



Orders received remained at the previous year's level and amounted close to EUR 1.3 billion and Comparable EBITA decreased to EUR 141 million in the second quarter

Half Year Financial Review, January–June 2024

July 24, 2024

Pasi Laine, President and CEO

Katri Hokkanen, CFO

Agenda

Half Year Financial Review, January–June 2024

- 1 Q2/2024 in brief
- 2 Development of the segments and the business lines
- 3 Valmet continues its strategic path and refines its mission statement
- 4 Financial development
- 5 Guidance and short-term market outlook



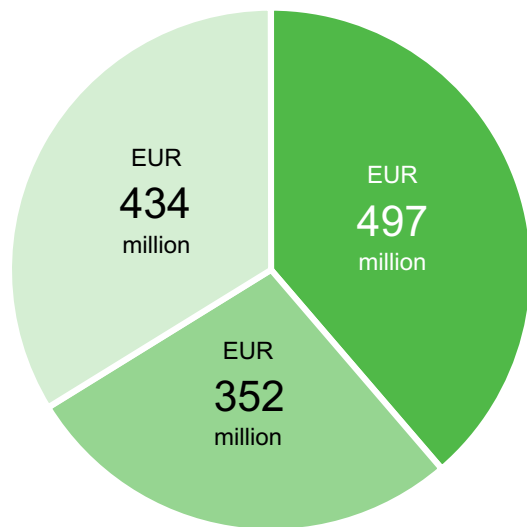
Q2/2024 in brief

Q2/2024 in brief

- Orders received remained at the previous year's level and amounted close to EUR 1.3 billion
- Net sales decreased to EUR 1.3 billion
- Order backlog amounted to EUR 3.8 billion
- Comparable EBITA decreased to EUR 141 million and margin was 10.6%
- Gearing was 45%

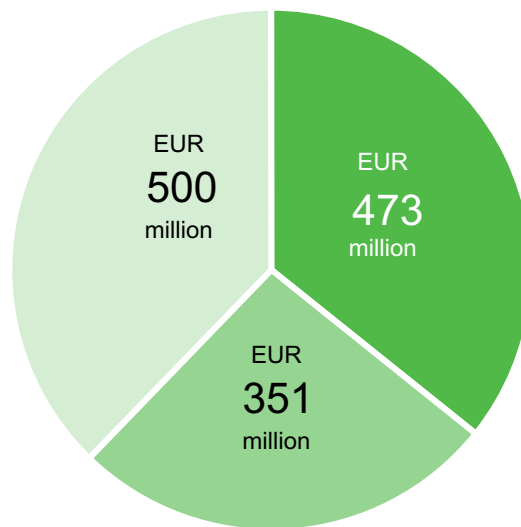
Valmet in Q2/2024

Orders received



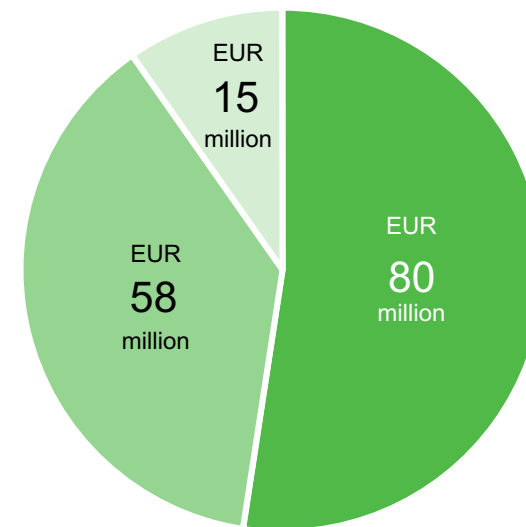
- Services
- Automation
- Process Technologies

Net sales



- Services
- Automation
- Process Technologies

Comparable EBITA (excl. Other)

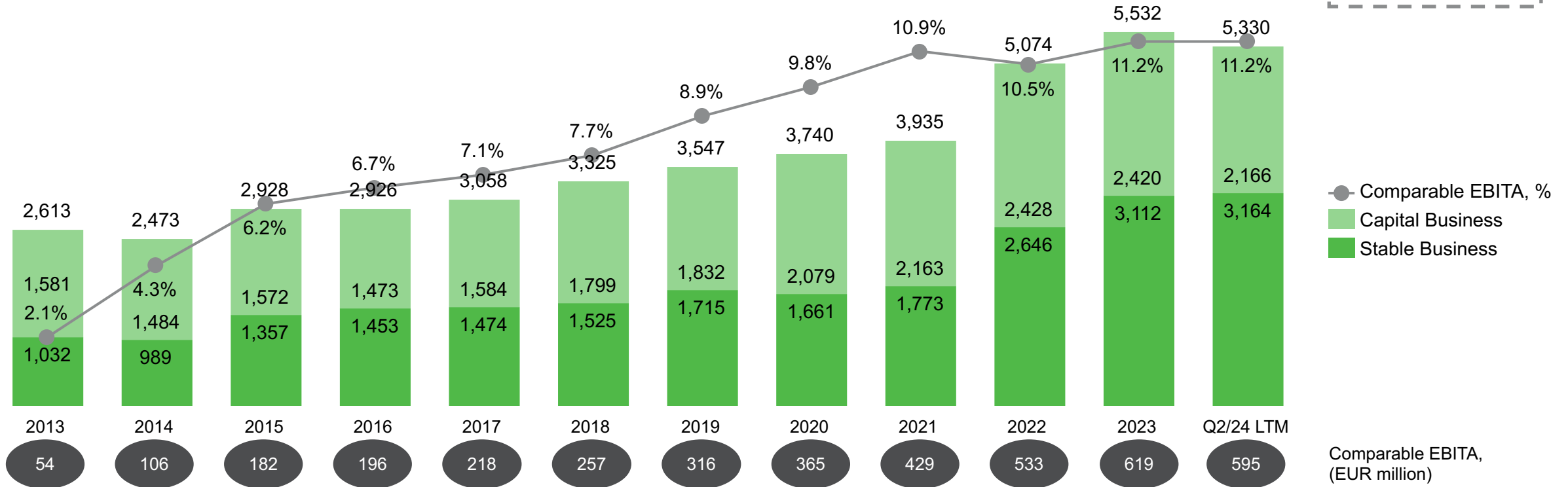


- Services
- Automation
- Process Technologies

Orders received EUR 1,283 million	Net sales EUR 1,324 million	Comparable EBITA EUR 141 million	Comparable EBITA margin 10.6%	Order backlog EUR 3,828 million	Employees 19,434
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Comparable EBITA margin development

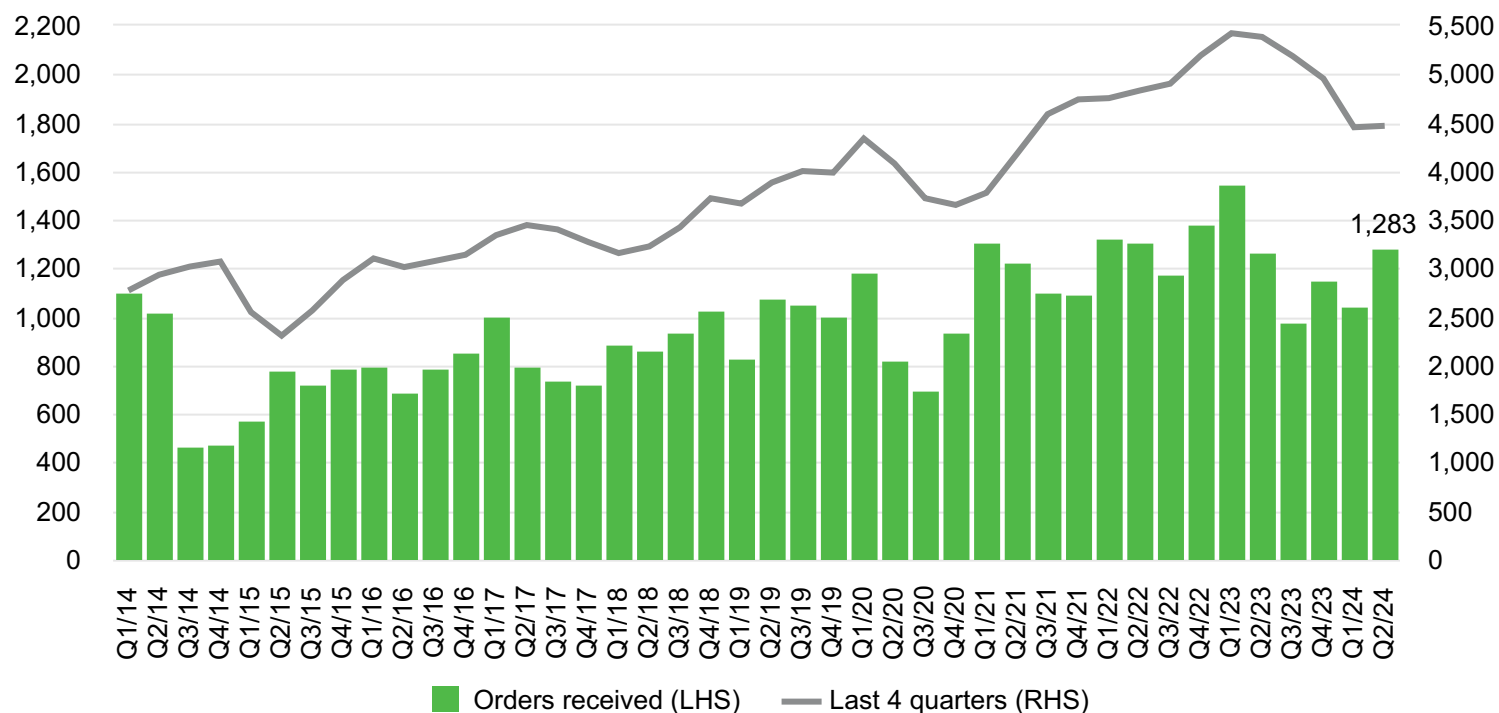
Net sales and Comparable EBITA (EUR million and %)¹



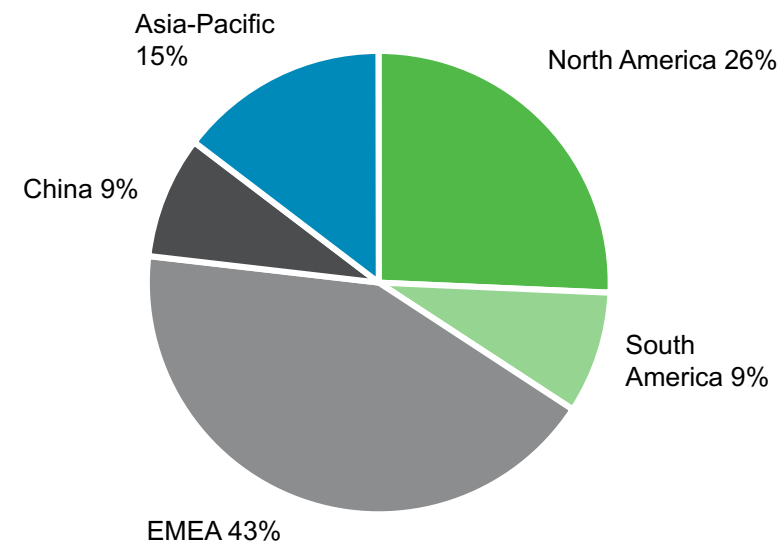
1. Valmet implemented IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018 by applying full retrospective method. 2014–2020 figures have not been restated to reflect Valmet's current reporting structure. Thus, figures presented are not fully comparable.

