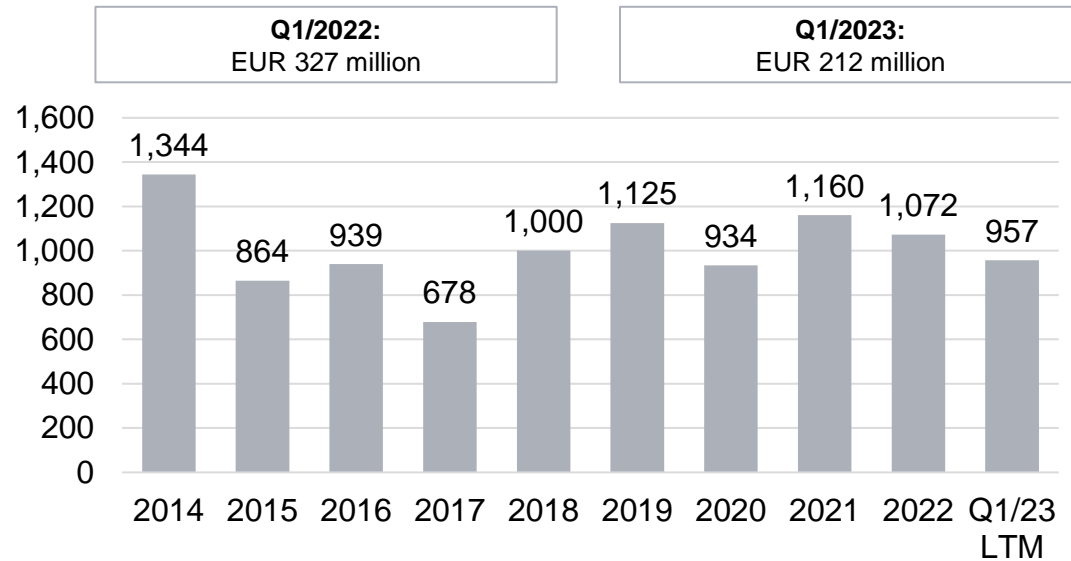


- Orders received decreased compared with Q1/2022
- Net sales increased compared with Q1/2022
- Comparable EBITA decreased compared with Q1/2022, as the margins in some Pulp and Energy projects were impacted by cost inflation

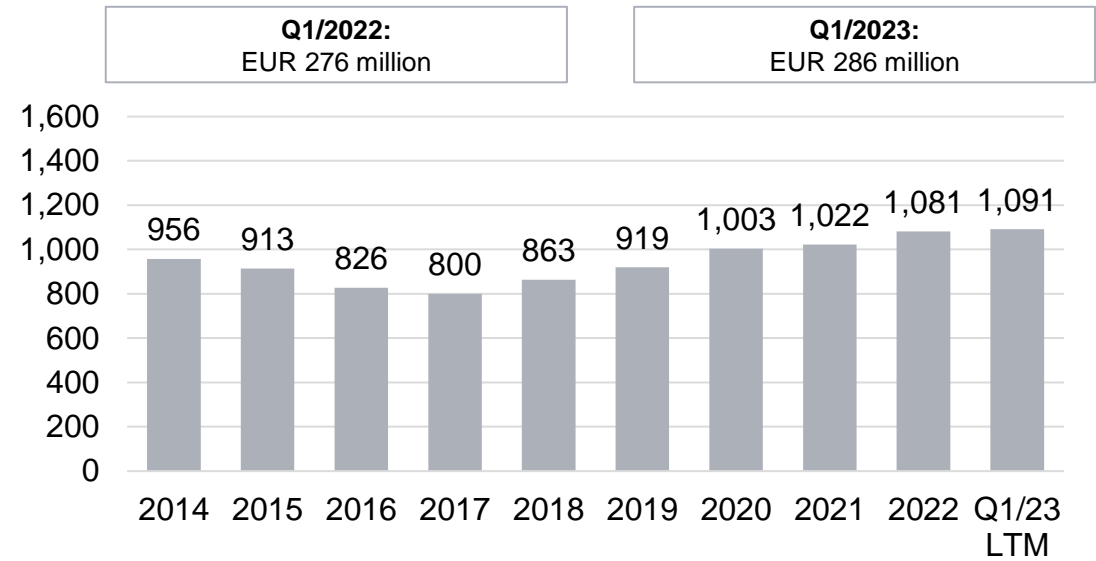


Pulp and Energy business line: Orders received decreased to EUR 212 million in Q1/2023

Orders received (EUR million)



Net sales (EUR million)

