

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-MARCH 2020

21 April 2020

Jaakko Eskola, President & CEO



**Net sales stable, profitability burdened
by COVID-19 impacts and mix**

Order intake **EUR 1,247 million**, -12%

Order book at the end of the period
EUR 5,745 million, -4%

Net sales **EUR 1,170 million**, +2%

Book-to-bill **1.07** (1.23)

Comparable operating result **EUR 56 million** (102),
or **4.8% of net sales** (8.9)

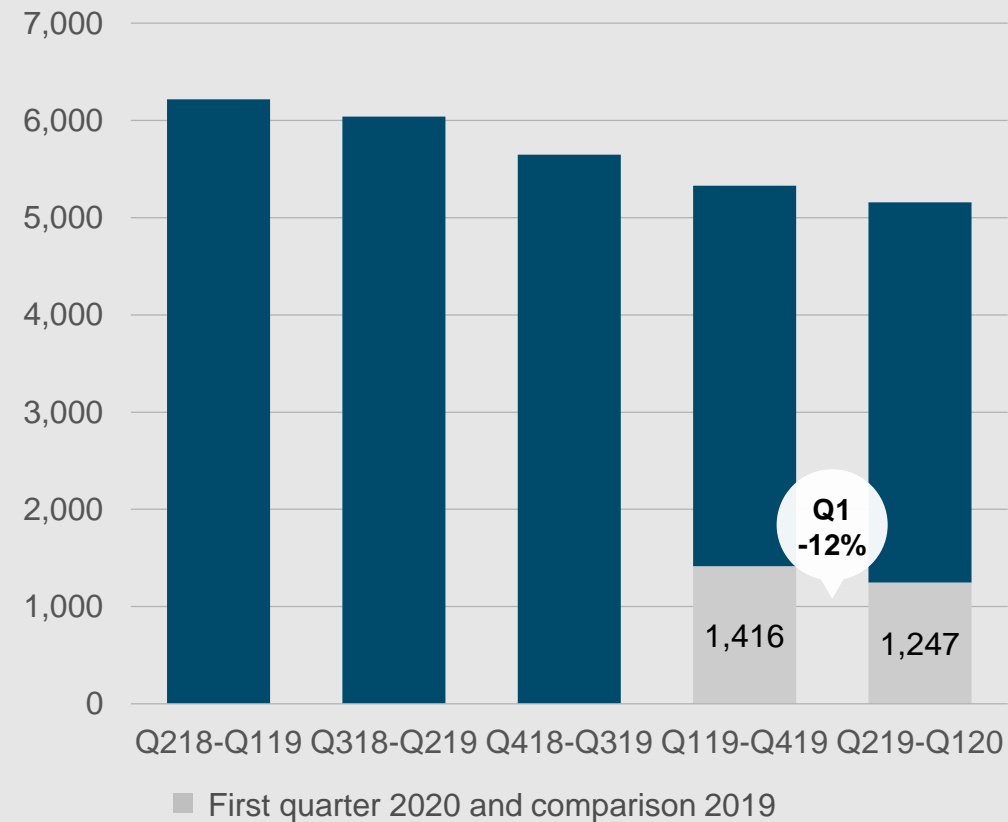
Earnings per share **EUR 0.05** (0.10)

Cash flow from operating activities
EUR 42 million (35)

