

# Strong organic growth in orders received and the new 'Lead the Way' strategy launched in the second quarter

Half Year Financial Review, January–June 2025

*July 23, 2025*

Thomas Hinnervskov, President and CEO

Katri Hokkanen, CFO

# Agenda

## Half Year Financial Review, January–June 2025

- 1 Q2/2025 in brief
- 2 New 'Lead the Way' strategy and 2030 financial targets
- 3 Financial development
- 4 Guidance and short-term market outlook



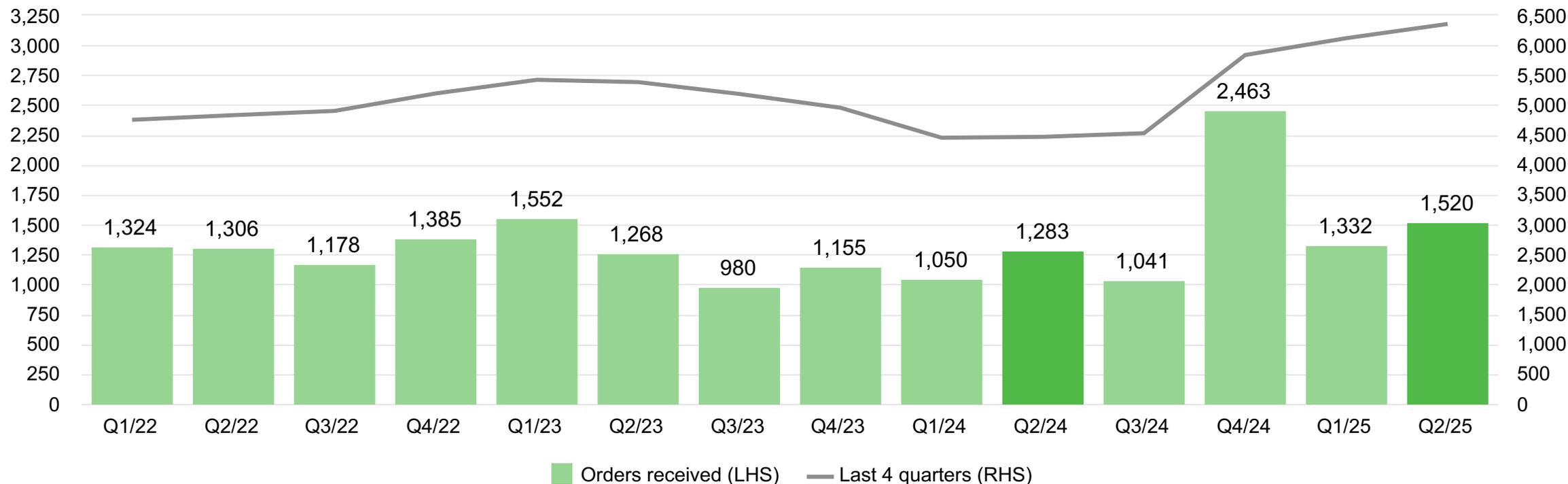
# Q2/2025 highlights

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- New 'Lead the Way' strategy and 2030 financial targets launched at the Capital Markets Day
- Valmet's new segments introduced and effective as of July 1, 2025: Biomaterial Solutions and Services; and Process Performance Solutions
- Strong organic growth in orders received in Q2/2025
- Comparable EBITA margin increased, while net sales decreased
- Customer activity remained stable compared to Q1/2025
- Automation segment (Process Performance Solutions) posted strong performance in Q2, with orders up 11% organically, Comparable EBITA up 15% and margin increasing to 17.8%
- Process Technologies and Services segments (Biomaterial Solutions and Services) delivered strong order growth in Q2, while profitability in Process Technologies decreased due to lower net sales

# Orders received increased to EUR 1.5 billion in Q2/2025

Orders received (EUR million)



- Orders received increased organically 11% in Automation (Process Performance Solutions) compared with Q2/2024
- Good quarter in Process Technologies and Services (Biomaterial Solutions and Services), with several mid-size orders won during the quarter and orders received increasing organically 10% in Services

# Advancing circularity – Valmet to deliver future ready CHP plants with carbon capture potential

## ➤ Customer Confidence

Selected for our proven ability to deliver modern large-scale energy projects. Energy production security is crucial for both customers

## ➤ Seamless Lifecycle Approach

Full lifecycle approach from boiler to flue gas treatment, process optimization and services is designed to maximize customer value over decades

## ➤ Advancing Circularity

The deliveries showcase state-of-the-art technology for very low emission levels and optimized sustainable energy production

## ➤ Future-Ready and Efficient

Carbon capture readiness has been built into the design, making the systems well-prepared also for future climate requirements. The solutions combine immediate environmental performance with long-term adaptability



### Kraftringen Energi - Sweden

- Örtoftaverket CHP plant in Eslöv, Skåne
- Valmet boiler plant and flue gas cleaning system with heat recovery, Valmet Furnace Imaging system, Service package, Spare parts
- Operational in 2028

### Saica Group - Spain

- Papermill in El Burgo de Ebro, Zaragoza
- Valmet boiler plant and flue gas cleaning system for El Burgo mill
- Operational in 2026



# New 'Lead the Way' strategy and 2030 financial targets

# Lead the Way

Transforming industries towards a regenerative tomorrow

## Biomaterial Solutions and Services

### ADVANCING CIRCULARITY

- Seamless lifecycle approach to grow in services and technology
- Continuous innovation with customers, leading the way towards circularity
- Relentless drive for product cost competitiveness



## Process Performance Solutions

### UNLOCKING RESOURCE EFFICIENCY

- Leading lifecycle value, reliability and customer experience
- Customer-focused innovation and strategic portfolio expansion
- Growth in high-quality technologies and digital capabilities in mission-critical solutions

# New 2030 financial targets reflect a step change in ambition

5%

Organic net sales growth  
(CAGR) over the cycle

CAGR L10Y: ~4%

15%

Comparable EBITA  
margin

Q2 2025 LTM: 11.7%  
*Previous target: 12–14%*

20%

Comparable ROCE

Q2 2025 LTM: 13.1%  
*Previous target: at least 15%*

<50%

Gearing

Q2/2025: 42%

# Targeting to double the organic growth in biomaterial services to 8%

## Key growth enablers

- 1. Lifecycle approach:** Embed services earlier in capital deliveries to boost installed base monetization
- 2. Focused investments:** Prioritize high-potential categories and regions
- 3. Cost competitiveness:** Global Supply unit improves competitiveness through more efficient sourcing
- 4. Digital & data leverage:** Use installed base data to drive smarter maintenance plans and timely deliveries and optimize pricing
- 5. Empowered frontline:** Faster decisions and quotations, with stronger local accountability to capture service opportunities



Double the organic growth in biomaterial services to

**8%**

Increase biomaterial services market share to

**25%**



# Financial development

# Q2/2025 financial performance in brief

- Orders received increased to EUR 1.5 billion
- Order backlog amounted to EUR 4.7 billion
- Net sales decreased to EUR 1.2 billion
- Comparable EBITA remained at the previous year's level and amounted to EUR 143 million and margin increased to 11.5%
- Cash flow provided from operating activities amounted to EUR 79 million
- Comparable ROCE (LTM) was 13.1%
- Adjusted EPS decreased to EUR 0.23, primarily due to restructuring expenses of the operating model renewal

