



Orders received increased to EUR 4.7 billion and Comparable EBITA to EUR 429 million in 2021

Financial statements review 2021

February 3, 2022

Pasi Laine, President and CEO

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Agenda

Financial Statements Review 2021

- 1 2021 in brief
- 2 Development of the business lines
- 3 Financial development
- 4 Dividend proposal, guidance and short-term market outlook
- 5 Merger with Neles



2021 in brief

2021 in brief

- Orders received increased to EUR 1,954 million in stable business¹
- Orders received increased to EUR 2,872 million in capital business²
- Net sales increased to EUR 3,935 million
- Order backlog amounted to EUR 4.1 billion
- Comparable EBITA increased to EUR 429 million and margin was 10.9%
- Gearing was -7%

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 2021

Orders received
EUR 4,740 million

Net sales
EUR 3,935 million

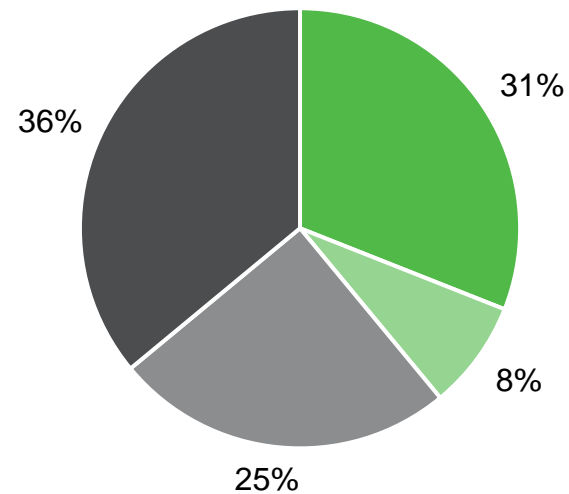
Comparable EBITA
EUR 429 million

Comparable EBITA margin
10.9%

Order backlog
EUR 4,096 million

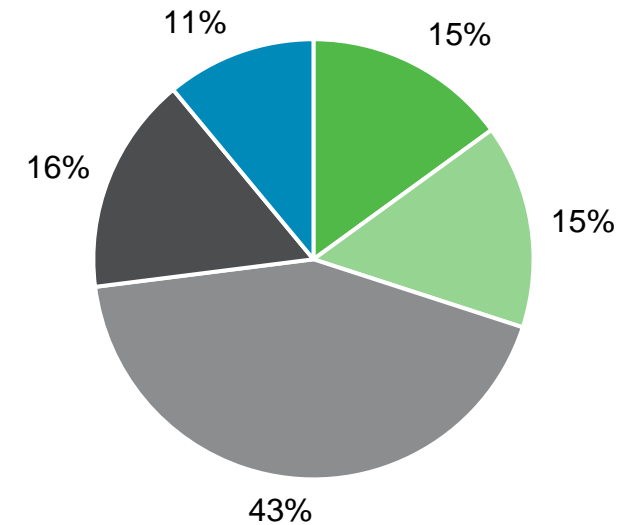
Employees
14,246

Orders received by business line



- Services
- Automation
- Pulp and Energy
- Paper

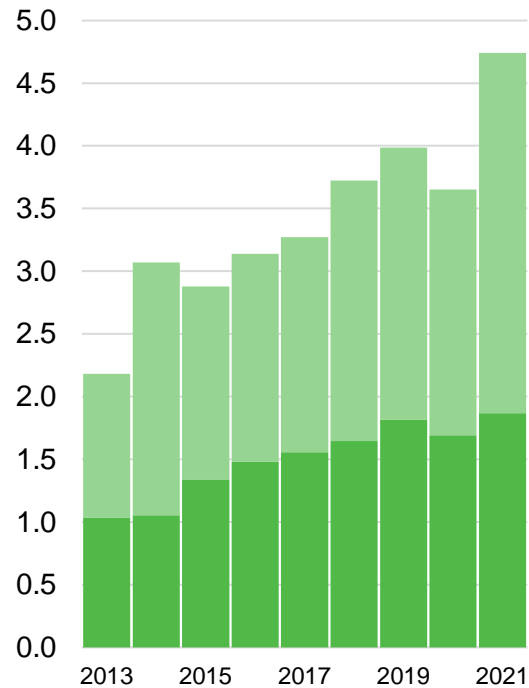
Orders received by area



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

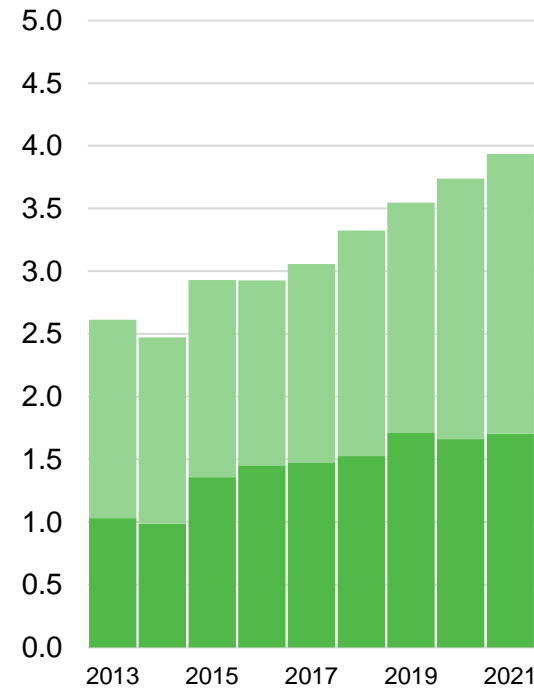
Valmet's development since 2013

Orders received
(EUR billion)



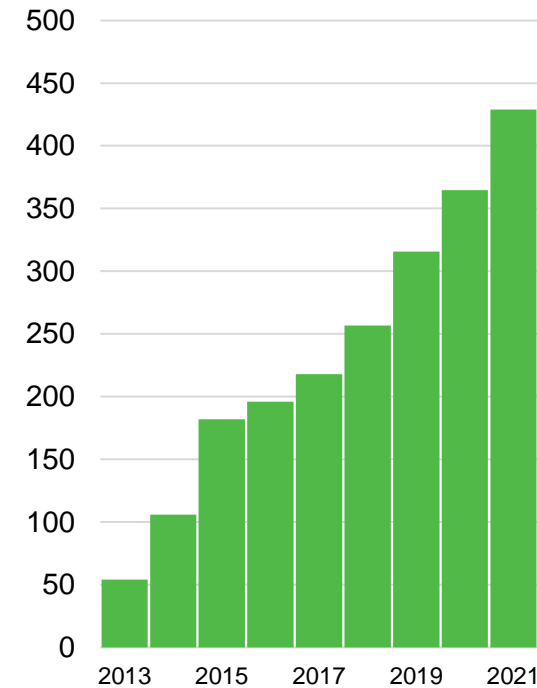
■ Pulp and Energy, and Paper business lines
■ Services and Automation business lines

Net sales
(EUR billion)



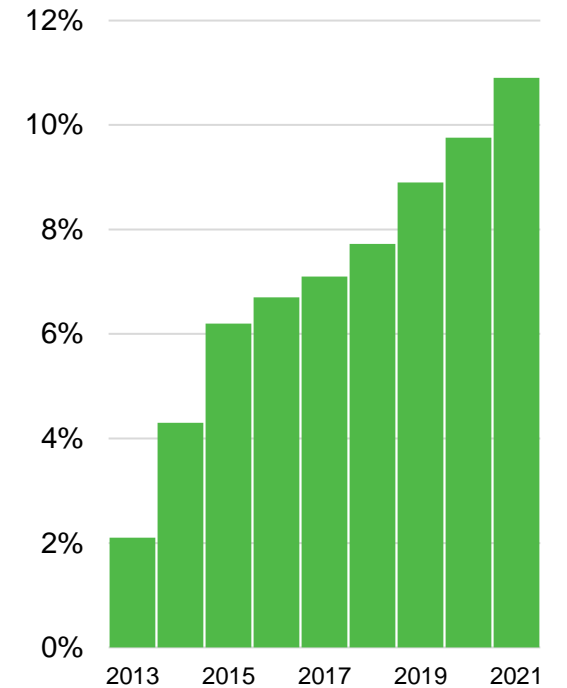
■ Pulp and Energy, and Paper business lines
■ Services and Automation business lines

Comparable EBITA
(EUR million)



■ Comparable EBITA

Comparable EBITA margin
(%)

