WÄRTSILÄ CORPORATION

CARNEGIE NORDIC CAPITAL GOODS SEMINAR

14.3.2018

Marco Wirén, CFO
THIS IS WÄRTSILÄ

OUR BUSINESS AREAS

Energy Solutions

Marine Solutions

Services
Order intake growth in all businesses

MEUR

2013 2014 2015 2016 2017

Marine Solutions
Energy Solutions
Services
Solid net sales development

MEUR

2013 2014 2015 2016 2017

Marine Solutions 27% (35)
Energy Solutions 28% (20)
Services 45% (46)
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.
INCREASING DEMAND FOR CLEAN AND FLEXIBLE ENERGY

DEMAND FOR SMART AND SAFE TRANSPORTATION

ENERGY

INCREASING DEMAND FOR CLEAN AND FLEXIBLE ENERGY

MARINE

DEMAND FOR SMART AND SAFE TRANSPORTATION

INCREASED CUSTOMER VALUE

Wärtsilä as a Service

Enabling sustainable societies with smart technology

Life cycle optimisation

Innovative solutions

Energy efficiency

Strong presence in growth markets

High performance culture

Operational excellence

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Strong presence in growth markets

High performance culture

Operational excellence
We are where our customers need us to be
11,000 service professionals in 80 countries, 160 locations…
Services’ sales development

- Merchant: 22%
- Cruise & ferry: 15%
- Navy: 8%
- Power plants: 39%
- Offshore: 8%
- Special vessels: 8%
- Offshore: 8%
- Merchant: 22%

MEUR

- 2013: 1 765 MEUR
- 2014: 1 906 MEUR
- 2015: 2 004 MEUR
- 2016: 2 208 MEUR
- 2017: 2 498 MEUR
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**
Strategic focus areas

- CUSTOMER FIRST: Growth in existing business by improving customer loyalty
- GO DIGITAL: Growth through optimising customer performance
- ASSET & LIFECYCLE MANAGEMENT: Growth through value-adding lifecycle services & projects
- NEW CUSTOMER ACCESS: Growth beyond the traditional Wärtsilä installed base
Energy markets shifting to renewable power

**OECD Gross annual capacity additions**

**Non-OECD Gross annual capacity additions**

Source: Bloomberg New Energy Outlook 2017

Note: Other flexible capacity includes e.g. gas, batteries and other technologies built for peaking purposes. Others include: coal, oil, nuclear, hydro and other renewables than wind or solar.
Energy Solutions’ order intake

<table>
<thead>
<tr>
<th>Year</th>
<th>MEUR</th>
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<tbody>
<tr>
<td>2013</td>
<td>1200</td>
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<td>2014</td>
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<td>2015</td>
<td>900</td>
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<td>2016</td>
<td>1500</td>
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<td>2017</td>
<td>1800</td>
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</tbody>
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- **Americas**: 26%
- **Europe**: 11%
- **Africa and Middle East**: 16%
- **Asia**: 47%
Market for gas and liquid fuel power plants, <500 MW

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.

<500 MW market volume last 12 months: 20.1 GW (25.2)
Total market volume last 12 months: 46.8 GW (54.9)
GLOBAL ENERGY SYSTEMS INTEGRATION

LNG INFRASTRUCTURE
ENGINE POWER PLANTS
ENERGY STORAGE & SOFTWARE
SOLAR PV & HYBRID POWER PLANTS
Vessel contracting development

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

MEUR

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

Bar chart showing order intake from 2013 to 2017:
- 2013: 1,600 MEUR
- 2014: 1,800 MEUR
- 2015: 1,500 MEUR
- 2016: 1,200 MEUR
- 2017: 1,500 MEUR
Developing technologies that enable a Smart Marine future
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
OUR LONG-TERM FINANCIAL TARGETS

Grow faster than global GDP
Focus on strengthening our position in strategic growth markets

Reach 14% profitability
Enhanced performance through continuous improvement

Maintain gearing below 50%
Unleveraged balance sheet supports growth through acquisitions

Dividend ≥50% of EPS over the cycle
Committed to providing solid shareholder returns
THANK YOU!

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