



Net sales amounted to EUR 3,740 million and
Comparable EBITA increased to EUR 365 million
in 2020

Financial Statements Review 2020

February 4, 2021

Pasi Laine, President and CEO

Kari Saarinen, CFO

Agenda

Financial Statements Review 2020

- 1 2020 in brief
- 2 Development of the business lines
- 3 Financial development
- 4 Dividend proposal, guidance and short-term market outlook



2020 in brief

2020 in brief

- Orders received decreased to EUR 1,772 million in stable business¹
- Orders received decreased to EUR 1,962 million in capital business²
- Net sales were EUR 3,740 million
- Order backlog amounted to EUR 3.3 billion
- Comparable EBITA increased to EUR 365 million and margin was 9.8%
- Gearing was 13%

PMP Group has been consolidated into Valmet's financials as of October 1, 2020.

1) Stable business = Services business line and Automation business line. For Automation, this figure includes internal orders received from other business lines.

2) Capital business = Pulp and Energy business line and Paper business line

Valmet in 2020

Orders received
EUR 3,653 million

Net sales
EUR 3,740 million

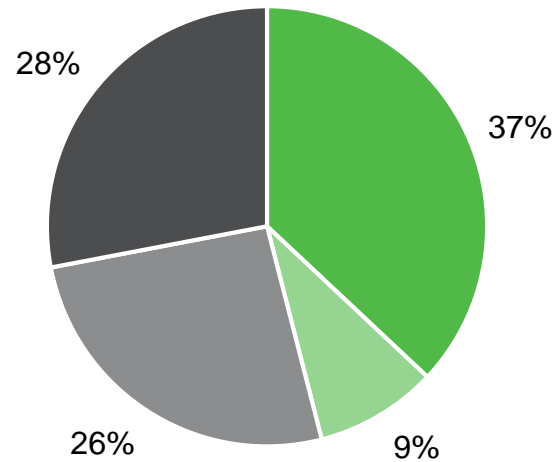
Comparable EBITA
EUR 365 million

Comparable EBITA margin
9.8%

Order backlog
EUR 3,257 million

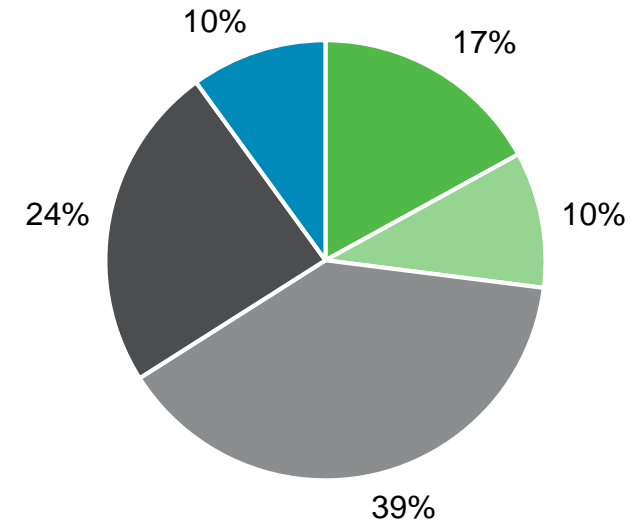
Employees
14,046

Orders received by business line



- Services
- Automation
- Pulp and Energy
- Paper

Orders received by area

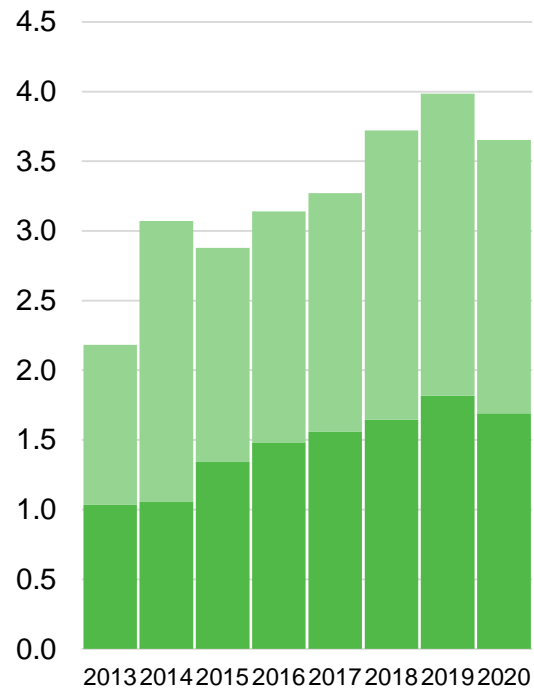


- North America
- South America
- EMEA
- China
- Asia-Pacific

Valmet's development since 2013

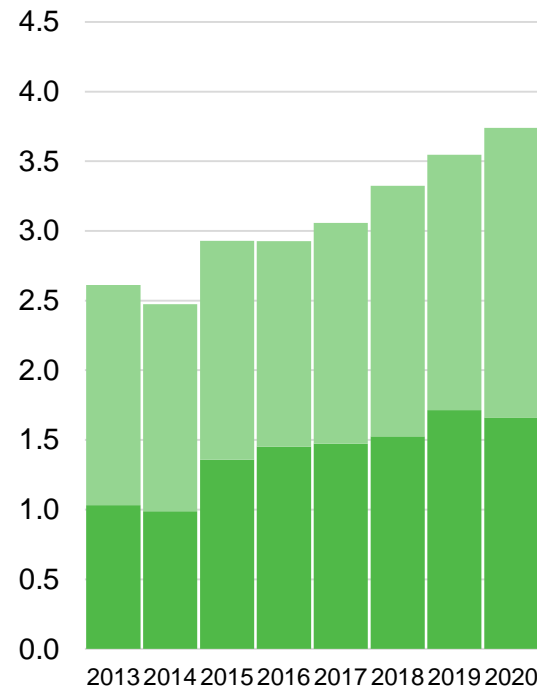
Comparable EBITA
target 10–12%

Orders received
(EUR billion)



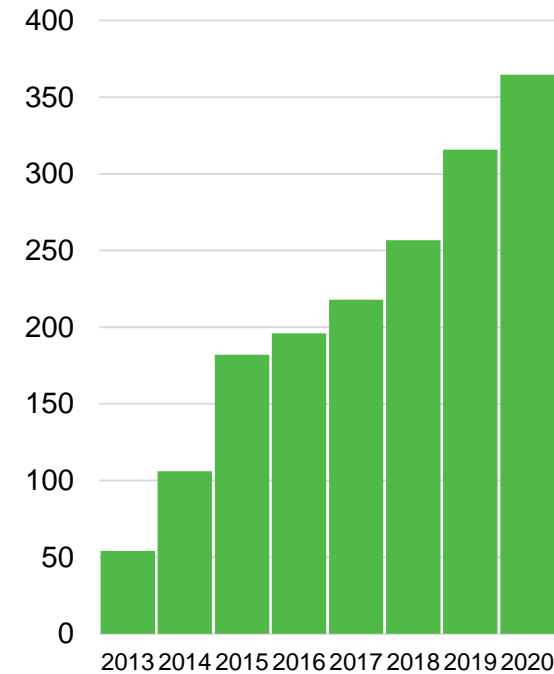
■ Pulp and Energy, and Paper business lines
■ Services and Automation business lines

Net sales
(EUR billion)



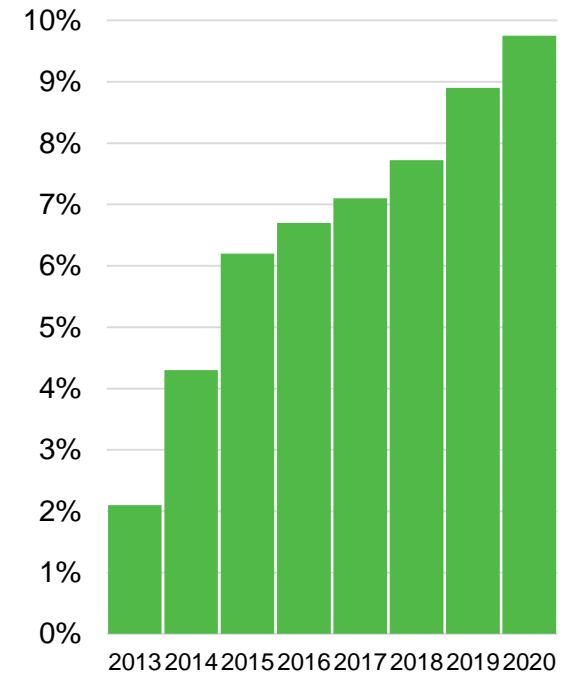
■ Pulp and Energy, and Paper business lines
■ Services and Automation business lines

Comparable EBITA
(EUR million)



■ Comparable EBITA

Comparable EBITA margin
(%)

