

Orders received amounted to EUR 1,050 million
and Comparable EBITA to EUR 121 million in the
first quarter

Interim Review, January–March 2024

April 24, 2024

Pasi Laine, President and CEO

Katri Hokkanen, CFO

Agenda

Interim Review, January–March 2024

- 1 Q1/2024 in brief
- 2 Development of the segments and the business lines
- 3 Valmet DNAe – the next generation Distributed Control System
- 4 Financial development
- 5 Guidance and short-term market outlook



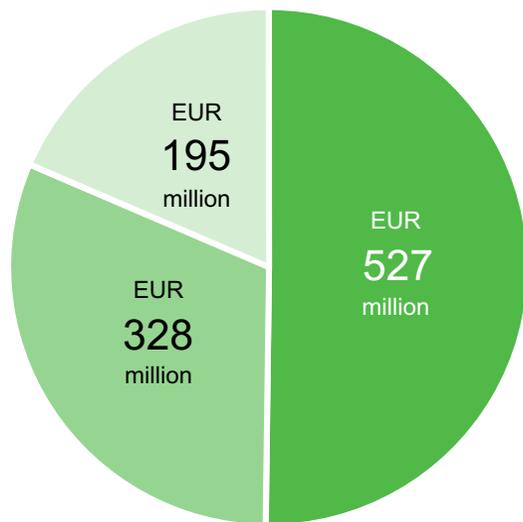
Q1/2024 in brief

Q1/2024 in brief

- Orders received amounted to EUR 1,050 million
- Net sales decreased to EUR 1,212 million
- Order backlog amounted to EUR 3,790 million
- Comparable EBITA decreased to EUR 121 million and margin was 10.0%
- Gearing was 39%

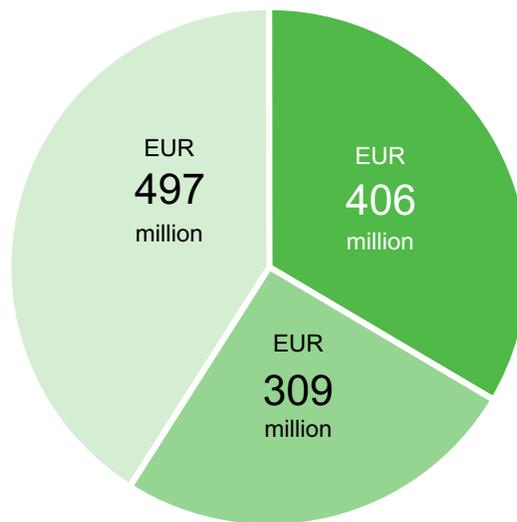
Valmet in Q1/2024

Orders received



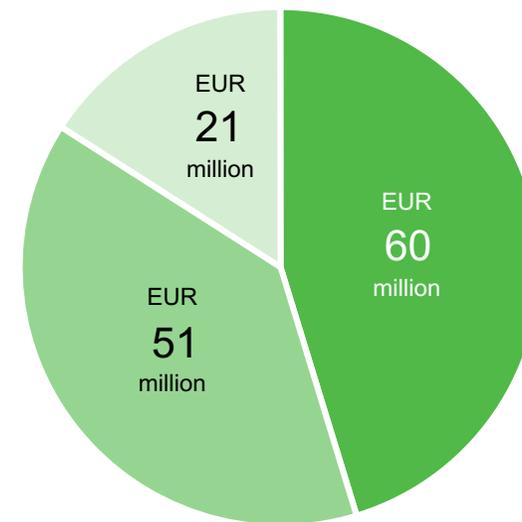
- Services
- Automation
- Process Technologies

Net sales



- Services
- Automation
- Process Technologies

Comparable EBITA (excl. Other)

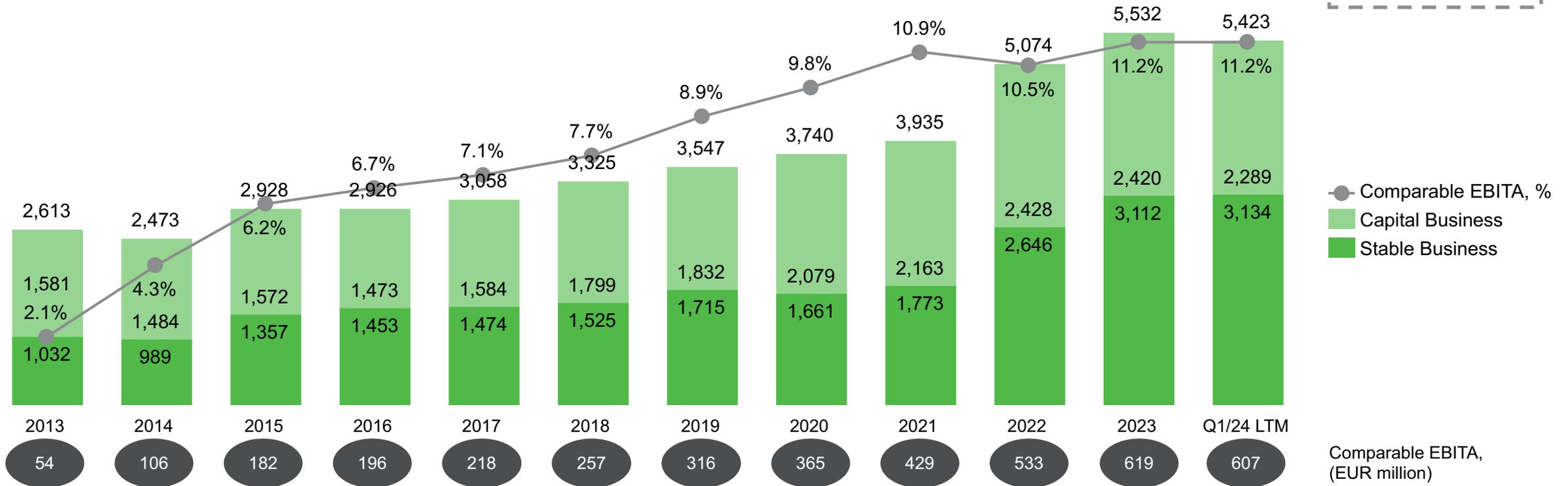


- Services
- Automation
- Process Technologies

Orders received EUR 1,050 million	Net sales EUR 1,212 million	Comparable EBITA EUR 121 million	Comparable EBITA margin 10.0%	Order backlog EUR 3,790 million	Employees 19,032
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Comparable EBITA margin development

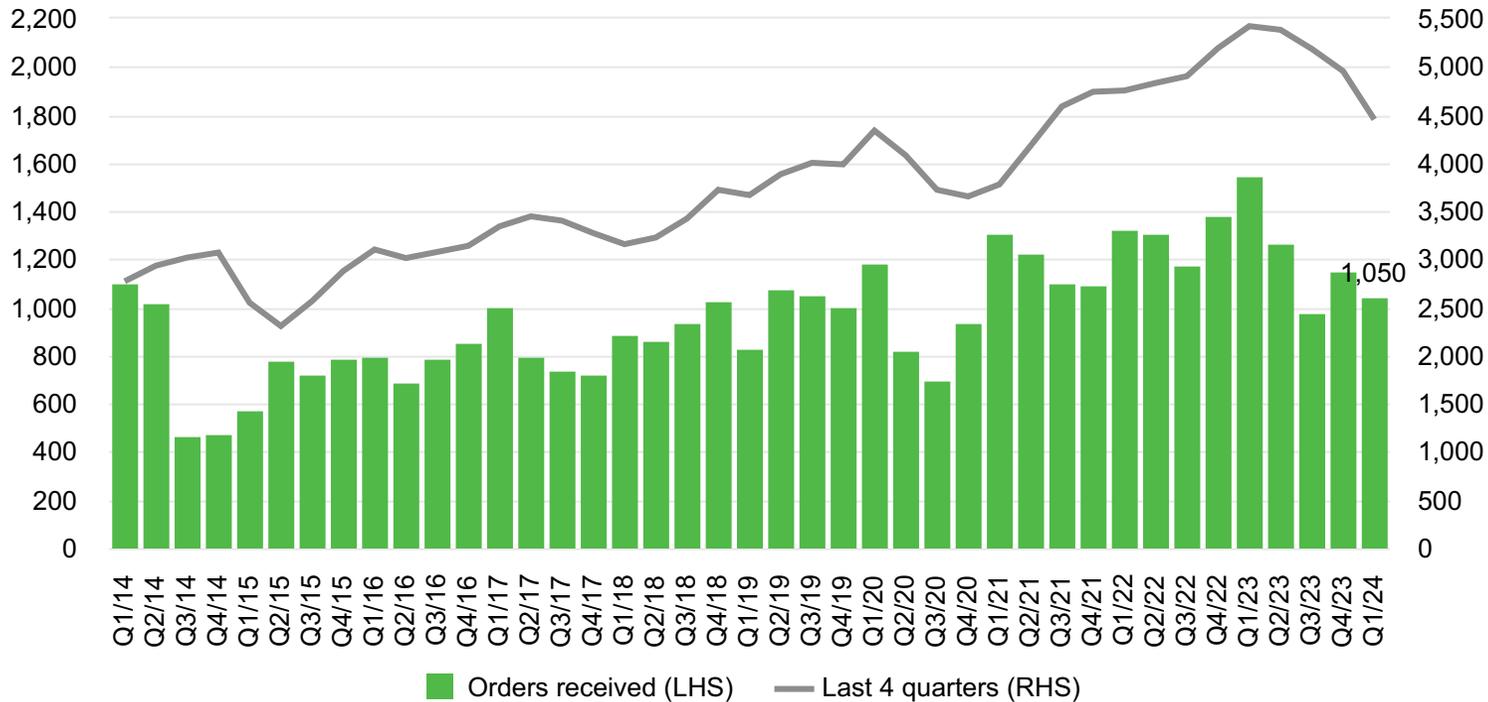
Net sales and Comparable EBITA (EUR million and %)¹



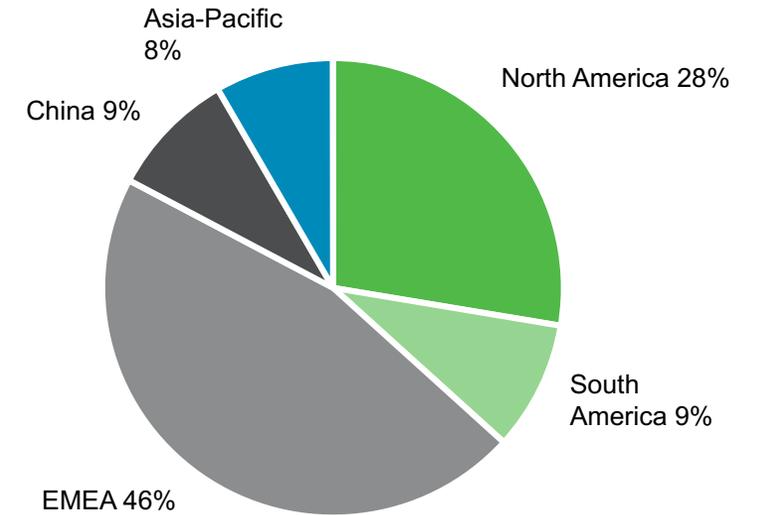
1. Valmet implemented IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018 by applying full retrospective method. 2014–2020 figures have not been restated to reflect Valmet's current reporting structure. Thus, figures presented are not fully comparable.

