



Orders received increased to EUR 1.2 billion and Comparable EBITA to EUR 52 million

Interim Review, January–March 2020

April 23, 2020

Pasi Laine, President and CEO

Kari Saarinen, CFO

Agenda

Interim Review, January–March 2020

- 1 Q1/2020 in brief
- 2 Development of the business lines
- 3 Financial development
- 4 Dividend proposal, guidance and short-term market outlook



Q1/2020 in brief

Q1/2020 in brief

- Orders received increased to EUR 514 million in stable business¹
- Orders received increased to EUR 697 million in capital business²
- Net sales increased to EUR 821 million
- Order backlog increased to EUR 3.6 billion
- Comparable EBITA increased to EUR 52 million and margin was 6.3%
- Gearing was -22%

GL&V and J&L Fiber Services Inc. have been consolidated into Valmet's financials as of the acquisition dates, i.e. April 1, 2019 and May 1, 2019 respectively.

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 Q1/2020

Orders received
EUR 1,187 million

Net sales
EUR 821 million

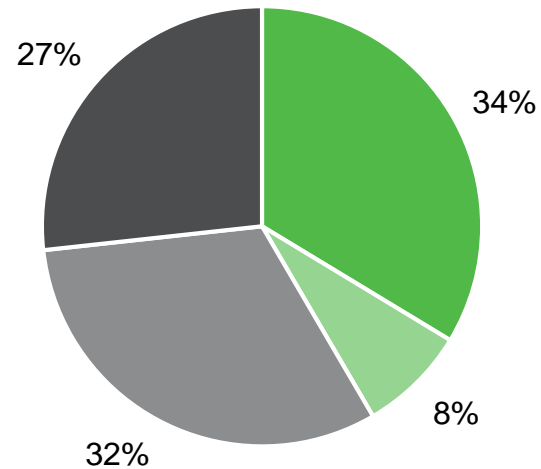
Comparable EBITA
EUR 52 million

Comparable EBITA margin
6.3%

Order backlog
EUR 3,557 million

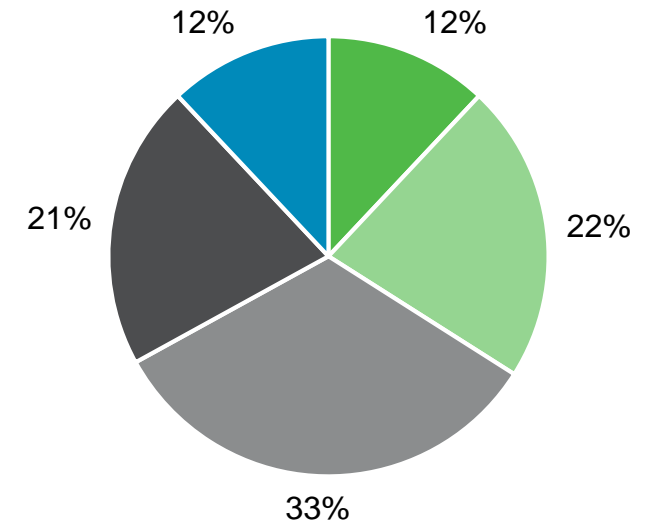
Employees
13,568

Orders received by business line



- Services
- Automation
- Pulp and Energy
- Paper

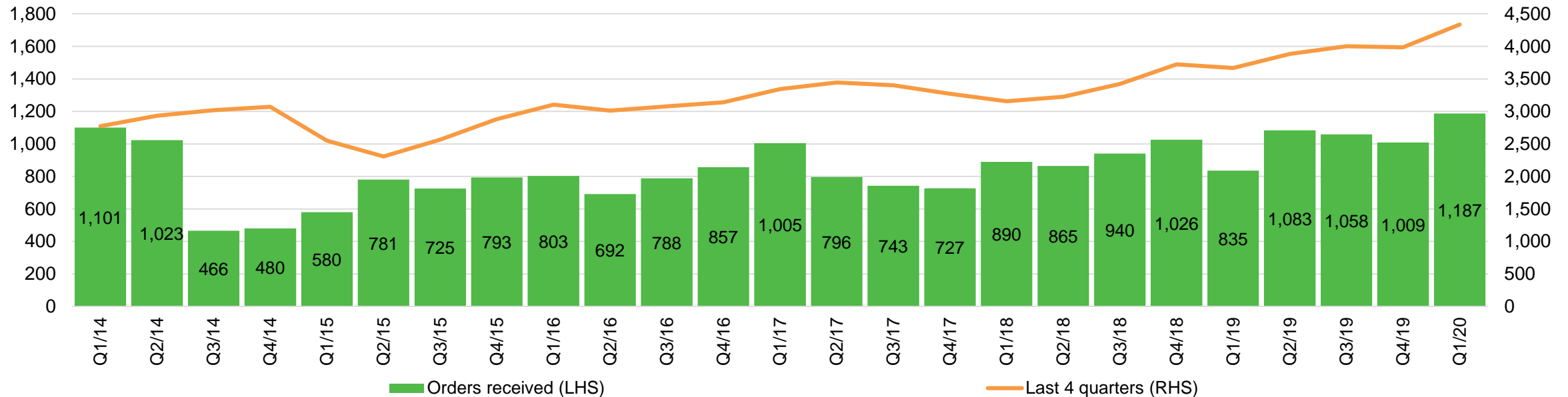
Orders received by area



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

Orders received increased to EUR 1,187 million in Q1/2020

Orders received (EUR million)

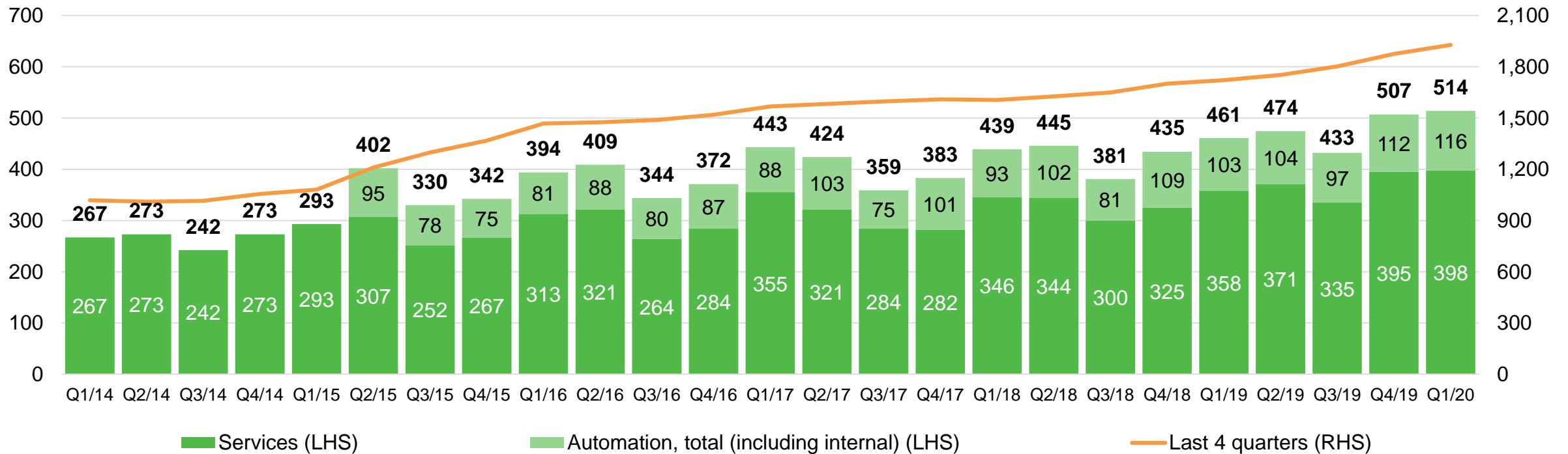


- In stable business¹, orders received increased to EUR 514 million in Q1/2020
- In capital business, orders received increased to EUR 697 million in Q1/2020
- Orders received increased in both developed and emerging markets in Q1/2020
 - South America, China and Asia-Pacific together accounted for 55% of orders received

