TRANSFORMING WÄRTSILÄ FOR LONG-TERM SUCCESS

JAAKKO ESKOLA
PRESIDENT AND CEO
TOPICS FOR TODAY

- Wärtsilä’s strengths
- Addressing near-term challenges
- Building long-term value
- Committed to our financial targets
STRENGTHS TO BUILD ON

Ideally positioned for market transition
Clean energy and marine market decarbonisation

Unrivalled services business
Extensive network and broad capabilities

Leading solutions & technologies
Engines, gas solutions, navigation, energy optimisation,…
Wärtsilä’s future proof technologies and solutions secure leadership in the energy transition

- Peaker gas solutions that provide optimal economics with renewables
- Energy storage and optimisation solutions
- Fuel flexible solutions that support the transition to alternative fuels
- Lifecycle solutions to optimise asset performance

Cumulative installed capacity 2018–40 (GW)

Source: Bloomberg New Energy Outlook 2019
Wärtsilä is leading the way towards a more sustainable maritime future

- Marine power and propulsion portfolio with benchmark efficiency
- Software solutions for voyage optimisation
- Fuel flexible solutions that support the transition to LNG and sustainable fuels
- Lifecycle solutions to optimise asset performance

Marine opportunities from reducing carbon intensity

- 2.7% of global GHG emissions come from the shipping industry
- 40% GHG reductions per vessel
- 50% GHG reductions at global fleet level

Energy source and fuel flexibility
Use of data in operations
Sustainable fuels
Advanced technologies

Energy efficient technologies
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Sustainable fuels
Advanced technologies

Today
2030
2050

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26 November 2019
MANY POSITIVE DEVELOPMENTS THIS YEAR

RETURN TO GROWTH IN SERVICES

ACCELERATING GROWTH IN SMART TECHNOLOGIES

SUCCESSFUL RAMP-UP OF SCRUBBER DELIVERIES

CONTINUED LAUNCHES OF INNOVATIVE TECHNOLOGIES
Increased competition

Increased market uncertainty

Issues with large project execution

As a result, financial performance below our targets
WE HAVE FOCUSED OUR EFFORTS TO RESTORE PERFORMANCE

- Ensure project recovery and improve risk management
- Secure success of ongoing restructuring and strengthen performance culture
- Increase engine supply flexibility
- Simplify the portfolio

Four short-term priorities

EBIT performance recovery

Deliver profitable growth in core businesses
Scale growth businesses to drive transformation

Long-term performance drivers
CORE AND GROWTH BUSINESSES DEFINED

CORE BUSINESSES TO DELIVER PROFITABLE GROWTH

- Marine power solutions
- Gas solutions
- Energy solutions
- Lifecycle solutions

GROWTH BUSINESSES TO DRIVE TRANSFORMATION

- Voyage solutions
- Energy storage & optimisation

NON-CORE BUSINESSES

- Businesses that lack a clear synergistic link to the core businesses
- Businesses that are not critical to Wärtsilä’s transformation
PORTFOLIO SIMPLIFICATION STRENGTHENS THE CORE AND UNLOCKS THE VALUE OF NON-CORE BUSINESSES

Businesses identified as non-core to be moved to Portfolio businesses BU

- Entertainment systems
- Hydroacoustic systems
- Power converter products and UPS systems
- Tank control systems
- Hydropower solutions and turbine services

Portfolio businesses BU

Financial profile
- Approx. EUR 200 million sales, 1% EBIT

Agenda
- Realisation of full potential through increased autonomy
- Long-term sustainability of businesses through dedicated incentive structure

Objectives
- Simpler, more focused core portfolio
- Accelerated performance improvement of non-core assets
- Value unlock through divestments

Subject to completing any required regulatory processes.
ACCELERATING SERVICES GROWTH

TURNING VOLUME INTO VALUE

WÄRTSILÄ RECEIVES A SPARE PARTS QUOTATION EVERY 4 MINUTES

WE ARE STEERING THE SPARE PARTS BUSINESS CLOSE TO REAL-TIME…

…AND STRENGTHENING OUR FOCUS ON CUSTOMERS WITH SMALLER TRANSACTION AMOUNTS
PROOF OF CONCEPT WITH A GROUP OF CUSTOMERS
(THE FIRST 10 MONTHS OF THE YEAR, YEAR-ON-YEAR)

1,400
Number of customers involved

110.9m
Value of transactional spare parts orders for customers involved

+21.0%
Sales increase recognised
CAPTURE GROWTH OPPORTUNITIES THROUGH LEADING TECHNOLOGIES & INNOVATION

Develop fuel flexibility and energy efficiency
Co-create leading-edge solutions
Enable real-time performance optimisation
Grow the as-a-service business

Capital Markets Day 2019
COMMITTED TO OUR LONG-TERM TARGETS

GROW FASTER THAN GLOBAL GDP
Focus on strengthening our position in strategic markets and growing the lifecycle business

10-14% PROFITABILITY
Target continuous improvement, performance impacted by cycle and mix

MAINTAIN GEARING BELOW 50%
Unleveraged balance sheet supports growth through acquisitions

DELIVER DIVIDEND OF ≥50% OF EPS OVER THE CYCLE
Committed to providing shareholder returns

*Gearing target excludes impact of lease liabilities