Orders received decreased to EUR 1,050 million in Q1/2024

Orders received (EUR million)



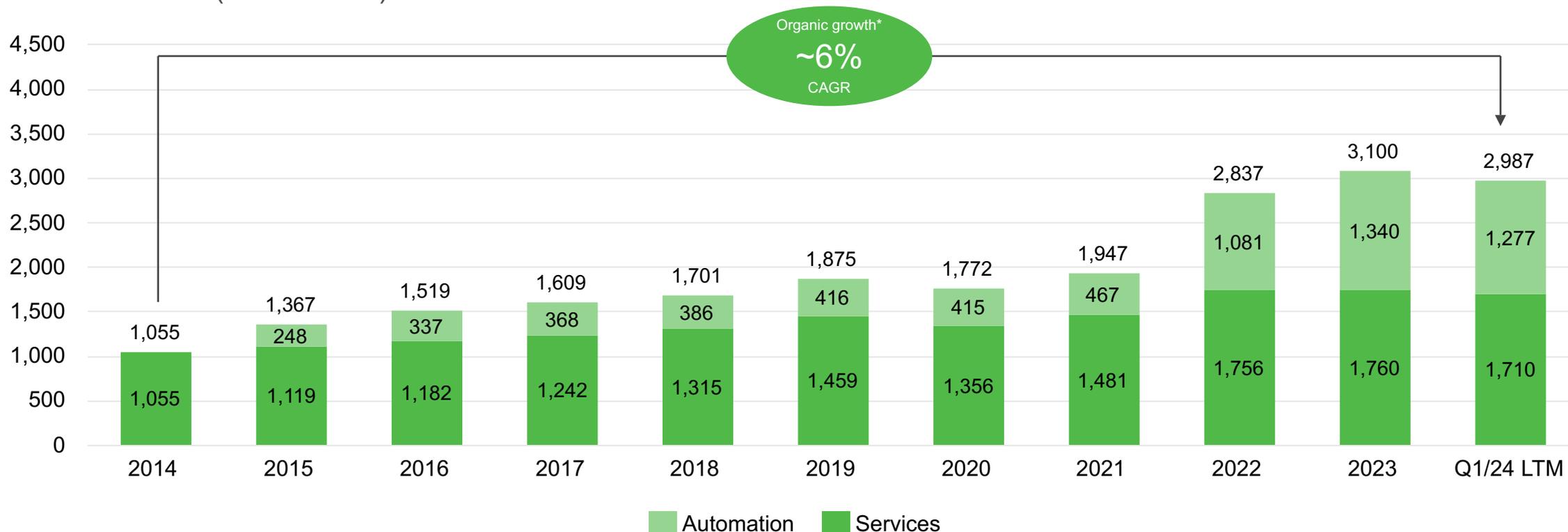
Orders received in Q1/2024 by area



- Orders received decreased in all areas in Q1/2024 compared with Q1/2023
 - South America, China and Asia-Pacific together accounted for 26% of orders received

Stable business orders received totaled EUR 2,987 million during the last twelve months

Orders received (EUR million) in stable business



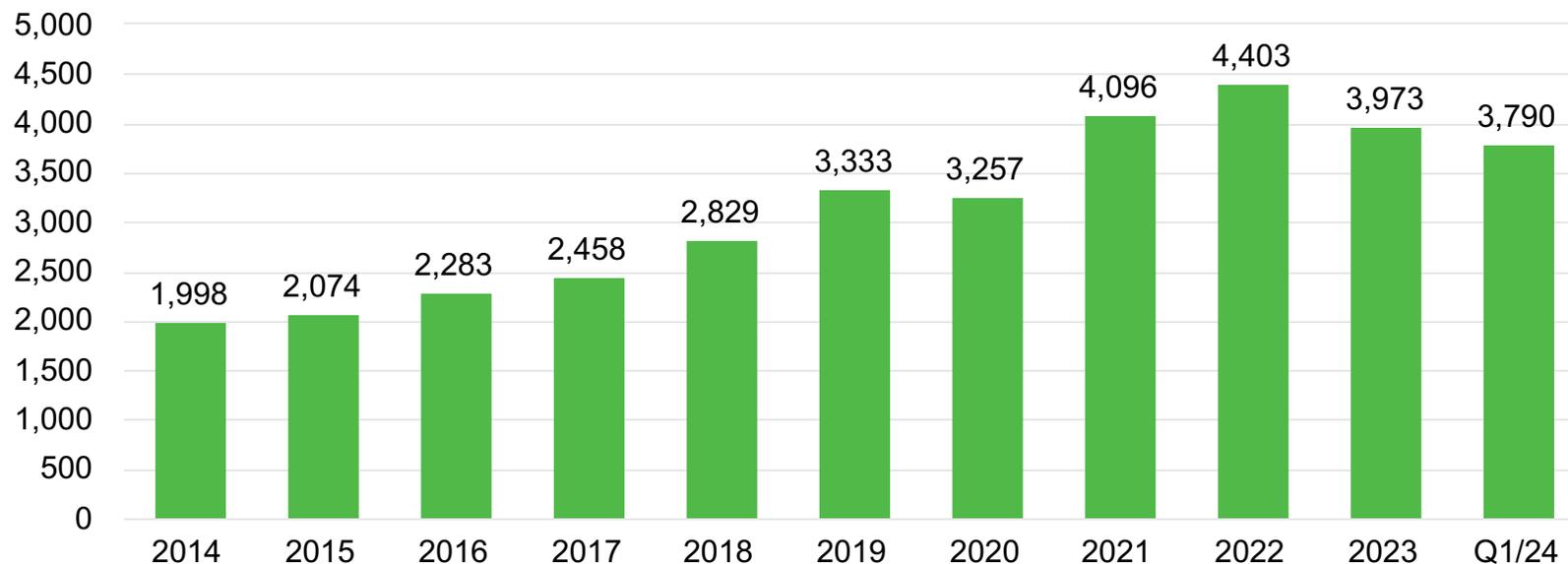
- Orders received in stable business were EUR 113 million lower in Q1/2024 compared with Q1/2023
- Stable business represented 67% of Valmet's orders received during the last twelve months (34% in 2014)

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

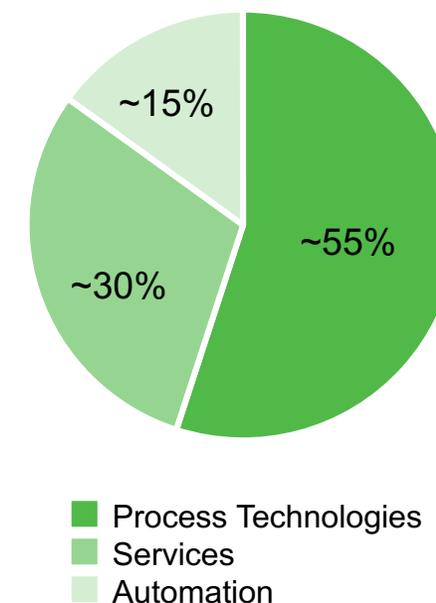
*Adjusted for acquisitions and foreign exchange rates (in calculating organic growth, Q1/24 LTM orders received in euro translated by applying 2014 average exchange rates). Indicative only.

Order backlog EUR 3,790 million at the end of Q1/2024

Order backlog (EUR million)



Structure of order backlog by segment



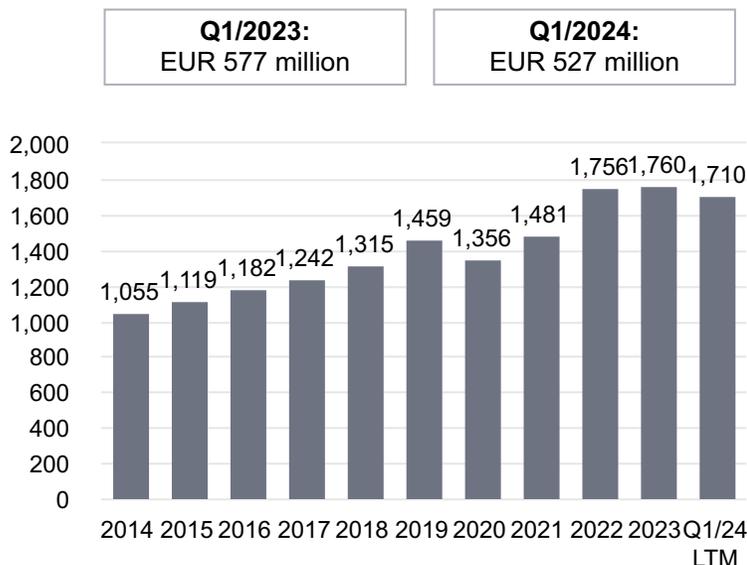
- Order backlog was EUR 183 million lower than at the end of 2023
- Approximately 75% of the order backlog is currently expected to be realized as net sales during 2024 (at the end of Q1/2023, ~65% during 2023)
- Valmet's delivery times have decreased and returned close to pre-covid levels
- Approximately 45% of the order backlog relates to stable business (~40% at the end of Q1/2023)



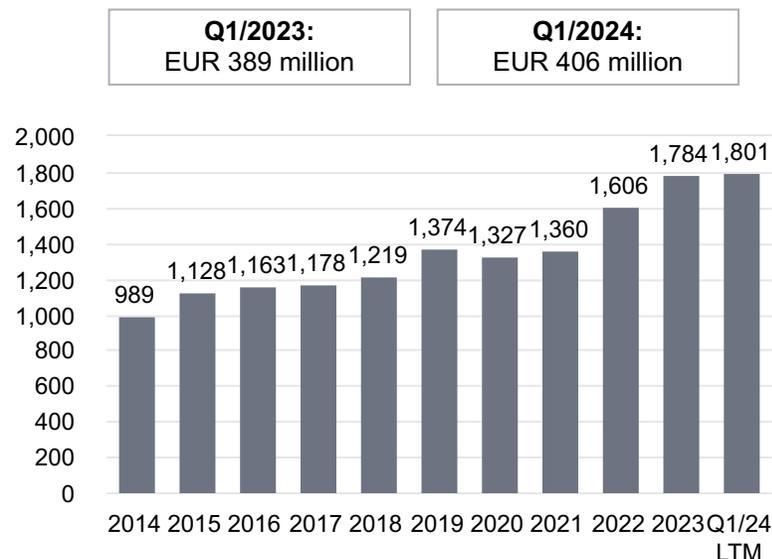
Development of the segments and the business lines

