WÄRTSILÄ CORPORATION
RESULT PRESENTATION 2019
30 January 2020
Jaakko Eskola, President & CEO
2019 – A year marked by difficult market conditions and project related challenges
Order intake EUR 5,327 million, -16%
Order book at the end of the period EUR 5,878 million, -5%
Net sales EUR 5,170 million, -0%
Book-to-bill 1.03 (1.22)
Comparable operating result EUR 457 million (577), or 8.8% of net sales (11.2)
Earnings per share EUR 0.37 (0.65)
Cash flow from operating activities EUR 232 million (470)
Dividend proposal EUR 0.48 per share (0.48)
Order intake declined despite sequential improvement in Q4

Fourth quarter development

Order intake by business area
- Wärtsilä Marine: 61% (55)
- Wärtsilä Energy: 39% (45)

Order intake by business type
- Services: 46% (37)
- Equipment: 54% (63)

Fourth quarter 2019 development:
- Rolling 12m, MEUR:
  - Q118-Q418: 6,000
  - Q218-Q119: 5,000
  - Q318-Q219: 4,000
  - Q418-Q319: 3,000
  - Q119-Q419: 2,000

Q4 order intake: 1,555 (17% decrease from Q418)
Net sales growth in marine equipment and services offset the decline in energy equipment

Fourth quarter development

- **Net sales by business area**
  - Wärtsilä Marine: 39% (46)
  - Wärtsilä Energy: 61% (54)

- **Net sales by business type**
  - Services: 56% (52)
  - Equipment: 44% (48)

Rolling 12m, MEUR

- Q118-Q418: 5,200
- Q218-Q119: 5,000
- Q318-Q219: 5,000
- Q418-Q319: 4,800
- Q119-Q419: 5,200

Fourth quarter 2019 and comparison 2018

- Q4 2019: +10%

- Q118-Q119: 1,532
- Q218-Q119: 1,684

30 January 2020
Book-to-bill
Order book distribution

Comparable operating result still burdened by project cost overruns

* The operating result for 2019 includes a charge related to cost overruns in certain large and complex project deliveries in the Marine and Energy businesses:
  - EUR 84 million in January-September, of which EUR 17 million recognised in Wärtsilä Marine and EUR 67 million in Wärtsilä Energy
  - EUR 152 million in January-December, of which EUR 51 million recognised in Wärtsilä Marine and EUR 101 million in Wärtsilä Energy
Cash flow from operating activities

MEUR

2015  2016  2017  2018  2019

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30 January 2020
RESULT PRESENTATION 2019
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>2015</td>
<td>543 MEUR</td>
<td></td>
<td></td>
<td>10.8%</td>
</tr>
<tr>
<td>2016</td>
<td>490 MEUR</td>
<td></td>
<td></td>
<td>10.2%</td>
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<tr>
<td>2017</td>
<td>563 MEUR</td>
<td></td>
<td></td>
<td>11.5%</td>
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<tr>
<td>2018</td>
<td>581 MEUR</td>
<td></td>
<td></td>
<td>11.2%</td>
</tr>
<tr>
<td>2019</td>
<td>732 MEUR</td>
<td></td>
<td></td>
<td>14.2%</td>
</tr>
</tbody>
</table>
Gearing

* Excluding the impact of lease liabilities, gearing amounted to 0.22.
Earnings and dividend per share

*Proposal of the Board

Figures for 2015-2017 have been restated to reflect the increased number of shares.
Market sentiment still cautious – improvement in specialised vessels

Total vessel contracting

- Merchant
- Offshore
- Cruise and Ferry
- Special vessels
- 3 months moving average in CGT

Specialised tonnage

- Offshore
- Cruise and Ferry
- Special vessels
- LNG carriers
- LPG carriers

Source: Clarksons Research, contracting as per January 8th, 2020
CGT= gross tonnage compensated with workload
Order intake development

Fourth quarter development

- **Equipment order intake by segment**
  - Cruise & Ferry: 53%
  - Offshore: 13%
  - Navy: 21%
  - Special Vessels: 4%
  - Merchant: 1%
  - Gas carriers: 1%
  - Others: 5%

- **Services order intake by segment**
  - Cruise & Ferry: 28%
  - Offshore: 24%
  - Navy: 11%
  - Special Vessels: 2%
  - Merchant: 11%
  - Gas carriers: 15%
  - Others: 9%
Marine installed base covered by long-term service agreements

Number of MW under agreement and % of Marine installed base for the years 2014 to 2019.
Net sales development

QTD, MEUR

Rolling 12m, MEUR

Fourth quarter development
EUR 1,020 million (831)

- Spare parts: 53% (45)
- Field service: 23% (26)
- Service agreements: 13% (17)
- Service projects: 5% (6)
- Wärtsilä Marine, equipment: 6% (6)
• Wärtsilä Fleet Operations Solution (FOS) will be rolled out to Anglo-Eastern’s global fleet of more than 600 vessels
• The solution integrates individual processes to optimise voyage planning, weather routing, fuel consumption, and the speed of a vessel
The total market, including also power plants with prime movers above 500 MW, remained stable at 43.0 GW during the twelve-month period ending in September 2019 (42.8 at the end of June). Market shares are calculated on a 12 months rolling basis. Market data includes all Wärtsilä power plants and other manufacturers’ gas and liquid fuelled gas turbine based power plants with prime movers below 500 MW, as well as the estimated output of steam turbines for combined cycles. The data is gathered from the McCoy Power Report. The main gas turbine competitors are GE, Siemens, Mitsubishi, and Ansaldo. Other combustion engines are not included.
Order intake development

Fourth quarter development

- Equipment order intake by segment:
  - Utilities: 25%
  - Independent Power Producers: 11%
  - Industrials: 23%
  - Others: 41%

- Services order intake by segment:
  - Utilities: 16%
  - Independent Power Producers: 32%
  - Industrials: 26%
  - Others: 26%
Orders received for energy equipment globally

Order intake 1-12/2019: 1,980 MW (2,911)
Energy installed base covered by long-term service agreements

Wärtsilä signed a spare parts supply agreement in the Dominican Republic

• The service agreement covers all three Wärtsilä power plants owned and/or operated by EGE Haina, which total approx. 400 MW in installed capacity

• The agreement will allow accurate predictability of spare part and maintenance costs

*Includes agreements covering both installed assets and assets to be installed in the future
Net sales development

Fourth quarter development
EUR 664 million (701)
• Wärtsilä secured the first order of the innovative Modular Block solution, to be delivered to an off-grid gold mine in Mali

• The solution will replace the existing diesel generators, create substantial monthly savings in fuel costs, and facilitate the integration of renewables into the mine’s energy system
The demand for Wärtsilä’s services and solutions in 2020 is expected to be somewhat below that of 2019.

Demand by business area is anticipated to be as follows:

• Soft in Wärtsilä Marine Business
• Soft in Wärtsilä Energy Business
THANK YOU

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