# Key figures

EUR million	Q2/2025	Q2/2024	Change	Q1–Q2/2025	Q1–Q2/2024	Change
Orders received	<b>1,520</b>	1,283	19%	<b>2,852</b>	2,333	22%
Order backlog <sup>1</sup>				<b>4,711</b>	3,828	23%
Net sales	<b>1,241</b>	1,324	-6%	<b>2,426</b>	2,536	-4%
Comparable EBITA	<b>143</b>	141	2%	<b>265</b>	262	1%
% of net sales	<b>11.5%</b>	10.6%	0.9 pp	<b>10.9%</b>	10.3%	0.6 pp
EBITA	<b>81</b>	132	-39%	<b>194</b>	245	-21%
Operating profit (EBIT)	<b>57</b>	103	-45%	<b>146</b>	189	-23%
% of net sales	<b>4.6%</b>	7.8%	-3.2 pp	<b>6.0%</b>	7.5%	-1.4 pp
Adjusted earnings per share, EUR <sup>2</sup>	<b>0.23</b>	0.43	-47%	<b>0.64</b>	0.84	-24%
Earnings per share, EUR	<b>0.15</b>	0.31	-51%	<b>0.48</b>	0.62	-22%
Comparable ROCE, LTM <sup>3</sup>				<b>13.1%</b>	13.6%	-0.5 pp
Cash flow provided by operating activities	<b>79</b>	128	-38%	<b>297</b>	267	11%
Net debt to EBITDA <sup>4</sup> ratio				<b>1.60</b>	1.63	
Gearing <sup>1</sup>				<b>42%</b>	45%	-3 pp

Items affecting comparability: EUR -62 million in Q2/2025 (EUR -9 million in Q2/2024) and EUR -70 million in Q1–Q2/2025 (EUR -16 million in Q1–Q2/2024).

1) At end of period

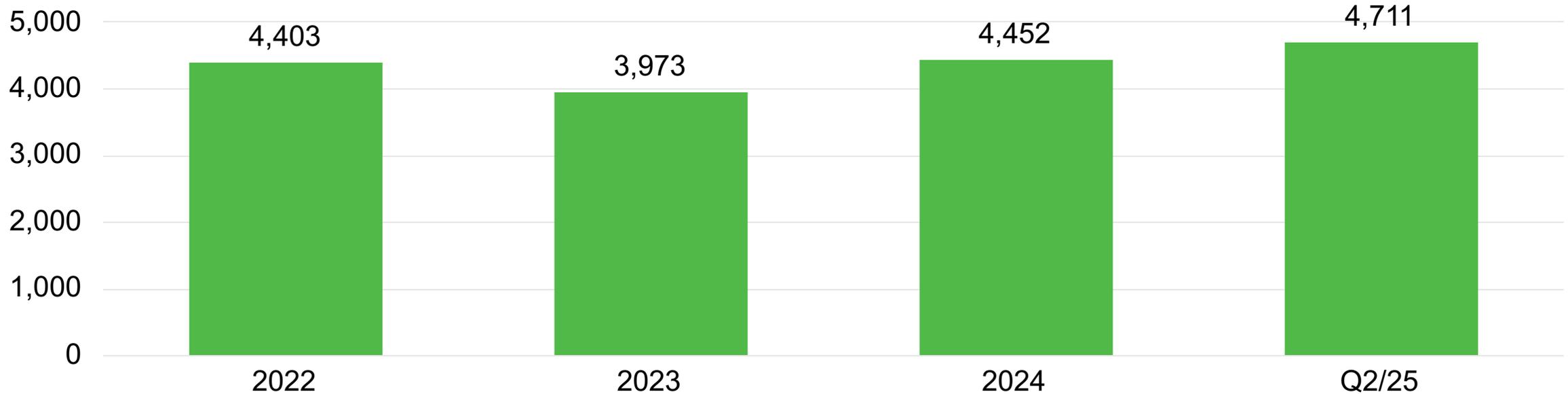
2) Adjusted earnings per share excludes the impact of fair value adjustments arising from business combinations, net of tax

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

4) Last twelve months (LTM) EBITDA

# Order backlog amounted to EUR 4.7 billion at the end of Q2/2025

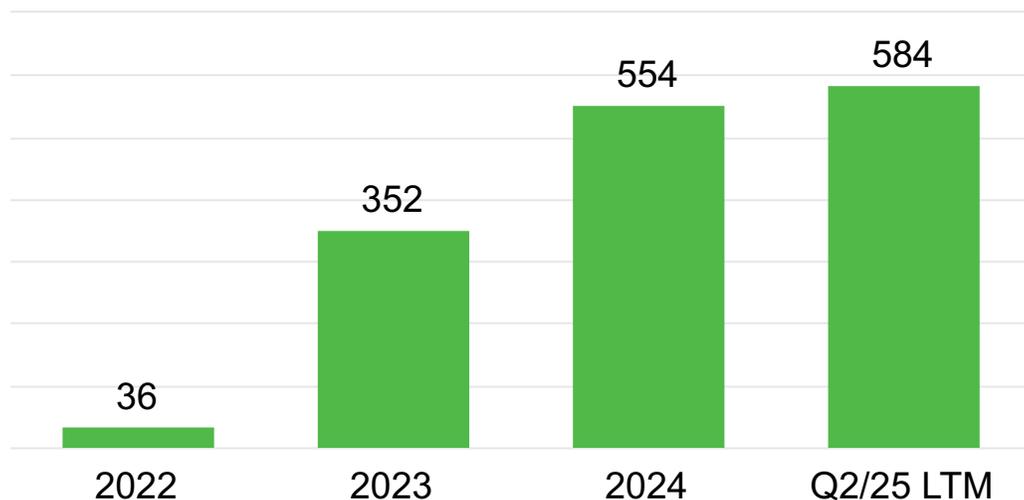
Order backlog (EUR million)



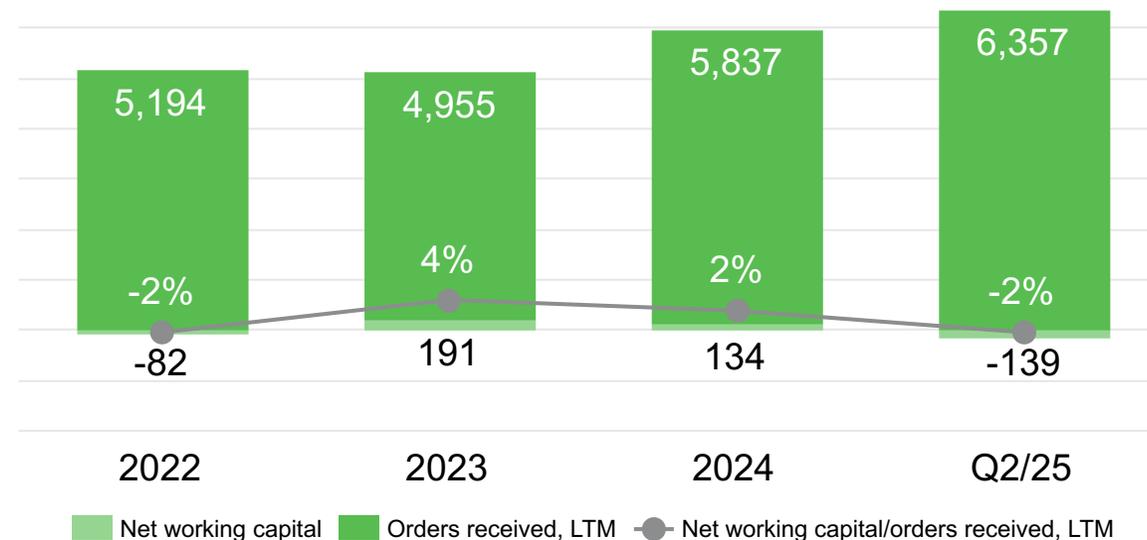
- Order backlog was EUR 259 million higher than at the end of 2024
- Approximately EUR 2.3 billion of the order backlog is currently expected to be realized as net sales in 2025 (at the end of Q2/2024, approximately EUR 2.3 billion during 2024)

