

Wärtsilä's Financial Statements Bulletin 2020

Natalia Valtasaari: Welcome Wärtsilä's fourth quarter earnings call. My name is Natalia Valtasaari, I'm head of investor relations here at Wärtsilä and I'm joined here today by Jaakko Eskola, who is president and CEO. Before I let him take over and run through the results themselves, just a few words on the Q&A session, which we will have later on in this presentation. In order for you to enter the questions queue, please use the raise your hand function and when the moderator calls your name, please remember to un-mute your microphones and then lower your hand once your question has been asked. If you do experience any audio issues, there is a chat function and I'll try to raise those questions during the session as well. And then finally, I'm sure that we'll have a lot of questions coming in. So please do limit yourselves to one question, one follow-up and then re-join the queue if you have any further questions that you'd like to go through. With that, I'll let Jaakko take over.

Jaakko Eskola: Thank you, Natalia. And good morning, everybody, and welcome to the Result Presentation 2020. I'll have with me here in Helsinki Campus Atte Palomäki, and Natalia, as you saw, and then on the lines the whole Board of Management. So we are ready to answer all your questions, and they will help me with detailed analyses of the businesses.

Let me start with this slide and really the title "A Year by Covid-19 related uncertainty". 2020 was an unprecedented year, with Wärtsilä's end markets heavily affected by the covid-19 outbreak and the measures taken globally to contain the pandemic. Deteriorating macroeconomic conditions have caused our customers in both of our end markets to re-evaluate their capital and operating expenditures, expenditure plans. Vessel contracting, as you know, has decreased to record low levels. Investments in new power plant capacity were postponed and maintenance activities were pushed out as the utilization of installations declined and travel restrictions limited the mobility of service engineers. If you look at this backdrop, I'm happy to see that we have had resilience in the demand for storage solutions and the acceleration of the marine market's digital transformation was especially encouraging. Some of the key figures and, first of all, order intake. The decline in order intake reflected the uncertainty in our market environment and demand decline in the Cruise segment continued to represent

the main challenge in Marine power and Voyage affecting both equipment and service orders. Marine systems' order intake was heavily impacted by reduced fuel spreads, lowering demand for our scrubber or our customers scrubber investments, while energy order intake was affected by the slowdown in economic activity. Some signs, as I mentioned, of market stabilisation we are seeing towards the end of the year and specifically in our storage solutions. If you look at net sales 2020 decreased because of lower service volumes and the disruption to equipment deliveries, profitability for the full year came in well below that of 2019. The main reasons being volume and less favourable sales mix under absorption of fixed cost and covid-19 driven cost inflation. We have mitigated the financial effects of covid-19 by implementing actions in the form of reduced discretionary spending, work time reductions and temporary layoffs. During the year, we said that these resulted in temporary cost savings of around 100 million euros, which was being recognized during the year. And I mean, this all was like we initially expected.

If you look at this slide, one of the highlights of 2020 was definitely our cash flow. It's a record high number, almost 700 million. I haven't seen that high a number during my years in Wärtsilä and heavy focus has been on our working capital and of course, looking at our customer relationships and the supplier situation. And these will be and will continue during 2021. A detailed focus on cash flow from our operating activities. Dividend proposal per share this year is 0.20.

A couple of slides, more detailed slides about the markets. Here, you can see vessel contracting. In December, we saw some increase, or in November to December, in vessel contracting. But we are still at very low numbers. And specifically in December, we saw merchant vessel contracting picking up a bit and also LNG carriers. And today you can see we announced one major transaction also related to the new LNG vessels. And with all these LNG vessels, some special tonnage, as you see also here, there, of course, the future always brings quite steady service income going forward.

Energy market. This is the slide we used to show about our market share. The situation has stabilised during 2020 and our market share development has been quite steady. Order intake as such in Wärtsilä group, you can see from the right side of the slide that the Marine power went down, energy went up and then services, which is a good sign, services order intake increased. So that's, of course, a good sign for future

development. The order book as such has been coming down during these difficult years, it's still a bit over five billion. And then when you look at the delivery schedule. This year, we are starting the year a bit behind compared to last year. And of course, that has to be taken into account when you look at the possibilities to get new orders during the year.

