

# WÄRTSILÄ CORPORATION

## RESULT PRESENTATION 2016

27 January 2017

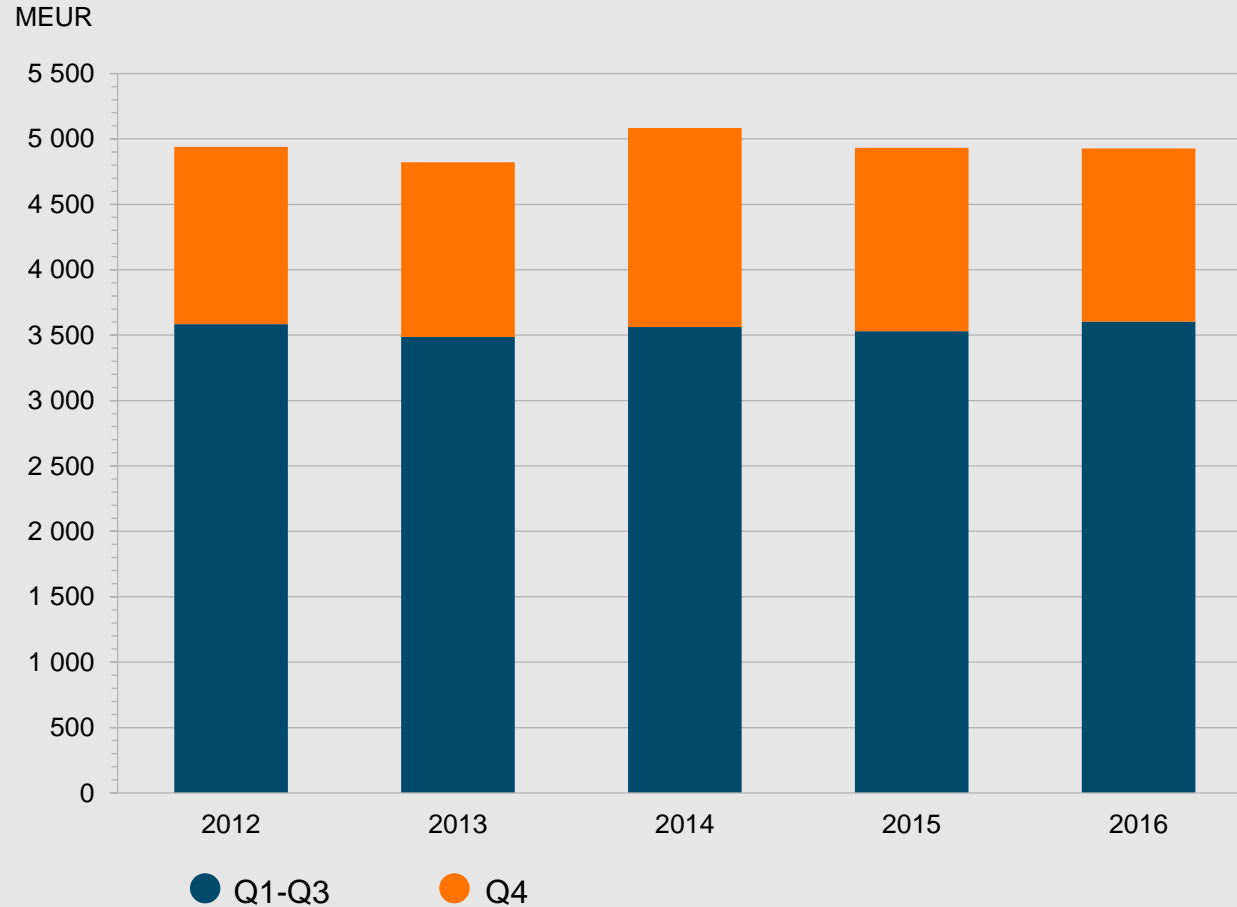
Jaakko Eskola, President & CEO

## Highlights 2016

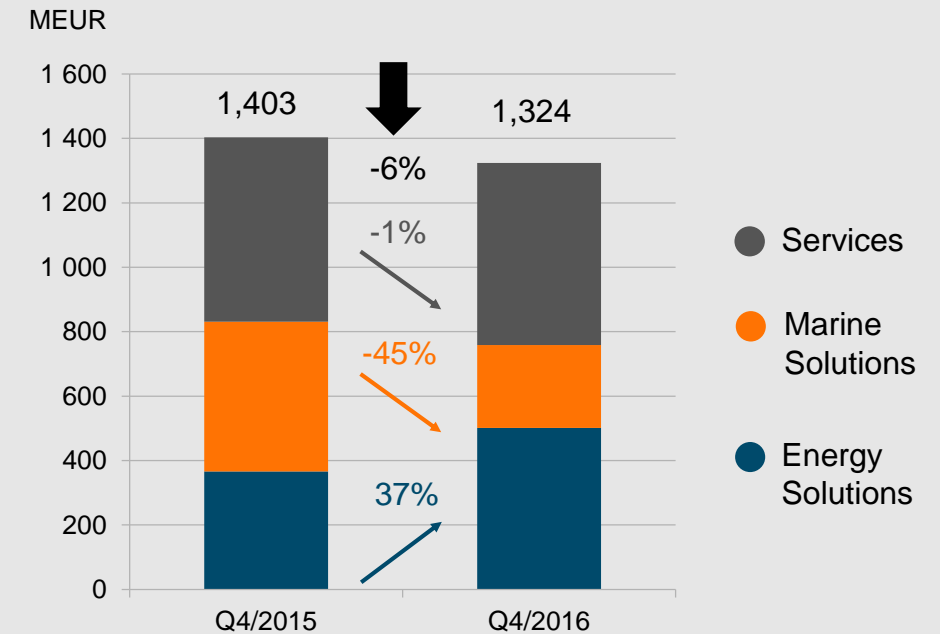
- Order intake stable at EUR 4,927 million
- Net sales EUR 4,801 million, -5%
- Book-to-bill 1.03 (0.98)
- Comparable operating result EUR 583 million, 12.1% of net sales (EUR 612 million or 12.2%)
- Earnings per share EUR 1.79 (2.25)
- Cash flow from operating activities EUR 613 million (255)
- Order book at the end of the period EUR 4,696 million, -4%
- Dividend proposal EUR 1.30 per share, to be paid in two equal instalments



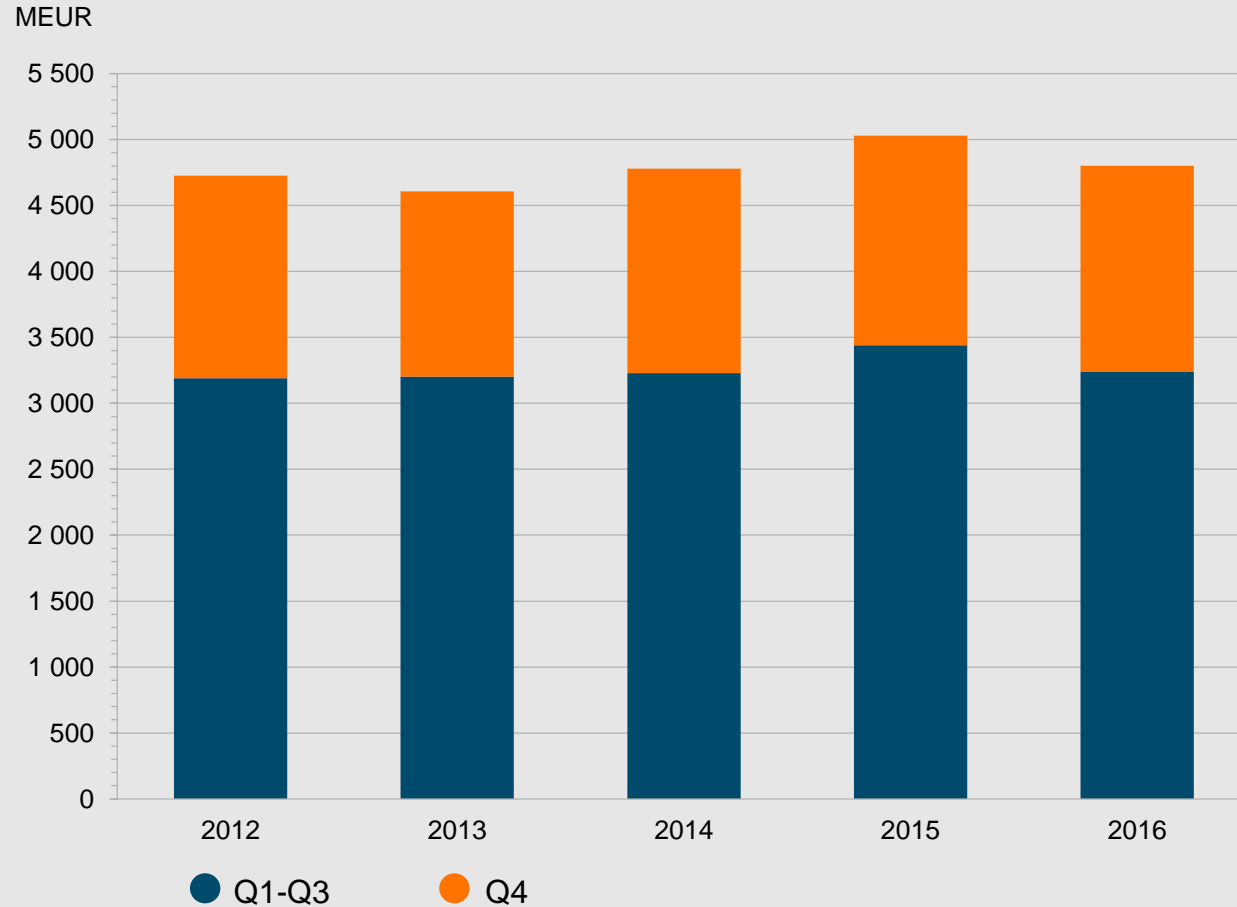
# Improved sentiment in the energy markets supported order intake



