

# WÄRTSILÄ CORPORATION HALF YEAR REPORT JANUARY–JUNE 2020

17 JULY 2020

JAAKKO ESKOLA, PRESIDENT & CEO

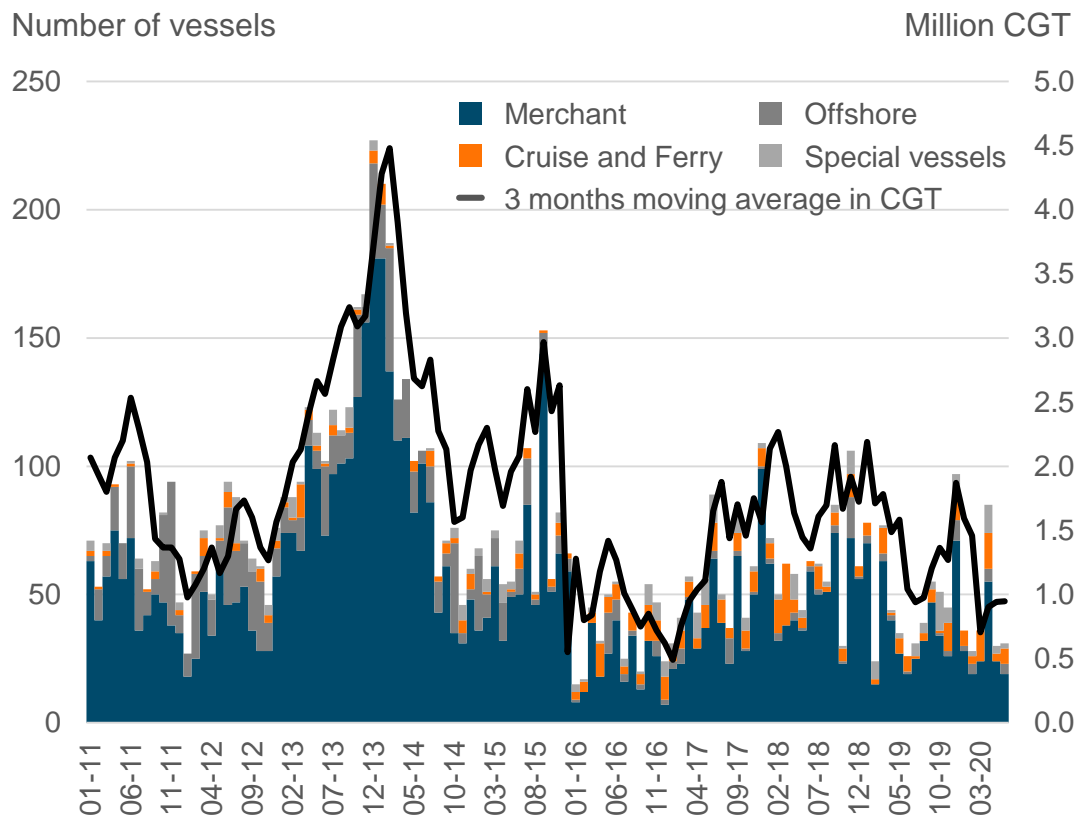


**STABLE NET SALES AND  
STRONG CASH FLOW,  
WHILE COVID-19 IMPACT AND MIX  
WEAKENED PROFITABILITY**

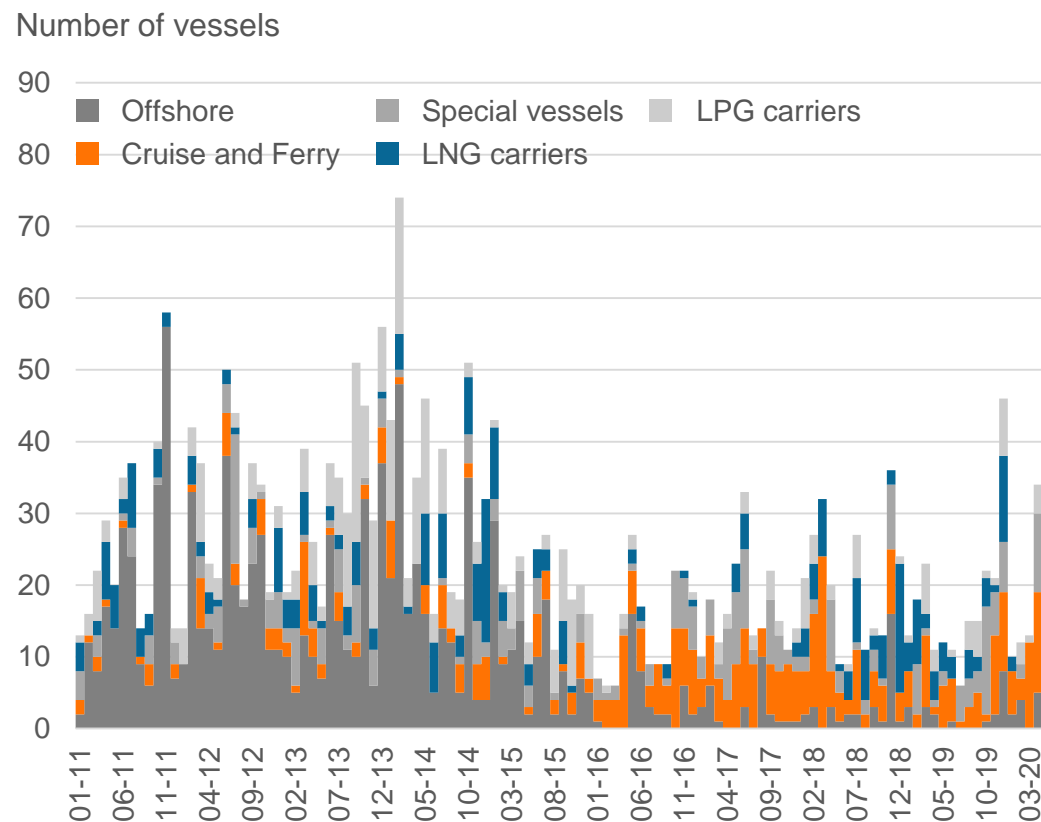
MEUR	4-6/2020	CHANGE	1-6/2020	CHANGE
<b>Order intake</b>	<b>1,011</b>	-27%	<b>2,259</b>	-19%
of which services	<b>486</b>	-22%	<b>1,120</b>	-12%
<b>Order book</b>			<b>5,401</b>	-12%
<b>Net sales</b>	<b>1,220</b>	0%	<b>2,390</b>	+1%
of which services	<b>510</b>	-17%	<b>1,103</b>	-7%
<b>Book-to-bill</b>	<b>0.83</b>	-0.30	<b>0.95</b>	-0.23
<b>Comparable operating result</b>	<b>55</b>	-51%	<b>111</b>	-48%
% of net sales	<b>4.5%</b>	-4.8 pp	<b>4.7%</b>	-4.4 pp
<b>Earnings per share, EUR</b>	<b>0.04</b>	-0.07	<b>0.09</b>	-0.12
<b>Cash flow from operating activities</b>	<b>252</b>	+289	<b>293</b>	+295

# VESSEL ORDERS REMAINED AT A VERY LOW LEVEL

## Total vessel contracting



## Specialised tonnage

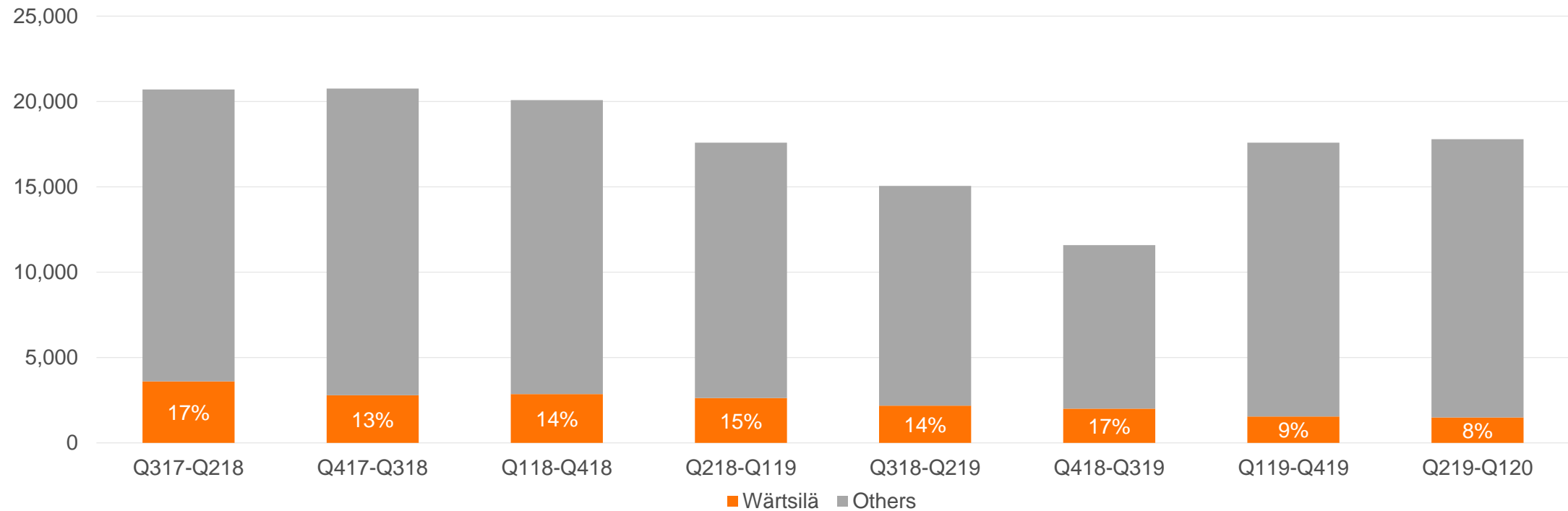


Source: Clarksons Research, contracting as per 1 July, 2020  
 CGT= gross tonnage compensated with workload