Net sales again, services on the fourth quarter was developing a bit better. I mean, all net sales on almost every business has been decreasing, but services itself in the fourth quarter picking up a bit better. But as we said during the year, several times that, I mean, the whole year has been extremely challenging. And we expected that the fourth quarter is picking up a bit, but we will not see and we didn't see anything like we used to have during earlier years.

And as I said earlier, the comparable operating result was also affected heavily by the covid-19 and related issues.

Cash flow, very strong, as I said, record high.

And here you can see also the earnings per share and now the dividend proposal by the Board of Directors for the AGM.

A bit about the businesses: Marine power. I mean, as I said, every business you see decreasing numbers and mainly effected by the start of the year by covid-19. Here in Marine power, order intake decreased, sales decreased. I mean, we have a lot of fleet idling going on in the sector. And customers are really adjusting their needs: when and where to invest. And then you see it also what comes to the Marine power net sale development that if one of the segment like Cruises is not doing quite well, it will definitely affect Wärtsilä's numbers.

Comparable operating result also decreased. And there we had a less favourable sales mix and also the weak fixed cost absorption affected our profitability.

Net sales from installations under agreement and I have always said that this is quite important, slide to show and here, of course, when covid hits our customers, then they are not sailing their ships. That will also impact our service levels. Marine systems, as

you know, has four businesses, scrubbers, electrical systems, gas solutions, and shaft line solutions, a lot of postponed customer decisions. We have seen some order orders moving from 2020 to 21. And of course, the reduced fuel spread is hitting the exhaust gas business orders heavily. At the same time, we have been delivering last year our products and solutions. So customers and that has definitely also helped our result in the Marine system business overall. Then if you start comparing, it's good to remember, in 2019 the result was weakened by some of the gas solution projects.

Voyage, the business where we see the future, where we still are investing heavily. A lot of our Voyage solution projects are going to ferry and cruise business. And if those businesses have been down, it has affected the order intake. And also sales was affected because of lower service business and transactional service and also approach postponement. The profitability of Voyage is still negative, and we are investing in our digital competencies. As we have said earlier, we need to look at the EBITA level and during the next couple of years, I hope sooner than later. I mean, we need to turn this this business positive. And there is a lot of actions going on in that transition.

Here you see also one important slide when you look at our Voyage business, which is the connected vessels, and that has been doubling and increasing very much during the year with nice deals like these UltraShip fleet applications, I mean, that will finally pay out.

Energy, as such, order intake increase, but not so much as in the Marine businesses and here the slowdown in the economic activity has definitely hit us. Storage market, you have seen the resilience I already mentioned that one. And now going forward, I think storage plays an important role, but also the renewable transition, where Wärtsilä has great solutions to our customers.

Operating result was also hit. And here we see some delivery delays, OK, hitting the fixed costs on the factories, as the same factories we are building our Marine and Energy engines. And then if you compare also 2019 and 20, it's good to remember these cost overruns we had and last year when we have been delivering out those projects with zero margin.

Service installed base stayed the same level, but you have been reading some of the news of quite nice transactions with our customers. The example here is from Papua New Guinea, where we got the 10-year service agreement with our customer.

Final slide: Prospects for 2021. We expect that the near term Q1 demand environment to be similar of that of the previous year, so last year. And at the same time, we have been hoping, of course, the vaccination coming in and helping some of our customer segments. But at the same time, I need to say that the conditions, the experience we hear every day, that the prevailing market conditions make the outlook uncertain. And this is everything we can say at the moment. With this slide, I let you all to start asking questions and, as Natalia said, one or two questions and then you can go back to the line. But please.

Moderator: Good morning. My name is Mikko Miettinen and I'm your moderator this morning. Welcome. First question on the line we have Andreas Willi, J.P. Morgan. Please.

Andreas Willi: Can you hear me?

Jaakko Eskola: Yes, now we can hear you.

