Wärtsilä Corporation

Result presentation 2015, 27 January 2016
Jaakko Eskola, President & CEO
Highlights 2015

- Order intake EUR 4,932 million, -3%
- Net sales EUR 5,029 million, +5%
- Book-to-bill 0.98 (1.06)
- EBIT EUR 612 million, 12.2% of net sales (EUR 569 million or 11.9%)
- EBITA EUR 643 million, 12.8% of net sales (EUR 594 million or 12.4%)
- Cash flow from operating activities EUR 255 million (452)
- Order book at the end of the period EUR 4,882 million, +8%
- Earnings per share EUR 2.25 (1.76)
- Dividend proposal EUR 1.20 per share

EBIT is shown excluding non-recurring items. EBITA is shown excluding non-recurring items and purchase price allocation amortisation.
Year to date order intake supported by Services

Fourth quarter development

Q1-Q3 | Q4
--- | ---
2011 | 3,000
2012 | 4,000
2013 | 4,500
2014 | 5,000
2015 | 5,500

Q4/2014: 1,522 MEUR (27%)
Q4/2015: 1,403 MEUR (8%)

Services: 1,522 MEUR (27%)
Marine Solutions: 1,403 MEUR (8%)
Energy Solutions: 1,403 MEUR (8%)

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Net sales developed in line with expectations

Fourth quarter development

MEUR

Q4/2014 Q4/2015
1,549 1,590
3% 10%
8% -14%

MEUR

0 500 1,000 1,500 2,000 2,500 3,000 3,500 4,000 4,500 5,000 5,500

2011 2012 2013 2014 2015

Q1-Q3 Q4

Q4/2014 Q4/2015

Services
Marine Solutions
Energy Solutions

27 January 2016 ©Wärtsilä
Net sales by business 2015

Services
43% (41)

Marine Solutions
34% (36)

Energy Solutions
22% (24)
Book-to-bill ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Order Intake</th>
<th>Net Sales</th>
<th>Book-to-bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>5,079 MEUR</td>
<td>4,362 MEUR</td>
<td>1.07</td>
</tr>
<tr>
<td>2012</td>
<td>5,053 MEUR</td>
<td>4,342 MEUR</td>
<td>1.05</td>
</tr>
<tr>
<td>2013</td>
<td>5,053 MEUR</td>
<td>4,342 MEUR</td>
<td>1.05</td>
</tr>
<tr>
<td>2014</td>
<td>5,067 MEUR</td>
<td>4,358 MEUR</td>
<td>1.06</td>
</tr>
<tr>
<td>2015</td>
<td>4,980 MEUR</td>
<td>4,320 MEUR</td>
<td>0.98</td>
</tr>
</tbody>
</table>

Order intake represents the total new orders received. Net sales are the revenue from the sale of goods and services, and the book-to-bill ratio is the ratio of order intake to net sales.
Order book distribution

![Bar chart showing order book distribution for 31.12.2014 and 31.12.2015. The chart compares delivery next year and delivery after next year in MEUR.](chart.png)
Operating result and profitability

EBIT is shown before non-recurring items. Figures for 2011-2013 include both discontinued and continuing operations.
Energy Solutions’ quotation activity on a high level
Energy Solutions’ order intake

Review period development
Total EUR 1,009 million (1,293)

Review period order intake by fuel in MW

- Utilities
- IPP’s (Independent Power Producers)
- Industrials

- Q1-Q3
- Q4

- Oil 54%
- Gas 46%
Energy Solutions’ orders globally

Order intake 2015: 2,436 MW (2,489)

*Turkish owners contributed to the high level of activity in Europe.
Enabling the transition to a sustainable power system

The flexibility and efficiency of Wärtsilä’s Smart Power Generation power plants is gaining interest in the USA with several orders received for peaking and renewable support power plants during 2015.
Market for gas and liquid fuel power plants, <500 MW

**1-9/2014**

- GE: 55.1%
- Wärtsilä: 10.5%
- Siemens: 12.7%
- MHI: 14.6%
- Ansaldo: 3.6%
- Other GT’s: 1.8%

