

WÄRTSILÄ CORPORATION RESULT PRESENTATION 2020

28 JANUARY 2021

JAAKKO ESKOLA, PRESIDENT & CEO

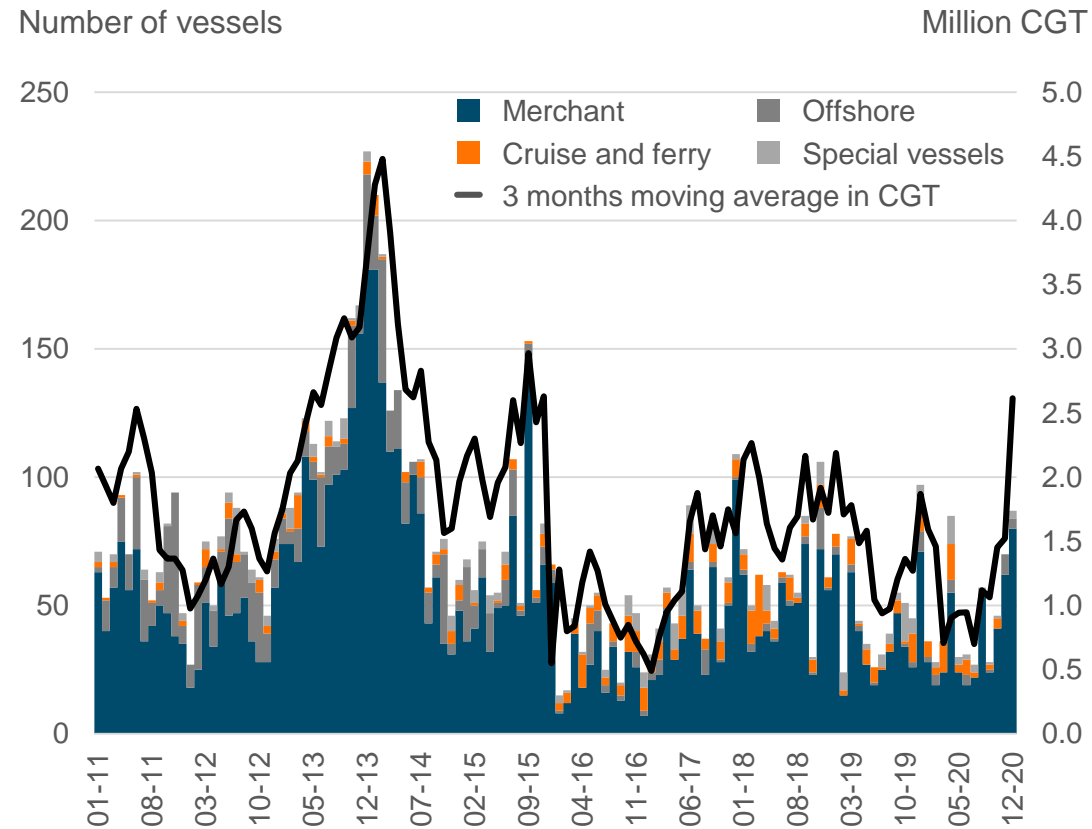


**2020 – A YEAR CHARACTERISED BY
COVID-19 RELATED UNCERTAINTY**

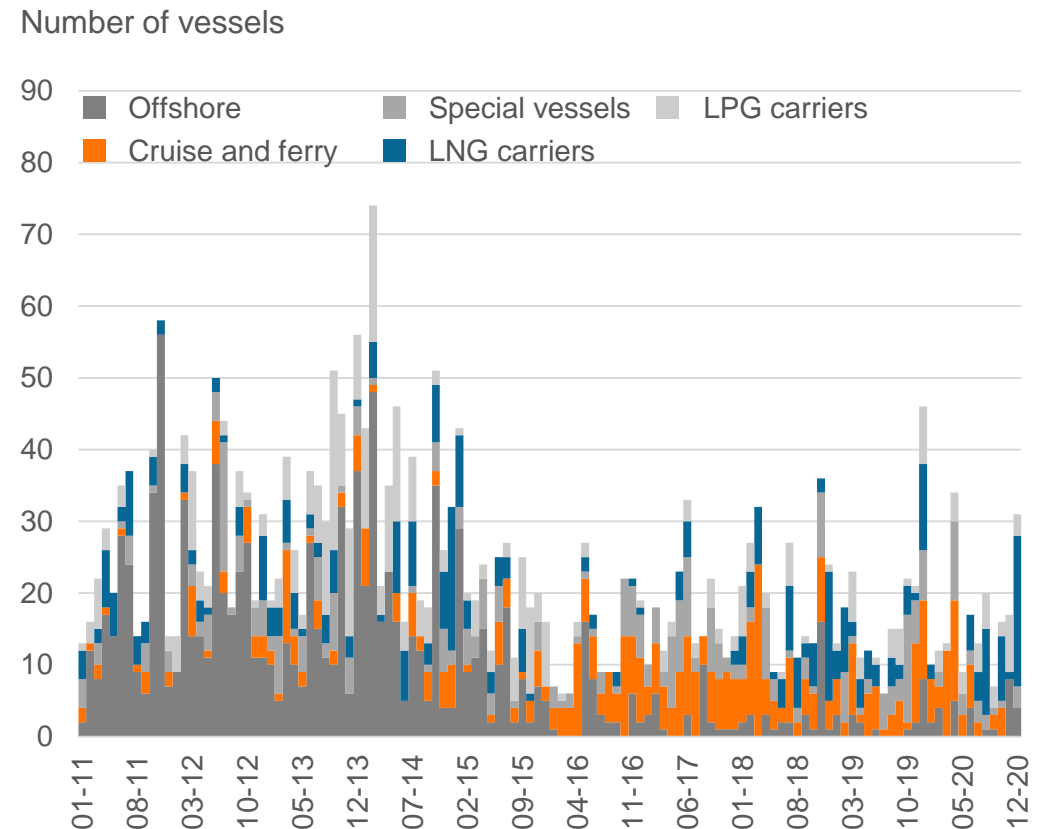
MEUR	10-12/2020	CHANGE	1-12/2020	CHANGE
Order intake	1,118	-28%	4,359	-18%
of which services	626	-14%	2,267	-16%
Order book			5,057	-14%
Net sales	1,220	-28%	4,604	-11%
of which services	654	-12%	2,255	-10%
Book-to-bill	0.92	-0.01	0.95	-0.08
Comparable operating result	103	-49%	275	-40%
% of net sales	8.4	-3.6 pp	6.0	-2.9 pp
Earnings per share, EUR	0.10	-0.07	0.23	-0.14
Cash flow from operating activities	274	-21	681	+449
Dividend proposal per share, EUR			0.20	-58%

VESSEL ORDERS AT A LOW LEVEL THROUGHOUT 2020

Total vessel contracting



Specialised tonnage

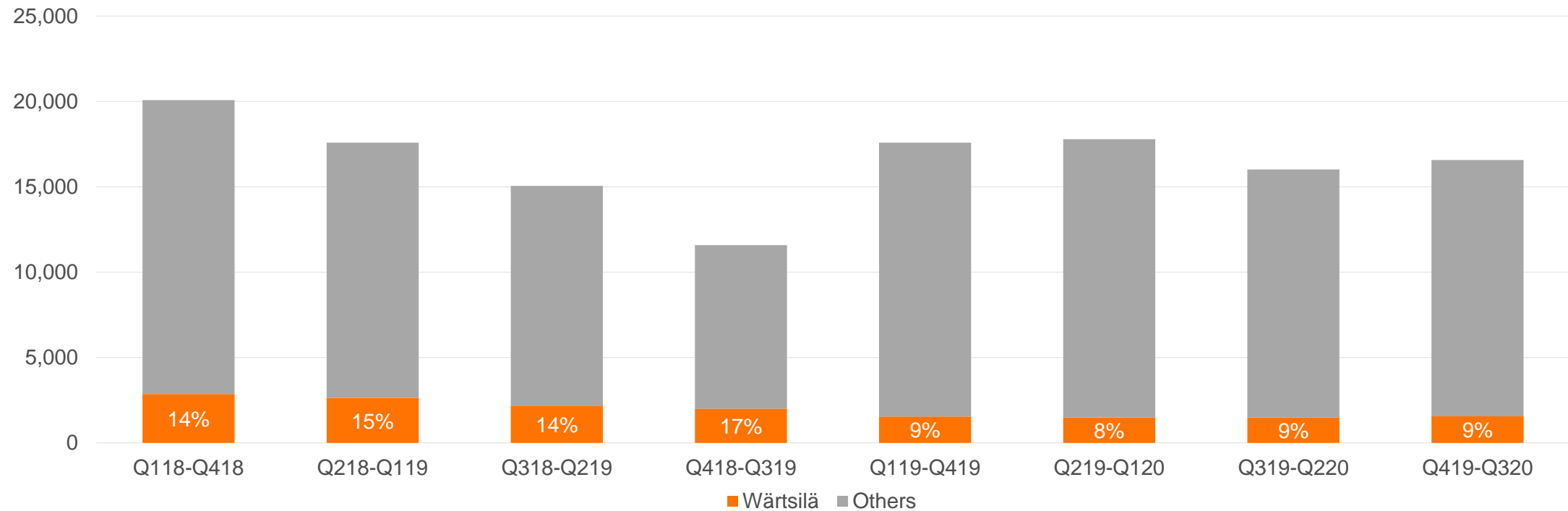


Source: Clarksons Research, contracting as per 7 January 2021
CGT= gross tonnage compensated with workload