Andreas Willi: Sorry. Good morning Natalia and Jaakko. Jaakko, I wish you the best in your next chapter after retiring as CEO.

Jaakko Eskola: Thank you.

Andreas Willi: I only have one question, a bit longer maybe, but I would like to better understand the profit development in 2020 so we can also better understand the potential recovery going forward. If you look at the 2019 base and reverse the charges out, comparable operating profit was slightly above 600 million compared to 274 for 2020. You had 100 million temporary savings in 2020 as well. So, if we leave them to a side, profits fell by more than 400 million year on year. There is a negative mix on service in Marine, but energy service was fairly resilient. Maybe you could give us some information on the level of covid related extra costs you have. Maybe the impact on price pressure year on year and other factors that we would have to consider to better

understand the decline in profit. And maybe then also, what share of the hundred million you think you can keep in 2021 or turn into more permanent savings? Thank you very much.

Jaakko Eskola: Thank you, Andreas. And yes, I mean, the profitability was heavily affected by certain elements, as you mentioned. And if you look at... First of all, if I start with pricing pressure and the pricing pressure it is there. It's both in our markets, end markets, Marine and Energy. Marine. it's of course, when you look at the vessel contracting that you don't see so many so many ships coming out. And there is a huge price pressure what comes to the ships. And then, of course, it goes down to the suppliers. And we have been talking about it for years. And I don't know if it's getting even deeper. I mean, there are certain same players in the market trying to get the same deals. But definitely there is a pressure on the pricing. And then when you look at certain segments and products, of course, one profitable part of our business has been our scrubbers. There is price pressure on scrubbers. And of course, as you see, Voyage is still suffering with their profitability. Energy, of course, there's a little bit less, I would say deals and the deals are getting postponed or the decision making is not so fast. I don't know if that's creating any price pressure, but of course, every transaction you have in the market, you have the engine players, you have the turbine players and so on. So you need to create something more. And there of course, Wärtsilä services might bring something where the customer values our solutions. But price pressure definitely is there. Then you have the mix, as you mentioned, you have the service mix then and the and the new equipment mix.

And finally, I mean, if you look at the whole year. If the volumes drop, of course, that that hits definitely to the profitability. If service volumes drop that hits the profitability. I cannot give you an exact number of covid-19 related hits, but it's definitely at every business, at every sector. And it's hitting us because it's difficult, you know. I mean, you need to deal with some suppliers. You need to deal with the deliveries. You need to deal with service people and having extra time when they are quarantined and so on. And it really hits the I mean, the cost, of course, everywhere. Logistics is more expensive. And then finally, as I said, we have been delivering around 100 million net sales out with zero margin, which was also hitting us last year. About the temporary savings, we are at the moment when... As you saw, the outlook being the same. We are definitely looking very carefully at how to continue. We cannot start spending money

and, you know, expanding the operations before we start seeing that the markets are getting back. So very carefully now, looking at continuing some of the temporary cost savings, but at the same time looking at, is there something which we can actually restructure and continue with better, better efficiency. And as I said, there is a big program going on already or has been in our Voyage business, which definitely will turn the Voyage business faster to profitability than probably expected. But a lot of these items put together. It's a huge number, when you compare it to the 600 million spent what we did earlier.

Andreas Willi: Thank you very much.

Moderator: Ok, thank you. Next question on the line, we have Johan Eliason, Kepler Cheuvreux. Please, could you open your microphone?

Johan Eliason: Yes, hello.

Jaakko Eskola: Hello Johan.

Johan Eliason: You can hear me? Good. Excellent. So I was just wondering a little bit first on Energy side, I mean, market share has been stable 19-20, but there was obviously a somewhat of a drop from previous year. Is that related to engines lifting out versus the turbines or is there an engine competitor that you see has taken market share? And then secondly, they are talking about some positives as well. This LNG order, it seems like it's the main engines. I thought you sort of were closing down your main engine business or is this a special niche where your four-stroke engines are still applicable or what's the development there?