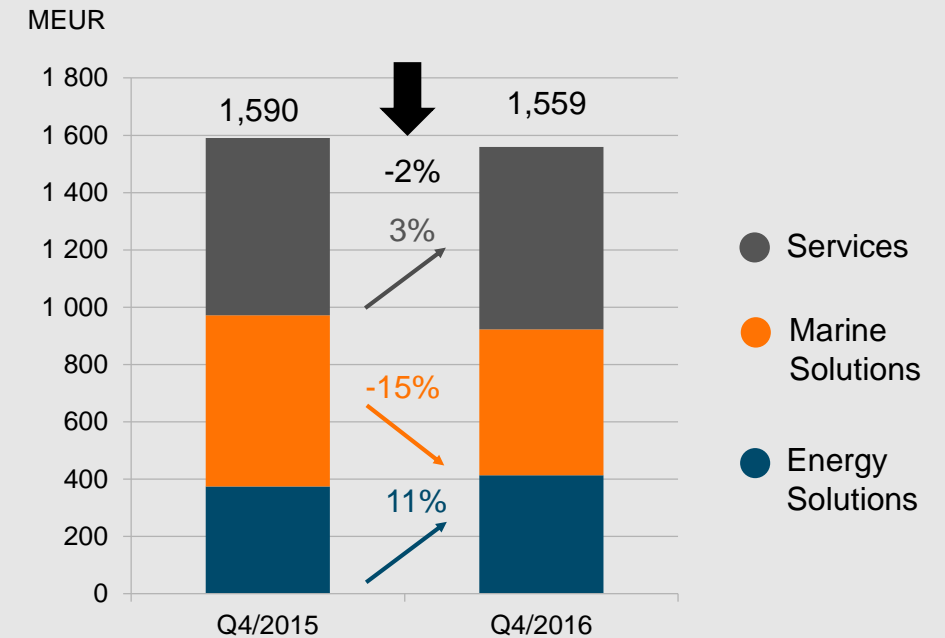
## Fourth quarter development



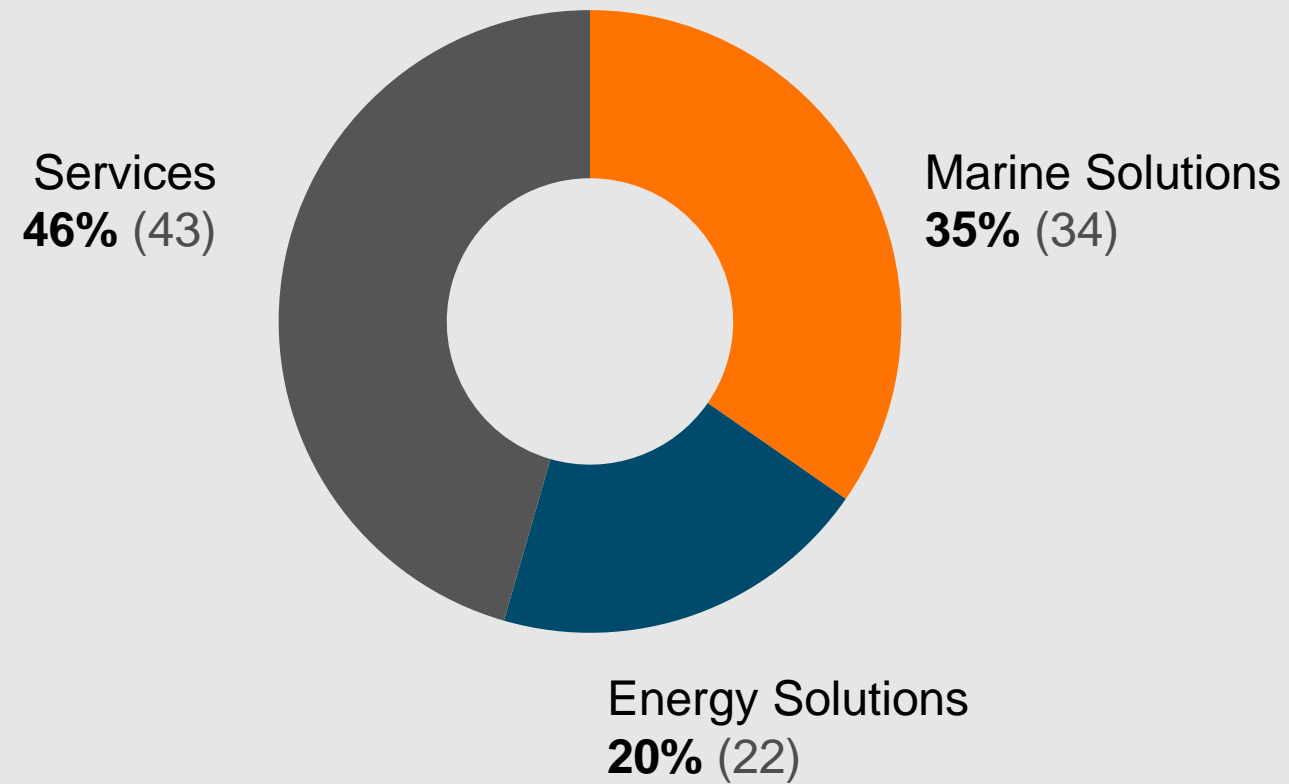
# Net sales developed in line with guidance