Orders received remained at the previous year's level and amounted close to EUR 1.3 billion in Q2/2024

Orders received (EUR million)



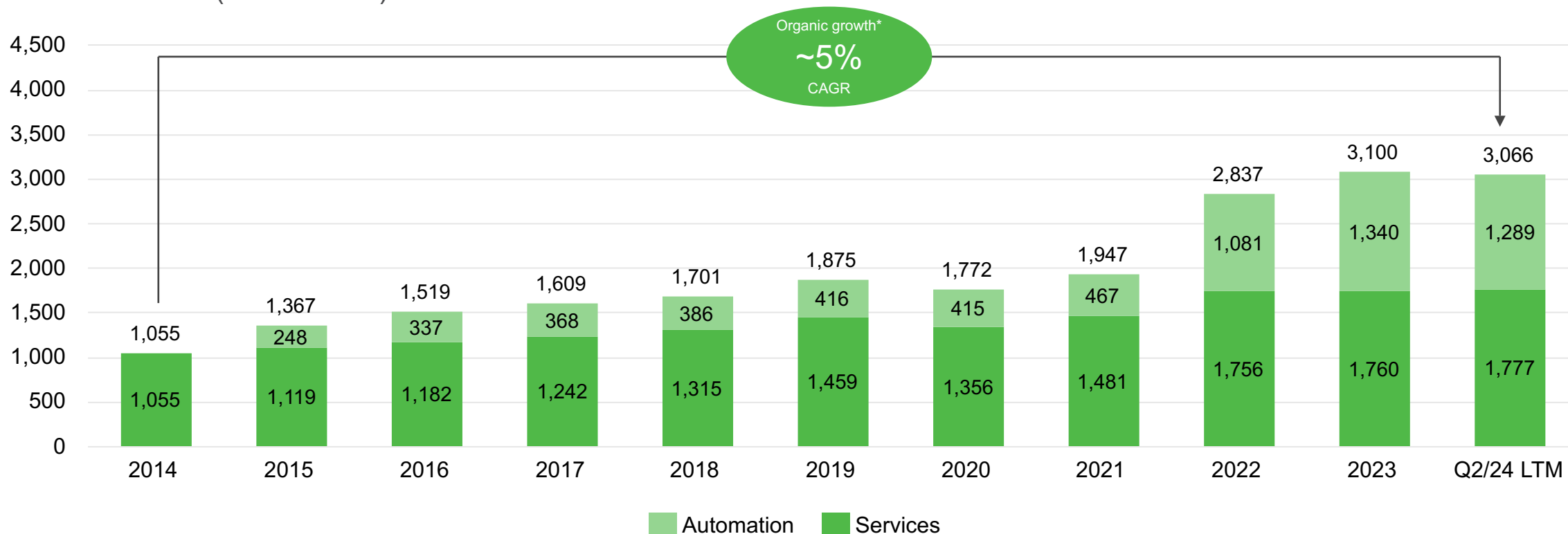
Orders received in H1/2024 by area



- Orders received remained at the previous year's level in EMEA and decreased in China, South America, Asia-Pacific and North America in H1/2024 compared with H1/2023
 - South America, China and Asia-Pacific together accounted for 32% of orders received

Stable business orders received totaled close to EUR 3.1 billion during the last twelve months

Orders received (EUR million) in stable business



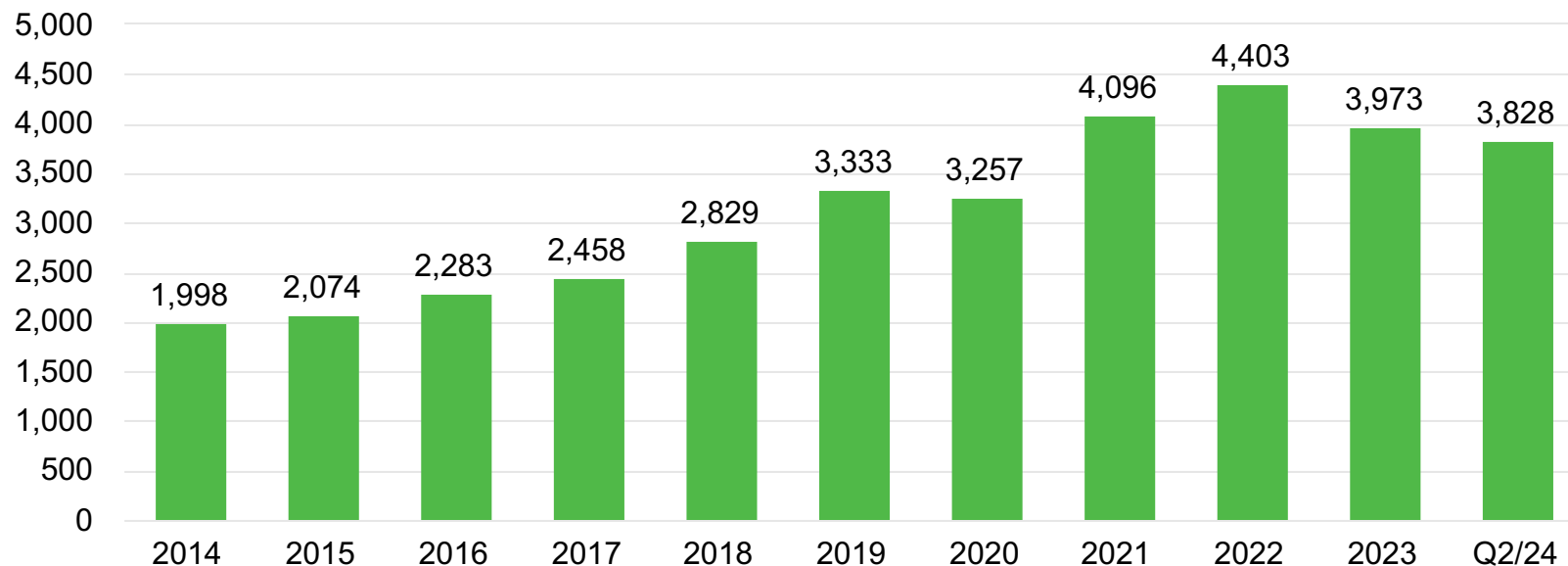
- Orders received in stable business were EUR 79 million higher in Q2/2024 compared with Q2/2023
- Stable business represented 69% of Valmet's orders received during the last twelve months (34% in 2014)

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

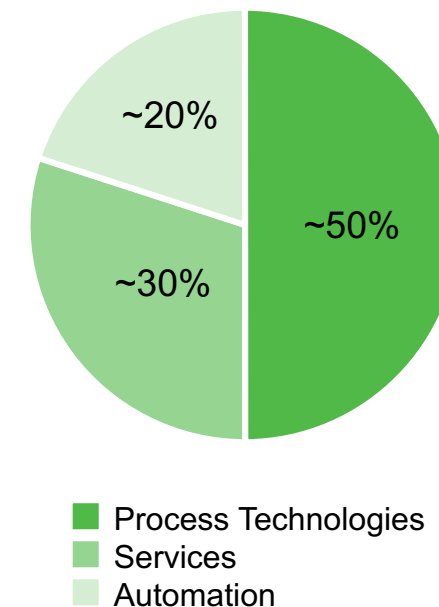
*Adjusted for acquisitions and foreign exchange rates (in calculating organic growth, Q2/24 LTM orders received in euro translated by applying 2014 average exchange rates). Indicative only.

Order backlog EUR 3.8 billion at the end of Q2/2024


Order backlog (EUR million)



Structure of order backlog by segment



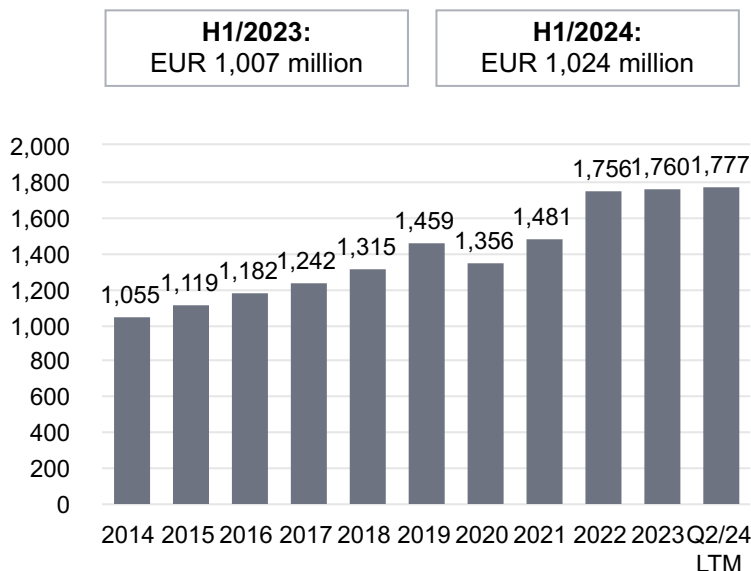
- Order backlog was EUR 145 million lower than at the end of 2023
- Approximately 60% of the order backlog is currently expected to be realized as net sales during 2024 (at the end of Q2/2023, ~50% during 2023)
 - Approximately an additional EUR 70 million is expected to be realized as net sales in H2 compared with 2023
- Valmet's delivery times have decreased and returned close to pre-covid levels
- Approximately 50% of the order backlog relates to stable business (~40% at the end of Q2/2023)



