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## VALMET AUTOMOTIVE IS PLANNING AN INITIAL PUBLIC OFFERING AND LISTING ON THE OFFICIAL LIST OF NASDAQ HELSINKI LTD

**Valmet Automotive Inc., press release 14 October 2022, at 9.10 AM EEST**

Valmet Automotive Inc. (to be renamed Valmet Automotive Plc, "Valmet Automotive" or the "Company") is a provider of advanced systems and services that support automotive Original Equipment Manufacturers ("OEMs") in their transition to electrified mobility. The Company is a Finnish contract manufacturer of complete vehicles and battery systems, and a system supplier of battery solutions as well as convertible roof and kinematic systems for automotive and industrial applications. The Company is planning an initial public offering (the "Offering") and a listing of its shares on the official list of Nasdaq Helsinki Ltd ("Nasdaq Helsinki") (the "Listing").

The objective of the Offering is to allow Valmet Automotive to accelerate its growth strategy, continue to make investments in production and to finance working capital as well as strengthen Valmet Automotive's balance sheet. The Offering will enable the Company to obtain access to capital markets, expand its ownership base and increase the liquidity of the Company's shares. Additional visibility is also expected to further increase Valmet Automotive's recognition among the public, customers and suppliers and as an employer, and thus enhance Valmet Automotive's competitiveness. The Listing would also allow Valmet Automotive to use the Company's shares more effectively as a means of consideration in potential acquisitions and in incentive programmes for Valmet Automotive's personnel.

The Company aims to raise gross proceeds of approximately EUR 140 million by offering new shares in the Company for subscription. The Company expects to use the net proceeds from the Offering to fund the Company's near-term capital expenditures, including investments and technology development in its Electric Vehicle Systems ("EVS") business line's ramp-up, and Vehicle Contract Manufacturing ("VCM") and Roof and Kinematic Systems ("RKS") business lines' new programme launches, as well as corporate-level expenditures, to finance net working capital needs, to strengthen its balance sheet and to fund general corporate purposes and further growth opportunities.

Certain cornerstone investors (together the "Cornerstone Investors") have each given subscription undertakings in relation to the Offering, under which they have committed to subscribe for shares in a possible Offering, subject to certain conditions being fulfilled.

**Jarkko Sairanen, Chair of the Board of Directors of Valmet Automotive, comments:**



"The global need to address climate change requires a fundamental transformation from the automotive industry, and we believe that this offers significant opportunities for Valmet Automotive. By 2025–2026, the company aims to reach EUR 1 billion in net sales, with approximately 40 per cent coming from its EVS business line. The planned Listing would support the execution of this growth strategy, and allow new investors to join Valmet Automotive's journey as it shifts into a higher gear."

**Olaf Bongwald, CEO of Valmet Automotive, comments:**

"We believe in Valmet Automotive's capabilities to support the automotive industry in its ongoing disruption. For decades, we have been a trusted partner for the world's most premium OEMs, and in the past few years we have risen to be one of the leading suppliers of battery system solutions. Supported by the planned listing, we are proud to be enabling the transition towards zero-emission transportation, and more broadly, societies."

**Press Conference**

We kindly invite you to attend Valmet Automotive's virtual press conference held today 14 October 2022 at 11:00 AM EEST through the following link: [valmetautomotive.worksup.com](https://valmetautomotive.worksup.com) (the conference will be held in English).

**Overview of Valmet Automotive**

Valmet Automotive is a provider of advanced systems and services that support automotive Original Equipment Manufacturers ("OEMs") in their transition to electrified mobility. The Company was founded in 1968. Valmet Automotive's special areas of expertise are contract manufacturing of complete vehicles and battery systems, and system supply of convertible roof and kinematic systems and battery solutions for automotive and industrial applications. As a system supplier and contract manufacturer, Valmet Automotive develops and manufactures hundreds of thousands of battery systems annually for mild hybrid, plug-in hybrid and battery electric vehicles. In addition, Valmet Automotive develops and manufactures convertible roofs and kinematic systems that, among other things, improve aero efficiency and thus also optimize the driving range of electric vehicles, as well as manual and active charging flap solutions for electric vehicles. Valmet Automotive is one of the largest vehicle contract manufacturers in Europe, and in 2021, it was ranked 86th in the Top 100 Automotive Suppliers Global Ranking 2022.

Valmet Automotive operates three business lines: EVS, which focuses on the integration of cells into battery modules and complete battery packs, including the integration of the battery management system into complete battery system solutions; VCM, which offers end-to-end complete vehicle manufacturing, covering body-in-white manufacturing, painting and general assembly, including end-of-line testing; and RKS, which operates exclusively as a system supplier for kinematic system and convertible roof products. For the year ended 31 December 2021, Valmet Automotive's gross sales were EUR 2,977 million, net sales were EUR 570 million, comparable EBITDA was EUR 105 million, operating profit was EUR 36 million and comparable operating profit



was EUR 38 million.