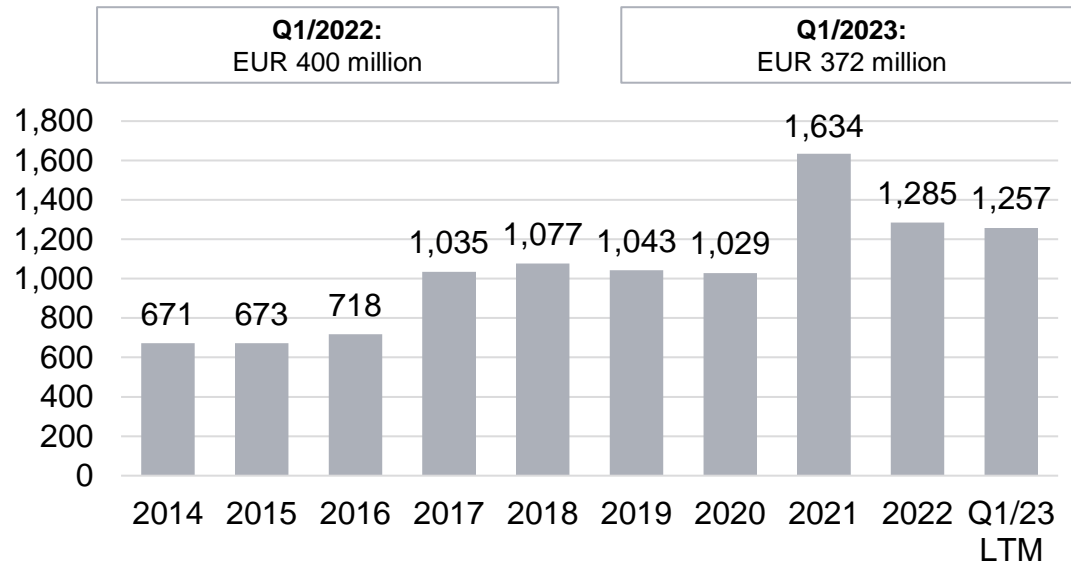


- Orders received decreased compared with Q1/2022
 - Orders received increased in North America and Asia-Pacific, and decreased in China, South America and EMEA
 - Orders received increased in Pulp and decreased in Energy
- Net sales remained at the previous year's level compared with Q1/2022
- Cost inflation impacted Pulp & Energy's business environment during Q1/2023

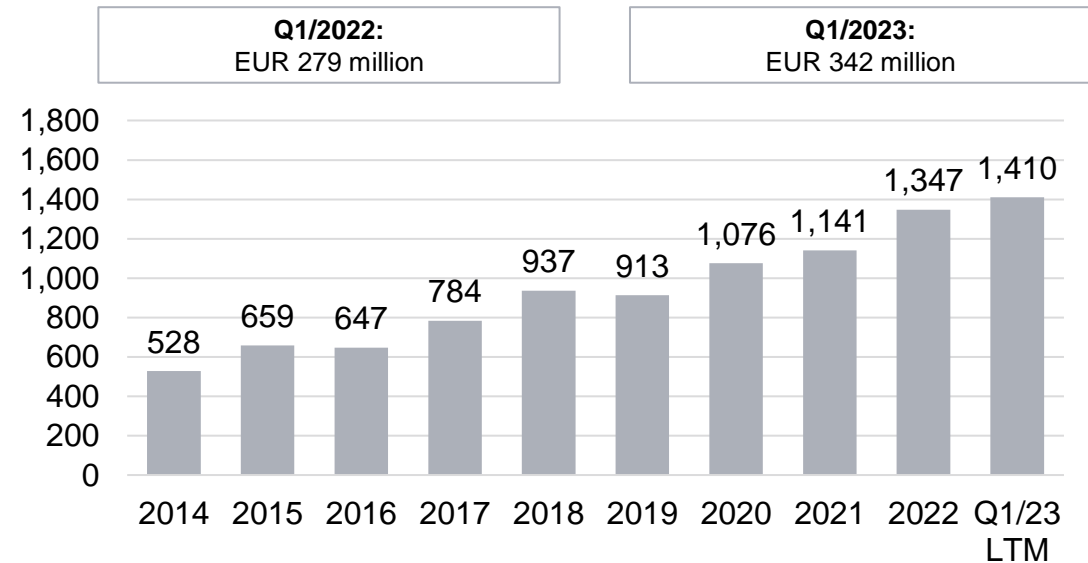


Paper business line: Orders received decreased to EUR 372 million in Q1/2023

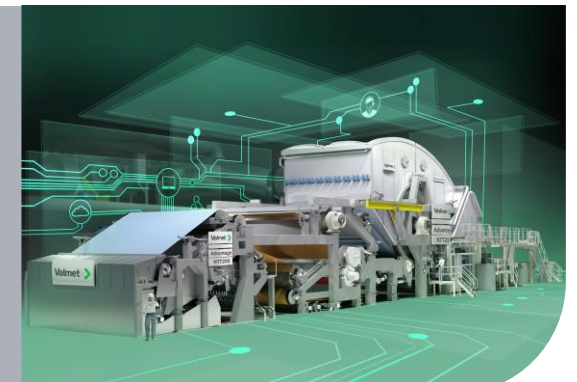
Orders received (EUR million)



Net sales (EUR million)