# ENERGY MARKETS AT A STABLE LEVEL

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

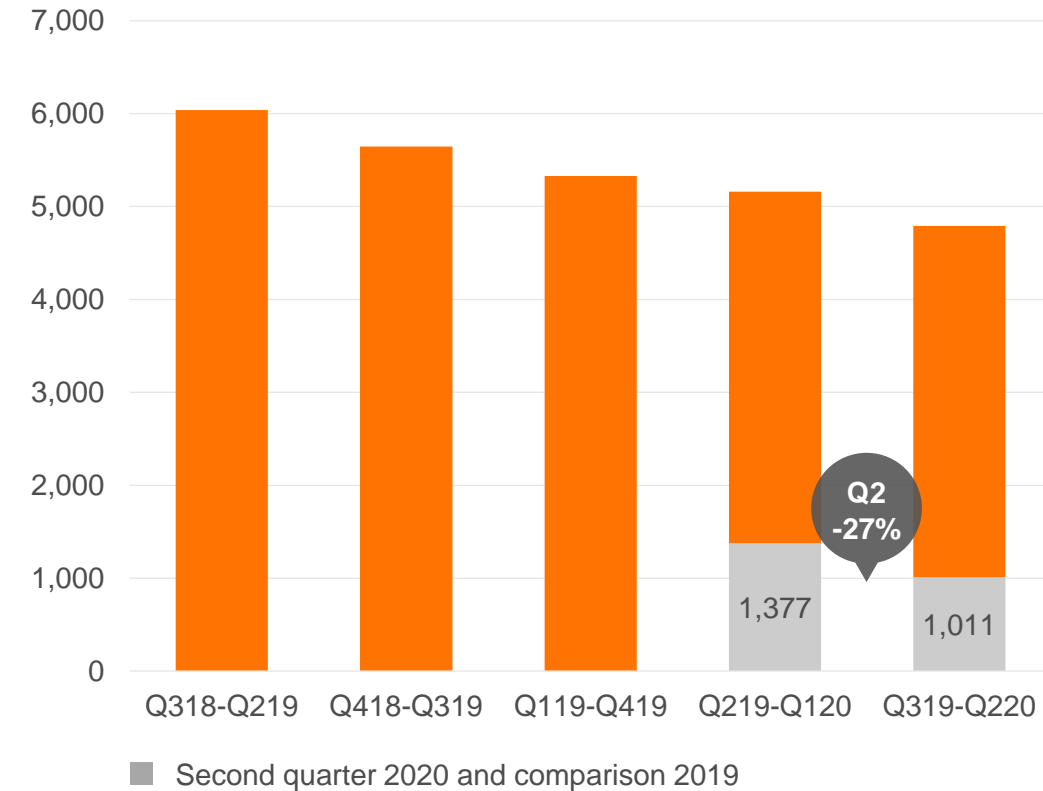
MW, 12m rolling



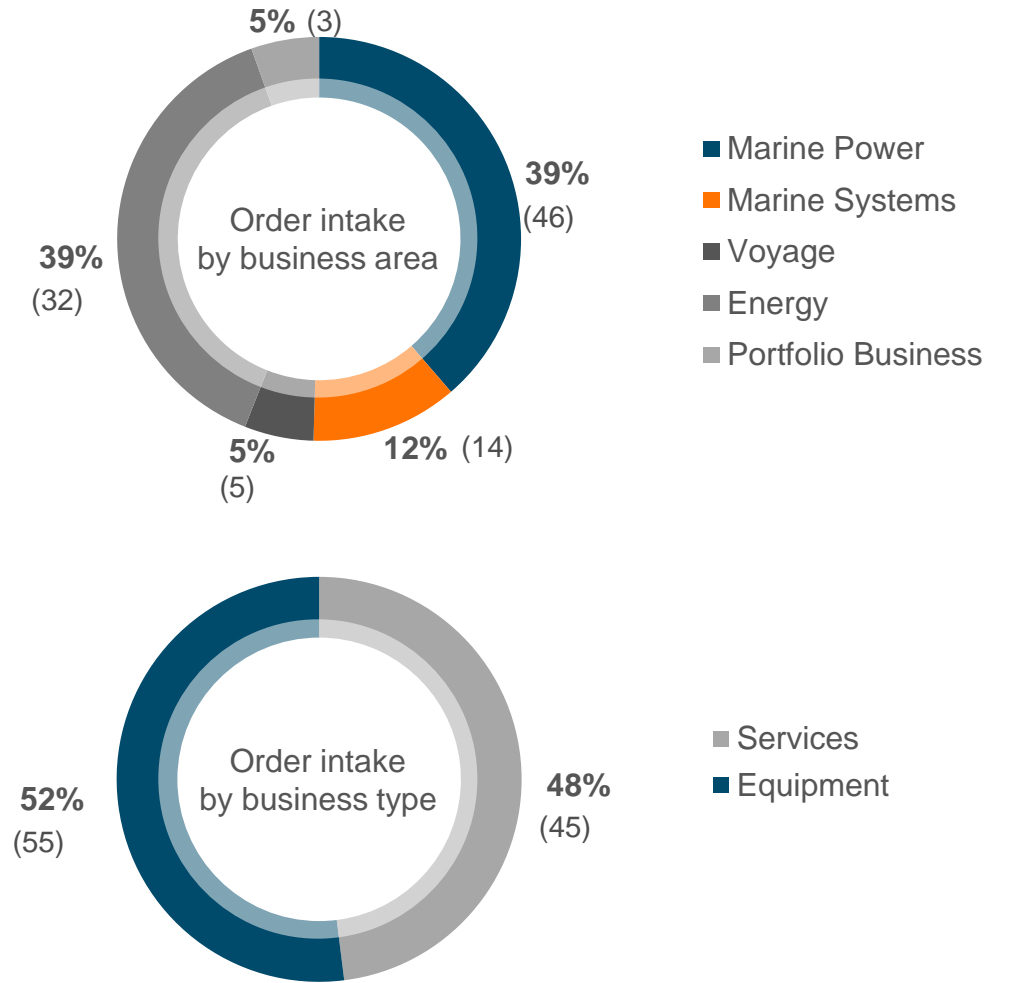
The total market, including also power plants with prime movers above 500 MW, decreased by 2% to 46.2 GW during the twelve-month period ending in March 2020 (47.2 at the end of December). The market data includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled gas turbine based 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

