

## Strong start for the year in the Services and Automation segments

Interim Review, January–March 2025

*April 23, 2025*

Thomas Hinnerskov, President and CEO

Katri Hokkanen, CFO

# Agenda

## Interim Review, January–March 2025

- 1 Q1/2025 in brief
- 2 Update on Valmet's strategy renewal process
- 3 Financial development
- 4 Guidance and short-term market outlook



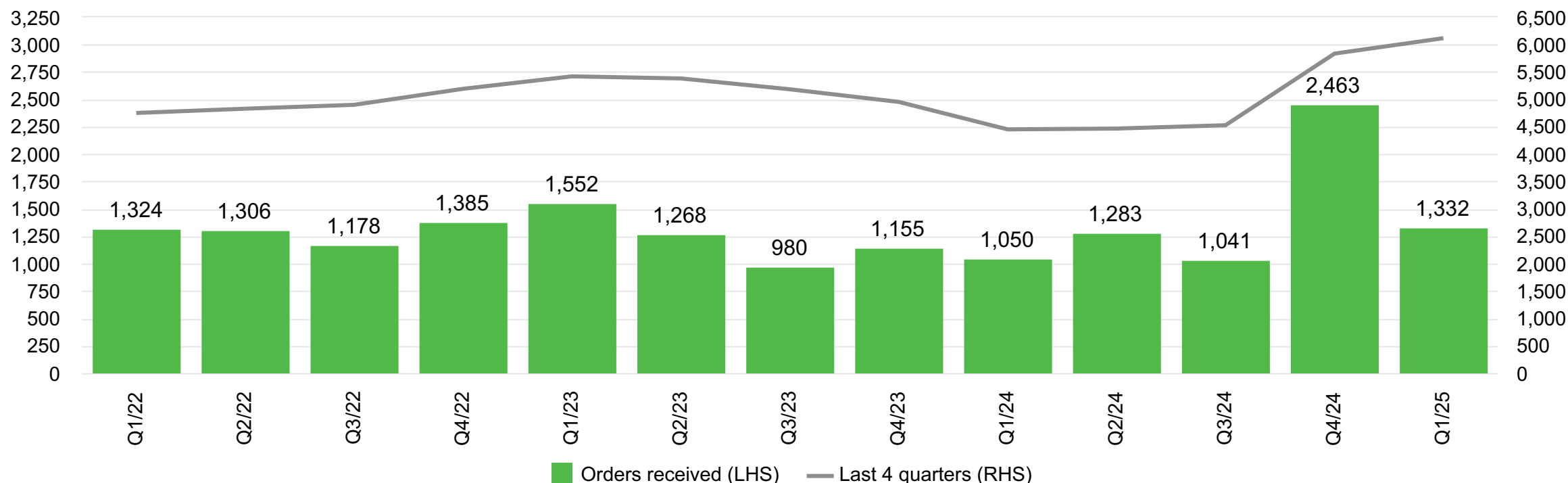
# Q1/2025 in brief

# Q1/2025 in brief

- Orders received increased to EUR 1.3 billion
- Order backlog amounted close to EUR 4.6 billion
- Net sales remained at the previous year's level and amounted close to EUR 1.2 billion
- Comparable EBITA remained at the previous year's level and amounted to EUR 121 million and margin was 10.2%
- Cash flow provided from operating activities amounted to EUR 217 million
- Comparable ROCE (LTM) was 13.0%
- Plan to renew operating model to better serve customers with a lifecycle approach, and to increase efficiency was published during the quarter

# Orders received increased to EUR 1.3 billion in Q1/2025

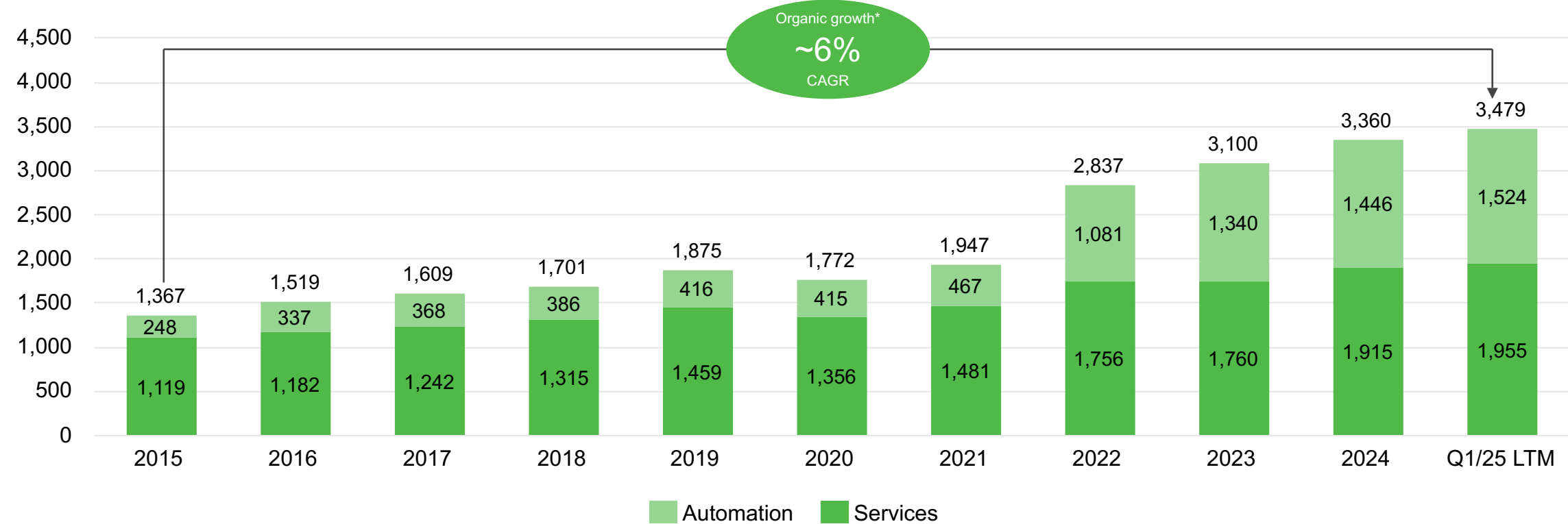
Orders received (EUR million)



- Orders received increased organically 8% in Services and 12% in Automation compared with Q1/2024
- Despite the exceptionally large order received in the previous quarter, the market activity in Process Technologies remained subdued, with orders received totaling EUR 358 million

# Stable business orders received totaled close to EUR 3.5 billion during the last twelve months

Orders received (EUR million) in stable business



- Orders received in stable business were EUR 119 million higher in Q1/2025 compared with Q1/2024
- Stable business represented 57% of Valmet’s orders received during the last twelve months (47% in 2015)

2015–2020 figures have not been restated and include internal orders received for the Automation Systems business line.  
 \*Adjusted for acquisitions and foreign exchange rates (in calculating organic growth, Q1/25 orders received in euro translated by applying 2015 average exchange rates). Indicative only.



# Valmet DNAe selected for power plant automation modernization in Finland

## Key highlights

- DNAe automation win in Finnish energy sector – long-term value creation through lifecycle engagement
- Full automation system upgrade at ESE-Energia's plant
- Replacing obsolete third-party system with comprehensive Valmet DNAe solution
- Controls customers' all key units: main boilers, hot water boiler, accumulator, electric boiler, and fuel reception

## Strategic impact

- Customer value add via deep system integration and UX-centric control environment
- Lifecycle value capture through upgrades, remote support, and future add-ons
- Strengthens Valmet DNAe's reputation in the energy segment

*“After thorough evaluation, Valmet’s automation system proved to be the most advanced and reliable for our Pursiala plant.”*