- Orders received decreased compared with Q1/2022
 - Orders received increased in South America, North America and EMEA, and decreased in Asia-Pacific and China
 - Orders received increased in Small and Medium size Machines, and in Board and Paper, and decreased in Tissue, and in Stock Preparation and Recycled Fiber
- Net sales increased compared with Q1/2022
- The fire at Rautpohja factory site in Finland in 2022 impacted Paper business line's operations during Q1/2023
- The Paper business line has managed the challenges caused by the fire well





Financial development

Key figures

EUR million	Q1/2023	Q1/2022	Change	2022
Orders received	1,552	1,324	17%	5,194
Order backlog ¹	4,595	4,459	3%	4,403
Net sales	1,321	960	38%	5,074
Comparable EBITA	133	79	68%	533
% of net sales	10.1%	8.3%	1.8 pp	10.5%
EBITA	131	74	76%	550
Operating profit (EBIT)	97	63	54%	436
% of net sales	7.3%	6.5%	0.8 pp	8.6%
Adjusted earnings per share, EUR ²	0.51	0.33	56%	2.37
Earnings per share, EUR	0.38	0.30	25%	1.92
Comparable ROCE, LTM ³	19%	24%	-5 pp	17%
Cash flow provided by operating activities	208	19	>100%	36
Net debt to EBITDA ⁴ ratio	0.49	0.01		0.78
Gearing ¹	15%	0%	15 pp	20%

Items affecting comparability: EUR -2 million in Q1/2023 (EUR -5 million in Q1/2022).

1) At end of period

2) Adjusted earnings per share excludes the impact of fair value adjustments arising from business combinations, net of tax

3) Comparable return on capital employed (ROCE) before taxes, LTM (last twelve months)

4) Last twelve months (LTM) EBITDA

Segment key figures

Orders received, EUR million	Q1/2023	Q1/2022	Change	2022
Services	577	451	28%	1,756
Automation	391	147	>100%	1,081
Process Technologies	584	727	-20%	2,356
Total	1,552	1,324	17%	5,194

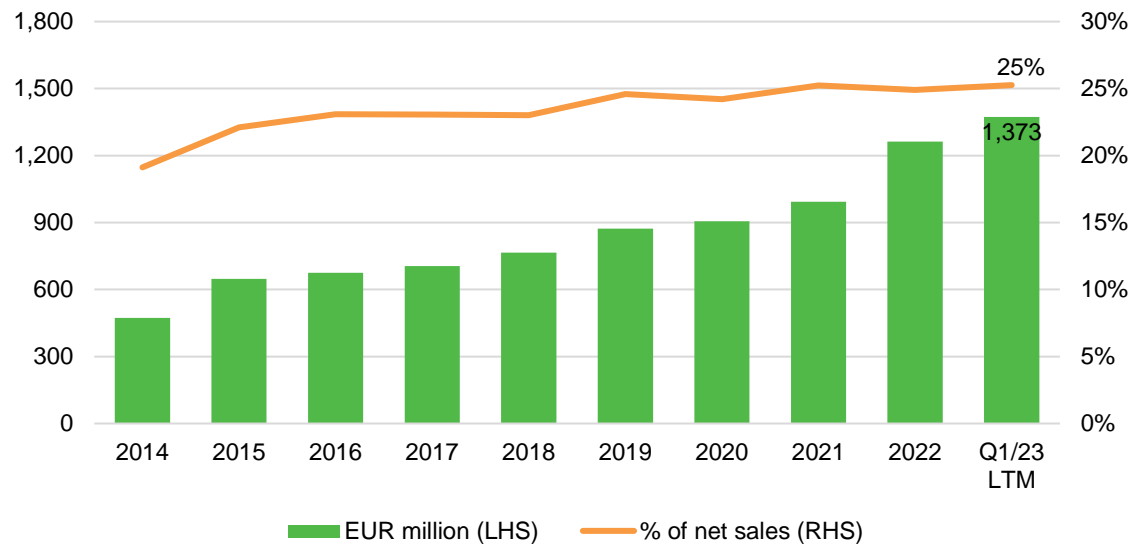
Net sales, EUR million	Q1/2023	Q1/2022	Change	2022
Services	389	317	23%	1,606
Automation	304	88	>100%	1,040
Process Technologies	628	555	13%	2,428
Total	1,321	960	38%	5,074

Comparable EBITA, EUR million	Q1/2023	Q1/2022	Change	2022
Services	63	30	>100%	237
Automation	50	11	>100%	190
Process Technologies	30	41	-27%	145
Other	-9	-3		-39
Total	133	79	68%	533