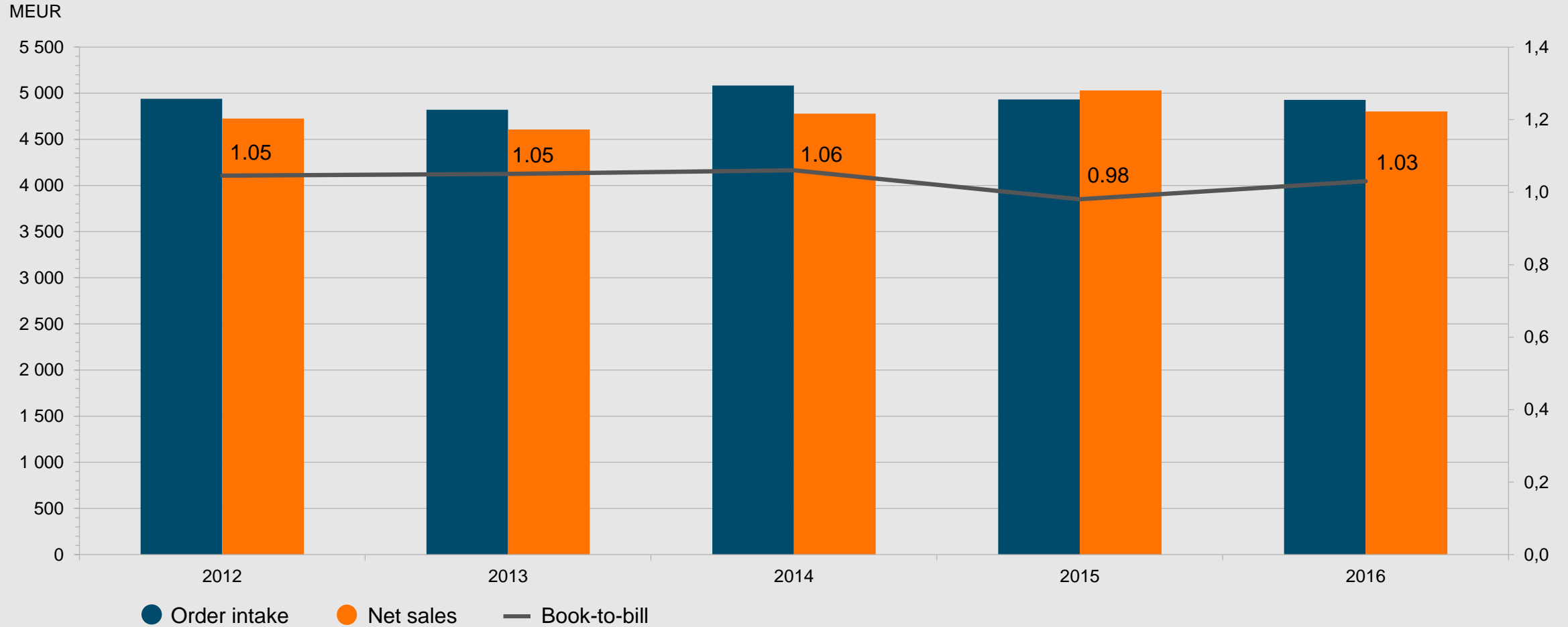
## Fourth quarter development



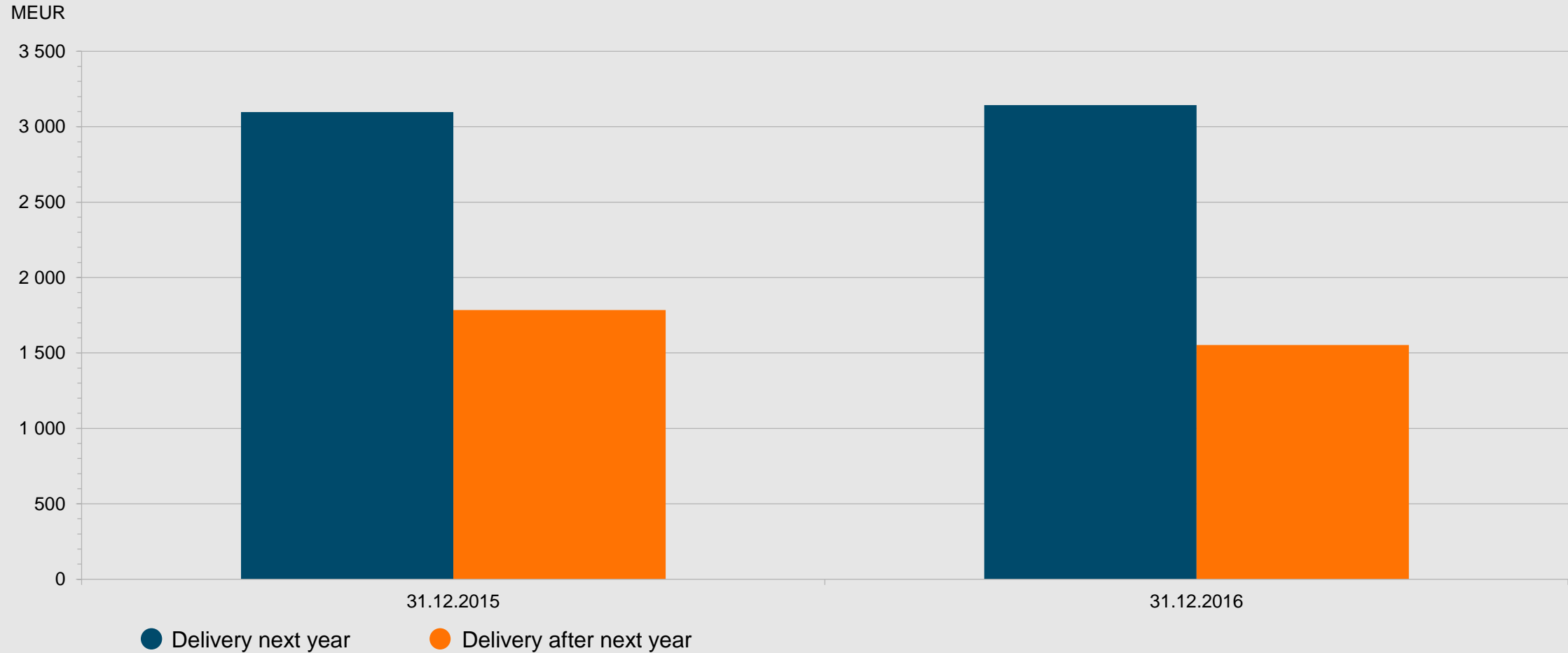
## Net sales by business 2016



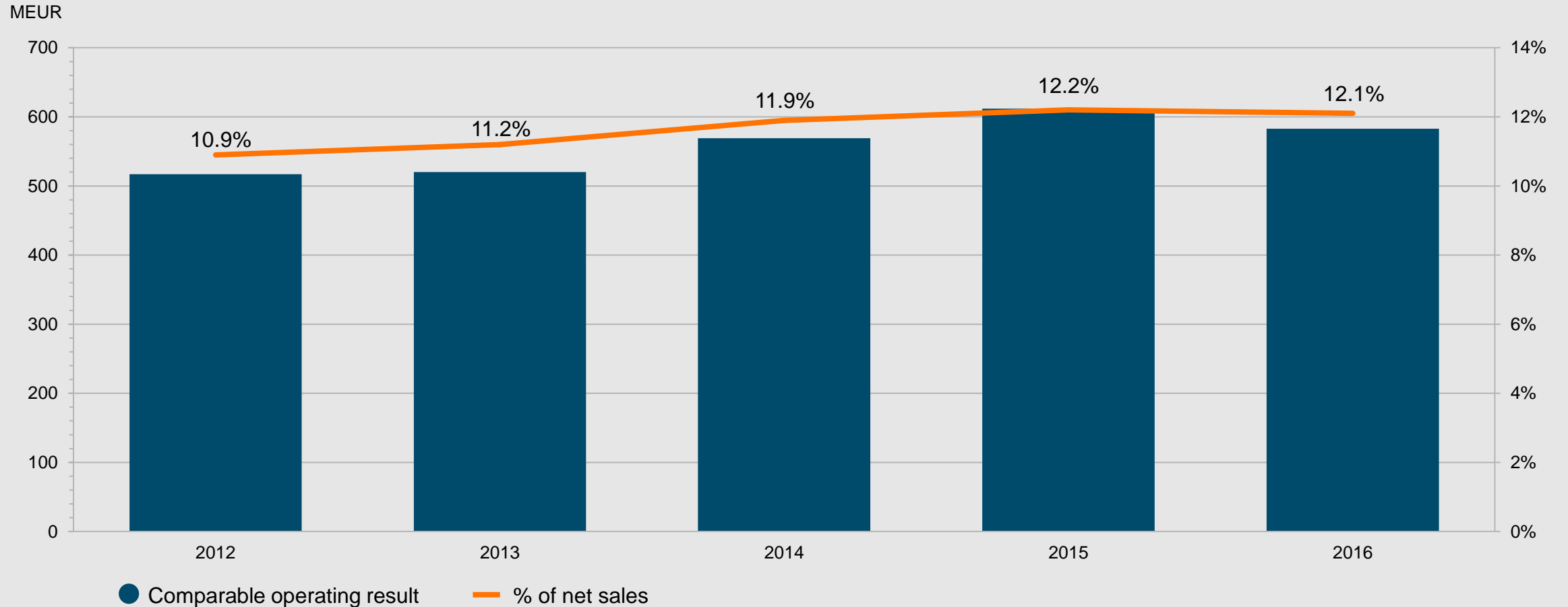
# Book-to-bill



# Order book distribution



# Operating result supported by good fourth quarter

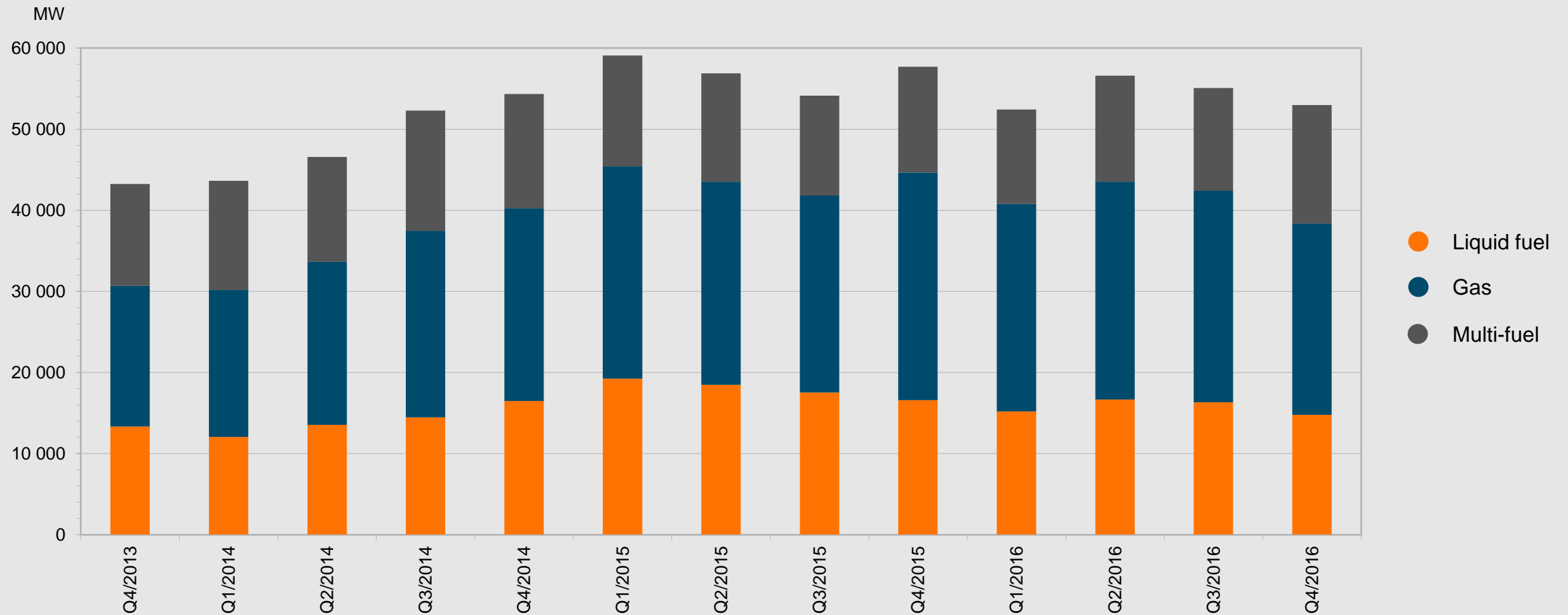


Items affecting comparability include restructuring costs of EUR 48 million (19) and acquisition related & other costs of EUR 3 million (6) for the review period January-December 2016. Figures for 2012-2013 include both discontinued and continuing operations.