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

Stable business orders received totaled EUR 1,928 million during last four quarters

Orders received (EUR million) in stable business¹

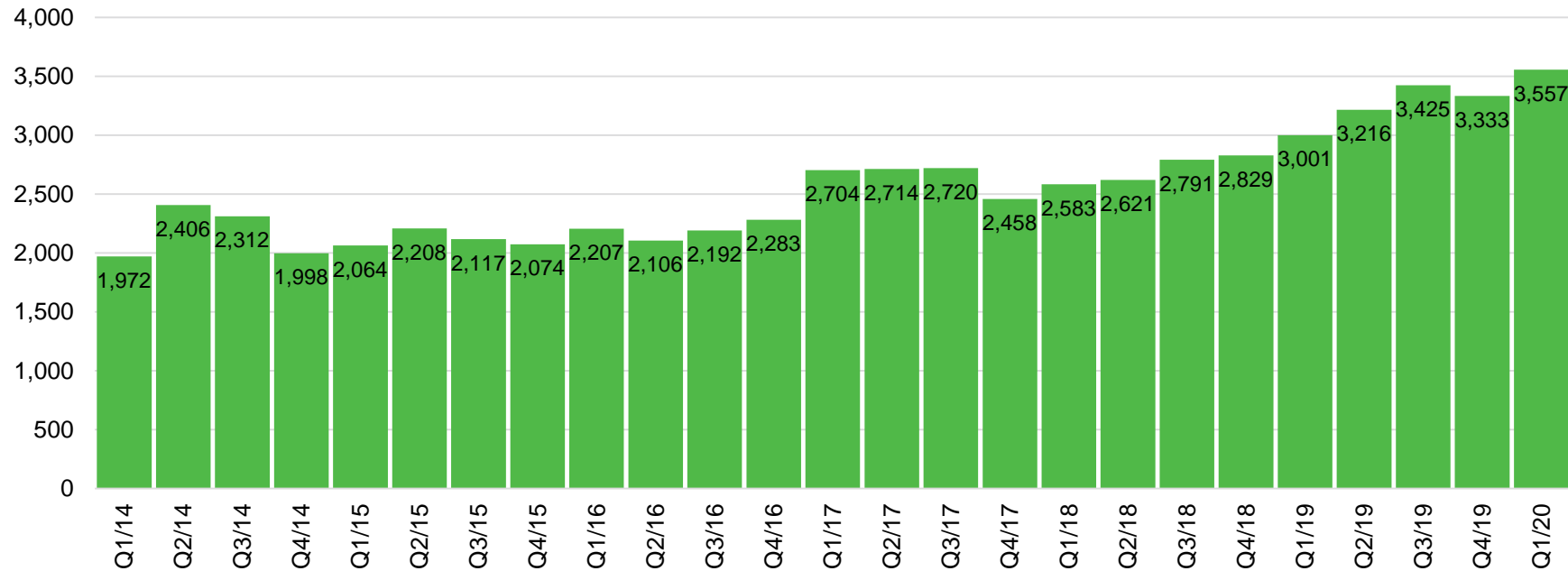


- Total orders received in stable business increased by EUR 53 million in Q1/2020

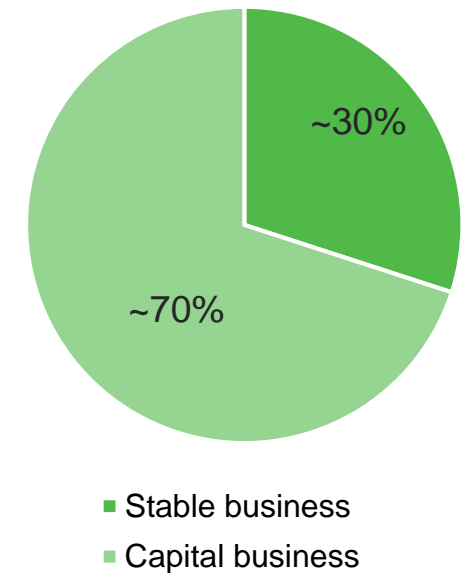
1) Including internal orders received for the Automation business line.

Order backlog at EUR 3,557 million at the end of Q1/2020

Order backlog (EUR million)



Structure of order backlog



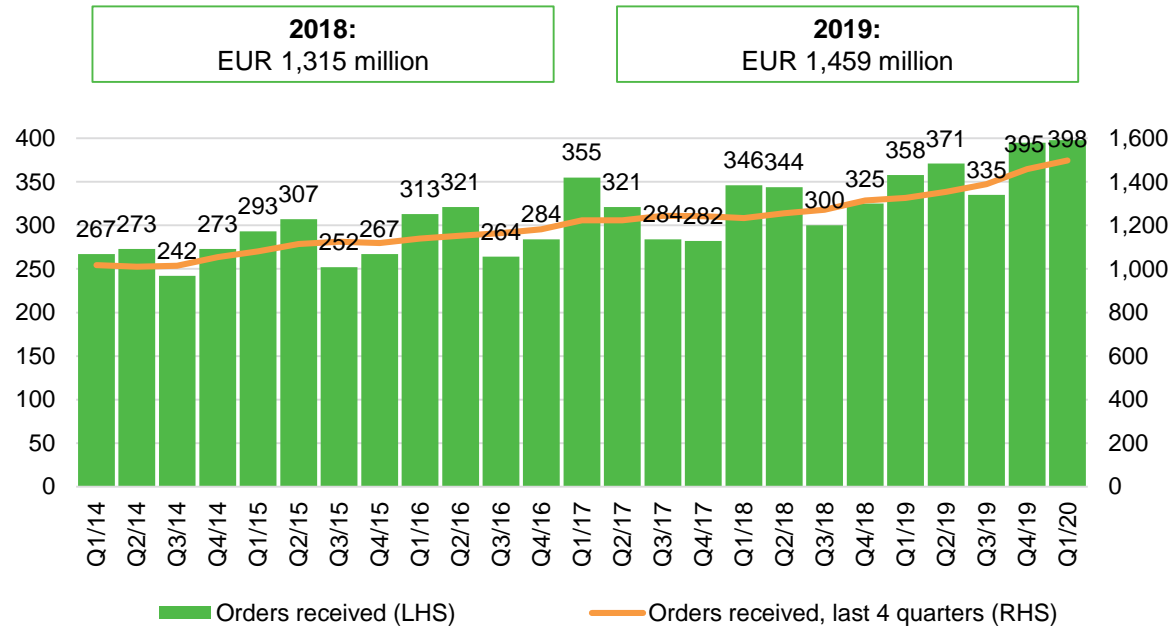
- Order backlog was EUR 223 million higher than at the end of Q4/2019
- Approximately 60% of the order backlog is currently expected to be realized as net sales during 2020 (at the end of Q1/2019, ~65% during 2019)
- Approximately 30% of the order backlog relates to stable business (~30% at the end of Q1/2019)