— Mikko Turunen, Operations Manager, ESE-Energia



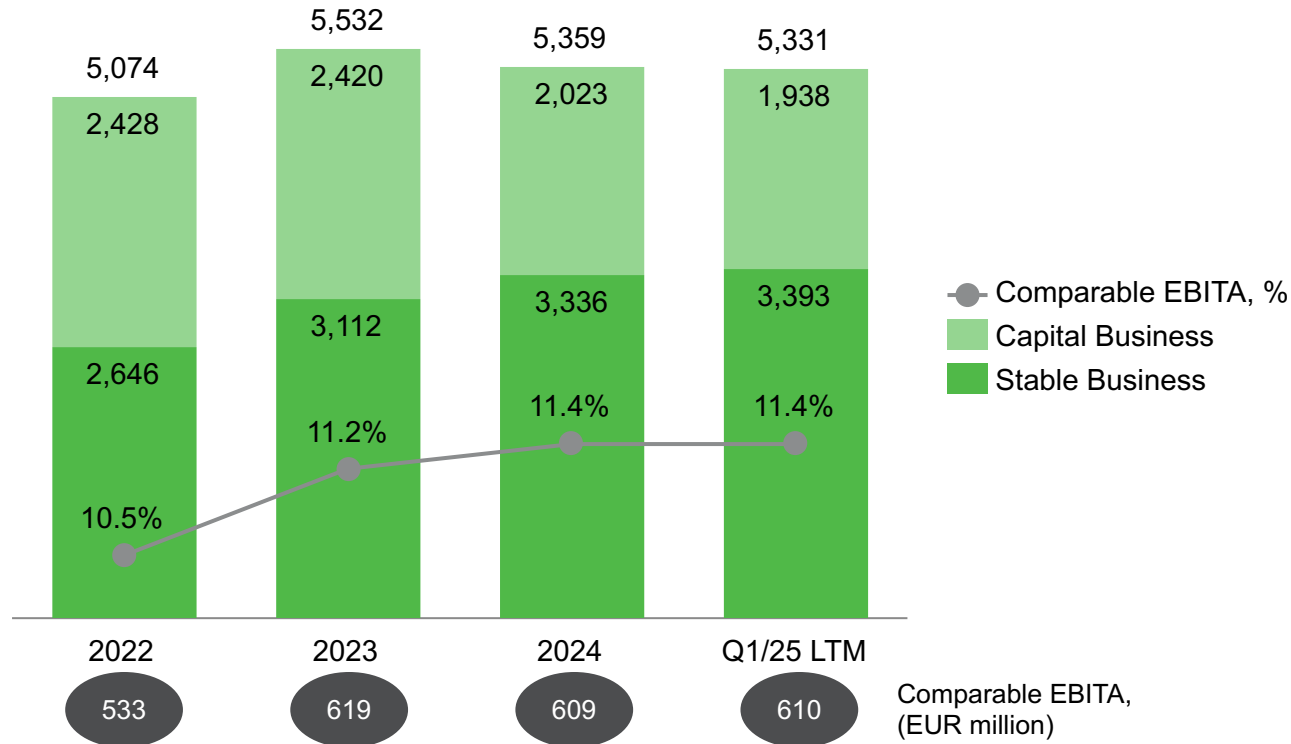


# Update on Valmet's strategy renewal process

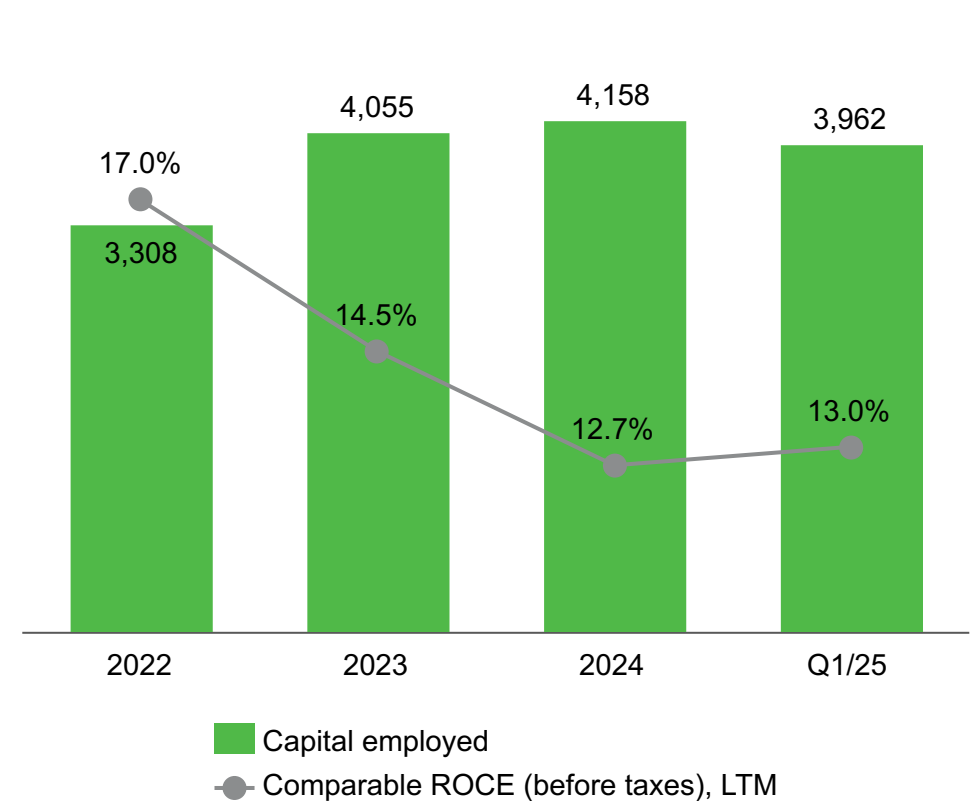


# Organic growth and Comparable EBITA have plateaued, while ROCE has decreased

Net sales and Comparable EBITA (EUR million and %)



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



Services and Automation segments are called Stable Business and the Process Technologies segment Capital Business.

# Plan to renew operating model as the first action in the strategy renewal

## Highlights of the plan

-  **Lifecycle approach to serve customers better**  
Strong business areas responsible for driving profitability and growth of both capital equipment and related aftermarket services
-  **Simplified organizational structure**  
Current geographical areas integrated into new business areas
-  **Efficiency improvement**  
Establish global supply unit to support Valmet's cost-competitiveness

### Impact

Expected reduction max 1,150 roles

Valmet estimates corresponding annual cost savings of approximately **EUR 80 million**, with full run-rate achieved by the beginning of 2026

The proposed organizational structure and potential reductions are subject to negotiation in several Valmet countries.

# Renewed strategy to be communicated on Capital Markets Day

Renewed strategy aims to

- Identify future growth areas
- Boost the expansion of Valmet's current business
- Simplify ways of working
- Increase operational efficiency

The renewed strategy will be communicated by June 5th in the CMD



At the Capital Markets Day on June 5, we will present Valmet's renewed strategy, which outlines our direction for the coming years and the value we aim to create for our stakeholders. I look forward to meeting many of you in person in Tampere!

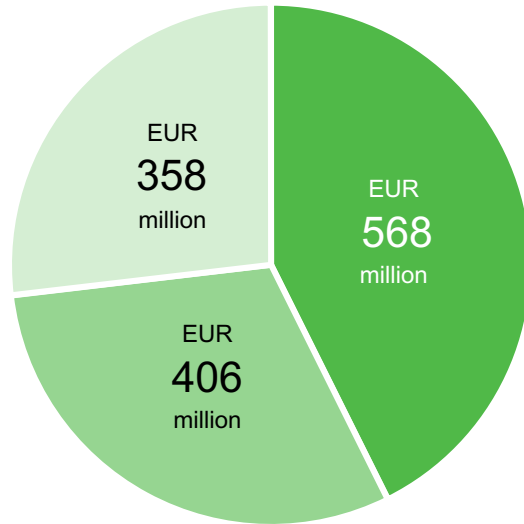
**Thomas Hinnerskov**  
President and CEO



# Financial development

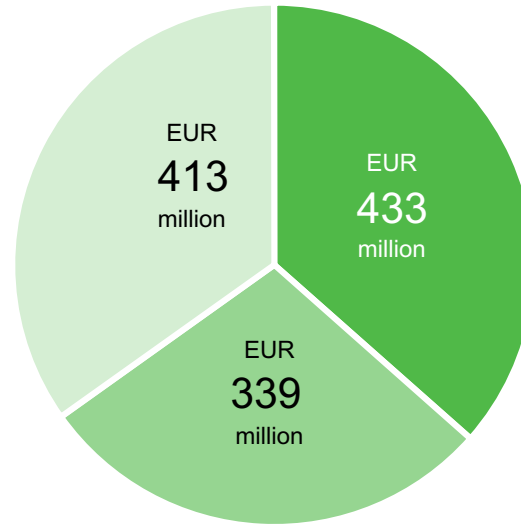
# Valmet in Q1/2025

## Orders received



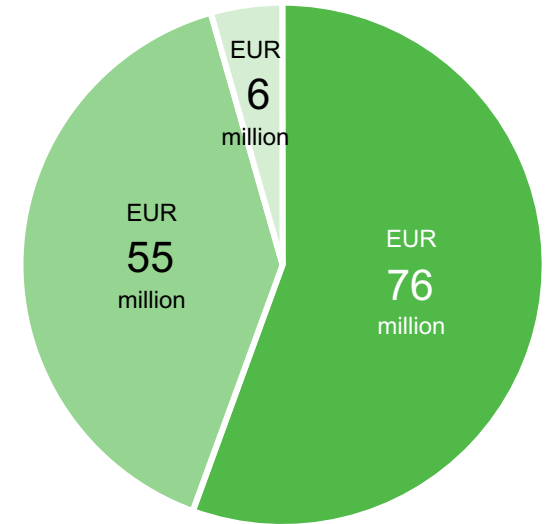
- Services
- Automation
- Process Technologies