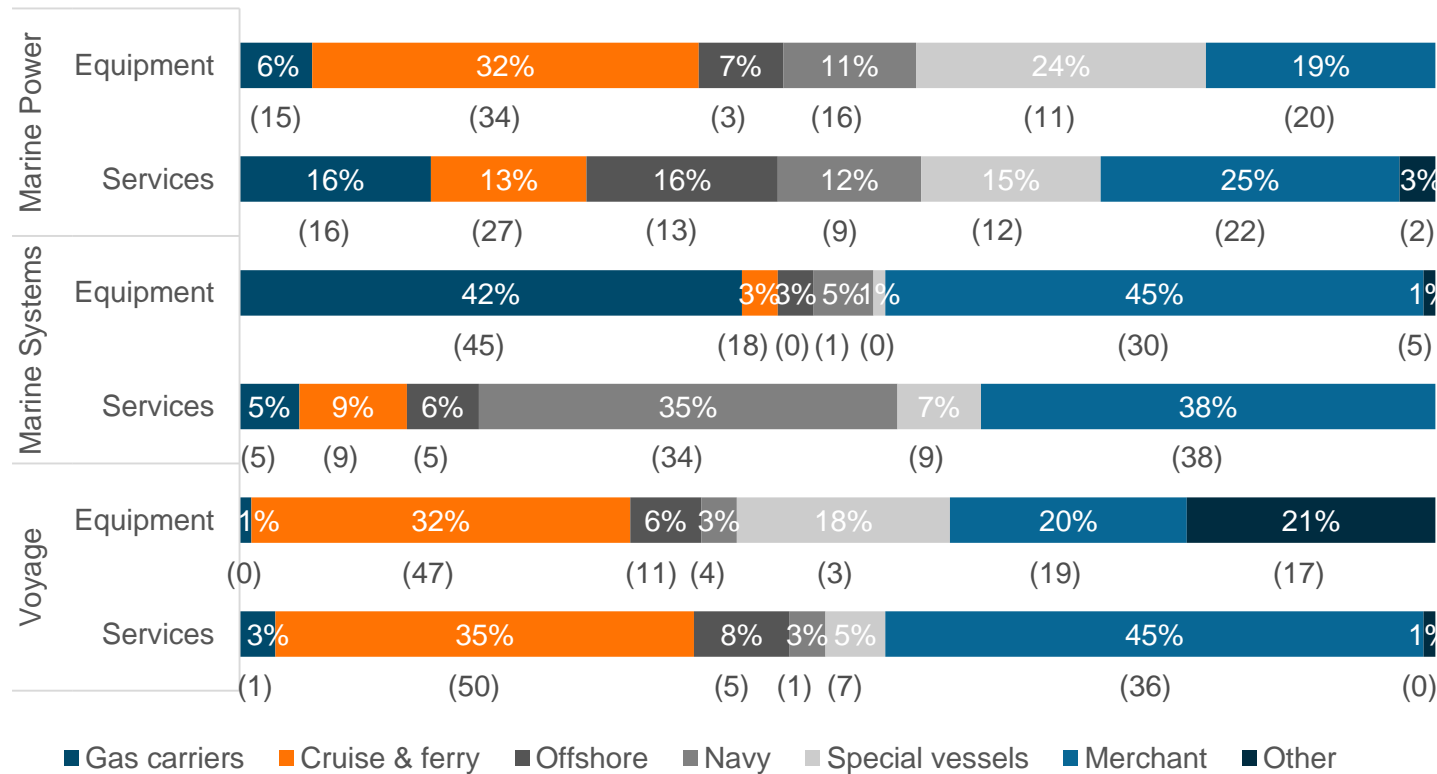


## Second quarter development

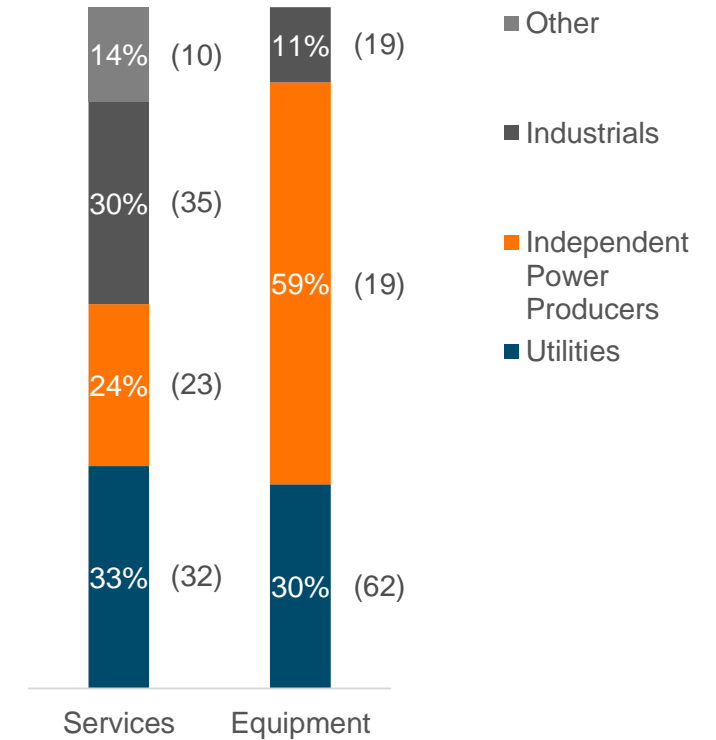


# JANUARY–JUNE ORDER INTAKE BY CUSTOMER SEGMENT

## Marine Businesses

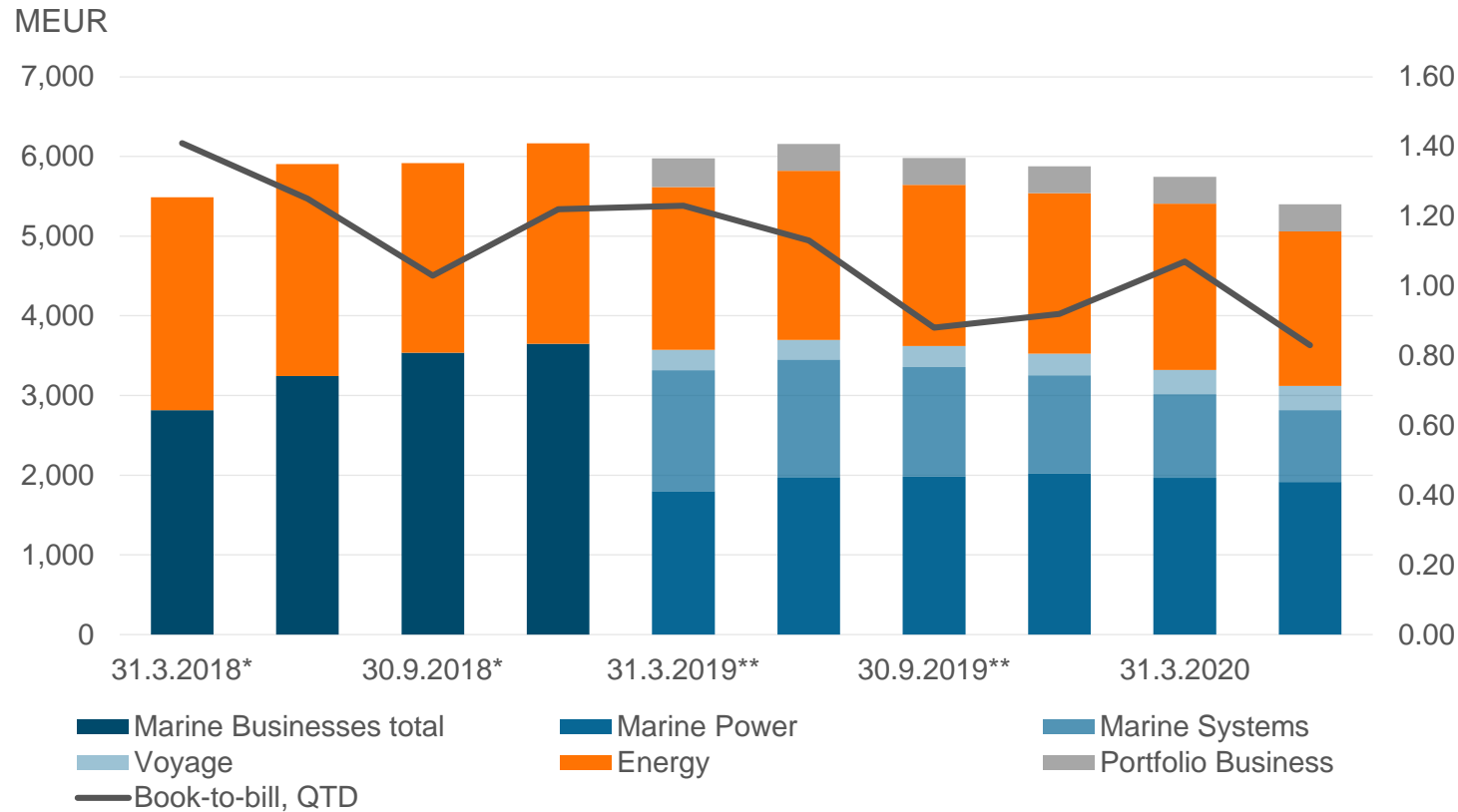


## Energy

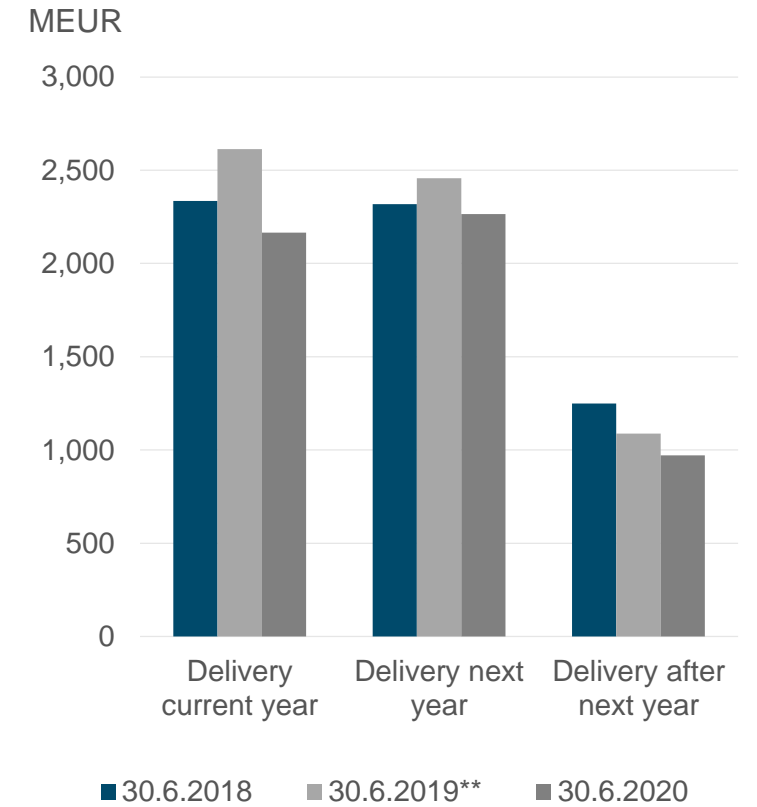


# ORDER BOOK

## Order book by business area



## Order book delivery schedule



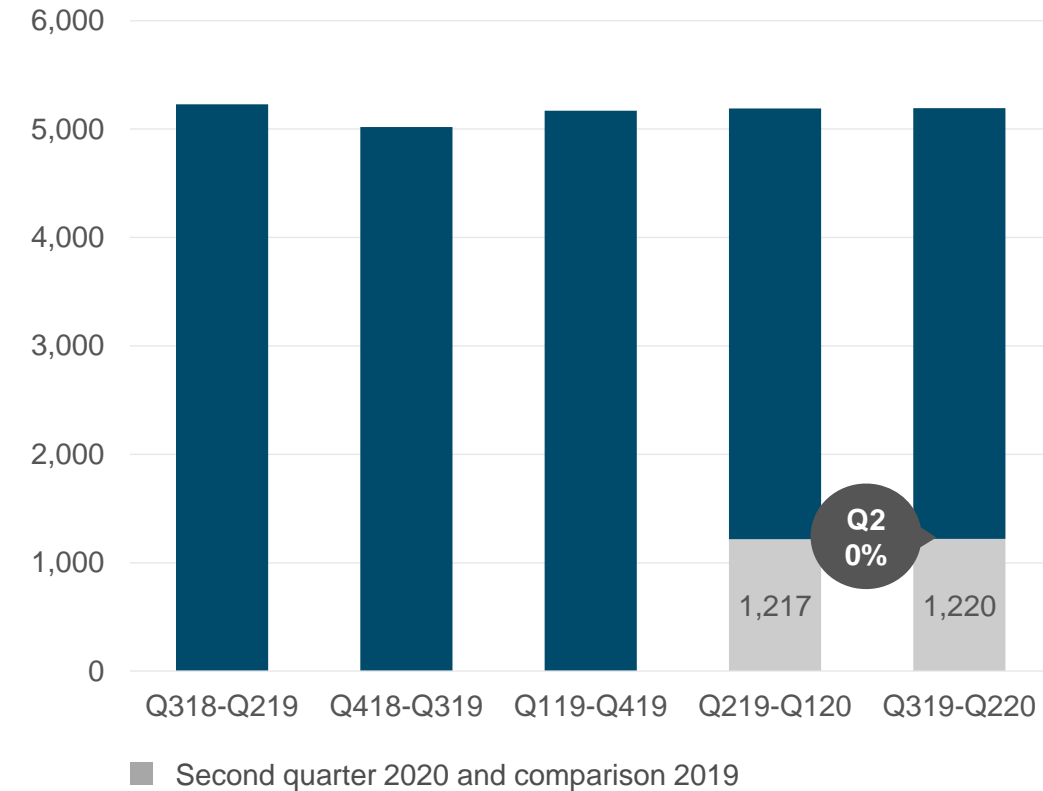
\*2018 figures not restated to accommodate the establishment of Portfolio Business entity

\*\*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.