ENERGY MARKET SITUATION STABILISED DURING 2020

Market for gas and liquid fuel power plants <500 MW

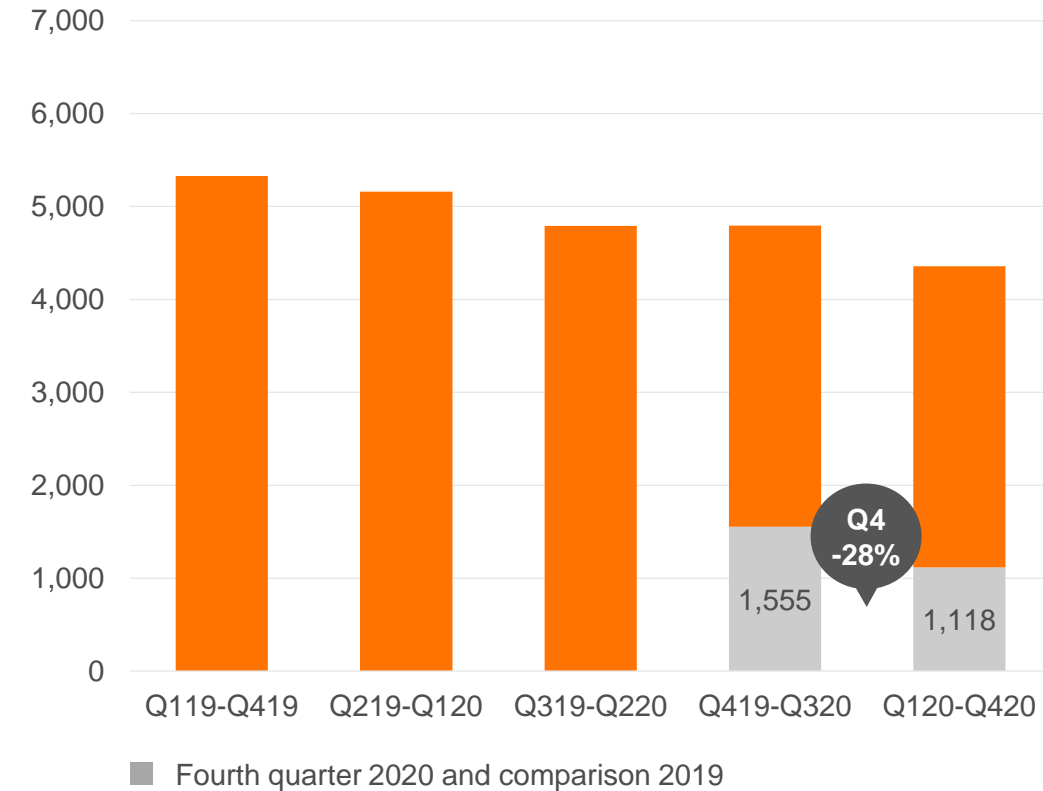
MW, 12m rolling



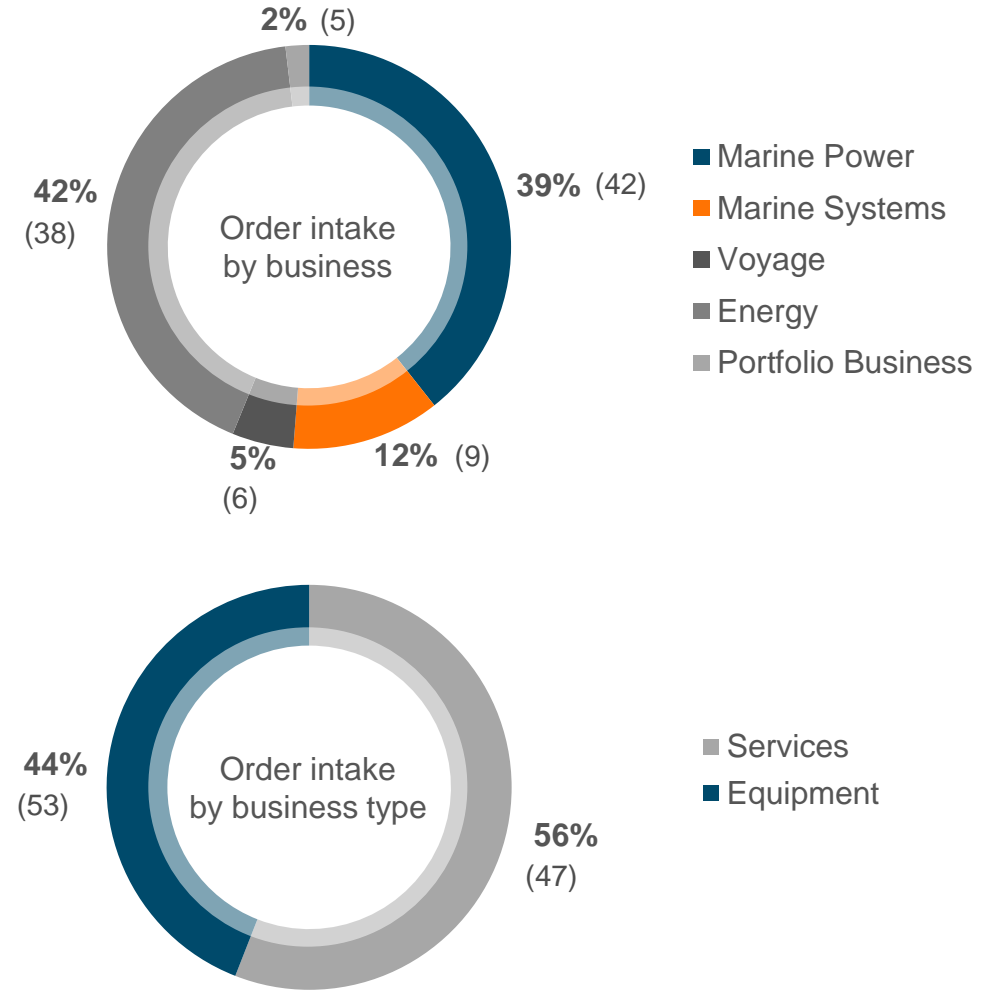
The total market, including also power plants with prime movers above 500 MW, decreased by 4% to 37.8 GW during the twelve-month period ending in September 2020 (39.3 at the end of June). The market data includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled gas turbine based power plants with prime movers below 500 MW, as well as the estimated output of steam turbines for combined cycles. The data is gathered from the McCoy Power Report. The main gas turbine competitors are GE, Siemens, Mitsubishi, and Ansaldo. Other combustion engines are not included.

ORDER INTAKE

MEUR, 12m rolling

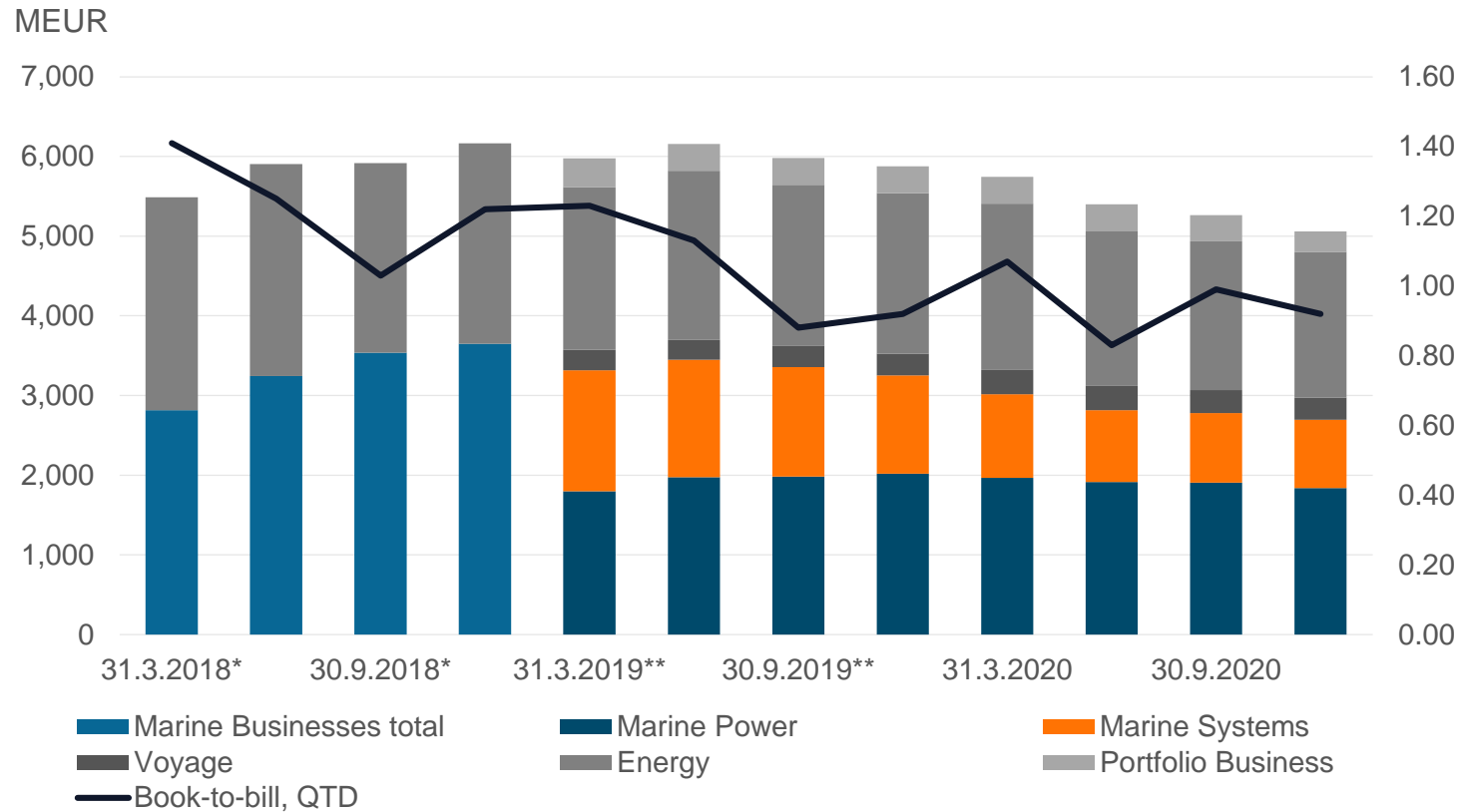


Fourth quarter development

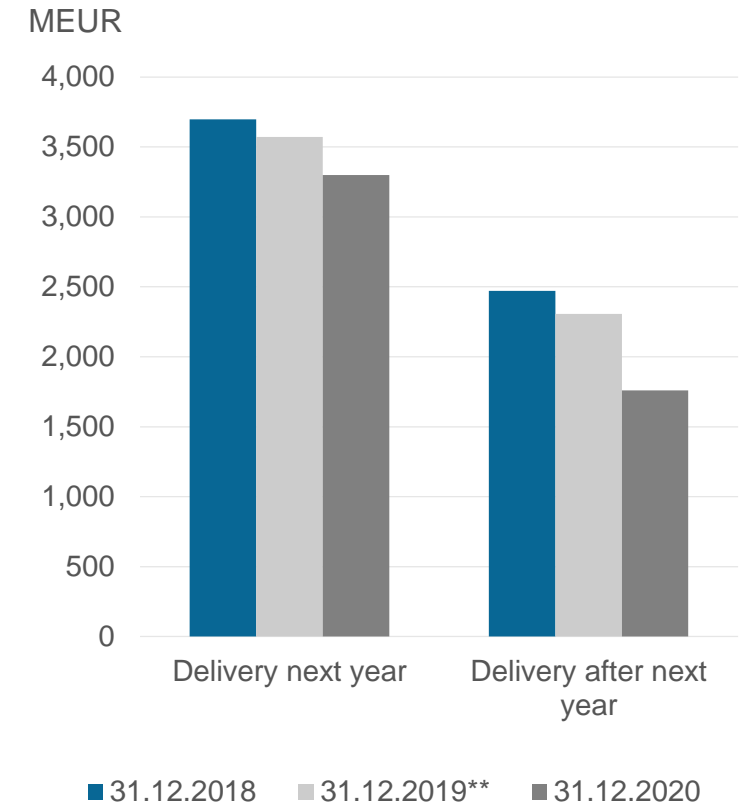


ORDER BOOK

Order book by business



Order book delivery schedule

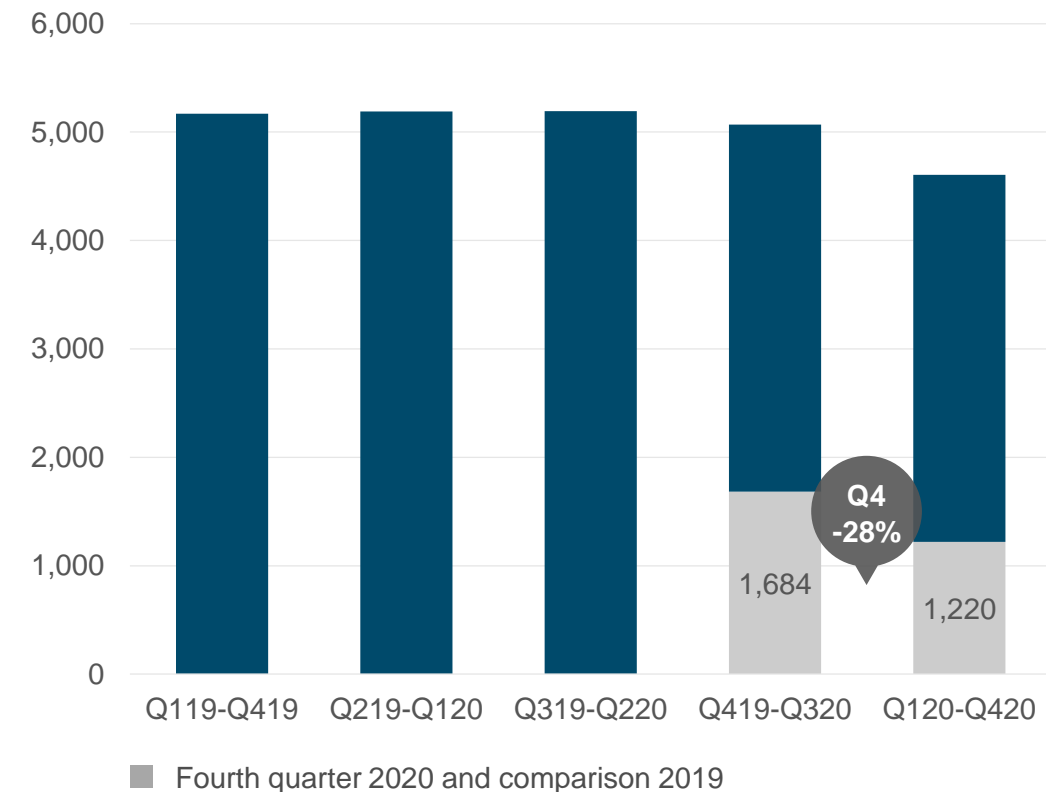


*2018 figures not restated to accommodate the establishment of Portfolio Business entity