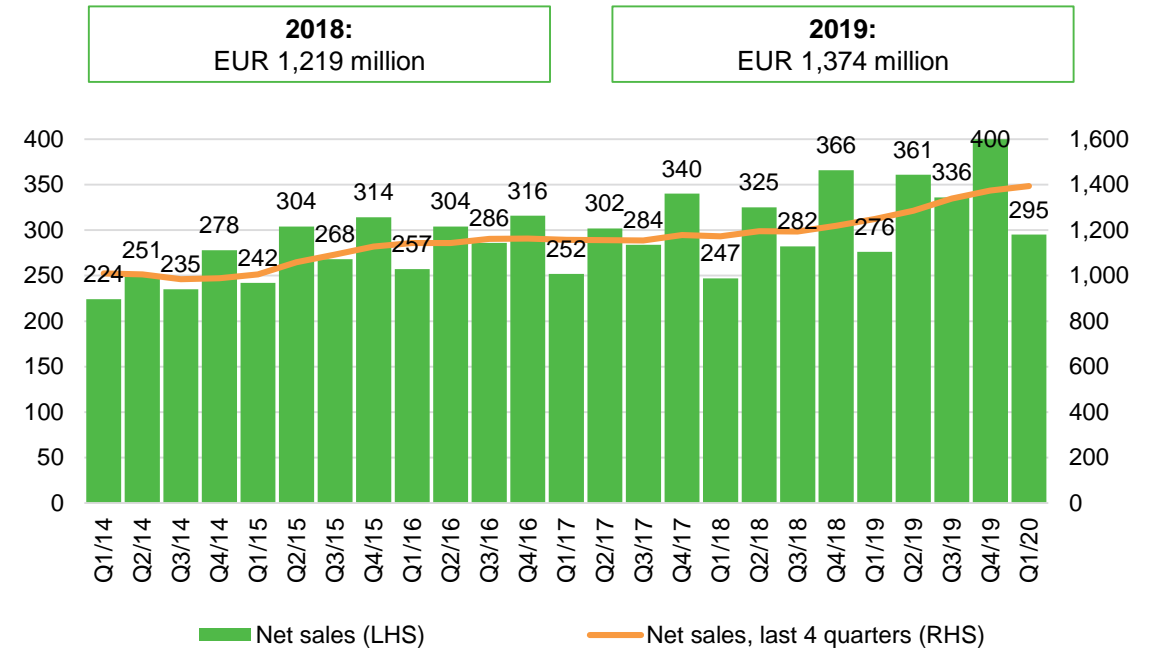
Development of the business lines

Services: Orders received and net sales increased

Orders received (EUR million)



Net sales (EUR million)

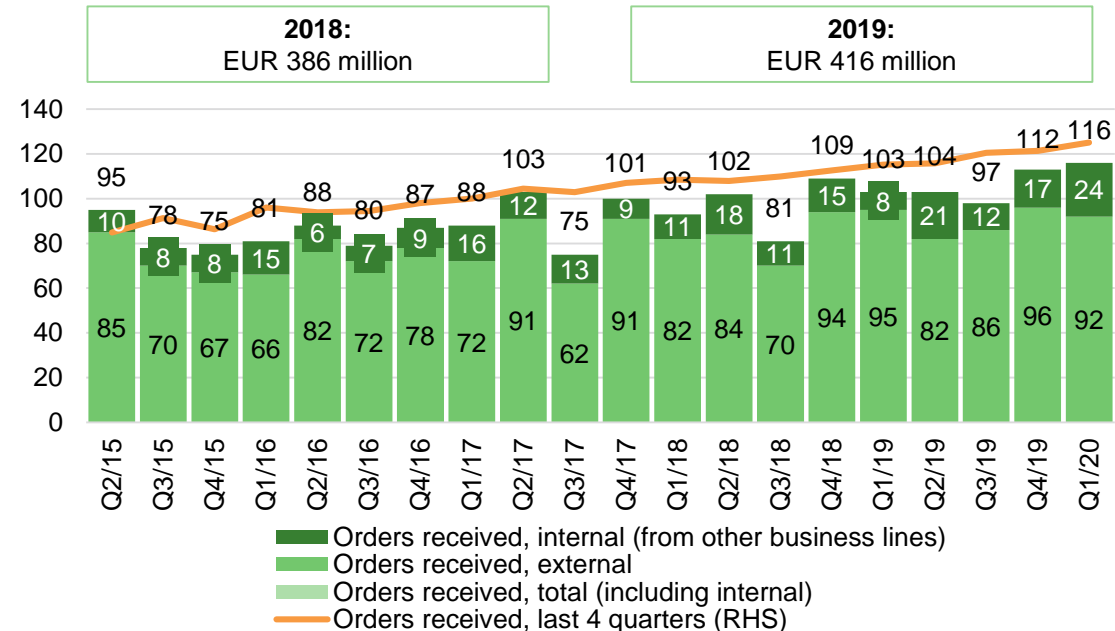


- Orders received increased compared with Q1/2019
 - Orders received of the acquired businesses amounted to EUR 37 million in Q1/2020
 - Orders received increased in all other areas except Asia-Pacific, where orders received remained at the previous year's level
 - Orders received increased in Energy and Environmental, and Performance Parts, remained at the previous year's level in Rolls, and decreased in Mill Improvements, and Fabrics
- Net sales increased compared with Q1/2019
 - Net sales of the acquired businesses amounted to EUR 37 million in Q1/2020
- COVID-19 had a negative impact on net sales in field services, mill improvement projects and energy services

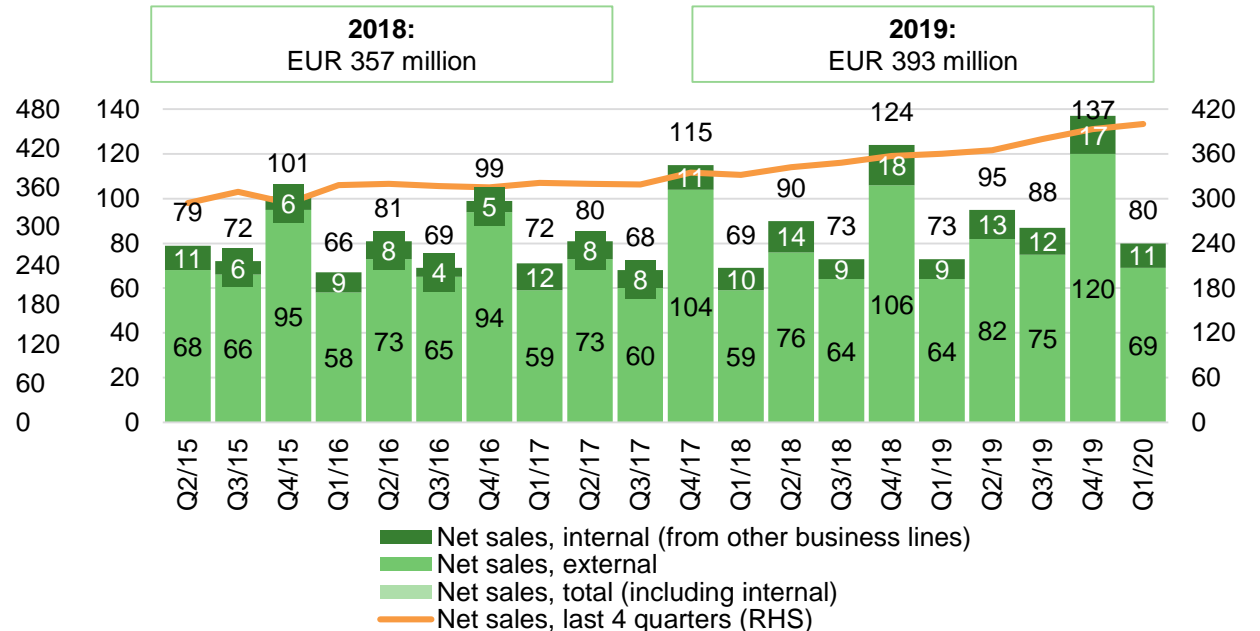


Automation¹: Orders received and net sales increased

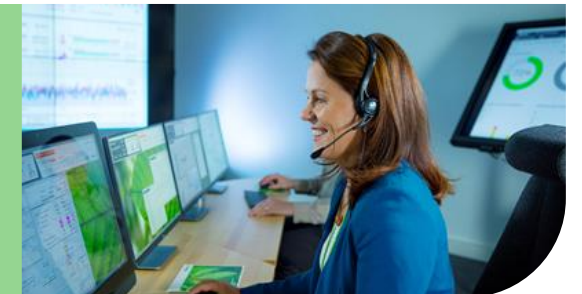
Orders received (EUR million)



Net sales (EUR million)