Jaakko Eskola: Thank you, Johan. And I can answer the Marine related first. Roger would probably be better, but I think the answer from Roger. Roger can come back later, I mean. But it's an arctic LNG. And in arctic waters, you still need four-stroke engine technology and it's a main engine. So six engines per vessel and six vessels first, then was it four options. So it's a huge deal. And really, this technology still continues. When you look at the arctic waters, you can't survive with two-stroke technology. So that's a major one and that's a positive one. But what comes to the energy and the competition price pressure, Sushil Purohit, the head of our Energy, he's

in Houston and it's early morning, but I hope Sushil is around and he could a little bit open up where we are with price pressure and competition.

Sushil Purohit: Thanks a lot Jaakko. Can you hear me? Good, yeah, thanks for the question. I think what we are seeing, of course, is we still continue to hold our markets share on the on the wider gas market and when it compares to the LNG players, we are the leader right now and we continue to be the leader. We of course, the price pressure is there. It's a tough market. There are there are only a number of projects. And those happen in the bigger, bigger capacity, but... [sound cuts off] ...at the same time, we do not really see a decline from the previous level. So the market levels are stable right now. What we are seeing, of course, when you talk about the energy transition moving forward, what we are seeing is the customer in the dynamic future, especially on the flexibility side, more and more. And we start to gain a bit more interest from the market compared to our gas turbine friends. So all in all, I would say, yes, the competition is tough. We are getting some interest from the market for our products because of the dynamic features and at the same time, we on the Engine side, we continue to hold the ground with our leadership.

Johan Eliason: Ok, thank you. Just to follow up on the LNG side, is there more arctic order potential in the near future as well?

Jaakko Eskola: Good question and Roger, now I let you to explain a little bit more about the LNG market, because it is one of the active segments and that's a good question, Johan. So, Roger, why don't you tell us more about LNG?

Roger Holm: Yes, thank you and thank you, Johan, for the question. Good morning to everyone. Yes, there are there are some still in the pipeline. Of course, the majority are not. So the majority of the LNG carrier orders are related to the normal operations. But there are still some in the pipeline as opportunities for arctic operations as well.

Jaakko Eskola: Probably the arctic route will be more important going forward. Thank you.

Moderator: Ok, next question on the line, we have Max Yates. Please.

Max Yates: Hi, can you hear me?

Jaakko Eskola: Yes, good morning Max.

Max Yates: Excellent, morning. So my first question was just around working capital, and obviously that's where you've done a very good job this year. I just wondered what you think is a sustainable level of working capital to sales going forward, and whether we should see a lot of this coming back into the business if we're in, if sales are flat next year. Do you think you can keep this level of working capital? Thank you.

Jaakko Eskola: Max, that's a very good question. And Arjen normally wouldn't have a possibility to answer too many questions. So I would let Arjen Berends, our CFO, who is now even here in Finland. So, Arjen, could you talk about working capital?

Arjen Berends: Yes, he's in Finland but in quarantine. Thanks, Max, for the question. The working capital, of course, depends on many factors and I don't think it's easy to give a, let's say, a ratio going forward. It depends, of course, very much on, let's say, which businesses is majorly in development, as we have seen in the past and going to 2019 and 18. And when we boost it significantly, let's say the scrubber business, that's totally gone today. We are actually delivering the order book out. So I think to give one ratio for Wärtsilä is basically impossible. It depends very much on which sector is moving and which sector is not moving. And that will drive the working capital. But we are really, let's say, focused on keeping it as low as possible and trying to get also, let's say, financed by our customers and suppliers to a large extent, and hopefully an increasing extent, getting good advance payments and also payment terms with you, with our suppliers.

Max Yates: Ok. Jaakko, just a quick follow up question. You talk about scrubbers previously being a sort of profitable business for you. Obviously, orders have been weak there, but I assume you were still delivering sales this year. I just wondered what the level of scrubber sales was this year. And it would also be helpful to know kind of the EBIT contribution, to understand obviously one of the headwinds into next year or into this year as other parts of the business obviously will do better. But that's clearly one that will have challenges. So that would be helpful.