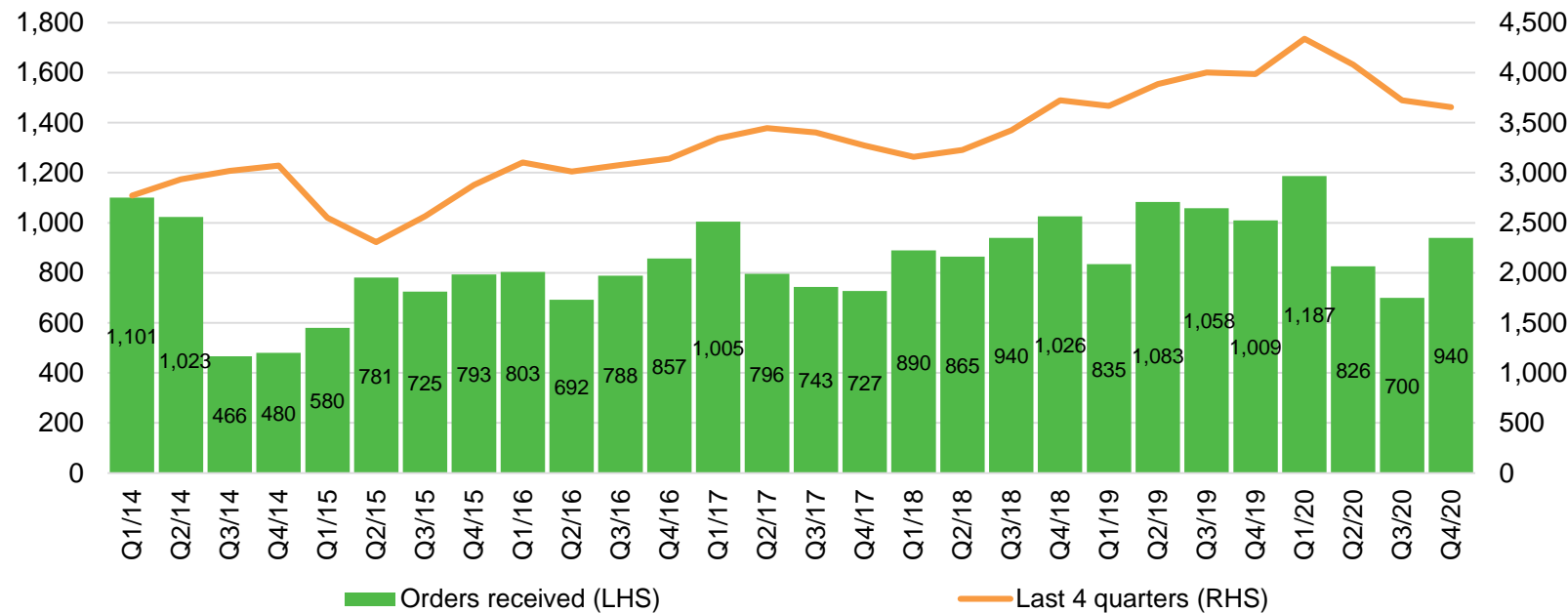


■ Comparable EBITA margin

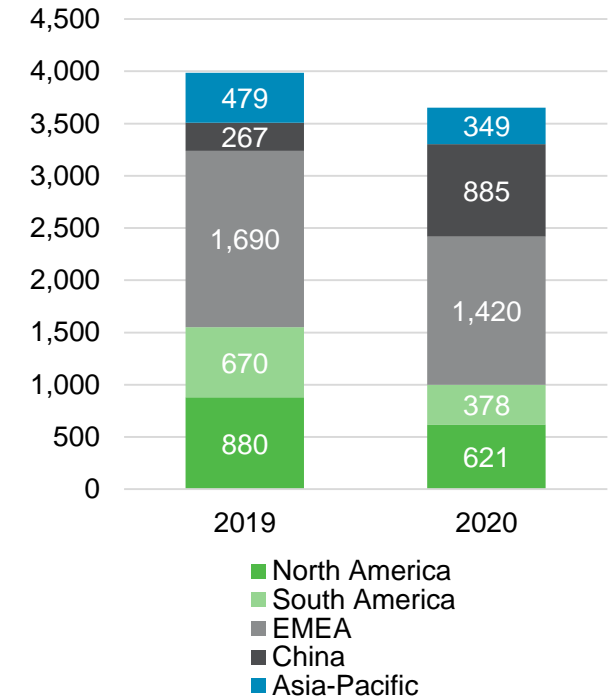
2013 figures on carve-out basis

Orders received decreased to EUR 3,653 million in 2020

Orders received (EUR million)



Orders received by area

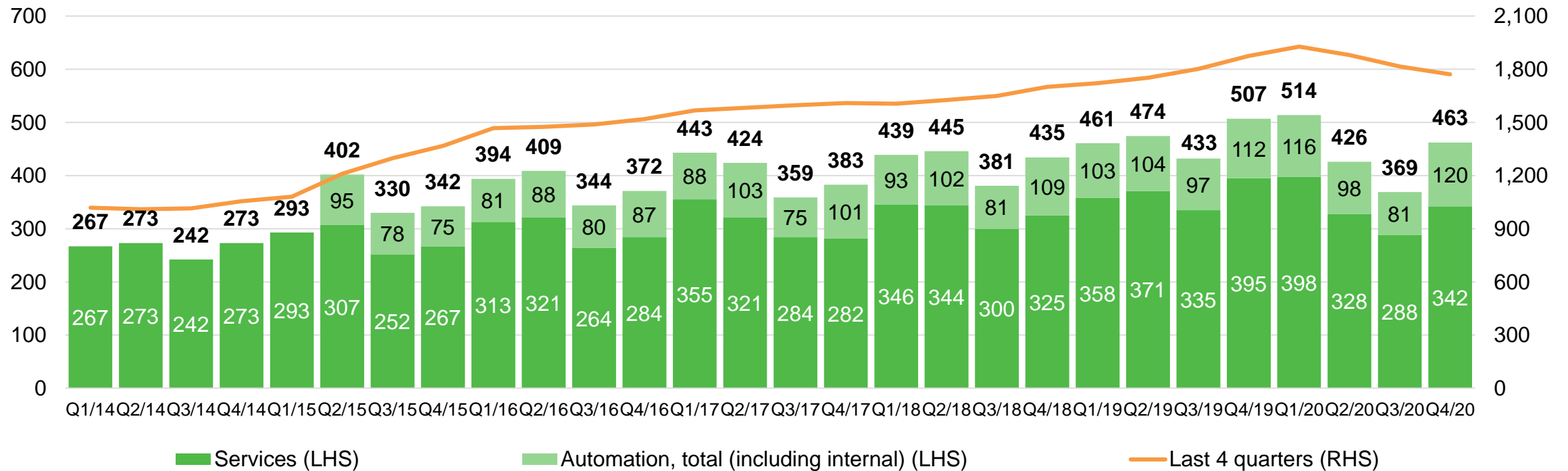


- In stable business¹, orders received decreased to EUR 1,772 million in 2020
- In capital business, orders received decreased to EUR 1,962 million in 2020
- Orders received decreased in developed markets and increased in emerging markets during 2020
 - South America, China and Asia-Pacific together accounted for 44% of orders received

1) Including internal orders received for the Automation business line.

Stable business orders received totaled EUR 1,772 million in 2020

Orders received (EUR million) in stable business¹

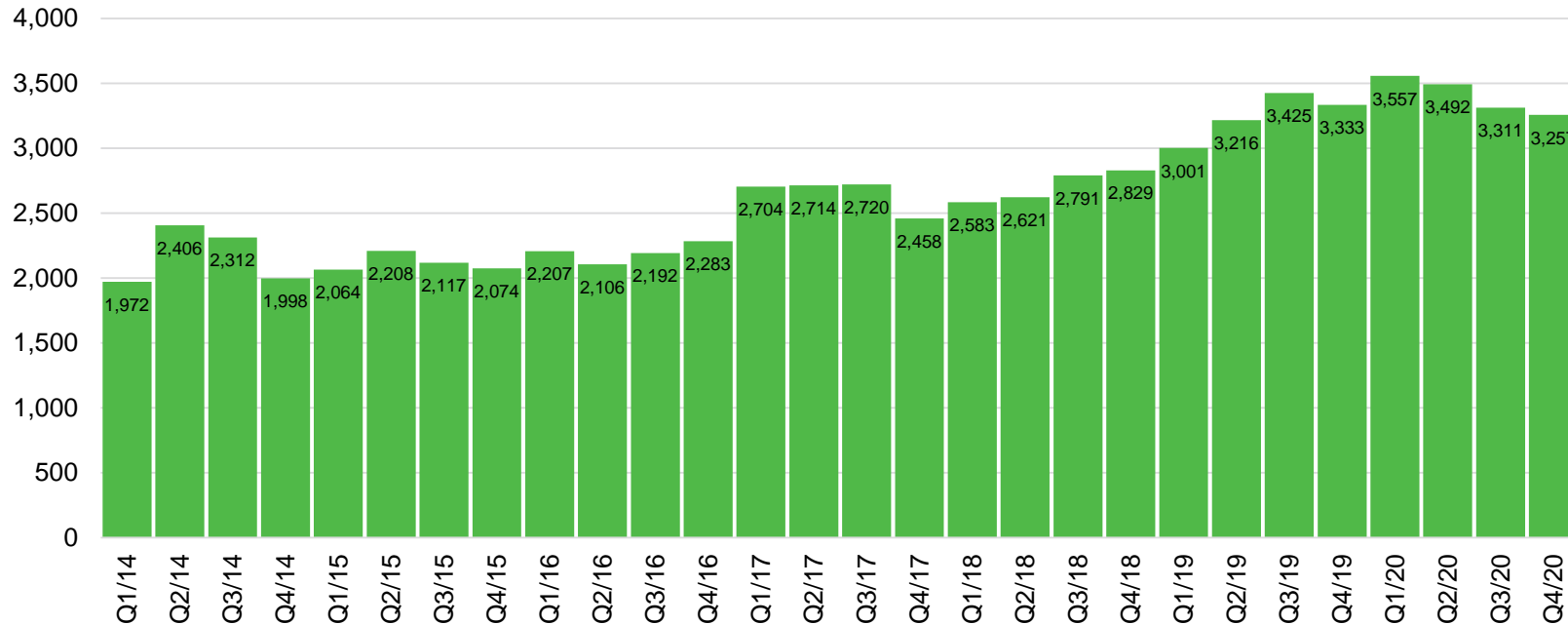


- Total orders received in stable business decreased by EUR 103 million in 2020

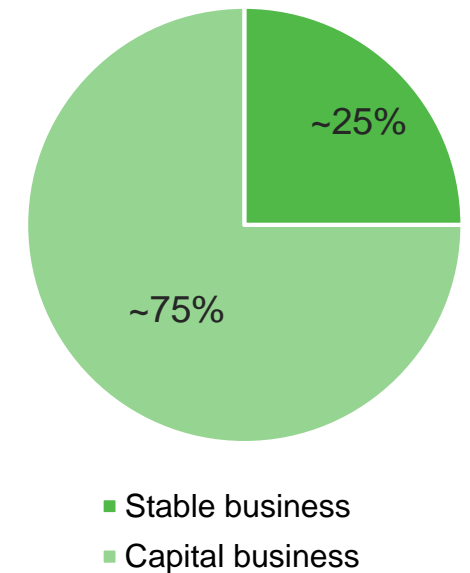
1) Including internal orders received for the Automation business line.