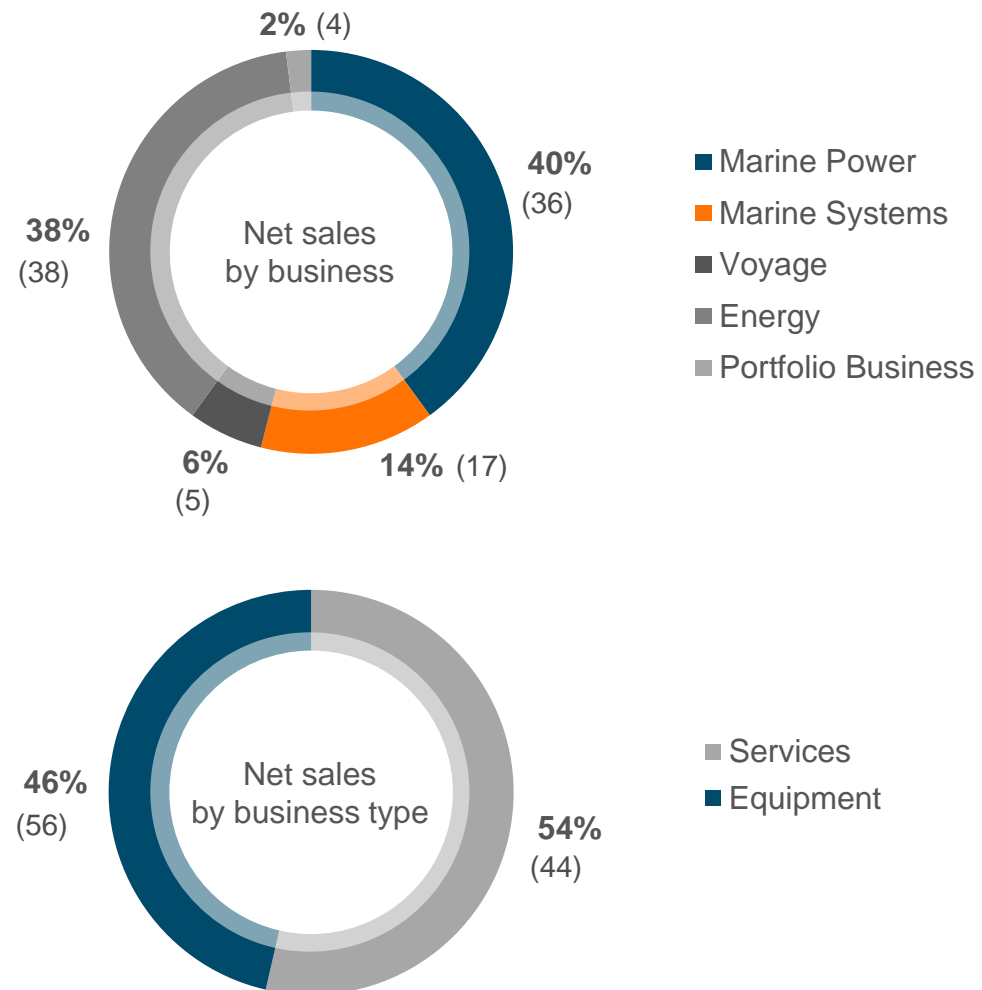
**As published in the Interim report January-March 2020, order book figures for 2019 have been restated due to stricter requirements for booking new orders.

