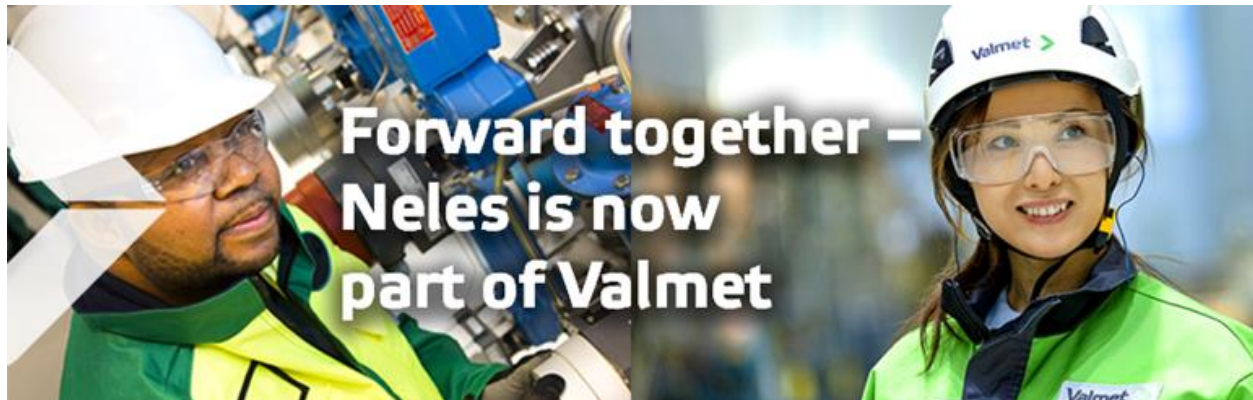


## Valmet Investor Insights - IR Newsletter Q2/2022



The second quarter of 2022 is soon behind us, and it is time to wrap up the quarter before the publication of Valmet's Half Year Financial Review January–June 2022 on July 27. Please note that the silent period will begin on July 6.

### Recent events

Valmet announced on April 1 that **the merger of Valmet and Neles has been registered** with the Finnish Trade Register and that the combination of Valmet's and Neles' business operations has been completed. Neles is consolidated to Valmet as of April 1, 2022 and forms Valmet's fifth business line called Flow Control. On the same day Valmet published its [updated guidance for 2022](#) due to the completion of the merger. The updated guidance for 2022 is as follows:

- Valmet estimates that, including the merger with Neles, 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).

The previous guidance for 2022, issued on February 3, 2022 was:

- 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).

Valmet announced on April 27 that it has decided to **change its financial reporting structure** starting from January 1, 2022, to better highlight the performance of its businesses. The new reporting structure reflects Valmet's operational model and is aligned with the way Valmet management follows the operational performance of Valmet's businesses. Valmet consists of three reportable segments to which it discloses orders received, net sales, as well as profitability (EBITA). Previously Valmet disclosed its profitability only on group level. The segments are as follows:

- Services segment, which consists of the Services business line

- Automation segment, which consists of the Flow Control (starting from 1 April, 2022) and Automation Systems business lines
- Process Technologies segment, which consists of the Pulp and Energy and Paper business lines.

Valmet will continue to report orders received and net sales for its business lines. Valmet's business lines are Services, Flow Control, Automation Systems, Paper, and Pulp and Energy. Automation Systems business line was previously called Automation.

Valmet announced on June 23 that it **adjusts its strategy to include Flow Control and aligns its financial targets** with its financial reporting structure. Valmet's new strategy is:

- 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.

Valmet's financial targets are the following (previous targets in brackets)

- Net sales for Services and Automation segments to grow over two times the market growth (previously: Net sales for stable business to grow over two times the market growth)
- Net sales for Process Technology segment to exceed market growth (previously: Net sales for capital business to exceed market growth)
- Comparable EBITA: 12–14% (unchanged)
- Comparable return on capital employed (ROCE) before taxes: at least 15% (unchanged)
- Dividend payout at least 50% of net profit (unchanged)

**A fire broke out at Valmet's Rautpohja factory** in Jyväskylä, Finland, on May 7. The factory is Valmet's main site for paper and board machine production, and it also produces pulp drying machine wet ends and special components. The fire started at a workshop during a roll test and caused minor injuries to one employee. Impacted machine workshop areas include parts of roll manufacturing and preassembly, and these areas are temporarily closed. The majority of machine workshops at the factory site are unimpacted. Engineering, Foundry, Service Center and Pilot machine operations were not impacted, and they have continued their normal operations. Operations in the unimpacted areas started returning back to normal from the beginning of week 21. The official investigations by authorities are continuing in a limited factory area. The impact assessment of the fire to the business continuity and customer deliveries is proceeding, and the final outcome will be known once the official investigations have been concluded and the full scale of the incident is clear.