Order backlog EUR 3,257 million at the end of 2020

Order backlog (EUR million)



Structure of order backlog



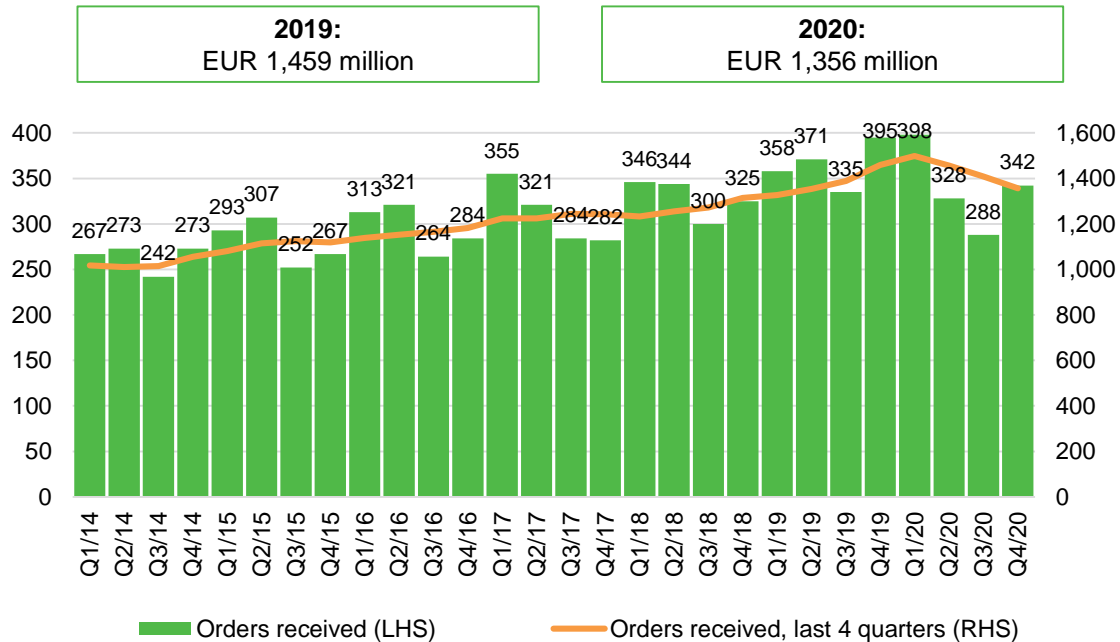
- Order backlog was EUR 54 million lower than at the end of Q3/2020 and EUR 76 million lower than at the end of 2019
- Approximately 75% of the order backlog is currently expected to be realized as net sales during 2021 (at the end of 2019, ~70% during 2020)
- Approximately 25% of the order backlog relates to stable business (~25% at the end of 2019)



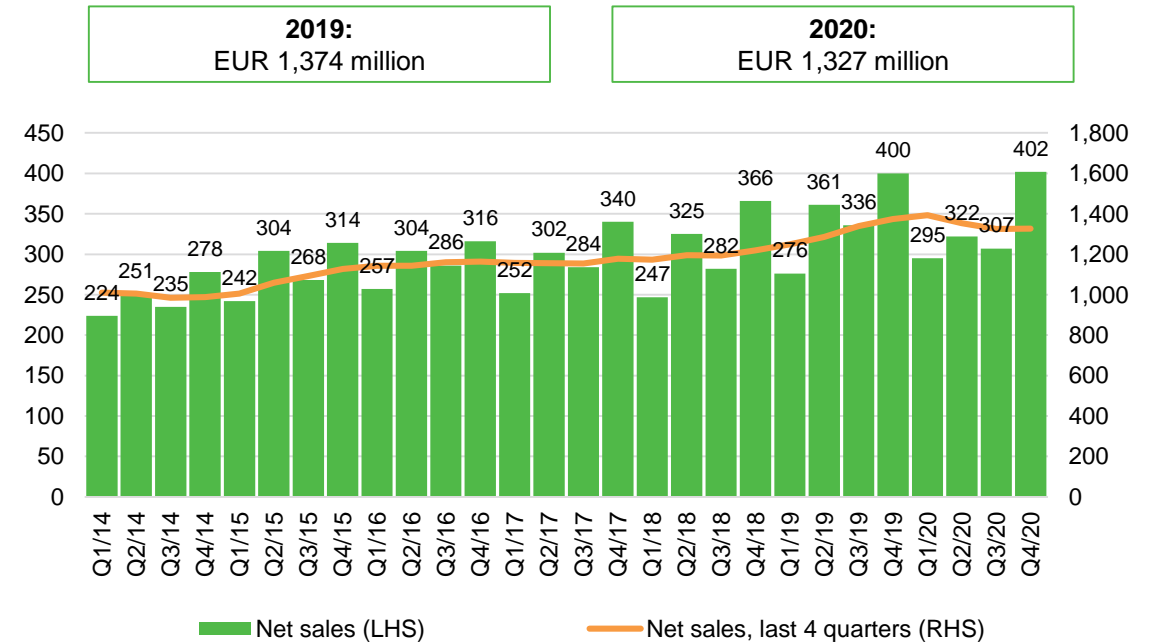
Development of the business lines

Services: Orders received decreased to EUR 1,356 million in 2020

Orders received (EUR million)



Net sales (EUR million)



- Orders received decreased compared with Q4/2019
 - Orders received increased in China, remained at the previous year's level in South America and decreased in Asia-Pacific, EMEA and North America
 - Orders received remained at the previous year's level in Rolls, and Fabrics and decreased in Energy and Environmental, Mill Improvements and Performance Parts
- Net sales remained at the previous year's level compared with Q4/2019
- COVID-19 related travel restrictions and lower capacity utilization in graphical paper mills had a negative impact on Services' orders received and net sales in 2020



Services business line in 2020

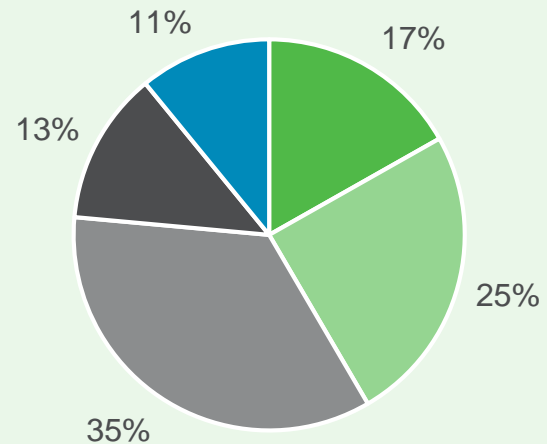
Orders received
EUR 1,356 million

Net sales
EUR 1,327 million

Employees
6,027

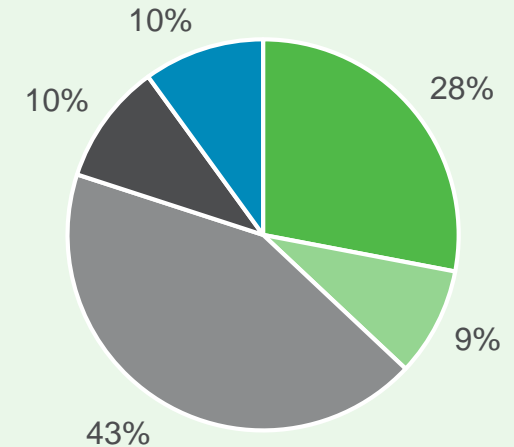
Market position
#1–2 Services

Orders received by business



- Rolls
- Mill Improvements
- Performance Parts
- Fabrics
- Energy and Environmental

