WÄRTSILÄ CORPORATION

DANSKE BANK NAVIGATING THE NORDICS 2017

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This is Wärtsilä
Net sales by business 1-3/2017

ENERGY SOLUTIONS, 24%
MARINE SOLUTIONS, 28%
SERVICES, 49%
Net sales and profitability

First quarter development

Figures for 2012-2013 include both discontinued and continuing operations.
OUR STRATEGY FOR PROFITABLE GROWTH

ENERGY SOLUTIONS

- Gas based technology
- Energy efficient solutions
- Strong presence in growth markets

MARINE SOLUTIONS

- Entrepreneurial drive
- Customer-centricity
- Innovative solutions
- High performing organisation

SERVICES

- Passion for doing right

ENABLERS

- Continuous improvement

VISION

GLOBAL TRANSPORTATION NEEDS

ENERGY DEMAND

GROWING
>4,700 power plants in 176 countries

* December 2016
Market trends & drivers

- Economic growth, electrification and increased standard of living
- Growth in sustainable energy and reducing carbon emissions
- Rapid growth of intermittent renewable generation and escalating demand fluctuation
- Natural gas replacing other fossil fuels
- Ageing installed capacity driving investments in new technologies
Strong ordering activity in Energy Solutions

First quarter order intake by fuel in MW

- Gas: 76%
- Oil: 24%

**2013**: Q1 400 MEUR, Q2-Q4 800 MEUR
**2014**: Q1 300 MEUR, Q2-Q4 1000 MEUR
**2015**: Q1 200 MEUR, Q2-Q4 600 MEUR
**2016**: Q1 150 MEUR, Q2-Q4 1000 MEUR
**2017**: Q1 250 MEUR, Q2-Q4 500 MEUR

**Gas**
- 2013: 30%
- 2014: 30%
- 2015: 25%
- 2016: 25%
- 2017: 25%

**Oil**
- 2013: 70%
- 2014: 70%
- 2015: 75%
- 2016: 75%
- 2017: 75%
Market for gas and liquid fuel power plants, <500 MW

<500 MW market volume: 26.1 GW (26.2)

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.
CAPTURING GROWTH THROUGH GLOBAL SYSTEMS INTEGRATION

LNG INFRASTRUCTURE

ENGINE POWER PLANTS

SOLAR PV, STORAGE & HYBRID POWER PLANTS
MARINE SOLUTIONS THE MOST COMPLETE MARINE OFFERING ON EARTH
Marine market environment continues to be soft

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

First quarter development
Total EUR 322 million (379)

- Gas carriers 33%
- Cruise 23%
- Special vessels 6%
- Ferry 4%
- Traditional merchant 19%
- Offshore 3%
- Others 4%
- Navy 8%
Strategy

LEADER IN

EFFICIENCY

GAS AND DUAL-FUEL SOLUTIONS

ENVIRONMENTAL SOLUTIONS

THROUGH OFFERING

• **Lifecycle solutions** for ship owners and operators
• **Integrated solutions** for the shipbuilding industry, owners and operators
• The best customer value and customer experience in the marine industry
We are where our customers need us to be
11,000 service professionals in 70 countries, 160 locations…
Market trends & drivers

• Installed base development and installation utilisation
• Growing importance of gas as a fuel
• Need for real time monitoring and analytics
• Need to increase uptime and availability
• Focus on efficiency
• New and stricter regulations
• A dynamic global market, but with distinctive segment-specific and local needs
Stable development in Services’ net sales

MEUR

2400
2200
2000
1800
1600
1400
1200
1000
800
600
400
200
0

2013 2014 2015 2016 2017

Q1 Q2-Q4

Q1: MEUR 490 (500)

Merchant 24% (26)

Power plants 37% (35)

Cruise & ferry 16% (14)

Navy 9% (9)

Offshore 7% (9)

Special vessels 7% (7)
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

- Percentages: 0%, 5%, 10%, 15%, 20%, 25%, 30%
Four clear strategic initiatives for growth

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Growth in existing business by improving customer loyalty

Growth through optimising customer performance

Growth through value-adding lifecycle services & projects

Growth beyond the traditional Wärtsilä installed base
Wärtsilä’s digital transformation

Integrated product solutions
(Eniram, Genius, UNIC)

Building blocks for digitalisation
(Smart sensors, simple user interfaces)

Productivity enablers
(Engine component traceability, parameter management)

Manufacturing models
(Robotics, Manufacturing execution system, 3D printing)

Infrastructure enablers
(Simulation clusters, connectivity, big data storage, cyber security)

Diverse research areas
(Engine simulation models, performance, big data analytics, IoT)
Prospects for 2017

The overall demand for Wärtsilä’s services and solutions in 2017 is expected to be relatively unchanged from the previous year. Demand by business area is anticipated to develop as follows:

• Solid in Services with growth opportunities
• Good in Energy Solutions (upgraded from solid)
• Soft 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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