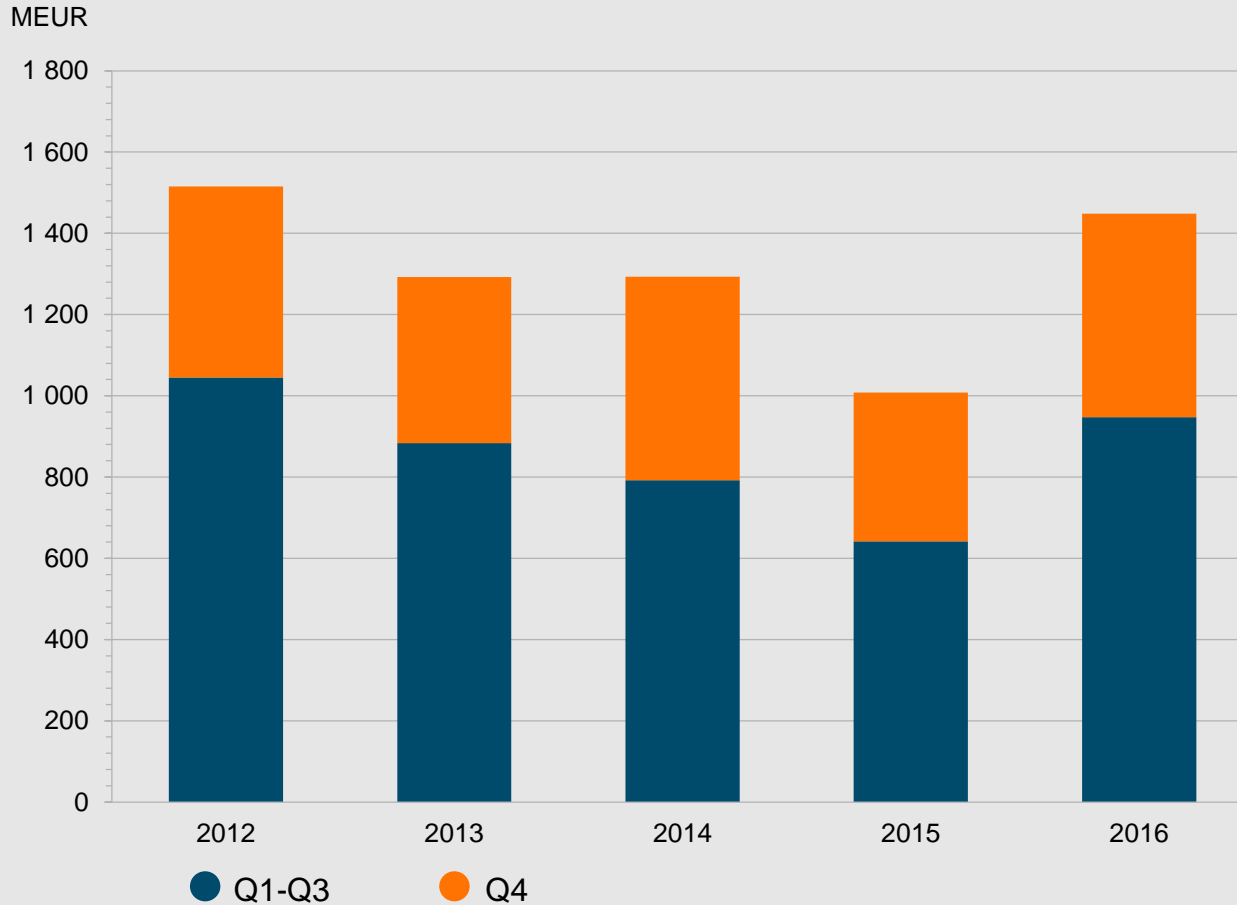


## Quotation activity per fuel type



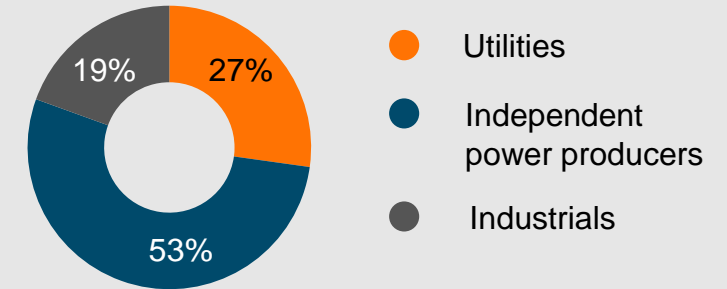
Calculated on a 12 months rolling basis

# Strong ordering activity in Energy Solutions



## Review period development

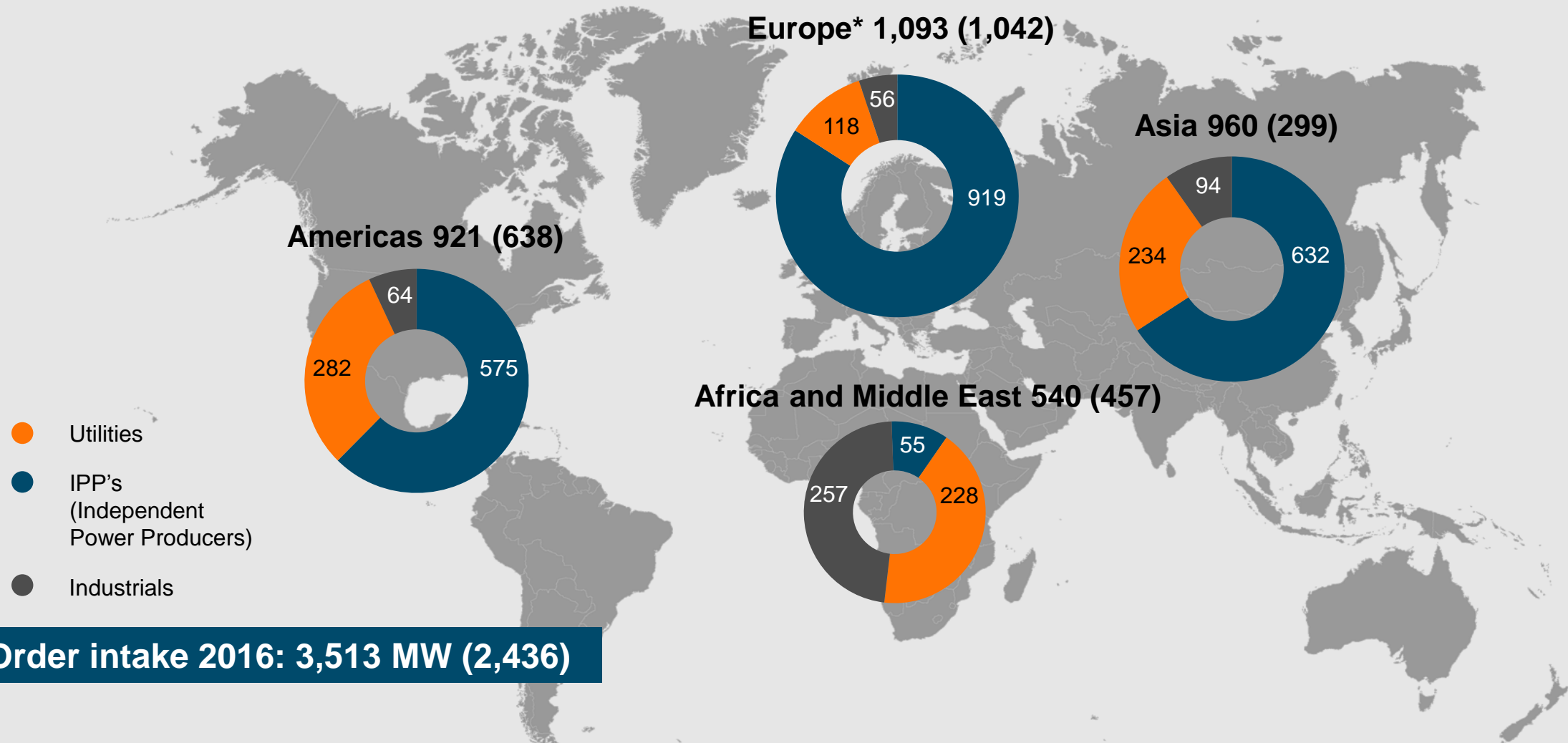
Total EUR 1,448 million (1,009)



## Review period order intake by fuel in MW



# Order intake globally



**Order intake 2016: 3,513 MW (2,436)**

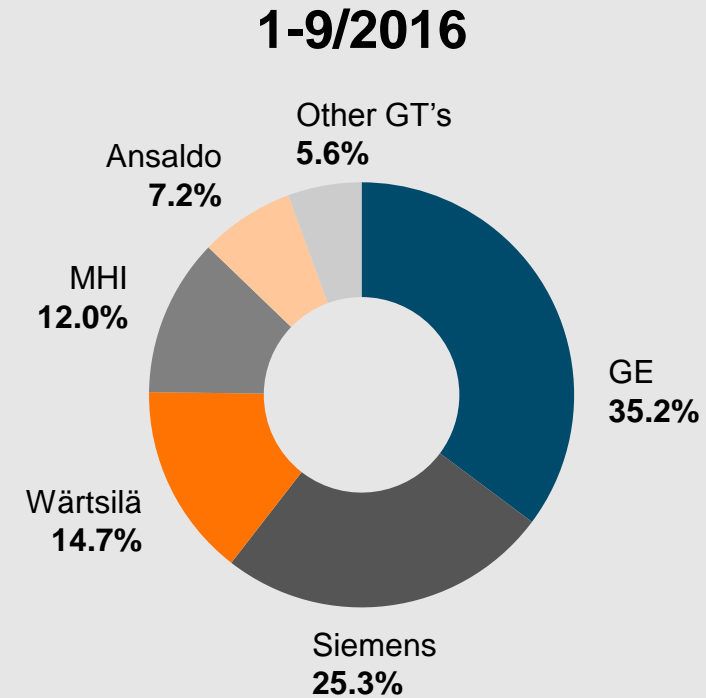
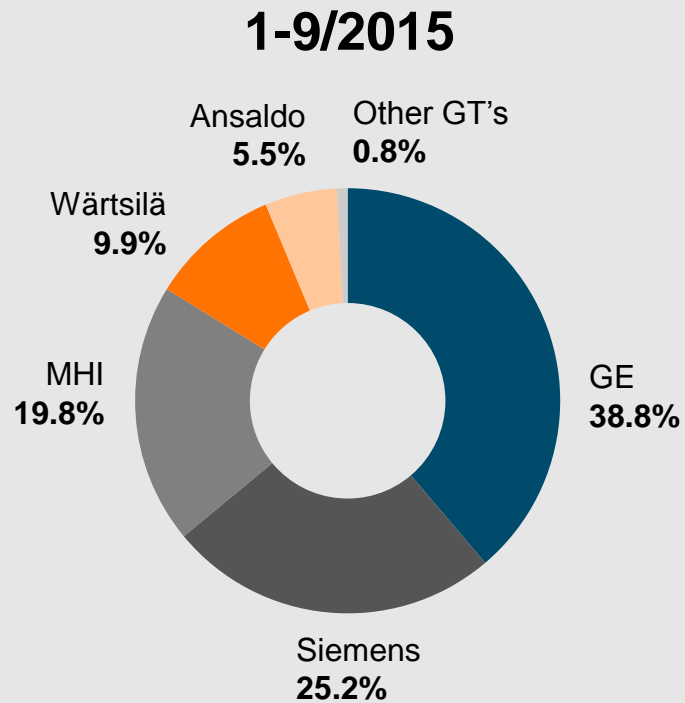
\*Turkish owners contributed to the high level of activity in Europe.

# Wärtsilä to deliver a 100 MW combined heat and power (CHP) plant to Germany

- As part of its climate action plan, Germany has committed to increasing the share of electricity produced by CHP power plants to 25% of the total electricity production by 2025.
- Unlike traditional CHP power plants, Wärtsilä gas engines enable quick power output adjustments to respond to the fluctuations in power demand as signalled by the electricity price.



## Market for gas and liquid fuel power plants, <500 MW

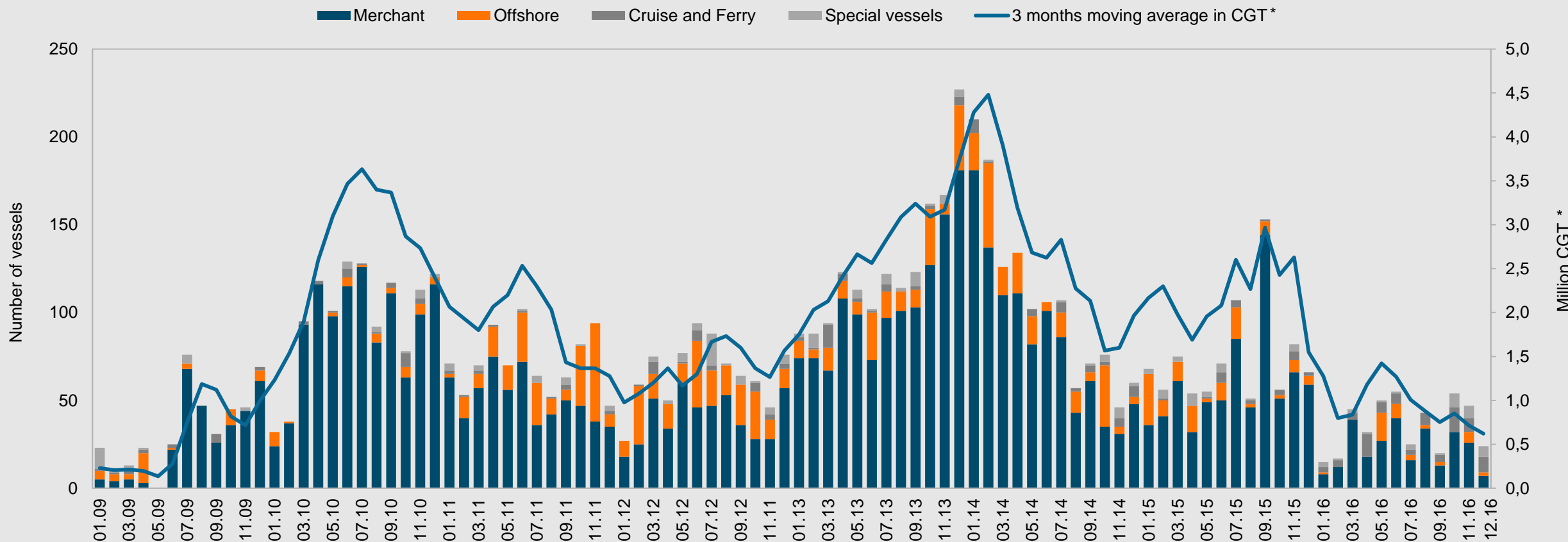


**<500 MW market volume: 17.4 GW (17.0), +2%**  
**Total market volume: 49.2 GW (43.9), +12%**

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.