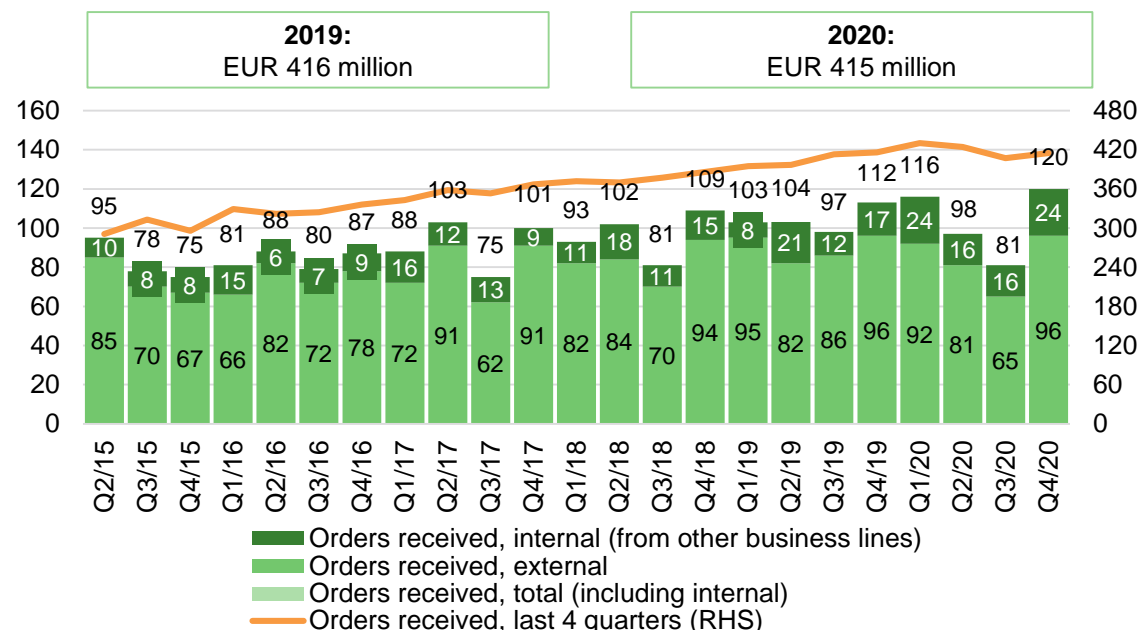
Orders received by area



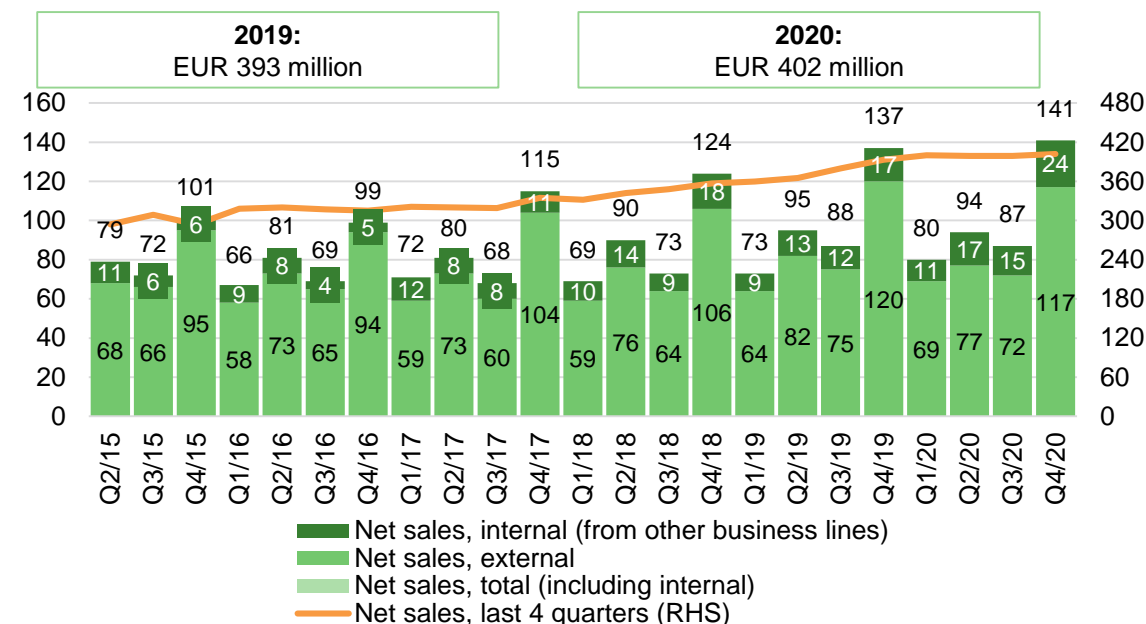
- North America
- South America
- EMEA
- China
- Asia-Pacific

Automation¹: Orders received remained at the previous year's level at EUR 415 million in 2020

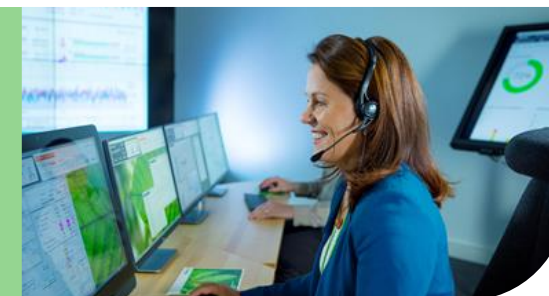
Orders received (EUR million)



Net sales (EUR million)



- Orders received increased compared with Q4/2019
 - Orders received increased in China, South America and EMEA and decreased in Asia-Pacific and North America
 - Orders received increased in both Pulp and Paper, and Energy and Process
- Net sales remained at the previous year's level compared with Q4/2019
- Despite COVID-19, Automation's orders received and net sales remained at the previous year's level in 2020



1) Comments refer to orders received and net sales including also internal orders received and internal net sales.