## Net sales



- Services
- Automation
- Process Technologies

## Comparable EBITA (excl. Other)



- Services
- Automation
- Process Technologies

<b>Orders received</b> EUR 1,332 million	<b>Net sales</b> EUR 1,184 million	<b>Comparable EBITA</b> EUR 121 million	<b>Comparable EBITA margin</b> 10.2%	<b>Order backlog</b> EUR 4,574 million	<b>Employees</b> 19,232
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# Key figures

EUR million	Q1/2025	Q1/2024	Change
Orders received	<b>1,332</b>	1,050	27%
Order backlog <sup>1</sup>	<b>4,574</b>	3,790	21%
Net sales	<b>1,184</b>	1,212	-2%
Comparable EBITA	<b>121</b>	121	0%
% of net sales	<b>10.2%</b>	10.0%	0.3 pp
EBITA	<b>113</b>	114	0%
Operating profit (EBIT)	<b>89</b>	87	3%
% of net sales	<b>7.5%</b>	7.2%	0.4 pp
Adjusted earnings per share, EUR <sup>2</sup>	<b>0.41</b>	0.41	0%
Earnings per share, EUR	<b>0.33</b>	0.30	9%
Comparable ROCE, LTM <sup>3</sup>	<b>13.0%</b>	14.9%	-1.9 pp
Cash flow provided by operating activities	<b>217</b>	138	57%
Net debt to EBITDA <sup>4</sup> ratio	<b>1.30</b>	1.36	
Gearing <sup>1</sup>	<b>36%</b>	39%	-3 pp

Items affecting comparability: EUR -8 million in Q1/2025 (EUR -7 million in Q1/2024).

1) At end of period

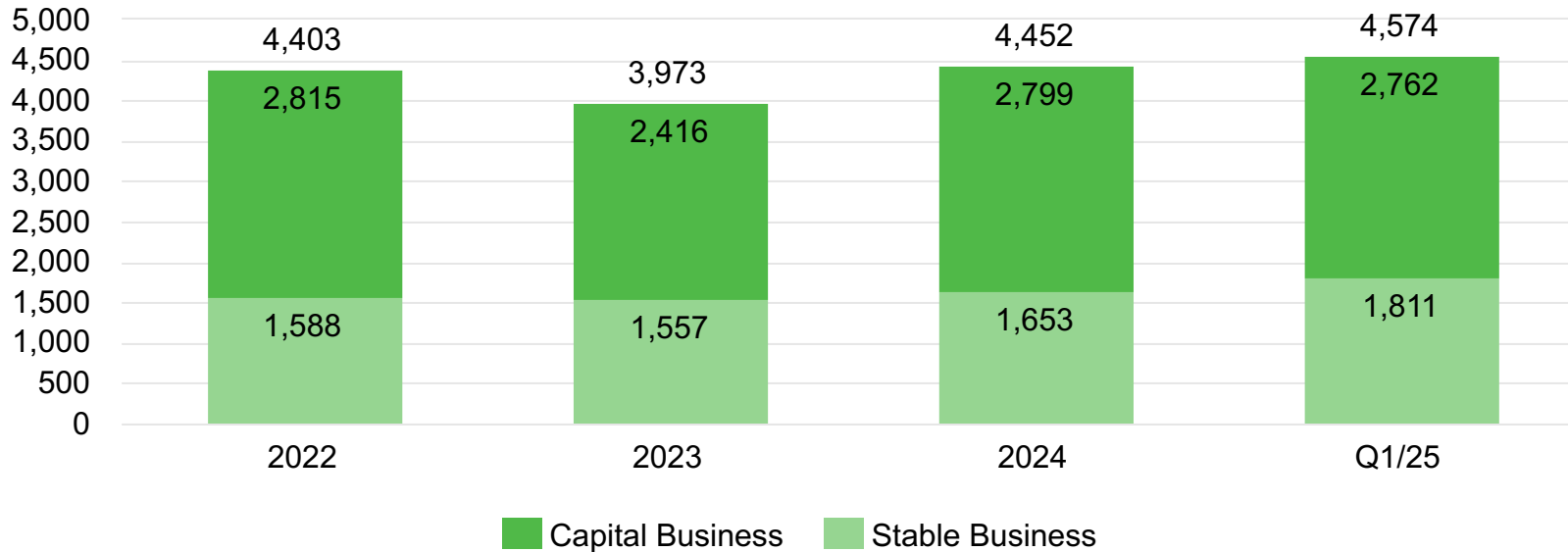
2) Adjusted earnings per share excludes the impact of fair value adjustments arising from business combinations, net of tax

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

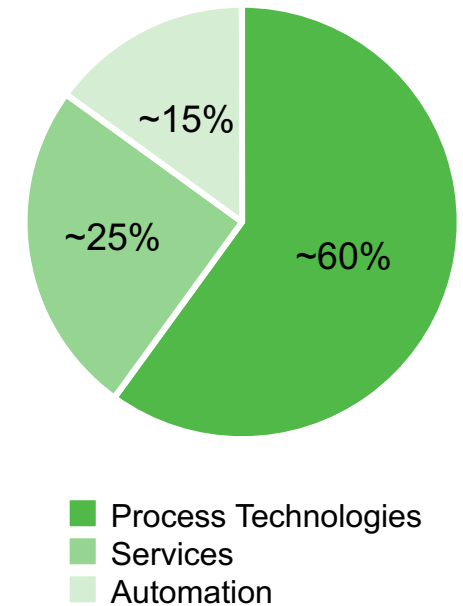
4) Last twelve months (LTM) EBITDA

# Order backlog amounted close to EUR 4.6 billion at the end of Q1/2025

Order backlog (EUR million)