# Exceptionally low newbuild vessel orders in 2016

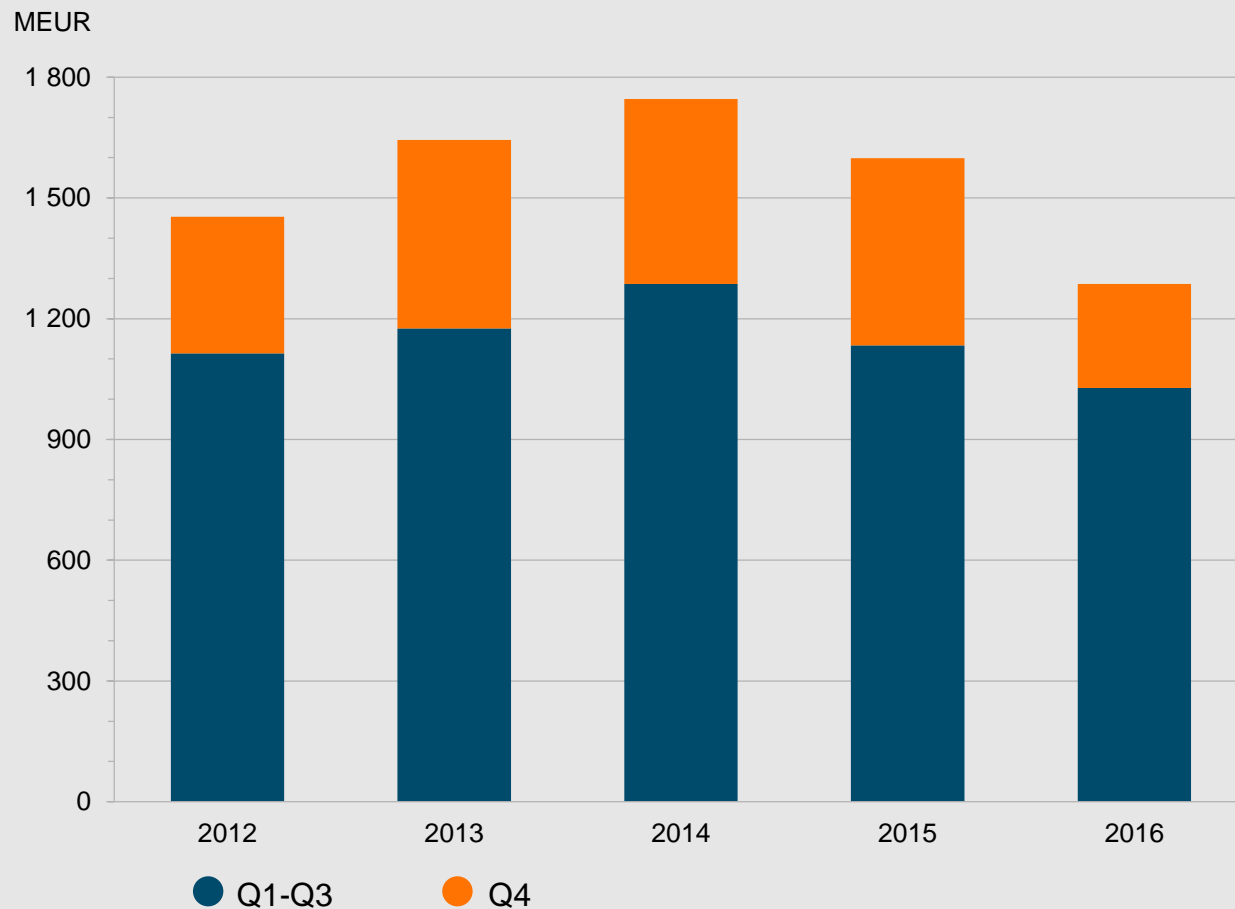


Source: Clarkson Research Services, figures exclude late contracting

\* CGT= gross tonnage compensated with workload

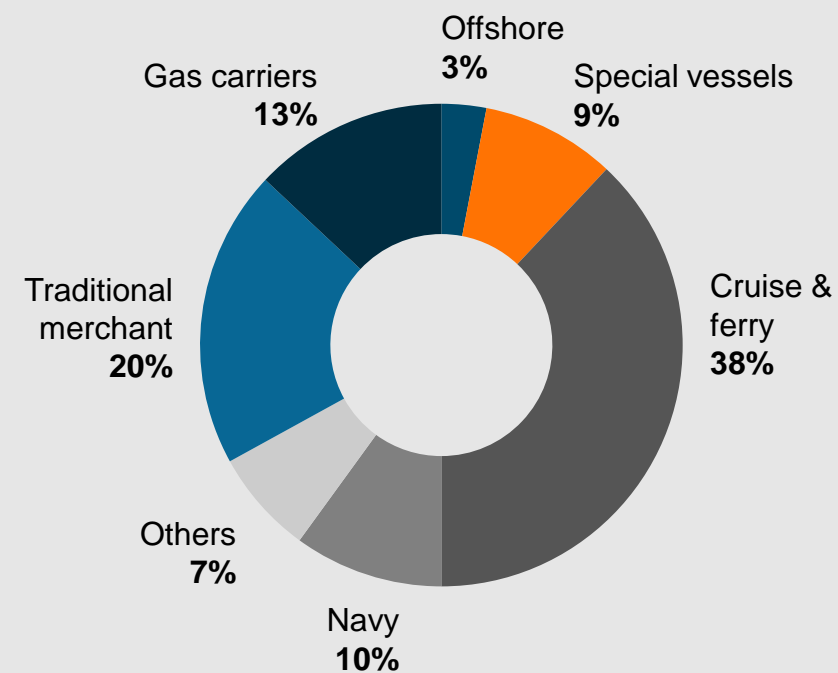


# Cruise & ferry supported Marine Solutions' order intake

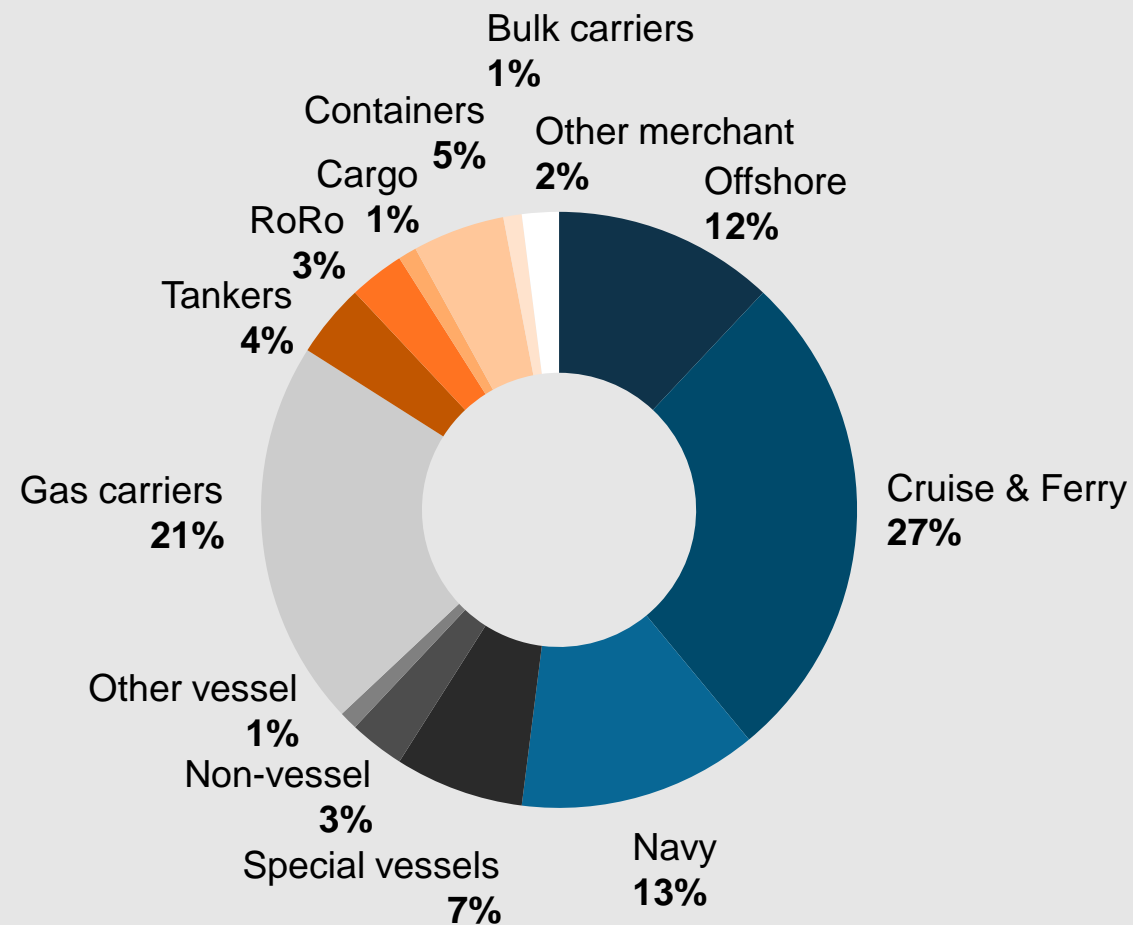


## Review period development

Total EUR 1,285 million (1,599)



## Marine Solutions' order book 31 December 2016



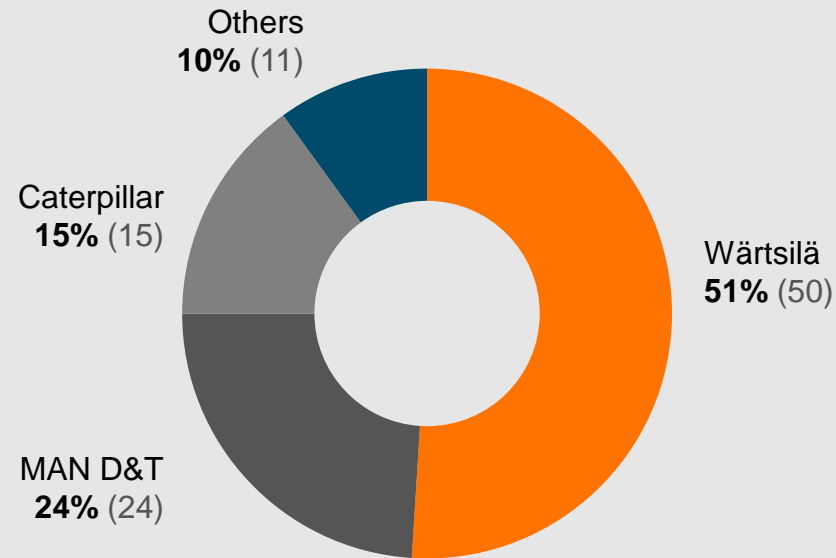
# Upcoming environmental regulations support the demand for Wärtsilä's solutions

- UK based Wightlink ordered a comprehensive range of modern equipment and systems to ensure a high level of environmental efficiency for their new ferry. This will be the first ferry to utilise Wärtsilä hybrid battery technology.
- Construcciones Navales del Norte SL ordered an LNG power and propulsion installation for its new RoRo passenger ferry. This eco-efficient 'smartship' will be the first gas-powered RoRo passenger ferry operating in the Mediterranean Sea.