# 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)



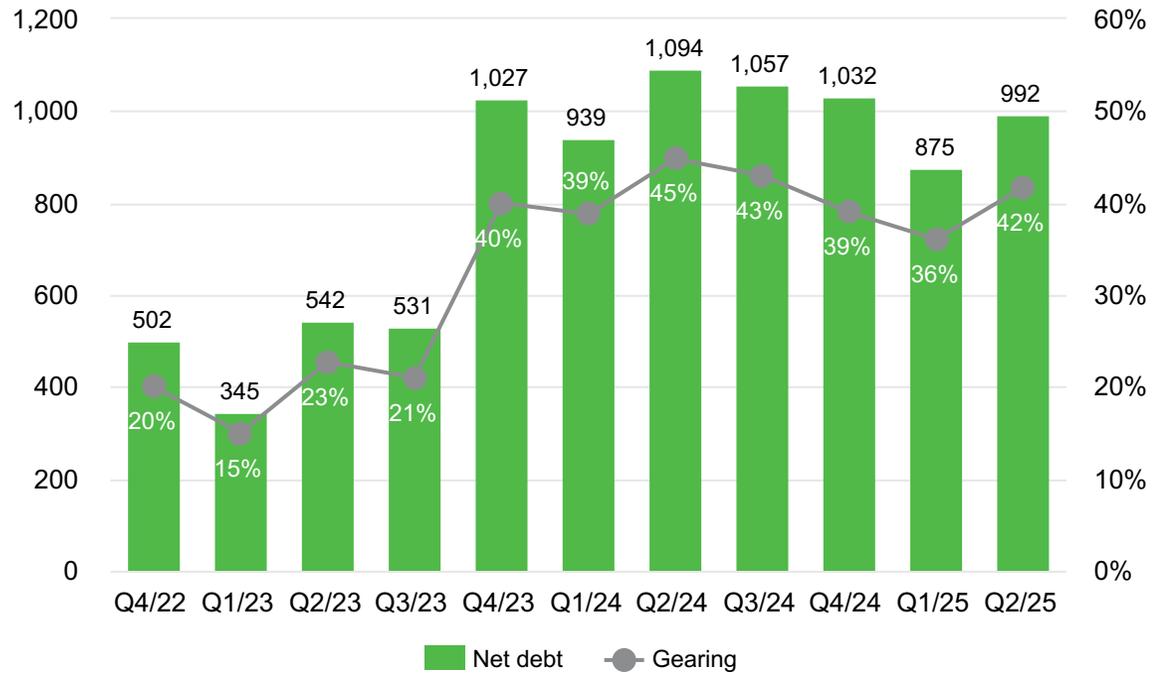
- Cash flow provided by operating activities amounted to EUR 79 million in Q2/2025
- CAPEX<sup>1</sup> amounted to EUR -33 million (EUR -28 million) in Q2/2025
- Net working capital amounted to EUR -139 million (EUR 27 million), which equals -2% (-1%) of last 12 months orders received
- Net working capital includes EUR 123 million dividend liability
- AGM decided EUR 1.35 dividend, paid out in two installments: First EUR 0.68 installment was paid in April 8, 2025, and second EUR 0.67 installment<sup>2</sup> will be paid in October 7, 2025

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

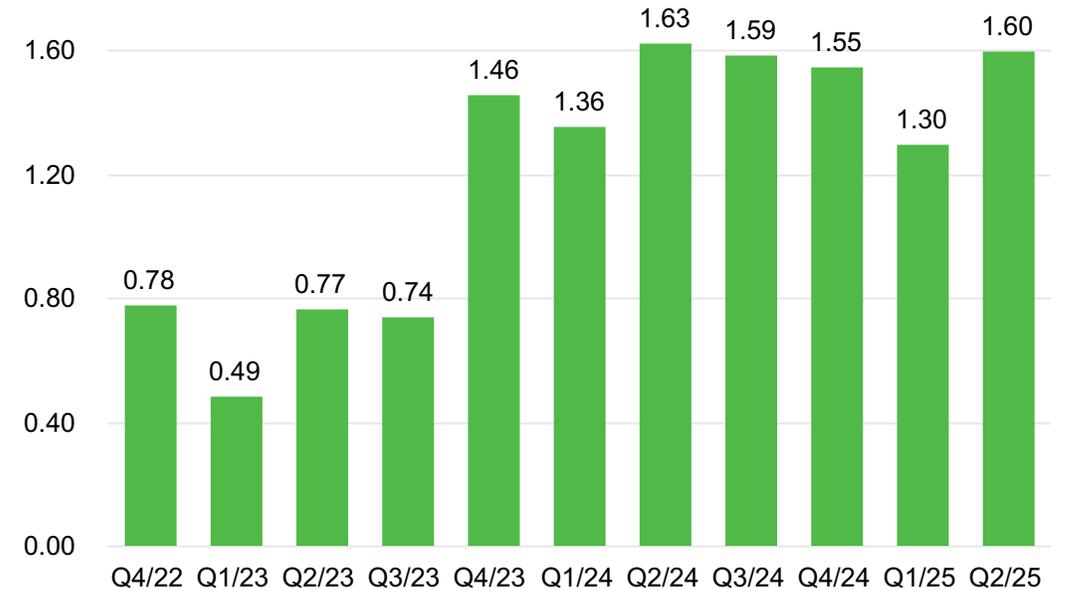
2) The dividend record date and payment date for the second installment shall be resolved by the Board of Directors in its meeting preliminary scheduled for September 25, 2025.

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

Net debt (EUR million) and gearing (%)