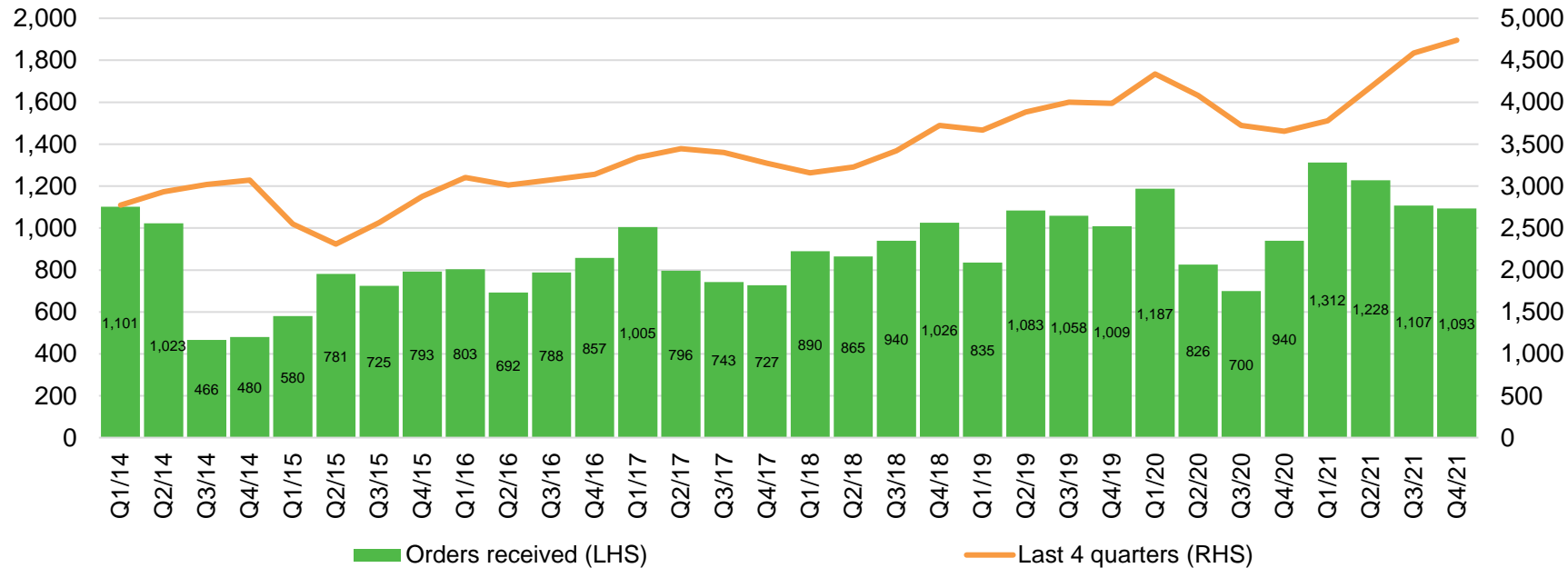


■ Comparable EBITA margin

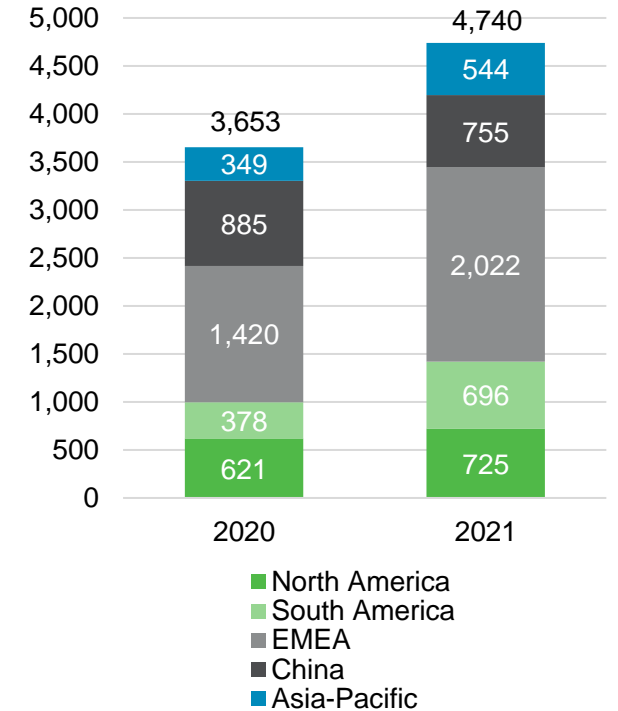
2013 figures on carve-out basis

Orders received increased to EUR 4,740 million in 2021

Orders received (EUR million)



Orders received by area (EUR million)

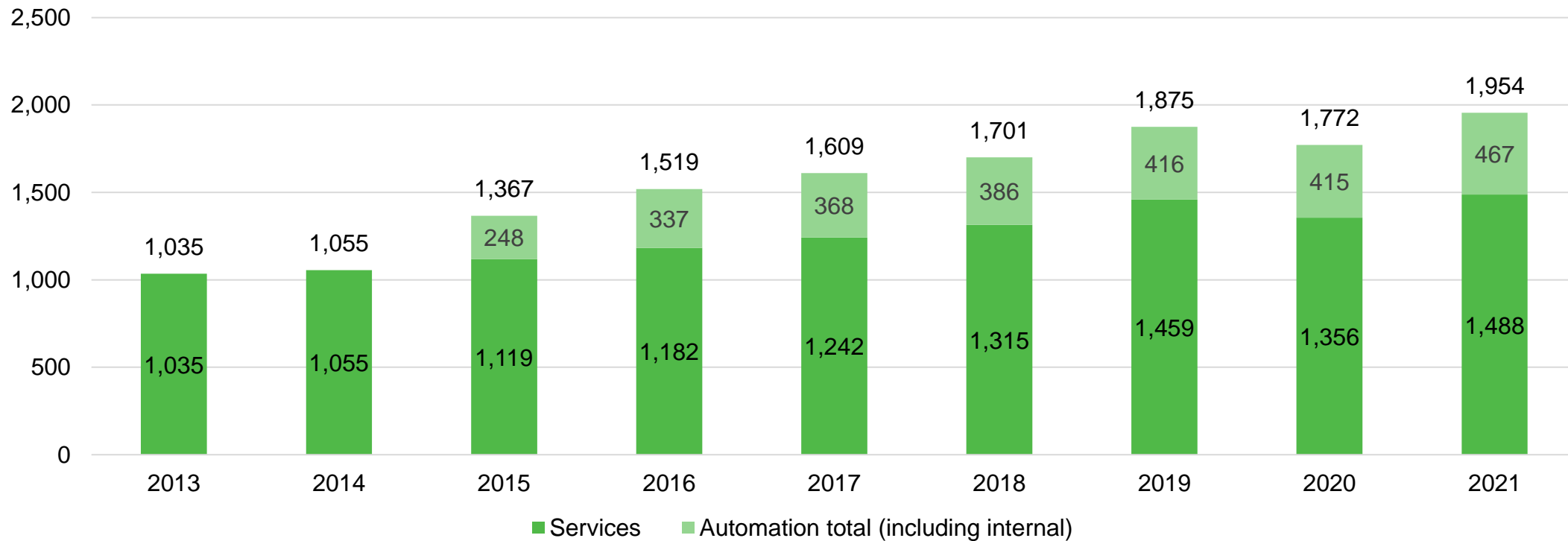


- In stable business¹, orders received increased to EUR 1,954 million in 2021
- In capital business, orders received increased to EUR 2,872 million in 2021
- Orders received increased both in developed markets and in emerging markets during 2021
 - South America, China and Asia-Pacific together accounted for 42% of orders received

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

Stable business orders received totaled EUR 1,954 million in 2021

Orders received (EUR million) in stable business¹



- Total orders received in stable business were EUR 183 million higher in 2021 compared with 2020

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

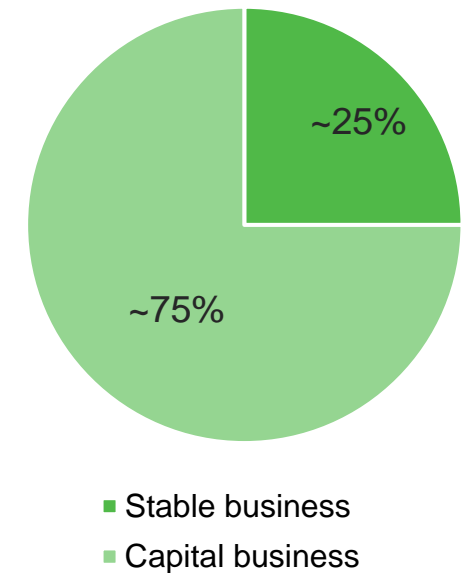
2013 figures on carve-out basis

Order backlog EUR 4,096 million at the end of 2021

Order backlog (EUR million)



Structure of order backlog



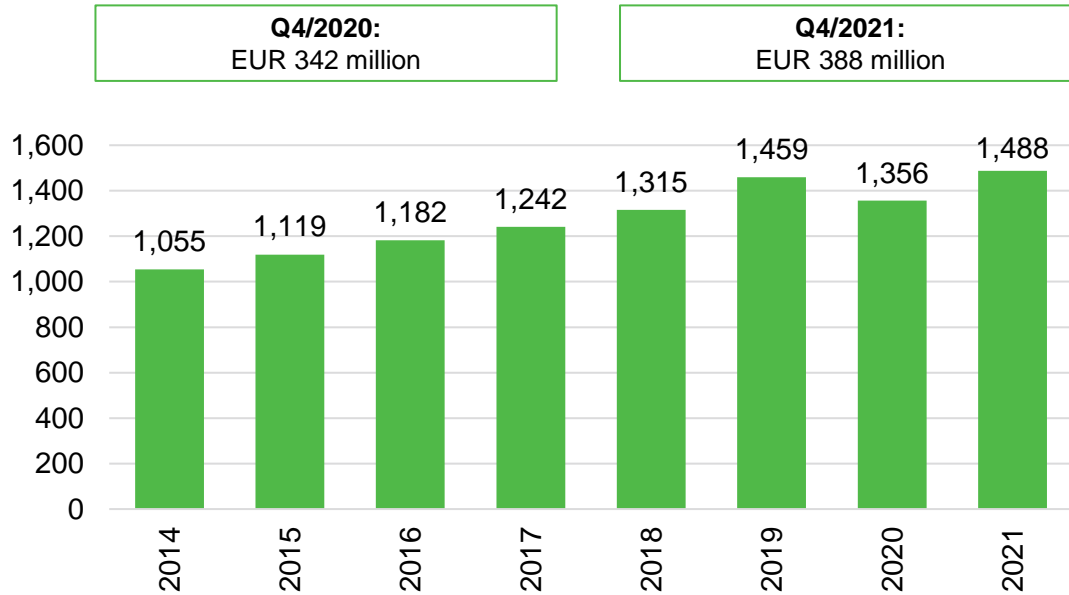
- Order backlog was EUR 103 million lower than at the end of Q3/2021 and EUR 839 million higher than at the end of 2020
- Approximately 70% of the order backlog is currently expected to be realized as net sales during 2022 (at the end of 2020, ~75% during 2021)
- Approximately 25% of the order backlog relates to stable business (~25% at the end of 2020)