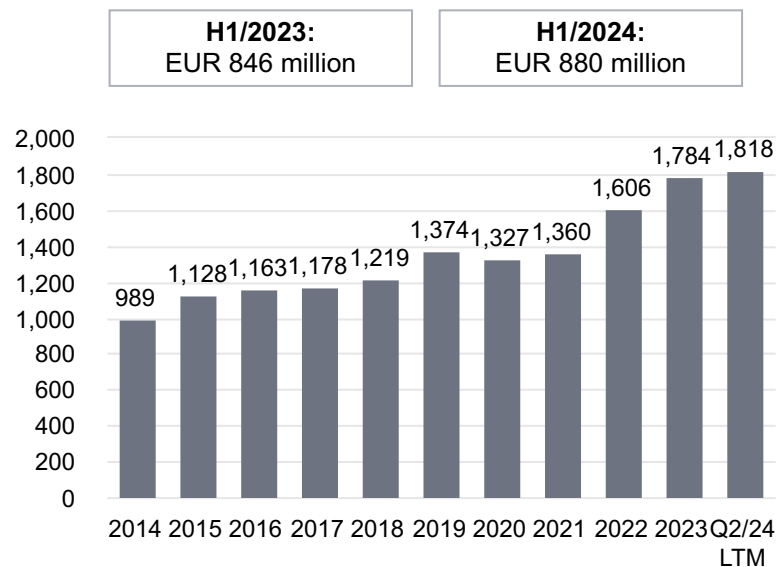
Development of the segments and the business lines

Services: Orders received remained at the previous year's record-high level at EUR 1.0 billion in H1/2024

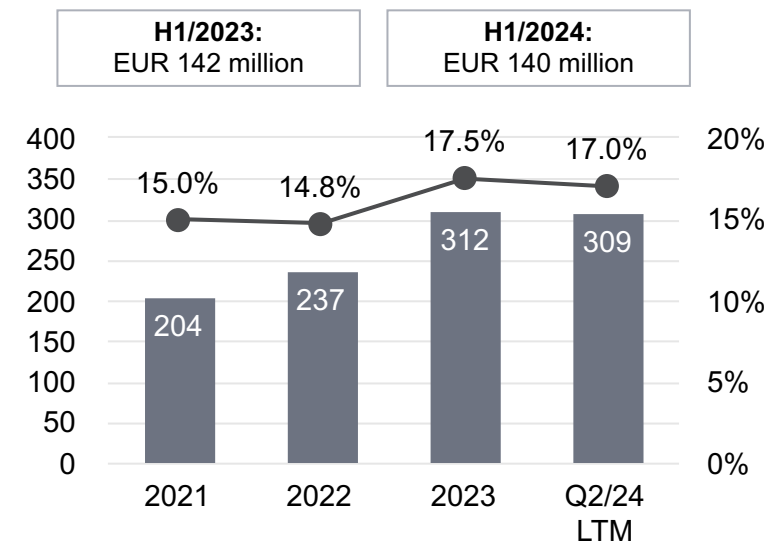
Orders received (EUR million)



Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)

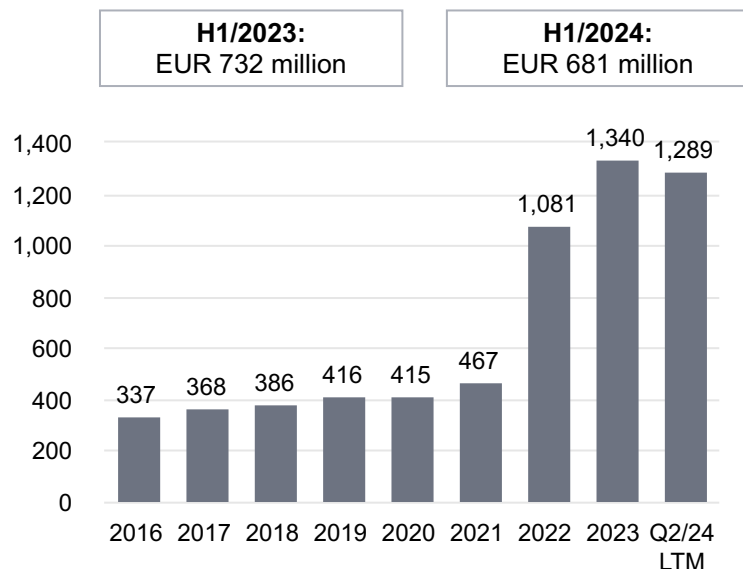


- Orders received remained at the previous year's level compared with H1/2023
 - Orders received were record high in H1/2023 and included a large single order
 - Orders received increased in North America and China, remained at the previous year's level in EMEA and Asia-Pacific and decreased in South America
 - Excluding Tissue Converting, orders received remained at the previous year's level in Fabrics, Rolls and Board, Paper and Tissue Solutions and decreased in Pulp and Energy Solutions and Performance Parts
- Net sales remained at the previous year's level compared with H1/2023
- Comparable EBITA remained at the previous year's level compared with H1/2023

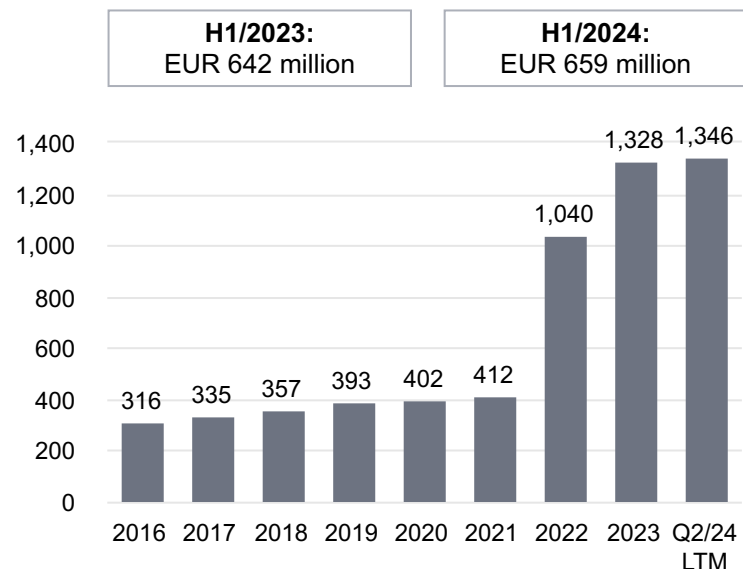


Automation: Orders received decreased to EUR 681 million in H1/2024

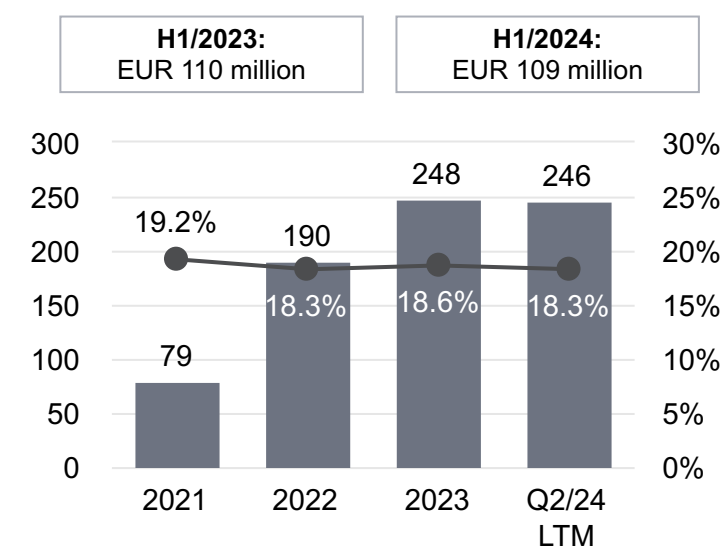
Orders received (EUR million)



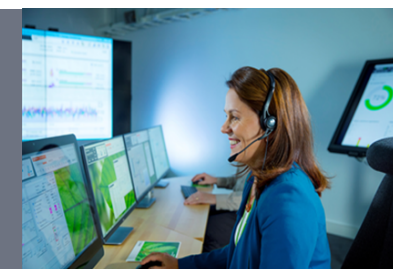
Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)

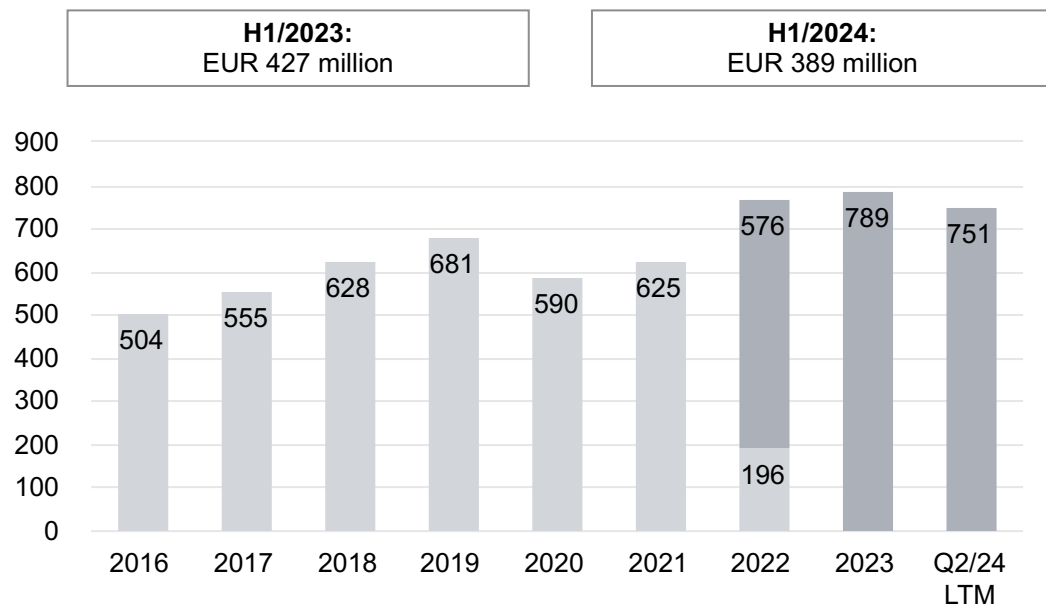


- Orders received decreased compared with H1/2023
- Net sales remained at the previous year's level compared with H1/2023
- Comparable EBITA remained at the previous year's level compared with H1/2023