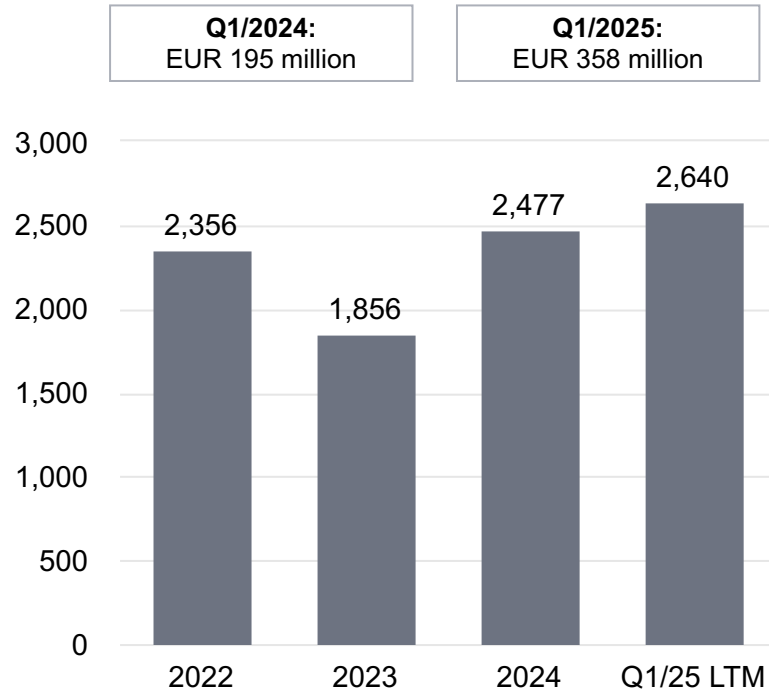
Structure of order backlog by segment



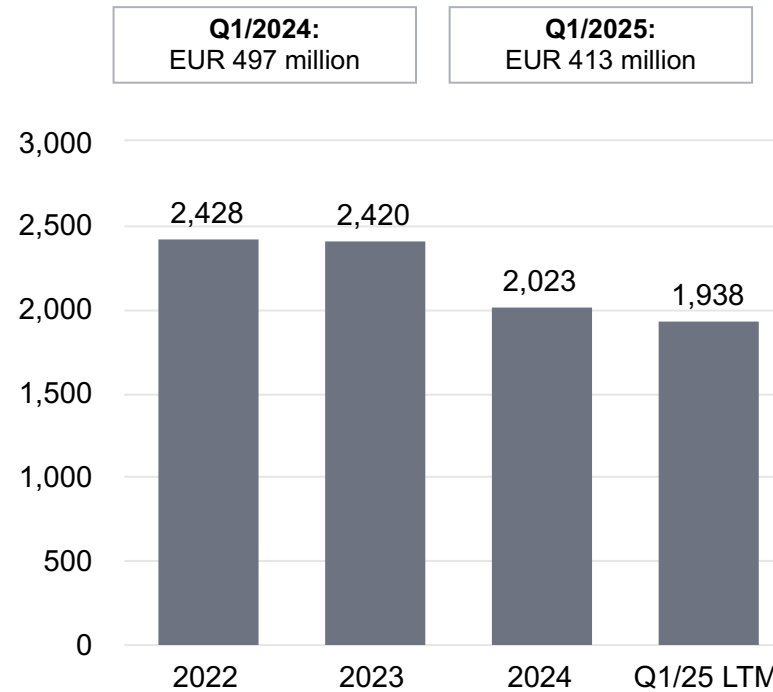
- Order backlog was EUR 122 million higher than at the end of 2024
- Approximately EUR 2.9 billion of the order backlog is currently expected to be realized as net sales in 2025 (at the end of Q1/2024, approximately EUR 2.9 billion during 2024)
- Approximately EUR 1.8 billion of the order backlog relates to stable business

# Process Technologies: Orders received increased to EUR 358 million in Q1/2025

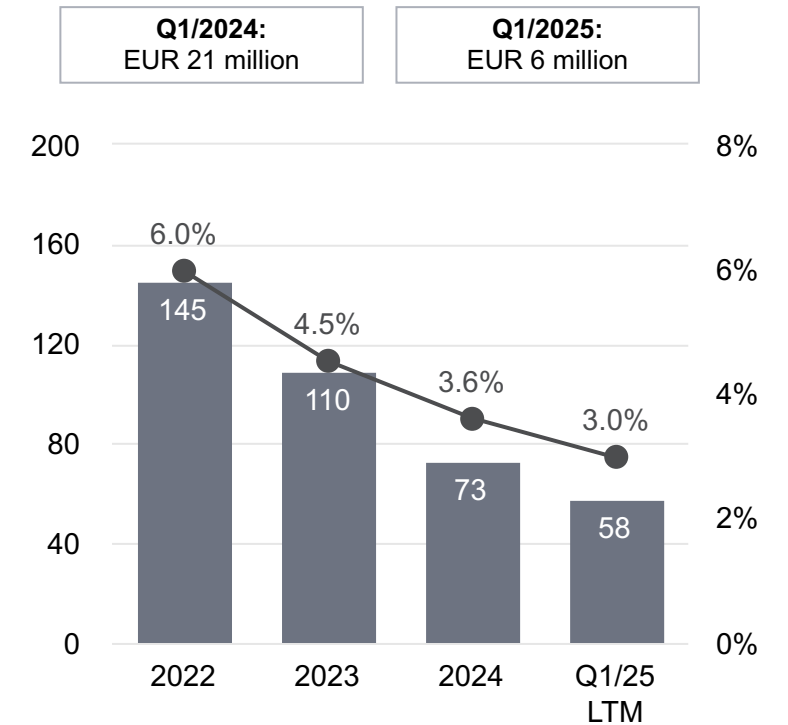
Orders received (EUR million)



Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)





# Process Technologies segment key figures

## Q1 2025 in brief

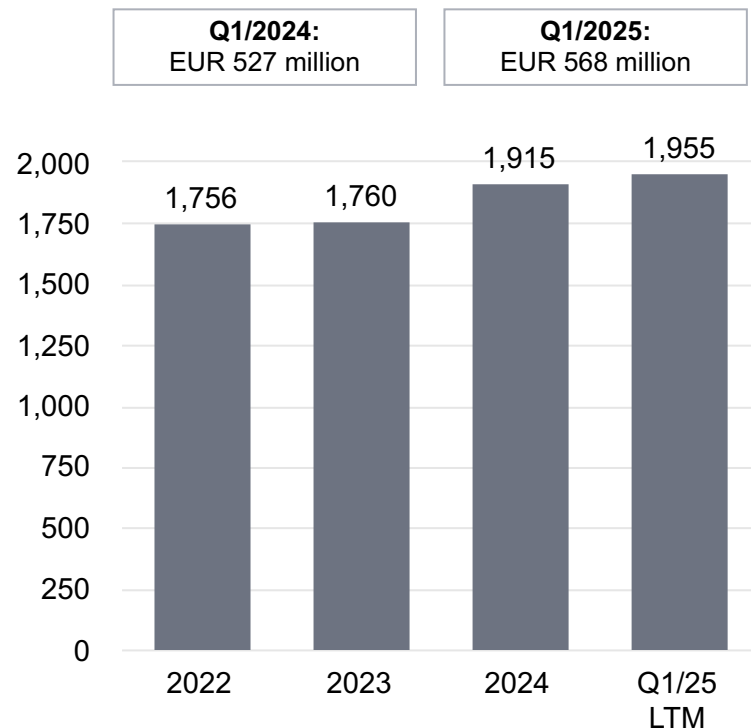
EUR million	Q1/2025	Q1/2024	Change
Orders received	358	195	84%
Net sales	413	497	-17%
Comparable EBITA	6	21	-71%
% of net sales	1.5%	4.2%	-2.7 pp

- Orders received increased to EUR 358 million
  - Orders received increased compared with Q1/2024, but market activity overall remains subdued
  - Highlight of the quarter was a large recovery boiler order in in Pulp and Energy
  - Changes in FX rates decreased orders received by approximately EUR 4 million
- Net sales decreased to EUR 413 million
- Comparable EBITA decreased to EUR 6 million and the margin was 1.5%
  - Net sales decreased compared with Q1/2024, which impacted Comparable EBITA negatively