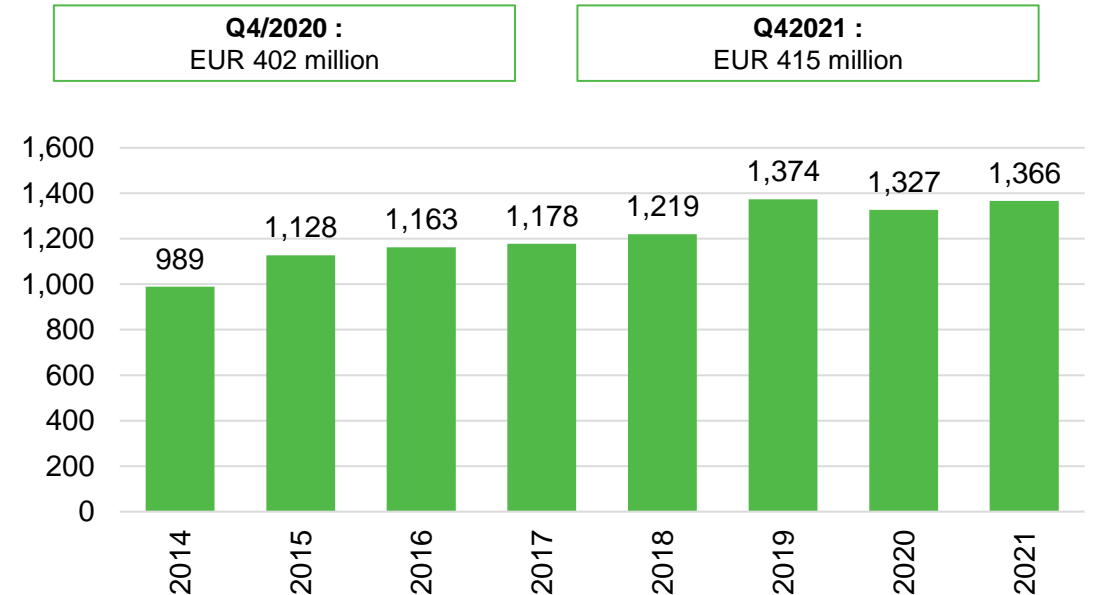
Development of the business lines

Services: Orders received increased to EUR 1,488 million in 2021

Orders received (EUR million)



Net sales (EUR million)



- Orders received increased compared with Q4/2020
 - Orders received increased in all areas except for China, where orders received decreased
 - Orders received increased in Board, Paper and Tissue Solutions, Fabrics and Performance Parts, and remained at the previous year's level in Pulp and Energy Solutions and Rolls
- Net sales remained at the previous year's level compared with Q4/2020
- COVID-19 related travel restrictions impacted Services' business environment in 2021



Services business line in 2021

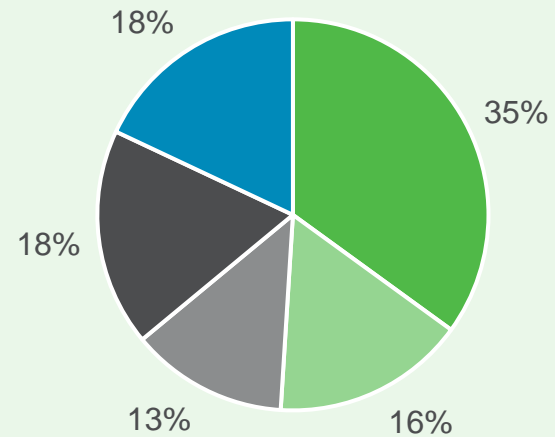
Orders received
EUR 1,488 million

Net sales
EUR 1,366 million

Employees
5,958

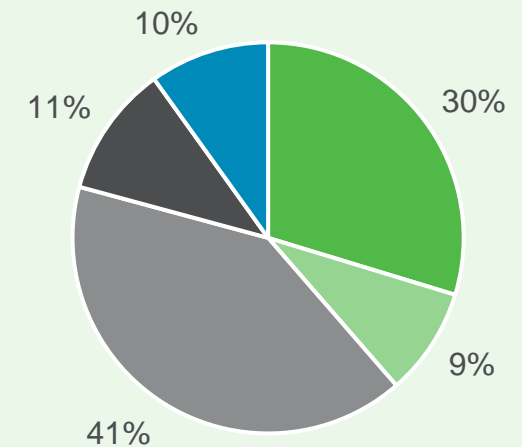
Market position
#1–2 Services

Orders received by business



- Performance Parts
- Rolls
- Fabrics
- Board, Paper and Tissue Solutions
- Pulp and Energy Solutions

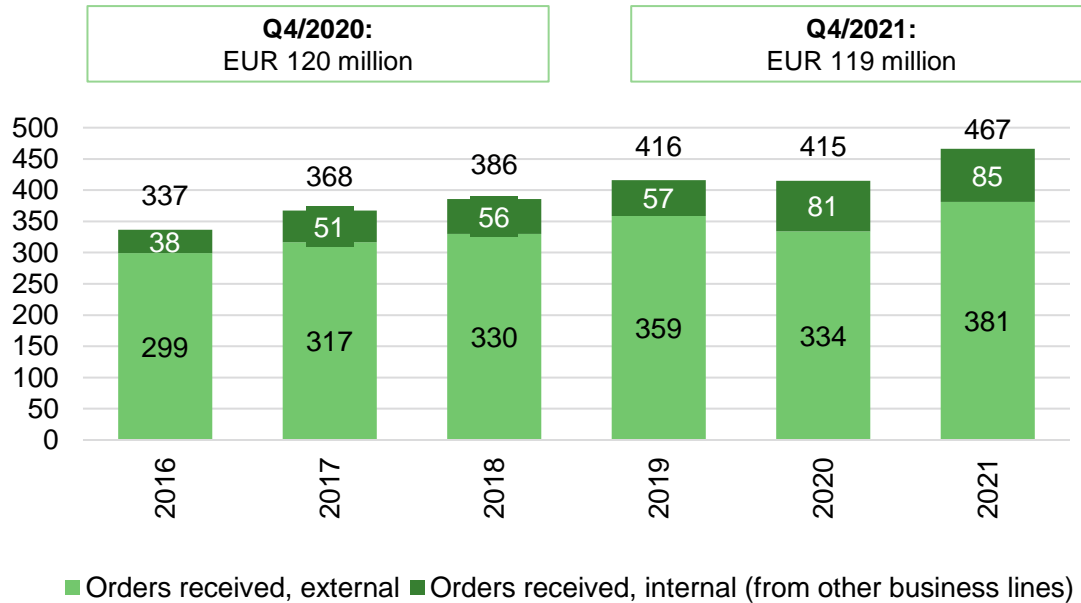
Orders received by area



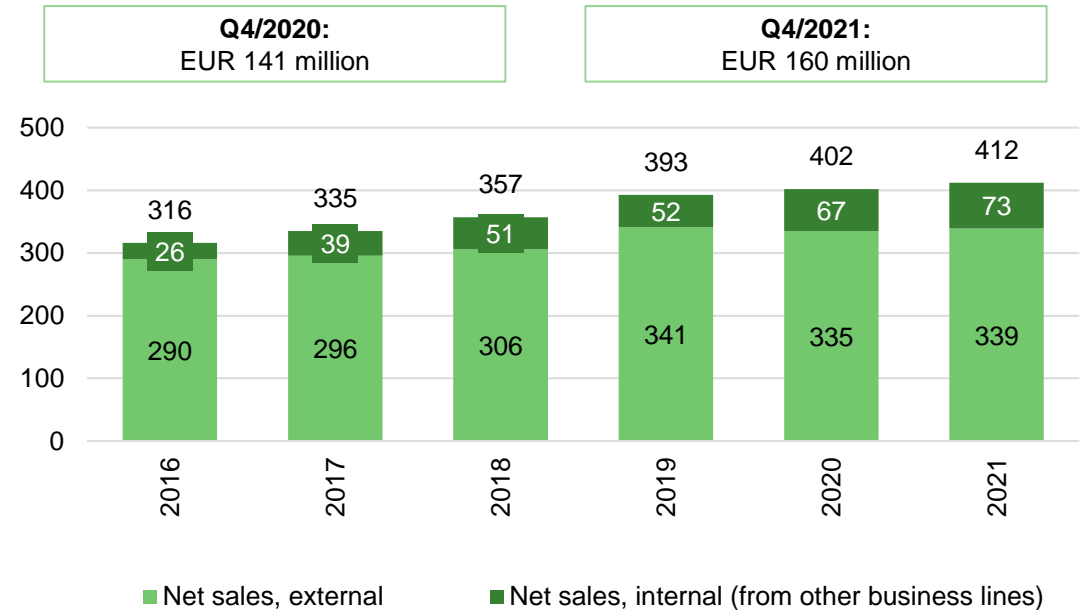
- North America
- South America
- EMEA
- China
- Asia-Pacific