Jaakko Eskola: Scrubber sales forecast this year... I mean, at this moment, I have to say that it's going to be lower than last year. Last year it was around 300, if I remember right then.

Max Yates: Correct.

Jaakko Eskola: But it's going to be... At this moment. I have to say that it looks like it will be less. On the other hand, if something happens to the spread, you would definitely... If you order now, you could still deliver this year. So let's see how it develops. I cannot forecast the exact number, but it's going to be less than last year. Profitability finally, of course. I mean, we I hope we will stay at the same level. Let's see how that finally goes out. And let's hope there will not be any postponements. But so far, I think the business has been doing quite well. But ultimately, if you look at end numbers, maybe we might be less profitable, or the profits will be less than this year.

Max Yates: And maybe just that, so some of the orders kind of compared to that 300 million, presumably they were much lower. Could you give us a sense of the orders this year and in 2020 that you had relative to that 300 million?

Jaakko Eskola: Or do we... No, no, I can't sorry. I was looking at Natalia, but no. Sorry.

Max Yates: Right, and would it be above Marine division leverage in terms of profitability, or should we view it as a sort of equipment business?

Jaakko Eskola: Historically, I can say that the profitability of the scrubber business. OK, now be careful. If you look at Marine power, which has a big service element of profitability, consolidated profitability is nice, high. If you have pure equipment business without any service, it's normally low. Scrubbers, we have had a better profitability level than in normal equipment business.

Max Yates: Ok, thank you very much.

Jaakko Eskola: Thank you, Max.

Moderator: OK, thank you. Next question on the line, we have Antti Kansanen, SEB. Please.

Jaakko Eskola: Antti, we...

Antti Kansanen: OK? Can you hear me now? Yeah, good morning, Jaakko and team, I have a bit of a broader question on capital allocation. You had a very strong or really strong cash flow last year. However, there is a kind of a substantial dividend cut to kind of protect the balance sheet. So if we think about capital allocation and M&A, for example, going forward, how do you see your technology portfolio, especially on the energy and the power plant division being a fit due to the energy transformation that we're seeing right now? Is there something to add technology wise that would be complementary? How should we think about that?

Jaakko Eskola: Thank you. And then before I let Sushil to probably open it a bit more, I would say that today we first need to solve the future of engines. And then I talk about the new fuels. So we are testing spending a lot of money running the engines with ammonia, which will definitely be the next step. And we are very close to that one. Of course, together with that one, you need to be able to run the engines with synthetic fuels. So the power to axe products and then finally, hydrogen. I mean, the trend is good. We will ultimately be there. I'm not going to give you an exact year. But development is good. We are mixing quite a lot of hydrogen today, the different gases and run the engines. So there we definitely will be investing and that will help our Marine power business ultimately too. What comes to other possibilities. And is it then something with the storage and so on. But Sushil could you give your opinion about this? Sushil Purohit.

Sushil Purohit: Thank you. Thank you, Jaakko, and thanks Antti for that question. I think Jaakko already touched upon the future fuels. So that I'm not going to talk too much about. When you talk about energy transition, currently, what is happening is, of course, there's a lot of investment on the renewables and renewables are intermittent. We have two technologies; one is Engines with dynamic future [sound cuts off] where we can start these engines and ramp up within a couple of minutes. And also ramp down. These are really good for the flexibility, flexible generation. And at the same time, we have also storage, which is which is an excellent one in our portfolio. So these two are

really going to be playing a major role in the future when, of course, the energy transition progresses. Right now, there's a lot of investment happening, of course, on the renewables. And we see now quite a bit of momentum on the energy storage. And hopefully in a couple of years we will see also quite strong... [sound cuts off] ...and on the engines, if I just give you an example, on South Australia, which is in the forefront of energy transition, where you talk about 60-70 percent renewable energy right now in the power systems. There, we delivered last year a gas speaker, a large gas speaker, which actually is then sort of helping the utility to integrate a lot of renewables. And the same utility, we have now been announced by them as one of the preferred vendors for their large energy storage program. So this is Australia, which is in the forefront of energy transition, which is an open market. And they are actually buying our technology, both engines, as well as storage. So we have two very, very good technologies in our portfolio. And of course, we will look out for other technologies when we are progressing in this transition and see what fits into our strategy and what adds more value towards our customers. But I think we have a pretty good portfolio right now. And the future fuel will, of course, reach the final push towards 100 percent renewable as we have been driving.