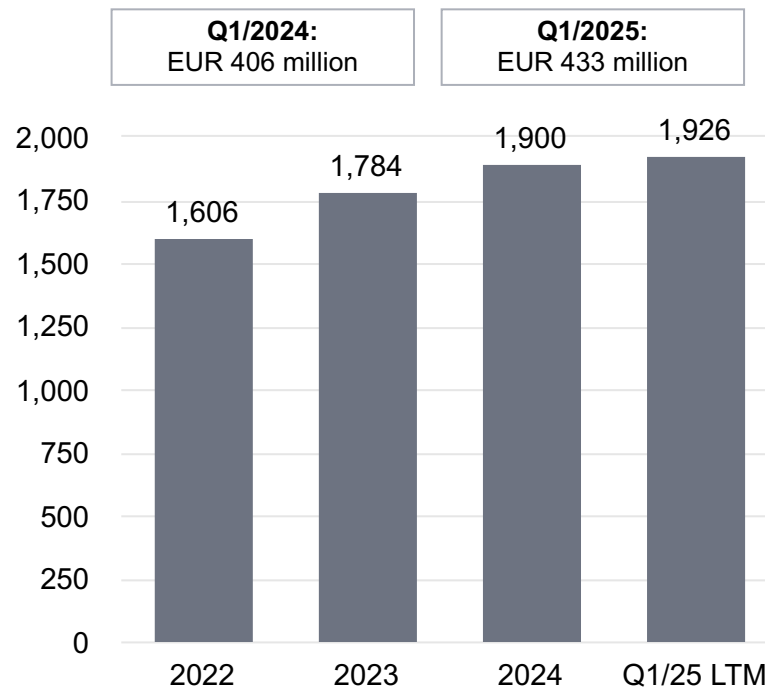


# Services: Orders received increased to EUR 568 million in Q1/2025

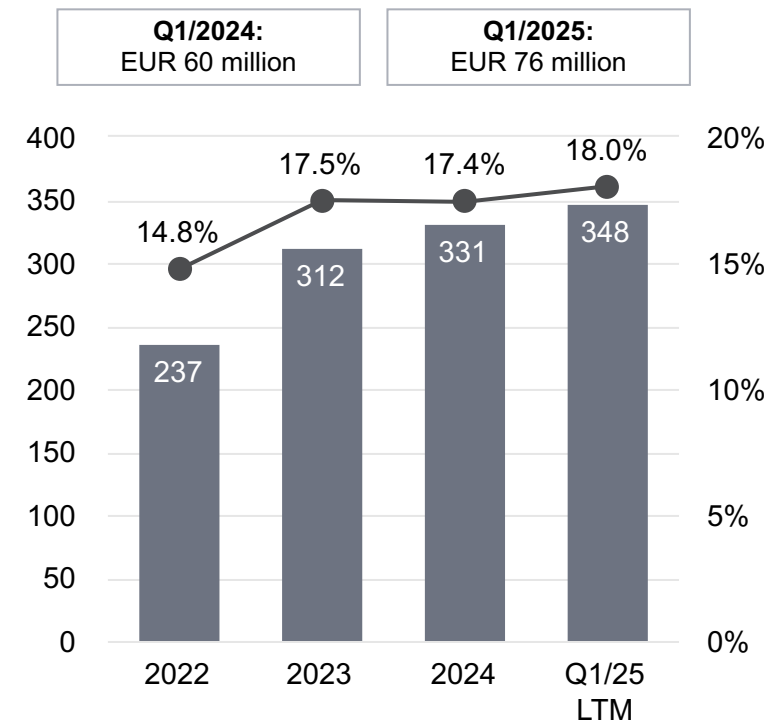
Orders received (EUR million)



Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)



# Services segment key figures

## Q1 2025 in brief

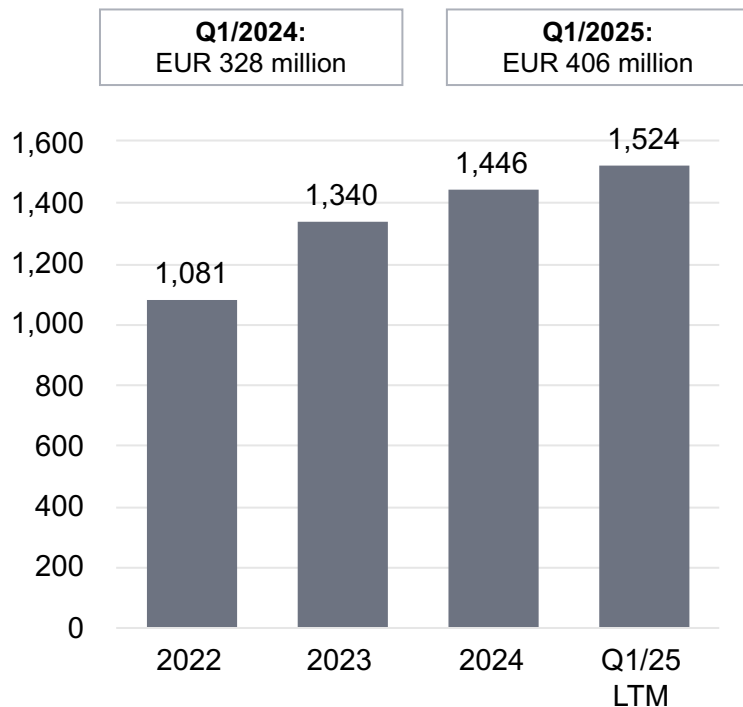
EUR million	Q1/2025	Q1/2024	Change
Orders received	<b>568</b>	527	8%
Net sales	<b>433</b>	406	7%
Comparable EBITA	<b>76</b>	60	28%
% of net sales	<b>17.6%</b>	14.6%	2.9 pp

- Strong start for the year in Services
- Orders received increased to EUR 568 million
  - Organic growth was 8%
  - Successfully secured a large mill improvement project during the quarter
  - Orders received increased both in mill improvements and field services; and in consumables and performance parts
  - Changes in FX rates decreased orders received by approximately EUR 3 million
- Net sales increased to EUR 433 million
  - Organic growth was 6%
  - Changes in FX rates increased net sales by approximately EUR 1 million
- Comparable EBITA increased to EUR 76 million and margin increased to 17.6%
  - Comparable EBITA increased compared with Q1/2024 mainly due to higher net sales

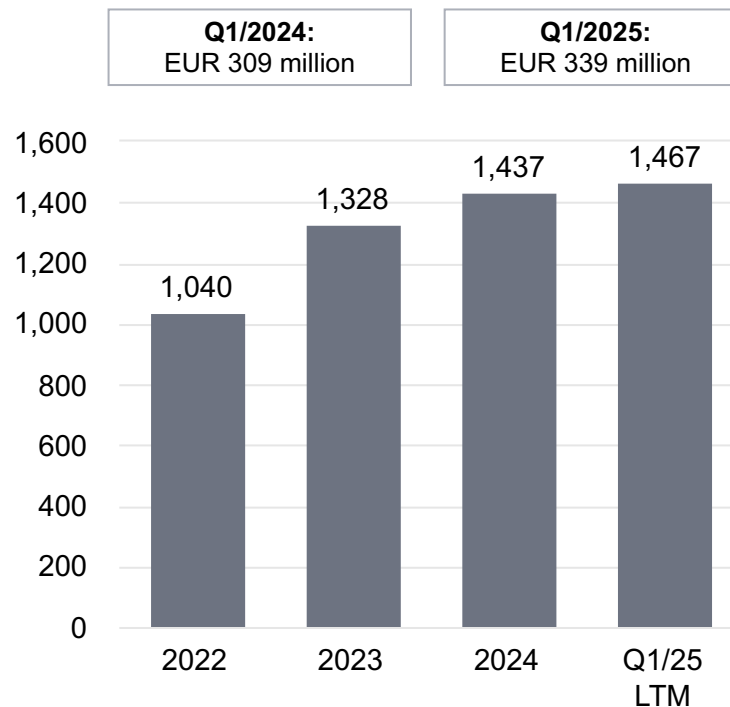


# Automation: Orders received increased to EUR 406 million in Q1/2025

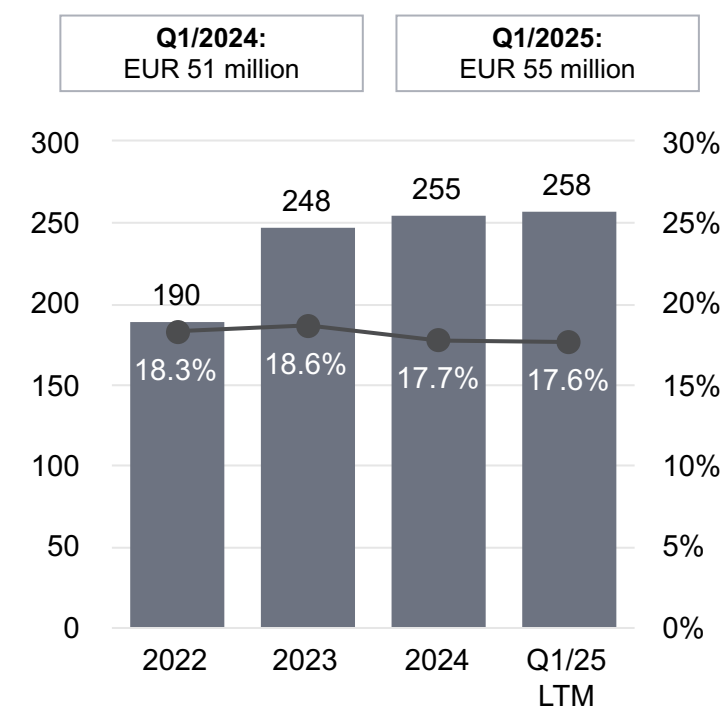
Orders received (EUR million)



Net sales (EUR million)



Comparable EBITA (EUR million and % of net sales)