Net debt to EBITDA\* ratio

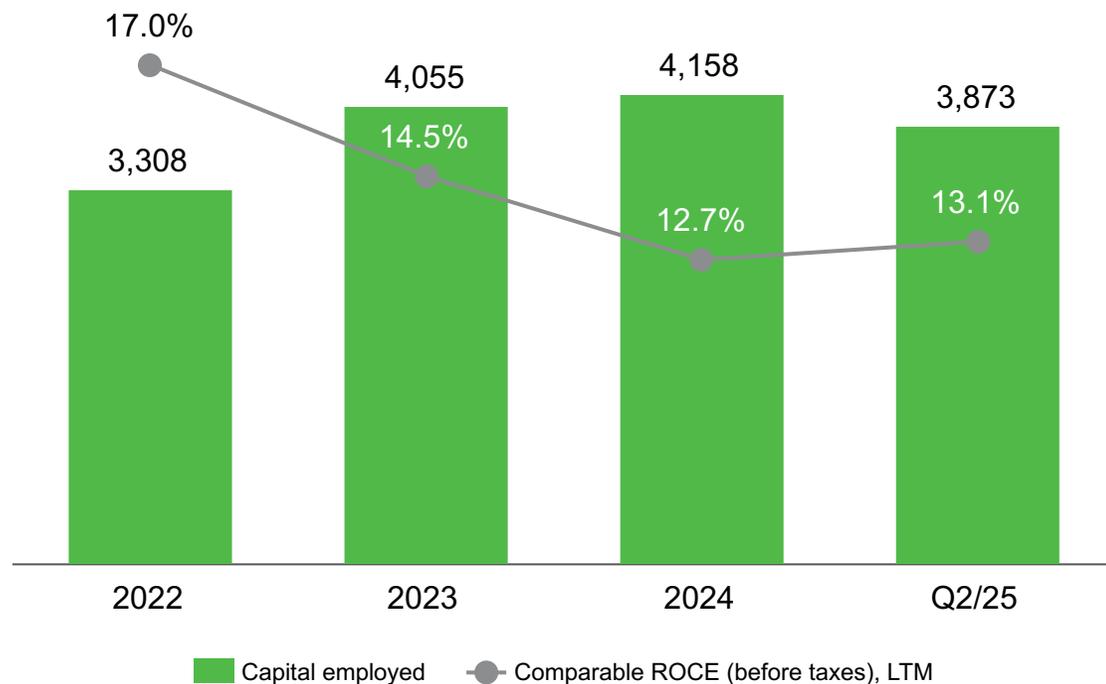


- Net debt and gearing increased from Q1/2025 primarily due to EUR 125 million dividend payment
- Net debt to EBITDA\* ratio increased from Q1/2025
- The average interest rate of Valmet's total debt was 3.6% at the end of Q2/2025
- Net financial expenses amounted to EUR -16 million in Q2/2025 (EUR -19 million in Q2/2024)

\*Last twelve months (LTM) EBITDA

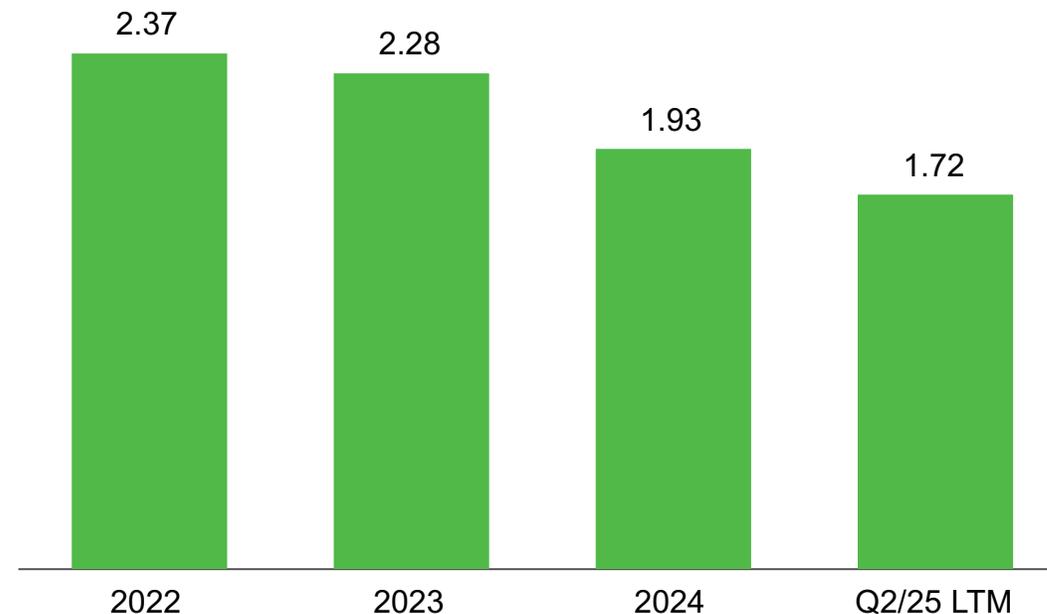
# Capital employed, Comparable ROCE and EPS

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 decrease was mainly related to restructuring expenses of the operating model renewal

Adjusted earnings per share is an alternative performance measure that excludes the impact of fair value adjustments arising from business combinations, net of tax.

# Segment key figures

Orders received, EUR million	Q2/2025	Q2/2024	Change	Q1–Q2/2025	Q1–Q2/2024	Change
Services	534	497	7%	1,102	1,024	8%
Automation	376	352	7%	782	681	15%
Process Technologies	611	434	41%	968	628	54%
Total	1,520	1,283	19%	2,852	2,333	22%

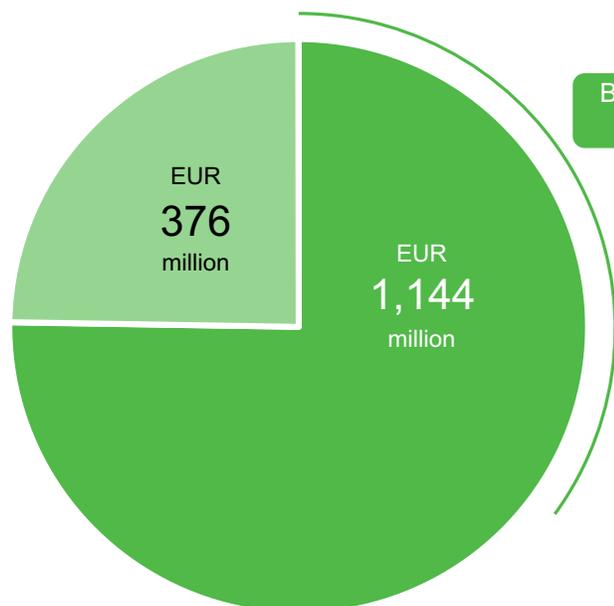
Net sales, EUR million	Q2/2025	Q2/2024	Change	Q1–Q2/2025	Q1–Q2/2024	Change
Services	460	473	-3%	893	880	1%
Automation	372	351	6%	711	659	8%
Process Technologies	409	500	-18%	822	997	-18%
Total	1,241	1,324	-6%	2,426	2,536	-4%

Comparable EBITA, EUR million	Q2/2025	Q2/2024	Change	Q1–Q2/2025	Q1–Q2/2024	Change
Services	83	80	4%	159	140	14%
Automation	66	58	15%	121	109	11%
Process Technologies	4	15	-74%	10	36	-72%
Other	-10	-12	-17%	-26	-23	13%
Total	143	141	2%	265	262	1%

Comparable EBITA margin, % of net sales	Q2/2025	Q2/2024	Change	Q1–Q2/2025	Q1–Q2/2024	Change
Services	18.1%	16.9%	1.2 pp	17.8%	15.9%	2.0 pp
Automation	17.8%	16.5%	1.3 pp	17.0%	16.5%	0.5 pp
Process Technologies	1.0%	3.0%	-2.0 pp	1.2%	3.6%	-2.4 pp
Total	11.5%	10.6%	0.9 pp	10.9%	10.3%	0.6 pp

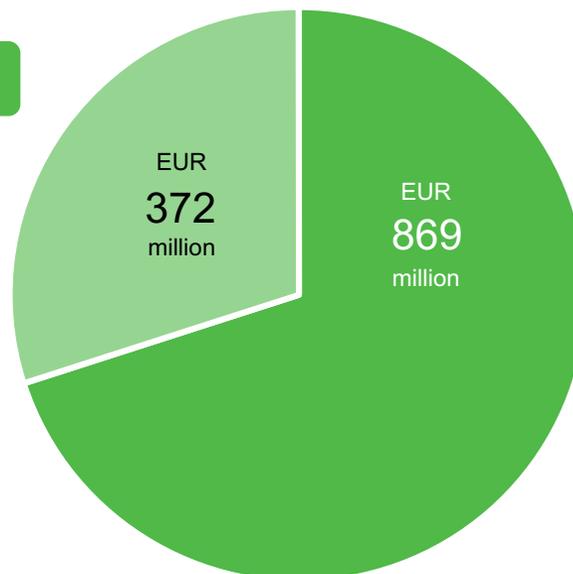
# Valmet in Q2/2025 according to the new reporting structure