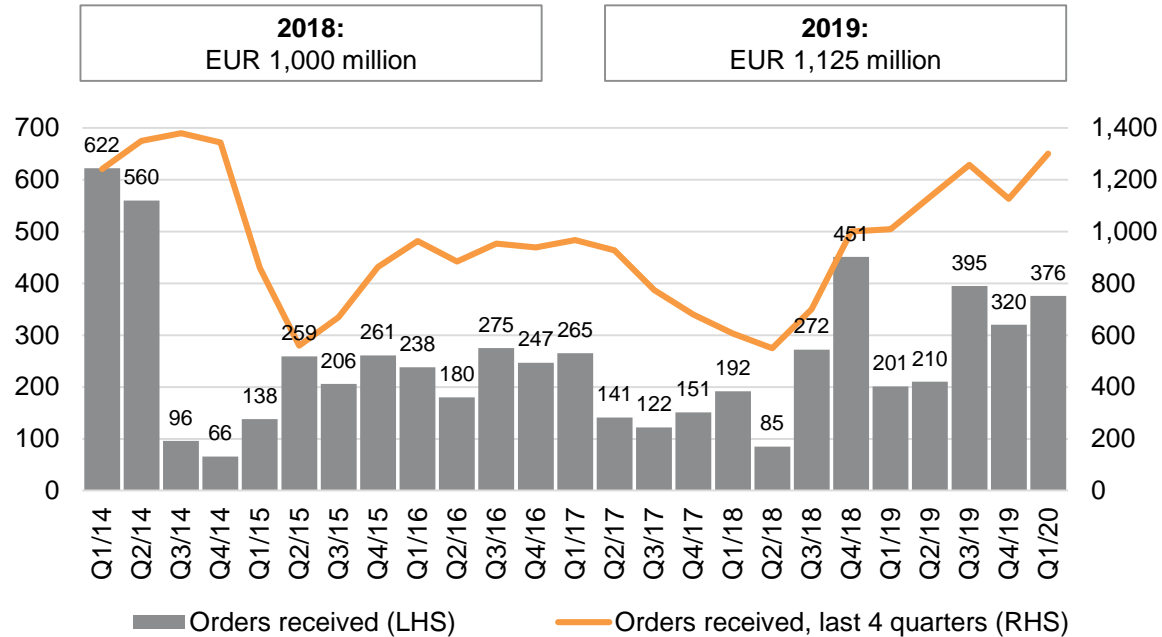
- Orders received increased compared with Q1/2019
 - Orders received increased in South America and China, and decreased in Asia-Pacific, North America and EMEA
 - Orders received increased in both Pulp and Paper, and Energy and Process
- Net sales increased compared with Q1/2019
- COVID-19 caused access restrictions to some customer sites



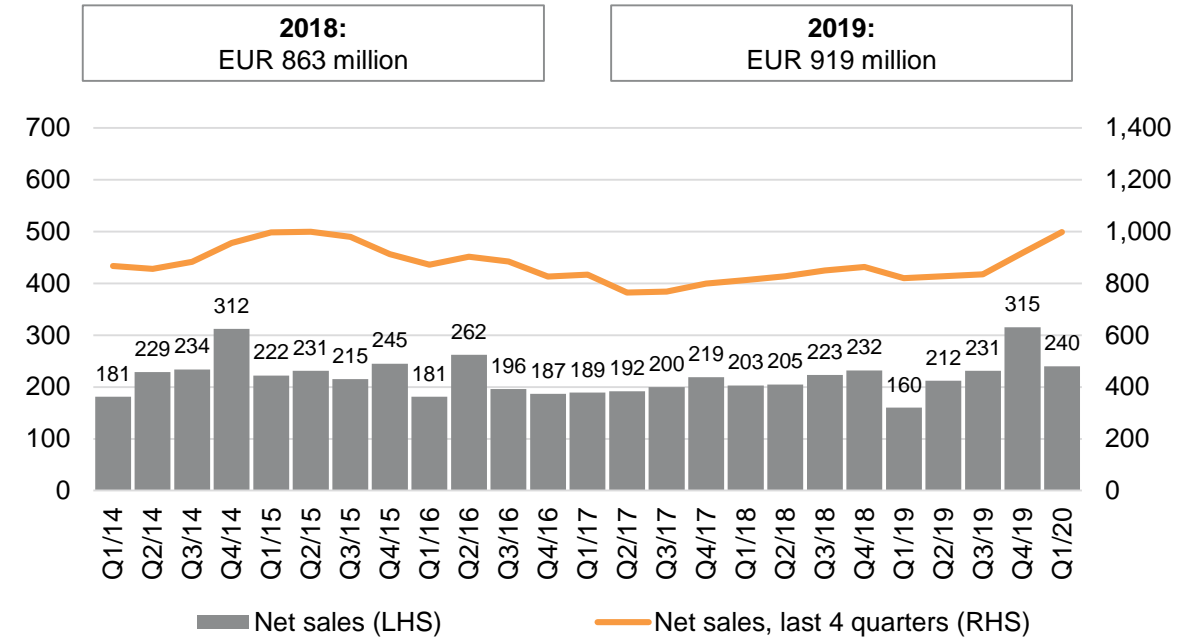
1) Comments refer to orders received and net sales including also internal orders received and internal net sales.

Pulp and Energy: Orders received and net sales increased

Orders received (EUR million)



Net sales (EUR million)

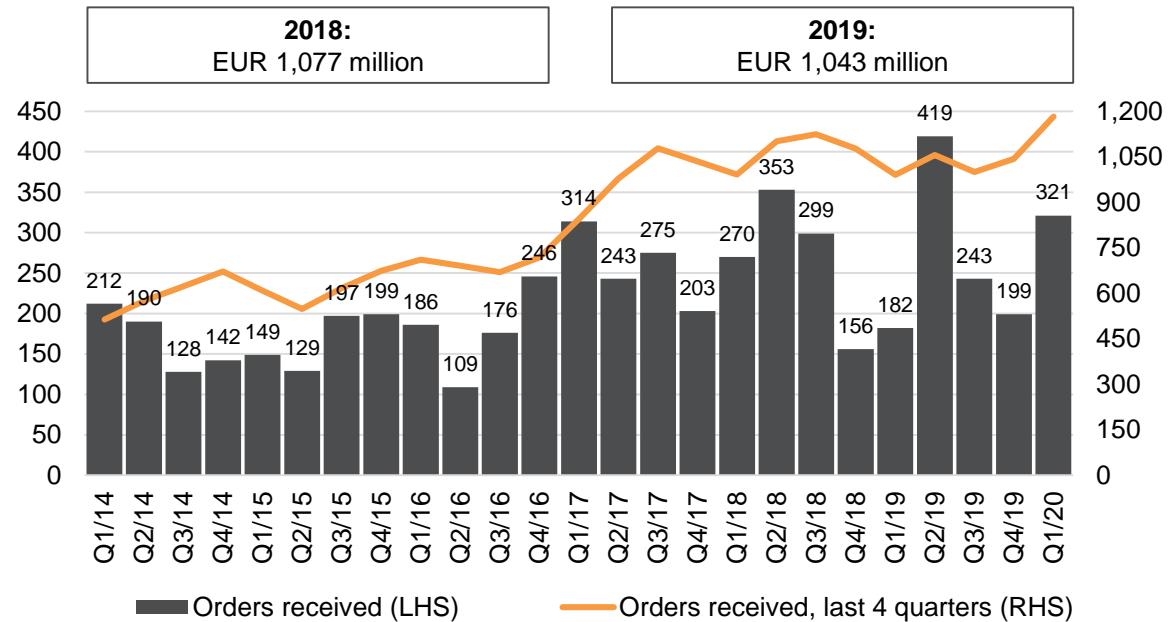


- Orders received increased compared with Q1/2019
 - Orders received increased South America and EMEA, and decreased in Asia-Pacific, North America and China
 - Orders received increased in both Pulp and Energy
 - Marine scrubber orders received totaled EUR 4 million in Q1/2020
- Net sales increased compared with Q1/2019
- COVID-19 caused some customer site closures and led to some delays in the supply chain network