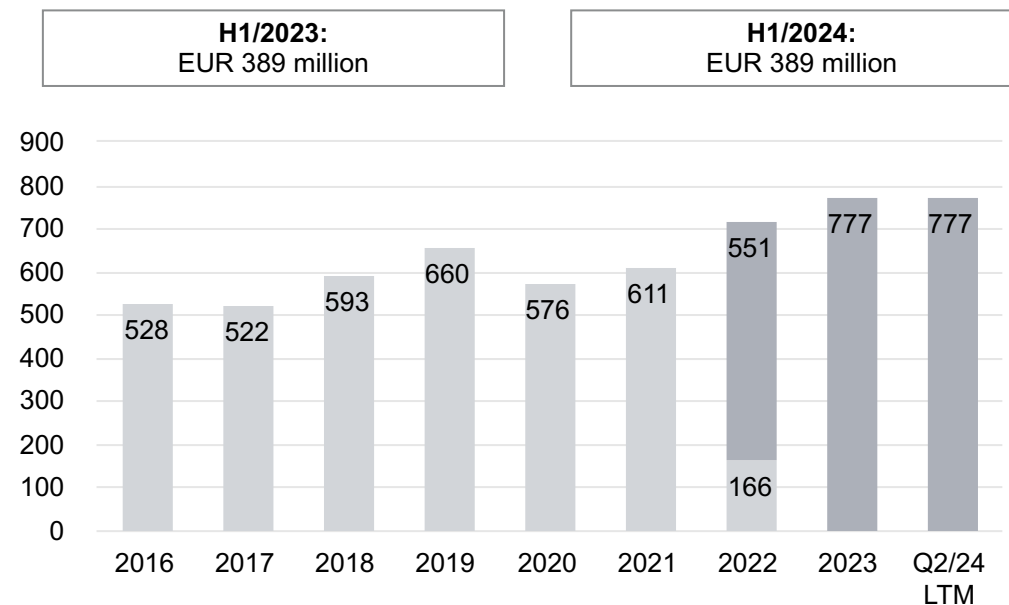


Flow Control business line: Orders received decreased to EUR 389 million in H1/2024

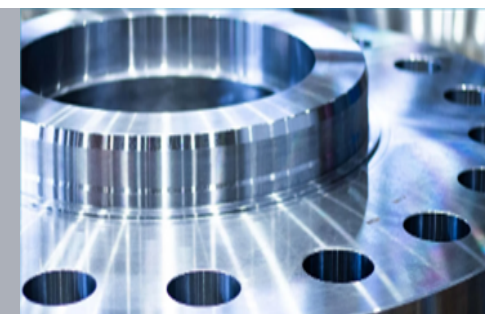
Orders received (EUR million)*



Net sales (EUR million)*



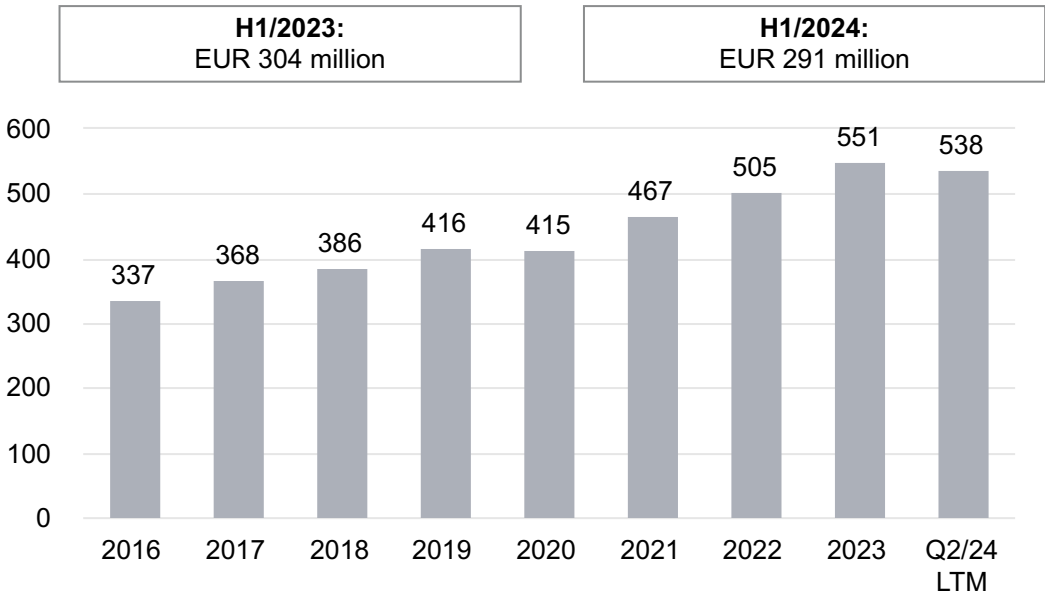
- Orders received decreased to EUR 389 million in H1/2024
 - Orders received increased in Asia-Pacific, remained at the previous year's level in North America and decreased in South America, China and EMEA
 - Orders received remained at the previous year's level in MRO (Maintenance and Repair Operations) & Services and decreased in Projects and Valve controls & Actuators
- Net sales remained at the previous year's level at EUR 389 million in H1/2024



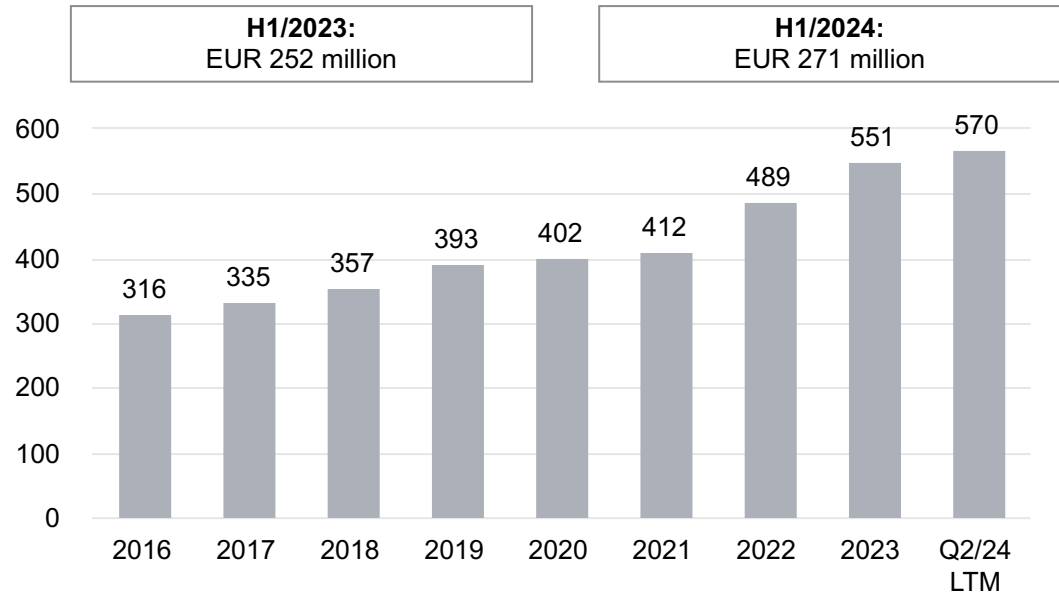
* 2016–2017 financials based on carve-out numbers; 2018–2019 financials based on Metso's "Continuing operations" as in 2019 annual report; Q1/2020–Q1/2022 financials as reported in Neles' Q1/2022 interim review.

Automation Systems business line: Orders received remained at the previous year's level at EUR 291 million in H1/2024

Orders received (EUR million)



Net sales (EUR million)

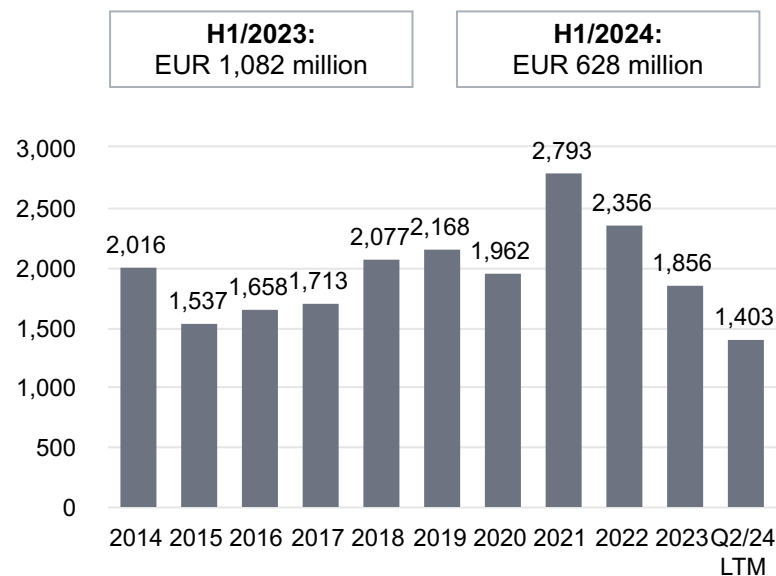


- Orders received remained at the previous year's level compared with H1/2023
 - Orders received increased in automation services and decreased in capital
 - Orders received increased in Energy and Process and decreased in Pulp and Paper
- Net sales increased compared with H1/2023
- The acquisition of Analyzer Products and Integration was completed on April 2, 2024

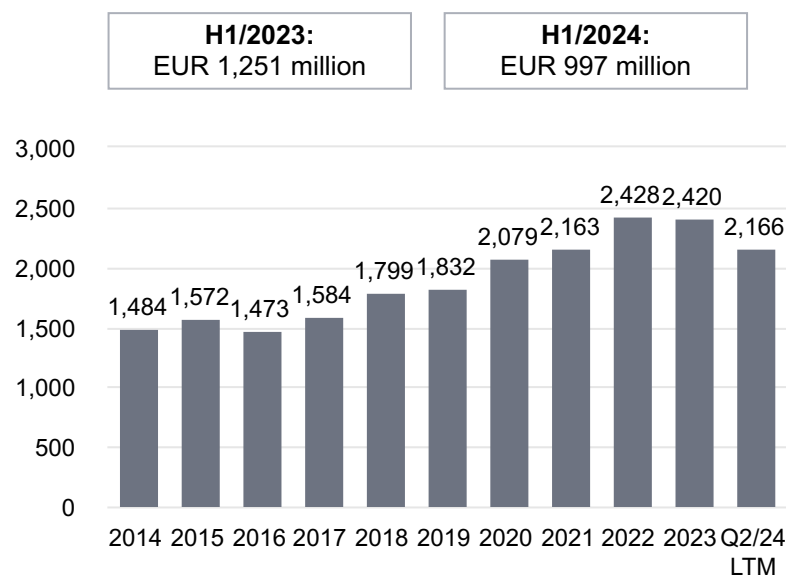


Process Technologies: Orders received increased from Q1/2024 and amounted to EUR 434 million in Q2/2024