Automation¹: Orders received increased to EUR 467 million in 2021

Orders received (EUR million)



Net sales (EUR million)



- Orders received remained at the previous year's level compared with Q4/2020
 - Orders received increased in South America and Asia-Pacific, remained at the previous year's level in EMEA and decreased in China and North America
 - Orders received remained at the previous year's level in Pulp and Paper, and decreased in Energy and Process
- Net sales increased compared with Q4/2020
- Component availability was at a reduced level and delivery times of certain components were longer during the fourth quarter



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

Automation¹ business line in 2021

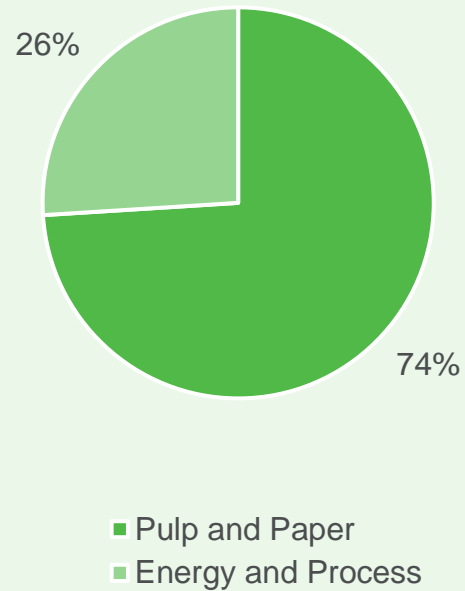
Orders received
EUR 467 million

Net sales
EUR 412 million

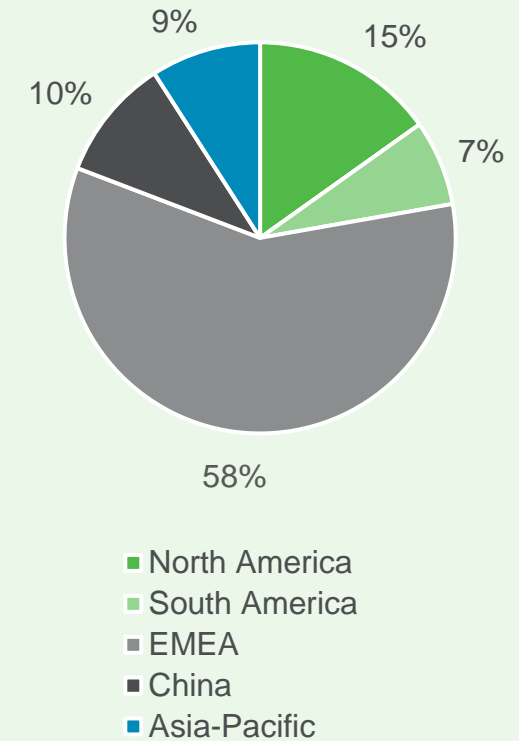
Employees
1,986

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

Orders received by business



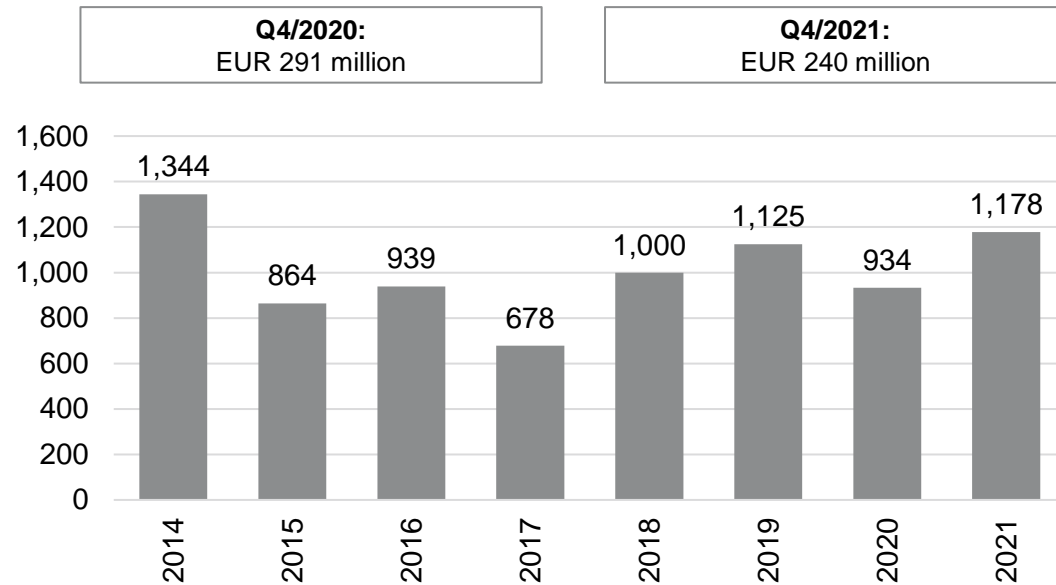
Orders received by area



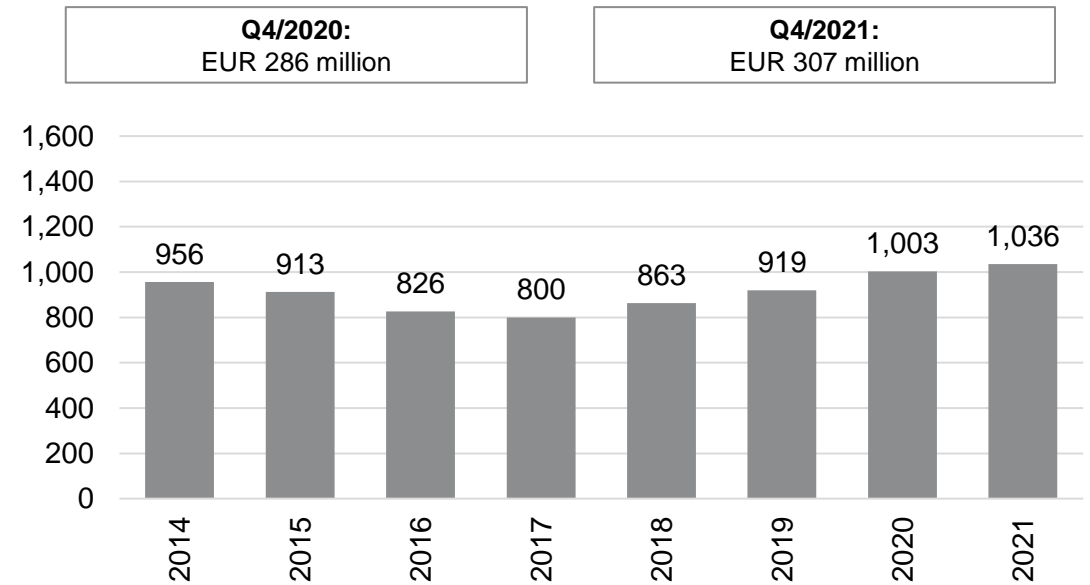
1) Orders received and net sales include also internal orders received and internal net sales.

Pulp and Energy: Orders received increased to EUR 1,178 million in 2021

Orders received (EUR million)



Net sales (EUR million)



- Orders received decreased compared with Q4/2020
 - Orders received increased in South America, and decreased in all other areas
 - Orders received decreased in both Pulp and Energy
- Net sales increased compared with Q4/2020