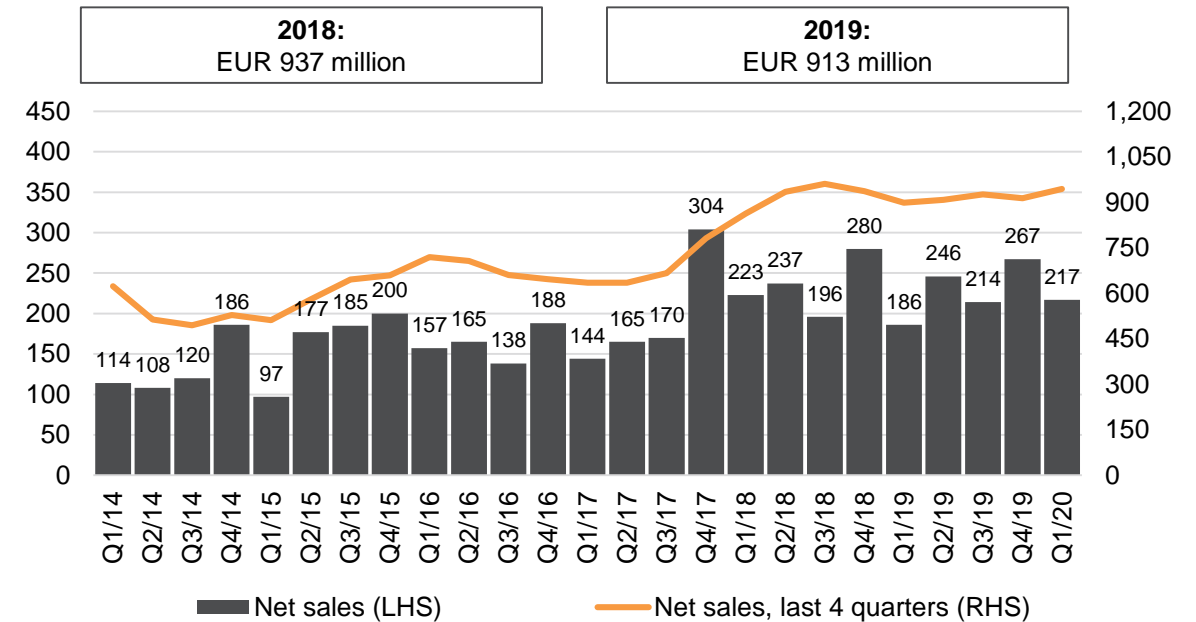


Paper: Orders received and net sales increased

Orders received (EUR million)



Net sales (EUR million)



- Orders received increased compared with Q1/2019
 - Orders received increased in China and EMEA, and decreased in North America, South America and Asia-Pacific
 - Orders received increased in Board and Paper, as well as Tissue
- Net sales increased compared with Q1/2019
- COVID-19 caused some customer site closures and led to some delays in the supply chain network





Financial development

Key figures

EUR million	Q1/2020	Q1/2019	Change	2019
Orders received	1,187	835	42%	3,986
Order backlog ¹	3,557	3,001	19%	3,333
Net sales	821	686	20%	3,547
Comparable EBITA	52	47	9%	316
% of net sales	6.3%	6.9%		8.9%
EBITA	51	49	3%	315
Operating profit (EBIT)	42	43	-1%	281
% of net sales	5.1%	6.2%		7.9%
Earnings per share, EUR	0.20	0.21	-4%	1.35
Return on capital employed (ROCE) before taxes ²	13%	15%		23%
Cash flow provided by operating activities	173	30	>100%	295
Gearing ¹	-22%	-20%		-9%

Items affecting comparability: EUR -1 million in Q1/2020 (EUR 2 million in Q1/2019)

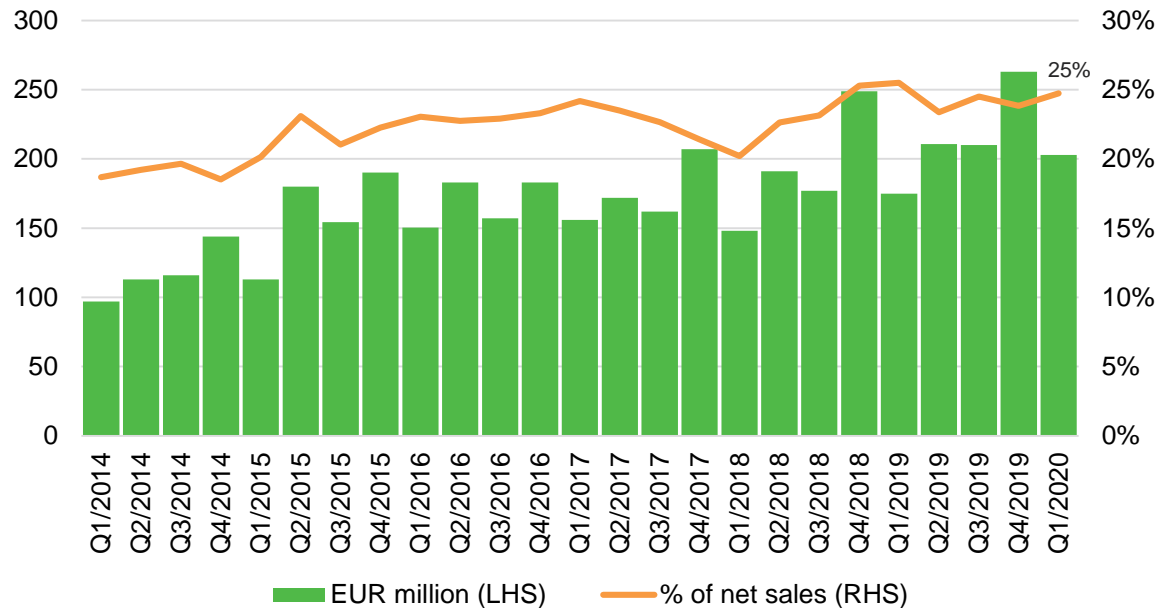
1) At the end of period

2) Annualized

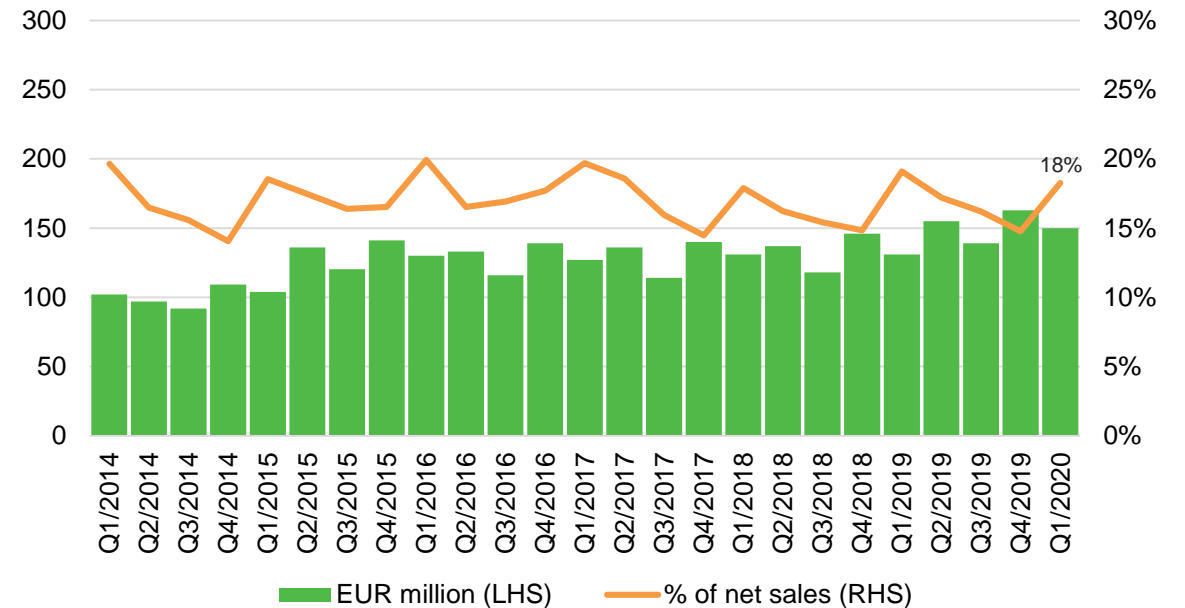


Gross profit and SG&A development

Gross profit (EUR million and % of net sales)