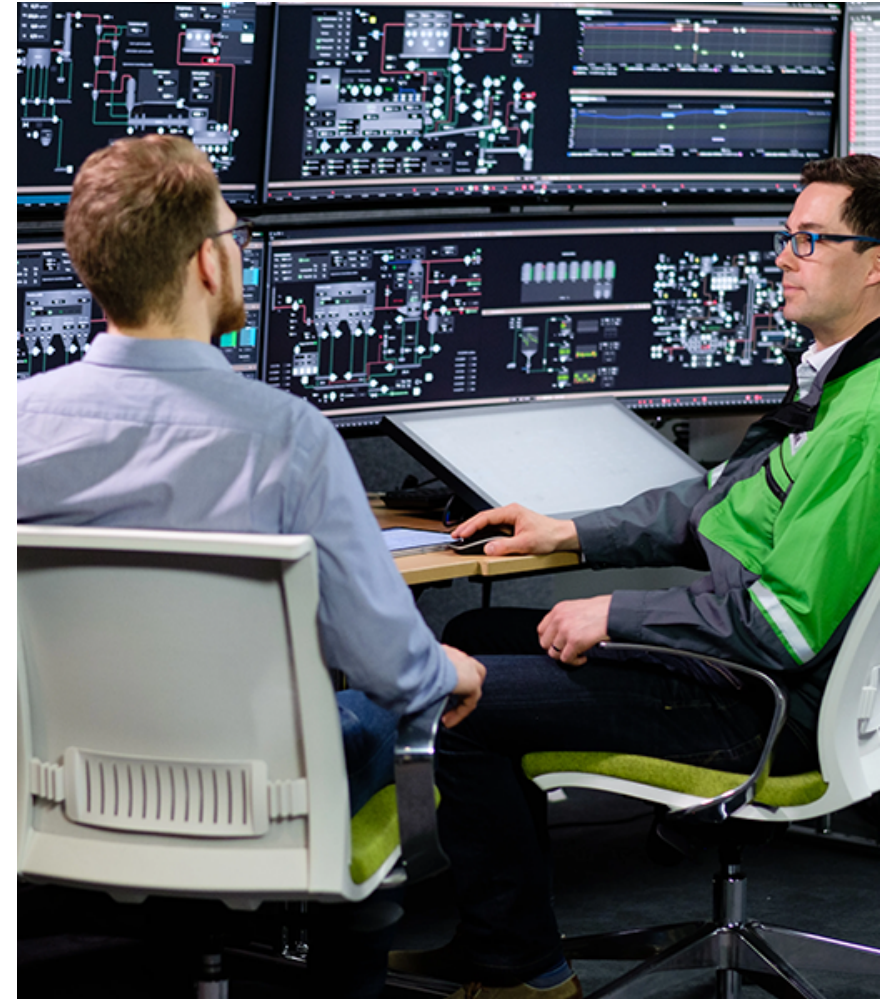


# Automation segment key figures

## Q1 2025 in brief

EUR million	Q1/2025	Q1/2024	Change
Orders received	406	328	24%
Net sales	339	309	10%
Comparable EBITA	55	51	7%
% of net sales	16.2%	16.5%	-0.3 pp

- Orders received increased to EUR 406 million
  - Organic growth was 12%
  - Orders received increased in Automation Systems and in Flow Control
  - Orders received from the acquired business Analyzer Products and Integration (API) amounted to EUR 34 million
  - 63 percent of automation's orders received came from outside pulp and paper industry in Q1/25
  - Changes in FX rates increased orders received by approximately EUR 4 million
- Net sales increased to EUR 339 million
  - Organic growth was -2%
  - Net sales from the acquired business API amounted to EUR 36 million
  - Changes in FX rates increased net sales by approximately EUR 4 million
- Comparable EBITA increased to EUR 55 million and the margin was 16.2%
  - API had a positive contribution on EBITA in Q1/2025



# Segment key figures

Orders received, EUR million	Q1/2025	Q1/2024	Change
Services	568	527	8%
Automation	406	328	24%
Process Technologies	358	195	84%
Total	1,332	1,050	27%

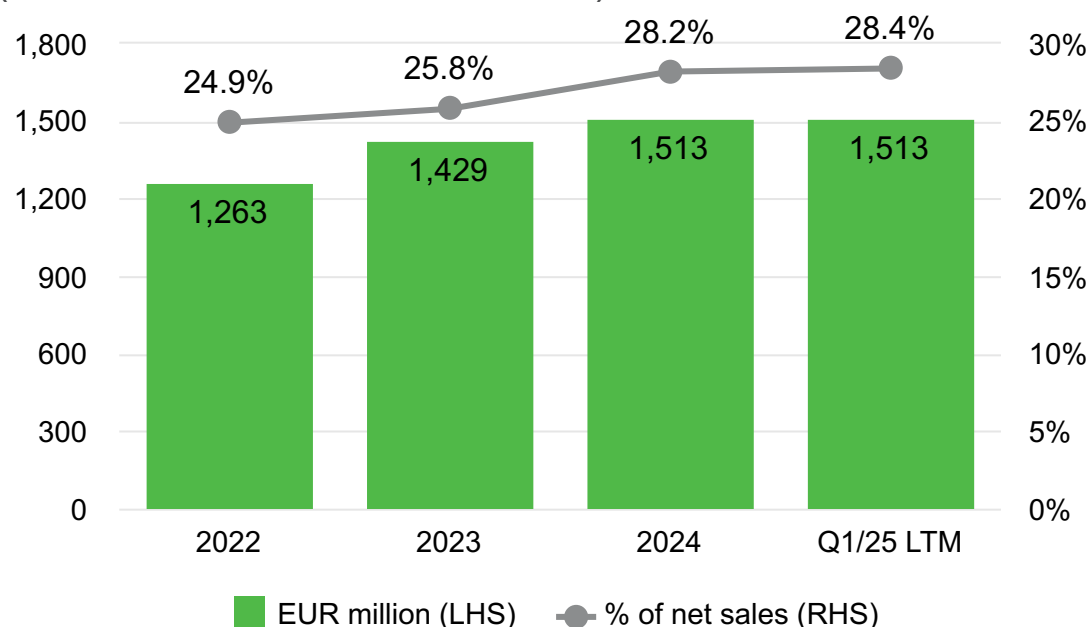
Net sales, EUR million	Q1/2025	Q1/2024	Change
Services	433	406	7%
Automation	339	309	10%
Process Technologies	413	497	-17%
Total	1,184	1,212	-2%

Comparable EBITA, EUR million	Q1/2025	Q1/2024	Change
Services	76	60	28%
Automation	55	51	7%
Process Technologies	6	21	-71%
Other	-16	-11	47%
Total	121	121	0%

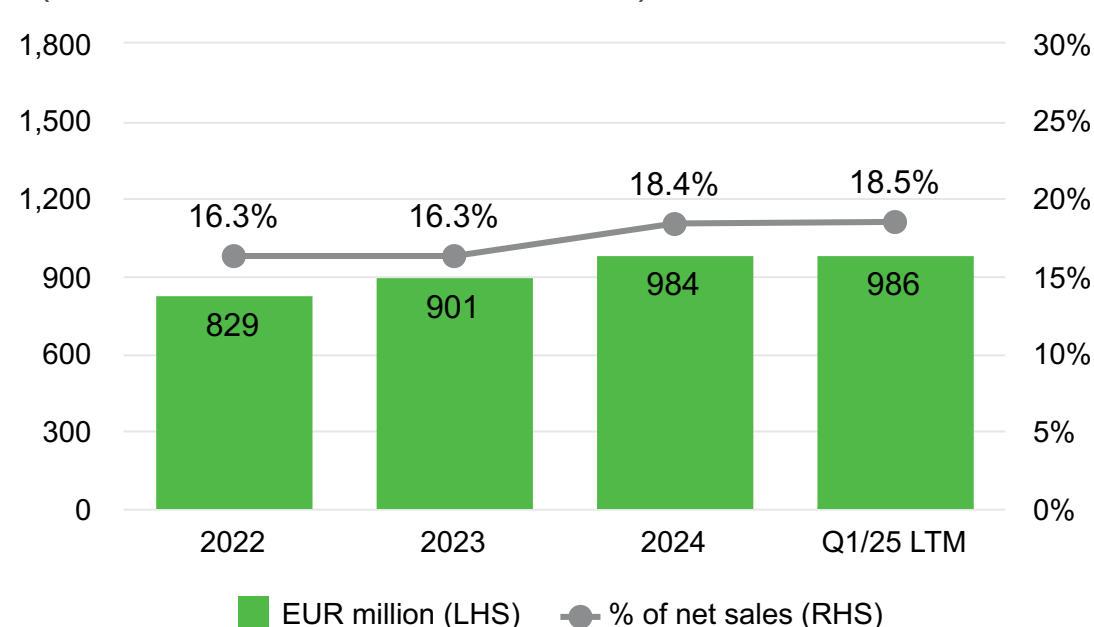
Comparable EBITA margin, % of net sales	Q1/2025	Q1/2024	Change
Services	17.6%	14.6%	2.9 pp
Automation	16.2%	16.5%	-0.3 pp
Process Technologies	1.5%	4.2%	-2.7 pp
Total	10.2%	10.0%	0.3 pp