NET SALES

MEUR, 12m rolling

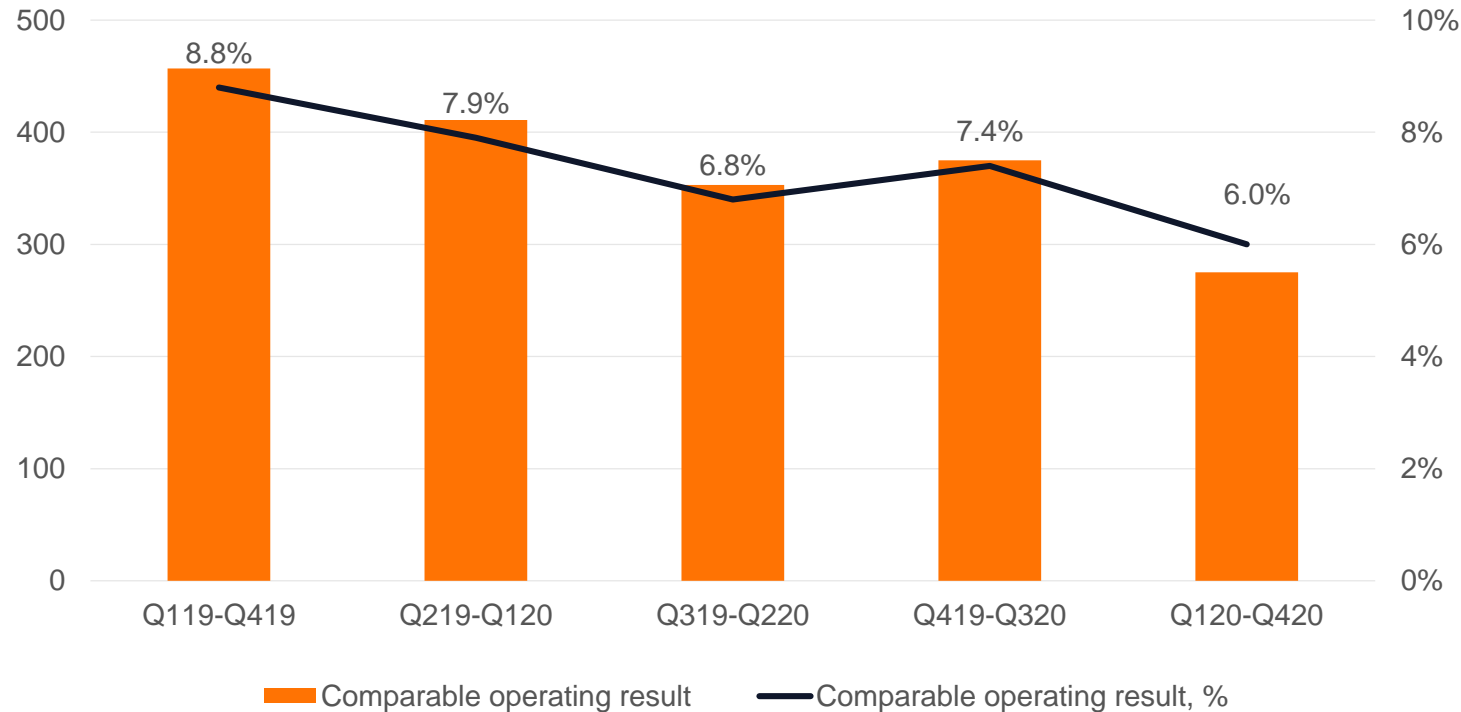


Fourth quarter development



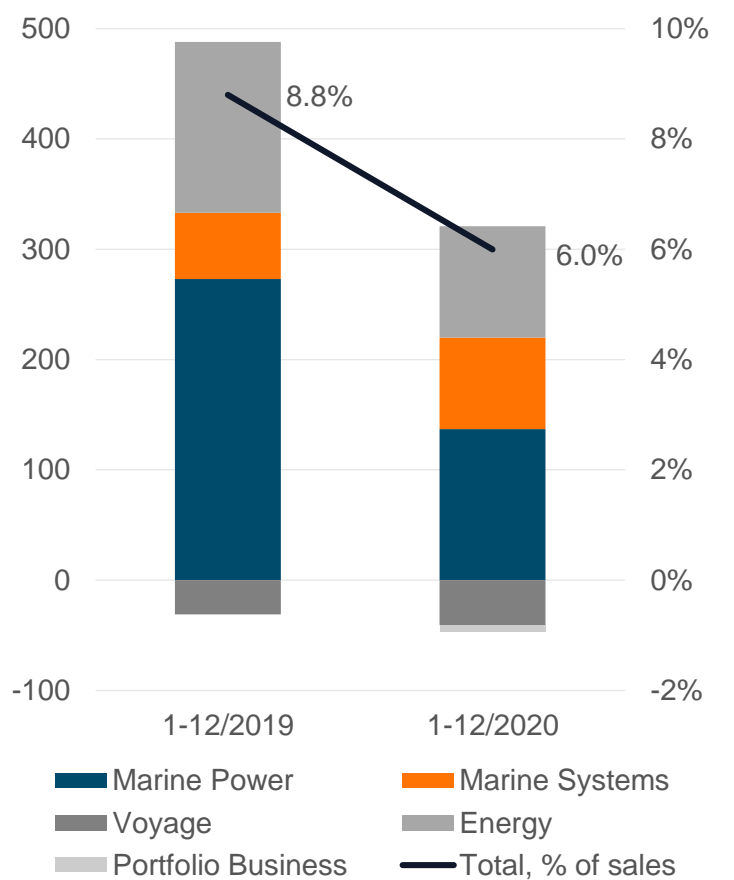
COMPARABLE OPERATING RESULT

MEUR, 12m rolling

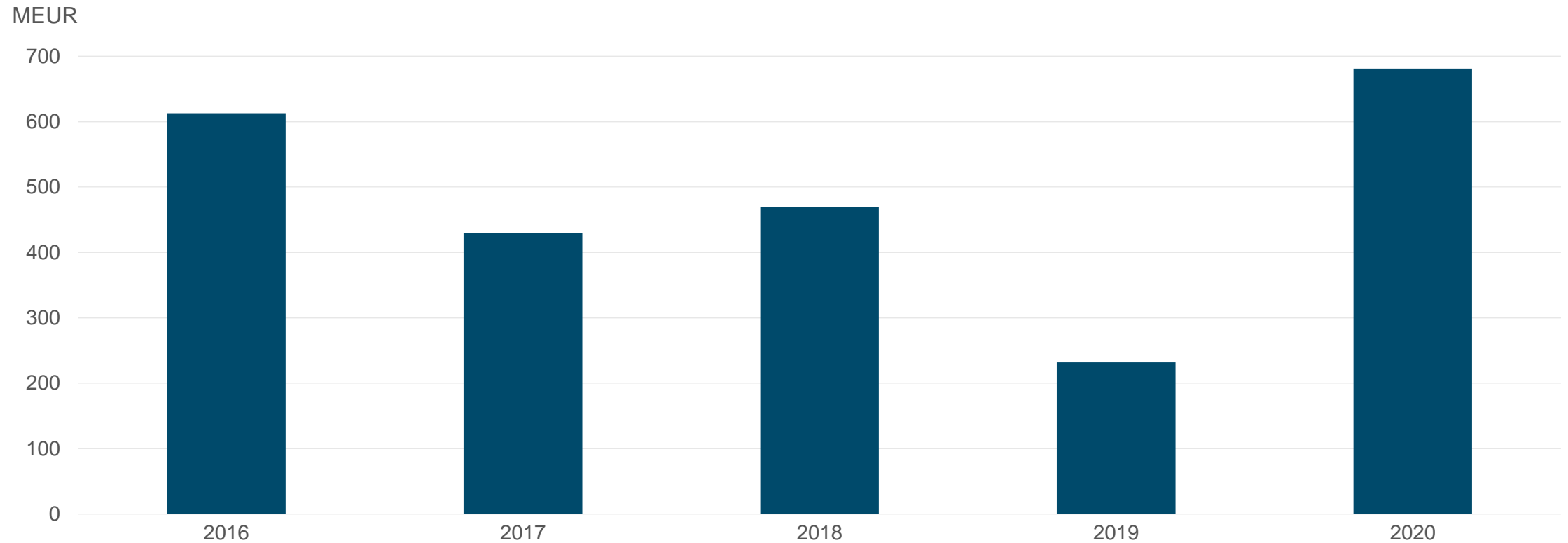


Review period development

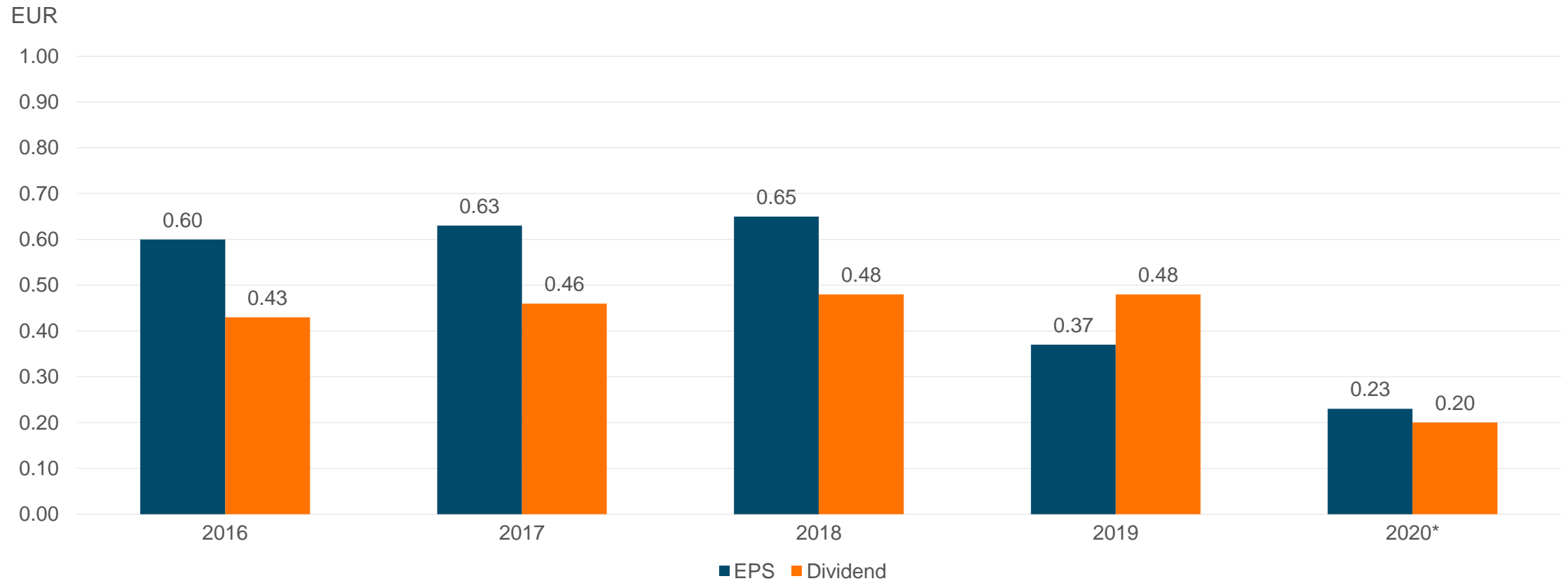
MEUR



CASH FLOW FROM OPERATING ACTIVITIES RECORD HIGH



EARNINGS AND DIVIDEND PER SHARE



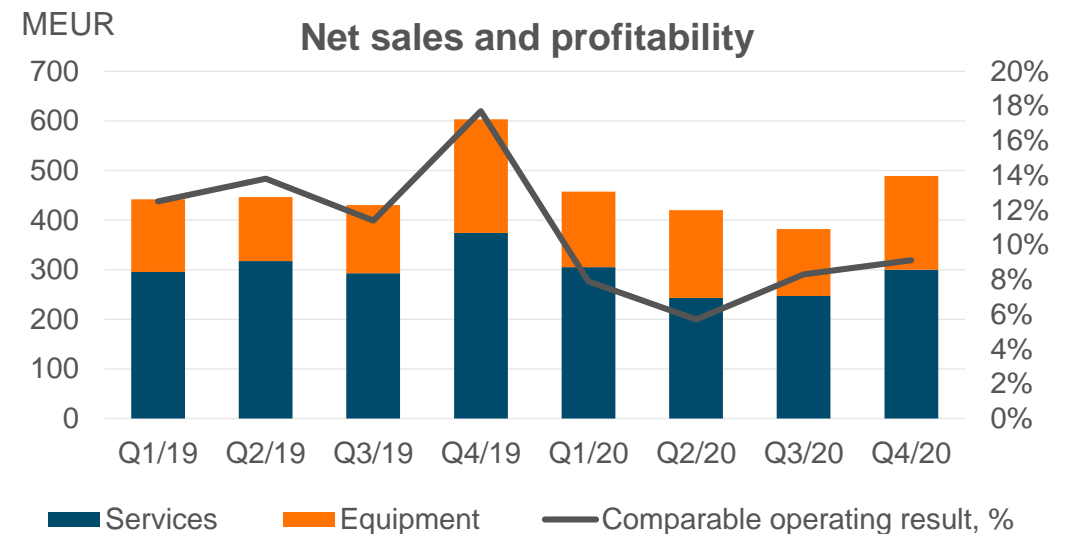
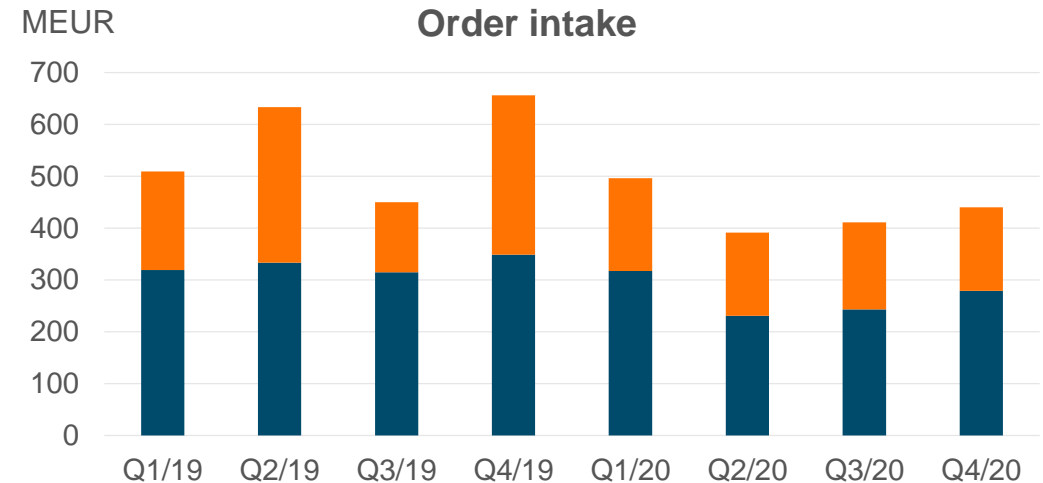
*Proposal of the Board
 Figures for 2016-2017 have been restated to reflect the increased number of shares.



BUSINESSES

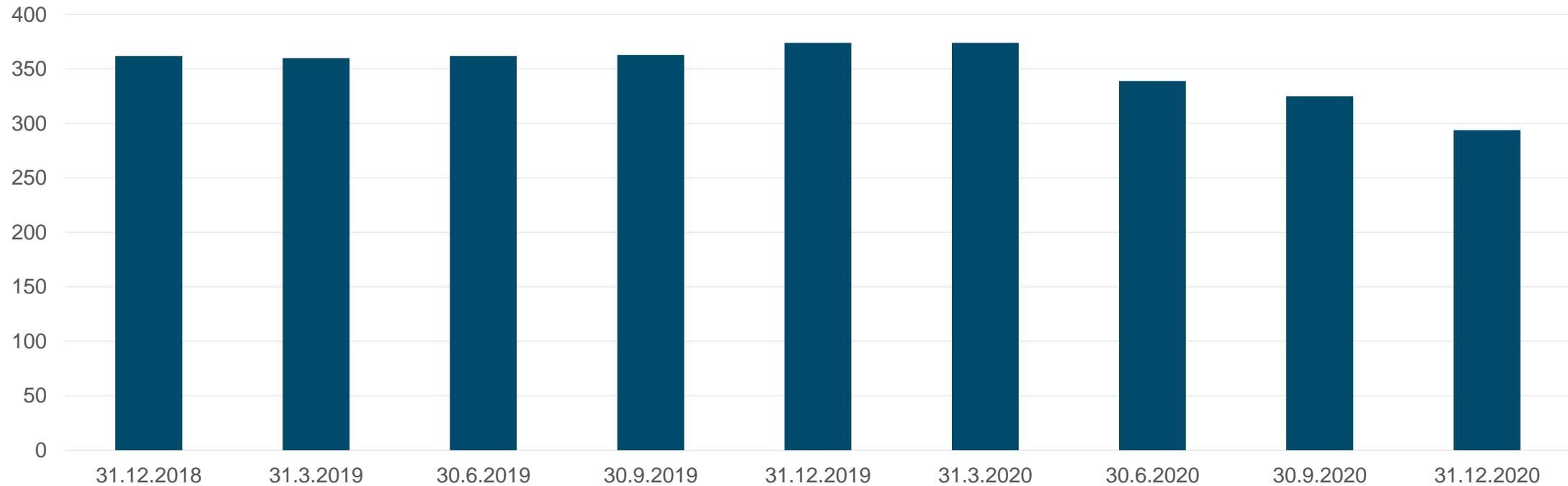
MARINE POWER

- In 2020, order intake decreased by 23% to EUR 1,737 million (2,247), pressurised by:
 - Fleet idling
 - Customers adjusting capital and operating expenditures
- Net sales decreased by 9% to EUR 1,748 million (1,923)
- Comparable operating result amounted to EUR 137 million (273) or 7.8% of net sales (14.2), weakened by:
 - A less favourable sales mix
 - Weak fixed cost absorption



