WÄRTSILÄ CORPORATION
RESULT PRESENTATION 2017
31 January 2018
Jaakko Eskola, President & CEO
2017 – A YEAR OF SOLID SALES AND STRONG ORDER INTAKE
Key financials 2017

- Order intake EUR 5,644 million, +15%
- Net sales EUR 4,923 million, +3%
- Book-to-bill 1.15 (1.03)
- Comparable operating result EUR 590 million (583), 12.0% of net sales (12.1)
- Earnings per share EUR 1.95 (1.79)
- Cash flow from operating activities EUR 430 million (613)
- Order book at the end of the period EUR 5,064 million, +8%
- Dividend proposal EUR 1.38 per share (1.30), to be paid in two instalments
- The Board proposes a share split so that two new shares are issued for each share
Growth in order intake

Fourth quarter development

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1-Q3 MEUR</td>
<td>4500</td>
<td>5000</td>
<td>5000</td>
<td>5000</td>
<td>5000</td>
</tr>
<tr>
<td>Q4 MEUR</td>
<td>500</td>
<td>500</td>
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</tr>
</tbody>
</table>

Energy Solutions

Marine Solutions

Services

Energy Solutions

Growth in order intake

Fourth quarter development

| Q4/2016 | 1,324 | +14% |
| Q4/2017 | 1,514 | +14% |

MEUR
Solid full year sales development

Fourth quarter development

MEUR

Q1-Q3     Q4

2013      2014      2015      2016      2017

Energy Solutions

Marine Solutions

Services

Wärtsilä

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31 January 2018
Full year result presentation 2017
Net sales by business 2017

- Services: 45% (46)
- Marine Solutions: 27% (35)
- Energy Solutions: 28% (20)
Book-to-bill

ORDER INTAKE TO BILL ORDER INTAKE TO BILL ORDER INTAKE TO BILL ORDER INTAKE TO BILL ORDER INTAKE TO BILL

2013: 1.05
2014: 1.06
2015: 0.98
2016: 1.03
2017: 1.15

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Full year result presentation 2017
Order book distribution

<table>
<thead>
<tr>
<th>Year</th>
<th>Delivery next year</th>
<th>Delivery after next year</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2016</td>
<td>3000</td>
<td>1500</td>
</tr>
<tr>
<td>31.12.2017</td>
<td>3000</td>
<td>1700</td>
</tr>
</tbody>
</table>
Operating result in line with previous year

Items affecting comparability amounted to EUR 19 million (22) in the fourth quarter of 2017 and EUR 37 million (51) during the review period January-December.

Figures for 2013 include both discontinued and continuing operations.

Comparable operating result

% of net sales
Net sales development

By product area
- Spare parts 49% (49)
- Agreements 18% (15)
- Projects 11% (13)
- Field service 23% (23)

By segment
- Power plants 39% (39)
- Cruise & ferry 15% (13)
- Special vessels 8% (8)
- Offshore 8% (9)
- Navy 8% (8)
- Merchant 22% (23)
- Projects 11% (13)
- Field service 23% (23)
- Agreements 18% (15)
- Spare parts 49% (49)
Installed base covered by service agreements

- **MW under agreement – Energy Solutions**
- **MW under agreement – Marine Solutions**
- **% of Energy Solutions’ installed base**
- **% of Marine Solutions’ installed base**
Wärtsilä to retrofit the world’s first energy storage solution on board a large offshore supply vessel

- The system will be installed on the North Sea Giant, one of the world’s largest and most advanced sub-sea construction vessels
- Benefits of the solution include:
  - Reduced energy consumption
  - Lower operating costs
  - Improved environmental footprint
  - Increased redundancy and responsiveness
Quotation activity by fuel type

Calculated on a 12 months rolling basis
Energy Solutions’ order intake

Review period development
Total EUR 1,685 million (1,448)

Utilities 15%
Independent power producers 35%
Industrials 49%

Review period order intake by fuel in MW
Oil 49%
Gas 51%
Order intake globally

Order intake 2017: 3,775 MW (3,513)

Europe 198 (1,206)

Asia 2,380 (960)

Africa and Middle East 402 (427)

Utilities
IPP's (Independent Power Producers)
Industrials

 Americas 796 (921)
Energy markets shifting towards smart, clean & flexible technologies

- 200 MW gas power plant addresses intermittency challenges associated with the expansion of renewable energy in Arizona, USA
- 52 MWp solar PV plant increases the share of renewables in Jordan
- Integrated energy management system based on Greensmith software will reduce greenhouse gas emissions in the Azores
Market for gas and liquid fuel power plants, <500 MW

<500 MW market volume last 12 months: 25.2 GW (24.8)
Total market volume last 12 months: 54.9 GW (54.6)

Market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous period.
Market data includes all Wärtsilä power plants and other manufacturers’ gas and liquid fuelled 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.