Services: Orders received decreased to EUR 527 million in Q1/2024

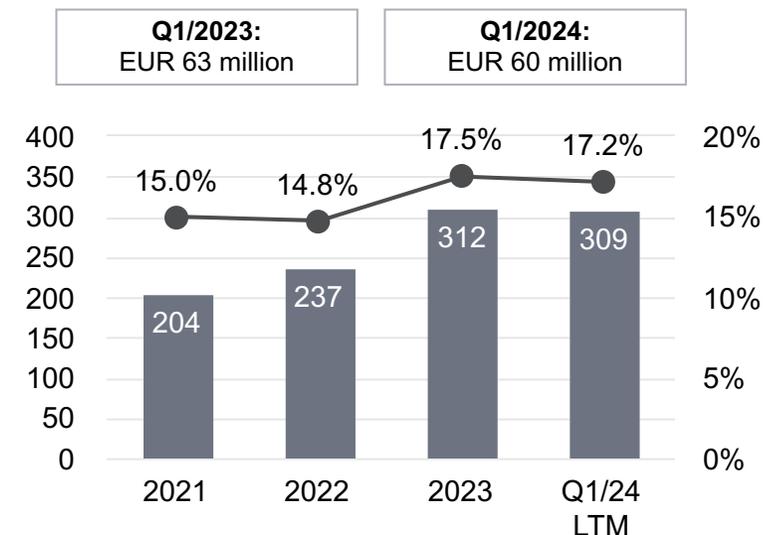
Orders received (EUR million)



Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)



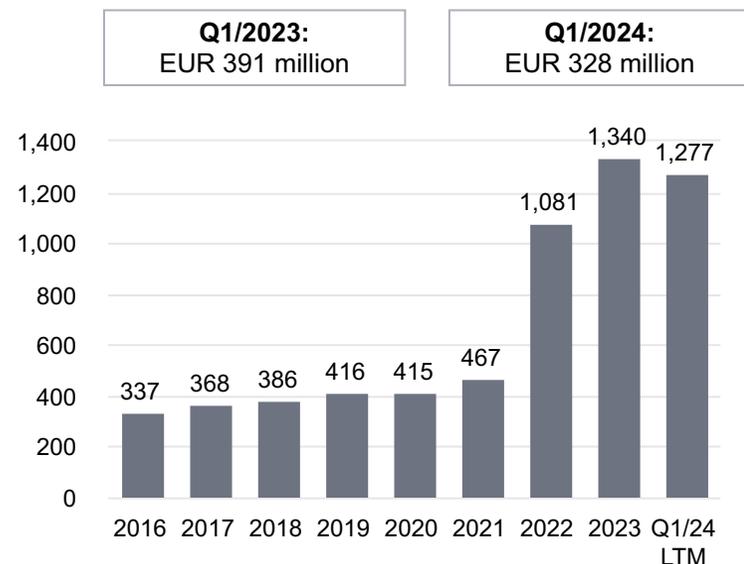
- Orders received decreased compared with Q1/2023
 - Orders received remained at the previous year's level in China, North America and EMEA and decreased in South America and Asia-Pacific
 - Orders received decreased in all business units
 - The comparison quarter Q1/2023 included a large single order
- Net sales remained at the previous year's level compared with Q1/2023
- Comparable EBITA remained at the previous year's level compared with Q1/2023



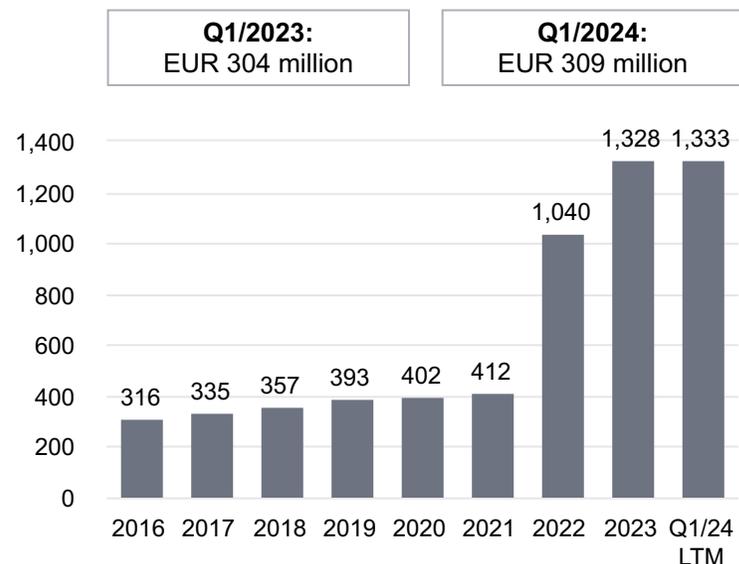
Automation: Orders received decreased to EUR 328 million in Q1/2024

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

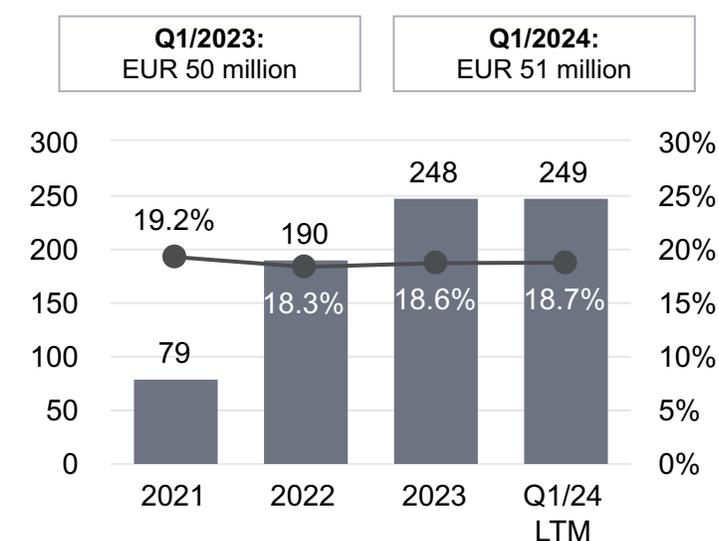
Orders received (EUR million)



Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)

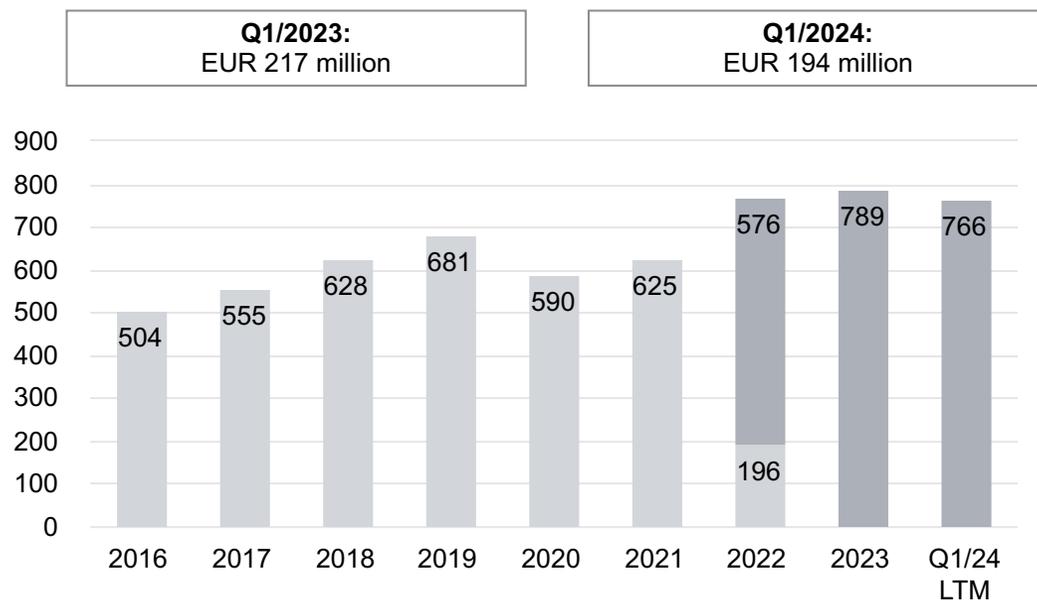


- Orders received decreased compared with Q1/2023
- Net sales remained at the previous year's level compared with Q1/2023
- Comparable EBITA remained at the previous year's level compared with Q1/2023