Antti Kansanen: Thanks. Can I ask a follow up for Sushil maybe regarding the US market? How do you see that evolving now given especially the role of LNG blue hydrogen, given the new administration, maybe the US has a bit more positive stance towards carbon capture than Europe, for example? So how does this impact your business and the engine technology as a storage and backup market?

Sushil Purohit: Yeah, thanks a lot, Antti, for that question, I think yesterday the president here has signed an executive order also. So we need to look at what it says. But clearly, I think that the new administration is going to do a lot of stuff on getting more and more renewables into the power system. And that will clearly sort of also increase the demand for flexibility. And we already see that the United States is moving pretty fast on the energy storage. We will start to see that also in our own order books. And then we are now expecting the same thing will happen going forward on the engine side, of course, carbon capture is going to be a solution in future fuels. We are talking about, you know, all kinds of other types of fuel. That will play a part in the in the mix as well. But we are in a transition. I think we must not forget and mean you cannot wake up to a 100-percent renewable tomorrow. There is there is a part that we need to we need to

look at. And, if you have seen, we have been working quite heavily in modelling different states, including California, and the fastest part towards a sort of carbon neutral future will have to include, of course, a tremendous amount of renewables, but flexible generation as well as energy storage. So we are looking at it with that with a lot of eagerness on how this will unfold now in terms of energy transition.

Antti Kansanen: All right, thanks so much.

Jaakko Eskola: Thank you, Antti.

Moderator: Ok, thank you. Next question on the line we have Antti Suttelin from Danske Bank. Please.

Antti Suttelin: Hi and thank you. Two questions: first, ship contracting. You said you observed some recover in November, December. The question I would have is, do you think this was one-off only or do you think this potentially could continue, meaning that the drop would have been passed by now in an inaugural ship contracting? That's my first question, please.

Jaakko Eskola: Thank you, Antti. And now Roger Holm, head of our Marine power, would probably be the right person to talk about contracting and how does it look going forward.

Roger Holm: Thank you Antti for the question. And yes, it was slightly better in Q4 and especially towards the end of the year on vessel contracting. I think the estimate is some slight improvements in 2021 compared to 2020. And I think that should happen. It has been so low levels for quite some time and they run lower now during 2020. I don't expect huge movements, but looking at it now, we would see some slight recovery on the contracting volumes.

Antti Suttelin: Ok, thank you. And then I guess Jaakko question, you closed the year with a lower order book year over year. Does this now mean that that 2021 sales will inevitably fall? Is there any chance that new order intake could be so strong that sales wouldn't fall this year?

Jaakko Eskola: Thank you, Antti, and that's a very good question. The starting point, as I said, is lower than last year. But hearing and looking at our organisation and our sales people, I hope it will not be. But as you know, we don't guide sales numbers or profitability numbers. Visibility is really, really bad. The market conditions are really shaky. And I only wish. And then let's see when we continue. I mean, how more would we know in April and so on. We are ready. We are spending a lot of R&D to new products, new ideas to help our customers. And then, as you know very well, that we need to get also service levels. I mean, that's one element with our customers, the transactional business which you goes through the whole, every year. And certain segments. I mean, this is so easy to calculate that if ships are not sailing, you don't get too many transactional service business. But the moment they go out, the moment there is a ship which is even half empty, goes out, cruise ship or ferry or any kind of a ship, the engines are running and that will mean more business. So let's see how months go on and hope that sailing will continue to increase month by month.

Antti Suttelin: Ok, thank you, understood and all the best Jaakko.

Jaakko Eskola: Thank you, Antti.