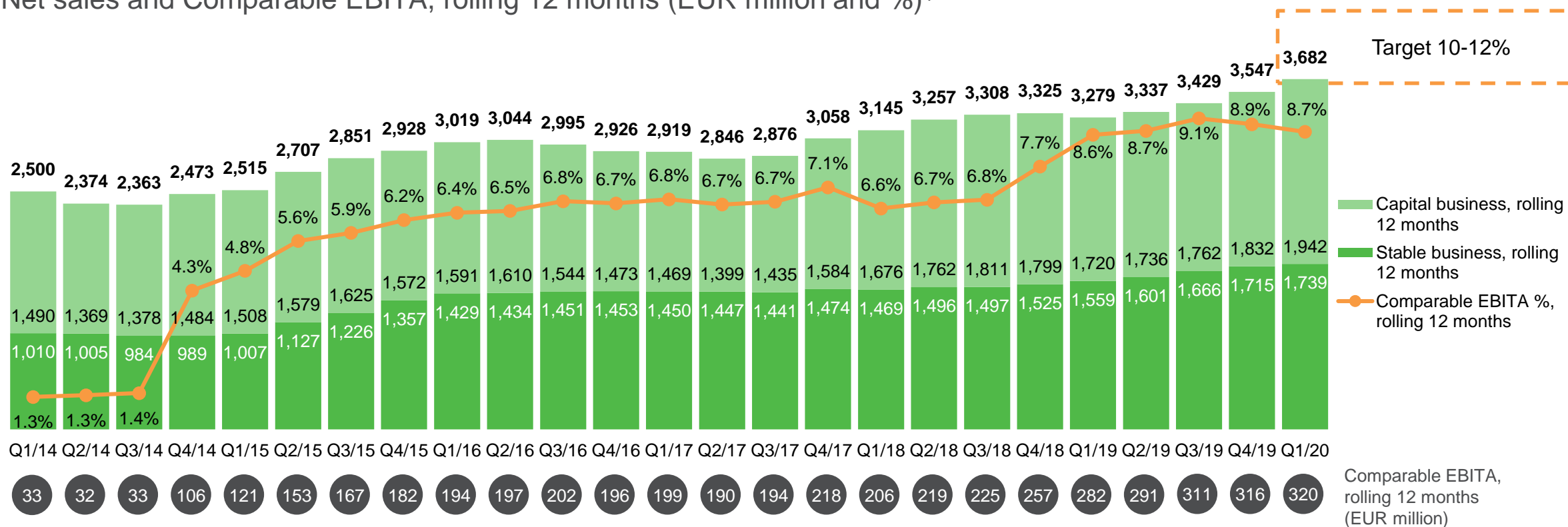
SG&A (EUR million and % of net sales)



- Gross profit was 25% of net sales (26% in Q1/2019)
- Selling, general & administrative (SG&A) expenses increased
 - Over 60% of SG&A increase coming from the acquired businesses
 - SG&A was 18% of net sales (19% in Q1/2019)

Comparable EBITA margin¹ development

Net sales and Comparable EBITA, rolling 12 months (EUR million and %)¹

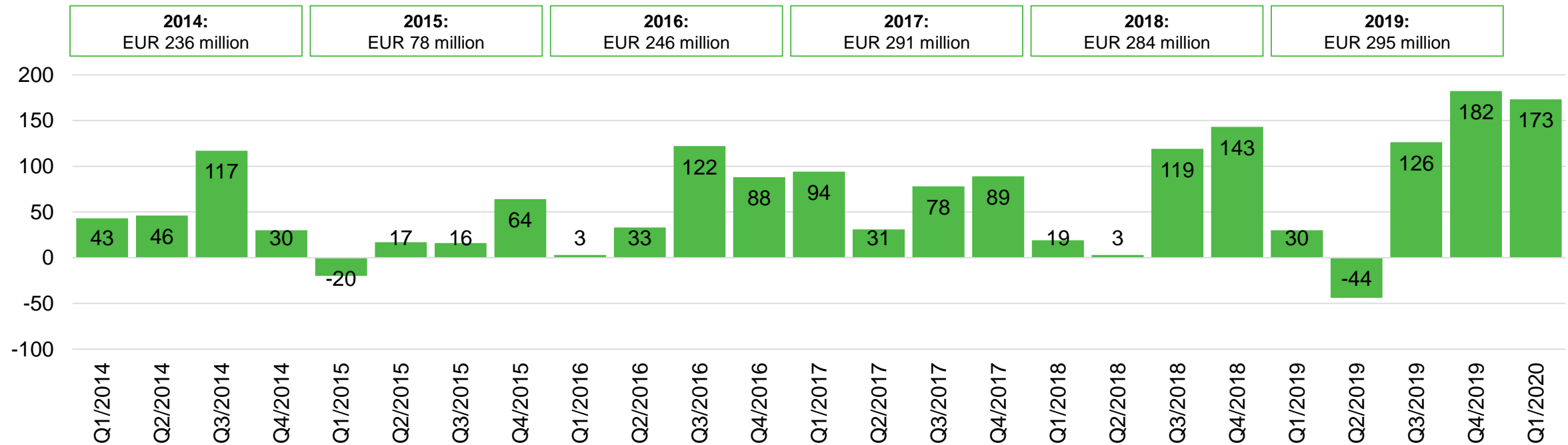


- In Q1/2020, net sales and comparable EBITA increased compared with Q1/2019

1) Rolling 12 months. Carve-out figures for 2013 have been used in the calculation of Q1–Q3/2014 figures. 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

Cash flow provided by operating activities (EUR million)



- Change in net working capital¹ EUR 150 million in Q1/2020
- Cash flow provided by operating activities EUR 173 million in Q1/2020
- CAPEX² EUR 17 million in Q1/2020

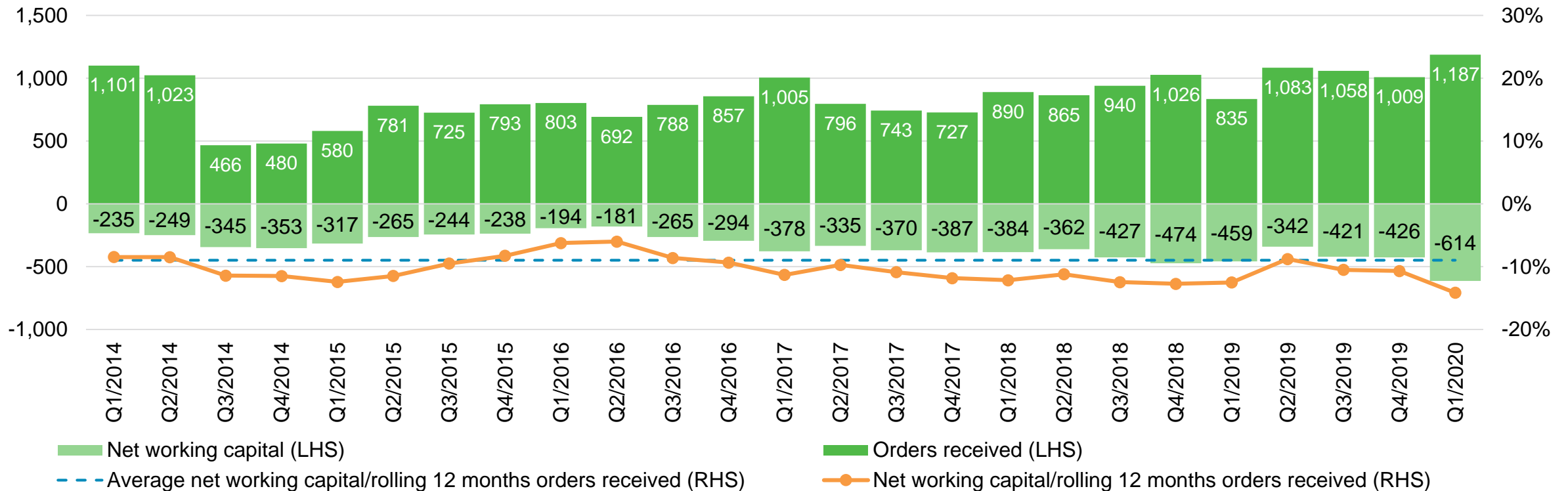
Valmet implemented IFRS 16 – Leases as of January 1, 2019 by applying the simplified transition method and therefore 2018 figures are not restated.