Pulp and Energy business line in 2021

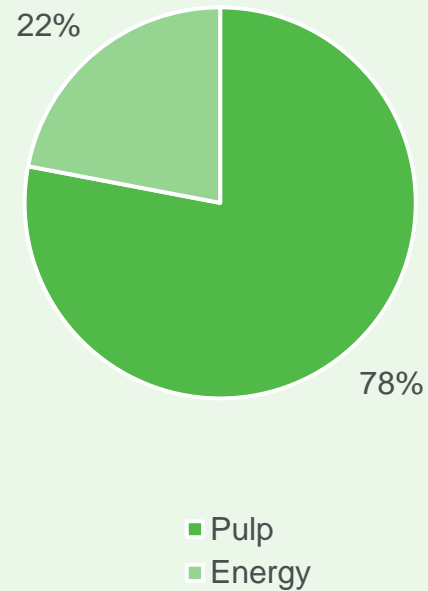
Orders received
EUR 1,178 million

Net sales
EUR 1,036 million

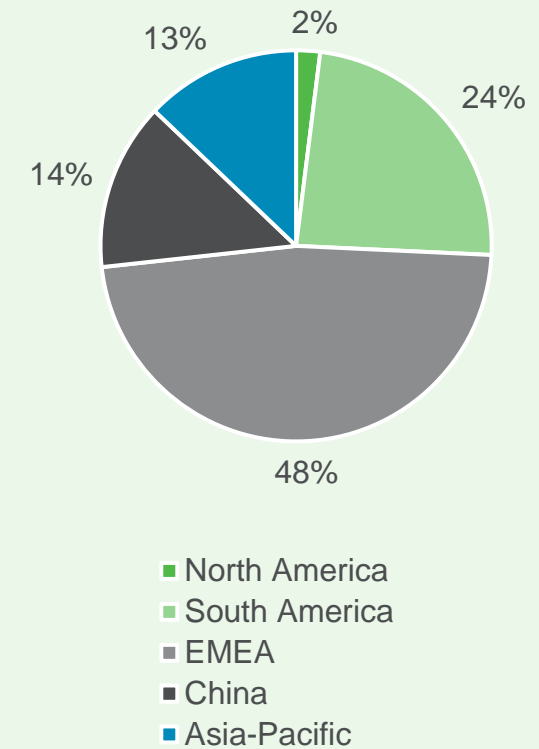
Employees
1,946

Market position
#1–2 Pulp
#1–3 Energy

Orders received by business

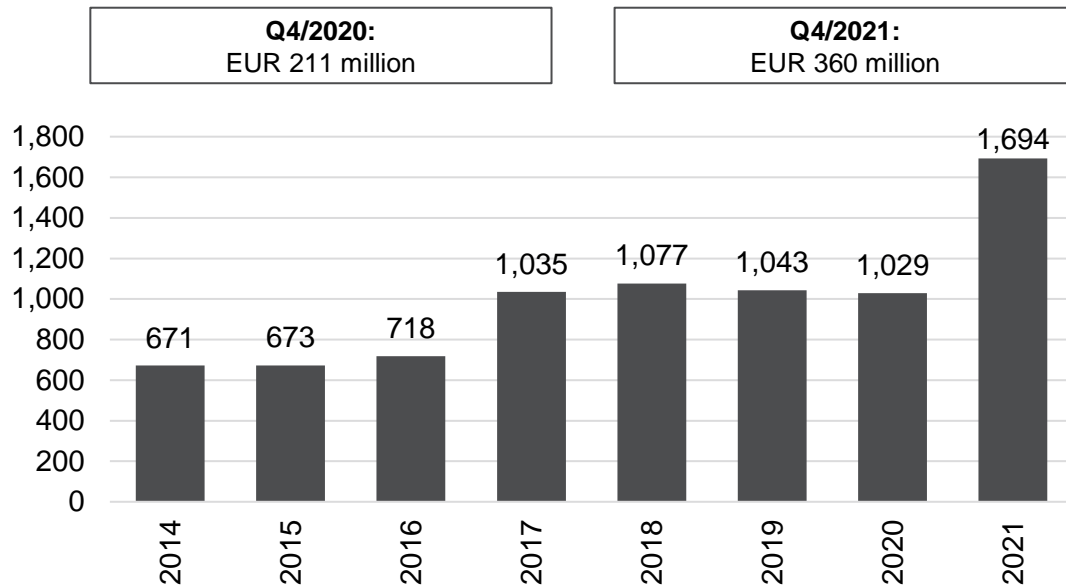


Orders received by area

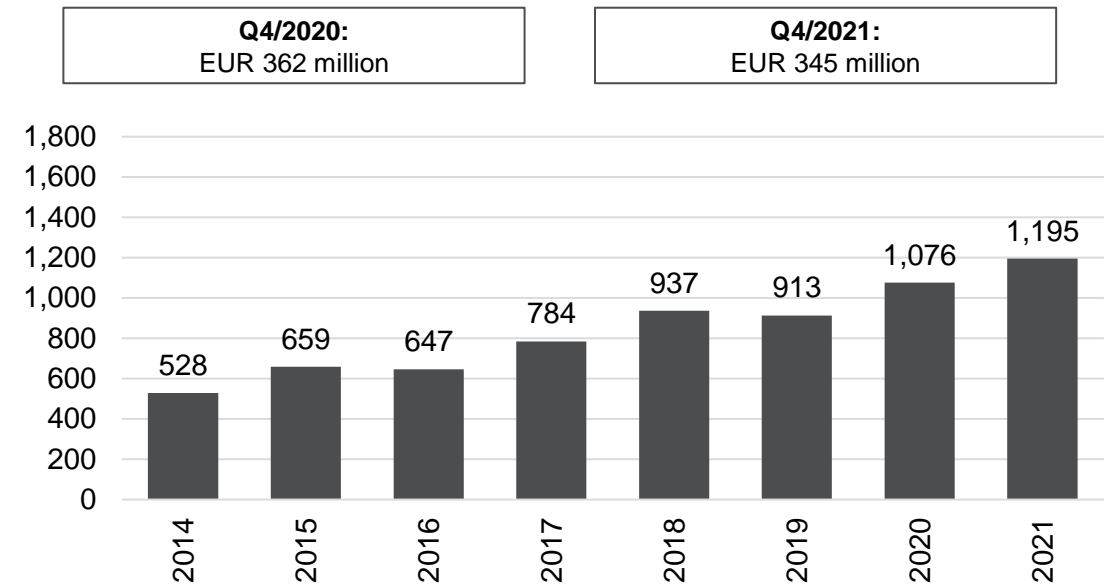


Paper: Orders received increased to EUR 1,694 million in 2021

Orders received (EUR million)



Net sales (EUR million)



- Orders received increased compared with Q4/2020
 - Orders received increased in EMEA, South America and Asia-Pacific, and decreased in China and North America
 - Orders received increased in Small and Medium size Machines, Stock Preparation and Recycled Fiber, as well as in Board and Paper, and decreased in Tissue
- Net sales remained at the previous year's level compared with Q4/2020



Paper business line in 2021

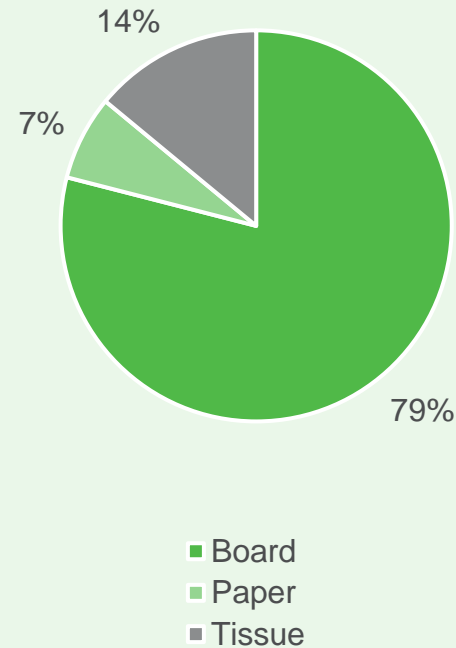
Orders received
EUR 1,694 million

Net sales
EUR 1,195 million

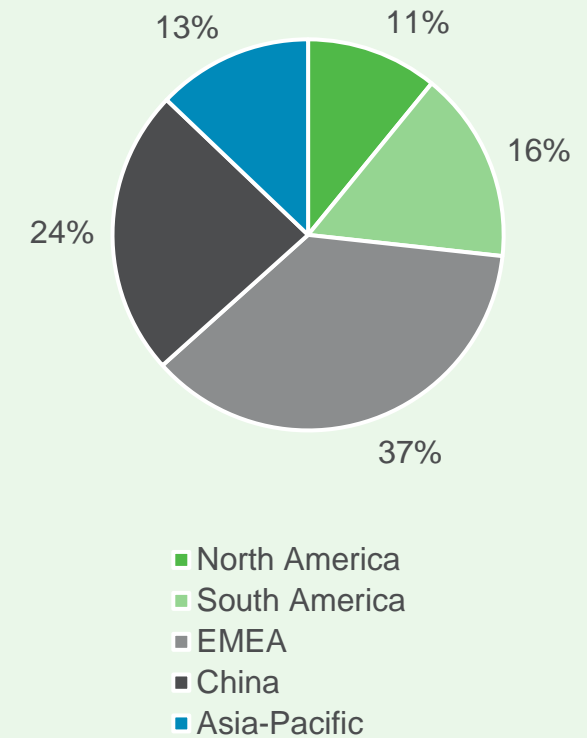
Employees
3,708

Market position
#1 Tissue
#1 Board
#1 Paper

Orders received by paper grade



Orders received by area





Financial development

Q4/2021 in brief

- Orders received increased to EUR 508 million in stable business¹
- Orders received increased to EUR 601 million in capital business²
- Net sales remained at the previous year's level at EUR 1,199 million
- Order backlog amounted to EUR 4.1 billion
- Comparable EBITA remained at the previous year's level at EUR 147 million and margin was 12.2%
- Gearing was -7%