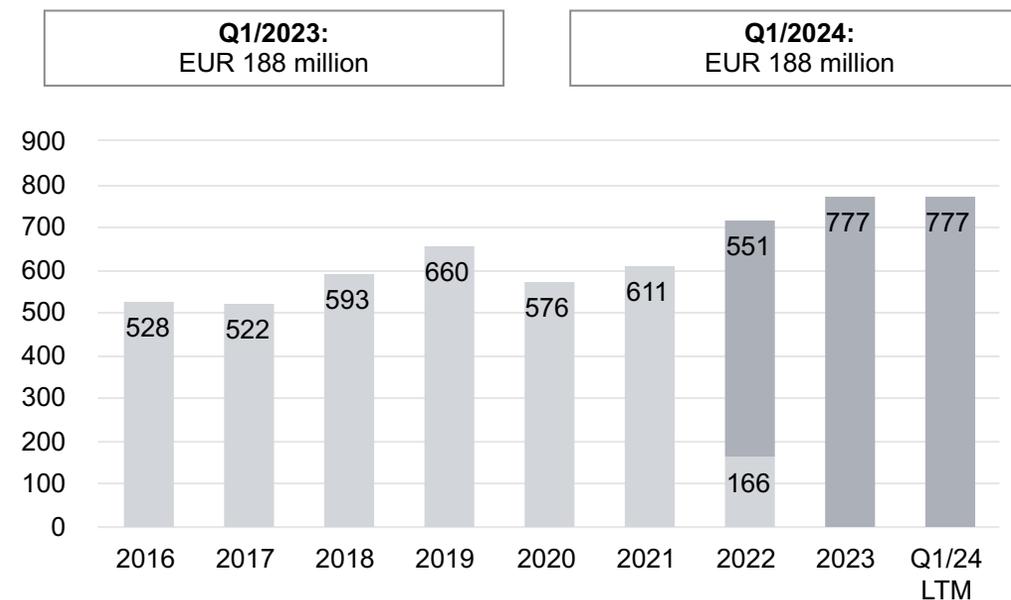


Flow Control: Orders received amounted to EUR 194 million in Q1/2024

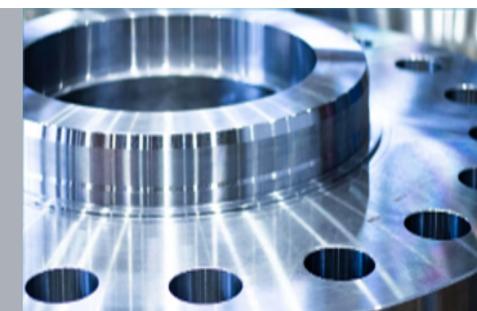
Orders received (EUR million)*



Net sales (EUR million)*



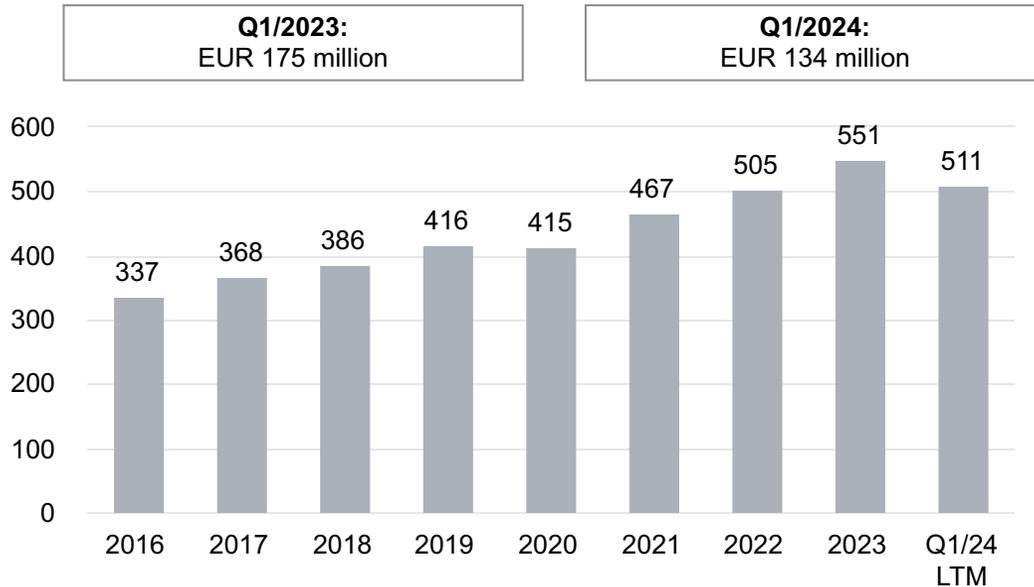
- Orders received amounted to EUR 194 million in Q1/2024
 - Orders received increased in North America and Asia-Pacific, and decreased in South America, China and EMEA
 - Orders received decreased in all business units
- Net sales amounted to EUR 188 million in Q1/2024



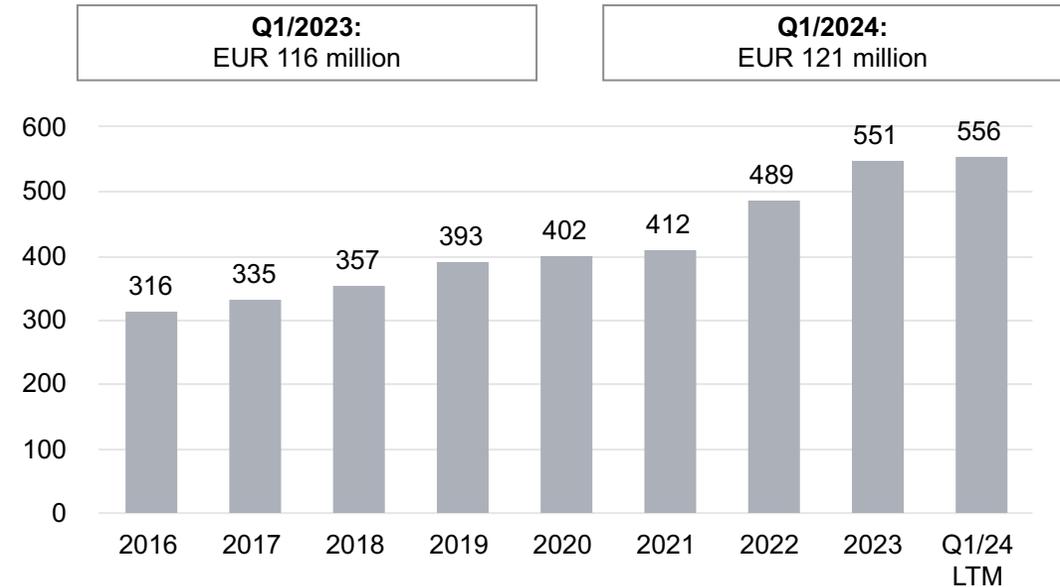
* 2016–2017 financials based on carve-out numbers; 2018–2019 financials based on Metso’s “Continuing operations” as in 2019 annual report; Q1/2020–Q1/2022 financials as reported in Neles’ Q1/2022 interim review.

Automation Systems: Orders received decreased to EUR 134 million in Q1/2024

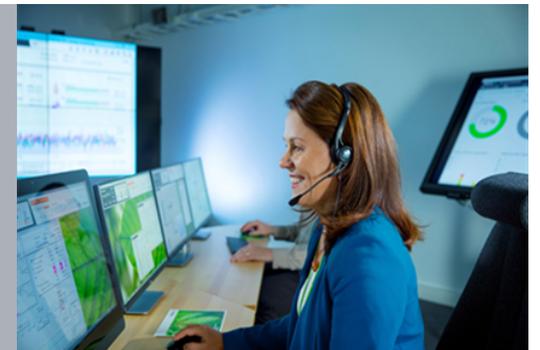
Orders received (EUR million)



Net sales (EUR million)

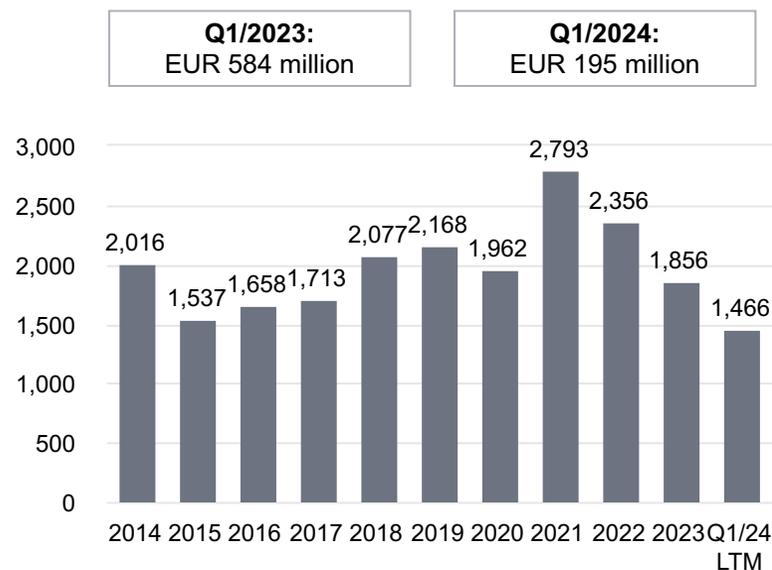


- Orders received decreased compared with Q1/2023
 - Orders received remained at the previous year's level in automation services and decreased in capital
 - Orders received increased in Energy and Process and decreased in Pulp and Paper
- Net sales remained at the previous year's level compared with Q1/2023
- The acquisition of process gas chromatography business from Siemens was completed on April 2, 2024
 - The acquired business is integrated into Valmet's Automation Systems business line as a business unit called Analyzer Products and Integration and will be included in Valmet's financial reporting from Q2/2024 onwards

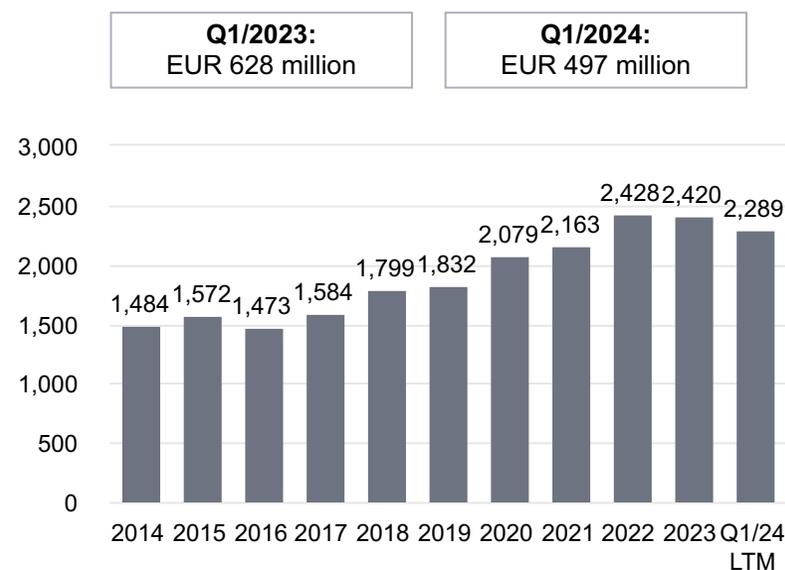


Process Technologies: Orders received decreased to EUR 195 million in Q1/2024

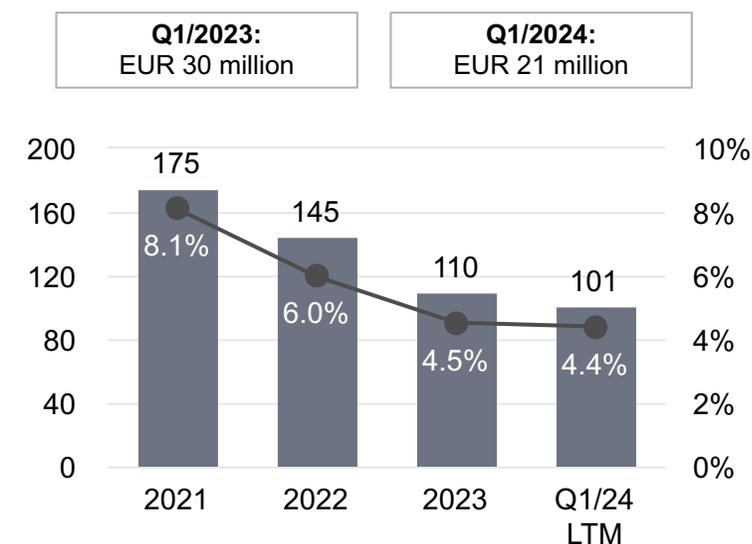
Orders received (EUR million)



Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)