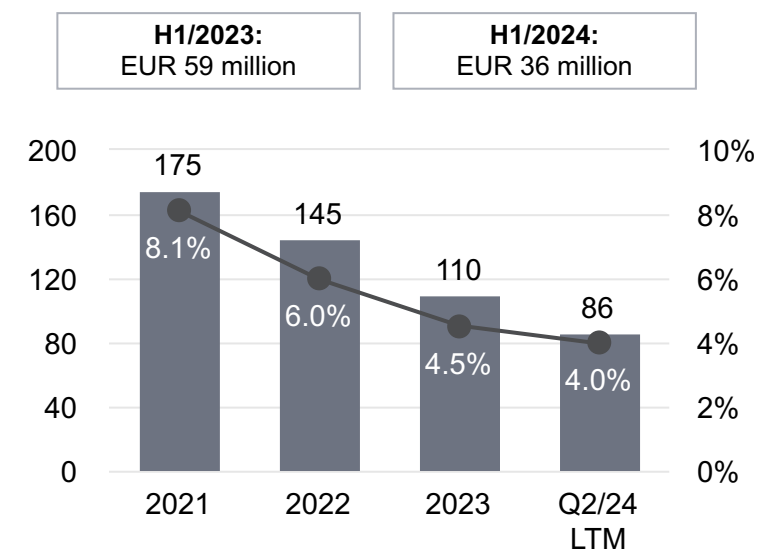
Orders received (EUR million)



Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)

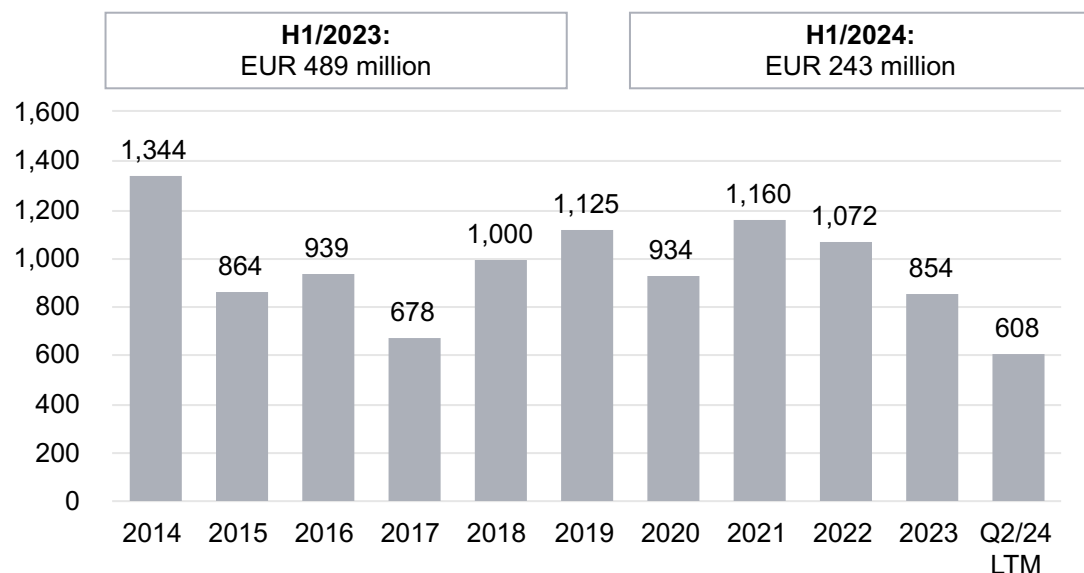


- Orders received increased from EUR 195 million in Q1/2024 to EUR 434 million in Q2/2024
- Net sales remained at the previous quarter's level in Q2/2024
- Comparable EBITA amounted to EUR 15 million in Q2/2024

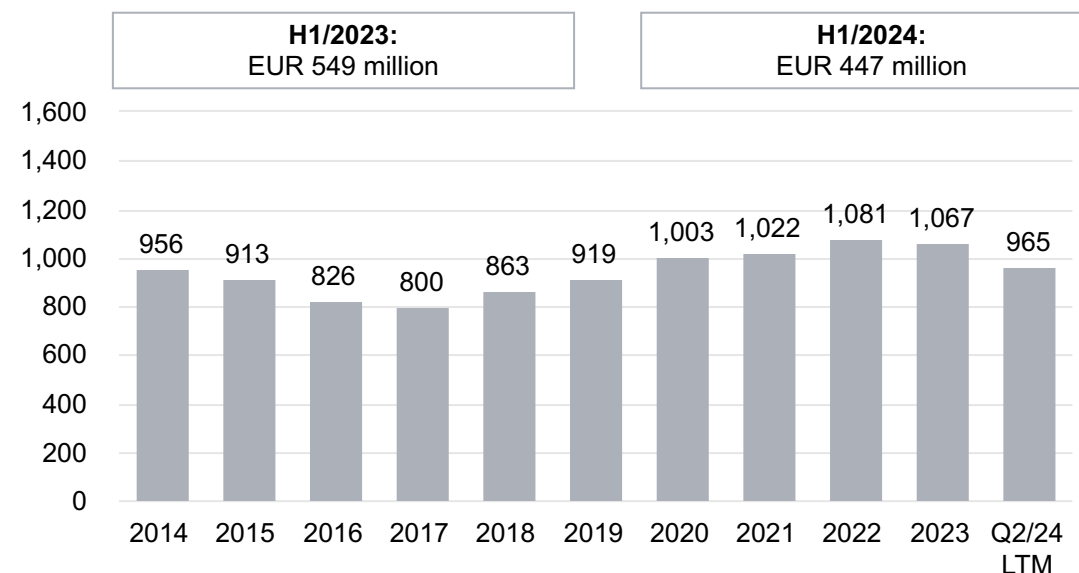


Pulp and Energy business line: Orders received increased from Q1/2024 and amounted to EUR 187 million in Q2/2024

Orders received (EUR million)



Net sales (EUR million)

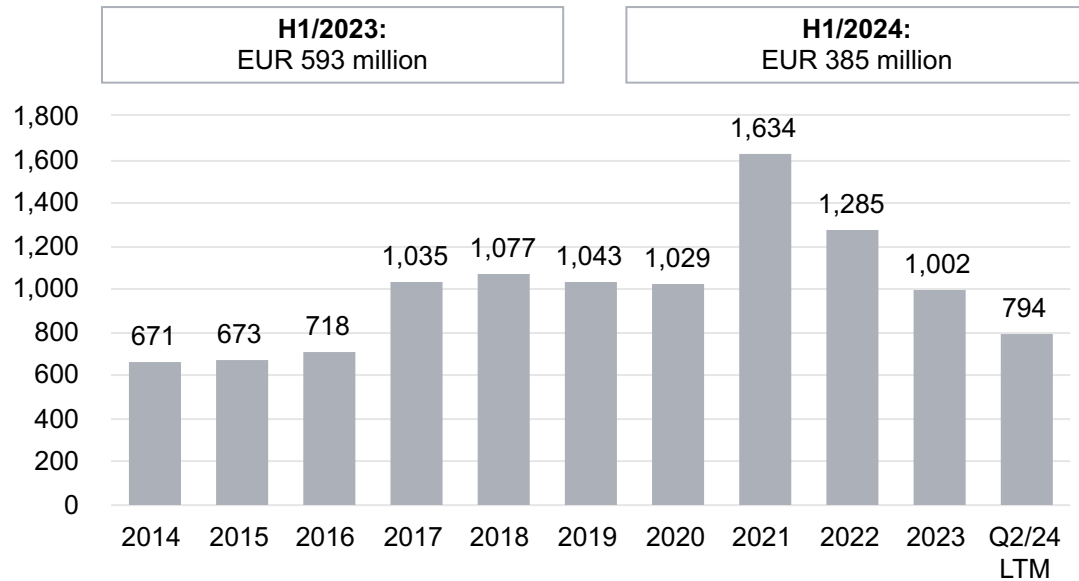


- Orders received increased from EUR 57 million in Q1/2024 to EUR 187 million in Q2/2024
- Net sales remained at the previous quarter's level in Q2/2024

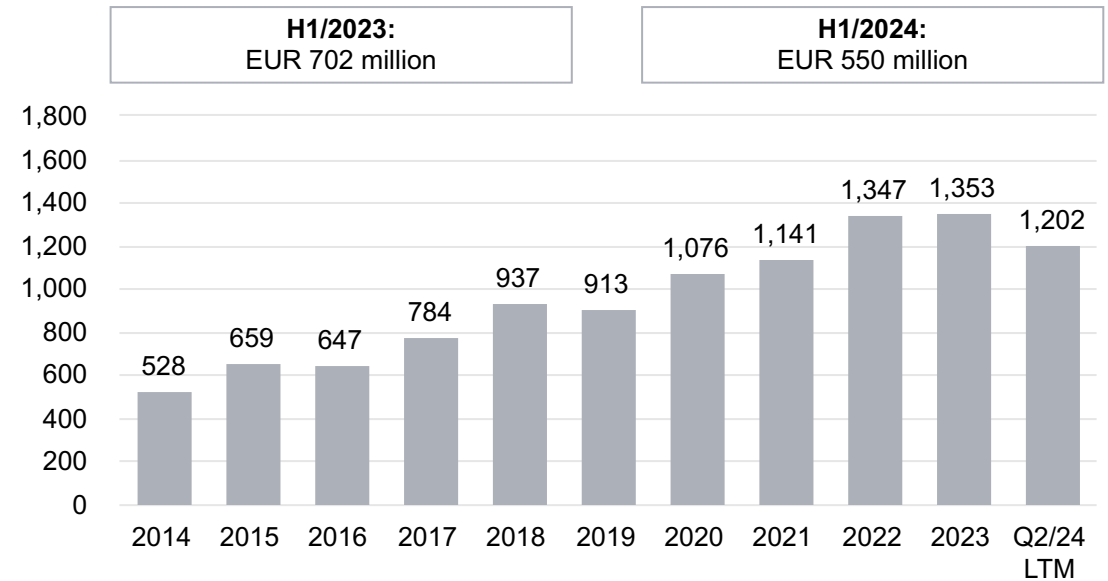


Paper business line: Orders received increased from Q1/2024 and amounted to EUR 247 million in Q2/2024

Orders received (EUR million)



Net sales (EUR million)



- Orders received increased from EUR 138 million in Q1/2024 to EUR 247 million in Q2/2024
- The integration of Tissue Converting business is proceeding well, with the first synergy orders realized during H1/2024
- Net sales remained at the same level as in Q1/2024
- The fire at Rautpohja factory site in Finland in 2022 impacted Paper business line's operations during H1/2024





Valmet continues its strategic path and
refines its mission statement

Mission statement refined to reflect the changes in our business portfolio and customer base

Mission

We create sustainable results by converting renewable resources and making industrial processes reliable and efficient

Strategy

Valmet develops and supplies competitive and reliable process technologies, services and automation to the pulp, paper and energy industries.