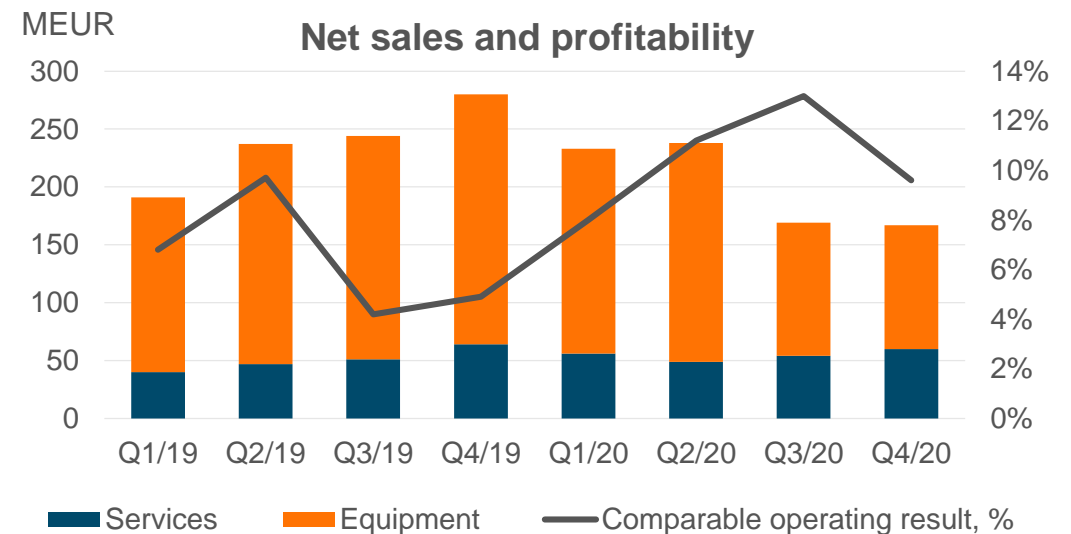
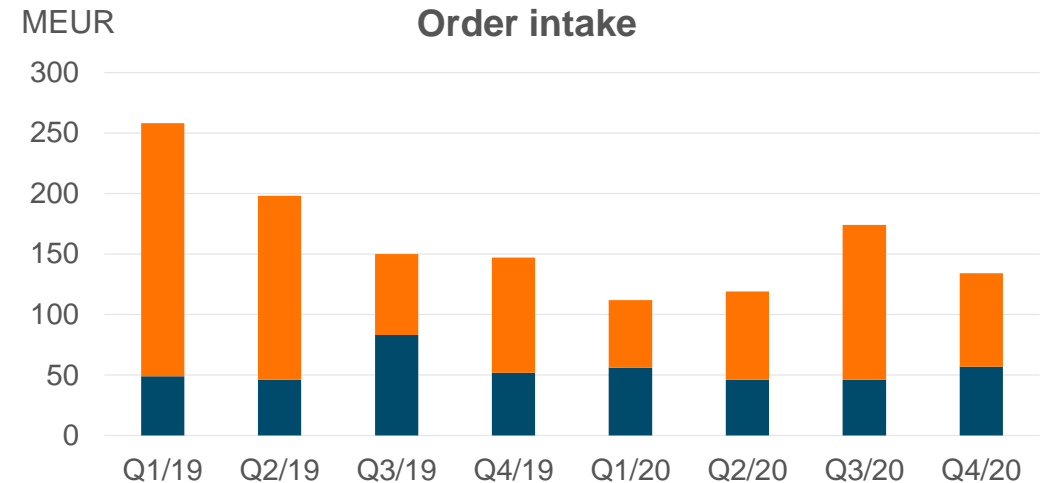
NET SALES FROM INSTALLATIONS UNDER AGREEMENT DECLINED DUE TO COVID-19 IMPACTS

MEUR, 12m rolling



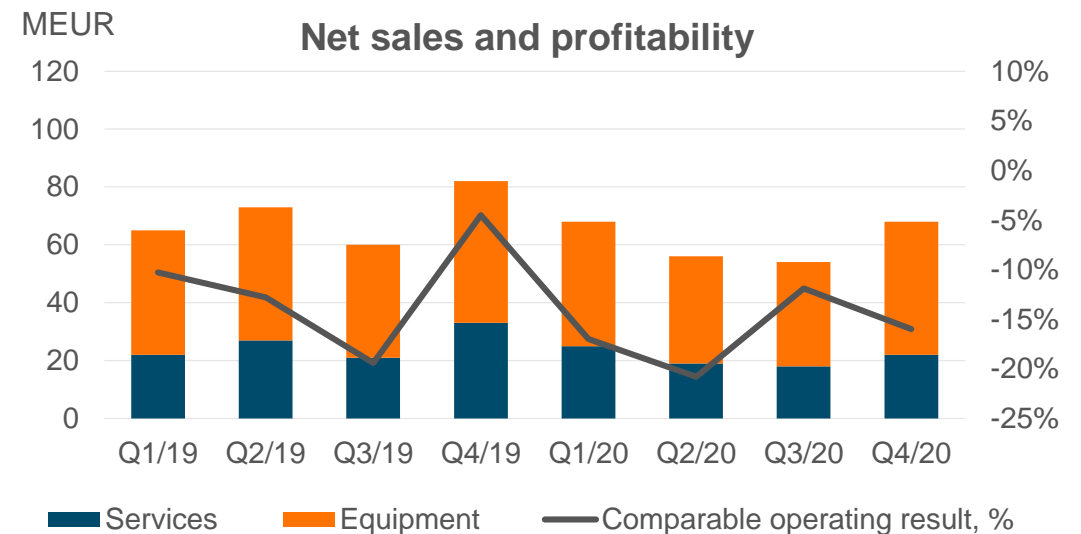
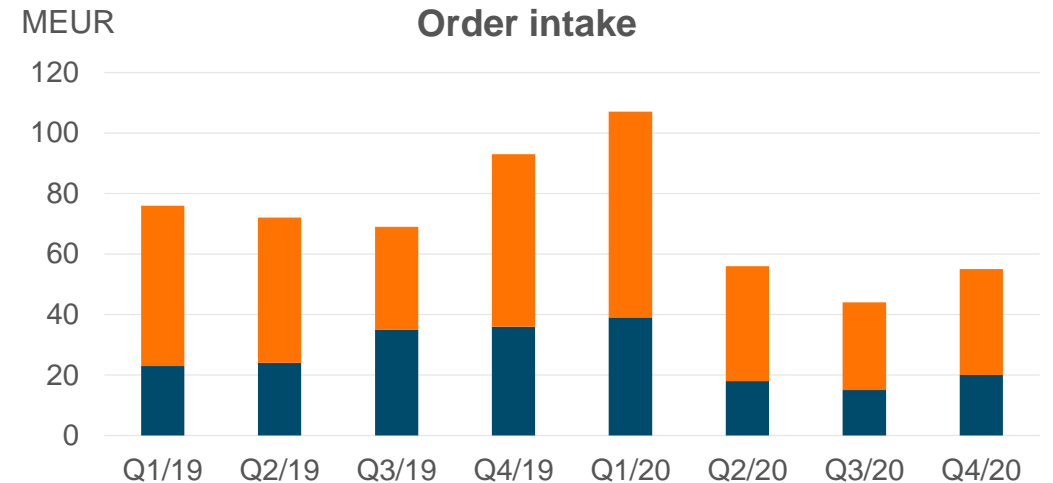
MARINE SYSTEMS

- In 2020, order intake decreased by 28% to EUR 539 million (754), affected by:
 - Postponed customer decision-making
 - Reduced fuel spreads lowering demand for scrubber investments
- Net sales decreased by 15% to EUR 808 million (952), driven by the ending boom in scrubber demand
- Comparable operating result amounted to EUR 83 million (60) or 10.3% of net sales (6.3)
 - Operating result for 2019 weakened by cost overruns in certain gas solution projects

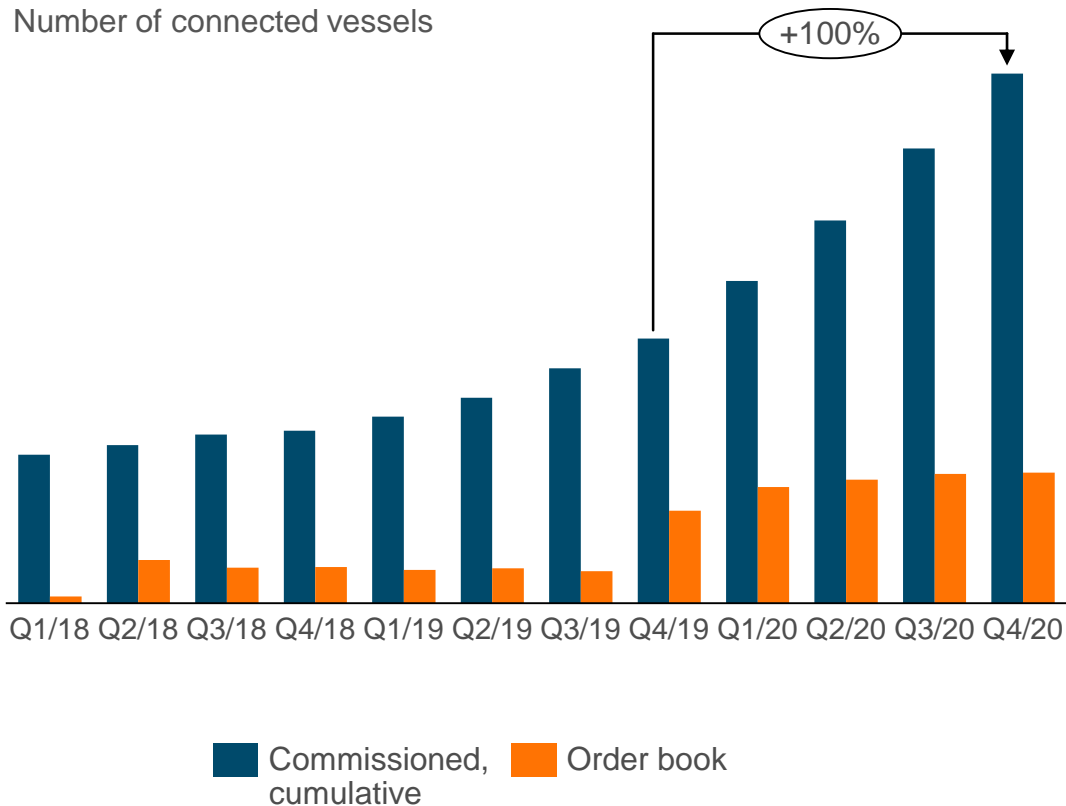


VOYAGE

- In 2020, order intake decreased by 16% to EUR 262 million (310)
 - Low demand in the cruise industry
 - Growth in fleet optimisation solutions
- Net sales decreased by 12% to EUR 248 million (280), driven by:
 - Project postponements
 - Lower transactional service business
- Comparable operating result amounted to EUR -41 million (-31) or -16.5% of net sales (-11.2), negatively impacted by:
 - Lower sales volumes
 - A less favourable service mix
 - Investments in digital competences