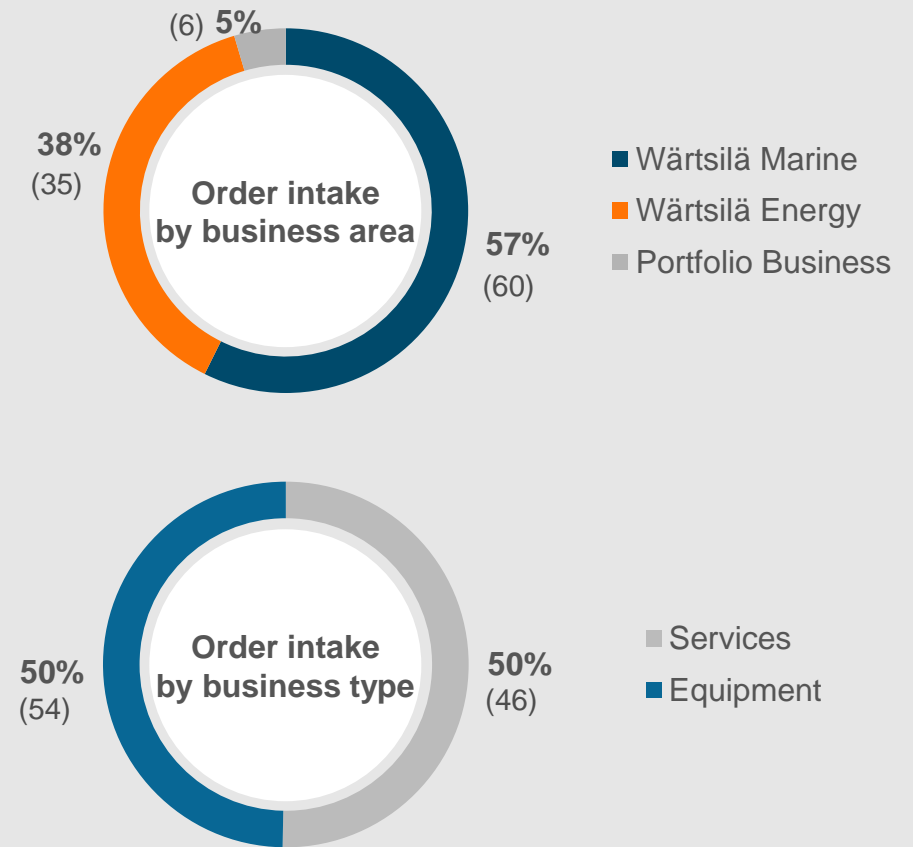


Demand was reasonable considering the market conditions

Rolling 12m, MEUR

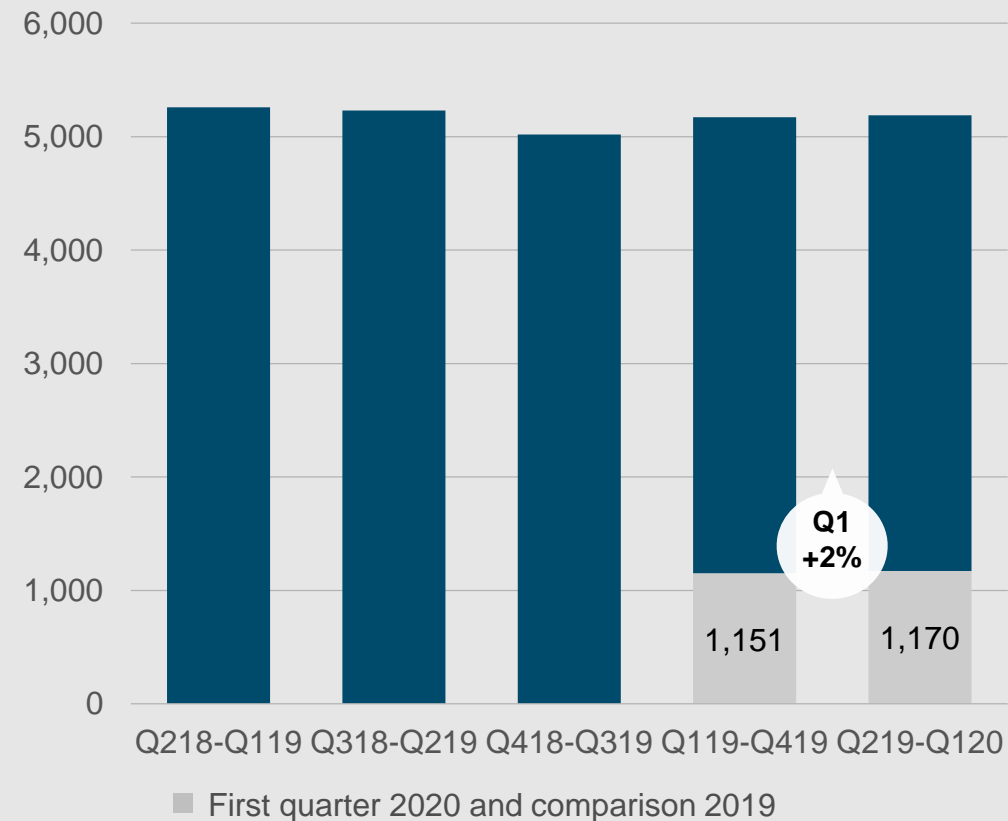


First quarter development

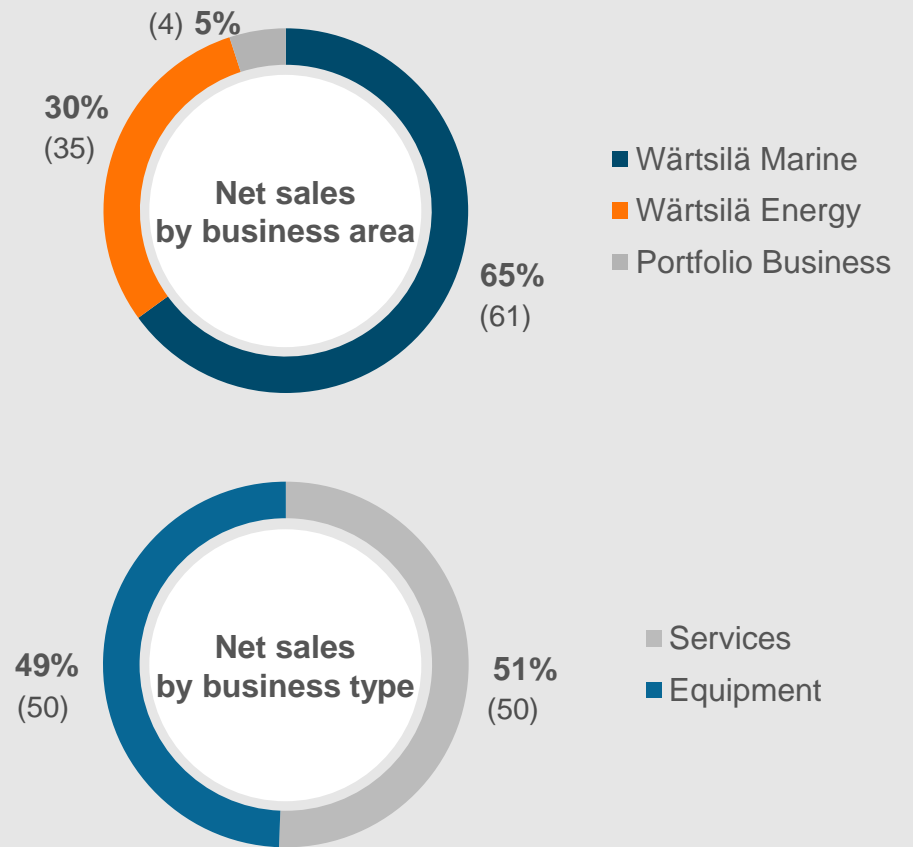


Net sales increased slightly driven by the Marine Business

Rolling 12m, MEUR

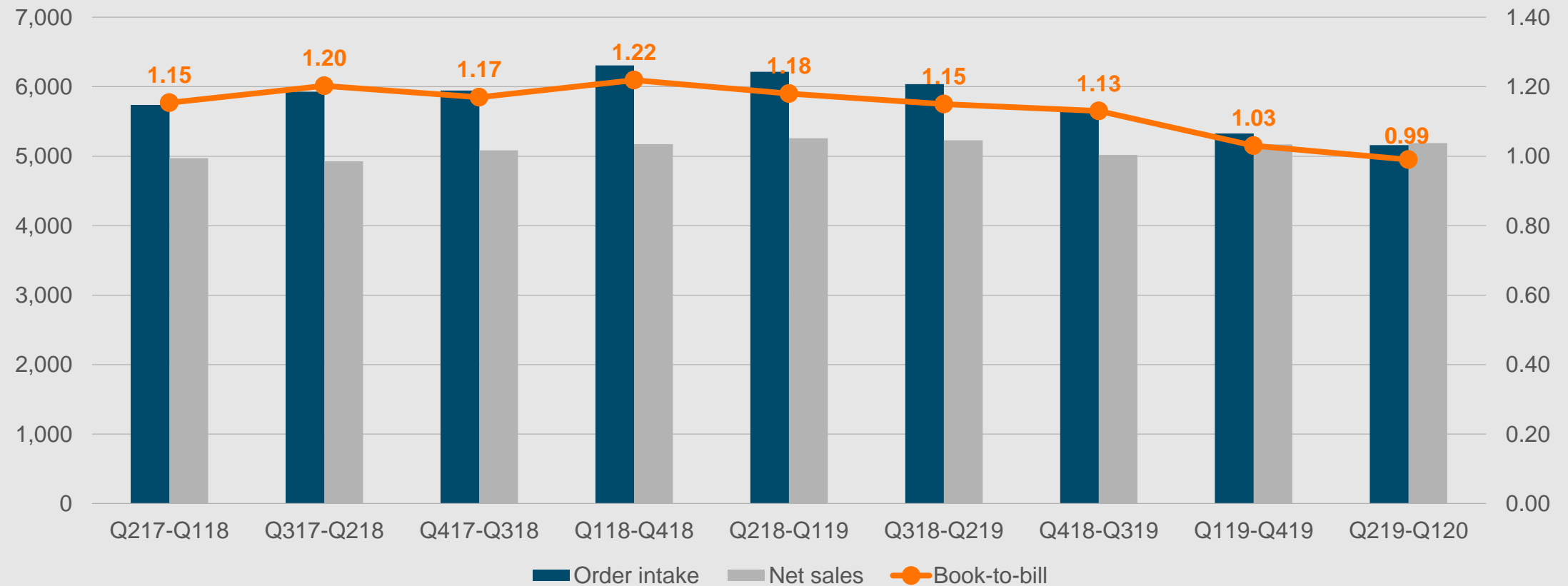


First quarter development

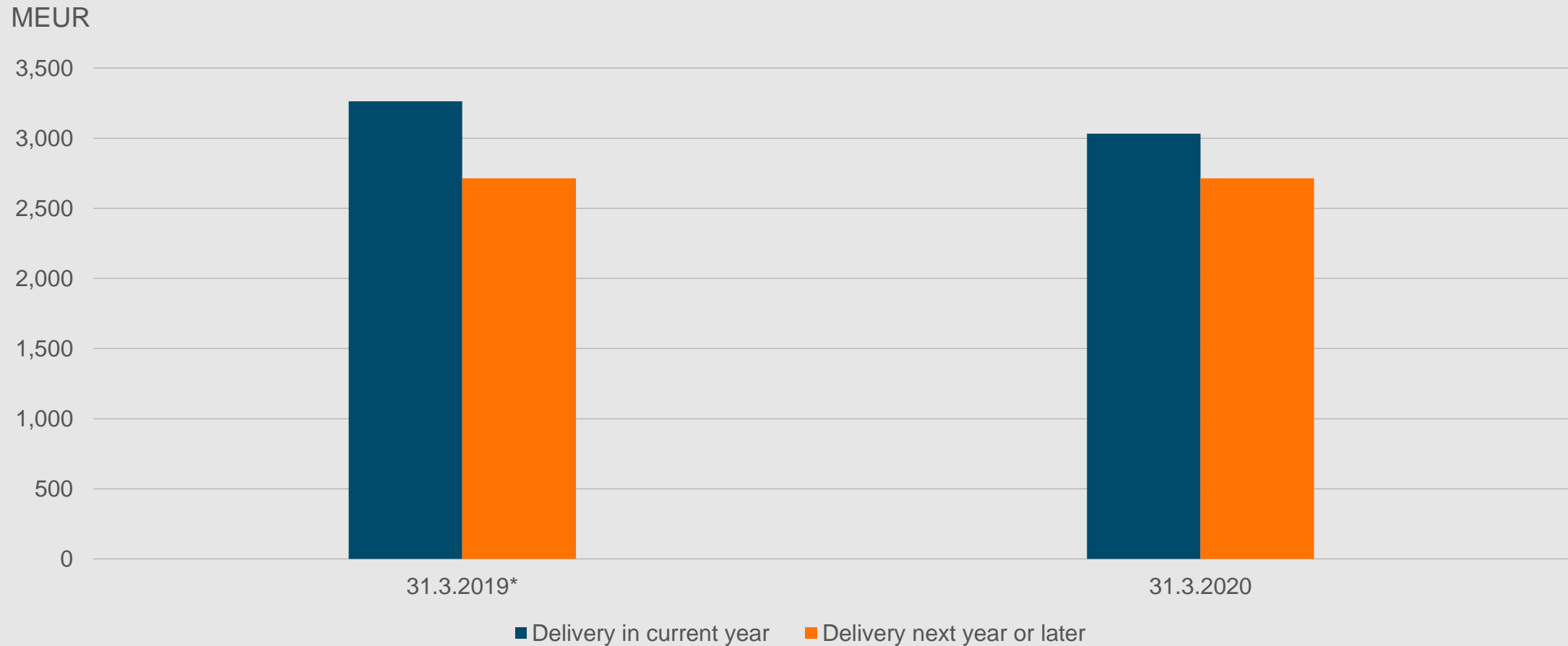