Our automation business covers a wide base of global process industries.

We are committed to moving our customers' performance forward with our unique offering and way to serve.

Continuous improvement and renewal

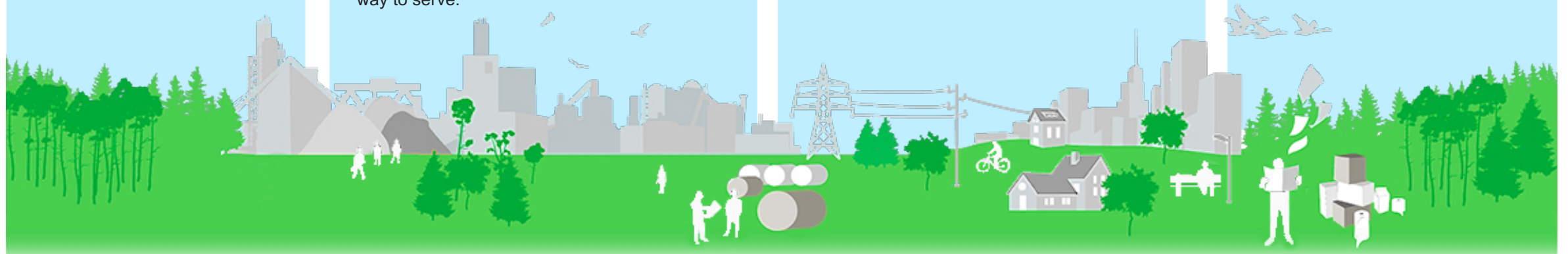
Must-Wins

- Customer excellence
- Leader in technology and innovation
- Excellence in processes
- Winning team

Business accelerators

Vision

To become the global champion in serving our customers and in moving the industries forward



Our Values



Customers

We move our customers' performance forward



Renewal

We promote new ideas to create the future



Excellence

We improve every day to deliver results



People

We work together to make a difference

Megatrends

- Climate change and resource efficient world
- Digitalization and new technologies
- Urban, responsible and globally connected people



Financial development

Key figures

EUR million	Q2/2024	Q2/2023	Change	Q1–Q2/2024	Q1–Q2/2023	Change
Orders received	1,283	1,268	1%	2,333	2,821	-17%
Order backlog ¹	3,828	4,414	-13%	3,828	4,414	-13%
Net sales	1,324	1,417	-7%	2,536	2,738	-7%
Comparable EBITA	141	153	-8%	262	286	-9%
% of net sales	10.6%	10.8%	-0.2 pp	10.3%	10.5%	-0.1 pp
EBITA	132	155	-15%	245	286	-14%
Operating profit (EBIT)	103	136	-24%	189	232	-18%
% of net sales	7.8%	9.6%	-1.8 pp	7.5%	8.5%	-1.0 pp
Adjusted earnings per share, EUR ²	0.43	0.60	-28%	0.84	1.11	-24%
Earnings per share, EUR	0.31	0.54	-42%	0.62	0.92	-33%
Comparable ROCE, LTM ³				14%	15%	-2 pp
Cash flow provided by operating activities	128	-37		267	172	55%
Net debt to EBITDA ⁴ ratio				1.63	0.77	
Gearing ¹				45%	23%	22 pp

Items affecting comparability: EUR -9 million in Q2/2024 (EUR 2 million in Q2/2023) and EUR -16 million in Q1–Q2/2024 (EUR 0 million in Q1–Q2/2023).

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

Q2 2024 in brief

EUR million	Q2/2024	Q2/2023	Change
Orders received	497	430	15%
Net sales	473	457	4%
Comparable EBITA	80	80	0%
% of net sales	16.9%	17.5%	-0.6 pp

- Orders received increased to EUR 497 million
 - Orders received of Tissue Converting, which was integrated into Valmet in the beginning of November 2023, amounted to EUR 38 million in Q2/2024
 - Changes in FX rates decreased orders received by approximately EUR 5 million
- Net sales remained at the previous year's level
 - Tissue Converting's net sales amounted to EUR 38 million
 - Changes in FX rates decreased net sales by approximately EUR 4 million
- Comparable EBITA remained at the previous year's level at EUR 80 million and margin decreased to 16.9%
 - Organic net sales decrease had a negative impact on the Comparable EBITA margin

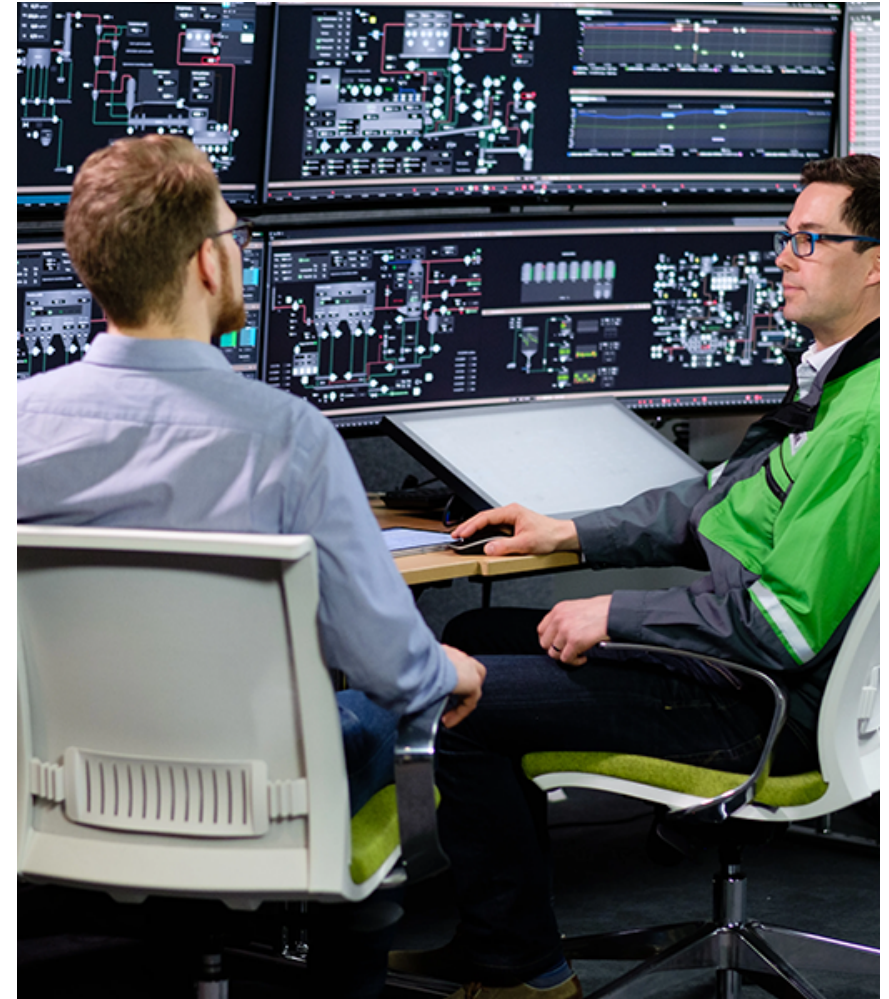


Automation segment key figures

Q2 2024 in brief

EUR million	Q2/2024	Q2/2023	Change
Orders received	352	340	4%
Net sales	351	338	4%
Comparable EBITA	58	61	-5%
% of net sales	16.5%	17.9%	-1.5 pp

- Orders received remained at the previous year's level at EUR 352 million
 - Automation Systems' orders received increased in automation services and decreased in capital
 - Orders received from the acquired business Analyzer Products and Integration amounted to EUR 22 million in Q2/2024
 - The comparison quarter Q2/2023 included a large single order in Flow Control
- Net sales remained at the previous year's level
 - Net sales from the acquired business Analyzer Products and Integration amounted to EUR 19 million in Q2/2024
 - Changes in FX rates decreased net sales by approximately EUR 3 million
- Comparable EBITA remained at the previous year's level at EUR 58 million and the margin was 16.5%
 - The margin decreased mainly due to integration of Analyzer Products and Integration



Process Technologies segment key figures

Q2 2024 in brief

EUR million	Q2/2024	Q2/2023	Change
Orders received	434	497	-13%
Net sales	500	623	-20%
Comparable EBITA	15	30	-50%
% of net sales	3.0%	4.8%	-1.8 pp

- Orders received decreased to EUR 434 million
 - Orders received of Tissue Converting amounted to EUR 42 million
- Net sales decreased to EUR 500 million
 - Tissue Converting's net sales amounted to EUR 41 million
- Comparable EBITA amounted to EUR 15 million and the margin to 3.0%
 - Comparable EBITA was impacted by lower net sales



Segment key figures

Orders received, EUR million	Q2/2024	Q2/2023	Change	Q1–Q2/2024	Q1–Q2/2023	Change
Services	497	430	15%	1,024	1,007	2%
Automation	352	340	4%	681	732	-7%
Process Technologies	434	497	-13%	628	1,082	-42%
Total	1,283	1,268	1%	2,333	2,821	-17%