**1-9/2015**

- GE: 38.8%
- Wärtsilä: 5.5%
- Siemens: 25.2%
- MHI: 19.8%
- Ansaldo: 5.5%
- Other GT’s: 0.8%

<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.
Vessel contracting activity remains low

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

Review period development
Total EUR 1,599 million (1,746)

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

- Marine Solutions order intake
- Joint venture order intake, includes figures from Wärtsilä Hyundai Engine Company Ltd., Wärtsilä Qiyao Diesel Company Ltd. and CSSC Wärtsilä Engine (Shanghai) Co. Ltd.
Marine Solutions’ order book 31 December 2015

- Offshore: 17%
- Gas carriers: 27%
- Cruise & Ferry: 16%
- Navy: 12%
- Special vessels: 7%
- Non-vessel: 3%
- Other vessels: 2%
- Bulk carriers: 2%
- Containers: 3%
- Cargo: 1%
- RoRo: 4%
- Tankers: 5%
- Other merchant: 2%
- Gas carriers: 27%
- Non-vessel: 3%
- Special vessels: 7%
- Other vessels: 2%
Marine markets shifting towards gas

Increased environmental awareness and the regulatory environment is driving interest in gas as a marine fuel in the broader marine markets. Wärtsilä’s proven gas engine technology and gas handling systems enable us to support our customers with integrated solutions.
Wärtsilä’s market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. The calculation is based on Wärtsilä’s own data portal.
Services net sales all time high

Fourth quarter development

- Q1-Q3
- Q4
Services net sales distribution 2015

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

Total EUR 2,184 million (1,939)
Services distribution per business 2015

**Net sales**
Total EUR 2,184 million

- Marine Solutions
- Energy Solutions

**Installed base**
Total 181,000 MW

- Marine Solutions 2-stroke
- Marine Solutions 4-stroke
- Energy Solutions
Development of service agreements

- MW under agreement – Energy Solutions
- MW under agreement – Marine Solutions
- % of Energy Solutions’ installed base
- % of Marine Solutions’ installed base
A lifecycle approach

The focus on optimising maintenance and performance, and the shift to gas based technology in the marine industry is increasing interest in long-term service agreements.
Financials
Cash flow from operating activities

<table>
<thead>
<tr>
<th>Year</th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>200</td>
</tr>
<tr>
<td>2012</td>
<td>100</td>
</tr>
<tr>
<td>2013</td>
<td>600</td>
</tr>
<tr>
<td>2014</td>
<td>450</td>
</tr>
<tr>
<td>2015</td>
<td>200</td>
</tr>
</tbody>
</table>
Working capital affected by timing of power plant deliveries

<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>2011</td>
<td>235 MEUR</td>
<td>5.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>465 MEUR</td>
<td>9.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>313 MEUR</td>
<td>6.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>251 MEUR</td>
<td>5.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>543 MEUR</td>
<td>10.8%</td>
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</tr>
</tbody>
</table>
Gearing impacted by working capital build up and L-3 MSI acquisition
EPS and dividend per share

*Dividend 2015 - Proposal of the Board
Market outlook

Energy Solutions
The market for liquid and gas fuelled power generation is expected to remain challenging as economic uncertainty continues. The megatrend towards distributed, flexible, gas-fired power generation continues to gain ground globally.

Marine Solutions
The outlook for the shipping and shipbuilding markets remains challenging. Oversupply is limiting demand for newbuild vessels and low oil prices continues to impact investments in offshore exploration and development. Gas carrier contracting is expected to remain at a normalised level and the outlook for the cruise and ferry segment remains positive.

Services
The service market outlook is positive with growth opportunities in selected regions and segments. Customers in both the marine and power plant markets continue to show healthy interest in long-term service agreements.
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%.
Wärtsilä’s strategy

GROWING ENERGY DEMAND

ENERGY SOLUTIONS

KEY GROWTH AREAS
- Gas based technology
- Energy efficient solutions
- Strong presence in growth markets
- Continuous improvement

VISION
- Energy Excellence
- Enthusiastic drive
- Passion for doing right
- High performing organisation

MISSION
- Customer centricity
- Innovative solutions

SERVICES

MARINE SOLUTIONS

GLOBAL TRANSPORTATION NEEDS
Thank you

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