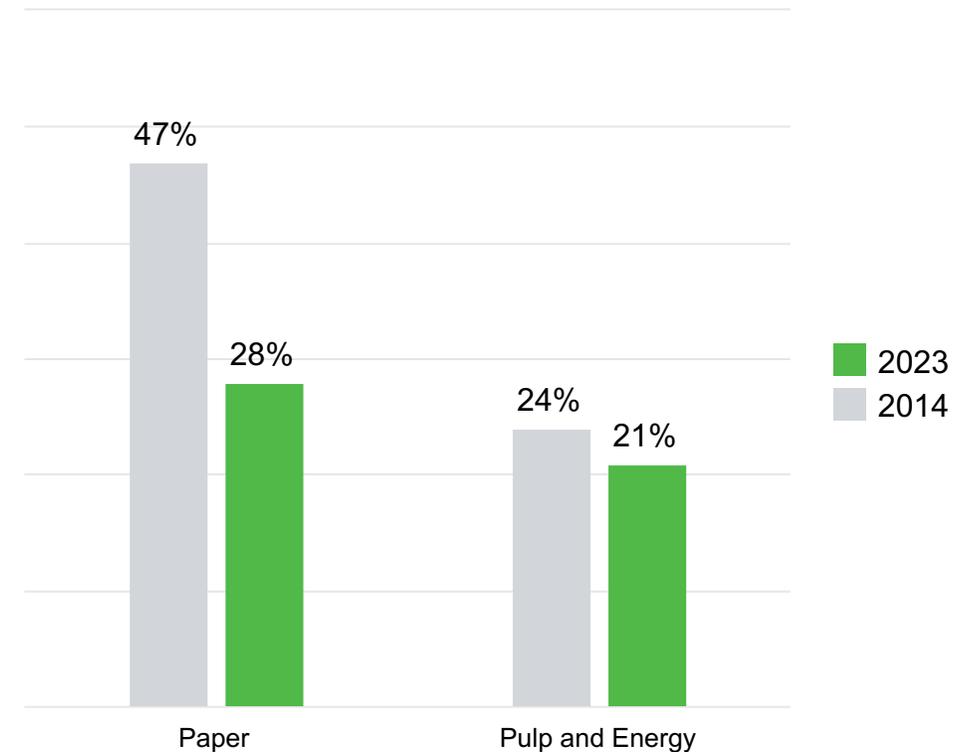
- Orders received decreased compared with Q1/2023
- Net sales decreased compared with Q1/2023
- Comparable EBITA decreased compared with Q1/2023 and the Q1/2024 LTM margin remained at the same level as in 2023



Actions to adapt to lower market activity in Process Technologies segment

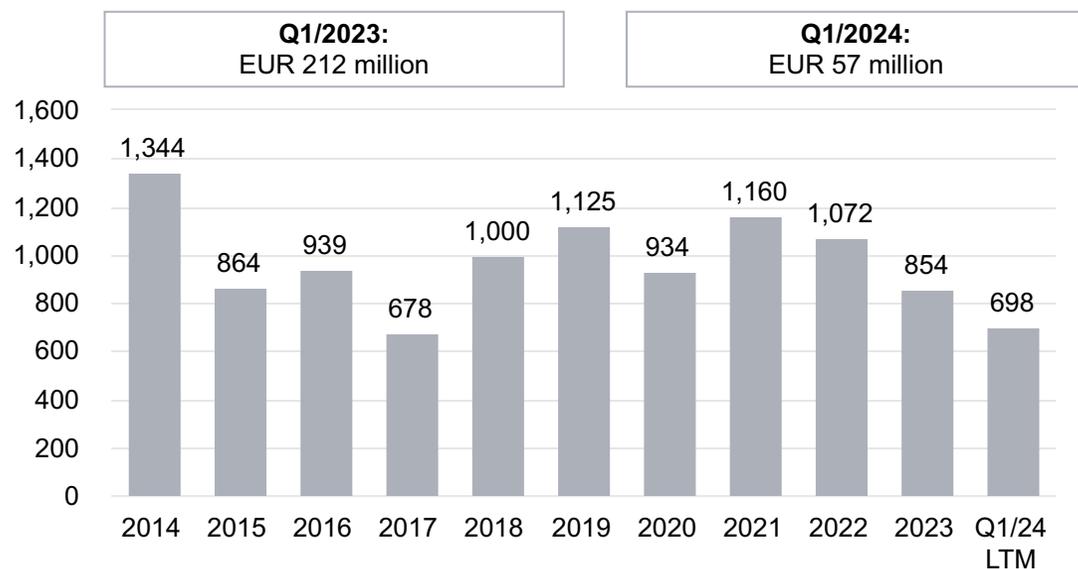
- Operational model in Process Technologies is based on low capacity costs, which provides flexibility
- Restructuring actions were completed in Pulp and Energy and Paper business lines, leading to reduced subcontracting, 40 permanent headcount reductions (including agreed retirements) and possibility to utilize temporary layoffs
- Year 2024 has started well on generating savings through procurement and high focus on procurement cost savings continues
- Short-term market outlook for Process Technologies
 - Good in Energy
 - Satisfactory in Tissue
 - Weak / Satisfactory in Board and Paper
 - Weak in Pulp
- Targeting to increase Comparable EBITA margin in Process Technologies gradually from the current LTM level of 4.4%

Capacity costs (% of net sales)

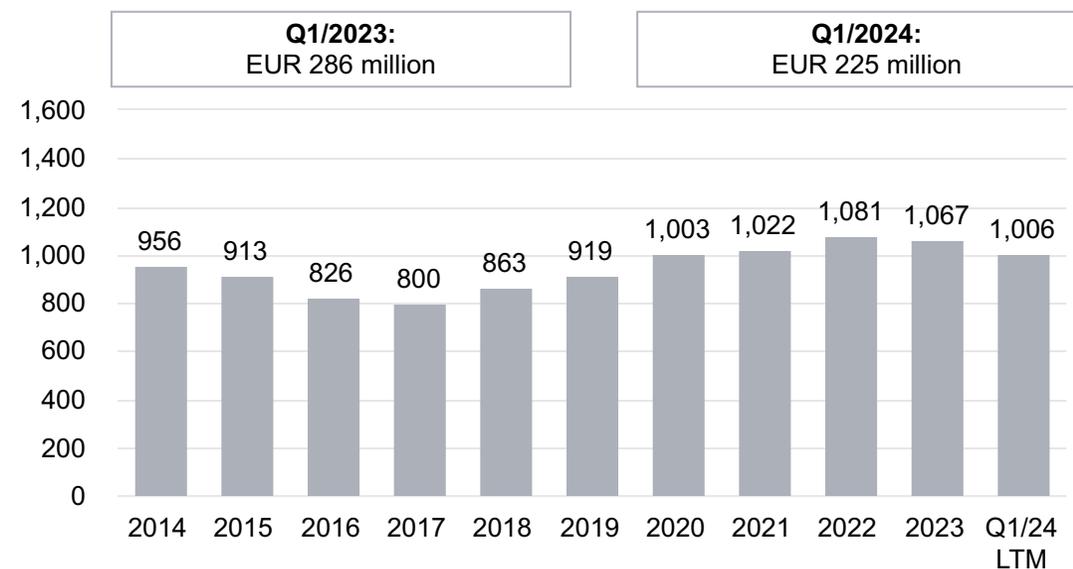


Pulp and Energy business line: Orders received decreased to EUR 57 million in Q1/2024

Orders received (EUR million)



Net sales (EUR million)

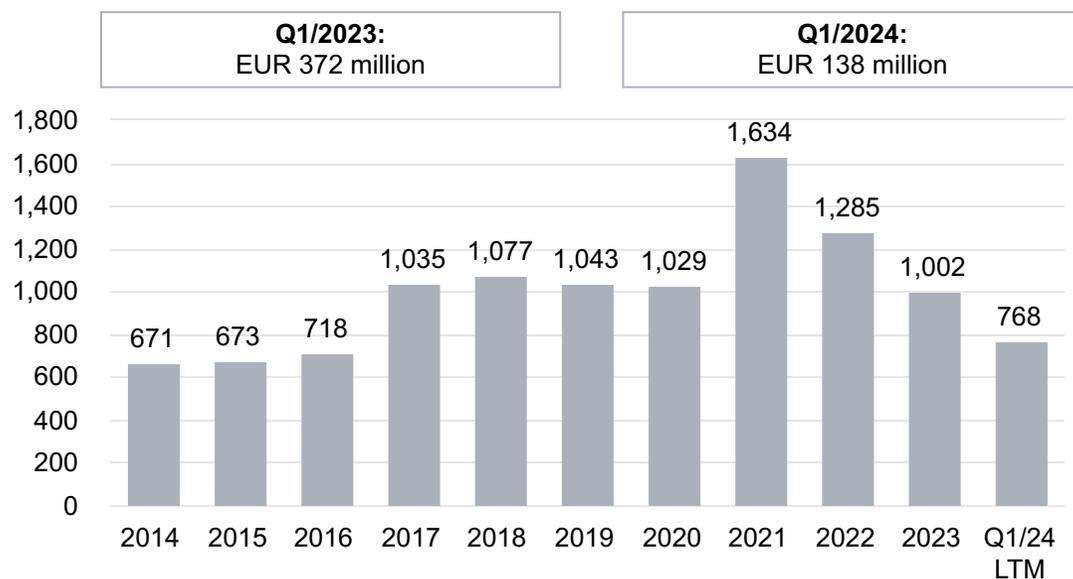


- Orders received decreased compared with Q1/2023
 - Orders received decreased in both Pulp and Energy
- Net sales decreased compared with Q1/2023

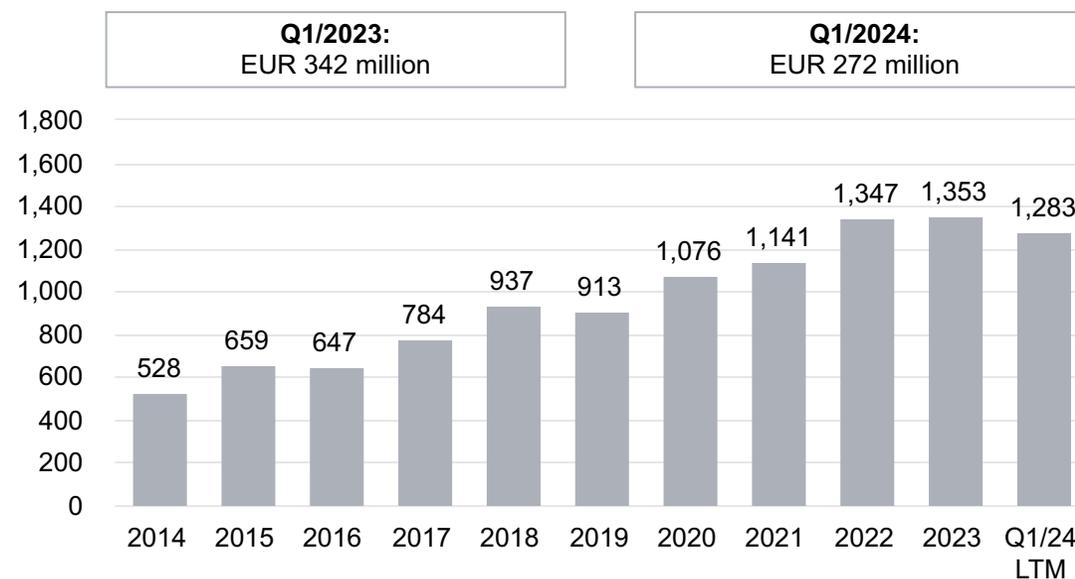


Paper business line: Orders received decreased to EUR 138 million in Q1/2024

Orders received (EUR million)



Net sales (EUR million)



- Orders received decreased compared with Q1/2023
 - Orders received remained at the previous year's level in Stock Preparation and Recycled Fiber, and decreased in Small and Medium size Machines, Board and Paper, and Tissue
- The first synergy orders have been realized in Tissue Converting and the integration has started well
- Net sales decreased compared with Q1/2023
- The fire at Rautpohja factory site in Finland in 2022 impacted Paper business line's operations during Q1/2024