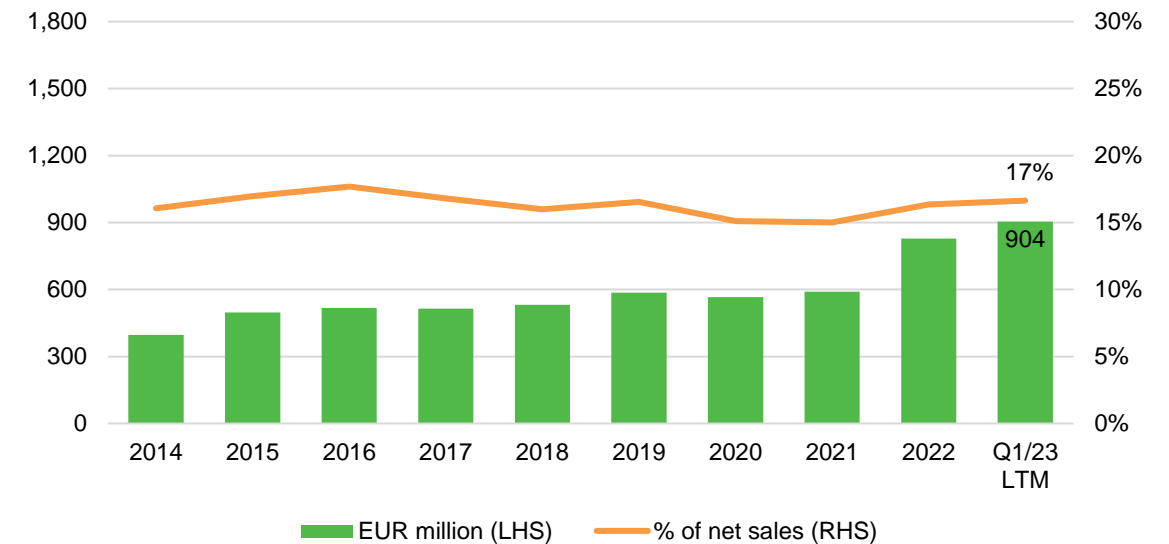
Comparable EBITA margin, % of net sales	Q1/2023	Q1/2022	Change	2022
Services	16.1%	9.6%	6.5 pp	14.8%
Automation	16.3%	12.1%	4.2 pp	18.3%
Process Technologies	4.7%	7.3%	-2.6 pp	6.0%
Total	10.1%	8.3%	1.8 pp	10.5%

Comparable gross profit and SG&A expenses development

Comparable gross profit
(EUR million and % of net sales)



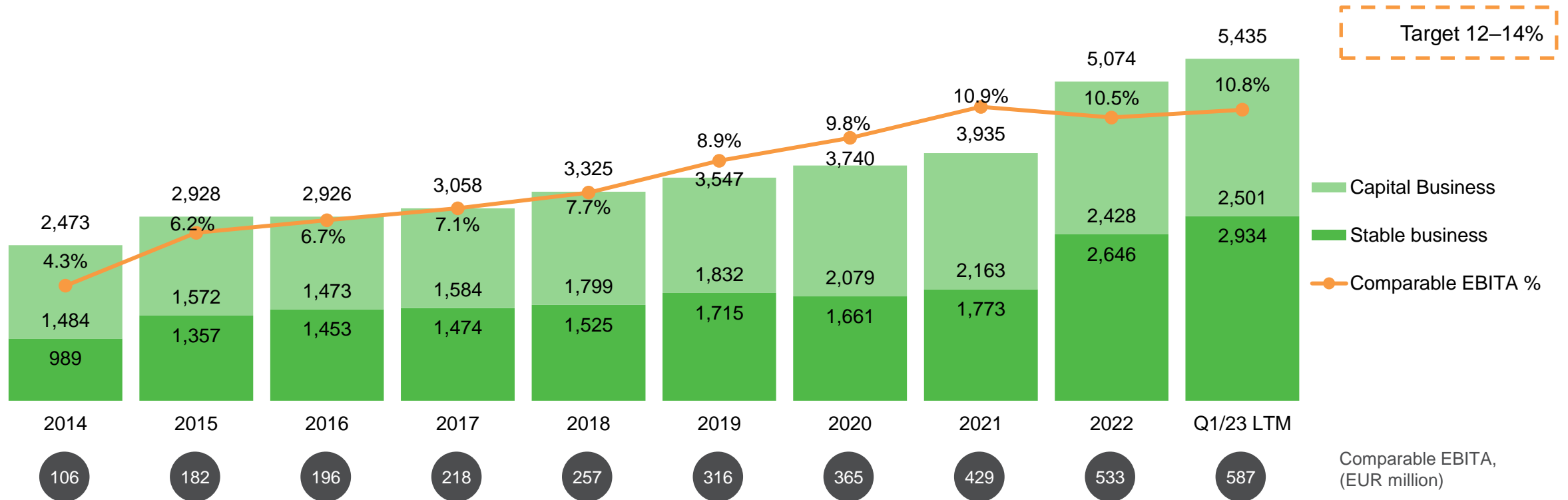
Comparable SG&A expenses
(EUR million and % of net sales)



- Comparable gross profit was 25% of net sales in Q1/2023 (23% in Q1/2022)
 - Stable business represented 52% of net sales (42% in Q1/2022)
- Comparable SG&A expenses were EUR 75 million higher in Q1/2023 compared with Q1/2022
 - Comparable SG&A expenses of the Flow Control business line were EUR 53 million in Q1/2023
 - Comparable SG&A expenses were 17% of net sales in Q1/2023 (16% in Q1/2022)