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	Q4/2021	Q4/2020	Change	2021	2020	Change
Orders received	1,093	940	16%	4,740	3,653	30%
Order backlog ¹	4,096	3,257	26%	4,096	3,257	26%
Net sales	1,199	1,167	3%	3,935	3,740	5%
Comparable EBITA	147	146	0%	429	365	18%
% of net sales	12.2%	12.5%		10.9%	9.8%	
EBITA	155	147	6%	448	355	26%
Operating profit (EBIT)	143	135	6%	399	319	25%
% of net sales	11.9%	11.6%		10.1%	8.5%	
Earnings per share, EUR	0.67	0.67	-1%	1.98	1.54	28%
Return on capital employed (ROCE) before taxes ²				24%	22%	
Cash flow provided by operating activities	96	114	-15%	482	532	-9%
Gearing ¹				-7%	13%	

Items affecting comparability: EUR 8 million in Q4/2021 (EUR 0 million in Q4/2020), EUR 19 million in 2021 (EUR -10 million in 2020)

Valmet's investment in Neles had a positive impact on EBITA of EUR 4.3 million in Q4/2021 and EUR 14.2 million in 2021

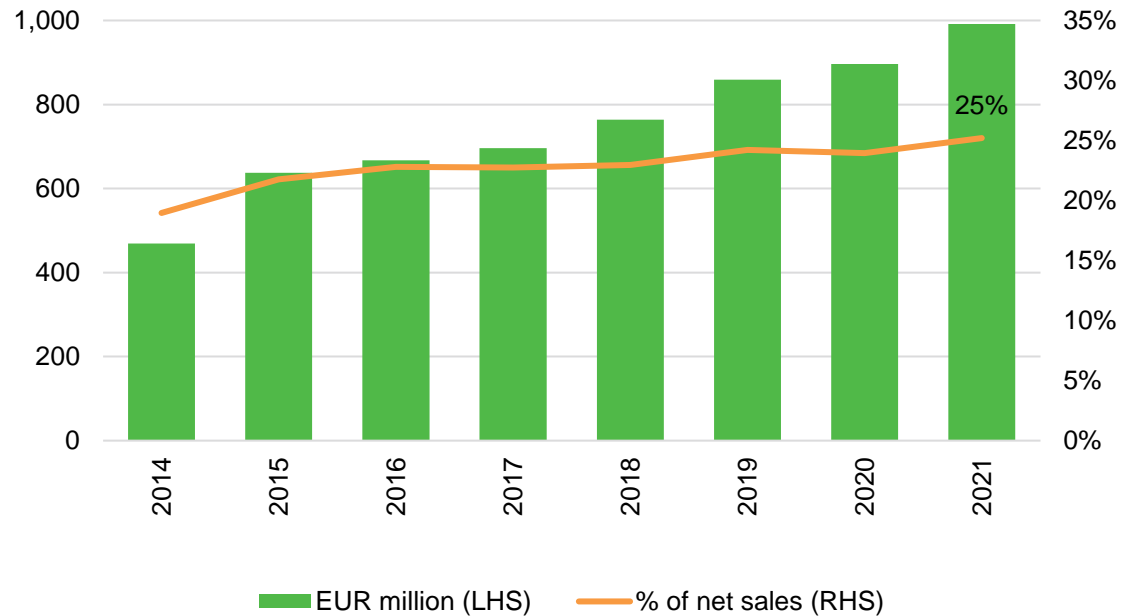
Valmet's investment in Neles had a positive impact on operating profit of EUR 1.8 million in Q4/2021 and EUR 1.1 million in 2021

1) At end of period

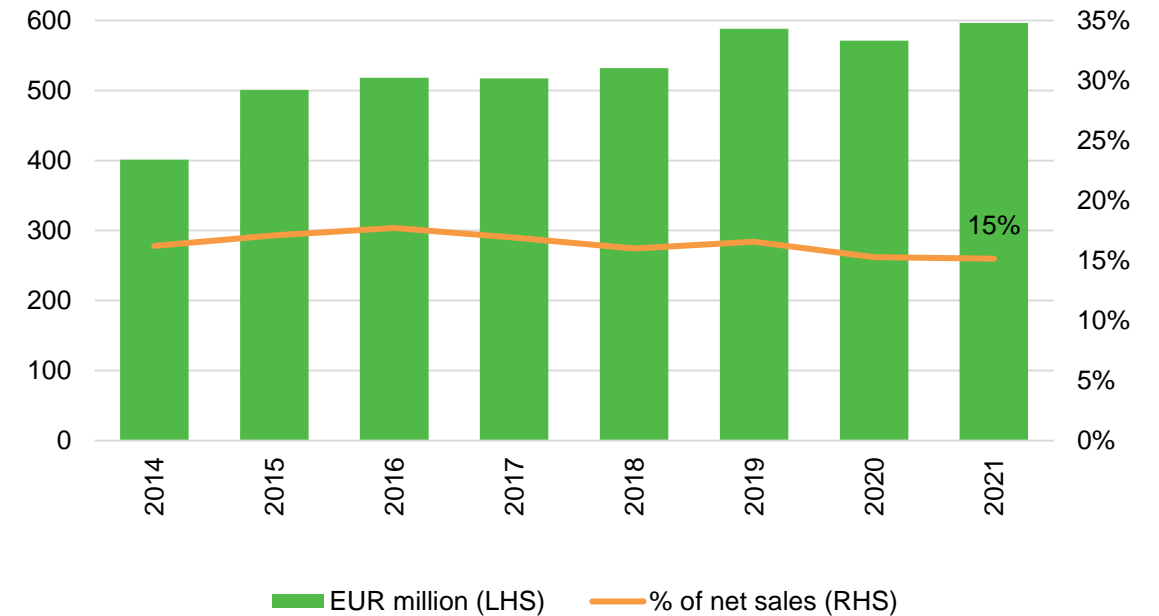
2) Annualized

Gross profit and SG&A development

Gross profit (EUR million and % of net sales)



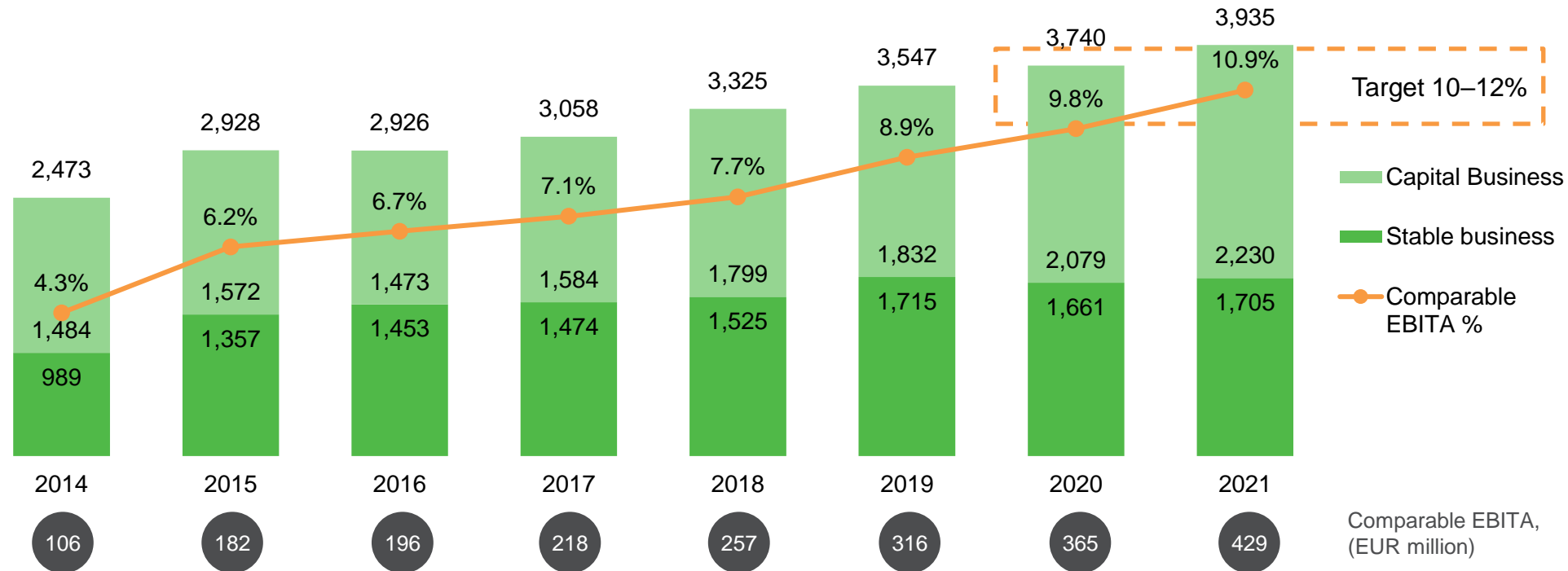
SG&A (EUR million and % of net sales)



- Gross profit was 25% of net sales in Q4/2021 (23% in Q4/2020)
 - Stable business represented 46% of net sales (44% in Q4/2020)
- Selling, general & administrative (SG&A) expenses increased in Q4/2021 compared with Q4/2020
 - SG&A was 14% of net sales in Q4/2021 (12% in Q4/2020)