NUMBER OF CONNECTED VESSELS DOUBLED IN 2020 – ORDER BOOK SUPPORTED BY CONTINUOUSLY HIGH ORDER INTAKE

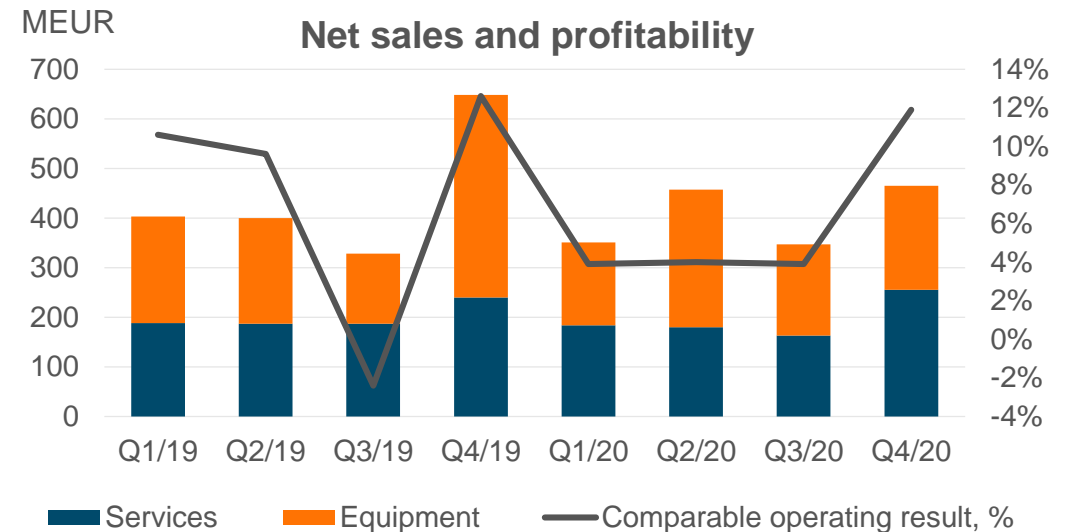
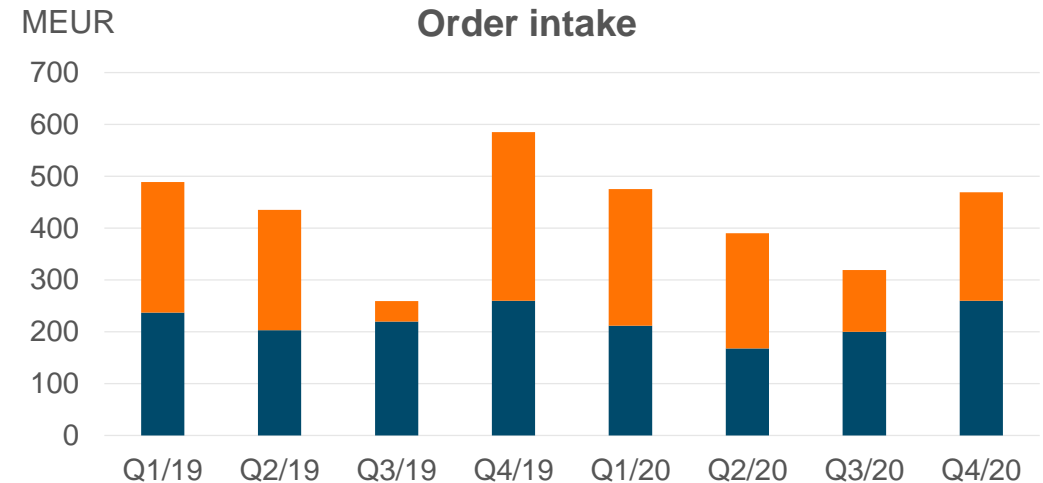


Wärtsilä Fleet Operations Solution to optimise the performance of UltraShip's entire fleet of 18 LPG tankers

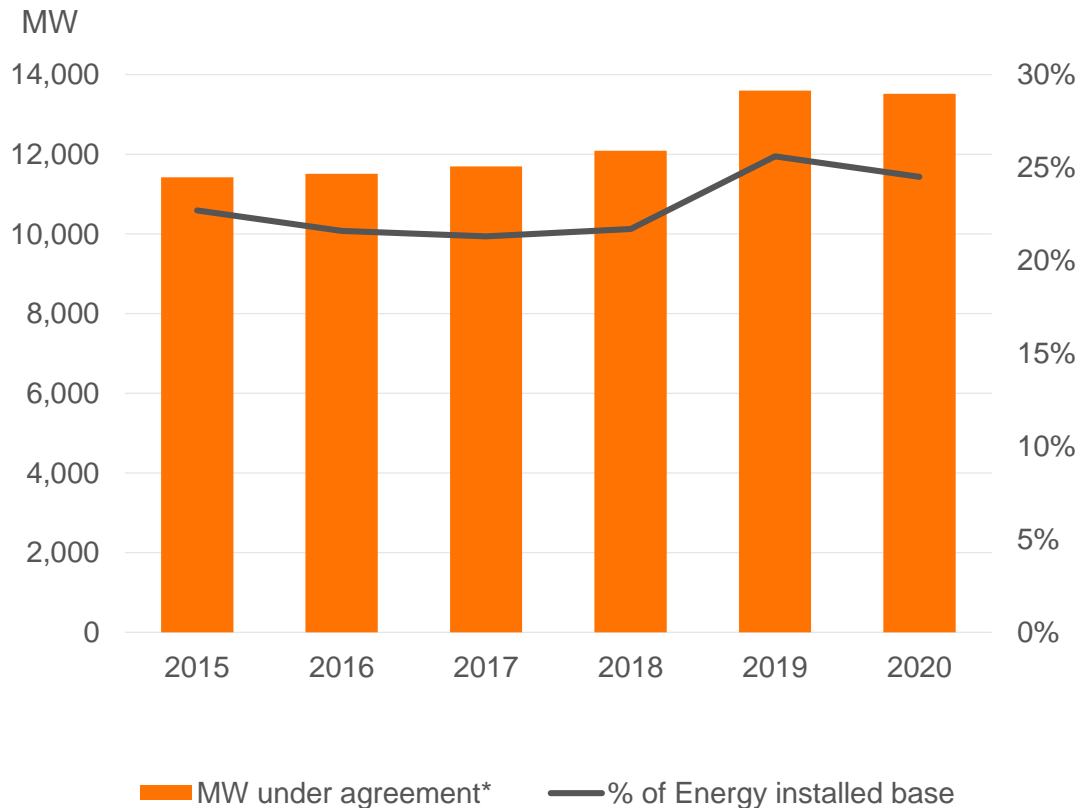
- The solution saves costs while increasing safety by automatically optimising the route and speed of the vessel
- It also provides the fullest and latest voyage data, keeping both onboard and onshore personnel informed and notified

ENERGY

- In 2020, order intake decreased by 7% to EUR 1,653 million (1,769)
 - Slowdown of economic activity burdened orders – improvement towards year-end
 - Resilient activity in the storage market
- Net sales decreased by 9% to EUR 1,620 million (1,779)
- Comparable operating result amounted to EUR 101 million (155) or 6.3% of net sales (8.7), burdened by:
 - Delivery delays
 - Weaker absorption of fixed costs
 - Increased costs of project execution
 - Delivery of projects communicated in 2019 to be affected by cost overruns



ENERGY INSTALLED BASE COVERED BY LONG-TERM SERVICE AGREEMENTS



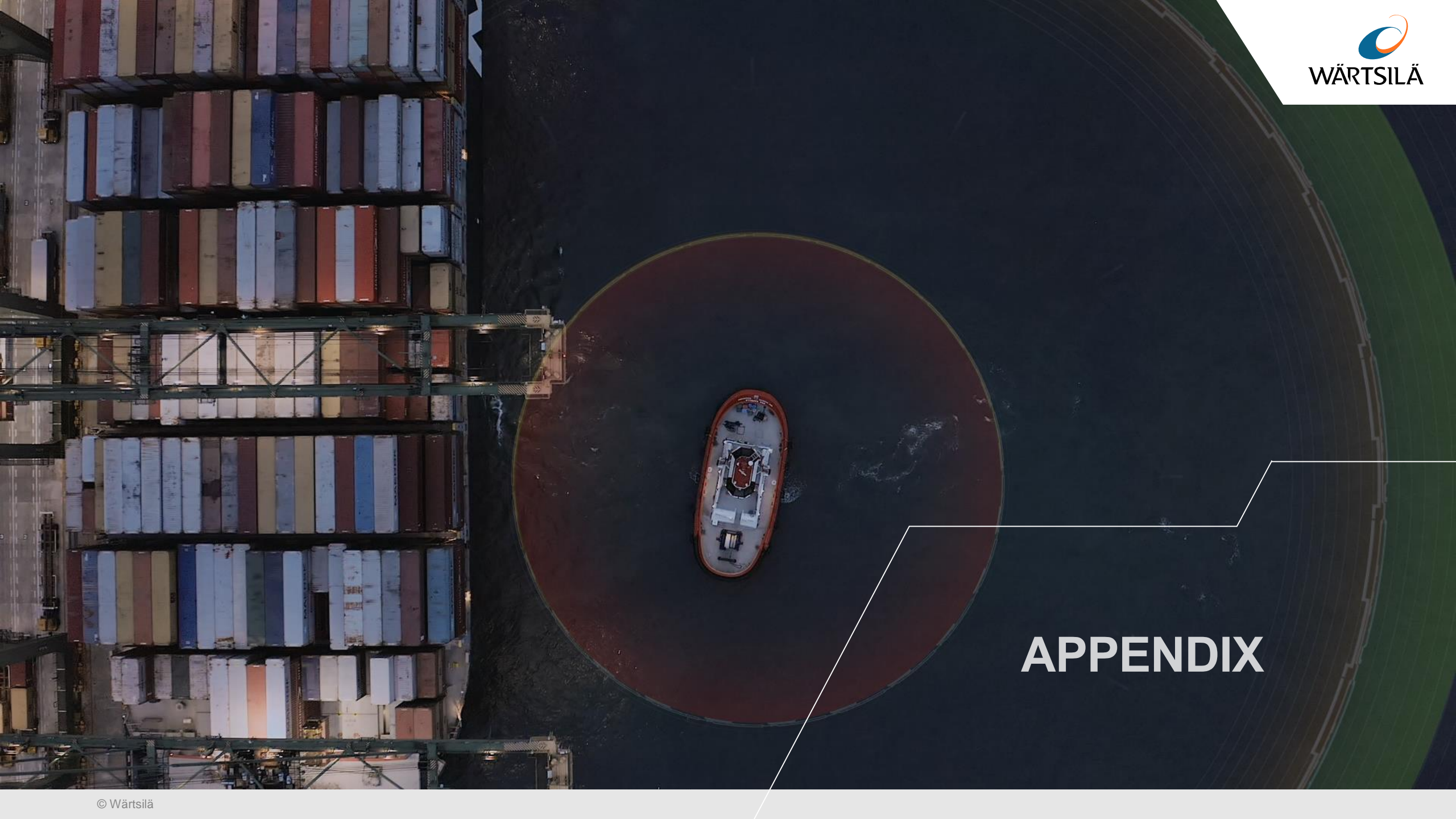
A 10-year service agreement signed for a 170 MW power plant serving a mine in Papua New Guinea

- The tailored guaranteed asset performance agreement worth over EUR 150 million was signed with Lihir Gold Ltd, one of the world's largest gold mining companies
- The agreement covers maintenance and operations advisory services and has shared business case incentives to reduce operational cost and enhance power availability, supporting the mine's production targets

*Includes agreements covering both installed assets and assets to be installed in the future