Book-to-bill

Rolling 12m, MEUR



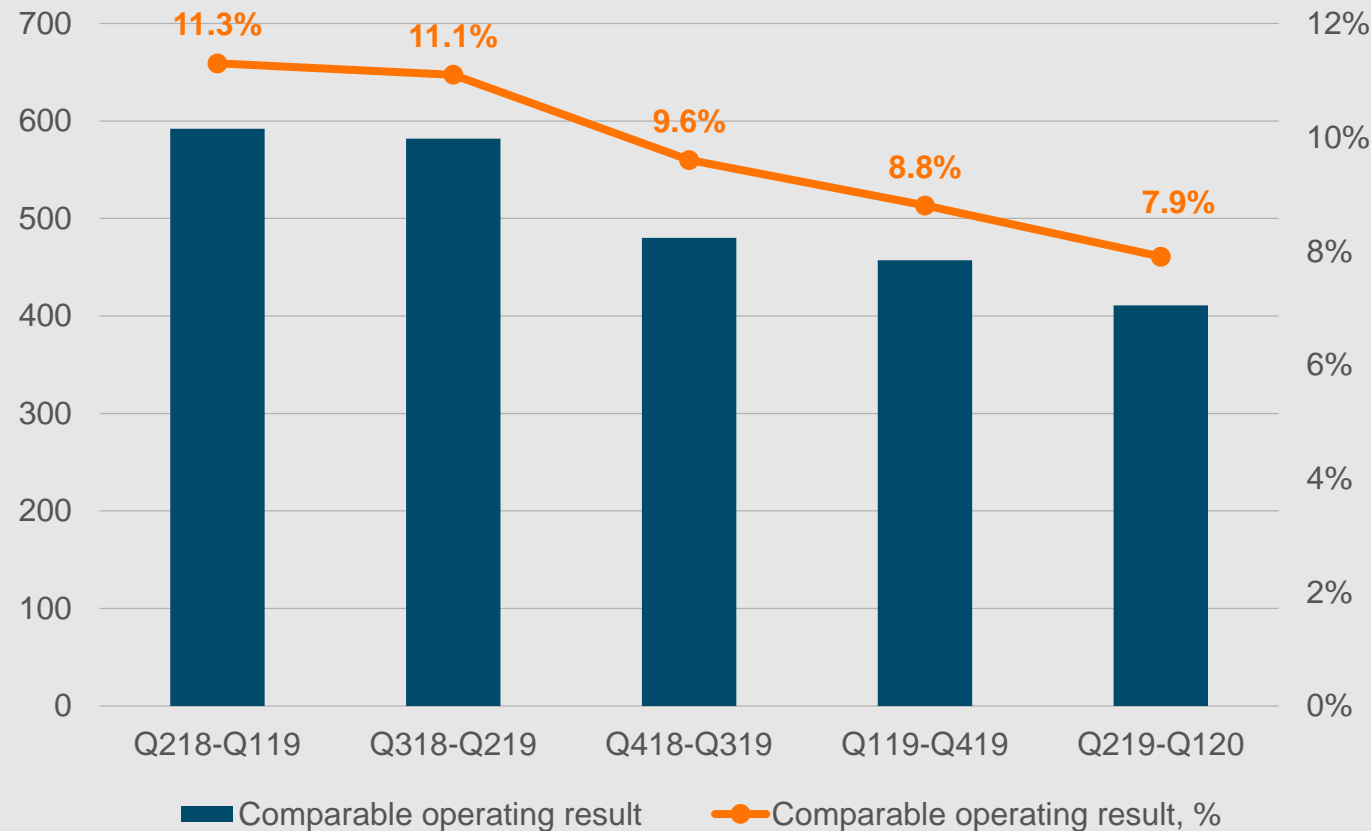
Order book distribution



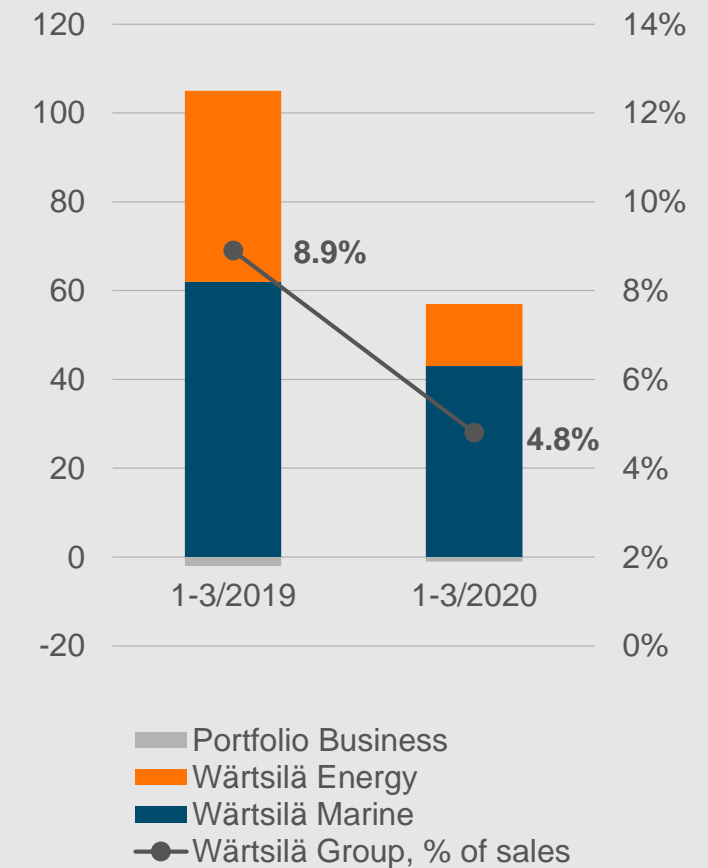
*During 2019, Wärtsilä implemented stricter requirements for the booking of new orders, which resulted in certain projects being removed from the Energy Business' order book. The figures in the graph have been adjusted to reflect this change.