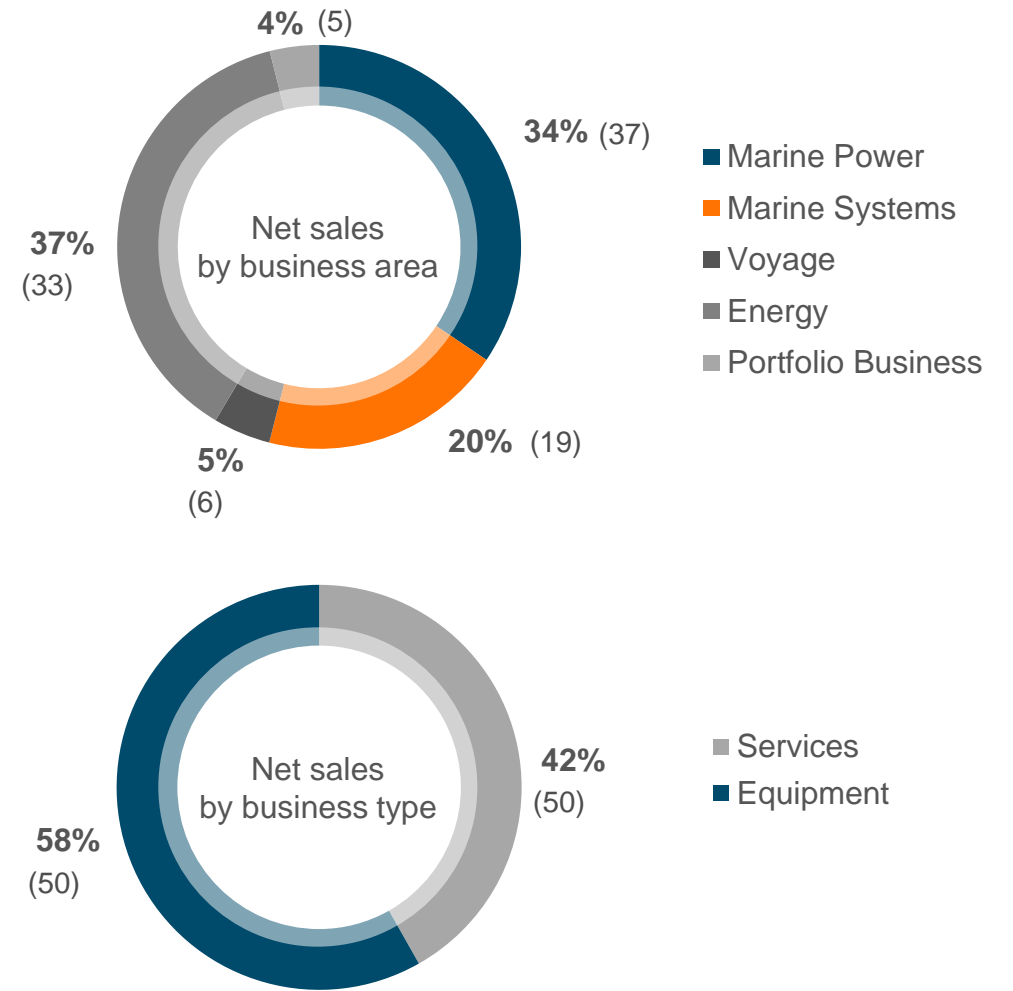


# NET SALES

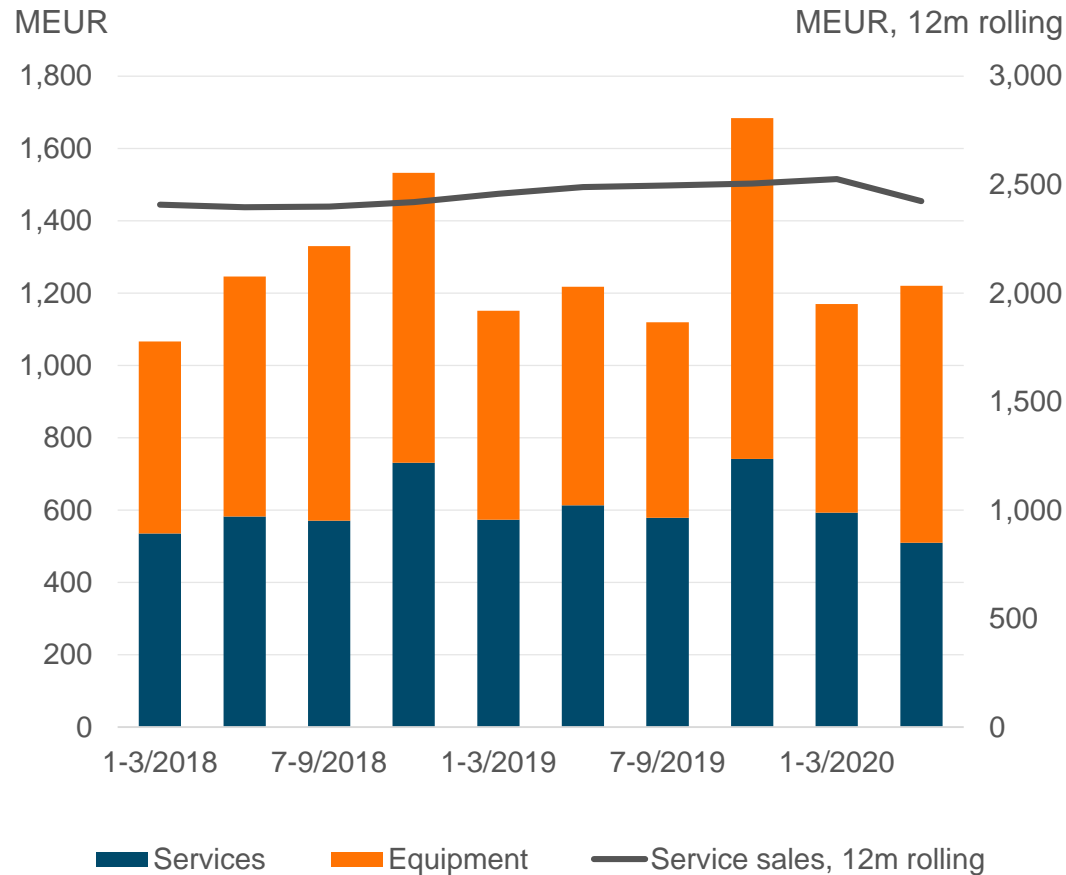
MEUR, 12m rolling



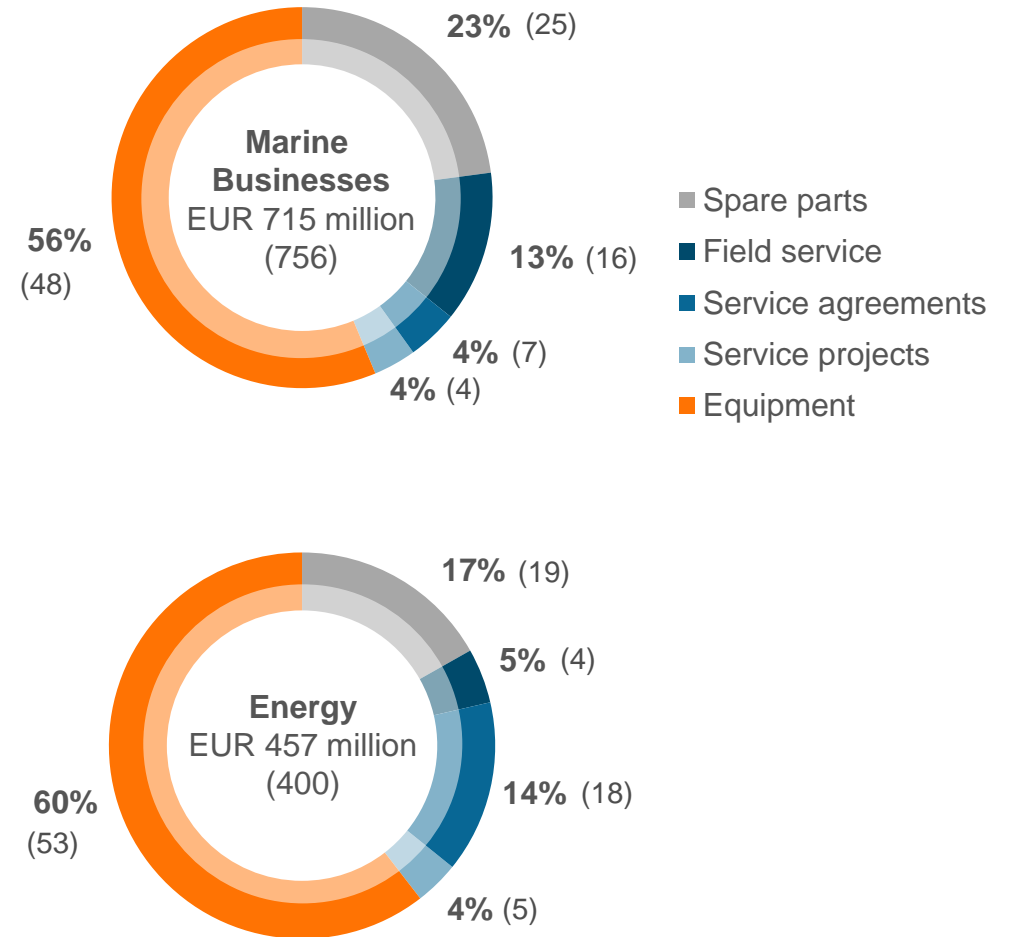
## Second quarter development



# NET SALES BY BUSINESS TYPE



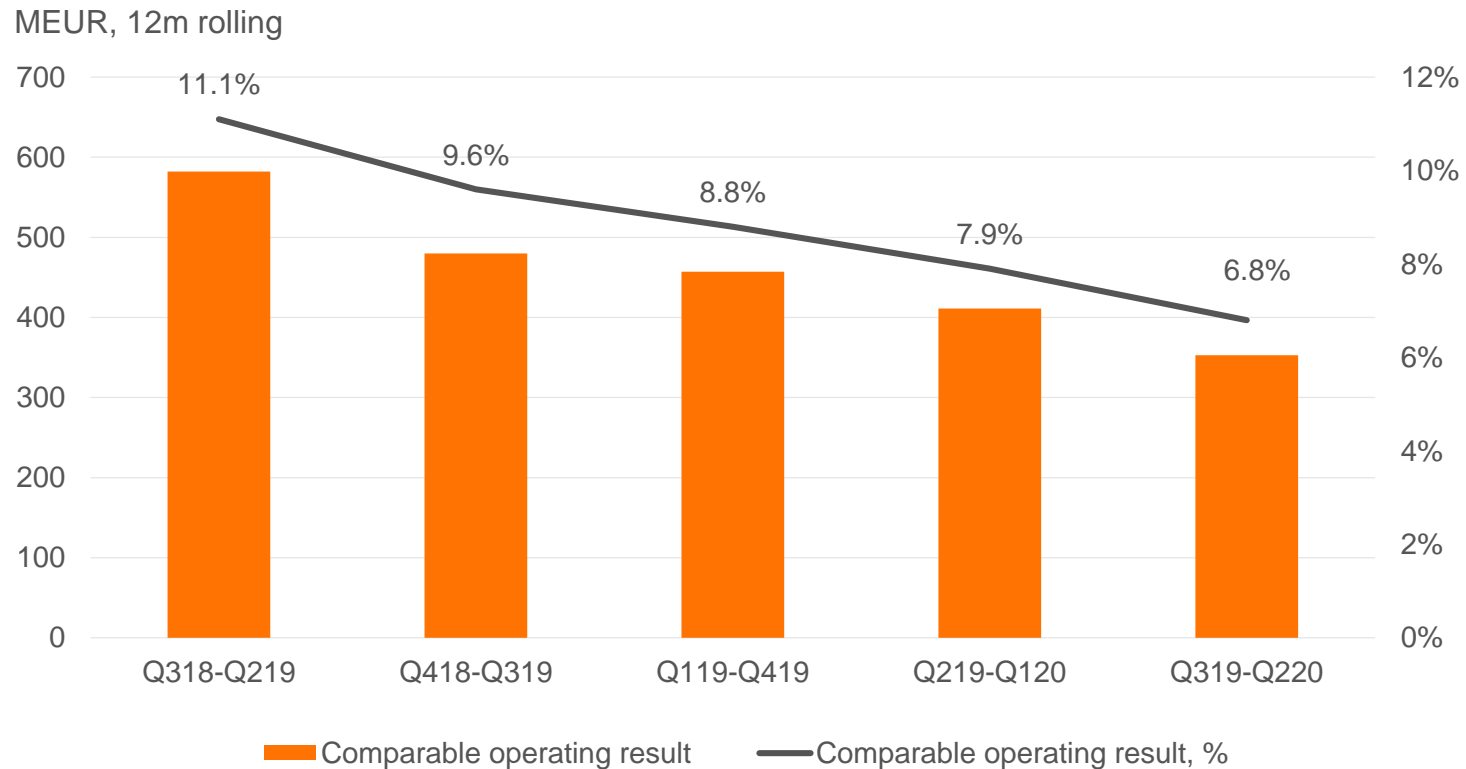
## Second quarter development



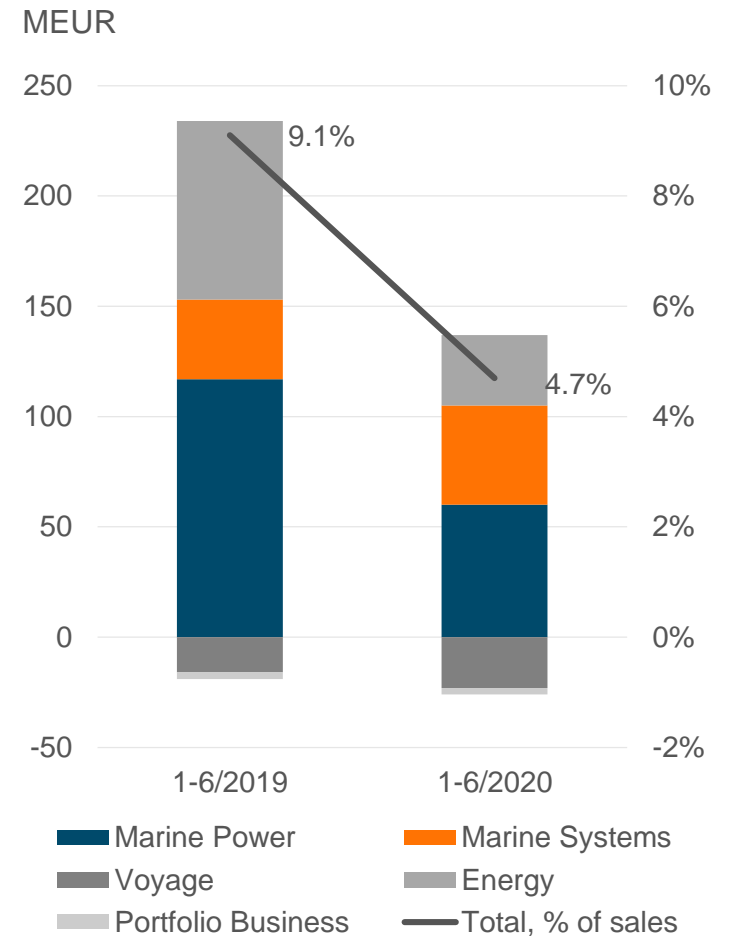
# NET SALES BRIDGE



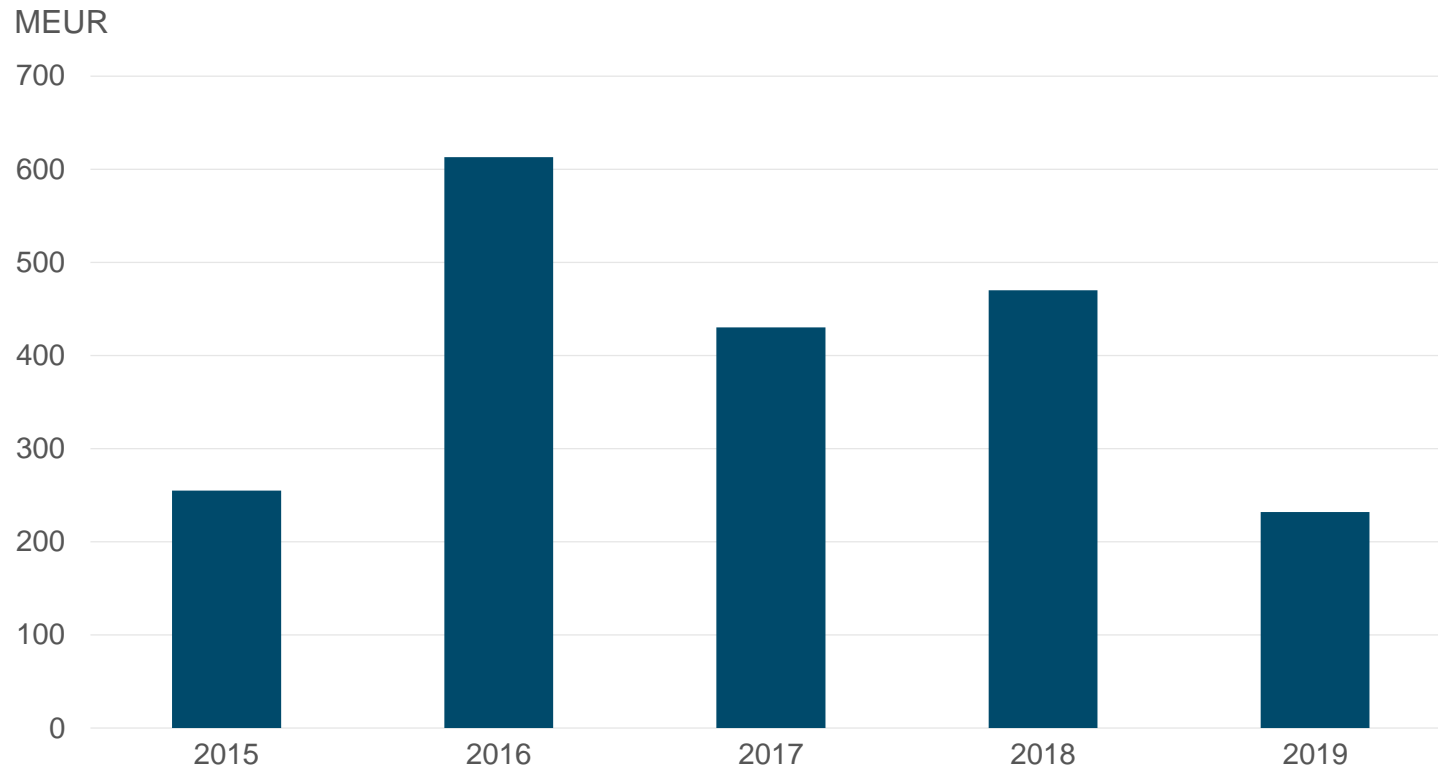
# COMPARABLE OPERATING RESULT



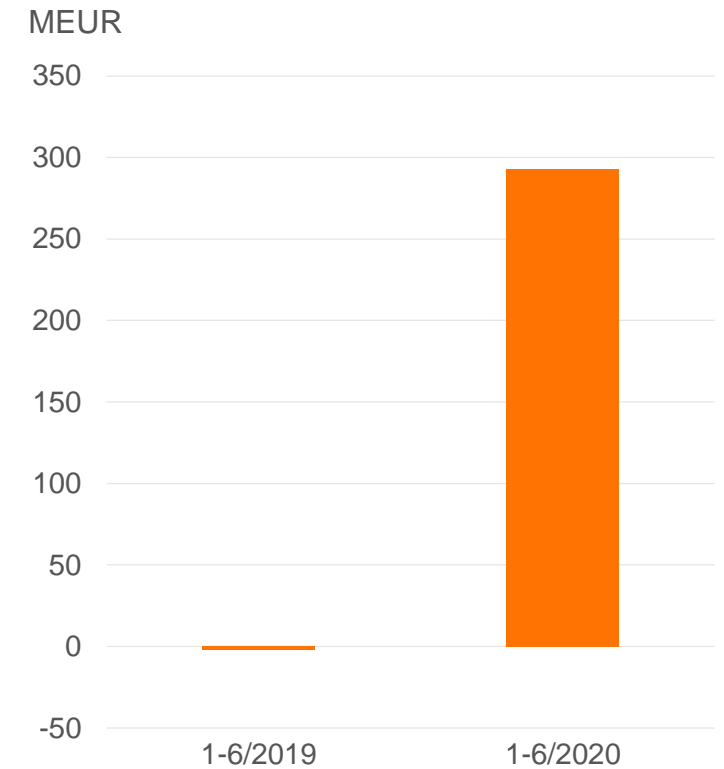