PROSPECTS FOR 2021

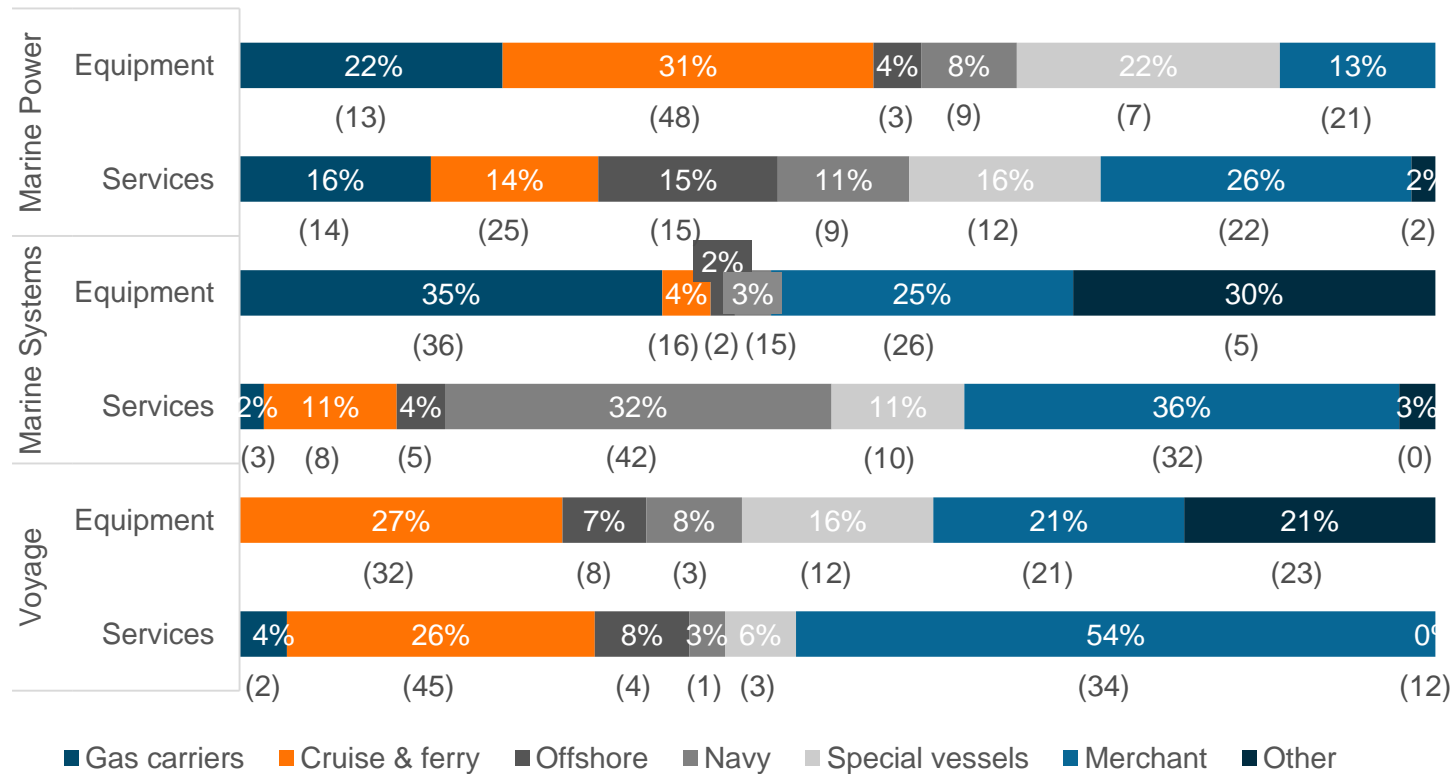
Wärtsilä expects the near-term demand environment to be similar to that of the corresponding period in the previous year. However, visibility remains limited, and the prevailing market conditions make the outlook uncertain.