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

2) Excluding business combinations and leased assets.

Net working capital at -14% of rolling 12 months orders received

Net working capital and orders received (EUR million)

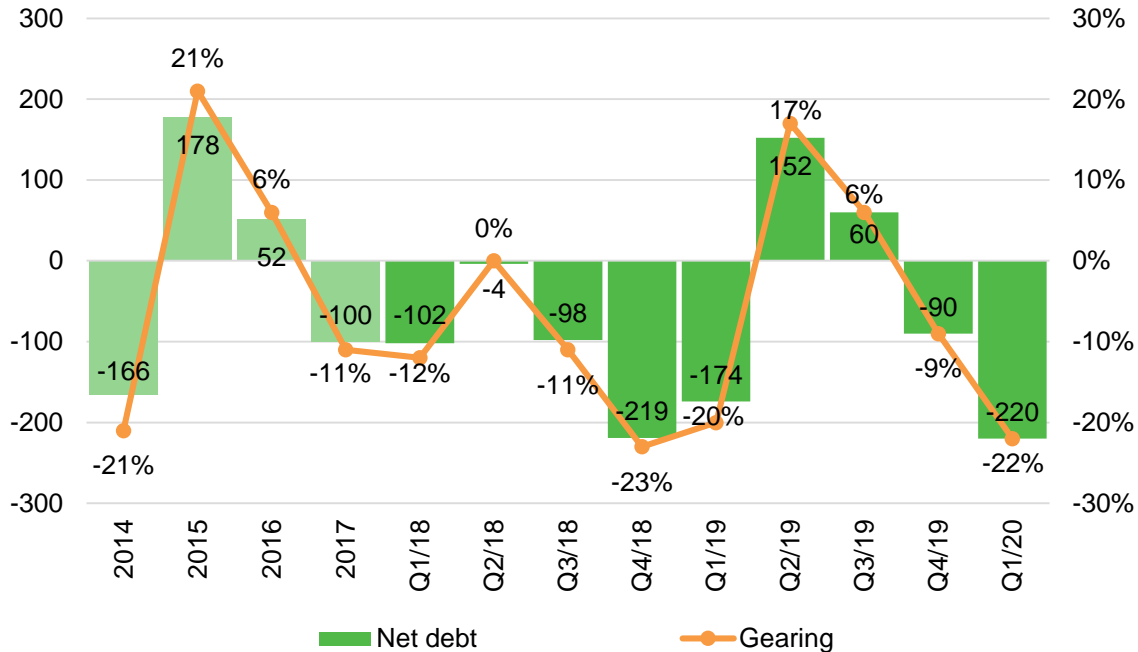


- Net working capital EUR -614 million, which equals -14% of rolling 12 months orders received

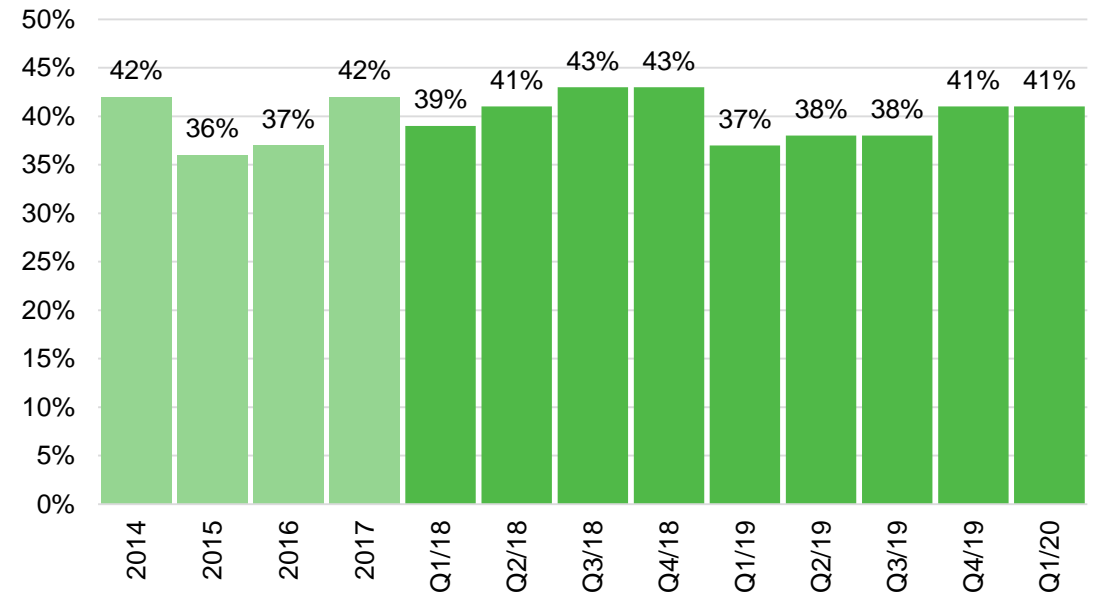
Net working capital excluding non-cash net working capital impact from dividend liability.

Net debt and gearing decreased compared with Q1/2019

Net debt (EUR million) and gearing (%)



Equity to assets ratio (%)

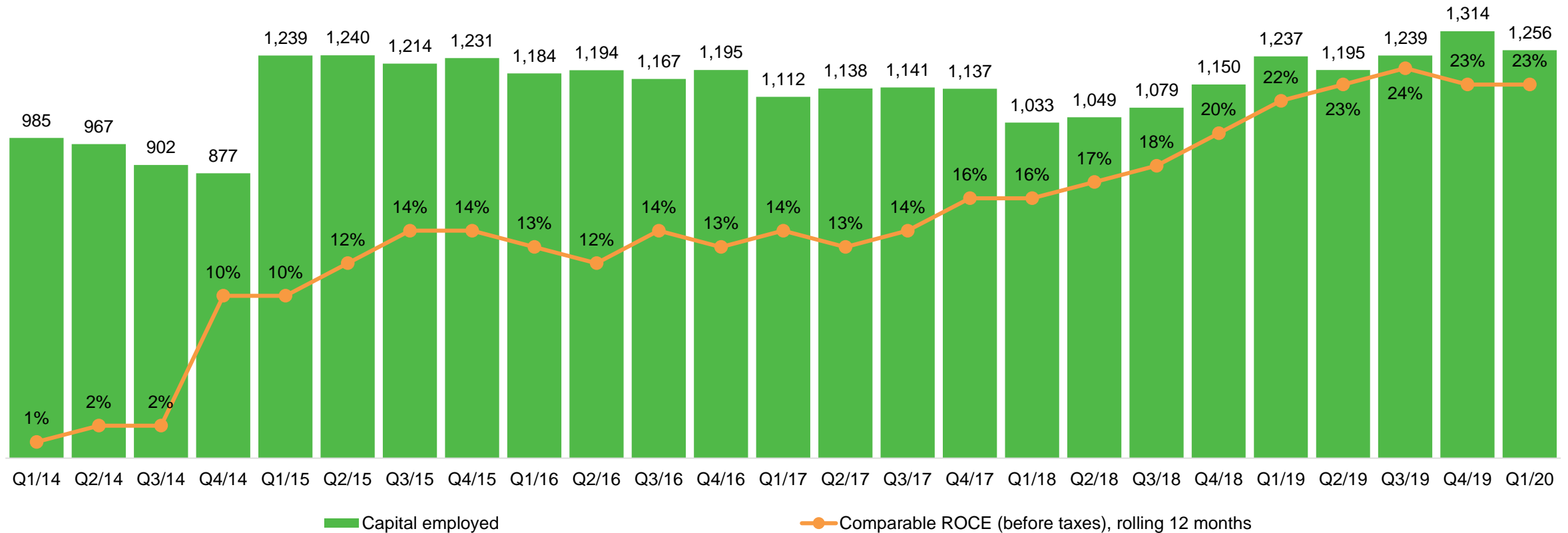


- Gearing (-22%) and net debt (EUR -220 million) decreased compared with Q1/2019
- Equity to assets ratio increased compared with Q1/2019

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 and Comparable ROCE

Capital employed (EUR million) and Comparable return on capital employed (ROCE), before taxes¹ (%)



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.