Comparable EBITA margin¹ at target level

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

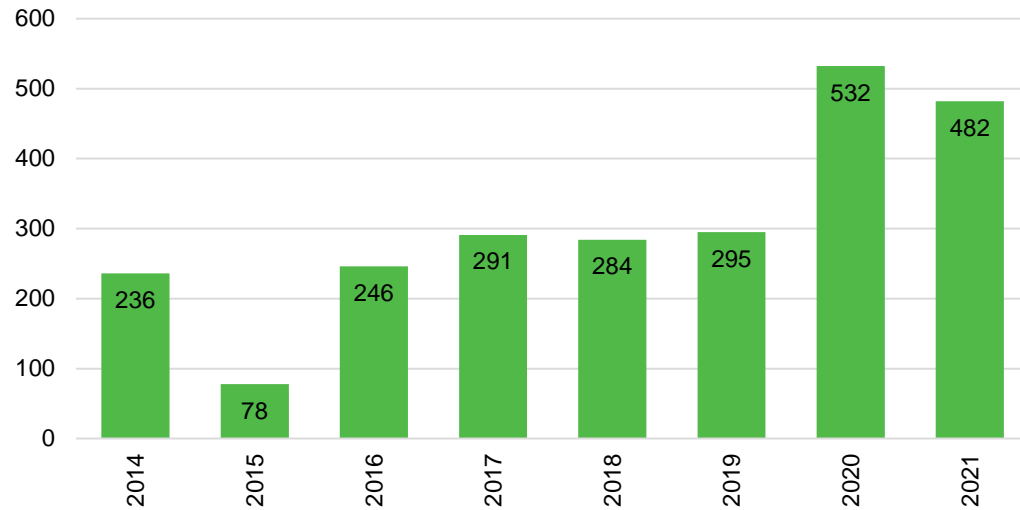


- In Q4/2021, net sales and Comparable EBITA remained at the previous year's level compared with Q4/2020

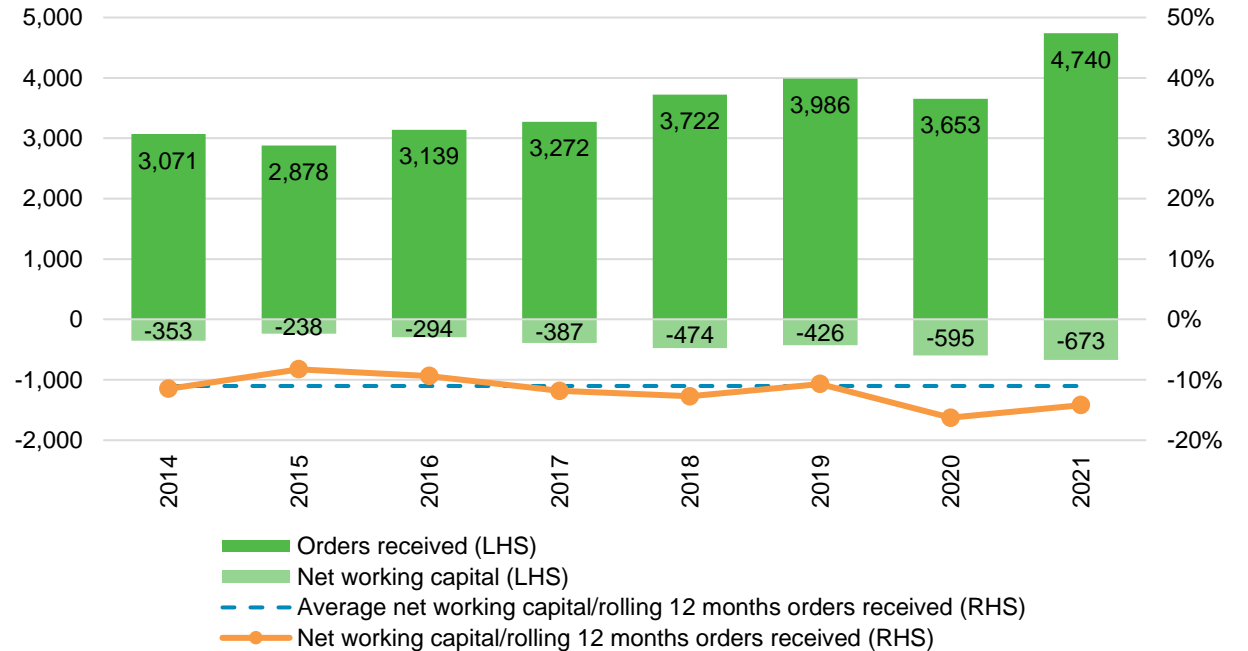
1) Valmet implemented IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018 by applying full retrospective method. Thus, figures presented are not fully comparable.

Cash flow provided by operating activities and 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 EUR 96 million in Q4/2021
- CAPEX¹ EUR 28 million in Q4/2021
- Net working capital EUR -673 million, which equals -14% of rolling 12 months orders received
- Change in net working capital² EUR -51 million in Q4/2021

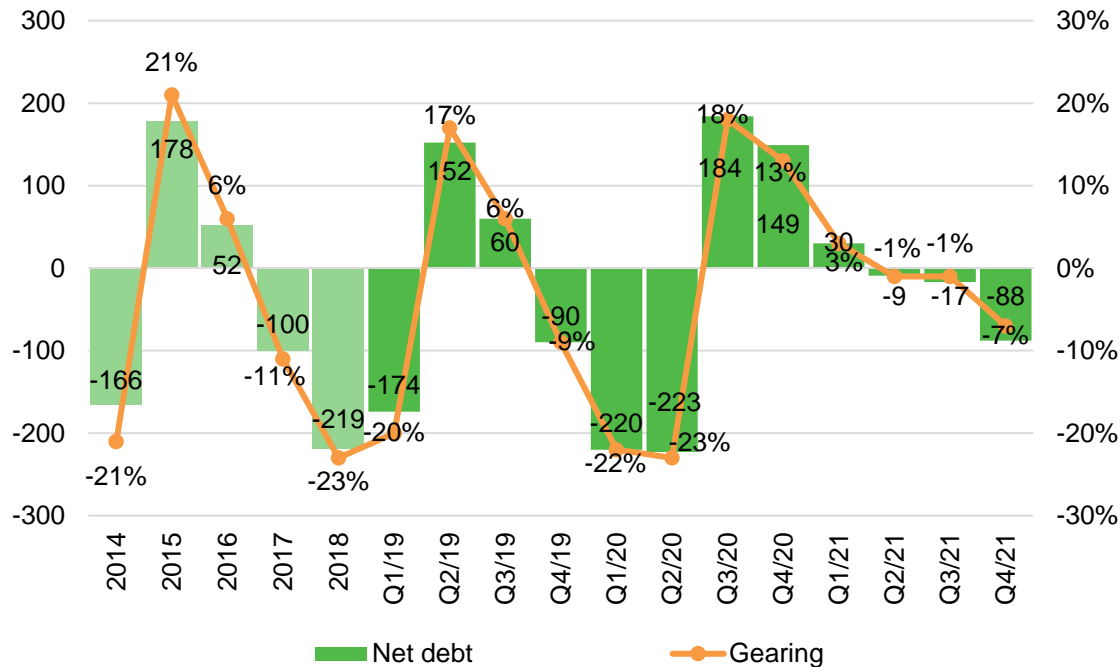
Valmet implemented IFRS 16 – Leases as of January 1, 2019 by applying the simplified transition method and therefore 2018 figures are not restated.

1) Excluding leased assets.

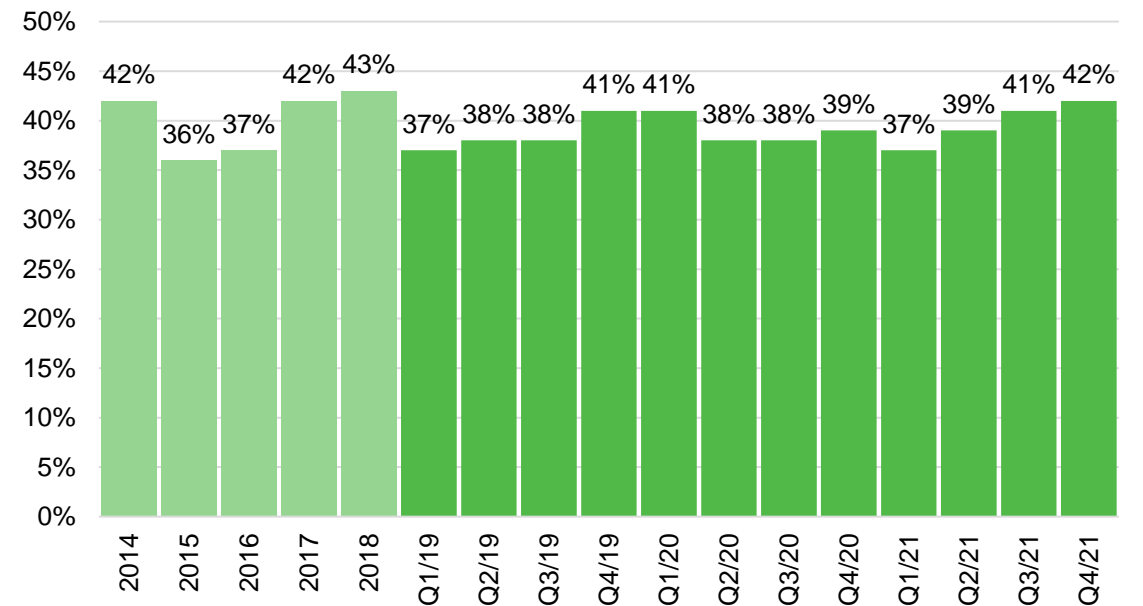
2) Change in net working capital in the consolidated statement of cash flows.