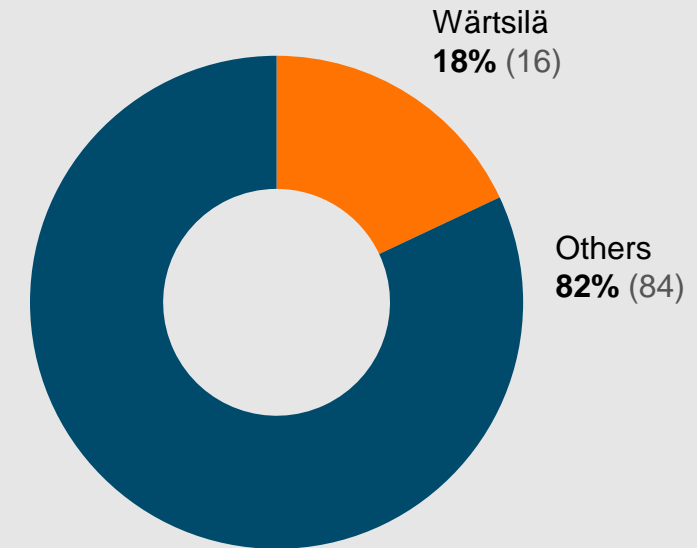
# Strong position in marine engine market

## Medium-speed main engines



Total market volume last 12 months:  
2,392 MW (2,358)

## Auxiliary engines

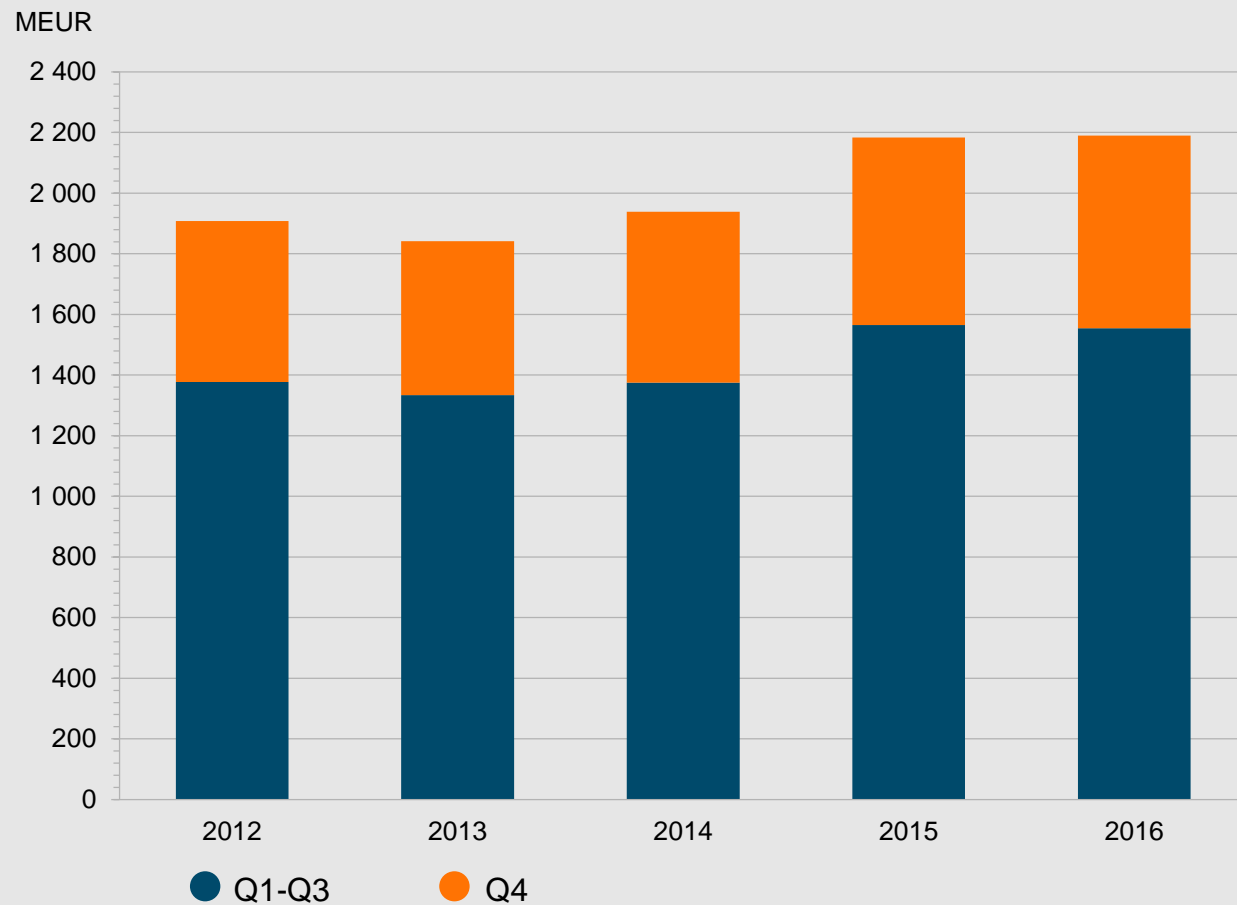


Total market volume last 12 months:  
2,029 MW (3,617)

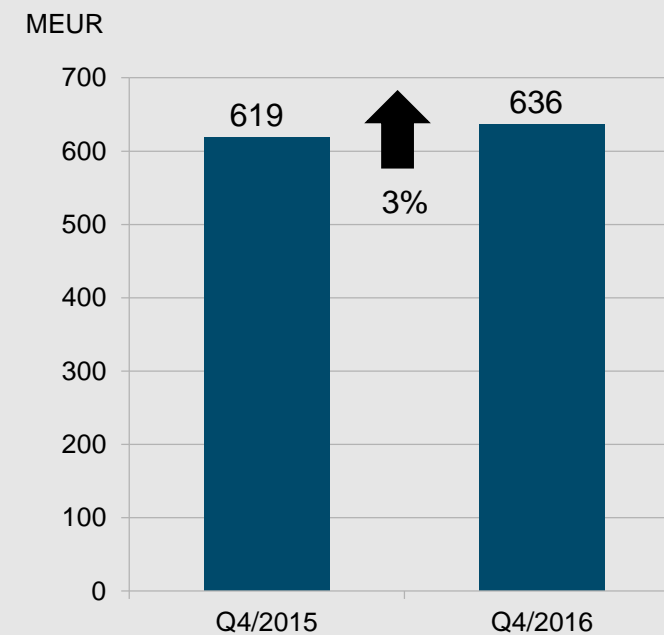
Wärtsilä's market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. The calculation is based on Wärtsilä's own data portal.