Orders received

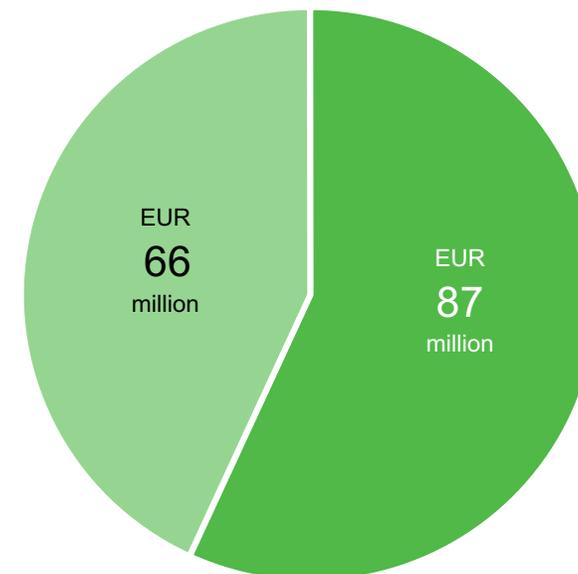


Biomaterial services  
EUR 534 million

Net sales



Comparable EBITA (excl. Other)



■ Biomaterial Solutions and Services  
■ Process Performance Solutions

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■ Process Performance Solutions

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■ Process Performance Solutions

Orders received  
EUR 1,520 million

Net sales  
EUR 1,241 million

Comparable EBITA  
EUR 143 million

Comparable EBITA margin  
11.5%

Order backlog  
EUR 4,711 million

Employees  
19,412

# Biomaterial Solutions and Services: Strong growth in orders, while profitability decreased

## Orders received increased to EUR 1.1 billion

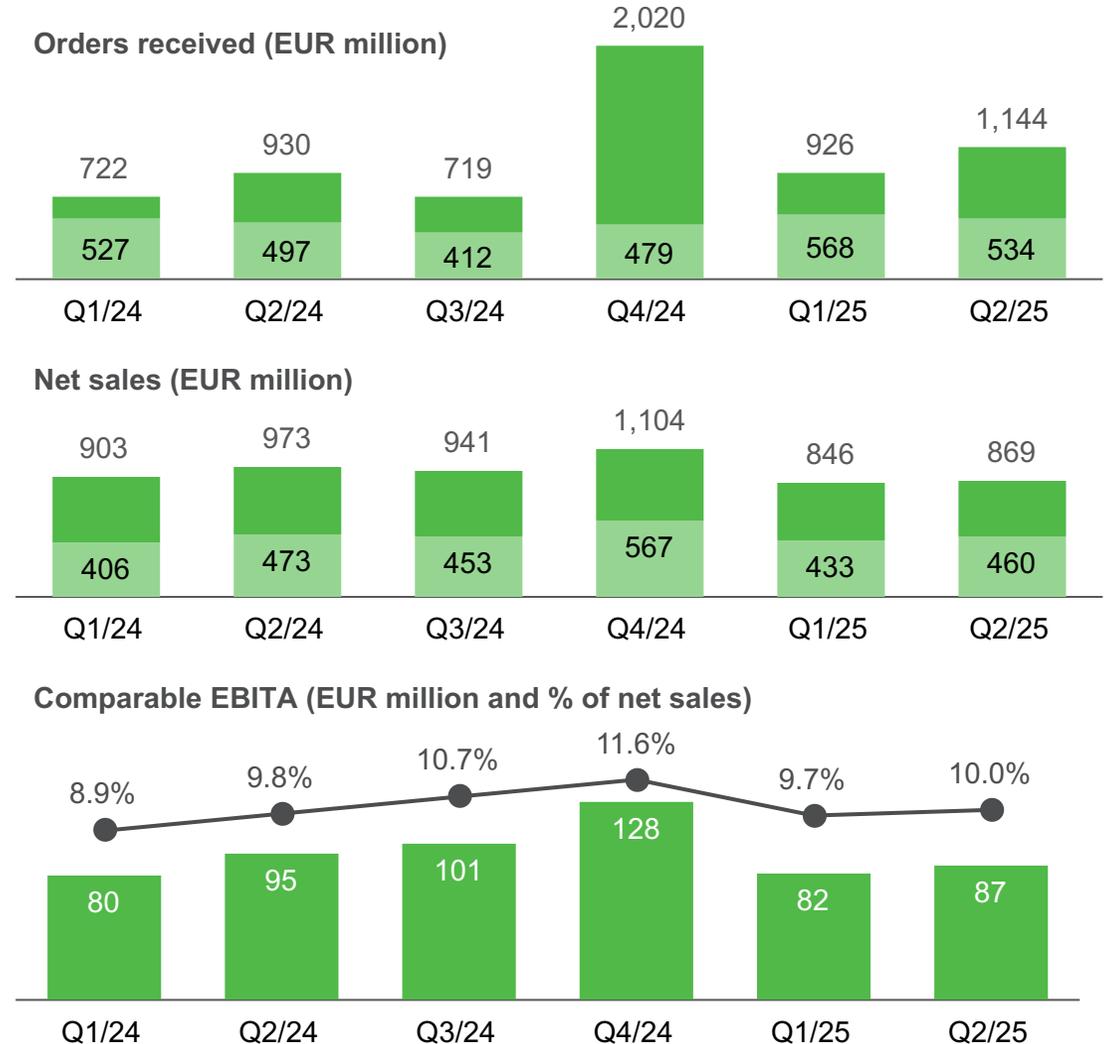
- Service orders increased 10% organically, driven by increase in mill improvements and field services
- Successfully secured a large mill improvement project during the quarter
- Consumables and performance parts remained at the previous year's level
- Orders in CAPEX-driven business increased, mainly in tissue and energy

## Net sales decreased to EUR 869 million

- Service net sales remained at the previous year's level organically
- Net sales decreased in CAPEX-driven business

## Comparable EBITA decreased to EUR 87 million and margin was 10.0%

- Comparable EBITA was impacted by lower net sales



■ Biomaterial services



# Process Performance Solutions: Strong performance in Q2

## Orders received organic growth 11%

- Orders received increased to EUR 376 million
- Organic growth was 12% in Automation Solutions and 10% in Flow Control
- Orders received in API\* increased to EUR 37 million (EUR 22 million)

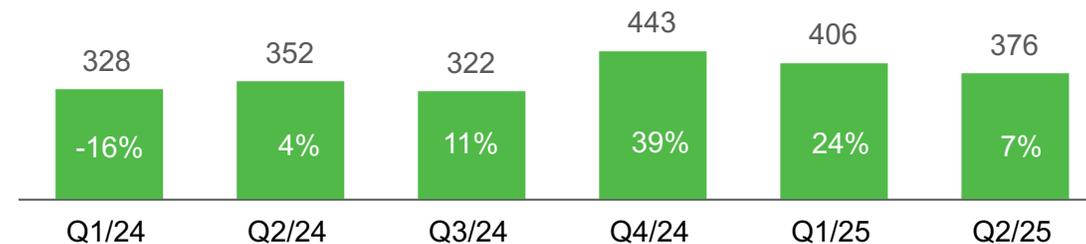
## Net sales organic growth 9%

- Net sales increased to EUR 372 million
- Organic growth was 20% in Automation Solutions while Flow Control remained at the previous year's level