Operating result impacted by weaker fixed cost absorption, service sales mix, and delivery of projects affected by cost overruns

Rolling 12m, MEUR

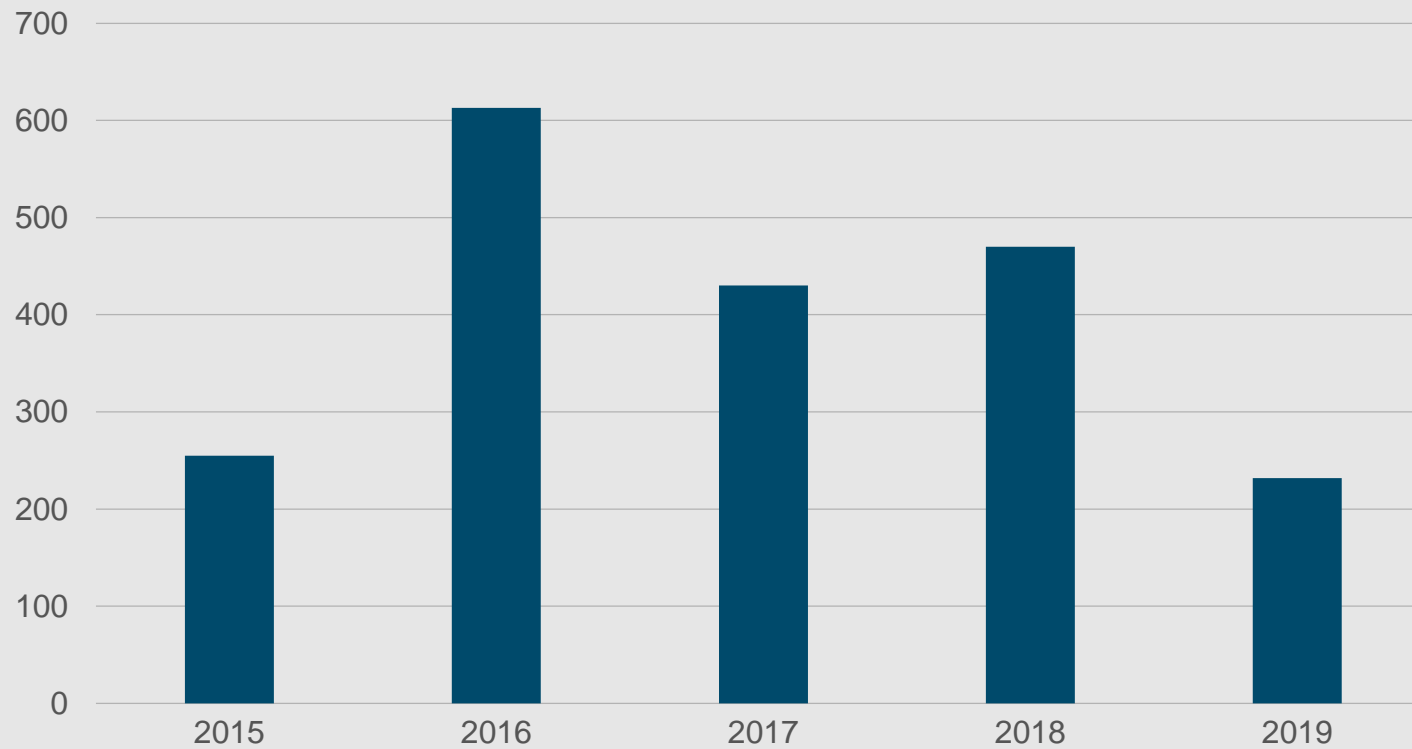


Review period development
MEUR

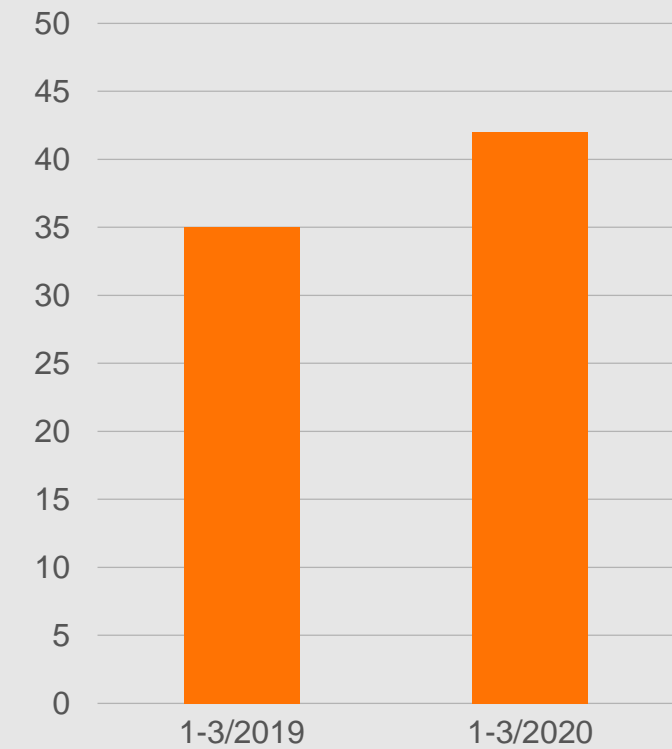


Cash flow from operating activities

MEUR

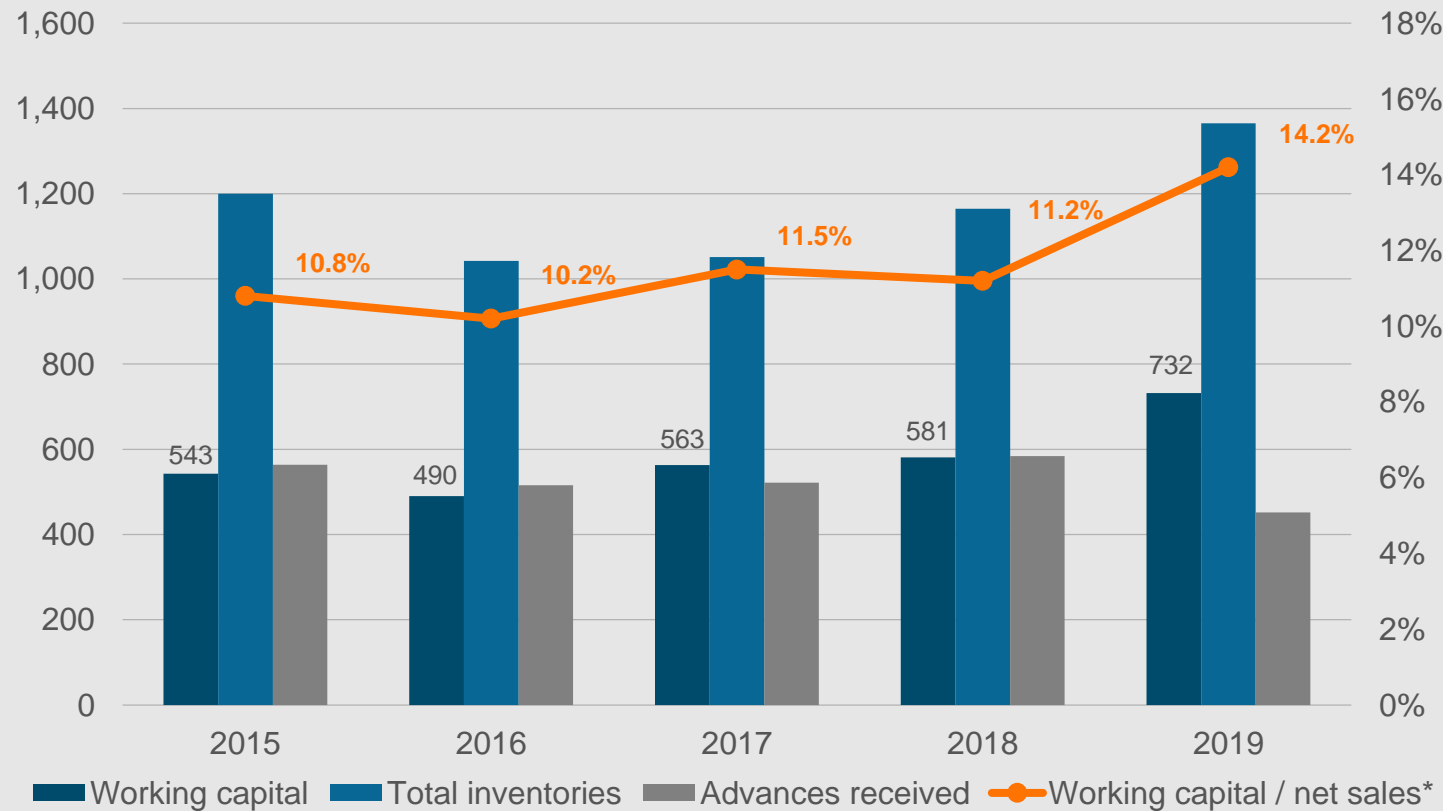


Review period development

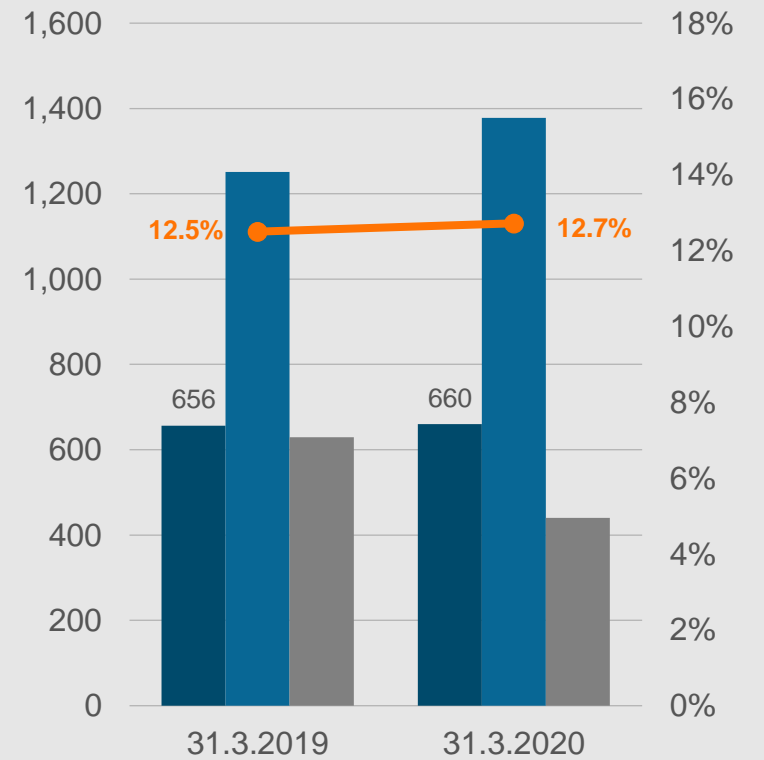


Working capital

MEUR

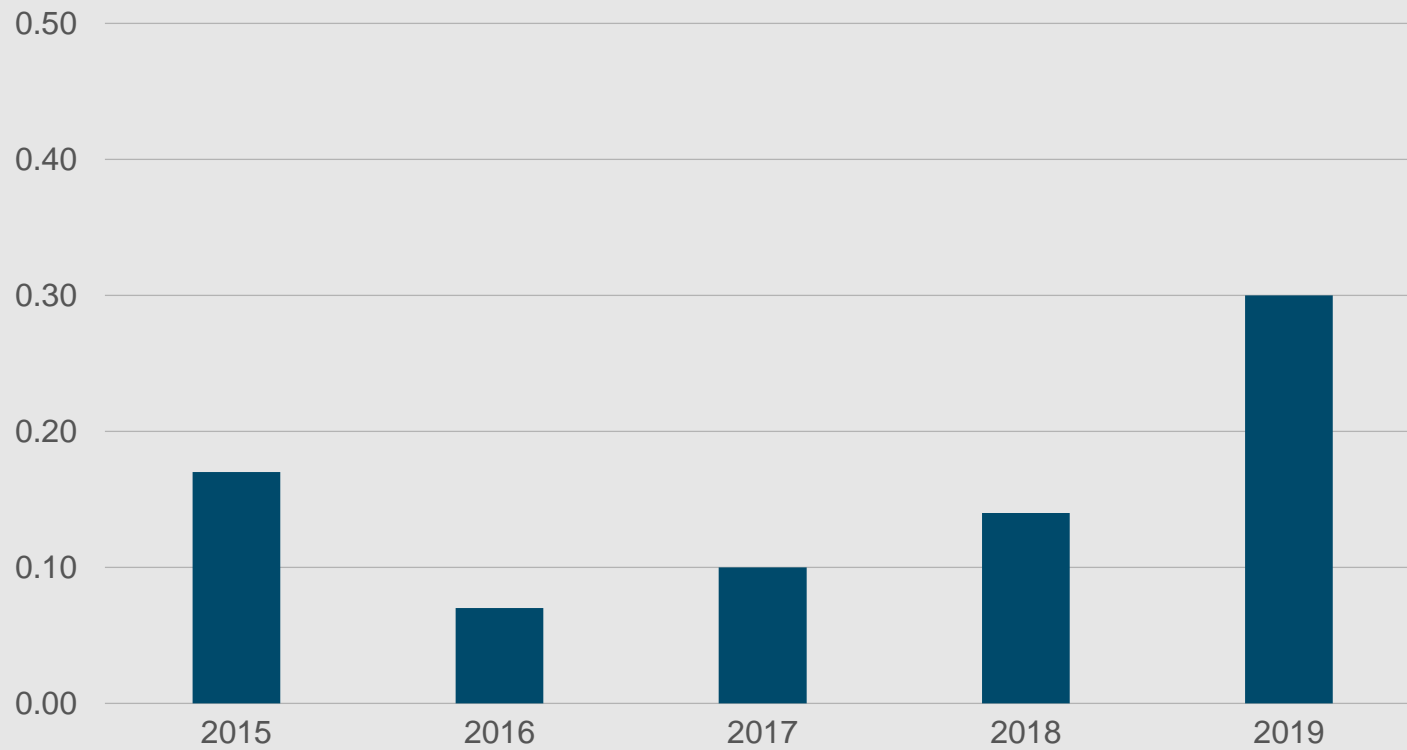


Review period development