# Comparable gross profit and SG&A expenses development

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



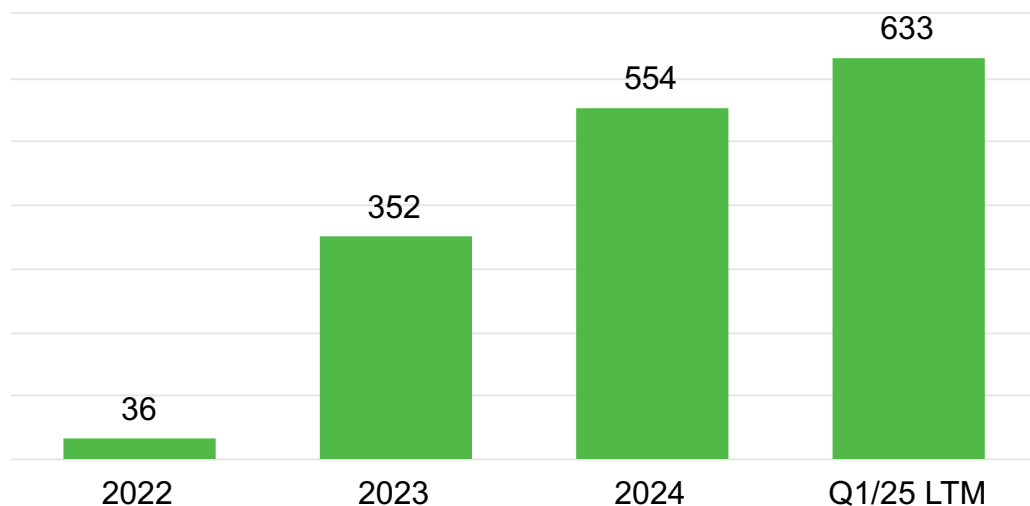
Comparable SG&A expenses  
(EUR million and % of net sales)



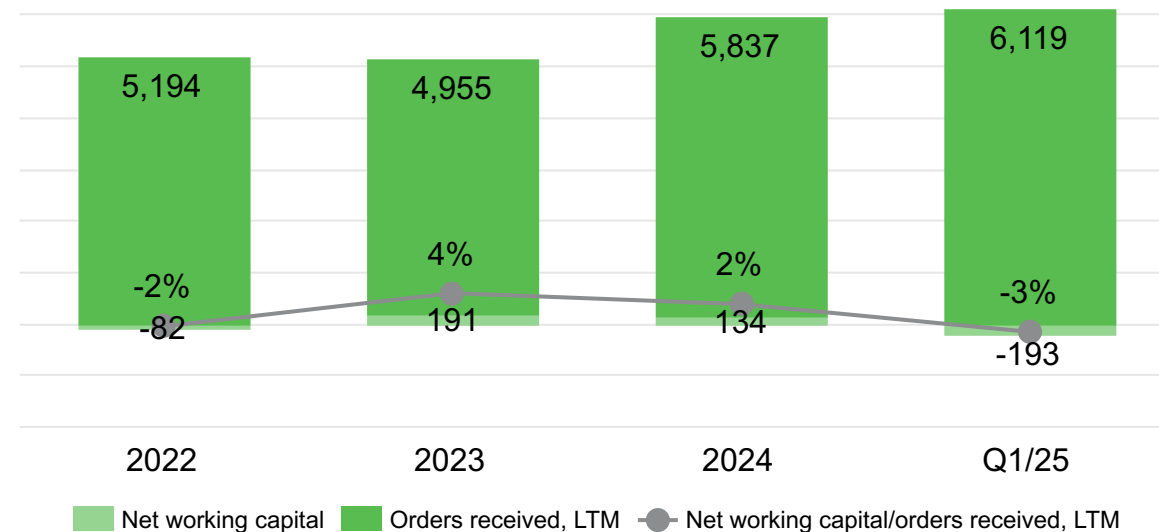
- Comparable gross profit was 29.0% of net sales in Q1/2025 (28.3% in Q1/2024)
  - Stable business represented 65% of net sales (59% in Q1/2024)
- Comparable SG&A expenses remained at the previous year's level in Q1/2025 compared with Q1/2024
  - Comparable SG&A expenses were 20.6% of net sales in Q1/2025 (20.0% in Q1/2024)

# Cash flow provided by operating activities and Net working capital

Cash flow provided by operating activities (EUR million)



Net working capital and orders received (EUR million)



- Cash flow provided by operating activities amounted to EUR 217 million in Q1/2025
- CAPEX<sup>1</sup> amounted to EUR -24 million (EUR -29 million) in Q1/2025
- Net working capital amounted to EUR -193 million (EUR -76 million), which equals -3% (-2%) of last 12 months orders received
  - Net working capital includes EUR 249 million dividend liability
  - AGM decided EUR 1.35 dividend, paid out in two installments: First installment in April 8, 2025, and second installment<sup>2</sup> in October 7, 2025

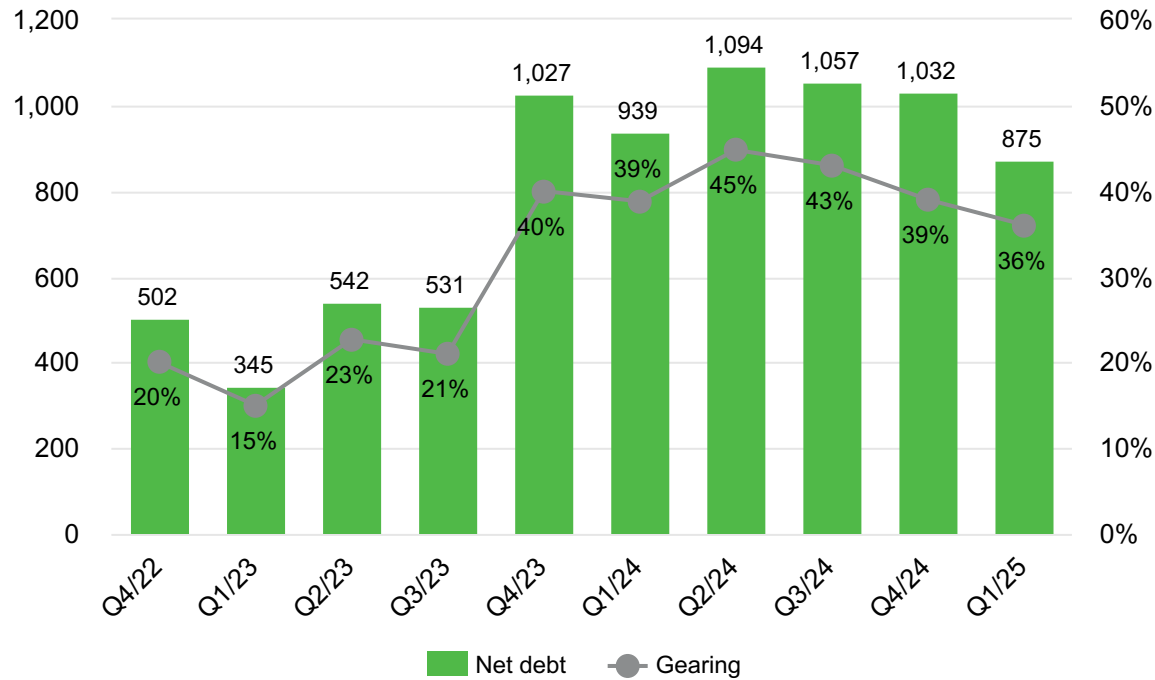
1) Excluding business combinations and right-of-use assets.

2) The dividend record date and payment date for the second installment shall be resolved by the Board of Directors in its meeting preliminary scheduled for September 25, 2025.