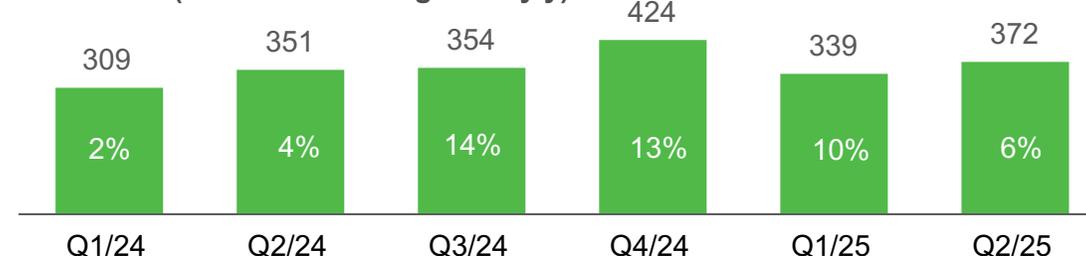
## Comparable EBITA increased to EUR 66 million and margin to 17.8%

- Comparable EBITA increased, supported by higher net sales

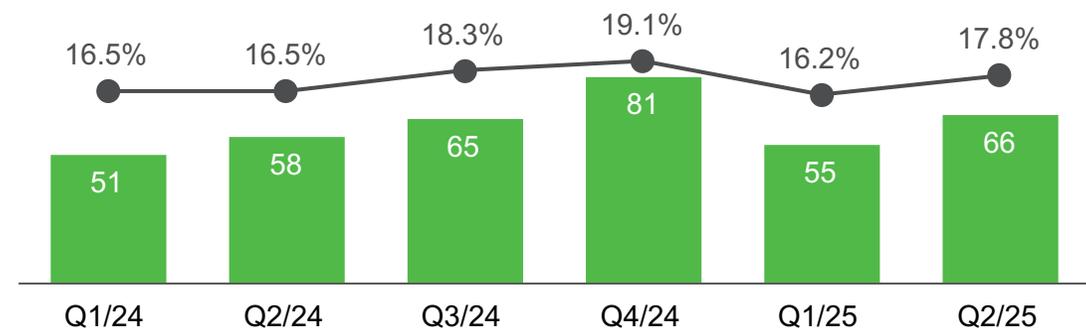
Orders received (EUR million and growth y/y)



Net sales (EUR million and growth y/y)



Comparable EBITA (EUR million and % of net sales)



\*Analyzer Products and Integration (the acquired Process Gas Chromatography business from Siemens), which was integrated into Valmet on April 2, 2024

# Strategy execution progressing: New operating model drives EUR 80 million annual cost savings

## ➤ Strategic context

- Simplifies structure, strengthens cost competitiveness, and reinforces accountability
- Integral to Valmet's new 'Lead the Way' strategy

## ➤ Current status

- Operating model effective as of July 1, 2025
- Change negotiations concluded in most countries and for over 90% of white collars
- Change negotiations continue in five countries
- Restructuring costs due to change negotiations and strategy renewal costs booked in Q2/2025: EUR 61 million items affecting comparability
- Some savings expected to materialize in 2025, mostly in Q4/2025

## ➤ Impact

- Max 1,150 roles globally
- Estimated annual cost savings: EUR ~80 million (full run-rate by the beginning of 2026)



# 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

### Biomaterial Solutions and Services

Uncertainty related to global economic outlook remains high and may impact customers' decision making, capacity utilization rates and profitability levels.

Valmet estimates that the customer activity in biomaterial services will decrease slightly.

It is typical that customers' large investment decisions can have a significant impact on the overall market activity in the short-term.

### Process Performance Solutions

Valmet estimates that the customer activity will remain stable. However, uncertainty related to global economic outlook remains high.

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

# Q&A

# Interim Review, January– September 2025

October 29, 2025

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

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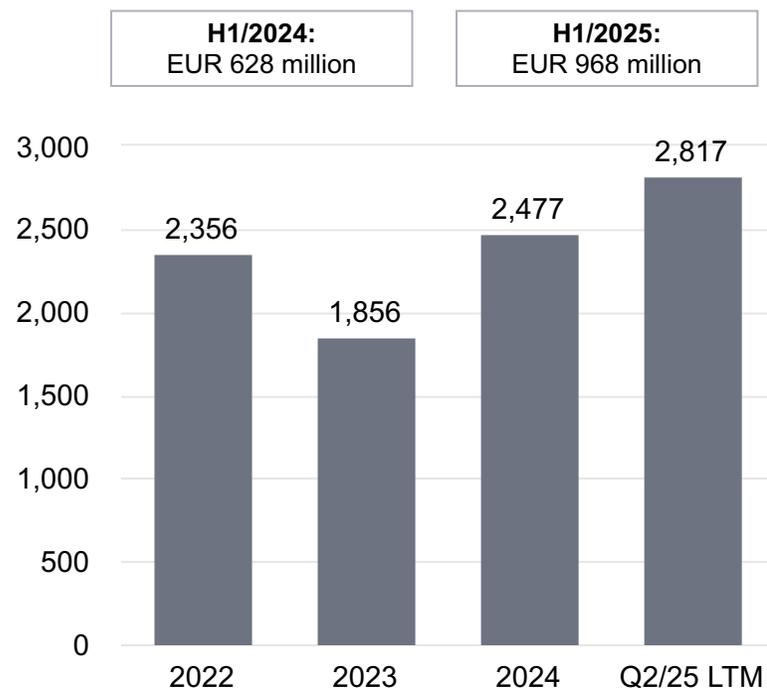
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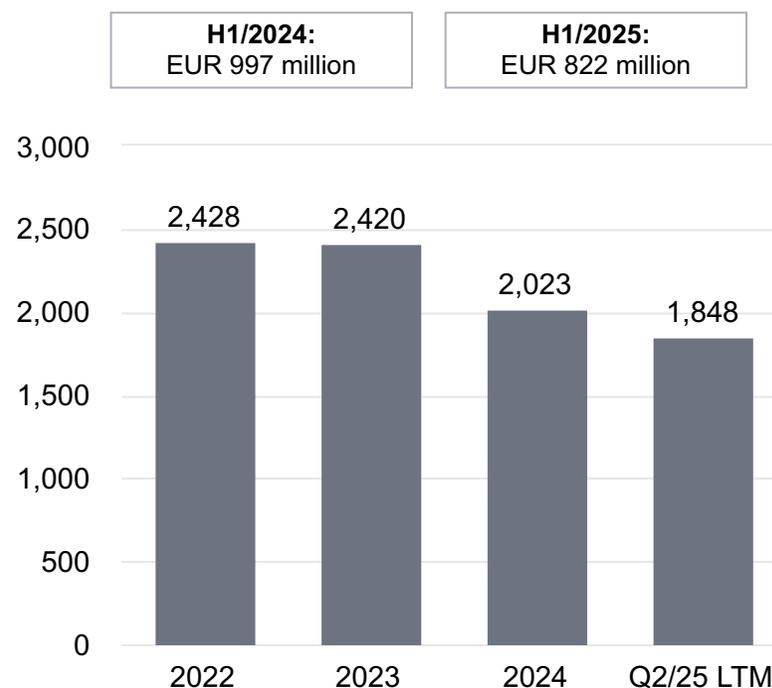
# Appendix