Comparable EBITA margin development

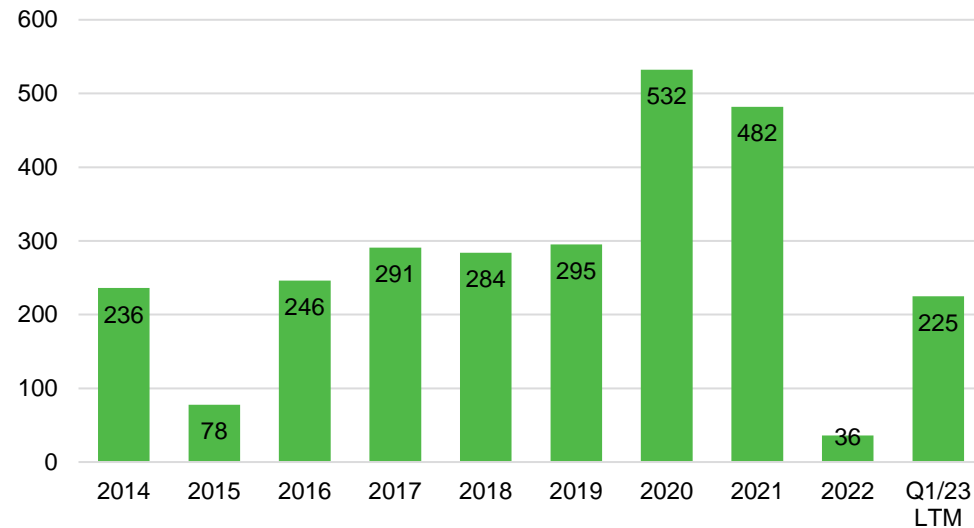
Net sales and Comparable EBITA (EUR million and %)¹



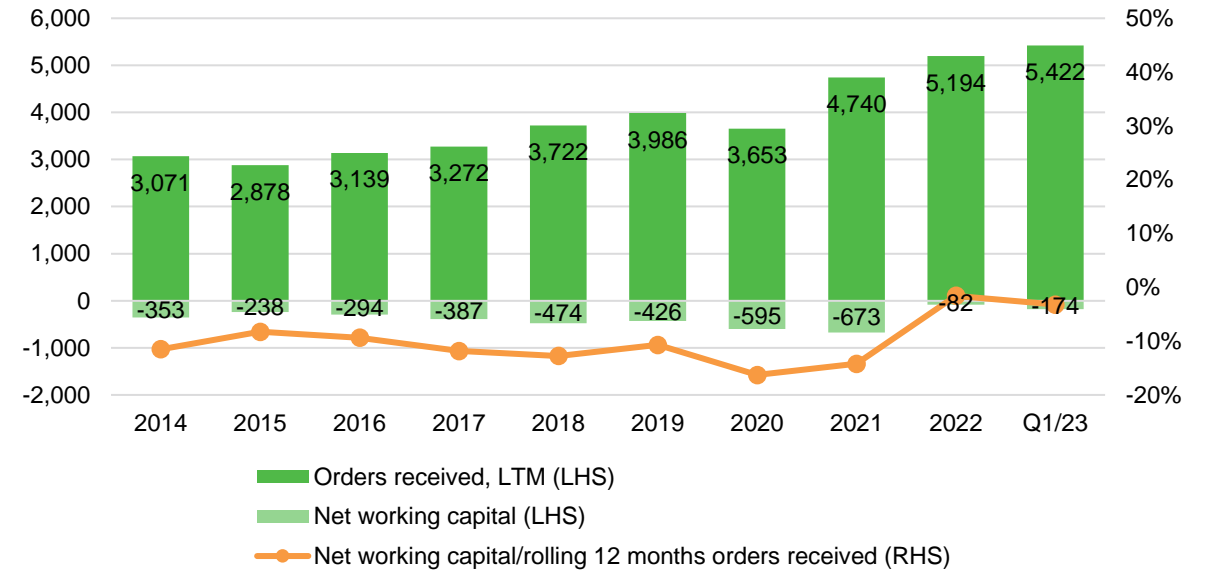
1) Valmet implemented IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018 by applying full retrospective method. 2014–2020 figures have not been restated to reflect Valmet’s current reporting structure. Thus, figures presented are not fully comparable.