Automation¹ business line in 2020

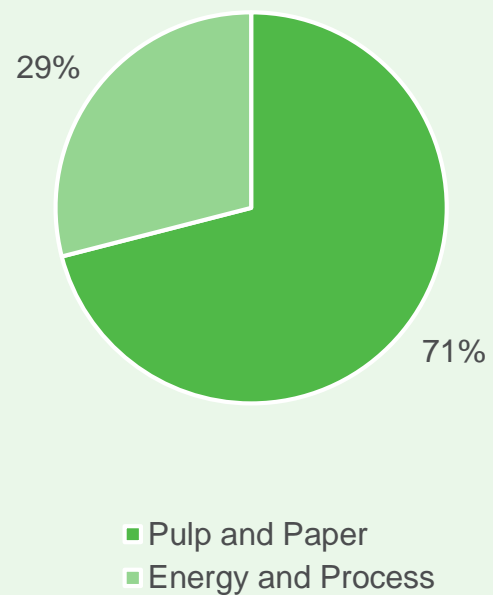
Orders received
EUR 415 million

Net sales
EUR 402 million

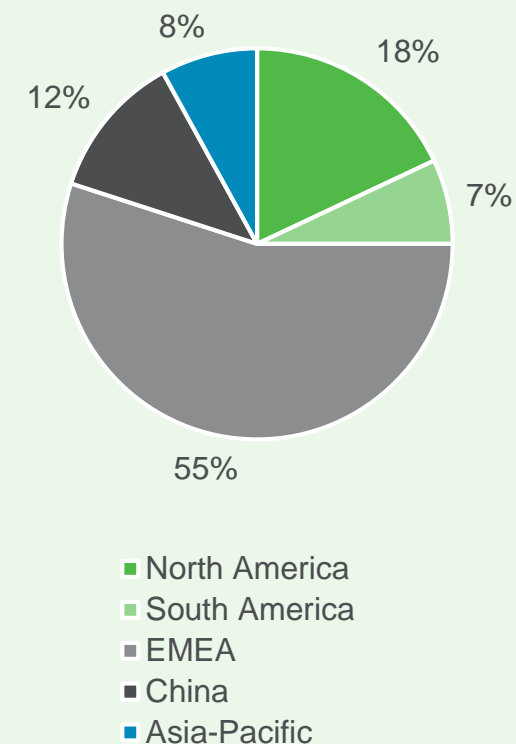
Employees
1,917

Market position
#1–2 Pulp and Paper
#2–4 Energy and Process

Orders received by business



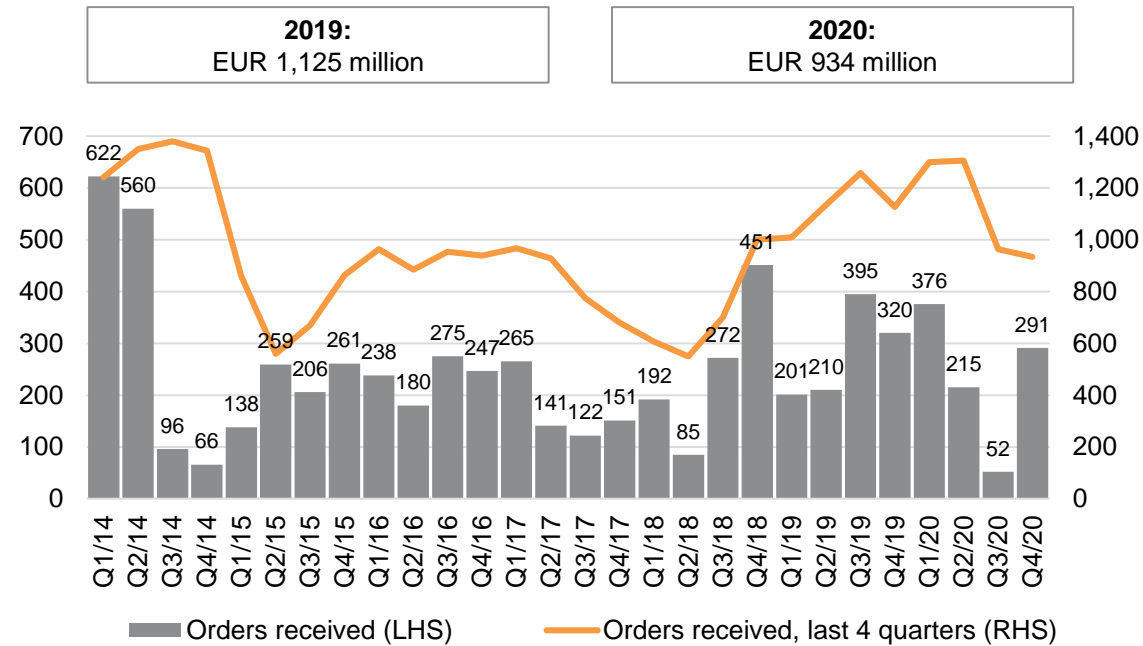
Orders received by area



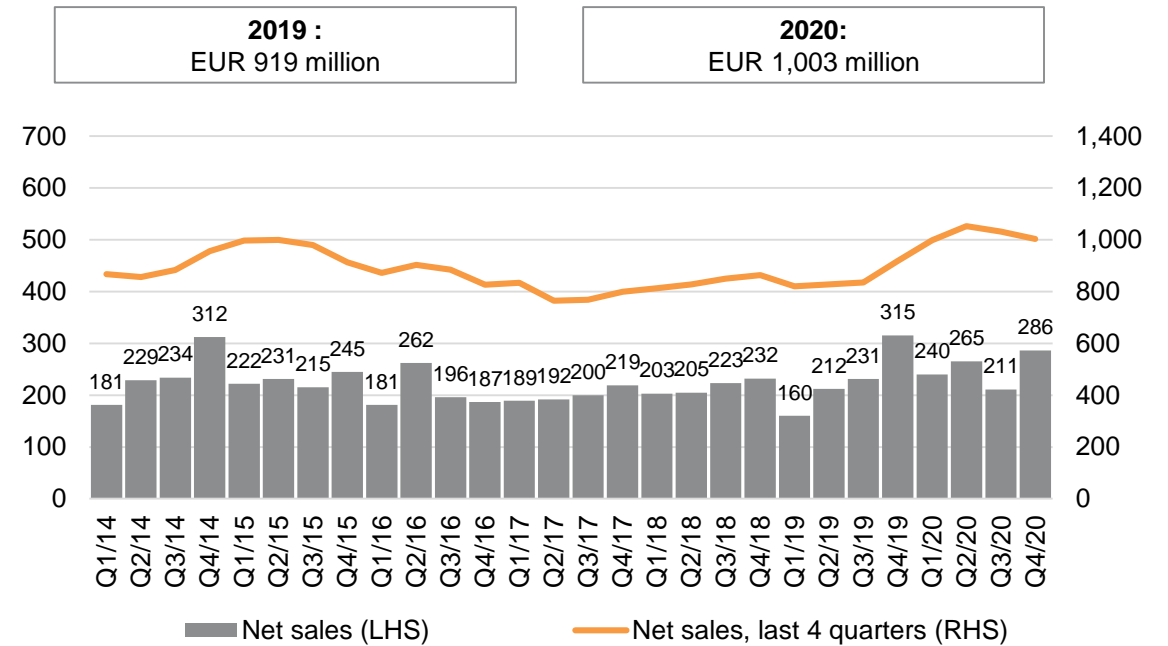
1) Orders received and net sales include also internal orders received and internal net sales.

Pulp and Energy: Orders received decreased to EUR 934 million in 2020

Orders received (EUR million)



Net sales (EUR million)



- Orders received decreased compared with Q4/2019
 - Orders received increased in China and Asia-Pacific, remained at the previous year's level in South America and decreased in North America and EMEA
 - Orders received decreased in both Pulp and Energy
- Net sales decreased compared with Q4/2019
- Pulp and Energy business line has managed challenges caused by COVID-19 well, and therefore the pandemic has not caused major impacts on its operations in 2020



Pulp and Energy business line in 2020

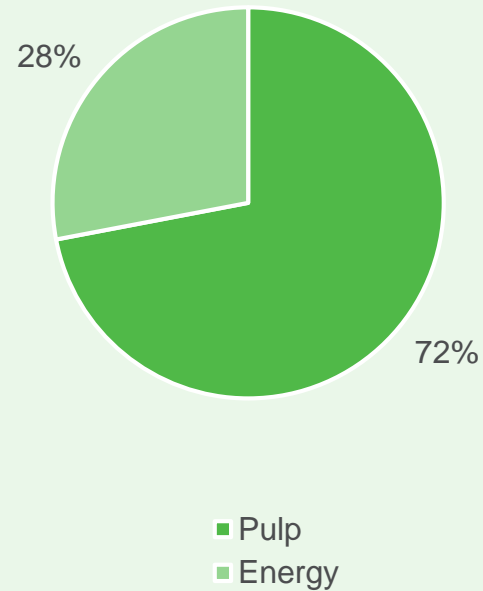
Orders received
EUR 934 million

Net sales
EUR 1,003 million

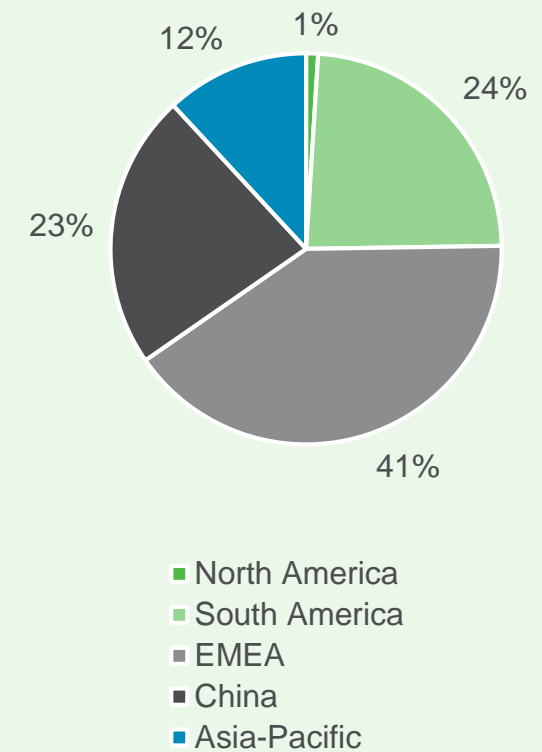
Employees
1,814

Market position
#1–2 Pulp
#1–3 Energy

Orders received by business

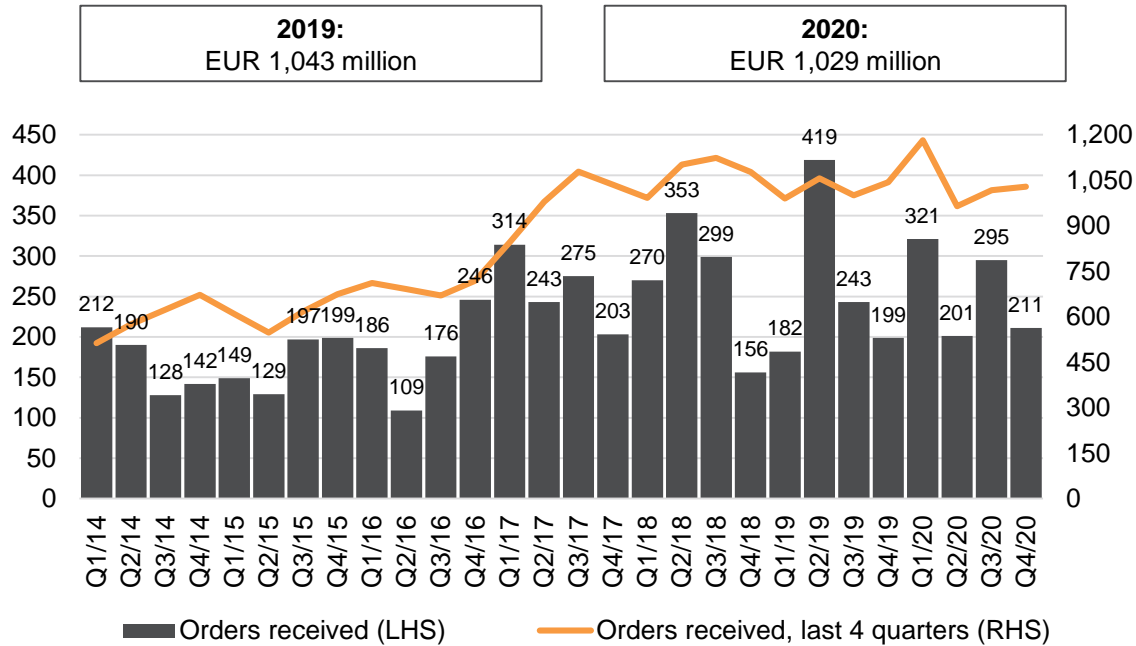


Orders received by area

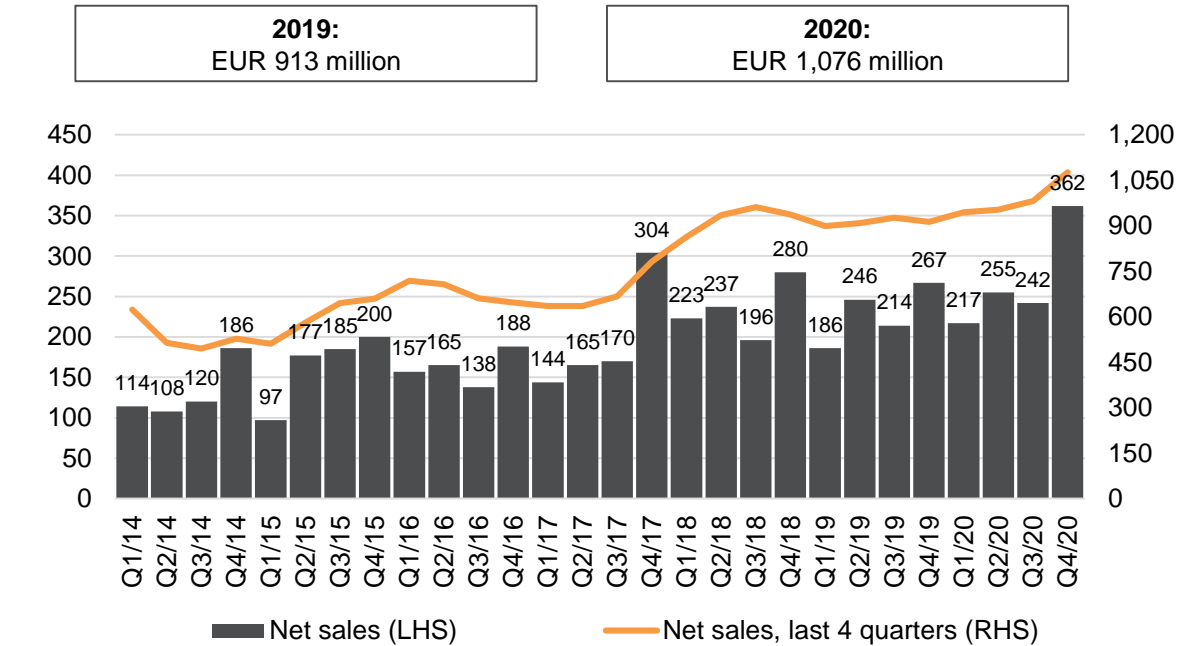


Paper: Orders received remained at the previous year's level at EUR 1,029 million in 2020