# Process Technologies: Orders received increased to EUR 968 million in H1/2025

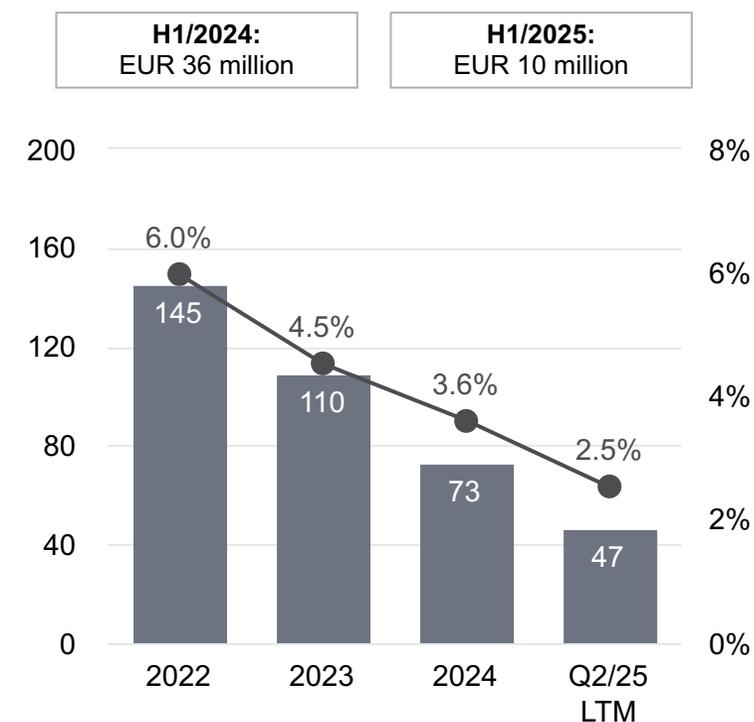
Orders received (EUR million)



Net sales (EUR million)

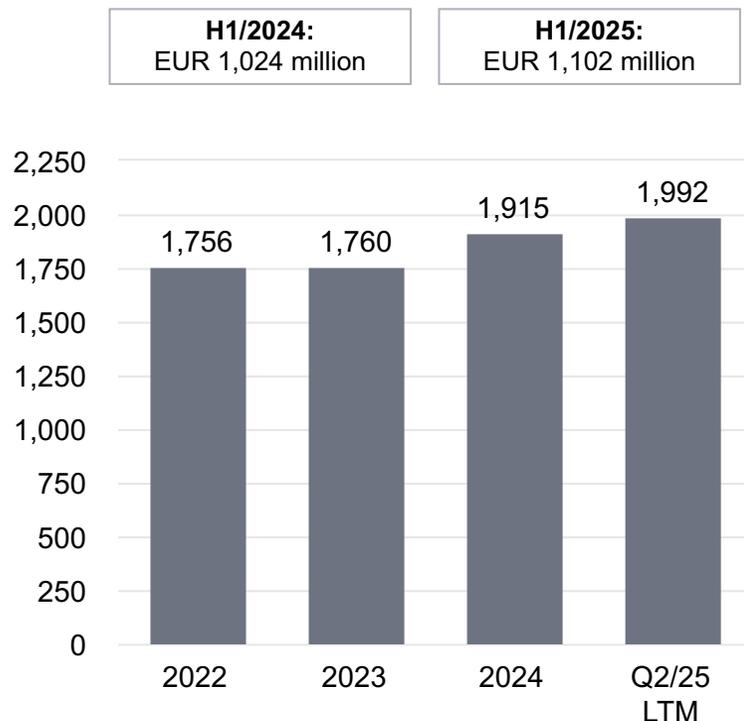


Comparable EBITA (EUR million and % of net sales)

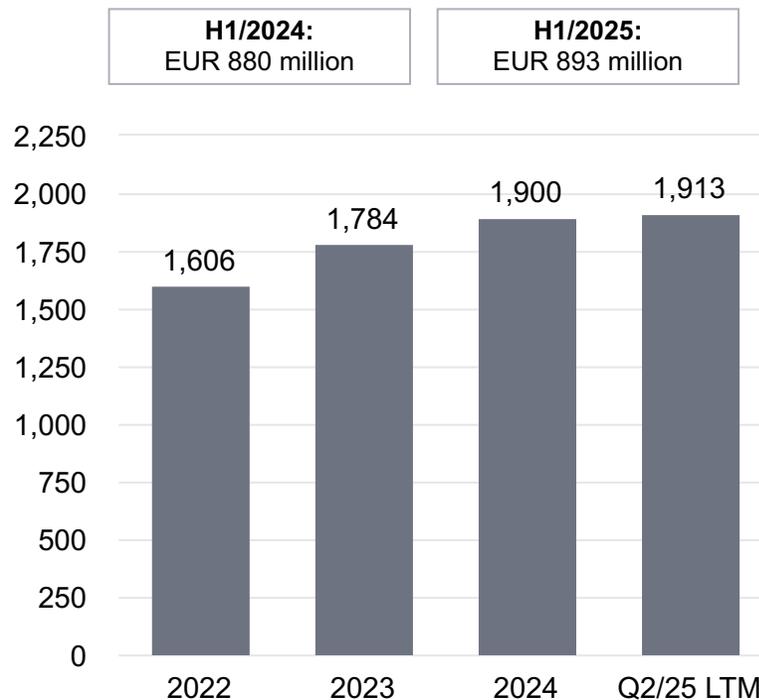


# Services: Orders received increased to EUR 1,102 million in H1/2025

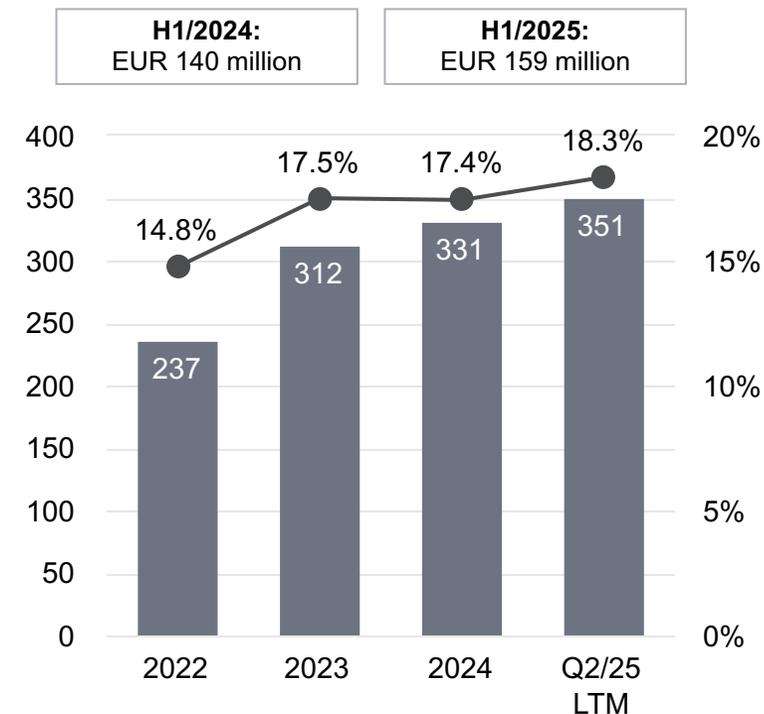
Orders received (EUR million)



Net sales (EUR million)