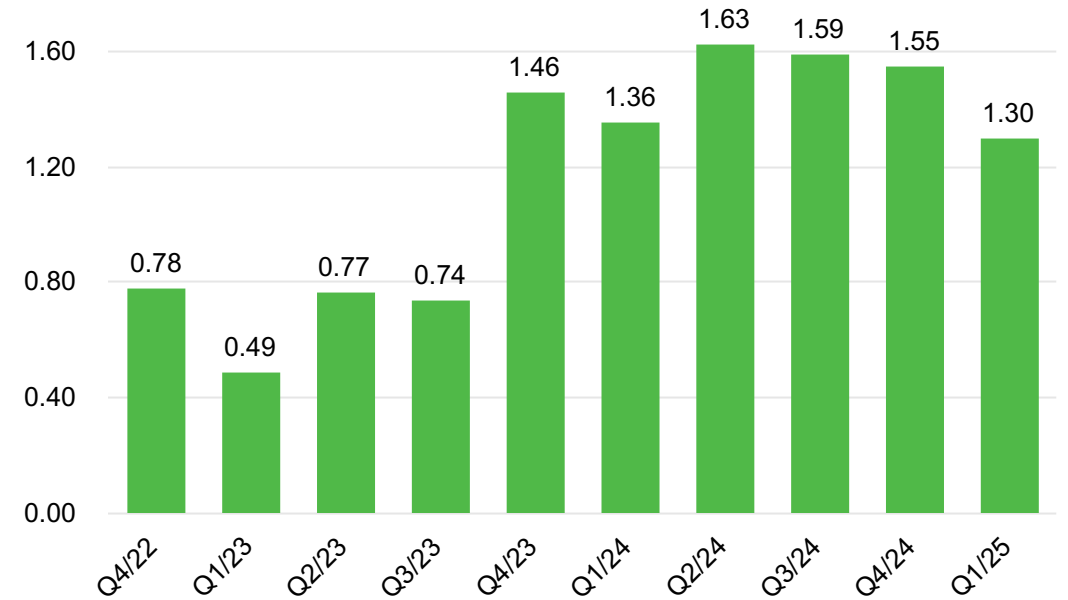


# Net debt and gearing decreased from the previous quarter's level

Net debt (EUR million) and gearing (%)



Net debt to EBITDA\* ratio

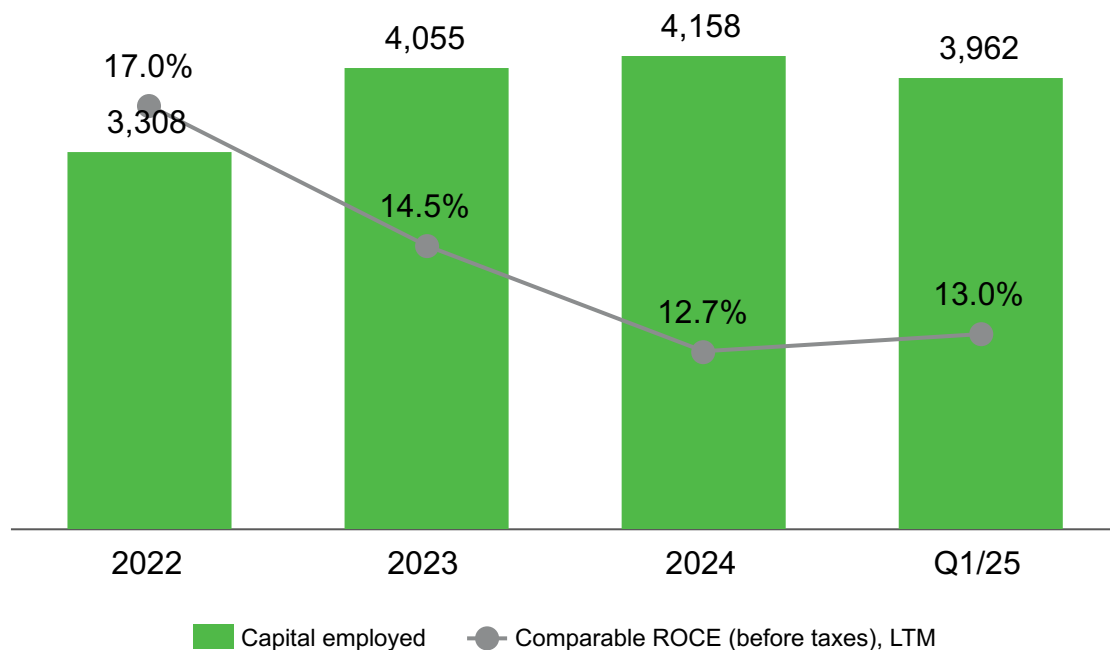


- Net debt and gearing decreased from Q4/2024 due to strong cash flow
- Net debt to EBITDA\* ratio decreased from Q4/2024
- The average interest rate of Valmet's total debt was 4.0% at the end of Q1/2025
- Net financial expenses amounted to EUR 15 million in Q1/2025 (EUR 13 million in Q1/2024)

\*Last twelve months (LTM) EBITDA

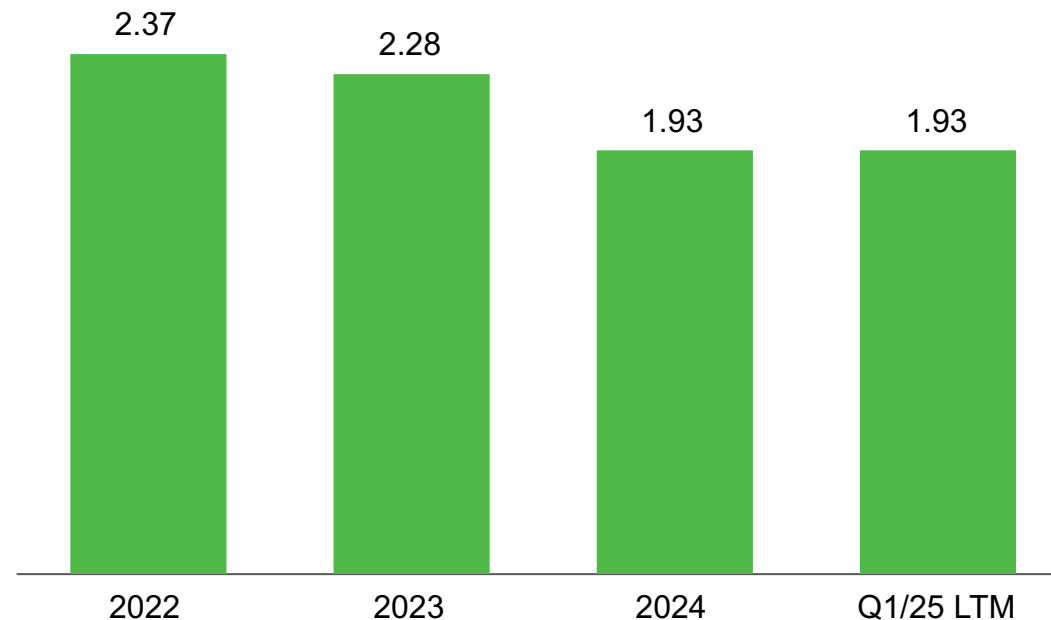
# Capital employed, Comparable ROCE and EPS

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

Adjusted EPS, EUR



- Adjusted EPS remained at the previous year's level compared with 2024

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 2025

### Guidance



Valmet reiterates its guidance issued on February 13, 2025, in which Valmet estimates that net sales in 2025 will remain at the previous year's level in comparison with 2024 (EUR 5,359 million) and Comparable EBITA in 2025 will remain at the previous year's level in comparison with 2024 (EUR 609 million).

## Short-term market outlook

### Process Technologies

Valmet estimates that the customer activity will remain stable. It is typical that customers' large investment decisions can have a major impact on the market activity.

### Services

Valmet estimates that the customer activity will remain stable, but the capacity utilization rates and profitability levels of customers cause uncertainty to the short-term market outlook.

### Automation

Valmet estimates that the customer activity will remain stable.

The short-term market outlook is given for April–September 2025 compared with January–March 2025. It is Valmet's estimate of the customer activity and should not be interpreted as guidance for Valmet's orders received.

# Q&A

## Half Year Financial Review, January–June 2025

July 23, 2025

[www.valmet.com/investors](http://www.valmet.com/investors)

## Capital Markets Day

June 5, 2025

[www.valmet.com/investors](http://www.valmet.com/investors)

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