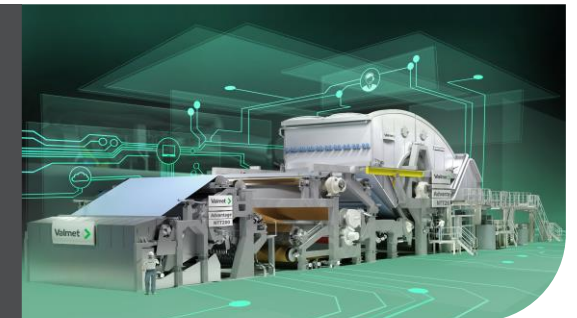
Orders received (EUR million)



Net sales (EUR million)



- Orders received increased compared with Q4/2019
 - Orders received increased in China and Asia-Pacific, remained at the previous year's level in North America, and decreased in South America and EMEA
 - Orders received increased in Board and Paper, and decreased in Tissue
- Net sales increased compared with Q4/2019
- PMP Group has been consolidated into Paper business line financials as of October 1, 2020
- Paper business line has managed challenges caused by COVID-19 well, and therefore the pandemic has not caused major impacts on its operations in 2020



Paper business line in 2020

Orders received
EUR 1,029 million

Net sales
EUR 1,076 million

Employees
3,731

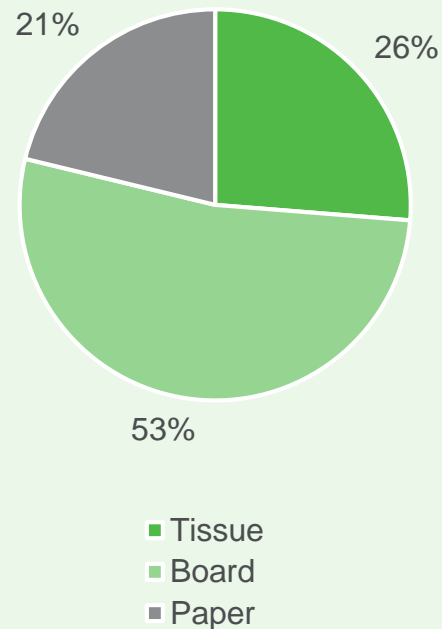
Market position

#1 Tissue

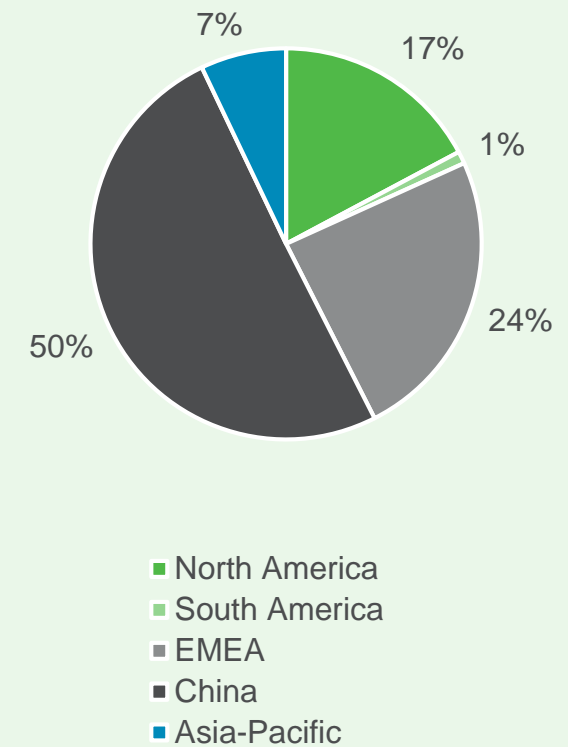
#1 Board

#1 Paper

Orders received by paper grade



Orders received by area





Financial development

Q4/2020 in brief

- Orders received decreased to EUR 463 million in stable business¹
- Orders received remained at the previous year's level at EUR 502 million in capital business²
- Net sales increased to EUR 1,167 million
- Order backlog remained at the previous year's level at EUR 3.3 billion
- Comparable EBITA increased to EUR 146 million and margin was 12.5%
- Gearing was 13%

PMP Group has been consolidated into Valmet's financials as of October 1, 2020.

1) Stable business = Services business line and Automation business line. For Automation, this figure includes internal orders received from other business lines.

2) Capital business = Pulp and Energy business line and Paper business line

Key figures

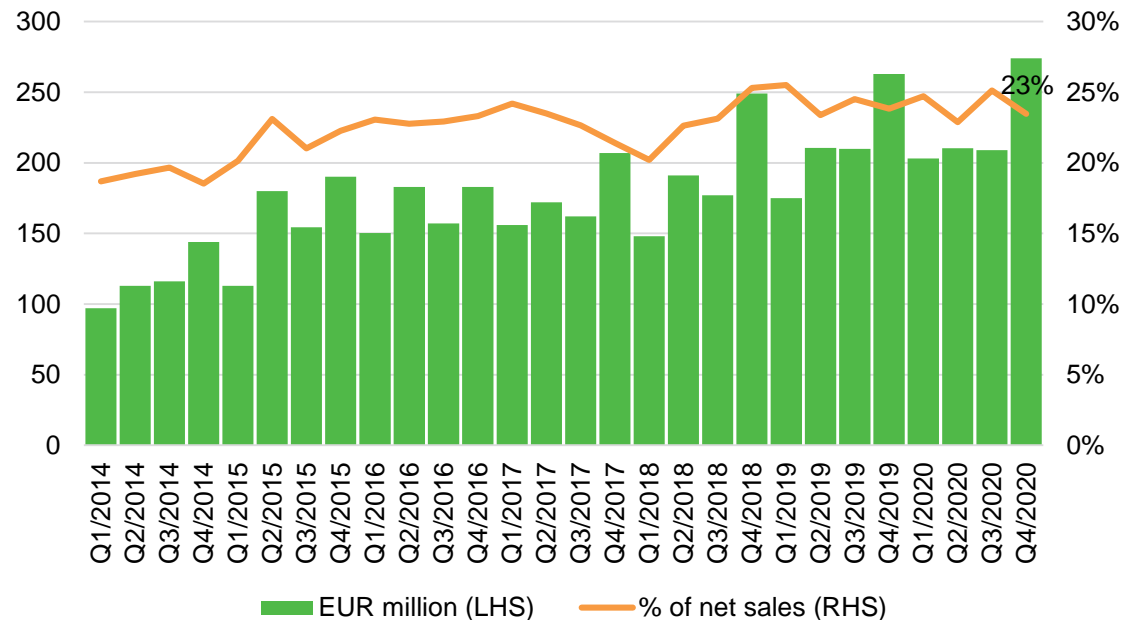
EUR million	Q4/2020	Q4/2019	Change	2020	2019	Change
Orders received	940	1,009	-7%	3,653	3,986	-8%
Order backlog ¹	3,257	3,333	-2%	3,257	3,333	-2%
Net sales	1,167	1,103	6%	3,740	3,547	5%
Comparable EBITA	146	118	24%	365	316	16%
% of net sales	12.5%	10.7%		9.8%	8.9%	
EBITA	147	119	23%	355	315	13%
Operating profit (EBIT)	135	110	23%	319	281	13%
% of net sales	11.6%	9.9%		8.5%	7.9%	
Earnings per share, EUR	0.67	0.54	24%	1.54	1.35	15%
Return on capital employed (ROCE) before taxes ²				22%	23%	
Cash flow provided by operating activities	114	182	-37%	532	295	81%
Gearing ¹				13%	-9%	

Items affecting comparability: EUR 0 million in Q4/2020 (EUR 1 million in Q4/2019), EUR -10 million in 2020 (EUR -1 million in 2019)
Valmet's investment in Neles had a positive impact on EBITA of EUR 2.8 million