Cash flow provided by operating activities and net working capital

Cash flow provided by operating activities (EUR million)



Net working capital¹ and orders received (EUR million)



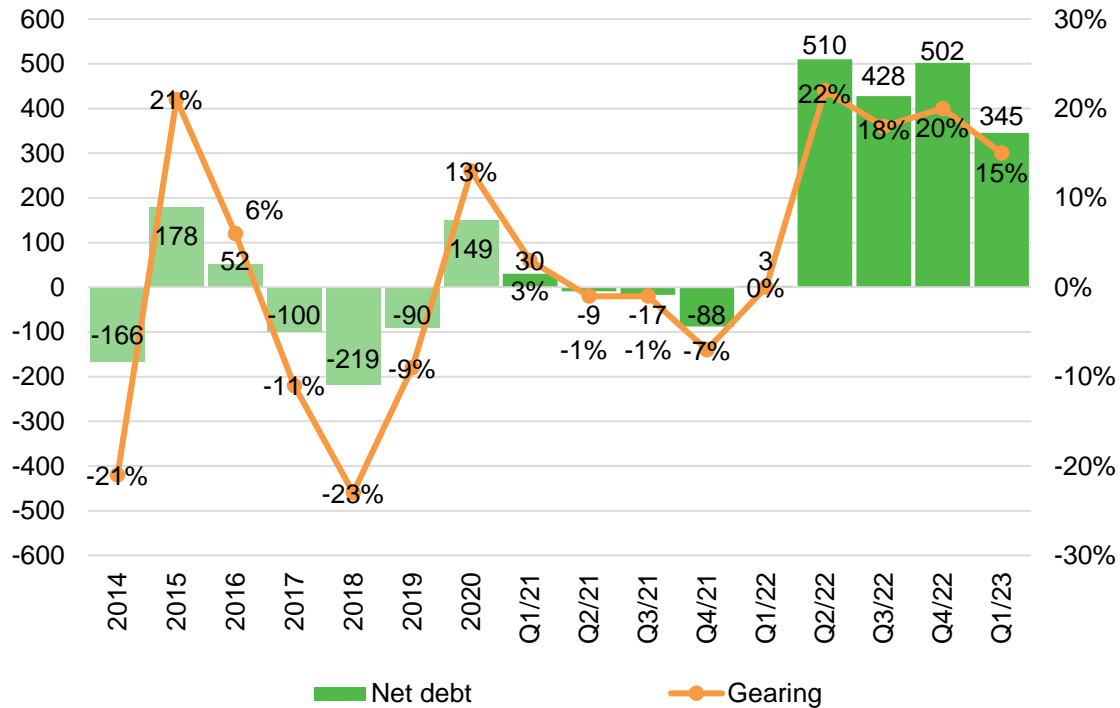
- Cash flow provided by operating activities EUR 208 million in Q1/2023
- CAPEX² EUR 25 million in Q1/2023
- Net working capital¹ EUR -174 million, which equals -3% of rolling 12 months orders received
 - Had Flow Control been consolidated into Valmet as of January 1, 2016, Valmet's estimated net working capital would have been on average approximately -7% of rolling 12 months orders received³
- Change in net working capital⁴ EUR 88 million in Q1/2023

Valmet implemented IFRS 16 – Leases as of January 1, 2019 by applying the simplified transition method and therefore 2018 figures are not restated.

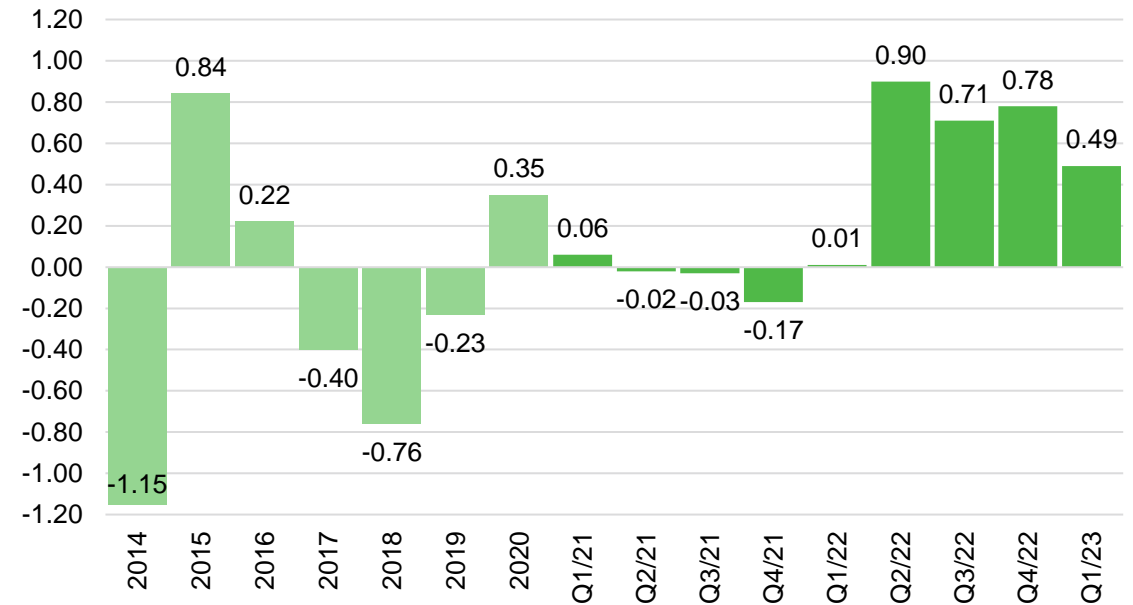
- 1) Net working capital excluding EUR 239 million non-cash net working capital impact from dividend liability.
- 2) Excluding right-of-use assets.
- 3) Illustrative combined company figures.
- 4) Change in net working capital in the consolidated statement of cash flows.