## Review period development



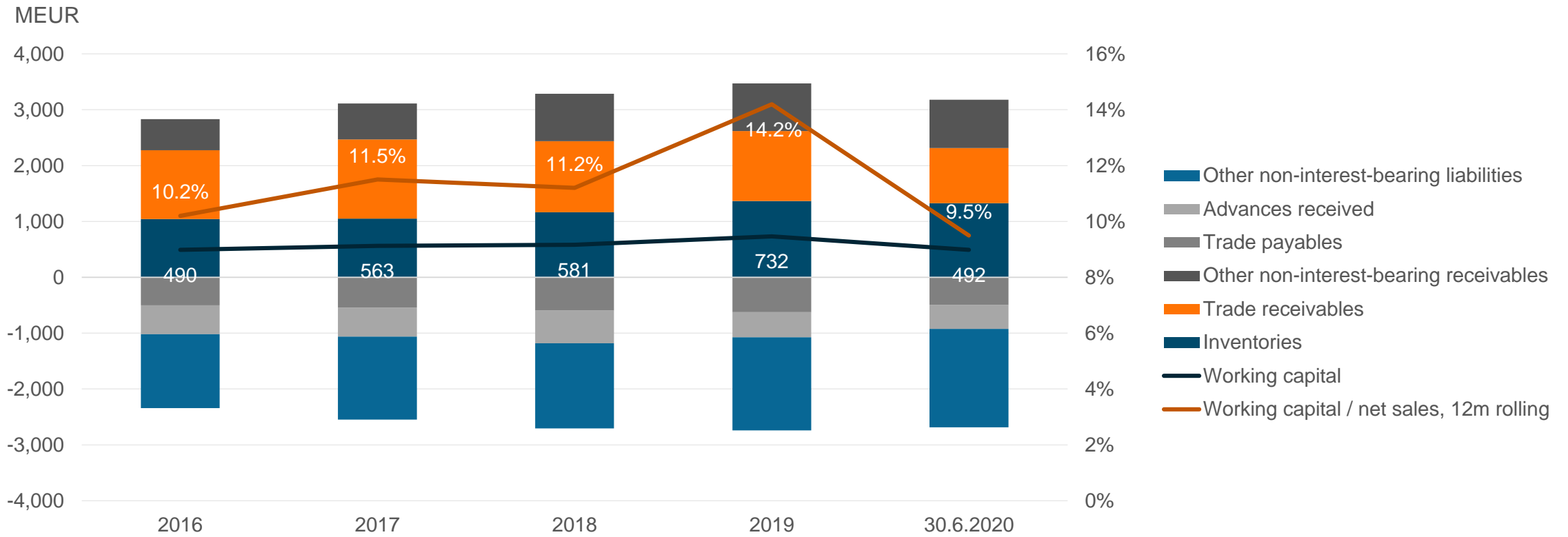
# CASH FLOW FROM OPERATING ACTIVITIES



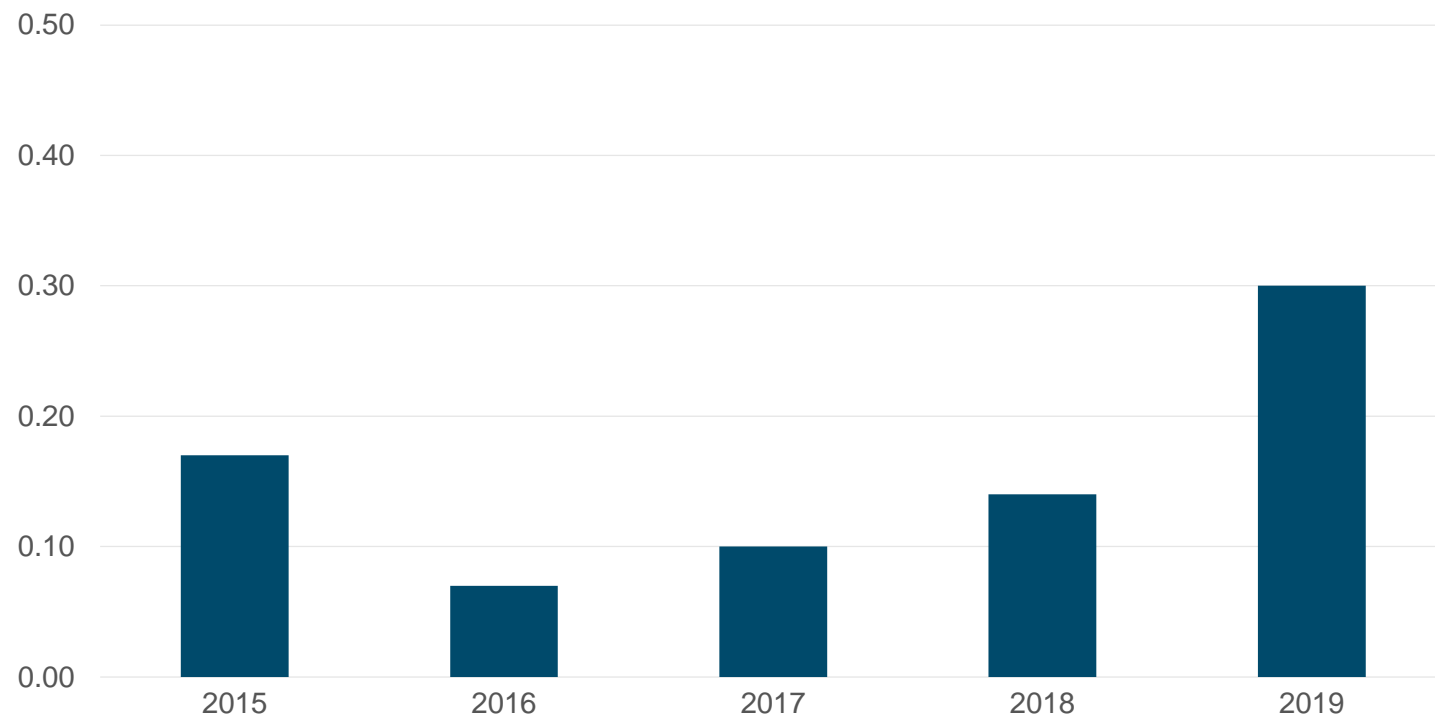
## Review period development



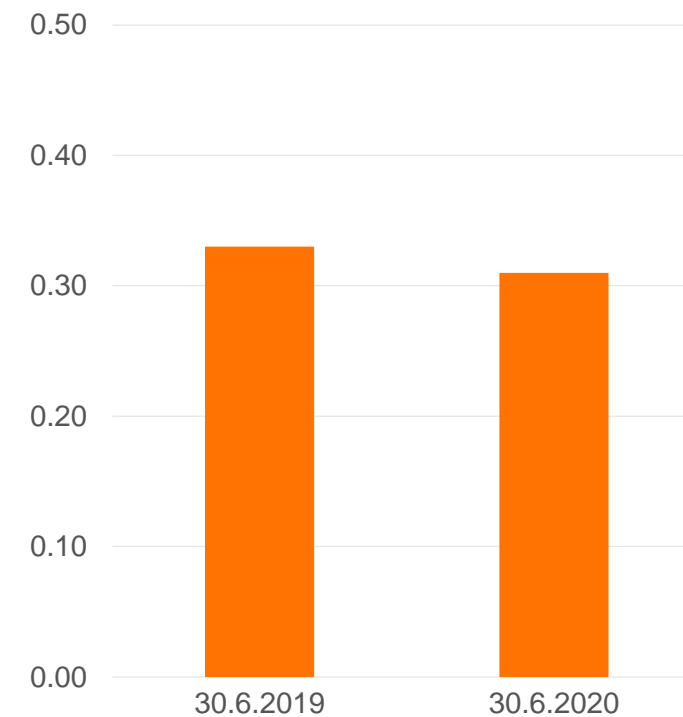
# WORKING CAPITAL



# GEARING



## Review period development



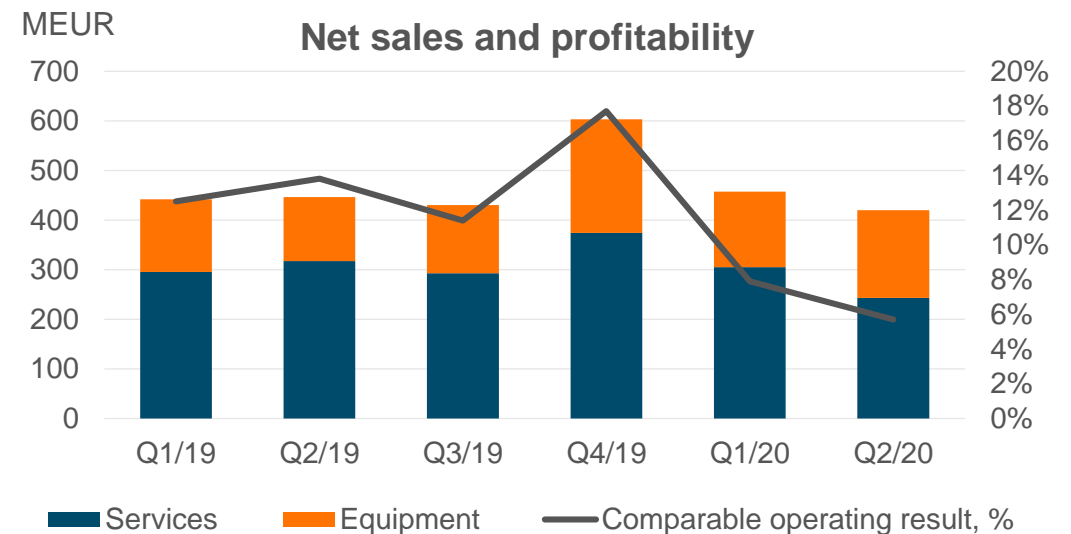
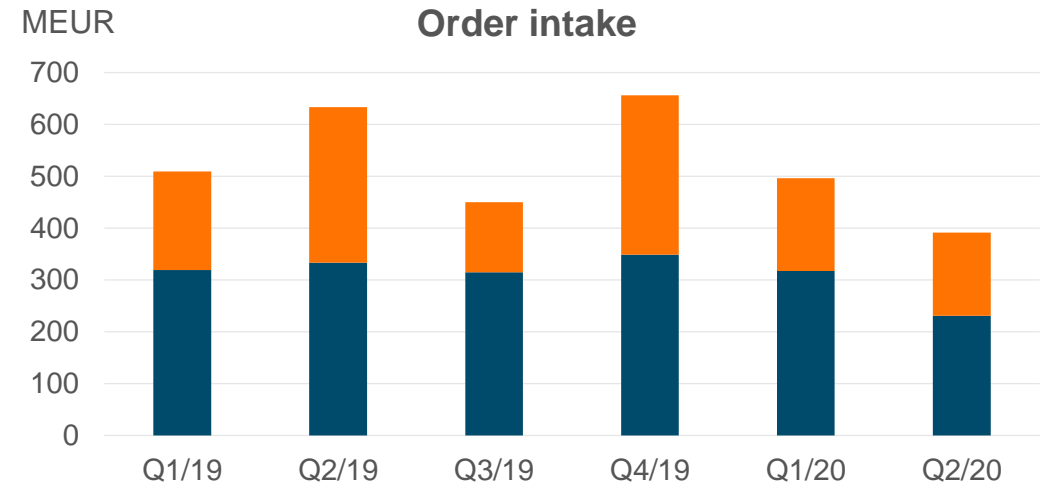


# BUSINESS AREAS



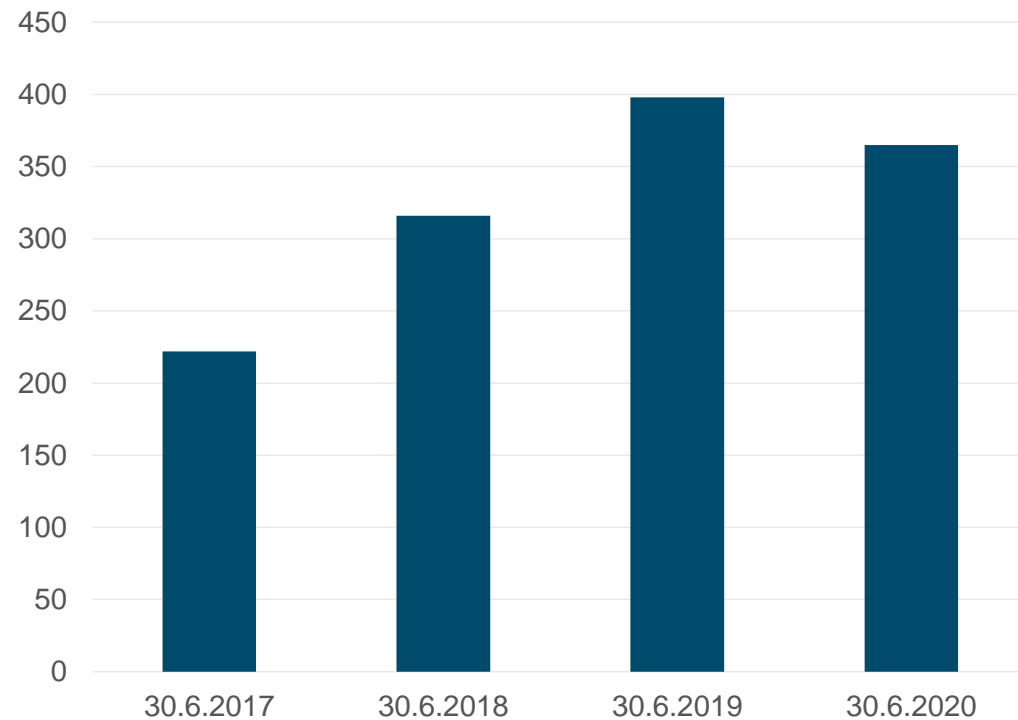
## MARINE POWER

- Order intake decreased by 38% to EUR 391 million (632)
  - Ordering activity under pressure due to idling of fleet and customers adjusting their capital and operating expenditures
- Net sales decreased by 6% to EUR 420 million (447)
- Comparable operating result amounted to EUR 24 million (62) or 5.7% of net sales (13.8)
  - Profitability weakened primarily due to an unfavourable sales mix and weaker fixed cost absorption