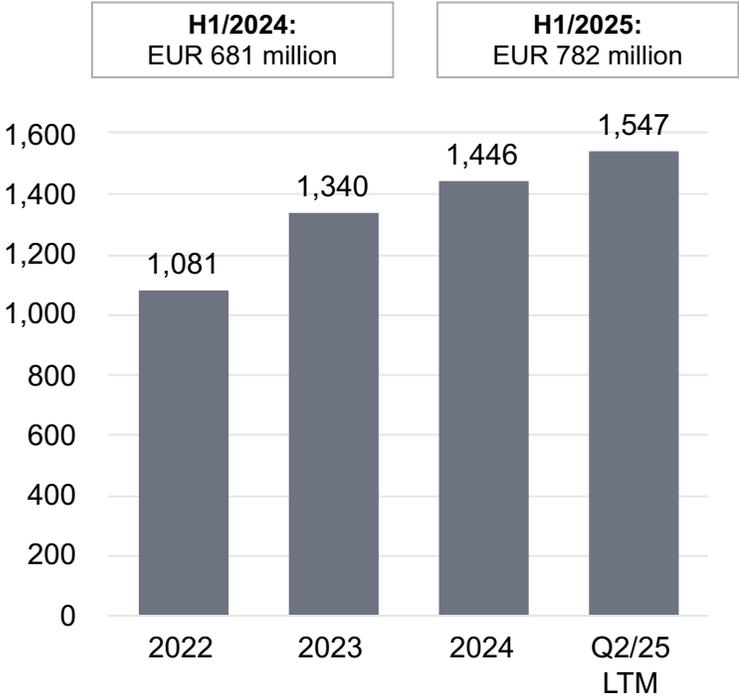


Comparable EBITA (EUR million and % of net sales)

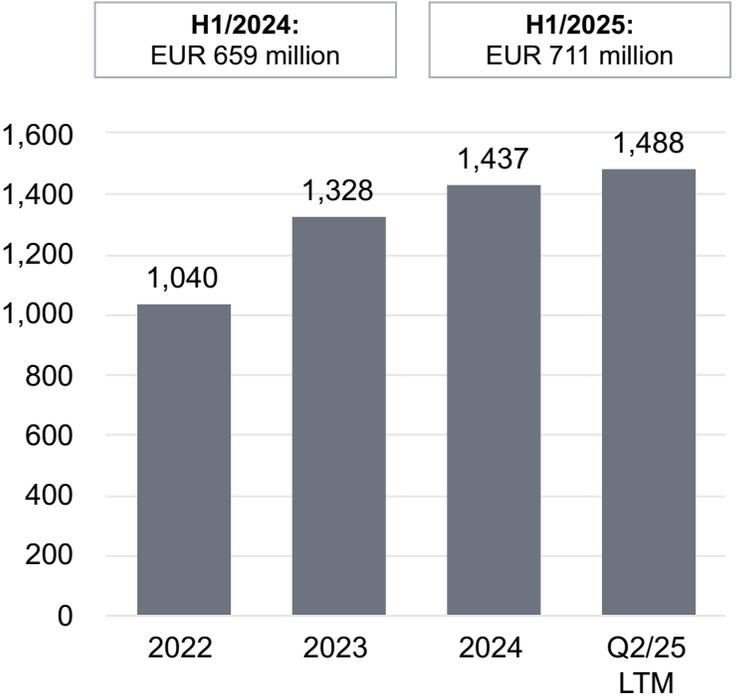


# Automation: Orders received increased to EUR 782 million in H1/2025

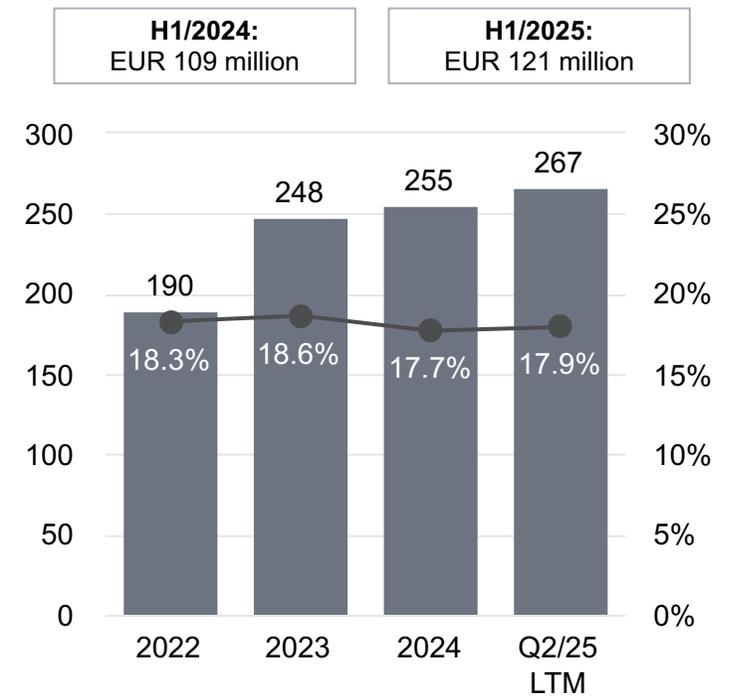
Orders received (EUR million)



Net sales (EUR million)

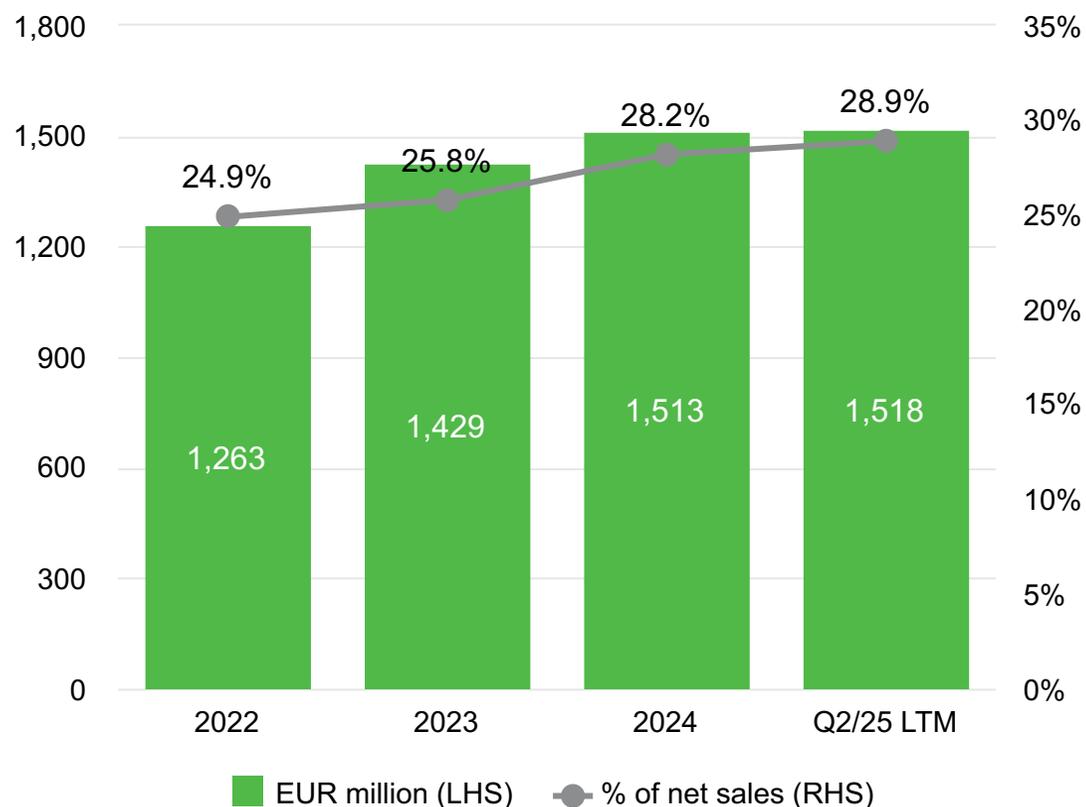


Comparable EBITA (EUR million and % of net sales)



# 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)