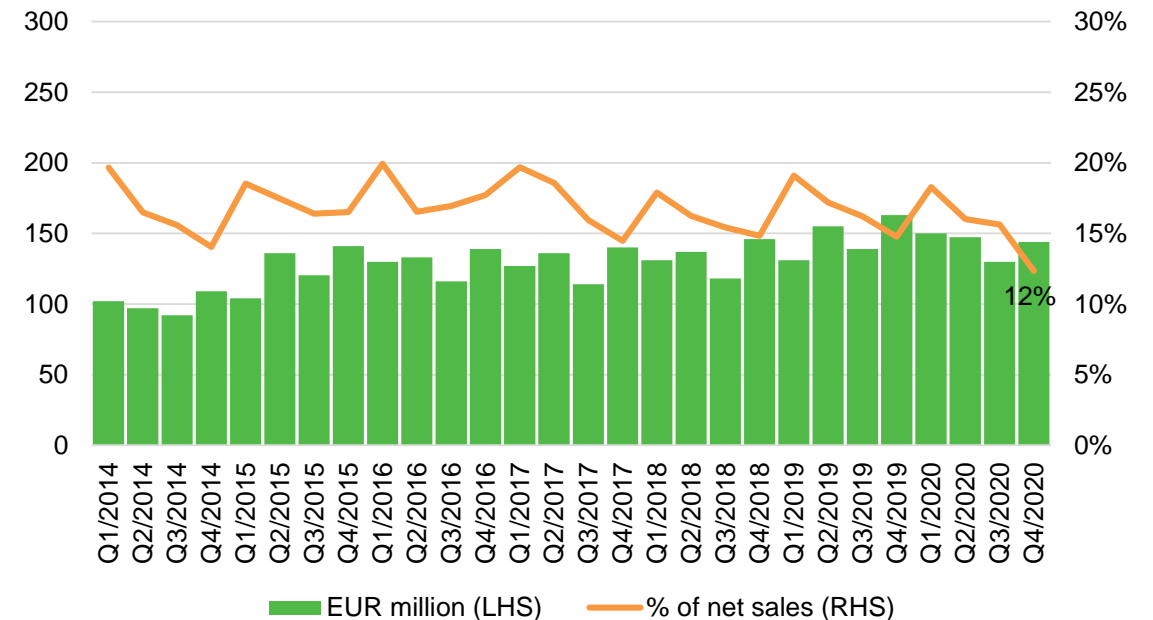
- 1) At end of period
- 2) Annualized

Gross profit and SG&A development

Gross profit (EUR million and % of net sales)



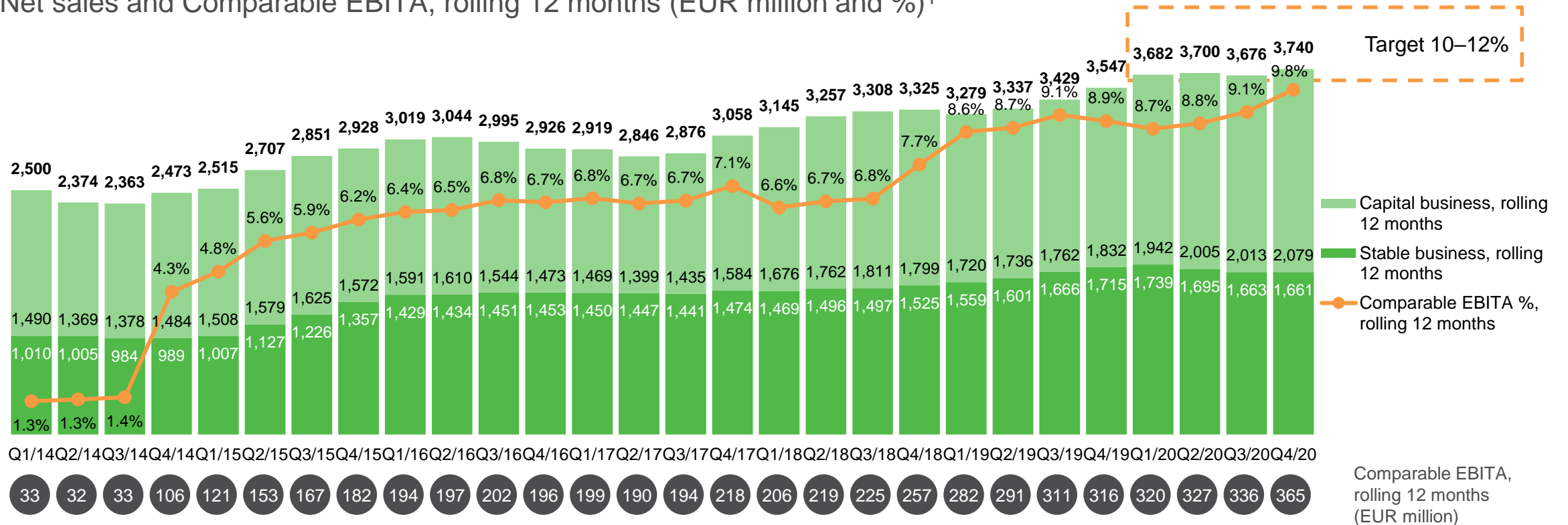
SG&A (EUR million and % of net sales)



- Gross profit was 23.4% of net sales (23.9% in Q4/2019)
 - Stable business represented 44% of net sales (47% in Q4/2019)
- Selling, general & administrative (SG&A) expenses decreased 11%
 - SG&A was 12% of net sales (15% in Q4/2019)

Comparable EBITA margin¹ development

Net sales and Comparable EBITA, rolling 12 months (EUR million and %)¹

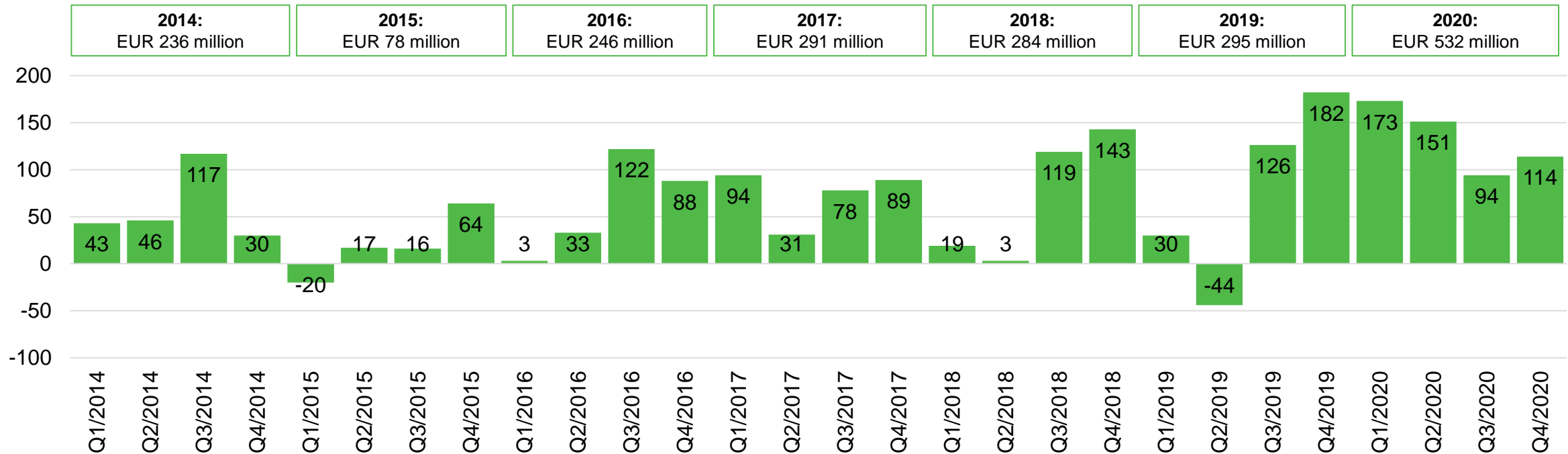


- In Q4/2020, net sales increased and Comparable EBITA increased compared with Q4/2019

1) Rolling 12 months. Carve-out figures for 2013 have been used in the calculation of Q1–Q3/2014 figures. Valmet implemented IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018 by applying full retrospective method. Thus, figures presented are not fully comparable.

Cash flow provided by operating activities and CAPEX

Cash flow provided by operating activities (EUR million)



- Change in net working capital¹ EUR -46 million in Q4/2020
- Cash flow provided by operating activities EUR 114 million in Q4/2020
- CAPEX² EUR 24 million in Q4/2020

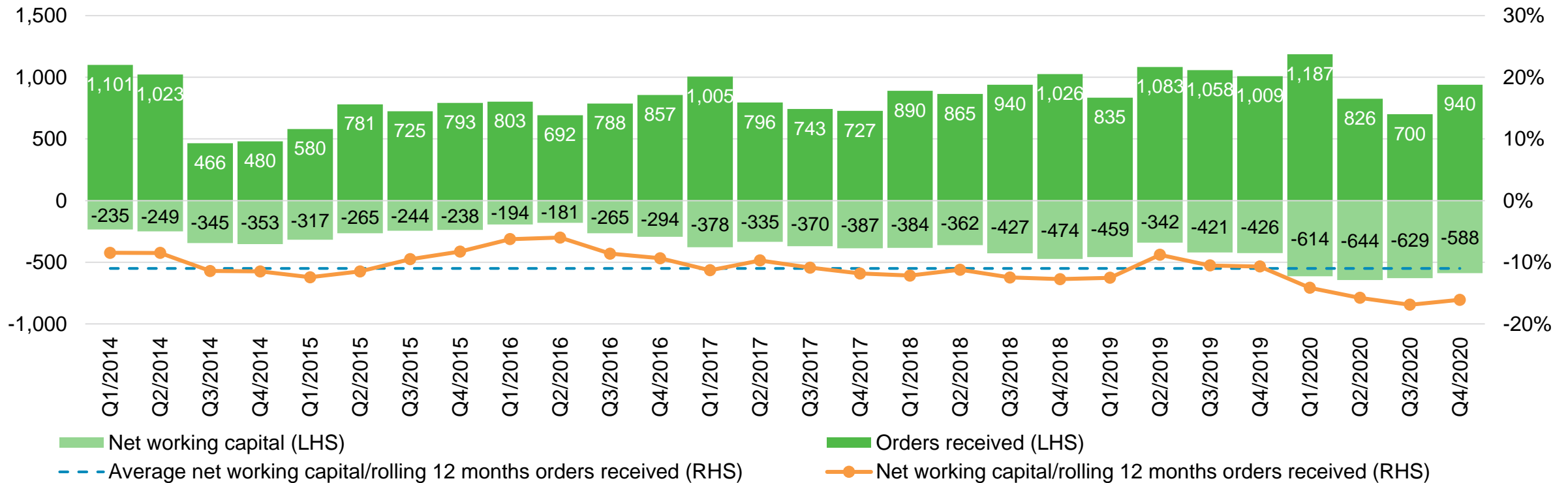
Valmet implemented IFRS 16 – Leases as of January 1, 2019 by applying the simplified transition method and therefore 2018 figures are not restated.