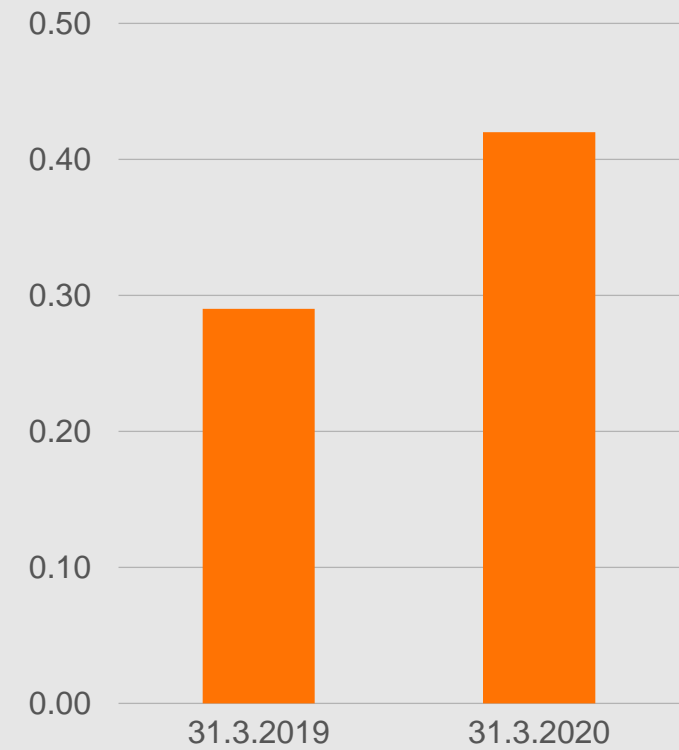


*Working capital / 12 months rolling net sales

Gearing



Review period development

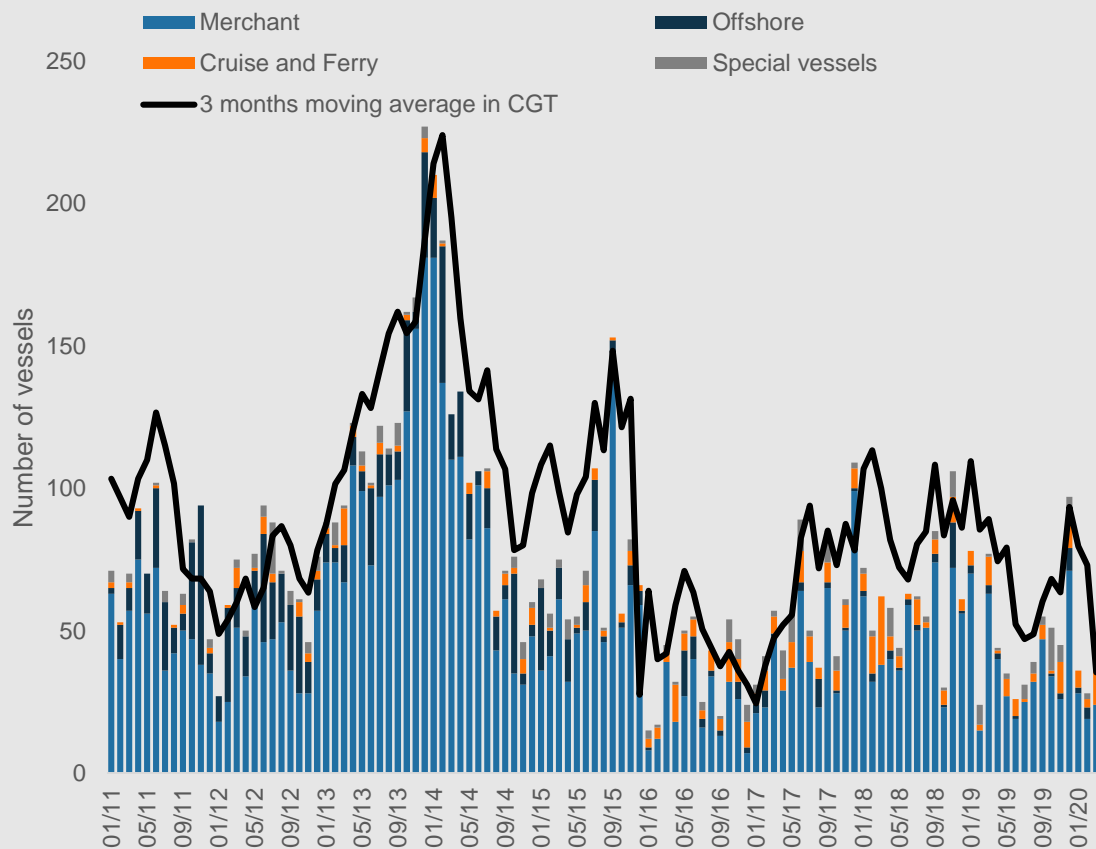


Wärtsilä Marine Business

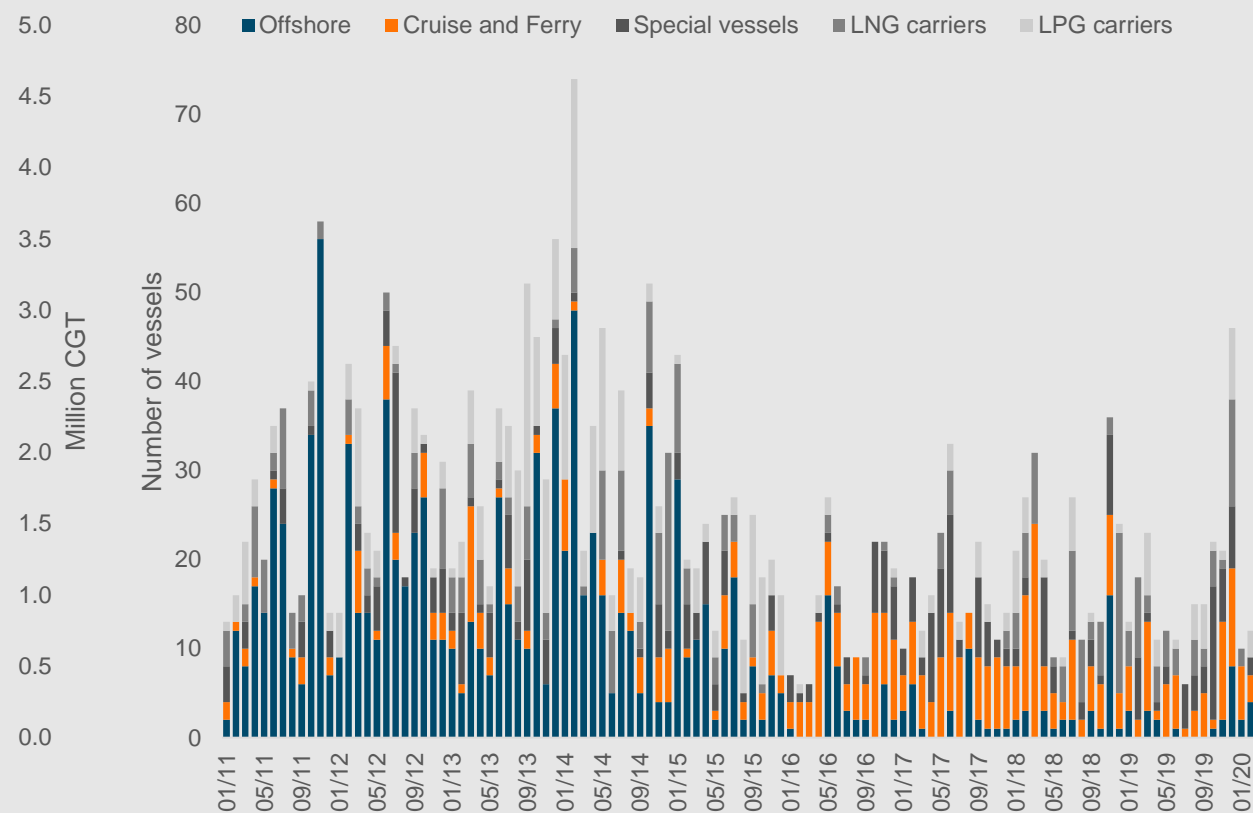


Decline in vessel contracting reflects market uncertainty

Total vessel contracting

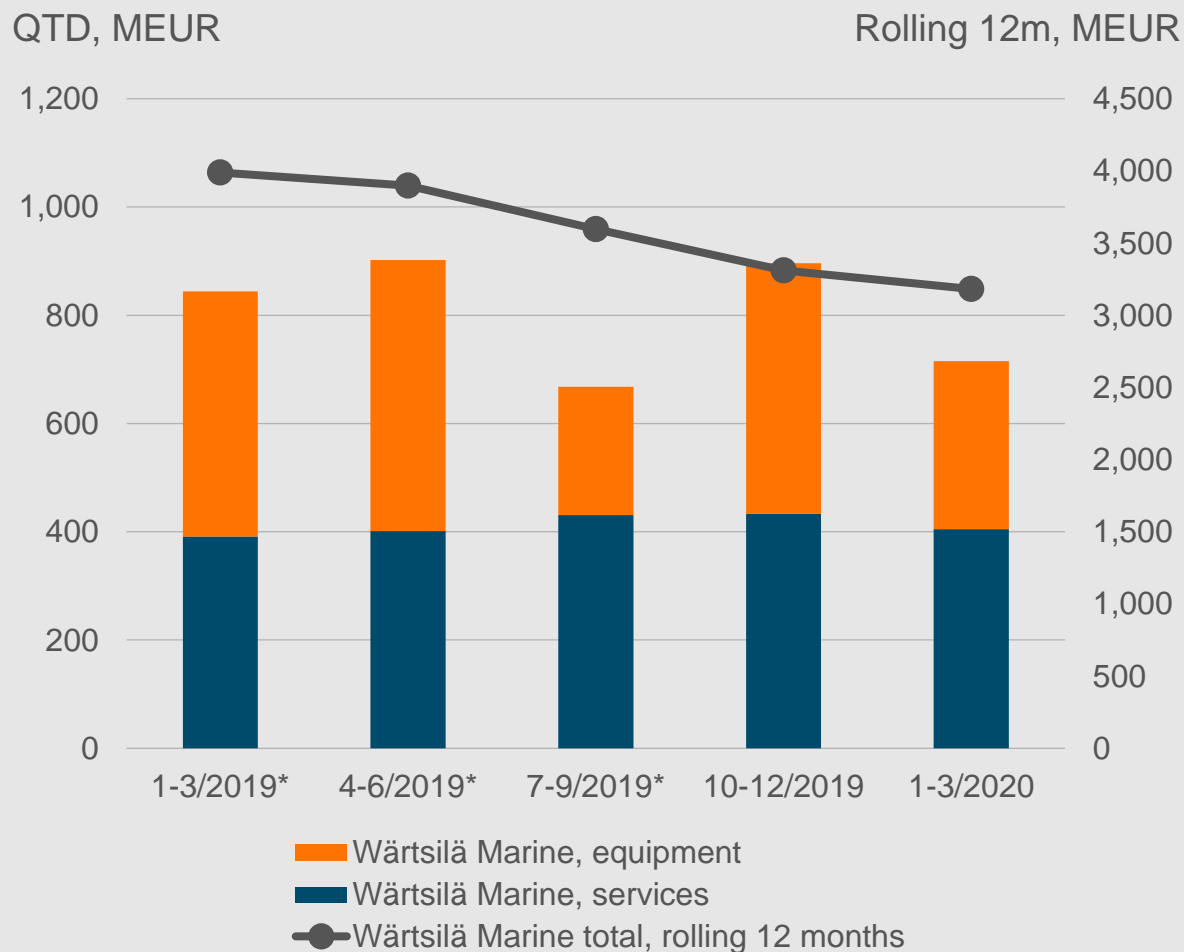


Specialised tonnage



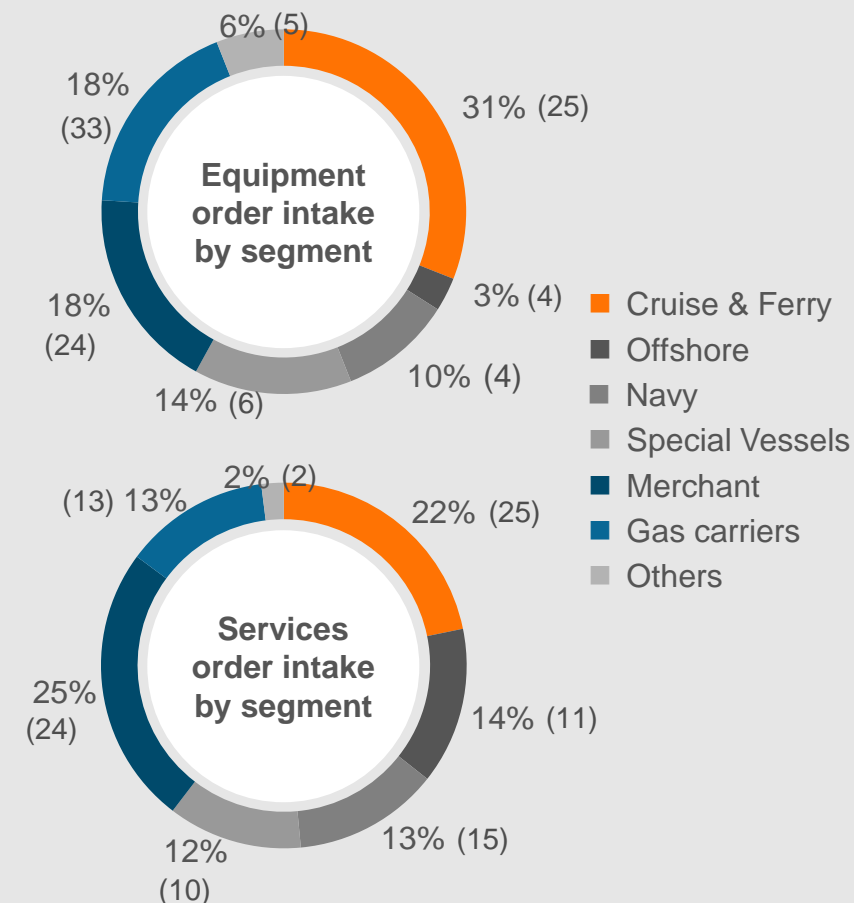
Source: Clarksons Research, contracting as per April 7th, 2020
CGT= gross tonnage compensated with workload