Natalia Valtasaari: I think the moderator is giving me an opportunity to ask a question here that's come in from the lines. So from the line of Daniela Costa, she asks...

Jaakko Eskola: Sorry, Natalia this is echoing. I can't hear.

Natalia Valtasaari: Is it better now?

Jaakko Eskola: Oh, yeah, OK, let's try

Natalia Valtasaari: I'll try to be slow. So the maybe the echo doesn't disturb. Daniela asks how much the cost overruns and Marine and energy are affecting the EBIT in 2020 and how much is still expected to impact in 2021.

Jaakko Eskola: And now we are cost overruns and now we are talking about our problem projects. And ok I don't have a number exactly how much it affected 2020. But going forward... As we said earlier, most of... I mean, we said that 100 million of us

going out in 2020 with zero margin. So that's something which everybody should remember. And now almost everything is out there. There are a couple of projects which will be finalized this year. But they will not, or shouldn't, they will not affect or have a major impact on profitability this year anymore. But there are a couple of projects still where the final handover is this year.

Natalia Valtasaari: Thank you, Jaakko. And then one follow up question from her on the portfolio business, she asks what the prospect for timing is to divest the remaining portion of the portfolio business.

Jaakko Eskola: Yeah, that's a that's a good question. And our portfolio business and as we announced the we sold our entertainment business, which has always been a little bit strange business to be in. But Tamara De Gruyter, head of Marine Systems, and at the same time looking after our Portfolio business and the divestments. Tamara, you are in Holland. I hope not in quarantine, but probably not too much able to move anywhere. But please, could you open up a bit about the portfolio business and the future.

Tamara De Gruyter: Thank you, Jaakko. And good morning to everyone and thank you for a good question, Daniela. I think with the portfolio business, we managed to digest three of our business units last year. And as Jaakko said, we last week signed the divestment of our entertainment business. So we still have four business units left in portfolio business. And it's always a bit difficult to estimate the exact timing of that. And it also depends a bit on the situation in the total market with the covid and how many interested buyers we have. I would say that the forecast at this moment is that we would expect that the majority of the businesses we could sell in this year may be one slipping through to 2021. But yeah, it is a bit uncertain and we are preparing them for exiting and working hard. But the exact timeline is difficult to get. The majority should be in this year.

Jaakko Eskola: And slipping to 2022.

Tamara De Gruyter: Sorry, yes, 2022.

Jaakko Eskola: Thank you, Tamara.

Natalia Valtasaari: From RBC, on the Voyage business, when do we expect voyage business to break even, and how much sales volume do we need to see before it starts to turn profitable?

Jaakko Eskola: Yeah, Voyage, as already said, we need to look at the EBIT numbers, but Sean hasn't been able to answer any questions yet. Sean Fernback from Germany I think, are you in Berlin or Hamburg? Please.

Sean Fernback: I'm in Berlin, good morning. Yes. Well, so Voyage is, as you may know, is a collection of very interesting companies that have been acquired since 2014. And the business took the decision to carve it out from the larger Marine business, which was effective July 1 this year, just after I came in. And that's really allowed us to get a much better visibility around the cost structure, of which, as it stands today and as Jaakko alluded to earlier, there's a very, very significant program underway to address some of that and look at some of the waste in the business. And a lot of that is a result of really not doing the synergy exercises, as you would do normally post acquisition. So there's that like say there's a lot of work going on there. And I think the second thing I would say is that we have a very, very broad portfolio of products and services and quite a mix in the sense that some very forward looking innovations to address the market in the industry as it changes through this journey of digitalisation, but also some that are some legacy products and services that we carry and carry very low margin and high cost and therefore sort of destroy a bit of value in the business. So, again, in this in this current program of transformation, we are looking at reshaping that portfolio to very much address the needs of the business of the market and the industry as we see it changing going forward, as we see carbonisation coming, more and more under pressure with our operators, as we see the need for more autonomous solutions being required by certain inhibitive operators. And that's helping us take decisions around shaping the portfolio. And I believe in doing so. Then the business will start... Those numbers will start to improve significantly. So we're comfortably optimistic that we will end the year in a lot better shape than we did in 2020. So I think I would leave it at that for now.