1) Rolling 12 months. Carve-out figures for 2013 have been used in the calculation of Q1–Q3/2014 figures.



Dividend proposal, guidance and short-term market outlook

Dividend proposal

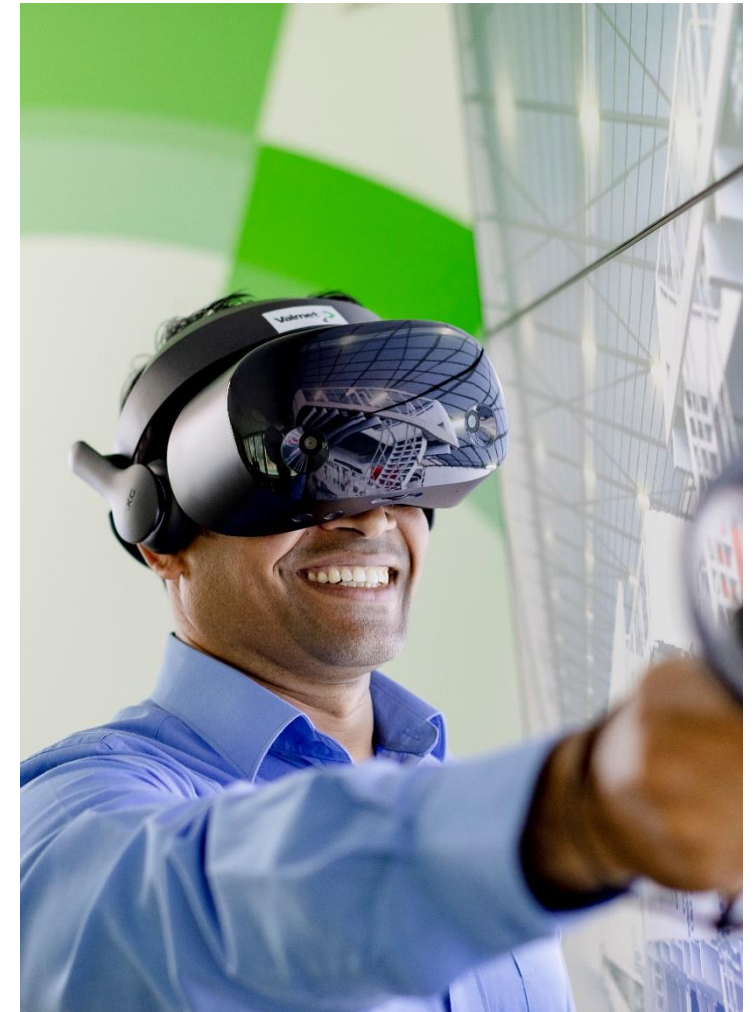
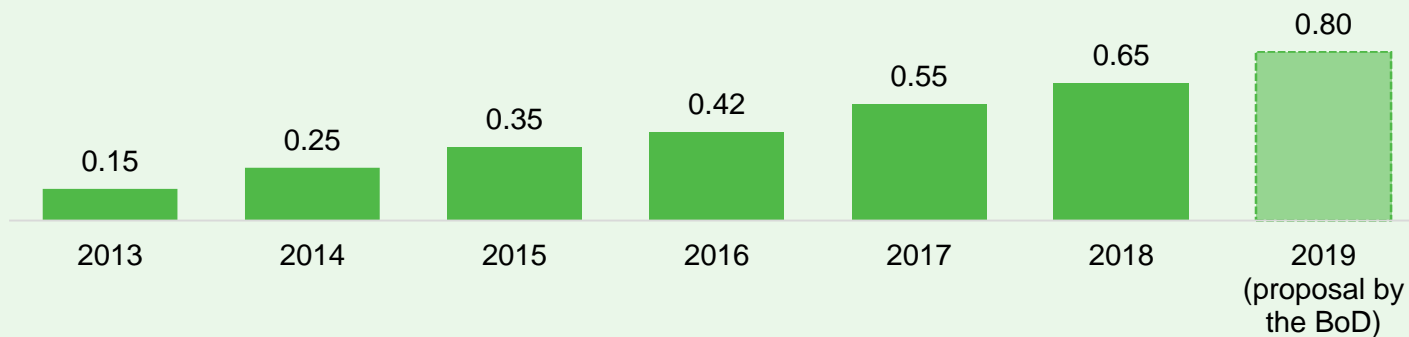
Dividend policy

- Dividend payout at least 50% of net profit

Board of Directors' dividend proposal to the Annual General Meeting

- EUR 0.80 per share

Dividend per share (euro)



Guidance and short-term market outlook

Guidance for 2020

Guidance	<p>Valmet announced on April 16, 2020 that the company withdraws its guidance for 2020 due to increased uncertainty related to the COVID-19 pandemic.</p>
-----------------	---

Short-term market outlook

		Q2/2019	Q3/2019	Q4/2019	Q1/2020
Services		Good	Good	Good	Satisfactory / Weak
Automation		Good	Good	Good	Good / Satisfactory
Pulp and Energy	Pulp	Good	Good	Good	Good
	Energy	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Paper	Board and Paper	Good	Good	Good	Good
	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 from the end of the respective quarter. The scale is 'weak-satisfactory-good'.

Upcoming events

Annual General Meeting 2020

June 16, 2020 at 1 p.m. EET
Helsinki, Finland

Half Year Financial Review January–June 2020

July 23, 2020

www.valmet.com/investors

Important notice

IMPORTANT: The following applies to this document, the oral presentation of the information in this document by Valmet (the “Company”) or any person on behalf of the Company, and any question-and-answer session that follows the oral presentation (collectively, the “Information”). In accessing the Information, you agree to be bound by the following terms and conditions.

The Information is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. The Information is not for publication, release or distribution in the United States, the United Kingdom, Australia, Canada or Japan.

The Information does not constitute or form part of, and should not be construed as an offer or the solicitation of an offer to subscribe for or purchase any securities, and nothing contained therein shall form the basis of or be relied on in connection with any contract or commitment whatsoever, nor does it constitute a recommendation regarding any securities. Prospective investors are required to make their own independent investigations and appraisals of the business and financial condition of the Company before taking any investment decision with respect to securities of the Company.

No securities of the Company are being offered or sold, directly or indirectly, in or into the United States and no shares in the Company have been, or will be, registered under the Securities Act of 1933, as amended (the “Securities Act”), or under the securities laws of any state of the United States and, accordingly, may not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S under the Securities Act), unless registered under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act and in compliance with any applicable state securities laws of the United States.

The Information is directed solely at: (i) persons outside the United Kingdom, (ii) persons with professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the “Order”), (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order and (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities of the Company or any member of its group may otherwise lawfully be communicated or caused to be communicated (all such persons in (i)-(iv) above being “Relevant Persons”). Any investment activity to which the Information relates will only be available to and will only be engaged with Relevant Persons. Any person who is not a Relevant Person should not act or rely on the Information. By accessing the Information, you represent that you are a Relevant Person.

The Information contains forward-looking statements. All statements other than statements of historical fact included in the Information are forward-looking statements. Forward-looking statements give the Company’s current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as “target,” “believe,” “expect,” “aim,” “intend,” “may,” “anticipate,” “estimate,” “plan,” “project,” “will,” “can have,” “likely,” “should,” “would,” “could” and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the Company’s actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which it will operate in the future.

No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the Information or the opinions contained therein. The Information has not been independently verified and will not be updated. The Information, including but not limited to forward-looking statements, applies only as of the date of this document and is not intended to give any assurances as to future results. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to the Information, including any financial data or forward-looking statements, and will not publicly release any revisions it may make to the Information that may result from any change in the Company’s expectations, any change in events, conditions or circumstances on which these forward-looking statements are based, or other events or circumstances arising after the date of this document. Market data used in the Information not attributed to a specific source are estimates of the Company and have not been independently verified.