Order intake development

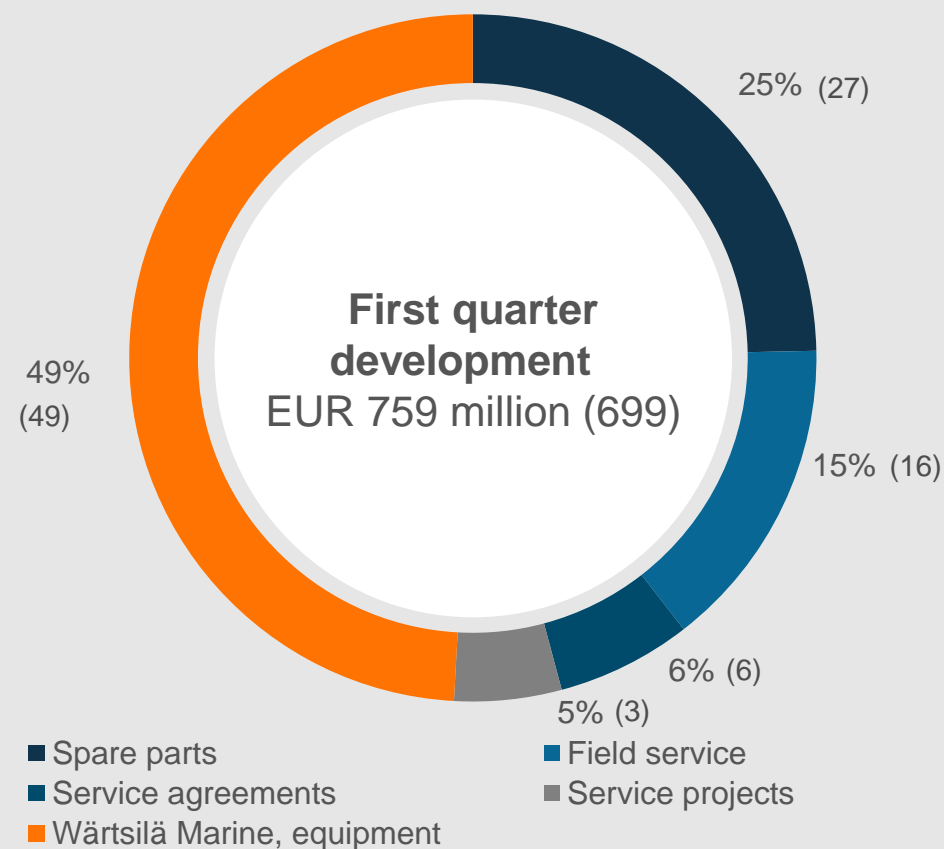
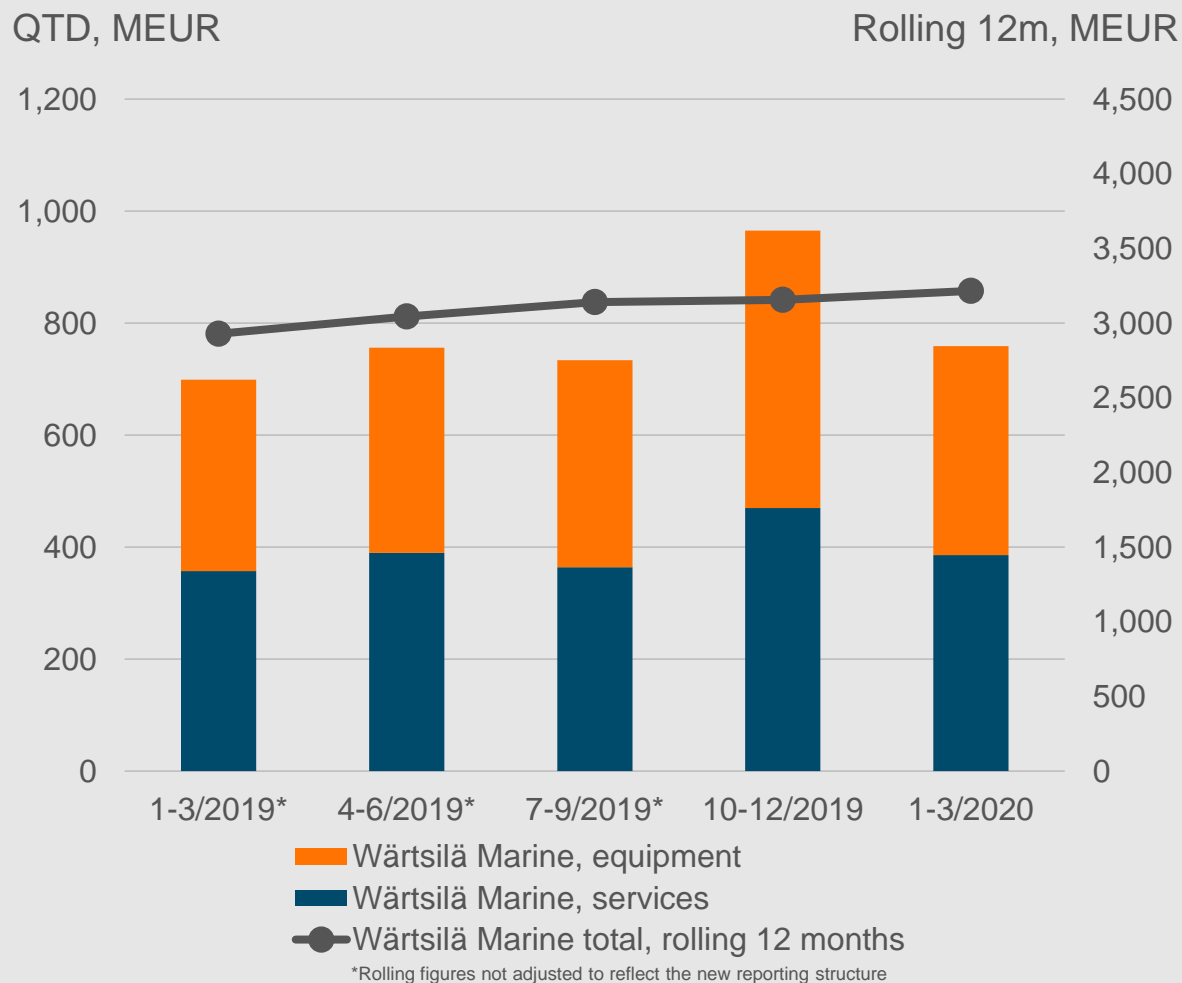


*Rolling figures not adjusted to reflect the new reporting structure

First quarter development

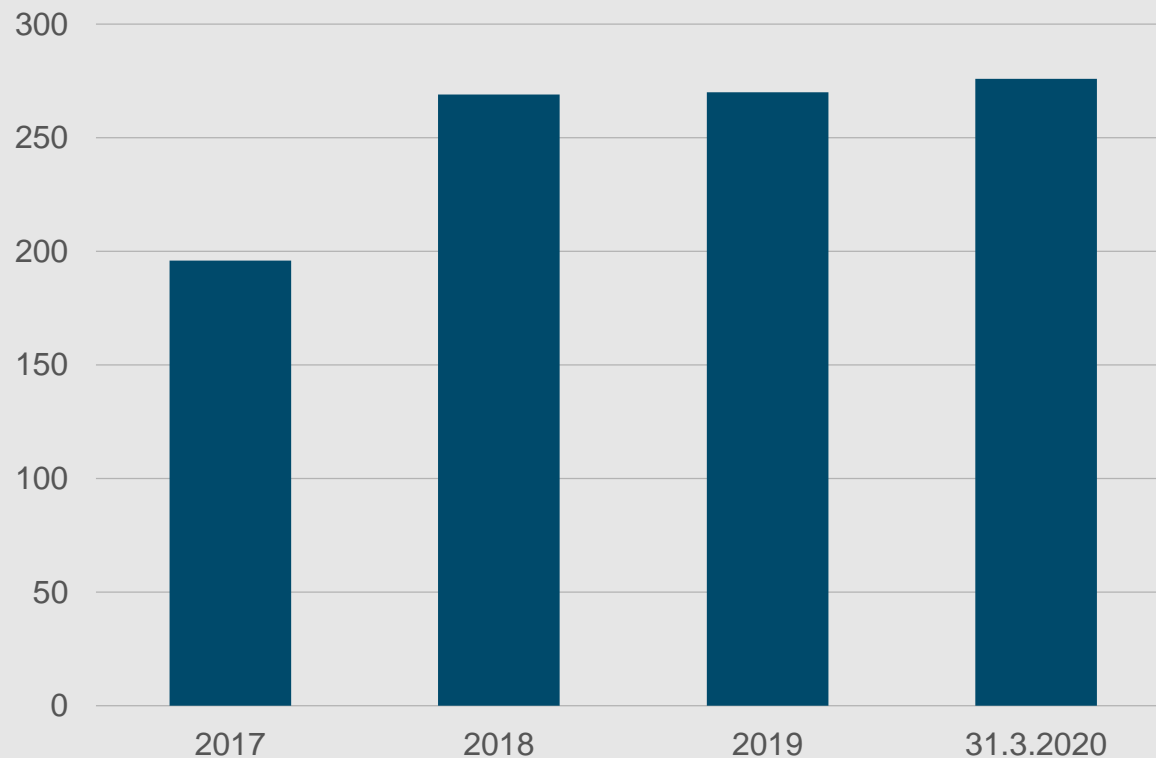


Net sales development



Net sales from installations under agreement

Rolling 12m, MEUR



Wärtsilä introduces a new agreement-based solution for offshore installations

- The solution provides the asset with up to six months of operating time without planned maintenance activity onboard, enabling significant cost savings
- The solution can be tailored for each individual installation and is supplied together with a power system

- Wärtsilä will provide an integrated system consisting of an LNG plant, dual-fuel engines, and an electrical propulsion system for the latest addition to Canada-based BC Ferries' series of Salish Class vessels
- The LNG solutions enable BC Ferries to reliably serve their customers while helping to protect the pristine waters of British Columbia