The Group is formed by the parent company Valmet Automotive Inc. and the six fully owned subsidiaries located in Finland, Germany and Poland. Valmet Automotive has its headquarters in Uusikaupunki, Finland, and it operates 11 facilities across Finland, Germany and Poland. At the end of June 2022, Valmet Automotive employed a total of approximately 4,450 people.

### **Valmet Automotive's Strategy**

Valmet Automotive operates in a number of end markets, including the automotive, truck and bus and off-highway vehicle markets, with a historical focus on the automotive industry. The automotive industry has recently begun a significant industry transformation, with advancements in connected car, automated/autonomous driving, sharing subscription, and electrification technologies having had a profound impact on the strategic direction of, and success criteria for, both OEMs and suppliers. Electrification in particular is expected to be the major driver of transformation for the automotive industry in the current decade and beyond, as powertrains pivot rapidly away from internal combustion engines and major European premium OEMs seek to meet accelerated timelines and ambitious targets for the electrification of their entire vehicle portfolio.

Valmet Automotive has developed its entire product and service portfolio across all three business lines to offer products and services that seek to meet evolving customer needs in the rapidly transforming automotive industry, with no Valmet Automotive offering being dependent on or tied to internal combustion engines propulsion. Valmet Automotive believes that this strategic and product portfolio positioning, combined with Valmet Automotive's deeply embedded relationships with leading OEMs, leaves it well positioned as an important partner for its customers in addressing the challenges they face as a result of the accelerated transformation towards electric mobility taking place in the European and global automotive industry.

Valmet Automotive's vision is to be an international and leading systems and service provider in 'electric mobility' and 'renewable energy' storage, as key means for climate protection and a 'truly green' world. In addition to being guided by Valmet Automotive's vision and mission, each business line has its own vision and strategic framework which underpins decision making at a business line level: the EVS business line's vision is to be the technology and market leader in electric vehicle ("EV") battery systems globally, serving as a preferred partner for customers in automotive, off-highway vehicle and truck and bus end-markets, from concept development through to system supply; the VCM business line's vision is to be the most attractive, sustainable, and smart VCM partner, supporting customers in their transformation to e-mobility; the RKS business line's vision is to be the leading European provider of active exterior kinematic systems for EVs and convertible roof systems for passenger cars, enhancing end-customer experience with innovative features.

### **Valmet Automotive's Key Strengths**

The Company believes that it benefits from the following key strengths and competitive advantages:



- Technological know-how, capabilities and strategic vision oriented towards supporting the significant industry disruption from EV transition that is requiring rapid OEM portfolio and supply chain evolution;
- Complementary business lines and well positioned as a critical, trusted strategic partner, based on expertise, innovative mind-set, and proven track record;
- Attractive financial and growth profile underpinned by multi-year visibility from booked business;
- Differentiated positioning and strong existing relationships with leading OEMs, together with newly established relationships with new market entrants;
- EVS business line with rapid growth, broad customer base, significant booked business and further upside opportunities;
- Sustainability at the core of Valmet Automotive's vision, mission, strategy and culture; and
- Strong management and committed, satisfied and skilled personnel.

### **Valmet Automotive's Financial Targets and Dividend Policy**

The Board of Directors of the Company has adopted the following financial targets for Valmet Automotive:

- Growth: Net sales of EUR 1,000 million reached by 2025-2026, with EVS to account for approximately 40 per cent of net sales.
- Profitability: Maintain comparable EBITDA margin between 16-19 per cent.
- Dividend policy: Valmet Automotive is in growth phase and will therefore prioritise profitable growth over dividends in the coming years.

### **Financial Guidance**

Net sales are estimated to be in the range of EUR 580-620 million in financial year 2022. Comparable EBITDA margin is estimated to be in the range of 14.5-16.5 per cent of net sales in the financial year 2022.

Net sales are expected to decrease in financial year 2023 compared to financial year 2022. The expected decrease in net sales is due to an expired, significant VCM contract, however, the impact is expected, to a large extent, to be offset by the aggregate growth of EVS, RKS and other VCM volumes. Comparable EBITDA margin is estimated to decrease to the range of 10-12 per cent of net sales in financial year 2023 due to an ended VCM contract.

### **Information on the Offering**

The contemplated Offering is expected to consist of a share issue by the Company. The Offering will consist of (i) a public offering to private individuals and entities in Finland, (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally and (iii) a personnel offering to the Company's and its subsidiaries' personnel. The Company, its current owners, the members of the Board of Directors of the Company and the members of the



Group Management Team are expected to commit to customary lock-up restrictions. The current owners of the Company will not sell shares in the Company in the Offering, and will, therefore, remain significant shareholders even after the Offering.

Carnegie Investment Bank AB, Finland Branch is acting as sole global coordinator and joint bookrunner for the Offering (the "Global Coordinator") and Swedbank AB (publ) is acting as joint bookrunner (together with the Global Coordinator, the "Managers"). Hannes Snellman Attorneys Ltd is acting as legal adviser to the Company in connection with the Offering. Roschier, Attorneys Ltd. is acting as legal adviser to the Managers in connection with the Offering. Miltton is acting as communications adviser to the Company.