Net debt and gearing decreased compared with Q4/2020

Net debt (EUR million) and gearing (%)



Equity to assets ratio (%)

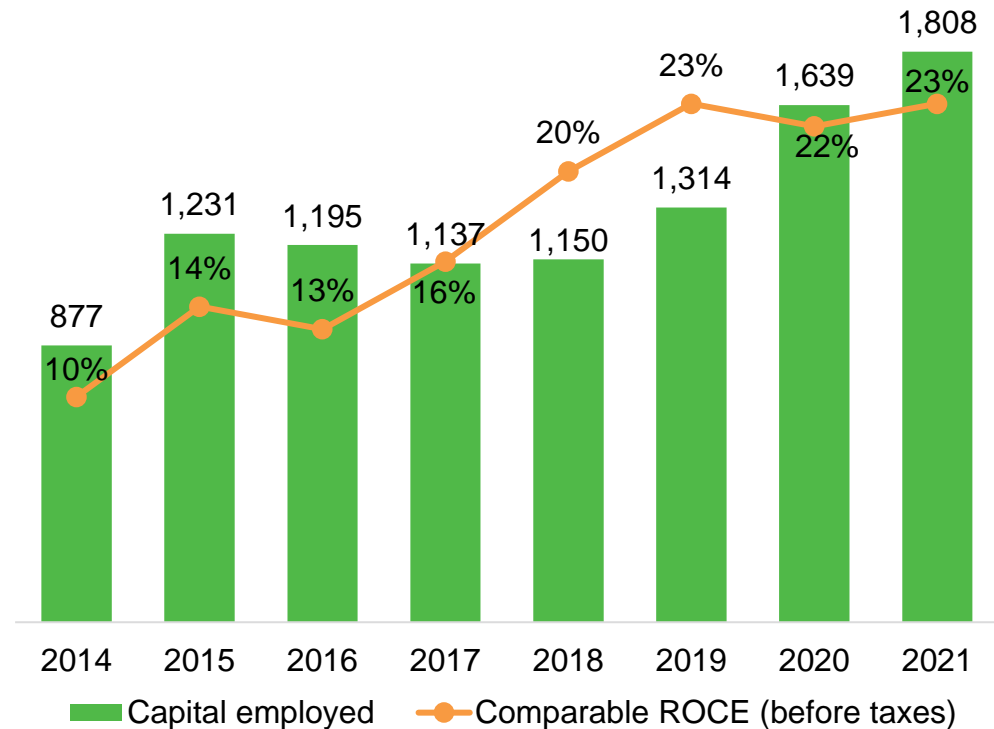


- Gearing (-7%) and net debt (EUR -88 million) decreased compared with Q4/2020
- Equity to assets ratio increased compared with Q4/2020

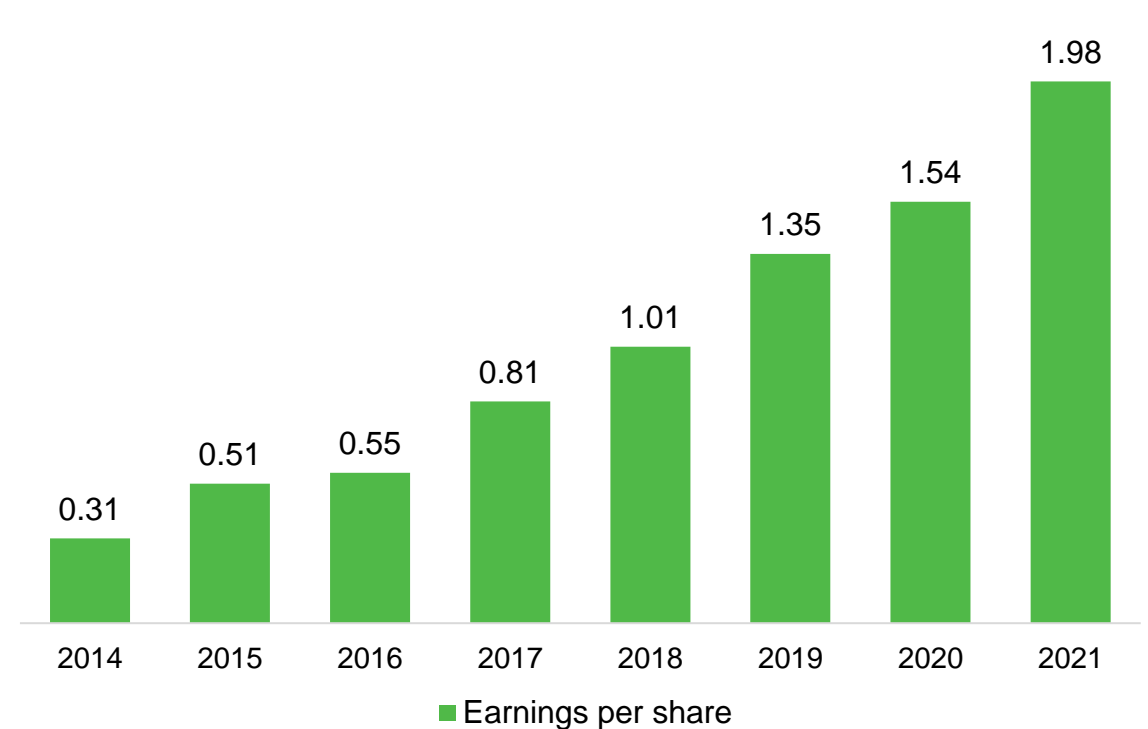
Valmet implemented IFRS 16 – Leases as of January 1, 2019 by applying the simplified transition method and therefore 2018 figures are not restated.

Capital employed, Comparable ROCE and EPS

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



Earnings per share, EUR



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.



Dividend proposal, guidance and short-term market outlook

Dividend proposal

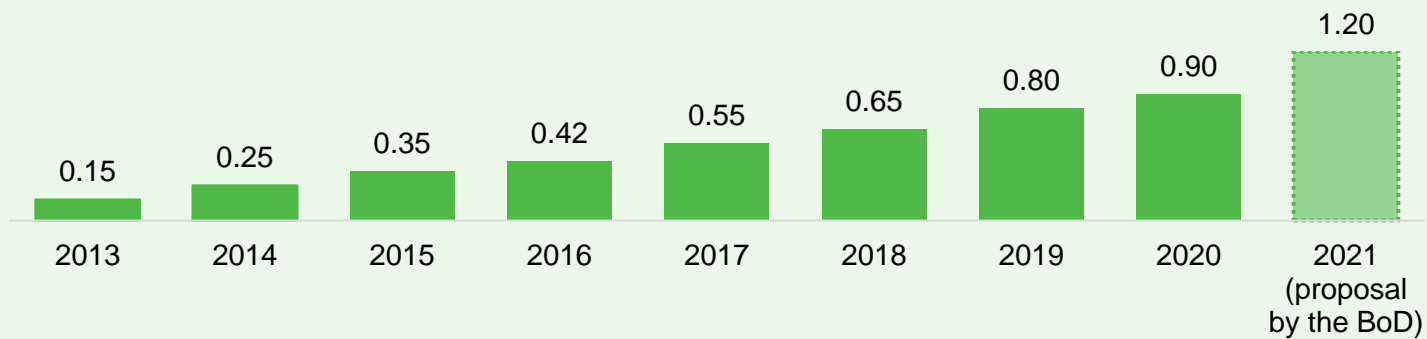
Dividend policy

- Dividend payout at least 50% of net profit

Board of Directors' dividend proposal to the Annual General Meeting

- EUR 1.20 dividend per share, which represents 61% payout ratio

Dividend per share (euro)



Guidance and short-term market outlook

Guidance for 2022

Guidance	Valmet estimates that net sales in 2022 will increase in comparison with 2021 (EUR 3,935 million) and Comparable EBITA in 2022 will increase in comparison with 2021 (EUR 429 million).
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Short-term market outlook

		Q1/2021	Q2/2021	Q3/2021	Q4/2021
Services		Satisfactory	Good / Satisfactory	Good	Good
Automation		Good	Good	Good	Good
Pulp and Energy	Pulp	Good	Good	Good	Good
	Energy	Weak	Weak	Weak	Satisfactory
Paper	Board and Paper	Good	Good	Good	Good
	Tissue	Good	Good	Satisfactory	Satisfactory

The short-term market outlook is based on customer activity (50%) and Valmet's capacity utilization (50%) and is given for the next six months from the end of the respective quarter. The scale is 'weak-satisfactory-good'.

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Merger with Neles

Valmet and Neles to merge creating a leading company with a unique offering for process industries globally

- The merger was approved by both companies' General Meetings in September 2021
- Integration planning has started
 - Neles planned to form a fifth business line for Valmet named Flow Control
- Competition authority process is on-going
 - Unconditional clearances have been obtained in Germany, Poland, Saudi Arabia, Turkey, South Africa, Chile and Russia
 - Valmet and Neles are working constructively with all competition authorities reviewing the transaction
- Until the completion of the merger Valmet and Neles will carry out their respective businesses as separate and independent companies
- The planned closing date was targeted on or before April 1, 2022
- As the completion has not yet taken place, the next possible date for the completion to take place is April 1, 2022

Interim Review January–March 2022

April 27, 2022

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