Net debt and gearing decreased compared with Q4/2022

Net debt (EUR million) and gearing (%)



Net debt to EBITDA* ratio

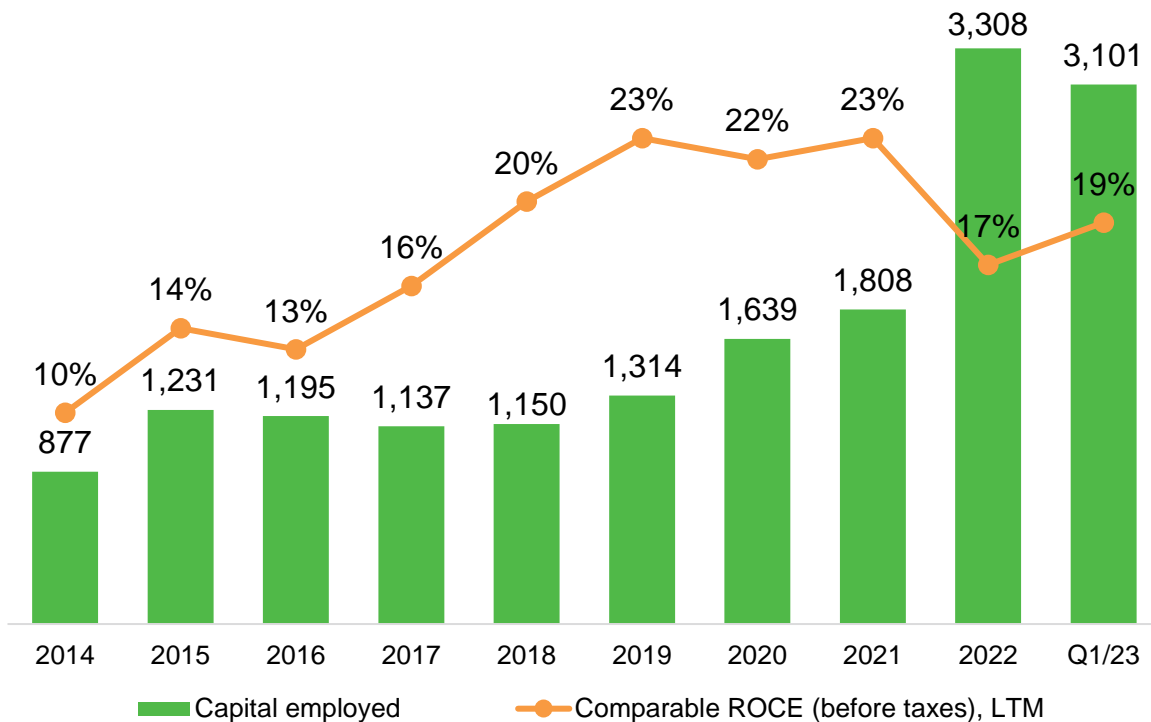


- Gearing (15%) and net debt (EUR 345 million) decreased compared with Q4/2022
- Net debt to EBITDA* ratio decreased compared with Q4/2022

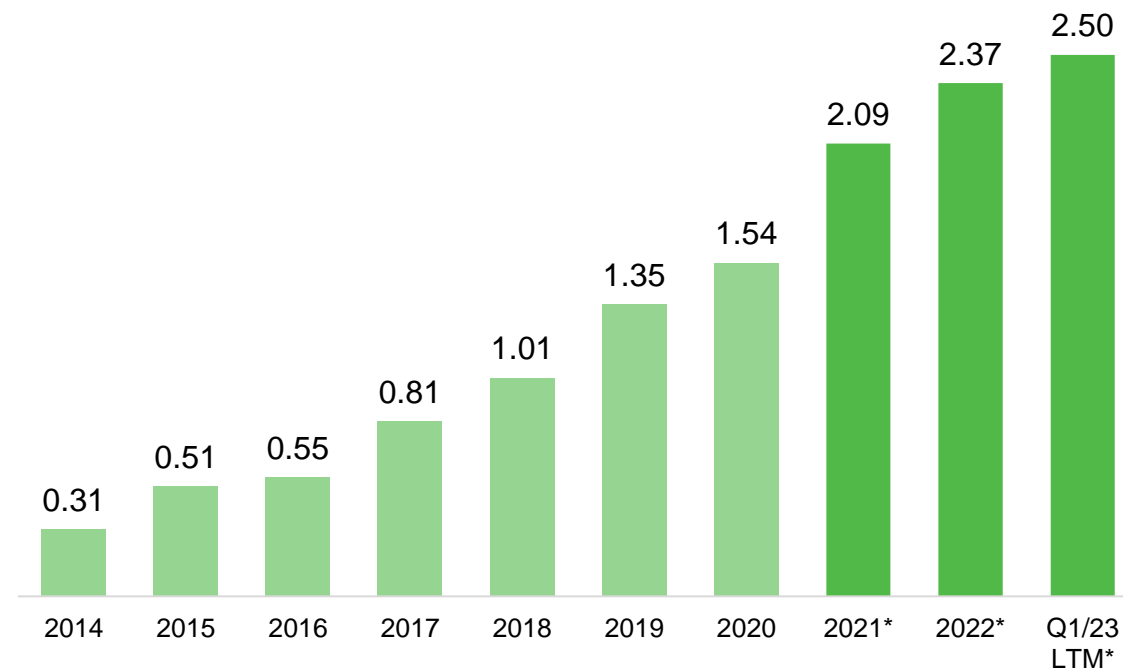
Valmet implemented IFRS 16 – Leases as of January 1, 2019 by applying the simplified transition method and therefore 2018 figures are not restated.
 *Last twelve months (LTM) EBITDA