Valmet was chosen as **the third most attractive employer** by engineering students in Finland for the second year in a row! The result was published in Universum's annual Talent Research, which is the biggest employer survey in Finland. In recent years Valmet has been actively developing its student and university collaboration in Finland and abroad. Valmet is set to have close to 500 summer trainees working in Valmet locations around Finland.

Valmet announced on April 11 that **CFO Kari Saarinen will leave Valmet** at the end of April. On April 27 Valmet announced that **Ms. Katri Hokkanen (M.Sc. Econ) has been appointed interim CFO** as of May 1, 2022. Katri Hokkanen joined Valmet in 2006 and before her position as interim CFO she was working as Vice President, Finance in Valmet's Pulp and Energy business line.

Valmet won the **Best retail IR-strategy award** at the IR Magazine Awards - Europe 2022! We are very happy about the recognition and always searching for ways to improve our communication with investors. Check out our social media pages which are aimed specifically to retail investors:

Instagram - @valmet\_sijoituskohteena (In finnish)

Twitter - @ValmetIR

## Latest blog post

- **Hot topics: Cost inflation and the fire in Jyväskylä**

## Announcements during Q2/2022

Jun 23, 2022 **[Valmet adjusts its strategy to include Flow Control and aligns its financial targets with its financial reporting structure](#)**

Jun 23, 2022 **[Directed share issue related to reward payment of Valmet's long-term share-based incentive plan](#)**

Jun 22, 2022 **[Decisions by the Shareholders' Meeting of the merged Neles Corporation](#)**

May 31, 2022 **[Notice to the Shareholders' Meeting of merged Neles Corporation](#)**

May 20, 2022 **[Valmet Oyj: Notification according to Chapter 9, Section 5 of the Finnish Securities Markets Act: Solidium Oy's ownership in Valmet exceeds 10 percent](#)**

Apr 27, 2022: **[Katri Hokkanen appointed interim CFO at Valmet](#)**

Apr 27, 2022: **[Neles' Interim Review January 1 – March 31, 2022](#)**

Apr 27, 2022: **[Valmet's Interim Review January 1 – March 31, 2022: Orders received amounted to EUR 1.3 billion and Comparable EBITA to EUR 79 million in the first quarter](#)**

Apr 27, 2022: **[Valmet changes its financial reporting structure and provides comparative segment information for 2021](#)**

Apr 11, 2022: **[Change in Valmet's Executive Team: CFO Kari Saarinen leaves Valmet](#)**

Apr 1, 2022: **[Valmet Oyj: Notification according to Chapter 9, Section 5 of the Finnish Securities Markets Act: Solidium Oy ownership in Valmet decreased to below 10 percent](#)**

Apr 1, 2022: [Valmet publishes its updated guidance for 2022 and confirms its new financial targets after the completion of the merger with Neles](#)

Apr 1, 2022: [Merger of Valmet Oyj and Neles Corporation has been registered and the combination of Valmet's and Neles' business operations has been completed](#)

## Upcoming events

**July 6 – July 27, 2022:** Silent period. Valmet is not in contact with capital market representatives during a period of three weeks prior to the publication of its interim financial results

**July 27, 2022:** Publication of Half-Year Financial Review 2022

**August 26, 2022:** Q2 lunch presentation for institutional investors, hosted by Nordea

See the full list of events in [Valmet financial calendar](#).

## Orders received booked in Q2/2022

Date	Description	Business line	Country	Value
June 22	<a href="#"><u>Two tissue making lines to Liaoning Yusen Sanitary Products Co., Ltd.</u></a>	Paper	China	Not disclosed. The total value of an order of this type and delivery scope is typically around EUR 6-8 million.
May 11	<a href="#"><u>Completion of biomass boiler, flue gas cleaning and flue gas condensing system works for Vilnius Combined Heat and Power Plant</u></a>	Pulp and Energy	Lithuania	The total maximum value of the order is around EUR 30 million.
May 4	<a href="#"><u>OCC, stock preparation and container board lines to Eren Paper</u></a>	Paper	United Kingdom	Not disclosed. A project of this size and scope is typically valued at around EUR 150-170 million.

View [the list of published orders received](#).

**Thank you for your interest in Valmet!**

Best regards,

Pekka Rouhiainen  
Director, Investor Relations