## Stable development in Services' net sales

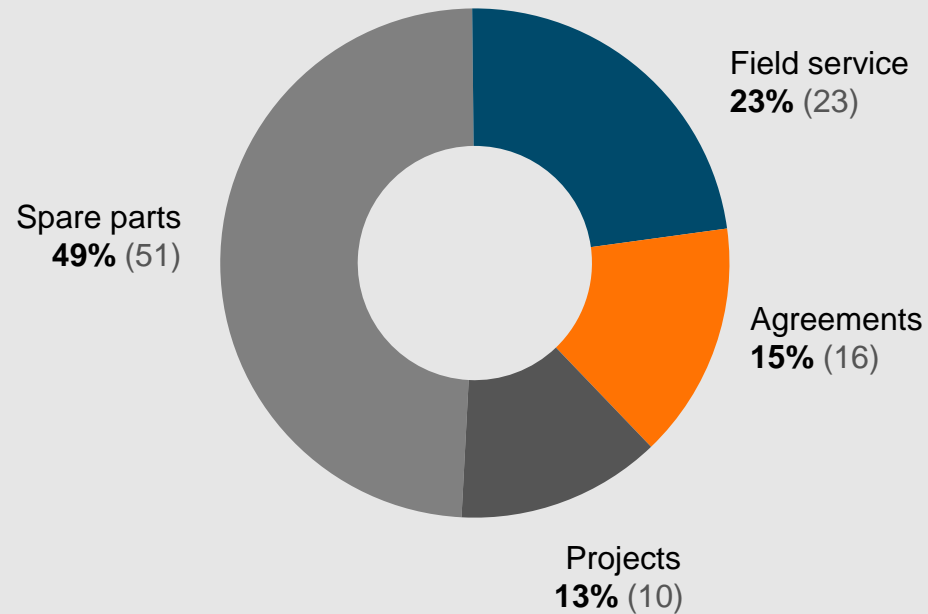


### Fourth quarter development

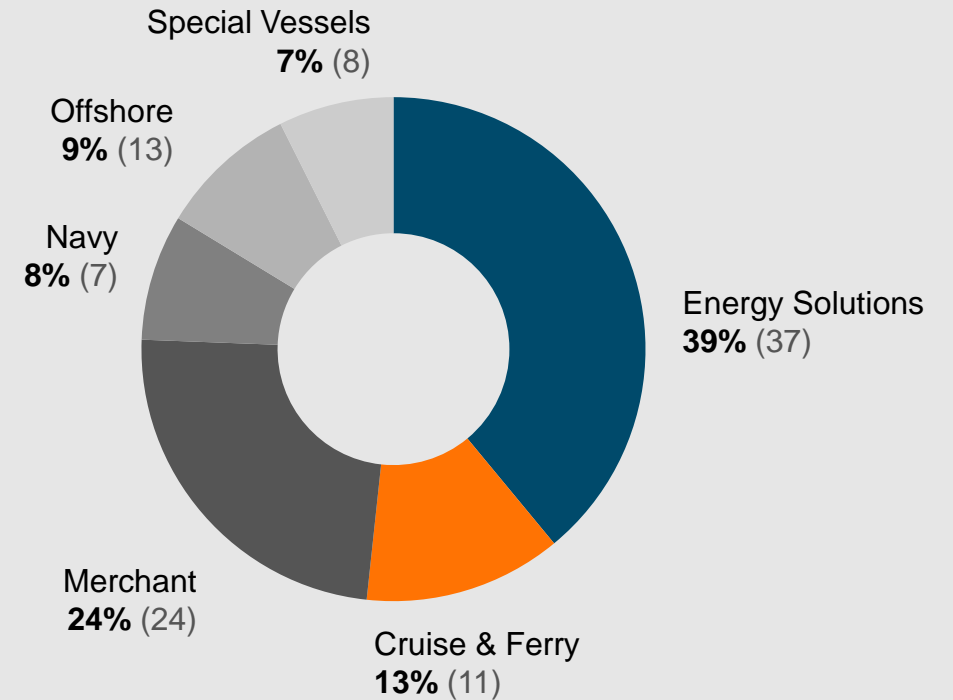


# Net sales distribution 2016

## By product area

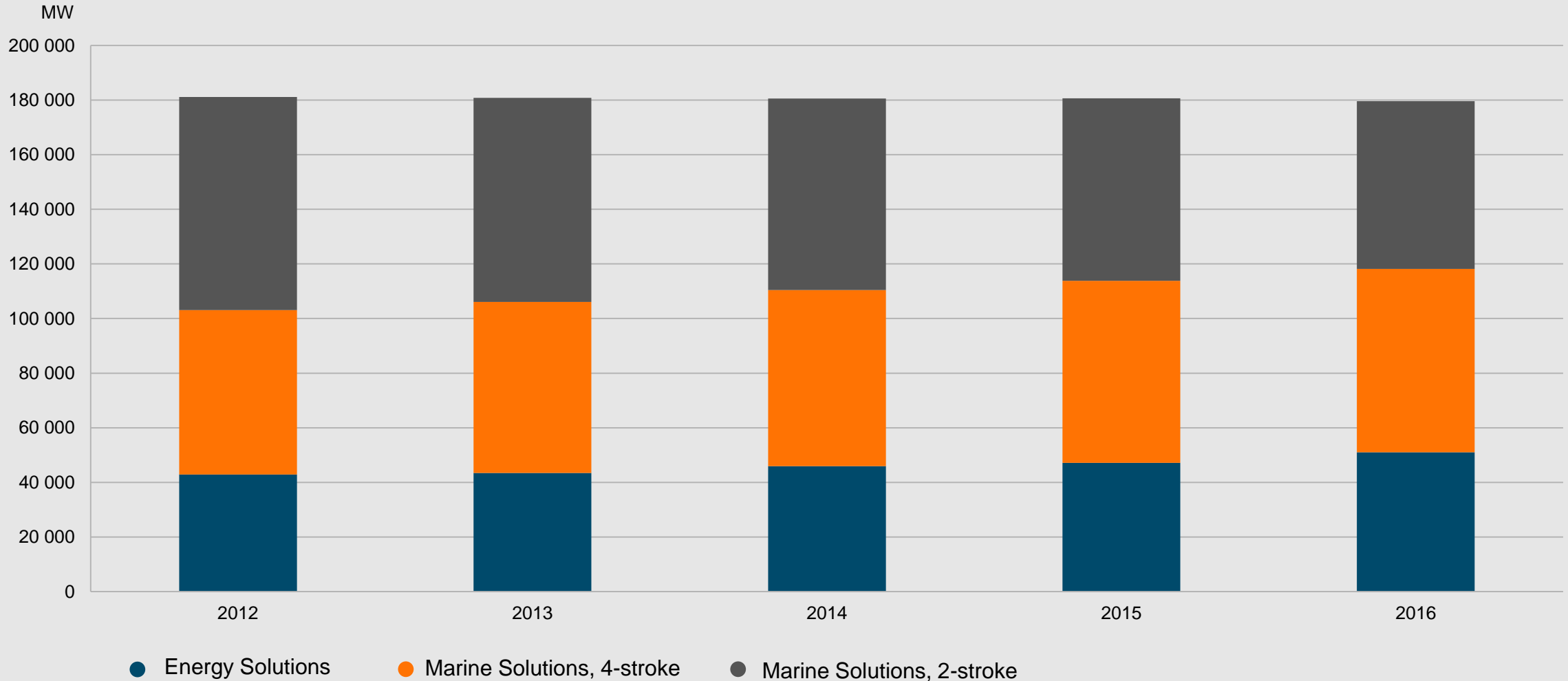


## By segment



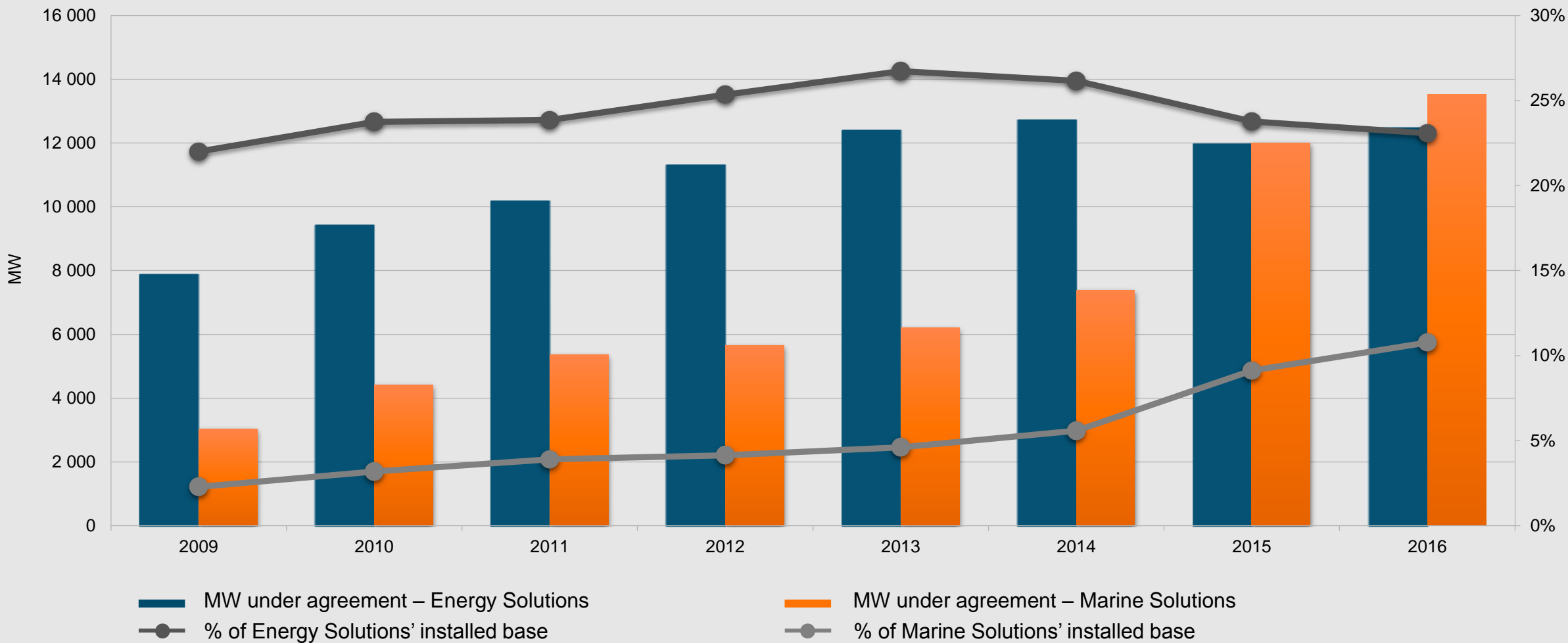
**Total EUR 2,190 million (2,184)**

# Installed base totalling 180,000 MW





# Installed base covered by service agreements



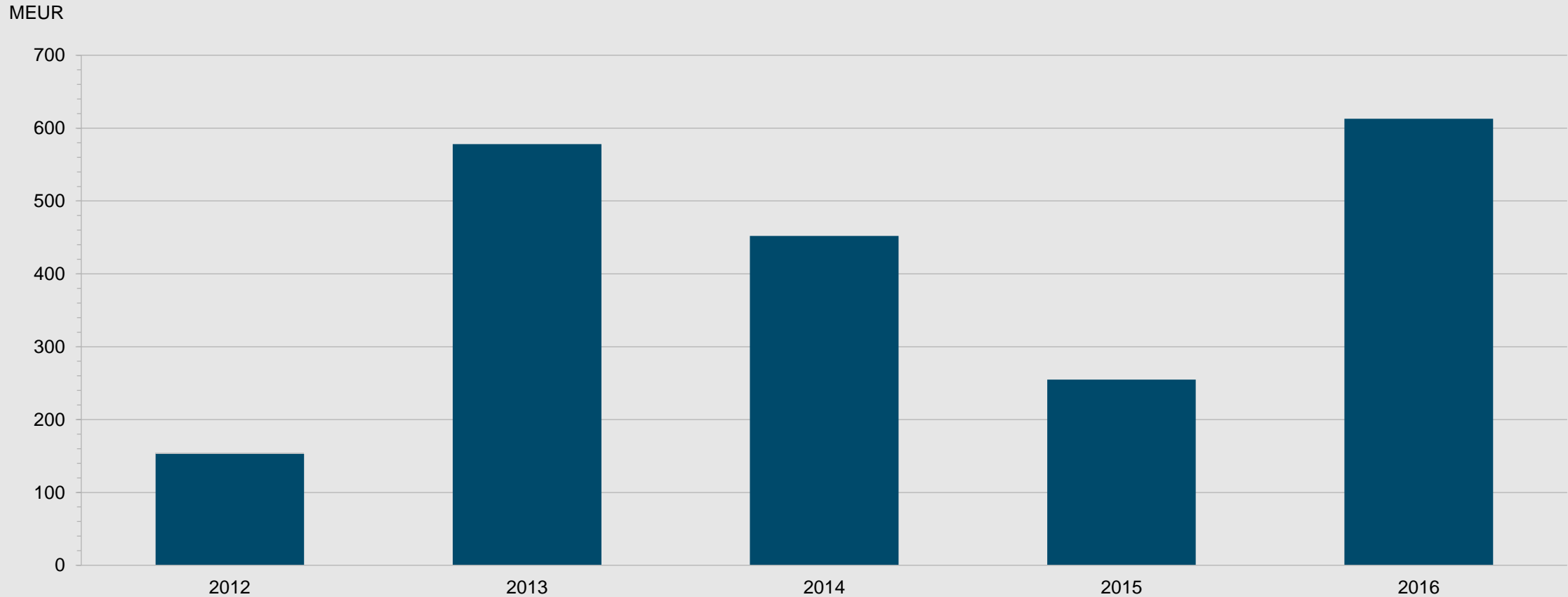
# Wärtsilä and Carnival Corporation announce strategic partnership