## NET SALES FROM INSTALLATIONS UNDER AGREEMENT

MEUR, 12m rolling

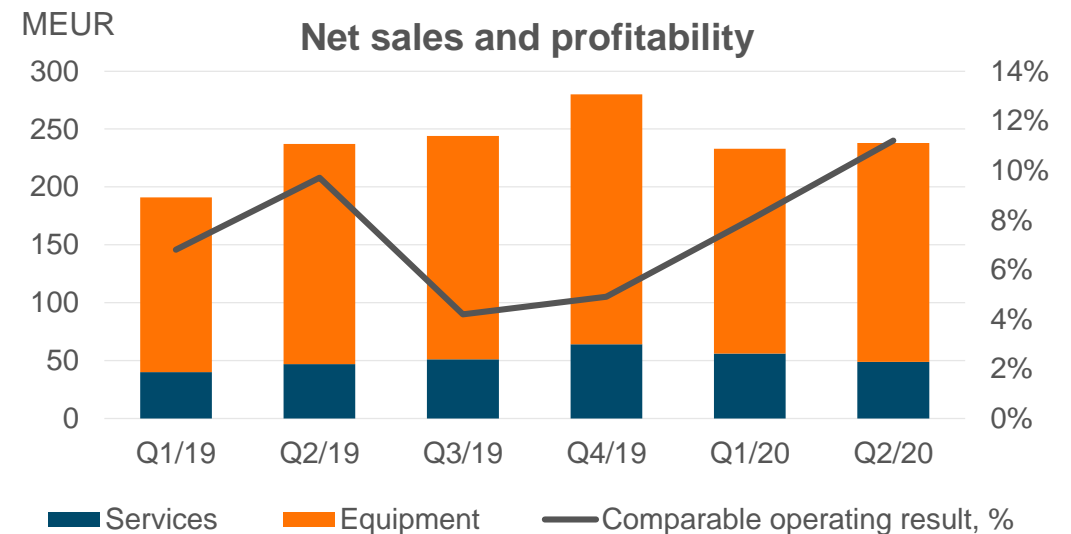
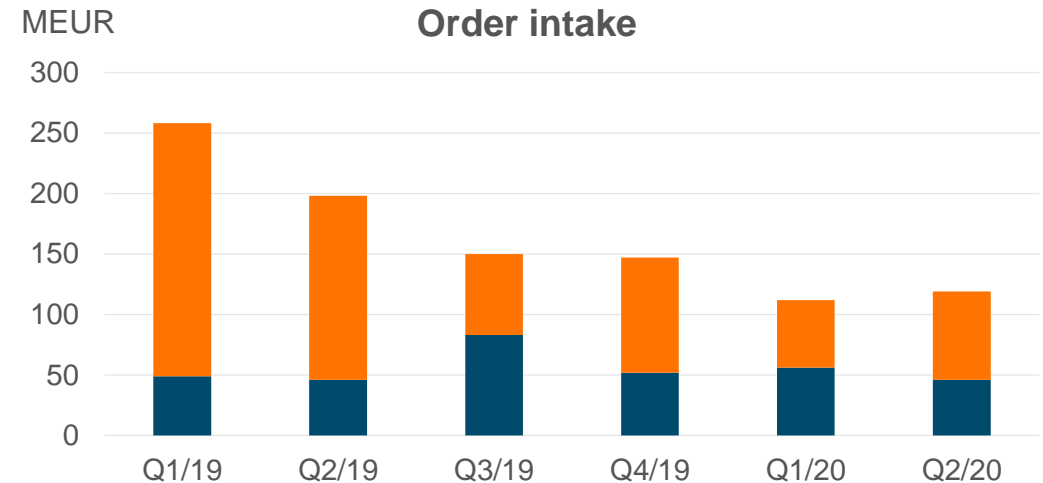


### A new remote service to overcome travel restrictions

- Wärtsilä introduced its Assured Operations remote support service for Wärtsilä 4-stroke and 2-stroke engine customers
- The service enables technical experts to assess and resolve operational issues via remote connection between the vessel and Wärtsilä's Expertise Centres

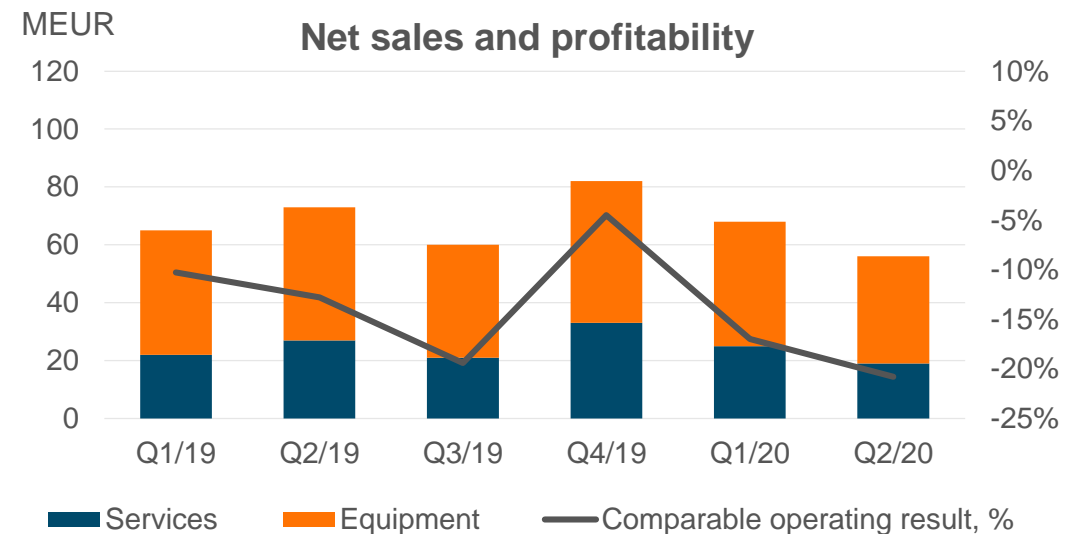
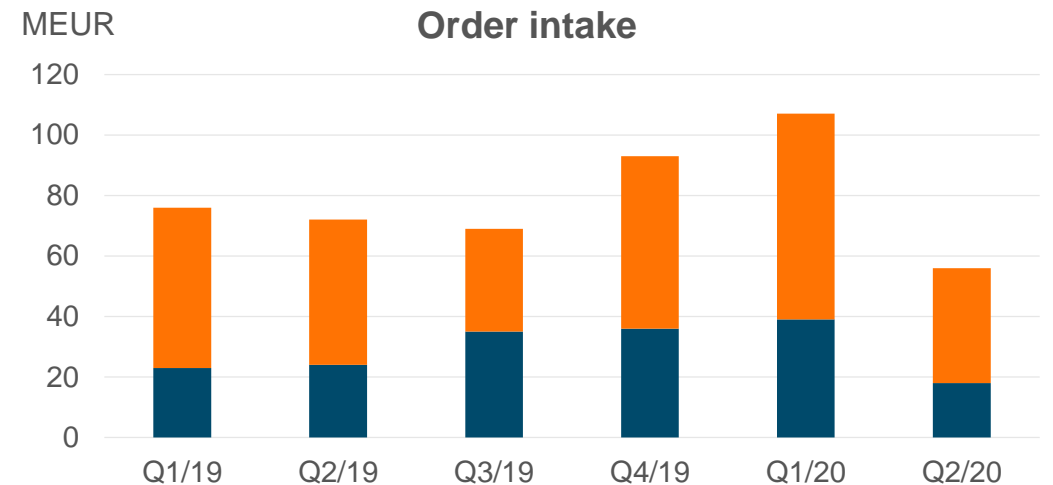
## MARINE SYSTEMS

- Order intake decreased by 40% to EUR 119 million (198)
  - Reduced fuel spreads resulted in lower demand for scrubber investments
- Net sales increased by 1% to EUR 238 million (237)
- Comparable operating result amounted to EUR 27 million (23) or 11.2% of net sales (9.7)
  - Increased scrubber delivery volumes boosted both net sales and profitability



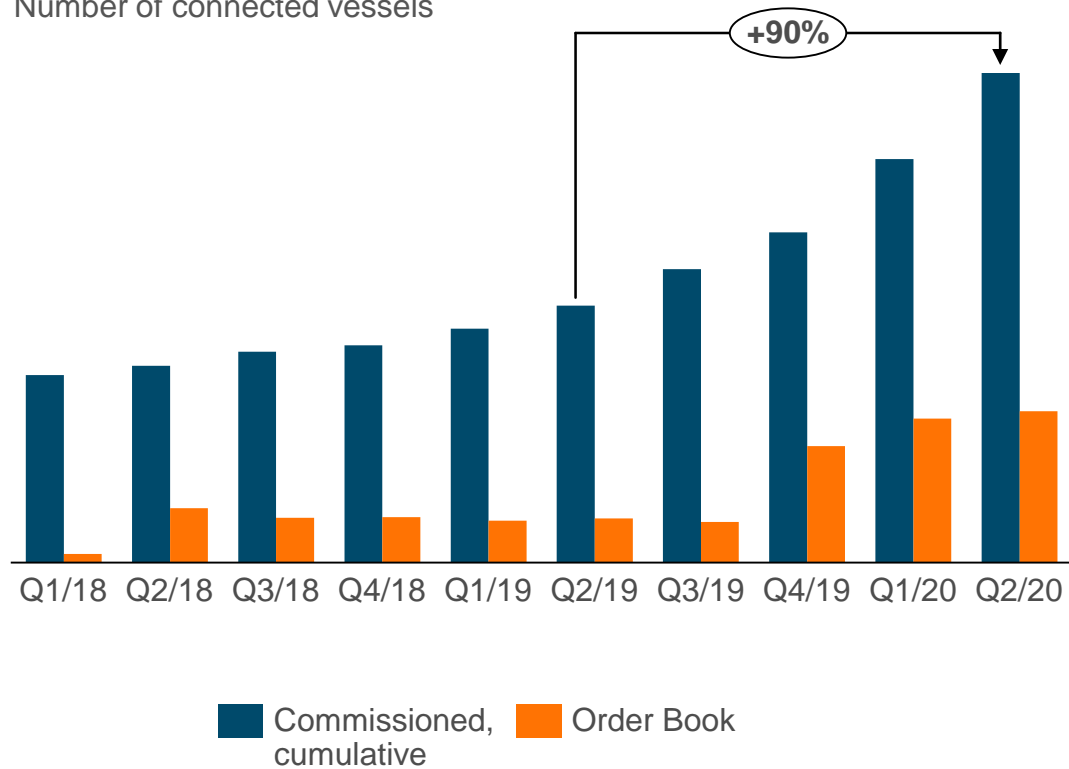
## VOYAGE

- Order intake decreased by 23% to EUR 56 million (72)
- Net sales decreased by 23% to EUR 56 million (73)
  - COVID-19 caused project postponements and less transactional service business
- Comparable operating result amounted to EUR -12 million (-9) or -20.8% of net sales (-12.8)
  - Negative impacts from lower sales volumes, a less favourable service mix, and increased investments in digital competences