The following Cornerstone Investors have each given subscription undertakings in relation to the Offering, under which the Cornerstone Investors have committed, subject to certain ordinary conditions, to subscribe for offer shares with approximately EUR 70 million in total, provided that the value of the Company's outstanding shares prior to the Offering does not exceed EUR 280 million.

- Varma Mutual Pension Insurance Company approximately EUR 40 million
- Ilmarinen Mutual Pension Insurance Company approximately EUR 30 million

### Valmet Automotive's Financial Performance Measures

The selected consolidated financial information set forth below has been derived from Valmet Automotive's unaudited consolidated half-year financial information as at and for the six months ended 30 June 2022 and 2021 prepared in accordance with "IAS 34 – Interim Financial Reporting", and from the consolidated special purpose financial statements as at and for the years ended 31 December 2021, 2020 and 2019 prepared in accordance with the International Financial Reporting Standards ("IFRS").

The following table sets forth Valmet Automotive's key figures as at the dates and for the periods indicated.

	For the six months ended 30 June (unaudited)		For the year ended 31 December (unaudited, unless otherwise indicated)		
	2022	2021	2021	2020	2019
(In EUR thousand, unless otherwise indicated)					



Gross sales	1,729,483	1,343,772	2,977,462	2,443,736	2,845,936
Net sales	327,540	249,550	570,232 <sup>1</sup>	493,976 <sup>1</sup>	595,593 <sup>1</sup>
EBITDA	44,009	28,928	102,390	87,922	84,068
EBITDA, % of net sales	13.4%	11.6%	18.0%	17.8%	14.1%
Comparable EBITDA	49,498	29,716	104,709	87,922	84,068
Comparable EBITDA % of net sales	15.1%	11.9%	18.4%	17.8%	14.1%
Operating Profit (Loss)	10,506	-4,529	35,607 <sup>1</sup>	21,688 <sup>1</sup>	27,042 <sup>1</sup>
Operating Profit (Loss), % of net sales	3.2%	-1.8%	6.2%	4.4%	4.5%
Comparable Operating Profit (Loss)	17,391	-3,741	37,926	21,688	27,042
Comparable Operating Profit (Loss), % of Net sales	5.3%	-1.5%	6.7%	4.4%	4.5%
Free cash flow, before interest and taxes	25,200	8,070	11,825	45,412	50,532
Net working capital	-157,063	-164,069	-160,528	-133,863	-122,085
Net debt	-31,432	-30,612	-21,924	-19,447	-3,542
Adjusted net debt	110,234	117,908	102,477	116,793	175,281
Cash Conversion ratio, %	57.3%	27.9%	11.5%	51.7%	60.1%

<sup>1</sup>Audited



The following table sets forth Valmet Automotive's segment information as at the dates and for the periods indicated.

	For the six months ended 30 June (unaudited)		For the year ended 31 December (audited, unless otherwise indicated)		
	2022	2021	2021	2020	2019
<b>(In EUR thousand)</b>					
<b>Net sales</b>					
Vehicle Contract Manufacturing	215,666	188,621	427,054	392,945	506,182
Electric Vehicle Systems	72,082	27,944	81,475	44,621	8,326
Roof & Kinematic Systems	41,132	35,513	66,999	60,285	81,489
<b>Internal sales</b>					
Vehicle Contract Manufacturing	-1,245	-2,312	-4,688	-3,104	-3
Electric Vehicle Systems	-95	-216	-608	-771	-401
<b>Internal sales, total</b>	<b>-1,340</b>	<b>-2,528</b>	<b>-5,296</b>	<b>-3,875</b>	<b>-404</b>
<b>Total</b>	<b>327,540</b>	<b>249,550</b>	<b>570,232</b>	<b>493,976</b>	<b>595,593</b>
<b>Comparable EBITDA</b>					
Vehicle Contract Manufacturing	33,627	21,761	84,947 <sup>1</sup>	83,332 <sup>1</sup>	92,813 <sup>1</sup>



Electric Vehicle Systems	16,654	6,948	21,699 <sup>1</sup>	8,677 <sup>1</sup>	-7,161 <sup>1</sup>
Roof & Kinematic Systems	1,435	3,174	3,601 <sup>1</sup>	3,330 <sup>1</sup>	10,371 <sup>1</sup>
Group administration and support functions	-2,219	-2,167	-5,538 <sup>1</sup>	-7,419 <sup>1</sup>	-11,955 <sup>1</sup>
<b>Total</b>	<b>49,498</b>	<b>29,716</b>	<b>104,709<sup>1</sup></b>	<b>87,922<sup>1</sup></b>	<b>84,068<sup>1</sup></b>

<sup>1</sup> Unaudited

### Further enquiries

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