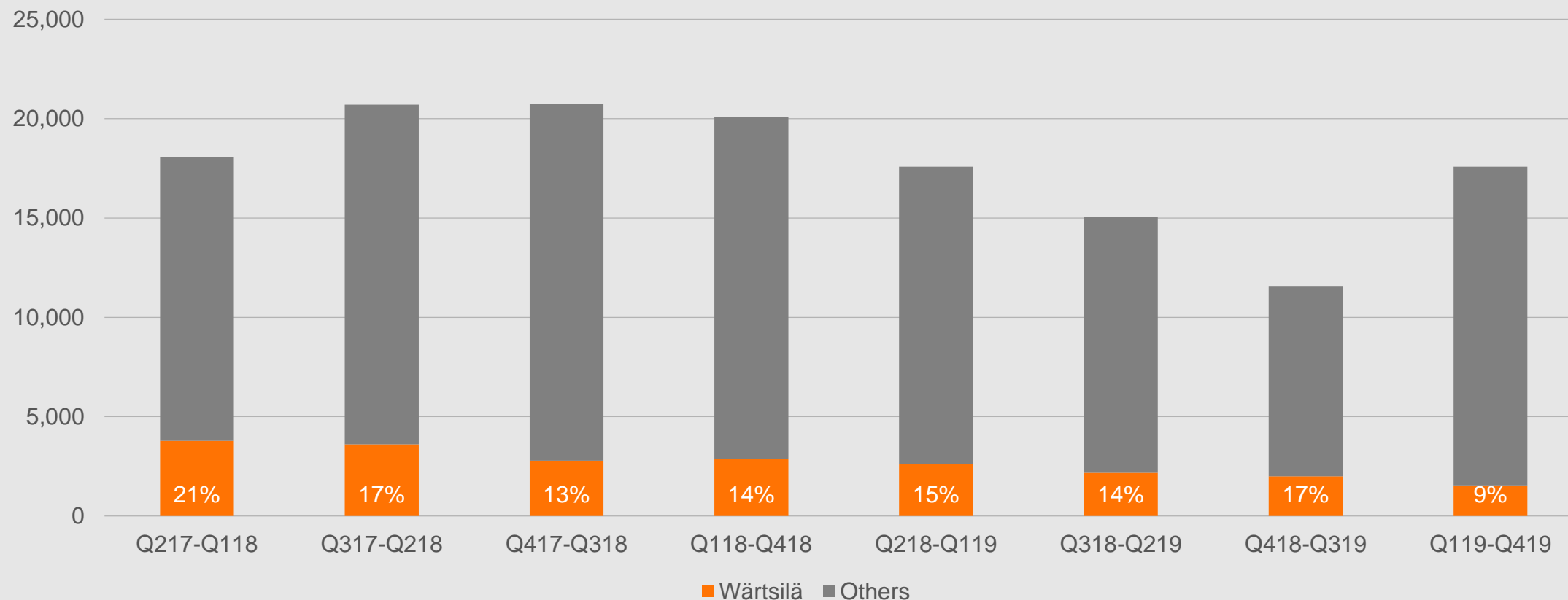




Wärtsilä
Energy Business

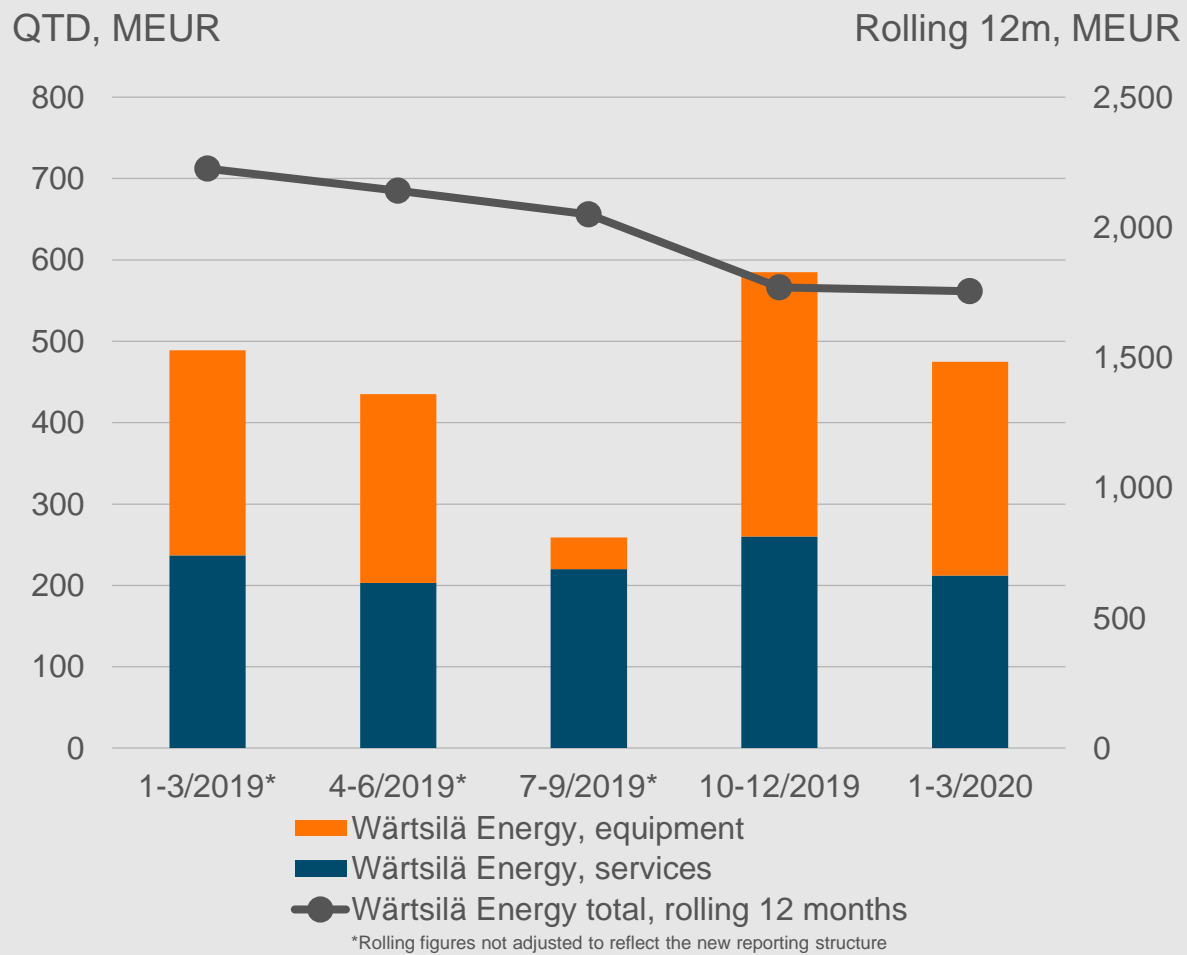
Market for gas and liquid fuel power plants, <500 MW

Rolling 12m, MW

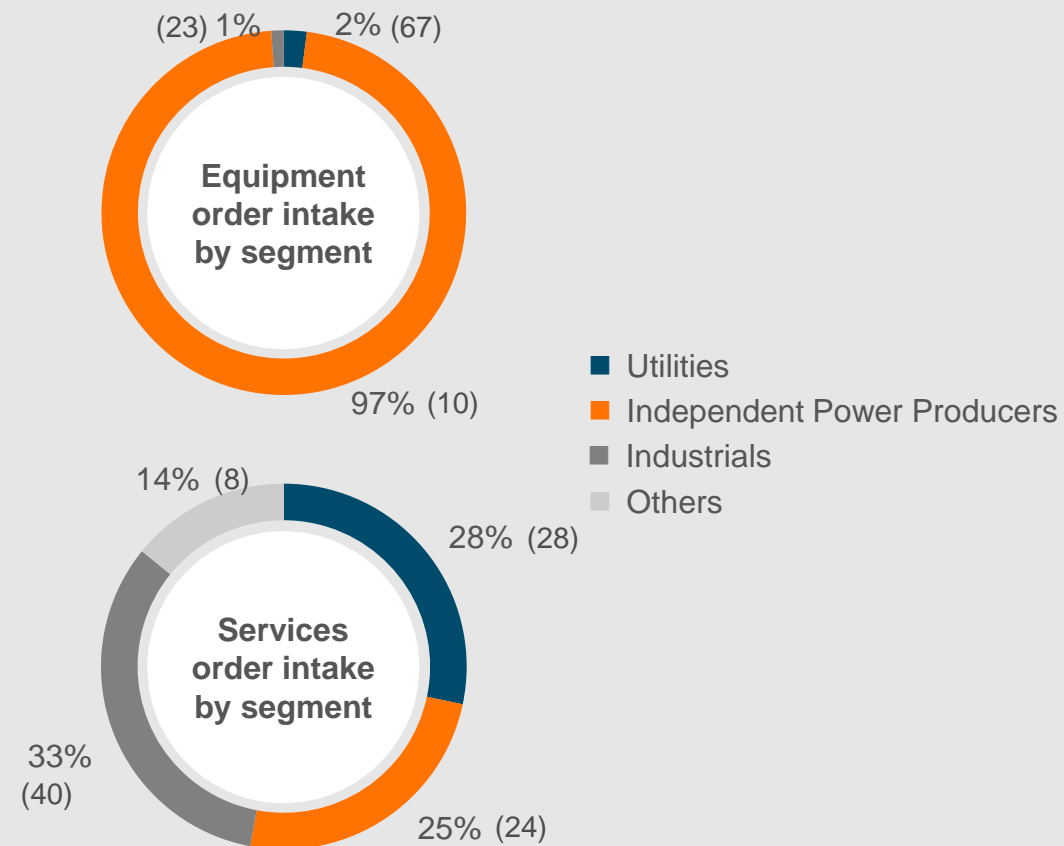


The total market, including also power plants with prime movers above 500 MW, increased by 10% to 47.2 GW during the twelve-month period ending in December 2019 (43.0 at the end of September). Market shares are calculated on a 12 months rolling basis. Market data includes all Wärtsilä power plants and 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.