Capital employed, Comparable ROCE and EPS

Capital employed (EUR million) and Comparable return on capital employed (ROCE), before taxes (%)



Earnings per share (EPS) and Adjusted EPS, EUR



*Adjusted EPS. Adjusted earnings per share is an alternative performance measure that excludes the impact of fair value adjustments arising from business combinations, net of tax

Valmet implemented IFRS 16 – Leases as of January 1, 2019 by applying the simplified transition method, and IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018 by applying full retrospective method. Thus, figures presented are not fully comparable. LTM = Last twelve months.



Guidance and short-term market outlook

Guidance and short-term market outlook

Guidance for 2023 (Published on February 2, 2023)

Guidance	<p>Valmet estimates that net sales in 2023 will increase in comparison with 2022 (EUR 5,074 million) and Comparable EBITA in 2023 will increase in comparison with 2022 (EUR 533 million).</p>
-----------------	--

Short-term market outlook

		Q2/2022	Q3/2022	Q4/2022	Q1/2023
Services		Good	Good	Good	Good
Automation	Flow Control	Good	Good	Good	Good
	Automation Systems	Good	Good	Good	Good
Pulp and Energy	Pulp	Good / Satisfactory	Good / Satisfactory	Good / Satisfactory	Good / Satisfactory
	Energy	Good	Good	Good	Good
Paper	Board and Paper	Good	Good	Good	Good
	Tissue	Satisfactory	Satisfactory	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'.

Q&A

Half-year financial review January–June 2023

July 26, 2023

www.valmet.com/investors

Important notice

IMPORTANT: The following applies to this document, the oral presentation of the information in this document by Valmet (the “Company”) or any person on behalf of the Company, and any question-and-answer session that follows the oral presentation (collectively, the “Information”). In accessing the Information, you agree to be bound by the following terms and conditions.

The Information is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. The Information is not for publication, release or distribution in the United States, the United Kingdom, Australia, Canada or Japan.

The Information does not constitute or form part of and should not be construed as an offer or the solicitation of an offer to subscribe for or purchase any securities, and nothing contained therein shall form the basis of or be relied on in connection with any contract or commitment whatsoever, nor does it constitute a recommendation regarding any securities. Prospective investors are required to make their own independent investigations and appraisals of the business and financial condition of the Company before taking any investment decision with respect to securities of the Company.

No securities of the Company are being offered or sold, directly or indirectly, in or into the United States and no shares in the Company have been, or will be, registered under the Securities Act of 1933, as amended (the “Securities Act”), or under the securities laws of any state of the United States and, accordingly, may not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S under the Securities Act), unless registered under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act and in compliance with any applicable state securities laws of the United States.

The Information is directed solely at: (i) persons outside the United Kingdom, (ii) persons with professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the “Order”), (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order and (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities of the Company or any member of its group may otherwise lawfully be communicated or caused to be communicated (all such persons in (i)-(iv) above being “Relevant Persons”). Any investment activity to which the Information relates will only be available to and will only be engaged with Relevant Persons. Any person who is not a Relevant Person should not act or rely on the Information. By accessing the Information, you represent that you are a Relevant Person.

The Information contains forward-looking statements. All statements other than statements of historical fact included in the Information are forward-looking statements. Forward-looking statements give the Company’s current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as “target,” “believe,” “expect,” “aim,” “intend,” “may,” “anticipate,” “estimate,” “plan,” “project,” “will,” “can have,” “likely,” “should,” “would,” “could” and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the Company’s actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which it will operate in the future.

No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the Information or the opinions contained therein. The Information has not been independently verified and will not be updated. The Information, including but not limited to forward-looking statements, applies only as of the date of this document and is not intended to give any assurances as to future results. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to the Information, including any financial data or forward-looking statements, and will not publicly release any revisions it may make to the Information that may result from any change in the Company’s expectations, any change in events, conditions or circumstances on which these forward-looking statements are based, or other events or circumstances arising after the date of this document. Market data used in the Information not attributed to a specific source are estimates of the Company and have not been independently verified.