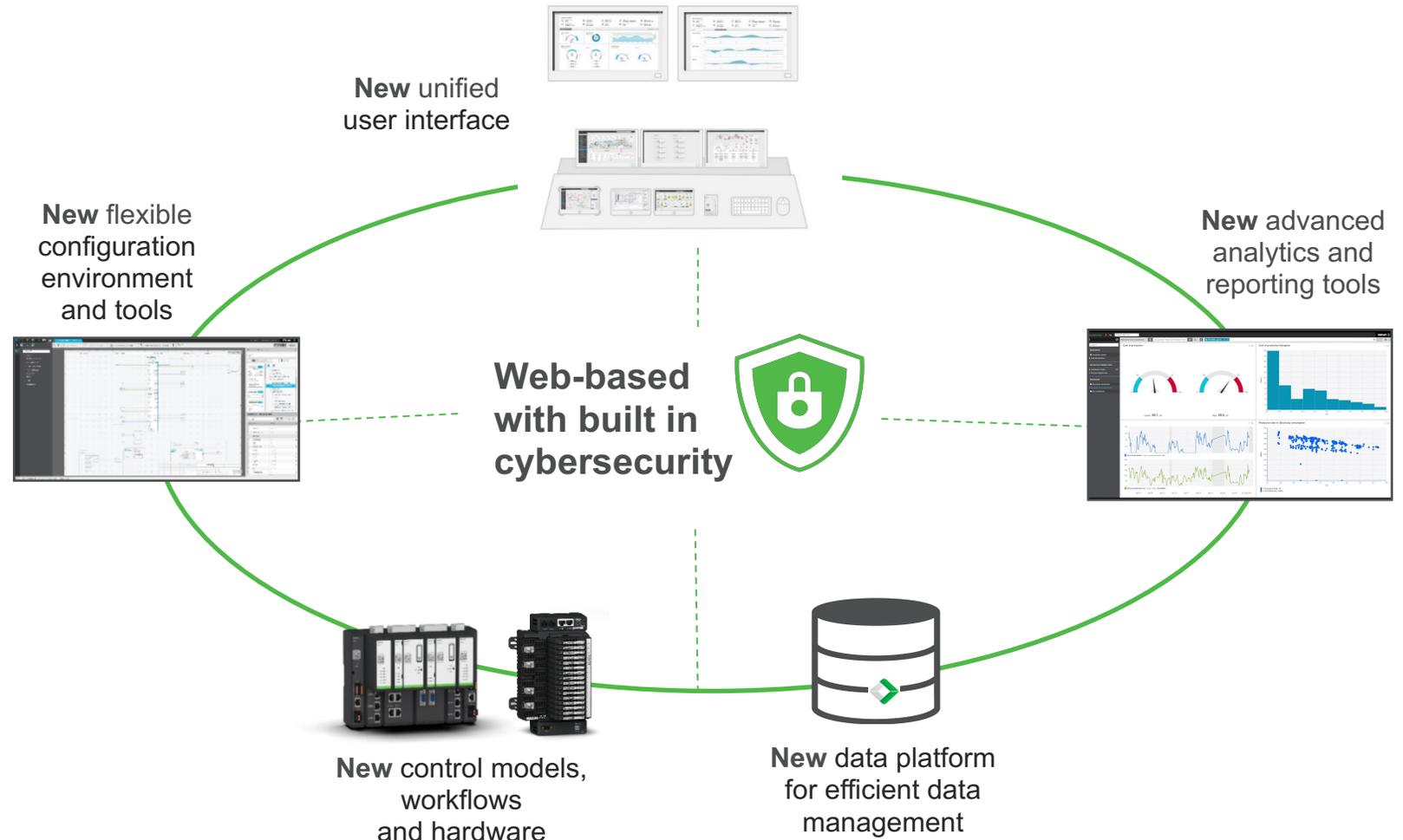




Valmet DNAe – the next generation Distributed Control System

Valmet DNAe – the future-proof Distributed Control System (DCS)

- On April 9, 2024, Valmet launched its new DCS system, Valmet DNAe
- Represents a major milestone in process automation and increases the competitiveness of Valmet's DCS offering
- Fully web-based platform with industry-leading user experience and cybersecurity
- Helps customers improve efficiency, productivity, sustainability and safety of their operations
- Provides a solid platform for moving towards more digitalized, autonomous operations
- In 2023, orders received of Valmet's DCS amounted to roughly EUR 314 million



Major step in Valmet's strategy for growing automation business further to a wide base of process industries globally

Supports Valmet's financial target of growing over two times the market growth in the Automation segment



Financial development

Key figures

EUR million	Q1/2024	Q1/2023	Change
Orders received	1,050	1,552	-32%
Order backlog ¹	3,790	4,595	-18%
Net sales	1,212	1,321	-8%
Comparable EBITA	121	133	-9%
% of net sales	10.0%	10.1%	-0.1 pp
EBITA	114	131	-13%
Operating profit (EBIT)	87	97	-10%
% of net sales	7.2%	7.3%	-0.2 pp
Adjusted earnings per share, EUR ²	0.41	0.51	-19%
Earnings per share, EUR	0.30	0.38	-20%
Comparable ROCE, LTM ³	15%	19%	-5 pp
Cash flow provided by operating activities	138	208	-34%
Net debt to EBITDA ⁴ ratio	1.36	0.49	
Gearing ¹	39%	15%	24 pp

Items affecting comparability: EUR -7 million in Q1/2024 (EUR -2 million in Q1/2023).

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

Services segment key figures

Q1 2024 in brief

EUR million	Q1/2024	Q1/2023	Change
Orders received	527	577	-9%
Net sales	406	389	4%
Comparable EBITA	60	63	-5%
% of net sales	14.6%	16.1%	-1.4 pp

- Orders received decreased to EUR 527 million
 - Q1/2024 orders received were the second highest quarterly orders for Valmet
 - Orders received of Tissue Converting, which was integrated into Valmet in the beginning of November 2023, amounted to EUR 39 million in Q1/2024
 - Changes in FX rates decreased orders received by approximately EUR 7 million
- Net sales remained at the previous year's level
 - Tissue Converting's net sales amounted to EUR 35 million
 - Changes in FX rates decreased net sales by approximately EUR 6 million
- Comparable EBITA remained at the previous year's level at EUR 60 million and margin decreased to 14.6%
 - Organic net sales decrease and changes in FX rates had a negative impact on the Comparable EBITA

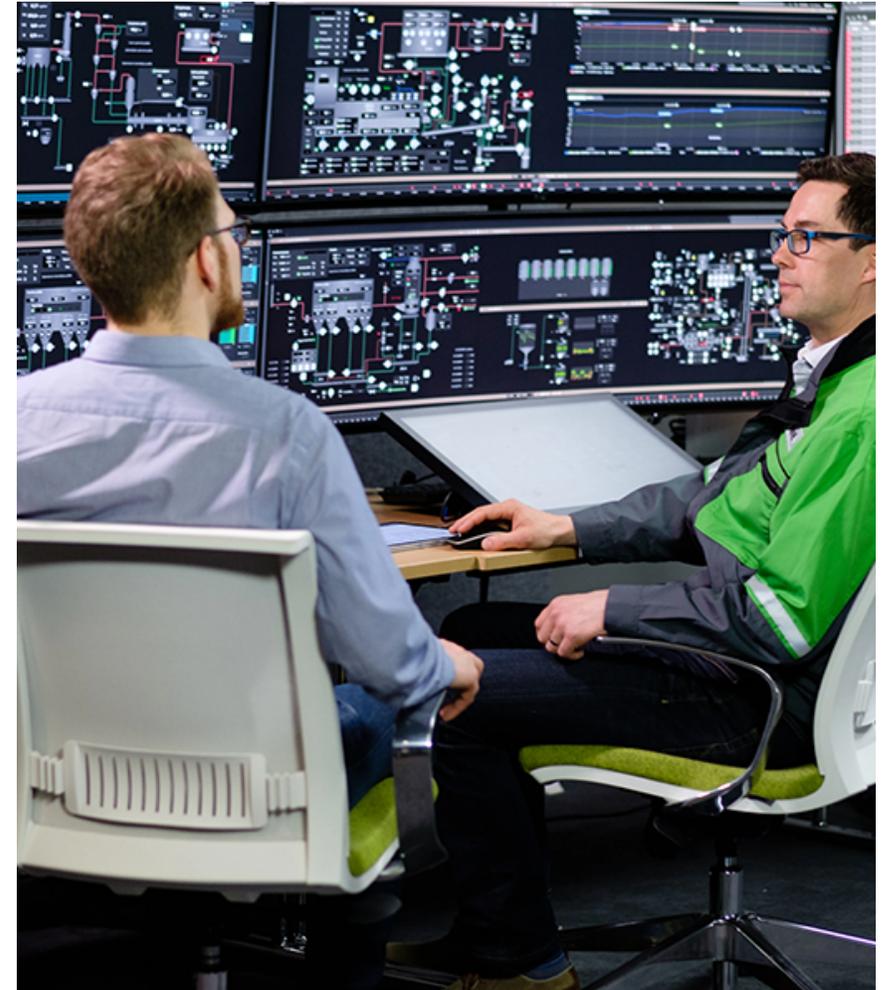


Automation segment key figures

Q1 2024 in brief

EUR million	Q1/2024	Q1/2023	Change
Orders received	328	391	-16%
Net sales	309	304	2%
Comparable EBITA	51	50	3%
% of net sales	16.5%	16.3%	0.2 pp

- Orders received decreased to EUR 328 million
 - Automation Systems' orders received remained at the previous year's level in automation services and decreased in capital. Orders received increased in Energy and Process and decreased in Pulp and Paper.
 - Flow Control's orders received from the pulp and paper industry decreased, and remained at the previous year's level from other customer industries
 - The orders received in the comparison quarter were record high both in Flow Control and Automation Systems
 - Changes in FX rates decreased orders received by approximately EUR 6 million
- Net sales remained at the previous year's level
 - Changes in FX rates decreased net sales by approximately EUR 6 million
- Comparable EBITA remained at the previous year's level at EUR 51 million and the margin was 16.5%



Process Technologies segment key figures

Q1 2024 in brief

EUR million	Q1/2024	Q1/2023	Change
Orders received	195	584	-67%
Net sales	497	628	-21%
Comparable EBITA	21	30	-30%
% of net sales	4.2%	4.7%	-0.5 pp

- Orders received decreased to EUR 195 million
 - Orders received of Tissue Converting amounted to EUR 48 million
 - Changes in FX rates decreased orders received by approximately EUR 1 million
- Net sales decreased to EUR 497 million
 - Tissue Converting's net sales amounted to EUR 28 million
 - Changes in FX rates decreased net sales by approximately EUR 3 million
- Comparable EBITA amounted to EUR 21 million and the margin to 4.2%
 - Comparable EBITA margin remained at the previous quarter's level (Q4/2023: 4.1%)