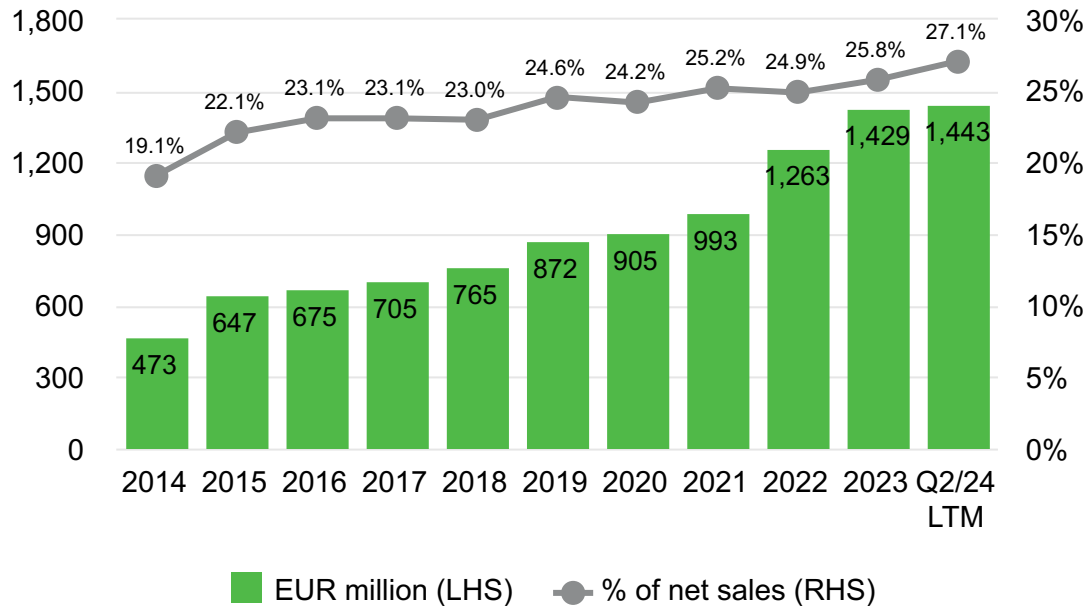
Net sales, EUR million	Q2/2024	Q2/2023	Change	Q1–Q2/2024	Q1–Q2/2023	Change
Services	473	457	4%	880	846	4%
Automation	351	338	4%	659	642	3%
Process Technologies	500	623	-20%	997	1,251	-20%
Total	1,324	1,417	-7%	2,536	2,738	-7%

Comparable EBITA, EUR million	Q2/2024	Q2/2023	Change	Q1–Q2/2024	Q1–Q2/2023	Change
Services	80	80	0%	140	142	-2%
Automation	58	61	-5%	109	110	-1%
Process Technologies	15	30	-50%	36	59	-40%
Other	-12	-17	-26%	-23	-26	-11%
Total	141	153	-8%	262	286	-9%

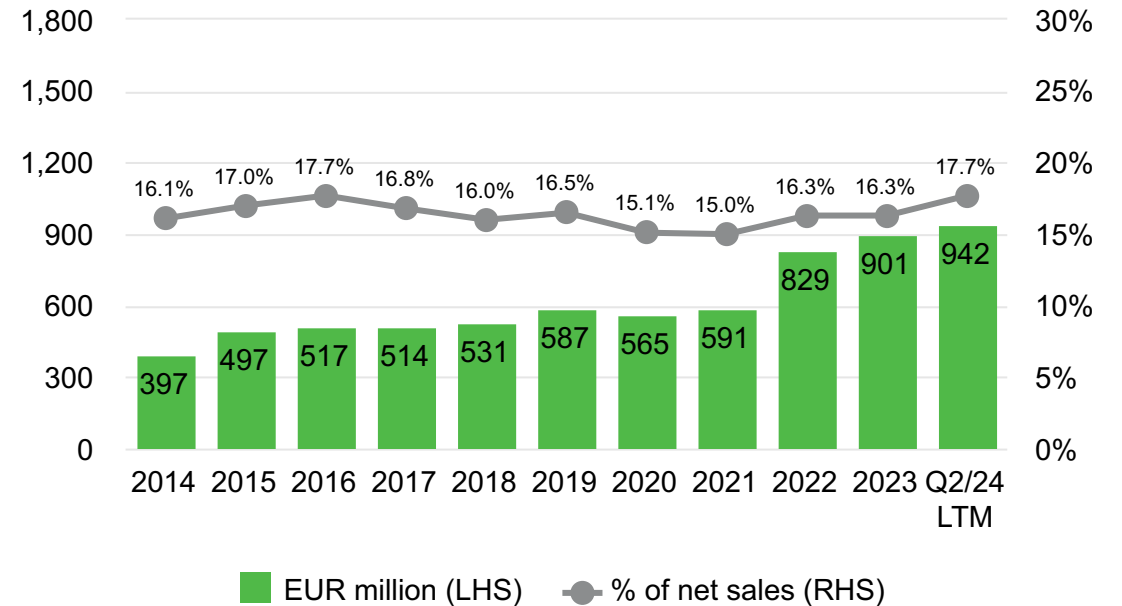
Comparable EBITA margin, % of net sales	Q2/2024	Q2/2023	Change	Q1–Q2/2024	Q1–Q2/2023	Change
Services	16.9%	17.5%	-0.6 pp	15.9%	16.8%	-1.0 pp
Automation	16.5%	17.9%	-1.5 pp	16.5%	17.2%	-0.7 pp
Process Technologies	3.0%	4.8%	-1.8 pp	3.6%	4.7%	-1.2 pp
Total	10.6%	10.8%	-0.2 pp	10.3%	10.5%	-0.1 pp

Comparable gross profit and SG&A expenses development

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



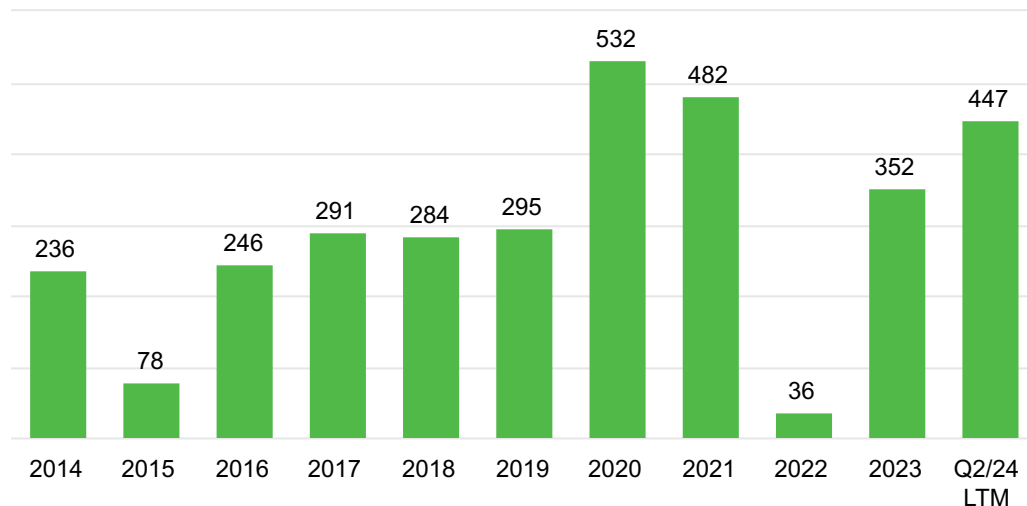
Comparable SG&A expenses
(EUR million and % of net sales)



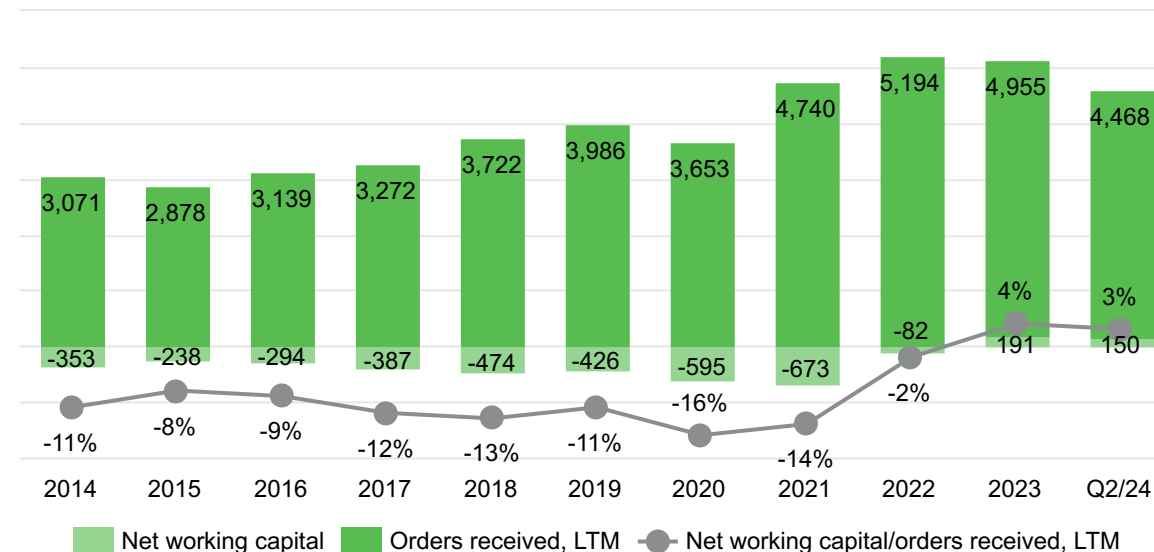
- Comparable gross profit was 27.8% of net sales in Q2/2024 (26.0% in Q2/2023)
 - Stable business represented 62% of net sales (56% in Q2/2023)
- Comparable SG&A expenses were EUR 27 million higher in Q2/2024 compared with Q2/2023
 - Comparable SG&A expenses of the acquired Tissue Converting and Analyzer Products and Integration amounted to EUR 26 million in Q2/2024
 - Comparable SG&A expenses were 19.2% of net sales in Q2/2024 (16.1% in Q2/2023)

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 128 million in Q2/2024
- CAPEX² amounted to EUR 28 million in Q2/2024
- Net working capital¹ amounted to EUR 150 million, which equals 3% of last 12 months orders received
 - 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 28 million in Q2/2024