## VESSELS CONNECTED TO VOYAGE DIGITAL SERVICES INCREASED 90% – RECORD HIGH NUMBER OF VESSELS IN ORDER BOOK

Number of connected vessels



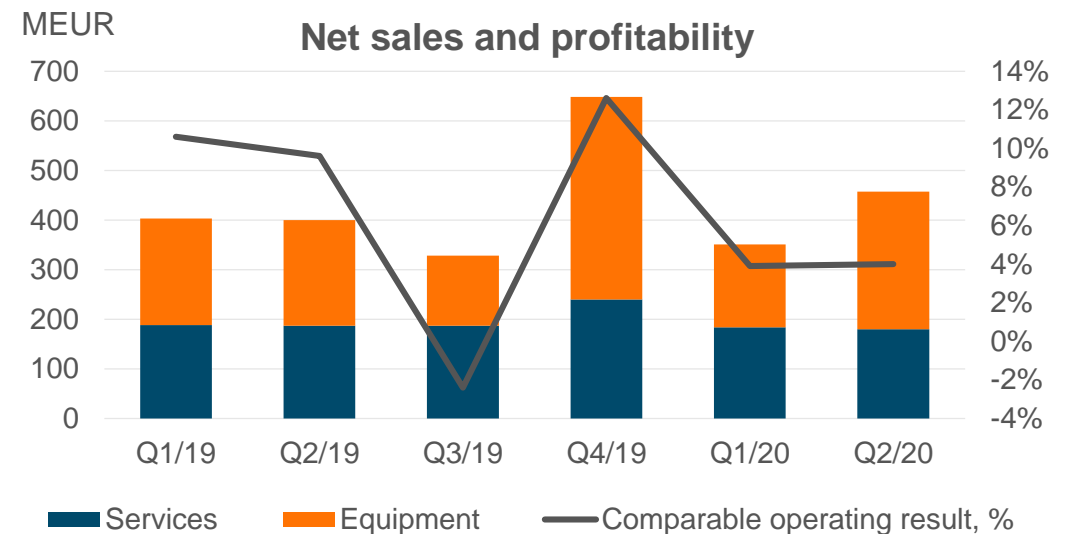
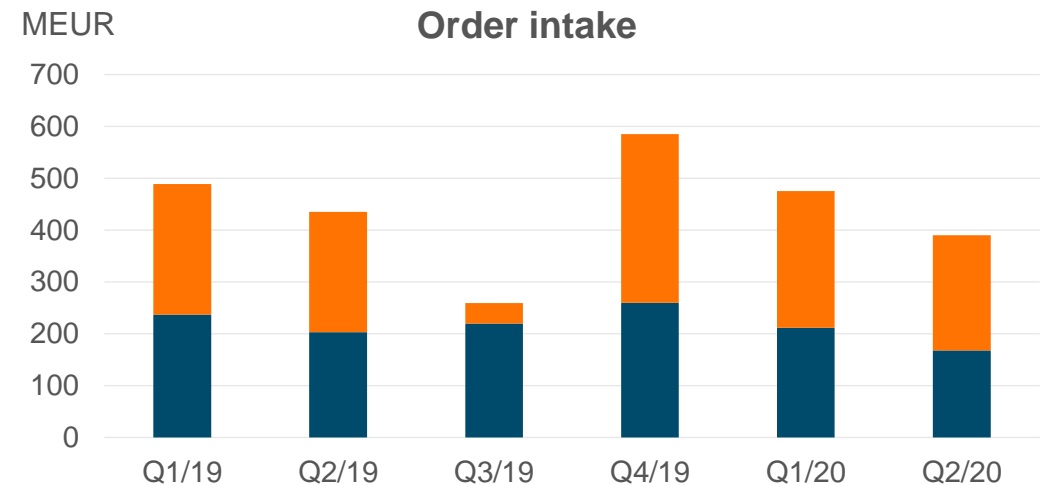
**Voyage is committed to creating a Smart Marine Ecosystem, whereby every vessel can connect to digital services that make voyaging safer and greener**

Connected vessels enable:

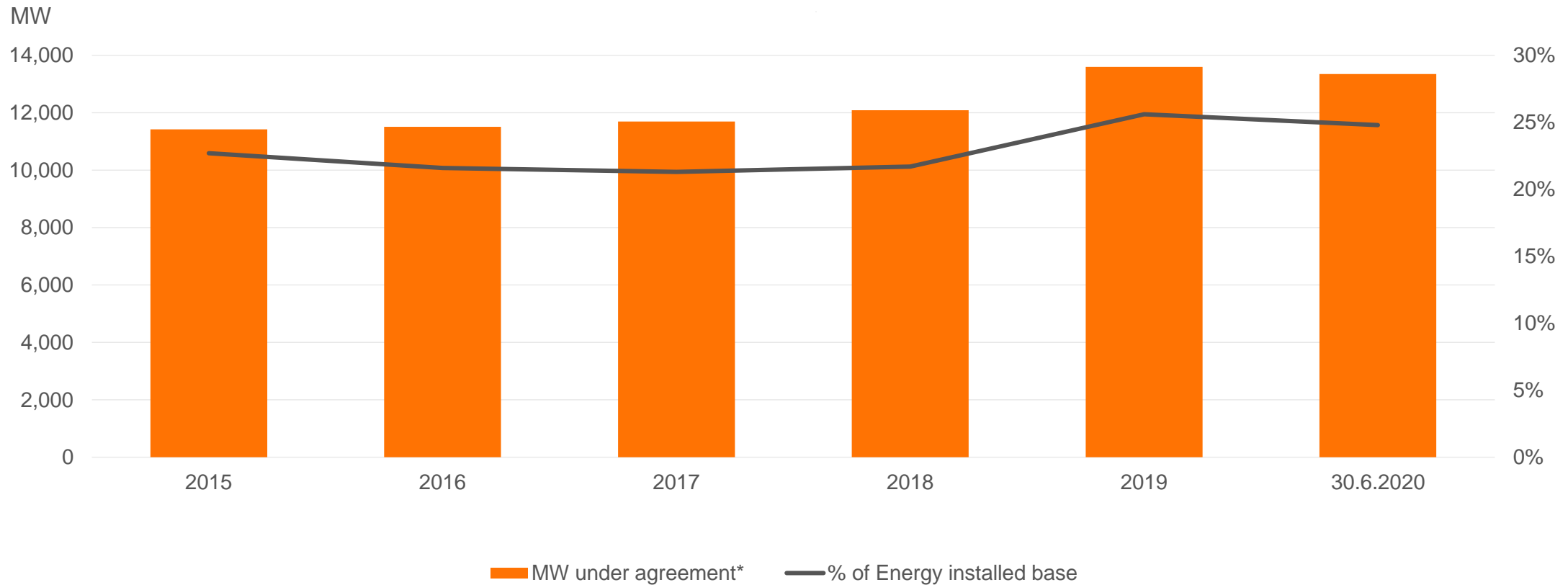
- Significant cost savings
- Faster and safer voyage planning
- On time arrival, less anchorage
- Transparent ship-to-shore data

## ENERGY

- Order intake decreased by 10% to EUR 390 million (435)
  - Received equipment orders included a 200 MW flexible baseload power plant to be delivered to South America
- Net sales increased by 14% to EUR 457 million (400), driven by equipment deliveries
- Comparable operating result amounted to EUR 19 million (38) or 4.0% of net sales (9.6)
  - Decline in profitability mainly due to an unfavourable sales mix and COVID-19 impacts

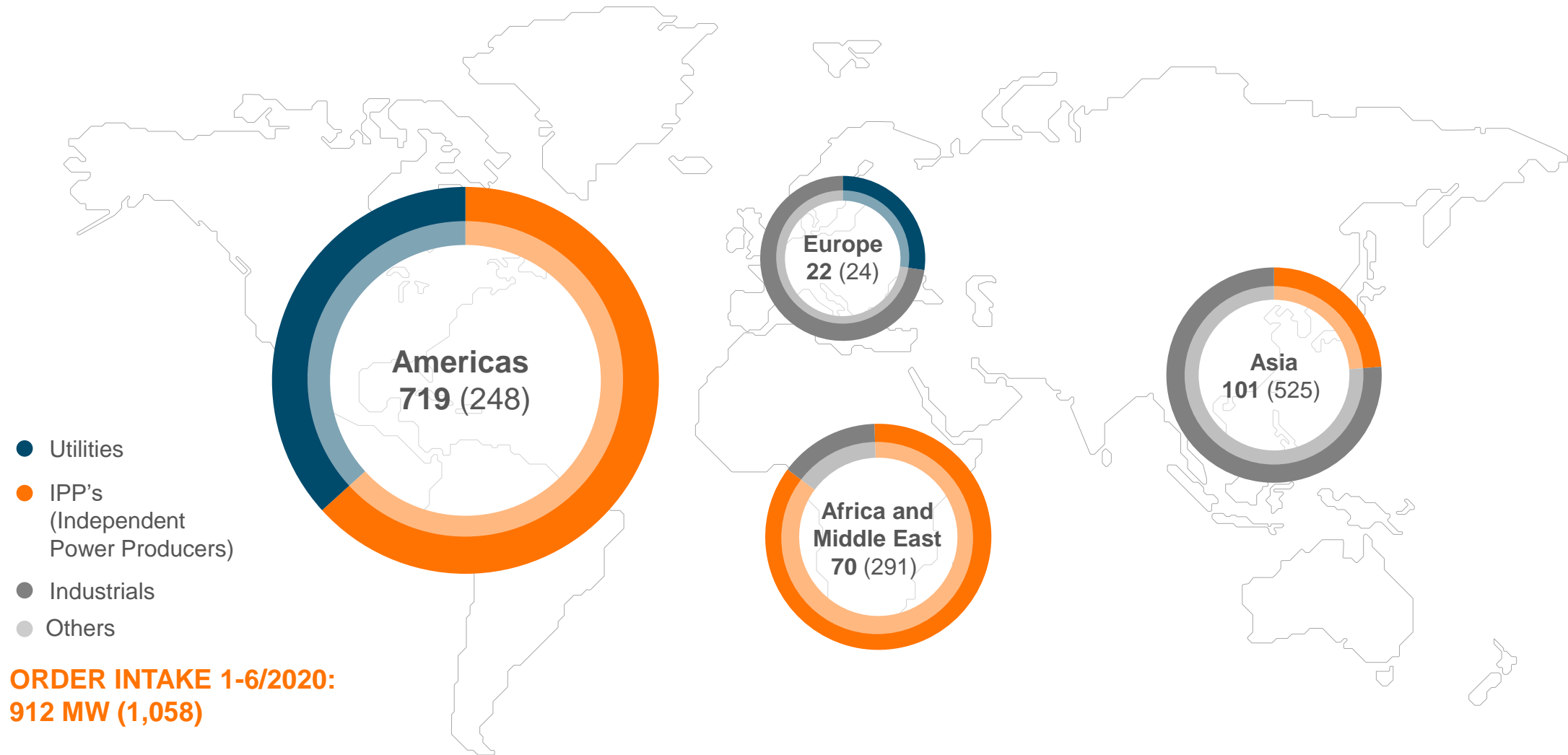


# ENERGY INSTALLED BASE COVERED BY LONG-TERM SERVICE AGREEMENTS



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

# ORDERS RECEIVED FOR ENERGY EQUIPMENT GLOBALLY





# PROSPECTS

The COVID-19 outbreak and the measures taken to contain the pandemic will materially impact the demand for Wärtsilä's solutions and services, as well as the company's financial performance in 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**

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