Segment key figures

Orders received, EUR million	Q1/2024	Q1/2023	Change
Services	527	577	-9%
Automation	328	391	-16%
Process Technologies	195	584	-67%
Total	1,050	1,552	-32%

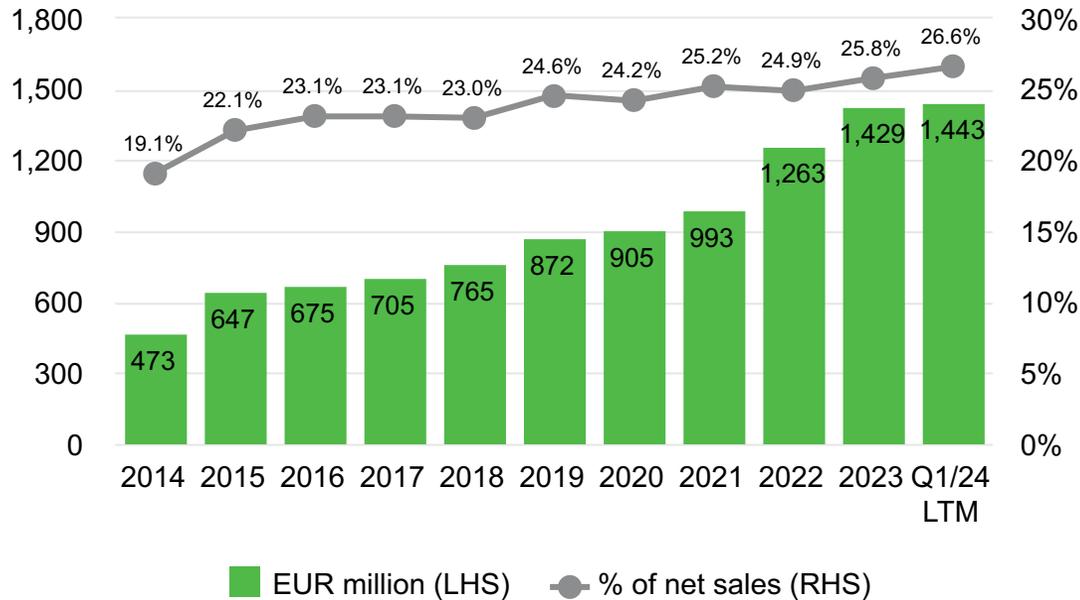
Net sales, EUR million	Q1/2024	Q1/2023	Change
Services	406	389	4%
Automation	309	304	2%
Process Technologies	497	628	-21%
Total	1,212	1,321	-8%

Comparable EBITA, EUR million	Q1/2024	Q1/2023	Change
Services	60	63	-5%
Automation	51	50	3%
Process Technologies	21	30	-30%
Other	-11	-9	15%
Total	121	133	-9%

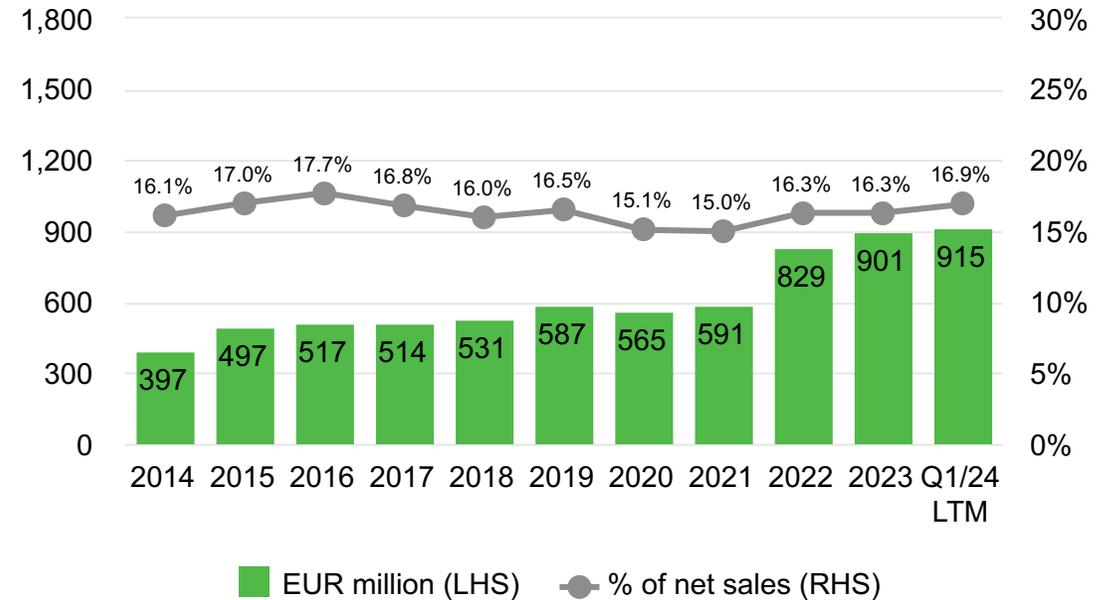
Comparable EBITA margin, % of net sales	Q1/2024	Q1/2023	Change
Services	14.6%	16.1%	-1.4 pp
Automation	16.5%	16.3%	0.2 pp
Process Technologies	4.2%	4.7%	-0.5 pp
Total	10.0%	10.1%	-0.1 pp

Comparable gross profit and SG&A expenses development

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



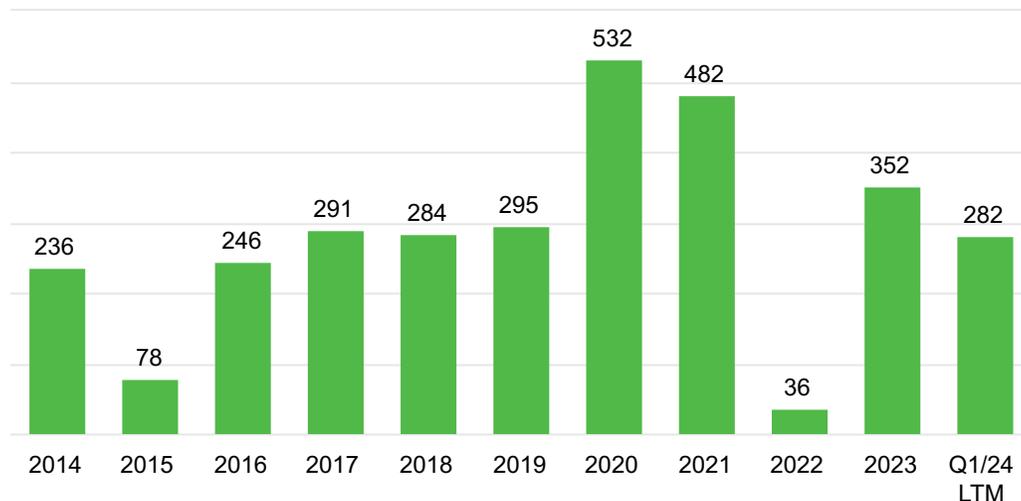
Comparable SG&A expenses
(EUR million and % of net sales)



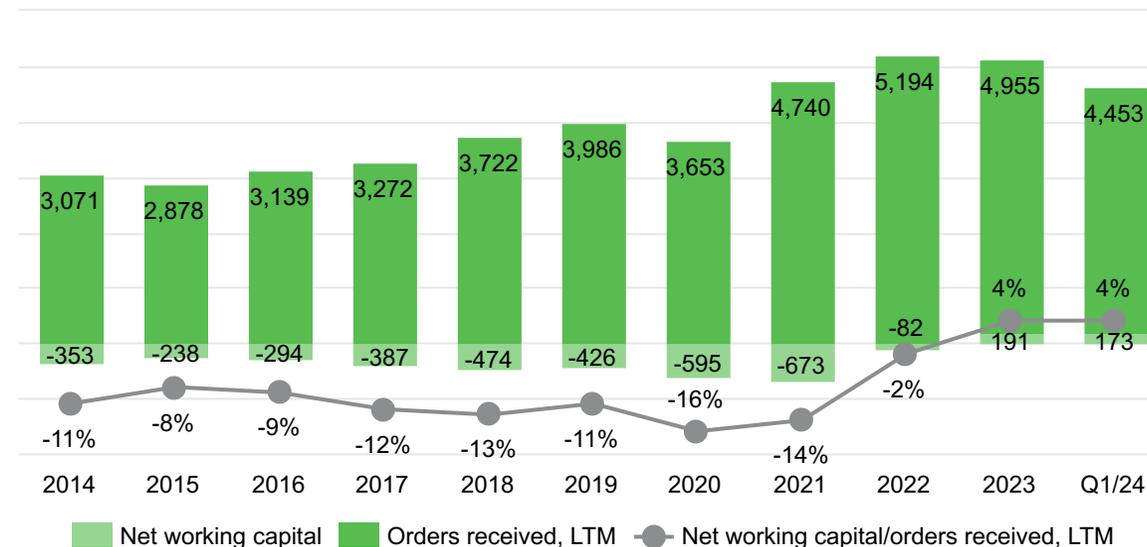
- Comparable gross profit was 28.3% of net sales in Q1/2024 (24.9% in Q1/2023)
 - Stable business represented 59% of net sales (52% in Q1/2023)
- Comparable SG&A expenses were EUR 14 million higher in Q1/2024 compared with Q1/2023
 - Comparable SG&A expenses of the acquired Tissue Converting amounted to EUR 19 million in Q1/2024
 - Comparable SG&A expenses were 20.0% of net sales in Q1/2024 (17.3% in Q1/2023)

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 amounted to EUR 138 million in Q1/2024
- CAPEX² amounted to EUR 29 million in Q1/2024
- Net working capital¹ amounted to EUR 173 million, which equals 4% of last 12 months orders received
 - The acquisition of Tissue Converting increased Valmet's net working capital by approximately EUR 79 million compared with Q1/2023
 - Compared to year 2021, Valmet's net working capital has increased mainly in capital business and due to integration of Flow Control and Tissue Converting into Valmet
 - Today, Valmet's business mix contains more stable business, which typically ties up more net working capital than capital business
- Change in net working capital³ EUR 25 million in Q1/2024