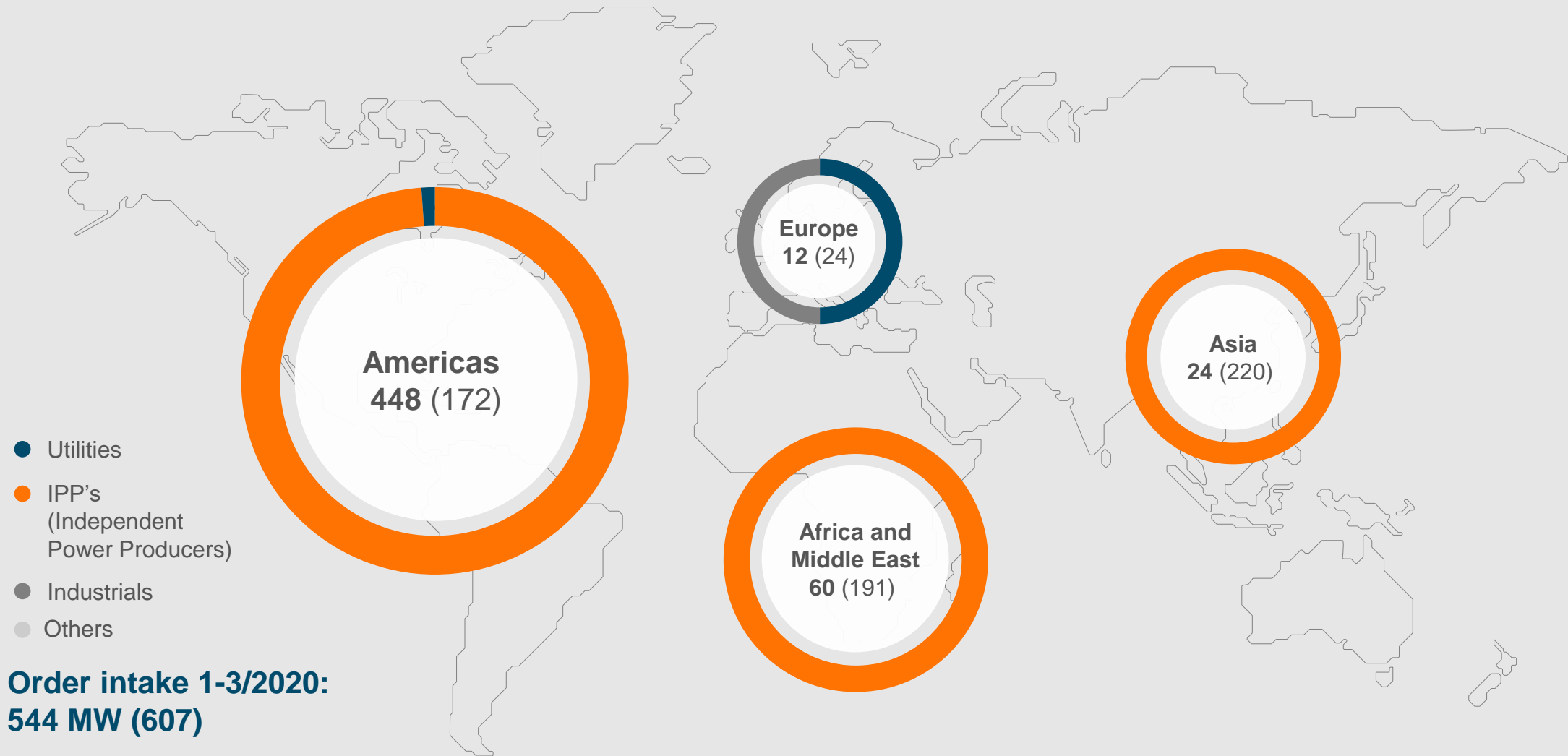
Order intake development



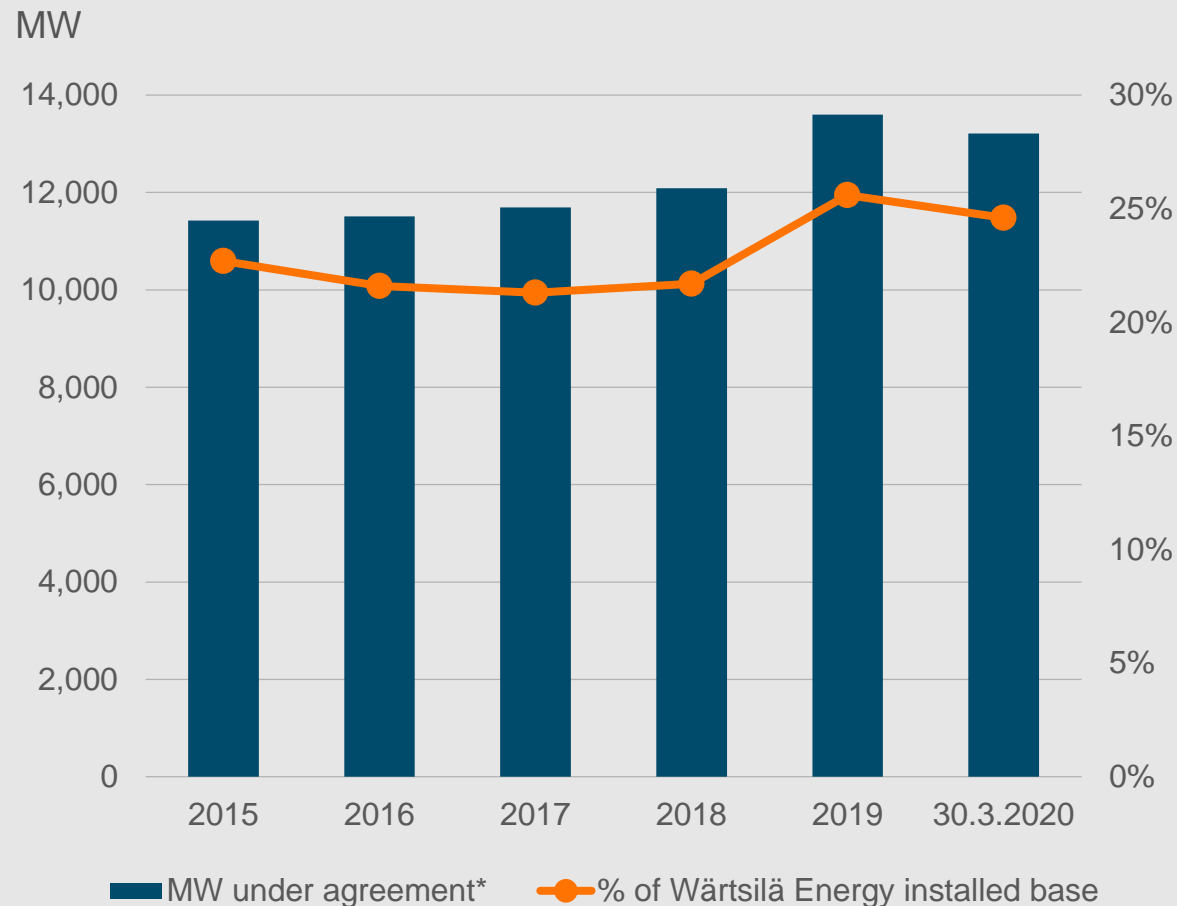
First quarter development



Orders received for energy equipment globally



Energy installed base covered by long-term service agreements

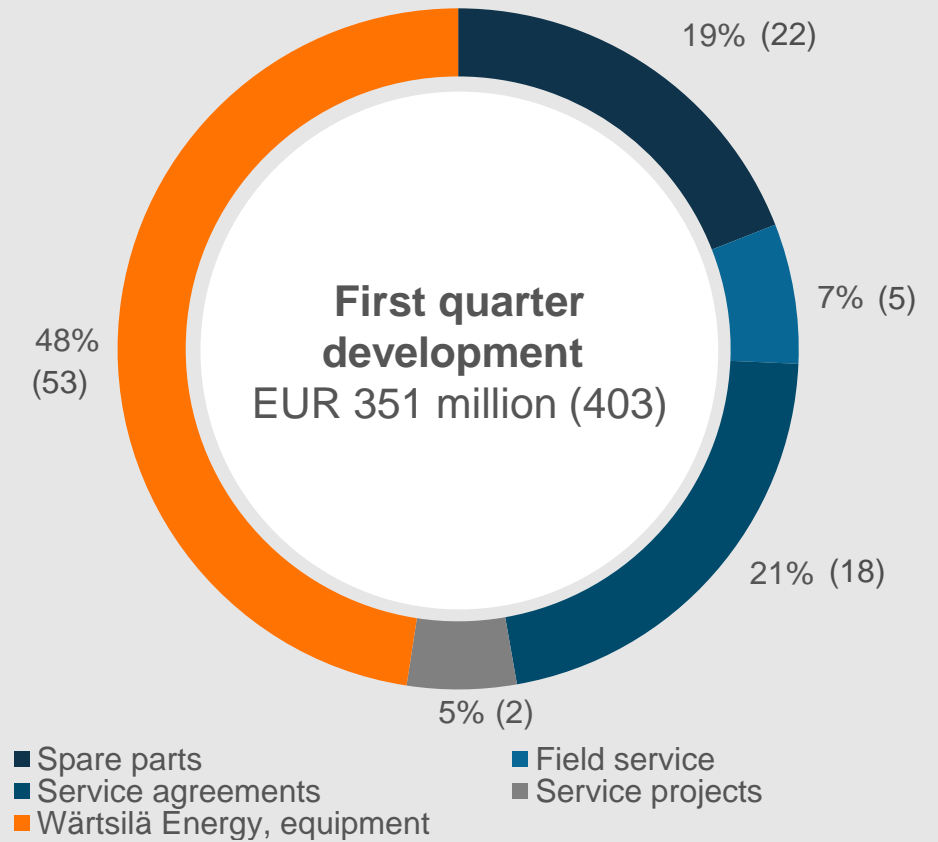
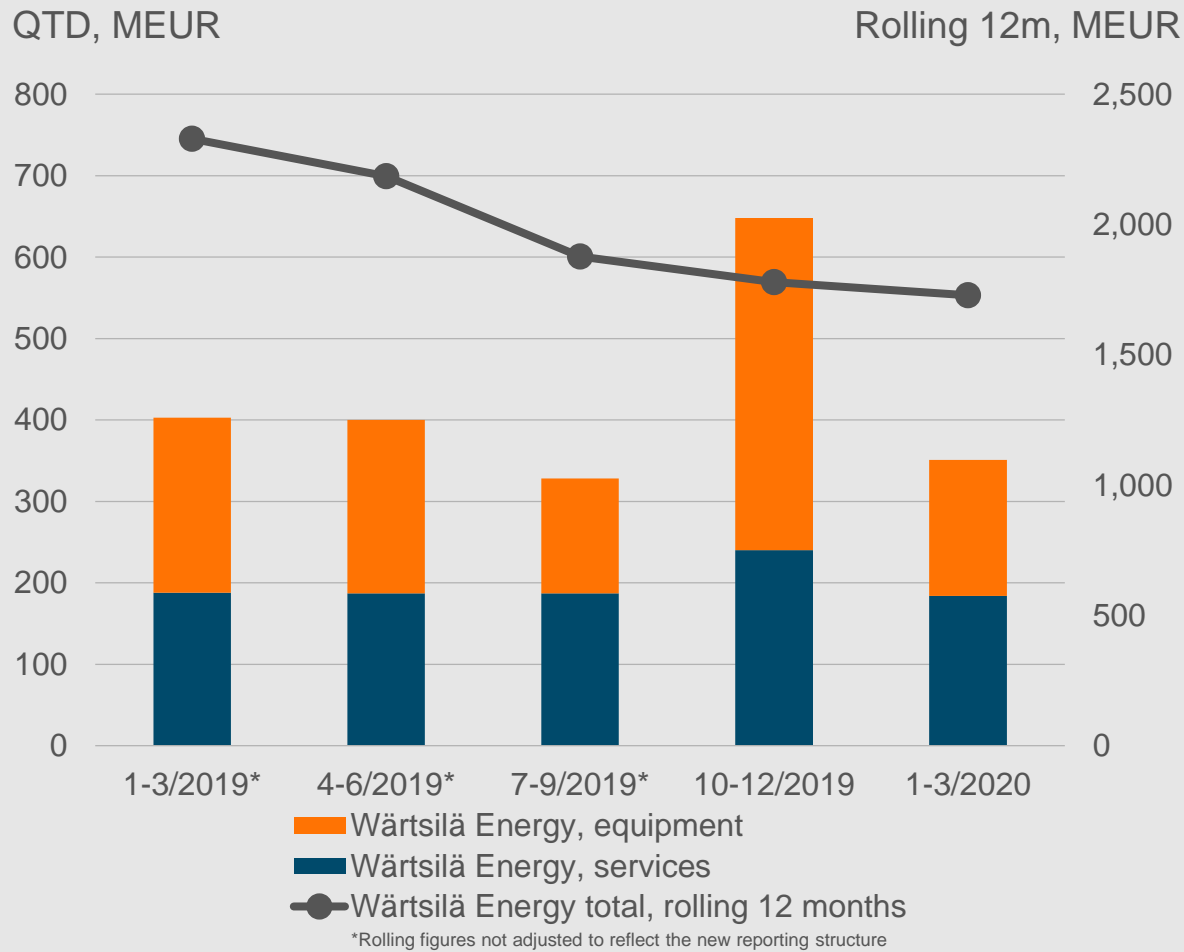


An O&M agreement with a Colombian cement producer extended to its 25th year

- The O&M agreement relationship between Wärtsilä and Cemex Colombia is one of the longest made with an energy customer
- The agreement ensures optimised and guaranteed performance and predictability of O&M costs, while enabling Cemex to focus on its core business

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

Net sales development



- Wärtsilä was awarded full engineering, procurement, and construction (EPC) contracts for two power plants in Latin America
- The fast-starting flexibility of the solution enables efficient integration of renewable energy into the system
- Wärtsilä will also operate and maintain both of the plants under a 10-year service agreement



The coronavirus (COVID-19) outbreak and the measures taken to contain the pandemic will materially impact Wärtsilä's net sales and earnings for 2020. The full financial impact cannot be quantified at this time.

Consequently, Wärtsilä withdrew its market outlook for 2020 on 31 March 2020 pending an improvement in visibility.

THANK YOU



WÄRTSILÄ

Further information:

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