WÄRTSILÄ CORPORATION
BANK OF AMERICA MERRILL LYNCH

18 MARCH 2016
Jaakko Eskola,
President & CEO
THIS IS WÄRTSILÄ

ENERGY SOLUTIONS 22%

MARINE SOLUTIONS 34%

SERVICES 43%
Net sales and profitability

EBIT is shown before non-recurring items. Figures for 2011-2013 include both discontinued and continuing operations.
Order intake

MEUR

2011 2012 2013 2014 2015

Services
Marine Solutions
Energy Solutions

14%
-8%
-22%
We aim for faster than market growth

Megatrends drive demand for our solutions

Strong presence in growth markets

Opportunities in strategic focus areas

Strengthening market position through acquisitions
58 GW of installed power plant capacity in 175 countries

* December 2015
Market trends & drivers

- Economic growth, electrification and increased standard of living
- Demand for sustainability and reducing carbon emissions
- Rapid growth of intermittent renewable generation and escalating demand fluctuation
- Increasing role of natural gas
- Ageing installed capacity
Order intake

Development 2015
Total EUR 1,009 million (1,293)

Order intake by fuel in MW

Utilities
IPPs (Independent Power Producers)
Industrials

Oil 54%
Gas 46%

Q1-Q3
Q4
Market for gas and liquid fuel power plants, <500 MW

<500 MW market volume: 17.0 GW (16.5), +3%
Total market volume: 43.9 GW (37.7), +16%

Market data includes all Wärtsilä power plants and other manufacturers’ gas and liquid fueled 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.
Strategic goals

Grow strongly in large utility gas power plants

Maintain leading position in flexible baseload power plants

Grow in small to medium scale LNG infrastructure projects
THE MOST COMPLETE MARINE OFFERING ON EARTH
Market trends & drivers

- Marine trade and transportation growth
- Demand for environmental solutions and gas as a marine fuel
- Energy efficiency, operating performance and security
- Investments in exploration and production of offshore oil & gas impacted by oil price development
Vessel contracting activity remains low

Source: Clarkson Research Services, figures exclude late contracting
* CGT= gross tonnage compensated with workload
Order intake

Development 2015
Total EUR 1,599 million (1,746)

- Gas carriers: 38%
- Cruise & Ferry: 15%
- Traditional merchant: 18%
- Special vessels: 10%
- Offshore: 8%
- Others: 6%
- Navy: 4%

Order intake in MEUR:
Strong position in marine engine market

Medium-speed main engines

- Wärtsilä 59% (63)
- MAN D&T 16% (8)
- Caterpillar 7% (13)
- Others 18% (16)

Total market volume last 12 months: 3,246 MW (4,519)

Auxiliary engines

- Wärtsilä 12% (9)
- Others 88% (91)

Total market volume last 12 months: 4,668 MW (3,986)
Growth opportunities in marine markets

Gas and dual-fuel solutions

Broader scope of supply

Efficiency

Environmental solutions
ACQUISITION OF L-3 MSI STRENGTHENS WÄRTSILÄ’S POSITION IN AUTOMATION AND ELECTRICAL SYSTEMS
Global network

11,000 service professionals in 70 countries, 160 locations…

Marine installed base by operating country
Power installed base by operating country
Service locations
Market trends & drivers

- Development of installed base and installation utilisation
- Growing importance of gas as a fuel
- Need for real-time data
- Downtime avoidance
- Focus on efficiency
- New and stricter regulations
All time high net sales

Review period development
Total EUR 2,184 million (1,939)

- Spare parts 51% (51)
- Field service 23% (25)
- Agreements 16% (16)
- Projects 10% (9)
Development of service agreements

- MW under agreement – Energy Solutions
- % of Energy Solutions’ installed base
- MW under agreement – Marine Solutions
- % of Marine Solutions’ installed base
Strategic focus areas

Customer first
We will nourish our partnership with our existing customer base

Go-digital
We will digitalise our customer engagement

Asset & lifecycle
We will continue to develop and commercialise our portfolio of value-adding services
Prospects for 2016

Wärtsilä expects its net sales for 2016 to grow by 0-5% and its operational profitability (EBIT% before non-recurring items) to be 12.5-13.0%.
WE ARE DEDICATED TO REACHING OUR LONG-TERM FINANCIAL TARGETS

Grow faster than global GDP
Reach 14% profitability
Maintain gearing below 50%
Dividend of at least 50% of EPS over the cycle
THANK YOU

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