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

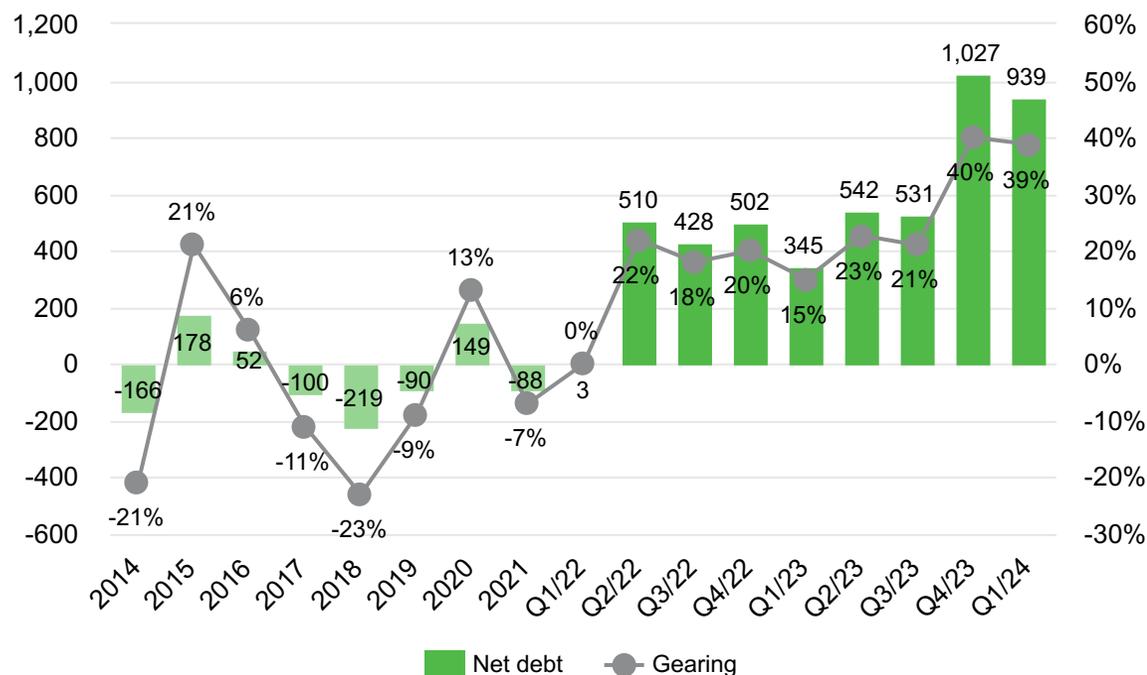
1) Net working capital excluding EUR 249 million non-cash net working capital impact from dividend liability.

2) Excluding business combinations and right-of-use assets.

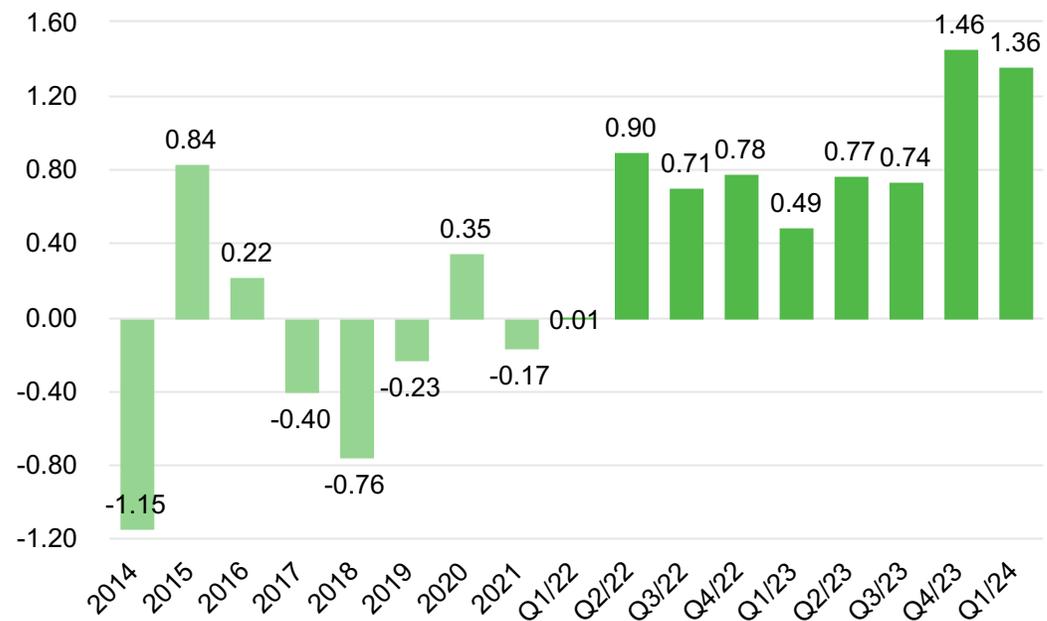
3) Change in net working capital in the consolidated statement of cash flows.

Net debt decreased compared with Q4/2023

Net debt (EUR million) and gearing (%)



Net debt to EBITDA* ratio



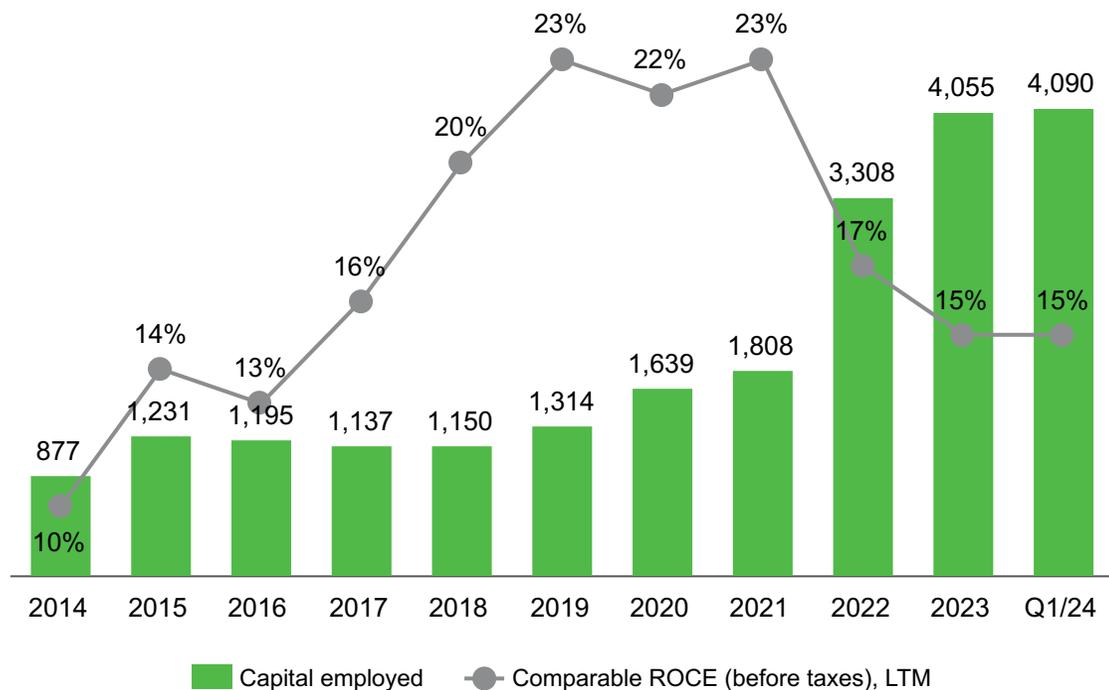
- Net debt decreased compared with Q4/2023 and gearing amounted to 39%
 - The increase in net debt and gearing in Q4/23 is mainly related to the acquisition of Tissue Converting
 - The increase in net debt and gearing in Q2/22 is mainly related to the integration of Flow Control into Valmet
- Net debt to EBITDA* ratio decreased compared with Q4/2023
- The average interest rate of Valmet's total debt was 4.6% at the end of Q1/2024
- During Q1/2024 Valmet successfully issued EUR 200 million green bond with 4.0% fixed annual coupon
- Net financial expenses amounted to EUR 13 million in Q1/2024 (EUR 5 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.

*Last twelve months (LTM) EBITDA

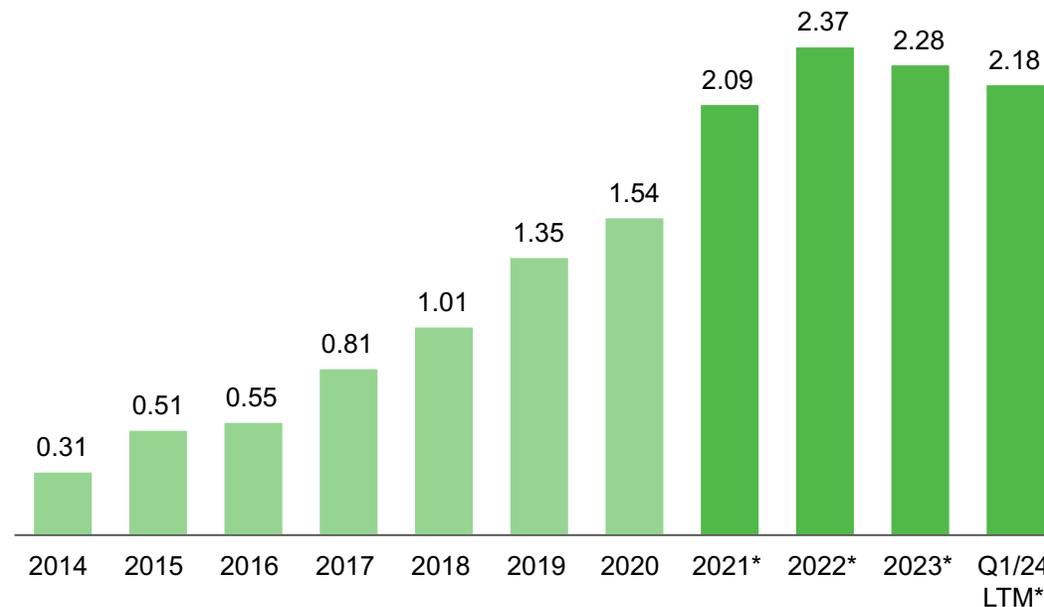
Capital employed, Comparable ROCE and EPS

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



- Integration of Flow Control into Valmet in Q2/2022 and the completion of the acquisition of Tissue Converting in Q4/2023 increased capital employed

Earnings per share (EPS) and Adjusted EPS, EUR



- Q1/2024 LTM Adjusted EPS decreased compared with 2023 mainly due to lower EBITA and higher net financial expenses

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.

*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.



Guidance and short-term market outlook

Guidance and short-term market outlook

Guidance for 2024

Guidance



Valmet reiterates its guidance issued on February 7, 2024, in which Valmet estimates that net sales in 2024 will remain at the previous year's level in comparison with 2023 (EUR 5,532 million) and Comparable EBITA in 2024 will remain at the previous year's level or increase in comparison with 2023 (EUR 619 million).

Short-term market outlook

		Q2/2023	Q3/2023	Q4/2023	Q1/2024
Services		Good / Satisfactory	Good / Satisfactory	Good / Satisfactory	Good
Automation	Flow Control	Good	Good	Good	Good
	Automation Systems	Good	Good	Good	Good
Pulp and Energy	Pulp	Satisfactory	Satisfactory	Satisfactory	Weak
	Energy	Good	Good	Good	Good
Paper	Board and Paper	Satisfactory	Satisfactory	Satisfactory	Weak / Satisfactory
	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 following the reported quarter. The scale is 'weak-satisfactory-good'.

Q&A

Half Year Financial Review, January–June 2024

July 24, 2024

www.valmet.com/investors

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