- 12-year agreement
- Ensuring safety and reliability of Carnival's fleet
- Reducing operational costs
- Wärtsilä provides all engine maintenance and monitoring for fleet of 79 vessels
- Continuous planning together with Carnival
- Performance-based revenue model
- Wärtsilä's biggest service contract in history
  
- **Digitising fleet operations**

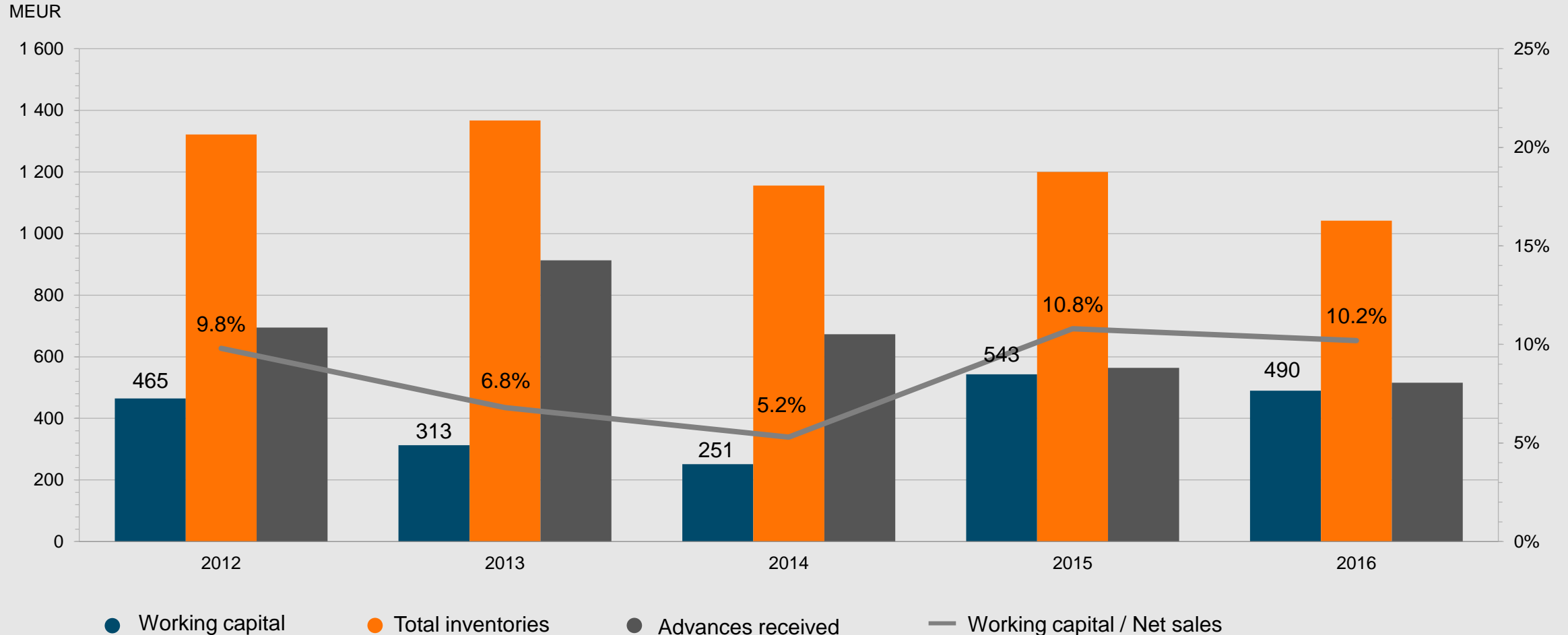




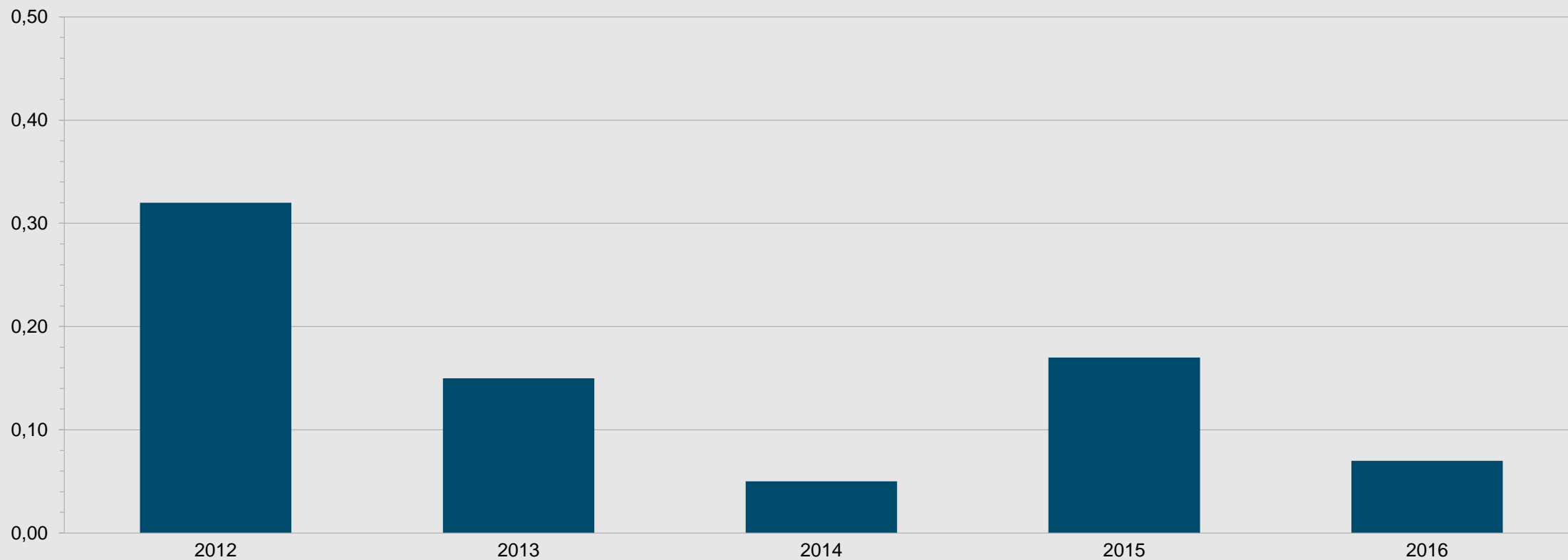
## Operating cash flow development



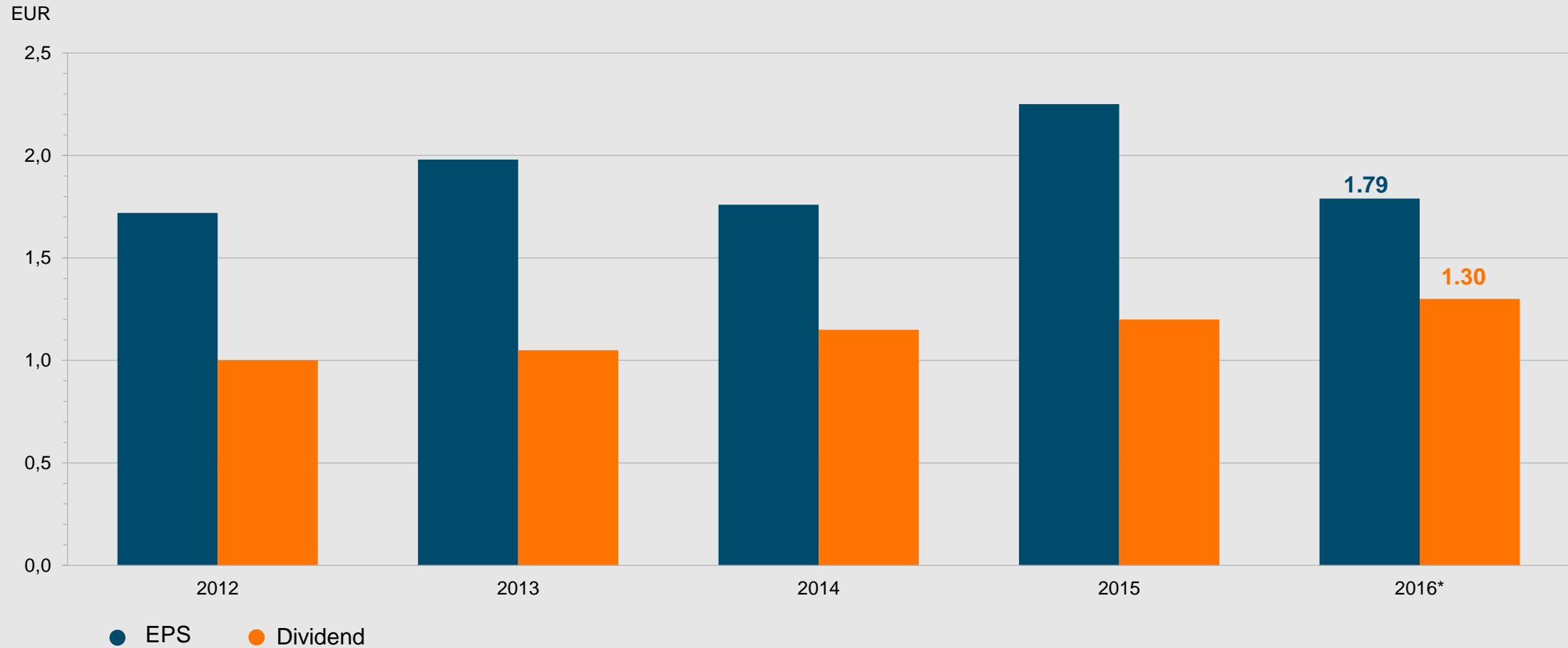
## Working capital development



# Gearing



## EPS and dividend per share



\* Dividend 2016 - Proposal of the Board

# 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
- Solid in Energy Solutions
- Soft in Marine Solutions



# THANK YOU

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