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

2) Excluding leased assets.

Net working capital at -16% of rolling 12 months orders received

Net working capital¹ and orders received (EUR million)

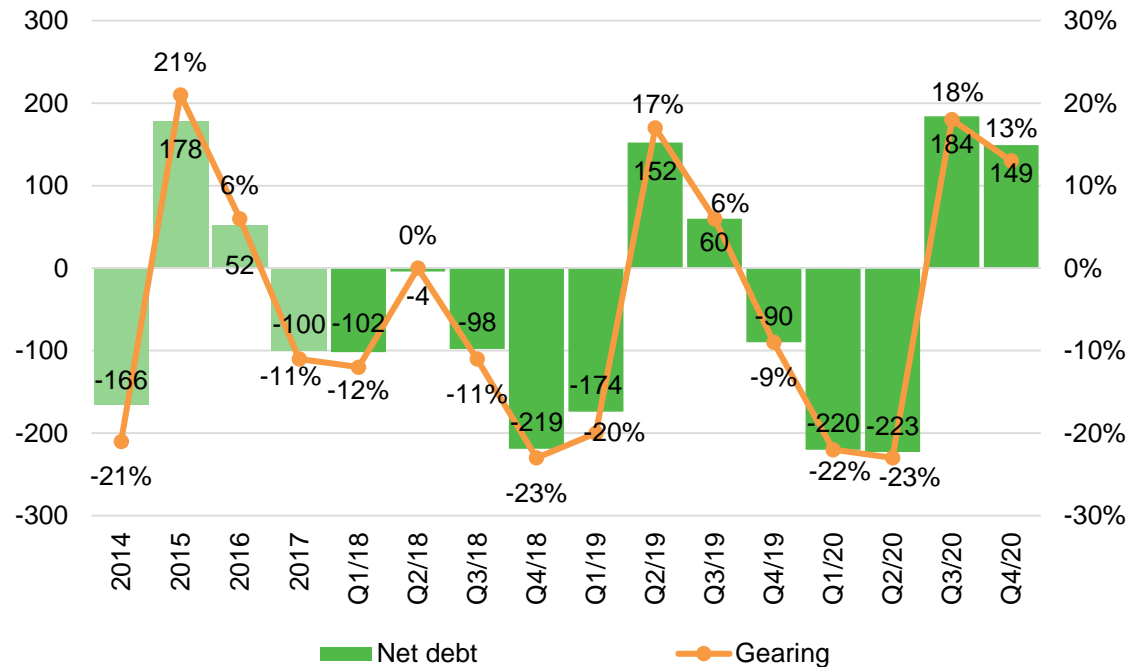


- Net working capital EUR -588 million, which equals -16% of rolling 12 months orders received

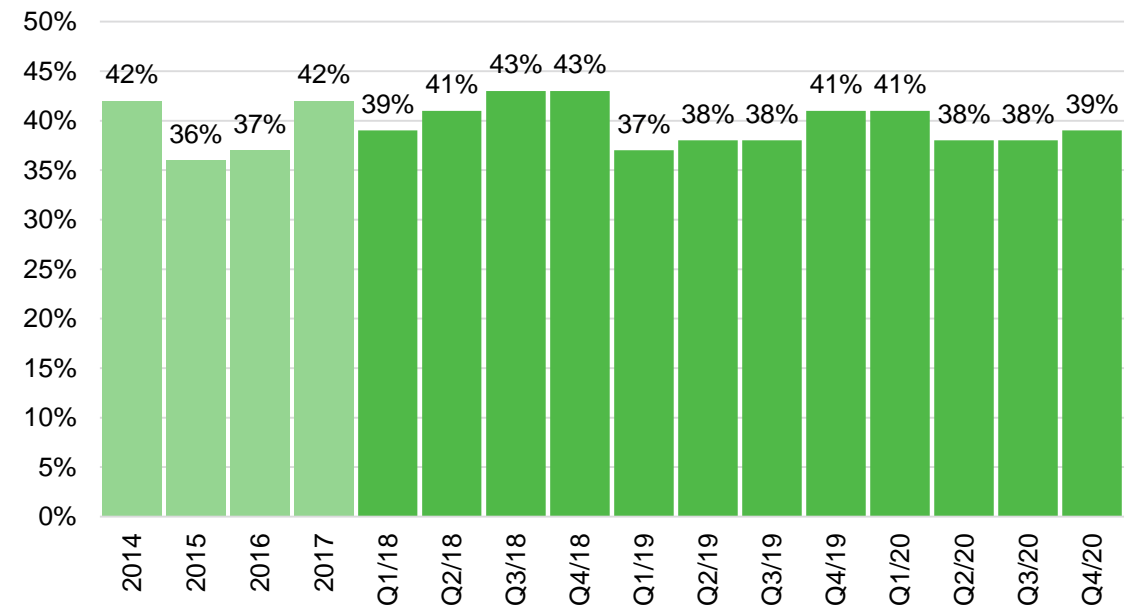
1) Net working capital excluding non-cash net working capital impact from dividend liability.

Net debt and gearing increased compared with Q4/2019

Net debt (EUR million) and gearing (%)



Equity to assets ratio (%)

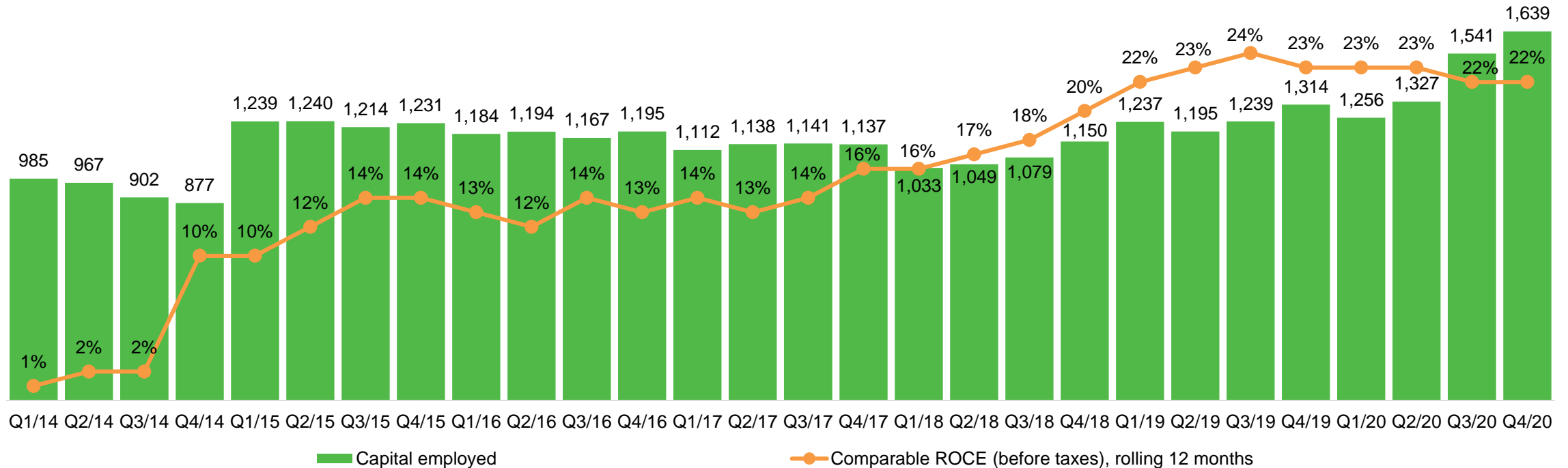


- Gearing (13%) and net debt (EUR 149 million) increased compared with Q4/2019
- Equity to assets ratio decreased compared with Q4/2019

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

Capital employed and Comparable ROCE

Capital employed (EUR million) and Comparable return on capital employed (ROCE), before taxes¹ (%)



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.

1) Rolling 12 months. Carve-out figures for 2013 have been used in the calculation of Q1–Q3/2014 figures.



Dividend proposal, guidance and short-term market outlook

Dividend proposal

Dividend policy

- Dividend payout at least 50% of net profit

Board of Directors' dividend proposal to the Annual General Meeting

- EUR 0.90 per share, which represents 58% payout ratio

Dividend per share (euro)



Guidance and short-term market outlook

Guidance for 2021

Guidance	<p>Valmet estimates that net sales in 2021 will remain at the previous year's level in comparison with 2020 (EUR 3,740 million) and Comparable EBITA in 2021 will remain at the previous year's level in comparison with 2020 (EUR 365 million).</p>
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Short-term market outlook

		Q1/2020	Q2/2020	Q3/2020	Q4/2020
Services		Satisfactory / Weak	Satisfactory / Weak	Satisfactory / Weak	Satisfactory / Weak
Automation		Good / Satisfactory	Good / Satisfactory	Good / Satisfactory	Good
Pulp and Energy	Pulp	Good	Good	Good	Good
	Energy	Satisfactory	Satisfactory	Satisfactory	Weak
Paper	Board and Paper	Good	Good	Good	Good
	Tissue	Satisfactory	Satisfactory	Satisfactory	Good

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'.

Interim Review January–March 2021

April 22, 2021

www.valmet.com/investors

Capital Markets Day 2021

March 10, 2021
1 pm - 4.30 pm EET

www.valmet.com/investors

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