Jaakko Eskola: Thank you, Sean.

Natalia Valtasaari: And then a second question still from Sebastian on the storage market. He is asking around the margins of the business, but they're not, it's fair to assume that this is a path to item and thus how is the margin of the storage business.

Jaakko Eskola: Margins in storage business and Sushil, would you be able... Of course we don't guide margins or say exactly where our margins are. But Sushil, could you elaborate a bit about storage and margins.

Sushil Purohit: Thank you. Thank you for the question. I think, like Jaakko said, we can't, of course, guide the margins. What we see is it's a growth market right now. We see strong growth in that market. Maybe the margins are slightly below our normal engine projects. But what we are also seeing is there's a tremendous amount of activity on the sourcing side. When you talk about the storage, prices are declining. So it's very difficult to really guide on margin as such. At the same time, I think we if you look at the point of going into the market, it's not only us, but from the from the electric vehicles or the big scale energy storage and behind the meter energy storage. There's a lot of activities going on. And we are seeing strong growth. And even in our own order books, we are we are seeing, as Jaakko mentioned, the market has been resilient in spite of the headwind we faced from the covid in other sides. So we are hoping that when the volumes are going to be strong, we will also be able to get the margins to a pretty good level.

Jaakko Eskola: Thank you, Sushil.

Natalia Valtasaari: And then one more question from Tomi Railo at DNB. He asks about the cruise market. Have you started to experience a pickup in cruise service? What do we hear from cruise operators and what is the outlook for 2021?

Jaakko Eskola: Yes, cruise business and Roger. I mean, it's a business which is important to us. And definitely we need to follow very, very carefully. Roger Holm, head of Marine Power. Please.

Roger Holm: Thank you Tomi for the question, and I don't think we expect in Q1, big movements on cruise, In Q4, saw some small activities on the service side, but it's still on a very limited level. As we see it today, I would hope that we will start to see some

more activity on that part in Q2. But, of course, it's very much connected to how fast the vaccinations can be rolled out in the customer target segments. And that will determine a lot on how we will see a gradual ramp back of cruise activities during then the whole remaining part of 2021.

Jaakko Eskola: Thank you, Roger.

Natalia Valtasaari: Those were all the questions I had received. Moderator, are there any questions on the line still?

Moderator: Yes, next one, we have Erkki Vesola from Inderes. Please.

Erkki Vesola: Hi, good morning. Can you hear me?

Jaakko Eskola: Yes Erkki, please.

Erkki Vesola: Good about the storage or the storage, all the orders you are getting. That's obviously an increasing part of your energy business. But how about the aftermarket side of this? Is there any maintenance business once the storage solutions have been delivered or are we just talking about, say, potential GMS upgrades?

Jaakko Eskola: Thank you, Erkki. And again Sushil, a lot of questions to Energy. So you are busy now. Sushil Purohit, something about storage and services.

Sushil Purohit: Yeah, ok, I think on the services side, of course, we you know, most of our energy storage projects that we are now taking into our order books are always associated with the long term, long term service agreement. So that is good. Of course, these types of products are not requiring a lot of service and a lot of parts as we do it in the engine side. But we are we're making the first steps in providing services going forward. We are, of course, working on various things to see what added value we can bring in terms of providing our customers support on managing and not only the storage aspects, but also sort of managing the portfolio. So, again, it's very early stage in our thought process and then we'll see how we go forward on that. But just to make it clear we are getting long term service agreements with most of our projects.

Erkki Vesola: Ok, thank you so much. And Jaakko, all the best to the future on your say, less hectic days.

Jaakko Eskola: Thank you. And this was the last question, so thank you all. As you know, this this was my last quarterly result presentation. And I really want to thank you all for your support, your interest in Wärtsilä, and sometimes helping us also to understand better where we are. So good luck with all of you. And in April, you will see Håkan Agnevall as our new CEO running the show. Thank you and bye bye.