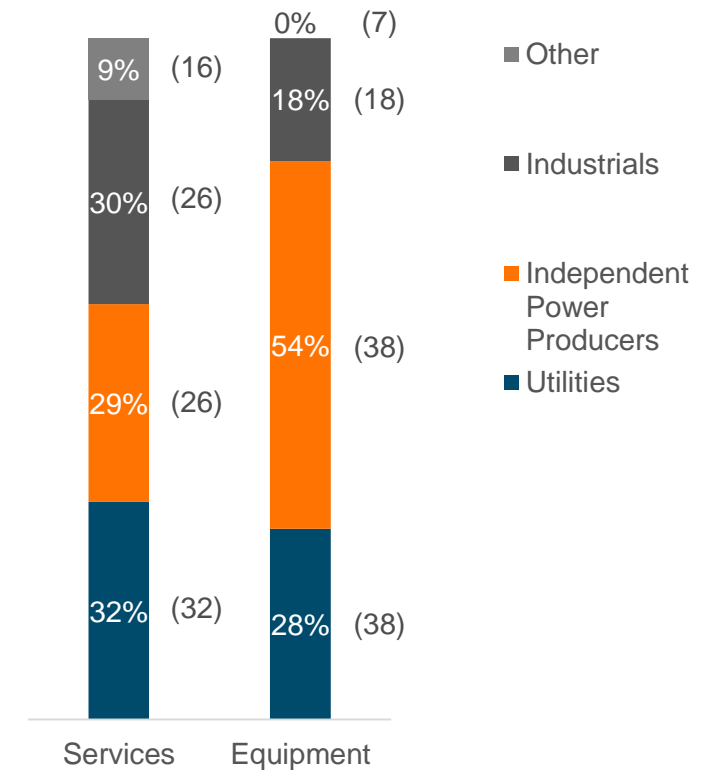
APPENDIX

JANUARY–DECEMBER ORDER INTAKE BY CUSTOMER SEGMENT

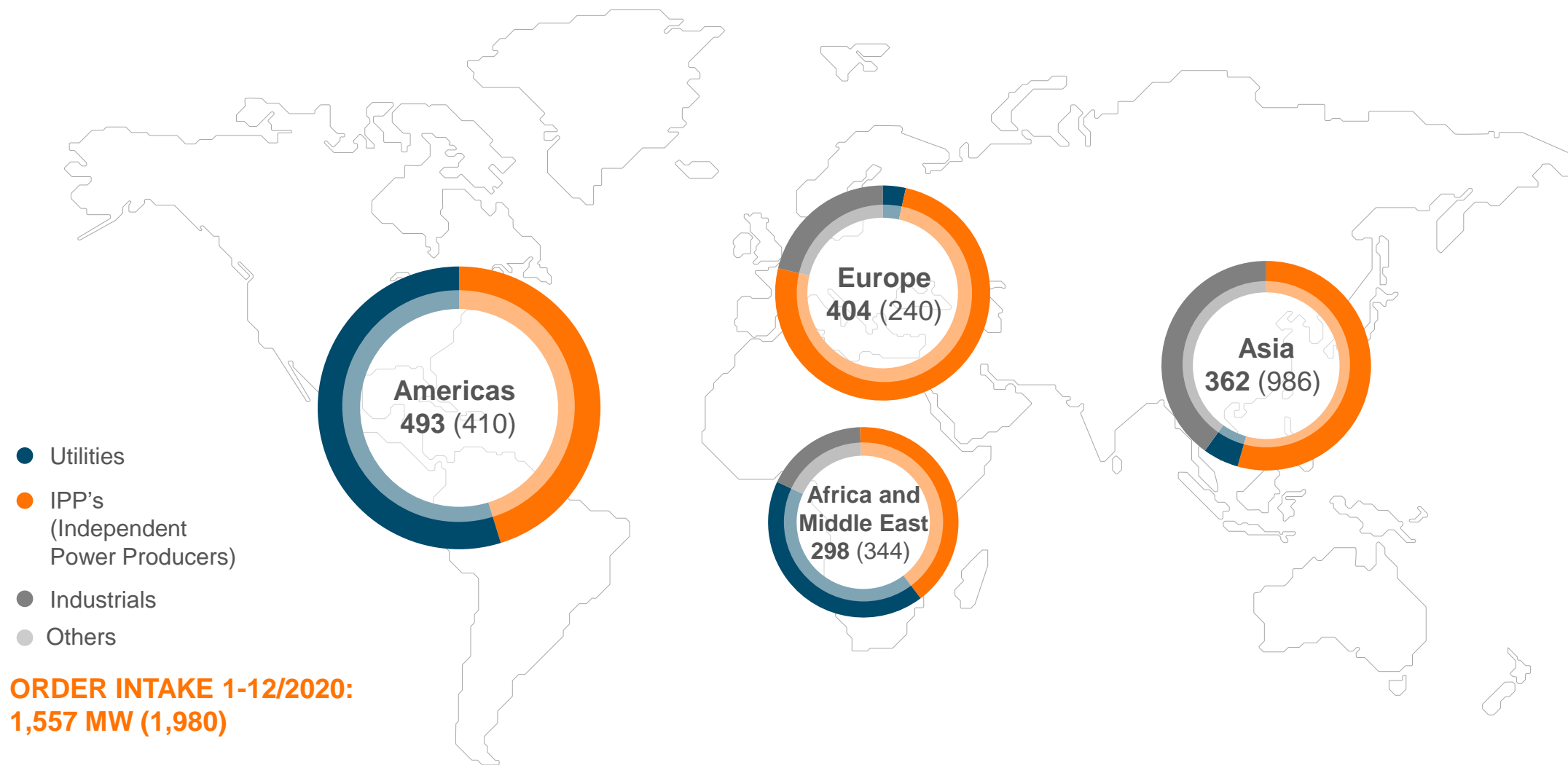
Marine Businesses



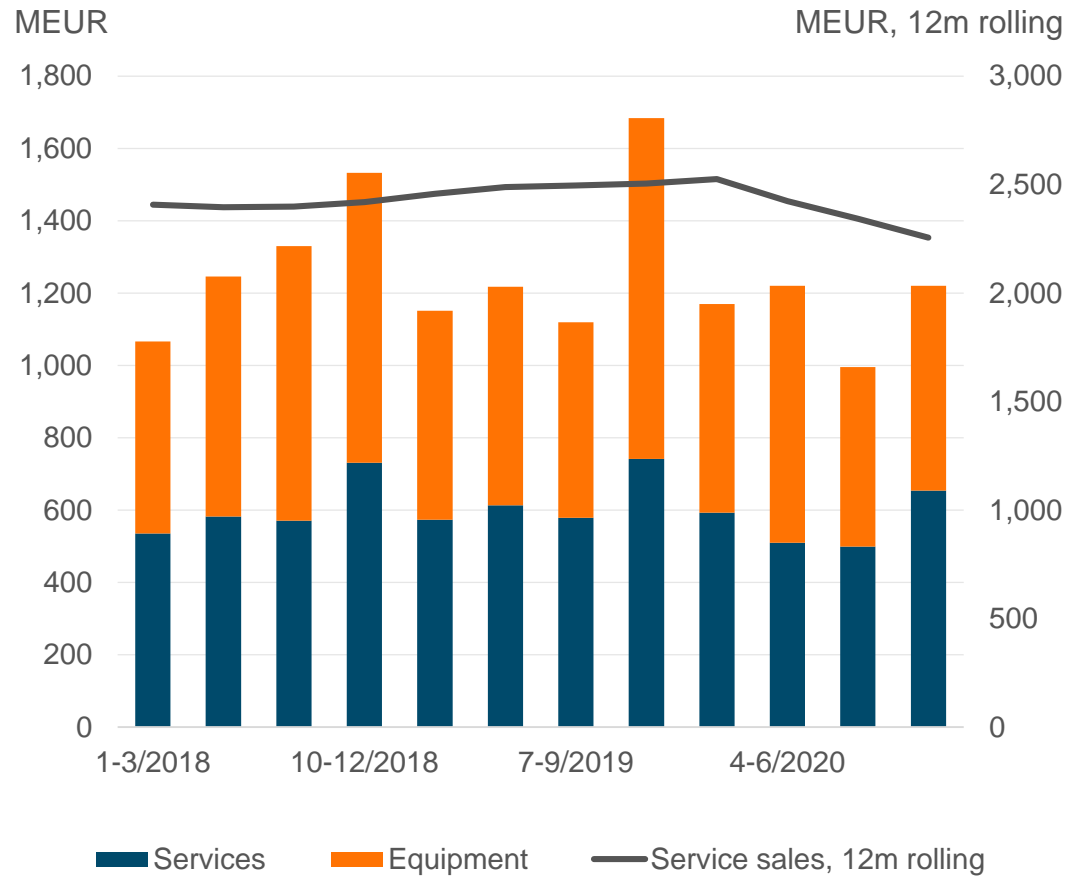
Energy



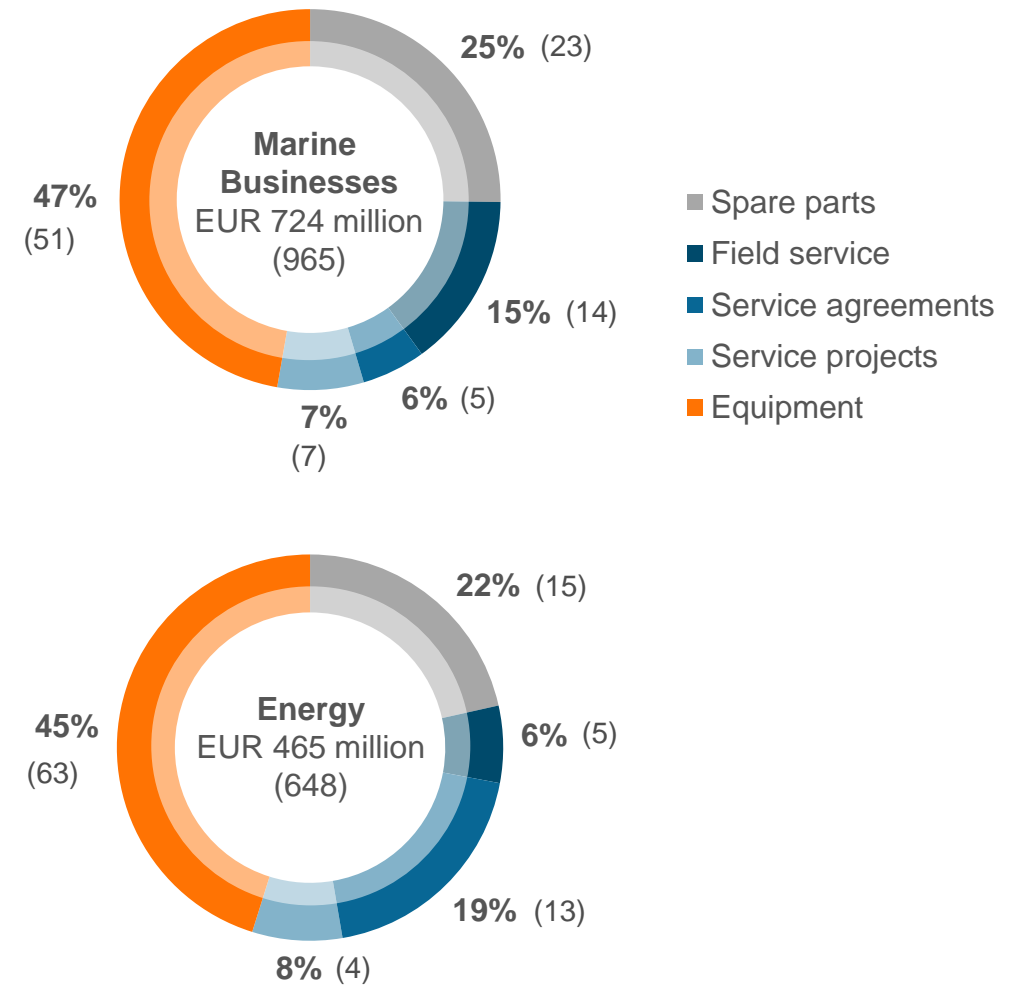
ORDERS RECEIVED FOR ENERGY EQUIPMENT GLOBALLY



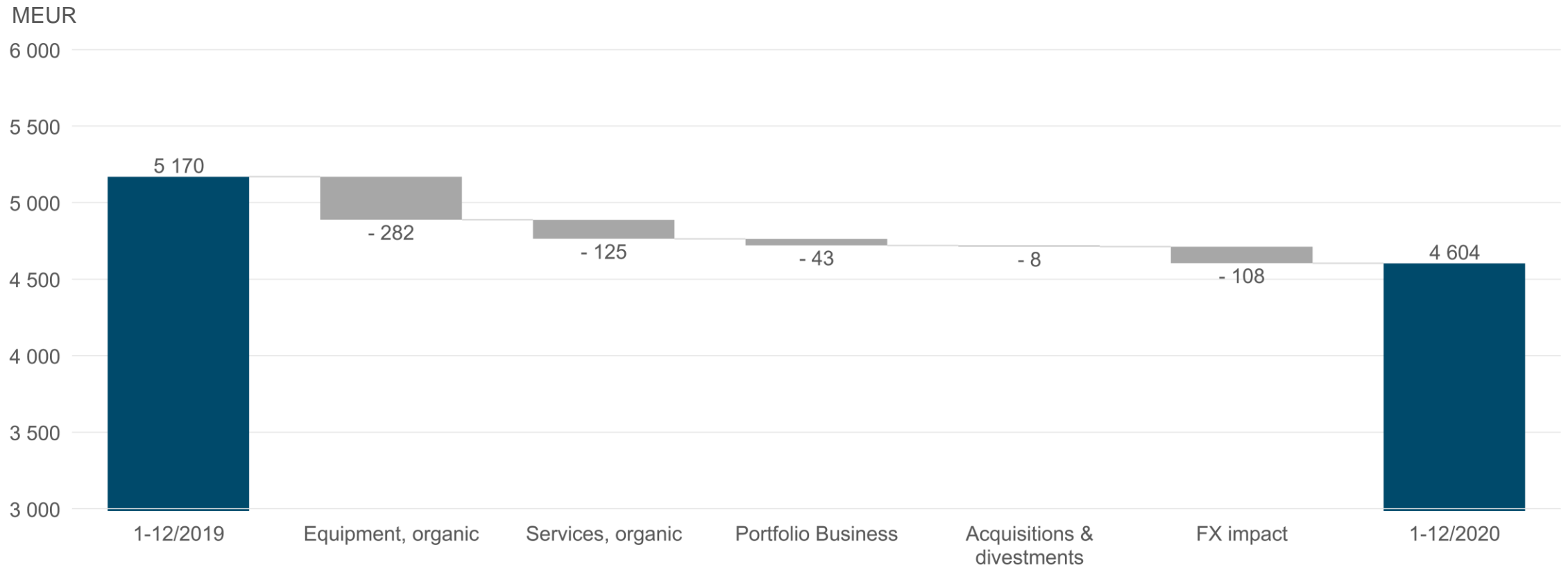
NET SALES BY BUSINESS TYPE



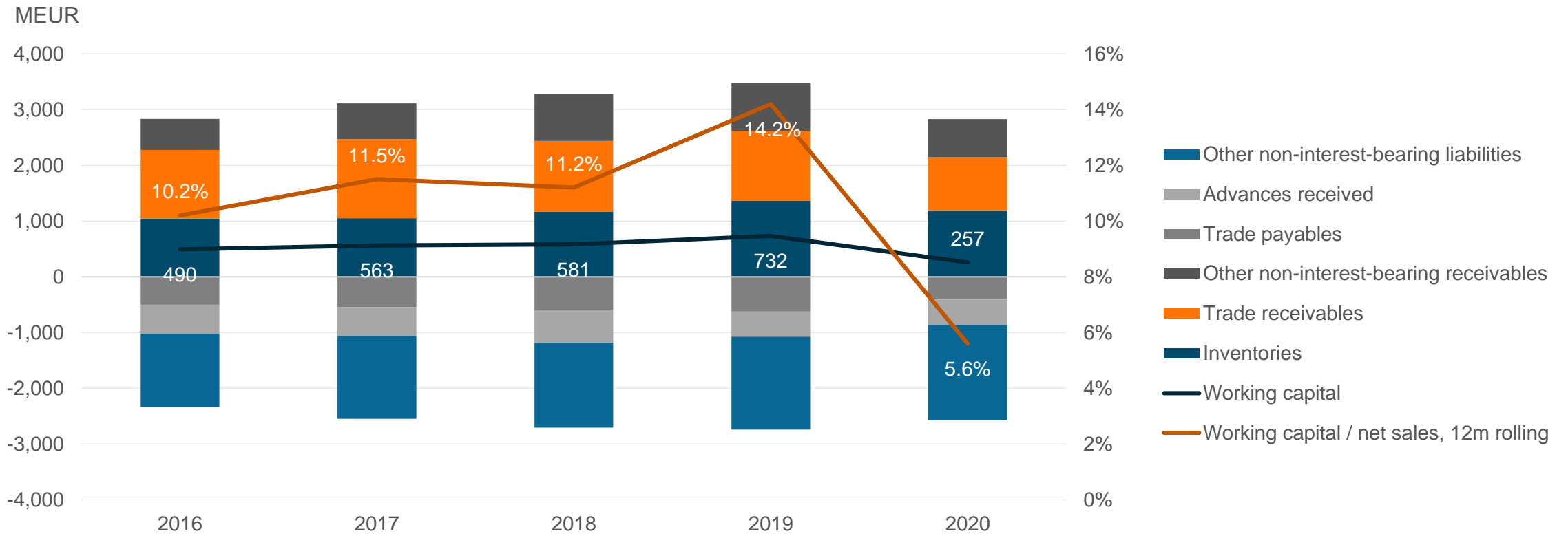
Fourth quarter development



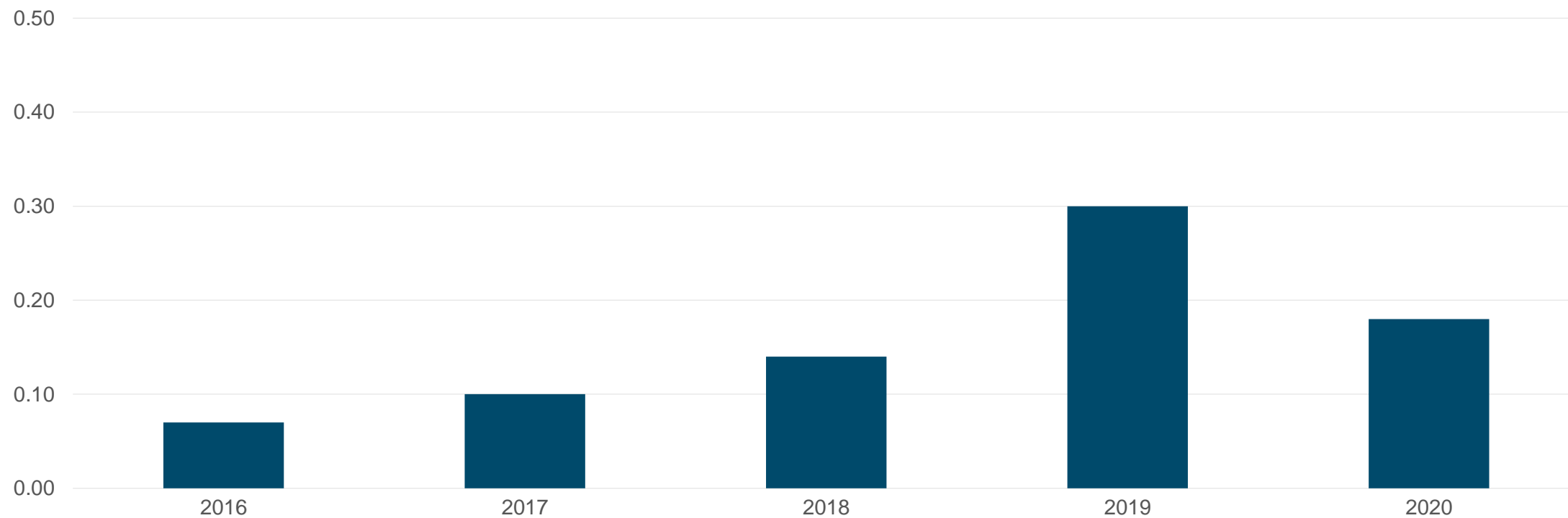
NET SALES BRIDGE



WORKING CAPITAL



GEARING



THANK YOU



WÄRTSILÄ

Further information:

NATALIA VALTASAARI

Vice President, Investor Relations

Tel: +358 (0) 10 709 5637

E-mail: natalia.valtasaari@wartsila.com