WÄRTSILÄ CORPORATION
INTERIM REPORT JANUARY-SEPTEMBER 2016
25 October 2016
Jaakko Eskola, President & CEO
Highlights Q3/2016

• Order intake EUR 1,139 million, +5%
• Net sales EUR 1,079 million, -12%
• Book-to-bill 1.06 (0.89)
• Comparable operating result EUR 123 million, 11.4% of net sales (EUR 160 million or 13.1%)
• Earnings per share EUR 0.43 (0.49)
• Cash flow from operating activities EUR 189 million (-5)
• Order book at the end of the period EUR 5,024 million, -2%
Positive development in order intake

Third quarter development
Net sales affected by delivery schedules

Third quarter development

- Energy Solutions
- Marine Solutions
- Services
Net sales by business 1-9/2016

- Services: 48% (45)
- Marine Solutions: 36% (33)
- Energy Solutions: 16% (22)
Book-to-bill ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Order intake</th>
<th>Net sales</th>
<th>Book-to-bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>5000 MEUR</td>
<td>4500 MEUR</td>
<td>1.05</td>
</tr>
<tr>
<td>2013</td>
<td>4500 MEUR</td>
<td>4000 MEUR</td>
<td>1.05</td>
</tr>
<tr>
<td>2014</td>
<td>4000 MEUR</td>
<td>3500 MEUR</td>
<td>1.06</td>
</tr>
<tr>
<td>2015</td>
<td>3500 MEUR</td>
<td>3000 MEUR</td>
<td>0.98</td>
</tr>
<tr>
<td>1-9/2016</td>
<td>3000 MEUR</td>
<td>2500 MEUR</td>
<td>1.11</td>
</tr>
</tbody>
</table>
Order book distribution

MEUR

30.9.2015

30.9.2016

Delivery current year
Delivery next year
Delivery later than next year
Operating result impacted by lower delivery volumes

Items affecting comparability include restructuring costs of EUR 29 million (11) for the review period January-September 2016, of which EUR 17 million were non-cash write-downs. Figures for 2012-2013 include both discontinued and continuing operations.
Strong ordering activity in Energy Solutions

Review period development
Total EUR 947 million (642)
- Utilities: 21%
- Independent power producers: 58%
- Industrials: 20%

Review period order intake by fuel in MW
- Gas: 41%
- Oil: 59%
Order intake globally

Order intake 1-9/2016: 2,555 MW (1,687)

*Turkish owners contributed to the high level of activity in Europe.
Market for gas and liquid fuel power plants, <500 MW

<500 MW market volume: 11.8 GW (12.6), -6%
Total market volume: 37.2 GW (27.9), +32%

Market data includes all Wärtsilä power plants and other manufacturers’ gas and liquid fuelled gas turbine based power plants with prime movers above 5 MW, as well as estimated output of steam turbines for combined cycles. The data is gathered from the McCoy Power Report. Other combustion engines not included. In engine technology Wärtsilä has a leading position.
Contracting volumes reflect weak marine market environment

Source: Clarkson Research Services, figures exclude late contracting
* CGT= gross tonnage compensated with workload
Cruise & ferry supported Marine Solutions’ order intake

Review period development
Total EUR 1,028 million (1,134)

- Gas carriers 13%
- Offshore 4%
- Special vessels 10%
- Traditional merchant 19%
- Cruise & ferry 41%
- Navy 8%
- Others 5%
Wärtsilä to supply regasification system for Höegh LNG’s FSRU conversion project

• The conversion is planned to be carried out on a modern LNG vessel
• Conversion enables Höegh LNG to quickly capture new business opportunities
• Wärtsilä’s system features regasification technology using water glycol, providing a more compact solution than the traditional propane based system
Strong position in marine engine market

**Medium-speed main engines**

- **Wärtsilä**: 50% (58)
- **MAN D&T**: 24% (22)
- **Caterpillar**: 15% (6)
- **Others**: 11% (14)

Total market volume last 12 months: 2,358 MW (2,090)

**Auxiliary engines**

- **Wärtsilä**: 16% (13)
- **Others**: 84% (87)

Total market volume last 12 months: 3,617 MW (4,498)

Wärtsilä’s market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. The calculation is based on Wärtsilä’s own data portal.
Services’ year-to-date net sales stable

Third quarter development

Q1-Q3  Q4

531     512
-4%
Net sales distribution 1-9/2016

Spare parts 50% (51)

Field service 23% (24)

Agreements 15% (17)

Projects 11% (8)

Total EUR 1,554 million (1,565)
Installed base covered by service agreements

MW under agreement – Energy Solutions
% of Energy Solutions’ installed base

MW under agreement – Marine Solutions
% of Marine Solutions’ installed base

MW
0 2 000 4 000 6 000 8 000 10 000 12 000 14 000 16 000


© Wärtsilä

25 October 2016
Q3 result presentation
SkyLight – a next generation fleet performance monitoring service

- SkyLight combines data about the ship’s movements with noon report and meteorological data, to model the vessel’s speed and fuel performance.
- Vessel performance records are stored in the cloud-based software, enabling more prompt reporting, planning and cost optimisation.
Cash flow development

Review period development
Working capital development

Review period development

* Working capital / 12 months rolling net sales
Gearing

Review period development
Market outlook

**Energy Solutions**

Growth in electricity demand and the availability of international funding for infrastructure projects will continue to support power plant investments in the emerging markets. In the industrialised countries, the slow economic growth continues to limit demand for new power plants, except in North America. The megatrend towards renewable energy sources is evident.

**Marine Solutions**

The outlook for the shipping and shipbuilding markets remains challenging. Overcapacity and weak earnings continue to limit the demand for new vessels in the merchant segment, while low oil prices are impacting investments in offshore exploration and development and gas carrier market remains under pressure. The outlook for the cruise and ferry segment remains positive.

**Services**

The service market outlook remains solid with growth opportunities in selected regions and segments. Customers in both the marine and power plant markets continue to show interest in long-term service agreements.
Wärtsilä expects its net sales to decline by around 5% and its profitability (comparable operating result as a percent of net sales) to be around 12%.

Prospects for 2016 revised
THANK YOU

Further information:
Natalia Valtasaari
Director, Investor & Media Relations
Tel. +358 (0) 10 709 5637
E-mail: natalia.valtasaari@wartsila.com