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

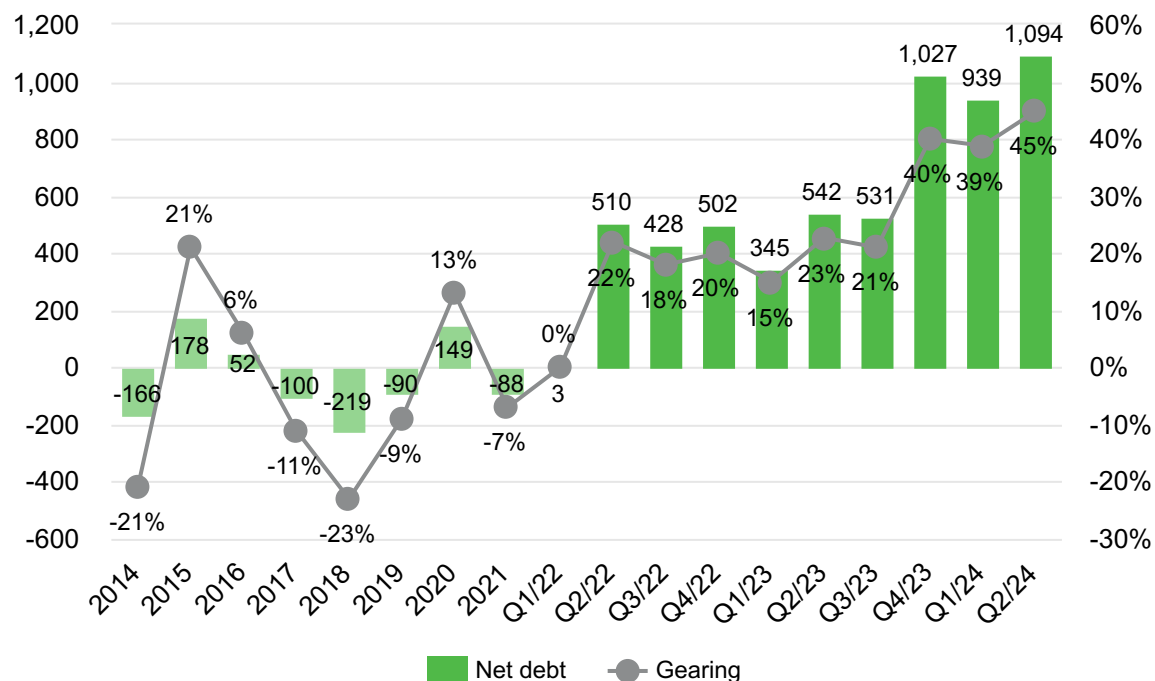
1) Net working capital excluding EUR 123 million non-cash net working capital impact from dividend liability.

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

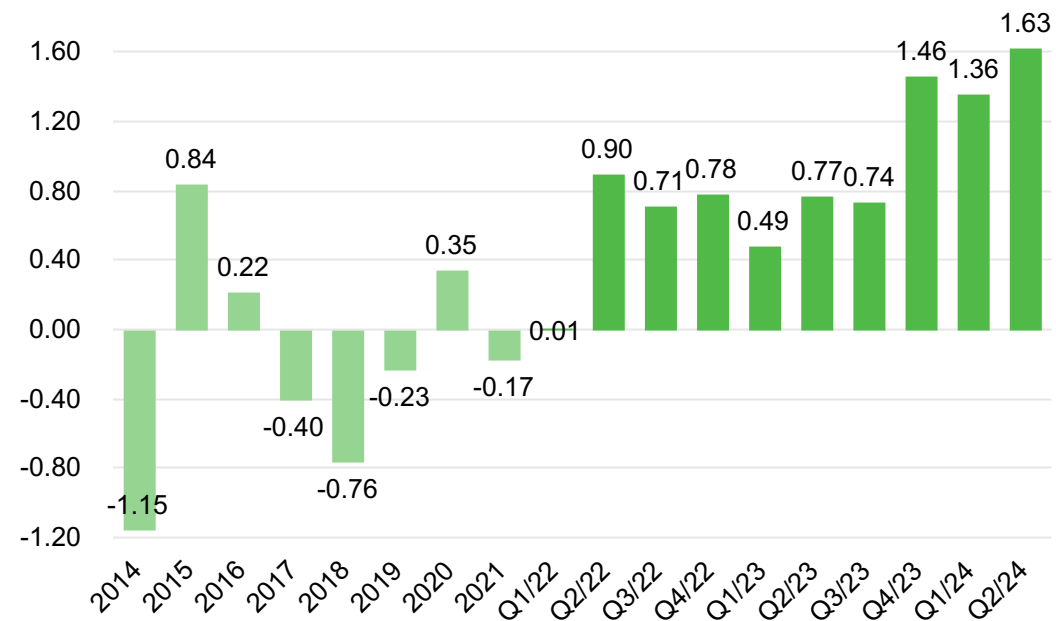
3) Change in net working capital in the consolidated statement of cash flows.

Net debt increased compared with Q1/2024

Net debt (EUR million) and gearing (%)



Net debt to EBITDA* ratio



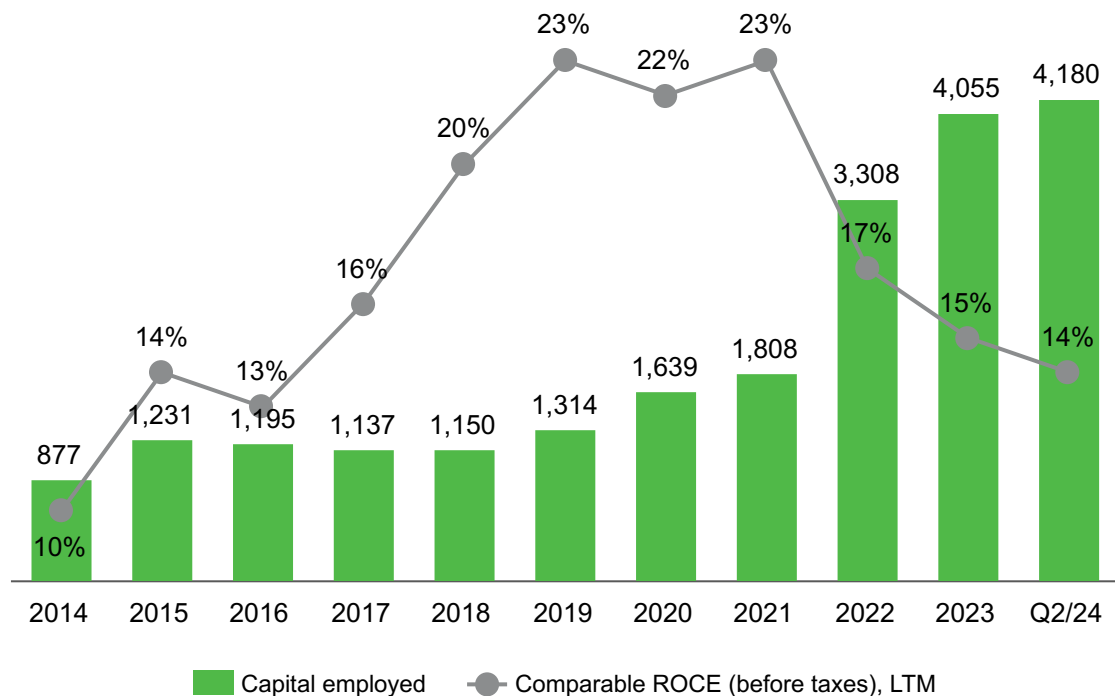
- Net debt increased compared with Q1/2024 and gearing amounted to 45%
 - The increase in net debt and gearing compared with Q1/2024 is mainly related to dividend payment and the acquisition of Analyzer Products and Integration
- Net debt to EBITDA* ratio increased compared with Q1/2024
- The average interest rate of Valmet's total debt was 4.5% at the end of Q2/2024
- Net financial expenses amounted to EUR 32 million in H1/2024 (EUR 12 million in H1/2023)

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

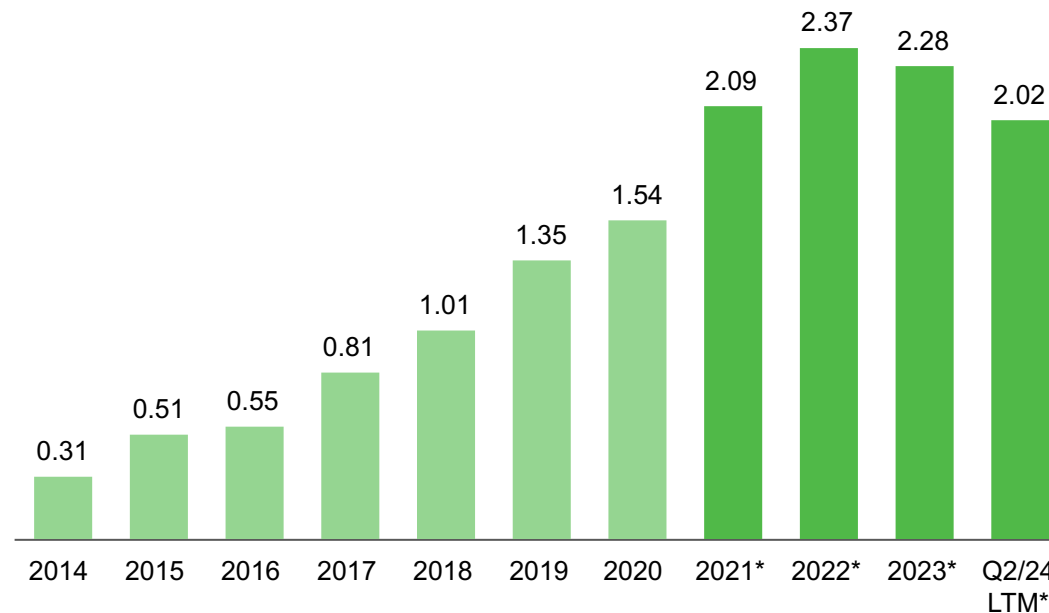
Capital employed, Comparable ROCE and EPS

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



- The acquisitions of Analyzer Products and Integration in 2024 and Tissue Converting in 2023 and the integration of Flow Control into Valmet in 2022 have increased capital employed

Earnings per share (EPS) and Adjusted EPS, EUR



- Q2/2024 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 (Published on June 13, 2024)

Guidance	<p>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 increase in comparison with 2023 (EUR 619 million).</p>
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Short-term market outlook

		Q3/2023	Q4/2023	Q1/2024	Q2/2024
Services		Good / Satisfactory	Good / Satisfactory	Good	Good
Automation	Flow Control	Good	Good	Good	Good
	Automation Systems	Good	Good	Good	Good
Pulp and Energy	Pulp	Satisfactory	Satisfactory	Weak	Satisfactory
	Energy	Good	Good	Good	Satisfactory
Paper	Board and Paper	Satisfactory	Satisfactory	Weak / Satisfactory	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

Interim Review, January– September 2024

October 30, 2024

www.valmet.com/investors

Thomas Hinnerkov starts as the President and CEO

August 12, 2024

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