- Wärtsilä: 15% (14)
- GE: 28% (30)
- Siemens: 26% (19)
- Ansaldo: 14% (19)
- MHI: 15% (14)
- Other GT’s: 2% (4)

<500 MW market volume last 12 months: 25.2 GW (24.8)
Total market volume last 12 months: 54.9 GW (54.6)
Vessel contracting supported by improved sentiment

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

Review period development
Total EUR 1,478 million (1,285)

Q1-Q3 | Q4
---|---
2013 | 1,200 | 1,100
2014 | 1,400 | 1,000
2015 | 1,500 | 1,000
2016 | 1,500 | 1,000
2017 | 1,600 | 1,000

Offshore: 3%
Special vessels: 8%
Cruise: 27%
Gas carriers: 25%
Traditional merchant: 23%
Navy: 7%
Ferry: 4%
Others: 4%

MEUR
0 | 300 | 600 | 900 | 1,200 | 1,500 | 1,800

Marine Solutions’ order book 31 December 2017

- Offshore: 9%
- Cruise & Ferry: 34%
- Navy: 12%
- Special vessels: 7%
- Gas carriers: 19%
- Tankers: 9%
- RoRo: 2%
- Containers: 3%
- Cargo: 1%
- Bulk carriers: 2%
- Non-vessel: 2%
- Other vessel: 1%
Market position of Wärtsilä’s marine engines

Medium-speed main engines

- Wärtsilä: 47% (43)
- MAN D&T: 23% (27)
- Caterpillar: 10% (10)
- Others: 20% (20)

Total market volume last 12 months: 3,017 MW (2,982)

Auxiliary engines

- Wärtsilä: 10% (13)
- Others: 90% (87)

Total market volume last 12 months: 2,409 MW (1,932)

Wärtsilä’s market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous period. The calculation is based on Wärtsilä’s own data portal.
Wärtsilä’s smart technology at the heart of a new shuttle tanker concept

- TEEKAY’s four new shuttle tankers will feature a wide range of Wärtsilä’s latest technology innovations
- Wärtsilä’s smart solutions enable optimal economic and ecological performance
- Eniram’s Vessel Performance Management system optimises operations, and provides analytics and reporting
Cash flow from operating activities

![Cash flow from operating activities chart](chart.png)
Working capital

<table>
<thead>
<tr>
<th>Year</th>
<th>Working capital</th>
<th>Total inventories</th>
<th>Advances received</th>
<th>Working capital / Net sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>313</td>
<td>6.8%</td>
<td>548</td>
<td>10.8%</td>
</tr>
<tr>
<td>2014</td>
<td>251</td>
<td>5.2%</td>
<td>490</td>
<td>10.2%</td>
</tr>
<tr>
<td>2015</td>
<td>548</td>
<td></td>
<td>490</td>
<td>10.2%</td>
</tr>
<tr>
<td>2016</td>
<td>490</td>
<td></td>
<td>591</td>
<td>12.0%</td>
</tr>
<tr>
<td>2017</td>
<td>591</td>
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</table>
Gearing
EPS and dividend per share

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS</th>
<th>Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.95</td>
<td>1.38</td>
</tr>
<tr>
<td>2014</td>
<td>1.95</td>
<td>1.38</td>
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<tr>
<td>2016</td>
<td>1.95</td>
<td>1.38</td>
</tr>
<tr>
<td>2017*</td>
<td>1.95</td>
<td>1.38</td>
</tr>
</tbody>
</table>

* Dividend 2017 - Proposal of the Board
Prospects for 2018

The demand for Wärtsilä’s services and solutions in 2018 is expected to improve somewhat from the previous year.

Demand by business area is anticipated to be as follows:

- Good in Services
- Good in Energy Solutions
- Solid in Marine Solutions
THANK YOU

Further information:
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